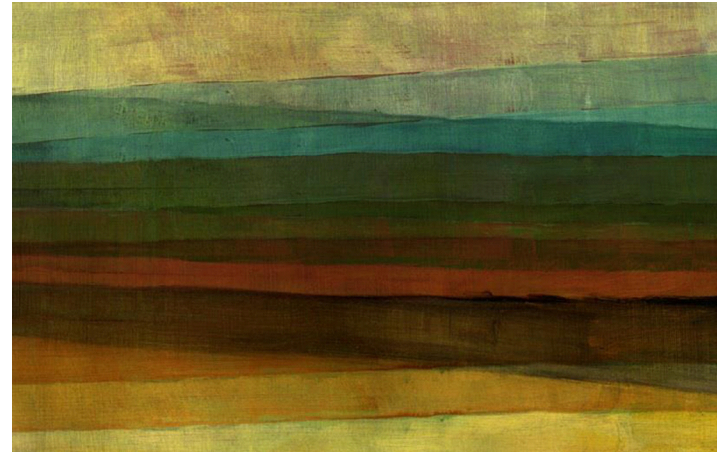


# ITEM 13

County of Fresno  
457 DC Plan

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Quarterly Report - December 31, 2015



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# Quarterly Market Commentary and Outlook, December 31, 2015

## Quarter in Review and Glance Ahead

Fourth quarter and annual 2015 equity performances exemplified last year's diversity among various regions and asset classes. On the domestic, large-cap side, Q4 produced gains which more than offset weakness in the third quarter. For smaller-capped stocks and most bellwether foreign markets, however, it was a disappointing year earmarked by choppy economic results and geopolitical turmoil. Overall, it would be fair to classify 2015 as another 'flight to quality' year.

The S&P 500 index rose +7.0% in the fourth quarter and +1.4% for the year, led by stronger gains in October following the August-September pullback. Large-cap Growth stocks materially outperformed, rising +5.7% on the year, while Value stocks declined -3.8%. Much was written about the FANG stocks, without whose average +80% performance the S&P 500 would have been negative by more than -5%. Facebook, Amazon, Netflix and Google (actually its Alphabet offshoot) led the board last year, with lofty valuations in some cases more than 100x the market earnings multiple.

Mid- and small-caps also ran along similar style lines, despite the lack of mega-cap winners. Mid-cap Value fell -4.8% while Growth gained +4.1% (index fell -2.4%). Small-cap Value fell -5.7% while Growth fell -1.4% (index down -4.4%).

Economic sector performance ran the gamut. Leaders included Consumer Discretionary (+10.1%), Health Care (+6.9%), Consumer Staples (+6.6%) and Information Technology (+5.9%), while laggards included the much-maligned Energy (-21.1%), Materials (-8.4%), Utilities (-4.9%) and Industrials (-2.5%). Energy is currently the most-watched sector, given crude oil's drop from \$110 to \$31 and past cycles with strong, reversion-to-the-mean upswings.

Among all major, foreign indexes, the S&P 500 was one of three indexes to produce a positive return in 2015. Japan was +9.9% and France eked out a +0.8% gain. The Eurozone index was off -2.3%, with Germany off -1.3% and Spain -15.4%. Non-Eurozone United Kingdom fell -7.5%, India -6.1%, China -7.6%, Australia -9.8%, Mexico -14.2% and Brazil -41.2%. Emerging market economies with heavy exposure to commodities were especially prone to weakness, as the CRB commodity index (~80% non-oil) fell -25% on the year.

Two major influences in Q4 and 2015 were the first Fed Funds rate hike by the FOMC and the failure of China to resume faster economic growth. All are aware of the hawkish false starts we've endured from the Fed since 2014, but last year's employment data was apparently enough to get leadership off the dime and start the move off 0%. Seven years at 0% nominal and -1% to -2% negative real interest rates was long enough, and certainly longer than at any previous time in U.S. market history. Chairwoman Yellen and her compatriots in the FOMC appear more confident in America's ability to grow despite challenges with some trading partners, but recent bond and equity market volatility tell a different story.

Much hope had been placed in China's potential for a second-half 'hockey stick' of growth above +7%. At that level, according to prior government missives, import and export growth is sufficient to keep employment gains stable and supportive of real estate values. Unfortunately, China is expected to grow at between 6.5%-6.8% for the next several years, which is a far cry from its average, +10.5% GDP growth rate for the past decade (2000-2010). It declined below +8% growth in 2013 and has not yet regained that pace.

## 2016 prospects perhaps better than feared

This year could reveal a healthier environment overall, given the potential benefit related to several important inputs. First, a mitigation in U.S. Dollar gains, and second, the extent to which many regions/sectors/stocks have already corrected.

The dollar impact was severe in 2015, but much of that is tapering off this year. The dollar index (primarily the Euro, Yen and Pound) rose more than +20% between Q1 of 2014 and Q1 of 2015, meaning that the bulk of that negative currency translation for U.S. multinationals had to occur during calendar 2015. So far YTD, the dollar index is close to flat, and approximates the high point of March 2015. In other words, domestic companies doing business with our major, developed trading partners should see minimal currency impact this year. The outlier remains China, as it has undertaken to devalue its Yuan in an effort to revitalize exports. We would not mind some help from China (30% of the growth in global GDP) at the expense of a relatively stronger dollar.

When just a few stocks carry index performance, it is said to be a 'narrow' market. Following FANG's parabolic rise last year, it is unlikely we'll see a repeat of their index dominance. But instead of seeing a broadly extended equity market heading into a new year, we actually have only 25% of S&P 500 constituents trading above their 200-day moving averages. Given that that percentage was north of 60% in November and was above 70% for most of 2015, a healthy portion of valuation and momentum excess has already been sifted out of the market.

As for interest rates and the Fed, a best-case scenario may be that Yellen is right on domestic strength, Europe maintains its gradual trajectory of growth, and China gets the second-half lift it's been striving for. Central banks globally remain very accommodating, using a combination of low policy rates, open market trading and other stimulus measures to foster liquidity and expansion. At present, world GDP growth is expected to run at +3.5% in 2016 following +3.3% in 2015. If proven to be true – at least in direction – the Fed would be following suit of past cycle by raising into strength (albeit several years later).

## Remember the Context of Long-Term Cycles

As before, we believe it important to remain mindful of current conditions in the context of this cycle's healthy returns. We are entering our 8th year of economic and market expansion. In terms of equity returns, the S&P 500

index had risen over +212% between the cyclical low in March of 2009 and May of last year. This gain compares to +240% from 1994 to 2000, and +102% from 2002 to 2007.

From a long-term technical perspective, we remain extended despite the recent pullback. Extended valuations have improved (forward P/E from 17x to 15x), but y-o-y EPS expectations are -5% for the fourth quarter and +8% for 2016 – and we will need to see the S&P 500 return to that range of growth in order to justify higher prices.

Our best sense remains that we are more likely to be in the midst of a mid-cycle breather than at the end of a cycle. Indeed, China needs to get back over +7% GDP growth in order to maintain lofty employment and development objectives. Europe needs to keep progressing with the help of its own quantitative easing activities. The U.S. needs to earn its valuations, and be right on its new, hawkish stance.

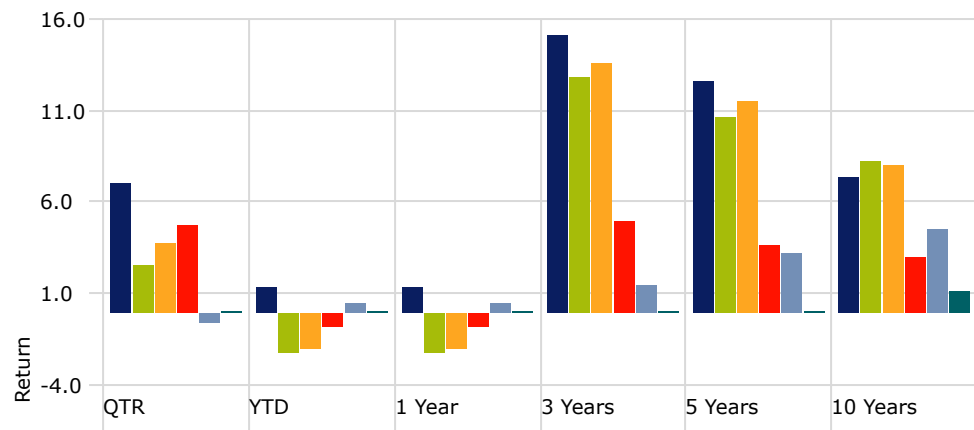
Thank you for the opportunity to be of service,  
Heintzberger | Payne Advisors  
December 31, 2015

*Past performance is no guarantee of future results. This article has been distributed for educational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. Opinions are subject to change without notice. Heintzberger | Payne Advisors © 2016*

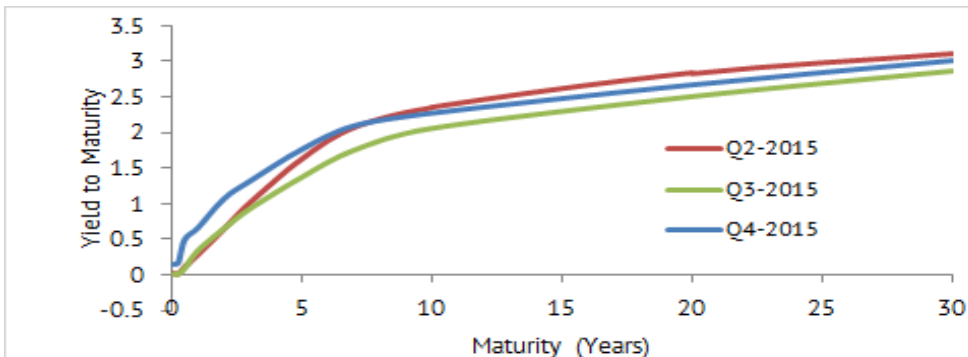
# Market Performance Summary

As of 12/31/2015

## Trailing Returns



	QTR	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500	7.04	1.38	1.38	15.13	12.57	7.31
S&P MidCap 400	2.60	-2.18	-2.18	12.76	10.68	8.18
S&P SmallCap 600	3.72	-1.97	-1.97	13.57	11.48	8.01
MSCI EAFE	4.71	-0.81	-0.81	5.01	3.60	3.03
Barclays US Agg Bond	-0.57	0.55	0.55	1.44	3.25	4.51
Citi TBill 3Mo	0.01	0.03	0.03	0.04	0.05	1.17



Date	3 Month	1 Year	3 Year	5 Year	10 Year	30 Year
Q2-2015	0.01	0.28	1.01	1.63	2.35	3.11
Q3-2015	0.00	0.33	0.92	1.37	2.06	2.87
Q4-2015	0.16	0.65	1.31	1.76	2.27	3.01

## Market Overview

### Trailing Quarter

Fourth quarter and annual 2015 equity performances exemplified last year's diversity among various regions and asset classes. Overall, it would be fair to classify 2015 as another 'flight to quality' year. US large cap stocks closed with a gain of +7.04%, US mid cap stocks rose +2.60%, and US small cap stocks were up +3.72%. Foreign stocks, as represented by the MSCI EAFE Index, experienced similar gains, returning +4.71% for the quarter. Bonds on the other hand were the sole loser over the quarter, down -0.57%. Cash continued to post a negligible yield.

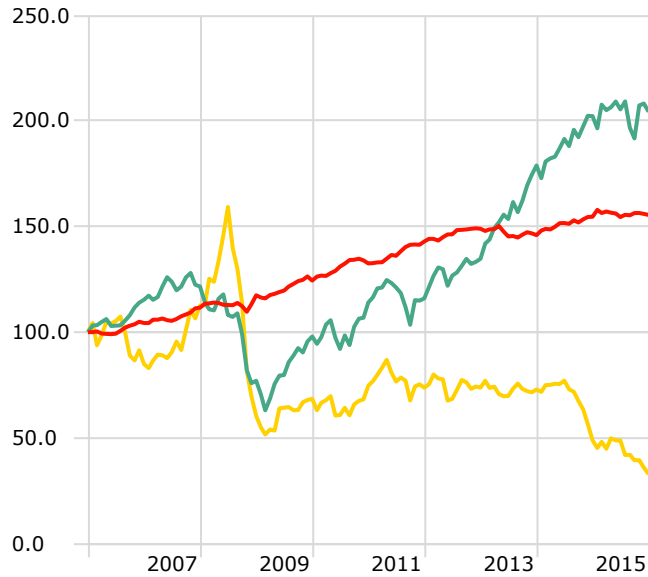
### Fixed Income Insights

Bonds, as measured by the Barclays US Aggregate Bond Index, dropped -0.6% in the fourth quarter and was +0.6% for the year. The parallel global bond index was down -1.3% and -6.0%, again highlighting the flight to quality (U.S.) U.S. Treasuries were up -0.9% and +0.8% for the quarter and year, while Agencies were -0.9% and +0.9%, Municipals +1.5% and +3.3%, investment-grade corporates -0.6% and -0.7%, and high-yield corporates -2.2% and -4.6%.

Returns favored domestic, government and insured issues, with munis outperforming the lot. Outside of tax-free bonds, return distributions again favored shorter-duration bonds not issued by corporations (correctly perceived as higher risk).

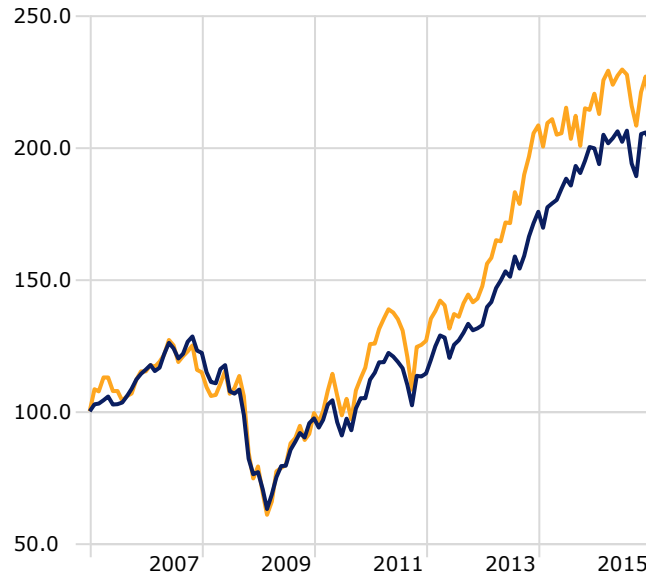
Same story, new quarter: the flight to quality environment lingers among bonds, especially now that global growth concerns are in the cross-hairs and China is openly engaged in currency devaluation. If global growth and emerging currencies weaken, more value is placed on U.S. currency and debt, especially given the strong yield advantage available in benchmark, 10-year bonds.

### Stocks vs. Bonds vs. Commodities



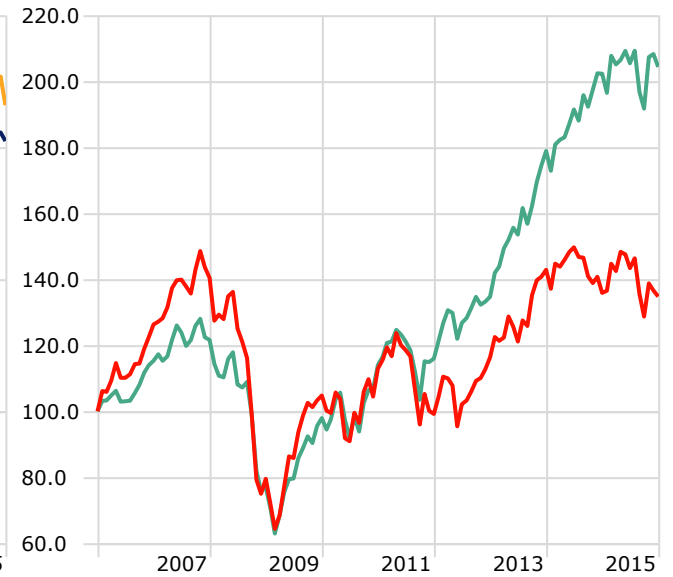
Barclays US Agg Bond S&P 1500 S&P GSCI

### Large Cap vs. Small Cap



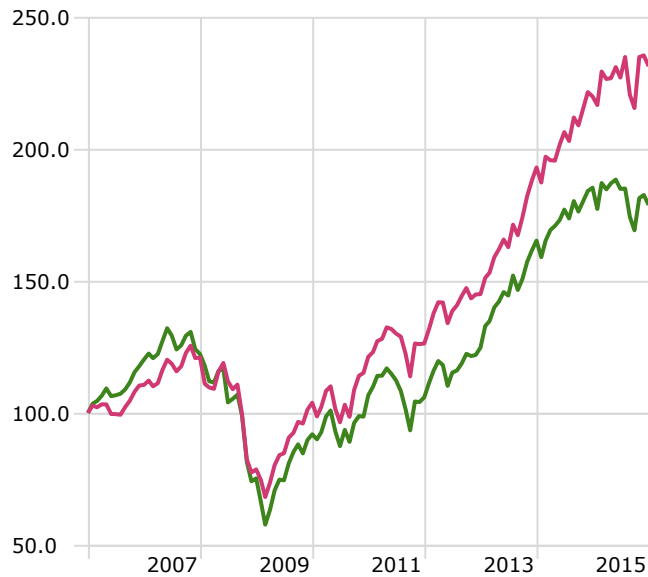
S&P 500 S&P SmallCap 600

### Domestic vs. International



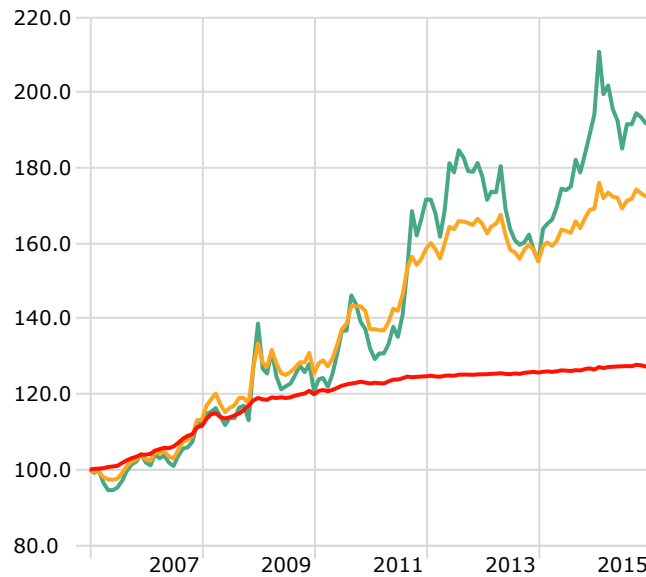
MSCI EAFE S&P 1500

### Growth vs. Value



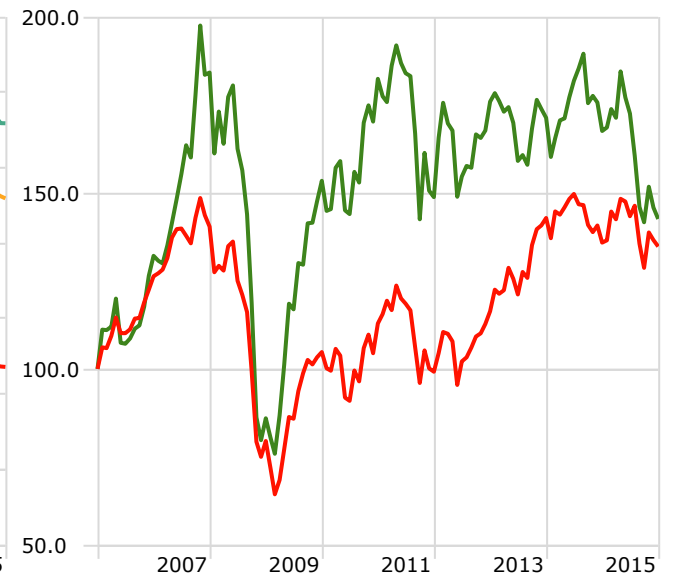
S&P 1500 Growth S&P 1500 Value

### Fixed Income: Long vs. Short Duration



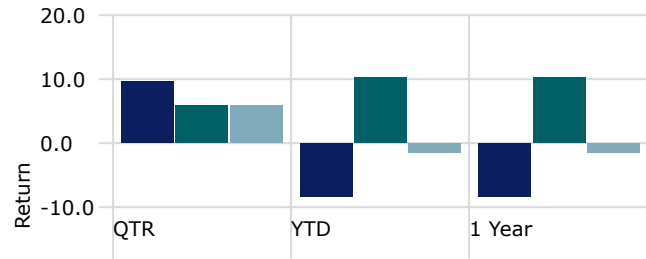
Barclays US Treasury 1-3 Yr Barclays US Treasury 7-10 Yr Barclays US Treasury Long

### Developed vs. Emerging



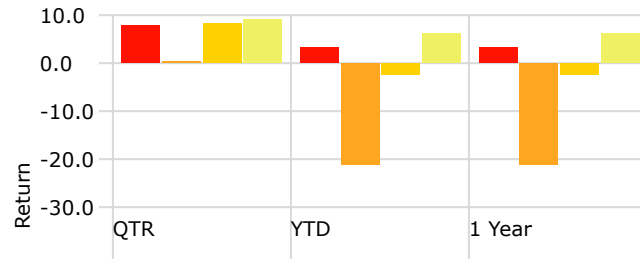
MSCI EAFE MSCI EM

### S&P 500 Sector: Large-Cyclical



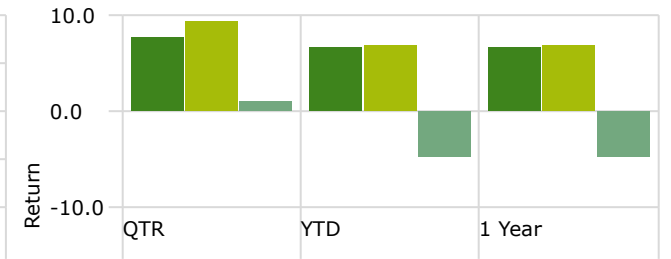
	QTR	YTD	1 Year
Materials	9.69	-8.38	-8.38
Consumer Discr.	5.79	10.11	10.11
Financials	5.96	-1.53	-1.53

### S&P 500 Sector: Large-Sensitive



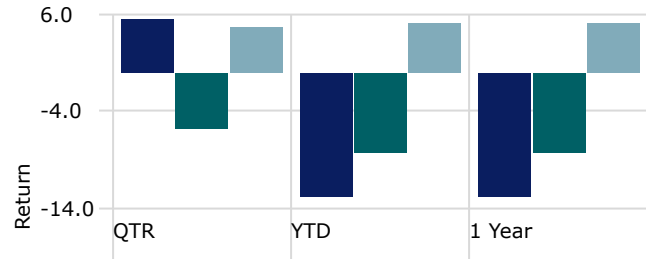
	QTR	YTD	1 Year
Telecom	7.61	3.40	3.40
Energy	0.20	-21.12	-21.12
Industrials	8.00	-2.53	-2.53
Technology	9.17	5.92	5.92

### S&P 500 Sector: Large-Defensive



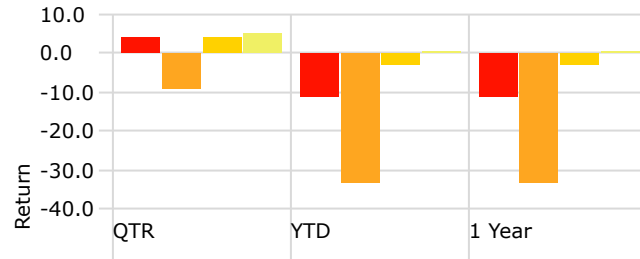
	QTR	YTD	1 Year
Consumer Staples	7.64	6.60	6.60
Health Care	9.22	6.89	6.89
Utilities	1.07	-4.85	-4.85

### S&P 400 Sector: Mid-Cyclical



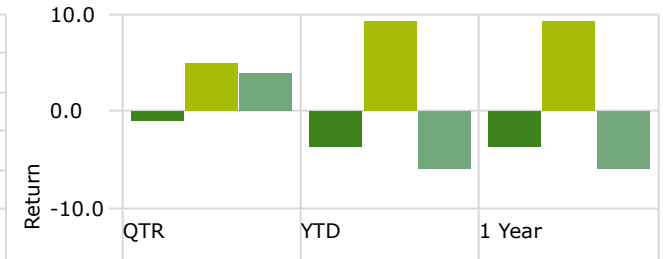
	QTR	YTD	1 Year
Materials	5.46	-12.74	-12.74
Consumer Discr.	-5.79	-8.17	-8.17
Financials	4.66	5.13	5.13

### S&P 400 Sector: Mid-Sensitive



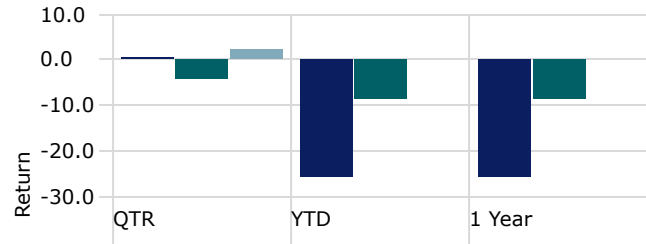
	QTR	YTD	1 Year
Telecom	4.28	-11.09	-11.09
Energy	-9.14	-33.01	-33.01
Industrials	4.33	-3.13	-3.13
Technology	5.17	0.61	0.61

### S&P 400 Sector: Mid-Defensive



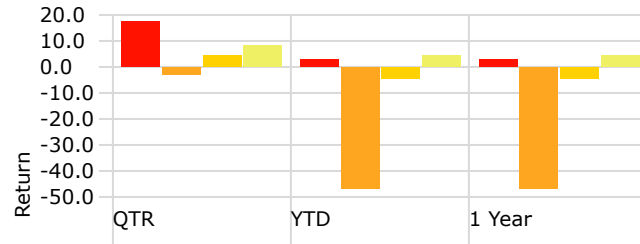
	QTR	YTD	1 Year
Consumer Staples	-0.89	-3.57	-3.57
Health Care	5.00	9.22	9.22
Utilities	3.98	-5.94	-5.94

### S&P 600 Sector: Small-Cyclical



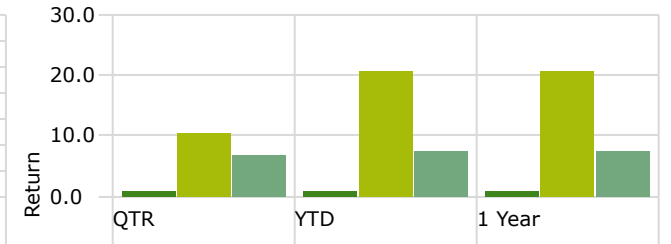
	QTR	YTD	1 Year
Materials	0.53	-25.64	-25.64
Consumer Discr.	-4.05	-8.74	-8.74
Financials	2.28	0.36	0.36

### S&P 600 Sector: Small-Sensitive



	QTR	YTD	1 Year
Telecom	17.06	2.45	2.45
Energy	-3.35	-47.27	-47.27
Industrials	4.25	-5.28	-5.28
Technology	8.13	4.65	4.65

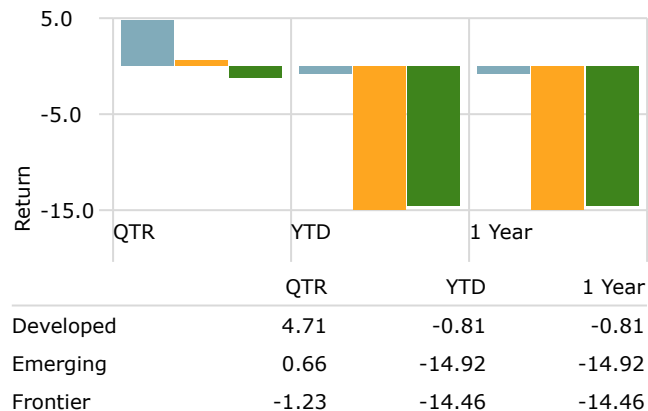
### S&P 600 Sector: Small-Defensive



	QTR	YTD	1 Year
Consumer Staples	0.85	0.72	0.72
Health Care	10.56	20.73	20.73
Utilities	6.92	7.50	7.50

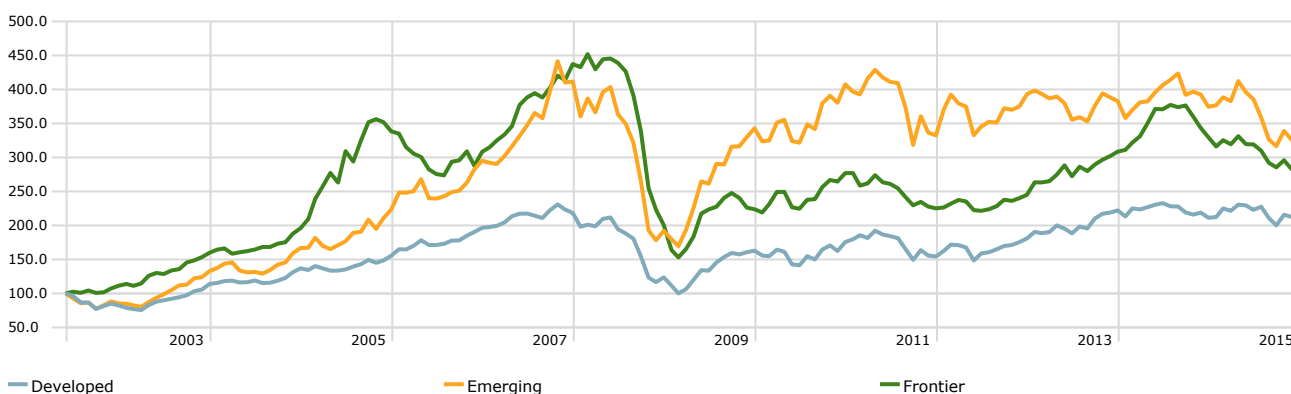


## Developed, Emerging, and Frontier Markets

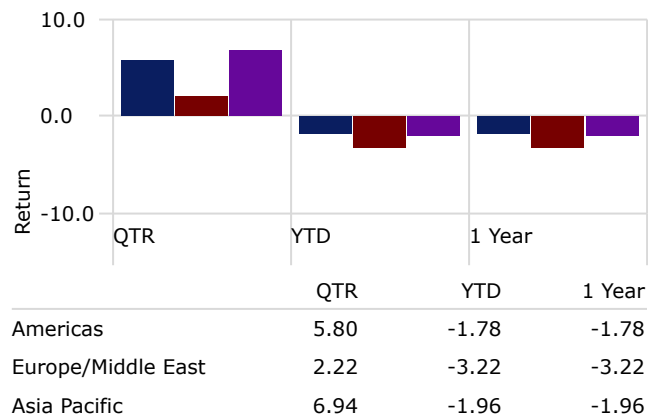


## Developed, Emerging, and Frontier Markets - Long Term Performance

Time Period: 6/1/2002 to 12/31/2015

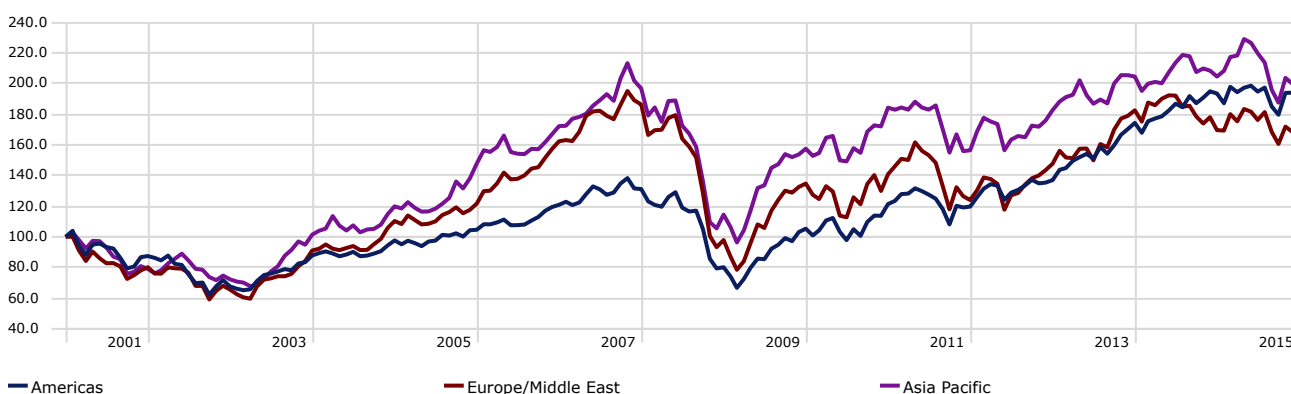


## Regional Comparison

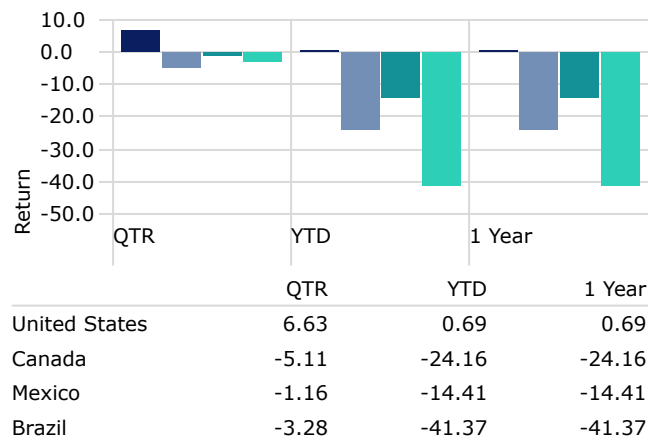


## Regional Comparison - Long Term Performance

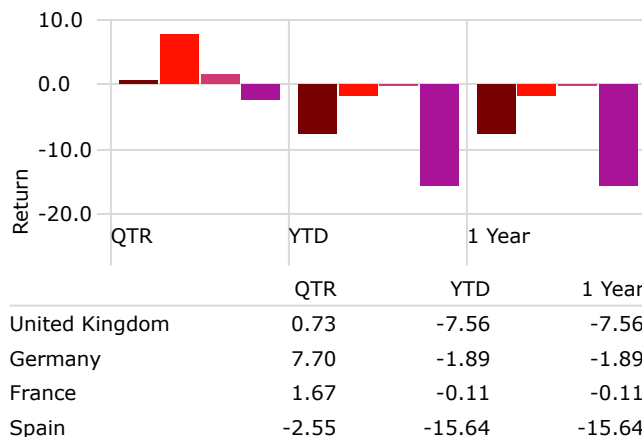
Time Period: 1/1/2001 to 12/31/2015



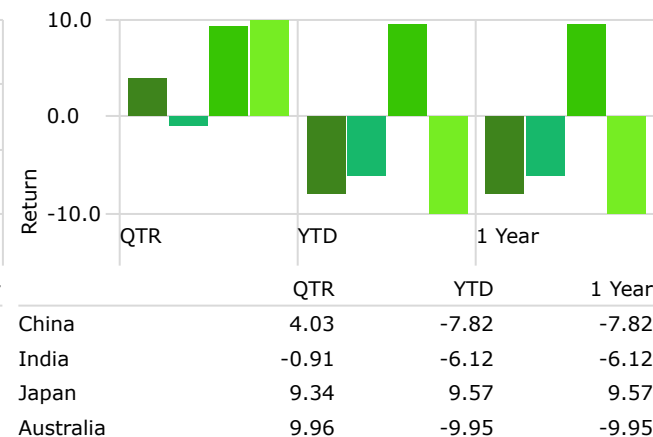
## Selected Countries - Americas



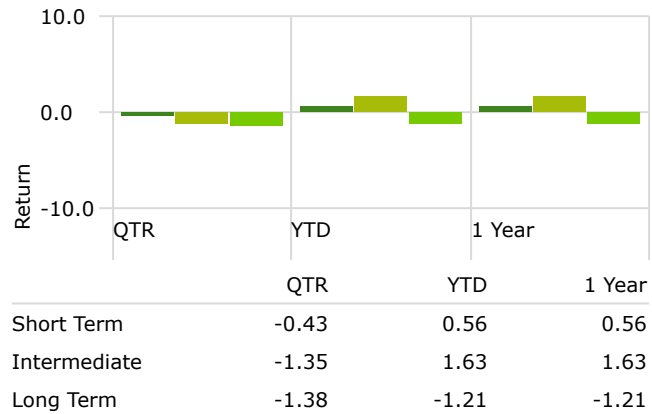
## Selected Countries - Europe/Middle East



## Selected Countries - Asia Pacific

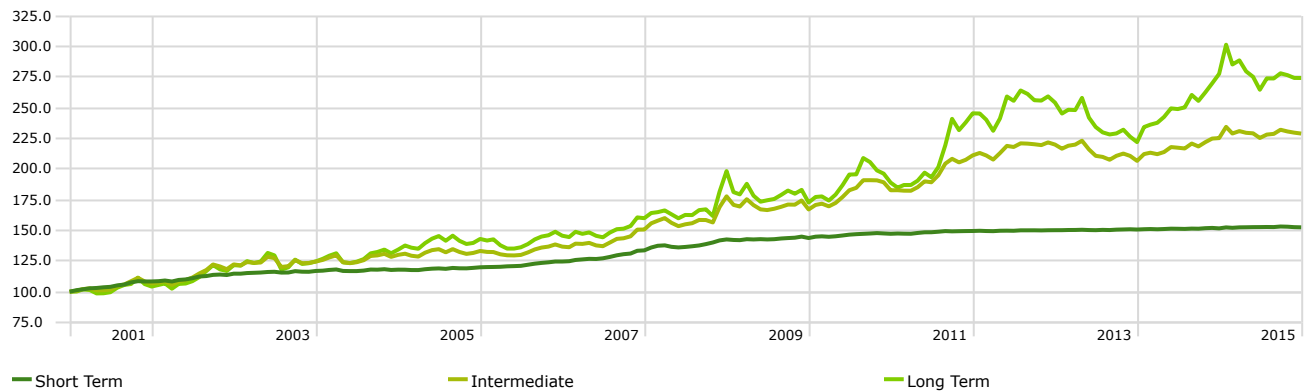


## US Treasuries

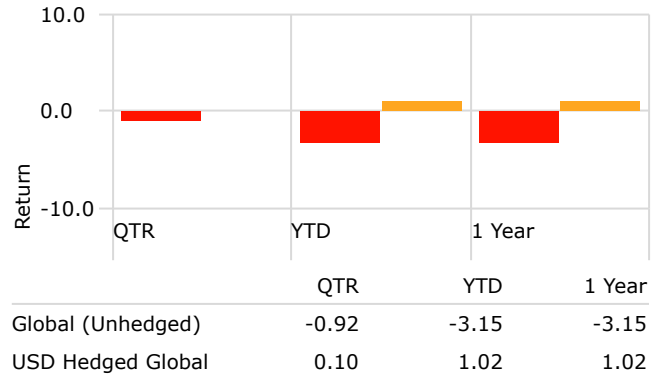


## US Treasuries - Long Term Performance

Time Period: 1/1/2001 to 12/31/2015

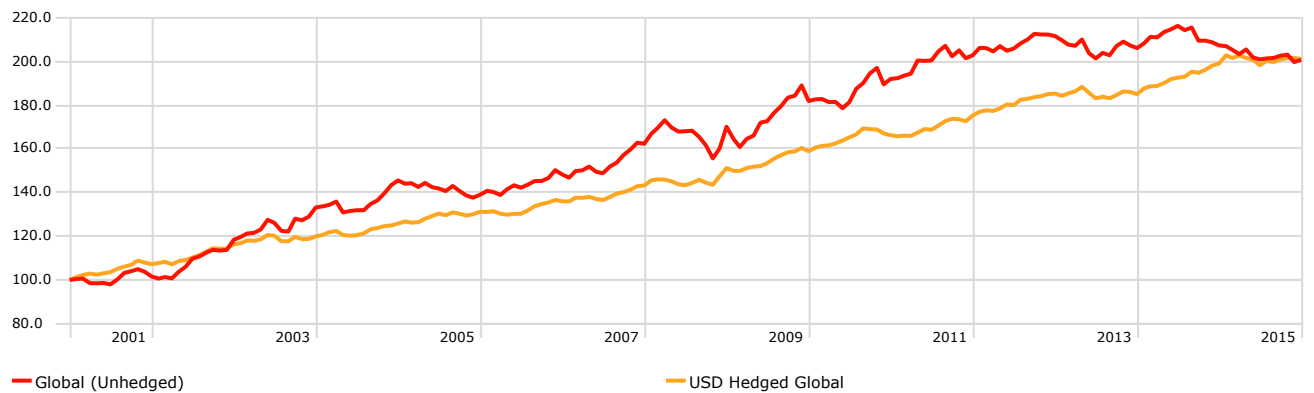


## Global Hedged vs. Unhedged

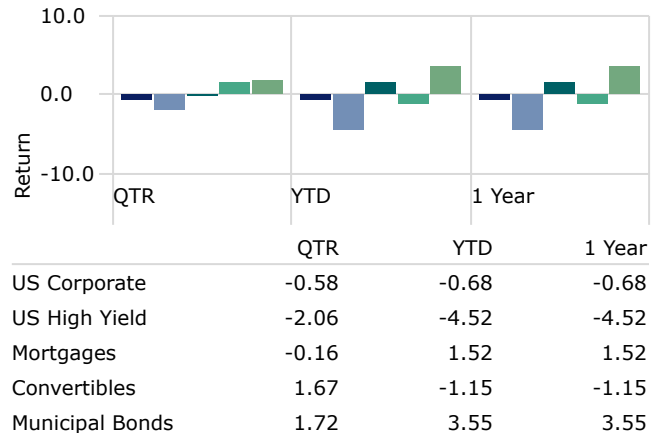


## Global Hedged vs. Unhedged - Long Term Performance

Time Period: 1/1/2001 to 12/31/2015

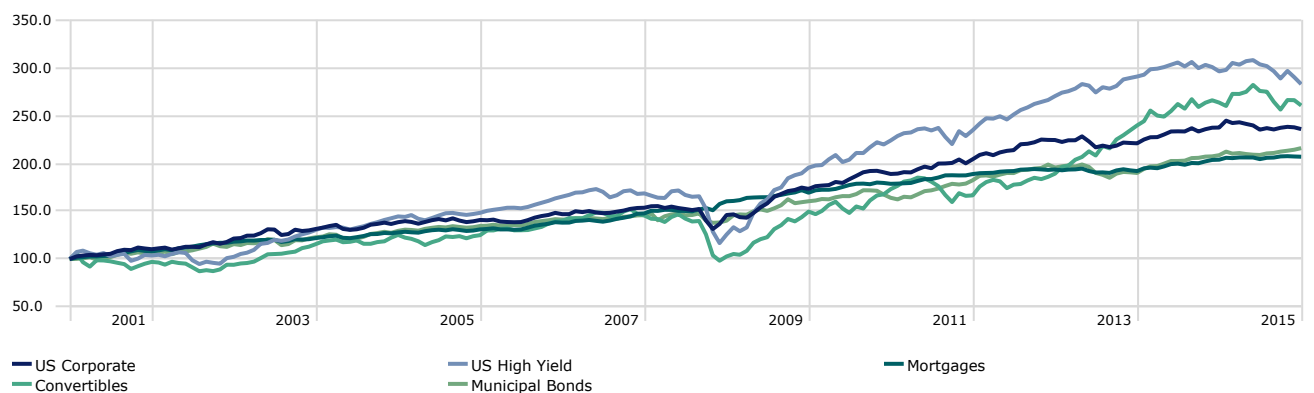


## Selected Fixed Income Sectors



## Selected Fixed Income Sectors - Long Term Performance

Time Period: 1/1/2001 to 12/31/2015





# County of Fresno 457 DC Plan

## Executive Summary

### Legislative Updates

#### New Social Security Legislation Signed into Law

- New Social Security legislation was signed into law on November 2, 2015
- Two Social Security claiming strategies are being eliminated
  - File and Suspend
    - This claiming strategy (*individual can file and suspend payment and also retain the right to receive a lump-sum payment of suspended benefits*) will no longer be available after May 1, 2016 except for individuals at FRA that have filed and suspended by May 1, 2016
  - Restricted Application
    - This claiming strategy is no longer available for individuals who turn 62 in 2016 or later (*individuals can file a “restricted application” for spousal benefits once they reach FRA versus having to claim all benefits upon filing*)
- Individuals currently receiving benefits under these strategies will not be impacted
- Due to the elimination of the file-and-suspend and restricted application claiming strategies, HPA is encouraging its clients to revisit their retirement income plans as necessary

#### Federal Open Market Committee (FOMC) Actions

- For the first time in almost 10 years, The FOMC raised their target for the federal funds rate 0.25% higher to a range of 0.25% to 0.50%
- Along with the rate increase, the Fed also added the word “gradual” to their policy statement in describing the pace at which hikes would most likely occur going forward
- The Fed meets again at the end of January and the market is placing very low odds on a second hike at this meeting

#### IRS Announces 2016 Retirement Plan Contribution Limits

- On October 21, the IRS announced the annual adjustments to the contribution and benefit limitations under qualified plans for 2016
  - The employee deferral contribution limit for 401(k), 403(b), and most 457 plans remains unchanged at \$18,000
  - The catch-up contribution limit for employees age 50 and over also remains unchanged at \$6,000
  - The defined contribution plan limitation under Code section 415(b) remains \$210,000

- The limit on annual compensation that can be taken into account pursuant to Code section 401(a)(17) remains \$265,000
- The limitation in the definition of highly compensated employee remains \$120,000
- The annual and catch-up contribution limits for IRAs remain unchanged at \$5,500 and \$1,000, respectively

### Pending Action Items

#### Stable Value Review

#### NAGDCA Summary

#### Nationwide Review

- Annual Nationwide service agreement review, Q2 2016

### Completed Action Items

#### Fiduciary Education

#### Education Campaign

- Joint effort between Nationwide, Fresno County, and HPA

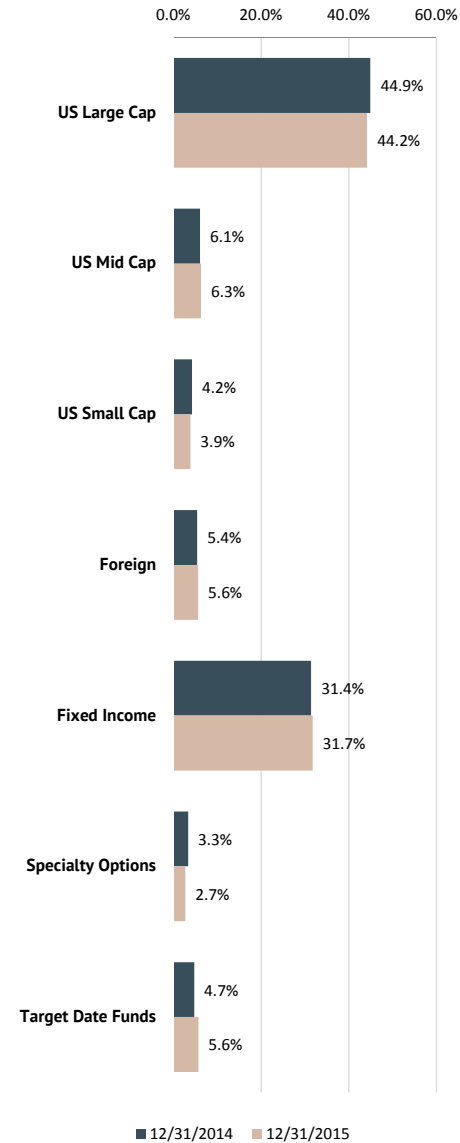
#### Fund Changes



# Summary of County of Fresno 457 DC Plan - Trailing Year

Data as of 12/31/2015

Asset Class	Ticker	%	12/31/2014	Net Increases/Decreases	12/31/2015	%
<b>US Large Cap</b>		<b>44.9%</b>	<b>\$92,764,506</b>	<b>(3,051,393)</b>	<b>\$89,713,113</b>	<b>44.2%</b>
Alger Spectra Z	ASPZX	0.0%	0	40,486,472	40,486,472	19.9%
Alger Spectra I	ASPIX	19.5%	40,359,970	(40,359,970)	0	0.0%
Columbia Dividend Income Y	CDDYX	0.0%	0	9,739,333	9,739,333	4.8%
Columbia Dividend Income Z	GSFTX	5.2%	10,652,574	(10,652,574)	0	0.0%
BlackRock Equity Index - Collective F2	02CFF1	20.2%	41,751,962	(2,264,654)	39,487,308	19.5%
<b>US Mid Cap</b>		<b>6.1%</b>	<b>\$12,493,948</b>	<b>249,985</b>	<b>\$12,743,933</b>	<b>6.3%</b>
Perkins Mid Cap Value T	JMCVX	2.9%	6,044,045	(6,044,045)	0	0.0%
Hennessy Focus Fund	HFCIX	2.3%	4,648,033	1,340,450	5,988,483	3.0%
BlackRock Mid Cap Index - Collective F	03CFF2	0.9%	1,801,870	4,953,580	6,755,449	3.3%
<b>US Small Cap</b>		<b>4.2%</b>	<b>\$8,703,052</b>	<b>(864,299)</b>	<b>\$7,838,752</b>	<b>3.9%</b>
Nicholas Limited Edition I	NCLEX	0.0%	0	5,182,405	5,182,405	2.6%
Nicholas Limited Edition N	NNLEX	2.9%	5,899,770	(5,899,770)	0	0.0%
Perkins Small Cap Value N	JDSNX	0.0%	0	586,968	586,968	0.3%
Perkins Small Cap Value I	JSCOX	0.2%	449,348	(449,348)	0	0.0%
BlackRock Russell 200 Index - Collective F	03CFF3	1.1%	2,353,934	(284,555)	2,069,379	1.0%
<b>Foreign</b>		<b>5.4%</b>	<b>\$11,184,995</b>	<b>189,894</b>	<b>\$11,374,889</b>	<b>5.6%</b>
Ivy International Core Equity R6	IINCX	0.0%	0	9,613,545	9,613,545	4.7%
Ivy International Core Equity Y	IVVYX	3.9%	8,048,805	(8,048,805)	0	0.0%
MainStay International Equity I	MSIIX	1.2%	2,424,350	(2,424,350)	0	0.0%
Oppenheimer Developing Markets I	ODVIX	0.0%	0	374,639	374,639	0.2%
Oppenheimer Developing Markets Y	ODVYX	0.1%	251,127	(251,127)	0	0.0%
BlackRock EAFE Equity Index - Collective F	10CFF5	0.2%	337,213	1,049,493	1,386,705	0.7%
First Eagle Overseas A	SGOVX	0.1%	123,500	(123,500)	0	0.0%
<b>Fixed Income</b>		<b>31.4%</b>	<b>\$64,789,217</b>	<b>(417,735)</b>	<b>\$64,371,482</b>	<b>31.7%</b>
RidgeWorth Seix Total Return Bond IS	SAMZX	0.0%	0	2,739,645	2,739,645	1.3%
RidgeWorth Total Return Bond R	SCBLX	1.2%	2,512,798	(2,512,798)	0	0.0%
Sentinel Government Securities A	SEGSX	0.4%	840,550	(840,550)	0	0.0%
BlackRock US Debt Index Fund - Coll F	04CFF4	0.1%	182,815	1,715,423	1,898,238	0.9%
Templeton Global Bond R6	FBNRX	0.0%	0	517,388	517,388	0.3%
Templeton Global Bond Adv	TGBAX	0.1%	147,062	(147,062)	0	0.0%
County of Fresno Stable Value Fund	FRESSV	29.6%	61,105,993	(1,889,782)	59,216,211	29.2%
<b>Specialty Options</b>		<b>3.3%</b>	<b>\$6,825,622</b>	<b>(1,341,909)</b>	<b>\$5,483,713</b>	<b>2.7%</b>
Oakmark Equity & Income I	OAKBX	1.3%	2,785,910	(637,351)	2,148,559	1.1%
Fidelity Advisor Real Estate Income Inst	FRIRX	0.0%	0	993,346	993,346	0.5%
Fidelity Real Estate Income	FRIFX	0.4%	753,289	(753,289)	0	0.0%
Franklin Utilities R6	FUFRX	0.0%	0	2,341,809	2,341,809	1.2%
Franklin Utilities Adv	FRUAX	1.6%	3,286,423	(3,286,423)	0	0.0%
<b>Target Date Funds</b>		<b>4.7%</b>	<b>\$9,710,266</b>	<b>1,750,411</b>	<b>\$11,460,677</b>	<b>5.6%</b>
Great-West Lifetime 2015 Trust II	C15MZR	1.0%	2,063,031	134,553	2,197,585	1.1%
Great-West Lifetime 2025 Trust II	C25MZR	1.5%	3,184,160	920,244	4,104,404	2.0%
Great-West Lifetime 2035 Trust II	C35MZR	0.9%	1,929,490	530,795	2,460,284	1.2%
Great-West Lifetime 2045 Trust II	C45MZR	0.9%	1,825,715	165,311	1,991,026	1.0%
Great-West Lifetime 2055 Trust II	C55MZR	0.3%	707,870	(491)	707,379	0.3%
<b>Total</b>		<b>100%</b>	<b>\$206,471,606</b>	<b>-\$3,485,047</b>	<b>\$202,986,559</b>	<b>100%</b>



# County of Fresno 457 DC Plan

## Investment Summary

For the Period Ending 12/31/2015

### Passively-Managed and Cash Funds

and Cash Funds		EQUITY				FIXED INCOME			Trailing Returns									
		US Stocks																
Investment	Ticker	Lrg	Mid	Sml	Fgn	Bnd	Csh	Oth	Exp	1 Qtr	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	10 Yrs	
BlackRock Equity Index - Collective M	02CFF1	100							0.02	7.05	1.46	1.46	7.41	15.20	15.40	12.63		
BlackRock Mid Cap Index - Collectiv...	03CFF2		100						0.03	2.72	-2.35	-2.35	3.56	12.76	14.01	10.68		
BlackRock Russell 2000 Index Coll M	03CFF3			100					0.03	14.61	5.95	5.95	5.53	15.75	15.96	11.68		
BlackRock EAFE Equity Index Coll T	10CFF5				100				0.10	4.00	-0.58	-0.58	-3.03	4.68	7.99	3.72		
BlackRock US Debt Index Fund Coll W	04CFF4					100			0.04	-0.59	0.85	0.85	3.48	1.68				
Fresno County Stable Value	FRESSV					100			0.50	0.53	2.17	2.17	2.17	2.18	2.29	2.45		

### Actively-Managed Funds

Style	Investment	Ticker	Lrg	Mid	Sml	Fgn	Bnd	Csh	Oth	Exp	1 Qtr	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	10 Yrs
Equity Income	Columbia Div Income Y	CDDYX	88	6		4		2		0.58	7.53	0.84	0.84	6.70	13.63	13.02	11.78	
Large-Cap Growth	Alger II Spectra Z	ASPZX	62	20	6	7		4	1	1.23	10.62	9.36	9.36	10.96	18.60	18.72	14.66	12.62
Utility	Franklin Cust Util R6	FUFRX	55	28	7	7	1	1	1	0.48	0.17	-7.15	-7.15	7.94	9.89	8.81	10.86	
Mix Tgt All Mod	Oakmark Eqty & Inc I	OAKBX	40	18	2	8	13	16	3	0.74	1.55	-4.60	-4.60	1.00	8.22	8.43	6.82	6.62
Multi-Cap Growth	Hennessy Focus Inst	HFCIX	22	48	24			6		1.10	3.50	3.25	3.25	6.84	15.70	16.02	13.50	10.83
Small-Cap Growth	Nicholas Ltd Edition I	NCLEX		29	62	3		6		0.86	4.75	-1.83	-1.83	1.21	11.72	11.43	9.33	8.02
Small-Cap Core	Perkins SC Value N	JDSNX	1	30	62	2		5		0.56	3.14	-2.39	-2.39	2.47	10.91	10.51	7.63	
Emerging Markets	Oppenheimer Dev Mkts I	ODVIX				96		3	1	0.86	4.70	-13.67	-13.67	-9.15	-3.50	2.20	-2.22	6.23
Intl Large-Cap Core	Ivy Intl Core Eqty R6	IINCX	3			87		6	4	0.86	5.26	-0.52	-0.52	0.33	7.83	9.20	4.11	
Core Bond	RidgeWorth Seix TR IS	SAMZX					90	7	3	0.31	-0.60	0.34	0.34	3.39	1.20	2.13	3.61	
Real Estate	Fidelity Adv RE Inc I	FRIRX	4	14	16		58	8		0.77	1.95	1.81	1.81	7.02	6.10	9.16	8.26	
Intl Income	Templeton Gl Bond R6	FBNRX					51	48	1	0.52	2.29	-3.91	-3.91	-1.01	0.10	3.82	2.55	

### Target-Date Funds

Investment	Ticker	Lrg	Mid	Sml	Fgn	Bnd	Csh	Oth	Exp	1 Qtr	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	10 Yrs
Great-West Lifetime 2045 Trust II	C45MZR	30	11	7	29	16	4	3	0.46	3.88	-1.41	-1.41	2.53	8.49	10.43	7.36	
Great-West Lifetime 2035 Trust II	C35MZR	29	11	6	23	23	5	3	0.46	3.35	-1.20	-1.20	1.90	7.50	9.51	6.84	
Great-West Lifetime 2025 Trust II	C25MZR	21	9	5	16	40	7	2	0.46	2.31	-0.98	-0.98	2.89	6.42	8.25	6.33	
Great-West Lifetime 2015 Trust II	C15MZR	15	7	4	10	51	10	3	0.46	1.52	-0.94	-0.94	2.67	4.60	6.35	5.36	
Great-West Lifetime 2055 Trust II	C55MZR	30	11	7	32	13	4	3	0.46	3.86	-1.66	-1.66	2.14	8.06	10.17	7.07	









#### Market Exposure Legend

Lrg:	US Large Cap	Mid:	US Mid Cap	Sml:	US Small Cap	Fgn:	Foreign
Bnd:	Bonds	Csh:	Cash	Oth:	Other		





CALCULATION METHODOLOGY OF OVERALL FUND SCORE 1 (Worst) — 10 (Best)

Factor	Weight	Explanation		Score Calculation	
<b>RETURNS</b> Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)	 40% Overall	<b>Absolute Returns</b> Peer Group Percentile Rankings: 3,5,10 Year Periods		<b>Proportional Score</b> Ranks in the top 75% of Peer Group	<b>No Score</b> Ranks in the bottom 25% of Peer Group
<b>RISK ADJUSTED RETURNS</b> Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)	 20% Overall	<b>Sharpe Ratio</b> Peer Group Percentile Rankings: 3,5,10 Year Periods		<b>Proportional Score</b> Ranks in top 75% of Peer Group	<b>No Score</b> Ranks in bottom 25% of Peer Group
<b>RISK</b> Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)	 30% Overall	 10% Overall	<b>Standard Deviation</b> Peer Group Percentile Rankings: 3,5,10 Year Periods	<b>Proportional Score</b> Ranks in top 75% of Peer Group	<b>No Score</b> Ranks in bottom 25% of Peer Group
		 20% Overall	<b>Upside/Downside Capture</b> Peer Group Percentile Rankings: 3,5,10 Year Periods	<b>Proportional Score</b> Ranks in top 75% of Peer Group	<b>No Score</b> Ranks in bottom 25% of Peer Group
<b>OTHER</b> Fund expense quartile rank Manager tenure is greater than 3 years	 10% Overall	 5% Overall	<b>Expense Ratio</b> For current period	<b>Proportional Score</b> Ranks in top 75% of Peer Group	<b>No Score</b> Ranks in bottom 25% of Peer Group
		 5% Overall	<b>Average Tenure</b> Number of years	<b>Full Score</b> Manager Tenure more than 3 years	<b>No Score</b> Manager Tenure less than 3 years

For peer group rankings, a rank of 1-50 indicates the manager performed favorably and ranked in the top half of its peer group for that metric. For example: when measuring risk, a rank of 1 would mean the manager had a very low standard deviation compared to its peer group, whereas when measuring return, a rank of 1 would mean the manager had a very high return compared to its peer group.

# County of Fresno 457 DC Plan

Summary of Fund Compliance

For the Period Ending 12/31/2015

## Passively-Managed and Cash Funds

Type	Assets %	Fund Name	Ticker
LC Index	19.45%	BlackRock Equity Index - Collective M	02cff1
MC Index	3.33%	BlackRock Mid Cap Index - Collective M	03cff2
SC Index	1.02%	BlackRock Russell 2000 Index Coll M	03cff3
Global	0.68%	BlackRock EAFE Equity Index Coll T	10cff5
Stable Value	29.17%	Fresno County Stable Value	fressv
US Debt	0.94%	BlackRock US Debt Index Fund Coll W	04cff4

## Actively-Managed Funds

Status	Assets %	Fund Name	Ticker	Return (40%)	Risk Adjusted Return (20%)	Risk (30%)	Expense (5%)	Tenure (5%)
Pass	4.80%	Columbia Div Income Y	CDDYX					
Pass	19.95%	Alger II Spectra Z	ASPZX					
Pass	1.15%	Franklin Cust Util R6	FUFRX					
Pass	1.06%	Oakmark Eqty & Inc I	OAKBX					
Pass	2.95%	Hennessy Focus Inst	HFCIX					
Pass	2.55%	Nicholas Ltd Edition I	NCLEX					
Pass	0.29%	Perkins SC Value N	JDSNX					
Pass	0.18%	Oppenheimer Dev Mkts I	ODVIX					
Pass	4.74%	Ivy Intl Core Eqty R6	IINCX					
Pass	1.35%	RidgeWorth Seix TR IS	SAMZX					
Pass	0.49%	Fidelity Adv RE Inc I	FRIRX					
Pass	0.25%	Templeton GL Bond R6	FBNRX					

## Target-Date Funds

Status	Assets %	Fund Name	Ticker	Return (40%)	Risk Adjusted Return (20%)	Risk (30%)	Expense (5%)	Tenure (5%)
Pass	0.98%	Great-West Lifetime 2045 Trust II	c45mzr					
Pass	1.21%	Great-West Lifetime 2035 Trust II	c35mzr					
Pass	2.02%	Great-West Lifetime 2025 Trust II	c25mzr					
Pass	1.08%	Great-West Lifetime 2015 Trust II	c15mzr					
Review	0.35%	Great-West Lifetime 2055 Trust II	c55mzr					

# County of Fresno 457 DC Plan

Fund Compliance Report

For the Periods Ending 12/31/2015

## Passively-Managed and Cash Funds

Type of Fund	Assets %	Ticker	Fund Name	Return vs Peer Group (40%)			Risk Adjusted Return Sharpe (20%)			Standard Deviation			Risk (30%) Up Capture			Down Capture			Other (10%) Expense	Tenure
				3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	Peer Rank %	Avg Yrs
LC Index	19.45%	02cff1	BlackRock Equity Index - Collective M	12	11		9	10		33	32		20	26		23	23		1	5
MC Index	3.33%	03cff2	BlackRock Mid Cap Index - Collective M	29	17		30	20		60	49		20	20		59	43		1	5
SC Index	1.02%	03cff3	BlackRock Russell 2000 Index Coll M	1	3		4	8		64	61		10	11		16	40		1	5
Global	0.68%	10cff5	BlackRock EAFE Equity Index Coll T	9	14		11	15		71	61		16	16		28	35		1	5
able Valu	29.17%	fressv	Fresno County Stable Value	1	1		1	1		94	99		1	1		n/a	n/a		58	6
US Debt	0.94%	04cff4	BlackRock US Debt Index Fund Coll W	6			4			85			10			33			1	5

## Actively-Managed Funds

Overall Fund Score	Assets %	Ticker	Fund Name	Return vs Peer Group (40%)			Risk Adjusted Return Sharpe (20%)			Standard Deviation			Risk (30%) Up Capture			Down Capture			Other (10%) Expense	Tenure
				3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	Peer Rank %	Avg Yrs
9	4.80%	CDDYX	Columbia Div Income Y	5	8		6	7		36	23		13	40		17	17		5	7
8	19.95%	ASPZX	Alger II Spectra Z	12	7	1	5	11	1	39	54	83	33	16	1	5	22	58	64	6
8	1.15%	FUFRX	Franklin Cust Util R6	7	5		9	2		67	31		76	82		3	5		3	11
7	1.06%	OAKBX	Oakmark Eqty & Inc I	11	25	2	26	46	4	91	94	36	10	18	48	48	59	22	17	7
8	2.95%	HFCIX	Hennessy Focus Inst	36	10	1	30	6	2	43	17	58	66	95	46	14	1	6	46	6
6	2.55%	NCLEX	Nicholas Ltd Edition I	65	57	25	34	29	10	9	8	4	86	92	95	20	13	6	11	23
6	0.29%	JDSNX	Perkins SC Value N	53	68		21	36		4	2		81	90		10	6		7	13
8	0.18%	ODVIX	Oppenheimer Dev Mkts I	26	18	5	23	17	9	81	31	24	12	40	41	42	23	19	7	4
9	4.74%	IINCX	Ivy Intl Core Eqty R6	1	6		1	8		15	35		2	31		3	9		26	10
6	1.35%	SAMZX	RidgeWorth Seix TR IS	42	20		43	31		61	83		38	10		44	52		10	6
5	0.49%	FRIRX	Fidelity Adv RE Inc I	91	91		1	1		3	3		96	94		3	4		12	13
7	0.25%	FBNRX	Templeton Gl Bond R6	12	17		11	17		64	92		91	55		14	19		5	9

## Target-Date Funds

Overall Fund Score	Assets %	Ticker	Fund Name	Return vs Peer Group (40%)			Risk Adjusted Return Sharpe (20%)			Standard Deviation			Risk (30%) Up Capture			Down Capture			Other (10%) Expense	Tenure
				3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	3Y	5Y	10Y	Peer Rank %	Avg Yrs
6	0.98%	c45mzr	Great-West Lifetime 2045 Trust II	40	44		44	48		46	59		52	47		42	48		12	7
5	1.21%	c35mzr	Great-West Lifetime 2035 Trust II	50	53		49	54		36	52		66	63		22	51		12	7
6	2.02%	c25mzr	Great-West Lifetime 2025 Trust II	43	47		32	38		31	35		57	61		28	35		13	7
6	1.08%	c15mzr	Great-West Lifetime 2015 Trust II	54	43		36	28		34	32		54	47		56	47		14	7
4	0.35%	c55mzr	Great-West Lifetime 2055 Trust II	66	73		72	67		58	36		73	67		68	52		13	7

All data except for 'Tenure - Average Years' are listed as a peer rank percentage

All Funds remain in compliance with Investment Policy and no action need be taken other than indicated in the Fund Compliance Commentary section of this report.

This report, along with more detailed performance data on Plan Investment Options, was reviewed by the Plan's Trustee and/or Investment Committee.

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Heintzberger   Payne Advisors	Date
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Trustee / Committee Member	Date
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# County of Fresno 457 DC Plan

## Fund Comments

Data as of: 12/31/2015

### BlackRock Equity Index - Collective M (02cff1)

US Large Cap

Fund Type: LC Index

The fund seeks to replicate the performance of U.S. Large Cap Stocks

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
BlackRock Equity Index - Collective M (02cff1)	7.05%	1.46%	15.20%	12.63%	
S&P 500 (1936) TR IX	7.05%	1.41%	15.14%	12.57%	7.31%
Out/(Under) Performing	0.00%	0.05%	0.06%	0.06%	
Peer Group Ranking	20	20	12	11	

### BlackRock Mid Cap Index - Collective M (03cff2)

US Mid Cap

Fund Type: MC Index

The fund seeks to replicate the performance of U.S. Mid Cap Stocks

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
BlackRock Mid Cap Index - Collective M (03cff2)	2.72%	-2.35%	12.76%	10.68%	
S&P 400 TR IX	2.59%	-2.18%	12.75%	10.68%	8.18%
Out/(Under) Performing	0.13%	-0.17%	0.01%	0.00%	
Peer Group Ranking	50	27	29	17	

### BlackRock Russell 2000 Index Coll M (03cff3)

US Small Cap

Fund Type: SC Index

The fund seeks to replicate the performance of U.S. Small Cap Stocks

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
BlackRock Russell 2000 Index Coll M (03cff3)	14.61%	5.95%	15.75%	11.68%	
Russell 2000 TR IX	3.59%	-4.42%	11.65%	9.18%	6.80%
Out/(Under) Performing	11.03%	10.37%	4.10%	2.50%	
Peer Group Ranking	1	1	1	3	

### BlackRock EAFE Equity Index Coll T (10cff5)

Foreign

Fund Type: Global

The fund seeks to replicate performance of Foreign stock represented by the MSCI EAFE Index

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
BlackRock EAFE Equity Index Coll T (10cff5)	4.00%	-0.58%	4.68%	3.72%	
MSCI EAFE ND IX	4.71%	-0.82%	5.02%	3.61%	3.03%
Out/(Under) Performing	-0.70%	0.24%	-0.34%	0.11%	
Peer Group Ranking	12	13	9	14	

### Fresno County Stable Value (fressv)

Bonds

Fund Type: Stable Value

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Fresno County Stable Value (fressv)	0.53%	2.17%	2.18%	2.45%	
Citi US T-Bill 3 M TR IX	0.01%	0.01%	0.02%	0.04%	1.16%
Out/(Under) Performing	0.52%	2.17%	2.16%	2.41%	
Peer Group Ranking	1	1	1	1	

### BlackRock US Debt Index Fund Coll W (04cff4)

Bonds

Fund Type: US Debt

The fund seeks to replicate the performance of the U.S. Bond Market

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
BlackRock US Debt Index Fund Coll W (04cff4)	-0.59%	0.85%	1.68%		
Barclays US Gvt TRIX	-0.92%	0.84%	1.01%	2.77%	4.10%
Out/(Under) Performing	0.33%	0.02%	0.67%		
Peer Group Ranking	25	12	6		

**Columbia Div Income Y (CDDYX)**

US Large Cap

Fund Score: 9 (Status: Pass)

The Fund seeks total return, consisting of current income and capital appreciation. Normally, the Fund invests at least 80% of its net assets in a diversified portfolio of income-producing equity securities, which will consist primarily of common stocks but also may include preferred stocks and convertible securities.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Columbia Div Income Y (CDDYX)	7.53%	0.84%	13.63%	11.78%	
S&P 500 Value TR IX	6.06%	-3.14%	12.83%	10.96%	5.80%
<b>Out/(Under) Performing</b>	<b>1.47%</b>	<b>3.98%</b>	<b>0.81%</b>	<b>0.82%</b>	
<b>Peer Group Ranking</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>8</b>	

**Alger II Spectra Z (ASPZX)**

US Large Cap

Fund Score: 8 (Status: Pass)

The Fund seeks long-term capital appreciation. The Fund invests primarily in the equity securities of companies of any size that it believes demonstrate promising growth potential. The Fund's management believes companies undergoing Positive Dynamic Change offer the best investment opportunities.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Alger II Spectra Z (ASPZX)	10.62%	9.36%	18.60%	14.66%	12.62%
S&P 500 Gr TR IX	7.87%	5.53%	17.20%	14.06%	8.71%
<b>Out/(Under) Performing</b>	<b>2.76%</b>	<b>3.82%</b>	<b>1.40%</b>	<b>0.60%</b>	<b>3.91%</b>
<b>Peer Group Ranking</b>	<b>1</b>	<b>14</b>	<b>12</b>	<b>7</b>	<b>1</b>

The Alger Spectra fund outperformed the Russell 3000 Growth Index by ~150 bps in the fourth quarter of 2015. For the year the fund outperformed the benchmark by ~200 bps. The fund benefited primarily from stock selection in the quarter. In particular, Amazon was a strong contributor within the Consumer Cyclical sector which was the sector where the fund saw its largest outperformance versus the benchmark. Additional contributors to performance were strong stock selection in the Technology sector as well as the Industrials sector. A detractor in the quarter was from the Healthcare sector where HCA Holdings was down ~12.6% in the quarter.

Recently, HPA had a chance to do a due diligence meeting with the Portfolio Managers of the Spectra fund at their headquarters. Fund managers are focused on finding companies that have two key drivers: 1) positioned to benefit from high unit volume growth or 2) product lifecycle changes. They have a firm valuation process that focuses on enterprise value to free cash flow. The managers were opportunistically trimming positions in Q4'15. Following our meeting, we feel comfortable that the fund remains in good standing. The fund continues to score an 8 based on our scoring methodology. The fund ranks in the top quartile of its peer group for both return and risk adjusted return in the trailing three-, five- and ten-year periods.

**Franklin Cust Util R6 (FUFRX)**

Specialty Options

Fund Score: 8 (Status: Pass)

The investment seeks capital appreciation and current income. The fund normally invests at least 80% of its net assets in the securities of public utilities companies. It concentrates (invests more than 25% of its total assets) in companies operating in the utilities industry. The fund invests primarily in equity securities, which consist mainly of common stocks.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Franklin Cust Util R6 (FUFRX)	0.17%	-7.15%	9.89%	10.86%	
MSCI World ND IX	5.49%	-0.89%	9.63%	7.59%	4.98%
Out/(Under) Performing	-5.32%	-6.27%	0.26%	3.27%	
Peer Group Ranking	54	10	7	5	

**Oakmark Eqty & Inc I (OAKBX)**

Specialty Options

Fund Score: 7 (Status: Pass)

The Oakmark Equity & Income Fund is a moderate allocation fund that seeks income, capital preservation and growth. The fund can invest in US and foreign equities, fixed income and cash. It takes a value-oriented approach when selecting equity investments and targets an overall equity allocation of 40-75%, with a cap of 60% on its fixed income allocation.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Oakmark Eqty & Inc I (OAKBX)	1.55%	-4.60%	8.22%	6.82%	6.62%
DJ Moderate IX	2.42%	-1.21%	6.01%	5.87%	5.48%
Out/(Under) Performing	-0.88%	-3.39%	2.21%	0.95%	1.14%
Peer Group Ranking	77	89	11	25	2

The Oakmark Equity & Income Fund underperformed the Dow Jones Moderate Index by ~95 bps in the fourth quarter of 2015. For the full year the fund underperformed the Index by ~360 bps. The biggest detractor to performance was the fact that they didn't own some of the largest names in the Index. They did not find attractive valuations in names such as Facebook, Amazon and Google. Fund managers noted that owning equal amounts of the 10 largest companies of the S&P 500 would have returned ~20% on a calendar year basis. Owning the remaining 490 issues of the S&P 500 would have resulted in a loss of ~3%. Specific contributors to performance in the quarter were names such as GM, Bank of America and Lear. Key detractors were Foot Locker, Baker Hughes and Union Pacific. The fund marked its 20-year anniversary recently. Over that period of time, the fund has delivered ~10% compounded annualized growth. While near term results are lackluster, the fund continues to a score a 7 under our scoring methodology. The fund ranks in the top quartile of its peer group for a three-, five- and ten-year basis.

**Hennessy Focus Inst (HFCIX)**

US Mid Cap

Fund Score: 8 (Status: Pass)

The Hennessy Focus Fund is a concentrated, high conviction, benchmark adverse strategy that invests primarily in mid- and small-cap equity securities. The fund's three-person management team achieved their three-year track record in August 2012, after having worked as analysts with the strategy for an average of a decade each prior to taking over management in August 2009. Hennessy Funds acquired FBR in 2012. The fund will retain the same portfolio managers and the same investment objectives.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Hennessy Focus Inst (HFCIX)	3.50%	3.25%	15.70%	13.50%	10.83%
Russell 3000 Gro TR IX	7.09%	5.09%	16.62%	13.30%	8.49%
Out/(Under) Performing	-3.59%	-1.85%	-0.92%	0.20%	2.34%
Peer Group Ranking	86	44	36	10	1

**Nicholas Ltd Edition I (NCLEX)**

US Small Cap

Fund Score: 6 (Status: Pass)

The Nicholas Limited Edition Fund is a small cap growth fund that invests primarily in small companies with capitalizations of \$2 billion or less. The fund seeks to make long term investments in companies with a competitive advantage, a healthy balance sheet and at favorable valuations.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Nicholas Ltd Edition I (NCLEX)	4.75%	-1.83%	11.72%	9.33%	8.02%
Russell 2000 Gro TR IX	4.31%	-1.39%	14.28%	10.67%	7.95%
Out/(Under) Performing	0.44%	-0.44%	-2.56%	-1.34%	0.07%
Peer Group Ranking	20	44	65	57	25



**Perkins SC Value N (JDSNX)**

US Small Cap

Fund Score: 6 (Status: Pass)

The Fund seeks capital appreciation by investing primarily in common stocks of small companies that its investment sub-advisor believes are undervalued in the marketplace relative to their assets, earnings, cash flow or business franchise.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Perkins SC Value N (JDSNX)	3.14%	-2.39%	10.91%	7.63%	
Russell 2000 TR IX	3.59%	-4.42%	11.65%	9.18%	6.80%
Out/(Under) Performing	-0.45%	2.03%	-0.73%	-1.56%	
Peer Group Ranking	41	23	53	68	

**Oppenheimer Dev Mkts I (ODVIX)**

Foreign

Fund Score: 8 (Status: Pass)

The fund primarily invests in companies with high growth potential located in developing economies. The fund mainly invests in common stocks of issuers whose principal activities are in at least three developing markets. Investors purchasing securities located in emerging market economies should expect a higher level of volatility.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Oppenheimer Dev Mkts I (ODVIX)	4.70%	-13.67%	-3.50%	-2.22%	6.23%
MSCI Emerging Mkt ND IX	0.66%	-14.91%	-6.77%	-4.81%	3.61%
Out/(Under) Performing	4.04%	1.24%	3.26%	2.59%	2.62%
Peer Group Ranking	6	45	26	18	5

**Ivy Intl Core Eqty R6 (IINCX)**

Foreign

Fund Score: 9 (Status: Pass)

The Fund seeks to provide long-term capital growth primarily through investments in equity securities that are traded in European, Pacific Basin, and Latin American Markets.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Ivy Intl Core Eqty R6 (IINCX)	5.26%	-0.52%	7.83%	4.11%	
MSCI AC Wrld Ex US ND IX	3.25%	-5.66%	1.49%	1.06%	2.92%
Out/(Under) Performing	2.01%	5.15%	6.34%	3.05%	
Peer Group Ranking	1	12	1	6	

**RidgeWorth Seix TR IS (SAMZX)**

Bonds

Fund Score: 6 (Status: Pass)

The Fund seeks to provide investors with a total return which consistently exceeds the total return of the broad U.S. investment grade bond market.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
RidgeWorth Seix TR IS (SAMZX)	-0.60%	0.34%	1.20%	3.61%	
Barclays US Gvt/Cr TRIX	-0.75%	0.16%	1.21%	3.40%	4.47%
Out/(Under) Performing	0.15%	0.18%	-0.01%	0.22%	
Peer Group Ranking	40	29	42	20	

**Fidelity Adv RE Inc I (FRIRX)**

Specialty Options

Fund Score: 5 (Status: Pass)

The Fund seeks higher than average income, and growth of capital as a secondary objective, by investing primarily in the securities of companies in the real estate industry and other real estate related investments.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Fidelity Adv RE Inc I (FRIRX)	1.95%	1.81%	6.10%	8.26%	
FTSE NAREIT Eq TR IX	7.26%	3.21%	11.22%	11.96%	7.40%
Out/(Under) Performing	-5.31%	-1.41%	-5.12%	-3.70%	
Peer Group Ranking	94	72	91	91	

**Templeton Gl Bond R6 (FBNRX)**

Bonds

Fund Score: 7 (Status: Pass)

The Fund seeks current income with capital appreciation and growth of income by investing at least 80% of its net assets in "bonds." In addition, the Fund's assets will be invested in issuers located in at least three countries including the U.S.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Templeton Gl Bond R6 (FBNRX)	2.29%	-3.91%	0.10%	2.55%	
Barclays Gl Ag X-US TRIX	-1.26%	-6.01%	-4.08%	-0.84%	3.09%
Out/(Under) Performing	3.55%	2.11%	4.18%	3.39%	
Peer Group Ranking	3	27	12	17	

**Great-West Lifetime 2045 Trust II (c45mzr)**

Target Date Funds

Fund Score: 6 (Status: Pass)

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Great-West Lifetime 2045 Trust II (c45mzr)	3.88%	-1.41%	8.49%	7.36%	
DJ Target 2045 Index	3.96%	-2.15%	8.72%	7.31%	6.09%
Out/(Under) Performing	-0.09%	0.74%	-0.23%	0.05%	
Peer Group Ranking	60	38	40	44	

**Great-West Lifetime 2035 Trust II (c35mzr)**

Target Date Funds

Fund Score: 5 (Status: Pass)

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Great-West Lifetime 2035 Trust II (c35mzr)	3.35%	-1.20%	7.50%	6.84%	
DJ Target 2035 Index	3.13%	-1.63%	7.66%	6.73%	5.79%
Out/(Under) Performing	0.21%	0.43%	-0.16%	0.11%	
Peer Group Ranking	68	33	50	53	

**Great-West Lifetime 2025 Trust II (c25mzr)**

Target Date Funds

Fund Score: 6 (Status: Pass)

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Great-West Lifetime 2025 Trust II (c25mzr)	2.31%	-0.98%	6.42%	6.33%	
DJ Target 2025 Index	1.75%	-1.12%	5.47%	5.54%	5.26%
Out/(Under) Performing	0.56%	0.14%	0.94%	0.79%	
Peer Group Ranking	64	30	43	47	

**Great-West Lifetime 2015 Trust II (c15mzr)**

Target Date Funds

Fund Score: 6 (Status: Pass)

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Great-West Lifetime 2015 Trust II (c15mzr)	1.52%	-0.94%	4.60%	5.36%	
DJ Target 2015 Index	0.60%	-0.97%	2.95%	4.00%	4.51%
Out/(Under) Performing	0.92%	0.03%	1.65%	1.36%	
Peer Group Ranking	65	34	54	43	

**Great-West Lifetime 2055 Trust II (c55mzr)**

Target Date Funds

Fund Score: 4 (Status: Review)

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
Great-West Lifetime 2055 Trust II (c55mzr)	3.86%	-1.66%	8.06%	7.07%	
DJ Target 2055 Index	4.05%	-2.24%	8.75%	7.33%	6.10%
Out/(Under) Performing	-0.18%	0.58%	-0.69%	-0.27%	
Peer Group Ranking	70	49	66	73	

# ITEM 13 - ATTACHMENT A

## County of Fresno - Share Class Review

Ticker	Fund Name	Expense	Cheapest Share Class?
aspzx	Alger Spectra Z	0.93%	Yes
cddyx	Columbia Dividend Income Fund Class Y Shares	0.59%	Yes; CDVIX, 0.58% - Internal/fund-of-fund only. CIT products may be available.
fbrnx	Templeton Global Bond Fund Class R6	0.50%	Yes
frirx	Fidelity Advisor® Real Estate Income Fund I Class	0.77%	Yes
fufrx	Franklin Utilities Fund Class R6	0.47%	Yes
hfcix	Hennessy Focus Fund Institutional Class	1.10%	Yes
iincx	Ivy Global Equity Income Fund Class R6	0.83%	Yes
jdsnx	Perkins Small Cap Value Fund Class N	0.56%	Yes
nclex	Nicholas Limited Edition Fund Class Institutional	0.86%	Yes
oakbx	Oakmark Equity And Income Fund Class I	0.75%	Yes
odvix	Oppenheimer Developing Markets Fund Class I	0.86%	Yes
samzx	RidgeWorth Seix Total Return Bond Fund IS Shares	0.31%	Yes

CIT, TRD, Stable Value	
02cff1	Blackrock Equity Index
03cff2	Blackrock Mid Cap Equity Index
03cff3	Blackrock Russell 2000 Index
04cff4	Blackrock US Debt Index
10cff5	Blackrock Eafe Equity Index
c15mzr	Great-West Lifetime 2015 Trust II
c25mzr	Great-West Lifetime 2025 Trust II
c35mzr	Great-West Lifetime 2035 Trust II
c45mzr	Great-West Lifetime 2045 Trust II
c55mzr	Great-West Lifetime 2055 Trust II
fressv	County Of Fresno Stable Value Fund

# ITEM 13 - ATTACHMENT B

## Great West Life Stable Asset Fund Annuity Contract

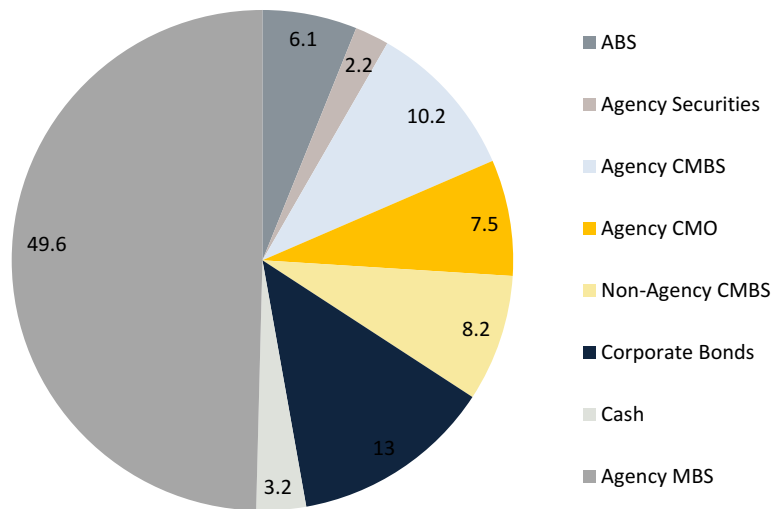
Fresno County

December 31, 2015

### Q4 2015 Portfolio Characteristics

#### Composition

A summary of the portfolio's characteristics as of the Fourth Quarter follows:



The portfolio's largest exposure is currently in Agency Mortgage Backed Securities at 49.6%. Corporate bonds constitute the second largest component of the portfolio at 13.0%.

#### Average Duration:

The fund's duration was 3.6 years as of June 2014 and steadily declined to 2.9 years to finish Q1'15. However, more recently, the portfolio experienced an increase in duration during 2015 to end the year at 3.3 years. This was primarily due to durations extending in Agency Mortgage Backed Securities as we saw a decline in pre-payments.

#### Weighted Average Ratings by Agency:

S&P  
AA+

Moody's  
AAA

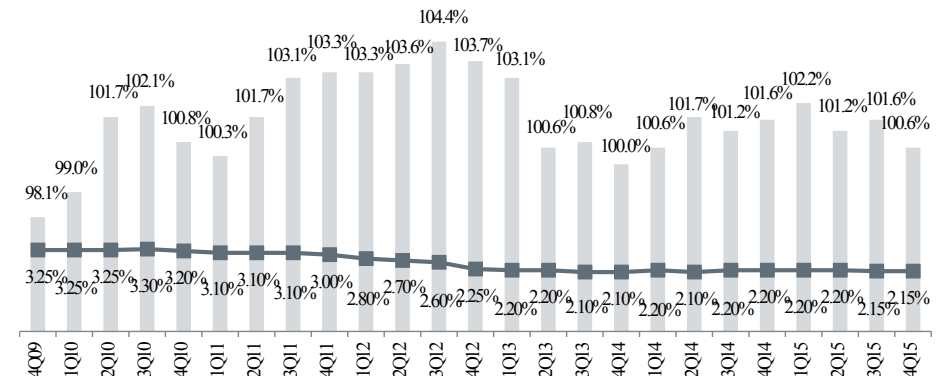
Fitch  
AAA

**Average Credit Rating for Portfolio:** The fund's average credit rating of AA+ as of 12/31/15 is consistent with the Investment Policy Statement's guidelines. The portfolio's lowest average credit rating, as measured by S&P, is also AA+. Currently, the Investment Policy Statement does not specify which ratings agencies to consider when calculating the weighted average quality.

### Crediting Rate and Annuity Provider

Fourth Quarter 2015 Crediting Rate: 2.15%

#### Market-to-Book Ratio and Crediting Rate



#### Annuity Provider's Financial Strength Ratings:

A.M. Best  
A+

Fitch  
AA

Moody's  
Aa3

S&P  
AA

# Great West Life Stable Asset Fund Annuity Contract

Fresno County

December 31, 2015

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## Q4 2015 Fund Update and Positioning

The Great West managed stable value portfolio remains well diversified with no concentration of risk anywhere that is not appropriate.

During the 4<sup>th</sup> quarter of 2015 the portfolio saw increased allocation to Corporate Bonds (+1.5%) and Money Market (+0.08%). The portfolio decreased exposures to ABS (-0.40%), CMBS (-0.40%), and MBS (-1.50%)

- ✓ Increased allocation to Corporate Bonds is based on relative value opportunities vs. comparable maturity spread products
- ✓ Increased allocation to Money Market is based upon expected robust new issue corporate calendar
- ✓ Use income funds and relative value opportunities to diversify portfolio across and within investment universe as defined by Fresno's policy statement
- ✓ Took advantage of flattening yield curve by decreasing allocation to 30 year and 20 year amortizing MBS and adding to 15 year amortizing MBS. Defensive move in the event interest rates rise.

In terms of portfolio positioning, the portfolio continues to have an overweight to Agency MBS while peers are overweight non-spread product and cash. This overweight is in line with the investment policy constraints that restrict the Great West portfolio management team to own a minimum of 50% in U.S government related debt (e.g. U.S. Treasury debt, and Agency MBS). The portfolio management team does not currently feel it is appropriate to own a lot of U.S. government debt in a stable value mandate because it introduces more risk with U.S. interest rates set to rise.

## Investment Policy Constraints

In recent talks with the Great West portfolio management team, it was brought to our attention that the current investment guidelines are somewhat restrictive. Great West would like the County to explore changes to the investment policy statement in order to loosen the minimum 50% allocation to government related debt and consider allowing a small allocation to BBB rated securities. The following changes were recommended by the Great West portfolio management team for the County's consideration:

- Allow up to 10% into BBB rated securities; and
- Remove the 10% cap on A rated securities (Great West commented that this is constraining because there are so few of these in the U.S. which leaves them with very few options.

HPA recommends that we, County Staff, and Great West continue to explore the merits of changes to the investment policy statement to determine if it would be in the best interest of the plan participants in order for the DCMC to make the most informed decision. Cathe Tocher, CIO and Global Head of Portfolio Management, is scheduled to present to the DCMC in May 2016 to discuss this issue in-person.