

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

May 16, 2016

AGENDA

PLACE: Ventura County Employees' Retirement Association
Second Floor Boardroom
1190 South Victoria Avenue
Ventura, CA 93003

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:

- | | | |
|-------------|--|-----------------|
| I. | <u>CALL TO ORDER</u> | Master Page No. |
| II. | <u>APPROVAL OF AGENDA</u> | 1 – 3 |
| III. | <u>APPROVAL OF MINUTES</u> | |
| | A. Disability Meeting of May 2, 2016 | 4 – 11 |
| IV. | <u>CONSENT AGENDA</u> | |
| | A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of April 2016 | 12 |
| | B. Receive and File Report of Checks Disbursed in April 2016 | 13 – 20 |
| | C. Receive and File Budget Summary for FY 2015-16 Month Ending April 30, 2016 | 21 |
| | D. 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 March 31, 2016 | 22 – 27 |

V. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation, Tortoise Capital Advisors, Andy Goldsmith and Braden Cielocha 28 – 52
- B. Receive Annual Investment Presentation, Bridgewater, Joel Whidden and Fred Post 53 – 78

VI. INVESTMENT INFORMATION

- A. NEPC – Allan Martin and Chris Hill
VCERA – Dan Gallagher, Chief Investment Officer
 - 1. Presentation of Investment Performance Report Month Ending April 30, 2016 79 – 86
RECOMMENDED ACTION: Receive and file.
 - 2. Presentation of Investment Performance Report Quarter Ending March 31, 2016 87 – 167
RECOMMENDED ACTION: Receive and file.
- B. 2016 Private Equity Investment Program Pacing Plan Discussion 168 – 186
- C. Recommendation to Approve Investments: \$60 Million in Harbourvest Dover Street Fund IX; \$60 Million Investment in Adams Street 2016 Global Fund; \$15 Million Investment in Drive Capital Fund II; Authorize an Amount Not to Exceed \$60,000 for Nossaman for Provision of the Necessary Attendant Legal Services; and Authorize Chair to Approve and Execute Required Documentation, Subject to Legal Review and Approval by Board Counsel 187 – 190
 - 1. Recommendation to Approve a \$60 Million Investment in Harbourvest Dover Street Fund IX
 - a. NEPC Analysis 191 – 196
 - b. Harbourvest Pitchbook 197 – 198
 - 2. Recommendation to Approve a \$60 Million Investment in Adams Street 2016 Global Fund
 - a. NEPC Analysis 199 – 204
 - b. Adams Street Pitchbook 205 – 226
 - 3. Recommendation to Approve a \$15 Million Investment in Drive Capital Fund II
 - a. PowerPoint Presentation by Drive Capital Partners 227 – 245

VI. INVESTMENT INFORMATION (continued)

- C. 3. b. NEPC Analysis 246 – 252
- c. Drive Capital Fact Sheet 253 – 254
- 4. Recommendation to Authorize an Amount Not to Exceed \$60,000 for Nossaman for Provision of the Necessary Attendant Legal Services
- 5. Authorize Chair to Approve and Execute Required Documentation, Subject to Legal Review and Approval by Board Counsel

VII. OLD BUSINESS

- A. Update on Board Request to the County of Ventura for a Publically Available Schedule of Market Based Premium Pay Items

VIII. INFORMATIONAL

- A. VCERA's Analysis of the Recently Negotiated CNA Retention Premium Payment 255 – 256
- B. Letter from RREEF America REIT III 257
- C. The Ambachtsheer Letter April 2016 258 – 261
- D. Save the Date – Nossaman 2016 Fiduciaries' Forum 262

IX. CLOSED SESSION

- A. **CONFERENCE WITH LABOR NEGOTIATORS,
GOVT. CODE SECTION 54957.6**

Agency Designated Representatives:

Tracy Towner
Ashley Dunning of Nossaman LLP (by teleconference)

Prospective Unrepresented VCERA Employees:

Retirement Administrator
Retirement Chief Financial Officer
Retirement General Counsel
Retirement Chief Investment Officer
Retirement Chief Operations Officer

X. PUBLIC COMMENT

XI. STAFF COMMENT

XII. BOARD MEMBER COMMENT

XIII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

May 2, 2016

MINUTES

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

DIRECTORS Peter C. Foy, Public Member
ABSENT: Joseph Henderson, Public Member
Chris Johnston, Safety Employee Member

STAFF Lori Nemiroff, Assistant County Counsel
PRESENT: Linda Webb, Retirement Administrator
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Donna Edwards, Retirement Benefits Specialist
Chantell Garcia, Retirement Benefits Specialist
Nancy Jensen, Office Assistant
Stephanie Caiazza, Program Assistant

PLACE: Ventura County Employees' Retirement Association
Second Floor Boardroom
1190 South Victoria Avenue
Ventura, CA 93003

TIME: 9:00 a.m.

ITEM:

I. **CALL TO ORDER**

Chair Towner called the Disability Meeting of May 2, 2016, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

MOTION: Approve.

Moved by Sedell, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

III. APPROVAL OF MINUTES

A. Business Meeting of April 18, 2016.

MOTION: Approve.

Moved by Hintz, seconded by Goulet.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

MOTION: Approve.

Moved by Goulet, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service Connected Disability Retirement,
Edwin Ilano; Case No. 14-020

1. Application for Service Connected Disability Retirement
2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Application for Service Connected Disability Retirement and supporting documentation

3. Hearing Notice, dated April 19, 2016

Stephen D. Roberson, Attorney at Law, was present on behalf of County of Ventura Risk Management. Edwin Stone, Attorney at Law, was present on behalf of the applicant.

Both parties declined to make statements.

The following motion was made:

MOTION: Grant the Applicant, Edwin Ilano, a service connected disability retirement.

Moved by Sedell, seconded by Hintz.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

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

B. Application for Service Connected Disability Retirement,
Timothy Waite; Case No. 13-022

1. Application for Service Connected Disability Retirement

2. Medical Analysis and Recommendation by County of Ventura, Risk Management, to grant Application for Service Connected Disability Retirement and supporting documentation

3. Hearing Notice, dated April 22, 2016

Carol A. Kempner, Attorney at Law, was present on behalf of County of Ventura Risk Management. Edwin Stone, Attorney at Law, was present on behalf of the applicant.

Both parties declined to make statements.

In response to an inquiry by Trustee Goulet, Ms. Kempner clarified that the job description submitted with Risk Management's analysis should have been an unannotated version, but it reflected the correct job description.

The following motion was made:

MOTION: Grant the Applicant, Timothy Waite, a service connected disability retirement.

Moved by Sedell, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

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

VI. NEW BUSINESS

A. Quarterly Administrator's Report for January – March, 2016

RECOMMENDED ACTION: Receive and file.

MOTION: Receive and file.

Moved by McCormick, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

B. Consideration of Quiet Period per Trustee Communications Policy

1. Staff Letter

2. Trustee Communications Policy

MOTION: Approve initiation of a quiet period during the search for a private equity separate account manager, which will cease upon the selection of an account manager, conclusion of the search or later action by the Board.

Moved by Hintz, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

C. Annual Review of Education and Travel Policy

1. Staff Letter
2. Education and Travel Policy Proposed (Redline)
3. GSA Special Per Diem Rate Publication

The Board discussed changes to the policy in addition to those proposed in the redline draft.

In response to an inquiry by Trustee Sedell, the Board determined that “flight time” referred to the total time spent on the airplane(s).

Trustee Goulet requested that staff remove the reference to “premium economy(or equivalent)” from the table.

The Board directed Ms. Webb to add an annotation to the policy stating that the total cost of travel can be used to determine the amount that should be reimbursed.

MOTION: Approve the proposed changes to Education and Travel Policy.

Moved by Sedell, seconded by Wilson.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

D. Policies to be Reviewed at May 16, 2016 Business Meeting

1. Staff Letter
 - a. Charter: Board of Retirement
 - b. Charter: Chair
 - c. Charter: Vice Chair
 - d. Charter: Retirement Administrator
 - e. Board Policy Development Process
 - f. Monitoring and Reporting

g. Service Provider Selection

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

MOTION: Receive and file this item, and appoint Trustee Hoag and Trustee McCormick to review the above policies and propose any changes at an upcoming board meeting.

Moved by Wilson, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

- E. Recommendation to Approve Ms. Nemiroff's Attendance at the NAPPA 2016 Legal Education Conference, June 21 – 24, 2016 in New Orleans, LA
RECOMMENDED ACTION: Approve.

MOTION: Approve.

Moved by Wilson, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

- F. Report on Pension Bridge Annual Conference, submitted by Trustee Goulet
RECOMMENDED ACTION: Receive and file.

MOTION: Receive and File.

Moved by McCormick, seconded by Winter.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

- G. Consideration and Possible Approval of Merit Increase for Dan Gallagher, Chief Investment Officer
This item to be considered following "VII. Closed Session"

This item was postponed until the end of Closed Session item VII.A. Upon

returning from Closed Session item VII.A., Chair Towner stated that Mr. Gallagher was eligible for a merit increase of up to 3.8%.

MOTION: Approve merit increase of 3.8% for Chief Investment Officer Dan Gallagher.

Moved by Goulet, seconded by McCormick.

Vote: Motion carried

Yes: Goulet, Sedell, McCormick, Hintz, Winter, Wilson, Towner

No: -

Absent: Foy, Henderson, Johnston

Trustee Sedell commended Mr. Gallagher on his job performance.

Chair Towner announced that the Board would proceed to items VIII. Public Comment, IX. Staff Comment, and X. Board Comment, then return to Closed Session item VII.B. before adjournment.

VII. CLOSED SESSION

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Chief Investment Officer
(Government Code section 54957(b)(1))

**B. CONFERENCE WITH LABOR NEGOTIATORS,
GOVT. CODE SECTION 54957.6**

Agency Designated Representatives:

Tracy Towner

Ashley Dunning of Nossaman LLP (by teleconference)

Prospective Unrepresented VCERA Employees:

Retirement Administrator

Retirement Chief Financial Officer

Retirement General Counsel

Retirement Chief Investment Officer

Retirement Chief Operations Officer

VIII. PUBLIC COMMENT

None.

IX. STAFF COMMENT

Mr. Gallagher provided an organizational update on Sprucegrove and GMO, and stated that he agreed with NEPC that the recent changes would not be material to their operations.

Mr. Gallagher noted that the Board increased its allocation to private equity, and that staff and NEPC were moving forward on two tracks. The first track is a manager search to find a private equity separate account manager. The second, so as to ensure 2016 vintage year exposure, would be a recommendation for three private equity investments to be presented to the Board at the May 16, 2016 meeting.

Ms. Webb informed the Board that the first retiree payroll had been processed in V3. There was a one-time conversion error that resulted in over withholding of state taxes for a number of retirees. The majority affected had over withholding of \$25 or less. In the 35 cases where the amount was more than \$100, staff contacted the retirees to explain and offer to increase the following check. The error has been corrected going forward.

X. BOARD MEMBER COMMENT

Trustee Goulet requested that Mr. Gallagher provide the Board with a performance analysis of Sprucegrove and GMO at an upcoming meeting.

XI. ADJOURNMENT

The meeting was adjourned at 10:30 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,

TRACY TOWNER, Chairman

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

APRIL 2016

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	TOTAL SERVICE	OTHER SERVICE	DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:							
Kimberly	Downard	S	2/4/2013	6.22		Sheriff's Department (Non-Member Spouse, Deferred)	04/01/16
Kathleen J.	Evans	G	12/8/1991	23.67	B=0.1918	Resource Management Agency	03/26/16
Lisa	Morris	G	2/26/2006	5.40		Sheriff's Department	11/22/11
Josephine	Pano	G	8/16/1981	32.79		County Clerk-Recorder	03/12/16
Christine A.	Schrall	G	1/14/1996	20.19	B=0.00340	Sheriff's Department	03/19/16
Jennifer	Weiss	G	7/10/1988	8.28 *	C=18.0	Child Support Services (Deferred)	02/29/16

DEFERRED RETIREMENTS:

Raquel	Amarales	G	09/25/2005	9.93		Health Care Agency	04/12/2016
Lorena	Banales	G	12/03/2006	9.10		Human Services Agency	03/17/2016
Rachelle	Bobolts	G	11/26/2007	6.82		Treasurer - Tax Collector	03/17/2016
Judith	Campos	G	08/19/2007	8.55		General Services Agency	04/19/2016
Jessic	Creadick	G	06/18/2006	7.14		Health Care Agency	04/09/2016
Travis	Foland	G	04/19/2009	6.94		Sheriff's Department	04/09/2016
Lauryn	Fuller	G	09/12/2010	5.06		Health Care Agency	03/11/2016
Erika	Lorenzen	G	09/24/2006	10.41		District Attorney	04/19/2016
Dennis W.	Walsh	G	01/13/2008	7.13		General Services Agency	03/18/2016

SURVIVORS' CONTINUANCES:

Garcia	Micaela
Kurta	Esther

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

Date: Tuesday, May 03, 2016
 Time: 12:02PM
 User: 103745

Ventura County Retirement Assn
Check Register - Standard
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 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
Company: VCERA										
Acct / Sub:	1002		00							
026315	VC	4/4/2016	F3036S ESTELA H. DE DIAZ	10-16 10-16	021192	VO	DEATH BENEFIT	3/18/2016	0.00	-3,919.05
Check Total										-3,919.05
026316	-	026358	Missing							
026359	CK	4/4/2016	F3036S ESTELA H. DE DIAZ	10-16	021192	VO	DEATH BENEFIT	3/18/2016	0.00	3,919.05
026360	CK	4/6/2016	F120684S SHARON FISCHER	10-16	021237	VO	DEATH BENEFIT	4/6/2016	0.00	4,622.02
026361	CK	4/6/2016	F120684R FIRST CLEARING LLC	10-16	021238	VO	ROLLOVER	4/6/2016	0.00	82,344.70
026362	CK	4/6/2016	990006 MICHAEL SEDELL	10-16	021239	VO	TRAVEL REIMB	4/6/2016	0.00	54.00
026363	CK	4/6/2016	ADP ADP, LLC	10-16	021240	VO	ADMIN EXP	4/6/2016	0.00	12,378.14
026364	CK	4/6/2016	FEDEX FEDEX	10-16	021241	VO	ADMIN EXP	4/6/2016	0.00	48.95
026365	CK	4/6/2016	HARRIS HARRIS WATER CONDITIONII	10-16	021242	VO	ADMIN EXP	4/6/2016	0.00	154.50
026366	CK	4/6/2016	NEPC NEPC, LLC	10-16	021243	VO	INVESTMENT FEES	4/6/2016	0.00	72,500.00
026367	CK	4/6/2016	VITECH VITECH SYSTEMS GROUP, IN	10-16	021244	VO	PAS	4/6/2016	0.00	7,117.36
026368	CK	4/6/2016	VOLT VOLT	10-16	021245	VO	ADMIN EXP	4/6/2016	0.00	2,970.02
026369	CK	4/6/2016	124709 LINDA WEBB	10-16	021246	VO	REIMBURSEMENT	4/6/2016	0.00	161.24

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026370	VC	4/13/2016	100748 CHRIS JOHNSTON	10-16 10-16						
026371	VC	4/13/2016	990002 ARTHUR E. GOULET	10-16 10-16						
026372	VC	4/13/2016	AYALA IRENE P. AYALA	10-16 10-16						
026373	VC	4/13/2016	CMP CMP & ASSOCIATES, INC	10-16 10-16						
026374	VC	4/13/2016	MEGAPATH GLOBAL CAPACITY	10-16 10-16						
026375	VC	4/13/2016	HANSONBRID HANSON BRIDGETT LLP	10-16 10-16						
026376	VC	4/13/2016	HEXAVEST HEXAVEST INC	10-16 10-16						
026377	VC	4/13/2016	LINEA LINEA SOLUTIONS	10-16 10-16						
026378	VC	4/13/2016	SEGAL SEGAL CONSULTING	10-16 10-16						
026379	VC	4/13/2016	SPRUCE SPRUCEGROVE INVESTMEN	10-16 10-16						
026380	VC	4/13/2016	TWC TIME WARNER CABLE	10-16 10-16						
026381	VC	4/13/2016	VSG VSG HOSTING, INC	10-16 10-16						
026382	VC	4/13/2016	100748 CHRIS JOHNSTON	10-16 10-16						
026383	VC	4/13/2016	990002 ARTHUR E. GOULET	10-16 10-16						

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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
026384	VC	4/13/2016	AYALA IRENE P. AYALA	10-16	10-16						
026385	VC	4/13/2016	CMP CMP & ASSOCIATES, INC	10-16	10-16						
026386	VC	4/13/2016	HANSONBRID HANSON BRIDGETT LLP	10-16	10-16						
026387	VC	4/13/2016	HEXAVEST HEXAVEST INC	10-16	10-16						
026388	VC	4/13/2016	LINEA LINEA SOLUTIONS	10-16	10-16						
026389	VC	4/13/2016	MEGAPATH GLOBAL CAPACITY	10-16	10-16						
026390	VC	4/13/2016	SEGAL SEGAL CONSULTING	10-16	10-16						
026391	VC	4/13/2016	SPRUCE SPRUCEGROVE INVESTMEN	10-16	10-16						
026392	VC	4/13/2016	TWC TIME WARNER CABLE	10-16	10-16						
026393	VC	4/13/2016	VSG VSG HOSTING, INC	10-16	10-16						
026394	CK	4/13/2016	100748 CHRIS JOHNSTON	10-16		021247	VO	MILEAGE REIMB	4/13/2016	0.00	194.94
026395	CK	4/13/2016	990002 ARTHUR E. GOULET	10-16		021248	VO	TRAVEL REIMB	4/13/2016	0.00	1,061.06
026396	CK	4/13/2016	AYALA IRENE P. AYALA	10-16		021249	VO	ADMIN EXP	4/13/2016	0.00	875.00

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				To Post	Closed						
026397	CK	4/13/2016	CMP CMP & ASSOCIATES, INC	10-16		021250	VO	IT/PAS	4/13/2016	0.00	33,527.50
026398	CK	4/13/2016	MEGAPATH GLOBAL CAPACITY	10-16		021251	VO	IT/PAS	4/13/2016	0.00	603.63
026399	CK	4/13/2016	HANSONBRID HANSON BRIDGETT LLP	10-16		021252	VO	LEGAL FEES	4/13/2016	0.00	2,296.61
026400	CK	4/13/2016	HEXAVEST HEXAVEST INC	10-16		021253	VO	INVESTMENT FEES	4/13/2016	0.00	86,524.95
026401	CK	4/13/2016	LINEA LINEA SOLUTIONS	10-16		021254	VO	IT/PAS	4/13/2016	0.00	62,708.75
026402	CK	4/13/2016	SEGAL SEGAL CONSULTING	10-16		021255	VO	ACTUARY FEES	4/13/2016	0.00	22,498.00
026403	CK	4/13/2016	SPRUCE SPRUCEGROVE INVESTMEN	10-16		021256	VO	IINVESTMENT FEE	4/13/2016	0.00	51,471.50
026404	CK	4/13/2016	TWC TIME WARNER CABLE	10-16		021257	VO	IT	4/13/2016	0.00	442.12
026405	CK	4/13/2016	VSG VSG HOSTING, INC	10-16		021258	VO	PAS	4/13/2016	0.00	19,500.00
026406	CK	4/20/2016	AT&T AT & T MOBILITY	10-16		021259	VO	IT	4/20/2016	0.00	315.96
026407	CK	4/20/2016	ACCESS ACCESS INFORMATION MAN.	10-16		021260	VO	ADMIN EXP	4/20/2016	0.00	338.03
026408	CK	4/20/2016	BARNEY A.B.U. COURT REPORTING, II	10-16		021261	VO	ADMIN EXP	4/20/2016	0.00	315.00
026409	CK	4/20/2016	BOFA BUSINESS CARD	10-16		021262	VO	ADMIN/PAS/IT	4/20/2016	0.00	388.94
026410	CK	4/20/2016	CDW GOVERN CDW GOVERNMENT	10-16		021263	VO	IT	4/20/2016	0.00	1,235.89

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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
026411	CK	4/20/2016	FEDEX FEDEX	10-16	021264	VO	ADMIN EXP	4/20/2016	0.00	35.69
026412	CK	4/20/2016	MBS MANAGED BUSINESS SOLUT	10-16	021265	VO	PAS	4/20/2016	0.00	590.00
026413	CK	4/20/2016	REAMS REAMS ASSET MANAGEMEN	10-16	021266	VO	INVESTMENT FEES	4/20/2016	0.00	128,680.00
026414	CK	4/20/2016	SACRS SACRS	10-16	021267	VO	ADMIN EXP	4/20/2016	0.00	600.00
026415	CK	4/20/2016	CORPORATE STAPLES ADVANTAGE	10-16	021268	VO	ADMIN EXP	4/20/2016	0.00	543.28
026416	CK	4/20/2016	SHRED-IT SHRED-IT USA LLC	10-16	021269	VO	ADMIN EXP	4/20/2016	0.00	134.40
026417	CK	4/20/2016	SUPERIOR SUPERIOR COURT REPORTE	10-16	021270	VO	LEGAL FEES	4/20/2016	0.00	197.50
026418	CK	4/20/2016	VOLT VOLT	10-16	021271	VO	ADMIN EXP	4/20/2016	0.00	1,507.98
026419	CK	4/20/2016	WALTER BNY MELLON INV MGMNT CA	10-16	021272	VO	INVESTMENT FEES	4/20/2016	0.00	198,694.46
026420	CK	4/20/2016	WOLTERS WOLTERS KLUWER LAW & B	10-16	021273	VO	ADMIN EXP	4/20/2016	0.00	521.38
026421	CK	4/20/2016	990002 ARTHUR E. GOULET	10-16	021274	VO	MILEAGE REIMB	4/20/2016	0.00	36.72
026422	CK	4/27/2016	3013837 MICHAEL RHINEHEART	10-16	021275	VO	PENSION PAYMENT	4/27/2016	0.00	62.52
026423	CK	4/27/2016	3021238 CHRISTINE A. SCHRALL	10-16	021276	VO	PENSION PAYMENT	4/27/2016	0.00	3,084.79

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 Time: 12:02PM
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Ventura County Retirement Assn
Check Register - Standard
 Period: 10-16 As of: 5/3/2016

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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						
026424	CK	4/27/2016	3024037 KATHLEEN J. EVANS	10-16		021277	VO	PENSION PAYMENT	4/27/2016	0.00	3,133.09
026425	CK	4/27/2016	3036031 JOSEPHINE PANO	10-16		021278	VO	PENSION PAYMENT	4/27/2016	0.00	5,725.07
026426	CK	4/27/2016	ADP ADP, LLC	10-16		021279	VO	ADMIN EXP	4/27/2016	0.00	12,442.00
026427	CK	4/27/2016	HANSONBRID HANSON BRIDGETT LLP	10-16		021280	VO	LEGAL FEES	4/27/2016	0.00	211.50
026428	CK	4/27/2016	LOOMIS LOOMIS, SAYLES & CO., LP	10-16		021281	VO	INVESTMENT FEES	4/27/2016	0.00	112,871.70
026429	CK	4/27/2016	MF M.F. DAILY CORPORATION	10-16		021282	VO	ADMIN EXP	4/27/2016	0.00	16,663.48
026430	CK	4/27/2016	SAFEGUARD SAFEGUARD BUSINESS SYS	10-16		021283	VO	ADMIN EXP	4/27/2016	0.00	218.31
026431	CK	4/27/2016	SBS SBS GROUP	10-16		021284	VO	IT	4/27/2016	0.00	87.50
026432	CK	4/27/2016	CORPORATE STAPLES ADVANTAGE	10-16		021285	VO	ADMIN EXP	4/27/2016	0.00	379.28
026433	CK	4/27/2016	VITECH VITECH SYSTEMS GROUP, IN	10-16		021286	VO	PAS	4/27/2016	0.00	152,500.00
026434	CK	4/27/2016	VOLT VOLT	10-16		021287	VO	ADMIN EXP	4/27/2016	0.00	1,978.67
026435	CK	4/28/2016	3010435 LIDIA HARRISON	10-16		021288	VO	PENSION PAYMENT	4/28/2016	0.00	1,960.61
026436	CK	4/28/2016	3011808 KAREN GUIDI	10-16		021289	VO	PENSION PAYMENT	4/28/2016	0.00	736.86
026437	CK	4/28/2016	3019854 KENNETH KIPP	10-16		021290	VO	PENSION PAYMENT	4/28/2016	0.00	4,000.00

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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
026438	CK	4/28/2016	3023845 SHIRLEY REYNOLDS	10-16	021291	VO	PENSION PAYMENT	4/28/2016	0.00	4,704.31
026439	CK	4/28/2016	3023892 JOHN BURTCHELL	10-16	021292	VO	PENSION PAYMENT	4/28/2016	0.00	3,641.93
026440	CK	4/28/2016	3027427 RICARDO ALANIZ	10-16	021293	VO	PENSION PAYMENT	4/28/2016	0.00	500.00
026441	CK	4/28/2016	3031014 NOLAN WESTERN	10-16	021294	VO	PENSION PAYMENT	4/28/2016	0.00	2,698.30
026442	CK	4/28/2016	3035112 ELEANOR HATTEN	10-16	021295	VO	PENSION PAYMENT	4/28/2016	0.00	1,724.48
026443	CK	4/28/2016	3047002 ELAINE WRIGHT	10-16	021296	VO	PENSION PAYMENT	4/28/2016	0.00	1,220.17
026444	CK	4/28/2016	3047002A ELAINE WRIGHT	10-16	021297	VO	PENSION PAYMENT	4/28/2016	0.00	2,630.06
026445	CK	4/28/2016	3046868 BARBARA BORGERDING	10-16	021298	VO	PENSION PAYMENT	4/28/2016	0.00	935.13
026446	CK	4/28/2016	3047397 SALLY HOGAN	10-16	11-16 021299	VO	PENSION PAYMENT	4/28/2016	0.00	1,326.71
026447	CK	4/28/2016	3049431 DIANE EDGING	10-16	021300	VO	PENSION PAYMENT	4/28/2016	0.00	916.47

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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:		90									Acct Sub Total:	1,134,543.16

Check Type	Count	Amount Paid
Regular	65	1,138,462.21
Hand	0	0.00
Electronic Payment	0	0.00
Void	25	-3,919.05
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	90	1,134,543.16

Company Disc Total	0.00	Company Total	1,134,543.16
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VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BUDGET SUMMARY FISCAL YEAR 2015-2016
April 2016 - 83.33% of Fiscal Year Expended

EXPENDITURE DESCRIPTIONS	Adopted 2015/2016 Budget	Adjusted 2015/2016 Budget	Apr-16	Year to Date Expended	Available Balance	Percent Expended
Salaries & Benefits:						
Salaries	\$ 2,322,000.00	\$ 2,322,000.00	\$ 168,762.90	\$ 1,746,939.87	\$ 575,060.13	75.23%
Extra-Help	50,000.00	50,000.00	6,456.67	69,209.41	(19,209.41)	138.42%
Overtime	3,000.00	3,000.00	0.00	101.99	2,898.01	3.40%
Supplemental Payments	70,800.00	70,800.00	4,992.68	51,336.38	19,463.62	72.51%
Vacation Redemption	111,400.00	111,400.00	9,702.57	73,555.39	37,844.61	66.03%
Retirement Contributions	427,700.00	427,700.00	32,540.49	322,575.84	105,124.16	75.42%
OASDI Contributions	139,800.00	139,800.00	11,172.60	105,514.72	34,285.28	75.48%
FICA-Medicare	36,400.00	36,400.00	2,612.93	26,727.53	9,672.47	73.43%
Retiree Health Benefit	8,700.00	8,700.00	794.15	8,241.80	458.20	94.73%
Group Health Insurance	201,000.00	201,000.00	14,256.00	152,262.91	48,737.09	75.75%
Life Insurance/Mgmt	1,100.00	1,100.00	72.66	902.45	197.55	82.04%
Unemployment Insurance	2,900.00	2,900.00	204.59	2,119.20	780.80	73.08%
Management Disability Insurance	18,000.00	18,000.00	1,189.56	14,440.02	3,559.98	80.22%
Worker' Compensation Insurance	18,700.00	18,700.00	1,364.58	13,935.32	4,764.68	74.52%
401K Plan Contribution	47,500.00	47,500.00	3,609.72	36,150.38	11,349.62	76.11%
Transfers In	103,400.00	103,400.00	10,697.28	99,947.24	3,452.76	96.66%
Transfers Out	(103,400.00)	(103,400.00)	(10,697.28)	(99,947.24)	(3,452.76)	96.66%
Total Salaries & Benefits	\$ 3,459,000.00	\$ 3,459,000.00	\$ 257,732.10	\$ 2,624,013.21	\$ 834,986.79	75.86%
Services & Supplies:						
Telecommunication Services - ISF	\$ 36,500.00	\$ 36,500.00	\$ 3,259.97	\$ 29,051.00	\$ 7,449.00	79.59%
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	0.00	9,770.00	630.00	93.94%
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	8,505.00	17,011.00	(11.00)	100.06%
Printing Services - Not ISF	4,300.00	4,300.00	0.00	3,000.77	1,299.23	69.79%
Books & Publications	2,500.00	2,500.00	564.38	1,892.51	607.49	75.70%
Office Supplies	20,000.00	20,000.00	1,319.87	13,452.60	6,547.40	67.26%
Postage & Express	60,000.00	60,000.00	12,567.06	45,309.95	14,690.05	75.52%
Printing Charges - ISF	13,300.00	13,300.00	0.00	10,409.61	2,890.39	78.27%
Copy Machine Services - ISF	6,500.00	6,500.00	957.42	2,447.55	4,052.45	37.65%
Board Member Fees	12,000.00	12,000.00	1,700.00	8,800.00	3,200.00	73.33%
Professional Services	1,002,300.00	1,002,300.00	61,376.44	769,151.21	233,148.79	76.74%
Storage Charges	4,500.00	4,500.00	338.03	2,976.61	1,523.39	66.15%
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	16,663.48	166,481.65	38,718.35	81.13%
Private Vehicle Mileage	10,000.00	10,000.00	280.26	10,255.54	(255.54)	102.56%
Conference, Seminar and Travel	100,000.00	100,000.00	1,965.19	47,709.31	52,290.69	47.71%
Furniture	24,000.00	24,000.00	0.00	2,478.61	21,521.39	10.33%
Facilities Charges	6,900.00	6,900.00	775.50	3,676.50	3,223.50	53.28%
Judgement & Damages	0.00	0.00	0.00	1,838.57	(1,838.57)	#DIV/0!
Transfers In	10,900.00	10,900.00	1,130.42	10,561.76	338.24	96.90%
Transfers Out	(10,900.00)	(10,900.00)	(1,130.42)	(10,561.76)	(338.24)	96.90%
Total Services & Supplies	\$ 1,564,900.00	\$ 1,564,900.00	\$ 110,272.60	\$ 1,155,768.83	\$ 409,131.17	73.86%
Total Sal, Ben, Serv & Supp	\$ 5,023,900.00	\$ 5,023,900.00	\$ 368,004.70	\$ 3,779,782.04	\$ 1,244,117.96	75.24%
Technology:						
Computer Hardware	\$ 91,600.00	\$ 91,600.00	\$ -	72,464.89	\$ 19,135.11	79.11%
Computer Software	204,400.00	204,400.00	150,689.90	174,478.01	29,921.99	85.36%
Systems & Application Support	693,100.00	693,100.00	66,875.76	519,988.99	173,111.01	75.02%
Pension Administration System	2,660,500.00	2,660,500.00	62,556.11	1,780,393.86	880,106.14	66.92%
Total Technology	\$ 3,649,600.00	\$ 3,649,600.00	\$ 280,121.77	\$ 2,547,325.75	\$ 1,102,274.25	69.80%
Contingency	\$ 812,400.00	\$ 812,400.00	\$ -	\$ -	\$ 812,400.00	0.00%
Total Current Year	\$ 9,485,900.00	\$ 9,485,900.00	\$ 648,126.47	\$ 6,327,107.79	\$ 3,158,792.21	66.70%

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF FIDUCIARY NET POSITION
MARCH 31, 2016 (UNAUDITED)**

ASSETS

CASH & CASH EQUIVALENTS **\$311,043,133**

RECEIVABLES

EMPLOYER/EMPLOYEE CONTRIBUTIONS	142
ACCRUED INTEREST AND DIVIDENDS	2,638,786
SECURITY SALES	8,873,086
MISCELLANEOUS	2,950
TOTAL RECEIVABLES	11,514,964

INVESTMENTS AT FAIR VALUE

DOMESTIC EQUITY SECURITIES	116,139,449
DOMESTIC EQUITY INDEX FUNDS	1,193,698,346
INTERNATIONAL EQUITY SECURITIES	334,460,464
INTERNATIONAL EQUITY INDEX FUNDS	237,902,996
GLOBAL EQUITY	418,371,834
PRIVATE EQUITY	154,516,050
DOMESTIC FIXED INCOME - CORE PLUS	632,460,435
DOMESTIC FIXED INCOME - U.S. INDEX	144,426,324
GLOBAL FIXED INCOME	42,196,622
REAL ESTATE	365,873,002
ALTERNATIVES	350,831,939
CASH OVERLAY - PARAMETRIC	27,109
TOTAL INVESTMENTS	3,990,904,572

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

TOTAL ASSETS **4,322,888,674**

LIABILITIES

SECURITY PURCHASES PAYABLE	2,682,431
ACCOUNTS PAYABLE	1,717,541
PREPAID CONTRIBUTIONS	33,936,708
	38,336,680

TOTAL LIABILITIES **38,336,680**

NET POSITION RESTRICTED FOR PENSIONS **\$4,284,551,994**

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE NINE MONTHS ENDED MARCH 31, 2016 (UNAUDITED)**

ADDITIONS

CONTRIBUTIONS

EMPLOYER	\$131,076,419
EMPLOYEE	51,466,804
TOTAL CONTRIBUTIONS	<u>182,543,223</u>

INVESTMENT INCOME

NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	(116,508,585)
INTEREST INCOME	11,074,829
DIVIDEND INCOME	28,768,755
REAL ESTATE OPERATING INCOME, NET	12,431,512
SECURITY LENDING INCOME	164,593
TOTAL INVESTMENT INCOME	<u>(64,068,896)</u>

LESS INVESTMENT EXPENSES

MANAGEMENT & CUSTODIAL FEES	10,677,257
SECURITIES LENDING BORROWER REBATES	56,442
SECURITIES LENDING MANAGEMENT FEES	36,127
TOTAL INVESTMENT EXPENSES	<u>10,769,826</u>

NET INVESTMENT INCOME/(LOSS) **(74,838,722)**

TOTAL ADDITIONS **107,704,501**

DEDUCTIONS

BENEFIT PAYMENTS	178,665,341
MEMBER REFUNDS	3,627,600
ADMINISTRATIVE EXPENSES	5,654,754
TOTAL DEDUCTIONS	<u>187,947,694</u>

NET INCREASE/(DECREASE) **(80,243,194)**

NET POSITION RESTRICTED FOR PENSIONS

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

ENDING BALANCE **\$4,284,551,994**

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENTS AND CASH EQUIVALENTS
MARCH 31, 2016 (UNAUDITED)

EQUITY		
DOMESTIC EQUITY		
WESTERN ASSET INDEX PLUS	\$116,139,449	\$24,068,851
TOTAL DOMESTIC EQUITY	116,139,449	24,068,851
DOMESTIC INDEX FUNDS		
BLACKROCK - US EQUITY MARKET	1,148,940,523	0
BLACKROCK - EXTENDED EQUITY	44,757,823	1
TOTAL EQUITY INDEX FUNDS	1,193,698,346	1
INTERNATIONAL EQUITY		
SPRUCEGROVE	165,287,365	0
HEXAVEST	76,709,883	0
WALTER SCOTT	92,463,216	0
TOTAL INTERNATIONAL EQUITY	334,460,464	0
INTERNATIONAL INDEX FUNDS		
BLACKROCK - ACWIXUS	237,902,996	0
TOTAL INTERNATIONAL INDEX FUNDS	237,902,996	0
GLOBAL EQUITY		
GRANTHAM MAYO AND VAN OTTERLOO (GMO)	199,419,351	0
BLACKROCK - GLOBAL INDEX	218,952,483	0
TOTAL GLOBAL EQUITY	418,371,834	0
PRIVATE EQUITY		
ADAMS STREET	95,734,641	0
PANTHEON	15,255,057	0
HARBOURVEST	43,526,352	0
TOTAL PRIVATE EQUITY	154,516,050	0
FIXED INCOME		
DOMESTIC		
LOOMIS SAYLES AND COMPANY	68,619,898	2,815,707
REAMS	293,147,868	108
WESTERN ASSET MANAGEMENT	270,692,669	5,700,891
TOTAL DOMESTIC	632,460,435	8,516,705
DOMESTIC INDEX FUNDS		
BLACKROCK - US DEBT INDEX	144,426,324	0
TOTAL DOMESTIC INDEX FUNDS	144,426,324	0
GLOBAL		
LOOMIS SAYLES AND COMPANY	0	0
LOOMIS ALPHA	41,900,786	0
PIMCO	295,837	2,341,609
TOTAL GLOBAL	42,196,622	2,341,609

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 INVESTMENTS AND CASH EQUIVALENTS
 MARCH 31, 2016 (UNAUDITED)**

REAL ESTATE		
PRUDENTIAL REAL ESTATE	127,195,743	0
RREEF	1,524,224	0
UBS REALTY	237,153,034	0
TOTAL REAL ESTATE	<u>365,873,002</u>	<u>0</u>
ALTERNATIVES		
BRIDGEWATER	253,962,400	0
TORTOISE (MLP's)	96,869,539	1,705,494
TOTAL ALTERNATIVES	<u>350,831,939</u>	<u>1,705,494</u>
CASH OVERLAY - PARAMETRIC	27,109	266,779,494
IN HOUSE CASH	<u> </u>	<u>7,630,979</u>
TOTAL INVESTMENTS AND CASH	<u><u>\$3,990,904,572</u></u>	<u><u>\$311,043,133</u></u>

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF INVESTMENT MANAGEMENT FEES
FOR THE NINE MONTHS ENDED MARCH 31, 2016 (UNAUDITED)**

EQUITY MANAGERS

DOMESTIC

BLACKROCK - US EQUITY	\$176,425
BLACKROCK - EXTENDED EQUITY	13,467
WESTERN ASSET INDEX PLUS	194,322
TOTAL	384,214

INTERNATIONAL

BLACKROCK - ACWIXUS	178,094
SPRUCEGROVE	486,492
HEXAVEST	267,269
WALTER SCOTT	603,572
TOTAL	1,535,428

GLOBAL

GRANTHAM MAYO VAN OTTERLOO (GMO)	871,728
BLACKROCK - GLOBAL INDEX	64,843
TOTAL	936,571

PRIVATE EQUITY

ADAMS STREET	1,090,818
HARBOURVEST	545,236
PANTHEON	449,863
TOTAL	2,085,917

FIXED INCOME MANAGERS

DOMESTIC

BLACKROCK - US DEBT INDEX	72,412
LOOMIS, SAYLES AND COMPANY	212,820
REAMS ASSET MANAGEMENT	379,206
WESTERN ASSET MANAGEMENT	379,646
TOTAL	1,044,083

GLOBAL

LOOMIS, SAYLES AND COMPANY	134,794
LOOMIS ALPHA	126,309
PIMCO	222,940
TOTAL	484,043

REAL ESTATE

PRUDENTIAL REAL ESTATE ADVISORS	650,328
RREEF	19,114
UBS REALTY	1,656,995
TOTAL	2,326,437

ALTERNATIVES

BRIDGEWATER	789,670
TORTOISE	479,457
TOTAL	1,269,126

CASH OVERLAY - PARAMETRIC

112,623

**VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF INVESTMENT MANAGEMENT FEES
FOR THE NINE MONTHS ENDED MARCH 31, 2016 (UNAUDITED)**

SECURITIES LENDING	
BORROWERS REBATE	56,442
MANAGEMENT FEES	<u>36,127</u>
TOTAL	92,569
OTHER	
INVESTMENT CONSULTANT	215,160
INVESTMENT CUSTODIAN	<u>283,655</u>
TOTAL	<u>498,815</u>
TOTAL INVESTMENT MANAGEMENT FEES	<u><u>\$10,769,826</u></u>



Steady wins®

Ventura County Employees' Retirement Association

Energy Infrastructure



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Summary

- Absolute performance inception to date: 0.2%¹
- Relative performance vs. Tortoise MLP Index[®] inception to date: outperformed by 5.6%¹
- Benefiting from emphasis on larger, investment grade, more stable fee-based sectors during this volatile time
- We expect 14%-16% MLP market returns for next 12 months (9.4% MLP market yield plus 5%-7% growth)²
- Intermediate and long-term growth outlook remains favorable in our view

¹As of 4/30/2016. Preliminary returns presented are gross of fees. Please see important disclosures at end of presentation.

²As of 3/31/2016.

Past performance is no guarantee of future results.

Organizational update

Tortoise Capital Advisors

Our firm

- Manages approximately \$13.0 billion with decade-plus history
- We only develop investment strategies in which we invest ourselves

Our focus

- Investing across the entire energy value chain
- Long-term investment philosophy

Our process

- Emphasizes high-quality investments
- Fundamental bottom-up approach and proprietary models

Our people

- Deep and experienced team of 65
- Employees own approximately 30% of the management company

As of 3/31/2016.

The Tortoise team

Investment committee

8 professionals

65 employees
20 CFA designations

18 portfolio management professionals

(includes 4 members of the investment committee)

- Investment research
- Trading

15 development professionals

- Business development
- Product development
- Marketing/communication

28 operations professionals

19 finance/operations
9 SMA support

- SMA client service
- Accounting/tax
- Compliance

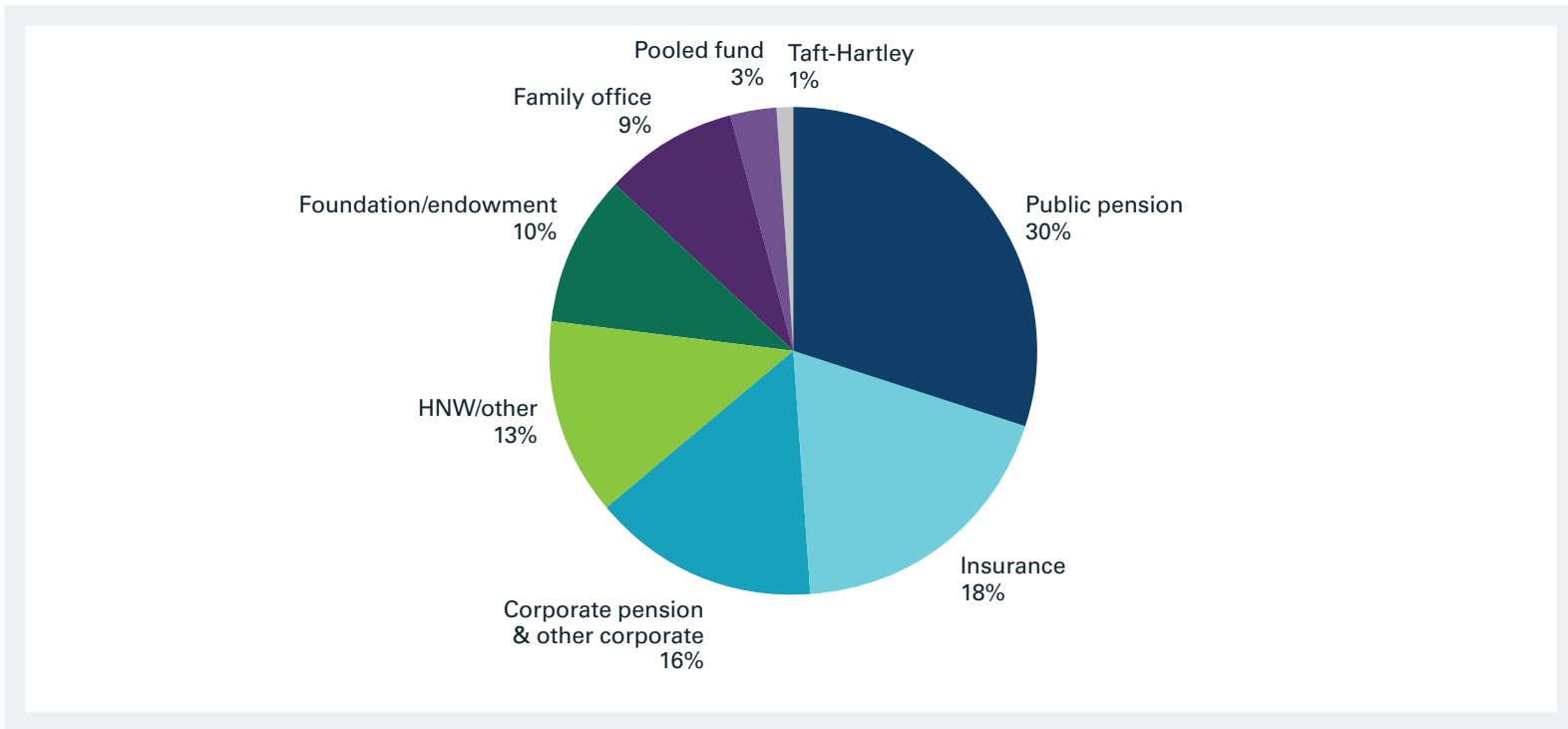
Changes to the investment committee,* portfolio management professionals: 3 hired, 1 departed and 1 transferred to our affiliate company (last 12 months)

As of 3/31/2016.

*Please see disclosure page for additional information on changes to the investment committee.

Breakout of institutional clients

SMA breakdown by client type
\$6.9 billion



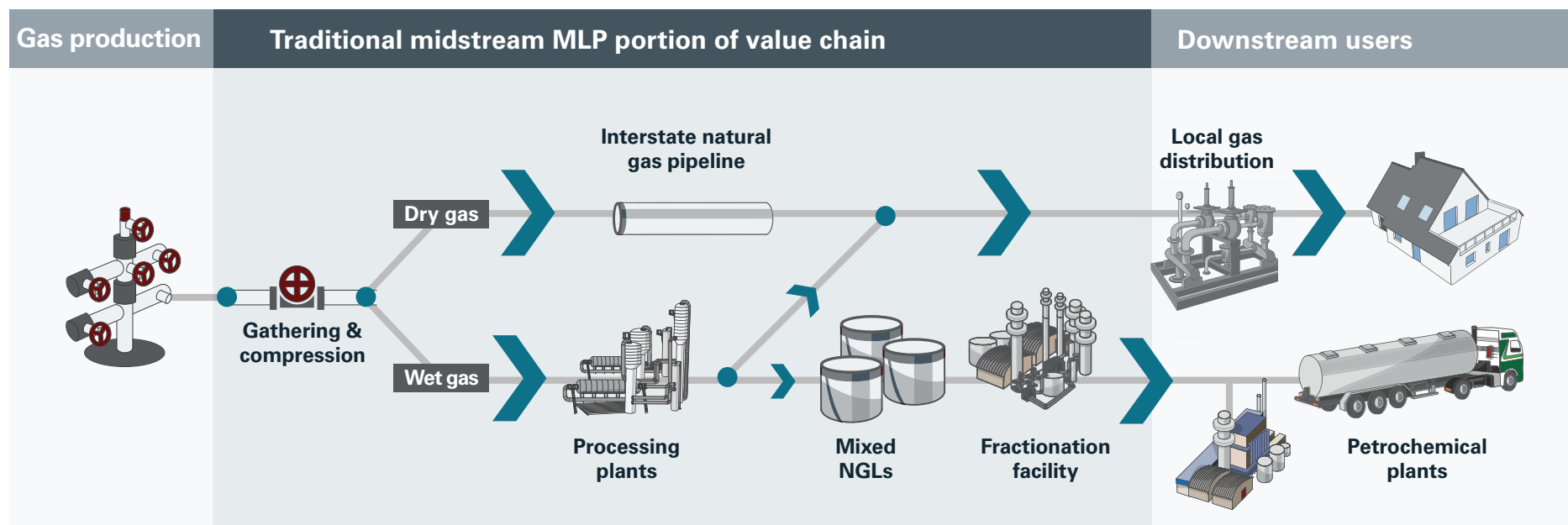
As of 3/31/2016.

Strategy and performance

Energy value chain: midstream focus

Midstream MLPs are publicly traded companies operating essential energy toll roads

- Pipeline companies generally have steady, recurring, fee-based cash flows with limited direct commodity price exposure
- Cash flow generally grows with the economy, population and project development and acquisitions



MLP SMA investment strategy

We have consistently pursued a strategy focused on long-haul, fee-based, investment grade companies for their compelling risk and return characteristics

Own strategic assets critical to sustainability and growth of economic activity

Emphasize high quality companies

- Long-haul pipeline asset footprint
- Proven management teams
- Fee-based cash flow generation with investment grade metrics

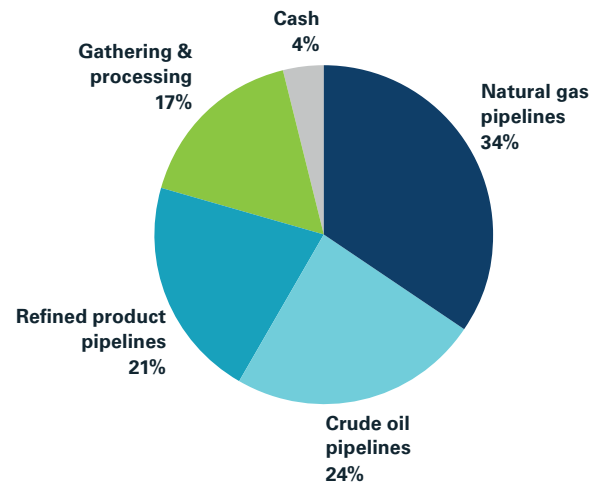
Prefer internal and dropdown growth potential with low cost of capital

Account portfolio vs. index

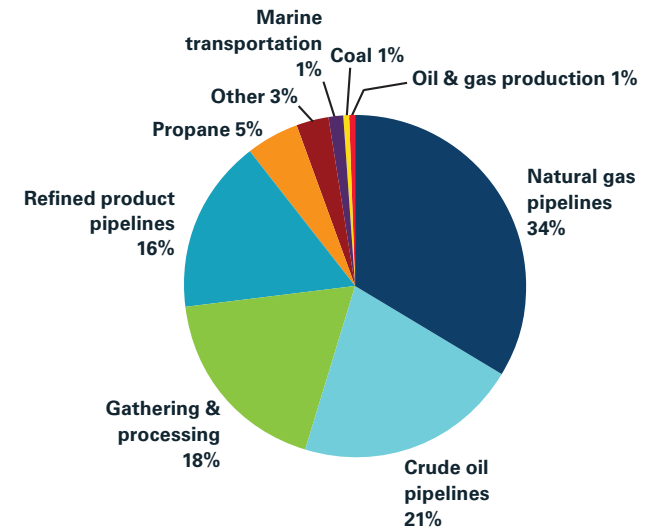
Midstream strategy emphasizes high-quality companies that generate recurring cash flows

Ventura County Employees' Retirement Association portfolio

Long-haul pipelines	80%
Fee-based cash flows	100%
Investment grade rating	85%
Capitalization above \$1bn	100%
Average annual turnover	20-25%
Number of names	25



MLP market



As of 4/30/2016. MLP market represented by the Tortoise MLP Index®. Please see important disclosures at end of presentation.

Account performance summary (preliminary)

	Month of April	Year to date	Fiscal year to date ¹	1 year	Since inception ²
Account (gross of fees)	10.48	4.16	(19.42)	(26.40)	0.18
Account (net of fees)	10.48	3.99	(19.79)	(26.86)	(0.44)
Tortoise MLP Index[®]	13.89	6.96	(21.47)	(29.21)	(5.45)
Under/over performance (gross)	(3.41)	(2.80)	2.05	2.81	5.63
Under/over performance (net)	(3.41)	(2.97)	1.68	2.35	5.01
Wells Fargo MLP Index	13.15	6.50	(24.90)	(32.23)	(6.77)
S&P MLP Index	13.45	6.27	(24.88)	(33.01)	(7.36)
S&P 500[®] Index	0.39	1.74	1.89	1.21	11.26

Portfolio activity summary From 4/22/2013 to 4/30/2016

Portfolio value on 4/22/2013	\$ -
Contributions	109,000,000
Withdrawals	-
Realized gains/(losses)	(7,338,313)
Unrealized gains/(losses)	(10,001,527)
Interest	37,110
Dividends/distributions	17,754,550
Management fees paid from account	-
Expenses	-
Portfolio value on 4/30/2016	\$109,451,820

All returns through 4/30/2016. Annualized for periods over 1 year. ¹Fiscal year to date: 6/30/2015 to 4/30/2016. ²Performance inception date: 4/30/2013. It is not possible to invest directly in an index. Please see important disclosures at end of presentation.

Past performance is no guarantee of future results.

Performance drivers (last 12 months)

Positive contributors

Sub-sector/thematic performance

- Held cash in a negative return market
- Overweight refined product pipelines (down 10%)
- Underweight other (down 46%)

Negative contributors

Sub-sector/thematic performance

- Negative selection effect, gathering & processing (down 35%)
- Underweight propane (down 12%)
- Negative selection effect, natural gas pipelines (down 26%)

**Overall, outperformed
MLP market by 2.8%**

Individual security selection

- Held cash in a negative return market
- Underweight NGLS (down 69%)
- Overweight SEP (down 2%)
- Overweight BPL (down 5%)

Individual security selection

- Overweight ETE (down 60%)
- Overweight TRGP (down 67%)
- Overweight WMB (down 54%)
- Overweight MPLX (down 56%)

As of 4/30/2016. Preliminary returns presented are gross of fees as compared to the Tortoise MLP Index®.

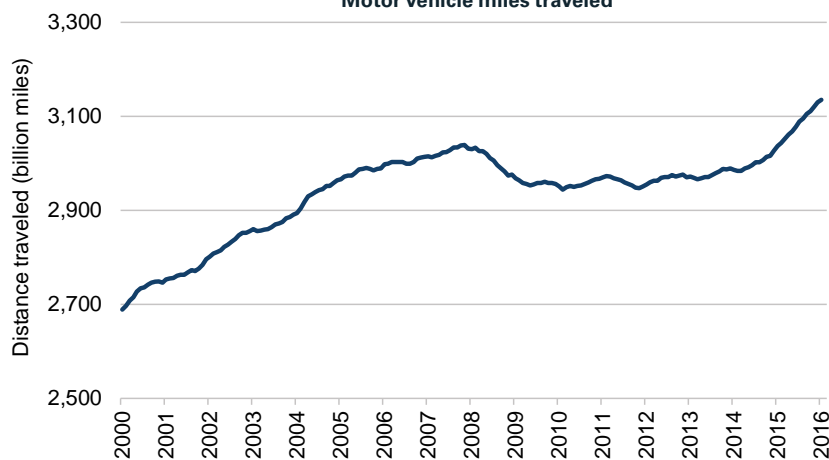
Current conditions and market outlook

Midstream fundamentals have remained strong

Refined product pipelines

- Lower gasoline prices has increased demand

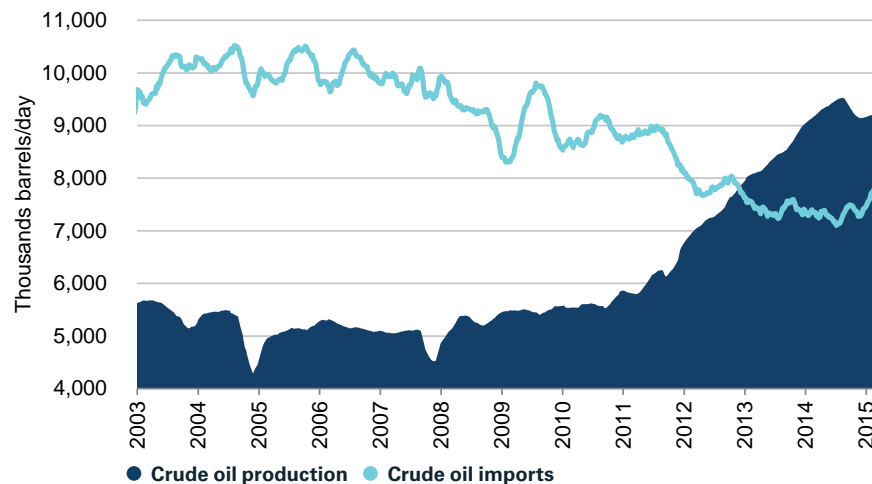
Motor vehicle miles traveled



Source: U.S. Department of Transportation: Federal Highway Administration as of 1/31/2016.

Crude oil pipelines

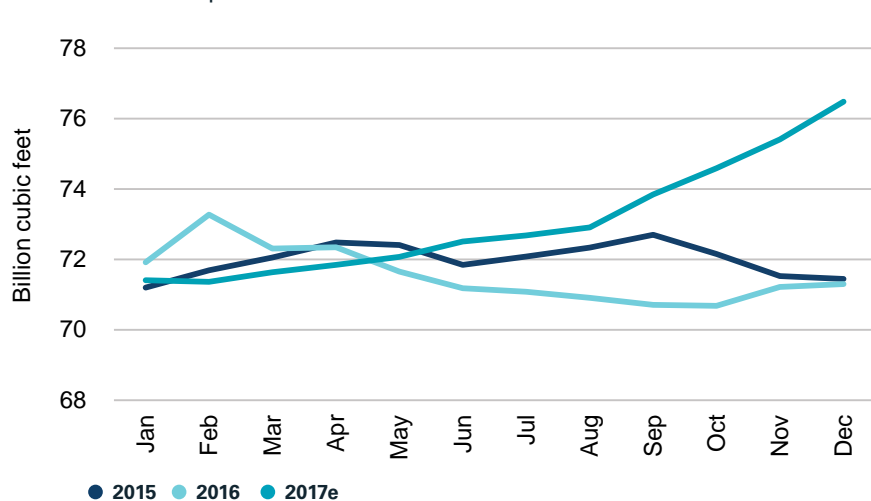
- Technology has driven domestic production



Source: Bloomberg as of 4/8/2016.

Natural gas pipelines

- Domestic production continued to drive volumes

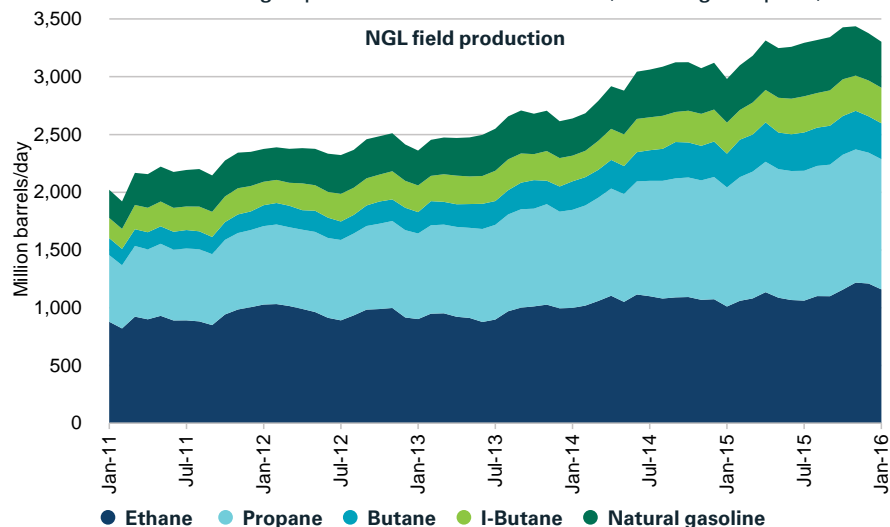


Source: Bentek as of 3/31/2016.

The projections on this page are based on industry estimates and are no guarantee of future outcomes.

Gathering & processing

- Boom in natural gas production has driven NGL (natural gas liquids) market

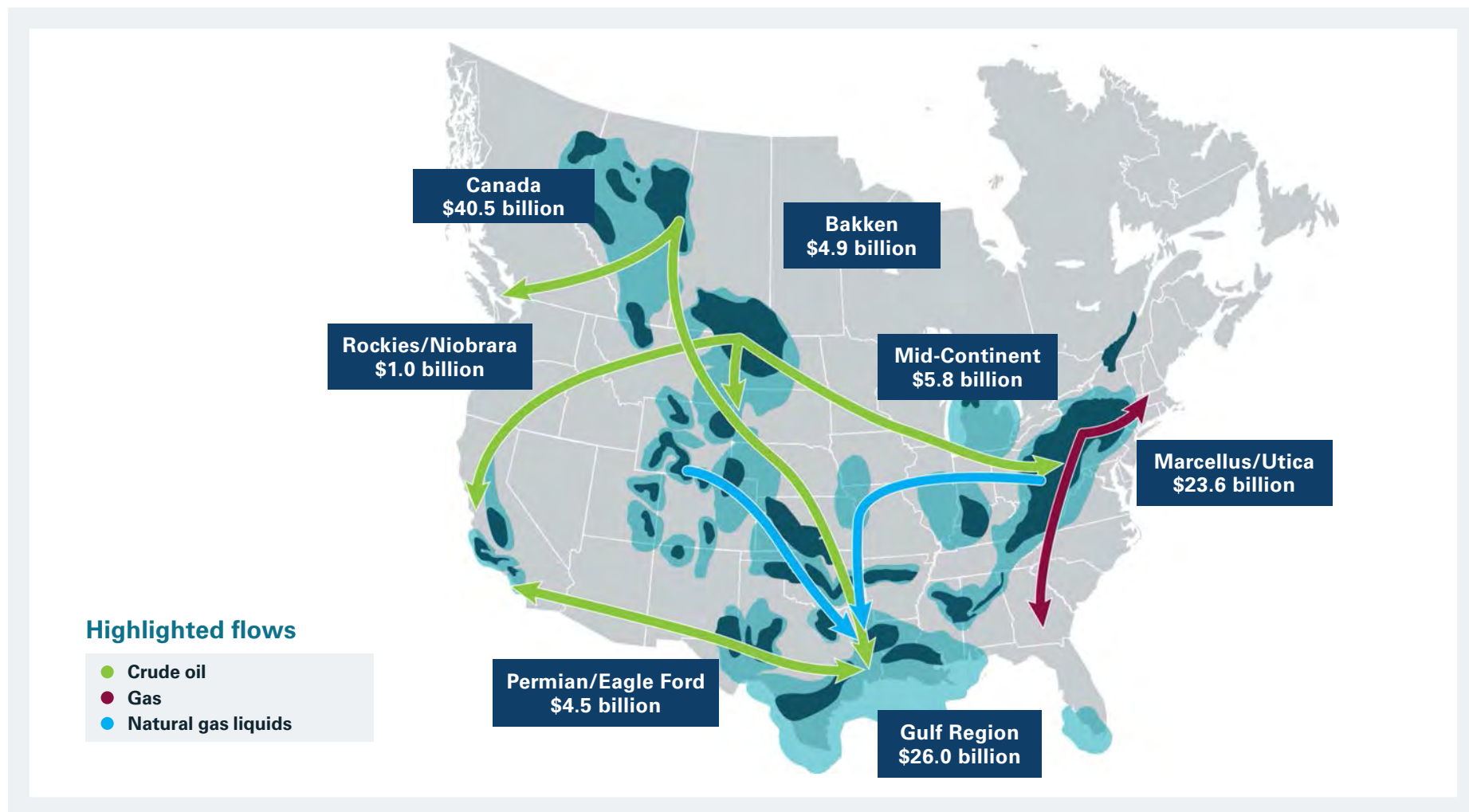


Source: EIA as of 1/31/2016.



Midstream growth initiatives 2016e - 2018e

Approximately \$120 billion in pipeline and related projects

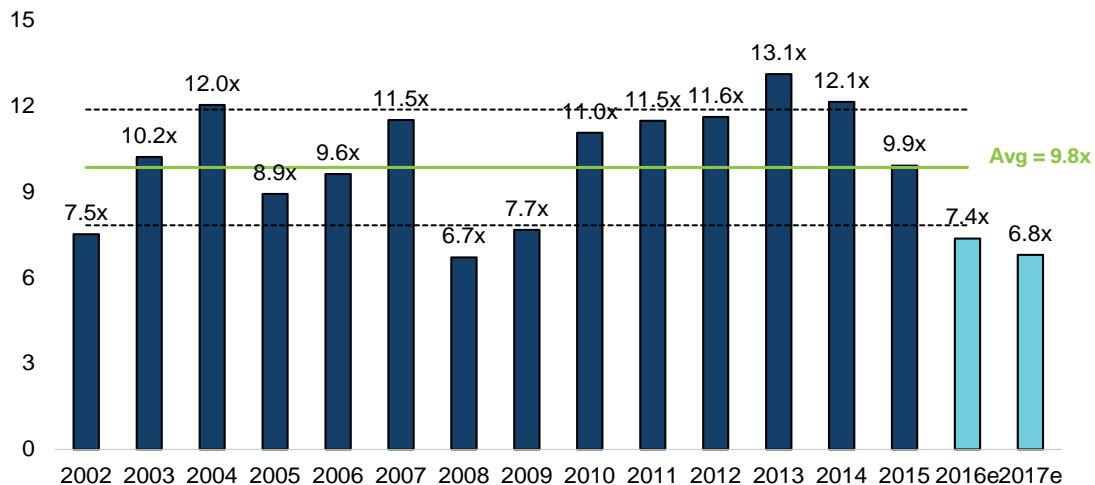


Source: Tortoise Capital Advisors as of 3/31/2016.

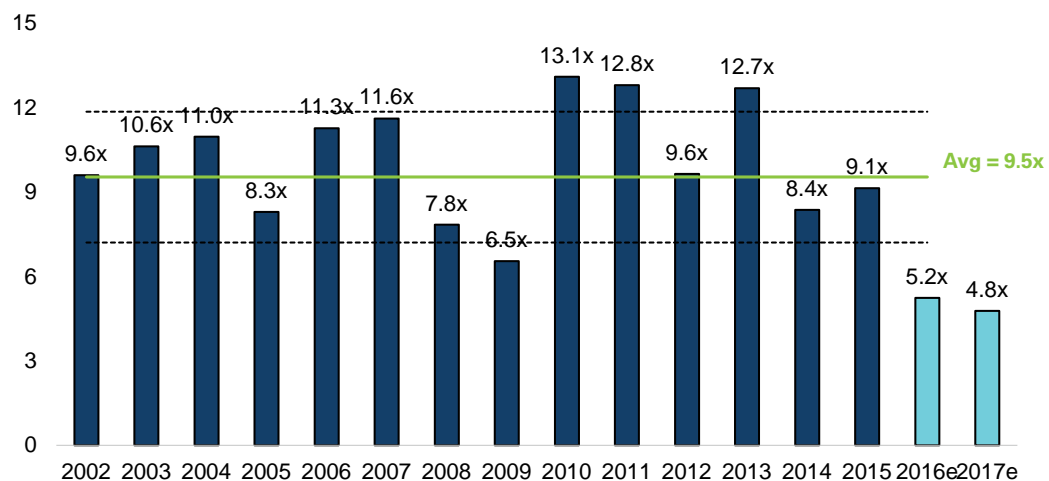
Note: Total capital investment also includes miscellaneous other projects totaling approximately \$15 billion. The projections on this page are based on industry estimates and are no guarantee of future outcomes.

Valuation – multiples by sector: P/DCF

Long-haul



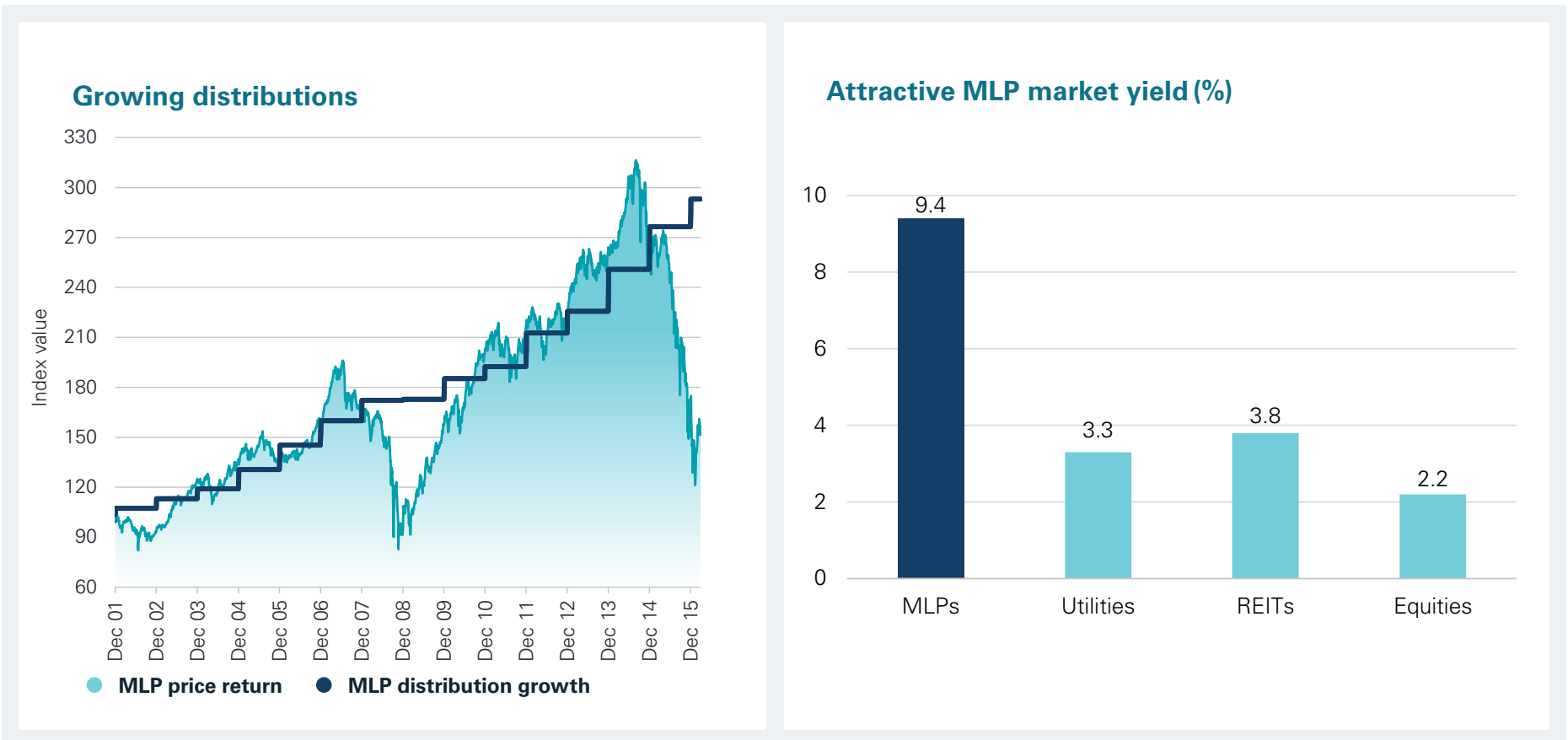
Gathering & processing



Cash flow multiples remain within historical range

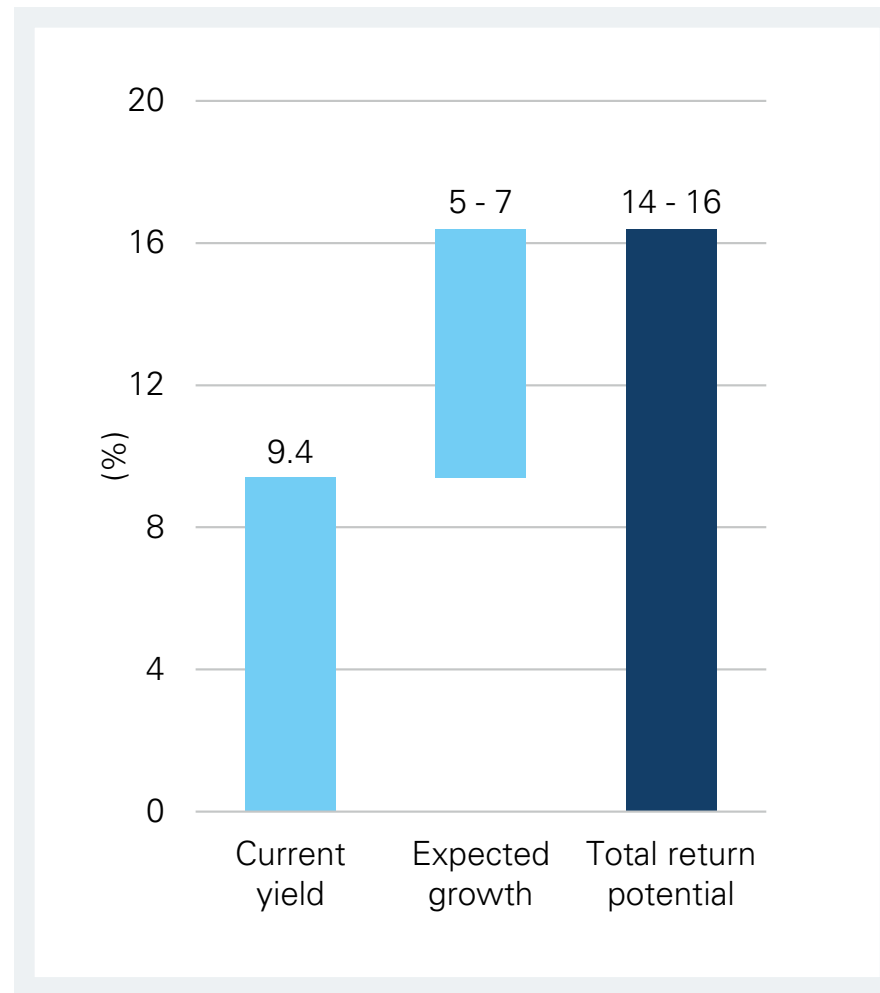
Source: Bloomberg as of 3/31/2016.
Dotted lines represent a range of 1 standard deviation of the mean.
The projections on this page are based on industry estimates and are no guarantee of future outcomes.

Total return drivers



Source: Bloomberg, NAREIT (REITs yield) and Tortoise Capital Advisors as of 3/31/2016. Please see important disclosures at end of presentation.

Next 12 months MLP market total return outlook



Source: Tortoise Capital Advisors and Bloomberg as of 3/31/2016.
Please see important disclosures at end of presentation.

Appendix

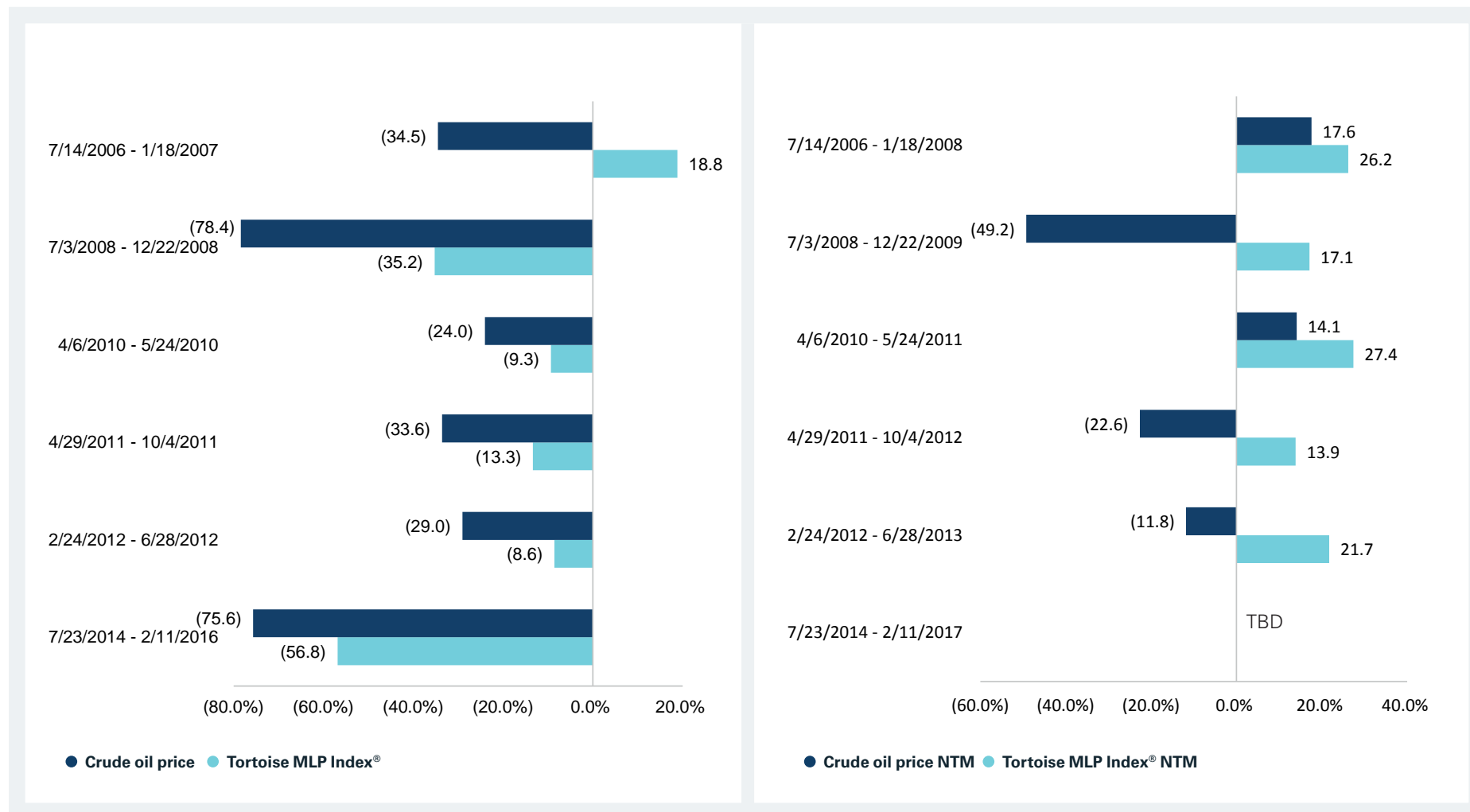
Account portfolio as of 4/30/2016

Ticker	Security	Shares Held	Unit Cost	Total Cost	Current Price	Current Value	Market Weight
<i>Crude oil pipelines</i>							
EEP	Enbridge Energy Partners, L.P.	41,633	35.14	1,462,898	21.64	900,938	0.82
GEL	Genesis Energy L.P.	63,499	49.41	3,137,645	32.42	2,058,637	1.88
PAA	Plains All American Pipeline, L.P.	316,984	45.98	14,576,002	22.94	7,271,613	6.64
PAGP	Plains GP Holdings, L.P.	58,908	8.88	522,862	9.90	583,189	0.53
SHLX	Shell Midstream Partners LP	96,627	30.58	2,954,566	37.77	3,649,602	3.33
SXL	Sunoco Logistics Partners L.P.	254,319	30.57	7,773,872	29.28	7,446,460	6.80
TLLP	Tesoro Logistics LP	94,283	55.73	5,254,359	46.24	4,359,646	3.98
				<u>\$35,682,204</u>		<u>\$26,270,085</u>	<u>23.98%</u>
<i>Natural gas pipelines</i>							
CPPL	Columbia Pipeline Partners LP	58,869	26.27	1,546,319	14.53	855,366	0.78
ETE	Energy Transfer Equity, L.P.	413,295	13.40	5,539,203	12.43	5,137,257	4.69
ETP	Energy Transfer Partners, L.P.	134,958	29.31	3,956,084	35.43	4,781,562	4.37
EPD	Enterprise Products Partners L.P.	351,182	28.95	10,167,825	26.69	9,373,048	8.56
EQGP	EQT GP Holdings LP	22,434	30.21	677,675	26.46	593,604	0.54
EQM	EQT Midstream Partners, LP	68,513	75.63	5,181,864	79.29	5,432,396	4.96
OKE	ONEOK, Inc	54,717	35.92	1,965,691	36.15	1,978,019	1.81
OKS	ONEOK Partners, L.P.	128,213	33.48	4,292,100	35.46	4,546,433	4.15
SEP	Spectra Energy Partners, LP	102,874	47.83	4,920,574	50.43	5,187,936	4.74
				<u>\$38,247,335</u>		<u>\$37,885,621</u>	<u>34.60%</u>
<i>Refined product pipelines</i>							
BPL	Buckeye Partners, L.P.	102,825	65.01	6,684,278	72.00	7,403,400	6.76
MMP	Magellan Midstream Partners, L.P.	130,745	55.98	7,318,745	72.07	9,422,792	8.61
PSXP	Phillips 66 Partners LP	62,178	50.38	3,132,769	57.24	3,559,069	3.25
VLP	Valero Energy Partners LP	52,827	35.10	1,854,464	47.69	2,519,320	2.30
				<u>\$18,990,256</u>		<u>\$22,904,581</u>	<u>20.92%</u>
<i>Gathering & processing</i>							
AM	Antero Midstream Partners LP	86,581	26.81	2,321,007	25.54	2,211,279	2.02
MPLX	MPLX LP	221,324	45.45	10,059,095	32.19	7,124,419	6.51
WGP	Western Gas Equity Partners, LP	33,568	34.70	1,164,841	40.38	1,355,476	1.24
WES	Western Gas Partners LP	117,585	55.67	6,545,449	48.86	5,745,203	5.25
WMB	Williams Companies, Inc	90,881	30.88	2,806,616	19.39	1,762,183	1.61
				<u>\$22,897,008</u>		<u>\$18,198,560</u>	<u>16.63%</u>
<i>Cash & equivalents</i>							
CASH	Cash Account			3,152,162		3,152,162	2.88
DIVACC	Dividend Accrual			1,040,811		1,040,811	0.95
				<u>\$4,192,973</u>		<u>\$4,192,973</u>	<u>3.83%</u>
Total portfolio				<u>\$120,009,776</u>		<u>\$109,451,820</u>	<u>100%</u>

MLP resilience despite crude volatility

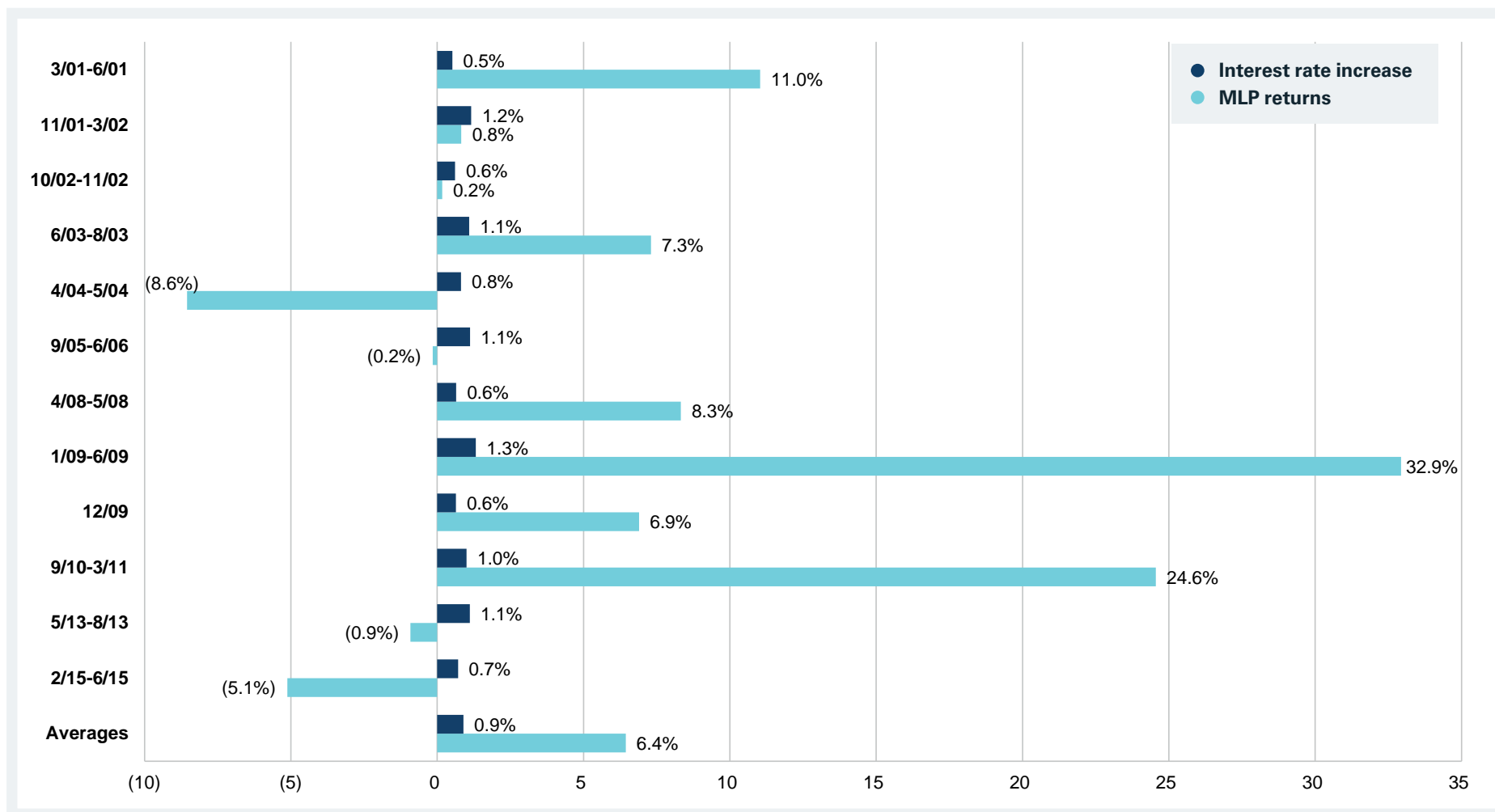
Correlated in short-term

Peak - trough plus 12 months



As of 3/31/2016. NTM returns represent returns over the 12 month period from trough relative to previous peak. Crude = Bloomberg West Texas Intermediate (WTI) Cushing Crude Oil Spot Price. It is not possible to invest directly in an index. See important disclosures at end of presentation for index descriptions.

MLP long-term resiliency to interest rate increases



Periods shown are those where the U.S. 10-year government bond interest rate increased by at least 50 basis points over one or more consecutive months. Returns are period specific and are not annualized. Interest rate increase source: Bloomberg. MLP source: Tortoise MLP Index® (as of 1/1/2000). Please see important disclosures at end of presentation. It is not possible to invest directly in an index.

Past performance is no guarantee of future results.

Separate account key contacts

Client Service

Reporting
General questions
Billing (advisory fee)
K-1 checklist
General tax questions

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Melissa Martinez

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Kyle Krueger, CFA, CIPM

Managing Director
Head of Separately Managed Accounts

Operations

Custodial account data feed set-up
Trade settlement issues
Investment accounting and reconciliation

Raven Olivarez~Weber

Vice President, Senior Operations Analyst
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Chief Operating Officer

Important disclosures

This presentation contains certain forward-looking statements. These forward-looking statements include all statements regarding the intent, belief or current expectations regarding matters covered and all statements which are not statements of historical fact. The forward-looking statements involve known and unknown risk, uncertainties, contingencies and other factors, many of which are beyond our control. Since these factors can cause results, performance and achievements to differ materially from those discussed in the presentation, you are cautioned not to place undue reliance on the forward-looking statements. This presentation is updated through March 31, 2016 unless otherwise noted.

Index information: MLPs (unless noted) = Tortoise MLP Index[®], a float-adjusted, capitalization weighted index of energy master limited partnerships (MLPs). To be eligible for inclusion in the Tortoise MLP Index[®], a company must be publicly traded, organized as a limited partnership or a limited liability company, and be classified as an “energy MLP” by the National Association of Publicly Traded Partnerships (NAPTP). Tortoise MLP Index[®] (the “Index”) is the exclusive property of Tortoise Index Solutions, LLC, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) (“S&P Dow Jones Indices”) to calculate and maintain the Index. S&P[®] is a registered trademark of Standard & Poor’s Financial Services LLC (“SPFS”); Dow Jones[®] is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”); and, these trademarks have been licensed to S&P Dow Jones Indices. “Calculated by S&P Dow Jones Indices” and its related stylized mark(s) have been licensed for use by Tortoise Index Solutions, LLC and its affiliates. Neither S&P Dow Jones Indices, SPFS, Dow Jones nor any of their affiliates sponsor and promote the Index and none shall be liable for any errors or omissions in calculating the Index. The S&P MLP Index is designed to provide investors with exposure to the leading partnerships that trade on the NYSE and NASDAQ. The index includes both master limited partnerships (MLPs) and publicly traded limited liability companies (LLCs), which have a similar structure to MLPs and share the same tax benefits. Wells Fargo MLP Index (formerly Wachovia MLP Index), a float-adjusted, capitalization-weighted index of energy master limited partnerships (MLPs) with a market capitalization of at least \$200 million at the time of inclusion. Equities = S&P 500[®] Index, an unmanaged market-value weighted index of stocks which is widely regarded as the standard for measuring large-cap U.S. stock market performance. Utilities = The S&P Utilities Select Sector Index is a modified market-cap weighted index composed of constituents of the S&P 500 in the utility sector (as defined by the Global Industry Classification Standard – GICS). REITs = FTSE NAREIT Equity Index, an unmanaged capitalization-weighted index of all U.S. equity real estate investment trust. It is not possible to invest directly in an index.

Past performance is no guarantee of future results.

**From page 5: Effective June 30, 2015 we added four existing portfolio managers, Brian Kessens, James Mick, Matthew Sallee and Robert Thummel, to the Investment Committee. They join current Investment Committee members Kevin Birzer, Zach Hamel, Terry Matlack and Ken Malvey. The portfolio managers will continue their duties and will also be included in the number for portfolio management professionals. The Investment Committee will continue to provide investment strategy oversight to the portfolio team, who implements the strategy.*

Also effective June 30, 2015, one of Tortoise’s five founding managing directors Dave Schulte left Tortoise Capital Advisors to allow him to focus his efforts on Corridor InfraTrust Management LLC, which he co-founded in 2011. Mr. Schulte will retain an ownership interest in Tortoise, but will no longer serve on the Investment Committee.



Steady wins[®]

www.tortoiseadvisors.com



Presented to:



Board Presentation

May 16th, 2016

One Glendinning Place
Westport, CT 06880
(203) 226-3030
www.bwater.com

AGENDA

- I. Bridgewater Overview
- II. Account Review
- III. Global Outlook

I. Bridgewater Overview

BRIDGEWATER OVERVIEW

- ◆ Institutional investment manager
- ◆ Founded in 1975
- ◆ Deep fundamental understanding of markets
- ◆ Built around the principle of separating alpha and beta
 - Managing Pure Alpha accounts for 25 years
 - Managing All Weather accounts for 20 years
 - Launched Optimal Portfolio in 2015
- ◆ Manage approximately \$149 billion in assets
 - \$68bln in Pure Alpha strategies*
 - \$61bln in All Weather strategy
 - \$20bln in Optimal Portfolio strategy
- ◆ Employee controlled

Figures estimated as of April 2016.

* \$68bln is equivalent to \$77bln in 12% return-adjusted terms or equivalent to \$52bln in 18% return-adjusted terms
Please review the "Important Disclosures and Other Information" located at the end of this presentation.

II. Account Review

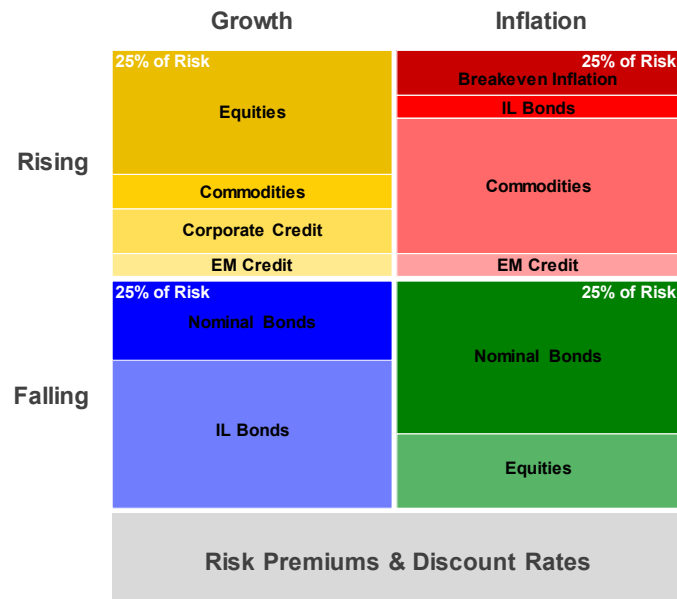
ALL WEATHER MANDATE SUMMARY

Investment Philosophy: Fundamental, Systematic, Diversified.

Strategy Overview: Bridgewater's optimal beta portfolio, designed to produce the highest return-to-risk ratio for a strategic asset mix.

Approach: Collect the risk premium embedded across assets by balancing risk across asset classes with opposing sensitivities to shifts in the economic environment.

Size: \$265 million.



Note: AUM is estimated as of May 3, 2016.
Please review the "Important Disclosures and Other Information" located at the end of this presentation.

PERFORMANCE SUMMARY

Net of Fees Performance Summary

	Excess	+ Return on Cash	= Total Return	
1996	17.2 %	3.1 %	20.4 %	
1997	9.4 %	5.6 %	15.0 %	
1998	-7.3 %	5.5 %	-1.8 %	
1999	10.5 %	5.1 %	15.6 %	
2000	3.6 %	6.3 %	9.9 %	
2001	-9.8 %	3.8 %	-6.0 %	
2002	8.5 %	1.7 %	10.2 %	
2003	15.6 %	1.1 %	16.7 %	
2004	16.3 %	1.4 %	17.7 %	
2005	12.2 %	3.3 %	15.5 %	
2006	-3.9 %	5.0 %	1.2 %	
2007	6.8 %	5.0 %	11.8 %	
2008	-22.0 %	1.9 %	-20.2 %	
2009	9.2 %	0.2 %	9.4 %	
2010	17.5 %	0.1 %	17.6 %	
2011	18.0 %	0.1 %	18.1 %	
2012	14.5 %	0.2 %	14.7 %	
2013	-4.0 % / 1.9 %*	0.1 % / 0.0 %*	-3.9 % / 2.0 %*	
2014	7.5 %	0.1 %	7.6 %	
2015	-6.8 %	0.0 %	-6.8 %	
2016 YTD	2.2 %	0.1 %	2.4 %	

Bridgewater All Weather Strategy	
Jun 1996 - Mar 2016	
Net Total	
Cumulative Return	338.8%
Annual Return	7.7%
Annual StDev	10.3%

Ventura County Employees' Retirement Association	
Aug 2013 - Mar 2016	
Net Total	
Last 12 Months	-8.0%
Last 2 Years (ann)	-0.5%
Cumulative Return	4.6%
Annual Return	1.7%
Annual StDev	7.3%

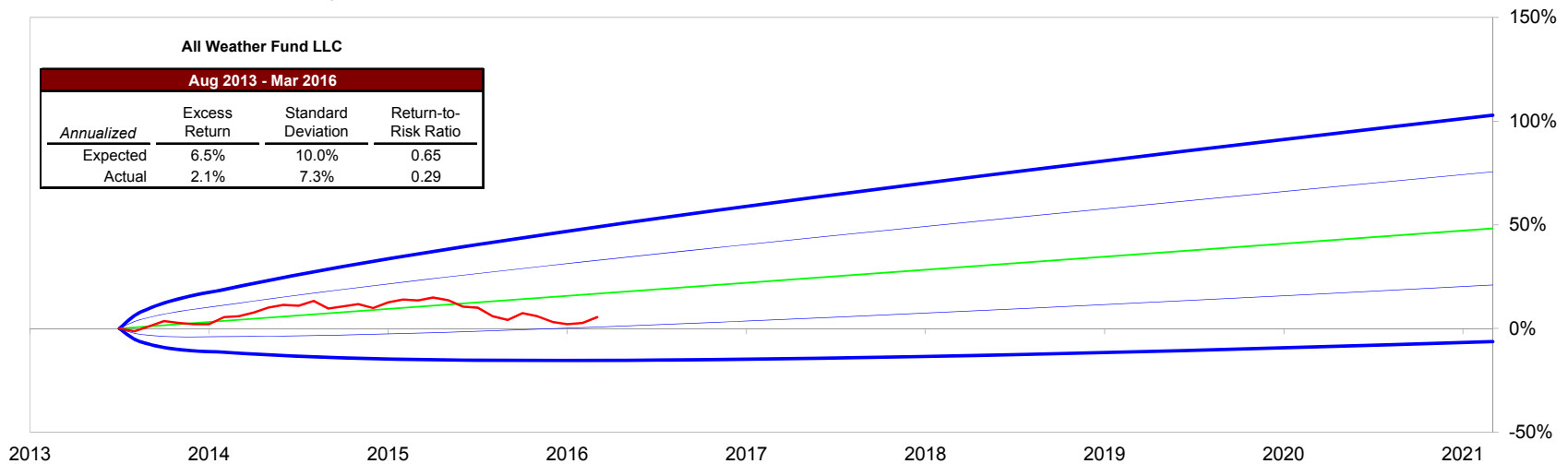
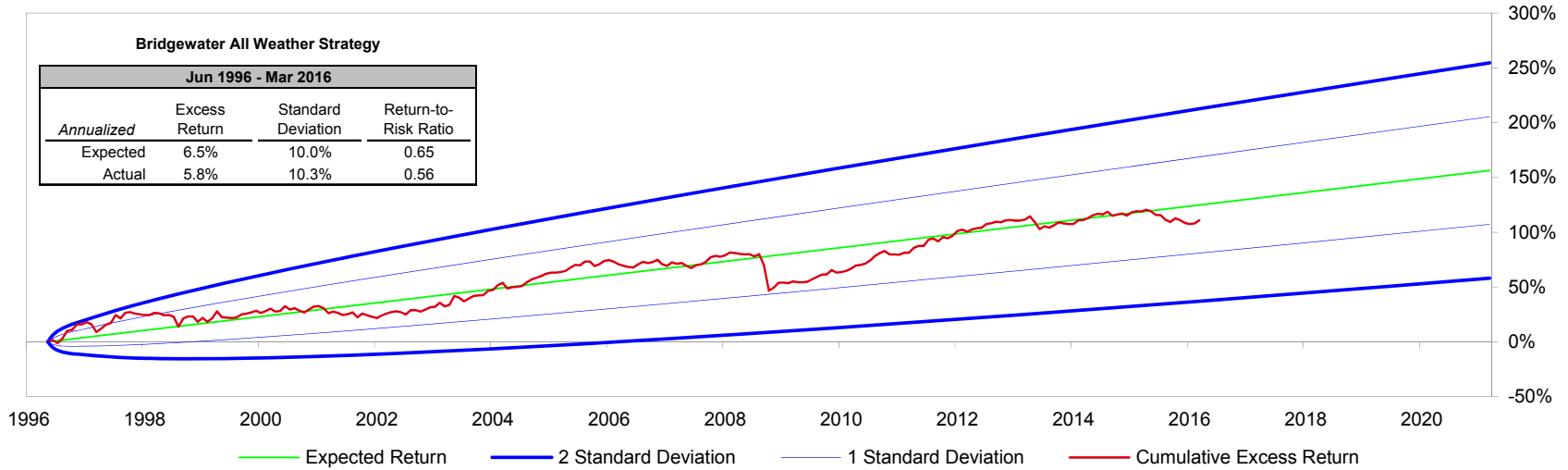
Performance is estimated through March 31, 2016. Inception of the mandate was August 2013. Inception of the strategy was June 1996. Standard deviation is calculated using gross of fees excess returns.

*Performance is shown for the full year for the All Weather Strategy (black text), and for the partial year for the client's specific account (bold red text). Summary statistics for the All Weather Strategy are based on the full history of the strategy, and may differ from the performance of your specific account or investment. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

Please review the "Important Disclosures and Other Information" located at the end of this presentation.

PERFORMANCE VS. EXPECTATIONS

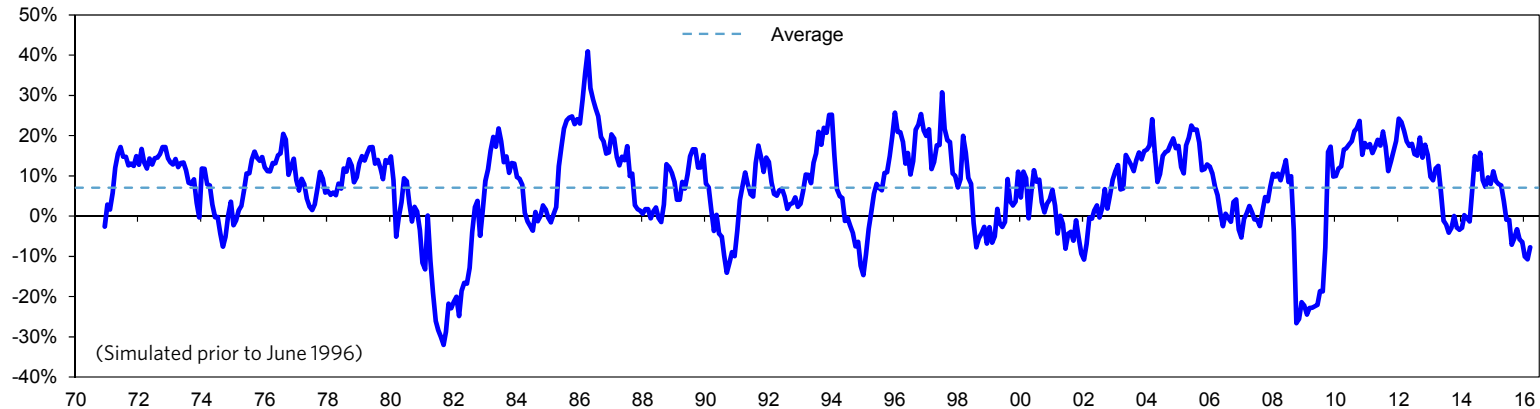
Gross Cumulative Excess Return vs. Expectations (In)



PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.
 Please review the "Important Disclosures and Other Information" located at the end of this presentation.

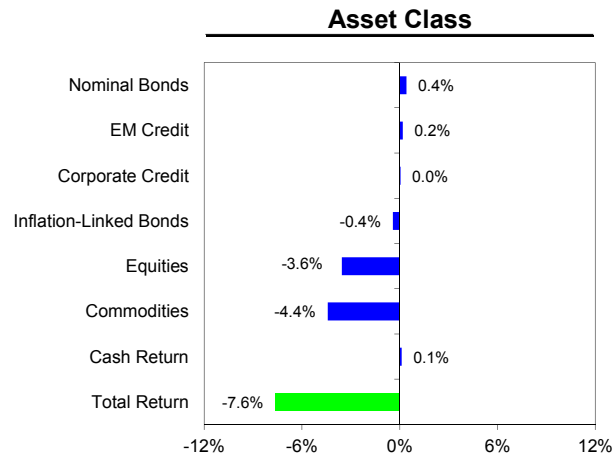
ALL WEATHER PERFORMANCE: TRAILING ONE YEAR

All Weather Strategy Rolling One Year Excess Return (Gross of Fees)



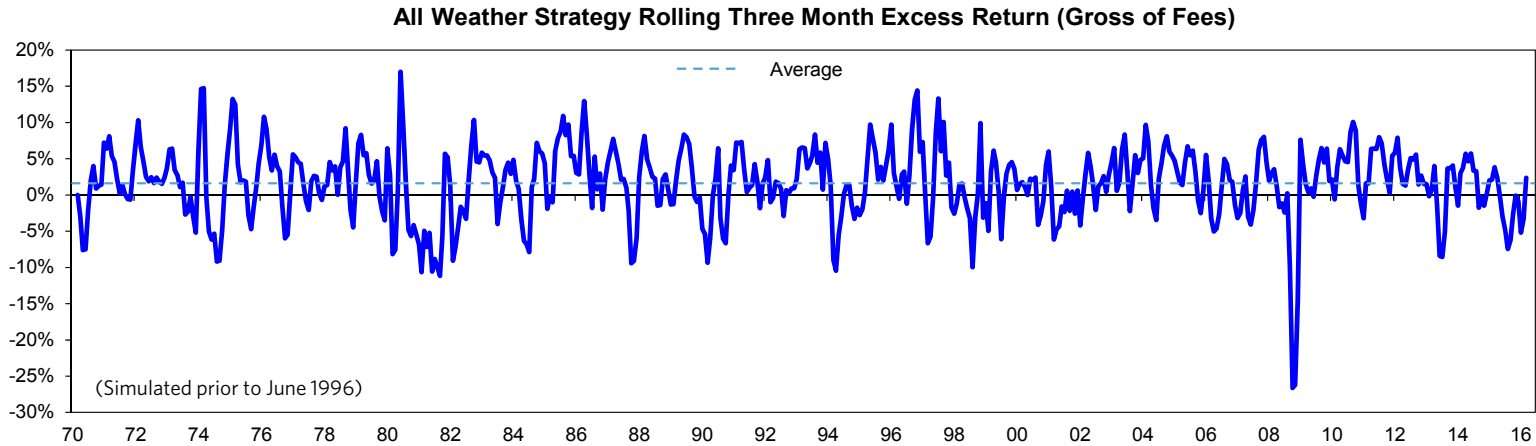
Trailing One Year Gross Attribution (April 2015 - March 2016)

		Economic Environment	
		Growth	Inflation
Market	Rising	Return -3.3%	Return -3.6%
	Falling	Return -0.2%	Return -0.6%
≈ Risk Premiums & Discount Rates -7.7% Excess Return Over Cash			
		Plus Cash Return =	0.1%
		Total All Weather Return =	-7.6%



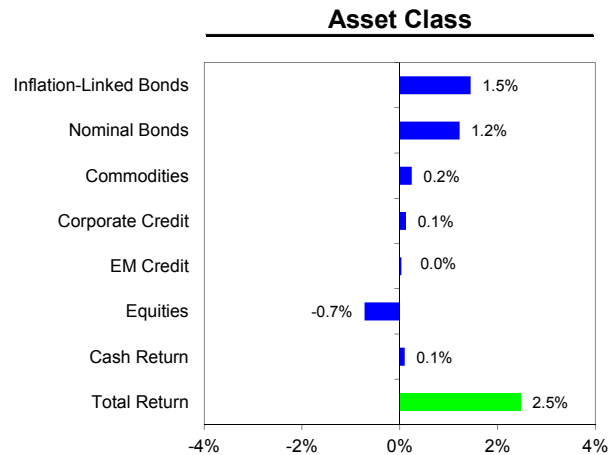
Please note the returns shown for All Weather are simulated prior to June 1996 using the All Weather Asset Mix (see All Weather Asset Mix Disclosure). It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology and the underlying market data. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

ALL WEATHER PERFORMANCE: TRAILING THREE MONTHS



Trailing Three Months Gross Attribution (January 2016 - March 2016)

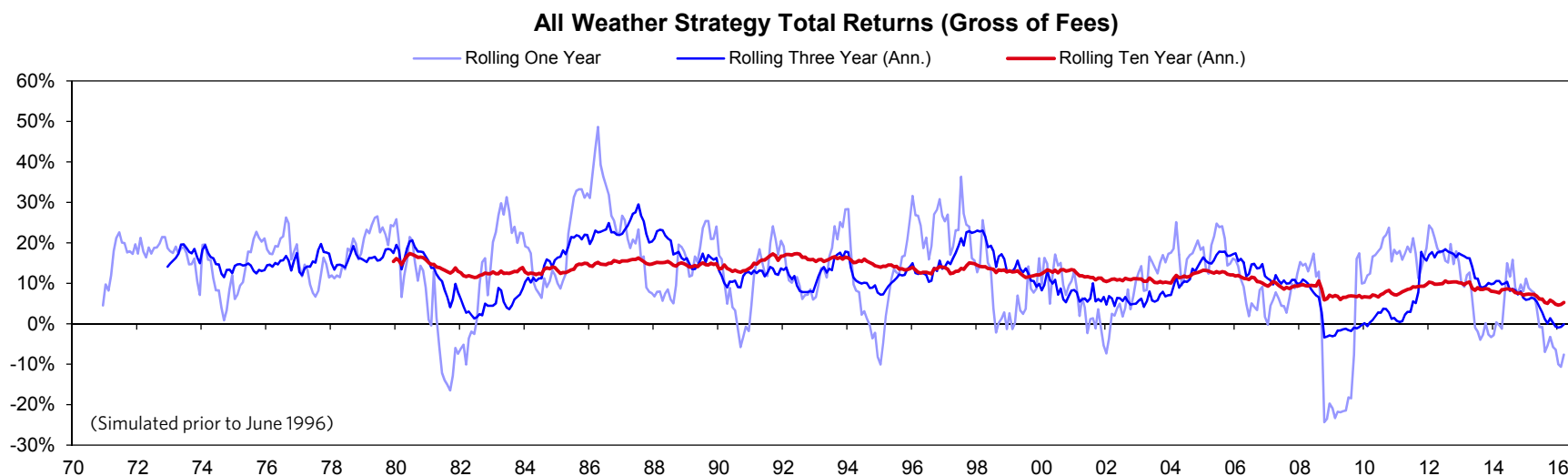
		Economic Environment	
		Growth	Inflation
Rising	Return	-1.0%	0.8%
Falling	Return	2.0%	0.6%
		≈ Risk Premiums & Discount Rates 2.4% Excess Return Over Cash	
		Plus Cash Return =	0.1%
		Total All Weather Return =	2.5%



Please note the returns shown for All Weather are simulated prior to June 1996 using the All Weather Asset Mix (see All Weather Asset Mix Disclosure). It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology and the underlying market data. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

ALL WEATHER PERFORMANCE DRIVEN BY THE RELATIVE ATTRACTIVENESS OF CASH VS. ASSETS

- ◆ The ups and downs of All Weather's returns in the short-term normalize over longer periods as investors must be compensated for taking risk.
- ◆ When a well-diversified mix of assets underperforms cash:
 - There is a negative wealth effect and negative incentives to invest in economic activity.
 - Central banks generally look to ease if they can.



Returns are shown through March 2016. Please note the returns shown for All Weather are simulated prior to June 1996 using the All Weather Asset Mix (see All Weather Asset Mix Disclosure). It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology and the underlying market data. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

DRAWDOWNS FOR A BALANCED PORTFOLIO ARE SHORTER LIVED

All Weather Since 1970

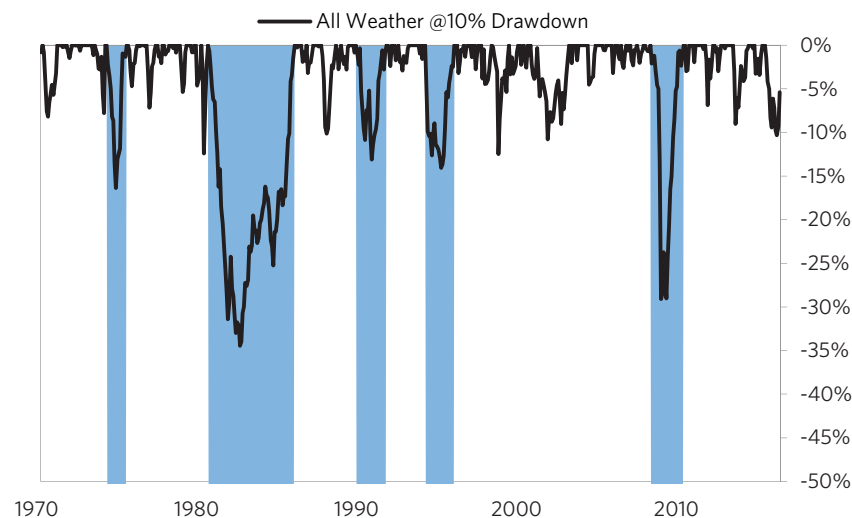
	Severity (% Lost)	Duration (# of months)
All Drawdowns (Average)	-7%	9
Top 5 Drawdowns (Average)	-21%	29
Worst Drawdown	-34%	64

Note: Drawdowns are based on excess returns above cash and includes drawdowns that are at least three months long.

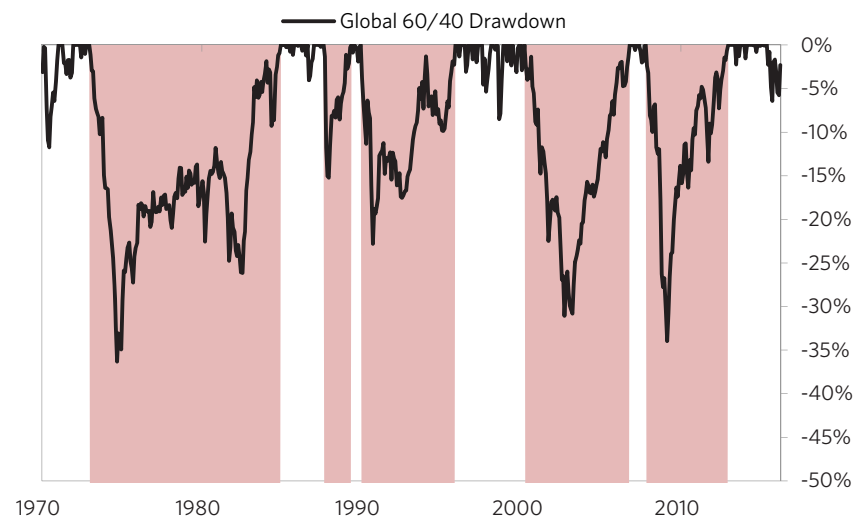
Global 60/40 Since 1970

	Severity (% Lost)	Duration (# of months)
All Drawdowns (Average)	-13%	31
Top 5 Drawdowns (Average)	-28%	74
Worst Drawdown	-36%	143

Note: Drawdowns are based on excess returns above cash and includes drawdowns that are at least three months long.



All Weather Strategy Performance simulated prior to June 1996

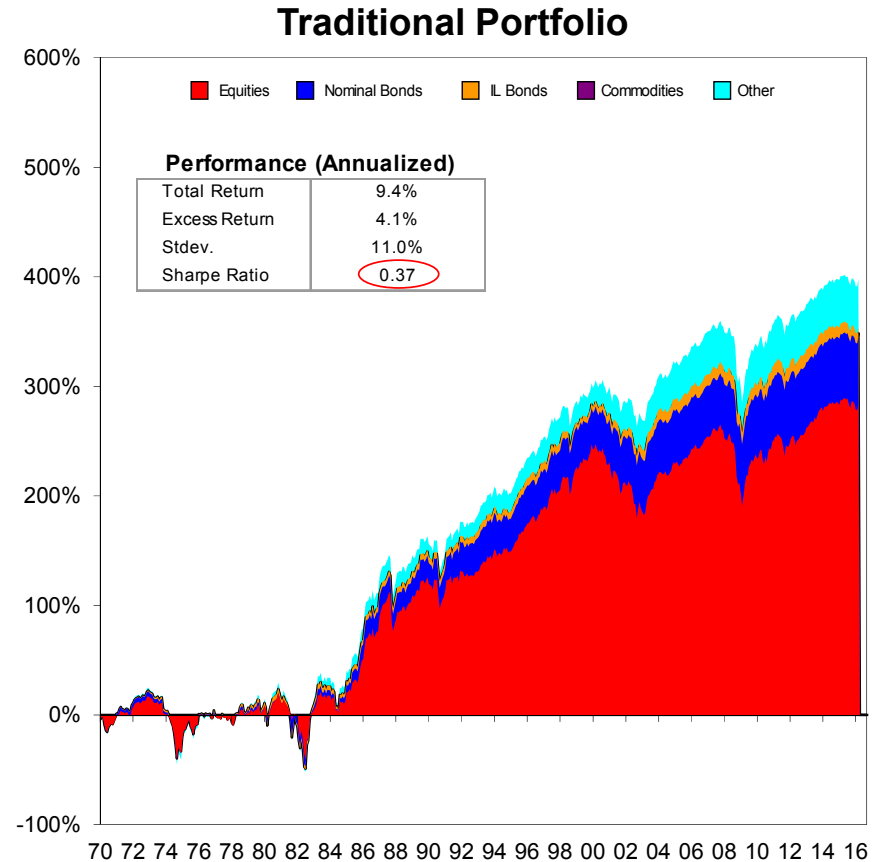
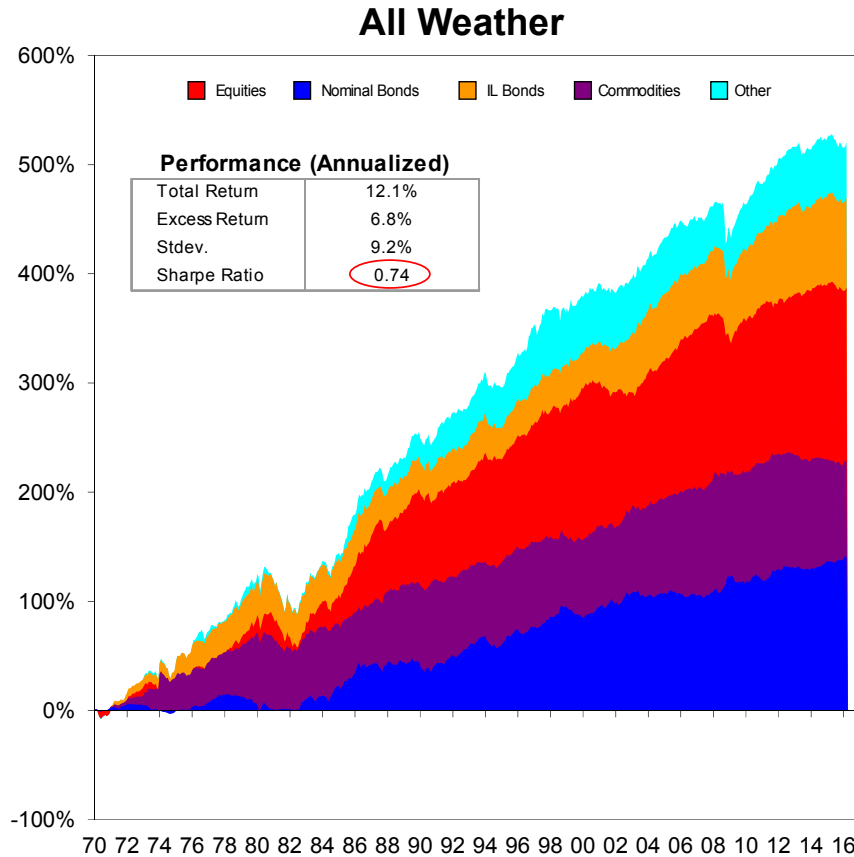


Note: Drawdowns are based on excess returns above cash. The 5 most severe drawdowns are highlighted.

Data from January 1970 through March 2016. Excess returns are gross of fees. The global 60/40 is 60% hedged world equities and 40% hedged world bonds. Please note the All Weather Asset Mix is used in this analysis (see All Weather Asset Mix Disclosure). It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology and the underlying market data. All drawdowns are calculated based off of excess returns. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. Past performance is not indicative of future results. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

CONCENTRATED VS. BALANCED PORTFOLIO RETURN CONTRIBUTION

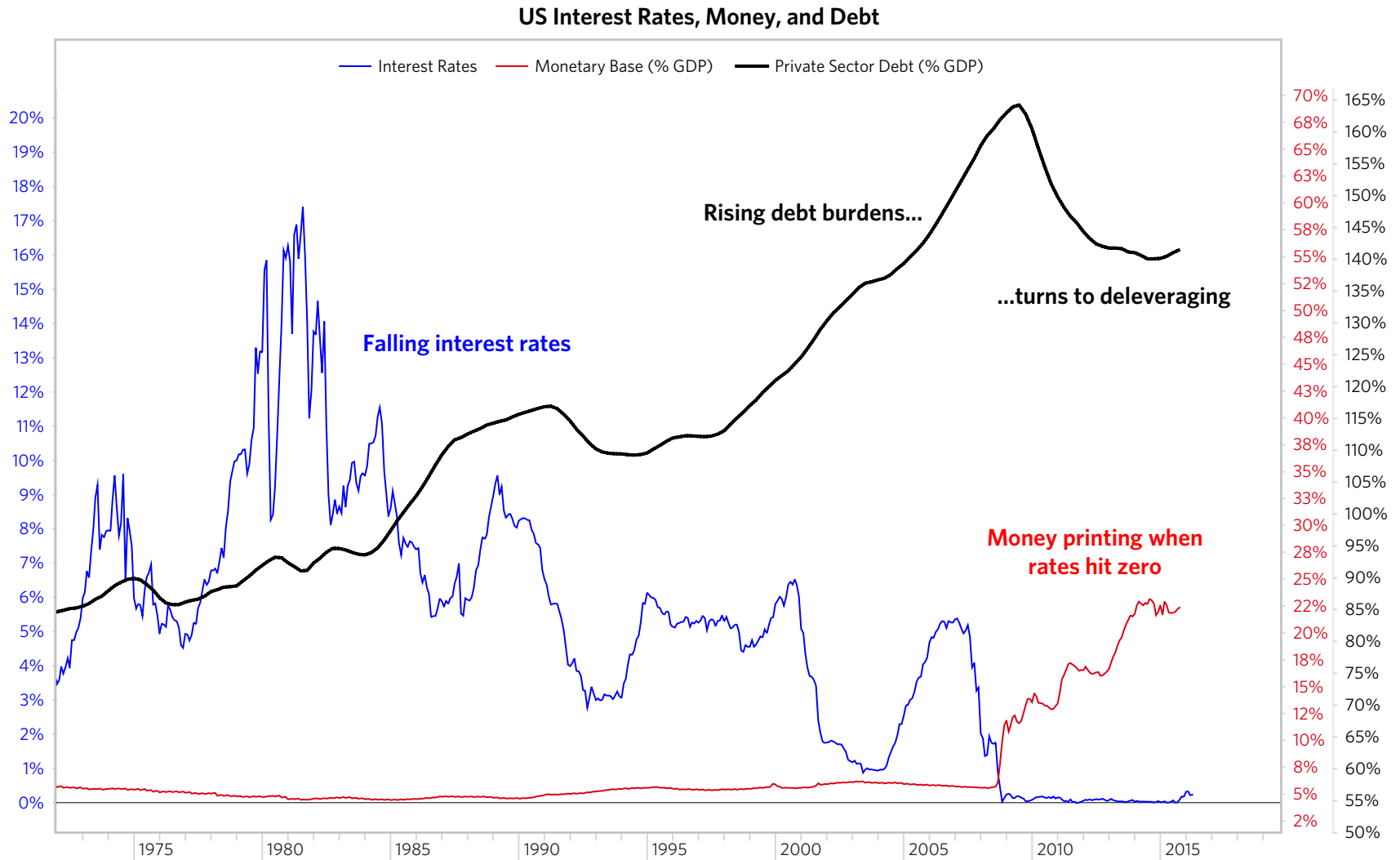
Cumulative Performance Attribution (In)



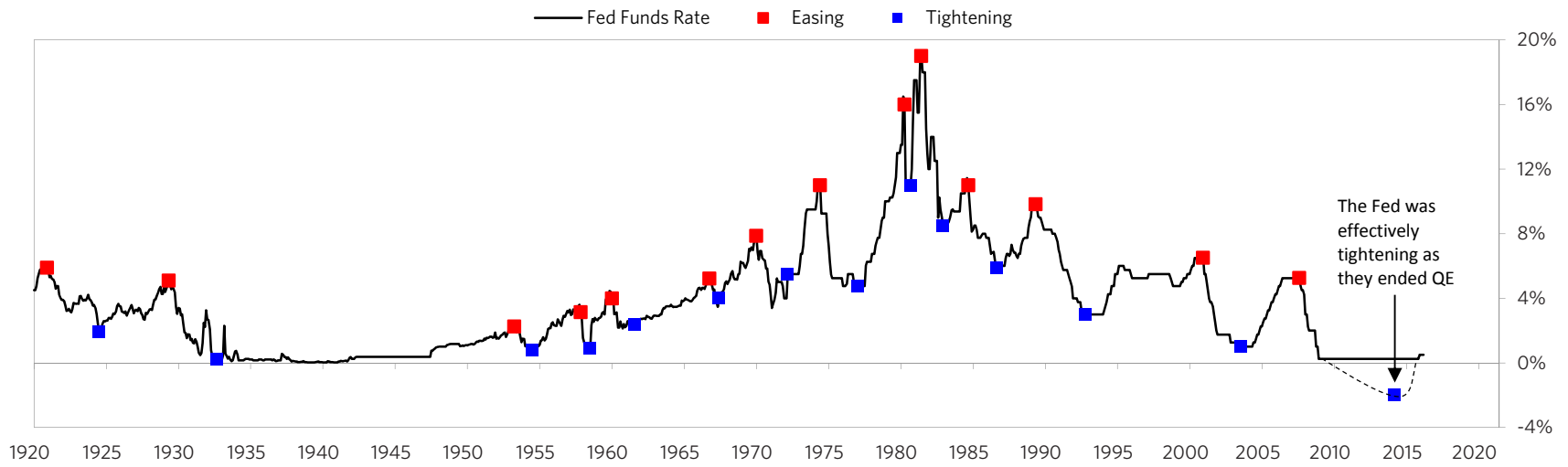
Data through March 2016. "Traditional Portfolio" refers to the U.S. Traditional Portfolio. Returns are cumulative excess returns above cash, shown gross of fees. All Weather returns are based on All Weather Asset Mix (see All Weather Asset Mix Disclosure). It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology and the underlying market data. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. Past performance is not indicative of future results. Please review the "Important Disclosures and Other Information" located at the end of this presentation.

III. Global Outlook

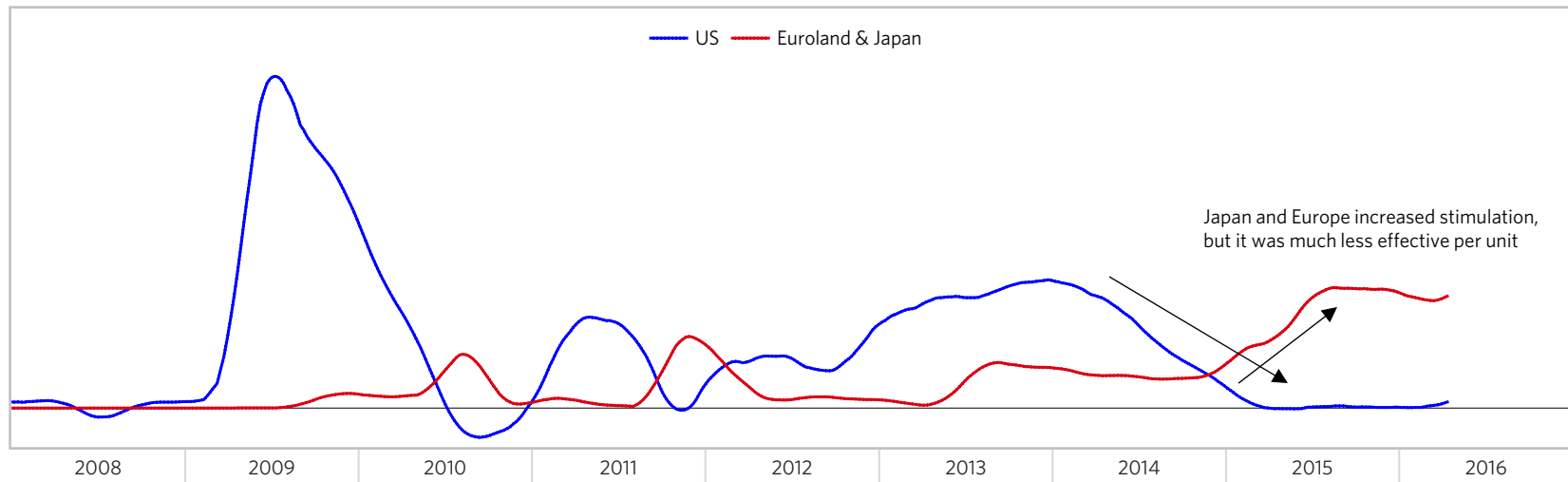
SECULAR CHALLENGE: THE END OF THE MONETARY SUPERCYCLE



THE FED HAS BEEN TIGHTENING FOR SOME TIME

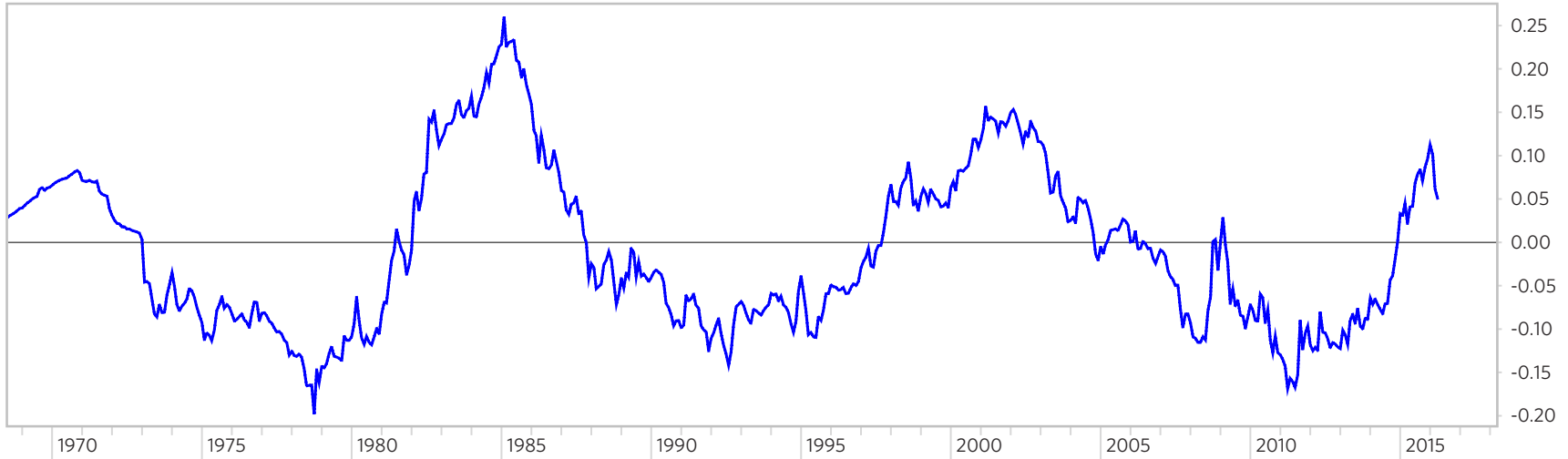


Developed World Monetary Stimulation

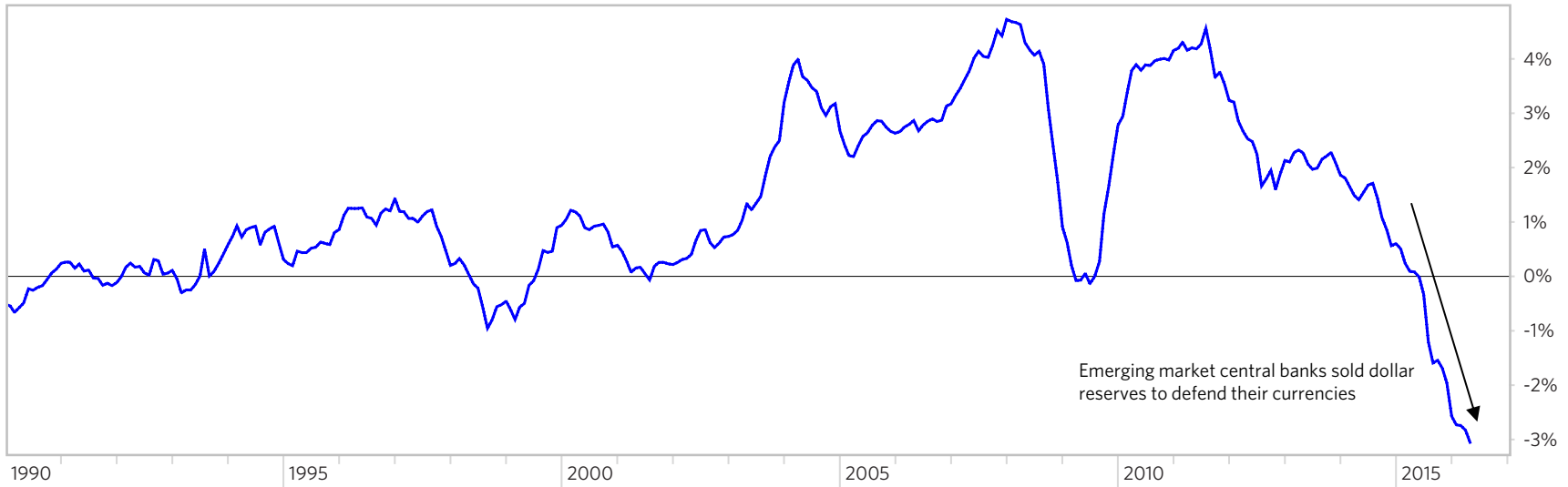


2015: DOLLAR LIQUIDITY TIGHTENED, CAPITAL FLOWS REVERSED

US Real Exchange Rate Index

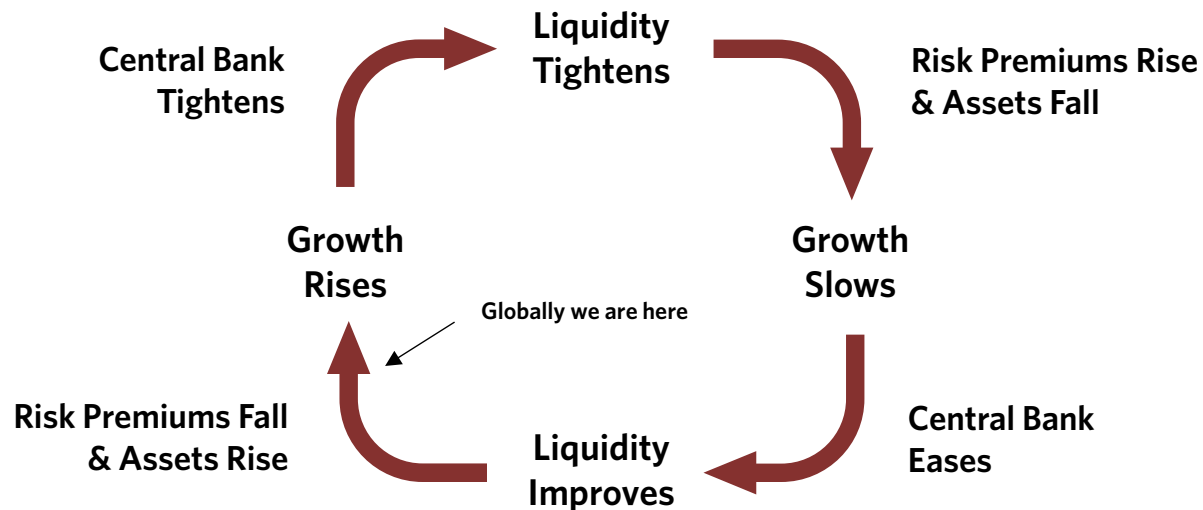


World USD Reserve Flows (% US GDP)



2016: POLICYMAKERS RESPONDED BY EASING

- ◆ The Fed delayed tightening, Europe and Japan now both have negative rates, and China eased across multiple dimensions.
- ◆ The liquidity cycle chart below shows where we've been, where we are, and where we're probably going in relation to the typical cycle.



CENTRAL BANKS ARE CONSTRAINED IN THEIR ABILITY TO EASE

Developed World Monetary "Fuel in the Tank"



WHAT MARKETS ARE DISCOUNTING

Growth

Implied Real Earnings Growth

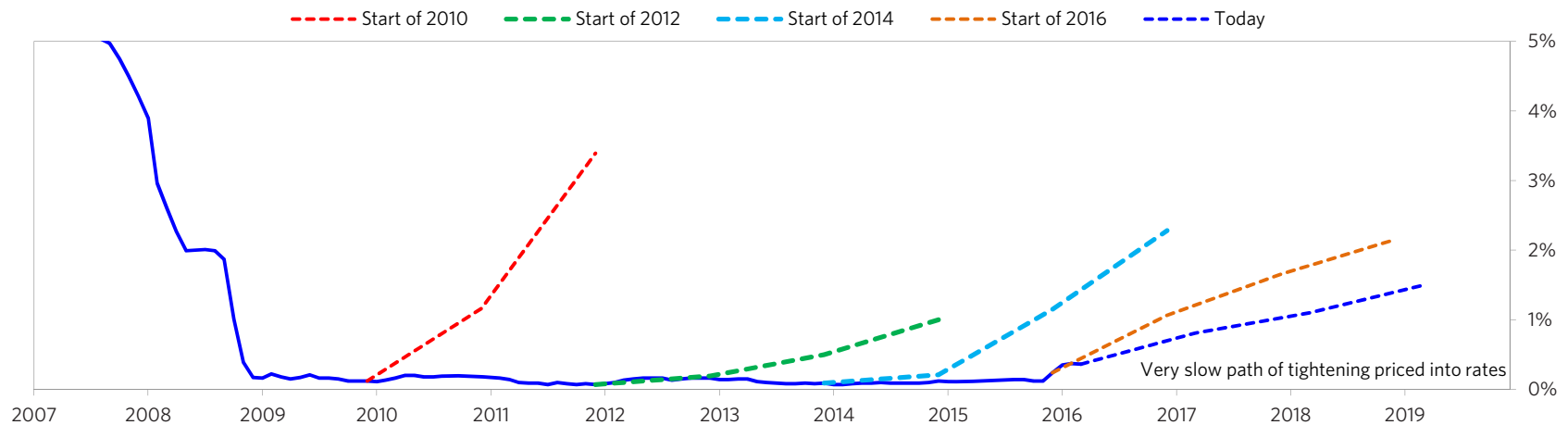
Developed World:	1.0%
United States:	1.5%
Eurozone:	-0.3%
Emerging Markets:	3.6%

Inflation

Long-Term Breakeven Inflation

United States:	1.6%
Eurozone:	1.1%
Japan:	0.2%

US Priced-In Forward Short Rate Path



Data is shown as of April 20, 2016.

Important Disclosures and Other Information

Please read carefully the following important disclosures and other information as they provide additional information relevant to understanding the assumptions, research and performance information presented herein. Additional information is available upon request except where the proprietary nature of the information precludes its dissemination.

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ALL WEATHER STRATEGY DISCLOSURE

All Weather Strategy Performance (Net of Fees)

	All Weather Total Return in USD
Last 1 Year	-7.8%
Last 3 Years	-1.0%
Last 5 Years	5.1%
Last 10 Years	5.0%

Annualized Returns (Jun-96 through Apr-16)

Net Since Inception Jun-96 through Apr-16

Annualized Return	7.8%
Standard Deviation	10.3%
Sharpe Ratio	0.52

Past results are not necessarily indicative of future results.

Bridgewater All Weather Strategy Performance Disclosure:

For the period June 1996 (the inception of the strategy) through August 2001 the performance is based on the total return of the Bridgewater All Weather strategy as implemented for Bridgewater's principals and their affiliates and was not fully hedged to the US Dollar. The All Weather strategy is structured to be fully hedged, and the performance reflected after August 2001 includes these hedging transactions. For the period of August 2001 through present the performance shown is the actual total returns of the longest running fully funded All Weather account. For the entire history excess returns are calculated by subtracting an approximation of a U.S. cash rate from the total returns described above. Of note, the All Weather strategy's target leverage, volatility and return, as well as the asset mix varied from June 1996 to July 2005. From August 2005 through the present the strategy has targeted 10% volatility. Bridgewater manages additional All Weather portfolios not included in this performance history.

Gross of fees performance is gross of management fees and includes the reinvestment of interest, gains, and losses. Returns will be reduced by the investment advisory fees and any other expenses that may be incurred in the management of the account.

Net of fees performance has been calculated using our standard fee schedule for a minimum size account, which are the highest fees we have or would currently charge an account. Investment advisory fees are described in Bridgewater's ADV Part 2A.

No representation is being made that any account will or is likely to achieve returns similar to those shown. Trading in futures is risky and can result in losses as well as profits. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Performance as of the current month is estimated and subject to change.

ALL WEATHER ASSET MIX DISCLOSURE

All Weather Asset Mix Performance (Net of Fees)

	All Weather Total Return in USD
Last 1 Year	-4.2%
Last 3 Years	1.1%
Last 5 Years	4.9%
Last 10 Years	6.4%

Annualized Returns (Jun-96 through Mar-16)

Net Since Inception Jun-96 through Mar-16

Annualized Return	8.9%
Standard Deviation	9.5%
Sharpe Ratio	0.68

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All Weather Asset Mix Disclosure:

Where shown, simulated returns for All Weather are created using the All Weather asset mix. The All Weather asset mix performance is simulated by applying All Weather asset mix weights, which are determined by Bridgewater's proprietary process for building an environmentally balanced portfolio, to historical market returns. We use actual market returns when available and otherwise use Bridgewater Associates' proprietary estimates, based on other available data and our fundamental understanding of asset classes. In certain cases, market data for an exposure which otherwise would exist in the simulation may be omitted if the relevant data is unavailable, deemed unreliable, immaterial or accounted for using proxies. In the case of omitted markets, other markets in the same asset class, which represent the vast majority of our positions in each asset class, are scaled to represent the full asset class position. Examples of omitted markets include, but are not limited to, non-U.S. markets prior to 1970, emerging market equities, some inflation-linked bond markets and certain commodities.

Simulated asset returns are subject to considerable uncertainty and potential error, as there is a great deal that cannot be known about how assets would have performed in the absence of actual market returns. The All Weather asset mix simulation is an approximation of our actual process but not an exact replication, and may have differences including but not limited to the precise mix of markets used and the weights applied to those markets. It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology (including the addition/removal of asset classes) and the underlying market data. There is no guarantee that previous results would not be materially different. Future strategy changes could materially change previous simulated return in order to reflect the changes accurately across time.

Transaction costs are accounted for and are estimates themselves based on historical measured costs and/or modeled costs. Actual transaction costs experienced could have been higher or lower than those reflected in the simulation. Where noted, the All Weather Asset Mix Net of Fees returns have been calculated using our standard fee schedule for a minimum size account, which are the highest fees we have or would currently charge an account. Investment advisory fees are described in Bridgewater's ADV Part 2A. No claim is being made of the All Weather Asset Mix's ability to perform in absolute terms or relative to any market return in the future, during market events not represented or during market events occurring in the future. Market conditions and events vary considerably, are unpredictable and can have unforeseen impacts resulting in materially adverse performance results.

USD TRADITIONAL PORTFOLIO

This page contains the allocation information for the historical simulation of the Traditional portfolio, from 1970 onwards, as well as forward looking assumptions for expected returns, volatility, tracking error, and correlations used in this analysis.

The portfolio capital allocation weights (illustrated below) are estimates based either upon Bridgewater Associates' understanding of standard asset allocation (which may change without notice) or information provided by or publicly available from the recipient of this presentation. Asset class returns are actual market returns where available and otherwise a proxy index constructed based on Bridgewater Associates understanding of global financial markets. Information regarding specific indices and simulation methods used for proxies is available upon request (except where the proprietary nature of information precludes its dissemination). Results are hypothetical or simulated and gross of fees unless otherwise indicated. HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING OR THE COSTS OF MANAGING THE PORTFOLIO. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER OR OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN.

Asset Type	Benchmark	Nominal Exposure	Fx Exposure	Beta Volatility	Beta Ratio	Alpha Volatility	Alpha Ratio
Equities	U.S. Equities	15.0%	---	15.3%	0.25	---	---
Equities	U.S. Equities	15.0%	---	15.3%	0.25	5.0%	0.25
Equities	Dev. World Equities Ex-US	18.0%	Unhedged	15.6%	0.30	5.0%	0.30
Equities	Emerging Market Equities	3.0%	Unhedged	19.5%	0.25	5.0%	0.30
Nominal Bonds	U.S. Gov't Bonds	4.5%	---	3.8%	0.25	---	---
Nominal Bonds	U.S. Gov't Bonds	4.5%	---	3.8%	0.25	2.0%	0.25
Corporate Bonds	U.S. Corporate Bonds	5.0%	---	7.0%	0.30	3.0%	0.25
MBS	U.S. MBS	6.0%	---	4.1%	0.25	2.0%	0.25
IL Bonds	U.S. IL Bonds	1.0%	---	7.3%	0.25	---	---
IL Bonds	U.S. IL Bonds	1.0%	---	7.3%	0.25	1.0%	0.25
High Yield Bonds	U.S. High Yield	2.0%	---	11.3%	0.30	4.0%	0.25
Nominal Bonds	World Gov't Bonds Ex-US	2.0%	Hedged	3.8%	0.30	2.0%	0.30
Equities	U.S. PE / VC	9.0%	---	24.5%	0.25	10.0%	0.25
Real Estate	U.S. Real Estate	5.0%	---	20.1%	0.25	6.0%	0.25
Real Estate	World Real Estate	2.0%	Unhedged	19.3%	0.30	---	---
Commodities	Bloomberg Commodity Index	2.0%	---	16.5%	0.20	10.0%	0.30
Hedge Fund	Cash	5.0%	---	---	---	7.0%	0.70



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Ventura County Employees' Retirement Association

**Preliminary Performance Report
Month Ending April 30, 2016**

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

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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
Total Fund	4,357,354,833	100.0	100.0	1.3	6.0	2.7	-0.1	-1.7	5.9	6.4	5.3	7.8	Apr-94
Policy Index				<u>1.0</u>	<u>6.0</u>	<u>2.4</u>	<u>0.9</u>	<u>0.0</u>	<u>6.4</u>	<u>6.5</u>	<u>5.5</u>	<u>7.9</u>	Apr-94
Over/Under				0.3	0.0	0.3	-1.0	-1.7	-0.5	-0.1	-0.2	-0.1	
Allocation Index				1.2	6.2	2.0	-0.4	-1.7	5.5	5.9	5.0	--	Apr-94
60% MSCI World (Net) / 40% CITI WGBI				1.5	7.4	4.2	2.4	0.1	4.1	4.1	4.4	6.3	Apr-94
Total Fund ex Parametric	4,100,745,314	94.1	--	1.2	5.8	3.2	0.5	-1.0	6.1	6.6	5.2	7.8	Apr-94
Total Fund ex Private Equity	4,200,198,619	96.4	--	1.3	6.2	2.7	-0.4	-2.1	5.2	--	--	8.3	Jan-12
Policy Index				<u>1.0</u>	<u>6.0</u>	<u>2.4</u>	<u>0.9</u>	<u>0.0</u>	<u>6.4</u>	<u>6.5</u>	<u>5.5</u>	<u>9.1</u>	Jan-12
Over/Under				0.3	0.2	0.3	-1.3	-2.1	-1.2			-0.8	
Total US Equity	1,345,868,648	30.9	28.0	0.6	7.7	1.6	0.1	-0.2	11.0	10.7	6.5	8.7	Dec-93
Russell 3000				<u>0.6</u>	<u>7.7</u>	<u>1.6</u>	<u>0.1</u>	<u>-0.3</u>	<u>10.7</u>	<u>10.5</u>	<u>6.9</u>	<u>9.0</u>	Dec-93
Over/Under				0.0	0.0	0.0	0.0	0.1	0.3	0.2	-0.4	-0.3	
BlackRock Equity Market Fund	1,155,963,039	26.5		0.6	7.6	1.6	0.2	-0.1	10.8	10.5	--	6.7	Dec-07
Dow Jones U.S. Total Stock Market				<u>0.6</u>	<u>7.7</u>	<u>1.5</u>	<u>0.1</u>	<u>-0.3</u>	<u>10.7</u>	<u>10.5</u>	<u>7.0</u>	<u>6.6</u>	Dec-07
Over/Under				0.0	-0.1	0.1	0.1	0.2	0.1	0.0		0.1	
Western U.S. Index Plus	144,377,300	3.3		0.6	7.7	2.3	2.1	1.3	11.5	11.7	--	3.4	May-07
S&P 500				<u>0.4</u>	<u>7.1</u>	<u>1.7</u>	<u>1.9</u>	<u>1.2</u>	<u>11.3</u>	<u>11.0</u>	<u>6.9</u>	<u>5.7</u>	May-07
Over/Under				0.2	0.6	0.6	0.2	0.1	0.2	0.7		-2.3	
BlackRock Extended Equity Index	45,528,309	1.0		1.7	10.5	0.9	-6.9	-5.9	8.4	8.3	7.0	11.1	Oct-02
Dow Jones U.S. Completion Total Stock Market				<u>1.7</u>	<u>10.5</u>	<u>0.7</u>	<u>-7.1</u>	<u>-6.2</u>	<u>8.3</u>	<u>8.1</u>	<u>6.9</u>	<u>11.0</u>	Oct-02
Over/Under				0.0	0.0	0.2	0.2	0.3	0.1	0.2	0.1	0.1	

Policy Index: Currently, 28% Russell 3000, 20% Barclays Aggregate, 15% MSCI ACWI ex U.S., 10% MSCI ACWI, 10% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index.

Prior to January 2016 the Total U.S. Equity Benchmark was 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% and CPI+5% are 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
Total Non-US Equity	590,567,157	13.6	15.0	3.1	10.6	3.3	-5.0	-9.0	0.7	0.9	1.9	6.0	Mar-94
MSCI ACWI ex USA				<u>2.6</u>	<u>9.7</u>	<u>2.2</u>	<u>-7.3</u>	<u>-11.3</u>	<u>0.0</u>	<u>-0.1</u>	<u>1.7</u>	<u>4.8</u>	Mar-94
Over/Under				0.5	0.9	1.1	2.3	2.3	0.7	1.0	0.2	1.2	
MSCI ACWI ex USA				<u>2.6</u>	<u>9.7</u>	<u>2.2</u>	<u>-7.3</u>	<u>-11.3</u>	<u>0.0</u>	<u>-0.1</u>	<u>1.7</u>	--	Mar-94
BlackRock ACWI ex-U.S. Index	244,388,753	5.6		<u>2.7</u>	<u>10.2</u>	<u>2.5</u>	<u>-6.5</u>	<u>-10.1</u>	<u>0.6</u>	<u>0.3</u>	--	<u>0.9</u>	Mar-07
MSCI ACWI ex USA				<u>2.6</u>	<u>9.7</u>	<u>2.2</u>	<u>-7.3</u>	<u>-11.3</u>	<u>0.0</u>	<u>-0.1</u>	<u>1.7</u>	<u>0.4</u>	Mar-07
Over/Under				0.1	0.5	0.3	0.8	1.2	0.6	0.4		0.5	
Sprucegrove	172,163,597	4.0		<u>4.1</u>	<u>12.9</u>	<u>4.5</u>	<u>-6.3</u>	<u>-10.8</u>	<u>0.1</u>	<u>1.2</u>	<u>2.4</u>	<u>6.8</u>	Mar-02
MSCI ACWI ex USA				<u>2.6</u>	<u>9.7</u>	<u>2.2</u>	<u>-7.3</u>	<u>-11.3</u>	<u>0.0</u>	<u>-0.1</u>	<u>1.7</u>	<u>6.0</u>	Mar-02
Over/Under				1.5	3.2	2.3	1.0	0.5	0.1	1.3	0.7	0.8	
MSCI EAFE				<u>2.9</u>	<u>7.6</u>	<u>-0.2</u>	<u>-6.2</u>	<u>-9.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.6</u>	<u>5.5</u>	Mar-02
Hexavest	79,011,942	1.8		<u>3.0</u>	<u>8.5</u>	<u>2.9</u>	<u>-2.2</u>	<u>-5.8</u>	<u>1.8</u>	<u>2.2</u>	--	<u>3.5</u>	Dec-10
MSCI EAFE				<u>2.9</u>	<u>7.6</u>	<u>-0.2</u>	<u>-6.2</u>	<u>-9.3</u>	<u>1.5</u>	<u>1.7</u>	<u>1.6</u>	<u>3.3</u>	Dec-10
Over/Under				0.1	0.9	3.1	4.0	3.5	0.3	0.5		0.2	
Walter Scott	95,002,864	2.2		<u>2.7</u>	<u>9.4</u>	<u>3.4</u>	<u>-1.0</u>	<u>-5.2</u>	<u>0.6</u>	<u>2.6</u>	--	<u>3.7</u>	Dec-10
MSCI ACWI ex USA				<u>2.6</u>	<u>9.7</u>	<u>2.2</u>	<u>-7.3</u>	<u>-11.3</u>	<u>0.0</u>	<u>-0.1</u>	<u>1.7</u>	<u>1.4</u>	Dec-10
Over/Under				0.1	-0.3	1.2	6.3	6.1	0.6	2.7		2.3	
Total Global Equity	423,396,011	9.7	10.0	1.2	8.4	2.3	-4.5	-7.3	3.7	4.3	2.9	4.7	May-05
MSCI ACWI				<u>1.5</u>	<u>8.2</u>	<u>1.7</u>	<u>-3.3</u>	<u>-5.7</u>	<u>5.1</u>	<u>4.7</u>	<u>3.9</u>	<u>5.8</u>	May-05
Over/Under				-0.3	0.2	0.6	-1.2	-1.6	-1.4	-0.4	-1.0	-1.1	
BlackRock MSCI ACWI Equity Index	222,298,517	5.1		<u>1.5</u>	<u>8.4</u>	<u>1.9</u>	<u>-2.9</u>	<u>-5.2</u>	<u>5.5</u>	--	--	<u>9.5</u>	Jul-12
MSCI ACWI				<u>1.5</u>	<u>8.2</u>	<u>1.7</u>	<u>-3.3</u>	<u>-5.7</u>	<u>5.1</u>	<u>4.7</u>	<u>3.9</u>	<u>9.1</u>	Jul-12
Over/Under				0.0	0.2	0.2	0.4	0.5	0.4			0.4	
GMO Global Equity	201,097,494	4.6		<u>0.8</u>	<u>8.3</u>	<u>2.7</u>	<u>-6.1</u>	<u>-9.5</u>	<u>2.0</u>	<u>3.7</u>	<u>3.6</u>	<u>5.5</u>	Apr-05
MSCI ACWI				<u>1.5</u>	<u>8.2</u>	<u>1.7</u>	<u>-3.3</u>	<u>-5.7</u>	<u>5.1</u>	<u>4.7</u>	<u>3.9</u>	<u>5.8</u>	Apr-05
Over/Under				-0.7	0.1	1.0	-2.8	-3.8	-3.1	-1.0	-0.3	-0.3	

Prior to May 2002, Total Non-U.S. Equity Benchmark was 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
Total Private Equity	157,156,214	3.6	10.0	0.6	1.3	1.3	9.8	11.6	15.0	--	--	14.5	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>0.9</u>	<u>8.4</u>	<u>2.5</u>	<u>2.6</u>	<u>2.7</u>	<u>14.0</u>	<u>13.7</u>	--	<u>17.6</u>	<i>Jan-12</i>
Over/Under				-0.3	-7.1	-1.2	7.2	8.9	1.0			-3.1	
Adams Street Partners	97,909,645	2.2		0.0	1.3	1.3	7.1	8.3	14.2	--	--	13.2	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>0.9</u>	<u>8.4</u>	<u>2.5</u>	<u>2.6</u>	<u>2.7</u>	<u>14.0</u>	<u>13.7</u>	--	<u>17.6</u>	<i>Jan-12</i>
Over/Under				-0.9	-7.1	-1.2	4.5	5.6	0.2			-4.4	
Harbourvest	44,031,683	1.0		1.5	1.3	1.2	14.9	20.4	--	--	--	20.0	Jul-13
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>0.9</u>	<u>8.4</u>	<u>2.5</u>	<u>2.6</u>	<u>2.7</u>	<u>14.0</u>	<u>13.7</u>	--	<u>14.2</u>	<i>Jul-13</i>
Over/Under				0.6	-7.1	-1.3	12.3	17.7				5.8	
Pantheon Global Secondary Fund IV	15,214,887	0.3		1.4	1.5	1.5	13.2	8.9	9.4	--	--	9.1	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<u>0.9</u>	<u>8.4</u>	<u>2.5</u>	<u>2.6</u>	<u>2.7</u>	<u>14.0</u>	<u>13.7</u>	--	<u>17.6</u>	<i>Jan-12</i>
Over/Under				0.5	-6.9	-1.0	10.6	6.2	-4.6			-8.5	

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 ¹	Outstanding Commitment ¹	Call Ratio	Interest Paid/(Rec'd)	Distributions to Date	Valuation	Total Value	Net Benefit	IRR	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	\$31,612,674	\$42,377,155	\$12,696,942	14.4%	0.36x	1.43x
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	\$15,005,080	\$20,562,259	\$2,863,670	6.6%	0.31x	1.16x
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	\$7,429,998	\$7,744,434	\$1,632,934	10.4%	0.05x	1.27x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$7,837,000	\$663,000	92%	\$6,697	\$3,933,030	\$8,369,072	\$12,302,102	\$4,458,405	14.3%	0.5x	1.57x
Total Adams Street 2010	2010	5/21/2010	\$85,000,000	\$61,310,500	\$23,689,500	72%	\$23,499	\$20,569,126	\$62,416,824	\$82,985,950	\$21,651,951	12.2%	0.34x	1.35x
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$34,200,000	\$40,800,000	46%	\$10,728	\$2,698,535	\$33,317,817	\$36,016,352	\$1,805,624	4.1%	0.08x	1.05x
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$47,756,250	\$19,743,750	71%	\$84,954	\$21,664,123	\$44,241,007	\$65,905,130	\$18,063,926	30.0%	0.45x	1.38x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$8,310,001	\$6,093,687	\$14,403,688	\$4,443,688	14.9%	0.83x	1.45x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$8,308,104	\$41,691,896	17%	(\$3,352)	\$100,240	\$9,122,597	\$9,222,837	\$918,085	11.3%	0.01x	1.11x
Total VCERA Private Equity Program	--	5/21/2010	\$292,500,000	\$161,534,854	\$130,965,146	55%	\$115,829	\$53,342,025	\$155,191,932	\$208,533,957	\$46,883,274	14.5%	0.33x	1.29x

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 12/31/2015 NAVs cash-adjusted for cash flows through 4/30/2016.

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
Total US Fixed Income	840,120,195	19.3	20.0	1.3	4.1	4.3	3.9	3.1	2.1	4.2	6.1	6.1	Feb-94
<i>Barclays Aggregate</i>				<u>0.4</u>	<u>2.0</u>	<u>3.4</u>	<u>4.1</u>	<u>2.7</u>	<u>2.3</u>	<u>3.6</u>	<u>5.0</u>	<u>5.6</u>	<i>Feb-94</i>
Over/Under				0.9	2.1	0.9	-0.2	0.4	-0.2	0.6	1.1	0.5	
BlackRock U.S. Debt Fund	145,011,862	3.3		0.4	2.0	3.5	4.1	2.7	2.3	3.7	5.0	5.5	Nov-95
<i>Barclays Aggregate</i>				<u>0.4</u>	<u>2.0</u>	<u>3.4</u>	<u>4.1</u>	<u>2.7</u>	<u>2.3</u>	<u>3.6</u>	<u>5.0</u>	<u>5.5</u>	<i>Nov-95</i>
Over/Under				0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	
Western	280,328,989	6.4		0.9	3.4	4.0	4.6	2.9	3.0	4.9	5.8	6.4	Dec-96
<i>Barclays Aggregate</i>				<u>0.4</u>	<u>2.0</u>	<u>3.4</u>	<u>4.1</u>	<u>2.7</u>	<u>2.3</u>	<u>3.6</u>	<u>5.0</u>	<u>5.5</u>	<i>Dec-96</i>
Over/Under				0.5	1.4	0.6	0.5	0.2	0.7	1.3	0.8	0.9	
Reams	298,131,502	6.8		1.7	5.7	5.0	4.1	4.6	1.4	4.0	6.3	5.8	Sep-01
<i>Reams Custom Index</i>				<u>0.1</u>	<u>0.2</u>	<u>0.2</u>	<u>0.4</u>	<u>0.4</u>	<u>0.3</u>	<u>2.1</u>	<u>4.2</u>	<u>4.2</u>	<i>Sep-01</i>
Over/Under				1.6	5.5	4.8	3.7	4.2	1.1	1.9	2.1	1.6	
<i>Barclays Aggregate</i>				<u>0.4</u>	<u>2.0</u>	<u>3.4</u>	<u>4.1</u>	<u>2.7</u>	<u>2.3</u>	<u>3.6</u>	<u>5.0</u>	<u>4.8</u>	<i>Sep-01</i>
Loomis Sayles Multi Strategy	74,142,537	1.7		2.5	5.9	5.2	1.3	0.1	2.0	5.1	6.8	6.6	Jul-05
<i>Loomis Custom Index</i>				<u>1.5</u>	<u>4.2</u>	<u>4.7</u>	<u>2.6</u>	<u>1.3</u>	<u>2.2</u>	<u>4.1</u>	<u>5.6</u>	<u>5.3</u>	<i>Jul-05</i>
Over/Under				1.0	1.7	0.5	-1.3	-1.2	-0.2	1.0	1.2	1.3	
<i>Barclays Govt/Credit</i>				<u>0.5</u>	<u>2.5</u>	<u>4.0</u>	<u>4.4</u>	<u>2.8</u>	<u>2.2</u>	<u>3.9</u>	<u>5.0</u>	<u>4.6</u>	<i>Jul-05</i>
Loomis Strategic Alpha	42,505,305	1.0		1.4	2.4	1.8	-0.6	-1.1	--	--	--	1.6	Jul-13
<i>Barclays Aggregate</i>				<u>0.4</u>	<u>2.0</u>	<u>3.4</u>	<u>4.1</u>	<u>2.7</u>	<u>2.3</u>	<u>3.6</u>	<u>5.0</u>	<u>3.7</u>	<i>Jul-13</i>
Over/Under				1.0	0.4	-1.6	-4.7	-3.8				-2.1	

PIMCO Global Fixed Income is liquidating. The market value of \$2,341,187 as of 4/30/2016

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
Total Real Estate	365,489,464	8.4	7.0	0.0	1.9	1.9	8.5	11.7	11.6	11.2	4.1	7.9	Mar-94
NCREIF ODCE Net				<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>8.7</u>	<u>12.6</u>	<u>12.6</u>	<u>12.2</u>	<u>5.4</u>	<u>8.2</u>	Mar-94
Over/Under				0.0	-0.1	-0.1	-0.2	-0.9	-1.0	-1.0	-1.3	-0.3	
Prudential Real Estate	127,195,743	2.9		0.0	2.0	2.0	10.0	13.4	13.2	12.8	5.1	6.0	Jun-04
NCREIF ODCE Net				<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>8.7</u>	<u>12.6</u>	<u>12.6</u>	<u>12.2</u>	<u>5.4</u>	<u>7.0</u>	Jun-04
Over/Under				0.0	0.0	0.0	1.3	0.8	0.6	0.6	-0.3	-1.0	
NCREIF ODCE				0.0	2.2	2.2	9.5	13.7	13.6	13.3	6.4	8.0	Jun-04
UBS Real Estate	237,153,034	5.4		0.0	1.8	1.8	8.0	10.9	10.7	10.3	5.7	7.6	Mar-03
NCREIF ODCE Net				<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>8.7</u>	<u>12.6</u>	<u>12.6</u>	<u>12.2</u>	<u>5.4</u>	<u>7.3</u>	Mar-03
Over/Under				0.0	-0.2	-0.2	-0.7	-1.7	-1.9	-1.9	0.3	0.3	
NCREIF ODCE				0.0	2.2	2.2	9.5	13.7	13.6	13.3	6.4	8.3	Mar-03
RREEF	1,140,686	0.0		0.0	-4.8	-4.8	-10.7	0.0	13.2	21.3	--	-5.3	Sep-07
NCREIF ODCE Net				<u>0.0</u>	<u>2.0</u>	<u>2.0</u>	<u>8.7</u>	<u>12.6</u>	<u>12.6</u>	<u>12.2</u>	<u>5.4</u>	<u>3.5</u>	Sep-07
Over/Under				0.0	-6.8	-6.8	-19.4	-12.6	0.6	9.1		-8.8	
NCREIF ODCE				0.0	2.2	2.2	9.5	13.7	13.6	13.3	6.4	4.5	Sep-07
Total Liquid Alternatives	375,806,437	8.6	10.0	4.2	9.1	4.1	-8.8	-14.2	3.2	--	--	3.2	Apr-13
CPI + 4% (Unadjusted)				<u>0.8</u>	<u>1.9</u>	<u>2.4</u>	<u>3.5</u>	<u>5.1</u>	<u>5.0</u>	<u>5.3</u>	<u>5.8</u>	<u>5.0</u>	Apr-13
Over/Under				3.4	7.2	1.7	-12.3	-19.3	-1.8			-1.8	
Bridgewater All Weather Fund	266,353,727	6.1		1.8	5.4	4.2	-3.4	-7.7	--	--	--	2.9	Aug-13
CPI + 5% (Unadjusted)				<u>0.8</u>	<u>2.2</u>	<u>2.8</u>	<u>4.4</u>	<u>6.1</u>	--	--	--	<u>5.9</u>	Aug-13
Over/Under				1.0	3.2	1.4	-7.8	-13.8				-3.0	
Tortoise Energy Infrastructure	109,452,710	2.5		10.4	19.2	3.9	-19.9	-26.9	-0.5	--	--	-0.5	Apr-13
Wells Fargo MLP Index				<u>13.9</u>	<u>23.0</u>	<u>6.9</u>	<u>-22.8</u>	<u>-30.3</u>	<u>-6.5</u>	<u>1.4</u>	--	<u>-6.5</u>	Apr-13
Over/Under				-3.5	-3.8	-3.0	2.9	3.4	6.0			6.0	
Overlay	256,609,520	5.9	0.0										
Parametric	256,609,520	5.9											

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% and CPI+5% is estimated by carrying the last available month forward

Real Estate Valuation is as of 3/31/2016

Ventura County Employees' Retirement Association

Total Fund

Cash Flow Summary

Month Ending April 30, 2016

	Beginning Market Value	Withdrawals	Contributions	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Adams Street Partners	\$95,734,628	\$0	\$2,175,000	\$2,175,000	\$0	\$16	\$97,909,645
BlackRock ACWI ex-U.S. Index	\$237,902,996	\$0	\$0	\$0	-\$22,032	\$6,485,757	\$244,388,753
BlackRock Equity Market Fund	\$1,148,940,523	\$0	\$0	\$0	-\$21,349	\$7,022,516	\$1,155,963,039
BlackRock Extended Equity Index	\$44,757,824	\$0	\$0	\$0	-\$3,035	\$770,485	\$45,528,309
BlackRock MSCI ACWI Equity Index	\$218,952,483	\$0	\$0	\$0	-\$9,077	\$3,346,034	\$222,298,517
BlackRock U.S. Debt Fund	\$144,426,324	\$0	\$0	\$0	-\$8,167	\$585,538	\$145,011,862
Bridgewater All Weather Fund	\$261,608,219	\$0	\$0	\$0	-\$88,824	\$4,745,508	\$266,353,727
GMO Global Equity	\$199,419,351	\$0	\$0	\$0	-\$92,170	\$1,678,143	\$201,097,494
Harbourvest	\$43,386,234	\$0	\$0	\$0	\$0	\$645,448	\$44,031,683
Hexavest	\$76,709,883	\$0	\$0	\$0	-\$30,504	\$2,302,059	\$79,011,942
L - PIMCO Global Fixed Income	\$2,339,996	\$0	\$0	\$0	-\$683	\$1,192	\$2,341,187
Loomis Sayles Multi Strategy	\$72,294,856	\$0	\$0	\$0	-\$24,369	\$1,847,681	\$74,142,537
Loomis Strategic Alpha	\$41,900,786	\$0	\$0	\$0	-\$14,168	\$604,520	\$42,505,305
Pantheon Global Secondary Fund IV	\$15,002,135	\$0	\$0	\$0	\$0	\$212,751	\$15,214,887
Parametric	\$269,942,617	-\$28,929,504	\$17,749,201	-\$11,180,303	-\$61,578	-\$2,152,794	\$256,609,520
Prudential Real Estate	\$127,195,743	\$0	\$0	\$0	\$0	\$0	\$127,195,743
Reams	\$293,147,976	\$0	\$0	\$0	-\$43,516	\$4,983,526	\$298,131,502
RREEF	\$1,140,686	\$0	\$0	\$0	\$0	\$0	\$1,140,686
Sprucegrove	\$165,287,365	\$0	\$0	\$0	-\$55,451	\$6,876,232	\$172,163,597
Tortoise Energy Infrastructure	\$99,070,351	\$0	\$0	\$0	-\$67,423	\$10,382,359	\$109,452,710
UBS Real Estate	\$237,153,034	\$0	\$0	\$0	\$0	\$0	\$237,153,034
Walter Scott	\$92,463,216	\$0	\$0	\$0	-\$69,376	\$2,539,648	\$95,002,864
Western	\$277,765,076	\$0	\$0	\$0	-\$47,541	\$2,563,913	\$280,328,989
Western U.S. Index Plus	\$143,435,833	\$0	\$0	\$0	-\$30,547	\$941,467	\$144,377,300
Total	\$4,309,978,136	-\$28,929,504	\$19,924,201	-\$9,005,303	-\$689,812	\$56,382,001	\$4,357,354,833

L-PIMCO Global Fixed Income is liquidating



April 30, 2016



NEPC, LLC

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Ventura County Employees' Retirement Association

Investment Summary Quarter Ending March 31, 2016

Daniel LeBeau, Consultant
Allan Martin, Partner,
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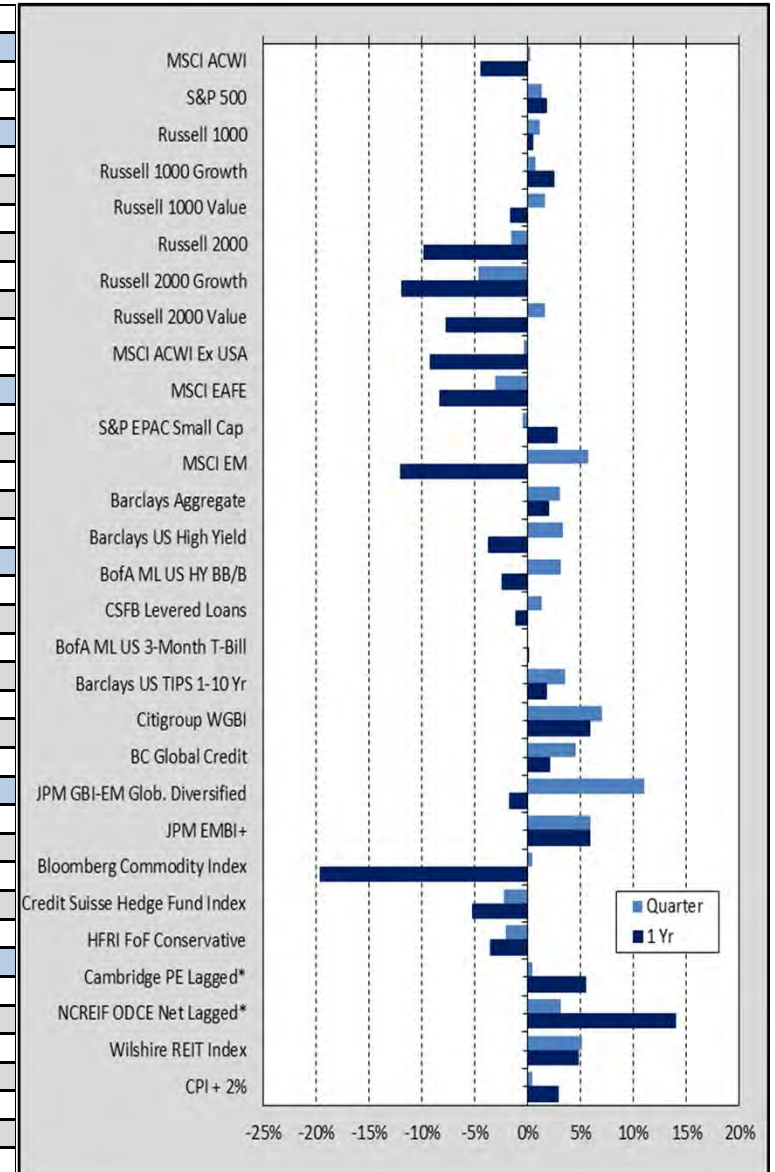
Market Environment Update and Outlook

Economic Environment

- **Fourth quarter GDP growth rate (third estimate) printed at a modest 1.4%.**
 - Retail sales ended February at +3.1% on a year-over-year growth rate basis. In the same period last year the YoY growth rate was 1.2%.
 - The inventory-to-sales ratio ended February was flat at 1.4 and has remained relatively flat since early 2010.
 - Corporate profits (ended October) as a percent of GDP declined slightly to 9.3% from 9.9% and remain elevated relative to historical levels.
 - The U.S. trade deficit widened 2.6% in February due to increased imports.
- **The unemployment rate remained unchanged at 5.0% in Q1; U-6, a broader measure of unemployment, fell to 9.8% during the first quarter.**
- **The Case-Shiller Home Price Index (ended January) increased slightly to 175.4 from 175.3 September and is at levels higher than that of pre-financial crisis levels of 150.9.**
- **Rolling 12-month seasonally adjusted CPI increased to 0.8% from 0.06% at the end of December; Capacity Utilization decreased to 74.8 in March from 75.4% in December.**
- **Fed Funds rate was unchanged at 0.50%. The 10-year Treasury Yield (constant maturity) finished Q1 at 1.9% down from 2.2% ended December.**
- **The Fed balance sheet decreased slightly during Q1 2016, while the European Central Bank balance sheet continues to increase.**
 - ECB cut interest rates to -0.4% and expanded asset purchases from €60 billion to €80 billion per month.
- **S&P valuations decreased in March remaining above the 10-year and long-term averages**
 - Cyclically adjusted Shiller PE ratio (25.38x) is above the long-term average of 16.6x and above the 10-year average of 22.8x.
- **Global currencies strengthened against the dollar amid commodity price stabilization and investor confidence.**

Market Environment – Q1 2016 Overview

		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
World Equity Benchmarks						
MSCI ACWI	World	0.2%	-4.3%	5.5%	5.2%	4.1%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Equity Benchmarks						
S&P 500	Large Core	1.3%	1.8%	11.8%	11.6%	7.0%
Russell 1000	Large Core	1.2%	0.5%	11.5%	11.4%	7.1%
Russell 1000 Growth	Large Growth	0.7%	2.5%	13.6%	12.4%	8.3%
Russell 1000 Value	Large Value	1.6%	-1.5%	9.4%	10.2%	5.7%
Russell 2000	Small Core	-1.5%	-9.8%	6.8%	7.2%	5.3%
Russell 2000 Growth	Small Growth	-4.7%	-11.8%	7.9%	7.7%	6.0%
Russell 2000 Value	Small Value	1.7%	-7.7%	5.7%	6.7%	4.4%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
International Equity Benchmarks						
MSCI ACWI Ex USA	World ex-US	-0.4%	-9.2%	0.3%	0.3%	1.9%
MSCI EAFE	Int'l Developed	-3.0%	-8.3%	2.2%	2.3%	1.8%
S&P EPAC Small Cap	Small Cap Int'l	-0.4%	2.8%	7.9%	5.9%	4.5%
MSCI EM	Emerging Equity	5.7%	-12.0%	-4.5%	-4.1%	3.0%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Domestic Fixed Income Benchmarks						
Barclays Aggregate	Core Bonds	3.0%	2.0%	2.5%	3.8%	4.9%
Barclays US High Yield	High Yield	3.4%	-3.7%	1.8%	4.9%	7.0%
BofA ML US HY BB/B	High Yield	3.1%	-2.4%	2.5%	5.2%	6.5%
CSFB Levered Loans	Bank Loans	1.3%	-1.1%	2.2%	3.5%	4.0%
BofA ML US 3-Month T-Bill	Cash	0.1%	0.1%	0.1%	0.1%	1.1%
Barclays US TIPS 1-10 Yr	Inflation	3.6%	1.8%	-0.7%	1.9%	4.0%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Global Fixed Income Benchmarks						
Citigroup WGBI	World Gov. Bonds	7.1%	5.9%	0.5%	1.2%	4.2%
BC Global Credit	Global Bonds	4.6%	2.1%	1.6%	3.3%	4.8%
JPM GBI-EM Glob. Diversified	Em. Mkt. Bonds (Local)	11.0%	-1.6%	-6.7%	-2.0%	5.0%
JPM EMBI+	Em. Mkt. Bonds	5.9%	5.9%	2.8%	6.1%	7.1%
		Qtr.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Alternative Benchmarks						
Bloomberg Commodity Index	Commodity	0.4%	-19.6%	-16.9%	-14.1%	-6.2%
Credit Suisse Hedge Fund Index	Hedge Fund	-2.2%	-5.2%	2.4%	2.7%	4.2%
HFRI FoF Conservative	Fund of Funds	-2.0%	-3.5%	2.1%	1.7%	1.4%
Cambridge PE Lagged*	Private Equity	0.4%	5.5%	12.5%	12.5%	11.4%
NCREIF ODCE Net Lagged*	Real Estate	3.1%	14.0%	12.8%	12.6%	5.6%
Wilshire REIT Index	REIT	5.2%	4.8%	11.1%	12.1%	6.3%
CPI + 2%	Inflation/Real Assets	0.4%	2.9%	2.8%	3.3%	3.8%



* As of 12/31/2015

Global Equity

- **U.S. equities posted modest gains in the first quarter (+1.3%) rallying in March from a rocky beginning to 2016.**
- **Small cap stocks underperformed large cap stocks during the quarter, with the Russell 2000 Index returning -1.5% and the Russell 1000 Index returning 1.2%.**
- **International equities underperformed U.S. markets during the quarter, returning -0.4%, as measured by the MSCI ACWI ex-U.S. Index. Emerging markets returned 5.7% as measured by the MSCI Emerging Markets Index in U.S. dollar terms.**
 - Developed international markets returned -3.0% as measured by the MSCI EAFE Index.

Private Equity

- **Private equity fundraising totaled \$130.5 billion in Q1 2016.**
- **Buyout and Special Situations fundraising totaled \$48.1 billion in Q1 2016.**
 - 55% of fundraising activity was in North America, 42% in Europe and 2.7% in Asia/Emerging Markets.
- **Venture capital fundraising totaled \$9.2 billion.**
 - VC fundraising as a percent of total new PE funds is in line with historical post-dot com levels at approximately 14%.
- **Fund of fund and multi-manager co-investment fundraising totaled \$7.8 billion.**
- **Growth equity fundraising totaled \$3.4 billion.**

Fixed Income

- The yield curve shifted down for maturities greater than 6 months. Intermediate yields decreased 44-49 basis points and long duration yields decreased 40 basis points.
- The spread between two and 10-year rates decreased to 105 basis points from 121 basis points ended March. Treasury Inflation-Protected Securities, or TIPS, returned +3.6% during the quarter, as measured by the Barclays US TIPS 1-10 Yr Index.
- The Barclays Long Duration Credit Index gained +6.82% as the long end of the curve ended the quarter 40 basis points lower.
- Long Treasuries gained +8.49% and investment-grade corporate debt gained 3.03%.
- The Barclays 1-3 year Government/ Credit Index returned +0.97% and US high yield bonds gained +3.4%.
- **Emerging markets debt gained broadly and were especially pronounced in local currency as relative dollar weakness spurred strong gains.**
 - US dollar-denominated debt, as measured by the JP Morgan EMBI Index, gained 5.9%; local currency debt gained +11.0%, 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 stabilizing and remain low.
 - Private equity and private debt opportunities may be relatively attractive.
 - Potential for public stressed/distressed credit, equity and commodity plays.
- **OPEC, Saudi Arabia and oil producing countries continue to show a willingness to allow lower oil prices to persist in efforts to cement market share and reduce marginal supply.**
- **Select infrastructure opportunities showing signs of being attractive.**
 - Target opportunistic strategies in niche sub-sectors to take advantage of market dislocations.
 - Secular opportunities may exist within the shipping industry as traditional financing sources (both debt and equity) are less abundant
- **Timber opportunities remain elusive.**
 - Income yields (net) are low as assets are predominantly traded between like-minded institutions
 - Private strategies are illiquid and constrain quick entrance/exit (i.e. long-term lock-up)
 - Liquid strategies have limited pure timber exposure (and limited active-play options)

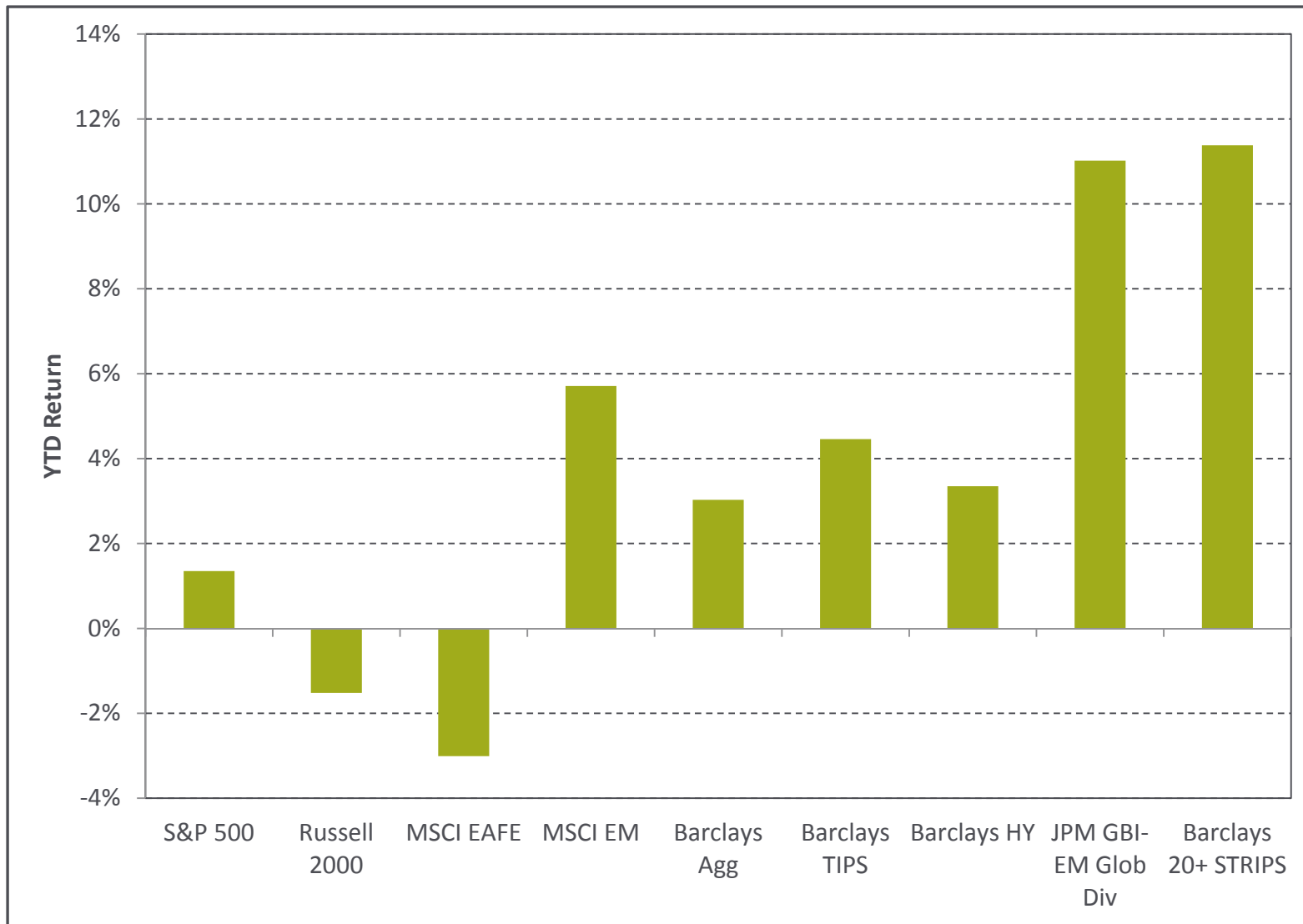
Commodities

- **Commodities ended quarter with a meager +0.51% as measured by the Bloomberg Commodity Index.**
 - Volatility continued in oil markets as price discovery continues into 2016 with oil reaching multi-year lows in February preceding a rebound in March.
 - Precious metals were the best performing group appreciating nearly 9.5% on average.

Real Estate

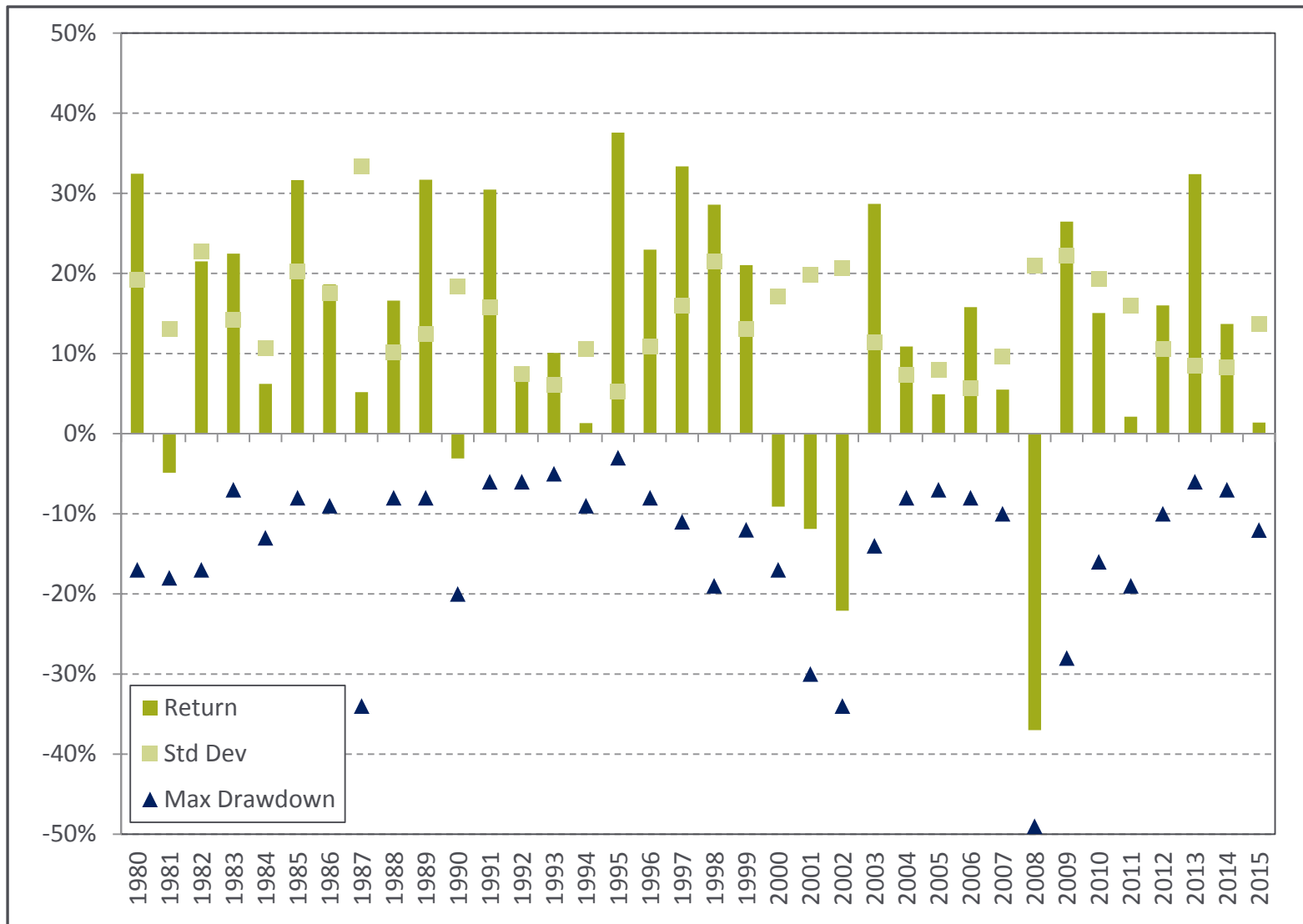
- **NEPC continues to be neutral on core real estate in the US and remains positive on non-core real estate, that is, value-add and opportunistic strategies.**
- **Within U.S. core real estate, strong fundamentals continue to be the story along with attractive income spreads relative to interest rates.**
 - 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.

Year to Date Performance – Sharp Market Rally Masks Scale of Recent Sell-Off



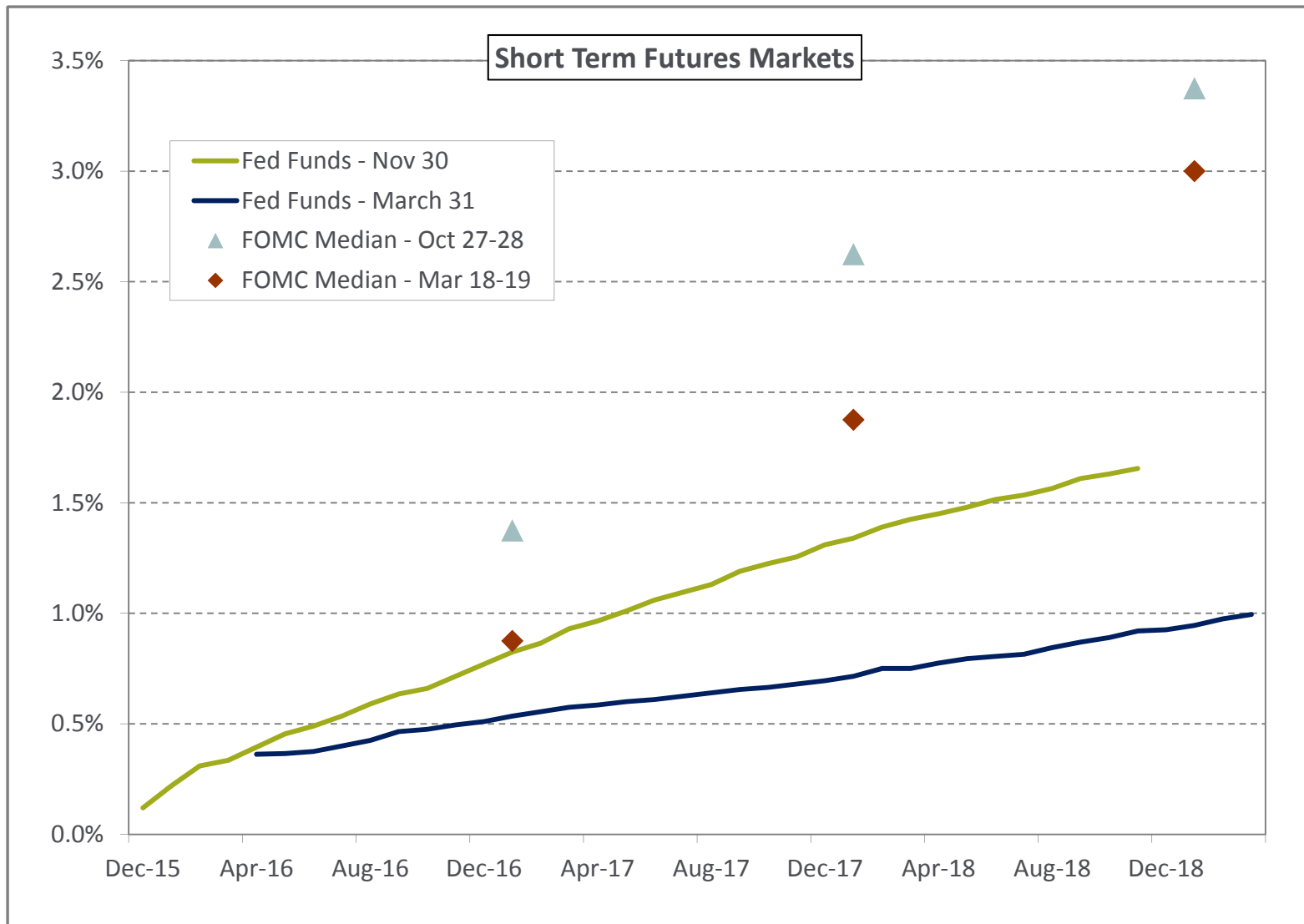
Source: Morningstar Direct

S&P 500 Intra-Year Drawdowns of Recent Magnitude Relatively Common



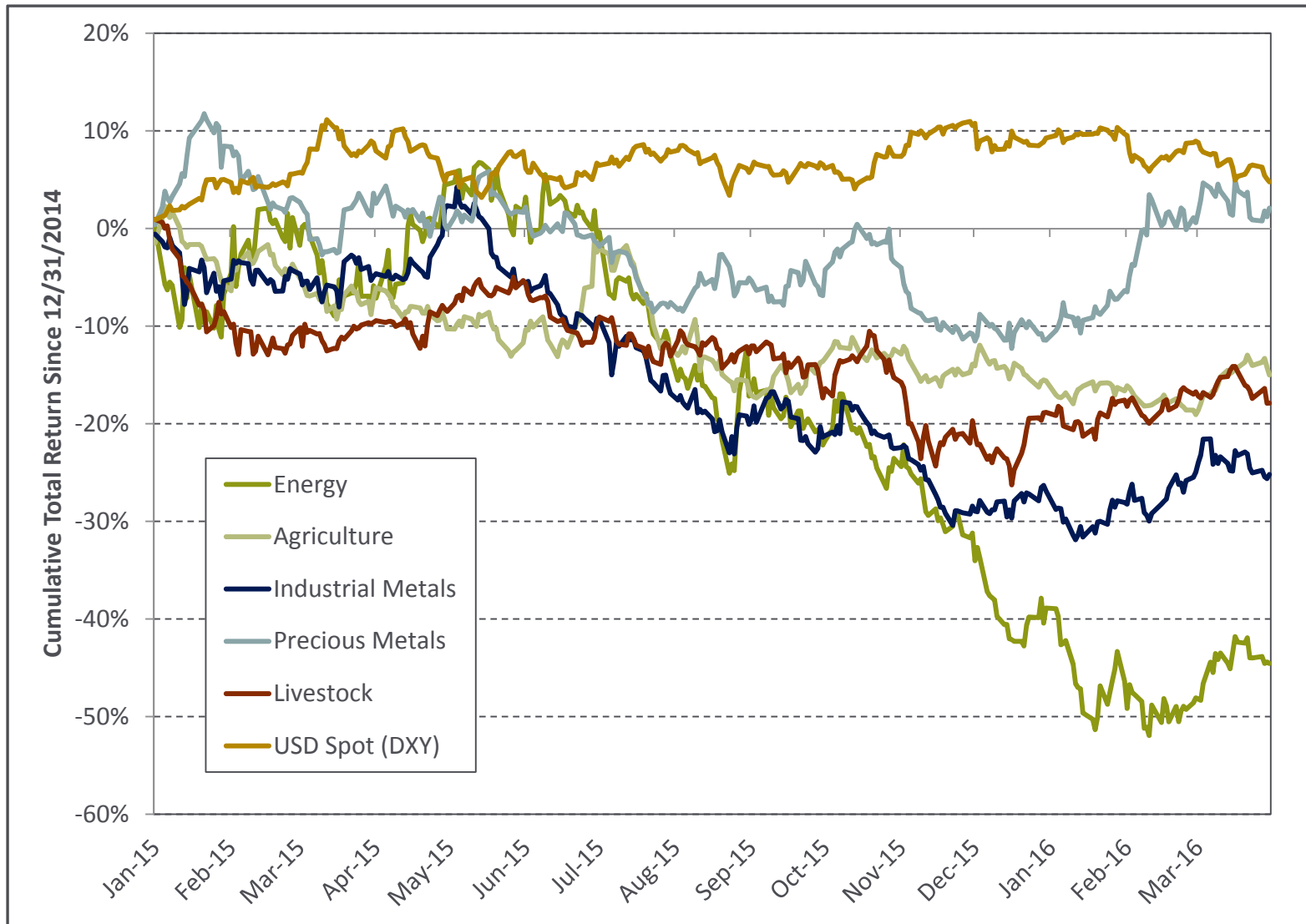
Source: Standard & Poors, Bloomberg

Fed Funds Curve and FOMC Appropriate Pace of Policy Firming Has Moderated



Source: Federal Reserve, Bloomberg

Stabilizing Commodity Returns are Positive for EM



Source: Bloomberg

- **Prospects of low US core bond returns warrant a more positive tilt to US equity, especially following sell-offs**
 - Macro policy remains supportive but corporate earnings quality is deteriorating
 - Lower returns expected but pockets of opportunity can be found in US equity and credit
- **Overweight non-US developed market equities**
 - Central bank support and dollar strength provide a positive economic backdrop
 - Small-cap equities offer purest opportunity to benefit from local earnings recovery
 - EAFE equity markets offer the potential for strong returns relative to US equities
- **Overweight emerging market small-cap and consumer focused strategies relative to broad equity mandates**
 - Valuations and long-term fundamentals suggest a strategic overweight
 - China uncertainty, dollar pressure and idiosyncratic country risks temper excitement
- **Seek tactical fixed income strategies but preserve duration exposure**
 - 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
 - Credit selection is critical as credit cycle matures and spreads contract in recent rally
- **Private market opportunities are the preferred access point as energy market distress continues to evolve**
 - Return opportunities of private strategies are compelling but suggest patience

Highlights of First Quarter Happenings at NEPC

NEPC Research

Recent White Papers

- 2016 First Quarter Market Thoughts
- Market Chatter: Is it really All About China? (January 2016)
- Market Chatter: Monetary Policy Divergence and Developed Currency (April 2016)

Upcoming Events

- 'Opportunities for Future Investments' is the theme for NEPC's 21st Annual Investment Conference – May 10-11, 2016 at the Hynes Convention Center in Boston, MA. Keynote Speakers are:
 - Michael Cembalest, Chairman of Market and Investment Strategy, J.P. Morgan Asset Management
 - Dr. Dambisa Moyo, Global Economist and Author

Register at www.NEPC.com

NEPC Client Recognitions

We are excited to announce that three of NEPC's clients were nominated for the 2016 "Chief Investment Officer of the Year" Investor Intelligence Award. The winners will be announced at Institutional Investor's annual Roundtable for Public Funds, taking place April 27-29, 2016 in Los Angeles, CA. We wish them luck!

- Arn Andrews, CIO, City of San Jose Department of Retirement Services
- Ryan Parham, CIO, Arizona Public Safety Personnel Retirement Systems
- Girard Miller, CIO, Orange County Employees Retirement System



NEPC Client Recognitions (continued)

A number of NEPC clients were named on TrustedInsight's list of Top 30 Pension Fund Chief Investment Officers. According to the January 2016 issue, "these 30 chief investment officers manage more than \$1.3 trillion in assets for millions of retirees in the United States. These professionals are at the forefront of an industry that's slow to evolve, under constant scrutiny and vital to the wellbeing of many average Americans. Nonetheless, they operate at the top of their field to prudently protect the benefits of their constituency." NEPC clients that made the list include:

- Scott Evans, CIO, New York Employees Retirement System - \$78.5B AUM
- David Villa, CIO, State of Wisconsin Investment Board - \$102B AUM
- Gary Dokes, CIO, Arizona State Retirement System - \$31B AUM
- Michael Trotsky, Executive Director, CIO, Massachusetts PRIM Board - \$62B AUM
- Robert Beale, CIO, Louisiana State Employees' Retirement System - \$5.2B AUM
- Richard Shafer, CIO, Ohio Public Employees' Retirement System - \$91.5B AUM
- James Perry, CIO, Dallas Police and Fire Pension System - \$3B AUM
- William Coaker, CIO, San Francisco Employees Retirement System - \$20.3B AUM
- Bob Jacksha, CIO, New Mexico Education Retirement Fund - \$11B AUM
- Girard Miller, CIO, Orange County Employees Retirement System - \$12.1B AUM
- Sam Masoudi, CFA, CAIA, CIO, Wyoming Retirement System - \$7.8B AUM

Total Fund Performance

Note: All of the data shown on the following pages is as of March 31, 2016 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
Total Fund	\$4,309,978,136	1.4%	18	-1.4%	33	-1.5%	48	6.1%	31	6.8%	26	5.3%	39	7.8%	Apr-94
Policy Index		1.4%	15	-0.1%	9	0.2%	15	6.7%	10	6.9%	16	5.6%	28	7.9%	Apr-94
Allocation Index		0.9%	53	-1.6%	45	-1.5%	50	5.7%	47	6.2%	51	5.1%	55	--	Apr-94
60% MSCI World (Net) / 40% CITI WGBI		2.7%	1	0.9%	2	0.5%	11	4.4%	78	4.6%	96	4.6%	78	6.3%	Apr-94
InvestorForce Public DB > \$1B Net Median		0.9%		-1.8%		-1.5%		5.6%		6.3%		5.1%		7.4%	Apr-94

-For the five-year period ending March 31, 2016, the Fund returned 6.8%, trailing the policy index by 0.1% and ranking in the 26th percentile of its peers. The Fund's volatility, as measured by standard deviation, ranked in the 71st percentile of its peers, and the risk-adjusted return, or Sharpe Ratio, ranks in the 48th percentile. This means that the Fund has earned more return per unit of volatility taken than 52% of its peers.

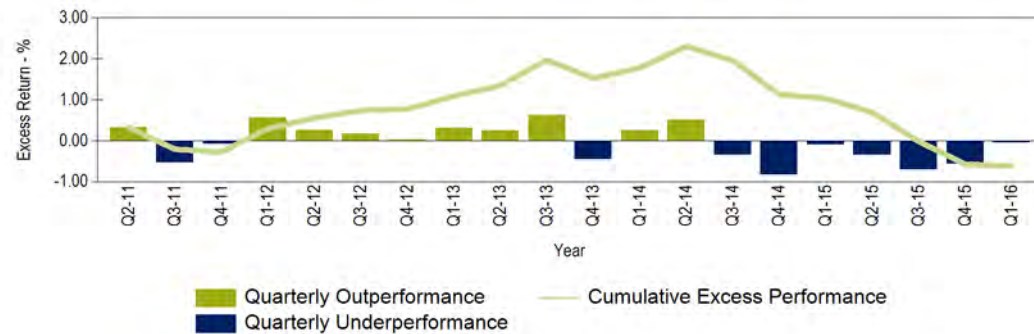
- For the three-year period ending March 31, 2016, the Fund returned 6.1%, trailing the policy index by 0.6% and ranking in the 31st percentile of its peers. The Fund's volatility ranks in the bottom half of its peers over this period, with the Fund's Sharpe Ratio ranking in the 49th percentile.

- For the one-year period ending March 31, 2016, the Fund returned -1.5%, trailing the policy index by 1.7% and ranking in the 48th percentile of the InvestorForce Public Funds > \$1 Billion Universe (Net of Fees).

- For the one-year period ending March 31, 2016, the Fund experienced a net investment loss of \$44 million, which includes a net investment gain of \$63 million in the quarter. Assets decreased from \$4.37 billion one year ago to \$4.31 billion on March 31, 2016.

Policy Index as of January 2016: 28% Russell 3000, 20% Barclays Aggregate, 15% MSCI ACWI ex U.S., 10% MSCI ACWI, 10% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index.

Quarterly and Cumulative Excess Performance



3 Years Ending March 31, 2016

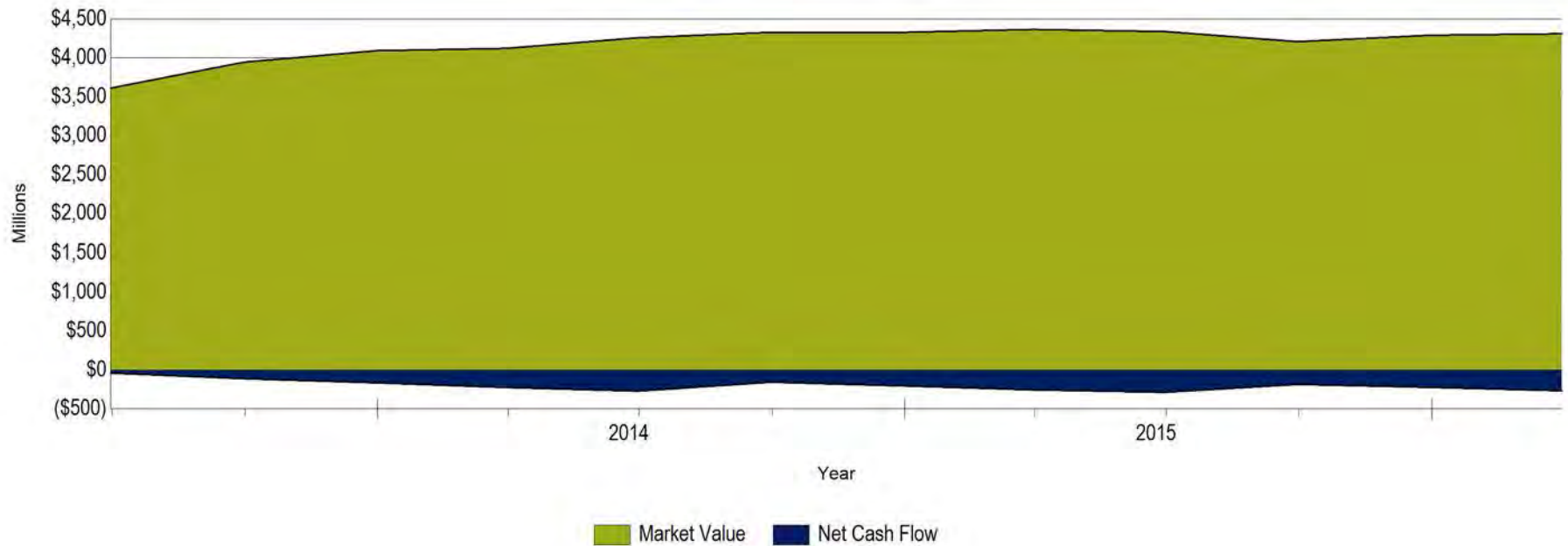
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	6.1%	31	7.4%	64	0.8	49	1.6	36
Policy Index	6.7%	10	7.3%	61	0.9	27	1.7	29
InvestorForce Public DB > \$1B Net Median	5.6%	--	7.0%	--	0.8	--	1.5	--

5 Years Ending March 31, 2016

	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
Total Fund	6.8%	26	8.4%	71	0.8	48	1.3	43
Policy Index	6.9%	16	8.4%	69	0.8	41	1.3	39
InvestorForce Public DB > \$1B Net Median	6.3%	--	7.7%	--	0.8	--	1.2	--

Total Fund Asset Growth Summary

Market Value History
3 Years Ending March 31, 2016



Summary of Cash Flows

Sources of Portfolio Growth	First Quarter	Fiscal Year-To-Date	One Year	Three Years
Beginning Market Value	\$4,290,811,595	\$4,338,136,581	\$4,365,835,058	\$3,648,861,350
Net Additions/Withdrawals	-\$43,916,187	\$19,254,076	-\$11,187,980	-\$268,005,932
Investment Earnings	\$63,082,728	-\$47,412,521	-\$44,668,942	\$929,122,718
Ending Market Value	\$4,309,978,136	\$4,309,978,136	\$4,309,978,136	\$4,309,978,136

Total Fund Asset Allocation vs. Policy Targets



	Current		Policy	Difference *	Policy Range	Within Range
U.S. Equity	\$1,337,134,180	31.0%	28.0%	3.0%	24.0% - 32.0%	Yes
Non-US Equity	\$572,363,460	13.3%	15.0%	-1.7%	12.0% - 18.0%	Yes
Global Equity	\$418,371,834	9.7%	10.0%	-0.3%	7.0% - 13.0%	Yes
U.S. Fixed Income	\$829,535,018	19.2%	20.0%	-0.8%	16.0% - 24.0%	Yes
Global Bonds	\$2,339,996	0.1%	--	0.1%	--	No
Private Equity	\$154,122,998	3.6%	10.0%	-6.4%	0.0% - 12.0%	Yes
Real Estate	\$365,489,464	8.5%	7.0%	1.5%	4.0% - 10.0%	Yes
Cash	\$269,942,617	6.3%	0.0%	6.3%	0.0% - 3.0%	No
Liquid Alternatives	\$360,678,570	8.4%	10.0%	-1.6%	5.0% - 15.0%	Yes
Total	\$4,309,978,136	100.0%	100.0%			

*Difference between Policy and Current Allocation

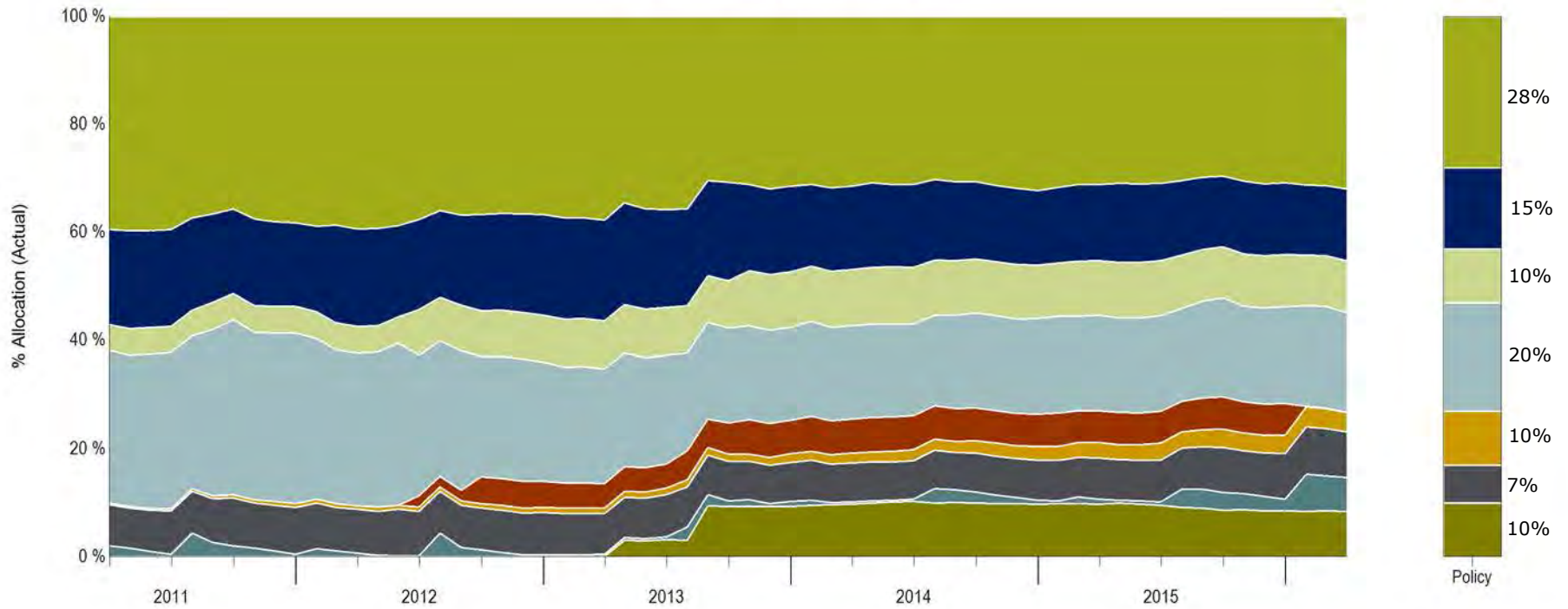
Cash represents asset in Parametric Overlay

Global bonds consists of \$2,339,996 from the liquidating manager PIMCO Global Fixed Income

Policy Index as of January 2016: 28% Russell 3000, 20% Barclays Aggregate, 15% MSCI ACWI ex U.S., 10% MSCI ACWI, 10% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index.

Total Fund Allocation History

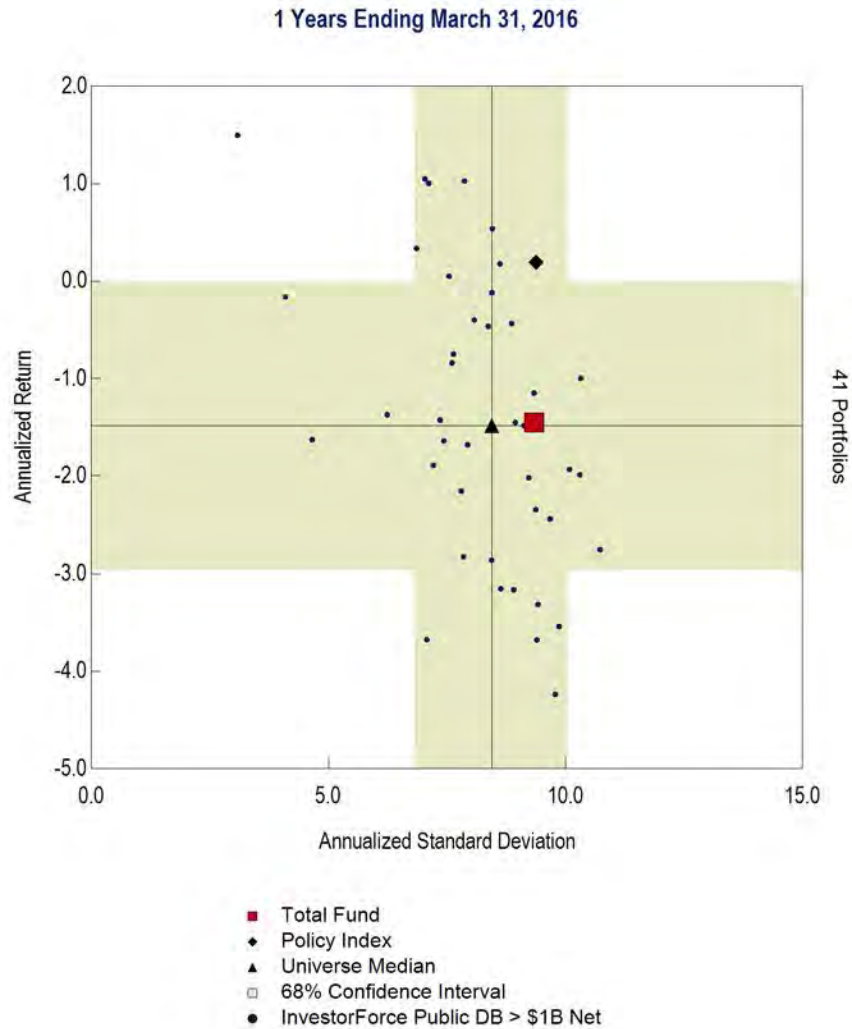
Asset Allocation History
5 Years Ending March 31, 2016



- U.S. Equity
- Global Equity
- Global Bonds
- Private Equity
- Real Estate
- Cash
- Liquid Alternatives
- Non-US Equity
- U.S. Fixed Income

Policy Index shown is most recently approved index

Total Fund Risk/Return



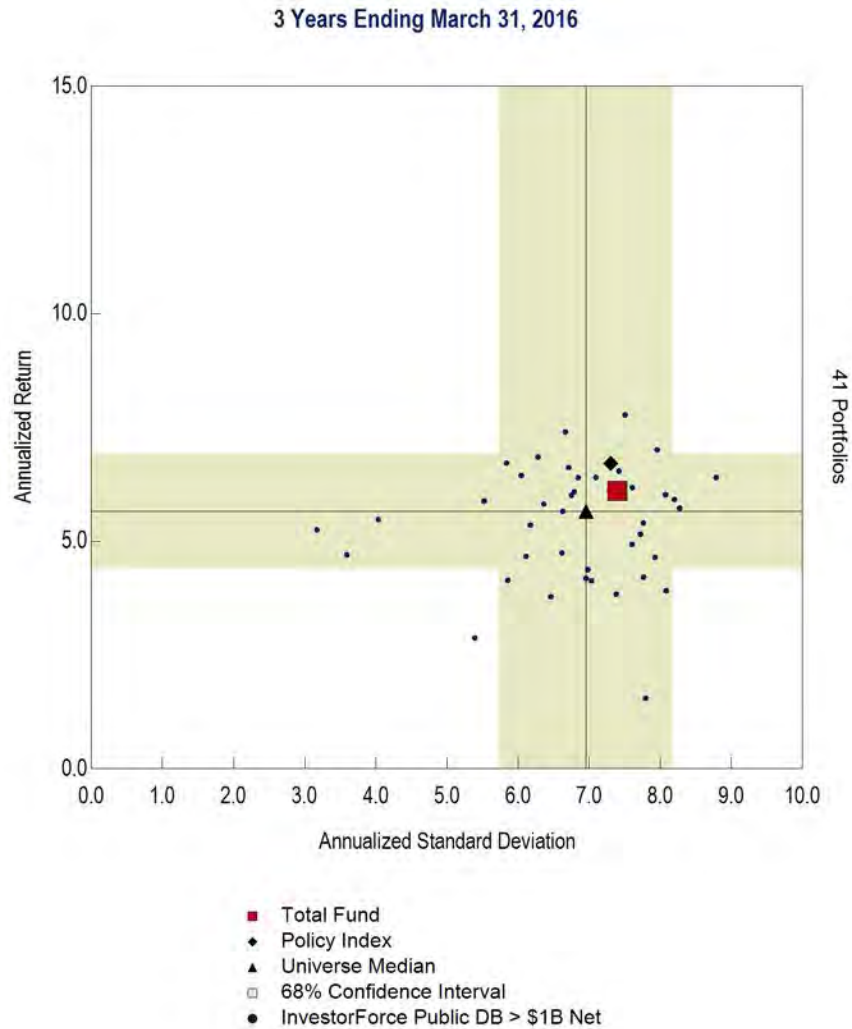
1 Years Ending March 31, 2016

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	-1.5%	48	9.3%	75
Policy Index	0.2%	15	9.4%	79
InvestorForce Public DB > \$1B Net Median	-1.5%	--	8.4%	--

1 Years Ending March 31, 2016

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	-0.2	43	-0.3	46
Policy Index	0.0	15	0.0	15
InvestorForce Public DB > \$1B Net Median	-0.2	--	-0.3	--

Total Fund Risk/Return



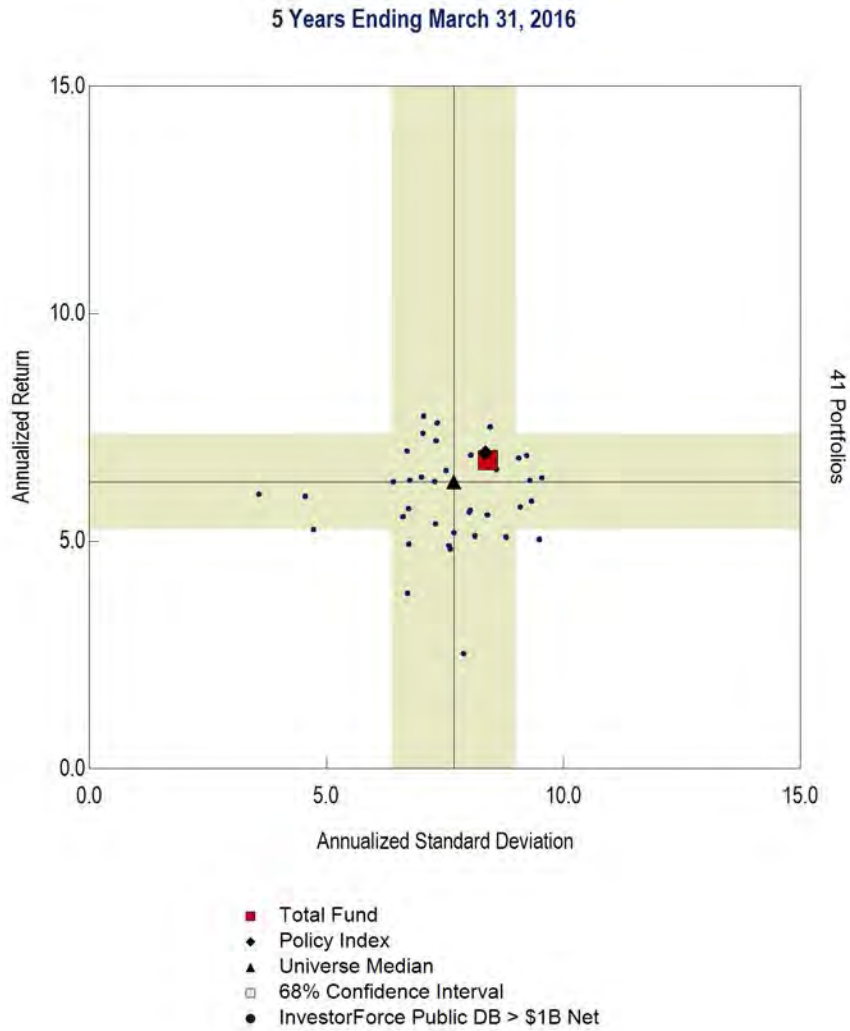
3 Years Ending March 31, 2016

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	6.1%	31	7.4%	64
Policy Index	6.7%	11	7.3%	61
InvestorForce Public DB > \$1B Net Median	5.6%	--	7.0%	--

3 Years Ending March 31, 2016

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	0.8	49	1.7	36
Policy Index	0.9	27	1.8	30
InvestorForce Public DB > \$1B Net Median	0.8	--	1.5	--

Total Fund Risk/Return



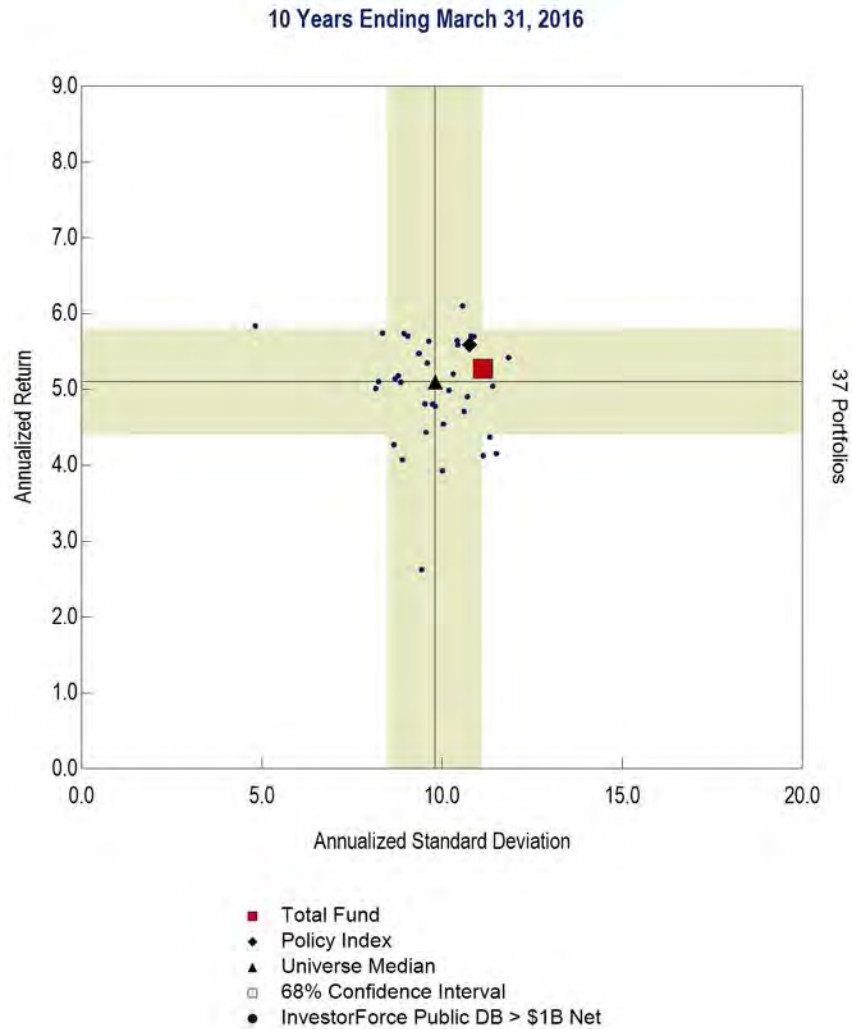
5 Years Ending March 31, 2016

	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	6.8%	26	8.4%	71
Policy Index	6.9%	16	8.4%	69
InvestorForce Public DB > \$1B Net Median	6.3%	--	7.7%	--

5 Years Ending March 31, 2016

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	0.8	48	1.3	43
Policy Index	0.8	41	1.3	40
InvestorForce Public DB > \$1B Net Median	0.8	--	1.2	--

Total Fund Risk/Return



10 Years Ending March 31, 2016

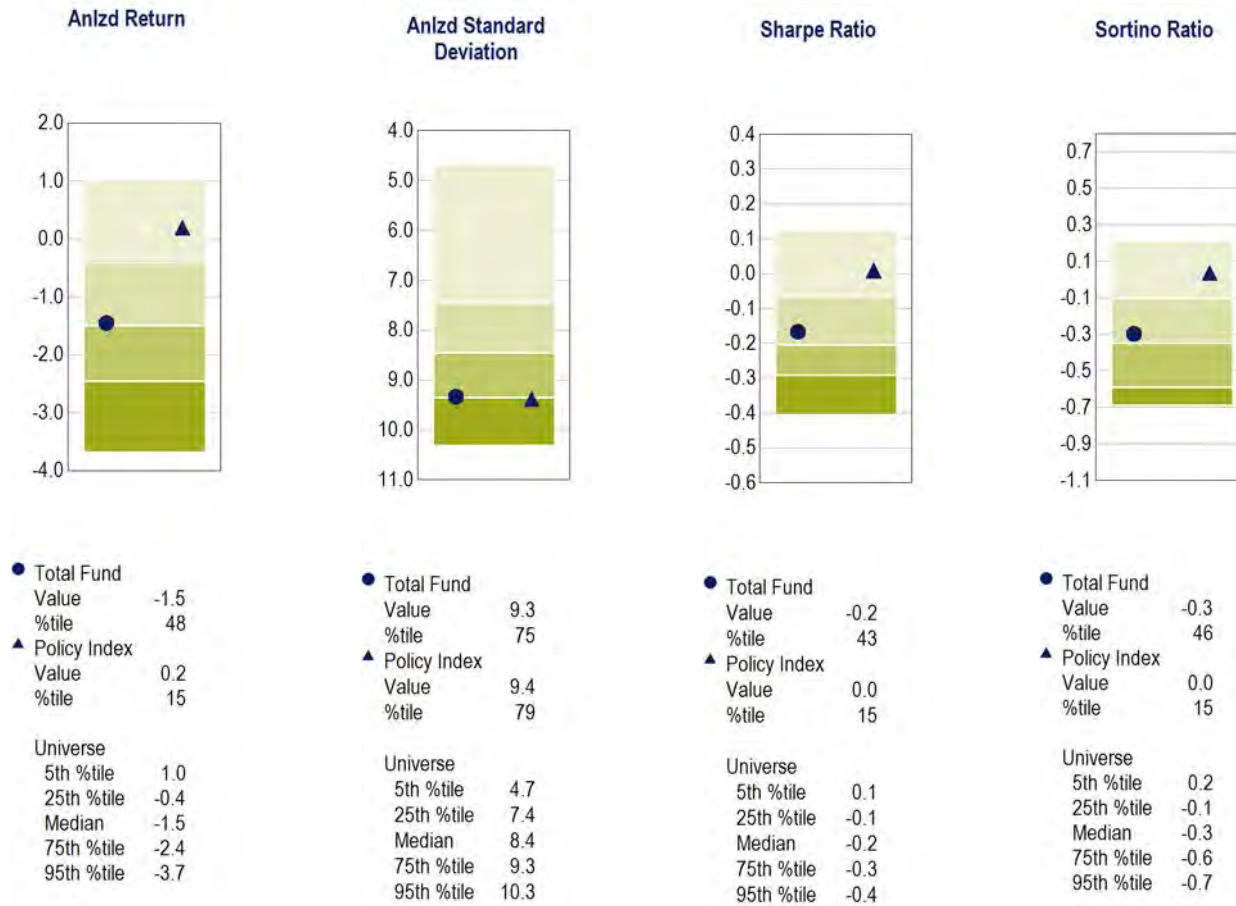
	Anlzd Ret	Rank	Anlzd Std Dev	Rank
Total Fund	5.3%	39	11.1%	89
Policy Index	5.6%	28	10.8%	77
InvestorForce Public DB > \$1B Net Median	5.1%	--	9.8%	--

10 Years Ending March 31, 2016

	Sharpe Ratio	Rank	Sortino Ratio	Rank
Total Fund	0.4	65	0.6	59
Policy Index	0.4	48	0.6	44
InvestorForce Public DB > \$1B Net Median	0.4	--	0.6	--

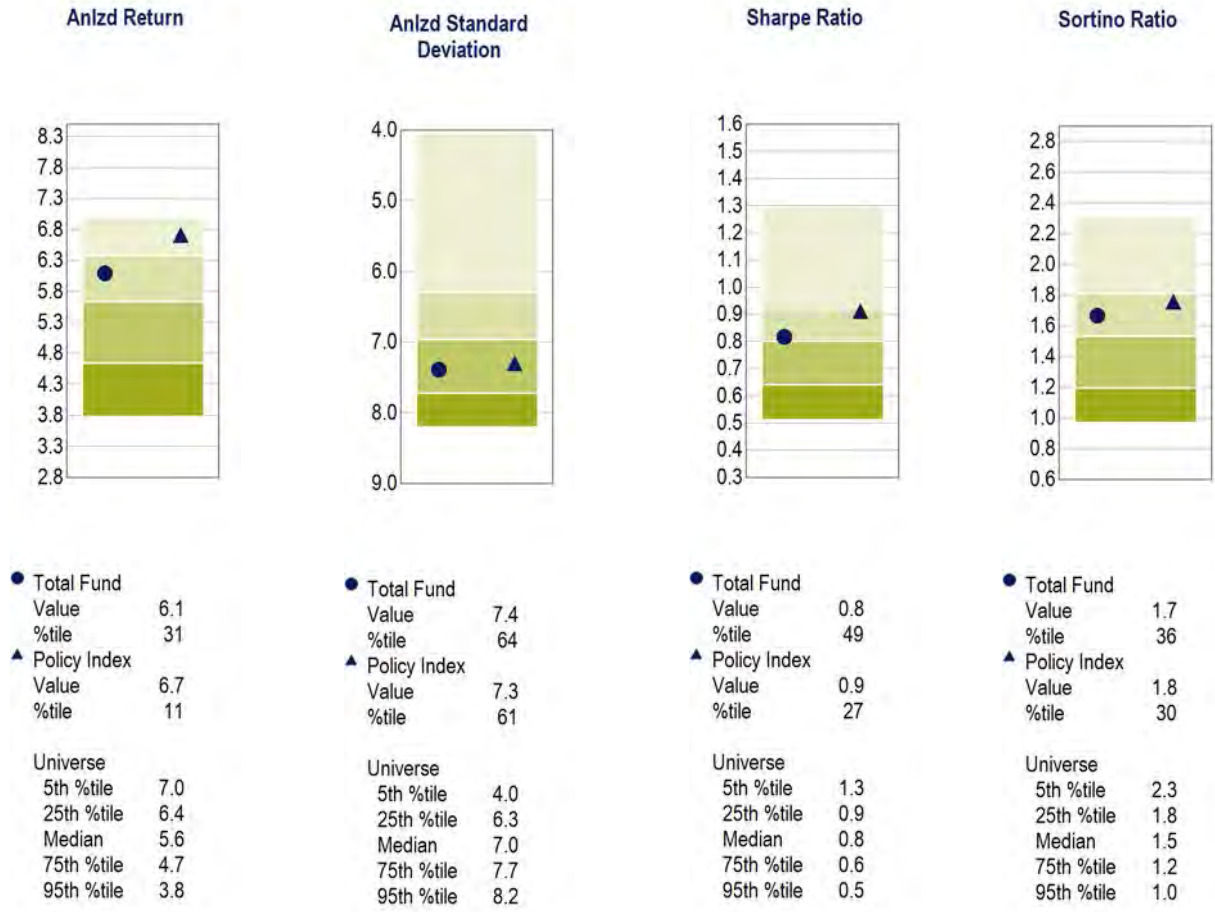
Total Fund Risk Statistics vs. Peer Universe

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



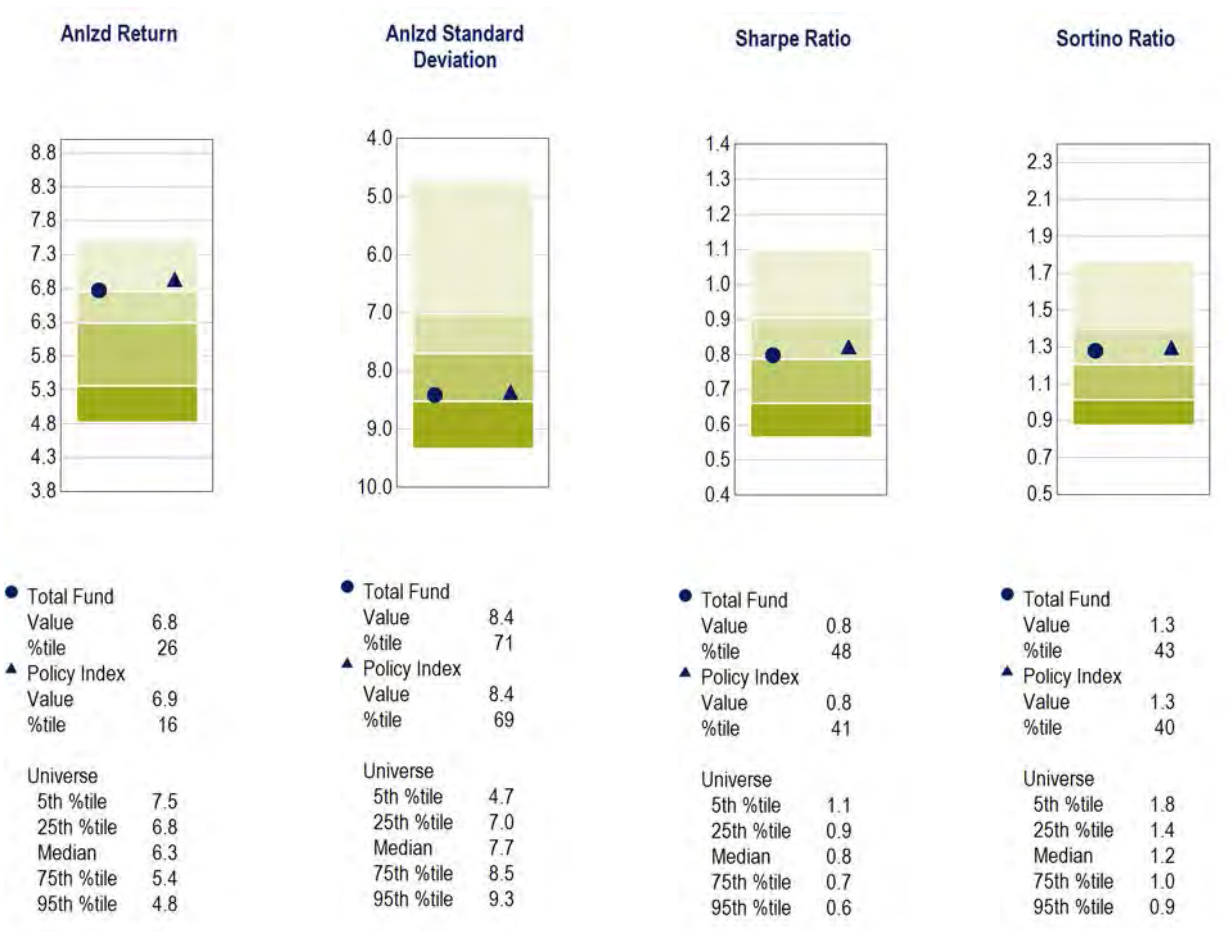
Total Fund Risk Statistics vs. Peer Universe

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



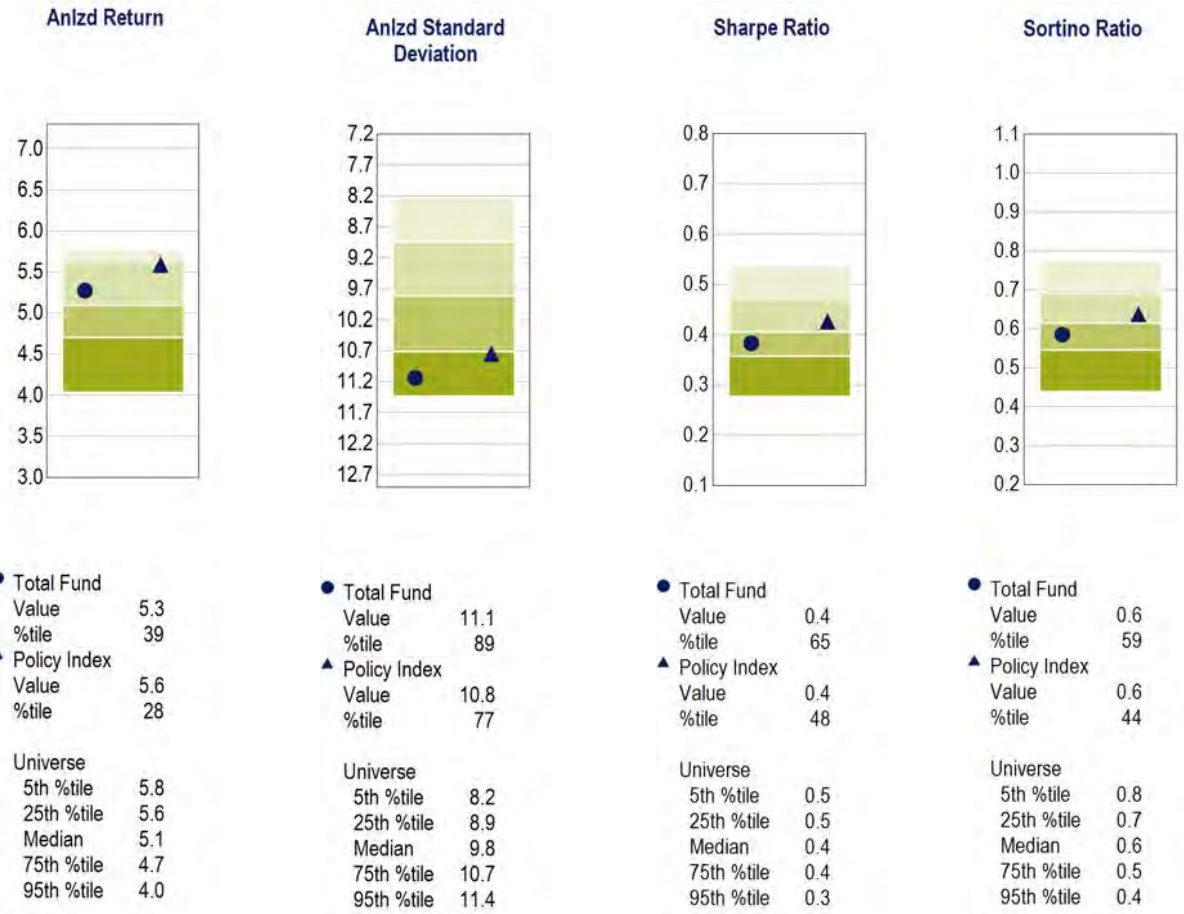
Total Fund Risk Statistics vs. Peer Universe

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



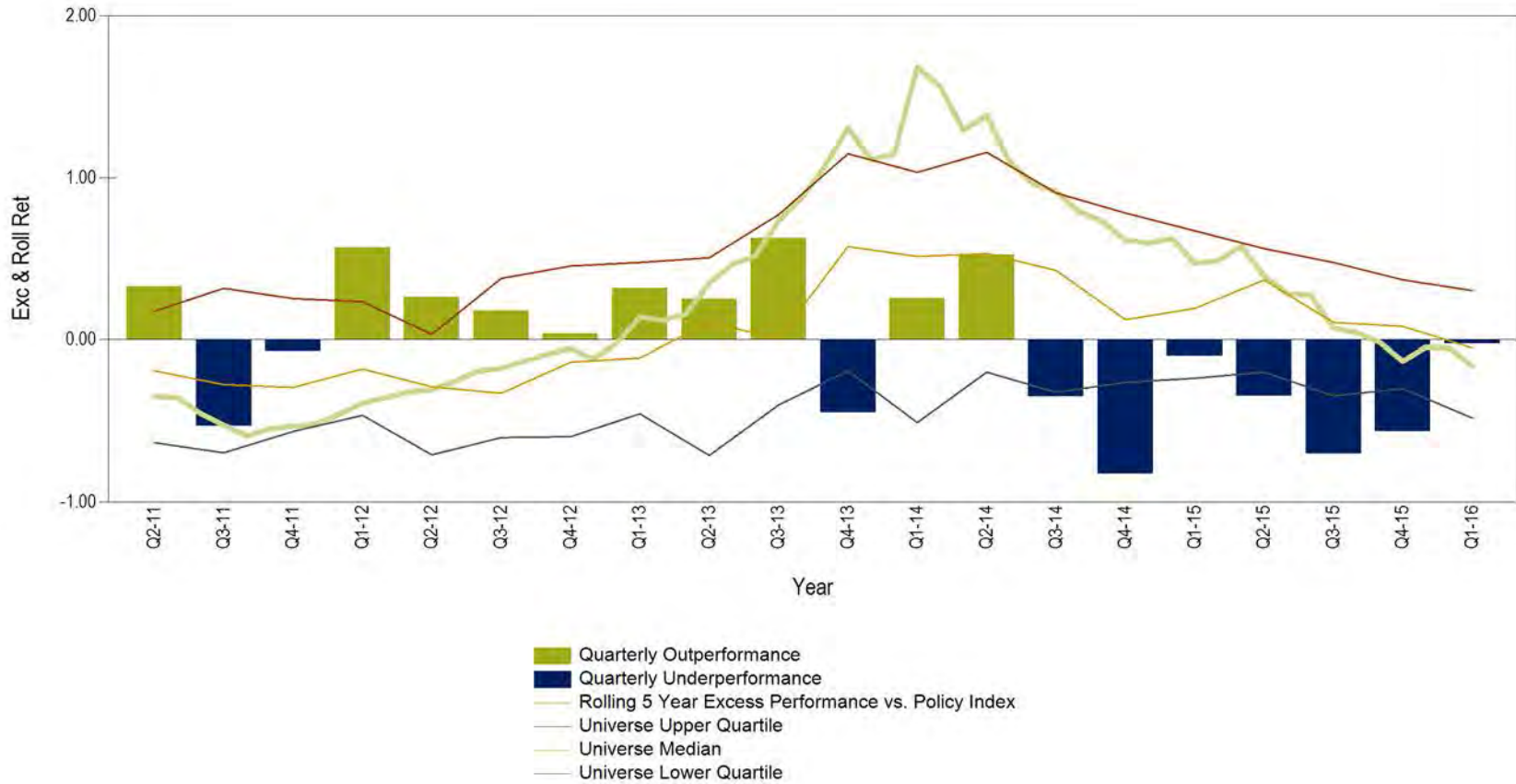
Total Fund Risk Statistics vs. Peer Universe

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



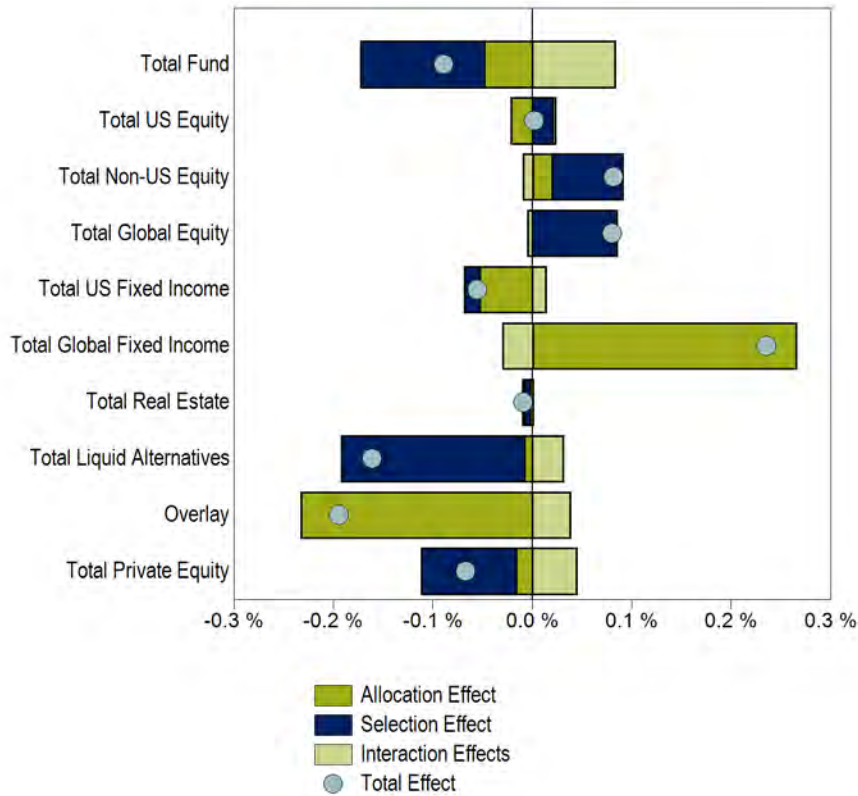
Rolling 5 Year Excess Returns- Net of Fees

Annualized Excess Performance



Total Fund Attribution Analysis

**Attribution Effects
3 Months Ending March 31, 2016**

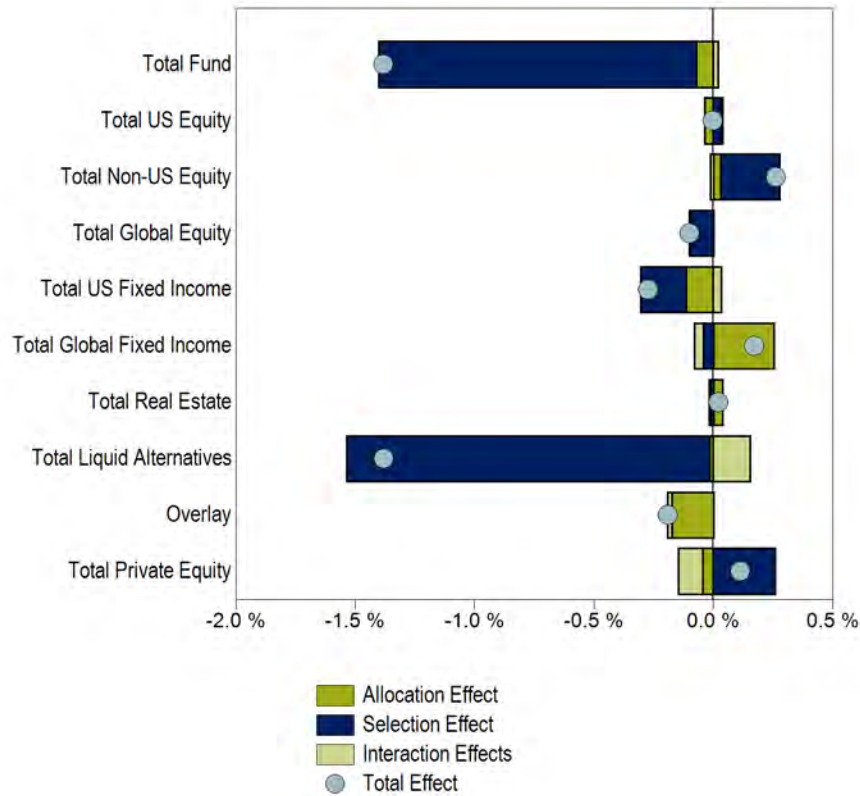


**Attribution Summary
3 Months Ending March 31, 2016**

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	1.0%	0.9%	0.1%	0.0%	0.0%	0.0%	0.0%
Total Non-US Equity	0.1%	-0.4%	0.5%	0.1%	0.0%	0.0%	0.1%
Total Global Equity	1.1%	0.2%	0.8%	0.1%	0.0%	0.0%	0.1%
Total US Fixed Income	3.0%	3.0%	-0.1%	0.0%	-0.1%	0.0%	-0.1%
Total Global Fixed Income	2.6%	5.9%	-3.3%	0.0%	0.3%	0.0%	0.2%
Total Real Estate	1.9%	2.0%	-0.1%	0.0%	0.0%	0.0%	0.0%
Total Liquid Alternatives	-0.1%	1.7%	-1.7%	-0.2%	0.0%	0.0%	-0.2%
Overlay	7.3%	0.1%	7.3%	0.0%	-0.2%	0.0%	-0.2%
Total Private Equity	0.7%	1.7%	-1.0%	-0.1%	0.0%	0.0%	-0.1%
Total	1.3%	1.4%	-0.1%	-0.1%	0.0%	0.1%	-0.1%

Total Fund Attribution Analysis

**Attribution Effects
Fiscal Year to Date**

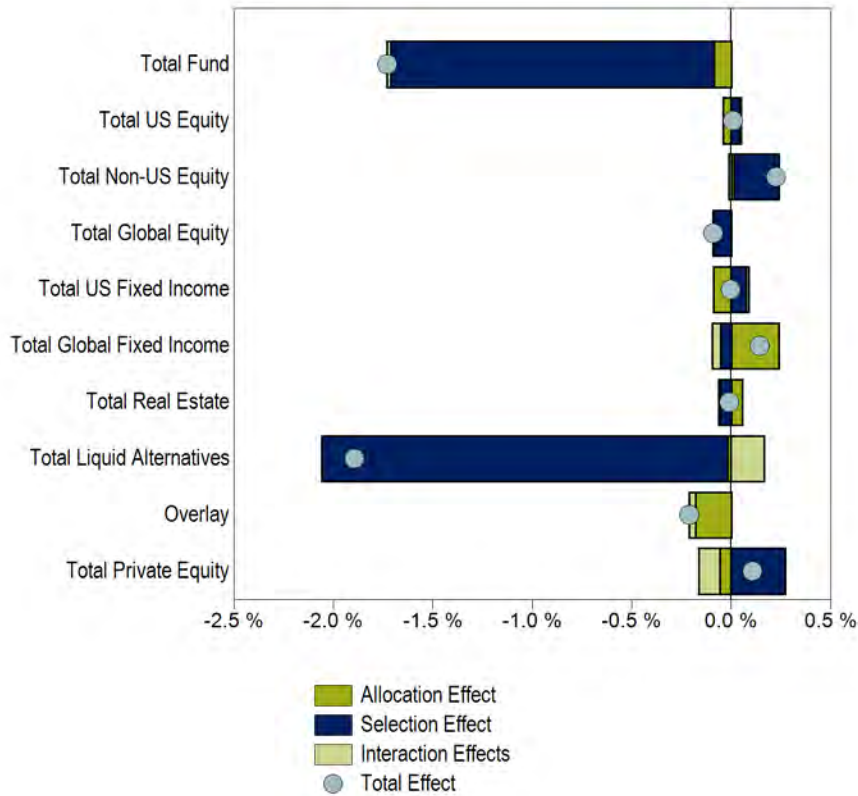


**Attribution Summary
Fiscal Year to Date**

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	-0.5%	-0.6%	0.1%	0.0%	0.0%	0.0%	0.0%
Total Non-US Equity	-7.9%	-9.7%	1.7%	0.2%	0.0%	0.0%	0.3%
Total Global Equity	-5.6%	-4.7%	-0.9%	-0.1%	0.0%	0.0%	-0.1%
Total US Fixed Income	2.6%	3.7%	-1.1%	-0.2%	-0.1%	0.0%	-0.3%
Total Global Fixed Income	1.6%	5.8%	-4.2%	0.0%	0.3%	0.0%	0.2%
Total Real Estate	8.5%	8.7%	-0.2%	0.0%	0.0%	0.0%	0.0%
Total Liquid Alternatives	-12.5%	2.8%	-15.3%	-1.5%	0.0%	0.2%	-1.4%
Overlay	9.6%	0.1%	9.5%	0.0%	-0.2%	0.0%	-0.2%
Total Private Equity	9.2%	1.7%	7.5%	0.3%	0.0%	-0.1%	0.1%
Total	-1.5%	-0.1%	-1.4%	-1.3%	-0.1%	0.0%	-1.4%

Total Fund Attribution Analysis

**Attribution Effects
1 Year Ending March 31, 2016**



**Attribution Summary
1 Year Ending March 31, 2016**

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
Total US Equity	-0.4%	-0.5%	0.2%	0.0%	0.0%	0.0%	0.0%
Total Non-US Equity	-7.6%	-9.2%	1.6%	0.2%	0.0%	0.0%	0.2%
Total Global Equity	-5.1%	-4.3%	-0.8%	-0.1%	0.0%	0.0%	-0.1%
Total US Fixed Income	2.3%	2.0%	0.3%	0.1%	-0.1%	0.0%	0.0%
Total Global Fixed Income	0.2%	4.6%	-4.4%	-0.1%	0.2%	0.0%	0.1%
Total Real Estate	11.7%	12.6%	-0.9%	-0.1%	0.1%	0.0%	0.0%
Total Liquid Alternatives	-15.3%	4.9%	-20.2%	-2.0%	0.0%	0.2%	-1.9%
Overlay	9.4%	0.1%	9.3%	0.0%	-0.2%	0.0%	-0.2%
Total Private Equity	10.5%	2.6%	8.0%	0.3%	-0.1%	-0.1%	0.1%
Total	-1.6%	0.2%	-1.8%	-1.6%	-0.1%	0.0%	-1.7%

Ventura County Employees' Retirement Association

Total Fund Risk Statistics

1 Year Ending March 31, 2016

	% 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%	-1.5%	48	9.3%	75	-0.2	43	0.8%	12	-2.1	86	-1.7%	75	1.0
Policy Index	--	0.2%	15	9.4%	78	0.0	15	0.0%	1	--	--	0.0%	33	1.0
Total Equity	54.0%	-3.1%	42	15.2%	59	-0.2	42	1.3%	1	0.9	15	1.0%	41	1.0
MSCI ACWI	--	-4.3%	52	15.9%	70	-0.3	49	0.0%	1	--	--	0.0%	47	1.0
Total US Equity	31.0%	-0.4%	23	14.8%	51	0.0	23	0.1%	1	0.9	7	0.1%	23	1.0
Russell 3000	--	-0.5%	23	14.8%	49	0.0	23	0.0%	1	--	--	0.0%	23	1.0
Total Non-US Equity	13.3%	-7.6%	68	16.7%	85	-0.5	64	1.5%	1	1.1	39	1.0%	63	0.9
MSCI ACWI ex US	--	-9.2%	85	17.7%	96	-0.5	76	0.0%	1	--	--	0.0%	76	1.0
Total Global Equity	9.7%	-5.1%	62	15.9%	72	-0.3	61	1.5%	1	-0.5	74	-0.8%	61	1.0
MSCI ACWI	--	-4.3%	55	15.9%	72	-0.3	52	0.0%	1	--	--	0.0%	52	1.0
Total Fixed Income	19.3%	1.9%	34	3.0%	65	0.6	44	3.1%	79	-0.9	83	-0.3%	57	0.5
Barclays Global Aggregate	--	4.6%	1	4.6%	93	1.0	30	0.0%	1	--	--	0.0%	41	1.0
Total US Fixed Income	19.2%	2.3%	14	3.0%	68	0.7	48	2.5%	67	0.1	19	0.9%	16	0.7
Barclays Aggregate	--	2.0%	23	2.4%	60	0.8	47	0.0%	1	--	--	0.0%	52	1.0
Total Global Fixed Income	0.1%	0.2%	51	3.5%	17	0.0	51	3.1%	23	-1.4	89	-2.4%	43	0.6
Barclays Global Aggregate	--	4.6%	5	4.6%	38	1.0	7	0.0%	1	--	--	0.0%	10	1.0
Total Liquid Alternatives	8.4%	-15.3%	--	13.0%	--	-1.2	--	12.7%	--	-1.6	--	-34.0%	--	3.9
CPI + 4% (Unadjusted)	--	4.9%	--	0.9%	--	5.1	--	0.0%	--	--	--	0.0%	--	1.0

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank
Total Real Estate	8.5%	11.7%	46	5.0%	56	2.3	54
NCREIF ODCE Net	--	12.6%	26	5.3%	58	2.4	54
Total Private Equity	3.6%	10.5%	37	7.6%	75	1.4	53
DJ U.S. Total Stock Market Index + 3%	--	2.6%	85	14.8%	97	0.2	86

Total U.S. Equity Benchmark: Russell 3000 Index, Prior to January 2016, 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.

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

Composite rankings are used for Total Real Estate and Total Private Equity

Ventura County Employees' Retirement Association

Total Fund Risk Statistics

3 Years Ending March 31, 2016

	% 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%	6.1%	31	7.4%	64	0.8	49	0.8%	15	-0.8	88	-0.7%	70	1.0
Policy Index	--	6.7%	10	7.3%	61	0.9	27	0.0%	1	--	--	0.0%	42	1.0
Total Equity	54.0%	7.1%	77	11.6%	24	0.6	68	1.3%	1	1.3	13	1.8%	79	1.0
MSCI ACWI	--	5.5%	89	12.0%	33	0.5	83	0.0%	1	--	--	0.0%	91	1.0
Total US Equity	31.0%	11.3%	26	11.6%	23	1.0	20	0.3%	1	0.6	6	0.2%	27	1.0
Russell 3000	--	11.1%	29	11.6%	22	1.0	21	0.0%	1	--	--	0.0%	30	1.0
Total Non-US Equity	13.3%	0.8%	93	12.8%	44	0.1	93	1.2%	1	0.4	76	0.5%	93	0.9
MSCI ACWI ex US	--	0.3%	98	13.6%	84	0.0	98	0.0%	1	--	--	0.0%	98	1.0
Total Global Equity	9.7%	4.4%	79	12.2%	49	0.4	77	1.3%	1	-0.9	91	-1.2%	79	1.0
MSCI ACWI	--	5.5%	68	12.0%	45	0.5	67	0.0%	1	--	--	0.0%	71	1.0
Total Fixed Income	19.3%	1.5%	76	2.7%	36	0.5	67	2.8%	86	0.2	42	1.0%	13	0.5
Barclays Global Aggregate	--	0.9%	94	4.4%	93	0.2	95	0.0%	1	--	--	0.0%	61	1.0
Total US Fixed Income	19.2%	2.0%	55	2.6%	45	0.7	58	2.1%	46	-0.2	51	0.4%	36	0.6
Barclays Aggregate	--	2.5%	37	3.0%	56	0.8	50	0.0%	1	--	--	0.0%	65	1.0
Total Global Fixed Income	0.1%	0.0%	79	4.0%	25	0.0	79	2.1%	16	-0.4	84	-0.7%	75	0.8
Barclays Global Aggregate	--	0.9%	54	4.4%	35	0.2	51	0.0%	1	--	--	0.0%	57	1.0
Total Liquid Alternatives	8.4%	--	--	--	--	--	--	--	--	--	--	--	--	--
CPI + 4% (Unadjusted)	--	4.8%	--	1.1%	--	4.4	--	0.0%	--	--	--	0.0%	--	1.0

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank
Total Real Estate	8.5%	11.6%	66	4.7%	50	2.5	55
NCREIF ODCE Net	--	12.6%	42	5.1%	60	2.5	54
Total Private Equity	3.6%	15.4%	21	7.2%	76	2.1	47
DJ U.S. Total Stock Market Index + 3%	--	14.4%	31	11.6%	93	1.2	85

Total U.S. Equity Benchmark: Russell 3000 Index. Prior to January 2016, 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.

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

Composite rankings are used for Total Real Estate and Total Private Equity

Ventura County Employees' Retirement Association

Total Fund Risk Statistics

5 Years Ending March 31, 2016

	% 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%	6.8%	26	8.4%	71	0.8	48	0.8%	8	-0.2	63	-0.2%	52	1.0
Policy Index	--	6.9%	16	8.4%	69	0.8	41	0.0%	1	--	--	0.0%	35	1.0
Total Equity	54.0%	7.5%	76	12.9%	28	0.6	62	1.7%	1	1.4	6	2.6%	74	0.9
MSCI ACWI	--	5.2%	92	13.7%	41	0.4	89	0.0%	1	--	--	0.0%	92	1.0
Total US Equity	31.0%	11.2%	22	12.8%	24	0.9	18	0.3%	1	0.8	2	0.2%	24	1.0
Russell 3000	--	11.0%	25	12.7%	23	0.9	20	0.0%	1	--	--	0.0%	26	1.0
Total Non-US Equity	13.3%	1.2%	91	14.8%	38	0.1	91	1.3%	1	0.7	59	0.9%	91	0.9
MSCI ACWI ex US	--	0.3%	96	15.7%	73	0.0	96	0.0%	1	--	--	0.0%	96	1.0
Total Global Equity	9.7%	5.0%	74	12.9%	23	0.4	67	2.1%	4	-0.1	75	0.2%	70	0.9
MSCI ACWI	--	5.2%	72	13.7%	42	0.4	68	0.0%	1	--	--	0.0%	71	1.0
Total Fixed Income	19.3%	4.0%	42	2.8%	33	1.4	28	2.8%	72	0.8	11	3.0%	13	0.5
Barclays Global Aggregate	--	1.8%	99	4.4%	88	0.4	99	0.0%	1	--	--	0.0%	88	1.0
Total US Fixed Income	19.2%	4.3%	38	2.7%	46	1.6	29	2.2%	44	0.2	37	1.8%	25	0.7
Barclays Aggregate	--	3.8%	49	2.8%	50	1.3	50	0.0%	1	--	--	0.0%	82	1.0
Total Global Fixed Income	0.1%	--	--	--	--	--	--	--	--	--	--	--	--	--
Barclays Global Aggregate	--	1.8%	72	4.4%	27	0.4	62	0.0%	1	--	--	0.0%	74	1.0
Total Liquid Alternatives	8.4%	--	--	--	--	--	--	--	--	--	--	--	--	--
CPI + 4% (Unadjusted)	--	5.3%	--	1.1%	--	4.6	--	0.0%	--	--	--	0.0%	--	1.0

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank
Total Real Estate	8.5%	11.2%	70	4.6%	31	2.4	44
NCREIF ODCE Net	--	12.2%	46	5.0%	38	2.5	33

Total U.S. Equity Benchmark: Russell 3000 Index. Prior to January 2016, 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.

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

Composite rankings are used for Total Real Estate

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
Total Fund	4,309,978,136	100.0	100.0	1.4	18	-1.4	33	-1.5	48	6.1	31	6.8	26	5.3	39	7.8	Apr-94
Policy Index				1.4	15	-0.1	9	0.2	15	6.7	11	6.9	16	5.6	28	7.9	Apr-94
Over/Under				0.0		-1.3		-1.7		-0.6		-0.1		-0.3		-0.1	
Allocation Index				0.9	53	-1.6	45	-1.5	50	5.7	47	6.2	51	5.1	55	--	Apr-94
60% MSCI World (Net) / 40% CITI WGBI				2.7	1	0.9	2	0.5	11	4.4	78	4.6	96	4.6	78	6.3	Apr-94
InvestorForce Public DB > \$1B Net Median				0.9		-1.8		-1.5		5.6		6.3		5.1		7.4	Apr-94
Total Fund ex Parametric	4,040,035,519	93.7	--	1.9	--	-0.7	--	-0.8	--	6.3	--	6.9	--	5.3	--	7.8	Apr-94
Total Fund ex Private Equity	4,155,855,138	96.4	--	1.4	15	-1.7	48	-1.8	60	5.3	58	--	--	--	--	8.2	Jan-12
Policy Index				1.4	15	-0.1	9	0.2	15	6.7	11	6.9	16	5.6	28	9.0	Jan-12
Over/Under				0.0		-1.6		-2.0		-1.4						-0.8	
InvestorForce Public DB > \$1B Net Median				0.9		-1.8		-1.5		5.6		6.3		5.1		8.2	Jan-12
Total US Equity	1,337,134,180	31.0	28.0	1.0	39	-0.5	23	-0.4	23	11.3	26	11.2	22	6.6	51	8.7	Dec-93
Total U.S. Equity Benchmark				0.9	40	-0.6	23	-0.5	24	11.0	29	11.0	25	7.0	40	9.0	Dec-93
Over/Under				0.1		0.1		0.1		0.3		0.2		-0.4		-0.3	
eA All US Equity Net Median				0.1		-4.3		-4.2		9.5		9.4		6.6		9.8	Dec-93
BlackRock Equity Market Fund	1,148,940,523	26.7		1.0	40	-0.4	23	-0.2	23	11.2	27	11.0	24	--	--	6.7	Dec-07
Dow Jones U.S. Total Stock Market				0.9	40	-0.6	23	-0.4	23	11.1	29	11.0	25	7.0	39	6.6	Dec-07
Over/Under				0.1		0.2		0.2		0.1		0.0				0.1	
eA All US Equity Net Median				0.1		-4.3		-4.2		9.5		9.4		6.6		6.5	Dec-07
Western U.S. Index Plus	143,435,833	3.3		1.7	30	1.5	14	1.6	13	12.1	16	12.2	10	--	--	3.4	May-07
S&P 500				1.3	34	1.5	13	1.8	12	11.8	18	11.6	18	7.0	39	5.7	May-07
Over/Under				0.4		0.0		-0.2		0.3		0.6				-2.3	
eA All US Equity Net Median				0.1		-4.3		-4.2		9.5		9.4		6.6		5.6	May-07
BlackRock Extended Equity Index	44,757,824	1.0		-0.8	66	-8.4	58	-8.9	64	8.1	46	8.6	40	6.8	47	11.0	Oct-02
Dow Jones U.S. Completion Total Stock Market				-0.9	67	-8.7	61	-9.1	65	7.9	47	8.4	43	6.8	48	11.0	Oct-02
Over/Under				0.1		0.3		0.2		0.2		0.2		0.0		0.0	
eA US Small-Mid Cap Equity Net Median				0.5		-7.4		-7.2		7.7		7.7		6.7		10.6	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, 28% Russell 3000 Index, 20% Barclays Aggregate, 15% MSCI ACWI ex U.S., 10% MSCI ACWI, 10% DJ U.S. Total Stock Market Index + 3%, 10% CPI+4% Index, and 7% NCREIF ODCE Real Estate Index.

Total U.S. Equity Benchmark: Russell 3000 Index. Prior to January 2016, 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
Total Non-US Equity	572,363,460	13.3	15.0	0.1	16	-7.9	59	-7.6	68	0.8	93	1.2	91	2.0	70	5.9	Mar-94
MSCI ACWI ex USA				-0.4	20	-9.7	76	-9.2	85	0.3	98	0.3	96	1.9	73	4.7	Mar-94
Over/Under				0.5		1.8		1.6		0.5		0.9		0.1		1.2	
eA All EAFE Equity Net Median				-2.2		-7.4		-5.9		3.6		3.6		2.9		6.2	Mar-94
BlackRock ACWI ex-U.S. Index	237,902,996	5.5		-0.2	35	-8.9	63	-8.0	66	0.9	84	0.8	85	--	--	0.6	Mar-07
MSCI ACWI ex USA				-0.4	36	-9.7	76	-9.2	77	0.3	88	0.3	89	1.9	74	0.1	Mar-07
Over/Under				0.2		0.8		1.2		0.6		0.5				0.5	
eA ACWI ex-US All Cap Equity Net Median				-1.5		-7.0		-5.8		3.3		3.3		2.9		1.7	Mar-07
Sprucegrove	165,287,365	3.8		0.4	29	-10.1	82	-10.6	86	-0.3	89	1.4	78	2.4	70	6.5	Mar-02
MSCI ACWI ex USA				-0.4	36	-9.7	76	-9.2	77	0.3	88	0.3	89	1.9	74	5.8	Mar-02
Over/Under				0.8		-0.4		-1.4		-0.6		1.1		0.5		0.7	
MSCI EAFE				-3.0	80	-8.8	61	-8.3	69	2.2	64	2.3	61	1.8	80	5.3	Mar-02
eA ACWI ex-US All Cap Equity Net Median				-1.5		-7.0		-5.8		3.3		3.3		2.9		6.8	Mar-02
Hexavest	76,709,883	1.8		0.0	19	-5.0	28	-5.0	49	2.2	82	2.6	70	--	--	2.9	Dec-10
MSCI EAFE				-3.0	67	-8.8	70	-8.3	79	2.2	82	2.3	73	1.8	67	2.8	Dec-10
Over/Under				3.0		3.8		3.3		0.0		0.3			0.1		
eA EAFE All Cap Equity Net Median				-2.0		-7.5		-5.4		3.8		3.4		2.3		4.0	Dec-10
Walter Scott	92,463,216	2.1		0.7	23	-3.6	25	-3.1	28	1.1	83	3.1	51	--	--	3.2	Dec-10
MSCI ACWI ex USA				-0.4	36	-9.7	76	-9.2	77	0.3	88	0.3	89	1.9	74	0.9	Dec-10
Over/Under				1.1		6.1		6.1		0.8		2.8			2.3		
eA ACWI ex-US All Cap Equity Net Median				-1.5		-7.0		-5.8		3.3		3.3		2.9		3.3	Dec-10

Prior to May 2002, the Non-U.S. Equity benchmark was 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
Total Global Equity	418,371,834	9.7	10.0	1.1	38	-5.6	59	-5.1	62	4.4	79	5.0	74	3.1	76	4.6	May-05
MSCI ACWI				0.2	47	-4.7	52	-4.3	55	5.5	68	5.2	72	4.1	65	5.7	May-05
Over/Under				0.9		-0.9		-0.8		-1.1		-0.2		-1.0		-1.1	
eA All Global Equity Net Median				-0.2		-4.5		-3.7		6.7		6.7		4.7		6.7	May-05
BlackRock MSCI ACWI Equity Index	218,952,483	5.1		0.4	45	-4.4	49	-3.9	52	5.9	62	--	--	--	--	9.3	Jul-12
MSCI ACWI				0.2	47	-4.7	52	-4.3	55	5.5	68	5.2	72	4.1	65	8.9	Jul-12
Over/Under				0.2		0.3		0.4		0.4						0.4	
eA All Global Equity Net Median				-0.2		-4.5		-3.7		6.7		6.7		4.7		10.0	Jul-12
GMO Global Equity	199,419,351	4.6		1.9	35	-6.9	71	-6.4	71	2.9	86	4.6	76	3.9	70	5.5	Apr-05
MSCI ACWI				0.2	47	-4.7	52	-4.3	55	5.5	68	5.2	72	4.1	65	5.7	Apr-05
Over/Under				1.7		-2.2		-2.1		-2.6		-0.6		-0.2		-0.2	
eA All Global Equity Net Median				-0.2		-4.5		-3.7		6.7		6.7		4.7		6.7	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
Total Private Equity	154,122,998	3.6	10.0	0.7	37	9.2	17	10.5	37	15.4	21	--	--	--	--	14.6	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>1.7</i>	<i>17</i>	<i>1.7</i>	<i>64</i>	<i>2.6</i>	<i>85</i>	<i>14.4</i>	<i>31</i>	<i>14.3</i>	<i>12</i>	--	--	<i>17.8</i>	<i>Jan-12</i>
Over/Under				-1.0		7.5		7.9		1.0						-3.2	
<i>InvestorForce Public DB Private Eq Net Median</i>				<i>0.5</i>		<i>3.4</i>		<i>7.2</i>		<i>11.9</i>		<i>10.9</i>		<i>10.3</i>		<i>11.6</i>	<i>Jan-12</i>
Adams Street Partners	95,734,628	2.2		1.3	--	7.1	--	8.2	--	14.7	--	--	--	--	--	13.5	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>1.7</i>	--	<i>1.7</i>	--	<i>2.6</i>	--	<i>14.4</i>	--	<i>14.3</i>	--	--	--	<i>17.8</i>	<i>Jan-12</i>
Over/Under				-0.4		5.4		5.6		0.3						-4.3	
Harbourvest	43,386,234	1.0		-0.3	--	13.3	--	18.6	--	--	--	--	--	--	--	20.1	Jul-13
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>1.7</i>	--	<i>1.7</i>	--	<i>2.6</i>	--	<i>14.4</i>	--	<i>14.3</i>	--	--	--	<i>14.3</i>	<i>Jul-13</i>
Over/Under				-2.0		11.6		16.0								5.8	
Pantheon Global Secondary Fund IV	15,002,135	0.3		0.1	--	11.6	--	4.2	--	9.5	--	--	--	--	--	9.0	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>1.7</i>	--	<i>1.7</i>	--	<i>2.6</i>	--	<i>14.4</i>	--	<i>14.3</i>	--	--	--	<i>17.8</i>	<i>Jan-12</i>
Over/Under				-1.6		9.9		1.6		-4.9						-8.8	

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 ¹	Outstanding Commitment ¹	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	\$31,612,674	\$42,377,155	\$12,696,942	14.4%	0.36x	1.43x
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	\$15,005,080	\$20,562,259	\$2,863,670	6.6%	0.31x	1.16x
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	\$7,429,998	\$7,744,434	\$1,632,934	10.4%	0.05x	1.27x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$7,837,000	\$663,000	92%	\$6,697	\$3,933,030	\$8,369,072	\$12,302,102	\$4,458,405	14.3%	0.5x	1.57x
Total Adams Street 2010	2010	5/21/2010	\$85,000,000	\$61,310,500	\$23,689,500	72%	\$23,499	\$20,569,126	\$62,416,824	\$82,985,950	\$21,651,951	12.2%	0.34x	1.35x
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$34,200,000	\$40,800,000	46%	\$10,728	\$2,698,535	\$33,317,817	\$36,016,352	\$1,805,624	4.1%	0.08x	1.05x
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$47,756,250	\$19,743,750	71%	\$84,954	\$21,664,123	\$43,118,543	\$64,782,666	\$16,941,462	28.4%	0.45x	1.35x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$8,310,001	\$6,232,558	\$14,542,559	\$4,582,559	15.3%	0.83x	1.46x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$8,308,104	\$41,691,896	17%	-\$3,352	\$100,240	\$9,134,665	\$9,234,905	\$930,152	11.5%	0.01x	1.11x
Total VCERA Private Equity Program	--	5/21/2010	\$292,500,000	\$161,534,854	\$130,965,146	55%	\$115,829	\$53,342,025	\$154,220,407	\$207,562,432	\$45,911,748	14.1%	0.33x	1.28x

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 9/30/2015 NAVs cash-adjusted for cash flows through 3/31/2016.

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
Total US Fixed Income	829,535,018	19.2	20.0	3.0	28	2.6	43	2.3	14	2.0	55	4.3	38	5.9	23	6.1	Feb-94
Barclays Aggregate				3.0	26	3.7	21	2.0	23	2.5	37	3.8	49	4.9	48	5.7	Feb-94
Over/Under				0.0		-1.1		0.3		-0.5		0.5		1.0		0.4	
eA All US Fixed Inc Net Median				2.2		2.2		1.1		2.1		3.7		4.8		5.4	Feb-94
BlackRock U.S. Debt Fund	144,426,324	3.4		3.1	25	3.7	21	2.0	22	2.5	35	3.8	48	5.0	44	5.5	Nov-95
Barclays Aggregate				3.0	26	3.7	21	2.0	23	2.5	37	3.8	49	4.9	48	5.5	Nov-95
Over/Under				0.1		0.0		0.0		0.0		0.0		0.1		0.0	
eA All US Fixed Inc Net Median				2.2		2.2		1.1		2.1		3.7		4.8		5.3	Nov-95
Western	277,765,076	6.4		3.1	24	3.6	22	1.8	27	3.2	20	5.0	25	5.6	28	6.4	Dec-96
Barclays Aggregate				3.0	26	3.7	21	2.0	23	2.5	37	3.8	49	4.9	48	5.5	Dec-96
Over/Under				0.1		-0.1		-0.2		0.7		1.2		0.7		0.9	
eA All US Fixed Inc Net Median				2.2		2.2		1.1		2.1		3.7		4.8		5.4	Dec-96
Reams	293,147,976	6.8		3.3	19	2.4	47	4.4	3	0.7	86	3.9	48	6.1	20	5.7	Sep-01
Reams Custom Index				0.1	95	0.3	79	0.4	70	0.3	93	2.3	79	4.2	66	4.3	Sep-01
Over/Under				3.2		2.1		4.0		0.4		1.6		1.9		1.4	
Barclays Aggregate				3.0	26	3.7	21	2.0	23	2.5	37	3.8	49	4.9	48	4.8	Sep-01
eA All US Fixed Inc Net Median				2.2		2.2		1.1		2.1		3.7		4.8		4.8	Sep-01
Loomis Sayles Multi Strategy	72,294,856	1.7		2.6	39	-1.2	88	-1.8	90	1.9	59	5.1	24	6.6	13	6.4	Jul-05
Loomis Custom Index				3.1	23	1.1	65	0.0	77	2.1	49	4.0	42	5.5	32	5.2	Jul-05
Over/Under				-0.5		-2.3		-1.8		-0.2		1.1		1.1		1.2	
Barclays Govt/Credit				3.5	17	3.9	18	1.7	29	2.4	40	4.0	42	4.9	46	4.6	Jul-05
eA All US Fixed Inc Net Median				2.2		2.2		1.1		2.1		3.7		4.8		4.6	Jul-05
Loomis Strategic Alpha	41,900,786	1.0		0.4	91	-2.0	90	-2.3	91	--	--	--	--	--	--	1.2	Jul-13
Barclays Aggregate				3.0	26	3.7	21	2.0	23	2.5	37	3.8	49	4.9	48	3.7	Jul-13
Over/Under				-2.6		-5.7		-4.3								-2.5	
eA All US Fixed Inc Net Median				2.2		2.2		1.1		2.1		3.7		4.8		2.9	Jul-13

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

As of January 2016, Loomis Strategic Alpha was moved from the Total Global Fixed Income composite to the Total US Fixed Income composite.

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
Total Real Estate	365,489,464	8.5	7.0	1.9	69	8.5	76	11.7	46	11.6	66	11.2	70	4.1	83	8.0	Mar-94
<i>NCREIF ODCE Net</i>				<u>2.0</u>	66	<u>8.7</u>	65	<u>12.6</u>	26	<u>12.6</u>	42	<u>12.2</u>	46	<u>5.4</u>	44	<u>8.2</u>	<i>Mar-94</i>
Over/Under				-0.1		-0.2		-0.9		-1.0		-1.0		-1.3		-0.2	
<i>InvestorForce Public DB Real Estate Pub+Priv Net Median</i>				2.2		9.3		10.9		12.4		12.2		5.3		7.1	<i>Mar-94</i>
Prudential Real Estate	127,195,743	3.0		<u>2.0</u>	--	<u>10.0</u>	--	<u>13.4</u>	--	<u>13.2</u>	--	<u>12.8</u>	--	<u>5.1</u>	--	<u>6.0</u>	Jun-04
<i>NCREIF ODCE Net</i>				<u>2.0</u>	--	<u>8.7</u>	--	<u>12.6</u>	--	<u>12.6</u>	--	<u>12.2</u>	--	<u>5.4</u>	--	<u>7.1</u>	<i>Jun-04</i>
Over/Under				0.0		1.3		0.8		0.6		0.6		-0.3		-1.1	
<i>NCREIF ODCE</i>				2.2	--	9.5	--	13.7	--	13.6	--	13.3	--	6.4	--	8.1	<i>Jun-04</i>
UBS Real Estate	237,153,034	5.5		<u>1.8</u>	--	<u>8.0</u>	--	<u>10.9</u>	--	<u>10.7</u>	--	<u>10.3</u>	--	<u>5.7</u>	--	<u>7.7</u>	Mar-03
<i>NCREIF ODCE Net</i>				<u>2.0</u>	--	<u>8.7</u>	--	<u>12.6</u>	--	<u>12.6</u>	--	<u>12.2</u>	--	<u>5.4</u>	--	<u>7.3</u>	<i>Mar-03</i>
Over/Under				-0.2		-0.7		-1.7		-1.9		-1.9		0.3		0.4	
<i>NCREIF ODCE</i>				2.2	--	9.5	--	13.7	--	13.6	--	13.3	--	6.4	--	8.3	<i>Mar-03</i>
RREEF	1,140,686	0.0		<u>-4.8</u>	--	<u>-10.7</u>	--	<u>0.0</u>	--	<u>13.2</u>	--	<u>21.3</u>	--	--	--	<u>-5.4</u>	Sep-07
<i>NCREIF ODCE Net</i>				<u>2.0</u>	--	<u>8.7</u>	--	<u>12.6</u>	--	<u>12.6</u>	--	<u>12.2</u>	--	<u>5.4</u>	--	<u>3.6</u>	<i>Sep-07</i>
Over/Under				-6.8		-19.4		-12.6		0.6		9.1				-9.0	
<i>NCREIF ODCE</i>				2.2	--	9.5	--	13.7	--	13.6	--	13.3	--	6.4	--	4.5	<i>Sep-07</i>

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
Total Liquid Alternatives	360,678,570	8.4	10.0	-0.1	--	-12.5	--	-15.3	--	--	--	--	--	--	--	1.8	Apr-13
<i>CPI + 4% (Unadjusted)</i>				<u>1.7</u>	--	<u>2.8</u>	--	<u>4.9</u>	--	<u>4.8</u>	--	<u>5.3</u>	--	<u>5.8</u>	--	<u>4.8</u>	<i>Apr-13</i>
Over/Under				-1.8		-15.3		-20.2								-3.0	
Bridgewater All Weather Fund	261,608,219	6.1		2.4	--	-5.1	--	-8.0	--	--	--	--	--	--	--	2.3	Aug-13
<i>CPI + 5% (Unadjusted)</i>				<u>1.9</u>	--	<u>3.5</u>	--	<u>5.9</u>	--	--	--	--	--	--	--	<u>5.7</u>	<i>Aug-13</i>
Over/Under				0.5		-8.6		-13.9								-3.4	
Tortoise Energy Infrastructure	99,070,351	2.3		-5.9	--	-27.5	--	-30.0	--	--	--	--	--	--	--	-3.9	Apr-13
<i>Wells Fargo MLP Index</i>				<u>-6.1</u>	--	<u>-32.2</u>	--	<u>-35.2</u>	--	<u>-10.1</u>	--	<u>-0.5</u>	--	--	--	<u>-10.7</u>	<i>Apr-13</i>
Over/Under				0.2		4.7		5.2								6.8	
Overlay	269,942,617	6.3	0.0														
Parametric	269,942,617	6.3															

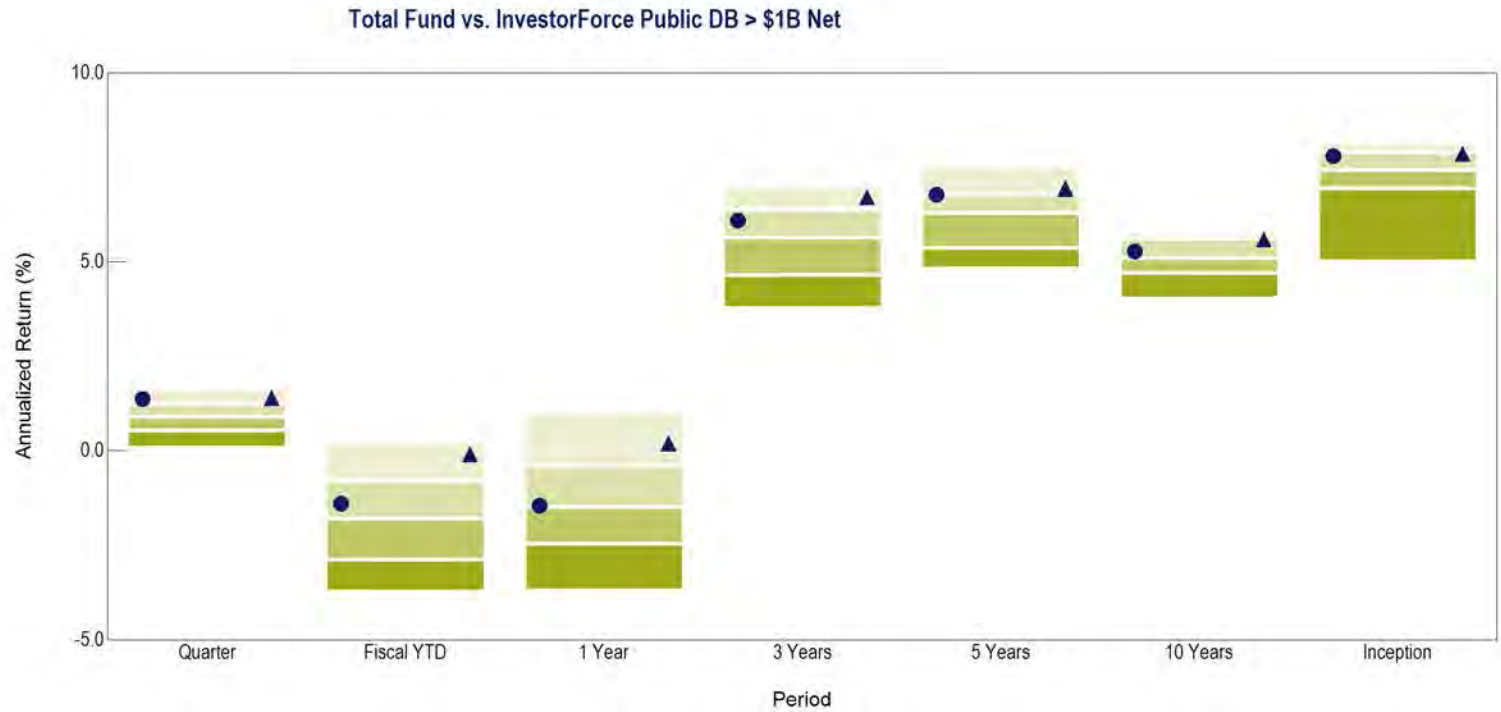
Overlay performance is not applicable on an individual account level

PIMCO Global Fixed Income is liquidating. The market value as of 3/31/2106 is \$2,339,996



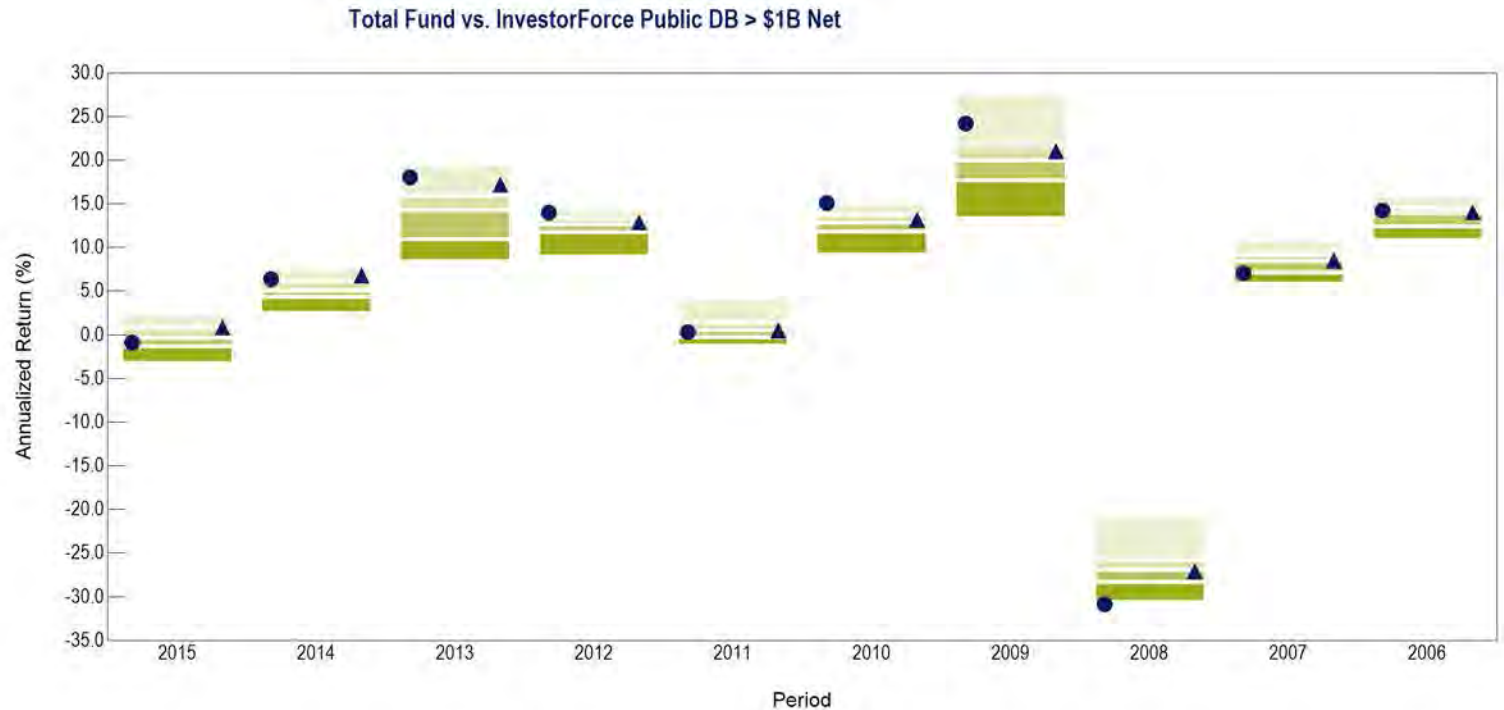
March 31, 2016

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



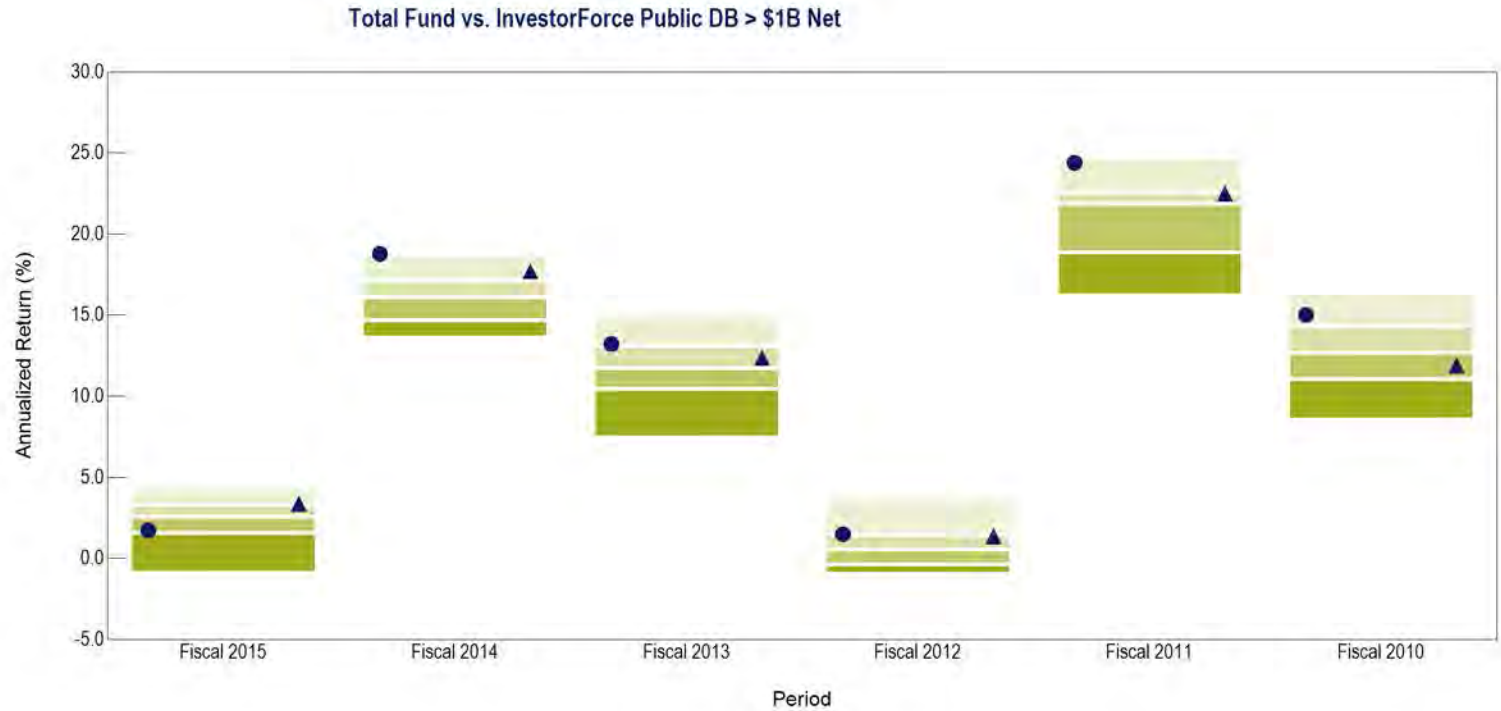
	Return (Rank)													
5th Percentile	1.6		0.2		1.0		7.0		7.5		5.8		8.1	
25th Percentile	1.2		-0.8		-0.4		6.4		6.8		5.6		7.9	
Median	0.9		-1.8		-1.5		5.6		6.3		5.1		7.4	
75th Percentile	0.6		-2.9		-2.4		4.7		5.4		4.7		6.9	
95th Percentile	0.1		-3.7		-3.7		3.8		4.8		4.0		5.0	
# of Portfolios	41		41		41		41		41		37		22	
● Total Fund	1.4	(18)	-1.4	(33)	-1.5	(48)	6.1	(31)	6.8	(26)	5.3	(39)	7.8	(29)
▲ Policy Index	1.4	(15)	-0.1	(9)	0.2	(15)	6.7	(11)	6.9	(16)	5.6	(28)	7.9	(27)

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	0.8	6.1	16.0	13.4	1.5	13.8	21.7	-25.7	9.2	14.6										
Median	-0.4	5.1	14.3	12.7	0.6	12.8	20.0	-26.9	8.5	14.0										
75th Percentile	-1.3	4.4	11.0	11.8	-0.3	11.8	17.7	-28.3	7.1	12.5										
95th Percentile	-3.2	2.6	8.5	9.0	-1.2	9.3	13.4	-30.5	5.9	10.9										
# of Portfolios	57	55	48	44	42	41	40	39	39	38										
● Total Fund	-0.9 (61)	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	0.8 (25)	6.8 (12)	17.2 (14)	12.9 (41)	0.5 (55)	13.2 (44)	21.0 (33)	-27.1 (54)	8.5 (50)	14.0 (50)										

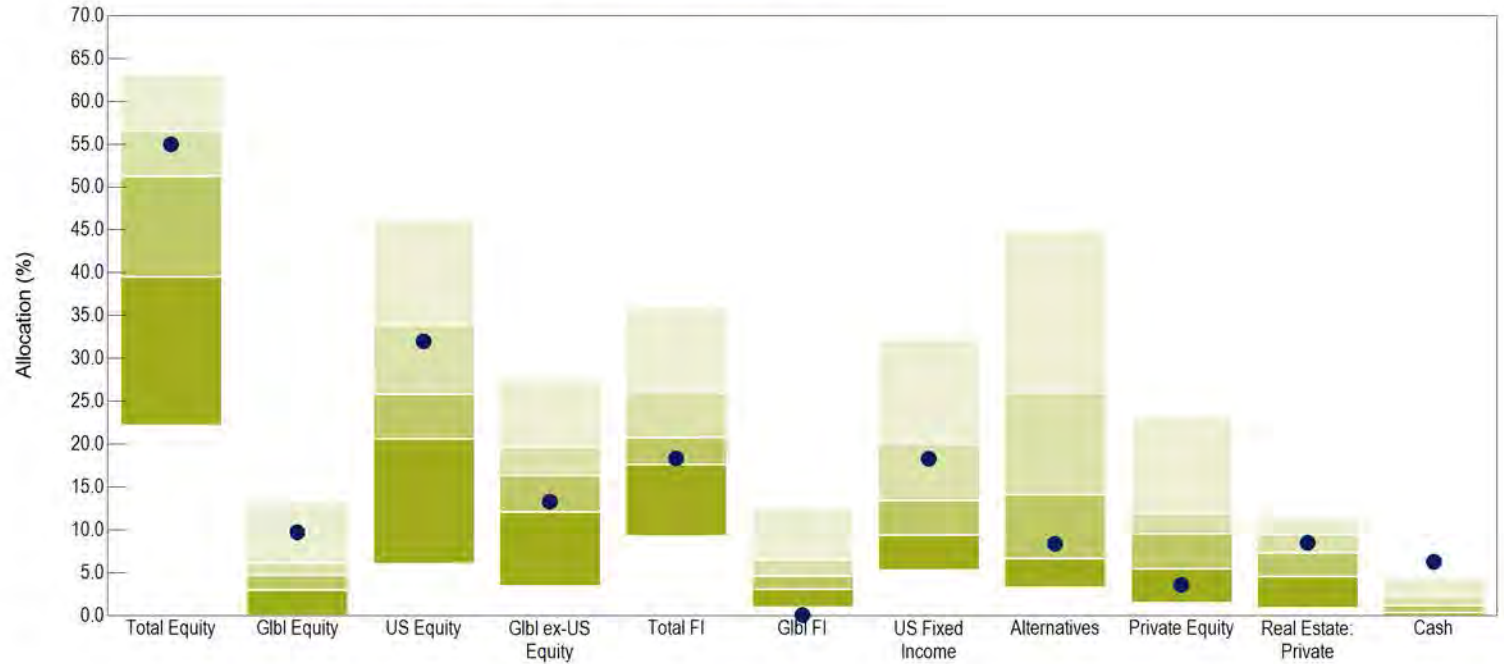
Ventura County Employees' Retirement Association
Total Fund Return Summary vs. Peer Universe



	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	(25)	17.7	(20)	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	
5th Percentile	63.2	13.3	46.1	27.5	35.9	12.4	32.2	44.9	23.1	11.6	4.4	--										
25th Percentile	56.6	6.2	34.0	19.7	26.0	6.6	20.1	26.1	12.0	9.5	2.2	--										
Median	51.3	4.7	25.9	16.5	20.8	4.7	13.5	14.1	9.6	7.4	1.2	--										
75th Percentile	39.6	3.1	20.7	12.2	17.7	3.1	9.5	6.7	5.5	4.6	0.4	--										
95th Percentile	22.2	0.1	6.1	3.5	9.3	1.0	5.4	3.4	1.6	1.0	0.0	--										
# of Portfolios	38	16	36	36	39	21	34	37	34	29	36	--										
● Total Fund	55.0 (39)	9.7 (12)	32.0 (31)	13.3 (70)	18.3 (69)	0.1 (99)	18.3 (31)	8.4 (68)	3.6 (82)	8.5 (33)	6.3 (3)	--										

Manager Due Diligence

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	-	-	-	-		10/2013
Western U.S. Index Plus	-	-	-	-		6/2014
BlackRock Extended Equity Index	-	-	-	-		10/2013
BlackRock MSCI ACWI ex-U.S. Index	-	-	-	-		10/2013
Sprucegrove	-	No	Hold	No Action	3Q 2014 Departure	N/A
Hexavest	Top Quartile	-	-	-		1/2013
Walter Scott	Top Quartile	-	-	-		10/2012
BlackRock MSCI ACWI Index	-	-	-	-		10/2013
GMO	-	-	-	-		7/2014
Adams Street	N/A	-	-	-		11/2013
HarbourVest	N/A	-	-	-		3/2014
Pantheon	N/A	-	-	-		1/2015
BlackRock U.S. Debt Fund	Top Quartile	Yes	No Action	No Action	Jon Rubinstein Joining as a Co-CEO	10/2013
Western	Top Quartile	-	-	-		6/2014
Reams	Top Quartile	-	-	-		11/2013
Loomis Sayles Multi-Sector Full Discretion	-	-	-	-		11/2013

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	Bottom Decile	-	-	-		11/2013
Prudential	N/A	-	-	-		7/2014
RREEF	N/A	-	-	-		7/2013
UBS	N/A	-	-	-		8/2011
Bridgewater	N/A	Yes	No Action	No Action	Jon Rubinstein Joining as a Co-CEO	9/2012
Tortoise	N/A	-	-	-		8/2013
Parametric/Clifton	N/A	-	-	-		7/2013

NEPC Due Diligence Committee Recommendation Key

No Action	Informational items have surfaced; no action is recommended.
Watch	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.
Hold	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.
Client Review	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.
Terminate	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

Bridgewater

Jon Rubenstein is now Co-CEO alongside Eileen Murray. In addition, Greg Jensen, who holds the position of both Co-CEO and Co-CIO, will shift to focus exclusively on the investment side of the business. Mr. Jensen will remain Co-CIO along with Bob Prince and Ray Dalio.

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

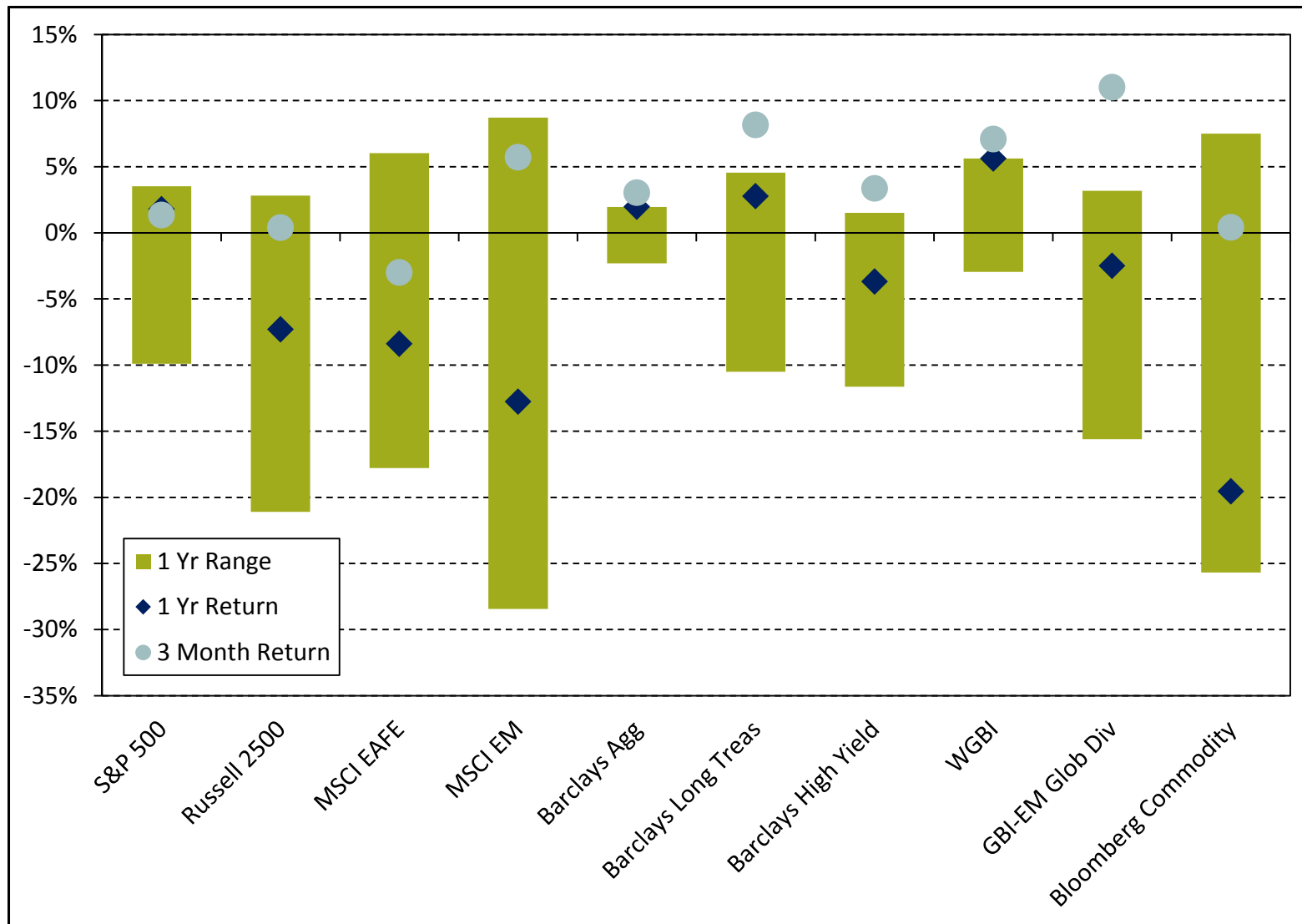
Appendix: Market Environment

Index Performance Summary as of 3/31/2016

	2009	2010	2011	2012	2013	2014	2015	JAN	FEB	MAR	YTD
Barclays US Strips 20+ Yr	-36.0%	10.9%	58.5%	3.0%	-21.0%	46.4%	-3.7%	6.9%	4.6%	-0.3%	11.4%
JPM GBI -EM Global Diversified	22.0%	15.7%	-1.8%	16.8%	-9.0%	-5.7%	-14.9%	0.4%	1.4%	9.1%	11.0%
Barclays US Govt/Credit Long	1.9%	10.2%	22.5%	8.8%	-8.8%	19.3%	-3.3%	2.1%	2.2%	2.8%	7.3%
Citi WGBI	2.6%	5.2%	6.4%	1.7%	-4.0%	-0.5%	-3.6%	1.4%	2.9%	2.7%	7.1%
Barclays US Long Credit	16.8%	10.7%	17.1%	12.7%	-6.6%	16.4%	-4.6%	0.3%	1.7%	4.8%	6.8%
FTSE NAREIT Equity REITs	28.0%	28.0%	8.3%	18.1%	2.5%	30.1%	3.2%	-3.4%	-0.4%	10.1%	6.0%
MSCI EM	78.5%	18.9%	-18.4%	18.2%	-2.6%	-2.2%	-14.9%	-6.5%	-0.2%	13.2%	5.7%
JPM EMBI Global Diversified	29.8%	12.2%	7.4%	17.4%	-5.3%	7.4%	1.2%	-0.2%	1.9%	3.3%	5.0%
Barclays US Corporate HY	58.2%	15.1%	5.0%	15.8%	7.4%	2.5%	-4.5%	-1.6%	0.6%	4.4%	3.4%
Barclays US Agg Bond	5.9%	6.5%	7.8%	4.2%	-2.0%	6.0%	0.6%	1.4%	0.7%	0.9%	3.0%
Barclays US Agg Interm	6.5%	6.2%	6.0%	3.6%	-1.0%	4.1%	1.2%	1.3%	0.5%	0.6%	2.3%
Barclays Municipal	12.9%	2.4%	10.7%	6.8%	-2.6%	9.1%	3.3%	1.2%	0.2%	0.3%	1.7%
S&P 500	26.5%	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%	-5.0%	-0.1%	6.8%	1.4%
Credit Suisse Leveraged Loan	44.9%	10.0%	1.8%	9.4%	6.2%	2.1%	-0.4%	-0.7%	-0.6%	2.6%	1.3%
Russell 1000	28.4%	16.1%	1.5%	16.4%	33.1%	13.2%	0.9%	-5.4%	0.0%	7.0%	1.2%
Barclays US Govt/Credit 1-3 Yr	3.8%	2.8%	1.6%	1.3%	0.6%	0.8%	0.7%	0.5%	0.1%	0.4%	1.0%
Bloomberg Commodity	18.9%	16.8%	-13.3%	-1.1%	-9.5%	-17.0%	-24.7%	-1.7%	-1.6%	3.8%	0.4%
Russell 2500	34.4%	26.7%	-2.5%	17.9%	36.8%	7.1%	-2.9%	-8.0%	0.7%	8.3%	0.4%
MSCI ACWI	34.6%	12.7%	-7.4%	16.1%	22.8%	4.2%	-2.4%	-6.0%	-0.7%	7.4%	0.2%
Russell 2000	27.2%	26.9%	-4.2%	16.4%	38.8%	4.9%	-4.4%	-8.8%	0.0%	8.0%	-1.5%
Credit Suisse Hedge Fund	18.6%	11.0%	-2.5%	7.7%	9.7%	4.1%	-0.7%	-1.4%	-1.1%	N/A	-2.5%
MSCI EAFE	31.8%	7.8%	-12.1%	17.3%	22.8%	-4.9%	-0.8%	-7.2%	-1.8%	6.5%	-3.0%
Alerian MLP	76.4%	35.9%	13.9%	4.8%	27.6%	4.8%	-32.6%	-11.1%	-0.5%	8.3%	-4.2%

Source: Morningstar Direct

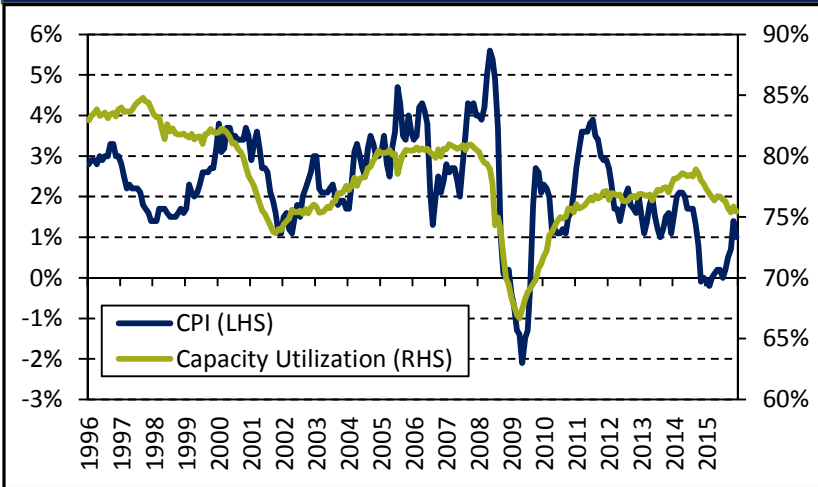
Broad Market Performance Summary as of 3/31/2016



Source: Bloomberg, Standard and Poors, Russell, MSCI, Barclays, Citigroup, JP Morgan
 *1 Yr Range: Represents range of cumulative high/low daily index returns for an investment made one year ago

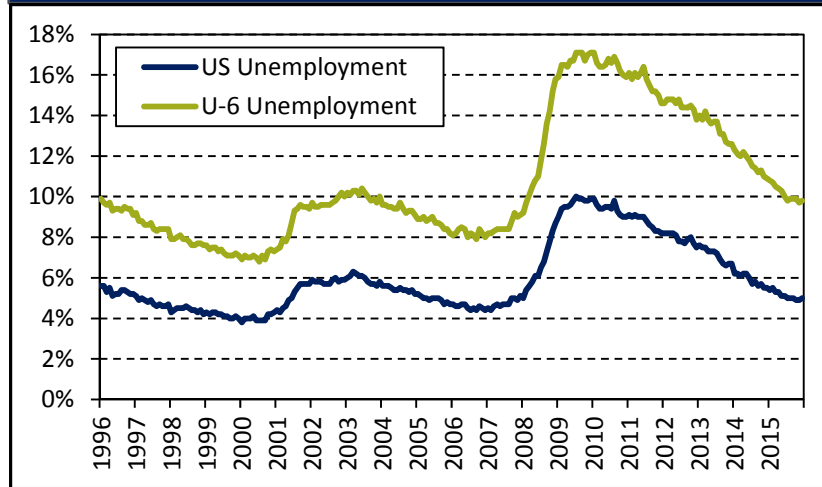
US Economic Indicators

Inflation has increased off lows



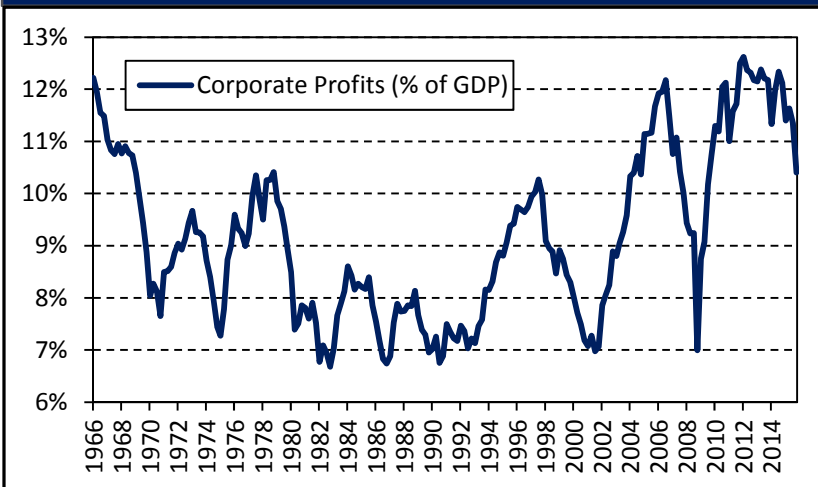
Source: Bloomberg, Federal Reserve, Bureau of Labor Statistics

Unemployment steadily improving



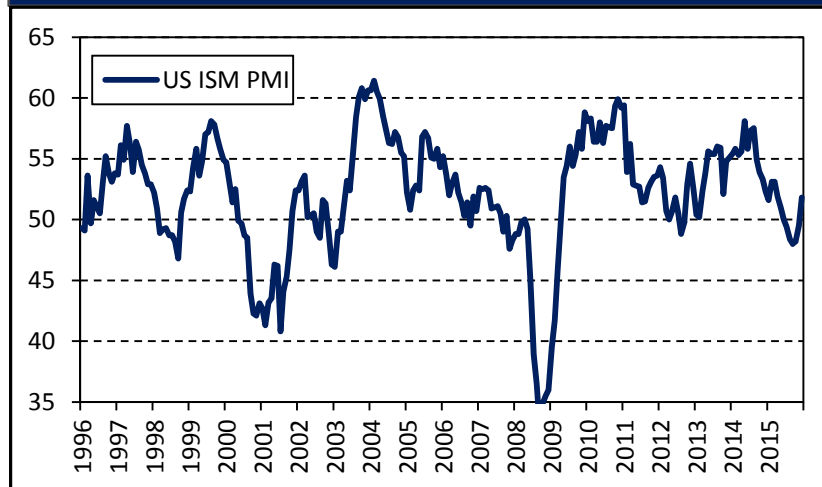
Source: Bloomberg, Bureau of Labor Statistics

Corporate profits lower off secular highs



Source: Bloomberg, Bureau of Economic Analysis

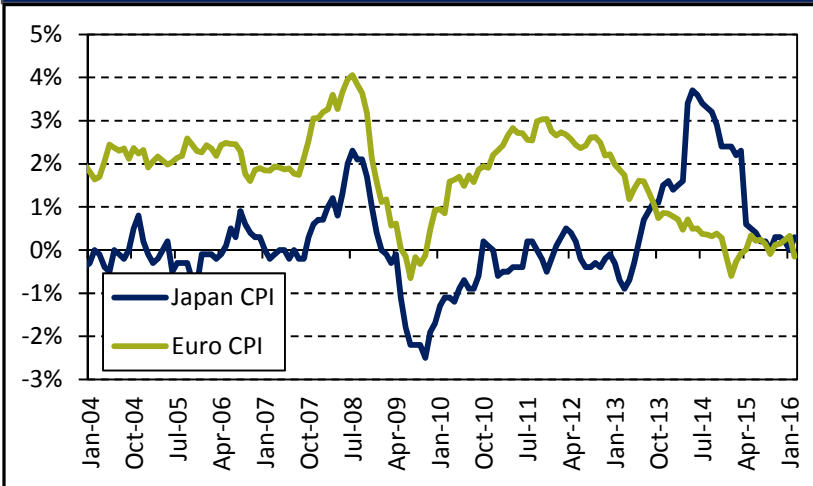
Manufacturing trending higher after dip



Source: Bloomberg, Institute for Supply Management

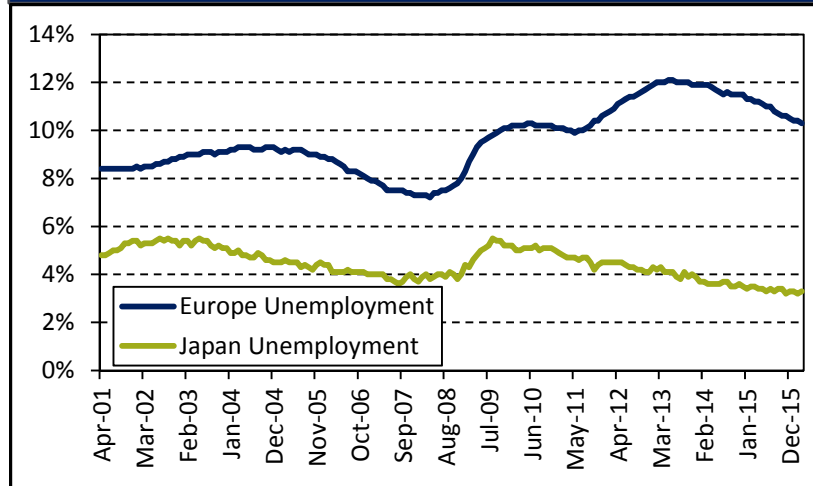
International Economic Indicators

Inflation remains muted



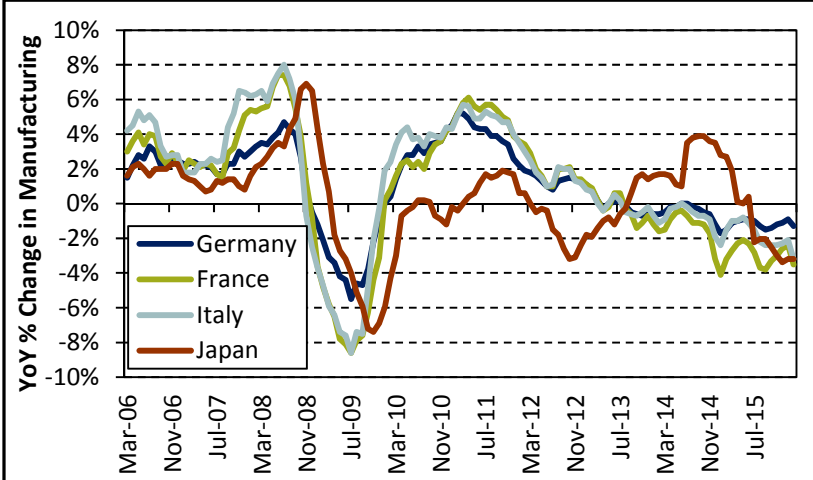
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

Europe employment recovery lagging



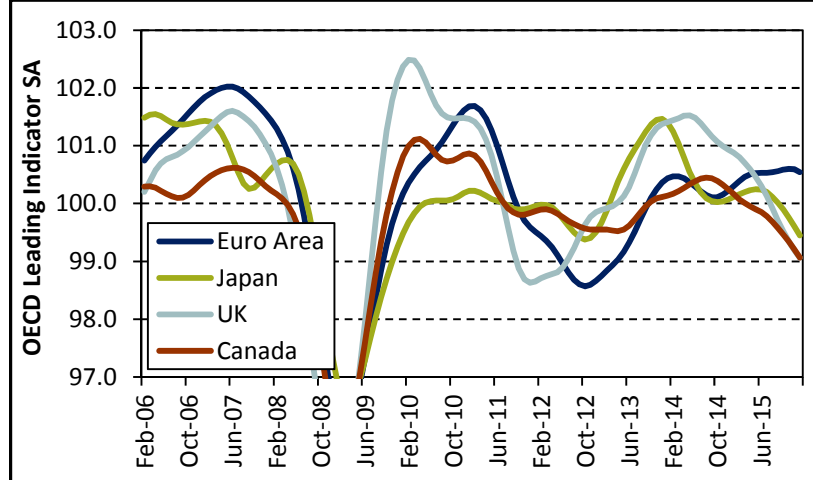
Source: Bloomberg, Japan Ministry of Internal Affairs and Communications, Eurostat

Manufacturing in developed economies has lagged



Source: Bloomberg, OECD, Eurostat

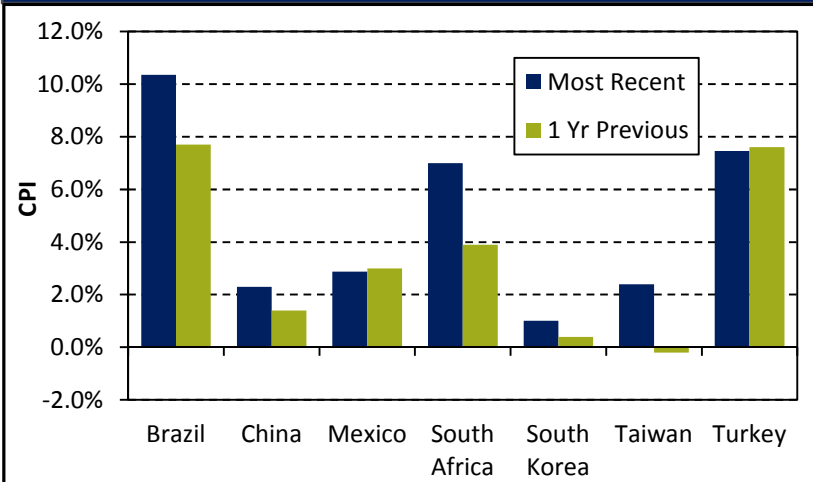
Leading indicators mostly neutral



Source: Bloomberg, OECD

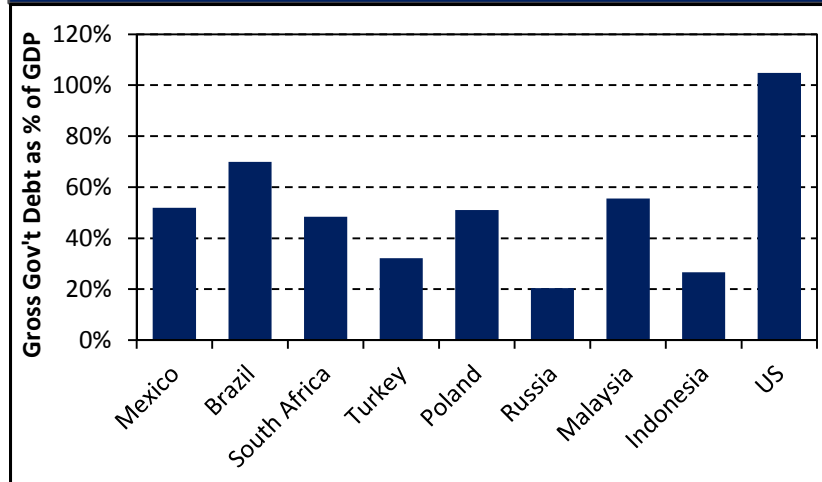
Emerging Market Economic Indicators

EM inflation is varied by country



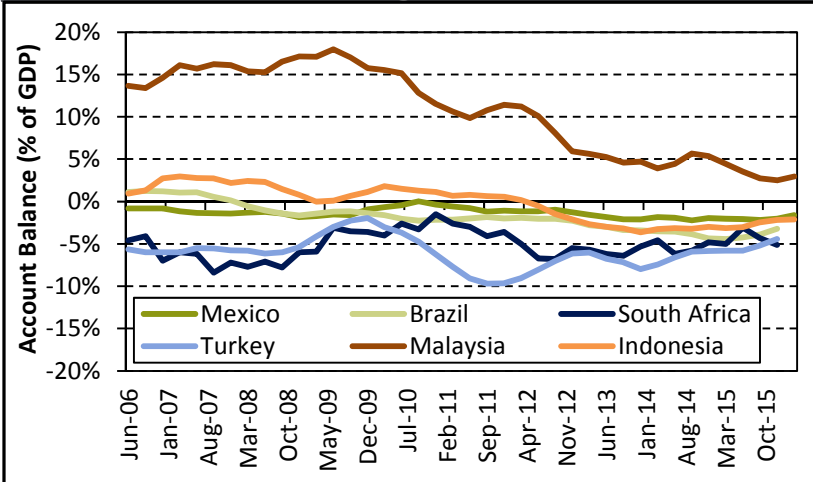
Source: Bloomberg

Relatively healthy Debt/GDP ratios



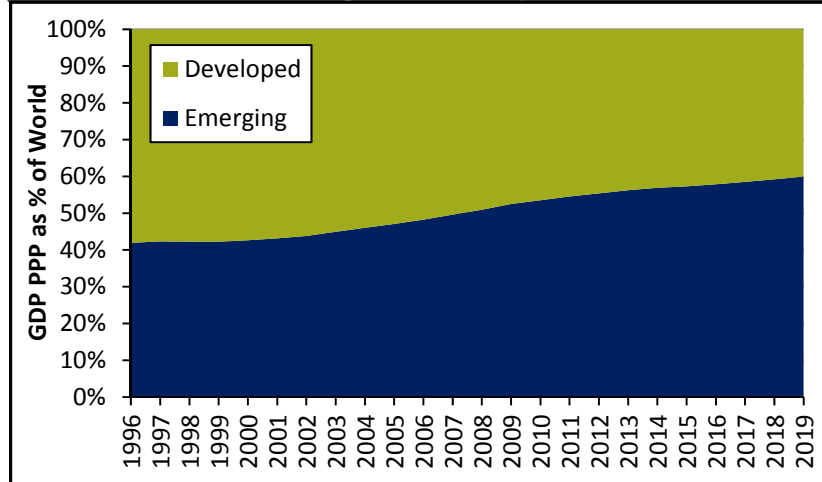
Source: Bloomberg, IMF

Marginal improvement in account balance challenged countries



Source: Bloomberg

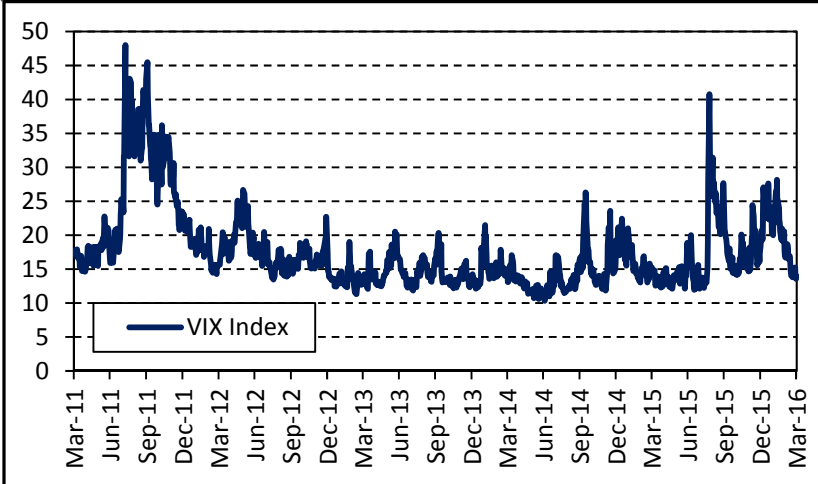
Emerging economies make up >50% of global output



Source: Bloomberg, IMF

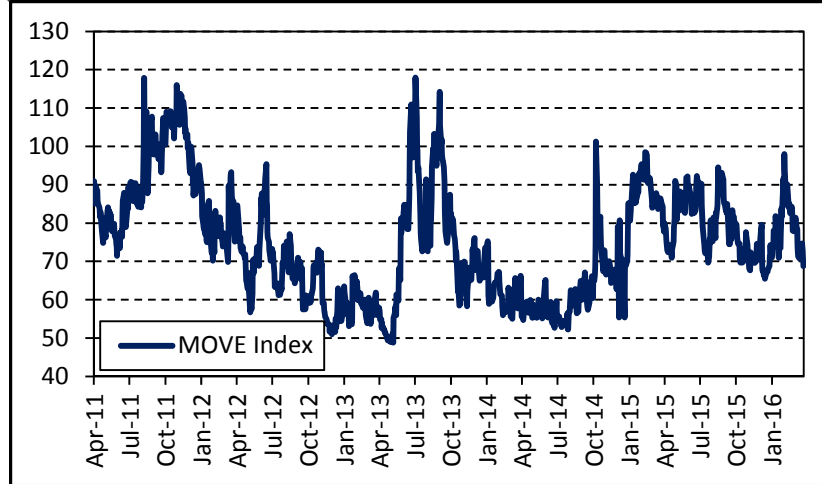
Volatility

Equity volatility decreasing off early year highs



Source: Bloomberg, CBOE

Treasury rates experiencing periods of higher volatility



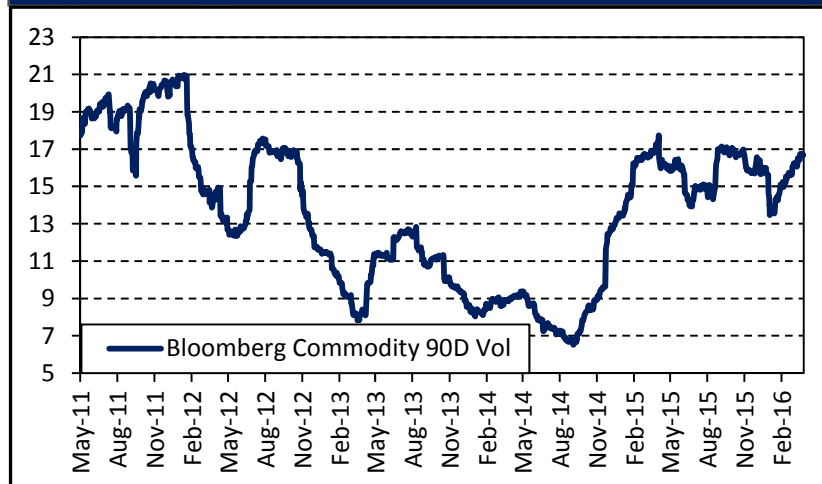
Source: Bloomberg, Merrill Lynch

Sustained uptick in currency volatilities



Source: Bloomberg, Deutsche Bank

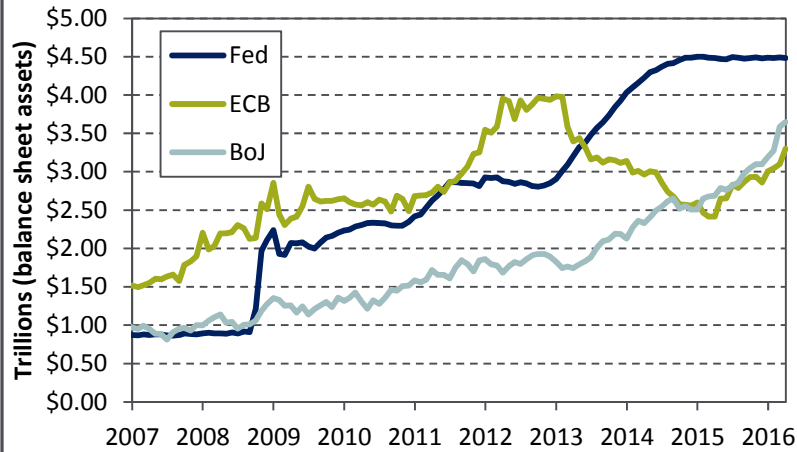
Commodity pricing volatility has increased



Source: Bloomberg, Merrill Lynch

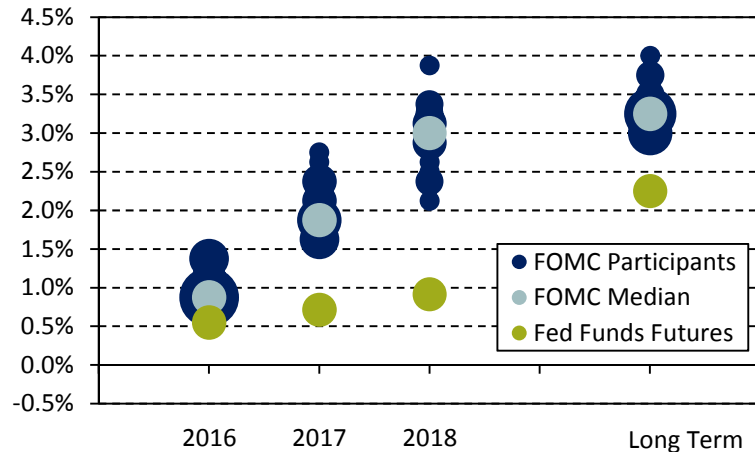
Central Banks

Major central bank policy divergence



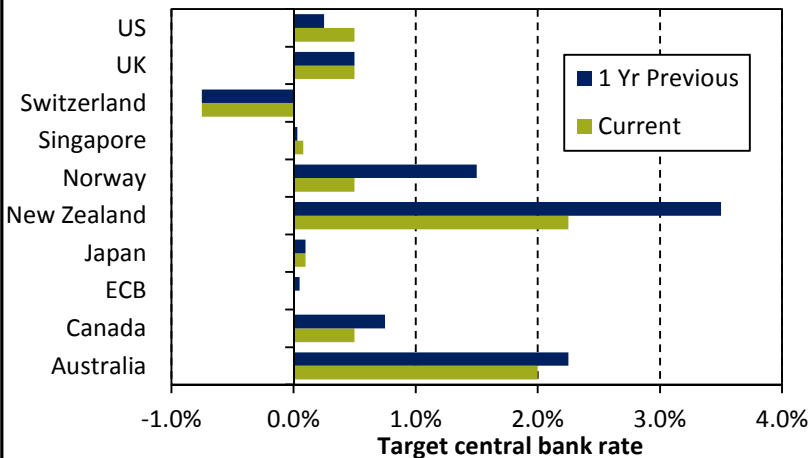
Source: Bloomberg, Federal Reserve, Bank of Japan, ECB, NEPC

Fed's ideal rate of policy firming above market expectations



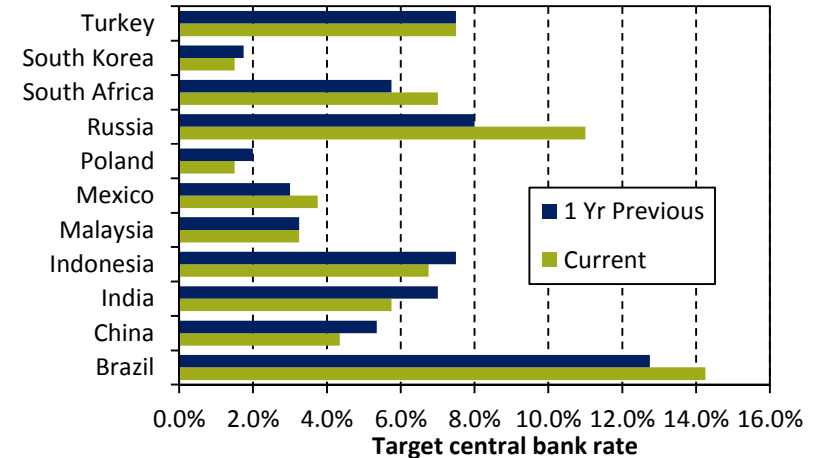
Source: Bloomberg, Federal Reserve, NEPC

Many developed central banks have maintained low interest rates



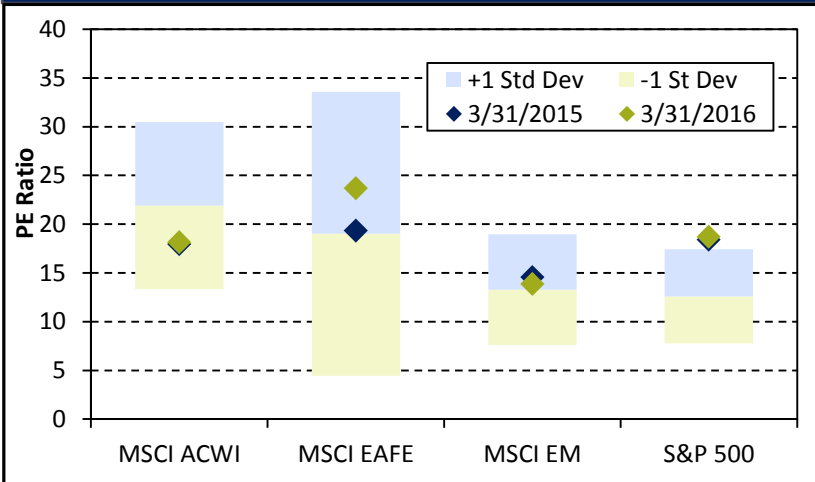
Source: Bloomberg

EM central bank policies have varied by circumstance



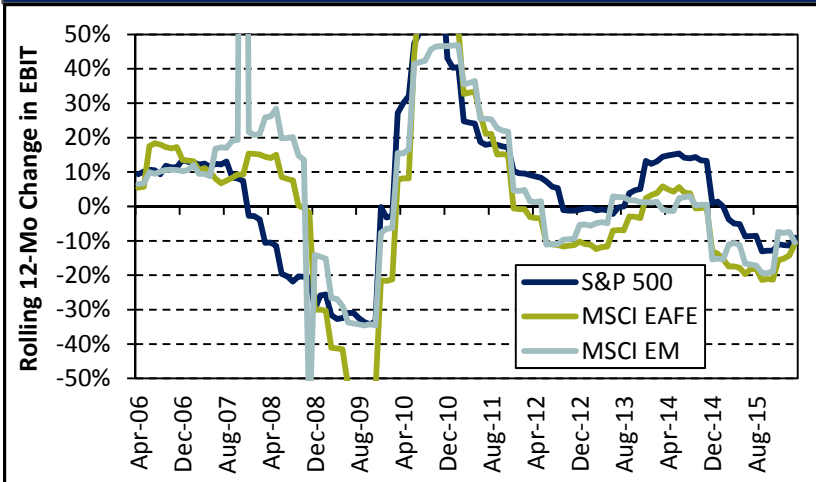
Source: Bloomberg

Global valuations are mixed



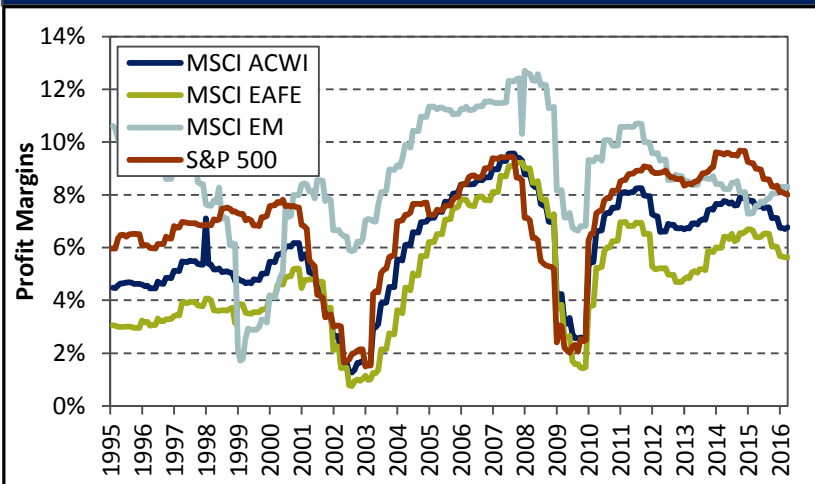
Source: Bloomberg, Standard and Poors, MSCI *MSCI EAFE is ex UK Telecom

Earnings growth trending lower



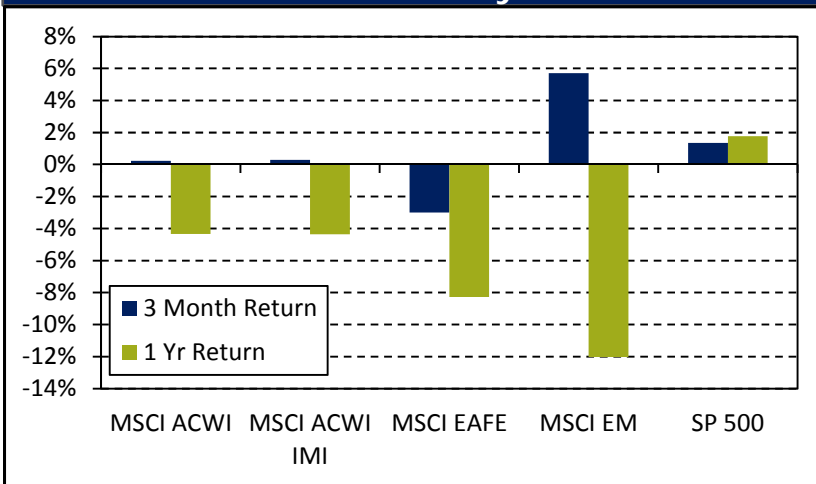
Source: Bloomberg, Standard and Poors, MSCI

Margins declining outside of EM



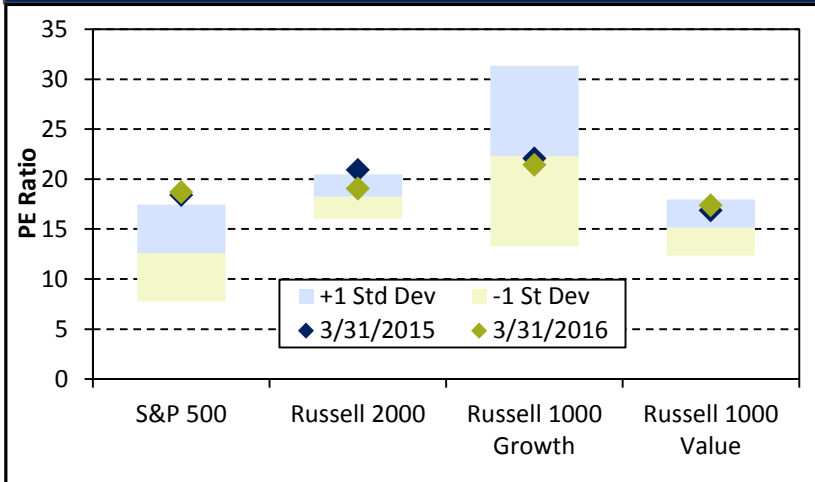
Source: Bloomberg, MSCI

Global equity returns have been negative over one year



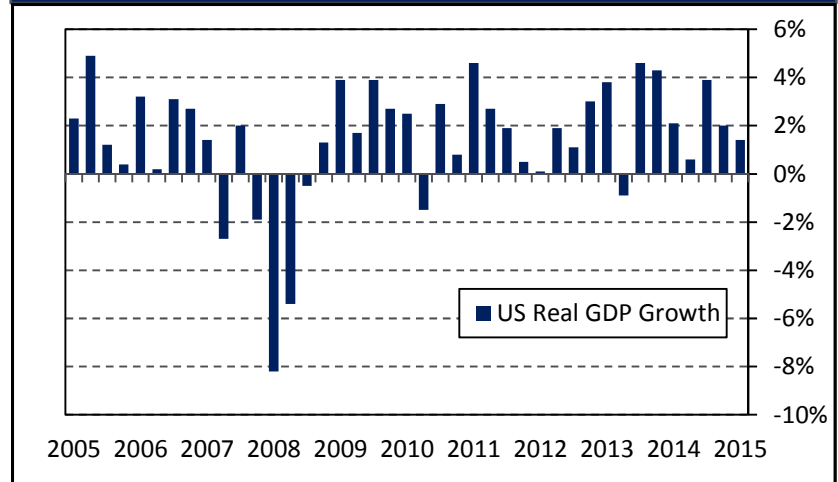
Source: Bloomberg, MSCI

Valuations near or above historical norms



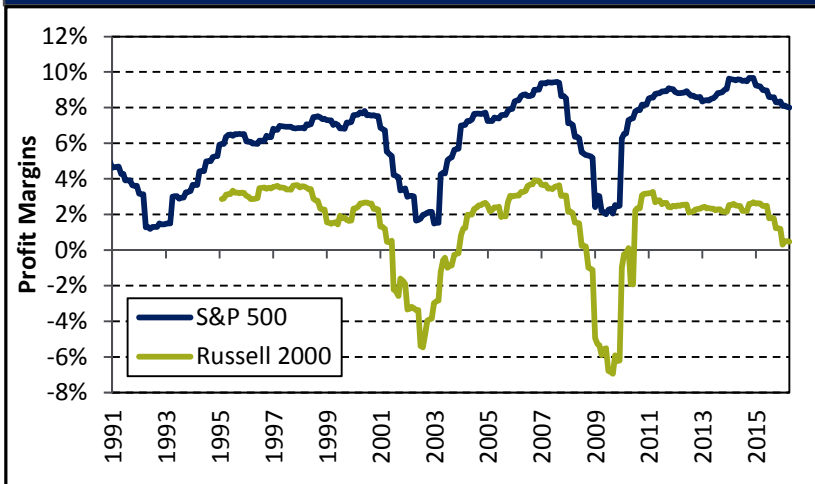
Source: Bloomberg, Standard and Poors, Russell *Russell 2000 PE is index adjusted positive

Growth recovery marked by inconsistency



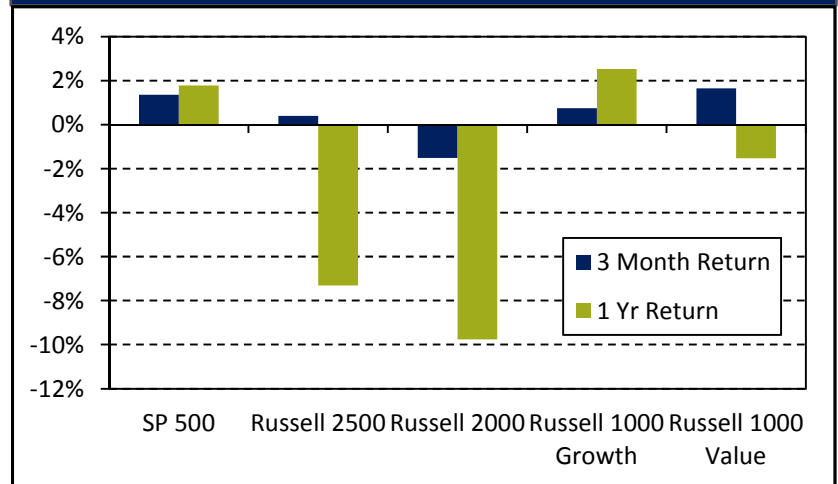
Source: Bloomberg, Bureau of Economic Analysis

Profit margins lower off highs



Source: Bloomberg, Standard and Poors, Russell

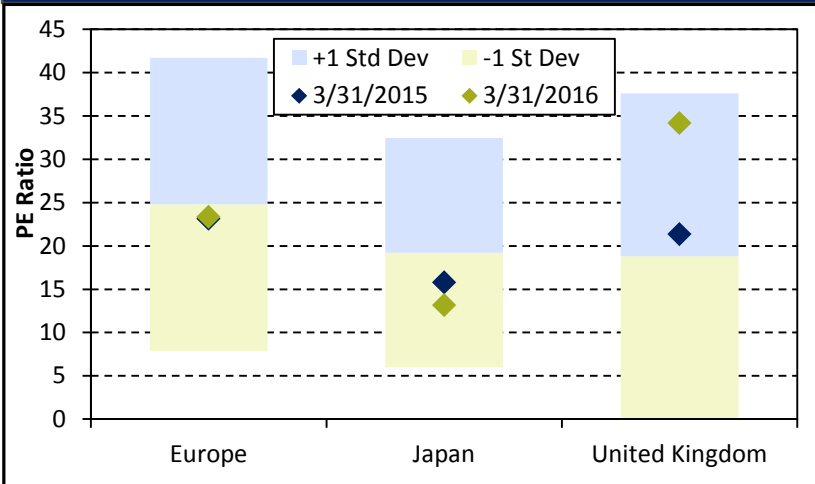
Trailing performance has been mixed



Source: Bloomberg, Standard and Poors, Russell

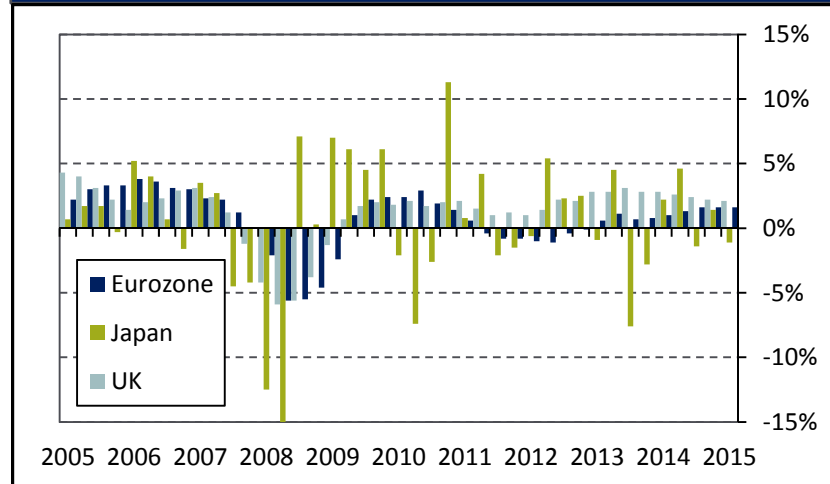
International Equity

PEs varied by region/country



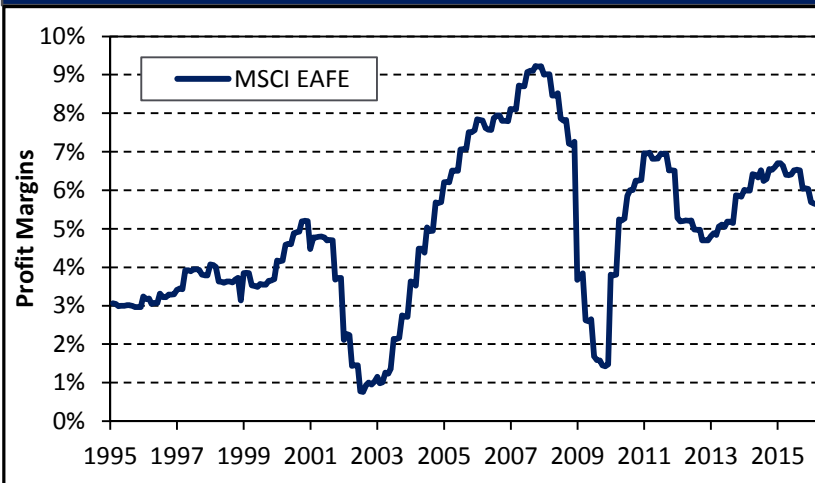
Source: Bloomberg, MSCI, FTSE *UK represented by FTSE 100 Index

Slow Global Growth



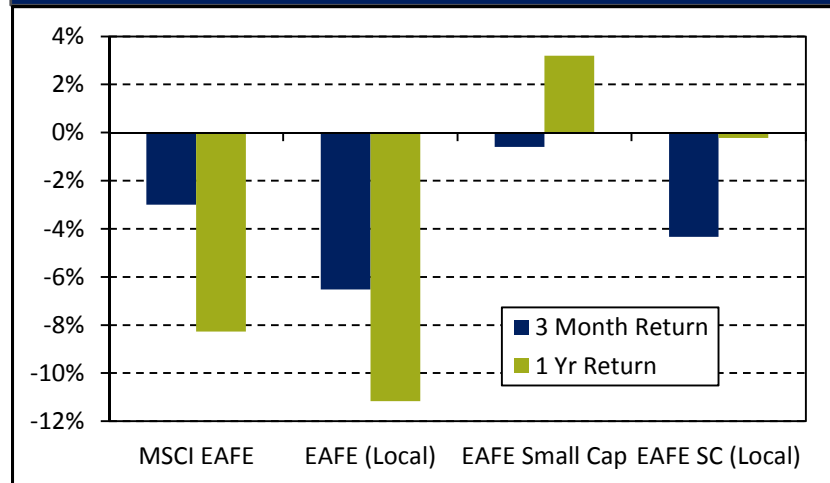
Source: Bloomberg

Margins elevated but not at extremes



Source: Bloomberg, MSCI

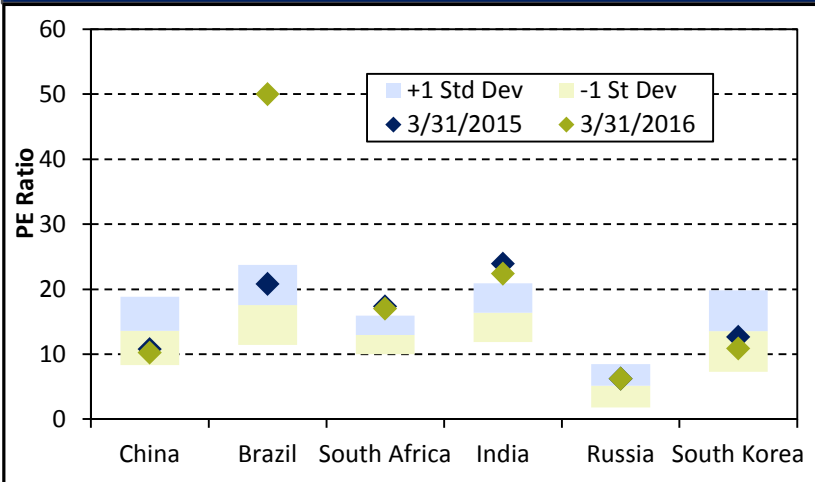
Returns near flat or negative



Source: Bloomberg, MSCI

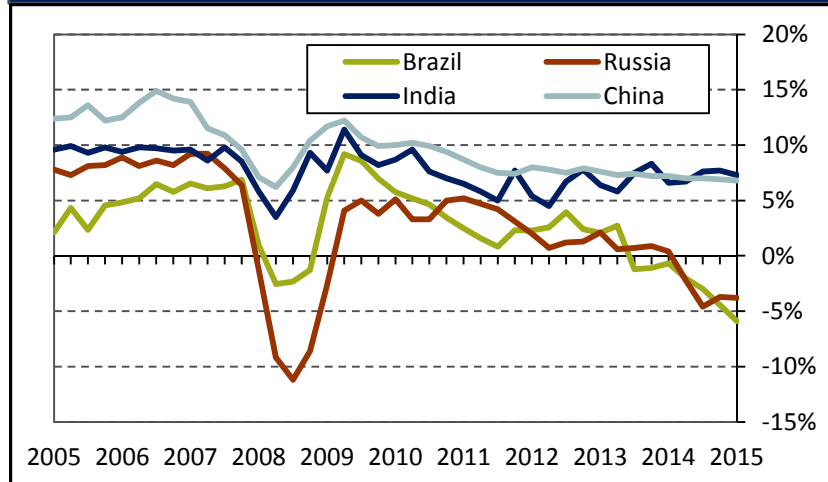
Emerging Markets Equity

Regional valuations show divergence



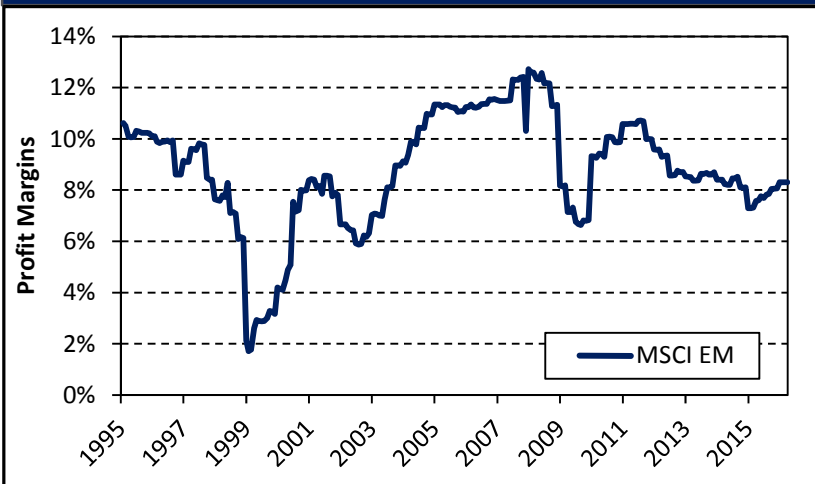
Source: Bloomberg, MSCI

Slowing growth in major economies



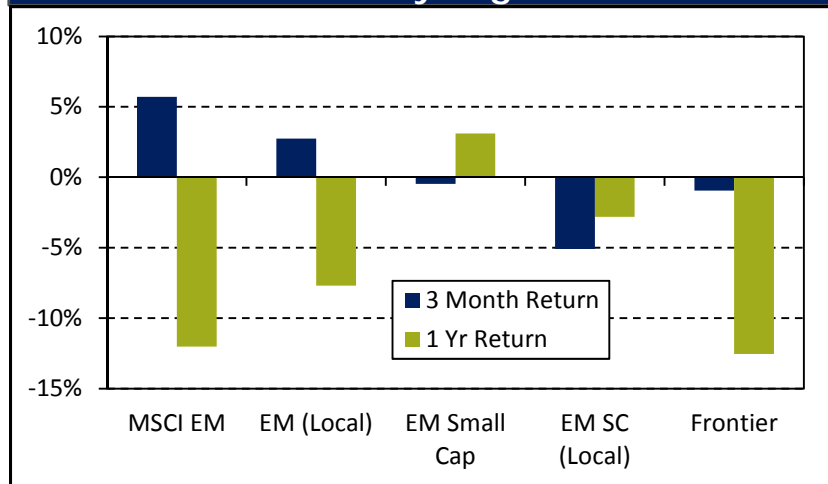
Source: Bloomberg

Profit margins in line with history



Source: Bloomberg, MSCI

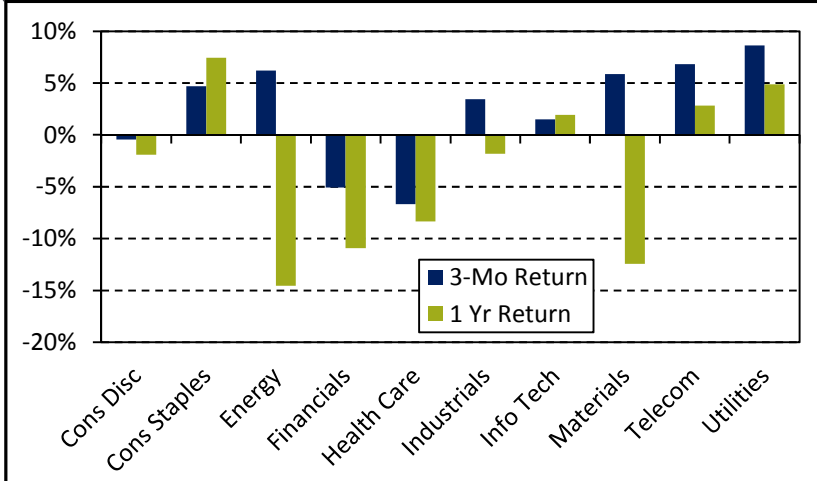
Recent rally in EM but one year returns mostly negative



Source: Bloomberg, MSCI

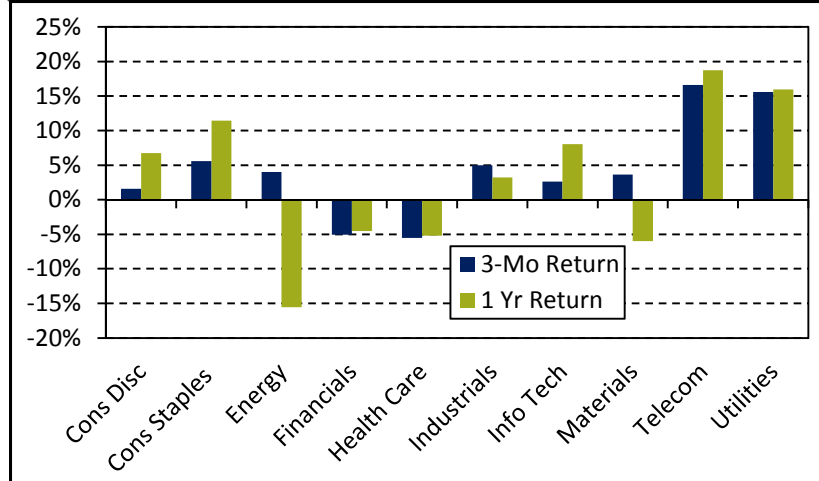
Global Equity by Sector

ACWI Financials and Health Care returns negative in short term



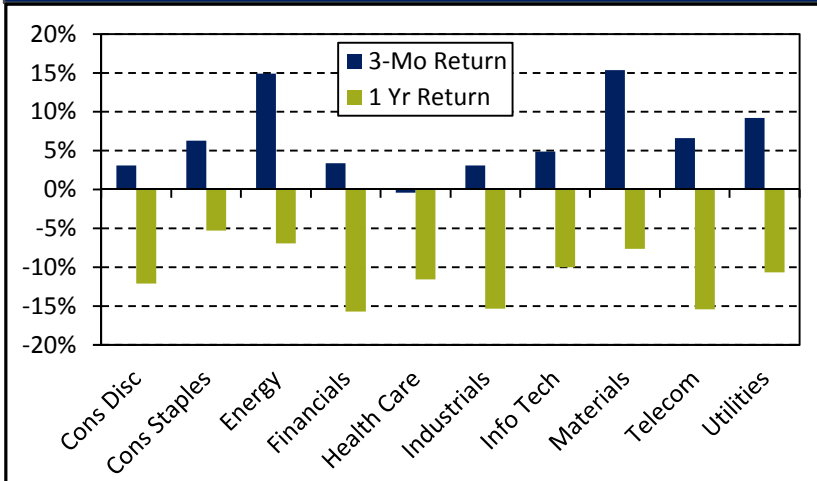
Source: Bloomberg, MSCI

S&P 500 sectors mostly positive in short term



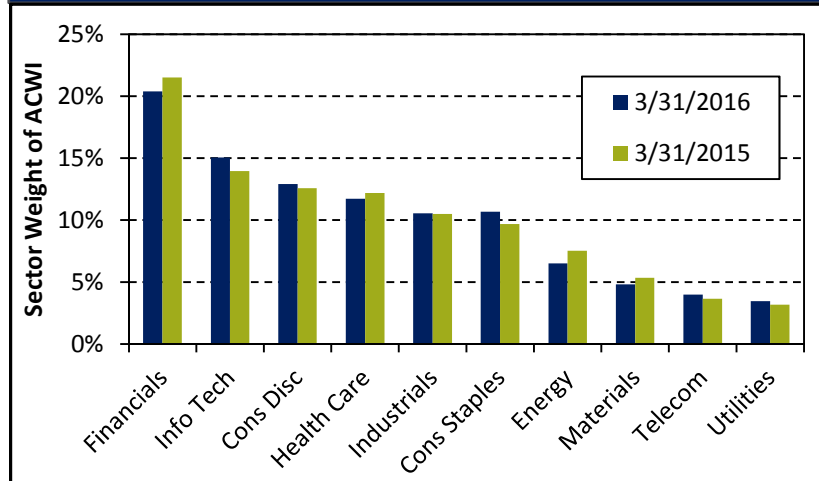
Source: Bloomberg, Standard and Poors

Returns mostly positive across EM sectors in short term



Source: Bloomberg, MSCI

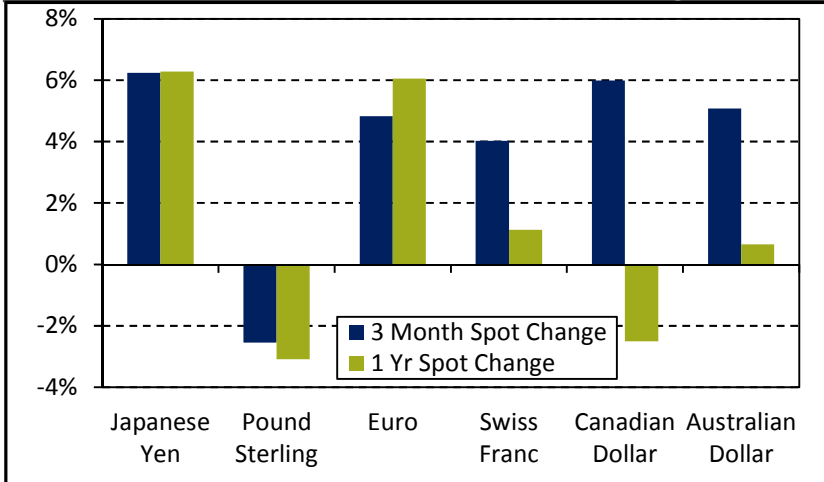
Global energy sector weight has fallen



Source: Bloomberg, MSCI

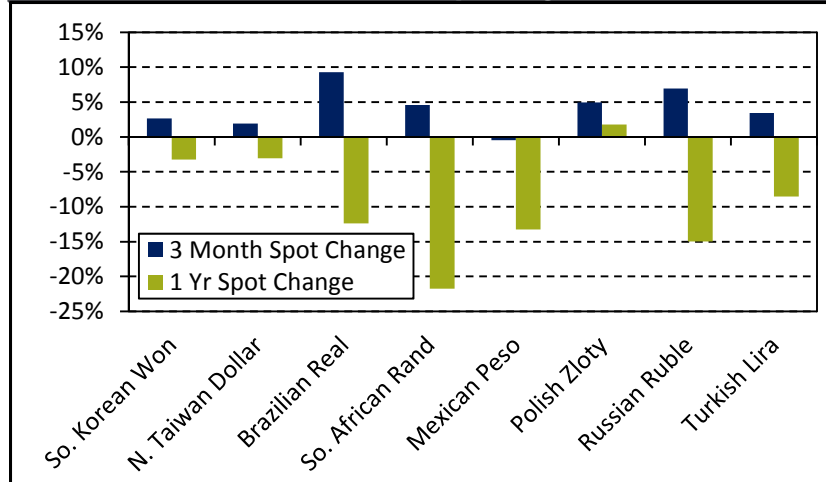
Currencies

Developed currencies mostly positive versus the dollar recently



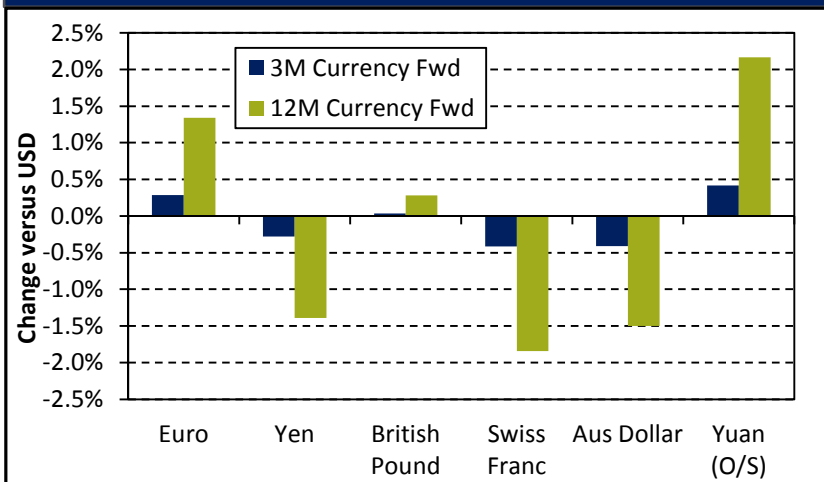
Source: Bloomberg

EM currencies suffered in unique fashions over the past year



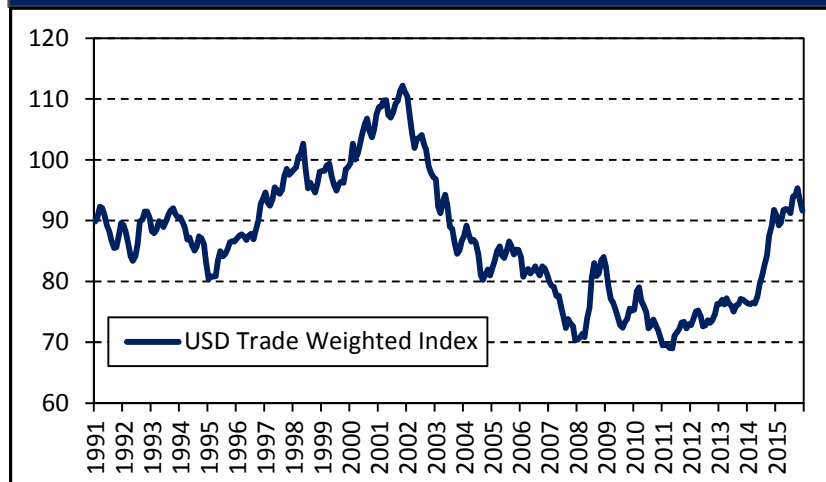
Source: Bloomberg

Yen expected to decline versus USD



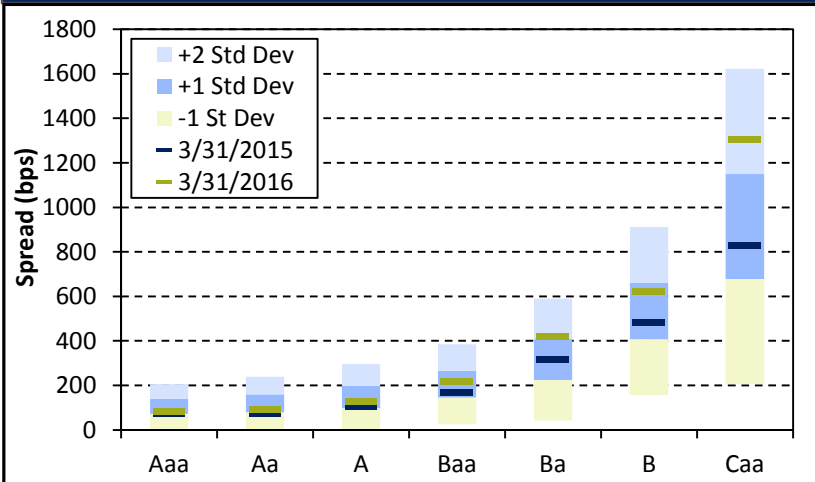
Source: Bloomberg

Recent dollar strength pronounced



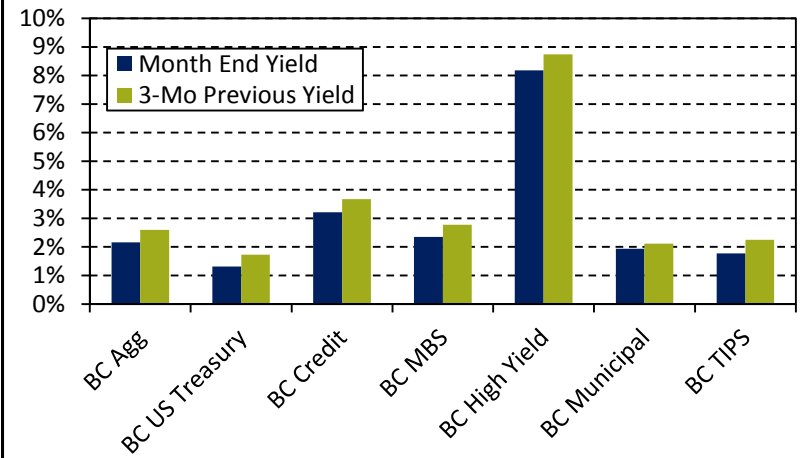
Source: Bloomberg, Federal Reserve

Spread levels above historical medians



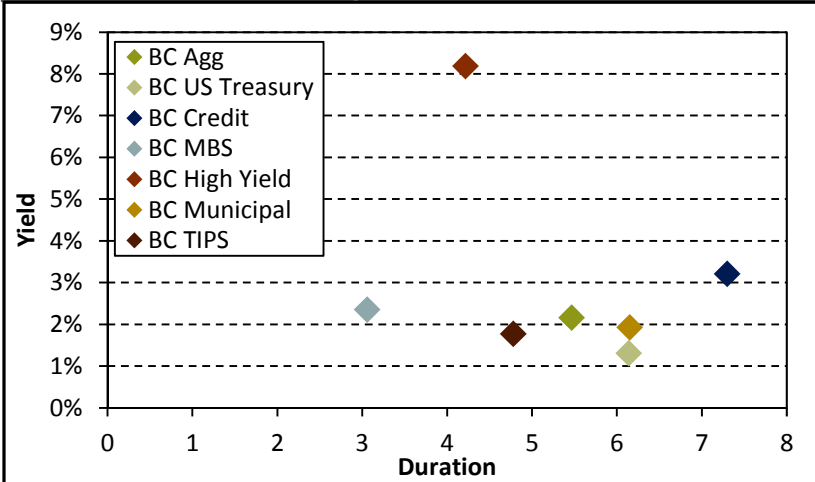
Source: Bloomberg, Barclays

Yields have mostly declined



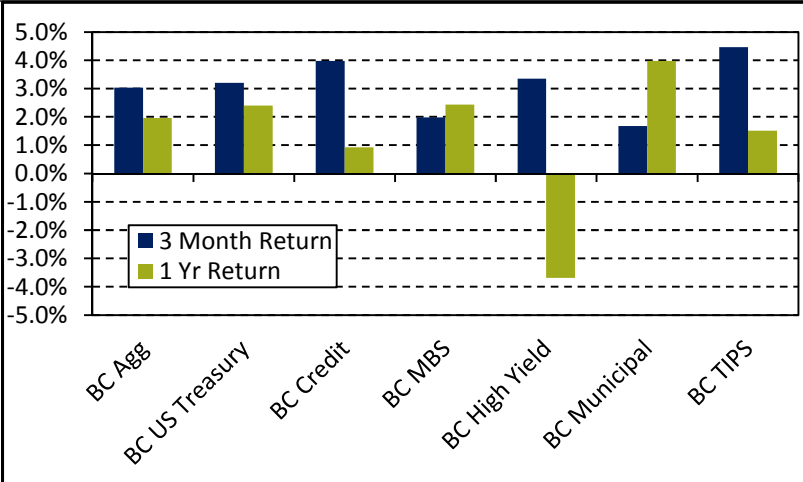
Source: Bloomberg, Barclays

Similar yield/duration tradeoff among major US indices



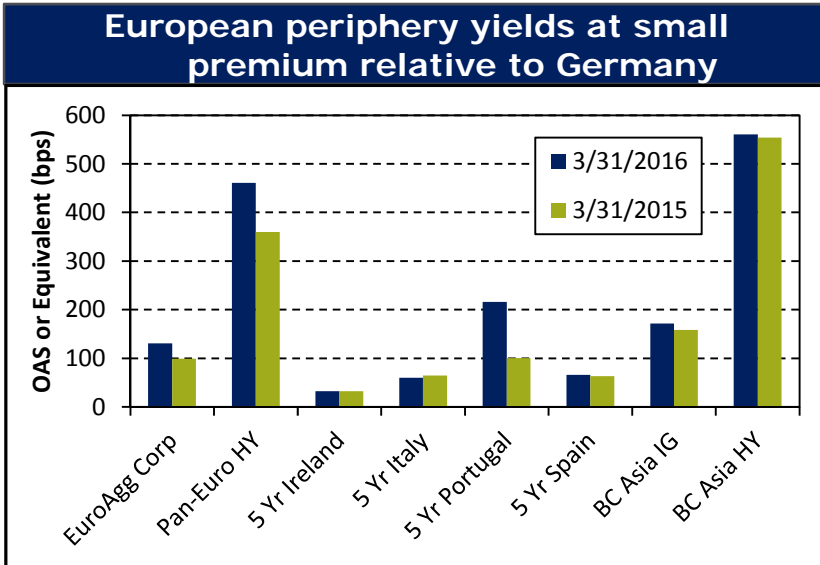
Source: Bloomberg, Barclays

Returns marked by recent credit rally

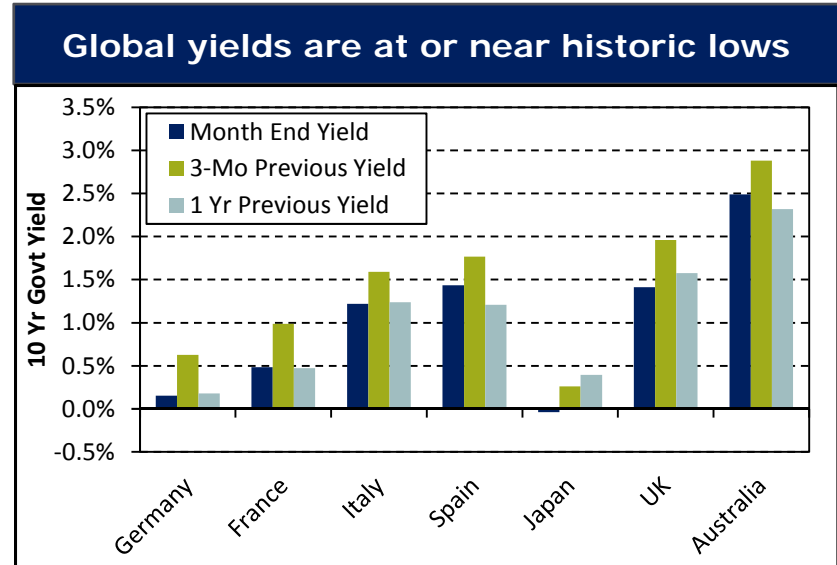


Source: Bloomberg, Barclays

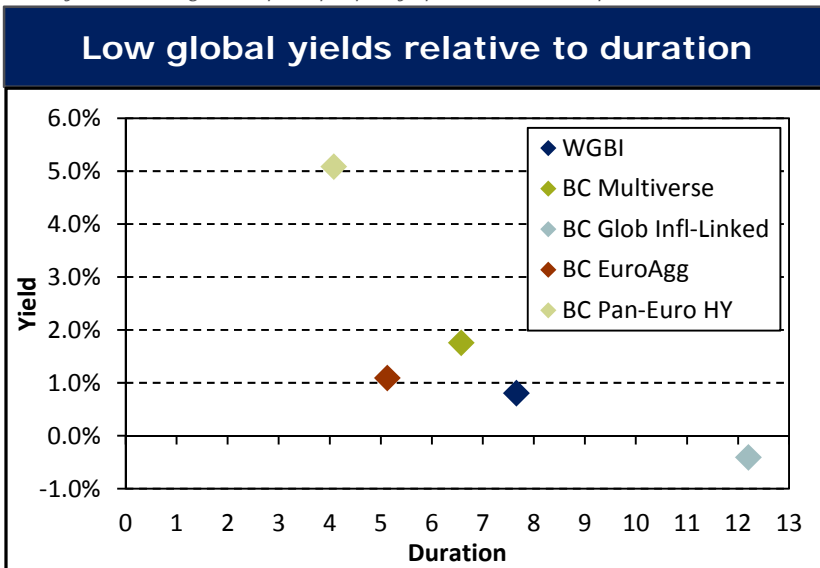
International Developed Fixed Income



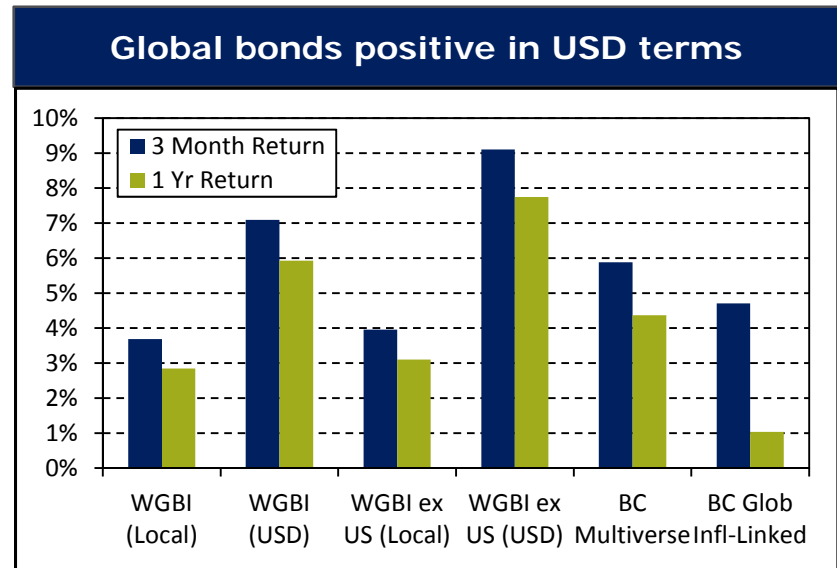
Source: Barclays, Bloomberg, *European periphery spreads are over equivalent German Bund



Source: Bloomberg



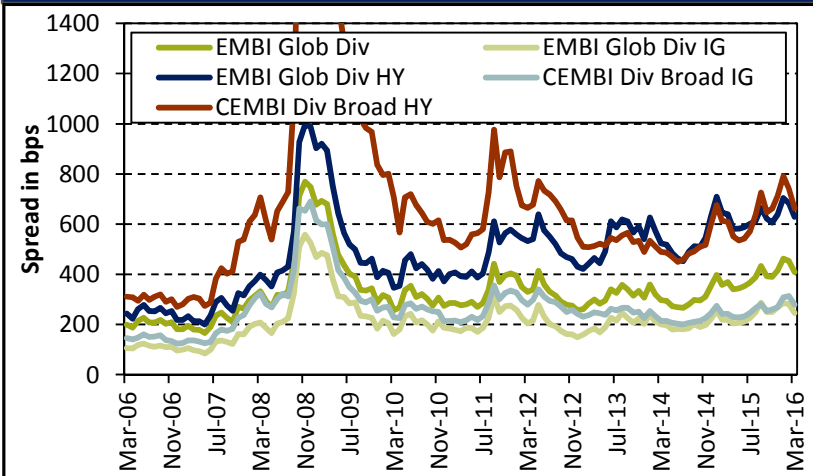
Source: Bloomberg, Citigroup, Barclays



Source: Bloomberg, Citigroup, Barclays

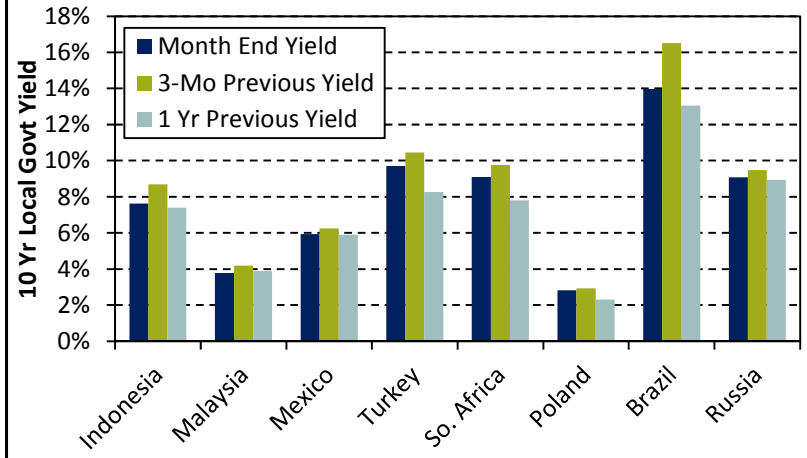
Emerging Markets Fixed Income

Spreads have widened recently



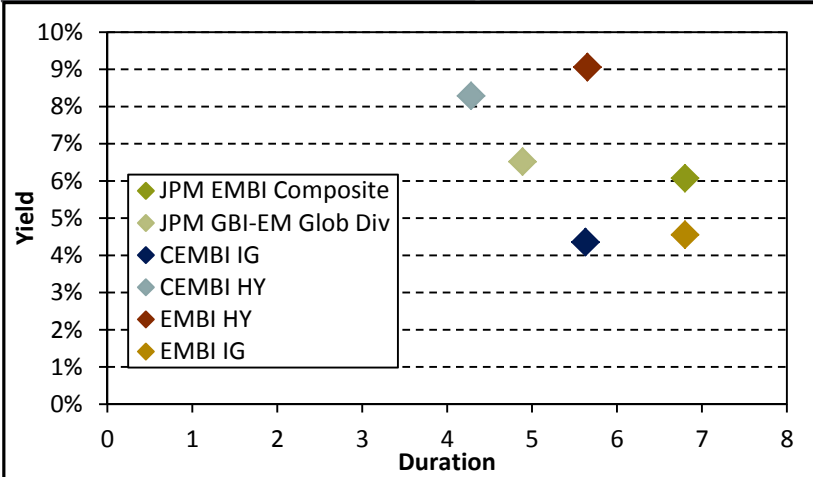
Source: Bloomberg, JP Morgan

Emerging market bond yield changes have varied directionally



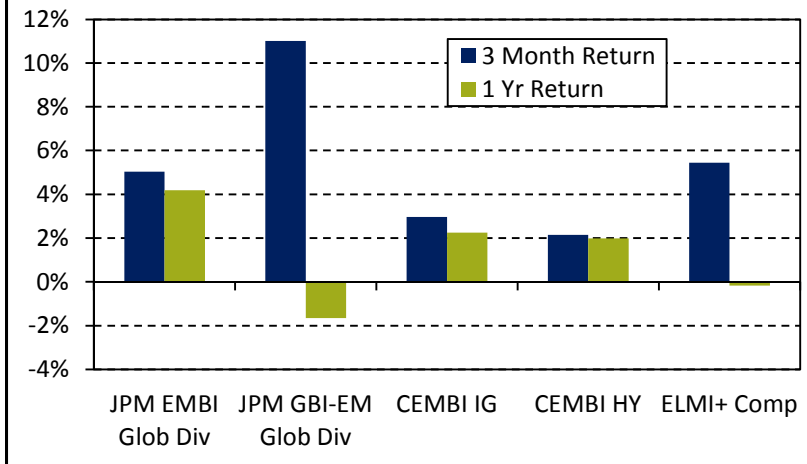
Source: Bloomberg

EM yields higher versus global counterparts



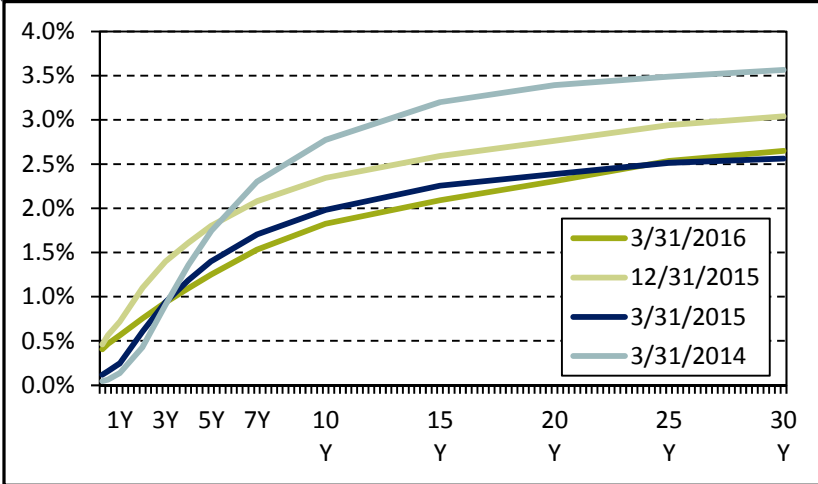
Source: Bloomberg, JP Morgan

Currency effect pronounced in EMD returns



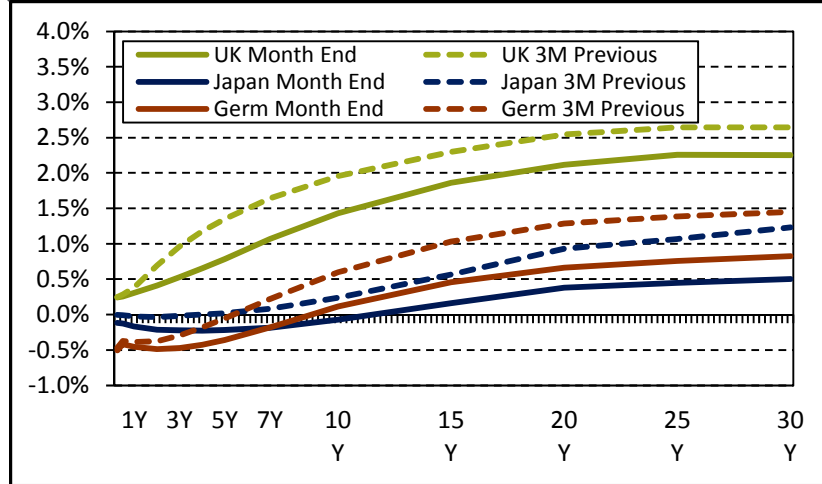
Source: Bloomberg, JP Morgan

Treasury yield curve has declined since year end



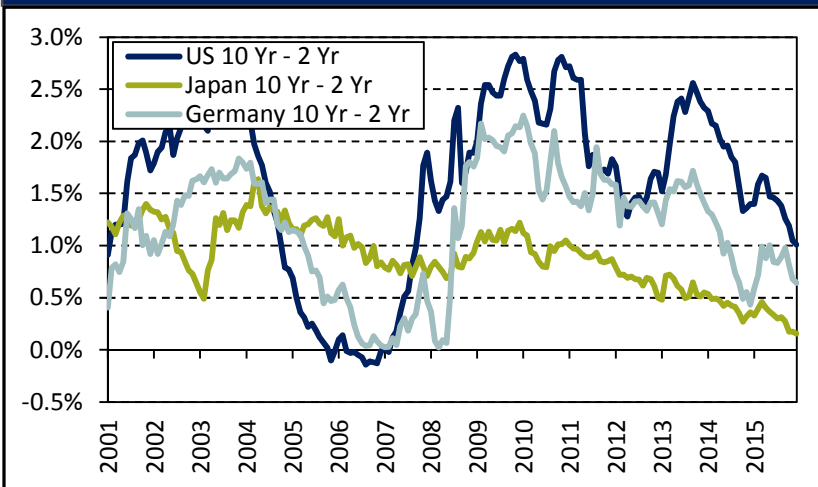
Source: Bloomberg

Global yield curves have shifted downwards



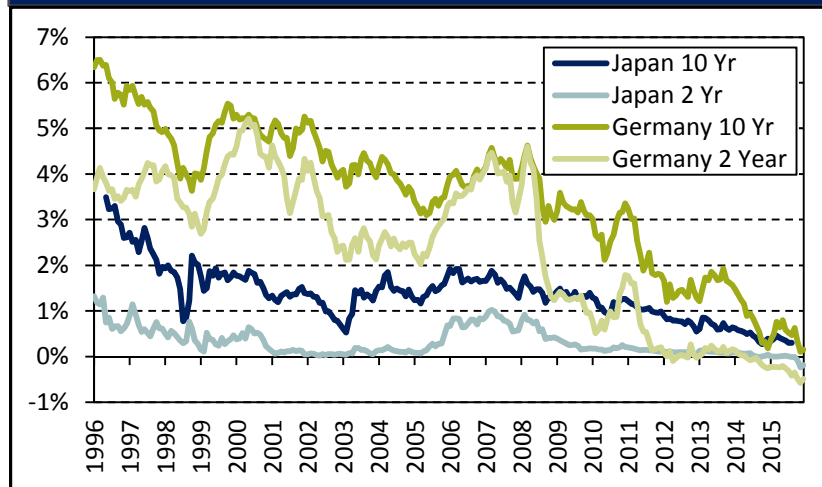
Source: Bloomberg

Global yield curves trending lower



Source: Bloomberg

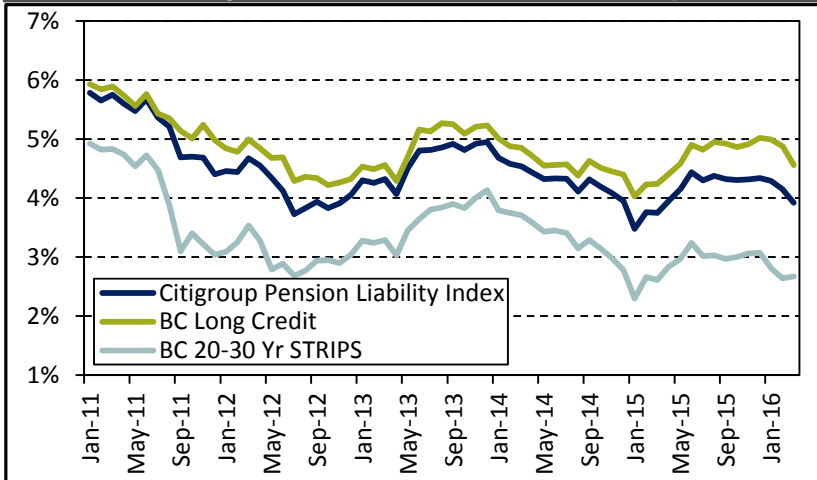
Global yields have trended lower over long term



Source: Bloomberg

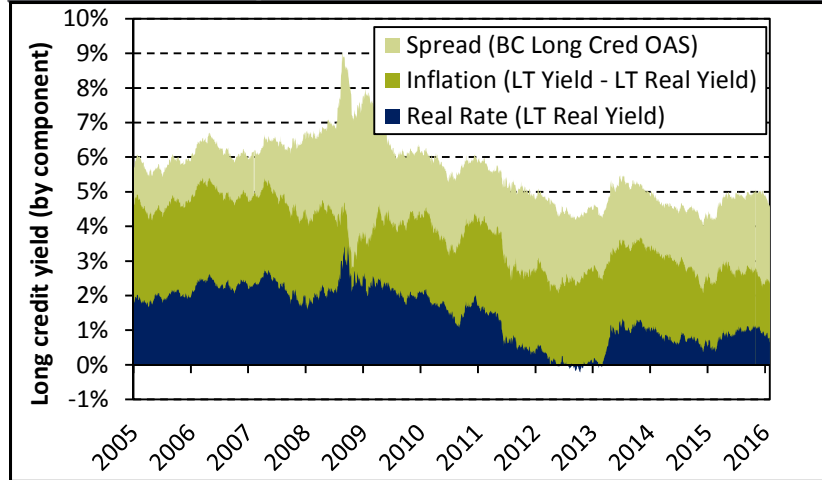
Long Rates and Liability

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



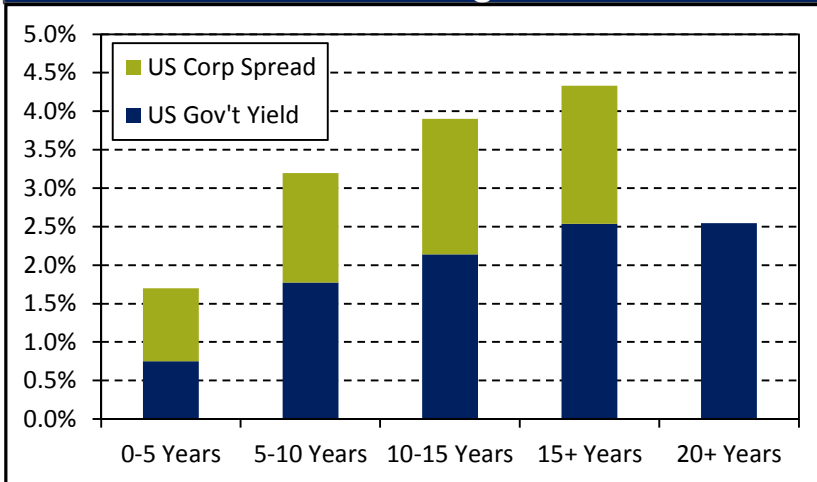
Source: Bloomberg, Citigroup, Barclays

Lower yields driven by low inflation expectations and real rates



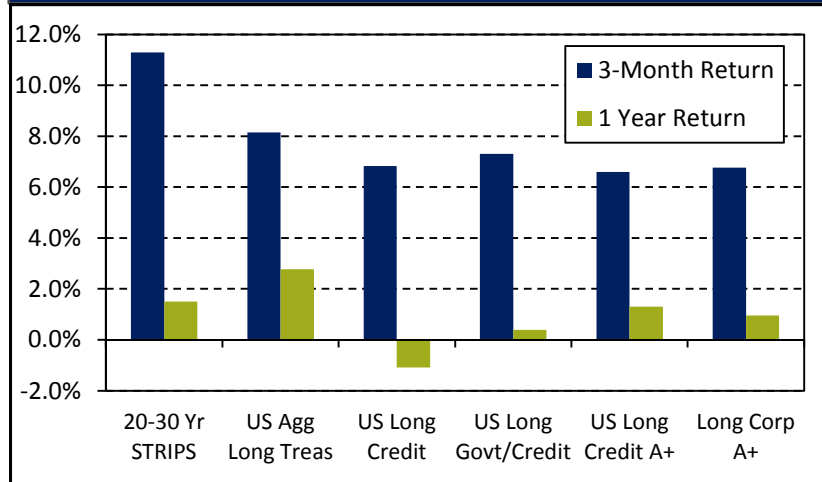
Source: Bloomberg, US Treasury, Barclays, NEPC

Yields are low but spreads above historic averages



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

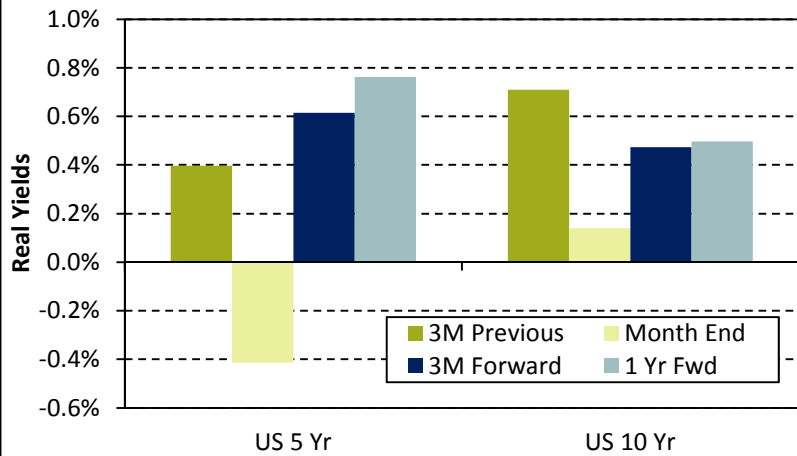
Returns recently positive



Source: Bloomberg, Barclays

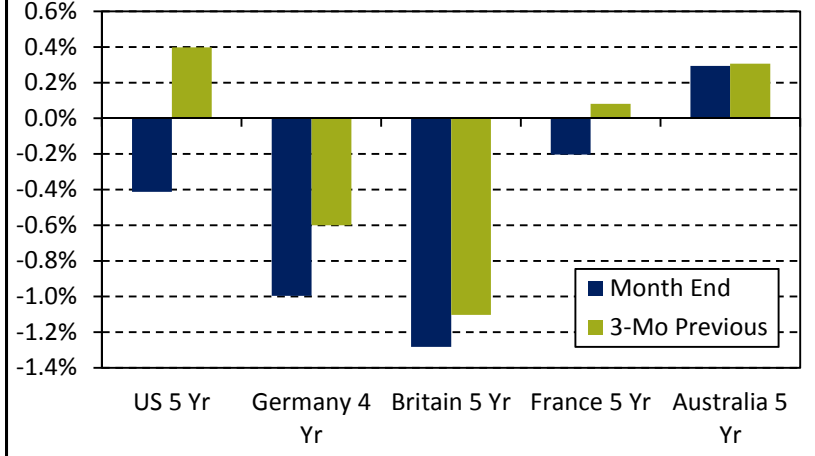
Inflation and Real Rates

US real yields have decreased slightly



Source: Bloomberg

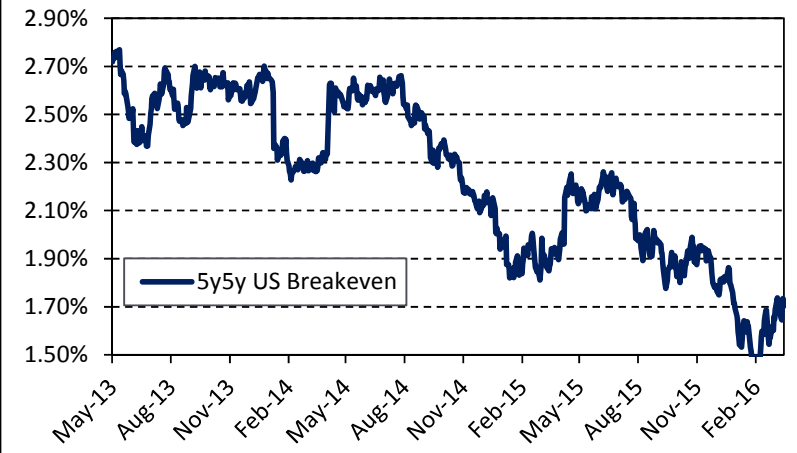
Global real yields mostly negative



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

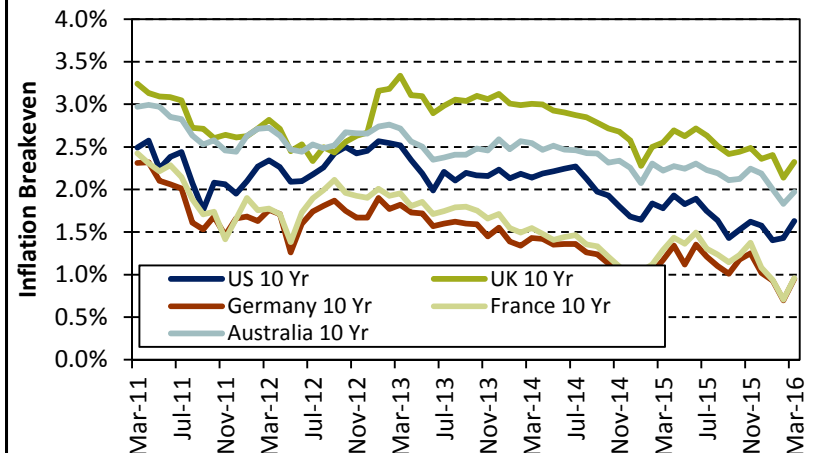
Source: Bloomberg

US inflation expectations very low



Source: Bloomberg

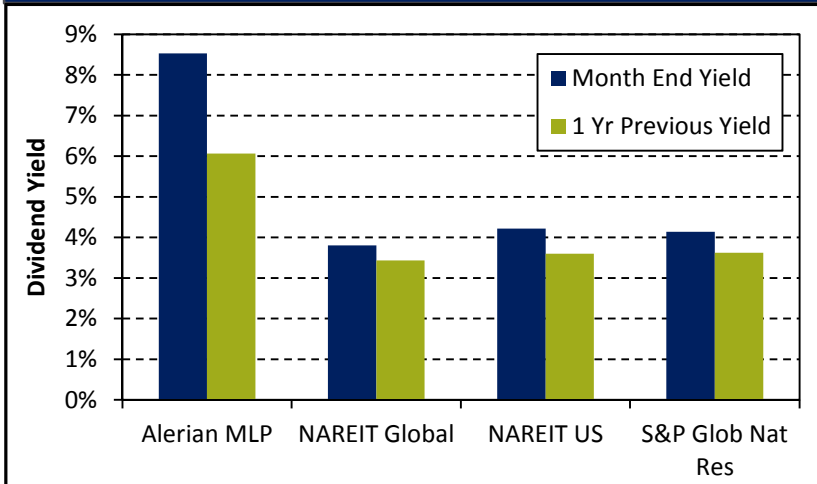
Global inflation expectations have seen recent uptick



Source: Bloomberg

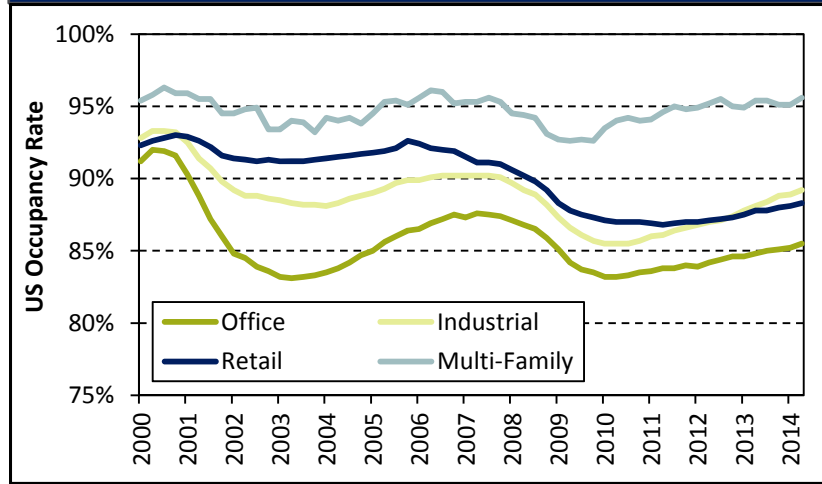
Inflation Sensitive Growth Assets

Yields higher relative to last year



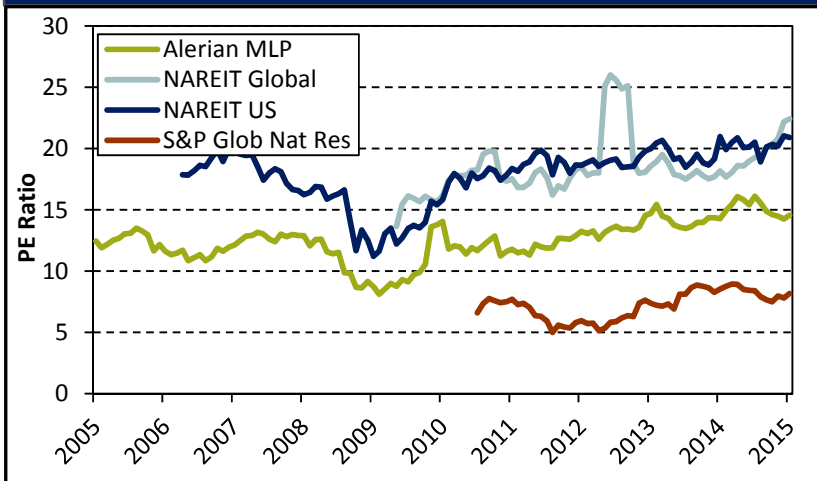
Source: Bloomberg, Alerian, Nareit, Standard and Poors

Gradual recovery in occupancy rates



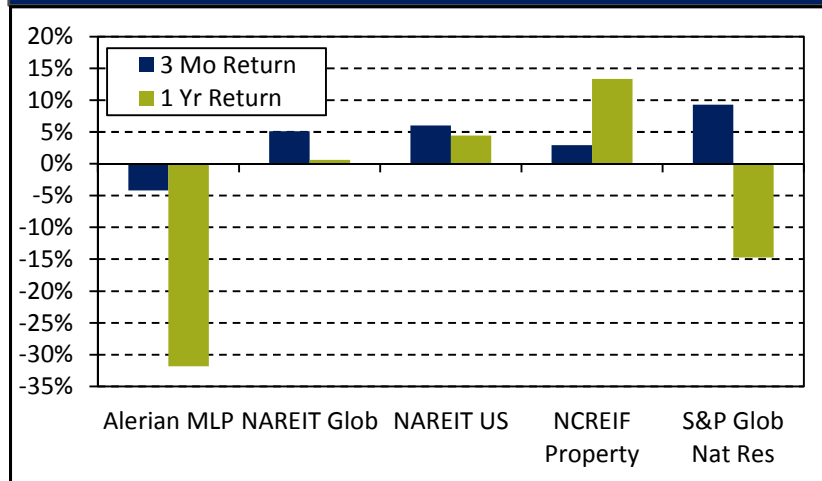
Source: Bloomberg, CB Richard Ellis

PE Ratios near or above averages



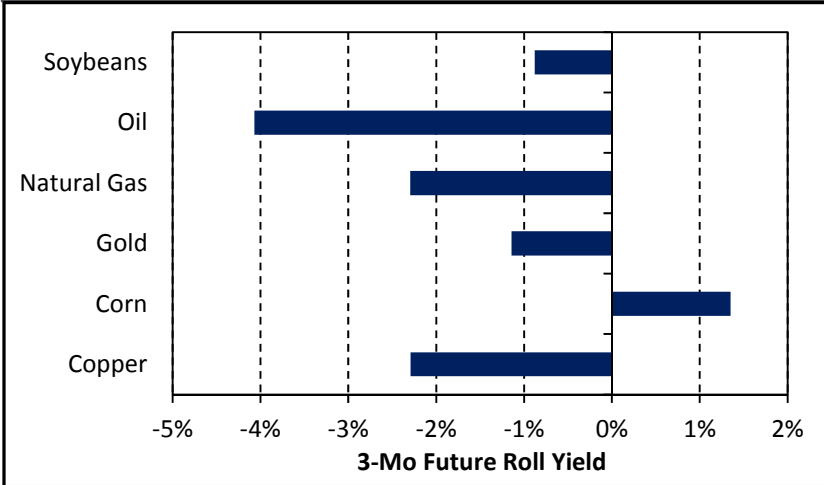
Source: Bloomberg, US Census Bureau

Recent MLP selloff and energy pressure



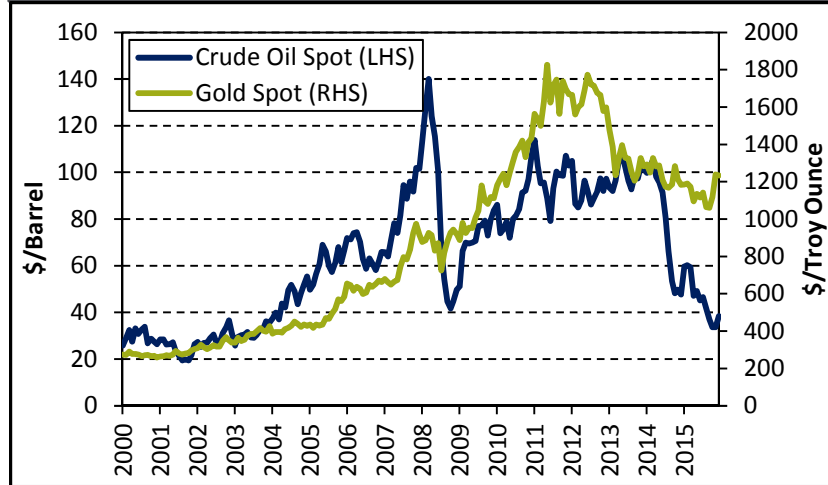
Source: Bloomberg, Alerian, Nareit, Standard and Poors

Contango in major commodity futures



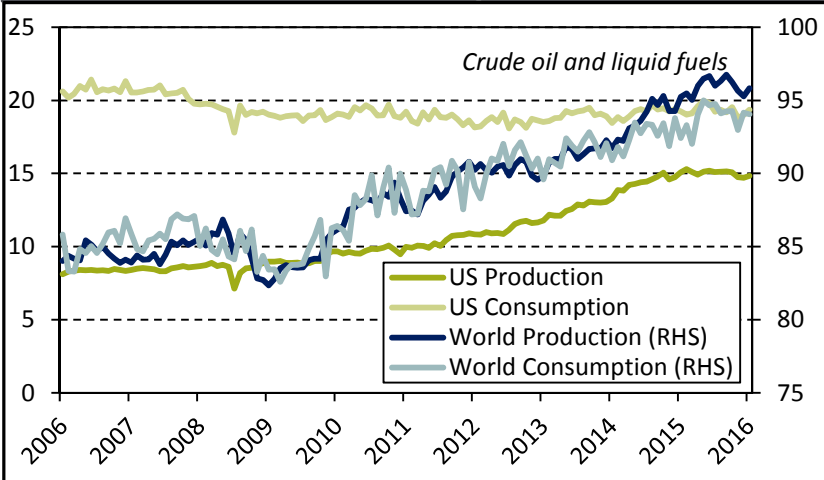
Source: Bloomberg

Precipitous fall in oil prices



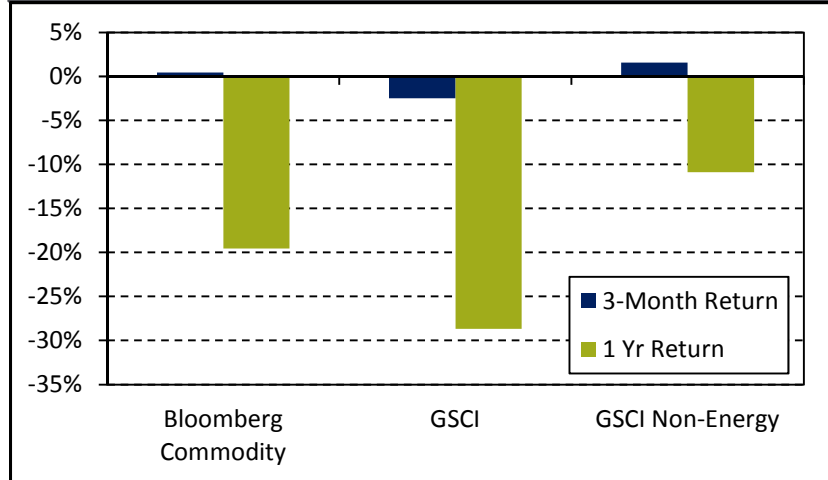
Source: Bloomberg

US fuel production closing gap with consumption



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

Commodity indices negative over one year after oil-induced decline



Source: Bloomberg, Standard and Poors

Ventura County Employees' Retirement Association

Sprucegrove

3 Years Ending March 31, 2016

	Anlzd Return	Rank	Anlzd Standard Deviation	Rank	Tracking Error	Rank	Information Ratio	Rank	Anlzd Alpha J	Rank	Beta	Sharpe Ratio
Sprucegrove	-0.3%	89	13.1%	73	2.5%	2	-0.2		-0.6%	89	1.0	0.0
MSCI ACWI ex USA	0.3%	88	13.6%	85	0.0%	1	--	--	0.0%	88	1.0	0.0

5 Years Ending March 31, 2016

	Anlzd Return	Rank	Anlzd Standard Deviation	Rank	Tracking Error	Rank	Information Ratio	Rank	Anlzd Alpha J	Rank	Beta	Sharpe Ratio
Sprucegrove	1.4%	78	14.4%	19	2.9%	11	0.4	68	1.1%	77	0.9	0.1
MSCI ACWI ex USA	0.3%	89	15.7%	72	0.0%	1	--	--	0.0%	89	1.0	0.0

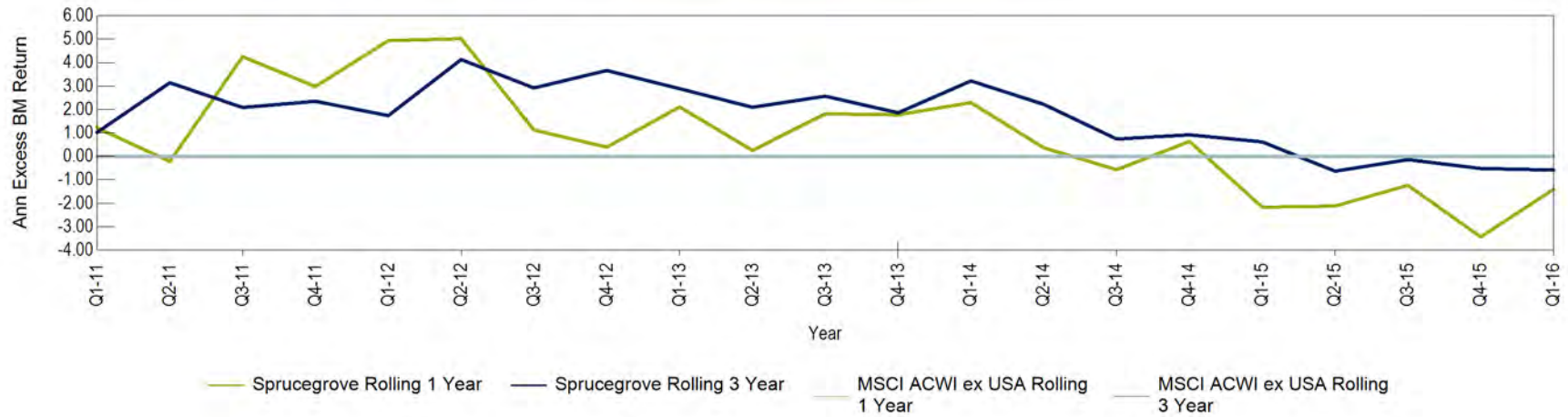
7 Years Ending March 31, 2016

	Anlzd Return	Rank	Anlzd Standard Deviation	Rank	Tracking Error	Rank	Information Ratio	Rank	Anlzd Alpha J	Rank	Beta	Sharpe Ratio
Sprucegrove	9.9%	76	16.2%	21	3.7%	18	0.2	75	1.6%	68	0.9	0.6
MSCI ACWI ex USA	9.2%	81	17.6%	75	0.0%	1	--	--	0.0%	91	1.0	0.5

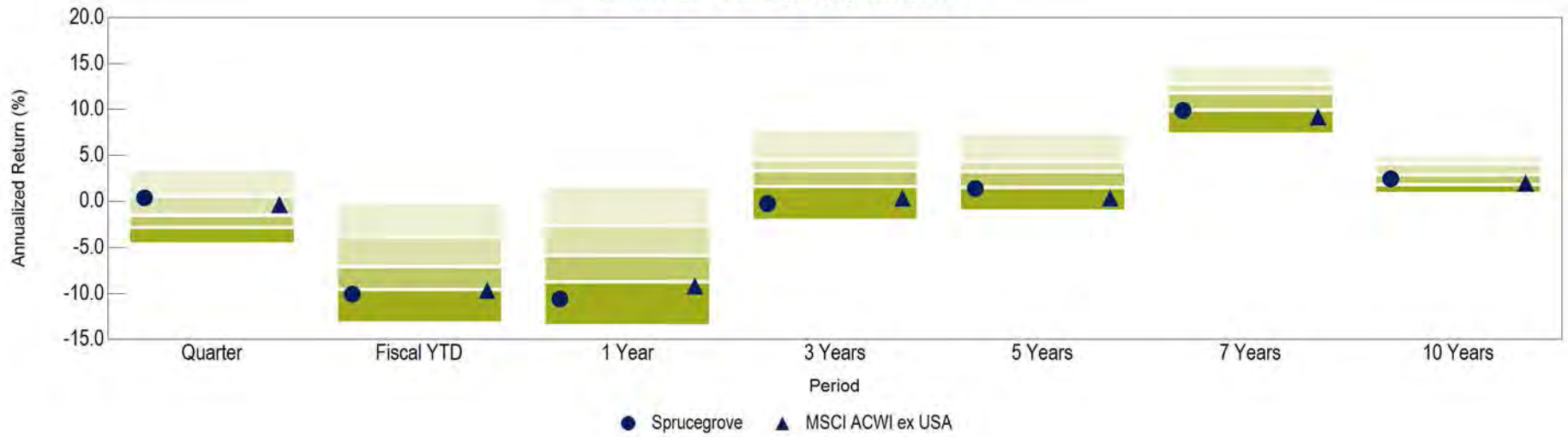
10 Years Ending March 31, 2016

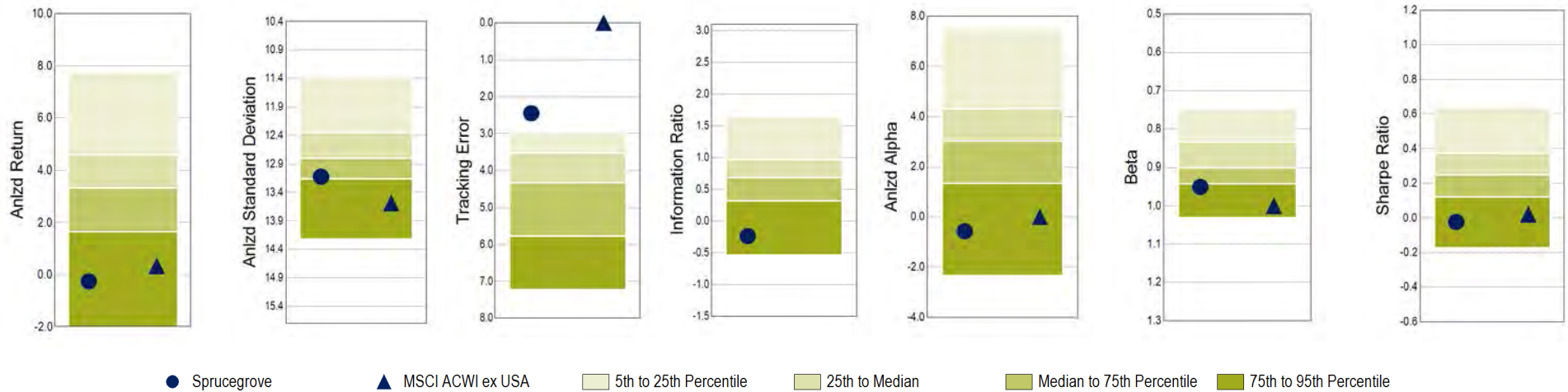
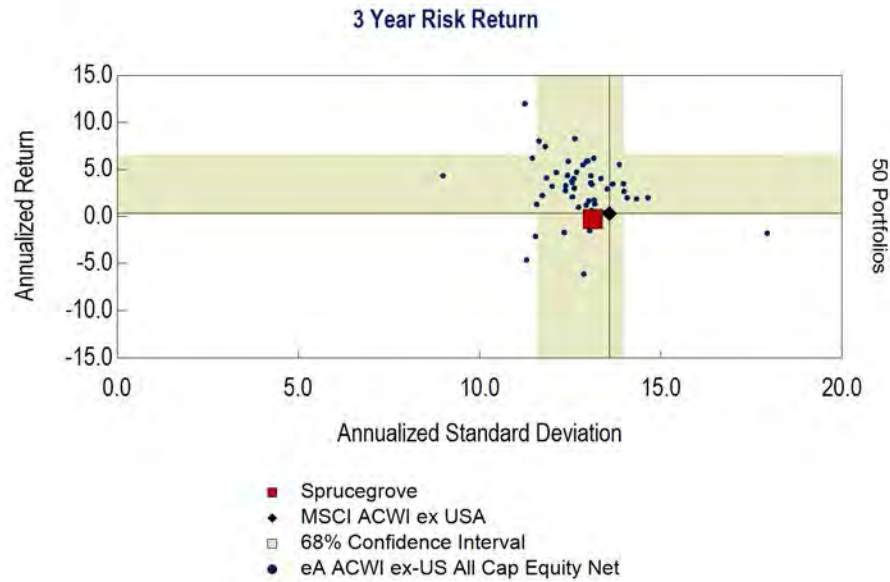
	Anlzd Return	Rank	Anlzd Standard Deviation	Rank	Tracking Error	Rank	Information Ratio	Rank	Anlzd Alpha J	Rank	Beta	Sharpe Ratio
Sprucegrove	2.4%	70	17.4%	20	4.3%	33	0.1	68	0.6%	68	0.9	0.1
MSCI ACWI ex USA	1.9%	74	19.2%	67	0.0%	1	--	--	0.0%	74	1.0	0.0

Rolling Annual Excess Benchmark Return

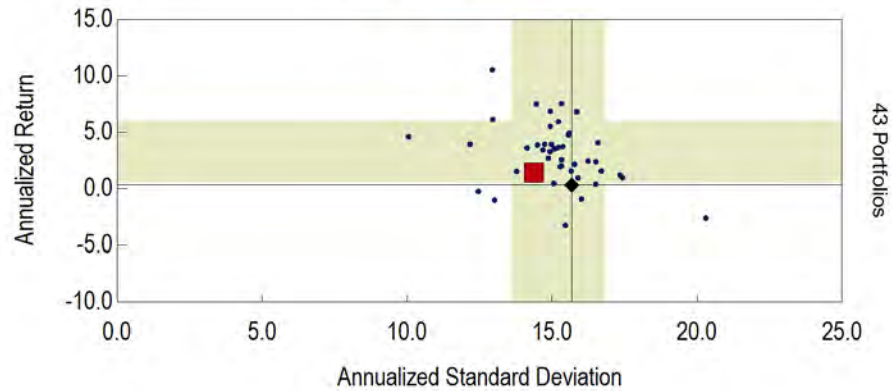


eA ACWI ex-US All Cap Equity Net Accounts



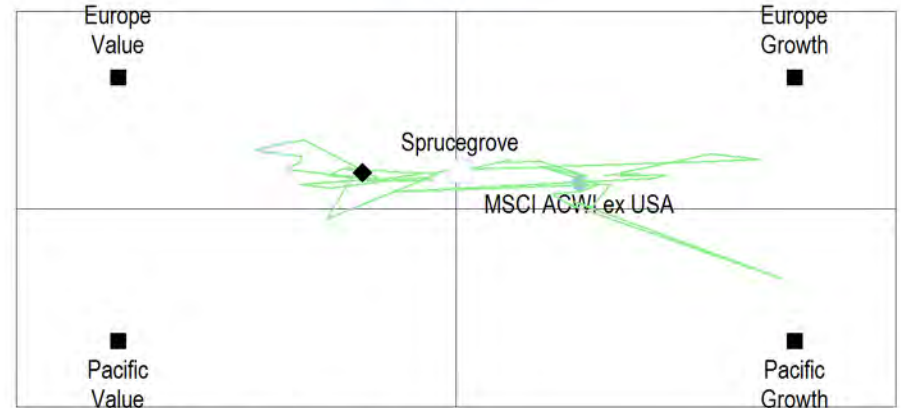


5 Year Risk Return

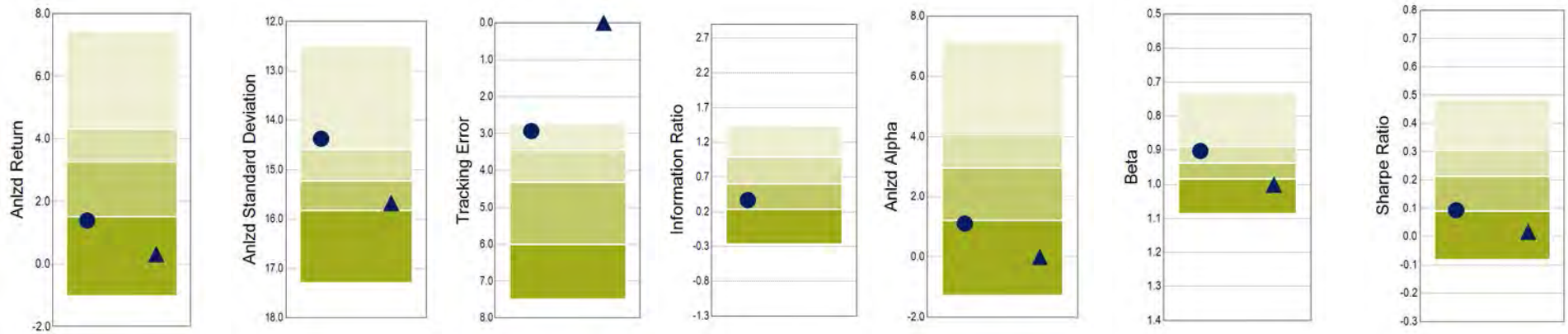


- Sprucegrove
- ◆ MSCI ACWI ex USA
- 68% Confidence Interval
- eA ACWI ex-US All Cap Equity Net

5 Year Style Map



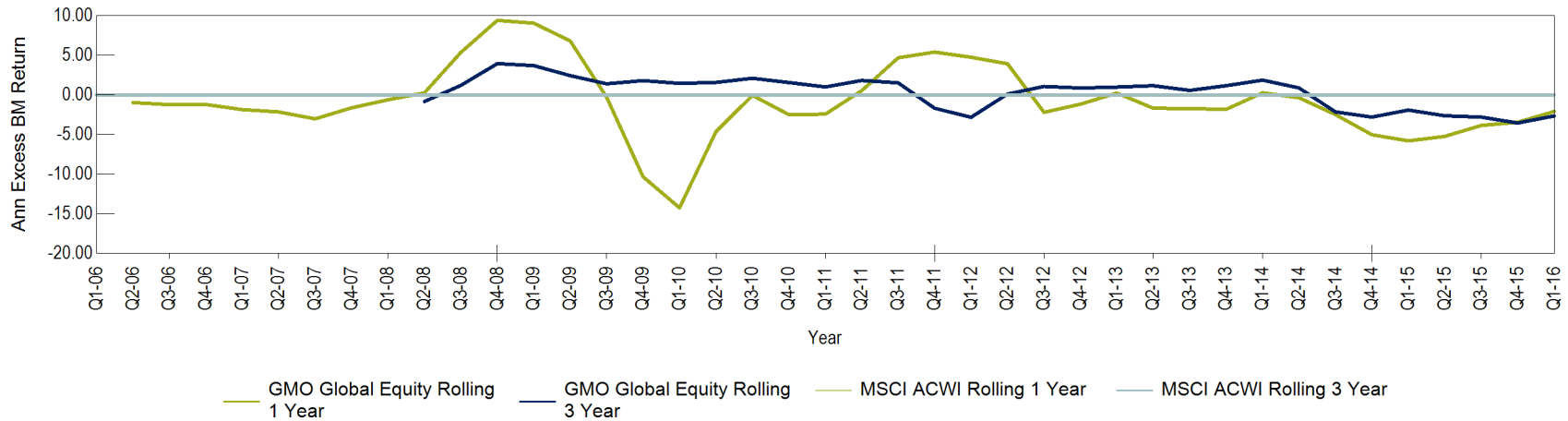
First Rolling Period ◆ Last Rolling Period



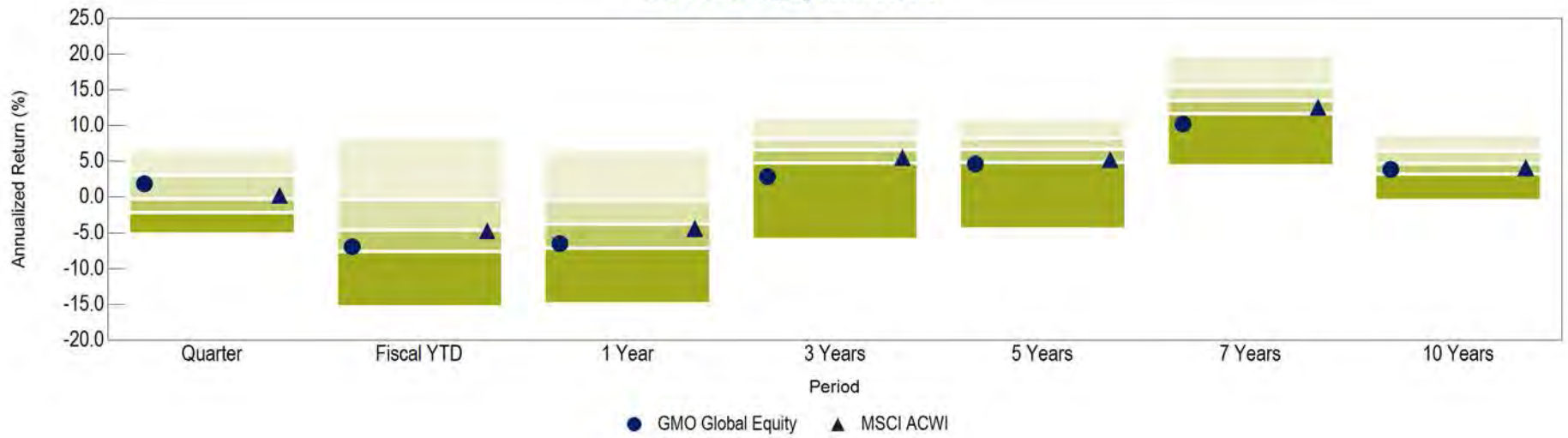
- Sprucegrove
- ▲ MSCI ACWI ex USA
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile

GMO Global Equity

Rolling Annual Excess Benchmark Return



eA All Global Equity Net Accounts



Ventura County Employees' Retirement Association

GMO Global Equity

3 Years Ending March 31, 2016

	Anlzd Return	Rank	Anlzd Standard Deviation	Rank	Tracking Error	Rank	Information Ratio	Rank	Anlzd Alpha J	Rank	Beta	Sharpe Ratio
Sprucegrove	-0.3%	89	13.1%	73	2.5%	2	-0.2		-0.6%	89	1.0	0.0
MSCI ACWI ex USA	0.3%	88	13.6%	85	0.0%	1	--	--	0.0%	88	1.0	0.0

5 Years Ending March 31, 2016

	Anlzd Return	Rank	Anlzd Standard Deviation	Rank	Tracking Error	Rank	Information Ratio	Rank	Anlzd Alpha J	Rank	Beta	Sharpe Ratio
Sprucegrove	1.4%	78	14.4%	19	2.9%	11	0.4	68	1.1%	77	0.9	0.1
MSCI ACWI ex USA	0.3%	89	15.7%	72	0.0%	1	--	--	0.0%	89	1.0	0.0

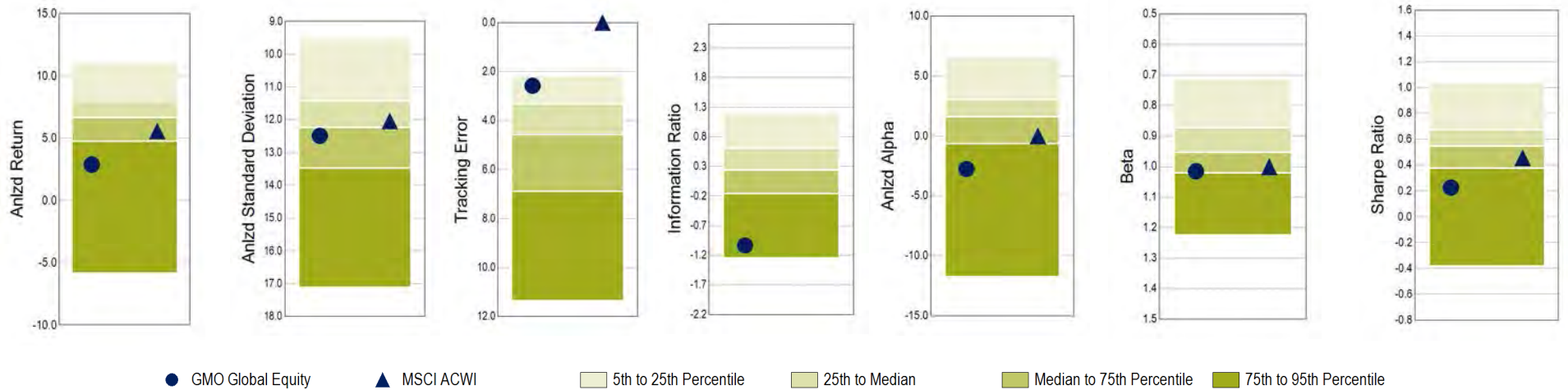
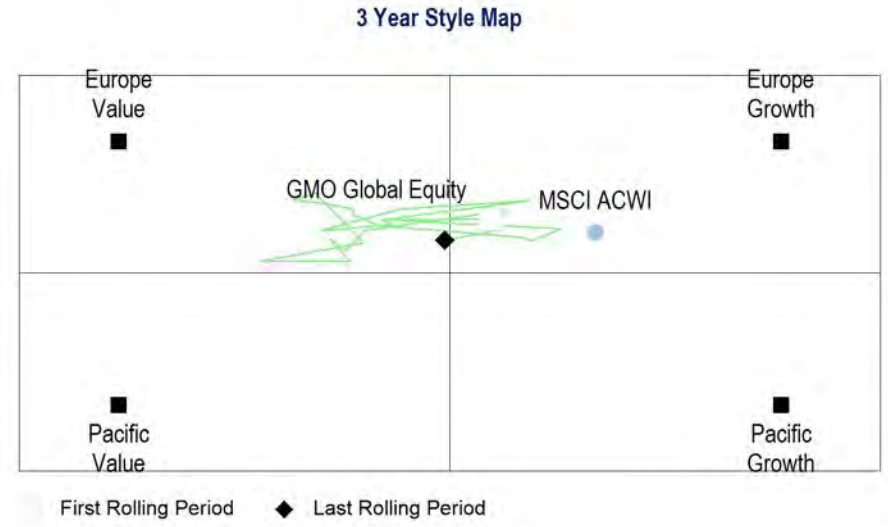
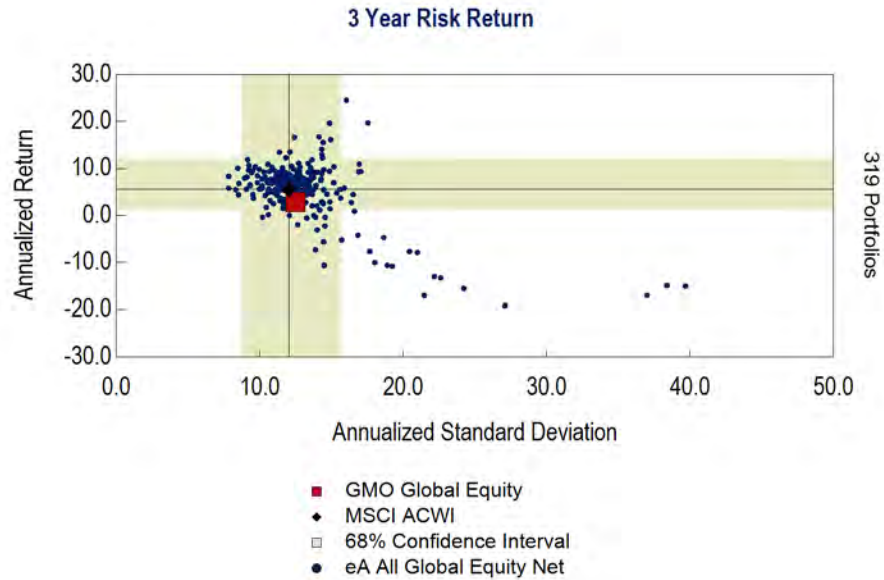
7 Years Ending March 31, 2016

	Anlzd Return	Rank	Anlzd Standard Deviation	Rank	Tracking Error	Rank	Information Ratio	Rank	Anlzd Alpha J	Rank	Beta	Sharpe Ratio
Sprucegrove	9.9%	76	16.2%	21	3.7%	18	0.2	75	1.6%	68	0.9	0.6
MSCI ACWI ex USA	9.2%	81	17.6%	75	0.0%	1	--	--	0.0%	91	1.0	0.5

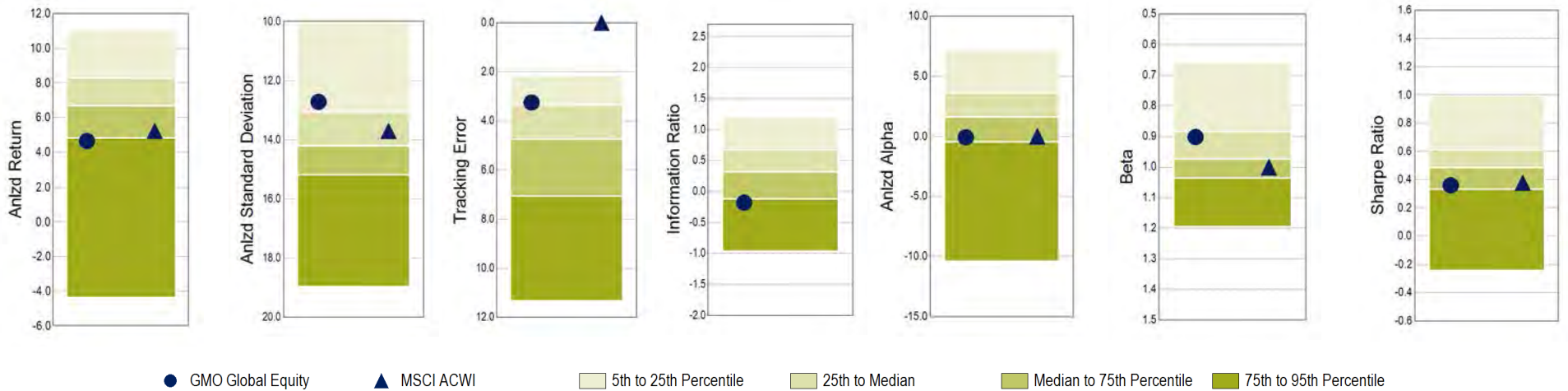
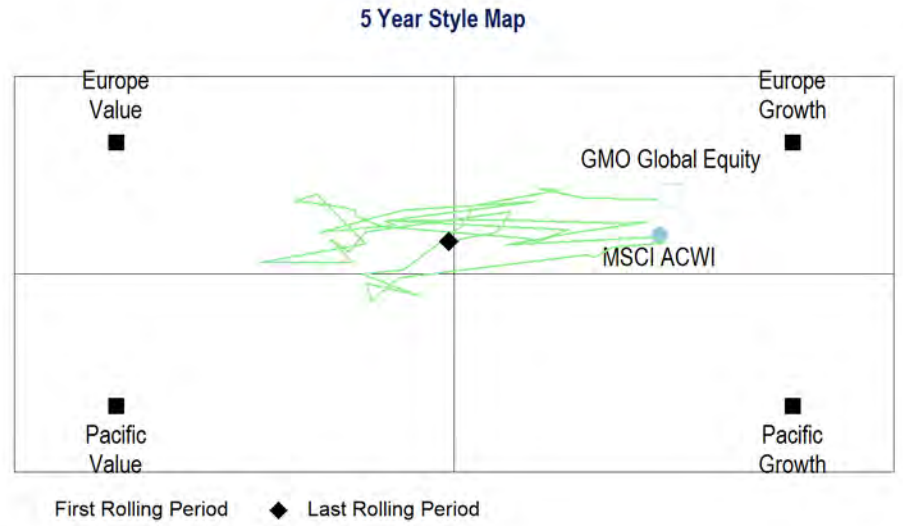
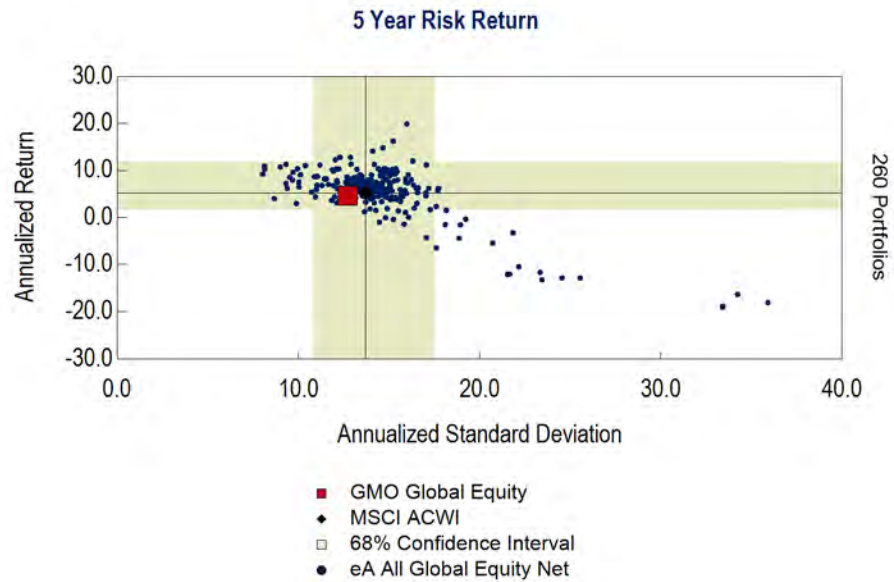
10 Years Ending March 31, 2016

	Anlzd Return	Rank	Anlzd Standard Deviation	Rank	Tracking Error	Rank	Information Ratio	Rank	Anlzd Alpha J	Rank	Beta	Sharpe Ratio
Sprucegrove	2.4%	70	17.4%	20	4.3%	33	0.1	68	0.6%	68	0.9	0.1
MSCI ACWI ex USA	1.9%	74	19.2%	67	0.0%	1	--	--	0.0%	74	1.0	0.0

GMO Global Equity



GMO Global Equity



- **Past performance is no guarantee of future results.**
- **The goal of this report is to provide a basis for monitoring financial markets. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.**
- **Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**
- **All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.**
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NEPC, LLC

YOU DEMAND MORE. *So do we.*SM



Ventura County Employees' Retirement Association

Private Equity Program Review & 2016 Strategic Investment Plan

May 16, 2016

255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

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VCERA Private Equity Program Review

- **NEPC recommends VCERA give consideration to committing approximately \$130 million to private equity in the coming year.**
- **With the recent increase in the private equity allocation from 5% to 10%, annual commitment pace should increase accordingly.**
- **NEPC expects the program to hit its 10% target Net Asset Value (“NAV”) in the next 5-7 years.**
- **VCERA should maintain an active, annual commitment pace, being mindful of the Plan’s liquidity needs.**

- **Current Investment Status**

- As of March 31, 2016, VCERA had made \$292.5 million in commitments to three FoF managers.
 - Adams Street Partners (“ASP”) –
 - \$42.5 million commitment in 2010 to ASP U.S. Fund 2010
 - \$25.5 million commitment in 2010 to ASP Non-U.S. Developed Fund 2010
 - \$8.5 million commitment in 2010 to ASP Emerging Markets Fund 2010
 - \$8.5 million commitment in 2010 to ASP Direct Fund 2010
 - \$75 million commitment in 2013 to ASP Global Fund 2013
 - HarbourVest –
 - \$67.5 million commitment in 2013 to Dover Street VIII (Secondaries Fund)
 - Pantheon –
 - \$15.0 million in 2010 to Pantheon Global Secondary Fund IV
 - \$50.0 million in 2014/2015 to Pantheon Global Secondary Fund V
- As of March 31, 2016, the private equity cash-adjusted NAV of \$155.2 million represents approximately 3.6% of the total VCERA portfolio.
- The private equity portfolio is diversified, with commitments to both U.S. and non-U.S. funds that includes a mix of primary, secondary, and co-investment funds.

- **Private Equity Target Allocation**

- Policy target of 10% of the total portfolio (up from 5% previously).
- As of March 31, 2016, total exposure of \$286.2 million (current private equity cash-adjusted NAV + uncalled commitments) represents approximately 6.6% of the total VCERA portfolio.
 - We typically recommend clients overcommit to private equity at 1.5x the target weight, which suggests a commitment target of approximately 15%, or \$646 million.

Current Private Equity Program & Allocation

Fund Name	Vintage Year	Initial Investment Date	Commitment	Capital Called to Date ¹	Outstanding Commitment ¹	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	\$31,612,674	\$42,377,155	\$12,696,942	14.4%	0.36x	1.43x
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	\$15,005,080	\$20,562,259	\$2,863,670	6.6%	0.31x	1.16x
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	\$7,429,998	\$7,744,434	\$1,632,934	10.4%	0.05x	1.27x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$7,837,000	\$663,000	92%	\$6,697	\$3,933,030	\$8,369,072	\$12,302,102	\$4,458,405	14.3%	0.5x	1.57x
<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>\$62,416,824</i>	<i>\$82,985,950</i>	<i>\$21,651,951</i>	<i>12.2%</i>	<i>0.34x</i>	<i>1.35x</i>
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$34,200,000	\$40,800,000	46%	\$10,728	\$2,698,535	\$33,317,817	\$36,016,352	\$1,805,624	4.1%	0.08x	1.05x
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$47,756,250	\$19,743,750	71%	\$84,954	\$21,664,123	\$44,241,007	\$65,905,130	\$18,063,926	30.0%	0.45x	1.38x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$8,310,001	\$6,093,687	\$14,403,688	\$4,443,688	14.9%	0.83x	1.45x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$8,308,104	\$41,691,896	17%	(\$3,352)	\$100,240	\$9,122,597	\$9,222,837	\$918,085	11.3%	0.01x	1.11x
Total VCERA Private Equity Program	--	5/21/2010	\$292,500,000	\$161,534,854	\$130,965,146	55%	\$115,829	\$53,342,025	\$155,191,932	\$208,533,957	\$46,883,274	14.5%	0.33x	1.29x

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.

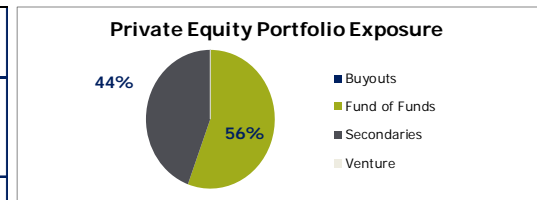
Performance shown is based on 12/31/2015 NAVs cash-adjusted for cash flows through 3/31/2016.

2016 Private Equity Pacing Plan

Current Private Equity Program & Allocation

Private Equity NAVs and Exposures

Investment Strategy	Current Valuation (NAV)	Capital to be Funded	Total Current Exposure	% of Total Exposure
Buyouts	\$0.0	\$0.0	\$0.0	0%
Fund of Funds	\$94.1	\$67.3	\$161.4	56%
Secondaries	\$57.5	\$71.0	\$128.5	44%
Venture	\$0.0	\$0.0	\$0.0	0%
Total / Wtd. Avg.	\$151.6	\$138.3	\$290.0	100%



Private Equity Investments by Vintage Year

Vintage Year	Commitment	Paid In Capital	Capital to be Funded	Cumulative Distributed	Current Valuation (NAV)	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio
2010	\$100	\$71	\$29	\$29	\$69	\$97	\$26	71%	0.4x	1.4x
2013	\$143	\$74	\$69	\$21	\$73	\$94	\$20	52%	0.3x	1.3x
2015	\$50	\$9	\$41	\$0	\$10	\$10	\$1	18%	0.0x	1.1x
Total Private Equity	\$293	\$154	\$138	\$50	\$152	\$201	\$47	53%	0.3x	1.3x

Existing Private Equity Investments

Fund of Funds

Fund Name	Vintage Year	Committed	Paid In Capital	Capital To Be Funded	Cumulative Distributions	Current Valuation (NAV)	Total Value	Net Benefit	DPI Ratio	TVPI Ratio
Adams St 2010 Non-US Dev Mkts Fund	2010	\$26	\$18	\$8	\$6	\$15	\$21	\$3	0.3x	1.2x
Adams St 2010 Direct Fund	2010	\$9	\$8	\$1	\$4	\$8	\$12	\$4	0.5x	1.6x
Adams St 2010 Non-US Emg Mkts Fund	2010	\$9	\$6	\$2	\$0	\$7	\$8	\$2	0.1x	1.3x
Adams St 2010 US Fund	2010	\$43	\$30	\$13	\$11	\$32	\$42	\$13	0.4x	1.4x
Adams St 2013 Global Fund	2013	\$75	\$31	\$44	\$2	\$32	\$33	\$2	0.0x	1.1x
Total Fund of Funds		\$160	\$93	\$67	\$22	\$94	\$116	\$23	0.2x	1.3x

Secondaries

Fund Name	Vintage Year	Committed	Paid In Capital	Capital To Be Funded	Cumulative Distributions	Current Valuation (NAV)	Total Value	Net Benefit	DPI Ratio	TVPI Ratio
HarbourVest – Dover Street VIII	2013	\$68	\$43	\$25	\$19	\$41	\$61	\$18	0.5x	1.4x
Pantheon Global Secondary Fund IV	2010	\$15	\$10	\$5	\$8	\$6	\$14	\$4	0.8x	1.4x
Pantheon Global Secondary Fund V	2015	\$50	\$9	\$41	\$0	\$10	\$10	\$1	0.0x	1.1x
Total Secondaries		\$133	\$61	\$71	\$27	\$58	\$85	\$23	0.4x	1.4x

Note: Data as of 12/31/2015

Plan Overview and Assumptions

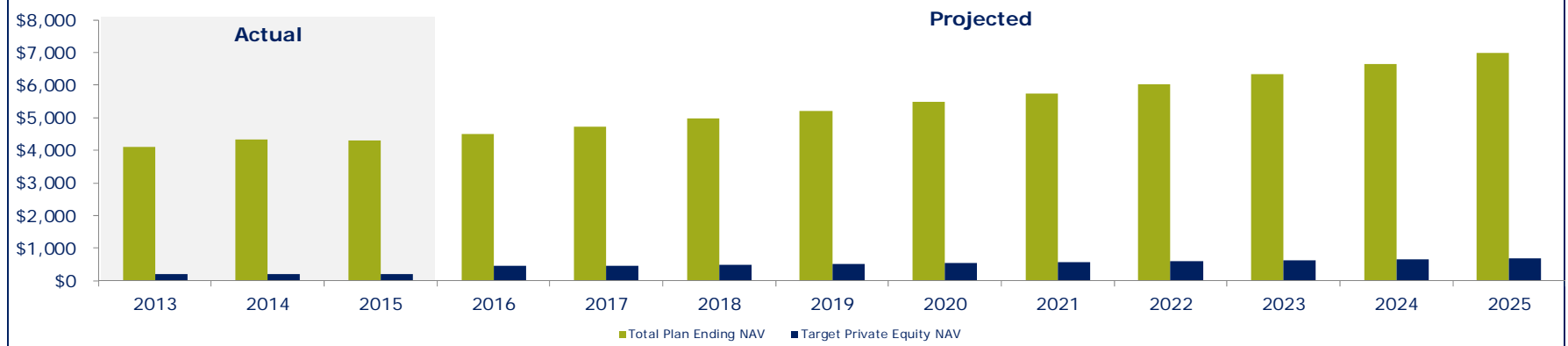
General Plan Assumptions

Total Plan Assets	\$4,291	Plan Return Assumptions	2016	2017	2018
Total Private Equity Assets	\$152	Net Growth Rate %	5.0%	5.0%	5.0%
Private Equity Capital to be Funded	\$138	Plan Data as of:	12/31/2015		
Total Private Equity Exposure	\$290	Private Equity Data as of:	12/31/2015		
Total Private Equity Assets / Total Plan Assets	3.5%				
Total Private Equity Exposure / Total Plan Assets	6.8%				
Target Private Equity Allocation % (Current Target)	10.0%				

Total Projected Plan Assets

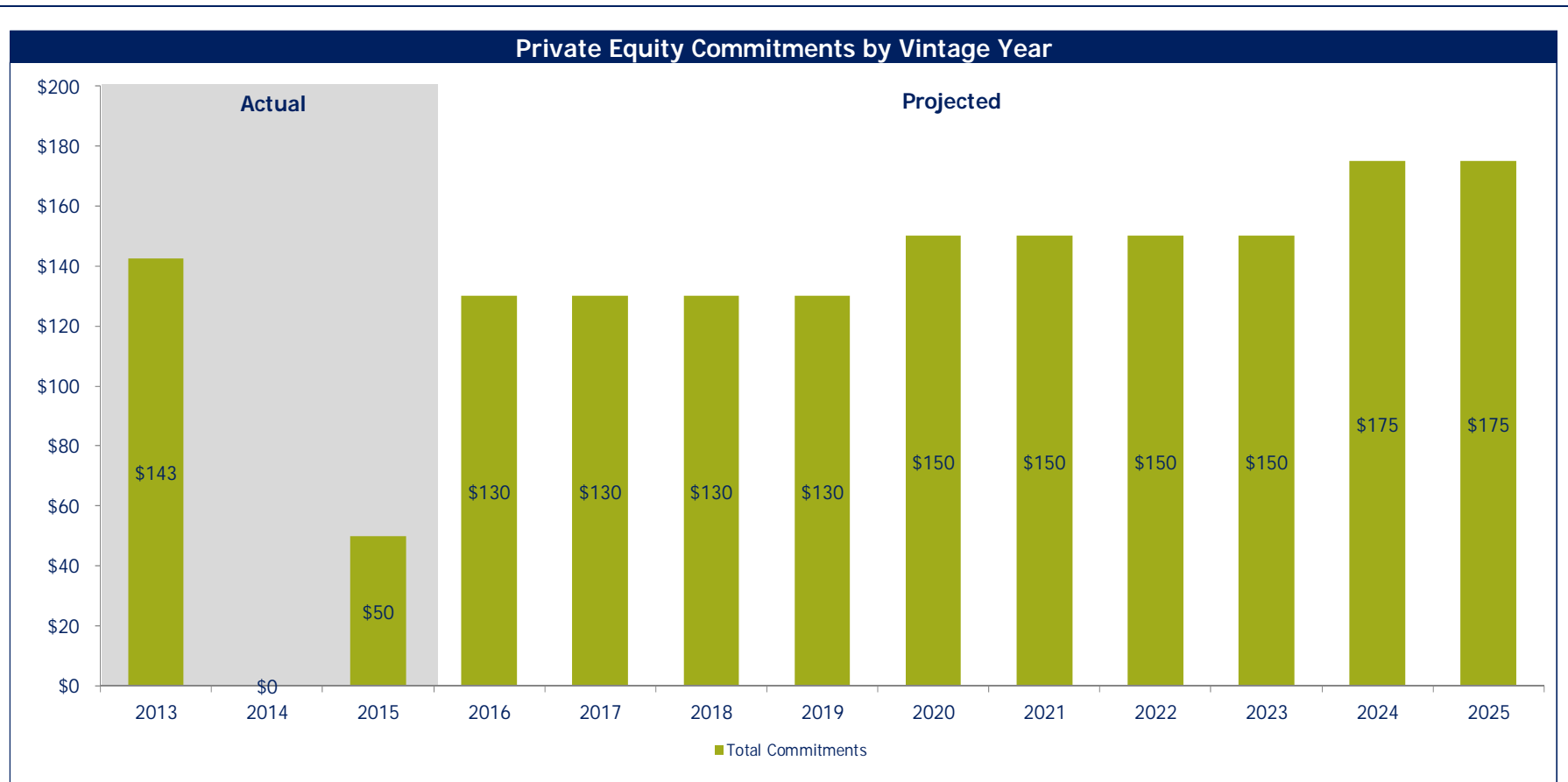
	Actual			Projected									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Plan Net Growth Rate	17.0%	5.8%	(0.9%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Total Plan Beginning NAV	\$3,499	\$4,092	\$4,328	\$4,291	\$4,505	\$4,731	\$4,967	\$5,216	\$5,476	\$5,750	\$6,038	\$6,339	\$6,656
Yearly Net Growth	\$593	\$236	(\$37)	\$215	\$225	\$237	\$248	\$261	\$274	\$288	\$302	\$317	\$333
Total Plan Ending NAV	\$4,092	\$4,328	\$4,291	\$4,505	\$4,731	\$4,967	\$5,216	\$5,476	\$5,750	\$6,038	\$6,339	\$6,656	\$6,989
Target Private Equity Allocation	5.0%	5.0%	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Target Private Equity NAV	\$205	\$216	\$215	\$451	\$473	\$497	\$522	\$548	\$575	\$604	\$634	\$666	\$699

Total Projected Plan Assets and Target Private Equity Allocation



Note: Data as of 12/31/2015

Projected Commitment Pace

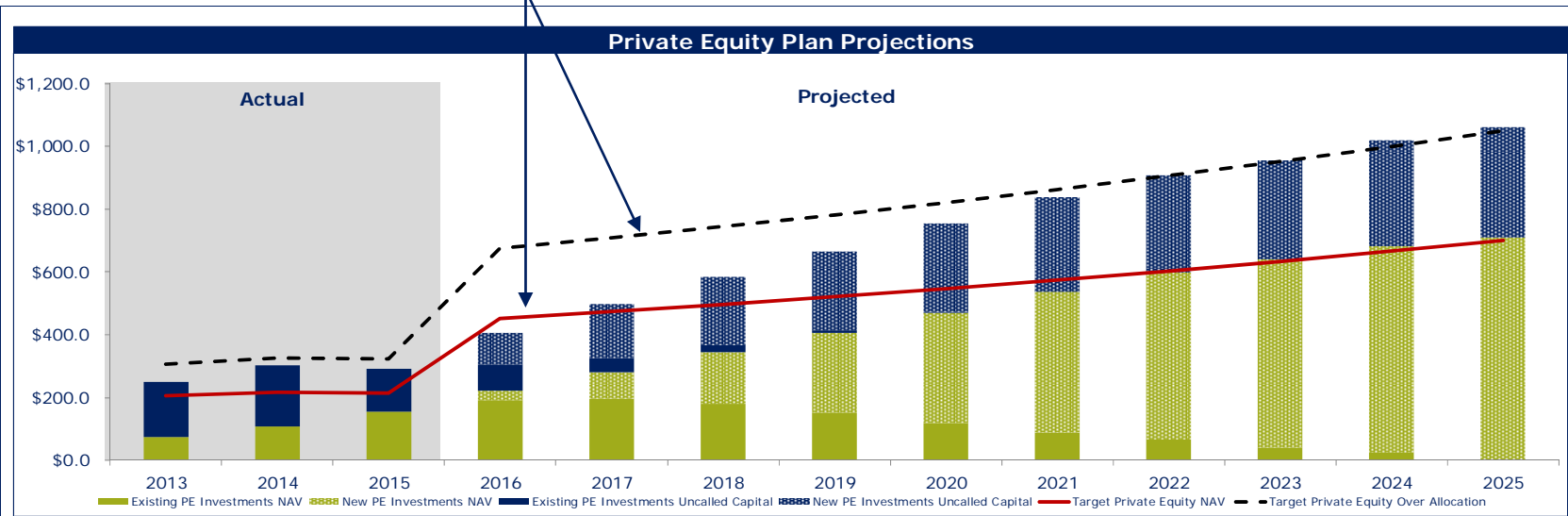


Year	Actual			More Certain			Less Certain						
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Commitments	\$143	\$0	\$50	\$130	\$130	\$130	\$130	\$150	\$150	\$150	\$150	\$175	\$175

Note: Data as of 12/31/2015

Fund Projections

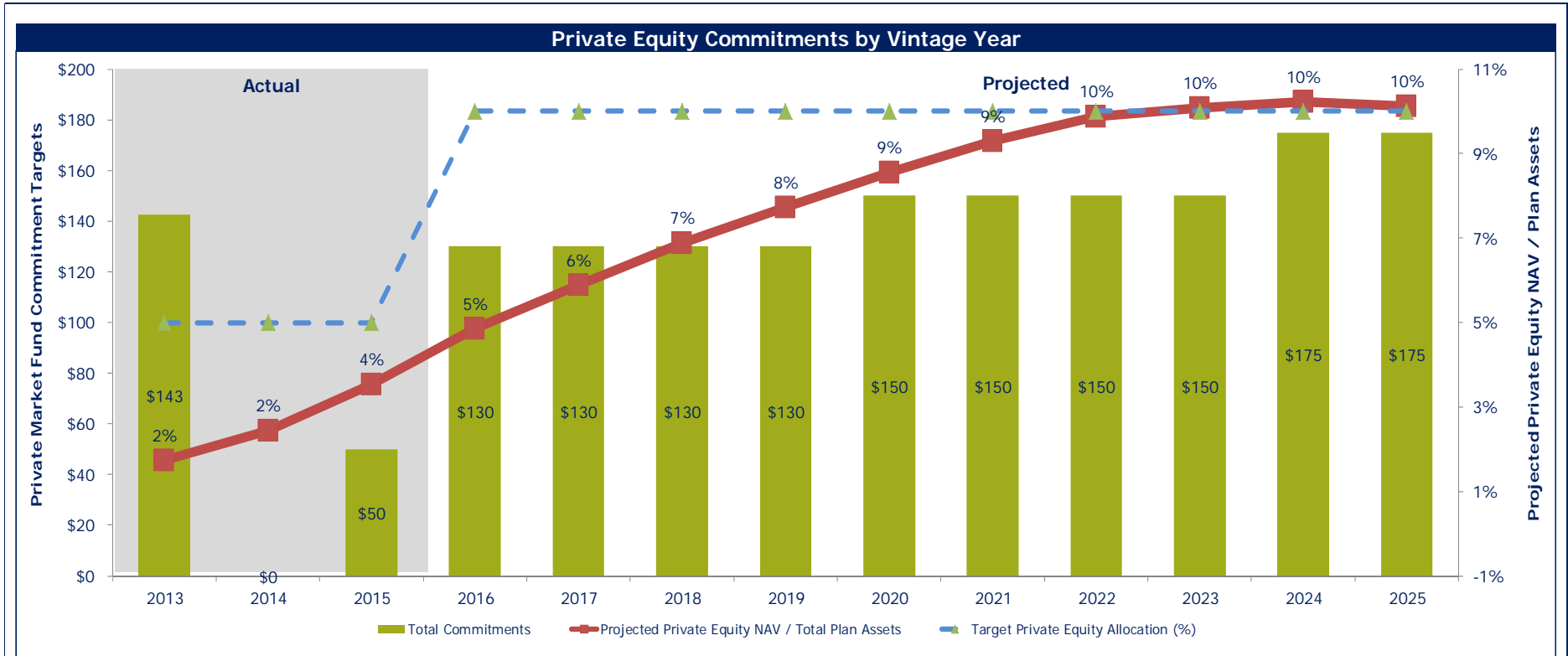
- **Red line** is the 10% target Private Markets allocation based on projected plan total NAV; **Black dashed line** is the 1.5x over-commitment.
- Goal is to keep private markets NAV (**green bar**) plus uncalled capital commitments (**blue bar**), between red line and black dashed line.



Year	Actual			Projected									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Private Equity NAV	\$71	\$106	\$152	\$218	\$278	\$342	\$403	\$468	\$535	\$597	\$639	\$680	\$708
Uncalled Capital Commitments	\$177	\$195	\$138	\$185	\$218	\$242	\$259	\$285	\$302	\$311	\$316	\$338	\$353
Private Equity NAV + Uncalled Capital Commitments	\$248	\$300	\$290	\$404	\$496	\$584	\$663	\$753	\$836	\$908	\$956	\$1,018	\$1,061
Target Private Equity NAV	\$205	\$216	\$215	\$451	\$473	\$497	\$522	\$548	\$575	\$604	\$634	\$666	\$699
Over-Commitment Pace	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x
Target Private Equity Over Allocation	\$307	\$325	\$322	\$676	\$710	\$745	\$782	\$821	\$863	\$906	\$951	\$998	\$1,048
Beginning Plan NAV	\$3,499	\$4,092	\$4,328	\$4,291	\$4,505	\$4,731	\$4,967	\$5,216	\$5,476	\$5,750	\$6,038	\$6,339	\$6,656
Yearly Return	\$593	\$236	(\$37)	\$215	\$225	\$237	\$248	\$261	\$274	\$288	\$302	\$317	\$333
Ending Plan NAV	\$4,092	\$4,328	\$4,291	\$4,505	\$4,731	\$4,967	\$5,216	\$5,476	\$5,750	\$6,038	\$6,339	\$6,656	\$6,989
Private Equity Percent of Total Plan Assets													
Private Equity NAV	1.7%	2.4%	3.5%	4.8%	5.9%	6.9%	7.7%	8.5%	9.3%	9.9%	10.1%	10.2%	10.1%
Private Equity Uncalled Capital Commitments	4.3%	4.5%	3.2%	4.1%	4.6%	4.9%	5.0%	5.2%	5.2%	5.2%	5.0%	5.1%	5.1%
NAV + Uncalled Capital Commitments	6.1%	6.9%	6.8%	9.0%	10.5%	11.8%	12.7%	13.8%	14.5%	15.0%	15.1%	15.3%	15.2%
Target Private Equity Allocation	5.0%	5.0%	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Note: Data as of 12/31/2015

Projected Commitment vs. Target

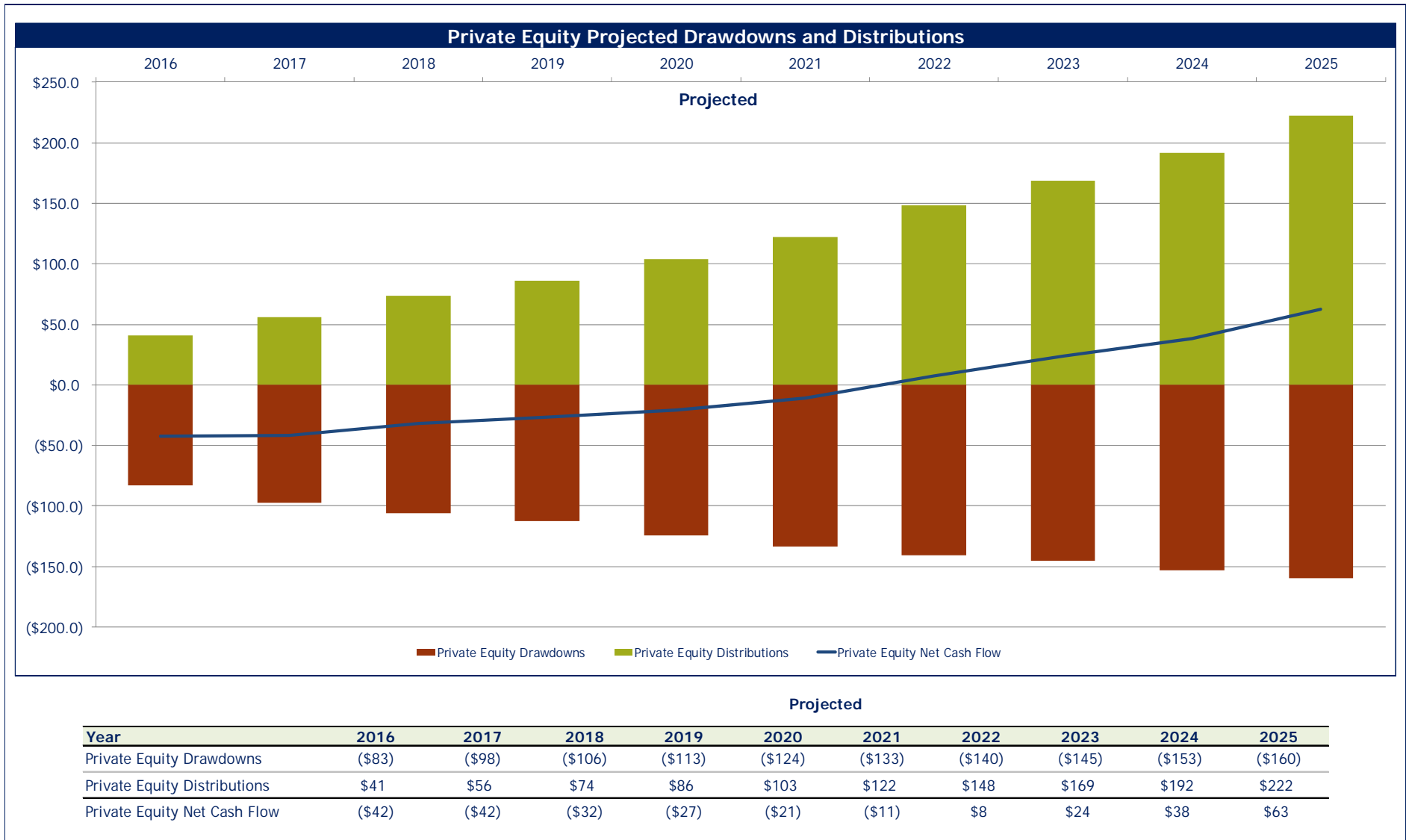


Private Equity Commitments by Vintage Year

Year	Actual			More Certain			Less Certain						
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Commitments	\$143	\$0	\$50	\$130	\$130	\$130	\$130	\$150	\$150	\$150	\$150	\$175	\$175
Target Private Equity Allocation (%)	5%	5%	5%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Projected Private Equity NAV / Total Plan Assets	2%	2%	4%	5%	6%	7%	8%	9%	9%	10%	10%	10%	10%

Note: Data as of 12/31/2015

Projected Cash Flows

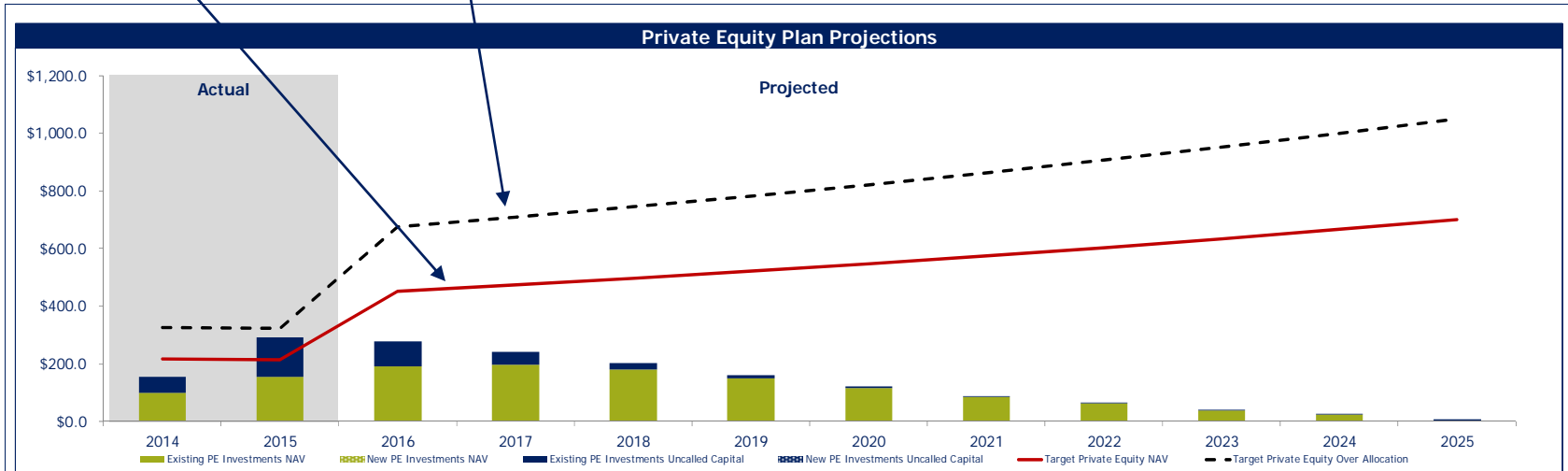


Note: Data as of 12/31/2015

“No More Commitments” Scenario

Fund Projections – “No More Commitments” Scenario

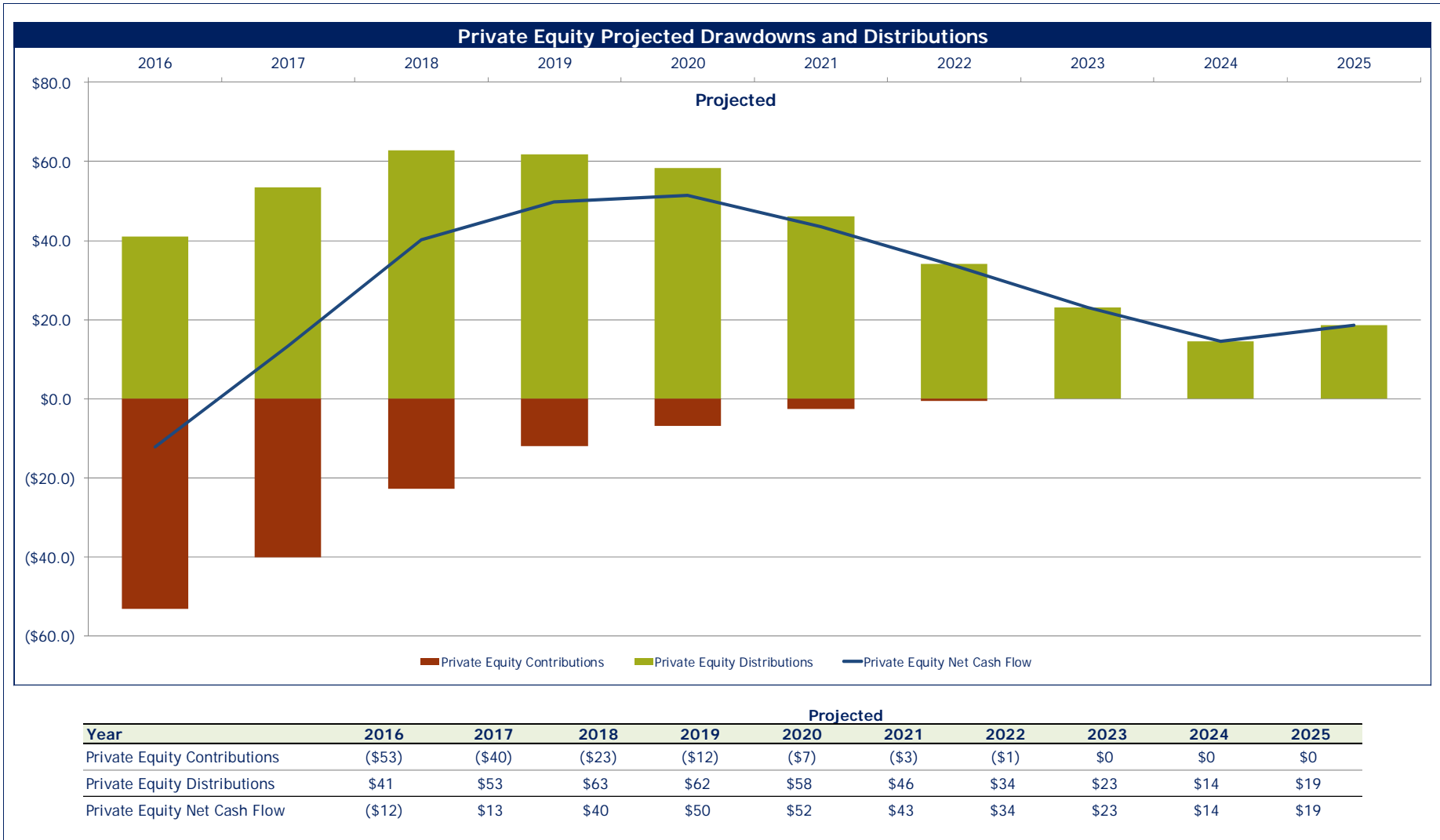
- **Red line** is the 10% target Private Equity allocation based on projected plan total NAV; **Black dashed line** is the 1.5x over-commitment.
- Goal is to keep private equity NAV (**green bars**) plus uncalled capital commitments (**blue bars**), between red line and black dashed line.



Year	Actual		Projected									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Private Equity NAV	\$98	\$152	\$190	\$194	\$179	\$148	\$115	\$83	\$61	\$36	\$21	\$2
Uncalled Capital Commitments	\$54	\$138	\$85	\$45	\$22	\$10	\$3	\$1	\$0	\$0	\$0	\$0
Private Equity NAV + Uncalled Capital Commitments	\$151	\$290	\$275	\$239	\$201	\$158	\$118	\$83	\$61	\$36	\$21	\$2
Target Private Equity NAV	\$216	\$215	\$451	\$473	\$497	\$522	\$548	\$575	\$604	\$634	\$666	\$699
Over-Commitment Pace	1.5x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x
Target Private Equity Over Allocation	\$325	\$322	\$676	\$710	\$745	\$782	\$821	\$863	\$906	\$951	\$998	\$1,048
Beginning Plan NAV	\$4,092	\$4,328	\$4,291	\$4,505	\$4,731	\$4,967	\$5,216	\$5,476	\$5,750	\$6,038	\$6,339	\$6,656
Yearly Return	\$236	(\$37)	\$215	\$225	\$237	\$248	\$261	\$274	\$288	\$302	\$317	\$333
Ending Plan NAV	\$4,328	\$4,291	\$4,505	\$4,731	\$4,967	\$5,216	\$5,476	\$5,750	\$6,038	\$6,339	\$6,656	\$6,989
Private Equity Percent of Total Plan Assets												
Private Equity NAV	2.3%	3.5%	4.2%	4.1%	3.6%	2.8%	2.1%	1.4%	1.0%	0.6%	0.3%	0.0%
Private Equity Uncalled Capital Commitments	1.2%	3.2%	1.9%	1.0%	0.4%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
NAV + Uncalled Capital Commitments	3.5%	6.8%	6.1%	5.1%	4.0%	3.0%	2.2%	1.5%	1.0%	0.6%	0.3%	0.0%
Target Private Equity Allocation	5.0%	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Note: Data as of 12/31/2015

Projected Cash Flows – “No More Commitments” Scenario



Note: Data as of 12/31/2015

Disclaimers and Disclosures

- **Past performance is no guarantee of future results.**
- **The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.**
- **Information used to prepare this report was obtained directly from the investment managers or custodians, and market index data was provided by other external sources. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**
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- NEPC's private markets pacing analysis projects a potential level of future assets and cash flows for a single scenario based on a series of assumptions. This analysis is intended to help estimate future exposure levels. It is not a guarantee of future cash flows, appreciation or returns.
- The timing and amounts of projected future cash flows and market values of investments could vary significantly from the amounts projected in this pacing analysis due to manager-specific and industry-wide macroeconomic factors.
- Estimates of projected cash flows and market values for existing private markets commitments were made at the Fund level and do not incorporate any underlying portfolio company projections or analysis.

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:

- 1. Performance can be volatile and investors could lose all or a substantial portion of their investment.**
- 2. Leverage and other speculative practices may increase the risk of loss.**
- 3. Past performance may be revised due to the revaluation of investments.**
- 4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms.**
- 5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value.**
- 6. These funds are not subject to the same regulatory requirements as registered investment vehicles.**
- 7. Managers may not be required to provide periodic pricing or valuation information to investors.**
- 8. These funds may have complex tax structures and delays in distributing important tax information.**
- 9. These funds often charge high fees.**
- 10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy.**

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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May 16, 2016

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

SUBJECT: RECOMMENDATION THAT THE BOARD APPROVE INVESTMENTS IN HARBOURVEST DOVER STREET FUND IX; ADAMS STREET 2016 GLOBAL FUND; AND DRIVE CAPITAL FUND II; AUTHORIZE PAYMENT FOR LEGAL SERVICES PROVIDED BY NOSSAMAN; AND, AUTHORIZE THE BOARD CHAIR TO APPROVE AND EXECUTE THE REQUIRED DOCUMENTATION SUBJECT TO LEGAL REVIEW AND APPROVAL

Dear Board Members:

The Board approved an asset allocation implementation plan at its December 21, 2015 meeting. Part of the implementation was increasing the allocation to private equity from 5% to 10% of the portfolio. To accomplish this, we have begun a search process to engage a separate account manager. Staff and NEPC are currently reviewing Request For Information (RFI) responses to identify a short list of qualified candidates to send detailed Request For Proposals (RFP). Successful candidates from the RFP process will be invited to be considered by the Board. Following Board selection, contract negotiation, development of policies, procedures, guidelines, modelling our portfolio, and other implementation steps, the manager will begin identifying investment opportunities.

We have been working on a separate track to ensure there is no pause in VCERA's private equity program build-out, and that 2016 vintage year exposure is assured. We have identified and recommend three currently available high quality opportunities for Board consideration. Two of the three opportunities are follow-on funds of existing managers. The third opportunity would be a new relationship.

Below are summary analyses and recommendations. Also included are an investment pacing analysis, cover memos by NEPC containing more detailed descriptions and analysis of each of the opportunities, and promotional materials provided by each of the managers.

Both Harbourvest and Adams Street Partners have presented to the Board recently, and the products being recommended are follow-on funds similar to VCERA's current investments, so we did not ask them to make presentations to the Board. However, Drive Capital would be a new relationship, so they will present to the Board.

Harbourvest's Dover Street Fund IX

The first opportunity we are recommending is a \$60 million allocation to Harbourvest's Dover Street Fund IX (Dover 9).

In 2013 the Board approved a \$75 million allocation to Harbourvest's Dover Fund VIII (Dover 8), a secondaries fund. At that time, the Board wished to take advantage of an opportunity to get funds deployed more quickly than would be possible investing in a 'primaries' fund, and simultaneously mitigate the "J" curve. However, the fund was oversubscribed, and VCERA's allocation got cut back to \$67.5 million.

The current net internal rate of return (IRR) of Dover 8 since 2012 is 43.2%, with an investment multiple of 1.36 times invested capital, first quartile performance. Dover 8 is ranked as the #1 secondaries fund in the Cambridge private equity universe. Although it is highly unlikely that Dover 9 will deliver a similar 43.2% rate of return, we believe that Harbourvest's differentiated process of successfully executing large, highly complicated deals, and their highly regarded, talented team, are well positioned to continue to outperform in this segment of the market.

Adams Street 2016 Global Fund

The second opportunity we are recommending is a \$60 million allocation to Adams Street 2016 Global Fund (ASP 2016).

In 2010 the Board approved an \$85 million allocation to Adams Street Partners which was spread across U.S., non-U.S., emerging markets, and co-investments sleeves. In 2013 the Board allocated \$75 million to the Adams Street 2013 Global Fund which consolidated the individual disciplines used in the 2010 fund. Primary investments will typically underperform secondaries early in the fund's life as they are subject to the "J" curve effect, but are expected to outperform secondaries over the long term.

Adams Street 2010 fund has delivered 13.1% net IRR as of 9/30/2015, with an investment multiple of 1.3 times invested capital. This investment is expected to help diversify the secondaries exposure in both the 2015 vintage Pantheon Fund 5 which is expected to make its final close on May 31, and the Dover Fund 9 secondaries funds. The returns of Adams Street 2013 investments are too early to tell.

We believe that Adams Street's long standing in the industry, relationships with managers, and experience with global partnerships across primaries, secondaries, and co-investments provides both information advantages plus diversification benefits to add value in VCERA's private equity program.

Drive Capital Fund II

The third opportunity we are recommending is a \$15 million allocation to Drive Capital Fund II (Drive).

Drive is a venture capital fund, and is very different than the above described funds of funds. An investment in a single fund lacks the diversification of a fund of funds, but doesn't have the second layer of fees. A goal in building out the VCERA portfolio is to move away from a fund of funds model to one where VCERA will have direct exposure to top quality funds.

Drive was formed in 2013 by two former partners of Sequoia, a top Silicon Valley venture capital firm. At Sequoia, Drive's founding partners invested a combined \$395 million in companies that are now valued at \$3.45 billion, with more than \$2.2 billion in distributions. Their combined investments are currently valued at 8.7 times invested capital.

Although there have not yet been any realizations in their first fund, Drive I, investments are currently valued at 1.7 times invested capital, with a net IRR of 42%, top quartile performance.

Drive's focus is on early and expansion stage companies with global market opportunities based in the Midwest, an attractive, underserved market. They anticipate 20 – 30 companies in information technology, financial services, consumer, and healthcare services. They pursue investment themes, building 'market maps' across sectors to identify companies best at solving the largest problems within each sector.

The partners have put together an impressive, experienced team with significant, high profile venture capital investment experience. Direct access to best-in-class, seasoned venture capital firms like Sequoia is not available to new investors. Investing in top quality spin-outs from these firms early in their life cycle offers the best long-term alternative.

Although venture capital offers the highest return potential in private equity, it also carries the highest risk. Also, VCERA currently has 26% – 27% of its private equity exposure in venture capital, which is on the high side.

We believe that Drive's highly experienced team, extensive contacts in the industry, strong early investment track record, and a deep and broad attractive market offer a great first direct investment opportunity for VCERA.

Legal Review

We recommend that the Board approve funding not to exceed a total of \$60,000 for legal work attendant to these three opportunities.

Attached please find analysis provided by NEPC, and information provided by each of the

May 16, 2016

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respective managers.

I believe that these proposals are in the best interest of VCERA, and therefore recommend the following:

RECOMMEND: THAT THE BOARD:

1. **APPROVE A TOTAL OF \$135 MILLION TO 3 NEW INVESTMENTS:**
 - a. **\$60 MILLION TO HARBOURVEST DOVER STREET FUND IX;**
 - b. **\$60 MILLION TO ADAMS STREET 2016 GLOBAL FUND;**
 - c. **\$15 MILLION TO DRIVE CAPITAL FUND II.**
2. **AUTHORIZE AN AMOUNT NOT TO EXCEED \$60,000 FOR LEGAL SERVICES TO BE PROVIDED BY NOSSAMAN.**
3. **AUTHORIZE THE BOARD CHAIR TO APPROVE AND EXECUTE THE REQUIRED DOCUMENTATION SUBJECT TO LEGAL REVIEW AND APPROVAL.**

Sincerely,

A handwritten signature in blue ink that reads "Daniel P. Gallagher". The signature is written in a cursive style.

Dan Gallagher
Chief Investment Officer



To: Ventura County Employees' Retirement Association
From: NEPC Consulting Team
Date: May 11, 2016
Subject: Secondaries Private Equity Manager Recommendation

Recommendation

NEPC recommends the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") give consideration to making a \$60 million commitment to Dover Street IX, L.P. ("Dover Street IX" or the "Fund") pending the successful completion of contract negotiations between HarbourVest Partners, LLC ("HarbourVest" or the "Firm") and the Plan's legal counsel.

Executive Summary

HarbourVest is targeting \$3.6 billion of investor commitments (\$4.25 billion hard cap) for Dover Street IX, which is intended to provide investors access to a diversified portfolio of global secondary investments. The Fund will be constructed to provide investors with near-term liquidity and compelling long-term performance by creating a diversified portfolio of private equity assets that will include exposure to leveraged buyouts, growth equity, venture capital, and other private equity strategies.

Dover Street IX intends to leverage HarbourVest's proven strategy of investing in the less efficient segments of the private equity secondaries market as a means for generating outperformance for investors. The portfolio is expected to emphasize more complex secondaries transactions, an area where HarbourVest is a market leader given its experience and dedicated resources. The Fund will also have exposure to traditional transactions, which will generally reflect opportunities where HarbourVest has a competitive advantage due to differentiated information access, manager relationships, and/or a compelling competitive dynamic.

Dover Street IX is targeting net returns of 300-500 basis points above public equity markets. The Fund will target underlying investments globally, and in past Dover Street funds, the underlying investments were domiciled primarily in the U.S. (40%-65%), Europe (30%-40%), and Asia Pacific (10%-15%), with the balance invested in emerging markets. The Fund is expected to make approximately 25 to 40 investments with an average size between \$75 and \$150 million and no one investment exceeding 20% of committed capital.

The private equity secondaries market is a \$40 billion subset of the global private equity market that has experienced dramatic growth over the last three decades. Over this time period, the secondaries market's growth has significantly exceeded that of the primary market as a result of an increase in the turnover ratio of Limited Partnership interests, the



broader acceptance of the secondaries market as a portfolio management tool, and the increasing array of transactions that have resulted from investors' overarching desire for more liquidity in what is otherwise an illiquid asset class. In addition, secondaries market activity experiences added momentum during periods of distress and economic dislocation.

Today, the secondaries market is also experiencing significant levels of additional divestment activity as a result of the regulatory pressure on the world's banks and other financial institutions. The secondaries market is expected to experience strong growth going forward as a result of continued growth of the overall private equity market and other incremental growth factors, which are further described below.

1. Financial institutions continue to divest assets via the secondaries market as a means for complying with regulations related to illiquid assets and risk-weighted capital that were established following the global financial crisis. Financial institutions accounted for 34% of market deal flow in 2014, and they are expected to continue to be a source of future deal flow during the Dover Street IX investment period.
2. Sovereign Wealth Funds ("SWFs") have recently emerged as a meaningful category of sellers and are expected to be a source of growth for the secondaries market in the future. SWFs have become significant primary investors in the private equity asset class over the last five to ten years, accounting for 14% of private equity funds raised in the first half of 2015. Conversely, prior to 2013, SWFs accounted for a minimal percentage of overall private equity secondaries sales. As many SWF portfolios have become more mature, they have recently become more active sellers. As more SWFs enter the private equity asset class, and as those with existing portfolios look to the secondaries market as a tool for rebalancing and refocusing their portfolios, they are likely to account for an increasing percentage of secondaries market activity. Given the size and quality of the private equity portfolios held by many SWFs, they are expected to be a driver of high quality deal flow going forward.
3. The secondaries market continues to evolve in its ability to offer new forms of liquidity to investors and accordingly presents new opportunities for sophisticated secondaries buyers. Specifically, over the last three years, whole fund liquidity solutions have been one of the fastest growing segments of the secondaries market. In these transactions, a liquidity solution is offered simultaneously to all investors in a fund later in its life, typically as part of a coordinated process involving both the fund's General Partner and a secondary buyer. Although this market segment is still evolving, secondary buyers with the experience and resources to successfully source, screen, and execute in this part of the market may be well positioned to capitalize on its rapid growth.

Dover Street IX intends to take advantage of the secondaries market's expected growth by capitalizing on an expanding set of investment opportunities. With increased deal flow, the Fund should be well positioned to be highly selective in the opportunities it pursues, which should translate into strong performance.



Overview of the VCERA Private Equity Program

VCERA has a long-term target allocation to private equity of 10% and began investing in the private equity asset class in 2010. Due to the need to over commit to private equity to achieve the target allocation, we have recommended a commitment pace that “over commits” to the private equity target at 150%. It is also recommended that the Plan conduct an annual private equity structural study and make adjustments to the strategy and commitment pace during the annual structural study, as needed.

The 2016 Private Equity Strategic Plan recommended commitments of \$130 million for the year, diversified by sub-strategy. A summary of the recommended allocation for 2016 is below.

- \$60 million to a Diversified Fund-of-funds
 - Adams Street 2016 Global Fund
- \$60 million to Secondaries
 - Dover Street IX
- \$15 million to Venture Capital
 - Drive Capital II

Should the Plan approve the proposed \$60 million commitment to Dover Street IX, approximately forty-five percent of the Plan’s allocation to private equity in the 2016 Private Equity Strategic Plan will be filled.

Selection Process

NEPC meets regularly with a large number of market participants in an effort to identify the most attractive funds within a particular market segment. Throughout 2015, NEPC met with several leading candidates that were 1) in the market; 2) offered an experienced and successful team in the strategy; and 3) provided a well-diversified portfolio. NEPC completed full due diligence on Dover Street IX and rated the Fund as a preferred strategy within the secondaries private equity market segment.

With record transaction volume and pricing levels close to par, we have been cautious in our evaluation of potential secondaries options based on our view that the private equity secondaries market was becoming a bit overheated. However, when HarbourVest notified investors in 2015 that they would be coming to market with Dover Street IX, we felt that provided an opportunity to invest with an experienced and successful secondaries team focused on complex transactions that has consistently added value for investors historically. In addition, HarbourVest is an existing manager for the Plan, and a ‘re-up’ with an existing manager is an attractive option as we attempt to manage the number of investment managers employed within the Plan’s allocation to private equity. Ultimately, Dover Street IX was selected as a candidate jointly by NEPC and Staff.

Portfolio Fit

Dover Street IX is a private equity secondaries fund that will be diversified globally, by strategy, and by vintage year. The Plan previously invested in HarbourVest’s prior



secondaries fund, Dover Street VIII. We expect that there will be no portfolio overlap (duplication) with the funds that are currently investing in the Plan's private equity portfolio.

Advantages

Large, established organization - HarbourVest has more than 80 investment professionals from the primary, secondary, and direct co-investment groups located globally. These professionals possess longstanding relationships with General Partners ("GPs") and Limited Partners ("LPs") in all of the world's private markets. Currently, this includes more than 450 active GP relationships and more than 600 LP relationships.

Team stability - HarbourVest's secondaries team includes 27 dedicated investment professionals. Of those, 18 are senior professionals who have worked together at HarbourVest for an average of 11 years. This tenure and continuity of investing together across multiple private market and economic cycles should equip the team with the knowledge and experience to identify investment opportunities and invest clients' capital with prudence and discipline.

Primary platform - In addition to the secondaries investment business, HarbourVest has a large primary fund-of-funds platform. As a result, the team has a large database of information related to investment funds that the secondaries team may leverage to complete due diligence on investments. The primary business helps Dover Street source investments from GPs in addition to increasing the Firm's attractiveness as a potential LP for GPs approving the sale of interests in their funds.

Global sourcing - HarbourVest operates across seven offices on four continents, which has given them the ability to leverage this global platform to generate deal flow. Additionally, HarbourVest possesses a global network of industry operators, managers, and intermediaries that are essential relationships to sourcing and evaluating investment opportunities.

Focus on complex transactions - Complex deals represented approximately two-thirds of the secondaries capital deployed by HarbourVest in 2014. HarbourVest believes that a minority of secondary players is focused on these transaction types due to the differentiated skill sets and/or resources required to successfully execute on these transaction types as well as the fact that these transactions accounted for less than one-third of all secondaries industry deal flow in 2014. HarbourVest has been a market leader in this space and this gives them a competitive advantage in sourcing and transacting on these deals.

Potential Issues

Heated market environment - The secondaries market has seen record transaction volume and pricing levels close to par, which is generally sub-optimal for secondaries investments unless a prolonged economic recovery persists. Pricing for traditional transactions have been unattractive; however, the majority of HarbourVest's secondaries deals have been complex transactions where they are able to take advantage of dislocations in the market.



Potential use of leverage - Fund documents allow the Fund to utilize up to 30% leverage on transactions as a method to enhance the Fund's returns. Should its investments underperform, this leverage could negatively impact the Fund's performance. The maximum amount of leverage used historically has been 13.9%.

Fees on committed capital - HarbourVest will receive a management fee on committed capital throughout the life of the Fund. Much of the market has been charging fees on invested capital post investment period; however, the average annual management fee for the Fund is 0.75%, which remains competitive with other secondaries funds.

Fund Terms

Annual Management Fee

0.75% on committed capital for the life of the Fund

Preferred Return

8% compounded annually

Carried Interest

12.5% carried interest at the Fund level

Distribution Waterfall

100%/0% LP/GP split until LPs have received distributions equal to such LPs capital contributions plus a compounded net annual preferred return of 8%;
0%/100% LP/GP split until the GP has received 12.5% of total distributions;
87.5%/12.5% LP/GP split thereafter.

Based on a \$60 million commitment, VCERA would pay an average management fee of \$450,000 per annum over the life of the Fund, which equates to approximately one basis point at the Total Fund level, or 0.01% per annum, based on the current market value of the Plan's assets.

Track Record of Prior Funds

Fund	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple	DPI Multiple	IRR
Dover Street Ia	1991	\$10	\$10	\$0	\$22	\$22	2.20x	2.20x	31.5%
Dover Street II	1994	\$38	\$38	\$0	\$64	\$64	1.69x	1.69x	24.0%
Dover Street III	1996	\$101	\$100	\$0	\$210	\$210	2.10x	2.10x	31.6%
Dover Street IV	1999	\$214	\$200	\$0	\$277	\$277	1.39x	1.39x	8.2%
Dover Street V	2003	\$515	\$495	\$55	\$705	\$760	1.54x	1.42x	18.6%
Dover Street VI	2005	\$621	\$587	\$331	\$440	\$771	1.31x	0.75x	5.2%
Dover Street VII	2008	\$2,929	\$2,748	\$1,614	\$2,508	\$4,122	1.50x	0.91x	12.6%
Dover Street VIII	2012	\$3,591	\$1,769	\$1,883	\$526	\$2,409	1.36x	0.30x	43.2%

Note: \$ in millions; data as of 3/31/2015 and provided by HarbourVest.



Fund	Vintage Year	TVPI Multiple	DPI Multiple	IRR
Dover Street Ia	1991	2.2x	2.2x	31.5%
Dover Street II	1994	1.7x	1.7x	24.0%
Dover Street III	1996	2.1x	2.1x	31.6%
Dover Street IV	1999	1.4x	1.4x	8.2%
Dover Street V	2003	1.5x	1.4x	18.2%
Dover Street VI	2005	1.3x	0.9x	5.2%
Dover Street VII	2008	1.5x	1.0x	12.1%
Dover Street VIII	2012	1.4x	0.3x	38.0%

Note: data as of 9/30/2015 and provided by HarbourVest.

Conclusion

As VCERA continues toward its 10% long-term target allocation to private equity, Dover Street IX provides the Plan with (i) access to secondaries fund investments with a team of highly experienced investors seeking complex deal structures; (ii) a strategy that can potentially fill some of the vintage year gaps in the Plan's private equity program; (iii) additional geographic and strategy diversification; (iv) a potential J-curve mitigant; and (v) a source for potentially outsized returns relative to other areas of the portfolio. We recommend the Plan give consideration to making a \$60 million commitment to Dover Street IX, L.P.

HarbourVest is offering **Dover Street IX L.P.** (the “Fund” or “Dover IX”),* a diversified portfolio of global secondary investments in buyout, growth equity, venture capital, and other private equity assets. For over 30 years, HarbourVest has built a successful track record of investing in private markets on a global basis. HarbourVest has also been a leader in the secondaries market since 1986, and intends to follow its proven strategy of constructing a secondary portfolio with an emphasis on more complex transactions in order to offer investors the potential for outperformance.

Dover IX Differentiated Investment Strategy

- Focus on less efficient segments of the secondaries market to generate outperformance
- Leverage HarbourVest’s global footprint from each of its seven offices across four continents to generate attractive deal flow
- Gain access to information through longstanding manager relationships
- Utilize HarbourVest’s broader platform, including exposure to more than 950 partnerships, 450 managers, and 7,500 companies, as well as 450 advisory board seats
- Construct a diversified portfolio that offers attractive risk-adjusted returns

Portfolio Construction

- Emphasis on more complex secondary transactions which are often less efficient and therefore less competitive relative to traditional secondary transactions. Complex transactions may include captive team spinouts, whole fund liquidity solutions, public-to-private transactions, and other sophisticated transactions.
- Exposure to traditional secondary investments where HarbourVest has an advantage due to its information access, manager relationships, or competitive dynamic
- Global portfolio diversified by stage, geography, industry, and vintage year

Key Terms

Focus	A global, diversified private equity secondary portfolio of investments designed to offer investors attractive risk-adjusted returns
Target (Max) Size	\$3.6 billion (\$4.25 billion)
Investment Period	Approximately 4 years
Average Management Fee [†]	<ul style="list-style-type: none"> ■ 75 bps average annual fee, based on committed capital[‡]
Carried Interest	12.5% after generating an 8% Limited Partner Preferred Return

HarbourVest Strengths

- **Experience** – HarbourVest has invested more than \$13 billion in global secondary transactions since 1986 across multiple macroeconomic and market cycles
- **Access** – By partnering with HarbourVest, investors can access tailored solutions, longstanding relationships, actionable insights, and strong results
- **Global Platform** – HarbourVest’s powerful global platform provides investors access to local specialized expertise, in depth experience, and long-term relationships in Asia, Europe and the Americas
- **Operational Excellence** – Full-service monitoring, reporting, cash management, and legal and regulatory compliance provide turnkey solutions to investors’ portfolio analysis and management needs
- **Aligned Interests** – HarbourVest is a privately and independently owned firm focused solely on the interests of our investors

* All references to the terms of Dover Street IX L.P. are assumed to include Dover Street IX AIF L.P. (the “AIF Fund”). The AIF Fund is primarily for European-based investors and is designed to meet the regulatory requirements of the Alternative Investment Fund Managers Directive (the “AIFMD”), a European Union Directive. The AIF Fund is expected to invest alongside Dover Street IX L.P.

† Average annual management fee of 75 basis points is calculated over 14 years and assumes that the Fund’s term is extended for four, one-year extensions, which can be exercised at the discretion of the General Partner. The terms of prior Dover Street programs have historically been extended. The average annual management fee over the Fund’s term without extensions (10 years) would be 101 basis points. The actual average management fee will depend on the Fund’s actual term.

‡ Investors committing \$100 million or more to the Fund will receive a discount of 5 basis points per annum and investors committing \$200 million or more to the Fund will receive a discount of 10 basis points per annum on their entire commitment.

Includes data (prior to 1998) related to transactions that occurred when the HarbourVest team was affiliated with Hancock Venture Partners, Inc.

This communication does not constitute an offer to sell or the solicitation of an offer to buy interests in the Fund or any other fund or investment product sponsored by HarbourVest, or investment services provided by, HarbourVest Partners L.P. or its affiliates. Such an offer may be made only to qualified investors by means of delivery of a confidential Private Placement Memorandum or similar materials that contain a description of the material terms of such investment. No sale will be made in any jurisdiction in which the offer, solicitation, or sale is not authorized or to any person to whom it is unlawful to make the offer, solicitation or sale. Offers and sales of interests in the Fund may not be registered under the laws of any jurisdiction. The information in this document is highly confidential and must be read in conjunction with the Private Placement Memorandum of the Fund. This communication does not purport to contain all the information relevant to evaluating an investment in the Fund described herein.

An investment in the Fund involves a high degree of risk and therefore, should be undertaken only by prospective investors capable of evaluating the risks of the Fund and bearing the risks such an investment represents. There can be no assurance that the Fund will be able to achieve its investment objectives or that the investors will receive a return on their capital.

The representative of the Fund in Switzerland is Hugo Fund Services SA, 6 Cours de Rive, 1204 Geneva. The Paying Agent in Switzerland is Banque Cantonale de Genève, 17 Quai de l'Île, CH-1211 Geneva 2, Switzerland. The distribution of Interests in Switzerland must exclusively be made to qualified investors. Copies of the Private Placement Memorandum, Limited Partnership Agreement and annual and semi-annual reports of the Fund can be obtained free of charge from the Representative. The place of performance for Interests of the Fund offered or distributed in or from Switzerland is the registered office of the Representative.

For additional legal and regulatory information please refer to www.harbourvest.com/important-legal-disclosures.



To: Ventura County Employees' Retirement Association
From: NEPC Consulting Team
Date: May 11, 2016
Subject: Global Fund-of-Funds Private Equity Manager Recommendation

Recommendation

NEPC recommends the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") give consideration to making a \$60 million commitment to Adams Street 2016 Global Fund, L.P. ("Adams Street 2016" or the "Fund") pending the successful completion of contract negotiations between Adams Street Partners ("Adams Street" or the "Firm") and the Plan's legal counsel.

Executive Summary

Adams Street has been an investor in private equity since the 1970s and today is an active investor in all areas of the global private equity markets. Adams Street's long standing history in the industry, its relationships with managers and its experience investing in partnerships on a primary and secondary basis, as well as directly into companies, provides meaningful information advantages that create synergies across Adams Street's various fund lines, resulting in deep manager insight and increased deal flow.

Each year, Adams Street raises an annual fund-of-funds ("FoF") program across various geographies and strategies. One such program, the annual Global Fund program (the "Global Fund"), is constructed to provide Limited Partners ("LPs") with exposure to the Adams Street U.S. Partnership Fund, the Adams Street Non-U.S. Partnership Fund, and the Adams Street Direct Venture/Growth Fund (collectively, the "Partnership Funds"). This Global Fund provides administrative convenience to LPs by investing in pre-determined percentages in the underlying U.S. Fund (55%), Non-U.S. Fund (35%), and the Direct Venture/Growth Fund (10%).

The Global Fund is expected to commit capital over the course of three to four years and will include a core allocation of approximately 60%-100% primary fund investments and up to 40% in secondaries investments and/or co-investments. The Global Fund is expected to be diversified geographically across the U.S., Europe and Asia. U.S. investments are expected to comprise 60%-70% of the portfolio with the remainder in global private equity investments. Strategies in the Fund will include buyouts, venture capital, growth equity, and other more niche strategies. The Global Fund targets a 12%-15% IRR and a 1.7x-2.0x multiple of invested capital, both net to LPs.

Adams Street is an independent, employee-owned firm that exclusively focuses on private equity asset management. The Firm was founded in 1972 as the growth equity division



within the First National Bank of Chicago. Through several corporate events, including the 1995 acquisition of Brinson Partners by Swiss Bank Corporation (SBC), and the acquisition of SBC by Union Bank of Switzerland (UBS), Adams Street operated from 1998 to 2001 as a part of UBS Asset Management. Today, Adams Street is an independent, 100% employee-owned organization. The firm has grown to more than \$25 billion in AUM and has experience investing across primary, secondary, direct and co-investment strategies. Adams Street employs approximately 130 employees across six offices worldwide.

The Adams Street team consists of 60 partners, 27 of which are investment professionals. A total of 54 investment professionals are stationed in offices around the globe. The Primary Investment Team is led by Kelly Meldrum and supported by a team of 21 other investment professionals, including 11 other Adams Street Partners. Secondary investments are led by Jason Gull and his team of 11 other professionals, four of which are Partners in the Firm. David Brett is a Partner in the Firm and leads the Co-Investment Team. He is supported by two other Partners and one Principal. Terry Gould leads the Direct Venture/Growth Equity Fund investments and is supported by a team of eight other investment professionals, including Managing Partner Jeff Diehl. Bon French leads the Firm as CEO.

Adams Street is an active investor in all areas of the global private equity business and constructs portfolios that are highly diversified across a number of dimensions including strategy, investment type (primary, secondary, co-investments and direct), time, manager, subclass and geography. ASP's global positioning enables the team to allocate capital to the various subclasses based on its view of the most attractive opportunities through which to access private equity in a given market. Notably, Adams Street has had a heavier weighting toward venture capital in their recent funds and has thus benefited from the strategy's recent performance bump. Adams Street expects that as the global investment landscape changes, the Firm will be able to take advantage of, and adjust to, the opportunities that arise during the commitment period of the Global Fund.

Overview of the VCERA Private Equity Program

VCERA has a long-term target allocation to private equity of 10% and began investing in the private equity asset class in 2010. Due to the need to over commit to private equity to achieve the target allocation, we have recommended a commitment pace that "over commits" to the private equity target at 150%. It is also recommended that the Plan conduct an annual private equity structural study and make adjustments to the strategy and commitment pace during the annual structural study, as needed.

The 2016 Private Equity Strategic Plan recommended commitments of \$130 million for the year, diversified by sub-strategy. A summary of the recommended allocation for 2016 is below.

- \$60 million to a Diversified Fund-of-funds
 - Adams Street 2016 Global Fund
- \$60 million to Secondaries
 - Dover Street IX
- \$15 million to Venture Capital
 - Drive Capital II



Should the Plan approve the proposed \$60 million commitment to Adams Street 2016, approximately forty-five percent of the Plan's allocation to private equity in the 2016 Private Equity Strategic Plan will be filled.

Selection Process

NEPC meets regularly with a large number of market participants in an effort to identify the most attractive funds within a particular market segment. We seek to identify candidates that are 1) in the market; 2) offer an experienced and successful team in the strategy; and 3) provide a well-diversified portfolio.

As mentioned earlier, Adams Street raises an annual fund-of-funds program across geographies and strategies. NEPC has conducted full due diligence on the Adams Street Global Fund Series and rated the Fund as a preferred strategy within the private equity fund-of-funds market segment. It should be noted that the entire Adams Street Global Fund Series has been underwritten by NEPC research, and not just the 2016 Fund series, as we believe Adams Street is a leader in the fund-of-funds market segment and we seek to leverage the research we've done on an annual basis. It should also be noted that Adams Street is an existing manager for the Plan, and a 're-up' with an existing manager is an attractive option as we attempt to manage the number of investment managers employed within the Plan's allocation to private equity. Ultimately, Adams Street 2016 was selected as a candidate jointly by NEPC and Staff.

Portfolio Fit

Adams Street 2016 is a global, private equity fund-of-funds that is diversified by vintage year, geography and sector. The Plan previously invested in two of Adams Street's series of funds, 2010 and 2013. We expect that there will be no portfolio overlap (duplication) with the funds that are currently investing in the Plan's private equity portfolio.

Advantages

Industry standing - Adams Street's long tenure in the industry provides it with a high volume of quality deal and information flow, resulting in synergies across the Adams Street platform.

Team and firm stability - The Firm has a deep and experienced team that provides continuity to its LPs and GPs and mitigates risk of succession issues. With 60 partners, the broad ownership of the Firm provides organizational stability for clients.

Performance consistency - Historical performance of comparable funds is consistent over time. The diversified nature of the portfolios decreases the risk profile and provides LPs with broad private equity exposure across vintage years, strategies, and geographies.

Flexibility - The ability to invest in secondaries and co-investments in the Global Fund will help improve the average economic terms and cash flow profile of a commitment, with early distributions offsetting the deep, prolonged J-curve of a private equity fund-of-funds.



Potential Issues

Double layer of fees - The double layer of fees for a fund-of-funds program mutes net performance to investors.

Median performance - Although performance has been remarkably consistent across funds, net fund performance has been around the median.

Possibly overlap of exposures - There is the potential for additional strategy and manager overlap issues for LPs by adding a fund-of-funds manager to an existing roster of direct or fund-of-funds managers. While the portfolio diversification minimizes the risk of loss, it also decreases the potential for any outperformance and may lead to unintended exposures.

Liquidity and program life - Adams Street's plan for committing capital over at least three years extends the life of an LP's investment to 12-15 years. While this extended term is typical for a fund-of-funds investment, investors should be aware of this extended fund life when compared to investing directly into private equity funds.

Fund Terms

Annual Management Fee

U.S. and non-U.S. Partnership Funds

- 1.00% per annum on the first \$25 million;
- 0.90% per annum on amounts over \$25 million up to \$50 million;
- 0.75% per annum on amounts over \$50 million up to \$100 million;
- 0.50% per annum on amounts over \$100 million up to \$150 million;
- 0.40% per annum on amounts over \$150 million.

In year seven of the Fund, the annual management fee will be reduced by 10% of the annual fee charged with respect to year six and by 10% of the year six fee each year thereafter (i.e., 90% of the year six fee in year seven, 80% of the year six fee in year eight, etc.)

Direct Venture/Growth Fund

2.00% per annum

In year six, the annual management fee will be reduced by 10% of the original annual fee and by 10% of the original annual fee each year thereafter.

Fee Offset – The fee payable by the Direct Venture/Growth Fund will be reduced by any fees received by ASP Management, Adams Street Partners or their respective affiliates from portfolio companies, as well as by any net break-up or other fees from broken deals.

Preferred Return

No preferred return on primary investments

7% preferred return on secondaries and co-investments



Carried Interest

20% for the Direct Venture/Growth Fund

10% for the U.S. and non-U.S. Partnership Funds

Distribution Waterfall

U.S. and non-U.S. Partnership Funds (co-investments and secondaries)

90% to the LPs, 10% to the GP after an amount equal to the subscription attributable to such secondary and co-investments has been returned

Direct Venture/Growth Fund

80% to the LPs, 20% to the GP after each LP has received aggregate distributions equal to such LP's aggregate capital contributions.

Track Record of Prior Funds

Fund Level Returns - U.S.	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple	DPI Multiple	IRR
2002 U.S. Fund	2002	\$760	\$723	\$310	\$851	\$1,161	1.6x	1.2x	8.7%
2003 U.S. Fund	2003	\$705	\$670	\$370	\$665	\$1,034	1.5x	1.0x	8.1%
2004 U.S. Fund	2004	\$559	\$531	\$304	\$477	\$780	1.5x	0.9x	7.3%
2005 U.S. Fund	2005	\$809	\$768	\$547	\$559	\$1,107	1.4x	0.7x	7.1%
2006 U.S. Fund	2006	\$814	\$753	\$547	\$511	\$1,058	1.4x	0.7x	7.4%
2007 U.S. Fund	2007	\$1,042	\$933	\$825	\$648	\$1,473	1.6x	0.7x	12.1%
2008 U.S. Fund	2008	\$1,001	\$829	\$776	\$587	\$1,364	1.6x	0.7x	16.2%
2009 U.S. Fund	2009	\$888	\$620	\$701	\$216	\$917	1.5x	0.4x	15.6%
2010 U.S. Fund	2010	\$615	\$343	\$419	\$90	\$509	1.5x	0.3x	17.0%
2011 U.S. Fund	2011	\$548	\$267	\$309	\$49	\$359	1.3x	0.2x	15.2%

Note: \$ in millions; data as of 9/30/2015 and provided by Adams Street Partners

Fund Level Returns - Non-U.S.	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple	DPI Multiple	IRR
2002 Non-U.S. Fund	2002	\$140	\$135	\$37	\$193	\$230	1.7x	1.4x	11.8%
2003 Non-U.S. Fund	2003	\$206	\$196	\$80	\$227	\$307	1.6x	1.1x	10.0%
2004 Non-U.S. Fund	2004	\$408	\$389	\$181	\$351	\$532	1.4x	0.9x	6.2%
2005 Non-U.S. Fund	2005	\$528	\$502	\$296	\$357	\$653	1.3x	0.7x	4.9%
2006 Non-U.S. Fund	2006	\$570	\$542	\$383	\$317	\$700	1.3x	0.6x	5.4%
2007 Non-U.S. Fund	2007	\$918	\$794	\$718	\$314	\$1,031	1.3x	0.4x	6.7%
2008 Non-U.S. Fund	2008	\$979	\$740	\$745	\$187	\$933	1.3x	0.3x	8.3%
2009 Non-U.S. Dev Mkts Fund	2009	\$692	\$436	\$394	\$93	\$488	1.1x	0.2x	4.9%
2009 Non-U.S. Emg Mkts Fund	2009	\$527	\$388	\$438	\$27	\$465	1.2x	0.1x	8.5%
2010 Non-U.S. Dev Mkts Fund	2010	\$384	\$208	\$195	\$38	\$232	1.1x	0.2x	4.4%
2010 Non-U.S. Emg Mkts Fund	2010	\$134	\$80	\$95	\$0	\$95	1.2x	0.0x	9.7%
2011 Non-U.S. Dev Mkts Fund	2011	\$352	\$177	\$158	\$37	\$195	1.1x	0.2x	4.9%
2011 Non-U.S. Emg Mkts Fund	2011	\$147	\$83	\$94	\$5	\$99	1.2x	0.1x	11.0%

Note: \$ in millions; data as of 9/30/2015 and provided by Adams Street Partners



Fund Level Returns - Global Funds & Subscriptions	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple	DPI Multiple	IRR
2000 Brinson Part. Fund Subscription	2000	\$3	\$3	\$1	\$4	\$5	1.5x	1.3x	7.4%
2001 Brinson Part. Fund Subscription	2001	\$25	\$24	\$7	\$35	\$42	1.6x	1.3x	8.9%
2002 Part. Fund Global Sub. SMA	2002	\$5	\$5	\$2	\$6	\$8	1.6x	1.2x	9.0%
2003 Part. Fund Global Sub. SMA	2003	\$10	\$10	\$5	\$10	\$15	1.5x	1.0x	8.4%
2004 Part. Fund Global Sub. SMA	2004	\$3	\$2	\$1	\$2	\$3	1.4x	0.9x	6.9%
2005 Part. Fund Global Subscription	2005	\$10	\$10	\$6	\$7	\$13	1.4x	0.7x	6.3%
2006 Global Opportunities Portfolio	2006	\$351	\$338	\$231	\$231	\$462	1.3x	0.7x	5.3%
2006 Part. Fund Global Subscription	2006	\$10	\$9	\$7	\$6	\$13	1.4x	0.6x	6.6%
2007 Global Opportunities Portfolio	2007	\$392	\$355	\$316	\$210	\$526	1.4x	0.6x	7.8%
2007 Part. Fund Global Subscription	2007	\$10	\$9	\$8	\$5	\$13	1.5x	0.6x	10.1%
2008 Global Opportunities Portfolio	2008	\$354	\$297	\$300	\$141	\$441	1.4x	0.5x	11.0%
2008 Part. Fund Global Subscription	2008	\$15	\$12	\$12	\$6	\$18	1.5x	0.5x	13.5%
2009 Part. Fund Global Subscription	2009	\$7	\$5	\$5	\$1	\$6	1.4x	0.3x	12.7%
2010 Part. Fund Global Subscription	2010	\$10	\$6	\$7	\$1	\$8	1.3x	0.2x	13.1%
2011 Part. Fund Global Subscription	2011	\$3	\$2	\$2	\$0	\$2	1.2x	0.2x	12.4%

Note: \$ in millions; data as of 9/30/2015 and provided by Adams Street Partners

Fund Level Returns - Secondaries	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple	DPI Multiple	IRR
Global Opps Secondary Fund	2004	\$211	\$179	\$55	\$223	\$278	1.5x	1.2x	10.7%
Global Opps Secondary Fund II	2009	\$738	\$699	\$654	\$548	\$1,202	1.7x	0.8x	19.9%
Global Secondary Fund 5	2012	\$1,054	\$465	\$383	\$89	\$472	1.0x	0.2x	1.9%

Note: \$ in millions; data as of 9/30/2015 and provided by Adams Street Partners

Fund Level Returns - Co-Investments	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple	DPI Multiple	IRR
Direct Co-Investment Fund	2006	\$251	\$239	\$182	\$174	\$356	1.4x	0.7x	5.5%
Co-Investment Fund II	2009	\$263	\$222	\$305	\$153	\$458	2.0x	0.7x	31.2%

Note: \$ in millions; data as of 9/30/2015 and provided by Adams Street Partners

Fund Level Returns - Venture Directs	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple	DPI Multiple	IRR
2006 Direct Fund	2006	\$169	\$164	\$201	\$95	\$296	1.7x	0.6x	7.3%
2007 Direct Fund	2007	\$190	\$180	\$228	\$142	\$370	1.9x	0.8x	11.1%
2008 Direct Fund	2008	\$215	\$198	\$327	\$100	\$426	1.9x	0.5x	15.6%
2009 Direct Fund	2009	\$186	\$171	\$253	\$63	\$316	1.7x	0.4x	17.4%
2010 Direct Fund	2010	\$105	\$97	\$133	\$15	\$148	1.4x	0.2x	14.5%
2011 Direct Fund	2011	\$85	\$70	\$103	\$6	\$108	1.4x	0.1x	19.9%

Note: \$ in millions; data as of 9/30/2015 and provided by Adams Street Partners

Conclusion

As VCERA continues toward its 10% long-term target allocation to private equity, Adams Street 2016 provides the Plan with (i) access to a fund-of-funds strategy with a team of highly experienced investors; (ii) a strategy that can potentially fill some of the vintage year gaps in the Plan's private equity program; (iii) additional geographic and strategy diversification; (iv) a potential J-curve mitigant via secondaries and co-investments; and (v) a source for potentially outsized returns relative to other areas of the portfolio. We recommend the Plan give consideration to making a \$60 million commitment to Adams Street 2016 Global Fund, L.P.



40+
YEARS
PRIVATE
MARKETS
LEADER



Ventura County Employees' Retirement Association

May 2016

ADAMS STREET
PARTNERS

MASTERPAGE NUMBER

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Five Critical Elements Drive Success

- Unparalleled reputation, relationships and information

“We only promise what we can deliver, and deliver what we promise.”

- Proven performance across all strategies and market cycles

“Our track record speaks for itself.”



- 100% employee-owned with significant personal capital invested alongside our clients

“We eat our own cooking.”

- Global portfolio construction, investment and research teams build portfolios that meet investors' objectives

“We use our information and analytics to construct portfolios that maximize returns and minimize risk.”

- Dedicated client and analytics teams that utilize our proprietary database (ASPIRE) to manage portfolio exposures

“We train you where you want it, and handle what you don't.”

We Have a Global Footprint



130+ PEOPLE **8** OFFICES **30+** NATIONS INVESTED **=** **1500+** QUALITY OPPORTUNITIES REVIEWED ANNUALLY

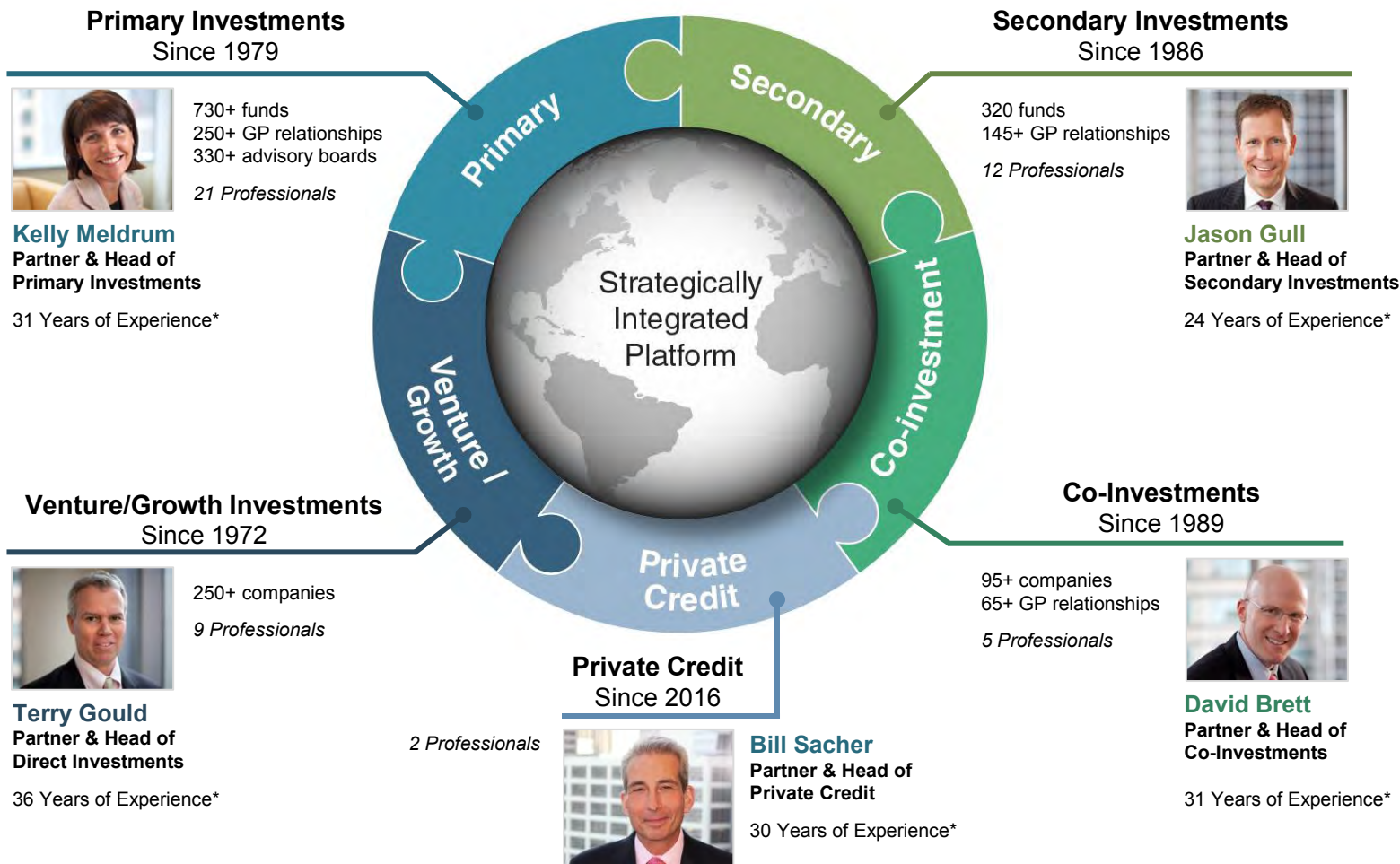
Experienced, Cohesive and Strategically Integrated Platform



Jeff Diehl
Managing Partner & Head of Investments
 21 Years of Experience*



Bon French
Executive Chairman
 39 Years of Experience*

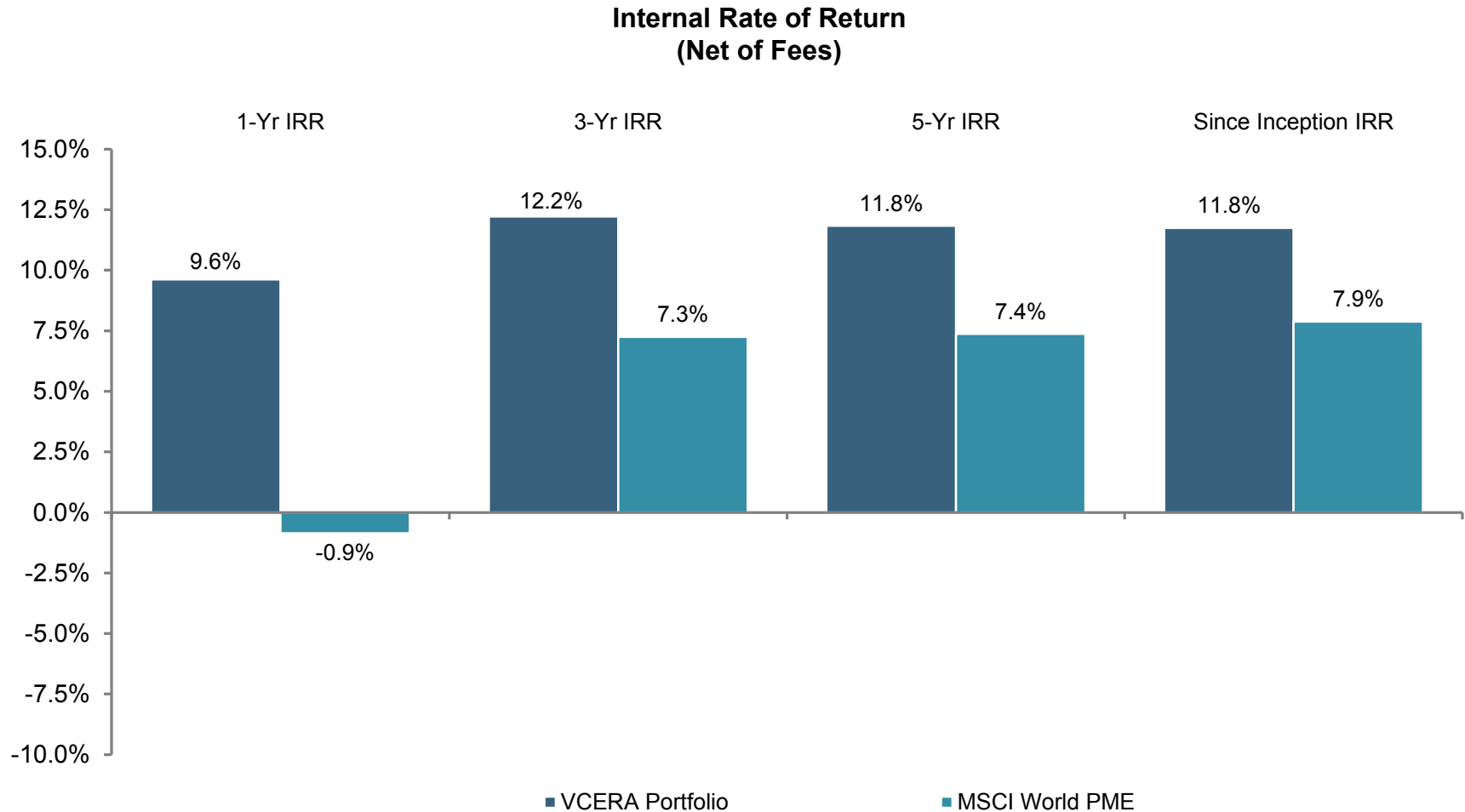


*Investment and Operational
 As of December 31, 2015.

Ventura County Employees' Retirement Association

Intraperiod Returns

Total Portfolio (2010 and 2013 Global Programs) as of December 31, 2015



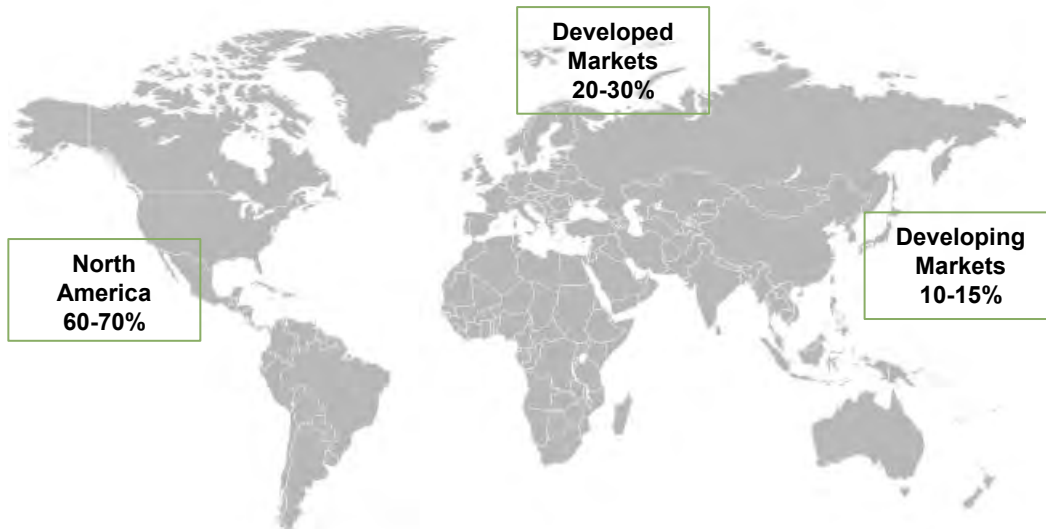
VCERA's Global PE Program has established meaningful premium over global public equity markets

■ What We Are Offering

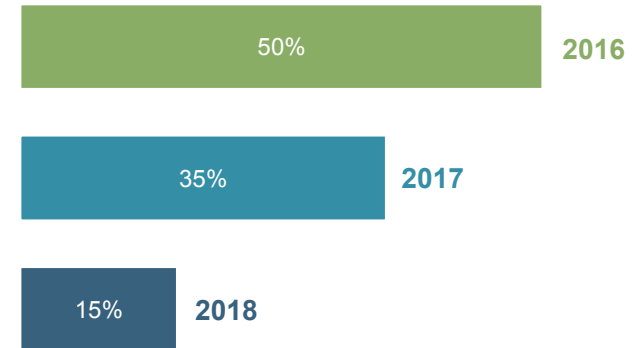


2016 Global Private Equity Program

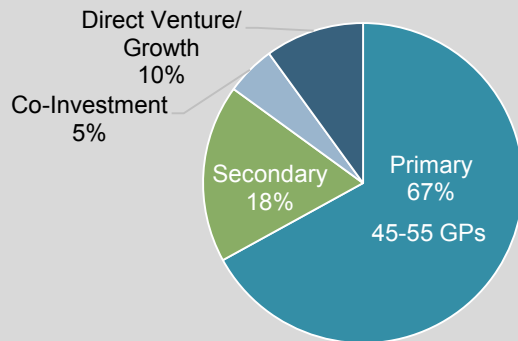
Projected allocations*



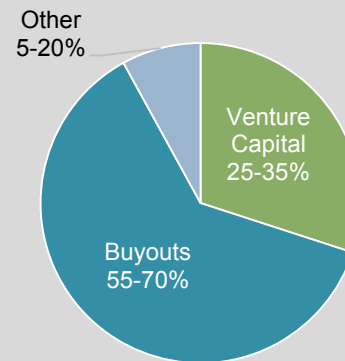
Commitment Pace



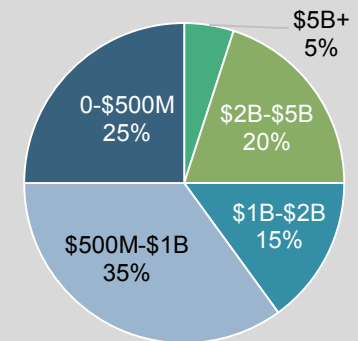
Strategy



Subclass



Primary Buyout Fund Sizes



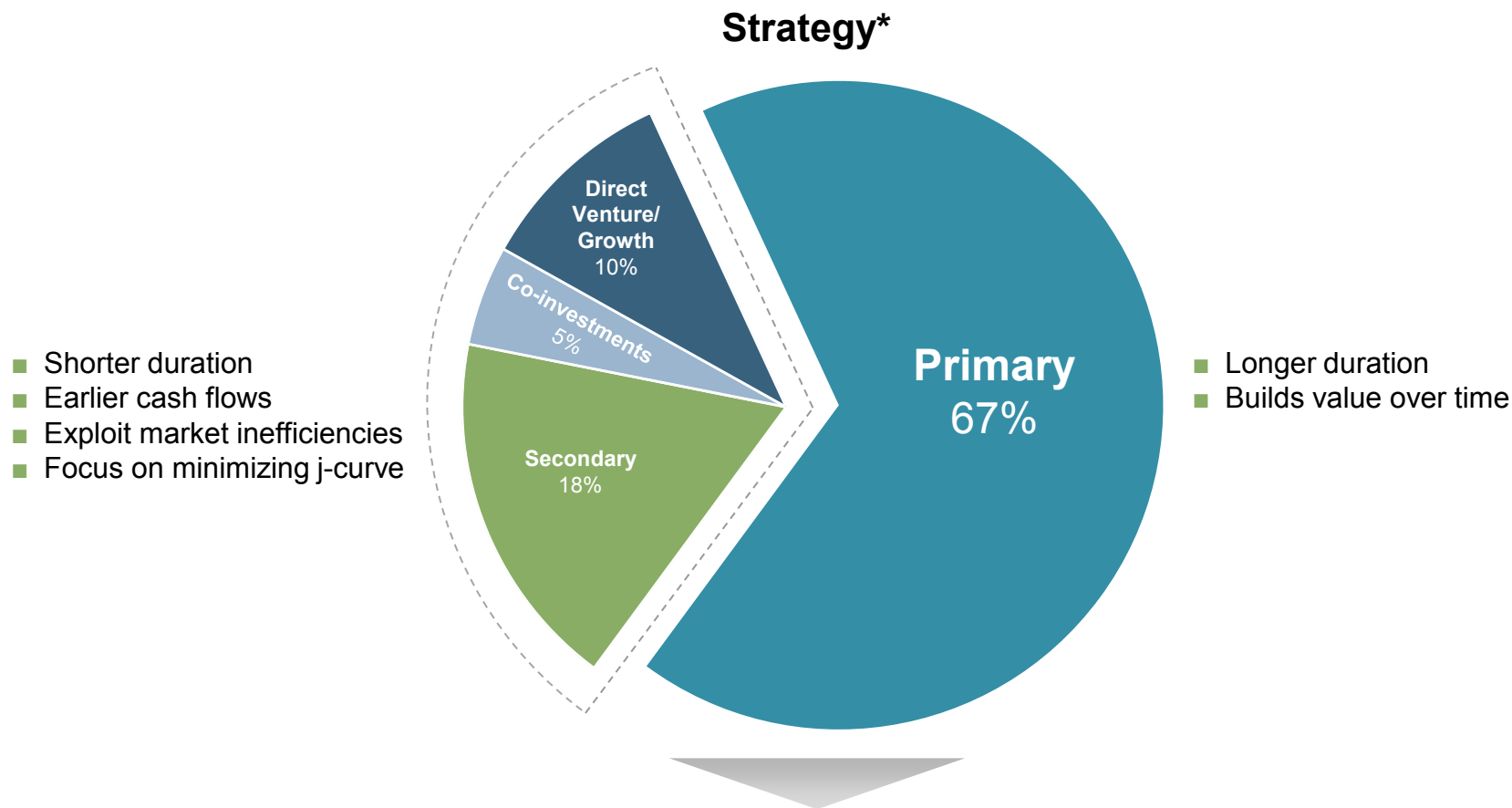
2016 Annual Global Private Equity Program Already Committed/Near Term Pipeline:



*Actual allocations will differ once the Program is fully invested.

Building Value While Maximizing IRR

Constructing the 2016 Global Private Equity Program



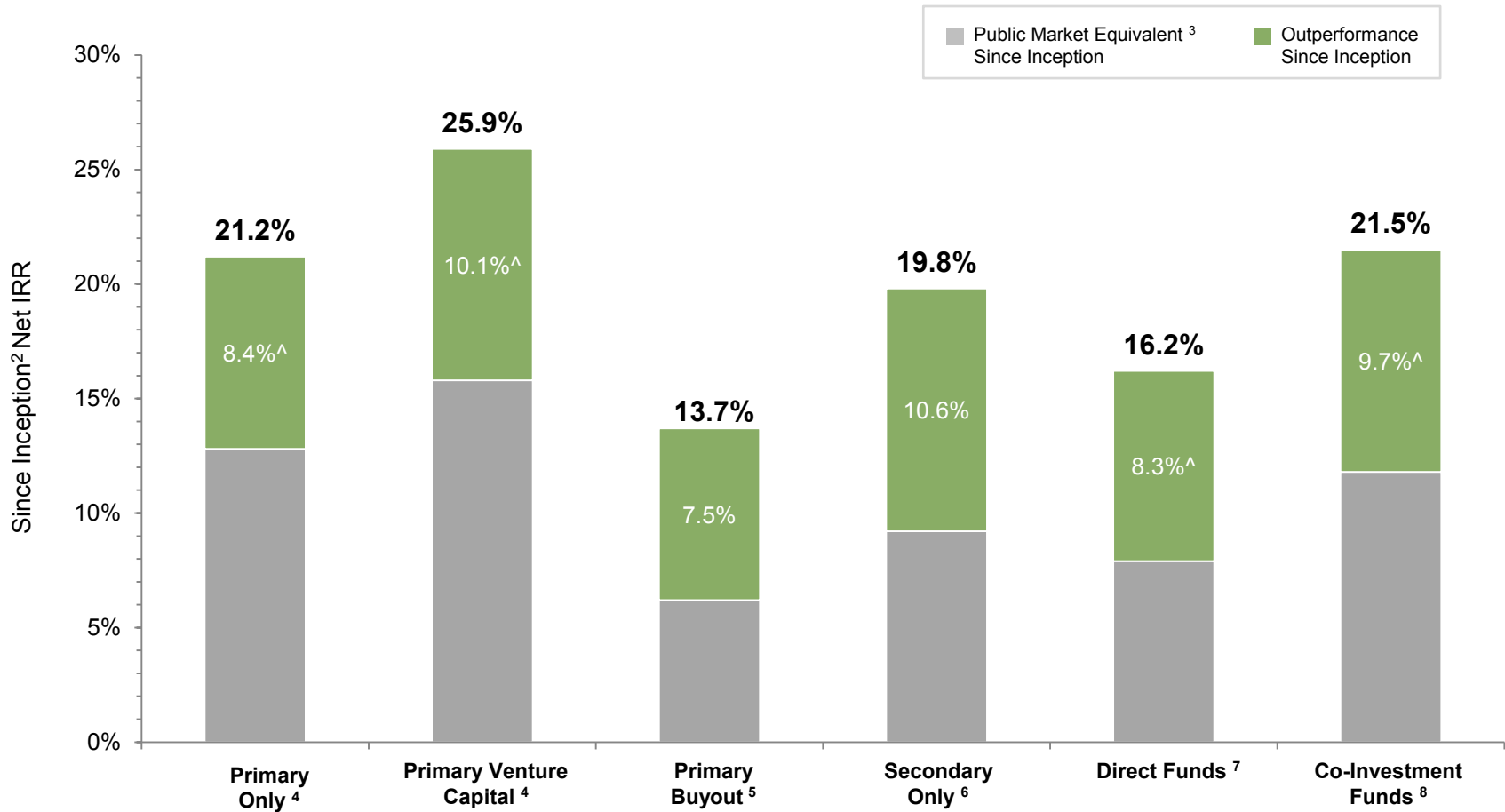
Target Net Return: MSCI World + 400 bps**

* Actual allocations will differ once the Program is fully invested.

** The targeted annual net return (after Adams Street Partners' fees, expenses and carried interest) is only a target. There can be no guarantee that the 2016 Global Private Equity Program will achieve returns in the targeted range.

All Strategies¹ Outperform Public Market Equivalents by 400 bps*

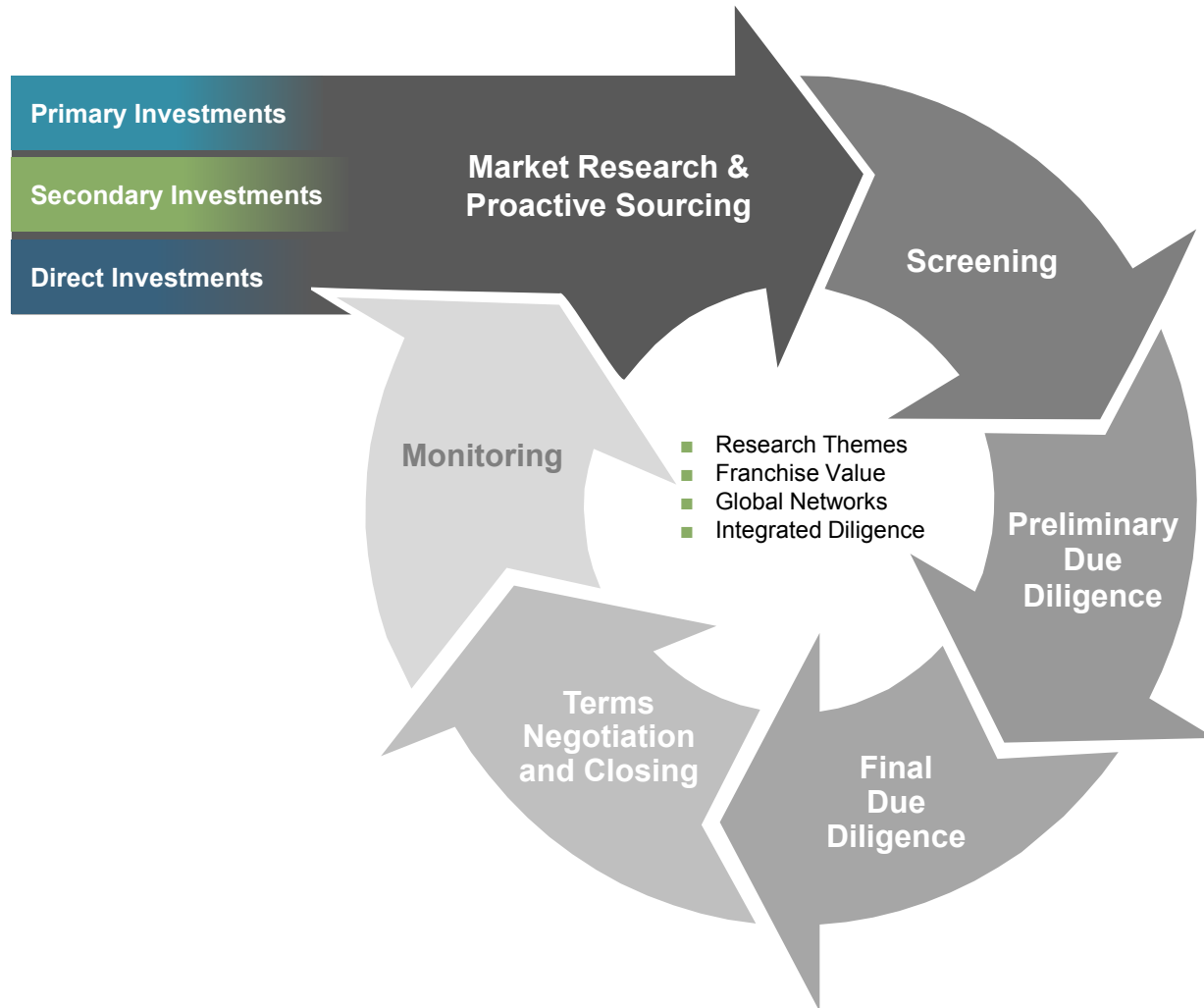
As of September 30, 2015



■ Investment Selection



Iterative and Continuous Process with Shared Insights



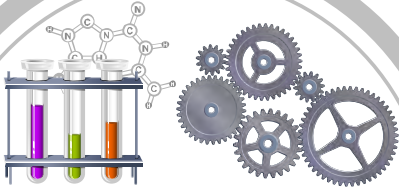
Current Investment Themes Drive our Manager Selection



Software and Technology Enabled Services

ANDREESSEN HOROWITZ Index Ventures

ACCEL KKR



Engineering and Manufacturing

IOP Deutsche Beteiligungs AG

SK CAPITAL



Healthcare 2025

ROUNDTABLE HEALTHCARE PARTNERS GSQUARE

博裕资本 BOYU CAPITAL

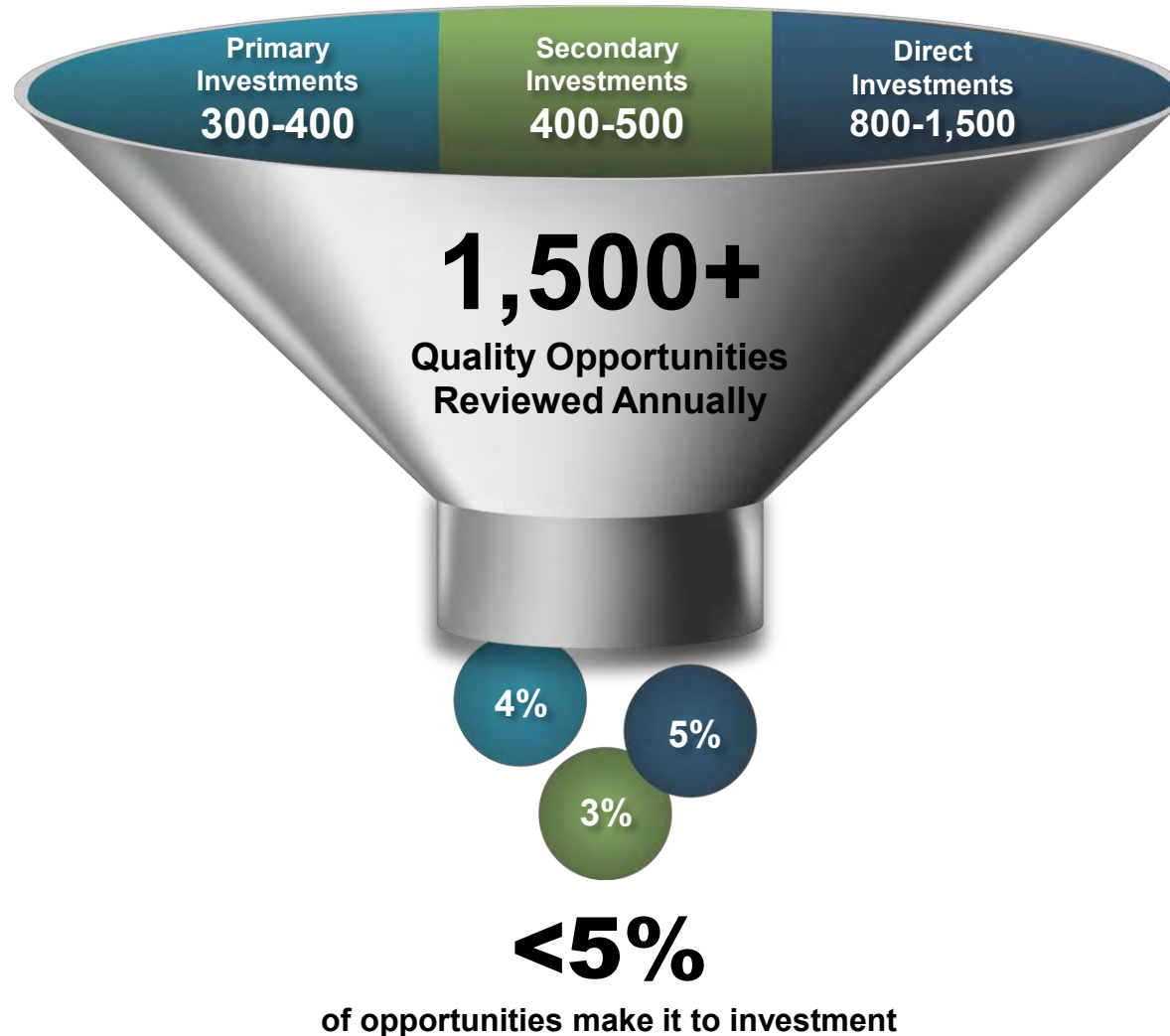


Changing Consumer

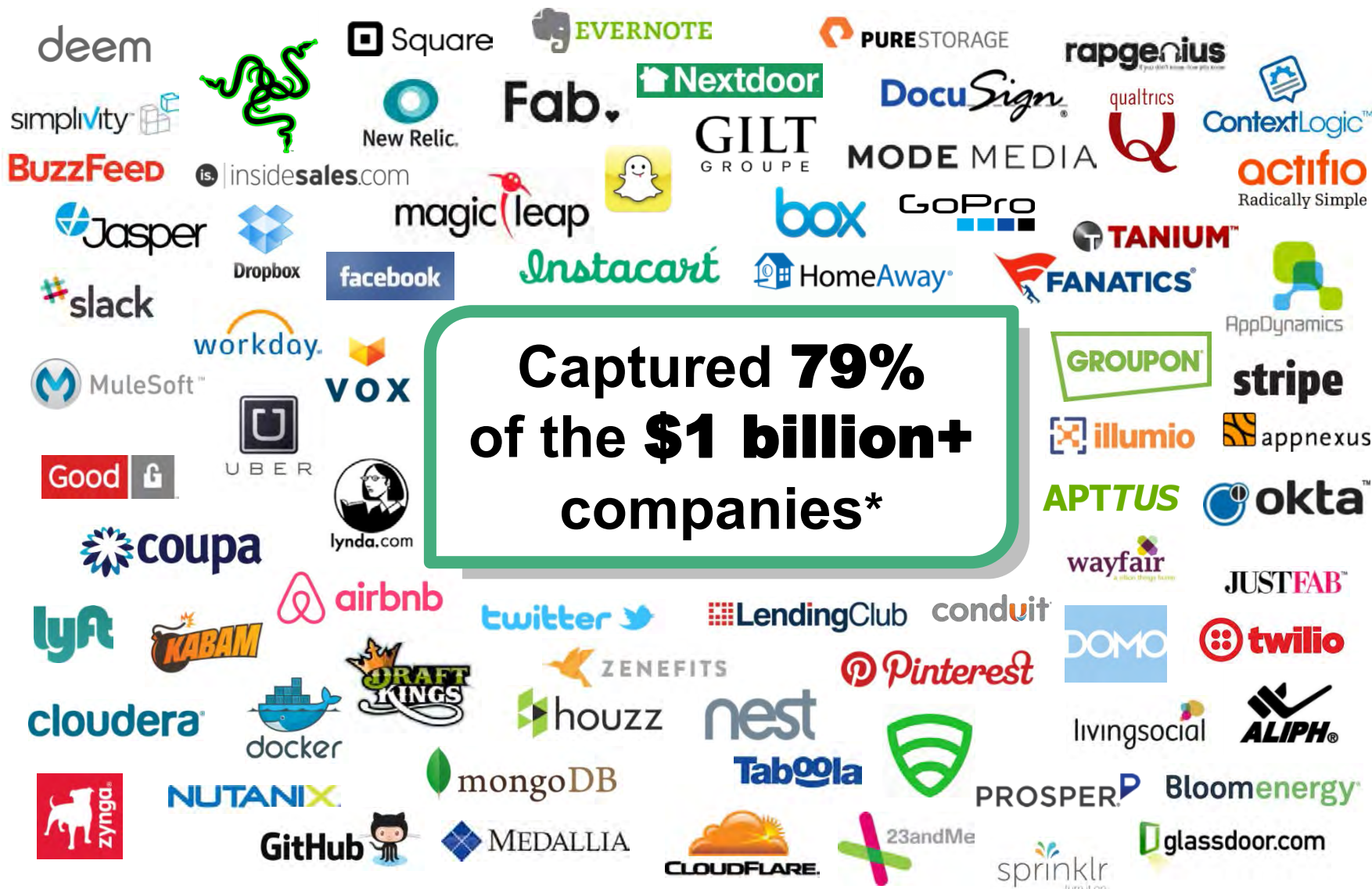
LIVING BRIDGE ALTAMONT CAPITAL PARTNERS

Berkshire Partners

Proactive Reach Where Selectivity is the Key



Primary Manager Selection Leads to Strong Share



**Captured 79%
of the \$1 billion+
companies***

Source: VentureSource as of September 1, 2015 and ASPIRE as of June 30, 2015.

* Adams Street Partners captured 79% of the US non-healthcare \$1 billion+ companies since 2000

Portfolio companies of funds in which Adams Street Partners' portfolios have invested; a complete list of such portfolio companies is available upon request.

And Our Company Selection Adds Value

IPO & M&A activity mid-2013-2015

2014

\$219M or **20%** of
beginning portfolio
turned into liquidity¹

2015

\$590M or **39%** of
beginning portfolio
turned into liquidity²

IPO Activity

Logos for IPO Activity: RetailMeNot, paylocity, Q2 Grow Beyond, ProNAi, Five9, criteo, BORDERFREE.

M&A Activity

Logos for M&A Activity: BrightRoll, PneumRx, REMPEX Pharmaceuticals, pivot MEDICAL, naurex INC, APT Test & Learn, visible world, AtHoc, JASPERSOFT.

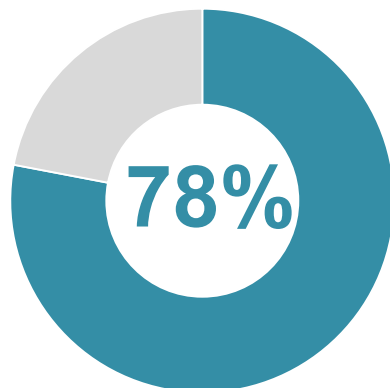
A complete list of Adams Street Partners' Venture/Growth investments is available on the Adams Street Partners website or upon request.

- 2014 liquidity generated by all of Adams Street Partners' Direct funds, of which the investments listed on this page are a subset. Beginning NAV is the net asset value of this portfolio as of December 31, 2013.
- 2015 liquidity generated by all of Adams Street Partners' Direct funds, of which the investments listed on this page are a subset. Beginning NAV is the net asset value of this portfolio as of December 31, 2014.

Past performance is not a guarantee of future results

Secondary Selection Adds Value Early in the Program

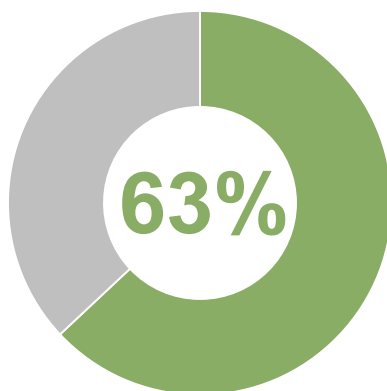
% of Current Exposure to Existing GPs¹



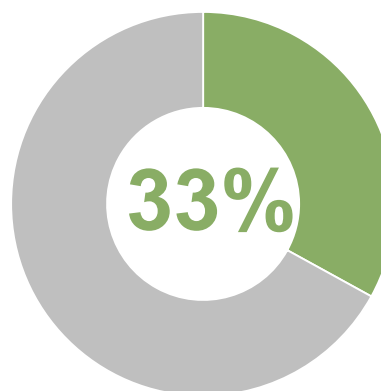
Existing GPs



% of Deals² >15% IRR³



% of Deals² <3 Year Payback⁴




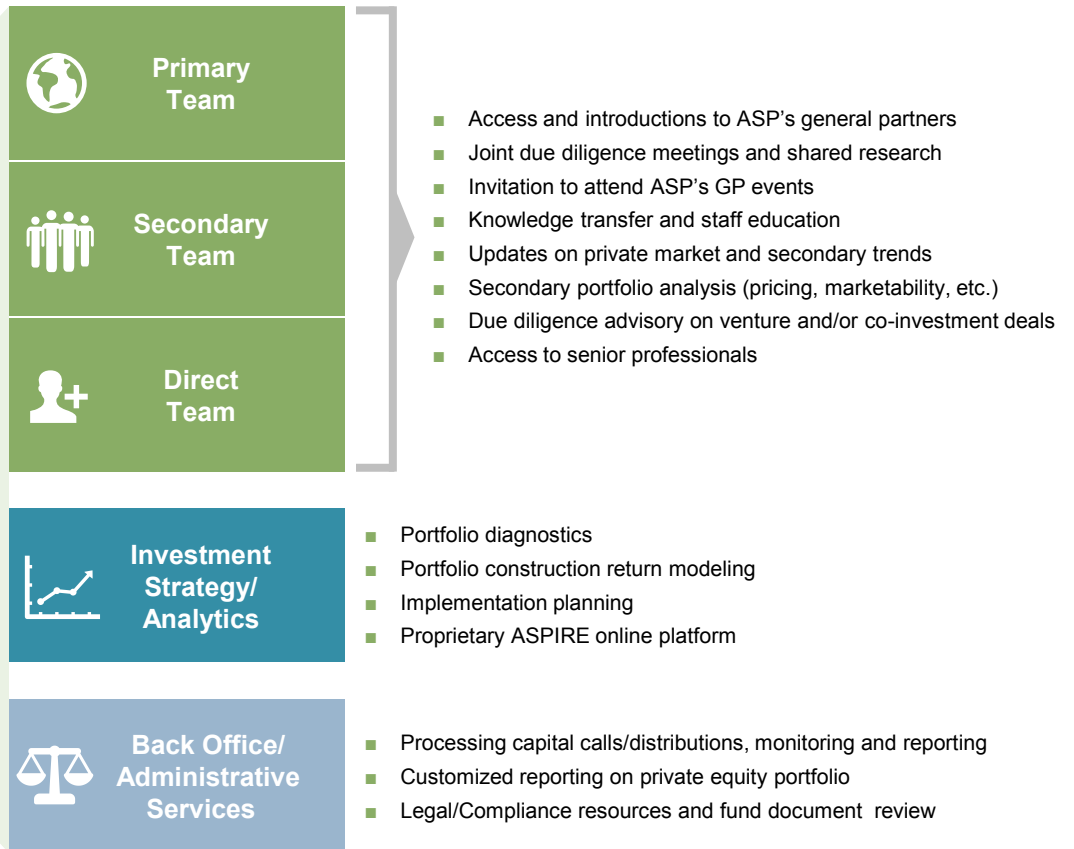
1. General Partners in the Primary Portfolio
 2. Calculated for all secondary deals in all portfolios managed by Adams Street Partners that closed on or before 6/30/2012.
 3. IRR is calculated at secondary investment or "deal" level from each deal's inception through 6/30/15, net of underlying GP fees, carried interest, and expenses but gross of any Adams Street fees, carried interest and expenses. For net returns of Adams Street Partners funds, please see the Adams Street Partners Net Performance chart in this presentation.
 4. Payback is defined as full return of contributed capital (i.e., >=1x DPI) at secondary investment or "deal" level.
 A complete list of Adams Street Partners' Secondary investments is available upon request.

Ventura County Employees' Retirement Association

Strategic partnership – access to all of ASP's firm-wide resources



 Scott Hazen, CFA
Account Manager



■ Appendix



Notes to Performance: All Strategies¹ Outperform Public Market Equivalents by 400 bps*

As September 30, 2015

* The strategies listed exceeded public market equivalents by 400 bps based on the composite, since inception IRR for each strategy as described herein.

1. This chart, in USD, shows composite performance of private equity fund investments in Adams Street Partners “Core Portfolios” which are funds and separate accounts (excluding special mandate funds and non-discretionary separate accounts) of which Adams Street Partners is the general partner, manager or investment adviser (as applicable) and for which Adams Street Partners makes discretionary investments in private equity. For each category listed in the chart, performance is shown on a composite basis for all investments in Core Portfolios that are within that category. The returns presented in this chart do not represent returns achieved by any particular Adams Street Partners fund or any investor in an Adams Street Partners fund. For Adams Street Partners funds’ net returns, please see the Adams Street Partners Net Performance chart in the notes section of this presentation.
2. With respect to Adams Street Partners primary and secondary investments, IRRs are net of fees, carried interest and expenses charged to the underlying private equity funds, but are gross of Adams Street Partners’ fees, carried interest and expenses, which reduce returns to investors. For the effect of Adams Street Partners’ fees, carried interest and expenses on Adams Street Partners’ fund returns to investors, please see Adams Street Partners Net Performance chart in the notes section of this presentation. There can be no guarantee that unrealized investments will ultimately be liquidated at the values reflected in this return data. With respect to Adams Street Partners direct/co-investment funds included in this data, performance is net of Adams Street Partners’ fees, carried interest and expenses.
3. Public Market Equivalent (PME) is calculated using the MSCI World Index.
4. Inception date as of November 1, 1979.
5. Inception date as of February 21, 1985.
6. Inception date as of August 29, 1986.
7. Inception date as of March 1, 1989. Composite since inception IRR is net of Adams Street Partners’ fees, carried interest and expenses. IVCF II, a component of this composite, charged only management fees and expenses. Includes IVCF II (invested in both partnerships and direct portfolio companies), IVCF III, BVCF IV, AS V, AS 2006, AS 2007, AS 2008, AS 2009, AS 2010, AS 2011, AS 2012, AS 2013, AS 2014, AS 2015 and AS Venture/Growth VI. Inception date as of September 5, 1989. Co-Investment Funds includes a separate account (1992-1998), Co-Investment I (2006), II (2009) and III (2014).
8. Inception date as of July 8, 1992. Co-Investment Funds includes a separate account (1992-1998), Co-Investment I (2006), II (2009) and III (2014).

^ For some periods, it was not possible to calculate traditional PME because the pace of distributions would have created a short position in the public index. In these cases PME is calculated using the “Direct Alpha” PME methodology (Gredil, Griffiths, Stucke, “Benchmarking Private Equity: The Direct Alpha Method,” 2014). Mathematically, Direct Alpha PME is equal to the IRR of the future value of cash flows, where future value is based on the return of the benchmark index, less than the IRR of the actual value of the cash flows.

Past performance is not a guarantee of future results.

Adams Street Partners Net Performance

As of September 30, 2015

	Performance in USD			
	Gross IRR	Net IRR	PME*	Net Multiple
Brinson Partnership 1996 Subscription	16.93%	14.22%	6.8% [^]	1.69x
Brinson Partnership 1997 Subscription	15.10%	12.16%	3.4% [^]	1.62x
Brinson Partnership 1998 Subscription	6.88%	5.03%	3.1% [^]	1.35x
Brinson Partnership 1999 Subscription	7.65%	5.77%	4.2% [^]	1.40x
Brinson Partnership 2000 Subscription	9.41%	7.33%	5.2% [^]	1.49x
Brinson Partnership 2001 Subscription	10.96%	8.70%	6.4% [^]	1.56x
Adams Street Partnership Fund - 2002 Non-U.S. Fund, LP	14.21%	11.76%	7.9% [^]	1.70x
Adams Street Partnership Fund - 2002 U.S. Fund, LP	10.69%	8.59%	6.3%	1.60x
Adams Street Partnership Fund - 2003 Non-U.S. Fund, LP	12.44%	9.92%	5.2%	1.56x
Adams Street Partnership Fund - 2003 U.S. Fund, LP	9.93%	7.95%	6.3%	1.54x
Adams Street Partnership Fund - 2004 Non-U.S. Fund, LP	8.25%	6.22%	3.3%	1.38x
Adams Street Partnership Fund - 2004 U.S. Fund, LP	8.90%	7.09%	6.5%	1.47x
Adams Street Partnership Fund - 2005 Non-U.S. Fund, LP	6.69%	5.05%	2.4%	1.32x
Adams Street Partnership Fund - 2005 U.S. Fund, LP	8.60%	6.94%	7.4%	1.45x
Adams Street 2006 Direct Fund, L.P.	10.79%	7.33%	6.8%	1.69x
Adams Street Partnership Fund - 2006 Non-U.S. Fund, LP	7.41%	5.75%	3.0%	1.33x
Adams Street Partnership Fund - 2006 U.S. Fund, LP	8.89%	7.12%	8.1%	1.40x
Adams Street 2007 Direct Fund, L.P.	15.23%	10.87%	8.3%	1.88x
Adams Street Partnership Fund - 2007 Non-U.S. Fund, LP	9.36%	7.30%	3.8%	1.35x
Adams Street Partnership Fund - 2007 U.S. Fund, LP	14.32%	12.07%	10.2%	1.60x
Adams Street 2008 Direct Fund, L.P.	21.08%	15.29%	12.0%	2.00x
Adams Street Partnership Fund - 2008 Non-U.S. Fund, L.P.	12.83%	9.70%	4.0%	1.34x
Adams Street Partnership Fund - 2008 U.S. Fund, L.P.	19.06%	16.10%	12.6%	1.65x
Adams Street 2009 Direct Fund, L.P.	24.37%	17.07%	14.0%	1.77x
Adams Street Partnership Fund - 2009 Non-U.S. Developed Markets, L.P.	12.07%	7.53%	4.2%	1.18x
Adams Street Partnership Fund - 2009 Non-U.S. Emerging Markets Fund, L.P.	11.73%	8.63%	-4.7%	1.24x
Adams Street Partnership Fund - 2009 U.S. Fund, L.P.	19.06%	15.24%	12.6%	1.48x
Adams Street 2010 Direct Fund, L.P.	22.47%	15.09%	12.2%	1.54x
Adams Street Partnership Fund - 2010 Non-U.S. Developed Markets Fund, L.P.	11.52%	7.00%	3.9%	1.16x
Adams Street Partnership Fund - 2010 Non-U.S. Emerging Markets Fund, L.P.	14.26%	11.04%	-7.2%	1.24x
Adams Street Partnership Fund - 2010 U.S. Fund, L.P.	20.46%	16.41%	11.6%	1.47x
Adams Street 2011 Direct Fund LP	32.86%	22.93%	10.7%	1.64x
Adams Street 2011 Emerging Markets Fund LP	15.29%	12.00%	-7.6%	1.26x
Adams Street 2011 Non-US Developed Markets Fund LP	11.86%	7.27%	3.5%	1.14x
Adams Street 2011 US Fund LP	18.61%	14.64%	11.2%	1.33x
Adams Street 2012 Developed Markets Fund LP	15.09%	6.36%	-2.9%	1.08x
Adams Street 2012 Direct Fund LP	44.03%	20.73%	7.3%	1.37x
Adams Street 2012 Emerging Markets Fund LP	10.05%	5.51%	-11.0%	1.08x
Adams Street 2012 Global Fund LP	14.99%	8.34%	1.5%	1.11x
Adams Street 2012 US Fund LP	13.16%	6.65%	5.1%	1.09x

The page entitled "Notes to Performance: Adams Street Partners Net Performance." included on the following page of this presentation, is an important component of this performance data. Past performance is not a guarantee of future results.

Notes to Performance: Adams Street Partners Net Performance

As of September 30, 2015

Note: Brinson Partnership Subscription gross and net IRR presents representative subscription performance of a subscriber that followed Adams Street Partners' recommended allocation and pays the highest fees. For Adams Street Funds, actual commingled fund performance gross and net IRR are presented. Gross IRRs are net of management fees, carried interest and expenses charged to the underlying private equity funds, in the case of primary and secondary funds, but gross of Adams Street Partners' management fees and carried interest, which reduce returns to investors. Net IRRs are net of Adams Street Partners' management fees, carried interest and expenses as well as net of management fees, carried interest and expenses charged to the underlying private equity funds (in the case of primary and secondary funds). Capital-weighted annualized returns from inception through quarter end. There can be no guarantee that unrealized investments will ultimately be liquidated at the values reflected in this return data. Each Brinson Partnership Subscription includes fund allocations made within a series of pooled investment vehicles. Performance for vintage years later than 2013 is not shown because performance early in a fund's life is not generally meaningful due to fee drag and immature investments. Past performance is not a guarantee of future results.

*Public Market Equivalent (PME) is calculated using the S&P 500 Index for Brinson Partnership Subscription, US Funds and Direct Funds; MSCI EAFE (Europe, Australasia, Far East) for Non-US and Non-US Developed Funds; MSCI Emerging for Emerging Markets Funds; and MSCI World for Global Funds. The PME calculation is based on the Net IRR cash flows which reflects the payments of fees, carried interest and expenses.

^During some periods in which Adams Street Partners investments outperformed the benchmark by a substantial margin, PME could not be calculated because the tracking position in the underlying benchmark index would have resulted in a short position. In these cases, the PME is calculated using the "Direct Alpha" PME methodology (Gredil, Griffiths, Stucke, "Benchmarking Private Equity: The Direct Alpha Method," 2014). Mathematically, Direct Alpha PME is equal to the IRR of the future value of the cash flows underlying the IRR calculation, where future value is based on the return of the benchmark index, less the IRR of the actual value of the cash flows.



Drive Capital Fund II

VCERA Board of Directors Presentation
May 16, 2016

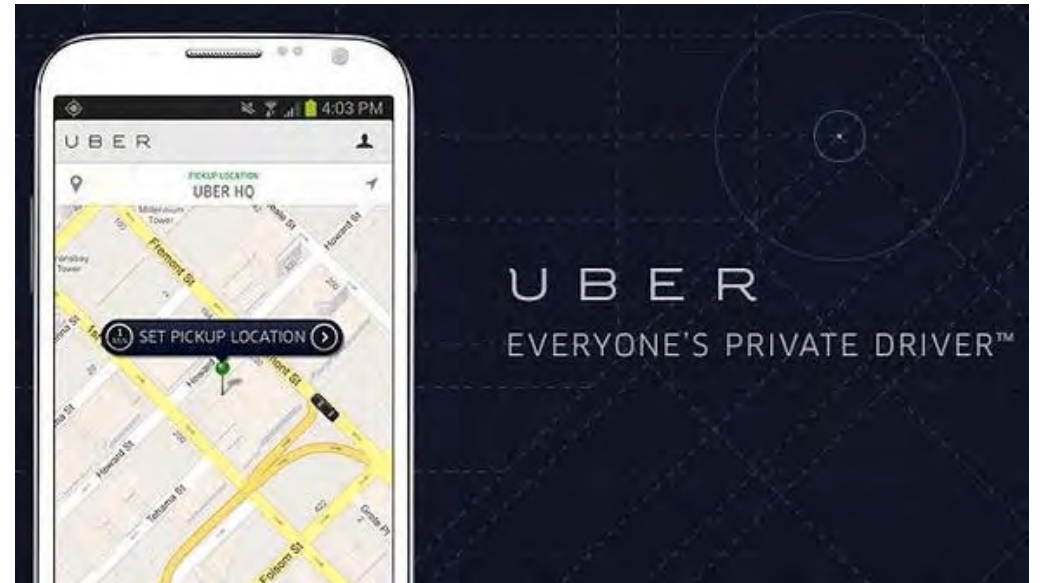
Drive Capital Background



- Two Former Sequoia Capital partners with a proven track record, and experience working together
- Invested \$395M that is today worth \$3.5B (\$2.2B returned to Sequoia LPs)
- Industry experience in technology, healthcare and consumer



Transportation



Shop



Inauguration of the Pope



2005



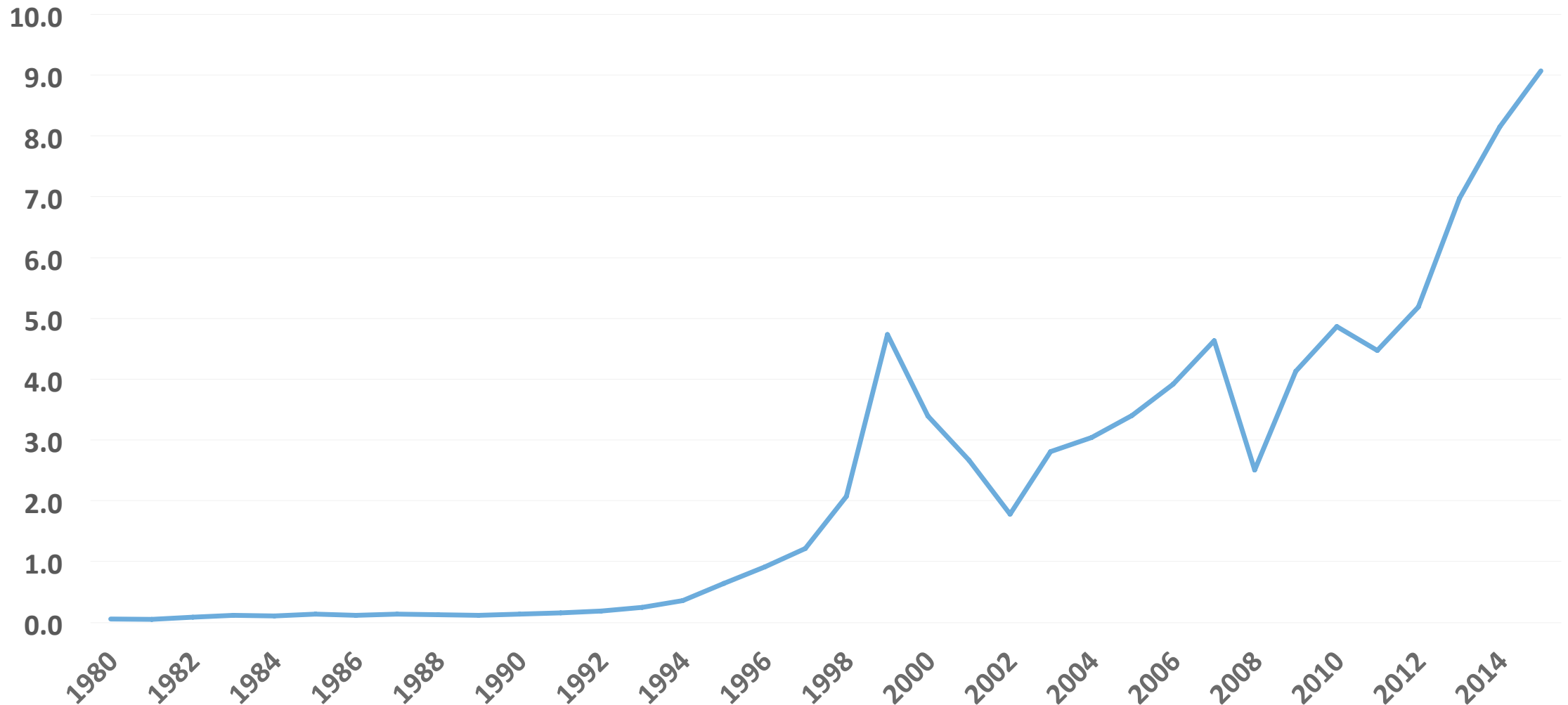
2013



Technology Market Cap



Total Market Cap Worldwide (\$Trillions)



Why Now?



Why Now?



- Dashboard
- Bills
- Cost Explorer
- Payment Methods**
- Payment History
- Consolidated Billing
- Account Settings
- Reports
- Preferences
- Credits
- Tax Settings
- DevPay

Payment Methods



Currently there are no credit cards associated with this account.

Enter your credit card information (step 1 of 2)

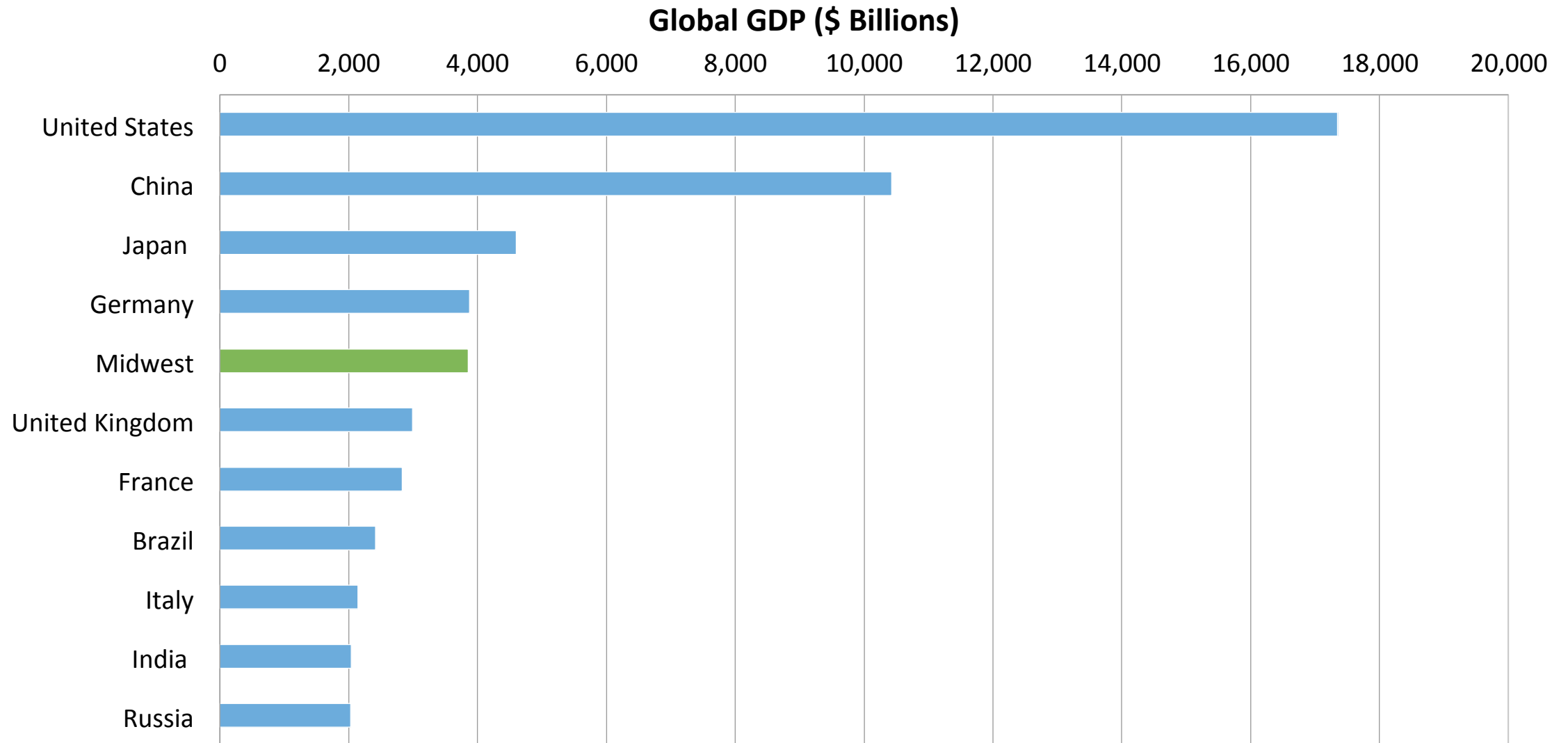
 



5 2015

Midwest GDP – 5th largest in the world

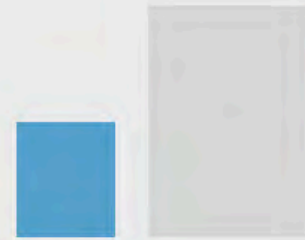




Midwest Raw Ingredients



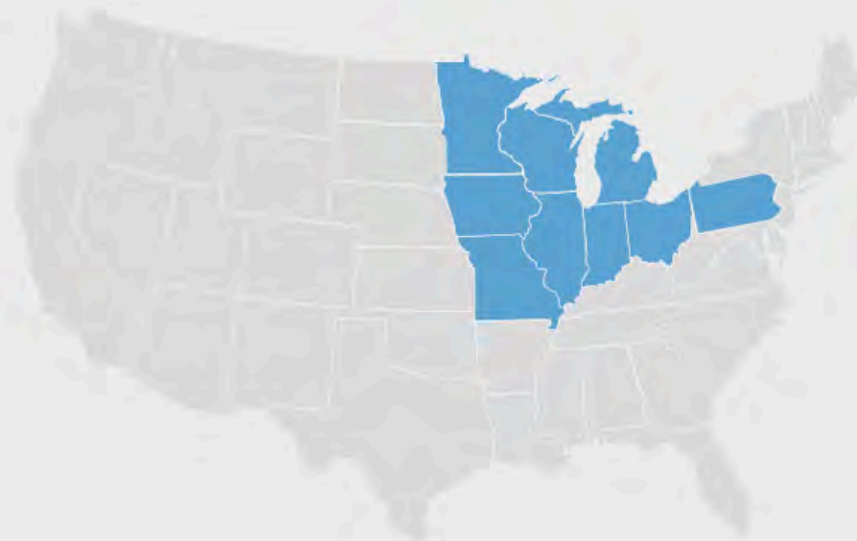
25%
of all **Computer Science** degrees
are awarded by Midwest universities



150
of the **Fortune 500**
call the Midwest home



\$3.8
Trillion of **GDP**
in 2013



22%
of the total
U.S. Economy

Drive Capital Fund I



- Committed to using Midwest raw ingredients to build market leading companies
- \$250M to invest in venture and expansion stage companies
- 20 – 30 investments in technology, healthcare and consumer industries
- ~1/3rd invested in venture stage companies, ~2/3rd invested in expansion stage companies

LTM Investment Flow - 2015



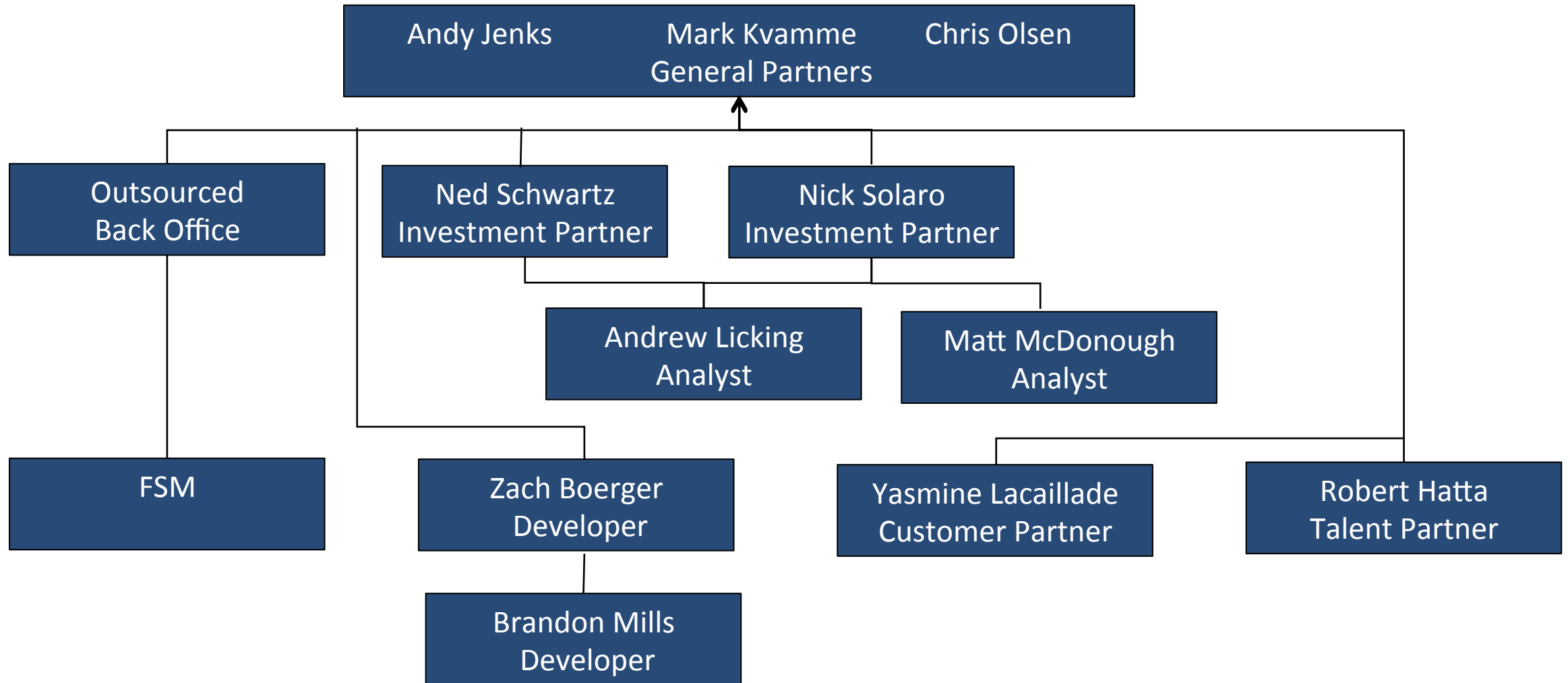
~3,500 Opportunities Evaluated

238 Initial Diligence

10 Term Sheets

7 New Investments

Drive Team



INDUSTRY LEADERS
INDUSTRY SPECIFIC

Credit Suisse MetLife Climate Corporation Netflix The Weather Channel

Palantir Metropolis Explorys Kyruus Palantir Gotham RelateIQ RetailNext

HADOOP ANALYTICS/SQL on HADOOP

Platfora Cloudera Impala
Karmasphere Apache Drill (MapR)
Hadapt
Datameer
Stinger (Hortonworks)

PREDICTIVE ANALYTICS

BigML Alteryx
SkyTree
Precog Prevedere

BI

ClearStory
Pentaho
Datahero

DATA FABRIC

Talend
SnapLogic
Data Sift
Gnip SwiftIQ

OPERATIONAL INTELLIGENCE

Loggly Tibco
Splunk
SumoLogic Vitria
Stackify

HADOOP

IBM Big Insights
Pivotal HD
MapR
HortonWorks
Cloudera

NoSQL

DataStax
FoundationDB
MarkLogic
Accumulo
Cassandra
HBase
MongoDB
CouchDB
RethinkDB
Couchbase
Neo4j
InfiniteGraph
Redis
Riak
Voldemort

RELATIONAL

Amazon RDS
MS SQL Azure
MySQL
PostgreSQL
SAP Sybase
Oracle
IBM DB2
SQL Server
NewSQL
Tokutek
NuoDB
VoltDB
ScaleBase
MySQL Cluster

ANALYTICAL

HP Vertica
Teradata Aster
Vertica
Netezza
Greenplum
Amazon RedShift

PLATFORMS

QuBole
Continuity
Pivotal
Mortar Data

DATA SOURCES SkyCatch Facebook Twitter RFID Thompson Reuters

Trifacta ctFly Data Sift Gnip Import.io PopTip Zipline Topsy **DATA MANIPULATION**

LANGUAGES

Node.js SQL Java
Ruby CQL
Python XQuery/XPath
PHP XML
Scala JSON/BSON

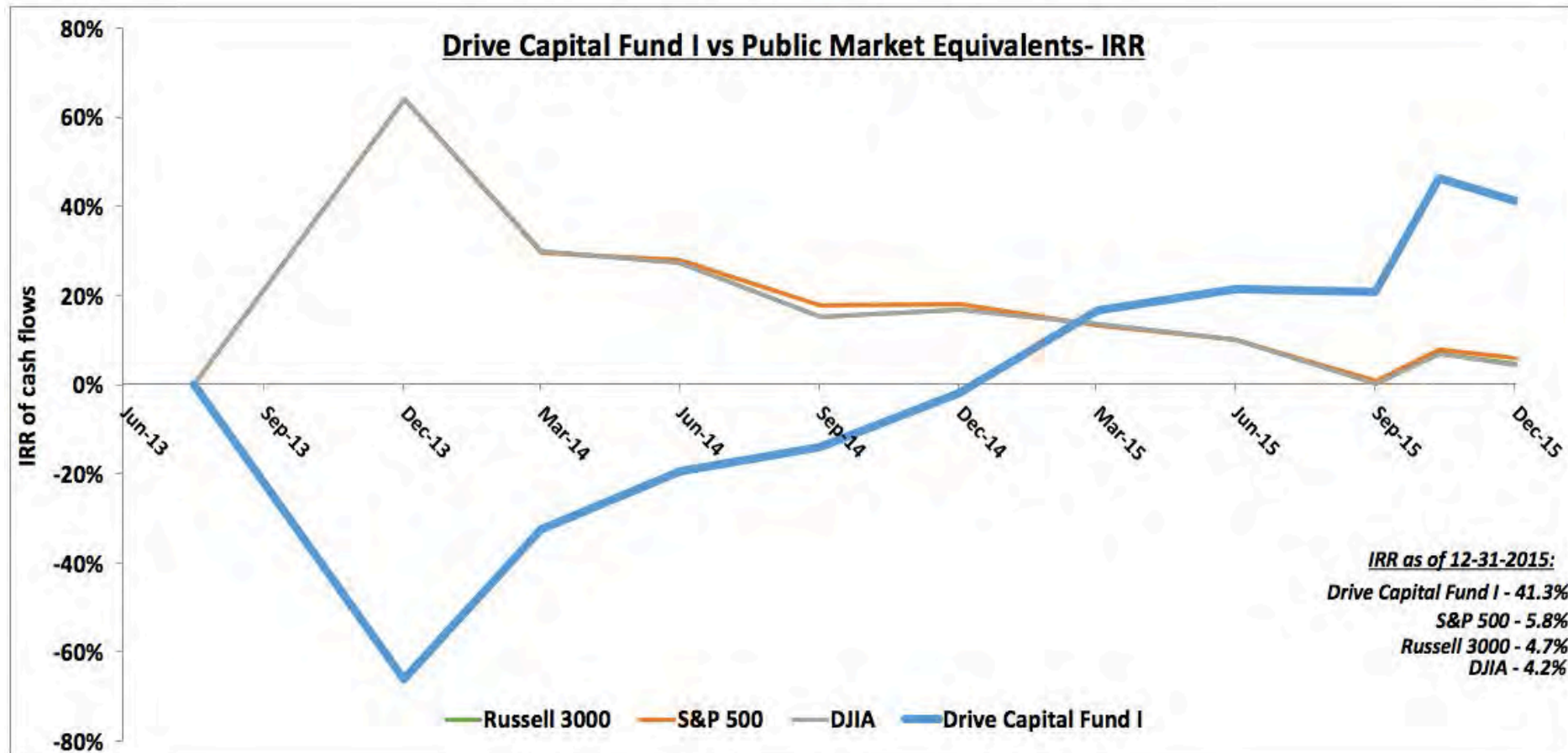
SERVER AND STORAGE

NetApp Dell HP Terremark Rackspace Google Compute Engine OpenStack
EMC/Isilon IBM Amazon EC2 Windows Server/Azure Joyent Cloud
PureStorage Tintri **MASTER PAGE NO. 240**



Drive Capital Fund I Performance

- Performance (12/31/15): 42% net IRR, 1.7x TVPI
- \$185M in follow-on financing (4/30/16)



Drive Capital Fund II



- \$250M - \$300M Fund
- Replicate strategy and methodology of Fund I
- Return objective:
 - 10 percentage points above the Russell Small Cap 1,000 over next 10 years
 - Mid 20s IRR, >3.5x committed capital

Fund I Portfolio Companies

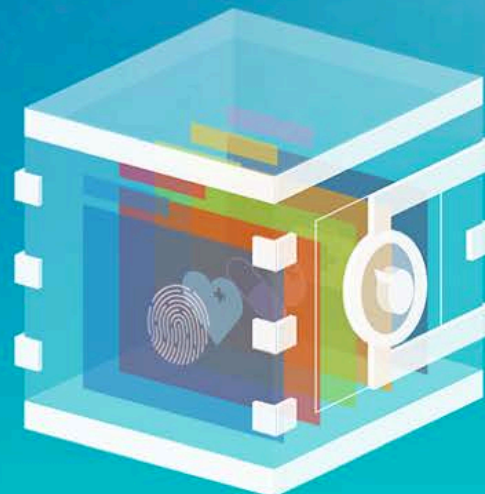


PREVENT FRAUD

Americans Spend Over \$40 Billion Annually on Medical Identity Theft

Ensure the Right Person Receives the Right Care

[LEARN MORE](#)



2325930

Total Identities Protected

184142

Record Errors Detected

622302

Identities Biometrically Verified

Patient Acceptance

95%





NEPC, LLC

To: Ventura County Employees' Retirement Association
From: NEPC Consulting Team
Date: May 11, 2016
Subject: Venture Capital Private Equity Manager Recommendation

Recommendation

NEPC recommends the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") give consideration to making a \$15 million commitment to Drive Capital Fund II, L.P. ("Drive II" or the "Fund") pending the successful completion of contract negotiations between Drive Capital (the "Firm") and the Plan's legal counsel.

Executive Summary

Drive Capital is targeting \$250 million of investor commitments (\$350 million hard cap) for Drive Capital Fund II, which is intended to invest in early stage and expansion stage companies in the Midwestern United States. The Firm's strategy is to leverage the Founders' history and experience at Sequoia Capital and apply Sequoia Capital's well-tested approach to opportunities in the Midwest that are overlooked by traditional venture capitalists. The team invests in what it believes are market leading companies focused on the technology, technology-enabled services, and healthcare sectors. Companies in the portfolio will typically have less than \$10 million in annualized sales and many will be pre-revenue.

Drive II is targeting an IRR ten percentage points above the Russell 1,000 Small Cap Index, or approximately 25%, and a net multiple of at least 3.5x on invested capital. The Fund expects to invest in early stage businesses that will each have the ability to generate \$100 million of value for the Fund and in expansion stage businesses expected to generate at least 5.0x the invested capital over the life of the investment. The Firm's expectation is that the bulk of these returns will be generated in the last five years of the Fund. The Fund will generally focus on investments in companies that are headquartered in the Midwestern U.S. (IL, IN, IA, MI, MN, MO, OH, PA, WI). The Fund plans to build a portfolio of approximately 25 early and expansion stage companies, and is expected to invest between \$2 million and \$15 million per deal.

Drive Capital was established in 2013 by Chris Olsen and Mark Kvamme (the "Founders") to focus on investments in early stage and expansion stage companies in the Midwestern United States. The Firm is based in Columbus, Ohio and has 13 employees including seven Partners. Prior to founding Drive, Messrs. Olsen and Kvamme managed investments at Sequoia Capital, a highly regarded Silicon Valley venture capital firm.

Mr. Kvamme, who is 54, was a Partner at Sequoia Capital for 12 years where he led investments in companies such as LinkedIn, MarkLogic, Cast Iron and Funnyordie.com. Prior



to joining Sequoia Capital in 1999, Mr. Kvamme was Chairman, CEO and Founder of CKS Group, a NASDAQ-listed advertising agency that focused on integrating marketing with technology. Mr. Kvamme left Sequoia Capital in 2011 to work for Ohio Governor John Kasich's administration to accelerate Ohio's economic growth and recovery by attracting and retaining jobs in strategic industry sectors. Mr. Olsen, who is 36 and a native of Cincinnati, spent six years at Sequoia Capital. He helped to hire the growth equity team and led investments in technology and services companies including Lightpoint, Klarna, Weebly, Electronic Arts, GSI Commerce and eMeter. Per the Fund's Private Placement Memorandum ("PPM"), Messrs. Olsen and Kvamme invested \$395 million while at Sequoia Capital that is currently valued at \$3.45 billion (with over \$2.2 billion having been returned to Sequoia Capital LPs).

In launching Drive in 2013, the Founders believed that the next 15 years would see a majority of the market capitalization in venture being built beyond Silicon Valley. In particular, the Founders believed that this trend would favor, among other geographies, the Midwest, which they believe is frequently overlooked as an attractive place to build a technology company.

Drive Capital has raised one prior fund: Drive Capital Fund I ("Fund I") with \$247 million in commitments. Fund I's strategy is to invest in early and expansion stage companies across the Midwest in technology, technology-enabled services, and healthcare sectors. As of December 31, 2015, Fund I had invested \$132 million in 16 companies. On a net basis, the reported cash-on-cash return for Fund I is 1.6x and the IRR is 41.3%. As a caveat to this performance, Fund I is still early in its investments cycle and has not made any distributions (i.e. the returns are paper returns at this point).

Drive Capital considers the Midwest an attractive region to invest in because they believe the region is overlooked by many venture investors. According to the Firm, despite accounting for \$3.8 trillion of GDP in 2014 (22% of the U.S. economy), the Midwest only attracted \$3 billion of venture capital investment, accounting for approximately 6% of the venture capital dollars invested in the U.S. By contrast, California accounted for \$2.3 trillion of GDP (13% of the U.S. economy), but received \$29 billion (\$25 billion to Silicon Valley) of venture capital dollars, which equates to over 50% of all venture capital in the U.S.

Drive Capital believes it can leverage the high levels of university research and the existing manufacturing base in the region to find attractive opportunities for investment. The Firm notes that approximately 25% of all university research in the U.S. is completed in the Midwest and 138 of the Fortune 500 companies are headquartered there. The Firm believes that this existing ecosystem reduces costs for businesses. Housing, education, transportation, and communications infrastructure all exist at a low cost as well, making the Midwest an attractive area for potential start-ups and employees.

Drive Capital notes a robust and competitive early-stage ecosystem for investments less than \$2 million in the region. The Firm also found that financing rounds above \$40 million in size are also fairly competitive, yet there is a hole between \$2 million up to \$40 million. This is precisely the area of the market that Drive Capital will invest.



Overview of the VCERA Private Equity Program

VCERA has a long-term target allocation to private equity of 10% and began investing in the private equity asset class in 2010. Due to the need to over commit to private equity to achieve the target allocation, we have recommended a commitment pace that “over commits” to the private equity target at 150%. It is also recommended that the Plan conduct an annual private equity structural study and make adjustments to the strategy and commitment pace during the annual structural study, as needed.

The 2016 Private Equity Strategic Plan recommended commitments of \$130 million for the year, diversified by sub-strategy. A summary of the recommended allocation for 2016 is below.

- \$60 million to a Diversified Fund-of-funds
 - Adams Street 2016 Global Fund
- \$60 million to Secondaries
 - Dover Street IX
- \$15 million to Venture Capital
 - Drive Capital II

Should the Plan approve the proposed \$15 million commitment to Drive II, approximately ten percent of the Plan’s allocation to private equity in the 2016 Private Equity Strategic Plan will be filled.

Selection Process

NEPC meets regularly with a large number of market participants in an effort to identify the most attractive funds within a particular market segment. Throughout 2015, NEPC met with several leading candidates that were 1) in the market; 2) offered an experienced and successful team in the strategy; and 3) provided a well-diversified portfolio. NEPC completed full due diligence on Drive Capital Fund II and rated the Fund as a preferred strategy within the venture capital private equity market segment.

Portfolio Fit

Drive II is a venture capital private equity fund that is focused on the Midwestern U.S. The Plan’s current allocation to venture capital comprises approximately 25% of the private equity allocation, which is pushing against limits with respect to what we would typically recommend a private equity program allocate to venture capital. However, the opportunity to invest with a firm of experienced and talented investors such as Messrs. Kvamme and Olsen, in addition to the fact that much of the Plan’s venture exposure is currently being gained through the Plan’s investment in the Adams Street 2010 Global Fund Series, we are comfortable with the recommended allocation. In addition, we expect that there will be no portfolio overlap (duplication) with the funds that are currently investing in the Plan’s private equity portfolio.



Advantages

Experienced team - Messrs. Kvamme and Olsen have solid experience from Sequoia Capital, a highly regarded Silicon Valley based venture capital firm. Mr. Kvamme was a Partner at Sequoia Capital for 12 years where he led investments in companies such as LinkedIn, MarkLogic, Cast Iron and Funnyordie.com. Mr. Olsen spent six years at Sequoia Capital and led investments in technology and services companies including Lightpoint, Klarna, Weebly, Electronic Arts, GSI Commerce and eMeter. Per the Firm's PPM, Messrs. Olsen and Kvamme invested a combined \$395 million while at Sequoia Capital that is currently valued at \$3.45 billion (with over \$2.2 billion in distributions). In addition to the Founders, Drive Capital has five other Partners with significant venture capital and start-up experience. Although untested given the newness of the Firm (and the Fund I portfolio), this combination of pedigree and experience is an attractive combination for the formation of a new venture capital firm and is evident in the Firm's professional approach to building the firm.

Solid early performance - Drive Capital Fund I's returns, although early, are solid and place the Fund in the 1st quartile of its universe. The Firm also provided data on the investments led by Messrs. Kvamme and Olsen while at Sequoia Capital. As discussed previously, those combined investments have performed well and are currently marked at an 8.7x equity multiple.

Attractive and underserved market - Drive Capital is targeting investments largely in the Midwest U.S., which the Founders believe is an attractive and underserved venture capital market. The Founders believe that the Midwest is currently one of the most favorable U.S. geographies to build a business. They view the region as a cost effective economy with all of the necessary ingredients for successful venture-backed companies. In particular, the Midwest offers existing industry (22% of the U.S. GDP); innovation (25% of all U.S. university research); young entrepreneurs (currently 3 of the top 6 undergraduate engineering programs in the U.S.); access to talent (138 of the Fortune 500 are in the region); and a proven breeding ground for successful companies (65 companies headquartered in the Midwest have gone public or have been acquired for a purchase price over \$1 billion in the past five years). From a funding standpoint, however, the Midwest only attracted \$3 billion of venture capital investment, approximately 6% of the venture capital dollars invested in the U.S.

Potential Issues

Heated venture capital market environment - Venture capital valuations, investment volumes and deal sizes have soared since 2011, particularly in the later stages and into growth equity markets. Fundraising has also risen dramatically since 2009 and there is now ample liquidity looking for new deals. Today, there is a significant worry that the venture capital market is in a new bubble that is showing signs of deflation.

Limited geographic focus - Drive Capital's focus on the Midwest could limit deal flow and/or create adverse selection issues for the Firm.

New firm - Drive Capital was formed in 2013. Although the team, firm and limited track record look strong, it is still a very new Firm with a largely unproven track record.



Venture capital conundrum - Top quartile venture capital returns have been attractive. However, access to best-in-class firms like Sequoia Capital is difficult or not available to most new investors. The risk/return tradeoff of venture outside of the top quartile is questionable (over longer rolling time periods, NASDAQ returns have exceeded median venture returns). Drive Capital provides the opportunity to invest with professionals from a best-in-class firm who are building a new firm. However, this comes with the real risk that the team may not be able to replicate the success achieved previously.

Volatility of venture capital investing - Venture capital fund returns are typically driven by a small percentage of investments that do really well offset by a large number of investments that perform poorly or are complete losses. In looking at Messrs. Kvamme and Olsen's prior track record at Sequoia Capital, this is true for them as well. Although the aggregate returns of the Founder's 27 investments at Sequoia Capital from 2000 to 2011 are impressive (8.7x equity multiple), the components of the return are driven by nine 'winners' (defined as >2.0x multiple) that generated an 18.1x equity multiple and 18 'losers' that generated a 0.5x equity multiple. Within the nine winners, one investment in particular generated a 265.1x equity multiple. If this investment is removed, the Founder's aggregate equity multiple drops to 4.1x (which is still very attractive). Given this dispersion of investment returns, the aggregate returns would have been significantly different if more of the winners had been losers, which is typical of any venture capital fund.

Fund Terms

Annual Management Fee

2.00% on committed capital during the Fund's investment period;

Once the investment period has ended, the management fee will be reduced to the sum of (A) + (B) shown below:

- (A) The aggregate original cost of all Portfolio Investments
Less The aggregate original cost of all Realized Securities
Less The aggregate original cost of all Portfolio Investments made using "recycled" capital (in each case, avoiding any "double-counting")

- (B) That amount of uncalled Commitments as is reasonably reserved by the General Partner for purposes of anticipated Portfolio Investments (be they initial or follow-on) as and to the extent permitted by the Agreement, calculated as of the end of the preceding Management Fee Period.

Preferred Return

N/A

Carried Interest

20.0% carried interest until such time as the LPs have received distributions equal to 300% of such Limited Partner's capital contributions to date (3.0x);

30.0% carried interest once the 3.0x return has been achieved



Distribution Waterfall

100%/0% LP/GP split until LPs have received distributions equal to such LPs capital contributions;

80%/20% LP/GP split until such time as the LPs have received distributions equal to 300% of such LPs capital contributions to date (3.0x);

70.0%/30.0% LP/GP split thereafter.

Based on a \$15 million commitment, and assuming the Fund invests the entire \$15 million and realizes no investments during the life of the Fund, VCERA would pay an average management fee of \$300,000 per annum over the life of the Fund, which equates to less than three-quarters of a basis point at the Total Fund level, or 0.0069% per annum, based on the current market value of the Plan's assets.

Track Record of Prior Investments/Funds

Sequoia Capital Track Record

Name	Status	Equity Invested	Returned/Current	TVPI Multiple
Kvamme	Realized	\$7	\$1,856	265.1x
Kvamme	Unrealized	\$9	\$400	44.4x
Kvamme	Unrealized	\$5	\$55	11.0x
Kvamme	Realized	\$16	\$50	3.1x
Kvamme	Unrealized	\$15	\$12	0.8x
Kvamme	Realized	\$4	\$14	3.5x
Kvamme	Unrealized	\$2	\$8	4.0x
Kvamme	Realized	\$12	\$1	0.1x
Kvamme	Realized	\$10	\$0	0.0x
Kvamme	Realized	\$10	\$0	0.0x
Kvamme	Realized	\$5	\$0	0.0x
Kvamme	Realized	\$5	\$0	0.0x
Kvamme	Realized	\$7	\$0	0.0x
Kvamme	Realized	\$12	\$0	0.0x
Kvamme	Realized	\$10	\$0	0.0x
Kvamme	Realized	\$4	\$0	0.0x
Kvamme	Realized	\$10	\$0	0.0x
Kvamme	Realized	\$9	\$0	0.0x
Kvamme	Realized	\$1	\$0	0.0x
Kvamme	Realized	\$4	\$0	0.0x
Kvamme	Realized	\$14	\$0	0.0x
Kvamme Total		\$171	\$2,396	14.0x
Average		\$8	\$114	15.8x
Realized		\$140	\$1,921	13.7x
Unrealized		\$31	\$475	15.3x

Name	Status	Equity Invested	Returned/Current	TVPI Multiple
Olsen	Unrealized	\$56	\$625	11.2x
Olsen	Realized	\$45	\$223	5.0x
Olsen	Unrealized	\$40	\$105	2.6x
Olsen	Realized	\$24	\$45	1.9x
Olsen	Realized	\$40	\$32	0.8x
Olsen	Realized	\$19	\$25	1.3x
Olsen Total		\$224	\$1,055	4.7x
Average		\$37	\$176	3.8x
Realized		\$128	\$325	2.5x
Unrealized		\$96	\$730	7.6x

Kvamme and Olsen Total		\$395	\$3,451	8.7x
Average		\$15	\$128	13.1x
Realized		\$268	\$2,246	8.4x
Unrealized		\$127	\$1,205	9.5x

Note: \$ in millions; data provided by Drive Capital

Drive Capital Fund I Track Record

Fund	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple	DPI Multiple	IRR
Drive Capital Fund I	2013	\$247	\$143	\$229	\$0	\$229	1.6x	0.0x	41.3%

Note: \$ in millions; data as of 12/31/2015 and provided by Drive Capital.



Conclusion

As VCERA continues toward its 10% long-term target allocation to private equity, Drive Capital Fund II provides the Plan with (i) access to venture capital investments with a team of highly experienced investors that have historically successfully invested in the venture capital arena; (ii) additional vintage year, geographic, and strategy diversification; and (iii) a source for potentially outsized returns relative to other areas of the portfolio. We recommend the Plan give consideration to making a \$15 million commitment to Drive Capital Fund II, L.P.



Investment Innovation in the Midwest

DRIVE CAPITAL FUND II

Drive Capital Fund II is a \$250M-\$300M private investment fund (the "Fund"). The Fund will invest in venture and expansion companies building long-term, sustainable businesses based in the Midwest¹. The founding principals are two former Sequoia Capital partners with a proven track record, having invested \$395M that is currently valued at \$3.5B (\$2.2B has been distributed to Sequoia Capital LPs). They left Silicon Valley because they believe the next 15 years of shareholder value will be created outside of the Bay area, and the Midwest is the best place to build these market-defining companies. Drive Capital Fund I launched in 2013 to invest in this thesis. As of December 31, 2015 Drive Capital Fund I reports a 42% net IRR and a 1.7x TVPI (total value to paid-in).

The Opportunity

The Midwest is a highly attractive place to build these companies and invest in them. It is the 5th largest economy in the world (larger than India), with \$3.8 trillion of GDP in 2014, or 22% of the US economy. In the last five years 65 companies with headquarters in the Midwest have gone public or been acquired at shareholder equity values above \$1 billion creating over \$200 billion of aggregate shareholder value.

The Midwest has proven that it can create successful, innovative companies by capitalizing on its raw ingredients, including access to Fortune 500 talent, over 25% of the nation's research facilities, and a collection of the largest universities in America that annually produce thousands of the best minds and entrepreneurs. Midwest-based companies like ExactTarget, Duo Security, Grub Hub, Options Express, the CBOE, and Groupon are building billions of dollars in aggregate shareholder value.

Despite its scale the Midwest is overlooked by the venture capital industry, which invested a mere \$2 billion compared to over \$12 billion in Silicon Valley². We believe these companies are the first of many and we intend to be the entrepreneurs' preferred investment partner over coastal firms who view the Midwest as a secondary market.

Our Strategy

Drive Capital Fund II seeks to generate above public market returns for Limited Partners for the next 10 years, targeting more than 3.5x contributed capital at internal rates of return "IRRs" 10 points above the equivalent market index.

We invest funds and expertise into venture and expansion stage companies with global market opportunities and help these entrepreneurs build the next generation of innovative companies. The Fund's portfolio will be comprised of 20 to 30 investments in the IT, financial services, consumer, and healthcare services industries. Approximately 2/3rds of the Fund's dollars will be invested in expansion stage companies and the remainder in venture stage investment opportunities.

Our Methodology

We spend the bulk of our time proactively pursuing investment themes we believe to be the leading markets of tomorrow. We have experience in building these efforts from scratch, as investors and operators, and iterate on what we have learned at Drive. Our efforts to date have led us to build market maps across sectors such as healthcare payments, the Internet of Things, enterprise mobility and the emerging data science sector. The size and dynamic of these markets allows us to identify the companies that are the best at solving the largest problems within each sector.

Once we identify a market-defining company, we go out of our way to create an investment opportunity, regardless of its location. Frequently, we find the market leading company is in fact a Midwest business, and in those cases we immediately pursue an investment in the company. Where those companies are based outside of the region, we either relocate the company to the Midwest (we have done this three times to date), or simply invest in a company outside the region (although we have only done this twice). We are stage-agnostic in this approach.

The team's prior experience shows that appropriately applied advice and help from investors improve the chances an entrepreneur succeeds. This is one of Drive's greatest differentiators from the competition, but to correctly apply their influence requires the right relationship with entrepreneurs and in-house support personnel.

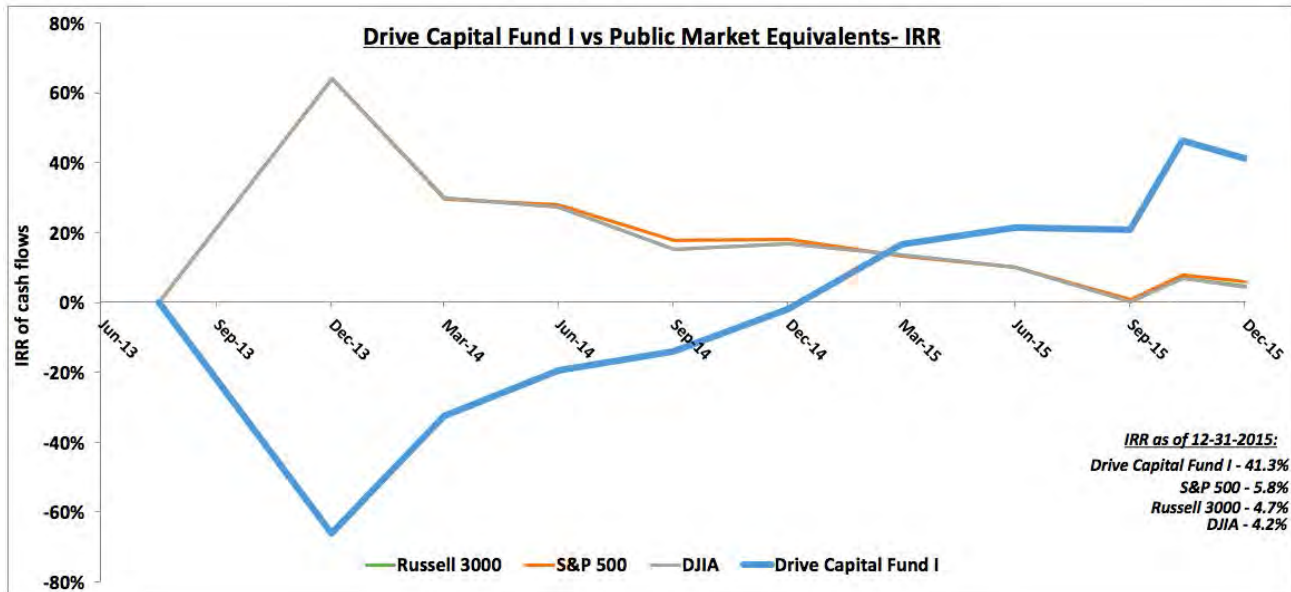
¹ Midwest: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio, Pennsylvania, and Wisconsin

² 2011 vintage statistics

In addition to advice there are three things our entrepreneurs need to grow their companies: customers, talented people, and money. In that order. We have built a platform to address these needs. We have a customer partner who builds out our network with Fortune 1,000 companies and helps portfolio companies get their first or next customer. And we have a talent partner who builds out our network of people and helps portfolio companies get their next employees.

Our Performance

Fund II will replicate the investment strategy and methodology of Drive Capital Fund I. Early results are promising: Fund I has made 16 investments to date and represents, on paper, a 1.7x TVPI to our investors with a net IRR of 42%, a 7.1x premium to the best public market equivalent performance under the same conditions³. As of April 30th, 2016, our portfolio companies have raised \$185 million of follow-on financing (inclusive of Drive Capital funding).



Our Objective

Drive Capital Fund II is seeking investment from Limited Partners committed to our long-term strategy to use the Midwest's raw ingredients to create world-class companies and build the next world-class investment firm.

³ Summary statistics on Drive Capital Fund I through 12-31-2015.

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>

May 4, 2016

Michael Powers
County Executive Officer
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

Attention: Shawn Atin, Human Resources Director

SUBJECT: RETIREMENT/VCERA PENSIONABILITY OF CNA "RETENTION PREMIUM PAYMENT"

Dear Mr. Powers,

Recently, VCERA was asked to provide an analysis of the recently-negotiated CNA "Retention Premium Payment" (RPP) for the purposes of pensionability and reporting. We have done so, with the assistance of both County Counsel and VCERA's outside counsel.

Based on our review of the County of Ventura Tentative Agreement with the California Nurses Association dated March 10, 2016, ("Agreement"), our discussions, and the subsequent information provided by your office and the Auditor-Controller's office, we understand the following to be correct regarding this payment.

- Eligibility for, and entitlement to, the RPP is established on the first day of the quarterly period ("eligibility date").
- In order for a nurse to be eligible for the RPP, he or she must be covered by the CNA contract at the eligibility date.
- The amount of the RPP is determined by the rate of pay applicable for the pay period in which the eligibility date falls.
- Though the calculation is based on the regularly-scheduled hours worked in the prior quarter, the RPP itself is not a retroactive pay increase.
- If a nurse terminates employment subsequent to the beginning of a quarter (eligibility date), regardless of whether the payment has been issued, he or she will still receive the RPP for that quarter.
- If a nurse's rate of pay changes with an effective date subsequent to the beginning of a quarter (such as for a merit increase) the amount of the quarter's corresponding RPP will not be adjusted as a result.
- Pursuant to the Agreement, the RPP will be issued through the term of the Memorandum of Understanding to all nurses who are eligible.

Pensionability

Bearing in mind these points, VCERA staff has determined the RPP to be pensionable for both Legacy and PEPRA members. The payment is in the nature of salary, as its purpose is to make up the difference in base salary for nurses whose pay does increase by 6% under the terms of the Agreement; it is not a one-time, ad-hoc payment, but a recurring one, and; it appears to take the place of market-based premium pay items that were previously determined by the Board of Retirement to be pensionable.

Reporting

The County of Ventura must report compensation to VCERA for the pay period in which it was earned, regardless of when it was paid. (Govt. Code § 31542.5.) Based on the above contract points, VCERA views the RPP as “earned” on the eligibility date, and not the date of the payment. Accordingly, the RPP payment should be reported to VCERA for the pay period in which the eligibility date falls, not the pay period in which the payment is issued. The payment dates are scheduled approximately a month after the eligibility dates; thus, when the RPPs are issued, the County should process retroactive adjustments for the previous pay period in which the eligibility date fell.

The authority to determine pensionable compensation ultimately lies with the VCERA Board of Retirement. Staff is scheduled to bring any new pay codes to the Board on an annual basis to recommend pensionability under PEPRA. Pay codes added during the 2016 calendar year are scheduled for review at the January 2017 VCERA business meeting. At that time, the code of “NRP”, which is what has been reported to VCERA as the code to be used for the RPPs, will be brought to the Board for the ultimate determination.

If the County of Ventura would like to appeal staff’s analysis of the RPP payment as pensionable, it may request that the Board of Retirement review it sooner than January 2017. If this is the case, please submit an appeal in writing to my attention so that it may be brought to the Board for a determination at the June 6th, 2015 disability meeting.

Sincerely,



Linda Webb
Retirement Administrator

CC: Board of Retirement, VCERA
Jeff Burgh, Auditor-Controller
Zach Goldman, California Nurses Association

May 3, 2016

Dear RREEF America REIT III Shareholder,

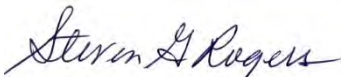
On behalf of your Board of Directors, I would like to take a moment to communicate directly with you regarding the final wind down of RREEF America REIT III. We want to thank you for your patience and support over the years as we worked the strategic plan to sell all of the assets. It was not an easy task but I think you will agree the final execution of approximately \$80 per share Net Asset Value was a good outcome for our investors.

In order to provide a further update as it relates to the oversight of the Fund, effective immediately, four of the five independent Directors have resigned/concluded their terms bringing further closure on one of the remaining open items in the final dissolution of the Fund. I want to personally thank Daryl Carter, Alice Connell, Trish Healy, and Steve LeBlanc for their dedicated service during their tenure on the Board. I will remain on the Board as the sole independent director and work closely with RREEF Management to wind down and account for the remaining assets and distribute the remaining funds. All of the material real property assets except one income producing property in California have been sold. Your Board and Management anticipate that all assets will be sold and that the remaining contingencies and known payables will be resolved on or before December 2017, at which point your final cash distribution will be made. The Fund is simply holding back reserves sufficient to take care of these items.

It is also appropriate to recognize and thank the RREEF Management team for the fine work they did in repositioning the balance sheet of the Fund, re-working the assets, developing the plan for maximizing value and executing the plan in good form. I can say from my vantage point as Chairman that the amount of dedication, hard work and enthusiasm exhibited by these men and women was exemplary.

Please know that the remaining assets are in good hands as we complete the final dissolution. If I can be of assistance to you in any way, please do not hesitate to contact me directly or through your RREEF America REIT III client representative.

Respectfully submitted,



Steven G. Rogers
Chairman of the Board
RREEF America REIT III
Cell: 601-672-1117



The AMBACHTSHEER Letter

Sustainable Pension Design • Effective Pension Management

April 2016

FOCUSING CAPITAL ON THE LONG TERM:

FROM TALKING TO WALKING

The title of this Letter was also the title of a workshop for Dutch pension fund managers organized by Kempen Capital Management in Amsterdam this past March.

As the title suggests, the goal of the event was to move participants from talking about the merits of 'long-termism' to actually living it. The program started with two 'context' presentations, one by McKinsey's Dominic Barton about the ongoing 'short-termism cycle' that must be broken, and one by this author about what academia has to say about the 'short-termism' problem, and if shifting to 'long-termism' really increases investment return prospects.

This Letter summarizes the Barton message, and sets out mine in some detail.

The FCLT Initiative

The *Focusing Capital on the Long Term* initiative was kick-started by Dominic Barton and CPPIB's Mark Wiseman three years ago. Its stated goal is to break the 'short-termism' cycle that rotates from a perceived need by investors for short-term performance to a perceived need for continuously positive quarterly earnings guidance by corporate boards and senior management. The result is a systemic underinvestment in the kind of longer-term value-creation that retirement savers need to generate adequate, affordable post-work income streams.

In the Amsterdam workshop, Barton listed three steps needed to break this ongoing value-destroying 'short-termism' cycle:

1. Shift the focus of corporate boards to supporting long-term value-creating initiatives.
2. Shift the focus of institutional investors to investment strategies that recognize the importance of corporate long-term value-creating initiatives.
3. Create an environment of constructive dialogue and active engagement between the corporate and investment communities.

Barton pointed to a number of concrete steps the FCLT initiative has taken over the course of the last three years towards achieving these three outcomes.¹ The most recent initiative was the launch of the 250 stock S&P Long-Term Value-Creation Index earlier this year. Only companies with high sustainability and governance scores will be included in the LTVC Index.

Academic Insights?

What insights does academia have to offer on the 'investing for the long term' question? More specifically, does it really produce higher investment returns? It was my job to answer these questions. I started with the confession of never having completed the PhD (Economics) program I entered in 1968. I escaped in 1969 to join the investment department of an insurance company. So I am only a 'semi' academic, but with the comparative advantage of understanding both the theory and the 'real world' practice of institutional investing.

One of the plusses of this duality was meeting John Maynard Keynes early in my career (only figuratively speaking, as he died in 1946). I was awed by the man's towering intellect, his wide range of interests, his willingness to go against academic orthodoxy, his focus on solving practical problems, and his interesting social life in English high society of the day. You will see that JMK and his ideas and actions are featured prominently as this *Letter* unfolds. But first, a few words about my 1969 entry into the institutional investment world.

My Institutional Investor Days

My institutional assignment was to answer the question: "Is portfolio theory useful in a 'real world' institutional investment department?" I don't pursue the answer to that question here, except to say that it can be, under the right set of circumstances.ⁱⁱ Here, I want to describe my entry into the strange world of institutional investing and what I learned.

I discovered that this world has an inside hierarchy made up of portfolio managers, research analysts, and traders, as well as an outside hierarchy made up of institutional brokerage sales people, research analysts, and traders. This unique 'inside/outside' world had its own currency called 'soft dollars'. The basic idea was that stock trading generated gross commissions which the broker divided into net commissions and a 'soft dollar' component which went into the investor's 'soft dollar' account. Most of these 'soft dollars' were spent on research. However, there were also trips, lunches, dinners, and other benefits.

In short, here is how 'institutional investing' seemed to work in a pensions context: employers offered pension plans to their employees, and hired investing institutions to manage pension assets for a fee. Brokers fed an ongoing stream of trading ideas to these institutions, which in turn placed buy (or sell) orders with the brokers that generated the trading idea. And what were the motivations in this game? To 'beat' the competition! Brokers competed with each other to sell the 'best' trading ideas. Institutional investors competed with each other to produce the 'best' investment returns. This was 'short-termism' in action!

Keynes: an Early Institutional Investor!

Sometime during my 1970s period of personal discovery I became aware Keynes had described this institutional investor behavior 40 years earlier in his opus "The General Theory of Employment, Interest, and Money". I dusted off my copy, and found that Chapter 12 reflected my own 1970s observations pretty accurately. Keynes dismissively called it "beauty contest investing", in contrast with the real purpose of investing: turning savings into value-producing capital. It is surely ironical that Keynes had already called for a *FCLT* initiative in 1936!

My rediscovery of Chapter 12 raised another question: how did Keynes know so much about the strange world of institutional investing? Much later, I would discover the answer: because as a sideline, he managed the King's College/Cambridge University Endowment Fund from 1921 to his death in 1946. Keynes was an early institutional investor himself!

How did that go for Keynes? Cambridge professors David Chambers and Elroy Dimson decided to find out by computerizing the Fund's 1921-1946 trading and valuation records. They found that he flailed about at first (i.e., behaving like a beauty contest investor). However, he learned from his early mistakes and by the 1930s he had become a low-turnover, high-conviction 'value' investor. In a 1938 speech, he said the best strategy "*....is to carefully select a few investments having regard to their intrinsic value for a period of years ahead....*". And how did the Endowment Fund do over the 25-year period it was managed by Keynes? Chamber and Dimson estimate the Fund generated a net excess return of 8%/year over a passively-managed fund with the same risk characteristics.

Corroborating Evidence

Is there any corroborating evidence that this strategy of carefully selecting and holding investments with strong long-term value-creating prospects produces superior multi-decade returns? There is. About the same time as Keynes penned his famous Chapter 12, apparently unbeknown to him, two Columbia University professors named Benjamin Graham and David Dodd formalized Keynes' approach in their classic 1934 text "Security Analysis". Their most famous disciple was Warren Buffett. His estimated 1976-2011 (35-year) net excess return was 13%/year.ⁱⁱⁱ

There is more. In the year 2000, Yale University's David Swenson wrote "Pioneering Portfolio Management: An Unconventional Approach to Institutional Investing". In this book, he integrates the Keynes and Buffett stories, and summarizes the five common success drivers as: 1. Long-term focus, 2. Equity-bias, 3. Contrarian 'value'/'bottom up' approach, 4. High-conviction, 5. Simple decision-making structure. Adding credibility to his 2000 Keynes-Buffett story, Swenson had already been applying these rules to managing the Yale Endowment for 14 years, as he continues to do to this day. The measured performance of the Yale Endowment Fund? A net excess return of 5%/year for the last 20 years.

New for this talk, I uncovered two more stories that fit the 'five common success drivers' theme, though with a more explicit focus on long-term sustainability and strong ESG scores. David Blood and Al Gore founded Generation Investment Management based on these principles in 2004. Alex van der Velden and his team began managing money this way for PGGM in 2007 and independently as Ownership Capital since 2013. Both organizations are generating net excess returns of 5%/year with equal or lower return volatility than their index comparator.

I noted earlier that *FCLT* and S&P have just launched that 250 stock S&P LTVC Index based on state-of-the-art Sustainability/ESG selection criteria. To that point, my February 2015 *Letter* reported the results of a study conducted by Eccles, Ioannou, and Serafeim titled "The Impact of Corporate Sustainability on Organizational Processes and Performance". The study matched up the investment performances of two 80-stock portfolios over the 1993-2010 period. One portfolio had high sustainability scores, the other low sustainability scores. The high-scoring portfolio outperformed the low-scoring one by 5%/year over the 17-year period, while exhibiting 20% lower return volatility. That same *Letter* turned the spotlight on the #1 sustainability company Unilever. It has outperformed its index comparator by 4%/year over the last 15 years with a beta of 0.7.

Finally, I wrote a 2014 article in support of the *FCLT* initiative titled "The Case for Long-Termism".^{iv} There I document the cases of Mass Financial Services (MFS) and Ontario Teachers' Pension Plan (OTPP). Both organizations have generated a net excess return of 2%/year for 25 years using the principles of long-term investing set out above.

A Counter-Example from the IMF

A recent IMF study authored by Brad Jones titled "Institutionalizing Countercyclical Investing: A Framework for Long-Term Asset Owners" offers an interesting counter-example to this listing of long-term, high-performance track records. His findings are based on examining the investment behavior of a large, diverse group of institutional investors (\$24 trillion) over a 25-year period.

Rather than finding the market-stabilizing, counter-cyclical behavior he had hoped for, he found the opposite to be true. Specifically, he found that, on average, institutional investors contribute to financial market instability in two equally-important ways: 1. Investors fail to rebalance after major market movements, and 2. Investors chase performance by doubling up so as to ride major market trends (i.e., they chase historical performance in the hope it will continue).

In short, the IMF study shows 'short-termism' is alive and well in the global institutional Investment community, and continues to adversely affect the behavior of financial markets. Jones concludes that changing this will require four things:

1. More effective institutional governance
2. Recognizing and addressing underlying principal/agent problems
3. Measuring the right things, including the longer-term risk of failure
4. Updating regulatory processes to promote counter-cyclical rather than pro-cyclical behaviour

Will this be enough to take us from talking to walking the 'long-termism' road?

Closing Thoughts

George Bernard Shaw and John Maynard Keynes would both say 'no' to that question:

Shaw: *"The reasonable man adapts himself to the world.....the unreasonable one persists in trying to adapt the world to himself.....thus all progress depends on the unreasonable man....."*

Keynes: *"Worldly wisdom teaches that it is better for reputation to fail conventionally than to succeed unconventionally..."*

I agree with them, and that leaves us with two possible paths to walking the 'long-termism' road:

1. Persuade more unreasonable, unconventional people like Keynes, Buffett, Swenson, Lamoureux, Bertram, Gore, Blood, van der Velden, Wiseman, and Barton to join the cause.....

and

2. Somehow turn long-term investing into a reasonable, conventional practice.

Fortunately, these two paths are not mutually exclusive. The more unreasonable, unconventional people start walking down the 'long-termism' road, the more it will seem like a reasonable and conventional thing to do.

Keith Ambachtsheer

Endnotes:

- i. For example, my April 2015 Letter summarized the key recommendations in the FCLT's 54-page "Long-Term Portfolio Guide" related to investment beliefs, risk appetite, benchmarking, and incentive compensation. It is Chapter 22 in my just-released book "The Future of Pension Management".
- ii. For a more complete answer, I refer curious readers to the 1979 FAJ article (with Jim Farrell) "Can Active Management Add Value?"
- iii. Frazzini, Kabiller, Pederson (2013), "Buffett's Alpha", NBER Working Paper.
- iv. Ambachtsheer (2014), "The Case for Long-Termism", Rotman International Journal of Pension Management, Fall 2014.

The information herein has been obtained from sources which we believe to be reliable, but do not guarantee its accuracy or completeness.

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Nossaman's 2016 Fiduciaries' Forum: Save-the-Date and Quick Survey

Nossaman is planning our 2016 Fiduciaries' Forum and seeks your input. Please respond to our three-question survey by **Friday, April 8**, and help make this the best Fiduciaries' Forum yet.

TAKE THE SURVEY

Save the Date!

2016 Nossaman Fiduciaries' Forum
Thursday, October 27 – Friday, October 28
San Francisco, CA



Thank you,
Ashley Dunning & Yuliya Oryol
Co-Chairs, Nossaman Public Pension & Investments Practice Group