

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
DISABILITY & BUSINESS MEETING

APRIL 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:

- | | Master Page No. |
|--|-----------------|
| I. <u>CALL TO ORDER</u> | |
| II. <u>APPROVAL OF AGENDA</u> | 1 – 3 |
| III. <u>APPROVAL OF MINUTES</u> | |
| A. Business Meeting for March 26, 2018. | 4 – 11 |
| IV. <u>CONSENT AGENDA</u> | |
| A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of March 2018. | 12 |
| B. Receive and File Report of Checks Disbursed in March 2018. | 13 – 16 |
| C. Receive and File Budget Summary for FY 2017-18 Month Ending March 31, 2018. | 17 – 18 |
| V. <u>INVESTMENT MANAGER PRESENTATIONS</u> | |
| A. Receive Annual Investment Presentation, Sprucegrove Investment Management, Tasleem Jamal and Arjun Kumar. | 19 – 71 |

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V. INVESTMENT MANAGER PRESENTATIONS (continued)

- | | | |
|----|--|-----------|
| B. | Receive Annual Investment Presentation from State Street, John Muir and Julianna Frank. | 72 – 124 |
| C. | Receive Annual Investment Presentation from Abbott Capital Management, Jonathan Roth, Matthew Smith, Mary Hornby. | 125 – 153 |
| D. | Recommendation to Adopt the VCERA 2018 Private Equity Annual Plan from Abbott Capital Management.
RECOMMENDED ACTION: Approve and Adopt. | 154 – 163 |
| 1. | Staff Letter by C.I.O., Dan Gallagher. | 164 |

VI. INVESTMENT INFORMATION

- | | | |
|----|--|-----------|
| A. | NEPC – Allan Martin
VCERA – Dan Gallagher, Chief Investment Officer | |
| 1. | March 2018 Monthly Performance Report.
RECOMMENDED ACTION: Receive and file. | 165 – 174 |
| B. | NEPC 2018 Asset Allocation Review and Discussion. | 175 – 203 |

VII. OLD BUSINESS

- | | | |
|----|-------------------------------|--|
| A. | VCERA Office Location Update. | |
|----|-------------------------------|--|

VIII. NEW BUSINESS

- | | | |
|----|---|-----------|
| A. | Recommendation to Approve Application for Reinstatement to Active Membership Pursuant to GC 31680.4 & 31680.5 – Marilyn Miller
RECOMMENDED ACTION: Approve. | |
| 1. | Staff Letter. | 204 |
| 2. | Letter from Ms. Miller. | 205 |
| 3. | Offer of Employment. | 206 – 207 |
| 4. | Medical Clearance. | 208 |
| B. | SACRS Board of Directors 2018-19 Elections - Recommended Ballot. | 209 – 234 |
| C. | Quarterly Administrator's Report for January - March 2018.
RECOMMENDED ACTION: Receive and file. | 235 – 236 |

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VIII. NEW BUSINESS (continued)

- D. Recommendation to Approve Trustee McCombs Attendance at SACRS/UC Berkeley, Modern Investment Theory & Practice for Retirement Systems, Berkeley, CA, July 15 - 18, 2018.

RECOMMENDED ACTION: Approve.

- | | |
|-------------------------------------|-----------|
| 1. Staff Letter. | 237 |
| 2. SACRS/UC Berkley Program Mailer. | 238 – 240 |

- E. Recommendation for Authorization for General Counsel to Attend the NAPPA 2018 Legal Education Conference, Savannah, GA, June 26 – June 29, 2018

RECOMMENDED ACTION: Approve.

- | | |
|---|-----------|
| 1. Staff Letter. | 241 |
| 2. NAPPA 2018 Legal Education Brochure. | 242 – 249 |

- F. Recommendation for Authorization for C.I.O. to Attend Abbott Capital Management's 2018 ASO Advisory Board Meeting, New York, NY, June 12, 2018.

RECOMMENDED ACTION: Approve.

- | | |
|---|-----|
| 1. Staff Letter by C.I.O., Dan Gallagher. | 250 |
|---|-----|

IX. INFORMATIONAL

- | | |
|--|-----------|
| A. UBS News Flash Article, "TPF and TPG Fund Updates". | 251 – 252 |
|--|-----------|

X. PUBLIC COMMENT

XI. STAFF COMMENT

XII. BOARD MEMBER COMMENT

XIII. ADJOURNMENT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

BUSINESS MEETING

MARCH 26, 2018

MINUTES

DIRECTORS Tracy Towner, Chair, Alternate Safety Employee Member
PRESENT: William W. Wilson, Vice Chair, Public Member
Steven Hintz, Treasurer-Tax Collector
Mike Sedell, Public Member
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
Ed McCombs, Alternate Public Member

DIRECTORS Peter Foy, Public Member
ABSENT:

STAFF Linda Webb, Retirement Administrator
PRESENT: Lori Nemiroff, County Counsel
Henry Solis, Chief Financial Officer
Dan Gallagher, Chief Investment Officer
Karen Scanlan, Accounting Manager I
Stephanie Berkley, Retirement Benefits Specialist
Chris Ayala, Program Assistant

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

TIME: 9:00 a.m.

**BOARD OF RETIREMENT
BUSINESS MEETING**

MARCH 26, 2018

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ITEM:

I. CALL TO ORDER

Chair Towner called the Business Meeting of March 26, 2018, to order at 9:02 a.m.

II. APPROVAL OF AGENDA

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

MOTION: Approve.

Moved by Hintz, seconded by Fox.

Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy

Abstain: -

III. APPROVAL OF MINUTES

A. Disability Meeting Minutes of March 12, 2018.

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

MOTION: Approve.

Moved by Hintz, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy

Abstain: -

IV. CONSENT AGENDA

A. Approve Regular and Deferred Retirements and Survivors Continuances for the Month of February 2018.

B. Receive and File Report of Checks Disbursed in February 2018.

C. Receive and File Budget Summary for FY 2017-18 Month Ending January 31, 2018.

D. Receive and File Budget Summary for FY 2017-18 Month Ending February 28, 2018.

E. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments, Cash, and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending January 31, 2018.

- F. Receive and File Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, Schedule of Investments, Cash, and Cash Equivalents, and Schedule of Investment Management Fees for the Period Ending February 28, 2018.

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

MOTION: Receive and File.

Moved by Goulet, seconded by Fox.

Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy

Abstain: -

V. INVESTMENT MANAGER PRESENTATIONS

- A. Receive Annual Investment Presentation, HarbourVest, Brett Gordon, Alex Rogers, and Mark Radville.

Alex Rogers, Mark Radville, and Michael Pugatch were present on behalf of HarbourVest to provide an organizational and investment performance update.

- B. Receive Annual Investment Presentation, Pantheon, Matt Garfunkle, Kevin Dunwoodie, and Iain Jones.

Matt Garfunkle, Kevin Dunwoodie, and Iain Jones were present on behalf of Pantheon to provide an organizational and investment performance update.

VI. INVESTMENT INFORMATION

- A. NEPC – Allan Martin
VCERA – Dan Gallagher, Chief Investment Officer

- 1. February 2018 Monthly Performance Report.
RECOMMENDED ACTION: Receive and file.

After reviewing the report from NEPC, the Board took a break at 10:02 a.m.

The Board returned from break at 10:15 a.m., to vote on the item.

After discussion by the Board, staff, and consultant, the following motion was made:

MOTION: Receive and File.

Moved by Winter, seconded by Bianchi.

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Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy

Abstain: -

VII. OLD BUSINESS

A. Consideration and Approval of Merit Increases for Retirement Administrator, General Counsel and Chief Investment Officer.

1. Personnel Review Committee Letter.
(*To be provided*)

Trustee Hoag informed the Board that with respect to the top of the annual pay range for each classification, the Retirement Administrator was approximately \$9.00 below, the General Counsel was approximately \$4.00 below, and the Chief Investment Officer was approximately 16.4% below the top of each respective salary range.

After discussion by the Board, the following motions were made:

MOTION: Approve a \$4.30 Annual Merit Increase for General Counsel, to Reflect Top of Salary Range.

Moved by Sedell, seconded by Hintz.

Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy

Abstain: -

MOTION: Approve a \$9.33 Annual Merit Increase for the Retirement Administrator, to Reflect Top of Salary Range.

Moved by Hintz, seconded by Fox.

Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy

Abstain: -

MOTION: Approve a \$16.4% Annual Merit Increase for the Chief Investment Officer, to Reflect Top of Salary Range.

Moved by Hintz, seconded by Winter.

Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

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No: -
Absent: Foy
Abstain: -

VIII. NEW BUSINESS

A. SACRS Spring 2018 Voting Proxy.

1. Staff Letter.

Ms. Webb stated that the Board needed to nominate a voting delegate and alternate for the SACRS Spring Business Meeting to vote at the SACRS Spring 2018 Conference.

After discussion by the Board, Chair Towner appointed Trustee Fox to serve as the primary voting delegate, and Trustee Hoag to serve as the alternate voting delegate.

B. Recommendation for Authorization for Trustee Bianchi to Attend the Wharton Investment Program, Portfolio Concepts and Management, Philadelphia, PA, April 23 – 26, 2018.

Recommended Action: Approve.

1. Staff letter.
2. Wharton Investment Programs Brochure.

MOTION: Approve.

Moved by Wilson, seconded by Winter.

Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy

Abstain: -

C. Recommendation for Authorization for Up to 2 Trustees and C.I.O. to Attend the UBS Real Estate 2018 Annual Meeting, Marina Del Rey, CA, April 7 – 11, 2018.

Recommended Action: Approve.

1. Staff letter from C.I.O., Dan Gallagher.
2. UBS Annual Meeting Preliminary Agenda.

Mr. Gallagher said that trustees could attend any single day or combination of days, and requested that any trustees who would like to attend to please let him know so that he could notify UBS.

MOTION: Approve.

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BUSINESS MEETING**

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Moved by Winter, seconded by Bianchi.

Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy

Abstain: -

D. Recommendation for Authorization for Staff and Trustee Attendance for Due Diligence Visit to Loomis Sayles & Company and NEPC in Boston.

Recommended Action: Approve.

1. Staff letter from C.I.O., Dan Gallagher.

It was recommended that Trustee Sedell, and Trustee Hoag, join the C.I.O. in conducting the due diligence visit.

MOTION: Approve.

Moved by Bianchi, seconded by Fox.

Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy

Abstain: -

E. Recommendation for Authorization for V3 Pension System Administrators, Rebekah Villalobos and Michelle Hernandez to Attend the Annual Vitech Conference, Orlando FL, June 6 – 8, 2018.

Recommended Action: Approve.

1. Staff Letter.
2. V3 Users Conference Brochure.

Trustee Goulet noted the Vitech event brochure referred to, "V3's latest capabilities and features" and noted that VCERA pays Vitech \$150,000 annually for upgrades, and asked if staff could describe the upgrades VCERA receives for this payment.

Ms. Webb replied that Vitech recently indicated they would be slightly increasing the cost of the upgrade fee. Ms. Webb had asked Vitech to provide a list of what VCERA had received for this yearly upgrade fee, and Vitech was working on providing that information for VCERA.

Trustee Goulet remarked that it was troublesome to pay a fee in advance when you do not know the specific items to be received.

Ms. Webb said she agreed, and that the fee was really better described as a licensing fee for bug fixes, though Vitech had always referred to it as an "upgrade" fee.

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

MOTION: Approve.

Moved by Johnston, seconded by Fox.

Vote: Motion carried

Yes: Bianchi, Fox, Goulet, Hintz, Johnston, McCombs, Sedell, Wilson, Winter

No: -

Absent: Foy

Abstain: -

IX. INFORMATIONAL

- A. Retirement Administrator's Annual Letter to the County of Ventura, Board of Supervisors on Actuarial Valuation Results.
- B. Wall Street Journal Article, "Time to Give Pipelines Another Look".
- C. Letter from NEPC's Research Group Regarding the Federal Energy Regulatory Commission.

X. PUBLIC COMMENT

None.

XI. STAFF COMMENT

Ms. Webb informed the Board that VCERA and County Human Resources had agreed to a classification for VCERA's I.T. Director position, and that Human Resources would be posting a recruitment for this position. She also reminded the Board that next month the Disability and Business meetings -were to be combined into a single meeting on April 16, 2018.

Mr. Gallagher informed the Board that at its meeting on April 16th, there would be 3 investment manager presentations. He added that he and Allan Martin would also be presenting an asset allocation draft for review and comment from the Board, so that a final version might be brought back to the Board for adoption at the May business meeting. He also reported that the fund of one's anticipated second fund investment had fallen through.

XII. BOARD MEMBER COMMENT

None.

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XIII. ADJOURNMENT

The Chairman adjourned the meeting at 10:23 a.m.

Respectfully submitted,



LINDA WEBB, Retirement Administrator

Approved,

TRACY TOWNER, Chairman

Disability & Business Meeting Agenda - IV. CONSENT AGENDA

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

March 2018						
FIRST NAME	LAST NAME	G/S	DATE OF MEMBERSHIP	BENEFIT SERVICE *	DEPARTMENT	EFFECTIVE DATE
REGULAR RETIREMENTS:						
Shari	Aguilera	G	6/25/1989	27.21	Human Services Agency	2/9/2018
Lisa	Anderson	S		8.37	Sheriff's Department (deferred, non-member alt-payee)	3/8/1997
Juan	Basurco	G	6/18/1995	22.69	Superior Court	3/1/2018
John E.	Braden-Kaneski	G	11/6/2005	6.59 *	CEO	2/24/2018
Vincent	Camou	S	8/17/1986	31.59	Sheriff's Department	3/10/2018
Nancy J.	Celniker	G	7/30/1995	9.20	Public Works Agency (non-member)	2/1/2018
Donald T.	Clegg	S	2/7/1999	5.63	Sheriff's Department (deferred)	1/15/2018
Randall	Cook	G	8/4/2003	14.58	Health Care Agency	2/24/2018
Amy L.	Cox	G	3/18/1979	18.54	General Services Agency (deferred)	3/19/2018
Julie M.	Cruz	G	7/18/1993	22.30	Health Care Agency	2/26/2018
Luis	De Anda	S	2/15/1981	31.51	Sheriff's Department	3/1/2018
Allen	Devers	S	10/5/1986	30.85	Sheriff's Department	2/24/2018
Cynthia J.	Ellington	G	7/16/2001	16.25 *	Public Defender	1/13/2018
John	Franchi	S	10/29/1989	28.40	Sheriff's Department	2/23/2018
Joseph P.	Galante	S	4/16/1989	28.93	Sheriff's Department	3/9/2018
Michele	Galiguis	G	6/13/1999	5.46	Human Services Agency (deferred)	3/2/2018
Marisela	Gonzalez	G	12/10/1989	27.85	Human Services Agency	2/10/2018
Paul	Grossgold	G	1/9/2017	1.13	Board of Supervisors	2/24/2018
Laura	Guanill	G	6/17/2007	7.85	Health Care Agency (deferred)	3/24/2018
Dale	Hewlett	G	8/4/1991	17.20	Health Care Agency	2/19/2018
Kenneth	Kappen	S	6/27/1988	29.69	Fire Protection District	2/24/2018
Joncee L.	Kohls	G	1/15/1984	27.78	Fire Protection District	2/23/2018
Michele	Krieg	G	6/14/1998	18.01	Fire Protection District	1/29/2018
Steven	Mayo	S	11/7/1993	28.38	Sheriff's Department	2/9/2018
Catherine	Miller	G	2/24/2008	8.29	Sheriff's Department	3/10/2018
Marisa	Montgomery	G	10/10/1982	30.83	Health Care Agency	2/24/2018
Emmanuel	Morata	G	9/6/1998	18.89	Sheriff's Department	2/28/2018
Robert	Naef	S	3/16/1980	12.38	Fire Protection District (deferred)	2/15/2018
Frank	Newell	G	1/28/2007	11.09 *	Assessor	2/24/2018
Juan	Olmos	S	10/30/1988	32.58	Sheriff's Department	2/10/2018
Sally	Osuna	G	9/8/1996	21.34	Health Care Agency	2/20/2018
Angelita	Perez	G	11/12/1989	28.29	Superior Court	2/15/2018
Cary	Peterson	S	10/13/1991	31.38	Sheriff's Department	3/10/2018
Kenneth	Porter	G	3/2/2003	15.00	Health Care Agency	2/24/2018
Catherine	Puccetti	G	11/13/1988	11.20	Human Services Agency (deferred)	3/1/2018
Aleta	Rodriguez	G	2/5/1989	24.60	Ventura County Library	2/17/2018
Irma	Romero-Murray	S	3/26/1995	22.91	Probation Agency	2/10/2018
Raymond	Ruiz	S	2/26/1984	34.25	Fire Protection District	2/26/2018
Karen	Seymour	G	11/18/2014	9.44	Health Care Agency (deferred, non-member)	2/28/2018
Eugenia	Seywert	G	3/3/1991	15.68	Superior Court	1/27/2018
Rosa	Stamm	G	6/4/2006	5.63	Health Care Agency (deferred)	2/9/2018
Shanon	Sulkowski	G	7/19/1992	12.49	Child Support Services (deferred)	1/29/2018
Ben	Villareyes	G	9/28/2003	14.34	Sheriff's Department	2/3/2018
David	Wareham	S	3/9/1986	32.12	Sheriff's Department	3/10/2018
Patrick	Zarate	G	11/9/1980	37.72	Health Care Agency	2/24/2018
DEFERRED RETIREMENTS:						
Chad	Ball	G	1/10/2010	8.18	Board of Supervisors	03/10/2018
Elaine R.	Crandall	G	4/24/2005	12.65	Health Care Agency	02/28/2018
Daniel Gi	Cho	G	9/27/2015	2.27 *	Air Pollution Control District	12/29/2017
Andy	Flores	G	10/15/2006	11.25	Public Works	02/17/2018
Joseph D.	Garlock	S	2/1/2015	2.98 *	Fire Protection District	01/23/18
Douglas	Gojkovich	S	8/14/2005	12.57	Sheriff's Department	03/04/2018
Henry	Gonzales	G	8/4/2008	9.58	Agricultural Commissioner	02/24/2018
Johanna K.	Johnston	G	1/3/2016	1.86 *	Health Care Agency	11/11/2017
Kristen J	Macleod	S	4/22/2007	10.79	Probation Officers	03/24/2018
Jose G.	Moreno	G	1/15/2006	12.05	Sheriff's Department	12/09/2017
Toni	Rex	G	9/12/2005	11.96	Child Support Services	02/24/2018
Laura A.	Rivera	G	4/8/2007	9.43	Sheriff's Department	03/05/2018
Vira	Samouhi	G	12/4/2016	0.44 *	District Attorney	05/13/2017
Rebecca	Williams	G	1/27/2008	9.75	Sheriff's Department	03/12/2018
David B.	Yoshitomi	G	9/13/2015	2.17 *	Human Services Agency	11/10/2017
Oswaldo	Lopez Matadamas	G	6/24/2012	3.72 *	Human Services Agency	10/06/2016
SURVIVORS' CONTINUANCES:						
Joseph L.	Corona					
Victor	Crow					
Ray A.	Escobedo					
Mateo	Peterson				Health Care Agency	2/28/2004
Dawn	Raap					
Jorita	Sorensen					

* = Member Establishing Reciprocity

Disability & Business Meeting Agenda - IV. CONSENT AGENDA

Date: Monday, April 02, 2018
 Time: 03:57PM
 User: 104164

Ventura County Retirement Assn

Check Register - Standard

Period: 09-18 As of: 4/2/2018

Page: 1 of 4
 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company: VCERA										
Acct / Sub:	10200		000000							
027480	CK	3/8/2018	BEARDSLEYN NANCY T. BEARDSLEY, ESQ	09-18	000359	VO	ADMIN EXP	3/8/2018	0.00	6,667.50
027481	CK	3/8/2018	BIANCHIROB ROBERT BIANCHI	09-18	000360	VO	MILEAGE REIMB	3/8/2018	0.00	58.86
027482	CK	3/8/2018	BRENTWOODI BRENTWOOD IT	09-18	000361	VO	IT	3/8/2018	0.00	6,755.00
027483	CK	3/8/2018	CDWGOVERN CDW GOVERNMENT	09-18	000362	VO	IT	3/8/2018	0.00	3,867.36
027484	CK	3/8/2018	DIGITALDEP DIGITAL DEPLOYMENT	09-18	000363	VO	IT	3/8/2018	0.00	650.00
027485	CK	3/8/2018	EXECUTIVED EXECUTIVE DATA SYSTEMS, INC	09-18	000364	VO	IT	3/8/2018	0.00	585.00
027486	CK	3/8/2018	GALLAGHERD DAN GALLAGHER	09-18	000365	VO	TRAVEL REIMB	3/8/2018	0.00	1,232.32
027487	CK	3/8/2018	GLOBALCAPA GTT COMMUNICATIONS	09-18	000366	VO	IT	3/8/2018	0.00	603.63
027488	CK	3/8/2018	LINEASOLUT LINEA SOLUTIONS	09-18	000367	VO	ADMIN EXP	3/8/2018	0.00	12,112.50
027489	CK	3/8/2018	NEMIROFFLO LORI NEMIROFF	09-18	000368	VO	TRAVEL REIMB	3/8/2018	0.00	1,208.74
027490	CK	3/8/2018	RETJOURNAL THE PUBLIC RETIREMENT JOUR	09-18	000369	VO	ADMIN EXP	3/8/2018	0.00	195.00
027491	CK	3/8/2018	VITECHSYST VITECH SYSTEMS GROUP, INC.	09-18	000370	VO	IT	3/8/2018	0.00	13,585.00
027492	CK	3/14/2018	BANKOFAMER BUSINESS CARD	09-18	000371	VO	ADMIN/IT	3/14/2018	0.00	943.01

Disability & Business Meeting Agenda - IV. CONSENT AGENDA

Date: Monday, April 02, 2018
 Time: 03:57PM
 User: 104164

Ventura County Retirement Assn

Check Register - Standard

Period: 09-18 As of: 4/2/2018

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 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
027493	CK	3/14/2018	BEARDSLEYN NANCY T. BEARDSLEY, ESQ	09-18	000373	VO	ADMIN EXP	3/14/2018	0.00	875.00
027494	CK	3/14/2018	BLACKROCKI BLACKROCK INSTITUTIONAL TR	09-18	000372	VO	INVESTMENT FEES	3/14/2018	0.00	234,654.36
027495	CK	3/14/2018	HARRISWATE HARRIS WATER CONDITIONING	09-18	000374	VO	ADMIN EXP	3/14/2018	0.00	114.50
027496	CK	3/14/2018	SBSGROUP VELOSIO	09-18	000378	VO	IT	3/14/2018	0.00	71.10
027497	CK	3/14/2018	SHREDITUSA SHRED-IT USA	09-18	000375	VO	ADMIN EXP	3/14/2018	0.00	158.46
027498	CK	3/14/2018	STAPLESADV STAPLES ADVANTAGE	09-18	000377	VO	ADMIN EXP	3/14/2018	0.00	539.34
027499	CK	3/14/2018	TIMEWARNER TIME WARNER CABLE	09-18	000376	VO	IT	3/14/2018	0.00	294.99
027500	CK	3/14/2018	WESTCOASTA WEST COAST AIR CONDITIONIN	09-18	000379	VO	IT	3/14/2018	0.00	75.00
027501	CK	3/21/2018	ATTMOBILIT AT&T MOBILITY	09-18	000380	VO	IT	3/21/2018	0.00	358.19
027502	CK	3/21/2018	CDWGOVERN CDW GOVERNMENT	09-18	000381	VO	IT	3/21/2018	0.00	5,132.27
027503	CK	3/21/2018	INSTITUTIO INSTITUTIONAL LIMITED PARTNI	09-18	000382	VO	INVESTMENT EXP	3/21/2018	0.00	2,599.00
027504	CK	3/21/2018	KLEPAROBER ROBERT KLEPA	09-18	000383	VO	ADMIN EXP	3/21/2018	0.00	3,920.00
027505	CK	3/21/2018	LINEASOLUT LINEA SOLUTIONS	09-18	000384	VO	ADMIN EXP	3/21/2018	0.00	9,700.00

Disability & Business Meeting Agenda - IV. CONSENT AGENDA

Date: Monday, April 02, 2018
 Time: 03:57PM
 User: 104164

Ventura County Retirement Assn

Check Register - Standard

Period: 09-18 As of: 4/2/2018

Page: 3 of 4
 Report: 03630.rpt
 Company: VCERA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid	
027506	CK	3/21/2018	NOSSAMAN NOSSAMAN LLP	09-18	000385	VO	LEGAL FEES	3/21/2018	0.00	35,230.95	
027507	CK	3/21/2018	SPRUCEGROV SPRUCEGROVE INVESTMENT M	09-18	000386	VO	INVESTMENT FEES	3/21/2018	0.00	70,801.96	
027508	CK	3/21/2018	THOMSONREU THOMSON REUTERS- WEST	09-18	000387	VO	IT	3/21/2018	0.00	374.85	
027509	CK	3/21/2018	TOWNERTRAC TRACY TOWNER	09-18	000389	VO	TRAVEL REIMB	3/21/2018	0.00	525.96	
027510	CK	3/21/2018	WEBBLINDA LINDA WEBB	09-18	000388	VO	TRAVEL REIMB	3/21/2018	0.00	766.47	
027511	CK	3/28/2018	CLEGGDONAL DONALD TROY CLEGG	09-18	09-18	000390	VO	PENSION PYMT	3/28/2018	0.00	2,181.37
027511	VC	3/30/2018	CLEGGDONAL DONALD TROY CLEGG	09-18	09-18	000390	VO	PENSION PYMT	3/28/2018	0.00	-2,181.37
									Check Total	0.00	
027512	CK	3/28/2018	KRIEGMICHE MICHELE LYNN KRIEG	09-18	09-18	000391	VO	PENSION PYMT	3/28/2018	0.00	5,371.31
027512	VC	3/30/2018	KRIEGMICHE MICHELE LYNN KRIEG	09-18	09-18	000391	VO	PENSION PYMT	3/28/2018	0.00	-5,371.31
									Check Total	0.00	
027513	CK	3/28/2018	ABUCOURTRE PERSONAL COURT REPORTERS	09-18	000392	VO	ADMIN EXP	3/28/2018	0.00	315.00	
027514	CK	3/28/2018	ADP ADP, LLC	09-18	000393	VO	ADMIN EXP	3/28/2018	0.00	2,972.37	
027515	CK	3/28/2018	BIANCHIROB ROBERT BIANCHI	09-18	000394	VO	MILEAGE REIMB	3/28/2018	0.00	58.86	
027516	CK	3/28/2018	GOULETARTH ARTHUR E. GOULET	09-18	000395	VO	MILEAGE REIMB	3/28/2018	0.00	37.06	
027517	CK	3/28/2018	MFDAILYCOR M.F. DAILY CORPORATION	09-18	000396	VO	ADMIN EXP	3/28/2018	0.00	17,699.14	

Disability & Business Meeting Agenda - IV. CONSENT AGENDA

Date: Monday, April 02, 2018
 Time: 03:57PM
 User: 104164

Ventura County Retirement Assn

Check Register - Standard

Period: 09-18 As of: 4/2/2018

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

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
027518	CK	3/28/2018	NOSSAMAN NOSSAMAN LLP	09-18	000397	VO	LEGAL FEES	3/28/2018	0.00	1,231.65
027519	CK	3/28/2018	STATEBAROF THE STATE BAR OF CALIFORNIA	09-18	000398	VO	ADMIN EXP	3/28/2018	0.00	530.00
027520	CK	3/28/2018	VSGHOSTING VSG HOSTING, INC.	09-18	000399	VO	IT	3/28/2018	0.00	62,940.00
027521	CK	3/30/2018	CLEGGDONAL DONALD TROY CLEGG	09-18	000390	VO	PENSION PYMT	3/28/2018	0.00	2,181.37
027522	CK	3/30/2018	KRIEGMICHE MICHELE LYNN KRIEG	09-18	000391	VO	PENSION PYMT	3/28/2018	0.00	5,371.31

Check Count: 45

Acct Sub Total: 507,993.08

Check Type	Count	Amount Paid
Regular	43	515,545.76
Hand	0	0.00
Electronic Payment	0	0.00
Void	2	-7,552.68
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	45	507,993.08

Company Disc Total 0.00 Company Total 507,993.08

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2017-2018
For the Nine Months Ended March 31, 2018 and Year-To-Date - 75.00% of Fiscal Year Expended

	<i>Adopted 2018 Budget</i>	<i>Adjusted 2018 Budget</i>	<i>March 2018</i>	<i>Expended Fiscal Year to Date</i>	<i>Available Balance</i>	<i>Percent Expended</i>
Salaries and Benefits						
Regular Salary	\$3,026,300.00	\$2,826,300.00	\$329,085.64	\$1,993,448.90	\$832,851.10	70.53%
Extra-Help/Temporary Services	294,400.00	194,400.00	21,812.50	99,371.48	95,028.52	51.12%
Overtime	0.00	0.00	(221.61)	(221.61)	221.61	0.00%
Supplemental Payments	59,900.00	59,900.00	5,558.40	33,185.31	26,714.69	55.40%
Vacation Redemption	139,500.00	139,500.00	1,046.89	121,533.33	17,966.67	87.12%
Retirement Contributions	531,200.00	481,200.00	59,200.40	340,994.28	140,205.72	70.86%
OASDI Contribution	171,600.00	171,600.00	20,605.64	102,282.26	69,317.74	59.61%
FICA-Medicare	48,100.00	48,100.00	4,819.10	30,633.76	17,466.24	63.69%
Medical Insurance	302,000.00	277,000.00	31,800.00	179,063.96	97,936.04	64.64%
Life Insurance	1,300.00	1,300.00	127.10	770.00	530.00	59.23%
Unemployment Insurance	2,500.00	2,500.00	264.60	1,574.21	925.79	62.97%
Mgmt Disability Insurance	23,600.00	23,600.00	2,133.47	13,070.20	10,529.80	55.38%
Workers Compensation Insurance	23,500.00	23,500.00	2,344.93	15,010.83	8,489.17	63.88%
401K Plan Contribution	72,500.00	72,500.00	8,091.98	47,704.02	24,795.98	65.80%
Total Salaries & Benefits	\$4,696,400.00	\$4,321,400.00	\$486,669.04	\$2,978,420.93	\$1,342,979.07	59.30%
Services & Supplies						
Board Member Stipend	\$13,200.00	\$13,200.00	\$1,000.00	\$7,300.00	\$5,900.00	55.30%
Other Professional Services	224,700.00	224,700.00	10,200.83	140,166.15	84,533.85	62.38%
Auditing	46,000.00	46,000.00	0.00	39,921.24	6,078.76	86.79%
Hearing Officers	60,000.00	60,000.00	11,462.50	35,350.00	24,650.00	58.92%
Legal	350,000.00	350,000.00	36,462.60	224,394.00	125,606.00	64.11%
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	0.00	13,000.00	(13,000.00)	0.00%
Actuary-415 Calculation	0.00	0.00	0.00	2,830.00	(2,830.00)	0.00%
Actuary-Misc Hrly Consult	0.00	0.00	0.00	9,396.00	(9,396.00)	0.00%
Actuary-Actuarial Audit	42,000.00	42,000.00	0.00	51,256.00	(9,256.00)	122.04%
Printing	33,000.00	33,000.00	0.00	11,259.95	21,740.05	34.12%
Postage	71,400.00	71,400.00	4,349.06	33,851.51	37,548.49	47.41%
Courier	0.00	0.00	(24.37)	0.00	0.00	0.00%
Copy Machine	4,000.00	4,000.00	719.31	1,995.78	2,004.22	49.89%
General Liability	9,500.00	9,500.00	0.00	4,744.00	4,756.00	49.94%
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	16,735.00	16,765.00	49.96%
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	4,483.44	19,027.48	35,172.52	35.11%
Training/Travel-Trustee	53,100.00	53,100.00	460.56	9,881.73	43,218.27	18.61%
Travel-Due Diligence-Staff	0.00	0.00	1,157.44	3,011.42	(3,011.42)	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	275.77	1,530.47	6,969.53	18.01%
Mileage -Trustee	0.00	0.00	220.18	2,231.71	(2,231.71)	0.00%
Mileage-Due Diligence-Staff	0.00	0.00	74.88	310.71	(310.71)	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	5,175.00	1,725.00	75.00%
Facilities-Security	3,700.00	3,700.00	318.00	2,598.93	1,101.07	70.24%
Facilities-Maint & Repairs	0.00	0.00	126.26	2,386.84	(2,386.84)	0.00%
Equipment-Maint & Repairs	2,000.00	2,000.00	0.00	0.00	2,000.00	0.00%
General Office Expense	6,000.00	6,000.00	127.01	7,607.17	(1,607.17)	126.79%
Books & Publications	2,500.00	2,500.00	195.00	670.91	1,829.09	26.84%
Office Supplies	18,000.00	18,000.00	629.73	8,797.30	9,202.70	48.87%
Memberships & Dues	13,300.00	13,300.00	530.00	13,317.50	(17.50)	100.13%
Bank Service Charges	0.00	0.00	137.37	1,083.23	(1,083.23)	0.00%
Offsite Storage	4,800.00	4,800.00	0.00	2,830.13	1,969.87	58.96%
Rents/Leases-Structures	209,900.00	209,900.00	17,699.14	156,850.19	53,049.81	74.73%
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	19,519.70	20,480.30	48.80%
Depreciation /Amortization	1,163,500.00	1,313,500.00	0.00	967,158.88	346,341.12	73.63%
Total Services & Supplies	\$2,762,100.00	\$2,912,100.00	\$91,179.71	\$1,980,506.61	\$931,593.39	68.01%
Total Sal, Ben, Serv & Supp	\$7,458,500.00	\$7,233,500.00	\$577,848.75	\$4,958,927.54	\$2,274,572.46	68.56%

Ventura County Employees' Retirement Association
Budget Summary Fiscal Year 2017-2018
For the Nine Months Ended March 31, 2018 and Year-To-Date - 75.00% of Fiscal Year Expended

	<i>Adopted 2018 Budget</i>	<i>Adjusted 2018 Budget</i>	<i>March 2018</i>	<i>Expended Fiscal Year to Date</i>	<i>Available Balance</i>	<i>Percent Expended</i>
Technology						
Technology Hardware	\$49,400.00	\$49,400.00	\$4,360.22	\$12,129.40	\$37,270.60	24.55%
Technology Hardware Support	0.00	5,000.00	5,132.27	7,235.24	(2,235.24)	144.70%
Technology Software	213,100.00	213,100.00	1,631.75	42,706.73	170,393.27	20.04%
Technology Software Support	19,000.00	19,000.00	525.47	10,540.38	8,459.62	55.48%
Technology Systems Support	263,400.00	293,400.00	63,695.00	248,325.05	45,074.95	84.64%
Technology Infrastruct Support	300.00	300.00	0.00	184.95	115.05	61.65%
Technology Application Support	507,000.00	647,000.00	19,279.54	325,266.50	321,733.50	50.27%
Technology Data Communication	55,800.00	55,800.00	4,254.19	37,430.02	18,369.98	67.08%
Total Technology	<u>\$1,108,000.00</u>	<u>\$1,283,000.00</u>	<u>\$98,878.44</u>	<u>\$683,818.27</u>	<u>\$599,181.73</u>	<u>\$0.53</u>
Capital Expenses						
Capitalized Equipment	0.00	50,000.00	0.00	49,278.19	721.81	98.56%
Total Capitalized Expenses	<u>\$0.00</u>	<u>\$50,000.00</u>	<u>\$0.00</u>	<u>\$49,278.19</u>	<u>\$721.81</u>	<u>98.56%</u>
Congtingency	\$532,800.00	\$532,800.00	\$0.00	\$0.00	\$532,800.00	0.00%
Total Current Year	<u>\$9,099,300.00</u>	<u>\$9,099,300.00</u>	<u>\$676,727.19</u>	<u>\$5,692,024.00</u>	<u>\$3,407,276.00</u>	<u>62.55%</u>



DISCIPLINED INVESTING

International Equities

Ventura County Employees' Retirement Association

APRIL 16, 2018

Tasleem Jamal, Arjun Kumar

Private & Confidential

Presenters



Tasleem Jamal, B.Comm., M.B.A., CFA
Vice President,
Head of Marketing and Client Services



Arjun Kumar, B.A., M.B.A., CFA
Portfolio Manager and Board Director

Executive Summary

Firm Update

- **Assets under management were \$16.1 billion**
as of December 31, 2017
- **60 clients firm-wide**
 - 3 clients lost in Q4 2017
- **International, ACWI ex. U.S., Global, and ACWI mandates are open** to new investors

Signatory of:



¹ Returns are gross of fees in U.S. dollars

It should not be assumed that investments made in the future will be profitable or will equal any results shown here.

Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI

Investment Results¹

- **For Q4 2017:**
the Fund's investment return was **+5.9%**
vs. **MSCI EAFE +4.2%**
- **For the 1 Year period**
ending December 31, 2017:
the Fund's investment return was **+27.9%**
vs. **MSCI EAFE +25.0%**
- **Since your inception**
on April 1, 2002 through
December 31, 2017:
the Fund's annualized return was **+8.6%**
vs. **MSCI EAFE +6.5%**

Investment Strategy

- As a **bottom-up value investor**, sector and country weightings are a residual of our stock selection process.
- The Fund remains **well diversified** and has holdings in all eleven sectors.
 - The largest sector exposures are Industrials, Materials and Financials.
- The Fund has **holdings in 22 different countries** and has **exposure to 15 different currencies**.
 - The largest country exposures are the U.K., Japan and Switzerland.
- The Fund has **exposure to the Emerging Markets** (14.3%)

Investment and Client Services Professionals

An experienced team with a collaborative approach

Name	Title	Education	Years Investment Experience	Years with Sprucegrove/Confed
SHIRLEY WOO	Director and Portfolio Manager	B.A., CFA	30	30
SABU MEHTA	Director and Senior Investment Analyst	B.Comm.	30	26
ERIK PARNOJA	Portfolio Manager	B.A., M.B.A., CFA	22	22
ALEX LIMION	Investment Analyst	B.A., M.B.A., CFA	16	16
ARJUN KUMAR	Director and Portfolio Manager	B.A., M.B.A., CFA	15	15
CHRISTOPHER RANKIN	Assistant Portfolio Manager	B.A., B.Sc., CFA	12	14
CHRISTINE MCLEAN	Research Director and Investment Analyst	B.S.B.A.	13	13
MICHAEL JIANG	Investment Analyst	B.Sc., M.M.I.B., M.B.A.	11	11
MATTHEW BELLIS	Investment Analyst	B.Comm., CFA	10	10
JONATHAN SINGER	Assistant Portfolio Manager	B.A., CFA	9	9
TASLEEM JAMAL	Vice President, Head of Marketing & Client Services	B.Comm., M.B.A., CFA	19	7
SEBASTIEN ROY	Vice President, Marketing & Client Services	B.A., CFA	20	4
HUGH NOWERS	Investment Analyst	B.Comm	3	3
KYLE KOCH	Investment Analyst	B.Comm., M.B.A.	1	1
DAVID KWOK	Investment Analyst	B.Comm., M.B.A.	1	1
RICHARD MITCHELL	Vice President, Marketing & Client Services	B.A., CFA, CIPM	16	<1
CORINNE AH CHOON	Vice President, Marketing & Client Services	B.B.A.	10	<1
CATHERINE YI	Investment Analyst	B.B.A., M.B.A.	2	<1
IHSAN KOHISTANI	Investment Analyst	B.Comm., M.A.	<1	<1

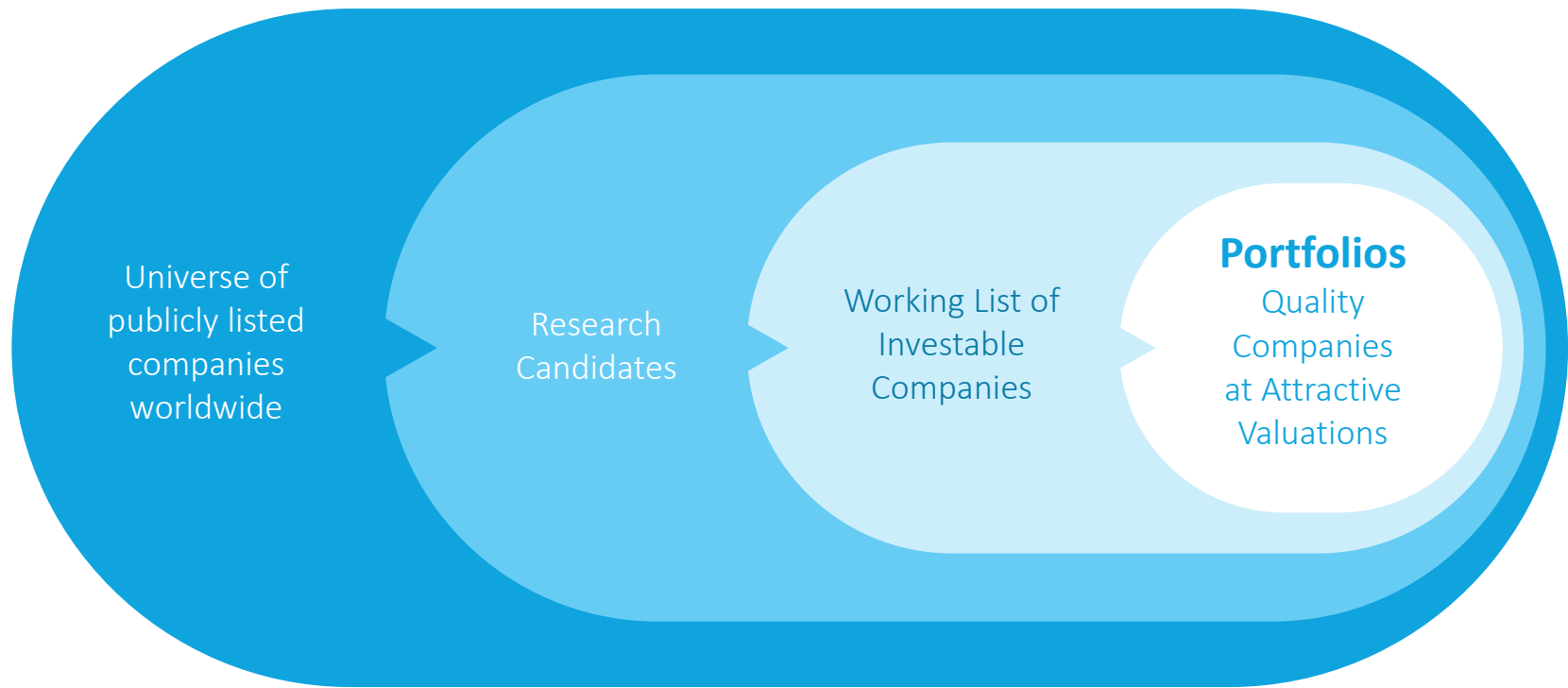
All data as at January 1, 2018



Foundation of our Investment Philosophy



Investment Process



Our portfolios are constructed from the bottom-up, based on quality & valuation

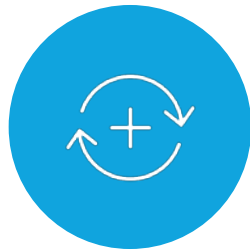
Investment Process

Research

We define quality through five criteria



Above Average
and Consistent
Profitability



Sustainable
Competitive
Advantages



Financial
Strength



Opportunity to
Grow the
Business

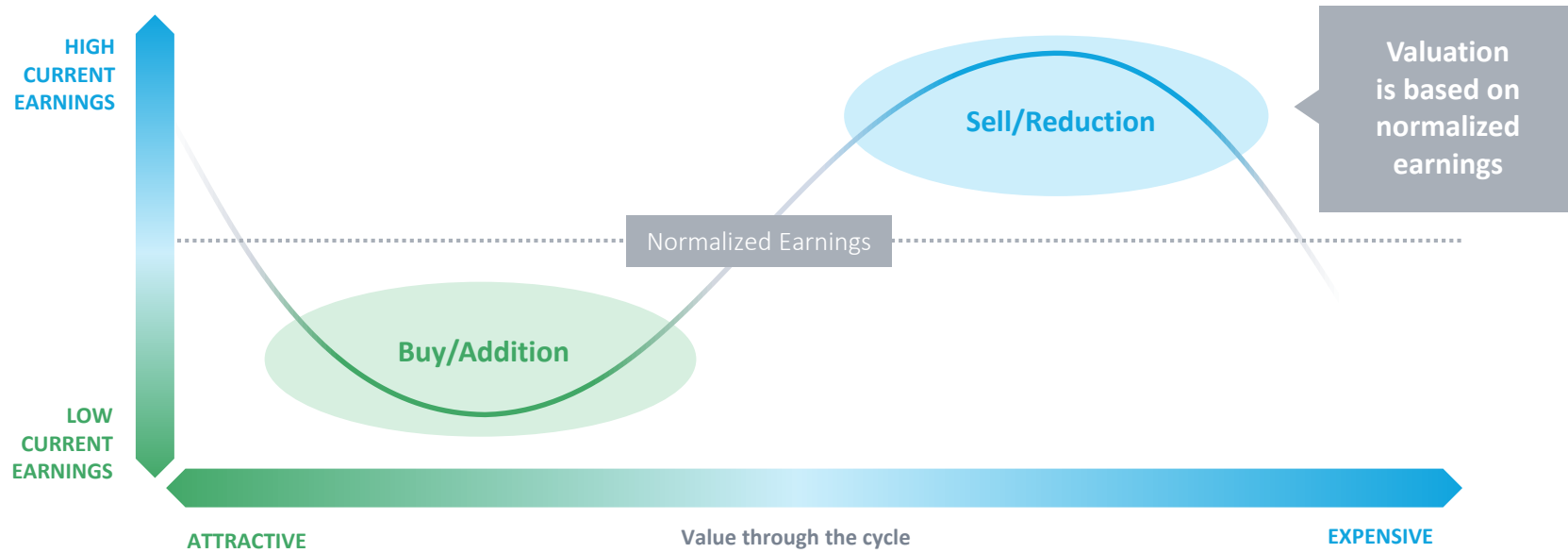


Capable
Management

Margin of safety on quality

Investment Process

Valuation



Margin of safety on valuation

Projected Return on Equity: Sustainable long term ROE based on internal research

Normalized Earnings: Projected ROE * Book Value

Normalized Price/Earnings Ratio (N P/E): Share price / Normalized Earnings

A close-up photograph of a blue spruce tree, showing the fine, needle-like branches in various shades of blue and teal. The background is softly blurred, creating a bokeh effect with out-of-focus light spots.

Performance Review

Annual Performance Results

Sprucegrove U.S. International Pooled Fund

Year	Sprucegrove U.S. International Pooled Fund ¹ (%)	MSCI EAFE ¹ (%)	Difference (%)
1986	45.8	69.6	(23.8)
1987	14.7	24.9	(10.2)
1988	26.3	28.6	(2.3)
1989	27.8	10.8	17.0
1990	(6.8)	(23.2)	16.4
1991	24.0	12.5	11.5
1992	0.4	(11.8)	12.2
1993	36.0	32.8	3.2
1994	6.1	8.0	(1.9)
1995	12.3	11.5	0.8
1996	18.2	6.3	11.9
1997	10.5	1.9	8.6
1998	9.8	20.2	(10.4)
1999	23.2	27.1	(3.9)
2000	2.3	(14.1)	16.4
2001	(5.0)	(21.6)	16.6
2002	(0.8)	(15.9)	15.1
2003	34.5	38.6	(4.1)
2004	25.2	20.3	4.9
2005	14.7	13.5	1.2
2006	30.4	26.3	4.1
2007	6.2	11.2	(5.0)
2008	(42.2)	(43.4)	1.2
2009	36.9	31.8	5.1
2010	19.4	7.8	11.6
2011	(10.3)	(12.1)	1.8
2012	17.7	17.3	0.4
2013	17.5	22.8	(5.3)
2014	(2.9)	(4.9)	2.0
2015	(8.8)	(0.8)	(8.0)
2016	12.3	1.0	11.3
2017	27.9	25.0	2.9
2018 YTD ³	(1.8)	(1.5)	(0.3)
Since inception^{2,3}	11.8	8.0	3.8

Japanese Asset Price Bubble

Technology, Media and Telecom Bubble

Global Financial Crisis

¹ Bold numbers indicate down markets (negative Index return). Returns shorter than a 1-year period are arithmetic returns and have not been annualized. Returns greater than a 1-year period have been annualized. Returns are gross of fees in U.S. dollars.

² Fund Inception Date: September 30, 1985

³ Period ended March 31, 2018.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI



Annualized Performance Results

Sprucegrove U.S. International Pooled Fund

	Q4 2017 (%)	1 Year (%)	2 Years (%)	3 Years (%)	4 Years (%)	5 Years (%)	10 Years (%)	20 Years (%)	30 Years (%)	Since Inception (%)
Sprucegrove U.S. International Pooled Fund¹	5.9	27.9	19.9	9.5	6.2	8.4	4.1	8.6	10.6	11.9
MSCI EAFE	4.2	25.0	12.4	7.8	4.5	7.9	1.9	5.2	5.6	8.2
Ventura County Employees' Retirement Association (net of fees)²	5.8	27.5	19.4	9.0	5.8	8.0	3.7	-	-	8.2
Ventura County Employees' Retirement Association (gross of fees)²	5.9	27.9	19.9	9.5	6.2	8.4	4.1	-	-	8.6
MSCI EAFE	4.2	25.0	12.4	7.8	4.5	7.9	1.9	-	-	6.5

All data as at December 31, 2017

¹ Inception date of Fund: September 30, 1985.

Fund performance reflects a linking between the Sprucegrove U.S. International Pooled Fund and the Confederation Life American International Pooled Fund for periods prior to 1994 (for which the Sprucegrove Investment Management team managed the portfolio since its inception).

² Inception date of Ventura County Employees' Retirement Association: April 1, 2002

Assets Under Management: \$ 236,456,815.22

Returns shorter than a 1-year period are arithmetic returns and have not been annualized. Returns greater than a 1-year period have been annualized. Returns are gross of fees in U.S. dollars.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI



Sector Weightings/Returns – 1 Year, ending Dec. 31, 2017

Sprucegrove U.S. International Pooled Fund

Sector	Weighting, as at December 31, 2017 ¹ (%)		Performance, 1 Year ending December 31, 2017 ¹ (%)		
	Sprucegrove U.S. International Pooled Fund	MSCI EAFE	Sprucegrove U.S. International Pooled Fund ²	MSCI EAFE	Impact ³
Energy	9.8	5.3	16.4	21.6	-
Materials	15.5	8.2	29.7	33.9	-
Industrials	16.3	14.6	26.9	30.0	-
Consumer Discretionary	13.4	12.3	29.6	24.7	+
Consumer Staples	7.1	11.2	27.4	24.1	+
Health Care	3.5	10.1	24.7	16.9	+
Financials	14.6	21.2	30.6	24.7	+
Information Technology	10.1	6.4	49.6	39.3	+
Telecomm. Services	2.1	3.9	4.9	12.9	+
Utilities	2.1	3.2	49.0	19.2	+
Real Estate	1.2	3.6	13.9	21.7	-
Cash	4.4	-	-	-	-
Total	100.0	100.0	27.9	25.0	

Sector allocation is a residual of our bottom-up process

¹ Bold numbers indicate primary contributors to relative performance vs. the Index.

² Returns are gross of fees in U.S. dollars.

³ Net impact of sector allocation and security selection on relative performance.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI

Impact Stocks – 1 Year, ending December 31, 2017

Sprucegrove U.S. International Pooled Fund

	Country	Sector	Average Weighting (%)	Estimated Contribution (bps)
Top 5 Contributors				
Samsung Electronics**Q1,Q2	Korea	Information Technology	2.2	130
Venture Corp.**Q4	Singapore	Information Technology	1.2	118
United Overseas Bank	Singapore	Financials	2.2	91
POSCO	Korea	Materials	1.7	83
Richemont	Switzerland	Consumer Discretionary	2.1	82
				504
Bottom 5 Contributors				
Aggreko*Q1,Q2,Q4	United Kingdom	Industrials	1.0	(1)
Fugro	Holland	Energy	0.6	1
Ricoh	Japan	Information Technology	0.2	3
Toyota Motor	Japan	Consumer Discretionary	0.4	4
BASF*Q3	Germany	Materials	0.1	5
				12
*Addition				
**Reduction				

Average weighting is calculated as the average daily weight of the equity in the portfolio. Contribution to Fund Return is calculated using the geometric daily linking of the return multiplied by the beginning of day weight. A list of all holdings' contributions is available upon request.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI

Sector Weightings/Returns – Q4 2017

Sprucegrove U.S. International Pooled Fund

Sector	Weighting, as at December 31, 2017 ¹ (%)		Performance, Quarter ending December 31, 2017 ¹ (%)			
	Sprucegrove U.S. International Pooled Fund	MSCI EAFE	Sprucegrove U.S. International Pooled Fund ²	MSCI EAFE	Impact ³	
Energy	9.8	5.3	4.6	10.0	-	
Materials	15.5	8.2	8.0	8.5	+	
Industrials	16.3	14.6	4.0	4.8	-	
Consumer Discretionary	13.4	12.3	5.6	5.3	+	
Consumer Staples	7.1	11.2	13.2	4.9	+	
Health Care	3.5	10.1	0.0	(0.0)	+	
Financials	14.6	21.2	4.4	3.0	+	
Information Technology	10.1	6.4	9.4	5.0	+	
Telecomm. Services	2.1	3.9	0.3	0.7	+	
Utilities	2.1	3.2	15.8	(1.0)	+	
Real Estate	1.2	3.6	(2.3)	6.4	-	
Cash	4.4	-	-	-		
Total	100.0	100.0	5.9	4.2		

Sector allocation is a residual of our bottom-up process

¹ Bold numbers indicate primary contributors to relative performance vs. the Index.

² Returns are gross of fees in U.S. dollars.

³ Net impact of sector allocation and security selection on relative performance.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI

Impact Stocks – Q4 2017

Sprucegrove U.S. International Pooled Fund

	Country	Sector	Average Weighting (%)	Estimated Contribution (bps)
Top 5 Contributors				
Denso	Japan	Consumer Discretionary	2.0	34
Royal Dutch Shell	United Kingdom	Energy	3.0	34
Tiger Brands	South Africa	Consumer Staples	1.1	34
United Overseas Bank	Singapore	Financials	2.3	31
GAIL	India	Utilities	1.5	31
				164
Bottom 5 Contributors				
Aggreko*	United Kingdom	Industrials	1.1	(19)
Banco Santander	Spain	Financials	2.5	(14)
Cobham	United Kingdom	Industrials	0.9	(13)
CRH	Ireland	Materials	1.7	(11)
Jardine Strategic	Hong Kong	Industrials	1.1	(10)
				(67)

*Addition

**Reduction

Average weighting is calculated as the average daily weight of the equity in the portfolio. Contribution to Fund Return is calculated using the geometric daily linking of the return multiplied by the beginning of day weight. A list of all holdings' contributions is available upon request.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI



Portfolio Review

Security Selection

Buy Discipline



A security is purchased when it meets our quality criteria and is attractively valued.

Travis Perkins – U.K.

Recent Addition – Q4 2017

LEADERSHIP POSITION	RECORD OF HIGH & CONSISTENT PROFITABILITY	FINANCIAL POSITION	GROWTH OPPORTUNITY	MANAGEMENT
<ul style="list-style-type: none"> The U.K.'s largest building materials supplier #1/#2 position within the majority of their end markets 	<ul style="list-style-type: none"> Operating margin has averaged 7% over the last 10 years ROE has averaged 11% over the last 10 years 	<ul style="list-style-type: none"> Net debt to equity ratio of 14% 	<ul style="list-style-type: none"> Further consolidation of the fragmented U.K. building materials market 	<ul style="list-style-type: none"> Focused on improving operational performance

Market Cap.	\$5.3B USD		Travis Perkins Addition Q4/2017	MSCI U.K. 12/31/2017	MSCI EAFE 12/31/2017
Quality	Projected ROE	(%)	12.0	14.0	11.0
	Financial Leverage	(X)	1.8	2.7	2.7
Valuation	Normalized P/E	(X)	11.0	13.3	15.9
	Price/Book	(X)	1.3	1.9	1.7
	Dividend Yield	(%)	2.9	3.8	2.9

Valuation characteristics are based on the average price of the transactions during the quarter and latest reported book value per share.

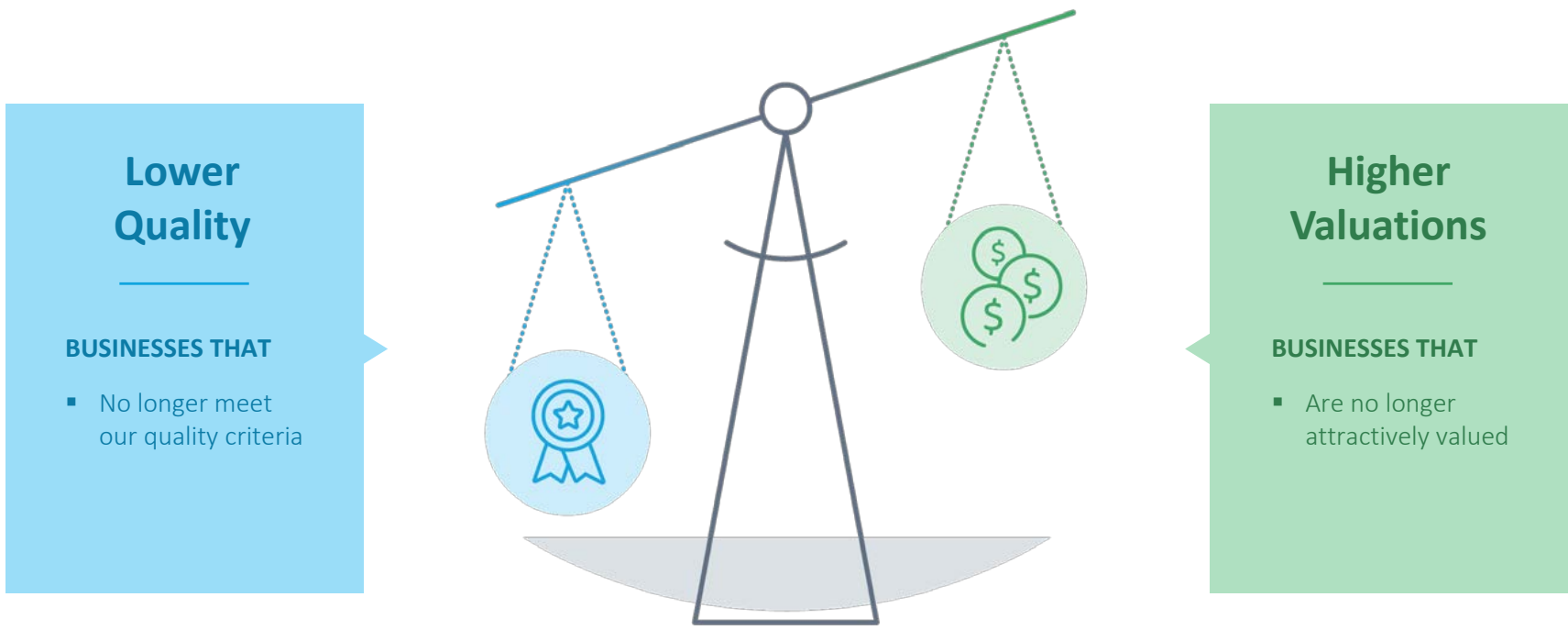
It should not be assumed that investments made in the future will be profitable or will equal any results shown here. The information presented as an example of investment technique and should not be construed as representative of investment performance. A list of all securities purchased and sold within the past year together with dates and prices is available upon request.

Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, Capital IQ

Security Selection

Sell Discipline



A security is sold when it no longer meets our quality criteria or is no longer attractively valued.

Shin-Etsu Chemical – Japan

Recent Reduction – Q4 2017

LEADERSHIP POSITION	RECORD OF HIGH & CONSISTENT PROFITABILITY	FINANCIAL POSITION	GROWTH OPPORTUNITY	MANAGEMENT
<ul style="list-style-type: none"> World leader in polyvinyl chloride (PVC) (10% market share), silicon wafers (30% market share) and global #3 in silicones Technological leadership 	<ul style="list-style-type: none"> Operating margin has averaged 16% over the last 10 years ROE has averaged 8% over the last 10 years 	<ul style="list-style-type: none"> Net cash equal to 30% of assets 	<ul style="list-style-type: none"> Development of new products for the semiconductor industry Further expansion of overseas sales Infrastructure and housing upgrades 	<ul style="list-style-type: none"> Focused on leading market share, technology and financial strength

Market Cap.	\$43.3B USD		Shin-Etsu Chemical Reduction Q4/2017	MSCI Japan 12/31/2017	MSCI EAFE 12/31/2017
Quality	Projected ROE	(%)	8.0	7.0	11.0
	Financial Leverage	(X)	1.2	2.4	2.7
Valuation	Normalized P/E	(X)	28.0	20.7	15.9
	Price/Book	(X)	2.2	1.4	1.7
	Dividend Yield	(%)	1.1	1.9	2.9

Valuation characteristics are based on the average price of the transactions during the quarter and latest reported book value per share.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. The information presented as an example of investment technique and should not be construed as representative of investment performance. A list of all securities purchased and sold within the past year together with dates and prices is available upon request.

Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, Capital IQ

Application of the Process - Transaction Summary

Sprucegrove U.S. International Pooled Fund

New Holdings* / Additions

	Sector	Projected ROE (%)	Normalized P/E (X)
*None			
LafargeHolcim	Materials	10.0	11.2
Aggreko	Industrials	18.0	9.4
Travis Perkins	Industrials	12.0	11.0
Nihon Kohden	Health Care	13.0	15.6
China Mobile	Telecom. Svs.	14.0	9.7
SingTel	Telecom. Svs.	15.0	13.7
Average		13.7	11.8
MSCI EAFE		11.0	15.9

Eliminations** / Reductions

	Sector	Projected ROE (%)	Normalized P/E (X)
**None			
Hindalco	Materials	10.0	12.9
Shin-Etsu Chemical	Materials	8.0	28.0
Misumi	Industrials	13.0	38.9
Weir Group	Industrials	15.0	23.2
Yue Yuen	Cons. Disc.	9.0	14.6
bioMérieux	Health Care	14.0	38.4
Electrocomponents	Info. Tech.	20.0	38.9
Venture Corp.	Info. Tech.	12.0	23.2
Average		12.6	27.3
MSCI EAFE		11.0	15.9

Transactions are for Q4 2017

Valuation characteristics are at the time of the transaction; Index data is at the end of the quarter.

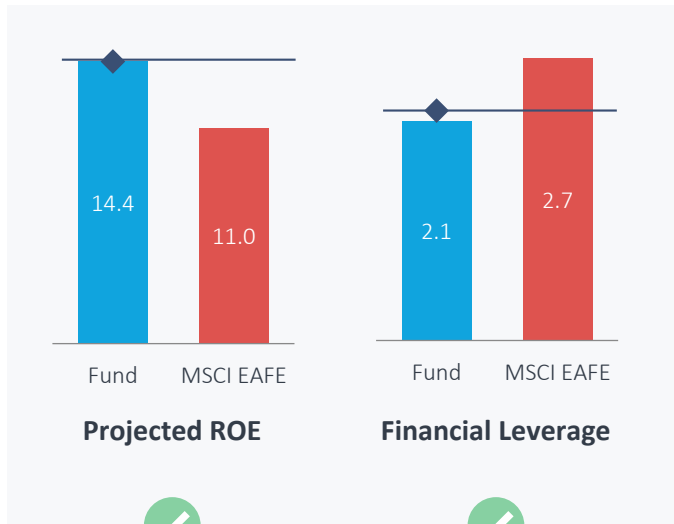
It should not be assumed that investments made in the future will be profitable or will equal any results shown here. The information presented as an example of investment technique and should not be construed as representative of investment performance. A list of all securities purchased and sold within the past year together with dates and prices is available upon request. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, Capital IQ

Portfolio Characteristics

as at December 31, 2017

QUALITY



VALUATION



✓ Superior to MSCI EAFE

Quality companies at attractive valuations

Financial Leverage weighted average excludes companies in the Financials sector.

◆ Fund's long term average since inception, September 30, 1985

Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, Capital IQ

Historical Characteristics

Sprucegrove U.S. International Pooled Fund

		'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17
Quality																				
Fund Projected ROE	%	13.9	13.6	14.6	14.6	14.5	14.5	15.0	16.5	17.5	16.9	15.9	15.4	15.2	15.0	15.1	15.0	14.9	14.2	14.4
MSCI EAFE Projected ROE	%	10.0	10.0	10.0	10.0	10.0	10.0	10.0	11.0	11.0	12.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Fund Historical ROE	%	13.7	13.7	14.3	14.1	14.5	14.6	16.0	17.5	18.4	17.8	17.4	17.0	16.8	16.6	16.8	16.6	16.8	17.3	16.3
MSCI EAFE Historical ROE	%	9.2	9.2	8.5	8.5	8.6	8.5	9.3	9.9	11.3	11.3	11.6	11.6	11.6	11.5	11.8	11.9	11.7	11.2	10.4
Fund Fin. Leverage¹	X	2.0	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.1	2.1	2.0	2.0	2.1	2.1	2.2	2.3	2.1
MSCI EAFE Fin. Leverage¹	X	3.2	3.2	3.1	3.1	3.2	3.2	3.1	3.0	2.8	2.8	2.8	2.8	2.7	2.8	2.7	2.7	2.7	2.7	2.7
Valuation																				
Fund Normalized P/E	X	19.9	17.7	15.0	12.8	14.4	15.8	17.3	17.3	14.4	9.8	12.8	13.5	11.4	12.5	13.7	13.4	12.0	13.3	14.2
MSCI EAFE Normalized P/E	X	31.7	28.0	21.5	16.1	19.9	20.0	23.6	22.3	20.0	10.1	14.6	14.0	11.5	13.0	15.6	15.0	14.8	15.0	15.9

Consistently applied philosophy and process over time

All data as at December 31 unless stated otherwise.

¹ Financial Leverage weighted average excludes companies in the Financials sector

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, Capital IQ



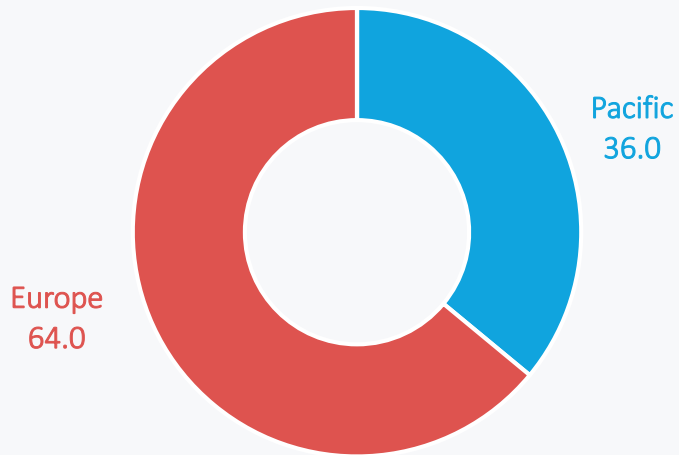
Sprucegrove

All Country World ex USA Equities

MSCI ACWI ex USA Composition

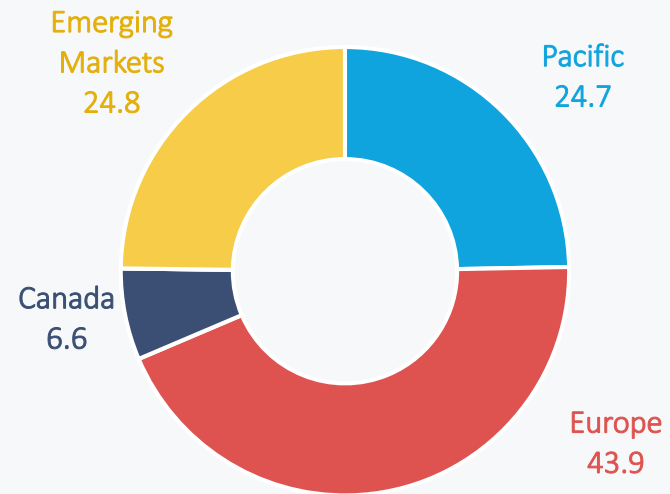
Regional and Sector breakdown at December 31, 2017

MSCI EAFE (%)



(Canada: 0 Emerging Markets: 0)

MSCI ACWI ex USA (%)



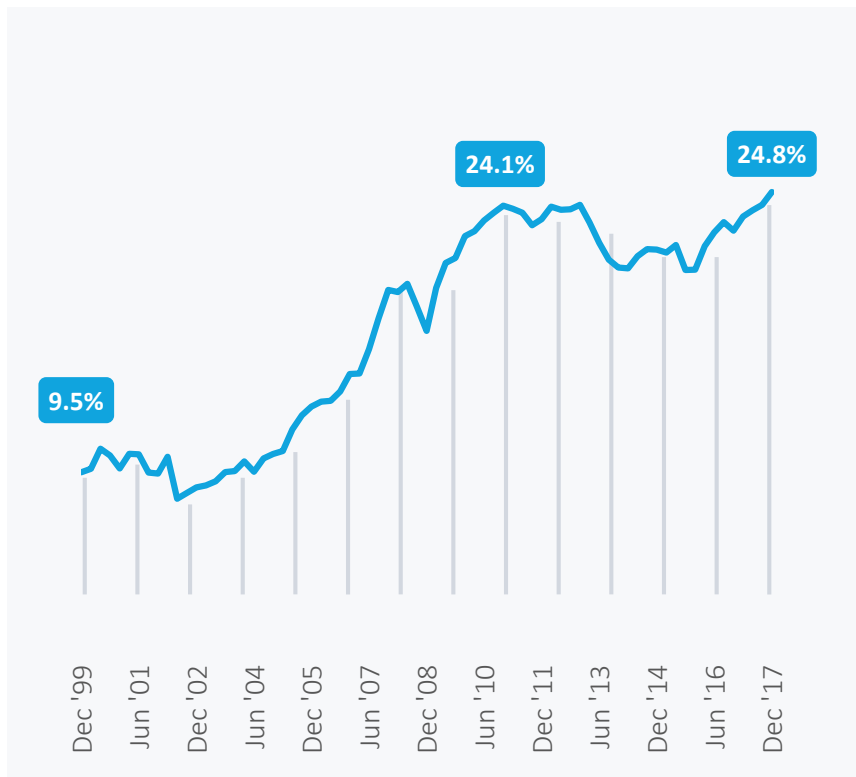
928	Number of stocks	1,866
21	Number of countries	46
0%	Weight in Emerging Markets	24.8%

Source: MSCI

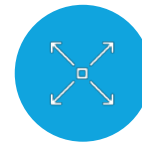
Why ACWI ex USA?

ACWI ex. USA has a higher allocation to Emerging Markets

MSCI ACWI ex. USA EM exposure



Better reflection of the investable universe



Expanded global opportunity set for quality companies



Increased access to diverse markets



Broad based market exposure

Source: MSCI

Annualized Performance Results

Sprucegrove U.S. International Pooled Fund

	Q4 2017 (%)	1 Year (%)	2 Years (%)	3 Years (%)	4 Years (%)	5 Years (%)	10 Years (%)	20 Years (%)	30 Years (%)	Since Inception (%)
Sprucegrove U.S. International Pooled Fund¹	5.9	27.9	19.9	9.5	6.2	8.4	4.1	8.6	10.6	11.9
MSCI EAFE	4.2	25.0	12.4	7.8	4.5	7.9	1.9	5.2	5.6	8.2
MSCI EAFE Value	3.2	21.4	12.9	6.4	3.3	6.9	1.1	5.8	6.6	-
MSCI ACWI ex USA²	5.0	27.2	15.3	7.8	4.8	6.8	1.8	5.7	7.4	-

All data as at December 31, 2017

¹ Inception date of Fund: April 30, 1985

Fund performance reflects a linking between the Sprucegrove International Pooled Fund and the Confederation Life International Pooled Fund for periods prior to 1994 (for which the Sprucegrove Investment Management team managed the portfolio since its inception).

² Index performance reflects a linking of the Gross Index return to the Net Index return on January 1, 2001.

Returns shorter than a 1-year period are arithmetic returns and have not been annualized. Returns greater than a 1-year period have been annualized. Returns are gross of fees in U.S. dollars.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI

Annualized Performance Results

Developed and Emerging Markets breakout of the Sprucegrove U.S. International Pooled Fund

	Q4 2017 (%)	1 Year (%)	2 Years (%)	3 Years (%)	4 Years (%)	5 Years (%)	10 Years (%)	20 Years (%)
Developed Markets portion of the Fund¹	5.3	28.6	19.4	9.8	6.0	8.9	4.4	8.4
MSCI EAFE	4.2	25.0	12.4	7.8	4.5	7.9	1.9	5.2
Emerging Markets portion of the Fund¹	12.7	40.1	35.0	12.9	10.3	6.7	3.4	12.6
MSCI Emerging Markets²	7.4	37.3	23.5	9.1	6.2	4.3	1.7	7.8

All data as at December 31, 2017

¹ Sprucegrove International Pooled Fund. Source: InterSec (data analytics service provider)

² Source: MSCI. Index performance reflects a linking of the Gross Index return to the Net Index return on January 1, 2001.

Returns shorter than a 1-year period are arithmetic returns and have not been annualized. Returns greater than a 1-year period have been annualized. Returns are gross of fees in U.S. dollars.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Policy Guidelines

Sprucegrove All Country World ex USA Pooled Fund

Methodology	Value approach using a bottom-up, stock selection process with an emphasis on owning quality companies at attractive valuations.	
Mandate	International equities	
Benchmark	MSCI ACWI ex USA Index	
Restrictions/Limits		
Asset Mix	Cash & Short Term	0% - 10%
	Equities	90% - 100%
Region	A minimum of three countries from the following lists in each of the European and Pacific Basin regions. Europe: Belgium, Denmark, France, Germany, Holland, Italy, Spain, Sweden, Switzerland, United Kingdom Pacific Basin: Australia, Hong Kong, Japan, New Zealand, Singapore, Thailand, Malaysia	
Country	The Fund will be subject to the following minimum - maximum country weightings:	
	Japan	5% - 50%
	United Kingdom	10% - 50%
	United States	excluded
	Other ACWI countries	0% - 15%
	Total Emerging Market countries	0% - 30%
Sector	Minimum 7 of 11 MSCI sectors Maximum individual industry 25%	
Company Holdings	Minimum 40 companies Maximum company weighting 5% Maximum ownership, lesser of outstanding shares 5%; free float 10%	
Other	In unusual circumstances, the Fund may exceed the above guidelines for short periods of time.	

Why Sprucegrove?

We offer consistency of philosophy, process and people.



Experienced
Investment
Management
Team



Patient,
Long-term,
Bottom-Up
Approach



Emphasis
on Internal
Research



Quality,
Value-Driven
Portfolios



Outstanding
Client Service





Appendices

Sprucegrove Guiding Principles

Objectives

- To provide clients with above average investment performance and superior service over the long term.
- To make our firm a good long-term investment, with the same quality and solid financial attributes we require from our investments.

Organization

- We make each aspect of the firm stronger by working together as one team.
- We are independent and employee owned.
- We are a small, focused business, carefully controlling our growth.

Core Values

- **Trust** is the foundation of our team.
- We strive to act with **honesty and integrity** in all of our dealings to build strong relationships and our reputation.
- Showing **respect** for each other by being supportive and responsive.
- Putting our **clients' interests first**.
- **Leading by example**.
- Valuing **loyalty** to Sprucegrove, our colleagues, and our clients.
- Promoting a healthy **work/life balance**.
- Acting with **humility** and keeping a low profile.

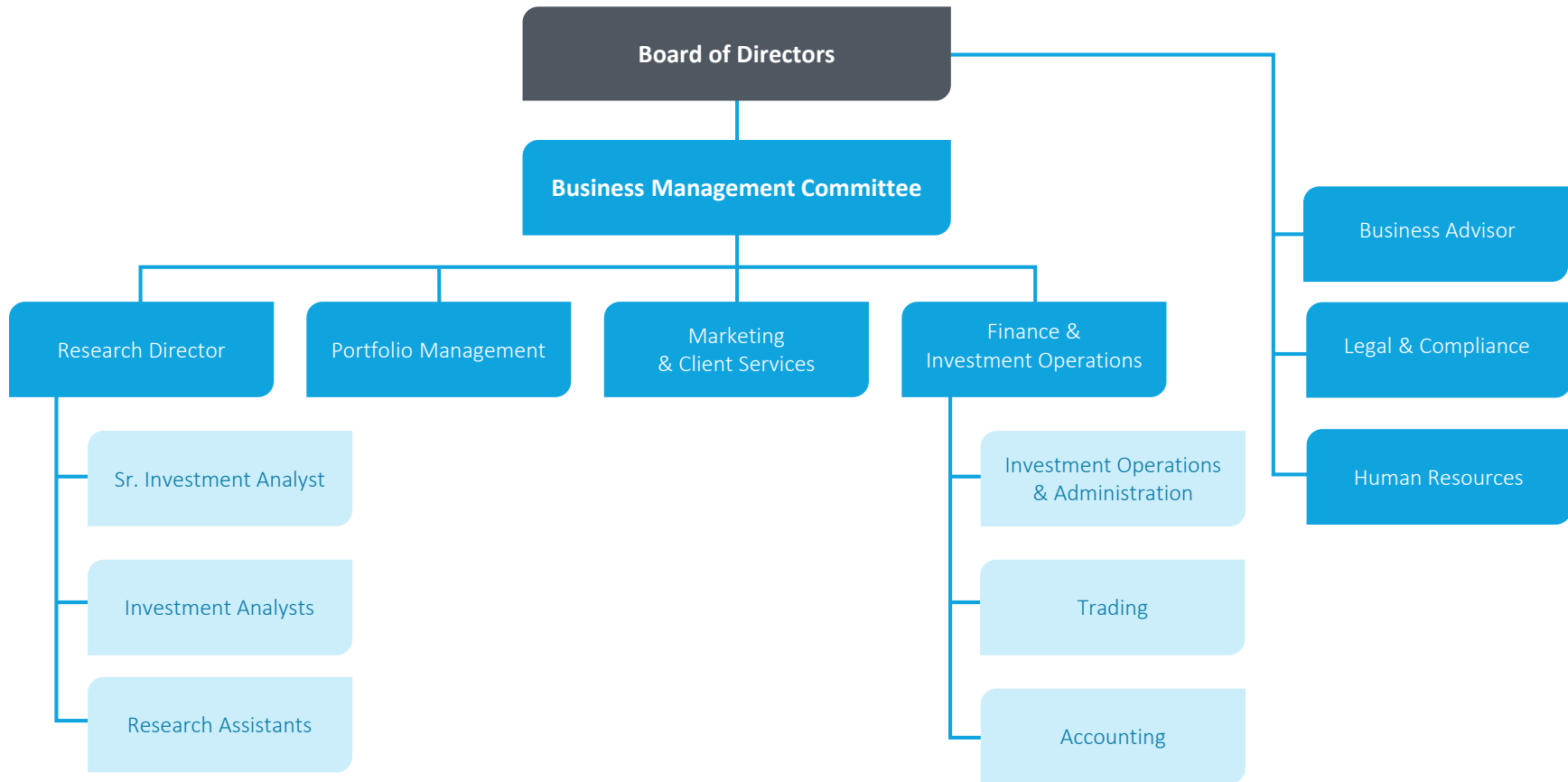
Assets Under Management

December 31, 2017

	\$ USD (millions)	Number of Portfolios	Number of Clients ¹
Pooled Funds			
For Canadian Clients:			
International	3,463.5	1	14
Global	1,053.0	2	13
All Country World	203.9	1	2
U.S.	6.5	1	0
For U.S. Clients:			
International	1,575.5	2	21
Separate Accounts			
For Canadian Clients:			
International	393.8	1	1
Global	666.9	1	1
For U.S. Clients:			
International	8,738.7	13	8
TOTAL	16,101.8	22	60

¹ Clients with multiple mandates, accounted for in another category.

Organization



As at January 1, 2018

Value in Emerging Market Companies

Sprucegrove U.S. International Pooled Fund

December 31, 2017		Quality				Valuation	
Company	Country	Market Cap. (US\$ Bn)	Projected ROE (%)	Financial Leverage (x)	Normalized P/E (x)	Price/Book (x)	Dividend Yield (%)
Banco Bradesco	Brazil	65	17.0	11.6	11.1	1.9	3.3
China Mobile	China	208	14.0	1.6	9.7	1.4	3.7
GAIL	India	13	20.0	1.5	11.0	2.2	1.8
Hindalco	India	10	10.0	3.2	13.2	1.3	0.4
Infosys	India	37	24.0	1.2	13.9	3.3	2.7
State Bank of India	India	41	11.0	14.0	9.9	1.1	0.9
POSCO	Korea	30	12.0	1.8	5.4	0.7	3.5
Samsung Electronics	Korea	311	14.0	1.5	11.6	1.6	1.0
Copa Holdings	Panama	6	13.0	2.0	21.4	2.8	1.7
Sasol	South Africa	21	17.0	1.8	8.0	1.4	2.9
Tiger Brands	South Africa	7	25.0	1.4	17.8	4.5	2.3
Fund Emerging Markets		68	16.2	1.7*	11.2	1.9	2.3
Total Fund		48	14.4	2.1*	14.2	2.1	2.7
MSCI EM Index		6	12.0	2.5*	14.9	1.8	2.2
MSCI EAFE Index		16	11.0	2.7*	15.9	1.7	2.9

* Excludes Financials

Sprucegrove's Emerging Markets holdings have higher quality and more attractive valuation than the Fund and relevant indices

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI, Capital IQ

Top 10 Holdings

Sprucegrove U.S. International Pooled Fund

Stock	Country	Sector	% of Fund	Projected ROE (%)	Financial Leverage ¹ (x)	Normalized P/E (x)	P/B (x)	Dividend Yield (%)
Royal Dutch Shell	U.K.	Energy	3.0	16.0	2.1	8.8	1.4	5.8
Total	France	Energy	2.5	14.0	2.2	8.8	1.2	5.4
Banco Santander	Spain	Financials	2.3	11.0	15.3	8.3	0.9	3.8
United Overseas Bank	Singapore	Financials	2.3	12.0	10.1	10.5	1.3	2.6
Swatch	Switzerland	Consumer Discretionary	2.1	14.0	1.2	14.1	2.0	1.7
Denso	Japan	Consumer Discretionary	2.1	9.0	1.6	16.7	1.5	1.8
Novartis	Switzerland	Health Care	2.1	16.0	1.9	18.0	2.9	3.3
Boskalis Westminster	Holland	Industrials	2.0	16.0	1.6	8.4	1.4	3.2
Honda Motor	Japan	Consumer Discretionary	2.0	10.0	2.5	9.0	0.9	2.5
Air Liquide	France	Materials	1.9	14.0	2.7	20.4	2.9	2.2
Total			22.3					
Weighted Average				13.3	2.0	12.0	1.6	3.4
MSCI EAFE				11.0	2.7	15.9	1.7	2.9

All data as at December 31, 2017

¹ Financial Leverage weighted average excludes companies in the Financials sector.

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Source: Sprucegrove, MSCI, Capital IQ

Country Allocation & Performance – 1 Year, ending Dec. 31, 2017

Sprucegrove U.S. International Pooled Fund

	Weighting, as at December 31, 2017 (%)		Performance, 1 Year ending December 31, 2017 (%)	
	Sprucegrove U.S. International Pooled Fund	MSCI EAFE	Sprucegrove U.S. International Pooled Fund ¹	MSCI
Australia	2.0	6.9	15.6	19.9
Hong Kong	6.1	3.6	23.4	36.2
Japan	12.2	24.0	36.4	24.0
Singapore	6.1	1.3	47.3	35.6
Other	-	0.2	-	-
Pacific	26.4	36.0	33.6	24.6
Finland	0.8	0.9	26.3	22.5
France	4.7	10.7	22.9	28.7
Germany	3.6	9.8	22.6	27.7
Holland	4.4	3.6	11.2	32.2
Ireland	1.5	0.5	5.5	18.1
Italy	0.5	2.3	24.0	28.4
Spain	2.3	3.2	32.0	27.0
Other	-	1.5	-	-
Eurozone	17.9	32.5	19.7	26.5
Denmark	0.2	1.8	-	34.7
Norway	3.1	0.7	15.8	28.3
Sweden	-	2.7	-	20.6
Switzerland	9.1	8.0	25.7	22.5
U.K.	22.6	17.8	29.2	22.3
Other	-	0.5	-	-
Non-Eurozone	35.0	31.5	27.2	23.0
Europe	52.9	64.0	24.6	25.5
Brazil	1.6	0.0	34.8	24.1
China	1.4	0.0	2.7	54.1
India	4.7	0.0	44.5	38.8
Korea	3.7	0.0	58.9	47.3
Panama	0.5	0.0	50.8	-
South Africa	2.4	0.0	26.5	36.1
Emerging Markets	14.3	0.0	39.6	37.3
Canada	2.1	0.0	24.1	16.1
Cash	4.4	-	-	-
Total	100.0	100.0	Fund: 27.9	EAFE: 25.0

Country allocation is a residual of our bottom-up process

¹ Returns are gross of fees in U.S. dollars.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI



Country Allocation & Performance – Q4 2017

Sprucegrove U.S. International Pooled Fund

	Weighting, as at December 31, 2017 (%)		Performance, Quarter ending December 31, 2017 (%)	
	Sprucegrove U.S. International Pooled Fund	MSCI EAFE	Sprucegrove U.S. International Pooled Fund ¹	MSCI
Australia	2.0	6.9	2.2	6.8
Hong Kong	6.1	3.6	1.0	6.6
Japan	12.2	24.0	12.7	8.5
Singapore	6.1	1.3	11.4	10.1
Other	-	0.2	-	-
Pacific	26.4	36.0	8.7	8.0
Finland	0.8	0.9	2.0	(2.6)
France	4.7	10.7	4.3	1.5
Germany	3.6	9.8	3.2	2.8
Holland	4.4	3.6	3.5	0.8
Ireland	1.5	0.5	(5.7)	3.5
Italy	0.5	2.3	1.6	(2.3)
Spain	2.3	3.2	(5.3)	(1.6)
Other	-	1.5	-	-
Eurozone	17.9	32.5	1.5	0.4
Denmark	0.2	1.8	-	2.2
Norway	3.1	0.7	1.8	1.9
Sweden	-	2.7	-	(3.8)
Switzerland	9.1	8.0	(1.3)	1.8
U.K.	22.6	17.8	7.3	5.7
Other	-	0.5	-	-
Non-Eurozone	35.0	31.5	4.4	3.5
Europe	52.9	64.0	3.4	2.2
Brazil	1.6	0.0	(5.1)	(2.0)
China	1.4	0.0	(0.0)	7.6
India	4.7	0.0	19.5	11.8
Korea	3.7	0.0	9.4	11.4
Panama	0.5	0.0	8.3	-
South Africa	2.4	0.0	29.5	21.4
Emerging Markets	14.3	0.0	12.6	7.4
Canada	2.1	0.0	4.3	4.3
Cash	4.4	-	-	-
Total	100.0	100.0	Fund: 5.9	EAFE: 4.2

Country allocation is a residual of our bottom-up process

¹ Returns are gross of fees in U.S. dollars.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI



Historical Rolling Returns

Sprucegrove EAFE – U.S. Client Composite

	Annual (%)		3 Years (%)		5 Years (%)		7 Years (%)		10 Years (%)	
	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE	Sprucegrove	MSCI EAFE
1986	45.8	69.4								
1987	14.7	24.6								
1988	26.3	28.3	28.3	39.4						
1989	27.8	10.5	22.8	20.9						
1990	-6.8	-23.4	14.6	2.8	20.3	18.1				
1991	24.0	12.1	13.9	-1.7	16.4	8.7				
1992	1.3	-12.2	5.4	-9.0	13.6	1.4	17.9	12.3		
1993	37.3	32.6	19.9	9.3	15.5	2.0	16.9	8.5		
1994	6.2	7.8	13.9	7.9	11.3	1.5	15.6	6.2		
1995	12.3	11.2	17.8	16.7	15.5	9.4	13.6	4.1	17.9	13.6
1996	17.9	6.0	12.0	8.3	14.3	8.2	12.3	3.5	15.4	8.4
1997	10.4	1.8	13.5	6.3	16.3	11.4	15.1	7.8	14.9	6.3
1998	9.0	20.0	12.4	9.0	11.1	9.2	13.0	8.8	13.3	5.5
1999	22.3	27.0	13.7	15.7	14.3	12.8	16.1	14.7	12.8	7.0
2000	2.5	-14.2	11.0	9.4	12.2	7.1	11.3	7.8	13.8	8.2
2001	-5.0	-21.4	6.0	-5.0	7.5	0.9	9.6	3.0	10.8	4.5
2002	-1.1	-15.9	-1.2	-17.2	5.1	-2.9	7.6	-1.0	10.6	4.0
2003	34.2	38.6	8.0	-2.9	9.6	-0.1	9.6	2.9	10.3	4.5
2004	24.9	20.3	18.3	11.9	10.0	-1.1	11.6	5.3	12.1	5.6
2005	14.4	13.5	24.2	23.7	12.5	4.6	12.3	4.5	12.3	5.8
2006	30.4	26.3	23.0	19.9	19.8	15.0	13.4	4.4	13.5	7.7
2007	5.0	11.2	16.1	16.8	21.3	21.6	13.8	8.4	12.9	8.7
2008	-42.2	-43.4	-7.5	-7.3	2.5	1.7	6.0	3.4	6.0	0.8
2009	36.6	31.8	-6.1	-6.0	4.3	3.5	11.0	10.3	7.2	1.2
2010	19.6	7.8	-1.9	-7.0	5.3	2.5	9.2	6.4	8.8	3.5
2011	-10.3	-12.2	13.6	7.6	-2.3	-4.7	4.1	1.7	8.2	4.7
2012	18.1	17.3	8.2	3.6	0.0	-3.7	4.6	2.2	10.1	8.2
2013	17.6	22.8	7.6	8.2	15.3	12.4	3.1	1.8	8.7	6.9
2014	-3.5	-4.9	10.2	11.1	7.5	5.3	1.8	-0.5	5.9	4.4
2015	-8.7	-0.8	1.3	5.0	1.9	3.6	8.7	7.8	3.6	3.0
2016	11.4	1.0	-0.6	-1.6	6.5	6.5	5.6	3.8	2.0	0.7
2017	27.4	25.0	9.0	7.8	8.1	7.9	6.6	6.0	4.0	1.9
Periods Outperformed	69%		73%		89%		100%		100%	
Number of Years	22 / 32		22 / 30		25 / 28		26 / 26		23 / 23	

All data as at December 31, unless stated otherwise.

Refer to Performance Footnotes in the appendix for additional details. It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Performance is gross of fees in U.S. dollars.

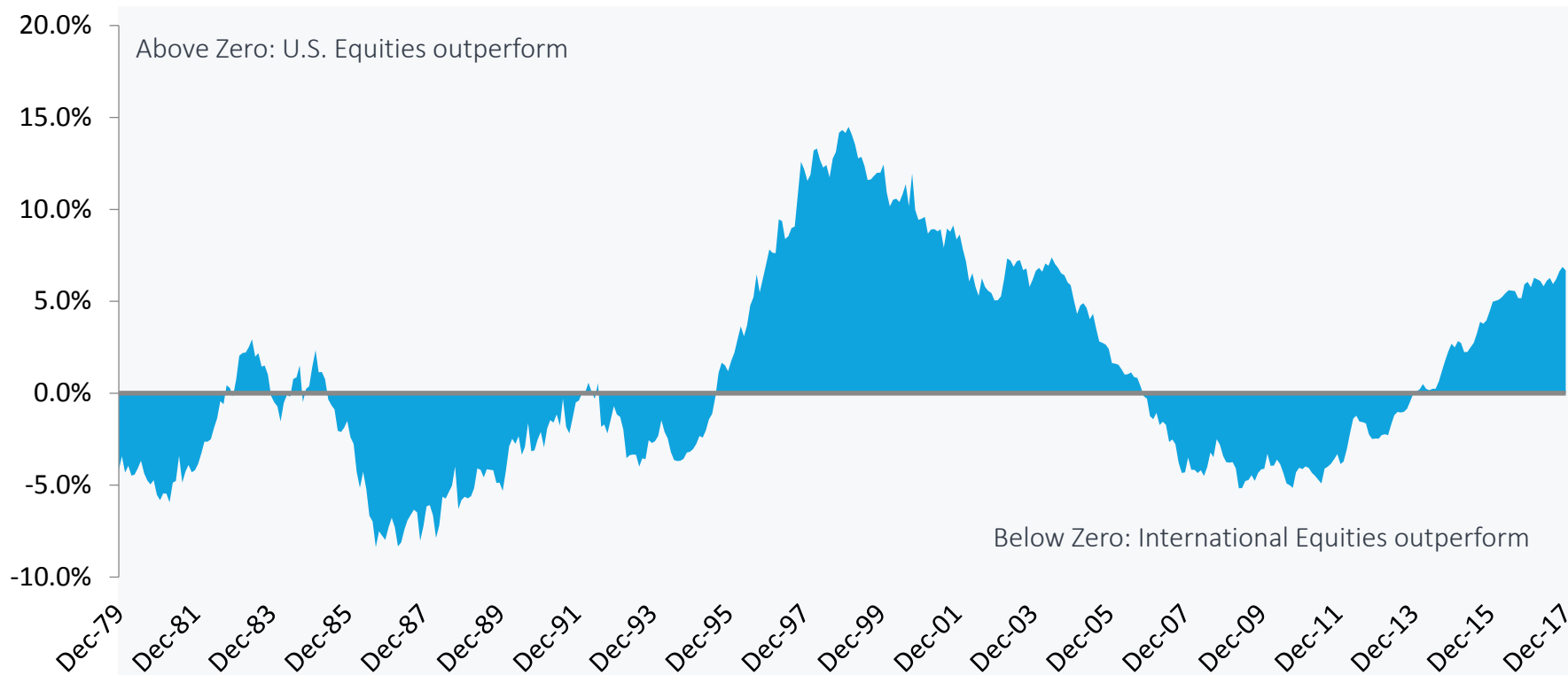
Source: Sprucegrove, MSCI



Why invest outside of the U.S.?

Diversification benefits can be seen from change in market leadership

■ Rolling 10 Year Annualized Total Return Difference Between U.S. Equities and International Equities



Source: MSCI data; MSCI USA gross Index used for U.S. equities; MSCI EAFE net Index (January 1970 – December 2000) and MSCI ACWI ex-U.S. net Index (January 2001 – December 2017) used for International Equities. In U.S. dollars.

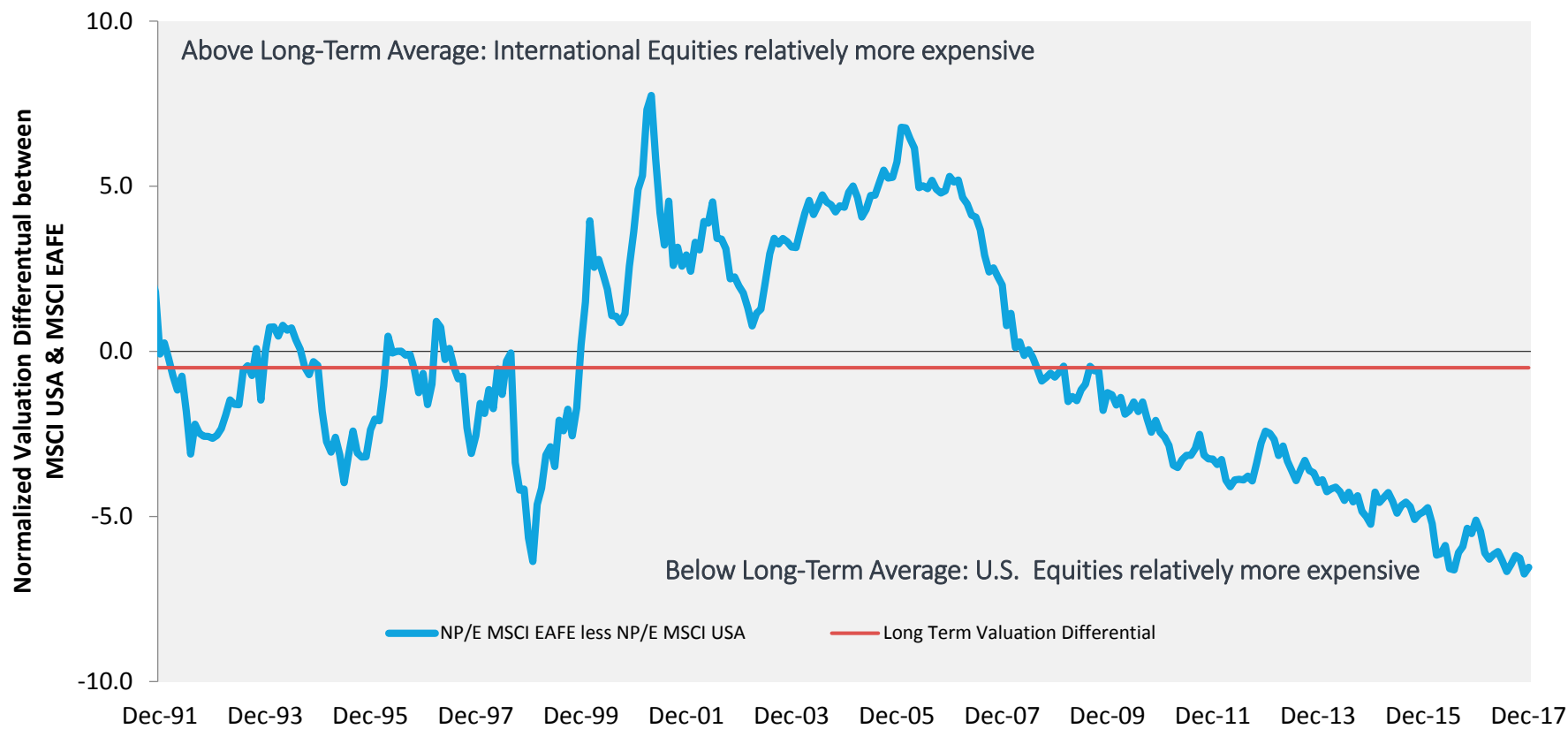
It should not be assumed that investments made in the future will be profitable or will equal any results shown here.

Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.



International stocks attractive

Normalized P/E of MSCI EAFE relative to MSCI USA



Source: MSCI, Sprucegrove

Normalized Earnings: Historical 10 Year Avg. ROE x Current Book Value

Normalized Price/Earnings Ratio (NP/E): Current Share price / Normalized Earnings

It should not be assumed that investments made in the future will be profitable or will equal any results shown here.

Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.



Cumulative total return history (net of fees) for VCERA

Growth of \$1,000 since inception on April 1, 2002 to March 31, 2018

Value added over and above investment management fees



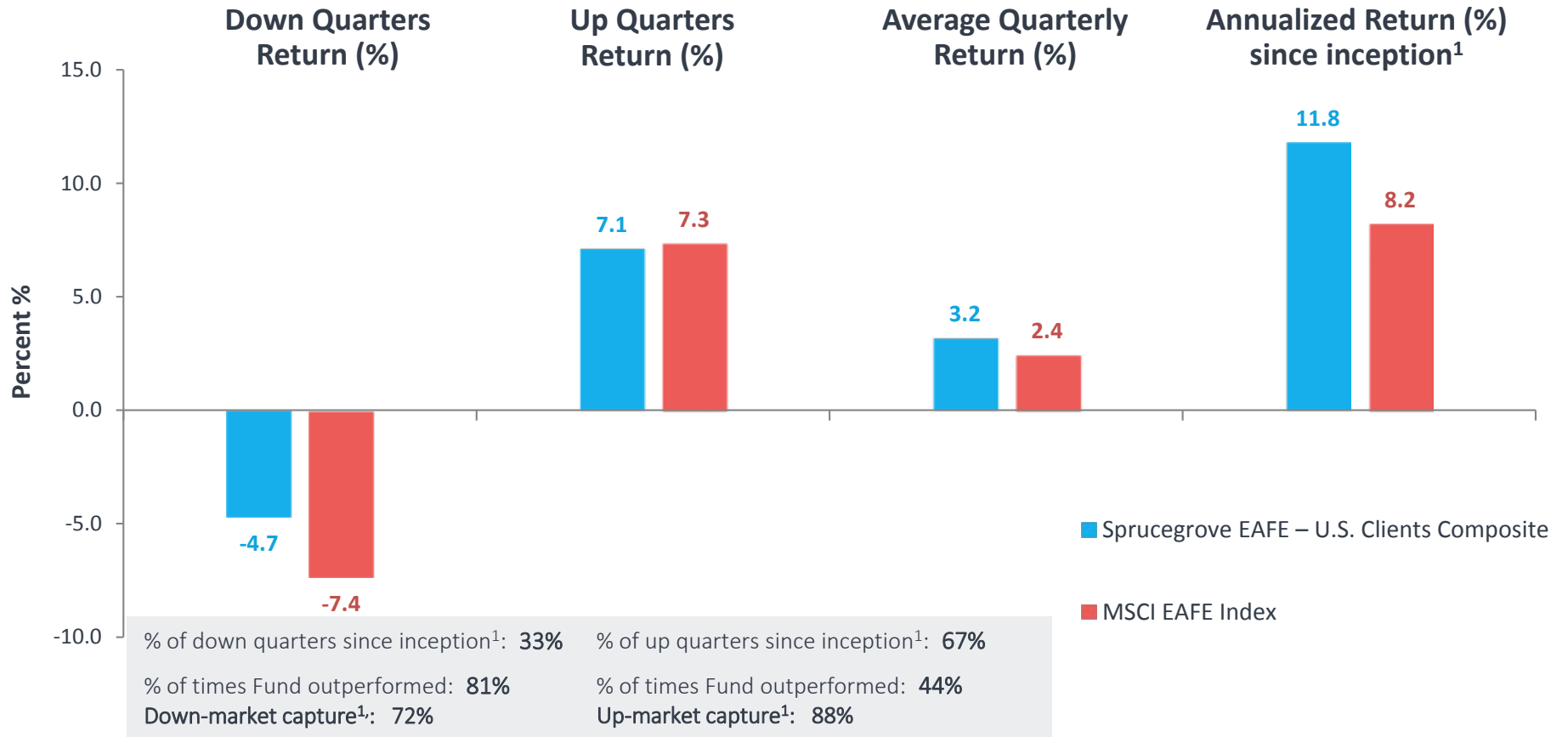
Returns are net of fees in U.S. dollars.

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI

Average Quarterly Up and Down Market Performance

Sprucegrove EAFE – U.S. Clients Composite vs. MSCI EAFE



¹ Composite Creation Date: September 30, 1985. Preliminary data.

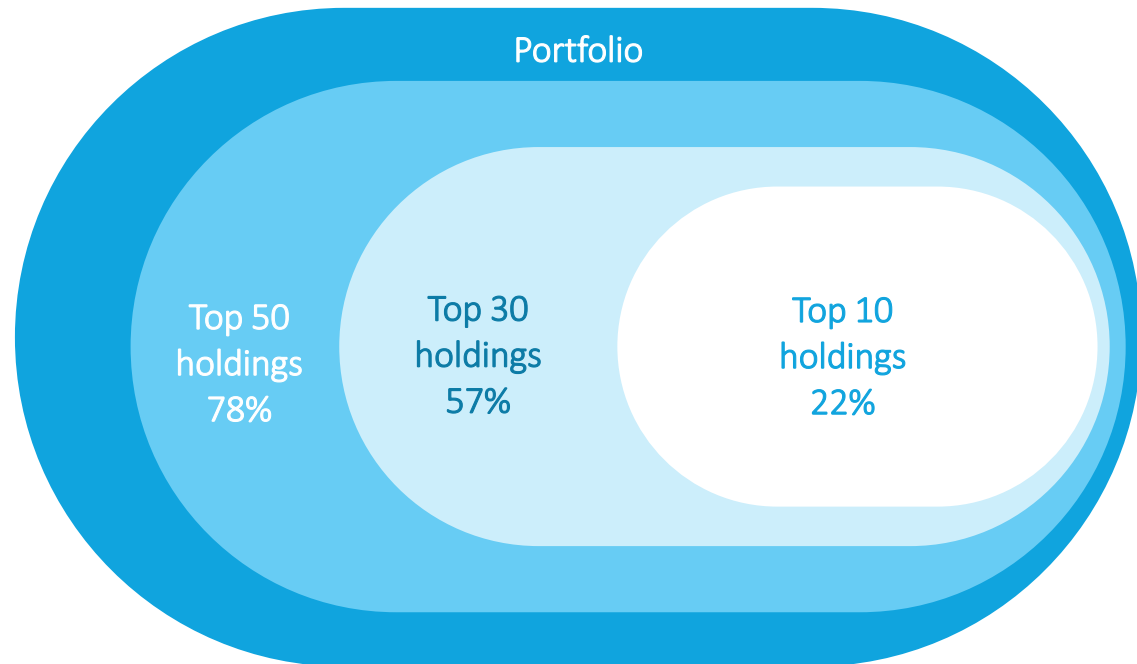
Negative Index returns in a quarter are considered down quarters whereas positive Index returns in a quarter are considered up quarters. Quarterly returns shown are not annualized and are simple arithmetic averages, for illustration purposes only. Returns are Gross of Fees in U.S. dollars. It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees.

Source: Sprucegrove, eVestment, MSCI

Portfolio Concentration and Active Share

The majority of the portfolio is invested in the top 30-50 holdings

# of Portfolio Holdings	84
# of MSCI EAFE Index Holdings	928
Active Share ¹	86%



Our portfolios are constructed from the bottom-up, based on quality and valuation.

All data at December 31, 2017

¹Active Share is a measure of the percentage of stock holdings in a portfolio that differ from the benchmark.

Source: Sprucegrove, MSCI, Style Research

Historical Sector Weightings

Sprucegrove U.S. International Pooled Fund

Sector	Weightings (%)										
	Sprucegrove U.S. International Pooled Fund										MSCI EAFE
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
Energy	9.8	11.3	11.2	11.3	10.1	11.6	10.0	10.0	11.0	9.8	5.3
Materials	10.1	9.6	10.4	11.6	11.4	11.8	11.7	10.8	15.0	15.5	8.2
Industrials	15.9	17.7	18.1	17.4	18.9	19.4	19.0	17.3	16.7	16.3	14.6
Consumer Discretionary	15.7	17.6	18.1	15.0	14.4	13.0	12.4	15.7	14.0	13.4	12.3
Consumer Staples	6.1	4.8	3.5	4.7	4.8	4.6	4.6	5.9	6.5	7.1	11.2
Health Care	11.3	8.7	7.6	9.3	8.1	7.5	6.1	4.8	3.5	3.5	10.1
Financials	9.1	9.3	9.5	9.9	11.0	12.9	15.4	15.5	14.3	14.6	21.2
Information Technology	8.1	11.4	12.4	10.9	12.4	11.4	11.4	10.9	11.1	10.1	6.4
Telecomm. Services	5.3	3.0	3.6	3.1	3.0	2.6	3.0	2.8	2.1	2.1	3.9
Utilities	3.9	2.7	2.8	3.2	3.3	2.9	3.2	3.2	1.9	2.1	3.2
Real Estate	-	-	-	-	-	-	-	-	1.3	1.2	3.6
Cash	4.7	3.9	2.8	3.6	2.5	2.4	3.2	3.2	2.6	4.4	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

All data as at December 31

Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI



Historical Country Weightings

Sprucegrove U.S. International Pooled Fund

Country	Weightings (%)										MSCI EAFE
	Sprucegrove U.S. International Pooled Fund										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
Australia	1.1	2.3	2.5	2.7	2.8	2.5	2.3	2.4	2.5	2.0	6.9
Hong Kong	4.9	4.2	5.0	5.4	5.4	5.7	6.7	6.8	6.6	6.1	3.6
Japan	20.7	20.2	20.8	20.8	19.5	16.7	15.5	13.8	12.8	12.2	24.0
Singapore	4.1	4.9	5.2	5.6	6.4	6.0	6.6	6.1	5.2	6.1	1.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Pacific	30.8	31.6	33.4	34.5	34.1	30.9	31.1	29.1	27.1	26.4	36.0
Finland	0.7	1.4	0.9	0.0	0.0	0.3	0.8	1.7	1.2	0.8	0.9
France	4.0	3.7	3.0	3.4	3.6	3.6	3.3	3.9	4.7	4.7	10.7
Germany	3.7	3.8	4.2	3.7	4.3	3.4	3.2	4.1	3.1	3.6	9.8
Holland	1.8	2.7	3.5	4.1	4.1	4.9	4.3	4.2	4.3	4.4	3.6
Ireland	5.2	4.9	4.3	4.5	4.4	4.0	3.5	3.6	2.4	1.5	0.5
Italy	3.2	2.7	2.6	1.0	1.0	1.1	1.0	1.0	0.6	0.5	2.3
Spain	1.5	1.2	1.7	1.6	2.0	2.5	2.6	2.2	2.1	2.3	3.2
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5
Euro Zone	20.3	20.4	20.3	18.2	19.2	19.7	18.7	20.7	18.3	17.9	32.5
Denmark	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1.8
Norway	0.0	0.0	0.0	0.0	0.4	0.8	1.9	2.1	3.1	3.1	0.7
Sweden	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7
Switzerland	13.3	12.7	11.0	12.0	11.7	11.3	8.8	8.5	9.7	9.1	8.0
U.K.	15.9	17.7	18.7	17.6	18.1	18.9	19.1	20.7	22.3	22.6	17.8
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Non-Euro Zone	29.2	30.4	29.7	29.7	30.2	31.0	29.8	31.2	35.0	35.0	31.5
Europe	49.5	50.8	50.0	47.9	49.4	50.8	48.5	52.0	53.3	52.9	64.0
Brazil	1.1	1.7	1.5	1.2	0.9	1.5	1.3	0.6	1.3	1.6	0.0
China	0.0	0.4	1.1	1.6	1.7	1.8	2.3	2.3	1.7	1.4	0.0
Hungary	0.7	0.7	0.6	0.4	0.4	0.5	0.3	0.0	0.0	0.0	0.0
India	2.4	2.1	1.3	1.4	1.7	2.9	4.0	4.3	3.9	4.7	0.0
Korea	3.7	3.9	3.8	3.5	3.5	3.3	3.1	3.1	4.0	3.7	0.0
Malaysia	0.9	0.6	0.6	0.4	0.2	0.3	0.4	0.4	0.0	0.0	0.0
Mexico	3.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Panama	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.5	0.0
South Africa	0.9	1.8	2.4	2.8	2.5	2.3	2.3	2.1	2.3	2.4	0.0
Emerging Markets	13.1	11.4	11.3	11.2	11.0	12.5	13.6	12.7	14.0	14.3	0.0
Canada	1.9	2.3	2.4	2.8	3.0	3.5	3.6	3.0	3.0	2.1	0.0
Cash	4.7	3.9	2.8	3.6	2.5	2.4	3.2	3.2	2.6	4.4	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

All data as at December 31

Refer to Performance Footnotes in the appendix for additional details.

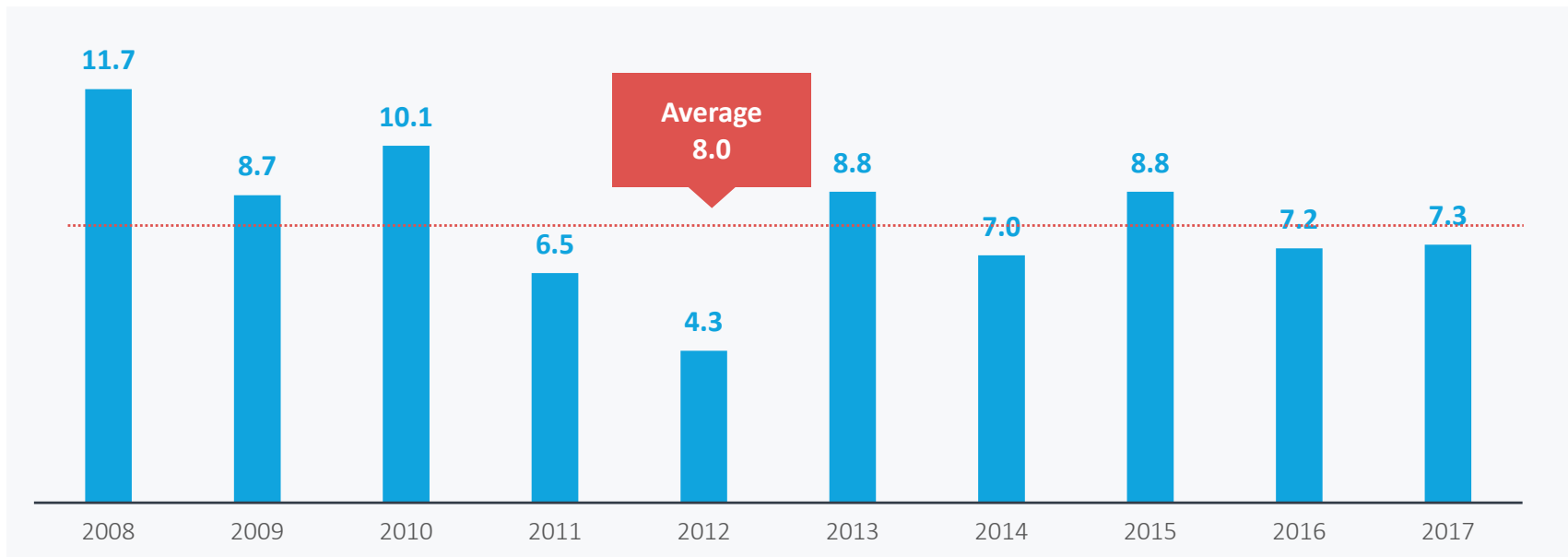
Source: Sprucegrove, MSCI



Historical Annual Turnover

Sprucegrove U.S. International Pooled Fund

Turnover (%)



Average long-term holding period of over 12 years

All data as at December 31

It should not be assumed that investments made in the future will be profitable or will equal any results shown here. Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Annual Performance Results

Sprucegrove EAFE - U.S. Clients Composite

Year ¹	Composite Gross Return \$USD (%)	EAFE \$USD Benchmark Return (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)	# of Portfolios	Internal Dispersion (%)	Composite Assets (\$M)	Firm Assets (\$M)
2008	(42.2)	(43.4)	18.2	19.2	20	2.2	4,906	11,861
2009	36.6	31.8	21.8	23.6	17	4.4	6,561	15,555
2010	19.6	7.8	24.6	26.2	18	2.8	8,512	19,364
2011	(10.3)	(12.1)	20.5	22.4	18	2.2	7,341	17,788
2012	18.1	17.3	17.8	19.4	18	1.2	8,977	21,421
2013	17.8	22.8	14.2	16.3	20	3.7	10,667	24,583
2014	(3.3)	(4.9)	11.6	13.0	20	2.4	10,046	22,652
2015	(8.7)	(0.8)	11.5	12.5	17	3.8	8,740	17,375
2016	11.4	1.0	12.5	12.5	17	4.3	8,946	14,888
2017 ²	27.4	25.0	12.2	11.8	15	2.9	10,316	16,102

Composite creation date: October 1, 1985

¹ For the years ended December 31

² Preliminary

It should not be assumed that investments made in the future will be profitable or will equal any results shown here.

Investment performance will be reduced by investment management fees. Refer to Performance Footnotes in the appendix for additional details.

Source: Sprucegrove, MSCI

Currency



Policy Guidelines

Sprucegrove U.S. International Pooled Fund

Methodology	Value approach using a bottom-up, stock selection process with an emphasis on owning quality companies at attractive valuations.
Mandate	International equities
Benchmark	MSCI EAFE Index (U.S. Dollars)

Restrictions/Limits															
Asset Mix	<table border="0"> <tr> <td>Cash & Short Term</td> <td>0% - 10%</td> </tr> <tr> <td>Equities</td> <td>90% - 100%</td> </tr> </table>	Cash & Short Term	0% - 10%	Equities	90% - 100%										
Cash & Short Term	0% - 10%														
Equities	90% - 100%														
Region	Minimum three countries from EAFE Europe region and three countries from EAFE Asia/Pacific region.														
Country	<p>The Fund will be subject to the following minimum - maximum country weightings:</p> <table border="0"> <tr> <td>Japan</td> <td>5% - 50%</td> </tr> <tr> <td>United Kingdom</td> <td>10% - 50%</td> </tr> <tr> <td>Canada</td> <td>0% - 10%</td> </tr> <tr> <td>United States</td> <td>excluded</td> </tr> <tr> <td>Other EAFE countries</td> <td>0% - 15%</td> </tr> <tr> <td>Total non-EAFE countries, excluding Canada</td> <td>0% - 15%</td> </tr> <tr> <td>Total non-EAFE countries</td> <td>0% - 20%</td> </tr> </table>	Japan	5% - 50%	United Kingdom	10% - 50%	Canada	0% - 10%	United States	excluded	Other EAFE countries	0% - 15%	Total non-EAFE countries, excluding Canada	0% - 15%	Total non-EAFE countries	0% - 20%
Japan	5% - 50%														
United Kingdom	10% - 50%														
Canada	0% - 10%														
United States	excluded														
Other EAFE countries	0% - 15%														
Total non-EAFE countries, excluding Canada	0% - 15%														
Total non-EAFE countries	0% - 20%														
Sector	<p>Minimum 7 of 11 MSCI sectors Maximum individual sector 30%</p>														
Company Holdings	<p>Minimum 40 companies Maximum company weighting 5% Maximum ownership, lesser of outstanding shares 5%; free float 10%</p>														
Other	In unusual circumstances, the Fund may exceed the above guidelines for short periods of time.														

Performance Notes

Sprucegrove Investment Returns

Investment performance returns exclude any investment management fees paid by the investor. Investment advisory fees will reduce stated returns. Performance returns are calculated on a time weighted, total return basis which includes dividend net of withholding taxes and interest income, realized and unrealized gains or losses, transaction costs and other expenses, if any. For example, a 90 basis point investment advisory fee applied to an investment with an annual gross return of 10% will provide a compounded gross return of 10.0% after 1 year and a 61.1% return after 5 years while the compounded net return after investment advisory fees would result in a return of 9.04% after 1 year and a 54.16% after 5 years.

MSCI EAFE & World Indices

The Morgan Stanley Capital International (MSCI) EAFE and World Indices are presented as benchmarks for investment performance. The Indices are the arithmetical average, weighted by market value of the performance of companies representing the stock markets of Canada, the U.S., Europe, Australasia, and the Far East. Returns shown assume reinvestment of dividends. The MSCI EAFE Index includes a selection of stocks from 22 developed markets and is designed to measure the equity performance of developed markets, excluding Canada and the United States. MSCI World Index includes the 22 countries that make up the EAFE Index along with Canada and the U.S. Throughout this report MSCI data is provided as a comparative reference only and may not be used in any way without the express permission of MSCI.

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S&P 500 Index

The S&P 500 Index is presented as a benchmark for investment performance. The Index is the arithmetic average, weighted by market value of the performance of companies representing the stock markets of the U.S. Returns shown assume reinvestment of dividends. The S&P Index includes 500 leading companies in leading industries of the U.S. economy.

Specific Recommendations

Examples of specific holdings are intended to demonstrate our investment process and should not be construed as representative of investment performance. It should not be assumed that investments made in the future will be profitable or will equal any results presented. A list of all securities purchased and sold within the past year (together with dates and prices) is available upon request.

Possibility of Loss

Investors should be aware that market conditions affect performance and that investment programs carry with them the possibility of loss. It should not be assumed that investments made in the future will be profitable or will equal any results shown in this document.

GIPS Compliance Notes

Sprucegrove Investment Management Ltd. (Sprucegrove) claims compliance with the Global Investment Performance Standards (GIPS®). Sprucegrove has been independently verified for the periods May 1, 1985 to December 31, 2016. The composites have been examined for the periods May 1, 1985 to December 31, 2016.

Continued on next page

Performance Notes (continued)

Definition of the Firm

Sprucegrove is registered in most provinces in Canada as Investment Fund Manager and Portfolio Manager and with the SEC as an Investment Advisor. It manages fully discretionary accounts for fee paying clients. All portfolios with a market value greater than \$5 million are included in a composite.

Composite and Benchmark Definition

Composites and their corresponding benchmarks are determined by equity mandate (EAFE, Global or U.S.) and by the country in which the respective account is domiciled (Canada or the United States). The following is a list of the composites and their benchmarks:

Composite	Inception Date of Composite	Benchmark
EAFE - Canadian Clients Composite	May 1985	MSCI EAFE Net Index - CAD
Global - Canadian Clients Composite	July 1992	MSCI World Net Index - CAD
U.S. Equities - Canadian Clients Composite	November 2001	S&P 500 Net Index - CAD
EAFE - U.S. Clients Composite	October 1985	MSCI EAFE Net Index – US

Fee Schedules

The following are the standard fee schedules based on the market value of assets managed.

Pooled Fund Accounts			Separate Fund Accounts		
	Assets Managed	Rate		Assets Managed	Rate
First	\$5,000,000.00	0.70%	First	\$25,000,000.00	0.70%
Next	\$10,000,000.00	0.65%	Next	\$25,000,000.00	0.60%
Next	\$25,000,000.00	0.55%	Next	\$25,000,000.00	0.50%
Next	\$35,000,000.00	0.50%	Next	\$225,000,000.00	0.25%
Next	\$225,000,000.00	0.25%	Balance		0.20%
Balance		0.20%			

Past Performance

Prior to Sprucegrove commencing operations in 1993, the Sprucegrove team managed two EAFE portfolios at Confederation Life Insurance, from their inception in 1985, until the portfolios were acquired by Sprucegrove in 1994. Accordingly the performance of these portfolios are linked to their continuation at Sprucegrove as follows: The EAFE Canadian Clients composite includes the performance of the Confederation Life International Pooled Fund from 1985 to 1994; The EAFE U.S. Clients composite includes the performance of the Confederation Life American International Pooled Fund from 1985 to 1994. Prior to December 31, 2011, the name of each composite included the term “Pooled and Separate Accounts Combined.” This term was removed from the composite names as of December 31, 2011.

Further Information

To obtain a presentation that complies with GIPS requirements, and/or a list of composite description, please contact your client service representative.

For more information please contact:

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Sebastien Roy

Vice President, Marketing & Client Services
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Manager, Marketing & Client Services
shansson@sprucegrove.ca
416.363.5854 ext.248

Ventura County Custody Services

April 16, 2018



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Contents

Our Company Today

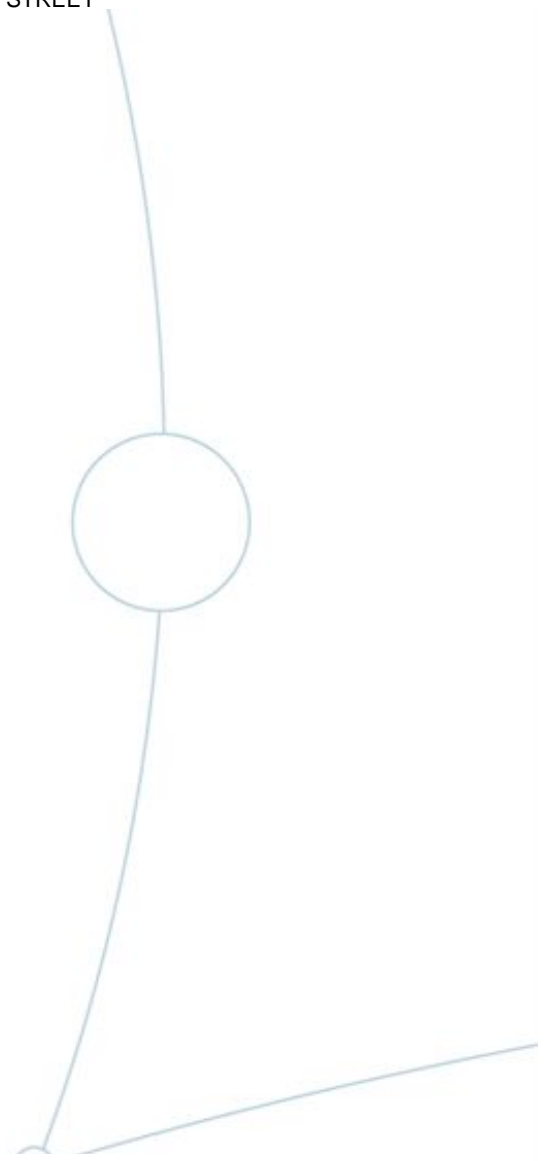
Our Way Ahead

Public Funds Focus

Core Services

Class Actions Overview

Focus on Risk and Controls



Biography

Tonya Cordray, Vice President, Relationship Management, Investor Services Americas



Tonya A Cordray has 20 years of industry experience, 17 years with State Street. Tonya is Ventura County's Relationship Manager. Just prior Tonya was the Vice President responsible for oversight of the Relationship Management and Client Service teams in the Kansas City office servicing Public Fund and Taft Hartley clients within the Investor Services Americas division of State Street.

Prior to working in Investor Services Americas, Tonya worked as an Assistant Vice President in the Global Transaction Processing (GTP) team. During her time in GTP, she was responsible for multiple groups including Wealth Manager Services, FTTOP policies, and the Specialized Processing teams consisting of Secure Transport, Tri-Party Repos and Time Deposits, and Secure E-Mail. While managing Wealth Manager Services she worked directly with a number of large companies at State Street.

Prior to working in GTP, she managed large insurance and mutual fund companies at State Street and interacted with many different investment management companies. During this time, Tonya managed the custody, cash and settlement operations including foreign and domestic bonds, equities, derivatives, and corporate actions.

Tonya earned her Bachelors of Science degree in Finance and Accounting Management from Park University and earned a Master's in Business Administration with a concentration in Finance from Webster University. In September 2014, Tonya was one of 54 graduates from the IIS Advanced Leadership Program at State Street.

Biography

Julianna Frank, Officer, Client Service, Investor Services Americas

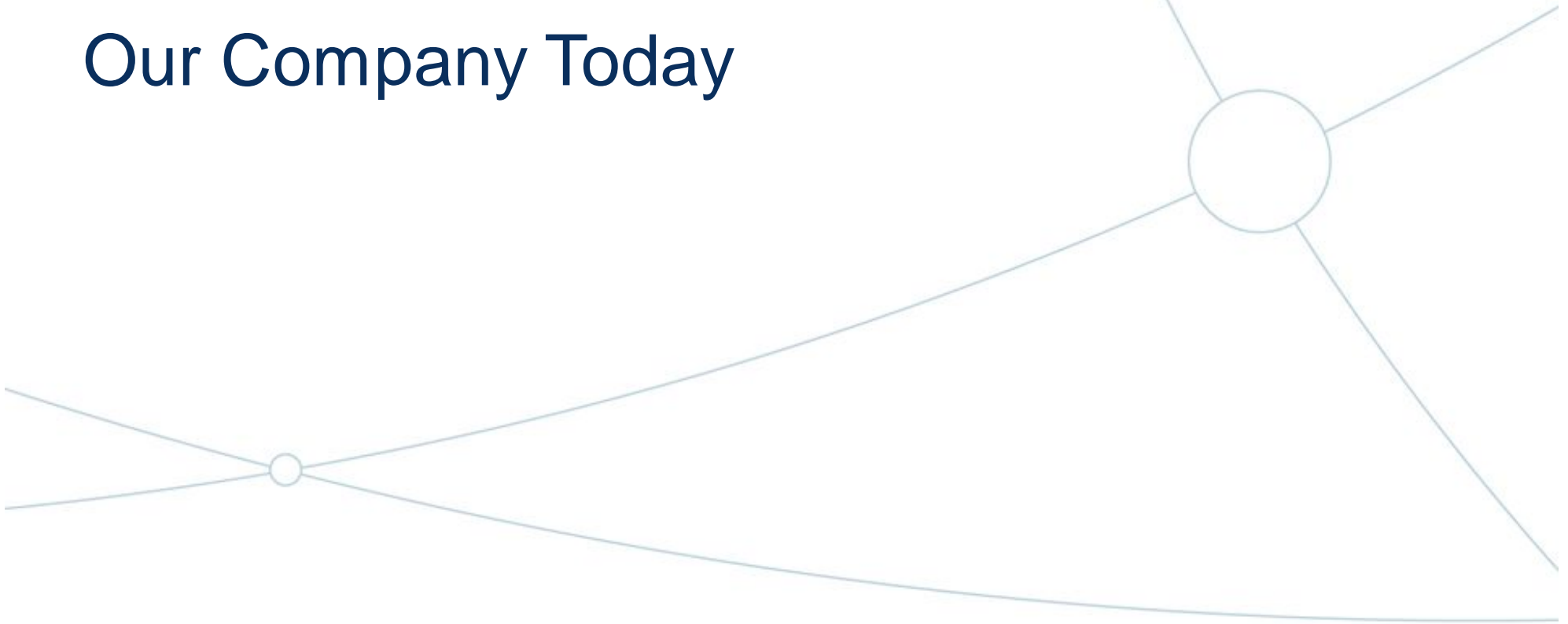


Julianna Frank has eight years of industry experience at State Street Corporation servicing Public Fund, Not-for-profit, Taft Hartley and Corporate Clients. Julianna has been the client service officer for Ventura County Employees' Retirement Association for the past four years.

Prior to her client service roll, Julianna worked as a Senior Portfolio accountant within the accounting team. During her time in the accounting team, Julianna serviced a number of Public Fund, Not-for-profit, Taft Hartley and Corporate Clients. Julianna began working at State Street in 2010 as a Portfolio Accountant. She was promoted to Client Service Operations Manager within the accounting team in 2013.

Julianna earned a Bachelor of Science in Accounting with a minor in Finance from Missouri Western State University in 2008. In 2013, Julianna received a Master's in Business Administration from Baker University.

Our Company Today



Our Company Today



Our Company Today

Strong Global Enterprise

STATE STREET GLOBAL ADVISORS

Investing responsibly to enable economic prosperity and social progress

- Proven experience, with approximately \$2.67 trillion in assets under management* as of September 30, 2017
- Access to a wide range of investment strategies across the risk/return spectrum
- With approximately \$589 billion* in global ETF assets under management, we have one of the broadest ranges of ETFs in the industry

STATE STREET GLOBAL MARKETS

Creating access to alpha, insights, liquidity and financing by enhancing portfolio values

- Delivering investment research, foreign exchange trading and securities lending
- Providing liquidity across 34 international markets, with approximately \$3.64 trillion in lendable assets as of September 30, 2017
- \$21.1 trillion in foreign exchange and interbank volume traded in 2016

STATE STREET GLOBAL SERVICES

Providing customized servicing solutions across traditional and alternative investments

- Assets under custody and administration of approximately \$32.1 trillion as of September 30, 2017
- One of the world's leading investment service providers
- Fund accounting and administration, custody, investment operations outsourcing, recordkeeping, performance and analytics, and transfer agency services

STATE STREET GLOBAL EXCHANGE

Delivering new perspective and insight into risk management and investment strategy

- Integrated solutions across the lifecycle of trades
- Aligning research and advisory, portfolio performance and risk analytics, information and data management to deliver innovation
- Customized and flexible multi-asset class products and services

*AUM reflects approx. \$36.00 billion (as of September 30, 2017) with respect to State Street Global Advisors Funds Distributors, LLC (SSGA FD) which serves as marketing agent; SSGA FD and State Street Global Advisors are affiliated.

Our Company Today

Industry Leadership

Best Data Management
Solution

FTFNews
2017 Technology Innovation
Awards

Best Data Provider – Data^{GX}

HFM
2017 US Technology Awards

Best ETF Custody Service

Fund Action
2017 ETF Innovation Awards

Custodian of the Year: Japan,
Mutual Fund Administrator of
the Year: Americas

Custody Risk
2016 Global Awards

No. 1 in Flow Research for
Real Money Clients

Euromoney
2017 Foreign Exchange Survey

No. 1 Global Custodian
(Global Average Score)

Global Investor/isf
2017 Global Custody Survey

Ranked No.1 Administrator in
Hedge Fund Assets Under
Administration

Absolute Return
2017 Hedge Funds Administrator
Rankings

Best Securities Financing House,
Best Fund Administrator for
Pooled Products, ETF Manager
of the Year and Best ETF
Product

Asia Asset Management
2016 Best of the Best Awards

Best Global Custodian and
Best in Securities Lending

The Asset
Triple A Asset Servicing Awards
2017

*See Appendix for methodology.

Our Company Today

Strong Global Presence*

36,303 Employees Worldwide**

AUSTRALIA
Melbourne
Sydney

AUSTRIA
Vienna

BELGIUM
Brussels

BRUNEI DARUSSALAM
Jerudong

CANADA
Montreal
Toronto
Vancouver

CAYMAN ISLANDS
George Town,
Grand Cayman

CHANNEL ISLANDS
Saint Peter Port, Guernsey
Saint Helier, Jersey

DENMARK
Copenhagen

FRANCE
Paris

GERMANY
Frankfurt
Munich

INDIA
Bangalore
Chennai
Coimbatore
Mumbai
Pune

IRELAND
Carrickmines
Drogheda
Dublin
Kilkenny
Naas

ITALY
Milan
Turin

JAPAN
Fukuoka
Tokyo

LUXEMBOURG
Luxembourg

MALAYSIA
Kuala Lumpur

NETHERLANDS
Amsterdam

**PEOPLE'S
REPUBLIC
OF CHINA**
Beijing
Hangzhou
Hong Kong

POLAND
Gdansk
Krakow

SINGAPORE
Singapore

SOUTH AFRICA
Cape Town

SOUTH KOREA
Seoul

SWITZERLAND
Zurich

TAIWAN
Taipei City

UNITED ARAB EMIRATES
Dubai

UNITED KINGDOM
Edinburgh
London

UNITED STATES
California
Connecticut
Florida
Georgia
Illinois
Massachusetts
Missouri
New Jersey
New York
North Carolina
Pennsylvania
Texas

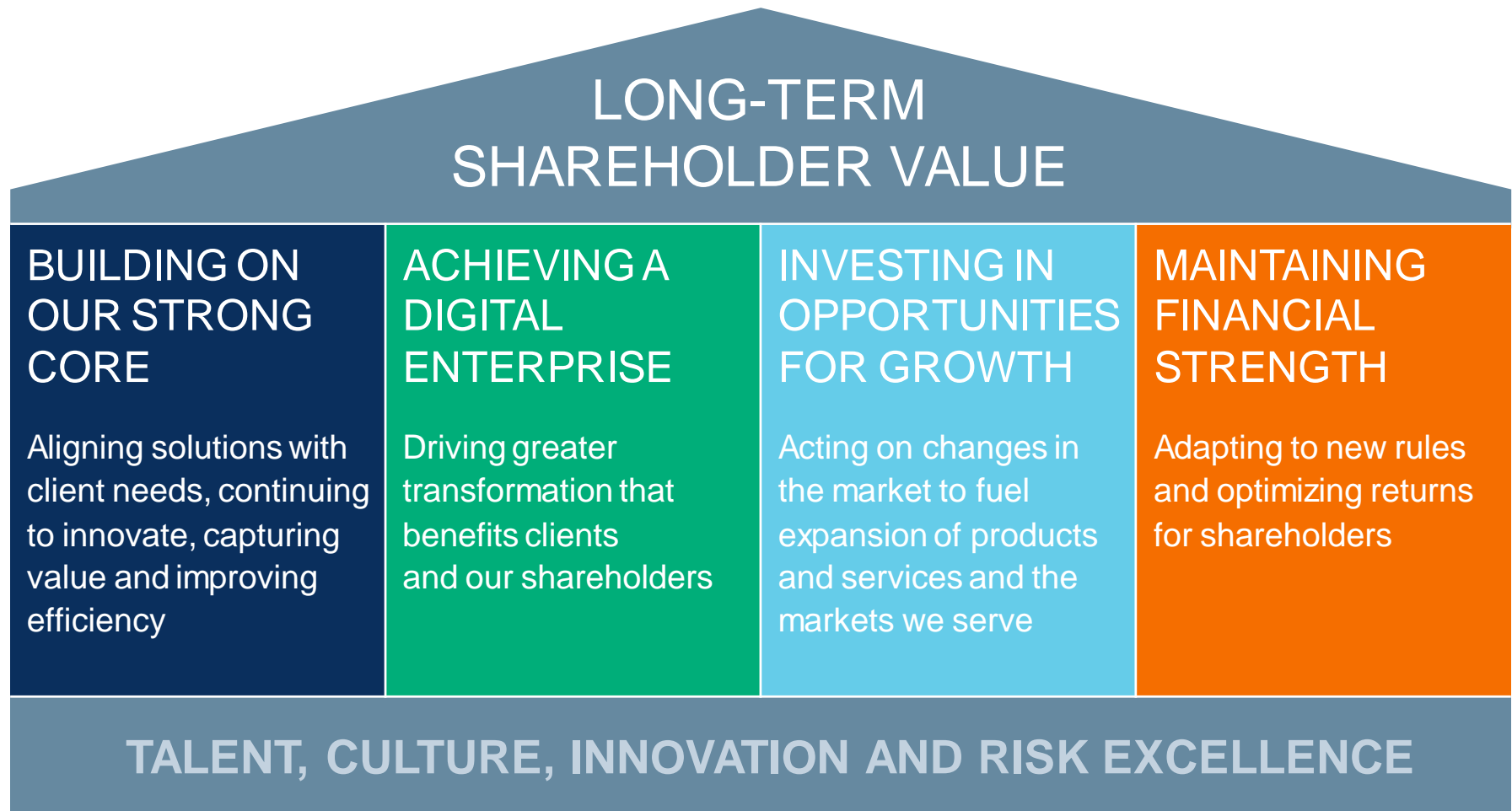
*As of December 31, 2016.

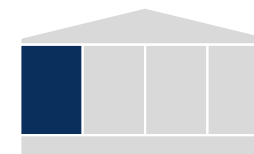
**As of September 30, 2017.

Our Way Ahead



Our Way Ahead





Our Way Ahead

Building on Our Strong Core

Highlights of Our Global Expertise

We're responsible for more than 10 percent of the world's assets.

*Source: State Street and McKinsey Global Institute, Global Capital Markets, December 31, 2015**

**Updated in January 2017 per bespoke McKinsey report.*

This represents State Street's AUCA as a proportion of total global financial assets.

We service 42% of all mutual funds in the United States.

Source: Investment Company Institute, as of December 31, 2016

This statistic is based on assets under custody and administration.

We service more alternative assets than any other provider globally*. We're the top provider of hedge and real estate fund administration by assets.

Source: eVestment Alternative Fund Administration Survey 2017

**Includes private equity and real assets under portfolio administration*

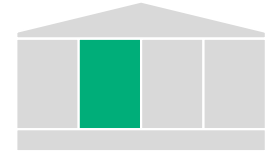
This annual industry survey gathers AuA data from service providers.

SSGA is the third-largest money manager globally.

*Source: P&I Research Center, as of 12/31/2016**

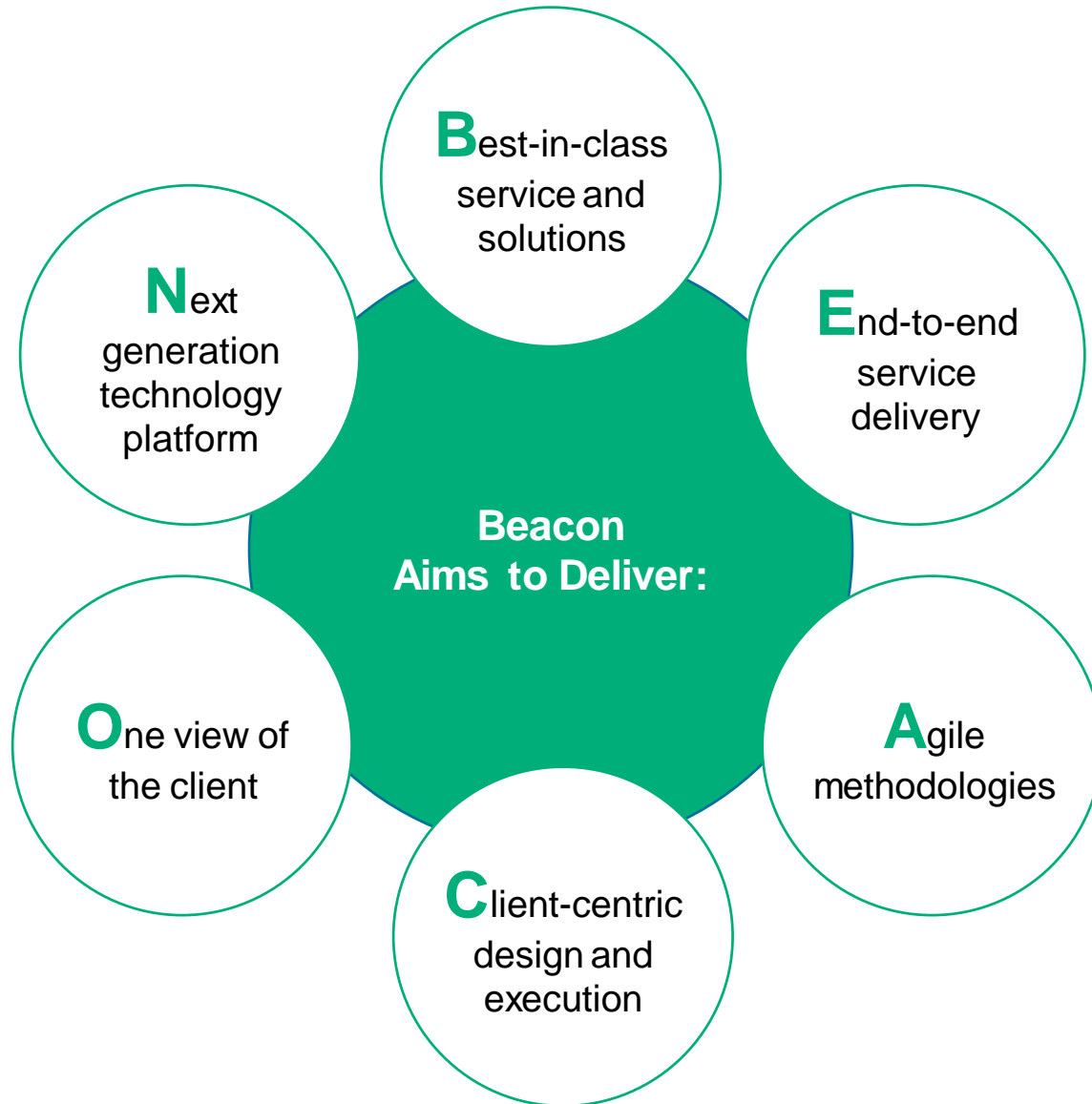
**Published 5/29/2017*

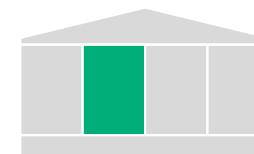
This online data resource aggregates data collected by P&I's editorial team through surveys and day-to-day reporting on thousands of money managers and institutional asset owners.



Our Way Ahead

Capturing the Digital Opportunity: State Street Beacon





Our Way Ahead

Beacon is Driving Operational and Servicing Enhancements



Client Impact

- Improving the speed, quality and experience of our solutions
- Shifting focus from processing to analytics and insight, deepening client partnership
- Delivering net asset values to clients 20-30 minutes faster
- Digitizing data and straight-through processing (STP):
 - Example: 95%+ STP to process global trades for our North American clients
 - Utilizing partner platforms to increase STP and improve quality
- Client-centric investments to improve the user experience and speed to market of our solutions e.g., SEC Modernization



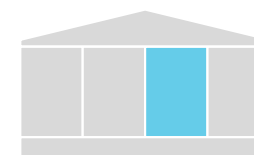
Risk Excellence

- Automating controls: digitizing data and processes and improving quality
- Implementing process monitoring technology: enabling exception-based intervention to identify and resolve issues sooner
- 50%+ reduction in reconciliation defects, resulting in fewer errors since 2016
- Strengthening resiliency of the platforms: investing in data center, cloud, and infrastructure



Engaging the Enterprise

- Investing in the Workforce of the Future enabled by technology
- Leveraging our global “follow the sun” processing model to deliver services more rapidly
- Delivering solutions with enhanced transparency and oversight to drive connectivity
- Investing in talent to drive increased agility, design thinking, and innovation
- Rolling out Beacon across the enterprise to improve efficiency and enhance client experience



Our Way Ahead

Investing in Opportunities for Growth

Investments Supported by Secular Growth Trends:

- Globalization
- Retirement Savings
- Regulation & Complexity

Global Services

- Globalizing alternative investment servicing capabilities (technology, global real estate platform, private equity, private credit funds)
- Developing solutions to help clients navigate evolving regulatory environment
- Enhancing cross-border investment servicing capabilities
- Continuing to enhance ETF servicing platform

Global Advisors

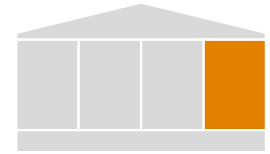
- Deepening ETF innovation
- Expanding in US and EMEA retail intermediary distribution
- Targeting the growing global defined contribution trend
- Providing solutions for Official Institutions

Global Markets

- Expanding FX trading venues (i.e., Street FX, TruCross/FX)
- Advancing Enhanced Custody
- Developing additional currency management solutions

Global Exchange

- Providing data and analytic solutions in support of client front office needs
- Delivering differentiated research and high-touch advisory solutions
- Offering insights and transparency into clients' ESG investment risk



Our Way Ahead

Maintaining Financial Strength

Investing in Growth

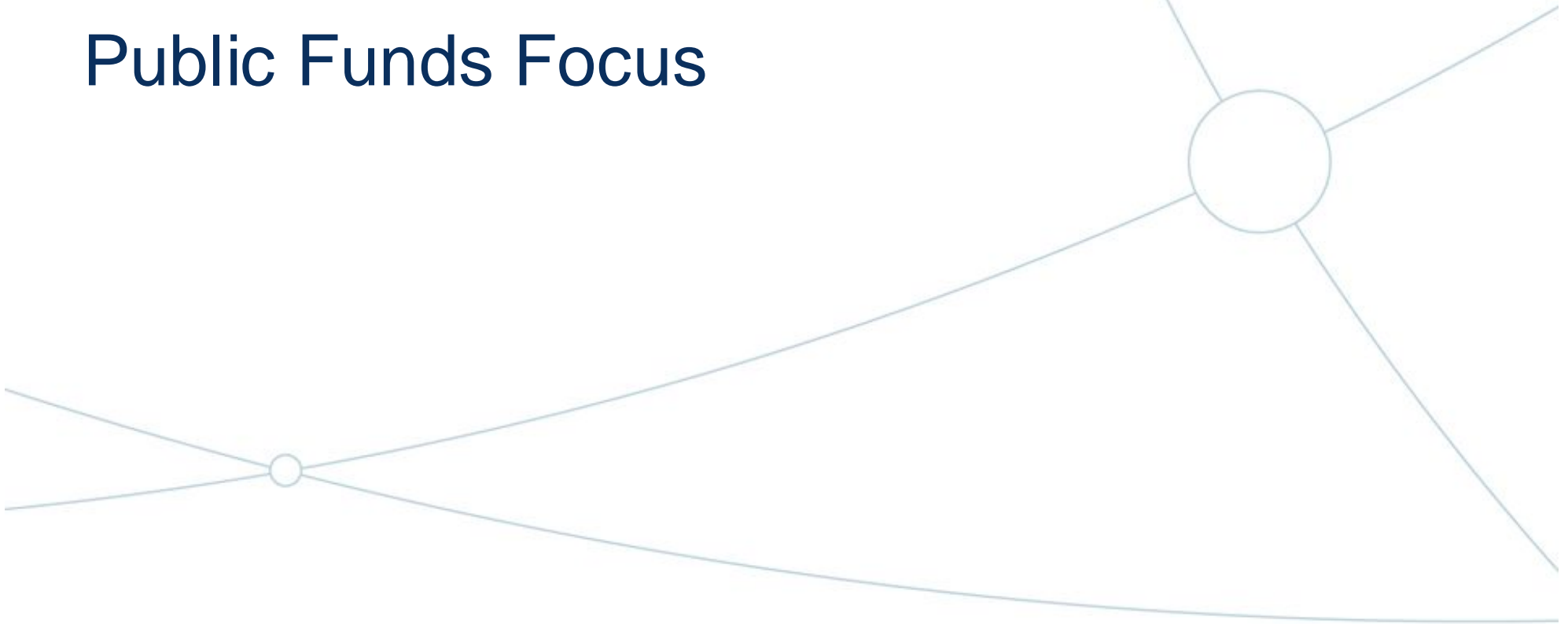
- Focus on strategic initiatives
- Enhance client service with new revenue producing capabilities
- Invest in new technology

Returning Capital to Shareholders

- Optimize capital structure in light of new and emerging rules
- Prioritize return to shareholders through common stock purchases and dividends

Balancing investing in business with shareholder returns

Public Funds Focus



Our Public Fund Focus

- Unmatched market presence
 - We service 19 of the top 50 Public Fund entities in the US*
 - We are a leading investment servicing provider of the public fund market with over 38 percent* market share and over \$2 trillion in public fund assets**
- Deep understanding of the public fund market
 - Leverage over 20 years of experience to continually enhance our products and services
 - Custody Real Time Reporting
 - Cash Management / Movement Tools
 - Investment Policy Compliance Monitoring
 - Executive Level Online Dashboard
 - Integrated Risk Assessment and Performance Measurement Tools
 - Proprietary Derivative Valuation and Processing through OTC Hub
 - GASB Reporting
 - Corporate Governance Interactive Reporting for Class Actions and Proxy Voting
- Consultative approach
 - Client service professionals provide proactive solutions tailored to the requirements of each client

*Source: Money Market Directory

** Source: FAR

As of 12/31/2017

Our Objective

To Serve as an Extension of our Client's Staff

Mission

- **Manage All Aspects of the Client Relationship**
 - Coordinate all aspects of the relationship and be your advocate within State Street
 - Responsible for client satisfaction
 - Share best practices and new ideas from extensive relationship network
 - Rise to the occasion to meet all challenges and work collaboratively to ensure we are exceeding your expectations
- **Provide Consistent, Proactive Client Service**
 - Be responsive — “Sunset Rule”
 - Solicit client feedback — annual client survey
 - Ensure backup assistance is always available, without fail
- **Provide timely and accurate reporting**
 - Aim to ensure deliverables are met
 - Get the core right ensuring all downstream reporting is accurate
 - Provide cutting edge tools and technology that deliver information that you can use

Consultative Service Delivery

Helping you push your business to new levels



Intimate Client Knowledge:

- Our dedicated servicing team is able to focus on **your** account allowing them to develop a rich understanding of your unique business requirements and flows
 - From launching new investment strategies to adopting new investment infrastructure, we operate side by side with you from idea creation through to execution helping to ensure your success
-



Dedicated Partnership:

- We strive to be a value added extension of your investment operations and are committed to regular face time both in your shop and hosting in our facilities. Face to face collaboration drives healthy relationships and results.
 - Our hands on leadership team works to ensure you are continually benchmarked against your peers and industry best practices to help ensure you are educated and reaping the benefits of our unique market position and relationships
-



Customized Solutions:

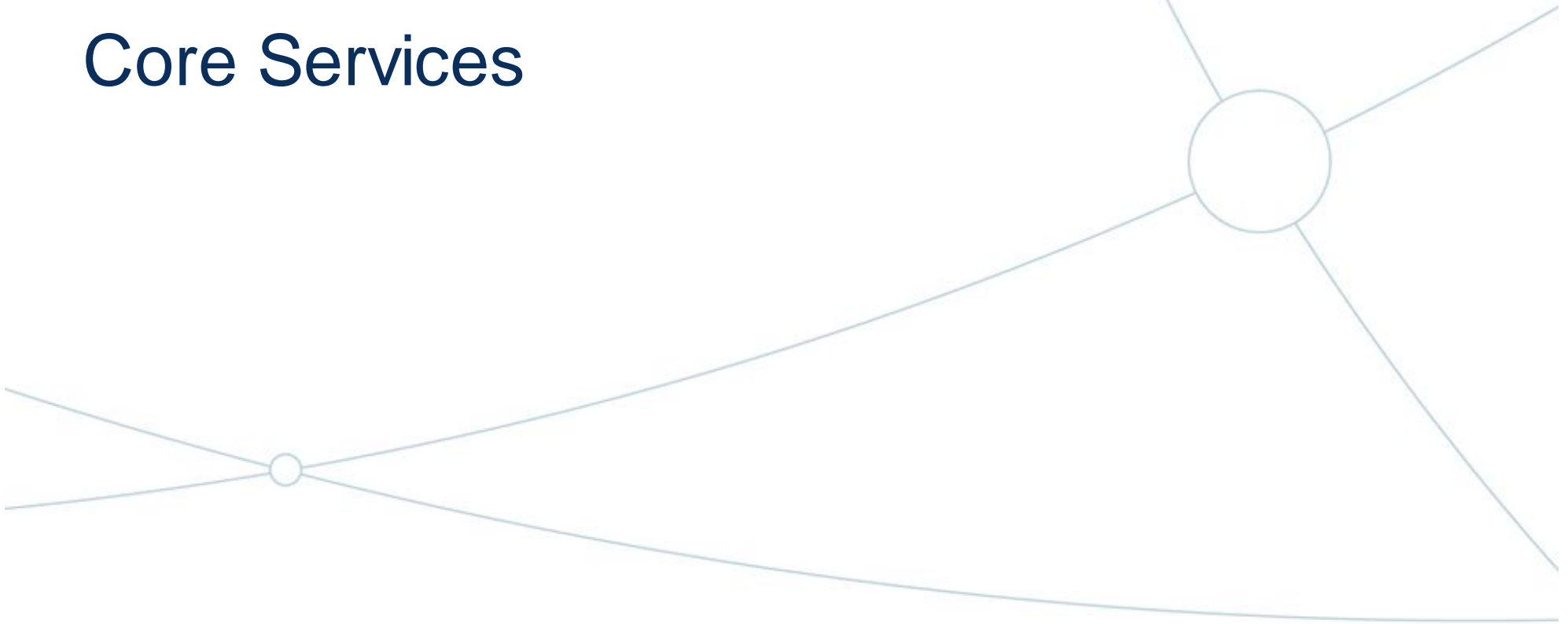
- We strive for continuous improvement in your investment life-cycle and our service delivery to increase straight through processing, reduce risk, and create value.
 - On the following pages you will see a few strong examples of where we have worked closely with our current client base to drive significant value.
-

Kansas City Client Service Team

A Partnership Between You and State Street



Core Services



Discussion of Core Services

Accurate Valuation Facilitates Better Decisions

- **Custody**

- Support from dedicated market specialists
- Full tax reclaim, proxy voting and corporate action support
- Access a broad global custody network supporting investments in 108 markets*, the largest network in the industry

- **Audited Accounting Valuations and Reporting**

- Daily valuation “heritage” and process
- Discipline centered around accuracy
- Standard operating procedures and controls across all clients and asset types supplemented by customized procedures where appropriate
- Comprehensive support for alternative investments including customized reporting options

- **Technology**

- Single real-time, general ledger based multi-currency accounting system
- Access to summarized online data that is easy to access and use
- Comprehensive corporate governance information
- Cash flow management and support

*State Street internal reporting as of 5/31/16

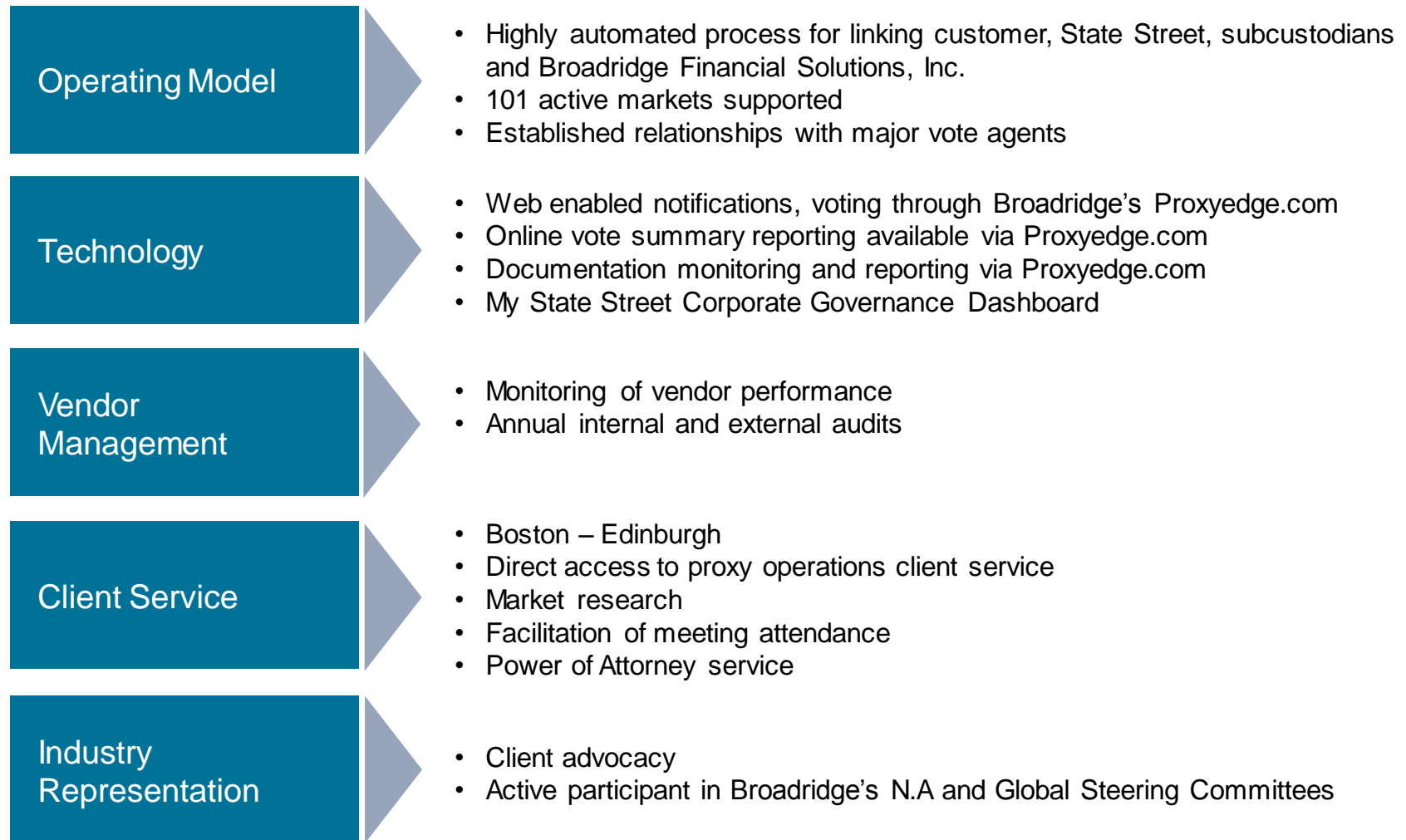
Our Fully Integrated System

Global Horizon		
A single platform which is the foundation for many critical business decisions		
Global Horizon	Client Service Workstation	my.statestreet.com
<ul style="list-style-type: none"> • Real-time • Base and local currency reporting • Trade date calculation • Full accrual and “as of” capabilities 	<ul style="list-style-type: none"> • Automated daily processing • Exceptions identified daily • 13 automated audits <ul style="list-style-type: none"> – Cost and Share – Price Tolerance – Price Consistency – Unrealized gain / loss – Realized gain / loss – Income Verification – Income Activity – Open Trades – Pending Foreign Exchange – Payable and Receivable – Local cash – Base Equivalent Cash – Trial Balance 	<ul style="list-style-type: none"> • Web-based • 24-hour access from work or home • Reporting <ul style="list-style-type: none"> – Standard – Customized – Performance – Private assets • Sophisticated Dashboards

Enterprise Cash Flow Module (eCFM)

- eCFM allows client to efficiently manage cash movements
 - Generate capital call and expense payments in one location
 - Digitize source documents
 - Efficient straight-through processing
 - Schedule future-dated payments
- Improved Security with cash movements
 - Multi-factor authentication
 - Removes manual entry of wire instructions
 - Automate cash approvals

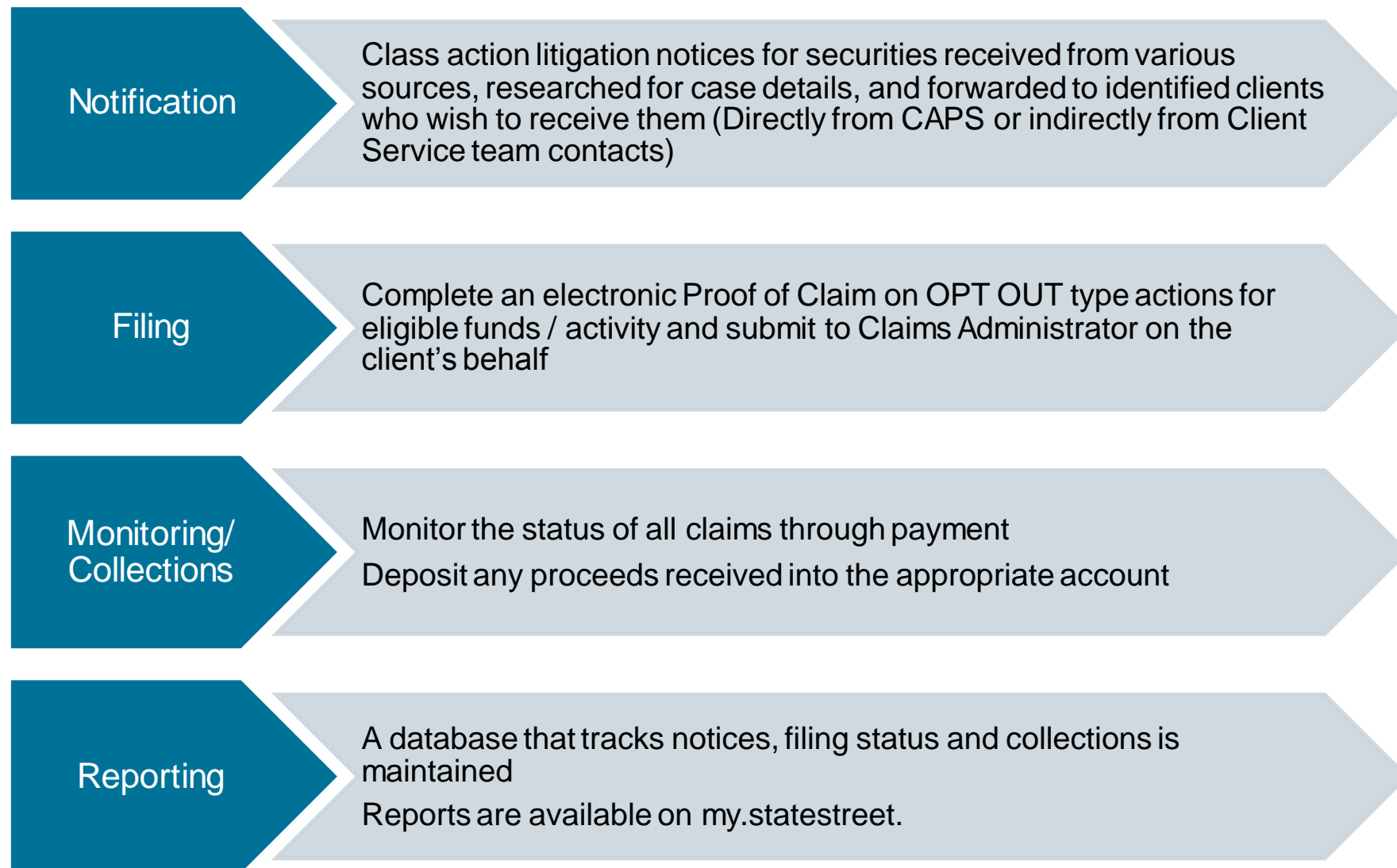
Proxy Service Delivery Model



Class Actions Overview



Service Offering for U.S. Class Actions



Ventura County Class Action Statistics

Year	Class Action Amount Received
2008	\$33,511.09
2009	\$582,561.81
2010	\$32,221.20
2011	\$169,231.02
2012	\$56,538.07
2013	\$67,646.38
2014	\$236,196.23
2015	\$1,006.73
2016	\$178,948.19
2017	\$192,083.41
TOTAL	\$1,549,944.13

Focus on Risk and Controls



Focus on Risk and Controls

Risk Excellence

Reinforce Our Culture / Strengthen Our Controls and Operating Environment

- Meet or exceed regulatory expectations
- Act at all times with the highest levels of integrity
- Actively manage our risk and control environments

- Two years ago, implemented firm-wide program to achieve Risk Excellence, one of our top three company goals on par with financial performance and client-centricity.
 - Established Office of Regulatory Initiatives
 - Reflect in annual corporate goals, and achievement informs employee performance ratings, compensation and promotion eligibility
 - Measure with business-unit quarterly scorecards
 - Devote significant resources to companywide training, including more than 9,000 employees participating in small group trainings on ethical decision making, and more recently, Speak Up/Listen Up training for leaders and managers throughout the company
 - Retooled Standard of Conduct
- Over past five years have almost doubled our investment in compliance, audit and risk management, and more than doubled our headcount in compliance. Key appointments include:
 - Chief Ethics Officer
 - Chief AML Officer
 - Chief Administrative Officer (to implement enterprise-wide control framework)

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Global Markets

Ventura County Employees' Retirement Association

State Street Securities Finance
Program Review
April 16, 2018



Agenda

VCERA Performance Review

Page 3

Collateral Pool Review

Page 9

Global Markets

VCERA Performance



Relationship Summary

- Our relationship commenced in May 1997
- VCERA has 3 funds in securities lending
 - 2M1N – Western Asset Management
 - 2M2D – Loomis, Sayles & Co. LP
 - 2M2F – Western Asset Management
- Earnings Summary (calendar year)
 - Since Inception ~ \$7.8 million (through 2017)
 - 2018 YTD ~ \$ 49 k (as of 4/5/18)
- Programs
 - U.S. Equity
 - U.S. Corporate Bonds
 - U.S. Government
- Cash Collateral
 - Quality D
- VCERA is indemnified against borrower default

4

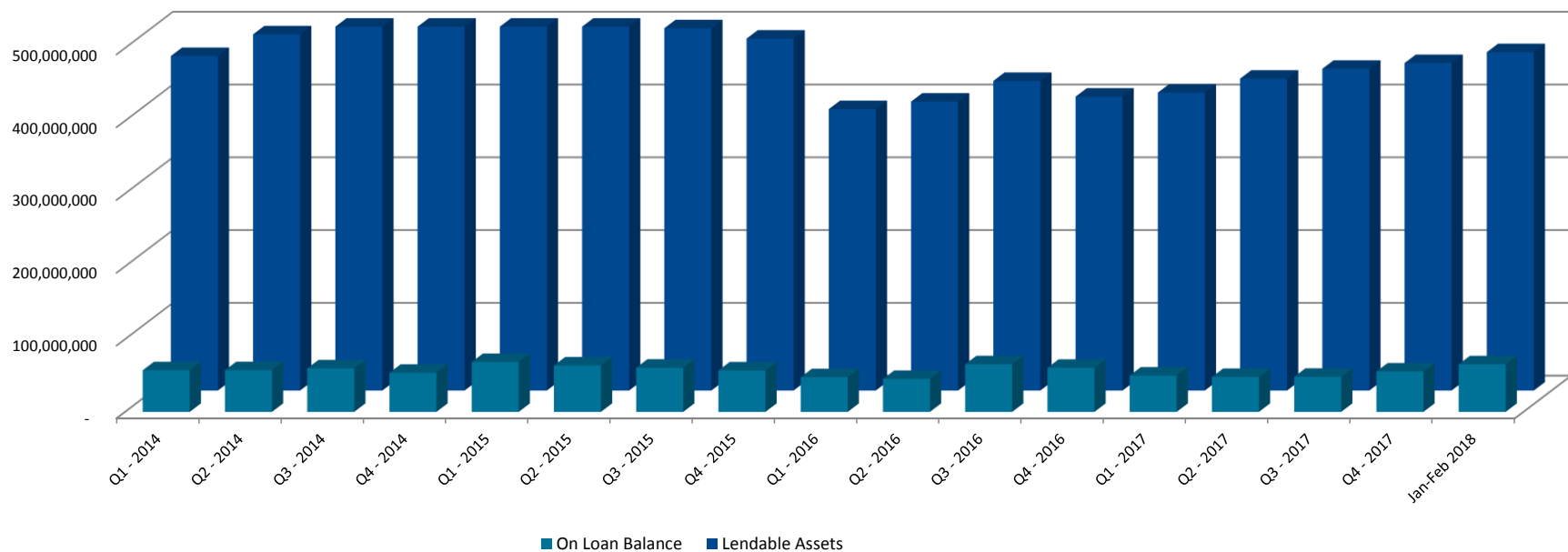
Notes:

- (1) Data represents past performance and is not a guarantee of future results
- (2) Data Source: Securities Finance Business Intelligence

STATE STREET®

Lendable and On Loan Trend

Q1 2014 – February 2018



5 Performance data shown represents past performance and is no guarantee of future results.
Source: Securities Finance Business Intelligence

VCERA's Securities Lending Performance

Ventura County Employees' Retirement Association

	FY 2014	FY 2015	FY 2016	FY 2017	FYTD 2018
Average Lendable (\$)	435,937,587	507,846,207	441,700,804	416,763,423	450,719,699
Average On Loan (\$)	54,813,721	61,330,875	52,690,892	56,007,505	55,207,767
Utilization	12.6%	12.1%	11.9%	13.4%	12.2%
Earnings by Program (\$)					
US Equity & Corp. Bond	93,505	80,140	53,861	68,967	63,351
US Government & Agency	32,331	36,488	55,147	124,160	42,656
Non-US Fixed	7,635	7,871	7,272	3,460	1,075
Total Earnings	133,471	124,498	116,280	196,588	107,082
Components of Spread (bps)					
Demand Spread	16	12	7	12	14
Reinvestment Spread	18	17	23	36	26
Net Spread	34	28	30	48	40
Return to Lendable (bps)	3.1	2.5	2.6	4.7	4.6

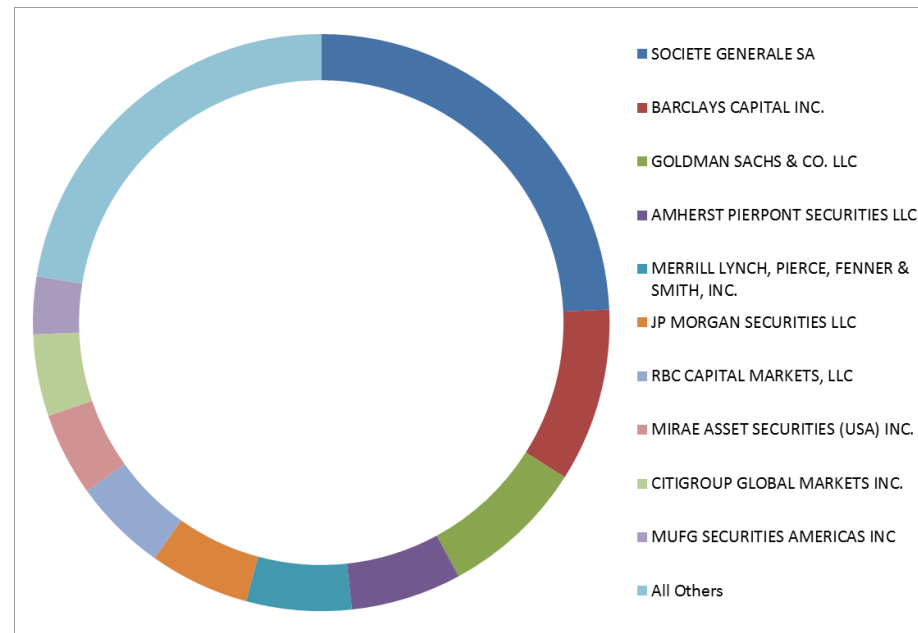
Notes:

(1) FYTD 2018 Data includes July 2017 - February 2018

Borrower Diversification

February 28, 2018

Borrower	Loan Balance (\$)	% of Total
SOCIETE GENERALE SA	13,508,622.03	24%
BARCLAYS CAPITAL INC.	5,409,413.93	10%
GOLDMAN SACHS & CO. LLC	4,506,695.96	8%
AMHERST PIERPONT SECURITIES LLC	3,457,600.71	6%
MERRILL LYNCH, PIERCE, FENNER & SMITH, INC.	3,274,429.25	6%
JP MORGAN SECURITIES LLC	3,125,022.88	6%
RBC CAPITAL MARKETS, LLC	2,934,097.71	5%
MIRAE ASSET SECURITIES (USA) INC.	2,604,527.31	5%
CITIGROUP GLOBAL MARKETS INC.	2,553,800.21	5%
MUFG SECURITIES AMERICAS INC	1,791,630.24	3%
All Others	12,481,404.58	22%
Summary	55,647,244.81	100%



7 Performance data shown represents past performance and is no guarantee of future results.
 Source: Securities Finance Business Intelligence and my.statestreet.com

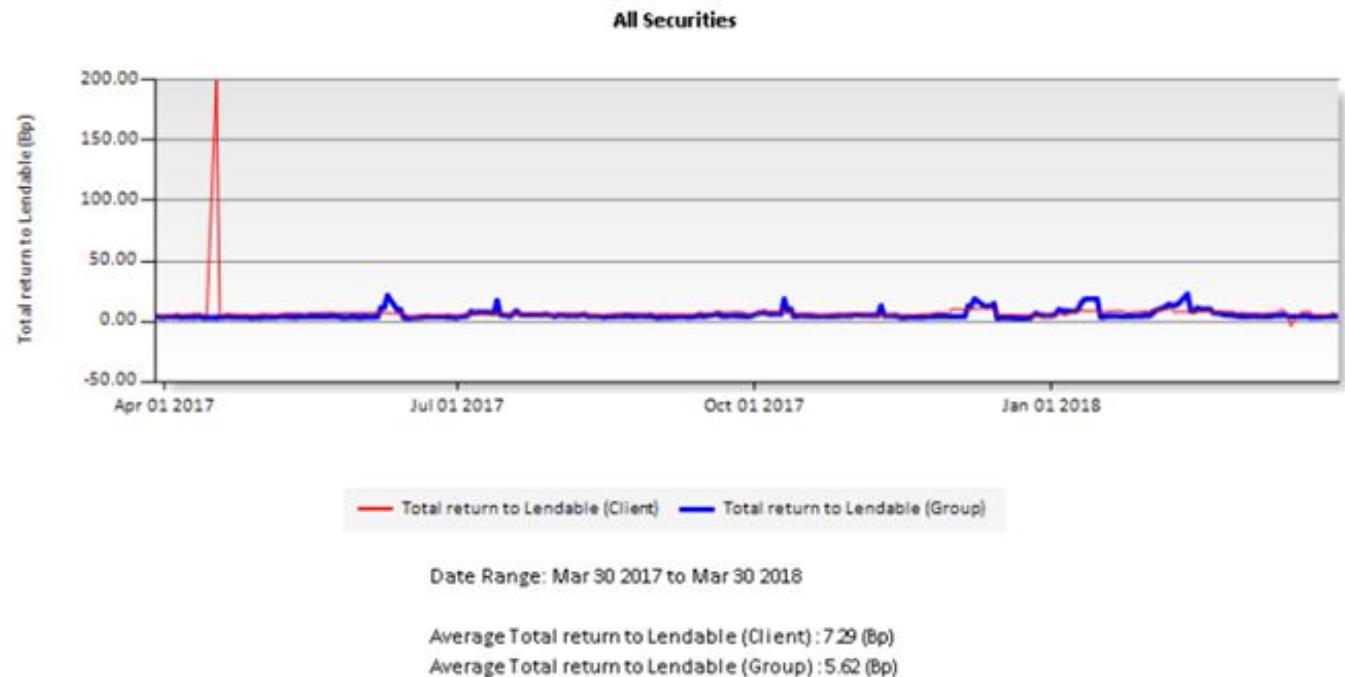
Performance Benchmarking

Demonstrated Results: PerformanceExplorer™ - Return to Lendables

PerformanceExplorer™ provides independent performance benchmarking for securities lending.

Group includes data from agent lenders, principal lenders, borrowers and beneficial owners (BNY Mellon, JP Morgan Chase, Northern, HSBC, UBS, Brown Brothers, State Street & others).

VCERA's securities lending program with State Street has outperformed the peer group as indicated.



VCERA's average return to lendable of 7.29 bps was 29.7% higher than the peer group level of 5.62bps.

Source: The above data is provided by Markit Securities Finance and is underpinned by source data provided by PerformanceExplorer™ participants and also market data. However, because of the possibility of human or mechanical errors, neither Markit Securities Finance, nor the providers of the source or market data can guarantee the accuracy, adequacy or completeness of the information. This summary contains information that is confidential and is the property of Markit Group Limited. It may not be copied, published or used, in whole or in part, for any purpose other than expressly authorized by the owners.

Global Markets

Collateral Pool



Quality D Collateral Pool Allocation

- December 31, 2010
 - Liquidity Pool ~ \$152.9 (68.9%)
 - Duration Pool ~ \$ 69.0 (31.1%)
- December 31, 2011
 - Liquidity Pool ~ \$ 64.7 (73.7%)
 - Duration Pool ~ \$ 23.0 (26.3%)
- December 31, 2012
 - Liquidity Pool ~ \$ 58.9 (85.6%)
 - Duration Pool ~\$ 9.8 (14.4%)
- December 31, 2013
 - Liquidity Pool ~ \$ 43.5 (84.7%)
 - Duration Pool ~ \$ 7.8 (5.36%)
- December 31, 2014
 - Liquidity Pool ~ \$ 47.9 (89.3%)
 - Duration Pool ~ \$ 5.7 (10.7%)
- December 31, 2015
 - Liquidity Pool ~ \$ 38.4 (91.9%)
 - Duration Pool ~ \$ 3.4 (8.9%)
- December 31, 2016
 - Liquidity Pool ~ \$ 52.8 (96.9%)
 - Duration Pool ~ \$ 1.7 (3.1%)
- December 29, 2017
 - Liquidity Pool ~ \$ 34.8 (95.8%)
 - Duration Pool ~ \$ 1.5 (4.2%)
- March 30, 2018
 - Liquidity Pool ~ \$ 47.6 (99.0%)
 - Duration Pool ~ \$.5 (1.0%)

10 *Performance data shown represents past performance and is no guarantee of future results.
Source: Securities Finance Business Intelligence and my.statestreet.com*

Quality Investment Fund D

FC14 — Quality D

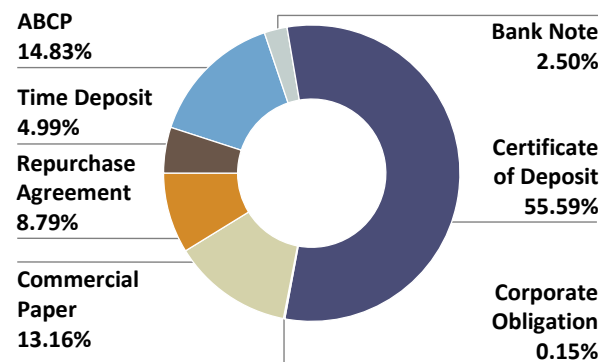
Summary Characteristics

As of February 28, 2018

1-Day Yield ¹	1.75%
Par Position + Uninvested Cash (in millions)	8,816.45
Floating Rate	69.12
Foreign Issuers ²	23.48
Weighted Average Maturity (WAM) ³	20
Weighted Average Life (WAL) ⁴	123
Fund Price as of 02/28/2018	1.00
Number of Holdings	63

Liquidity Schedule	% of Fund
Next Business Day (1 Day)	13.33
2–7 Days Liquidity	6.52
8–14 Days Liquidity	3.86
15–21 Days Liquidity	10.10
22–28 Days Liquidity	2.54
29–35 Days Liquidity	1.13
36–60 Days Liquidity	1.13
61–90 Days Liquidity	10.70
Greater than 90 Days Liquidity	50.69
90 Day Liquidity	49.31

Long-term Ratings	% of Fund
AAA	—
AA	8.17
A	37.08
BBB+	—
BBB	—
BBB-	—
BB+	—
BB	—
BB-	—
Short-term Ratings	% of Fund
A-1+/P-1	4.03
A-1/P-1	46.93
A-2	—
Other	3.80



Source: SSGA, Bloomberg. Ratings are from Bloomberg and are S&P. Past performance is not a guarantee of future results. ABCP are asset backed commercial papers.

¹ 1-Day Yield is the Net Yield (income minus expenses)

State Street Global Advisors investment management fee is 1.75 bps per annum

² All YCD's and Repo are being reported as Domestic and thus not included in the % Foreign Issuers

³ Weighted Average Maturity (WAM): aggregation of WAM of underlying securities in fund defined as (1) Floating rate securities: Next Reset Date – Current Date;

(2) Fixed Rate: Maturity Date – Current Date defined in days

⁴ Weighted Average Life (WAL): aggregation of WAL of underlying securities in fund defined as (1) Floating rate securities: Expected Maturity Date – Current Date;

(2) Fixed Rate: Expected Maturity Date – Current Date (defined in days)

Any S&P ratings below BB- or below A-1 as well as Unrated securities are included in the “Other” category

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Quality D Duration

FC4J — Quality D Duration

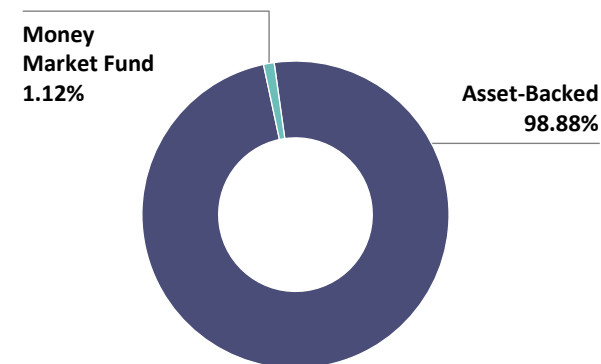
Summary Characteristics

As of February 28, 2018

1-Day Yield ¹	2.26%
Par Position + Uninvested Cash (in millions)	123.73
Floating Rate	98.88
Foreign Issuers ²	21.73
Weighted Average Maturity (WAM) ³	50
Weighted Average Life (WAL) ⁴	3,191
Fund Price as of 02/28/2018	0.98
Number of Holdings	5

Liquidity Schedule	% of Fund
Next Business Day (1 Day)	1.12
2–7 Days Liquidity	0.00
8–14 Days Liquidity	0.00
15–21 Days Liquidity	0.00
22–28 Days Liquidity	0.00
29–35 Days Liquidity	0.00
36–60 Days Liquidity	0.00
61–90 Days Liquidity	0.00
Greater than 90 Days Liquidity	98.88
90 DAY LIQUIDITY	1.12

Long-term Ratings	% of Fund
AAA	—
AA	85.10
A	2.25
BBB+	—
BBB	—
BBB-	—
BB+	—
BB	—
BB-	—
Short-term Ratings	% of Fund
A-1+/P-1	—
A-1/P-1	—
A-2	—
Other	12.65



Source: SSGA, Bloomberg. Ratings are from Bloomberg and are S&P. Past performance is not a guarantee of future results.

¹ 1-Day Yield is the Net Yield (income minus expenses)

² All YCD's and Repo are being reported as Domestic and thus not included in the % Foreign Issuers

³ Weighted Average Maturity (WAM): aggregation of WAM of underlying securities in fund defined as (1) Floating rate securities: Next Reset Date – Current Date;

(2) Fixed Rate: Maturity Date – Current Date defined in days

⁴ Weighted Average Life (WAL): Aggregation of WAL of underlying securities in fund defined as (1) Floating rate securities: Expected Maturity Date – Current Date;

(2) Fixed Rate: Expected Maturity Date – Current Date (defined in days)

State Street Global Advisors investment management fee is 1.75 bps per annum

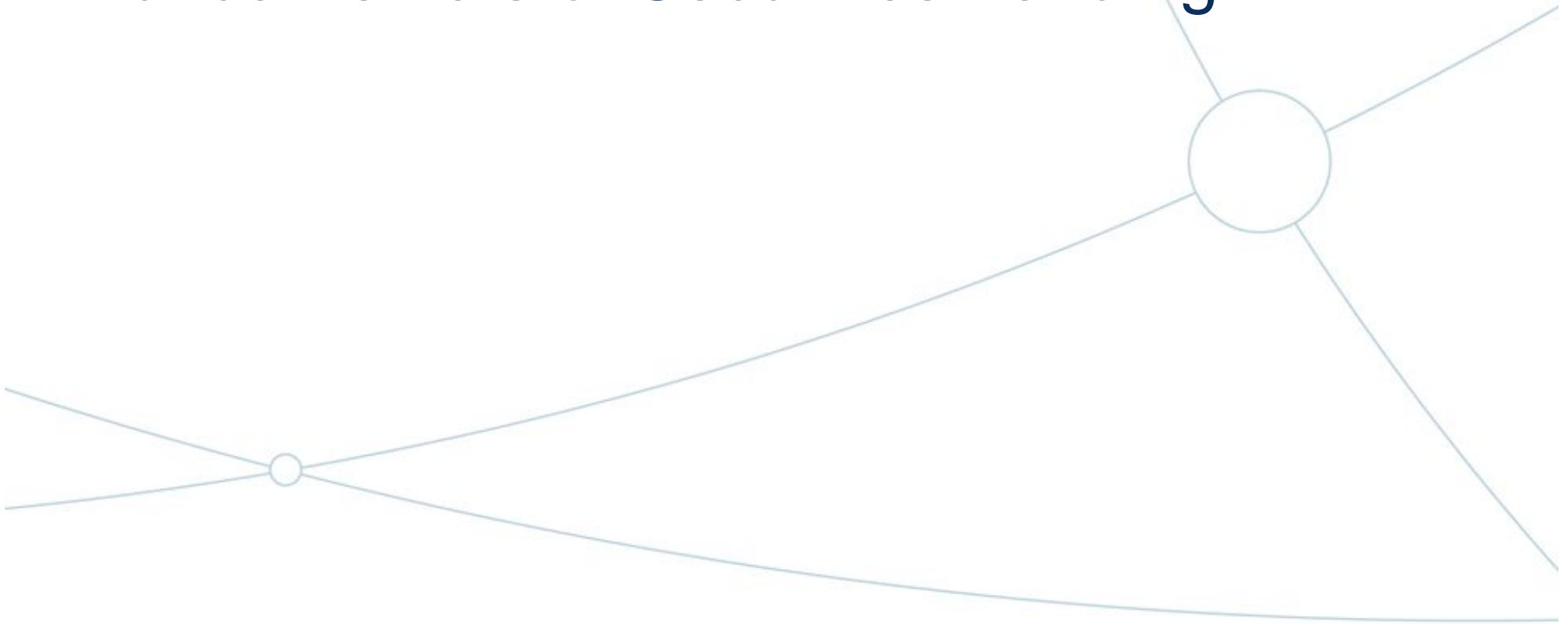
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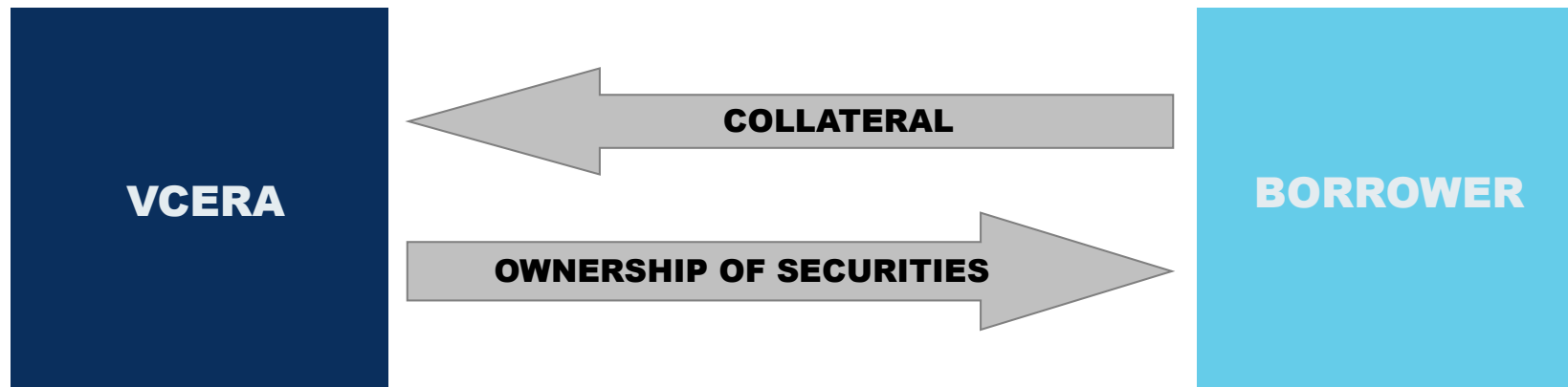
Global Markets

Fundamentals of Securities Lending



Securities Lending

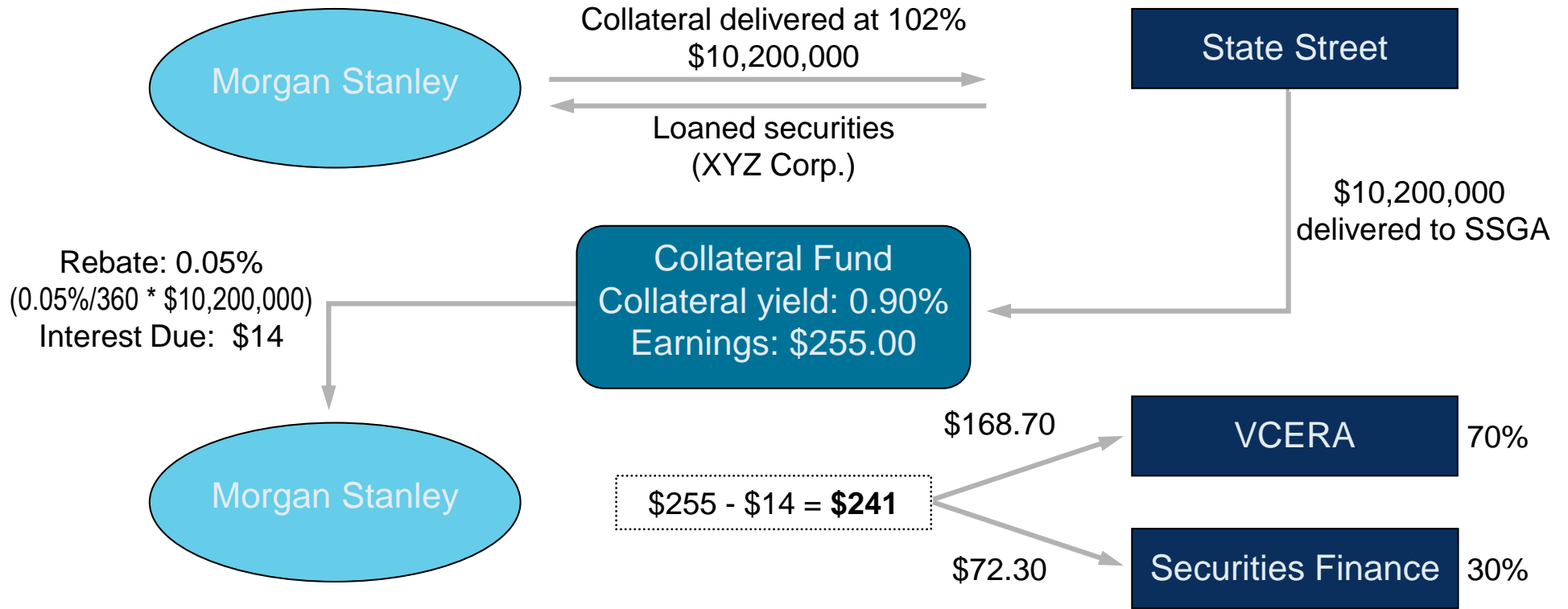
An investment management product where participants generate revenue by temporarily transferring idle securities, in a collateralized transaction, to a borrower.



- Lender transfers legal ownership of securities while retaining rights of beneficial ownership (i.e., entitlements on all dividend distributions and corporate actions)
- Borrower is contractually obligated to return the securities upon recall by the lender

Fundamentals of Securities Finance

One Day Sample Transaction Diagram



Yield – Rebate = **Total Spread**
 $0.90\% - 0.05\% = 0.85\%$ (85 bps)

Yield – OBFR = **Investment Spread**
 $0.90\% - 0.25\% = 0.65\%$ (65 bps)

OBFR – Rebate = **Demand Spread**
 $0.25\% - 0.05\% = 0.20\%$ (20 bps)

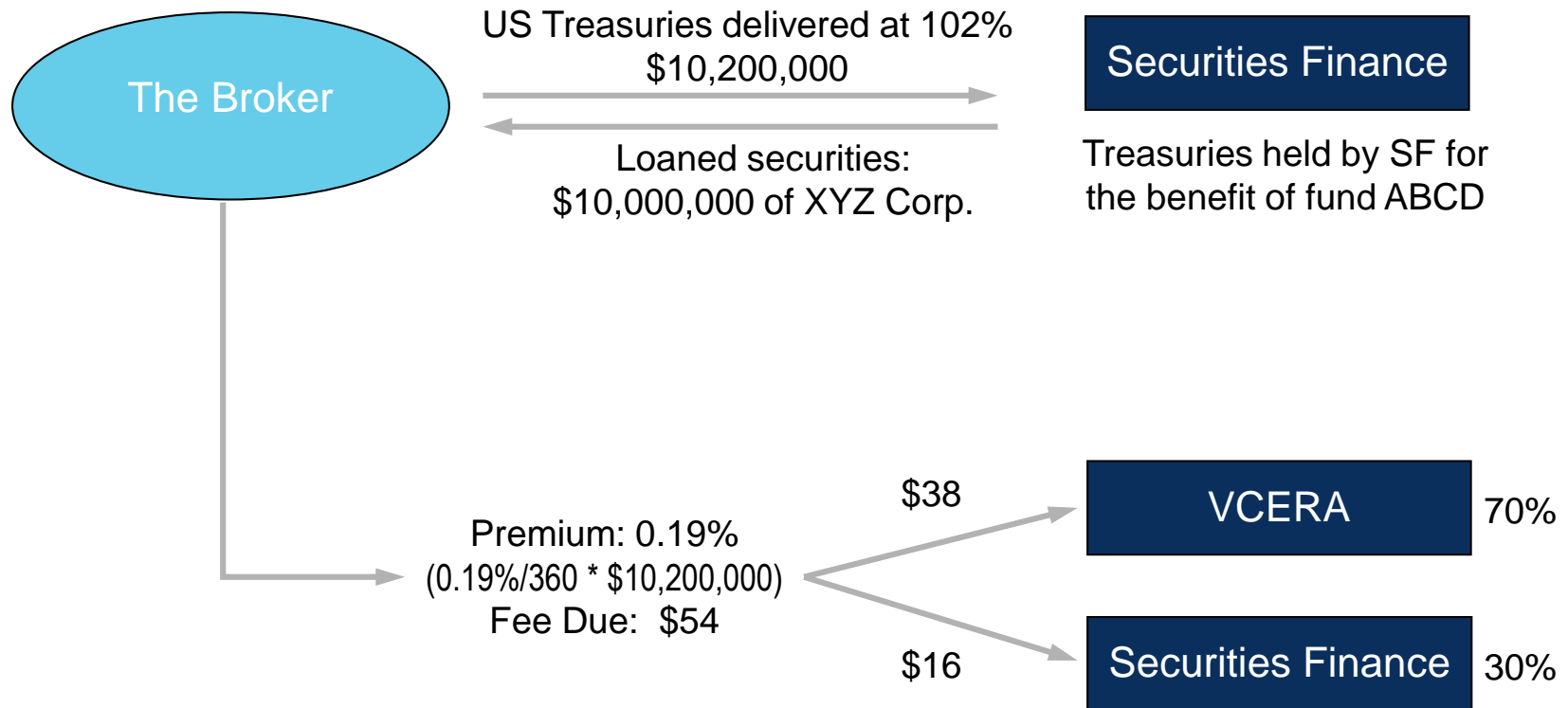
Fundamentals of Securities Lending

How are Earnings Generated?

- Cash collateral is posted by the borrower at the inception of the lending transaction
- State Street pays interest (the “rebate”) on the cash to the borrower at a rate that reflects the supply/demand characteristics of the loaned security
- State Street invests this cash collateral according to the VCERA’s investment guidelines
- The difference between the yield on the investment of the cash and the interest paid to the borrower represents the earnings or “spread”

Fundamentals of Securities Finance

One Day Sample Transaction Diagram – Non-Cash Collateral (US Treasuries)



Premium rate annualized using a 360-day basis.

Global Markets

Biography



Biography

John Muir
Vice President
Account Management
Securities Finance



John Muir is a vice president and relationship manager in State Street's Securities Finance division. He is responsible for the overall service delivery and satisfaction for strategic lending customers, across U.S. public funds, not-for-profit sectors and corporate pension plans. He also acts as the point of contact and advocate for Securities Finance-related matters.

Mr. Muir has over 20 years' experience in the financial services industry focusing on client service and reporting. Prior to assuming his current role, Mr. Muir was a department manager in the Institutional Investor Services division at State Street responsible for the accounting and operations for a large group of strategic public fund clients.

Mr. Muir holds a Bachelors of Science in business administration from Bryant University.

State Street provides experienced securities lending capabilities and supplies liquidity across more than 36 markets, worldwide, via Securities Finance offices and trading desks located throughout the Americas, Europe/Middle-East/Africa and Asia/Pacific regions.

Global Markets

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THANK YOU!

ABBOTT CAPITAL



VCERA
VENTURA COUNTY EMPLOYEES'
RETIREMENT ASSOCIATION

**Abbott Capital Management Presentation to:
Ventura County Employees' Retirement Association**

April 2018

Abbott Presenters



Jonathan D. Roth – Managing Director, President

Mr. Roth has 26 years of private equity investment experience and is responsible for the overall management of the firm. He also works closely with clients to develop and implement private equity investment programs. Mr. Roth reviews investment opportunities, with specific emphasis on the analysis and due diligence for prospective investments, and is engaged in the negotiation of business and legal issues, ongoing monitoring of investments and profit realization from distributed securities. Mr. Roth also serves on several partnership advisory boards. Prior to joining Abbott in 1992, Mr. Roth was an Associate at Elmrock Partners and a Financial Analyst with Amoco Corporation. Prior to obtaining his M.B.A., he worked for Chemical Bank as a corporate lending officer. Mr. Roth received his A.B. in Economics from Cornell University and his M.B.A. from The Fuqua School of Business at Duke University.



Mary T. Hornby – Managing Director, General Counsel

Ms. Hornby has 21 years of experience in private equity matters and assists the investment team in the review, legal analysis and negotiation of underlying fund investments and directs all legal aspects relating to the formation and maintenance of Abbott's pooled investment funds. In addition, Ms. Hornby assists in the legal aspects of daily operations, including client relationships and contracts, regulatory compliance and internal corporate structuring matters. Prior to joining Abbott in 2005, Ms. Hornby was Counsel and a member of the Private Equity Group at Testa, Hurwitz & Thibault, LLP, representing investment advisers, funds of funds, public pension plans and other limited partner investors, as well as general partner groups, in all aspects of private equity fund formation. Ms. Hornby received her B.A., magna cum laude, from Boston College and her J.D. from Boston College Law School. She is a member of the Bar of the Commonwealth of Massachusetts.



Matthew M. Smith – Managing Director

Mr. Smith has 17 years of private equity investment experience. He is responsible for reviewing investment opportunities with specific emphasis on analysis and due diligence for prospective investments and is engaged in the negotiation of business and legal issues, ongoing monitoring of investments and profit realization from distributed securities. Mr. Smith, as Abbott's ESG Officer, is responsible for building upon the strong foundation Abbott has set in adopting the UN Principles for Responsible Investment and integrating ESG considerations into Abbott's investment process. In addition, Mr. Smith oversees the operations of Abbott Capital (Europe), Ltd, Abbott's subsidiary which is authorized and regulated by the UK Financial Conduct Authority and located in London. Prior to joining Abbott in 2000, he was a financial examiner at the Federal Reserve Bank of New York. He also worked for First Trust Washington and Bank of America as a trust officer. Mr. Smith received his A.B. in History and his M.B.A. in Finance from Georgetown University.

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Abbott Overview

Abbott Capital Management, LLC

As of 12/31/2017

Organization

- Founded in 1986; over 30 year track record focused solely on private equity
- Over \$8 billion in AUM
- First customized mandate launched in 1986; first commingled fund raised in 1995
- SEC registered and FCA authorized investment advisers with offices in New York and London
- Stable, multi-generational management team

Experience

- **Relationship Advantage**
 - ✓ Deep **relationships** and **networks** among GPs and LPs
 - ✓ Strong **primary** platform, and specialist portfolios
 - ✓ Demonstrated **capacity** with fund managers
 - ✓ Over 100 advisory board seats
- **Information Advantage**
 - ✓ Proprietary database of information on **over 7,500 primary** funds
 - ✓ **Over 500** primary investments typically reviewed annually
 - ✓ **\$10 billion** in secondary transactions typically reviewed annually
- **Focus Advantage**
 - ✓ Disciplined underwriting standards
 - ✓ Restrained growth in AUM enables **access** to capacity constrained managers across client base
 - ✓ Highly **selective** portfolios























Abbott's platform offers a distinctive combination of scale and focus to benefit our clients

Abbott's Private Equity-Focused Organization

As of 3/31/2018

Independent team of over 50 professionals dedicated to private equity investing

Managing Directors

Investment Team	 Jonathan Roth Managing Director President 26/25 years	 Katie Stokel Managing Director Chief Operating Officer 32/19 years	 Martha Cassidy Director 33 years	 Arianna Merrill Senior Associate 7 years	 Brian Susetka Associate 7 years
	 Matthew Smith Managing Director 17/17 years	 Meredith Rerisi Managing Director 17/17 years	 Jobst Klemme Director 19 years	 Zohair Tariq Senior Associate 7 years	 Shaf A. Shaikh Senior Analyst 2 years
	 Tim Maloney Managing Director 17/13 years	 Len Pangburn Managing Director 13/13 years	 Jennie Benza Principal 9 years	 Jonathan Tubiana Senior Associate 10 years	 Dan Brown Analyst 3 years
	 Young Lee Managing Director 13/10 years			 Moritz Turck Senior Associate 6 years	 Declan Feeley Analyst <1 year
 Charles van Horne Managing Director Client Relations 32/16 years	 Mary Hornby Managing Director General Counsel 21/13 years				
 Lauren Massey Managing Director Finance & Administration 26/22 years	 Paolo Parziale Managing Director Corp. & Fund Acct. 18/15 years				

- One-team philosophy: experienced and diverse perspectives
- Well-resourced investment team of 18 evaluates opportunities across all private equity strategies
- Operations, finance, and client relations team of approximately 40 professionals
- Owner-managed; strong alignment with clients

Abbott's Managing Directors have an average of 21 years experience and 16 years working together

Years indicated are of total private equity experience / years with Abbott are shown for the Managing Directors only. See Appendix for complete biographies.

VCERA Private Equity Program

VCERA Private Equity Program

Objectives, Key Events in 2017, Recommendation

- Abbott manages a customized private equity separate account with the following objectives:
 - Target allocation of 10% of the portfolio in private equity investments
 - Monitor and manage VCERA's private equity portfolio through a comprehensive, turn-key solution that covers the development, implementation, management, and administration of the private equity portfolio

- Key 2017 developments:
 - On-boarded VCERA to our systems, established reporting protocols with underlying managers, and began seeking investments on VCERA's behalf
 - Worked with VCERA to establish Buenaventure One, LLC to facilitate certain commitments
 - Committed \$150 million in 2017 both via Abbott-directed commitments and VCERA-initiated commitments
 - Comprehensive reporting package established, including California Code, Government Code - GOV § 7514.7 reporting requirements

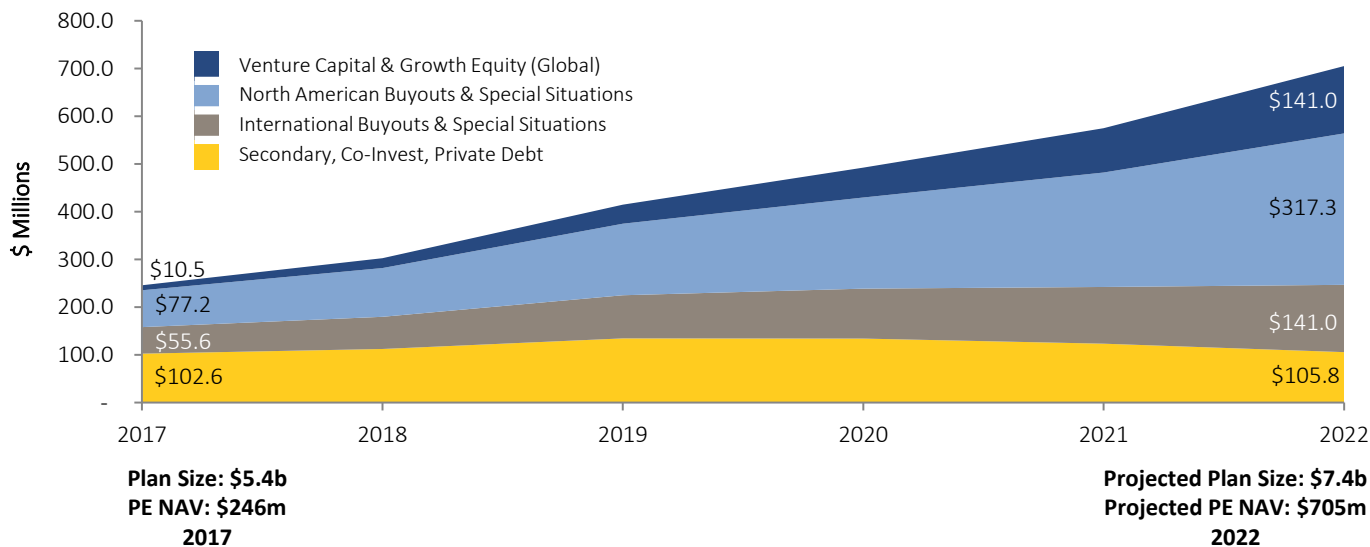
- Pursuant to the Private Equity Policy, Abbott is submitting the Annual Plan for 2018 for review and approval.
 - Abbott recommends a 2018 commitment target of \$185 million based on increased Plan size, with an average of approximately \$180 million committed per year over the next five years.

Current Private Equity Investments

Funding by Strategy

Strategy	12/31/2017		
	NAV (\$m)	Undrawn (\$m)	Exposure (\$m)
VCERA Private Equity Program			
Venture Capital & Growth Equity (Global)	\$10.5	\$18.0	\$28.5
North American Buyouts & Special Situations	\$77.2	\$118.5	\$195.7
International Buyouts & Special Situations	\$55.6	\$35.4	\$91.0
Secondary, Co-Invest, Private Debt	\$102.6	\$141.1	\$243.7
VCERA Private Equity Program Totals	\$245.8	\$313.0	\$558.9

Strategy Diversification by NAV



Strategy	2022 Target Range
VCGE	10%-30%
NA BO & SS	35%-55%
International BO & SS	10%-30%
Secondary, Co-Invest, Private Debt	5%-40%

Past performance is not a guide to future results and is not indicative of expected realized returns. Diversification will not guarantee profitability or protection against loss. Some figures estimated for legacy portfolio investments. See Important Information pages at the back of this document and Abbott's Form ADV Part 2a for disclosures on risk and performance. For illustrative purposes only. Information is not based on an actual client account, but is loosely based on Abbott's experience and a review and assessment of VCERA's private equity program. Actual exposure may differ from amounts shown above due to market conditions, investment opportunities, and other factors, and such differences may be material. Please see Appendix for Strategy Definitions

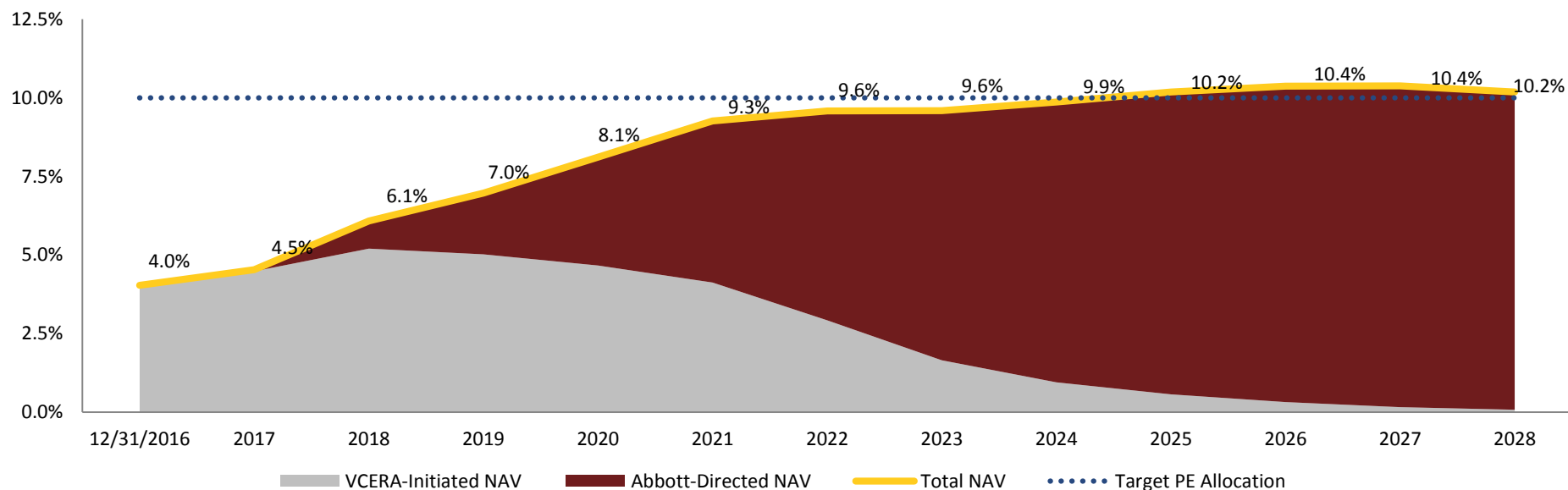
VCERA Investment Activity

2017 Investment Activity

Fund	VCERA Commitment (\$MM)	Strategy
Abbott-Directed Investments		
Abbott Secondaries Opportunities, LP	\$25.0	Secondary, Co-Invest, Private Debt
Clearlake Capital Partners V	\$10.0	North American Buyouts & Special Situations
GTCR Fund XII	\$30.0	North American Buyouts & Special Situations
Insight Venture Partners X	\$25.0	North American Buyouts & Special Situations
Total Abbott-Directed Investments	\$90.0	
VCERA-Initiated Investments		
CVI Credit Value Fund IV	\$30.0	Secondary, Co-Invest, Private Debt
HarbourVest Co-Investment Fund IV	\$30.0	Secondary, Co-Invest, Private Debt
Total VCERA-Initiated Post-June 2017 Investments	\$60.0	
Grand Total	\$150.0	

Pacing

Twelve-Year Pacing Illustration



Total Plan Projected Net Growth Rate	6.3%
Private Equity Target	10%

Pacing Analysis/Projected Cash flows (millions)

Year	12/2016	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	12/2027	12/2028
Annual Commitments		\$150.0	\$185.0	\$205.0	\$180.0	\$160.0	\$160.0	\$160.0	\$160.0	\$160.0	\$160.0	\$160.0	\$160.0
Annual PE Capital Calls		68.2	131.3	138.1	140.5	157.7	154.2	156.1	157.5	156.4	156.3	156.4	155.8
Annual PE Distributions		42.5	79.5	80.4	100.4	126.3	179.4	203.2	179.3	181.4	197.8	219.7	246.5
Annual PE Net Cash Flow		(25.7)	(51.8)	(57.7)	(40.1)	(31.4)	25.2	47.1	21.7	25.0	41.5	63.3	90.7
PE NAV	188.4	245.8	350.5	427.0	527.9	641.3	705.2	749.8	820.1	900.0	974.5	1,036.2	1,080.7
Plan Assets	4,665.0	5,420.5	5,762.0	6,125.0	6,510.9	6,921.0	7,357.1	7,820.6	8,313.3	8,837.0	9,393.7	9,985.5	10,614.6
PE NAV as % of Plan Assets:	4.0%	4.5%	6.1%	7.0%	8.1%	9.3%	9.6%	9.6%	9.9%	10.2%	10.4%	10.4%	10.2%

For illustrative purposes only. Information is not based on an actual client account, but is loosely based on Abbott's experience and a review and assessment of VCERA's private equity program. Actual cash flows and NAV will vary. Actual exposure may differ from amounts shown above due to market conditions, investment opportunities, and other factors, and such differences may be material.

VCERA Investment Activity

2018 Investment Activity (1/1/2018 – 4/3/2018)

Fund	Commitment (\$MM)	Strategy	Status
Abbott-Directed Investments			
Battery Ventures XII	\$9.1	Venture Capital and Growth Equity	Closed
Battery Ventures XII Side Fund	\$5.1	Venture Capital and Growth Equity	Closed
M/C Partners VIII	\$7.5	North American Buyouts & Special Situations	Closed
Buenaventure One	\$7.7	North American Buyouts & Special Situations	Closed
The Resolute Fund IV	\$15.0	North American Buyouts & Special Situations	Pending
Total	\$44.4		

VCERA Investment Activity

2018 Pipeline

- Five investments pending or closed in 2018
 - Pipeline of investments in active due diligence totaling approximately \$75 million
- Forward pipeline in excess of \$150 million across all strategies

Potential Investments – Active Due Diligence In Progress

Fund	Strategy
Venture Capital Fund A	Venture Capital & Growth Equity (Global)
Venture Capital Fund B	Venture Capital & Growth Equity (Global)
Buyout Fund A	North American Buyouts & Special Situations
Buyout Fund B	North American Buyouts & Special Situations
Buyout Fund C	North American Buyouts & Special Situations
Buyout Fund D	International Buyouts & Special Situations
Buyout Fund E	International Buyouts & Special Situations
Buyout Fund F	International Buyouts & Special Situations

Current Pipeline

Venture Capital & Growth Equity	
Sub-Strategy	# of Funds
Early Stage VC	3
Growth Equity	5
Multi-Stage VC	4
Total	12

North American Buyouts & Special Situations	
Sub-Strategy	# of Funds
Lower Middle-Market	2
Middle-Market	11
Upper Middle-Market	1
Total	14

International Buyouts & Special Situations	
Sub-Strategy	# of Funds
Lower Middle-Market	3
Middle-Market	4
Upper Middle-Market	2
Total	9

Private Equity Annual Plan

The Annual Plan reviews the current state of the portfolio and includes recommended pacing.

- Based on the current Plan size and growth assumptions, Abbott recommends a 2018 commitment target of \$185 million
 - This is an increase from a 2017 target of \$150 million
- Preliminary modeling suggests an average commitment level of approximately \$180 million over the next five years
 - This is an increase from an average of \$150 million in the prior plan
- The recommended increases are a result of the strong growth in VCERA's Plan during 2017

Abbott continues to work closely and collaboratively with the Board, Staff, and NEPC to meet VCERA's overall private equity objectives

Private Equity Market Overview

Private Equity Environment

Private Equity	Venture Capital and Growth Equity	Looking Ahead
<p>It's a Sellers' Market</p> <ul style="list-style-type: none"> ▪ Elevated valuations ▪ Accommodative Debt Markets <p>Challenging Investment Environment</p> <ul style="list-style-type: none"> ▪ Pricing ▪ GPs getting creative ▪ Increased competition 	<p>Fundraising Environment</p> <ul style="list-style-type: none"> ▪ LP demand remains high ▪ Pre-money valuations are robust <p>Tepid IPO Market</p> <ul style="list-style-type: none"> ▪ 2017 Unicorn IPOs – mixed performance ▪ Private v. Public 	<p>Investor Appetite Remains Strong</p> <ul style="list-style-type: none"> ▪ Long-term PE outperformance compared to other alternative strategies ▪ Strong demand driven by distribution activity <p>Macroeconomic Outlook</p> <ul style="list-style-type: none"> ▪ Easing of accommodative monetary policies in the US and “Brexit” could meaningfully affect the public markets in 2018 ▪ Most general economic indicators and forecasts remain favorable ▪ Impact of recent tax reform

The views expressed are Abbott's opinion as of February 2018 and are subject to change without notice. All market data contained herein sourced from Pitchbook unless otherwise noted.

Tax Cuts and Jobs Act (“TCJA”) of 2017

Summary

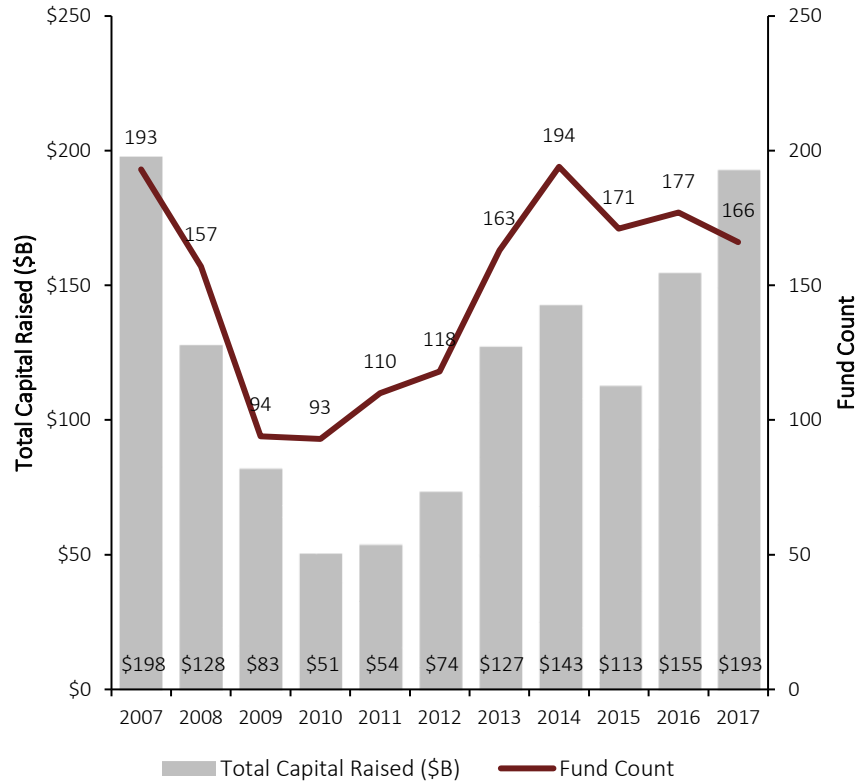
- The TCJA amends numerous provisions of US tax law. Most notably it permanently modifies business taxation as it will:
 - ✓ Replace the structure of corporate income tax rates, which had a top rate of 35%, with a single 21% rate
 - ✓ Alter the current system under which the worldwide income of US corporations is subject to taxation

Potential Impact on Private Equity

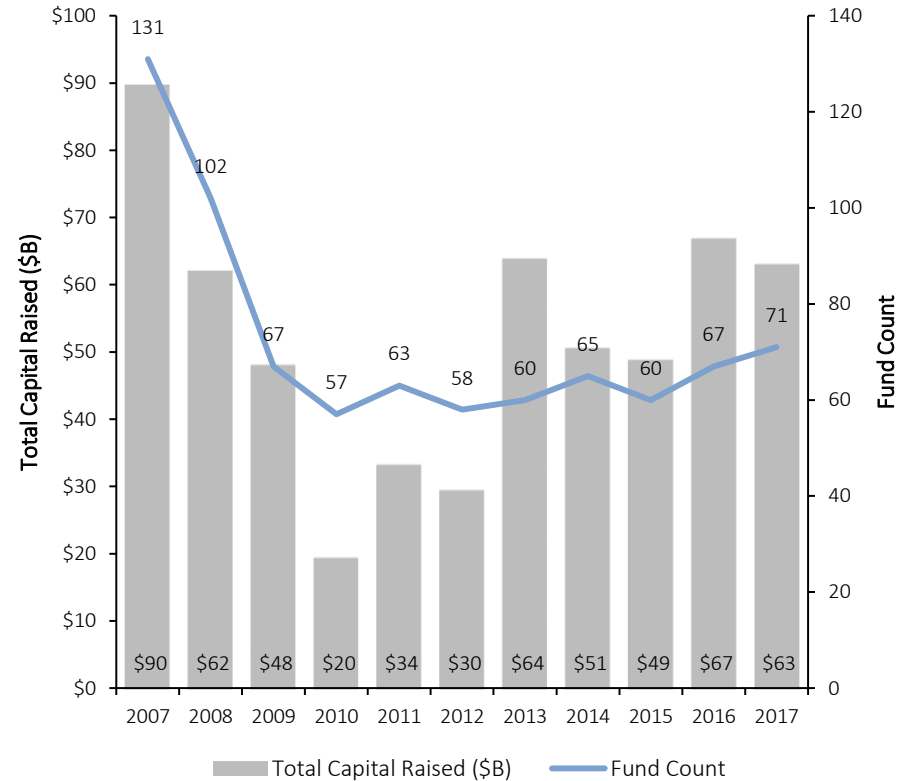
- **Adjustments to carried interest taxation**
 - ✓ Carried interest will continue to be taxed at the capital gains rate, with the caveat that firms must own assets for 3 years (up from 12 months)
 - ✓ Abbott believes this impact will be muted for most general partners given typical average hold periods of 3 – 5 years
- **Modification of certain types of business expenses**
 - ✓ Changes in allowable business expenses may provide a short-term benefit for capital intensive sectors like industrials, manufacturing, logistics and energy
- **Impact of corporate repatriation of profits**
 - ✓ According to the Wall Street Journal, S&P 500 companies have accumulated approximately \$2.5 trillion in foreign profits
 - ✓ Much of this capital resides within the technology and pharmaceutical sectors, two industries that have historically been acquisitive of venture- and growth equity-backed companies
 - ✓ Even if a significant majority of this capital is used to buy back shares or increase dividends, M&A activity could meaningfully increase should these corporations use only a modest amount of this capital for inorganic growth initiatives

Private Equity Fundraising Environment

North America Buyout Fundraising Activity



Europe Buyout Fundraising Activity



- 2017 had slightly fewer but larger deals than observed in 2016 – the ten largest North American buyout funds raised totaled more than \$100 billion in size
- Highest levels of capital raised since pre-GFC

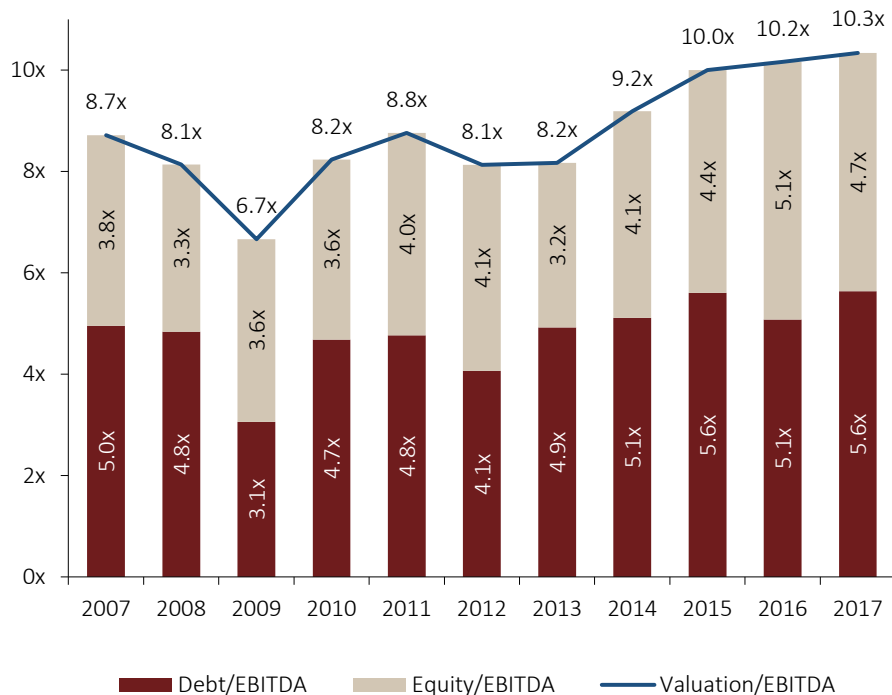
- Within Europe, capital and number of funds raised remained relatively steady
- The five largest funds raised accounted for more than half of all capital raised. More than 60% of funds closed were under \$500 million in size

Source: PitchBook

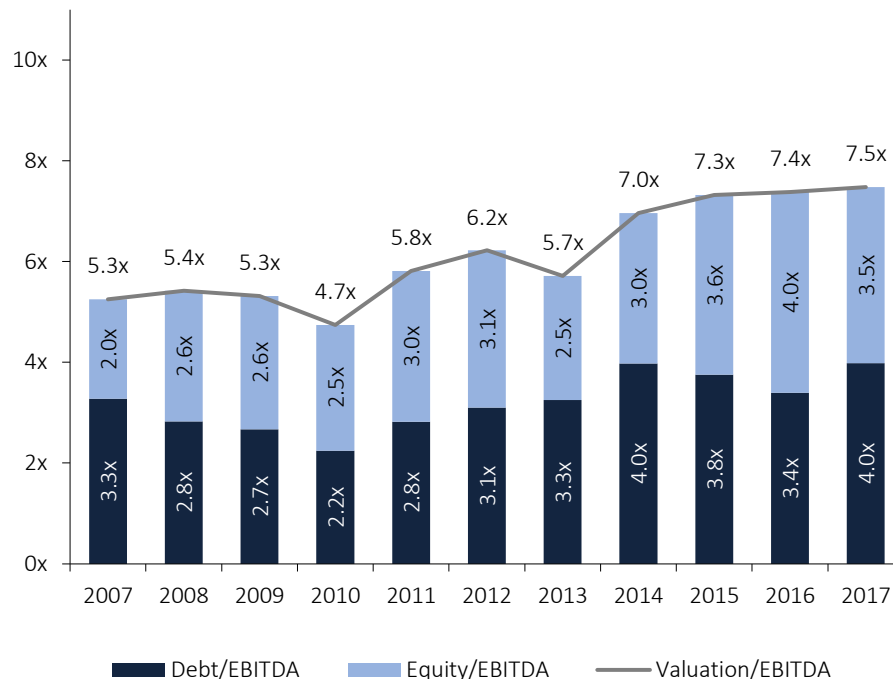
Investment Environment

While fundraising remains robust, current conditions favor sellers over buyers

M&A Median North American EV/EBITDA multiples



M&A Median European EV/EBITDA multiples



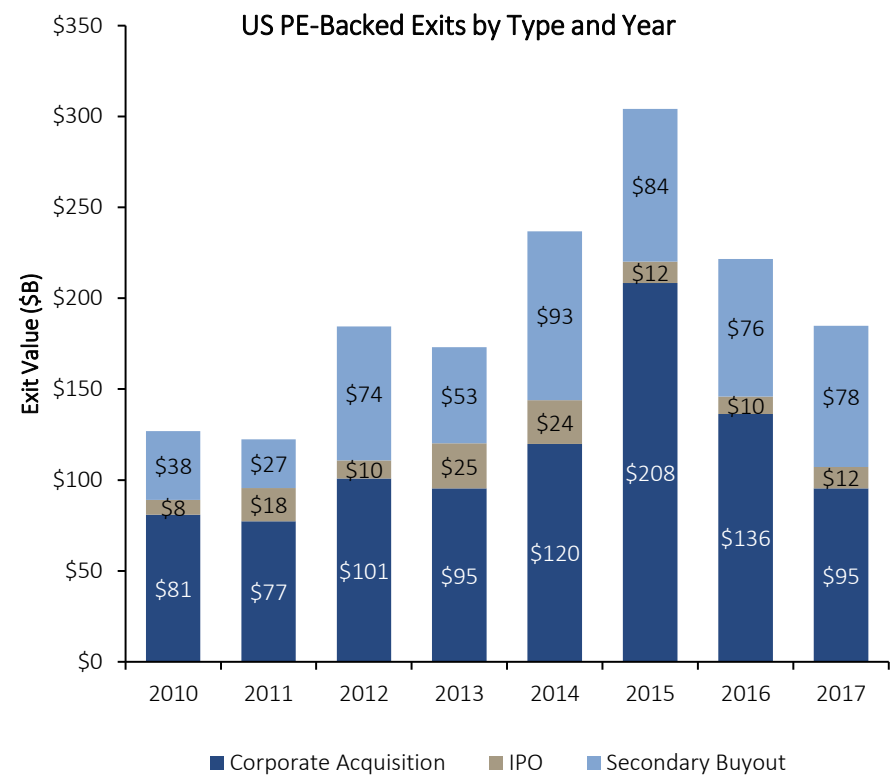
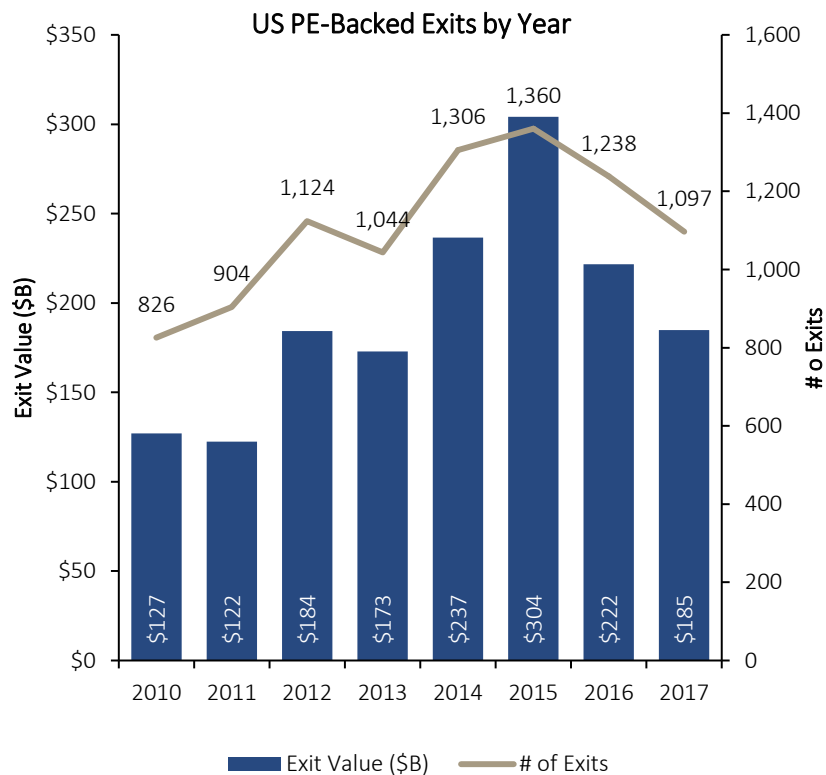
- Valuation/EBITDA continues to rise for US M&A transactions
- The use of leverage remains a strong financing tool for strategic acquisitions

- Purchase prices remain stable since 2014, but still trail those of the US.
- 2017 Debt/EBITDA multiples have risen slightly since 2016, signaling a minor uptick in use of leverage

Source: PitchBook

Private Equity Exit Environment

- PE-backed exit activity continued to slide from 2015 in terms of both exit value and number of exits
- Despite a decline in number and amount, the median US PE-backed exit size reached \$221.5 billion, up from \$190.0 billion in 2016
- IPO activity for PE-backed companies fell sharply since 2004. Corporate acquisition decreased while secondary transactions remained steady year-over-year
- Secondary buyouts are an increasingly attractive exit option as strategics pull back on acquisitions

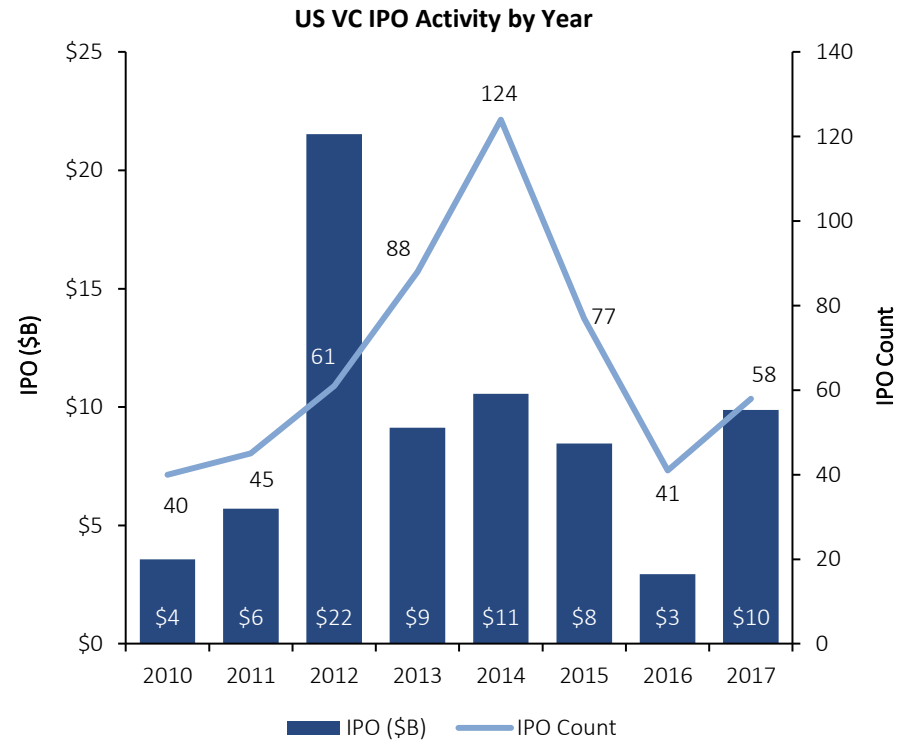
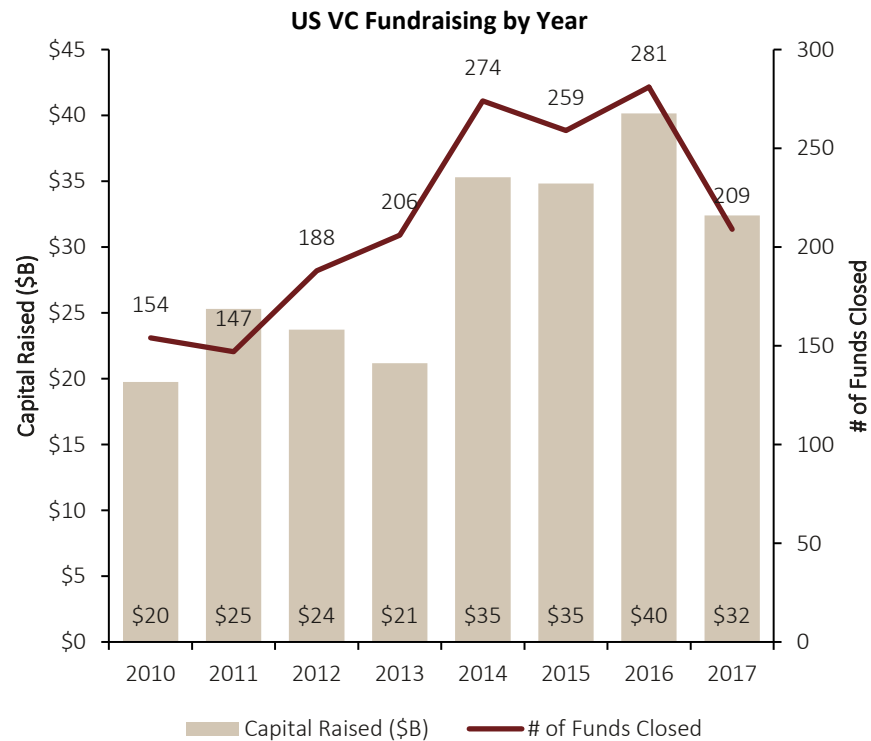


Source: PitchBook

Venture Capital Fundraising Environment and Exit Environment

Amount of capital and number of funds raised has fallen since 2016

- 2017 fundraising declined nearly 20% in terms of capital raised and 25% in terms of funds closed
- IPOs are falling as the exit option of choice among US VC-backed companies. However, on a global basis, the number of VC-backed IPOs were up 30% from last year.
- 57 companies gained unicorn status over the course of 2017, adding to the growing stable of aging, \$1b+ (post money valuation) companies across the globe.

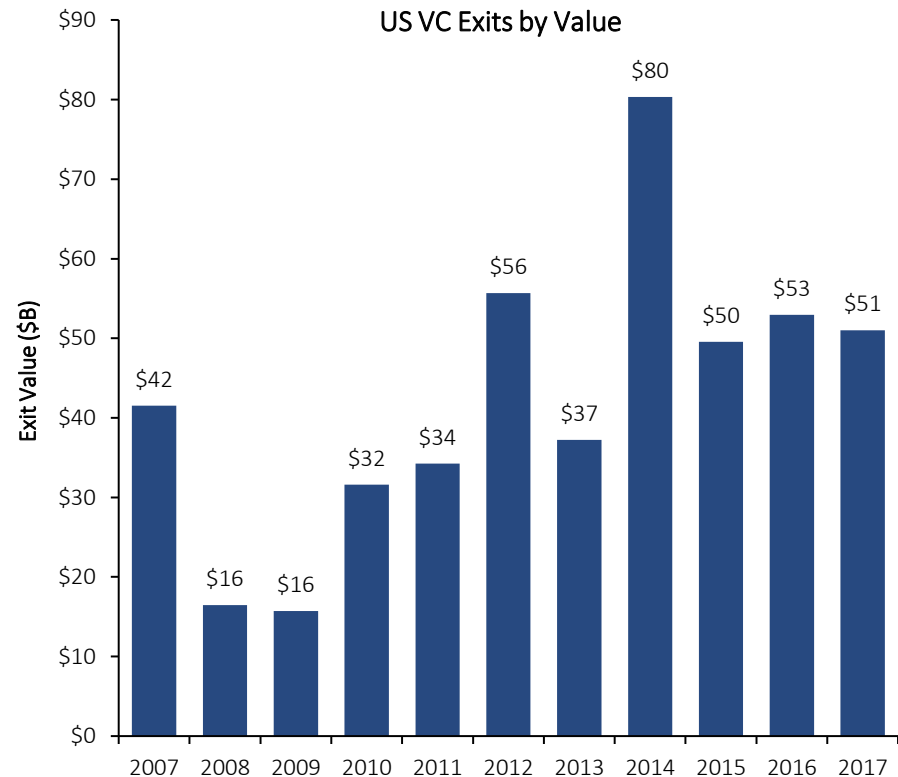
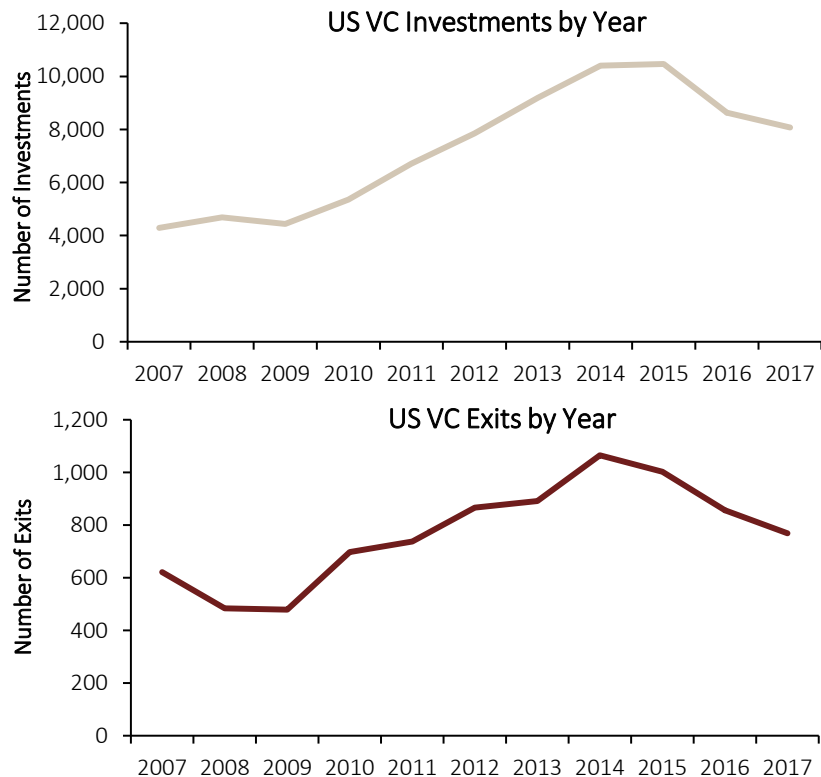


Source: PitchBook

US VC Investments vs Exits by Year

US VC investments and exits have declined in recent years while exit value has remained stable

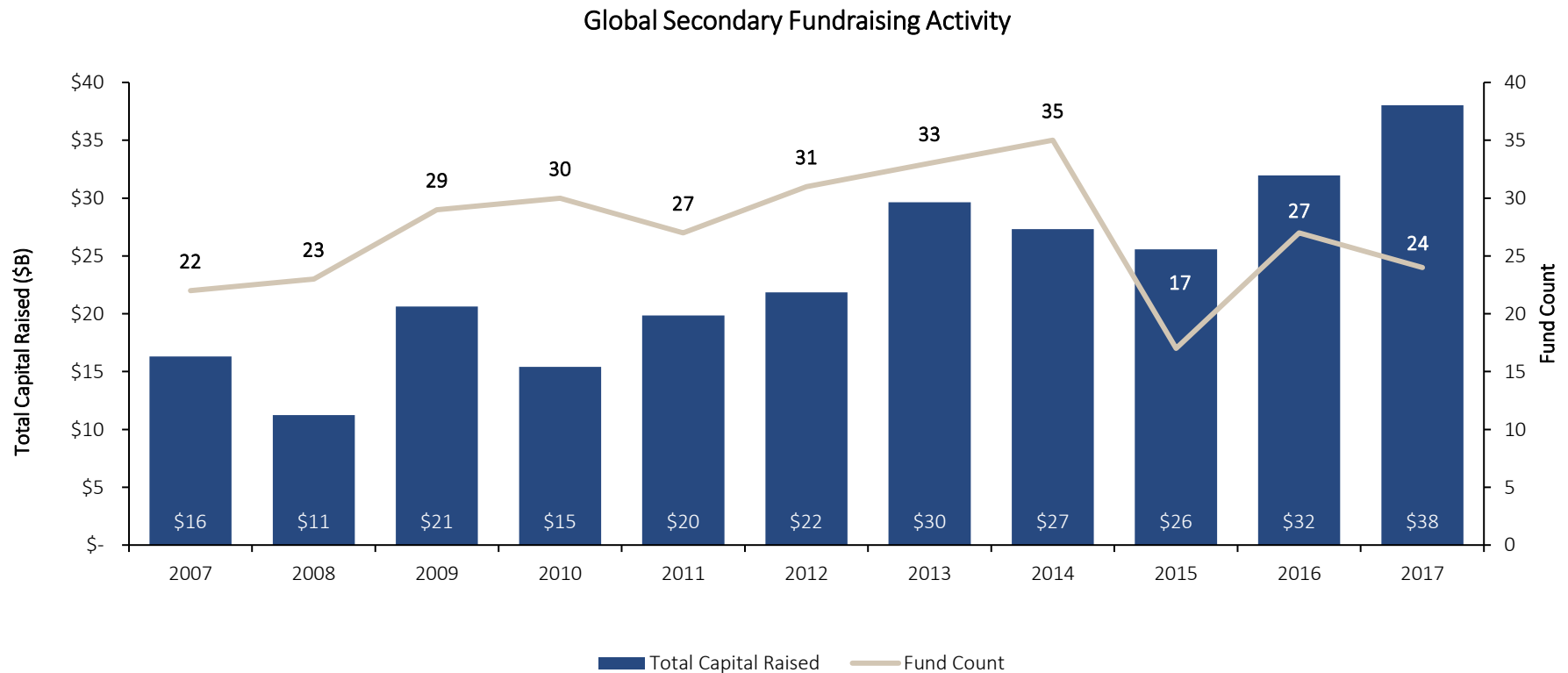
- Between 2015 and 2017, the number of US VC investments fell nearly 23% from a high of 10,463 investments in 2015 to 8,076 investments in 2017
- Similarly, the number of US VC exits fell nearly 28% between 2014 and 2017 from a high of 1,065 exits in 2014 to 769 exits in 2017
- Despite the recent decline in the number of exits, US VC exit value has remained relatively stable from 2015 to 2017 due in large part to increasing median exit values. The median exit value rose 17% YOY between 2016 and 2017



Source: PitchBook

Secondary Fundraising

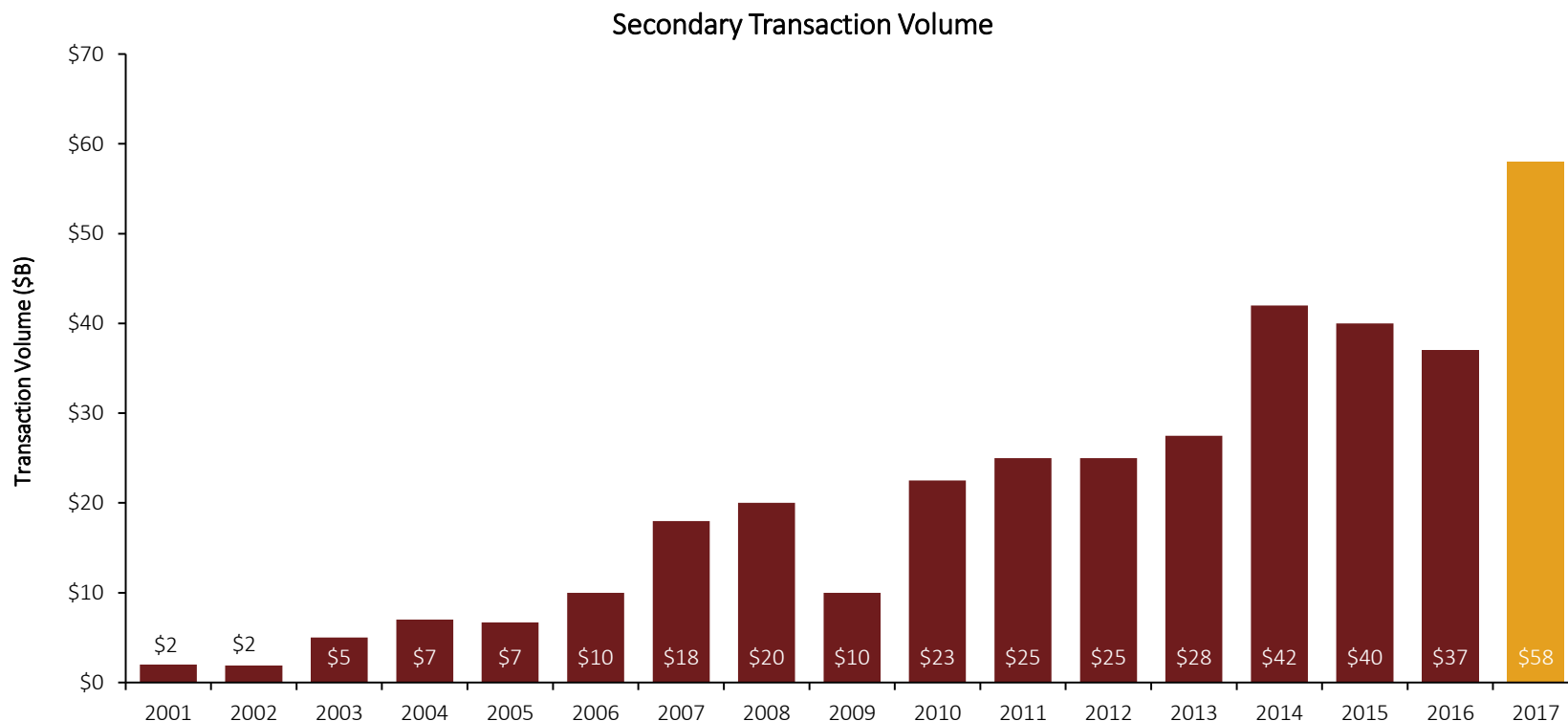
- A strong fundraising environment and the widespread availability of leverage has brought secondary dry powder to an estimated \$125 billion
- The \$38 billion raised represents a 19% YoY increase in dollar terms, while there was a 11% YoY decrease in number of funds raised, resulting in an average increase in fund size of 39%



Source: PitchBook

Secondary Volume

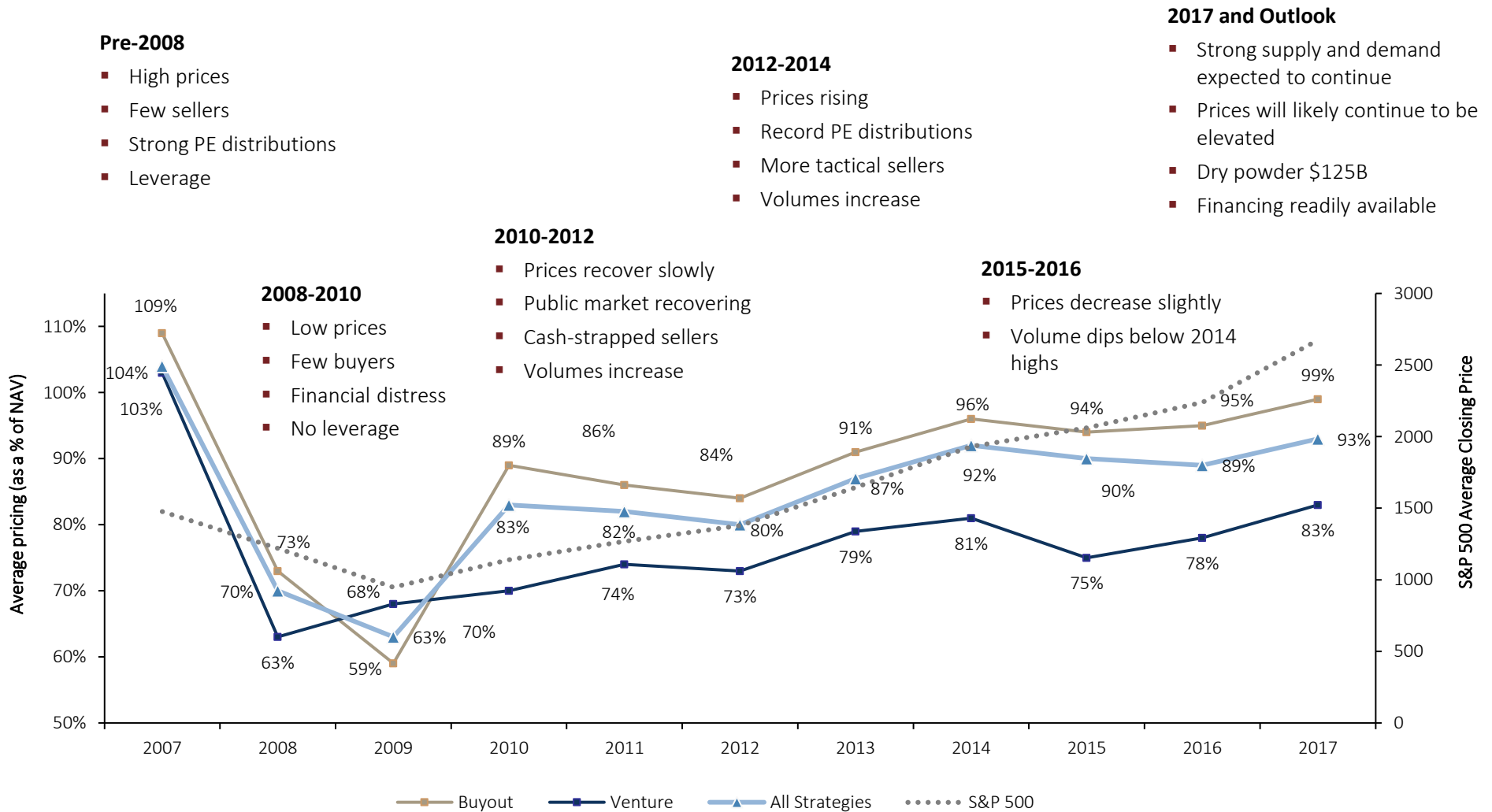
- Transaction volume at all-time high \$58 billion in 2017
- In 2017, 19 individual transactions each totaled over \$500 million of transaction value, including 9 transactions over \$1 billion
- GP-led transactions continued to grow by both deal count and transaction value, as a growing number of GPs provided liquidity options to their limited partners



Source: Greenhill Cogent, Secondary Market Trends & Outlook (January 2018)

Secondary Market Pricing Evolution Over Time

Average Pricing (as a % of NAV)



Source: Greenhill Cogent, Secondary Market Trends & Outlook (January 2018)

Appendix

Glossary of Terms

Strategy: The portfolio shall be diversified by the broad strategies described below. Further, the portfolio shall be diversified by stage (in the case of Venture Capital), by target company size (in the case of Buyout and Special Situations), and by fund size.

Venture Capital: Venture capital is an investment strategy that provides primary capital for young companies aiming for, or already exhibiting, rapid growth. Venture investing can involve various stages from Seed and Early Stage to Later Stage, reflecting the development of the company. Regardless of stage, Venture Capital investments are generally made into companies that are not yet profitable. Venture capital funds may specialize in one or more stages of investment and/or sectors (e.g., information technology, healthcare/life sciences).

Growth Equity: Growth Equity blends characteristics of Venture Capital and Buyouts. The strategy can include investments made directly into a company (primary capital) or acquired from earlier shareholders, often the founder (secondary capital). The target portfolio company is generally profitable or near profitability. The primary capital provided by the Growth Equity fund is frequently used to expand the company quickly via investments in production, in sales and marketing or through acquisitions while the secondary capital received by the current shareholders (founders, angel investors) provides for a partial or full liquidity event. The investor may hold a minority or controlling interest in the company.

Buyouts: Buyout transactions involve the acquisition of a controlling or non-controlling stake in the share capital of a company. These transactions are often also funded with a varying degree of debt (leveraged buyouts or LBOs), and/or alongside existing management (management buyouts or MBOs). Buyout transactions (and the funds that sponsor them) are further differentiated by size, including Small Buyouts (funds less than approximately \$750 million), Mid-Cap (funds up to \$5 billion), Large (funds up to \$10 billion) and Mega (funds larger than \$10 billion).

Special Situations: Special Situations funds may incorporate a specific strategy (e.g., build-ups or roll-ups of existing industries), may focus on a specific industry, may invest across a wide spectrum from venture capital to large buyouts, or may focus on distressed or turnaround situations. These funds may incorporate a combination of minority and majority ownership structures. Special Situations also encompasses funds that may be not be easily classified in other strategies.

Secondaries: A Secondary purchase is the acquisition of a fund interest from an existing investor. The purchaser acquires the existing net asset value and assumes any remaining unfunded commitment. A Direct Secondary is the acquisition of one or more portfolio companies from a private equity fund.

Co-Investments: Co-Investment is a direct investment into a company alongside a private equity sponsor.

Private Debt: Private Debt investments include loans, at various levels of seniority in the capital structure, to companies. This strategy can also include distressed debt investing. Other strategies with shorter average duration and predictable cash flows, such as the purchase of interests in royalty streams associated with intellectual property, could also be considered Private Debt.

Commitment: Amount committed by the LP to its portfolio funds and direct co-investments (if any) as of the Report Date.

NAV: Net Asset Value

Paid In: Amount Paid-in by the LP to its portfolio funds as of the Report Date.

Undrawn: Balance of uncalled commitments made by the LP to its portfolio funds (Undrawn = Commitment – Paid In).

Exposure: The total of the Net Asset Value and uncalled committed capital (Exposure = NAV + Undrawn)

Distribution: Amount Distributed by the relevant VCERA fund to VCERA as of the Report Date.

DPI: Distributions to Paid In (DPI = Distribution / Paid In)

TVPI: Total Value Paid In (TVPI = (Distribution + Market Value) / Paid In)

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Performance Information: Annualized IRRs/performance metrics presented are net of all fees, expenses and carried interest (if any) charged by the general partner of the underlying portfolio funds. Specific information on performance calculations appear below; note, not all may be included in this presentation.

Abbott Composites: Includes all portfolio investments made by Abbott on behalf of discretionary client accounts managed as of the date indicated or through liquidation. Refer to individual composites for information on the types of investments which are **excluded** from performance calculations.

- **Horizon IRRs** are **net** of Abbott's management fees and carried interest (if any) paid but **gross** of any carried interest allocated to Abbott but not yet distributed, account level expenses and adjustments resulting from the gains and losses realized upon the sale of distributed stock.
- **Performance by Vintage Year** is **gross** of Abbott's management fees, carried interest (if any) paid, account level expenses and adjustments resulting from the gains and losses realized upon the sale of distributed stock. IRRs **exclude** investments purchased on the secondary market as the performance of these investments cannot meaningfully be compared based on vintage year.
- **Performance by Strategy (excluding secondaries)** is **gross** of Abbott's management fees and carried interest (if any) paid or allocated to Abbott but not yet distributed, account level expenses and adjustments resulting from the gains and losses realized upon the sale of distributed stock. When presented as **equal weighted returns**, performance has been calculated based on the assumption that Abbott committed an equal amount to each underlying portfolio fund. Actual commitment amounts would have varied.

Where returns are **gross** of Abbott's management fees, actual returns to an individual investor would be further reduced for any fees and expenses not accounted for in the performance calculations, and will include adjustments for gains/losses from the sale of distributed stock. For example, based on an effective management fee rate of 0.72%, the average impact of management fees on TVPI is 0.1x and 1.9% to IRR over a 10 year period. Returns reflect the reinvestment of realized proceeds and other earnings by the underlying portfolio funds, to the extent applicable.

Abbott Fund performance is **net** of management fees paid to Abbott and carried interest (if any) paid or allocated to the relevant Abbott Fund's general partner. Returns also reflect the reinvestment of realized proceeds and other earnings by the relevant Abbott Fund. Net performance for an individual investor in an Abbott Fund may differ from those disclosed herein due to varying limited partner closing dates, management fees, strategy allocations, and commitment amounts.

Not Meaningful (NM): With respect to primary investments, Abbott deems only those returns greater than three years of age to be mature enough to provide meaningful performance information.

References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only and do not imply that an Abbott Client will achieve returns, volatility or results similar to the index, or that these are appropriate benchmarks to be used for comparison for a private equity investment. The market volatility, liquidity and other characteristics of private equity investments are materially different from publicly-traded securities. In addition, the composite of the index may not reflect the manner in which the Abbott Client portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations or volatility, all of which are subject to change over time. The index returns will generally reflect the reinvestment of dividends, if any, but do not reflect the deduction of any fees or expenses which would reduce returns. An investor cannot invest directly in an index.

- **S&P 500:** Annualized time-weighted total returns of the S&P 500 (represents the 500 most widely-held large cap US stocks on the NYSE or NASDAQ) includes the reinvestment of dividends and income.
- **MSCI World:** Annualized time-weighted total returns of the MSCI World (represents large and mid-cap equity performance across 23 developed markets countries) are based on values provided by MSCI and include the reinvestment of dividends and income
- **MSCI World Ex-US:** The same as MSCI World, but excluding the United States.
- **NASDAQ Composite:** Annualized time-weighted total returns of the NASDAQ Composite (a broad, market cap-weighted index which includes a large percentage of finance, health care, technology, and consumer services businesses) are based on values provided by NASDAQ and include the reinvestment of dividends.
- **Russell 3000:** Annualized time-weighted total returns of the Russell 3000 (a broad-based, market cap-weighted index of 3,000 U.S.-traded stocks) are based on values provided by Russell Investment Group and include the reinvestment of dividends.
- **Cambridge Secondary Funds Index:** End-to-End returns, provided by Cambridge Associates. The index is a horizon calculation based on data compiled from 206 secondary-focused funds (excluding hard assets funds), including fully liquidated partnerships, formed between 1991 and 2016. Cambridge Associates return data is provided for informational purposes only, is based on only a limited number of private equity funds when compared to the entire private equity industry, and may not reflect a consistent benchmark or basis for comparison for private equity investments. Data sourced from Cambridge Associates is continually updated and subject to change. Cambridge Associates uses the end-to-end or horizon internal rate of return calculation to calculate the official quarterly, annual, and multi-year index figures. The horizon IRR performance calculation is a money-weighted return similar to the since inception IRR; however, it is measuring performance between two points in time. The calculation incorporates the beginning NAV (if any, treated as an inflow), interim cash flows and the ending NAV (if any, treated as an outflow). All interim cash flows are recorded on the mid-period date of the quarter. In order for a fund to be included in a horizon IRR calculation, the fund must have at least one quarterly contribution, distribution or NAV during the time frame being measured. Similar to the since inception IRR, the horizon IRR is annualized for time frames greater than one year.

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PME+ is provided in instances where a portfolio significantly outperforms the public market index due to a high level of distributions, then the net remaining investment in the index may be in a short position. For purposes hereof, Abbott has calculated PME as described in "A Private Investment Benchmark", a 1996 white paper by Austin M. Long III and Craig J. Nickels, and PME+ as described in "Private Equity Benchmarking with PME+", an article published in the Venture Capital Journal (August 2003) by Christophe Rouvinez of Capital Dynamics.

All investments are subject to risk, including the loss of the principal amount invested. Private equity related risks include, among others: those associated with leverage, illiquidity and restrictions on transferability and resale of the investment and the speculative nature of private equity investments in general. Fund of fund risks include dependence on the performance of underlying managers, Abbott's ability to allocate assets incurred at the Abbott Client and underlying portfolio fund levels. Exchange rate fluctuations may affect returns. Diversification will not guarantee profitability or protection against loss. There is no assurance that an Abbott Client's objective will be attained. Performance may be volatile and the value of an investment(s) may fluctuate. Please refer to Abbott's Form ADV, Part 2a for additional risk disclosures.

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Private Equity Annual Plan

*Ventura County Employees' Retirement Association
2018*



Ventura County Employees' Retirement Association

ANNUAL PLAN

For the period 1/1/18 through 12/31/18

A. FUNDING LEVEL ANALYSIS

I. FUNDING LEVEL

<u>Actual Funding Position</u>	<u>1/1/2018</u>
Total Fund Market Value:	\$5,420.5 million
% Target for Private Equity:	10%
Total Private Equity Target Allocation:	\$542.1 million
VCERA-Initiated Portfolio Net Asset Value:	\$243.0 million
Abbott-Directed Portfolio Net Asset Value:	\$2.9 million
Total Net Asset Value:	\$245.8 million
NAV in excess of (short of) Target	(\$296.3 million)
<u>Projected Funding Position</u>	<u>12/31/2022</u>
Fund Market Value:	\$7,357.1 million
% Target for Private Equity:	10%
Total Private Equity Allocation:	\$735.7 million
2018 Commitment Target:	\$185 million
<i>Actual commitment may be greater or less depending on market opportunities</i>	

II. FUNDING BY STRATEGY

VCERA-INITIATED PORTFOLIO		12/31/2017		
Strategy	NAV	Undrawn	Exposure	
Venture Capital & Growth Equity (Global)	\$10.5m	\$18.0m	\$28.5m	
North American Buyouts & Special Situations	77.2m	53.5m	130.8m	
International Buyouts & Special Situations	55.6m	35.4m	91.0m	
Secondary, Co-Invest, Private Debt	99.7m	120.9m	220.6m	
TOTAL VCERA-Initiated Portfolio	\$243.0	\$227.9m	\$470.8m	
ABBOTT-DIRECTED PORTFOLIO				
Strategy	NAV	Undrawn	Exposure	
Venture Capital & Growth Equity (Global)	\$0.0m	\$0.0m	\$0.0m	
North American Buyouts & Special Situations	0.0m	65.0m	65.0m	
International Buyouts & Special Situations	0.0m	0.0m	0.0m	
Secondary, Co-Invest, Private Debt	2.9m	20.2m	23.1m	
TOTAL Abbott-Directed Portfolio	\$2.9m	\$85.2m	\$88.0m	
TOTAL	\$245.8	\$313.0m	\$558.9m	

Some figures may be estimated for VCERA-Initiated Portfolio; totals may not sum due to rounding.





Ventura County Employees' Retirement Association

III. STRATEGIC PORTFOLIO STRUCTURE

VCERA's Private Equity Portfolio will be constructed over time and in accordance with the diversification guidelines described in the Private Equity Investment Policy ("PE Policy"). The projected year-end 2022 Private Equity Target Allocation is \$735.7 million. The projected NAV and Exposure by strategy is approximately as shown in the table below. Note that the actual NAV and Exposure will depend on market conditions, investment opportunities available to VCERA and other factors.⁶

Total Private Equity Target 12/31/2022:		\$735.7m
Strategy	Projected NAV and Exposure	Range
Venture Capital & Growth Equity (Global)	20%	10%-30%
North American Buyouts & Special Situations	40%	35%-55%
International Buyouts & Special Situations	20%	10%-30%
Secondary, Co-Invest, Private Debt, Other	20%	5%-40%
TOTAL	100%	

B. 2017 INVESTMENT ACTIVITY: ABBOTT-DIRECTED PORTFOLIO

I. PRIMARY COMMITMENTS

Fund	Strategy	Commitment	Paid In	Undrawn
Abbott Secondary Opportunities	Secondary Fund	\$25.0m	\$4.8m	\$20.6m
Clearlake Capital Partners V	North American Buyouts & Special Situations	10.0m	0.0m	10.0m
GTCR Fund XII	North American Buyouts & Special Situations	30.0m	0.0m	30.0m
Insight Venture Partners X	North American Buyouts & Special Situations	25.0m	0.0m	25.0m
TOTAL		\$90.0m	\$4.8m	\$85.6m

Totals may not sum due to rounding or late interest charges.

The total commitment target for 2017 was \$150 million. In addition to the \$90 million of Abbott-directed commitments made in 2017, a further \$60 million of VCERA-initiated commitments closed during the year, as detailed in Section C. In aggregate, and despite making no commitments until nearly mid-year, VCERA closed on \$150 million of fund commitments during the year, against a target of \$150 million.

II. SECONDARY PURCHASES

No direct secondary purchases were made during 2017.

III. OTHER INVESTMENT ACTIVITY

In 2017, the Board approved the formation of Buenaventure One, LLC, a fund of one, to facilitate VCERA's participation in certain fund investments. Buenaventure One made its first commitment to an underlying fund in 2018.

⁶ Actual exposure may differ from amounts shown above due to market conditions, investment opportunities, and other factors, and such differences may be material.



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IV. DIVESTMENT, LIQUIDATION AND TERMINATION ACTIVITY

No funds in the Abbott-directed portfolio were divested, liquidated or terminated during the year.

V. PERFORMANCE COMMENTARY

VCERA approved its Private Equity Policy and first Annual Plan in June 2017, at which time Abbott began pursuing investments on VCERA's behalf. Through year-end 2017, Abbott closed on four commitments totaling \$90 million (as shown above). As all of those commitments were made in the second half of the year, only one fund called capital during the period. The remaining funds, as well as other commitments made in 2018, are expected to draw capital during calendar year 2018.

VI. SPECIFIC SITUATIONS REQUIRING ADDITIONAL MONITORING

Abbott generally seeks advisory board or valuation committee seats for the funds to which it commits on behalf of its clients. Abbott's practice is to attend the annual meetings for each of the funds in our clients' portfolios. In addition, Abbott regularly visits managers in their offices as part of its ongoing monitoring and due diligence of new fund offerings, and managers frequently visit Abbott to provide updates. Beyond formal updates, Abbott speaks to managers on a regular basis using these opportunities to deepen its understanding of the general partner groups, as well as the performance of the underlying portfolio companies. This active monitoring enables Abbott to make informed decisions regarding whether groups in the portfolio should be supported in the future. Abbott also carefully evaluates requests for amendments to Limited Partnership Agreements that can occur over the life of a fund.

As of year-end, there are no situations requiring additional monitoring.

C. 2017 INVESTMENT ACTIVITY: VCERA-INITIATED PORTFOLIO

I. PRIMARY COMMITMENTS

Fund	Strategy	Commitment	Paid In	Undrawn
CVI Credit Value Fund IV	Secondary, Co-Invest, Private Debt, Other	\$30.0m	\$1.5m	\$28.5m
HarbourVest Co-Investment IV	Co-Invest Fund	30.0m	14.5m	15.7m
TOTAL		\$60.0m	\$16.0m	\$44.2m

Some figures may be estimated for VCERA-Initiated Portfolio; totals may not sum due to rounding or late interest charges.

The total commitment target for 2017 was \$150 million. In 2017, VCERA reached that target through \$60 million of VCERA-initiated commitments and \$90 million of Abbott-directed commitments, as noted above.

II. SECONDARY PURCHASES

There were no direct secondary purchases in in 2017.

III. OTHER INVESTMENT ACTIVITY

There was no other investment activity in the VCERA-initiated portfolio in 2017.



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IV. DIVESTMENT, LIQUIDATION AND TERMINATION ACTIVITY

No funds were divested, liquidated or otherwise terminated in the VCERA-initiated portfolio in 2017.

V. TOTAL VCERA-INITIATED PORTFOLIO

Fund	Commitment	Cumulative Distributions	NAV
Adams Street 2010 US Fund	\$42.5m	\$20.3m	\$37.1m
Adams Street 2010 Non-US Developed Markets Fund	25.5m	11.8m	18.1m
Adams Street 2010 Non-US Emerging Markets Fund	8.5m	1.5m	9.2m
Adams Street 2010 Direct Fund	8.5m	7.7m	5.7m
Pantheon Global Secondary Fund IV	15.0m	11.5m	3.9m
Adams Street 2013 Global Fund	75.0m	4.7m	57.1m
HarbourVest Dover Street VIII	67.5m	46.3m	40.6m
Pantheon Global Secondary Fund V	50.0m	4.8m	27.4m
Adams Street 2016 Global Fund	60.0m	0.0m	11.1m
HarbourVest Dover Street IX	60.0m	3.4m	12.6m
Drive Capital	15.0m	0.0m	2.6m
CVI Credit Value Fund IV	30.0m	0.0m	1.6m
HarbourVest Co-Investment IV	30.0m	0.0m	16.0m
TOTAL	\$487.5m	\$111.9m	\$243.0m

Some figures estimated for VCERA-Initiated Portfolio; totals may not sum due to rounding.

As of December 31, 2017, the VCERA-initiated portfolio included total commitments of \$487.5 million of which \$259.6 million had been paid-in. From inception through December 31, 2017, VCERA had received cumulative distributions of approximately \$111.9 million, resulting in a DPI of 0.43. The reported remaining fair market value was \$243.0 million and the TVPI was 1.37.

IV. MONITORING OF THE VCERA-INITIATED PORTFOLIO

Abbott will continue to collect performance data on and to monitor developments in the VCERA-initiated portfolio. Abbott is currently not aware of any specific situations requiring additional monitoring.

D. 2018 INVESTMENT PLAN

I. POTENTIAL PIPELINE

To build a portfolio capable of withstanding market cycles, VCERA will seek to diversify the portfolio over multiple vintage years with the goal of achieving the Strategic Portfolio Structure as shown on page 2.

Abbott is currently in active due diligence on two Venture Capital & Growth Equity funds, three North American Buyout & Special Situations funds, and three International Buyout & Special Situations funds that may be appropriate for VCERA's portfolio. These funds represent approximately \$75 million of possible commitments for VCERA (assuming they receive Abbott Investment Committee approval). The currently-identified forward pipeline includes 12 Venture Capital & Growth Equity funds, 14 North American Buyouts & Special Situations funds, and nine International Buyouts & Special Situations funds. This pipeline represents in excess of \$150 million of potential commitments for VCERA.

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II. DOLLAR AMOUNT TO BE INVESTED

Based on the current state of the portfolio, the projected capital calls, distributions, NAV appreciation, and Plan growth rate, VCERA should commit approximately \$185 million in 2018 and an average of approximately \$180 million per year for the next five years to reach the Private Equity Target Allocation.

In the first quarter of 2018, VCERA committed to five funds, totaling \$44.4 million.

Commitments to **Battery Ventures XII** (\$9.1 million) and **Battery Ventures XII Side Fund** (\$5.1 million), both Venture Capital & Growth Equity funds, closed in the first quarter. A commitment to one North American Buyouts & Special Situations fund, **M/C Partners VIII** (\$7.5 million), also closed in the first quarter. VCERA's \$15.0 million commitment to **The Resolute Fund IV**, a North American Buyouts & Special Situations fund, was pending as of the end of the first quarter, awaiting the fund's closing date. Finally, **Buenaventure One** made its initial investment in an underlying fund, a North American Buyouts & Special Situations fund, in the first quarter of 2018. This commitment totaled \$7.7 million.

While the program continues to focus on larger dollar commitments, capacity in top-tier private equity partnerships remains a constraint. As such, the program will remain flexible with commitment sizes to gain exposure to high-quality investment opportunities.

E. SUMMARY

In 2017, the Abbott-directed portion of VCERA's private equity portfolio commenced activity. Across both the Abbott-directed portion and the VCERA-initiated portion of the portfolio, VCERA closed on \$150 million of commitments in 2017. In addition, VCERA established Buenaventure One in 2017 to facilitate certain fund investments. VCERA's goal is to build upon the solid foundation of its current private equity portfolio and to increase the allocation from the current level of 4.5% to reach the target allocation of 10% over the next several years. Current modeling of the portfolio supports a commitment pace of **\$185 million** in 2018, followed by commitments of \$205 million in 2019, \$180 million in 2020, and an average commitment level from 2018 through 2022 of approximately \$180 million per year. Note that market conditions, especially the Plan's actual attained growth rate, and the pace of capital calls, distributions and NAV appreciation in the private equity portfolio, may cause the projected commitment pace to change in the future.

Through the end of the first quarter of 2018, VCERA has committed \$44.4 million. With a robust pipeline visible for the balance of the year, VCERA expects to reach the commitment target for 2018.

While VCERA should continue to receive some level of distribution activity from the portfolio, the overall program remains in its development phase. Thus, capital calls are expected to continue to exceed distributions for several years.

As always, the program will maintain its rigorous selection criteria with the goal of building a diversified portfolio across Global Venture Capital and Growth Equity, North American Buyouts and Special Situations, International Buyouts and Special Situations, as well as other private equity strategies.



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APPENDIX 1

2017 Private Equity Market Review

I. VENTURE CAPITAL & GROWTH EQUITY

The venture capital industry had another strong year, as evidenced by attractive overall performance, robust investment activity, and continued limited partner demand for new fund offerings. The total amount invested by venture capitalists reached \$84 billion in 2017 – the highest level since the dot-com era – despite a decline in the number of investments. This phenomenon was due to both larger average early stage rounds, with 39% of Series A deals above \$25 million, and later stage rounds, which were fueled by significant amounts of capital raised by larger, more mature private companies. It is worth noting that corporate-backed venture investment activities also continued to rise as companies attempted to gain a competitive edge by acquiring innovative technologies. Investments by these firms surpassed \$25 billion in 2017, representing more than 18% of total deal volume.

Evidenced by the decline in new investments amidst record high dollars invested, pre-money valuations continued to rise across stages during the past year. The most meaningful increase was observed within the later stage segment, as series D and later rounds' valuations rose by more than 80% year-over-year, on average. Moreover, it is estimated that “unicorns,” or private companies with post-money valuations over \$1 billion, now have an aggregate enterprise value of over \$500 billion dollars. Fifty-seven new businesses attained unicorn status in the past year, further highlighting the continued demand for these assets by later stage and growth equity firms.

At the same time, reported 2017 fundraising statistics declined in terms of both number of funds and capital raised. In total, 209 venture capital and growth equity funds raised \$32 billion in 2017, which represent declines of 26% and 19%, respectively, from 2016. It is worth noting, however, that this decline may be explained in part by the fact that only three funds raised more than \$1 billion in 2017, as opposed to seven in 2016.

Exit activity in 2017 also decreased in terms of both the number of exits and aggregate transaction volume. In addition, 58 venture-backed companies went public in the U.S. during this time period, an increase over the 41 that publicly listed in 2016, but far below the 124 IPOs that occurred in 2014. This decline reflected softened public investor demand as well as a continuation of the trend of companies remaining private for longer periods of time; the median number of years for a venture-backed company to go public has increased from 4.9 years in 2006 to 8.3 years over the recent past. The continued decline in average valuation uptick between the last private financing round and initial IPO valuation likely plays a role in this phenomenon. In 2009, the median step-up in valuation for venture-backed companies post an IPO was over 2.5x, compared with approximately 1.5x last year. It appears that in many cases entrepreneurs view the marginal appreciation afforded by taking a company public does not necessarily outweigh all of the concerns and/or risks that public company CEOs must manage.

II. BUYOUTS AND SPECIAL SITUATIONS

Institutional investor demand for private equity partnerships also remained strong during the past 12 months, leading to yet another year of robust fundraising activity. In 2017, private equity funds employing a buyout strategy raised \$281 billion, an approximate 16% increase from the \$244 billion raised in 2016 and a post-recession high. The increase in buyout fundraising was largely fueled by North American funds which raised \$193 billion, a 25% year-over-year increase. Buyout funds continued to attract capital from institutional investors given a myriad of factors, including private equity's continued long-term outperformance relative to other asset classes and significant distributions from



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these funds in recent years that have resulted in lowered interim private equity allocations. In addition, increasing fund sizes, in some cases quite meaningful, was a continuation of a trend that Abbott has witnessed within nearly all segments of the buyout and special situations markets over the recent past. Despite the aforementioned increase in total capital raised, the number of buyout funds that achieved a final close in 2017 was up only 3% year-over-year. Consequently, buyout funds' dry powder, or capital committed to private equity funds that has not yet been invested, increased 20% year-over-year in North America and remained largely flat in other geographies. Global dry powder for buyouts has reached a staggering \$733 billion, the highest level ever recorded. As discussed below, the private equity capital overhang was likely one of multiple factors that led to relatively high valuations across all segments of private equity in 2017.

Increasing public market multiples, stiff competition for deals from private equity and corporates alike, and relatively easy access to inexpensive credit supported continued elevated valuation multiples in 2017. According to PitchBook, the median valuation for North American transactions across all deal sizes remained flat year-over-year at 10.3x EBITDA, the highest level over the last decade. In addition, leverage levels as a proportion of total transaction value also increased, from a median of 5.1x in 2016 to 5.6x in 2017. In Europe, valuation multiples increased modestly to 7.5x EBITDA from 7.4x in 2016, which also represented the highest level witnessed over the last 10 years. Similarly, the debt component of the purchase price also increased in Europe, from 3.4x to 4.0x EBITDA. Notably, although a valuation gap between Europe and the U.S. persisted, the difference in reported median valuations across geographies seems particularly wide given Abbott's experiences in the European buyout market.

Persistently high market multiples led to only a modest increase in aggregate private equity-backed buyout investment activity across all geographies during the past year. In 2017, the number of private equity-backed buyout investments and aggregate transaction volume increased 5% and 9% year-over-year, respectively. The aggregate deal value of buyouts in North America decreased 8% to \$175 billion, while ex-North American markets saw an increase of 33% in aggregate deal value, driven primarily by Asia, which experienced a record level of deal activity. The increase in Asian deal value was due to mega deals in the region and increased buyout activity in Japan, where buyouts recorded the highest deal volume since 2001.

Lastly, industry data continued to report that private equity-backed buyout exits declined slightly in 2017, with the number of exits down a modest 1% year-over-year. At the same time, global private equity-backed buyout exit value of \$250 billion was reportedly down a surprising 25% and is the lowest recorded value since 2009. Although practitioners continue to believe the current market is more attractive for exits than new investments, the fact remains that the inventory of private equity-backed companies mature enough for divestment could be somewhat limited given the significant amount of liquidity generated by sponsors over the past few years. In addition, many sponsors were cautious about deploying capital given elevated valuations, which further limits the number of portfolio companies that would theoretically be maturing at this time.

III. SECONDARY ACTIVITY

Secondary transaction volume rebounded to an all-time high of \$58 billion in 2017, representing a 57% increase over the prior year. A primary driver of this noteworthy increase was the general size and scale of secondary transactions, particularly with regard to total portfolio sales. In 2017, 19 individual transactions each totaled over \$500 million of transaction value, including nine transactions over \$1 billion. Total portfolio sales remain an effective way for some of the larger secondary players to invest significant sums of capital, while also affording sellers the ability to quickly consolidate manager relationships and/or manage asset allocation.

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The secondary market continued to be highly concentrated, as the top 14 buyers accounted for approximately 71% of transaction volume in 2017. These firms' collective market share increased year-over-year, as they acquired 58% of total transaction volume in 2016. Conversely, sellers of private equity interests were quite diverse, with U.S. public pensions and sovereign wealth funds representing approximately 25% of total transactions by number, fund of funds 18%, and endowments/foundations 16%. Although the transfer of limited partner interests, which includes portfolio sales, comprised 76% of secondary transaction volume during the past year, general partner-led efforts such as secondary directs, fund restructurings, recapitalizations, spin-outs, and tender offers also played an increasing role; Cogent Greenhill reports these transactions totaled \$14 billion in 2017, representing annualized growth of almost 50% since 2011.

Competition for transactions remains intense, particularly at the larger end of the market, leading to average market pricing during the past year that surpassed the previous highs witnessed in 2014. In addition, increased average pricing corresponds with broader market valuations, also perceived as high, making transacting even more difficult without in-depth knowledge of portfolios derived from primary relationships. Average pricing of buyout interests increased to 99% of NAV in 2017, a record high, up from 95% in 2016. In addition, Abbott witnessed a number of buyout fund interests trade for prices well above par, and in some cases for meaningful premiums, over the past year. Industry data further backs up that point; according to Cogent Greenhill, over 20% of 2012 or later vintage year funds were acquired for double-digit premiums to NAV. At the same time, venture capital interests remained cheaper on a relative basis when compared with their buyout brethren. Average venture capital and growth equity pricing increased 5% to 83% of NAV in 2017. The price discrepancy is likely due to less visibility on future performance and the inherently riskier nature of the investments.

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The information presented in this Market Review was generally sourced from the following materials.

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April 16, 2018

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

SUBJECT: BOARD APPROVAL OF PRIVATE EQUITY INVESTMENT ANNUAL PLAN

Dear Board Members:

At its meeting of May 1, 2017, the Board selected Abbott Capital to provide private equity investment management services including consulting, investment management, and back office support.

Each year the Board reviews and approves a Private Equity Annual Plan for continued build-out of the private equity program. In combination with the Board's adopted Private Equity Investment Policy, the Private Equity Annual Plan presented by Abbott provides a framework for the management and oversight of the PE assets and commitments of VCERA.

Staff and NEPC have worked with Abbott in the continuing program development, and believe that the proposed 2018 Annual Plan is in the best interest of VCERA.

**RECOMMENDATION:
APPROVAL AND ADOPTION OF THE 2018 PRIVATE EQUITY ANNUAL PLAN AS
PROPOSED AND PRESENTED BY ABBOTT CAPITAL MANAGEMENT.**

Respectfully submitted,

Dan Gallagher
Chief Investment Officer

PRELIMINARY MONTHLY PERFORMANCE REPORT

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

March 31, 2018

Allan Martin, Partner

Anthony Ferrara, CAIA, Consultant

Michael Miranda, CFA, Sr. Analyst



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

Ventura County Employees' Retirement Association

TOTAL FUND PERFORMANCE DETAIL NET OF FEES

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	5,330,199,507	100.0	100.0	-1.0	-0.7	7.2	10.2	6.7	8.1	6.5	8.1	Apr-94
<i>Policy Index</i>				<i>-1.0</i>	<i>-0.4</i>	<i>7.5</i>	<i>10.8</i>	<i>7.5</i>	<i>8.5</i>	<i>6.6</i>	<i>8.1</i>	<i>Apr-94</i>
Over/Under				0.0	-0.3	-0.3	-0.6	-0.8	-0.4	-0.1	0.0	
60% MSCI ACWI (Net) / 40% CITI WGBI				-0.7	0.5	8.3	12.3	6.4	6.1	4.4	--	Apr-94
Total Fund ex Parametric	5,248,318,343	98.5	--	-1.0	-0.9	6.8	9.8	6.6	7.9	6.3	8.0	Apr-94
Total Fund ex Private Equity	5,081,894,031	95.3	--	-1.2	-1.0	6.9	9.7	6.5	7.5	--	9.0	Jan-12
<i>Policy Index</i>				<i>-1.0</i>	<i>-0.4</i>	<i>7.5</i>	<i>10.8</i>	<i>7.5</i>	<i>8.5</i>	<i>6.6</i>	<i>9.8</i>	<i>Jan-12</i>
Over/Under				-0.2	-0.6	-0.6	-1.1	-1.0	-1.0		-0.8	
Total US Equity	1,748,314,838	32.8	28.0	-2.2	-0.7	10.7	13.9	10.4	13.2	9.5	9.3	Dec-93
<i>Russell 3000</i>				<i>-2.0</i>	<i>-0.6</i>	<i>10.5</i>	<i>13.8</i>	<i>10.2</i>	<i>13.0</i>	<i>9.7</i>	<i>9.6</i>	<i>Dec-93</i>
Over/Under				-0.2	-0.1	0.2	0.1	0.2	0.2	-0.2	-0.3	
Western U.S. Index Plus	195,822,774	3.7		-2.7	-1.0	11.6	14.6	11.4	13.8	9.4	5.7	May-07
<i>S&P 500</i>				<i>-2.5</i>	<i>-0.8</i>	<i>10.6</i>	<i>14.0</i>	<i>10.8</i>	<i>13.3</i>	<i>9.5</i>	<i>7.4</i>	<i>May-07</i>
Over/Under				-0.2	-0.2	1.0	0.6	0.6	0.5	-0.1	-1.7	
Blackrock Russell 1000 Index	1,491,321,398	28.0		-2.3	-0.7	10.6	--	--	--	--	12.8	May-17
<i>Russell 1000</i>				<i>-2.3</i>	<i>-0.7</i>	<i>10.6</i>	<i>14.0</i>	<i>10.4</i>	<i>13.2</i>	<i>9.6</i>	<i>12.8</i>	<i>May-17</i>
Over/Under				0.0	0.0	0.0					0.0	
Blackrock Russell 2500 Index	61,170,667	1.1		1.0	-0.2	10.0	--	--	--	--	11.5	May-17
<i>Russell 2500</i>				<i>1.0</i>	<i>-0.2</i>	<i>10.0</i>	<i>12.3</i>	<i>8.2</i>	<i>11.5</i>	<i>10.3</i>	<i>11.5</i>	<i>May-17</i>
Over/Under				0.0	0.0	0.0					0.0	

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

Prior to January 2016 the Total U.S. Equity Benchmark was a dynamic hybrid using the respective managers' market value weights within the U.S. Equity component toward their benchmark. Prior to May 2013, the Dow Jones U.S. Total Stock Market Index. Prior to May 2007, the Russell 3000 Index.

CPI+4% and CPI+5% are estimated due to CPI monthly lag.

Ventura County Employees' Retirement Association

TOTAL FUND PERFORMANCE DETAIL NET OF FEES

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Non-US Equity	880,117,051	16.5	15.0	-1.6	-1.5	10.0	15.7	7.0	6.4	3.2	6.7	Mar-94
<i>MSCI ACWI ex USA</i>				<i>-1.8</i>	<i>-1.2</i>	<i>10.2</i>	<i>16.5</i>	<i>6.2</i>	<i>5.9</i>	<i>2.7</i>	<i>5.5</i>	<i>Mar-94</i>
Over/Under				0.2	-0.3	-0.2	-0.8	0.8	0.5	0.5	1.2	
<i>MSCI EAFE</i>				<i>-1.8</i>	<i>-1.5</i>	<i>8.2</i>	<i>14.8</i>	<i>5.6</i>	<i>6.5</i>	<i>2.7</i>	<i>5.0</i>	<i>Mar-94</i>
<i>MSCI ACWI ex USA Local Currency</i>				<i>-2.0</i>	<i>-3.1</i>	<i>5.5</i>	<i>8.9</i>	<i>4.7</i>	<i>8.3</i>	<i>4.6</i>	<i>--</i>	<i>Mar-94</i>
<i>MSCI EAFE Local Currency</i>				<i>-2.2</i>	<i>-4.3</i>	<i>2.6</i>	<i>5.3</i>	<i>3.4</i>	<i>8.5</i>	<i>4.5</i>	<i>4.8</i>	<i>Mar-94</i>
BlackRock ACWI ex-U.S. Index	432,724,547	8.1		-1.8	-1.2	10.6	17.2	6.9	6.4	3.2	3.1	Mar-07
<i>MSCI ACWI ex USA IMI</i>				<i>-1.7</i>	<i>-1.1</i>	<i>10.6</i>	<i>17.1</i>	<i>6.7</i>	<i>6.2</i>	<i>3.1</i>	<i>2.9</i>	<i>Mar-07</i>
Over/Under				-0.1	-0.1	0.0	0.1	0.2	0.2	0.1	0.2	
<i>MSCI ACWI ex USA Local Currency</i>				<i>-2.0</i>	<i>-3.1</i>	<i>5.5</i>	<i>8.9</i>	<i>4.7</i>	<i>8.3</i>	<i>4.6</i>	<i>3.3</i>	<i>Mar-07</i>
Sprucegrove	232,117,674	4.4		-2.3	-1.9	12.5	15.6	7.6	6.7	4.1	7.9	Mar-02
<i>MSCI ACWI ex USA</i>				<i>-1.8</i>	<i>-1.2</i>	<i>10.2</i>	<i>16.5</i>	<i>6.2</i>	<i>5.9</i>	<i>2.7</i>	<i>6.9</i>	<i>Mar-02</i>
Over/Under				-0.5	-0.7	2.3	-0.9	1.4	0.8	1.4	1.0	
<i>MSCI EAFE</i>				<i>-1.8</i>	<i>-1.5</i>	<i>8.2</i>	<i>14.8</i>	<i>5.6</i>	<i>6.5</i>	<i>2.7</i>	<i>6.3</i>	<i>Mar-02</i>
<i>MSCI ACWI ex USA Local Currency</i>				<i>-2.0</i>	<i>-3.1</i>	<i>5.5</i>	<i>8.9</i>	<i>4.7</i>	<i>8.3</i>	<i>4.6</i>	<i>5.4</i>	<i>Mar-02</i>
<i>MSCI EAFE Local Currency</i>				<i>-2.2</i>	<i>-4.3</i>	<i>2.6</i>	<i>5.3</i>	<i>3.4</i>	<i>8.5</i>	<i>4.5</i>	<i>4.5</i>	<i>Mar-02</i>
Hexavest	92,562,716	1.7		-0.7	-1.9	3.6	8.6	4.3	5.0	--	4.7	Dec-10
<i>MSCI EAFE</i>				<i>-1.8</i>	<i>-1.5</i>	<i>8.2</i>	<i>14.8</i>	<i>5.6</i>	<i>6.5</i>	<i>2.7</i>	<i>5.6</i>	<i>Dec-10</i>
Over/Under				1.1	-0.4	-4.6	-6.2	-1.3	-1.5	--	-0.9	
<i>MSCI EAFE Local Currency</i>				<i>-2.2</i>	<i>-4.3</i>	<i>2.6</i>	<i>5.3</i>	<i>3.4</i>	<i>8.5</i>	<i>4.5</i>	<i>7.6</i>	<i>Dec-10</i>
Walter Scott	122,712,114	2.3		-0.4	-1.3	8.5	16.2	8.2	6.2	--	6.2	Dec-10
<i>MSCI ACWI ex USA</i>				<i>-1.8</i>	<i>-1.2</i>	<i>10.2</i>	<i>16.5</i>	<i>6.2</i>	<i>5.9</i>	<i>2.7</i>	<i>4.6</i>	<i>Dec-10</i>
Over/Under				1.4	-0.1	-1.7	-0.3	2.0	0.3	--	1.6	
<i>MSCI ACWI ex USA Local Currency</i>				<i>-2.0</i>	<i>-3.1</i>	<i>5.5</i>	<i>8.9</i>	<i>4.7</i>	<i>8.3</i>	<i>4.6</i>	<i>6.9</i>	<i>Dec-10</i>
<i>MSCI EAFE</i>				<i>-1.8</i>	<i>-1.5</i>	<i>8.2</i>	<i>14.8</i>	<i>5.6</i>	<i>6.5</i>	<i>2.7</i>	<i>5.6</i>	<i>Dec-10</i>
Total Global Equity	593,793,720	11.1	10.0	-2.2	-0.9	10.4	15.2	8.0	8.6	5.0	6.2	May-05
<i>MSCI ACWI</i>				<i>-2.1</i>	<i>-1.0</i>	<i>10.1</i>	<i>14.8</i>	<i>8.1</i>	<i>9.2</i>	<i>5.6</i>	<i>7.1</i>	<i>May-05</i>
Over/Under				-0.1	0.1	0.3	0.4	-0.1	-0.6	-0.6	-0.9	
BlackRock MSCI ACWI Equity Index	593,793,720	11.1		-2.2	-0.9	10.4	15.2	8.6	9.6	--	11.3	Aug-12
<i>MSCI ACWI</i>				<i>-2.1</i>	<i>-1.0</i>	<i>10.1</i>	<i>14.8</i>	<i>8.1</i>	<i>9.2</i>	<i>5.6</i>	<i>10.9</i>	<i>Aug-12</i>
Over/Under				-0.1	0.1	0.3	0.4	0.5	0.4	--	0.4	



Ventura County Employees' Retirement Association

TOTAL FUND PERFORMANCE DETAIL NET OF FEES

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Private Equity	248,305,476	4.7	10.0	2.9	4.8	13.4	19.9	13.1	15.0	--	14.6	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>-1.7</i>	<i>0.1</i>	<i>13.0</i>	<i>17.2</i>	<i>13.5</i>	<i>16.3</i>	<i>--</i>	<i>18.3</i>	<i>Jan-12</i>
Over/Under				4.6	4.7	0.4	2.7	-0.4	-1.3		-3.7	
Adams Street Global Fund Series	140,805,398	2.6		5.2	5.2	13.2	17.3	10.9	13.8	--	13.1	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>-1.7</i>	<i>0.1</i>	<i>13.0</i>	<i>17.2</i>	<i>13.5</i>	<i>16.3</i>	<i>--</i>	<i>18.3</i>	<i>Jan-12</i>
Over/Under				6.9	5.1	0.2	0.1	-2.6	-2.5		-5.2	
Harbourvest	62,644,907	1.2		0.0	6.8	17.2	26.0	18.6	--	--	19.8	Aug-13
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>-1.7</i>	<i>0.1</i>	<i>13.0</i>	<i>17.2</i>	<i>13.5</i>	<i>16.3</i>	<i>--</i>	<i>15.4</i>	<i>Aug-13</i>
Over/Under				1.7	6.7	4.2	8.8	5.1			4.4	
Pantheon Global Secondary Funds	32,033,047	0.6		0.0	0.0	9.1	24.2	14.3	13.5	--	12.3	Jan-12
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>-1.7</i>	<i>0.1</i>	<i>13.0</i>	<i>17.2</i>	<i>13.5</i>	<i>16.3</i>	<i>--</i>	<i>18.3</i>	<i>Jan-12</i>
Over/Under				1.7	-0.1	-3.9	7.0	0.8	-2.8		-6.0	
Drive Capital Fund	3,947,269	0.1		0.0	0.0	-7.2	-18.5	--	--	--	-38.0	Sep-16
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>-1.7</i>	<i>0.1</i>	<i>13.0</i>	<i>17.2</i>	<i>13.5</i>	<i>16.3</i>	<i>--</i>	<i>18.9</i>	<i>Sep-16</i>
Over/Under				1.7	-0.1	-20.2	-35.7				-56.9	
Abbott Secondary Opportunities	4,048,252	0.1		0.0	0.0	--	--	--	--	--	0.0	Jan-18
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>-1.7</i>	<i>0.1</i>	<i>13.0</i>	<i>17.2</i>	<i>13.5</i>	<i>16.3</i>	<i>--</i>	<i>0.1</i>	<i>Jan-18</i>
Over/Under				1.7	-0.1						-0.1	
CVI Credit Value Fund	1,500,000	0.0		0.0	0.0	--	--	--	--	--	0.0	Jan-18
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>-1.7</i>	<i>0.1</i>	<i>13.0</i>	<i>17.2</i>	<i>13.5</i>	<i>16.3</i>	<i>--</i>	<i>0.1</i>	<i>Jan-18</i>
Over/Under				1.7	-0.1						-0.1	
Clearlake Capital Partners V	1,438,308	0.0		0.0	--	--	--	--	--	--	0.0	Mar-18
<i>DJ U.S. Total Stock Market Index + 3%</i>				<i>-1.7</i>	<i>0.1</i>	<i>13.0</i>	<i>17.2</i>	<i>13.5</i>	<i>16.3</i>	<i>--</i>	<i>-1.7</i>	<i>Mar-18</i>
Over/Under				1.7							1.7	
Battery Ventures XII	186,250	0.0										
Abbott Capital Cash	1,702,046	0.0										

Please Note:

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

Battery Ventures XII funded 3/2018.

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION PRIVATE EQUITY LIMITED PARTNERSHIP PERFORMANCE

Fund Name	Vintage Year	Initial Investment Date	Commitment	Capital Called to Date ¹	Outstanding Commitment ¹	Call Ratio	Add'l Fees ²	Distributions to Date	Valuation	Total Value	Net Benefit	IRR	Since Inception	
													Distributions to Paid In Multiple (DPI)	Total Value to Paid In Multiple (TVPI)
Abbott Secondary Opportunities, LP.	2017	12/21/2017	\$25,000,000	\$5,548,252	\$19,814,464	22%	--	\$1,500,000	\$3,625,000	\$5,125,000	-\$423,252	-37.8%	0.27x	0.92x
Adams Street 2010 U.S. Fund	2010	5/21/2010	\$42,500,000	\$37,442,500	\$5,057,500	88%	\$15,213	\$21,732,250	\$34,426,599	\$56,158,849	\$18,701,136	12.7%	0.58x	1.50x
Adams Street 2010 Non-U.S. Dev. Mkts Fund	2010	5/21/2010	\$25,500,000	\$22,325,249	\$3,174,751	88%	\$1,589	\$13,174,585	\$17,209,343	\$30,383,928	\$8,057,090	10.1%	0.59x	1.36x
Adams Street 2010 Non-U.S. Emg Mkts Fund	2010	1/3/2011	\$8,500,000	\$7,378,000	\$1,122,000	87%	\$0	\$1,859,844	\$8,465,989	\$10,325,833	\$2,947,833	9.6%	0.25x	1.4x
Adams Street 2010 Direct Fund	2010	5/21/2010	\$8,500,000	\$8,046,100	\$453,900	95%	\$6,697	\$8,141,277	\$4,975,392	\$13,116,669	\$5,063,872	12.1%	1.01x	1.63x
Adams Street 2013 Global Fund	2013	6/27/2013	\$75,000,000	\$53,250,000	\$21,750,000	71%	\$10,728	\$6,236,204	\$59,575,341	\$65,811,545	\$12,550,817	9.0%	0.12x	1.24x
Adams Street 2016 Global Fund	2016	12/22/2016	\$60,000,000	\$10,770,000	\$49,230,000	18%	\$0	\$0	\$12,565,467	\$12,565,467	\$1,795,467	26.9%	0x	1.17x
Battery Ventures XII	2018	2/1/2018	\$9,050,000	\$135,750	\$8,914,250	2%	\$0	\$0	\$135,750	\$135,750	--	0.0%	0x	1x
Battery Ventures XII Side Fund	2018	2/1/2018	\$5,050,000	\$50,500	\$4,999,500	1%	\$0	\$0	\$50,500	\$50,500	--	0.0%	0x	1x
Buenaventure One, LLC	2018	1/5/2018	\$7,700,000	--	\$7,700,000	0%	--	--	--	--	--	--	--	--
Clearlake Capital Partners	2017	12/22/2017	\$9,950,000	\$1,438,308	\$8,511,692	14%	\$46,158	--	\$1,349,499	\$1,349,499	-\$134,967	-84.8%	--	0.94x
CVI Credit Value Fund IV	2017	12/31/2017	\$30,000,000	\$1,500,000	\$28,500,000	5%	--	--	\$1,500,000	\$1,500,000	--	--	0x	1x
Drive Capital Fund II	2016	9/1/2016	\$15,000,000	\$4,392,200	\$10,611,010	29%	\$3,210	\$0	\$3,947,268	\$3,947,268	-\$448,142	-15.4%	0x	0.9x
GTCR Fund XII	2017	9/29/2017	\$30,000,000	--	\$30,000,000	0%	--	--	(\$171,029)	(\$171,029)	--	-100.0%	--	--
Insight Venture Partners X	2017	10/13/2017	\$25,000,000	--	\$25,000,000	0%	--	--	(\$223,358)	(\$223,458)	--	-100.0%	--	--
HarbourVest - Dover Street VIII	2013	5/30/2013	\$67,500,000	\$59,147,454	\$8,437,500	88%	\$84,954	\$59,744,800	\$28,732,832	\$88,477,632	\$29,245,224	21.7%	1.01x	1.5x
HarbourVest - Dover Street IX	2016	12/16/2016	\$60,000,000	\$15,600,000	\$44,400,000	26%	\$0	\$4,079,170	\$15,145,465	\$19,224,635	\$3,624,635	45.2%	0.26x	1.23x
HarbourVest - PRTNS CO INVEST IV L.P.	2017	6/2/2017	\$30,000,000	\$17,446,740	\$12,750,000	58%	\$0	\$0	\$18,875,777	\$18,875,777	\$1,429,037	14.0%	0x	1.08x
Pantheon Global Secondary Fund IV	2010	8/20/2010	\$15,000,000	\$9,960,000	\$5,040,000	66%	\$0	\$12,270,001	\$3,127,210	\$15,397,211	\$5,437,211	13.9%	1.23x	1.55x
Pantheon Global Secondary Fund V	2015	2/26/2015	\$50,000,000	\$27,641,509	\$22,358,491	55%	(\$162,514)	\$5,987,534	\$28,880,899	\$34,868,433	\$7,389,438	18.6%	0.22x	1.26x
Total VCERA Private Equity Program	--	5/21/2010	\$599,250,000	\$282,072,562	\$317,825,058	47%	\$6,035	\$134,725,665	\$242,193,944	\$376,919,509	\$95,235,399	13.8%	0.48x	1.34x

1. Includes recycled/recallable distributions received to date.

2. Add'l Fees represents notional interest paid/(received).

2. Add'l Fees for Pantheon Global Secondary Fund V includes notional interest paid/(received) and management fee rebates paid to VCERA.

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

Performance shown is based on most recent reported NAVs cash-adjusted for cash flows through 3/31/2018.



Ventura County Employees' Retirement Association

TOTAL FUND PERFORMANCE DETAIL NET OF FEES

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total US Fixed Income	951,806,212	17.9	20.0	0.6	-0.9	0.5	2.2	2.5	2.2	5.2	5.8	Feb-94
<i>BBgBarc US Aggregate TR</i>				<u>0.6</u>	<u>-1.5</u>	<u>-0.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.8</u>	<u>3.6</u>	<u>5.2</u>	<i>Feb-94</i>
Over/Under				0.0	0.6	0.7	1.0	1.3	0.4	1.6	0.6	
BlackRock U.S. Debt Fund	219,869,939	4.1		0.6	-1.5	-0.2	1.3	1.2	1.9	3.7	5.1	Nov-95
<i>BBgBarc US Aggregate TR</i>				<u>0.6</u>	<u>-1.5</u>	<u>-0.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.8</u>	<u>3.6</u>	<u>5.0</u>	<i>Nov-95</i>
Over/Under				0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	
Western	294,697,469	5.5		1.3	-1.3	0.6	3.0	2.5	3.0	5.2	6.0	Dec-96
<i>BBgBarc US Aggregate TR</i>				<u>0.6</u>	<u>-1.5</u>	<u>-0.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.8</u>	<u>3.6</u>	<u>5.1</u>	<i>Dec-96</i>
Over/Under				0.7	0.2	0.8	1.8	1.3	1.2	1.6	0.9	
Reams	307,962,773	5.8		0.2	-0.4	0.2	1.2	3.0	1.4	5.1	5.3	Sep-01
<i>Reams Custom Index</i>				<u>0.2</u>	<u>0.5</u>	<u>1.2</u>	<u>1.5</u>	<u>0.9</u>	<u>0.7</u>	<u>3.0</u>	<u>3.9</u>	<i>Sep-01</i>
Over/Under				0.0	-0.9	-1.0	-0.3	2.1	0.7	2.1	1.4	
<i>BBgBarc US Aggregate TR</i>				<u>0.6</u>	<u>-1.5</u>	<u>-0.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.8</u>	<u>3.6</u>	<u>4.3</u>	<i>Sep-01</i>
3-Month LIBOR + 3%				0.4	1.2	3.5	4.6	4.0	3.7	3.8	4.8	Sep-01
Loomis Strategic Alpha	46,585,815	0.9		0.4	1.0	3.1	3.2	2.5	--	--	2.8	Jul-13
<i>BBgBarc US Aggregate TR</i>				<u>0.6</u>	<u>-1.5</u>	<u>-0.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.8</u>	<u>3.6</u>	<u>2.4</u>	<i>Jul-13</i>
Over/Under				-0.2	2.5	3.3	2.0	1.3			0.4	
3-Month LIBOR + 3%				0.4	1.2	3.5	4.6	4.0	3.7	3.8	3.7	Jul-13
Loomis Sayles Multi Strategy	82,690,216	1.6		0.2	-0.7	2.0	4.7	3.7	3.7	6.7	6.4	Jul-05
<i>Loomis Custom Index</i>				<u>0.3</u>	<u>-1.2</u>	<u>0.3</u>	<u>1.9</u>	<u>2.3</u>	<u>2.7</u>	<u>5.0</u>	<u>4.9</u>	<i>Jul-05</i>
Over/Under				-0.1	0.5	1.7	2.8	1.4	1.0	1.7	1.5	
<i>BBgBarc US Govt/Credit TR</i>				<u>0.7</u>	<u>-1.6</u>	<u>-0.3</u>	<u>1.4</u>	<u>1.2</u>	<u>1.8</u>	<u>3.7</u>	<u>4.0</u>	<i>Jul-05</i>

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

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

Ventura County Employees' Retirement Association

TOTAL FUND PERFORMANCE DETAIL NET OF FEES

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Real Estate	405,111,120	7.6	7.0	0.0	0.0	3.6	4.8	7.5	9.1	2.7	7.8	Mar-94
<i>NCREIF ODCE Net</i>				<i>0.0</i>	<i>0.0</i>	<i>3.5</i>	<i>5.1</i>	<i>8.3</i>	<i>10.0</i>	<i>4.0</i>	<i>8.0</i>	<i>Mar-94</i>
Over/Under				0.0	0.0	0.1	-0.3	-0.8	-0.9	-1.3	-0.2	
Prudential Real Estate	144,511,543	2.7		0.0	0.0	3.9	5.5	8.8	10.5	3.6	6.1	Jun-04
<i>NCREIF ODCE Net</i>				<i>0.0</i>	<i>0.0</i>	<i>3.5</i>	<i>5.1</i>	<i>8.3</i>	<i>10.0</i>	<i>4.0</i>	<i>7.0</i>	<i>Jun-04</i>
Over/Under				0.0	0.0	0.4	0.4	0.5	0.5	-0.4	-0.9	
<i>NCREIF ODCE</i>				<i>0.0</i>	<i>0.0</i>	<i>4.0</i>	<i>5.7</i>	<i>9.2</i>	<i>10.9</i>	<i>4.9</i>	<i>7.9</i>	<i>Jun-04</i>
UBS Real Estate	260,599,577	4.9		0.0	0.0	3.5	4.4	6.8	8.3	4.1	7.3	Mar-03
<i>NCREIF ODCE Net</i>				<i>0.0</i>	<i>0.0</i>	<i>3.5</i>	<i>5.1</i>	<i>8.3</i>	<i>10.0</i>	<i>4.0</i>	<i>7.2</i>	<i>Mar-03</i>
Over/Under				0.0	0.0	0.0	-0.7	-1.5	-1.7	0.1	0.1	
<i>NCREIF ODCE</i>				<i>0.0</i>	<i>0.0</i>	<i>4.0</i>	<i>5.7</i>	<i>9.2</i>	<i>10.9</i>	<i>4.9</i>	<i>8.2</i>	<i>Mar-03</i>
Total Liquid Alternatives	417,817,854	7.8	10.0	-1.2	-3.7	0.9	-0.4	-0.7	--	--	4.1	Apr-13
<i>CPI + 4% (Unadjusted)</i>				<i>0.8</i>	<i>2.5</i>	<i>5.1</i>	<i>6.7</i>	<i>6.0</i>	<i>6.5</i>	<i>--</i>	<i>6.4</i>	<i>Apr-13</i>
Over/Under				-2.0	-6.2	-4.2	-7.1	-6.7			-2.3	
Bridgewater All Weather Fund	310,358,510	5.8		0.3	-1.3	6.4	7.1	2.9	--	--	5.2	Aug-13
<i>CPI + 5% (Unadjusted)</i>				<i>0.9</i>	<i>2.7</i>	<i>5.9</i>	<i>7.7</i>	<i>7.0</i>	<i>--</i>	<i>--</i>	<i>6.5</i>	<i>Aug-13</i>
Over/Under				-0.6	-4.0	0.5	-0.6	-4.1			-1.3	
Tortoise Energy Infrastructure	107,459,344	2.0		-5.1	-9.8	-12.2	-17.1	-9.1	--	--	-0.9	Apr-13
<i>Wells Fargo MLP Index</i>				<i>-6.5</i>	<i>-11.4</i>	<i>-13.8</i>	<i>-19.4</i>	<i>-12.0</i>	<i>-4.9</i>	<i>--</i>	<i>-5.2</i>	<i>Apr-13</i>
Over/Under				1.4	1.6	1.6	2.3	2.9			4.3	
Overlay	84,933,234	1.6	0.0									
Parametric	84,933,234	1.6										

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

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

Real Estate Valuation is as of 12/31/2017.



Ventura County Employees' Retirement Association

TOTAL FUND

Cash Flow Summary							
Month Ending March 31, 2018							
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Fees	Net Investment Change	Ending Market Value
Abbott Capital Cash	\$1,500,000	\$3,000,000	-\$2,803,472	\$196,528	\$0	\$5,518	\$1,702,046
Abbott Secondary Opportunities	\$4,048,252	\$0	\$0	\$0	\$0	\$0	\$4,048,252
Adams Street Global Fund Series	\$134,864,031	\$0	-\$1,119,366	-\$1,119,366	\$0	\$7,060,733	\$140,805,398
Battery Ventures XII	\$0	\$186,250	\$0	\$186,250	\$0	\$0	\$186,250
BlackRock ACWI ex-U.S. Index	\$440,512,871	\$0	\$0	\$0	-\$37,727	-\$7,788,324	\$432,724,547
BlackRock MSCI ACWI Equity Index	\$606,892,865	\$0	\$0	\$0	-\$21,460	-\$13,099,145	\$593,793,720
Blackrock Russell 1000 Index	\$1,525,956,111	\$0	\$0	\$0	-\$12,844	-\$34,634,714	\$1,491,321,398
Blackrock Russell 2500 Index	\$60,585,400	\$0	\$0	\$0	-\$1,020	\$585,267	\$61,170,667
BlackRock U.S. Debt Fund	\$218,443,142	\$0	\$0	\$0	-\$10,662	\$1,426,797	\$219,869,939
Bridgewater All Weather Fund	\$309,522,523	\$0	\$0	\$0	-\$97,991	\$835,987	\$310,358,510
Clearlake Capital Partners V	\$321,086	\$1,117,222	\$0	\$1,117,222	\$0	\$0	\$1,438,308
CVI Credit Value Fund	\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$1,500,000
Drive Capital Fund	\$3,947,269	\$0	\$0	\$0	\$0	\$0	\$3,947,269
Harbourvest	\$64,400,138	\$0	-\$1,755,226	-\$1,755,226	\$0	-\$5	\$62,644,907
Hexavest	\$93,199,797	\$0	\$0	\$0	-\$35,021	-\$637,081	\$92,562,716
Loomis Sayles Multi Strategy	\$82,528,428	\$0	\$0	\$0	-\$26,506	\$161,788	\$82,690,216
Loomis Strategic Alpha	\$46,396,902	\$0	\$0	\$0	-\$15,529	\$188,912	\$46,585,815
Pantheon Global Secondary Funds	\$30,803,033	\$1,500,000	-\$282,329	\$1,217,671	\$0	\$12,342	\$32,033,047
Parametric	\$97,321,330	\$3,156,921	-\$21,000,000	-\$17,843,079	-\$8,119	\$5,454,983	\$84,933,234
Prudential Real Estate	\$144,511,543	\$0	\$0	\$0	\$0	\$0	\$144,511,543
Reams	\$307,380,768	\$0	\$0	\$0	-\$44,745	\$582,005	\$307,962,773
Sprucegrove	\$237,600,759	\$0	\$0	\$0	-\$67,941	-\$5,483,085	\$232,117,674



Ventura County Employees' Retirement Association

TOTAL FUND

	Month Ending March 31, 2018							Ending Market Value
	Beginning Market Value	Contributions	Withdrawals	Net Cash Flow	Fees	Net Investment Change		
Tortoise Energy Infrastructure	\$113,128,817	\$0	\$0	\$0	-\$55,968	-\$5,669,473	\$107,459,344	
UBS Real Estate	\$260,599,577	\$0	\$0	\$0	\$0	\$0	\$260,599,577	
Walter Scott	\$123,133,603	\$0	\$0	\$0	-\$83,231	-\$421,489	\$122,712,114	
Western	\$290,879,466	\$0	\$0	\$0	-\$49,337	\$3,818,003	\$294,697,469	
Western U.S. Index Plus	\$201,117,482	\$0	\$0	\$0	-\$36,978	-\$5,294,709	\$195,822,774	
Total	\$5,401,095,196	\$8,960,393	-\$26,960,393	-\$18,000,000	-\$605,080	-\$52,895,689	\$5,330,199,507	



Information Disclaimer

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank. Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
- This report is provided as a management aid for the client's internal use only. Information contained in this report does not constitute a recommendation by NEPC.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.



NEPC 2018 ASSET ALLOCATION REVIEW

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

April 16, 2018

Allan Martin, Partner

Anthony Ferrara, CAIA, Consultant

Michael Miranda, CFA, Senior Analyst



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

KEY MARKET THEMES

NEPC, LLC

THEMES - INTRODUCTION

The outlook for developed market equities outside the US has improved

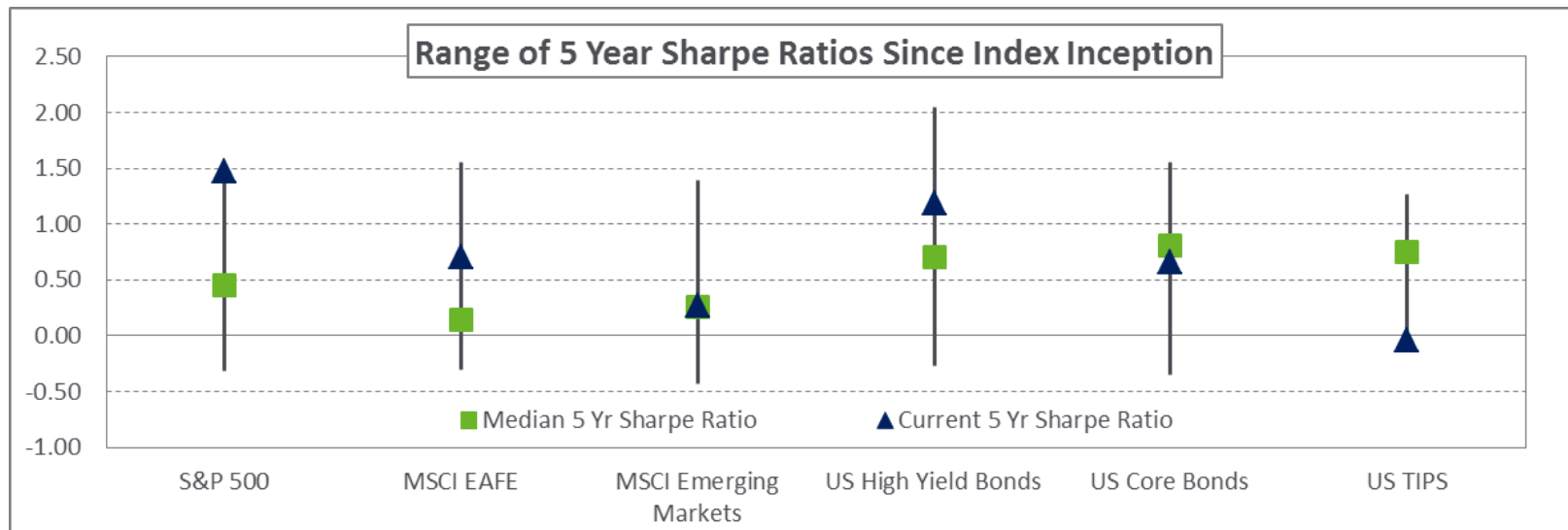
Growth conditions across the globe are on the upswing supported by easy financial conditions and an improved corporate earnings outlook

We encourage reducing exposure to assets that have outperformed expectations over a prolonged period such as US stocks and high yield

Tilt exposure to assets underperforming expectations in recent years, particularly emerging market equities, developed market equities, and US TIPS

Market stability must not elicit complacency, we encourage investors to increase exposure to strategies that mitigate market drawdowns

Look to rebalance "safe haven" fixed income exposure back to strategic targets



Index Inception: S&P 500 - 1926, MSCI EAFE - 1970, MSCI EM - 1988, US High Yield - 1983, US Core Bonds - 1976, US TIPS - 1997

Source: Ibbotson-Morningstar, eVestment, Sharpe Ratio range spans 5th to 95th percentile



KEY MARKET THEMES

Extended US Economic Cycle

Synchronized Economic Resurgence

Federal Reserve Gradualism

China Transitions

Globalization Backlash

KEY MARKET THEMES

Extended US Economic Cycle

Economic cycles do not die of old age

The US economy is in an extended expansionary cycle despite being eight years removed from the last recession

Financial health of US consumers and ongoing recovery of the housing market continue to drive economic growth

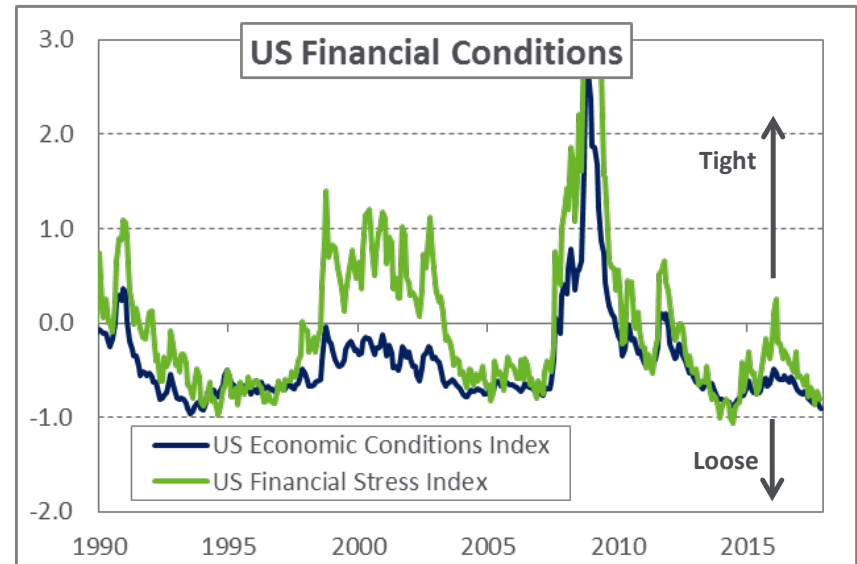
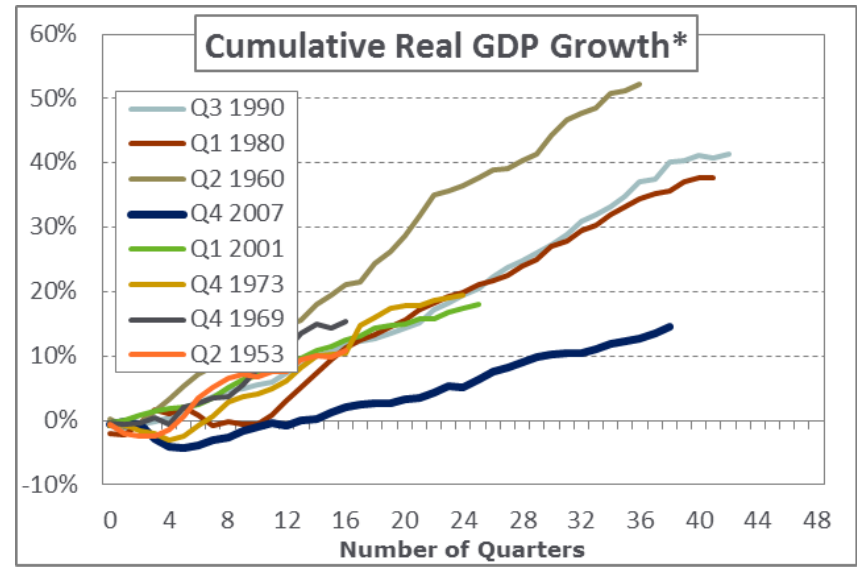
A prolonged US economic expansion can support a continued rally for US equities despite elevated valuation levels

US financial conditions remain loose and support steady economic gains

Low inflation provides a foundation for positive economic conditions and reinforces the Fed's gradual monetary policy approach

Moderating US dollar strength is another form of easy financial conditions, benefiting global trade flows and credit creation

Reversal in these easy conditions may be fueled by actions outside the US, such as a misstep by global central banks and/or increased volatility in the Chinese yuan



Source: (Top) Bloomberg, *Cumulative GDP growth from prior cycle peak
 Source: (Bottom) Federal Reserve Bank of Chicago and Kansas City



KEY MARKET THEMES

Extended US Economic Cycle

Excess capacity remains in the system and provides fuel for the expansion

Labor market gains have been robust but slack remains as many have not returned to the workforce

Muted wage gains and low inflation metrics are reflective of the excess capacity remaining in the US economy

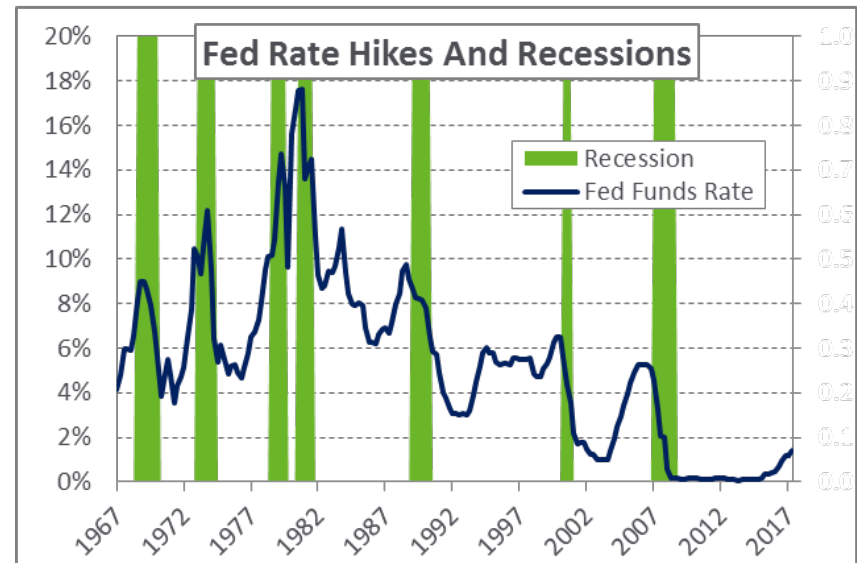
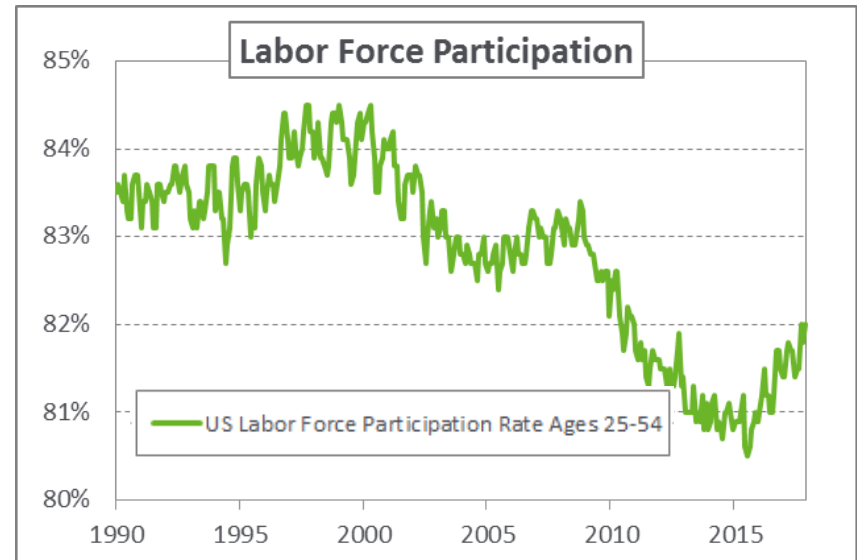
Tax cuts and fiscal stimulus can potentially remove spare economic capacity and be a catalyst for an uptick in inflation measures

US recession concerns are muted

An acceleration in inflation leading to a tightening of financial conditions has historically been a catalyst to end economic expansions

However, improved US household balance sheets have room to expand and support further consumer spending gains

Improving global economic conditions reinforce an expansion of the US economy as global growth factors synchronize



Source: (Top) Federal Reserve Bank of St. Louis
Source: (Bottom) Federal Reserve, NEPC



KEY MARKET THEMES

Synchronized Economic Resurgence

Global economic conditions are improving in a synchronized fashion

Coordinated global growth factors reinforce economic gains across the globe and are distinct from the extension of the US economic cycle

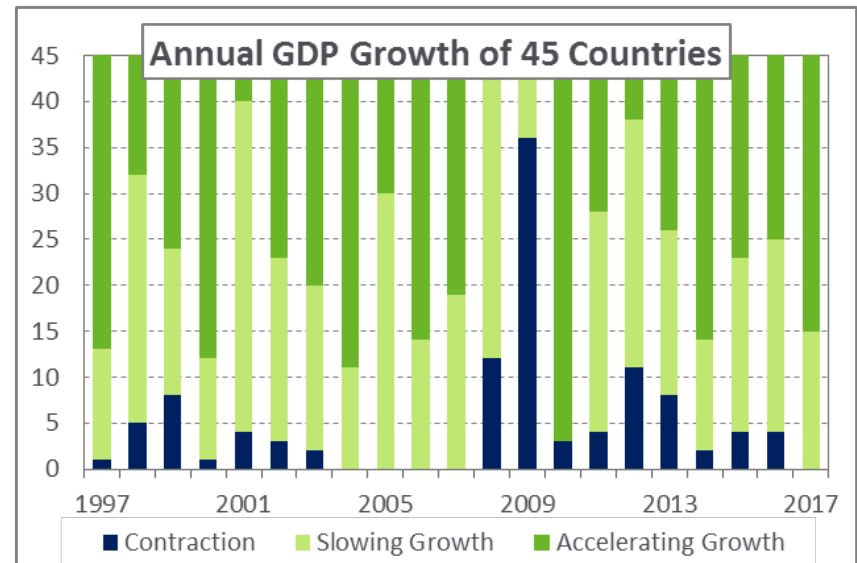
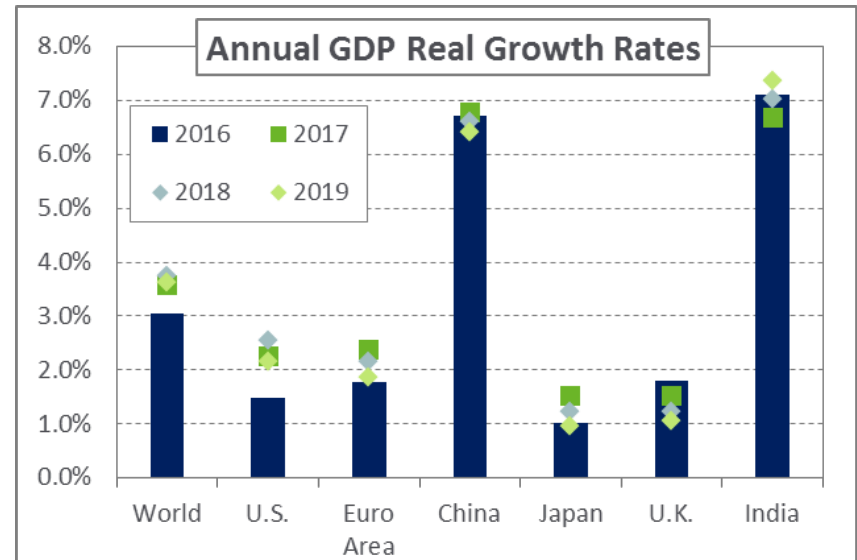
Non-US corporate revenues and equities are best positioned to benefit from a widespread boost in global economic conditions

Positive growth rates harmonized across the globe are relatively rare

Conditions are the result of Europe, Japan, and large parts of the emerging world transitioning out of economic malaise

Persistence of the theme over several years would provide a substantial benefit to equity markets globally – specifically in Europe and Japan

Historically, periods of synchronized growth have been derailed by higher inflation levels and central banks tightening policy



Source: (Top) OECD
Source: (Bottom) OECD



KEY MARKET THEMES

Federal Reserve Gradualism

The Federal Reserve is expected to slowly increase interest rates

Expected path of Fed policy through 2020 matters more than timing of the next hike as the disconnect between market expectations and Fed signaling has grown

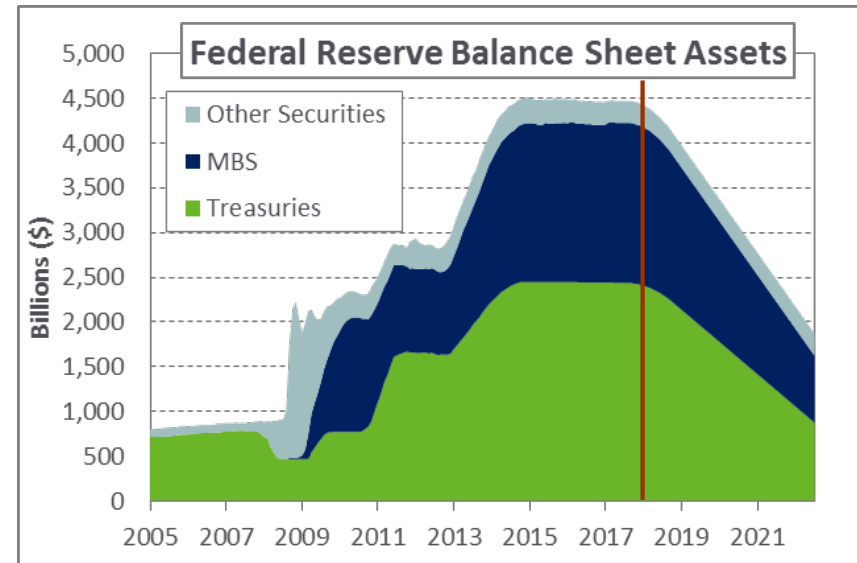
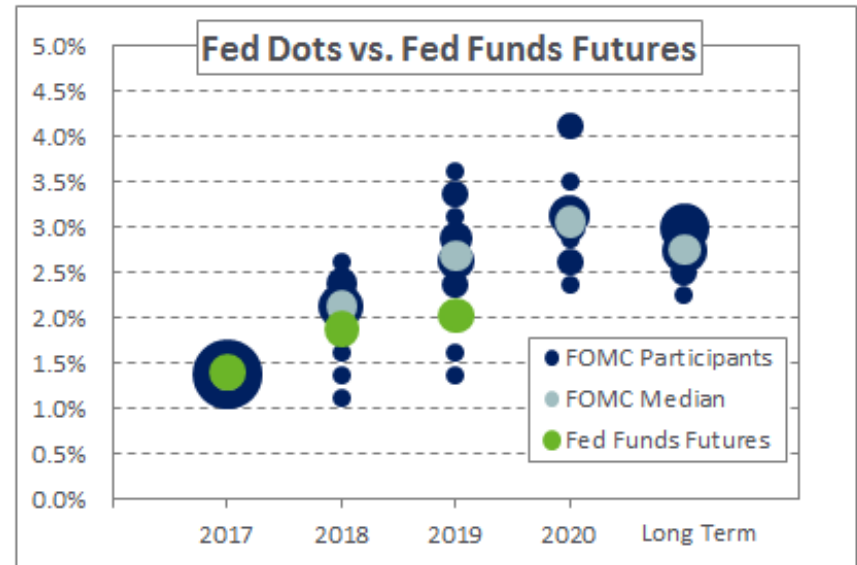
A relatively accommodative Fed is likely to continue, unless there is a dramatic acceleration in inflation

The Fed's balance sheet normalization is a low grade tightening of monetary policy but its impact is untested

Fed is expected to be careful and data dependent yet balance sheet disbursement into a strong economy will likely have tightening effects – in the same way balance sheet expansion had easing effects

The balance sheet will gradually shrink over time assuming conditions remain supportive

The gradual progression of balance sheet reduction combined with the accommodative policies of global central banks supports easy global financial conditions



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



KEY MARKET THEMES

China Transitions

China is the global growth engine but faces fundamental transitions

China's economic transition is pivoting from production and investment focused to a service and consumption based economy

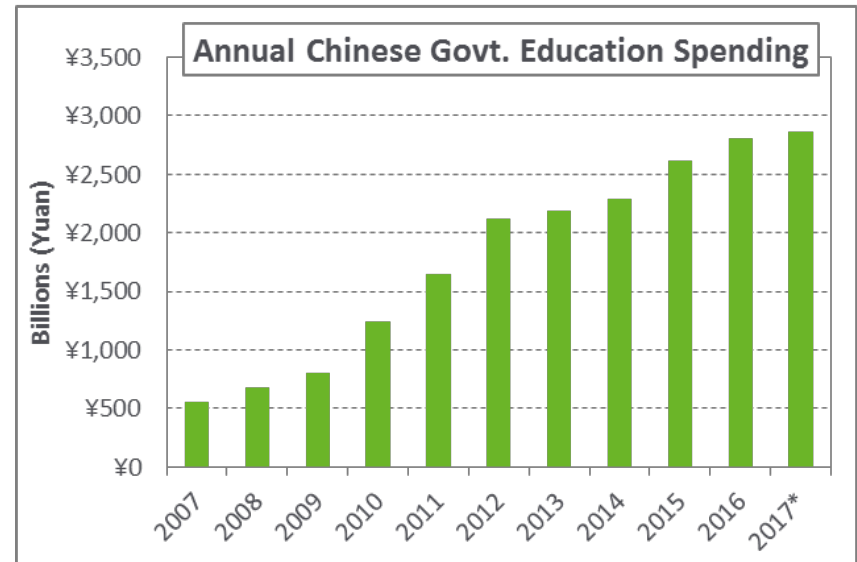
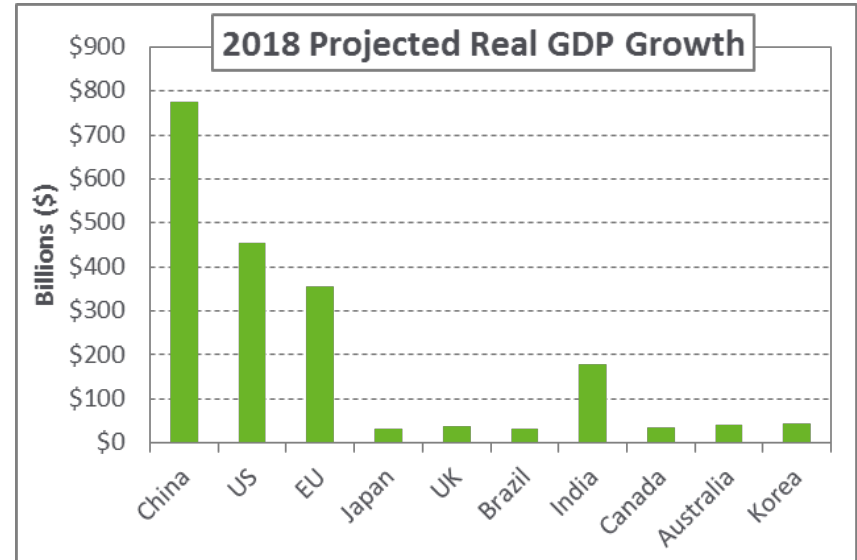
Fixed investment is required to sustain the production based economy and support employment as the rural population moves to urban centers

Any disruption to these transitions will have global repercussions due to China's role in the global economy

China must manage competing social goals in attempting to sustain growth

Engineering an orderly transition to a consumer-led economy requires supporting employment outside the major cities and improving quality of life metrics such as air quality in the urban centers

Future growth in a services based economy requires advancement in productivity, technology, and a more skilled labor force



Source: (Top) Bloomberg

Source: (Bottom) Bloomberg, *Includes estimate for Nov/Dec 2017



KEY MARKET THEMES

Globalization Backlash

Major shifts in US trade policy did not materialize in 2017

However, a more aggressive protectionist policy would represent a material risk to global markets and the world economy

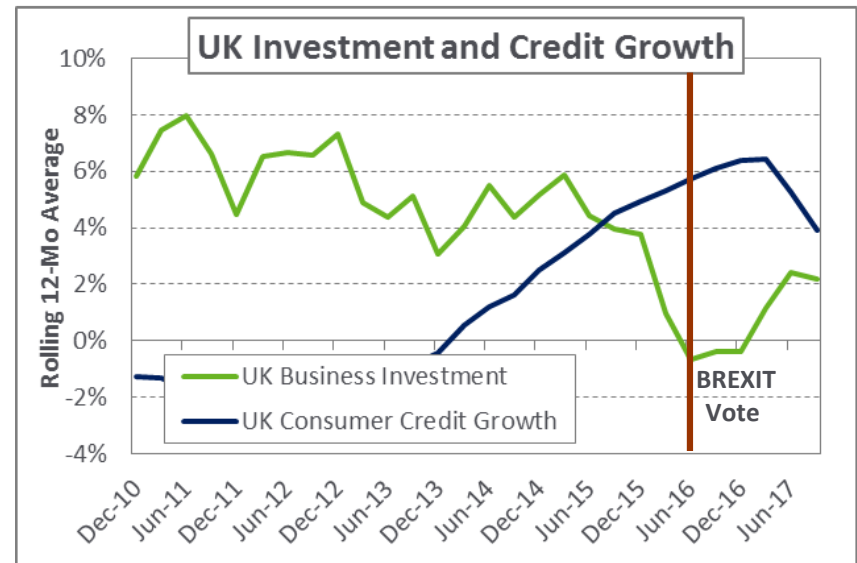
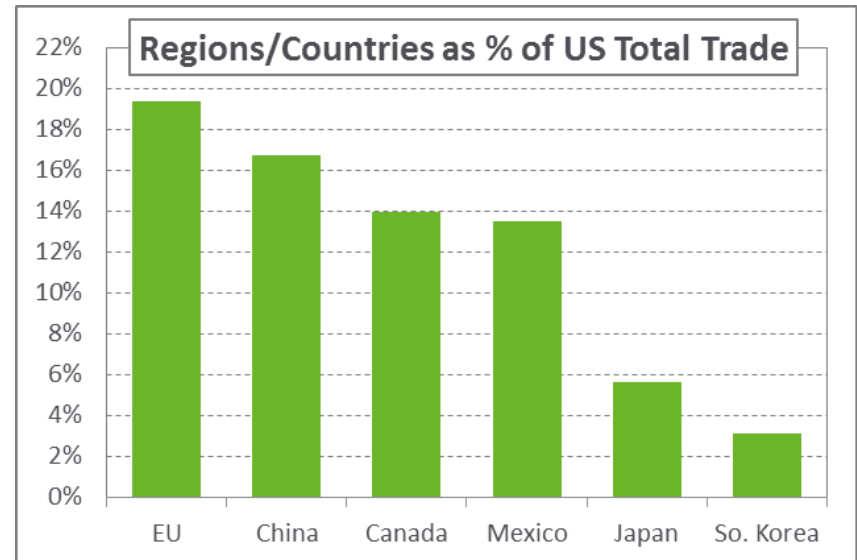
Markets have taken to interpreting the US administration's rhetoric with a grain of salt but ongoing NAFTA negotiations are a concern

The UK serves as a live case study for the effects of globalization backlash

While it is early in the process, economic metrics across the country have turned lower in the 18 months since UK voted to leave the European Union

Expected disruption to financial regulations, customs controls, and business confidence in the UK are proving to be a cautionary tale for a turn away from globalization

However, the economic unease of voters remain and popularity of anti-establishment political parties poses a risk to the global economic order



Source: (Top) Federal Reserve Bank of St. Louis
Source: (Bottom) Bloomberg



VCERA ASSET ALLOCATION

NEPC, LLC

VCERA TARGET AND OPTIONAL MIXES

Asset Class	Current Target	60- 40 Portfolio	Adjusted Mix 1	Adjusted Mix 2	Adjusted Mix 3
Large Cap Equities	25%	24.2%	25%	25%	23%
Small/Mid Cap Equities	3%	8.9%	3%	3%	3%
Int'l Equities (Unhedged)	12%	17.0%	12%	12%	11%
Int'l Sm Cap Equities (Unhedged)	0%	2.9%	0%	0%	3%
Emerging Int'l Equities	3%	6.0%	3%	3%	3%
Emerging Int'l Sm Cap Equities	0%	1.0%	0%	0%	0%
Private Equity	10%	0.0%	10%	10%	10%
Global Equity	10%	0.0%	10%	10%	10%
TOTAL EQUITY	63%	60%	63%	63%	63%
Core Bonds	10%	40%	9%	6%	7%
Treasury Bonds	2%	0%	2%	2%	2%
Absolute Return Fixed Income	8%	0%	8%	8%	7%
Private Debt	0%	0%	0%	3%	3%
TOTAL FIXED INCOME	20%	40%	19%	19%	19%
Real Assets	0%	0%	10%	10%	10%
Core Real Estate	7%	0%	6%	6%	6%
Non-Core Real Estate	0%	0%	2%	2%	2%
TOTAL REAL ASSETS	7%	0%	18%	18%	18%
MLPs	4%	0%	0%	0%	0%
Bridgewater All Weather	6%	0%	0%	0%	0%
TOTAL MULTI ASSET	10%	0%	0%	0%	0%
<i>5-7 Year Expected Return (Geometric)</i>	6.3%	5.5%	6.5%	6.6%	6.7%
<i>Standard Deviation (Asset)</i>	11.8%	11.4%	11.9%	12.1%	12.1%
<i>30-Year Expected Return (Geometric)</i>	7.7%	6.8%	7.8%	7.9%	7.9%
<i>Sharpe Ratio (5-7 years)</i>	0.37	0.31	0.36	0.38	0.38
<i>Sharpe Ratio (30 years)</i>	0.42	0.35	0.42	0.43	0.43

Note:

1. Real Assets modeled as a combination of liquid and private real assets



ASSET MIX CHANGES

Mix 1	current	proposed
-1% REDUCE Fixed Income	20%	19%
-1% core bonds	10%	9%
+1% INCREASE Real Estate	7%	8%
-1% core	7%	6%
+2% NEW non-core	0%	2%
+18% CREATE NEW REAL ASSETS asset class		
MOVE-in Liquid Alternatives	0%	10%
+6% risk parity		
+4% MLPs		
MOVE-in Real Estate Assets	0%	8%
+6% core real estate		
+2% non-core real estate		
ELIMINATE Real Estate Asset -8% Class	8%	0%
ELIMINATE Liquid Alts Asset -10% Class	10%	0%

Mix 2	current	proposed
REDUCE Fixed Income	20%	19%
-1% core bonds	10%	6%
+3% NEW private debt	0%	3%
INCREASE Real Estate	7%	8%
+1% core real estate	7%	6%
+2% NEW non-core real estate	0%	2%
CREATE NEW REAL ASSETS asset class		
+18% MOVE-in Liquid Alternatives	0%	10%
+6% risk parity		
+4% MLPs		
MOVE-in Real Estate Assets	0%	8%
+6% core real estate		
+2% non-core real estate		
ELIMINATE Real Estate Asset Class -8%	8%	0%
ELIMINATE Liquid Alts Asset Class -10%	10%	0%

Mix 3	current	proposed
REDUCE U.S. equity	28%	26%
-2% Large Cap	25%	23%
+2% INCREASE non-U.S. Equity	15%	17%
-1% intl dev mkts eqty	12%	11%
+3% NEW intl sm cap eqty	0%	3%
-1% REDUCE Fixed Income	20%	19%
-3% core bonds	10%	7%
-1% absolute return bonds	8%	7%
+3% NEW private debt	0%	3%
+1% INCREASE Real Estate	7%	8%
-1% core real estate	7%	6%
+2% NEW non-core real estate	0%	2%
CREATE NEW REAL ASSETS asset class		
+18% MOVE-in Liquid Alternatives	0%	10%
+6% risk parity		
+4% MLPs		
MOVE-in Real Estate Assets	0%	8%
+6% core real estate		
+2% non-core real estate		
-8% ELIMINATE Real Estate Asset Class	8%	0%
-10% ELIMINATE Liquid Alts Asset Class	10%	0%



APPENDIX

NEPC, LLC

2018 ASSET CLASS ASSUMPTIONS

NEPC asset class assumptions offer both an intermediate (5-7 years) and long term (30 years) forecast horizon

November 30th market data is used for inputs to the asset class models

The 5-7 year return expectations for US credit and equity asset classes are broadly lower due to continued increases in valuation levels

Credit-based asset class expectations have declined considerably from prior year, with credit spreads moving below long-term medians across most sectors

The outlook for non-US equities remains attractive over 5-7 years supported by improvement in corporate earnings and economic growth

We anticipate US inflation will gradually move higher and average 2.5%

We continue to refine and enhance our process where appropriate

The asset class assumption for Real Estate has been split into Core and Non-Core to offer a distinction between the volatility and return profile

Core has a greater income orientation with broad exposure to commercial real estate beta and Non-Core is oriented to capital appreciation with increased use of leverage



BUILDING BLOCKS METHODOLOGY

Forward-looking asset class models incorporate current and forecasted market and economic data to inform expected returns

Quantitative inputs combined with qualitative factors and investor sentiment (capital flows, etc.) drive the 5 to 7 year return outlook

Components are combined to capture core drivers of return across asset classes – forming the foundation of our building blocks framework

Building blocks will vary across equity, credit, and real assets



INFLATION OVERVIEW

Inflation is an integral component of our asset allocation assumptions

Represents an essential building block for developing asset class returns

Inflation building blocks are model driven and informed by multiple sources for both the US and global asset classes

Includes forecasts from international organizations (e.g. IMF), local consumer and producer price indices, break-even inflation expectations, and global interest rate curves

US inflation is based upon the TIPS breakeven inflation curve adjusted for expectations of economic activity, employment, and capacity levels

Global inflation expectations are informed by consensus forecasts across countries along with implied inputs from global bond curves

The 30 year global inflation forecast assumes purchase power parity holds across the globe and country specific inflation levels converge to a terminal value

Region	5-7 Year Inflation Assumption	30-Year Inflation Assumption
United States	2.50%	2.75%
Global	3.00%	3.25%



5-7 YEAR RETURN ASSUMPTIONS

	Asset Class	5-7 Year Return	Change 2018-2017	Volatility
	Cash	2.00%	+.25%	1.00%
	US Inflation	2.50%	-	-
Equity	Large Cap Equities	5.25%	-.50%	17.50%
	International Equities (Unhedged)	7.50%	+.25%	21.00%
	Emerging International Equities	9.00%	-.50%	28.00%
	Private Equity	8.00%	-.25%	23.00%
Rates/Credit	Treasuries	2.25%	+.25%	5.50%
	Core Bonds	2.75%	+.10%	5.99%
	High Yield Bonds	3.75%	-1.00%	13.00%
	Private Debt	6.50%	-.75%	13.00%
Real Assets	Core Real Estate	5.75%	-.25%	13.00%
	Non-Core Real Estate	7.00%	-	17.00%
	Private Real Assets: Energy/Metals	8.00%	-.25%	21.00%
	Private Real Assets: Infrastructure/Land	6.00%	-	14.00%
Multi-Asset	US 60/40*	4.54%	-.24%	10.99%
	Global 60/40*	4.91%	-.13%	11.78%

*Each calculated as a blend of other asset classes



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%
Non-Core Real Estate	7.00%	N/A	N/A
Private Real Assets: Energy/Metals	8.00%	8.25%	-0.25%
Private Real Assets: Infrastructure/Land	6.00%	6.00%	-

* 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.



2018 30 YEAR RETURN FORECASTS

Geometric Expected Return			
Asset Class	2018	2017	2018-2017
Cash	2.75%	3.00%	-0.25%
Treasuries	3.25%	3.50%	-0.25%
IG Corp Credit	4.75%	5.00%	-0.25%
MBS	3.25%	3.50%	-0.25%
Core Bonds*	3.75%	4.00%	-0.25%
TIPS	3.75%	3.75%	-
High-Yield Bonds	5.50%	5.75%	-0.25%
Bank Loans	5.50%	6.00%	-0.50%
Non-US Bonds (Unhedged)	2.50%	2.75%	-0.25%
Non-US Bonds (Hedged)	2.77%	2.87%	-0.10%
EMD External	5.00%	5.75%	-0.75%
EMD Local Currency	6.50%	6.50%	-
Large Cap Equities	7.50%	7.50%	-
Small/Mid Cap Equities	7.75%	7.75%	-
Int'l Equities (Unhedged)	7.75%	7.75%	-
Int'l Equities (Hedged)	8.14%	8.14%	-
Emerging Int'l Equities	9.25%	9.50%	-0.25%
Private Equity	9.50%	9.50%	-
Private Debt	7.50%	8.00%	-0.50%
Core Real Estate	6.50%	6.50%	-
Non-Core Real Estate	7.50%	N/A	N/A
Private Real Assets: Energy/Metals	7.75%	7.75%	-
Private Real Assets: Infrastructure/Land	6.25%	6.00%	+0.25%

* 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.



2018 VOLATILITY FORECASTS

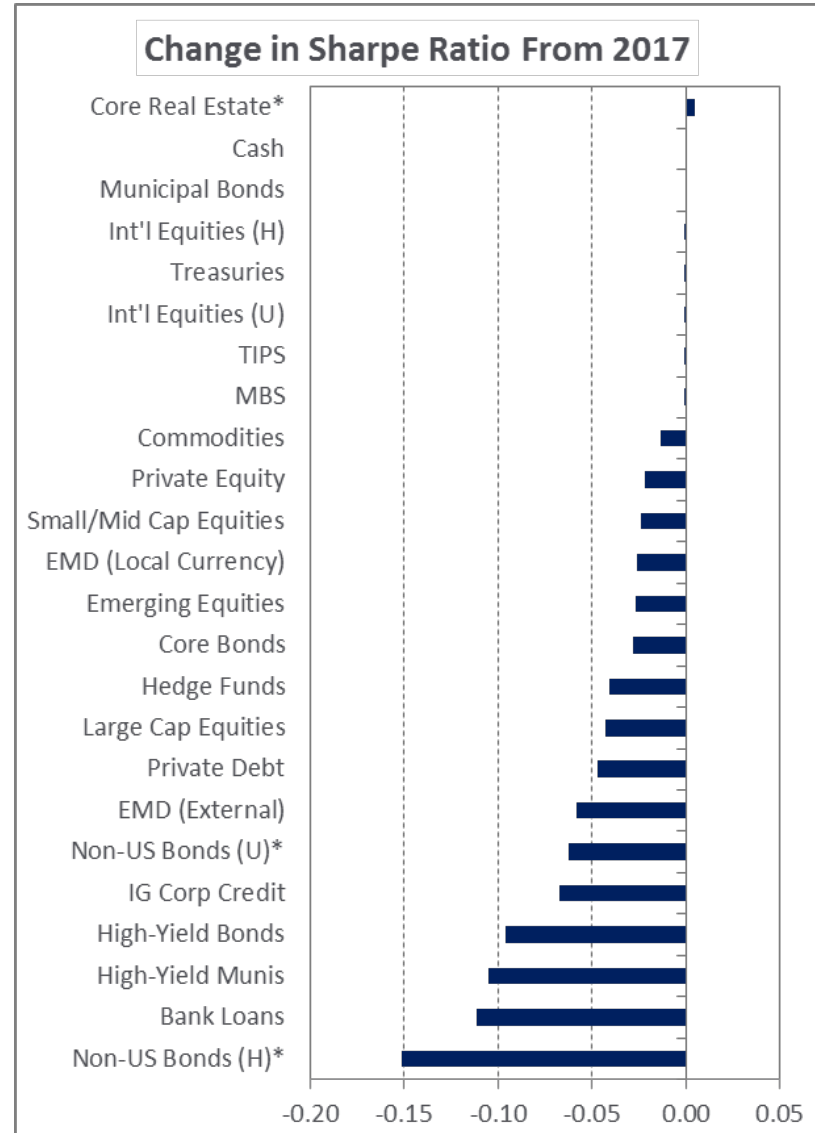
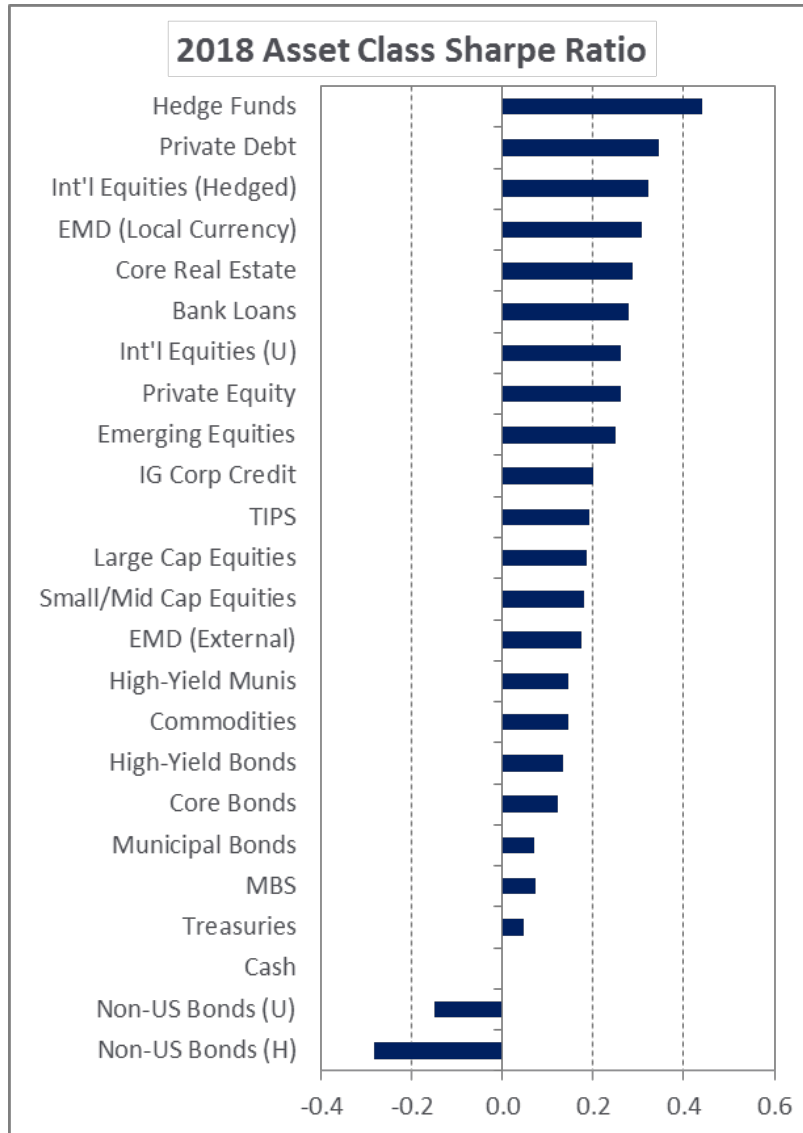
Volatility		
Asset Class	Capital Market Volatility	Accounting Volatility
Cash	1.00%	1.00%
Treasuries	5.50%	5.50%
IG Corp Credit	7.50%	7.50%
MBS	7.00%	6.50%
Core Bonds*	5.99%	5.85%
TIPS	6.50%	6.00%
High-Yield Bonds	13.00%	9.00%
Bank Loans	9.00%	5.50%
Non-US Bonds (Unhedged)	10.00%	10.00%
Non-US Bonds (Hedged)	4.50%	3.50%
EMD External	13.00%	13.50%
EMD Local Currency	13.00%	13.00%
Large Cap Equities	17.50%	16.00%
Small/Mid Cap Equities	21.00%	20.50%
Int'l Equities (Unhedged)	21.00%	18.50%
Int'l Equities (Hedged)	18.00%	15.50%
Emerging Int'l Equities	28.00%	25.00%
Private Equity	23.00%	12.50%
Private Debt	13.00%	8.50%
Core Real Estate	13.00%	6.00%
Non-Core Real Estate	17.00%	
Private Real Assets: Energy/Metals	21.00%	
Private Real Assets: Infrastructure/Land	12.00%	

* 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.



RELATIVE ASSET CLASS ATTRACTIVENESS



Source: NEPC

*Impacted by methodology changes for Core Real Estate (reduction in volatility) and Non-US Bonds (formerly was Global Bonds)

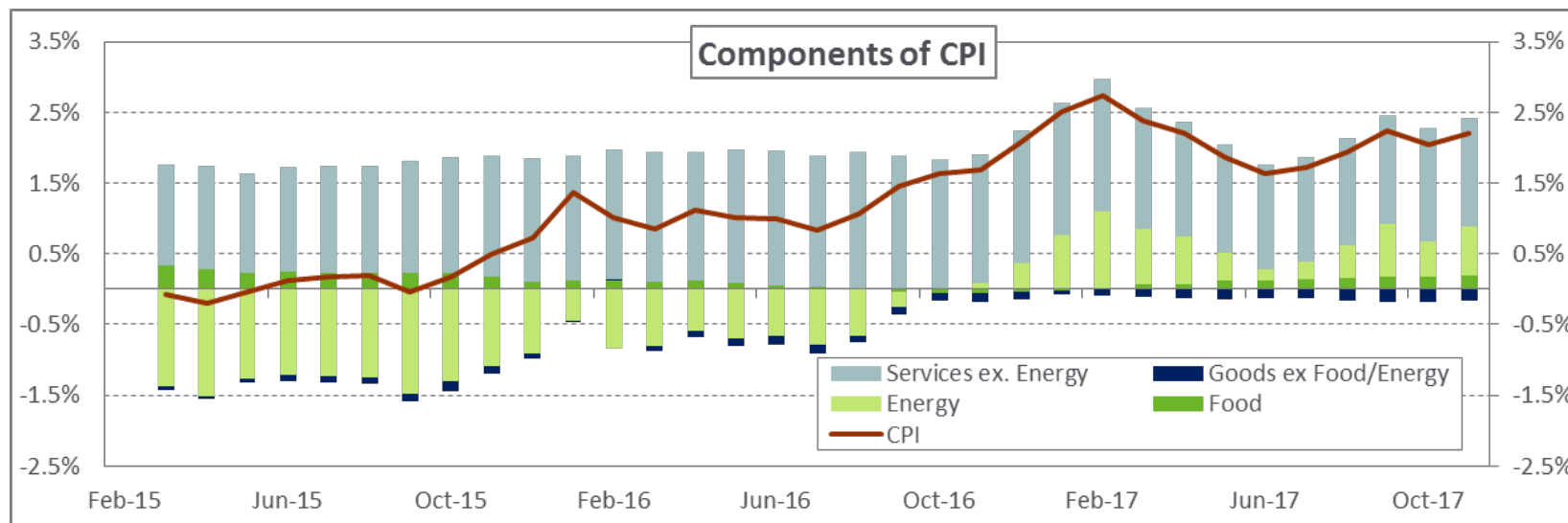


2018 CORRELATIONS

Asset Class	Cash	US Lev	Tsy	IG	MBS	TIPS	HY	Non-US Bonds (U)	Non-US Bonds (H)	EMD (Ext)	EMD (Loc)	Large Cap	SMID	Int'l (U)	Int'l (H)	EME	PE	PD	PRA - Egy/Met	PRA: Infra/Land	Core RE	Comm odities
Cash	1.00	0.90	0.20	0.10	0.25	0.35	-0.05	0.10	0.15	0.05	0.05	-0.10	-0.15	-0.10	-0.10	-0.10	-0.20	0.00	-0.05	0.15	0.10	0.10
US Lev	0.90	1.00	0.20	0.10	0.25	0.35	-0.05	0.10	0.15	0.05	0.05	-0.10	-0.15	-0.10	-0.10	-0.10	-0.25	0.00	-0.05	0.15	0.10	0.10
Treasuries	0.20	0.20	1.00	0.65	0.85	0.65	0.10	0.45	0.70	0.20	0.10	-0.10	-0.15	-0.10	-0.10	-0.20	-0.15	-0.35	-0.20	-0.05	0.10	-0.10
IG	0.10	0.10	0.65	1.00	0.75	0.65	0.55	0.45	0.60	0.60	0.50	0.25	0.25	0.30	0.30	0.35	0.30	0.15	0.20	0.10	0.15	0.15
MBS	0.25	0.25	0.85	0.75	1.00	0.65	0.30	0.45	0.60	0.35	0.25	0.10	0.10	0.05	0.05	-0.10	0.10	-0.15	-0.05	-0.05	0.05	0.00
TIPS	0.35	0.35	0.65	0.65	0.65	1.00	0.20	0.40	0.65	0.30	0.25	-0.10	-0.10	-0.05	-0.05	-0.10	-0.10	-0.10	-0.05	0.05	0.10	0.30
HY	-0.05	-0.05	0.10	0.55	0.30	0.20	1.00	0.10	0.20	0.70	0.55	0.65	0.70	0.65	0.65	0.70	0.60	0.65	0.50	0.40	0.35	0.20
Non-US Bonds (U)	0.10	0.10	0.45	0.45	0.45	0.40	0.10	1.00	0.40	0.30	0.35	0.00	-0.05	0.35	0.05	0.25	-0.15	-0.10	-0.10	0.05	0.15	0.10
Non-US Bonds (H)	0.15	0.15	0.70	0.60	0.60	0.65	0.20	0.40	1.00	0.30	0.20	-0.10	-0.15	-0.10	-0.10	-0.20	-0.20	-0.10	-0.15	0.00	0.05	-0.10
EMD (Ext)	0.05	0.05	0.20	0.60	0.35	0.30	0.70	0.30	0.30	1.00	0.75	0.55	0.55	0.60	0.60	0.70	0.35	0.50	0.40	0.35	0.25	0.35
EMD (Local)	0.05	0.05	0.10	0.50	0.25	0.25	0.55	0.35	0.20	0.75	1.00	0.60	0.50	0.70	0.65	0.80	0.40	0.60	0.40	0.40	0.40	0.50
Large Cap	-0.10	-0.10	-0.10	0.25	0.10	-0.10	0.65	0.00	-0.10	0.55	0.60	1.00	0.90	0.70	0.75	0.65	0.70	0.60	0.65	0.50	0.40	0.30
SMID Cap	-0.15	-0.15	-0.15	0.25	0.10	-0.10	0.70	-0.05	-0.15	0.55	0.50	0.90	1.00	0.65	0.70	0.65	0.75	0.65	0.70	0.50	0.40	0.30
Int'l Eqty (U)	-0.10	-0.10	-0.10	0.30	0.05	-0.05	0.65	0.35	-0.10	0.60	0.70	0.70	0.65	1.00	0.85	0.70	0.60	0.75	0.55	0.45	0.35	0.40
Int'l Eqty (H)	-0.10	-0.10	-0.10	0.30	0.05	-0.05	0.65	0.05	-0.10	0.60	0.65	0.75	0.70	0.85	1.00	0.70	0.65	0.75	0.60	0.45	0.40	0.30
EM	-0.10	-0.10	-0.20	0.35	-0.10	-0.10	0.70	0.25	-0.20	0.70	0.80	0.65	0.65	0.70	0.70	1.00	0.45	0.80	0.50	0.40	0.30	0.55
PE	-0.20	-0.25	-0.15	0.30	0.10	-0.10	0.60	-0.15	-0.20	0.35	0.40	0.70	0.75	0.60	0.65	0.45	1.00	0.65	0.85	0.60	0.50	0.25
PD	0.00	0.00	-0.35	0.15	-0.15	-0.10	0.65	-0.10	-0.10	0.50	0.60	0.60	0.65	0.75	0.75	0.80	0.65	1.00	0.65	0.50	0.40	0.30
PRA - Egy/Met	-0.05	-0.05	-0.20	0.20	-0.05	-0.05	0.50	-0.10	-0.15	0.40	0.40	0.65	0.70	0.55	0.60	0.50	0.85	0.65	1.00	0.75	0.45	0.35
PRA - Infra/Land	0.15	0.15	-0.05	0.10	-0.05	0.05	0.40	0.05	0.00	0.35	0.40	0.50	0.50	0.45	0.45	0.40	0.60	0.50	0.75	1.00	0.70	0.40
Core RE	0.10	0.10	0.10	0.15	0.05	0.10	0.35	0.15	0.05	0.25	0.40	0.40	0.40	0.35	0.40	0.30	0.50	0.40	0.45	0.70	1.00	0.30
Commodities	0.10	0.10	-0.10	0.15	0.00	0.30	0.20	0.10	-0.10	0.35	0.50	0.30	0.30	0.40	0.30	0.55	0.25	0.30	0.35	0.40	0.30	1.00



US INFLATION



Source: Bloomberg, NEPC

Low inflation continued throughout 2017 despite strong economic growth, tightening labor market, and early signs of wage gains

These metrics were thought to help inflation accelerate, yet the Fed's 2% inflation target has been a difficult target for the US economy to maintain

A seemingly transitory drop in certain CPI elements, such as healthcare costs and vehicles, have minimized price pressures in 2017 even as the impact from energy prices has turned positive

The Fed's preferred inflation measure, the personal consumption expenditures (PCE), remains below their 2% target

However, other more inclusive indicators such as the NY Fed Underlying Inflation Gauge, point to an increase in inflation in the coming years, but still below the long-term average



GLOBAL INFLATION

In most developed economies, core inflation has failed to reach or exceed central bank targets despite improved domestic demand and labor markets

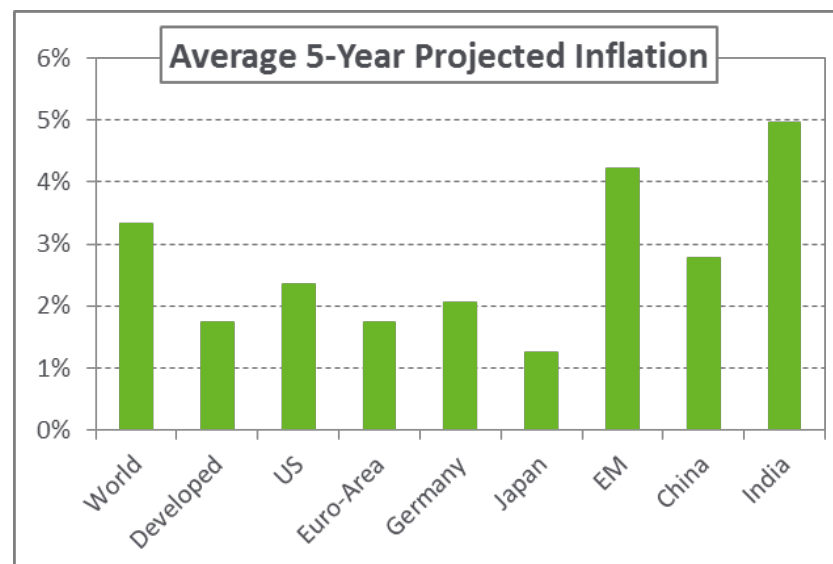
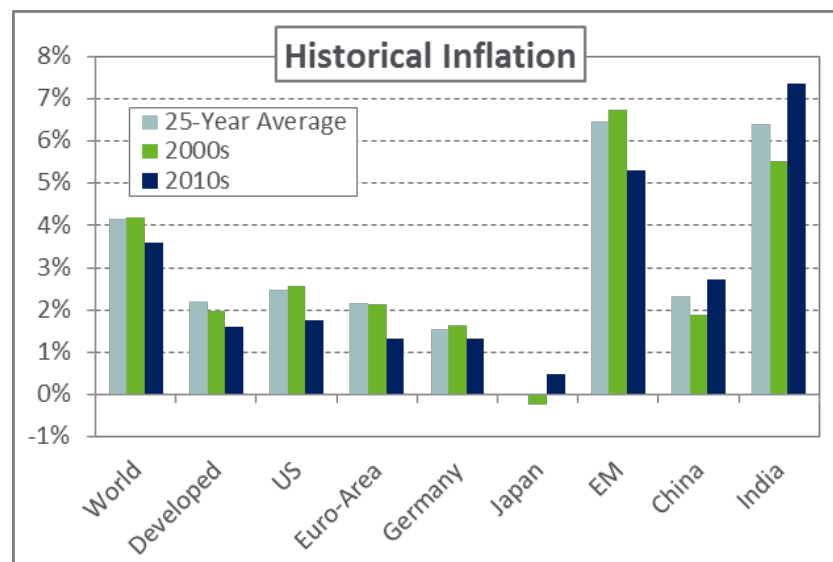
Ultra accommodative monetary policy remains in place for Europe and Japan to fuel higher levels of inflation

The UK is an exception to this trend as significant depreciation of the pound has led to higher consumer prices

Emerging market inflation has broadly declined over the last 24 months

This is in part due to the large fiscal correction and prudent monetary policy actions that followed the currency declines of prior years

Core inflation particularly in Russia and Brazil have declined significantly as the effect of high real interest rates weakens inflationary trends



Source: (Top) IMF, NEPC
Source: (Bottom) IMF, NEPC



US CASH EXPECTATIONS

Cash is the basic cornerstone of all asset class forecasts

The assumption flows through as a direct building block component or as a relative value adjustment (cash + risk premia)

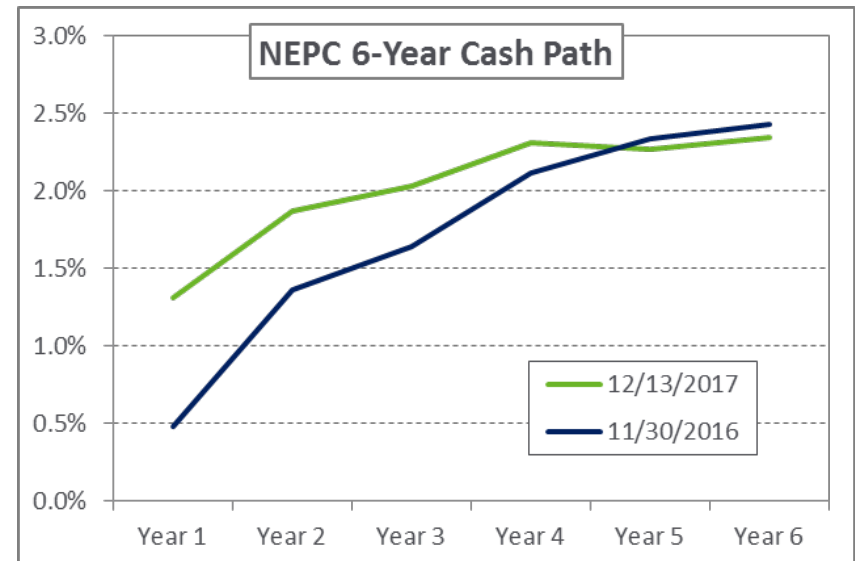
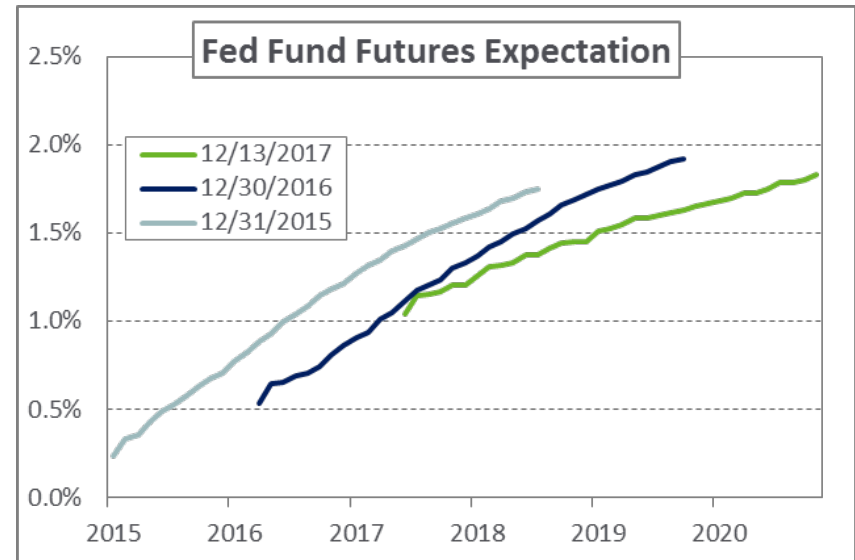
The longer-term cash assumption is a result of the inflation assumption in conjunction with our forecasted real interest rate path

After three Fed rate hikes in 2017, expectations for increased short term interest rates project higher still

A progressively flatter yield curve has formed as longer-term rate expectations remain muted

Market prices reflect only two rate hikes in 2018, despite FOMC expectations of three

A key risk to our overall investment outlook is the ending of Fed gradualism and rate increases beyond market expectations



Source: (Top) Bloomberg

Source: (Bottom) Bloomberg, NEPC
Charts as of 12/13/2017



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

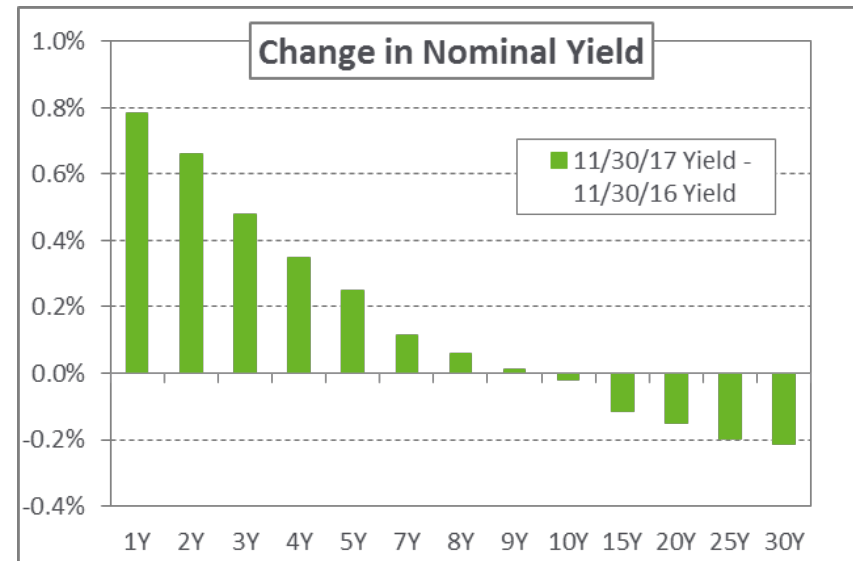
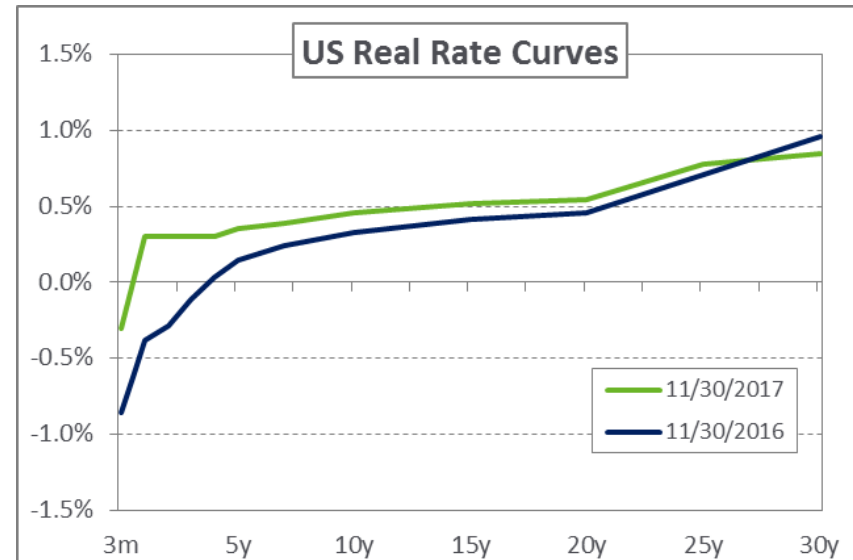
Low real rates depress the return outlook for risk assets over the long-term

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

Additional uncertainty surrounding the path of rates is possible in 2018

Potential disruption with the confirmation of new Fed Chairman Jerome Powell

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



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

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

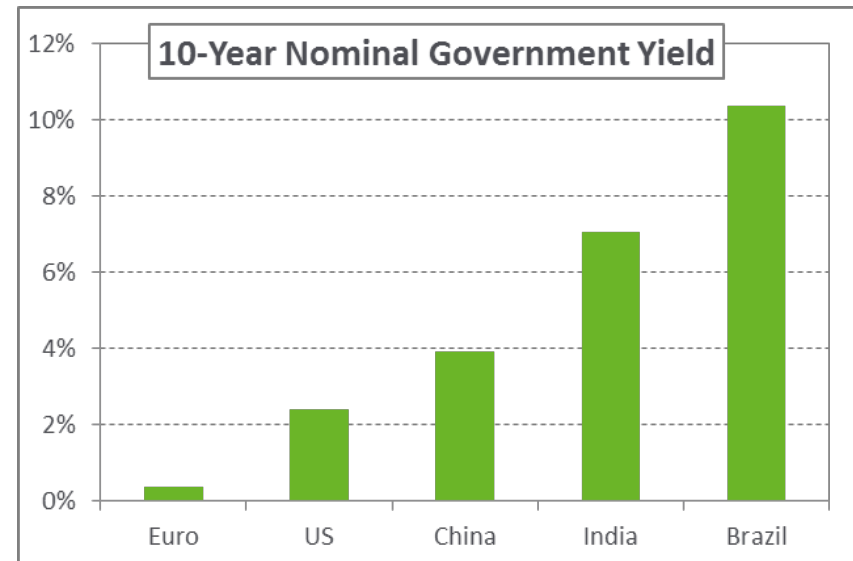
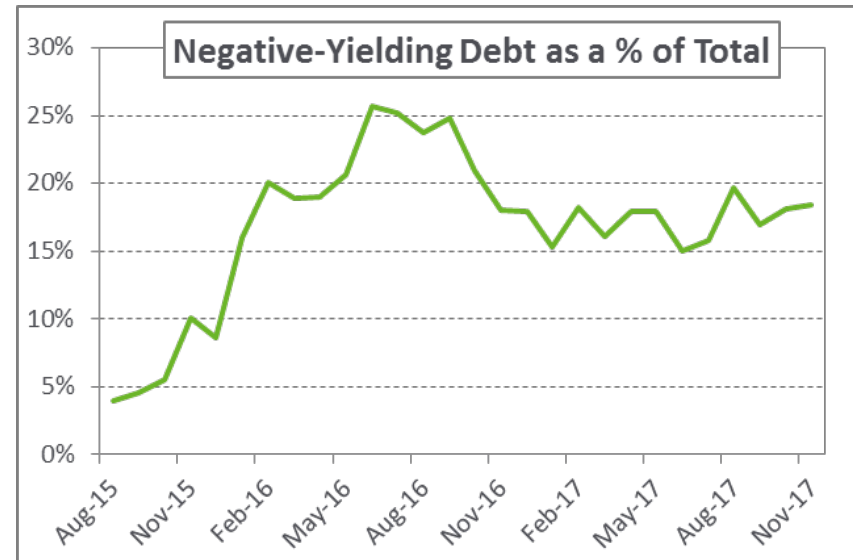
Spain and other periphery nations have showed positive economic momentum

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

INFORMATION DISCLAIMER

Past performance is no guarantee of future results.

The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

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April 16, 2018

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

SUBJECT: REINSTATEMENT TO ACTIVE MEMBERSHIP: MARILYN MILLER

Dear Board Members,

Staff recommends that VCERA retired member Ms. Miller be reinstated to active membership, pursuant to Government Code Sections 31680.4 & 31680.5. Ms. Miller has filed her application for reinstatement pursuant to section 31680.4, a medical determination that she is not incapacitated for the duties assigned, and a letter indicating an offer of full-time employment.

VCERA staff members will be pleased to answer any questions you may have on this item at the Disability & Business meeting of April 16, 2018.

Sincerely,

Linda Webb
Retirement Administrator

Marilyn K. Miller

60 Don Antonio Way
Ojai CA 93023

805/415-1773
mkmandcompany@gmail.com

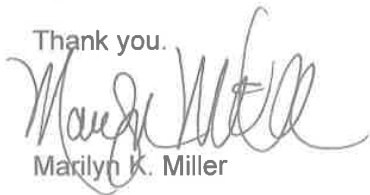
March 29, 2018

Ventura County Employees Retirement Association
1190 S. Victoria Ave., Ste. 200
Ventura CA 93003

RE: Request for Reinstatement

I retired from County service several years ago and am now requesting reinstatement to active membership pursuant to the provisions of Government Code Section 31680.4 and 31680.5. In support of my request, I am submitting: 1) medical documentation to establish that I am medically able to perform the duties to which I will be assigned, and 2) an offer of full-time employment from the County of Ventura Harbor Department. If required by the Board, I also represent that I have received no unemployment compensation in the last 12 months. I would be pleased to provide any additional information deemed necessary to enable the granting of my request.

Thank you.



Marilyn K. Miller



CHANNEL ISLANDS HARBOR
Ventura County Harbor Department

Lyn Krieger
Director

3900 Pelican Way • Oxnard, CA 93035-4367 • (805) 973-5950 • Fax (805) 382-3015

Marilyn Miller
60 Don Antonio Way
Ojai, CA 93023

Subject: Offer of Employment with the County of Ventura Harbor Department

Dear Ms. Miller:

I am pleased to present you with this offer of employment for a period of up to six months from the date of hire, with an option by the County to extend the appointment thereafter for the position of Director Harbor Planning and Redevelopment. We feel that the skills and knowledge you possess will be valuable assets to the County of Ventura and will assist the Harbor Department in this period of transition.

Based on your experience and qualifications, we are pleased to offer to you an annualized salary of \$146,868.80 plus a 3.5% educational incentive; the compensation will be pro-rated for your period of service. This position is At-Will and is exempt from Civil Service. Additional compensation components of our offer include the following:


- Accrual of 9.54 hours per pay period of Annual Leave.
- A match of part of your contribution to the County of Ventura 401(k) deferred compensation plan of up to 3% of your salary.
- A non-taxable biweekly Credit Allowance of \$397.00 for use towards several benefit options. Premium amounts and options can be found on the Benefits website. (<http://ceo.countyofventura.org/benefits>)
- Additional compensation components can be reviewed by accessing the Management Resolution at <http://www.ventura.org/human-resources/memorandums-of-agreement>.

This offer of full-time employment is contingent upon the fulfillment of following two conditions: First, that as a current VCERA retiree you petition for, and are granted, reinstatement into active service by the Board of Retirement. Second, you successfully complete a general background screening; including verification of employment history, education, and professional credentials; a Live Scan; a credit check; and reference checks.

Marilyn Miller
March 28, 2018
Page 2

We are looking forward to your joining the County of Ventura's team. Please feel free to contact me at (805) 973-5950 with any questions you may have.

Sincerely,


Lyn Krieger
Director

Timothy L. Williamson. M.D. Ph.D.
Specialist in Care of Infants, Children and Adolescents

Mary Ann Williamson. R.N.. F.N.P.
Family and Women's Health

Suzanne E. Hall. M.D.
Specialist in Care of Infants, Children and Adolescents

207 Church Road
Ojai, California 93023
Tel: (805) 646-4386
Fax: (805) 646-9188

01-26-17

Re: Miller, Mmilyn

DOB 11-4-56

Interviewed and Examined by me.

Found to mentally and Physically

fit for her primarily desk

job. I have read job description.

NO Restrictions



CA Lic. # G32937



March 26, 2018

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Ray McCray, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2018-2019 Elections – Recommended Ballot

SACRS BOD 2018-2019 election process began January 2018. Per the SACRS Bylaws, please distribute the recommended ballot to your Board of Trustees. Elections will be held during the Annual Business meeting on Friday, May 18, 2018 at the Anaheim Marriott, Anaheim, CA.

SACRS Bylaws Election Schedule

DEADLINE	DESCRIPTION
March 1, 2018	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations prior to the first Business Day after March 1 of each calendar year. Nominations shall not be accepted from the floor on the day of the election.
March 25, 2018	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25
May 18, 2018	Nomination Committee to conduct elections during the SACRS Business Meeting at the Spring Conference (May 15-18, 2018)
May 18, 2018	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. *The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediately Past President, and two (2) regular members.*

- A. *Immediate Past President. The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.*
- B. *Two (2) Regular Members. Two (2) regular members shall also be members of the Board.*

Section 2. Elections of Directors. *Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations prior to the first Business Day after March 1 of each calendar year. Nominations shall not be accepted from the floor on the day of the election.*

The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25.



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

Name of Candidate	Dan McAllister
Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included)	(619) 920-0608 (cell) (619) 531-5231 (office)
Name of Retirement System Candidate Currently Serves On	San Diego County Employees Retirement Association (SDCERA)
Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	Trustee, San Diego County Treasurer Tax Collector
Applying for SACRS Board of Directors Position (You may only select one)	<input checked="" type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	Please see attached.

Biography of Dan McAllister

San Diego County Treasurer-Tax Collector



Dan McAllister has served San Diego County residents since as the County's Treasurer-Tax Collector since 2002. He was re-elected to his fourth term in June 2014 by an overwhelming 99% majority of the vote. Dan oversees the collection of more than \$6 billion in property taxes each year, the management of more than \$10 billion in the County's Investment Pool, and the administration of the County's over \$1 billion defined contribution program. Since assuming office, he has worked extensively to improve customer service, enhance communications and outreach initiatives, and ensure the fiscal stability of the treasury. Under his direction, his office collected nearly 60% of property tax payments electronically for the first time, while maintaining a 99% collection rate for the past three years. He is also a strong advocate for diversity, a value reflected in his staff that comes from all walks of life and backgrounds. His office now delivers service in 17 different languages.

As part of his duties, Dan serves as a member of the San Diego County Employees Retirement Association (SDCERA), which manages more than \$10 billion of investments; he also serves as President of CalTRUST, which manages a portfolio of \$2.8 billion. Additionally, he is a former chairman of the Board of Directors of the internationally recognized San Diego Convention Center Corporation. Prior to his election as San Diego County Treasurer-Tax Collector, Dan was a successful financial consultant and investment broker.

Dan contributes considerable time and resources to community service. He serves as Chair of the San Diego Unified School District's Special Audit and Finance Committee, and he is a participating member of the Boards of Directors of the Jackie Robinson YMCA; Habitat for Humanity, San Diego; and New Americans Museum, San Diego. McAllister's strong commitment and involvement in the community dates back to his service as a U.S. Peace Corps volunteer in the Western Pacific country of Micronesia.

A second-generation San Diegan, Dan has completed executive education programs in portfolio concepts and management at Stanford University and the University of Pennsylvania's Wharton School. He also holds a Bachelor's degree (BA) from California State University, Fresno, and a Master's degree in Business Administration (MBA) from United States International University.

February 26, 2018

Mr. Ray McRay
Chairman
Nominating Committee
State Association of County Retirement Systems

Dear Mr. McRay,

This is to officially submit my name for consideration by the Nominating Committee for the office of SACRS President.

When I first ran for the Presidency, I pledged to continue to help move our organization forward with strong, inclusive leadership. I also spoke of my experiences and accomplishments as San Diego County Treasurer-Tax Collector; and of serving as a Trustee on the San Diego County Employees Retirement Association (SDCERA) Board and two successful terms as Board Chair.

Over the past four years, it has been my distinct honor and pleasure to serve on the SACRS Board, first as Treasurer and now as President. I am extremely proud of the work our board has completed during these years in an effort to improve our levels of customer service to our members. This past year for example the Board performed a comprehensive review and update of the Board Policies and Procedures. We added two new seats to the Board in an effort to be more inclusive and give more members an opportunity to serve on the Board. Additionally, we made strong efforts to add new people to a number of our standing committees.

Indeed, it has been a productive year for the Board and we have made a difference for the SACRS membership. Ours has been a team effort and one that can point to positive developments.

SACRS is a special organization and one that must continue to provide educational forums for disseminating information to Trustees and system staffs from all '37 Act counties. Additionally, SACRS must take an active role in the legislative process as it impacts county retirement systems.

As SACRS President for the coming year, I will continue to work collaboratively with the SACRS Board and Trustees statewide to ensure that our educational programs and conferences continue to be of the highest quality and content.

With your support and nomination, I would be honored to serve again as President of SACRS. Thank you in advance for your careful and positive consideration of my candidacy for re-election.

Sincerely,



Dan McAllister
President



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

Name of Candidate	VIVIAN GRAY
Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included)	Viviangray@aol.com, Vgray@lacera.com 300 N. Lake Ave., Ste. 820 Pasadena, CA 91101 Phone: (213) 440-0142
Name of Retirement System Candidate Currently Serves On	Los Angeles County Employees Retirement Association (LACERA)
Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	Chair, Board of Retirement http://www.lacera.com/about_lacera/bor/gray.html
Applying for SACRS Board of Directors Position (You may only select one)	<input type="radio"/> President <input checked="" type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	<ul style="list-style-type: none"> • Chair, LACERA Board of Retirement • Chair, SACRS Bylaws Committee • Elected general member trustee since 2012 34 years of service to Los Angeles County <ul style="list-style-type: none"> 10 years in Law Enforcement 24 years as an attorney for Los Angeles County • 6 years in private law practice • Education/Pension Trustee Certificates <ul style="list-style-type: none"> - Bachelors of Arts: UCLA - JD: UWLA - New York Law School - Public Pension Trustee Fiduciary Program - Stanford Law School (CALAPRS) - Principles of Pension Management - Harvard Law School Program - Trustee Work Life - UC Berkeley (SACRS) - Modern Investment Theory & Practice for Retirement Systems - IFEBP - Trustee Masters Program - NCPERS - Public Pension Funding Forum - Wharton Business School - Portfolio Concepts and Management (Pending) - National Assoc. of Corporate Directors (NACD) Board Leadership Fellow (Pending)

VIVIAN GRAY

300 N. LAKE AVENUE, SUITE 820 ~PASADENA, CA 91101 ~ VGRAY@LACERA.COM

February 27, 2018

VIA EMAIL

SACRS Nominating Committee
Mr. Ray McCray, Chair

Dear Mr. McCray:

I would like to express my interest in becoming SACRS' Vice President for 2018/2019.

For the past three years, I have been honored to serve SACRS and its members as Chair of the Bylaws Committee and been member of the Program Committee. I have worked diligently with committee members and the SACRS Board of Directors, Administrative staff and membership to move the SACRS organization forward.

I have attended almost all of SACRS BOD meetings as the Bylaws Chair in order to advise or interpret the bylaws when needed. I believe in the BOD's team concept of management and its mission to include all members to take part in keeping SACRS relevant in the pension environment.

Through continuing its strong leadership, SACRS can become the premier entity in the direct education of trustees. I believe SACRS is a viable organization within the retirement system community. We have secured a presence not only in our CERL 37 Act Systems, but are gaining headway and recognition beyond CERL.

Your consideration of me for vice president would be an honor.

I have attached the SACRS Nomination Form containing my brief bio.

Sincerely,

Vivian Gray

Vivian Gray

cc: Sulema Peterson, SACRS



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at rvm1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

Name of Candidate	Harry E. Hagen
Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included)	- 805-568-2490 - hhagen@co.santa-barbara.ca.us - Harry E. Hagen, Treasurer - Taxcollector - PA - PG P.O. Box 579 Santa Barbara, CA 93102-0579
Name of Retirement System Candidate Currently Serves On	Santa Barbara, SBCERS
Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	Chair, ex-officio member
Applying for SACRS Board of Directors Position (You may only select one)	<input type="radio"/> President <input type="radio"/> Vice President <input checked="" type="radio"/> Treasurer <input type="radio"/> Secretary <input type="radio"/> Regular Member
Brief Bio	See Attachment

Harry E. Hagen
Bio for SACRS Nomination Submission Form

I am the current Santa Barbara County Treasurer-Tax Collector-Public Administrator. I was first elected in 2010 and am currently serving in my second four-year term.

I am responsible for overseeing and investing a \$1.5 billion investment pool for local schools, general County government, and special districts. I manage the collection of taxes and general collections, administer Public Administrator estates and Public Guardian conservatorships, and oversee Veterans' Services programs. My duties also include serving as Chair of the County Debt Advisory Committee, implementing and managing the County's municipal financing program, and administering the County's deferred compensation program.

I hold a Bachelor's degree in Business Economics from UCSB, am a 26-year California Certified Public Accountant, and have completed the Certificate in Public Treasury Management from USC. Additionally, I have earned the designations of Certified Public Finance Officer from the Government Finance Officers Association, Advanced Certified Public Funds Investment Manager from the Association of Public Treasurers, and Certified Fixed Income Practitioner from the Fixed Income Academy.

February 2, 2018

To Ray McCray , SACRS Nominating Committee Chair,

I would like to continue serving on the SACRS Board of Directors and am submitting my letter of intent to run for the position of Treasurer.

I believe I am well qualified for the position based upon my educational and work experience. I am a 22-year employee of Santa Barbara County and the current Chair of the Santa Barbara County Employees Retirement System. I have served as the ex-officio member of SBCERS for over 7 years. I was also an alternate member to the Board for eight years as the Assistant Treasurer-Tax Collector-Public Administrator.

Should you have any questions, please don't hesitate to call me directly.

Thank you for your consideration.



Harry E. Hagen, CPA, CPFO, CFIP, ACPFIM
Treasurer-Tax Collector-Public Administrator-Public Guardian
County of Santa Barbara
(805) 568-2490
hhagen@co.santa-barbara.ca.us



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

Name of Candidate	Kathryn Cavness
Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included)	Home Phone: 707-459-2215; Email: k24u2figure@gmail.com Office Phone: 707-463-4194; Email: cavnessk@mendocinocounty.org Cell Phone: 707-354-8105 Home Address & Mailing: 6500 Ridgewood Road, Willits, CA 95490 Work Mailing Address: PO Box 1000, Ukiah, CA 95482
Name of Retirement System Candidate Currently Serves On	Mendocino County Employees Retirement System
Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	Vice Chair, General Elected Member
Applying for SACRS Board of Directors Position (You may only select one)	Secretary
Brief Bio	Kathryn Cavness has been serving as Trustee and representative of the General Membership on the Mendocino County Employees Retirement Association Board since December 1, 2014. She has been a member of the MCERA Audit and Budget Committee since 2014 and was elected Vice Chair of the Board on December 14, 2016. Kathryn is currently serving her first year as Secretary on the State Association of County Retirement Systems (SACRS) Board of Directors. Her objectives as Secretary encompass representing the 1937 Act retirement systems and reaching out to trustees to attain greater participation in SACRS activities. Meaningful events designed for Trustees include the SACRS Spring and Fall Conferences, and the UC Berkeley Educational Program's Executive Education Courses. Other opportunities for Trustees include joining and participating in the SACRS' Educational, Legislative, Program, and Bylaws Committees. Kathryn Cavness is currently filling the position of Administrative Services Manager for the Mendocino County District Attorney's Office. Prior to this, Kathryn enjoyed an extensive career in budget and finance, and holds a MBA/Accounting.

Ray McCray, SACRS Nominating Committee Chair
SACRS Nominating Committee

February 10, 2018

Dear Ray and Nominating Committee Members,

Please accept my letter of intent to run as Secretary in the SACRS Board of Directors officers' election for the 2018-19. I am currently serving as SACRS Board of Directors Secretary throughout the 2017-18 fiscal year. I also serve as the Vice Chairwoman of the Mendocino County Employees Retirement Association.

My interest in seeking the position of Secretary for a second term is to continue working together with the highly effective SACRS Board in achieving common goals. My focus will be on adding value for Trustees by expanding growth and positive outcomes, increasing diversity, and providing educational opportunities through boosting attendance at the UC Berkeley Educational Program. I will continue working to increase Trustee participation in SACRS Conferences and expand membership in SACRS Committees.

As the Mendocino County Employee Retirement Association Vice Chairwoman and trustee of the smallest rural county system in northern California, I welcome the opportunity to represent the smaller systems as well as all SACRS members.

My education and professional experience provides qualifications ideally suited for taking on the responsibilities of Secretary of the SACRS Board of Directors:

- SACRS Board of Directors Secretary FY 2017/18
- Vice Chairwoman on the MCERA Board and Auditing Committee
 - Public Pension Investment Management Program/ Modern Investment Theory and Practice for Retirement Systems
 - UC Berkeley Hass School of Business
 - Advanced Principles of Pension Management for Trustees
 - UCLA Anderson School of Management
 - Principles of Pension Management for Trustees
 - Pepperdine University, Graziadio Business School
- County of Mendocino District Attorney's Office Administrative Services Manager with Emphasis on Finance & Budget
- Master's Degree in Business Administration with Emphasis on Finance & Accounting

Sincerely,



Kathryn Cavness,
SACRS BOD Secretary,
Mendocino CERA Vice Chairwoman



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

Name of Candidate	Christopher C. Cooper
Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included)	(415) 827-0772 Chriscooperinmarin@yahoo.com 756 Del Ganado Road San Rafael, CA 94903
Name of Retirement System Candidate Currently Serves On	Marin County Employees' Retirement Association
Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	Elected Safety Trustee
Applying for SACRS Board of Directors Position (You may only select one)	<ul style="list-style-type: none"> <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio	<p>I am a Fire Captain/Paramedic in the City of San Rafael and have served on the MCERA Board since 2012. I serve on the Investment Committee and Chair the Governance Committee.</p> <p>I am a Graduate of U.C. Berkeley (Political Economy of Industrial Societies, 1995) and served in the U.S. Army for eight years (active and reserve) as a Mandarin Chinese Linguist Interrogator. I live in San Rafael with my wife and two children (16 and 12).</p>

CHRISTOPHER C. COOPER

415-827-0772
chriscooperinmarin
@yahoo.com

756 Del Ganado Rd.
San Rafael, CA
94903

February 27, 2018

SACRS Nominating Committee
1415 L Street, Suite 1000
Sacramento, CA 95814

Committee Members,

Please accept this Letter of Intent as well as the attached Nomination Submissions Form for the position of Regular Member of the SACRS Board of Directors Elections 2018-2019. I have attended SACRS Conferences since my first in Fall 2013 and have always enjoyed the strong education opportunities as well as meeting other California Trustees. I would like to step up to a leadership position in SACRS to help the organization continue to provide education and insight to those entrusted with managing CA pension funds.

I am a Fire Captain/Paramedic with the City of San Rafael and have served on the MCERA Board since 2012. I serve on the Investment Committee and Chair the Governance Committee. I am a graduate of U.C. Berkeley and an Army Veteran. I have worked in a large corporation as a buyer and have owned a small retail business. I live in San Rafael with my wife Lisa and two children Calvin and Lucy (16,12). Thanks for your consideration. I look forward to seeing you at the Spring Conference.

Sincerely yours,

Christopher C. Cooper



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

Name of Candidate	Roger Hilton
Candidate Contact Information (Please include – Phone Number, Email Address and Mailing Address)	(714) 325-9295, rhilton@ocers.org , roger@aocds.org 2223 East Wellington Ave. Suite 100 Santa Ana, CA 92701
Name of Retirement System Candidate Currently Serves On	Orange County Employees Retirement System (OCERS)
Current Position On Candidates Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	Elected Safety Member
Applying for SACRS Board of Directors Position (select only one)	<ul style="list-style-type: none"> <input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member



<p>Brief Bio</p>	<ul style="list-style-type: none"> □ OCERS: served as Chairman of the board, chair of the Investment Committee, and have chaired several committees, elected 2012 - Present. □ Association of Orange County Deputy Sheriffs (AOCDS) Board of Directors: Currently serving as Vice President and Political Action Chairman, 2011 - Present. □ Trustee on Medical and Benefits Trusts, 2011 - Present. □ Trustee on Fraternal Order of Police, Lodge 18, 2011- Present. □ Association of Deputy Marshals Board of Directors, 1992-2000 – Served as President 1996-2000, Treasurer 1993-1996. □ Public Pension Trustee certificates: <ul style="list-style-type: none"> -Modern Investment Theory & Practice – UC Berkeley; -Portfolio concepts and Management -Wharton School of Business; -Certificate in Public Plan Policy I and II; -Principles of Pension Management - Stanford University; -Advanced Principles of Pension Management - UCLA; -Labor and Worklife Program, Harvard Law School
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January 15, 2018

2223 East Wellington Ave. Suite 100
Santa Ana, CA 92701

Ray McCray, SACRS Nominating Committee Chair

Dear Mr. McCray:

Please accept this letter as my intent to run for the Board of Directors for the position of Regular Member. I would request that my name be included in the 2018-2019 SACRS Nomination Slate at the upcoming elections in May 2018.

I believe my years of experience leading employee labor organizations and the OCERS Board of Retirement have uniquely prepared me for this challenge. I have over 28 years of experience in law enforcement, 25 years serving in the leadership of employee labor organizations, and over 5 years on the OCERS Board of Retirement. My experience is further outlined on the Nomination Submission form attached to this letter.

Since elected to OCERS, I have made it a point to attend the SACRS conferences. Through these conferences, I have learned a great deal about pensions and have found many friends and mentors. I believe that SACRS is the most effective and important conference '37 Act trustees should attend, because of its relevant content and top-notch presenters. My primary goal is to keep SACRS as the premier public pension organization. I plan to utilize my extensive leadership experience by reaching out to and communicating with our members so they fully understand the many benefits of SACRS. My focus will be on continuing successful conferences and keeping SACRS a professional organization.

It would be an honor to serve on the SACRS Board of Directors and I appreciate the consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Hilton", written in a cursive style.

Roger Hilton

OCERS Board of Directors



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.


Name of Candidate	Larry Walker
Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included)	909-628-8000 larry@larrywalker.us PO BOX 968 Chino, CA 91708
Name of Retirement System Candidate Currently Serves On	San Bernardino County Employees' Retirement Assn.
Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	Alternate Ex Officio Member
Applying for SACRS Board of Directors Position (You may only select one)	<input type="radio"/> President <input type="radio"/> Vice President <input type="radio"/> Treasurer <input type="radio"/> Secretary <input checked="" type="radio"/> Regular Member
Brief Bio	2010-present SBCERA Board of Trustees 2010-11; 2013-14 Managing Trustee 2012; 2015-16 Chair, Investment Committee 2016-17 SACRS Treasurer 2015-present SACRS legislative Committee _____ <u>San Bernardino County:</u> 2010-16 Treasurer, Tax Collector 1998-2016 Auditor-Controller 1998-2010 Recorder, County Clerk 1986-1998 County Supervisor 1981-2001 United States Naval Reserve LCDR, JAGC, USNR Navy Reserve Medal Naval Unit Commendation Sharpshooter Ribbon

Larry Walker
POB 968
Chino, CA 91708
larry@larrywalker.us
909-628-8000

Mr. Ray McCray
Chair, Nominating Committee, SACRS
[delivered as e-mail attachment]:
raym1@sbcglobal.net

February 19, 2018

Subj: Candidacy for SACRS Board of Directors – Regular Member

Dear Mr. McCray: 

I am pleased to submit my name in nomination for the position of Regular Member of the SACRS Board of Directors. I support the decision the organization has made to expand the board's membership, and I believe I am highly qualified to fill one of the new positions.

I thoroughly enjoyed the year I served as Treasurer and member of the SACRS Board of Directors. We made substantial accomplishments in leading the management of our organization, including the improvement of our information systems and our web presence. We also established a very positive working relationship among board members, staff, and local systems. I am committed to doing whatever I can to assure that that effort continues.

Attached is my application, on the form provided by SACRS. I am also attaching my current resume', in case further detail is helpful. I have served as a member of San Bernardino County Employees' Retirement Association for eight years, including three years as Chair of our Investments Committee. I have also stepped up as Managing Trustee during vacancies in our CEO position which totaled one and one-half years.

I served as an elected official for thirty-eight years, including seventeen as a county department head. I have helped lead statewide associations such as SACA (County Auditors) and CRAC (County Recorders), and my previous service on the SACRS board was focused on service to our members and unity of action by our leaders. I am confident that I am prepared to make a substantial contribution to the success of SACRS in the coming year.

Thank you and the committee for your consideration.

Sincerely,



Larry Walker

Cc: Sulema Peterson Administrator, SACRS sulema@sacrs.org



April 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 JANUARY – MARCH 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 January through March 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 first quarter of 2018, staff made progress in a wide variety of areas. In addition to working with Segal to coordinate finalization and presentation of the 2017 actuarial valuation, staff sent its annual letter to the Board of Supervisors to adopt the new contribution rates.

In the area of benefits administration, staff continued working with Counsel, Outside Counsel and benefits staff through issues related to service credit and compensation that is pensionable for certain alternative work schedules that incorporated scheduled overtime.

Staff and the real estate committee visited several potential office locations, and senior staff continued working through projections of space needs in coordination with this effort.

In the area of staffing and personnel, the position requirements for the newly allocated Communications Officer was finalized, and the classification for VCERA's I.T. Director was agreed upon. Posting for that position is pending by County HR. Staff assisted the Personnel Review Committee prepare for annual evaluations, including a comprehensive salary history for each staff member whose positions are covered under AB 1291.

Staff worked with Vitech on the negotiation of MSS security enhancements, which yielded a lower price than the original estimate submitted. Those enhancements are currently in progress.

Q1 2018 Report
April 16, 2018
Page 2

Travel & Training

During the 1st quarter, I attended the CALAPRS General Assembly and served as a panelist.

Board/Policy/Compliance

The Board added HCA Fiscal Premium Pay to the list of pay codes deemed as pensionable compensation under PEPRA. Staff also posted the annual trustee education report on the VCERA website, and coordinated the collection of trustee Form 700 reports.

Media


Staff did not respond to any media inquiries in the 1st quarter.

Key Meetings

In addition to internal and external meetings related to the topics described earlier in this report, on the evening of December 13th, I met with the County HR Director on February 23rd regarding the appropriate classification for the VCERA I.T. Director position. I also attended the County Management Council Awards Luncheon in January when one of our staff members, Vickie Williams, was nominating for an award in the category of mentoring.

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

Sincerely,



Linda Webb
Retirement Administrator



April 16, 2018

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

SUBJECT: AUTHORIZATION FOR TRUSTEE MCCOMBS TO ATTEND THE MODERN INVESTMENT THEORY & PRACTICE FOR RETIREMENT SYSTEMS COURSE JULY 15 - 18, 2018 IN BERKELEY, CALIFORNIA

Dear Board Members:

Staff recommends authorization for Trustee McCombs to attend the, Modern Investment Theory & Practice for Retirement Systems course, through the SACRS/UC Berkeley Program, July 15 – 18, in Berkeley, CA. This program is provided to SACRS members, and offers an in-depth knowledge of today's successful investment models and strategies. The cost to attend will be approximately \$2,900, including registration (\$2,500), and other related expenses.

VCERA staff will be pleased to respond to any questions you may have on this matter at April 16, 2018 disability & business meeting.

Sincerely,

Linda Webb
Retirement Administrator

SAVE THE DATE

July 15-18, 2018

UC Berkeley Center for Executive Education

MODERN INVESTMENT THEORY & PRACTICE for Retirement Systems

SACRS PUBLIC PENSION INVESTMENT MANAGEMENT PROGRAM 2018

GUEST SPEAKER ► **ROBERT B. REICH**



ROBERT B. REICH is one of the world's leading thinkers about work and the economy. Now Chancellor's professor of Public Policy at the University of California at Berkeley, he has served under three national administrations, most recently as Secretary of Labor under Bill Clinton. He also served on President Barack Obama's economic transition advisory board. In 2008, *TIME* magazine named him one of the ten most successful cabinet secretaries of the past century.

Reich is the author of 15 books including *The Work of Nations*, which has been translated into 22 languages, and several other national best sellers. He has a reputation for seeing where politics and the economy are going before they get there. For example, in his 2007 best seller, *Supercapitalism*, he warned of the perils of an under-regulated and over-leveraged financial system. In his 2010 best seller, *Aftershock: The Next Economy and America's Future*, he predicted a tepid recovery that would last for years, with volatile political consequences.

In his most recent book, also a national best seller, *Saving Capitalism*, he foresees a widening political divide not between Democrats and Republicans but between establishment elites and anti-establishment populists in both parties.

Reich is the co-creator and host of the widely acclaimed 2013 documentary, *Inequality for All*, in which he explains the underlying forces that are shaping our economy and lays out pragmatic solutions for a broader prosperity.

Reich has a nationally-syndicated column and he also writes frequently for *The Wall Street Journal*, *The New York Times* and *The Financial Times*. He is a contributor to CNBC, and a frequent panelist on ABC's *This Week* and other television programs.

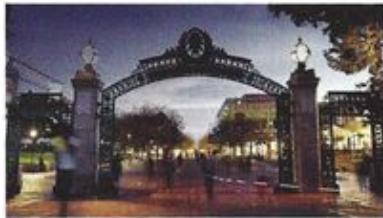
In late 2003, Reich was awarded the prestigious Václav Havel prize, in Prague, for his original contributions to economic thinking. *The Wall Street Journal* has named him one of the nation's top ten thought leaders.

REGISTER TODAY! ► Visit **SACRS.ORG** to register online



SAVE THE DATE

July 15-18, 2018



MODERN INVESTMENT THEORY & PRACTICE for Retirement Systems

SACRS PUBLIC PENSION INVESTMENT MANAGEMENT PROGRAM 2018

REGISTER TODAY!

Visit SACRS.ORG to register online



center for
UC Berkeley
executive education



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SACRS/UC Berkeley Program

Invest in Yourself

SACRS Public Pension Investment Management Program

July 15-18, 2018 at the UC Berkeley Haas School of Business

Presented by the world-renowned faculty of UC Berkeley's Haas School of Business, *Modern Investment Theory & Practice for Retirement Systems* is a four-day course offering SACRS' members in-depth knowledge on today's successful investment models and strategies. You'll learn how to practically integrate these methods immediately into your own plan administration, advancing your skills and elevating the collective expertise of SACRS' membership. Completion of the course earns you a certificate of achievement from UC Berkeley.

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April 16, 2018

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

**SUBJECT: AUTHORIZATION FOR MS. NEMIROFF'S ATTENDANCE; NAPPA
SPRING SEMINAR; JUNE 26th – 29th, 2018; SAVANNAH, GA**

Dear Board Members:


Staff recommends authorization for Ms. Nemiroff to attend the NAPPA Spring Seminar being held June 26th – 29th, 2018 in Savannah, Georgia. The cost to attend is estimated to be \$1,800 including event registration, hotel, airfare and other travel related expenses. The Conference brochure is attached.

VCERA staff will be pleased to respond to any questions you may have on this matter at the April 16, 2018, board meeting.


Sincerely,

Linda Webb
Retirement Administrator

Attachment



2018 Legal Education Conference



June 26 - June 29
New Member Education Sessions on Tuesday, June 26
Hyatt Regency Savannah ♦ Savannah, GA

Registration and Hotel Information

Registration Information

Online registration begins Tuesday, April 3, 2018.

To register for the conference:

- Go to www.nappa.org
- Click on [Conference Registration](#) for the 2018 Legal Education Conference
- Visa, MasterCard, and American Express accepted
- If paying by check, payment and a copy of the invoice must be received by **June 18**.

NAPPA
2410 Hyde Park Road, Suite B
Jefferson City, MO 65109

Reminder: You must be an active NAPPA member to attend.

Conference Registration Deadlines

April 3 - May 23, 2018	Legal Education Conference registration open Conference Fee: \$895 (if registered before May 24)
May 24 - June 6, 2018	Late registration fee applied Conference Fee: \$995 (includes late fee of \$100)
June 6, 2018	Last day to register for conference

Conference Cancellation Policy

Prior to May 24, 2018	Full Refund
May 24 - June 6, 2018	\$150 Administrative Fee Charged
June 7, 2018, or after	No Refund

Conference Room Block Information

The room rate for the NAPPA block is available until the block is filled or June 1, 2018, whichever comes first.	The NAPPA block rate is \$209. Please note: Reservation guaranteed by advance deposit or credit card. There is a 48-hour cancellation policy at the hotel.
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Location of the Meeting

Hyatt Regency Savannah
Two W. Bay Street
Savannah, GA 31401
Phone: (912) 238-1234
Fax: (912) 944-3678

<https://savannah.regency.hyatt.com>

Hotel and Airfare

You are responsible for your own airfare and hotel accommodations.

Hotel Reservations:
To book hotel online, go to www.nappa.org, login, and click on the Events Tab.

\$209 per night + tax (single or double occupancy)

After June 1, 2018, or when the block is full, the hotel will not guarantee you a room nor the special rate.

Offsite Dinner Event Savannah Riverboat Cruise

Date: June 27, 2018
Time: 6:00 p.m. - 9:00 p.m.

Adult Guest: \$65 each
Children (5-12): \$35 each
Children (under age 5) are free, but **must** be registered.

Savannah Riverboat Cruise
9 East River Street
Savannah, GA 31412
www.savannahriverboat.com

There is a separate form to register guests for the event. All registrations must be made by **June 6, 2018**.

CLE Credits

The NAPPA Legal Education Conference qualifies for CLE credits. Applications will be made by the NAPPA office for all attendees that practice in states requiring continuing legal education.

Sponsors and marketing are prohibited at all NAPPA conferences.

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Conference Agenda

Tuesday, June 26, 2018

12:00 noon - 5:00 p.m. **Conference Registration**

New Member Education Sessions

1:00 p.m. - 2:30 p.m. **General Session**
An Overview of Public Pensions (Including Actuaries!)

This 90-minute session will feature a high-level overview of public pensions; how they are structured, the purpose(s) that they serve, the legal practice areas that they cover and how public pensions generally function. The session will also provide an overview of actuaries and their roles relating to public pensions.

Moderator
Michael Jordan - Partner, Ice Miller

Presenters
Suzanne Dugan - Special Counsel, Cohen Milstein Sellers & Toll
Aaron Gutierrez - Senior Policy Analyst, Washington Office of the State Actuary
Peter Mixon - Partner, Nossaman

2:30 p.m. - 3:00 p.m. **Break**

3:00 p.m. - 5:00 p.m. **Concurrent Sessions (choose one)**
Legal Issues for Public Pensions—The Basics

This two-hour session will feature a presentation and Q&A on the topics of Benefits, Fiduciary Duty, Investments and Tax and will cover basic legal provisions and concepts in these four "core" public pension plan legal areas.

Moderator
Michael Jordan - Partner, Ice Miller

Presenters
Phil Svahn - Partner, DLA Piper
Brian Goodman - Legal Affairs and Compliance Coordinator, Virginia Retirement System
Lisa Harrison - Of Counsel, Ice Miller
Chris Waddell - Senior Attorney, Olson, Hagel & Fishburn

3:00 p.m. - 5:00 p.m. **Concurrent Sessions (concurrent with "The Basics" session)**
• **Session A (3:00 p.m. - 4:00 p.m.): Investment Regulation—What Laws and Agencies Regulate a Plan's Investments**

In today's investment market, public pension plans allocate funds to almost every asset class available (i.e., fixed-income, public equities, private investment funds, real estate, derivatives, etc.). Each one of these asset classes falls into a different regulatory category and is

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Conference Agenda

Tuesday, June 26, 2018 continued...

governed by the rules of separate (although often overlapping) government agencies and self-regulatory organizations (SROs). This session will provide you with the basic breakdown of the various investment asset classes and the laws and regulations governing both the initial sale and any secondary trading of their securities.

Moderator
Kevin Lindahl - General Counsel, Colorado Fire & Police Pension Association

Presenter
Jim Van Horn - Partner, Hirschler Fleischer

- **Session B (4:00 p.m. - 5:00 p.m.): Operational Issues for Public Pension Funds: A Review of Administrative Review Procedures and Ensuring Your Public Pension Fund is Appropriately Insured Against Risk**

This session will cover administrative review procedure requirements and implementation in public pension funds, as well as the various types of risk insurance policies relevant to public pension funds.

Moderator
Kevin Lindahl - General Counsel, Colorado Fire & Police Pension Association

Presenters
Julie Borisov - Senior Staff Attorney, Colorado Public Employees' Retirement Association
Megan Peitzmeyer - Staff Attorney, Colorado Public Employees' Retirement Association

5:00 p.m. - 6:30 p.m. **Welcome Reception (provided by NAPPA)**

Savannah, Georgia... "A Dose of Southern Hospitality"

Savannah, a coastal Georgia city, is separated from South Carolina by the Savannah River. It's known for manicured parks, horse-drawn carriages and antebellum architecture. Its historic district is filled with cobblestoned squares and parks such as Forsyth Park, shaded by oak trees covered with Spanish moss. At the center of this picturesque district is the landmark, Gothic-Revival Cathedral of Saint John the Baptist.



Consistently named one of the "world's friendliest cities" by Condé Nast Traveler readers, Savannah has a world-class reputation for hospitality and grace. In 2017, *Southern Living* magazine named "Savannah the Second Best City in the South."

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Conference Agenda

Wednesday, June 27, 2018

- 7:00 a.m. - 5:00 p.m. Conference Registration
- 7:00 a.m. - 8:00 a.m. **Breakfast** (provided by NAPPA)
- 8:15 a.m. - 8:30 a.m. **Introduction and Announcements**
- 8:30 a.m. - 9:30 a.m. **General Session**
Ethics I - Ethics to Help You Avoid the Pit of Misery (Dilly, Dilly!)
- This session explores "The Conflicted Advisor," where in-house counsel is asked to provide legal services to the Fund, the Board and/or the Plan Sponsor. The panel also highlights legal considerations regarding Trustee communications and how to help ensure compliance with open meetings and confidentiality laws. Movie clips and scenarios are used to illustrate application of the Model Rules of Professional Conduct to these and other fund counsel actions.
- Moderator**
 Erin Perales - General Counsel, Houston Municipal Employees Pension System
- Presenters**
 Chuck Campbell - Partner, Jackson Walker
 John Nixon - Partner, Duane Morris
 Erin Perales - General Counsel, Houston Municipal Employees Pension System
- 9:30 a.m. - 9:45 a.m. **Break**
- 9:45 a.m. - 10:45 a.m. **General Session**
Building a Better Canary: Are Your Beneficiary Accounts in Peril?
- The panel will discuss how targeted data analysis can help identify asynchronous behavior and detect possible unauthorized account activity. The panel will also discuss forensic investigations, internal process review, and referral to law enforcement and mitigation activities.
- Moderator**
 Braden Pate - Counsel, California State Teachers' Retirement System
- Presenters**
 Brian Bartow - General Counsel and Chief Compliance Officer, California State Teachers' Retirement System
 Julie Borisov - Senior Staff Attorney, Colorado Public Employees' Retirement Association
 Adrian Gardner - Information Security Services Supervisor, California State Teachers' Retirement System
- 10:45 a.m. - 11:00 a.m. **Break**

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Conference Agenda

Wednesday, June 27, 2018 continued...

- 11:00 a.m. - 12:00 noon **General Session**
What Public Retirement System Attorneys Should Know About Representing Their Clients: A 2018 Survival Guide
- This panel will provide a high-level overview of issues that public pension fund attorneys should know regarding benefits (including litigation), funding, investments, and plan sponsors. The moderator and panel – long-time, in-house pension counsel – will focus on their experiences handling particularly difficult or thorny issues in these areas.
- Moderator**
 Eric Wampler - Deputy Executive Secretary and Counsel, Kentucky Teachers' Retirement System
- Presenters**
 Catherine LaMarr - General Counsel, Connecticut Office of the Treasurer
 Peter Mixon - Partner, Nossaman
- 12:00 noon - 1:30 p.m. **Emeritus Lunch** (provided by NAPPA)
- 12:00 noon - 1:30 p.m. **General Counsel Lunch** (provided by NAPPA)
- 12:00 noon - 1:30 p.m. **Lunch** (all others on your own)
- 1:30 p.m. - 2:30 p.m. **Concurrent Sessions** (choose one)
- **Session A: A Conversation With Our Public Plan Business Colleagues—Perspectives on the Current Investment Market and Pressures Faced to Meet Returns**
- Senior Investment Professionals of public pension plans are under tremendous pressure to generate high returns to cover future obligations. In addition, they face an ever-changing economic, legal and political landscape on a global basis. This constantly changing environment dictates the investment decisions these investment professionals must make for their portfolios and how they rely on their consultants and in-house/outside investment counsel to navigate the issues they face. This session will also provide insight into the current market and related challenges.
- Moderator**
 Georgette Schaefer - Partner, Morgan, Lewis & Bockius
- Presenters**
 Robert Feinstein - Managing Director, Public and Private Markets, South Carolina Retirement System Investment Commission
 Rodney June - Chief Investment Officer, Los Angeles City Employees' Retirement System
 Yuliya Oryol - Partner, Nossaman
 Alison Romano - Senior Investment Officer, Florida State Board of Administration

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Conference Agenda

Wednesday, June 27, 2018 continued...

• **Session B: *Withholding, Garnishments and Forfeitures: What Benefit Lawyers Need to Know***

This session will discuss the courts' expectations for public pension funds when processing an income withholding order, garnishment, or forfeiture notice.

Moderator

Mary Beth Foley - *General Counsel, Ohio Police & Fire Pension Fund*

Presenters

Brian Goodman - *Legal Affairs and Compliance Coordinator, Virginia Retirement System*
Lydia Lee - *Of Counsel, Loeff, Cabraser, Heimann & Bernstein*

2:30 p.m. - 2:45 p.m.

Break

2:45 p.m. - 3:45 p.m.

Concurrent Sessions (choose one)

• **Session A: *Setting Economic Actuarial Assumptions: A Fiduciary Process***

The assumed rate of return is one of the most controversial issues we deal with in the public pension arena. Everyone has an opinion on what the rate should be and many of us continue to have to defend the rate set by our Board. We must ensure that our process for setting this critical assumption is prudent and can withstand legal challenge. This session will focus on best practices from a fiduciary perspective on the process for setting economic actuarial assumptions.

Moderator

Adam Franklin - *General Counsel, Colorado Public Employees' Retirement Association*

Presenters

Ashley Dunning - *Partner, Nossaman*
Leon (Rocky) Joyner - *Vice President and Actuary, Segal Consulting*
Kevin Lindahl - *General Counsel, Colorado Fire & Police Pension Association*

• **Session B: *The Benefits of Death***

This session will provide an analysis of legal issues surrounding locating and paying former members, trusts as beneficiaries, conducting death audits and proof of life communications.

Moderator

Robert Gauss - *Partner, Ice Miller*

Presenters

Michelle Mellon-Werch - *Assistant General Counsel, Texas Municipal Retirement System*
Jason Paulsmeyer - *Chief Counsel, Missouri Local Government Employees Retirement System*
Anthony Stout - *Manager, EVVE Products and Services, National Association of Public Health Statistics and Information Systems*

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Conference Agenda

Wednesday, June 27, 2018 continued...

3:45 p.m. - 4:00 p.m.

Break

4:00 p.m. - 5:00 p.m.

Concurrent Sessions (choose one)

• **Session A: *Health Plan Affinity Group: PTSD: Developing Protocols and Anticipating Changes to PSOB for Mental Health Eligibility***

While pension plan provisions relating to disability for police officers and firefighters have long referred to disability arising from the physical or mental ability of a PSO to perform the duties of the job, there has been remarkably little jurisprudence about psychological disabilities, particularly in the absence of contact. While the psychological injury may be no less debilitating than a traumatic physical injury, pension funds and their legal advisors have little in established guidance for evaluating these claims. There is a growing number of states which are considering expanded definitions of causation, particularly in light of the drastic impact of mass casualty situations being addressed by first responders. This session will focus on the existing case law and explore the trends in evaluating PSO disability claims by retirement boards arising from psychological disabilities. We will also address the legislative changes which have been proposed at both the state and federal level, and how these approaches differ.

Moderator

Carolyn Clifford - *Partner, Ottosen Britz Kelly Cooper Gilbert & DiNolfo*

Presenters

Luke Bailey - *Partner, Strasburger & Price*
Robert Klausner - *Principal, Klausner, Kaufman, Jensen & Levinson*
Tony Roda - *Partner, Williams & Jensen*

• **Session B: *DC Plan Affinity Group: Choosing Investment Options—A Fiduciary's Responsibility***

This panel will discuss the fiduciary standards that apply to governmental defined contribution plans with respect to the selection of plan investment options and whether statutory relief from liability is available for fiduciaries when participants can direct the investment of their plan assets.

Moderator

Lydia Lee - *Of Counsel, Loeff, Cabraser, Heimann & Bernstein*

Presenters

Audra Ferguson-Allen - *Partner, Ice Miller*
Marc Purinton - *Chair of Employee Benefits and Executive Compensation Practice, Williams Mullen*

6:00 p.m. - 9:00 p.m.

Offsite Dinner (Savannah Riverboat Cruise - within walking distance of the hotel)



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Conference Agenda

Thursday, June 28, 2018

- 7:00 a.m. - 5:00 p.m. **Conference Registration**
- 7:00 a.m. - 8:00 a.m. **Breakfast** (provided by NAPPA)
- 8:15 a.m. - 8:30 a.m. **Introduction and Announcements**
- 8:30 a.m. - 9:30 a.m. **General Session**
Ethics II - The Ethics of Email and Social Media
- This session explores the unique and quickly evolving ethical issues involving the widespread use of electronic communications such as email and social media, including communications with clients, communications with adversaries, and working with others (including working with service providers and outsourcing of discovery work).
- Moderator**
 Brian Goodman - *Legal Affairs and Compliance Coordinator, Virginia Retirement System*
- Presenter**
 Thomas Spahn - *Partner, McGuireWoods*
- 9:30 a.m. - 9:45 a.m. **Break**
- 9:45 a.m. - 10:45 a.m. **General Session**
Pension Obligation Bonds or Bombs: It All Depends on Your Point of View
- With long-term credit still at artificially low rates, and public pension systems still at stubbornly low-funded ratios, state legislatures and cash-strapped municipalities are re-examining an old funding technique: floating pension obligation bonds to shore up their employee retirement plans. Arbitrage is the name of this game: borrow at 4-5% and hope that the pension systems make their 7-8% assumed returns, saving governments a pile of dough over 30 years. But what if the bet fails? Are POB's really just another "put option" to the taxpayers? Our panel will examine the use and abuse of pension obligation bonds and the wisdom of borrowing to play in global markets.
- Moderator**
 Don Wellington - *Partner, Steptoe & Johnson*
- Presenters**
 Kristin Bellar - *Senior Deputy General Counsel, Michigan Municipal Employees' Retirement System*
 John Schomberg - *Chief Legal Officer, Chicago Teachers' Pension Fund*
 Marcia Van Wagner - *Vice President and Senior Credit Officer, Moody's Investor Service*
- 10:45 a.m. - 11:00 a.m. **Break**

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Conference Agenda

Thursday, June 28, 2018 continued...

- 11:00 a.m. - 12:00 noon **General Session**
International Investment Regulations—What the Authorities are Doing and How They Work Together to Protect Investors
- Public plans are increasing their allocations to investment managers and funds overseas, as well as to investments in public companies traded on non-U.S. exchanges. This increased exposure to non-U.S. markets is coupled with further interaction with securities laws, regulations and government authorities in other jurisdictions. This panel of representatives from regulatory authorities in both the U.S. and abroad will discuss the international regulatory environment of today's investment world and how securities regulators in jurisdictions such as the European Union, the United Kingdom and the Cayman Islands are working independently and with the U.S. Securities and Exchange Commission and U.S. Commodities Futures Trade Commission to protect investors allocating across international markets.
- Moderator**
 Marc Lieberman - *Chair, Public Pensions and Alternative Investment Group, Kutak Rock*
- Presenters**
 Robert Taylor - *Chair of the IOSCO CS Committee, Financial Conduct Authority (FCA), United Kingdom (Invited)*
 Andre Mon Desir - *Deputy General Counsel, Cayman Islands Monetary Authority (CIMA) Representative - U.S. Securities and Exchange Commission (SEC) (Invited)*
 Representative - *U.S. Commodities Futures Trading Commission (CFTC) (Invited)*
- 12:00 noon - 1:30 p.m. **Lunch** (on your own)
- 1:30 p.m. - 2:30 p.m. **Concurrent Sessions** (choose one)
- **Session A: The Critical ABC's of Antitrust Litigation and Recovery Opportunities for Pension Funds**
- At a time when antitrust law and policy are an increasingly hot topic of national discussion, antitrust litigation presents unique opportunities and challenges for pension funds. Aimed at practitioners representing these funds, this program will provide a practical overview of issues that commonly arise in evaluating, managing, participating in, and filing claims in connection with antitrust class actions on behalf of pension funds. Specific topics will include:
- the unique characteristics of antitrust litigation;
 - how to determine the strength of a potential antitrust case;
 - how to determine losses and damages without burdening investment staff;
 - the benefits of active client involvement in antitrust litigation;
 - settlement opt-outs; and
 - the filing of claims post-settlement to ensure your fund is not leaving money on the table.
- Moderator**
 Gregg Schochenmaier - *General Counsel, Iowa Public Employees' Retirement System*
- Presenters**
 Jeffrey Lubitz - *Executive Director, ISS Securities Class Action Services*
 Julie Goldsmith Reiser - *Partner, Cohen Milstein Sellers & Toll*

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Conference Agenda

Thursday, June 28, 2018 continued...

• **Session B: Dissecting Key Terms in Hedge Funds and Private Equity Funds – A Comparison**

This session will analyze a comparison of key terms in both hedge funds and private equity funds. Panelists will speak to both key economic and governance issues public plans should focus on when making these investments. Insight into current market trends will also be provided.

Moderator

Maureen Hazen - *General Counsel, Florida State Board of Administration*

Presenters

Jody Shaw - *Deputy Counsel, Maryland State Retirement and Pension System, Office of the Attorney General*
Jedd Wider - *Partner, Morgan, Lewis & Bockius*

2:30 p.m. - 2:45 p.m.

Break

2:45 p.m. - 3:45 p.m.

Concurrent Sessions (choose one)

• **Session A: Tax Qualification Self Audit: What We're Doing Wrong and How Do We Fix It?**

This session helps counsel identify the most common documentation and operational errors that threaten tax-qualification of your system under the Internal Revenue Code. Specifically addressed are tools for "self-audit" of plan document errors, the most common operational errors, IRS-approved corrections under the IRS Voluntary Correction Program and practical guidance on the best course of action if/when a potential disqualifying defect is discovered.

Moderator

John Nixon - *Partner, Duane Morris*

Presenters

Paul Madden - *Senior Counsel, Whiteford, Taylor & Preston*
Mary Alice McGreevy - *Compliance Officer, Wisconsin Department of Employee Trust Funds (Invited)*
Megan Peitzmeier - *Staff Attorney, Colorado Public Employees' Retirement Association*

• **Session B: Public Pension System Compliance Issues—3rd Party Management and Oversight**

The session will focus on "external" compliance related issues, including the tools and factors necessary to create, maintain, and oversee a compliance program to provide effective oversight of a system's third-party vendors, advisors, and managers, as well as compliance with internal policies and applicable laws and regulations.

Moderator

Erin Perales - *General Counsel, Houston Municipal Employees Pension System*

Presenters

Brian Bartow - *General Counsel and Chief Compliance Officer, California State Teachers' Retirement System*
Scott Samlin - *Partner, Pepper Hamilton*

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Conference Agenda

Thursday, June 28, 2018 continued...

3:45 p.m. - 4:00 p.m.

Break

4:00 p.m. - 5:00 p.m.

Concurrent Sessions (choose one)

• **Session A: Health Plan Affinity Group: Keeping Up and Forging Ahead—Negotiating Vendor Agreements and Ensuring Quality and Value Through Plan Design and Innovative Solutions**

This session will walk attendees through best practices for negotiating health care vendor agreements and the key provisions and potential points of contention between plans and vendors. Panelists will also discuss various innovative strategies that plans have been implementing to reduce costs, such as HRAs, incentivized provider arrangements, telemedicine and bundled payments. The panelists will also provide an update on the Affordable Care Act and changes due to recent tax legislation.

Moderator

Kevin Gallaway - *Staff Attorney, Colorado Public Employees' Retirement Association*

Presenters

Joni Andrioff - *Partner, Steptoe & Johnson*
Paul Esposito - *Principal, Slevin & Hart*
Liz Masson - *Senior Counsel, Hanson Bridgett*
Christopher Sears - *Partner, Ice Miller*

• **Session B: What to Do When #MeToo Hits Your Public Retirement Board and System**

With #MeToo scandals provoking terminations and resignations of high profile executives and members of boards of directors in the private sector, public sector attorneys also need to be prepared to deal with these issues if allegations are made against their own executives and/or board members. This panel will examine the nuances and challenges of advising and representing public boards composed of appointed and elected members, only some of whom may even be public employees, and advising those boards regarding claims made against their system's senior executives.

Moderator

Elaine Reagan - *Chief Legal Officer, San Diego County Employees Retirement Association*

Presenters

Mary Beth Foley - *General Counsel, Ohio Police & Fire Pension Fund*
John Kennedy - *Partner, Nossaman*

Dinner (on your own)

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Conference Agenda

Friday, June 29, 2018

- 7:00 a.m. - 12:00 noon **Conference Registration**
- 7:00 a.m. - 8:00 a.m. **Breakfast** (provided by NAPPA)
- 8:15 a.m. - 8:45 a.m. **Introduction, Announcements, and Business Meeting**
- 8:45 a.m. - 9:45 a.m. **General Session
Federal Legislative Update**
- This session will provide an update on legislative and regulatory activities at the federal level that affect public pension plans.
- Moderator**
Adam Franklin - *General Counsel, Colorado Public Employees' Retirement Association*
- Presenter**
Leigh Snell - *Director of Federal Relations, National Council on Teacher Retirement (NCTR)*
- 9:45 a.m. - 10:00 a.m. **Break**
- 10:00 a.m. - 11:00 a.m. **General Session
Benefit Changes: Decreases and Freezes and Lawsuits, Oh My!**
- Our systems continue to grapple with benefit changes and contribution increases. This session will focus on recent benefit changes that have passed in a few states and any litigation that has arisen from these changes.
- Moderator**
Adam Franklin - *General Counsel, Colorado Public Employees' Retirement Association*
- Presenters**
Mary Beth Foley - *General Counsel, Ohio Police & Fire Pension Fund*
Adam Franklin - *General Counsel, Colorado Public Employees' Retirement Association*
Joseph Marotta - *General Counsel, Ohio School Employees' Retirement System*
- 11:00 a.m. - 12:00 noon **General Session
Litigation Update**
- This session will provide participants with an opportunity to hear about and understand the various issues affecting public pension plans that have been the subject of litigation, and how different courts have viewed those issues.
- Moderator**
Laurie McKinnon - *General Counsel, Kansas Public Employees Retirement System*
- Presenters**
Kathleen Billings - *Staff Attorney, Kansas Public Employees Retirement System*
Robert Gauss - *Partner, Ice Miller*
Laurie McKinnon - *General Counsel, Kansas Public Employees Retirement System*

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NAPPA Executive Board

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Ohio Police & Fire Pension Fund

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Kevin Lindahl
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Paul Madden
Whiteford, Taylor & Preston

Erin Perales
Houston Municipal Employees Pension System

Georgette Schaefer
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Brenda Faken
Brenda@nappa.org

Doris Dorge
Doris@nappa.org

As a Reminder

- There is a "No Smoking" policy at all sessions.
- Dress is business casual for the conference. Most meeting rooms tend to be on the chilly side, so a sweater or jacket is recommended.

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Future Conferences



2019 Winter Seminar - Tempe, AZ
Wednesday, February 20 - Friday, February 22, 2019
Tempe Mission Palms Hotel
60 E. 5th St., Tempe, AZ 85281
Phone: (480) 894-1400



2019 Legal Education Conference - San Diego, CA
Tuesday, June 25 - Friday, June 28, 2019
New Member Education Sessions on Tuesday, June 25, 2019
Sheraton San Diego
1380 Harbor Island Dr., San Diego, CA 92101
Phone: (619) 692-2205



2020 Winter Seminar - Tempe, AZ
Wednesday, February 19 - Friday, February 21, 2020
Tempe Mission Palms Hotel
60 E. 5th St., Tempe, AZ 85281
Phone: (480) 894-1400



2020 Legal Education Conference - Ft. Lauderdale, FL
Tuesday, June 23 - Friday, June 26, 2020
New Member Education Sessions on Tuesday, June 23, 2020
Marriott Ft. Lauderdale Harbor Beach
3030 Holiday Dr., Ft. Lauderdale, FL 33316
Phone: (954) 525-4000

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NAPPA
2410 Hyde Park Rd., Suite B ♦ Jefferson City, MO 65109
Phone: (573) 616-1895 ♦ Fax: (573) 616-1897
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April 16, 2018

SUBJECT: REQUEST FOR AUTHORIZATION TO ATTEND ABBOTT CAPITAL MANAGEMENT'S 2018 ASO ADVISORY BOARD MEETING IN NEW YORK CITY ON JUNE 12, 2018

Dear Board Members:

Please authorize my attendance and participation at Abbott's 2018 ASO Advisory Board Meeting, which will be held at Abbott's office on Tuesday, June 12th, followed by a dinner with both ASO and Abbott Select Buyouts Fund Advisory Board members.

The estimated cost is around \$1,500 for airfare, hotel, ground transportation, meals, and miscellaneous expenses. VCERA will be reimbursed by ASO for my travel expenses.

Respectfully submitted,



Dan Gallagher
Chief Investment Officer

News Flash

April 2018

TPF and TPG Fund updates

- Paul Canning joining TPF Portfolio Team
- TPF lowers fees
- Tim Walsh joining TPG Portfolio Team

Strengthening Portfolio Teams

We are pleased to report to you a set of positive changes that will benefit Trumbull Property Fund (TPF) and Trumbull Property Growth & Income Fund (TPG) investors.

TPF and TPG Portfolio Management Teams - Succession Planning, Additions and Changes

Paul Canning will be joining the TPF team as Senior Portfolio Manager. Part of our ongoing succession planning efforts, this transition will provide additional depth and experience in our TPF portfolio management team. Over the next several months, Paul will transition to become the sole TPF Senior Portfolio Manager effective as of July 1, 2018. Kevin Crean will remain with the TPF team to provide his continued guidance and ensure a seamless transition of the portfolio management responsibilities in anticipation of his eventual retirement.

Paul has been with UBS Realty since 1991, initially as an asset manager with a focus on retail and then as head of Dispositions. Paul helped establish TPG in 2006 and has been its Senior Portfolio Manager since inception. TPG is a top quartile open-end value add fund¹ with a tactical focus that draws on the same firm resources as TPF to deliver superior risk-adjusted performance. After leading the fund's growth to USD 1 billion in assets, Paul is ready for a new challenge. As announced last year, Paul has already been assisting the TPF team on its regional mall assets.

Kevin has been with the firm since 1984, joined the TPF team in 2000, and became its Senior Portfolio Manager in 2003. Kevin has led TPF over a lengthy period during which it added significant investors and assets. His steady and experienced hands led the fund through the global financial crisis, during which its lower risk approach shined most brightly as the fund significantly outperformed its peers. TPF remains one of the top risk-adjusted performing funds in the industry.²

As part of our plan to increase resources for the TPF team and in anticipation of our succession planning needs, during the past year we added Peter Shaplin and Mario Maturo as Portfolio Managers to the TPF team. Peter has prior experience in Asset Management and Acquisitions and most recently headed up TPF's Becknell industrial portfolio. Mario brings 19 years of real estate experience, primarily in Acquisitions. He will remain located in our San Francisco office and support our west coast investments and clients.

Pam Thompson will remain in her role as a Portfolio Manager of TPF, with an emphasis on acquisitions, financing, and portfolio analysis and reporting. Pam has 27 years of industry experience and has been with the TPF team for 11 years.

Finally, after a long and distinguished 39-year career in real estate, Steve Olstein has decided to retire later this year. We wish Steve the best in his well-deserved retirement.

At the same time, Tim Walsh will be joining the TPG portfolio management team. Tim will become the Senior Portfolio Manager of TPG also effective as of July 1, 2018.

Tim joined UBS Realty in 2006 as an Acquisition Officer in the Transactions team covering the Southeast markets. Most recently Tim has been a Portfolio Manager for TPF, with an emphasis on asset management and portfolio attribution, preparing him well for this new assignment.

The portfolio management teams of TPF and TPG will also continue to benefit from the experience and longevity of Peter Juliani and Nolan Henry, who have been with the portfolio teams for 11 years and 9 years, respectively. We will add additional resources to the TPF and TPG portfolio management teams going forward.

Our investment committee continues to be the decision-making body for all major actions across all portfolios. We work as a collaborative team and this promotion of talented and experienced professionals from our team is consistent with the longevity and continuity that has characterized the platform for decades.

TPF Fee Reduction

After completing a market study of the TPF fee level, commencing Q2 2018, we will be waiving the TPF variable fee for a period of two years. During this period, we will continue to evaluate the TPF fee structure in consultations with our investors. Our decision to reduce TPF fees is consistent with our desire to stay competitive in the industry, a practice we have followed over the life of the fund. We believe the resulting TPF fee (which will be approximately 10% lower based on Q1 2018) will benefit all investors at a time when fees and manager alignment are of increasing importance as real estate returns continue to moderate.

We are excited about these changes as we continue to deliver the same time-tested strategies of TPF and TPG which have the enthusiastic support of all of our investment professionals. Congratulations to all!

We continue to appreciate the opportunity to manage a portion of your assets invested in real estate. Please contact your client service representative with any questions or comments.

For more information, please contact:

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1. Source: MSCI
 2. Ranked #2 (out of 13 funds) for Sharpe Ratio and #1 for Standard Deviation, on a 10-year basis, as calculated by NCREIF as of December 31, 2017.

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