VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

JULY 16, 2018

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:

VI. INVESTMENT INFORMATION

NEPC – Allan Martin and Eric Harnish.
VCERA – Dan Gallagher, Chief Investment Officer.

VII. OLD BUSINESS

VIII. <u>NEW BUSINESS</u>

IX. INFORMATIONAL

A. Upcoming Important Dates for VCERA. 304

X. PUBLIC COMMENT

XI. STAFF COMMENT

XII. BOARD MEMBER COMMENT

XIII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

DISABILITY MEETING

JULY 2, 2018

MINUTES

DIRECTORS PRESENT:	William W. Wilson, Vice Chair, Public Member Steven Hintz, Treasurer-Tax Collector Mike Sedell, Public Member Robert Bianchi, Public Member Craig Winter, General Employee Member Maeve Fox, General Employee Member Arthur E. Goulet, Retiree Member Will Hoag, Alternate Retiree Member Chris Johnston, Safety Employee Member
DIRECTORS ABSENT:	Peter C. Foy, Public Member Ed McCombs, Alternate Public Member
STAFF PRESENT:	Linda Webb, Retirement Administrator Lori Nemiroff, General Counsel Henry Solis, Chief Financial Officer Dan Gallagher, Chief Investment Officer Vickie Williams, Retirement Benefits Manager Donna Edwards, Retirement Benefits Specialist Nancy Jensen, Retirement Benefit Specialist Stephanie Berkley, Retirement Benefit Specialist Chris Ayala, Program Assistant Shalaine Nolan, Office Assistant III-C
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

Vice-Chair Wilson called the Disability Meeting of July 2, 2018, to order at 9:00 a.m.

II. APPROVAL OF AGENDA

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

MOTION: Approve.

Moved by Sedell, seconded by Fox.

Vote: Motion carried
Yes: Bianchi, Fox, Goulet, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Foy, Hintz, McCombs
Abstain:

III. APPROVAL OF MINUTES

A. Business Meeting of June 18, 2018.

Ms. Webb offered a correction to the minutes, saying the word “waiver” in the motion on Master Page 8, was misspelled.

MOTION: Approve with Correction.

Moved by Bianchi, seconded by Fox.

Vote: Motion carried
Yes: Bianchi, Fox, Goulet, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Foy, Hintz, McCombs
Abstain:

IV. RECEIVE AND FILE PENDING DISABILITY APPLICATION STATUS REPORT

MOTION: Approve.

Moved by Bianchi, seconded by Johnston.

Vote: Motion carried
Yes: Bianchi, Fox, Goulet, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Foy, Hintz, McCombs
Abstain:

V. APPLICATIONS FOR DISABILITY RETIREMENT

A. Application for Service-Connected Disability Retirement - Curtin, Matthew; Case No. 17-006.

1. Application for Service-Connected Disability Retirement, filed March 7, 2017.

2. Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by County of Ventura/Risk Management, in support of the Application for Service-Connected Disability Retirement, dated June 18, 2018.

3. Hearing Notice, dated June 22, 2018.

Ms. Webb informed the Board that the applicant had passed away the previous Thursday and that staff had spoken to the widow regarding retirement options available to her as a result of the member's unexpected passing. Staff requested the Board table this item to the July business meeting to allow the widow time to consider her options, but also to hear the case prior to August when no Board meetings were scheduled.

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

MOTION: Table the Board's Determination of the Application to the Business Meeting of July 16, 2018.

Moved by Goulet, seconded by Johnston.

Vote: Motion carried
Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Foy, McCombs
Abstain:

B. Application for Service-Connected Disability Retirement - Valenzuela, Sara E.; Case No. 16-033.

1. Application for Service-Connected Disability Retirement, filed October 17, 2016.

2. Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by County of Ventura/Risk Management, in support of the Application for Service-Connected Disability Retirement, dated June 22, 2018.

3. Hearing Notice, dated June 25, 2018.

Catherine Laveau was present on behalf of County of Ventura Risk Management. Thomas J. Wicke, Attorney at Law, was present on behalf of the applicant. The applicant, Sara E. Valenzuela, was not present.

Mr. Wicke declined to make a statement.

Ms. Laveau declined to make a statement.

Trustee Goulet remarked that it had taken Risk Management a long time to deal with the case. The application had been submitted in October 2016, and Risk Management already had a Permanent & Stationary Report from May 2016, yet it was not until December 2017 that Risk Management decided not to challenge the disability application. So, it took more than two years for the applicant to be considered “permanent and stationary”, and his understanding was the applicant had retired in 2012 after being diagnosed with cancer.

Ms. Laveau said Trustee Goulet was correct that the applicant’s retirement in 2012 was due to cancer, which accounted for the delay. She said part of the application included an assertion that the applicant had entitlement due to the cancer. This was litigated and ultimately determined to be non-industrial, but the application could not proceed until the issue was completely vetted.

Trustee Goulet asked why it was necessary to delay the case, considering the applicant would receive the same benefit whether the disability was cancer or orthopedically related.

Ms. Laveau replied that while the decision to delay the case was made prior to her tenure, she believed that had her office brought the case forward without giving the applicant an opportunity to develop the record on all the issues, the Board could have concluded the applicant did not meet the legal standard for a service-connected disability retirement, in relation to the orthopedic component and would waive her right to put forth all of the information that relates to her cancer, and she believed that the applicant is entitled to have the record fully developed on all of the issues.

Trustee Goulet asked if there had been any intent by Risk Management to link the applicant’s Worker’s Compensation case to the disability retirement case, as they should be separate.

Ms. Laveau replied that she agreed the processes were separate, but that the information the applicant submits in support of her application was at the applicant’s discretion; if she chooses to put forth information developed through the Workers Compensation process, Risk Management was not in a position to prevent her from doing so.

Trustee Goulet then asked if Risk Management could assure him that there was not a settlement agreement that involved quid pro quo in relation to the service-connected disability retirement.

Ms. Laveau replied that there was no quid pro quo, as was indicated before the applicant’s cancer was determined to be non-industrial on the worker’s compensation case.

Trustee Goulet also asked if the applicant was employed with the County of Ventura prior to being diagnosed with cancer.

Ms. Laveau replied yes.

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

<u>MOTION</u>: Approve Application for Service-Connected Disability Retirement.

Moved by Sedell, seconded by Johnston.

Vote: Motion carried
Yes: Bianchi, Fox, Hintz, Johnston, McCombs, Sedell, Wilson, Winter
No: Goulet
Absent: Foy, McCombs
Abstain:

C. Application for Service-Connected Disability Retirement - Paz, Eric; Case No. 16-038.

1. Application for Service-Connected Disability Retirement, filed November 30, 2016.

2. Medical Analysis and Recommendation, including Supporting Medical Documentation, submitted by County of Ventura/Risk Management, in support of the Application for Service-Connected Disability Retirement, dated June 19, 2018.

3. Hearing Notice, dated June 22, 2018.

Catherine Laveau was present on behalf of County of Ventura Risk Management. David G. Schumaker, Attorney at Law, was present on behalf of the applicant. The applicant, Eric Paz, was also present.

Mr. Schumaker declined to make a statement.

Ms. Laveau declined to make a statement.

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

MOTION: Approve Application for Service-Connected Disability Retirement.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried
Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Foy, McCombs
Abstain:

VI. OLD BUSINESS

A. Status of Disability Procedures and Request for Board Direction.

1. Staff Letter.

Ms. Webb said to update the Board on its request regarding the status of the disability procedures and the 2013 consultant recommendation, as well as a request for Board direction. She said the VCERA bylaws and the disability procedures were combined, unlike the practice of the majority of VCERA's peers. So, whenever the bylaws were updated, they were also submitted to the Ventura County Board of Supervisors for approval. She then said that if the Board anticipates making a series of changes to the disability procedures, it might be prudent to separate the disability procedures from the bylaws, to avoid having to bring multiple iterations to the Board of Supervisors. It would also align VCERA with its peers.

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

MOTION: Approve the Separation of the Disability Procedures from the VCERA Bylaws When the Next Changes to the Bylaws are Submitted.

Moved by Goulet, seconded by Sedell.

Vote: Motion carried
Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Foy, McCombs
Abstain:

VII. NEW BUSINESS

A. Periodic Review of Board Policies: Business Planning and Assigned Portable Electronic Devices.
RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. Business Planning Policy Proposed (Redline).

3. Assigned Portable Electronic Devices Policy Proposed (Redline).

Ms. Webb noted that the proposed changes to the two VCERA policies were minor, but did recommend the removal of the word “Assigned” from the policy title, because it could apply to Trustees’ or Staff members’ personal electronic devices, if the devices were used to access VCERA information.

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

MOTION: Approve the Proposed Revisions to the Portable Electronic Device Policy.

Moved by Johnston, seconded by Bianchi.

Vote: Motion carried
Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Foy, McCombs
Abstain:

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

MOTION: Approve the Proposed Revisions to the Business Planning Policy.

Moved by Sedell, seconded by Bianchi.

Vote: Motion carried
Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Foy, McCombs
Abstain:

B. Review and Approval of Amended Conflict of Interest Code.
RECOMMENDED ACTION: Approve.

1. Staff Letter.

2. 2016 Proposed Conflict of Interest Code (Redline).

Ms. Webb informed the Board that the Conflict of Interest Code was reviewed every 2 years.

Trustee Goulet said he assumed Appendix B, under Category 1 Full Disclosure, pertained to sources of income such as gifts, loans, and travel payments by others than VCERA.

Ms. Webb replied yes, and staff could add language to clarify it.

Trustee Sedell proposed that the Board could revise the form to say, "All investments, business positions and sources of income and payments as required by Form 700".

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

MOTION: Approve the Revisions to the Proposed Conflict of Interest Code with Corrections.

Moved by Sedell, seconded by Goulet.

Vote: Motion carried
Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter
No: -
Absent: Foy, McCombs
Abstain:

VIII. INFORMATIONAL

None.

IX. PUBLIC COMMENT

Ms. Webb noted there was a speaker card from a disability retiree who had indicated she would like to give public comment to the Board as well as to provide some documents to be distributed to them. Ms. Webb suggested the Board take a short break to read through the provided materials.

The Board took a break at 9:35 a.m.

The Board returned from at 9:45 a.m.

The Board received Public Comment from Tamara Welch regarding her experience with the County of Ventura Risk Management Office, specifically pertaining to her Worker's Compensation claim and how it related to her disability retirement.

Trustee Sedell suggested that VCERA forward a copy of the documents to the County of Ventura CEO's Office and ask them for a response.

X. STAFF COMMENT

Ms. Webb reminded the Board that staff would be bringing back the disability case of Mr. Curtin tabled earlier that morning on July 16th, as well as the Business Plan, and the Administrator's Quarterly Report.

XI. BOARD MEMBER COMMENT

None.

XII. ADJOURNMENT

The meeting was adjourned at 9:53 a.m.

Respectfully submitted,

Linda Webb

____
LINDA WEBB, Retirement Administrator

Approved,

____
WILLIAM W. WILSON, Vice-Chairman

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

June 2018

FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	BENEFIT SERVICE*	DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:						
Pamela	Abernathy	G	11/20/2000	14.96	Health Care Agency	6/4/2018
Jason	Betts	G	1/16/1994	4.61	Probation Agency (deferred)	6/4/2018
Katherine	Bower	G	5/6/2002	15.57	Superior Courts	5/5/2018
Laurice	Brown	G	1/20/1991	27.39	Sheriff's Department	6/1/2018
Nita	Calvin	G	6/16/1985	33.01	Auditor-Controller	6/11/2018
Joanne	Casey	G	4/19/1998	6.74	Health Care Agency (deferred)	6/15/2018
Roger	Clow	G	1/22/1989	29.39	Fire Protection District	5/4/2018
Mary	Grey	G	11/1/2000	6.12	(deferred)	4/1/2016
Robert	Mackenzie	G	6/26/1988	2.55	District Attorney (deferred)	10/26/2012
Maria	Madrigal	G	08/07/1988	26.99	Superior Courts	05/30/2018
Carol	McWilliams	G	7/16/1962	55.88	General Services Agency	6/1/2018
Milton	Messenger	G	11/29/1998	5.48	Health Care Agency (deferred)	6/4/2018
Lori	Myers	G	12/5/1988	29.40	Human Services Agency	5/11/2018
Susan	Navarro	G	11/26/1989		District Attorney (deferred)	5/24/2018
Luz	Olmos	G	9/15/1991	22.35	Human Services Agency	5/11/2018
Ann Marie	Phelps	G	10/12/1980	37.39	District Attorney	5/19/2018
Irma	Ramirez	G	2/12/1995	23.46	Human Services Agency	5/8/2018
Edward	Salazar	G	10/28/2002	16.90	Health Care Agency	5/26/2018
Rosalinda	Soto-Huggins	G	3/31/1991	14.52	District Attorney (deferred)	6/10/2018
Wendy	Stembridge	G	1/24/1999	11.12	District Attorney (deferred)	6/12/2018
Michael	Stevens	G	12/8/1991	27.63	Public Works Agency	5/31/2018
Dale	Stone	G	08/09/1987	13.24	Sheriff's Department (deferred)	6/19/2018
Scott	Streltzoff	S	1/16/1994	10.30	Sheriff's Department (deferred)	6/6/2018
Elizabeth	Taylor	G	8/25/1996	21.83	Health Care Agency	5/12/2018
John	Wallace	G	1/2/2000	18.39	Sheriff's Department	5/19/2018
Robin	Walter	G	4/23/1995	26.47	Health Care Agency	5/6/2018
John	West	G	9/27/1999	15.12	District Attorney (deferred)	5/1/2018
DEFERRED RETIREMENTS:						
Amy	Coccia	S	03/09/2008	8.67	Probation Agency	02/11/2017
Laura E.	Macias	G	06/17/2007	10.38	Resource Management Agency	06/09/2018
Sarah	Melgoza	G	09/04/2012	5.76	Health Care Agency	06/02/2018
Lisa D.	Williams	G	02/24/2008	7.88	Health Care Agency	05/15/2018
SURVIVORS' CONTINUANCES:						
James	Doi					
Karen	Gehl					
Robin	Grant					
Dixie	Hollingsworth					
Patricia	Moeller					
Lucille	Phillips					

*** = Excludes reciprocal service or service from any previous retirements**
**** = Member establishing reciprocity**

Date: Monday, July 02, 2018
Time: 10:05AM
User: 104164

Ventura County Retirement Assn

Check Register - Standard

Period: 12-18 As of: 7/2/2018

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Report: 03630.rpt
Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company:	**VCERA**										
Acct / Sub:	10200		000000								
027591	CK	6/6/2018	BRENTWOODI BRENTWOOD IT	12-18		000467	VO	IT	6/6/2018	0.00	12,390.00
027592	CK	6/6/2018	DIGITALDEP DIGITAL DEPLOYMENT	12-18		000468	VO	IT	6/6/2018	0.00	650.00
027593	CK	6/6/2018	EXECUTIVED EXECUTIVE DATA SYSTEMS, INC	12-18		000469	VO	IT	6/6/2018	0.00	585.00
027594	CK	6/6/2018	FOXMAEVE MAEVE J. FOX	12-18		000470	VO	TRAVEL REIMB	6/6/2018	0.00	899.37
027595	CK	6/6/2018	GLOBALCAPA GTT COMMUNICATIONS	12-18		000472	VO	IT	6/6/2018	0.00	603.63
027596	CK	6/6/2018	HARRISWATE HARRIS WATER CONDITIONING	12-18		000473	VO	ADMIN EXP	6/6/2018	0.00	139.50
027597	CK	6/6/2018	INCENTIVES INCENTIVE SERVICES	12-18		000471	VO	ADMIN EXP	6/6/2018	0.00	134.69
027598	CK	6/6/2018	SPRUCEGROV SPRUCEGROVE INVESTMENT M	12-18		000474	VO	INVESTMENT FEES	6/6/2018	0.00	68,373.53
027599	CK	6/6/2018	WEBBLINDA LINDA WEBB	12-18		000475	VO	TRAVEL REIMB	6/6/2018	0.00	642.62
027600	CK	6/13/2018	BANKOFAMER BUSINESS CARD	12-18		000476	VO	ADMIN/IT	6/13/2018	0.00	966.02
027601	CK	6/13/2018	BROWNARMST BROWN ARMSTRONG	12-18		000477	VO	ADMIN EXP	6/13/2018	0.00	1,025.00
027602	CK	6/13/2018	GALLAGHERD DAN GALLAGHER	12-18		000478	VO	TRAVEL REIMB	6/13/2018	0.00	1,275.41
027603	CK	6/13/2018	HERNANDEZM MICHELLE HERNANDEZ	12-18		000479	VO	TRAVEL REIMB	6/13/2018	0.00	164.12

Date: Monday, July 02, 2018
Time: 10:05AM
User: 104164

Ventura County Retirement Assn

Check Register - Standard

Period: 12-18 As of: 7/2/2018

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Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
027604	CK	6/13/2018	LINEASOLUT LINEA SOLUTIONS	12-18		000480	VO	ADMIN EXP	6/13/2018	0.00	15,925.00
027605	CK	6/13/2018	SHREDITUSA SHRED-IT USA	12-18		000481	VO	ADMIN EXP	6/13/2018	0.00	237.69
027606	CK	6/13/2018	TIMEWARNER TIME WARNER CABLE	12-18		000482	VO	IT	6/13/2018	0.00	294.99
027607	CK	6/13/2018	TOWERSWATS TOWERS WATSON DELAWARE I	12-18		000485	VO	ADMIN EXP	6/13/2018	0.00	8,520.00
027608	CK	6/13/2018	VILLALOBOS REBEKAH VILLALOBOS	12-18		000483	VO	TRAVEL REIMB	6/13/2018	0.00	128.83
027609	CK	6/13/2018	VSGHOSTING VSG HOSTING, INC.	12-18		000484	VO	IT	6/13/2018	0.00	62,940.00
027610	CK	6/20/2018	ABUCOURTRE PERSONAL COURT REPORTERS	12-18		000486	VO	ADMIN EXP	6/20/2018	0.00	315.00
027611	CK	6/20/2018	ATTMOBILIT AT&T MOBILITY	12-18		000487	VO	IT	6/20/2018	0.00	404.07
027612	CK	6/20/2018	BIANCHIROB ROBERT BIANCHI	12-18		000488	VO	MILEAGE REIMB	6/20/2018	0.00	58.86
027613	CK	6/20/2018	GOULETARTH ARTHUR E. GOULET	12-18		000489	VO	MILEAGE REIMB	6/20/2018	0.00	37.06
027614	CK	6/20/2018	RJNINVESTI R.J.N. INVESTIGATION	12-18		000490	VO	ADMIN EXP	6/20/2018	0.00	613.20
027615	CK	6/20/2018	SEGALCONSU SEGAL CONSULTING	12-18		000491	VO	ACTUARY FEES	6/20/2018	0.00	72,674.00
027616	CK	6/20/2018	STAPLESADV STAPLES ADVANTAGE	12-18		000493	VO	ADMIN EXP	6/20/2018	0.00	216.49

Date: Monday, July 02, 2018
Time: 10:05AM
User: 104164

Ventura County Retirement Assn

Check Register - Standard

Period: 12-18 As of: 7/2/2018

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Report: 03630.rpt
Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
027617	CK	6/20/2018	THOMSONREU THOMSON REUTERS- WEST	12-18		000492	VO	IT	6/20/2018	0.00	461.00
027618	CK	6/20/2018	WESTCOASTA WEST COAST AIR CONDITIONIN	12-18		000494	VO	IT	6/20/2018	0.00	207.00
027619	CK	6/27/2018	ADP ADP, LLC	12-18		000495	VO	ADMIN EXP	6/27/2018	0.00	3,098.12
027620	CK	6/27/2018	FLORESHUMB HUMBERTO FLORES	12-18		000496	VO	ADMIN EXP	6/27/2018	0.00	4,025.00
027621	CK	6/27/2018	MFDAILYCOR M.F. DAILY CORPORATION	12-18		000497	VO	ADMIN EXP	6/27/2018	0.00	19,217.34
027622	CK	6/27/2018	NOSSAMAN NOSSAMAN LLP	12-18		000498	VO	LEGAL FEES	6/27/2018	0.00	4,373.10
027623	CK	6/27/2018	SOLISHENRY HENRY SOLIS	12-18		000499	VO	TRAVEL REIMB	6/27/2018	0.00	2,137.32
027624	CK	6/27/2018	STAPLESADV STAPLES ADVANTAGE	12-18		000500	VO	ADMIN EXP	6/27/2018	0.00	19.38
027625	CK	6/27/2018	WEBBLINDA LINDA WEBB	12-18		000501	VO	TRAVEL REIMB	6/27/2018	0.00	471.56

Check Count: 35

Acct Sub Total: **284,223.90**

Check Type	Count	Amount Paid
Regular	35	284,223.90
Hand	0	0.00
Electronic Payment	0	0.00
Void	0	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	**35**	**284,223.90**

Date:	Monday, July 02, 2018	Ventura County Retirement Assn	Page:	4 of 4
Time:	10:05AM	**Check Register - Standard**	Report:	03630.rpt
User:	104164	**Period: 12-18 As of: 7/2/2018**	Company:	VCERA

Check Nbr	Check Type	Check Date	Vendor ID / Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
						Company Disc Total		**0.00**	**Company Total**		**284,223.90**

Ventura County Employees' Retirement Association
Preliminary Budget Summary Fiscal Year 2017-2018
For the Twelve Months Ended June 30, 2018 and Year-To-Date - 100% of Fiscal Year Expended

	Adopted 2018 Budget	Adjusted 2018 Budget	June 2018	Expended Fiscal Year to Date	Available Balance	Percent Expended
Salaries and Benefits						
Regular Salary	$3,026,300.00	$2,826,300.00	$339,222.67	$2,783,022.43	$43,277.57	98.47%
Extra-Help/Temporary Services	294,400.00	194,400.00	15,925.00	136,483.98	57,916.02	70.21%
Overtime	0.00	0.00	0.00	(221.61)	221.61	0.00%
Supplemental Payments	59,900.00	59,900.00	5,602.80	46,265.11	13,634.89	77.24%
Vacation Redemption	139,500.00	139,500.00	9,806.45	146,572.32	(7,072.32)	105.07%
Retirement Contributions	531,200.00	481,200.00	58,032.31	482,384.64	(1,184.64)	100.25%
OASDI Contribution	171,600.00	171,600.00	21,597.21	152,938.37	18,661.63	89.12%
FICA-Medicare	48,100.00	48,100.00	5,116.69	42,546.44	5,553.56	88.45%
Medical Insurance	302,000.00	277,000.00	31,800.00	253,263.96	23,736.04	91.43%
Life Insurance	1,300.00	1,300.00	130.20	1,073.80	226.20	82.60%
Unemployment Insurance	2,500.00	2,500.00	272.41	2,208.44	291.56	88.34%
Mgmt Disability Insurance	23,600.00	23,600.00	2,177.76	18,138.82	5,461.18	76.86%
Workers Compensation Insurance	23,500.00	23,500.00	2,490.36	20,831.48	2,668.52	88.64%
401K Plan Contribution	72,500.00	72,500.00	8,420.12	67,233.21	5,266.79	92.74%
Total Salaries & Benefits	$4,696,400.00	$4,321,400.00	$500,593.98	$4,152,741.39	$168,658.61	82.10%
Services & Supplies						
Board Member Stipend	$13,200.00	$13,200.00	$1,200.00	$12,500.00	$700.00	94.70%
Other Professional Services	224,700.00	224,700.00	25,174.01	225,635.65	(935.65)	100.42%
Auditing	46,000.00	46,000.00	1,025.00	42,007.74	3,992.26	91.32%
Hearing Officers	60,000.00	60,000.00	4,025.00	39,375.00	20,625.00	65.63%
Legal	350,000.00	350,000.00	4,373.10	275,097.50	74,902.50	78.60%
Election Services	9,000.00	9,000.00	0.00	12,196.49	(3,196.49)	135.52%
Actuary-Valuation	159,000.00	159,000.00	0.00	60,000.00	99,000.00	37.74%
Actuary-GASB 67	0.00	0.00	9,500.00	22,500.00	(22,500.00)	0.00%
Actuary-Assump/Exp	0.00	0.00	45,000.00	45,000.00	(45,000.00)	0.00%
Actuary-415 Calculation	0.00	0.00	1,470.00	4,300.00	(4,300.00)	0.00%
Actuary-Misc Hrly Consult	0.00	0.00	4,659.00	14,055.00	(14,055.00)	0.00%
Actuary-Actuarial Audit	42,000.00	42,000.00	2,545.00	53,801.00	(11,801.00)	128.10%
Printing	33,000.00	33,000.00	8.50	11,569.93	21,430.07	35.06%
Postage	71,400.00	71,400.00	4,807.13	51,121.77	20,278.23	71.60%
Copy Machine	4,000.00	4,000.00	662.52	2,658.30	1,341.70	66.46%
General Liability	9,500.00	9,500.00	0.00	9,488.00	12.00	99.87%
Fiduciary Liability	85,000.00	85,000.00	0.00	84,488.04	511.96	99.40%
Cost Allocation Charges	33,500.00	33,500.00	0.00	33,470.00	30.00	99.91%
Education Allowance	6,000.00	6,000.00	0.00	4,000.00	2,000.00	66.67%
Training/Travel-Staff	54,200.00	54,200.00	3,357.28	32,420.42	21,779.58	59.82%
Training/Travel-Trustee	53,100.00	53,100.00	847.69	25,278.43	27,821.57	47.61%
Travel-Due Diligence-Staff	0.00	0.00	1,200.53	4,211.95	(4,211.95)	0.00%
Travel-Due Diligence-Trustee	19,400.00	19,400.00	0.00	3,433.06	15,966.94	17.70%
Mileage-Staff	8,500.00	8,500.00	387.17	2,250.85	6,249.15	26.48%
Mileage -Trustee	0.00	0.00	200.56	3,344.27	(3,344.27)	0.00%
Mileage-Due Diligence-Staff	0.00	0.00	74.88	385.59	(385.59)	0.00%
Mileage-Due Diligence-Trustee	0.00	0.00	0.00	200.09	(200.09)	0.00%
Auto Allowance	6,900.00	6,900.00	575.00	6,900.00	0.00	100.00%
Facilities-Security	3,700.00	3,700.00	237.00	3,314.93	385.07	89.59%
Facilities-Maint & Repairs	0.00	0.00	733.66	3,673.45	(3,673.45)	0.00%
Equipment-Maint & Repairs	2,000.00	2,000.00	0.00	113.62	1,886.38	5.68%
General Office Expense	6,000.00	6,000.00	862.15	9,442.44	(3,442.44)	157.37%
Books & Publications	2,500.00	2,500.00	0.00	1,024.77	1,475.23	40.99%
Office Supplies	18,000.00	18,000.00	600.89	11,154.34	6,845.66	61.97%
Memberships & Dues	13,300.00	13,300.00	0.00	14,332.50	(1,032.50)	107.76%
Bank Service Charges	0.00	0.00	181.11	1,493.59	(1,493.59)	0.00%
Offsite Storage	4,800.00	4,800.00	0.00	2,830.13	1,969.87	58.96%
Claims, Judgements & Court Ord	0.00	0.00	0.00	555.00	(555.00)	0.00%
Rents/Leases-Structures	209,900.00	209,900.00	19,217.34	210,970.29	(1,070.29)	100.51%
Non-Capital Equipment	10,000.00	10,000.00	0.00	0.00	10,000.00	0.00%
Non-Capital Furniture	40,000.00	40,000.00	0.00	20,255.77	19,744.23	50.64%
Depreciation /Amortization	1,163,500.00	1,313,500.00	121,716.16	1,452,380.92	(138,880.92)	110.57%
Total Services & Supplies	$2,762,100.00	$2,912,100.00	$254,640.68	$2,813,230.83	$98,869.17	96.60%
Total Sal, Ben, Serv & Supp	$7,458,500.00	$7,233,500.00	$755,234.66	$6,965,972.22	$267,527.78	96.30%

Ventura County Employees' Retirement Association
Preliminary Budget Summary Fiscal Year 2017-2018
For the Twelve Months Ended June 30, 2018 and Year-To-Date - 100% of Fiscal Year Expended

	Adopted 2018 Budget	Adjusted 2018 Budget	June 2018	Expended Fiscal Year to Date	Available Balance	Percent Expended
Technology						
Technology Hardware	$49,400.00	$49,400.00	$279.14	$19,760.43	$29,639.57	40.00%
Technology Hardware Support	0.00	5,000.00	0.00	7,235.24	(2,235.24)	144.70%
Technology Software	213,100.00	213,100.00	1,841.95	205,007.00	8,093.00	96.20%
Technology Software Support	19,000.00	19,000.00	525.47	12,116.79	6,883.21	63.77%
Technology Systems Support	263,400.00	293,400.00	63,590.00	313,215.05	(19,815.05)	106.75%
Technology Infrastruct Support	300.00	300.00	0.00	184.95	115.05	61.65%
Technology Application Support	507,000.00	647,000.00	5,175.14	341,537.64	305,462.36	52.79%
Technology Data Communication	55,800.00	55,800.00	4,122.95	50,659.09	5,140.91	90.79%
Total Technology	$1,108,000.00	$1,283,000.00	$75,534.65	$949,716.19	$333,283.81	$0.74
Capital Expenses						
Capitalized Equipment	0.00	50,000.00	0.00	49,278.19	721.81	98.56%
Total Capitalized Expenses	$0.00	$50,000.00	$0.00	$49,278.19	$721.81	98.56%
Congtingency	$532,800.00	$532,800.00	$0.00	$0.00	$532,800.00	0.00%
Total Current Year	$9,099,300.00	$9,099,300.00	$830,769.31	$7,964,966.60	$1,134,333.40	87.53%

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Investment Review

2017 and 2018 YTD

HEXAVEST OVERVIEW

INVESTMENT APPROACH

- Top-down, team-driven process
- Diversified “core” portfolio with value bias
- Contrarian style
- Strong focus on downside protection
- Diversified sources of alpha
  Regions, countries, currencies, sectors, industries, stocks
- Clearly defined process applied consistently over the past 25+ years

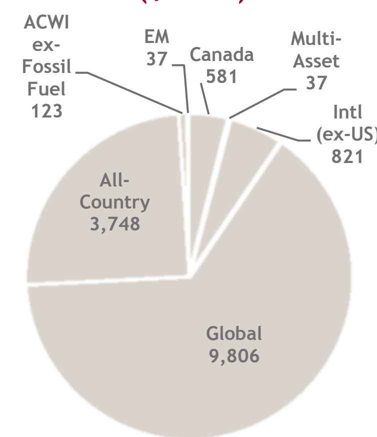
ASSETS UNDER MANAGEMENT

- $15.2 billion
- 183 clients, some with multiple mandates

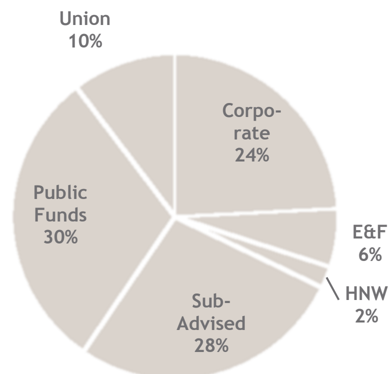
KEY PERSONEL

- In Q2 2018, we announced the arrival of Vincent Delisle, Co-Chief Investment Officer, to replace Jean-René Adam.
- Vincent will join the strategy team. We also announced that two of our colleagues, Christian Crête and Jean-François Bérubé, will join the strategy team.

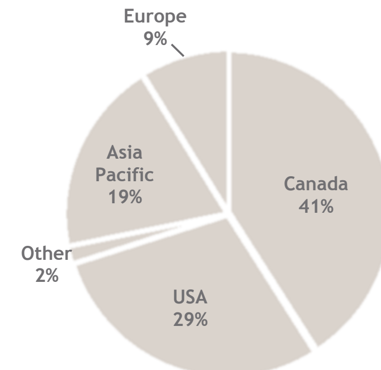
Assets by Mandate ($AU M)



Client Type



Client Location



As of June 30, 2018

INVESTMENT TEAM
AND OTHER INVESTMENT PROFESSIONALS

Strategy Team

Vital Proulx, CFA
Co-Chief Investment Officer
& Chairman of the Board
Industry experience: 29 years
Team member since: 1991

Vincent Delisle, CFA
Co-Chief Investment Officer
Industry experience: 24 years
Team member since: 2018

Product Specialists

Robert Brunelle, CFA, ASA ❮
Senior Vice President
Industry experience: 27 years
Team member since: 1998

Emmanuel Matte, CFA, FSA, FCIA
Managing Director
Industry experience: 22 years
Team member since: 2017

Nadia Cesaratto, CFA, FRM ❮
Vice President
Industry experience: 16 years
Team member since: 2009

Jo-Annie Pinto, CIM®
Vice President
Industry experience: 20 years
Team member since: 2012

Mark-Olivier McNulty, CIM®
Vice President
Industry experience: 18 years
Team member since: 2014

❯ Co-Chairs of the Investment Committee ❮

Emerging Markets

Jean-Pierre Couture, M.Sc.
Chief Economist & Portfolio Manager
Industry experience: 23 years
Team member since: 2010

Jean-Benoit LeBlanc, M.Sc., CFA
Portfolio Manager
Industry experience: 19 years
Team member since: 2009

Jean-Christophe Lermusiaux, MBA
Senior Consultant
Industry experience: 19 years
Team member since: 2017

Asia Pacific

Etienne Durocher-Dumais, CFA
Portfolio Manager
Industry experience: 10 years
Team member since: 2012

Chester Ntonifor
Analyst
Industry experience: 10 years
Team member since: 2016

Europe

Christian Crête, CFA
Portfolio Manager
Industry experience: 19 years
Team member since: 2012

Marc C. Lavoie, CPA, CA, CFA
President & Portfolio Manager
Industry experience: 18 years
Team member since: 2003

North America

Kevin LeBlanc, CFA
Portfolio Manager
Industry experience: 9 years
Team member since: 2015

Mathieu Roy, M.Sc., CFA
Portfolio Manager, Canadian Equities
Industry experience: 17 years
Team member since: 2017

Multi-Region

Julien Tousignant, M.Sc., CFA
Economist
Industry experience: 5 years
Team member since: 2013

Quantitative Research

Jean-François Bérubé, Ph.D.
Vice President, Quantitative Analysis
& Information Technology
Industry experience: 11 years
Team member since: 2009

Nelson Cabral, M.Sc., CFA
Quantitative Analyst
Industry experience: 7 years
Team member since: 2011

Strategy Implementation

Denis Rivest, CFA
Chief Operating Officer &
Chief Strategy Officer
Industry experience: 31 years
Team member since: 1996

Trading

Éric St-Onge
Head Trader
Industry experience: 27 years
Team member since: 2011

Rashmikant Patel
Trader
Industry experience: 16 years
Team member since: 2008

INVESTMENT PROCESS

The information provided in the 'Investment Process' section is for illustrative and discussion purposes only. It should not be considered investment advice or a recommendation to adopt any particular investment strategy nor should it be construed as a solicitation or offering of units of any fund or other security in any jurisdiction. The information is generic in nature and meant to generally illustrate and provide examples of Hexavest's investment management capabilities. Any views, observations, judgments and opinions provided are subject to change at any time without notice. The information shown does not represent the experience that any investor actually attained. All references to a Model Portfolio in this document refer to an actual portfolio managed by Hexavest which is used to objectively represent the firm's Global Equities strategy. The performance of this portfolio has been included in Hexavest's Global Composite since its inception in 2004. A client's actual holdings, performance and investment experience will be different from that shown. The use of tools cannot guarantee performance. It is not possible to directly invest in an index. MSCI and/or S&P data presented may not be reproduced or used for any other purpose. MSCI and/or S&P provide no warranties, have not prepared or approved this report, and have no liability hereunder. Past performance does not predict future results. Some information, including that of the Model Portfolio, may be considered supplemental to the Composite's fully-compliant GIPS® presentation contained in the Appendix as an integral part of this material. Please refer to the Appendix, including the GIPS® presentation, for additional important information and disclosure.

INVESTMENT PROCESS

TOP-DOWN DECISIONS

STRATEGY TEAM

With the input from the regional teams, the strategy team develops the firm's outlook on global equities and determines the portfolio's broad strategy

RISK LEVEL | THEMES | REGIONS | CURRENCIES

REGIONAL TEAMS

Regional teams make country, sector and industry allocations for their region based on the firm's global scenario and region-specific fundamentals

COUNTRIES | SECTORS | INDUSTRIES

PORTFOLIO CONSTRUCTION

Two objectives:

- Provide broad exposure to each top-down decision while limiting stock-specific risk
- Express certain stock preferences to enhance the performance of top-down decisions

A diversified portfolio is constructed with the help of quantitative tools

INDIVIDUAL STOCKS

CURRENCY OVERLAY

ETFs and/or FUTURES

Please refer to this section's title page and the Appendix for important information and disclosure.

TOP-DOWN DECISIONS

All top-down decisions result from fundamental research across **three vectors** of analysis

RISK LEVEL | REGIONS | CURRENCIES | COUNTRIES | SECTORS | INDUSTRIES

MACROECONOMIC ENVIRONMENT	What is our macroeconomic outlook for the country? How does it differ from the consensus view?	**+++**
VALUATION	How much are we paying for this macroeconomic outlook? Is valuation attractive vs. history, vs. other countries?	**Neutral**
SENTIMENT	Are investors positive or negative on the country? We take a contrarian stance.	**-**

ACTIVE COUNTRY POSITION VS BENCHMARK (MAX ±15%)

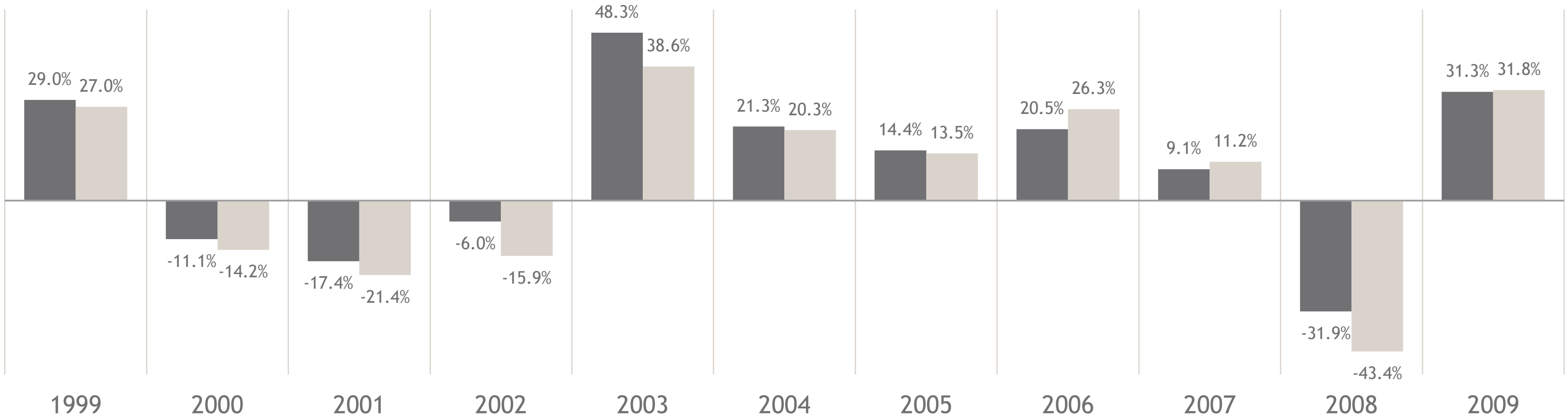
We assign a rating to each vector that ranges from --- to +++

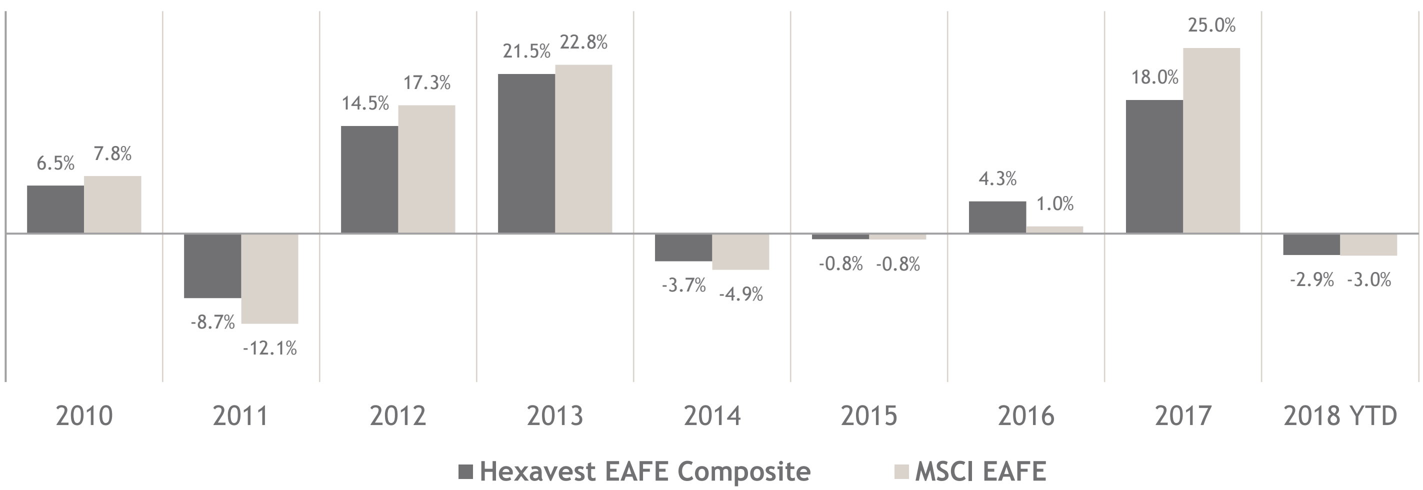
The size of the active position correlates with the total net rating for the three vectors

A total net rating of ++ will typically result in an overweight of ~ 4%

Please refer to this section's title page and the Appendix for important information and disclosure.

PERFORMANCE
EAFE EQUITIES

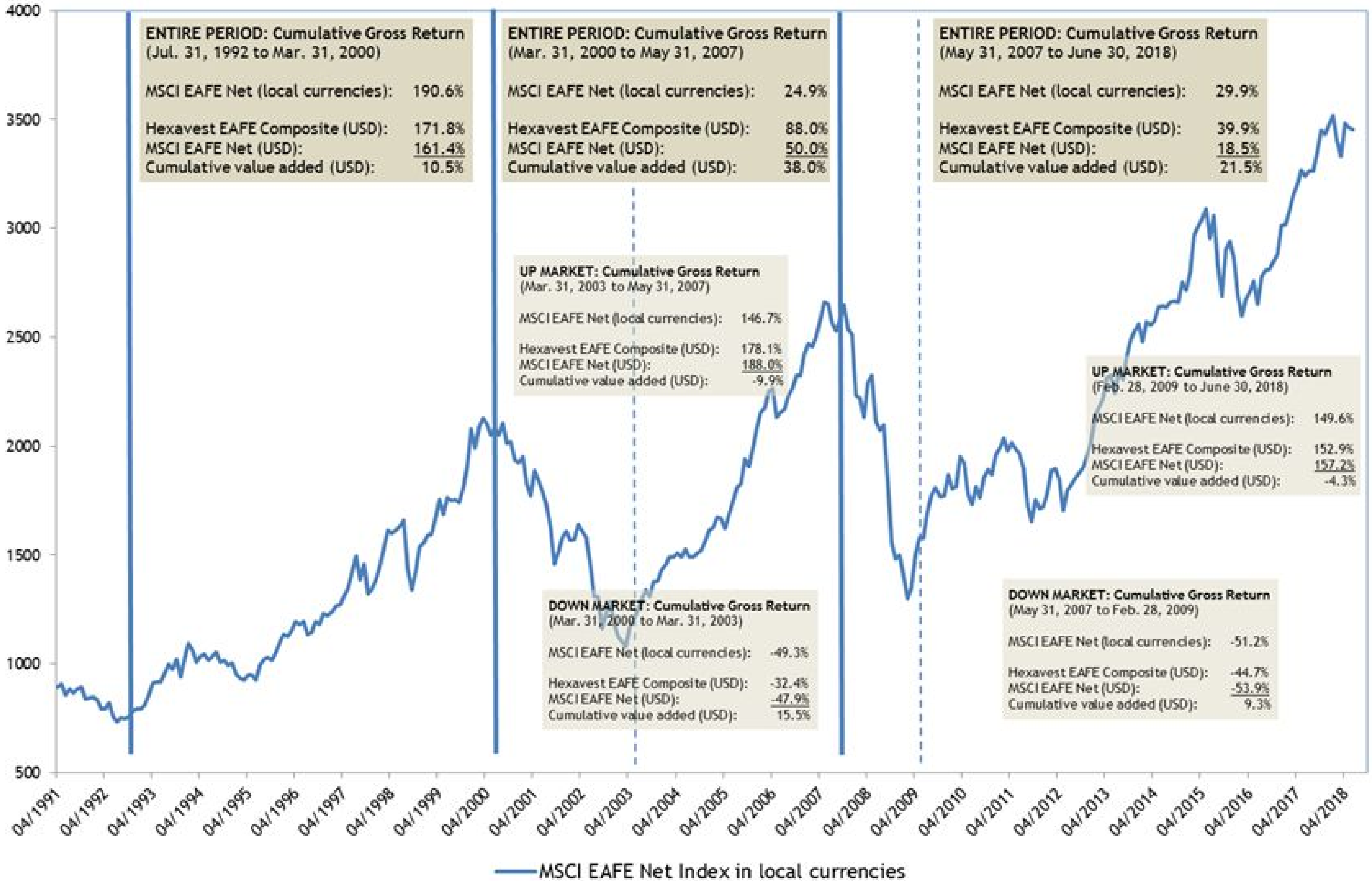




SINCE INCEPTION
(as at June 30, 2018)
Hexavest: 7.4%
MSCI EAFE: 5.4%

Sources: Hexavest and MSCI as at 6/30/2018. YTD 2018 is based on our US pooled fund as of July 5, 2018. Past performance is not a reliable indicator of future results.

EAFE EQUITIES
HISTORICAL PERFORMANCE IN DIFFERENT MARKET CYCLES



Sources: Hexavest and MSCI. Based upon the total assets of all fee paying discretionary accounts comprising the Hexavest EAFE Composite for the periods shown. Composite performance results are presented gross of management fees and administrative fees but net of trading expenses. Past performance does not predict future results.

VCERA PERFORMANCE

PERFORMANCE
NET OF FEES

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Performance Report as at June 30, 2018
Benchmark: MSCI EAFE NET
Currency: USD

NET RETURNS

	1 month	3 months	6 months	YTD	1 year	Annualized 2 years	3 years	4 years	5 years	10 years	Since inception
Portfolio	-0.52%	-2.06%	-3.92%	-3.92%	1.55%	7.97%	3.62%	1.59%	4.88%	---	4.29%
Benchmark	-1.22%	-1.24%	-2.75%	-2.75%	6.84%	13.36%	4.90%	2.54%	6.44%	---	5.38%
Value added	0.70%	-0.82%	-1.17%	-1.17%	-5.29%	-5.39%	-1.28%	-0.95%	-1.56%	---	-1.09%

NET RETURNS BY CALENDAR YEAR

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Portfolio	17.44%	3.80%	-1.44%	-4.31%	20.22%	13.65%	-9.63%	0.59%	---	---
Benchmark	25.03%	1.00%	-0.81%	-4.90%	22.78%	17.32%	-12.14%	1.25%	---	---
Value added	-7.59%	2.80%	-0.63%	0.59%	-2.56%	-3.67%	2.51%	-0.66%	---	---

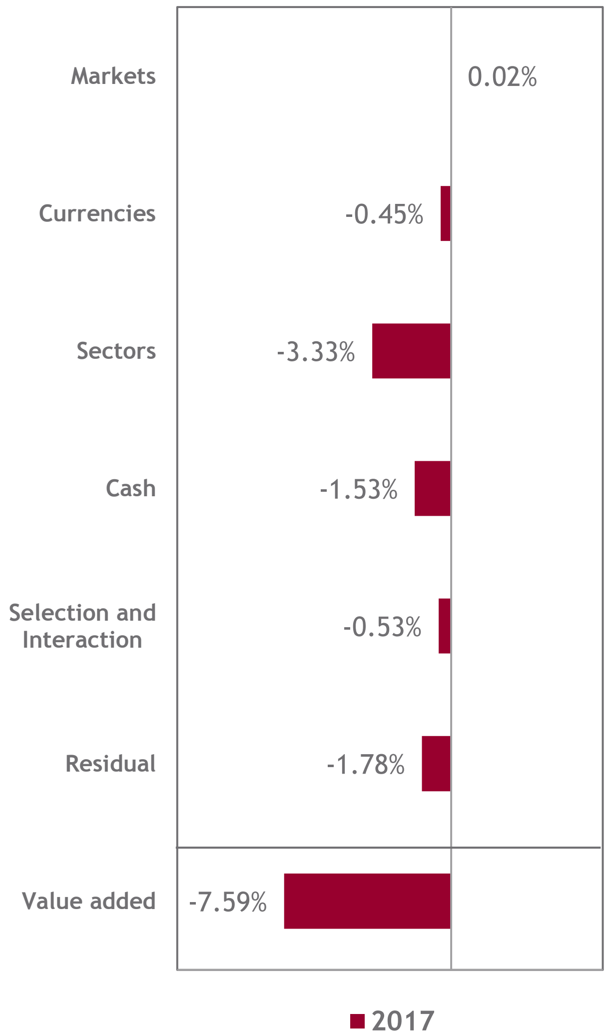
EVOLUTION OF ASSETS

Assets as at 2018-03-31	Net inflow	Gross return	Assets as at 2018-06-30
92,595,070.91 USD	---	-1,802,559.25 USD	90,792,511.66 USD

Note: The performance start date is 2010-12-15. Returns are presented net of management, administrative, and transaction fees. Returns for periods greater than 12 months are annualized. Past performance is not necessarily indicative of future performance.

2017 PERFORMANCE ATTRIBUTION

PERFORMANCE ATTRIBUTION



MAIN POSITIVE CONTRIBUTORS (2017)

Category	Position	Deviation	Impact
Markets	Emerging Markets	Overweight	0.47%
Markets	Emerging Asia	Overweight	0.20%
Markets	China	Overweight	0.17%
Markets	United Kingdom	Variable	0.15%
Stocks	Vodafone Group Plc	Overweight	0.15%

MAIN NEGATIVE CONTRIBUTORS (2017)

Category	Position	Deviation	Impact
Cash	Cash	Overweight	-1.53%
Sectors	Telecommunication Services	Overweight	-0.84%
Sectors	Utilities	Overweight	-0.68%
Sectors	Materials	Underweight	-0.55%
Currencies	US Dollar	Overweight	-0.47%

Attribution of value added in USD as at December 31, 2017. Benchmark is MSCI EAFE NET. The attribution calculated for stock selection includes the impact of stock selection, industry level decisions, and the interaction between stock selection and sector allocation. Past performance is not necessarily indicative of future performance.

PERFORMANCE
FOCUS ON 2017

– Our strategies suffered significant setbacks in 2017.
– Three factors had a significant impact on the relative performance:
    1. Positive momentum going against our defensive and capital protection bias as illustrated by our pattern of past performance
    2. Outperformance of growth vs value
    3. Lack of volatility (and opportunities)

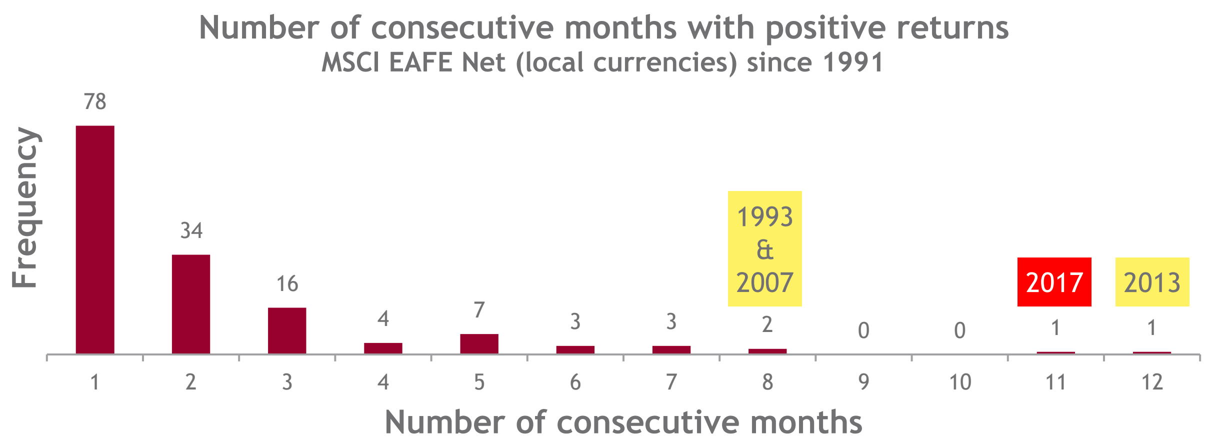
PERFORMANCE
FOCUS ON 2017

POSITIVE MOMENTUM GOING AGAINST OUR PATTERN OF PERFORMANCE

– Our historical pattern of performance shows great downside capture.

EAFE COMPOSITE (GROSS) RETURN IN DOWN MARKETS VS MSCI EAFE
12-MONTH ROLLING PERIODS (MAY 1991 TO DEC. 2017)

	Down markets	Up markets	Total
Nb. of periods	99	210	309
Nb. of periods with positive value added	92	98	190
Success rate	**93%**	**47%**	**61%**
Average value added	**5.5%**	**-0.1%**	**2.1%**



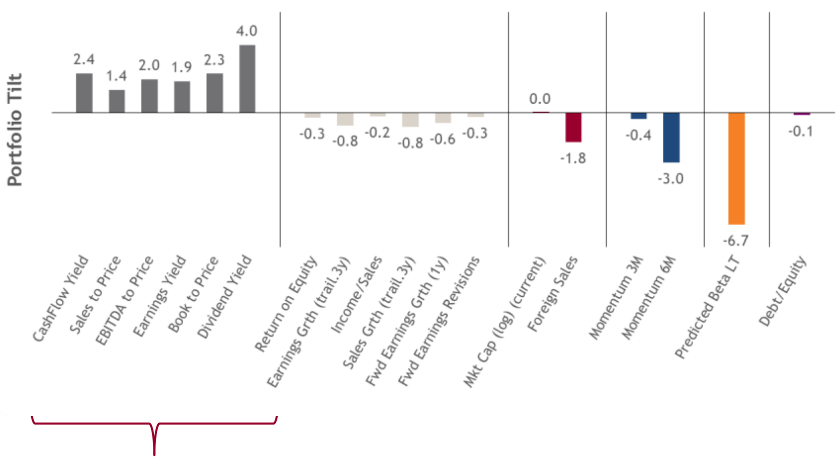
Sources: Hexavest and MSCI. Composite performance results are presented gross of management fees and administrative fees but net of trading expenses. Such fees and other expenses would reduce the results shown. Past performance does not predict future results.

PERFORMANCE
FOCUS ON 2017

OUTPERFORMANCE OF GROWTH VS VALUE

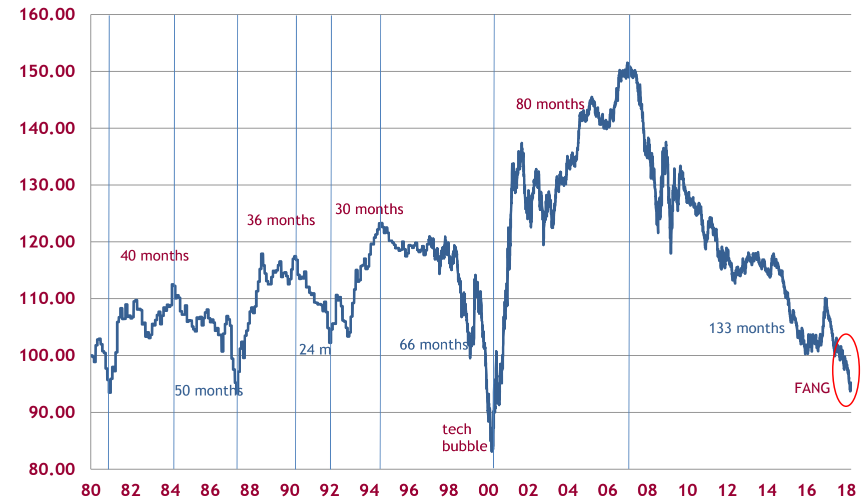
– Our portfolios generally exhibit a value bias
– This is the longest period of underperformance of value vs growth in the last 40 years.

Hexavest EAFE Fund vs MSCI EAFE Index
June 30, 2018



Typical “value” factors

Value vs. Growth
MSCI World, total return, 1980 = 100



Sources: Hexavest, MSCI, Datastream

Sources: Hexavest, MSCI , Thomson Reuters Datastream and Worldscope. Past performance does not predict future results.

PERFORMANCE
FOCUS ON 2017

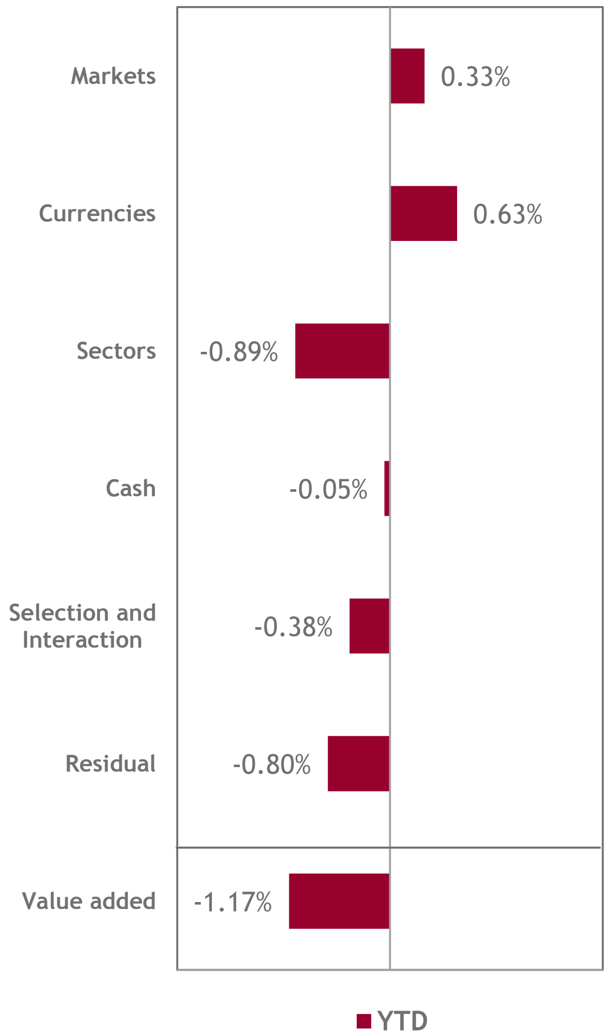
LACK OF VOLATILITY

– Although not a key component of our investment process, market volatility may allow us to implement tactical trades to capture market dislocations (“Brexit” for example).

– Again, 2017 was marked by many records in term of low volatility
  - 211 trading days without a drawdown of 3% (MSCI EAFE index)
  - Maximum drawdown of 3.1% in 2017 while the average annual drawdown is 15.0% (MSCI EAFE index)
  - The VIX volatility index reached a record-low closing price of 9.14, and 54 of the 63 days on which the index closed below 10 occurred in 2017.

2018 PERFORMANCE ATTRIBUTION

PERFORMANCE ATTRIBUTION



MAIN POSITIVE CONTRIBUTORS (YTD)

Category	Position	Deviation	Impact
Currencies	US Dollar	Overweight	0.33%
Stocks	Sainsbury (j) Plc	Overweight	0.27%
Sectors	Energy	Overweight	0.26%
Markets	Italy	Variable	0.23%
Currencies	Australian Dollar	Underweight	0.21%

MAIN NEGATIVE CONTRIBUTORS (YTD)

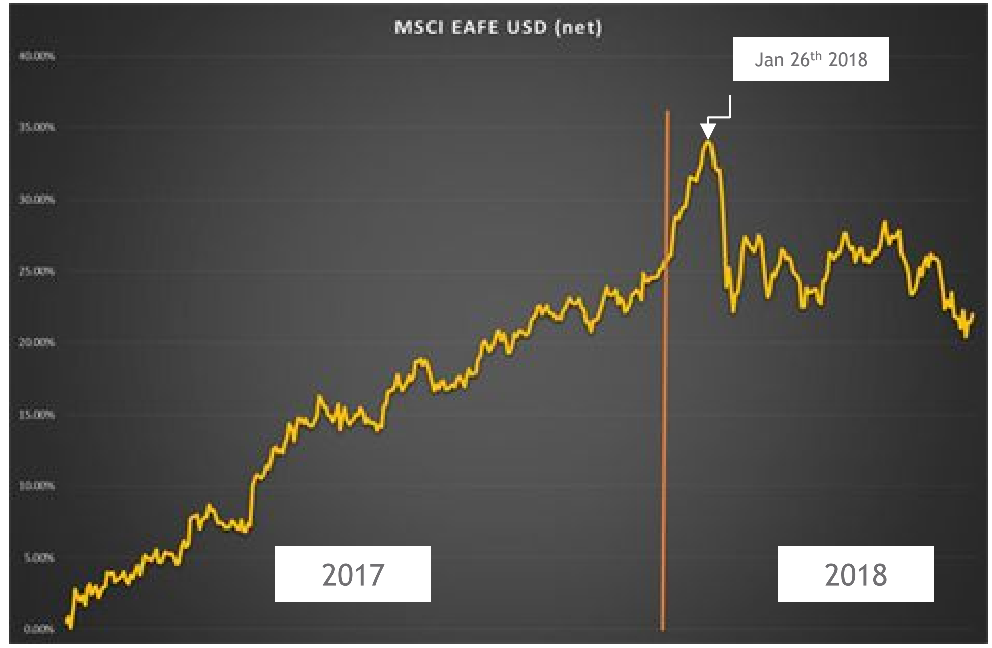
Category	Position	Deviation	Impact
Sectors	Telecommunication Services	Overweight	-0.73%
Sectors	Financials	Underweight	-0.44%
Stocks	Randgold Resources Ltd	Overweight	-0.30%
Sectors	Information Technology	Underweight	-0.18%
Stocks	Mitsubishi Ufj Financial Gro	Overweight	-0.15%

Attribution of value added in USD as at June 30, 2018. Benchmark is MSCI EAFE NET. The attribution calculated for stock selection includes the impact of stock selection, industry level decisions, and the interaction between stock selection and sector allocation. Past performance is not necessarily indicative of future performance.

PERFORMANCE

FOCUS ON 2018 (YTD AS OF JULY 5)

– Before January 26, market conditions were an amplified continuity of the momentum begun in 2017
    - Strong growth and cyclical outperformance with low volatility (mainly led by the technology sector)
– The January 26th market sell-off lead to a regime shift: the return of volatility, negative returns and some risk-off investor behavior
    - Our defensive portfolio paid off, making it possible to close the YTD return gap (as of July 5th)
– We are convinced that recent market conditions are just the beginning of a new regime in which defensive portfolios with a quality and value bias will outperform significantly.



Performance to July 5, 2018	Return (gross)	Benchmark	Difference
Jan 1 to Jan 25	5.46%	6.64%	-1.18%
Jan 26 to July 5	-7.93%	-9.00%	1.07%
Jan 1 to July 5	**-2.90**	**-2.96%**	**0.06**

MARKET OUTLOOK AND STRATEGY

MARKET OUTLOOK
SUMMARY

RISK LEVEL

GLOBAL OUTLOOK	Macroeconomic environment	Valuation	Sentiment
June 30. 2018	Neutral	---	---
March 31, 2018	Neutral	---	---

REGIONS

REGIONAL OUTLOOK (on a relative basis)	Macroeconomic environment	Valuation	Sentiment	Regional rating
North America	Neutral	---	---	------
Europe	+	+	++	++++
Asia Pacific	-	++	-	N
Emerging Markets	-	+	++	++

Source: Hexavest as of 6/30/2018. The first table presents a summary of Hexavest's subjective assessment of the macroeconomic environment, market valuation, and investor sentiment as it relates to equity markets in general as of the dates indicated (ratings can range from triple negative to triple positive). The second table presents the ratings for each region on a relative basis. The information and opinions provided in this section are for informational purposes only and are subject to change based on market and other conditions. It should not be relied upon as the basis for your investment decisions. Please refer to the Appendix for additional important information and disclosure.

MARKET OUTLOOK
SOME OPPORTUNITIES AND RISKS

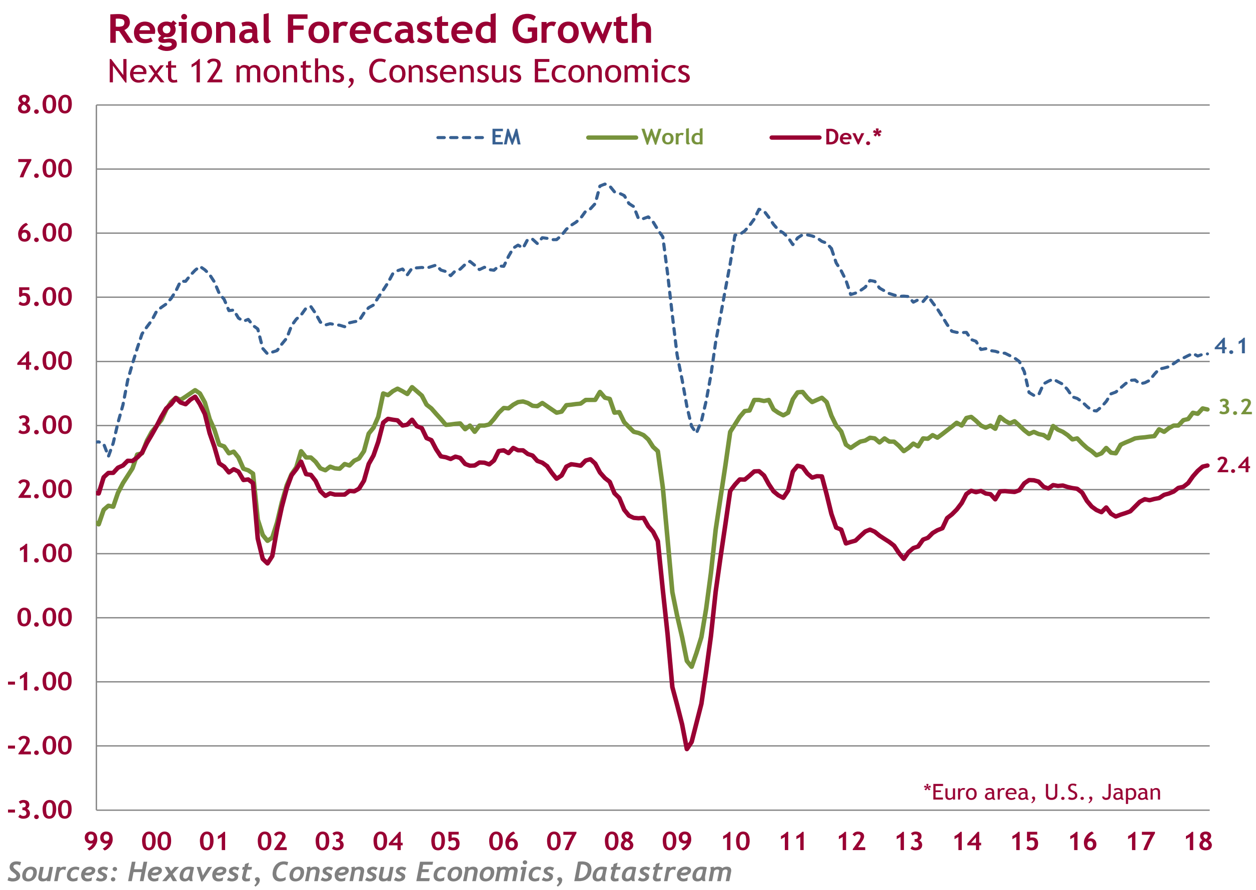
– Opportunities

1. Eurozone: better growth, less expensive, and abandoned by investors
2. Inflation and interest rates: more fear than pain; the global competitive landscape reduces pricing power
3. Value vs. growth and momentum: longest underperformance period of the last 40+ years

– Risks

1. Return of volatility: sentiment of invincibility of many investors that have confused the concepts of risk and volatility could be seriously rattled
2. Fiscal laxity in the US: upside risk to interest rates
3. Trade war: so far largely ignored by investors

MACROECONOMIC ENVIRONMENT



Sources: Hexavest, Consensus Economics, Thomson Reuters Datastream as of 3/31/2018.

VALUATION

WHERE ARE WE VS. THE HISTORICAL NORM?

S&P 500 Valuation

Metric	March 2018	Historical Decile	since
Price / forward Earnings	16.3	8	1985
Price / trailing Earnings	21.3	9	1954
Price-to-Book	3.0	9	1980
Price-to-cash flow	14.2	9	1990
EV / EBITDA	13.1	10	1990
Cyclically adjusted P/E (CAPE)	32.8	10	1881
PEG ratio	1.0	5	1985
Average decile		9	

Sources: Hexavest, MSCI, IBES, Datastream, Bloomberg, Robert Shiller

MSCI Europe Valuation

Metric	March 2018	Historical Decile	since
Price / forward Earnings	13.8	6	1987
Price / trailing Earnings	17.2	7	1972
Price-to-Book	1.8	6	1974
Price-to-cash flow	9.4	8	1972
EV / EBITDA	9.7	7	1981
Cyclically adjusted P/E (CAPE)	17.7	7	1980
PEG ratio	1.7	9	1987
Average decile		7	

Sources: Hexavest, MSCI, IBES, Datastream

MSCI Japan Valuation

Metric	March 2018	Historical Decile	since
Price / forward Earnings	12.9	1	1987
Price / trailing Earnings	14.0	2	1970
Price-to-Book	1.3	2	1975
Price-to-cash flow	7.9	5	1970
EV / EBITDA	7.8	3	1981
Cyclically adjusted P/E (CAPE)	25.8	3	1983
PEG ratio	3.0	8	1988
Average decile		3	

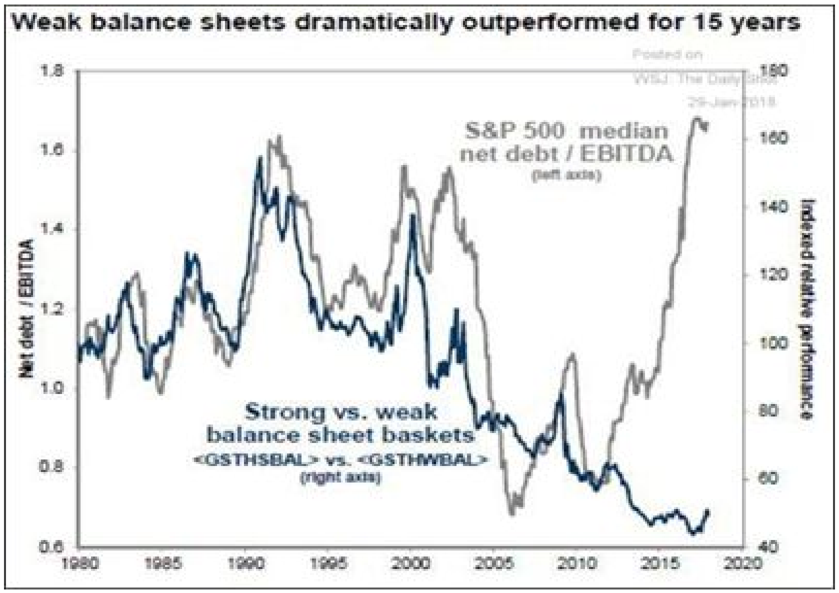
Sources: Hexavest, MSCI, IBES, Datastream

MSCI EM Valuation

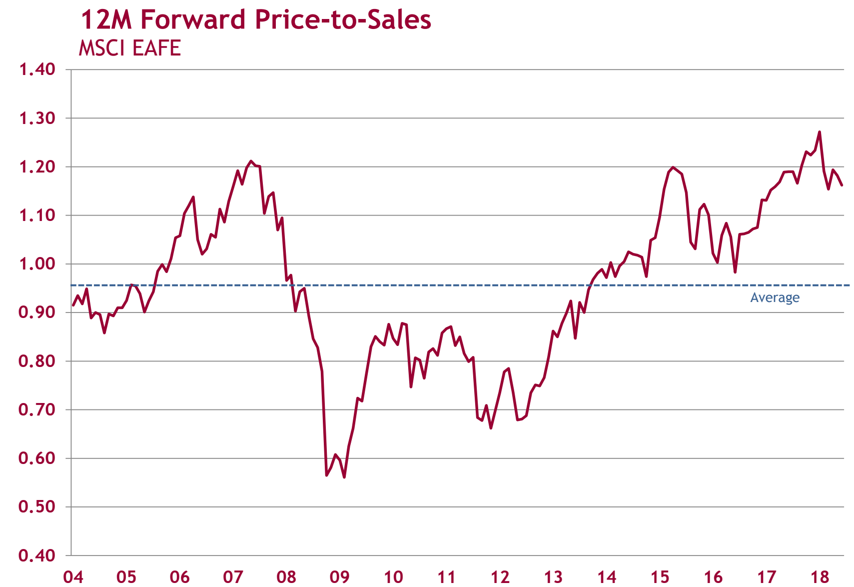
Metric	March 2018	Historical Decile	since
Price / forward Earnings	12.1	5	1988
Price / trailing Earnings	14.7	6	1995
Price-to-Book	1.8	6	1995
Price-to-cash flow	9.3	8	1995
EV / EBITDA	8.9	9	1995
Cyclically adjusted P/E (CAPE)	13.9	6	2006
PEG ratio	0.9	7	1988
Average decile		7	

Sources: Hexavest, MSCI, IBES, Datastream

VALUATION



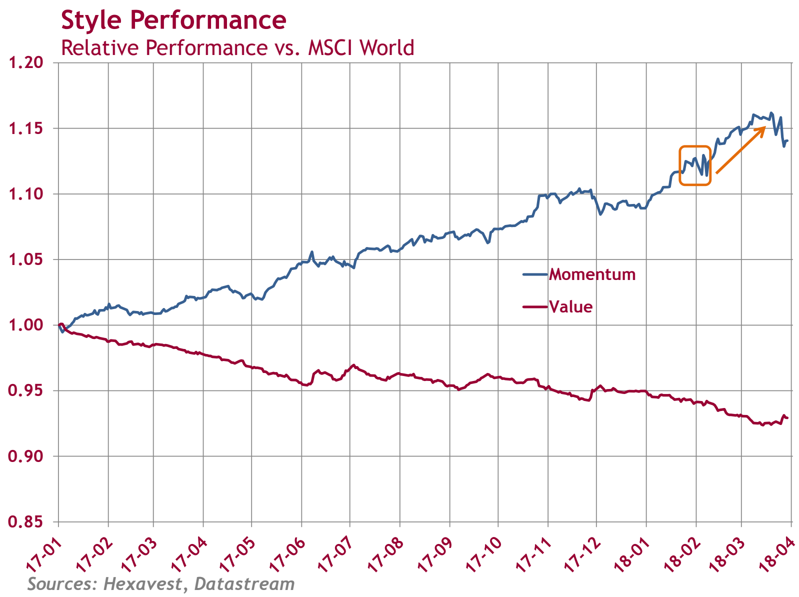
Source: Wall Street Journal

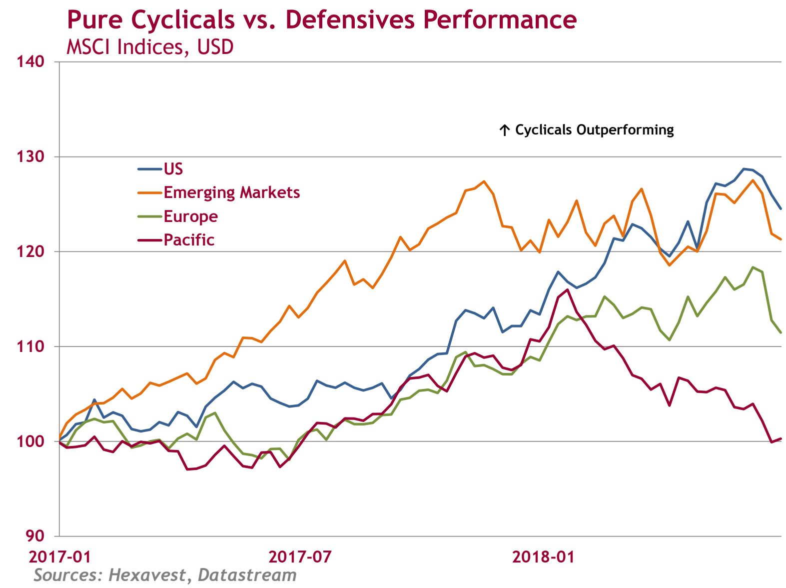


Sources: Hexavest, Datastream

Sources: Hexavest, Wall Street Journal, Thomson Reuters Datastream as of 3/31/2018.

SENTIMENT

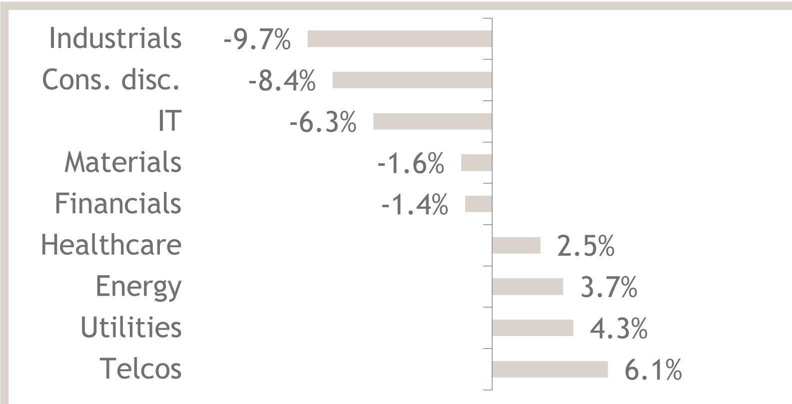




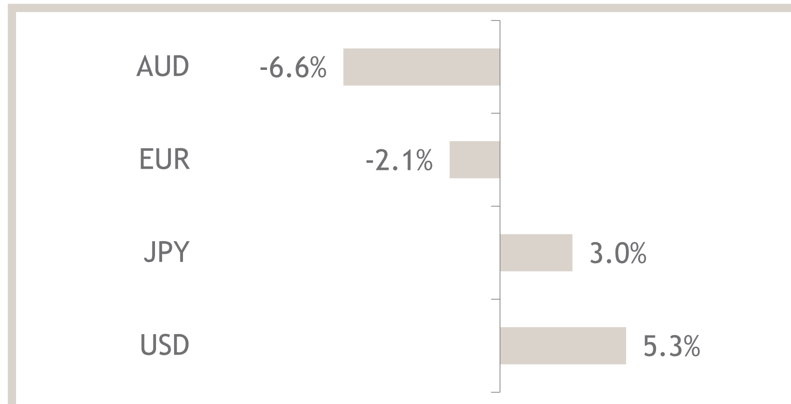
Sources: Hexavest, Thomson Reuters Datastream as of 3/31/2018.

MODEL PORTFOLIO ALLOCATIONS
EAFE EQUITIES

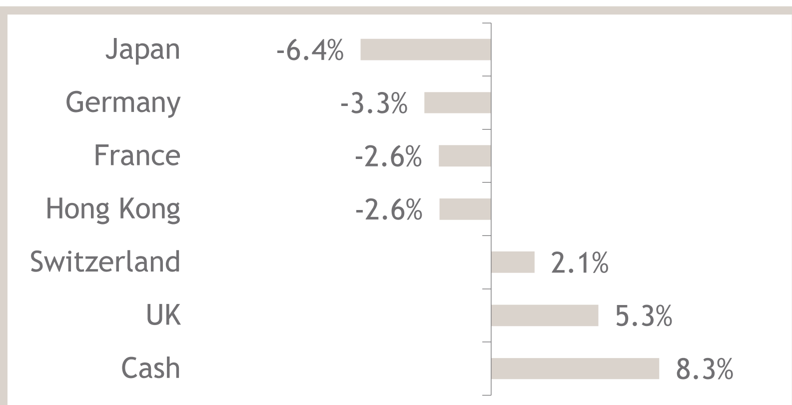
SECTOR DEVIATIONS VS INDEX



CURRENCY DEVIATIONS VS INDEX



GEOGRAPHIC DEVIATIONS VS INDEX



Sources: Hexavest, MSCI and Thomson Reuters Worldscope as of 6/30/2018. The graphs show the Model Portfolio's main sector, geographic and currency deviations in relation to the Index. A client's portfolio may be different from that shown. Please refer to the Appendix for additional important information and disclosure.

APPENDIX

TODAY’S PRESENTERS

Vital Proulx, CFA

Co-Chief Investment Officer & Chairman of the Board

Prior to cofounding Hexavest in 2004, Vital worked at Natcan Investment of the Board

Vital Proulx is Hexavest’s Co-Chief Investment Officer and Management as Senior Vice President, International Equities. He started his career at Les Conseillers financiers du St-Laurent in 1989, where he developed the international and US equity strategies that Hexavest still manages to this day. Vital holds a bachelor’s degree in Business Administration from the Université Laval (1988) and is a CFA charterholder (1993).

Emmanuel Matte, CFA, FSA, FICA

Managing Director, Client Services & Business Development

Emmanuel Matte is responsible for Client Services and Business Development at Hexavest.

Throughout his career in asset management, which he began in 1996, Emmanuel has held various senior management positions in customer service. Prior to joining Hexavest, he worked for Manulife Asset Management as Senior Managing Director, Global Head Investment Solutions, for Standard Life Investments as Senior Vice President, Investment Solutions, and for UBS Asset Management as Executive Director, DB Solutions. He also taught actuarial sciences and financial mathematics within the actuarial program of the Université du Québec à Montréal. He holds bachelor's degrees in Mathematics (University of Ottawa, 1993), Computer Science (University of Ottawa, 1994) and Actuarial Sciences (Université Laval, 1996). He is also a CFA charterholder (2001), as well as a Fellow of the Society of Actuaries (2002) and of the Canadian Institute of Actuaries (2005).

GIPS® COMPLIANCE REPORT

EAFE Composite

(US dollars)

Year	Composite gross return (%)	Benchmark return (%)	Composite 3-yr standard deviation	Benchmark 3-yr standard deviation	Number of portfolios at end of period	Composite dispersion (%)	Total assets at end of period	Percentage of firm assets
1992	-7.52	-12.17	-	-	5	0.20	5,648,517	53.0
1993	31.97	32.56	-	-	5	0.33	7,615,661	56.2
1994	5.34	7.78	13.10	15.66	9	0.07	9,511,417	47.4
1995	12.26	11.21	10.79	14.58	8	0.01	14,945,245	67.3
1996	12.14	6.05	7.94	11.03	6	0.26	9,526,557	65.4
1997	0.58	1.78	10.58	12.27	7	-	15,178,462	82.5
1998	18.70	20.00	14.17	14.97	6	-	180,040,902	97.9
1999	28.79	26.96	15.67	16.14	< 5	-	208,189,498	97.5
2000	-11.19	-14.17	15.44	15.98	< 5	-	263,896,610	98.1
2001	-17.52	-21.44	14.56	15.39	< 5	-	348,693,889	98.6
2002	-6.11	-15.94	14.76	16.25	< 5	-	416,252,088	98.7
2003	48.11	38.59	16.01	18.06	< 5	-	597,293,712	91.7
2004	21.08	20.25	13.89	15.65	< 5	-	198,599,508	79.5
2005	14.21	13.54	10.94	11.56	< 5	-	290,260,102	60.0
2006	20.35	26.34	9.45	9.47	< 5	-	416,219,563	47.3
2007	8.94	11.17	8.67	9.56	< 5	-	491,241,302	48.0
2008	-31.91	-43.38	15.27	19.51	< 5	-	294,438,053	36.8
2009	31.17	31.78	21.99	23.91	< 5	-	490,905,466	26.5
2010	6.40	7.75	24.30	26.61	6	-	850,455,546	14.8
2011	-8.74	-12.14	22.15	22.75	7	0.41	1,138,383,599	12.2
2012	14.47	17.32	16.51	19.65	8	0.48	1,502,463,624	10.9
2013	21.49	22.78	13.83	16.48	8	1.45	1,733,147,867	10.2
2014	-3.75	-4.90	11.05	13.21	8	0.17	1,442,583,894	9.0
2015	-0.81	-0.81	10.82	12.64	7	0.32	954,190,933	7.1
2016	4.28	1.00	10.64	12.64	7	0.15	869,373,068	6.2
2017	**17.95**	**25.03**	**9.95**	**12.00**	**6**	**0.27**	**808,996,587**	**5.0**

Hexavest Inc. ("Hexavest") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Hexavest has been independently verified for the periods January 1, 1992 through December 31, 2017.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The EAFE Composite has been examined for the periods January 1, 1992 through December 31, 2017.

GIPS® COMPLIANCE REPORT

EAFE Composite (cont'd)

(US dollars)

Notes:

1. Hexavest is an investment management firm established in April 2004. Hexavest manages a variety of equity and tactical asset allocation mandates for primarily institutional clients located in Canada, the US, Europe, and Asia.

2. The performance shown is that of a composite of EAFE equity mandates managed by Mr. Vital Proulx and his team at Hexavest (from June 2004 onwards), NATCAN Investment Management (from 1998 to May 2004), Kogeva Investments (from 1997 to 1998) and St. Lawrence Financial Consultants (from 1991 to 1996). Despite changes in the corporate environment, the investment decision-making process has not undergone significant changes since 1991.

3. The EAFE Composite (formerly known as the Europac Composite) includes portfolios that invest primarily in equities of companies located in the developed markets of Europe and Asia. Hexavest uses an investment approach that is predominantly 'top-down' to construct diversified portfolios that typically contain more than 200 stocks. Asset allocation between regions, countries, currencies, and sectors can deviate substantially from that of the benchmark. Some portfolios may invest a small portion of their assets in countries and currencies not included in the benchmark.

4. The composite uses derivatives but does not use leverage. Currency forward contracts are frequently used in the composite to allow the investment team to manage currency exposure actively. Equity futures may be used in some portfolios to enable changes in the team's macroeconomic strategy to be efficiently and cost-effectively implemented, as well as to manage cash flows. Although Hexavest will rarely use options and other derivatives, such instruments may at times be included in certain portfolios when the investment team believes that such a strategy will add significant value or will reduce risk.

5. The benchmark is the MSCI EAFE Net Index. On January 1, 2006, the benchmark was changed from the MSCI EAFE to the MSCI EAFE Net Index. The MSCI EAFE Net Index takes into consideration withholding taxes paid on foreign investments and represents a better comparison for Hexavest's composite, for which the return is net of withholding taxes. The new benchmark returns have been applied retroactively. The annualized compound composite return from May 1991 (inception of composite) to December 2017 equals 7.49%; the annualized compound benchmark return for the same period equals 5.65%.

6. Performance results are presented gross of management fees but net of trading expenses. Custody fees and other operating expenses are deducted from the returns of the pooled funds included in the composite but not from the returns of separately managed accounts.

   From May 1991 to December 2008, pooled funds represented 100% of composite assets and operating expenses averaged 0.27% annually. Starting in 2009, pooled funds represent less than 100% of composite assets as detailed below:

Year-end	Europac Fund % (of composite assets)	Europac Fund operating expenses	EAFE Equity Fund % (of composite assets)	EAFE Equity Fund operating expenses
2009	59%	0.11%	3%	0.20%
2010	40%	0.10%	9%	0.20%
2011	28%	0.08%	21%	0.13%
2012	27%	0.03%	25%	0.10%
2013	24%	0.08%	37%	0.07%
2014	21%	0.07%	36%	0.07%
2015	24%	0.11%	37%	0.08%
2016	26%	0.08%	31%	0.11%
2017	24%	0.07%	41%	0.09%

   The firm's published management fee schedule for pooled funds is as follows:

0–$10,000,000	0.60%
$10,000,000–$40,000,000	0.50%
$40,000,000 and above	0.40%

   The firm's published management fee schedule for separately managed accounts is as follows:

0–$20,000,000	0.70%
$20,000,000–$50,000,000	0.60%
$50,000,000–$100,000,000	0.50%
$100,000,000–$200,000,000	0.40%
$200,000,000 and above	0.30%

   Fee levels may vary from client to client depending on the portfolio size and the ability of the client to negotiate fees.

7. This composite includes non-fee-paying account representing 0.002% of assets as at December 31, 2017.

8. Valuations and returns are computed and stated in US dollars. From January 1, 1992 to December 31, 2017, monthly composite returns have been used. Accordingly, annual composite returns were calculated by linking geometrically the monthly returns. All returns are presented on an all-inclusive basis, and, as such, all capital gains, interest income, and dividends, net of withholding taxes, have been taken into account in market valuations and returns.

9. When there are five or more portfolios in the composite for a full calendar year, the dispersion of annual returns is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the full year. Given the change in firm structure in 1997 (please refer to note 2), only one account was present for the whole year. Furthermore, all accounts were aggregated in a single commingled fund in October 1998. Therefore, dispersion was not calculated for 1997 and 1998.

10. The three-year annualized standard deviation measures the variability of the composite and the benchmark monthly returns over the preceding 36-month period. The standard deviation is not presented for 1992 and 1993 because the composite had less than 36 months of performance history.

11. This composite was created on December 31, 2003. As the portfolios were in existence prior to the composite creation date, it is possible to calculate the composite history in accordance with GIPS.

12. The minimum portfolio size for the composite is CA$1,100,000.

13. A complete list of firm composites, performance results and additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations is available upon request at: Hexavest Inc., 1250, René-Lévesque Blvd. West, Suite 4200, Montréal (Québec), H3B 4W8, (514) 390-8484.

ADDITIONAL IMPORTANT INFORMATION AND DISCLOSURE

Important Additional Information and Disclosure:

This material is presented for informational and illustrative purposes only. This material does not constitute investment advice and should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any particular securities or to adopt any investment strategy, or a solicitation of an offer to buy investments and may not be used to make such an offer. The material has been prepared on the basis of publicly available information, internally developed data and other third party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and Eaton Vance has not sought to independently verify information taken from public and third party sources.

Any investment views and market opinions/analyses expressed constitute judgments as of the dates indicated in this presentation and are subject to change at any time without notice. Different views may be expressed based on different investment styles, objectives, views or philosophies. Each investor's portfolio is individually managed and may differ significantly from the information discussed in terms of models, portfolio holdings, allocations, characteristics and performance. It should not be assumed that any investments in securities, companies, countries, currencies, sectors or markets described were or will be profitable. This material should not be considered as representative of any particular investor's experience it should not be assumed that any investor will have an investment experience similar to any returns shown or to any previous or existing investor. There are no guarantees concerning the achievement of investment objectives, target returns, allocations, or measurements such as alpha, tracking error, stock weightings and information ratios. Certain assumptions have been made for modeling purposes and are unlikely to be realized. Changes in assumptions may have a material impact on the analysis models. The use of models and tools cannot guarantee performance.

Investment results for the Hexavest Global Composite ("Composite") are in U.S. dollars and include all fully discretionary accounts contained in the Composite the periods shown. Composite performance results are presented gross of management fees and administrative fees but net of trading expenses. Such fees and other expenses would reduce the results shown. Hexavest's schedule of fees is described in its Form ADV which is available upon request. General example - a separately managed account with a value of $50.0 million would have an investment advisory fee of 0.64% per annum. If $50.0 million were invested and experienced a 6.00% annual return compounded monthly for 10 years, its ending value, without giving effect to the deduction of advisory fees, would be $89.5 million. If an advisory fee of one-twelfth of 0.64% of the average market value of the account were deducted monthly for the 10-year period, the annualized compounded return would be 5.32% and the ending dollar value would be $84.0 million.

Certain information, including, but not limited to the Model Portfolio, contained in this material may be considered supplemental to the Composite's fully-compliant GIPS® presentation contained herein as an integral part of this presentation. The Model Portfolio is based upon a single fee-paying, client portfolio contained in the Composite for the periods shown. This portfolio was chosen as representative of the strategy described because it is long-standing and most fairly reflects the investment style and investment guidelines typically used by the manager. Please see the GIPS® presentation for additional Composite information. The returns experienced by a particular client, including a separately managed account, will be different from those included in this presentation. Past performance does not predict future results.

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ADDITIONAL IMPORTANT INFORMATION AND DISCLOSURE

[Continued from previous page]

Specific strategies, countries, currencies, sectors, industries, securities, and portfolio characteristics mentioned are included only to provide a snap-shot illustrative sample based upon the manager's investment views as of the date indicated. There is no assurance that any model, strategy or portfolio characteristics, including holdings, mentioned in this presentation are currently held or experienced in a client's portfolio or will remain in an account's portfolio at the time you receive this report or that securities have not been sold or repurchased. The specific models and investment strategies mentioned are not representative of all the investment strategies, sectors or securities purchased, sold or recommended for advisory clients. It should not be assumed that any of the securities/sectors, models and investment strategies were or will be profitable, or that any recommendations in the future will be profitable or will equal the performance of the securities/sectors, strategies and models presented. Actual portfolio holdings and performance will vary for each client. This is no guarantee that a particular client's account will hold any, or all, of the securities/sectors mentioned.

This material may contain statements that are not historical facts, referred to as forward-looking statements. Future results may differ significantly from those stated in forward-looking statements, depending on factors such as changes in securities or financial markets or general economic conditions.

The views and strategies described may not be suitable for all investors. Investments in foreign securities and markets pose different and possibly greater risk than those customarily associated with domestic securities, including currency fluctuations, foreign taxes and political and economic instability. Actual portfolio holdings will vary for each client and there is no guarantee that a particular client's account will hold any, or all, of the countries, currencies, sectors, industries or securities mentioned. Not all of Hexavest's or Eaton Vance's recommendations have been or will be profitable. The returns experienced by a particular client will be different from those included in this presentation.

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It is not possible to directly invest in an index. Past performance does not predict future results. Investing entails risks and there can be no assurance that Hexavest and/or Eaton Vance (and its affiliates) will achieve profits or avoid incurring losses.

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WALTER SCOTT

SINCE · 1983

INVESTMENT REVIEW: VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, 16 JULY 2018

WALTER SCOTT

SINCE · 1983

Walter Scott has a simple objective –
to preserve and grow our clients' assets over the long term.

We analyse companies from all over the world to find businesses which meet our rigorous investment criteria and standards.

We have followed this research-driven approach for over 30 years and believe it is as applicable today as ever.

OVERVIEW
AS AT 31 MARCH 2018

GLOBAL EQUITY MANAGER

FOUNDED IN 1983

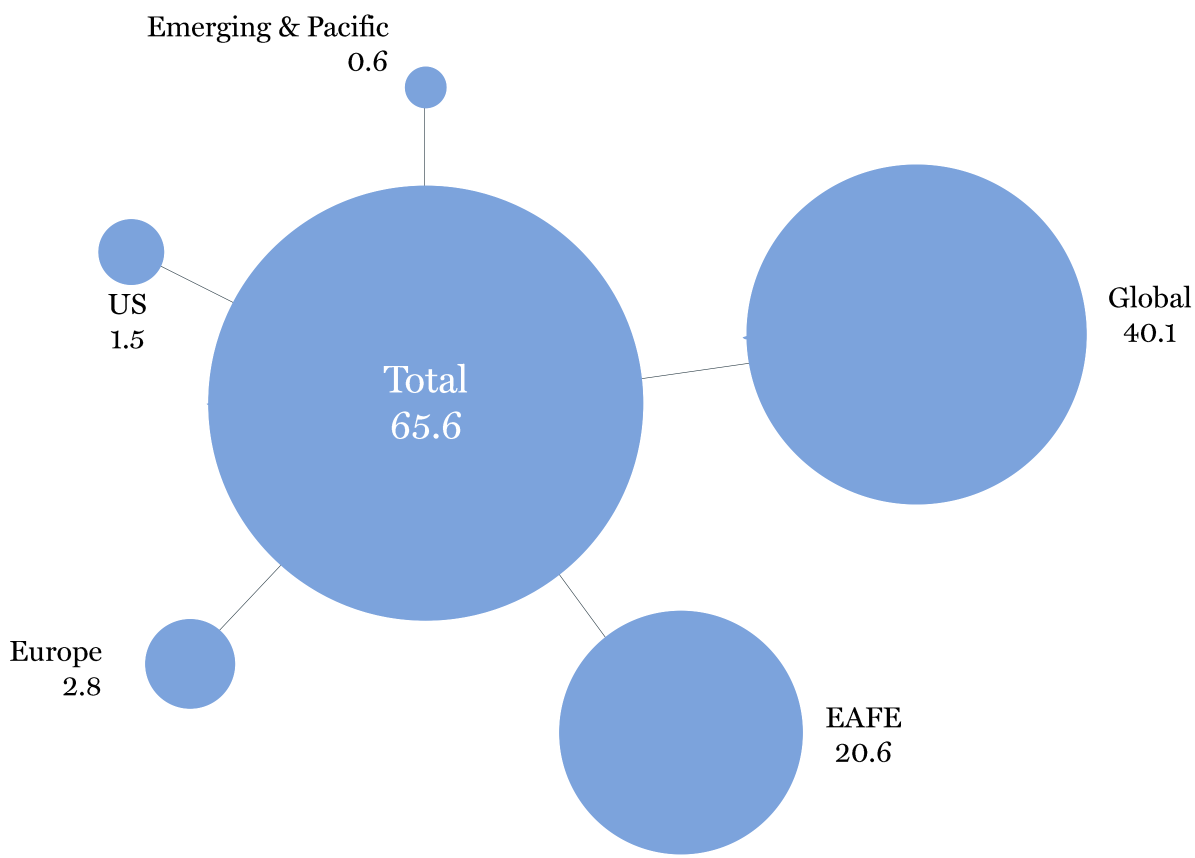
BASED IN EDINBURGH, SCOTLAND

$65.6BN ASSETS UNDER MANAGEMENT

~125 STAFF

Source: Walter Scott

AUM BY STRATEGY
AS AT 31 MARCH 2018
(US$bn)



Source: Walter Scott

INVESTMENT STAFF
AS AT 31 MARCH 2018

STAFF	Investment team of 43 located in Edinburgh
STRUCTURE	20 members of research team, structured in three regional groups
TRAINING	Home-grown bias, two-year research apprenticeship
TENURE	Investment Management Committee membership average 17 years with firm, 20 years in industry
OUTCOME	Breadth and depth of knowledge and expertise

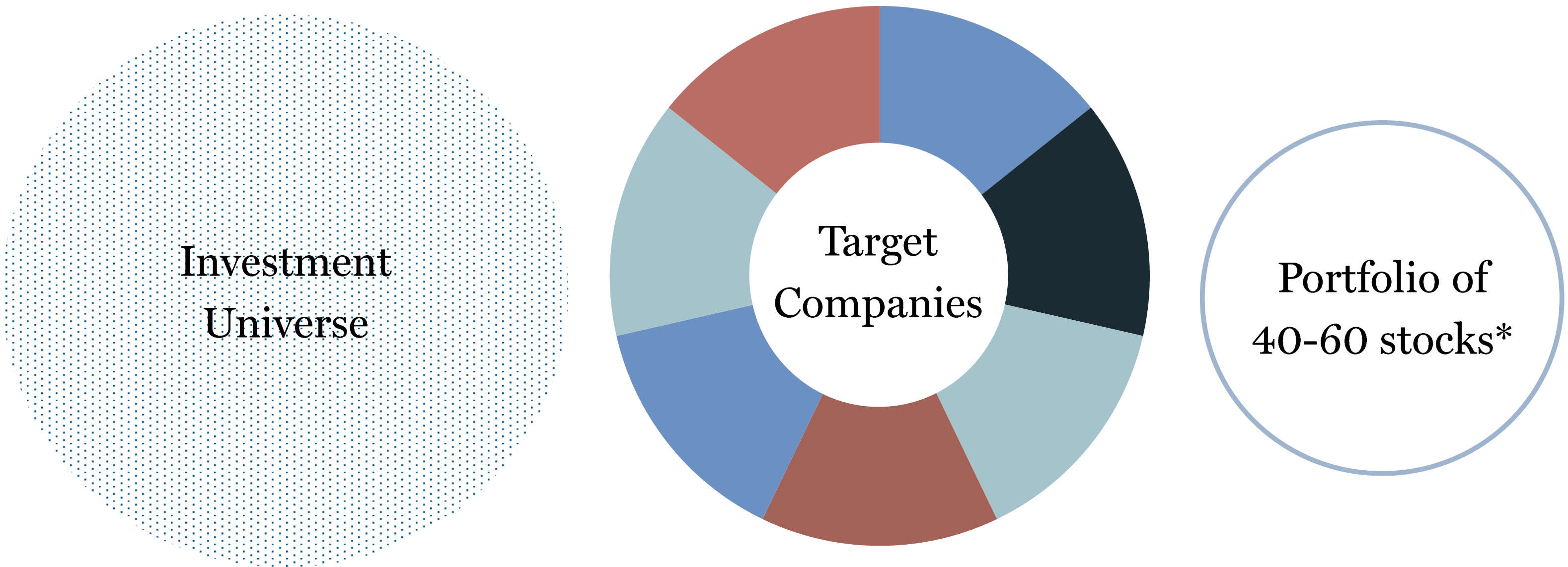
Bound together by the firm's consistent philosophy, process and culture

INVESTMENT PHILOSOPHY

OBJECTIVE	Real returns over the long term
STATEMENT	Company wealth generation drives investor return
APPROACH	Bottom-up, fundamental, collective, research driven
TARGET	Companies capable of sustainable wealth generation

'Buy and hold' strategy requires patience and time

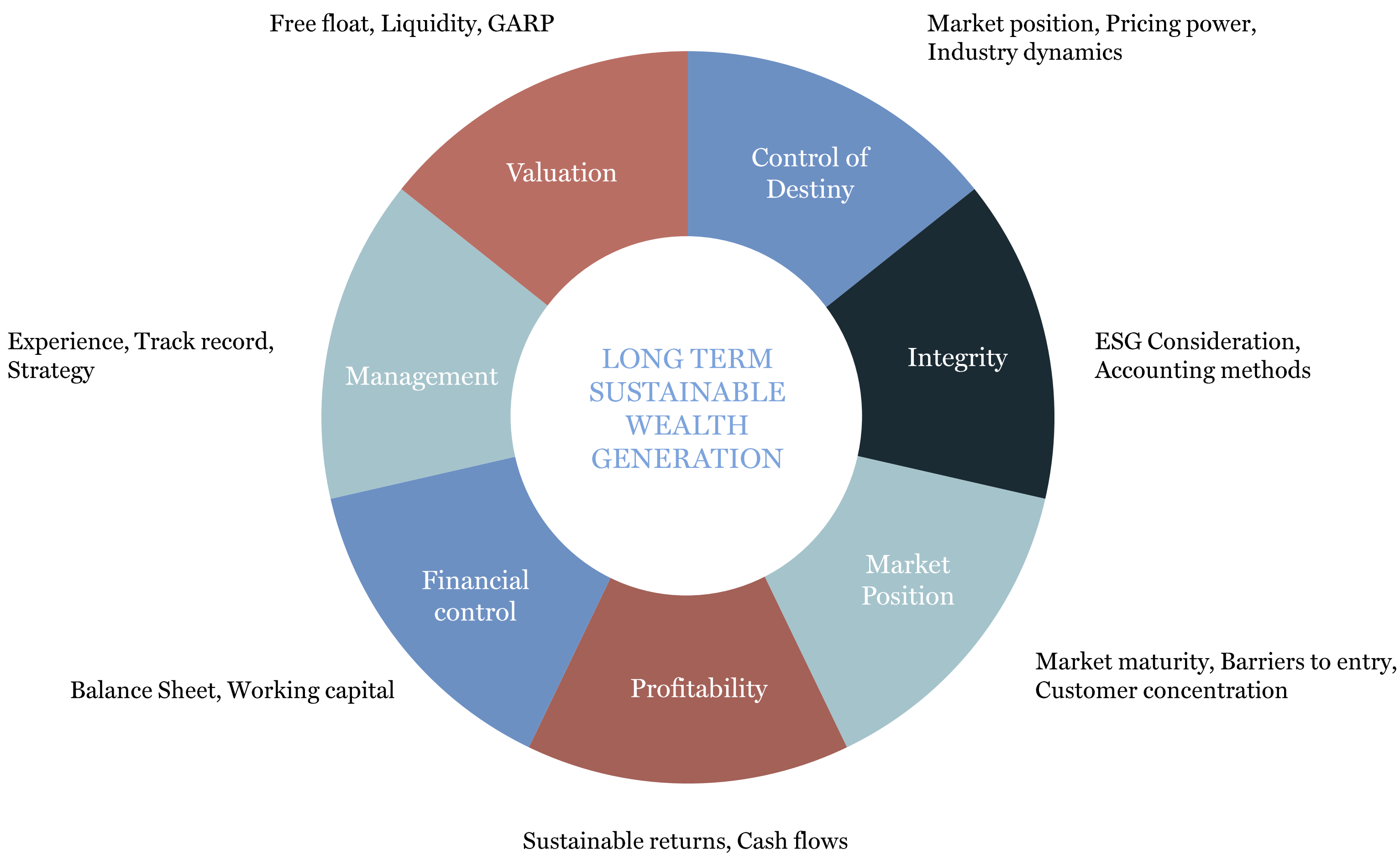
RESEARCH PROCESS



Investment Universe	Target Companies	Portfolio of 40-60 stocks*
Research companies capable of 20% wealth generation per annum	Intensive financial analysis	Unanimous team decision
Over 700 company meetings globally per annum	Seven areas of investigation	Valuation
	ESG Considerations	Investment Executive

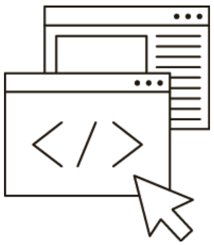
*Portfolios will typically include 40-60 stocks.
A small number of strategies designed to meet particular client requests have greater or fewer stocks.

SEVEN AREAS OF INVESTIGATION



ESG - SECTOR CONSIDERATIONS

- Environmental
- Social
- Governance

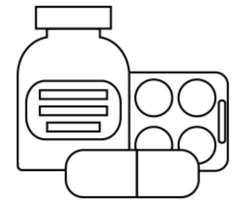


SOFTWARE AND SERVICES

- Environmental footprint of hardware infrastructure
- Recruitment & retention
- IP protection
- Data privacy
- Technological advances
- Software to address social trends (demographic shifts, healthcare, insurance cover and safety)
- Cyber security solutions
- Board structure
- Remuneration
- Approach to tax
- Adherence to industry regulation and best practice

RETAIL

- Minimising environmental footprint
- Supply chain management and oversight
- Fair payment throughout the supply chain
- Close control of labour and workplace conditions across geographical locations
- Secure data storage
- Demographic changes
- Technological developments
- Board structure
- Remuneration
- Approach to tax
- Adherence to industry regulation and best practice



PHARMACEUTICALS

- Effective waste & water management
- Commitment to R&D
- Emerging market investment
- Control of quality and safety of products
- Traceable and robust supply chains
- Addressing counterfeit drugs wherever possible
- Product recall protocols
- Market access
- Ethical business practices
- Board structure
- Remuneration
- Approach to tax
- Adherence to industry regulation and best practice

INVESTMENT DECISION

Team-based discussion and debate
All decisions subject to the scrutiny of the investment team

Unanimous team decision

BUY

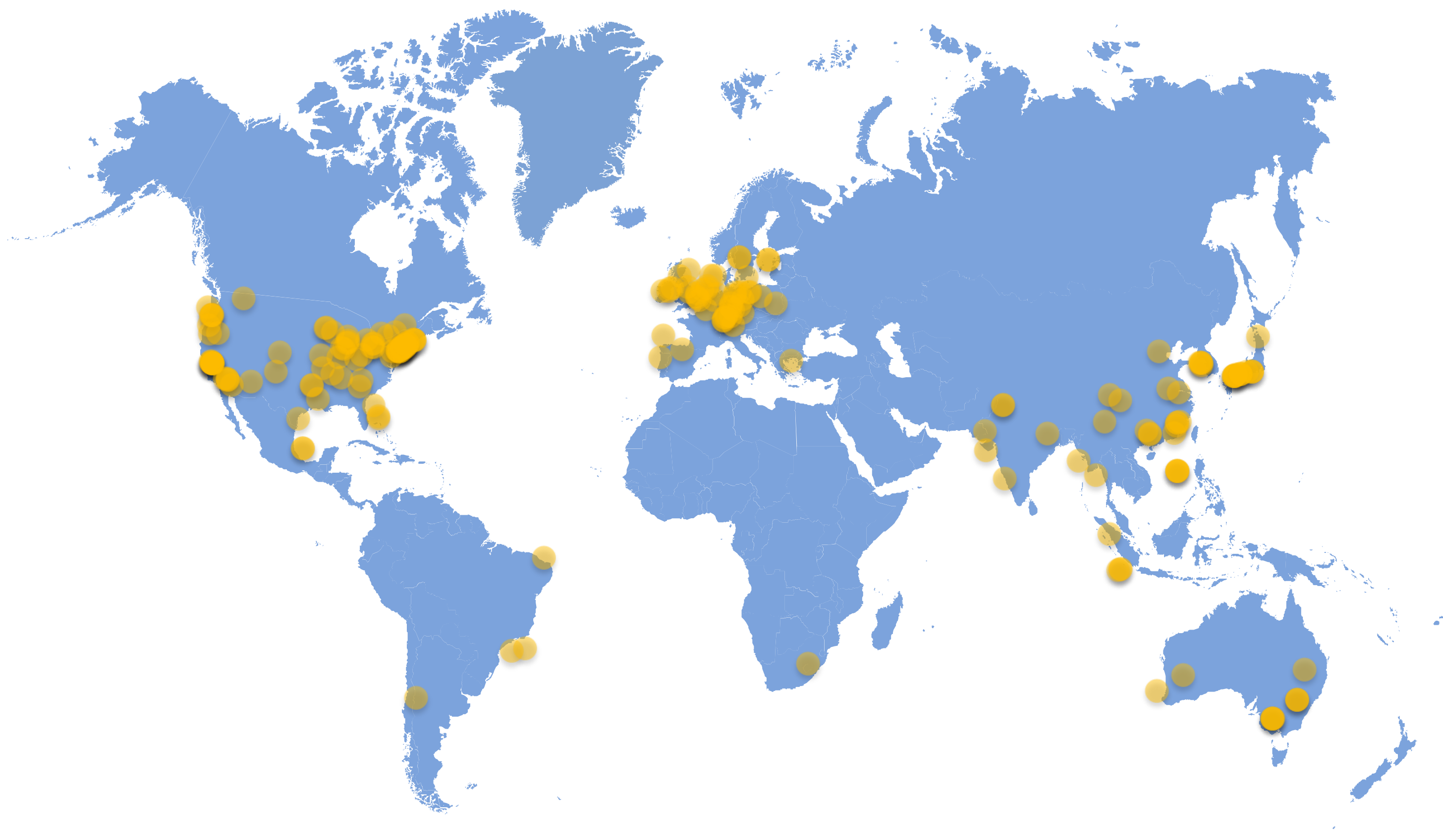
SELL

FUNDAMENTAL
Single dissenter
Breakdown of purchase rationale

RISK MANAGEMENT
5% single stock exposure
Performance
Valuation

Investment Executive

A GLOBAL PERSPECTIVE – WALTER SCOTT MEETINGS



More than 3,000 company meetings have taken place around the world since 2014

Source: Walter Scott

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION PERFORMANCE AS AT 31 MAY 2018

	PORTFOLIO (GROSS) %	PORTFOLIO (NET) %	MSCI EAFE (NDR) %	MSCI ACWI EX US (NDR) %
SIMPLE RETURN				
Year to date	0.1	0.0	-1.5	-1.9
One year	9.5	8.7	8.0	9.7
2017	27.7	26.7	25.0	27.2
COMPOUND ANNUAL GROWTH RATE				
Three years	7.9	7.0	4.3	4.7
Five years	7.4	6.5	5.9	5.5
SINCE INCEPTION (15 DECEMBER 2010)				
Simple Return	69.5	58.8	50.3	39.8
Compound Annual Growth Rate	7.3	6.4	5.6	4.6

Source: Walter Scott, MSCI. Returns shown in USD. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 16.4.

ANNUAL AND ROLLING ANNUALISED PERFORMANCE
AS AT 31 MAY 2018

	ANNUAL		3 YEARS		5 YEARS		7 YEARS		10 YEARS	
	WS EAFE EQUITIES USD COMPOSITE	MSCI EAFE (NDR)	WS EAFE EQUITIES USD COMPOSITE	MSCI EAFE (NDR)	WS EAFE EQUITIES USD COMPOSITE	MSCI EAFE (NDR)	WS EAFE EQUITIES USD COMPOSITE	MSCI EAFE (NDR)	WS EAFE EQUITIES USD COMPOSITE	MSCI EAFE (NDR)
1986	57.8%	69.4%								
1987	11.3%	24.6%								
1988	17.2%	28.3%	27.2%	39.4%						
1989	14.6%	10.5%	14.3%	20.9%						
1990	0.4%	-23.4%	10.5%	2.8%	18.8%	18.0%				
1991	11.5%	12.1%	8.6%	-1.7%	10.8%	8.7%				
1992	2.5%	-12.2%	4.6%	-9.0%	9.0%	1.3%	15.3%	12.3%		
1993	36.5%	32.6%	15.9%	9.3%	12.4%	2.0%	12.9%	8.5%		
1994	2.7%	7.8%	12.8%	7.9%	9.9%	1.5%	11.6%	6.2%		
1995	14.1%	11.2%	17.0%	16.7%	12.8%	9.4%	11.2%	4.1%	15.8%	13.6%
1996	12.6%	6.0%	9.7%	8.3%	13.1%	8.2%	10.9%	3.5%	11.9%	8.4%
1997	0.9%	1.8%	9.1%	6.3%	12.7%	11.4%	11.0%	7.8%	10.8%	6.2%
1998	11.3%	20.0%	8.2%	9.0%	8.2%	9.2%	11.0%	8.8%	10.3%	5.5%
1999	56.2%	27.0%	20.6%	15.7%	17.7%	12.8%	17.9%	14.7%	13.7%	7.0%
2000	-12.9%	-14.2%	14.8%	9.4%	11.5%	7.1%	10.5%	7.8%	12.1%	8.2%
2001	-20.1%	-21.4%	2.8%	-5.0%	4.1%	0.9%	6.6%	3.0%	8.5%	4.5%
2002	-4.0%	-15.9%	-12.6%	-17.2%	3.0%	-2.9%	4.0%	-1.0%	7.8%	4.0%
2003	26.4%	38.6%	-1.1%	-2.9%	5.7%	-0.1%	5.8%	2.9%	6.9%	4.5%
2004	19.7%	20.2%	13.2%	11.9%	0.2%	-1.1%	8.4%	5.3%	8.6%	5.6%
2005	18.2%	13.5%	21.4%	23.7%	6.5%	4.6%	9.3%	4.5%	9.0%	5.8%
2006	20.8%	26.3%	19.5%	19.9%	15.7%	15.0%	5.4%	4.4%	9.7%	7.7%
2007	12.8%	11.2%	17.2%	16.8%	19.5%	21.6%	9.3%	8.4%	10.9%	8.7%
2008	-31.2%	-43.4%	-2.1%	-7.4%	5.8%	1.7%	7.0%	3.4%	5.7%	0.8%
2009	32.6%	31.8%	1.0%	-6.0%	8.0%	3.5%	12.1%	10.3%	4.0%	1.2%
2010	14.2%	7.8%	1.4%	-7.0%	7.3%	2.5%	10.5%	6.4%	6.9%	3.5%
2011	-8.8%	-12.1%	11.3%	7.6%	1.4%	-4.7%	6.3%	1.7%	8.3%	4.7%
2012	21.8%	17.3%	8.2%	3.6%	3.0%	-3.7%	6.7%	2.2%	10.9%	8.2%
2013	13.7%	22.8%	8.1%	8.2%	13.8%	12.4%	5.8%	1.8%	9.7%	6.9%
2014	-3.0%	-4.9%	10.3%	11.1%	6.9%	5.3%	3.5%	-0.5%	7.4%	4.4%
2015	1.2%	-0.8%	3.7%	5.0%	4.4%	3.6%	9.4%	7.8%	5.8%	3.0%
2016	5.6%	1.0%	1.2%	-1.6%	7.5%	6.5%	5.9%	3.8%	4.4%	0.7%
2017	28.2%	25.0%	11.1%	7.8%	8.6%	7.9%	7.7%	6.0%	5.7%	1.9%
Periods Outperformed	65.6%		73.3%		92.9%		100.0%		100.0%	
Number of Years	21 / 32		22 / 30		26 / 28		26 / 26		23 / 23	

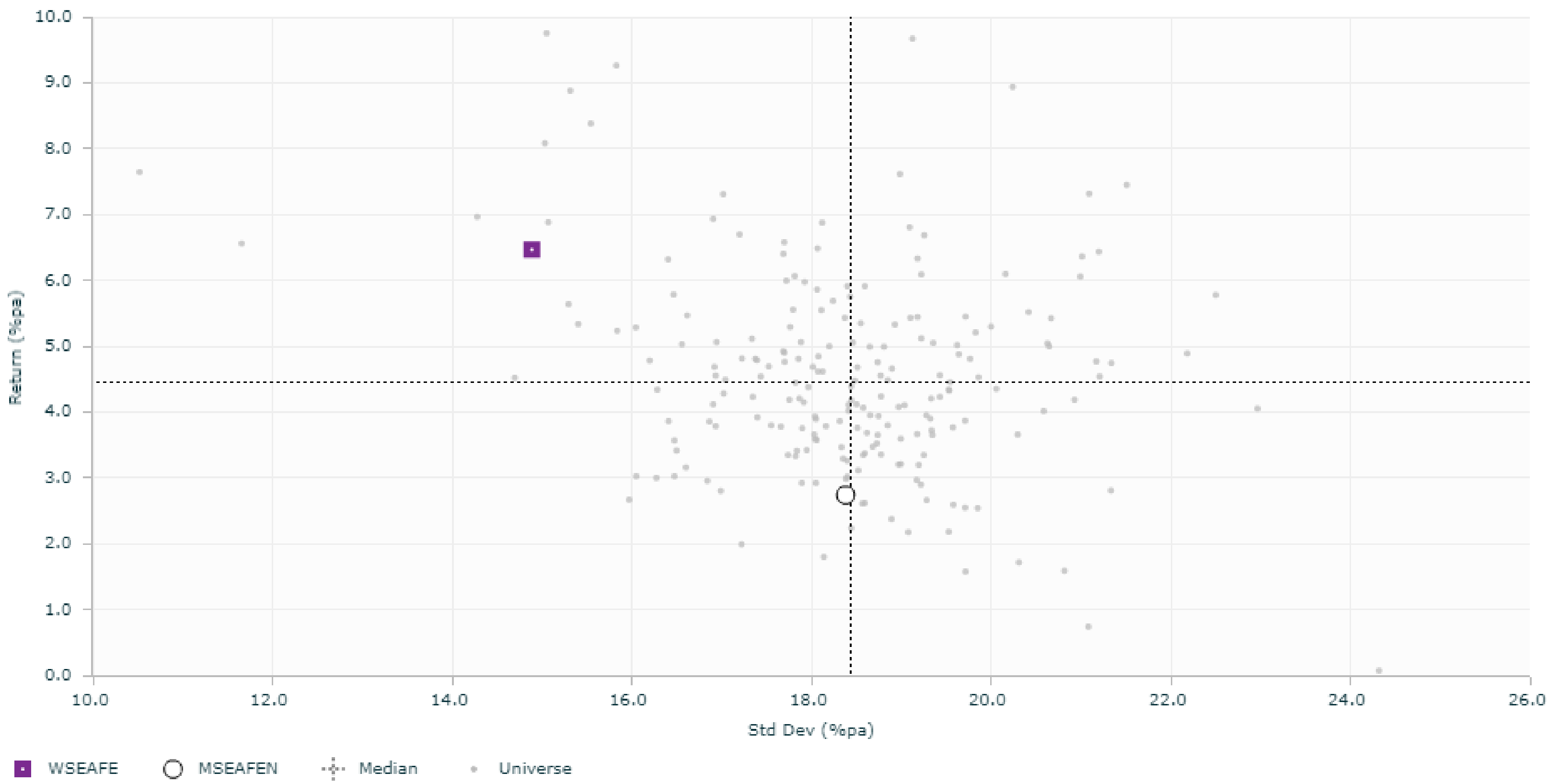
Source: Walter Scott, MSCI. Returns shown in USD. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 16.4.

WALTER SCOTT INTERNATIONAL EQUITIES USD COMPOSITE
AS AT 31 MARCH 2018

Walter Scott EAFE Composite

Return and Std Deviation in $US (before fees) over 10 yrs ending March-18

Comparison with the World ex US/EAFE Equity universe (monthly calculations)



Created on 26 Apr 2018 at 7:51 AM

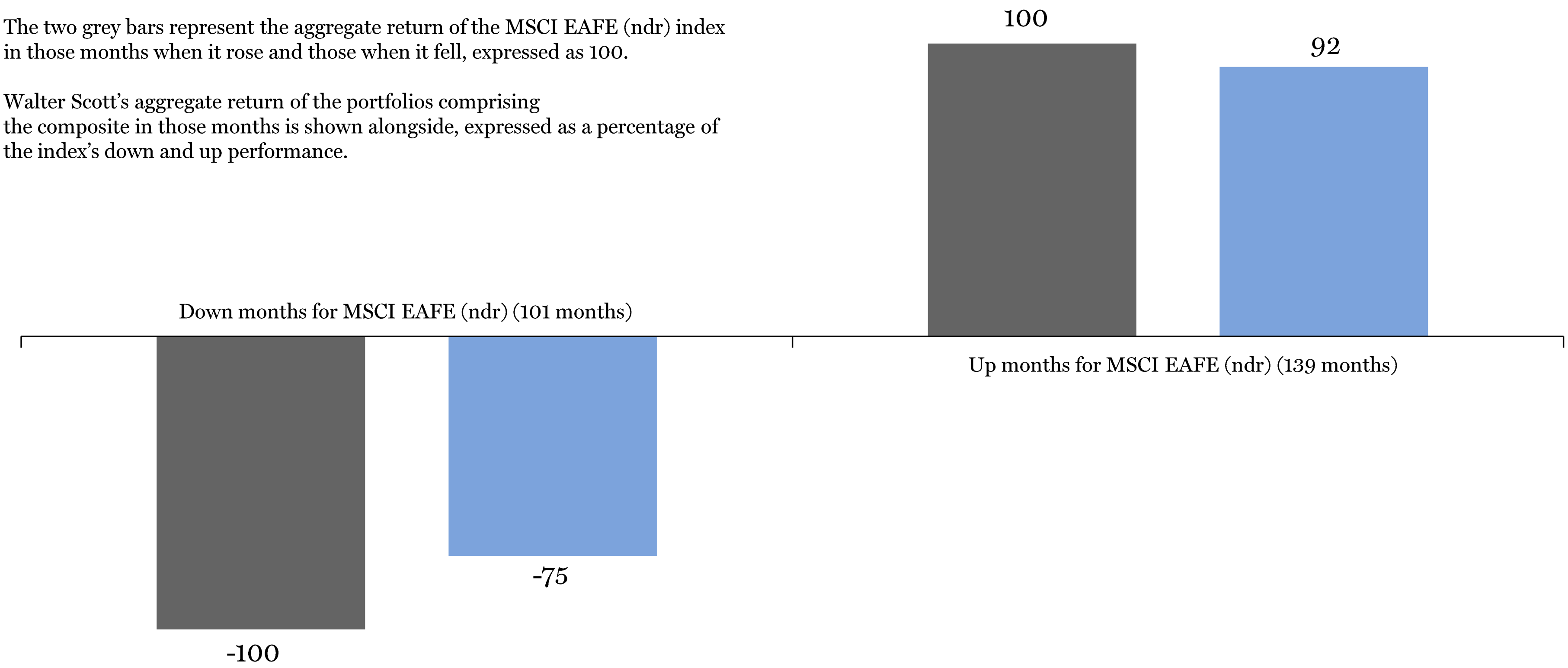
MERCER

Source: MercerInsight MPA, Walter Scott. WSEAFE: Walter Scott International Equities USD Composite, MSEAFEN: MSCI EAFE (ndr). Walter Scott International Equities is also known as the Walter Scott EAFE Equities Composite. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 16.4 and 16.5 the MercerInsight Important Notices.

WALTER SCOTT INTERNATIONAL EQUITIES USD COMPOSITE CAPTURE RATIOS
TWENTY YEARS TO 31 MARCH 2018

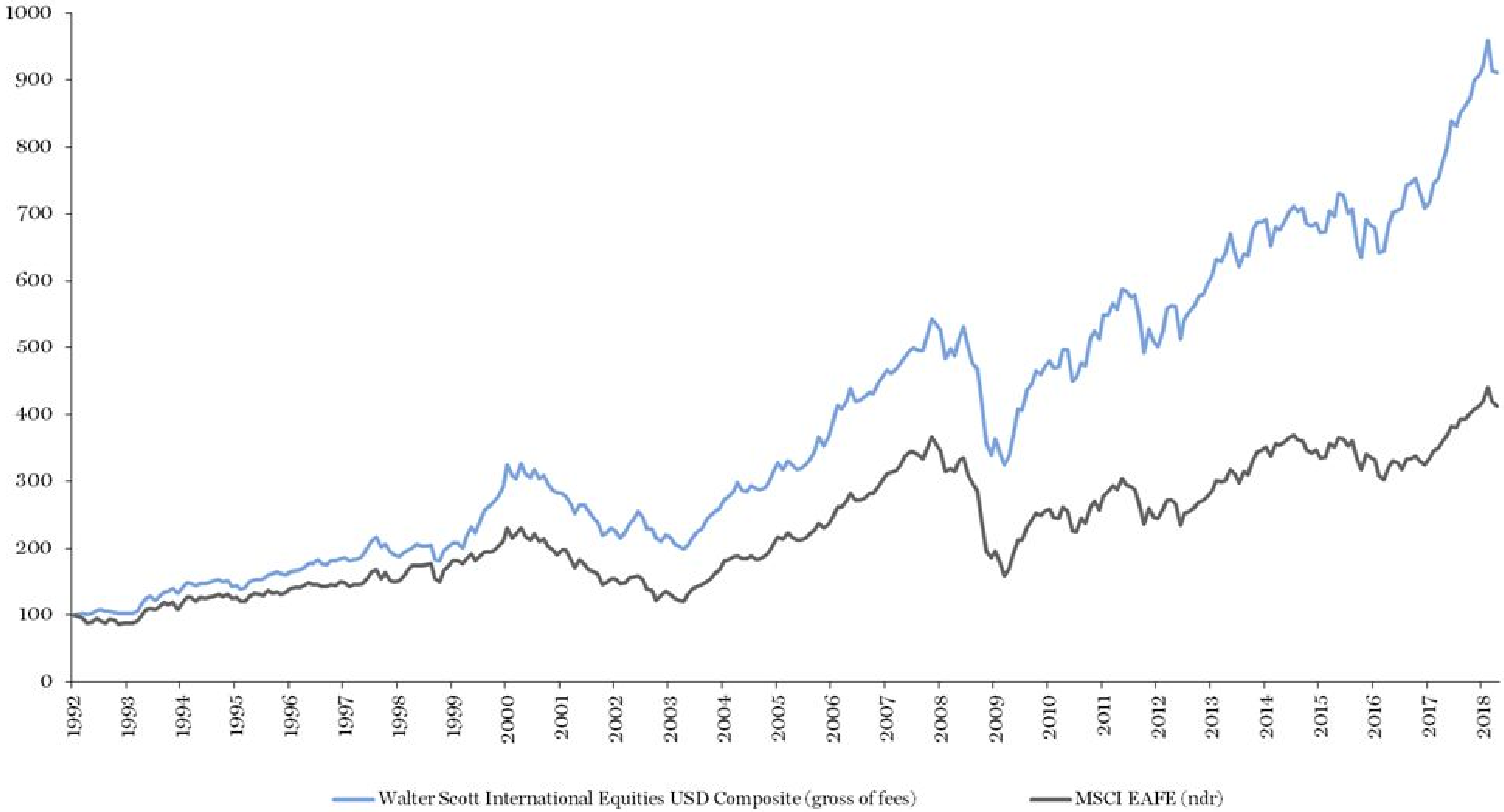
The two grey bars represent the aggregate return of the MSCI EAFE (ndr) index in those months when it rose and those when it fell, expressed as 100.

Walter Scott's aggregate return of the portfolios comprising the composite in those months is shown alongside, expressed as a percentage of the index's down and up performance.



Source: Walter Scott, MSCI. Walter Scott International Equities is also known as the Walter Scott EAFE Equities Composite. Returns are shown in USD. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 16.4.

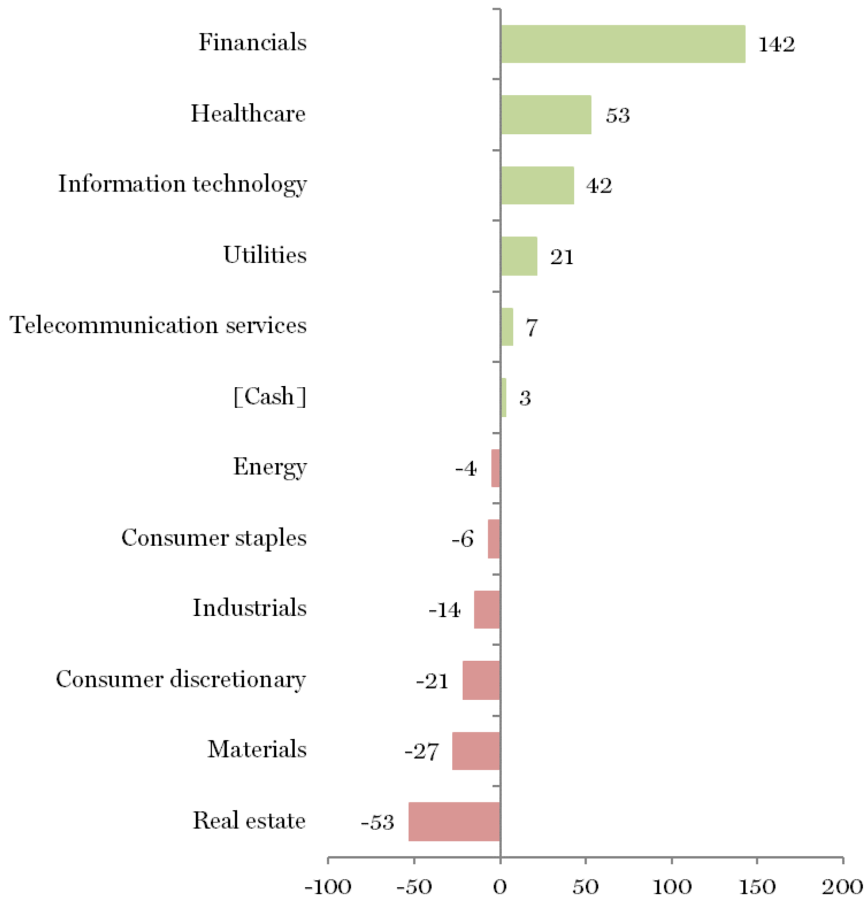
WALTER SCOTT INTERNATIONAL EQUITIES USD COMPOSITE
UNIT PRICE GROWTH AS AT 31 MARCH 2018



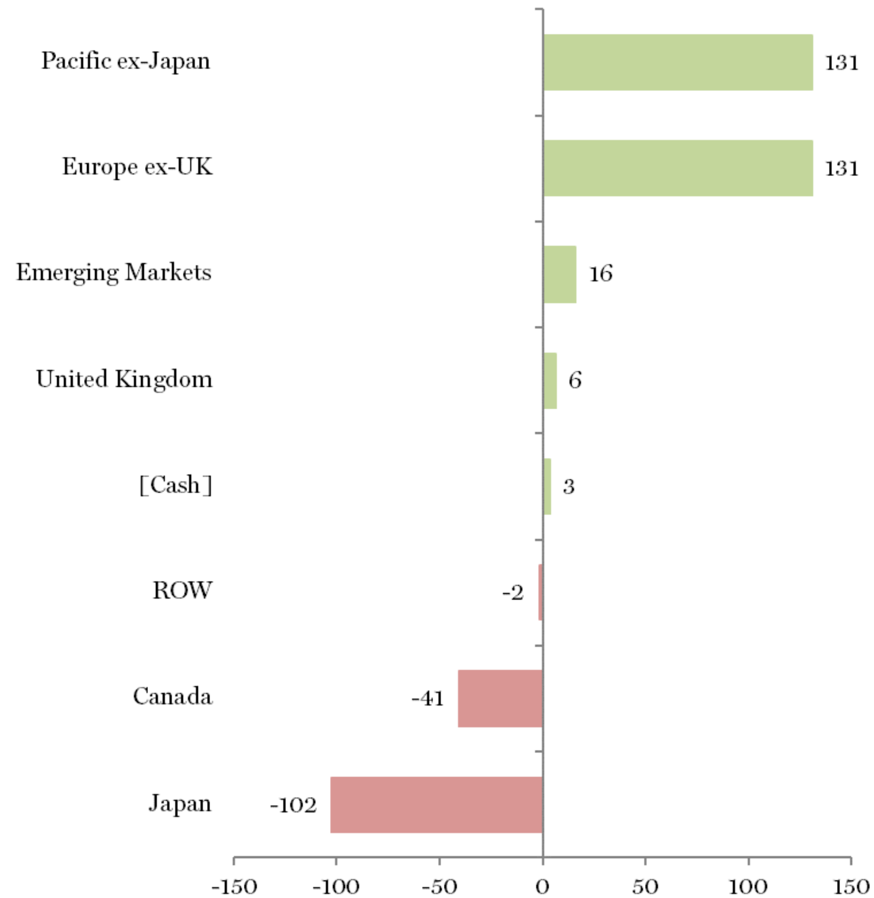
Source: Walter Scott, MSCI. Returns shown in USD. Walter Scott International Equities is also known as the Walter Scott EAFE Equities Composite. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 16.4.

RELATIVE ATTRIBUTION VS MSCI EAFE
FIVE MONTHS TO 31 MAY 2018

SECTOR
TOTAL EFFECT (BPS)



REGION
TOTAL EFFECT (BPS)



Source: Walter Scott, MSCI, FactSet. Returns shown in USD. None of MSCI or its affiliates has provided the attribution information. Such data is calculated by Walter Scott as part of its attribution process. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 16.4.

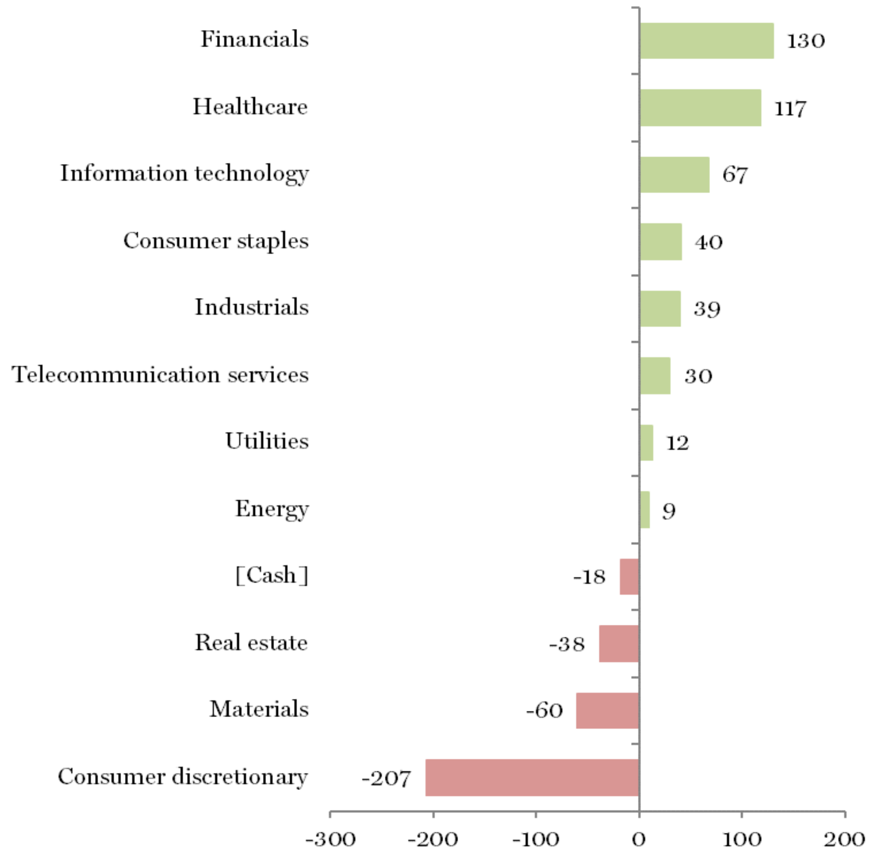
STOCK PERFORMANCE
FIVE MONTHS TO 31 MAY 2018

COMPANY	SECTOR	COUNTRY	TOTAL RETURN (%)	CONTRIBUTION (BP)
TOP FIVE				
CSL	Healthcare	Australia	28	56
Coloplast	Healthcare	Denmark	20	40
LVMH	Consumer discretionary	France	19	37
Keyence	Information technology	Japan	10	32
CNOOC	Energy	China	17	30
BOTTOM FIVE				
Rakuten*	Consumer discretionary	Japan	-23	-30
Reckitt Benckiser	Consumer staples	United Kingdom	-17	-32
Denso	Consumer discretionary	Japan	-18	-35
Daito Trust Construction	Real estate	Japan	-19	-42
Alimentation Couche-Tard	Consumer staples	Canada	-20	-43

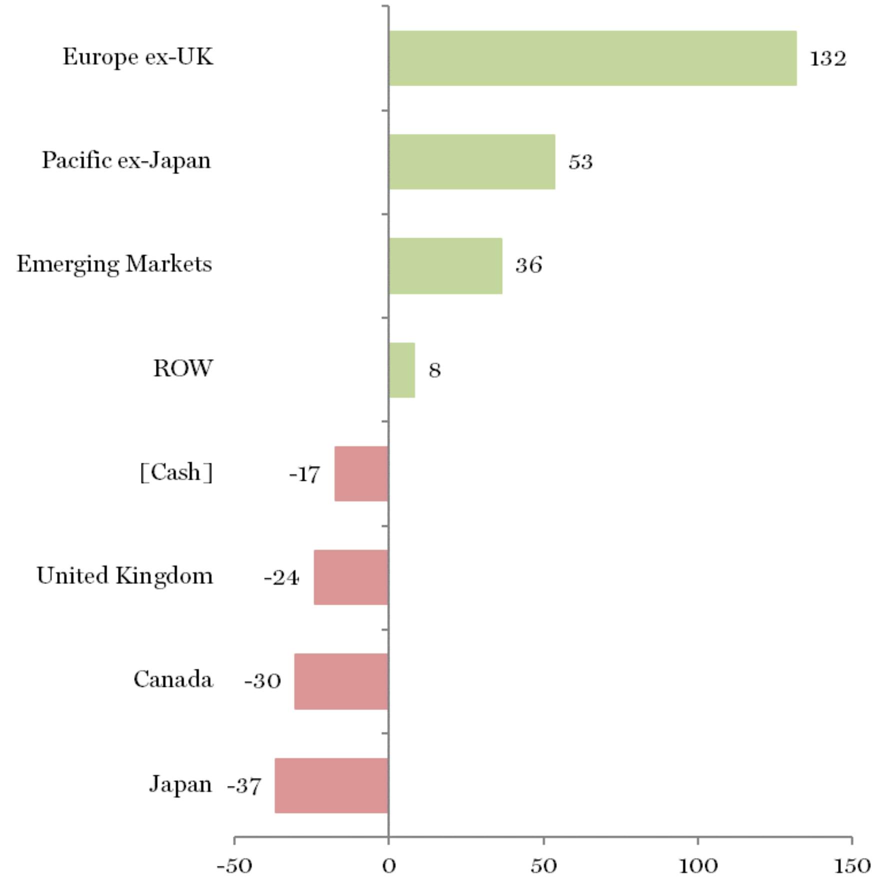
Source: Walter Scott, MSCI, FactSet. Returns shown in USD. None of MSCI or its affiliates has provided the attribution information. Such data is calculated by Walter Scott as part of its attribution process. *Stock sold during the period. Total return is calculated until the date of sale. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 16.4.

RELATIVE ATTRIBUTION VS MSCI EAFE
TWELVE MONTHS TO 31 MAY 2018

SECTOR
TOTAL EFFECT (BPS)



REGION
TOTAL EFFECT (BPS)



Source: Walter Scott, MSCI, FactSet. Returns shown in USD. None of MSCI or its affiliates has provided the attribution information. Such data is calculated by Walter Scott as part of its attribution process. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 16.4.

STOCK PERFORMANCE
TWELVE MONTHS TO 31 MAY 2018

COMPANY	SECTOR	COUNTRY	TOTAL RETURN (%)	CONTRIBUTION (BP)
TOP FIVE				
Keyence	Information technology	Japan	35	99
CSL	Healthcare	Australia	48	91
AIA Group	Financials	Hong Kong	31	81
CNOOC	Energy	China	54	76
LVMH	Consumer discretionary	France	38	68
BOTTOM FIVE				
Alimentation Couche-Tard*	Consumer staples	Canada	-10	-29
Roche	Healthcare	Switzerland	-20	-43
Inditex	Consumer discretionary	Spain	-21	-48
Reckitt Benckiser	Consumer staples	United Kingdom	-23	-51
Rakuten**	Consumer discretionary	Japan	-42	-83

Source: Walter Scott, MSCI, FactSet. Returns shown in USD. None of MSCI or its affiliates has provided the attribution information. Such data is calculated by Walter Scott as part of its attribution process. *Bought during the period. Total return is calculated from the purchase date to the end of the period. **Stock sold during the period. Total return is calculated until the date of sale. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 16.4.

PORTFOLIO INFORMATION
AS AT 31 MAY 2018

PORTFOLIO DISTRIBUTION

Sector	Portfolio %	MSCI EAFE %	Difference %
Healthcare	15.5	10.3	5.2
Industrials	18.8	14.6	4.2
Information technology	10.5	6.7	3.8
Consumer staples	12.8	11.0	1.8
Consumer discretionary	13.7	12.6	1.1
Materials	8.9	8.3	0.6
Utilities	3.5	3.2	0.3
Real estate	3.7	3.6	0.1
Energy	5.3	5.8	-0.5
Telecom services	1.3	3.7	-2.4
Financials	3.3	20.1	-16.8
Liquidity	2.9		2.9

Region	Portfolio %	MSCI EAFE %	Difference %
Emerging Markets	5.8	0.0	5.8
Asia Pacific ex Japan	14.5	12.0	2.5
Canada	1.7	0.0	1.7
Rest of World	0.0	0.5	-0.5
Japan	24.1	24.7	-0.6
UK	12.2	18.0	-5.8
Europe ex UK	38.8	44.8	-6.0
Liquidity	2.9		2.9

PORTFOLIO CHARACTERISTICS

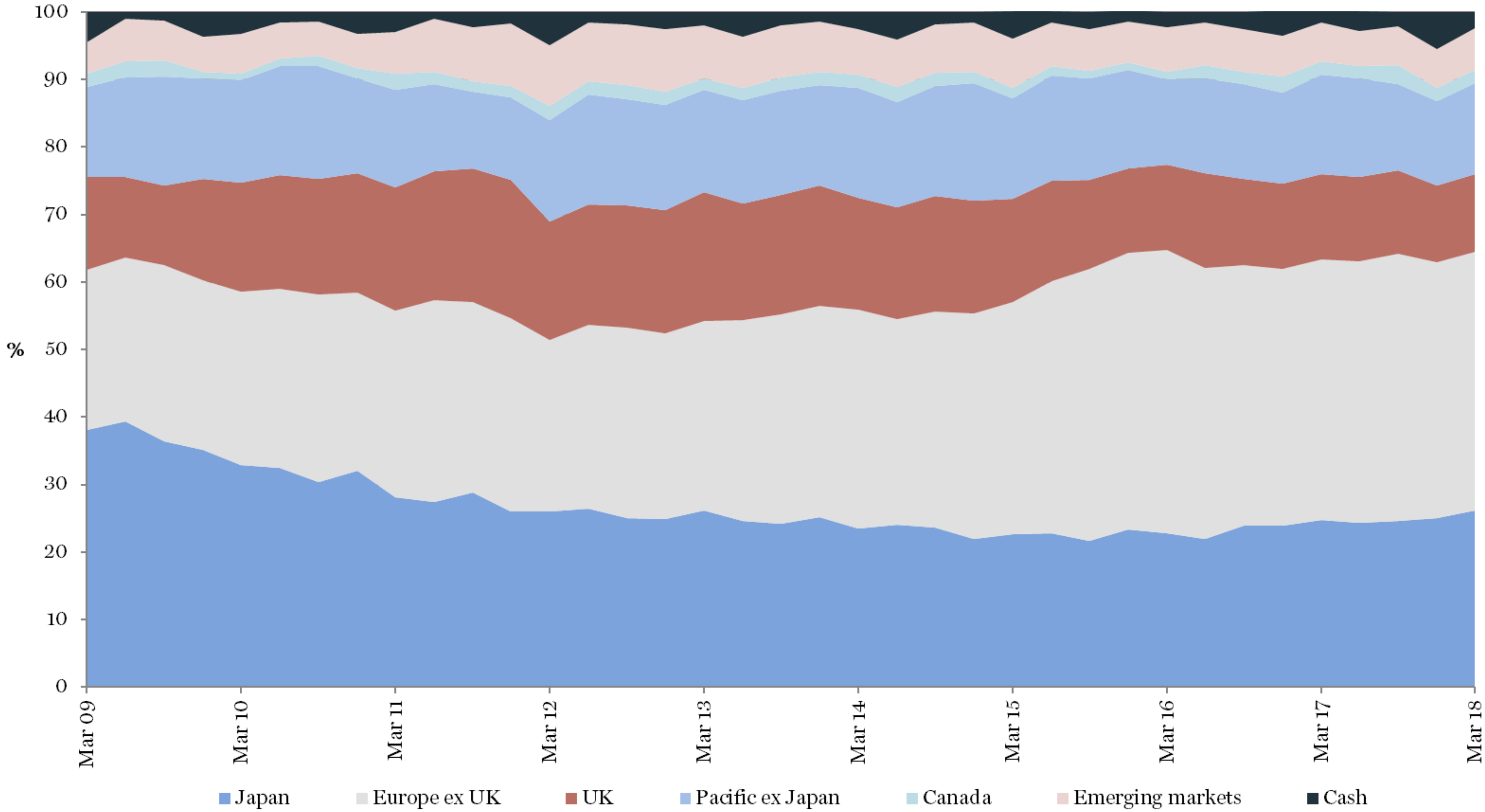
Number of securities	51
CROCE	24%
P/E	20x
Dividend Yield	2%
Active Share	85%
Portfolio Turnover (12 mths)*	7%

REVENUE BREAKDOWN**

North America	24%
Europe	22%
Asia Pacific	34%
Emerging Markets	10%
Rest of World	10%

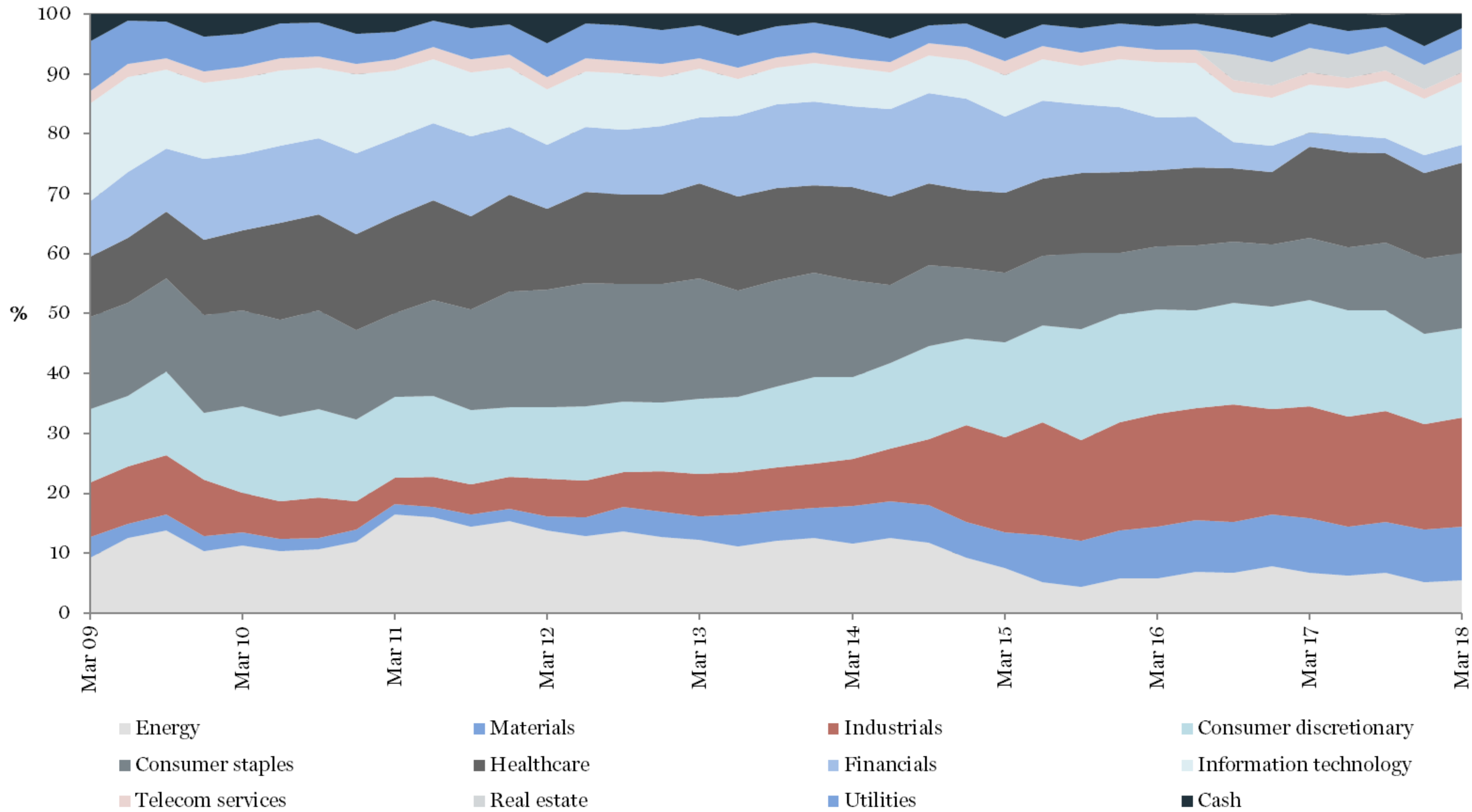
Source: Walter Scott, MSCI. *Turnover distorted by cash flows. Representative EAFE turnover has been shown. Sector and regional distribution are subject to change and may not be representative of future portfolio composition. Please refer to the appendix for important information and related portfolio holding and allocations in section 16.2. Full details of characteristics calculation methodology available upon request. **A representative global equity portfolio was used to illustrate this strategy. As portfolio companies report at different dates throughout the year, the revenue breakdown table shows the reported sales breakdown from the most recently reported annual results as at 31 March 2018. Please refer to the appendix for information related to revenue breakdown in section 16.2.

HISTORICAL INTERNATIONAL EQUITY PORTFOLIO DISTRIBUTION BY REGION
AS AT 31 MARCH 2018



Source: Walter Scott. A representative international portfolio was used to illustrate this strategy. Sector and regional distribution are subject to change and may not be representative of future portfolio composition. Please refer to the appendix for important information.

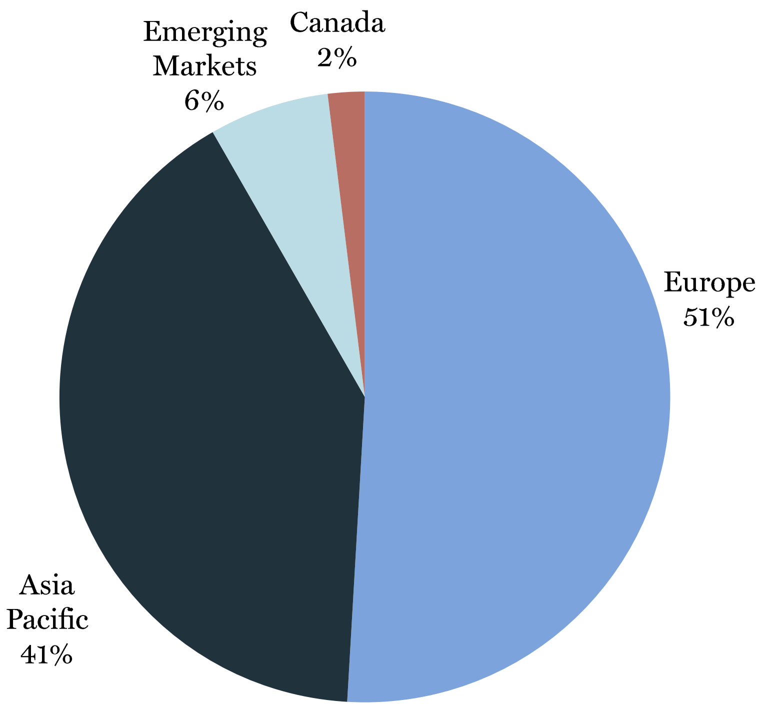
HISTORICAL INTERNATIONAL EQUITY PORTFOLIO DISTRIBUTION BY SECTOR
AS AT 31 MARCH 2018



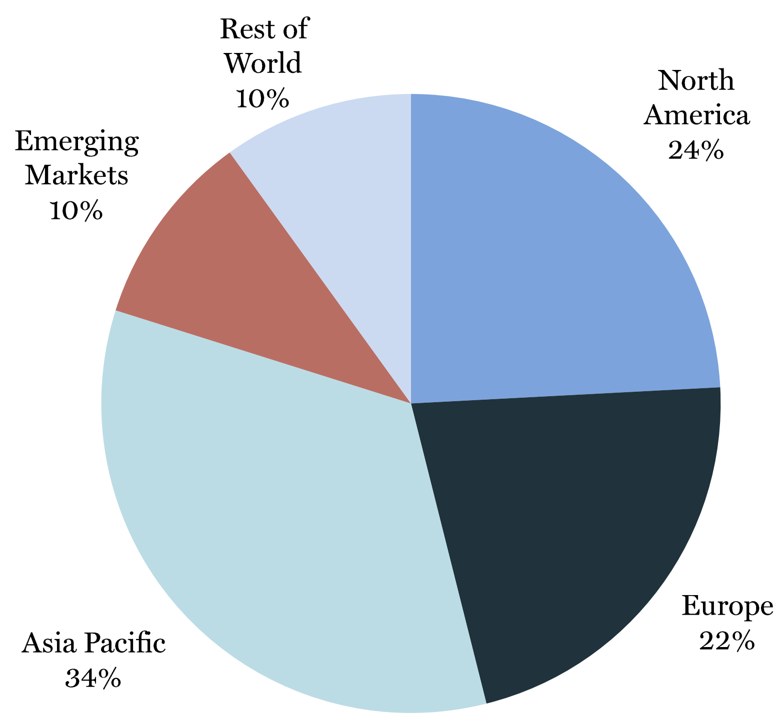
Source: Walter Scott. A representative international portfolio was used to illustrate this strategy. Sector and regional distribution are subject to change and may not be representative of future portfolio composition. Please refer to the appendix for important information.

REPRESENTATIVE INTERNATIONAL PORTFOLIO DISTRIBUTION
AS AT 31 MARCH 2018

PORTFOLIO BY COMPANY DOMICILE

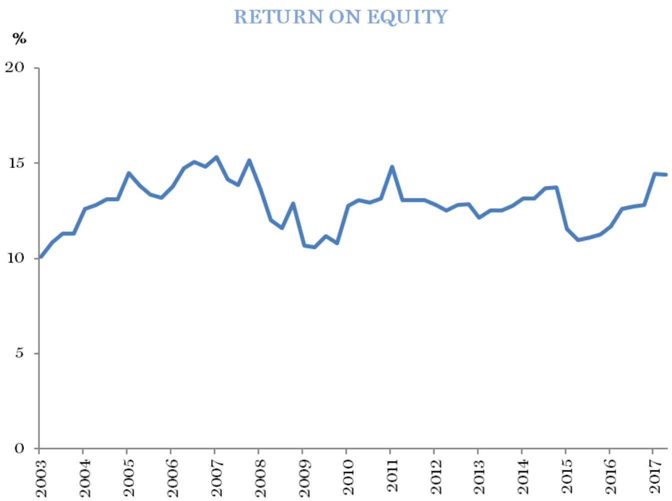


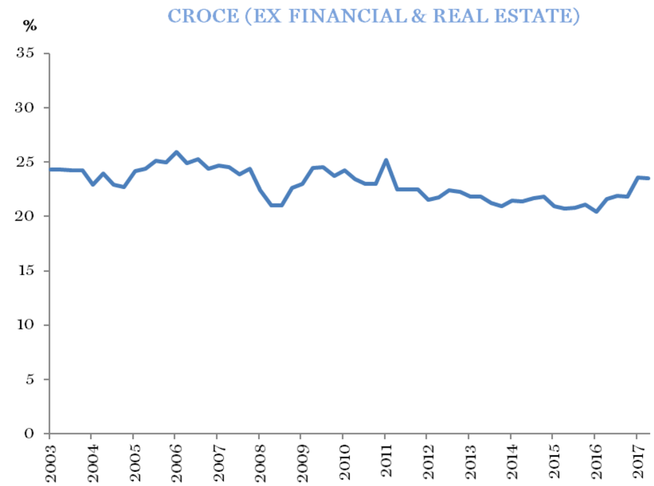
PORTFOLIO BY REVENUE BREAKDOWN

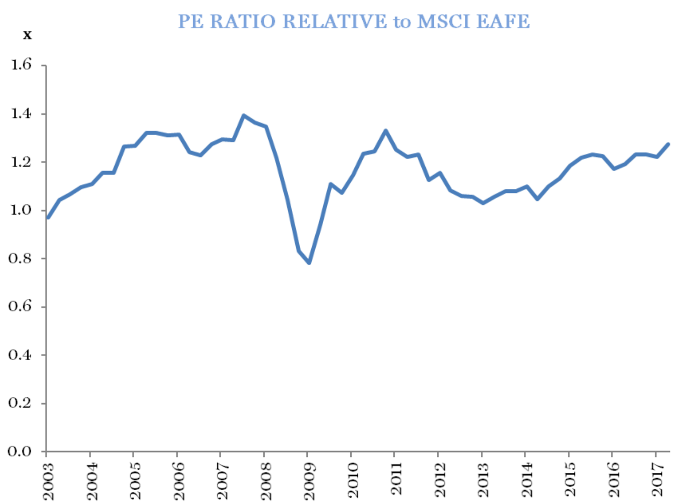


Source: Walter Scott. A representative Walter Scott international equity portfolio was used to illustrate this strategy. As portfolio companies report at different dates throughout the year, the revenue breakdown chart shows the reported sales breakdown from the most recently reported annual results as at 31 March 2018. Please note that these figures are an approximation as companies report geographical segments differently. For example, some businesses include Africa and the Middle East within Europe, others report on Americas rather than North America; Asia will quite often contain emerging Asia. Furthermore, some companies report on 'rest of the world', 'other international' or a 'global business segment' which is accounted for under the ‘Rest of World' segment in the revenue breakdown chart.

INTERNATIONAL PORTFOLIO CHARACTERISTICS
AS AT 31 MARCH 2018







Ventura County Employee's Retirement Association

ROE	13.8%
CROCE	23.8%
Number of securities	51
Operating Margin	21.5%
Dividend Yield	2.2%
Turnover (12 months)*	6.6%

Source: Walter Scott, FactSet. *Turnover distorted by cash flows. Representative EAFE turnover has been shown. A representative international portfolio was used to illustrate the long term charts for this strategy. Full details of characteristics calculation methodology available upon request.

ACTIVITY
FIVE MONTHS TO 31 MAY 2018

PURCHASES

Misumi Group (May 18)	Misumi Group's depth of product offering and superior fulfilment capabilities represent a strong value proposition to its customers. The business has an excellent track record of growth and our expectations are that this will continue.

SALES

Hennes & Mauritz (Feb 18)	The rise in new low-priced and online competitors has increased the challenges facing Hennes & Mauritz in recent years. However, there has been a discernible lack of progress in returns on their investment in digitalisation and infrastructure. High inventory levels will lead to further price reductions and margin degradation.
Rakuten (Apr 18)	Rakuten's tolerance for leverage, and the associated financial risk, is inconsistent with our investment philosophy. Most significantly, the $6bn debt-financed investment in 4G infrastructure will have a materially negative impact on the company's balance sheet. Further, the losses that will be incurred in the initial years will put pressure on earnings.

Source: Walter Scott. Please refer to the appendix for important information and related portfolio holding and allocations in section 16.2.

WALTER SCOTT USD COMPOSITE PERFORMANCE SCHEDULE
AS AT 31 MARCH 2018

PERCENTAGE RETURNS IN USD, ANNUALISED FROM TWO YEARS ONWARDS

Period	Quarter	One Year	Three Years	Five Years	Ten Years	Fifteen Years	Twenty Years	Twenty-Five Years	Thirty Years
Walter Scott Global Equities	1.5	18.9	11.1	10.6	8.7	12.2	9.9	10.8	11.2
MSCI World (ndr)	-1.3	13.6	8.0	9.7	5.9	9.2	5.2	7.4	7.1
Walter Scott International Equities#	-1.0	17.5	9.4	7.2	6.5	10.7	7.9	8.6	8.7
MSCI EAFE (ndr)	-1.5	14.8	5.6	6.5	2.7	8.6	4.4	5.9	5.0
Walter Scott Europe Equities*	1.4	19.8	9.5	7.2	6.6	11.8	-	-	-
MSCI Europe	-2.0	14.5	4.8	6.4	2.1	8.6	-	-	-
Walter Scott USA Equities	0.4	18.4	11.8	12.6	10.5	-	-	-	-
MSCI USA (ndr)	-0.8	13.4	9.9	12.5	8.8	-	-	-	-
Walter Scott Emerging Markets Equities	0.3	15.4	8.1	3.3	5.3	14.1	9.9	-	-
MSCI Emerging Markets (ndr)**	1.4	24.9	8.8	5.0	3.0	12.9	7.6	-	-
US Income Growth Equities	-2.7	7.5	8.1	10.4	9.6	-	-	-	-
MSCI USA (ndr)	-0.8	13.4	9.9	12.5	8.8	-	-	-	-
International Income Growth Equities#	-2.5	11.5	6.7	5.5	5.4	-	-	-	-
MSCI EAFE (ndr)	-1.5	14.8	5.6	6.5	2.7	-	-	-	-
Walter Scott Pacific Equities	3.8	21.3	-	-	-	-	-	-	-
MSCI Pacific (ndr)	-0.7	15.8	-	-	-	-	-	-	-

Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®). Performance is shown gross of investment management fees.

Source: Walter Scott, MSCI. #Walter Scott International Equities is also known as the Walter Scott EAFE Equities Composite. *Walter Scott Europe Equities EUR Composite currency converted from euros to US dollars. **On 1 January 2018, the benchmark was changed from MSCI Emerging Markets (gdr) to MSCI Emerging Markets (ndr). This change has been applied to the composite effective 1 January 2001. Prior to this point, only the gdr index was in existence. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 16.4.

WALTER SCOTT

SINCE · 1983

On behalf of us all,
thank you.

APPENDIX

1. DEFINITION OF FIRM

Walter Scott & Partners Limited ("Walter Scott") is an investment management firm authorised and regulated in the United Kingdom by the Financial Conduct Authority in the conduct of investment business. Walter Scott is a non-bank subsidiary of The Bank of New York Mellon Corporation. Walter Scott is responsible for portfolios managed on behalf of pension plans, endowments and similar institutional investors. Total assets under management were US$65.6 billion as at 31 March 2018.

2. FIRM COMPOSITES

Walter Scott constructs composites of portfolios invested in equities. They include US dollar composites for EAFE, Global, European and Emerging Markets mandates, Canadian dollar composites for EAFE and Global mandates, and a number of others.

Composites include all portfolios managed by Walter Scott where the company has full discretionary authority. No non-fee paying portfolios are included in the composites presented in this report. Portfolios where Walter Scott acts in an advisory only role are excluded from composites.

Composite figures in this presentation are extracted from one or more of the composites reports prepared by Walter Scott in compliance with the Global Investment Performance Standards (GIPS). The effective date of compliance of the Firm with GIPS standards is 1 January 1994.

3. CALCULATION METHODOLOGY

Performance results are calculated on a total return time weighted basis and include all portfolio income, unrealised and realised capital gains, contributions and withdrawals and are geometrically linked. Cash and cash equivalents are included in total portfolio assets and in the return calculations. Trade date accounting is used for valuations. For periods less than one year, rates of return are not annualised.

The composite shown is an aggregation of portfolios representing a similar investment strategy. Composites are size-weighted using beginning of period values to weight portfolio returns. Portfolios are included in a composite beginning with the first full month of performance and until the month immediately prior to termination of an account.

Annualised return represents the level annual rate which, if earned each year in a multiple-year period, would produce the actual cumulative rate of return over the whole period.

4. FEES AND TRADING EXPENSES

Composites are net of trading expenses, administrative fees and non-reclaimable withholding taxes on dividends and interest. Withholding taxes vary depending upon the country of investment, which typically range between 0% and 30%. Benchmark returns are net of withholding taxes on dividends unless otherwise stated. Performance results net of fees are available on request.

5. INTERNAL DISPERSION

The internal dispersion measure presented is the equal-weighted standard deviation of the annual returns of all the portfolios that were included in the composite for the entire period, but is not appropriate for less than five portfolios.

6. COMPOSITE CREATION DATE

The composite creation date is the date on which Walter Scott first grouped portfolios to create the composite.

7. MINIMUM PORTFOLIO VALUE

From 1 October 2014, a minimum asset level for inclusion in all composites has been set at US$2m or composite currency equivalent. Portfolios that have previously been below this level must maintain a market value greater than US$2m for three consecutive month-ends prior to being included in the composite (from the following month). Similarly, if a portfolios market value has dropped below this threshold, the month-end market value must remain below this level for three consecutive month-ends before being excluded from the next month.

8. STANDARD DEVIATION

The three-year annualised standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented when monthly returns were not available throughout the full 36-month period.

9. EXCHANGE RATES

WM/Reuters Closing Spot rates (taken at 4pm London time) are used in portfolio and composite level return calculations. Prior to 1 October 2014, composite return calculations were based on custodian exchange rates at the individual portfolio level. This created additional transient dispersion between the returns of portfolios which make up the composite. Benchmark data also uses the WM/Reuters Closing Spot rates.

10. LEVERAGE, DERIVATIVES AND SHORT POSITIONS

Walter Scott does not generally use derivatives, but American style currency options have been used occasionally for hedging purposes (most recently held in 2007). Walter Scott does not use leverage or short positions.

11. FIRM POLICIES

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

12. BENCHMARK DEFINITIONS

Walter Scott compares its composites against the published MSCI indices as shown in this presentation. Further information on these indices can be found at: www.msci.com

APPENDIX

13. COMPOSITE DESCRIPTIONS

Walter Scott applies the same investment philosophy and process across all portfolios, regardless of size, mandate type or base currency.

Walter Scott uses broad inclusion criteria for its composites. Some composites may contain portfolios that have ethical or other investment restrictions, and portfolios that are subject to different tax regimes. Although these mandate differences can lead to some performance dispersion within composites, Walter Scott believes that its composite methodology accurately reflects the firm's investment record. The returns for each composite are shown alongside the relevant benchmark.

Walter Scott has been independently verified from 1 January 1994. Performance data for the full history of some composites has not been shown. This information is available on request.

A description of each composite included in this report follows. A full list of the firm's composite descriptions is available on request.

Walter Scott Global Equities USD
This composite includes all global equity portfolios with a US dollar base currency that have broadly similar mandates and guidelines.

Walter Scott EAFE Equities USD
This composite includes all global ex USA equity portfolios with a US dollar base currency that have broadly similar mandates and guidelines.

Walter Scott Europe Equities EUR
This composite includes all European equity portfolios with a euro base currency that have broadly similar mandates and guidelines.

Walter Scott USA Equities USD
This composite includes all USA equity portfolios with a US dollar base currency that have broadly similar mandates and guidelines.

Walter Scott Emerging Markets Equities USD
This composite includes all emerging market equity portfolios with a US dollar base currency that have broadly similar mandates and guidelines.

Walter Scott USA Income Growth Equities USD
This composite includes all US dollar based USA equity portfolios that are managed with an emphasis on dividend growth that have broadly similar mandates and guidelines.

Walter Scott EAFE Income Growth Equities USD
This composite includes all US dollar based global ex USA equity portfolios that are managed with an emphasis on dividend growth that have broadly similar mandates and guidelines.

Walter Scott Pacific Equities USD
This composite includes all Pacific equity portfolios with a US dollar base currency that have broadly similar mandates and guidelines.

14. FEE SCHEDULE

Unless otherwise stated, returns are calculated gross of advisory fees, and include the reinvestment of dividends. The effect of advisory fees could be material. If the advisory fees were reflected, the performance shown would be lower. As an example of the effect of investment advisory fees on the total value of an account, a three year compound return before the deduction of investment advisory fees of 14.75% would be 13.61% after investment advisory fees of 1.00% per annum.

15. COMPLIANCE STATEMENT

Communication of performance figures reflected in this document must be on a one-on-one basis, private and of a confidential nature. They may not be disseminated to the public in any print, electronic or other medium, including a web-site or any database of general circulation. The following disclosures must be provided in writing when onwardly communicating these performance figures.

- Unless otherwise stated performance figures do not reflect the deduction of investment advisory fees.
- Returns will be reduced by investment advisory fees and any other expenses that may be incurred in the management of an account.

16. IMPORTANT INFORMATION

16.1 Walter Scott's Investment Approach

This presentation contains certain statements based on Walter Scott's experience and expectations about the markets in which it invests its portfolios and about the methods by which it causes its portfolios to be invested in those markets. Those statements are not guaranties of future performance and are subject to many risks, uncertainties and assumptions that are difficult to predict. The information in this presentation is subject to change and Walter Scott has no obligation to revise or update any statement herein for any reason. The opinions expressed in this presentation are those of Walter Scott and should not be construed as investment advice.

16.2 Portfolio Holdings and Allocations

Portfolio data should not be relied upon as a complete listing of the portfolio's holdings (or top holdings) as information on particular holdings may be withheld. Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition. The portfolio date is 'as of' the date indicated.

The information provided in this document should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in a portfolio at the time this report is received or that securities sold have not been repurchased. The securities discussed do not represent an entire portfolio and in the aggregate may represent only a small percentage of a portfolio holdings.

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It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions Walter Scott make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The allocation distribution and actual percentages may vary from time to time. The types of investments presented in the allocation chart will not always have the same comparable risks and returns. The actual performance of the portfolio will depend on Walter Scott's ability to identify and access appropriate investments, and balance assets to maximise return while minimising its risk. The actual investments in the portfolio may or may not be the same or in the same proportion as those shown above.

16.3 Third Party Sources

Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by Walter Scott. Walter Scott makes no representations as to the accuracy or the completeness of such information and has no obligation to revise or update any statement herein for any reason.

16.4 Performance Statement

Past performance is not a guide to future returns and returns may increase or decrease as a result of currency fluctuations. The objective mentioned may therefore not be reached. Many factors affect investment performance including changes in market conditions, interest rates, currency fluctuations, exchange rates and in response to other economic, political, or financial developments. Investment return and principal value of an investment will fluctuate, so that when an investment is sold, the amount returned may be less than that originally invested. This presentation does not represent and must not be construed as an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products. This presentation may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised.

16.5 MercerInsight Important Notices

The MercerInsight® application (the "application") contains confidential and proprietary information. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's prior written permission.

Any findings, ratings and/or opinions expressed within the application are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed. Past performance is not a guide to future performance. Mercer's ratings do not constitute individualised investment advice.

The application does not contain investment advice relating to your particular circumstances. No investment decision should be made based on information taken from the application without first obtaining appropriate professional advice and considering your circumstances.

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16.6 Performance Indices

Comparisons to the indices have limitations because the volatility and material characteristics of the indices represented in this presentation may be materially different from that of the portfolio managed by Walter Scott. Because of these differences, investors should carefully consider these limitations when evaluating the performance in comparison to benchmark data as provided herein. Where referencing MSCI or any other index performance figures:

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The term 'sector' in this document is a contraction of 'GICS Sector' unless explicitly noted otherwise.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Walter Scott & Partners Limited. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

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16.7 Benchmark Definitions

MSCI World

The MSCI World Index is a broad global equity benchmark that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalisation in each country and MSCI World benchmark does not offer exposure to emerging markets. Further information can be found at www.msci.com

MSCI EAFE (Europe, Australasia, Far East)

The MSCI EAFE Index is designed to represent the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the US and Canada. The Index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalisation in each of the 21 countries. Further information can be found at www.msci.com

MSCI Europe

The MSCI Europe Index represents the performance of large and mid-cap equities across 15 developed countries in Europe. The Index has a number of sub-indexes which cover various sub-regions market segments/sizes, sectors and covers approximately 85% of the free float-adjusted market capitalisation in each country. Further information can be found at www.msci.com

MSCI USA

The MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With 631 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in the US. Further information can be found at www.msci.com

MSCI Emerging Markets

The MSCI Emerging Markets Index consists of 24 countries representing 10% of world market capitalisation. The Index is available for a number of regions, market segments/sizes and covers approximately 85% of the free float-adjusted market capitalisation in each of the 24 countries. Further information can be found at www.msci.com

MSCI Pacific

The MSCI Pacific Index captures large and mid cap representation across 5 Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country. Further information can be found at www.msci.com

16.8 Private Fund Information and Risks

The interests in a private fund (the "Fund" or “Interests”) have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC") or by the securities regulatory authority of any state or of any other jurisdiction. The Interests have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), the securities laws of any other state or the securities laws of any other jurisdiction, nor is such registration contemplated. The Fund will not be registered as an investment company under the Investment Company Act of 1940, as amended (the "1940 Act"). Consequently, limited partners of the Fund are not afforded the protections of the 1940 Act.

This material is for use with qualified investors only, and not for use with the general public. Accordingly, this document must not be acted on or relied on by persons who are not qualified persons. The Interests are offered only to qualified investors who do not require immediate liquidity of the investment. An investment in the Fund does not constitute a complete investment program. Investors must fully understand and be willing to assume the risks involved in the Fund's investment program.

This presentation shall not constitute an offer to sell or the solicitation of any offer to buy Interests, which may only be made at the time a qualified offeree receives a confidential offering memorandum describing the offering and related subscription agreement. These securities shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied.

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With effect from I July 2014 BNY Mellon Investment Management Cayman Ltd., (the “Manager”) a Cayman Islands exempted company, serves as Manager to the Fund and is responsible for the overall management of the Fund. The Manager has delegated day-to-day portfolio management responsibility of the Fund to Walter Scott (the “Investment Manager”).

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Investments in private funds are speculative and involve special risks. Investments in private funds may be suitable only for certain investors. The following is not an inclusive list of all risk factors applicable to hedge funds and private funds: Funds often engage in investment practices that may increase the risk of investment loss. An investor could lose all or a substantial portion of his or her investment. Private funds are generally not subject to the same regulatory oversight and/or regulatory requirements as mutual funds. Due to the fund's tax structure, it may take longer to distribute important tax information. Funds may not be required to provide daily valuation information to investors. Performance may be volatile. There can be no assurance that a fund's objectives will be met. Fees and expenses may offset an investor's profits. The investment adviser has total discretion over strategy selection and allocation decisions. A lack of manager and/or strategy diversification may result in higher risk. There is generally no secondary market for an investor's interest in a privately-offered fund. Any potential risk factors discussed in connection with this presentation are not intended to be a complete list of risks associated with an investment in any fund. A more comprehensive description of the private fund's investment philosophy and the potential risk factors are outlined in the offering memorandum of each private fund.

WALTER SCOTT

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FIXED INCOME ASSET CLASS STRUCTURE REVIEW

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 16, 2018

Allan Martin, Partner

Anthony Ferrara, CAIA, Consultant

Michael Miranda, CFA, Senior Analyst

NEPC

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

FIXED INCOME MARKET ENVIRONMENT 2018

NEPC, LLC

US INTEREST RATE EXPECTATIONS

Real yields are marginally higher relative to last year

Continued strength in economic data and expectation of future Fed rate hikes have improved the outlook for real yields

While higher, real rates remain below long-term averages, reinforcing the subdued outlook for fixed income

Long-term expectations for real yields remain positive but low in the US

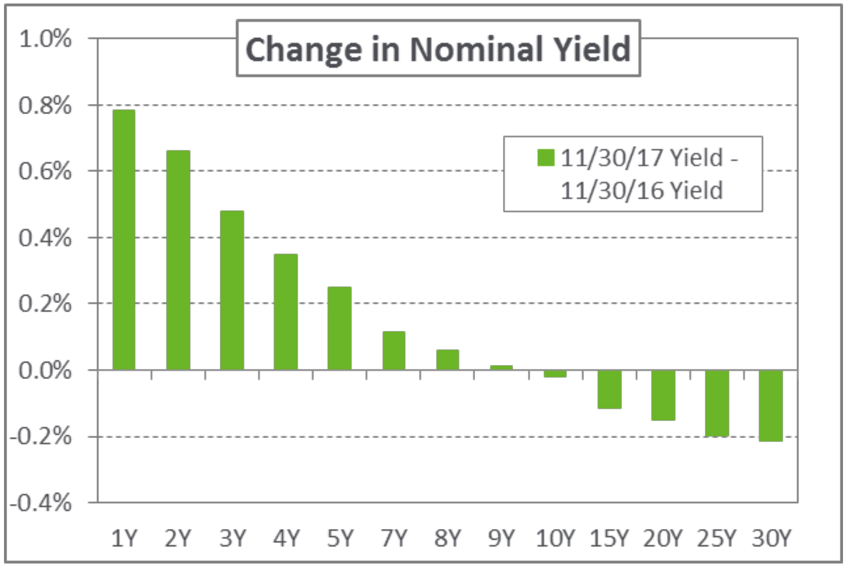
Low real rates depress the return outlook for risk assets over the long-term

Interest rate increases have been slower than what the market has discounted

Additional uncertainty surrounding the path of rates is possible in 2018

Tax cuts could push interest rates higher due to the larger federal deficits and debt issuance needs

Prefer lower duration exposure in rising rate environment



Source: Bloomberg, NEPC

GLOBAL INTEREST RATE EXPECTATIONS

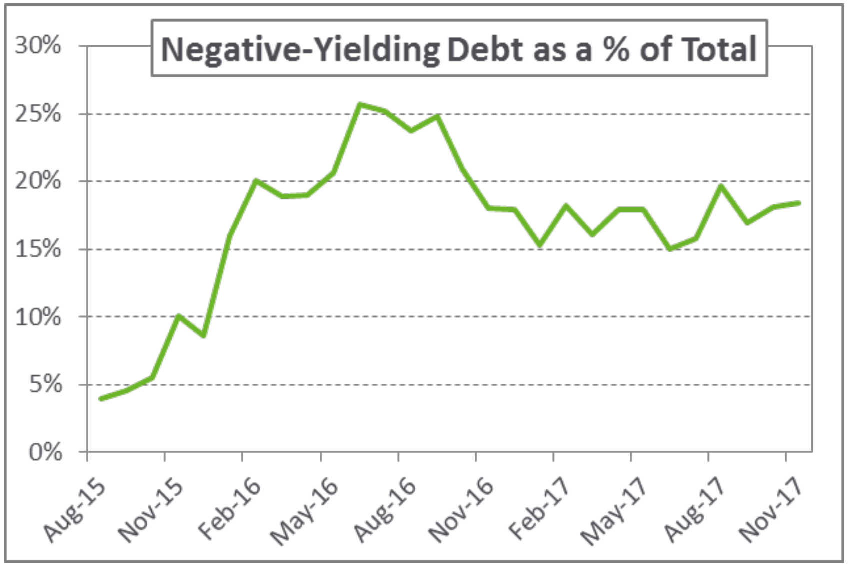
Government bond yields remain low and negative in much of the developed world

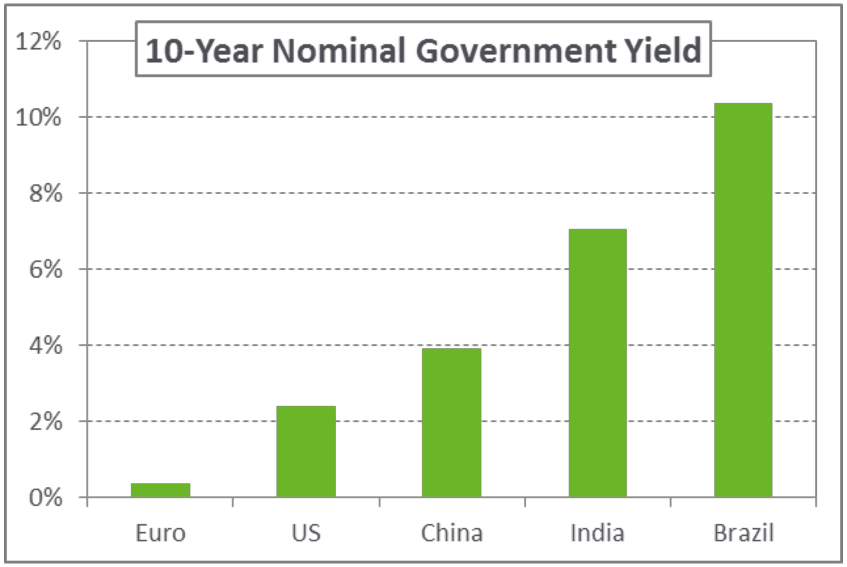
European sovereign yields have declined relative to Germany as political and economic risk declines

- Spain and other periphery nations have showed positive economic momentum
- France's election of Emmanuel Macron was seen as a stabilizing event for the country and the EU as a whole

Emerging market local interest rates are attractively priced as real yields remain elevated

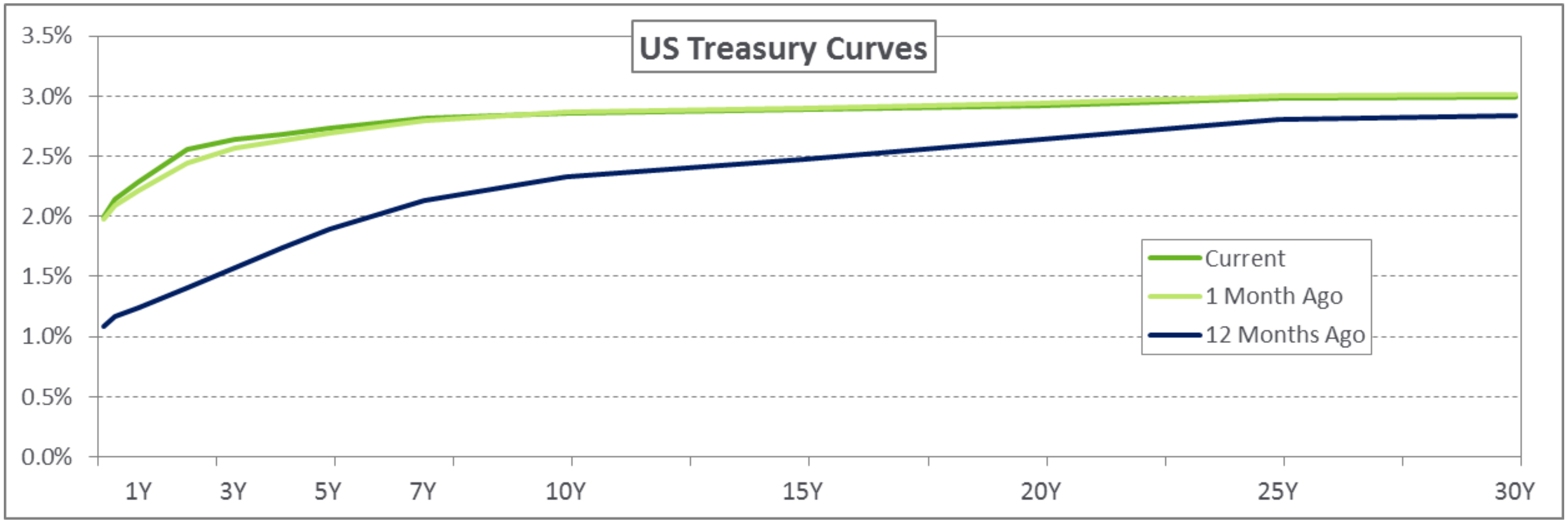
- Emerging market yields continue to retain a healthy premia over developed world rates
- Additionally, positive real rates provide a larger cushion for EM central banks to cut interest rates and ease monetary conditions





Source: (Top) Bloomberg
Source: (Bottom) Bloomberg

TREASURIES

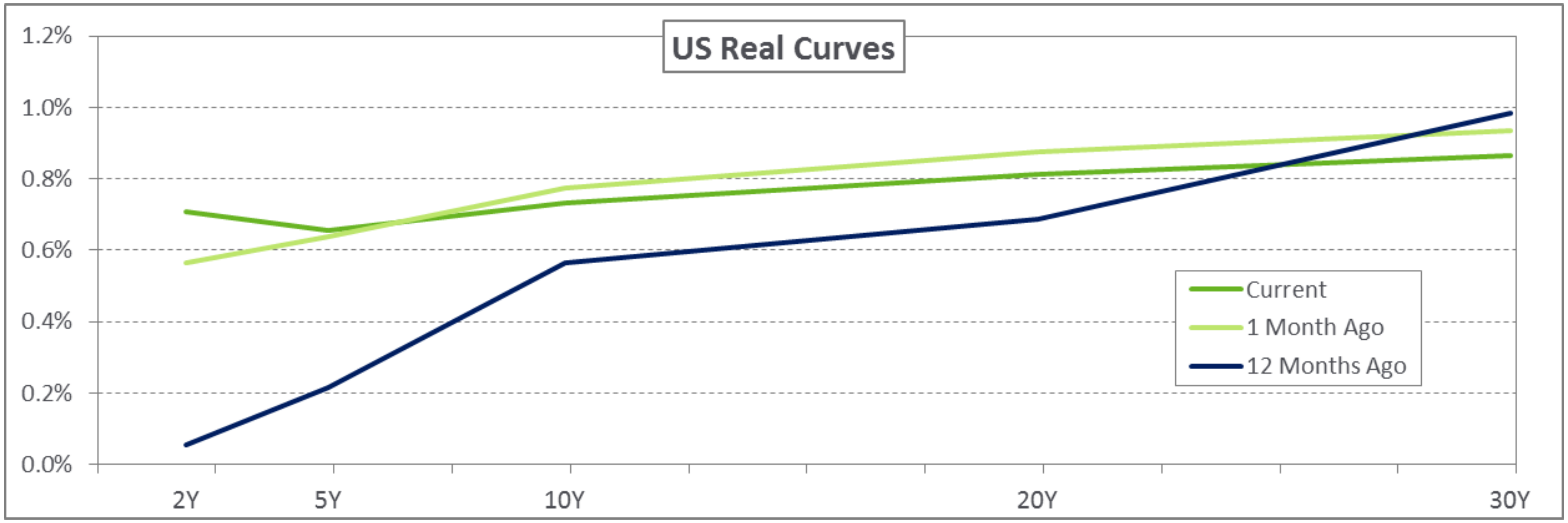


Source: Bloomberg

	Yield (%)			Total Return (%)	
	Current	1 Month Ago	12 Months Ago	1 Month	12 Months
3M Treasury	2.00%	1.98%	1.08%	0.16%	1.29%
6M Treasury	2.14%	2.10%	1.16%	0.17%	1.35%
2Y Treasury	2.56%	2.44%	1.41%	-0.02%	-0.15%
5Y Treasury	2.74%	2.69%	1.90%	-0.05%	-1.51%
10Y Treasury	2.86%	2.87%	2.33%	0.00%	-2.64%
30Y Treasury	2.99%	3.02%	2.84%	0.30%	-0.17%

Source: Barclays, Bloomberg
6/30/2018

REAL YIELDS

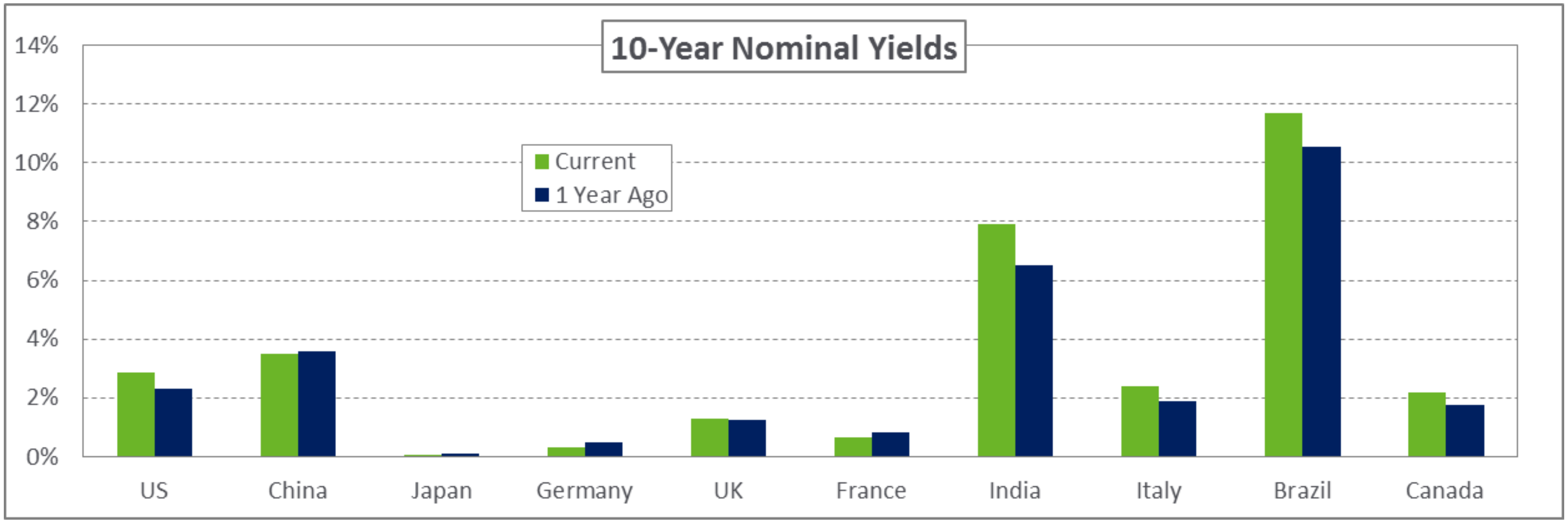


Source: Bloomberg

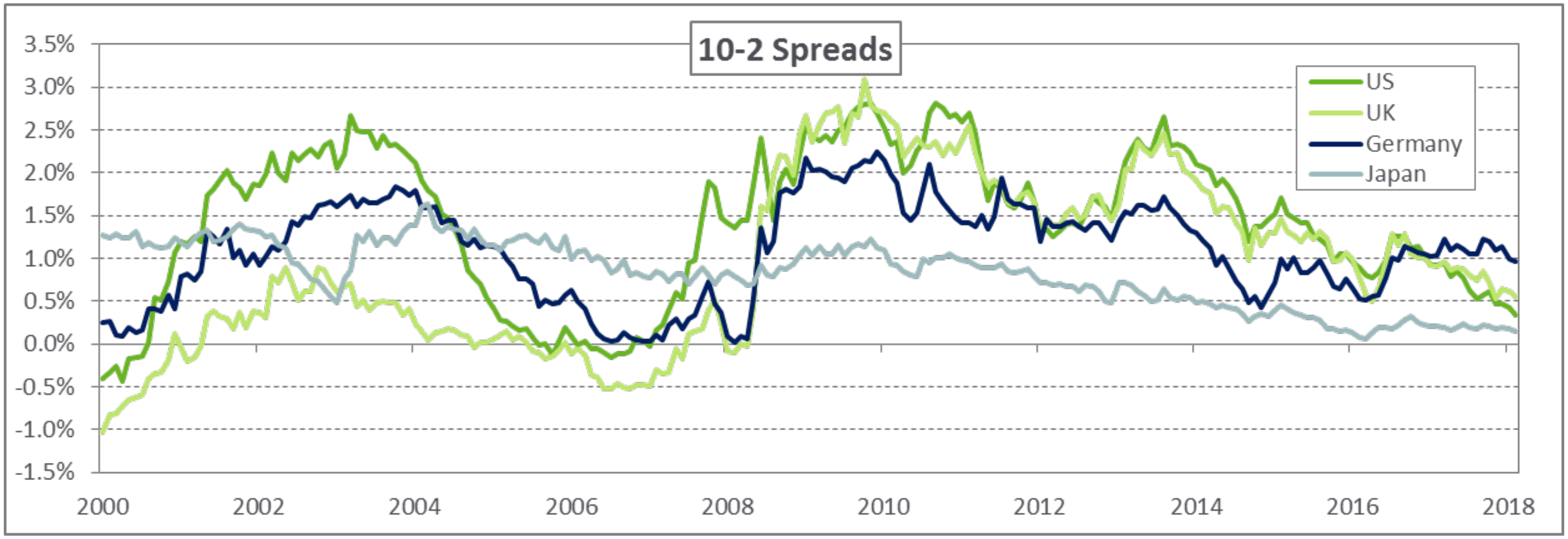
	Real Rates			Breakeven Rates	
	Current	1 Month Ago	12 Months Ago	Current	12 Months Ago
2Y Treasury	0.71%	0.57%	0.05%	1.80%	1.29%
5Y Treasury	0.65%	0.64%	0.22%	2.08%	1.66%
10Y Treasury	0.73%	0.78%	0.56%	2.13%	1.74%
20Y Treasury	0.81%	0.88%	0.69%	2.08%	1.70%
30Y Treasury	0.87%	0.94%	0.98%	2.12%	1.85%

Source: Barclays, Bloomberg
6/30/2018

NOMINAL YIELDS



Source: Bloomberg



Source: Bloomberg
6/30/2018

RATES & CREDIT: CREDIT SPREAD

Strong global growth and yield-seeking investor behavior has compressed credit spreads

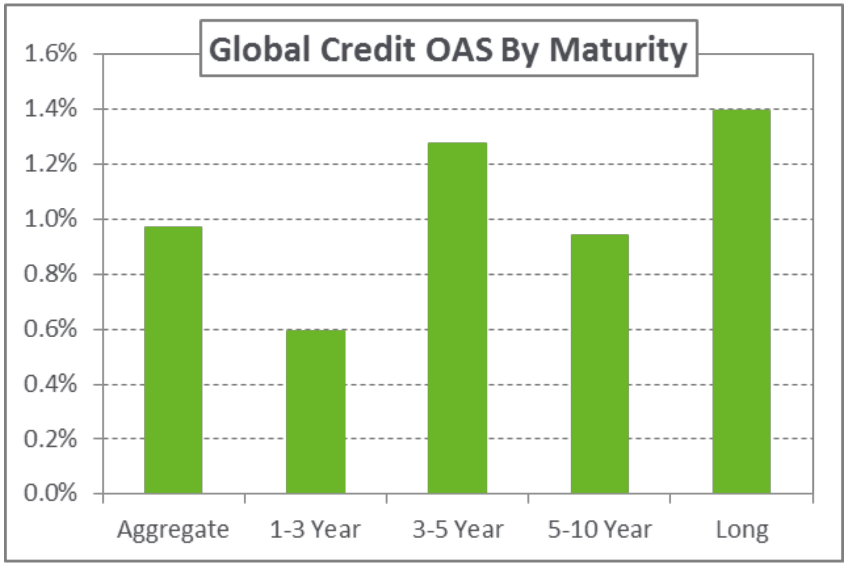
Economic growth usually translates to tighter credit spreads due to a lower probability of defaults

In Europe, the ECB's decision to include corporate bonds in its quantitative easing program has also contributed to smaller credit risk premiums globally

Low borrowing costs have encouraged record issuance in both investment grade and high yield bonds

Passive ownership of credit has increased significantly, even with a larger denominator

The outlook for US credit is subdued with limited return opportunities as credit spreads trade below long-term medians



Source: (Top) Barclays, Bloomberg
Source: (Bottom) SIFMA

RATES & CREDIT: RATES PRICE CHANGE

Rates price change include changes in the level of interest rates, changes to the shape of the curve, and roll down

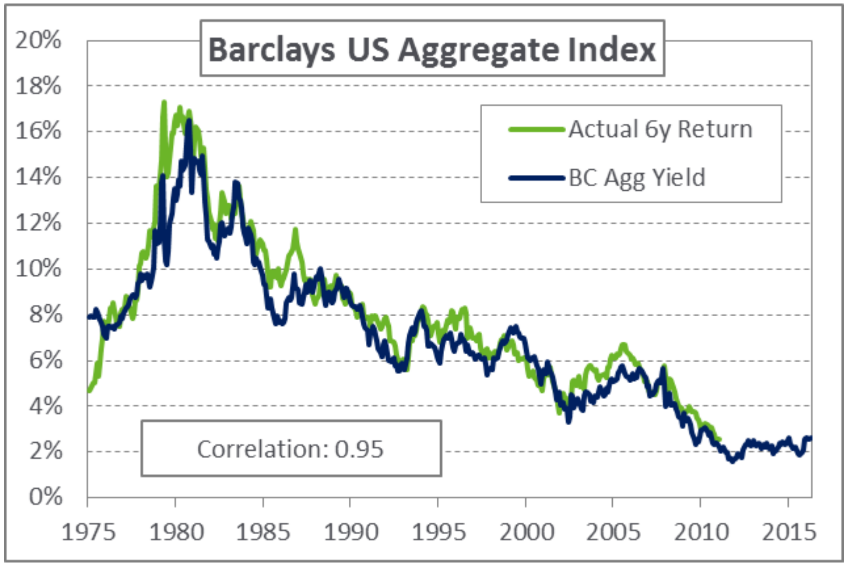
- Roll down refers to expected price change due to aging of a bond along the curve

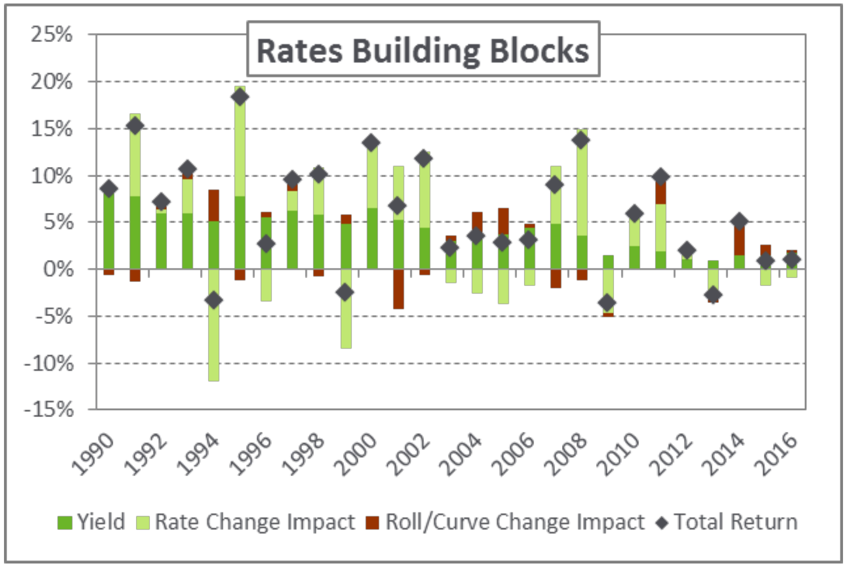
Rate change impact often dominates total return and is a likely detractor in the coming cycle, given expectations of modestly higher rates

- Path of interest rates for each market is tied to both central bank actions and inflation expectations

Roll down offers some relief to rising rates when yield curves are steep

- As yield curve flattens this can be a drag, pushing investors to shorter duration bonds





Source: (Top) Barclays, Bloomberg, NEPC
Source: (Bottom) Barclays, Bloomberg, NEPC

RATES & CREDIT: SPREAD PRICE CHANGE

Credit spreads continued to tighten throughout the year and remain below long-term averages

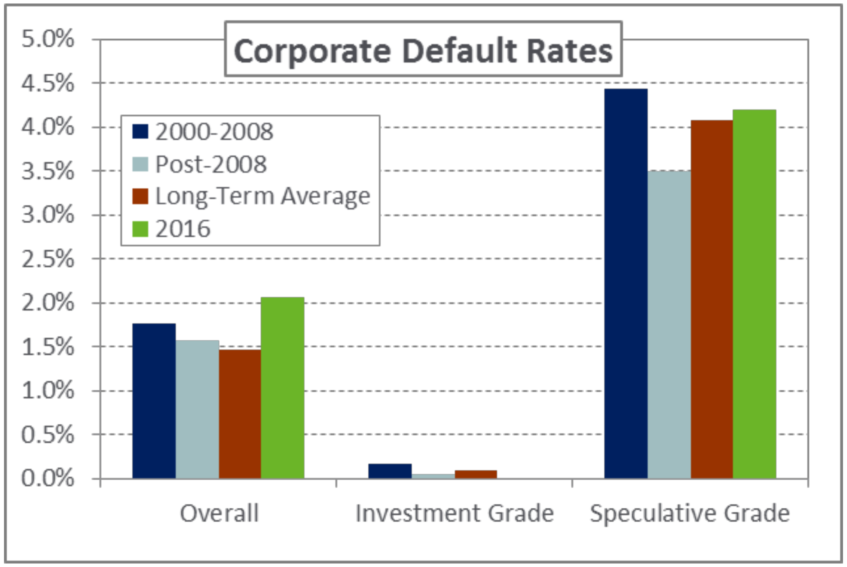
With positive economic indicators and strong technicals, spreads could grind lower

The number of defaults increased last year as a result of the depressed energy and natural resources sector

Over 50% of credit defaults occurred within the energy sector

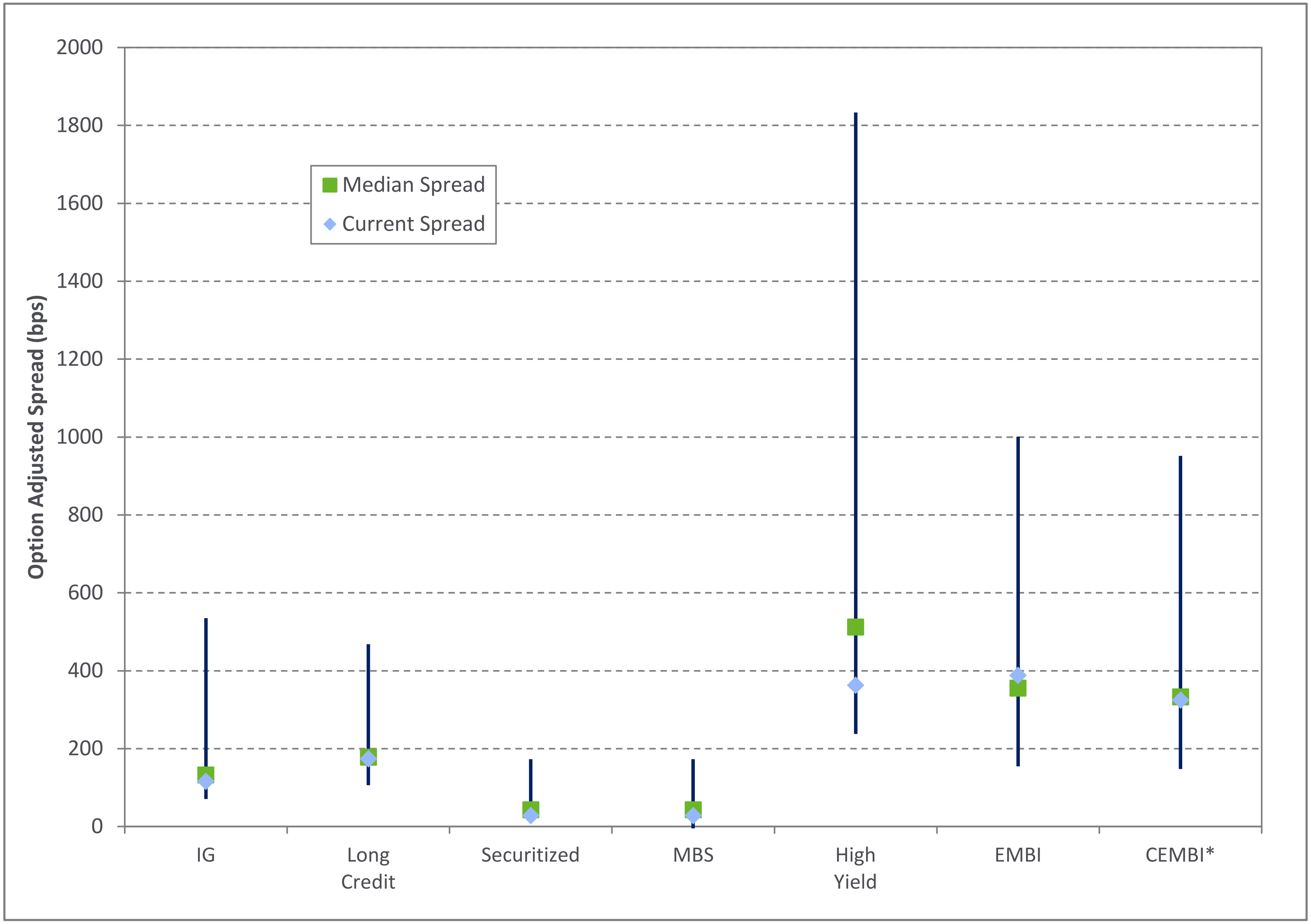
Nearly all other sectors experienced default rates well below long-term averages

Credit spreads near historic lows suggest investors are receiving less compensation for taking on risk



Source: JPM, Bloomberg, NEPC. Since 01/31/2000

CREDIT SPREADS



Source: Barclays, JPM, Bloomberg
Data range: 01/31/2000 through 6/30/2018
*JPM CEMBI calculated since 12/31/2001

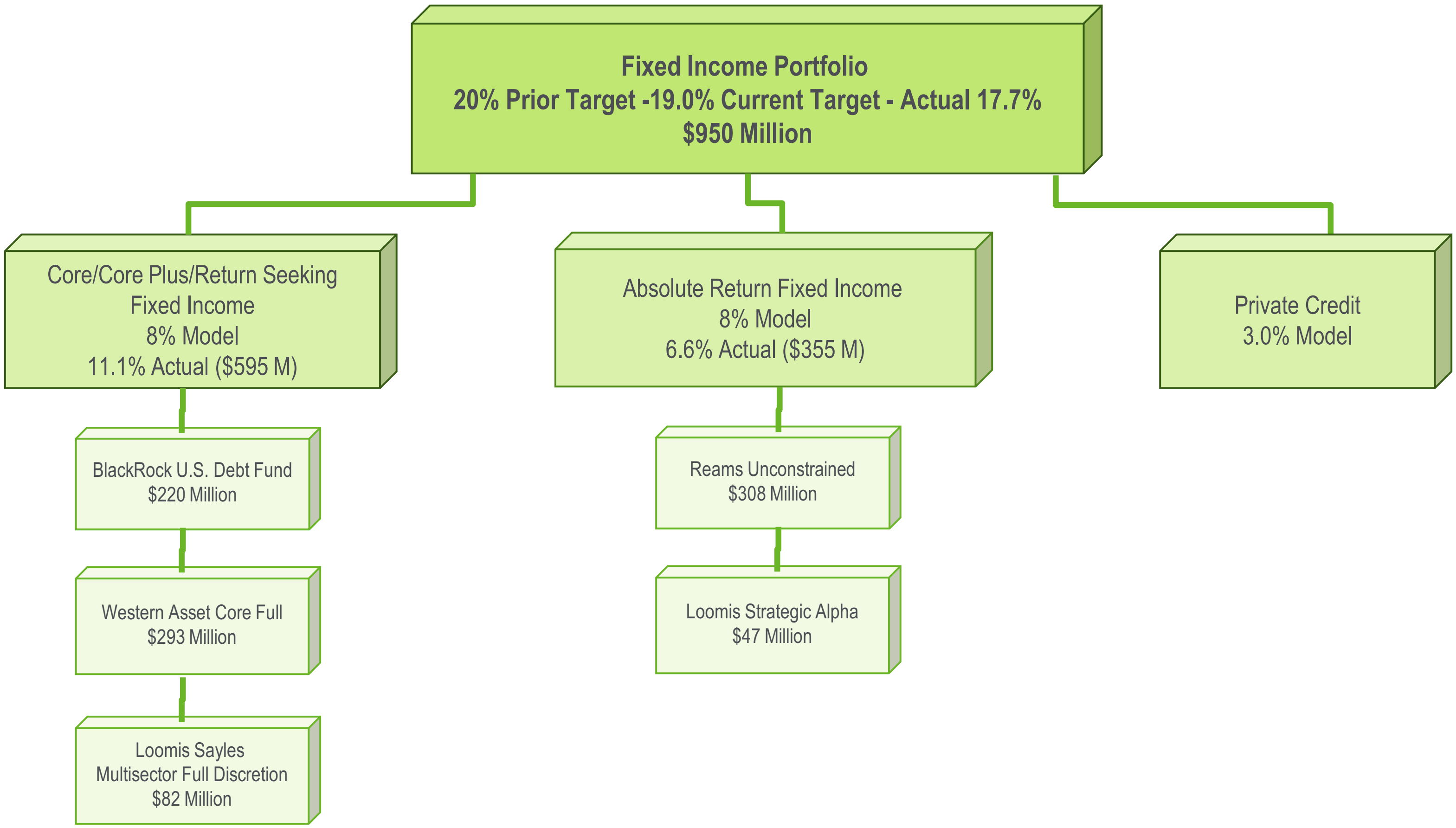
VCERA FIXED INCOME PORTFOLIO

NEPC, LLC

ASSET CLASS COVERAGE

Asset Class	Current Target % of Total Plan	Proposed Target % of Total Plan	Number of Strategies	Consultant
Public Equity	53%	53%	8	NEPC
Private Equity	10%	10%	22	Abbott Capital
Fixed Income	**20%**	**19%**	**5**	**NEPC**
Liquid Alternatives	10%	0%	2	NEPC
Real Assets	0%	10%	0	NEPC
Real Estate	7%	8%	2	NEPC

CURRENT FIXED INCOME STRUCTURE



- **Want to ensure at least 2% of core/core plus/return seeking fixed income are treasuries**
- **Private credit currently has a $30 million commitment to Carval Credit Value Fund IV**

CURRENT FIXED INCOME ASSET CLASS MANDATES

Investment Firm	Investment Product	Primary Benchmark	Fees	Investment Mandate
Blackrock	U.S. Debt Index Fund	BBgBarc US Aggregate	0.08% of First 100 Mil 0.04% of Next 400.0 Mil 0.02% Thereafter	Strategy seeks to track the total return of the Bloomberg Barclays U.S. Capital Aggregate
Western Asset Management	U.S. Core Full	BBgBarc US Aggregate	0.30% of First 100.0 Mil 0.15% Thereafter	Strategy seeks to add incremental value versus the Bloomberg Barclays U.S. Aggregate by exploiting market inefficiencies across all fixed income sectors while adhering to a disciplined risk control process
Reams Asset Management	Columbus Unconstrained Bond	BBgBarc US Aggregate	0.20% of First 150.0 Mil 0.15% Thereafter	Strategy seeks returns in excess Bloomberg Barclays U.S. Capital Aggregate or LIBOR +3% (net of fees) with volatility in the range of 4-6% over a full market cycle by pursuing relative value opportunities through all sectors of the fixed income market
Loomis, Sayles & Company, L.P.	Strategic Alpha	BBgBarc US Aggregate	0.40% of Assets	Strategy is a long/short global fixed income approach that seeks returns in excess of of the Bloomberg Barclays U.S. Capital Aggregate or LIBOR +3% (net of fees) with volatility in the range of 4-6% over a full market cycle
Loomis, Sayles & Company, L.P.	Multisector Full Discretion	Loomis Custom Index	0.50% of First 20.0 Mil 0.40% of Next 30.0 Mil 0.30% Thereafter	Strategy seeks to provide a rate of return in excess of the custom index with typical broad market fixed income portfolio volatility

Note:
1. *Loomis Custom Index is 65% BbgBarc US Agg, 30% Citi High Yield, 5% BBgBarc Int Aggregate*

FIXED INCOME PERFORMANCE – MAY 31, 2018

	Market Value ($)	% of Portfolio	Policy %	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total US Fixed Income	**949,704,140**	**17.7**	**20.0**	**0.4**	**-1.1**	**0.3**	**0.4**	**2.2**	**2.2**	**5.2**	**5.8**	**Feb-94**
BBgBarc US Aggregate TR				0.7	-1.5	-0.3	-0.4	1.4	2.0	3.7	5.2	*Feb-94*
Over/Under				-0.3	0.4	0.6	0.8	0.8	0.2	1.5	0.6	
BlackRock U.S. Debt Fund	219,823,615	4.1		0.7	-1.5	-0.3	-0.4	1.4	2.0	3.8	5.1	Nov-95
BBgBarc US Aggregate TR				0.7	-1.5	-0.3	-0.4	1.4	2.0	3.7	5.0	*Nov-95*
Over/Under				0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	
Western	293,254,077	5.5		0.4	-1.8	0.1	0.4	2.4	3.0	5.1	6.0	Dec-96
BBgBarc US Aggregate TR				0.7	-1.5	-0.3	-0.4	1.4	2.0	3.7	5.0	*Dec-96*
Over/Under				-0.3	-0.3	0.4	0.8	1.0	1.0	1.4	1.0	
Reams	307,760,147	5.7		0.4	-0.5	0.1	0.3	2.2	1.2	5.1	5.2	Sep-01
Reams Custom Index				0.2	0.9	1.6	1.7	1.0	0.7	3.1	3.9	*Sep-01*
Over/Under				0.2	-1.4	-1.5	-1.4	1.2	0.5	2.0	1.3	
BBgBarc US Aggregate TR				*0.7*	*-1.5*	*-0.3*	*-0.4*	*1.4*	*2.0*	*3.7*	*4.2*	*Sep-01*
3-Month LIBOR + 3%				*0.4*	*2.1*	*4.4*	*4.8*	*4.1*	*3.7*	*3.8*	*4.8*	*Sep-01*
Loomis Strategic Alpha	46,774,727	0.9		0.0	1.3	3.5	3.2	2.5	--	--	2.8	Jul-13
BBgBarc US Aggregate TR				0.7	-1.5	-0.3	-0.4	1.4	2.0	3.7	2.3	*Jul-13*
Over/Under				-0.7	2.8	3.8	3.6	1.1			0.5	
3-Month LIBOR + 3%				*0.4*	*2.1*	*4.4*	*4.8*	*4.1*	*3.7*	*3.8*	*3.8*	*Jul-13*
Loomis Sayles Multi Strategy	82,091,574	1.5		-0.4	-1.5	1.2	1.7	3.1	3.5	6.4	6.3	Jul-05
Loomis Custom Index				0.5	-1.0	0.5	0.5	2.4	2.8	4.9	4.9	*Jul-05*
Over/Under				-0.9	-0.5	0.7	1.2	0.7	0.7	1.5	1.4	
BBgBarc US Govt/Credit TR				*0.7*	*-1.7*	*-0.4*	*-0.4*	*1.5*	*2.0*	*3.8*	*3.9*	*Jul-05*

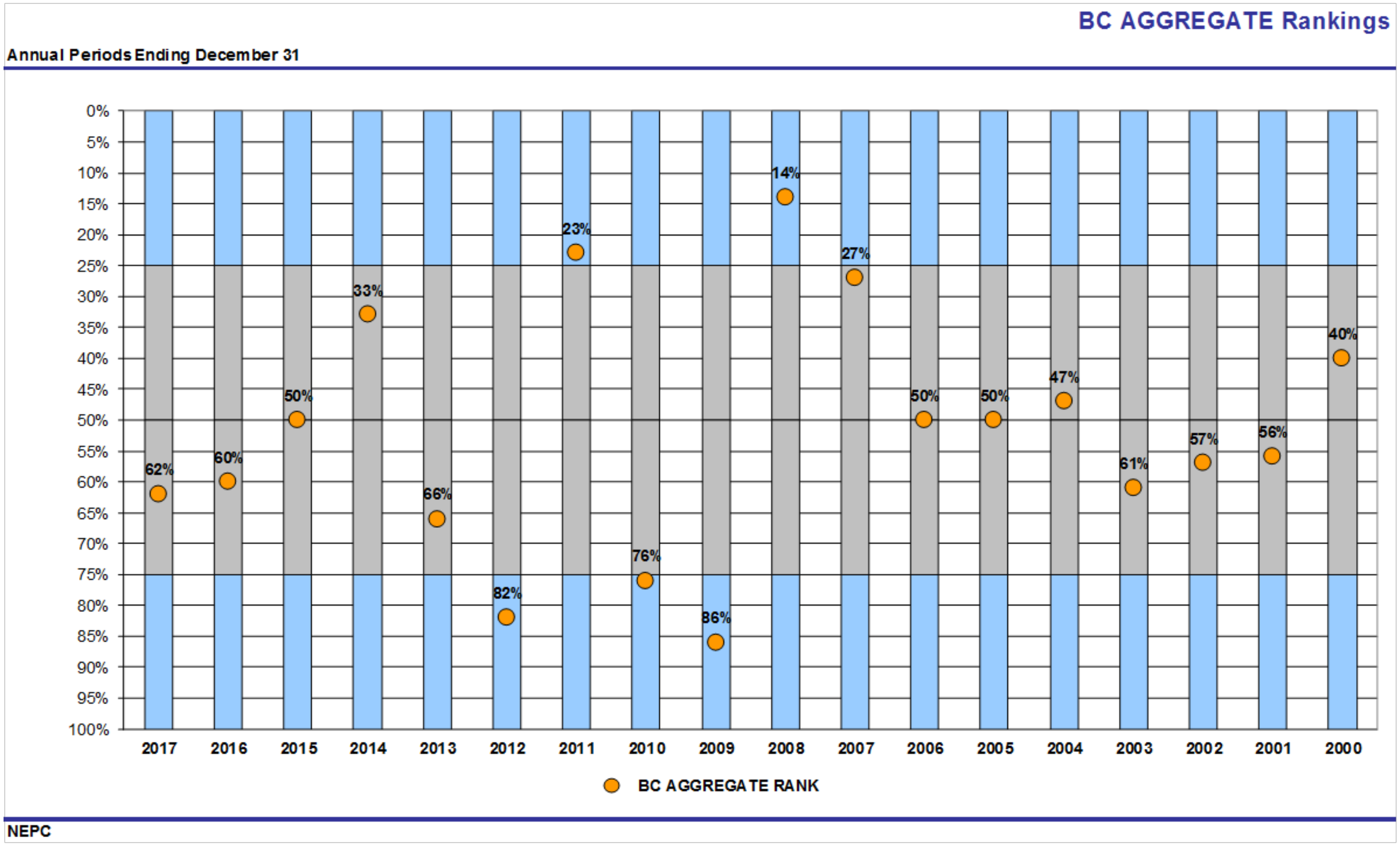
Note:

1. *Reams Custom Index is 3 Month Libor TR*
2. *Loomis Custom Index is 65% BbgBarc US Agg, 30% Citi High Yield, 5% BBgBarc Int Aggregate*

FIXED INCOME CHARACTERISTICS

Note:
1. *Characteristics are reweighted to exclude Loomis Sayles Strategic Alpha*
2. *As of 3/31/2018*

THE CASE FOR ACTIVE MANAGEMENT



BC Aggregate ranked at or below median 12 out of the last 18 years

[1] eVestment and ICC universes shown. Benchmark rankings are relative to the respective actively managed gross-of-fee universe. Rankings reflect the gross-of-fee results of the benchmark. For periods prior to 2009 results were calculated by adding the respective asset class and style annual fee as obtained from the 2008 eVestment Alliance manager fee study to the annual benchmark return. For periods after to 2009, the 2009 eVestment Alliance manager fee study was used.

FIXED INCOME RECOMMENDATIONS

- **Use Blackrock U.S. Debt Index Fund as a source of capital to fund Private Credit strategies ($75 million / year for the next 5 years)**
- **Establish minimum Blackrock U.S. Debt Index Fund / Treasuries exposure for liquidity purposes**
- **Increase exposure to Loomis Sayles Strategic Alpha to better manage interest rate risk**
- **Evaluate source of funding for increasing liquidity and better management of rate risk**

PRIVATE CREDIT PACING PLAN

NEPC, LLC

NEPC RECOMMENDATIONS

- **Ventura County Employees' Retirement Association should consider a $75 million commitment to vintage year 2018 funds.**
  - Direct lending strategies would complement the existing commitment to Carval and provide a foundation for the 3% target allocation
    - Already committed $30 million to Carval Credit Value Fund IV
  - Other strategies such as distressed or niche lending ideas could help to provide strategy diversification within the credit portfolio and possibly higher returns

- **Investment Thesis**
  - **Short-term Objective**
    - Utilize strategies that have a short time horizon to liquidity and mitigate the impact of the "J-curve."
  - **Long-term Objective**
    - Utilize strategies that have a longer time horizon to liquidity and the potential to generate returns in excess of public credit returns
  - **Opportunistic Objective**
    - Distressed strategies are cyclical and can be utilized on an opportunistic basis

- **Ventura County Employees' Retirement Association should maintain an active commitment pace in each vintage year going forward, being mindful of the Plan's liquidity needs**
  - Annual commitments need to be assessed carefully so as to not over-allocate to illiquid investments
  - Strategies that provide a combination of capital appreciation as well as near-term income or distribution can provide a balanced approach for maintaining private credit exposure while also providing some liquidity

PLAN OVERVIEW AND ASSUMPTIONS

($ in millions)

General Plan Assumptions

Total Plan Assets	$5,351.3
Total Private Credit Assets	$0.0
Private Credit Capital to be Funded	$30.0
Total Private Credit Exposure	$30.0
Total Private Credit Assets / Total Plan Assets	0.0%
Total Private Credit Exposure / Total Plan Assets	0.6%
Target Private Credit Allocation % (Current Target)	3.0%

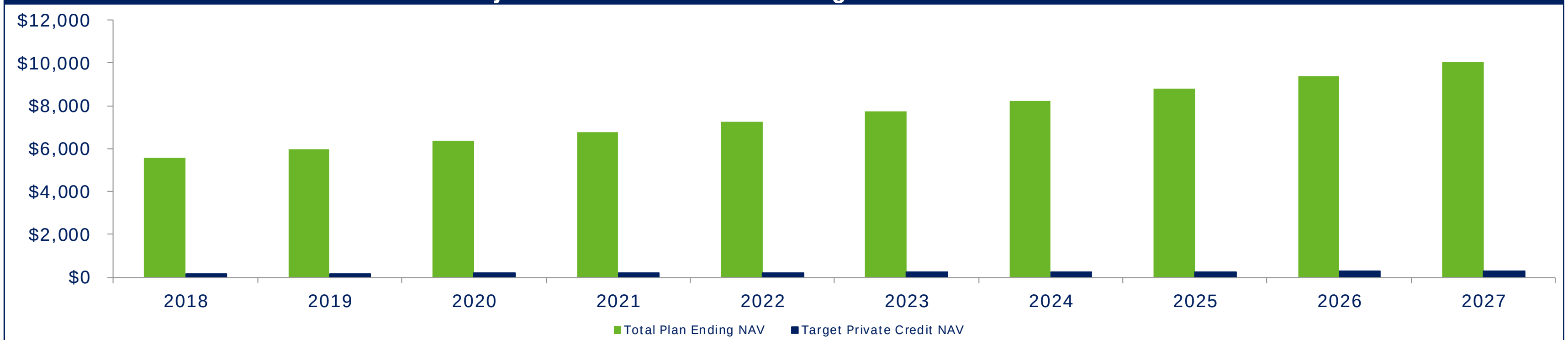
Plan Return Assumptions	2018	2019	2020
Net Growth Rate %	4.5%	6.7%	6.7%

Plan Data as of: 4/30/2018
Private Credit Data as of: 12/31/2018

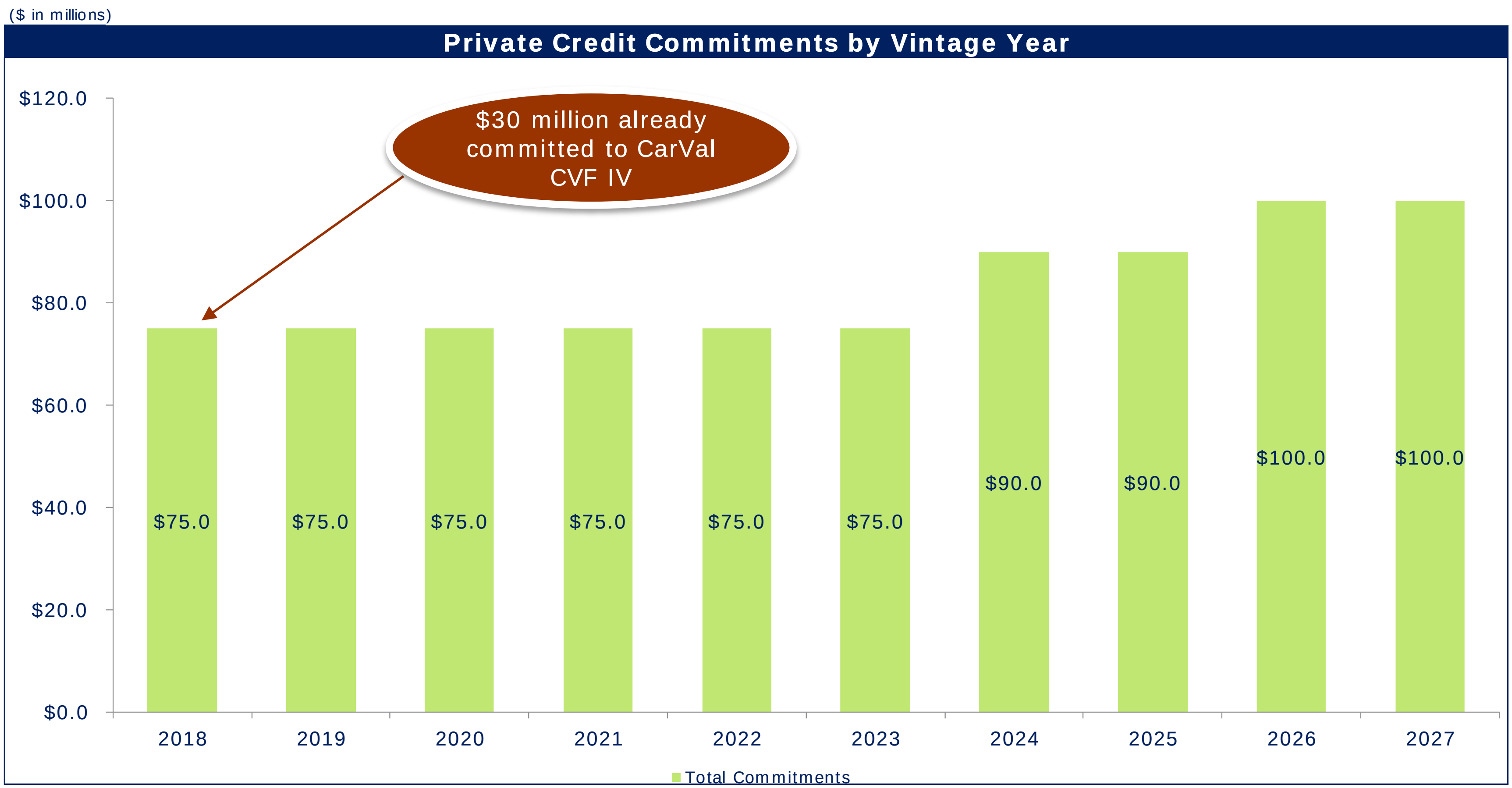
Total Projected Plan Assets

	Projected									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Plan Net Growth Rate	4.5%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%
Total Plan Beginning NAV	$5,351.3	$5,590.3	$5,964.8	$6,364.5	$6,790.9	$7,245.9	$7,731.4	$8,249.4	$8,802.1	$9,391.8
Yearly Net Growth	$239.0	$374.5	$399.6	$426.4	$455.0	$485.5	$518.0	$552.7	$589.7	$629.3
Total Plan Ending NAV	$5,590.3	$5,964.8	$6,364.5	$6,790.9	$7,245.9	$7,731.4	$8,249.4	$8,802.1	$9,391.8	$10,021.1
Target Private Credit Allocation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Target Private Credit NAV	$167.7	$178.9	$190.9	$203.7	$217.4	$231.9	$247.5	$264.1	$281.8	$300.6

Total Projected Plan Assets and Target Private Credit Allocation



COMMITMENT PACE GOING FORWARD



Private Credit Commitments by Vintage Year

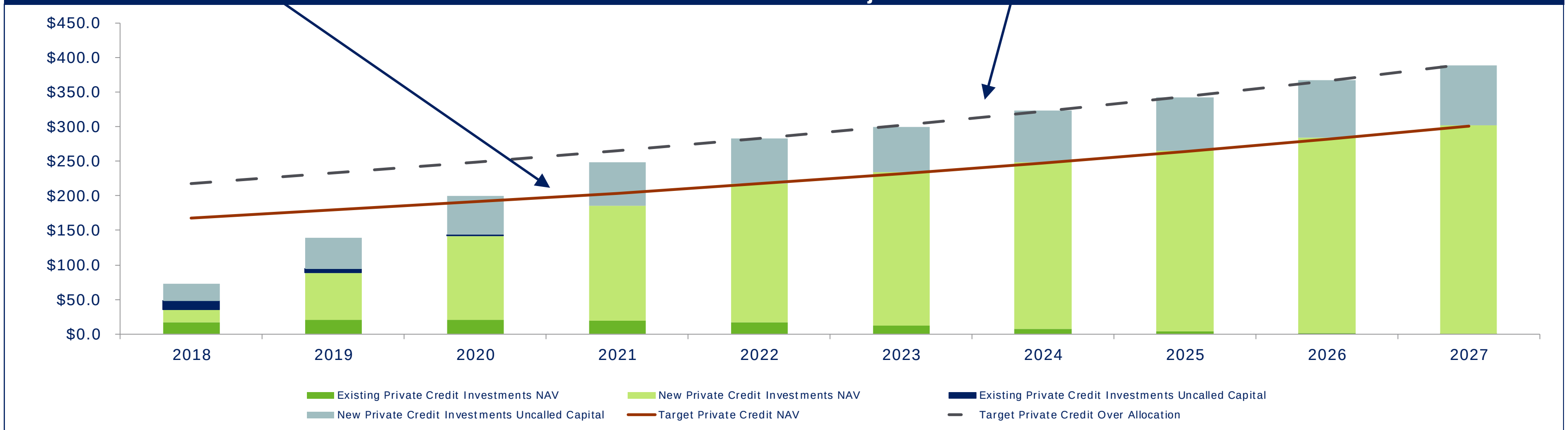
	More Certain			Less Certain						
Year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Total Commitments	$75.0	$75.0	$75.0	$75.0	$75.0	$75.0	$90.0	$90.0	$100.0	$100.0

FUND PROJECTIONS

- **Red line** is the 3% target private credit allocation based on projected plan total NAV; **Black dashed line** is the 1.3x over-commitment.
- Goal is to keep private credit NAV (**green bar**) plus uncalled capital commitments (**blue bar**), between red line and black dashed line.

($ in millions)

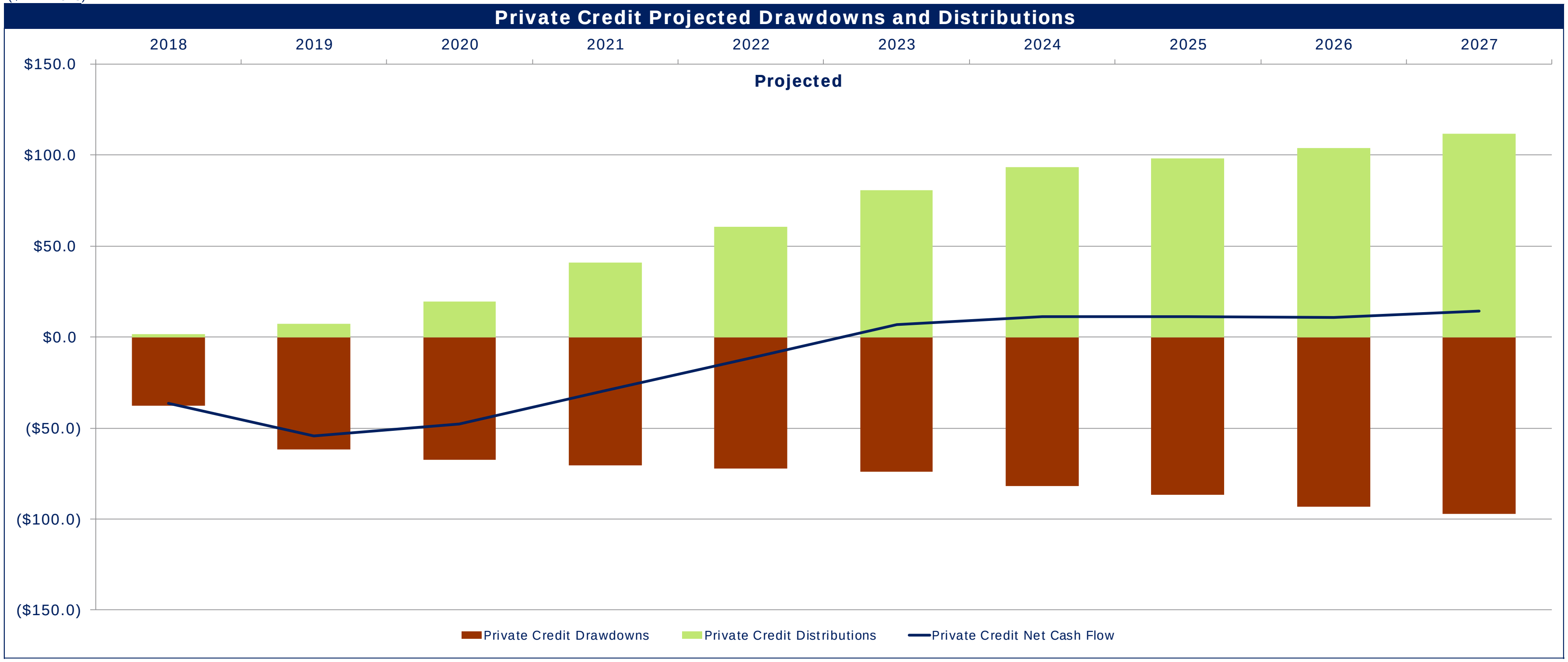
Private Credit Plan Projections



					Projected					
Year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Private Credit NAV	$35.6	$88.7	$141.8	$185.4	$217.1	$233.9	$248.7	$264.6	$283.4	$301.3
Uncalled Capital Commitments	$37.4	$50.5	$57.9	$62.3	$65.2	$66.1	$74.1	$77.2	$83.9	$86.6
Private Credit NAV + Uncalled Capital Commitments	$72.9	$139.2	$199.7	$247.7	$282.3	$299.9	$322.8	$341.9	$367.3	$387.8
Target Private Credit NAV	$167.7	$178.9	$190.9	$203.7	$217.4	$231.9	$247.5	$264.1	$281.8	$300.6
Over-Commitment Pace	1.3x	1.3x	1.3x	1.3x	1.3x	1.3x	1.3x	1.3x	1.3x	1.3x
Target Private Credit Over Allocation	$218.0	$232.6	$248.2	$264.8	$282.6	$301.5	$321.7	$343.3	$366.3	$390.8
Beginning Plan NAV	$5,351.3	$5,590.3	$5,964.8	$6,364.5	$6,790.9	$7,245.9	$7,731.4	$8,249.4	$8,802.1	$9,391.8
Yearly Return	$239.0	$374.5	$399.6	$426.4	$455.0	$485.5	$518.0	$552.7	$589.7	$629.3
Ending Plan NAV	$5,590.3	$5,964.8	$6,364.5	$6,790.9	$7,245.9	$7,731.4	$8,249.4	$8,802.1	$9,391.8	$10,021.1
Private Credit Percent of Total Plan Assets										
Private Credit NAV	0.6%	1.5%	2.2%	2.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Private Credit Uncalled Capital Commitments	0.7%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
NAV + Uncalled Capital Commitments	1.3%	2.3%	3.1%	3.6%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Target Private Credit Allocation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

PROJECTED PRIVATE CREDIT CASH FLOWS

($ in millions)



	Projected									
Year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Private Credit Drawdowns	($37.7)	($61.9)	($67.6)	($70.6)	($72.2)	($74.1)	($81.9)	($86.9)	($93.3)	($97.4)
Private Credit Distributions	$1.4	$7.4	$19.6	$41.0	$60.7	$80.7	$93.2	$97.9	$104.0	$111.6
Private Credit Net Cash Flow	($36.3)	($54.5)	($48.0)	($29.6)	($11.5)	$6.6	$11.3	$11.0	$10.7	$14.2

APPENDIX

NEPC, LLC

MANAGER ASSESSMENT (NEPC)

Investment Firm	Investment Product	On FPL	NEPC Due Diligence Rating	NEPC Due Diligence Status
Blackrock	U.S. Debt Index Fund	N/A	1	No Action
Western Asset Management	U.S. Core Full	Yes	1	No Action
Reams Asset Management	Columbus Unconstrained Bond	No	Not Rated	No Action
Loomis, Sayles & Company, L.P.	Strategic Alpha	Yes	1	No Action
Loomis, Sayles & Company, L.P.	Multisector Full Discretion	Yes	1	No Action

PACING PLAN DISCLAIMERS

- **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.**

- **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.**

- **Data used to prepare this report was obtained directly from the investment managers and other third parties. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**

- **This report may contain confidential or proprietary information and is intended only for the designated recipient(s). If you are not a designated recipient, you may not copy or distribute this document.**

ALTERNATIVE INVESTMENT DISCLOSURES

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

DIRECT LENDING/PRIVATE CREDIT

PRIVATE MARKETS SUB-SECTOR REVIEW

Private Markets Research Team

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

PRIVATE CREDIT OVERVIEW

- **Private Credit includes:**
  - Bank Loans/Direct Lending
  - Distressed Private Debt
  - Structured Credit

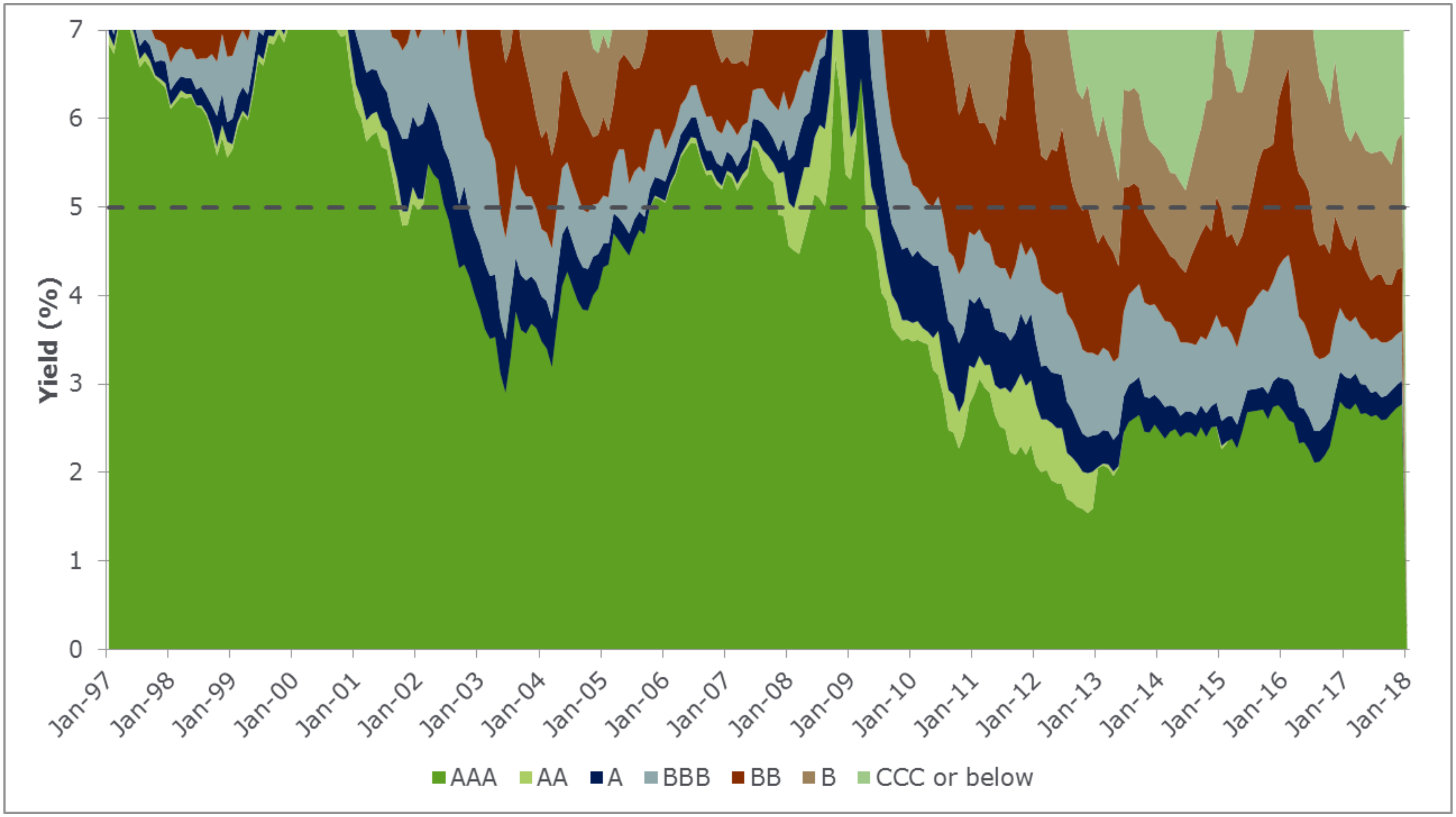
- **Why is Private Credit Attractive?**
  - Ongoing de-leveraging of global banking system
    - Basel III capital rules require banks to hold more capital against their risk weighted assets. In order to de-lever, banks have been disposing of assets that attract high RWA charges (e.g. non investment grade debt, non-performing loans and other illiquid assets).
    - Given that Basel III cap requirements are meaningfully increasing from 2016 – 2019, banks are expected to continue to de-lever.
    - Following 500 EUR billion of non-core disposals since 2010, there are still 2 EUR trillion in non-core assets on European bank balance sheets.
  - Risk-adjusted returns remain attractive
    - 5-7 year expected return of 6.50%
    - 5-7 year expected Sharpe ratio of .55

2018 5-7 YEAR RETURN FORECASTS

Geometric Expected Return			
Asset Class	**2018**	**2017**	**2018-2017**
Cash	2.00%	1.75%	+0.25%
Treasuries	2.25%	2.00%	+0.25%
IG Corp Credit	3.50%	3.75%	-0.25%
MBS	2.50%	2.25%	+0.25%
Core Bonds*	2.75%	2.65%	+0.10%
TIPS	3.25%	3.00%	+0.25%
High-Yield Bonds	3.75%	4.75%	-1.00%
Bank Loans	4.50%	5.25%	-0.75%
Non-US Bonds (Unhedged)	0.50%	1.00%	-0.50%
Non-US Bonds (Hedged)	0.73%	1.09%	-0.36%
EMD External	4.25%	4.75%	-0.50%
EMD Local Currency	6.00%	6.75%	-0.75%
Large Cap Equities	5.25%	5.75%	-0.50%
Small/Mid Cap Equities	5.75%	6.00%	-0.25%
Int'l Equities (Unhedged)	7.50%	7.25%	+0.25%
Int'l Equities (Hedged)	7.82%	7.57%	+0.25%
Emerging Int'l Equities	9.00%	9.50%	-0.50%
Private Equity	8.00%	8.25%	-0.25%
Private Debt	6.50%	7.25%	-0.75%
Core Real Estate	5.75%	6.00%	-0.25%
Commodities	4.75%	4.75%	-
Hedge Funds**	5.83%	5.95%	-0.12%

* Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).
** Hedge Funds is a calculated blend of 40% Equity, 40% Credit, 20% Macro-related strategies.

WHAT DOES IT TAKE TO EARN 5% YIELD?



POTENTIAL RISKS ON THE HORIZON

- **Rising rates and fund flows affect spreads**
- **Disappearing market players increase pressures on liquidity, volatility, and technicals**
- **Changing political regimes & geopolitical events**
- **Uncertainty around emerging markets growth trajectory**

DIRECT LENDING STRATEGY OVERVIEW

- **Direct Lending Strategy Definition**
  - Direct lending loans are primarily floating rate debt obligations made to non-investment grade borrowers.
    - Usually at LIBOR or Prime plus a spread
  - Relatively low duration due to the resetting nature of the loan structure
    - Often 3-7 year floating rate term loans
    - Reset every 30-, 60- or 90-days
    - Outperforms in a rising interest rate environment relative to higher duration bonds
  - They are secured with collateral (borrower's assets) and senior in the debt structure
    - Many contain restrictive covenants and are callable (typically with prepayment penalties)
  - Why do companies turn to the private bank loan market to borrow?
    - Many companies in the mid-market cannot access the high yield marketplace. Instead, they seek 3 to 7 year term loans.

- **Direct Lending Targeted Investments**
  - Traditional direct lending loans are issued for working capital and general operating needs of ongoing business. Loans to the middle market are made for several reasons, some examples include:
    - leveraged buyouts;
    - fund acquisitions;
    - retire existing debt (refinancing);
    - fund capital expenditures not covered by operating cash flow such as the purchase of new plants or equipment;
    - finance non-bankruptcy turnarounds and restructurings;
    - provide debtor-in-possession (DIP) financings for companies in Chapter 11 bankruptcy;
    - Rescue financing/out of court restructurings.

DIRECT LENDING STRATEGY OVERVIEW

- **Distinction between Direct Lending vs. Corporate Loans and Bonds**
  - Corporate loans and bonds are typically arranged by banks and syndicated to a broad group of investors (these are typically loan sizes greater than $300 million).
  - Direct lending is typically associated with the smaller companies in the "middle market" which is commonly defined as middle market loans to companies with EBITDA of $10 million to $75 million
    - The middle market can be further categorized into the lower-middle market (companies with sub-$25 million in EBITDA) and core-middle market (companies with $25 million to $75 million in EBITDA).
  - Private direct lending involves a limited number of investors that structure terms of a transaction directly with a middle-market or small corporate borrowers – usually these companies are not large enough to support a syndicate of more than a handful of banks or institutions as investors.
  - Direct lending markets tend to be less liquid; there is generally a limited public market for these loans; they are usually refinanced prior to maturity or held to maturity by one or a relatively small number of investors.
  - Senior loans have priority in the case of a default (senior secured debt).

Borrower Capital Structure

Underlying Collateral

- Current Assets
  - Cash
  - Accounts Receivable
  - Inventories
  - Other Current Assets
  - Current Assets
- Long Term Assets
  - Plant & Equipment
  - Real Estate
  - Intangibles
  - Subsidiary Stock

THE EVOLVING DIRECT LENDING LANDSCAPE

Current Market Environment

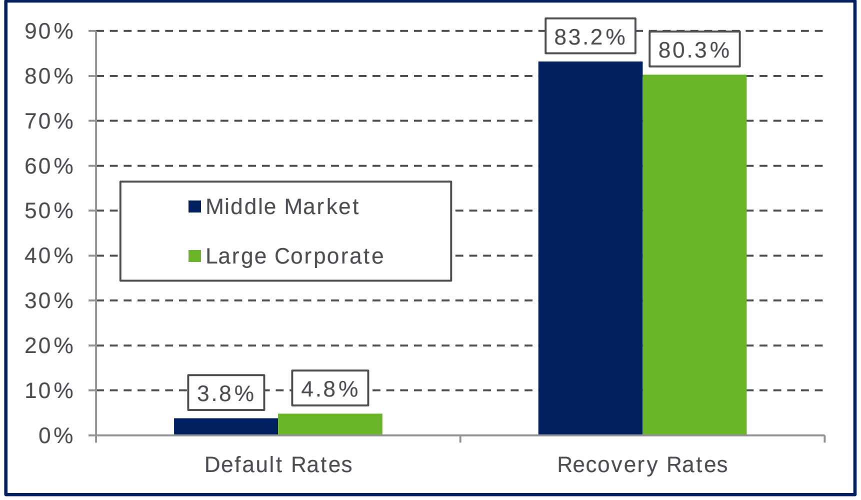
- **The attractiveness of both US and European diversified direct lending has diminished compared to what it was several years ago**
  - Europe is more attractive than the US on a relative, risk-adjusted basis
  - Increased competition, with regard to both assets under management and managers in the space, has caused yields to decline
  - The increase in entrants, including firms that lacked extensive credit underwriting experience, has made diligence more difficult for investors
    - Newer managers are willing to stretch on credit discipline to put money to work
  - Covenant-lite loan issuance has increased
  - Senior leverage continues to increase at the borrower level and managers are now employing more fund-level leverage to meet target returns

- **Yet, relative to public market alternatives, diversified middle market direct lending continues to offer higher yields**
  - On average, middle market loans are yielding 150-200 basis points over more liquid leveraged loans and high yield indices

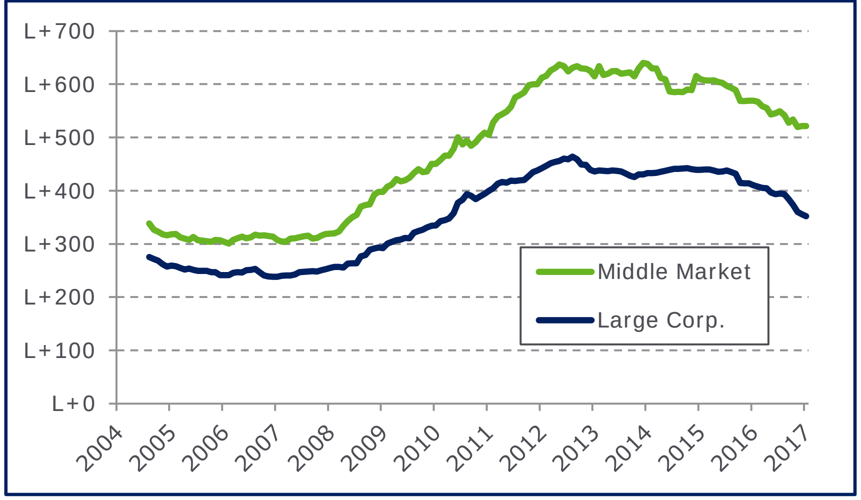
- **Tax changes could affect supply/demand dynamics as LBOs may put less leverage on deals**
  - Lower levered companies will benefit more from the tax cuts than highly levered ones
  - Highly levered, high interest paying companies could actually be in a worse position because of the limit on interest deductibility

STILL RELATIVE ATTRACTIVENESS IN DL

Historical Default and Recovery Rates



Global Middle Market vs. Broadly Syndicated Loan Spreads



Source: S&P LCD, NEPC Research

In The Portfolio Context

- **Middle-market direct lending can continue to provide a stronger yield with historically lower default rates when compared to more liquid instruments**
  - US and European diversified direct lending yields continue to outperform more liquid and public market peers
- **Target returns:**
  - US lower middle-market: 7%-8% net unlevered IRRs (9%-11% levered*)
  - US core middle-market: 6%-7% net unlevered returns (8%-10% levered*)
  - European middle-market: 9%-10% net unlevered IRRs (11%-13% levered*)
- **Manager selection and fund economics continue to be important as yields compress**
  - NEPC has negotiated an average discount of 27% and 17% on management fees and carried interest, respectively

*Assumes 1.0x of leverage at the fund level

DISTRESSED DEBT AND OPPORTUNISTIC CREDIT

General Market Thoughts

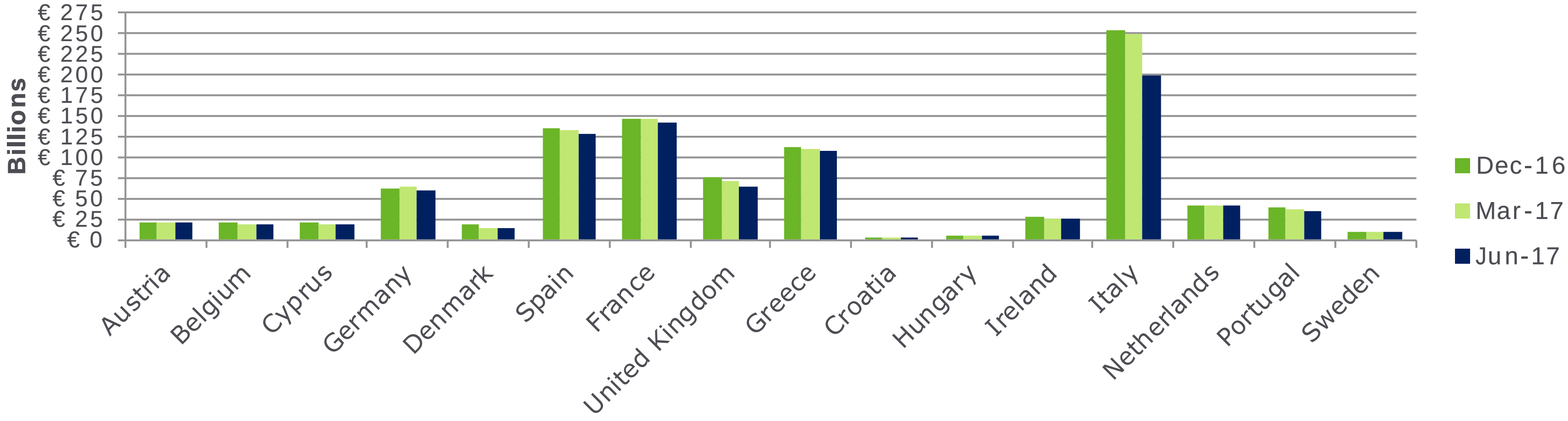
- **Distress has been sector specific (i.e. energy and retail) in recent years. Many managers have focused on idiosyncratic, company specific distress.**
  - In reaction to depressed distress levels, historically distressed focused firms have been altering and/or creating new strategies focused on a wider opportunity set such as specialty lending and rescue financing or more special situations type investing
  - "Bad management is not cyclical" – Oaktree Capital Management
- **Distress-for-control strategies utilizing operational levers in this benign environment are attractive; trading strategies can be advantageous during times of sector or widespread dislocation.**
  - New tax plan implications could hasten the demise of over-levered companies (providing more distressed opportunities) as they may be financially punished by interest rate deductibility changes

Implementation Views

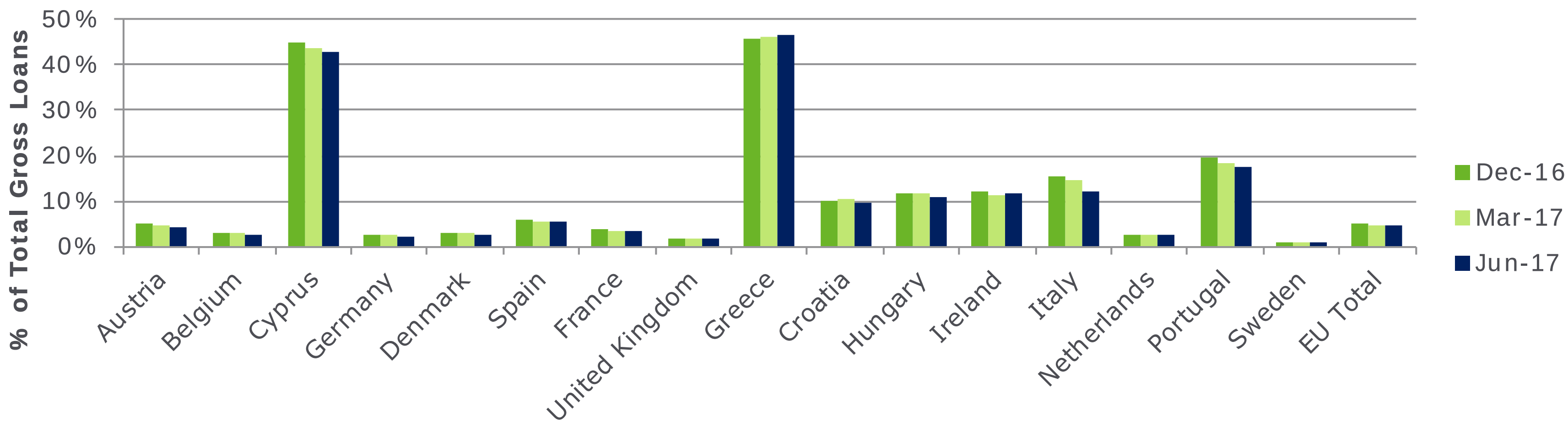
Strategy	Outlook	Commentary
Distressed Debt	Neutral	• Favor distressed-for-control strategies that can succeed in benign and highly distressed markets • Private equity turnaround skills are important for success
Opportunistic Credit	Positive	• Opportunistic strategies can enhance returns in a low-rate environment compared to traditional fixed-income strategies • Find managers who can provide flexible capital solutions that can invest across various market conditions

DISTRESSED: EUROPEAN NON-PERFORMING LOAN VOLUME

European NPLs By Country (€893 Billion Total)



European NPL Ratios



Source: European Banking Authority. Only those countries with > €5 billion are included.

DISTRESSED: LEVERAGED LOAN DISTRESS

Leveraged Loan Distressed Ratio

Dollar Amount of Leveraged Loan Distress

Source: S&P LCD. Distressed loans defined as those that are priced below 80.

STRUCTURED CREDIT

General Market Thoughts

- **CLO: Spreads continued to narrow during 2017**
  - Limited price upside compared to 2016 and 2017 but still attractive given spread pick-up relative to similarly rated instruments
  - Strategy remains capacity constrained with $110 billion estimated new issuance in 2018, bank loan supply remains the limiting factor
- **RMBS: Opportunities exist in non-performing mortgages**
  - Anticipating an uptick in NPL auction volume from Fannie Mae, Freddie Mac, and HUD in 2018
- **CMBS: Sourcing and credit underwriting skills will be imperative**
  - Exposure to retail sector poses an increasing concern

Implementation Views

Strategy	Outlook	Commentary
US CLOs	Positive	Better relative value than similarly rated corporate credit in IG and Mezzanine notes. Equity will perform well if volatility picks up and defaults remain low.
US CMBS	Negative	Neutral-to-negative across all segments of the conduit CMBS market. Concerns around retail exposure and underwriting standards.
US RMBS	Neutral	Pockets of opportunities across agency and non-agency sectors
US ABS	Neutral	Pockets of opportunity but the risk-adjusted spreads and yield may not be attractive

SUMMARY: WHAT IS A CLO?

Broadly-Syndicated Arbitrage Collateralized Loan Obligations (CLOs)

- **Mostly corporate floating-rate debt (CUSIP security, publicly traded, average rating of BB to B)**
- **Majority of the loans (+95%) in the collateral are senior secured loans**
- **Collateral performance determines CLO return**
- **CLOs provide vital source of funding for U.S. non-investment grade corporations**
- **CLOs are transparent; most assets have public ratings and audited financial statements, monthly or quarterly trustee reports with visibility into underlying holdings**

CLOs are not CDOs

	CLOs	CDOs
Underlying Collateral	Non-Investment Grade Corporate Loans	Mezzanine Tranches & High Grade ABS
Transparency	Monthly trustee reports with loan level transparency	Monthly trustee reports with ABS level transparency
Managed vs. Static	Actively managed	Static Pool
10 Year AAA Cumulative Default Rate (1993-2015)	0.0%	35.4%
10 Year AA Cumulative Default Rate (1993-2015)	0.0%	43.4%

Source: RBS, Wells Fargo , Moody's Investor Services, Inc.

DIRECT LENDING FUND CHARACTERISTICS

NEPC, LLC

DIRECT LENDING FUND CHARACTERISTICS

Characteristics	Direct Lending
Targeted Investments	Growing and/or profitable businesses
Holding Period	3-5 years
Companies with Cash Flow and Earnings	Frequently
Use of Leverage	Typically 1.0x
Typical # of Investments	30-50
Expected Net Returns*	• Lower middle market: 8-9% net unlevered IRR (9-11% with modest leverage)/1.4x-1.5x TVPI • Core middle market: 7-8% net unlevered IRR (9-10% with modest leverage)/1.4x-1.5x TVPI
Historical Median Returns	9.6%
Volatility of Returns	6.80%
Majority Equity Ownership	Rarely

* Represents the returns NEPC expects when underwriting a manager

Source: Preqin, NEPC

TYPICAL FUND STRUCTURE & ECONOMICS

Term	Standard Term	Description/Comment
Closed or Open Ended:	Closed	The fund can only accept subscriptions (commitments) for a defined period of time, after which, the fund is closed to new investors.
Investment Vehicle:	Limited Partnership	A limited partnership exists when two or more partners unite to jointly conduct a business in which one or more of the partners is liable only to the extent of the amount of money that partner has invested.
Fund Term:	Generally 7 years subject to two 1-year extensions	The fund has a defined term with which to invest and harvest investments. If the fund still has remaining investments at the ten year anniversary (termination date), the GP can request to extend the life of the fund to harvest the remaining investments.
Investment Period:	Generally three to four years	The GP contractually has a defined period of time with which to invest capital . From time to time, the GP may be able to make add-on investments to its main platforms after the investment period concludes.
Management Fee:	1.0%-1.5%	Historically, NEPC has negotiated management fees of approximately 1.0% for its clients.
Basis of Management Fee:	Based on invested capital during Investment Period; thereafter, net invested capital on unrealized deals	In general, the management fee is included in the LP commitment.
Carried Interest:	Yes; 10%-15%	The amount of gain the GP takes after paying back investment cost, fees & expenses.
Preferred Return:	Yes; 5%-8%	The annualized rate of return that needs to be achieved before the GP can receive any carry.
Distribution Waterfall:	Modified deal-by-deal or European	European: Cumulative paid-in capital to date has to be returned to LPs before GP can share in the carry. Modified: The GP will take carry on each profitable deal, but must recoup the invested capital for deals that do not return the original cost basis.
Sponsor Investment	Generally 1%-3%	The GP will typically invest capital into the fund. The higher the sponsor investment, the greater the alignment of interests with LPs.

INVESTMENT CONSIDERATIONS

- Institutional interest in direct lending has increased for a variety of reasons including the need for non-bank financing by middle market companies due to government regulations, investors seeking steady cash flow to address their return objectives and credit managers stepping into the space to fill the void left by banks
- Investing in direct lending can be attractive to institutional investors because of the higher yield it provides (relatives to public markets) and that most loans are floating rate, meaning they will not suffer capital losses should interest rates rise
- Lower interest rates over the past few years have pushed leverage levels to near pre-crisis levels
- The recent rise in interest rates, while good for private debt investors, also makes financing more expensive and restrictive for companies and private equity sponsors
- Although the immediate effects of reversing bank regulation (ex. dismantling Dodd-Frank) would be muted, investors should be weary of the possibility of changes in political reforms

ALTERNATIVE INVESTMENT DISCLOSURES

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

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 16, 2018

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

SUBJECT: $25 MILLION INVESTMENT IN MONROE CAPITAL PRIVATE CREDIT FUND III

Dear Board Members:

Attached is joint recommendation from NEPC and I for a $25 million investment in Monroe Capital Private Credit Fund III.

Discussion

The Board adopted a revised asset allocation at its meeting of May 21, 2018 which included a dedicated 3% allocation targeted to private credit. In late 2017, the Board approved a $30 million allocation to CarVal Credit Value Fund IV which was recommended by NEPC and included as part of the private investments program, but did not begin investing until 2018.

NEPC has included an investment pacing plan within today's fixed income presentation which recommends committing $75 million per year over three years to reach the targeted allocation. Of the $75 million targeted for vintage year 2018, $30 million has already been committed to CarVal. Of the remaining $45 million to be deployed for calendar year 2018, $25 million is recommended for Monroe Capital Private Credit Fund III as described in NEPC's accompanying memo.

As this fund is highly rated by NEPC and is set for a final close before the Board's next meeting, staff recommends that the Board approve this investment, as more fully described in the attached NEPC report.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

1. **Approve an allocation of $25 million to Monroe Capital Private Credit Fund III, and direct staff and counsel to negotiate the necessary legal documents; and,**

2. **Subject to successful contract negotiations, authorize the Board Chair or the Retirement Administrator or the Chief Investment Officer to approve and execute the required documentation.**

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

NEPC, LLC

To: Ventura County Employees' Retirement Association

From: NEPC Consulting Team

Date: July 16, 2018

Subject: Private Debt Manager Recommendation

Recommendation

NEPC and VCERA's CIO recommend that the Board of the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") consider a commitment of $25.0 million to Monroe Capital Private Credit Fund III ("Monroe Fund III" or the "Fund") subject to the successful completion of contract negotiations between Monroe Capital (the "Firm") and the Plan's legal counsel. The Fund has been rated "1" by the NEPC Alternative Assets Committee indicating our high conviction in this product. NEPC and VCERA's CIO believe that Monroe Fund III fits well in the Plan's portfolio for the following reasons:

- As a US diversified lender, Monroe will provide a diversified, US-centric lending foundation for the private debt portfolio
- Monroe believes it can achieve high single to low double-digit IRRs, which is attractive from a stand-alone return basis
- This commitment would complement VCERA's existing commitment to CarVal, which invests more opportunistically in areas it finds attractive globally. Monroe is a garden variety US direct lender
- NEPC has negotiated discounted economics with Monroe
- Monroe's track record has a low loss ratio, so the strategy/fund should be resilient given today's lending environment in the US

Overview of Ventura Private Debt Program

As of 12/31/2017, VCERA had committed $30 million to Private Debt. The entire $30 million commitment was to CarVal Credit Value Fund IV.

Fund Summary

Monroe Capital Private Credit Fund III LP is a direct lending vehicle which seeks to provide investors with current income and long-term capital appreciation by originating senior secured loans in lower-middle market companies located in North America. The Fund will primarily invest in US companies with less than $30 million in EBITDA that require financing to fund a corporate event such as a buyout, refinancing, recapitalization, ownership transfer, or acquisition. Fund III is targeting a portfolio of 40-60 loans over a four-year investment period. Fund III is targeting $800 million in commitments with a $1 billion hard cap. As of July 2018, the Fund has raised approximately $560 million.

The Fund will directly originate senior secured direct loans in the lower middle-market companies primarily located in the United States. The Fund will leverage Monroe Capital's sourcing and underwriting platform that has been operating since 2004. The Firm will aim to protect invested capital and generate high-single digit to low-teen net IRRs by focusing on the senior position in the capital structure and accessing transactions that require a heavy origination effort. The Firm's prior funds have performed in line with expectations. As of 3/31/18, Monroe I has generated a net levered IRR and TVPI of 14.2% and 1.54x, respectively. Monroe II has generated a net levered IRR and TVPI of 13.6% and 1.17x, respectively.

The Fund will target senior secured direct lending investments in a wide range of industries. Fund III will also seek diversity in terms of investment size, company type, industry, geography and asset type. The Fund is targeting investments in lower middle-market companies with EBITDA of $3 million-$30 million and revenues of $25 million-$250 million. Monroe is staffed to pursue deals alongside private equity sponsors and non-sponsored transactions. Historically, the Firm has pursued a 50/50 mix in sponsored and non-sponsored transactions. The Fund will seek companies with stable and consistent cash flow generation and will not engage in distressed transactions with companies that have negative earnings. The following are core elements of the Fund's strategy:

- Strong current income: The Fund's investments will target a consistent and sustainable current income distribution of 7%-10%.
- Protection of capital: The Fund's focus will be on the safety and protection of invested capital. Loans will be well-collateralized and, typically, will have a lien on a borrower's tangible and intangible assets and a pledge of company stock. Covenants will be structured to provide the ability for early intervention in the event of deteriorating financial performance of a borrower.
- Conservative structure: Loans are expected to have low leverage ratios, conservative loan-to-value ratios and significant equity capital support and a repayment schedule based on a conservative estimate of the borrowers' predictable free cash-flow generation capability.
- Agented by Monroe: The Fund is targeting ~75% of transactions to be agented by Monroe. This strategy increases return and reduces the risk for each investment. As Agent, the Fund will receive optimal interest and fees. Additionally, the Fund will be in the position to structure covenants and protect its capital.
- Predictable exits: In addition to the Fund's conservative approach to structuring and emphasis on protection of capital, the Fund will seek a predictable exit. The Fund's investments are not expected to be dependent on event-driven or purely market-driven exit strategies, such as robust merger and acquisition markets or a fully functioning IPO market.
- Return enhancement: Additional yield generation will come through payment-in-kind, or PIK interest, warrants and success fees. The Fund is targeting total gross investment returns of 12%-14% per annum.
- Portfolio diversification: A broad array of industries will be targeted to produce a balanced and relatively non-correlated portfolio of investments. The portfolio will be structured to have the downside protection inherent in a collateralized pool of assets.

NEPC Research Ratings Definitions

Rating	Definition
1	A high conviction investment product. Product has a clear and economically-grounded investment thesis, and is managed by an investment team that is sufficiently resourced and incented to execute on the thesis.
2	NEPC has a positive view of the strategy. Strategy has a compelling and sound investment thesis. The manager is sufficiently resourced and incented to execute on the thesis. Strengths outweigh the weaknesses, but the strategy does not meet all requirements for a 1 rating.
3	A satisfactory investment product. The strategy lacks a compelling investment thesis, however there are no significant concerns around the manager's viability.
4	The strategy may have an unclear or ambiguous investment thesis or the manager may lack the ability to execute on the stated thesis. The strategy likely has strengths and weaknesses and the weaknesses may outweigh the strengths.
5	A strategy that lacks an investment thesis or NEPC has no confidence in the manager's ability to execute on the thesis, and/or the investment firm may not be viable. Serious issues have been identified with an investment manager or product. This rating aligns with a Terminate Due Diligence status for client-owned products.
NR	Due diligence has not been sufficiently completed on the product or manager.

MONROE CAPITAL PRIVATE CREDIT FUND III

PRESENTED TO:

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

JULY 16TH, 2018

R. SEAN DUFF, HEAD OF MARKETING & INVESTOR RELATIONS

MONROE CAPITAL LLC
311 SOUTH WACKER DRIVE | 64th FLOOR
CHICAGO | IL | 60606

MONROE CAPITAL

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MONROE CAPITAL

14 YEAR TRACK RECORD OF SUCCESSFULLY DELIVERING ATTRACTIVE RETURNS

25.0%+ CASH-ON-CASH RETURNS PER ANNUM DURING THE CRISIS PERIOD OF 2008-2009[1-3]

11.4% GROSS UNLEVERED RETURNS SINCE INCEPTION[1-3]

BROAD AND EXTENSIVE NETWORK: **PRIVATE EQUITY SPONSORS, REGIONAL BANKS, INVESTMENT BANKS AND ADVISORS**

FIRM OVERVIEW AND UPDATE

FOUNDED IN 2004, MONROE CAPITAL LLC ("MONROE") PROVIDES PRIVATE CREDIT SOLUTIONS TO BORROWERS IN THE U.S. AND CANADA

- Monroe Capital Management Advisors, LLC, an affiliate of Monroe Capital LLC, is a SEC-registered investment adviser with approximately $5.5 billion of committed and managed capital (as of April 1, 2018)

HEADQUARTERED IN CHICAGO, MONROE HAS GROWN TO A TEAM OF APPROXIMATELY 100, WITH 55 INVESTMENT PROFESSIONALS THAT ARE FOCUSED ON DEAL SOURCING AND UNDERWRITING

- Monroe's senior management averages over 25 years of experience and owns 100% of the firm
- Six additional origination offices in Atlanta, Boston, Dallas, Los Angeles, New York and San Francisco

DIFFERENTIATED ORIGINATION PLATFORM

- Senior origination employees located in seven offices in the U.S.
- Deep industry relationships with regional banks, private equity sponsors, investment banks, joint venture partners, intermediaries and service providers
- Reputation for timely, efficient and seamless deal execution

DISCIPLINED UNDERWRITING STANDARDS WITH A 14 YEAR TRACK RECORD IN DIRECT LENDING / PRIVATE CREDIT

- "Credit First – Zero Loss" Mentality – strong underwriting infrastructure with turnaround and restructuring experience
- Focus on downside and principal protection has led to minimal realized losses and 11.4% GROSS unlevered returns on Monroe Capital's 296 directly originated loan transactions[1-3]

DIVERSIFIED PRIVATE CREDIT PLATFORM FOR INSTITUTIONAL AND RETAIL INVESTORS

- Institutional Direct Lending and Opportunistic Private Credit Closed-End Fund Vehicles
- Retail Focused Private Credit Fund Vehicles
- Public Business Development Company ("BDC")
- Collateralized Loan Obligations ("CLOs")

1. Prior investment performance is not indicative of or a guarantee of future results. Please see important disclaimers at the back of this presentation.

2. The selection criteria for track record is generally as follows: (i) senior and secured private loan investments; (ii) investments originated, agented, underwritten and structured by the partners of Monroe; (iii) club transactions with a small number of co-lending partners versus broadly syndicated transactions and/or (iv) directly originated opportunistic investments. These investments include: Monroe Capital Senior Secured Direct Loan Fund LP, Monroe Capital Partners Fund LP, Monroe Capital Partners Fund II LP, Monroe Capital Corporation, Monroe FCM Direct Loan Fund LP, Monroe Private Credit Fund A LP, Monroe Private Credit Fund I LP, and Monroe Private Credit Fund II LP for the period from January 2004 through March 31, 2018. The returns of this selected group of investments are provided for illustrative purposes only, and do not reflect the returns of all investments made by the predecessor firm and the referenced Monroe advised funds, which returns may be materially different from the returns of this selected group.

3. The gross investment performance referenced above is presented on a gross unlevered basis before the effects of leverage, management fees, "carried interest" or incentive fees, taxes, and other fund expenses to which an investor in a Fund would be subject. Any future investor's return will be reduced by the advisory fees and other expenses that such investor may incur as a client of Monroe Capital Management Advisors, LLC. All such advisory fees of Monroe Capital Management Advisors, LLC are described in Part 2A of its Form ADV.

MONROE CAPITAL

CEO AND CHIEF CREDIT OFFICER HAVE **WORKED TOGETHER FOR 18 YEARS**

EIGHT PERSON INVESTMENT COMMITTEE HAS AN **AVERAGE OF 26 YEARS OF EXPERIENCE**

UNANIMOUS INVESTMENT COMMITTEE DECISION

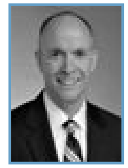
FIRM IS **100% EMPLOYEE-OWNED** AND 36% OF SENIOR MANAGEMENT ARE **MINORITIES OR FEMALE**

FIRM SENIOR MANAGEMENT AND INVESTMENT COMMITTEE

THEODORE KOENIG — *Joined 2004*
CEO & President — *34**

- Hilco Capital; Holleb & Coff; Winston & Strawn
- B.S. Accounting – Indiana University
- J.D. – Chicago-Kent College of Law

MICHAEL EGAN — *Joined 2004*
Chief Credit Officer — *34**



- Hilco Capital; CIT Group; The National Community Bank of New Jersey; Key Corp.
- B.S. Business Management – Ithaca College

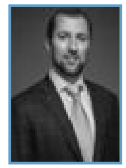
TOM ARONSON — *Joined 2004*
Head of Originations — *34**

- Hilco Capital; Cole Taylor Bank; Barton Chemical Corp; American National Bank
- B.S. Finance and Marketing – Indiana University
- M.B.A. Management Accounting – DePaul University

ZIA UDDIN, CFA — Joined 2007
PM, Direct Lending — 22*

- Franklin Street Partners; Arthur Andersen
- B.S. Finance – University of Illinois at Urbana-Champaign
- M.B.A. Finance and Econometrics – University of Chicago

JEREMY VANDERMEID — Joined 2007
PM, CLO Vehicles — 20*

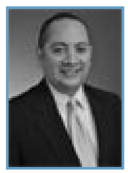


- Morgan Stanley; GE Capital; Heller Financial
- B.B.A. Finance – University of Michigan
- M.B.A. Finance and Strategy – Northwestern University

AARON PECK — *Joined 2012*
PM, BDC & Opportunistic Private Credit — *25**

- Deerfield Capital; ESL; Black Diamond Capital
- B.S. Commerce – University of Virginia
- M.B.A. Finance – University of Chicago

ALEX FRANKY — *Joined 2004*
MD, Head of Direct Underwriting — *26**



- Hilco Capital; LaSalle Bank; GMAC Business Credit
- B.S. Accounting – University of Illinois at Chicago
- M.B.A. Finance and International Business – Loyola University

CAREY DAVIDSON — *Joined 2015*
MD, Head of Capital Markets — *20**

- Carlyle Group; Churchill Financial
- B.A. Communications – The University of Wisconsin – Madison
- M.B.A. Finance, Entrepreneurship, Accounting– University of Chicago

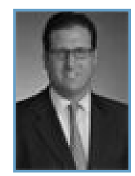
CESAR GUEIKIAN — *Joined 2017*
PM, Opportunistic Private Credit — *19**

- Melody Capital Partners; UBS Investment Bank; Merrill Lynch; Deutsche Bank
- B.A. Business – Universidad de San Andres
- M.B.A. Finance – University of Chicago

BRAD BERNSTEIN — *Joined 2017*
MD, Head of the Equity Group — *34**

- SE Capital; JP Morgan; Banc of America Securities; First Chicago Capital Markets, Inc.
- B.A. Finance – University of South Florida
- M.B.A – Northwestern University

R. SEAN DUFF — *Joined 2012*
MD, Head of Marketing & IR — *20**

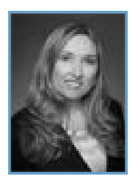


- Deutsche Bank; Onex Credit; Merrill Lynch; SAC Capital; Morgan Stanley; Trout Trading
- B.B.A. Finance – The College of William and Mary

JAMES CASSADY — *Joined 2013*
MD, Finance & Compliance — *25**

- Deloitte; Orchard First Source
- B.S. Accountancy – University of Illinois at Urbana-Champaign
- M.B.A. – DePaul University

KARINA STAHL — *Joined 2013*
MD, Finance & Operations — *15**



- Deerfield Capital/CIFC Asset Management; Deloitte
- B.S. Accounting – DePaul University

PETER GRUSZKA — *Joined 2016*
MD, General Counsel — *19**

- Chicago Fundamental Investment Partners; Mayer Brown
- B.A. – Duke University
- J.D. – Washington University, St. Louis

■ INVESTMENT COMMITTEE
* YEARS OF EXPERIENCE

MONROE CAPITAL

FOUNDERS HAVE BEEN WORKING TOGETHER FOR **18 YEARS**

LAUNCHED **CLO BUSINESS** IN 2006, **11-YEAR TRACK-RECORD**

MRCC (NASDAQ), PUBLICLY-LISTED BDC, **LAUNCHED IN 2012**

FIRST INSTITUTIONAL DIRECT LENDING FUND LAUNCHED IN 2014 WITH **$500M IN COMMITMENTS**

EVOLUTION OF THE FIRM

1999 2002 2004 2005 2006 **2007** 2008 2009 2011 2012 **2013** 2014 2015 2016 **2017** 2018

1999
CEO & Chief Credit Officer established their partnership at Hilco Capital

2002
Head of Originations and Head of Underwriting joined the founders at Hilco Capital

2004
Monroe Capital founded as a private credit investment firm in Chicago

2005
Monroe entered into strategic investor partnerships with institutional investors

2006
CLO business established

MC Funding Ltd. closed

2007
Monroe Capital entered into a CLO joint venture with Northstar Realty Finance (NASDAQ: NRF)

2008-2009
CLO investment vehicle generated 25% net cash-on-cash returns per annum through financial crisis[1]

2011
Monroe Capital Partners Fund I, LP closed

2012
Monroe's publicly-listed BDC launched (NASDAQ: MRCC)

2013
Monroe Capital CLO 2014-1 Ltd. closed

2014
Monroe Capital Senior Secured Direct Loan Fund, LP closed ("Private Credit Fund I")

Monroe Capital Partners Fund II, LP closed

Monroe FCM Direct Loan Fund LP closed

2015
Monroe Private Credit Fund A LP closed

Monroe Capital BSL CLO 2015-1, Ltd. closed

2016
Monroe Capital Private Credit Fund II LP closed

Monroe Capital Private Credit Fund I LP closed

Monroe Capital MML CLO 2016-1, Ltd. closed

2017
Monroe Capital Private Credit Fund III LP launched

Monroe Capital MML CLO 2017-1, Ltd. closed

Monroe Capital MML CLO VI, Ltd. closed

2018
Monroe Capital Opportunistic Private Credit Fund LP launched

Monroe Capital Income Plus Limited Partnership launched

Monroe Capital Fund SCSp SICAV-RAIF – Private Credit Fund (Marsupial) launched

Monroe Capital MML CLO VII, Ltd. launched

1. Prior investment performance is not indicative of or a guarantee of future results.
Please see important disclaimers at the back of this presentation.

MONROE CAPITAL

296 DIRECTLY ORIGINATED PRIVATE LOAN TRANSACTIONS INVOLVING $6.4 BILLION DOLLARS OF INVESTED CAPITAL

11.4% GROSS UNLEVERED IRR TOTAL AND **13.8% GROSS UNLEVERED IRR ON REALIZED TRANSACTIONS**

MINIMAL PRINCIPAL REALIZED LOSSES SINCE THE INCEPTION OF MONROE CAPITAL IN 2004[1-3]

MONROE'S SENIOR SECURED LOAN PERFORMANCE

SINCE 2004, MONROE HAS DIRECTLY ORIGINATED 296 PRIVATE LOAN TRANSACTIONS[2]

- **Generated a 11.4% GROSS unlevered IRR**
- 13.8% GROSS unlevered IRR on realized and 9.8% GROSS unlevered IRR on unrealized loan transactions

"CREDIT FIRST – ZERO LOSS" MENTALITY IS FOCUSED ON STRUCTURE, DOWNSIDE RISK, AND PRINCIPAL PROTECTION

- 296 directly originated private loan transactions since 2004
- **11 defaults since inception**
- TPVI on the 11 defaults is 0.97x

ADDITIONAL YIELD GENERATION IS GENERATED THROUGH WARRANTS, EQUITY CO-INVESTMENTS, PAYMENT IN KIND ("PIK") INTEREST, SUCCESS AND PREPAYMENT FEES

- These yield enhancements can generate an additional 15% - 25% return above closing fees and interest

MONROE'S SENIOR SECURED LOAN INVESTMENT TRACK RECORD[1]

	NUMBER OF INVESTMENTS ($)	GROSS UNLEVERED IRR
REALIZED	135 ($2.3 billion)	13.8%
UNREALIZED	161 ($4.1 billion)	9.8%
TOTAL	296 ($6.4 billion)	11.4%

1. The selection criteria for track record is generally as follows: (i) senior and secured private loan investments; (ii) investments originated, agented, underwritten, and structured by the partners of Monroe; (iii) club transactions with a small number of co-lending partners versus broadly syndicated transactions and/or (iv) directly originated opportunistic investments. These investments include Monroe Capital Senior Secured Direct Loan Fund LP, Monroe Capital Partners Fund LP, Monroe Capital Partners Fund II LP, Monroe Capital Corporation, Monroe FCM Direct Loan Fund LP, Monroe Private Credit Fund A LP, Monroe Private Credit Fund I LP, and Monroe Private Credit Fund II LP for the period from January 2004 through March 31, 2018. The returns of this selected group of investments are provided for illustrative purposes only, and do not reflect the returns of all investments made by the predecessor firm and the referenced Monroe advised funds, which returns may be materially different from the returns of this selected group.
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3. Past investment performance is not indicative of or a guarantee of future returns. Please see important disclaimers at the back of this presentation.

MONROE CAPITAL

SIGNIFICANT CASH-ON-CASH RETURNS ACROSS THE ENTIRE PLATFORM

ATTRACTIVE RESULTS VS. TRADITIONAL FIXED INCOME MARKETS

HIGH CURRENT CONTRACTUAL INCOME IS GENERATED AND CONSTITUTES MOST OF TOTAL RETURN

MONROE IS FOCUSED ON **GENERATING "ALPHA" ACROSS ITS INVESTMENT VEHICLES**

MONROE'S PERFORMANCE HIGHLIGHTS[1]

		INVESTMENT VEHICLES	VINTAGE YEAR	INVESTMENT PERIOD END DATE	NET CUMULATIVE IRR[2]	ANNUALIZED CASH-ON-CASH[3]	W.A. FUND LEVERAGE[7]
PRIVATE CREDIT FUNDS	INSTITUTIONAL	MONROE CAPITAL SENIOR SECURED DIRECT LOAN FUND LP ("PRIVATE CREDIT FUND I")[6]	2014	2017	14.2%	13.1%[5]	0.7x
		MONROE CAPITAL PRIVATE CREDIT FUND II LP[6]	2016	2020	13.6%	13.4%[5]	1.1x
		MONROE CAPITAL PRIVATE CREDIT FUND III LP	2018	2022	-	-	-
	SMA	MONROE FCM DIRECT LOAN FUND LP	2014	2017	9.3%	8.7%[5]	0.0x
		MONROE PRIVATE CREDIT FUND A LP	2015	-	11.6%	11.3%[5]	1.0x
		MONROE PRIVATE CREDIT FUND I LP	2016	-	12.9%	11.2%[5]	1.1x
		MONROE CAPITAL FUND SCSP SICAV-RAIF – PRIVATE CREDIT FUND (MARSUPIAL)	2018	-	-	-	-
	SBIC	MONROE CAPITAL PARTNERS FUND LP	2011	2017	10.2%	10.5%[5]	1.7x
		MONROE CAPITAL PARTNERS FUND II LP	2014	2019	14.0%	13.9%[5]	2.0x
PUBLIC BDC		MONROE CAPITAL CORPORATION (NASDAQ: MRCC)	2012	-	N/A	10.2%[4]	N/A
CLO VEHICLES		MC FUNDING LTD.	2006	2011	N/A	22.4%	8.4x
		MONROE CAPITAL CLO 2014-1, LTD.	2013	2018	N/A	17.0%	6.1x
		MONROE CAPITAL BSL CLO 2015-1, LTD.	2014	2019	N/A	18.9%	10.1x
		MONROE CAPITAL MML CLO 2016-1 LTD.	2016	2020	N/A	11.5%	5.1x
		MONROE CAPITAL MML CLO 2017-1 LTD.	2017	2021	N/A	N/M	6.4x
		MONROE CAPITAL MML CLO VI, LTD.	2017	2022	N/A	N/M	5.6x
		MONROE CAPITAL MML CLO VII, LTD.	2018	2022	N/A	N/M	N/A

1. All Funds track record Returns as of March 31, 2018.
2. Private Credit Funds – Cumulative Net IRR (ending Limited Partners' balances calculated in accordance with GAAP).
3. The return figures are current as of the date hereof and may decrease in the future. MC Funding Ltd., Monroe Capital CLO 2014-1, Ltd., Monroe Capital BSL CLO 2015-1, Ltd. - Net annual cash-on-cash (pre-tax) return to equity holders. MC Funding Ltd. annualized cash-on-cash return is through June 2016. Monroe Capital CLO 2014-1, Ltd. annualized cash-on-cash return is through April 2018. Monroe Capital BSL CLO 2015-1, Ltd. annualized cash-on-cash return is through May 2018. Monroe Capital MML 2016-1, Ltd. annualized cash-on-cash return is through April 2018. Unless otherwise noted, annualized cash-on-cash returns for the private credit funds represent the fund's Q1 2018 annualized cash-on-cash return.
4. Market yield based on current annualized dividend divided by the share price of MRCC as of May 29, 2018.
5. Represents the fund's lifetime-to-date annualized cash-on-cash return.
6. Results are representative of Private Credit Fund I's and Private Credit Fund II's onshore levered funds.
7. Fund Leverage represented at March 31, 2018.

MONROE CAPITAL

OVER 100 INSTITUTIONAL INVESTORS THAT INCLUDE STATE, INDUSTRY AND LOCAL PENSIONS, INSURANCE CO., FOUNDATIONS, ENDOWMENTS, AND HOSPITALS

OVER **65% OF LIMITED PARTNERS ARE PENSION PLANS**

BROAD PRODUCT OFFERING FOR INSTITUTIONAL AND HIGH NET WORTH RETAIL INVESTORS

INSTITUTIONAL PLATFORM WITH OVER $5.5B[1] IN AUM

INSTITUTIONAL VEHICLES
AUM = $3.1 BILLION[1]

SBIC	**Monroe Capital Partners Fund I LP** ($101M, 2011) **Monroe Capital Partners Fund II LP** ($19M, 2014)	$252 million invested assets Unitranche and junior Directly originated
SEPARATE ACCTS	**Monroe FCM Direct Loan Fund LP** ($30M, 2014) **Monroe Private Credit Fund A LP** ($850M, 2015)	$1.2 billion invested assets Senior secured and unitranche Directly originated
	Monroe Private Credit Fund I LP ($200M, 2016)	Two U.S. pension plans and a RIA platform
	Monroe Capital Fund SCSp SICAV-RAIF – Private Credit Fund (Marsupial) ($100M, 2018)	Australian superannuation fund
PRIVATE CREDIT FUNDS	**Monroe Capital Senior Secured Direct Loan Fund LP ("Monroe Capital Private Credit Fund I")** ($500M, 2014) **Monroe Capital Private Credit Fund II LP** ($800M, 2016) **Monroe Capital Private Credit Fund III LP** ($800M, Fundraising)	$1.6 billion invested assets Senior secured, unitranche and opportunistic Directly originated
	Monroe Capital Opportunistic Private Credit Fund LP ($1B, Fundraising)	Launching 2018 Middle Market, Opportunistic, Specialty Finance

RETAIL / HNW VEHICLES
AUM = $502 MILLION[1]

Monroe Capital Corporation (MRCC:NASDAQ)	$502 million invested assets Unitranche, senior secured, junior and mezzanine Ability to incorporate directly originated transactions
Monroe Capital Income Plus Corporation (Fundraising)	Launching 2018 Middle Market, Opportunistic, Specialty Finance
Monroe Capital Insurance Fund (Fundraising)	Launching 2018 Middle Market, Opportunistic, Specialty Finance

CLO VEHICLES
AUM = $1.9 BILLION[1]

MC Funding Ltd. (2006) Past Reinvestment Period ($409M)	$1.9 billion invested assets Traditional middle market loans and Monroe originated loans
Monroe Capital CLO 2014-1, Ltd. ($358M)	Traditional middle market loans and Monroe originated loans
Monroe Capital BSL CLO 2015-1, Ltd. ($412M)	Broadly syndicated loans
Monroe Capital MML CLO 2016-1, Ltd ($305M)	Traditional middle market loans and Monroe originated loans
Monroe Capital MML CLO 2016-1, Ltd ($305M)	Traditional middle market loans and Monroe originated loans
Monroe Capital MML CLO 2017-1, Ltd. ($405M)	Traditional middle market loans and Monroe originated loans
Monroe Capital MML CLO VI, Ltd. ($456M)	Traditional middle market loans and Monroe originated loans
Monroe Capital MML CLO VII, Ltd. ($200M), Warehouse	Traditional middle market loans and Monroe originated loans

1. Committed and Invested Assets as of April 1, 2018

MONROE CAPITAL

MONROE CAPITAL LEVERAGES ITS **EXTENSIVE PRIVATE CREDIT PLATFORM** TO GENERATE **DIFFERENTIATED RETURNS** COMPARED TO THE TRADITIONAL FIXED INCOME MARKETS

11.4% GROSS UNLEVERED RETURNS SINCE 2004 ACROSS **296 DIRECTLY ORIGINATED TRANSACTIONS**[1-3]

UNCORRELATED WITH OTHER ASSET CLASSES

WHY INVEST IN PRIVATE CREDIT / DIRECT LENDING

- **ATTRACTIVE ABSOLUTE RETURNS**

  Historically **STRONG PERFORMANCE** in various economic environments and is **LARGELY UNCORRELATED** with traditional asset classes

- **SENIOR SECURED**

  Top of the capital structure with a **SENIOR LIEN ON ASSETS** and often a pledge of company stock

- **INCREMENTAL YIELDS**

  Senior secured loan positions generally provide a **HIGHER LEVEL OF SAFETY** and **LOWER VOLATILITY** than junior debt, mezzanine or equity

- **INTEREST RATE HEDGE**

  Structured as floating rate over LIBOR (with a floor) to **HEDGE AGAINST RISING INTEREST RATES**

- **LOWER DEFAULTS/HIGHER RECOVERIES**

  ATTRACTIVE RISK ADJUSTED RETURNS in middle market senior secured loans

- **CURRENT INCOME**

  Returns predominantly based on contractual **COUPON AND FEES; MITIGATES THE J-CURVE EFFECT**

FIXED INCOME BENCHMARKS[2]	1-YR	3-YR	5-YR
CREDIT SUISSE LEVERAGED LOAN INDEX	4.64%	4.33%	4.17%
S&P/LSTA US LEVERAGED LOAN INDEX	4.43%	4.20%	3.89%
BARCLAYS AGGREGATE BOND INDEX	1.20%	1.20%	1.82%
CLIFFWATER DIRECT LENDING INDEX	8.62%	8.44%	9.50%

1. Prior investment performance is not indicative of or a guarantee of future results. Please see important disclaimers at the back of this presentation.
2. S&P/LSTA U.S. LEVERAGED LOAN 100 INDEX as of 3/31/2018 and Barclays US Aggregate Bond TR USD as of 3/31/18 and Credit Suisse Leveraged Loan Index as of 3/31/18 and Cliffwater Direct Lending Index as of 3/31/18. Investors are not able to invest directly in the indices referenced in this illustration and unmanaged index returns do not reflect any fees, expenses, or sales charges. The referenced indices are shown for general market comparisons and are not meant to represent an investment.
3. The gross investment performance referenced above is presented on a gross unlevered basis before the effects of leverage, management fees, “carried interest” or incentive fees, taxes, and other fund expenses to which an investor in a Fund would be subject. Any future investor’s return will be reduced by the advisory fees and other expenses that such investor may incur as a client of Monroe Capital Management Advisors, LLC. All such advisory fees of Monroe Capital Management Advisors, LLC are described in Part 2A of its Form ADV.

MONROE CAPITAL

MONROE CAPITAL PRIVATE CREDIT FUND III IS FOCUSED ON THE LOWER MIDDLE MARKET OF SUB-$35 MILLION EBITDA BORROWERS

SIGNIFICANT ALPHA GENERATED ON DIRECTLY ORIGINATED LOWER MIDDLE MARKET SENIOR SECURED LOANS

MONROE'S **EXTENSIVE EXPERIENCE** COMBINED WITH ITS **ORIGINATION AND UNDERWRITING INFRASTRUCTURE** ALLOWS IT TO **PARTICIPATE ACROSS THE PRIVATE CREDIT MARKETS**

FIRM STRATEGIES – PRIVATE CREDIT MARKETS

LOWER MIDDLE MARKET ($3M - $35M EBITDA) ($25M - $150M LOAN SIZE)	**TRADITIONAL MIDDLE MARKET** ($35M - $100M EBITDA) ($150M - $300M LOAN SIZE)	**BROADLY SYNDICATED LOANS** ($100M+ EBITDA) ($300M+ LOAN SIZE)	**OPPORTUNISTIC PRIVATE CREDIT**
Predominantly Private Closed-End Funds	Private Closed-end Funds, BDCs and CLOs	CLOs, Hedge Funds and Mutual Funds	Private Closed-end and Evergreen Funds, Hedge Funds
Directly originated and sole agent; **"market-maker"**	Multiple participants, or club transactions; **highly competitive**	**Exclusively PE sponsored transactions or public companies**	**Specialty Finance based on asset pools**
Regional banks have exited this market and thus a larger supply/demand imbalance of credit exists	Regulated and non-regulated finance companies dominate this market	Diversified industry exposure	**Real Estate, Infrastructure and asset-based bridge financing**
Fragmented supply of credit by specialist funds, niche finance companies that are regionally or industry focused	Competitive structures and downward pressure on pricing; **"price-taker"**	**Impacted by overall market conditions including macro events**	Solving for collateral and structural complexity via unique sourcing
Both PE sponsored and non-sponsored transactions offered	**PE sponsored transactions** dominate this segment	Liquid and mark-to-market exposure	**CLO warehousing and equity**
Higher pricing and an opportunity for upside	Follows broadly syndicated market closely; **"beta"**	**Covenant-Lite or no covenants**	**Market-based liquidity, dislocation and secondary funding opportunities**
More conservative structures with less leverage, full covenant packages and amortization; **"alpha"**	**Limited to moderate covenants or covenant wide**	**Higher leverage**	Supply / demand imbalances
	Higher leverage multiples and LTV's	Low or no amortization	Structured Equity
	Predominantly unitranche tranches that are subordinate to first out participant		Stressed pricing opportunities
Pricing: L+550-950	**Pricing: L+400-650**	**Pricing: L+200-400**	**Pricing: L+1000+**

MONROE CAPITAL

U.S. MIDDLE MARKET ESTIMATED AT **200,000 COMPANIES**

U.S. MIDDLE MARKET, $9.3T, IS EQUIVALENT TO THE WORLD'S 3RD LARGEST ECONOMY [1]

MIDDLE MARKET LOANS HAVE **LOWER DEFAULTS** AND **HIGHER RECOVERIES**

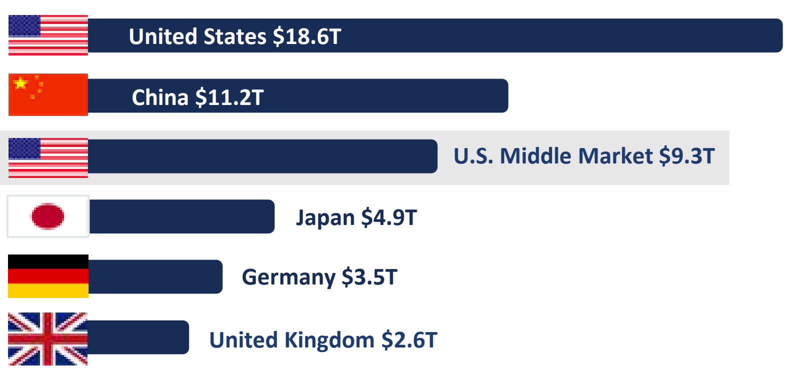
CUSTOMIZED COVENANT AND DEFAULT PROVISIONS TAILORED TO SUIT INDIVIDUAL BORROWERS

CONSERVATIVE STRUCTURE OF MIDDLE MARKET LOANS, **TYPICALLY LOWER MULTIPLES AND LOAN-TO-VALUE**

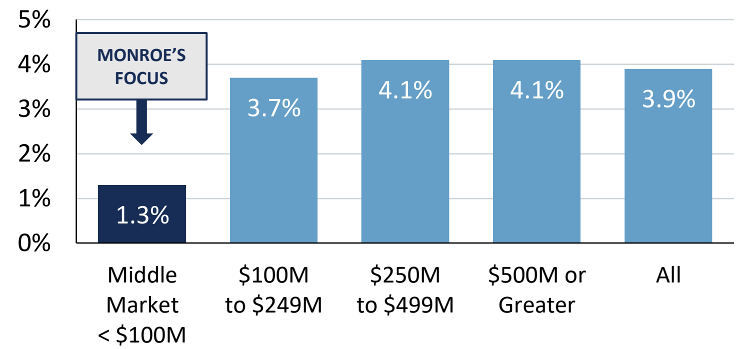
MIDDLE MARKET OPPORTUNITY SET AND DEFAULT/RECOVERY RATES

THE U.S. MIDDLE MARKET, DEFINED AS COMPANIES WITH ANNUAL REVENUES BETWEEN $10 MILLION AND $1 BILLION, IS EQUIVALENT IN SIZE TO THE WORLD'S 3RD LARGEST ECONOMY AT $9.3 TRILLION[1-3]

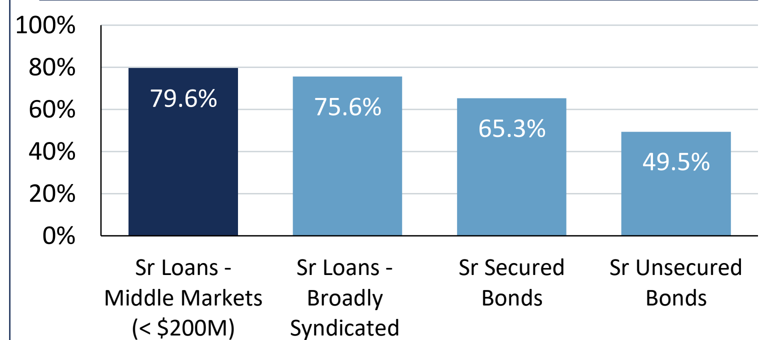
- There are nearly **200,000 companies** that make up this group
- These companies are owned by families, entrepreneurs, private equity sponsors and occasionally, public shareholders
- These companies manufacture, distribute, or otherwise provide a necessary product or service filling an important market niche
- They generate approximately **one third of the private sector GDP** and **employ roughly 47.9 million people**
- 55.3% have been in business 30+ years
- **82% survived the 2008 recession**
- Companies ended 2017 with a growth rate of 7.6%, this has increased to 8.4% through the Q1 2018.
- Middle Market firms **contribute nearly $9.3 trillion to the national economy annually**



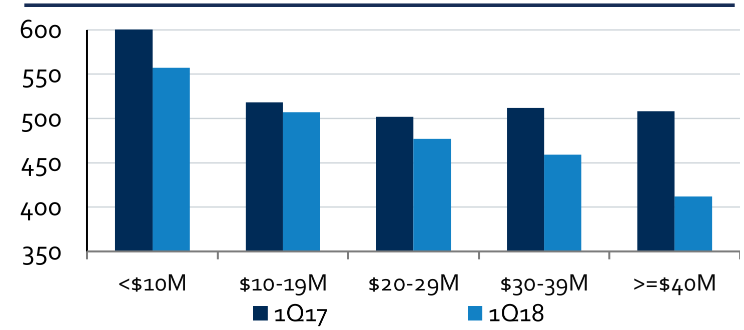
AVERAGE DEFAULT RATES BY LOAN SIZE[4]



AVERAGE RECOVERY RATES BY TYPE[5]



AVERAGE SPREAD BY EBITDA (BPS)[6]



1. Source: National Center for the Middle Market, Q1'18 Middle Market Indicator
2. Source: The Middle Market Power Index: American Express and Dun & Bradstreet
3. Source: World Bank Group, 2016 GDP
4. S&P LCD, 1995 to 2017
5. S&P Capital IQ, 1987 to 2016
6. Thompson Reuters LPC, Q1 2017 to Q1 2018

MONROE CAPITAL

NET ONSHORE RETURN TARGETS:
LEVERAGE 12-14% AND UNLEVERAGED 8-10%

NET OFFSHORE RETURN TARGETS:
LEVERAGE 10-12% AND UNLEVERAGED 7-9%

TRANSACTIONAL COMPONENTS OF RETURN THAT DRIVES NET RETURN TARGETS, **+75% FROM OID & CONTRACTUAL COUPON**[1-2]

ADDITIONAL YIELD OF +25% THROUGH: PRE-PAYMENT, SUCCESS, COVENANT WAIVER FEES, WARRANTS, AND EQUITY CO-INVESTS

PROPOSED OBJECTIVE AND PORTFOLIO COMPOSITION

Lower Middle Market Direct Lending Strategy

- Focus on lower middle market companies with **less than $35M in EBITDA**
- **Opportunity to increase yield** through structure and non-sponsored transactions
- **Predominately U.S.** and Canadian borrowers that have proven historical cash flows
- **Diversified across multiple industries;** companies that have defendable market positions
- Both sponsored and **non-sponsored transactions;** ability to be active in all market conditions

	PORTFOLIO COMPOSITION[1]	LIBOR FLOOR + SPREAD[1]	TOTAL NET UNLEVERED ON/ OFFSHORE RETURN[1]	TOTAL NET LEVERED ON/ OFFSHORE RETURN[1]
SENIOR CORPORATE LOANS	**>80%**	**5-11%**	**8-10%**	**10-13%**
SENIOR (SOLE AGENT)	>75%	8-10%	8%	11%
UNITRANCHE (SOLE AGENT)	<10%	8-11%	10%	13%
SENIOR LOANS (CLUB)	5-15%	5-8%	7%	11%
OPPORTUNISTIC PRIVATE CREDIT	**0-20%**	**10%+**	**10%+**	**12-14%**
TOTAL PORTFOLIO	**100%**		**7-10%**	**10-14%**

ALL-IN CONTRACTUAL COUPON (Payable quarterly on an annualized basis and includes LIBOR Floor)	5-11%+	**GROSS TRANSACTIONAL RETURNS**
FEES[3] (One-time, not annualized, payable quarterly)	1-4%+	
WARRANTS/EQUITY/ OTHER UPSIDE (One-time, not annualized)	2-5%+	
TOTAL NET ON/OFFSHORE UNLEVERED RETURN[2]	**7-10%+**	**TARGET NET INVESTOR RETURNS**[2]
TOTAL NET ON/OFFSHORE LEVERED RETURN[2,4]	**10-14%+**	

1. Target returns are shown as a potential estimate of returns and not a guarantee of future returns. Please see important disclaimers at the back of this presentation.
2. Target NET returns are shown after anticipated effects of leverage (if levered), management fees, "carried interest", and other fund expenses, and are neither a guarantee nor a projection of future returns.
3. Prepayment, success, covenant waiver fees, etc.
4. Leverage of 0.5-1:1 estimated.

MONROE CAPITAL

INVESTMENT PROCESS: OVERVIEW OF ORIGINATION AND UNDERWRITING APPROACH

MONROE CAPITAL

ONE OF THE **LARGEST ORIGINATION PLATFORMS** IN THE LOWER MIDDLE MARKET

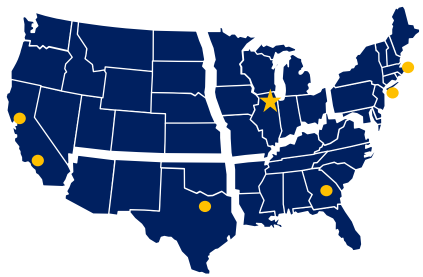
MONROE SOURCES AND REVIEWS **OVER 2,000 TRANSACTIONS ANNUALLY**

ORIGINATION TEAM HAS CLOSED DEALS WITH **OVER 125 PE SPONSORS AND 30 REGIONAL BANKS**

23 YEARS OF AVERAGE EXPERIENCE

TEAM IS FOCUSED ON **GEOGRAPHY AS WELL AS INDUSTRY AND VERTICAL SPECIALISTS**

ORIGINATION TEAM



TOM ARONSON
Head of Originations

34 Years Experience
Location: Chicago
Hilco Capital; Cole Taylor Bank; Barton Chemical Corp; American National Bank

GEOGRAPHIC FOCUS

JEFFREY KOLKE
Midwest Focus

22 Years Experience
Location: Chicago
GE Capital
M.B.A. - Wayne State

JOE RODGERS
Southeast Focus

27 Years Experience
Location: Atlanta
KPMG
Eve Partners
Cerberus Capital

BEN MARZOUK
Northeast Focus

35 Years Experience
Location: New York
Praesidian Capital
Credit Mkt Adv.
CIT Group

STEVE HINRICHS
West Coast & Southwest Focus

32 Years Experience
Location: Los Angeles
Capital One Business Credit
BoA Business Credit
GE Capital Corp

KARIN KOVACIC
East Coast Focus

21 Years Experience
Location: New York
Alcentra NY LLC

INDUSTRY VERTICAL/FOCUS

CAREY DAVIDSON
Capital Markets

20 Years Experience
Location: Chicago
Carlyle Group
Churchill Financial

JEREMY SIMMONS
Direct

11 Years Experience
Location: Chicago
Allied Business Group

NADER ABADI
Direct

12 Years Experience
Location: Chicago
S&P Global
Rockbridge Growth Equity
JP Morgan Chase

LEE STERN
Specialty Finance

27 Years Experience
Location: New York
Leveine Leichtman
KKR
Blackstone/GSO

GLENN FLINN
Healthcare

33 Years Experience
Location: Dallas
Capital Source
Heller/GE Capital

MATTHEW EVANS
Healthcare

19 Years Experience
Location: Chicago
Beverly Capital
Merrill Lynch

ANDY COZEWITH
Media

23 Years Experience
Location: Atlanta
SunTrust
CIT/GE Capital

PATRICK WHITE
Technology

21 Years Experience
Location: San Francisco
H.I.G
American Capital
Houlihan Lokey

MARK SOLOVY
Technology

21 Years Experience
Location: Chicago
Hercules Technology
Sikich Investment Bank

BRAD BERNSTEIN
Independent Sponsor

34 Years Experience
Location: Chicago
SE Capital
JP Morgan; Banc of America Securities
First Chicago Capital Markets, Inc.

CHRIS LARSON
Independent Sponsor

14 Years Experience
Location: Chicago
Willis Stein Partners
Motorola

DAVID WELINSKY
Capital Markets

6 Years Experience
Location: New York
UBS

MONROE CAPITAL

DEAL SOURCING

DEAL SCREENING

UNDERWRITING PROCESS

DEAL STRUCTURING

PORTFOLIO STRUCTURE & MONITORING

DYNAMIC SOURCING CAPABILITIES

WHY IS MONROE CAPITAL SELECTED BY BORROWERS?

CERTAINTY OF CLOSING

- Ability to be sole agent and speak to entire loan

ABILITY TO ACT TIMELY

- Analyze perceived risks and ability to respond quickly

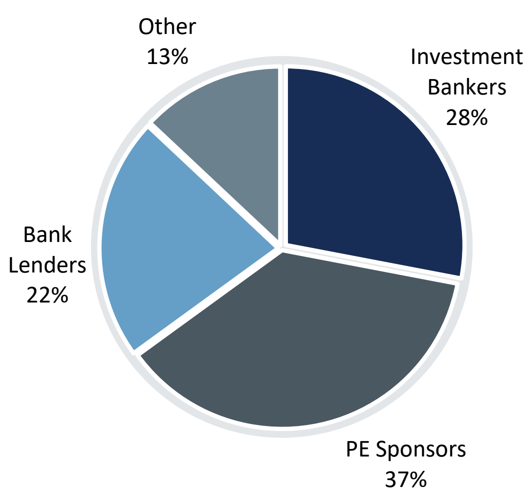
EFFICIENT DEAL PROCESS

- 4-8 week underwriting process that address issues quickly

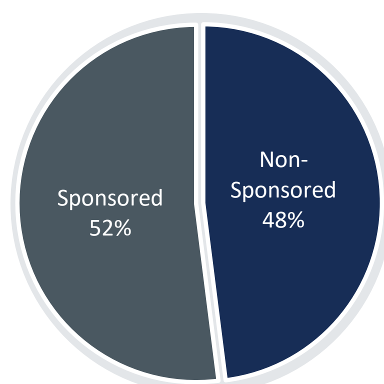
MIDDLE MARKET EXPERIENCE

- Multiple economic and credit cycles along with workout experience

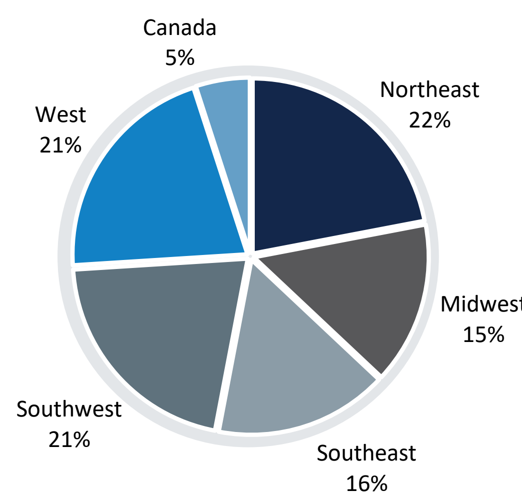
SOURCE



SPONSOR VS. NON-SPONSOR



GEOGRAPHY



Deal flow average from 1/1/2016 to 3/31/18. Please see important disclaimers at the back of this presentation.

MONROE CAPITAL

DEAL SOURCING

DEAL SCREENING

UNDERWRITING PROCESS

DEAL STRUCTURING

PORTFOLIO STRUCTURE & MONITORING

DEAL SCREENING CHARACTERISTICS

PORTFOLIO COMPANY SIZE

Lower middle market focus

Revenue typically between $25 and $250M

EBITDA typically between $3 and $35M

Stable historical earnings and strong recurring cash flow

Defendable market position, high barriers to entry and importance to customers; agnostic to industry – not timing the market

GEOGRAPHY/ INDUSTRY

Primarily U.S. based, diversified across multiple regions; industry agnostic

Emphasis on healthcare, technology, business services, software, media, manufacturing, industrial, retail and consumer

Tend to avoid minerals, agriculture, energy, oil and gas (commodity-related)

Avoid venture debt, start-ups and binary outcomes

INVESTMENT TYPE

Directly originated senior secured loans

Mainly first liens, with the ability to do unitranche, last-out and bifurcated loans, and to a minimal extent second liens

Typically the sole debt provider within the capital structure

Traditional middle market club loans; involved with a limited number of like-minded debt providers

Mostly secured by a lien on all assets of the borrower and a pledge of company stock

TRANSACTIONAL STRUCTURE

Generally less than 60% loan-to-value

Target leverage multiple of 3.0 to 4.5 times EBITDA through Monroe's tranche of debt

Fixed annual amortization of 1-10%; plus excess cashflow recapture of 50-75% per year

Full covenants packages in every transaction

Floating Rate with a LIBOR floor

4-5 year in contractual maturities, historically paid back in less than 3 years

MONROE CAPITAL

- DEAL SOURCING
- **DEAL SCREENING**
- UNDERWRITING PROCESS
- DEAL STRUCTURING
- PORTFOLIO STRUCTURE & MONITORING

DEAL SCREENING PROCESS

2,000+
TRANSACTIONS REVIEWED ANNUALLY

- MANAGEMENT TEAM
- LEGAL/ENVIRONMENTAL/GOVERNANCE
- DEFENDABLE MARKET POSITION
- COLLATERAL/STOCK PLEDGE
- PROFITABILITY
- PRICE/STRUCTURE
- INDUSTRY
- BUSINESS MODEL/ESG

50 - 70
TRANSACTIONS EXECUTED ANNUALLY
(LESS THAN 4%)

HIGHLY SELECTIVE PROCESS

Monroe screens out over half of the **2,000+ TRANSACTIONS** through its origination platform based on structure, size, pricing and other general factors

The remaining ~**1,000 TRANSACTIONS** undergo a form of high level due diligence that result in approximately 500 remaining transactions to review in more detail

The ~**500 TRANSACTIONS** are analyzed based on Monroe's proprietary underwriting and due diligence programs

The most attractive ~**375 TRANSACTIONS** will be issued term sheets and ~**100–125 TRANSACTIONS** will be presented to the Investment Committee for initial review and then go through an extensive and in-depth due diligence process by Monroe's underwriting team

Finally make ~**50–70 TRANSACTIONS** a year with unanimous Investment Committee consent

MONROE CAPITAL

UNDERWRITING TEAM

"CREDIT FIRST – ZERO LOSS" MENTALITY

DEEP UNDERWRITING EXPERTISE BY INDUSTRY AND ASSET CLASS

DEDICATED TEAMS UNDERWRITING DIRECTLY ORIGINATED AND SYNDICATED LOANS

MICHAEL EGAN
Chief Credit Officer
34 Years Experience
Hilco Capital; CIT Group; The National Community Bank of New Jersey; Key Corp.

ALEX FRANKY
Head of Direct Underwriting
26 Years Experience
Hilco Capital; LaSalle Bank; GMAC Business Credit

JEFFREY WILLIAMS
Head Of Underwriting - Capital Markets
19 Years Experience
LEK Consulting; Lehman Brothers

MICHAEL HAYES
Head of Portfolio Management
29 Years Experience
FirstMerit Bank; JP Morgan Chase

DAVID KREILEIN	Managing Director	38 Years Experience
GERRY BURROWS	Managing Director	21 Years Experience
MATTHEW LANE	Managing Director	19 Years Experience
JEFFREY CUPPLES	Managing Director	14 Years Experience
BRIAN KENNEDY	Director	23 Years Experience
MICHAEL MEYER	Director	24 Years Experience
NATHAN HARRELL	Director	13 Years Experience
KYLE ASHER	Director	10 Years Experience
JONATHAN WEINBERG	Director	17 Years Experience
ROB TANAKATSUBO	Vice President	11 Years Experience
CHRIS LUND	Vice President	10 Years Experience
WILL HASTEN	Vice President	8 Years Experience
CHRIS ENAS	Asst VP	8 Years Experience
ALEX PARMACEK	Asst VP	6 Years Experience
JACK BERNSTEIN	Asst VP	6 Years Experience
JORDAN STEPHANI	Asst VP	5 Years Experience
MARK GALLAGHER	Senior Associate	9 Years Experience
NEETIKA BACHLAUS	Senior Associate	8 Years Experience
PATRICK FAGAN	Senior Associate	7 Years Experience
CONOR BRODERICK	Senior Associate	6 Years Experience
ETHAN BURGARD	Senior Associate	5 Years Experience
MATT GLASSMAN	Senior Associate	4 Years Experience
MICHAEL RESEIGH	Senior Associate	5 Years Experience
JAKE SILVERMAN	Senior Associate	3 Years Experience
STEVE PHILLIPS	Senior Associate	4 Years Experience
SAM LESS	Senior Associate	2 Years Experience
HUNTER WEEK	Associate	2 Year Experience

DIRECTLY ORIGINATED   SYNDICATED TRANSACTIONS   PORTFOLIO MANAGEMENT

MONROE CAPITAL

DEAL SOURCING

DEAL SCREENING

UNDERWRITING PROCESS

DEAL STRUCTURING

PORTFOLIO MONITORING

COMPONENTS OF UNDERWRITING

QUALITY OF EARNINGS ANALYSIS

Verification of EBITDA for TTM periods and preceding years

Often performed by third-party accounting firms with guidance from Monroe

MARKET STUDY / BUSINESS REVIEW

Evaluate borrower's business strategy and market conditions

FINANCIAL MODELING / SENSITIVITY ANALYSIS

Isolate core drivers of business / Perform downside scenarios – leads to covenant creation

LEGAL / ENVIRONMENTAL REVIEWS

Potential liabilities that impact EBITDA

Third-party firms used based on expertise

FULL COVENANT PACKAGE VALUATION ASSESSMENT

Leverage, EBITDA, Fixed charge coverage, Working Capital, etc.

COLLATERAL APPRAISALS AND ASSET VERIFICATIONS

Assess the value of the assets and do they exist

MANAGEMENT AND ONSITE MEETINGS

Ability to further understand the company and management team

CUSTOMER AND CLIENT CALLS / MANAGEMENT BACKGROUND CHECKS

Understand success of the company and ability of the management team

MONROE CAPITAL

DEAL SOURCING

DEAL SCREENING

UNDERWRITING PROCESS

DEAL STRUCTURING

PORTFOLIO STRUCTURE & MONITORING

DEAL STRUCTURING OBJECTIVES

LOAN CAPITAL PRESERVATION

- Investments structured to be well-collateralized, typically **a lien on the borrower's tangible and intangible assets** and a **pledge of the company stock**
- Loans will have covenants designed to provide the ability for **early intervention**

PREDICTABLE EXIT STRATEGY

- Investments are **not expected to be dependent on an event or a market-driven exit strategy**
- **Fixed amortization and excess cash-flow recapture variables** are expected to result in repayment without a requirement for a capital markets exit

RETURN ENHANCEMENT

- **Additional yield generation** is sought through warrants, equity co-investments, PIK interest, success and prepayment fees

CONSERVATIVE STRUCTURE

- Investments are expected to have **conservative leverage and loan-to-value ratios** that results in significant equity support
- Structured to have **amortization features** and excess cash-flow recapture that **allows for de-risking over life of loan**

STRONG CURRENT INCOME

- **Generated from the contractual coupon and fees** that are negotiated in the loan terms
- Loans are based on **floating interest rate**

INVESTMENT COMMITTEE UNANIMOUS CONSENT FOR APPROVAL

MONROE CAPITAL

DEAL SOURCING

DEAL SCREENING

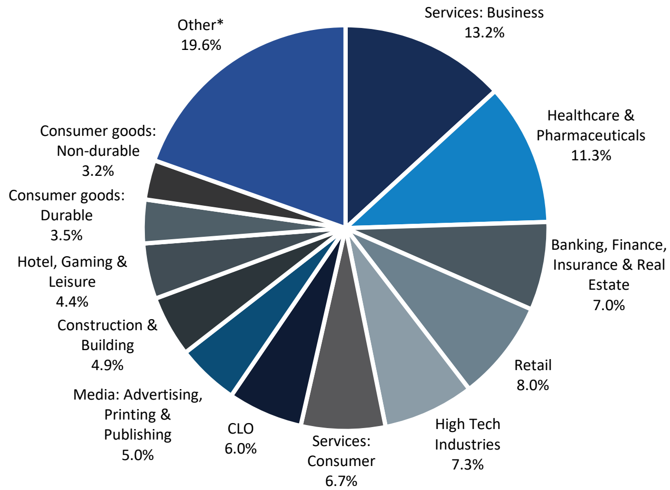
UNDERWRITING PROCESS

DEAL STRUCTURING

PORTFOLIO STRUCTURE & MONITORING

PORTFOLIO MONITORING

HISTORICAL INDUSTRY DIVERSITY*



* From 2004 to present. Other* industries with less than 3.0% concentration include: Automotive, Aerospace & Defense, Beverage, Food & Tobacco, Wholesale, Transportation: Consumer, Transportation: Cargo, Chemicals, Plastics, & Rubber, Environmental Industries, Media: Diversified & Production, Energy: Oil & Gas, Capital Equipment, Metals & Mining, Media: Broadcasting & Subscription, Telecommunications, Utilities: Oil & Gas, Containers, Packaging & Glass, n/a, Sovereign & Public Finance, Energy: Electricity, Utilities: Electric.

REGULAR INTERNAL MEETINGS FOR COMPREHENSIVE DISCUSSION OF ALL PORTFOLIO TRANSACTIONS

- Monthly portfolio reviews with investment committee and portfolio managers

MONTHLY TREND CARD ANALYSIS EVALUATES KEY DRIVERS OF PERFORMANCE

- Proprietary and customized analytics for each portfolio company investment
- Allows for early intervention

INTERNAL CREDIT RATINGS ARE GENERATED FOR EACH PORTFOLIO TRANSACTION

- Ratings assigned between 1 and 5 (1 is the highest) at monthly portfolio review and will determine corrective action, if necessary

QUARTERLY VALUATIONS ON EACH LOAN BASED ON DISCOUNTED CASH FLOWS ("DCF")

- Valuations completed by two third party valuation firms

INDIVIDUAL INVESTMENT SIZE	$10-100 million
NUMBER OF INDIVIDUAL INVESTMENTS	70-90 loans in the portfolio at any given time, approximately 120+ over investment period (recycling of principal)
INDIVIDUAL INVESTMENT LIMIT	10% exposure to any specific investment
INDUSTRY LIMITS	25% exposure to any specific industry
DIRECTLY ORIGINATED SENIOR LOANS	80-100% of portfolio
CONTRACTUAL LENGTH OF LOANS	4-5 years
HISTORICAL AVERAGE LENGTH OF LOAN	20-36 months

MONROE CAPITAL

$12.1 MILLION EBITDA COMPANY

SPONSORED DEAL SOURCED BY OUR **NORTHEAST FOCUSED** ORIGINATOR IN NEW YORK

CONSERVATIVE LEVERAGE MULTIPLE OF 4.5X AT CLOSE

THREE COVENANTS

DEAL EXAMPLE: COMMERCIAL HARDWARE AND SECURITY WHOLESALE DISTRIBUTOR ("MWH")

Industry:	Wholesale
State:	MO
Transaction:	$59.0 million Senior Credit Facility
Dated close:	February 2017
Monroe Role:	Agent
Purpose:	Refinance
Contractual Interest[1]:	LIBOR +8.0%
Upside Interest[2]:	*0.0%*
Equity/Warrants:	*n/a*
Closing Fee:	2.0%
Leverage/LTV (at close):	4.5x/61.5%
Leverage/LTV (current)[1]:	4.3x/61.4%
Covenants:	3 – Senior Leverage, Fixed Charge, Quarterly TTM EBITDA
Source of Opportunity:	Private Equity Sponsor

Investment Summary

- MWH is a wholesale distributor of commercial door hardware and security products, including: locks (27% of FY 2016 revenue), exit devices (23%), electronic access control products (22%) door closers (15%), and accessories/other (13%). MWH maintains an inventory of over 27,000 SKUs, with no SKU representing more than 2% of revenue, and operates 6 distribution facilities, enabling next-day delivery to over 70% of the U.S. orders fulfilled by MWH.
- Approximately $12.1 million EBITDA company[1]
- Private Equity Sponsor: Highroad Capital
- Deal Team: Ben Marzouk (Originator), Jack Bernstein (Lead Underwriter), Nathan Harrell (Underwriter)

[1] As of March 31, 2018
[2] Upside interest includes PIK, success fees and other recurring fees

MONROE CAPITAL

$9.0 MILLION EBITDA COMPANY

NON-SPONSORED DEAL SOURCED BY OUR **SPECIALTY FINANCE FOCUSED** ORIGINATOR IN NEW YORK

CONSERVATIVE LEVERAGE MULTIPLE OF 2.7X AT CLOSE

FOUR COVENANTS

DEAL EXAMPLE: FULL-SERVICE BROKER/DEALER AND FINANCIAL SERVICE FIRM ("PKS")

Industry:	Banking, Finance, Insurance & Real Estate
State:	NY
Transaction:	$23.5 million Total Credit Facility
Dated close:	November 2017
Monroe Role:	Agent
Purpose:	Acquisition
Contractual Interest[1]:	LIBOR +9.5%
Upside Interest[2]:	*0.0%*
Equity/Warrants:	*Warrants, 10%*
Closing Fee:	2.5%
Leverage/LTV (at close):	2.7x/53.3%
Leverage/LTV (current)[1]:	2.6x/50.3%
Covenants:	4 – Senior Leverage, Fixed Charge, Annual Capex, Quarterly TTM EBITDA
Source of Opportunity:	Investor Group Sponsor

Investment Summary

- PKS a full-service broker/dealer and financial services firm. Founded in 1993, the company has grown to over 440 offices and more than 1,200 Registered Representatives. PKS is registered with the U.S. Securities and Exchange Commission and is a member of FINRA and the Municipal Securities Rulemaking Board. The proceeds of the transaction were used to the support the acquisition of PKS.
- Approximately $9.0 million EBITDA company[1]
- Investor Group: Wentworth LLC and Oak Spring Holdings
- Deal Team: Lee Stern (Originator), Alex Parmacek (Underwriter)

[1] As of March 31, 2018
[2] Upside interest includes PIK, success fees and other recurring fees

MONROE CAPITAL

PORTFOLIO PERFORMANCE AND CHARACTERISTICS PIPELINE

Monroe Capital Senior Secured Direct Loan Fund LP
("Fund I")

Monroe Capital Private Credit Fund II LP
("Fund II")

Monroe Capital Private Credit Fund III LP
("Fund III")

MONROE CAPITAL

ONSHORE UNLEVERED FUND PRODUCED A **9.1% NET CUMULATIVE RETURN**

ONSHORE LEVERED FUND PRODUCED A **14.2% NET CUMULATIVE RETURN**

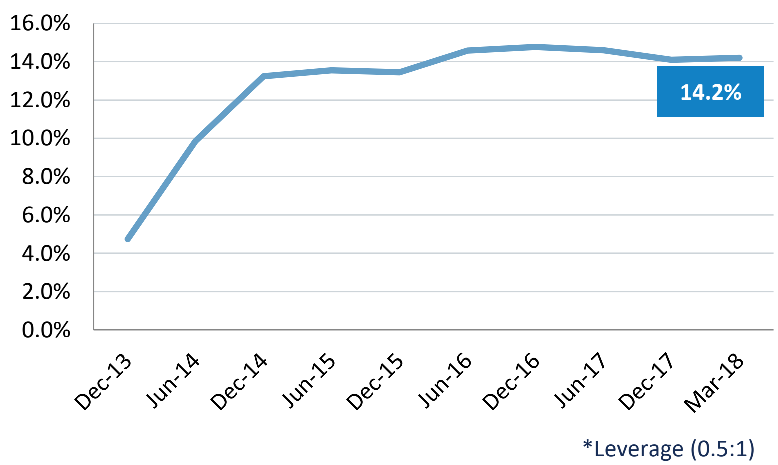
ONSHORE LEVERED FUND **RETURNED 51.0% OF COMMITMENT IN THE FORM OF CASH OVER INVESTMENT PERIOD**

FUND I: INVESTMENT PERFORMANCE[1]

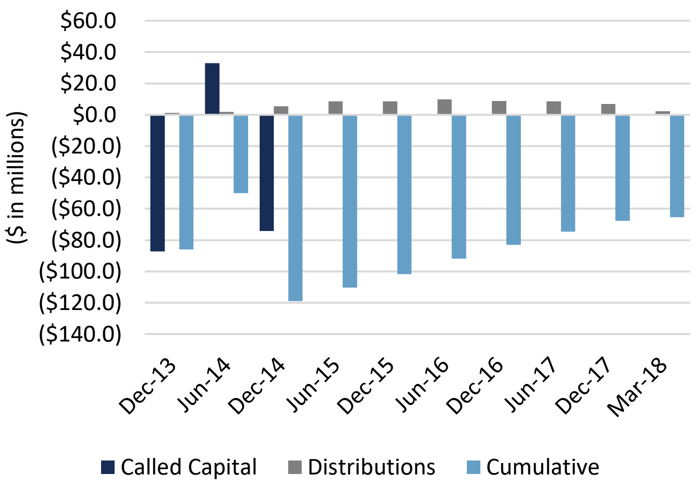
Investment Period from 2014 to 2018

FUND VEHICLE		NET CUMULATIVE IRR[2]	ANNUALIZED CASH ON CASH RETURN[2,3]	% OF ORIGINAL INVESTMENT RETURNED[4]
ONSHORE LEVERED	**MONROE CAPITAL SENIOR SECURED DIRECT LOAN FUND LP**	14.2%	13.1%	51.0%
ONSHORE UNLEVERED	**MONROE CAPITAL SENIOR SECURED DIRECT LOAN FUND (UNLEVERAGED) LP**	9.1%	8.5%	38.4%
OFFSHORE LEVERED	**MONROE CAPITAL SENIOR SECURED DIRECT LOAN FUND (OFFSHORE) LP**	10.7%	10.3%	42.4%

NET CUMULATIVE IRR[2]
Monroe Capital Senior Secured Direct Loan Fund LP



CUMULATIVE CONTRIBUTIONS AND DISTRIBUTIONS[2]
Monroe Capital Senior Secured Direct Loan Fund LP



1. As of March 31, 2018. Prior investment performance is neither indicative nor a guarantee of future returns. Please see important disclaimers at the back of this presentation.
2. Calculated based on GAAP.
3. Based on actual cash distribution to investors for period from first close to March 31, 2018.
4. Calculated as total distributions to LPs divided by total contributions from LPs.

MONROE CAPITAL

HIGHLY DIVERSIFIED WITH **63 TOTAL LOANS SINCE INCEPTION**

AVERAGE COMPANY AGE SINCE INCEPTION 17 YEARS

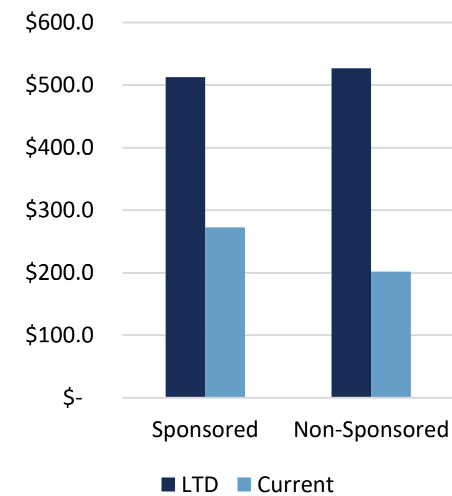
EBITDA OF COMPANY SINCE INCEPTION: $17M

LEVERAGE MULTIPLE SINCE INCEPTION OF 3.8X

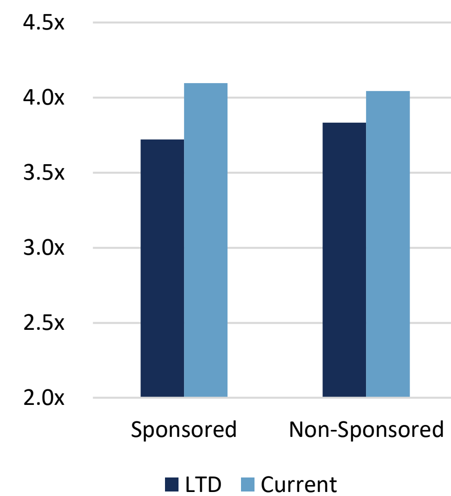
FUND I: REALIZED & UNREALIZED

	LIFE-TO-DATE DEALS[1]
NUMBER OF LOANS	63
DEALS WITH UPSIDE[2]	25
AVERAGE LOAN SIZE ($M)[3]	$51
YEARS TO MATURITY[4]	2.3
COMPANY AGE[6]	17
ALL-IN COUPON[7]	10.7%
CLOSING FEE	1.8%
EBITDA OF COMPANY ($M)[5]	$17
LEVERAGE MULTIPLE[5]	3.8X
LOAN TO VALUE[5]	52.8%
FIRST LIEN LOANS[7,8]	85.6%
EQUITY COMMITTED ($M)	$500.0
EQUITY CALLED ($M)	$446.8
% CALLED	89.4%

AMOUNT INVESTED ($M)[1,10]



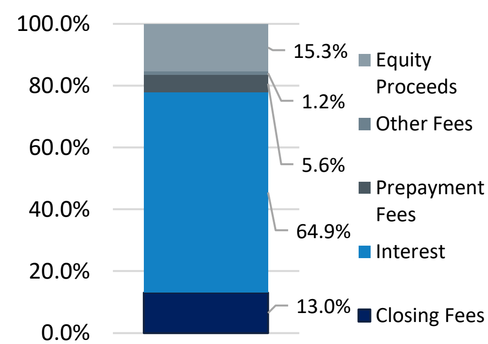
W.A. MONROE LEVERAGE[1,10]



REALIZED TRANSACTIONS

NUMBER OF REALIZED TRANSACTIONS	27
SPONSORED VS. NON-SPONSORED	42% / 58%
W.A. IRR	13.8%
APPROX. W.A. LENGTH OF REALIZED INVESTMENTS	27 months

RETURN CONSTRUCTION



[1] As of March 31, 2018. Life-To-Date categories are inclusive of realized and unrealized debt and equity securities.
[2] Consists of deals that hold equity in portfolio companies or other recurring fees.
[3] Average Weight Loan Size based on company's total committed amount across all Monroe Funds.
[4] Realized Deals included with actual duration of deal. Unrealized deals are included based on the remaining time until the loan's maturity date.
[5] Outliers are excluded due to their outsized impact on the results.
[6] Company age is measured from the time of deal closing.
[7] All-in Coupon is the actual effective rate that the borrower pays, inclusive of LIBOR floor, contractual rate, and other recurring fees. All-in coupon does not include closing fees.
[8] First Lien Loans includes first lien, bifurcated first lien, and first lien-last out loans.
[9] CLO Transaction included as a non-sponsored deal.

MONROE CAPITAL

ONSHORE UNLEVERED FUND PRODUCED A **9.1% NET CUMULATIVE RETURN**

ONSHORE LEVERED FUND PRODUCED A **13.6% NET CUMULATIVE RETURN**

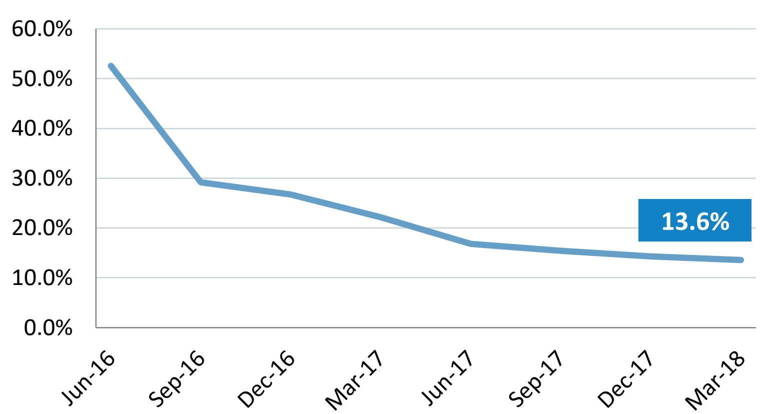
ONSHORE LEVERED FUND **RETURNED 18.0% OF COMMITMENT IN THE FORM OF CASH IN YEAR ONE OF THE INVESTMENT PERIOD**

FUND II: INVESTMENT PERFORMANCE[1]

Investment Period from 2016 to 2020

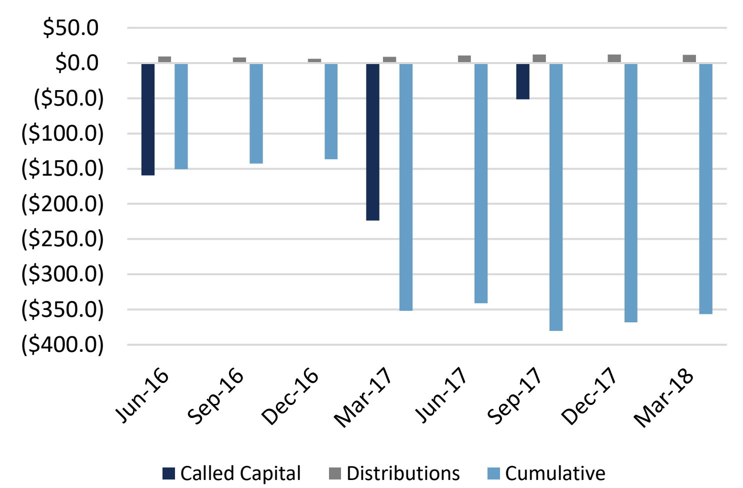
FUND VEHICLE		NET CUMULATIVE IRR[2]	ANNUALIZED CASH ON CASH RETURN[2,3]	% OF ORIGINAL INVESTMENT RETURNED[4]
ONSHORE LEVERED	**MONROE CAPITAL PRIVATE CREDIT FUND II LP**	13.6%	13.4%	18.0%
ONSHORE UNLEVERED	**MONROE CAPITAL PRIVATE CREDIT FUND II (UNLEVERAGED) LP**	9.1%	9.1%	13.3%
OFFSHORE UNLEVERED	**MONROE CAPITAL PRIVATE CREDIT FUND II (IRELAND) ICAV UNLEVERED FUND LP**	6.5%	6.6%	7.0%

NET CUMULATIVE IRR[2]
Monroe Capital Private Credit Fund II LP



*Leverage (0.6:1)

CUMULATIVE CONTRIBUTIONS AND DISTRIBUTIONS[2]
Monroe Capital Private Credit Fund II LP



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3. Based on actual cash distribution to investors for period from first close to March 31, 2018.
4. Calculated as total distributions to LPs divided by total contributions from LPs.

MONROE CAPITAL

HIGHLY DIVERSIFIED WITH **82 TOTAL LOANS SINCE INCEPTION**

AVERAGE COMPANY AGE SINCE INCEPTION 16.4 YEARS

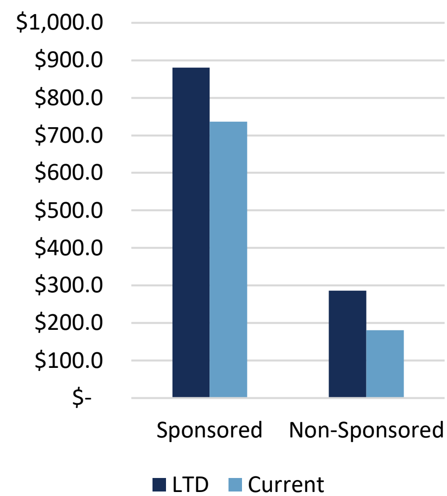
EBITDA OF COMPANY SINCE INCEPTION: $19.6M

LEVERAGE MULTIPLE SINCE INCEPTION OF 3.8X

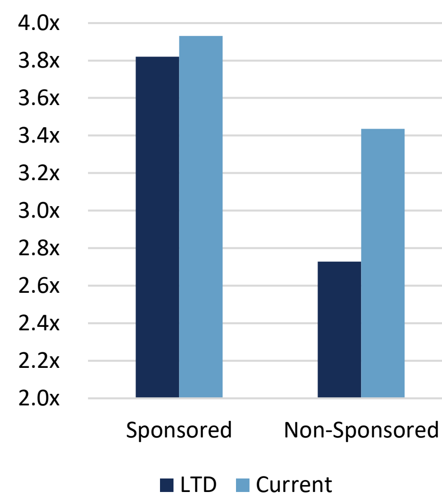
FUND II: REALIZED & UNREALIZED[1]

	LIFE-TO-DATE DEALS[1]	CURRENT DEALS[1]
NUMBER OF LOANS	82	66
DEALS WITH UPSIDE[2]	24	19
AVERAGE LOAN SIZE[3]	$57.1	$55.7
YEARS TO MATURITY[4]	3.0	3.5
COMPANY AGE[6]	16.4	17.0
ALL-IN COUPON[7]	10.0%	10.1%
CLOSING FEE	1.5%	1.7%
EBITDA OF COMPANY[4,5]	$19.6	$18.3
LEVERAGE MULTIPLE[4,5]	3.8X	3.9X
LOAN TO VALUE[4,5]	47.3%	48.2%
FIRST LIEN LOANS[7,8]	85.4%	90.2%
EQUITY COMMITTED ($)	$791.8	
EQUITY CALLED ($)	$642.0	
% CALLED	81.1%	

AMOUNT INVESTED ($M)[1,10]



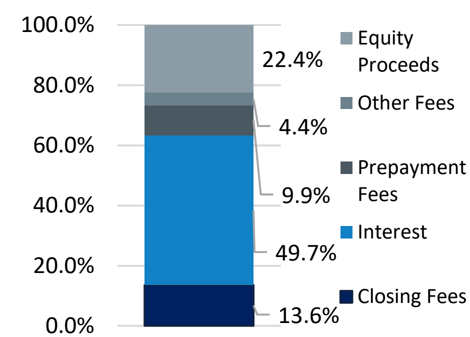
W.A. MONROE LEVERAGE[1,10]



REALIZED TRANSACTIONS

NUMBER OF REALIZED TRANSACTIONS	16
SPONSORED VS. NON-SPONSORED	67% / 33%
W.A. IRR	13.8%
APPROX. W.A. LENGTH OF REALIZED INVESTMENTS	12.2 months

RETURN CONSTRUCTION



[1] As of March 31, 2018. Life-To-Date categories are inclusive of realized and unrealized debt and equity securities.
[2] Consists of deals that hold equity in portfolio companies or other recurring fees.
[3] Average Weight Loan Size based on company's total committed amount across all Monroe Funds.
[4] For life-to-date deals, realized deals have been included with their actual length of loan. Unrealized deals are included based on the remaining time until the loan's maturity date.
[5] Outliers are excluded due to their outsized impact on the results.
[6] Company age is measured from the time of deal closing.
[7] All-in Coupon is the actual effective rate that the borrower pays, inclusive of LIBOR floor, contractual rate, and other recurring fees. All-in coupon does not include closing fees.
[8] First Lien Loans includes first lien, bifurcated first lien, and first lien-last out loans.
[9] CLO Transaction included as a non-sponsored deal.
[10] Realized Deals included with actual duration of deal.

MONROE CAPITAL

HIGHLY DIVERSIFIED WITH **14 TOTAL LOANS SINCE INCEPTION**

AVERAGE COMPANY AGE SINCE INCEPTION 22.3 YEARS

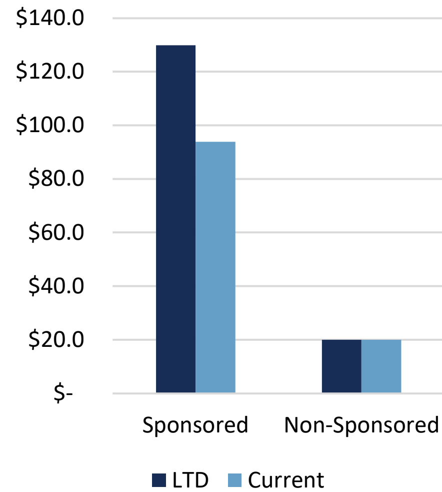
EBITDA OF COMPANY SINCE INCEPTION: $17.8M

LEVERAGE MULTIPLE SINCE INCEPTION OF 3.9X

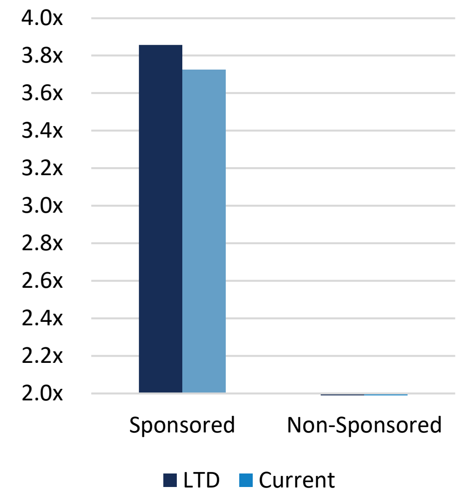
FUND III: REALIZED & UNREALIZED

	LIFE-TO-DATE DEALS ($M)[1]	CURRENT DEALS ($M)[1]
NUMBER OF LOANS:	14	13
DEALS WITH UPSIDE[2]:	3	3
AVERAGE LOAN SIZE[3]:	$62.9	$49.5
YEARS TO MATURITY[4]:	3.8	4.9
COMPANY AGE[6]:	22.3	22.7
ALL-IN COUPON[7]:	9.0%	9.7%
CLOSING FEE:	1.5%	1.9%
EBITDA OF COMPANY[5]:	$17.8	$12.6
LEVERAGE MULTIPLE[5]:	3.9X	3.7X
LOAN TO VALUE[5]:	49.6%	46.5%
FIRST LIEN LOANS[7,8]:	99.9%	99.9%
EQUITY COMMITTED ($):	$456.7	
EQUITY CALLED ($):	$20.0	
% CALLED:	4.4%	

AMOUNT INVESTED ($M)[1,8]



W.A. MONROE LEVERAGE[1,8]



	DEALS (#)	DEALS (%)	AMOUNT INV. ($M)	AMOUNT INV. (%)	YEARS TO MATURITY[4]	W.A. LEVERAGE[5]
LTD – SPONSORED	13	92.9%	$129.8	86.7%	3.8	3.9X
LTD – NON-SPONSORED	1	7.1%	$20.0	13.3%	1.6	n/a
CURRENT – SPONSORED	12	92.3%	$93.8	82.4%	4.9	3.7X
CURRENT – NON-SPONSORED	1	7.7%	$20.0	17.6%	1.6	n/a

[1] As of March 31, 2018. Life-To-Date categories are inclusive of realized and unrealized debt and equity securities.
[2] Consists of deals that hold equity in portfolio companies or other recurring fees.
[3] Average Weight Loan Size based on company's total committed amount across all Monroe Funds.
[4] Realized Deals included with actual duration of deal. Unrealized deals are included based on the remaining time until the loan's maturity date.
[5] Outliers are excluded due to their outsized impact on the results.
[6] Company age is measured from the time of deal closing.
[7] All-in Coupon is the actual effective rate that the borrower pays, inclusive of LIBOR floor, contractual rate, and other recurring fees. All-in coupon does not include closing fees.
[8] First Lien Loans includes first lien, bifurcated first lien, and first lien-last out loans.

MONROE CAPITAL

ROBUST PIPELINE HAS AN **ALL-IN COUPON OF 9.5%**[1]

DIVERSIFIED ACROSS MULTIPLE INDUSTRIES

AVERAGE EBITDA **LESS THAN $25 MILLION**

CURRENT PIPELINE

DEAL	ALL-IN COUPON	EBITDA OF COMPANY ($M)	DEAL SIZE ($M)	SOURCE	MOODY'S INDUSTRY
A	9.0%	7.5	45.3	Sponsored	Chemicals, Plastics, & Rubber
B	12.0%	N/A	2.4	Sponsored	Healthcare & Pharmaceuticals
C	8.0%	117.6	48.0	Sponsored	Healthcare & Pharmaceuticals
D	7.3%	5.0	17.0	Sponsored	Healthcare & Pharmaceuticals
E	9.0%	6.3	30.6	Sponsored	Healthcare & Pharmaceuticals
F	9.8%	53.0	35.0	Sponsored	Construction & Building
G	9.5%	N/A	5.0	Sponsored	High Tech Industries
H	8.0%	24.3	5.0	Sponsored	Healthcare & Pharmaceuticals
I	7.0%	5.3	20.0	Sponsored	Services: Business
J	9.5%	12.3	40.0	Non-Sponsored	Media: Advertising, Printing & Publishing
K	12.0%	N/A	80.0	Non-Sponsored	Banking, Finance, Insurance and Real Estate
TOTAL & WEIGHTED AVG.	**9.5%**	**$36.68**	**$328.3**		

ADD-ONS	ALL-IN COUPON	EBITDA OF COMPANY ($M)	DEAL SIZE ($M)	SOURCE	MOODY'S INDUSTRY
L	12.0%	N/A	2.5	Sponsored	Containers, Packaging & Glass
M	12.8%	N/A	21.5	Sponsored	Consumer goods: Non-durable
N	9.0%	N/A	84.0	Sponsored	Transportation: Cargo
O	8.5%	N/A	24.0	Sponsored	Healthcare & Pharmaceuticals
P	8.3%	N/A	85.6	Sponsored	Healthcare & Pharmaceuticals
TOTAL & WEIGHTED AVG.	**9.1%**	**N/A**	**$217.6**		

1. As of June 7, 2018. Active deal pipeline is provided for illustrative purposes only. Please see important disclaimers at the back of this presentation.

MONROE CAPITAL

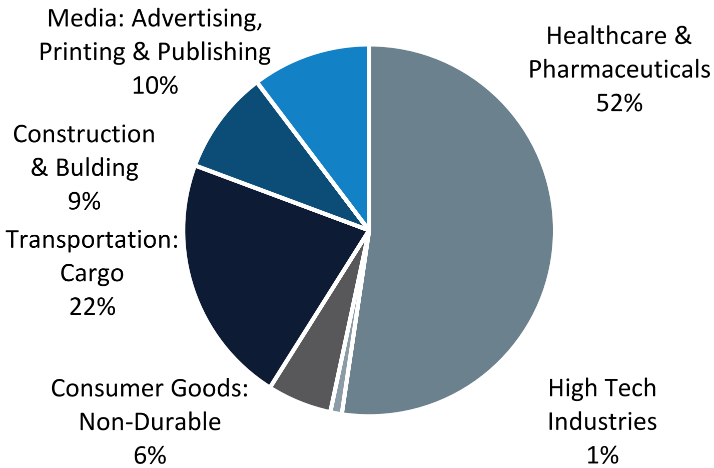
CURRENT PIPELINE

ROBUST PIPELINE HAS AN **ALL-IN COUPON OF 9.5%**[1]

DIVERSIFIED ACROSS MULTIPLE INDUSTRIES

AVERAGE EBITDA **LESS THAN $25 MILLION**

INDUSTRY



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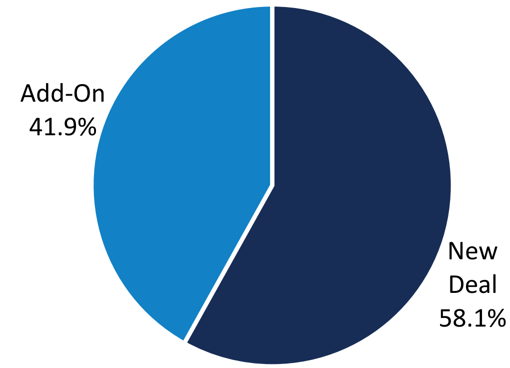
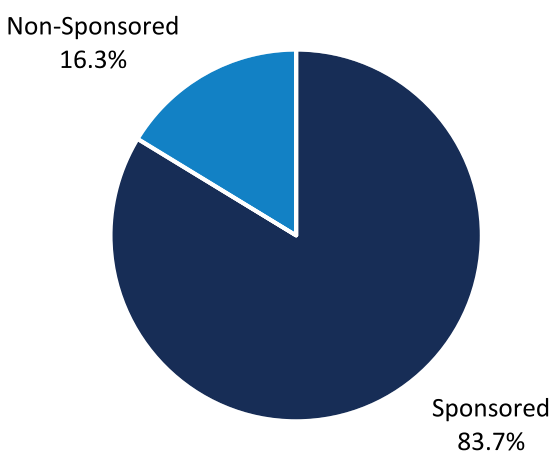


SPONSORED VS. NON-SPONSORED



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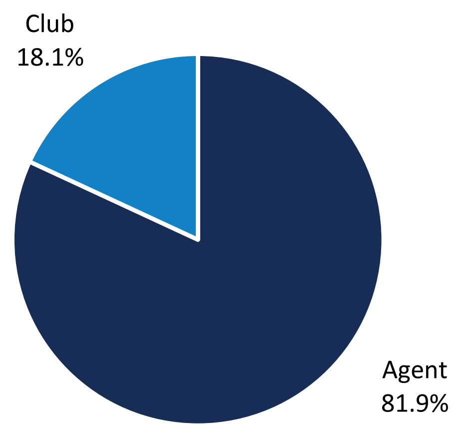

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MONROE CAPITAL

FUND TERMS

MONROE CAPITAL

STATED FUND TERMS – MONROE CAPITAL PRIVATE CREDIT FUND III ("FUND")

NAME OF FUNDS	Monroe Capital Private Credit Fund III LP, *Onshore* Monroe Capital Private Credit Fund III (Unleveraged) LP, *Onshore* Monroe Capital Private Credit Fund III SCSp, *Offshore* Monroe Capital Private Credit Fund III (Unleveraged) SCSp, *Offshore*
MANAGEMENT FEE[1]	1.5% on invested assets
CARRIED INTEREST[1]	17.5%
PREFERRED RETURN	7% - Leveraged Fund, 100% Catch-up 5% - Unleveraged Fund, 100% Catch-up
FUND INVESTMENT PERIOD	4 years beginning on the "Final Close" of the Fund
QUARTERLY DISTRIBUTIONS	Interest and fees distributed to the Fund
FUND LIFE	6 years with the option of two one-year extensions
TARGET CAPITAL RAISE	$800 million
HARD CAP ON CAPITAL RAISE	$1 billion
MINIMUM[2]	$5 million

First Close: $205 million October 11, 2017
Second Close: $153 million January 26, 2018
Third Close: $202 million June 11, 2018
Fourth Close: August 31, 2018
Offshore Close: October 1, 2018

1. Fee breaks will be offered at different commitment levels.
2. GP will accept a commitment less than $5 million but fees will be 1.5% Management Fee and 20% Carried Interest.

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VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 16, 2018

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

SUBJECT: $30 MILLION INVESTMENT IN ADAMS STREET CO-INVESTMENT FUND IV

Dear Board Members:

Attached is a memo from NEPC recommending a $30 million investment in Adams Street Co-Investment Fund IV. Staff concurs with NEPC's investment recommendation.

Discussion

The Board adopted its Private Equity Annual Plan at the April 16, 2018 meeting, with a goal of constructing a portfolio in accordance with the Private Equity Investment Policy. The adopted pacing plan targeted committing approximately $185 million for vintage year 2018.

Co-investments are made in companies diversified by geography, stage, industry, and co-investor. Investments are made alongside investors with unique knowledge or insight into individual transactions. Adams Street is targeting a net IRR of 15% - 20%, and a multiple of invested capital of 1.5x – 2.0x.

VCERA has committed $85 million to Adam Street's 2010 global program; $75 million to Adams Street's 2013 Annual Program; and $60 million to Adams Street's 2016 Annual Program for a total of $220 million. Of this amount, approximately $139 million has been invested. The $139 million invested has grown to $198 million, of which $51 million has been distributed back to VCERA, and a current portfolio market value of $147 million.

The since-inception net IRR of Adams Street's overall investment program is 12.72% with a 1.42x multiple of invested capital; and, a 1-year net IRR of 18.25%.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

1. **Approve an allocation of $30 million to Adams Street's Co-Investment Fund IV, and direct staff and counsel to negotiate the necessary legal documents; and,**
2. **Subject to successful contract negotiations, the Board authorize the Board Chair or the Retirement Administrator or the Chief Investment Officer to approve and execute the required documentation.**

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

NEPC, LLC

To: Ventura County Employees' Retirement Association

From: NEPC Consulting Team

Date: July 16, 2018

Subject: Private Equity Manager Recommendation

Recommendation

NEPC and VCERA's CIO recommend that Board of the Ventura County Employees' Retirement Association ("VCERA" or the "Plan") considers making a commitment of up to $30.0 million to Adams Street Partners Co-Investment Fund IV ("Co-Investment Fund IV" or the "Fund") subject to the successful completion of contract negotiations between Adams Street (the "Firm") and the Plan's legal counsel. The Fund has been rated "1" by the NEPC Alternative Assets Committee indicating our high conviction in this product. NEPC will continue to vet investment opportunities that might provide a good fit for VCERA.

Overview of Ventura Private Equity Program

As of 12/31/2017, VERA has committed $577,450,000 to Private Equity, with a Since Inception IRR of 14.2%. Of that total, $220,000,000 has been with Adams Street Partners in six separate commitments as detailed below. NEPC conducted due diligence and recommended VCERA's two most recent commitments to Adams Street's funds.

Investment Name	Vintage Year	Commitment Amount
Adams St 2010 Direct Fund	2010	8,500,000
Adams St 2010 Non-US Dev Mkts Fund	2010	25,500,000
Adams St 2010 Non-US Emg Mkts Fund	2010	8,500,000
Adams St 2010 US Fund	2010	42,500,000
Adams St 2013 Global Fund	2013	75,000,000
Adams St 2016 Global Fund	2016	60,000,000

Summary

Adams Street Partners Co-investment Fund IV will make direct equity investments alongside fund managers sourced through Adams Street's extensive manager network. The Co-Investment Team will identify, evaluate and invest in approximately 30 to 40 deals globally but primarily in North America and Europe, and to a lesser extent Latin America and Asia/Pacific.

The Fund will co-invest alongside lead equity sponsors largely in middle market buyouts and growth equity opportunities and will target leveraged buyouts, take-privates, recapitalizations and developmental capital investments. Most of the transactions will be in minority equity positions with the private equity sponsor as the lead equity leader. In the growth equity deals, while the sponsor may not have a majority position, they will have significant minority rights to drive change and value. The Fund will aim to align itself with respect to terms of each co-investment with a lead equity sponsor. Historically, most of the co-investments made by Adams Street Partners have been with equity sponsors where the Firm is an existing investor in one or more of the sponsor's funds.

The Co-Investment Team will look to identify opportunities with attractive risk/return profiles, backed by strong equity sponsors and led by established management teams. Some of the characteristics that the team will analyze within these factors include:

- The experience, skill level, track record, interpersonal skills and motivation of the lead equity sponsor;
- The prior demonstrated investment performance of the management along with their motivation including level of reinvestment;
- The profile, competitive landscape and prospects of the industry segment (i.e., barriers to entry, level of capital intensity, margin trends, variability of revenues, growth rates, etc.);
- Defensibility of company market position;
- Company specific metrics including margins, revenue growth and free cash flow profiles;
- Purchase price paid relative to M&A and market comps and relatives to multiples over historical cycles; and
- Capital structure including debt multiples, cost of capital and covenant levels.

The Fund will make minority equity investments between $10 million and $40 million in companies alongside other private equity funds in which Adams Street invests or holds in high regard. The Fund is targeting a net 15%-20% internal rate of return, or IRR and a net investment multiple of 1.5x-2.0x. The Fund is aiming to raise between $500 and $550 million.

The Fund has a fee structure that starts at 1.0% of commitments during the investment period, dropping to .90% at the start of the 5th year of the Fund and declining 10% annually in the years thereafter. The Fund's management fee and 10% carry will allow for direct company exposure at about a third to half of the cost normally associated with a direct private equity fund where management fees generally range from 1.5% to 2% and a 20% carry are standard. The Fund has a 7% preferred return that must be achieved before the GP can receive carried interest distributions. This is lower than the 8% preferred return we typically see from other Co-Investment funds, but is the historic preferred return that Adams Street has negotiated for this and its previous Co-Investment funds.

NEPC Research Ratings Definitions

Rating	Definition
1	A high conviction investment product. Product has a clear and economically-grounded investment thesis, and is managed by an investment team that is sufficiently resourced and incented to execute on the thesis.
2	NEPC has a positive view of the strategy. Strategy has a compelling and sound investment thesis. The manager is sufficiently resourced and incented to execute on the thesis. Strengths outweigh the weaknesses, but the strategy does not meet all requirements for a 1 rating.
3	A satisfactory investment product. The strategy lacks a compelling investment thesis, however there are no significant concerns around the manager's viability.
4	The strategy may have an unclear or ambiguous investment thesis or the manager may lack the ability to execute on the stated thesis. The strategy likely has strengths and weaknesses and the weaknesses may outweigh the strengths.
5	A strategy that lacks an investment thesis or NEPC has no confidence in the manager's ability to execute on the thesis, and/or the investment firm may not be viable. Serious issues have been identified with an investment manager or product. This rating aligns with a Terminate Due Diligence status for client-owned products.
NR	Due diligence has not been sufficiently completed on the product or manager.

VCERA

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 16, 2018

Presented by: Dave Brett and Scott Hazen, CFA

ADAMS STREET PARTNERS

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Introduction

ADAMS STREET PARTNERS

Partner & Head of Co-Investments, Chicago

Education: University of Illinois, BS

University of Chicago Booth School of Business, MBA

Years of Investment/
Operational Experience: 33

Partner, Investor Relations, Chicago

Education: University of Notre Dame, magna cum laude, BBA

University of Chicago Booth School of Business, MBA

Years of Investment/
Operational Experience: 26

Topics for Discussion

ADAMS STREET PARTNERS

Adams Street Update

Investing with Adams Street Partners

ADAMS STREET PARTNERS

Global Private Markets Platform

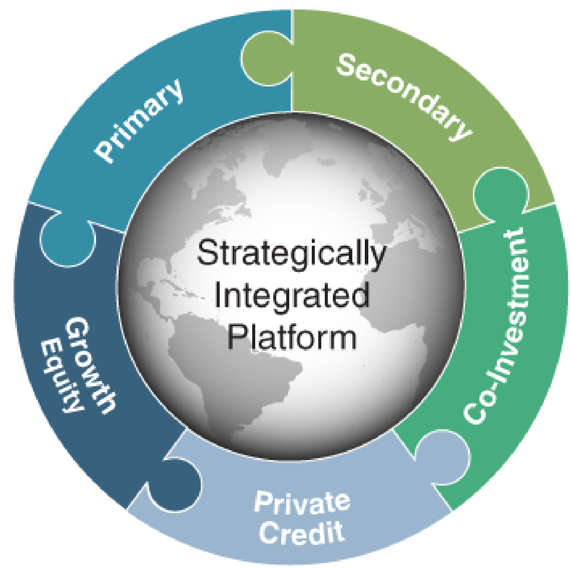
- Employee-owned
- 45+ years of experience
- Over $32 billion in assets under management
- Highly integrated platform with shared insights

Robust Investment Process

- Disciplined and coordinated investment process
- Top-down, bottom-up analysis
- Consistent outperformance through market cycles

Exemplary Client Service

- Client based solutions have been a strategic focus for Adams Street since inception
- Deep understanding of institutional client needs
- Client access to industry-leading analytical tools and data



No Adams Street client has lost capital in an ASP investment program since our inception

As of December 31, 2017

Experienced, Cohesive and Strategically Integrated Platform

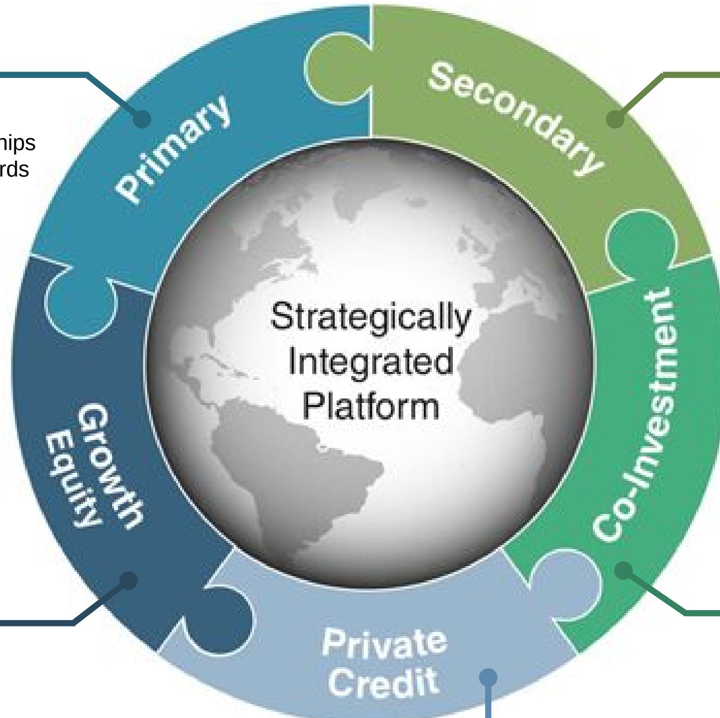
ADAMS STREET PARTNERS

Jeff Diehl
Managing Partner &
Head of Investments

24 Years of Experience*

Bon French
Chairman

41 Years of Experience*



Primary Investments
Since 1979

810+ funds
270+ GP relationships
410+ advisory boards

24 Professionals

Kelly Meldrum
Partner & Head of
Primary Investments

33 Years of Experience*

Secondary Investments
Since 1986

400+ funds
170+ GP relationships

13 Professionals

Jeff Akers
Partner & Head of
Secondary Investments

20 Years of Experience*

Growth Equity
Since 1972

270+ companies

10 Professionals

Terry Gould
Partner & Head of
Growth Equity Investments

37 Years of Experience*

Co-Investments
Since 1989

110+ companies
80+ GP relationships

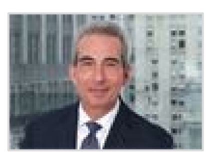
7 Professionals

David Brett
Partner & Head of
Co-Investments

33 Years of Experience*

Private Credit
Since 2016

*9 Professionals***



Bill Sacher
Partner & Head of
Private Credit

33 Years of Experience*

*Investment and Operational
** Effective August 2018
As of December 31, 2017.

Deep Expertise Around the World

ADAMS STREET PARTNERS

Jeff Diehl
Managing Partner &
Head of Investments
Chicago

Bon French
Chairman
Chicago

FUND INVESTMENTS

PRIMARY

Kelly Meldrum
Head of Primary Investments
Menlo Park

Morgan Holzaepfel
Boston

Calum Paterson
London

Matt Autrey *Chicago*

Jim Korczak *Chicago*

Sergey Sheshuryak *London*

Alex Bozoglou *London*

Brijesh Jeevarathnam *Menlo Park*

Brandon Shirk *Chicago*

Jeff Burgis *Chicago*

Alex Lesch *Chicago*

Yar-Ping Soo *Singapore*

Kelly *Carlquist* *Chicago*

Marcus Lindroos *Menlo Park*

Michael Taylor *Menlo Park*

Spencer Chernus *Menlo Park*

Saguna Malhotra *Menlo Park*

Andy Wang *Beijing*

Arnaud de Cremiers *London*

Sunil Mishra *Singapore*

Ling Jen Wu *Singapore*

Jonathan Goh *Singapore*

Ross Morrison *London*

Doris (Yiyang) Guo *Beijing*

SECONDARY

Jeff Akers
Head of Secondary Investments
Chicago

Troy Barnett *Chicago*

Eric Klen *Chicago*

William Bertha *Chicago*

Clinton Miller *Chicago*

Joshua Burandt *Chicago*

Pinal Nicum *London*

Jason Frank *Chicago*

Kristof Van Overloop *London*

Joe Goldrick *Chicago*

Alexander Silver *London*

Greg Holden *London*

Faylynn Wang *London*

DIRECT INVESTMENTS

CO-INVESTMENTS

Dave Brett
Head of Co-Investments
Chicago

Paul Cappelli *Chicago*

Alex Kessel *Chicago*

Carol Rusin *London*

Sachin Tulyani *London*

Benjamin Wallwork *London*

Craig Waslin *Chicago*

GROWTH EQUITY

Terry Gould
Head of Growth Equity Investments
Chicago

Tom Bremner *Chicago*

Jeff Diehl *Chicago*

Ali Lauer *Menlo Park*

Robin Murray *Menlo Park*

Luke Prioleau *Menlo Park*

Sam Shanley *Chicago*

Davis Thacker *Menlo Park*

Fred Wang *Menlo Park*

Mike Zappert *Menlo Park*

PRIVATE CREDIT

Bill Sacher
Head of Private Credit
New York

Shahab Rashid *New York*

Michael Allen *New York*

Fred Chung *New York*

Justin Lawrence *New York*

Thomas Petty *New York*

Emily Shiau *New York*

Ervis Vukaj* *New York*

Matthew Wachtel *New York*

INVESTMENT STRATEGY AND RISK MANAGEMENT

Miguel Gonzalo
Head of Investment Strategy and Risk Management
Chicago

Luke Frey *Chicago*

Alex Storer *Chicago*

Jana Tortora *Chicago*

Toby True *Chicago*

Jian Zhang *Chicago*

*Effective August 2018

ADAMS STREET PARTNERS

Adams Street Co-Investment Fund IV

Adams Street Partners Co-Investment Advantage

ADAMS STREET PARTNERS

Proven Co-Investment Track Record[1]	Deep Co-Investment Expertise	Strength of ASP Platform
MOIC: 2.4x since inception gross realized investments[2]	**1989** first Adams Street co-investment	**70+** investment professionals around the world
MOIC: 1.9x since inception gross total invested[2]	**1.5B+** committed to date	**810+** fund commitments over 40 years
21.2% since inception net IRR for Co-Investment Funds[3]	**110+** company investments	**300+** GP Relationships

Performance data as of December 31, 2017.

1. Past performance is not a guarantee of future results. The IRR and multiples shown above are composite performance and do not represent returns achieved by any particular Adams Street Partners fund or any investor in an Adams Street Partners fund. There can be no guarantee that unrealized investments reflected in this performance data will ultimately be liquidated at values reflected above. For net performance of Adams Street Partners' dedicated co-investment funds and aggregate net performance of its other co-investments, see the slide entitled "Long-Term, Consistent Record of Success" in this presentation.
2. Composite since inception performance of all co-investments (realized investments only, where indicated above), including co-investments outside dedicated co-investment funds; multiples are gross of Adams Street Partners fees, carried interest and expenses. Inception date as of March 1, 1989. See the slide entitled "Long-Term, Consistent Record of Success" for net performance and other important information. Realized investments include proceeds from investments where 50% or more of the investment has been realized, the fair value is 5% or less of invested capital, or the investment is currently a publicly traded security.
3. Composite since inception IRR of dedicated co-investment funds is net of Adams Street Partners' fees, carried interest and expenses. Inception date as of July 8, 1992. Includes a separate account (1992-1998), Co-Investment Fund I (2006), II (2009) and III (2014).

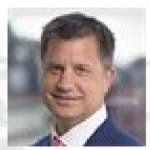
Dedicated Co-Investment Team on Integrated Platform

ADAMS STREET PARTNERS

Shared insights from global investment platform

Primary Investments	Secondary Investments	Co-Investments	Growth Equity	Private Credit
24 Professionals Globally	**13 Professionals Globally**	**7 Professionals Globally**	**10 Professionals**	**9 Professionals**
810+ funds 270+ GP relationships 410+ advisory boards	400+ funds 170+ GP relationships	110+ companies 80+ GP relationships	270+ companies	







	David Brett	**Sachin Tulyani, CFA**	**Craig Waslin, CFA**	**Alex Kessel**	**Benjamin Wallwork**	**Paul Cappelli**	**Carol Rusin**
Title	Partner & Head of Co-Investments	Partner	Partner	Principal	Principal	Associate	Associate
YOE	**33**	**19**	**24**	**12**	**10**	**5**	**4**
Years w/Firm	13	7	11	1	3	1	<1
Office	Chicago	London	Chicago	Chicago	London	Chicago	London

Fund and GP relationship data as of December 31, 2017.

Co-Investments: Long-Term, Consistent Record of Success

ADAMS STREET PARTNERS

As of December 31, 2017

	Co-Investments Outside of Dedicated Funds[8]			Fund I	Fund II	Fund III[9]
Investment Period	**1989-2000**	**2001-2010**	**2011-Present**	**2006-2011**	**2009-2015**	**2014-Present**
Fund Size[1] (in millions)	$151.7	$138.3	$443.5	$250.7	$263.0	$342.3
Gross IRR[2]	37.9%	15.7%	30.6%	7.2%	34.3%	18.8%
Net IRR[3]	**31.9%**	**12.7%**	**23.7%**	**5.4%**	**26.4%**	**19.0%**
PME[4]	18.5%[7]	8.2%[7]	15.2%	6.9%	16.4%[7]	17.6%
Net Multiple[5]	2.38x	1.75x	1.51x	1.48x	2.19x	1.22x
DPI[6]	2.38x	1.69x	0.48x	1.41x	1.56x	0.06x

The page entitled "Notes to Performance: Co-Investments: Long-Term, Consistent Record of Success," included in the presentation, is an important component of this performance data.

Co-Investment Fund IV

ADAMS STREET PARTNERS

- Capitalizes on Adams Street's 300+ GP relationships and differentiated network to source high-quality deal flow
- Targets a portfolio diversified by time, company size, sector, geography, and investment theme to balance risk and return potential
- Managed by a dedicated team focused on detailed due diligence, reliable deal execution, and GP alignment of interests
- Anticipated fund size and ASP's GP network allows for overweight to small/mid-market companies

Target Size: $500 Million

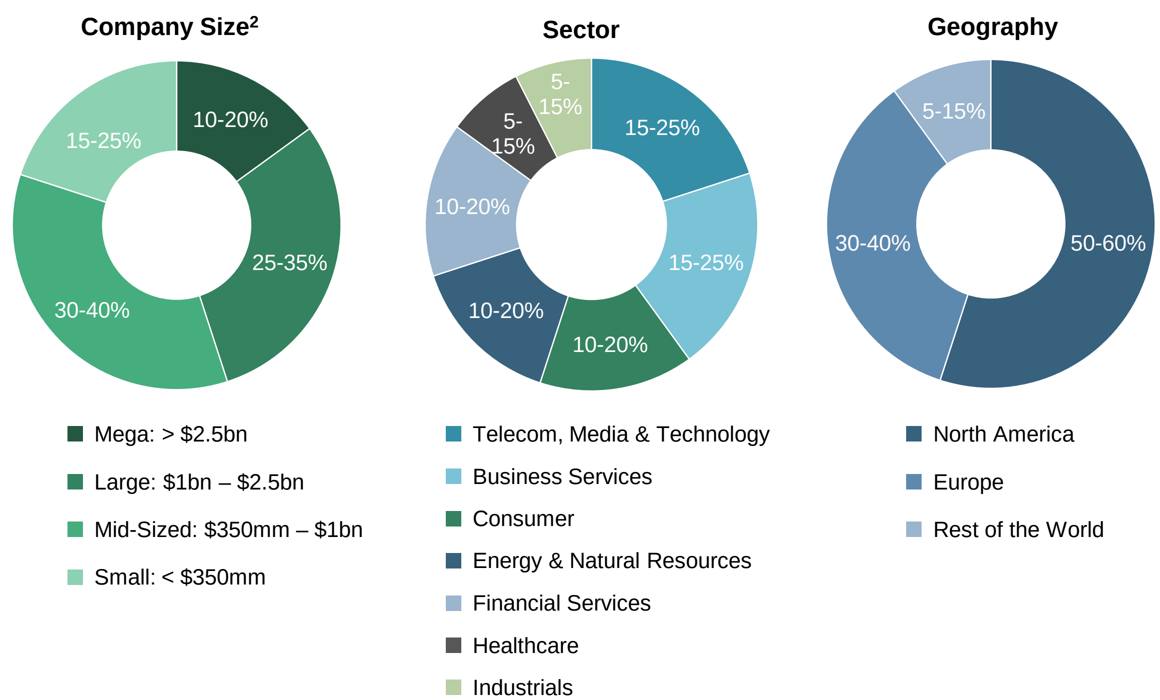
Target Deployment:
3 – 5 years

Targeted Annual Net Return:
15 – 20%[1]

Number of Investments:
12 – 18 per year

Investment Size:
$10M – $30M per deal

Indicative Portfolio Construction



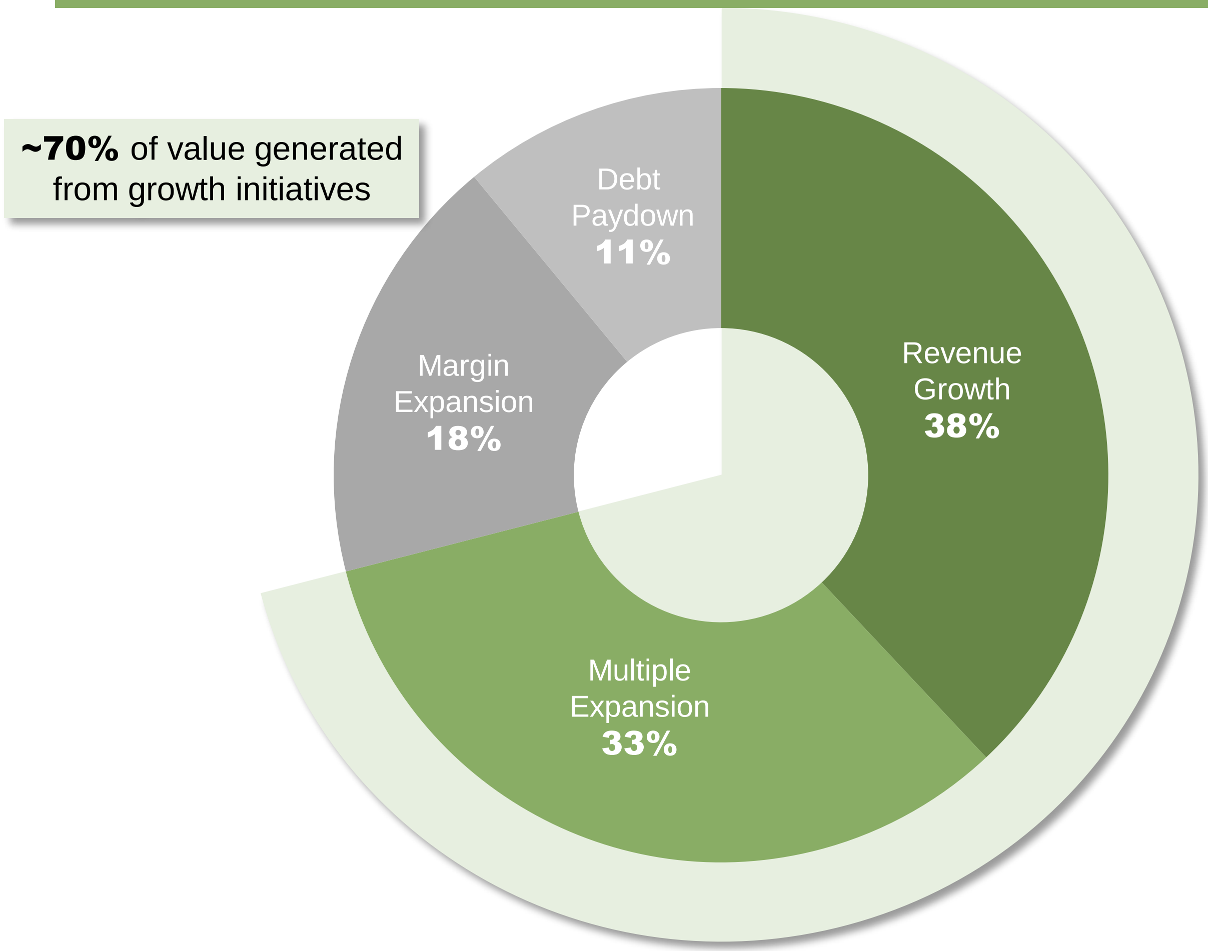
Estimates are based on projected commitments. No assurance can be made that these projections will be achieved. These projections are provided for informational purposes only.

1. The targeted net IRR is a target only; there can be no guarantee that the Adams Street Co-Investment Fund IV will achieve this target.
2. Enterprise value as of investment commitment date

Building Value Through Growth

Focus on Small and Mid-Sized Companies

Representative Adams Street Small/Mid-Sized Portfolio Company Value Creation [1]

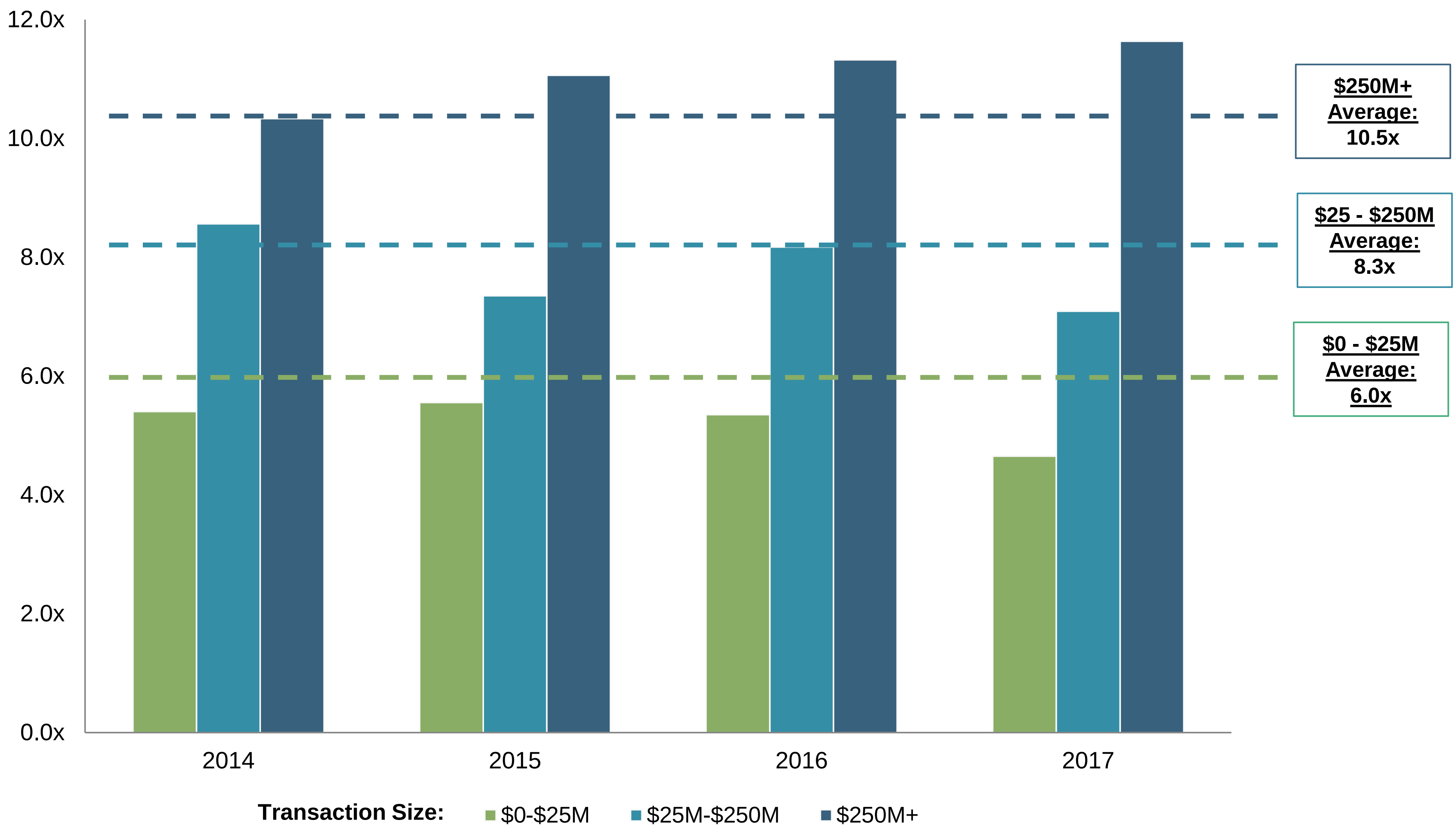


1. This chart provides a hypothetical example of the component drivers of value creation in a hypothetical portfolio company of a hypothetical small market buyout fund and is for illustrative purposes only. This hypothetical example is based on Adams Street's analysis of value creation trends in a group of 400 liquidated US portfolio companies of small market buyout funds managed by managers in whose funds Adams Street has invested. This data set includes portfolio companies of specific funds in which Adams Street has not invested. There can be no assurance that portfolio companies of the small market buyout funds in which Adams Street invests will experience value creation due to the factors indicated above.

A complete list of investments is available upon request.

Taking Advantage of Premium for Larger Transactions

Total Enterprise Value ("TEV") / EBITDA multiples over time

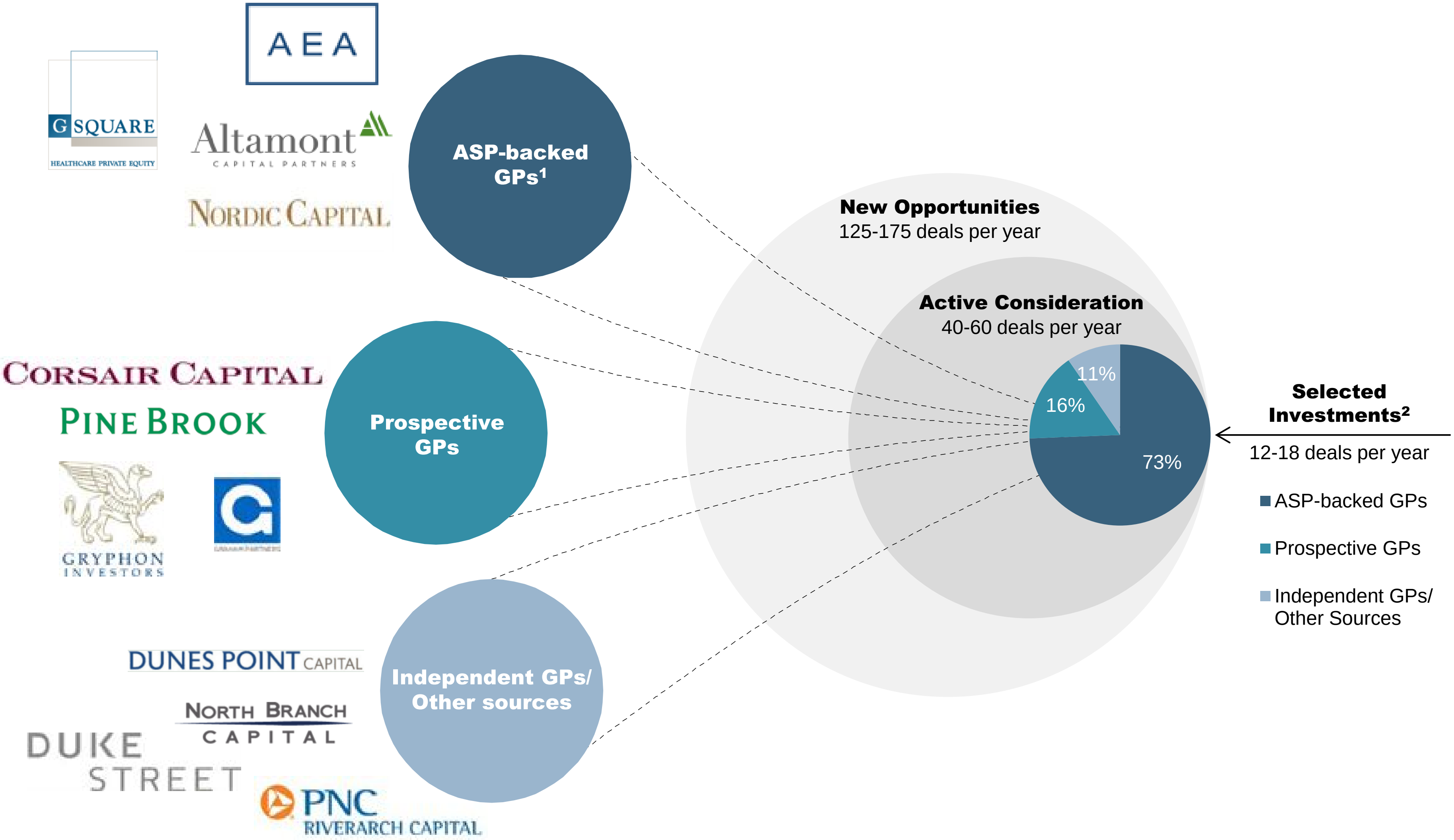


Opportunity for multiple arbitrage persists for US small market buyout transactions

Source: ASPIRE data (as of December 2017 or available 2017 data).

ASP's Global Platform Drives High-Quality Deal Flow

ADAMS STREET PARTNERS



1. General partners in whose funds Adams Street has invested its fund and/or separate account clients. A complete list of such general partners is available upon request.
2. Dollar weighted average of Fund III's investments by source at the time of initial investment (as of December 2017).

We Target Deals with Specific Attributes and Themes

ADAMS STREET PARTNERS

Recurring Revenue	Organic Growth	Buy and Build	Margin Expansion	Downside Protection
LeasePlan	TIDEL Quality Cash Solutions	ivc Independent Vetcare	ZepInc	PLAINS ALL AMERICAN PIPELINE, L.P.
AmWINS Group, Inc.	Envision HEALTHCARE	Shred-it	SPOTLESS	Williams & Glyn
Ranpak CORP	Nordax Bank	ROYAL ADHESIVES & SEALANTS	Sabre Holdings	NMF New Mountain Finance Corporation

A complete list of Adams Street Partners' co-investments is available upon request.

Closed Deals Continue to Highlight Investment Themes

ADAMS STREET PARTNERS

LTM dedicated co-investment fund investments

					ASP Platform		Investment Thesis				
Company Name	**Close Date**	**Lead Sponsor**	**Sector**	**Enterprise Value**	**Strong GP Relationship**	**Leverage ASP Network**	**Recurring Revenue**	**Organic Growth**	**Buy and Build**	**Margin Expansion**	**Downside Protection**
PDI	Q2'17	DUNES POINT Capital	Industrials	Small		✓	✓		✓	✓	
World Gym	Q2'17	中華開發資本國際 CDIB Capital International	Consumer	Small		✓		✓	✓	✓	✓
duomed	Q2'17	[illegible]	Healthcare	Small	✓	✓	✓	✓	✓		✓
snow	Q2'17	SEP Sumeru Equity Partners; Vitruvian Partners	Technology	Mid	✓	✓	✓	✓		✓	✓
inmar	Q2'17	OMERS; abry partners	Business Services	Large	✓	✓	✓	✓	✓	✓	✓
LUXE Energy	Q2'17	NGP	Energy	Mid	✓	✓	✓	✓	✓		
Schaller Hall	Q3'17	OAKLEY CAPITAL	Consumer	Small	✓	✓	✓	✓	✓		✓
SHAWBROOK	Q3'17	Pollen Street Capital	Financial Services	Large	✓	✓	✓	✓		✓	✓
SEQUEL	Q3'17	Altamont Capital Partners	Healthcare	Mid	✓	✓		✓	✓	✓	
Ten-X	Q3'17	THL	Technology	Large	✓	✓	✓	✓			✓
TIMEZONE	Q4'17	QUADRANT PRIVATE EQUITY	Consumer	Small	✓	✓		✓	✓	✓	
EXCELITAS TECHNOLOGIES	Q4'17	AEA	Industrial	Large	✓	✓	✓	✓	✓	✓	
Career Partner	Q4'17	OAKLEY CAPITAL	Consumer	Small	✓	✓	✓	✓		✓	✓
easyPark	Q1'18	verdane	Technology	Small		✓	✓	✓	✓	✓	✓
C.H. GUENTHER & SON, INC.	Q1'18	PPC Partners	Consumer	Large		✓	✓	✓	✓	✓	
PROMACH	Q1'18	LG&P	Industrial	Large	✓	✓	✓	✓	✓	✓	

As of March 31, 2018

Direct Co-Investment Track Record

ADAMS STREET PARTNERS

Strong realized and overall performance as of December 31, 2017

Vehicle	Investment Period	Invested Capital (millions)	Realized Proceeds (millions)	Total Value (millions)	Portfolio Gross Multiple[2]	Portfolio Gross IRR[3]	Net Multiple[4]	Net IRR[5]	PME[6]
Co-Investments Outside of Dedicated Funds[8]	1989 – 2000	$151.7	$417.1	$417.1	2.75x	37.9%	2.38x	**31.9%**	18.5%[7]
	2001 – 2010	$138.3	$266.2	$275.7	1.99x	15.7%	1.75x	**12.7%**	8.2%[7]
	2011 – [1]	$443.5	$251.0	$738.0	1.66x	30.6%	1.51x	**23.7%**	15.2%
Adams Street Direct Co-Investment Fund, L.P.	2006 – 2011	$230.8	$361.6	$378.9	1.64x	7.2%	1.48x	**5.4%**	6.9%
Adams Street Co-Investment Fund II, L.P.	2009 – 2015	$234.2	$416.1	$572.4	2.44x	34.3%	2.19x	**26.4%**	16.4%[7]
Adams Street Co-Investment Fund III[9]	2014 – [1]	$282.0	$20.0	$356.1	1.26x	18.8%	1.22x	**19.0%**	17.6%

	Invested Capital (millions)	Realized Proceeds (millions)	Total Value (millions)	Gross Multiple
Realized / Partially Realized / Public	$804.4	$1,724.3	$1,922.8	2.39x
Unrealized	$676.1	$7.7	$815.4	1.21x
TOTAL	**$1,480.5**	**$1,732.0**	**$2,738.2**	**1.85x**

1. Investment period remains open.
2. Gross multiple represents the sum of estimated remaining fair value plus realized proceeds, divided by invested capital at the portfolio level. Multiple is gross of Adam's Street Partners' management fees, carried interest and expenses.
3. Gross IRR represents annualized internal rate of return, since inception, at the portfolio company level, prior to deduction of Adams Street Partners' management fees, carried interest or expenses.
4. Unless otherwise noted, net multiple represents the sum of estimated remaining fair value plus realized proceeds, divided by invested capital, and is net of Adams Street Partners' management fees, carried interest and expenses. In the case of Co-Investment Fund III, Net Multiple also reflects the use of a capital call credit line.
5. Unless otherwise noted, net IRR represents annualized internal rate of return to limited partners, since inception, after subtracting Adams Street Partners' management fees, carried interest and expenses, where applicable. In the case of Co-Investment Fund III, net IRR also reflects the use of a capital call credit line.
6. Public Market Equivalent (PME) is calculated using the S&P 500 Index. The PME calculation is based on net IRR cash flows, which reflect the payment of Adams Street Partners' fees, carried interest and expenses.
7. 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.
8. Reflects dollars invested in co-investments since 1989 by separate accounts and funds other than the Adams Street Partners dedicated co-investment funds. This data reflects only aggregate performance of these co-investments and does not reflect performance of any particular Adams Street Partners fund or the performance achieved by an investor in any such fund. Gross IRR represents annualized internal rate of return, since inception, at the portfolio company level prior to deduction of Adams Street Partners' management fees or carried interest. The net IRR and net multiple are calculated for the investment periods 1989-2000, 2001-2010 and 2011-December 31, 2017 using the assumption that each year bracket is a single fund charging the highest fees under a model fee structure that deducted management fees and carried interest based on the Adams Street Partners dedicated co-investment fund fee schedule. Note that the 1989-2000 investment period includes one separate account dedicated to co-investments (the "Dedicated Account") that had a specific fee structure; however, for purposes of combining this account with other co-investments outside of dedicated funds in this time period, we have calculated the net IRR and net multiple for the Dedicated Account using the model fee structure described above. The Dedicated Account, which had invested capital of $109.8 million, has an actual net multiple of 2.24x, an actual net IRR of 24.9%, and PME of 17.0%.
9. Adams Street Co-Investment Fund III is comprised of Adams Street Co-Investment Fund III A LP and Adams Street Co-Investment Fund III C LP.

Past performance is not indicative of future results. There can be no guarantee that unrealized investments included in this data will ultimately be liquidated at the values reflected therein.

Key Terms and Conditions

Adams Street Co-Investment Fund IV

ADAMS STREET PARTNERS

Target Size	$500 million
Target Investment Period	3 – 5 years
Minimum Subscription	$10 million
Management Fee	0.63% average annual management fee* 1% on committed capital Fees tail down to 90% of the regular fee on the 5th anniversary of the first day of the calendar quarter in which the fund made its first investment ("Fee Commencement Date"), 80% on the 6th anniversary of the Fee Commencement Date, 70% on the 7th anniversary of the Fee Commencement Date, and so on going forward.
Carried Interest**	10%
Preferred Return**	7%
Line of Credit	For capital call management
First Close	January 2018

* Average annual fee means the average rate charged on subscription amount over the life of the Fund (assuming a 15–year life of the fund).

** The General Partner will be allocated a 10% carried interest on cumulative net profits and will be entitled to receive a distribution of carried interest only after investors have received a return of their capital contributions that were invested in disposed investments or used to pay related expenses plus a preferred return on such amounts at the rate of 7% per annum, compounded annually.

ADAMS STREET PARTNERS

VCERA Portfolio Review

Building Value While Maximizing IRR

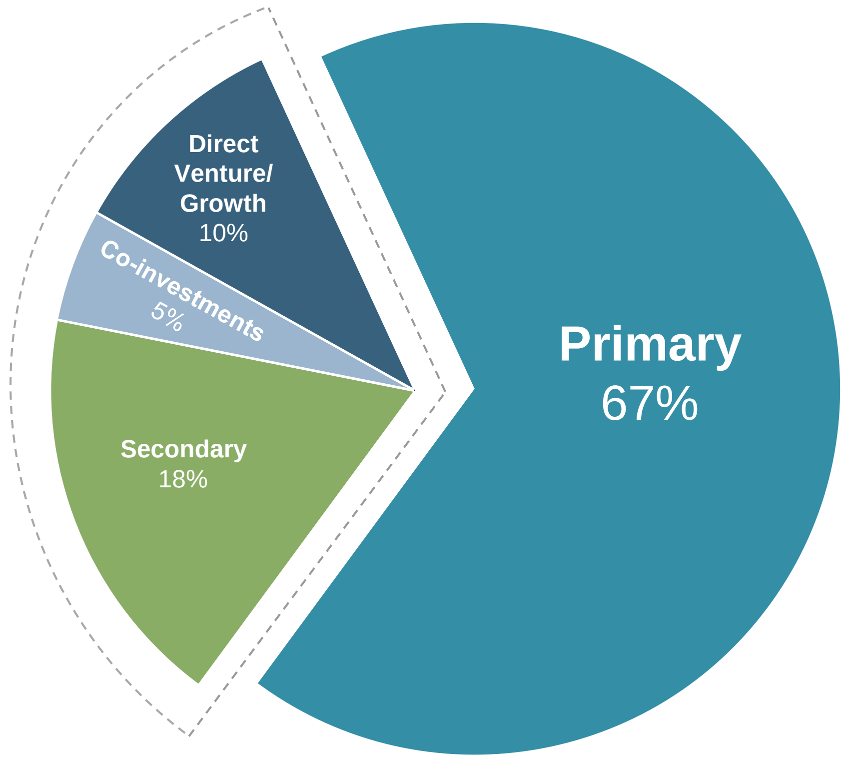
Constructing VCERA's Global Private Equity Program

ADAMS STREET PARTNERS

Strategy*

33%
Tactical Strategies

- Shorter duration
- Earlier cash flows
- Exploit market inefficiencies
- Focus on minimizing j-curve



67%
Primary Strategies

- Longer duration
- Builds value over time

Target Net Return: MSCI ACWI[1] + 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 VCERA Private Equity Program will achieve returns in the targeted range.
1. MSCI ACWI (All Country World Index) captures large and mid cap representation across Developed and Emerging Markets countries.

Ventura County Employees' Retirement Association

ADAMS STREET PARTNERS

Subscriptions to ASP Global Programs: $220,000,000

Total portfolio as of March 31, 2018

	Subscription	Amount Drawn	Market Value (NAV)	Distributions Received (D)	Total Value (NAV + D)	Net IRR 1-Year	Net IRR Since Inception	Inception Date	Total Value / Amount Drawn
ASP 2010 Global Program	**$85,000,000**	**$75,191,849**	**$71,667,150**	**$44,907,956**	**$116,575,106**	**19.25%**	**13.24%**		**1.55x**
ASP 2010 US Fund	$42,500,000	$37,442,500	$38,100,692	$21,732,250	$59,832,942	15.53%	14.44%	5/2010	1.60x
ASP 2010 Non-US Developed Fund	$25,500,000	$22,325,249	$18,863,062	$13,174,585	$32,037,647	27.88%	11.72%	5/2010	1.44x
ASP 2010 Emerging Markets Fund	$8,500,000	$7,378,000	$9,402,794	$1,859,844	$11,262,638	20.84%	12.04%	1/2011	1.53x
ASP 2010 Direct Fund	$8,500,000	$8,046,100	$5,300,602	$8,141,277	$13,441,879	14.96%	12.67%	5/2010	1.67x
ASP 2013 Global Fund	**$75,000,000**	**$53,250,000**	**$61,815,879**	**$6,236,204**	**$68,052,083**	**16.25%**	**10.48%**	**6/2013**	**1.28x**
ASP 2016 Global Fund	**$60,000,000**	**$10,770,000**	**$13,120,659**	**$0**	**$13,120,659**	**23.76%**	**35.51%**	**8/2016**	**1.22x**
Grand Total	**$220,000,000**	**$139,211,849**	**$146,603,688**	**$51,144,160**	**$197,747,848**	**18.25%**	**12.72%**		**1.42x**

Thru 3/31/2018	Committed / Subscription	Drawn / Subscription	Distributed/ Drawn
2010 Program	100%	88%	60%
2013 Program	100%	71%	12%
2016 Program	96%	18%	0%
Grand Total	99%	63%	37%

April 1, 2018 – June 30, 2018
Draws: $6,180,000
Distributions: $3,129,888

As investments continue to be made and mature, the ASP Global Program is generating attractive returns and is returning capital to VCERA

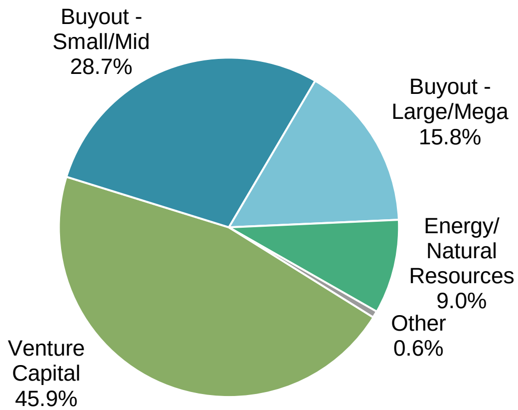
Ventura County Employees' Retirement Association

ADAMS STREET PARTNERS

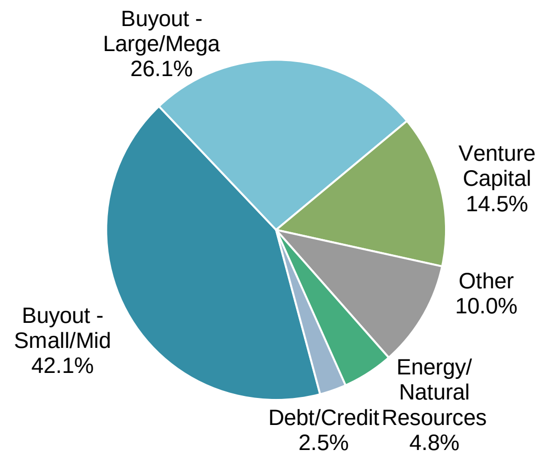
Diversification of investment **commitments***

Total portfolio as of March 31, 2018

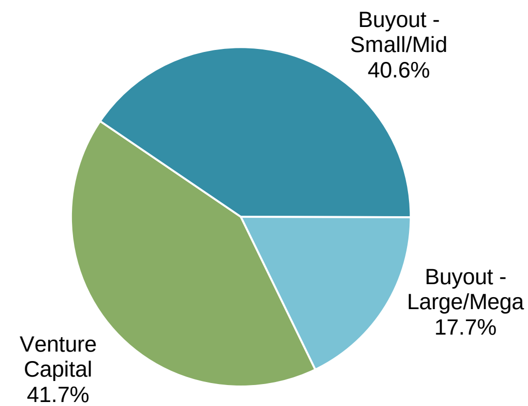
Primary/Direct Partnerships by Subclass – US



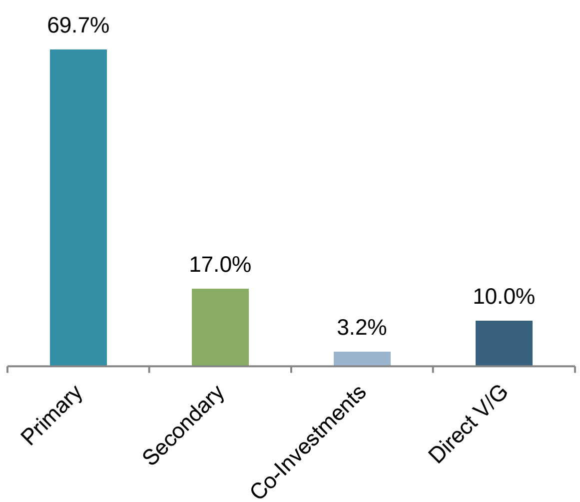
Primary Partnerships by Subclass – Developed



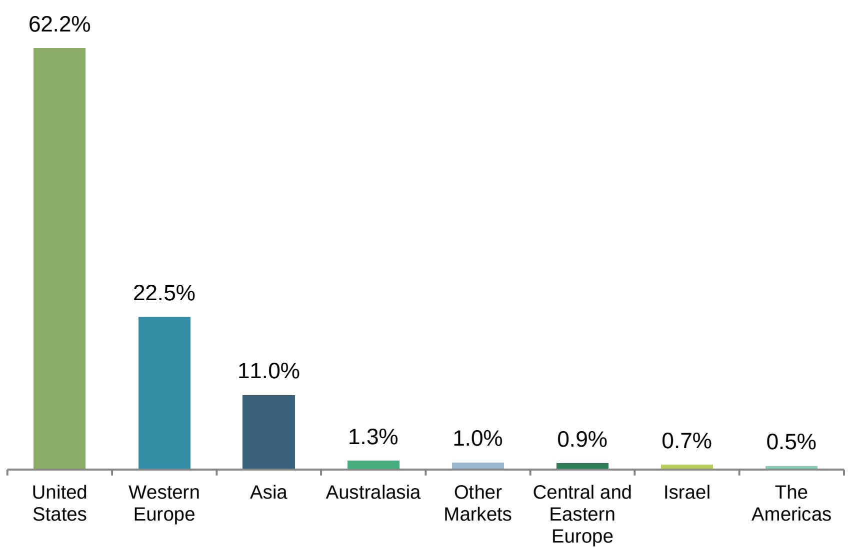
Primary Partnerships by Subclass – Emerging



Strategy Breakout – Total



Geographic – Total



* Calculated by applying the participant's respective ownership percentage to the underlying investment commitments.

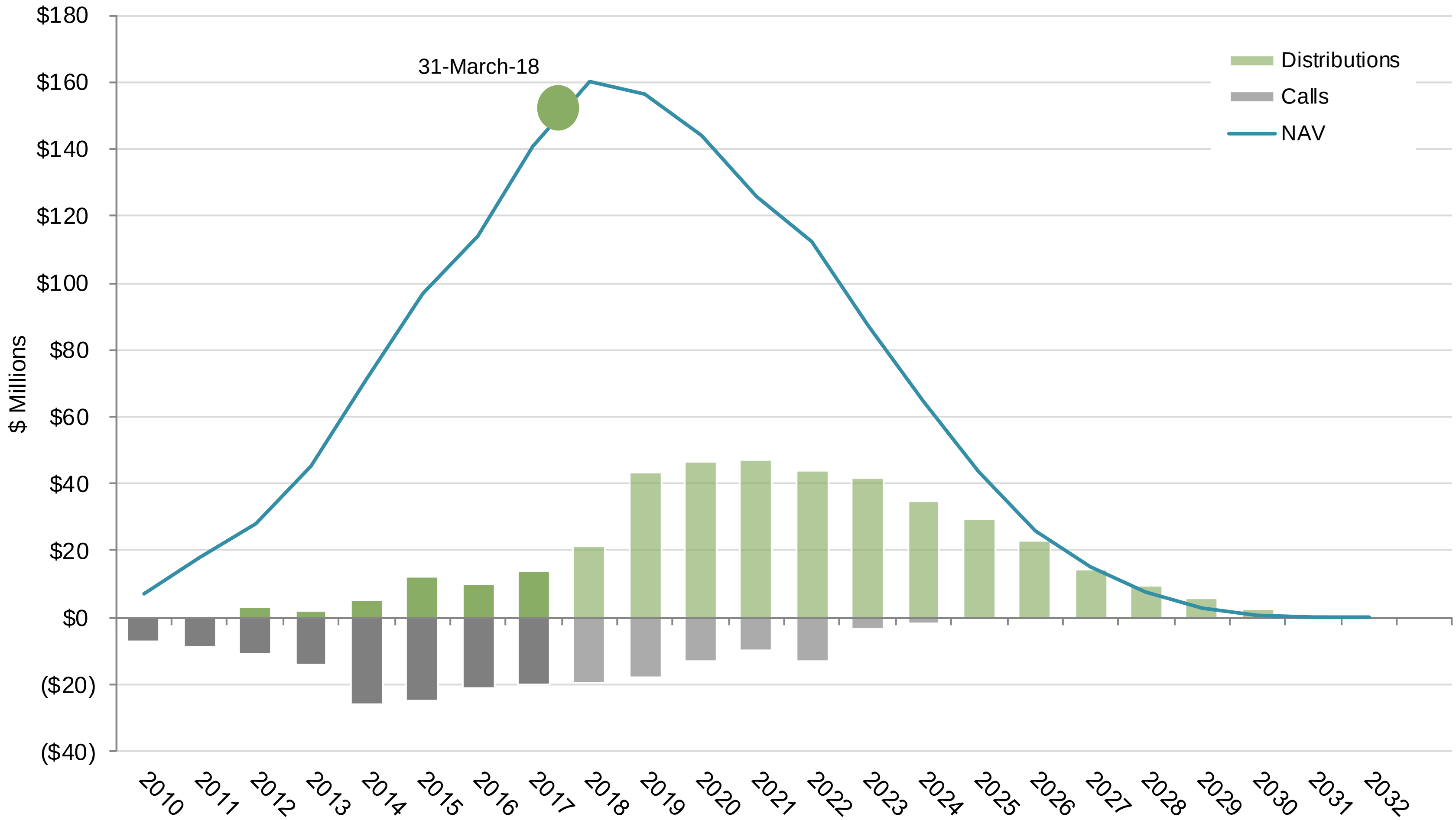
ADAMS STREET PARTNERS

Appendix

Ventura County Employees' Retirement Association

ADAMS STREET PARTNERS

Net asset value, capital calls and distributions (actual and projected)
Represents existing 2010, 2013 and 2016 Global Programs



NAV should build through 2019, then decline as distributions increase and calls decrease

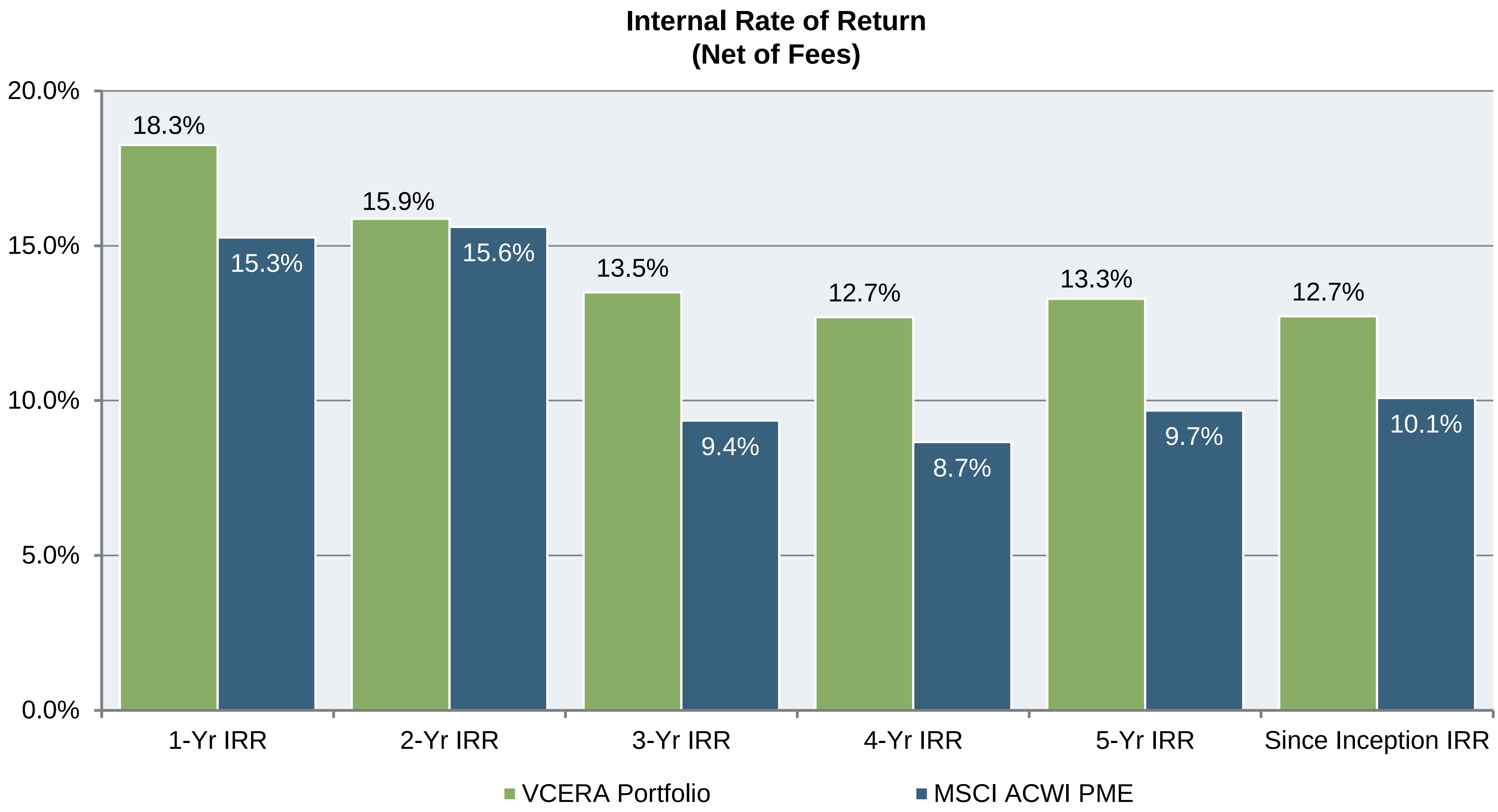
Estimate/Projected
$414M distributed
$220M called

Ventura County Employees' Retirement Association

ADAMS STREET PARTNERS

Intraperiod Returns

Total Portfolio (2010, 2013 and 2016 Global Programs) as of March 31, 2018

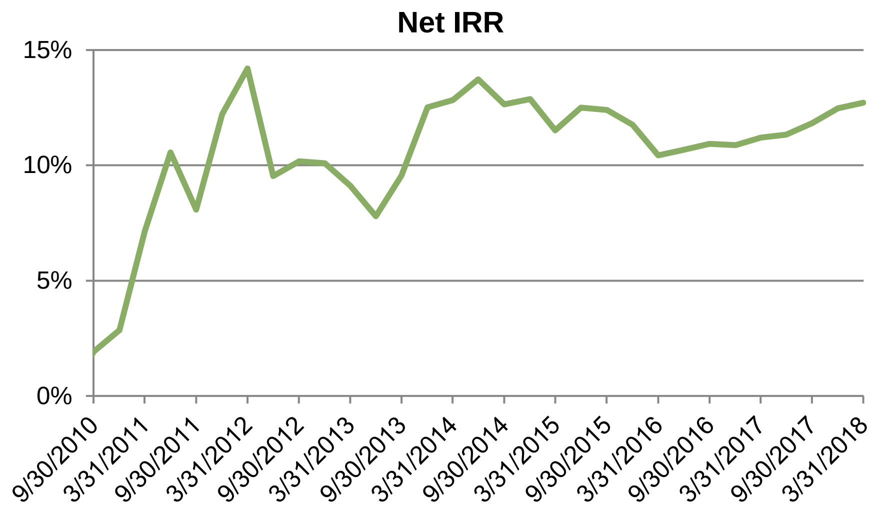


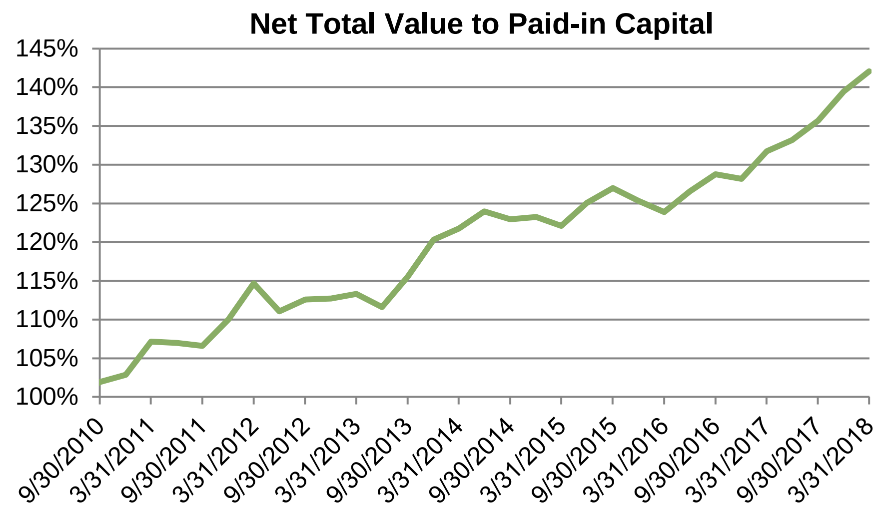
VCERA's Global PE Program has established meaningful premium over global public equity markets

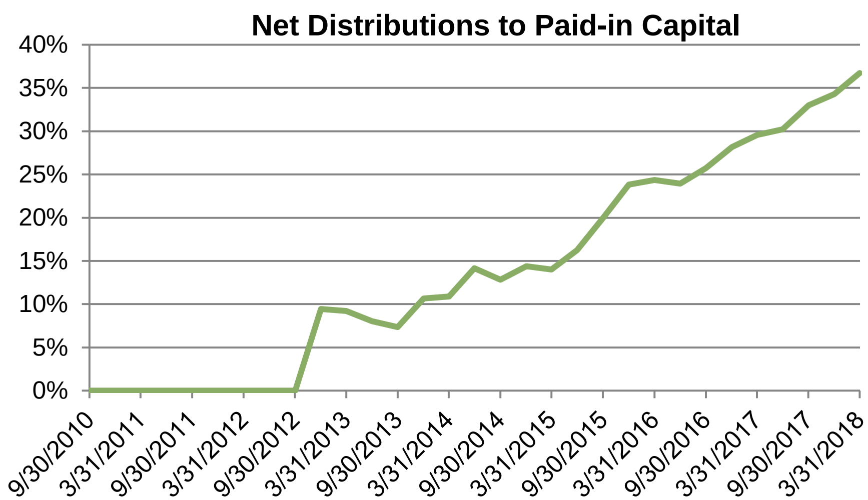
* Returns based on ASPIRE database.

Ventura County Employees' Retirement Association

Total Portfolio as of March 31, 2018







- Portfolio moved quickly through j-curve due to secondaries, value now being driven by maturing primaries
- Portfolio is 99% committed and 63% drawn
- Distribution activity continues to ramp up, now at 37% of drawn capital

ADAMS STREET PARTNERS

David Brett, CPA

Partner & Head of Co-Investments, Chicago

EDUCATION:
University of Illinois, BS

University of Chicago Booth School of Business, MBA

YEARS OF INVESTMENT/ OPERATIONAL EXPERIENCE:
33

- Dave oversees the sourcing, screening, execution, monitoring, and exiting of leveraged buyout co-investments.
- Before joining the firm, Dave served as a senior partner with PPM America Capital Partners, LLC, responsible for marketing to equity sponsors, underwriting buyout co-investments, and managing the underwriting group. Prior to joining PPM to establish their private debt placement group, he worked with Heller Financial where he structured, originated, and managed a portfolio of LBO debt transactions. He also worked as a senior auditor with KPMG.
- Dave is the Chair of the Adams Street Partners Co-Investment Committee.

ADAMS STREET PARTNERS

Scott Hazen, CFA®

Partner, Investor Relations, Chicago

EDUCATION:

University of Notre Dame, *magna cum laude*, BBA

University of Chicago Booth School of Business, MBA

YEARS OF INVESTMENT/ OPERATIONAL EXPERIENCE:

26

- Scott works closely with investors in the management of their portfolios, and provides assistance in the development and monitoring of their private equity programs. Additionally, he is actively involved in the portfolio construction and ongoing monitoring of the firm's various fund of funds programs and separate accounts, as well as the development of consultant relationships. He also participates in the tracking and analysis of portfolio performance measurement.
- Prior to joining the firm, Scott was an Executive Director and US Equity Strategist with UBS Global Asset Management focused on portfolio management and client communication. Earlier in his career, Scott was an Executive Director and Institutional Client Advisor with UBS Global Asset Management, responsible for business development and client relationship management.
- Scott is a member of the CFA Institute and the CFA Society of Chicago.

Notes to Performance:
Co-Investments: Long-Term, Consistent Record of Success

As of December 31, 2017

1. For the dedicated co-investment funds, the fund size is the total capital committed to each fund. For Co-Investments Outside of Dedicated Funds, the fund size is the amount of capital committed to co-investments by other funds and separate accounts.
2. Gross IRR represents annualized internal rate of return, since inception, at the portfolio company level, prior to deduction of Adams Street Partners' management fees, carried interest or expenses, which reduce returns to investors.
3. Unless otherwise noted, net IRR represents annualized internal rate of return to limited partners, since inception, after subtracting Adams Street Partners' management fees, carried interest and expenses, where applicable. In the case of Co-Investment Fund III, net IRR also reflects the use of a capital call credit line.
4. Public Market Equivalent (PME) is calculated using the S&P 500 Index. The PME calculation is based on net IRR cash flows, which reflect the payment of Adams Street Partners' fees, carried interest and expenses.
5. Unless otherwise noted, net multiple represents the sum of estimated remaining fair value plus realized proceeds, divided by invested capital, and is net of Adams Street Partners' management fees, carried interest and expenses. In the case of Co-Investment Fund III, Net Multiple also reflects the use of a capital call credit line.
6. The DPIs are calculated as the distributions divided by the dollars drawn for the dedicated co-investment funds. DPIs are net to LPs and reflect deduction of underlying general partners' and Adams Street Partners' fees, carried interest and expenses. In the case of Co-Investments Outside of Dedicated Funds, DPIs are calculated at the underlying partnership level and reflect deduction of Adams Street Partners' management fees and carried interest; it is not possible to deduct expenses in this calculation.
7. 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.
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9. Adams Street Co-Investment Fund III is comprised of Adams Street Co-Investment Fund III A LP and Adams Street Co-Investment Fund III C LP.

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July 2, 2018

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

Dear Board Members:

On May 30 and 31 of 2018, VCERA trustees Mike Sedell and Will Hoag, and CIO Dan Gallagher went to Boston, Massachusetts for on-site due diligence meetings with Loomis Sayles and NEPC. Following is our due diligence report.

Our first visit began with Loomis Sayles at 9:30am, Wednesday May 30 at Loomis Sayles' Boston headquarters office as follows:

LOOMIS, SAYLES & COMPANY
One Financial Center, 29th Floor
Boston, MA 02111

Loomis Sayles Personnel

David Waldman, Executive Vice-President, Deputy Chief Investment Officer; Vice Presidents Stephanie Lord (Client Portfolio Manager); James Sia (Head of Relationship Management); Fred Sweeney (Product Manager, Multisector); Roger Ackerman (Product Manager, Strategic Alpha); Michael Crowell, (Director of Fixed Income Quantitative Research & Risk Analysis); Terri Lawler (Chief Security Officer); Keith Beaudin (Director of Corporate Technology); Brian Horrigan (Chief Economist); and TJ Jurevic (Portfolio Analyst).

Firm Overview

We began our meeting with Dave Waldman, Jim Sia, and Stephanie Lord, with an overall review of the organization. Loomis Sayles is structured as a limited partnership, which is a wholly owned subsidiary of Natixis Investment Managers. The Natixis parent company is based in Paris, but its U.S. subsidiary is located in Boston.

Loomis Sayles has segmented its business lines into U.S. and non-U.S. institutional and retail client groups. Offices are located in Boston, Orinda, London, and, Singapore. Loomis Sayles has a well-regarded reputation as one of the industry's top firms in research and trading. The firm has developed a number of new proprietary risk tools and data modelling systems, and has centralized trading in Boston, integrating the analysts and portfolio managers with a consolidated investment process.

These changes have raised Loomis Sayles' industry profile, leading to an increase in their assets under management from $60 billion in 2002 to $264.4 billion as of June 30, 2018.

Loomis Sayles' broad investment platform is segmented into different sleeves, such as alpha strategies, bank loans, emerging markets debt, full discretion, global, relative return, mortgages, and structured finance. Each of these sleeves in turn supports multiple products. The firm also manages a number of different equity strategies. Loomis Sayles manages two bond portfolios for VCERA: Strategic Alpha, and Multisector.

Strategic Alpha

Roger Ackerman, Product Manager for Strategic Alpha described the philosophy of the Strategic Alpha product as to:

1. Harvest risk premia across the macroeconomic cycle, with risk being in-line with traditional fixed income strategies, and low correlation to major fixed income markets.
2. Use the best bottom-up selections to populate the portfolio, and generate attractive risk adjusted returns.
3. Seek to protect capital and mitigate losses, keeping the portfolio within stated volatility bands.

Roger discussed the portfolio guidelines and limitations, including the portfolio's ability to short, noting that the portfolio's duration may range between 5 years and -2 years. Roger said that the product was currently positioned to account for late cycle economic expansion, equivalent to about 5:00 pm, and ending around 7:00 pm, with an ensuing downturn from around 6:00 pm to 9:00 pm. Loomis Sayles believes that the recently approved tax plan has extended the market cycle's life in the U.S.

The firm views this part of the cycle as more favorable to equity, and although they are somewhat concerned about the market, they don't expect a downturn anytime soon. The Strategic Alpha team believes that the market will become "iffy" between 2019 and 2020. They further believe that in light of the Fed pulling liquidity from the market, 3- to 10- year U.S. Treasury notes and bonds offer the most viable opportunities today.

Roger said that the biggest risks are now geopolitical, e.g., the Italian populist pressure on the European Union, and concerns with China. However, with decreased market liquidity, it is becoming more difficult for individual companies to borrow. Roger said that the team likes households, banks, bank loans, corporate non-banks, and the economy in general. They also like credit cards and asset backed securities, LIBOR debt, and high quality corporate bonds. He said that the Strategic Alpha team was concerned about leverage in the investment grade sector but noted that defaults are still low.

We then reviewed the portfolio's historical yield curve positioning, tactical allocations in credit market beta and foreign currencies, calendar year and annualized investment returns, and various measures of performance attribution.

Multisector (Full Discretion)

Fred Sweeney, Product Manager for the Multisector portfolio began with an overview of the portfolio's objective, philosophy, benchmark, and product universe. He noted that the team manages $36 billion in this product. He explained that this is a long-only, top-down / bottom-up product, with a long-term investment horizon.

Fred reviewed the investment process, how risk management is employed in the process, the investment guidelines, and investment performance on both an annualized and calendar year basis. Fred also discussed performance attribution, breaking return contribution down by yield curve positioning, sector/industry/country allocations, and security selection. He also briefly touched on attribution analysis by sector distribution compared to the benchmark weightings, top industries contributions and bottom industries performers, issuer effects, and currency contributions.

Fred believes that leverage "creep" in the economy was manageable, but that the tax reform was less efficient for leverage, as it is not deductible. At this time the portfolio is conservatively structured. The team is maintaining their exposure to high yield corporate credit. They are concerned about rising rates, but are unconcerned about credit risk.

Quantitative Research

Next we met with Michael Crowell, Director of Fixed income Quantitative Research and Risk Analysis (QRRA). Michael described this group as integrated with the investment process, providing a strong partnership with the firm's technology group.

QRRA output serves as a systematic check against behavioral biases in fundamental research; assesses multi-factor risk correlations and historical scenario analysis; and creates many signals across many securities simultaneously to identify patterns, overcoming the limited capacity of normal fundamental analysis.

The QRRA team also develops screens customized for markets and segments specific to each team's investment process to allocate to the opportunities with the best return to risk trade-off. These tools are used to support investment teams across the firm's platform.

Current Events Overview

Brian Horrigan, Loomis Sayles' Chief Economist described the personal tax reform changes, noting that most of these provisions expire at the end of 2025.

Brian also summarized the larger impact of corporate tax reform, observing that most of the provisions are permanent, except for expensing. He briefly reviewed international corporate tax reform, highlighting the elimination of many incentives for corporate inversion leading to a one-time repatriation of foreign profits. Finally, he discussed the timing of the tax cuts; tax cuts expiration implications; the budget deal; projections of increasing budget deficits; more military spending; and noted that the Democrats are not pushing back on protectionism.

Cyber Risks Overview and Continuity of Business Operations

Our final meeting was with Terri Lawler who spoke of Loomis Sayles' cyber security program, and Keith Beaudin who spoke of business continuity. Capabilities include technology for research; portfolio management; trading and compliance; investment operations; client service and reporting; business operations; and cybersecurity.

Terri began with an overview of the program objectives, then continued with a brief identification of some of the critical and sensitive systems. She described both cyber and physical security threats, vulnerabilities, and potential consequences. She described Loomis Sayles' cyber security map, and layers of security, beginning with the internet, the outer network, the data center, and then the 'Fortress', which housed mission critical systems, as well as those that were quarantined. Terri reviewed the program's processes, approach, and governance.

Keith described Loomis Sayles' business continuity plan, beginning with emergency response management. He reviewed the core elements which are tested quarterly. He explained the web-based remote access to mission critical systems, with access to all critical applications and files from any location. He spoke of the 2100 square foot redundant data facility in Westborough, MA which houses all critical and data supporting business operations, and a work area recovery center available containing 110 work stations, expandable to 208, including trader workstations, cable television, VOIP telephony service; printers, faxes, copiers, and internet access; a kitchen; and video conferencing with Wi-Fi.

We found no due diligence concerns and concluded our meeting at 1:30 pm.

Our second visit began at NEPC's office at 9:00 am, Thursday, May 31, 2018 at NEPC's Boston headquarters office as follows:

<u>NEPC</u>
255 State Street
Boston, MA 02109

NEPC Personnel

Mike Manning, Managing Partner; Partners Kevin Leonard (Head of Public Funds), Phil Nelson (Director of Asset Allocation), Sean Gill (Director of Private Markets Research), Jim Reichert

(Technology and Healthcare); Eric Harnish, Principal, (Private Markets Research); Senior Research Consultants Michael Yang (Real Estate), and Erin Faccone (Operational Due Diligence); Tim O'Connell (Research Consultant, Traditional Research).

Firm Overview

We began our meeting with Mike Manning and Kevin Leonard with an overview of NEPC, noting 278 employees, 48 of which are in research across 8 regional offices, serving 358 clients with $954 billion of assets under advisement. The firm is employee-owned by 38 partners, and all revenue is from advisory and discretionary consulting services. More than 75% of NEPC's consultants have been with the firm 5 years or more.

We discussed NEPC's philosophy, people, firm stability, sustainability, and differentiating factors. Mike described how he sees the consulting business being affected by changes in technology, noting that in the past the emphasis was that providing data was pivotal. Today, as data has become more accessible and commoditized, the focus has shifted to how to interpret the data and make it work for clients. He believes that there will be both challenges and opportunities with the greater use of robo-advisors, and that they will likely disintermediate small consultants.

Mike noted that today clients want information immediately; they want it digitally. Artificial Intelligence offers opportunities to glean, interpret, and then provide information to clients more meaningfully. NEPC has been watching how managers have been using it for securities selection but is not sure how it will work in picking managers. NEPC has and will continue to invest significantly in technology.

Public Funds Team Overview

NEPC has been working with public funds since 1986. The Public Funds Group consists of 5 partners, 5 senior consultants, 3 consultants, and 7 analysts. Of the total funds under advisement by NEPC, 67 public funds clients represent $593 billion, representing 59% of the firm's total assets. The median client size is $2.2 billion.

More than 75% of the clients that have engaged NEPC as an investment advisor over the last 15 years are still clients today.

Research Overview

We next met with Phil Nelson and Tim O'Connell. Phil discussed the firm's approach and process of developing capital markets assumptions. He then described the role and functions of the Asset Allocation Group, how they gather ideas, how they communicate those ideas within and outside of the firm, and views and approaches to asset allocation recommendations. Tim discussed the research team's approach, looking first to find the best ideas, then the best way to implement those ideas, and finally manager selection.

We then discussed their views on private debt. They noted that banks have pulled back from lending, leaving a lending gap. Over time, NEPC has moved to an opportunistic approach from making a beta call in the U.S. They said they believed that opportunities in the U.S. are now predominantly found in niche strategies. They believe that the best opportunities are in Asia, but they are difficult to find and execute. They said that opportunities are better in Europe than in the U.S., but they are riskier. We also discussed real estate private debt opportunities.

We next spoke about international small cap opportunities. Research noted that a huge problem is capacity constrained managers, and there is a very high dispersion of manager returns. They think that the MIFID will kill sell-side research, which in turn will drive passive investing, which will then lead to more opportunities in active management.

Private Markets Overview

We next met with Sean Gill, Eric Harnish, and Mike Yang of NEPC's private markets group. We began with a discussion of private credit, including opportunities in distressed debt, including opportunities in non-performing loans. Eric noted that VCERA's first credit investment was recently in CarVal. We discussed that with a $150 million allocation, NEPC would recommend a pacing model to govern the pace of draw-downs.

Sean opined that at this time, middle market direct lending opportunities were ok but not great in the U.S. Asia looked more interesting. Sean thought that the more attractive areas today would be niche strategies, such as aircraft lending, and growth and venture capital loans. He also was seeing some attractive high yield strategies such as construction loans, where you can step in if the contractor defaults. He also likes some opportunities with triple net, unexpired leases.

Mike discussed opportunities in value-added real estate. He noted that core has done well delivering high single digit / low double digit returns, but he expects core returns to drop. He observed that core has performed bond-like because interest rates have been so low. But he recommended NOT to move all-in to higher risk at this stage in the cycle. Instead he recommended to rebalance some core exposure into core-plus investments, e.g., strategies with 90%+ occupancy. He suggested looking for opportunities in demographically driven investments such as apartments and senior housing, which are expected to be less volatile than office properties. He thought there was too much capital chasing student housing. Other attractive opportunities included ultra-luxury and workforce housing.

Technology Overview

We next met with Devan Dewey, Jim Reichert, and Erin Faccone. Devan discussed the firm's back up and emergency procedures. He noted that NEPC had two back-up data centers. He described the systems the firm uses, use of the cloud for email and data storage; performance and risk reporting; all feeding into an integrated environment.

Devan opined that NEPC would be viewed as a low value target because they don't manage or custody assets. He believed their biggest risk was pfishing. NEPC has implemented a 2-factor authentication process for system access. Annually NEPC conducts vulnerability testing, and regularly pushes cyber security awareness initiatives to identify and familiarize staff of potential risks. He noted 10-point security on every device, and discussed techniques they use for breech detection, and have tools to respond to cyber incursions.

Jim discussed a number of technology upgrades within the firm, making it easier for employees and clients. He described a newly designed client hub, and an asset allocation suite that has so far been released only internally.

Erin discussed NEPC's alternative and traditional due diligence models, highlighting their Discovery Platform that enables consideration of products not suitable for broader distribution, such as higher risk strategies, strategies with limited capacity, limited timing, no track record, limited back office resources, concentration, low assets under management, or a unique strategy with limited peers. Finally, we discussed the new Due Diligence Ratings, and Status Recommendation Keys.

We found no due diligence concerns and concluded our meeting at 3:30 pm.

Respectfully submitted,

Mike Sedell
Will Hoag
Dan Gallagher

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 16, 2018

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

SUBJECT: QUARTERLY RETIREMENT ADMINISTRATOR'S REPORT FOR THE PERIOD OF APRIL - JUNE 2018

Dear Board Members:

In compliance with VCERA's Monitoring & Reporting Policy, this report will include information regarding travel, training, key meetings and media communications, as well as other key issues for April through June of 2018. In some cases, this report contains not only activity of the Retirement Administrator, but of the VCERA staff as a whole.

General

The second quarter of 2018 yielded completion or significant progress for some long-term issues and projects. Both Benefits and Fiscal staff assisted in the data gathering and coordination with Segal for the triennial experience study, and Fiscal completed the preparation and compilation of the 2018-19 annual budget. Benefits staff worked steadily through work backlogs, and benefit estimates are now typically completed for members in 17 days – the best turnaround time in many years. VCERA continued to participate in the orientations for new County employees, with staff member Jess Angeles doing an outstanding job serving as our main presenter.

Also in benefits administration, annual statements were completed and issued on time, and the enhancements developed in advance of the launch of Member Self-Service (MSS) were submitted and testing is nearly complete. A comprehensive launch plan is in place for when all issues are resolved.

Staff worked diligently through several items related to the disability process, and has compiled information about our CERL peers' processes. Staff also responded to a County Hotline referral related to a disability retiree and is working to research that case in advance of a recommendation to the Board.

A long-standing issue related to the work schedules for fire dispatchers and the scheduled overtime associated with their previous and pending new schedules has been essentially resolved. This issue

1190 S. VICTORIA AVENUE, SUITE 200 • VENTURA, CA 93003
PHONE: 805-339-4250 • FAX: 805-339-4269 • WWW.VCERA.ORG

took not only a great deal of time from many of our staff, but also coordination with various agencies. The experience of Shalini Nunna with Fire's scheduling and payroll was very valuable in this process.

Staff worked closely with CBRE and the real estate committee on securing office space for VCERA in anticipation of the conclusion of our current office lease. The choices have been narrowed to 2 locations, one of which includes of our current office space to encompass the entire 2nd floor. Staff has worked with the architect on space planning. Within the next two weeks, we anticipate providing the real estate committee with a comparative analysis of the two locations.

Perhaps the most encouraging progress of all was in the area of staffing, with the long-awaited Chief Technology Officer and Communications Officer positions now posted.

Regarding financial issues, VCERA received prefunding from the County in the amount of $185 million on July 1st. The pre-work for audit for the year ending June 30, 2018 is underway.

The fiduciary liability insurance policy (FLIP) for FY 2018-2019 has been issued, and the trustees' waiver of recourse fee will be collected from trustees.

<u>Travel & Training</u>
During the 2nd quarter, I attended the SACRS Spring Conference in Anaheim in May as well as the CALAPRS Administrators' Roundtable in Oakland on June 22nd.

<u>Board/Policy/Compliance</u>
At the June business meeting, staff recommended to the Board an amendment to the Pensionable Compensation Resolution to further clarify inclusion of scheduled overtime for eligible members. The Board also implemented changes to the Education & Travel policy.

<u>Media</u>
Staff did not respond to any media inquiries in the 2nd quarter.

<u>Key Meetings</u>
In addition to many meetings internally related to the topics already mentioned, staff also met with Subic & Associates (architect) and CBRE as work on the office location progressed. Meetings with staff members of the Auditor-Controller's Office regarding transmittal and payroll corrections occurred as well.

Please contact me with any questions you may have regarding this quarterly report.

Sincerely,

Linda Webb
Retirement Administrator

2018 -19 BUSINESS PLAN

Ventura County Employees' Retirement Association

1190 S. Victoria, Suite 200
Ventura, CA 93003

Introduction

On an annual basis, VCERA adopts a one-year business plan which is drafted by the Retirement Administrator and reviewed and adopted by the Board of Retirement. The broad purpose of the business plan is to identify, manage and mitigate organizational risks, while advancing the strategic goals of VCERA, through a formal process. The specific requirements of the formal document are defined in VCERA's Business Planning Policy, and this document was developed in adherence to that policy.

Progress from Previous Year's Business Plan

Over the past year, VCERA has seen a variety of changes and successfully met significant organizational challenges. The Board and staff made significant progress with the objectives that were established in the 2017-2018 business plan.

The following shows the scale that was used to determine both priority and time horizon and the current status of these objectives.

Priority #1: to be accomplished within the next year
Priority #2: to be accomplished within a 2-3 year period
Priority #3: to be accomplished within a 5-year period

Funding:

Objective #1: Continued Improvement of Funded Ratio **(Priority #3) – ON TRACK; ONGOING.**
VCERA's funded status, the ratio of valuation value of assets to accrued liabilities, is 86.9% as of June 30, 2017, an improvement of 2.0% since June 30, 2016.

Investments:

Objective #1: Continue to build out VCERA's private equity allocation by identifying and accessing top tier private investments managers. **(Priority #2/#3) - ON TRACK; ONGOING.**
VCERA continues to identify and commit to top tier private investment managers. In 2017, VCERA achieved its commitment target of $150 million, and thus far in 2018 is on pace to meet or exceed the 2018 vintage year pacing target.

Objective #2: Increase risk-adjusted returns through optimization of asset class structures and manager selection by reassessing the portfolio's positioning via an Asset Liability and Asset Allocation study. **(Priority #2) - ON TRACK; ONGOING.**
VCERA adopted a revised asset allocation, increasing the portfolio's expected investment return. An implementation plan has been adopted, and VCERA is rolling out the first phase of its implementation.

General Administration:

Objective #1: Secure optimal classifications for Technology Officer and Communications Manager positions, filling those vacancies with qualified employees. **(Priority #1) – NEARING COMPLETION**
Both classifications have been secured and staff is working with County HR on recruitment efforts.

Objective #2: Working with Board-appointed committee, identify future office space for VCERA and if necessary, develop moving plan that minimizes service disruptions. **(Priority #2) - ON TRACK; ONGOING.**
This is progressing satisfactorily, with locations narrowed to two; anticipate final recommendation to Board in September 2018.

Benefit Administration:

Objective #1: Work with County Auditor-Controller's Office to Accelerate Correction Process **(Priority #1) – ONGOING**
Progress on this objective has been accomplished; however, other factors have contributed to delays and complications. See Supplemental Risk Assessment for additional information.

Governance & Fiduciary:

Objective #1: Develop Long-Term Operational Compliance Program **(Priority #3) – MINIMAL PROGRESS**
This process is still in the initial assessment stages, though in the area of Information Technology, some new processes have been implemented to increase security and streamline the procedures for granting and removing access. Both the new Chief Technology Officer and the Communications Officer will be involved in ongoing efforts, in coordination with the CFO, COO, Retirement Administrator and General Counsel.

Technology:

Objective #1: Fill Vacant Technology Officer Position **(Priority #1) – PENDING COMPLETION**
VCERA's Chief Technology Officer (CTO) position vacancy should be filled in the coming 2-3 months.

Objective #2: Pursue Co-Development Opportunities with Current Vendor to Increase Independence and Reduce Costs. **(Priority #1/#2) – PAUSED PENDING CTO HIRING**
The hiring of the new CTO is necessary before proceeding with these efforts.

Objective #3: Complete the launch of the Member Self-Service (MSS) Portal, establishing additional security measures to protect member data. **(Priority #1) – PENDING COMPLETION**
The enhancements developed in advance of the launch of Member Self-Service (MSS) were submitted and testing is nearly complete. A comprehensive launch plan is in place for when all issues are resolved.

Communication & Member Education:

Objective #1: Develop Comprehensive Member Education Program **(Priority #2) - PAUSED PENDING COMMUNICATIONS OFFICER HIRING**

While VCERA has produced a Member Handbook and launched a new website, ultimately the Communications Officer will be responsible for building this program, under the supervision of the Retirement Administrator.

Current Risk Assessment

In order to fulfill VCERA's mission, staff has identified the following risks, challenges or areas for development, prioritized by Board direction and overall impact.

Funding (Perpetual):
a) VCERA as a pension plan has an ongoing risk of increased actuarial liabilities.

Investments (Perpetual):
a) Achieving VCERA's assumed rate of return;
b) Market risk related to political and global events as they impact growth and asset pricing.

General Administration:
a) Strain on service and continuity resulting from either an office move or renovation of current office space.
b) Human capital risk, such as staff turnover through retirements or terminations.

Benefit Administration: **CRITICAL**
a) The backlog of County payroll corrections and the complete suspension of programming changes of County payroll system (VCHRP), combined with diminished dedicated resources from the Auditor-Controller's office is an ongoing problem. The number of members impacted has risen, and errors continue to compound. The details of this risk are provided in the attached Supplemental Risk Assessment.

Governance & Fiduciary:
a) The absence of a comprehensive agency-wide compliance program.
b) Plan sponsor risk, as County decisions can potentially create risk for VCERA.

Legal/Legislative: (Perpetual)
a) Potential legislative changes to the County Employees' Retirement Law (CERL) and the California Public Employees' Pension Reform Act (PEPRA).

Technology:
a) Loss of continuity associated with hiring and onboarding of new Chief Technology Officer.

Communication & Member Education:
a) Absence of a comprehensive member education program designed to increase member knowledge of their benefits, ease of navigation through processes and transactions, and long-term retirement planning.

2018-19 Business Plan Objectives

The following are the proposed business objectives for 2018-2019, using the same priority and timeline guidelines.

Priority #1: to be accomplished within the next year
Priority #2: to be accomplished within a 2-3 year period
Priority #3: to be accomplished within a 5-year period

Funding:

Objective #1: Continued Improvement of Funded Ratio **(Priority #3)**
The Board and staff, in consultation with VCERA's actuary and investment consultant, to take prudent steps to minimize actuarial liabilities and maximize returns to continue upward trend in funded ratio.

Investments:

Objective #1: Commit approximately $180 million across nine to twelve 2018 vintage-year private equity funds. **(Priority #1)**

Objective #2: Begin implementing the revised investment portfolio asset allocation adopted by the Board in May/June 2018. **(Priority #2)**

General Administration:

Objective #1: Complete hiring progress for CTO and Communications Officer, and successfully transition and onboard these new staff members. **(Priority #1) – CRITICAL**

Objective #2: Working with the Board-appointed committee and real estate vendor, secure office space for VCERA and if necessary, develop moving plan that minimizes service disruptions. **(Priority #1) – CRITICAL**

Objective #3: Examine and revise VCERA's disability hearing procedures. **(Priority #1, #2)**

Benefit Administration:

Objective #1: Work with County Auditor-Controller's Office to Accelerate Correction Process **(Priority #1, #2, #3) - CRITICAL**
See Supplemental Risk Assessment.

Governance & Fiduciary:

Objective #1: Develop Long-Term Operational Compliance Program **(Priority #3)**
As a long term strategic goal, identify areas of vulnerability and future risk, and establish an overall plan for ongoing operational compliance.

Technology:

Objective #1: Fill Vacant Technology Officer Position **(Priority #1)**
See Objective #2 above under "General Administration."

Objective #2: Explore Opportunities with Current Vendor to Increase Independence and Reduce Costs. **(Priority #2/#3)**
Once the CTO position is filled, VCERA should work towards less reliance on the contracted vendor, and begin the process of co-development for future needs and enhancements.

Objective #3: Complete the launch of the Member Self-Service (MSS) Portal with incorporated enhancements developed since the previous year. **(Priority #1)**

Communication & Member Education:

Objective #1: Develop Comprehensive Member Education Program **(Priority #2)**
Upon the classification, recruitment and hiring of an employee for the vacant communications position, broaden VCERA's member communication effort to include expanded website, seminar program and regular newsletter publication. Future additions would also potentially include video content.

Summary

VCERA has made significant progress on the majority of the 2017-2018 Business Plan objectives. The long-term multi-year and/or perpetual goals are generally on track, with the exception of the Long-Term Compliance Program which has been sidelined in favor or more pressing priorities. Most short-term goals are nearing completion, with some related to the pending hiring of two key staff members.

The notable and impactful exception is the V3 data issue mentioned in the Risk Assessment, described in detail in the Supplemental Risk Assessment.

Overall, VCERA is making progress in the areas of communication, training, member service and strategic planning. We believe the objectives set for the coming year are reasonable and achievable in the timetable identified, insofar as progress and resolution are within our control.

2018-2019 BUSINESS PLAN
SUPPLEMENTAL RISK ASSESSMENT
RELATED TO DATA INTEGRITY OBJECTIVE

A long-standing risk that bears further explanation is the area of resolving data issues in the V3 system in coordination with the County Auditor-Controller's Office. Put simply, the accumulation of errors is outpacing the correction process, resulting in a steadily worsening data integrity problem.

Communication and cooperation with A-C staff has seen marked improvement with the arrival of Chief Deputy Amy Herron. VCERA staff has been working with Ms. Herron and her team in an effort to address the backlog of corrections, but the A-C does not have the capacity to address them at this time. Therefore, the efforts have effectively ***slowed*** the error accumulation, as distinguished from stopping and reversing the problem. This supplemental assessment is intended to explain the contributing factors.

This issue has become more concerning over the last 12-18 months, based on 2 key reasons by our assessment:

1) <u>VCHRP System Upgrade</u> – Because the County's system has been involved in the preparation and execution of a system upgrade, this has triggered the complete suspension of programming changes. Therefore, nearly all identified issues that are still triggering data issues/errors in the bi-weekly transmittal (and therefore V3) are continuing virtually unchecked and are simply documented as they accumulate. The preparation for this upgrade began in late 2017 and formally began in January 2018. Ms. Herron reports the system upgrade is scheduled to go live in January 2019 and is currently on schedule.

2) <u>Resources</u> – Recently, the A-C office secured had a new budgeted position, but this is not likely to have considerable impact for some time given the hiring and onboarding burden that must be accomplished first.

   In an attempt to generate traction in the area of corrections, VCERA has engaged Louise Webster on a part-time basis (approximately 4 days per bi-week) since shortly after Go-Live. Her work in analyzing the incoming transmittal and educating VCERA staff on how to interpret it has been invaluable, but perhaps most valuable is her work in preparing correction files for the A-C staff to run.

As for the data issues themselves, they involve several components:

- Backlog of corrections pre-dating the V3 project and conversion;
- Data-only corrections related to programming fixes done before the VCHRP programming "freeze" that is currently in place. Specifically, situations in which the initial programming issue that caused the errors has been resolved, but the related data cleanup/correction process for data impacted prior to the fix is still outstanding.
- Data issues occurring with each bi-weekly transmittal as a result of already-identified programming issues that will not be addressed until the VCHRP system upgrade process is complete, the date for which is unknown.

While these range from errors related to individual members to larger groups of employees, the overall impact is that, over time, more members' data is impacted. It is important to note that some corrections are attributable to PEPRA and inclusion/exclusion of certain codes as a result of Board action. While most of these cannot be categorized as "errors", they still constitute a backlog of data work still pending completion.

While VCERA's business operations continue, staff spends additional time on transactions where members are impacted by the outstanding corrections. Further, because most of the corrections impact employee and employer contributions, it poses an additional risk to the integrity of VCERA's financial information, interfering with the reconciliation of member records as a whole.

During the Board's "dark" period in the month of August, staff will be meeting with the Auditor-Controller and CEO's staff in an effort to formulate a strategy to accomplish a collaborative data cleanup effort.

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 2, 2018

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

SUBJECT: WAIVER OF RECOURSE; FISCAL YEAR 2018/19 FIDUCIARY LIABILITY INSURANCE

Dear Board Members:

Recommendations:
Receive and File the attached Statement of Fiduciary Liability Confirmation of Coverage and Binder of Insurance.

1) Each trustee pay a fee of $9.09 in order to maximize the effectiveness of the fiduciary liability coverage and extend liability coverage at VCERA's individual trustees. (Please make checks payable to "VCERA" in the amount of $9.09).

Background and Discussion:
VCERA recently renewed its fiduciary liability insurance policy (Policy) for the current fiscal year (FY 2018/19). The Policy renewal is priced at the annual premium of $83,609, an approximate $1,000 savings from last year.

As you are aware, fiduciary liability insurance is designed to protect acting fiduciaries of employee benefit plans against legal and statutory liability. California law permits a public retirement system to purchase insurance for its fiduciaries if the insurance coverage permits recourse by the insurer against the individual trustees whose breach gives rise to a claim. Accordingly, the 2017/18 Policy gives VCERA's insurance carrier Euclid Vanguard, recourse against individual trustees. Euclid pays any claim and then can recover losses from the individual trustees. VCERA's assets are protected, but not those of the individual trustees. Euclid charges a nominal fee ($100 in total) to waive the right of recourse and extend coverage to VCERA's individual trustees. The $100 fee is intended to be paid by individual trustees, or the appointing entity, but may not be paid from VCERA's assets.

VCERA recent premium payment for the Policy included the nominal $100 fee to waive RLI's recourse rights against individual trustees. Thus, VCERA is required to collect $9.09 from each of VCERA's individual trustees in order to remain compliant with California law regarding fiduciary liability coverage.

Conclusion:
The payment of the nominal amount of $9.09 by each of VCERA's individual trustees maximizes the effectiveness of the fiduciary liability coverage and extends coverage to the individual trustee level.

I will be pleased to respond to any questions you may have on this matter at the July 16, 2018 business meeting.

Sincerely,

Linda Webb
Retirement Administrator

EUCLID SPECIALTY

Euclid Vanguard Package Policy for Employee Benefit Plans Binder

SOLIDARITY PROTECTION GROUP

a voluntary membership organization operating pursuant to the Liability Risk Retention Act of 1986 and whose principal office is:
4323 Warren Street, NW, Washington, DC 20016-2437

The Euclid Vanguard Package Policy Binder
A Comprehensive Risk Solution for Governmental Employee Benefit Plans

Policy Number: SFD31211061 **Date Issued:** June 21, 2018

Issued By (Carrier): Hudson Insurance Company
100 William Street
New York, NY 10038

Policy Form: The Euclid Vanguard Fiduciary Liability Insurance Policy Form
ESF-31210001 (9/2012) – Admitted in all 50 states

Named Insured: Ventura County Employees' Retirement Association
Plans: Ventura County Employees' Retirement Association
Address: 800 South Victoria Avenue, #L1970
Ventura, CA 93009

Policy Period:
Effective Date: 07/01/2018 (12:01 a.m. local time)
Expiration Date: 07/01/2019 (12:01 a.m. local time)

Separate Aggregate Limit of Liability for Each Coverage Part **Applies:** **Yes: X No:**

Fiduciary Liability Coverage Part: **Premium:** $83,609.00

Granted: Yes: X No: _

1. **Limit of Liability:**
   - a. $10,000,000 aggregate Limit of Liability for all **Loss** under this Coverage Part
   - b. $0 additional aggregate limit for all **Defense Costs** (if granted), subject to the maximum aggregate limit set forth in 1.c below
   - c. $10,000,000 maximum aggregate Limit of Liability for this Coverage Part

2. **Retention:**
   - a. $25,000 each **Fiduciary Liability Claim** [no retention applies to covered Penalties and non-indemnifiable loss of natural person insureds]

3. **Continuity Date:** none (full continuity)
   Prior or Pending Date: 07/01/2001

4. **Fiduciary Liability Coverage Enhancements**

Fiduciary Liability Enhancements	Sublimit
Settlor Coverage	$10,000,000
Trustee Claims Expense Coverage [Defense of Non-Fiduciary Claims]	$2,000,000
Voluntary Compliance Program Expenditures	$500,000
ERISA 502(c) Civil Penalties	$250,000
HIPAA and HITECH Fines and Penalties	$1,500,000
PPACA Fines and Penalties	$250,000
IRC Section 4975 Penalties	$250,000
Miscellaneous/ Other Penalties	$100,000
First-Party Benefit Overpayment Coverage	$100,000
Coverage for Claims of Equitable Relief and Surcharges	$250,000
Reinstatement of Sublimit for Voluntary Compliance Program Expenditures	$250,000
Death Master File Penalties (Bipartisan Budget Act of 2013)	$1,000,000

5. **Endorsements:** California Amendatory Endorsement
Alliant Public Pension Practice Enhancement Endorsement for Governmental Plans (03/2017)

Directors, Officers & Company Liability Coverage Part: **Premium:** N/A

Granted: Yes: __ No: X

1. **Limits of Liability:**
   - a. $x,xxx,xxx aggregate Limit of Liability for all **Loss** under this Coverage Part
   - b. $x,xxx,xxx additional aggregate limit for **Claims** covered pursuant to Section IV. under this Coverage Part (if granted), subject to the maximum limit set forth in 1.d below
   - c. $x,xxx,xxx additional aggregate limit for all **Defense Costs** (if granted), subject to the maximum aggregate limit set forth in 1.d below
   - d. $x,xxx,xxx maximum aggregate Limit of Liability for this Coverage Part

2. **Retention:**
   - a. $0 each **Claim** under Insuring Agreement I.(A) **Insured Executive** and **Employee** Liability
   - b. $xx,xxx each **Claim** under Insuring Agreement I.(B) **Company** Indemnification Liability
   - c. $xx,xxx each **Claim** under Insuring Agreement I.(C) **Company** Liability

3. **Prior or Pending Date:** DATE
4. **Endorsements:** California Changes Endorsement

A-Side D&O Coverage With DIC Provision: **Premium:** N/A

Granted: Yes: ___ No: X

1. **Limits of Liability:** $x,xxx,xxx aggregate Limit of Liability for all **Loss** under this Coverage Part
2. **Retention:** **Zero**
3. **Endorsements:** HFP-SideADIC-A0- Hudson Defender Plus Endorsement

Fiduciary Dishonesty Coverage Part: **Premium:** N/A

Granted: Yes: No: X

1. **Coverages, Limits of Insurance, Retentions:**
Insuring Agreements, Limits of Insurance and Retention Amounts shown below are subject to all of the terms of this **Crime Coverage Part** that apply.

Insuring Agreements	Limit(s) of Insurance	Retention Amount(s)
1. Fiduciary Dishonesty Coverage (Any One Loss)	$	$0
2. Forgery Coverage	$	$
3. Computer Fraud Coverage	$	$
4. Funds Transfer Fraud Coverage	$	$
5. Payment Instruction Fraud Coverage	$	$
6. Investigatory Expense Coverage	$	$

2. **Cancellation of Prior Insurance:**
Acceptance of this **Crime Coverage Part** constitutes notice to the Insurer that any prior crime policies or bonds have been canceled. This cancelation is effective at the same time this coverage becomes effective.

Endorsements: Euclid Specialty Employee Benefit Plan Crime Policy Endorsement (05/2017)
Cyber Deception Endorsement (with sublimits)
Investigative Expense Endorsement

Employment Practices Liability Coverage Part: **Premium:** N/A

Granted: Yes: __No: X

1. **Limit of Liability:**
a. $xx,xxx,xxx aggregate Limit of Liability for all **Loss** under this Coverage Part
b. $xx,xxx,xxx additional aggregate limit for all **Defense Costs** (if granted), subject to the maximum aggregate limit set forth in 1.c below
c. $xx,xxx,xxx maximum aggregate Limit of Liability for this Coverage Part

2. **Retention:**
a. $xx,xxx,xxx each **Employment Practices Claim**

3. **Prior or Pending Date:** xx/xx/xxxx

4. **Third Party Claim Coverage:** **Granted:** **Yes: _ No: _**

a. xx/xx/xxxx **Third Party Claim** Prior or Pending Date
b. $xx,xxx,xxx **Third Party Claim** Sub-Limit of Liability
c. $xx,xxx,xxx **Third Party Claim** Retention

5. Endorsements:

Premium Summary:

Liability Coverage Section	Premium
Fiduciary Liability Coverage	$83,609 + $100.00 Waiver of Recourse = $83,709.00
Directors and Officers Coverage	
A-Side DIC Coverage	
Employee Dishonesty Coverage	
Employment Practices Coverage	
Taxes/Fees	$0.00
Total Policy Premium	$83,709.00

Premium for Shared Aggregate Limit Option: not applicable

Extended Reporting Period: See Enhanced ERP in Public Pension Practice Enhancement Endorsement

Coverage is subject to receipt and satisfactory review of the following item(s) prior to binding:

This binder is valid for the duration of the binder period or the issuance of the policy, whichever occurs earlier.

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 16, 2018

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

SUBJECT: AUTHORIZATION FOR TRUSTEE JOHNSTON TO ATTEND THE 2018 NCPERS ANNUAL CONFERENCE OCTOBER 28 – 31, 2018, IN LAS VEGAS, NEVADA.

Dear Board Members:

Trustee Johnston has requested authorization to attend the National Conference on Public Employee Retirement Systems (NCPERS) 2018 Annual Conference. The conference is scheduled for October 28th – 31st, and the estimated cost to attend is approximately $2,200, including registration, airfare, hotel, meals and other related expenses.

Staff & Trustee Johnston will be pleased to respond to any questions you may have on this matter at July 16, 2018 business meeting.

Sincerely,

Linda Webb

Linda Webb
Retirement Administrator

The Voice for Public Pensions

2018 Public Safety Conference

October 28 – 31
Las Vegas, NV

PRELIMINARY AGENDA*

SUNDAY, OCTOBER 27

3:00 pm – 6:00 pm **Registration**

5:00 pm – 6:00 pm **Welcoming Reception**

MONDAY, OCTOBER 28

7:00 am – 8:00 am **Breakfast**

7:00 am – 1:00 pm **Registration**

7:00 am – 1:00 pm **Exhibition**

8:00 am – 1:30 pm **General Session**

8:00 am – 8:15 am *Opening Remarks*
Daniel Fortuna, President, NCPERS

8:15 am – 9:00 am *Economic Update Panel*
Kelly Weller, Great Lakes Advisors (Moderator)
Peter Kashanek, Lazard Asset Management
Speaker TBA, J.P. Morgan

9:00 am – 9:45 am *Public Safety Pension Investing in Infrastructure Strengthens Communities and Makes Them Safer*
Sonia Axter, Ullico Inc.

*Subject to change

9:45 am – 10:15 am *Is Now the Time for Public Safety Plans to Consider International Small Cap?*
Jennifer Mink, Investment Performance Services, LLC

10:15 am – 10:30 am Exhibit Break

10:30 am – 11:15 am *To Delegate or Not Delegate Investment Decision Making*
Kevin B. Lindahl, Fire and Police Pension Association of Colorado
Todd Bower, Fire and Police Pension Association of Colorado

11:15 am – 12:00 pm *Fiduciary Considerations in Determining Actuarial Assumptions*
Chuck Campbell, Jackson Walker LLP
Jack Evatt, AndCo Consulting
Brad Heinrichs, Foster & Foster

12:00 pm – 12:15 pm Exhibit Break

12:15 pm – 1:00 pm *A Conversation with Mark Attanasio*
Hank Kim, NCPERS (Moderator)
Mark Attanasio, Crescent Capital

1:00 pm – 1:30 pm *Best Practices for Public Safety Plans*
Fund Member Speakers TBA

5:00 pm – 6:00 pm **Networking Reception**

TUESDAY, OCTOBER 29

7:00 am – 8:00 am **Breakfast**

7:00 am – 1:00 pm **Registration**

7:00 am – 1:00 pm **Exhibition**

8:00 am – 1:30 pm **General Session**

8:00 am – 9:00 am *Long Term Care Solutions*
Troy Simmons, Nationwide Retirement Plans

9:00 am – 9:30 am *Maintaining the Integrity of Public Safety Pensions and the Sustainability of DROP Plans*
Jonathan Saidel, The Rosen Law Firm

*Subject to change

9:30 am – 10:15 am *Withholdings, Garnishments and Forfeitures: Impacts on Public Safety Plans and the Board's Responsibility*
Mary Beth Foley, Ohio Police & Fire Pension Fund
Lydia Lee, Lieff Cabraser Heimann & Bernstein

10:15 am – 10:30 am Exhibit Break

10:30 am – 11:15 am *Financial Wellbeing: An Untapped Plan Benefit?*
Don R. Heilman, Gallagher Benefit Services, Inc.

11:15 am – 12:00 pm *Using a Medicare Marketplace to Reduce OPEB Liabilities and Honor Commitments to Retirees*
Marianne Steger, Ohio Public Employees Retirement System

12:00 pm – 12:15 pm Exhibit Break

12:15 pm – 1:00 pm *Panel on Disability Cases*
Fund Member Panel TBA

1:00 pm – 1:30 pm *Trustee Open Forum*
The open forum serves as an opportunity for audience members to address questions and topics and receive feedback from their fellow trustees.

5:00 pm – 6:00 pm **Networking Reception**

WEDNESDAY, OCTOBER 30

7:00 am – 8:00 am **Breakfast**

7:00 am – 12:00 pm **Registration**

7:00 am – 10:30 am **Exhibition**

8:00 am – 12:30 pm **General Session**

8:00 am – 9:00 am *Why Public Pension Plans Should Consider Stress Testing*
Gene Kalwarski, Cheiron
Fund Member TBA

*Subject to change

9:00 am – 9:45 am	*Target Date Funds for Public Safety Plans* Jeffrey R. Nipp, Milliman
9:45 am – 10:30 am	*Federal Legislative and Regulatory Update* Antony Roda, Williams & Jensen, PLLC
10:30 am – 10:45 am	Exhibit Break
10:45 am – 11:30 am	*The Future of Public Safety Unions in Post-Janus Decision* Public Safety Union Speakers TBA
11:30 am – 12:15 pm	*Colorado's Solution to Funding Presumptive Cancer and Cardiac Expenses* Pam Feely, Fire and Police Pension Association of Colorado Chief Don Lombardi, West Metro Fire Lt. Mike Frainier, West Metro Fire

*Subject to change

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 16, 2018

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

SUBJECT: AUTHORIZATION FOR RETIREMENT ADMINISTRATOR TO ATTEND THE CALAPRS ADMINISTRATORS' INSTITUTE SEPTEMBER 26th – 28th IN CARMEL, CA.

Dear Board Members:

Staff requests authorization for to attend the CALAPRS, September 26th – 28th, 2017. The cost to attend is approximately $1,650 including registration, mileage, lodging and other related expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at July 16, 2018 business meeting.

Sincerely,

Linda Webb

Linda Webb
Retirement Administrator

1190 S. VICTORIA AVENUE, SUITE 200 • VENTURA, CA 93003
PHONE: 805-339-4250 • FAX: 805-339-4269 • WWW.VCERA.ORG

CALAPRS
EDUCATION • COMMUNICATION • NETWORKING
California Association of Public Retirement Systems

Adminstrators' Institute 2018

Quail Lodge, Carmel Valley

September 26 – 28, 2018

Wednesday, September 26	*EVENT or Discussion Topic*
3:00 – 5:30 PM	**Check in at Quail Lodge**
5:30 PM	**Reception**
6:30 PM	**Welcome Dinner, Introductions** *Jeff Wickman*
7:30 - 8:30 PM	**Round Table Discussion of Retirement Administration Issues:** **What's Happening At Your System?**

Thursday, September 27	
7:30 – 8:30 AM	**Buffet Breakfast**
8:30 – 9:45 AM	**How To Have The Tough Talks With A Positive Outcome** *– Erin Marcus of Conquer the Conversation*
9:45 AM	**Break**
10:15 AM- 11:30 AM	**Board Member Relations: How to Best Serve our Board's** *– Speaker TBD*
11:30 am - 12:15 PM	**Litigation Update** *– Ashley Dunning, Partner, Nossman LLP*
12:15 PM – 1:30 PM	**Lunch and Topics**
1:30 PM – 3:00 PM	**CalPERS Roundtable Discussion** *– Eric Baggesen, Managing Investment Director, Trust Level Portfolio Management, CalPERS*
3:00 PM	**Break**
3:30 PM – 4:30 PM	**Disaster Recovery and Business Resumption Planning** *– Dirk Benson, Chief Technology Officer, CalPERS*
6:00 – 6:45 PM	**Reception** (including Guests)
6:45 PM	**Dinner** (including Guests)

Friday, September 28	
7:30 – 8:30 AM	**Buffet Breakfast & Round Table Discussions**
8:30 -9:45 AM	**Advisory Committee on Tax Exempt and Government Enitities** *– Judy Boyette, Hansen Bridgett*
9:45 AM	**Break**
10:15 -11:15 AM	**Proposed Revision of ASOP Nos. 4, 27, and 35** *– Paul Angelo, FSA, MAAA, FCA, EA, Segal Consulting*
11:15 – 11:45 PM	**CALAPRS Business Meeting**
11:45 – 12:30 PM	**Box Lunches to Go**
12:30 PM	**Institute Concludes**

Institute Committee: Jeff Wickman (Chair), Julie Wyne, Dave Nelsen, Steve Delaney, Donna Lum

July 16, 2018

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

SUBJECT: AUTHORIZATION FOR CFO HENRY SOLIS TO ATTEND THE 2018 PUBLIC PENSION FINANCIAL FORUM (P2F2) CONFERENCE OCTOBER 21st – 24TH IN SAVANAH, GEORGIA

Dear Board Members:

Staff recommends authorization for CFO Henry Solis to attend the P2F2 conference in Savanah, Georgia, October 21st - 24th. The estimated cost to attend is approximately $2850, including registration (preconference and conference), airfare, hotel, meals and other related expenses. Unfortunately, the conference agenda is currently not published. However, staff recommends approval to insure the hotel group rate and lowest airfare is secured, and in anticipation of the Board meetings being suspended until September.

The conference will meet the required average five (5) hours of substantive educational content per day and funds were included in the budget.

VCERA staff will be pleased to respond to any questions you may have on this matter at July 16, 2018 business meeting.

Sincerely,

Linda Webb
Retirement Administrator

1190 S. VICTORIA AVENUE, SUITE 200 . VENTURA, CA 93003
PHONE: 805-339-4250 . FAX: 805-339-4269 . WWW.VCERA.ORG

PUBLIC PENSION FINANCIAL FORUM

Event Calendar

Sunday, October 21, 2018
15th Annual P2F2 Conference

Start Date: 10/21/2018 9:00 AM EDT End Date: 10/24/2018 2:00 PM EDT

Venue Name: Hyatt Regency

Location: 2 West Bay Street Savanna, GA United States

The 15th annual P2F2 Conference, scheduled from October 21-24, 2018, will be held in Savannah, Georgia. This year's conference, themed "Financial Leadership at the Helm", includes a pre-conference with 2 tracks, one focused on basic and advanced actuarial topics and one focused on basic and advanced institutional investor topics. We have scheduled these sessions, so you can mix and match, taking a basic session on actuarial topics and an advanced session on investment topics, for example.

Again, this year, the main conference will include a comprehensive array of general sessions on topics ranging from communications to ethics. With the pre-conference, you can earn 27 CPE's in less than 4 days (without the pre-conference there are 24 CPE's available).

Please join us for this event in October.

The Public Pension Financial Forum is organized for education, pension advocacy and networking purposes. To support the ongoing education of our membership, we prepare quarterly newsletters, hold member facilitated conference calls and host an annual conference at a North American location where members can earn between 25 and 30 continuing professional education credits in about 3 days. To participate in P2F2, follow the member registration link above.

Public Pension Financial Forum
P.O. Box 33
Hillard, OH 43026

VCERA
VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

July 16, 2018

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

SUBJECT: REQUEST FOR AUTHORIZATION FOR ATTENDANCE FOR DUE DILIGENCE VISITS TO HEXAVEST AND SPRUCEGROVE

Dear Board Members:

Due diligence visits to our investment advisors, Hexavest in Montreal, and Sprucegrove in Toronto are tentatively scheduled for September 5^{th} and 6^{th}, respectively.

The estimated cost per traveler is around $2,200 including airfare, hotel, meals and other related expenses.

Staff requests designation/confirmation of trustee and CIO attendance and approval of corresponding costs subject to final scheduling confirmation, so travel arrangements may be completed.

Respectfully submitted,

Daniel P. Gallagher

Dan Gallagher
Chief Investment Officer

Upcoming Important Dates for VCERA

Fall General Member Election Important Dates:

Submission of Nomination Petition Deadline - July 16, 2018 at 5:00 p.m.

Official Ballots and materials to be mailed – August 31, 2018.

Last Day to Vote – October 1, 2018.

Ballots to be counted by Elections Office – October 5, 2018.

SACRS 2018 Fall Conference Information:

November 13-16, 2018 at the Renaissance Indian Wells Resort & Spa

HOTEL RESERVATIONS

VCERA has secured 10 at the host hotel and 4 extra rooms at the Indian Wells Resort Hotel.

Host Hotel:

Renaissance Indian Wells Resort & Spa

44400 Indian Wells Lane

Indian Wells, California 92210

VCERA 2018 Board Retreat & Business Meeting

Tentative Date - September 24, 2018

Possible Locations - Ventura Crowne Plaza or Four Points Sheraton Ventura Harbor Resort.

Nossaman 2018 Public Pensions and Investments Fiduciaries' Forum

Thursday, October 18, 2018
Marriott Union Square | San Francisco, CA

Nossaman's 2018 Public Pensions and Investments Fiduciaries' Forum will take place Thursday, October 18 through Friday, October 19, 2018, at the Marriott Union Square in San Francisco, CA. Look for the invitation to arrive in the coming months.

Remaining Board of Retirement Meetings for 2018

September 10, 2018	Disability Meeting
September 24, 2018	Business Meeting
October 8, 2018	Disability Meeting
October 22, 2018	Business Meeting
November 5, 2018	Disability Meeting
November 19, 2018	Business Meeting
December 10, 2018	Disability & Business Meeting