

MEETING MATERIAL

Municipal Employees' Retirement System of Louisiana

June 29, 2017



Confidentiality: This evaluation is prepared by Meketa Investment Group, Inc. for the exclusive use of the Municipal Employees' Retirement System of Louisiana. This evaluation is not to be used for any other purpose or by any parties other than the System, its Board Members, employees, agents, attorneys, and/or consultants. No other parties are authorized to review or utilize the information contained herein without expressed written consent.

M E K E T A I N V E S T M E N T G R O U P

BOSTON
MASSACHUSETTS

CHICAGO
ILLINOIS

MIAMI
FLORIDA

PORTLAND
OREGON

SAN DIEGO
CALIFORNIA

LONDON
UNITED KINGDOM

www.meketagroup.com

The material contained in this report is confidential and may not be reproduced, disclosed, or distributed, in whole or in part, to any person or entity other than the intended recipient. The data are provided for informational purposes only, may not be complete, and cannot be relied upon for any purpose other than for discussion.

Meketa Investment Group has prepared this report on the basis of sources believed to be reliable. The data are based on matters as they are known as of the date of preparation of the report, and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available.

- 1. Investment Policy Statement - Excerpts**
- 2. Investment Policy Statement - 2017 Redline**
- 3. May 2017 Retirement System Performance Review**
- 4. Disclaimer, Glossary, and Notes**

Investment Policy Statement - Excerpts

Purpose and Scope - IPS

- “The purpose of this document [Investment Policy Statement] is to set forth the goals and objectives of the Municipal Employees' Retirement System of Louisiana and to establish guidelines for the implementation of investment strategy.”

Purpose and Scope – Retirement System

- “The purpose of the Municipal Employees' Retirement System of Louisiana ("The System") is to maintain a pool of assets that can be used to meet the retirement benefits of its members in accordance with plan documents.”

Operating Principals

- “The Board of Trustees, the investment consultant and the investment managers shall operate under the Prudent Investor Rule. The Trustees are under a duty to the beneficiaries to invest and manage the funds of the System as a prudent investor would, in light of the purposes, terms, distribution requirements, and other circumstances of the System. This standard requires the exercise of reasonable care, skill, and caution, and is to be applied to investments not in isolation but in the context of the total portfolio, and as a part of an overall investment strategy, which should incorporate risk and return objectives reasonably suitable to the System.”

Risk and Return Considerations

- “The Trustees accept the risks associated with investing in the capital markets (market risks), but will minimize wherever possible those risks for which the System is unlikely to be compensated (non market or diversifiable risks).”

Long-Term Target Allocations

- “The long term target allocations are intended as strategic goals, not short term imperatives. Thus, it is permissible for the overall System’s asset allocation to deviate from the long term target, as would likely occur during manager transitions, asset class restructurings, and other temporary changes in the System.”
- “No more than 10% of the System’s assets strategy shall be invested in any single active strategy. As stipulated in Louisiana Revised Statutes 11:263, no more than 65% of the total portfolio shall be invested in equities. Should equities comprise more than 55% of the System’s assets, at least 10% of the total must be invested passively.”

Louisiana Revised Statutes 263

- “When contemplating any investment, action, or asset allocation the following factors shall be given weight:
 - (a) The availability of public pricing to value each investment.
 - (b) The ability to liquidate each investment at a fair market price within a reasonable time frame for the size of investment that is being considered.
 - (c) The degree of transparency that accompanies each investment.
 - (d) The risk of fluctuations in currency that may accompany each investment.
 - (e) The experience of the professionals who will manage each investment and the financial soundness of the business entity employing such professionals.”

Review of Investment Policy Statement, Asset Allocation and Performance

- “The Investment Policy Statement will be reviewed at least annually to ensure that the objectives and constraints remain relevant. However, the Trustees recognize the need for a stable long term policy for the System, and major changes to this policy statement will be made only when significant developments in the circumstances, objectives, or constraints of the System occur.”
- “The Trustees will specifically evaluate the performance of the System relative to its objectives and to the returns available from the capital markets during the period under review. In general, the Trustees will utilize relative, rather than absolute, benchmarks in evaluating performance. The total performance of the System will be evaluated relative to the investment objectives and constraints identified in this investment policy statement.”

Investment Policy Statement - 2017 Redline

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

INVESTMENT POLICY STATEMENT

| Approved ~~March 31, 2016~~June 29, 2017

The purpose of this document is to set forth the goals and objectives of the Municipal Employees' Retirement System of Louisiana and to establish guidelines for the implementation of investment strategy.

Any revisions to this document may be made only with the approval of the Board of Trustees of the System.

The Trustees of the System recognize that a stable, well-articulated investment policy is crucial to the long-term success of the System. As such, the Trustees have developed this Investment Policy Statement with the following goals in mind:

- To clearly and explicitly establish the objectives and constraints that govern the investment of the System's assets,
- To establish a long-term target asset allocation with a high likelihood of meeting the System's objectives given the explicit constraints, and
- To protect the financial health of the System through the implementation of this stable long-term investment policy.

I. Purpose and Scope

The purpose of the Municipal Employees' Retirement System of Louisiana ("The System") is to maintain a pool of assets that can be used to meet the retirement benefits of its members in accordance with plan documents.

The purpose of this Investment Policy Statement is to communicate to the System's Trustees, retained investment consultants, investment managers, and other interested parties a clear understanding of the investment goals and objectives of the System. This Investment Policy Statement outlines the investment objectives and constraints of the System, and establishes review and control procedures to evaluate the System's performance.

This Policy applies to all assets that are included in the System's investment portfolio for which the Board of Trustees has investment authority.

II. Operating Principles

The Board of Trustees, the investment consultant and ~~its~~the investment managers shall operate under the Prudent Investor Rule. The Trustees are ~~is~~ under a duty to the beneficiaries to invest and manage the funds of the System as a prudent investor would, in light of the purposes, terms, distribution requirements, and other circumstances of the System. This standard requires the exercise of reasonable care, skill, and caution, and is to be applied to investments not in isolation but in the context of the total portfolio, and as a part of an overall investment strategy, which should incorporate risk and return objectives reasonably suitable to the System.

In making and implementing investment decisions, the Trustees have ~~has~~ a duty to diversity the investments of the System unless, under the circumstances, it is prudent not to do so.

In addition, the Trustees s must conform to fundamental fiduciary duties of loyalty and impartiality; act with prudence in deciding whether and how to delegate authority and in the selection and supervision of agents; and incur only costs that are reasonable in amount for the services rendered.

Investments shall also be in accordance with the Louisiana Revised Statute 11:263 Prudent Man Rule; investments; reporting (attached as Appendix D).

III. Investment Objectives

The investment strategy of the System is designed to ensure the prudent investment of funds in such a manner as to provide real growth of assets over time while protecting the value of the assets from undue volatility or risk of loss.

The primary investment objective of the System is to provide sufficient liquidity to pay retirement expenses of its members and ultimately achieve and maintain an adequate funded status of the System. The objectives intend to provide the System sufficient flexibility to accommodate the variability of benefit expenses and changing financial circumstances and market conditions.

A. Risk Objectives

1. To accept the minimum level of risk required to achieve the System's return objective as stated immediately below.
2. To minimize the likelihood of experiencing a loss over any five-year period (with 90% certainty).
3. To use diversification to minimize exposure to company and industry-specific risks in the aggregate investment portfolio.

B. Return Objective

1. In a manner consistent with the goals stated in Section I above, to manage the System's assets so as to target a 7.57.0% nominal return over long periods of time¹.

IV. Investment Constraints

A. Legal and Regulatory

The Trustees intend that the assets of the System at all times are invested in accordance with the Prudent Investor Rule, consistent with applicable statutory requirements and governing instruments in the State of Louisiana. The Trustees will retain legal counsel when appropriate to review contracts and provide advice with respect to applicable statutes and regulations.

B. Time Horizon

The System will be managed on a going-concern basis. The assets of the System will be invested with a long-term time horizon (twenty years or more), consistent with the participant demographics and the purpose of the System.

C. Liquidity

¹ Effective June 2017, the System adopted a four year plan to reduce its actuarial return assumption to 7.0%. The actuarial return targets per fiscal year are: 2017- 7.4%, 2018- 7.275%, 2019- 7.175%, 2020- 7.0%.

The Trustees intend to maintain sufficient liquidity to meet at least three years of anticipated expenses.

Further, the Trustees intend to invest at least 50% of the System's assets in liquid vehicles.¹

D. Tax Considerations

The System is a tax-exempt entity. Therefore, investments and strategies will be evaluated on a basis that is indifferent to taxable status, except where the prospect of Unrelated Business Taxable Income (UBTI) is a concern.

V. Risk and Return Considerations

The Trustees accept the risks associated with investing in the capital markets (market risks), but will minimize wherever possible those risks for which the System is unlikely to be compensated (non-market or diversifiable risks).

VI. Diversification

The Trustees of the System recognize that an important element of risk control is diversification. Therefore, investments will be allocated across multiple classes of assets, chosen in part for the expected correlation of their returns. Within each asset type, the Trustees will seek to distribute investments across many individual holdings, thus expecting to further reduce volatility. In addition, each investment manager's guidelines will specify the largest permissible investment in any one asset, and will set other diversification requirements.

VII. Asset Allocation

The Trustees recognize that the allocation of monies to various asset classes will be the major determinant of the System's return and risk experience over time. Therefore, the Trustees will allocate investments across those asset classes that, based on historical and expected returns and risks, provide the highest likelihood of meeting the System's investment objectives.

A. Permissible Asset Classes

Because investment in any particular asset class may or may not be consistent with the objectives of the System, the Trustees have specifically indicated in Appendix A those asset classes that may be utilized when investing the System's assets.

¹ Liquid vehicles are defined as those vehicles that allow withdrawals to occur on at least a quarterly basis.

B. Expected Returns, Risks, and Correlations for Permissible Asset Classes

The risk and return behavior of the System will be driven primarily by the allocation of investments across asset classes. In determining the appropriate allocation, the expected return and risk behavior of each asset class and the likely interaction of various asset classes in a portfolio are to be considered. Appendix B lists the current expected return, volatility, and correlations for each permissible asset class, as reported by the System's consultant.

C. Long-Term Target Allocations

Based on the investment objectives and constraints of the System, and on the expected behavior of the permissible asset classes, the Trustees will specify a long-term target allocation for each class of permissible assets. These targets will be expressed as a percentage of the System's overall market value, surrounded by a band of permissible variation resulting from market forces.

The long-term target allocations are intended as strategic goals, not short-term imperatives. Thus, it is permissible for the overall System's asset allocation to deviate from the long-term target, as would likely occur during manager transitions, asset class restructurings, and other temporary changes in the System. Deviations from targets that occur due to capital market changes are discussed below.

No more than 10% of the System's assets strategy shall be invested in any single active strategy. As stipulated in Louisiana ~~RS~~ Revised Statutes 11:263, no more than 65% of the total portfolio shall be invested in equities. Should equities comprise more than 55% of the System's assets, at least 10% of the total must be invested passively.

The System's target allocations for all permissible asset classes are shown in Appendix C.

D. Rebalancing

In general, cash flows to and from the System will be allocated in such a manner as to move each asset class toward its target allocation.

The Trustees recognize that, periodically, market forces may move the System's allocations outside the target ranges. The Trustees also recognize that failing to rebalance the allocations would unintentionally change the System's structure and risk posture. Consequently, the Trustees have established the following process to rebalance the allocations periodically.

On at least an annual basis, if any strategic allocation is outside the specified target range, assets will be shifted to return the strategy to within the target range. The specific plan for rebalancing will identify those assets that can be shifted at the lowest possible risk and cost, if the rebalancing cannot be accomplished solely by allocating contributions and withdrawals.

VIII. Review of Investment Policy, Asset Allocation, and Performance

The Investment Policy Statement will be reviewed at least annually to ensure that the objectives and constraints remain relevant. However, the Trustees recognize the need for a stable long-term policy for the System, and major changes to this policy statement will be made only when significant developments in the circumstances, objectives, or constraints of the System occur.

The asset allocation of the System will be reviewed on an on-going basis, and at least annually. When necessary, such reviews may result in a rebalancing of asset allocations. In general, the Trustees intend that the System will adhere to its long-term target allocations, and that major changes to these targets will be made only in response to significant developments in the circumstances, objectives, or constraints of the System or in the capital market opportunities.

The Trustees will specifically evaluate the performance of the System relative to its objectives and to the returns available from the capital markets during the period under review. In general, the Trustees will utilize relative, rather than absolute, benchmarks in evaluating performance. The total performance of the System will be evaluated relative to the investment objectives and constraints identified in this investment policy statement. Specifically, the total System performance will be evaluated relative to a "custom benchmark" that weights the returns of available market indices on the basis of the System's target investment structure, to assess the implementation of the System's investment strategy.

IX. Manager Watch List

The Trustees, with the aid of Staff and the Consultant, will monitor the performance of each manager and meet with each manager periodically. The Trustees retain the discretion to place any manager on watch list status or terminate. Factors to consider, but not are not limited to:

- Significant change in ownership or control of the investment management firm
- Significant change in investment personnel
- Significant change in the strategy's process or philosophy

- Failure to comply with investment guidelines.
- Evidence of illegal or unethical behavior by the investment manager.
- Any pending litigation or regulatory action against the investment manager
- Loss of confidence in the investment strategy or investment firm.
- Failure to achieve performance objectives over a reasonable measurement period.

X. Investment Costs

The Trustees intend to monitor and control investment costs at every level of the System.

- Professional fees will be negotiated whenever possible.
- Where appropriate, passive portfolios will be used to minimize management fees and portfolio turnover.
- If possible, assets will be transferred in-kind during manager transitions and restructurings to eliminate unnecessary turnover expenses.
- Managers will be instructed to minimize brokerage and execution costs.

XI. Voting of Proxies

The Trustees recognize that the voting of proxies is important to the overall performance of the System. The Trustees have delegated the responsibility of voting all proxies to the investment managers. The Trustees expect that managers will execute all proxies in a timely fashion. Also, the Trustees expect the managers to provide, upon request, a written explanation of individual voting decisions. The Trustees intend to review the managers' proxy voting on at least an annual basis.

XII. Forbidden Assets and Strategies

Within their investment guidelines, each investment manager of a separately managed account will be furnished with a list of asset types and investment strategies that are forbidden. Any investment strategy held outside of a separately managed account (e.g. commingled funds, mutual funds, Limited Partnership vehicles, etc.) is expected to follow the guidelines contained in the fund's Prospectus, Offering Memorandum, or similar governing document.

APPENDIX A

PERMISSIBLE ASSET CLASSES²

Asset Class
Public Domestic Equity
Public Foreign Equity
Emerging Market Equity
Frontier Market Equity
Private Equity
Private Debt
Real Estate
Investment Grade Bonds
TIPS
High Yield Bonds
Bank Loans
Developed Market Bonds
Emerging Market Bonds
Natural Resources
Infrastructure
Commodities
REITs
Hedge Funds
Cash

² Asset classes listed represent the primary assets for investment by the System. Other asset classes may also be utilized with approval of the Board.

APPENDIX B

TWENTY-YEAR, SINGLE ASSET CLASS AND SUB-ASSET CLASS FORECAST¹

Asset Class	Expected Return (%)	Volatility (%)
Fixed Income		
Cash Equivalents	<u>2.32.8</u>	1.0
Short-term Investment Grade Bonds	<u>2.93.0</u>	2.0
Investment Grade Bonds	<u>3.63.5</u>	<u>4.54.0</u>
Investment Grade Corporate Bonds	<u>4.44.2</u>	7.0
Long-term Government Bonds	<u>3.63.8</u>	12.5
TIPS	<u>3.33.5</u>	7.5
High Yield Bonds	<u>6.86.0</u>	12.5
Bank Loans	<u>5.75.5</u>	10.0
Foreign Bonds	<u>2.62.4</u>	9.0
Emerging Market Bonds (major)	<u>5.95.5</u>	<u>13.012.0</u>
Emerging Market Bonds (local)	<u>6.35.9</u>	<u>14.014.5</u>
Equities		
US Equity	<u>7.87.5</u>	18.0
Developed Market Equity	<u>8.17.3</u>	20.0
Emerging Market Equity	<u>10.59.8</u>	<u>26.526.0</u>
Frontier Market Equity	9.5	<u>25.024.0</u>
Global Equity	<u>8.27.9</u>	<u>19.519.0</u>
Private Equity	<u>9.49.2</u>	24.0
Buyouts	<u>9.89.6</u>	25.0
Venture Capital	9.5	35.0
Mezzanine Debt	<u>6.96.8</u>	20.0
Distressed Debt	<u>7.76.9</u>	<u>27.024.0</u>
Real Assets		
Real Estate	<u>7.16.9</u>	18.0
REITs	<u>6.66.5</u>	29.0
Core Private Real Estate	<u>5.95.7</u>	12.5
Value Added Real Estate	<u>7.57.2</u>	<u>20.019.0</u>
Opportunistic Real Estate	<u>9.28.9</u>	25.0
Natural Resources (Public)	<u>7.87.0</u>	24.0
Natural Resources (Private)	8.4	<u>22.023.0</u>
Commodities (naïve)	<u>4.14.5</u>	<u>21.019.5</u>
Infrastructure (Public)	<u>7.87.4</u>	<u>19.519.0</u>
Core Infrastructure (Private)	<u>6.76.8</u>	16.0
Non-Core Infrastructure (Private)	<u>9.18.8</u>	23.0
Other		
Hedge Funds	<u>5.65.3</u>	<u>10.59.5</u>
Long-Short	<u>4.74.6</u>	<u>12.011.0</u>
Event-Driven	<u>6.56.0</u>	<u>11.010.0</u>
Global Macro	<u>5.85.5</u>	<u>8.58.0</u>
Risk Parity (10% vol)	<u>5.85.7</u>	11.0
Tactical Asset Allocation	<u>5.04.7</u>	12.5

¹ Expected returns and standard deviations are based on Meketa Investment Group's 2016-2017 Annual Asset Study. Expected returns are annualized compounded returns.

APPENDIX B

EXPECTED CORRELATIONS AMONG ASSET CLASSES AND SUB-ASSET CLASSES¹

	TIPS	Investment Grade Bonds	High Yield Bonds	Public US Equity	Public Developed Market Equity	Public Emerging Market Equity	Private Equity	Real Estate	Natural Resources (private)	Commodities	Infrastructure (private)	Hedge Funds
TIPS	1.00											
Investment Grade Bonds	0.80	1.00										
High Yield Bonds	0.30	0.20	1.00									
Public US Equity	0.00	0.05	0.70	1.00								
Public Developed Market Equity	0.15	0.05	0.70	0.90	1.00							
Public Emerging Market Equity	0.15	0.05	0.70	0.80	0.90	1.00						
Private Equity	0.05	0.05	0.65	0.85	0.80	0.75	1.00					
Real Estate	0.10	0.20	0.50	0.50	0.45	0.40	0.45	1.00				
Natural Resources (private)	0.10	0.10	0.45	0.65	0.60	0.60	0.55	0.45	1.00			
Commodities	0.35	0.05	0.40	0.35	0.55	0.60	0.30	0.15	0.65	1.00		
Infrastructure (core)	0.30	0.30	0.60	0.55	0.55	0.50	0.45	0.60	0.60	0.35	1.00	
Hedge Funds	0.20	0.05	0.70	0.80	0.85	0.85	0.65	0.45	0.65	0.65	0.60	1.00

¹ Expected correlations are based on Meketa Investment Group's [2016-2017 Annual Asset Study](#).

APPENDIX C

ASSET ALLOCATION TARGETS

	Target	Range	Policy Benchmark
Public Equity	50%		
Domestic Equity	28	18-38	Russell 3000
Developed Market Equity	12	7-17	FTSE All-World (ex. U.S.) <u>MSCI EAFE</u>
Emerging Market Equity	10	5-15	MSCI Emerging Markets
Global Equity	0	0-5	MSCI ACWI
Public Fixed Income	35%		
U.S. Core Bonds	18	8-28	<u>Bloomberg</u> Barclays <u>U.S.</u> Aggregate
TIPS	7	2-12	<u>Bloomberg</u> Barclays U.S. TIPS
High Yield	5	0-10	<u>Bloomberg</u> Barclays <u>U.S.</u> High Yield
Foreign Bonds	5	0-10	<u>Bloomberg</u> Barclays Global Aggregate
Alternatives	15%		
Core Real Estate	4	0-8	NCREIF ODCE Equal Weighted (net)
Non-core Real Estate	0	0-5	NCREIF Property
Natural Resources	3	0-6	S&P Global Natural Resources Sector
Infrastructure	3	0-6	S&P Global Infrastructure Index
Hedge Funds	0	0-5	HFRI Fund of Funds Composite
Private Equity	2	0-4	S&P 500 +3%
Private Debt	3	0-6	<u>Bloomberg</u> Barclays High Yield +2%

Based upon the expected asset returns, risks, and correlations, this target allocation exhibits an expected annual return of 7.67.2% and standard deviation of 13.012.6%, based on Meketa Investment Group's calculations⁵.

⁵ Expected returns and standard deviations are based on Meketa Investment Group's 2016-2017 Annual Asset Study. Expected returns are annualized compounded returns.

APPENDIX D

Louisiana Revised Statutes 263. Prudent-man rule; investments; reporting

A. The prudent-man rule shall be applied by the systems, funds, and plans governed by this Subpart.

B. The prudent-man rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

C. This standard requires the exercise of reasonable care, skill, and caution, and is to be applied to investments not in isolation, but in the context of the trust portfolio, and as part of an overall investment strategy, which shall include an asset allocation study and plan for implementation thereof, incorporating risk and return objectives reasonably suitable to that trust. The asset allocation study and implementation plan shall include the examination of market value risk, credit risk, interest rate risk, inflation risk, counterparty risk, and concentration risk. The investment policy of each system, plan, or fund shall preserve and enhance principal over the long term and provide adequate liquidity and cash flow for the payment of benefits. The investments shall be diversified to minimize the risk of significant losses unless it is clearly prudent not to do so.

D. (1) Notwithstanding the prudent-man rule, no governing authority of any system or fund governed by this Subpart shall invest more than fifty-five percent of the total portfolio in equities, except as provided in Paragraph (2) of this Subsection.

(2) The governing authority of any system may invest more than fifty-five percent of the total portfolio in equities, so long as not more than sixty-five percent of the total portfolio is invested in equities and at least ten percent of the total equity portfolio is invested in one or more index funds which seek to replicate the performance of the chosen index or indices.

(3) When contemplating any investment, action, or asset allocation the following factors shall be given weight:

- (a) The availability of public pricing to value each investment.
- (b) The ability to liquidate each investment at a fair market price within a reasonable time frame for the size of investment that is being considered.
- (c) The degree of transparency that accompanies each investment.
- (d) The risk of fluctuations in currency that may accompany each investment.
- (e) The experience of the professionals who will manage each investment and the financial soundness of the business entity employing such professionals.

(f) The degree of diversification which exists within each investment and that such investment itself may provide relative to the other existing investments in the system's portfolio.

(g) Whether leverage is involved.

(h) The potential for unrelated business taxable income as defined in Section 512 of the Internal Revenue Code.

(i) The jurisdiction of the laws that govern each investment.

(j) The net return that is expected relative to the risk that is associated with each investment.

E. Repealed by Acts 2010, No. 1004, §2, eff. July 1, 2010.

F. Notwithstanding the prudent-man rule, a system board of trustees may but is not required to divest itself of any holding in a company having facilities or employees or both located in a prohibited nation as that term is defined in R.S. 11:312(B)(2).

G.(1) Each system, plan, or fund governed by this Subpart shall submit to the House and Senate committees on retirement and to each other state and statewide retirement system electronically transmitted quarterly reports beginning with the quarter ending June 30, 2010, which shall be submitted no later than thirty calendar days after the end of the quarter.

(2) Each report submitted pursuant to this Subsection shall contain, at a minimum, the following:

(a) The investment return net of investment fees and expenses expressed as a percentage return and dollar amount.

(b) The amount of administrative expenses.

(c) The board-approved target asset allocation.

(d) The current actual asset allocation of the system portfolio.

(3) Investment returns reported pursuant to this Subsection shall be by total fund and particular asset class over the quarter reported, fiscal year-to-date, one year, three year, five year, and ten year periods.

May 2017
Retirement System
Performance Review

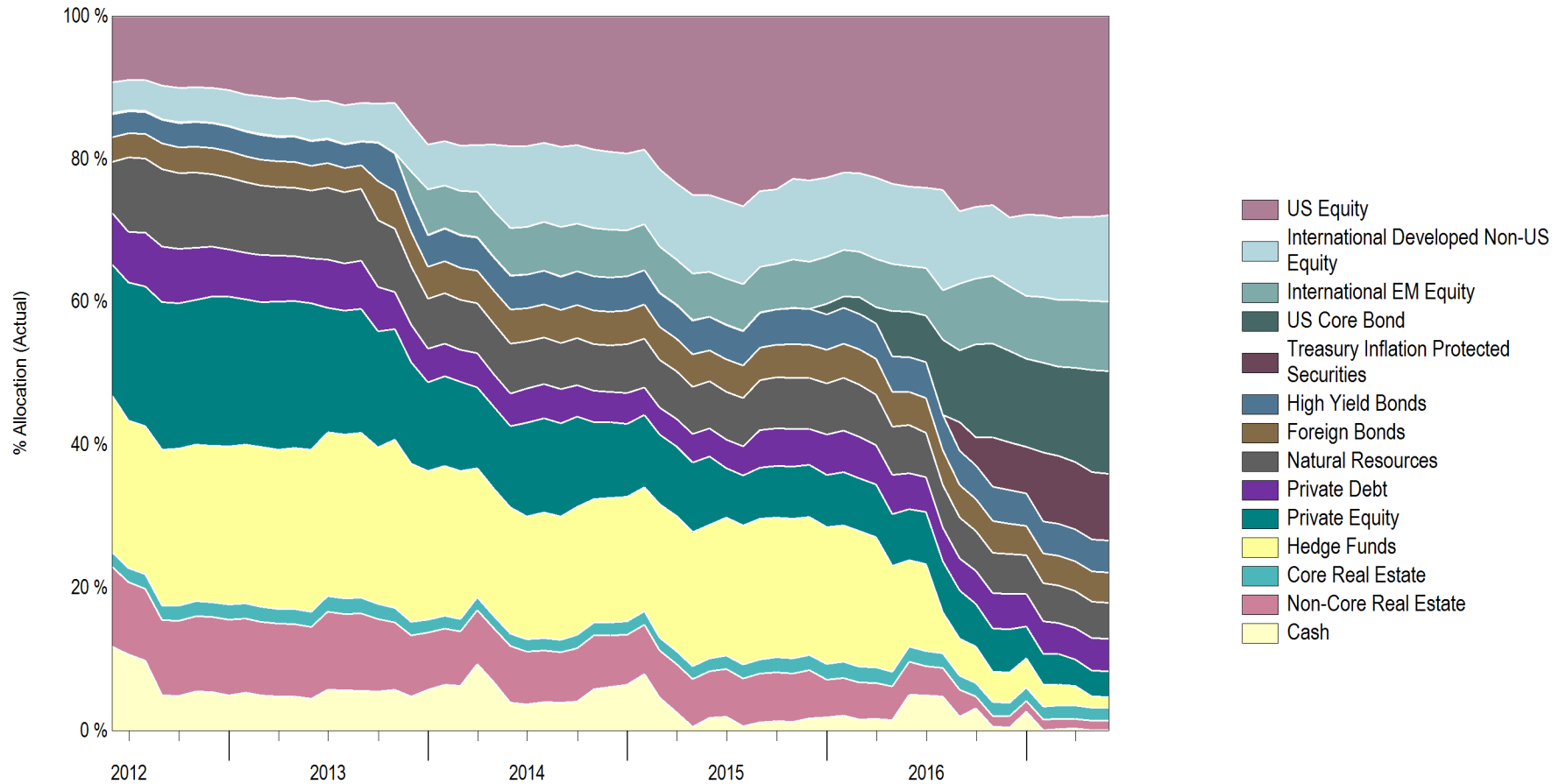
Total Retirement System Aggregate

As of May 31, 2017

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Within IPS Range?
US Equity	\$233,573,105	28%	28%	18% - 38%	Yes
International Developed Non-US Equity	\$101,653,932	12%	12%	7% - 17%	Yes
International EM Equity	\$81,848,444	10%	10%	5% - 15%	Yes
US Core Bond	\$120,242,844	14%	18%	8% - 28%	Yes
Treasury Inflation Protected Securities	\$78,146,351	9%	7%	2% - 12%	Yes
High Yield Bonds	\$37,839,023	5%	5%	0% - 10%	Yes
Foreign Bonds	\$35,281,959	4%	5%	0% - 10%	Yes
Natural Resources	\$42,733,280	5%	3%	0% - 6%	Yes
Private Debt	\$37,683,341	4%	3%	0% - 6%	Yes
Infrastructure	--	--	3%	0% - 6%	Yes
Private Equity	\$30,554,955	4%	2%	0% - 4%	Yes
Hedge Funds	\$12,781,866	2%	0%	0% - 5%	Yes
Core Real Estate	\$15,161,652	2%	4%	0% - 8%	Yes
Non-Core Real Estate	\$11,049,456	1%	0%	0% - 5%	Yes
Cash	\$569,635	0%	0%	0% - 5%	Yes
Total	\$839,119,843	100%	100%		

Asset Allocation History
5 Years Ending May 31, 2017



As of May 31, 2017

Asset Class Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Retirement System Aggregate	839,119,843	100.0	0.8	5.7	10.3	9.0	2.4	5.1	2.7	4.1	Jan-06
<i>Policy Benchmark</i>			1.4	7.4	11.9	13.3	4.6	8.8	5.0	6.6	Jan-06
<i>60% MSCI ACWI & 40% Barclays Universal</i>			1.6	7.6	11.1	11.4	4.5	8.1	4.4	5.7	Jan-06
Domestic Equity	233,573,105	27.8	0.0	5.9	18.2	17.8	8.3	13.6	6.9	7.6	Feb-06
<i>Russell 3000</i>			1.0	8.0	17.4	17.7	9.7	15.3	7.0	8.0	Feb-06
Developed Equity	101,653,932	12.1	3.2	13.1	11.8	12.1	4.9	--	--	4.9	May-14
<i>MSCI EAFE</i>			3.7	14.0	20.5	16.4	1.5	10.2	1.1	1.5	May-14
Emerging Market Equity	81,848,444	9.8	2.4	17.1	24.5	30.2	3.5	--	--	4.6	Dec-13
<i>MSCI Emerging Markets</i>			3.0	17.3	22.5	27.4	1.6	4.5	2.3	2.4	Dec-13
U.S. Core Bond Assets	120,242,844	14.3	0.8	2.3	-0.3	1.5	2.5	--	--	1.0	Apr-13
<i>BBgBarc US Aggregate TR</i>			0.8	2.4	-0.2	1.6	2.5	2.2	4.5	2.1	Apr-13
Treasury Inflation Protected Securities	78,146,351	9.3	0.0	1.8	--	--	--	--	--	-0.5	Jul-16
<i>BBgBarc US TIPS TR</i>			0.0	1.8	0.3	2.4	1.0	0.3	4.4	-0.5	Jul-16
Foreign Bond Assets	35,281,959	4.2	1.6	8.1	3.2	6.9	0.5	--	--	0.6	Apr-13
<i>BBgBarc Global Aggregate TR</i>			1.5	4.5	-2.1	0.8	-0.1	0.9	3.7	0.5	Apr-13
High Yield Bonds	37,839,023	4.5	0.9	4.8	7.7	9.5	3.5	--	--	4.9	Apr-13
<i>BBgBarc US High Yield TR</i>			0.9	4.8	12.5	13.6	4.7	7.3	7.5	5.2	Apr-13

Total Retirement System Aggregate

As of May 31, 2017

	Market Value (\$)	% of Portfolio	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Core Real Estate	15,161,652	1.8	0.0	2.5	6.6	8.9	10.6	13.7	7.3	7.6	Mar-06
<i>NCREIF ODCE Equal Weighted (net)</i>			0.0	2.0	6.0	8.1	11.2	11.1	4.5	5.4	Mar-06
Natural Resources	42,733,280	5.1	0.0	0.0	-0.6	-8.9	-2.9	--	--	-1.1	Apr-13
<i>S&P Global Natural Resources Index TR USD</i>			-0.4	1.9	15.3	17.8	-3.6	1.7	-0.1	-0.8	Apr-13
Private Debt	37,683,341	4.5	0.0	3.3	6.4	7.7	6.0	--	--	7.3	Apr-13
<i>BBgBarc High Yield+2%</i>			1.0	5.6	14.6	15.8	6.8	9.4	9.6	7.3	Apr-13
Private Equity	30,554,955	3.6	0.0	-0.7	11.0	11.7	-5.2	-6.0	--	-0.6	Feb-08
<i>S&P 500 +3%</i>			1.7	10.0	20.3	20.9	13.4	18.8	10.1	11.8	Feb-08
Hedge Funds	12,781,866	1.5	-0.1	-0.2	2.9	2.4	-1.2	2.6	1.5	2.4	Mar-06
<i>HFRI Fund of Funds Composite Index</i>			0.3	3.3	6.5	6.0	1.9	3.8	0.9	1.9	Mar-06
Non-Core Real Estate	11,049,456	1.3	0.0	-1.7	-1.2	-15.1	-3.0	3.2	0.4	1.5	Feb-06
<i>NCREIF Property (1-quarter lagged)</i>			0.0	1.7	5.6	8.0	11.0	10.9	6.9	8.1	Feb-06
Cash	569,635	0.1									

Total Retirement System Aggregate

As of May 31, 2017

Trailing Net Performance

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Retirement System Aggregate	839,119,843	100.0	--	0.8	5.7	10.3	9.0	2.4	5.1	2.7	4.1	Jan-06
<i>Policy Benchmark</i>				1.4	7.4	11.9	13.3	4.6	8.8	5.0	6.6	Jan-06
<i>60% MSCI ACWI & 40% Barclays Universal</i>				1.6	7.6	11.1	11.4	4.5	8.1	4.4	5.7	Jan-06
Domestic Equity	233,573,105	27.8	27.8	0.0	5.9	18.2	17.8	8.3	13.6	6.9	7.6	Feb-06
<i>Russell 3000</i>				1.0	8.0	17.4	17.7	9.7	15.3	7.0	8.0	Feb-06
Northern Trust S&P 500 Index	129,032,438	15.4	55.2	1.4	8.6	17.1	17.4	10.1	--	--	10.9	Dec-13
<i>S&P 500</i>				1.4	8.7	17.2	17.5	10.1	15.4	6.9	10.9	Dec-13
<i>Large Cap MStar MF Median</i>				1.2	8.0	17.1	16.6	8.4	14.4	6.6	9.2	Dec-13
<i>Large Cap MStar MF Rank</i>				42	41	49	38	24	--	--	21	Dec-13
Northern Trust S&P 400 MidCap Index	57,375,416	6.8	24.6	-0.5	4.2	16.6	17.1	9.4	--	--	9.9	Dec-13
<i>S&P 400 MidCap</i>				-0.5	4.3	16.7	17.2	9.4	15.0	8.1	10.0	Dec-13
<i>Mid Cap MStar MF Median</i>				0.1	5.8	16.5	15.5	7.5	13.8	6.8	8.0	Dec-13
<i>Mid Cap MStar MF Rank</i>				68	67	48	35	19	--	--	16	Dec-13
Barrow Hanley Small Cap Value Equity	47,165,251	5.6	20.2	-3.2	0.7	23.2	20.2	7.9	14.4	8.0	10.0	Jan-06
<i>Russell 2000 Value</i>				-3.1	-2.9	20.6	21.0	7.3	13.7	5.3	7.2	Jan-06
<i>Small Value MStar MF Median</i>				-2.8	-2.0	17.9	17.5	6.6	13.6	6.2	7.7	Jan-06
<i>Small Value MStar MF Rank</i>				64	14	12	15	20	27	5	1	Jan-06
Developed Equity	101,653,932	12.1	12.1	3.2	13.1	11.8	12.1	4.9	--	--	4.9	May-14
<i>MSCI EAFE</i>				3.7	14.0	20.5	16.4	1.5	10.2	1.1	1.5	May-14
First Eagle International Value	33,152,732	4.0	32.6	2.2	9.8	10.2	10.3	3.7	--	--	3.7	May-14
<i>MSCI EAFE</i>				3.7	14.0	20.5	16.4	1.5	10.2	1.1	1.5	May-14
<i>Foreign Value MStar MF Median</i>				2.8	12.8	20.8	16.5	0.7	9.6	0.7	0.7	May-14
<i>Foreign Value MStar MF Rank</i>				74	89	95	93	13	--	--	13	May-14

Total Retirement System Aggregate

As of May 31, 2017

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
WCM Focused International Growth Fund	29,551,415	3.5	29.1	3.6	19.4	16.3	16.9	7.1	--	--	7.1	Jun-14
<i>MSCI ACWI ex USA</i>				3.2	13.7	20.1	18.2	1.3	8.4	1.2	1.3	Jun-14
<i>Foreign Growth MStar MF Median</i>				4.2	18.3	17.7	14.8	3.7	10.6	2.9	3.7	Jun-14
<i>Foreign Growth MStar MF Rank</i>				80	31	71	35	11	--	--	11	Jun-14
Northern Trust MSCI EAFE Index	38,949,785	4.6	38.3	3.8	14.3	--	--	--	--	--	14.3	Jan-17
<i>MSCI EAFE</i>				3.7	14.0	20.5	16.4	1.5	10.2	1.1	14.0	Jan-17
<i>Foreign MStar MF Median</i>				3.5	14.9	19.3	16.2	2.2	9.9	1.5	14.9	Jan-17
<i>Foreign MStar MF Rank</i>				39	63	--	--	--	--	--	63	Jan-17
Emerging Market Equity	81,848,444	9.8	9.8	2.4	17.1	24.5	30.2	3.5	--	--	4.6	Dec-13
<i>MSCI Emerging Markets</i>				3.0	17.3	22.5	27.4	1.6	4.5	2.3	2.4	Dec-13
Dimensional Emerging Markets Value	38,102,086	4.5	46.6	1.8	17.1	27.4	34.3	1.6	--	--	2.6	Dec-13
<i>MSCI Emerging Markets</i>				3.0	17.3	22.5	27.4	1.6	4.5	2.3	2.4	Dec-13
<i>Diversified Emerging Mkts MStar MF Median</i>				2.6	17.6	20.4	24.7	1.6	5.2	2.0	2.4	Dec-13
<i>Diversified Emerging Mkts MStar MF Rank</i>				78	60	5	4	53	--	--	46	Dec-13
Northern Trust Emerging Markets Index	43,746,358	5.2	53.4	3.0	17.2	22.4	27.2	--	--	--	22.4	Jun-16
<i>MSCI Emerging Markets</i>				3.0	17.3	22.5	27.4	1.6	4.5	2.3	22.5	Jun-16
<i>Diversified Emerging Mkts MStar MF Median</i>				2.6	17.6	20.4	24.7	1.6	5.2	2.0	20.4	Jun-16
<i>Diversified Emerging Mkts MStar MF Rank</i>				33	60	31	32	--	--	--	31	Jun-16
U.S. Core Bond Assets	120,242,844	14.3	14.3	0.8	2.3	-0.3	1.5	2.5	--	--	1.0	Apr-13
<i>BBgBarc US Aggregate TR</i>				0.8	2.4	-0.2	1.6	2.5	2.2	4.5	2.1	Apr-13
Northern Trust Barclays Aggregate Index	120,092,957	14.3	99.9	0.8	2.4	-0.3	1.5	--	--	--	3.5	Dec-15
<i>BBgBarc US Aggregate TR</i>				0.8	2.4	-0.2	1.6	2.5	2.2	4.5	3.6	Dec-15
<i>Intermediate-Term Bond MStar MF Median</i>				0.8	2.6	1.0	2.6	2.5	2.7	4.8	4.2	Dec-15
<i>Intermediate-Term Bond MStar MF Rank</i>				45	67	84	79	--	--	--	77	Dec-15

Total Retirement System Aggregate

As of May 31, 2017

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Internal Fixed Income Account	149,887	0.0	0.1	1.6	-2.7	2.3	3.2	2.9	1.7	4.5	4.4	Mar-06
<i>BBgBarc US Aggregate TR</i>				0.8	2.4	-0.2	1.6	2.5	2.2	4.5	4.4	Mar-06
Treasury Inflation Protected Securities	78,146,351	9.3	9.3	0.0	1.8	--	--	--	--	--	-0.5	Jul-16
<i>BBgBarc US TIPS TR</i>				0.0	1.8	0.3	2.4	1.0	0.3	4.4	-0.5	Jul-16
Northern Trust TIPS	78,146,351	9.3	100.0	0.0	1.8	--	--	--	--	--	-0.5	Jul-16
<i>BBgBarc US TIPS TR</i>				0.0	1.8	0.3	2.4	1.0	0.3	4.4	-0.5	Jul-16
<i>Inflation-Protected Bond MStar MF Median</i>				0.0	1.7	0.4	2.4	0.6	0.1	3.9	-0.1	Jul-16
<i>Inflation-Protected Bond MStar MF Rank</i>				26	38	--	--	--	--	--	63	Jul-16
Foreign Bond Assets	35,281,959	4.2	4.2	1.6	8.1	3.2	6.9	0.5	--	--	0.6	Apr-13
<i>BBgBarc Global Aggregate TR</i>				1.5	4.5	-2.1	0.8	-0.1	0.9	3.7	0.5	Apr-13
Brandywine Global Opportunistic Fixed Income	35,281,959	4.2	100.0	1.6	8.1	3.2	6.9	1.0	3.6	5.9	6.1	Jan-06
<i>BBgBarc Global Aggregate TR</i>				1.5	4.5	-2.1	0.8	-0.1	0.9	3.7	3.9	Jan-06
<i>World Bond MStar MF Median</i>				1.0	4.2	1.5	4.1	0.9	2.6	4.4	4.5	Jan-06
<i>World Bond MStar MF Rank</i>				23	7	24	18	49	24	13	9	Jan-06
High Yield Bonds	37,839,023	4.5	4.5	0.9	4.8	7.7	9.5	3.5	--	--	4.9	Apr-13
<i>BBgBarc US High Yield TR</i>				0.9	4.8	12.5	13.6	4.7	7.3	7.5	5.2	Apr-13
Loomis Sayles Multisector Full Discretion	37,839,023	4.5	100.0	0.9	4.8	7.7	9.5	3.5	6.6	7.0	7.6	Jan-06
<i>BBgBarc US Govt/Credit TR</i>				0.8	2.6	-0.4	1.8	2.6	2.3	4.5	4.4	Jan-06
<i>BBgBarc US High Yield TR</i>				0.9	4.8	12.5	13.6	4.7	7.3	7.5	8.0	Jan-06
<i>Multisector Bond MStar MF Median</i>				0.7	3.5	6.0	7.1	3.0	4.8	5.8	6.0	Jan-06
<i>Multisector Bond MStar MF Rank</i>				27	16	25	20	27	8	4	1	Jan-06

Total Retirement System Aggregate

As of May 31, 2017

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Core Real Estate	15,161,652	1.8	1.8	0.0	2.5	6.6	8.9	10.6	13.7	7.3	7.6	Mar-06
<i>NCREIF ODCE Equal Weighted (net)</i>				0.0	2.0	6.0	8.1	11.2	11.1	4.5	5.4	Mar-06
Sentinel Real Estate Fund	15,161,652	1.8	100.0	0.0	2.5	6.6	8.9	10.6	13.7	7.3	7.5	Mar-06
<i>NCREIF ODCE Equal Weighted (net)</i>				0.0	2.0	6.0	8.1	11.2	11.1	4.5	5.4	Mar-06
Natural Resources	42,733,280	5.1	5.1	0.0	0.0	-0.6	-8.9	-2.9	--	--	-1.1	Apr-13
<i>S&P Global Natural Resources Index TR USD</i>				-0.4	1.9	15.3	17.8	-3.6	1.7	-0.1	-0.8	Apr-13
Resource Environmental Solutions	36,882,376	4.4	86.3									
Timbervest Crossover Partners II	5,850,904	0.7	13.7									
Private Debt	37,683,341	4.5	4.5	0.0	3.3	6.4	7.7	6.0	--	--	7.3	Apr-13
<i>BBgBarc High Yield+2%</i>				1.0	5.6	14.6	15.8	6.8	9.4	9.6	7.3	Apr-13
Republic Business Credit	19,000,000	2.3	50.4									
BlueBay Direct Lending Fund II, L.P.	17,087,351	2.0	45.3									
Franchise Equity Capital Partners III	1,266,428	0.2	3.4									
Franchise Equity Capital Partners II	329,562	0.0	0.9									
Private Equity	30,554,955	3.6	3.6	0.0	-0.7	11.0	11.7	-5.2	-6.0	--	-0.6	Feb-08
<i>S&P 500 +3%</i>				1.7	10.0	20.3	20.9	13.4	18.8	10.1	11.8	Feb-08
Capital Spring Finance Company	13,250,835	1.6	43.4									
Compass Island Investment Opportunities Fund A	5,588,359	0.7	18.3									
Greenspring Crossover Ventures I	2,796,751	0.3	9.2									
Whalehaven Fund Limited	5,000,000	0.6	16.4									
Louisiana Fund I	1,973,294	0.2	6.5									

Total Retirement System Aggregate

As of May 31, 2017

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Louisiana Fund II	1,099,980	0.1	3.6									
Capital Spring, LLC	845,736	0.1	2.8									
Hedge Funds	12,781,866	1.5	1.5	-0.1	-0.2	2.9	2.4	-1.2	2.6	1.5	2.4	Mar-06
<i>HFRI Fund of Funds Composite Index</i>				0.3	3.3	6.5	6.0	1.9	3.8	0.9	1.9	Mar-06
Scoggin Worldwide Distressed Fund	7,632,472	0.9	59.7	-0.2	-7.9	-3.5	-0.2	-2.3	2.5	4.2	5.4	Mar-06
<i>HFRI Event-Driven (Total) Index</i>				0.2	3.6	12.1	12.0	2.7	6.0	3.6	4.7	Mar-06
<i>HFRI ED: Distressed/Restructuring Index</i>				-0.7	2.8	14.4	14.7	1.0	5.6	3.4	4.6	Mar-06
<i>BBgBarc US High Yield TR</i>				0.9	4.8	12.5	13.6	4.7	7.3	7.5	7.9	Mar-06
GoldenTree Offshore Fund, Ltd.	5,149,394	0.6	40.3									
Non-Core Real Estate	11,049,456	1.3	1.3	0.0	-1.7	-1.2	-15.1	-3.0	3.2	0.4	1.5	Feb-06
<i>NCREIF Property (1-quarter lagged)</i>				0.0	1.7	5.6	8.0	11.0	10.9	6.9	8.1	Feb-06
Bedico Creek Preserve	8,051,728	1.0	72.9									
Gainesville Vision	2,908,800	0.3	26.3									
Americus Real Estate Fund II	88,928	0.0	0.8									
Cash	569,635	0.1	0.1									

Disclaimer, Glossary, and Notes

Footnote Appendix

- Item 1. Fiscal year begins July 1.
- Item 2. All returns are presented net of management fees.
- Item 3. As of February 1, 2016 the policy benchmark performance is 50% equities (represented by 28% Russell 3000 index, 12% FTSE All World (ex. U.S.) index, 10% MSCI EM index), 35% public fixed income (represented by performance of Barclays Universal) and 15% alternatives (represented by 4% NCREIF Property Index, 3% S&P Global Natural Resources index, 3% Barclays High Yield + 2% index, 2% S&P 500 +3% index, 3% S&P Global Infrastructure index). Prior to February 1, 2016 the policy benchmark performance is 50% equities (represented by 26% Russell 3000 index, 12% MSCI EAFE index, 12% MSCI EM index), 15% public fixed income (represented by performance of Barclays Universal) and 35% alternatives (represented by 7% HFRI Fund WC, 7% NCREIF Property Index, 7% S&P Global Natural Resources index, 7% Barclays High Yield index, 7% S&P 500 +3% index).
- Item 4. Unless otherwise noted the market values for non-public market assets are based on most recent available data from each manager adjusted for subsequent cash flows (where applicable) through the performance date of this report.
- Item 5. The following investments market values are based on the most recent MERS plan level audit valuations prepared by the System's auditor (adjusted for subsequent cash flows where applicable): Resource Environmental Solutions, Republic Business Credit, Capital Springs Finance Company, Whalehaven Fund Limited, Gainesville Vision and Bedico Creek Preserve.
- Item 6. Hedge fund investments are in liquidation. The Scoggin investment expects to send the majority of the remaining investment in July 2017, with the audit hold back in spring of 2018. The only investments remaining in the GoldenTree Offshore fund are three side-pocket asset pools with limited liquidity.