

Executive Summary  
Period Ending September 30, 2018

# Town of Palm Beach Retirement System DC

---

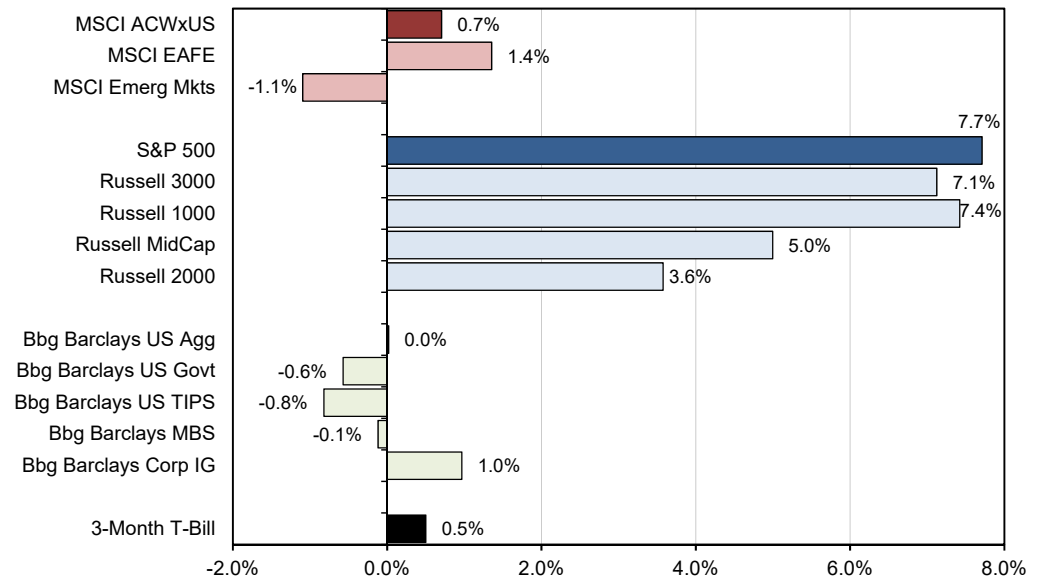


# 3rd Quarter 2018 Market Environment

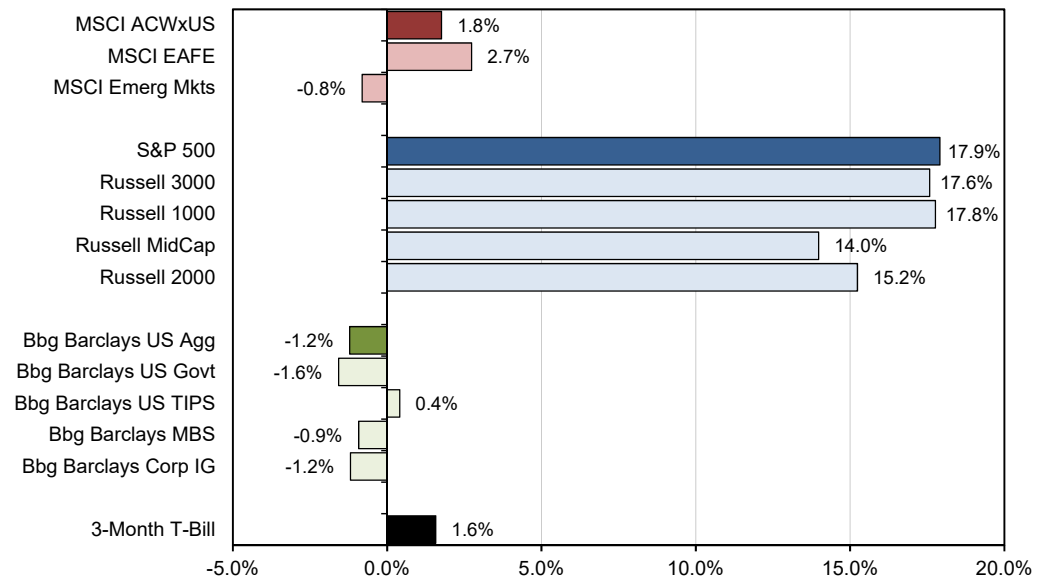


- Market returns were mixed across major equity and fixed income indices for the 3rd quarter of 2018 with many themes from the 2nd quarter repeating during the current period. Broad domestic equity indices pushed higher on continued strength in both economic and corporate earnings data. Corporate earnings continue to benefit from fiscal stimulus tailwinds in the form of the late 2017 tax reform. International indices underperformed domestic indices during the period, posting more muted returns in US dollar (USD) terms, as investors weighed relatively soft economic data, a strengthening USD and geopolitical concerns, especially around global trade relations. Fixed income returns were flat for the quarter as interest rates continued to rise. Domestic stocks rose as concerns around ongoing monetary policy tightening by the Federal Reserve (Fed) and an escalating trade war between the US and China were not substantial enough to dampen investor enthusiasm around the ongoing strength of the US economy. The US stock market represented by the Russell 3000 Index returned 7.1% and 17.6% for the quarter and 1-year period respectively.
- International equity returns finished the quarter slightly positive with the MSCI ACWI ex US Index returning 0.7%. Developed market stocks pushed higher through the period, however, relatively subdued economic growth and ongoing political and trade uncertainty tempered returns versus domestic equities. The developed market MSCI EAFE Index gained 1.4% during the quarter. Emerging market stocks struggled in comparison, posting negative returns for the period, as trade tensions grew between the US and China. In addition, a strengthening USD caused headwinds for most international markets, but caused particular difficulties for emerging market countries that issue debt in USD. The MSCI Emerging Markets Index posted a small decline of -1.1% during the 3rd quarter. The relative outperformance of developed markets can also be seen in the 1-year period with the MSCI EAFE and MSCI Emerging Markets indices returning 2.7% and -0.8% respectively.
- Interest rates on the US Treasury Yield Curve continued their year-to-date rise during the 3rd quarter as investor expectations for further Fed tightening of monetary policy increased during the period. The yield curve did flatten slightly as interest rates had the greatest increase in short-term maturities, but overall, the shift in rates was fairly consistent throughout the entire curve. The Fed did implement another interest rate increase following their September meeting citing the continued strength of the US economy and stable inflation. The broad market Bloomberg Barclays US Aggregate Index was flat for the quarter returning 0.0% and is slightly negative over the 1-year period returning -1.2%. Corporate issues rebounded following underperformance during the first half of the year and were the only investment grade sector to post a positive return during the quarter, as they benefitted from tightening credit spreads and strong investor demand.

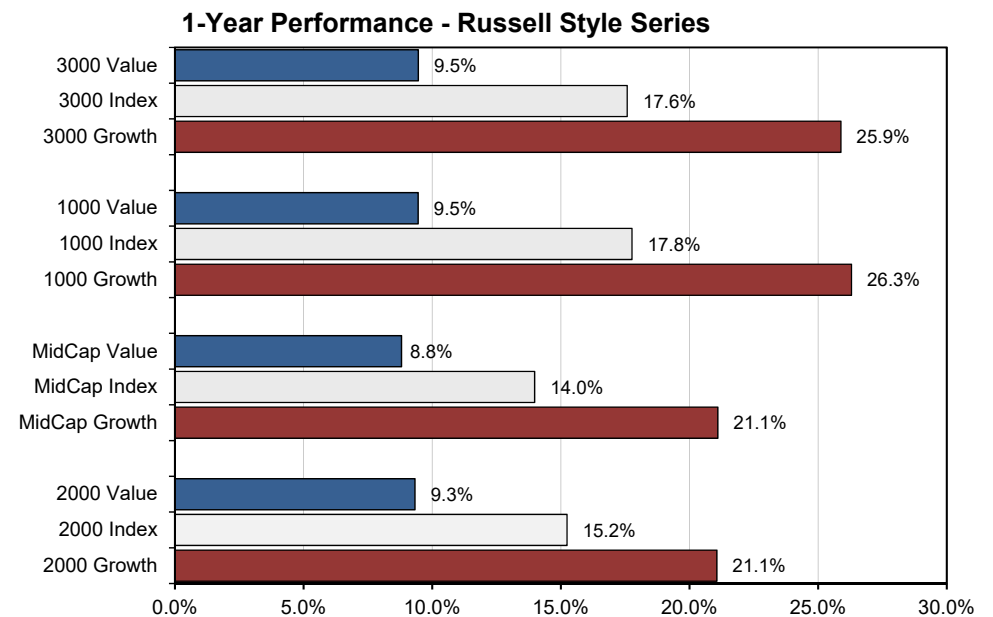
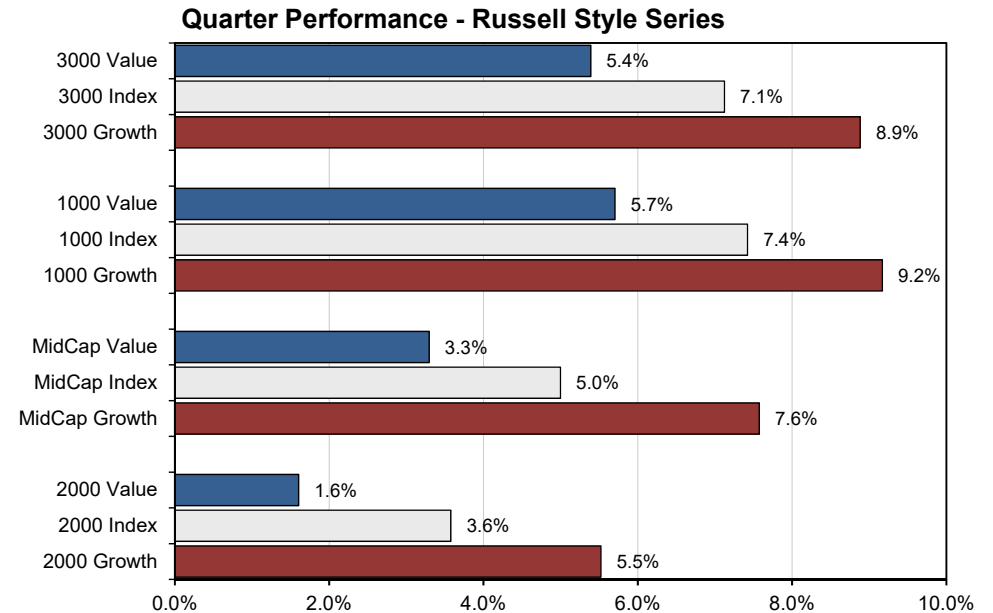
### Quarter Performance



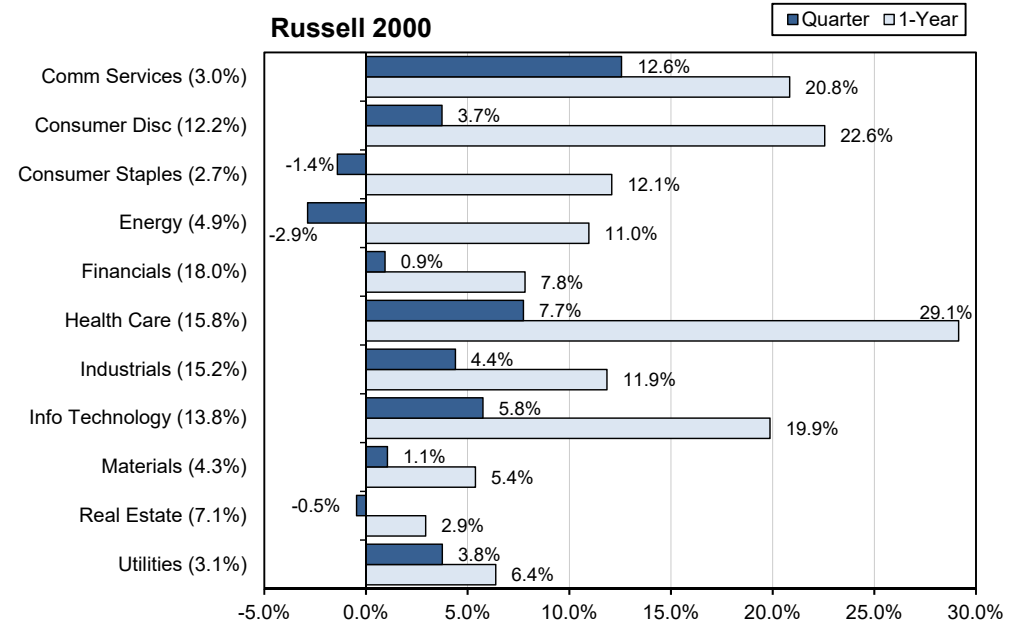
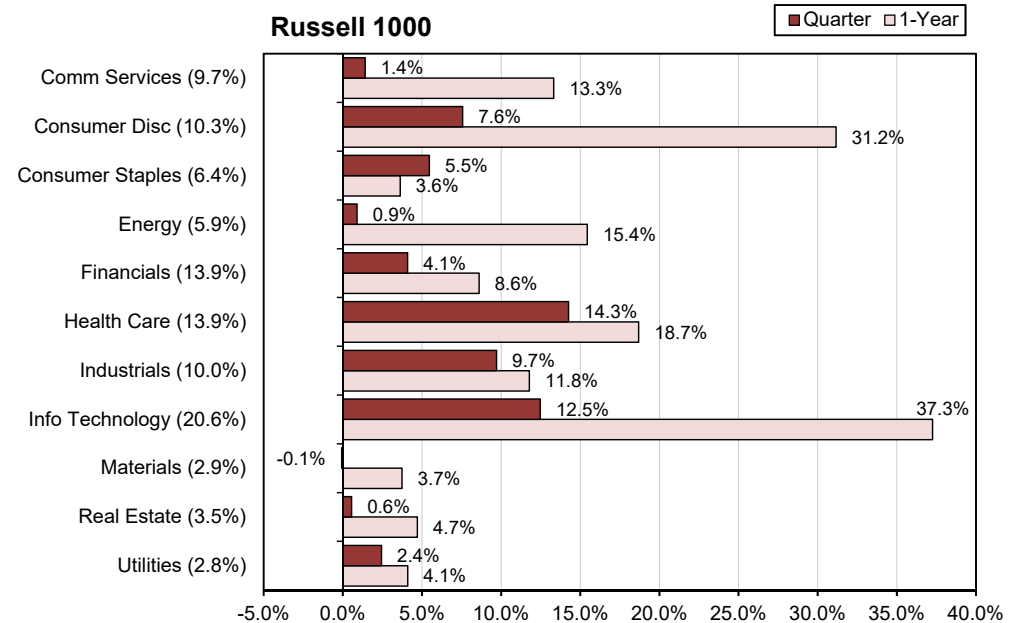
### 1-Year Performance



- US equity index returns were positive across the style and capitalization spectrum during the 3rd quarter of 2018. US equity markets were pushed higher by the ongoing strength in US economic data and corporate earnings. Positive data releases in GDP, unemployment, retail sales, consumer consumption and investor sentiment highlighted the continued health of the US economy. Corporate earnings released during the quarter were also impressive. Earnings reported for S&P 500 companies were up over 20% on a year-over-year basis for the second straight quarter as corporate profits continued to benefit from the new tax code. The current expansion in US equity markets now marks the longest bull market in history. While the positive economic data drove returns through the quarter, trade negotiations with China broke down with both the US and China instituting several rounds of new tariffs during the period. Currently the US is imposing tariffs on \$250 billion of Chinese imports with China placing tariffs on \$110 billion worth of goods. Further action has been threatened by both countries. While negotiations with China have been unsuccessful, progress was made in the renegotiation of the North American Free Trade Agreement (NAFTA) and discussions with the European Union (EU) appear to be moving ahead productively.
- During the quarter, large cap stocks outperformed mid and small cap equities across growth, value and core indices. The large cap Russell 1000 Index returned 7.4% for the quarter versus a 3.6% return for the Russell 2000 Index. The Russell 1000 benefitted from strong performance from some of its largest exposures. Apple Inc, Microsoft Corp and Amazon.com Inc alone make up over 10% of the index and posted quarterly returns of 22.4%, 16.4% and 17.8% respectively. Those same three stocks have gained 48.7%, 56.3% and 108.4% over the 1-year period. This strong performance from some of the index's largest constituents has helped large caps outperform small caps over the 1-year period as well with the Russell 1000 returning 17.8% over the trailing year while the Russell 2000 posted a still solid return of 15.2%.
- Growth stocks outperformed value stocks across the market cap spectrum during the 3rd quarter. The large cap Russell 1000 Growth Index was the best performing style index for the period returning a notable 9.2% for the quarter. The outperformance of growth indices relative to value indices is also evident over the 1-year period as growth indices continue to show significant outperformance relative to their value counterparts. The returns for growth indices more than double the returns of the corresponding value indices over the last 12 months. Growth benchmarks benefitted from larger exposures to more cyclical names within the information technology, consumer discretionary, health care and industrials sectors. They also benefitted from underweights to more defensive sectors such as REITs and utilities.



- Both S&P Dow Jones Indices and MSCI made changes to the Global Industry Classification Standard (GICS) sector configurations of their indices, creating a new GICS sector classification called Communication Services which replaced the Telecommunications sector on September 28, 2018. The Communication Services sector is comprised of companies in the Telecommunications sector, as well as certain companies formerly classified as Consumer Discretionary and Information Technology. As a result, the sector, went from a weighting of about 2% of the Russell 1000 Index to almost 10% post reclassification. Notable names now classified under Communication Services include Netflix, Alphabet, Facebook and Disney. This is just the second change to the GICS classifications since 1999.
- Sector performance was broadly positive across large cap sectors for the 3rd quarter. Ten of eleven sectors had positive returns for the quarter with four outpacing the Russell 1000 Index return. The consumer discretionary sector continues to do well on the back of strong retail sales and increased consumer spending, gaining 7.6% for the period. Health care and technology stocks increased 14.3% and 12.5% during the quarter respectively, with companies in both sectors reporting strong earnings. Industrials benefitted from continued economic strength returning 9.7%. The largest detractors for the quarter were the materials, real estate and energy sectors which returned -0.1%, 0.6% and 0.9% respectively. Over the trailing 1-year period, all large cap all sectors were positive. The information technology and consumer discretionary sectors were the best performers, returning over 30% over the last 12 months, and six of eleven sectors have returns over 10% for the year.
- Quarterly results for small cap sectors were generally lower relative to their large capitalization counterparts. Nine of eleven sectors had positive returns during the period with six of eleven economic sectors outpacing the Russell 2000 Index return for the quarter. Energy, consumer staples and real estate posted negative returns for the period returning -2.9%, -1.4% and -0.5% respectively. Communications services and health care were the best performers returning 12.6% and 7.7%. Over the trailing 1-year period, all eleven sectors posted gains. Health care stocks were the best performers within the Russell 2000 for the trailing year returning a solid 29.1%. Communication services, technology, and consumer discretionary also had particularly robust returns for the 1-year period.
- Using S&P 500 sector valuations as a proxy for the market, forward P/E ratios for seven of the eleven GICS sectors were higher than their long-term averages at quarter-end. Using these historical P/E measures, the utilities, consumer discretionary and real estate sectors appear the most extended. In contrast the financials, technology and health care sectors were trading at a discount to their long-term average P/E ratios.



**The Market Environment**  
**Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000**  
As of September 30, 2018

| Top 10 Weighted Stocks   |        |              |               |                        |
|--------------------------|--------|--------------|---------------|------------------------|
| Russell 1000             | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Apple Inc                | 3.97%  | 22.4%        | 48.7%         | Information Technology |
| Microsoft Corp           | 3.15%  | 16.4%        | 56.3%         | Information Technology |
| Amazon.com Inc           | 2.96%  | 17.8%        | 108.4%        | Consumer Discretionary |
| Berkshire Hathaway Inc B | 1.51%  | 14.7%        | 16.8%         | Financials             |
| Facebook Inc A           | 1.42%  | -15.4%       | -3.8%         | Communication Services |
| JPMorgan Chase & Co      | 1.37%  | 8.9%         | 20.7%         | Financials             |
| Johnson & Johnson        | 1.35%  | 14.6%        | 9.1%          | Health Care            |
| Alphabet Inc Class C     | 1.32%  | 7.0%         | 24.4%         | Communication Services |
| Alphabet Inc A           | 1.31%  | 6.9%         | 24.0%         | Communication Services |
| Exxon Mobil Corp         | 1.31%  | 3.8%         | 7.9%          | Energy                 |

| Top 10 Weighted Stocks           |        |              |               |                        |
|----------------------------------|--------|--------------|---------------|------------------------|
| Russell 2000                     | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Five Below Inc                   | 0.31%  | 33.1%        | 137.0%        | Consumer Discretionary |
| Etsy Inc                         | 0.27%  | 21.8%        | 204.4%        | Consumer Discretionary |
| Integrated Device Technology Inc | 0.27%  | 47.5%        | 76.9%         | Information Technology |
| LivaNova PLC                     | 0.27%  | 24.2%        | 76.9%         | Health Care            |
| Haemonetics Corp                 | 0.26%  | 27.8%        | 155.4%        | Health Care            |
| Teladoc Health Inc               | 0.25%  | 48.8%        | 160.5%        | Health Care            |
| Ligand Pharmaceuticals Inc       | 0.25%  | 32.5%        | 101.6%        | Health Care            |
| HubSpot Inc                      | 0.24%  | 20.4%        | 79.6%         | Information Technology |
| Primerica Inc                    | 0.23%  | 21.3%        | 49.2%         | Financials             |
| HealthEquity Inc                 | 0.22%  | 25.7%        | 86.7%         | Health Care            |

| Top 10 Performing Stocks (by Quarter) |        |              |               |                        |
|---------------------------------------|--------|--------------|---------------|------------------------|
| Russell 1000                          | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Advanced Micro Devices Inc            | 0.10%  | 106.1%       | 142.3%        | Information Technology |
| Square Inc A                          | 0.10%  | 60.6%        | 243.7%        | Information Technology |
| Paycom Software Inc                   | 0.03%  | 57.2%        | 107.3%        | Information Technology |
| Twilio Inc A                          | 0.02%  | 54.0%        | 189.0%        | Information Technology |
| Atlassian Corporation PLC A           | 0.03%  | 53.8%        | 173.5%        | Information Technology |
| Molina Healthcare Inc                 | 0.03%  | 51.8%        | 116.3%        | Health Care            |
| DexCom Inc                            | 0.05%  | 50.6%        | 192.4%        | Health Care            |
| Match Group Inc                       | 0.01%  | 49.5%        | 149.7%        | Communication Services |
| Fortinet Inc                          | 0.05%  | 47.8%        | 157.4%        | Information Technology |
| IAC/InterActiveCorp                   | 0.06%  | 42.1%        | 84.3%         | Communication Services |

| Top 10 Performing Stocks (by Quarter) |        |              |               |                        |
|---------------------------------------|--------|--------------|---------------|------------------------|
| Russell 2000                          | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| CareDx Inc                            | 0.04%  | 135.7%       | 679.7%        | Health Care            |
| Reata Pharmaceuticals Inc A           | 0.07%  | 133.8%       | 162.9%        | Health Care            |
| Invitae Corp                          | 0.05%  | 127.6%       | 78.5%         | Health Care            |
| RigNet Inc                            | 0.01%  | 97.6%        | 18.3%         | Energy                 |
| Tandem Diabetes Care Inc              | 0.10%  | 94.6%        | 486.8%        | Health Care            |
| Health Insurance Innovations Inc      | 0.03%  | 90.6%        | 325.2%        | Financials             |
| Funko Inc Class A                     | 0.01%  | 88.8%        | N/A           | Consumer Discretionary |
| LSB Industries Inc                    | 0.01%  | 84.5%        | 23.2%         | Materials              |
| Viking Therapeutics Inc               | 0.04%  | 83.6%        | 812.0%        | Health Care            |
| Ra Pharmaceuticals Inc                | 0.01%  | 81.8%        | 23.9%         | Health Care            |

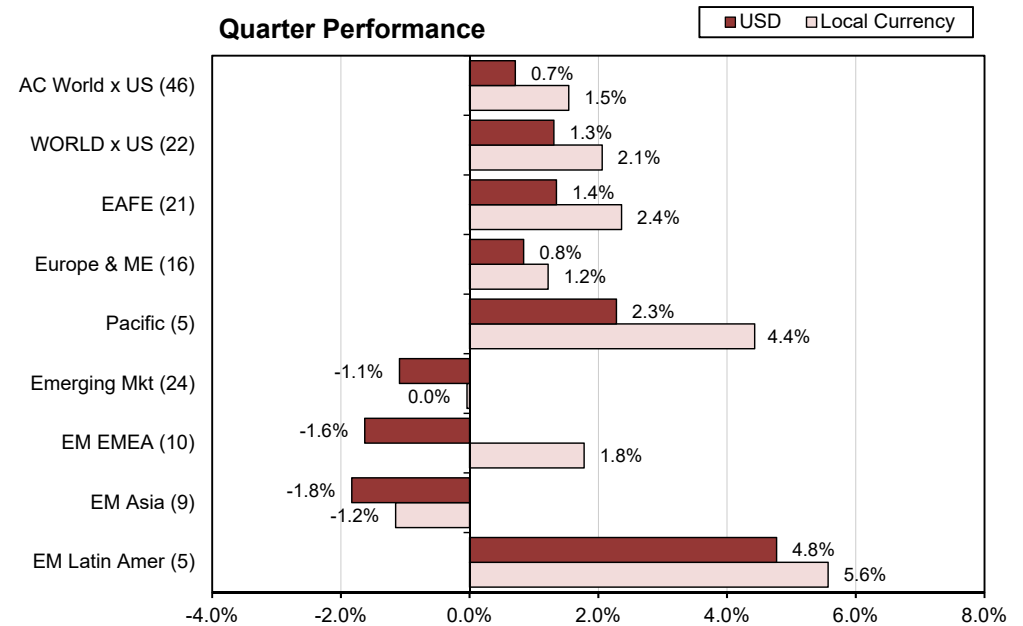
| Bottom 10 Performing Stocks (by Quarter) |        |              |               |                        |
|--|--------|--------------|---------------|------------------------|
| Russell 1000                             | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Floor & Decor Holdings Inc               | 0.01%  | -38.8%       | -22.5%        | Consumer Discretionary |
| Twitter Inc                              | 0.07%  | -34.8%       | 68.7%         | Communication Services |
| IPG Photonics Corp                       | 0.02%  | -29.3%       | -15.7%        | Information Technology |
| Visteon Corp                             | 0.01%  | -28.1%       | -24.9%        | Consumer Discretionary |
| Zillow Group Inc A                       | 0.01%  | -26.0%       | 10.1%         | Communication Services |
| Zillow Group Inc C                       | 0.02%  | -25.1%       | 10.0%         | Communication Services |
| Western Digital Corp                     | 0.06%  | -23.7%       | -30.4%        | Information Technology |
| Wynn Resorts Ltd                         | 0.05%  | -23.7%       | -13.3%        | Consumer Discretionary |
| Extraction Oil & Gas Inc                 | 0.00%  | -23.1%       | -26.6%        | Energy                 |
| Tesla Inc                                | 0.13%  | -22.8%       | -22.4%        | Consumer Discretionary |

| Bottom 10 Performing Stocks (by Quarter) |        |              |               |                        |
|--|--------|--------------|---------------|------------------------|
| Russell 2000                             | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Vital Therapies Inc                      | 0.00%  | -96.0%       | -94.5%        | Health Care            |
| GTx Inc                                  | 0.00%  | -89.7%       | -81.4%        | Health Care            |
| Ampio Pharmaceuticals Inc                | 0.00%  | -76.9%       | -16.9%        | Health Care            |
| Innovate Biopharmaceuticals Inc          | 0.01%  | -71.0%       | -2.4%         | Health Care            |
| Zion Oil & Gas Inc                       | 0.00%  | -68.4%       | -62.5%        | Energy                 |
| Endologix Inc                            | 0.01%  | -66.3%       | -57.2%        | Health Care            |
| Lannett Co Inc                           | 0.01%  | -65.1%       | -74.3%        | Health Care            |
| Maiden Holdings Ltd                      | 0.01%  | -62.6%       | -61.1%        | Financials             |
| Diebold Nixdorf Inc                      | 0.02%  | -62.3%       | -80.1%        | Information Technology |
| Sears Holdings Corp                      | 0.00%  | -59.2%       | -86.7%        | Consumer Discretionary |

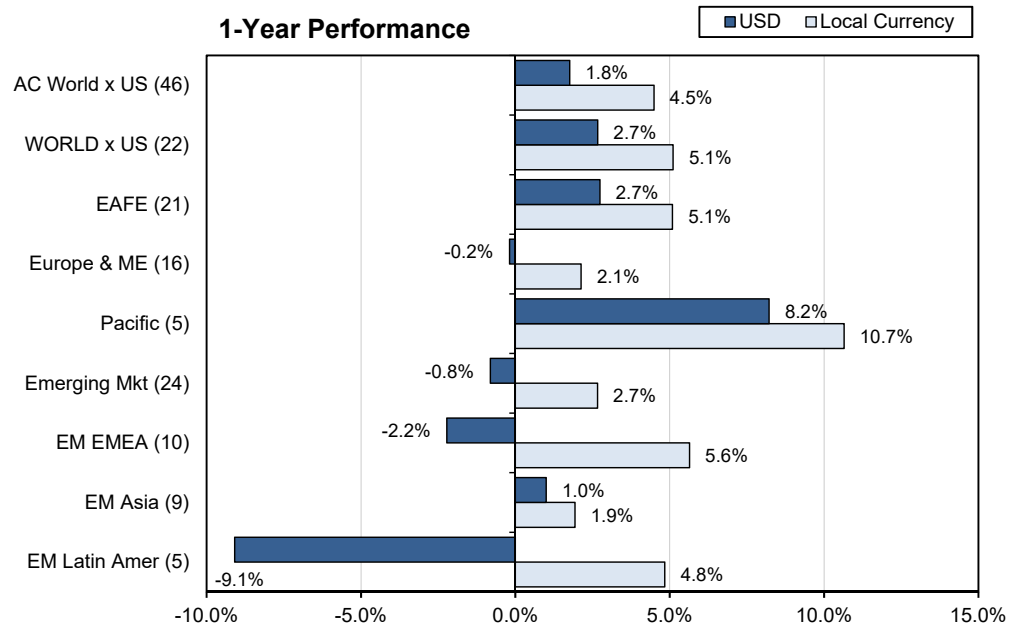


- Broad international equity returns were mixed for the quarter. Most developed markets were positive in local currency and USD terms whereas emerging markets were negative in both local currency and USD terms. Performance was largely driven by the same catalysts as the US equity markets for the second straight quarter. We saw global macroeconomic data slow, but remain generally positive through the period, with returns being tempered by global trade tensions and ongoing political uncertainty. The USD continued to strengthen against most currencies for the period as relatively strong US economic fundamentals and the continued divergence in global monetary policy hurt US investors in international markets. The MSCI ACWI ex US Index gained 1.5% in local currency terms and 0.7% in USD terms during the 3rd quarter. Returns over the 1-year period are modestly positive in both local currency and USD terms with the MSCI ACWI ex US returning 4.5% and 1.8% respectively.
- Third quarter results for developed market international indices were positive in local currency terms and USD terms with the MSCI EAFE Index returning 2.4% and 1.4% respectively. Returns were dampened for US investors as continued strength in the USD pushed returns lower. Developed markets were pushed higher by broadly positive, but slowing, global economic and earnings data despite several significant political events in Europe during the quarter. Concerns over a “no deal” Brexit and worries over a pending budget approval in Italy weighed on returns, while markets were encouraged by progress in trade negotiations between the US and the eurozone and signs of continued political stability in Japan. The MSCI EAFE Index returned 5.1% and 2.7% for the last twelve months in local currency and USD terms respectively.
- Emerging markets underperformed relative to developed markets for the 3rd quarter, posting a flat return in local currency terms that was exacerbated by the rising USD. The MSCI Emerging Markets Index returned 0.0% and -1.1% in local currency and USD terms respectively. Returns in emerging markets were the hurt by the deterioration in trade negotiations between the US and China followed by several rounds of new tariffs enacted by both countries. Emerging market stocks were also negatively affected by rising US interest rates coupled with an appreciating USD. Many emerging market countries and companies issue debt denominated in USD and the combination of higher interest rates and a relatively weaker local currency can put stress on the balance sheets of these borrowers, especially those heavily dependent on external capital. This was particularly problematic for Turkey, Argentina and South Africa during the 3rd quarter with Argentina having to expedite their request for an emergency bailout of \$50 billion from the World Monetary Fund. In positive news, Mexico and the US made progress toward the renegotiation of NAFTA. One year returns for the MSCI Emerging Market Index were 2.7% in local currency terms and -0.8% in USD terms.

**Quarter Performance**



**1-Year Performance**



**The Market Environment**  
**US Dollar International Index Attribution & Country Detail**  
As of September 30, 2018

| MSCI - EAFE            | Sector Weight | Quarter Return | 1-Year Return |
|------------------------|---------------|----------------|---------------|
| Communication Services | 5.4%          | 3.3%           | -2.4%         |
| Consumer Discretionary | 11.1%         | -0.5%          | 3.3%          |
| Consumer Staples       | 11.3%         | -0.1%          | 2.5%          |
| Energy                 | 6.0%          | 3.5%           | 24.6%         |
| Financials             | 19.8%         | 0.9%           | -4.0%         |
| Health Care            | 10.9%         | 5.6%           | 7.1%          |
| Industrials            | 14.3%         | 2.6%           | 4.2%          |
| Information Technology | 6.2%          | 0.3%           | 7.4%          |
| Materials              | 8.1%          | 0.4%           | 5.1%          |
| Real Estate            | 3.5%          | -3.0%          | 1.0%          |
| Utilities              | 3.3%          | -0.6%          | 0.7%          |
| <b>Total</b>           | <b>100.0%</b> | <b>1.4%</b>    | <b>2.7%</b>   |

| MSCI - ACWIXUS         | Sector Weight | Quarter Return | 1-Year Return |
|------------------------|---------------|----------------|---------------|
| Communication Services | 7.6%          | -3.0%          | -4.1%         |
| Consumer Discretionary | 10.7%         | -3.2%          | -1.4%         |
| Consumer Staples       | 9.7%          | -0.6%          | 1.6%          |
| Energy                 | 7.1%          | 4.1%           | 18.3%         |
| Financials             | 22.0%         | 1.7%           | -1.9%         |
| Health Care            | 8.3%          | 4.5%           | 7.6%          |
| Industrials            | 11.7%         | 2.8%           | 3.8%          |
| Information Technology | 8.5%          | 1.3%           | 5.6%          |
| Materials              | 8.2%          | 0.4%           | 5.2%          |
| Real Estate            | 3.2%          | -3.5%          | -2.7%         |
| Utilities              | 3.0%          | -0.9%          | -1.2%         |
| <b>Total</b>           | <b>100.0%</b> | <b>0.7%</b>    | <b>1.8%</b>   |

| MSCI - Emerging Mkt    | Sector Weight | Quarter Return | 1-Year Return |
|------------------------|---------------|----------------|---------------|
| Communication Services | 14.8%         | -9.4%          | -6.0%         |
| Consumer Discretionary | 11.3%         | -9.9%          | -13.2%        |
| Consumer Staples       | 6.7%          | -2.9%          | -1.9%         |
| Energy                 | 6.3%          | 14.5%          | 26.0%         |
| Financials             | 23.3%         | 1.5%           | 0.4%          |
| Health Care            | 3.1%          | -7.2%          | 11.4%         |
| Industrials            | 5.3%          | 2.5%           | -4.3%         |
| Information Technology | 15.9%         | 2.2%           | 2.3%          |
| Materials              | 7.8%          | 4.5%           | 8.6%          |
| Real Estate            | 2.9%          | -5.6%          | -15.1%        |
| Utilities              | 2.5%          | -1.9%          | -5.4%         |
| <b>Total</b>           | <b>100.0%</b> | <b>-1.1%</b>   | <b>-0.8%</b>  |

| Country                          | MSCI-EAFE Weight | MSCI-ACWIXUS Weight | Quarter Return | 1-Year Return |
|----------------------------------|------------------|---------------------|----------------|---------------|
| Japan                            | 24.6%            | 16.9%               | 3.7%           | 10.2%         |
| United Kingdom                   | 17.5%            | 12.0%               | -1.7%          | 2.9%          |
| France                           | 11.2%            | 7.7%                | 2.8%           | 4.2%          |
| Germany                          | 9.4%             | 6.5%                | -0.6%          | -5.4%         |
| Switzerland                      | 8.3%             | 5.7%                | 7.3%           | 1.6%          |
| Australia                        | 6.8%             | 4.7%                | -0.9%          | 4.4%          |
| Hong Kong                        | 3.5%             | 2.4%                | -1.0%          | 2.9%          |
| Netherlands                      | 3.3%             | 2.3%                | -1.5%          | -1.6%         |
| Spain                            | 3.0%             | 2.0%                | -2.4%          | -9.7%         |
| Sweden                           | 2.7%             | 1.9%                | 7.0%           | -3.3%         |
| Italy                            | 2.3%             | 1.6%                | -4.5%          | -8.9%         |
| Denmark                          | 1.7%             | 1.2%                | 2.3%           | -4.2%         |
| Singapore                        | 1.3%             | 0.9%                | 2.2%           | 6.9%          |
| Finland                          | 1.1%             | 0.7%                | 3.2%           | 10.3%         |
| Belgium                          | 1.0%             | 0.7%                | -5.2%          | -11.8%        |
| Norway                           | 0.8%             | 0.5%                | 6.7%           | 13.7%         |
| Israel                           | 0.6%             | 0.4%                | 5.1%           | 14.9%         |
| Ireland                          | 0.5%             | 0.4%                | -5.4%          | -6.1%         |
| Austria                          | 0.2%             | 0.2%                | 0.2%           | -3.1%         |
| New Zealand                      | 0.2%             | 0.2%                | 2.4%           | 4.4%          |
| Portugal                         | 0.2%             | 0.1%                | -0.6%          | 1.7%          |
| <b>Total EAFE Countries</b>      | <b>100.0%</b>    | <b>68.7%</b>        | <b>1.4%</b>    | <b>2.7%</b>   |
| Canada                           |                  | 6.7%                | 0.8%           | 1.9%          |
| <b>Total Developed Countries</b> |                  | <b>75.3%</b>        | <b>1.3%</b>    | <b>2.7%</b>   |
| China                            |                  | 7.6%                | -7.5%          | -2.2%         |
| Korea                            |                  | 3.7%                | 0.7%           | 1.4%          |
| Taiwan                           |                  | 3.0%                | 6.5%           | 9.7%          |
| India                            |                  | 2.1%                | -2.3%          | 1.1%          |
| Brazil                           |                  | 1.5%                | 6.1%           | -14.0%        |
| South Africa                     |                  | 1.5%                | -7.4%          | -5.1%         |
| Russia                           |                  | 0.9%                | 6.2%           | 13.7%         |
| Mexico                           |                  | 0.8%                | 6.9%           | -4.4%         |
| Thailand                         |                  | 0.6%                | 13.6%          | 15.2%         |
| Malaysia                         |                  | 0.6%                | 3.8%           | 7.6%          |
| Indonesia                        |                  | 0.5%                | 2.0%           | -10.4%        |
| Poland                           |                  | 0.3%                | 10.6%          | -5.0%         |
| Chile                            |                  | 0.3%                | -2.0%          | -5.7%         |
| Philippines                      |                  | 0.2%                | 1.0%           | -15.6%        |
| Qatar                            |                  | 0.2%                | 12.8%          | 25.3%         |
| United Arab Emirates             |                  | 0.2%                | 3.1%           | -6.9%         |
| Turkey                           |                  | 0.2%                | -20.5%         | -41.7%        |
| Colombia                         |                  | 0.1%                | -2.5%          | 10.0%         |
| Peru                             |                  | 0.1%                | -2.1%          | 12.2%         |
| Greece                           |                  | 0.1%                | -17.6%         | -14.8%        |
| Hungary                          |                  | 0.1%                | 4.7%           | -5.0%         |
| Czech Republic                   |                  | 0.1%                | 4.0%           | 12.8%         |
| Egypt                            |                  | 0.0%                | -6.8%          | -7.1%         |
| Pakistan                         |                  | 0.0%                | -4.9%          | -20.6%        |
| <b>Total Emerging Countries</b>  |                  | <b>24.7%</b>        | <b>-1.1%</b>   | <b>-0.8%</b>  |
| <b>Total ACWIXUS Countries</b>   |                  | <b>100.0%</b>       | <b>0.7%</b>    | <b>1.8%</b>   |

Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)

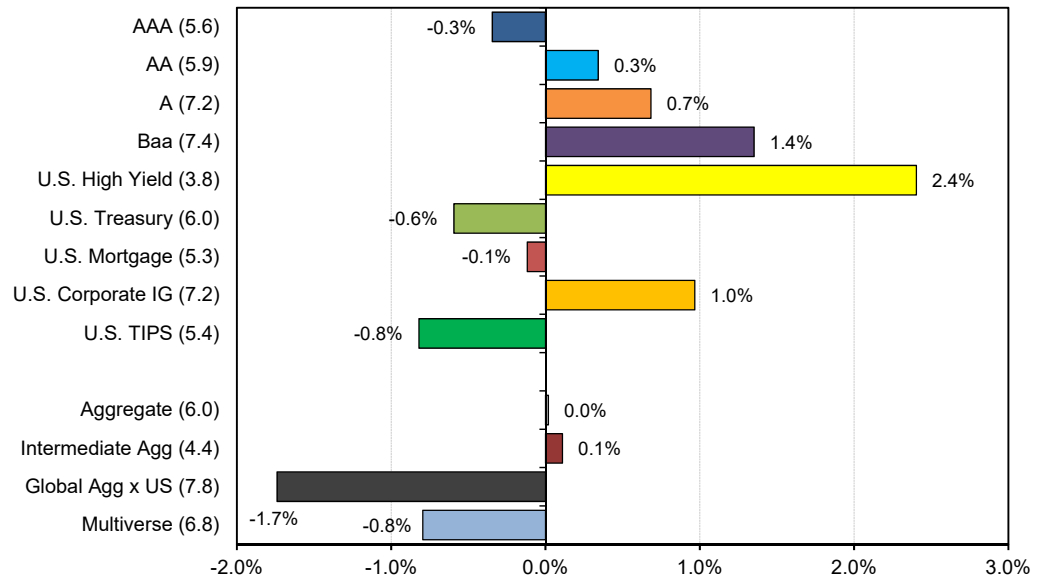
As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.



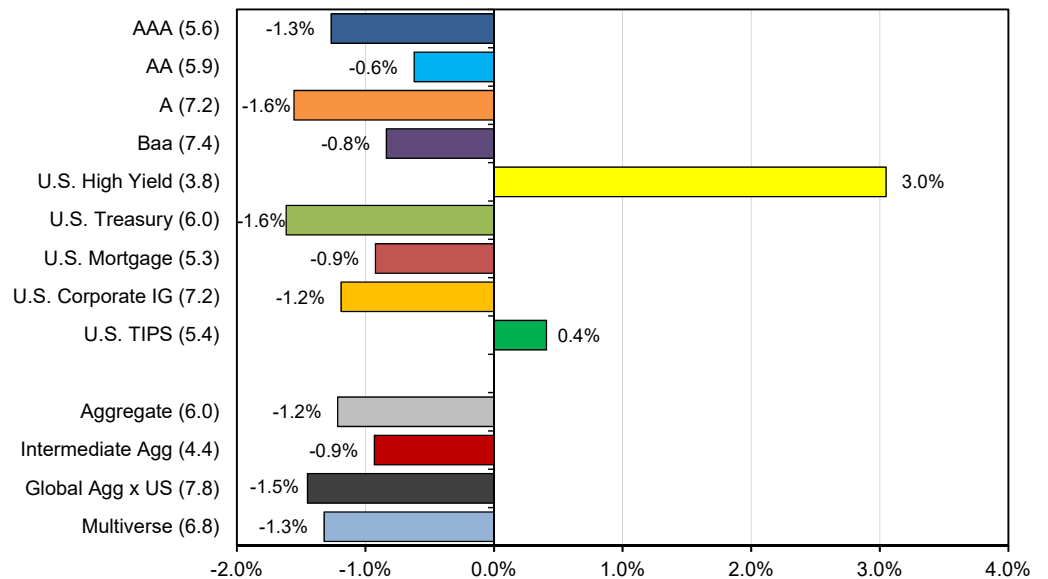


- Broad fixed income benchmarks had mixed results during the 3rd quarter. Interest rates rose across all maturities on the US Treasury Yield Curve. The Federal Open Market Committee (FOMC), decided to increase short-term interest rates by 25 basis points at their September meeting citing continued strength in the economy and stable inflation. This is the third rate hike of 2018. The current Fed Funds Rate target range sits at 2.00%-2.25%. The FOMC also changed the language used in its policy statement, removing the word “accommodative”, which investors took as a signal that the Fed plans to continue its trend of monetary policy tightening. The yield curve continued to flatten, although very gradually, as short-term yields rose at a greater rate than long-term yields during the quarter. The difference in yields between the 2-year and 10-year Treasury now sits at just 0.24%. As the curve continues to flatten, it moves closer to becoming “inverted”, which happens when short-term maturities have greater yields than long-term securities. Historically, an inverted yield curve has signaled a greater probability of a recession. The Fed is also continuing the reduction of the size of its balance sheet by slowing its pace of reinvestment as the securities it holds mature. The Bloomberg Barclays US Aggregate Index was flat during the quarter, posting a 0.0% return. Over the 1-year period the index has fallen -1.2%.
- Within investment grade credit, lower quality corporate issues outperformed higher quality issues as credit spreads tightened steadily over the quarter. On an absolute basis, without negating the duration differences in the sub-indices, Baa rated credit was the best performing investment grade credit quality segment returning 1.4% for the quarter, while AAA was the worst performing, falling -0.3%. High yield debt outperformed relative to investment grade credit, returning 2.0%, as spreads tightened to a greater degree for these issues and the index benefitted from less sensitivity to rising interest rates due to its lower duration. Returns are negative for all investment grade quality segments when viewed over the 1-year period while high yield continues to outperform with a return of 3.0%.
- Of the Bloomberg Barclays US Aggregate Index’s three broad sectors, US investment grade corporates were the best performing investment grade sector through the quarter, returning 1.0%, and the only sector to post a positive return for the period. Corporate credit outperformed as credit spreads tightened. Demand for these securities outweighed supply for the period despite considerable new issuance and a headwind from the sectors higher duration relative to other index sectors. Treasuries were the worst performing sector posting a -0.6% return. Over the 1-year period, all three broad investment grade sectors posted losses with mortgages, investment grade credit and Treasuries falling -0.9%, -1.2% and -1.6% respectively.

**Quarter Performance**

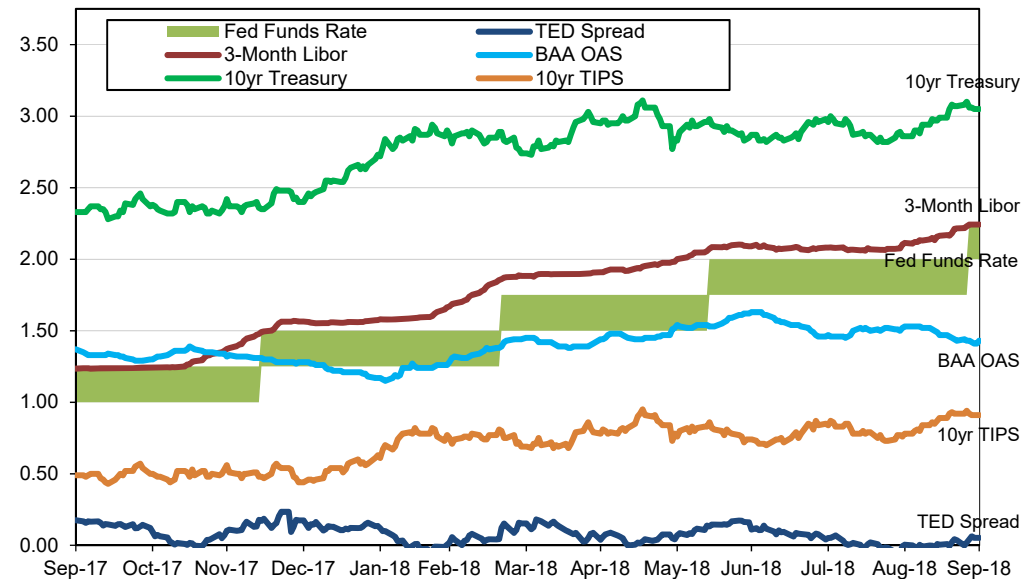


**1-Year Performance**

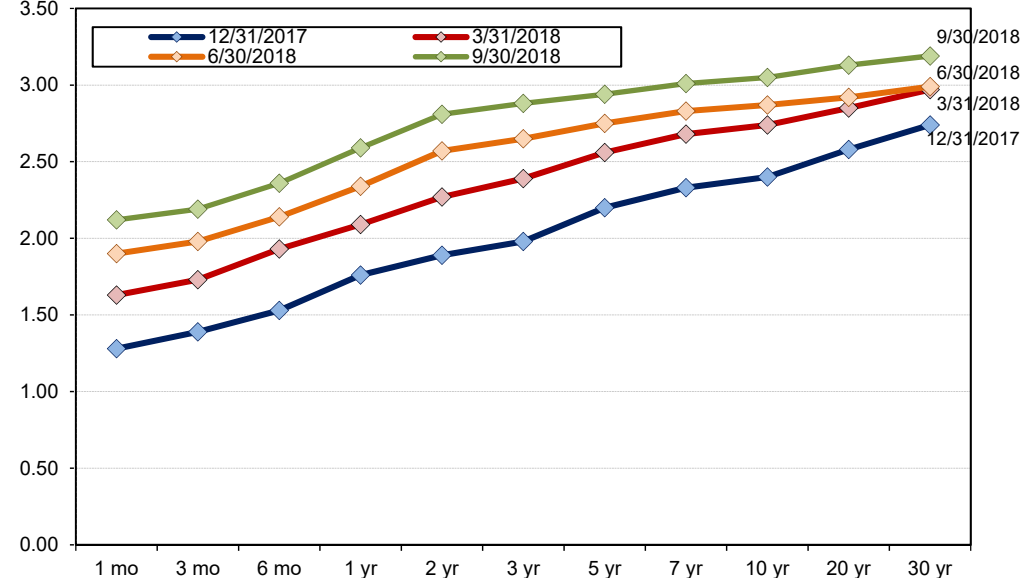


- Global fixed income indices continue to struggle relative to their domestic counterparts, underperforming during the 3rd quarter. These indices have lower yields and their relatively high duration acted as a headwind to performance in the current quarter as interest rates increased. The returns of these indices are also significantly influenced by fluctuations in their currency denomination relative to the USD. During the 3rd quarter the USD strengthened against most other currencies, negatively impacting the returns on global bond indices. The return on global bonds, as represented by the Bloomberg Barclays Global Aggregate ex US Index, was -1.7% and -1.5% for the quarter and 1-year period respectively. As the global economy continues to recover, several international central banks have started to move toward less accommodative postures. Notably, the ECB, began to slow its monthly bond purchase program in September, reducing new purchases to 15 billion euro per month from 30 billion euro per month, as well as forecasting an end to the program by the end of the year assuming the eurozone recovery continues to flourish. However, they have indicated a continuation of reinvestment in maturing securities and would likely not raise interest rates from current levels until summer 2019. The Bank of England increased interest rates by 0.25% during the quarter citing improvement in their near-term economic outlook and the Bank of Japan has changed its policy to allow flexibility for future tightening in the future.
- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury yield (green line) rose steadily during the end of the 3rd quarter, ending the period at 3.05%. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. This line illustrates a steady increase in credit spreads through the first two quarters of 2018, followed by a smooth decline during the 3rd quarter. This decline is equivalent to an interest rate decrease on corporate bonds, which produces an additional tailwind for corporate bond index returns. These credit spreads have tightened by about 20 basis points over the last 3-months. The green band across the graph illustrates the gradual increase in the Federal Funds Rate (three increases in the last twelve months) due to the continued unwinding of accommodative US monetary policy.
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four calendar quarters. As mentioned, the yield curve continues to flatten as yields on shorter-term maturities have risen more than interest rates on the long end of the curve. The upward momentum of interest rates as well as a general flattening of the yield curve are clearly visible over the last twelve months.

1-Year Trailing Market Rates



Treasury Yield Curve



**Asset Allocation**  
**Total 457 and 401a Plans**  
**As of September 30, 2018**

| Asset Allocation Attributes       | Sep-2018          |               | Jun-2018          |               | Mar-2018          |               | Dec-2017          |               |
|-----------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|                                   | (\$)              | %             | (\$)              | %             | (\$)              | %             | (\$)              | %             |
| <b>Total 457 &amp; 401a Plans</b> | <b>52,320,220</b> | <b>100.00</b> | <b>49,737,006</b> | <b>100.00</b> | <b>48,822,702</b> | <b>100.00</b> | <b>49,008,192</b> | <b>100.00</b> |
| 457 Plan- 300786                  | 38,492,184        | 73.57         | 36,606,824        | 73.60         | 36,144,099        | 74.03         | 36,278,294        | 74.02         |
| 401a Plan- 106397                 | 11,127,360        | 21.27         | 10,527,584        | 21.17         | 10,178,705        | 20.85         | 10,182,716        | 20.78         |
| 401a General DROP- 108334         | 15,357            | 0.03          | 20,730            | 0.04          | 26,254            | 0.05          | 32,005            | 0.07          |
| 401a Police DROP- 108335          | 72,456            | 0.14          | 72,091            | 0.14          | 71,743            | 0.15          | 71,398            | 0.15          |
| 401a Fire Share-106796            | 2,568,270         | 4.91          | 2,465,399         | 4.96          | 2,357,721         | 4.83          | 2,399,786         | 4.90          |
| 401a Fire Old DROP- 108552        | 44,593            | 0.09          | 44,380            | 0.09          | 44,181            | 0.09          | 43,994            | 0.09          |



**Asset Allocation**  
**Total Fund RHS Plans**  
**As of September 30, 2018**

| Asset Allocation Attributes | Sep-2018         |               | Jun-2018         |               | Mar-2018         |               | Dec-2017         |               |
|-----------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                             | (\$)             | %             | (\$)             | %             | (\$)             | %             | (\$)             | %             |
| <b>Total RHS Plans</b>      | <b>3,759,570</b> | <b>100.00</b> | <b>3,592,293</b> | <b>100.00</b> | <b>3,470,744</b> | <b>100.00</b> | <b>3,435,900</b> | <b>100.00</b> |
| RHS Old Plan                | 523,296          | 13.92         | 516,469          | 14.38         | 517,060          | 14.90         | 536,009          | 15.60         |
| RHS Current Plan- 803116    | 3,236,273        | 86.08         | 3,075,824        | 85.62         | 2,953,684        | 85.10         | 2,899,891        | 84.40         |



**Comparative Performance**  
**Total 457 and 401a Plans**  
As of September 30, 2018

| <b>Comparative Performance</b>                     |            |      |            |      |             |      |             |      |             |      |             |      |             |      |
|--|------------|------|------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|
|  | <b>QTR</b> |      | <b>YTD</b> |      | <b>1 YR</b> |      | <b>2 YR</b> |      | <b>3 YR</b> |      | <b>4 YR</b> |      | <b>5 YR</b> |      |
| <b>Stable Value/Cash Management Funds</b>          |            |      |            |      |             |      |             |      |             |      |             |      |             |      |
| Vantage Trust Plus Fund                            | 0.51       |      | 1.61       |      | 2.24        |      | 2.32        |      | 2.31        |      | 2.33        |      | 2.33        |      |
| 90 Day U.S. Treasury Bill                          | 0.49       |      | 1.30       |      | 1.59        |      | 1.11        |      | 0.80        |      | 0.61        |      | 0.50        |      |
| Difference   | 0.02       |      | 0.31       |      | 0.65        |      | 1.21        |      | 1.51        |      | 1.72        |      | 1.83        |      |
| VT Cash Management                                 | 0.39       | (60) | 1.00       | (54) | 1.19        | (55) | 0.75        | (55) | 0.50        | (55) | 0.37        | (56) | 0.30        | (56) |
| 90 Day U.S. Treasury Bill                          | 0.49       | (11) | 1.30       | (10) | 1.59        | (11) | 1.11        | (12) | 0.80        | (12) | 0.61        | (12) | 0.50        | (12) |
| Difference   | -0.10      |      | -0.30      |      | -0.40       |      | -0.36       |      | -0.30       |      | -0.24       |      | -0.20       |      |
| IM U.S. Taxable Money Market (MF) Median           | 0.41       |      | 1.04       |      | 1.23        |      | 0.81        |      | 0.53        |      | 0.41        |      | 0.33        |      |
| <b>Bond Funds</b>                                  |            |      |            |      |             |      |             |      |             |      |             |      |             |      |
| TCW Total Return Bond Fund (TGLMX)                 | -0.31      | (93) | -1.27      | (22) | -1.03       | (29) | -0.54       | (54) | 1.05        | (74) | 1.54        | (50) | 2.32        | (31) |
| Blmbg. Barc. U.S. Aggregate Index                  | 0.02       | (64) | -1.60      | (43) | -1.22       | (40) | -0.57       | (56) | 1.31        | (53) | 1.72        | (31) | 2.16        | (42) |
| Difference   | -0.33      |      | 0.33       |      | 0.19        |      | 0.03        |      | -0.26       |      | -0.18       |      | 0.16        |      |
| IM U.S. Broad Market Core Fixed Income (MF) Median | 0.10       |      | -1.67      |      | -1.35       |      | -0.46       |      | 1.34        |      | 1.53        |      | 2.06        |      |
| VT Vantagepoint Inftn Focused                      | -0.86      | (69) | -1.12      | (68) | 0.09        | (62) | -0.35       | (63) | 1.86        | (49) | 0.96        | (37) | 0.91        | (38) |
| Bloomberg Barclays U.S. TIPS Index                 | -0.82      | (60) | -0.84      | (48) | 0.41        | (40) | -0.16       | (50) | 2.04        | (34) | 1.31        | (17) | 1.37        | (12) |
| Difference   | -0.04      |      | -0.28      |      | -0.32       |      | -0.19       |      | -0.18       |      | -0.35       |      | -0.46       |      |
| IM U.S. TIPS (MF) Median                           | -0.72      |      | -0.89      |      | 0.29        |      | -0.16       |      | 1.82        |      | 0.80        |      | 0.72        |      |
| Neuberger Berman High Yeild Fixed Income (NHILX)   | 2.33       | (30) | 2.24       | (34) | 2.22        | (53) | 4.33        | (69) | 6.56        | (47) | 3.83        | (53) | 4.27        | (52) |
| ICE BofAML High Yield Master II                    | 2.44       | (21) | 2.52       | (25) | 2.94        | (27) | 5.96        | (22) | 8.19        | (5)  | 5.13        | (8)  | 5.54        | (9)  |
| Difference   | -0.11      |      | -0.28      |      | -0.72       |      | -1.63       |      | -1.63       |      | -1.30       |      | -1.27       |      |
| IM U.S. High Yield Bonds (MF) Median               | 2.11       |      | 1.82       |      | 2.26        |      | 4.91        |      | 6.45        |      | 3.89        |      | 4.30        |      |
| <b>Lifetime Income Fund</b>                        |            |      |            |      |             |      |             |      |             |      |             |      |             |      |
| VT Retirement Income Advantage                     | 2.43       | (10) | 2.40       | (7)  | 5.68        | (1)  | 7.64        | (2)  | 7.87        | (5)  | 5.29        | (5)  | 5.86        | (6)  |
| Retirement Income Advantage                        | 4.61       | (1)  | 5.53       | (1)  | 9.92        | (1)  | 10.39       | (1)  | N/A         |      | N/A         |      | N/A         |      |
| Difference   | -2.18      |      | -3.13      |      | -4.24       |      | -2.75       |      | N/A         |      | N/A         |      | N/A         |      |
| IM Mixed-Asset Target Alloc Consv (MF) Median      | 1.47       |      | 0.65       |      | 2.50        |      | 4.19        |      | 5.22        |      | 3.44        |      | 4.07        |      |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
# Alger replaced Nuveen 11/1/2014.



**Comparative Performance**  
**Total 457 and 401a Plans**  
As of September 30, 2018

|  | QTR   |      | YTD   |      | 1 YR  |       | 2 YR  |       | 3 YR  |       | 4 YR  |      | 5 YR  |      |
|--|-------|------|-------|------|-------|-------|-------|-------|-------|-------|-------|------|-------|------|
| <b>US Stock Funds</b>                        |       |      |       |      |       |       |       |       |       |       |       |      |       |      |
| Vanguard 500 Index Fund (VFIAX)              | 7.70  | (31) | 10.53 | (25) | 17.87 | (27)  | 18.22 | (28)  | 17.27 | (14)  | 12.51 | (14) | 13.91 | (12) |
| S&P 500 Index                                | 7.71  | (30) | 10.56 | (24) | 17.91 | (26)  | 18.26 | (26)  | 17.31 | (14)  | 12.55 | (14) | 13.95 | (12) |
| Difference                                   | -0.01 |      | -0.03 |      | -0.04 |       | -0.04 |       | -0.04 |       | -0.04 |      | -0.04 |      |
| IM U.S. Large Cap Core Equity (MF) Median    | 7.24  |      | 8.78  |      | 15.84 |       | 16.84 |       | 15.42 |       | 10.90 |      | 12.25 |      |
| VT Parnassus Core Equity (PRBLX)             | 7.88  | (24) | 10.43 | (26) | 16.52 | (43)  | 14.70 | (82)  | 14.20 | (79)  | 10.71 | (56) | 12.19 | (53) |
| S&P 500 Index                                | 7.71  | (30) | 10.56 | (24) | 17.91 | (26)  | 18.26 | (26)  | 17.31 | (14)  | 12.55 | (14) | 13.95 | (12) |
| Difference                                   | 0.17  |      | -0.13 |      | -1.39 |       | -3.56 |       | -3.11 |       | -1.84 |      | -1.76 |      |
| IM U.S. Large Cap Core Equity (MF) Median    | 7.24  |      | 8.78  |      | 15.84 |       | 16.84 |       | 15.42 |       | 10.90 |      | 12.25 |      |
| VT Vantagepoint Equity Income                | 3.63  | (96) | 3.05  | (77) | 8.45  | (71)  | 12.56 | (64)  | 13.96 | (39)  | 7.54  | (80) | 8.84  | (85) |
| Russell 1000 Value Index                     | 5.70  | (57) | 3.92  | (59) | 9.45  | (59)  | 12.25 | (68)  | 13.55 | (47)  | 8.76  | (47) | 10.72 | (33) |
| Difference                                   | -2.07 |      | -0.87 |      | -1.00 |       | 0.31  |       | 0.41  |       | -1.22 |      | -1.88 |      |
| IM U.S. Large Cap Value Equity (MF) Median   | 5.93  |      | 4.32  |      | 10.24 |       | 13.68 |       | 13.39 |       | 8.64  |      | 10.21 |      |
| VT Invesco Diversified Dividend Fund (LCEYX) | 3.84  | (95) | 1.64  | (94) | 4.63  | (100) | 7.58  | (100) | 9.03  | (100) | 8.02  | (67) | 9.49  | (72) |
| Russell 1000 Value Index                     | 5.70  | (57) | 3.92  | (59) | 9.45  | (59)  | 12.25 | (68)  | 13.55 | (47)  | 8.76  | (47) | 10.72 | (33) |
| Difference                                   | -1.86 |      | -2.28 |      | -4.82 |       | -4.67 |       | -4.52 |       | -0.74 |      | -1.23 |      |
| IM U.S. Large Cap Value Equity (MF) Median   | 5.93  |      | 4.32  |      | 10.24 |       | 13.68 |       | 13.39 |       | 8.64  |      | 10.21 |      |
| VT Fidelity Contrafund (FCNTX)               | 6.68  | (78) | 16.85 | (58) | 24.68 | (55)  | 23.94 | (32)  | 19.29 | (35)  | 15.07 | (38) | 15.53 | (42) |
| Russell 1000 Growth Index                    | 9.17  | (11) | 17.09 | (54) | 26.30 | (39)  | 24.10 | (30)  | 20.55 | (16)  | 15.95 | (20) | 16.58 | (16) |
| Difference                                   | -2.49 |      | -0.24 |      | -1.62 |       | -0.16 |       | -1.26 |       | -0.88 |      | -1.05 |      |
| IM U.S. Large Cap Growth Equity (MF) Median  | 7.78  |      | 17.54 |      | 25.12 |       | 22.55 |       | 18.77 |       | 14.57 |      | 15.12 |      |
| Vanguard Mid Cap Index (VIMAX)               | 4.67  | (35) | 7.37  | (23) | 13.42 | (29)  | 14.36 | (34)  | 13.78 | (35)  | 10.64 | (22) | 11.66 | (12) |
| Vanguard Mid Cap Hybrid                      | 4.65  | (35) | 7.37  | (22) | 13.44 | (29)  | 14.38 | (33)  | 13.81 | (34)  | 10.67 | (21) | 11.71 | (10) |
| Difference                                   | 0.02  |      | 0.00  |      | -0.02 |       | -0.02 |       | -0.03 |       | -0.03 |      | -0.05 |      |
| IM U.S. Mid Cap Core Equity (MF) Median      | 3.82  |      | 4.99  |      | 10.70 |       | 12.94 |       | 12.56 |       | 8.54  |      | 9.46  |      |
| VT Victory Sycamore Est Value (VEVYX)        | 4.75  | (1)  | 6.18  | (10) | 12.37 | (13)  | 13.89 | (16)  | 14.97 | (9)   | 12.79 | (1)  | 13.11 | (1)  |
| Russell Midcap Index                         | 5.00  | (1)  | 7.46  | (6)  | 13.98 | (1)   | 14.65 | (9)   | 14.52 | (14)  | 10.63 | (2)  | 11.65 | (2)  |
| Difference                                   | -0.25 |      | -1.28 |      | -1.61 |       | -0.76 |       | 0.45  |       | 2.16  |      | 1.46  |      |
| IM U.S. Mid Cap Value Equity (MF) Median     | 2.87  |      | 3.11  |      | 7.84  |       | 11.20 |       | 11.55 |       | 7.90  |      | 9.17  |      |
| VT TimesSquare Mid Cap Growth (TMDPX)        | 6.69  | (63) | 12.66 | (68) | 19.36 | (67)  | 17.71 | (73)  | 14.95 | (64)  | 11.36 | (70) | 11.72 | (55) |
| Russell Midcap Growth Index                  | 7.57  | (41) | 13.38 | (60) | 21.10 | (52)  | 19.45 | (56)  | 16.65 | (44)  | 12.65 | (52) | 13.00 | (35) |
| Difference                                   | -0.88 |      | -0.72 |      | -1.74 |       | -1.74 |       | -1.70 |       | -1.29 |      | -1.28 |      |
| IM U.S. Mid Cap Growth Equity (MF) Median    | 7.27  |      | 14.60 |      | 21.39 |       | 19.96 |       | 16.02 |       | 12.71 |      | 11.92 |      |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
# Alger replaced Nuveen 11/1/2014.



**Comparative Performance**  
**Total 457 and 401a Plans**  
As of September 30, 2018

|   | QTR   |      | YTD   |      | 1 YR  |      | 2 YR  |      | 3 YR  |      | 4 YR  |      | 5 YR  |      |
|---|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|
| VT Vantagepoint Discovery                   | 5.47  | (10) | 13.63 | (14) | 17.53 | (13) | 19.25 | (23) | 17.23 | (31) | 12.09 | (45) | 11.06 | (33) |
| Russell 2000 Index                          | 3.58  | (27) | 11.51 | (30) | 15.24 | (20) | 17.96 | (30) | 17.12 | (32) | 12.93 | (30) | 11.07 | (33) |
| Difference                                  | 1.89  |      | 2.12  |      | 2.29  |      | 1.29  |      | 0.11  |      | -0.84 |      | -0.01 |      |
| IM U.S. Small Cap Core Equity (MF) Median   | 2.26  |      | 8.46  |      | 11.41 |      | 16.02 |      | 15.41 |      | 11.86 |      | 10.36 |      |
| Vanguard Small Cap Index (VSMAX)            | 4.77  | (13) | 11.04 | (34) | 16.70 | (15) | 17.03 | (36) | 16.34 | (41) | 11.97 | (48) | 11.48 | (26) |
| Vanguard Small Cap Hybrid                   | 4.77  | (13) | 11.02 | (35) | 16.68 | (15) | 17.01 | (36) | 16.31 | (41) | 11.94 | (48) | 11.46 | (26) |
| Difference                                  | 0.00  |      | 0.02  |      | 0.02  |      | 0.02  |      | 0.03  |      | 0.03  |      | 0.02  |      |
| IM U.S. Small Cap Core Equity (MF) Median   | 2.26  |      | 8.46  |      | 11.41 |      | 16.02 |      | 15.41 |      | 11.86 |      | 10.36 |      |
| VT Oppenheimer Discovery Fund (ODIYX)       | 9.33  | (13) | 22.46 | (45) | 31.08 | (37) | 25.37 | (18) | 18.88 | (30) | 16.25 | (19) | 12.35 | (23) |
| Russell 2000 Growth Index                   | 5.52  | (57) | 15.76 | (69) | 21.06 | (52) | 21.02 | (31) | 17.98 | (45) | 14.33 | (24) | 12.14 | (23) |
| Difference                                  | 3.81  |      | 6.70  |      | 10.02 |      | 4.35  |      | 0.90  |      | 1.92  |      | 0.21  |      |
| IM U.S. Small Cap Growth Equity (MF) Median | 6.13  |      | 18.57 |      | 21.14 |      | 19.82 |      | 17.63 |      | 12.55 |      | 9.84  |      |
| <b>International/Global Funds</b>           |       |      |       |      |       |      |       |      |       |      |       |      |       |      |
| Templeton Inst. Global Equity (TGESX)       | 2.90  | (56) | 0.66  | (68) | 4.44  | (71) | 12.49 | (50) | 9.73  | (69) | 4.74  | (73) | 5.67  | (76) |
| MSCI World (net)                            | 4.98  | (20) | 5.43  | (31) | 11.24 | (31) | 14.65 | (34) | 13.54 | (30) | 8.57  | (36) | 9.28  | (32) |
| Difference                                  | -2.08 |      | -4.77 |      | -6.80 |      | -2.16 |      | -3.81 |      | -3.83 |      | -3.61 |      |
| IM Global Equity (MF) Median                | 3.13  |      | 2.95  |      | 8.25  |      | 12.39 |      | 11.72 |      | 7.14  |      | 7.91  |      |
| Vanguard Total Int'l Stock Index (VTIAX)    | 0.53  | (35) | -3.12 | (41) | 1.61  | (36) | 10.09 | (39) | 9.95  | (42) | 4.37  | (42) | 4.47  | (42) |
| FTSE Global ex USA All Cap Index (Net)      | 0.51  | (35) | -3.20 | (42) | 1.99  | (32) | 10.34 | (35) | 10.20 | (38) | 4.44  | (41) | 4.58  | (40) |
| Difference                                  | 0.02  |      | 0.08  |      | -0.38 |      | -0.25 |      | -0.25 |      | -0.07 |      | -0.11 |      |
| IM International Equity (MF) Median         | -0.27 |      | -3.92 |      | 0.06  |      | 9.47  |      | 9.15  |      | 3.92  |      | 3.98  |      |
| VT Fidelity Diversified Intl (FDIVX)        | 1.41  | (17) | -1.27 | (21) | 2.36  | (28) | 9.14  | (55) | 8.07  | (67) | 5.26  | (30) | 5.42  | (27) |
| MSCI EAFE (Net) Index                       | 1.35  | (18) | -1.43 | (23) | 2.74  | (24) | 10.62 | (30) | 9.23  | (49) | 4.46  | (41) | 4.42  | (43) |
| Difference                                  | 0.06  |      | 0.16  |      | -0.38 |      | -1.48 |      | -1.16 |      | 0.80  |      | 1.00  |      |
| IM International Equity (MF) Median         | -0.27 |      | -3.92 |      | 0.06  |      | 9.47  |      | 9.15  |      | 3.92  |      | 3.98  |      |
| <b>Real Estate</b>                          |       |      |       |      |       |      |       |      |       |      |       |      |       |      |
| VT Nuveen Real Estate Secs (FARCX)          | 0.54  | (15) | 1.03  | (28) | 3.45  | (71) | 1.78  | (71) | 7.07  | (23) | 7.65  | (2)  | 8.91  | (1)  |
| Wilshire U.S. REIT Index                    | 0.72  | (7)  | 2.25  | (9)  | 3.99  | (59) | 2.03  | (67) | 7.08  | (23) | 8.21  | (1)  | 9.25  | (1)  |
| Difference                                  | -0.18 |      | -1.22 |      | -0.54 |      | -0.25 |      | -0.01 |      | -0.56 |      | -0.34 |      |
| IM Global Real Estate (MF) Median           | -0.11 |      | 0.42  |      | 4.18  |      | 2.69  |      | 5.86  |      | 5.07  |      | 5.34  |      |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
# Alger replaced Nuveen 11/1/2014.



**Comparative Performance**  
**Total 457 and 401a Plans**  
As of September 30, 2018

|   | QTR   |      | YTD   |      | 1 YR  |      | 2 YR  |      | 3 YR  |      | 4 YR  |      | 5 YR  |      |
|---|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|
| <b>Target Date Funds</b>                        |       |      |       |      |       |      |       |      |       |      |       |      |       |      |
| Vanguard Target Retirement Income (VTINX)       | 1.33  | (58) | 1.26  | (28) | 3.31  | (30) | 4.28  | (48) | 5.36  | (47) | 4.04  | (30) | 4.52  | (37) |
| Vanguard Target Income Composite Index          | 1.34  | (58) | 1.31  | (27) | 3.47  | (27) | 4.45  | (44) | 5.55  | (40) | 4.22  | (26) | 4.72  | (32) |
| Difference                                      | -0.01 |      | -0.05 |      | -0.16 |      | -0.17 |      | -0.19 |      | -0.18 |      | -0.20 |      |
| IM Mixed-Asset Target Alloc Conserv (MF) Median | 1.47  |      | 0.65  |      | 2.50  |      | 4.19  |      | 5.22  |      | 3.44  |      | 4.07  |      |
| Vanguard Target Retirement 2015 (VTXVX)         | 1.76  | (55) | 1.76  | (36) | 4.54  | (31) | 6.23  | (58) | 7.15  | (49) | 5.14  | (32) | 5.92  | (27) |
| Vanguard Target 2015 Composite Index            | 1.80  | (50) | 1.88  | (25) | 4.78  | (24) | 6.45  | (44) | 7.41  | (35) | 5.35  | (18) | 6.13  | (19) |
| Difference                                      | -0.04 |      | -0.12 |      | -0.24 |      | -0.22 |      | -0.26 |      | -0.21 |      | -0.21 |      |
| IM Mixed-Asset Target 2015 (MF) Median          | 1.79  |      | 1.53  |      | 4.17  |      | 6.37  |      | 7.14  |      | 4.73  |      | 5.42  |      |
| Vanguard Target Retirement 2020 (VTWVX)         | 2.36  | (18) | 2.42  | (16) | 5.87  | (10) | 7.99  | (18) | 8.68  | (11) | 6.14  | (6)  | 6.92  | (3)  |
| Vanguard Target 2020 Composite Index            | 2.36  | (18) | 2.51  | (13) | 6.12  | (5)  | 8.20  | (13) | 8.93  | (7)  | 6.34  | (3)  | 7.15  | (1)  |
| Difference                                      | 0.00  |      | -0.09 |      | -0.25 |      | -0.21 |      | -0.25 |      | -0.20 |      | -0.23 |      |
| IM Mixed-Asset Target 2020 (MF) Median          | 2.02  |      | 1.65  |      | 4.59  |      | 6.98  |      | 7.57  |      | 5.05  |      | 5.58  |      |
| Vanguard Target Retirement 2025 (VTTVX)         | 2.76  | (21) | 2.81  | (25) | 6.79  | (15) | 9.24  | (25) | 9.71  | (15) | 6.77  | (8)  | 7.56  | (5)  |
| Vanguard Target 2025 Composite Index            | 2.76  | (20) | 2.96  | (18) | 7.08  | (7)  | 9.50  | (16) | 10.00 | (8)  | 6.97  | (3)  | 7.80  | (2)  |
| Difference                                      | 0.00  |      | -0.15 |      | -0.29 |      | -0.26 |      | -0.29 |      | -0.20 |      | -0.24 |      |
| IM Mixed-Asset Target 2025 (MF) Median          | 2.34  |      | 2.31  |      | 5.76  |      | 8.37  |      | 8.80  |      | 5.84  |      | 6.32  |      |
| Vanguard Target Retirement 2030 (VTHR30)        | 3.09  | (20) | 3.30  | (30) | 7.65  | (26) | 10.42 | (31) | 10.66 | (23) | 7.31  | (17) | 8.13  | (10) |
| Vanguard Target 2030 Composite Index            | 3.10  | (19) | 3.41  | (25) | 7.97  | (15) | 10.67 | (22) | 10.96 | (14) | 7.52  | (11) | 8.37  | (5)  |
| Difference                                      | -0.01 |      | -0.11 |      | -0.32 |      | -0.25 |      | -0.30 |      | -0.21 |      | -0.24 |      |
| IM Mixed-Asset Target 2030 (MF) Median          | 2.75  |      | 2.78  |      | 6.77  |      | 9.87  |      | 9.93  |      | 6.46  |      | 6.95  |      |
| Vanguard Target Retirement 2035 (VTH35)         | 3.47  | (18) | 3.72  | (41) | 8.51  | (34) | 11.59 | (38) | 11.61 | (32) | 7.83  | (24) | 8.69  | (13) |
| Vanguard Target 2035 Composite Index            | 3.43  | (23) | 3.83  | (34) | 8.82  | (26) | 11.84 | (29) | 11.90 | (20) | 8.04  | (18) | 8.93  | (8)  |
| Difference                                      | 0.04  |      | -0.11 |      | -0.31 |      | -0.25 |      | -0.29 |      | -0.21 |      | -0.24 |      |
| IM Mixed-Asset Target 2035 (MF) Median          | 3.15  |      | 3.44  |      | 7.91  |      | 11.10 |      | 11.00 |      | 7.24  |      | 7.76  |      |
| Vanguard Target Retirement 2040 (VFORX)         | 3.79  | (14) | 4.17  | (33) | 9.37  | (28) | 12.76 | (24) | 12.54 | (20) | 8.32  | (20) | 9.17  | (10) |
| Vanguard Target 2040 Composite Index            | 3.77  | (16) | 4.23  | (30) | 9.67  | (20) | 13.01 | (17) | 12.84 | (12) | 8.56  | (15) | 9.44  | (4)  |
| Difference                                      | 0.02  |      | -0.06 |      | -0.30 |      | -0.25 |      | -0.30 |      | -0.24 |      | -0.27 |      |
| IM Mixed-Asset Target 2040 (MF) Median          | 3.40  |      | 3.72  |      | 8.50  |      | 11.97 |      | 11.46 |      | 7.51  |      | 8.09  |      |
| Vanguard Target Retirement 2045 (VTIVX)         | 4.03  | (12) | 4.40  | (33) | 9.85  | (26) | 13.29 | (22) | 12.91 | (18) | 8.56  | (20) | 9.39  | (11) |
| Vanguard Target 2045 Composite Index            | 3.98  | (17) | 4.49  | (28) | 10.15 | (20) | 13.53 | (15) | 13.22 | (9)  | 8.82  | (13) | 9.65  | (6)  |
| Difference                                      | 0.05  |      | -0.09 |      | -0.30 |      | -0.24 |      | -0.31 |      | -0.26 |      | -0.26 |      |
| IM Mixed-Asset Target 2045 (MF) Median          | 3.53  |      | 4.08  |      | 9.10  |      | 12.57 |      | 12.13 |      | 7.94  |      | 8.52  |      |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
# Alger replaced Nuveen 11/1/2014.





**Comparative Performance**  
**Total 457 and 401a Plans**  
**As of September 30, 2018**

|   | QTR  |      | YTD   |      | 1 YR  |      | 2 YR  |      | 3 YR  |      | 4 YR  |      | 5 YR  |      |
|---|------|------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|
| Vanguard Target Retirement 2050 (VFIFX) | 4.02 | (19) | 4.42  | (33) | 9.84  | (30) | 13.29 | (27) | 12.90 | (19) | 8.57  | (20) | 9.38  | (10) |
| Vanguard Target 2050 Composite Index    | 3.98 | (20) | 4.49  | (30) | 10.15 | (20) | 13.53 | (16) | 13.22 | (9)  | 8.82  | (13) | 9.65  | (7)  |
| Difference                              | 0.04 |      | -0.07 |      | -0.31 |      | -0.24 |      | -0.32 |      | -0.25 |      | -0.27 |      |
| IM Mixed-Asset Target 2050 (MF) Median  | 3.58 |      | 4.08  |      | 9.18  |      | 12.78 |      | 12.10 |      | 7.97  |      | 8.53  |      |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
# Alger replaced Nuveen 11/1/2014.



| Comparative Performance                            |       |       |       |       |       |       |       |       |       |       |       |      |       |      |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|------|
|  | QTR   |       | YTD   |       | 1 YR  |       | 2 YR  |       | 3 YR  |       | 4 YR  |      | 5 YR  |      |
| <b>Stable Value/Cash Management Funds</b>          |       |       |       |       |       |       |       |       |       |       |       |      |       |      |
| VT II Cash Management                              | 0.36  | (72)  | 0.84  | (77)  | 0.96  | (78)  | 0.57  | (77)  | N/A   |       | N/A   |      | N/A   |      |
| 90 Day U.S. Treasury Bill                          | 0.49  | (11)  | 1.30  | (10)  | 1.59  | (11)  | 1.11  | (12)  | 0.80  | (12)  | 0.61  | (12) | 0.50  | (12) |
| Difference   | -0.13 |       | -0.46 |       | -0.63 |       | -0.54 |       | N/A   |       | N/A   |      | N/A   |      |
| IM U.S. Taxable Money Market (MF) Median           | 0.41  |       | 1.04  |       | 1.23  |       | 0.81  |       | 0.53  |       | 0.41  |      | 0.33  |      |
| <b>Bond Funds</b>                                  |       |       |       |       |       |       |       |       |       |       |       |      |       |      |
| VT II VP Low Duration Bond Fund                    | 0.54  | (56)  | 0.36  | (78)  | 0.27  | (78)  | 0.58  | (80)  | N/A   |       | N/A   |      | N/A   |      |
| ICE BofAML 1-3 Yr. Gov/Corp                        | 0.35  | (84)  | 0.46  | (73)  | 0.28  | (77)  | 0.47  | (83)  | 0.75  | (82)  | 0.85  | (68) | 0.85  | (70) |
| Difference   | 0.19  |       | -0.10 |       | -0.01 |       | 0.11  |       | N/A   |       | N/A   |      | N/A   |      |
| IM U.S. Short Term Investment Grade (MF) Median    | 0.57  |       | 0.80  |       | 0.86  |       | 1.11  |       | 1.31  |       | 1.07  |      | 1.07  |      |
| VT II VP Core Bond Index                           | -0.11 | (81)  | -2.09 | (84)  | -1.81 | (82)  | -1.23 | (92)  | N/A   |       | N/A   |      | N/A   |      |
| Blmbg. Barc. U.S. Aggregate Index                  | 0.02  | (64)  | -1.60 | (43)  | -1.22 | (40)  | -0.57 | (56)  | 1.31  | (53)  | 1.72  | (31) | 2.16  | (42) |
| Difference   | -0.13 |       | -0.49 |       | -0.59 |       | -0.66 |       | N/A   |       | N/A   |      | N/A   |      |
| IM U.S. Broad Market Core Fixed Income (MF) Median | 0.10  |       | -1.67 |       | -1.35 |       | -0.46 |       | 1.34  |       | 1.53  |      | 2.06  |      |
| VT II VP Inflation Focused Fund                    | -0.92 | (76)  | -1.23 | (75)  | -0.09 | (77)  | -0.63 | (80)  | N/A   |       | N/A   |      | N/A   |      |
| Bloomberg Barclays U.S. TIPS Index                 | -0.82 | (60)  | -0.84 | (48)  | 0.41  | (40)  | -0.16 | (50)  | 2.04  | (34)  | 1.31  | (17) | 1.37  | (12) |
| Difference   | -0.10 |       | -0.39 |       | -0.50 |       | -0.47 |       | N/A   |       | N/A   |      | N/A   |      |
| IM U.S. TIPS (MF) Median                           | -0.72 |       | -0.89 |       | 0.29  |       | -0.16 |       | 1.82  |       | 0.80  |      | 0.72  |      |
| VT II VP High Yield                                | 2.21  | (39)  | 1.69  | (56)  | N/A   |       | N/A   |       | N/A   |       | N/A   |      | N/A   |      |
| Blmbg. Barc. U.S. Aggregate Index                  | 0.02  | (100) | -1.60 | (100) | -1.22 | (100) | -0.57 | (100) | 1.31  | (100) | 1.72  | (99) | 2.16  | (99) |
| Difference   | 2.19  |       | 3.29  |       | N/A   |       | N/A   |       | N/A   |       | N/A   |      | N/A   |      |
| IM U.S. High Yield Bonds (MF) Median               | 2.11  |       | 1.82  |       | 2.26  |       | 4.91  |       | 6.45  |       | 3.89  |      | 4.30  |      |
| <b>US Stock Funds</b>                              |       |       |       |       |       |       |       |       |       |       |       |      |       |      |
| VT II VP 500 Stock Index                           | 7.50  | (41)  | 10.04 | (35)  | 17.23 | (35)  | 17.54 | (39)  | N/A   |       | N/A   |      | N/A   |      |
| S&P 500 Index                                      | 7.71  | (30)  | 10.56 | (24)  | 17.91 | (26)  | 18.26 | (26)  | 17.31 | (14)  | 12.55 | (14) | 13.95 | (12) |
| Difference   | -0.21 |       | -0.52 |       | -0.68 |       | -0.72 |       | N/A   |       | N/A   |      | N/A   |      |
| IM U.S. Large Cap Core Equity (MF) Median          | 7.24  |       | 8.78  |       | 15.84 |       | 16.84 |       | 15.42 |       | 10.90 |      | 12.25 |      |
| VT II VP Broad Market Index                        | 7.01  | (56)  | 10.08 | (33)  | 16.80 | (40)  | 17.47 | (40)  | N/A   |       | N/A   |      | N/A   |      |
| S&P 500 Index                                      | 7.71  | (30)  | 10.56 | (24)  | 17.91 | (26)  | 18.26 | (26)  | 17.31 | (14)  | 12.55 | (14) | 13.95 | (12) |
| Difference   | -0.70 |       | -0.48 |       | -1.11 |       | -0.79 |       | N/A   |       | N/A   |      | N/A   |      |
| IM U.S. Large Cap Core Equity (MF) Median          | 7.24  |       | 8.78  |       | 15.84 |       | 16.84 |       | 15.42 |       | 10.90 |      | 12.25 |      |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
# Alger replaced Nuveen 11/1/2014.



Comparative Performance

Total RHS Plans

As of September 30, 2018

|   | QTR   |      | YTD   |      | 1 YR  |      | 2 YR  |      | 3 YR  |      | 4 YR  |      | 5 YR  |      |
|---|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|
| VT II VP Growth & Income Fund               | 5.53  | (85) | 8.35  | (57) | 15.13 | (57) | 17.72 | (36) | N/A   |      | N/A   |      | N/A   |      |
| S&P 500 Index                               | 7.71  | (30) | 10.56 | (24) | 17.91 | (26) | 18.26 | (26) | 17.31 | (14) | 12.55 | (14) | 13.95 | (12) |
| Difference                                  | -2.18 |      | -2.21 |      | -2.78 |      | -0.54 |      | N/A   |      | N/A   |      | N/A   |      |
| IM U.S. Large Cap Core Equity (MF) Median   | 7.24  |      | 8.78  |      | 15.84 |      | 16.84 |      | 15.42 |      | 10.90 |      | 12.25 |      |
| VT II VP Equity Income Fund                 | 3.62  | (96) | 2.89  | (81) | 8.22  | (75) | 12.26 | (68) | N/A   |      | N/A   |      | N/A   |      |
| Russell 1000 Value Index                    | 5.70  | (57) | 3.92  | (59) | 9.45  | (59) | 12.25 | (68) | 13.55 | (47) | 8.76  | (47) | 10.72 | (33) |
| Difference                                  | -2.08 |      | -1.03 |      | -1.23 |      | 0.01  |      | N/A   |      | N/A   |      | N/A   |      |
| IM U.S. Large Cap Value Equity (MF) Median  | 5.93  |      | 4.32  |      | 10.24 |      | 13.68 |      | 13.39 |      | 8.64  |      | 10.21 |      |
| VT II VP Growth Fund                        | 7.85  | (48) | 17.13 | (54) | 24.50 | (57) | 22.53 | (51) | N/A   |      | N/A   |      | N/A   |      |
| Russell 1000 Growth Index                   | 9.17  | (11) | 17.09 | (54) | 26.30 | (39) | 24.10 | (30) | 20.55 | (16) | 15.95 | (20) | 16.58 | (16) |
| Difference                                  | -1.32 |      | 0.04  |      | -1.80 |      | -1.57 |      | N/A   |      | N/A   |      | N/A   |      |
| IM U.S. Large Cap Growth Equity (MF) Median | 7.78  |      | 17.54 |      | 25.12 |      | 22.55 |      | 18.77 |      | 14.57 |      | 15.12 |      |
| VT II VP Mid/Small Company Index            | 4.55  | (37) | 9.96  | (7)  | 15.52 | (11) | 16.37 | (11) | N/A   |      | N/A   |      | N/A   |      |
| Russell Midcap Index                        | 5.00  | (24) | 7.46  | (21) | 13.98 | (20) | 14.65 | (29) | 14.52 | (24) | 10.63 | (23) | 11.65 | (12) |
| Difference                                  | -0.45 |      | 2.50  |      | 1.54  |      | 1.72  |      | N/A   |      | N/A   |      | N/A   |      |
| IM U.S. Mid Cap Core Equity (MF) Median     | 3.82  |      | 4.99  |      | 10.70 |      | 12.94 |      | 12.56 |      | 8.54  |      | 9.46  |      |
| VT II VP Aggressive Opp Fund                | 7.03  | (59) | 12.41 | (70) | 19.33 | (68) | 18.10 | (68) | N/A   |      | N/A   |      | N/A   |      |
| Russell Midcap Growth Index                 | 7.57  | (41) | 13.38 | (60) | 21.10 | (52) | 19.45 | (56) | 16.65 | (44) | 12.65 | (52) | 13.00 | (35) |
| Difference                                  | -0.54 |      | -0.97 |      | -1.77 |      | -1.35 |      | N/A   |      | N/A   |      | N/A   |      |
| IM U.S. Mid Cap Growth Equity (MF) Median   | 7.27  |      | 14.60 |      | 21.39 |      | 19.96 |      | 16.02 |      | 12.71 |      | 11.92 |      |
| VT II VP Discovery Fund                     | 5.43  | (10) | 13.47 | (14) | 17.32 | (13) | 18.96 | (25) | N/A   |      | N/A   |      | N/A   |      |
| Russell 2000 Index                          | 3.58  | (27) | 11.51 | (30) | 15.24 | (20) | 17.96 | (30) | 17.12 | (32) | 12.93 | (30) | 11.07 | (33) |
| Difference                                  | 1.85  |      | 1.96  |      | 2.08  |      | 1.00  |      | N/A   |      | N/A   |      | N/A   |      |
| IM U.S. Small Cap Core Equity (MF) Median   | 2.26  |      | 8.46  |      | 11.41 |      | 16.02 |      | 15.41 |      | 11.86 |      | 10.36 |      |
| <b>International/Global Funds</b>           |       |      |       |      |       |      |       |      |       |      |       |      |       |      |
| VT II VP International Fund                 | 1.76  | (18) | -1.74 | (18) | 2.12  | (20) | 8.89  | (30) | N/A   |      | N/A   |      | N/A   |      |
| MSCI EAFE (Net) Index                       | 1.35  | (33) | -1.43 | (13) | 2.74  | (17) | 10.62 | (9)  | 9.23  | (26) | 4.46  | (11) | 4.42  | (14) |
| Difference                                  | 0.41  |      | -0.31 |      | -0.62 |      | -1.73 |      | N/A   |      | N/A   |      | N/A   |      |
| IM International Equity Income (MF) Median  | 0.97  |      | -4.34 |      | -0.53 |      | 7.88  |      | 6.96  |      | 2.11  |      | 2.57  |      |
| VT II VP Overseas Equity Index              | 1.38  | (31) | -1.44 | (13) | 2.21  | (20) | 9.96  | (13) | N/A   |      | N/A   |      | N/A   |      |
| MSCI EAFE (Net) Index                       | 1.35  | (33) | -1.43 | (13) | 2.74  | (17) | 10.62 | (9)  | 9.23  | (26) | 4.46  | (11) | 4.42  | (14) |
| Difference                                  | 0.03  |      | -0.01 |      | -0.53 |      | -0.66 |      | N/A   |      | N/A   |      | N/A   |      |
| IM International Equity Income (MF) Median  | 0.97  |      | -4.34 |      | -0.53 |      | 7.88  |      | 6.96  |      | 2.11  |      | 2.57  |      |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
# Alger replaced Nuveen 11/1/2014.



## Comparative Performance

## Total RHS Plans

As of September 30, 2018

|   | QTR   |      | YTD   |      | 1 YR  |      | 2 YR  |      | 3 YR  |      | 4 YR |      | 5 YR |      |
|---|-------|------|-------|------|-------|------|-------|------|-------|------|------|------|------|------|
| VT II VP Emerging Markets                       | -2.59 | (51) | -9.24 | (44) | N/A   |      | N/A   |      | N/A   |      | N/A  |      | N/A  |      |
| MSCI AC World ex USA                            | 0.80  | (12) | -2.67 | (5)  | 2.25  | (7)  | 10.84 | (13) | 10.49 | (48) | 4.45 | (13) | 4.60 | (14) |
| Difference                                      | -3.39 |      | -6.57 |      | N/A   |      | N/A   |      | N/A   |      | N/A  |      | N/A  |      |
| IM Emerging Markets Equity (MF) Median          | -2.42 |      | -9.72 |      | -3.97 |      | 7.84  |      | 10.24 |      | 2.35 |      | 2.92 |      |
| <b>Target Date Funds</b>                        |       |      |       |      |       |      |       |      |       |      |      |      |      |      |
| VT II VP Milestone Retirement Income Fund       | 1.27  | (61) | 0.84  | (43) | 2.75  | (43) | 4.48  | (43) | N/A   |      | N/A  |      | N/A  |      |
| Dow Jones U.S. Conservative Index               | 1.04  | (77) | 0.83  | (44) | 2.12  | (63) | 2.33  | (94) | 3.43  | (94) | 3.12 | (66) | 3.63 | (69) |
| Difference                                      | 0.23  |      | 0.01  |      | 0.63  |      | 2.15  |      | N/A   |      | N/A  |      | N/A  |      |
| IM Mixed-Asset Target Alloc Conserv (MF) Median | 1.47  |      | 0.65  |      | 2.50  |      | 4.19  |      | 5.22  |      | 3.44 |      | 4.07 |      |
| VT II VP Milestone 2010                         | 1.44  | (70) | 0.98  | (59) | 3.03  | (73) | 4.89  | (79) | N/A   |      | N/A  |      | N/A  |      |
| Dow Jones U.S. Target 2010 Index                | 1.06  | (91) | 0.82  | (69) | 2.16  | (97) | 2.44  | (95) | 3.69  | (95) | 3.34 | (93) | 3.97 | (89) |
| Difference                                      | 0.38  |      | 0.16  |      | 0.87  |      | 2.45  |      | N/A   |      | N/A  |      | N/A  |      |
| IM Mixed-Asset Target 2010 (MF) Median          | 1.57  |      | 1.13  |      | 3.41  |      | 5.37  |      | 6.31  |      | 4.20 |      | 4.77 |      |
| VT II VP Milestone 2015                         | 1.74  | (58) | 1.43  | (57) | 3.79  | (70) | 5.90  | (69) | N/A   |      | N/A  |      | N/A  |      |
| Dow Jones U.S. Target 2015 Index                | 1.24  | (96) | 0.97  | (77) | 2.60  | (96) | 3.26  | (93) | 4.59  | (96) | 4.00 | (88) | 4.72 | (81) |
| Difference                                      | 0.50  |      | 0.46  |      | 1.19  |      | 2.64  |      | N/A   |      | N/A  |      | N/A  |      |
| IM Mixed-Asset Target 2015 (MF) Median          | 1.79  |      | 1.53  |      | 4.17  |      | 6.37  |      | 7.14  |      | 4.73 |      | 5.42 |      |
| VT II VP Milestone 2020                         | 1.91  | (61) | 1.86  | (44) | 4.56  | (52) | 6.92  | (52) | N/A   |      | N/A  |      | N/A  |      |
| Dow Jones U.S. Target 2020 Index                | 1.84  | (67) | 2.14  | (31) | 4.43  | (56) | 4.97  | (80) | 6.04  | (82) | 5.07 | (50) | 5.82 | (43) |
| Difference                                      | 0.07  |      | -0.28 |      | 0.13  |      | 1.95  |      | N/A   |      | N/A  |      | N/A  |      |
| IM Mixed-Asset Target 2020 (MF) Median          | 2.02  |      | 1.65  |      | 4.59  |      | 6.98  |      | 7.57  |      | 5.05 |      | 5.58 |      |
| VT II VP Milestone 2025                         | 2.39  | (45) | 2.35  | (47) | 5.44  | (59) | 8.15  | (56) | N/A   |      | N/A  |      | N/A  |      |
| Dow Jones U.S. Target 2025 Index                | 2.50  | (34) | 3.48  | (4)  | 6.54  | (21) | 7.16  | (73) | 7.93  | (75) | 6.41 | (25) | 7.15 | (17) |
| Difference                                      | -0.11 |      | -1.13 |      | -1.10 |      | 0.99  |      | N/A   |      | N/A  |      | N/A  |      |
| IM Mixed-Asset Target 2025 (MF) Median          | 2.34  |      | 2.31  |      | 5.76  |      | 8.37  |      | 8.80  |      | 5.84 |      | 6.32 |      |
| VT II VP Milestone 2030                         | 2.73  | (54) | 2.79  | (50) | 6.39  | (61) | 9.30  | (61) | N/A   |      | N/A  |      | N/A  |      |
| Dow Jones U.S. Target 2030 Index                | 3.22  | (13) | 4.91  | (2)  | 8.79  | (4)  | 9.45  | (59) | 9.84  | (53) | 7.67 | (6)  | 8.41 | (4)  |
| Difference                                      | -0.49 |      | -2.12 |      | -2.40 |      | -0.15 |      | N/A   |      | N/A  |      | N/A  |      |
| IM Mixed-Asset Target 2030 (MF) Median          | 2.75  |      | 2.78  |      | 6.77  |      | 9.87  |      | 9.93  |      | 6.46 |      | 6.95 |      |
| VT II VP Milestone 2035                         | 3.02  | (62) | 3.07  | (63) | 7.06  | (73) | 10.39 | (73) | N/A   |      | N/A  |      | N/A  |      |
| Dow Jones U.S. Target 2035 Index                | 3.93  | (7)  | 6.30  | (1)  | 10.97 | (1)  | 11.63 | (37) | 11.64 | (30) | 8.86 | (2)  | 9.58 | (2)  |
| Difference                                      | -0.91 |      | -3.23 |      | -3.91 |      | -1.24 |      | N/A   |      | N/A  |      | N/A  |      |
| IM Mixed-Asset Target 2035 (MF) Median          | 3.15  |      | 3.44  |      | 7.91  |      | 11.10 |      | 11.00 |      | 7.24 |      | 7.76 |      |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
# Alger replaced Nuveen 11/1/2014.



Comparative Performance

Total RHS Plans

As of September 30, 2018

|   | QTR   |      | YTD   |      | 1 YR  |      | 2 YR  |      | 3 YR  |      | 4 YR  |      | 5 YR  |      |
|---|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|------|
| VT II VP Milestone 2040                                   | 3.20  | (70) | 3.42  | (62) | 7.91  | (70) | 11.55 | (65) | N/A   |      | N/A   |      | N/A   |      |
| Dow Jones U.S. Target 2040 Index                          | 4.54  | (2)  | 7.51  | (1)  | 12.87 | (1)  | 13.49 | (7)  | 13.15 | (4)  | 9.86  | (1)  | 10.54 | (1)  |
| Difference  | -1.34 |      | -4.09 |      | -4.96 |      | -1.94 |      | N/A   |      | N/A   |      | N/A   |      |
| IM Mixed-Asset Target 2040 (MF) Median                    | 3.40  |      | 3.72  |      | 8.50  |      | 11.97 |      | 11.46 |      | 7.51  |      | 8.09  |      |
| VT II VP Milestone 2045                                   | 3.38  | (68) | 3.74  | (63) | 8.62  | (62) | 12.41 | (56) | N/A   |      | N/A   |      | N/A   |      |
| Dow Jones U.S. Target 2045 Index                          | 5.00  | (1)  | 8.39  | (1)  | 14.25 | (1)  | 14.82 | (1)  | 14.20 | (1)  | 10.55 | (1)  | 11.19 | (1)  |
| Difference  | -1.62 |      | -4.65 |      | -5.63 |      | -2.41 |      | N/A   |      | N/A   |      | N/A   |      |
| IM Mixed-Asset Target 2045 (MF) Median                    | 3.53  |      | 4.08  |      | 9.10  |      | 12.57 |      | 12.13 |      | 7.94  |      | 8.52  |      |
| VT II VP Milestone 2050                                   | 3.39  | (71) | 3.81  | (61) | 8.80  | (59) | 12.56 | (57) | N/A   |      | N/A   |      | N/A   |      |
| Dow Jones U.S. Target 2050 Index                          | 5.24  | (1)  | 8.86  | (1)  | 14.97 | (1)  | 15.47 | (1)  | 14.70 | (1)  | 10.88 | (1)  | 11.47 | (1)  |
| Difference  | -1.85 |      | -5.05 |      | -6.17 |      | -2.91 |      | N/A   |      | N/A   |      | N/A   |      |
| IM Mixed-Asset Target 2050 (MF) Median                    | 3.58  |      | 4.08  |      | 9.18  |      | 12.78 |      | 12.10 |      | 7.97  |      | 8.53  |      |
| VT II VP Milestone 2055                                   | 3.41  | (68) | 3.92  | (65) | 8.98  | (58) | N/A   |      | N/A   |      | N/A   |      | N/A   |      |
| Dow Jones U.S. Target 2055 Index                          | 5.28  | (1)  | 8.92  | (1)  | 15.05 | (1)  | 15.52 | (1)  | 14.73 | (1)  | 10.91 | (1)  | 11.49 | (1)  |
| Difference  | -1.87 |      | -5.00 |      | -6.07 |      | N/A   |      | N/A   |      | N/A   |      | N/A   |      |
| IM Mixed-Asset Target 2055 (MF) Median                    | 3.61  |      | 4.19  |      | 9.32  |      | 12.94 |      | 12.37 |      | 8.18  |      | 8.67  |      |
| VT II VP MP Conservative Growth Fund                      | 1.76  | (29) | 1.54  | (21) | 3.46  | (27) | 5.22  | (28) | N/A   |      | N/A   |      | N/A   |      |
| Dow Jones U.S. Conservative Index                         | 1.04  | (77) | 0.83  | (44) | 2.12  | (63) | 2.33  | (94) | 3.43  | (94) | 3.12  | (66) | 3.63  | (69) |
| Difference  | 0.72  |      | 0.71  |      | 1.34  |      | 2.89  |      | N/A   |      | N/A   |      | N/A   |      |
| IM Mixed-Asset Target Alloc Consv (MF) Median             | 1.47  |      | 0.65  |      | 2.50  |      | 4.19  |      | 5.22  |      | 3.44  |      | 4.07  |      |
| VT II VP MP Traditional Growth Fund                       | 2.73  | (35) | 3.28  | (22) | 6.58  | (26) | 8.89  | (21) | N/A   |      | N/A   |      | N/A   |      |
| Dow Jones U.S. Moderate Index                             | 3.54  | (19) | 5.51  | (6)  | 9.63  | (7)  | 10.04 | (11) | 10.21 | (8)  | 7.92  | (4)  | 8.48  | (6)  |
| Difference  | -0.81 |      | -2.23 |      | -3.05 |      | -1.15 |      | N/A   |      | N/A   |      | N/A   |      |
| IM Mixed-Asset Target Alloc Moderate (MF) Median          | 2.47  |      | 1.98  |      | 4.97  |      | 7.61  |      | 8.08  |      | 5.19  |      | 5.83  |      |
| VT II VP MP Long-Term Growth Fund                         | 3.44  | (58) | 4.27  | (43) | 8.51  | (64) | 11.42 | (79) | N/A   |      | N/A   |      | N/A   |      |
| Dow Jones U.S. Aggressive Index                           | 5.84  | (2)  | 9.95  | (2)  | 16.78 | (1)  | 17.30 | (1)  | 16.26 | (1)  | 11.94 | (1)  | 12.56 | (1)  |
| Difference  | -2.40 |      | -5.68 |      | -8.27 |      | -5.88 |      | N/A   |      | N/A   |      | N/A   |      |
| IM Mixed-Asset Target Alloc Aggressive Growth (MF) Median | 3.54  |      | 3.95  |      | 9.13  |      | 12.94 |      | 11.73 |      | 7.67  |      | 8.32  |      |
| VT II VP MP Global Equity Growth Fund                     | 3.63  | (99) | 3.87  | (98) | 8.91  | (97) | 13.29 | (92) | N/A   |      | N/A   |      | N/A   |      |
| S&P 500 Index   | 7.71  | (30) | 10.56 | (24) | 17.91 | (26) | 18.26 | (26) | 17.31 | (14) | 12.55 | (14) | 13.95 | (12) |
| Difference  | -4.08 |      | -6.69 |      | -9.00 |      | -4.97 |      | N/A   |      | N/A   |      | N/A   |      |
| IM U.S. Large Cap Core Equity (MF) Median                 | 7.24  |      | 8.78  |      | 15.84 |      | 16.84 |      | 15.42 |      | 10.90 |      | 12.25 |      |

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.  
# Alger replaced Nuveen 11/1/2014.



# 2018 Fiduciary Documentation

| Quarterly   | 1 <sup>st</sup> Qtr | 2 <sup>nd</sup> Qtr | 3 <sup>rd</sup> Qtr | 4 <sup>th</sup> Qtr |
|---|---------------------|---------------------|---------------------|---------------------|
| Review of plan investments and compliance with investment policy statement        | ✓                   | ✓                   | ✓                   |                     |
| Follow required procedures, including documentation of all meetings and decisions | ✓                   | ✓                   | ✓                   |                     |
| Review performance of providers   | ✓                   | ✓                   | ✓                   |                     |
| Annually  |                     |                     |                     |                     |
| Review QDIA selection   |                     |                     |                     |                     |
| Allocation fund (Target Date or Risk-based) analysis                              |                     |                     |                     |                     |
| Investment policy statement review  |                     |                     | ✓                   |                     |
| Employee education review   |                     |                     |                     |                     |
| Plan recordkeeping & administration services review                               |                     |                     |                     |                     |
| Fee analysis  |                     |                     | ✓                   |                     |
| Other Projects  |                     |                     |                     |                     |
|   |                     |                     |                     |                     |
|   |                     |                     |                     |                     |
|   |                     |                     |                     |                     |
|   |                     |                     |                     |                     |



|                                       |   |
|---------------------------------------|---|
| <b>Active Return</b>                  | - Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.   |
| <b>Alpha</b>                          | - A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.   |
| <b>Beta</b>                           | - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.   |
| <b>Consistency</b>                    | - The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.  |
| <b>Distributed to Paid In (DPI)</b>   | - The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against. |
| <b>Down Market Capture</b>            | - The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance   |
| <b>Downside Risk</b>                  | - A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.   |
| <b>Excess Return</b>                  | - Arithmetic difference between the manager's performance and the risk-free return over a specified time period.  |
| <b>Excess Risk</b>                    | - A measure of the standard deviation of a portfolio's performance relative to the risk free return.  |
| <b>Information Ratio</b>              | - This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.   |
| <b>Public Market Equivalent (PME)</b> | - Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.   |
| <b>R-Squared</b>                      | - The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.   |
| <b>Return</b>                         | - Compounded rate of return for the period.   |
| <b>Sharpe Ratio</b>                   | - Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.  |
| <b>Standard Deviation</b>             | - A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.   |
| <b>Total Value to Paid In (TVPI)</b>  | - The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life   |
| <b>Tracking Error</b>                 | - This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.   |
| <b>Treynor Ratio</b>                  | - Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance. |
| <b>Up Market Capture</b>              | - The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.   |

AndCo compiled this report for the sole use of the client for which it was prepared. AndCo is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. AndCo uses the results from this evaluation to make observations and recommendations to the client.

AndCo uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. AndCo analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides AndCo with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides AndCo with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause AndCo to believe that the information presented is significantly misstated.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

Additional information included in this document may contain data provided by from index databases, public economic sources and the managers themselves.

This document may contain data provided by Bloomberg Barclays. Bloomberg Barclays Index data provided by way of Barclays Live.

This document may contain data provided by Standard and Poor's. Nothing contained within any document, advertisement or presentation from S&P Indices constitutes an offer of services in jurisdictions where S&P Indices does not have the necessary licenses. All information provided by S&P Indices is impersonal and is not tailored to the needs of any person, entity or group of persons. Any returns or performance provided within any document is provided for illustrative purposes only and does not demonstrate actual performance. Past performance is not a guarantee of future investment results.

This document may contain data provided by MSCI, Inc. Copyright MSCI, 2017. Unpublished. All Rights Reserved. This information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. This information is provided on an "as is" basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and MSCI, its affiliates and each such other person hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages.

This document may contain data provided by Russell Investment Group. Russell Investment Group is the source owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a user presentation of the data. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof.

This document may contain data provided by Morningstar. All rights reserved. Use of this content requires expert knowledge. It is to be used by specialist institutions only. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is not guarantee of future results.



**Putting clients first.**



CHICAGO | CLEVELAND | DALLAS | DETROIT | ORLANDO | PITTSBURGH | RENO | TULSA

**AndCo Consulting** | (844) 44-ANDCO | *AndCoConsulting.com*