

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### BUSINESS MEETING

February 22, 2016

### AGENDA

**PLACE:** Ventura County Government Center  
Hall of Administration- 3<sup>rd</sup> Floor Multipurpose Room  
800 S. Victoria Ave.  
Ventura, CA 93009

**TIME:** 9:00 a.m.

*Members of the public may comment on any item under the Board's jurisdiction by filling out a speaker form and presenting it to the Clerk. Unless otherwise directed by the Chair, comments related to items on the agenda will be heard when the Board considers that item. Comments related to items not on the agenda will generally be heard at the time designated for Public Comment.*

### **ITEM:**

- |             |  |                 |
|-------------|--|-----------------|
| <b>I.</b>   | <b><u>CALL TO ORDER</u></b>  | Master Page No. |
| <b>II.</b>  | <b><u>APPROVAL OF AGENDA</u></b>   | 1 – 3           |
| <b>III.</b> | <b><u>APPROVAL OF MINUTES</u></b>  |                 |
|             | A. Disability Meeting of February 1, 2016.   | 4 – 14          |
| <b>IV.</b>  | <b><u>CONSENT AGENDA</u></b>   |                 |
|             | A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of January 2016.  | 15              |
|             | B. Receive and File Report of Checks Disbursed in January 2016.  | 16 – 23         |
|             | C. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending December 31, 2015. | 24 – 29         |

IV. **CONSENT AGENDA (CONTINUED)**

- D. Receive and File Budget Summary for FY 2015-16 Month Ending January 31, 2016. 30

V. **INVESTMENT MANAGER PRESENTATIONS**

- A. Receive Annual Investment Presentation, Prudential Real Estate Investors – PRISA, Mark A. Oczkus, Executive Director, and Jeremy S. Keenan, Vice President. 31 – 82
- B. Receive Annual Investment Presentation, UBS Asset Management, Thomas C. Klugherz, Executive Director. 83 – 129

VI. **INVESTMENT INFORMATION**

- A. NEPC – Allan Martin, Partner and Dan LeBeau, Consultant Dan Gallagher, VCERA Chief Investment Officer
1. Presentation of Investment Performance Report Quarter Ending December 31, 2015. 130 – 202  
**RECOMMENDED ACTION: Receive and file.**
2. Preliminary Performance Report Month Ending January 31, 2016 203 – 210  
**RECOMMENDED ACTION: Receive and file.**
3. Prudential Fee Structure Change  
**RECOMMENDED ACTION: Receive and file.**
- a. Memo from Staff 211
- b. Memo from NEPC 212 – 213
- c. Letter and Executive Summary from Prudential 214 – 217
4. Report on PIMCO Institute 218 – 220  
Submitted by Chair Towner and CIO Dan Gallagher

VII. **OLD BUSINESS**

- A. AB1291 Update by Chair Towner

VIII. NEW BUSINESS

- A. Review of 2015 Board Member Education Compliance 221
1. Board Education Compliance Report for 2015 222 – 226  
**RECOMMENDED ACTION: Receive and file.**
- B. Mid-Year Budget Update for FY 2015-16 227 – 229  
**RECOMMENDED ACTION: Approve.**
- C. VCERA Cost-of-Living Adjustments (COLA) as of April 1, 2016. 230 – 231  
**RECOMMENDED ACTION: Approve.**
- D. Recommendation to Approve Chair Towner's Attendance at the IFEBP Wharton School International and Emerging Market Investing, July 25 – 27, 2016, San Francisco, CA 232 – 247  
**RECOMMENDED ACTION: Approve**
- E. Recommendation to Approve Trustee Goulet's Attendance at the 2016 Pension Bridge Annual Conference, April 6 – 7, 2016, San Francisco, CA 248 – 268  
**RECOMMENDED ACTION: Approve.**
- F. Ventura County Employees' Retirement Information System (VCERIS) Pension Administration Project 269  
Monthly Status Update- January 2016  
**RECOMMENDED ACTION: Receive and file.**

IX. PUBLIC COMMENT

X. STAFF COMMENT

XI. BOARD MEMBER COMMENT

XII. ADJOURNMENT

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD OF RETIREMENT

### DISABILITY MEETING

February 1, 2016

### MINUTES

**DIRECTORS** Tracy Towner, Chair, Alternate Safety Employee Member  
**PRESENT:** William W. Wilson, Vice Chair, Public Member  
Steven Hintz, Treasurer-Tax Collector  
Joseph Henderson, Public Member  
Mike Sedell, Public Member  
Deanna McCormick, General Employee Member  
Craig Winter, General Employee Member  
Chris Johnston, Safety Employee Member  
Arthur E. Goulet, Retiree Member  
Will Hoag, Alternate Retiree Member

**DIRECTORS** Peter C. Foy, Public Member  
**ABSENT:**

**STAFF** Henry Solis, Chief Financial Officer  
**PRESENT:** Lori Nemiroff, Assistant County Counsel  
Dan Gallagher, Chief Investment Officer  
Julie Stallings, Chief Operations Officer  
Donna Edwards, Retirement Benefits Specialist  
Jess Angeles, Retirement Benefits Specialist  
Chantell Garcia, Retirement Benefits Specialist  
Nancy Jensen, Office Assistant  
Stephanie Caiazza, Program Assistant

**PLACE:** Ventura County Government Center  
Hall of Administration- 3<sup>rd</sup> Floor Multipurpose Room  
800 S. Victoria Ave.  
Ventura, CA 93009

**TIME:** 9:00 a.m.

**ITEM:**

**I. CALL TO ORDER**

Chair Towner called the Disability Meeting of February 1, 2016, to order at 9:00 a.m.

**II. APPROVAL OF AGENDA**

MOTION: Approve.

Moved by Hintz, seconded by Henderson.

Vote: Motion carried

Yes: Goulet, Hintz, Sedell, Hoag, Henderson Johnston, Winter, McCormick, Wilson

No: -

Absent: Foy

**III. APPROVAL OF MINUTES**

A. Business Meeting of January 25, 2016.

MOTION: Approve.

Moved by Goulet, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Hintz, Sedell, Hoag, Henderson Johnston, Winter, McCormick, Wilson

No: -

Absent: Foy

**IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT**

MOTION: Approve.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Hintz, Sedell, Hoag, Henderson Johnston, Winter, McCormick, Wilson

No: -

Absent: Foy

Following the vote on this item, the Board advanced to agenda items V.B. and V.C., then returned to item V.A.

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service Connected Disability Retirement,  
Adan Lara (Deceased); Case No. 15-025

1. Application for Service Connected Disability Retirement and  
Supporting Documentation

2. Hearing Notice served on January 22, 2016.

Paul Hilbun was present on behalf of County of Ventura Risk Management.  
Carmen Lara was present on behalf of the applicant.

Risk Management declined to make a statement. Ms. Lara thanked the  
Board for their consideration of the application.

The following motion was made:

MOTION: Grant the applicant, Adan Lara, a service connected disability  
retirement.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, Winter, McCormick, Henderson, Wilson

No: -

Absent: Foy

Both parties agreed to waive preparation of findings of fact and conclusions  
of law.

B. Application for Non-Service Connected Disability Retirement, Anthony  
Aguirre (Deceased); Case No. 15-022

1. Application for Non-Service Connected Disability Retirement and  
Supporting Documentation.

2. Hearing Notice served on January 22, 2016.

Paul Hilbun was present on behalf of County of Ventura Risk Management.  
Nancy Aguirre was present on behalf of the applicant.

Both parties declined to make statements.

The following motion was made:

MOTION: Grant the applicant, Anthony Aguirre, a non-service connected disability retirement.

Moved by Wilson, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, Winter, McCormick, Henderson, Wilson

No: -

Absent: Foy

Trustee McCormick commented that she appreciated Mr. Aguirre's contributions and offered her condolences.

Both parties agreed to waive preparation of findings of fact and conclusions of law.

C. Application for Service Connected Disability Retirement,  
Richard Hamilton; Case No. 14-014

1. Application for Service Connected Disability Retirement and Supporting Documentation
2. Hearing Notice served on January 25, 2016.

Stephen D. Roberson, Attorney at Law, was present on behalf of County of Ventura Risk Management. The applicant, Richard Hamilton, was also present.

Both parties declined to make statements.

MOTION: Grant the applicant, Richard Hamilton, a service connected disability retirement.

Moved by Sedell, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, Winter, McCormick, Henderson, Wilson

No: -

Absent: Foy

Both parties agreed to waive preparation of findings of fact and conclusions of law.

D. Application for Non-Service Connected Disability Retirement, Elizabeth Barbic; Case No. 14-019.

1. Application for Non-Service Connected Disability Retirement and Supporting Documentation.
2. Hearing Notice served on January 13, 2016.

Paul Hilbun was present on behalf of County of Ventura Risk Management. The applicant, Elizabeth Barbic, was also present.

Both parties declined to make statements.

The following motion was made:

MOTION: Grant the applicant, Elizabeth Barbic, a non-service connected disability retirement.

Moved by Winter, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, Winter, McCormick, Henderson, Wilson

No: -

Absent: Foy

Both parties agreed to waive preparation of findings of fact and conclusions of law.

- E. Application for Service Connected Disability Retirement, Josie Garcia; Case No. 15-025
  1. Summary of Evidence, Conclusions of Law, and Recommendation, submitted by Hearing Officer Louis M. Zigman, dated December 4, 2015.
  2. Hearing Notice served on December 28, 2015.

Stephen D. Roberson, Attorney at Law, was present on behalf of County of Ventura Risk Management. David G. Schumaker, Attorney at Law, was present on behalf of the applicant.

After statements from both parties, Mr. Schumaker requested that the Board send a letter to Hearing Officer Zigman to ask the following questions:

- a. Was the Applicant permanently incapacitated from the ability to substantially perform the usual and frequent duties of her job when she became permanent and stationary?



- b. Did the County provide sufficient evidence that it could have reasonably accommodated her limitations and impairments had she not taken a service retirement?

Mr. Roberson responded that he did not object to Mr. Schumaker's request for the Board to send a letter to Hearing Officer Zigman.

Trustee Goulet commented that he had additional questions and concerns to include in the letter to the hearing officer.

The following motion was made:

MOTION: Send a letter from Board Counsel to Hearing Officer Zigman to address the questions stated above and to include any other comments or concerns by the Board on this matter, and table this application for consideration by the Board at a future Board meeting.

Moved by Henderson, seconded by Sedell.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, Winter, McCormick, Henderson, Wilson

No: -

Absent: Foy

F. Application for Service Connected Disability Retirement,  
Glenn Garcia; Case No. 13-034

1. Summary of Evidence, Suggested Findings of Fact and Conclusions of Law, and Recommendation, submitted by Hearing Officer Deborah Z. Wissley, dated January 4, 2016.
2. Hearing Notice served on January 21, 2016.

Stephen D. Roberson, Attorney at Law, was present on behalf of County of Ventura Risk Management. Thomas J. Wicke, Attorney at Law, was present on behalf of the applicant.

Both parties stated that they had no objection to the hearing officer's recommended decision.

After discussion by the Board, the following motion was made:

MOTION: Adopt the hearing officer's recommendation and grant the applicant, Glenn Garcia, a service connected disability retirement.

Moved by Sedell, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, Winter, McCormick, Henderson, Wilson

No: -

Absent: Foy

G. Application for Service Connected Disability Retirement,  
Jeffrey Titcher; Case No. 13-017

1. Petition for Reconsideration, submitted by applicant  
Jeffrey Titcher, dated January 11, 2016.

2. Hearing Notice served on January 12, 2016.

Stephen D. Roberson, Attorney at Law, was present on behalf of County of  
Ventura Risk Management. The applicant, Dr. Jeffrey Titcher, was also  
present.

Ms. Nemiroff stated that the following items were provided to the Board and  
were to be entered into the record in addition to those listed on the agenda:

3.) Legal Memorandum in Opposition to Applicant's Petition for  
Reconsideration, submitted by Respondent Stephen D. Roberson,  
Attorney at Law, dated January 15, 2016.

4.) Summary of Evidence, Findings of Fact, Conclusions of Law and  
Recommended Decision, submitted by Hearing Officer Irene P.  
Ayala, dated October 28, 2015.

5.) Correspondence from Laurence Grossman, Attorney at Law,  
dated January 14, 2016.

After statements from both parties and discussion by the Board, the  
following motion was made:

MOTION: Deny the Petition for Reconsideration.

Moved by Henderson, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, Winter, Henderson, Wilson

No: McCormick

Absent: Foy

**VI. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

- A. June 30, 2015 Comprehensive Financial Report (CAFR) – Brown Armstrong, Andrew Paulden, Partner.

**RECOMMENDED ACTION: Approve**

1. Brown Armstrong Presentation Agenda  
Presenter Andrew Paulden, CPA
2. Independent Auditor's Report
3. Auditor's Report to Management, Year Ending June 30, 2015

Andrew Paulden was present on behalf of Brown Armstrong Accountancy Corporation to review the June 30, 2015 Comprehensive Financial Report (CAFR) and address questions.

Trustee Goulet proposed several changes to the CAFR and stated that he would provide them to Mr. Solis for inclusion in the report.

After discussion by the Board, the following motion was made:

MOTION: Receive and file.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, Winter, McCormick, Henderson, Wilson

No: -

Absent: Foy

Trustee McCormick left the meeting after this vote at 10:28 a.m.

**VII. NEW BUSINESS**

- A. Ventura County Employees' Retirement Information System (VCERIS) Pension Administration Project – Brian Colker, Linea Solutions, Inc.

**RECOMMENDED ACTION: Receive and file.**

1. VCERIS Project Quarterly Status Update
2. VCERIS Project Monthly Status Update- October 2015
3. VCERIS Project Monthly Status Update- November 2015
4. VCERIS Project Monthly Status Update- December 2015

Brian Colker of Linea Solutions, Inc. provided a provided a VCERIS project status update to the Board.

After discussion by the Board and Mr. Colker, the following motion was made:

MOTION: Receive and file items VII.A.1. – 4.

Moved by Henderson, seconded by Johnston.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, Winter, Henderson, Wilson, Towner

No: -

Absent: Foy, McCormick

**B. Discussion of Meal Reimbursement Policy**

1. Staff Letter

2. SACRS Systems' Travel Policy Excerpts

Chair Towner offered a correction to master page 714, stating that the second column of the chart should be titled "Out of State" instead of "Within California".

After discussion by the Board, the following motion was made:

MOTION: Table this item to a future meeting, to allow for the inclusion of additional information and for the participation of Ms. Webb in the Board's discussion.

Moved by Sedell, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Hintz, Johnston, Winter, Henderson, Wilson, Towner

No: -

Absent: Foy, McCormick

**C. Quarterly Retirement Administrator's Report for October – December, 2015.  
RECOMMENDED ACTION: Receive and file.**

MOTION: Receive and file.

Moved by Goulet, seconded by Winter.

Vote: Motion carried  
Yes: Goulet, Hintz, Johnston, Winter, Henderson, Wilson, Towner  
No: -  
Absent: Foy, McCormick

**VIII. PUBLIC COMMENT**

None.

**IX. STAFF COMMENT**

Mr. Gallagher reminded the Board of the opportunity to attend the meeting with David Rubenstein, Co-Founder and Co-CEO of The Carlyle Group, on February 3, 2016.

Mr. Gallagher provided a securities lending program update. Trustee Johnston commented that he opposed VCERA's involvement in securities lending.

Mr. Gallagher stated that the liquidation of VCERA's global bond portfolios with PIMCO and Loomis Sayles was completed.

Mr. Solis informed the Board that iPads for viewing meeting materials should be available before the next business meeting. Mr. Solis indicated that the iPads could be brought in and set up at VCERA, or they could be set up immediately following the business meeting on February 22, 2016, depending on the Board's preference.

**X. BOARD MEMBER COMMENT**

Chair Towner informed the Board that the February 22, 2016 business meeting will likely be a lengthy meeting.

Chair Towner stated that he was awaiting response from County HR regarding the implementation of the new positions available under AB1291.

XII. ADJOURNMENT

The meeting was adjourned at 10:56 a.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Linda Webb".

---

LINDA WEBB, Retirement Administrator

Approved,

---

TRACY TOWNER, Chairman

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
REPORT OF REGULAR AND DEFERRED RETIREMENTS AND SURVIVORS CONTINUANCES

JANUARY 2016

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
<b>REGULAR RETIREMENTS:</b>							
Helen M.	Barraza	G	6/6/2004	7.30		Health Care Agency (Deferred)	12/15/2015
Vilma G.	Fullante	G	11/22/2004	10.90		District Attorney	11/30/2015
Karen E.	Hubbard	G	6/11/2000	4.80	C=10.453	General Services Agency (Deferred)	12/19/2015
Timothy N.	Kelley	G	7/22/1990	25.40		Courts	12/12/2015
Debra L.	Kemblowski	G	12/12/1995	24.50	B=0.11340 D=3.83880	Sheriff's Department	12/4/2015
Tiffiney B.	Lewis	G	11/18/1984	25.00		Sheriff's Department	12/12/2015
Lisa L.	McGowan	S	3/24/1985	30.80	B=0.28940	Probation Agency	12/5/2015
James F.	Moore	G	7/11/1999	7.20		Resource Management Agency	12/7/2015
Rebecca L.	Nelson	G	5/21/1995	19.90	B=0.09590	Public Defender	12/1/2015
Roberto	Pina	G	5/4/1986	29.50		General Services Agency	12/5/2015
John E.	Ramirez	G	8/3/1980	5.90		General Services Agency (Deferred)	12/26/2015
Cecilia	Rogers	G	1/30/2005	13.20	D=4.002	Courts	12/10/2015
Charles E.	Rogers	G	10/31/1981	16.80	C=17.418	Regional Sanitation District (Deferred)	11/7/2015
Suzanne E.	Sheehan-Lust	G	11/29/1987	30.50	A=3.89402	Sheriff's Department	11/28/2015
Linda W.	Streaker	G	9/6/1977	12.90		Health Care Agency (Deferred)	12/29/2015
Leandro	Vera-Fernandez	G	12/4/2005	11.60		General Services Agency	12/5/2015
Robert B.	Watson	G	2/5/1989	25.90		Assessor	12/20/2015
John Craig	Webb	G	1/20/1992	23.80		Health Care Agency	12/19/2015
Yvonne L.	Wooff	S	12/19/1993	14.50		Sheriff's Department	4/4/2009
Rita J.	Wrolstad	G	10/1/1989	8.70	B=1.01840	Courts (Deferred)	12/1/2015
<b>DEFERRED RETIREMENTS:</b>							
Aaron	Preciado	G	04/23/2006	9.67		Probation Agency	1/4/2016
Bram	Sercu	G	11/27/2011	3.49 *		Public Works Agency	6/4/2015
Luz	Gonzalez Villavicencio	G	10/17/2010	5.24		Airports	1/8/2016
Melinda K.	Wunderlich-Talent	G	02/21/1988	27.71		Resource Management Agency	1/1/2016
<b>SURVIVORS' CONTINUANCES:</b>							
Barbara	Cudmore						
Sandra R.	Morales						
Lorna F.	Pinlac						
Dorothy J.	Woodson						

\* = Member Establishing Reciprocity  
**A = Previous Membership**  
**B = Other County Service (eg Extra Help)**  
**C = Reciprocal Service**  
**D = Public Service**

Date: Friday, February 12, 2016  
 Time: 05:17PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 07-16 As of: 2/12/2016

Page: 1 of 8  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
<b>Company: VCERA</b>										
Acct / Sub:	1002		00							
026024	CK	1/6/2016	F3057B1 SIOBHAN W. TRANFAGLIA	07-16	020902	VO	DEATH BENEFIT	1/6/2016	0.00	4,305.04
026025	CK	1/6/2016	F1134B1 LEROY A. KUCZEK	07-16	020903	VO	DEATH BENEFIT	1/6/2016	0.00	1,449.45
026026	CK	1/6/2016	F1134B2 MARY CHRISTINE PFEILER	07-16	020904	VO	DEATH BENEFIT	1/6/2016	0.00	1,406.82
026027	CK	1/6/2016	F1134B3 PAMELA K. CABOT	07-16	020905	VO	DEATH BENEFIT	1/6/2016	0.00	1,406.81
026028	CK	1/6/2016	F1418B1 SANDRA L. MELANDER	07-16	020906	VO	DEATH BENEFIT	1/6/2016	0.00	3,880.81
026029	CK	1/6/2016	105009 JAMES F. MOORE	07-16	020907	VO	REFUND T2 COL	1/6/2016	0.00	4,191.26
026030	CK	1/6/2016	ADP ADP, LLC	07-16	020908	VO	ADMIN EXP	1/6/2016	0.00	12,299.35
026031	CK	1/6/2016	COUNTY COUNTY COUNSEL	07-16	020909	VO	LEGAL FEES	1/6/2016	0.00	21,541.75
026032	CK	1/6/2016	CUSTOM CUSTOM PRINTING	07-16	020910	VO	ADMIN EXP	1/6/2016	0.00	241.88
026033	CK	1/6/2016	HANSONBRID HANSON BRIDGETT LLP	07-16	020911	VO	LEGAL FEES	1/6/2016	0.00	3,200.85
026034	CK	1/6/2016	SHIRK KELLY SHIRK	07-16	020912	VO	ADMIN EXP	1/6/2016	0.00	1,317.49
026035	CK	1/6/2016	VOLT VOLT	07-16	020913	VO	ADMIN EXP	1/6/2016	0.00	3,663.55
026036	CK	1/13/2016	F7857 ALFRED ZARATE	07-16	020914	VO	PENSION PAYMENT	1/13/2016	0.00	491.50



Date: Friday, February 12, 2016  
 Time: 05:17PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 07-16 As of: 2/12/2016

Page: 2 of 8  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
026037	CK	1/13/2016	102737 JOHN CRAIG WEBB	07-16	020915	VO	REFUND T2 COL	1/13/2016	0.00	6,220.99
026038	CK	1/13/2016	103652 ROBERT B. WATSON	07-16	020916	VO	REFUND T2 COL	1/13/2016	0.00	6,845.57
026039	CK	1/13/2016	F5520R ATHENE ANNUITY AND LIFE COM	07-16	020917	VO	ROLLOVER	1/13/2016	0.00	8,229.76
026040	CK	1/13/2016	F0117B1 PETER J. AHERN	07-16	020918	VO	DEATH BENEFIT	1/13/2016	0.00	4,890.12
026041	CK	1/13/2016	121817 ERNAN X	07-16	020919	VO	REFUND CONTRIB	1/13/2016	0.00	11,251.64
026042	CK	1/13/2016	100748 CHRIS JOHNSTON	07-16	020920	VO	TRAVEL REIMB	1/13/2016	0.00	1,937.18
026043	CK	1/13/2016	101602 HENRY SOLIS	07-16	020921	VO	ADMIN EXP	1/13/2016	0.00	184.37
026044	CK	1/13/2016	990007 DEANNA MCCORMICK	07-16	020922	VO	TRAVEL REIMB	1/13/2016	0.00	815.45
026045	CK	1/13/2016	BARNEY A.B.U. COURT REPORTING, INC.	07-16	020923	VO	ADMIN EXP	1/13/2016	0.00	315.00
026046	CK	1/13/2016	BROWN BROWN ARMSTRONG	07-16	020924	VO	ADMIN EXP	1/13/2016	0.00	4,261.66
026047	CK	1/13/2016	CMP CMP & ASSOCIATES, INC	07-16	020925	VO	IT/PAS	1/13/2016	0.00	27,560.00
026048	CK	1/13/2016	MEGAPATH GLOBAL CAPACITY	07-16	020926	VO	IT/PAS	1/13/2016	0.00	603.63
026049	CK	1/13/2016	HARRIS HARRIS WATER CONDITIONING	07-16	020927	VO	ADMIN EXP	1/13/2016	0.00	154.50

Date: Friday, February 12, 2016  
 Time: 05:17PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 07-16 As of: 2/12/2016

Page: 3 of 8  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
026050	CK	1/13/2016	HEXAVEST HEXAVEST INC	07-16		020928	VO	INVESTMENT FEES	1/13/2016	0.00	89,964.17
026051	CK	1/13/2016	INCENTIVE INCENTIVE SERVICES	07-16		020929	VO	ADMIN EXP	1/13/2016	0.00	80.63
026052	CK	1/13/2016	LINEA LINEA SOLUTIONS	07-16		020930	VO	IT/PAS	1/13/2016	0.00	56,742.50
026053	CK	1/13/2016	MBS MANAGED BUSINESS SOLUTION	07-16		020931	VO	PAS	1/13/2016	0.00	1,191.25
026054	CK	1/13/2016	NEPC NEPC, LLC	07-16		020932	VO	INVESTMENT FEES	1/13/2016	0.00	71,910.33
026055	CK	1/13/2016	OPERS PUBLIC PENSION FINANCIAL FO	07-16		020933	VO	ADMIN EXP	1/13/2016	0.00	150.00
026056	CK	1/13/2016	SEGAL SEGAL CONSULTING	07-16		020934	VO	ACTUARY FESS	1/13/2016	0.00	41,203.00
026057	CK	1/13/2016	TWC TIME WARNER CABLE	07-16		020935	VO	IT	1/13/2016	0.00	452.57
026058	CK	1/13/2016	VSG VSG HOSTING, INC	07-16		020936	VO	PAS	1/13/2016	0.00	19,500.00
026059	CK	1/13/2016	GREIG JANE GREIG	07-16		020937	VO	ADMIN EXP	1/13/2016	0.00	750.00
026060	CK	1/21/2016	124422 JOSE D. ORDONEZ	07-16		020938	VO	REFUND CONTRIB	1/21/2016	0.00	3,678.91
026061	CK	1/21/2016	124871 CARI BARRIOS	07-16		020939	VO	REFUND CONTRIB	1/21/2016	0.00	638.79
026062	CK	1/21/2016	115535 LINDA S. MORRIS	07-16		020940	VO	REFUND CONTRIB	1/21/2016	0.00	130.22
026063	CK	1/21/2016	124956 LAWRENCE C. QUERO	07-16		020941	VO	REFUND CONTRIB	1/21/2016	0.00	882.80

Date: Friday, February 12, 2016  
 Time: 05:17PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 07-16 As of: 2/12/2016

Page: 4 of 8  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
026064	CK	1/21/2016	124392 MICHELLE WEYANDT	07-16		020942	VO	REFUND CONTRIB	1/21/2016	0.00	2,377.71
026065	CK	1/21/2016	125199 DIANA CAMPOS	07-16		020943	VO	REFUND CONTRIB	1/21/2016	0.00	1,297.20
026066	CK	1/21/2016	125264 AJIRI SEVILLE	07-16		020944	VO	REFUND CONTRIB	1/21/2016	0.00	88.59
026067	CK	1/21/2016	122900 JENNIFER MICHELLE BESST	07-16		020945	VO	REFUND CONTRIB	1/21/2016	0.00	10,842.42
026068	CK	1/21/2016	124801 RUSSELL EDGLEY	07-16		020946	VO	REFUND CONTRIB	1/21/2016	0.00	730.32
026069	CK	1/21/2016	120259 CYNTHIA L. WEBSTER	07-16		020947	VO	REFUND CONTRIB	1/21/2016	0.00	17,765.77
026070	CK	1/21/2016	F3971 MARJORIE E. HIER	07-16		020948	VO	PENSION PAYMENT	1/21/2016	0.00	25.00
026071	CK	1/21/2016	F9329 KATHLEEN CARSON	07-16		020949	VO	PENSION PAYMENT	1/21/2016	0.00	13.33
026072	CK	1/21/2016	F0219B1 DIANE H. SMITH	07-16		020950	VO	DEATH BENEFIT	1/21/2016	0.00	3,663.33
026073	CK	1/21/2016	AT&T AT & T MOBILITY	07-16		020951	VO	IT	1/21/2016	0.00	292.65
026074	CK	1/21/2016	COUNTY COUNTY COUNSEL	07-16		020952	VO	LEGAL FEES	1/21/2016	0.00	26,373.40
026075	CK	1/21/2016	NAPPA NAPPA	07-16		020953	VO	ADMIN EXP	1/21/2016	0.00	450.00
026076	CK	1/21/2016	REAMS REAMS ASSET MANAGEMENT	07-16		020954	VO	INVESTMENT FEES	1/21/2016	0.00	125,121.00

Date: Friday, February 12, 2016  
 Time: 05:17PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 07-16 As of: 2/12/2016

Page: 5 of 8  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
026077	CK	1/21/2016	SHRED-IT SHRED-IT USA LLC	07-16		020955	VO	ADMIN EXP	1/21/2016	0.00	201.60
026078	CK	1/21/2016	JOEV JOE VIRNIG	07-16		020956	VO	ADMIN EXP	1/21/2016	0.00	300.00
026079	CK	1/21/2016	VOLT VOLT	07-16		020957	VO	ADMIN EXP	1/21/2016	0.00	1,599.00
026080	CK	1/21/2016	IRS UNITED STATES TREASURY	07-16		020958	VO	ADMIN EXP	1/21/2016	0.00	2,500.00
026081	CK	1/27/2016	124968 DAN GALLAGHER	07-16		020980	VO	TRAVEL REIMB	1/27/2016	0.00	96.38
026082	CK	1/27/2016	104238 TRACY TOWNER	07-16		020981	VO	TRAVEL REIMB	1/27/2016	0.00	415.50
026083	CK	1/27/2016	990002 ARTHUR E. GOULET	07-16		020982	VO	MILEAGE REIMB	1/27/2016	0.00	36.72
026084	CK	1/27/2016	ACCESS ACCESS INFORMATION MANAGE	07-16		020983	VO	ADMIN EXP	1/27/2016	0.00	320.62
026085	CK	1/27/2016	ADP ADP, LLC	07-16		020984	VO	ADMIN EXP	1/27/2016	0.00	12,374.58
026086	CK	1/27/2016	BOFA BUSINESS CARD	07-16		020985	VO	ADMIN/PAS/IT	1/27/2016	0.00	387.39
026087	CK	1/27/2016	LOOMIS LOOMIS, SAYLES & CO., LP	07-16		020986	VO	INVESTMENT FEES	1/27/2016	0.00	180,002.05
026088	CK	1/27/2016	MF M.F. DAILY CORPORATION	07-16		020987	VO	ADMIN EXP	1/27/2016	0.00	16,731.25
026089	CK	1/27/2016	NOSSAMAN NOSSAMAN LLP	07-16		020988	VO	LEGAL FEES	1/27/2016	0.00	427.32
026090	CK	1/27/2016	PBI PENSION BENEFIT INFORMATIO	07-16		020989	VO	ADMIN EXP	1/27/2016	0.00	1,125.00

Date: Friday, February 12, 2016  
 Time: 05:17PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 07-16 As of: 2/12/2016

Page: 6 of 8  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
026091	CK	1/27/2016	PIMCO PACIFIC INVESTMENT MGMT CC	07-16	020990	VO	INVESTMENT FEES	1/27/2016	0.00	104,408.43
026092	CK	1/27/2016	CORPORATE STAPLES ADVANTAGE	07-16	020991	VO	ADMIN EXP	1/27/2016	0.00	41.26
026093	CK	1/27/2016	WALTER BNY MELLON INV MGMNT CAYM	07-16	020992	VO	INVESTMENT FEES	1/27/2016	0.00	204,093.18
026094	CK	1/27/2016	WISSLEY DEBORAH Z. WISSLEY	07-16	020993	VO	ADMIN EXP	1/27/2016	0.00	8,207.50
026095	CK	1/27/2016	COUNTY2 COUNTY OF VENTURA	07-16	020959	VO	PENSION PAYMENT	1/27/2016	0.00	343,965.31
026096	CK	1/27/2016	CALPERS CALPERS LONG-TERM	07-16	020960	VO	INSURANCE	1/27/2016	0.00	20,901.72
026097	CK	1/27/2016	CVMP COUNTY OF VENTURA	07-16	020961	VO	INSURANCE	1/27/2016	0.00	667,922.06
026098	CK	1/27/2016	VCDSA VENTURA COUNTY DEPUTY	07-16	020962	VO	INSURANCE	1/27/2016	0.00	250,421.31
026099	CK	1/27/2016	VCPFF VENTURA COUNTY PROFESSIOI	07-16	020963	VO	INSURANCE	1/27/2016	0.00	67,893.79
026100	CK	1/27/2016	VRSD VENTURA REGIONAL	07-16	020964	VO	INSURANCE	1/27/2016	0.00	8,495.13
026101	CK	1/27/2016	VSP VISION SERVICE PLAN - (CA)	07-16	020965	VO	INSURANCE	1/27/2016	0.00	10,353.57
026102	CK	1/27/2016	SEIU SEIU LOCAL 721	07-16	020966	VO	DUES	1/27/2016	0.00	397.50
026103	CK	1/27/2016	REAVC RETIRED EMPLOYEES' ASSOCIAT	07-16	020967	VO	DUES	1/27/2016	0.00	4,273.50

Date: Friday, February 12, 2016  
 Time: 05:17PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 07-16 As of: 2/12/2016

Page: 7 of 8  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period		Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
				To Post	Closed						
026104	CK	1/27/2016	CA SDU CALIFORNIA STATE	07-16		020968	VO	CRT ORDERED PMT	1/27/2016	0.00	1,052.47
026105	CK	1/27/2016	CHILD5 STATE DISBURSEMENT UNIT (SI	07-16		020969	VO	CRT ORDERED PMT	1/27/2016	0.00	511.00
026106	CK	1/27/2016	CHILD9 SHERIDA SEGALL	07-16		020970	VO	CRT ORDERED PMT	1/27/2016	0.00	260.00
026107	CK	1/27/2016	CHILD21 OREGON DEPT OF JUSTICE	07-16		020971	VO	CRT ORDERED PMT	1/27/2016	0.00	171.74
026108	CK	1/27/2016	SPOUSE2 KELLY SEARCY	07-16		020972	VO	CRT ORDERE PMT	1/27/2016	0.00	1,874.00
026109	CK	1/27/2016	SPOUSE3 ANGELINA ORTIZ	07-16		020973	VO	CRT ORDERED PMT	1/27/2016	0.00	250.00
026110	CK	1/27/2016	SPOUSE4 CATHY C PEET	07-16		020974	VO	CRT ORDERED PMT	1/27/2016	0.00	550.00
026111	CK	1/27/2016	SPOUSE5 SUZANNA CARR	07-16		020975	VO	CRT ORDERED PMT	1/27/2016	0.00	829.00
026112	CK	1/27/2016	SPOUSE6 BARBARA JO GREENE	07-16		020976	VO	CRT ORDERED PMT	1/27/2016	0.00	675.00
026113	CK	1/27/2016	SPOUSE7 MARIA G. SANCHEZ	07-16		020977	VO	CRT ORDERED PMT	1/27/2016	0.00	104.00
026114	CK	1/27/2016	SPOUSE8 DEBBIE BETTIS	07-16		020978	VO	CRT ORDERED PMT	1/27/2016	0.00	800.00
026115	CK	1/27/2016	IRS6 INTERNAL REVENUE SERVICE	07-16		020979	VO	GARNISHMENT	1/27/2016	0.00	321.00

Date: Friday, February 12, 2016  
 Time: 05:17PM  
 User: 101602

**Ventura County Retirement Assn**  
**Check Register - Standard**  
 Period: 07-16 As of: 2/12/2016

Page: 8 of 8  
 Report: 03630.rpt  
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid	
Check Count:		92								<b>Acct Sub Total:</b>	<b>2,524,272.20</b>

Check Type	Count	Amount Paid
Regular	92	2,524,272.20
Hand	0	0.00
Electronic Payment	0	0.00
Void	0	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
<b>Total:</b>	<b>92</b>	<b>2,524,272.20</b>

<b>Company Disc Total</b>	<b>0.00</b>	<b>Company Total</b>	<b>2,524,272.20</b>
---------------------------	-------------	----------------------	---------------------

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2015 (UNAUDITED)**

**ASSETS**

**CASH & CASH EQUIVALENTS** **\$118,535,587**

**RECEIVABLES**

EMPLOYER/EMPLOYEE CONTRIBUTIONS	142
ACCRUED INTEREST AND DIVIDENDS	3,785,277
SECURITY SALES	49,254,797
MISCELLANEOUS	5,046
<b>TOTAL RECEIVABLES</b>	<b>53,045,261</b>

**INVESTMENTS AT FAIR VALUE**

DOMESTIC EQUITY SECURITIES	131,169,438
DOMESTIC EQUITY INDEX FUNDS	1,183,149,115
INTERNATIONAL EQUITY SECURITIES	332,753,245
INTERNATIONAL EQUITY INDEX FUNDS	238,272,497
GLOBAL EQUITY	413,921,378
PRIVATE EQUITY	149,109,057
DOMESTIC FIXED INCOME - CORE PLUS	617,245,372
DOMESTIC FIXED INCOME - U.S. INDEX	140,124,896
GLOBAL FIXED INCOME	265,757,789
REAL ESTATE	359,614,219
ALTERNATIVES	365,934,391
CASH OVERLAY - PARAMETRIC	8,458
<b>TOTAL INVESTMENTS</b>	<b>4,197,059,856</b>

**CAPITAL ASSET - SOFTWARE DEVELOPMENT** **9,426,005**

**TOTAL ASSETS** **4,378,066,709**

**LIABILITIES**

SECURITY PURCHASES PAYABLE	65,603,044
ACCOUNTS PAYABLE	1,755,960
PREPAID CONTRIBUTIONS	82,348,582
	<b>149,707,585</b>

**TOTAL LIABILITIES** **149,707,585**

**NET POSITION RESTRICTED FOR PENSIONS** **\$4,228,359,124**



**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015 (UNAUDITED)**

**ADDITIONS**

**CONTRIBUTIONS**

EMPLOYER	\$82,716,835
EMPLOYEE	32,740,425
<b>TOTAL CONTRIBUTIONS</b>	<u>115,457,260</u>

**INVESTMENT INCOME**

NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	(162,866,050)
INTEREST INCOME	7,743,158
DIVIDEND INCOME	26,656,332
REAL ESTATE OPERATING INCOME, NET	8,219,251
SECURITY LENDING INCOME	93,359
<b>TOTAL INVESTMENT INCOME</b>	<u>(120,153,950)</u>

**LESS INVESTMENT EXPENSES**

MANAGEMENT & CUSTODIAL FEES	7,242,914
SECURITIES LENDING BORROWER REBATES	21,180
SECURITIES LENDING MANAGEMENT FEES	24,086
<b>TOTAL INVESTMENT EXPENSES</b>	<u>7,288,180</u>

**NET INVESTMENT INCOME/(LOSS)** (127,442,130)

**TOTAL ADDITIONS** (11,984,870)

**DEDUCTIONS**

BENEFIT PAYMENTS	118,075,344
MEMBER REFUNDS	2,384,983
ADMINISTRATIVE EXPENSES	3,990,868
<b>TOTAL DEDUCTIONS</b>	<u>124,451,194</u>

**NET INCREASE/(DECREASE)** (136,436,064)

**NET POSITION RESTRICTED FOR PENSIONS**

**BEGINNING OF YEAR** 4,364,795,188

**ENDING BALANCE** \$4,228,359,124

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INVESTMENTS AND CASH EQUIVALENTS**  
**DECEMBER 31, 2015 (UNAUDITED)**

**EQUITY**

**DOMESTIC EQUITY**

WESTERN ASSET INDEX PLUS	\$131,169,438	\$9,762,374
<b>TOTAL DOMESTIC EQUITY</b>	<b>131,169,438</b>	<b>9,762,374</b>

**DOMESTIC INDEX FUNDS**

BLACKROCK - US EQUITY MARKET	1,138,027,993	0
BLACKROCK - EXTENDED EQUITY	45,121,122	1
<b>TOTAL EQUITY INDEX FUNDS</b>	<b>1,183,149,115</b>	<b>1</b>

**INTERNATIONAL EQUITY**

SPRUCEGROVE	164,524,429	0
HEXAVEST	76,630,517	0
WALTER SCOTT	91,598,300	0
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>332,753,245</b>	<b>0</b>

**INTERNATIONAL INDEX FUNDS**

BLACKROCK - ACWIXUS	238,272,497	0
<b>TOTAL INTERNATIONAL INDEX FUNDS</b>	<b>238,272,497</b>	<b>0</b>

**GLOBAL EQUITY**

GRANTHAM MAYO AND VAN OTTERLOO (GMO)	195,783,374	0
BLACKROCK - GLOBAL INDEX	218,138,004	0
<b>TOTAL GLOBAL EQUITY</b>	<b>413,921,378</b>	<b>0</b>

**PRIVATE EQUITY**

ADAMS STREET	92,909,698	0
PANTHEON	15,891,978	0
HARBOURVEST	40,307,381	0
<b>TOTAL PRIVATE EQUITY</b>	<b>149,109,057</b>	<b>0</b>

**FIXED INCOME**

**DOMESTIC**

LOOMIS SAYLES AND COMPANY	66,291,114	4,052,244
REAMS	283,655,539	107
WESTERN ASSET MANAGEMENT	267,298,719	397,973
<b>TOTAL DOMESTIC</b>	<b>617,245,372</b>	<b>4,450,325</b>

**DOMESTIC INDEX FUNDS**

BLACKROCK - US DEBT INDEX	140,124,896	0
<b>TOTAL DOMESTIC INDEX FUNDS</b>	<b>140,124,896</b>	<b>0</b>

**GLOBAL**

LOOMIS SAYLES AND COMPANY	88,308,779	0
LOOMIS ALPHA	41,711,873	0
PIMCO	135,737,137	2,991,932
<b>TOTAL GLOBAL</b>	<b>265,757,789</b>	<b>2,991,932</b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**INVESTMENTS AND CASH EQUIVALENTS**  
**DECEMBER 31, 2015 (UNAUDITED)**

<b>REAL ESTATE</b>		
PRUDENTIAL REAL ESTATE	124,454,632	0
RREEF	2,258,715	0
UBS REALTY	232,900,873	0
<b>TOTAL REAL ESTATE</b>	<u><b>359,614,219</b></u>	<u><b>0</b></u>
<b>ALTERNATIVES</b>		
BRIDGEWATER	262,623,925	0
TORTOISE (MLP's)	103,310,466	864,499
<b>TOTAL ALTERNATIVES</b>	<u><b>365,934,391</b></u>	<u><b>864,499</b></u>
<b>CASH OVERLAY - PARAMETRIC</b>	<b>8,458</b>	<b>95,593,268</b>
<b>IN HOUSE CASH</b>		<u><b>4,873,187</b></u>
<b>TOTAL INVESTMENTS AND CASH</b>	<u><u><b>\$4,197,059,856</b></u></u>	<u><u><b>\$118,535,587</b></u></u>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF INVESTMENT MANAGEMENT FEES  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015 (UNAUDITED)**

**EQUITY MANAGERS**

**DOMESTIC**

BLACKROCK - US EQUITY	\$118,816
BLACKROCK - EXTENDED EQUITY	9,224
WESTERN ASSET INDEX PLUS	130,408
<b>TOTAL</b>	<b>258,447</b>

**INTERNATIONAL**

BLACKROCK - ACWIXUS	82,654
SPRUCEGROVE	329,685
HEXAVEST	180,744
WALTER SCOTT	404,878
<b>TOTAL</b>	<b>997,961</b>

**GLOBAL**

GRANTHAM MAYO VAN OTTERLOO (GMO)	598,947
BLACKROCK - GLOBAL INDEX	83,004
<b>TOTAL</b>	<b>681,951</b>

**PRIVATE EQUITY**

ADAMS STREET	727,446
HARBOURVEST	345,332
PANTHEON	299,795
<b>TOTAL</b>	<b>1,372,573</b>

**FIXED INCOME MANAGERS**

**DOMESTIC**

BLACKROCK - US DEBT INDEX	48,089
LOOMIS, SAYLES AND COMPANY	141,098
REAMS ASSET MANAGEMENT	250,526
WESTERN ASSET MANAGEMENT	251,865
<b>TOTAL</b>	<b>691,577</b>

**GLOBAL**

LOOMIS, SAYLES AND COMPANY	134,794
LOOMIS ALPHA	85,159
PIMCO	209,112
<b>TOTAL</b>	<b>429,064</b>

**REAL ESTATE**

PRUDENTIAL REAL ESTATE ADVISORS	441,010
RREEF	15,279
UBS REALTY	1,087,599
<b>TOTAL</b>	<b>1,543,888</b>

**ALTERNATIVES**

BRIDGEWATER	529,506
TORTOISE	324,660
<b>TOTAL</b>	<b>854,166</b>

**CASH OVERLAY - PARAMETRIC**

68,221

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF INVESTMENT MANAGEMENT FEES  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015 (UNAUDITED)**

<b>SECURITIES LENDING</b>	
BORROWERS REBATE	21,180
MANAGEMENT FEES	<u>24,086</u>
<b>TOTAL</b>	<b>45,266</b>
<b>OTHER</b>	
INVESTMENT CONSULTANT	142,660
INVESTMENT CUSTODIAN	<u>202,405</u>
<b>TOTAL</b>	<b><u>345,065</u></b>
<b>TOTAL INVESTMENT MANAGEMENT FEES</b>	<b><u><u>\$7,288,180</u></u></b>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**BUDGET SUMMARY FISCAL YEAR 2015-2016**  
**January 2016 - 58% of Fiscal Year Expended**

EXPENDITURE DESCRIPTIONS	Adopted 2015/2016 Budget	Adjusted 2015/2016 Budget	Jan-16	Year to Date Expended	Available Balance	Percent Expended
<b>Salaries &amp; Benefits:</b>						
Salaries	\$ 2,322,000.00	\$ 2,322,000.00	\$ 166,440.66	\$ 1,158,505.24	\$ 1,163,494.76	49.89%
Extra-Help	50,000.00	50,000.00	5,262.55	45,121.63	4,878.37	90.24%
Overtime	3,000.00	3,000.00	0.00	101.99	2,898.01	3.40%
Supplemental Payments	70,800.00	70,800.00	4,924.06	33,906.48	36,893.52	47.89%
Vacation Redemption	111,400.00	111,400.00	7,258.12	63,436.87	47,963.13	56.95%
Retirement Contributions	427,700.00	427,700.00	31,735.52	213,140.70	214,559.30	49.83%
OASDI Contributions	139,800.00	139,800.00	10,873.93	68,014.27	71,785.73	48.65%
FICA-Medicare	36,400.00	36,400.00	2,543.10	17,957.26	18,442.74	49.33%
Retiree Health Benefit	8,700.00	8,700.00	794.15	5,859.35	2,840.65	67.35%
Group Health Insurance	201,000.00	201,000.00	14,256.00	102,366.91	98,633.09	50.93%
Life Insurance/Mgmt	1,100.00	1,100.00	88.23	615.27	484.73	55.93%
Unemployment Insurance	2,900.00	2,900.00	201.28	1,406.85	1,493.15	48.51%
Management Disability Insurance	18,000.00	18,000.00	2,211.08	10,297.95	7,702.05	57.21%
Worker' Compensation Insurance	18,700.00	18,700.00	1,331.33	9,356.66	9,343.34	50.04%
401K Plan Contribution	47,500.00	47,500.00	3,468.77	23,684.26	23,815.74	49.86%
Transfers In	103,400.00	103,400.00	9,147.31	61,815.55	41,584.45	59.78%
Transfers Out	(103,400.00)	(103,400.00)	(9,147.31)	(61,815.55)	(41,584.45)	59.78%
<b>Total Salaries &amp; Benefits</b>	<b>\$ 3,459,000.00</b>	<b>\$ 3,459,000.00</b>	<b>\$ 251,388.78</b>	<b>\$ 1,753,771.69</b>	<b>\$ 1,705,228.31</b>	<b>50.70%</b>
<b>Services &amp; Supplies:</b>						
Telecommunication Services - ISF	\$ 36,500.00	\$ 36,500.00	\$ 2,944.44	\$ 19,696.52	\$ 16,803.48	53.96%
General Insurance - ISF	12,500.00	12,500.00	0.00	6,260.00	6,240.00	50.08%
Office Equipment Maintenance	2,000.00	2,000.00	0.00	0.00	2,000.00	0.00%
Membership and Dues	10,400.00	10,400.00	600.00	9,270.00	1,130.00	89.13%
Education Allowance	10,000.00	10,000.00	0.00	3,795.84	6,204.16	37.96%
Cost Allocation Charges	17,000.00	17,000.00	8,506.00	8,506.00	8,494.00	50.04%
Printing Services - Not ISF	4,300.00	4,300.00	241.88	3,000.77	1,299.23	69.79%
Books & Publications	2,500.00	2,500.00	0.00	337.61	2,162.39	13.50%
Office Supplies	20,000.00	20,000.00	81.02	8,211.44	11,788.56	41.06%
Postage & Express	60,000.00	60,000.00	5,412.39	24,478.15	35,521.85	40.80%
Printing Charges - ISF	13,300.00	13,300.00	0.00	3,218.06	10,081.94	24.20%
Copy Machine Services - ISF	6,500.00	6,500.00	0.00	712.50	5,787.50	10.96%
Board Member Fees	12,000.00	12,000.00	900.00	5,100.00	6,900.00	42.50%
Professional Services	1,002,300.00	1,002,300.00	135,908.13	590,956.20	411,343.80	58.96%
Storage Charges	4,500.00	4,500.00	320.62	1,975.72	2,524.28	43.90%
Equipment	5,000.00	5,000.00	0.00	0.00	5,000.00	0.00%
Office Lease Payments	205,200.00	205,200.00	16,731.25	116,401.57	88,798.43	56.73%
Private Vehicle Mileage	10,000.00	10,000.00	1,161.84	7,491.41	2,508.59	74.91%
Conference, Seminar and Travel	100,000.00	100,000.00	2,874.35	35,477.62	64,522.38	35.48%
Furniture	24,000.00	24,000.00	934.37	2,478.61	21,521.39	10.33%
Facilities Charges	6,900.00	6,900.00	688.50	1,570.00	5,330.00	22.75%
Judgement & Damages	0.00	0.00	0.00	1,838.57	(1,838.57)	#DIV/0!
Transfers In	10,900.00	10,900.00	966.63	6,532.25	4,367.75	59.93%
Transfers Out	(10,900.00)	(10,900.00)	(966.63)	(6,532.25)	(4,367.75)	59.93%
<b>Total Services &amp; Supplies</b>	<b>\$ 1,564,900.00</b>	<b>\$ 1,564,900.00</b>	<b>\$ 177,304.79</b>	<b>\$ 850,776.59</b>	<b>\$ 714,123.41</b>	<b>54.37%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 5,023,900.00</b>	<b>\$ 5,023,900.00</b>	<b>\$ 428,693.57</b>	<b>\$ 2,604,548.28</b>	<b>\$ 2,419,351.72</b>	<b>51.84%</b>
<b>Technology:</b>						
Computer Hardware	\$ 91,600.00	\$ 91,600.00	\$ 287.80	54,765.44	\$ 36,834.56	59.79%
Computer Software	204,400.00	204,400.00	595.80	22,146.84	182,253.16	10.84%
Systems & Application Support	693,100.00	693,100.00	59,433.69	338,241.07	354,858.93	48.80%
Pension Administration System	2,660,500.00	2,660,500.00	51,687.07	1,568,702.32	1,091,797.68	58.96%
<b>Total Technology</b>	<b>\$ 3,649,600.00</b>	<b>\$ 3,649,600.00</b>	<b>\$ 112,004.36</b>	<b>\$ 1,983,855.67</b>	<b>\$ 1,665,744.33</b>	<b>54.36%</b>
Contingency	\$ 812,400.00	\$ 812,400.00	\$ -	\$ -	\$ 812,400.00	0.00%
<b>Total Current Year</b>	<b>\$ 9,485,900.00</b>	<b>\$ 9,485,900.00</b>	<b>\$ 540,697.93</b>	<b>\$ 4,588,403.95</b>	<b>\$ 4,897,496.05</b>	<b>48.37%</b>

# PRISA

## **Ventura County Employees' Retirement Association**

February 22, 2016

**Prudential**  
Real Estate Investors







# Table of Contents



**Section I:** Market Outlook

**Section II:** PRISA

**Appendix**

## PREI REPRESENTATIVES

---



**Mark A. Oczkus**  
Executive Director  
T: (415) 291 5019  
mark.oczkus@prudential.com



**Jeremy S. Keenan**  
Vice President  
T: (973) 734-1420  
jeremy.keenan@prudential.com

Please see Appendix for important disclosures about PRISA's structure.

**Note: Data as of December 31, 2015 is preliminary and subject to change.** Unless otherwise stated, all return information provided in this presentation is before the deduction of Manager Compensation/Fees and is not a guarantee or a reliable indicator of future results. All performance targets throughout this presentation are made as of December 31, 2015 and are not guaranteed. Effective January 1, 2013, PREI changed its method for calculating income and appreciation returns to one which uses separate geometric linking for each component, which is consistent with recent changes in Global Investment Performance Standards. As a result, when linking multiple periods' returns, the cumulative effect of cross compounding may cause the sum of income and appreciation returns to not equal the total return. Please refer to the Appendix for returns after the deduction of Manager Compensation/Fees and for other important disclosures regarding the information contained herein.



# I. Market Outlook

**Prudential**  
Real Estate Investors





# U.S. Real Estate Market Outlook

As of December 2015



---

## Demand Drivers: Steady Broad-based Expansion

- The U.S. economy continues to demonstrate resilience against a weak global backdrop. GDP is expanding at steady pace and job growth remains strong. Continued moderate economic growth and a strengthening labor market should support a solid base for tenant demand across all sectors over the next year.
- However, a tighter credit environment and financial market volatility stemming from weakening global GDP growth and depressed commodity prices raise concerns about the U.S. economy.
- Expanding employment and wages will favor consumption-driven property types including apartments, retail, and e-commerce logistics. We also expect substantial demand for investment-driven property types such as office and bulk and local distribution.

---

## Property Fundamentals Improving

- **Apartment:** Demographic trends and increasing job growth in the 25 - 29 age cohort are fueling growth in renters, resulting in resilient occupancy and rent growth despite steady supply additions in most markets.
- **Office:** Office-using employment growth and the Leading Economic Indicators index suggest continuing demand strength for space over the next year. We expect occupancies and rents to move higher as supply remains below historical levels.
- **Warehouse:** Tenant demand is very healthy in a growing number of markets, but the rapid response of new supply may blunt rent growth. Development makes more sense than buying in many markets as leased product typically trades above replacement cost.
- **Retail:** Decent consumption trends and lack of supply have pushed vacancies to historically low levels. Rent growth is improving but will likely remain limited by right-sizing among retailers in response to e-commerce.
- **Hotel:** Occupancies remain high, but RevPAR growth will likely slow this year due to more sluggish demand prospects.
- **Storage:** Record-high occupancies should continue to drive sizeable near-term rent gains.

---

## Pricing Stabilizing

- We expect continued strong U.S. real estate transaction activity. However, a pullback by major global investors is possible, in light of low oil prices and emerging markets volatility as well as potential portfolio re-balancing requirements owing to recent stock price declines.
  - Real estate appears pricey relative to corporate bonds, which may limit upside appreciation potential this year.
- 

Source: PREI Investment Research. As of December 2015.



## II. PRISA

**Prudential**  
Real Estate Investors







# Ventura County Employees Retirement Association

PRISA SA Assets as of December 31, 2015



## Investment Details

### Contributions (03/31/2005 Inception Date)

03/31/2005	\$40,000,000.00
09/30/2005	\$20,000,000.00
<b>Total Contributions</b>	<b>\$60,000,000.00</b>

### Investment Earnings

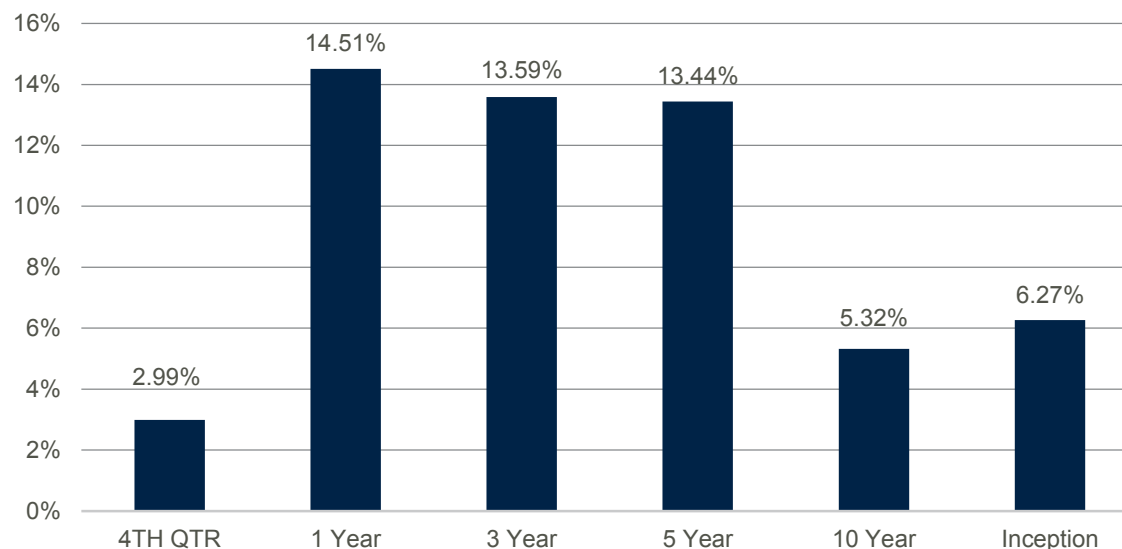
Investment Income	\$48,686,054.61
Appreciation	\$15,768,577.45
<b>Total Investment Earnings</b>	<b>\$64,454,632.06</b>

### Disbursements

Withdrawals	\$0
Deducted Fees	\$0
Cash Flow Distributions	\$0
<b>Total Disbursements</b>	<b>\$0</b>

<b>Market Value</b>	<b>\$124,454,632.06</b>
---------------------	-------------------------

## NET DOLLAR-WEIGHTED PERFORMANCE



### Operating Cash Flow

Total Distributed	\$0
Total Reinvested	\$36,810,050
Current Election	Reinvesting
<b>4Q15 Cashflow</b>	<b>\$1,226,059</b>

### Capital Commitments

Undrawn Commitments	\$0
---------------------	-----

Note: Past performance is not a guarantee or reliable indicator of future results.

# Historical Cash Flow

2005-2010



Date	Deposits	Withdrawals	Distributed Cash Flow	Reinvested Cash Flow	Deducted Fees	Directly Billed Fees	Fee Rebate	Market Values
3/31/2005	40,000,000.00	-	-			-	-	\$40,000,000.00
6/30/2005		-	-		(\$107,958.16)	-	-	42,399,481.40
9/30/2005	20,000,000.00	-	-	\$751,200.94	(114,613.92)	-	-	64,733,409.07
12/31/2005		-	-	735,998.74	(142,364.33)	-	-	68,704,271.73
3/31/2006		-	-	867,466.73	(156,938.03)	-	-	71,587,061.88
6/30/2006		-	-	1,023,109.82	(160,967.38)	-	-	74,249,376.35
9/30/2006		-	-	1,067,532.97	(173,411.65)	-	-	76,865,788.88
12/29/2006		-	-	1,131,098.58	(167,101.11)	-	-	79,802,766.11
3/30/2007		-	-	1,030,320.32	(162,006.97)	-	-	83,028,836.81
6/30/2007		-	-	938,946.35	(178,531.42)	-	-	88,098,099.85
9/30/2007		-	-	1,217,976.72	(182,199.44)	-	-	91,995,460.33
12/31/2007		-	-	1,202,605.84	(178,654.55)	-	-	93,780,696.53
3/31/2008		-	-	1,119,812.84	(179,479.24)	-	-	94,423,398.72
6/30/2008		-	-	1,114,802.14	(176,745.89)	-	-	95,041,883.31
9/30/2008		-	-	1,055,908.48	(196,822.82)	-	-	95,421,404.93
12/31/2008		-	-	1,313,754.74	(174,509.47)	-	-	81,610,284.08
3/31/2009		-	-	923,153.37	(174,716.64)	-	-	68,950,055.24
6/30/2009		-	-	901,906.05	(121,484.77)	-	-	59,817,043.94
9/30/2009		-	-		(122,590.46)	-	-	55,152,669.19
12/31/2009		-	-		(124,110.54)	-	-	53,663,601.40

# Historical Cash Flow Cont'd

2010-2015



Date	Deposits	Withdrawals	Distributed Cash Flow	Reinvested Cash Flow	Deducted Fees	Directly Billed Fees	Fee Rebate	Market Values
3/31/2010		-	-		(\$172,786.02)	-	-	\$ 53,555,024.48
6/30/2010		-	-	\$795,227.06	(\$168,198.88)	-	-	\$ 57,781,096.67
9/30/2010		-	-	\$726,736.71	(\$168,318.20)	-	-	\$ 59,576,057.55
12/31/2010		-	-	\$753,365.44	(\$168,488.31)	-	\$33,019.21	\$ 63,550,440.22
3/31/2011		-	-	\$ 786,132.99	(\$167,392.79)	-	-	\$ 67,095,550.44
6/30/2011		-	-	\$746,595.60	(\$170,348.08)	-	-	\$ 70,377,535.60
9/30/2011		-	-	\$771,776.89	(\$161,455.88)	-	-	\$ 73,268,879.60
12/31/2011		-	-	\$683,092.31	(\$165,717.95)	-	-	\$ 75,674,860.14
3/31/2012		-	-	\$699,701.57	-	(\$175,678.22)	-	\$ 78,156,154.89
6/30/2012		-	-	\$862,852.50	-	(\$178,269.82)	-	\$ 80,018,267.87
9/30/2012		-	-	\$852,897.08	-	(\$178,017.71)	-	\$ 81,437,991.66
12/31/2012		-	-	\$891,833.85	-	(\$175,442.18)	-	\$ 82,992,278.57
3/31/2013		-	-	\$766,381.08	-	(\$175,764.99)	-	\$ 85,722,824.47
6/30/2013		-	-	\$853,312.10	-	(\$180,630.13)	-	\$ 88,599,276.90
9/30/2013		-	-	\$884,942.45	-	(\$189,290.81)	-	\$ 91,858,664.17
12/31/2013		-	-	\$973,343.41	-	(\$187,551.78)	-	\$ 95,185,594.66
3/31/2014		-	-	\$946,054.66	-	(\$185,709.15)	-	\$ 97,522,348.18
6/30/2014		-	-	\$848,831.47	-	(\$183,646.74)	-	\$ 100,717,415.14
9/30/2014		-	-	\$811,534.23	-	(\$198,752.72)	-	\$ 103,915,046.82
12/31/2014		-	-	\$1,064,134.55	-	(\$197,833.43)	-	\$ 107,886,266.43
3/31/2015		-	-	\$1,014,991.59	-	(\$214,201.13)	-	\$ 111,362,490.32
6/30/2015		-	-	\$1,263,628.80	-	(\$212,015.28)	-	\$ 114,985,249.55
9/30/2015		-	-	\$1,191,030.66	-	(\$218,015.92)	-	\$ 120,621,252.59
12/31/2015		-	-	\$1,226,058.82	-	(\$222,994.01)	-	\$ 124,454,632.06
Total	\$60,000,000.00	\$0.00	\$0.00	\$36,810,050.45	(\$4,337,912.90)	(\$3,073,814.02)	\$33,019.21	
Total Fees	(\$7,378,707.71)							



# Disclaimer Regarding PRISA Information Presented



Unless indicated otherwise by referencing PRISA SA or PRISA LP specifically, this presentation contains financial and other information about PRISA Composite (“PRISA”, “PRISA Composite” or the “Fund”). PRISA Composite reflects the aggregate holdings, leverage and operations of PRISA SA and PRISA LP. While PRISA Composite is not a fund in which any investor may invest, its performance is indicative of each of PRISA SA and PRISA LP and is reported to ODCE. PRISA SA and PRISA LP are separate investment vehicles with separate terms (including fee structures) that invest in substantially the same assets, as further described in “PRISA Structure” in the Appendix section **PRISA SA and PRISA LP Addendum**. The performance of each of PRISA SA and PRISA LP, on a separate basis, may differ materially from PRISA Composite.

For information about the performance and other data regarding the fund in which they are invested (i.e., PRISA SA or PRISA LP, as applicable), investors should review the **PRISA SA and PRISA LP Addendum** in the Appendix and consult the statements and reports provided to them pursuant to their investment agreements, including their individual client statements, financial statements and quarterly reports, in each case, which include data exclusively related to PRISA LP or PRISA SA, as the case may be.

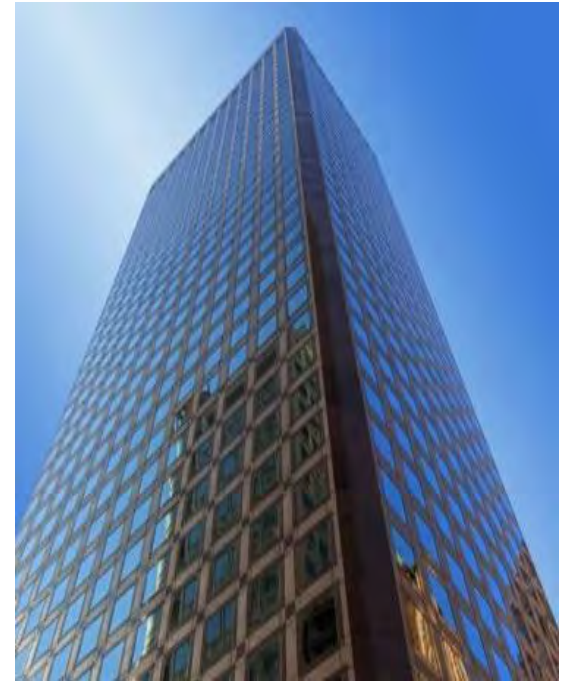
# PRISA<sup>1</sup> Overview



- Launched in 1970, PRISA SA was the first open-end, commingled core real estate fund. PRISA LP was formed in 2013 to allow a more diverse investor base to invest in PRISA
- Well-diversified portfolio of quality, income producing assets
- Concentration of irreplaceable assets in major gateway markets
- Focus on income and a proven track record of strong income performance
- Targeting total returns of 7.5% to 9.5%<sup>2</sup> over a complete market cycle, while meeting or exceeding the NFI-ODCE index

## PRISA Composite Facts (As of December 31, 2015)

Gross Asset Value	\$21.9B
Net Asset Value	\$17.2B
Leverage (GAV)	19.7%
Number of Investors	289
Number of Investments	272
Deposit Queue	\$1.7B



Post Montgomery (San Francisco, CA)

<sup>1</sup> PRISA Composite (or "PRISA") represents the aggregate or composite of PRISA LP and PRISA Separate Account (PRISA SA). Please see page 15 for important information regarding PRISA Composite.

<sup>2</sup> Target returns are not guaranteed. Targeted total net returns of 6.5% to 8.5%.

# PRISA Dedicated Portfolio Management Team

As of December 31, 2015



## PORTFOLIO MANAGERS



### Frank E. Garcia

Managing Director  
Senior Portfolio Manager  
Years with Prudential: 2  
Real Estate Experience: 23



### Joanna Mulford

Managing Director  
Portfolio Manager & PRISA's CFO  
Years with Prudential: 26  
Real Estate Experience: 19



### James Glen

Executive Director  
Portfolio Manager  
Years with Prudential: 1  
Real Estate Experience: 15



### Jeremy Keenan

Vice President  
Assistant Portfolio Manager  
Years with Prudential: 4  
Real Estate Experience: 9

## DEDICATED ASSET MANAGERS

● U.S. Offices      - - - - - Portfolio Analytics Team



PRISA also benefits from the following shared services across the PREI platform: Research, Acquisitions, Dispositions, Capital Markets, Risk Management, Human Resources, Legal and Compliance.

### San Francisco

Kristin Paul  
Pedro Sanchez  
Maria Trinh  
Katie Ullman  
Daniel Kane  
Harry Ashforth  
Sydnee Cua  
Joseph Hamwey

### Chicago

Mark Vande Hey  
Michael McMains  
Dan Sherrard  
Ryan Bloom

### Atlanta

Alex Griffin  
William Yowell

### New York/ Madison

Yetta Tropper  
Sarah Downey  
Carly Miller  
Michael Harrington  
Douglas Roberts  
Kevin Sullivan  
Nicole Constantine  
Melissa Furman  
Rushi Patel  
Ana Maria Olmedo  
Bonnie Poeta  
Mark Selvaggi  
Tracey Wingo

Note: A total of 40 dedicated professionals, including 9 from the Operations team.

# PRISA 2015 Report Card

As of December 31, 2015



Objectives		Full-Year 2015 <sup>2</sup>
<b>Performance</b>	<ul style="list-style-type: none"> <li>Deliver <b>gross returns of 8.5% - 11.0%</b><sup>1</sup>, including an <b>income return of 5.0% to 5.5%</b></li> </ul>	<b>Income: 5.00%</b> <b>Appreciation: 9.97%</b> <b>Total: 15.32%</b> <sup>3</sup>
<b>Income Growth</b>	<ul style="list-style-type: none"> <li>Fundamentals continue to strengthen across the major property types, with the possible exception of apartments which are expected to remain stable. The office, industrial and retail sectors are expected to continue to gain momentum</li> <li>Target overall <b>same property income growth of 5.8%</b>, with the largest contribution coming from the office portfolio</li> </ul>	<b>6.5% Trailing 12 Months Increase</b>
<b>Transaction Strategy</b>	<ul style="list-style-type: none"> <li>Maintain disciplined approach to acquisitions</li> <li><b>Gross Acquisition Target: \$1.5B – \$2.0B</b> - Increase office and retail exposure in markets with improving fundamentals. Add build-to-core industrial and apartment assets in select markets. Evaluate tactical opportunities that present favorable risk-adjusted returns</li> <li><b>Gross Disposition Target: \$0.75B – \$1.0B</b> - Continue to take advantage of strong capital markets by selling commodity type assets</li> </ul>	<b>Acquisitions: \$2.5B</b> <b>Dispositions: \$1.3B</b> <b>Net Investment: \$1.2B</b>
<b>Risk Metrics</b>	<ul style="list-style-type: none"> <li>Maintain <b>leverage level in 20%-25% range</b>, but subject to maximum <b>debt to income multiple of 5.0x</b>. Maintain our low cost of debt, taking advantage of lender flexibility and extending the average remaining term</li> <li>Evaluate select non-core opportunities that may <b>increase our non-core allocation</b> towards our target limit of <b>10%</b></li> </ul>	<b>LTV: 19.7%</b> <b>Debt to Income: 4.6x</b> <b>Non-Core: 6.4%</b>

<sup>1</sup> Total net returns are 7.5% - 10.0%. <sup>2</sup> Past performance is not a guarantee or a reliable indicator of future results. <sup>3</sup> Total full-year net return is 14.51%. Note: Target returns are not guaranteed. Please see page 15 for important information regarding PRISA Composite.



# PRISA Composite Snapshot<sup>1</sup>

As of December 31, 2015



## The Basics

Gross Asset Value	\$21.9B
Net Asset Value	\$17.2B
Cash Balance	\$272.4M
Number of Investments	272

## Risk Metrics

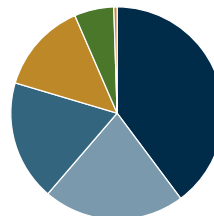
	Current	Guideline
Core/Non-Core	94% / 6%	90% / 10%
Leverage Ratio	19.7%	< 30.0%
Debt to Income Multiple	4.6x	< 5.0x

## Client Activity

	4Q15	Full-Year
Deposits	\$441.6M	\$1,183.6M
Cash Flow Reinvested	\$85.8M	\$334.9M
Withdrawals	\$165.2M	\$463.5M
Cash Flow Distributions	\$79.1M	\$297.4M
Deposit Queue		\$1.7B
# of Investors		289

## PROPERTY TYPE DIVERSIFICATION<sup>2</sup>

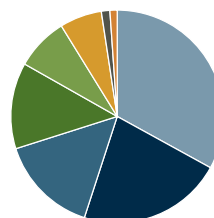
- 39.8% Office
- 21.5% Apartment
- 18.3% Retail
- 13.9% Industrial
- 6.0% Storage
- 0.5% Hotel



PRISA's property type diversification reflects sector allocations relative to NFI-ODCE designed to support strong income growth.

## GEOGRAPHIC DIVERSIFICATION<sup>2</sup>

- 33.0% Pacific
- 22.0% Northeast
- 15.1% Midwest
- 13.1% Southeast
- 8.0% EN Central
- 6.4% Southwest
- 1.3% WN Central
- 1.1% Mountain



PRISA is more heavily weighted to the major markets than NFI-ODCE. PRISA's strategic market exposure represents 80% of the portfolio, which is significantly more than NFI-ODCE (70%).<sup>3</sup>

## The Debt Picture

% Fixed / Floating <sup>4</sup>	73% / 27%
Recourse Leverage Ratio	2.3%
Weighted Avg. Cost of Debt	3.6%
Weighted Avg. Maturity	6.3 Yrs

## Debt Maturing

2016	\$154.8M
2017	\$637.7M
2018	\$671.4M

## Appraisal Assumptions

Direct Cap Rate	5.05%
Discount Rate	6.77%
Terminal Cap Rate	5.60%
Avg. Rent Growth	3.34%

## Transactions (Gross) Full-Year Target

Acquisitions	\$2.5B	\$1.5B-\$2B
Dispositions	\$1.3B	\$0.75B-\$1B

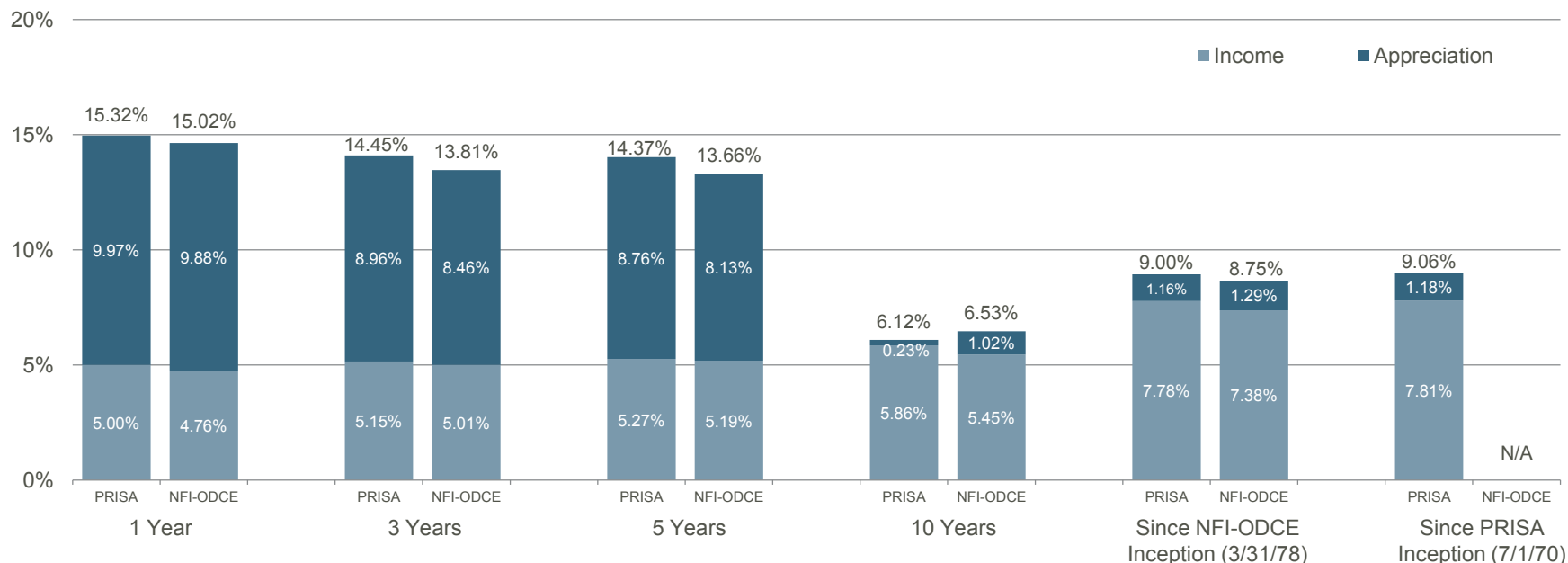
<sup>1</sup> Information regarding PRISA SA or PRISA LP, as applicable, appears in the Appendix. <sup>2</sup> Based on PRISA's share of gross market value in properties and debt investments. <sup>3</sup> NFI-ODCE does not publish detailed property information. Strategic market information is calculated by extracting NFI-ODCE properties from the NPI datasets. NPI datasets are based on the final report published by NCREIF on January 25, 2016. <sup>4</sup> Includes floating rate loans with caps. Note: There is no guarantee these targets will be achieved. Please see page 15 for important information regarding PRISA Composite.

# PRISA Composite Performance<sup>1</sup>

As of December 31, 2015



## TOTAL RETURNS VS. NFI-ODCE



- PRISA has outperformed over the past year thanks to strong appreciation stemming from improving fundamentals and investor demand
- Appreciation over the past year is reflective of broad based value increases across the portfolio led by office, industrial and storage
- PRISA's longer-term relative performance also remains positive, with total returns exceeding ODCE's in the three, five-year, and since NFI-ODCE inception time periods
- PRISA's income return exceeds NFI-ODCE in all time periods<sup>2</sup>

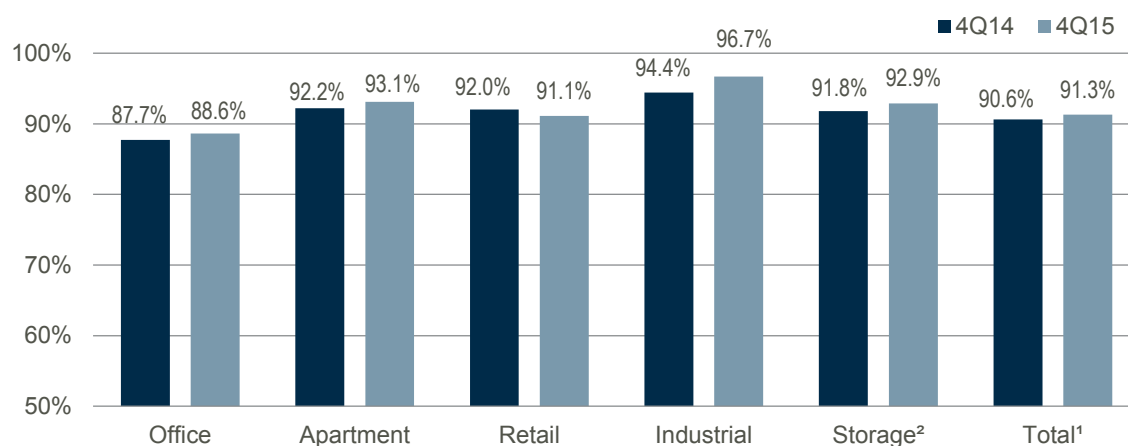
<sup>1</sup> Performance information regarding PRISA SA or PRISA LP, as applicable, along with performance net of manager compensation/fees, appears in the Appendix. Returns for periods prior to January 1, 2013 are based upon PRISA SA only. Note: Returns shown are time-weighted rates of return calculated in conformity with performance reporting standards and are before the deduction of Manager Compensation/Fees. Returns for NFI-ODCE are based on the final report published by NCREIF on January 29, 2016. <sup>2</sup> Refers to time periods shown above; one, three, five and ten years and since NFI-ODCE inception return periods. Past performance is not a guarantee or a reliable indicator of future results. Please see page 15 for important information regarding PRISA Composite.

# PRISA Occupancy & Income Growth

As of December 31, 2015



## SAME PROPERTY LEASED STATUS



- Same property occupancy for the portfolio increased by 69 bps to 91.3% over the last year. The industrial sector posted the largest gain of 226 bps.
- In the last year, PRISA executed 6.5 million sf of leasing activity, 60% of which represents new leasing
- PRISA posted same property income growth of 6.5% over a trailing 12 month period
- The largest contributor to income growth was the office sector, driven primarily by higher occupancies and rent commencement at PRISA's trophy CBD office assets

Same Property NOI <sup>3</sup>	Trailing Twelve Months Ended 12/31/14 (\$ millions)	Trailing Twelve Months Ended 12/31/15 (\$ millions)	% Change
Office	\$272.5	\$309.9	13.7%
Apartment	\$184.3	\$191.3	3.8%
Retail	\$193.1	\$192.3	-0.4%
Industrial	\$114.1	\$120.0	5.2%
Storage	\$63.9	\$69.2	8.3%
Hotel	\$6.7	\$6.3	-5.6%
<b>Total Same Property NOI<sup>4</sup></b>	<b>\$834.6</b>	<b>\$889.0</b>	<b>6.5%</b>

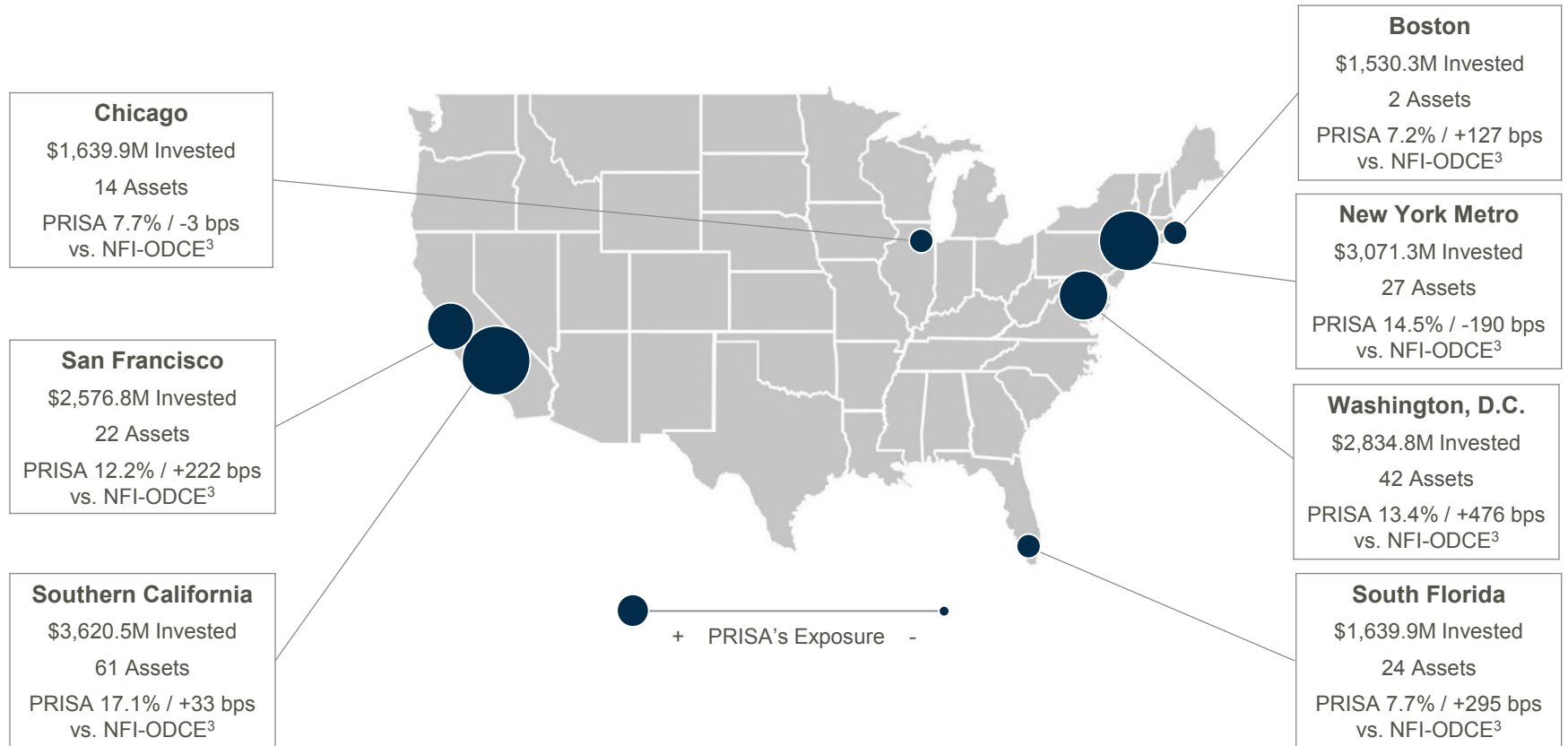
<sup>1</sup> Leased status for total portfolio weighted based on gross market value, excluding hotels, for same store assets. <sup>2</sup> Represents average leased status for the quarter. <sup>3</sup> 100% Property level unlevered. To provide a more meaningful basis for comparison between periods, property net income excludes income from properties that were purchased or sold during the comparative time periods, land and debt investments. Results are not guaranteed. Past performance is not a guarantee or reliable indicator of future results. <sup>4</sup> Same property NOI of \$889.0 million represents 90% of PRISA's total NOI. Note: Please see page 15 for important information regarding PRISA Composite.

# PRISA's Strategic Markets<sup>1,2</sup>

As of December 31, 2015



PRISA's strategic market exposure represents 80% of the portfolio (vs. 70% of NFI-ODCE<sup>3</sup>)



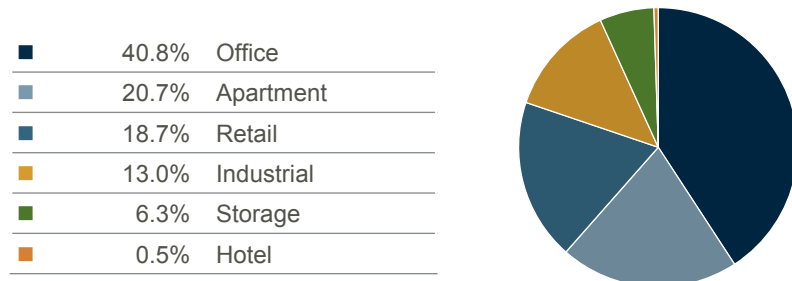
<sup>1</sup> Based on PRISA's share of gross market value in properties and debt investments. <sup>2</sup> The number of assets does not include the Storage Portfolio and the Storage Post Portfolio. <sup>3</sup> NFI-ODCE does not publish detailed property information. Market information is calculated by extracting NFI-ODCE property data from the NCREIF Research Database. NFI-ODCE data is based on the final report published by NCREIF on January 25, 2016. Note: Please see page 15 for important information regarding PRISA Composite.

# PRISA Core Component: 94% of Portfolio GMV

As of December 31, 2015



## CORE PROPERTY TYPE DIVERSIFICATION<sup>1</sup>



- We define “core” essentially as assets that are 80%+ leased
- Approximately 80% of the core portfolio is invested in the prime gateway markets like New York, San Francisco, Washington D.C., Boston, Chicago, South Florida, and Southern California
- The weighted average cap rate for the core portfolio is 5.05%
- The core portfolio is well occupied at 92.3% and has moderate lease rollover with a five-year annual average of 8.4%
- 49%<sup>4</sup> of the core portfolio is comprised of unlevered wholly-owned assets

		% Leased 12/31/15	Avg. Lease Expirations 2016-2020
Office	17.1M sf	90.3%	8.0%
Apartment	13,422 units	93.1%	N/A
Retail	13.5M sf	93.1%	9.4%
Industrial	22.2M sf	96.5%	11.0%
Storage <sup>2</sup>	74,260 units	92.9%	N/A
Hotel <sup>2</sup>	437 keys	75.7%	N/A
<b>Total<sup>3</sup></b>		<b>92.3%</b>	



100 Park (New York, NY)

<sup>1</sup> Based on PRISA's share of gross market value in properties and debt investments. <sup>2</sup> Represents average leased status for the quarter. <sup>3</sup> Leased status for total portfolio weighted based on gross market value and excludes hotels. <sup>4</sup> Based on number of investments. Note: Please see page 15 for important information regarding PRISA Composite.

# PRISA Core Asset Highlights

As of December 31, 2015



International Place (Boston , MA)

Property Type	Office
Year Built/Renovated	1990
Acquisition Date	1/10/2005
Effective Ownership %	90%
Size	1,841,300 sf
Leased Status	90%
Cost	\$876M (\$476 psf)
Market Value	\$1,468M (\$797 psf)
Property Certification	LEED Silver
Direct Cap Rate	4.3%
Discount Rate	5.8%
Exit Cap Rate	5.0%
Exit Value (10-yr)	\$1,834M (\$996 psf)



The Fillmore Center (San Francisco, CA)<sup>1</sup>

Property Type	Apartment
Year Built/Renovated	1991
Acquisition Date	12/22/2004
Effective Ownership %	100%
Size	1,114 units
Leased Status	96%
Cost	\$268M (\$241K per unit)
Market Value	\$616M (\$553K per unit)
Property Certification	N/A
Direct Cap Rate	3.8%
Discount Rate	6.8%
Exit Cap Rate	5.0%
Exit Value (10-yr)	\$774M (\$695K per unit)



Annapolis Towne Centre (Annapolis, MD)

Property Type	Retail
Year Built/Renovated	2008
Acquisition Date	3/12/2008
Effective Ownership %	100%
Size	484,607 sf
Leased Status	96%
Cost	\$252M (\$519 psf)
Market Value	\$313M (\$646 psf)
Property Certification	N/A
Direct Cap Rate	5.0%
Discount Rate	6.5%
Exit Cap Rate	5.5%
Exit Value (10-yr)	\$349M (\$719 psf)

<sup>1</sup> PRISA SA holds an interest in this asset outside of its investment alongside PRISA LP in PRISA REIT; the interest PRISA SA owns outside of PRISA REIT is 50.1%.  
 Note: Projections are not guaranteed. Please see page 15 for important information regarding PRISA Composite.

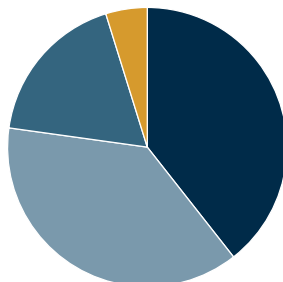
# PRISA Non-Core Component: 6% of Portfolio GMV

As of December 31, 2015



## NON-CORE INVESTMENT TYPE DIVERSIFICATION<sup>1</sup>

■	39.3%	Development <sup>2</sup>
■	37.9%	Lease-Up
■	18.0%	Land
■	4.8%	Debt Investments <sup>3</sup>



- **Non-Core Strategy:** Focused on build-to-core apartments, build-to-suit and speculative industrial development, and office lease-up strategies
- **Major 2015 Events:**
  - 10 assets moved out of the non-core (\$429M GMV)
    - 5 assets were stabilized and the remaining were sold
    - 9 assets added to non-core (\$414M GMV)
  - Lease-up assets move to the core portfolio once they achieve leasing of 80%

	# of Projects	% Leased	PRISA's GMV (\$ millions)
Apartment	6		\$481.2
Industrial	4		60.1
<b>Total Development<sup>2</sup></b>	<b>10</b>		<b>\$541.3</b>
Office	1	10%	\$227.3
Apartment	1	70%	112.5
Industrial	5	61%	101.6
Retail	1	48%	80.7
<b>Total Lease-Up</b>	<b>8</b>	<b>43%</b>	<b>\$522.1</b>
Land	22		\$248.9
Debt Investments <sup>3</sup>	1		66.5
<b>Total</b>	<b>41</b>		<b>\$1,378.8</b>



2020 Salzedo (Coral Gables, FL)

<sup>1</sup> Based on PRISA's share of gross market value in properties and debt investments. <sup>2</sup> For development properties, exposure is based on PRISA's share of total development costs at completion. When considering gross amount spent to date of \$211.3M, non-core exposure is 5.0%. <sup>3</sup> Includes mortgage loans. Note: Please see page 15 for important information regarding PRISA Composite.

# PRISA Build-To-Core Progress Report

As of December 31, 2015



The Modern – Phase I (Fort Lee, NJ)

Property Type	Apartment
Year Built	2015
Acquisition Date	9/5/2012
Effective Ownership %	42%
Size	450 units
Leased Status	70%
% Complete <sup>1</sup>	100%
Cost to Date	\$218M (\$484K per unit)
Market Value	\$268M (\$596K per unit)
Property Certification	N/A
Stab. Dev. Yield <sup>2</sup>	5.4%
<b>Recent Trades</b>	
Cap Rates	4.0% - 5.3%
Per Unit/SF	\$342K – \$567K



Perris Valley Logistics Center (Perris, CA)

Property Type	Industrial
Year Built	2Q16 (Estimated Completion)
Acquisition Date	9/27/2013
Effective Ownership %	96%
Size	1,547,342 sf
Leased Status	100%
% Complete <sup>1</sup>	75%
Cost at Completion	\$110M (\$71 psf)
Cost to Date	\$84M (\$54 psf)
Market Value <sup>3</sup>	\$130M (\$84 psf)
Property Certification	N/A
Stab. Dev. Yield <sup>2</sup>	6.1%
<b>Recent Trades</b>	
Cap Rates	4.5% - 5.3%
Per Unit/SF	\$90 - \$100



55 Bank Street (White Plains, NY)

Property Type	Apartment
Year Built	1Q17 (Estimated Completion)
Acquisition Date	7/23/2015
Effective Ownership %	99%
Size	288 units
Leased Status	0%
% Complete <sup>1</sup>	7%
Cost at Completion	\$116M (\$404K per unit)
Cost to Date	\$21M (\$73K per unit)
Market Value	\$21M (\$73K per unit)
Property Certification	LEED Silver Upon Completion
Stab. Dev. Yield <sup>2</sup>	6.6%
<b>Recent Trades</b>	
Cap Rates	4.5% - 5.8%
Per Unit/SF	\$340K - \$535K

<sup>1</sup> Based on hard costs spent to date. <sup>2</sup> If the asset has not been externally appraised, the stabilized development yield is based on underwriting metrics estimated as of the date of Investment Committee approval.

<sup>3</sup> Represents as is market value and remaining costs to complete expansion phase. Note: Please see page 15 for important information regarding PRISA Composite.



# PRISA's 2015 Transaction Activity – Acquisitions

As of December 31, 2015



## PRISA's Share of Gross Investment

Sector	4Q	Full-Year
Office	\$234.1	\$1,304.4
Apartment	0.0	482.8
Retail	25.0	615.7
Industrial	62.1	114.6
<b>Total</b>	<b>\$321.2</b>	<b>\$2,517.5</b>

<b># of Acquisitions</b>	<b>7</b>	<b>26</b>
--------------------------	----------	-----------

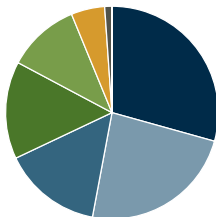
## Themes

- PRISA was an active buyer in 2015, with a focus primarily on core, income-producing assets
- Non-core investing was primarily comprised of build-to-core apartments and industrial strategies
- PRISA's 2015 net new investing (\$1.2B) represented 7% of PRISA's GMV as of 12/31/14
- 77% of PRISA's 2015 acquisitions were located in our strategic markets
- Property type weightings remained consistent with 2016-2018 strategic plan (see Investment Strategy slide)

## ACQUISITIONS PROFILE FULL YEAR (PRISA's SHARE OF GROSS INVESTMENT)

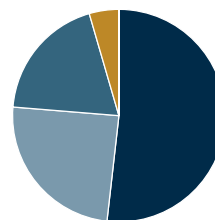
### GEOGRAPHY

- 29.3% Pacific
- 23.6% EN Central
- 15.0% Southwest
- 14.9% Midwest
- 11.0% Southeast
- 5.1% Northeast
- 1.1% WN Central



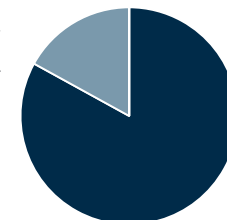
### PROPERTY TYPE

- 51.8% Office
- 24.5% Retail
- 19.2% Apartment
- 4.5% Industrial



### RISK PROFILE

- 83% Core
- 17% Non-Core



# Acquisition Highlight: 301 Congress, Austin, Texas

Class A Stabilized CBD Office Located in a Dynamic Market



## General Description

Property Type	Office
Year Built/Renovated	1985
Acquisition Date	12/3/2015
Effective Ownership %	100%
Size	433,316 sf
Leased Status	96%
Cost	\$234M (\$540 psf)
Market Value	\$234M (\$540 psf)
Risk Profile	Core
Property Certification	LEED Silver Certification Pending

## Underwriting Metrics (Unlevered)<sup>1</sup>

5-Yr Avg NOI	5.6%
5-Yr Avg COC	4.6%
10-Yr Exit Cap Rate	6.3%
10-Yr IRR	6.9%

## Top Tenants<sup>2</sup>

RetailMeNot	95,537
Gerson Lehrman Group	55,903
Germer PLLC	24,119
Falcon Creek	20,573
Morgan Stanley	20,167

## Overview

- 301 Congress is a 96% leased, 22-story, 433,316 SF Class 'A' office building located in Downtown Austin, TX. The Property is located at the northeast corner of Congress Avenue and East 3rd Street, approximately 0.5 miles south of the Texas State Capitol building.
- As a result of Austin's large youth population cohort (33% are between the ages of 24-44, compared to the national average of 26%), Austin has attracted numerous tech companies, marketing and public relations firms, and alternative energy companies. The CBD office market has been the beneficiary of this growth.
- The property is expected to provide strong and growing income to the portfolio through built in annual rent increases of 4.3%. The weighted average lease term remaining is approximately 6.0 years at rental rates approximately 25% below market.



<sup>1</sup> Based on underwritten metrics estimated as of the date of the Investment Committee case. <sup>2</sup> Based on square footage. Note: As of December 31, 2015. There is no guarantee that returns for these or similar investments in the future will be achieved.

# PRISA's 2015 Transaction Activity – Dispositions

As of December 31, 2015



## PRISA's Share of Gross Sales Price

Sector	4Q	Full-Year
Office	\$0.0	\$646.1
Apartment	0.0	25.0
Retail	15.2	51.5
Industrial	55.5	116.1
Hotel	134.3	457.6
Land	1.3	8.7
<b>Total</b>	<b>\$206.3</b>	<b>\$1,305.0</b>

<b># of Dispositions</b>	<b>4</b>	<b>19</b>
--------------------------	----------	-----------

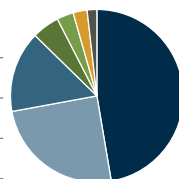
## Themes<sup>1</sup>

- PRISA's strategy is to sell from the bottom of the portfolio, focusing mainly on non-strategic assets and submarkets
  - Atrium Mezzanine investment** – significant operational and valuation risk (5.8% IRR)
- PRISA also executed several opportunistic sales of high quality assets in 2015
  - Exit Hotels** – harvest gains while hotel values are peaking - Four Seasons (18.7% IRR) and The Sofitel (17.8% IRR)
  - Eleven Times Square** – partial interest sale to reduce single asset risk, while retaining upside (7.2% IRR)

## DISPOSITIONS PROFILE FULL-YEAR (PRISA'S SHARE OF THE GROSS SALES PRICE)

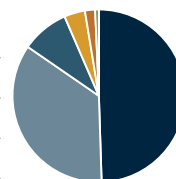
### GEOGRAPHY

- 47.0% Northeast
- 24.6% Pacific
- 15.1% Southwest
- 5.1% Southeast
- 3.1% WN Central
- 2.6% Mideast
- 1.8% Mountain
- 0.7% EN Central



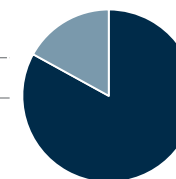
### PROPERTY TYPE

- 49.5% Office
- 35.1% Hotel
- 8.9% Industrial
- 3.9% Retail
- 1.9% Apartment
- 0.7% Land



### RISK PROFILE

- 83% Core
- 17% Non-Core



<sup>1</sup> Past performance is not a guarantee or a reliable indicator of future results.

# Disposition Highlight: Hotel Sofitel, Redwood City, CA

## Strategic Hotel Sale



### General Description

Property Type	Hotel
Year Built/Renovated	1987/2013
Acquisition Date	5/4/2012
Effective Ownership %	87%
Size	421 keys
Leased Status	91%
Cost	\$103M (\$243K per key)
Gross Sale Price	\$155M (\$367K per key)
Sale Date	11/20/2015
Risk Profile	Core
Property Certification	N/A

### Hold Period Return (Unlevered)

IRR	17.8%
Equity Multiple	1.7x



## Overview

- Hotel Sofitel, a recently renovated luxury hotel in the Silicon Valley market, was acquired in May 2012 for \$92.7M. The hotel completed a guest room renovation in May 2013, allowing the hotel to increase room rates which contributed to income growth of 20% through September 2015.
- PRISA sold the asset for \$155M for a \$52M gain on cost, generating a 17.8% IRR over the approximate 4 year hold period.
- The sale took advantage of strong investor demand for high quality core hotels, allowing PRISA to execute on its strategy to underweight the sector at a time when we believe hotel values are peaking.

Note: As of December 31, 2015. There is no guarantee that returns for these or similar investments in the future will be achieved

# PRISA Debt Structure

As of December 31, 2015



## Leverage Metrics<sup>1</sup>

Leverage Ratio	19.7%
Recourse Debt Ratio	2.3%
Debt to Income Multiple	4.6x

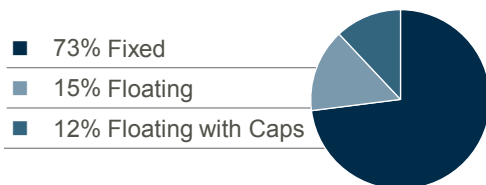
## Cost of Debt<sup>1</sup>

Fixed-Rate	4.2%
Floating-Rate	2.0%
Total Cost of Debt	3.6%
Weighted Average Maturity	6.3 Years

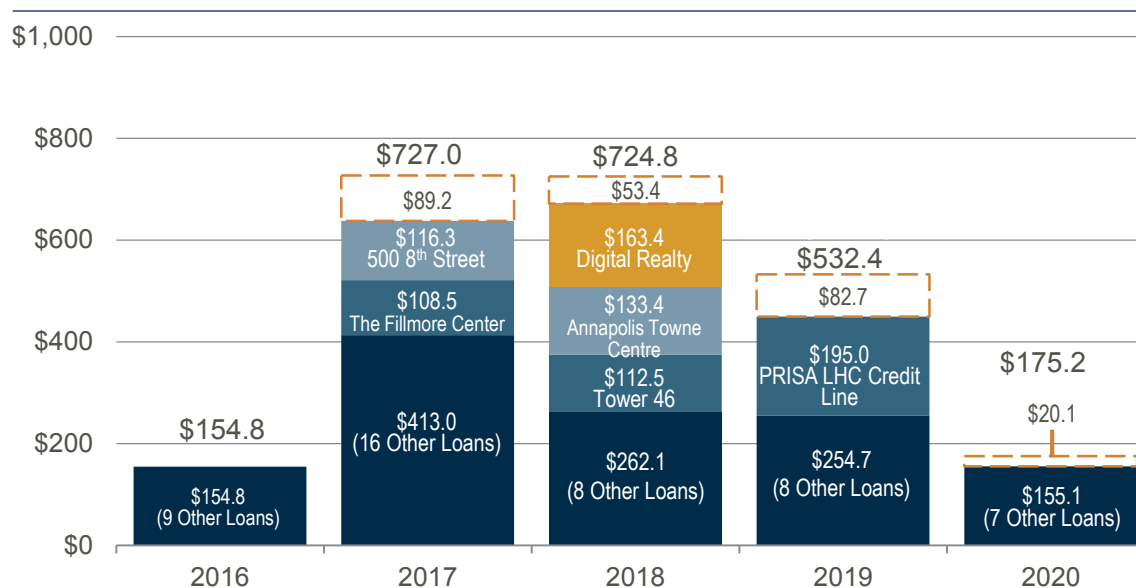
## RECOURSE PROFILE<sup>4</sup>



## INTEREST RATE RISK<sup>1</sup>



## PROJECTED DEBT MATURITIES (\$ MILLIONS)<sup>2,3</sup>



Debt Maturities as % of PRISA's GMV<sup>5</sup>

2016	2017	2018	2019	2020
0.7%	3.4%	3.4%	2.5%	0.8%

PRISA is managing the Fund to a leverage level in the 20% to 25% range, in line with NFI-ODCE, while maintaining a maximum debt to income multiple of 5.0x

<sup>1</sup> Represents portfolio level debt, 100% of wholly owned and PRISA's share of all joint venture debt. <sup>2</sup> Orange dashed boxes represent additional draw capacity on existing construction and predevelopment loans.

<sup>3</sup> Represents portfolio level debt, 100% of wholly owned, consolidated joint venture debt and PRISA's share of debt on equity joint ventures. <sup>4</sup> Represents portfolio level debt, 100% of wholly-owned, 100% of recourse joint venture debt and PRISA's share of non-recourse joint venture debt. <sup>5</sup> Includes draw capacity on existing loans. Note: Projections are not guaranteed.

# PRISA Investment Strategy



	PRISA 12/31/14 <sup>1</sup>	PRISA 12/31/2015 <sup>1,2</sup>	PRISA Target 2016-2018 <sup>3</sup>	NFI-ODCE 12/31/2015 <sup>4</sup>	Target Vs. Benchmark 2016-2018	2016-2018 Plan
<b>Office</b>	38.4%	39.8% (+140 bps)	35-40%	38.0%	↔	Pursue high quality assets in markets with expected strong job growth. Begin selling more commodity-like assets toward the end of the plan period.
<b>Apartments</b>	21.9%	21.5% (-40 bps)	20-25%	24.3%	↔	Acquire or develop assets in longer-term strategic markets and assets in markets with high barriers to entry. Focus on urban, infill projects. Begin to move from underweight to neutral towards end of the plan period.
<b>Retail</b>	16.5%	18.3% (+180 bps)	15-20%	19.8%	↔	Target well located centers that will benefit from the continued improvement in the health of the consumer and housing markets. Sell non-strategic assets.
<b>Industrial</b>	13.9%	13.9% (0 bps)	10-15%	13.8%	↔	Select build-to-core and speculative opportunities and investment in existing product. Build up concentrations in SoCal, Baltimore-Washington corridor and Miami. Begin building concentration in East Bay (CA).
<b>Storage</b>	6.3%	6.0% (-30 bps)	5-10%	2.0%	↑	Target non-branded storage holdings, primarily in-fill locations. Upgrade physical and marketing aspects and leverage operational expertise and efficiencies.
<b>Hotel</b>	3.0%	0.5% (-250 bps)	0-5%	0.8%	↓	Sell existing assets strategically as market matures and values are maximized.

<sup>1</sup> Based upon PRISA's share of GMV in properties and debt investments. <sup>2</sup> Represents change in PRISA's allocation since 4Q14 <sup>3</sup> There is no guarantee that these targets will be achieved. <sup>4</sup> Diversification for NFI-ODCE is based on the final report published by NCREIF on January 29, 2016. Note: Please see page 15 for important information regarding PRISA Composite.

# PRISA – Preliminary 2016 Outlook & Objectives



## Preliminary

### Performance

- Deliver **gross returns of 8.5% - 11.0%**<sup>1</sup>, including an **income return of 4.5% to 5.0%**

### Income Growth

- Fundamentals are expected to remain healthy across the major property types, supporting another year of above average NOI growth. The office, industrial and retail sectors are expected to continue to gain momentum.
- Income growth of **approximately 4.5%** will drive appreciation as cap rate compression fades, driven by:
  - Continued gains in rents and occupancy in strategic market assets
  - Targeted new acquisitions with income growth upside

### Transactions Target

- **Acquisition Target: \$1.5B – \$2.0B**
- **Disposition Target: \$0.5B – \$0.75B** - Continue to take advantage of strong capital markets by selling commodity type assets

### Risk Metrics

- Manage **leverage level in 20% - 25% range in-line with ODCE**, but subject to maximum **debt to income multiple of 5.0x**. Maintain our low cost of debt, taking advantage of lender flexibility and extending the average remaining term.
- Evaluate select non-core opportunities, but maintain non-core exposure below our **limit of 10%**

<sup>1</sup> Total net target returns 7.5% - 10.0%. Note: Target returns are not guaranteed.



## Background

- PREI recently completed a comprehensive review of the PRISA Family of Funds Fees

## Findings

- The current fees are generally below market and vary significantly over the market cycle relative to the Net Asset Value (“NAV”) of our clients’ accounts
- Over the long-term, below market fees will put PREI at a disadvantage in our ability to attract and retain the best talent
- From our clients’ perspectives the fee structures might be considered:
  - Inconsistent with established market conventions
  - Complicated
  - Inequitable across similarly sized client accounts
  - Volatile relative to NAV throughout the market cycle

## Results

- We are proposing comprehensive modifications to the fee structures of PRISA (SA & LP) and PRISA II which we anticipate will take effect in mid-2016. The intent is to move to a NAV-based fee structure.
- The change will result in a three bps increase over VCERA’s ten-year average fee level (86 bps to 89 bps)



# Appendix

**Prudential**  
Real Estate Investors



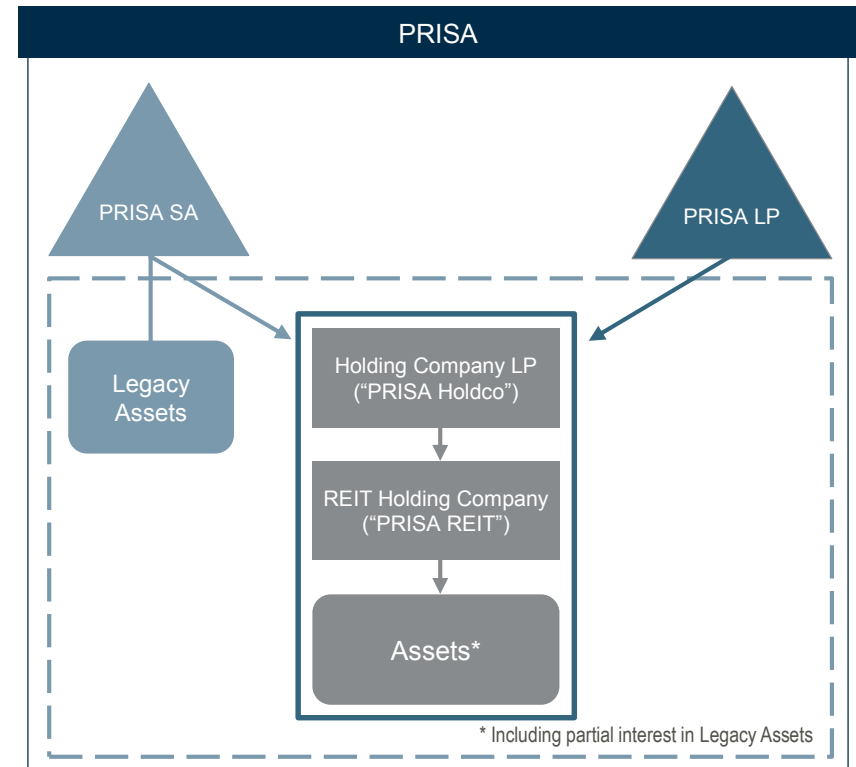


# PRISA Structure



## Summary of Structure

- PRISA is comprised of PRISA SA, an Insurance Company Separate Account, and PRISA LP, a Delaware Limited Partnership.
- PRISA LP, which was launched in 2013, will invest in all assets PRISA SA elects to acquire, through a real estate investment trust ("PRISA REIT") that is expected to be domestically (U.S.) controlled.
- PRISA SA holds a direct partial interest in certain assets ("Legacy Assets") acquired prior to the launch of PRISA LP. PRISA LP and PRISA SA have exposure to the remaining interest in these properties through PRISA REIT.
- As of December 31, 2015, PRISA SA and PRISA LP represent approximately 86% and 14% of PRISA REIT, respectively.
- With limited exceptions, all new investors in PRISA will invest through PRISA LP.
- Non-U.S. investors with tax structuring needs can invest directly into PRISA LP or indirectly through a vehicle that will act as a "blocker"



Note: "PRISA" represents the aggregate or composite of PRISA SA and PRISA LP vehicles.

# PRISA SA Financial Information

As of December 31, 2015



The Basics <sup>1</sup>	
Gross Asset Value	\$21.9B
Net Asset Value	\$17.2B
Cash Balance	\$272.4M
The Debt Picture	
Fixed/Floating % <sup>2</sup>	73% / 27%
Recourse Leverage Ratio	2.3%
Weighted Average Cost of Debt (Fixed/Floating)	3.6%
Weighted Average Maturity	6.3 Yrs

Strategic Market Exposure		
Market	Exposure <sup>3</sup>	(Under)/Overweight to ODCE <sup>4</sup>
Southern California	17.1%	+33 bps
New York	14.5%	-190 bps
Washington, D.C.	13.4%	+476 bps
San Francisco	12.2%	+222 bps
South Florida	7.7%	+295 bps
Boston	7.2%	+127 bps
Chicago	7.7%	-3 bps
<b>Total</b>	<b>79.8%</b>	

Returns vs. NFI-ODCE <sup>5</sup>						
Time Period	Income		Appreciation		Total Return	
	PRISA SA	NFI-ODCE	PRISA SA	NFI-ODCE	PRISA SA	NFI-ODCE
Current Quarter	1.20%	1.14%	1.98%	2.20%	3.18%	3.34%
1-Year	4.99%	4.76%	10.00%	9.88%	15.36%	15.02%
3-Year	5.14%	5.01%	8.98%	8.46%	14.46%	13.81%
5-Year	5.27%	5.19%	8.77%	8.13%	14.38%	13.66%
10-Year	5.86%	5.45%	0.23%	1.02%	6.12%	6.53%
Since NFI-ODCE Inception (3/31/78)	7.78%	7.38%	1.16%	1.29%	9.00%	8.75%
Since PRISA Inception (7/1/70)	7.81%	N/A	1.18%	N/A	9.06%	N/A

<sup>1</sup> "Gross Asset Value," "Net Asset Value" and Cash Balance represents the value of the assets held by PRISA SA and PRISA LP without netting out PRISA LP's respective interest therein. PRISA SA's net asset value is \$14,898.9M as of December 31, 2015. <sup>2</sup> Includes floating rate loans with caps. <sup>3</sup> Based on PRISA SA's share of gross market value in properties and debt investments. <sup>4</sup> NFI-ODCE does not publish detailed property information. Market information is calculated by extracting NFI-ODCE property data from the NCREIF Research Database. NFI-ODCE data is based on the final report published by NCREIF on January 25, 2016. <sup>5</sup> Returns shown are time-weighted rates of return calculated in conformity with performance reporting standards and are before the deduction of Manager Compensation/Fees. Returns for NFI-ODCE are based on the final report published by NCREIF on January 29, 2016. Past performance is not a guarantee or a reliable indicator of future results. Please refer to the appendix for further information.



- **PRISA Separate Account ("PRISA SA")** is the original PRISA fund structured as an insurance company separate account with an inception date of July 1970.
- **PRISA LP** is the new investment vehicle formed on January 1, 2013 to invest in substantially all of the existing portfolio of PRISA SA assets (as of December 31, 2012) as well as all assets that PICA, on behalf of PRISA SA, elects to invest in going forward.
- **PRISA or PRISA Composite** reflects the combined performance of all assets held by PRISA SA and PRISA LP. Although this is not an actual fund in which any client is invested, it is indicative of the overall performance of the PRISA investment strategy and, therefore, the PRISA Composite returns and portfolio metrics will be provided to NCREIF for inclusion in the NFI-ODCE and other NCREIF Indices. PRISA may also refer to the PRISA dedicated portfolio and asset management teams.
- **PRISA REIT** is the entity through which PRISA LP will make all of its investments. As of December 31, 2015, PRISA LP and PRISA SA own approximately 14.0% and 86.0% of PRISA REIT, respectively. Any reference to PRISA LP's dollar exposure throughout this document refers to that of PRISA REIT, unless otherwise noted.
- **Important Note on Historical Information:** Economic terms and other portfolio metrics reported for PRISA, PRISA SA or PRISA LP that include periods to the formation of PRISA LP reflect information for PRISA SA for those periods prior to January 1, 2013. Prior to the formation of PRISA LP, PRISA and PRISA SA were one and the same.

# PRISA SA Returns After Manager Compensation/Fees

As of December 31, 2015



## Net Performance

<b>PRISA SA</b>	<b>4Q15</b>
Income	1.02%
Appreciation	1.98%
<b>Total Return</b>	<b>3.00%</b>
<b>NFI-ODCE</b>	<b>3.11%</b>

## PRISA SA FOR PERIODS ENDING DECEMBER 31, 2015

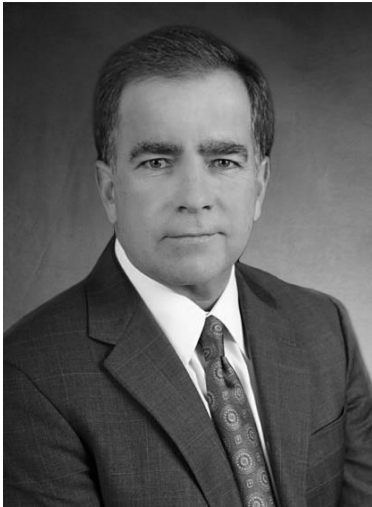


	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	Since NFI-ODCE Inception (3/31/78)	Since PRISA Inception (July 1970)
<b>Income</b>	4.24%	4.25%	4.37%	4.40%	4.44%	5.00%	6.72%	6.72%
<b>Appreciation</b>	10.00%	9.01%	8.98%	7.74%	8.77%	0.23%	1.16%	1.18%
<b>Total</b>	14.56%	13.55%	13.64%	12.39%	13.50%	5.26%	7.93%	7.96%
<b>NFI-ODCE</b>	13.95%	12.71%	12.77%	12.02%	12.60%	5.55%	7.68%	N/A

Note: Returns for NFI-ODCE are based on the final report published by NCREIF on January 29, 2016. Returns shown are time-weighted rates of return after deduction of Manager Compensation/Fees. Past performance is not a guarantee or a reliable indicator of future results. Please see page 15 for important information regarding PRISA Composite.

# Frank E. Garcia

Managing Director & PRISA Senior Portfolio Manager



[frank.e.garcia@prudential.com](mailto:frank.e.garcia@prudential.com)  
(415) 486-3802

**Number of Years of Real Estate Experience: 23**  
**Number of Years with Prudential: 2**

Frank Garcia is a managing director at Prudential Real Estate Investors and senior portfolio manager for PRISA, PREI's flagship U.S. core equity real estate fund. Based in San Francisco, Frank is responsible for managing all aspects of the fund including portfolio strategy, investment decisions, and management of the PRISA team. Frank is a member of the U.S. Executive and Investment Committees.

Previously, Frank served as a portfolio manager for PRISA. Before joining PREI in 2013, Frank was a managing director at RREEF, where he was a senior portfolio manager for the firm's flagship core fund, responsible for a nearly \$5 billion portfolio of assets, and the lead portfolio manager for the firm's

flagship value-add fund that reached a peak gross value of \$4 billion. He was also a voting member of the firm's investment committee. Earlier, Frank worked at Spieker Properties as a vice president in Northern California, responsible for the development, management, and leasing of approximately three million square feet of office and industrial space with a total portfolio value of over \$250 million. He was also previously an industrial real estate broker with CB Commercial (now CBRE).

Frank has a bachelor's degree from the University of the Pacific with a concentration in business administration.

# Joanna Mulford

Managing Director & PRISA Portfolio Manager/Chief Financial Officer



[joanna.mulford@prudential.com](mailto:joanna.mulford@prudential.com)  
(973) 683-1743

**Number of Years of Real Estate Experience: 19**  
**Number of Years with Prudential: 26**

Joanna is a managing director at Prudential Real Estate Investor and the portfolio manager and chief financial officer for PRISA, PREI's flagship U.S. core equity real estate fund. Based in Madison, New Jersey, she is involved in all aspects of managing the fund including portfolio strategy, making investment decisions and management of the PRISA team. As CFO, she has primary responsibility for developing and executing the fund's capital strategy and oversight of financial operations and tax structuring.

Prior to joining the PRISA team in 2008, Joanna was responsible for U.S. real estate investment sales on behalf of PREI's clients.

During her tenure with PREI, Joanna has served as the portfolio manager of several closed-end funds, including a value-add strategy with a private REIT structure. Joanna also helped launch PREI's debt investment platform, raising investor capital for and managing its first mezzanine fund.

Prior to this, she was responsible for the asset management of a portfolio of commercial real estate investments including office, residential, retail, storage and industrial property types and mezzanine loans.

Before joining PREI in 1997, Joanna was a member of Prudential Financial, Inc.'s Private Equity group, working on behalf of the company's domestic and international subsidiaries investing in private equity transactions. Previously, she was a member of the Comptrollers unit of the Prudential Asset Management Company since joining the firm in January of 1990. She provided support to several of Prudential's money management subsidiaries investing in both public and private equities.

Joanna has bachelor's degree in finance and management and a master of business administration from Rutgers University.



# James Glen

Executive Director & PRISA Portfolio Manager



[james.glen@prudential.com](mailto:james.glen@prudential.com)  
(973) 683-1686

**Number of Years of Real Estate Experience: 15**  
**Number of Years with Prudential: 1**

James Glen is an executive director of Prudential Real Estate Investors and portfolio manager for PRISA, PREI's flagship core real estate fund. Based in Madison, New Jersey, James is involved in asset management oversight and transactions, and works with the PRISA team on fund strategy.

Prior to joining PREI, James served as global head of research and strategy within BlackRock's real estate group, with responsibility for monitoring real estate markets globally and formulating investment strategy to support \$24 billion of investments across the United States, Europe and Asia Pacific. Previously, he spent more than five years with BlackRock's portfolio management group, where he worked on the core and opportunistic real estate funds in the United States and

internationally. James' service with BlackRock's real estate group and its predecessor, SSR Realty Advisors, dates back to 2004. Prior, James was a senior economist at the economic consulting firm Moody's Analytics and began his career as an analyst at JP Morgan Chase.

James earned a bachelor's degree in economics from the University of North Carolina at Greensboro and a master's degree in economics from the University of Delaware. He is a member of the National Council of Real Estate Investment Fiduciaries (NCREIF), the Pension Real Estate Association (PREA), the National Association of Real Estate Investment Managers (NAREIM), and the CFA Institute.

# Jeremy S. Keenan

Vice President & PRISA Assistant Portfolio Manager



[jeremy.keenan@prudential.com](mailto:jeremy.keenan@prudential.com)  
(973) 734-1420

**Number of Years of Real Estate Experience: 9**  
**Number of Years with Prudential: 4**

Jeremy S. Keenan is assistant portfolio manager for PRISA. As such, he is involved in many aspects of managing the Fund including portfolio strategy, investment selection, sales, asset management and portfolio reporting.

Previously, Jeremy was Vice President and Corporate Counsel of Prudential Financial, Inc., responsible for supporting PREI. PREI's law department supports all aspects of PREI's investment and advisory activities, which include equity and debt, private investments in real estate, real estate operating companies, REITs and other real estate-related vehicles on behalf of single clients and commingled funds.

Jeremy's responsibilities included acting as lead internal counsel responsible for oversight of all

aspects of PRISA, including fund-level matters, REIT compliance, tax structuring and adherence to fund requirements in all PRISA transactions. His responsibilities also included legal analysis in structuring, marketing and launching new PREI products in the United States, structuring and oversight of acquisition transactions, portfolio and property level finance transactions, and providing counsel to other PREI-advised funds and accounts.

Prior to joining Prudential in 2011, Jeremy was an attorney in the Real Estate Department of the New York office of Jones Day, specializing in real estate transactions and real estate private equity funds. Jeremy holds a Bachelor of Arts Degree in Economics from Hamilton College and a J.D. from Cardozo Law School, where he graduated cum laude.

# Mark A. Oczkus

Executive Director



[mark.oczkus@prudential.com](mailto:mark.oczkus@prudential.com)  
(415) 291-5019

**Number of Years of Real Estate Experience: 26**

**Number of Years with Prudential: 17**

Mark A. Oczkus is an executive director at Prudential Real Estate Investors and a member of the U.S. Business Development and Client Relations group. Based in San Francisco, Mark is responsible for managing relationships with institutions in the western United States.

Prior to assuming his current position with Prudential in 1998, Mark was a vice president with SSR Realty Advisors, responsible for marketing to corporate pension plans nationwide. Mark was previously the director of marketing for MIG Realty Advisors, and served in a variety of marketing and client-relation functions, including consultant relations and sales to public and corporate pension plans.

Mark has a bachelor's degree and a master of business administration from the University of California, Berkeley.

# Prudential Real Estate Investors' Definition of Core



- Office, retail, warehouse, storage, and residential properties that were more than 80% leased when purchased and hotels that were operating at, or near, market occupancy. (For the sake of clarity, properties will not move out of the core category if their occupancy falls below the 80% threshold subsequent to acquisition)
- Properties (office, retail, warehouse, multi-family or storage) that were developed, renovated or purchased and have now achieved leasing of 80% or more of the total leasable area
- Properties undergoing a minor renovation/expansion that does not have a material impact on the property's occupancy or operation
- Build-to-suit investments which are 80% or more pre-leased and where the Fund has reasonable protection from completion and cost overrun risk
- Investment activities incidental to the Fund's main strategies:
  - Listed securities or purchase money mortgages accepted as part of the consideration in a property sale
  - Senior first mortgages with an LTV at origination of 65% or less



All properties held by the Fund are accounted for at fair value in accordance with applicable contractual requirements and in compliance with authoritative accounting guidance (US GAAP). Property level debt is also accounted for at fair value based on the amount at which the impact of the liability could be measured in a current transaction exclusive of direct transactions costs. The Fund's current valuation procedure is as follows:

The Chief Real Estate Appraiser of PGIM (the "Chief Appraiser") is responsible for the valuation process of the Fund's investments and approves all final values. The Chief Appraiser position is independent from PREI and reports directly to a senior member of PGIM. The Chief Appraiser retains an independent Appraisal Management Firm to run the day-to-day operation of the appraisal process. The Appraisal Management Firm is responsible to assist with the selection, hiring, oversight, rotation and/or termination of third party appraisal firms. In addition, the Appraisal Management Firm provides independent reviews of the appraisal reports.

Although the Partnership Agreement requires that every property that is held by the Fund for a full calendar year is valued at least once during the calendar year by an independent appraiser with professional qualifications, the Fund's current valuation practice is that every property and other investment is appraised every quarter with the exception of properties recently acquired or under LOI for sale. The fair value of land held for development is considered to be acquisition cost, including soft costs incurred prior to development assuming it is the assumption a market participant would use. Cost is considered fair value for properties under development until substantial completion or preleasing has occurred assuming the same premise. If cost is not considered to be representative of market, the properties are independently appraised based on the general policy. All appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP") and consider the conventional method of valuation (income, cost and market).

As described above, the estimated market value of real estate and real estate related assets is determined through an appraisal process. These estimated market values may vary significantly from the prices at which the real estate investments would sell, since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. Valuations should be considered only estimates of value and not a measure of realizable value. In addition, such valuations should be viewed as subject to change with the passage of time.



PGIM is the primary asset management business of Prudential Financial, Inc. Prudential Real Estate Investors is PGIM's real estate investment advisory business and operates through PGIM, Inc., a registered investment advisor. Prudential, the Prudential logo, PREI and the Rock symbol are service marks of Prudential Financial, Inc. and its related entities, registered in many jurisdictions worldwide.

The information contained herein is provided by Prudential Real Estate Investors. This document may contain confidential information and the recipient hereof agrees to maintain the confidentiality of such information. Distribution of this information to any person other than the person to whom it was originally delivered and to such person's advisers is unauthorized, and any reproduction of these materials, in whole or in part, or the divulgence of any of its contents, without the prior consent of PREI, is prohibited. Certain information in this document has been obtained from sources that PREI believes to be reliable as of the date presented; however, PREI cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. The information contained herein is current as of the date of issuance (or such earlier date as referenced herein) and is subject to change without notice. PREI has no obligation to update any or all of such information; nor do we make any express or implied warranties or representations as to its completeness or accuracy. Any information presented regarding the affiliates of PREI is presented purely to facilitate an organizational overview and is not a solicitation on behalf of any affiliate. **These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services. These materials do not constitute investment advice and should not be used as the basis for any investment decision.**

These materials do not take into account individual client circumstances, objectives or needs. No determination has been made regarding the suitability of any securities, financial instruments or strategies for particular clients or prospects. The information contained herein is provided on the basis and subject to the explanations, caveats and warnings set out in this notice and elsewhere herein. Any discussion of risk management is intended to describe PREI efforts to monitor and manage risk but does not imply low risk.

These materials do not purport to provide any legal, tax or accounting advice. These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation.

**All performance and targets contained herein are subject to revision by PREI and are provided solely as a guide to current expectations. There can be no assurance that any product or strategy described herein will achieve any targets or that there will be any return of capital. Past performance is not a guarantee or reliable indicator of future results. No representations are made by PREI as to the actual composition or performance of any account.**



**PRISA:** The basis for the performance target set forth within this presentation is based on a fund that is a broadly diversified, core portfolio that invests primarily in existing, income-producing properties with strong cash flow that is expected to increase over time and thereby provide the potential for capital appreciation. Target returns are expected to be achieved over a complete market cycle which can be defined as a period of time whereby valuations have bottomed (hit a trough), rose to a peak and then declined to the trough point again. PREI has based this investment objective on certain assumptions that it believes are reasonable. There is no guarantee, however, that any or all of such assumptions will prove to be accurate in the face of actual changes in the market or other material changes in regional or local markets specific to this strategy. Factors necessary to achieve this performance target include a property type and geographic diversification strategy, which is intended to reduce risk and maintain a broadly diversified portfolio. Property selection and performance impact the ability to achieve the target returns, including asset location, asset class, and property type assets, investment strategy and the capitalization of investment. Property and Fund performance are subject to healthy economic conditions in the US market and sub-markets where investments are located. Factors that would mitigate against achieving this performance target would include, but are not limited to, unforeseen sudden and drastic changes in economic and capital markets and/or demographic trends affecting the US or a particular market or sub market that could impact property performance and/or investors' demand for commercial real estate. There can be no guarantee that this target will be achieved.

The financial indices referenced herein as benchmarks are provided for informational purposes only. The holdings and portfolio characteristics may differ from those of the benchmark(s), and such differences may be material. Factors affecting portfolio performance that do not affect benchmark performance may include portfolio rebalancing, the timing of cash flows, credit quality, diversification and differences in volatility. In addition, financial indices do not reflect the impact of fees, applicable taxes or trading costs which reduce returns. Unless otherwise noted, financial indices assume reinvestment of dividends. You cannot make a direct investment in an index. The statistical data regarding such indices has not been independently verified by PREI.

References to specific securities and their issuers are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. The securities referenced may or may not be held in portfolios managed by PREI and, if such securities are held, no representation is being made that such securities will continue to be held.

Net returns shown herein are time-weighted rates of return after deduction of manager compensation. Actual manager compensation schedules and other expenses are described in the individual PRISA SA contracts and the governing documents of PRISA LP and its subsidiaries. Please see Part II of the PGIM Inc. Form ADV, for more information concerning manager compensation.



These materials do not purport to provide any legal, tax or accounting advice. These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation.

The information contained herein is provided by the Prudential Real Estate Investors, a business unit of PGIM. PGIM is the investment manager of PRISA SA and PRISA LP.

In addition to this document, Prudential Real Estate Investors or its agent may distribute to you an offering memorandum (the “PPM”) and the constitutional documents of the Fund (including a limited partnership agreement and/or other governing fund document and a subscription agreement or the Investment Brief for PRISA LP and constitutional documents of PRISA LP together with the PPM, the “Memorandum”). You should review and carefully consider these documents, especially the risk factors explained within them, and should seek advice from your legal, tax, and other relevant advisers before making any decision to subscribe for interests in the Fund. If there is any conflict between this document and the Memorandum and constitutional documents of the Fund, the Memorandum and constitutional documents shall prevail. You must rely solely on the information contained in the Fund’s Memorandum and constitutional documents in making any decision to invest.

**There can be no assurance that the Fund will meet any performance targets referenced herein. An investor could lose some or all of its investment in the Fund. Investments are not guaranteed by the Fund, PREI, their respective affiliates, or any governmental agency.**

Certain securities products and services are distributed by Prudential Investment Management Services LLC, a Prudential Financial company and member of SIPC.

**Risk Factors:** Investments in commercial real estate and real estate-related entities are subject to various risks, including adverse changes in domestic or international economic conditions, local market conditions and the financial conditions of tenants; changes in the number of buyers and sellers of properties; increases in the availability of supply of property relative to demand; changes in availability of debt financing; increases in interest rates, exchange rate fluctuations, the incidence of taxation on real estate, energy prices and other operating expenses; changes in environmental laws and regulations, planning laws and other governmental rules and fiscal policies; changes in the relative popularity of properties risks due to the dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials; and acts of God, uninsurable losses and other factors which are beyond the control of the Manager and the Fund. As compared with other asset classes, real estate is a relatively illiquid investment. Therefore, investors' withdrawal requests may not be satisfied for significant periods of time. Other than its general fiduciary duties with respect to investors, PREI has no specific obligation to take any particular action (such as liquidation of





investments) to satisfy withdrawal requests. In addition, as recent experience has demonstrated, real estate is subject to long-term cyclical trends that give rise to significant volatility in real estate values.

**NCREIF Fund Index-Open End Diversified Core Equity (NFI-ODCE):** The NFI-ODCE, short for NCREIF Fund Index - Open End Diversified Core Equity, is the first of the NCREIF Fund Database products and is an index of investment returns reporting on both a historical and current basis the results of up to 33 private open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. Fund membership requires the following criteria: (1) Private open-end funds; (2) Not more than 40% leverage; (3) At least 80% of assets in the five major property types; (4) At least 95% of assets located in the U.S.; and (5) Not more than 70% of assets in one region or one property type. Reinvestment of dividends is not applicable to this asset class. Note: A benchmark Index is not professionally managed, does not have a defined investment objective, and does not incur fees or expenses. Investors cannot invest directly in an index.

**The NCREIF Property Index (NPI):** The NCREIF Property Index (“NPI”) is comprised of the NCREIF Classic Property Index (unleveraged) and the NCREIF Leveraged Property Database. The universe of investments includes: (1) Wholly owned and joint-venture investments; (2) Existing properties only -- no development projects; and (3) Only investment-grade, non-agricultural, income-producing properties: apartments, hotels, office, retail, office showroom/R&D, and warehouses. The database fluctuates quarterly as participants acquire properties, as new members join NCREIF, and as properties are sold. Sold properties are removed from the Index in the quarter the sales take place (historical data remains). Each property’s market value is determined by real estate appraisal methodology, consistently applied. Please note that when returns are computed for the NPI, the returns for the levered properties are computed on a de-levered basis, i.e., the impact of financing is excluded. Reinvestment of dividends is not applicable to this asset class. Note: A benchmark Index is not professionally managed, does not have a defined investment objective, and does not incur fees or expenses. Investors cannot invest directly in an index.

# PRISA Composite Returns After Manager Compensation/Fees

As of December 31, 2015



## Net Performance

<b>PRISA Composite</b>	<b>4Q15</b>
Income	1.03%
Appreciation	1.96%
<b>Total Return</b>	<b>2.99%</b>
<b>NFI-ODCE</b>	<b>3.11%</b>

## PRISA COMPOSITE FOR PERIODS ENDING DECEMBER 31, 2015<sup>1</sup>



	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	Since NFI-ODCE Inception (3/31/78)	Since PRISA Inception (July 1970)
<b>Income</b>	4.23%	4.25%	4.37%	4.39%	4.44%	5.00%	6.71%	6.72%
<b>Appreciation</b>	9.97%	8.98%	8.96%	7.73%	8.76%	0.23%	1.16%	1.18%
<b>Total</b>	14.51%	13.51%	13.62%	12.37%	13.48%	5.25%	7.93%	7.95%
<b>NFI-ODCE</b>	13.95%	12.71%	13.95%	12.02%	12.60%	5.55%	7.68%	N/A

<sup>1</sup> Returns shown prior to January 1, 2013 are based upon PRISA SA only.

Note: Returns for NFI-ODCE are based on the final report published by NCREIF on January 29, 2016. Returns shown are time-weighted rates of return after deduction of Manager Compensation/Fees. Past performance is not a guarantee or a reliable indicator of future results. Please see page 15 for important information regarding PRISA Composite.



For limited distribution to  
institutional and professional  
investors only

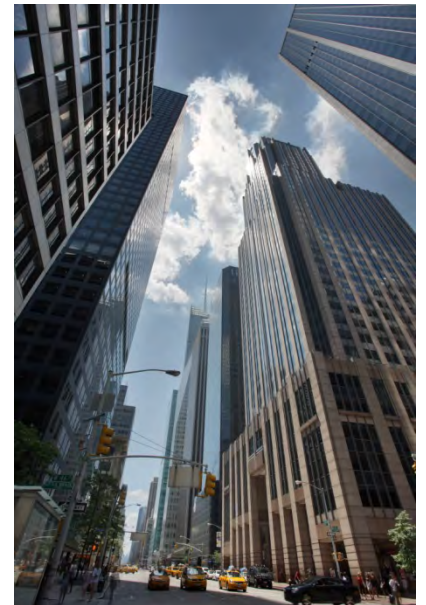
# Trumbull Property Fund (TPF)

Real estate  
investment funds

Presented to: Ventura County Employees' Retirement Association

Presented by:

Thomas C. Klugherz, Executive Director



1177 Avenue of Americas, New York, NY

February 22, 2016

# General risk disclosure

---

Certain sections of this presentation that relate to future prospects are forward looking statements and are subject to certain risks and uncertainties that could cause actual results to differ materially. This material is designed to support an in-person presentation, is not intended to be read in isolation, and does not provide a full explanation of all the topics that are presented and discussed.

An investment in real estate will involve significant risks and there are no assurances against loss of principal resulting from real estate investments or that the portfolio's objectives will be attained.

**This is not a recommendation. Investors must have the sophistication to independently evaluate investment risks and to exercise independent judgment in deciding to invest in real estate funds.** Investors must also have the financial ability and willingness to accept and bear the risks, including, among other things:

- **Risk of illiquidity.** Real estate is an illiquid investment and the account may not be able to generate sufficient cash to meet withdrawal requests from investors. Redemptions may be delayed indefinitely;
- **Risks of investing in real estate.** These risks include adverse changes in economic conditions (local, national, international), occupancy levels and in environmental, zoning, and other governmental laws, regulations, and policies;
- **Use of leverage.** Leverage will increase the exposure of the real estate assets to adverse economic factors, such as rising interest rates, economic downturns, or deteriorations in the condition of the properties or their respective markets and changes in interest rates; and
- **Limitations on the transfer of fund units.** There is no public market for interests in any of our funds and no such market is expected to develop in the future.
- **Legal & Taxation.** Investors should consult their own legal and tax advisers for potential US and/or local country legal or tax implications on any investment

**Investors should evaluate all risk and uncertainties before making any investment decision. Risks are detailed in the respective fund's offering memorandum.**

# Table of contents

---

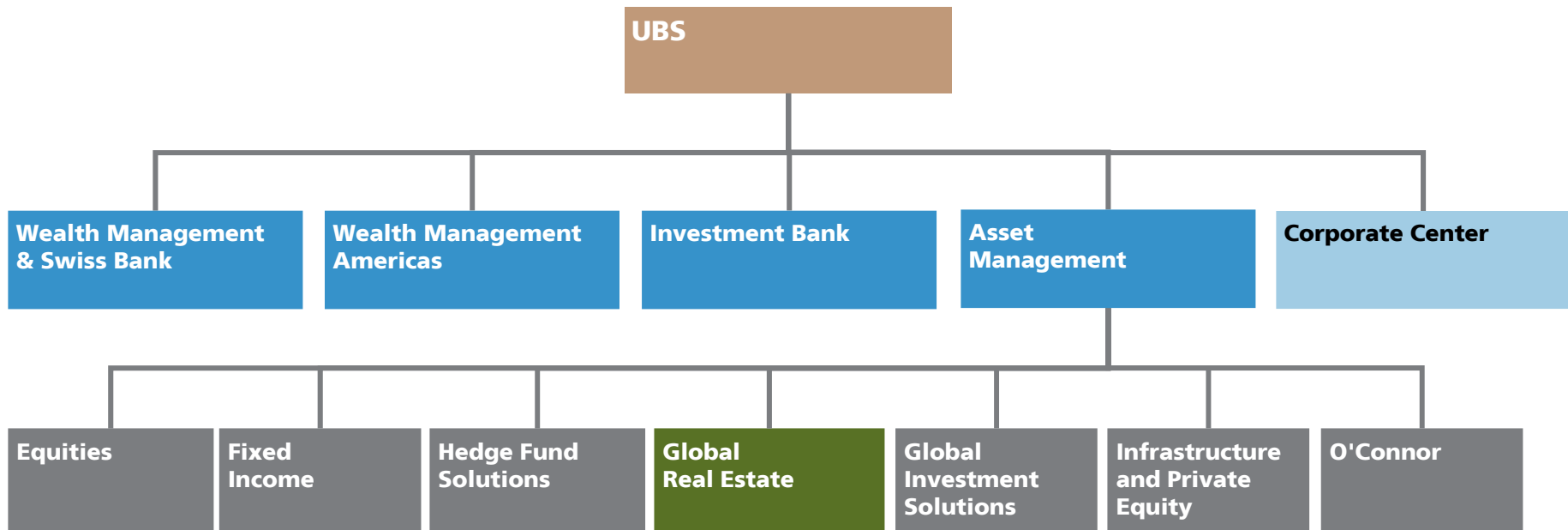
	General risk disclosure	
Section 1	<b>Organization and Capabilities</b>	3
Section 2	<b>Investment Results</b>	7
Section 3	<b>Trumbull Property Fund (TPF)</b>	9
	3.A Appendix	27
Section 4	<b>Biographies</b>	40

Section 1

# Organization and Capabilities

# UBS Asset Management - Overview

- Total invested assets: USD 652 billion
- Approximately 2,500 employees located in 24 countries
- Seven business segments
- Value driven investment philosophy
- Real estate is a prominent business area within UBS Asset Management



Data as of September 30, 2015.  
Source: UBS Asset Management

# US real estate investment experience and mission

---

- Over 37 years of core and value added real estate investment experience
- USD 30.3 billion of assets for over 500 clients
- Real estate organization with 194 employees and offices in California, Connecticut, and Texas
- Quality people, properties and relationships

*Our mission is to provide both superior risk-adjusted investment performance for our clients through private real estate investment strategies and outstanding client service.*



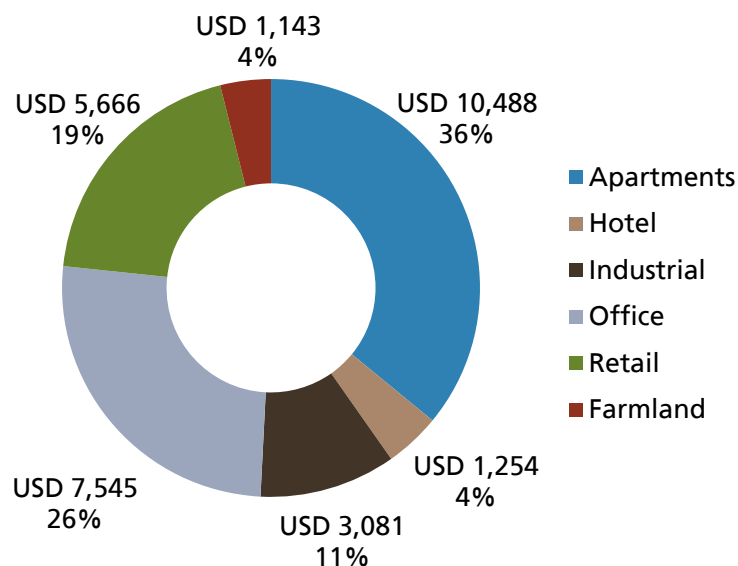
Data as of December 31, 2015. Source: UBS Asset Management, Global Real Estate – US



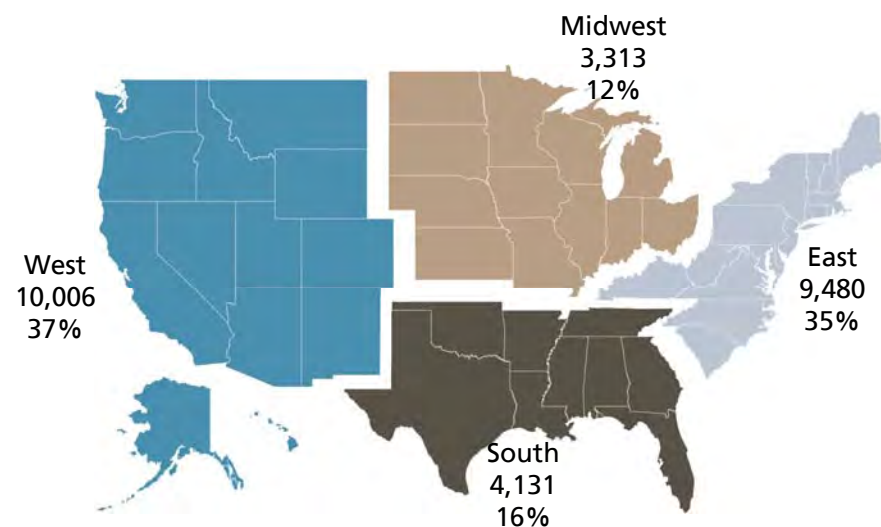
# Global Real Estate funds in the US - Overview

Gross assets – USD 30.3 billion

**Assets by property type** (USD in millions)



**Assets by geographic region** (USD in millions)



Data as of December 31, 2015. Source: UBS Asset Management, Global Real Estate – US Notes: Assets by property type and geographic regions represent real estate assets only and exclude other assets, such as cash, which are included in Gross Assets. Assets by geographic region exclude farmland.

Section 2

# Investment Results

# TPF investment results for Ventura County Employees'

## Periods ending December 31, 2015

Year	Deposits	Withdrawals/ Distributions	Market Value 12/31/15	Client Net IRR's				
				12 months ended 12/31/15	3 years ended 12/31/15	5 years ended 12/31/15	10 years ended 12/31/15	Since Inception 3/31/03 to 12/31/15
\$ in thousands								
2003	54,000							
2004	10,000							
2005		10,000						
2009		1,013						
2010	30,000							
2011	30,000							
2013		5,421						
2014		1,356						
2015								
<b>Total</b>	<b>\$124,000</b>	<b>\$17,790</b>	<b>\$232,901</b>	<b>11.85%</b>	<b>10.58%</b>	<b>10.58%</b>	<b>6.91%</b>	<b>8.31%</b>

\*Client Net IRRs are dollar-weighted and after fees that were deducted from the account. Past performance is not indicative of future results. This is not an official statement of your account. Refer to your client statement and the quarterly UBS-TPF report. **Time Weighted Returns are available upon request.**

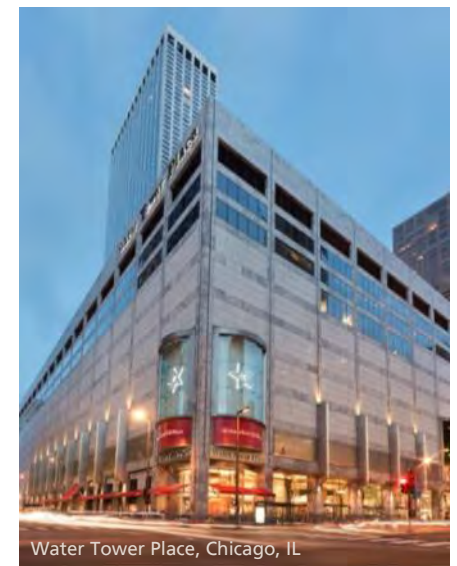


Section 3

# Trumbull Property Fund (TPF)

# Trumbull Property Fund

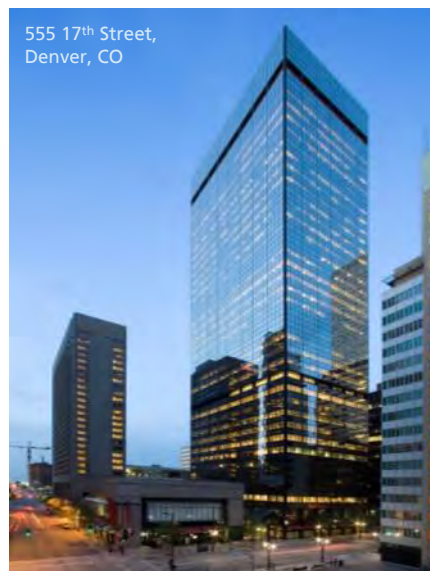
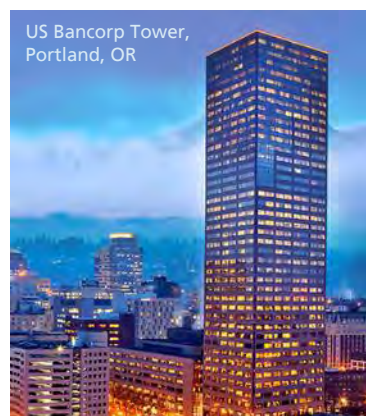
## Representative assets



These examples represent some of the highest quality investments of the Fund. However, you should not assume that these types of assets will be available for investment by the Fund in the future.  
Source: UBS Asset Management, Global Real Estate – US.

# Trumbull Property Fund

## Representative assets



These examples represent some of the highest quality investments of the Fund. However, you should not assume that these types of assets will be available for investment by the Fund in the future. Source: UBS Asset Management, Global Real Estate – US.

# TPF portfolio team

---

**Kevin Crean**  
Managing Director  
  
Senior Portfolio Manager



**Steve Olstein**  
Executive Director  
Portfolio Manager  
  
Asset Management  
Dispositions

**Pam Thompson**  
Executive Director  
Portfolio Manager  
  
Acquisitions  
Financings



**Lan Seto**  
Associate Director  
  
Portfolio Analytics



**Nolan Henry**  
Director  
  
Financings  
Reporting



**Peter Juliani**  
Director  
  
Cash Management  
Forecasting



# TPF mission

The Trumbull Property Fund seeks to provide:

- Access to high-quality core private real estate
- Major market, large asset exposure
- Lower risk profile within NFI-ODCE
- **Superior risk-adjusted returns** across real estate cycles

As of December 31, 2015

- USD 22.3 billion Fund
- 37-year track record
- Since-inception total return of 9.12%



NoHo Apartments, North Hollywood, CA



MODA Tower, Portland, OR



Orchard Town Center, Westminister, CO

Source: UBS Asset Management, Global Real Estate - US

Notes: Return supplements the Firm's Equity Composite previously provided or included herein. TPF since inception date is 1/13/1978. See required notes page at the end of this section or presentation. Past performance is not indicative of future results.



# TPF strategy

- Income-focused
  - Strategic low leverage approach
  - Diversification through proprietary inventory model
  - Selective value added investment: "build to core"
  - Economically supported sustainability
- 84% of since inception total return from income
  - 10-year average leverage ratio approximately half of NFI-ODCE excluding TPF<sup>1</sup>
  - One-year income distribution yield of 4.1%<sup>2</sup>



CenterPoint Industrial, Gurnee, IL



Shoppes at Blackstone Valley, Millbury, MA\*



RiverTrace at Port Imperial, West New York, NJ

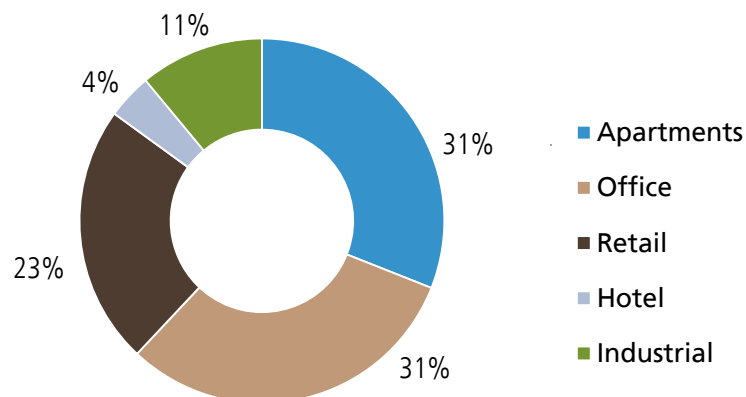
Data as of December 31, 2015.

Source: UBS Asset Management, Global Real Estate – US. <sup>1</sup>10-year TPF average leverage is 13.8%. NFI-ODCE excluding TPF is 25.4%. <sup>2</sup>Distribution return provided is a one-year gross rolling return.

\*Participating mortgage investment. See required notes page at the end of this section or presentation. Notes: TPF since inception date is 1/13/1978. Past performance is not indicative of future results.

# TPF portfolio distribution

## Assets by property type



## Property type allocation (%)

	TPF target ranges	Current TPF allocation	NFI-ODCE
Apartments	23-39	31	24
Office	16-28	31	38
Retail	20-34	23	20
Industrial	8-12	11	14
Hotel/Other	8-12	4	4

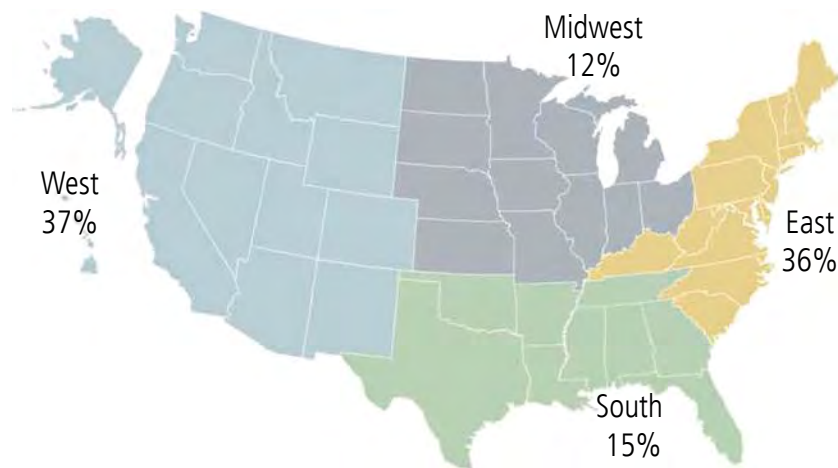
Data as of December 31, 2015

Source: UBS Asset Management, Global Real Estate – US

Percentages may not sum due to rounding. Geographic divisions as defined by NCREIF.

Percentages are based on gross market value of real estate investments.

## Assets by geographic region



## Largest Markets (%) – top 10 represent 73% of TPF

	TPF
New York	15
Chicago	10
Los Angeles	9
Boston	8
San Francisco	7
Washington DC	7
Denver	5
Dallas	5
Portland	4
Phoenix	3

# TPF ten largest assets

**96% leased overall**

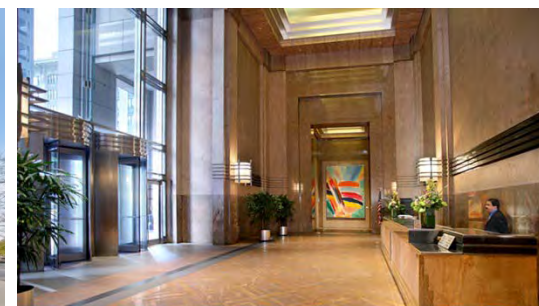
Property name	Location	Property type	% Portfolio	Gross market value (USD mil)
53 State Street	Boston	CBD Office	3.4%	739.0
135 West 50th Street <sup>(1)</sup>	New York	CBD Office	3.1%	671.0
CambridgeSide Galleria <sup>(1)</sup>	Boston	Regional Mall	2.7%	588.5
Galleria Dallas	Dallas	Regional Mall	2.5%	550.0
Liberty Green-Liberty Luxe <sup>(1)(2)</sup>	New York	High-rise Apartments	2.4%	517.0
120 Broadway	New York	CBD Office	2.3%	492.7
35 West Wacker	Chicago	CBD Office	2.3%	492.1
Water Tower Place	Chicago	Regional Mall	2.2%	475.2
1177 Avenue of the Americas	New York	CBD Office	2.2%	473.9
US Bancorp Tower	Portland	CBD Office	1.8%	380.0
			<b>24.9%</b>	<b>5,379.2</b>



53 State Street



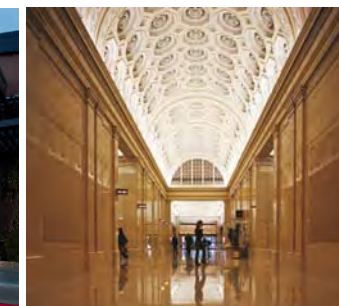
Water Tower Place



1177 Avenue of the Americas



Bay Street Emeryville



120 Broadway

Data as of December 31, 2015. Source: UBS Asset Management, Global Real Estate – US. <sup>(1)</sup>Converted to Core from an initial Value-added strategy. <sup>(2)</sup>Participating mortgage investment. Notes: Percentages are based on gross market value of real estate investments. See required notes page at the end of this section or presentation. Amounts may not sum due to rounding. Past performance is not indicative of future results.

# TPF portfolio positioning

- 95% leased
- 11% commercial leases expiring in 2016, 11% in 2017
- Value-added 7.2%\* of Fund
- 2<sup>nd</sup> in GRESB sustainability rating in NFI-ODCE<sup>(1)</sup>

8.4% increase in same-property NOI (YTD 2015 over YTD 2014)



The Quin Hotel, New York, NY



The Palms on Scottsdale, Tempe, AZ



1101 K Street, Washington DC



Half Moon Harbour, North Bergen, NJ

All data as of December 31, 2015, unless otherwise indicated below.

Note: Leasing numbers exclude hotels, properties in initial lease-up, development and redevelopment properties.

\*Percent of Gross Assets. Past performance is not indicative of future results. <sup>(1)</sup>Global Real Estate Sustainability Benchmark (GRESB) 2015 rating.

See Required notes page at the end of this section or presentation. Source: UBS Asset Management, Global Real Estate – US and GRESB

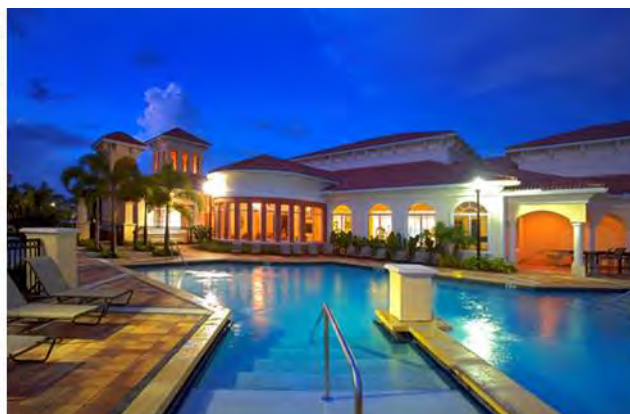
# TPF leasing

## End of period percentage leased

	2011	2012	2013	2014	3Q2015	4Q2015
Apartments	95	94	94	95	96	95
Industrial	91	95	96	97	95	97
Office	90	92	91	94	95	95
Retail	93	94	95	95	95	95
Total	93	93	93	95	95	95



Orchard Town Center, Westminster, CO



Solano at Miramar, Miramar, FL



B/E Aerospace, Miami, FL

Source: UBS Asset Management, Global Real Estate - US

Notes: Leasing numbers exclude hotels, properties in initial lease-up, development and redevelopment properties.

# TPF transaction activity

## Investment focus 2015

- Apartments and Industrial (stabilized and development)
- Core Retail
- Selective Office (CBD)
- West region
- Urban/transit-oriented locations

## Investment activities 2015

- Closed 50 transactions for USD 2.3 billion
- Continued active pipeline over USD 500 million
- Closed 16 sale transactions for USD 864.8 million



Alexan San Diego, San Diego, CA



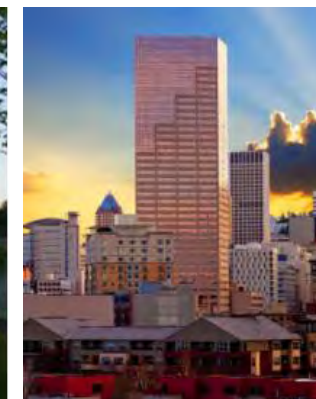
Diamond Ridge at Glendora Marketplace, Glendora, CA



1101 K Street, Washington, DC



Becknell Industrial, Sanford, FL



US Bancorp Tower, Portland, OR

<sup>1</sup>Data as of December 31, 2015

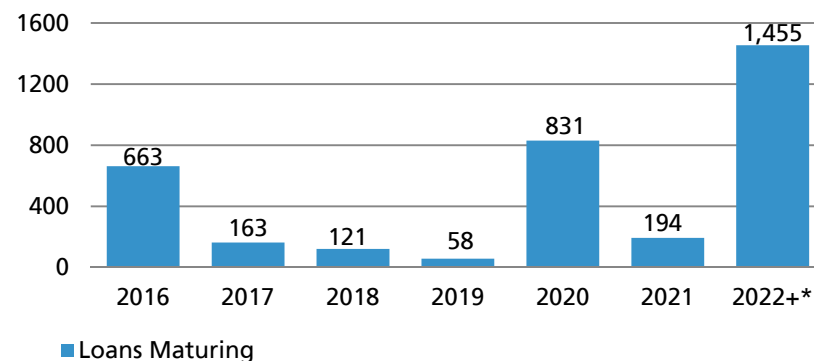
Source: UBS Asset Management, Global Real Estate – US

# TPF financing

- USD 3.5 billion debt (15.6% gross assets)
- Average interest rate 3.8%
- 93% of debt at a fixed rate
- Locking low rates for future maturities

## Upcoming debt maturities

USD (in millions)



35 West Wacker, Chicago, IL



Galleria Dallas Mall, Dallas, TX

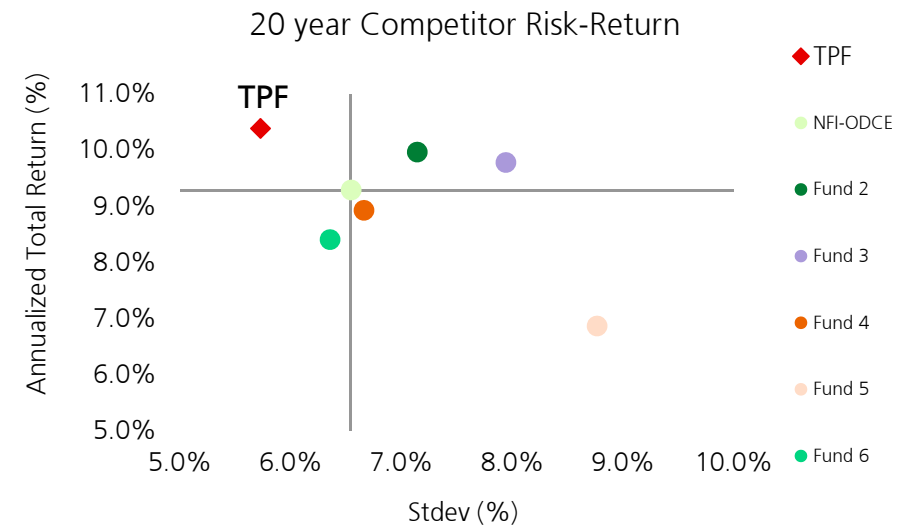
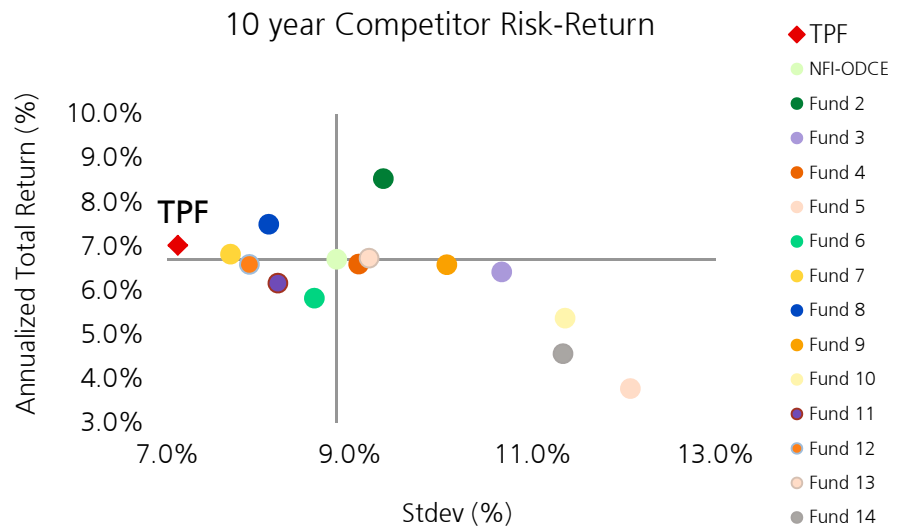


Baltimore Marriott Waterfront, Baltimore, MD

Data as of December 31, 2015

Source: UBS Asset Management, Global Real Estate – US. \*Includes multiple years.

# TPF risk-return profile vs. peers



## NCREIF-Reported Risk Characteristics for TPF

Measure	10 year value	Ranking (out of 14 Funds)
Sharpe Ratio	0.84	#1
Standard Deviation	7.11	#1
Jensen Alpha	0.01	#2



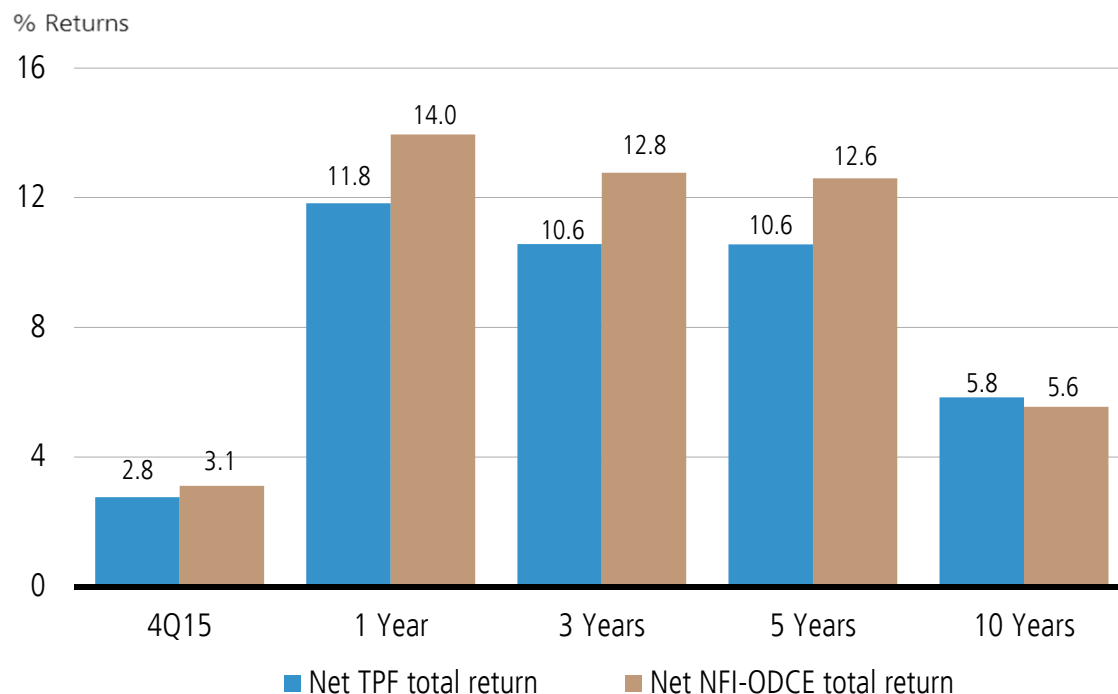
Data provided by NCREIF as of September 30, 2015.

Notes: TPF Risk Characteristics: Sharpe Ratio measures return per unit of risk. Standard Deviation is an annualized standard deviation that measures the variability of fund returns. Jensen Alpha measures the excess fund return adjusted for systematic risk (risk-free rate and beta). Total returns are annualized and are reported gross of management fees. Please see the Required Notes page for additional information. Past performance is not indicative of future results.

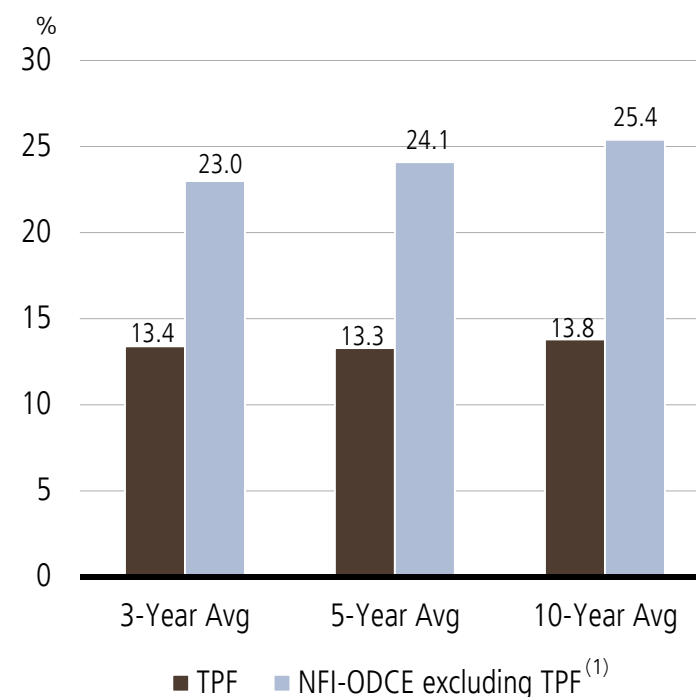


# TPF performance

**Net TPF total return vs Net NFI-ODCE total return as of December 31, 2015**



**Weighted Average Leverage Percentage as of December 31, 2015**



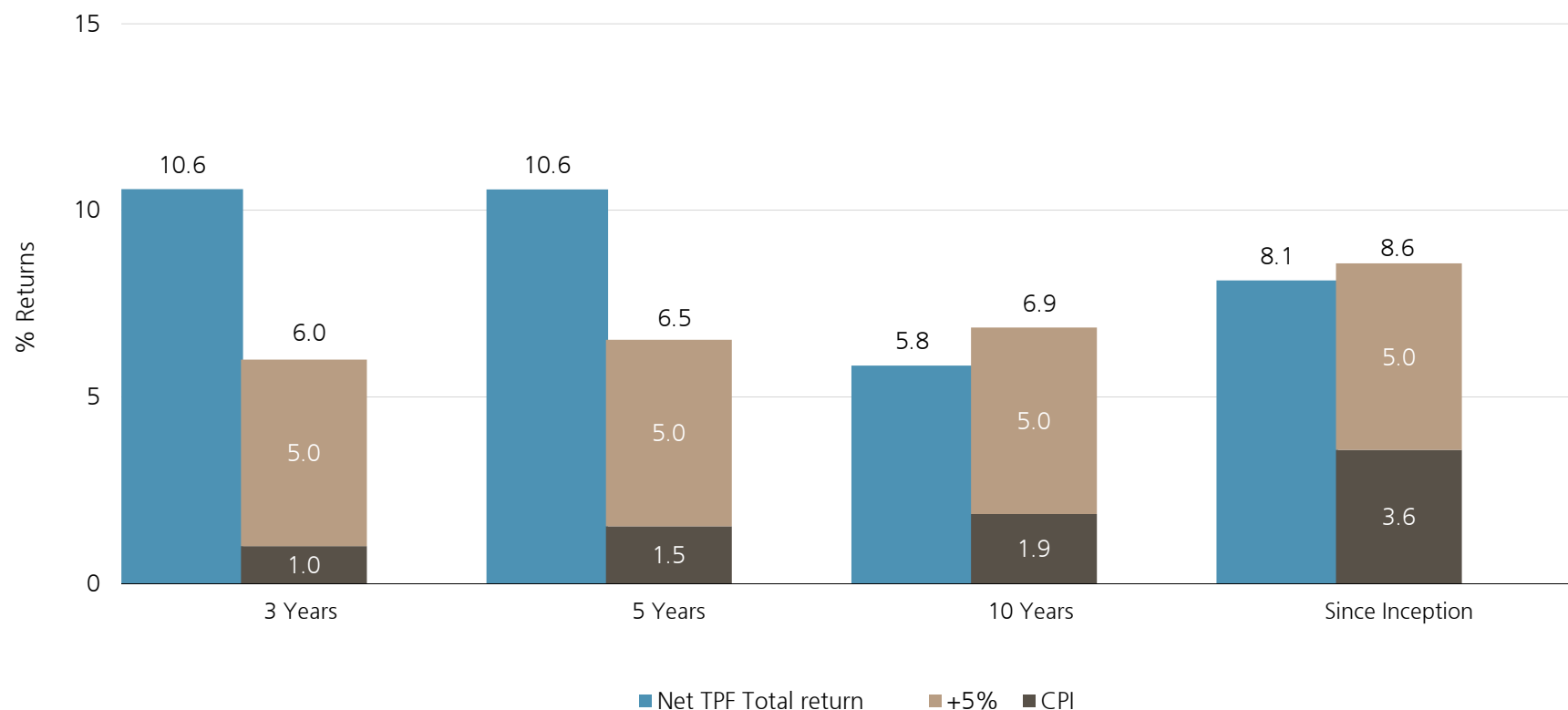
Sources: UBS Asset Management, Global Real Estate – US and NCREIF is the source of NFI-ODCE

Notes: Returns supplement the Firm's Equity Composite previously provided or included herein. See required notes pages at the end of this section or presentation. Past performance is not indicative of future results.

<sup>(1)</sup>Leverage ratios of NFI-ODCE including TPF are as follows: 3-year average 21.9%, 5-year average 22.8%, and 10-year average 24.0% as of December 31, 2015.

# TPF real return performance objective

Seek to provide at least a 5% real rate of return, before management fees, over any given 3- to 5-year period



Data as of December 31, 2015.

Source: UBS Asset Management, Global Real Estate – US, and the source of CPI is Bureau of Labor Statistics.

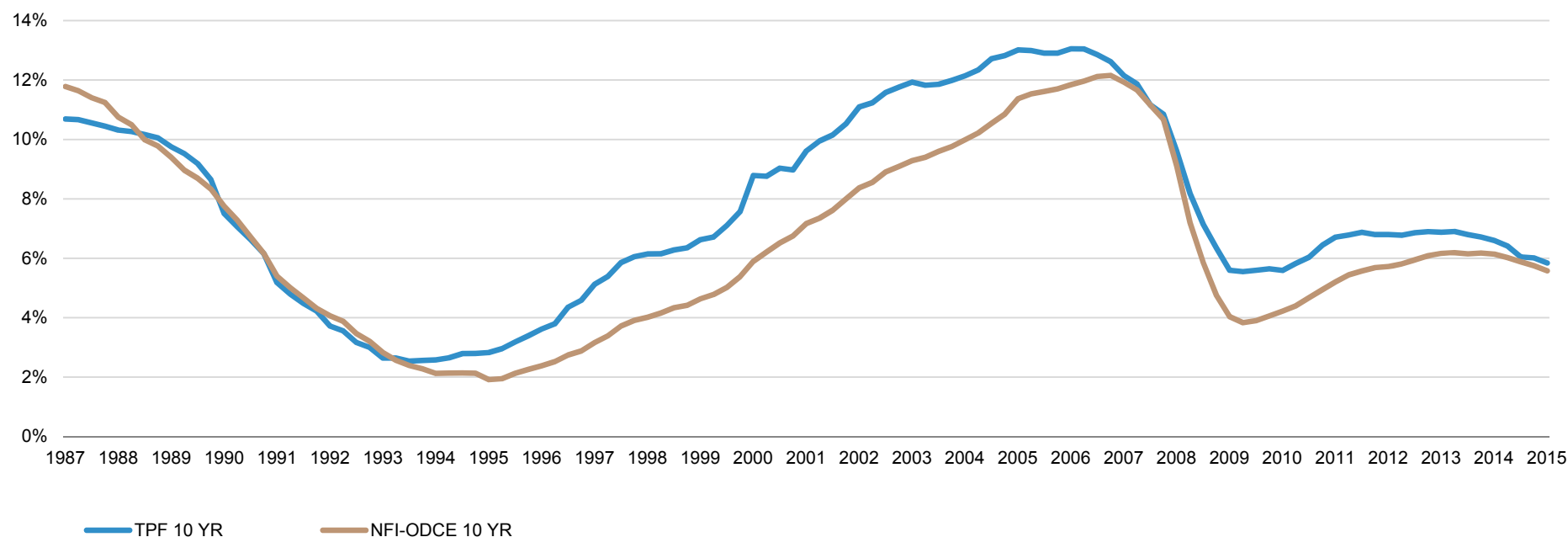
Notes: CPI is the Consumer Price Index, an inflationary indicator of the standard of living in the US. It is also referred to as the “cost of living” index.

Returns supplement the Firm’s Equity Composite previously provided or included herein. See required disclosures slide at the end of this section or presentation. Fund Inception date January 13, 1978. Past performance is not indicative of future results.



# TPF performance

## Ten-year rolling net performance vs NFI-ODCE



- TPF's income return outperformed NFI-ODCE 100% of the time
- TPF return outperformed NFI-ODCE 83% of the time
- Consistent strategy and proven track record

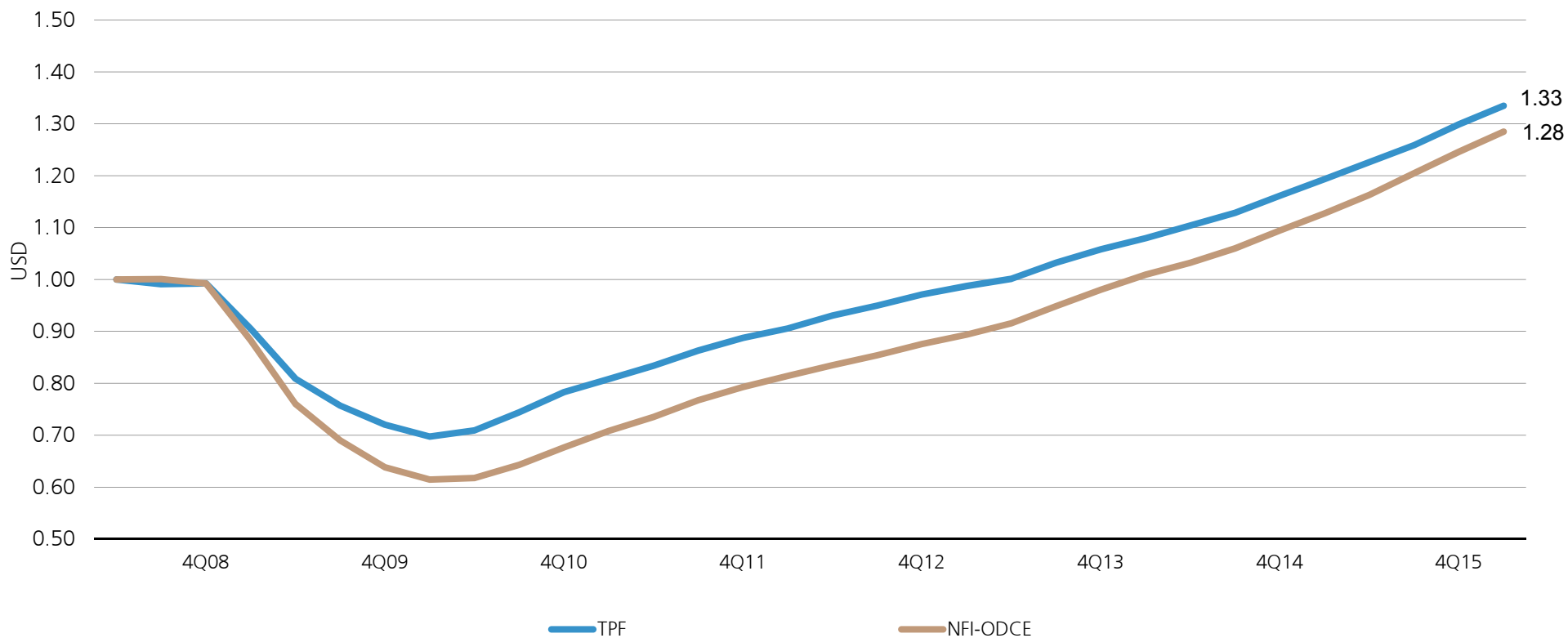
Data as of December 31, 2015.

Sources: UBS Asset Management, Global Real Estate – US and NCREIF is the source of NFI-ODCE

Notes: Returns supplement the Firm's Equity Composite previously provided or included herein. As of December 31, 2015 the NFI-ODCE consisted of 23 active funds with total net assets of USD 152.1 billion. See required notes pages at the end of this section or presentation. Past performance is not indicative of future results.

# TPF performance

## Wealth comparison peak to current (TPF vs. NFI-ODCE)



Data as of December 31, 2015

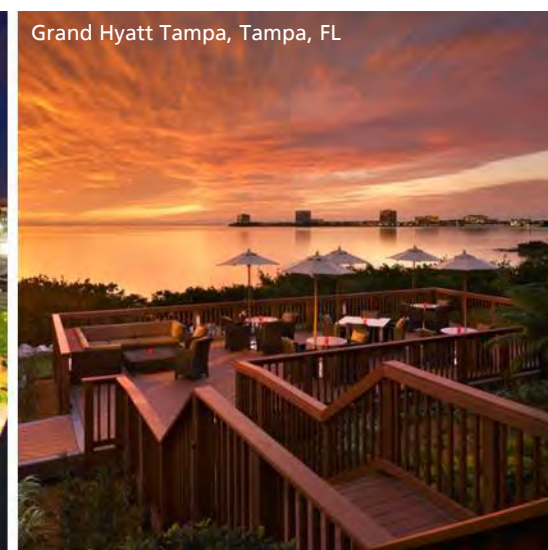
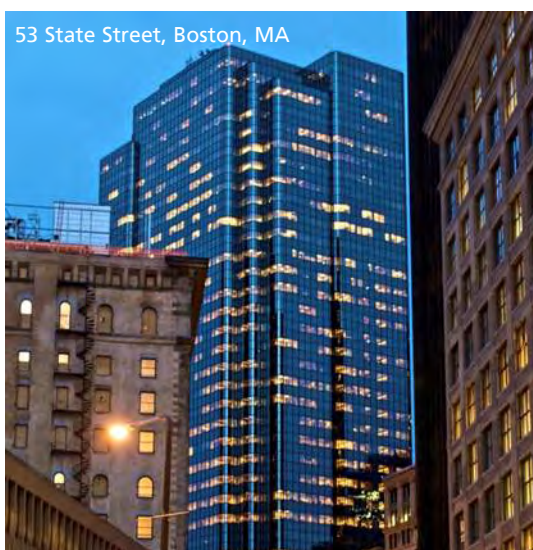
Sources: UBS Asset Management, Global Real Estate – US and NCREIF is the source of NFI-ODCE

Notes: Returns supplement the Firm's Equity Composite previously provided or included herein. See required notes pages at the end of this section or presentation. Solid lines show how USD 1.00 invested in 1Q08 would have grown over time after fees are deducted. Past performance is not indicative of future results.

# TPF competitive advantages

- Consistent strategy execution
- Major market, large asset exposure
- Competitive performance across real estate cycles
- Experienced portfolio and investment teams
- ERISA fiduciary standard of care
- Management fee tied to performance

**Superior risk-adjusted returns  
across real estate cycles<sup>(1)</sup>**



<sup>(1)</sup> Ranked #1 (out of 14 funds) for Sharpe Ratio and Standard Deviation and ranked #2 for Jensen Alpha, on a 10-year basis, as calculated by NCREIF as of December 31, 2015.  
Source: NCREIF

Section 3.A

# Trumbull Property Fund (TPF)

Appendix

# TPF senior investment professionals

## Portfolio & Client Services

Thomas C. Klugherz

Name	Years Experience		Title/Responsibility
	Industry	Firm	
Matthew Lynch <sup>(1)</sup>	31	19	Head of Global Real Estate - US
<b>Portfolio Management</b>			
Kevin Crean <sup>(1)</sup>	36	31	Senior Portfolio Mgr, TPF
Stephen Olstein	36	12	Portfolio Mgr, TPF
Pamela Thompson	24	13	Portfolio Mgr, TPF
Paul Canning <sup>(1)</sup>	35	24	Senior Portfolio Mgr, TPG
Gary Gowdy <sup>(1)</sup>	38	33	Senior Portfolio Mgr, TPI
Jeffrey Maguire <sup>(1)</sup>	32	18	Senior Portfolio Mgr, AVT
<b>Research &amp; Strategy</b>			
William Hughes <sup>(1)</sup>	20	10	Head of Research & Strategy
Laurie Tillinghast	35	5	DC Specialist
<b>Acquisitions<sup>(3)</sup></b>			
Ronald Urdanick <sup>(1)</sup>	43	37	Head of Acquisitions
Rodney Chu	23	18	Region Head
John Connelly	27	17	Region Head
Michael Mistretta	36	34	Region Head
William Moreno	26	17	Region Head
<b>Asset Management <sup>(2)</sup></b>			
William Harrison <sup>(1)</sup>	47	23	Head of Asset Mgmt
Thomas Enger	29	24	Region Head
James Fishman	36	32	Region Head
Alan Green	30	12	Region Head
David Ingram	44	44	Region Head

Name	Years Experience		Title/Responsibility
	Industry	Firm	
<b>Dispositions</b>			
William Robertson	28	23	Head of Property Sales
<b>Valuation</b>			
Thomas Gould	25	15	Co-head of Valuation
Christopher Taylor	29	29	Co-head of Valuation
<b>Engineering Services</b>			
Jeffrey Fraulino	29	29	Head of Engineering
<b>Accounting, Reporting &amp; Tax</b>			
Carol Kuta	30	30	Head of Accounting
Dene Dobensky	33	11	Director of Tax Planning
<b>Legal</b>			
Steven Kapiloff <sup>(1)</sup>	26	10	General Counsel
<b>Portfolio &amp; Client Services</b>			
Thomas O'Shea <sup>(1)</sup>	23	11	Head of Client/Portfolio Svc
Thomas Anathan <sup>(1)</sup>	42	40	Relationship Manager
Maria Bascetta	30	25	Relationship Manager
Megan Burrows	7	4	Relationship Manager
Thomas Klugherz	28	2	Relationship Manager
Ronald Lanier	42	36	Relationship Manager
David Lawson	38	11	Relationship Manager
Julie Pierro	17	5	Relationship Manager
Wayne Wallace	27	27	Relationship Manager
<b>Client Services &amp; Communications</b>			
Catherine Schuster	30	11	Head of Client Services/ Communications

Notes: <sup>(1)</sup> Member, UBS Realty Investors LLC Investment Committee. <sup>(2)</sup> All Asset Management Region Heads are voting members of the Investment Committee for any acquisition / origination transaction. For other Investment Committee approvals, only the responsible Asset Management Region Head for the proposed investment decision is a voting member of the Investment Committee <sup>(3)</sup>The Acquisition Region Heads are voting members of the Investment Committee for any sale or disposition transaction.



# TPF strategy and guidelines

Strategy	Provide broad real estate market diversification to maximize risk adjusted returns
Fund Style & Liquidity	Open-end fund, with quarterly liquidity (subject to available capital); USD 5 million minimum
Financial Objective <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• Seek to outperform the NFI-ODCE index over any given 3-5 year period</li> <li>• Seek to achieve at least a 5% real rate of return (i.e. inflation- adjusted return) before management fees, over any given 3-5 year period</li> </ul>
Fund Investment Guidelines <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• Equity investments at least 70% of Gross Asset Value ("GAV")</li> <li>• Third Party Joint Ventures limited to 50% of GAV</li> <li>• Debt investments maximum of 30% of GAV (construction loans limited to 10% of GAV)</li> <li>• Publicly traded real estate securities or debt instruments limited to 5% of GAV</li> <li>• Combination of all value-added assets will generally range between 5-15% of total Portfolio Assets</li> </ul>
Property type and geographic spread	<ul style="list-style-type: none"> <li>• Apartments, hotels, industrial, retail and office throughout the US</li> <li>• NCREIF property type maximum 50% of GAV</li> <li>• NCREIF region maximum 50% of GAV</li> <li>• Local market (CBSA) maximum of 20% of GAV</li> <li>• Single investment maximum 10% of GAV</li> </ul>
Leverage	<ul style="list-style-type: none"> <li>• Mortgage debt generally not to exceed 20% of GAV</li> <li>• Short-term debt generally not to exceed 15% of GAV</li> </ul>
Standard of care	Advisor subject to ERISA Fiduciary standard of care

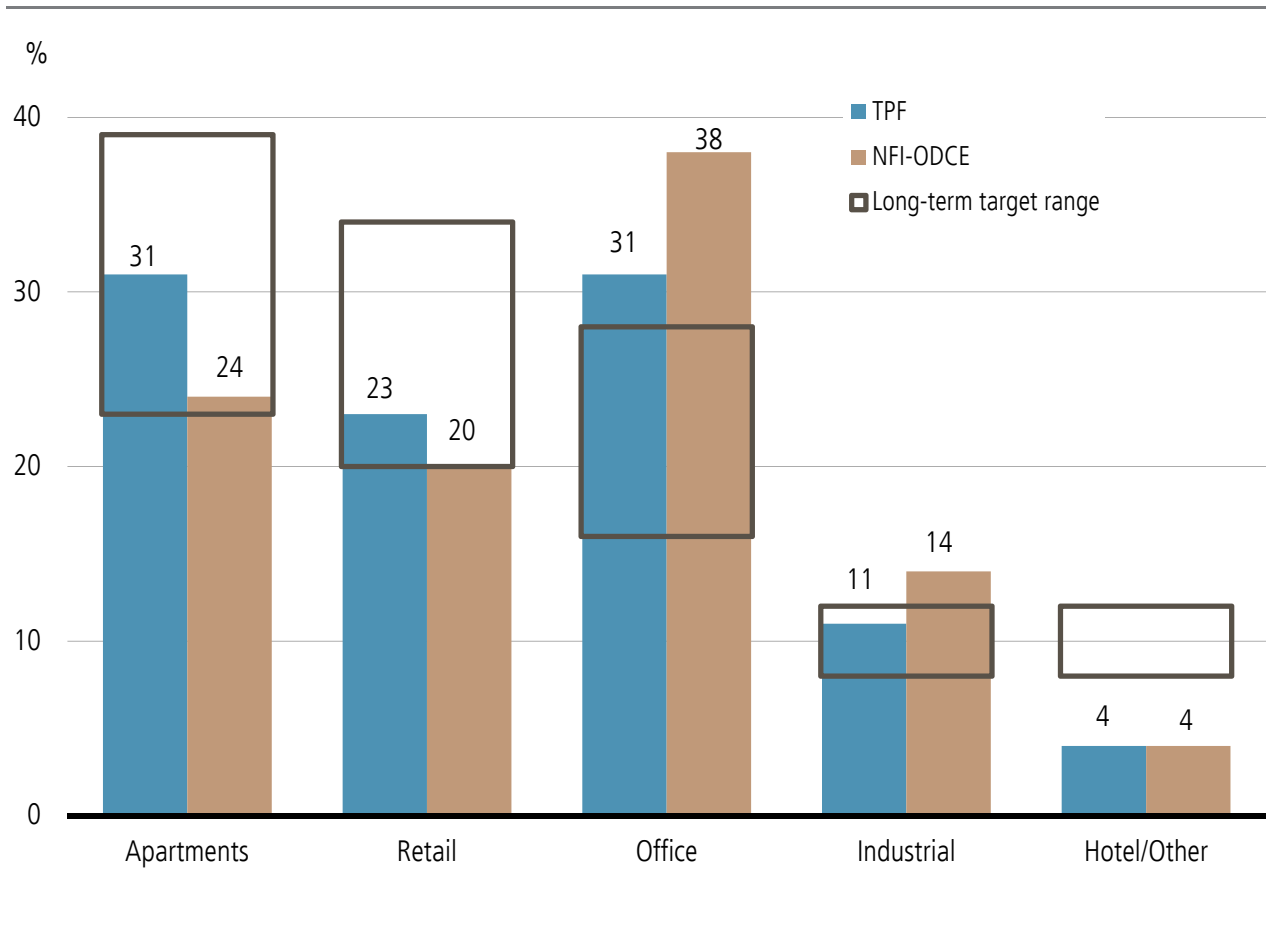
Data as of December 31, 2015.

Source: UBS Asset Management, Global Real Estate - US

Notes: <sup>(1)</sup> There is no assurance that the financial objective will ultimately be realized and the possibility of loss does exist. There is no guarantee that the investment strategy will perform as expected. <sup>(2)</sup> The Advisor may permit temporary and/or immaterial deviations from the Investment Guidelines from time to time, in its discretion, if the Advisor believes that such deviations are in the best interest of the Fund.



# TPF diversification by property type



555 17<sup>th</sup> Street, Denver, CO

All data as of December 31, 2015.

Source: UBS Asset Management, Global Real Estate - US

Notes: Long-term targets describe a well-diversified market portfolio and are based on the Research & Strategy Proprietary Inventory Model which is updated annually.

# TPF total sales

Year	Number of properties	Sales proceeds	Last independent appraised value
		(USD in thousands)	
1982	4	8,845	8,744
1983	8	34,977	34,531
1984	10	61,732	60,340
1985	13	68,425	65,569
1986	10	94,339	89,612
1987	8	198,001	176,560
1988	4	71,330	67,550
1989	14	349,075	306,360
1990	0	-	-
1991	2	24,400	25,100
1992	8	67,575	65,006
1993	6	32,347	31,250
1994	3	87,983	86,444
1995	2	12,317	11,902
1996	4	43,896	39,508
1997	2	49,058	47,830
1998	0	-	-
1999	1	1,597	1,648

Year	Number of properties	Sales proceeds	Last independent appraised value
		(USD in thousands)	
2000	5	75,191	58,319
2001	1	16,994	14,896
2002	4	53,126	48,868
2003	2	17,806	16,194
2004	6	25,472	24,771
2005	10	353,876	332,024
2006	9	143,904	134,162
2007	15	599,515	580,395
2008	9	384,975	366,466
2009	6	207,855	209,122
2010	5	35,482	34,692
2011	2	35,750	34,500
2012	6	292,338	290,640
2013	14	311,059	298,667
2014	2	57,771	55,612
2015	16	864,806	830,920
<b>Total</b>	<b>211</b>	<b>4,681,817</b>	<b>4,448,202</b>

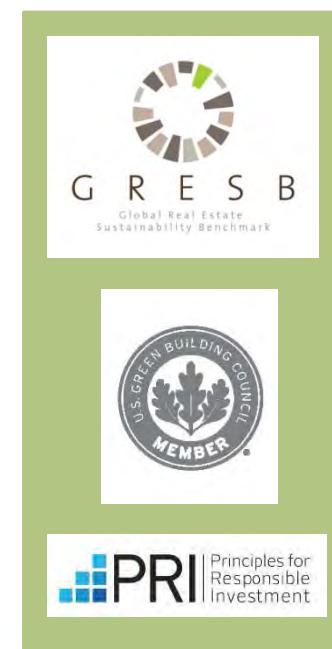
Data as of December 31, 2015.

Source: UBS Asset Management, Global Real Estate – US. Notes: Number of properties sold may include portions of multi-parcel investments, and therefore may not tie to difference in total properties from year to year. Sales proceeds and appraised values are net of debt. From 1982-2007, sales proceeds and appraised values are also net of closing costs. The properties included in the calculation of total sales had been independently appraised or the appraisal reviewed and updated if necessary by an independent appraisal firm generally within six months of the date of sale.

# TPF sustainability

## Investing for returns and the future

- Strategy - Reduce environmental impact while maximizing total return
- Member of Global Real Estate Sustainability Benchmark (GRESB)<sup>1</sup>
- Office buildings registered under EPA Energy Star program, US Green Building Council
- LEED designations achieved for 89% of urban office assets, most new multifamily developments
- Encourage property management firms, vendors and contractors to use responsible green procedures



All data as of December 31, 2015.

<sup>1</sup>See required notes page at the end of this section or presentation

\*Participating mortgage investment. Source: UBS Asset Management, Global Real Estate – US and GRESB.

# TPF annual performance

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
	<i>Percent %</i>													
Net investment income	8.42	9.97	9.68	9.96	9.05	8.87	8.86	8.40	7.53	6.80	5.60	6.06	6.36	7.38
Net realized/unrealized gain (loss)	0.77	3.39	7.47	7.02	0.67	3.76	4.00	1.04	0.17	0.08	0.13	1.89	(10.12)	(12.47)
Total, before management fee	9.24	13.61	17.69	17.49	9.76	12.87	13.12	9.51	7.71	6.88	5.74	8.04	(4.25)	(5.78)
Total, net of management fee	8.26	12.58	16.65	16.42	8.71	11.80	12.07	8.45	6.67	5.84	4.68	6.97	(5.14)	(6.48)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
	<i>Percent %</i>													
Net investment income	7.95	8.60	9.70	9.88	10.33	9.88	8.59	8.73	8.99	8.99	8.38	7.91	7.28	6.85
Net realized/unrealized gain (loss)	(12.01)	(6.76)	2.42	2.14	5.59	12.56	7.33	3.97	7.59	(6.74)	0.51	1.52	6.89	13.61
Total, before management fee	(4.78)	1.41	12.30	12.18	16.34	23.34	16.39	12.96	17.08	1.79	8.93	9.52	14.54	21.13
Total, net of management fee	(5.47)	0.70	11.38	11.09	15.23	22.22	15.33	11.89	15.96	0.86	8.13	8.55	13.49	20.05

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Since Inception	% of total return	
	<i>Percent %</i>												
Net investment income	6.07	5.12	4.96	6.69	7.05	5.36	5.35	5.13	5.16	4.97	7.65	84%	
Net realized/unrealized gain (loss)	10.12	8.49	(11.98)	(27.55)	9.32	7.55	4.62	5.12	6.29	7.69	1.39	16%	
Total, before management fee	16.65	13.93	(7.46)	(22.30)	16.85	13.21	10.15	10.44	11.69	12.94	9.12	100%	
Total, net of management fee	15.58	12.84	(8.29)	(22.94)	15.89	12.08	9.04	9.32	10.56	11.83	8.12	N/A	

Data as of December 31, 2015.

Source: UBS Asset Management, Global Real Estate - US

Notes: Returns supplement the Firm's Equity Composite previously provided or included herein. See required notes page at the end of this section or presentation. Past performance is not indicative of future results. TPF began operations on January 13, 1978, thus the 1978 return is not for a full year. Returns are annualized.



# TPF advisory fees

---

Investor's Share of NAV <sup>(1)</sup>	Annual Base Fee
First USD 10 million of investment	95.5 bps
Next USD 15 million	82.5 bps
Next USD 25 million	80.5 bps
Next USD 50 million	79.0 bps
Next USD 150 million	67.0 bps
Next USD 150 million	60.0 bps
Next USD 200 million	56.0 bps
Above USD 600 million	52.0 bps

- Incentive fee percentage ranges from 0% to a maximum of 0.25% and is earned at a rate of 0.075% per 1% of the Fund's real return in excess of 3% for the previous rolling four quarters. Incentive fees are not cumulative; if the incentive fee is not earned for any period, it is not payable.<sup>(2)</sup>
- Investors with assets in other designated Funds will benefit from participation in the "Family of Funds" program, which aggregates total assets in designated Funds for purposes of the base fee calculation.
- If average cash for the quarter exceeds 7.5% of the Fund's average NAV, the base fee for the excess will be reduced to 20 bps (pro-rated for the quarter).

As of January 1, 2016. Source: UBS Asset Management, Global Real Estate – US  
Notes: <sup>(1)</sup> Net Asset Value. <sup>(2)</sup> See Fee section of Confidential Private Offering Memorandum for details.

# UBS Realty Investors Equity Composite

Year	Year-end		Gross of fees (%)				Benchmark return (%)	Net of fees (%)		Range of Gross Returns (%)		Asset weighted standard deviation	% of Composite assets valued externally <sup>(1)</sup>
	Number of accounts	Composite Net Assets (USD millions)	Total Firm Net Assets (USD millions)	Income return	Appreciation (depreciation)	Total return		Total return	Max	Min			
2005	9	8,652	10,910	6.87	13.30	20.84	21.39	19.73	38.2	14.1	2.84	94	
2006	10	11,302	13,940	6.03	10.79	17.30	16.32	16.13	40.6	13.9	2.21	100	
2007	9	12,155	14,798	5.14	8.85	14.32	15.97	13.20	38.6	11.7	2.93	100	
2008	9	10,445	13,285	4.99	(12.21)	(7.67)	(10.01)	(8.47)	(4.2)	(41.0)	1.91	100	
2009	9	7,995	10,232	6.68	(27.91)	(22.69)	(29.76)	(23.32)	(11.8)	(62.2)	4.23	100	
2010	8	9,687	12,107	7.10	9.37	16.95	16.36	15.92	42.0	4.7	3.20	100	
2011	8	12,404	15,241	5.57	8.20	14.10	15.99	12.96	35.3	8.6	2.88	100	
2012	9	14,679	17,325	5.45	5.07	10.73	10.94	9.63	25.8	(2.5)	2.53	100	
2013	9	16,114	19,206	5.22	5.40	10.83	13.94	9.71	26.5	(38.7)	2.68	100	
2014	9	18,788	22,252	5.21	6.61	12.07	12.50	10.94	35.8	6.7	2.46	100	

**1. Compliance Statement** Global Real Estate - US claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Global Real Estate - US has been independently verified since January 1, 1993. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The UBS Realty Investors Equity Composite has been independently examined for the periods January 1, 2005 through December 31, 2014. The verification and performance examination report is available upon request.

**2. The Firm** The Firm is defined as UBS Realty Investors LLC and UBS AgriVest LLC, together Global Real Estate - US. Both entities are registered with the US Securities and Exchange Commission as investment advisors. The Total Firm Gross Assets at December 31, 2014 were USD 26.2 billion, representing the fair value of total Firm assets held under management. Total Firm Net Assets represent the Total Firm Assets held under management less the fair value of liabilities.

**3. The Composite** The UBS Realty Investors Equity Composite (the "Composite") was created in 2005. All results are presented in US dollars. A complete list and description of Firm composites is available upon request. The Composite comprises all fee-paying, non-taxable discretionary accounts that invest primarily in equity real estate including, but not limited to, the following property types: apartments, office, retail, industrial, and hospitality. The strategy of the accounts in the Composite is to acquire investments in US commercial and multifamily real estate (core and value-added properties) expected to provide attractive risk-adjusted returns consisting of current income and capital appreciation. Since October 2003, a sub-adviser has managed the cash for some pooled accounts included in the Composite. Initially, accounts must have at least USD 30 million in commitments or assets, including debt, to be included in the Composite. Composite dispersion for any year is represented by both the range and the asset-weighted standard deviation of the gross total returns of the accounts that were in the Composite for the entire calendar year. Discretion is broadly defined as the Firm having discretion over the selection, capitalization, asset management, and disposition of investments within the parameters of a given mandate.

**4. Valuation** An independent appraisal of the underlying real estate for each investment is performed at least annually and includes a complete property inspection and market analysis. Starting October 1, 2009, independent appraisals are generally completed every quarter for most of the underlying real estate investments. For real estate investments that are held in funds where appraisals are not performed on a quarterly basis, the underlying real estate is either scheduled to be appraised once or twice a year. In the interim quarters, updated property and market information is reviewed. If this review indicates a potential material change in the value, the valuation is then updated by the independent appraiser. If this review indicates that any change in value is likely not material, the value is determined to remain unchanged. Valuations of real estate and debt use significant unobservable inputs. In general, each annual property appraisal includes at least an income approach using a discounted cash flow model and a sales comparison approach, which are considered in determining a final value conclusion. All appraisals are certified by members of the Appraisal Institute who hold the MAI designation. Third-party debt is stated at fair value. The valuation of debt is taken into consideration when determining the estimated fair value of the equity in the related investment.

Source: UBS Asset Management, Global Real Estate – US. Past performance is not indicative of future results. <sup>(1)</sup>Generally for those assets held longer than six months.



# UBS Realty Investors Equity Composite

---

**5. Calculation of Performance** Returns reflect the impact of leverage, which averaged approximately 15.7% of gross asset value (net asset value plus debt) during 2005 through 2014, and approximately 15.4% in 2014. Leverage has consisted primarily of mortgage loans payable that are collateralized by the related real estate investment. The extent to which leverage is used varies by account strategy and may include either portfolio or property level debt. Expenditures, including tenant improvements and leasing commissions that extend the useful life or represent additional capital investments benefiting future periods, are capitalized as a component of cost. Annual returns are time-weighted rates of return calculated by linking quarterly returns. The sum of income and appreciation (depreciation) may not equal total returns due to the linking of quarterly returns. Gross of fees returns are presented before all management fees, but after third-party expenses. Net returns are presented net of the management fees and third-party expenses. All returns are presented before any applicable insurance company contract charges in effect on certain funds through February 29, 2008. The policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

**6. Investment Management Fees** Management fees differ by account and reflect the complexity and value of services chosen, anticipated size, and the number and type of investments involved. Depending upon the services, the fee may represent any one or a combination of: fixed flat amounts; a percentage of purchase price, earnings, assets under management, or of sales proceeds; or incentive fees based on performance. The fee for investment in one of the Firm's commingled funds can be up to 150 bps per annum on net asset value based upon the fee scale and the investor's share of net asset value in the fund and other UBS Realty sponsored funds as of the beginning of the quarter with an incentive fee charged on various performance hurdles, for example, 15% above a 7% real return over sequential 3-year periods, subject to certain clawback provisions depending on the performance of the fund. Please see the applicable fee schedule(s) appropriate to the product or services being presented.

**7. Benchmark** Effective May 2009, the Firm changed the benchmark retroactively from the property-level National Council of Real Estate Investment Fiduciaries ("NCREIF") Property Index ("NPI") to a fund-level Index, the NCREIF Fund Index-Open End Diversified Core Equity ("NFI-ODCE" or the "Index"). The Firm believes a fund-level index provides a more meaningful comparison for a fund-level composite. The NFI-ODCE, first published mid-2005, is a capitalization-weighted, time-weighted, fund-level return index beginning as of the first quarter of 1978, inclusive. It is presented gross of fees. As of December 31, 2014, the NFI-ODCE consisted of 22 active funds with total net assets of USD 126.6 billion. The NFI-ODCE leverage ratio at December 31, 2014 was 22.2%.

**8. Market Conditions** Over the past decade, commercial real estate experienced historic highs and lows. Fundamental recovery following the 2001 recession, along with a dramatic increase in the availability and reduction in the cost of debt capital propelled commercial and multifamily performance to the highest level in NCREIF history. In 2005, the NCREIF Fund Index – ODCE returned 21.4%, its highest calendar total return since its inception in 1978. A worldwide credit crisis initiated a new recession during 2008. Liquidity evaporated in most asset classes, including commercial real estate. Total returns turned negative in mid-2008, with 2009 producing the lowest performance on record at negative 29.8%. The downturn was swift, and 2010 through 2013 reflected a period of recovery. By late-2013, expansion was underway as total returns on stabilized properties had recuperated losses, led by steady income growth and low supply growth across the broad market. During 2014, the NFI-ODCE returned 12.5%, marking the fifth consecutive year of double-digit commercial real estate performance.

Source: UBS Asset Management, Global Real Estate – US. Past performance is not indicative of future results.

# Required notes

---

For limited distribution to accredited, institutional, and professional investors only. Returns herein, unless otherwise noted, are presented gross of fees.

The Fund's participating mortgages and those construction loans converting to participating mortgages are secured by properties operated by sponsors that the advisor has deemed creditworthy. The Fund does not own these properties.

Returns for periods greater than one year are annualized. For the period ending December 31, 2015 TPF's net total returns for the quarter, one-, three-, five-, ten-year periods and since inception were 2.76%, 11.83%, 10.57%, 10.56%, 5.84%, and 8.12% respectively, after the deduction of management fees, but before the deduction of contract charges. Contract charges were only applicable through February 29, 2008. TPF returns reflect the reinvestment of income. Returns and dollars are USD denominated.

Additional information on fees is available in the ADV Part 2 for UBS Realty Investors LLC and is also available upon request. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 1% annual fee, if the gross performance is 10%, the compounding effect of the fees will result in a net performance of approximately 8.93%.

NFI-ODCE (Source NCREIF) is a fund-level, capitalization weighted index of open-ended diversified core equity commercial real estate funds that includes cash balances and leverage and is reported gross of fees. The degree of leverage used varies among the funds included in NFI-ODCE. As of December 31, 2015 the NFI-ODCE consisted of 23 active funds with total net assets of USD 152.1 billion.

There is no assurance that the financial objective will ultimately be realized and the possibility of loss does exist. There is no guarantee that the investment strategy will perform as expected.

GRESB ("Global Real Estate Sustainability Benchmark") is an industry-driven organization committed to assessing the sustainability performance of real estate portfolios (public, private and direct) around the globe. The dynamic benchmark is used by institutional investors to engage with their investments with the aim to improve the sustainability performance of their investment portfolio, and the global property sector at large. In 2015, the survey was completed by 707 real estate portfolios in 37 countries across six continents, representing a total property value of USD 2.3 trillion (GAV).

**Please note that past performance is not a guide to the future. The value of investments and the income received may go down as well as up, and investors may not get back the original amount invested.**



# Risks

---

- Investors should be aware that return objectives are subject to a number of assumptions and factors, a change in any of which could adversely affect returns. Accordingly, investors should note the limitations of an objective.
- Investments in direct real estate and real estate funds involve a high degree of risk. For instance, events in 2008 and 2009 such as the deterioration of credit markets and increased volatility have resulted in a historically unprecedented lack of liquidity and decline in asset values. The value of investments and income from them may increase or decrease. Investors must have the financial ability and willingness to accept and bear the risks (including, among other things, the risk of loss of investment) that are characteristic of real estate investing and investing in commingled fund for an indefinite period of time. Among the risks to be considered are:
  - **Risks of investing in real estate.** Risks include adverse changes in market and economic conditions, zoning, and other governmental laws, regulations, and policies, occupancy levels and the ability to lease space, and environmental risks, and risk of uninsured losses.
  - **Debt investment risk.** Risk includes risks of borrower defaults, bankruptcies, fraud and special hazard losses that are not covered by standard hazard insurance
  - **Restrictions on redemption and transferability of shares or units; illiquidity.** Real estate is an illiquid investment and the account may not be able to generate sufficient cash to meet withdrawal requests from investors.
  - **Reliance on controlling persons and third parties.** The exercise of control over an entity can impose additional risks and the fund can experience a significant loss. The risk of third parties includes a conflict between their objectives and those of the account or fund.
  - **Use of leverage.** Leverage will increase the exposure of the real estate assets to adverse economic factors, such as rising interest rates, economic downturns, or deteriorations in the condition of the properties or their respective markets and changes in interest rates
  - **Legal & Taxation.** Investors should consult their own legal and tax advisers for potential US and/or local country legal or tax implications on any investment
  - **Currency risk.** The funds and accounts managed by UBS Realty Investors LLC are denominated in US Dollars. There is a potential for loss due to currency fluctuations for non-US investors.
  - **Lack of diversification.** Individually managed accounts and funds in their initial investment periods may have investments that are relatively large compared to the account's or fund's anticipated total value. Any limit to diversification increases risk because the unfavorable performance of even a single investment might have an adverse effect on the aggregate return.
  - **Unspecified investments.** There can be no assurance that the advisor will be able to continually locate and acquire assets meeting the fund or account's objective. Competition for assets may generally reduce the number of suitable prospective assets available.
- In considering an investment in a commingled real estate fund, prospective investors must rely on their own examination of the partnership agreement, private placement memorandum, and all terms of the offering, including merits and details of these and other risks involved. If there are any discrepancies in fund terms between this presentation and the private placement (offering) memorandum, the memorandum shall prevail.
- This is not a recommendation to invest in any product or services. Investors must have the sophistication to independently evaluate investment risks and to exercise independent judgment in deciding whether or not to invest in real estate and real estate funds.

# Disclaimer

---

© UBS 2015. The Key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

This material is designed to support an in-person presentation, is not intended to be read in isolation, and may not provide a full explanation of all the topics that were presented and discussed. The opinions expressed in this presentation and any accompanying documents (together referred to as “the presentation”) are those of Global Real Estate, a business unit of UBS Asset Management, one of UBS AG’s business groups. Opinions expressed in the presentation may differ from those of other parts of UBS AG and are subject to change.

The presentation has been prepared and is provided solely for general information; more detailed information can be found in the Confidential Offering Memorandum. This is not an official statement of your account. Refer to your client statement and the quarterly report.

If there are any discrepancies between information contained in this presentation and the Confidential Offering Memorandum, the memorandum will prevail.

The presentation contains confidential information and must not be reproduced or copies circulated without Global Real Estate’s permission. Distribution of the presentation, including an electronic copy, may be restricted by law. Anyone who comes into possession of it should obtain advice on and observe any such restrictions. Failing to comply with such restrictions may violate applicable laws.

Any forecasts or projections contained in the presentation are opinions only. Although every effort has been taken to ensure that the assumptions on which forecasts or projections are based are reasonable, they can be affected by incorrect assumptions or by known or unknown risks and uncertainties. The outcomes ultimately achieved may differ substantially from the forecasts or projections. Past performance is not a reliable indicator of future performance.

The Fund discussed involves risks of a high degree and investors are advised to read and consider carefully the information contained in the offering documents including the detailed risk factors. There is no public market for the fund interests and no such market is expected to develop in the future. Risks include restrictions on the transferability and resale of shares, risk of investing in real estate and in developing markets, and the possibility of loss of investment does exist.

Section 4

# Biographies

# Kevin M. Crean

---

Senior Portfolio Manager  
Managing Director

Years of investment industry experience: 36

Education: University of Denver (US), BSBA, MBA

---

- Kevin Crean is the Senior Portfolio Manager for the UBS Trumbull Property Fund, the firm's largest open-end real estate account. Kevin also is a member of the Strategy Team and Investment Committee.
- Prior to this assignment, Kevin was responsible for property dispositions nationally. Over a 15-year period, he oversaw property sales that totaled over 200 transactions valued in excess of USD 3 billion. Kevin joined the firm's predecessor organization in 1984. During his career with the company he has held positions in mortgage lending, asset management, acquisitions, sales and portfolio management.
- Before joining the company, he worked for The Travelers Insurance Company's Real Estate Department, focusing on acquisition and loan production, and for a real estate brokerage firm in Denver where he was involved with office leasing and property sales.

# Stephen J. Olstein

---

Portfolio Manager  
Executive Director

Years of investment industry experience: 36

Education: New York University (US), BS

---

- Steve Olstein is a Portfolio Manager for the Trumbull Property Fund (TPF), the firm's largest open-end fund, and is responsible for property level operations/ performance and dispositions.
- He was previously a Director in the Commercial Asset Management Unit and in Acquisitions, where he was responsible for asset management and acquisitions in portions of the Northeast and Mid-Atlantic states.
- Prior to joining UBS in 2003, Steve was Managing Director in the Asset Management and Portfolio Management areas of CIGNA's Real Estate Investment Department. He also has served in various other management areas of CIGNA's real estate operations, including product development, portfolio management for advisory accounts, acquisitions and mortgage loan origination.
- Steve is active in NAREIM and a US Marine Corps veteran.

# Pamela J. Thompson

---

## Portfolio Manager Executive Director

Years of investment industry experience: 24

Education: University of Connecticut (US), BS, MBA

---

- Pamela Thompson is a Portfolio Manager for the Trumbull Property Fund (TPF), the firm's largest open-end fund, and is responsible for account operations, reporting, acquisitions and financing.
- Prior to joining UBS in June 2007, Pam was the Northeast Region Office Head for Bozzuto & Associates, a multifamily development firm, responsible for Regional Property Management and Acquisitions.
- For four years, she worked at CIGNA Realty Investors, where she was the Assistant Portfolio Manager for a separate account. She also had extensive experience in debt placements.
- From 1997 to 2002, she was employed at UBS, most recently as a Director for Multifamily Asset Management. During her years at UBS, Pam held positions including Financing Manager and Senior Acquisitions Analyst.
- Pam also worked in Problem Loans and Valuations for Aetna Real Estate Investments, and as a Senior Real Estate Analyst for Arthur Andersen & Co.

# Thomas C. Klugherz

---

Portfolio and Client Services Officer  
Executive Director

Years of investment industry experience: 29

Education: San Jose State University (US), BA;  
Santa Clara University (US) MBA-Finance

---

- Tom Klugherz is a member of the Portfolio and Client Services Unit located in San Francisco. He currently has investor relations and new business development responsibilities in the Western region.
- Tom has 25 years of experience working in various capacities as a fiduciary for some of the nation's largest pension plans and institutions. His prior experience includes acquisitions, asset management, portfolio management and day-to-day operations of several investment managers including GE Capital Investments Advisors and SSR Realty Advisors.
- During his career he has been directly involved in sourcing, underwriting and managing more than USD 10 billion of institutional grade investments across the United States. Tom has worked directly with existing and prospective separate account and fund clients to analyze their portfolios and formulate investment strategies.
- Tom is a member of PREA and NAREIM. He previously served as NAREIM's interim President.

# Megan Burrows

---

## Portfolio and Client Services Officer Authorized Officer

Years of investment industry experience: 7

Education: University of Southern California, BS

---

- Megan is a member of the Global Real Estate - US Portfolio and Client Services Unit located in San Francisco, California. Her responsibilities include maintaining investment relationships and client servicing to pension funds, defined contribution plans, and consultants
- Megan joined the company in 2011 and previously worked in asset management overseeing industrial, multi-family, retail & office investments for the firm's funds and separate accounts.
- Prior to joining UBS, Megan spent three years as an Asset Management Analyst at MIG Real Estate. During her time at MIG, Megan was involved in acquisitions and asset management across the firm's portfolio.
- Megan is a member of the National Association of Industrial & Office Properties (NAIOP) Developing Leaders Group and is the NAIOP YPG Alumni Committee Chair. Megan holds a California Real Estate sales license.



# Contact information

---

**Thomas C. Klugherz**  
**Portfolio and Client Services**  
**UBS Realty Investors LLC**  
455 Market Street  
San Francisco, CA 94105  
thomas.klugherz@ubs.com

Tel. +1-415-538 4850  
Fax: +1-415-538 8141

[www.ubs.com/realestate](http://www.ubs.com/realestate)

Together, UBS Realty Investors LLC, UBS AgriVest LLC, and UBS Fund Services (USA) LLC, subsidiaries of UBS AG, comprise Global Real Estate – US.





NEPC, LLC

YOU DEMAND MORE. *So do we.*<sup>SM</sup>



## Ventura County Employees' Retirement Association

**Investment Summary**  
**Quarter Ending December 31, 2015**

Daniel LeBeau, Consultant  
Allan Martin, Partner  
Anthony Ferrara, CAIA, Senior Analyst

255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1313 | [www.nepc.com](http://www.nepc.com)

**BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO**

# Market Environment Update and Outlook

## Economic Environment

- **Fourth quarter GDP growth rate (first estimate) printed at a modest 0.7%.**
  - Retail sales (ended November) at +0.9% on a year-over-year growth rate basis. In the same period last year the YoY growth rate was 4.6%.
  - The inventory-to-sales ratio ending November was flat at 1.4 and has remained relatively flat since early 2010.
  - Corporate profits (ended June) as a percent of GDP declined slightly vs first quarter GDP to 9.9% from 10.3% and remain elevated relative to historical levels.
  - The U.S. trade deficit declined slightly in November.
- **The unemployment rate fell to 5.0% in Q4 from 5.6% in Q4 2014; U-6, a broader measure of unemployment, fell to 9.9% during the fourth quarter.**
- **The Case-Shiller Home Price Index (as of 10/31) increased slightly to 175.7 from second quarter levels (170.0) and is at levels higher than that of pre-financial crisis levels of 150.9.**
- **Rolling 12-month seasonally adjusted CPI increased to 0.6% from -0.02% at the end of September; Capacity Utilization decreased to 76.5% in December from 77.9% in September.**
- **Fed Funds rate was raised to 0.50% from 0.25%; The 10-year Treasury Yield (constant maturity) finished Q4 at 2.2% flat from Q3.**
- **The Fed balance sheet remained little changed in Q4 2015, while the European Central Bank balance sheet continues to increase.**
  - ECB continues asset purchases of €60 billion per month.
- **S&P valuations decreased in December remaining above the 10-year and long-term averages**
  - Cyclically adjusted Shiller PE ratio (23.95x) is above the long-term average of 16.4x and above the 10-year average of 22.9x.
- **The U.S. Dollar continues its strength against a basket of major currencies**
  - Currency volatility has seen a sustained uptick since Q1 2015.

### Global Equity

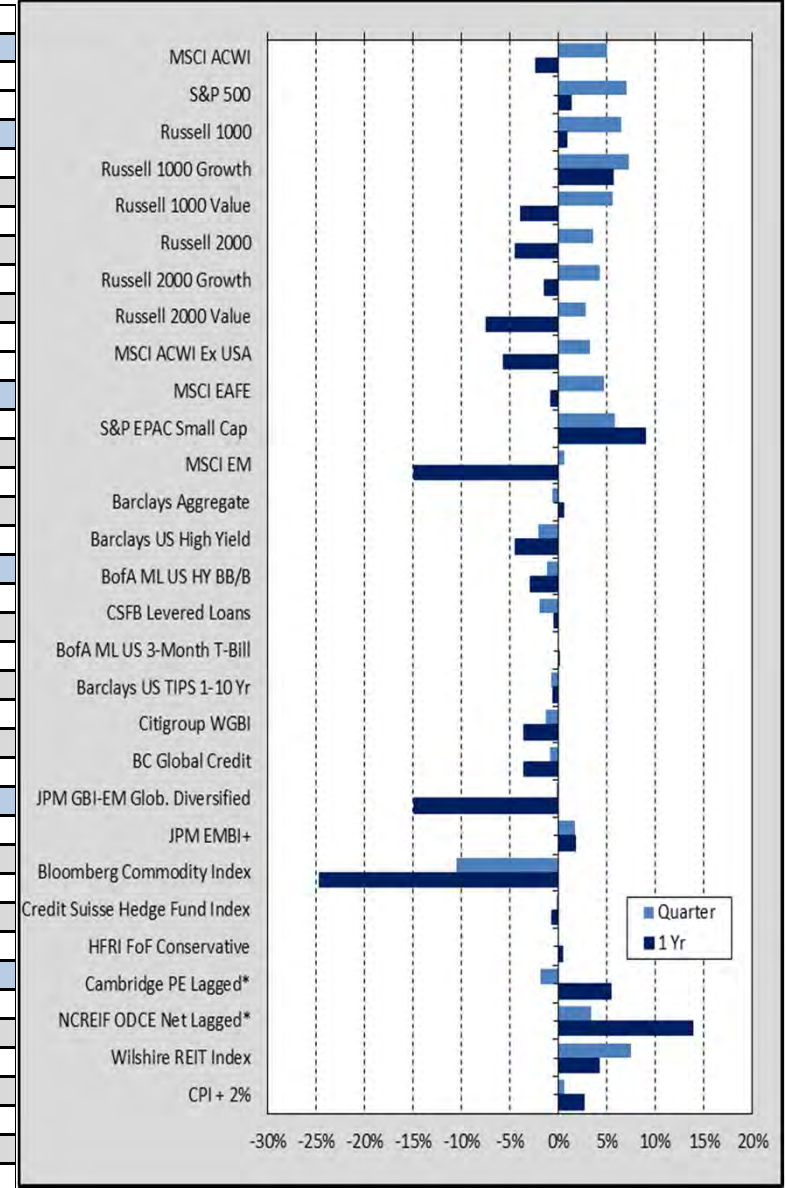
- **U.S. equities posted solid gains in the fourth quarter as global volatility continued.**
- **Small cap stocks underperformed large cap stocks during the quarter, with the Russell 2000 Index returning 3.6%% and the Russell 1000 Index returning 6.5%.**
- **International equities underperformed U.S. markets during the quarter, returning 3.2%, as measured by the MSCI ACWI ex-U.S. Index.**
  - Developed markets returned 4.7% as measured by the MSCI EAFE Index. The Pacific Region led returns posting a 9.0% gain with New Zealand leading the group up 18.2%. Europe posted modest gains, up 2.5%
  - Emerging markets returned 0.7% as measured by the MSCI Emerging Markets Index in U.S. dollar terms. Indonesia and China led gains returning 20.8% and 13.1% respectively.

### Private Equity

- **New private equity commitments totaled \$312 billion in calendar year 2015.**
  - Represents a 14% decline from the \$360 billion raised in 2014, resulting from public equity market volatility and increased economic uncertainties.
- **Buyout and Special Situations fundraising down over 20% from post crisis high in 2014.**
- **Venture capital raised approximately \$43.9 billion in calendar 2015.**
  - VC fundraising as a percent of total new PE funds is in line with historical post-dot com levels at approximately 14%.
- **Energy funds raised \$38.6 billion representing 12% of capital raised in 2015.**
  - Investors are opportunistically approaching the energy market dislocation.
- **Asian private equity commitments slowed to total 8% of total funds raised down from 11% in 2014.**
- **European commitments comprised 23% of all new PE commitments in 2015.**
  - Fifteen pan-European buyout managers with closes on over \$1 billion each raised over half of 2015 total

# Market Environment – Q4 2015 Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>World Equity Benchmarks</b>						
MSCI ACWI	World	5.0%	-2.4%	7.7%	6.1%	4.8%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Equity Benchmarks</b>						
S&P 500	Large Core	7.0%	1.4%	15.1%	12.6%	7.3%
Russell 1000	Large Core	6.5%	0.9%	15.0%	12.4%	7.4%
Russell 1000 Growth	Large Growth	7.3%	5.7%	16.8%	13.5%	8.5%
Russell 1000 Value	Large Value	5.6%	-3.8%	13.1%	11.3%	6.2%
Russell 2000	Small Core	3.6%	-4.4%	11.7%	9.2%	6.8%
Russell 2000 Growth	Small Growth	4.3%	-1.4%	14.3%	10.7%	8.0%
Russell 2000 Value	Small Value	2.9%	-7.5%	9.1%	7.7%	5.6%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>International Equity Benchmarks</b>						
MSCI ACWI Ex USA	World ex-US	3.2%	-5.7%	1.5%	1.1%	2.9%
MSCI EAFE	Int'l Developed	4.7%	-0.8%	5.0%	3.6%	3.0%
S&P EPAC Small Cap	Small Cap Int'l	5.9%	9.0%	10.7%	6.9%	5.7%
MSCI EM	Emerging Equity	0.7%	-14.9%	-6.8%	-4.8%	3.6%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Domestic Fixed Income Benchmarks</b>						
Barclays Aggregate	Core Bonds	-0.6%	0.5%	1.4%	3.2%	4.5%
Barclays US High Yield	High Yield	-2.1%	-4.5%	1.7%	5.0%	7.0%
BofA ML US HY BB/B	High Yield	-1.1%	-2.9%	2.2%	5.3%	6.5%
CSFB Levered Loans	Bank Loans	-2.0%	-0.4%	2.6%	3.8%	4.1%
BofA ML US 3-Month T-Bill	Cash	0.0%	0.1%	0.1%	0.1%	1.2%
Barclays US TIPS 1-10 Yr	Inflation	-0.7%	-0.5%	-1.8%	1.6%	3.5%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Global Fixed Income Benchmarks</b>						
Citigroup WGBI	World Gov. Bonds	-1.2%	-3.6%	-2.7%	-0.1%	3.4%
BC Global Credit	Global Bonds	-0.8%	-3.5%	-0.3%	2.8%	4.3%
JPM GBI-EM Glob. Diversified	Em. Mkt. Bonds (Local)	-0.0%	-14.9%	-10.0%	-3.5%	4.3%
JPM EMBI+	Em. Mkt. Bonds	1.8%	1.8%	-0.3%	5.0%	6.7%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
<b>Alternative Benchmarks</b>						
Bloomberg Commodity Index	Commodity	-10.5%	-24.7%	-17.3%	-13.5%	-6.4%
Credit Suisse Hedge Fund Index	Hedge Fund	-0.1%	-0.7%	4.3%	3.6%	5.0%
HFRI FoF Conservative	Fund of Funds	0.1%	0.4%	3.7%	2.3%	2.0%
Cambridge PE Lagged*	Private Equity	-1.8%	5.4%	13.5%	14.1%	12.1%
NCREIF ODCE Net Lagged*	Real Estate	3.4%	13.9%	12.4%	12.9%	5.7%
Wilshire REIT Index	REIT	7.5%	4.2%	11.8%	12.4%	7.3%
CPI + 2%	Inflation/Real Assets	0.6%	2.7%	3.0%	3.6%	3.9%



\* As of 9/30/2015

## Market Environment

### Fixed Income

- The yield curve shifted up with intermediate yields increasing 21-39 basis points and long duration yields increasing 14 basis points.
- The spread between two and 10-year rates decreased to 121 basis points from 141 basis points ended December. Treasury Inflation-Protected Securities, or TIPS, returned -0.7% during the quarter, as measured by the Barclays US TIPS 1-10 Yr Index.
- The Barclays Long Duration Credit Index lost -0.67% as the long end of the curve ended the quarter 14 basis points higher.
- Long Treasuries lost -1.38% and investment-grade corporate debt lost -0.52%.
- The Barclays 1-3 year Government/ Credit Index returned -0.36% and US high yield bonds lost -2.1%.
- Emerging markets debt continued to slow in local currency and was modestly positive in US denominated terms.
  - US dollar-denominated debt, as measured by the JP Morgan EMBI Index, gained 1.8%; local currency debt was flat, according to the JP Morgan GBI-EM Index.

### Real Assets/Inflation-Linked Assets

- **Massive energy market dislocation.**
  - Seek inflation sensitive asset classes that offer positive yield
  - Oil prices trending lower.
  - Private equity and private debt opportunities may be relatively attractive.
  - Potential for public stressed/distressed credit, equity and commodity plays.
- **OPEC and Saudi Arabia have indicated a willingness to allow lower oil prices to persist in efforts to cement market share and reduce marginal supply.**
- **Select infrastructure opportunities are attractive.**
  - Target opportunistic strategies in niche sub-sectors to take advantage of market dislocations.
- **NEPC continues to believe in the long-term demand drivers in agriculture.**
  - Long-term commodity prices driven by growing emerging market demand.
  - Softness in commodity prices may provide attractive entry point.
- **Timber opportunity set limited but warrants further review**
  - 45% increase in housing starts forecasted; timber prices highly correlated



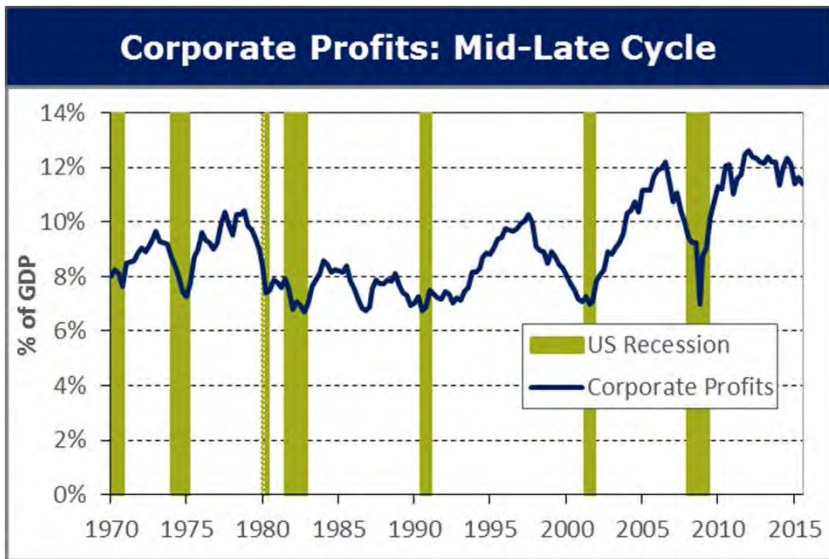
### Commodities

- **Commodities retracted significantly with the Bloomberg Commodity Index posting a -10.5%.**
  - Commodities ended the year down -24.6% with 21 of the 22 single-commodity indexes posting losses.

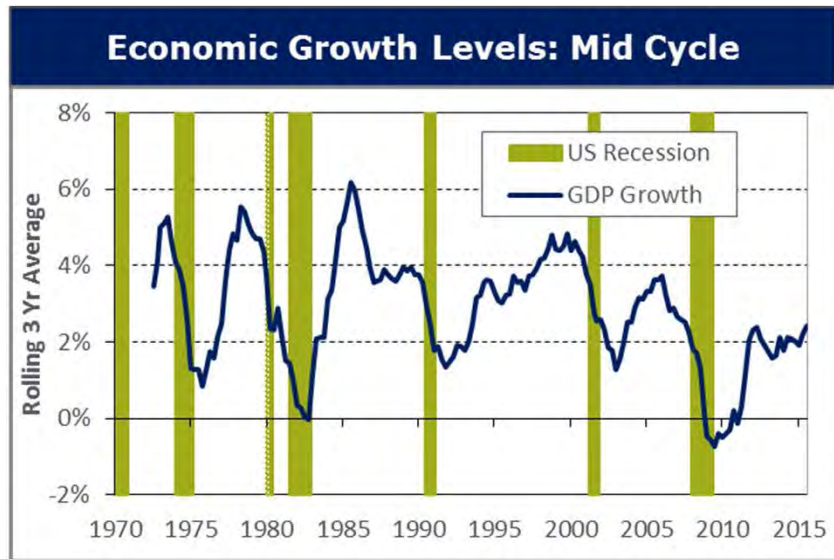
### Real Estate

- **NEPC continues to be neutral on core real estate in the US and remains positive on non-core real estate, that is, value-add and opportunistic strategies.**
- **Within U.S. core real estate, strong fundamentals continue to be the story along with attractive income spreads relative to interest rates.**
  - Real estate fundamentals and debt terms are attractive, however valuations are high and the possibility of rising interest rates and the impact on cap rates causes concern.
- **Overall, the non-core real estate investment environment in the U.S. is normalizing; however, select areas remain attractive.**
- **Europe is viewed as the best place for a marginal dollar of non-core real estate investment.**
  - Europe is emerging from multi-year recession, but recovery is slow and uneven with global markets experiencing large capital inflows.
  - Banks in EU are still overleveraged and have significant real estate exposure to jettison.

# Tale of Two Economies: Corporate Sector and the US Consumer



Source: St. Louis Federal Reserve



Source: St. Louis Federal Reserve

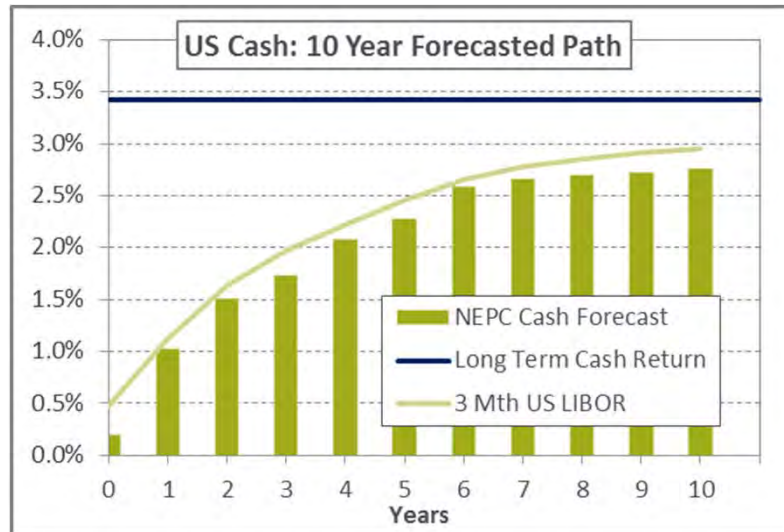


Source: St. Louis Federal Reserve

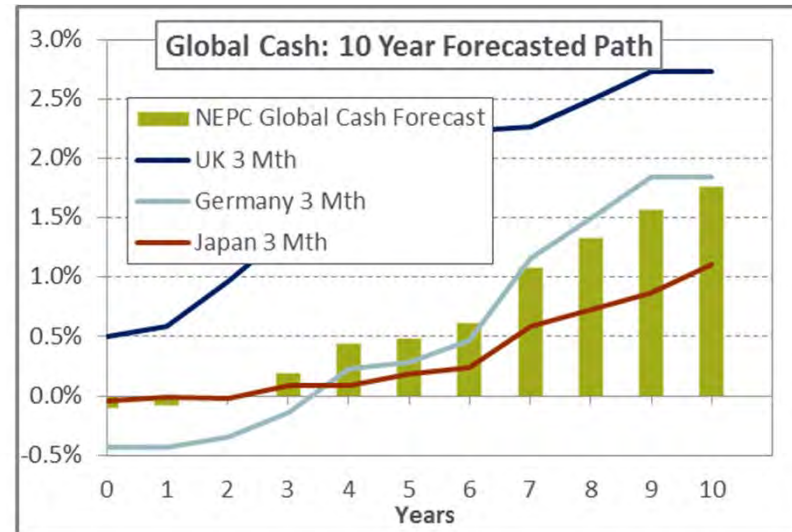
- ### Where Are We In the Economic Cycle?
- **Relative to the average length of economic cycles the US expansion is in its later stages**
  - **Improvement in wage growth and consumer spending can potentially extend the expansion**
  - **Continued US expansion provides a positive foundation for US risk assets**



## Global Central Bank Policy: "Lower for Longer"



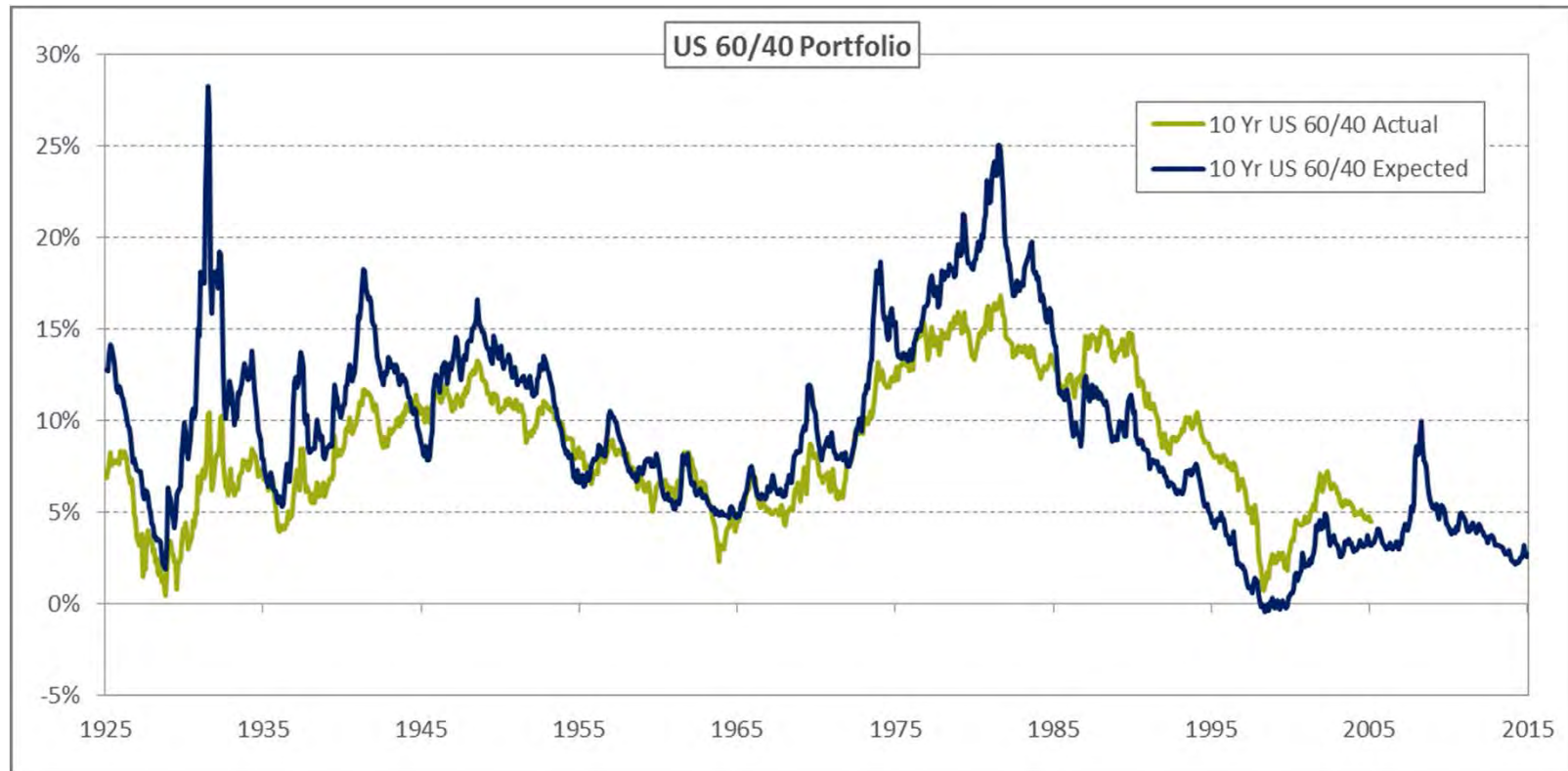
Source: Bloomberg, NEPC



Source: Bloomberg, NEPC

- **Accommodative global monetary policies flow through to markets distorting the traditional asset return profile**
  - QE and negative interest rates suppress income while supporting higher valuations
  - Provides near term support for market conditions in Europe and Japan
- **Potential extended period of low cash rates beyond the market expectations pose challenges for all investors**
  - Subdued long term cash expectations in the developed world compress long term expected returns for both fixed income and equity

## Low Global Cash Rates Suppress Long Term Return Expectations



Source: Shiller Data, NEPC

- **US centric portfolios like 60/40 have worked historically but forward looking return prospects are subdued**
  - Asset prices can be sustained but low yields portend below average expected returns
- **Conventional investment approaches may fall short going forward**
  - Index focused approaches, such as core bonds, suboptimal in current environment
  - Adjustments will be necessary to effectively meet and exceed long-term objectives

- **Maintain exposure to US risk assets in a low return environment**
  - Lower returns expected but risk premia can still be harvested as cycle extends
  - Economic cycle is in the advanced stages but macro policy remains supportive
  - Low core bond returns warrant a more positive tilt to equity, especially after sell-offs
- **Overweight non-US developed market equities**
  - Central bank support and dollar strength provide a positive economic backdrop
  - Corporate earnings remain well below 2007 levels despite recent earnings recovery
  - EAFE equity markets offer the potential for outsized returns relative to US equities
- **Reaffirm commitment to emerging market equities**
  - Valuations and long-term fundamentals suggest an overweight
  - China uncertainty, dollar pressure and idiosyncratic country risks temper excitement
  - Overweight small-cap and consumer focused strategies relative to broad mandates
- **Seek tactical fixed income strategies but preserve duration exposure**
  - Spreads have widened but credit selection is critical as credit cycle matures
  - US duration continues to have a role in a diversified and risk-aware portfolio
  - TIPS offer an attractive duration profile with inflation expectations at secular lows
- **Explore positive yielding assets revealed from energy market distress**
  - Private strategy returns are compelling but suggest patience
  - Focus on segments of the public markets that offer a yield

## Highlights of Fourth Quarter Happenings at NEPC

### After 30 Years NEPC's Founder has Transitioned to Chairman Emeritus

- NEPC's founder and chairman Richard "Dick" Charlton retired on January 1, 2016 after overseeing a decade-long succession process that involved a change in corporate structure and a planned approach to distributing his ownership shares. Dick had the foresight to begin distributing equity to partners 25 years ago and the formal succession process began in late 2007. Dick's vision for a client-focused organization continues to be the hallmark of NEPC and this deep-rooted culture will live on for generations to come. Mike Manning continues in his leadership role as Managing Partner with the guidance of our Partnership; a Partnership recognized throughout the industry for its depth, talent and culture. We are well positioned to lead in this increasingly competitive marketplace. NEPC has never been stronger.



### Professional Staff Updates

- **New Principals:** Lenia Ascenso, Principal and Director of Discretionary Operations; Devan Dewey, Principal and Chief Technology Officer; and Matt Lombardi, Principal and Chief Financial Officer
- We are also pleased to announce that Wyatt Crumpler joined NEPC in November as a Principal and Senior Consultant from American Beacon Advisors, Inc., and Sam Pollack joined NEPC as a Senior Consultant from DiMeo Schneider and Associates. Wyatt is a member of NEPC's Corporate consulting group and Sam is a member of NEPC's Endowment & Foundation consulting group.

### Upcoming/Recent Events

- 2016 Market Outlook Webinar: January 26, 2016 at 2:00 PM EST.
- NEPC's 21st Annual Client Conference: May 10-11, 2016 in Boston at the Hynes Convention Center.
  - This year we will be offering an optional pre-conference workshop on Monday, May 9th at NEPC's Boston office.
- NEPC hosted a Manager Diversity Program event at our Boston office on October 12, 2015 in an effort to continue and enhance our firm's efforts in this area. The purpose of the gathering was to provide an opportunity for diverse managers to meet NEPC and have an open discussion about our research efforts in the arena of minority- and female-owned firms.

## Highlights of Fourth Quarter Happenings at NEPC - continued

### NEPC Research

#### Recent White Papers

- *2015 Fourth Quarter Market Thoughts*
- *Governance: The Cornerstone of Successful Investment Programs* (January 2016) – Endowment & Foundation Practice Team
- *Green Bonds: An Overview* (December 2015) – NEPC Impact Investing Committee
- *Completing the Analysis: ESG Integration* (November 2015) – NEPC Impact Investing Committee
- *NEPC's Survey on Hedge Fund Operations* (November 2015) – Hedge Fund Operational Due Diligence team
- *Market Chatter: The Rise and Fall (and Rise?) of Oil Prices* (October 2015)

### NEPC Recognitions

- NEPC, LLC was awarded "Best Full-Service Investment Consulting Firm - USA" by Acquisition International for the 2016 Hedge Fund Awards <sup>1</sup>



### NEPC Client Recognitions

- Congratulations to the following NEPC clients for their nominations as Asset Owner Finalists for the 2015 CIO Industry Innovation Awards. Five NEPC clients who won awards in their categories are also highlighted below.
  - **Foundation:** Wisconsin Alumni Research Foundation (Carrie Thome) - Category Winner; Northwest Area Foundation (Amy Jensen)
  - **Endowment:** Fordham University (Eric Wood); Texas Tech University System (Tim Barrett)
  - **Public Defined Benefit Plan Below \$15B:** Orange County Employees Retirement System (Girard Miller) - Category Winner; MoDOT and Patrol Employees' Retirement System (Larry Krumpfenner)
  - **Public Defined Benefit Plan Between \$15B and \$100B:** Massachusetts PRIM (Michael Trotsky) - Category Winner
  - **Public Defined Benefit Plan Above \$100B:** New York City Retirement System (Scott Evans); State of Wisconsin Investment Board (David Villa)
  - **Health Care Organization:** Baylor Scott and White Health (Mark Amiri) - Category Winner; Trinity Health (Dina Richards)
  - **Next Generation:** Massachusetts PRIM (Sarah Samuels) - Category Winner

<sup>1</sup> This award pertains to NEPC's past performance only and is not indicative of NEPC's future performance. It should not be considered an endorsement of NEPC.

# Total Fund Performance

Note: All of the data shown on the following pages is as of December 31, 2015 and reflects the deduction of investment manager fees, unless otherwise noted.



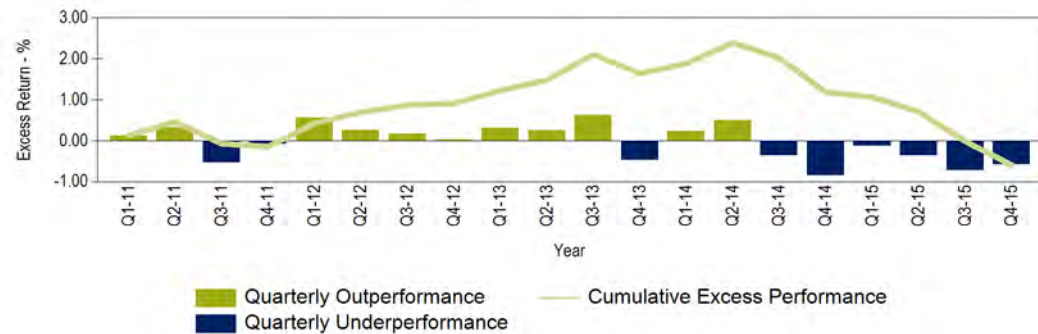
# Ventura County Employees' Retirement Association

## Total Fund Performance Summary (Net)

	Market Value	3 Mo	Rank	Fiscal YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	10 Yrs	Rank	Return	Since
<b>Total Fund</b>	<b>\$4,290,811,595</b>	<b>2.8%</b>	<b>31</b>	<b>-2.7%</b>	<b>43</b>	<b>-0.9%</b>	<b>68</b>	<b>7.6%</b>	<b>33</b>	<b>7.3%</b>	<b>28</b>	<b>5.6%</b>	<b>42</b>	<b>7.8%</b>	<b>Apr-94</b>
Policy Index		3.3%	10	-1.4%	19	0.9%	28	8.1%	14	7.5%	24	5.9%	23	7.9%	Apr-94
Allocation Index		3.5%	5	-2.4%	36	-0.5%	63	7.3%	44	6.9%	45	5.4%	62	--	Apr-94
60% MSCI World (Net) / 40% CITI WGBI		2.8%	29	-1.7%	22	-1.7%	88	4.7%	90	4.7%	95	4.7%	81	6.2%	Apr-94
InvestorForce Public DB > \$1B Net Median		2.4%		-2.9%		-0.1%		6.9%		6.8%		5.5%		7.4%	Apr-94

- For the five-year period ending December 31, 2015, the Fund returned 7.3%, trailing the policy index by 0.2% and ranking in the 28th percentile of its peers. The Fund's volatility, as measured by standard deviation, ranked in the 75th percentile of its peers, and the risk-adjusted return, or Sharpe Ratio, ranks in the 52nd percentile. This means that the Fund has earned more return per unit of volatility taken than 48% of its peers.

Quarterly and Cumulative Excess Performance



- For the three-year period ending December 31, 2015, the Fund returned 7.6%, trailing the policy index by 0.5% and ranking in the 33rd percentile of its peers. The Fund's volatility ranks in the bottom third of its peers over this period, with the Fund's Sharpe Ratio ranking in the 56th percentile.

3 Years Ending December 31, 2015

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	7.6%	33	6.8%	67	1.1	56	2.2	43
Policy Index	8.1%	14	6.6%	56	1.2	32	2.4	26
InvestorForce Public DB > \$1B Net Median	6.9%	--	6.3%	--	1.1	--	2.2	--

- For the one-year period ending December 31, 2015, the Fund returned -0.9%, trailing the policy index by 1.8% and ranking in the 68th percentile of the InvestorForce Public Funds > \$1 Billion Universe (Net of Fees).

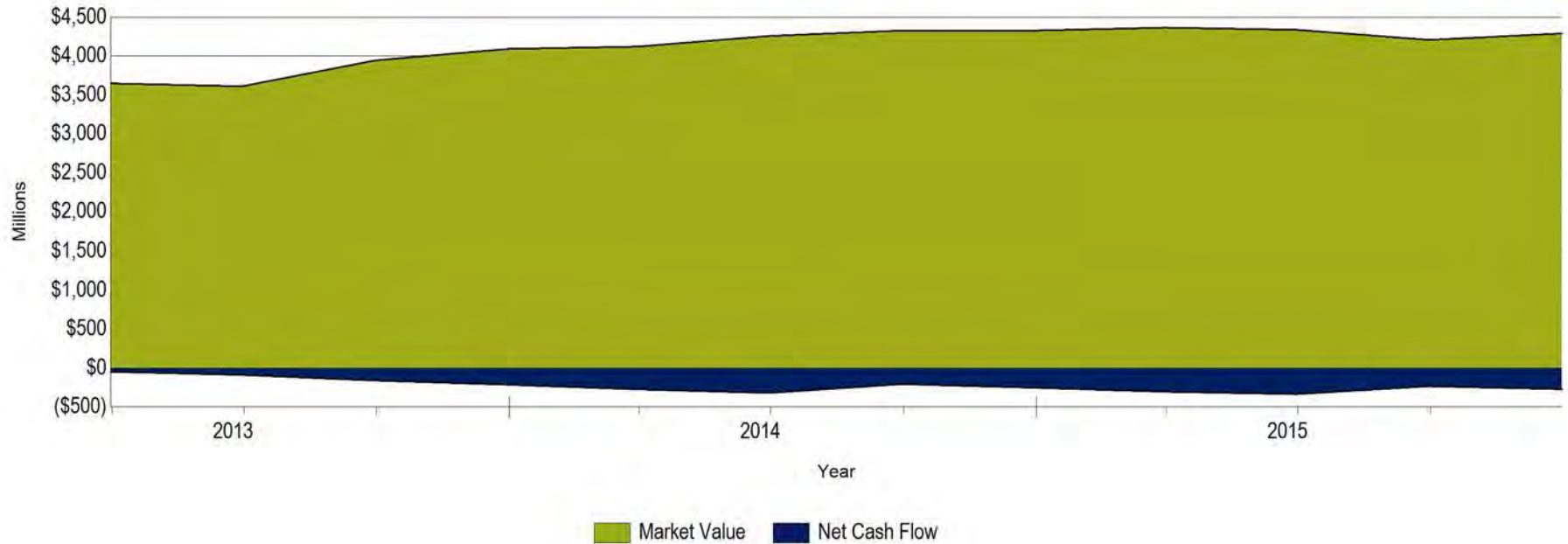
5 Years Ending December 31, 2015

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	7.3%	28	8.0%	75	0.9	52	1.4	51
Policy Index	7.5%	24	7.9%	69	0.9	47	1.4	47
InvestorForce Public DB > \$1B Net Median	6.8%	--	7.3%	--	0.9	--	1.4	--

- For the one-year period ending December 31, 2015, the Fund experienced a net investment loss of \$19 million, which includes a net investment loss of \$121 million in the quarter. Assets decreased from \$4.33 billion one year ago to \$4.29 billion on December 31, 2015.

**Total Fund Asset Growth Summary**

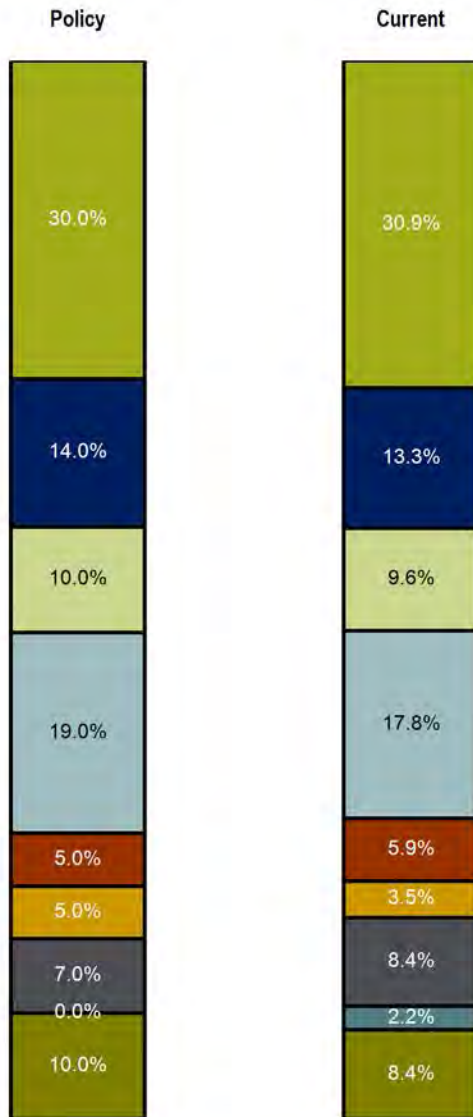
**Market Value History**  
3 Years Ending December 31, 2015



**Summary of Cash Flows**

Sources of Portfolio Growth	Fourth Quarter	Fiscal Year-To-Date	One Year	Three Years
Beginning Market Value	\$4,208,105,148	\$4,338,136,581	\$4,328,232,756	\$3,498,758,840
Net Additions/Withdrawals	-\$38,412,108	\$63,170,263	-\$18,843,202	-\$272,732,959
Investment Earnings	\$121,118,555	-\$110,495,249	-\$18,577,959	\$1,064,785,714
Ending Market Value	\$4,290,811,595	\$4,290,811,595	\$4,290,811,595	\$4,290,811,595

**Total Fund Asset Allocation vs. Policy Targets**



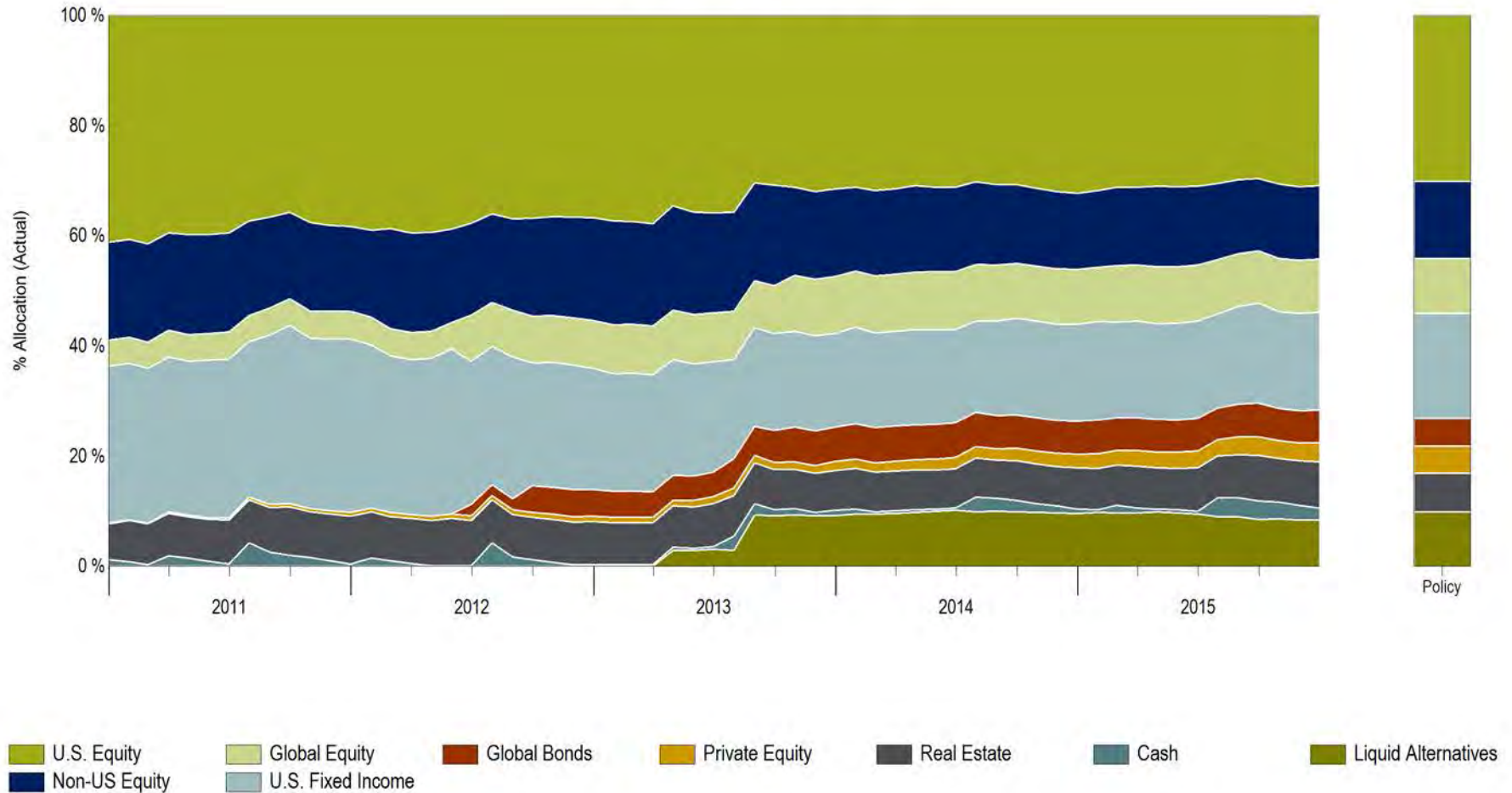
		Asset Allocation vs. Target					
		Current	Current	Policy	Difference *	Policy Range	Within Range
■	U.S. Equity	\$1,324,103,315	30.9%	30.0%	0.9%	26.0% - 34.0%	Yes
■	Non-US Equity	\$571,025,742	13.3%	14.0%	-0.7%	11.0% - 17.0%	Yes
■	Global Equity	\$413,921,378	9.6%	10.0%	-0.4%	7.0% - 13.0%	Yes
■	U.S. Fixed Income	\$763,529,805	17.8%	19.0%	-1.2%	15.0% - 23.0%	Yes
■	Global Bonds	\$252,651,309	5.9%	5.0%	0.9%	3.0% - 7.0%	Yes
■	Private Equity	\$149,484,817	3.5%	5.0%	-1.5%	3.0% - 7.0%	Yes
■	Real Estate	\$358,956,726	8.4%	7.0%	1.4%	4.0% - 10.0%	Yes
■	Cash	\$96,458,273	2.2%	0.0%	2.2%	0.0% - 3.0%	Yes
■	Liquid Alternatives	\$360,680,230	8.4%	10.0%	-1.6%	7.0% - 13.0%	Yes
<b>Total</b>		<b>\$4,290,811,595</b>	<b>100.0%</b>	<b>100.0%</b>			

\*Difference between Policy and Current Allocation

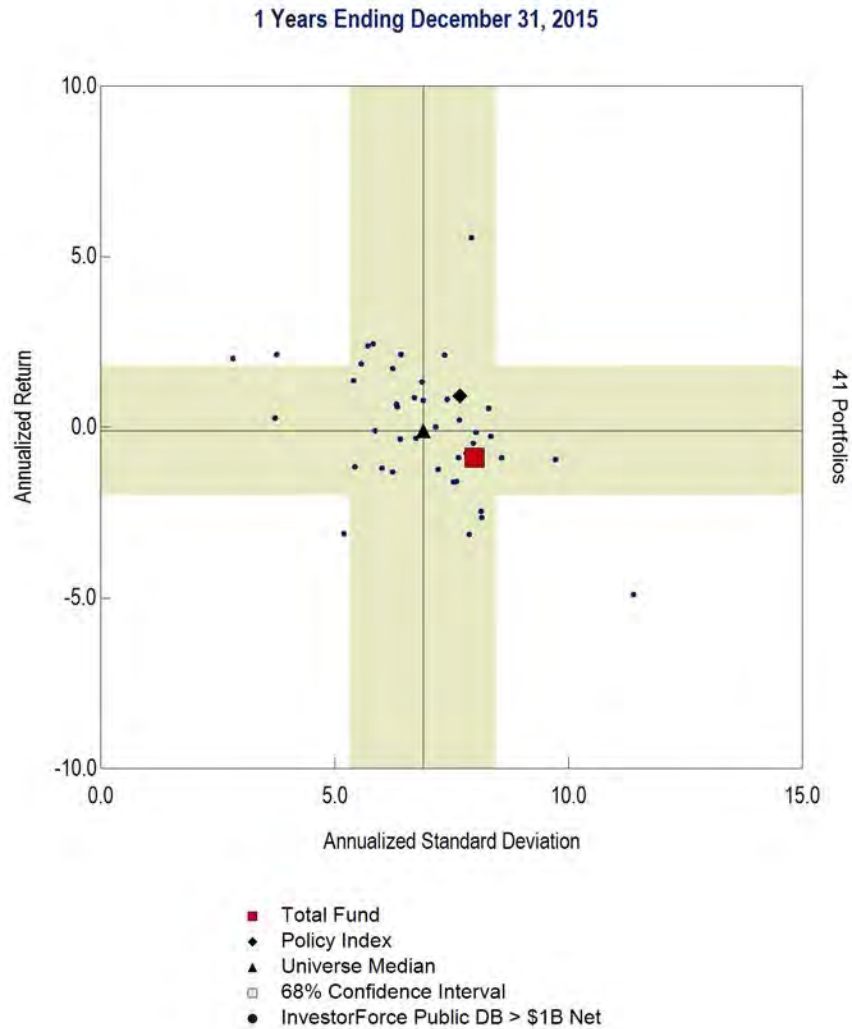
Cash represents assets in Parametric Overlay

**Total Fund Allocation History**

Asset Allocation History  
5 Years Ending December 31, 2015



Total Fund Risk/Return



1 Years Ending December 31, 2015

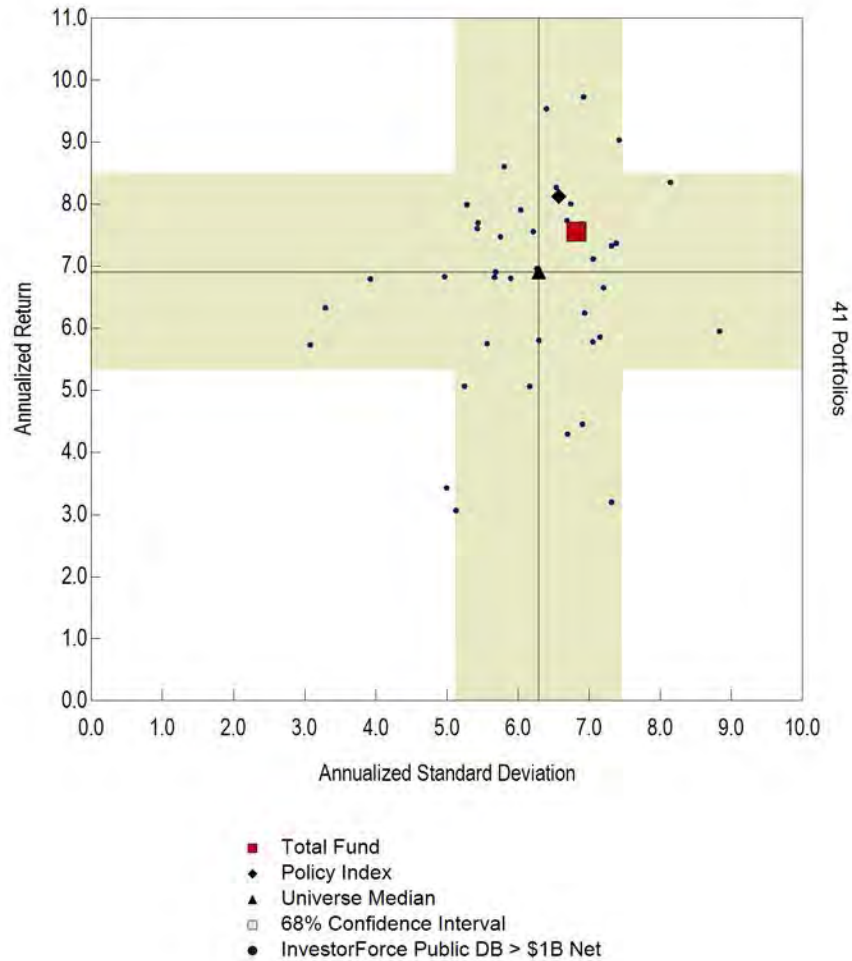
	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	-0.9%	68	8.0%	82
Policy Index	0.9%	28	7.7%	71
InvestorForce Public DB > \$1B Net Median	-0.1%	--	6.9%	--

1 Years Ending December 31, 2015

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	-0.1	72	-0.2	73
Policy Index	0.1	30	0.2	28
InvestorForce Public DB > \$1B Net Median	0.0	--	0.0	--

Total Fund Risk/Return

3 Years Ending December 31, 2015



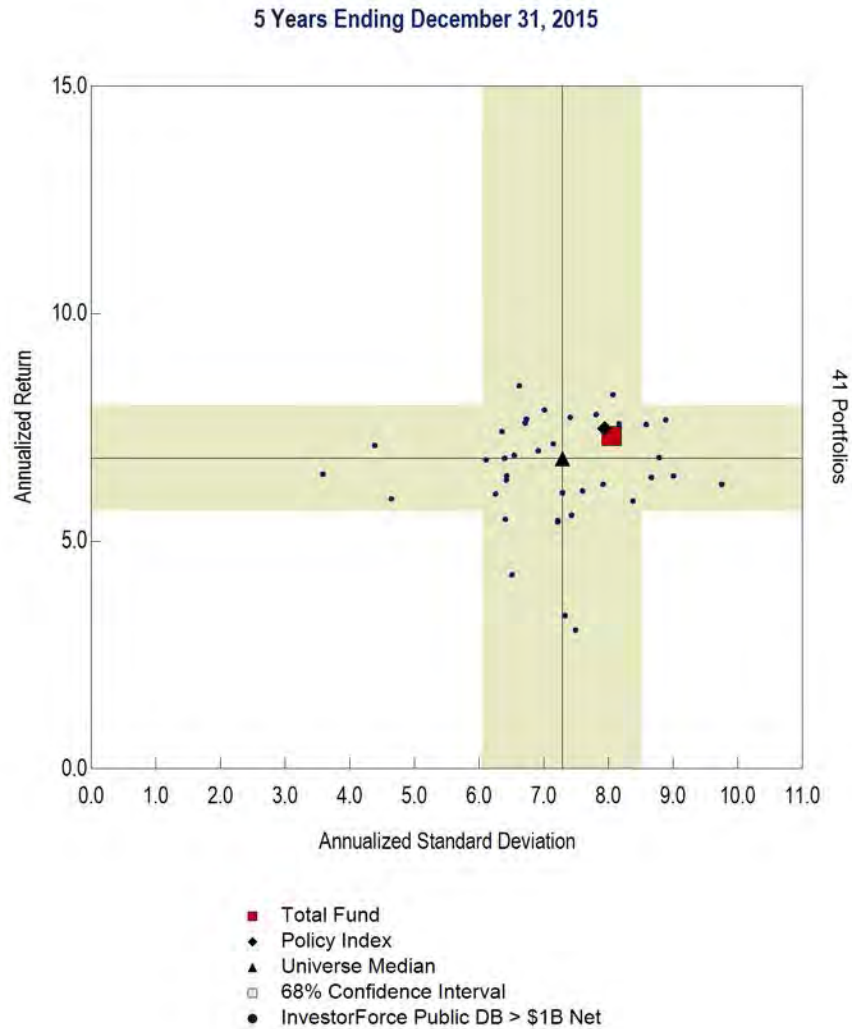
3 Years Ending December 31, 2015

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	7.6%	33	6.8%	67
Policy Index	8.1%	14	6.6%	56
InvestorForce Public DB > \$1B Net Median	6.9%	--	6.3%	--

3 Years Ending December 31, 2015

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	1.1	56	2.3	43
Policy Index	1.2	32	2.4	26
InvestorForce Public DB > \$1B Net Median	1.1	--	2.2	--

Total Fund Risk/Return



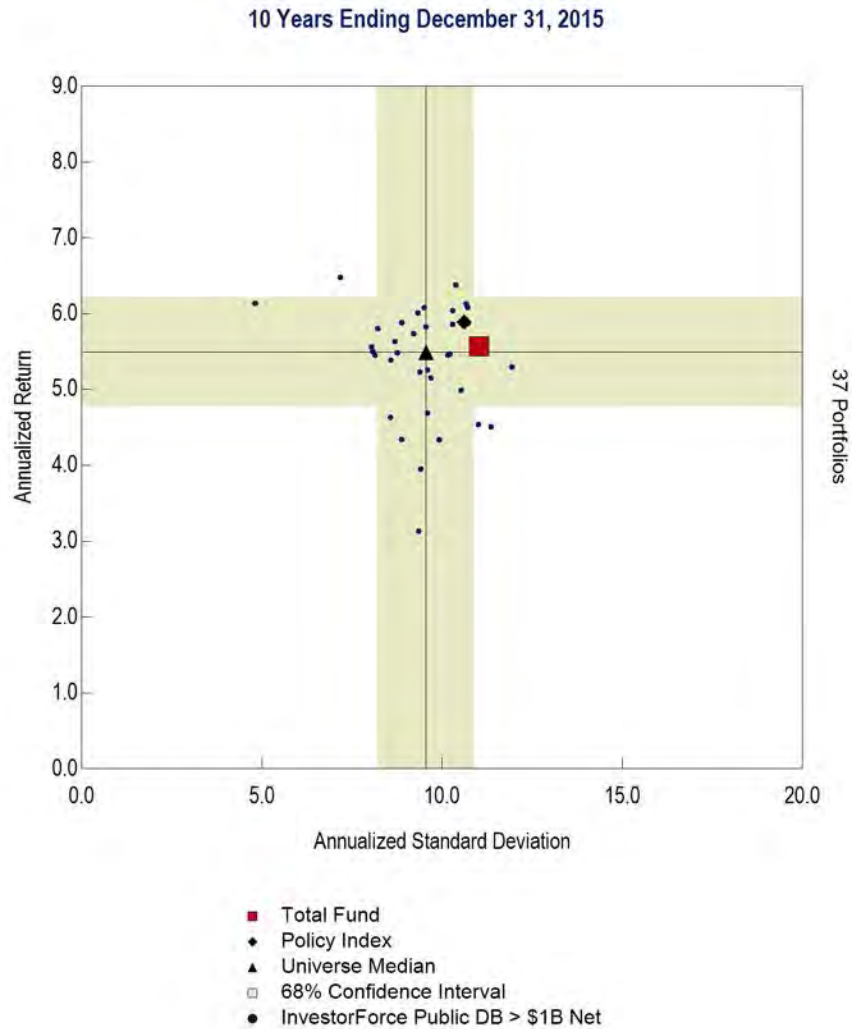
5 Years Ending December 31, 2015

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	7.3%	28	8.0%	75
Policy Index	7.5%	24	7.9%	69
InvestorForce Public DB > \$1B Net Median	6.8%	--	7.3%	--

5 Years Ending December 31, 2015

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	0.9	52	1.4	51
Policy Index	0.9	47	1.4	47
InvestorForce Public DB > \$1B Net Median	0.9	--	1.4	--

**Total Fund Risk/Return**



10 Years Ending December 31, 2015

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	5.6%	42	11.0%	92
Policy Index	5.9%	23	10.6%	80
InvestorForce Public DB > \$1B Net Median	5.5%	--	9.6%	--

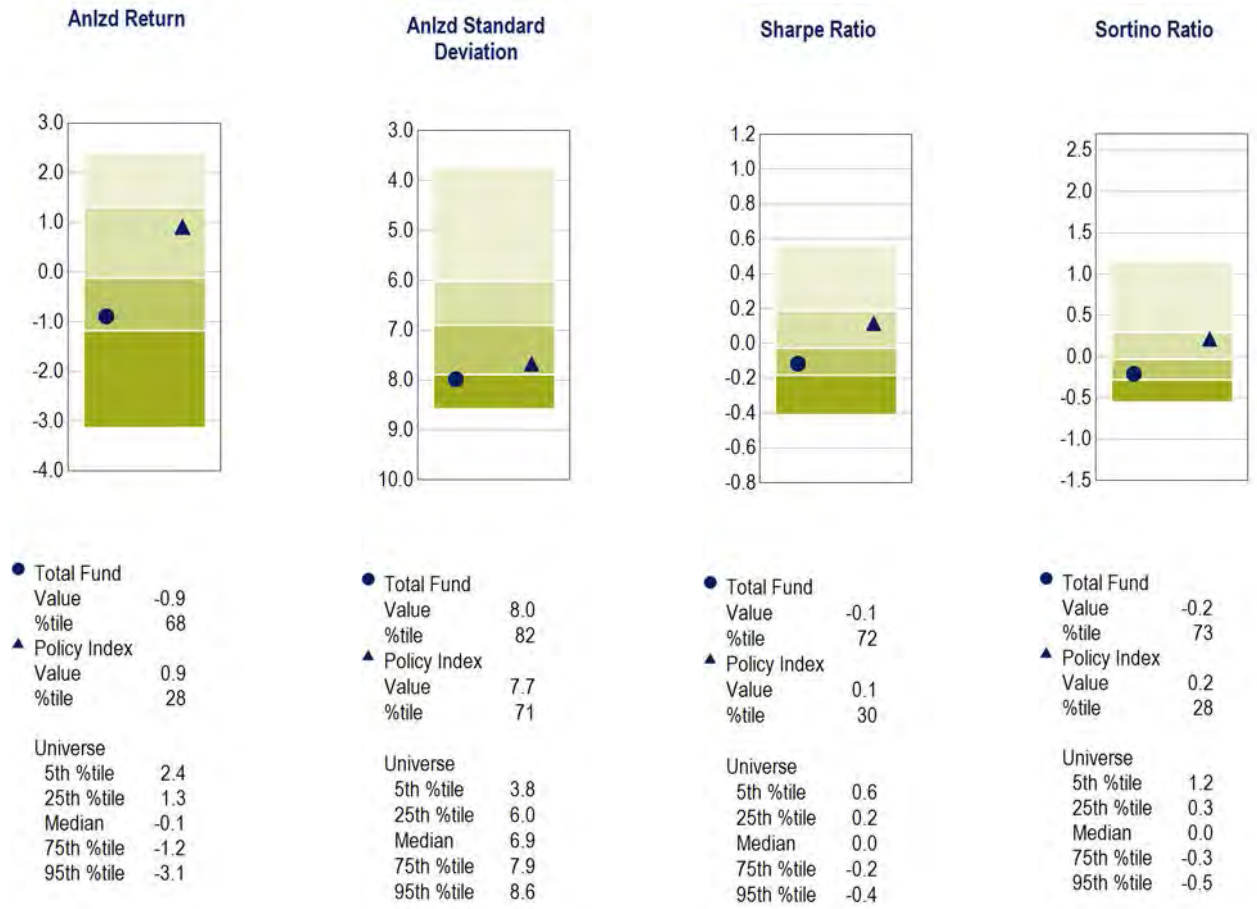
10 Years Ending December 31, 2015

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	0.4	73	0.6	70
Policy Index	0.5	52	0.7	51
InvestorForce Public DB > \$1B Net Median	0.5	--	0.7	--



Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. InvestorForce Public DB > \$1B Net  
1 Year



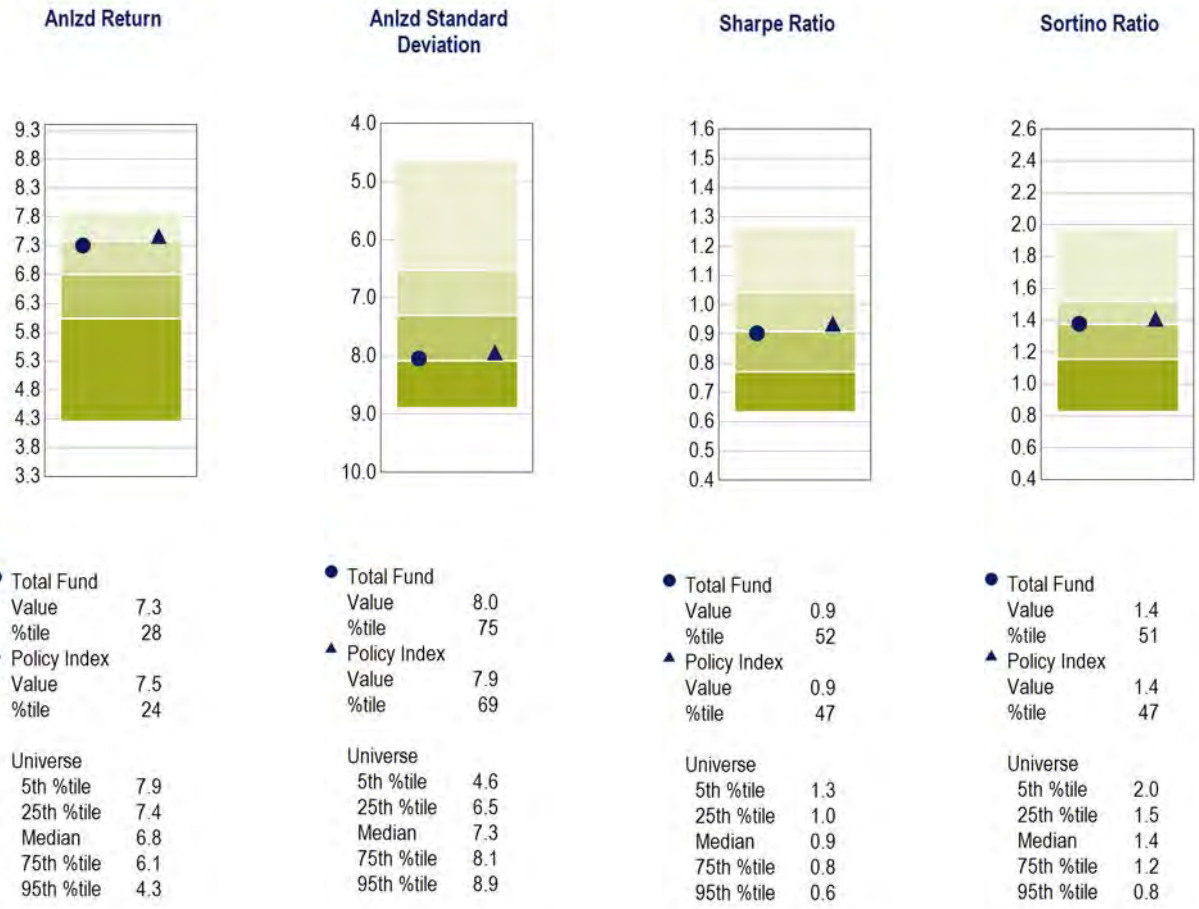
Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. InvestorForce Public DB > \$1B Net  
3 Years



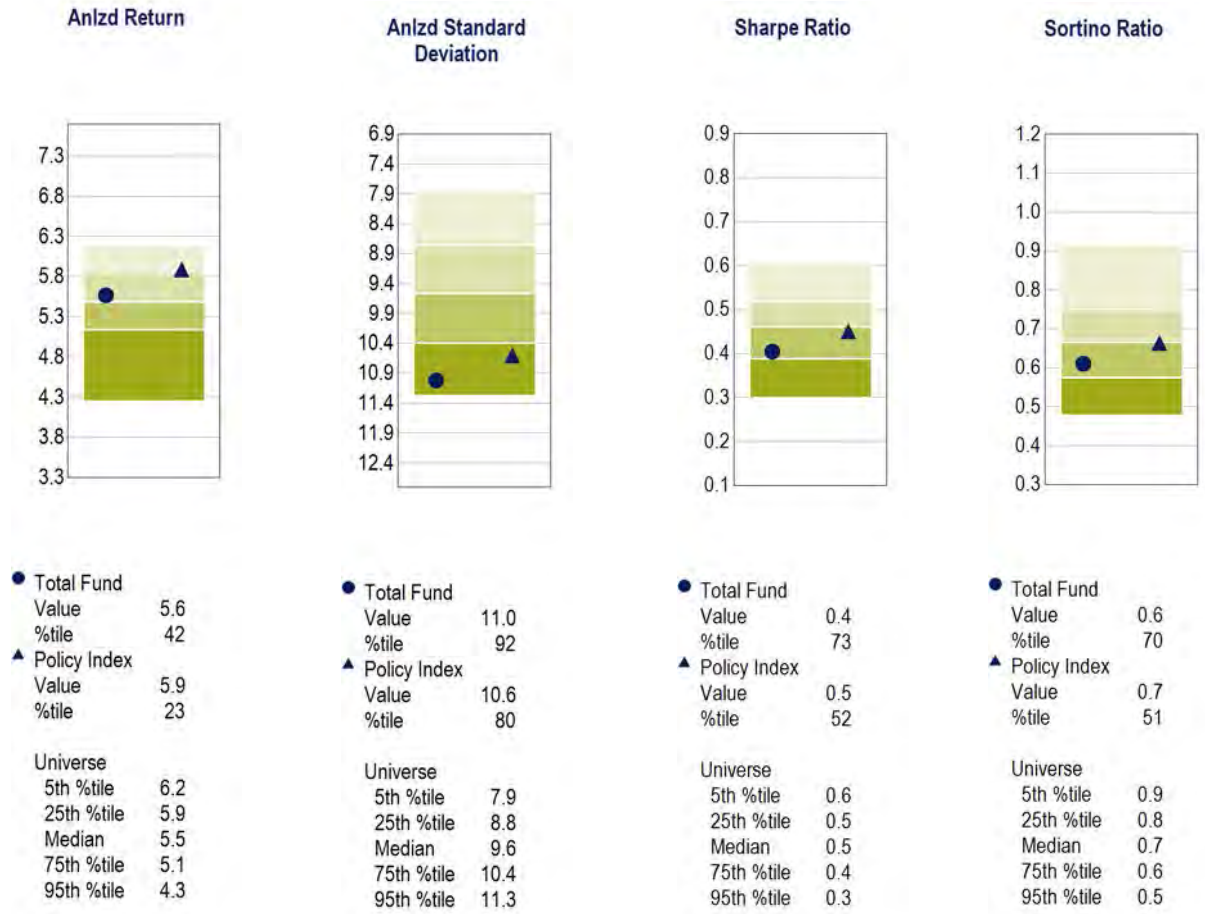
Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. InvestorForce Public DB > \$1B Net  
5 Years

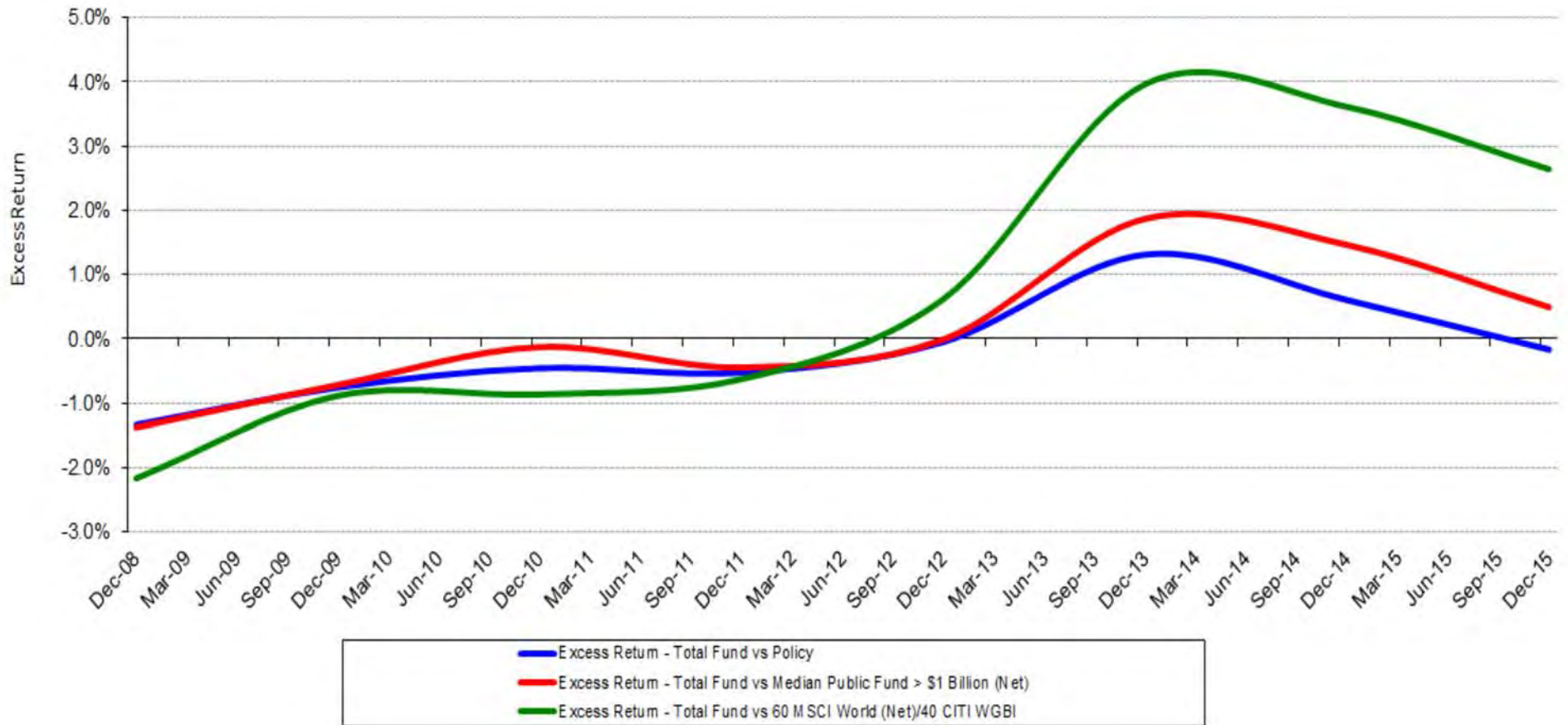


Total Fund Risk Statistics vs. Peer Universe

Total Fund vs. InvestorForce Public DB > \$1B Net  
10 Years

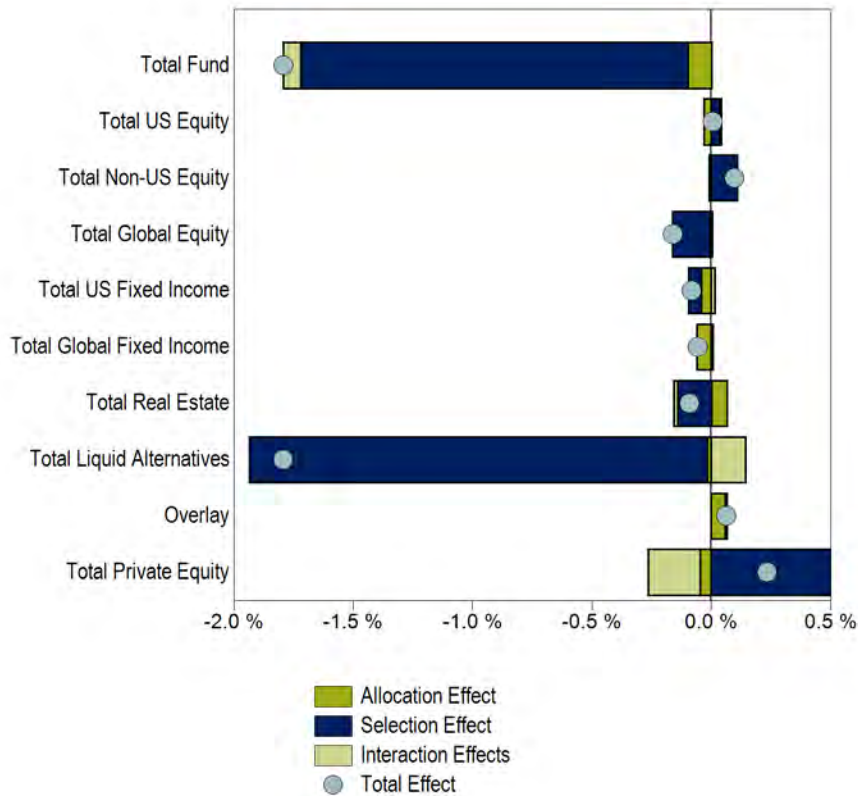


Rolling 5 Year Excess Returns- Net of Fees



**Total Fund Attribution Analysis**

**Attribution Effects**  
1 Year Ending December 31, 2015



**Attribution Summary**  
1 Year Ending December 31, 2015

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	0.5%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%
Total Non-US Equity	-4.8%	-5.7%	0.8%	0.1%	0.0%	0.0%	0.1%
Total Global Equity	-3.8%	-2.4%	-1.5%	-0.2%	0.0%	0.0%	-0.2%
Total US Fixed Income	0.3%	0.5%	-0.2%	-0.1%	0.0%	0.0%	-0.1%
Total Global Fixed Income	-3.1%	-3.2%	0.0%	0.0%	-0.1%	0.0%	-0.1%
Total Real Estate	12.8%	15.0%	-2.2%	-0.1%	0.1%	0.0%	-0.1%
Total Liquid Alternatives	-13.8%	4.9%	-18.7%	-1.9%	0.0%	0.1%	-1.8%
Overlay	5.3%	0.0%	5.3%	0.0%	0.1%	0.0%	0.1%
Total Private Equity	14.7%	3.5%	11.2%	0.5%	0.0%	-0.2%	0.2%
<b>Total</b>	<b>-0.9%</b>	<b>0.9%</b>	<b>-1.8%</b>	<b>-1.6%</b>	<b>-0.1%</b>	<b>-0.1%</b>	<b>-1.8%</b>

Ventura County Employees' Retirement Association

**Total Fund Risk Statistics**

**1 Year Ending December 31, 2015**

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Tracking Error	Rank	Info Ratio	Rank	Anlzd AJ	Rank	Beta
Total Fund	100.0%	-0.9%	81	8.0%	84	-0.1	79	0.8%	14	-2.3	--	-1.8%	93	1.0
Policy Index	--	0.9%	39	7.7%	73	0.1	41	0.0%	1	--	--	0.0%	63	1.0
Total Equity	53.8%	-1.7%	68	13.3%	60	-0.1	67	1.3%	1	0.5	52	0.6%	67	1.0
MSCI ACWI	--	-2.4%	73	13.9%	72	-0.2	72	0.0%	1	--	--	0.0%	72	1.0
Total US Equity	30.9%	0.5%	40	13.3%	53	0.0	41	0.1%	1	1.4	9	0.1%	40	1.0
Total U.S. Equity Benchmark	--	0.4%	42	13.2%	52	0.0	42	0.0%	1	--	--	0.0%	42	1.0
Total Non-US Equity	13.3%	-4.8%	94	14.3%	75	-0.3	94	1.0%	1	0.8	82	0.5%	94	0.9
Total Non-US Equity Benchmark	--	-5.7%	96	15.1%	90	-0.4	96	0.0%	1	--	--	0.0%	95	1.0
Total Global Equity	9.6%	-3.8%	79	13.9%	72	-0.3	79	1.4%	2	-1.0	--	-1.5%	79	1.0
MSCI ACWI	--	-2.4%	73	13.9%	72	-0.2	72	0.0%	1	--	--	0.0%	72	1.0
Total Fixed Income	23.7%	-0.6%	66	1.9%	16	-0.3	69	2.9%	86	0.9	24	0.2%	38	0.3
Barclays Global Aggregate	--	-3.2%	93	3.1%	85	-1.0	96	0.0%	1	--	--	0.0%	57	1.0
Total US Fixed Income	17.8%	0.3%	65	2.0%	36	0.1	65	2.6%	63	-0.1	--	0.1%	62	0.3
Barclays Aggregate	--	0.5%	60	3.0%	66	0.2	64	0.0%	1	--	--	0.0%	65	1.0
Total Global Fixed Income	5.9%	-3.1%	61	2.5%	14	-1.3	86	1.6%	11	0.0	61	-1.0%	53	0.7
Barclays Global Aggregate	--	-3.2%	61	3.1%	33	-1.0	75	0.0%	1	--	--	0.0%	37	1.0
Total Private Equity	3.5%	14.7%	17	7.7%	73	1.9	35							
DJ U.S. Total Stock Market Index + 3%	--	3.5%	82	13.3%	92	0.3	83							
Total Real Estate	8.4%	12.8%	44	5.2%	66	2.4	63							
Total Real Estate Benchmark	--	15.0%	21	6.1%	84	2.5	63							
Total Liquid Alternatives	8.4%	-13.8%	--	11.9%	--	-1.2	--							
CPI + 4% (Unadjusted)	--	4.9%	--	1.2%	--	4.1	--							

# Ventura County Employees' Retirement Association

## Total Fund Risk Statistics

3 Years Ending December 31, 2015

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Tracking Error	Rank	Info Ratio	Rank	Anlzd AJ	Rank	Beta
Total Fund	100.0%	7.6%	50	6.8%	69	1.1	61	0.8%	15	-0.7	--	-0.8%	82	1.0
Policy Index	--	8.1%	37	6.6%	60	1.2	45	0.0%	1	--	--	0.0%	76	1.0
Total Equity	53.8%	9.8%	52	10.6%	27	0.9	46	1.4%	2	1.5	12	2.4%	54	1.0
MSCI ACWI	--	7.7%	75	10.9%	41	0.7	71	0.0%	1	--	--	0.0%	78	1.0
Total US Equity	30.9%	14.9%	41	10.8%	24	1.4	30	0.3%	1	0.7	13	0.2%	43	1.0
Total U.S. Equity Benchmark	--	14.6%	45	10.7%	22	1.4	32	0.0%	1	--	--	0.0%	45	1.0
Total Non-US Equity	13.3%	2.2%	95	11.6%	33	0.2	94	1.1%	1	0.6	87	0.8%	95	0.9
Total Non-US Equity Benchmark	--	1.5%	97	12.3%	70	0.1	97	0.0%	1	--	--	0.0%	97	1.0
Total Global Equity	9.6%	6.1%	85	11.0%	44	0.6	84	1.2%	2	-1.3	--	-1.6%	86	1.0
MSCI ACWI	--	7.7%	75	10.9%	41	0.7	71	0.0%	1	--	--	0.0%	78	1.0
Total Fixed Income	23.7%	0.6%	85	2.4%	26	0.2	80	2.6%	90	0.9	18	1.3%	14	0.5
Barclays Global Aggregate	--	-1.7%	99	4.0%	90	-0.4	99	0.0%	1	--	--	0.0%	68	1.0
Total US Fixed Income	17.8%	1.1%	79	2.3%	39	0.5	78	1.9%	46	-0.2	--	0.2%	72	0.6
Barclays Aggregate	--	1.4%	64	2.9%	58	0.5	76	0.0%	1	--	--	0.0%	81	1.0
Total Global Fixed Income	5.9%	-1.3%	69	3.8%	30	-0.4	75	1.2%	10	0.3	63	0.3%	71	0.9
Barclays Global Aggregate	--	-1.7%	77	4.0%	38	-0.4	81	0.0%	1	--	--	0.0%	77	1.0

Total Private Equity	3.5%	17.2%	10	7.3%	72	2.4	35							
DJ U.S. Total Stock Market Index + 3%	--	18.1%	9	10.7%	86	1.7	68							
Total Real Estate	8.4%	11.7%	71	4.7%	66	2.5	69							
Total Real Estate Benchmark	--	13.8%	29	5.5%	79	2.5	66							
Total Liquid Alternatives	8.4%	--	--	--	--	--	--							
CPI + 4% (Unadjusted)	--	5.1%	--	1.1%	--	4.4	--							



Ventura County Employees' Retirement Association

**Total Fund Risk Statistics**

**5 Years Ending December 31, 2015**

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Tracking Error	Rank	Info Ratio	Rank	Anlzd AJ	Rank	Beta
Total Fund	100.0%	7.3%	51	8.0%	75	0.9	69	0.8%	8	-0.2	--	-0.2%	81	1.0
Policy Index	--	7.5%	47	7.9%	72	0.9	57	0.0%	1	--	--	0.0%	72	1.0
Total Equity	53.8%	8.4%	45	12.3%	19	0.7	35	1.6%	3	1.4	8	2.8%	43	0.9
MSCI ACWI	--	6.1%	77	13.1%	37	0.5	73	0.0%	1	--	--	0.0%	75	1.0
Total US Equity	30.9%	12.3%	39	12.2%	26	1.0	29	0.3%	1	0.7	7	0.1%	37	1.0
Total U.S. Equity Benchmark	--	12.1%	43	12.1%	24	1.0	30	0.0%	1	--	--	0.0%	38	1.0
Total Non-US Equity	13.3%	1.7%	95	14.1%	30	0.1	94	1.3%	1	0.5	88	0.7%	94	0.9
Total Non-US Equity Benchmark	--	1.1%	96	15.0%	69	0.1	96	0.0%	1	--	--	0.0%	96	1.0
Total Global Equity	9.6%	5.6%	80	12.1%	18	0.5	74	2.2%	8	-0.2	--	0.0%	75	0.9
MSCI ACWI	--	6.1%	77	13.1%	37	0.5	73	0.0%	1	--	--	0.0%	75	1.0
Total Fixed Income	23.7%	3.6%	41	2.6%	32	1.4	27	2.6%	73	1.1	13	3.2%	13	0.5
Barclays Global Aggregate	--	0.9%	99	4.1%	84	0.2	99	0.0%	1	--	--	0.0%	89	1.0
Total US Fixed Income	17.8%	4.0%	45	2.5%	43	1.5	34	2.0%	45	0.4	46	1.8%	27	0.7
Barclays Aggregate	--	3.2%	63	2.7%	49	1.2	71	0.0%	1	--	--	0.0%	86	1.0
Total Global Fixed Income	5.9%	--	--	--	--	--	--	--	--	--	--	--	--	--
Barclays Global Aggregate	--	0.9%	83	4.1%	26	0.2	76	0.0%	1	--	--	0.0%	79	1.0
Total Real Estate	8.4%	11.7%	71	4.8%	48	2.4	52							
Total Real Estate Benchmark	--	13.7%	30	5.5%	60	2.5	47							
Total Liquid Alternatives	8.4%	--	--	--	--	--	--							
CPI + 4% (Unadjusted)	--	5.6%	--	1.2%	--	4.6	--							

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Fund</b>	<b>4,290,811,595</b>	<b>100.0</b>	<b>100.0</b>	<b>2.8</b>	<b>31</b>	<b>-2.7</b>	<b>43</b>	<b>-0.9</b>	<b>68</b>	<b>7.6</b>	<b>33</b>	<b>7.3</b>	<b>28</b>	<b>5.6</b>	<b>42</b>	<b>7.8</b>	<b>Apr-94</b>
Policy Index				3.3	10	-1.4	19	0.9	28	8.1	14	7.5	24	5.9	23	7.9	Apr-94
Over/Under				-0.5		-1.3		-1.8		-0.5		-0.2		-0.3		-0.1	
Allocation Index				3.5	5	-2.4	36	-0.5	63	7.3	44	6.9	45	5.4	62	--	Apr-94
60% MSCI World (Net) / 40% CITI WGBI				2.8	29	-1.7	22	-1.7	88	4.7	90	4.7	95	4.7	81	6.2	Apr-94
InvestorForce Public DB > \$1B Net Median				2.4		-2.9		-0.1		6.9		6.8		5.5		7.4	Apr-94
<b>Total Fund ex Parametric</b>	<b>4,194,353,322</b>	<b>97.8</b>	<b>--</b>	<b>2.7</b>	<b>--</b>	<b>-2.6</b>	<b>--</b>	<b>-0.8</b>	<b>--</b>	<b>7.5</b>	<b>--</b>	<b>7.3</b>	<b>--</b>	<b>5.5</b>	<b>--</b>	<b>7.8</b>	<b>Apr-94</b>
<b>Total Fund ex Private Equity</b>	<b>4,141,326,778</b>	<b>96.5</b>	<b>--</b>	<b>2.8</b>	<b>30</b>	<b>-3.1</b>	<b>61</b>	<b>-1.4</b>	<b>83</b>	<b>6.7</b>	<b>62</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>8.3</b>	<b>Jan-12</b>
Policy Index				3.3	10	-1.4	19	0.9	28	8.1	14	7.5	24	5.9	23	9.3	Jan-12
Over/Under				-0.5		-1.7		-2.3		-1.4						-1.0	
InvestorForce Public DB > \$1B Net Median				2.4		-2.9		-0.1		6.9		6.8		5.5		8.5	Jan-12
<b>Total US Equity</b>	<b>1,324,103,315</b>	<b>30.9</b>	<b>30.0</b>	<b>6.3</b>	<b>23</b>	<b>-1.5</b>	<b>26</b>	<b>0.5</b>	<b>36</b>	<b>14.9</b>	<b>31</b>	<b>12.3</b>	<b>27</b>	<b>7.0</b>	<b>61</b>	<b>8.7</b>	<b>Dec-93</b>
Total U.S. Equity Benchmark				6.2	24	-1.5	26	0.4	38	14.6	34	12.1	31	7.4	48	9.1	Dec-93
Over/Under				0.1		0.0		0.1		0.3		0.2		-0.4		-0.4	
eA All US Equity Net Median				4.4		-4.7		-1.3		13.4		10.9		7.4		10.0	Dec-93
BlackRock Equity Market Fund	1,138,027,993	26.5		6.3	23	-1.4	25	0.6	36	14.8	33	12.2	30	--	--	6.8	Dec-07
Dow Jones U.S. Total Stock Market				6.3	23	-1.5	26	0.4	37	14.7	34	12.1	31	7.5	47	6.7	Dec-07
Over/Under				0.0		0.1		0.2		0.1		0.1				0.1	
eA All US Equity Net Median				4.4		-4.7		-1.3		13.4		10.9		7.4		6.7	Dec-07
Western U.S. Index Plus	140,954,199	3.3		7.0	16	-0.2	18	1.1	33	15.3	25	13.4	14	--	--	3.3	May-07
S&P 500				7.0	15	0.2	16	1.4	30	15.1	28	12.6	24	7.3	53	5.7	May-07
Over/Under				0.0		-0.4		-0.3		0.2		0.8				-2.4	
eA All US Equity Net Median				4.4		-4.7		-1.3		13.4		10.9		7.4		5.7	May-07
BlackRock Extended Equity Index	45,121,123	1.1		3.2	39	-7.7	49	-3.2	58	12.9	36	10.5	37	7.9	42	11.3	Oct-02
Dow Jones U.S. Completion Total Stock Market				3.1	41	-7.8	51	-3.4	59	12.8	38	10.2	41	7.9	44	11.3	Oct-02
Over/Under				0.1		0.1		0.2		0.1		0.3		0.0		0.0	
eA US Small-Mid Cap Equity Net Median				2.6		-7.8		-2.5		12.0		9.8		7.6		10.8	Oct-02

Color Coding: PERFORMANCE: Green-Over performance, Red-Under performance / Color Coding: RANKS: 1 - 25 Green - Positive Result, 26 - 50 Yellow, 50 - 75 Orange, 76 - 100 Red - Negative Result

Policy Index: Currently, 30% Total U.S. Equity Benchmark, 19% Barclays Aggregate, 14% MSCI ACWI ex U.S., 10% MSCI ACWI, 5% Barclays Global Aggregate, 5% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index

Total U.S. Equity Benchmark: The Benchmark is a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Non-US Equity</b>	<b>571,025,742</b>	<b>13.3</b>	<b>14.0</b>	<b>3.4</b>	<b>77</b>	<b>-8.1</b>	<b>84</b>	<b>-4.8</b>	<b>94</b>	<b>2.2</b>	<b>96</b>	<b>1.7</b>	<b>93</b>	<b>2.8</b>	<b>82</b>	<b>6.0</b>	<b>Mar-94</b>
<i>Total Non-US Equity Benchmark</i>				<u>3.2</u>	80	<u>-9.3</u>	91	<u>-5.7</u>	96	<u>1.5</u>	98	<u>1.1</u>	95	<u>2.9</u>	80	<u>4.7</u>	<i>Mar-94</i>
<i>Over/Under</i>				0.2		1.2		0.9		0.7		0.6		-0.1		1.3	
<i>eA All EAFE Equity Net Median</i>				4.6		-4.8		1.2		5.9		4.7		3.9		6.1	<i>Mar-94</i>
<b>BlackRock ACWI ex-U.S. Index</b>	<b>238,272,497</b>	<b>5.6</b>		<b>3.5</b>	<b>78</b>	<b>-8.8</b>	<b>83</b>	<b>-4.5</b>	<b>79</b>	<b>2.2</b>	<b>85</b>	<b>1.4</b>	<b>85</b>	--	--	<b>0.7</b>	<b>Mar-07</b>
<i>MSCI ACWI ex USA</i>				<u>3.2</u>	82	<u>-9.3</u>	87	<u>-5.7</u>	86	<u>1.5</u>	86	<u>1.1</u>	86	<u>2.9</u>	75	<u>0.2</u>	<i>Mar-07</i>
<i>Over/Under</i>				0.3		0.5		1.2		0.7		0.3				0.5	
<i>eA ACWI ex-US All Cap Equity Net Median</i>				4.8		-6.1		-0.3		5.0		3.9		3.8		1.9	<i>Mar-07</i>
<b>Sprucegrove</b>	<b>164,524,429</b>	<b>3.8</b>		<b>2.0</b>	<b>92</b>	<b>-10.4</b>	<b>90</b>	<b>-9.1</b>	<b>94</b>	<b>1.0</b>	<b>91</b>	<b>1.5</b>	<b>85</b>	<b>3.3</b>	<b>67</b>	<b>6.6</b>	<b>Mar-02</b>
<i>MSCI ACWI ex USA</i>				<u>3.2</u>	82	<u>-9.3</u>	87	<u>-5.7</u>	86	<u>1.5</u>	86	<u>1.1</u>	86	<u>2.9</u>	75	<u>6.0</u>	<i>Mar-02</i>
<i>Over/Under</i>				-1.2		-1.1		-3.4		-0.5		0.4		0.4		0.6	
<i>eA ACWI ex-US All Cap Equity Net Median</i>				4.8		-6.1		-0.3		5.0		3.9		3.8		7.0	<i>Mar-02</i>
<b>Hexavest</b>	<b>76,630,517</b>	<b>1.8</b>		<b>2.3</b>	<b>97</b>	<b>-5.0</b>	<b>50</b>	<b>-1.4</b>	<b>75</b>	<b>4.3</b>	<b>82</b>	<b>3.1</b>	<b>82</b>	--	--	<b>3.1</b>	<b>Dec-10</b>
<i>MSCI EAFE</i>				<u>4.7</u>	53	<u>-6.0</u>	62	<u>-0.8</u>	71	<u>5.0</u>	67	<u>3.6</u>	70	<u>3.0</u>	74	<u>3.6</u>	<i>Dec-10</i>
<i>Over/Under</i>				-2.4		1.0		-0.6		-0.7		-0.5				-0.5	
<i>eA EAFE All Cap Equity Net Median</i>				4.8		-5.0		1.8		6.4		4.6		3.6		4.6	<i>Dec-10</i>
<b>Walter Scott</b>	<b>91,598,300</b>	<b>2.1</b>		<b>6.6</b>	<b>14</b>	<b>-4.3</b>	<b>25</b>	<b>-0.4</b>	<b>55</b>	<b>2.4</b>	<b>84</b>	<b>3.3</b>	<b>62</b>	--	--	<b>3.3</b>	<b>Dec-10</b>
<i>MSCI ACWI ex USA</i>				<u>3.2</u>	82	<u>-9.3</u>	87	<u>-5.7</u>	86	<u>1.5</u>	86	<u>1.1</u>	86	<u>2.9</u>	75	<u>1.1</u>	<i>Dec-10</i>
<i>Over/Under</i>				3.4		5.0		5.3		0.9		2.2				2.2	
<i>eA ACWI ex-US All Cap Equity Net Median</i>				4.8		-6.1		-0.3		5.0		3.9		3.8		3.9	<i>Dec-10</i>

Total Non-U.S. Equity Benchmark: MSCI ACWI ex US Free, prior to May 2002, the MSCI EAFE

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Global Equity</b>	<b>413,921,378</b>	<b>9.6</b>	<b>10.0</b>	<b>4.0</b>	<b>67</b>	<b>-6.6</b>	<b>76</b>	<b>-3.8</b>	<b>76</b>	<b>6.1</b>	<b>81</b>	<b>5.6</b>	<b>79</b>	<b>3.7</b>	<b>85</b>	<b>4.6</b>	<b>May-05</b>
MSCI ACWI				5.0	43	-4.9	60	-2.4	69	7.7	69	6.1	74	4.8	71	5.8	May-05
Over/Under				-1.0		-1.7		-1.4		-1.6		-0.5		-1.1		-1.2	
eA All Global Equity Net Median				4.7		-3.9		-0.6		9.1		7.5		5.7		6.9	May-05
<b>BlackRock MSCI ACWI Equity Index</b>	<b>218,138,004</b>	<b>5.1</b>		<b>5.1</b>	<b>42</b>	<b>-4.7</b>	<b>60</b>	<b>-2.0</b>	<b>66</b>	<b>8.1</b>	<b>65</b>	--	--	--	--	<b>9.8</b>	<b>Jul-12</b>
MSCI ACWI				5.0	43	-4.9	60	-2.4	69	7.7	69	6.1	74	4.8	71	9.5	Jul-12
Over/Under				0.1		0.2		0.4		0.4						0.3	
eA All Global Equity Net Median				4.7		-3.9		-0.6		9.1		7.5		5.7		10.6	Jul-12
<b>GMO Global Equity</b>	<b>195,783,374</b>	<b>4.6</b>		<b>2.9</b>	<b>83</b>	<b>-8.6</b>	<b>87</b>	<b>-5.8</b>	<b>85</b>	<b>4.1</b>	<b>88</b>	<b>4.9</b>	<b>83</b>	<b>4.4</b>	<b>76</b>	<b>5.4</b>	<b>Apr-05</b>
MSCI ACWI				5.0	43	-4.9	60	-2.4	69	7.7	69	6.1	74	4.8	71	5.8	Apr-05
Over/Under				-2.1		-3.7		-3.4		-3.6		-1.2		-0.4		-0.4	
eA All Global Equity Net Median				4.7		-3.9		-0.6		9.1		7.5		5.7		6.9	Apr-05

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Private Equity</b>	<b>149,484,817</b>	<b>3.5</b>	<b>5.0</b>	<b>2.2</b>	<b>15</b>	<b>8.5</b>	<b>12</b>	<b>14.7</b>	<b>15</b>	<b>17.2</b>	<b>10</b>	--	--	--	--	<b>15.4</b>	<b>Jan-12</b>
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>7.0</u>	1	<u>0.0</u>	83	<u>3.5</u>	82	<u>18.1</u>	5	<u>15.5</u>	5	--	--	<u>18.5</u>	<i>Jan-12</i>
Over/Under				-4.8		8.5		11.2		-0.9						-3.1	
<i>InvestorForce Public DB Private Eq Net Median</i>				<u>0.0</u>		<u>2.8</u>		<u>9.2</u>		<u>12.9</u>		<u>11.9</u>		<u>9.5</u>		<u>12.1</u>	<i>Jan-12</i>
Adams Street Partners	92,909,698	2.2		<b>2.7</b>	--	<b>5.7</b>	--	<b>10.3</b>	--	<b>15.1</b>	--	--	--	--	--	<b>14.0</b>	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>7.0</u>	--	<u>0.0</u>	--	<u>3.5</u>	--	<u>18.1</u>	--	<u>15.5</u>	--	--	--	<u>18.5</u>	<i>Jan-12</i>
Over/Under				-4.3		5.7		6.8		-3.0						-4.5	
Harbourvest	40,715,182	0.9		<b>2.7</b>	--	<b>13.6</b>	--	<b>28.5</b>	--	--	--	--	--	--	--	<b>22.4</b>	Jul-13
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>7.0</u>	--	<u>0.0</u>	--	<u>3.5</u>	--	<u>18.1</u>	--	<u>15.5</u>	--	--	--	<u>15.1</u>	<i>Jul-13</i>
Over/Under				-4.3		13.6		25.0								7.3	
Pantheon Global Secondary Fund IV	15,859,937	0.4		<b>-1.4</b>	--	<b>11.5</b>	--	<b>6.4</b>	--	<b>12.6</b>	--	--	--	--	--	<b>9.5</b>	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>7.0</u>	--	<u>0.0</u>	--	<u>3.5</u>	--	<u>18.1</u>	--	<u>15.5</u>	--	--	--	<u>18.5</u>	<i>Jan-12</i>
Over/Under				-8.4		11.5		2.9		-5.5						-9.0	

Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current quarter cash flows.

# Ventura County Employees' Retirement Association

## Private Equity Limited Partnership Performance

Fund Name	Vintage Year	Initial Investment Date	Commitment	Capital Called to Date <sup>1</sup>	Outstanding Commitment <sup>1</sup>	Call Ratio	Interest Paid/(Rec'd)	Distributions to Date	Valuation	Total Value	Net Benefit	IRR	Since Inception	
													Distributions to Paid In Multiple (DPI)	Total Value to Paid In Multiple (TVPI)
Adams Street 2010 U.S. Fund	2010	5/21/2010	\$42,500,000	\$29,665,000	\$12,835,000	70%	\$15,213	\$10,764,481	\$31,435,448	\$42,199,929	\$12,519,716	15.2%	0.36x	1.42x
Adams Street 2010 Non-U.S. Dev. Mkts Fund	2010	5/21/2010	\$25,500,000	\$17,697,000	\$7,803,000	69%	\$1,589	\$5,557,179	\$14,622,929	\$20,180,108	\$2,481,519	6.3%	0.31x	1.14x
Adams Street 2010 Non-U.S. Emg Mkts Fund	2010	1/3/2011	\$8,500,000	\$6,111,500	\$2,388,500	72%	\$0	\$314,436	\$7,126,675	\$7,441,111	\$1,329,611	9.6%	0.05x	1.22x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$7,837,000	\$663,000	92%	\$6,697	\$3,933,030	\$8,133,406	\$12,066,436	\$4,222,739	14.4%	0.5x	1.54x
<i>Total Adams Street 2010</i>	<i>2010</i>	<i>5/21/2010</i>	<i>\$85,000,000</i>	<i>\$61,310,500</i>	<i>\$23,689,500</i>	<i>72%</i>	<i>\$23,499</i>	<i>\$20,569,126</i>	<i>\$61,318,458</i>	<i>\$81,887,584</i>	<i>\$20,553,585</i>	<i>12.5%</i>	<i>0.34x</i>	<i>1.34x</i>
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$31,387,500	\$43,612,500	42%	\$10,728	\$1,509,878	\$31,591,242	\$33,101,120	\$1,702,892	4.7%	0.05x	1.05x
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$42,525,000	\$24,975,000	63%	\$84,954	\$19,244,036	\$40,715,189	\$59,959,225	\$17,349,271	33.5%	0.45x	1.41x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$8,130,001	\$6,412,558	\$14,542,559	\$4,582,559	0.0%	0.82x	1.46x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$8,972,068	\$41,027,932	18%	\$10,480	\$87,808	\$9,811,060	\$9,898,868	\$916,320	13.1%	0.01x	1.1x
<b>Total VCERA Private Equity Program</b>	<b>--</b>	<b>5/21/2010</b>	<b>\$292,500,000</b>	<b>\$154,155,068</b>	<b>\$138,344,932</b>	<b>53%</b>	<b>\$129,661</b>	<b>\$49,540,849</b>	<b>\$149,848,507</b>	<b>\$199,389,356</b>	<b>\$45,104,627</b>	<b>16.3%</b>	<b>0.32x</b>	<b>1.29x</b>

1. Includes recycled/recallable distributions received to date.

Note: Private equity performance data is reported net of fees.

Distributions to Date shown for Pantheon Global Secondary Fund V includes management fee rebates paid to VCERA.

Performance shown is based on cash-adjusted market values as of 12/31/2015.

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total US Fixed Income</b>	<b>763,529,805</b>	<b>17.8</b>	<b>19.0</b>	<b>-0.4</b>	<b>41</b>	<b>-0.4</b>	<b>69</b>	<b>0.3</b>	<b>54</b>	<b>1.1</b>	<b>66</b>	<b>4.0</b>	<b>40</b>	<b>5.6</b>	<b>25</b>	<b>6.0</b>	<b>Feb-94</b>
Barclays Aggregate				-0.6	57	0.7	24	0.5	45	1.4	51	3.2	56	4.5	51	5.6	Feb-94
Over/Under				0.2		-1.1		-0.2		-0.3		0.8		1.1		0.4	
eA All US Fixed Inc Net Median				-0.5		0.1		0.4		1.5		3.5		4.6		5.4	Feb-94
<b>BlackRock U.S. Debt Fund</b>	<b>140,124,897</b>	<b>3.3</b>		<b>-0.6</b>	<b>60</b>	<b>0.7</b>	<b>24</b>	<b>0.6</b>	<b>44</b>	<b>1.5</b>	<b>47</b>	<b>3.3</b>	<b>55</b>	<b>4.6</b>	<b>48</b>	<b>5.4</b>	<b>Nov-95</b>
Barclays Aggregate				-0.6	57	0.7	24	0.5	45	1.4	51	3.2	56	4.5	51	5.4	Nov-95
Over/Under				0.0		0.0		0.1		0.1		0.1		0.1		0.0	
eA All US Fixed Inc Net Median				-0.5		0.1		0.4		1.5		3.5		4.6		5.3	Nov-95
<b>Western</b>	<b>269,340,240</b>	<b>6.3</b>		<b>-0.1</b>	<b>25</b>	<b>0.6</b>	<b>27</b>	<b>0.9</b>	<b>30</b>	<b>2.3</b>	<b>21</b>	<b>4.7</b>	<b>26</b>	<b>5.3</b>	<b>30</b>	<b>6.3</b>	<b>Dec-96</b>
Barclays Aggregate				-0.6	57	0.7	24	0.5	45	1.4	51	3.2	56	4.5	51	5.4	Dec-96
Over/Under				0.5		-0.1		0.4		0.9		1.5		0.8		0.9	
eA All US Fixed Inc Net Median				-0.5		0.1		0.4		1.5		3.5		4.6		5.4	Dec-96
<b>Reams</b>	<b>283,655,646</b>	<b>6.6</b>		<b>-0.3</b>	<b>37</b>	<b>-0.9</b>	<b>74</b>	<b>0.3</b>	<b>54</b>	<b>-0.3</b>	<b>97</b>	<b>3.4</b>	<b>52</b>	<b>5.7</b>	<b>22</b>	<b>5.5</b>	<b>Sep-01</b>
Reams Custom Index				0.1	14	0.2	43	0.3	54	0.0	96	2.4	75	4.1	62	4.3	Sep-01
Over/Under				-0.4		-1.1		0.0		-0.3		1.0		1.6		1.2	
Barclays Aggregate				-0.6	57	0.7	24	0.5	45	1.4	51	3.2	56	4.5	51	4.6	Sep-01
eA All US Fixed Inc Net Median				-0.5		0.1		0.4		1.5		3.5		4.6		4.7	Sep-01
<b>Loomis Sayles Multi Strategy</b>	<b>70,409,023</b>	<b>1.6</b>		<b>-1.0</b>	<b>83</b>	<b>-3.7</b>	<b>89</b>	<b>-2.3</b>	<b>83</b>	<b>1.9</b>	<b>32</b>	<b>5.2</b>	<b>20</b>	<b>6.5</b>	<b>12</b>	<b>6.3</b>	<b>Jul-05</b>
Loomis Custom Index				-1.1	85	-2.0	83	-1.2	76	1.4	54	3.7	45	5.2	31	5.0	Jul-05
Over/Under				0.1		-1.7		-1.1		0.5		1.5		1.3		1.3	
Barclays Govt/Credit				-0.7	71	0.4	32	0.1	60	1.2	61	3.4	53	4.5	53	4.4	Jul-05
eA All US Fixed Inc Net Median				-0.5		0.1		0.4		1.5		3.5		4.6		4.5	Jul-05

Reams Custom Index: Merrill Lynch 3 Month Libor Constant Maturity Index, prior to February 2013 the Barclays Aggregate

Loomis Custom Index: 65% Barclays Aggregate, 30% Citigroup High Yield Market Index and 5% JPM Non-US Hedged Bond Index

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Global Fixed Income</b>	<b>252,651,309</b>	<b>5.9</b>	<b>5.0</b>	<b>-0.7</b>	<b>56</b>	<b>-1.0</b>	<b>40</b>	<b>-3.1</b>	<b>54</b>	<b>-1.3</b>	<b>67</b>	--	--	--	--	<b>-0.2</b>	<b>Jun-12</b>
<i>Barclays Global Aggregate</i>				<i>-0.9</i>	<i>63</i>	<i>-0.1</i>	<i>22</i>	<i>-3.2</i>	<i>54</i>	<i>-1.7</i>	<i>74</i>	<i>0.9</i>	<i>79</i>	<i>3.7</i>	<i>80</i>	<i>-0.7</i>	<i>Jun-12</i>
<i>Over/Under</i>				<i>0.2</i>		<i>-0.9</i>		<i>0.1</i>		<i>0.4</i>						<i>0.5</i>	
<i>eA All Global Fixed Inc Net Median</i>				<i>-0.6</i>		<i>-1.8</i>		<i>-2.9</i>		<i>0.1</i>		<i>2.8</i>		<i>4.5</i>		<i>2.0</i>	<i>Jun-12</i>
<b>PIMCO Global Fixed Income</b>	<b>122,630,656</b>	<b>2.9</b>		<b>-0.5</b>	<b>42</b>	<b>-0.2</b>	<b>24</b>	<b>-2.9</b>	<b>49</b>	<b>-1.3</b>	<b>60</b>	--	--	--	--	<b>-1.4</b>	<b>Sep-12</b>
<i>Barclays Global Aggregate</i>				<i>-0.9</i>	<i>65</i>	<i>-0.1</i>	<i>22</i>	<i>-3.2</i>	<i>53</i>	<i>-1.7</i>	<i>70</i>	<i>0.9</i>	<i>75</i>	<i>3.7</i>	<i>70</i>	<i>-1.7</i>	<i>Sep-12</i>
<i>Over/Under</i>				<i>0.4</i>		<i>-0.1</i>		<i>0.3</i>		<i>0.4</i>						<i>0.3</i>	
<i>eA Global Fixed Inc Unhedged Net Median</i>				<i>-0.6</i>		<i>-1.5</i>		<i>-2.9</i>		<i>-0.4</i>		<i>2.1</i>		<i>4.3</i>		<i>0.3</i>	<i>Sep-12</i>
<b>Loomis Strategic Alpha</b>	<b>41,711,873</b>	<b>1.0</b>		<b>-0.8</b>	<b>61</b>	<b>-2.3</b>	<b>59</b>	<b>-1.0</b>	<b>25</b>	--	--	--	--	--	--	<b>1.1</b>	<b>Jul-13</b>
<i>Barclays Global Aggregate</i>				<i>-0.9</i>	<i>65</i>	<i>-0.1</i>	<i>22</i>	<i>-3.2</i>	<i>53</i>	<i>-1.7</i>	<i>70</i>	<i>0.9</i>	<i>75</i>	<i>3.7</i>	<i>70</i>	<i>-0.6</i>	<i>Jul-13</i>
<i>Over/Under</i>				<i>0.1</i>		<i>-2.2</i>		<i>2.2</i>								<i>1.7</i>	
<i>eA Global Fixed Inc Unhedged Net Median</i>				<i>-0.6</i>		<i>-1.5</i>		<i>-2.9</i>		<i>-0.4</i>		<i>2.1</i>		<i>4.3</i>		<i>0.4</i>	<i>Jul-13</i>
<b>Loomis Sayles Global Fixed Income</b>	<b>88,308,779</b>	<b>2.1</b>		<b>-1.0</b>	<b>67</b>	<b>-1.3</b>	<b>48</b>	<b>-4.4</b>	<b>79</b>	<b>-2.2</b>	<b>79</b>	--	--	--	--	<b>-0.8</b>	<b>Jun-12</b>
<i>Barclays Global Aggregate</i>				<i>-0.9</i>	<i>65</i>	<i>-0.1</i>	<i>22</i>	<i>-3.2</i>	<i>53</i>	<i>-1.7</i>	<i>70</i>	<i>0.9</i>	<i>75</i>	<i>3.7</i>	<i>70</i>	<i>-0.7</i>	<i>Jun-12</i>
<i>Over/Under</i>				<i>-0.1</i>		<i>-1.2</i>		<i>-1.2</i>		<i>-0.5</i>						<i>-0.1</i>	
<i>eA Global Fixed Inc Unhedged Net Median</i>				<i>-0.6</i>		<i>-1.5</i>		<i>-2.9</i>		<i>-0.4</i>		<i>2.1</i>		<i>4.3</i>		<i>1.1</i>	<i>Jun-12</i>



# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Real Estate</b>	<b>358,956,726</b>	<b>8.4</b>	<b>7.0</b>	<b>2.8</b>	<b>64</b>	<b>6.5</b>	<b>51</b>	<b>12.8</b>	<b>40</b>	<b>11.7</b>	<b>72</b>	<b>11.7</b>	<b>82</b>	<b>4.2</b>	<b>85</b>	<b>8.0</b>	<b>Mar-94</b>
<i>Total Real Estate Benchmark</i>				<u>3.3</u>	42	<u>7.1</u>	24	<u>15.0</u>	5	<u>13.8</u>	15	<u>13.7</u>	12	<u>6.5</u>	36	<u>9.1</u>	<i>Mar-94</i>
Over/Under				-0.5		-0.6		-2.2		-2.1		-2.0		-2.3		-1.1	
<i>InvestorForce Public DB Real Estate Pub+Priv Net Median</i>				3.1		6.6		11.3		12.6		12.8		5.7		8.0	<i>Mar-94</i>
Prudential Real Estate	124,454,632	2.9		<b>3.0</b>	--	<b>7.8</b>	--	<b>14.5</b>	--	<b>13.6</b>	--	<b>13.5</b>	--	<b>5.3</b>	--	<b>6.0</b>	Jun-04
<i>NCREIF ODCE</i>				<u>3.3</u>	--	<u>7.1</u>	--	<u>15.0</u>	--	<u>13.8</u>	--	<u>13.7</u>	--	<u>6.5</u>	--	<u>8.1</u>	<i>Jun-04</i>
Over/Under				-0.3		0.7		-0.5		-0.2		-0.2		-1.2		-2.1	
UBS Real Estate	232,900,873	5.4		<b>2.8</b>	--	<b>6.0</b>	--	<b>11.9</b>	--	<b>10.6</b>	--	<b>10.6</b>	--	<b>5.8</b>	--	<b>7.7</b>	Mar-03
<i>NCREIF ODCE</i>				<u>3.3</u>	--	<u>7.1</u>	--	<u>15.0</u>	--	<u>13.8</u>	--	<u>13.7</u>	--	<u>6.5</u>	--	<u>8.3</u>	<i>Mar-03</i>
Over/Under				-0.5		-1.1		-3.1		-3.2		-3.1		-0.7		-0.6	
RREEF	1,601,221	0.0		<b>-0.9</b>	--	<b>-6.2</b>	--	<b>7.5</b>	--	<b>16.1</b>	--	<b>24.2</b>	--	--	--	<b>-5.0</b>	Sep-07
<i>NCREIF ODCE</i>				<u>3.3</u>	--	<u>7.1</u>	--	<u>15.0</u>	--	<u>13.8</u>	--	<u>13.7</u>	--	<u>6.5</u>	--	<u>4.4</u>	<i>Sep-07</i>
Over/Under				-4.2		-13.3		-7.5		2.3		10.5				-9.4	

Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index

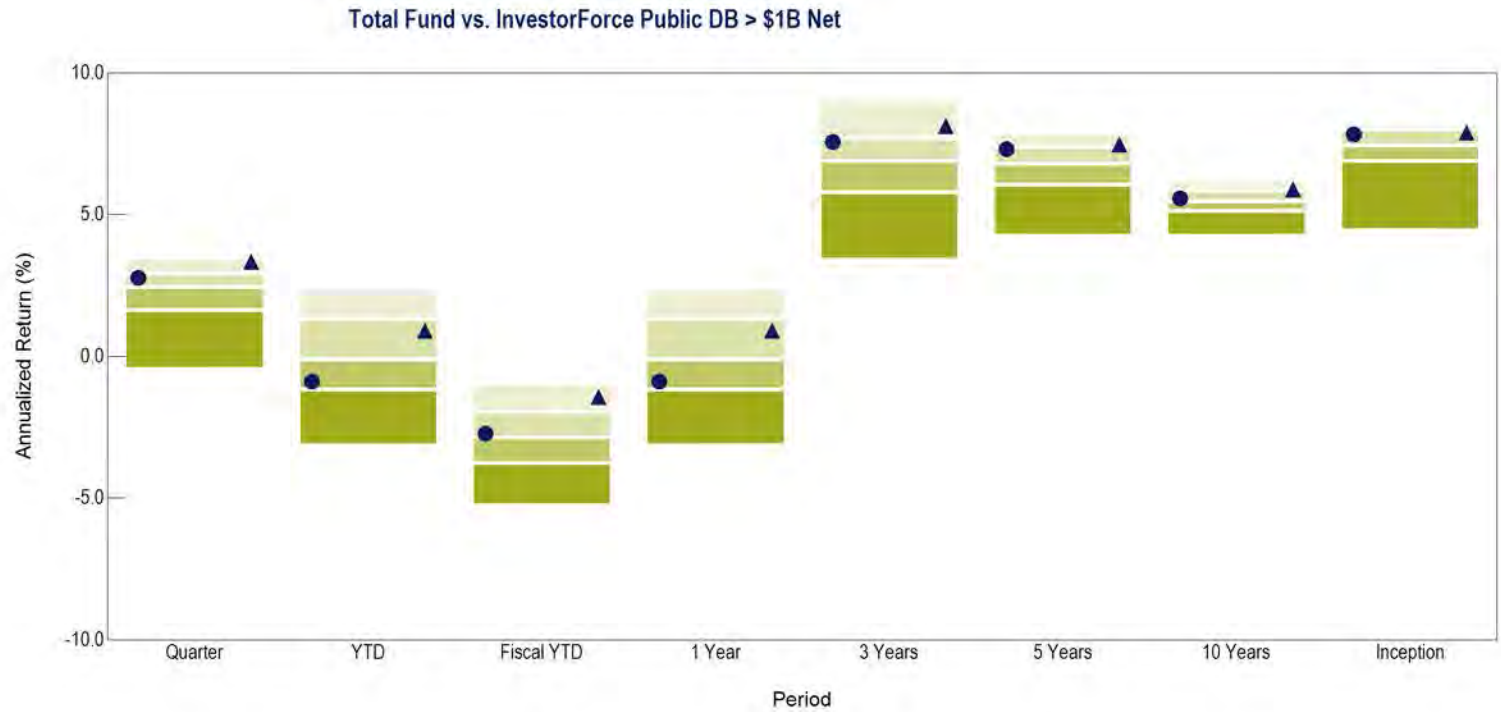
# Ventura County Employees' Retirement Association

## Total Fund Performance Detail (Net)

	Market Value (\$)	% of Portfolio	Policy %	3 Mo (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
<b>Total Liquid Alternatives</b>	<b>360,680,230</b>	<b>8.4</b>	<b>10.0</b>	<b>-0.1</b>	--	<b>-12.5</b>	--	<b>-13.8</b>	--	--	--	--	--	--	--	<b>2.0</b>	<b>Apr-13</b>
<i>CPI + 4% (Unadjusted)</i>				<i>0.4</i>	--	<i>1.1</i>	--	<i>4.8</i>	--	<i>5.0</i>	--	<i>5.6</i>	--	<i>5.9</i>	--	<i>4.7</i>	<i>Apr-13</i>
Over/Under				-0.5		-13.6		-18.6								-2.7	
Bridgewater All Weather Fund	255,595,228	6.0		-1.0	--	-7.3	--	-6.8	--	--	--	--	--	--	--	1.6	Aug-13
<i>CPI + 5% (Unadjusted)</i>				<i>0.6</i>	--	<i>1.6</i>	--	<i>5.8</i>	--	--	--	--	--	--	--	<i>5.5</i>	<i>Aug-13</i>
Over/Under				-1.6		-8.9		-12.6								-3.9	
Tortoise Energy Infrastructure	105,085,003	2.4		2.1	--	-22.9	--	-27.2	--	--	--	--	--	--	--	-2.0	Apr-13
<i>Wells Fargo MLP Index</i>				<i>-4.0</i>	--	<i>-27.8</i>	--	<i>-32.7</i>	--	<i>-2.7</i>	--	<i>2.0</i>	--	--	--	<i>-9.6</i>	<i>Apr-13</i>
Over/Under				6.1		4.9		5.5								7.6	
<b>Overlay</b>	<b>96,458,273</b>	<b>2.2</b>	<b>0.0</b>														
Parametric	96,458,273	2.2															

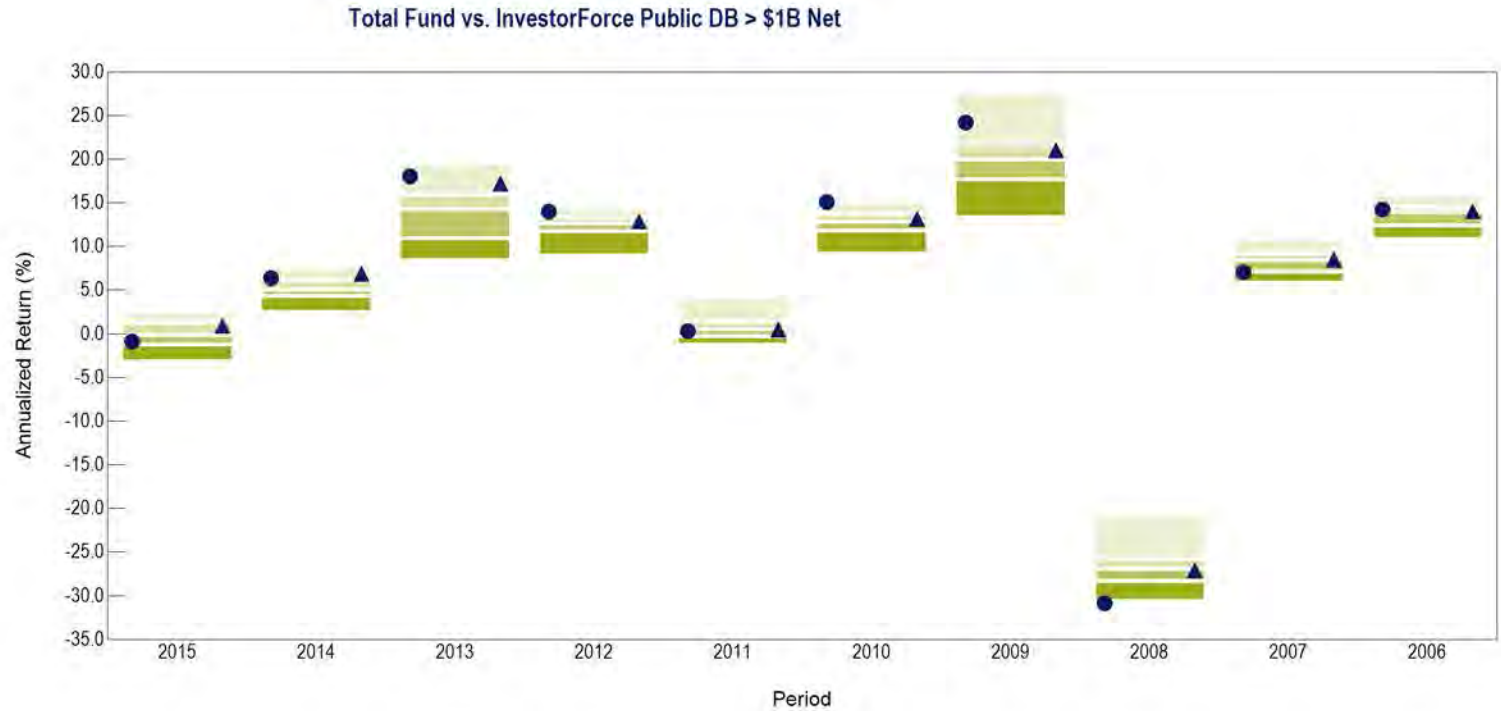
Overlay performance is not applicable on an individual account level

Ventura County Employees' Retirement Association  
**Total Fund Return Summary vs. Peer Universe**



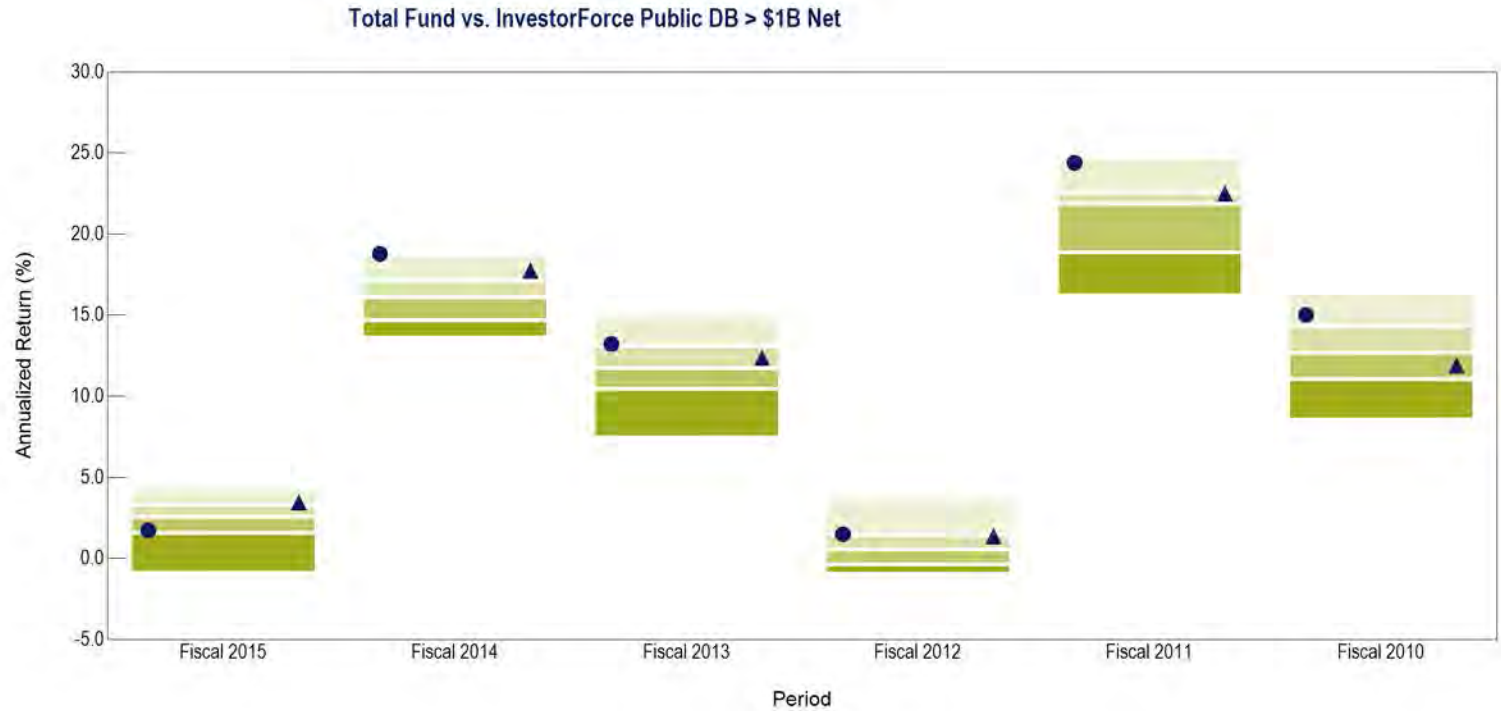
	Return (Rank)															
5th Percentile	3.5		2.4		-1.0		2.4		9.0		7.9		6.2		8.2	
25th Percentile	2.9		1.3		-1.9		1.3		7.7		7.4		5.9		8.0	
Median	2.4		-0.1		-2.9		-0.1		6.9		6.8		5.5		7.4	
75th Percentile	1.6		-1.2		-3.8		-1.2		5.8		6.1		5.1		6.9	
95th Percentile	-0.4		-3.1		-5.2		-3.1		3.4		4.3		4.3		4.5	
# of Portfolios	41		41		41		41		41		41		37		23	
● Total Fund	2.8	(31)	-0.9	(68)	-2.7	(43)	-0.9	(68)	7.6	(33)	7.3	(28)	5.6	(42)	7.8	(32)
▲ Policy Index	3.3	(10)	0.9	(28)	-1.4	(19)	0.9	(28)	8.1	(14)	7.5	(24)	5.9	(23)	7.9	(31)

Ventura County Employees' Retirement Association  
**Total Fund Return Summary vs. Peer Universe**



	Return (Rank)															
5th Percentile	2.4	7.6	19.5	14.3	4.2	15.1	27.5	-20.9	10.7	15.8						
25th Percentile	1.3	6.1	16.0	13.4	1.5	13.8	21.7	-25.7	9.2	14.6						
Median	-0.1	5.1	14.3	12.7	0.6	12.8	20.0	-26.9	8.5	14.0						
75th Percentile	-1.2	4.4	11.0	11.8	-0.3	11.8	17.7	-28.3	7.1	12.5						
95th Percentile	-3.1	2.6	8.5	9.0	-1.2	9.3	13.4	-30.5	5.9	10.9						
# of Portfolios	41	55	48	44	42	41	40	39	39	38						
● Total Fund	-0.9 (68)	6.4 (19)	18.0 (10)	14.0 (15)	0.3 (61)	15.1 (6)	24.2 (16)	-30.9 (98)	7.0 (77)	14.2 (41)						
▲ Policy Index	0.9 (28)	6.9 (11)	17.2 (14)	12.9 (41)	0.5 (55)	13.2 (44)	21.0 (33)	-27.1 (54)	8.5 (50)	14.0 (50)						

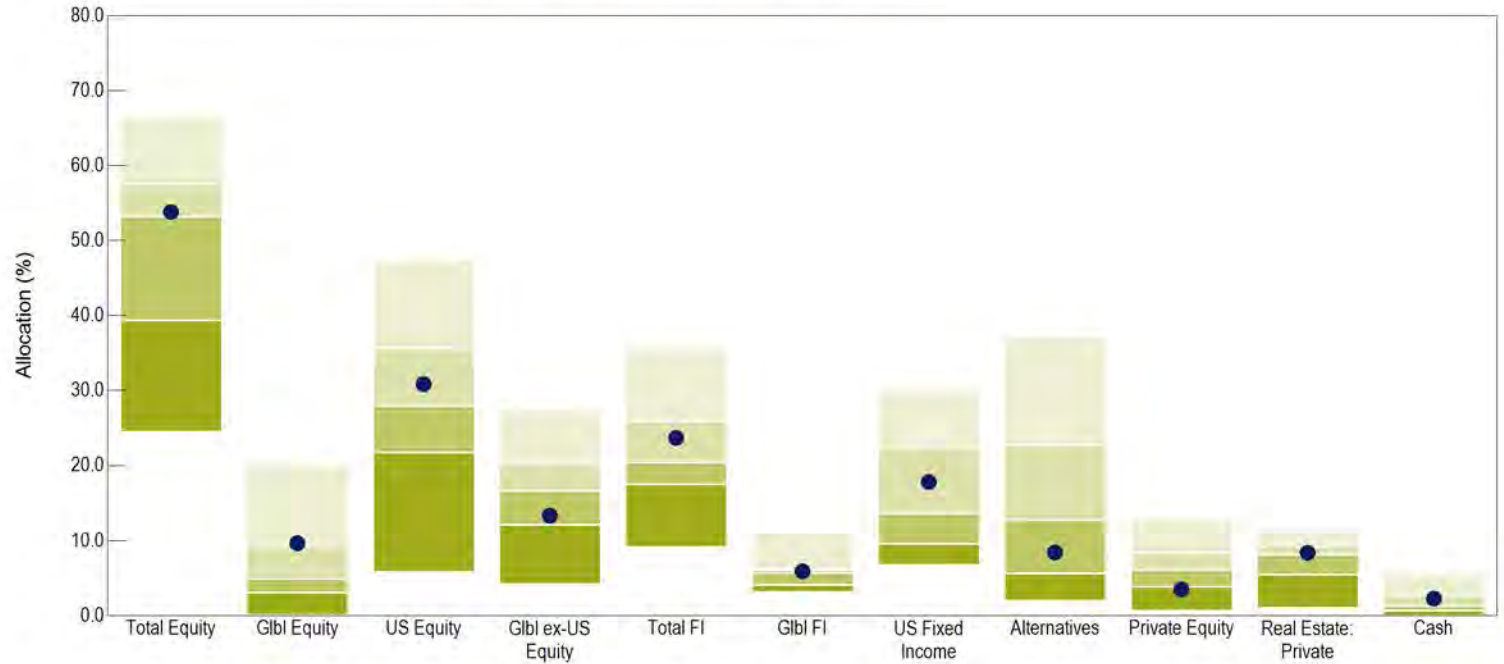
Ventura County Employees' Retirement Association  
**Total Fund Return Summary vs. Peer Universe**



	Fiscal 2015		Fiscal 2014		Fiscal 2013		Fiscal 2012		Fiscal 2011		Fiscal 2010	
	Return	(Rank)	Return	(Rank)	Return	(Rank)	Return	(Rank)	Return	(Rank)	Return	(Rank)
5th Percentile	4.3		18.7		15.0		3.7		24.7		16.3	
25th Percentile	3.3		17.2		13.1		1.5		22.5		14.4	
Median	2.6		16.1		11.8		0.5		21.9		12.7	
75th Percentile	1.6		14.7		10.5		-0.3		18.9		11.1	
95th Percentile	-0.9		13.6		7.5		-0.9		16.3		8.6	
# of Portfolios	53		43		56		41		42		41	
● Total Fund	1.7	(70)	18.8	(5)	13.2	(22)	1.5	(25)	24.4	(10)	15.0	(15)
▲ Policy Index	3.4	(24)	17.7	(19)	12.4	(39)	1.4	(27)	22.5	(30)	11.9	(64)

Total Fund Allocations vs. Peer Universe

Total Plan Allocation vs. InvestorForce Public DB > \$1B Net



	Total Equity		Gbl Equity		US Equity		Gbl ex-US Equity		Total FI		Gbl FI		US Fixed Income		Alternatives		Private Equity		Real Estate: Private		Cash	
<b>5th Percentile</b>	66.5	20.0	47.4	27.4	35.5	11.1	30.1	37.2	12.8	11.6	5.6	--										
<b>25th Percentile</b>	57.6	9.4	35.7	20.2	26.0	6.2	22.4	22.8	8.4	9.3	2.7	--										
<b>Median</b>	53.3	4.9	28.1	16.7	20.4	5.8	13.6	12.8	6.2	8.1	1.3	--										
<b>75th Percentile</b>	39.4	3.1	21.8	12.2	17.6	4.1	9.6	5.7	3.9	5.5	0.7	--										
<b>95th Percentile</b>	24.6	0.2	5.9	4.2	9.2	3.2	6.8	2.0	0.7	1.1	0.1	--										
<b># of Portfolios</b>	39	18	36	36	39	17	33	34	31	30	36	--										
<b>● Total Fund</b>	53.8	(45)	9.6	(24)	30.9	(35)	13.3	(66)	23.7	(40)	5.9	(38)	17.8	(35)	8.4	(61)	3.5	(81)	8.4	(42)	2.2	(33)

# Manager Due Diligence

## Ventura County Employees' Retirement Association

### Due Diligence Monitor

The items below summarize the recent quarter's performance and any changes or announcements from the Plan's managers/products. A "-" indicates there were no material announcements. A "Yes" indicates there was an announcement and a brief summary is provided on the following pages. NEPC's Due Diligence Committee meets every two weeks to review events as they relate to investment managers and determine if any action should be taken (by NEPC and/or by our clients). Events are rated: No Action, Watch, Hold, Client Review or Terminate. NEPC's recommendation in view of the recent quarter's developments (performance, manager events, and any of the longer-term trending data) is refreshed quarterly.

Investment Options	Performance (Recent Quarter)	Changes/Announcements (Recent Quarter)	NEPC DD Committee Rec.	Plan Rec.	Comments	Last Onsite Conducted
BlackRock Equity Market Index	Top Quartile	-	-	-		10/2013
Western U.S. Index Plus	Top Quartile	-	-	-		6/2014
BlackRock Extended Equity Index	-	Yes	No Action	No Action		10/2013
BlackRock MSCI ACWI ex-U.S. Index	Bottom Quartile	Yes	No Action	No Action		10/2013
Sprucegrove	Bottom Decile	No	Hold	No Action	3Q 2014 Departure	N/A
Hexavest	Bottom Decile	-	-	-		1/2013
Walter Scott	Top Decile	-	-	-		10/2012
BlackRock MSCI ACWI Index	-	-	-	-		10/2013
GMO	Bottom Quartile	-	-	-		7/2014
Adams Street	N/A	-	-	-		11/2013
HarbourVest	N/A	-	-	-		3/2014
Pantheon	N/A	-	-	-		1/2015
BlackRock U.S. Debt Fund	-	Yes	No Action	No Action		10/2013
Western	Top Quartile	-	-	-		6/2014
Reams	-	-	-	-		11/2013
Loomis Sayles Multi-Sector Full Discretion	Bottom Quartile	-	-	-		11/2013
Loomis Sayles Global Fixed Income	-	-	-	-		11/2013
PIMCO Global Fixed Income	-	No	Watch	No Action	Bill Gross Lawsuit	10/2015



**Due Diligence Monitor Continued**

Investment Options	Performance (Recent Quarter)	Changes/Announcements (Recent Quarter)	NEPC DD Committee Rec.	Plan Rec.	Comments	Last Onsite Conducted
Loomis Sayles Strategic Alpha	-	-	-	-		11/2013
Prudential	N/A	-	-	-		7/2014
RREEF	N/A	-	-	-		7/2013
UBS	N/A	-	-	-		8/2011
Bridgewater	N/A	-	-	-		9/2012
Tortoise	N/A	-	-	-		8/2013
Parametric/Clifton	N/A	-	-	-		7/2013

NEPC Due Diligence Committee Recommendation Key	
<b>No Action</b>	Informational items have surfaced; no action is recommended.
<b>Watch</b>	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
<b>Hold</b>	Serious issues have surfaced to be concerned over; manager cannot participate in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
<b>Client Review</b>	Very serious issues have surfaced with an Investment Manager; manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to review the manager.
<b>Terminate</b>	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot participate in future searches unless a client specifically requests. Current clients must be advised to replace the manager.

### Due Diligence Commentary

Below is a summary of manager changes, announcements and due diligence events since the issuance of our last quarterly report.

#### Manager Changes/Announcements

##### BlackRock

In mid-January BlackRock announced some structural changes to their investment platform. Their co-head of Americas Fixed Income, Kevin Holt, is assuming a new role in the Multi-Asset Group. This is the biggest structural change in their effort to build a more global and integrated reporting structure. Mr. Holt took the reports of several investors and will now be reporting to either Tim Webb or Rick Rieder. Mr. Webb was formally Head of International Fixed Income and will now serve as Head of Global Fixed Income and will be responsible for the Americas. Mr. Reider was CIO of Fundamental Fixed Income and Co-Head of Americas Fixed Income along with Mr. Holt. He will now serve as CIO of Global Fixed Income.

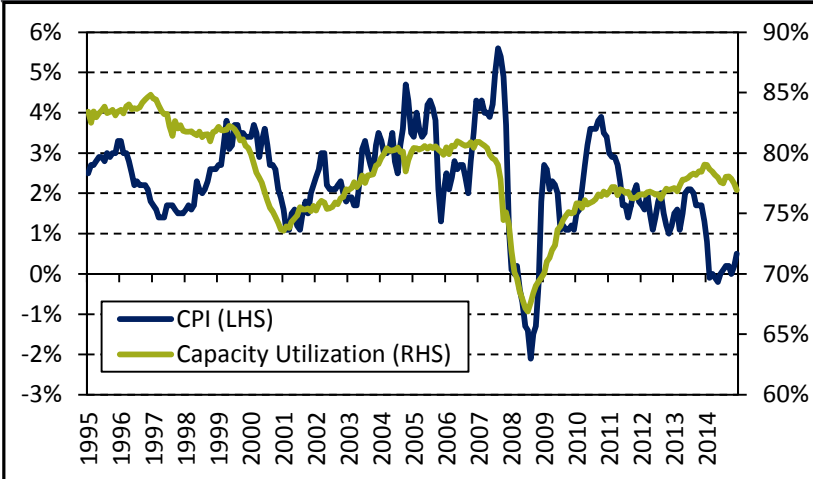
Although these changes are occurring on the top of BlackRock's organization chart, not much will change aside from Mr. Holt's transition to the Multi-Asset Team and a few reporting lines within their group. There were no changes to portfolio manager assignments on either the Multi-Asset or Fixed Income teams. BlackRock's overall goal in the change is to position the firm's leaders to maximize potential for BlackRock and its clients.

***NEPC recommends No Action at this time. We will continue to monitor the situation and provide updates as necessary.***

# Appendix: Market Environment

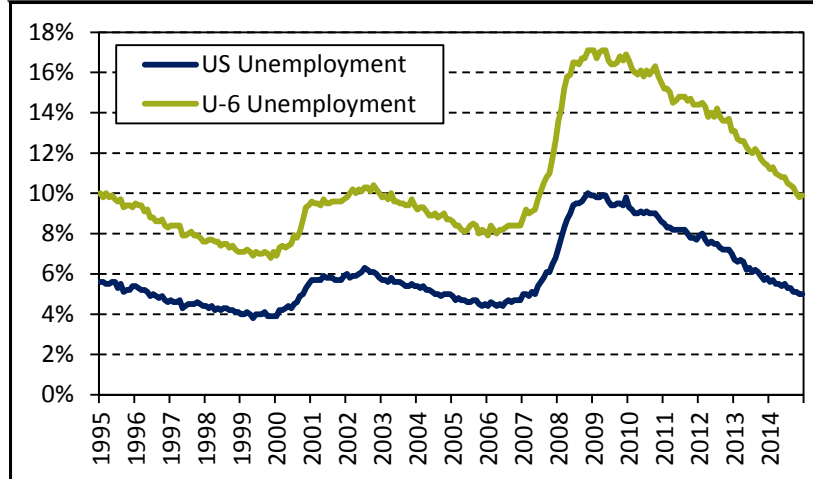
# US Economic Indicators

## Inflation has stayed low



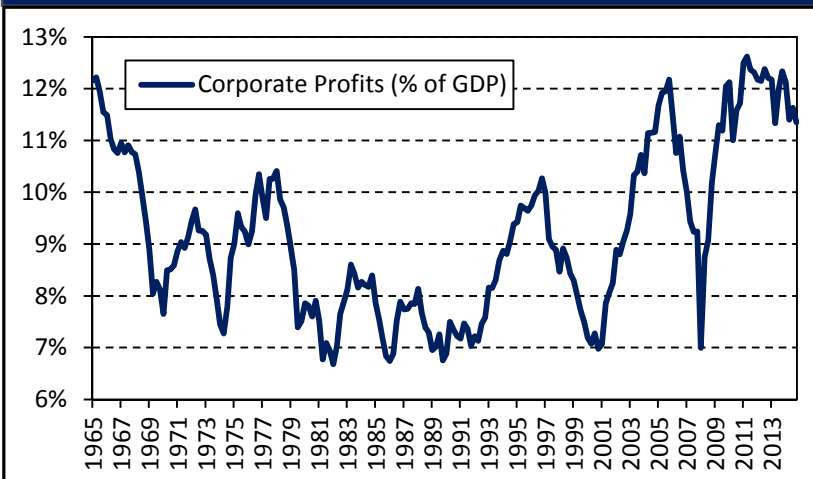
Source: Bloomberg, Federal Reserve, Bureau of Labor Statistics

## Unemployment steadily improving



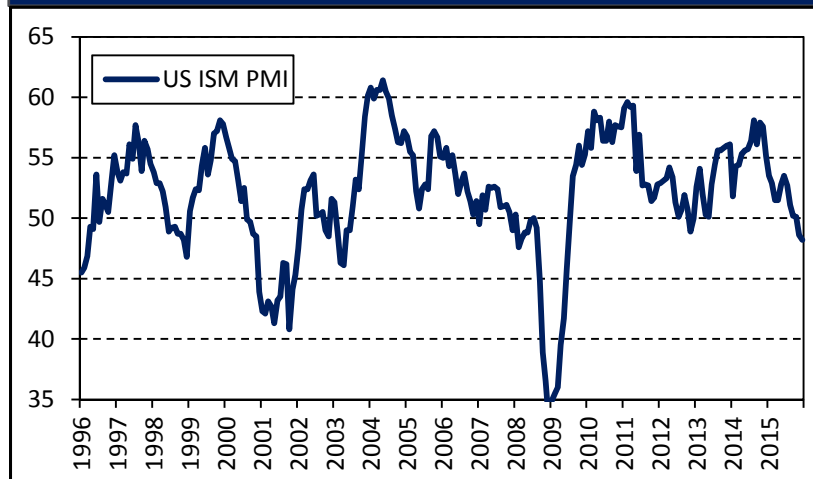
Source: Bloomberg, Bureau of Labor Statistics

## Corporate profits slightly off secular highs



Source: Bloomberg, Bureau of Economic Analysis

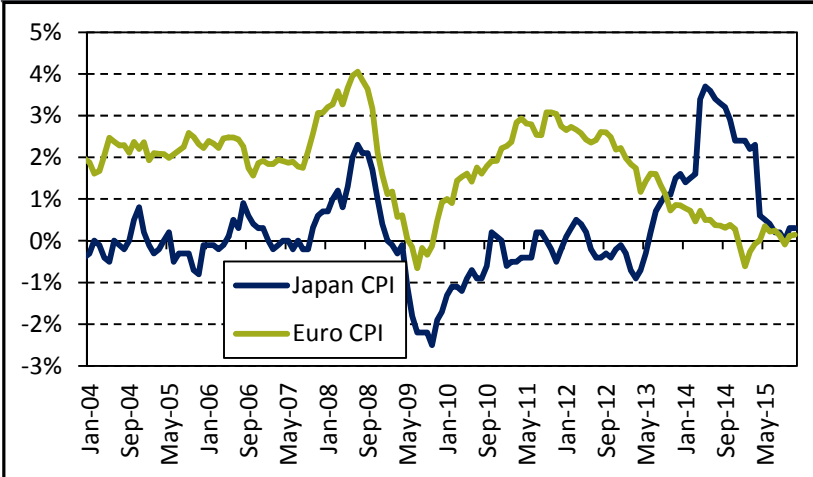
## Manufacturing trending lower



Source: Bloomberg, Institute for Supply Management

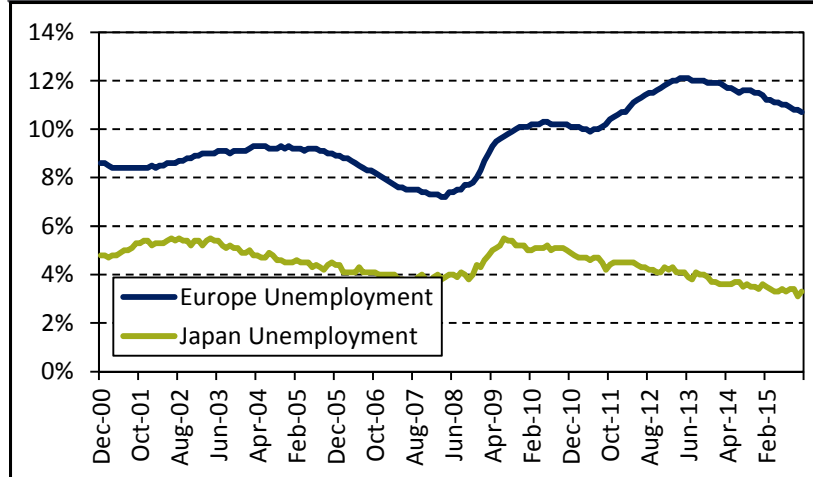
# International Economic Indicators

## Inflation remains muted



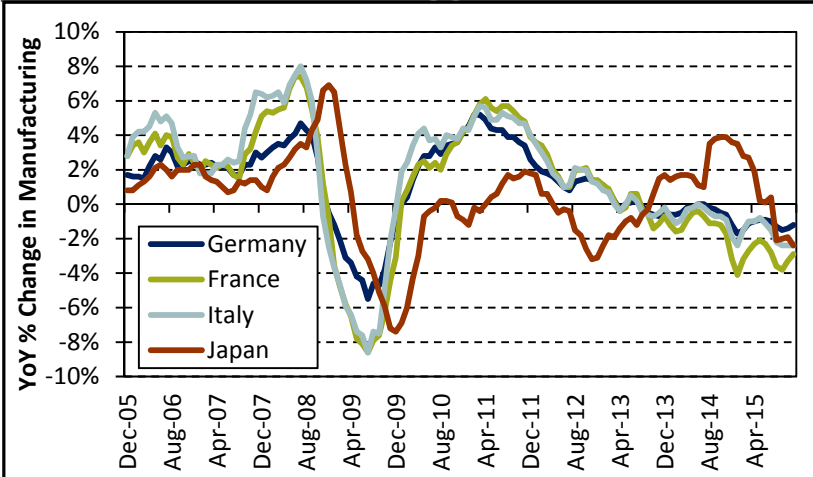
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

## Europe employment recovery lagging



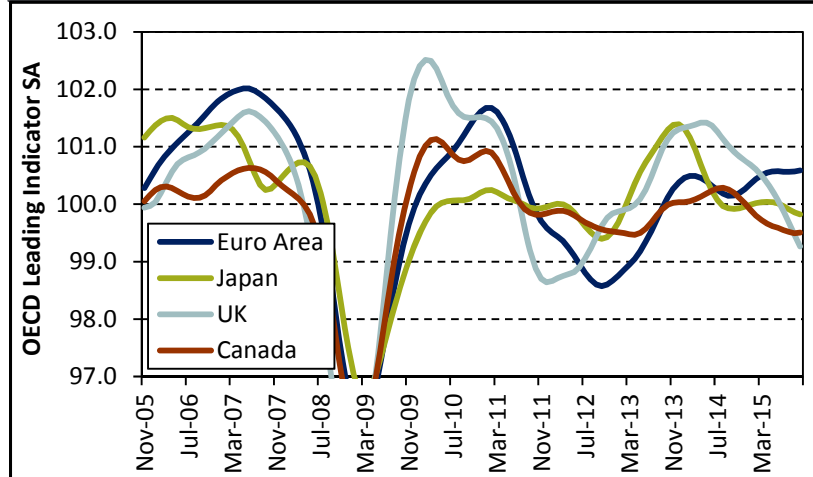
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

## Manufacturing in developed economies has lagged



Source: Bloomberg, OECD, Eurostat

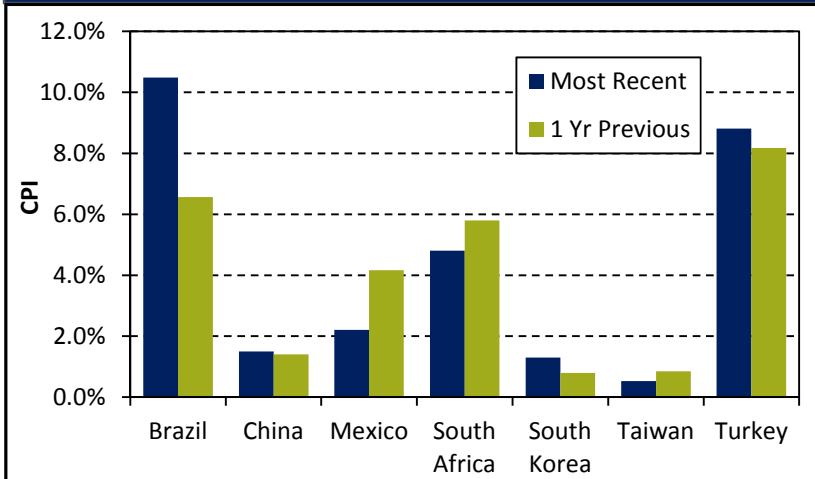
## Leading indicators mostly neutral



Source: Bloomberg, OECD

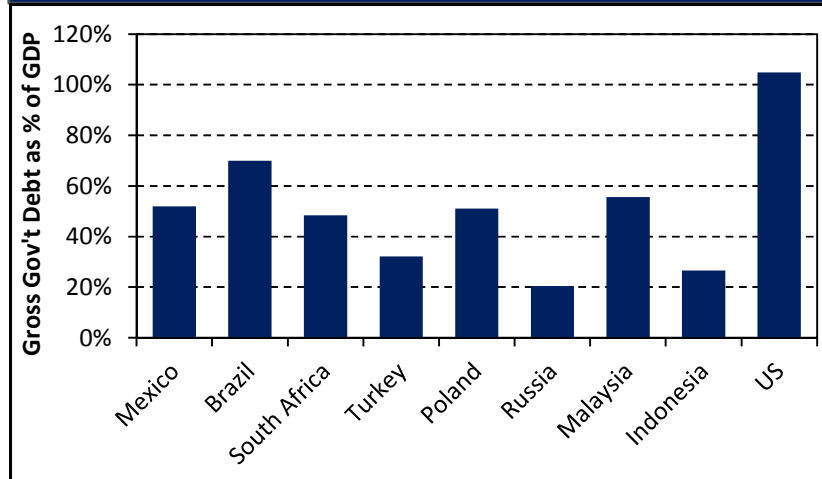
# Emerging Market Economic Indicators

## EM inflation is varied by country



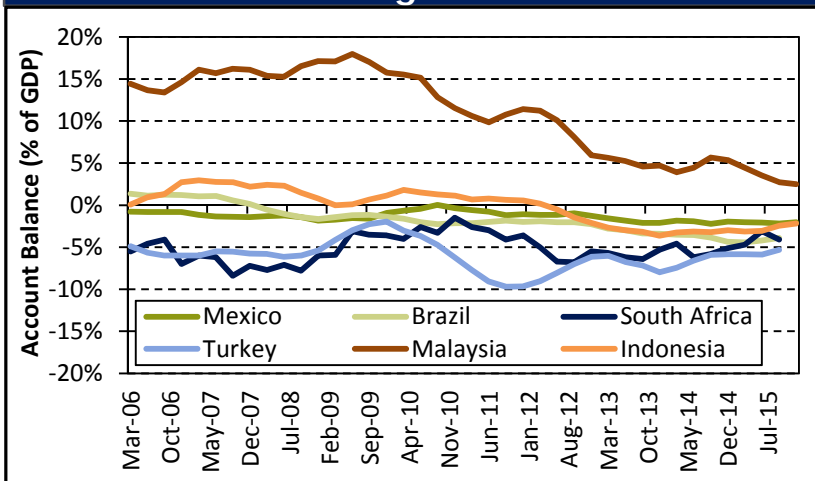
Source: Bloomberg

## Relatively healthy Debt/GDP ratios



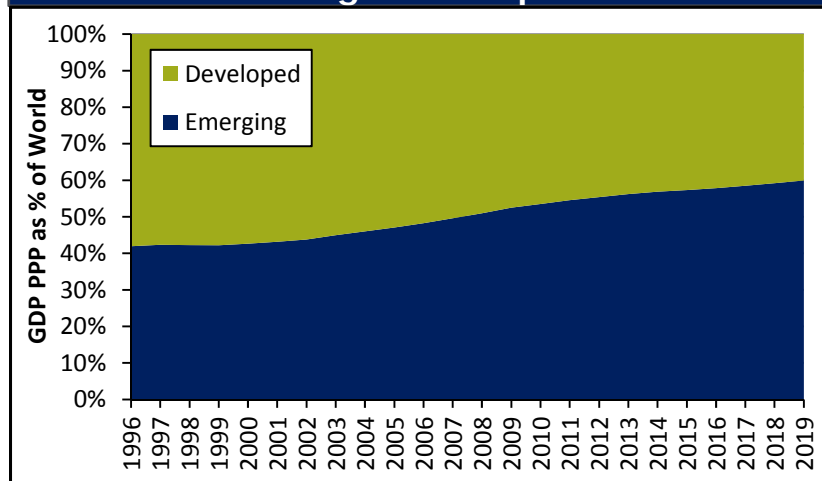
Source: Bloomberg, IMF

## Little improvement in account balance challenged countries



Source: Bloomberg

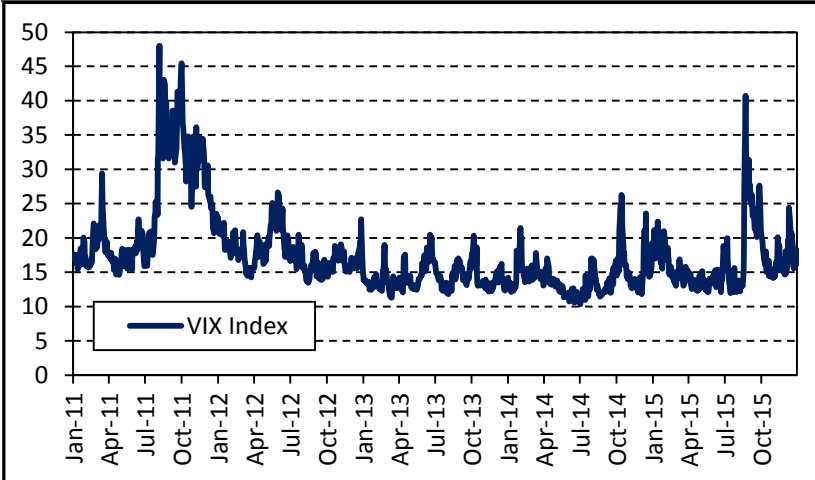
## Emerging economies make up >50% of global output



Source: Bloomberg, IMF

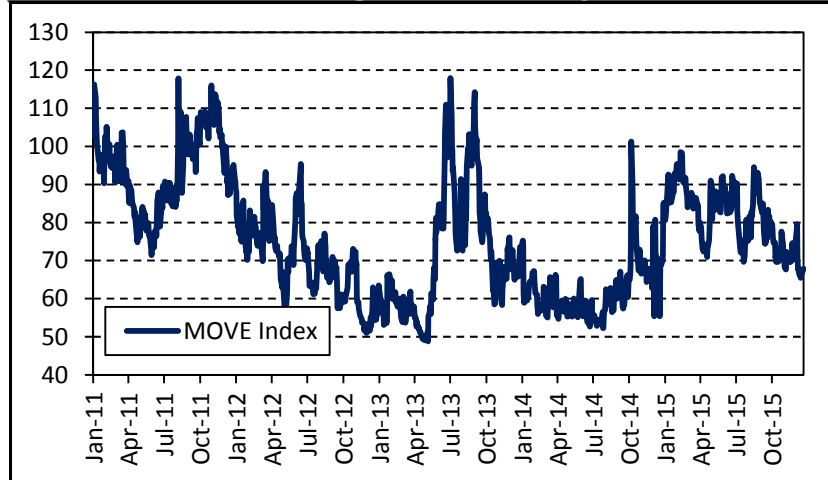
# Volatility

**Equity volatility has seen recent spike and decline**



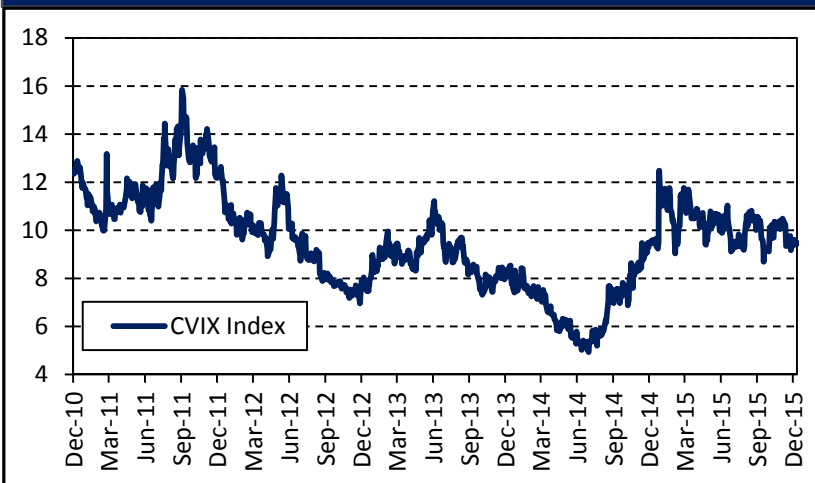
Source: Bloomberg, CBOE

**Treasury rates experiencing periods of higher volatility**



Source: Bloomberg, Merrill Lynch

**Sustained uptick in currency volatilities**



Source: Bloomberg, Deutsche Bank

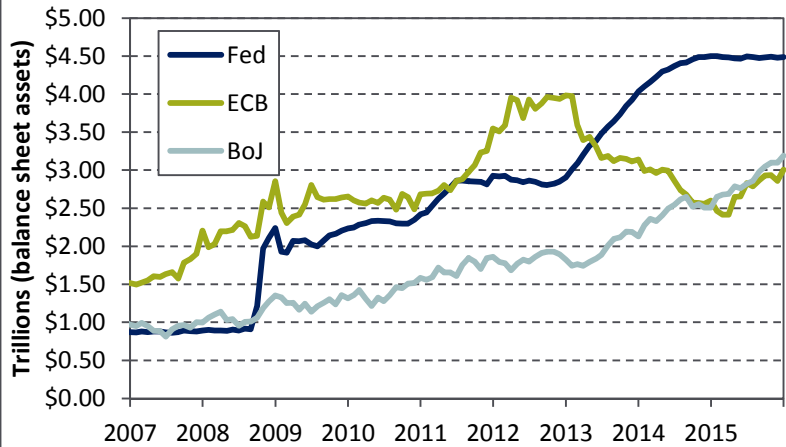
**Commodity pricing volatility has increased**



Source: Bloomberg, Merrill Lynch

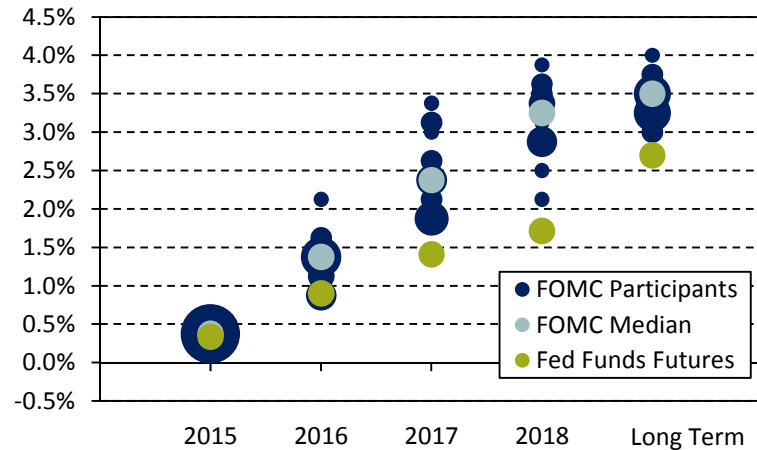
# Central Banks

## Major central bank policy divergence



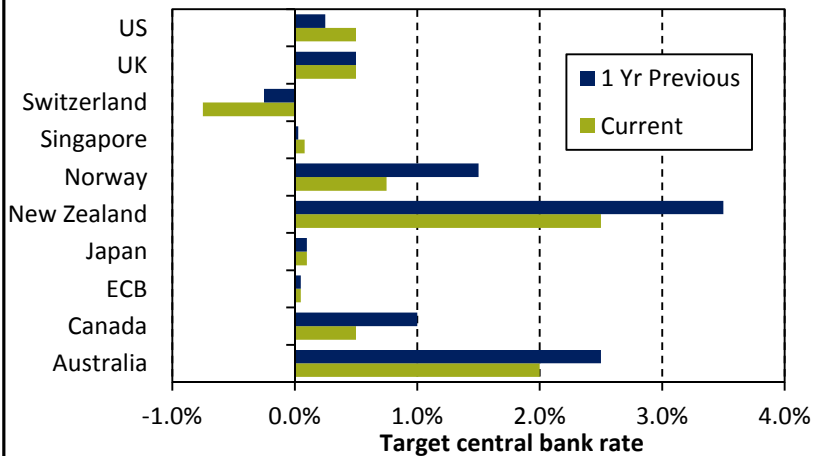
Source: Bloomberg, Federal Reserve, Bank of Japan, ECB, NEPC

## Fed's ideal rate of policy firming above market expectations



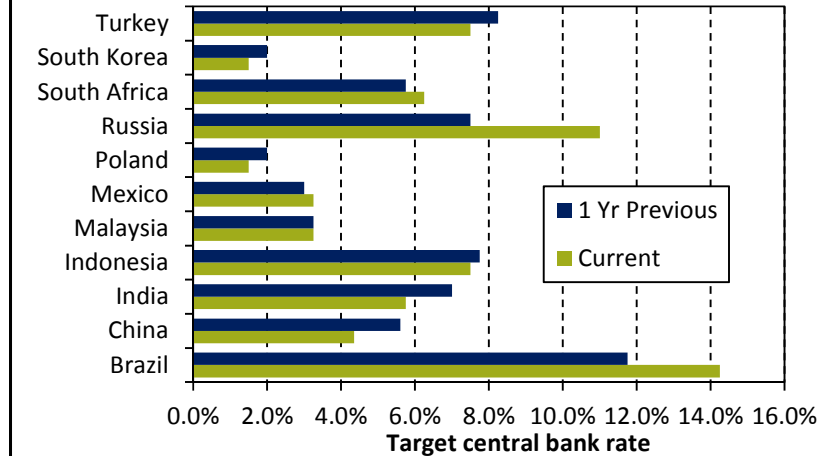
Source: Bloomberg, Federal Reserve, NEPC

## Many developed central banks have maintained low interest rates



Source: Bloomberg

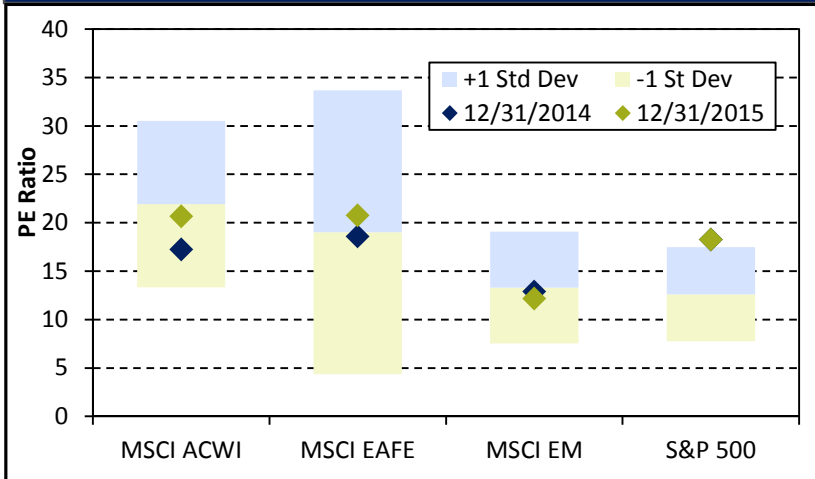
## EM central bank policies have varied by circumstance



Source: Bloomberg

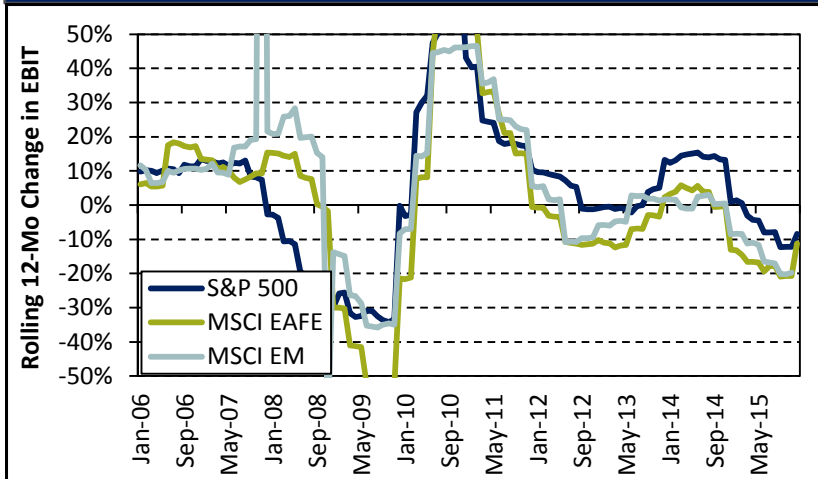


## Global valuations are mixed



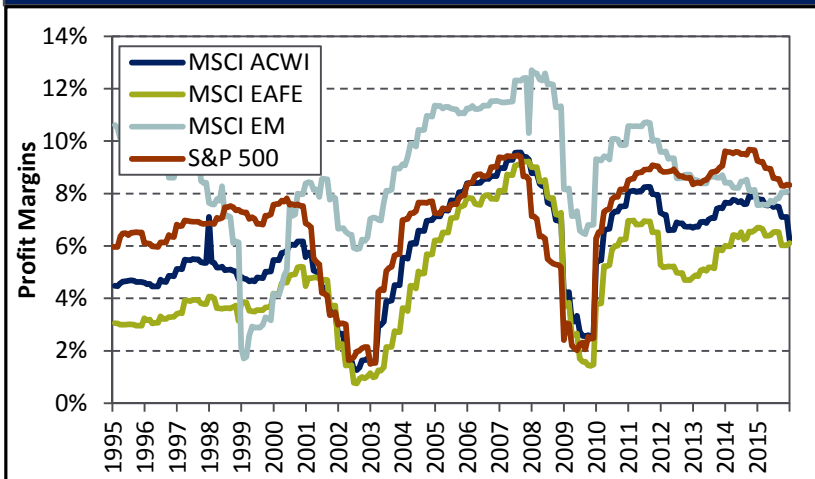
Source: Bloomberg, Standard and Poors, MSCI \*MSCI EAFE is ex UK Telecom

## Earnings growth trending lower



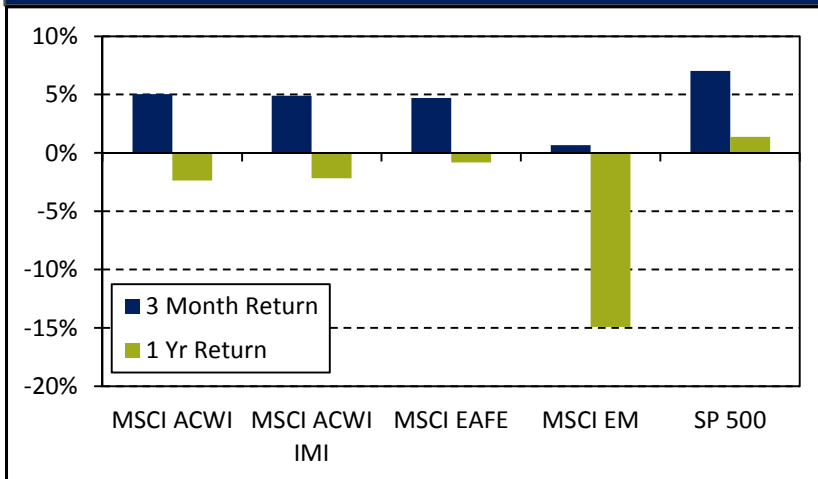
Source: Bloomberg, Standard and Poors, MSCI

## Margins elevated, but largely a US story



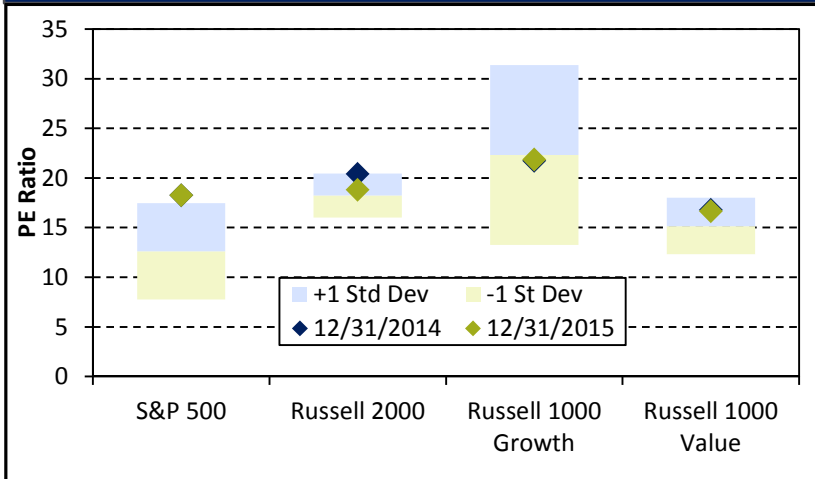
Source: Bloomberg, MSCI

## Global equity returns have been mixed



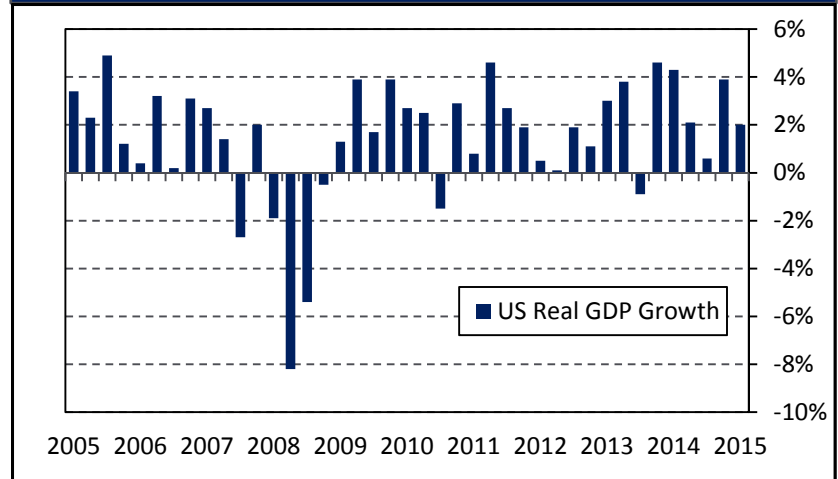
Source: Bloomberg, MSCI

## Valuations near or above historical norms



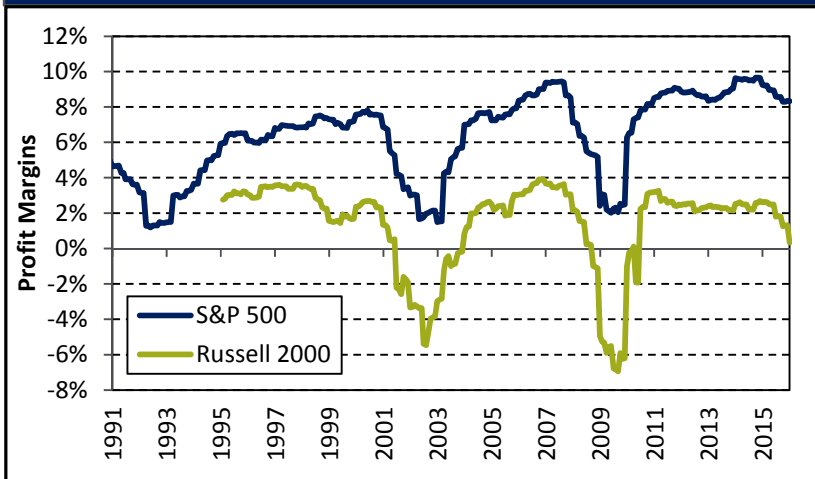
Source: Bloomberg, Standard and Poors, Russell \*Russell 2000 PE is index adjusted positive

## Growth recovery marked by inconsistency



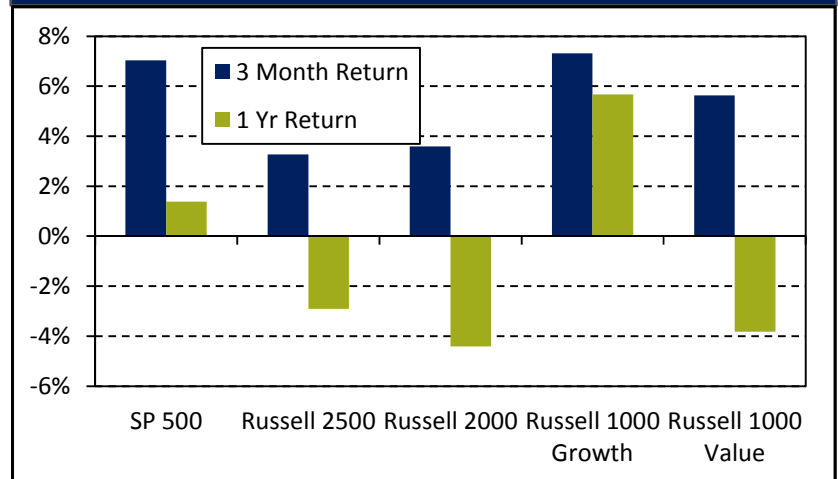
Source: Bloomberg, Bureau of Economic Analysis

## Profit margins remain elevated



Source: Bloomberg, Standard and Poors, Russell

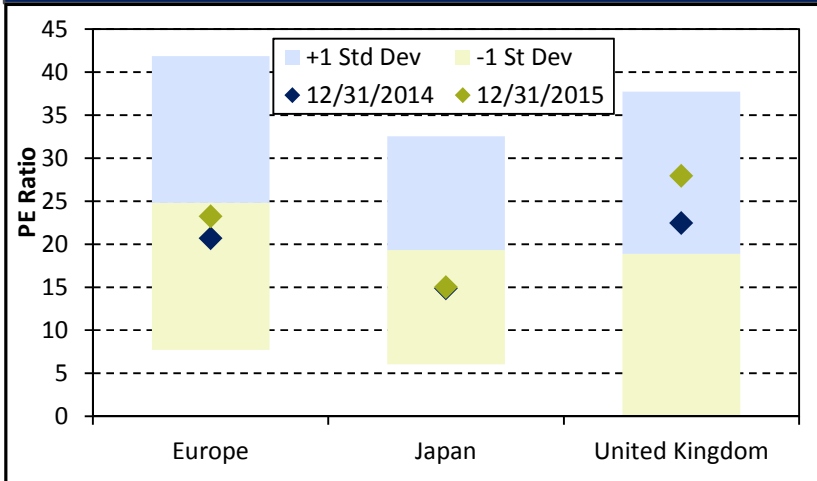
## Trailing performance is positive in near term



Source: Bloomberg, Standard and Poors, Russell

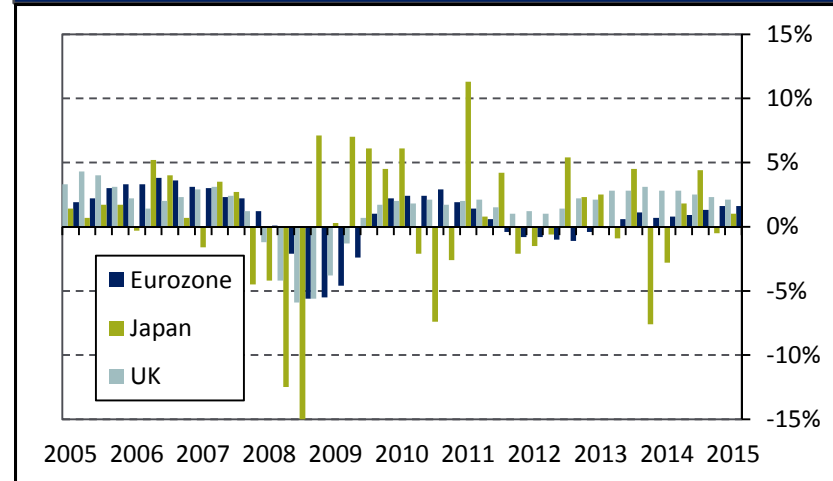
# International Equity

## PEs near historical medians



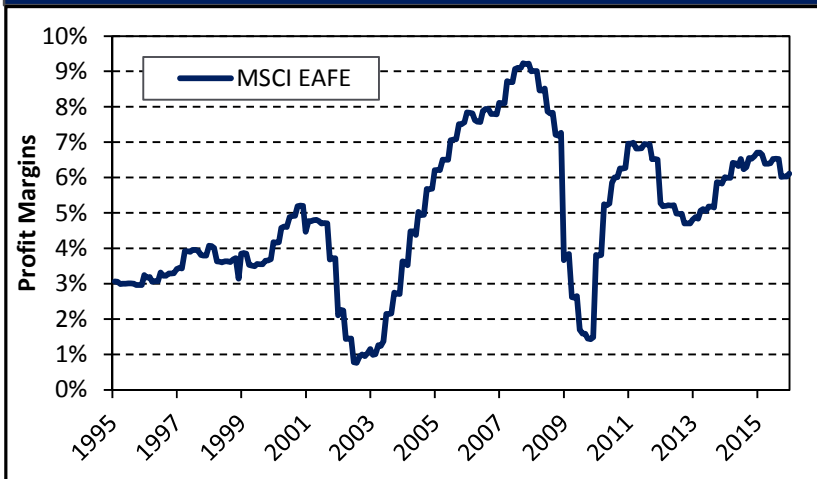
Source: Bloomberg, MSCI, FTSE \*UK represented by FTSE 100 Index

## Slow Global Growth



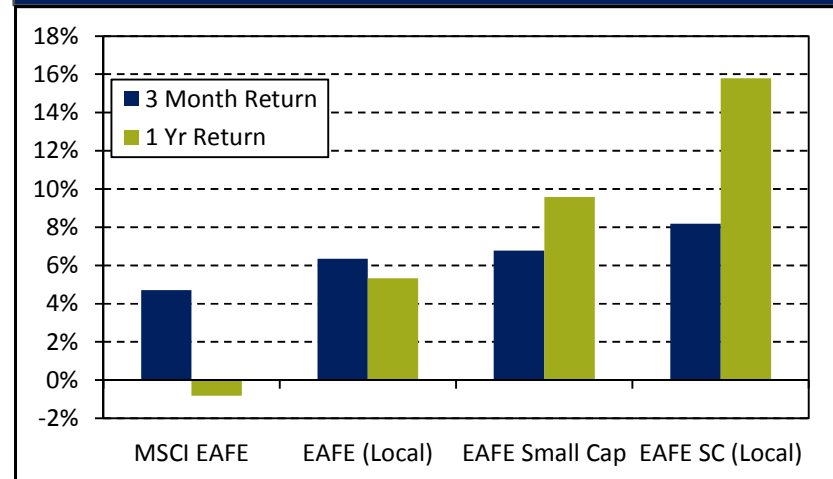
Source: Bloomberg

## Margins elevated but not at extremes



Source: Bloomberg, MSCI

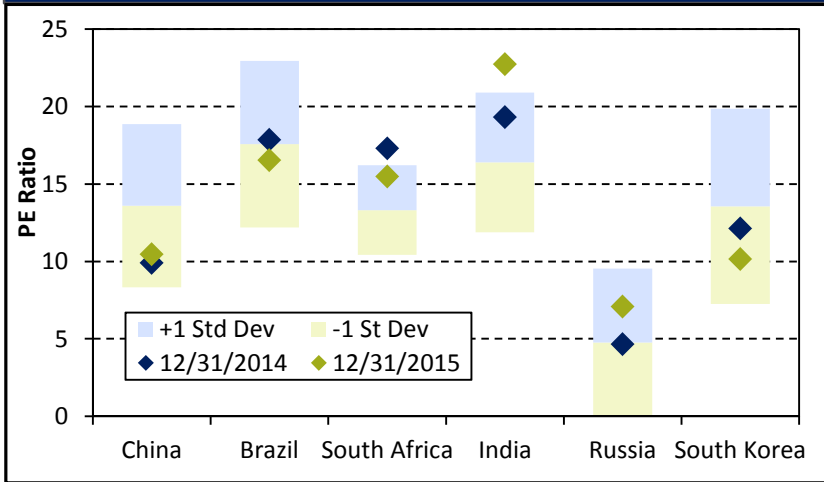
## Returns pulled lower by dollar strength



Source: Bloomberg, MSCI

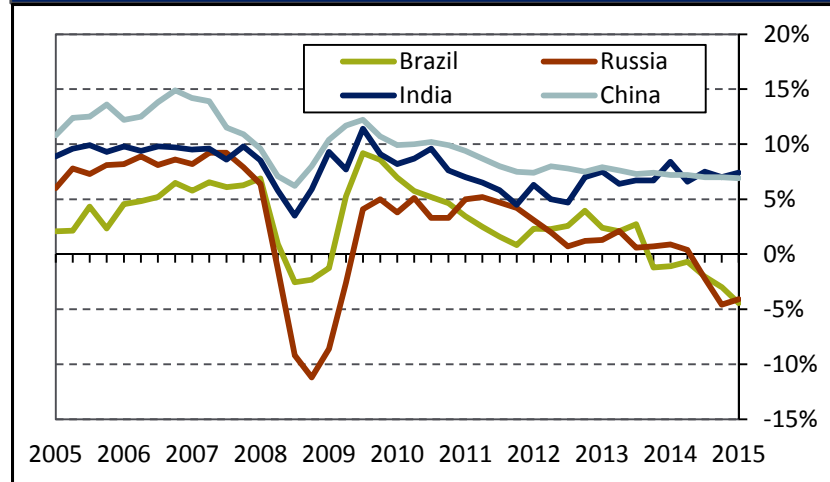
# Emerging Markets Equity

## Regional valuations show divergence



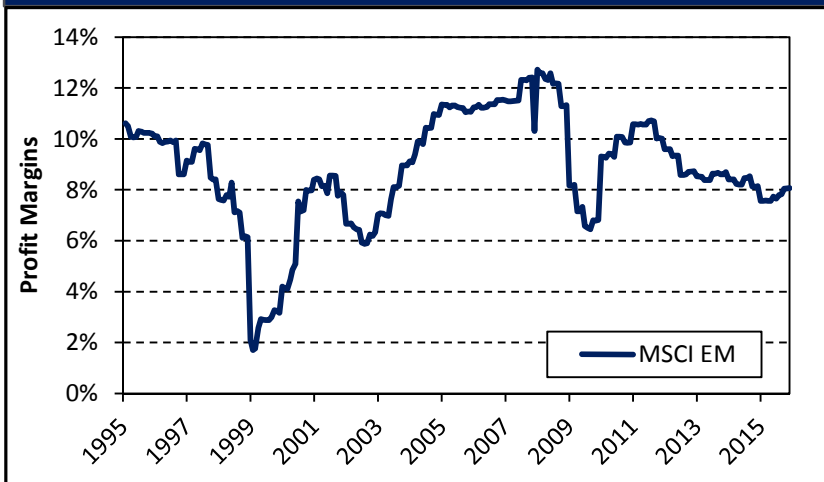
Source: Bloomberg, MSCI

## Slowing growth in major economies



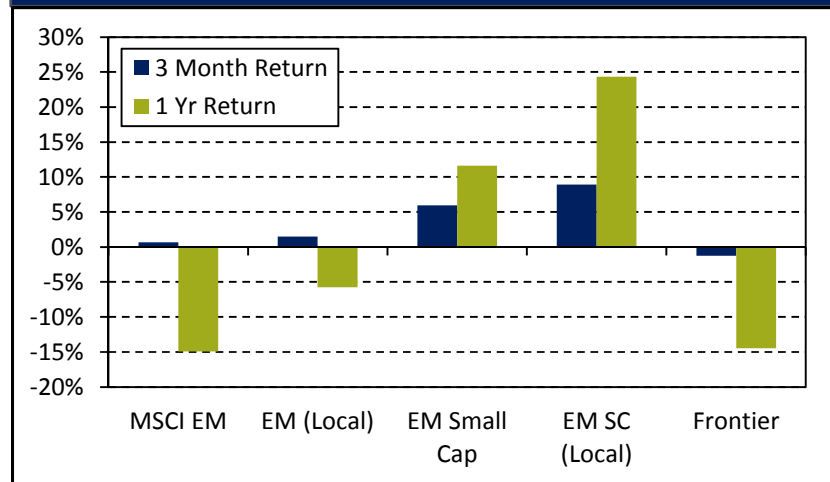
Source: Bloomberg

## Profit margins in line with history



Source: Bloomberg, MSCI

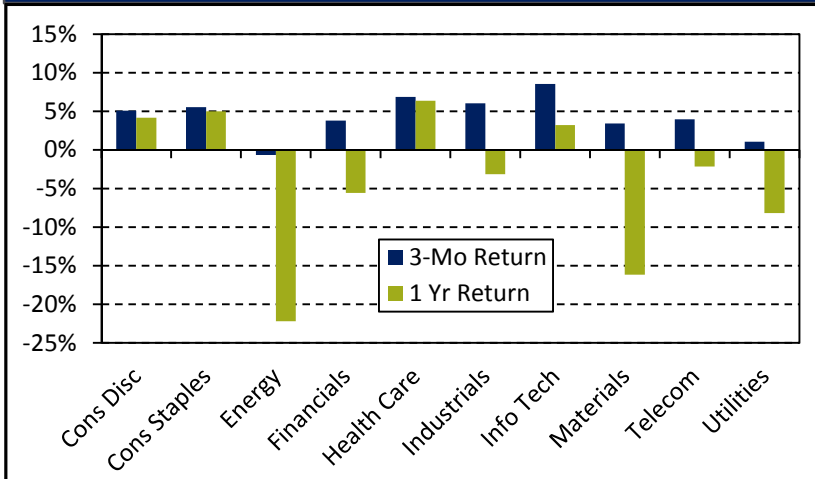
## Small cap EM issues have outperformed



Source: Bloomberg, MSCI

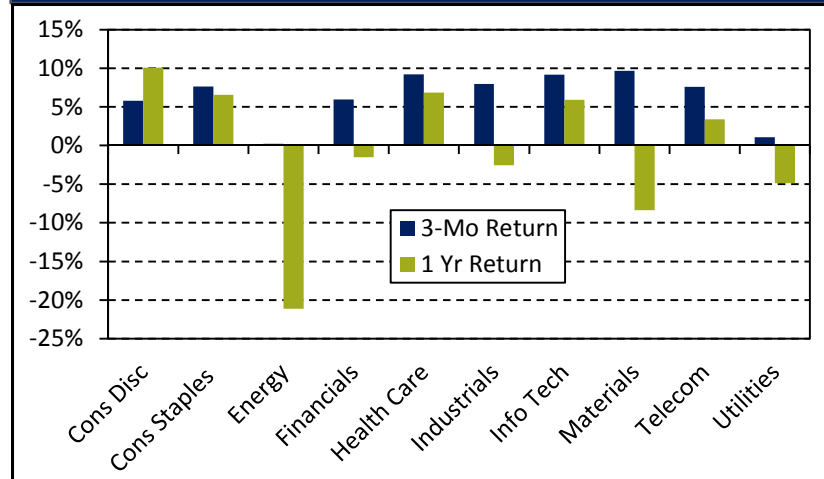
# Global Equity by Sector

## Energy returns sharply negative



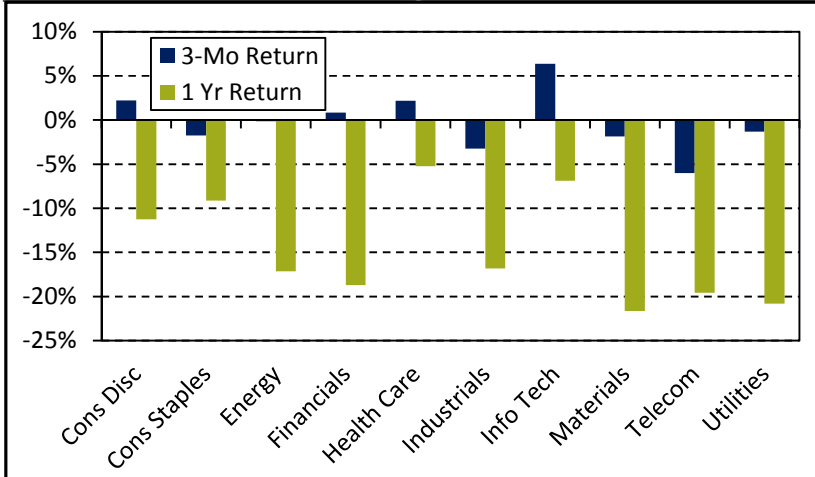
Source: Bloomberg, MSCI

## S&P 500 sectors mostly positive in near term



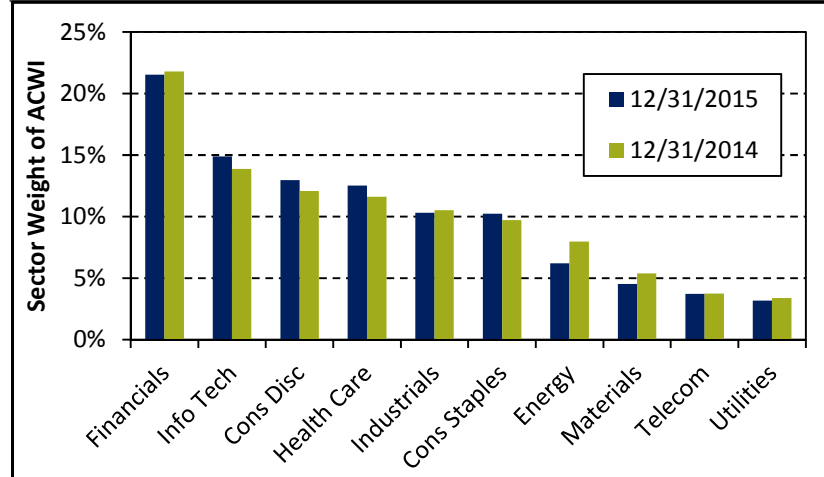
Source: Bloomberg, Standard and Poors

## Returns negative across sectors over one year



Source: Bloomberg, MSCI

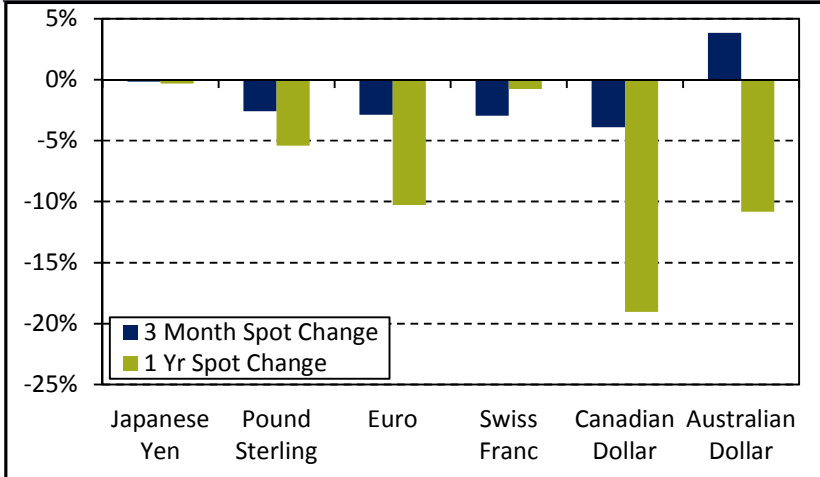
## Global energy sector weight has fallen



Source: Bloomberg, MSCI

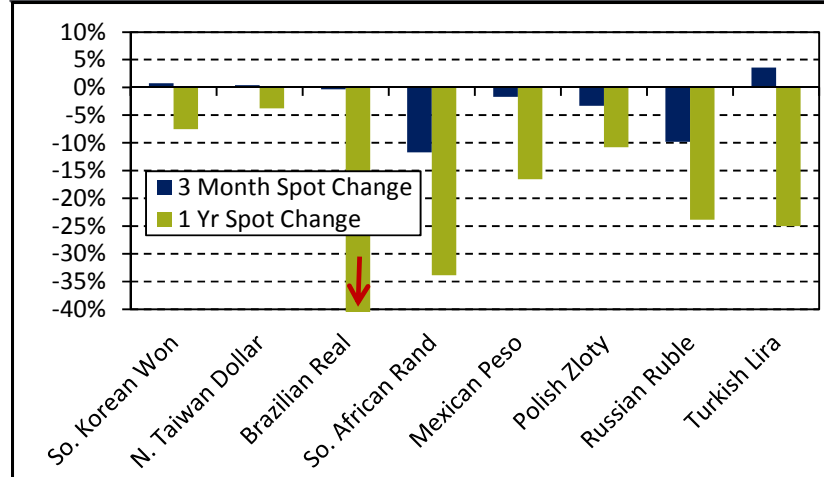
# Currencies

## Developed currencies mostly negative versus the dollar



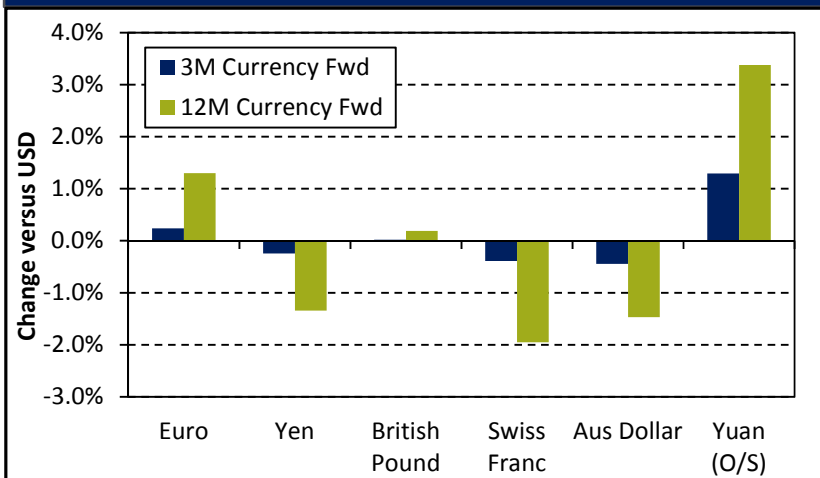
Source: Bloomberg

## EM currencies have suffered in unique fashions



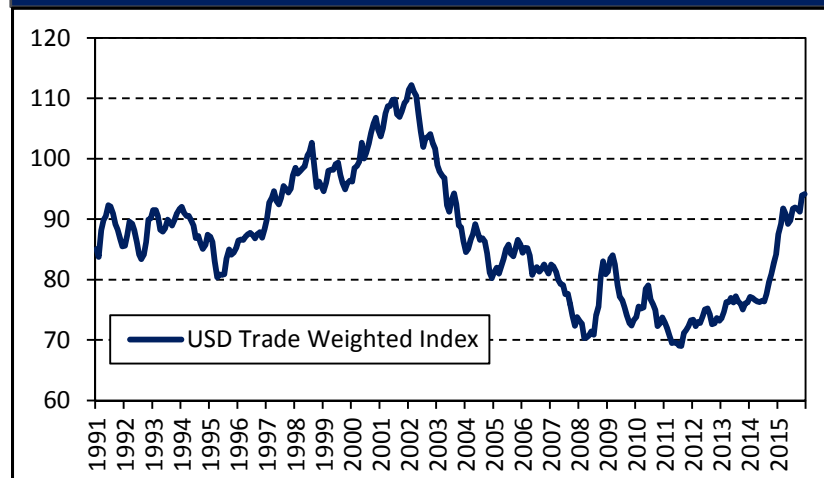
Source: Bloomberg

## Yen expected to decline versus USD



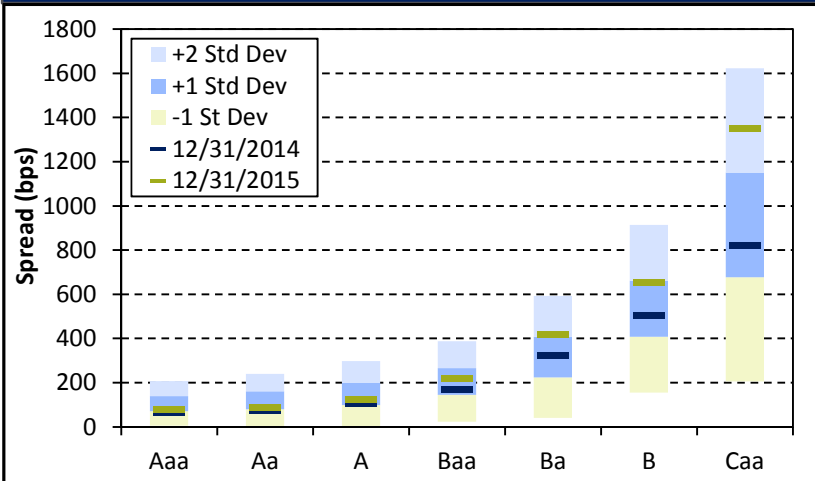
Source: Bloomberg

## Recent dollar strength pronounced



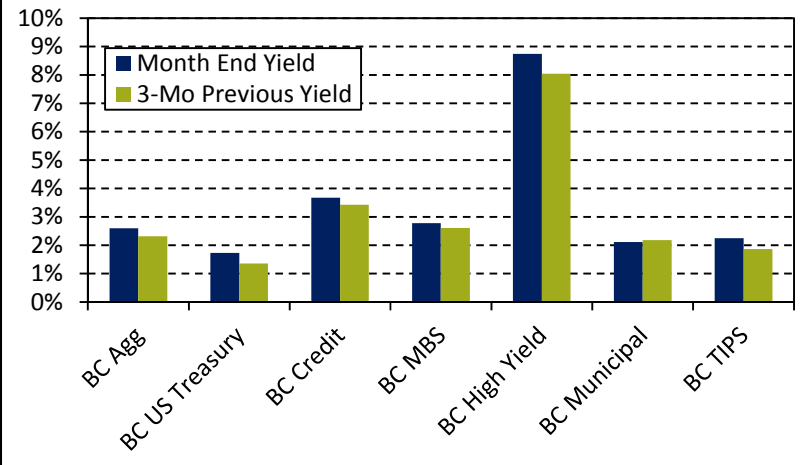
Source: Bloomberg, Federal Reserve

Spread levels above historical medians



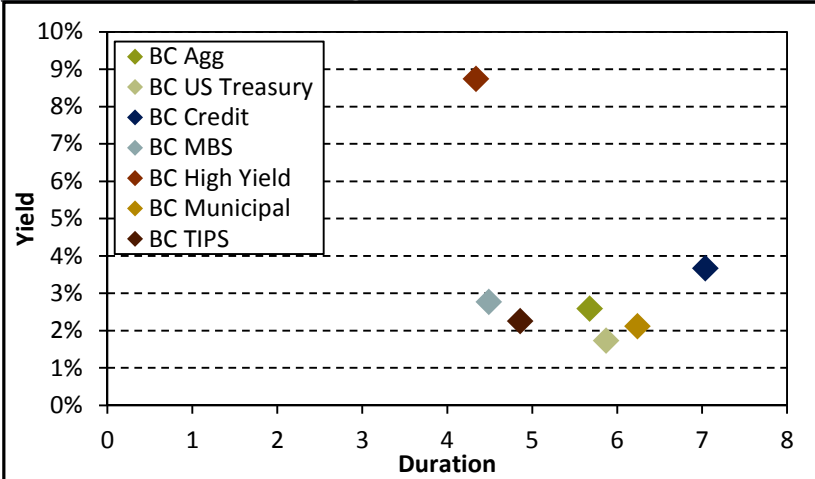
Source: Bloomberg, Barclays

Most yields have increased



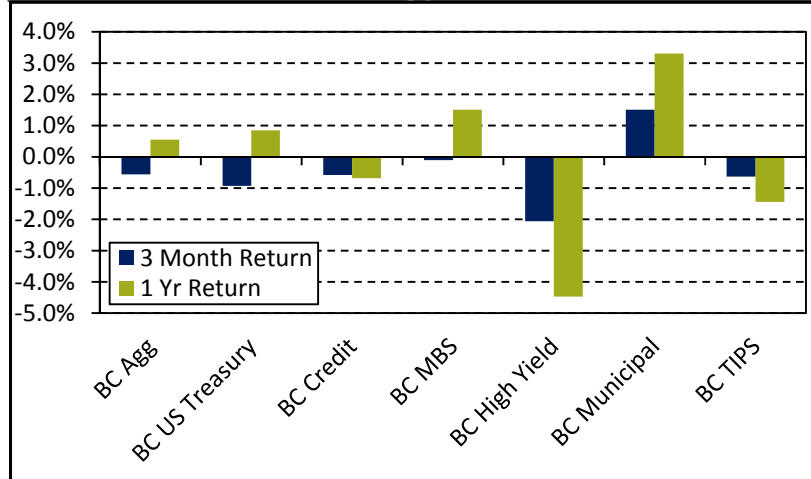
Source: Bloomberg, Barclays

Similar yield/duration tradeoff among major US indices



Source: Bloomberg, Barclays

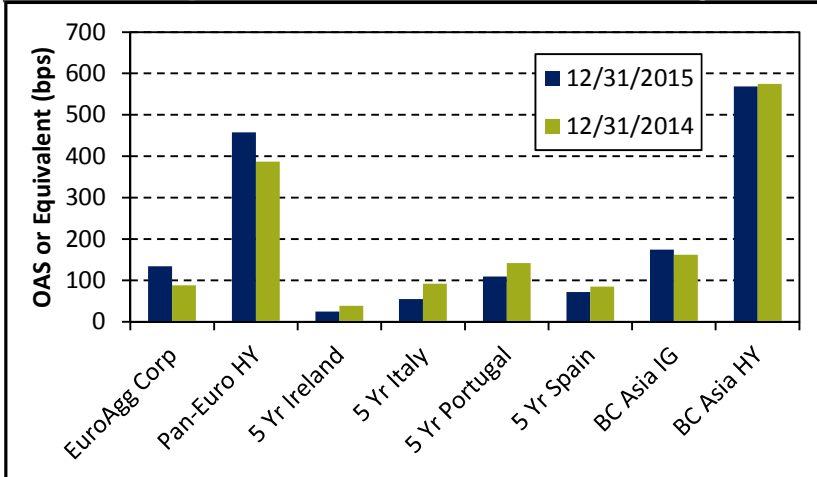
Negative high yield returns driven by energy distress



Source: Bloomberg, Barclays

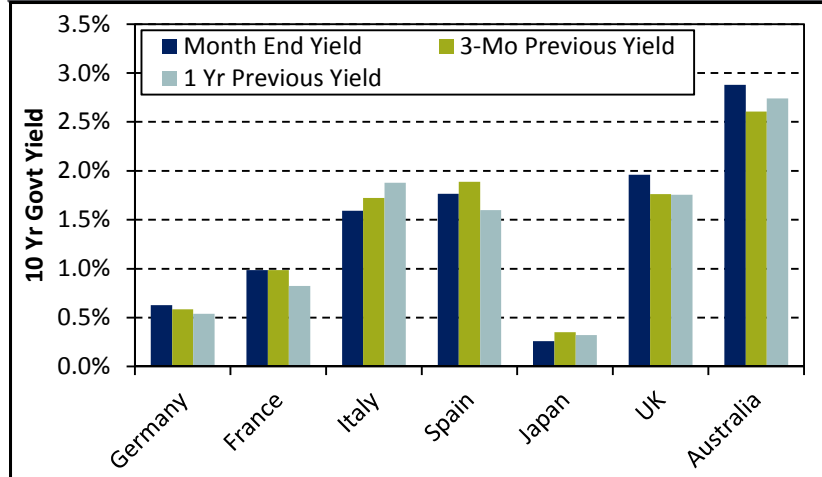
# International Developed Fixed Income

## European periphery yields at small premium relative to Germany



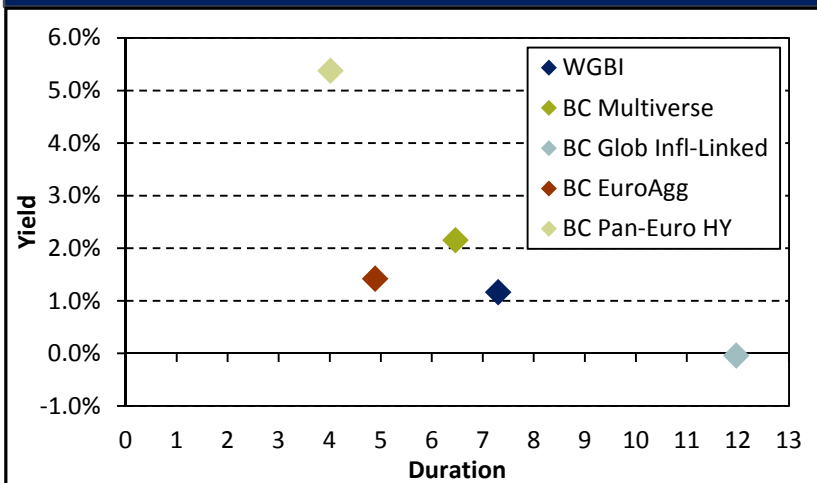
Source: Barclays, Bloomberg, \*European periphery spreads are over equivalent German Bund

## Global yields are at or near historic lows



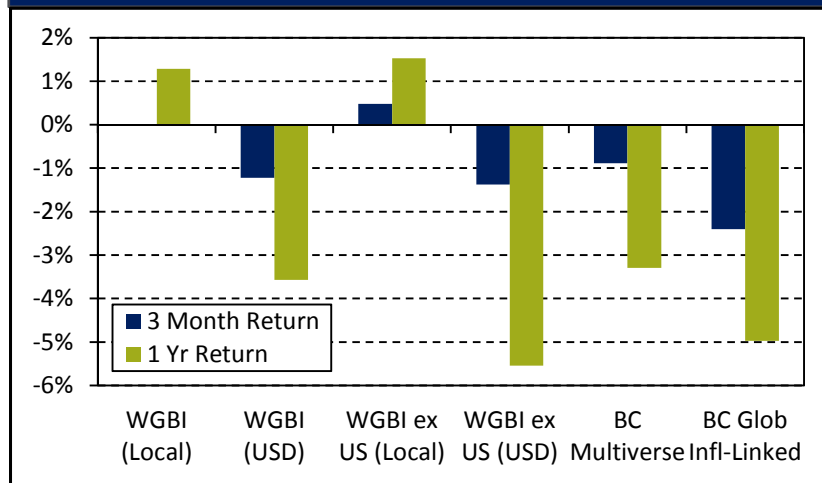
Source: Bloomberg

## Low global yields relative to duration



Source: Bloomberg, Citigroup, Barclays

## Global bonds negative over one year in USD terms

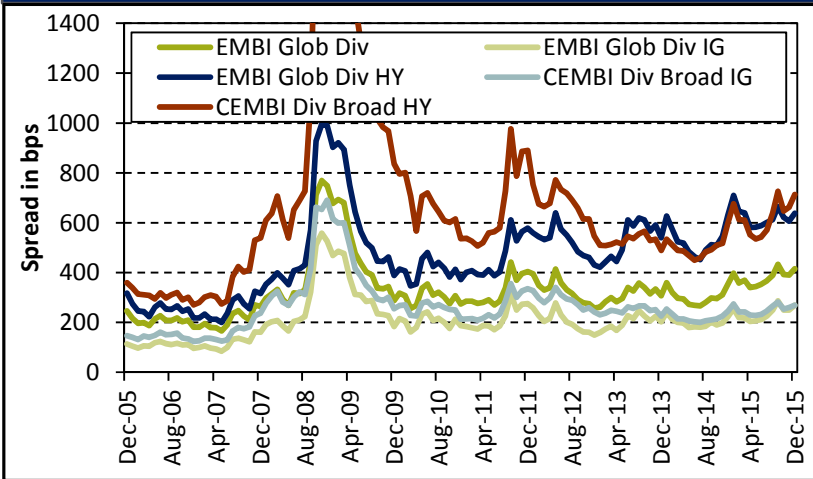


Source: Bloomberg, Citigroup, Barclays



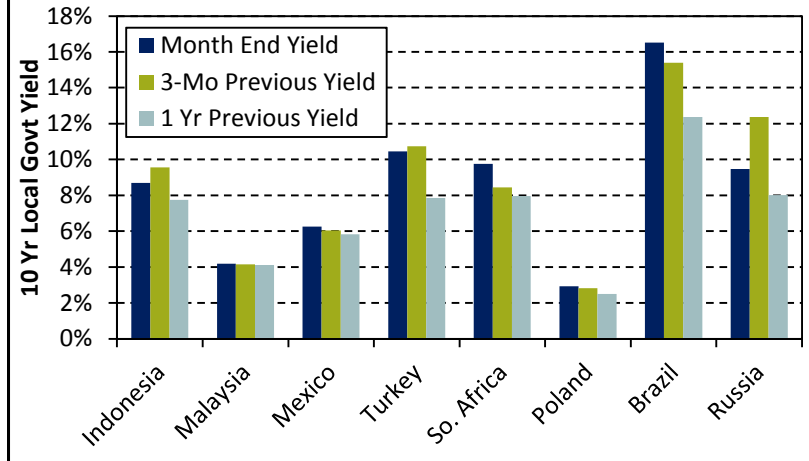
# Emerging Markets Fixed Income

## Spreads have widened recently



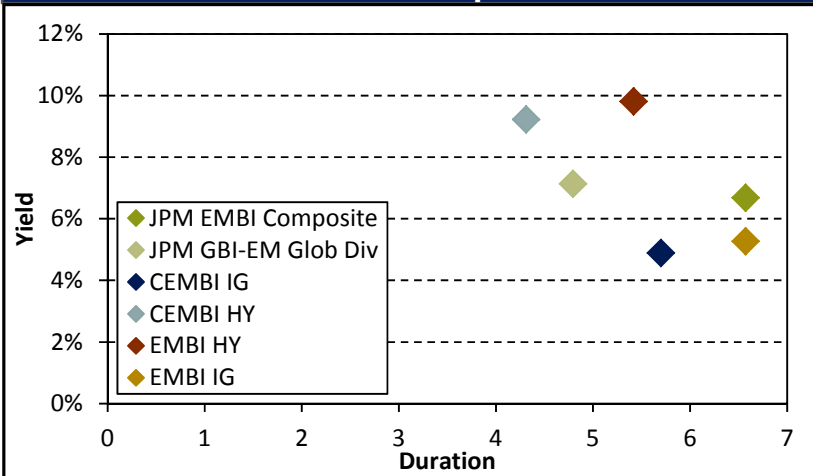
Source: Bloomberg, JP Morgan

## Emerging market bond yield changes have varied directionally



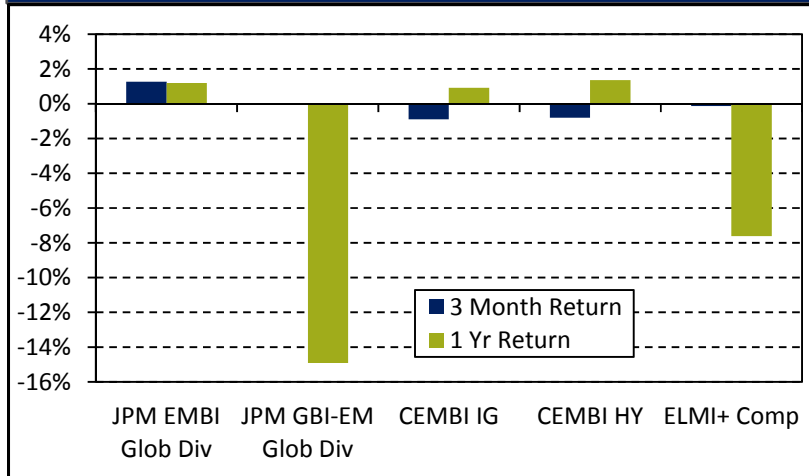
Source: Bloomberg

## EM yields higher versus global counterparts



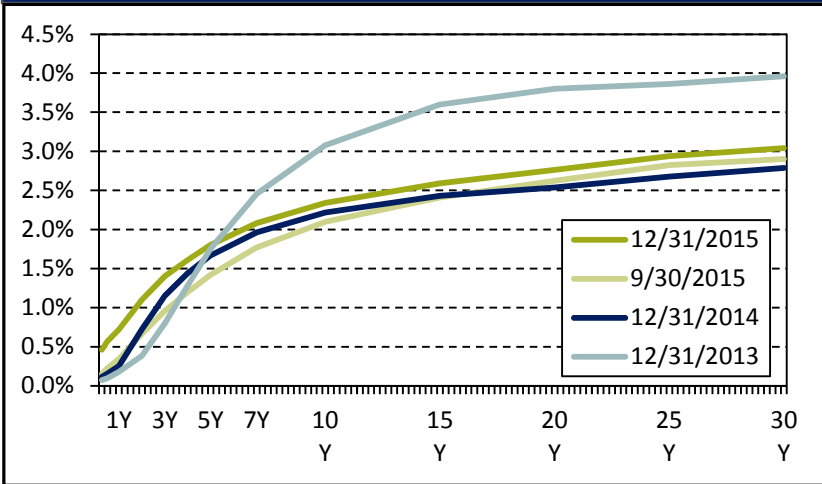
Source: Bloomberg, JP Morgan

## Currency effect pronounced in EMD returns



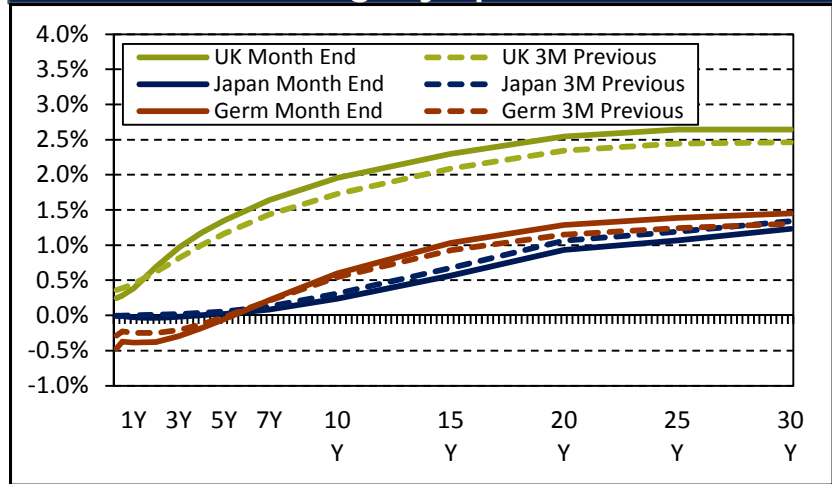
Source: Bloomberg, JP Morgan

Treasury yield curve moderately rising



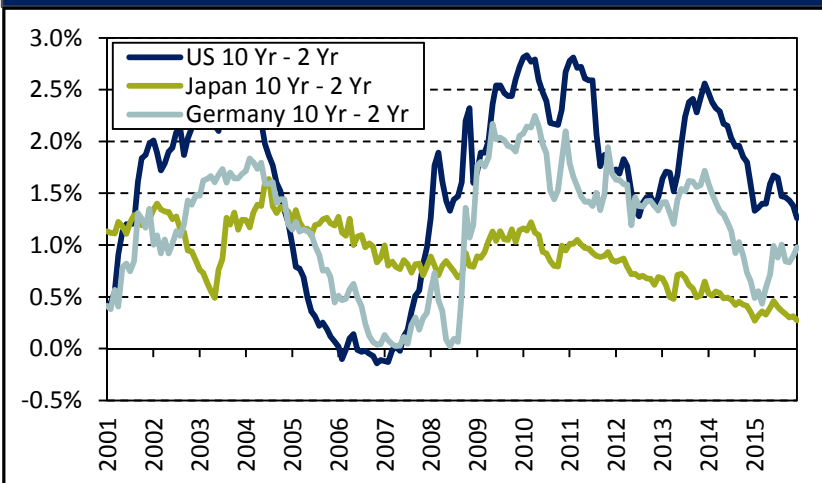
Source: Bloomberg

UK and German yield curves have shifted slightly upwards



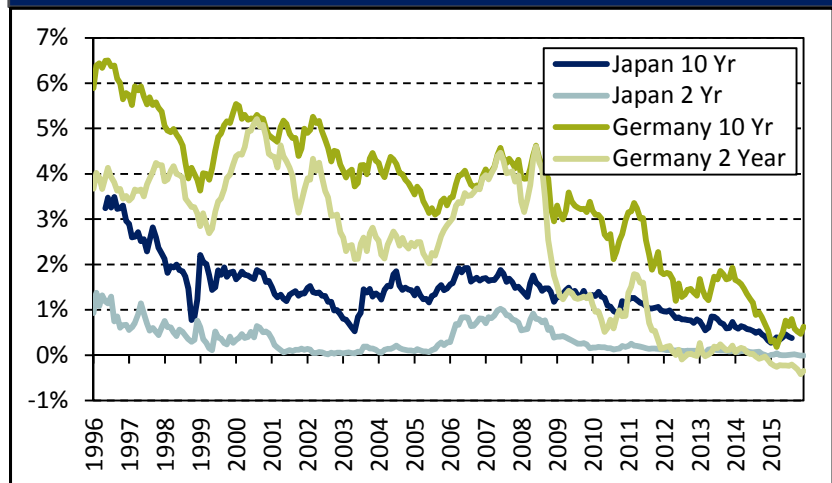
Source: Bloomberg

Global yield curves have mostly flattened



Source: Bloomberg

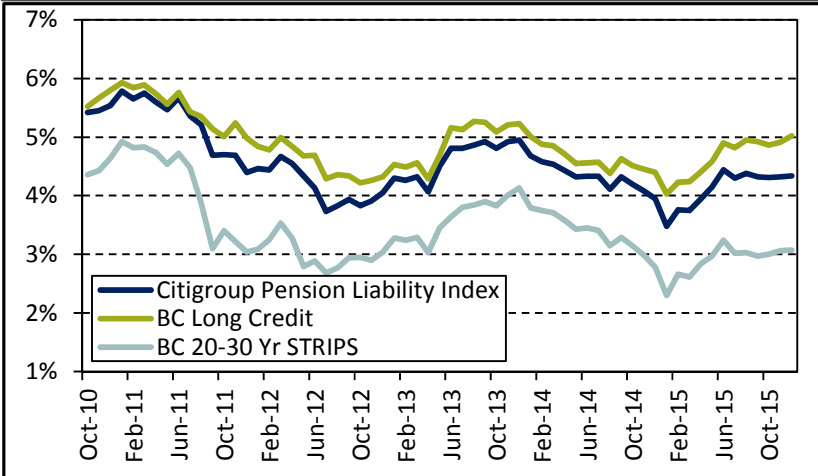
Global yields have trended lower over long term



Source: Bloomberg

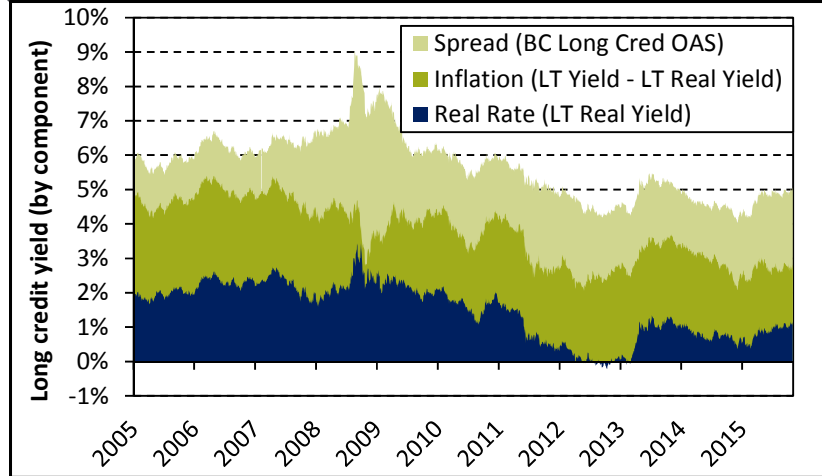
# Long Rates and Liability

## Long duration yields have fallen over last few years even with recent uptick



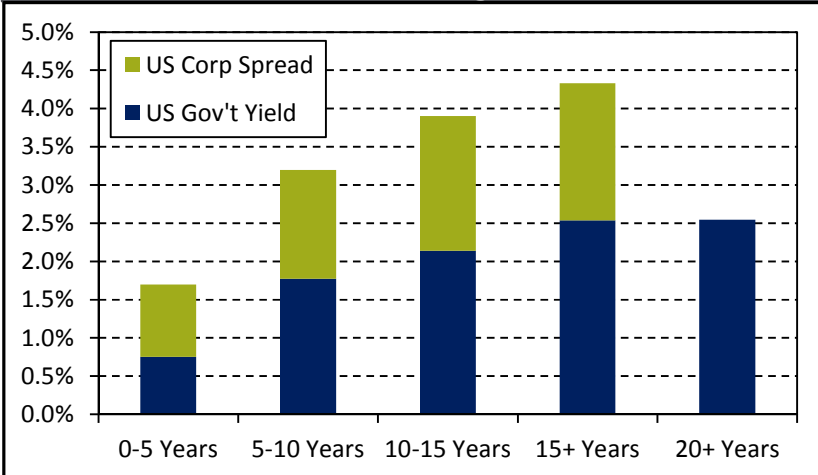
Source: Bloomberg, Citigroup, Barclays

## Lower yields driven by low inflation expectations and real rates



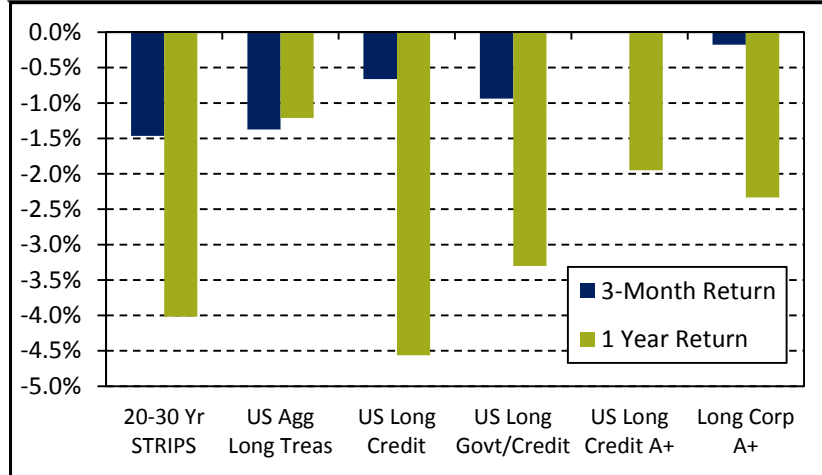
Source: Bloomberg, US Treasury, Barclays, NEPC

## Yields are low but spreads above historic averages



Source: Bloomberg, BofA Merrill Lynch, Barclays \*No index for 20+ year corporate

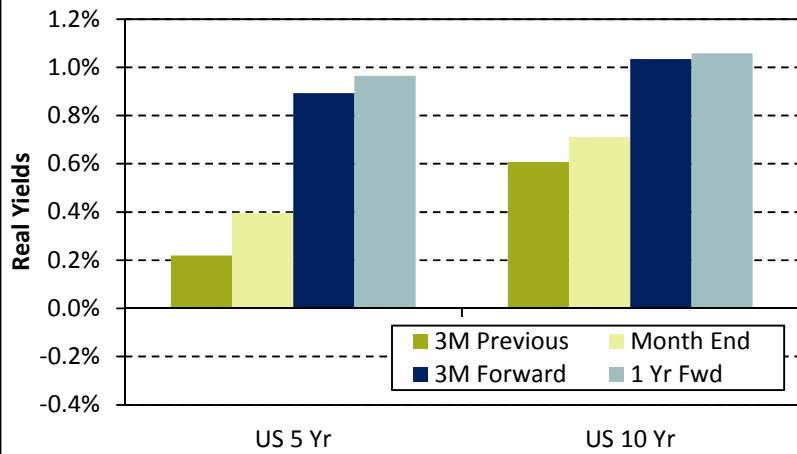
## Returns recently negative



Source: Bloomberg, Barclays

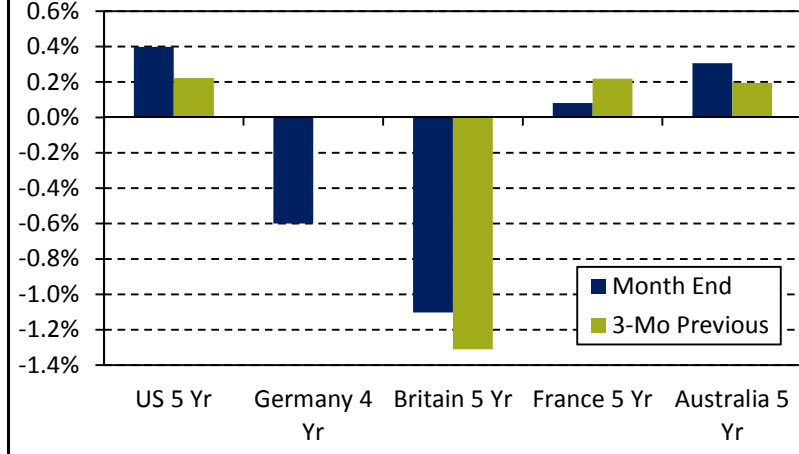
# Inflation and Real Rates

## US real yields have risen slightly



Source: Bloomberg

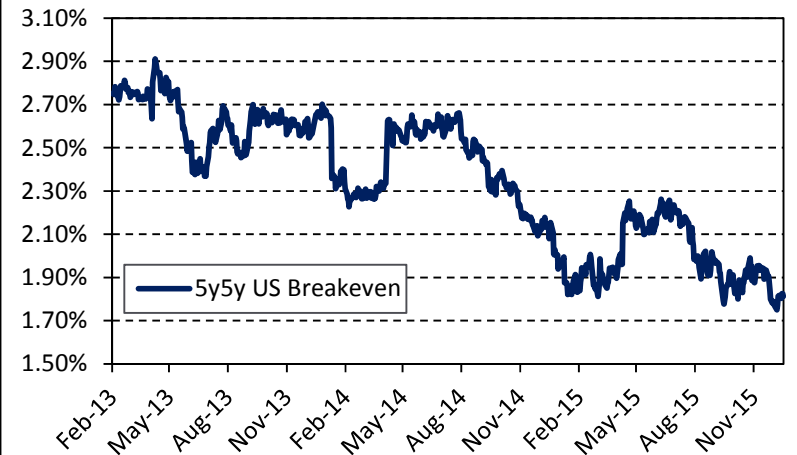
## Global real yields are flat to negative



\*3-Mo data not available for Germany 4 year rate

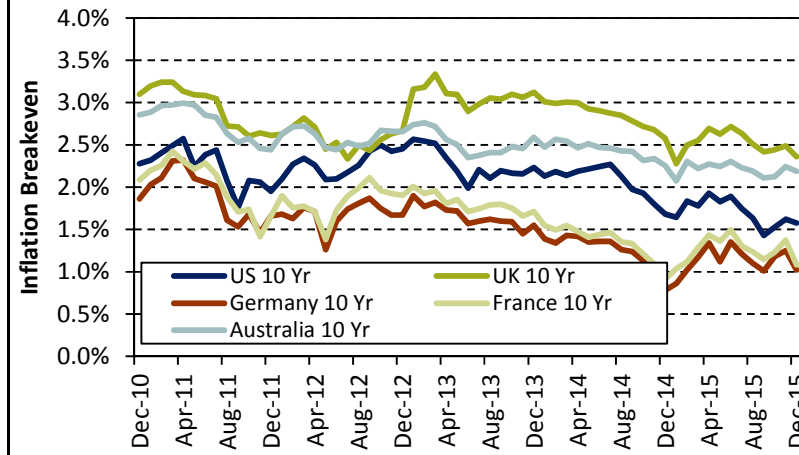
Source: Bloomberg

## US inflation expectations very low



Source: Bloomberg

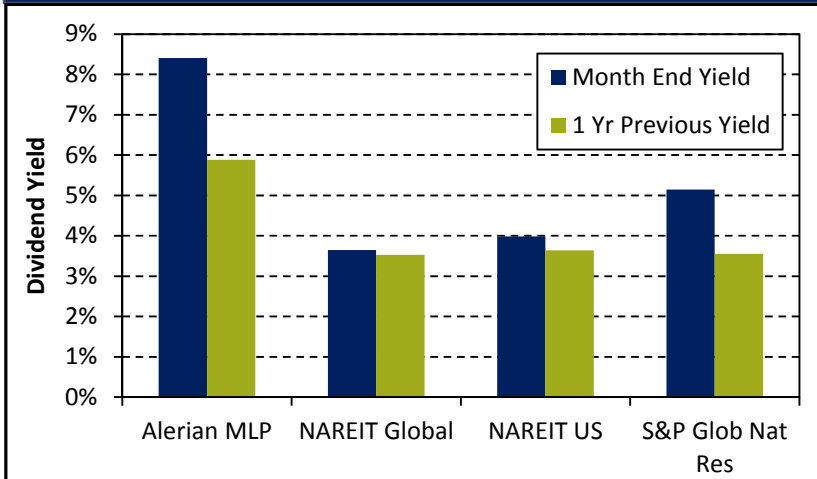
## Global inflation expectations remain subdued



Source: Bloomberg

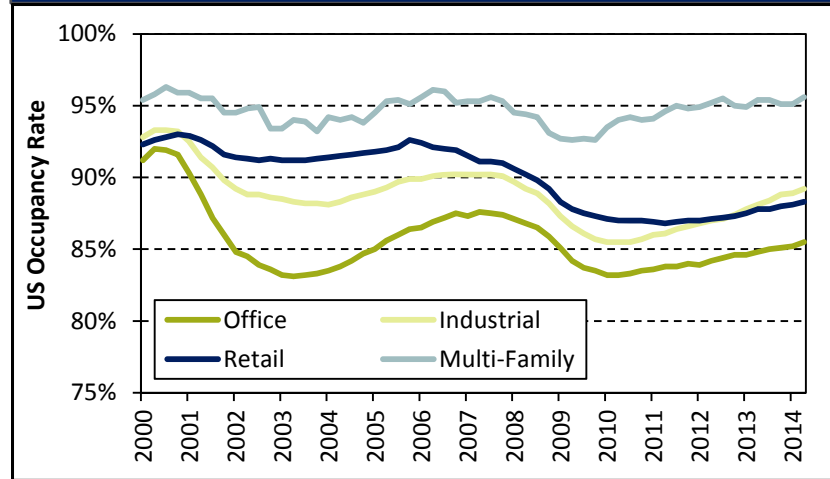
# Inflation Sensitive Growth Assets

## Yields higher relative to last year



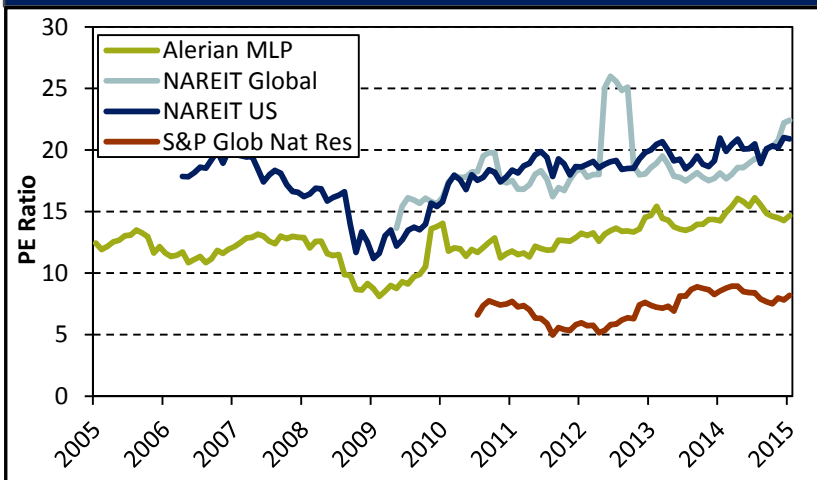
Source: Bloomberg, Alerian, Nareit, Standard and Poors

## Gradual recovery in occupancy rates



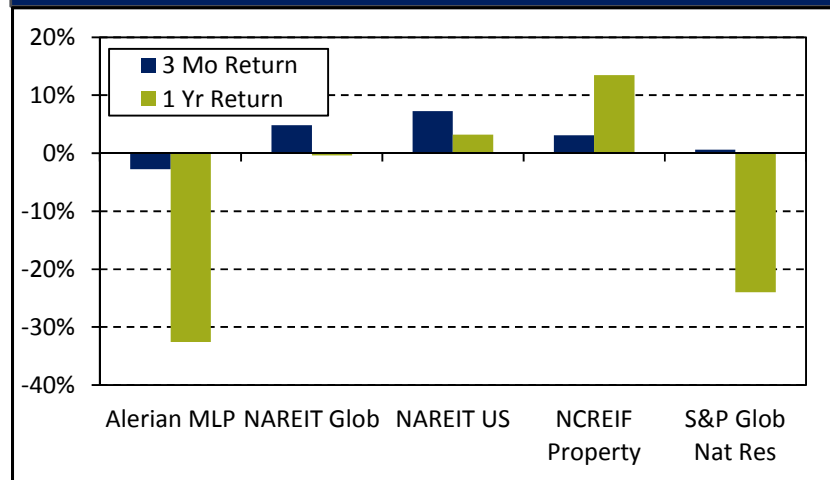
Source: Bloomberg, CB Richard Ellis

## PE Ratios near or above averages



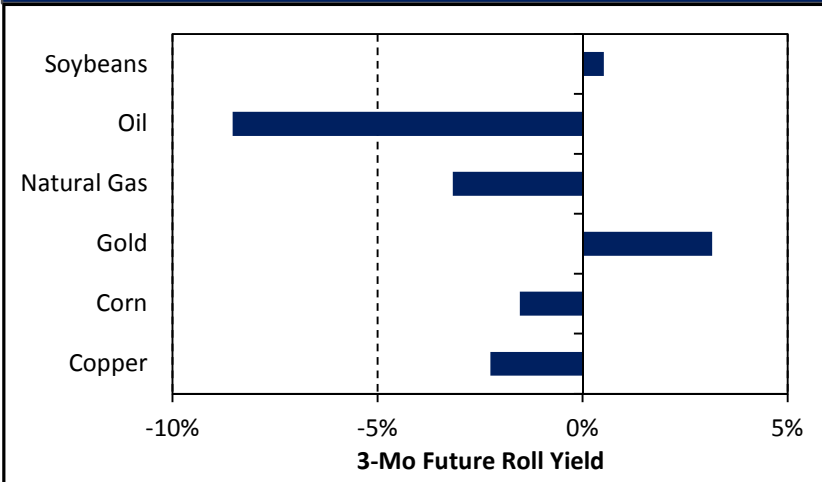
Source: Bloomberg, US Census Bureau

## Recent MLP selloff and energy pressure



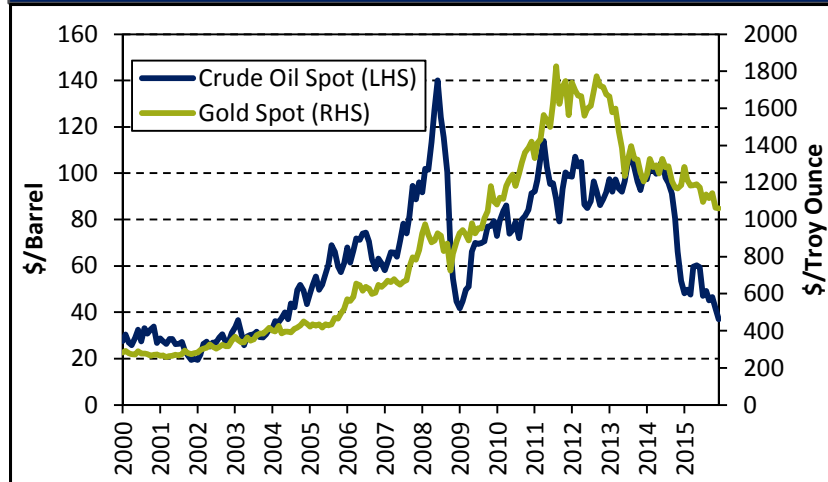
Source: Bloomberg, Alerian, Nareit, Standard and Poors

Contango in major commodity futures



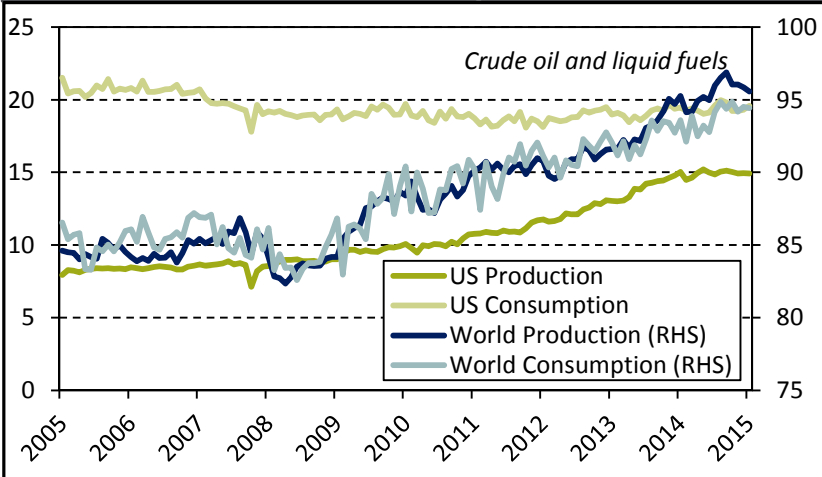
Source: Bloomberg

Precipitous fall in oil prices



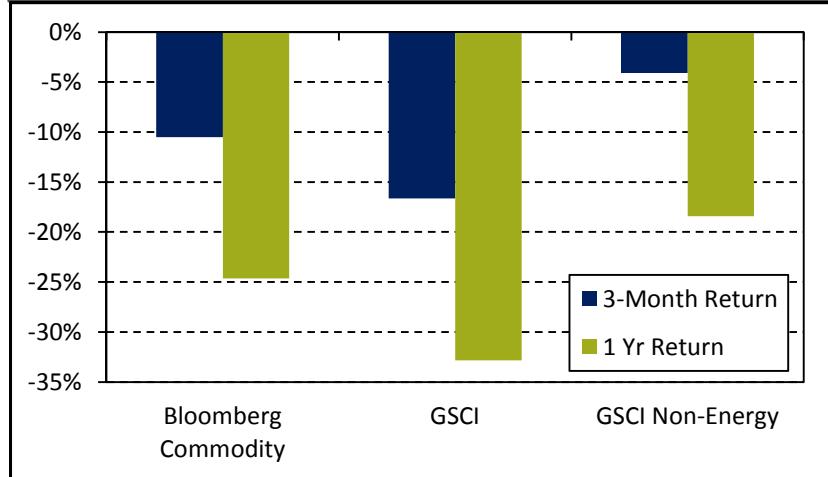
Source: Bloomberg

US fuel production closing gap with consumption



Source: Bloomberg, US Department of Energy \*Crude oil and liquid fuels

Commodity indices negative after oil-induced decline



Source: Bloomberg, Standard and Poors

## Glossary of Investment Terminology—Risk Statistics

**Alpha** - Measures the relationship between the fund performance and the performance of another fund or benchmark index and equals the excess return while the other fund or benchmark index is zero.

**Alpha Jensen** - The average return on a portfolio over and above that predicted by the capital asset pricing model (CAPM), given the portfolio's beta and the average market return. Also known as the abnormal return or the risk adjusted excess return.

**Annualized Excess Return over Benchmark** - Annualized fund return minus the annualized benchmark return for the calculated return.

**Annualized Return** - A statistical technique whereby returns covering periods greater than one year are converted to cover a 12 month time span.

**Beta** - Measures the volatility or systematic risk and is equal to the change in the fund's performance in relation to the change in the assigned index's performance.

**Information Ratio** - A measure of the risk adjusted return of a financial security, asset, or portfolio.

*Formula:*  
 $(\text{Annualized Return of Portfolio} - \text{Annualized Return of Benchmark}) / \text{Annualized Standard Deviation}(\text{Period Portfolio Return} - \text{Period Benchmark Return})$ . To annualize standard deviation, multiply the deviation by the square root of the number of periods per year where monthly returns per year equals 12 and quarterly returns is four periods per year.

**R-Squared** – Represents the percentage of a fund's movements that can be explained by movements in an index. R-Squared values range from 0 to 100. An R-Squared of 100 denotes that all movements of a fund are completely explained by movements in the index.

**Sharpe Ratio** - A measure of the excess return or risk premium per unit of risk in an investment asset or trading strategy.

**Sortino Ratio** - A method to differentiate between good and bad volatility in the Sharpe Ratio. The differentiation of up and down volatility allows the calculation to provide a risk adjusted measure of a security or fund's performance without upward price change penalties.

*Formula:*  
 $\text{Calculation Average } (X-Y) / \text{Downside Deviation } (X-Y) * 2$   
Where X=Return Series Y = Return Series Y which is the risk free return (91 day T-bills)

**Standard Deviation** - The standard deviation is a statistical term that describes the distribution of results. It is a commonly used measure of volatility of returns of a portfolio, asset class, or security. The higher the standard deviation the more volatile the returns are.

*Formula:*  
 $(\text{Annualized Return of Portfolio} - \text{Annualized Return of Risk Free}) / \text{Annualized Standard Deviation (Portfolio Returns)}$

**Tracking Error** - Tracking error, also known as residual risk, is a measure of the degree to which a portfolio tracks its benchmark. It is also a measure of consistency of excess returns. Tracking error is computed as the annualized standard deviation of the difference between a portfolio's return and that of its benchmark.

*Formula:*  
 $\text{Tracking Error} = \text{Standard Deviation } (X-Y) * \sqrt{(\# \text{ of periods per year})}$   
Where X = periods portfolio return and Y = the period's benchmark return  
For monthly returns, the periods per year = 12  
For quarterly returns, the periods per year = 4

**Treynor Ratio** - A risk-adjusted measure of return based on systematic risk. Similar to the Sharpe ratio with the difference being the Treynor ratio uses beta as the measurement of volatility.

*Formula:*  
 $(\text{Portfolio Average Return} - \text{Average Return of Risk-Free Rate}) / \text{Portfolio Beta}$

**Up/Down Capture Ratio** - A measure of what percentage of a market's returns is "captured" by a portfolio. For example, if the market declines 10% over some period, and the manager declines only 9%, then his or her capture ratio is 90%. In down markets, it is advantageous for a manager to have as low a capture ratio as possible. For up markets, the higher the capture ratio the better. Looking at capture ratios can provide insight into how a manager achieves excess returns. A value manager might typically have a lower capture ratio in both up and down markets, achieving excess returns by protecting on the downside, whereas a growth manager might fall more than the overall market in down markets, but achieve above-market returns in a rising market.

$\text{Upside Capture} = \text{Total Return (Fund Returns)} / \text{Total Returns (BM Return)}$  when Period Benchmark Return is  $> = 0$

$\text{Downside Capture} = \text{Total Return (Fund Returns)} / \text{Total Returns (BM Return)}$  when Benchmark  $< 0$

Data Source: InvestorForce

## Glossary of Investment Terminology

**# Of Portfolios/Observations<sup>1</sup>** – The total number of data points that make up a specified universe

**Allocation Index<sup>3</sup>** - The allocation index measures the value added (or subtracted) to each portfolio by active management. It is calculated monthly: The portfolio asset allocation to each category from the prior month-end is multiplied by a specified market index.

**Asset Allocation Effect<sup>2</sup>** - Measures an investment manager's ability to effectively allocate their portfolio's assets to various sectors. The allocation effect determines whether the overweighting or underweighting of sectors relative to a benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is over weighted in a sector that outperforms the benchmark and underweighted in a sector that underperforms the benchmark. Negative allocation occurs when the portfolio is over weighted in a sector that underperforms the benchmark and under weighted in a sector that outperforms the benchmark.

**Agency Bonds (Agencies)<sup>3</sup>** - The full faith and credit of the United States government is normally not pledged to payment of principal and interest on the majority of government agencies issuing these bonds, with maturities of up to ten years. Their yields, therefore, are normally higher than government and their marketability is good, thereby qualifying them as a low risk-high liquidity type of investment. They are eligible as security for advances to the member banks by the Federal Reserve, which attests to their standing.

**Asset Backed Securities (ABS)<sup>3</sup>** - Bonds which are similar to mortgage-backed securities but are collateralized by assets other than mortgages; commonly backed by credit card receivables, auto loans, or other types of consumer financing.

**Attribution<sup>3</sup>** - Attribution is an analytical technique that allows us to evaluate the performance of the portfolio relative to the benchmark. A proper attribution tells us where value was added or subtracted as a result of the manager's decisions.

**Average Effective Maturity<sup>4</sup>** - For a single bond, it is a measure of maturity that takes into account the possibility that a bond might be called back to the issuer.

For a portfolio of bonds, average effective maturity is the weighted average of the maturities of the underlying bonds. The measure is computed by weighing each bond's maturity by its market value with respect to the portfolio and the likelihood of any of the bonds being called. In a pool of mortgages, this would also account for the likelihood of prepayments on the mortgages.

**Batting Average<sup>1</sup>** - A measurement representing an investment manager's ability to meet or beat an index.

*Formula: Divide the number of days (or months, quarters, etc.) in which the manager beats or matches the index by the total number of days (or months, quarters, etc.) in the period of question and multiply that factor by 100.*

**Brinson Fachler (BF) Attribution<sup>1</sup>** - The BF methodology is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance. The main advantage of the BF methodology is that rather than using the overall return of the benchmark, it goes a level deeper than BHB and measures whether the benchmark sector, country, etc. outperformed/or underperformed the overall benchmark.

**Brinson Hood Beebower (BHB) Attribution<sup>1</sup>** - The BHB methodology shows that excess return must be equal to the sum of all other factors (i.e., allocation effect, selection effect, interaction effect, etc.). The advantage to using the BHB methodology is that it is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance.

**Corporate Bond (Corp)<sup>4</sup>** - A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds.

**Correlation<sup>1</sup>** - A range of statistical relationships between two or more random variables or observed data values. A correlation is a single number that describes the degree of relationship between variables.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgenco.net



## Glossary of Investment Terminology

**Coupon<sup>4</sup>** – The interest rate stated on a bond when it is issued. The coupon is typically paid semiannually. This is also referred to as the "coupon rate" or "coupon percent rate."

**Currency Effect<sup>1</sup>** - Is the effect that changes in currency exchange rates over time affect excess performance.

**Derivative Instrument<sup>3</sup>** - A financial obligation that derives its precise value from the value of one or more other instruments (or assets) at the same point of time. For example, the relationship between the value of an S&P 500 futures contract (the derivative instrument in this case) is determined by the value of the S&P 500 Index and the value of a U.S. Treasury bill that matures at the expiration of the futures contract.

**Downside Deviation<sup>1</sup>** - Equals the standard deviation of negative return or the measure of downside risk focusing on the standard deviation of negative returns.

*Formula:*

*Annualized Standard Deviation (Fund Return - Average Fund Return) where average fund return is greater than individual fund returns, monthly or quarterly.*

**Duration<sup>3</sup>** - Duration is a measure of interest rate risk. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates. A bond's duration is inversely related to interest rates and directly related to time to maturity.

**Equity/Debt/Cash Ratio<sup>1</sup>** – The percentage of an investment or portfolio that is in Equity, Debt, and/or Cash (i.e. A 7/89/4 ratio represents an investment that is made up of 7% Equity, 89% Debt, and 4% Cash).

**Foreign Bond<sup>3</sup>** - A bond that is issued in a domestic market by a foreign entity, in the domestic market's currency. A foreign bond is most often issued by a foreign firm to raise capital in a domestic market that would be most interested in purchasing the firm's debt. For foreign firms doing a large amount of business in the domestic market, issuing foreign bonds is a common practice.

**Hard Hurdle<sup>5</sup>** – is a hurdle rate that once beaten allows a fund manager to charge a performance fee on only the funds above the specified hurdle rate.

**High-Water Mark<sup>4</sup>** - The highest peak in value that an investment fund/account has reached. This term is often used in the context of fund manager compensation, which is performance based. Some performance-based fees only get paid when fund performance exceeds the high-water mark. The high-water mark ensures that the manager does not get paid large sums for poor performance.

**Hurdle Rate<sup>4</sup>** - The minimum rate of return on an investment required, in order for a manager to collect incentive fees from the investor, which is usually tied to a benchmark.

**Interaction Effects<sup>2</sup>** - The interaction effect measures the combined impact of an investment manager's selection and allocation decisions within a sector. For example, if an investment manager had superior selection and over weighted that particular sector, the interaction effect is positive. If an investment manager had superior selection, but underweighted that sector, the interaction effect is negative. In this case, the investment manager did not take advantage of the superior selection by allocating more assets to that sector. Since many investment managers consider the interaction effect to be part of the selection or the allocation, it is often combined with the either effect.

**Median<sup>3</sup>** - The value (rate of return, market sensitivity, etc.) that exceeds one-half of the values in the population and that is exceeded by one-half of the values. The median has a percentile rank of 50.

**Modified Duration<sup>3</sup>** - The percentage change in the price of a fixed income security that results from a change in yield.

**Mortgage Backed Securities (MBS)<sup>3</sup>** - Bonds which are a general obligation of the issuing institution but are also collateralized by a pool of mortgages.

**Municipal Bond (Muni)<sup>4</sup>** - A debt security issued by a state, municipality or county to finance its capital expenditures.

**Net Investment Change<sup>1</sup>** – Is the change in an investment after accounting for all Net Cash Flows.

**Performance Fee<sup>4</sup>** - A payment made to a fund manager for generating positive returns. The performance fee is generally calculated as a percentage of investment profits, often both realized and unrealized.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgeco.net

## Glossary of Investment Terminology

**Policy Index<sup>3</sup>** - A custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this investment policy statement.

**Price to Book (P/B)<sup>4</sup>** - A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share, also known as the "price-equity ratio".

**Price to Earnings (P/E)<sup>3</sup>** - The weighted equity P/E is based on current price and trailing 12 months earnings per share (EPS).

**Price to Sales (P/S)<sup>4</sup>** - A ratio for valuing a stock relative to its own past performance, other companies, or the market itself. Price to sales is calculated by dividing a stock's current price by its revenue per share for the trailing 12 months.

**Return on Equity (ROE)<sup>4</sup>** - The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

**Selection (or Manager) Effect<sup>2</sup>** - Measures the investment manager's ability to select securities within a given sector relative to a benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the sector. The weight of the sector in the portfolio determines the size of the effect—the larger the sector, the larger the effect is, positive or negative.

**Soft Hurdle rate<sup>5</sup>** - is a hurdle rate that once beaten allows a fund manager to charge a performance fee based on the entire annualized return.

**Tiered Fee<sup>1</sup>** - A fee structure that is paid to fund managers based on the size of the investment (i.e. 1.00% fee on the first \$10M invested, 0.90% on the next \$10M, and 0.80% on the remaining balance).

**Total Effects<sup>2</sup>** - The active management (total) effect is the sum of the selection, allocation, and interaction effects. It is also the difference between the total portfolio return and the total benchmark return. You can use the active management effect to determine the amount the investment manager has added to a portfolio's return.

**Total Return<sup>1</sup>** - The actual rate of return of an investment over a specified time period. Total return includes interest, capital gains, dividends, and distributions realized over a defined time period.

**Universe<sup>3</sup>** - The list of all assets eligible for inclusion in a portfolio.

**Upside Deviation<sup>1</sup>** - Standard Deviation of Positive Returns

**Weighted Avg. Market Cap.<sup>4</sup>** - A stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500.

**Yield (%)<sup>3</sup>** - The current yield of a security is the current indicated annual dividend rate divided by current price.

**Yield to Maturity<sup>3</sup>** - The discount rate that equates the present value of cash flows, both principal and interest, to market price.

Data Source: <sup>1</sup>InvestorForce, <sup>2</sup>Interaction Effect Performance Attribution, <sup>3</sup>NEPC, LLC, <sup>4</sup>Investopedia, <sup>5</sup>Hedgeco.net



NEPC, LLC

YOU DEMAND MORE. *So do we.*<sup>SM</sup>



## Ventura County Employees' Retirement Association

**Preliminary Performance Report  
Month Ending January 31, 2016**

Daniel LeBeau, Consultant  
Allan Martin, Partner  
Anthony Ferrara, CAIA, Senior Analyst

255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1313 | [www.nepc.com](http://www.nepc.com)

**BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO**

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail Net of Fees

### Performance Summary

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Fund</b>	<b>4,126,891,338</b>	<b>100.0</b>	<b>100.0</b>	<b>-3.2</b>	<b>-4.8</b>	<b>-3.2</b>	<b>-5.8</b>	<b>-3.4</b>	<b>5.3</b>	<b>6.4</b>	<b>4.9</b>	<b>7.6</b>	<b>Apr-94</b>
Policy Index				-3.2	-4.4	-3.2	-4.6	-1.6	5.9	6.5	5.2	7.7	Apr-94
Over/Under				0.0	-0.4	0.0	-1.2	-1.8	-0.6	-0.1	-0.3	-0.1	
Allocation Index				-3.9	-5.3	-3.9	-6.1	-3.1	4.9	5.8	4.7	--	Apr-94
60% MSCI World (Net) / 40% CITI WGBI				-3.0	-4.8	-3.0	-4.7	-3.6	2.7	3.7	4.0	6.0	Apr-94
<b>Total Fund ex Parametric</b>	<b>3,839,640,594</b>	<b>93.0</b>	<b>--</b>	<b>-2.4</b>	<b>-4.1</b>	<b>-2.4</b>	<b>-4.9</b>	<b>-2.5</b>	<b>5.6</b>	<b>6.5</b>	<b>4.9</b>	<b>7.7</b>	<b>Apr-94</b>
<b>Total Fund ex Private Equity</b>	<b>3,972,478,941</b>	<b>96.3</b>	<b>--</b>	<b>-3.3</b>	<b>-5.1</b>	<b>-3.3</b>	<b>-6.3</b>	<b>-3.9</b>	<b>4.5</b>	<b>--</b>	<b>--</b>	<b>7.3</b>	<b>Jan-12</b>
Policy Index				-3.2	-4.4	-3.2	-4.6	-1.6	5.9	6.5	5.2	8.2	Jan-12
Over/Under				-0.1	-0.7	-0.1	-1.7	-2.3	-1.4			-0.9	
<b>Total US Equity</b>	<b>1,249,024,419</b>	<b>30.3</b>	<b>30.0</b>	<b>-5.7</b>	<b>-7.1</b>	<b>-5.7</b>	<b>-7.1</b>	<b>-2.5</b>	<b>10.7</b>	<b>10.5</b>	<b>6.1</b>	<b>8.4</b>	<b>Dec-93</b>
Total U.S. Equity Benchmark				-5.7	-7.1	-5.7	-7.1	-2.6	10.4	10.3	6.5	8.8	Dec-93
Over/Under				0.0	0.0	0.0	0.0	0.1	0.3	0.2	-0.4	-0.4	
BlackRock Equity Market Fund	1,073,906,221	26.0		-5.6	-7.0	-5.6	-6.9	-2.4	10.6	10.4	--	5.9	Dec-07
Dow Jones U.S. Total Stock Market				-5.7	-7.1	-5.7	-7.1	-2.6	10.5	10.4	6.5	5.9	Dec-07
Over/Under				0.1	0.1	0.1	0.2	0.2	0.1	0.0		0.0	
Western U.S. Index Plus	133,939,732	3.2		-5.0	-6.5	-5.0	-5.2	-1.0	11.4	11.5	--	2.6	May-07
S&P 500				-5.0	-6.2	-5.0	-4.8	-0.7	11.3	10.9	6.5	5.0	May-07
Over/Under				0.0	-0.3	0.0	-0.4	-0.3	0.1	0.6		-2.4	
BlackRock Extended Equity Index	41,178,467	1.0		-8.7	-10.8	-8.7	-15.7	-10.0	7.1	8.2	6.2	10.4	Oct-02
Dow Jones U.S. Completion Total Stock Market				-8.8	-10.9	-8.8	-16.0	-10.3	6.9	7.9	6.2	10.4	Oct-02
Over/Under				0.1	0.1	0.1	0.3	0.3	0.2	0.3	0.0	0.0	

Policy Index: Currently, 30% Total U.S. Equity Benchmark, 19% Barclays Aggregate, 14% MSCI ACWI ex U.S., 10% MSCI ACWI, 5% Barclays Global Aggregate, 5% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index

Total U.S. Equity Benchmark: The Benchmark is a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index

CPI+4% is estimated due to CPI monthly lag

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Non-US Equity</b>	<b>533,504,831</b>	<b>12.9</b>	<b>14.0</b>	<b>-6.6</b>	<b>-10.0</b>	<b>-6.6</b>	<b>-14.1</b>	<b>-11.0</b>	<b>-1.4</b>	<b>0.2</b>	<b>1.5</b>	<b>5.6</b>	<b>Mar-94</b>
<i>Total Non-US Equity Benchmark</i>				<u>-6.8</u>	<u>-10.4</u>	<u>-6.8</u>	<u>-15.5</u>	<u>-11.9</u>	<u>-2.2</u>	<u>-0.5</u>	<u>1.5</u>	<u>4.4</u>	<i>Mar-94</i>
Over/Under				0.2	0.4	0.2	1.4	0.9	0.8	0.7	0.0	1.2	
BlackRock ACWI ex-U.S. Index	221,783,786	5.4		-6.9	-10.2	-6.9	-15.1	-10.9	-1.6	-0.2	--	-0.2	Mar-07
<i>MSCI ACWI ex USA</i>				<u>-6.8</u>	<u>-10.4</u>	<u>-6.8</u>	<u>-15.5</u>	<u>-11.9</u>	<u>-2.2</u>	<u>-0.5</u>	<u>1.5</u>	<u>-0.6</u>	<i>Mar-07</i>
Over/Under				-0.1	0.2	-0.1	0.4	1.0	0.6	0.3		0.4	
Sprucegrove	152,323,277	3.7		-7.4	-12.2	-7.4	-17.1	-15.7	-2.7	0.0	1.8	6.0	Mar-02
<i>MSCI ACWI ex USA</i>				<u>-6.8</u>	<u>-10.4</u>	<u>-6.8</u>	<u>-15.5</u>	<u>-11.9</u>	<u>-2.2</u>	<u>-0.5</u>	<u>1.5</u>	<u>5.4</u>	<i>Mar-02</i>
Over/Under				-0.6	-1.8	-0.6	-1.6	-3.8	-0.5	0.5	0.3	0.6	
Hexavest	72,767,694	1.8		-5.1	-7.9	-5.1	-9.8	-6.7	1.1	1.5	--	2.0	Dec-10
<i>MSCI EAFE</i>				<u>-7.2</u>	<u>-9.9</u>	<u>-7.2</u>	<u>-12.8</u>	<u>-8.4</u>	<u>0.7</u>	<u>1.6</u>	<u>1.7</u>	<u>2.0</u>	<i>Dec-10</i>
Over/Under				2.1	2.0	2.1	3.0	1.7	0.4	-0.1		0.0	
Walter Scott	86,630,074	2.1		-5.5	-7.4	-5.5	-9.6	-6.0	-0.6	2.1	--	2.1	Dec-10
<i>MSCI ACWI ex USA</i>				<u>-6.8</u>	<u>-10.4</u>	<u>-6.8</u>	<u>-15.5</u>	<u>-11.9</u>	<u>-2.2</u>	<u>-0.5</u>	<u>1.5</u>	<u>-0.3</u>	<i>Dec-10</i>
Over/Under				1.3	3.0	1.3	5.9	5.9	1.6	2.6		2.4	
<b>Total Global Equity</b>	<b>390,740,712</b>	<b>9.5</b>	<b>10.0</b>	<b>-5.6</b>	<b>-8.4</b>	<b>-5.6</b>	<b>-11.8</b>	<b>-8.1</b>	<b>2.7</b>	<b>4.2</b>	<b>2.6</b>	<b>4.0</b>	<b>May-05</b>
<i>MSCI ACWI</i>				<u>-6.0</u>	<u>-8.5</u>	<u>-6.0</u>	<u>-10.6</u>	<u>-6.8</u>	<u>3.9</u>	<u>4.5</u>	<u>3.6</u>	<u>5.1</u>	<i>May-05</i>
Over/Under				0.4	0.1	0.4	-1.2	-1.3	-1.2	-0.3	-1.0	-1.1	
BlackRock MSCI ACWI Equity Index	205,026,197	5.0		-6.0	-8.4	-6.0	-10.5	-6.4	4.3	--	--	7.7	Jul-12
<i>MSCI ACWI</i>				<u>-6.0</u>	<u>-8.5</u>	<u>-6.0</u>	<u>-10.6</u>	<u>-6.8</u>	<u>3.9</u>	<u>4.5</u>	<u>3.6</u>	<u>7.4</u>	<i>Jul-12</i>
Over/Under				0.0	0.1	0.0	0.1	0.4	0.4			0.3	
GMO Global Equity	185,714,515	4.5		-5.1	-8.4	-5.1	-13.3	-9.9	1.0	3.7	3.4	4.9	Apr-05
<i>MSCI ACWI</i>				<u>-6.0</u>	<u>-8.5</u>	<u>-6.0</u>	<u>-10.6</u>	<u>-6.8</u>	<u>3.9</u>	<u>4.5</u>	<u>3.6</u>	<u>5.1</u>	<i>Apr-05</i>
Over/Under				0.9	0.1	0.9	-2.7	-3.1	-2.9	-0.8	-0.2	-0.2	

Total Non-U.S. Equity Benchmark: MSCI ACWI ex US Free, prior to May 2002, the MSCI EAFE

# Ventura County Employees' Retirement Association

## Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Private Equity</b>	<b>154,412,397</b>	<b>3.7</b>	<b>5.0</b>	<b>0.0</b>	<b>2.2</b>	<b>0.0</b>	<b>8.4</b>	<b>12.1</b>	<b>15.8</b>	<b>--</b>	<b>--</b>	<b>15.1</b>	<b>Jan-12</b>
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>-5.4</u>	<u>-6.4</u>	<u>-5.4</u>	<u>-5.4</u>	<u>0.4</u>	<u>13.7</u>	<u>13.6</u>	--	<u>16.5</u>	<i>Jan-12</i>
Over/Under				5.4	8.6	5.4	13.8	11.7	2.1			-1.4	
Adams Street Partners	94,533,540	2.3		0.0	2.7	0.0	5.7	10.3	14.3	--	--	13.7	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>-5.4</u>	<u>-6.4</u>	<u>-5.4</u>	<u>-5.4</u>	<u>0.4</u>	<u>13.7</u>	<u>13.6</u>	--	<u>16.5</u>	<i>Jan-12</i>
Over/Under				5.4	9.1	5.4	11.1	9.9	0.6			-2.8	
Harbourvest	44,018,920	1.1		-0.2	2.5	-0.2	13.4	18.6	--	--	--	21.6	Jul-13
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>-5.4</u>	<u>-6.4</u>	<u>-5.4</u>	<u>-5.4</u>	<u>0.4</u>	<u>13.7</u>	<u>13.6</u>	--	<u>12.1</u>	<i>Jul-13</i>
Over/Under				5.2	8.9	5.2	18.8	18.2				9.5	
Pantheon Global Secondary Fund IV	15,859,937	0.4		0.0	-1.4	0.0	11.5	6.4	9.4	--	--	9.3	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>-5.4</u>	<u>-6.4</u>	<u>-5.4</u>	<u>-5.4</u>	<u>0.4</u>	<u>13.7</u>	<u>13.6</u>	--	<u>16.5</u>	<i>Jan-12</i>
Over/Under				5.4	5.0	5.4	16.9	6.0	-4.3			-7.2	

Please Note:

Private Equity performance is shown on a time-weighted return basis. Values are cash adjusted with current month cash flows.

# Ventura County Employees' Retirement Association

## Private Equity Limited Partnership Performance

Fund Name	Vintage Year	Initial Investment Date	Commitment	Capital Called to Date <sup>1</sup>	Outstanding Commitment <sup>1</sup>	Call Ratio	Interest Paid/(Rec'd)	Distributions to Date	Valuation	Total Value	Net Benefit	IRR	Since Inception	
													Distributions to Paid In Multiple (DPI)	Total Value to Paid In Multiple (TVPI)
Adams Street 2010 U.S. Fund	2010	5/21/2010	\$42,500,000	\$29,665,000	\$12,835,000	70%	\$15,213	\$10,764,481	\$31,435,448	\$42,199,929	\$12,519,716	15.2%	0.36x	1.42x
Adams Street 2010 Non-U.S. Dev. Mkts Fund	2010	5/21/2010	\$25,500,000	\$17,697,000	\$7,803,000	69%	\$1,589	\$5,557,179	\$14,622,929	\$20,180,108	\$2,481,519	6.3%	0.31x	1.14x
Adams Street 2010 Non-U.S. Emg Mkts Fund	2010	1/3/2011	\$8,500,000	\$6,111,500	\$2,388,500	72%	\$0	\$314,436	\$7,126,675	\$7,441,111	\$1,329,611	9.6%	0.05x	1.22x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$7,837,000	\$663,000	92%	\$6,697	\$3,933,030	\$8,133,406	\$12,066,436	\$4,222,739	14.4%	0.5x	1.54x
<i>Total Adams Street 2010</i>	<i>2010</i>	<i>5/21/2010</i>	<i>\$85,000,000</i>	<i>\$61,310,500</i>	<i>\$23,689,500</i>	<i>72%</i>	<i>\$23,499</i>	<i>\$20,569,126</i>	<i>\$61,318,458</i>	<i>\$81,887,584</i>	<i>\$20,553,585</i>	<i>12.5%</i>	<i>0.34x</i>	<i>1.34x</i>
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$31,387,500	\$43,612,500	42%	\$10,728	\$1,509,878	\$31,591,242	\$33,101,120	\$1,702,892	4.7%	0.05x	1.05x
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$42,525,000	\$24,975,000	63%	\$84,954	\$19,244,036	\$40,715,189	\$59,959,225	\$17,349,271	33.5%	0.45x	1.41x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$8,130,001	\$6,412,558	\$14,542,559	\$4,582,559	0.0%	0.82x	1.46x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$8,972,068	\$41,027,932	18%	\$10,480	\$87,808	\$9,811,060	\$9,898,868	\$916,320	13.1%	0.01x	1.1x
<b>Total VCERA Private Equity Program</b>	<b>--</b>	<b>5/21/2010</b>	<b>\$292,500,000</b>	<b>\$154,155,068</b>	<b>\$138,344,932</b>	<b>53%</b>	<b>\$129,661</b>	<b>\$49,540,849</b>	<b>\$149,848,507</b>	<b>\$199,389,356</b>	<b>\$45,104,627</b>	<b>16.3%</b>	<b>0.32x</b>	<b>1.29x</b>

1. Includes recycled/recallable distributions received to date.

Note: Private equity performance data is reported net of fees.

Distributions to Date shown for Pantheon Global Secondary Fund V includes management fee rebates paid to VCERA.

Performance shown is based on cash-adjusted market values as of 12/31/2015.

Ventura County Employees' Retirement Association

Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total US Fixed Income</b>	<b>764,948,699</b>	<b>18.5</b>	<b>19.0</b>	<b>0.2</b>	<b>-1.0</b>	<b>0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>1.2</b>	<b>3.9</b>	<b>5.6</b>	<b>6.0</b>	<b>Feb-94</b>
<i>Barclays Aggregate</i>				<u>1.4</u>	<u>0.8</u>	<u>1.4</u>	<u>2.0</u>	<u>-0.2</u>	<u>2.1</u>	<u>3.5</u>	<u>4.7</u>	<u>5.6</u>	<i>Feb-94</i>
Over/Under				-1.2	-1.8	-1.2	-2.2	0.0	-0.9	0.4	0.9	0.4	
BlackRock U.S. Debt Fund	142,155,262	3.4		1.4	0.8	1.4	2.1	-0.1	2.2	3.6	4.7	5.5	Nov-95
<i>Barclays Aggregate</i>				<u>1.4</u>	<u>0.8</u>	<u>1.4</u>	<u>2.0</u>	<u>-0.2</u>	<u>2.1</u>	<u>3.5</u>	<u>4.7</u>	<u>5.4</u>	<i>Nov-95</i>
Over/Under				0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.1	
Western	271,068,402	6.6		0.6	0.0	0.6	1.2	-0.8	2.6	4.7	5.3	6.3	Dec-96
<i>Barclays Aggregate</i>				<u>1.4</u>	<u>0.8</u>	<u>1.4</u>	<u>2.0</u>	<u>-0.2</u>	<u>2.1</u>	<u>3.5</u>	<u>4.7</u>	<u>5.5</u>	<i>Dec-96</i>
Over/Under				-0.8	-0.8	-0.8	-0.8	-0.6	0.5	1.2	0.6	0.8	
Reams	281,815,316	6.8		-0.7	-2.3	-0.7	-1.5	1.3	-0.4	3.2	5.6	5.5	Sep-01
<i>Reams Custom Index</i>				<u>0.0</u>	<u>0.1</u>	<u>0.0</u>	<u>0.2</u>	<u>0.3</u>	<u>0.3</u>	<u>2.4</u>	<u>4.1</u>	<u>4.3</u>	<i>Sep-01</i>
Over/Under				-0.7	-2.4	-0.7	-1.7	1.0	-0.7	0.8	1.5	1.2	
<i>Barclays Aggregate</i>				<u>1.4</u>	<u>0.8</u>	<u>1.4</u>	<u>2.0</u>	<u>-0.2</u>	<u>2.1</u>	<u>3.5</u>	<u>4.7</u>	<u>4.7</u>	<i>Sep-01</i>
Loomis Sayles Multi Strategy	69,909,718	1.7		-0.7	-3.4	-0.7	-4.4	-4.3	1.2	4.8	6.3	6.2	Jul-05
<i>Loomis Custom Index</i>				<u>0.4</u>	<u>-1.6</u>	<u>0.4</u>	<u>-1.6</u>	<u>-2.4</u>	<u>1.6</u>	<u>3.6</u>	<u>5.2</u>	<u>5.0</u>	<i>Jul-05</i>
Over/Under				-1.1	-1.8	-1.1	-2.8	-1.9	-0.4	1.2	1.1	1.2	
<i>Barclays Govt/Credit</i>				<u>1.4</u>	<u>0.6</u>	<u>1.4</u>	<u>1.9</u>	<u>-1.1</u>	<u>2.0</u>	<u>3.7</u>	<u>4.6</u>	<u>4.5</u>	<i>Jul-05</i>
<b>Total Global Fixed Income</b>	<b>43,735,157</b>	<b>1.1</b>	<b>5.0</b>	<b>0.1</b>	<b>-1.2</b>	<b>0.1</b>	<b>-0.9</b>	<b>-3.5</b>	<b>-1.1</b>	<b>--</b>	<b>--</b>	<b>-0.1</b>	<b>Jun-12</b>
<i>Barclays Global Aggregate</i>				<u>0.9</u>	<u>-0.3</u>	<u>0.9</u>	<u>0.8</u>	<u>-2.2</u>	<u>-1.2</u>	<u>1.0</u>	<u>3.7</u>	<u>-0.5</u>	<i>Jun-12</i>
Over/Under				-0.8	-0.9	-0.8	-1.7	-1.3	0.1			0.4	
Loomis Strategic Alpha	41,447,396	1.0		-0.7	-2.2	-0.7	-3.0	-2.5	--	--	--	0.8	Jul-13
<i>Barclays Global Aggregate</i>				<u>0.9</u>	<u>-0.3</u>	<u>0.9</u>	<u>0.8</u>	<u>-2.2</u>	<u>-1.2</u>	<u>1.0</u>	<u>3.7</u>	<u>-0.3</u>	<i>Jul-13</i>
Over/Under				-1.6	-1.9	-1.6	-3.8	-0.3				1.1	

Loomis Sayles Global Fixed Income was liquidated 1/21/2016

PIMCO Global Fixed Income is liquidating. The market value as of 1/31/2016 is \$2,287,761

Reams Custom Index: Merrill Lynch 3 Month Libor Constant Maturity Index, prior to February 2013 the Barclays Aggregate

Loomis Custom Index: 65% Barclays Aggregate, 30% Citigroup High Yield Market Index and 5% JPM Non-US Hedged Bond Index



# Ventura County Employees' Retirement Association

## Total Fund Performance Detail Net of Fees

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
<b>Total Real Estate</b>	<b>358,956,726</b>	<b>8.7</b>	<b>7.0</b>	<b>0.0</b>	<b>2.8</b>	<b>0.0</b>	<b>6.5</b>	<b>12.8</b>	<b>11.7</b>	<b>11.7</b>	<b>4.2</b>	<b>8.0</b>	<b>Mar-94</b>
<i>Total Real Estate Benchmark</i>				<u>0.0</u>	<u>3.3</u>	<u>0.0</u>	<u>7.1</u>	<u>15.0</u>	<u>13.8</u>	<u>13.7</u>	<u>6.5</u>	<u>9.1</u>	<i>Mar-94</i>
Over/Under				0.0	-0.5	0.0	-0.6	-2.2	-2.1	-2.0	-2.3	-1.1	
Prudential Real Estate	124,454,632	3.0		0.0	3.0	0.0	7.8	14.5	13.6	13.5	5.3	5.9	Jun-04
<i>NCREIF ODCE</i>				<u>0.0</u>	<u>3.3</u>	<u>0.0</u>	<u>7.1</u>	<u>15.0</u>	<u>13.8</u>	<u>13.7</u>	<u>6.5</u>	<u>8.0</u>	<i>Jun-04</i>
Over/Under				0.0	-0.3	0.0	0.7	-0.5	-0.2	-0.2	-1.2	-2.1	
UBS Real Estate	232,900,873	5.6		0.0	2.8	0.0	6.0	11.9	10.6	10.6	5.8	7.6	Mar-03
<i>NCREIF ODCE</i>				<u>0.0</u>	<u>3.3</u>	<u>0.0</u>	<u>7.1</u>	<u>15.0</u>	<u>13.8</u>	<u>13.7</u>	<u>6.5</u>	<u>8.3</u>	<i>Mar-03</i>
Over/Under				0.0	-0.5	0.0	-1.1	-3.1	-3.2	-3.1	-0.7	-0.7	
RREEF	1,601,221	0.0		0.0	-0.9	0.0	-6.2	7.5	16.1	24.2	--	-4.9	Sep-07
<i>NCREIF ODCE</i>				<u>0.0</u>	<u>3.3</u>	<u>0.0</u>	<u>7.1</u>	<u>15.0</u>	<u>13.8</u>	<u>13.7</u>	<u>6.5</u>	<u>4.3</u>	<i>Sep-07</i>
Over/Under				0.0	-4.2	0.0	-13.3	-7.5	2.3	10.5		-9.2	
<b>Total Liquid Alternatives</b>	<b>344,317,653</b>	<b>8.3</b>	<b>10.0</b>	<b>-4.6</b>	<b>-9.4</b>	<b>-4.6</b>	<b>-16.4</b>	<b>-18.5</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>0.2</b>	<b>Apr-13</b>
<i>CPI + 4% (Unadjusted)</i>				<u>0.0</u>	<u>0.1</u>	<u>0.0</u>	<u>1.1</u>	<u>4.9</u>	<u>4.8</u>	<u>5.4</u>	<u>5.8</u>	<u>4.5</u>	<i>Apr-13</i>
Over/Under				-4.6	-9.5	-4.6	-17.5	-23.4				-4.3	
Bridgewater All Weather Fund	252,696,731	6.1		-1.1	-5.2	-1.1	-8.3	-10.4	--	--	--	1.0	Aug-13
<i>CPI + 5% (Unadjusted)</i>				<u>0.1</u>	<u>0.3</u>	<u>0.1</u>	<u>1.6</u>	<u>5.9</u>	--	--	--	<u>5.3</u>	<i>Aug-13</i>
Over/Under				-1.2	-5.5	-1.2	-9.9	-16.3				-4.3	
Tortoise Energy Infrastructure	91,620,923	2.2		-12.9	-19.2	-12.9	-32.8	-34.7	--	--	--	-6.8	Apr-13
<i>Wells Fargo MLP Index</i>				<u>-13.0</u>	<u>-23.7</u>	<u>-13.0</u>	<u>-37.2</u>	<u>-40.3</u>	<u>-10.6</u>	<u>-1.4</u>	--	<u>-13.8</u>	<i>Apr-13</i>
Over/Under				0.1	4.5	0.1	4.4	5.6				7.0	
<b>Overlay</b>	<b>287,250,743</b>	<b>7.0</b>	<b>0.0</b>										
Parametric	287,250,743	7.0											

Total Real Estate Benchmark: NCREIF ODCE; prior to January 2006, the NCREIF Property Index

Real Estate managers and NCREIF ODCE are valued on a quarterly basis. Performance is not applicable in mid-quarter months, therefore 0% return is shown.

CPI+4% is estimated by carrying the last available month forward

Real Estate Valuation is as of 12/31/2015

# Ventura County Employees' Retirement Association

## Total Fund

### Cash Flow Summary

Month Ending January 31, 2016

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Adams Street Partners	\$92,909,698	\$0	\$1,623,843	\$1,623,843	\$0	-\$1	\$94,533,540
BlackRock ACWI ex-U.S. Index	\$238,272,497	\$0	\$0	\$0	-\$20,149	-\$16,488,711	\$221,783,786
BlackRock Equity Market Fund	\$1,138,027,993	\$0	\$0	\$0	-\$19,982	-\$64,121,772	\$1,073,906,221
BlackRock Extended Equity Index	\$45,121,123	\$0	\$0	\$0	-\$2,745	-\$3,942,656	\$41,178,467
BlackRock MSCI ACWI Equity Index	\$218,138,004	\$0	\$0	\$0	-\$8,501	-\$13,111,807	\$205,026,197
BlackRock U.S. Debt Fund	\$140,124,897	\$0	\$0	\$0	-\$8,072	\$2,030,366	\$142,155,262
Bridgewater All Weather Fund	\$255,595,228	\$0	\$0	\$0	-\$85,978	-\$2,898,497	\$252,696,731
GMO Global Equity	\$195,783,374	\$0	\$0	\$0	-\$85,119	-\$10,068,859	\$185,714,515
Harbourvest	\$40,715,182	\$0	\$3,375,000	\$3,375,000	\$0	-\$71,262	\$44,018,920
Hexavest	\$76,630,517	\$0	\$0	\$0	-\$28,423	-\$3,862,823	\$72,767,694
Loomis Sayles Global Fixed Income	\$88,308,779	-\$88,409,379	\$0	-\$88,409,379	\$0	\$100,600	--
Loomis Sayles Multi Strategy	\$70,409,023	\$0	\$0	\$0	-\$23,311	-\$499,304	\$69,909,718
Loomis Strategic Alpha	\$41,711,873	\$0	\$0	\$0	-\$13,816	-\$264,477	\$41,447,396
Pantheon Global Secondary Fund IV	\$15,859,937	\$0	\$0	\$0	\$0	\$0	\$15,859,937
Parametric	\$96,458,273	-\$35,510,743	\$209,271,244	\$173,760,501	-\$71,792	\$17,031,969	\$287,250,743
PIMCO Global Fixed Income	\$122,630,656	-\$121,000,000	\$0	-\$121,000,000	-\$667	\$657,105	\$2,287,761
Prudential Real Estate	\$124,454,632	\$0	\$0	\$0	\$0	\$0	\$124,454,632
Reams	\$283,655,646	\$0	\$0	\$0	-\$41,477	-\$1,840,330	\$281,815,316
RREEF	\$1,601,221	\$0	\$0	\$0	\$0	\$0	\$1,601,221
Sprucegrove	\$164,524,429	\$0	\$0	\$0	-\$51,317	-\$12,201,152	\$152,323,277
Tortoise Energy Infrastructure	\$105,085,003	\$0	\$0	\$0	-\$57,263	-\$13,464,080	\$91,620,923
UBS Real Estate	\$232,900,873	\$0	\$0	\$0	\$0	\$0	\$232,900,873
Walter Scott	\$91,598,300	\$0	\$0	\$0	-\$65,190	-\$4,968,226	\$86,630,074
Western	\$269,340,240	\$0	\$0	\$0	-\$46,384	\$1,728,162	\$271,068,402
Western U.S. Index Plus	\$140,954,199	\$0	\$0	\$0	-\$29,242	-\$7,014,467	\$133,939,732
<b>Total</b>	<b>\$4,290,811,595</b>	<b>-\$244,920,123</b>	<b>\$214,270,087</b>	<b>-\$30,650,035</b>	<b>-\$659,428</b>	<b>-\$133,270,222</b>	<b>\$4,126,891,338</b>

Loomis Sayles Global Fixed Income was terminated 1/21/2016  
PIMCO Global Fixed Income is liquidating



January 31, 2016

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

---

February 22, 2016

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572

Dear Board Members:

Attached is a letter and an executive summary (term sheet) of a notice to investors in PRISA of Prudential's intention to bring the fund's fee level and structure in line with market convention, effective July 1, 2016.

Also attached is an analysis provided by NEPC of the fee change, and concluding with a recommendation that the Board approve the requested change which will result in a fee increase.

Prudential has the right to unilaterally change the fund's fee structure and payment methodology. Part of the forthcoming change is to eliminate the ability to pay the fee by separate check. VCERA paid the management fee from assets of the fund from the initial payment made on 6/30/2005 through 12/31/2011. The Board opted to change to a direct billing method with its payment of fees on March 31, 2012, and has continued to pay by separate check to date. Fees paid are and will continue to be transparent as they will continue to be reported to the Board by staff. Effective July 1, 2016 investment management fees will be paid directly from assets of the fund.

The Board's default position is to take no action. In the absence of instruction to the contrary, VCERA will remain an investor in PRISA, and will be subject to the revised fee schedule effective July 1, 2016. The alternative to acceptance of the revised fee is to direct Prudential to redeem VCERA's interest in the fund. Note that there is an investment queue to get into PRISA of \$1.7 billion.

Staff believes the fee change recommendation is reasonable, and concurs with NEPC's recommendation.

**RECOMMENDATION: That the Board receive and file this report noting the change in PRISA's fee methodology will be effective July 1, 2016.**

Sincerely,



Dan Gallagher  
VCERA Chief Investment Officer



**To:** Ventura County Employees' Retirement Association  
**From:** NEPC Consulting Team  
**Date:** February 17, 2016  
**Subject:** Changes to PRISA Fees

---

### **Recommendation**

NEPC recommends the Ventura County Employees' Retirement Association ("VCERA") consider accepting the revised fees that Prudential Real Estate Investors ("PREI") is implementing across its PRISA family of real estate funds, including PRISA I, which is a current investment in the VCERA real estate allocation.

### **Background**

PREI recently completed a review of the fees charged for the PRISA family of real estate funds. As a result of the review, PREI is implementing revisions to PRISA I in order to bring the overall fee level of the fund more in line with market pricing. The change in the fees for PRISA I will become effective on the July 1, 2016 valuation date (impacting fees charged beginning October 1, 2016). In addition to the change in fee, there are two additional changes that will occur, including:

1. PRISA's fee calculation methodology will change to charge fees based on Net Asset Value rather than Cost; and
2. PRISA's cash flow incentive compensation fee will be eliminated.

While it is disappointing that PREI is not providing an option to clients with respect to their fee increase, we believe it is important to note that the fee change brings PREI's fees closer to the mid-range of the market. From a methodology perspective, the change to calculate fees based on Net Asset Value rather than cost (gross property value) is general market practice for open-end core real estate funds and provides some defensive benefits, particularly in declining market environments. Also, the removal of the cash flow incentive compensation fee is offset by an adjustment to the base management fee, which can be seen in the exhibit on the following page. Note that the proposed base management fee increases significantly relative to the current fee schedule as PREI attempts to counterbalance the removal of the cash flow incentive compensation.



Base Management Fee	PRISA Current (Based on Cost)
First \$10 million	0.1875%
Next \$15 million	0.1625%
Next \$25 million	0.1500%
Next \$50 million	0.1375%
Assets over \$100 million	0.1250%

Base Management Fee	PRISA Proposed (Based on NAV)
First \$25 million	1.00%
Next \$25 million	0.95%
Next \$50 million	0.85%
Next \$100 million	0.75%
Next \$100 million	0.70%
Assets over \$300 million	0.65%

Cash Flow Incentive Compensation	
First \$100 million of NAV	6.00%
\$100 million of NAV and above	5.00%

Cash Flow Incentive Compensation	
First \$100 million of NAV	None
\$100 million of NAV and above	None

Cash Management Compensation	Cash Balance
	0.025%

Cash Management Compensation	Cash Balance
	Cash > 5% excluded from NAV

Source: PREI

Note: The maximum annual fee that may currently be applied to VCERA's investment in PRISA is 1.05% per annum, or \$1,312,500.

On an absolute basis, existing PRISA I clients will experience a fee increase in the range of 3 bps – 17 bps vs. fees paid in 2015. Based on an estimated market value of \$125 million for VCERA's investment in the fund as of December 31, 2015, this equates to approximately \$37,500 - \$212,500 in additional fees for the Plan per year. The fee increase will be 1 bps – 12 bps vs. the average actual fees paid over the prior ten-year period, which equates to approximately \$12,500 - \$150,000 in additional fees for the Plan per year.

The Prudential Insurance Company of America  
7 Giralda Farms  
Madison, New Jersey 07940

February 9, 2016

VIA E-mail

Contract Holders of PRISA SA

Re: Notice of Contract Amendment

Ladies and Gentlemen:

Over the last several months, PREI has conducted a comprehensive review of the management fee structures in place for the PRISA family of funds. As a result of this review, we intend to revise the PRISA separate account's ("PRISA SA") management fees to simplify them and bring the overall fee level and structure in line with market convention. The revised management fees are expected to be effective July 1, 2016. A description of the revised management fee structure is set forth in the attached Executive Summary. This letter serves as the formal notice of the upcoming management fee and related amendments substantially in the form shown in the sample contract attached as Exhibit A hereto as required under Section 4.1 of your contract.

In addition, while PRISA SA has agreed to make operating cash flow distributions within a quarter after such distributable cash is received by PRISA SA, beginning in the quarter in which the management fee amendment becomes effective, PRISA SA will strive to make distributions of distributable cash on the last day of the quarter in which such distributable cash is received by PRISA SA (which will result in a double distribution in the first quarter in which this change is implemented).


Regulations under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") require service providers, like The Prudential Insurance Company of America ("Prudential"), to make certain fee disclosures to the responsible plan fiduciary in order to enable such fiduciary to evaluate the reasonableness of the service provider's compensation. The disclosures required by the Section 408(b)(2) regulations include disclosure of any changes to the fees received by the service provider as a result of a covered arrangement. This letter and the accompanying attachments serve as Prudential's formal Section 408(b)(2) disclosure of the management fee changes under your contract.

Thank you for your continued support of PRISA SA.

*[Signature Page Follows]*

Sincerely,

THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA

By:   
\_\_\_\_\_

Frank E. Garcia, Vice President

## EXECUTIVE SUMMARY

### Fee Changes

- The current PRISA SA fee structure consists of a base management fee, a performance-based fee (the “Performance Based Fee”), a cash fee (the “Cash Fee”) and an annual maximum fee cap (the “Fee Cap”).
- The Performance-Based Fee, the Cash Fee and the Fee Cap will be eliminated.
- Each PRISA SA contract holder (each, a “Contract Holder”) will be charged a single management fee on its pro rata share of PRISA SA’s beginning of period net asset value as adjusted to exclude cash amounts that exceed 5% of PRISA SA’s beginning of period net asset value (“Adjusted Net Asset Value”). The fee rate payable by each Contract Holder will be a blended rate determined using the tiers set forth in the chart below. Although the management fee will be payable by the Contract Holder, some or all of such aggregate management fee may be paid directly or indirectly by PRISA SA and/or by one or more subsidiaries of PRISA SA, in which case the amount payable by the applicable Contract Holder will be proportionately reduced, with the balance to be paid by the Contract Holder through cancellation of units. A portion of the PRISA SA management fees is initially expected to be paid by PRISA LHC, LLC (“LHC”) in amount equal to 50 bps of LHC’s allocable share of PRISA UHC LP’s (“UHC”) beginning of period net asset value as adjusted to exclude cash amounts that exceed 5% UHC’s beginning of period net asset value.
- There will be no ability for Contract Holders to elect direct billing for payments of the management fee and all prior acceptances of direct billing by Prudential will be revoked effective with the fee changes.
- New management fee tiers:

<b>Contract Holder’s Pro Rata Share of Beginning of Period Adjusted Net Asset Value</b>	<b>Rate Applied to Contract Holder’s Pro Rata Share of Beginning of Period Adjusted Net Asset Value</b>
First \$25 million	100 bps
Over \$25 million up to \$50 million	95 bps
Over \$50 million up to \$100 million	85 bps
Over \$100 million up to \$200 million	75 bps
Over \$200 million up to \$300 million	70 bps
Over \$300 million	65 bps

- Accordingly, for example, a Contract Holder whose beginning of period pro rata share of Adjusted Net Asset Value described above is \$40,000,000 would have a blended management fee rate of 98.125 bps, while a Contract Holder whose beginning of period



pro rata share of Adjusted Net Asset Value described above is \$75,000,000 would have a blended management fee rate of 93.33 bps.

**Timing**

The fee modification and other changes will become effective on July 1, 2016 or such later date determined by Prudential, subject to regulatory approvals.

## VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572

(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

---

February 22, 2016

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572

Dear Board Members:

On January 26 and 27, 2016, VCERA Board Chair Tracy Towner and CIO Dan Gallagher attended the PIMCO Institute. Following is our meeting report.

### **PIMCO**

650 Newport Center Drive  
Newport Beach, CA 92660

#### **PIMCO Personnel**

Managing Directors Craig Dawson, Mohsen Fahmi, Joachim Fels, David Fisher, Mark Kiesel, Scott Mather, James Moore, Jerome Schneider; Executive Vice Presidents Olivia Albrecht, Adam Gubner, Richard Hoffman, Stephanie King, Beth MacLean, Andrew Pyne, Greg Sharenow; Senior Vice President David Blair; Vice Presidents Sasha Talcott, Nelson Yuan; Former NEC Director and Presidential Economic Advisor Gene Sperling, and Research Affiliates' John West.

#### **Day 1**

Our first day began with a meeting with Executive Vice President Adam Gubner and Vice President Nelson Yuan who described their Credit Opportunities Fund II. PIMCO was in the early stages of raising this fund which has one pre-specified investment with a firm with long-term contracts in energy transportation. This fund is currently being reviewed by NEPC.

#### *PIMCO Firm Overview*

Craig Dawson described PIMCO's investment in resources to enhance portfolio management capabilities including new managing director level additions to the portfolio teams, and the formation of a Global Advisory Board, including Ben Bernanke and Jean-Claude Trichet to advise on key policy issues.

David Fisher reviewed PIMCO's investment process, describing the investment philosophy orientation as a focus on risk management, and diversification. He further described their top down, bottom up investment process.

Beth MacLean and Richard Hoffman provided an overview of the credit research team, its processes, how the analysts work with portfolio managers, and how the bottom-up evaluation enhances their top-down economic assessments.

James Moore discussed PIMCO's asset allocation considerations. He reviewed their capital market assumptions, discussed underlying risk factors associated with various asset classes, and PIMCO's solutions and analytics team which is available for full or partial portfolio analytics to help clients better understand the risk factors of single asset or multi-asset class portfolios.

Gene Sperling discussed his history as the first director of the National Economic Council and his experience as the National Economic Advisor for two U.S. presidents, Bill Clinton and Barack Obama; the current economic landscape, and his assessment of the current field of primary election candidates.

## **Day 2**

Joachim Fels reviewed PIMCO's long-term outlook for lower economic growth and inflation in light of demographics, debt overhang, etc. He noted that PIMCO remained constructive on world economic growth in general for 2016, and that the U.S. is expected to outperform other regions. He thought that this environment should allow the Fed to continue normalizing monetary policy at a subdued pace.

PIMCO Chief Investment Officer Mark Kiesel believed that energy market distress has generated opportunities across the credit spectrum, with credit-focused strategies offering the potential for equity-like returns with lower levels of volatility relative to stocks.

Jerome Schneider thought that Fed monetary policy activity and known regulatory developments will significantly impact short-term and money market strategies, and that an active, flexible approach will help better manage risk in this segment of the capital markets.

John West and Andrew Pyne believed that equity exposure was key to achieving long-term objectives for most investors. They thought that cap weighted equity allocations may lead to sub-optimal outcomes, and suggest instead using a rules-based alternative weighting methodology focused on non-price weighting metrics to improve the risk-return characteristics of stock allocations.

Greg Sharenow described how a confluence of historical factors has led to material increases in the supply of most commodities over the last several years, causing the recent sharp decline in prices, especially energy-related commodities. He said that

energy markets have seen a substantial reduction in supply over the last six months. He believed that this supply reduction, coupled with moderate demand expansion should support energy-related commodity prices toward the end of 2016.

Scott Mather and Olivia Albrecht discussed PIMCO's current portfolio position based on PIMCO's outlook. They said that key exposures include a cautious stance in regard to interest rate sensitivity, particularly for shorter maturity investments, an emphasis on Treasury Inflation Protected Securities (TIPS) and selective exposure to non-agency and corporate securities.

The final speaker, Mohsen Fahmi discussed PIMCO's approach to constructing multi-asset portfolios. He said that their current themes include a bias towards inflation sensitive assets, the dollar versus a basket of Asian currencies, and a modest overweight to select sectors of the global equity markets.

Respectfully submitted,

Tracy Towner  
Dan Gallagher

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

---

February 22, 2016

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: BOARD EDUCATION COMPLIANCE REPORT FOR 2015**

Dear Board Members:

Per Government Code Section 31522.8, the Board has an education policy that requires trustees to receive at least 24 hours of Board member education during the first two years after becoming a trustee, and during each subsequent two year period. The code further requires the Board to maintain a record of compliance and to post the information annually on our website.

Provided is a summary of the Board's education compliance for 2015 with this information. The majority of trustees have either met or exceeded the required hours.

**RECOMMENDED ACTION: RECEIVE AND FILE COMPLIANCE REPORT FOR 2015 AND AUTHORIZE STAFF TO POST TO WEBSITE IN COMPLIANCE WITH GOVERNMENT CODE SECTION 31522.8**

VCERA staff will be pleased to respond to any questions you may have on this matter at the February 22, 2016 business meeting.

Sincerely,



Linda Webb  
Retirement Administrator

**BOARD MEMBER EDUCATION  
COMPLIANCE PURSUANT TO  
GOVERNMENT CODE SECTION 31522.8**

**Reporting Period January 1, 2015 – December 31, 2015**

Government Code Section 31522.8, effective January 1, 2013, requires Trustees to receive at least 24 hours of Board member education during the first two years after becoming a trustee, and during each subsequent two year period.

<b>PETER FOY</b>	<b>HOURS</b>
TOTAL HOURS COMPLETED	0.00

<b>ARTHUR GOULET</b>	<b>HOURS</b>
Public Fund Workshop, NEPC Investment Workshop January 12-13, 2015	12.00
Pension Bridge Pension Bridge Conference April 6-7, 2015	16.00
State Association of County Retirement Systems (SACRS) Spring Conference May 12-15, 2015	11.00
VCERA Board Retreat Dunning, Marks, Landmann September 16, 2015	3.25
Nossaman, LLP Public Pension Fund Fiduciary Forum September 24-25, 2015	7.00
State Association of County Retirement Systems (SACRS) Fall Conference November 17-20, 2015	12.92
TOTAL HOURS COMPLETED	62.17

<b>JOSEPH HENDERSON</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Spring Conference May 12-15, 2015	8.00
VCERA Board Retreat Dunning, Marks, Landmann September 16, 2015	3.25
State Association of County Retirement Systems (SACRS) Fall Conference November 17-20, 2015	5.00
<b>TOTAL HOURS COMPLETED</b>	<b>16.25</b>

<b>STEVEN HINTZ</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Spring Conference May 12-15, 2015	20.00
VCERA Board Retreat Dunning, Marks, Landmann September 16, 2015	3.25
<b>TOTAL HOURS COMPLETED</b>	<b>23.25</b>

<b>WILBUR HOAG</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Spring Conference May 12-15, 2015	8.00
VCERA Board Retreat Dunning, Marks, Landmann September 16, 2015	3.25
State Association of County Retirement Systems (SACRS) Fall Conference November 17-20, 2015	10.17
<b>TOTAL HOURS COMPLETED</b>	<b>21.42</b>

<b>EDWARD CHRISTOPHER JOHNSTON</b>	<b>HOURS</b>
Advanced Principles of Pension Mgmt CALAPRS January 28-30, 2015	16.00
State Association of County Retirement Systems (SACRS) Spring Conference May 12-15, 2015	5.83
Public Funds Forum 2015 Public Funds Forum September 8-10, 2015	10.00
VCERA Board Retreat Dunning, Marks, Landmann September 16, 2015	3.25
Public Safety Employees' Pension & Benefits Conference NCPERS October 25-28, 2015	10.50
State Association of County Retirement Systems (SACRS) Fall Conference November 17-20, 2015	13.00
<b>TOTAL HOURS COMPLETED</b>	<b>58.58</b>

<b>TRACY TOWNER</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Spring Conference May 12-15, 2015	8.83
Public Funds Forum 2015 Public Funds Forum September 8-10, 2015	13.50
VCERA Board Retreat Dunning, Marks, Landmann September 16, 2015	3.25
State Association of County Retirement Systems (SACRS) Fall Conference November 17-20, 2015	13.00
<b>TOTAL HOURS COMPLETED</b>	<b>38.58</b>



<b>DEANNA MCCORMICK</b>	<b>HOURS</b>
Public Fund Workshop, NEPC Investment Workshop January 12-13, 2015	12.00
Pension Bridge Pension Bridge Conference April 6-7, 2015	16.00
State Association of County Retirement Systems (SACRS) Spring Conference May 12-15, 2015	14.08
VCERA Board Retreat Dunning, Marks, Landmann September 16, 2015	3.25
Northern California Trustee Network American Federation of Teachers September 23, 2015	3.00
State Association of County Retirement Systems (SACRS) Fall Conference November 17-20, 2015	14.50
CORPath Summit & Crystal Globe Awards CORPath December 15-16, 2015	8.00
<b>TOTAL HOURS COMPLETED</b>	<b>70.83</b>

<b>MICHAEL SEDELL</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Spring Conference May 12-15, 2015	10.33
Nossaman, LLP Public Pension Fund Fiduciary Forum September 24-25, 2015	7.00
State Association of County Retirement Systems (SACRS) Fall Conference November 17-20, 2015	15.67
<b>TOTAL HOURS COMPLETED</b>	<b>33.00</b>

<b>WILLIAM WILSON</b>	<b>HOURS</b>
State Association of County Retirement Systems (SACRS) Spring Conference May 12-15, 2015	11.83
VCERA Board Retreat Dunning, Marks, Landmann September 16, 2015	3.25
State Association of County Retirement Systems (SACRS) Fall Conference November 17-20, 2015	4.00
<b>TOTAL HOURS COMPLETED</b>	<b>19.08</b>

<b>CRAIG WINTER</b>	<b>HOURS</b>
Portfolio Concepts & Management IFEBP (Wharton School) April 27-30, 2015	23.75
VCERA Board Retreat Dunning, Marks, Landmann September 16, 2015	3.25
Nossaman, LLP Public Pension Fund Fiduciary Forum September 24-25, 2015	6.00
<b>TOTAL HOURS COMPLETED</b>	<b>33.00</b>

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

---

February 22, 2016

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 Victoria Avenue, Suite 200  
Ventura, CA 93003

## **SUBJECT: MID-YEAR BUDGET UPDATE FOR FISCAL YEAR 2015-16**

Dear Board Members:

With respect to the adopted budget, more than fifty percent of the fiscal year ending June 30, 2016, is complete; consequently, we have a reasonable estimate of the financial status for the year. The attached Budget Summary (Attachment A) reflects actual expenditures through January 31, 2016, as well as year-end projected expenditures based on staff's estimates.

**Salaries & Employee Benefits:** Overall Salaries and Employee Benefits are projected to be under budget by approximately \$161,300. Savings were realized due to vacancies, primarily the IT Manager (Senior Office Systems Coordinator) and a Program Administrator in Operations and an increase in the use of extra-help (\$18,000) to help manage workload.

The IT Manager allocation remains vacant as staff is reevaluating the job duties to better align with the organizations needs going forward, to determine if the position is properly classified. Staff does not anticipate that the position will be filled in the current fiscal year and adjustments related to job requirements would be addressed separately or in the 2016-17 budget.

**Services & Supplies:** Overall Services & Supplies is projected to be over budget at fiscal year end by approximately \$30,200. The majority of the budget overrun is due to Professional Services \$85,400, offset by savings in most other object line accounts, the most significant being Conference, Seminar and Travel (\$26,500). While the variance in professional services is not extreme, the majority of the budget overrun within the line item is due to unbudgeted expenditures authorized by the Board for Legal services. Specifically, \$106,000 is attributable to work related to pensionable compensation under PEPRA, implementation of AB1291, and assistance with the filing of VCERA's application for IRS tax determination letter; this is offset with savings primarily realized from reduced Disability Hearing Officer fees (\$27,500) and Court Reporting Services (\$8,800). All other service and supplies variances are fairly negligible.

**Technology:** The Information Technology budget is projected to be under budget by approximately \$223,800. Computer Hardware savings of \$5,100 are due to planned expenditures being less than budgeted. Computer Software savings of \$13,300 are due to delay of planned software upgrades to the financial management system. Systems Application and Support is projected to be under budget by approximately \$28,700, primarily due to deferral of planned upgrades to the financial management system and County IT charges incorrectly

**MID-YEAR BUDGET UPDATE FOR FISCAL YEAR 2015-16**

February 22, 2016

Page 2 of 2

budgeted to this category line that should have been budgeted to the Pension Administration System (PAS) category line.

The PAS replacement is projected to be approximately \$196,800 under budget, when combined with County IT charges related to the PAS project budgeted to Systems Application and Support for \$20,000. Linea Solutions will be under \$155,200, largely due to the correction (reduction) to Change Order 7, which was approved in September 2015, well after budget adoption. Vitech will be under budget by \$42,000 due to less than anticipated work related to data conversion and lower travel charges. Finally, County of Ventura IT-Services in support of the PAS project in the amount of \$11,500 will be charged to this account but budgeted to System Application and Support line item, as mentioned above.

Staff recommends that no budgetary adjustments be made at this time as we believe we will come within the overall budget. Staff will return to the Board after year end and request necessary appropriation adjustments between object levels to close out the year.

I would be happy to respond to any questions you may have on this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "H. Solis".

Henry C. Solis, CPA  
Chief Financial Officer

Attachment A

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**BUDGET SUMMARY FISCAL YEAR 2015-2016**  
Year-to-Date through January 31, 2016 (58% Expended) and Year-End Projection (June 30, 2016)

EXPENDITURE DESCRIPTIONS	2015/2016 Adopted Budget	2015/2016 Adjusted Budget	Year to Date Expended	Projected @ Year End	Available Balance	Percent Expended
<b>Salaries &amp; Benefits:</b>						
Salaries	\$ 2,322,000.00	\$ 2,322,000.00	\$ 1,158,505.24	\$ 2,200,905.24	\$ 121,094.76	94.78%
Extra-Help	50,000.00	50,000.00	45,121.63	68,121.63	(18,121.63)	136.24%
Overtime	3,000.00	3,000.00	101.99	2,901.99	98.01	96.73%
Supplemental Payments	70,800.00	70,800.00	33,906.48	67,406.48	3,393.52	95.21%
Vacation Redemption	111,400.00	111,400.00	63,436.87	118,636.87	(7,236.87)	106.50%
Retirement Contributions	427,700.00	427,700.00	213,140.70	393,040.70	34,659.30	91.90%
OASDI Contributions	139,800.00	139,800.00	68,014.27	130,614.27	9,185.73	93.43%
FICA-Medicare	36,400.00	36,400.00	17,957.26	33,657.26	2,742.74	92.47%
Retiree Health Benefit	8,700.00	8,700.00	5,859.35	9,830.10	(1,130.10)	112.99%
Group Health Insurance	201,000.00	201,000.00	102,366.91	189,366.91	11,633.09	94.21%
Life Insurance/Mgmt	1,100.00	1,100.00	615.27	1,115.27	(15.27)	101.39%
Unemployment Insurance	2,900.00	2,900.00	1,406.85	2,706.85	193.15	93.34%
Management Disability Insurance	18,000.00	18,000.00	10,297.95	17,197.95	802.05	95.54%
Worker' Compensation Insurance	18,700.00	18,700.00	9,356.66	17,556.66	1,143.34	93.89%
401K Plan Contribution	47,500.00	47,500.00	23,684.26	44,684.26	2,815.74	94.07%
Transfers In	103,400.00	103,400.00	61,815.55	105,969.51	(2,569.51)	102.49%
Transfers Out	(103,400.00)	(103,400.00)	(61,815.55)	(105,969.51)	2,569.51	102.49%
<b>Total Salaries &amp; Benefits</b>	<b>\$ 3,459,000.00</b>	<b>\$ 3,459,000.00</b>	<b>\$ 1,753,771.69</b>	<b>\$ 3,297,742.44</b>	<b>\$ 161,257.56</b>	<b>95.34%</b>
<b>Services &amp; Supplies:</b>						
Telecommunication Services - ISF	\$ 36,500.00	\$ 36,500.00	\$ 19,696.52	\$ 34,839.52	\$ 1,660.48	95.45%
General Insurance - ISF	12,500.00	12,500.00	6,260.00	12,520.00	(20.00)	100.16%
Office Equipment Maintenance	2,000.00	2,000.00	0.00	2,000.00	0.00	100.00%
Membership and Dues	10,400.00	10,400.00	9,270.00	9,970.00	430.00	95.87%
Education Allowance	10,000.00	10,000.00	3,795.84	3,795.84	6,204.16	37.96%
Cost Allocation Charges	17,000.00	17,000.00	8,506.00	17,012.00	(12.00)	100.07%
Printing Services - Not ISF	4,300.00	4,300.00	3,000.77	4,500.77	(200.77)	104.67%
Books & Publications	2,500.00	2,500.00	337.61	1,337.61	1,162.39	53.50%
Office Supplies	20,000.00	20,000.00	8,211.44	18,211.44	1,788.56	91.06%
Postage & Express	60,000.00	60,000.00	24,478.15	58,478.15	1,521.85	97.46%
Printing Charges - ISF	13,300.00	13,300.00	3,218.06	13,218.06	81.94	99.38%
Copy Machine Services - ISF	6,500.00	6,500.00	712.50	4,012.50	2,487.50	61.73%
Board Member Fees	12,000.00	12,000.00	5,100.00	11,100.00	900.00	92.50%
Professional Services	1,002,300.00	1,002,300.00	592,622.45	1,087,647.45	(85,347.45)	108.52%
Storage Charges	4,500.00	4,500.00	1,975.72	3,580.10	919.90	79.56%
Equipment	5,000.00	5,000.00	0.00	0.00	5,000.00	0.00%
Office Lease Payments	205,200.00	205,200.00	116,401.57	200,210.78	4,989.22	97.57%
Private Vehicle Mileage	10,000.00	10,000.00	7,491.41	12,366.41	(2,366.41)	123.66%
Conference, Seminar and Travel	100,000.00	100,000.00	35,477.62	73,477.62	26,522.38	73.48%
Furniture	24,000.00	24,000.00	2,478.61	20,478.61	3,521.39	85.33%
Facilities Charges	6,900.00	6,900.00	1,570.00	4,495.00	2,405.00	65.14%
Judgment & Damages	0.00	0.00	1,838.57	1,838.57	(1,838.57)	#DIV/0!
Transfers In	10,900.00	10,900.00	6,532.25	11,198.14	(298.14)	102.74%
Transfers Out	(10,900.00)	(10,900.00)	(6,532.25)	(11,198.14)	298.14	102.74%
<b>Total Services &amp; Supplies</b>	<b>\$ 1,564,900.00</b>	<b>\$ 1,564,900.00</b>	<b>\$ 852,442.84</b>	<b>\$ 1,595,090.43</b>	<b>\$ (30,190.43)</b>	<b>101.93%</b>
<b>Total Sal, Ben, Serv &amp; Supp</b>	<b>\$ 5,023,900.00</b>	<b>\$ 5,023,900.00</b>	<b>\$ 2,606,214.53</b>	<b>\$ 4,892,832.87</b>	<b>\$ 131,067.13</b>	<b>97.39%</b>
<b>Technology:</b>						
Computer Hardware	\$ 91,600.00	\$ 91,600.00	\$ 55,246.70	\$ 86,546.70	\$ 5,053.30	94.48%
Computer Software	204,400.00	204,400.00	22,146.84	191,146.84	13,253.16	93.52%
Systems & Application Support	693,100.00	693,100.00	337,677.87	664,381.01	28,718.99	95.86%
Pension Administration System	2,660,500.00	2,660,500.00	1,568,702.32	2,483,762.32	176,737.68	93.36%
<b>Total Technology</b>	<b>\$ 3,649,600.00</b>	<b>\$ 3,649,600.00</b>	<b>\$ 1,983,773.73</b>	<b>\$ 3,425,836.87</b>	<b>\$ 223,763.13</b>	<b>93.87%</b>
Contingency	\$ 812,400.00	\$ 812,400.00	\$ -	\$ -	\$ 812,400.00	0.00%
<b>Total Current Year</b>	<b>\$ 9,485,900.00</b>	<b>\$ 9,485,900.00</b>	<b>\$ 4,589,988.26</b>	<b>\$ 8,318,669.74</b>	<b>\$ 1,167,230.26</b>	<b>87.70%</b>



100 Montgomery Street Suite 500 San Francisco, CA 94104-4308  
T 415.263.8200 www.segalco.com

John W. Monroe, ASA, MAAA, EA  
Vice President & Actuary  
jmonroe@segalco.com

February 3, 2016

Ms. Linda Webb  
Retirement Administrator  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**Re: Ventura County Employees' Retirement Association  
Cost-of-Living Adjustments (COLA) as of April 1, 2016**

Dear Linda:

We have determined the cost-of-living adjustments for the Association in accordance with Section 31870.1, as provided in the enclosed exhibit.

The cost-of-living factor to be used by the Association on April 1, 2016 is determined by comparing the December CPI for the Los Angeles-Riverside-Orange County Area (with 1982-84 as the base period) in each of the past two years. The ratio of the past two December indices, 245.357 in 2015 and 240.475 in 2014, is 1.0203. The County Law section cited above indicates that the resulting percentage change of 2.03% should be rounded to the nearest one-half percent, which is 2.0%. Please note the above cost-of-living adjustment calculated using established procedures for VCERA may result in adjustments different from those calculated using alternative procedures by other systems.

The actual cost-of-living adjustment is dependent on tier and date of retirement. The CPI adjustment to be applied on April 1, 2016 is provided in Column (4) of the enclosed exhibit. The COLA bank on April 1, 2016 is provided in Column (5).

Consistent with prior years, we have included the payee count in Column (6) and total monthly benefit in Column (7) of the enclosed exhibit.

Please give us a call if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "John Monroe".

John Monroe

TJH/bbf  
Enclosure

5412258v1/05325.001

Ventura County Employees' Retirement Association  
 Cost-Of-Living Adjustment  
 As of April 1, 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Retirement Date	April 1, 2015 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2016 Accumulated Carry-over****	Payee Count*****	Total Monthly Benefit*****
All Tier 1 and Safety Section 31870.1 Maximum Annual COLA	3.0%						
On or Before 4/1/1975	52.0%	2.03%	2.0%	3.0%	51.0%	60	77,984.57
04/02/1975 to 04/01/1976	44.5%	2.03%	2.0%	3.0%	43.5%	31	51,029.57
04/02/1976 to 04/01/1977	37.0%	2.03%	2.0%	3.0%	36.0%	48	64,833.76
04/02/1977 to 04/01/1978	33.5%	2.03%	2.0%	3.0%	32.5%	32	52,458.27
04/02/1978 to 04/01/1979	29.5%	2.03%	2.0%	3.0%	28.5%	40	56,245.40
04/02/1979 to 04/01/1980	25.0%	2.03%	2.0%	3.0%	24.0%	30	30,618.45
04/02/1980 to 04/01/1981	17.0%	2.03%	2.0%	3.0%	16.0%	38	59,718.38
04/02/1981 to 04/01/1982	4.5%	2.03%	2.0%	3.0%	3.5%	32	47,753.88
04/02/1982 to 04/01/1983	0.0%	2.03%	2.0%	2.0%	0.0%	53	127,692.48
04/02/1983 to 04/01/1984	0.0%	2.03%	2.0%	2.0%	0.0%	44	68,296.97
04/02/1984 to 04/01/1985	0.0%	2.03%	2.0%	2.0%	0.0%	55	112,153.51
04/02/1985 to 04/01/1986	0.0%	2.03%	2.0%	2.0%	0.0%	42	96,015.27
04/02/1986 to 04/01/1987	0.0%	2.03%	2.0%	2.0%	0.0%	66	126,003.56
04/02/1987 to 04/01/1988	0.0%	2.03%	2.0%	2.0%	0.0%	69	166,805.21
04/02/1988 to 04/01/1989	0.0%	2.03%	2.0%	2.0%	0.0%	86	207,686.95
04/02/1989 to 04/01/1990	0.0%	2.03%	2.0%	2.0%	0.0%	44	79,481.42
04/02/1990 to 04/01/1991	0.0%	2.03%	2.0%	2.0%	0.0%	70	245,178.19
04/02/1991 to 04/01/1992	0.0%	2.03%	2.0%	2.0%	0.0%	106	385,932.30
04/02/1992 to 04/01/1993	0.0%	2.03%	2.0%	2.0%	0.0%	85	272,377.70
04/02/1993 to 04/01/1994	0.0%	2.03%	2.0%	2.0%	0.0%	91	318,375.23
04/02/1994 to 04/01/1995	0.0%	2.03%	2.0%	2.0%	0.0%	94	310,344.55
04/02/1995 to 04/01/1996	0.0%	2.03%	2.0%	2.0%	0.0%	80	278,628.69
04/02/1996 to 04/01/1997	0.0%	2.03%	2.0%	2.0%	0.0%	59	190,575.62
04/02/1997 to 04/01/1998	0.0%	2.03%	2.0%	2.0%	0.0%	106	532,870.80
04/02/1998 to 04/01/1999	0.0%	2.03%	2.0%	2.0%	0.0%	129	521,556.43
04/02/1999 to 04/01/2000	0.0%	2.03%	2.0%	2.0%	0.0%	144	609,617.83
04/02/2000 to 04/01/2001	0.0%	2.03%	2.0%	2.0%	0.0%	106	500,924.11
04/02/2001 to 04/01/2002	0.0%	2.03%	2.0%	2.0%	0.0%	93	443,769.55
04/02/2002 to 04/01/2003	0.0%	2.03%	2.0%	2.0%	0.0%	99	518,517.87
04/02/2003 to 04/01/2004	0.0%	2.03%	2.0%	2.0%	0.0%	129	671,563.63
04/02/2004 to 04/01/2005	0.0%	2.03%	2.0%	2.0%	0.0%	143	777,687.64
04/02/2005 to 04/01/2006	0.0%	2.03%	2.0%	2.0%	0.0%	135	746,471.79
04/02/2006 to 04/01/2007	0.0%	2.03%	2.0%	2.0%	0.0%	117	579,106.68
04/02/2007 to 04/01/2008	0.0%	2.03%	2.0%	2.0%	0.0%	97	560,814.24
04/02/2008 to 04/01/2009	0.0%	2.03%	2.0%	2.0%	0.0%	70	397,397.22
04/02/2009 to 04/01/2010	0.0%	2.03%	2.0%	2.0%	0.0%	125	807,515.98
04/02/2010 to 04/01/2011	0.0%	2.03%	2.0%	2.0%	0.0%	88	645,442.49
04/02/2011 to 04/01/2012	0.0%	2.03%	2.0%	2.0%	0.0%	85	591,101.62
04/02/2012 to 04/01/2013	0.0%	2.03%	2.0%	2.0%	0.0%	90	611,748.97
04/02/2013 to 04/01/2014	0.0%	2.03%	2.0%	2.0%	0.0%	58	363,390.78
04/02/2014 to 04/01/2015	0.0%	2.03%	2.0%	2.0%	0.0%	72	414,373.22
04/02/2015 to 04/01/2016		2.03%	2.0%	2.0%	0.0%	6	36,273.43

\* Based on ratio of December 2015 CPI to December 2014 CPI for the Los Angeles - Riverside - Orange County Area.

\*\* Based on CPI change rounded to nearest one-half percent.

\*\*\* These are the cost-of-living adjustment factors to be applied on April 1, 2016.

\*\*\*\* These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2016.

\*\*\*\*\* Payee count for the last period shown only goes through June 30, 2015.

\*\*\*\*\* Excludes monthly benefits for vested fixed supplemental and supplemental medical benefit amounts.

# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

---

February 22, 2016

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: AUTHORIZATION FOR TRUSTEE TOWNER TO ATTEND IFEBP'S  
"INTERNATIONAL AND EMERGING MARKET INVESTING" COURSE, JULY 25<sup>TH</sup> – 27<sup>TH</sup>,  
2016 IN SAN FRANCISCO, CA**

Dear Board Members:

Trustee Towner requests authorization to attend IFEBP's "International and Emerging Market Investing" course in San Francisco, July 25<sup>th</sup> – 27<sup>th</sup>. The cost to attend is approximately \$5,100 including registration, lodging and other expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at February 22, 2016 business meeting.

Sincerely,



Linda Webb  
Retirement Administrator



# Investment Programs Through Wharton Executive Education

*In partnership with the International Foundation of Employee Benefit Plans*

 #FWHARTON



## 2016 Offerings

### Portfolio Concepts and Management

May 2-5, 2016 | Philadelphia, Pennsylvania  
[www.ifebp.org/portfolio](http://www.ifebp.org/portfolio)

### International and Emerging Market Investing

July 25-27, 2016 | San Francisco, California  
[www.ifebp.org/intlinvesting](http://www.ifebp.org/intlinvesting)

# The Wharton School Investment Programs 2016



Investment programs offered in conjunction with the Wharton School provide investment management education for those with differing educational needs and levels of experience. These programs can build your skills in portfolio oversight and give you the tools you need to make informed investment decisions.

## Who Should Attend

The Wharton investment programs are designed to meet the needs of fiduciaries from both defined benefit and defined contribution plans who represent various industries, sizes and geographic areas (United States and Canada), including:

- Multiemployer and public plan trustees
- Administrators and staff
- Human resources and benefits professionals
- Corporate officers and executives
- Finance personnel
- Investment professionals.

The programs are independent units that may be completed in any sequence. However, we recommend individuals with little investment experience complete the Portfolio Concepts and Management program prior to attending the International and Emerging Market Investing or specialized programs.

## Why You Should Attend

Learn the core concepts and tools needed for effective portfolio oversight and continue to refine and heighten your knowledge with advanced and specialized programs—all led by faculty of the prestigious Wharton School.



# About the Wharton School Partnership

The International Foundation takes great pride in its longstanding relationship with the Wharton School of the University of Pennsylvania. Spanning over 35 years, this alliance has resulted in high-quality investment programs as well as the Certified Employee Benefit Specialist® (CEBS®) program in the United States.\*

The International Foundation of Employee Benefit Plans is the largest educational association serving those in the benefits industry. For over 60 years, the International Foundation has served as the premier source of benefits education and information, providing objective, accurate and timely information. Services include in-person training, distance learning and publications covering a broad range of topics. Programs are available for all levels, from basic concepts to advanced strategies. The International Foundation also sponsors the CEBS designation program with the Wharton School of the University of Pennsylvania in the United States and Dalhousie University in Canada.

The International Foundation offers membership with services such as personalized research, live and recorded webcasts, online peer networking, publications, survey results and daily industry news delivery. In addition, members receive discounts on educational programs, e-learning and books. Learn more about how the International Foundation can help you—Visit [www.ifebp.org](http://www.ifebp.org) or call (888) 334-3327, option 2, to request information by mail.

Contents	Page
Portfolio Concepts and Management	4
International and Emerging Market Investing	6

## Additional Contents

Continuing Education Credit	8
The Wharton School Learning Environment	9
Faculty Information	10
Program Location/Hotel Information	12
Registration Policies	14
Program Registration Form	15



\*Canadian CEBS partner is Dalhousie University.

# Portfolio Concepts and Management

Monday, May 2-Thursday, May 5, 2016

The Wharton School | University of Pennsylvania | Philadelphia, Pennsylvania

Portfolio Concepts and Management is a 3½-day program that offers lecture/discussion sessions, problem-solving exercises and an interactive case study. Portfolio Concepts and Management is offered every year at the Wharton School on the University of Philadelphia campus.

## Objective

This program lays the groundwork for the core principles of portfolio theory and investment performance measurement, offering the practical tools and experiences needed to make sound investment management decisions. It is intended for those who have had exposure to investment concepts, with limited experience with academic coursework—or those looking to refresh their past experience.

## Outline

### MONDAY, MAY 2

7:15-8:15 a.m.

Registration and Breakfast

Steinberg Conference Center

8:15 a.m.-12:00 noon

Introduction and Overview  
of Financial Assets

- The difference between a bond and a stock
- How bonds and stocks are evaluated
- Discounted value of coupons
- What happens to bonds when interest rates change?
- Call features
- Rating services
- Different types of indexes
- Different definitions of earnings

12:00 noon-1:00 p.m.

Lunch

Provided at the conference center

### MONDAY, MAY 2 (Cont.)

1:00-4:15 p.m.

Fundamentals of Portfolio Theory

- Time-weighted and value-weighted rates of return
- Principles of diversification
- The concept of efficiency
- How to construct well-diversified portfolios
- How to build portfolios for a targeted risk level

4:30-5:30 p.m.

Welcome Reception (Optional)

Sheraton Philadelphia University City Hotel

### TUESDAY, MAY 3

7:30-8:30 a.m.

Breakfast

Provided at the conference center

# Portfolio Concepts and Management

## TUESDAY, MAY 3 (Cont.)

8:30 a.m.-12:00 noon

### Performance Evaluation

- Elements of manager monitoring
- Risk-adjusted measures
- Factors behind the numbers
- Role of investment style
- What do the numbers in a performance evaluation report mean?
- Using your performance measurement tools (practical framework)
- Impact of investment policy

12:00 noon-1:00 p.m.

### Lunch

Provided at the conference center

1:00-4:15 p.m.

### Fundamentals of Valuation

- How does an analyst determine the price of stock?
- What determines the volatility of a bond?
- Mechanics of compounding and discounting
- Valuation of annuities
- Present and future value

4:15-4:30 p.m.

### Introduction to Case Study

## WEDNESDAY, MAY 4

7:30-8:30 a.m.

### Breakfast

Provided at the conference center

8:30 a.m.-12:00 noon

### Macroeconomic Issues and Financial Markets

- Basics of price and return
- Monetary and fiscal policy structures and current stances
- Exchange rates and international factors

12:00 noon-1:00 p.m.

### Lunch

Provided at the conference center

## WEDNESDAY, MAY 4 (Cont.)

1:00-4:15 p.m.

### The Current Markets

- Recent trends
- Determining the discount rate
- Historical risk and return patterns
- The capital asset pricing model
- Price distortions

4:15-6:00 p.m.

### Case Study Group Work

(Dinner on your own)

## THURSDAY, MAY 5

7:30-8:30 a.m.

### Breakfast

Provided at the conference center

8:30-11:00 a.m.

### Asset Allocation and Impacts of Risk on Return

- Trends in pension management
- Investment policy
- Overall asset allocation and allocation within asset class
- Rebalancing vs. reinforcing asset allocation

11:00 a.m.-12:00 noon

### Case Study

Attendance required to earn a certificate

*The Portfolio Concepts is intense, and all the topics are good and provide risk-free discussions that are very informative. All topics discussed were very useful. Overall, this conference is very educational.*

**Raymond R. Santander**  
Trustee  
New York City Employees  
Retirement System

# International and Emerging Market Investing

Monday, July 25-Wednesday, July 27, 2016

Wharton | *San Francisco* | San Francisco, California

International and Emerging Market Investing is a 2½-day specialty course that includes lecture/discussion sessions and small group breakout sessions.

## Objective

This course is designed to provide insight into the global marketplace and how it impacts your funds' investment strategy. You will discuss the opportunities and risks of several international and emerging countries, as well as how to navigate these risks. This course is designed for individuals who have a solid base in investment management principles and who seek to explore the opportunities available through international investing.

## Outline

### MONDAY, JULY 25

7:30-8:30 a.m.

Registration and Breakfast

Provided at Wharton | *San Francisco*

8:30-10:00 a.m.

Globalization and Global Economic Markets

- Key global economic trends
- Recent political-economic headlines (especially Europe and the Middle East)
- Shifting balance of global economic power
- Global demographic trends
- Principal factors driving globalization
- Foreign exchange markets
- Global financial markets
- Risks of globalization

10:15 a.m.-12:00 noon

Emerging Markets: Opportunities and Risks

- The rise of emerging markets
- The BRIC, N-11 and beyond
- Sources of growth and competitiveness
- Investment trends and opportunities
- Economic risks
- Political and legal risks
- Observations and key challenges

### MONDAY, JULY 25 (Cont.)

12:00 noon-1:00 p.m.

Lunch

Provided at Wharton | *San Francisco*

1:00-2:00 p.m.

Emerging Markets: A Financial Force

- Emerging markets financial environment
- Emerging markets financial systems
- Foreign financial opportunities in emerging markets
- The rise of emerging markets financial firms
- Case study: ICBC in South Africa

2:00-2:45 p.m.

Discussion of Current Events and Day One Q&A

3:00-5:00 p.m.

Emerging Markets Financial Markets: Case and Group Analysis

- HSBC in China case
- Country, sector analysis and selection

# International and Emerging Market Investing

## TUESDAY, JULY 26

7:30-8:30 a.m.

Breakfast

Provided at Wharton | *San Francisco*

8:30-10:00 a.m.

Group Presentations and Discussion

10:15 a.m.-12:00 noon

Mechanics of International Diversification

- Mathematics of portfolios
- Key measures: Correlations, Sharpe ratios, alpha vs. beta
- Classic portfolio optimization with U.S. stocks and bonds

12:00 noon-1:00 p.m.

Lunch

Provided at Wharton | *San Francisco*

1:00-2:30 p.m.

Developed Market Equities

- Global equity market capitalization
- International return and portfolio mathematics
- History of risks and returns
- Optimal portfolio allocations with U.S. and foreign equity

2:45-5:00 p.m.

Emerging Market Equity

- Classification of emerging market countries
- Market capitalization within the emerging market segment
- Emerging market indices
- The emerging market “growth trap”
- Frontier markets

## WEDNESDAY, JULY 27

7:30-8:30 a.m.

Breakfast

Provided at Wharton | *San Francisco*

8:30-10:00 a.m.

Global Bonds and Exchange Rates

- Risk of bonds
  - Duration risk
  - Interest risk
  - Foreign exchange risk
- Geography of the global bond market
- Impact of hedging currency risk in foreign stocks

10:15 a.m.-12:00 noon

Foreign Investment Vehicles—  
Funds, MNCs, ADRs and  
Electronically Traded Funds (ETFs)

- Funds
  - Country funds
  - Closed-end funds
  - International funds
  - Foreign funds
  - Index funds
- Individual stocks

“An incredibly deep dive into emerging markets that broadened not only my understanding of the markets but my fiduciary responsibilities.”

James Rossler Jr.

Trustee

Ohio School Employees Retirement System

# Earning Your Certificate

A certificate of completion from the Wharton School will be awarded to those who attend all sessions (please note, programs have early-evening group work sessions).

If you wish to earn a certificate, please make your travel plans accordingly and leave early evenings open as indicated on the program schedule.



## Registration Includes

- A curriculum binder including teaching materials and up-to-date resources
- A certificate from the Wharton School upon fulfilling attendance and participation requirements
- Daily breakfasts, lunch on all days that programs extend into the afternoon and refreshment breaks in the mornings and afternoons.

## Additional Class Notes

- Registrants will be notified by e-mail when select materials are posted on the Wharton website that will serve as prereading for the program.
- Please note that the scheduling of specific sessions and/or faculty is subject to change.
- For questions on curriculum, please e-mail [tiffanyu@ifebp.org](mailto:tiffanyu@ifebp.org) or call (262) 373-7652.

## Continuing Education Credit

Most state boards/departments that license professionals will accept International Foundation courses for their continuing education requirements if the course content is applicable. As a service to attendees, CE accreditation procedures have been implemented. This additional service is provided at a nominal administrative fee (\$25) and must be paid by those requesting the service. If you are an insurance professional, please note that state insurance departments do not consider investment topics as appropriate for insurance continuing education credit. Therefore, insurance credit is not available for the Wharton investment courses. Visit [www.ifebp.org/education/continuinged](http://www.ifebp.org/education/continuinged) for information regarding earning continuing education credit for your profession.

*“The Foundation and Wharton continue to provide a stellar investment program. The curriculum and faculty present real-world information that I can take home and apply immediately. There is no doubt I will be a better trustee because of it.”*

**Michael Brown**  
Board Chairman

Municipal Employees' Retirement System of Michigan



# Experience the Wharton School— Transforming Insight Into Practice

Founded as the first U.S. business school in 1881, the Wharton School of the University of Pennsylvania has consistently driven change in business education and research.

Wharton has approximately 4,600 undergraduate, M.B.A. and doctoral students and an alumni network of more than 80,000 worldwide. Wharton's Aresty Institute of Executive Education serves up to 8,000 mid- to senior-level executives annually. Taught by acclaimed Wharton faculty, more than 200 open enrollment and custom programs are offered in such areas as finance, leadership, strategy/management and marketing. World-class faculty teaching the courses include skilled educators and researchers, award-winning authors and leading authorities in the investment management field.

## Wharton Investment Programs

The International Foundation's partnership with the Wharton School includes four investment programs, which are offered on a rotating schedule.

**Core Programs** (Held at the Steinberg Conference Center in Philadelphia, Pennsylvania)

- Portfolio Concepts and Management (*held annually*)
- Advanced Investments Management (*look for offering in 2017*)

**Specialty Programs** (Held at the Wharton | *San Francisco* facility)

- Alternative Investment Strategies (*look for offering in 2018*)
- International and Emerging Market Investing

## The Wharton School Learning Environment

Steinberg Conference Center  
Wharton School—University of Pennsylvania  
Philadelphia, Pennsylvania

The Steinberg Conference Center on the University of Pennsylvania campus offers a state-of-the-art, comfortable environment conducive to adult learning. Breakout rooms allow for small group discussions. Direct interaction with faculty is encouraged and aided by the limited class size. You will have access to the university bookstore and recreation facilities as well.



# Wharton Faculty

Wharton faculty members are skilled educators and researchers, award-winning authors and leading authorities in the investment management field.

Following are the biographies of faculty members who taught sessions in the International Foundation/Wharton programs in the recent past.

## **Jeffrey F. Jaffe**

*Associate Professor of Finance  
The Wharton School*



Dr. Jaffe is an active researcher, with particular interest in the effect of inflation on the returns of stocks and bonds, valuation of the firm and the effect of regulation on trading by corporate insiders. His articles have appeared in the *Quarterly Economic Journal*, the *Journal of Finance*, the *Journal of Financial and Quantitative Analysis*, the *Journal of Financial Economics* and the *Financial Analysts' Journal*.

*Portfolio Concepts and Management  
Advanced Investments Management*

## **Christopher C. Geczy**

*Adjunct Associate Professor  
of Finance  
Academic Director of  
Wharton Wealth  
Management Initiative  
The Wharton School*



Dr. Geczy researches and consults for clients in the areas of asset allocation, hedge fund portfolio analysis and development, financial risk management and the development of investment and trading strategies. He has a Ph.D. degree in finance and econometrics from the Graduate School of Business of the University of Chicago.

*Alternative Investment Strategies  
Advanced Investments Management*

## **A. Craig MacKinlay**

*Joseph P. Wargrove  
Professor of Finance  
The Wharton School*



Dr. MacKinlay is a research associate of the National Bureau of Economic Research, a member of the *Journal of Investment Consulting* Advisory Board and a member of Morgan Stanley Institutional Equity Trading Academic Board. He received his doctorate and an M.B.A. degree from the University of Chicago and an M.B.A. degree from the University of Western Ontario. His research interests include asset pricing models, measuring investment performance and statistical methods in finance.

*Portfolio Concepts and Management  
Advanced Investments Management*

## **Todd Sinai**

*Associate Professor  
of Real Estate, Business  
Economics and Public  
Policy  
The Wharton School*



Dr. Sinai is a faculty research fellow at the National Bureau of Economic Research and a visiting scholar at the Federal Reserve Bank of Philadelphia. Current research projects include housing prices, public policy and housing markets, the airline industry and real estate investment trusts. He received his Ph.D. degree from the Massachusetts Institute of Technology.

*Alternative Investment Strategies*

# Wharton Faculty

## Gordon M. Bodnar

*Morris W. Offit Professor of  
International Finance and  
Director of the International  
Economics Program*



*The Wharton School  
Paul H. Nitze School of Advanced  
International Studies (SAIS)  
The Johns Hopkins University*

Dr. Bodnar teaches international finance in Wharton's Executive M.B.A. program and is a frequent lecturer in several of its executive education programs. He has held appointments as a research fellow at the National Bureau of Economic Research and as a visiting scholar at the International Monetary Fund. His research focuses largely on the intersection of international finance and corporate finance.

*Portfolio Concepts and Management  
Advanced Investments Management  
International and Emerging Market Investing*

## Geoffrey Gerber

*President & Chief Investment  
Officer  
TWIN Capital Management  
Faculty Member  
The Wharton School Aresty  
Institute*



As founder of TWIN Capital Management, Dr. Gerber is responsible for overseeing the management of the firm and the entire investment process and is recognized as a specialist in institutional quantitative investment management. Dr. Gerber is a faculty member for the Aresty Institute's Wharton Executive Education Program on pension funds and investment management. He received his Ph.D. degree in economics and finance from the University of Pennsylvania.

*Portfolio Concepts and Management  
Advanced Investments Management*

“Thought-provoking, mind-expanding yet understandable teaching from these professors who are very knowledgeable and experts in their fields. Will continue onward in the Wharton pathway of education for the board trustees.”

**Barbara M. Phillips**

School Bus Driver  
Ashland City Schools and Board Trustee  
Ohio's School Employee Retirement System

# Program Location and Hotel Information

## The Wharton School of the University of Pennsylvania

### Portfolio Concepts and Management

The Wharton School  
University of Pennsylvania  
Aresty Institute of Executive Education  
Steinberg Conference Center  
255 South 38th Street  
Philadelphia, PA 19104-6359  
Phone: (215) 386-8300  
Fax: (215) 573-3426

*A ten-minute walk from Sheraton Philadelphia University City Hotel.*

### Hotel Reservation Information

**Sheraton Philadelphia University City Hotel**  
3549 Chestnut Street  
Philadelphia, PA 19104  
Phone: (215) 387-8000  
Fax: (215) 387-7920  
Reservations phone: (888) 627-7071  
[www.philadelphiasheraton.com](http://www.philadelphiasheraton.com)

2016 rate: \$172 single/double occupancy (15.5% tax) (Credit card guarantee will be required.)

The Sheraton is conveniently located on the campus of the University of Pennsylvania.

Amtrak's 30th Street Station is just steps from the hotel.

Please contact the hotel directly to make your reservation. Be sure to mention the International Foundation when booking your hotel stay to ensure you receive the negotiated conference guest room rate.



# Program Location and Hotel Information

## Wharton | *San Francisco*

### International and Emerging Market Investing

#### Wharton | *San Francisco*

2 Harrison Street  
San Francisco, CA 94105  
Phone: (415) 777-1000  
Fax: (415) 369-0598

*One mile from Omni San Francisco Hotel.*

Wharton | *San Francisco* is a state-of-the-art educational facility designed to facilitate the learning style that Wharton has pioneered. Wharton | *San Francisco* is conveniently located in San Francisco's business and financial district in the historic Hills Brothers Building. Programs at Wharton | *San Francisco* draw their faculty and courses from the same world-renowned resources available at Wharton's Philadelphia campus.

### Hotel Reservation Information

#### Omni San Francisco Hotel

500 California Street (at Montgomery)  
San Francisco, CA 94104  
Phone: (415) 677-9494  
Fax: (415) 273-3038  
[www.omnihotels.com](http://www.omnihotels.com)

2016 rate: \$334 single/double occupancy (16.445% tax)

Please contact the hotel directly to make your reservation. Be sure to mention the International Foundation when booking your hotel stay to ensure you receive the negotiated conference guest room rate.



## REGISTRATION POLICIES

- See our policies regarding your registration/cancellation/refund/record retention/photo release and privacy at [www.ifebp.org/policies](http://www.ifebp.org/policies).
- Cancellation/transfer requests must be in writing and are subject to a fee of \$50 per meeting day for cancellations and \$50 for transfers.
- Cancellation fee is 50% of registration fee for registrations canceled within 30 days of meeting.
- Cancellations received on or after the opening day of a program are subject to forfeiture of all registration fees.
- For more information regarding administrative policies such as complaint and refund, please contact Registrations at [edreg@ifebp.org](mailto:edreg@ifebp.org) or (262) 786-6710, option 2.

## FEATURED BOOK

The books in the International Foundation Bookstore cover the entire spectrum of benefits. Industry professionals offer in-depth information on health care, pension, multiemployer trusts, government benefit programs and more. Get the insight and know-how to succeed.

**Visit [www.ifebp.org/bookstore](http://www.ifebp.org/bookstore) to view books offered.**

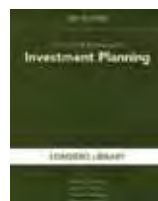
### The Tools & Techniques of Investment Planning

Stephan R. Leimberg; Robert J. Doyle, Jr.;  
Thomas R. Robinson; Robert R. Johnson

623 pages. National Underwriter. 2014.

\$191.25 (Members: \$183) Prices include shipping/handling.

[www.ifebp.org/books.asp?9029](http://www.ifebp.org/books.asp?9029).



## JOIN US ONLINE

CONNECT | DISCUSS  
ASK | SHARE | LEARN



#IFWHARTON

CUSTOMER INFORMATION (Please print clearly)

Priority code 16WHARW Individual ID# or CEBS® ID#
Full first name M.I. Last name
Employer
Title
Address Business Home
City State/Province Country ZIP/Postal code
Phone Fax
E-mail
Last 4/3 digits of SSN/SIN Date of birth (mm/dd/yyyy)
See policies regarding registration/cancellation/refund/record retention/photo release and privacy at www.ifebp.org/policies.

NOT A MEMBER? JOIN NOW AND SAVE!

Individual \$325\* Organizational \$960\* Join now and pay the lower member rate.
\*Membership dues are prorated quarterly. Visit www.ifebp.org/join for current U.S. and Canadian membership rates.

REGISTRATION INFORMATION

Organization representing Organization #
Badge name Badge title
Special dietary requirements—specify
Form completed by Phone
Special assistance? Yes No

Portfolio Concepts and Management (04-1604)

May 2-5, 2016 | The Wharton School, University of Pennsylvania | Philadelphia, Pennsylvania
Member fee Until March 21 After March 21
Nonmember fee

International and Emerging Market Investing (H6-16H6)

July 25-27, 2016 | Wharton | San Francisco | San Francisco, California
Member fee Until June 13 After June 13
Nonmember fee

2016 CANCEL POLICY: Early cancel fee is \$50/meeting day. Within 30 days of meeting, cancel fee is 50% of registration fee.

HOTEL

Mention the International Foundation for special rate. After the deadline, reservations and rate will be based on availability (credit card will be required).
May: Sheraton Philadelphia University City Hotel, Philadelphia, Pennsylvania Reservations phone: (888) 627-7071
Rate: \$172 single/double (15.5% tax) Reservation deadline: April 11
July: Omni San Francisco, San Francisco, California Reservations phone: (800) 843-6664
Rate: \$334 single/double (16.445% tax) Reservation deadline: June 22

CONTINUING EDUCATION CREDIT

\$25 continuing education service charge due at time of registration (if applicable). The International Foundation will apply for CE credit based on requests. You must indicate the profession for which credit is requested.

Actuary CFP CIMA CPA
PHR/SPHR/GPHR Other, specify
Licensed in the state of
License/NPN/BAR/CPA #

CEBS CPE Continuing education forms are not required to earn CEBS CPE credit. By checking this box you will be provided with continuing education forms in your registration packet. These forms can be turned in at the program for a CPE certificate for documentation and to assist you with self-reporting your CEBS CPE credits. \$25 CE fee does not apply. Visit www.cebscpe.org for additional information on reporting CEBS CPE credit hours.

Note: Request made for CE on this form does not guarantee administration of credit.

PAYMENT INFORMATION

Full payment in U.S. funds must accompany order. Make check payable to International Foundation.
Check # \$
VISA MasterCard Discover
American Express
Credit card #
Exp. date
Cardholder's name (print)

REGISTRATION/ORDER SUMMARY

Membership fee \$
Registration fee \$
Registration fee \$
Continuing education fee (\$25) \$
Total (U.S. funds) \$

Register online at www.ifebp.org

Mail the registration form with check or credit card number to: International Foundation—Conference, P.O. Box 689954, Chicago, IL 60695-9954

Fax your registration with credit card number: (262) 364-1818

For information, e-mail edreg@ifebp.org, or phone toll-free (888) 334-3327, option 2, or (262) 786-6710, option 2.



# VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003-6572  
(805) 339-4250 • Fax: (805) 339-4269  
<http://www.ventura.org/vcera>

---

February 22, 2016

Board of Retirement  
Ventura County Employees' Retirement Association  
1190 South Victoria Avenue, Suite 200  
Ventura, CA 93003

**SUBJECT: AUTHORIZATION FOR TRUSTEE GOULET TO ATTEND THE 2016 PENSION BRIDGE ANNUAL CONFERENCE, APRIL 6-7, 2016 IN SAN FRANCISCO, CA**

Dear Board Members:

Trustee Goulet requests authorization to attend the 2016 Pension Bridge Annual Conference on April 6<sup>th</sup> and 7<sup>th</sup> in San Francisco. The cost to attend is approximately \$1,300 including lodging, airfare, registration, and other expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at February 22, 2016 business meeting.

Sincerely,



Linda Webb  
Retirement Administrator



A photograph of the Golden Gate Bridge at sunset. The bridge's towers and cables are silhouetted against a bright orange and yellow sky. The bridge deck is covered in long, horizontal light trails from red and orange lights, creating a vibrant, streaked effect. In the background, the city of San Francisco is visible with its buildings and lights, and the water of the bay is dark. The overall mood is festive and celebratory.

# The Pension Bridge Annual

The Four Seasons Hotel, San Francisco

*April 5th & 6th, 2016*



# Welcome

**The Pension Bridge Annual Conference** provides the highest level of education and networking for the Institutional Investment Community. A mix of Public Funds, Corporate Funds, Foundations, Endowments, Unions, Taft-Hartleys, Consultants and Investment Managers will come together for this exclusive event.

We provide the only controlled attendance structured events in the industry. It results in the best conference ratio. There will be **over 200 Pension Funds/Non-Discretionary Consultants** in attendance and we allow for **only 100 Manager Firms**. This favorable ratio, combined with participation from the most influential industry figures, creates a more enjoyable environment for all.

Learn from the experts about the most important issues, challenges, risks, trends, opportunities and strategies that will shape our industry for today and the future:



- Pension Plan Executive Directors/CEO's Chime in on the Future of our Industry
- CIO's Perspectives on Various Allocations and Macro-Based Decisions
- Code of Conduct for the Consulting Industry – A Principles-Based Approach
- Investment Committee Challenges and Best Practices
- Best Approaches to handle the Upcoming Rise in Interest Rates
- Using Risk Parity to Diversifying Away from the Equity Risk Premium
- A Board's Considerations when Infusing a Risk Culture
- Adoption and Progress of the New Risk Allocation Framework
- Where your Existential Tail Risks come from and how Big could they be?
- Constructing an Unconstrained Fixed Income Portfolio
- How to use Hedge Fund Strategies to Reduce Risk
- Where are the Best Opportunities in the Dislocated Energy Sector?
- How Deflationary Pressures could affect your Commodities Allocation
- How Default Rates will Play Out, Despite Fundamentals being Masked by the Fed
- How Regulatory Changes will Impact Credit Strategies and Market Liquidity
- Maturing CMBS Loans – Opportunity Set for Restructuring and Bridge Financing
- 2016 Private Equity Market Outlook
- Best Practices for Deploying Capital to Emerging Managers
- ESG Developments – Climate Change, Decarbonization and UNPRI Signatories
- What does the Future Hold for the Hedge Fund of Funds Space?
- Finding the Best Non-Correlated Investments to Prevent Portfolio Drawdowns
- Eurozone Opportunity Set
- Effects of Slowing Global Growth and Commodities Sell-Off on Emerging Markets
- Macro Economic View and State of the Markets
- Strategies that will Outperform in the Next Several Years



# Welcome

We remain in a high risk, fully valued investment environment and are seeking the best ways to position portfolios in this era of deleveraging. In addition to the listed themes above, we will be covering many more challenging issues that are crucial to the investment decision making process during this uncertain economic time. We will learn from the best about how to adapt in our industry which is always evolving and transforming.

**The Pension Bridge Annual** has two goals in mind. First is to provide the **highest level of education** with the top speaker faculty. This highly regarded group will bring forth influential insights and concepts. The second goal is to help **build relationships** between the pension plans, consultants and investment managers. We have provided the best possible networking environment for this event. We will cap off the conference with a fun and enjoyable networking outing, necessary for maintaining relationships and connecting with your peers and prospective business contacts.

We look forward to a strong event and a very productive one from both an educational and relationship perspective. We have structured this conference in a manner that will be the most productive and beneficial for you. We look forward to including you amongst your industry peers as we learn about the most up-to-date insights, investment strategies and trends.



**Tuesday, April 5th**

**7:10 AM – Breakfast**

*Sponsored By:*

# ClearBridge

## Investments

**8:10 AM – Opening Remarks**

**Conference Chairman:**

**Dan McAllister**, Treasurer-Tax Collector; Board Member, San Diego County; **San Diego County Employees Retirement Association, (SDCERA)**

**8:15 AM – Keynote Speaker**

Risk Parity – Diversifying Away from the Equity Risk Premium

**Speaker:**

**David Villa**, CFA, Chief Investment Officer, **State of Wisconsin Investment Board**

**8:45 AM – Macroeconomic View - State of the Markets**

- Bull Market Length and Returns
- Fed's Effect on Markets
- High Valuations
- U.S. Deleveraging
- Expected Returns Going Forward
- International Factors – China, Japan and Europe
- Options to Take More Risk Efficiently
- Asset Class Risk and Returns

**Speaker:**

**William J. Coaker Jr.**, CFA, MBA, Chief Investment Officer, **San Francisco Employees' Retirement System, (SFERS)**

**9:15 AM – Risk Management and Adopting a Risk Culture**

- Overview of the Shift from an Asset Allocation-Centered Process to a more Comprehensive Risk Allocation-Based Process
- Understanding Current Asset Class Behavior Risk – Tendency of Interest Rate and Inflation Shocks Driving Equities and Bonds in the Same Direction
- Asset Allocation Strategies – which are the most effective ones for dealing with Future Financial Challenges?
- From Asset Class Decisions to Risk Allocation Decisions – explain the Transformation and how could it be improved
- What are the Key Risk Challenges as it relates to Measuring and Managing Risk in Diverse Portfolios
- What Developments have we seen for Combining Several Risk Premiums as a part of Portfolio Diversification?
- Using Risk as a Communication Tool
- What are the Top Risks Pension Plans should be most wary of?

- Correlation and Drawdown Risk
- Transparency and Liquidity Risk – Basing it on a Cost/Benefit Evaluation
- Upgrading to Daily and Weekly Manager Pricing. Performance and Risk Measurement
- What's the best Approach to Liquidity Risk as it applies to Meeting Future Cash Flow Obligations?
- How does Stress Testing or Scenario Analysis factor into your Process?
- Leverage Risk – what are the Best Approaches to keep these Risks within Acceptable Parameters?
- Do your Hedge Fund Strategies and other Allocations provide a Cushion for the next Market Downturn?
- Monitoring Counterparty Risk being taken by Managers – any new measures?
- How has the Role of Fiduciary Responsibility Changed in this new Era of Risk?
- What should Boards/Organizations Consider when Building a Risk Culture?
- How can Fiduciaries Adapt and Safeguard against today's Challenges?
- How do you go about Educating a Board on Risk?
- What Metrics Aid in the Decision Making Process?
- How does a Plan's Size affect the Approach to Pension Risk Management?

**Moderator:**

**Rob Feckner**, President, Board of Administration, **California Public Employees' Retirement System, (CalPERS)**

**Speakers:**

**Stephen Cummings**, CFA, CEO, Senior Partner, **Aon Hewitt Investment Consulting**

**Timothy F. McCusker**, FSA, CFA, CAIA, Chief Investment Officer, Partner, **NEPC, LLC**

**Donald Pierce**, CFA, Chief Investment Officer, **San Bernardino County Employees' Retirement Association**

**10:05 AM – Refreshment Break**

**10:35 AM – Risk Allocation Framework – A New Paradigm**

Understanding how knocking down old walls and developing new asset class boundaries through risk allocation can protect your portfolio

- Is Risk Allocation Framework is the same as Asset Allocation?
- The Shifted Focus from Traditional Asset Class Allocations to a Dynamic Analysis of Cross-Asset Class Drivers of Risk and Return
- Problems with the Old Paradigm of Asset Class Based Allocation – Equity Risk Dominated, Proliferation of Classes, Dealing with Hybrid Classes, Liquidity Continuum, etc.
- Are we looking at the End of Asset Class Allocation when finding the Most Useful Way to Break Down particular Investments into Subsets?
- What Irregularities have we seen in Portfolios as Asset Classes are Redrawn and Renamed via Risk Allocation? Are we still too heavy with the "New" Equities Allocation?
- Might we see Duration or Lock-Up Periods being established to Distinguish Between Liquid and Illiquid?
- Hybrid Assets and Hybrid Factor Portfolios?
- More Managers to Develop Blended Vehicles?
- What is the Most Important Change to make when taking Steps towards the New Paradigm of Risk Asset Class Allocation?
- What's the Biggest Challenge that has Prevented Wide-Spread Adoption of Risk Factor-Based Portfolios?
- Changing Landscape of Fixed Income – Should Return Seeking Fixed Income such as Fixed Income Hedge Funds, High Yield/Bank Loans, Emerging Market Debt and other Alternative Approaches be a Separate Bucket from Traditional Risk Reducing Fixed Income?
- What Fixed Income Sub-Allocations make sense to meet Liquidity Needs?
- "Opportunity" or "Diversified Growth" as its own Separate Bucket. Any other terms that you prefer for this Subset? Which Investments belong in it?
- Equity Hedge Funds – have we seen Progress towards Re-Classifying this into the Equity Bucket?
- Where do Global Macro Hedge Funds fit?

- Private Equity – should Buyouts fit into the Equities Bucket because of the Historic Correlation?
- Real Assets – Own Separate Bucket or Classified in Inflation Linked Bucket?
- Strategies that provide a Low Correlation to Traditional Investments that can Provide Outsized Returns during Periods of Market Stress – which ones do you like the most? Should this be its own Bucket?

**Moderator:**

**Kristen Doyle**, CFA, Partner, Head of Public Pension Funds, **Aon Hewitt Investment Consulting**

**Speakers:**

**Vijoy Chattergy**, CAIA, Chief Investment Officer, **Employees' Retirement System of the State of Hawaii (HIERS)**  
**Girard Miller**, CFA, Chief Investment Officer, **Orange County Employees Retirement System, (OCERS)**

**11:05 AM – Simplify, Grow, Protect: Your Route to a Sustainable Pension Plan**

*Sponsored By:*



**Speaker:**

**Tamara Burden**, FSA, CFA, MAAA, Principal and Managing Director, **Milliman Financial Risk Management LLC**

**11:25 AM – Tail Risk Hedging**

- Understanding Tail Risk Frequency, Severity and Impact – are the Markets Vulnerable to a Substantial Decline Today?
- Connected Marketplace – Understanding Risk of the Globalization of Capital Markets
- Why is this a Good Time to Mitigate Equity Tail Risk?
- Is Raising Cash a Proper Tail-Risk Strategy?
- Importance of Understanding where in the Market your Existential Tail Risks come from and how Big they Could Be – Analysis of your Liquidity and Leverage. What Liquidity Considerations should Investors pay attention to?
- Implicit vs Explicit Hedging – what are the Advantages and Disadvantages of each?
- Limits of Diversification and Beta Hedging
- What Types of Strategies and Approaches are used to Hedge?
- Using Information from the Derivatives Markets to assess Stress Points – where we are seeing Tail Risks building?
- Option Overlay Strategy – Cash Flow Generation in Down Markets but can you Maintain Upside Exposure in Rising Markets?
- Does the Growth in the VIX Universe pose a Risk?
- Active Management
- Pension Plans developing a Contingency Plan – What are the Best Practices to Navigate through Stressful Periods?
- Disadvantages – Cost, Implementation, Risks, etc.
- Why is there often Difficulty Implementing a Tail Risk Program within the context of a Committee and how can we overcome this? Any other Implementation Challenges?

**Moderator:**

**Stephen P. McCourt**, CFA, Co-CEO, Managing Principal, **Meketa Investment Group, Inc.**

## 11:55 AM – Multi-Asset Strategies

Sponsored By:

# JANUS CAPITAL Institutional

- What are the Common Sub-Asset Classes Included in Multi-Asset Strategies?
- Why is Multi-Asset Investing Attractive to Investors?
- Investor Profile – are these Strategies Favored by Smaller Institutions?
- Do these Strategies Reduce Correlation, Lower Volatility and Limit Downside Risk or Drawdown? If so, by How Much?
- How do Investors utilize Multi-Asset Strategies in their Portfolios?
- Formulating an Asset Allocation Strategy – Customization and Flexibility
- Constructing the Portfolio – Risk Factor Approach
- How important is it to be Dynamic within this Style of Investing?
- How do you Measure Performance and Success?
- What Are the Skills Required to Make a Multi-Asset Strategy Product Successful?
- Do these Strategies Rely Too Heavily on Market Timing?
- Is Transparency often Obscure or Hazy?

### Speaker:

**Richard Lindsey**, Chief Investment Strategist of the Liquid Alternatives Platform, **Janus Capital Institutional**

## 12:25 PM – Lunch

## 1:35 AM – Unconstrained Fixed Income Strategies

- Assessing the Current Environment – Fed and Global Central Bank Policy, Interest Rates, Spreads, U.S. Dollar, Foreign Investment in US Treasuries, Global Fixed Income Landscape and Default Rate Expectations
- Supply and Demand Imbalance in Long-Duration Fixed Income
- What are your Best Ideas for ways to Simplify the Sub-Allocations within the Fixed Income space? Any preferred Allocation Breakdowns or Weightings?
- Portfolio Construction – Need for Increased Disaggregation of Alpha Sources
- Impact of the Non-Linearity of Risk Correlations and Volatility Not being Stable through time – how do these Products Perform during Periods of Dislocation? Is that something you look to Measure?
- From a Risk Factor Approach, what Asset Class replaces Duration as a Deflation Hedge in a Portfolio?
- Modern Risk Management – what Progress have we seen for Developing a Risk Premium Approach?
- Is Smart Beta justifiable in Fixed Income?
- Using Structured Products, Swaps and Derivatives to Create Alpha and Hedge Volatility
- Opportunities in Global and Emerging Market Debt – why is it appealing?
- Emerging Markets Local Fixed Income – what are the Currency Risk Factors?
- Outlook for Corporate Debt
- Bank Loans – Attractive or Not a Good Hedge in Rising Rate Environment?
- Landscape for MBS Market with GSE Reform Considerations
- Risk/Reward for TIPS, Interest Rate and Inflation Swaps, Inflation Bonds and Overlays
- Where do you see the Greatest Risks in the Debt Markets and what might be the Trigger Points that enhance that potential?
- Understanding how to Select Alternative Managers – Multi-Sector, Multi-Region and Multi-Currency Skill Set
- Understanding the Correlation in Recent Years that Unconstrained Funds have had with High Yield, Leveraged Loan and Emerging Market Debt Funds

**Moderator:**

Allan Emkin, Managing Director, **Pension Consulting Alliance, Inc., (PCA)**

**Speaker:**

Allen Huang, CFA, Director of Fixed Income, **Indiana Public Retirement System, (INPRS)**

**2:20 PM – Emerging Markets**

- Macro Environment and Recent Developments
- Knowing the Historical Correlation of Commodity Prices and Emerging Markets, should we be Hesitant to Increase Allocations?
- Impact from U.S. Fed – how Large an Impact did it have on Capital Inflows?
- How are the Long-Term Growth Expectations?
- What would be the Effects on Emerging Markets if we see a Recession in Developed Markets?
- Impact from Instability in Eurozone?
- What might be the Impact from a Rise in U.S. Interest Rates? Are particular Sectors or Countries more at Risk?
- What Impact have we seen as a Result of the Strong U.S. Dollar?
- How do Valuations look Relative to Risk?
- Outlook for China – have we seen a Bubble and if so, did it pop? Understanding the Risks
- India to Benefit from its Fast Rate of Urbanization? Still in Need of Substantial Reform?
- Are you Investing in Higher Growth Markets such as Southeast Asia, Africa or Latin America? Which particular Countries? Do you see Higher Risk, Returns and Diversification Factors here?
- Which Markets in Frontier Countries can you Profit from Strong Growth? Lower Correlation to Developed and other Emerging Markets?
- The Case for Emerging Markets Corporate Debt
- What is an Appropriate Long-Term Allocation to Emerging Markets?
- Public vs. Private Emerging Markets – Benefits and Drawbacks of each
- Choosing an Emerging Markets Fund or Manager – should you be Investing by Region, Country or Sector?
- Broad Global Emerging Markets vs. Local Specialists
- Any Allocation Trends?
- Active vs. Passive Debate
- Given the Current Environment, will Emerging Markets Outperform Developed Markets?
- What are Realistic Return Expectations? How might that Differ based on Region?

**Moderator:**

Tim Barron, CAIA, Senior Vice President and Chief Investment Officer, **Segal Rogerscasey**

**Speaker:**

Celia Dallas, Chief Investment Strategist, **Cambridge Associates LLC**

**2:55 PM – Refreshment Break**

**3:25 PM – Currency Overlay Hedging and Currency Alpha**

**(A) Currency Market Overview**

- Central Bank Intervention, More Volatility, Liquidity Characteristics
- What is the Relationship Between Volatility and Currency Returns?
- Yuan Inclusion in the SDR Basket – what are the Implications?
- Can Currencies be Forecasted via Fundamentals, Cycles and Trends?
- Benefits of Active Management
- Widely Confused Difference Between Currency Hedging and Currency as an Asset Class – how do they Differ in terms of Implementation Approaches?



## **(B) Currency Overlay Hedging**

- Importance of Currency Hedging to Reduce Portfolio Volatility and Risk
- Each Investment Tailored to the Home Currency of the Equities or Fund
- What might have been the Return Differential Between a Portfolio that was Hedged Against a Rising Dollar and one that wasn't?
- When Hedging against a Further Dollar Rise, what are the Risks if Dollar has a Significant Decline?
- Can it be More Beneficial to be Unhedged?
- Given Plan Sponsor Non-U.S. Exposure and the Move the U.S. Dollar has made, is it Time to Consider Implementation of Currency Hedging? Still Attractive to have a Program in place?
- Different Skills Required for Currency Hedging vs. Currency Alpha – should a Different Manager be used for Each Approach or is it Possible to be Skilled in Both?

## **(C) Currency Alpha**

- Goals of a Currency Program
- Benefits of Non-Correlated Returns to Equities, Fixed Income, and Alternative Investments
- How does Investing in Currency Diversify and Reduce Risk? Natural Diversifier for the Duration Risk in Bonds?
- How do you Manage Risk Factors?
- When considering Investing in an Active Currency Strategy, what should you look for in a Manager?

### **Moderator:**

**Eileen L. Neill**, CFA, Managing Director, **Wilshire Consulting**

### **Speaker:**

**Ian Toner**, CFA, Managing Director, **Verus**

## **4:00 PM – ESG, (Environmental, Social and Governance)**

- What are the Recent Market Developments in ESG for the U.S. and Abroad?
- How do you Approach ESG from a Fiduciary Standpoint and for the Development of your Plan's Investment Beliefs?
- How ESG should be best Incorporated into the Investment Process – Portfolio Integration into all Asset Classes?
- Do we have Proof that ESG Integration Adds Value?
- What are some ESG Misconceptions?
- ESG Fund Performance vs. Traditional Funds
- What type of ESG Research or Data is most helpful and are you using it?
- Climate Change and Investment – what's the Relationship and how do you Integrate Climate Risks into your Process? What are the Alternatives to Divestment?
- What should Pension Funds be asking their Existing Active Managers in terms of whether they are looking at Climate Risk or Opportunity?
- What Progress have we seen with Portfolio Decarbonization?
- For those Invested in an ESG Index, should we consider a Low Carbon Index?
- Will Supply Chain Management be the new Normal? – Looking past the Portfolio Company with a View on its Relationship with Large Enterprise Customers
- Do you believe there will come a time when Plan Sponsors Only Invest with UNPRI Investment Manager Signatories Firms?
- Relevant Benchmarks for ESG Risk Measurement and Assessing ESG Factors
- Do you have Internal Staff or an Outside ESG Consultant for Assistance with Implementation?
- What is the Current State of ESG Data? Will we have a Standardization of this Data?

### **Speaker:**

**Brian A. Rice**, Portfolio Manager, Corporate Governance, **California State Teachers' Retirement System, (CalSTRS)**

#### 4:35 PM – Investment Committee Best Practices

- What are the Common Challenges of Institutional Investment Committees?
- Defining the Scope of Authority and Establishing a Functional Delegation Framework
- Challenges of Selecting Investment Committee Members
- Establishing an Optimal Committee Size and Minimizing Turnover
- Identifying Key Member Roles
- Identifying Value-Added Member Attributes and Recruiting Qualified Committee Members
- Maintaining Strategic Continuity – Orientation for New Committee Members
- Periodic Formal Reviews of the Investment Strategy
- Optimizing Decision Making and Execution
- Engage Committee Members to Improve Meeting Preparation, Attendance and Participation – Guest Speakers, Pre-Meeting Conference Calls, Pre-Meeting Summary to Prep Committee Members, Decision Prioritization Framework

#### Speaker:

Mark Higgins, CFA, Consultant, **RVK, Inc.**

#### 4:55 PM – Executive Director/CEO Roundtable

##### (A) Fiscal Health/Sustainability

- How are Demographics Affecting Retirement Systems?
- How do we approach Increases in Longevity and Costs for Healthcare Drugs for Retirees? What are some possible Solutions?
- What are the Key Attributes for a Successful Retirement Plan in the Future? Any Key Reforms for Non-Enrolled Workers?
- What does the Future hold for Raising the Retirement Age, Reducing Benefits and Increasing Employee Contributions?
- Discussing Quantitative Easing and Interest Rate Risk, how has Government Policies Impacted Retirement Funding?
- The Continued Struggle to Retain Top Talent due to Constraints on Compensation and Performance-Based Pay – will it get worse because of Increased Public Scrutiny? Any Solutions?
- Is your Fund adequately Protected for Liquidity and Cash Flow Requirements whether it is for Benefits and/or other Commitments?
- Has your Funded Status altered your Long Term Decisions with regards to Liquid or Illiquid Investments?
- Do you believe Plans in general will be able to Meet or Beat the Assumed Rate of Return over the next 10 Years?
- Do you see the Benefits of a Hybrid DB/DC Plan? What are the Drawbacks? What's holding back the Adoption of these Hybrid Plans?
- Explain the Argument as to why States should not offer a 401(k) DC Plan as a Solution

##### (B) Governance

- Best Governance Practices to Keep Plans Optimally Invested, Managed, Funded, and in Regulatory Compliance
- Lowering your Costs as a Percentage of Assets Under Management – what are the Best Approaches for Lowering All-In Costs for Managing your Pension Plan?
- Do you think we'll see a Shift towards the Canadian Model with more Assets being Managed In-House to Lower Investment Costs? If so, which kind of Mandates should be Outsourced to External Managers?
- What do you feel is the Most Important Change to make when taking Steps towards the New Paradigm of Risk Asset Class Allocation?
- Requirement for Full Manager Transparency – Upgrading to Daily and Weekly Manager, Strategy and Aggregate Fund Pricing/Performance Measurement and Risk Measurement
- How do you ensure your Board Members receive Continual Education of their Fiduciary Roles, Duties and keep them Updated on Risk Factors?
- Dealing with Legislature – what is your Biggest Concern? Is Trust a Factor?

**Moderator:**

**Gary A. Amelio**, Chief Executive Officer, **San Bernardino County Employees' Retirement Association**

**Speakers:**

**Brian Guthrie**, Executive Director, **Teacher Retirement System of Texas**

**R. Dean Kenderdine**, Executive Director, **Maryland State Retirement and Pension System**

**Gregory W. Smith**, Executive Director, **Colorado Public Employees' Retirement Association**

**Steve Yoakum**, Executive Director, **Public School and Education Employee Retirement Systems of Missouri, (PSRS/PEERS)**

**5:50 PM – Cocktail Reception**

**7:00 PM – Cocktail Reception Concludes**

**Wednesday, April 6th**

**7:15 AM – Breakfast**

*Sponsored By:*



**8:15 AM – A Principles-Based Approach for Alignment of Client Interests**

- How do you Build a Trust Relationship between Managers and Fund Sponsors?
- Easing the Burden of Regulation while Reducing Complexity
- Regulators could Focus on Ethical Principles Rather than Writing New Rules
- Focus on Achieving Better Outcomes rather than just “Best Practices”
- CFA Institute Asset Manager Code of Conduct is a Principles Based Approach
- Three Fiduciary Elements: Expertise, Alignment and Accountability
- The Role of a Firm’s Values and a Vision for doing good things

**Moderator:**

**Brian Golob**, Global General Counsel & Chief Compliance Officer, **Russell Investments**

**Speakers:**

**Ronald D. Peyton**, Chairman & CEO, **Callan Associates, Inc.**

**Andrew Junkin**, CFA, CAIA, President, **Wilshire Consulting**

**8:45 AM – Keynote Speaker – 2016 Private Equity Market Outlook**

- Macroeconomic Overview – Economic Growth, Unemployment, Inflation, Sovereign Banks and Public Markets
- Buyouts – Fundraising, Investment Activity and Exits for North America & Europe
- Outlook for Buyouts
- Distressed Debt
- Mezzanine
- Secondaries
- Venture Capital

**Speaker:**

**David Fann**, President & Chief Executive Officer, **TorreyCove Capital Partners**

**Interviewed By:**

**Michael J. Moy**, Managing Director, **Pension Consulting Alliance Inc., (PCA)**

**9:15 AM – Hedge Funds**

**(A) Current and Future State of the Hedge Fund Industry**

- How Large is the Industry now? How many Good Hedge Funds are there?
- How much Risk Reduction should you get for 2 and 20?
- Pension Inflows – are they still going to the Largest Hedge Funds or has this Trend from a few years ago Shifted to Small and Mid-Sized Managers?
- What sort of Trends are you seeing for Overall Fees? Do Investors have the ability to Renegotiate?
- How do you assess the Tradeoff between Lower Fees and Longer Lock-ups?

- Returns of Liquid Hedge Fund Strategies Lagging Private Partnership Versions of the Same Approach – why and will this continue?
- What is the Future of the Fund of Funds Space? How is it Changing? Where will Fees be? What will it take to Stay Competitive?
- How do you see Succession Planning playing out? What Tends to Work and what Does Not?
- Importance of Operations Due Diligence. Any recent Developments? How often should Operations be Reviewed?
- Transparency and Risk Aggregation Data – are they Accurate?
- Valuation Procedures and Controls – when should Asset Managers use a Third-Party Valuation Advisor?

#### **(B) Hedge Fund Portfolio Construction, Selection and Strategies**

- Considerations for Selecting the right Hedge Fund or Fund of Funds – Due Diligence and Manager Selection. What are the Key Traits you should be looking for?
- Deciding Between Fund of Funds vs. Direct – what are the Key Considerations?
- What have you seen regarding Small Hedge Fund Performance vs. Large Hedge Fund Performance?
- Have Hedge Fund Managers Accumulated Too Many Assets which will Dilute their Alpha over a Larger Asset Base? If so, does this Increase Investor Risk because of the Larger Bets?
- How many Hedge Fund Strategies do you need? Should you focus on a few better Strategies or is the Size of your Portfolio a Factor?
- Long-Short Hedge Funds – should they be in the Domestic Equity Allocation to Reduce Exposure?
- Which Strategies offer more Transparency and Liquidity?
- Does Portfolio Construction change based on the Size of the Portfolio?
- Can Hedge Fund Strategies be Tactically Managed?
- Should you ask for a Separate Account?
- Do you find Opportunities within the Global Macro Space attractive and if so, why?
- Is the Trend towards Managed Accounts the Future? Understanding the Benefits of Increased Transparency and Control, more Liberal Liquidity Terms for Redemption/Termination, Outsourcing Operational Oversight/Support
- What are your thoughts on Other Liquid Hedge Funds such as UCITS and Hedge Fund Replication? Will it catch on? Has Performance Matched Hedge Funds? Is it Worth the Lower Fees?
- If the S&P loses 30%, what Drawdown or Return Range do you expect we'll see from each of the Different Hedge Fund Strategies?
- If there was a Hedge Fund Strategy you would Invest in over the next Few Years, which one would it be and why?

#### **Moderator:**

**John Claisse**, CEO, **Albourne America LLC**

#### **Speakers:**

**Derek Drummond**, CAIA, Managing Analyst, **State of Wisconsin Investment Board**

**David E. Francl**, Director, Hedge Funds and Operations – Retirement Investments, **Intel Corporation**

#### **10:05 AM – Refreshment Break**

#### **10:35 AM – Managed Futures**

- Global Macro's place in the Hedge Fund Industry – what are the key Differences from other Hedge Fund Strategies?
- Diversification and Non-Correlation to Equities and Hedge Fund Strategies
- Qualitative Traits – Liquid, Transparent and Regulated
- Historical Performance of Managed Futures
- Performance during Periods of Market Stress or Crisis Events
- Decreasing Depth of Portfolio Drawdowns and Volatility

- Volatility is usually Perceived as Risk within Portfolios – is this the same within Managed Futures?
- Increasing your Exposure to Global Markets and Non-Financial Sectors
- How to Implement an Allocation to Managed Futures
- How do you Manage Risk and Volatility?
- What Questions should an Investor as a Prospective Manager?
- Size of the CTA in terms of Assets Under Management – any considerations to factor in?
- Is the Proliferation of Managed Futures as a Risk Premia going to Change the Landscape?

#### 10:50 AM – Credit Strategies

- Current State of the Credit Market
- What will be the Catalyst that will cause Credit Spreads to Widen and Defaults to Rise? Is Global Central Bank Policy preventing this from happening?
- Global Financial Institution Balance Sheets – Pressure to Shrink and Deleverage
- Are Bargain Buys still Tough to Find and are Firms still Accumulating Dry Powder?
- High Yield Market – is it possible to see a High Yield Meltdown with a Lack of Liquidity? Understanding the Risk Factors and how there's a Strong Correlation to Equities
- What Subsectors of Credit are Most Attractive? What are your Best Ideas for Finding Value? Any Areas you are Avoiding?
- State of Securitized Markets – how Cheap is Securitized Risk vs. Unsecuritized Risk and how do you measure that? Long-Term Prognosis for Spreads?
- Bank Loans Overview – High Risk in Covenant-Lite Loans?
- How is the Credit Quality of New Issuance?
- What do you expect will be New Issuance Volumes in ABS, CLOs, CMBS and RMBS in 2016?
- CLO Market Outlook and Reinvestment Challenge
- Regulatory Changes such as Dodd-Frank Risk Retention, Volcker Rule and Leveraged Lending Guidelines – how will it Impact Credit Strategies and Market Liquidity?
- European Market – are there Opportunities Now or More Downside Risk?
- How should Investors Approach their Outlook for Emerging Market Corporate Credit as part of their Portfolio Allocations?
- Considerations for Selecting a Manager and Strategy
- How will the Sector you Invest in Perform when Rates Rise? Is that a Concern and how do you Manage that?
- What are the Trade-offs between Mid-Market and Large Market Credit Investing?
- Do you see Investors being more willing to Trade Liquidity for Yield and should that be of Concern?
- Credit Investment Mandates – are they Too Narrow? Which Bucket or Asset Class does it fit into and should it be Defined as Opportunistic Credit?

#### Moderator:

**Stephen L. Nesbitt**, CEO, CIO, [Cliffwater LLC](#)

#### Speaker:

**Peter E. Ehret**, CFA, Director of Internal Credit, [Employees Retirement System of Texas](#)

#### 11:35 AM – Distressed Investing – Opportunistic and Special Situations

- Where are we in the Distressed Cycle? When will the Vast Sums of Undeployed Capital come in off the Sidelines?
- How does the Current Economic and Interest Rate Environment affect the Attractiveness of Distressed Strategies?
- Prevalent Covenant-Lite Deals – are we seeing Bubble Conditions setting us up for Problems during the Next Cycle?
- What are your Expectations for Default Rates going forward? Has the Fed and Easy Credit Masked Fundamentals?

- Use of Leverage – Attractive or too much of a Repeat of 2006-2007?
- How have Regulations Changed the Opportunity Set? Has it added to the Reduced Liquidity?
- How have Changes in the Financing Markets and Shadow Banking System affected the Opportunity Set and what is the Outlook? Is there still a looming Maturity Wall?
- Scope of the Distressed Market and Segments – Corporate Credit, Structured Credit, Commercial Real Estate, Hard Assets, Liquidations, Segmentation by Deal Size, etc.
- Which Sectors, Strategies and Geographies will create the Best Opportunities? Any Areas that should be Avoided?
- Do you find Europe Attractive or is it still Too Early? Which Countries, Sectors, Types of Deals should be looked at?
- What Distressed Opportunities are we seeing the Energy Sector?
- Marketable Distressed Strategies – how Correlated are they to Public Equities?
- How do Investors go about choosing the right Distressed Strategy, Investment Style and Approach?
- How will the Different Implementation Approaches affect Expected Returns? Control vs. Non-Control. Private vs. Public
- What Skill Sets/Characteristics should Pension Plans look for in a Distressed Manager?
- What are the Return and Risk Expectations? What are the Biggest Challenges you face to Delivering Returns?

### 12:10 PM – Emerging Managers

- How are Plans defining Emerging Managers and what has been the Evolution of the Programs?
- What are the Benefits and Opportunities offered by Investing in Next Generation Managers?
- Explain Diversity and how you Achieve it
- What are the Best Practices for Deploying Capital in this space?
- Due Diligence and Key Points of Analysis for Selecting Emerging Managers
- What Separates the Emerging Managers that will be Top Performers from the Rest of the Pack?
- What are the Perceived Risks of Emerging Managers? Are they Myths or Realities?
- Comparing the Risk/Return Profile of Emerging Managers to Established Managers
- Research Statistics and Results on Emerging Manager Performance
- Are there certain Asset Classes where Emerging Firms do better or have a Performance Advantage?
- Are there any Differences in Procedures for Monitoring Emerging Managers?
- New Firms Fundraising – how important is it to be spun out from Traditional or Name-Brand Firms? Key Differentiators that enable a Successful Fund Raising?
- Insider’s View – Fundraising Process, Responsibilities, Balancing Time and Priorities
- What Success and Challenges have you Experienced? Any important Lessons Learned?
- Is there a Need for Niche Strategies to Capitalize on Market Inefficiencies in order to Expand in this Market?
- What is happening with Firms that have Reached Critical Mass?

#### Moderator:

**Kelli Schrade**, CFA, CAIA, Managing Partner, Director of Manager Research, **Marquette Associates, Inc.**

#### Speaker:

**Laurie Weir**, Senior Portfolio Manager, Targeted Investment Programs, **California Public Employees’ Retirement System, (CalPERS)**

#### 12:45 PM – Lunch

*Sponsored By:*



## Real Asset Strategies

### 1:50 PM – Commodities

- Current Market Environment – might Lower Commodity Prices be Here to Stay for the next Several Years?
- Deflationary Pressures – how should this affect our Allocation and Approach in the Commodities Space?
- What's your Long Term Outlook based on Global Supply, Demand, Pricing, Fed Policy and China/Emerging Market Growth as Factors?
- Diversification and Low Historical Correlation to Equities
- Performance during Previous Down Equity Markets
- What are your Views on particular Sub-Sectors and Where are the Pockets of Value?
- Understanding the Different Approaches to Investing in Commodities – Equities, Indexes, Futures, Physical Commodities, Private Equity Real Assets
- Investing in Commodities through Private Equity vs. Stocks or Indexes – Benefits and Drawbacks
- Argument that Natural Resource Stocks are Not an Efficient Way to get Commodities Exposure – Less Correlation to Inflation than Commodities, Higher Correlation to Equities, Different Return Pattern to the Commodity, Higher Volatility, Lower Diversification Benefit
- Investing in Long/Short vs. Long Only
- Active vs. Passive
- Any Recent Developments in Commodities Risk Premia? Smart Beta as applied to Commodities?
- What are the Key Criteria that would lead to Manager Outperformance?
- Risk Factors

### 2:20 PM – Energy

- Portfolio Benefits – Inflation Hedge, Diversification, Low Correlation, Attractive Risk Adjusted Returns
- Projections of Global Energy Supply/Demand and Consumption
- China and Emerging Market Consumption Projections
- Oil and Gas Pricing Trends – Are Investments likely to produce Returns Independent of Prices?
- For those with Dry Powder, where are the Best Opportunities in this Dislocated Sector?
- Are the Debt Markets Attractive or have they seeing Less Distress?
- What are the Advantages of Investing in Private Energy?
- Market Underserved by Private Equity Capital?
- Recent and Long-Term Performance
- Upstream, Midstream and Downstream Overview
- Equipment and Services Sector
- What does the Future Hold for Shale?
- Is Portfolio Decarbonization a Concern and will it Accelerate Clean Energy Investments that Reduce Carbon Emissions?
- Access – Public, (Stocks and MLPs), Indexes, Futures, Private, (Direct, Funds, Fund of Funds). Which one is most likely to Benefit?
- Big vs. Small Funds, Deal Size

#### Moderator:

**Kirk T. Rostron**, Board of Trustees, Investment Committee, **Florida State University Foundation**

#### Speaker:

**Ronald Funderburk**, Investment Director, Credit & Inflation, **North Carolina Department of State Treasurer**

### 2:50 PM – 2016 Infrastructure Market Outlook

- Why should Investors consider Committing Capital to the Infrastructure Space?
- Deal Flow Activity and Fundraising Environment



- Is there Too Much Money Chasing Too Few Opportunities?
- In which Sectors will Investors find the Most Appealing Opportunities and Returns?
- Trend of Infrastructure Debt, (Non-Bank) – How Attractive is it?
- Mature vs. Emerging Markets Opportunities
- If the Low Interest Rate Environment has led to Increasing Valuations, what should we Expect when Interest Rates Rise?
- How has Performance been and what are the Return Expectations?
- How will Returns be Impacted by Low Oil Prices?
- What are the Biggest Challenges/Risks associated with Infrastructure Investing?
- Any Advantages or Limitations of the Particular Implementation Approaches?
- What are the Advantages of Open-Ended Funds over Closed-Ended Funds? Will we see a Surge in Open-Ended Funds in the Coming Years?
- Is the Rise in Public-Private Partnerships Inevitable due to Lack of Gov't Funding and High Debt? What Opportunities will this Create?
- Debt Heavy/Equity Shortage Deals – how and when will Pension Investors Overcome this Highly Leveraged Roadblock?

**Speaker:**

**David Altshuler**, Partner, **StepStone Group**

**3:05 PM – Refreshment Break**

**3:30 PM – Real Estate**

- Current State of the Real Estate Market – do you perceive it to be High Risk right now?
- How much has the Fed Impacted our Current Environment?
- What would be the Impact of Rising Rates on your Real Estate Portfolio? What are the Short-Term and Long-Term Implications?
- Has the Cycle of Expansion Ended?
- Is Supply and Demand in Balance?
- Is Core Too Expensive? Is it likely to get your Expected Returns right now?
- Do you see Capital Moving Out of Core and Into Value Added and Opportunistic?
- What Value-Added and Opportunistic Strategies are most appealing?
- What's happening with Leverage?
- Do you believe Commercial is Fully Priced and Not Pricing in Risk or Disruption?
- Opportunity Set for Commercial Mortgage-Backed Securities Maturing over the next Two Years that will need to be Refinanced or Restructured. Attracting Bridge Financing Opportunity in the CMBS space?
- Multifamily Conditions – might it become Less Desirable compared to the past few years?
- Tactical Strategy of Investing in Single-Family Homes and Institutionalizing the Sector – Thoughts on this Trend?
- Joint Ventures with REITs – will we see more Pension Plans re-enter the Market by Teaming up with Commercial REITs? Why are these Joint Ventures being done?
- Analysis of Cap Rates and Vacancy/Occupancy Rates – any Conclusions you can draw?
- Asia and European Real Estate Outlook – Opportunities, Investment Trends and Capital Flows
- Larger vs. Smaller Fund Size – which ones will Outperform going forward?
- Closed Ended Funds Unpopular?
- Entry Issues with Open-Ended Funds and Concentration into Fewer Funds?
- Will Co-Investments become more Common?
- Current State of the Real Estate Secondary Market
- What Strategies do you see as the Biggest Risks and the Biggest Rewards/Relative Value for the Future?

**Moderator:**

**Jennifer Young**, Principal, **The Townsend Group**

**Speaker:**

**Yvonne Nelson**, Head of Real Estate, **New York City Office of the Comptroller, Bureau of Asset Management**

**4:15 PM – CIO Roundtable**

**(A) Risk, Allocation and Macro-Based Decisions**

- Do you believe Global Central Bank Intervention has created Overvaluation or a Bubble?
- With many of the Major Asset Classes Fully Valued, has your Fund taken adequate Risk Measures and Diversified via Non-Correlated Strategies? Which Strategies do you Like?
- How big a Concern is Slowing Global Growth and Geopolitics? Has it Impacted your Allocations or Strategies you Run?
- Has the Rise in the U.S. Dollar changed your Asset Allocations or Investments in Equities? Have you Hedged your Non-U.S. Exposure?
- What sort of De-Risking Strategies or Risk Management Approaches has your Fund Integrated into the Investment Decision Process?
- Does LDI or Risk Parity Make Sense Now Considering Current and Future Market Conditions?
- What Strategies do you incorporate for a Dynamic or Opportunistic Approach?
- Do you believe your Hedge Fund Strategies will provide a Cushion for the next Market Downturn? How do you use them to Reduce Risk?
- Have you Allocated to Liquid Alternatives and if so, through which Vehicles?
- Do you Incorporate Multi-Asset Investing and do you believe it can Limit Downside Risk?
- What Strategies does your Fund utilize that will Protect against Interest Rate Risk and Duration Risk?
- How has the Current Deflationary Environment seen in Commodities Impacted your Planning? Have you Allocated Funds to take Advantage of the Dislocation in Energy/Oil?
- What Strategies does your Fund utilize that will Protect or Hedge against Future Inflation?
- What do you feel is the proper Emerging Markets Allocation and are there any Regional or Frontier Strategies that interest you?
- Any Challenges related to the Impact of Regulation?

**(B) Alignment of Interests**

- What Changes or Trends have you noticed in Fee Structures/Terms and your Bargaining Power?
- What Tactics work best for you when attempting to Negotiate Private Placement Agreements?
- What are your Concerns about Operational Due Diligence and what have you done about this Issue?
- What Support would help you to do a better job of Addressing and Solving Investment Problems? What Discretion and Authority do you have with those Problems?
- Any Progress in granting you and your Investment Departments more Latitude in Tactically Managing your Portfolios in response to Extreme Economic Conditions?
- Any important Lessons Learned that you can share from your Individual Plan Experiences?

**Moderator:**

**Richard Charlton**, CEO/Chairman, **NEPC, LLC**

**Speakers:**

**Gary R. Dokes**, Chief Investment Officer, **Arizona State Retirement System**

**Tom Tull**, CFA, Chief Investment Officer, **Employees Retirement System of Texas**

**John D. Skjervem**, CFA, Chief Investment Officer, Oregon State Treasury; **Oregon Investment Council**

**5:15 PM – Conference Concludes**

**5:20 PM – Tickets for Networking Event handed out in Conference Room** - attendees must be present to attend event

**6:00 PM – Wine Tasting Networking Event & Dinner**

Hosted by The Pension Bridge – Join our group at for a wine tasting and dinner at the Press Club, located just next door to the Four Seasons. Meet your industry peers in great setting as California Wine Country comes to the heart of the city. Experience the finest winemakers with new and rare vintages. We'll have a fun wine tasting reception, followed by a tasteful dinner with the highest quality organic ingredients. The Pension Bridge will utilize the 9000 square feet of the award winning “Best Restaurant Design” event space for networking for our high quality conference group.

## REGISTRATION:

To register or receive more information on The 2016 Pension Bridge Annual:

### Florida Office Contact:

Brett Semel  
(561) 455-2729  
bsemel@pensionbridge.com

### New York Office Contact:

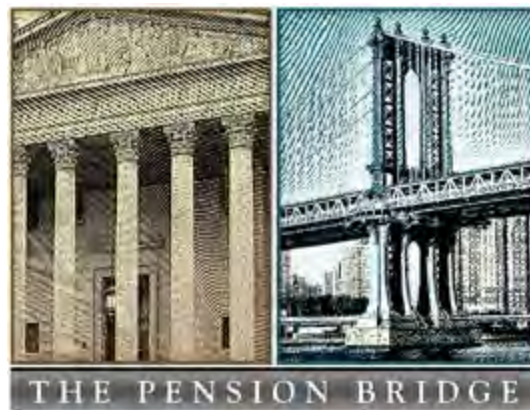
Andrew Blake  
(516) 818-7989  
ablake@pensionbridge.com

Please visit [www.pensionbridge.com](http://www.pensionbridge.com) for additional details. Registration is not available online.

### About The Pension Bridge:

We are an innovative company offering educational conferences of the highest quality. Our objective is to provide an education to the institutional investment community while providing an impressive speaker faculty in a setting that is conducive to great networking. We help institutional money managers connect with Pension Funds and Consultants across the country in a fun, enjoyable atmosphere. Our events can act as a stepping stone to a successful financial relationship or simply help build the investment education.

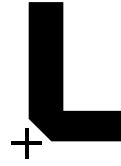
Our management team's unique skills, operating experience, and industry relationships help to make our events the main attraction in the industry. We pride ourselves on being there to cater to our clients' wants and needs. Our ratio of plan sponsor to investment manager allows our events to be the most desirable and accommodating in the conference industry. The Pension Bridge is known for its strength, stability, relationships and operational excellence.



The Pension Bridge ▪ 1015 Bel Air Drive, Building 1 ▪ Highland Beach, FL 33487 ▪ (561) 455-2729  
[www.pensionbridge.com](http://www.pensionbridge.com)



**Ventura County Employees' Retirement  
Information System  
Project Status Report  
Month Ending: January 2016**



Reporting to: Board of Retirement  
Written by: Brian Colker

Report Date:

02/10/16

**PROJECT STATUS SUMMARY**

<b>Actual Percentage Complete:</b> 93.88%*
<b>Planned Percentage Complete:</b> 93.88%*

*\*Note: The updated Sprint Schedule went into effect with the approval of the change orders presented to the Board 01/05/2015. The completion percentages have been adjusted to take into account the updates and changes per the new sprint schedule.*

Scope	Schedule	Cost	Risks	Quality
-------	----------	------	-------	---------

The project remains on track for the April 2016 go-live for rollout #1 (the main pension administration system). User Acceptance Testing (UAT) began 1/4/16 as scheduled and is progressing as expected.

**Risks**

- Plan sponsor payroll transmittal – No new issues have been identified. VCERA is working with Auditor-Controller to identify processes for correcting transmittal errors post go-live. The project team continues to work with VRSD to test their transmittal files.

**KEY ACCOMPLISHMENTS LAST MONTH**

- Kicked-off UAT. VCERA operations staff is actively participating in system testing.
- Executed 695 UAT tests. There are currently 34 UAT defects in an open status – 6 Critical priority, 9 General priority, 19 Minor priority. There are now 251 open defects from prior testing – 5 High priority, 80 Medium priority, and 166 Low priority.