



Item 11

DATE: February 23, 2017

TO: Deferred Compensation Management Council

FROM: Brent Petty, NWCM, Inc.

SUBJECT: Fourth Quarter Investment Performance Report (Executive Summary)

Capital Markets

Index	YTD (As of 8/11/16)	Q2 2016	1 Year (As of 8/11/16)
S&P 500	8.40%	2.46%	7.25%
S&P 400 MidCap	12.68%	3.99%	6.08%
S&P 600 SmallCap	11.86%	3.48%	7.34%
MSCI EAFE	1.72%	-1.46%	-5.67%
Emerging Markets	16.22%	0.66%	5.88%
Barclays US Agg Bond	5.58%	2.21%	5.28%
10 Year Treasury (yield)	1.57% (8/11/16)	1.49% (6/30/16)	2.15% (8/11/15)

Fourth Quarter

Equity and fixed income markets finished 2016 in positive territory. U.S. equity markets outperformed international equity and fixed income in the fourth quarter and for the year. GDP readings have been solid over the past two quarters, providing evidence of an expanding economy. Emerging market equities had the worst quarter, but performed well on the year lagging only U.S. equity markets. In the fourth quarter, fixed income markets were negatively affected by higher expectations for inflation and growth. However, they were still able to post modest returns in 2016, despite elevated volatility in the Treasury market. International developed equity markets had a mixed year and performed relatively poor in 2016.

Economic Factors

The surprising U.S. election results detracted attention from a U.S. economy that appears to be expanding at a healthy pace. A stable job market and increased confidence have helped fuel the recovery. Jobs were steadily added in the fourth quarter and throughout the year. The gains helped lower the unemployment rate to 4.6%. Wage growth came in below expectations; but wage growth on a year-over-year basis is above post-recession lows. This is largely a response to labor markets tightening. Core durable goods orders were up more than expected in November, and the ISM Manufacturing and Non-Manufacturing indices

continued to rise even further into expansionary territory. Rising wages, high consumer confidence, and strong consumer spending have supported prices - the Consumer Price Index was near the Fed's 2% target. Commodities ended the year higher, with oil prices receiving a boost over the fourth quarter from OPEC's decision to cut production. Oil prices further benefited from news that some non-OPEC countries, such as Russia, would also reduce their oil output.

US Equity

Equities finished 2016 strongly as the U.S. economy showed signs of improving growth in the second half of the year. Small Cap returns were particularly strong, with small and micro-cap names outperforming larger market cap stocks. As is often the case in a rising yield environment, value outperformed growth. Equity returns were lifted by increased consumer and business confidence, positive housing data, and an expectation of higher growth and inflation as the market anticipates stimulus through tax cuts and infrastructure spending promised by the incoming administration.

International Developed Equity

An emerging Italian banking crisis, pending elections in France and Germany, and the EU's uneven economic recovery have weighed on international developed equities. Developed large cap ended the quarter lower, while gains were abysmal on the year. As was experienced in the U.S., value outperformed growth. Developed large cap value had a strong fourth quarter, which helped push up returns on the year.

Emerging Markets Equity

Returns were relatively strong in 2016 for emerging market equities. However, in the fourth quarter they were led lower by Mexico, China, and South Africa. A stronger dollar, rising yields, and global trade concerns negatively affected emerging market equities. Some emerging markets benefited from higher oil prices, such as Russia. Although Russia has been in the news much lately, China continues to garner the most attention from an investment perspective. The Yuan's depreciation is exacerbating the fear that capital flight may be worsening. Also, an increasing debt burden and faltering returns on investment cast some doubt about China's ability to stimulate its economy again should it slow in the future. Increased support for protectionism/populism seen in the U.S. and abroad have some investors worried about escalating geo-political tensions over the near term.

Fixed Income Insights

Fixed income ended the quarter mostly down, largely due to a spike in interest rates following the presidential election. However, returns for 2016 were positive for major bond indices. The treasury yield curve ended 2016 higher, and the 10-year treasury finished 2016 at 2.44% in what was a volatile year for credit markets. The Fed hiked rates only once during

the year, a 25bps move higher at its December meeting. The U.S. Aggregate Bond Index finished the year with modest returns. High yield experienced equity-like returns and led bond performance. Long dated bonds outperformed short, favoring a short-duration thesis. Munis and treasuries underperformed in 2016 as increased expectations of inflation and rising yields weighed on the sectors.

Investments

All of the County's current investment options comply with investment policy performance criteria, with the exception of Templeton Global Bond Fund:

- Templeton Global Bond Fund had a tremendous quarter posting a return of 8.32%, outperforming its benchmark by 10.66%
- The fund also outperformed its peers, ranking in the 1st percentile
- A complete write-up on the fund can be found on page 21, of Attachment A
- NWCM recommends keeping the fund on Watch for at least one more quarter

Last week, Cathe Tocher from Great West (manager for the County's Stable Value separate account and fixed income component of the LifeTime Collective Target Date Series), announced her retirement—effective June 2017. Jack Brown will be assuming Cathe's responsibilities. Jack has been with Great West for 1.5 years. He previously spent 20 years at Oppenheimer Investments.

- NWCM will conduct a comprehensive review of the impact of the manager change on both products. Once the analysis is complete, NWCM will provide the DCMC a formal recommendation whether to retain or replace either product.
- NWCM, Inc. recommends placing both the County's Stable Value Separate Account and the Collective Target Date Series (County's current QDIA) on Watch, due to the manager change.

The complete Watch List can be found on page 25 of Attachment A.

Recommended Actions

- 1. Approve keeping Templeton Global Bond fund on the Watch List**
- 2. Approve the placement of the Great West LifeTime Collective Trust Series and the Great West Stable Value Fund on the Watch List**

Item 11 - Attachment A

County of Fresno

457 DC Plan



Quarterly Report - December 2016

County of Fresno
457 DC Plan

13333 SW 68th Parkway, Suite 230
Portland, OR 97223
503.597.1616

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Retirement

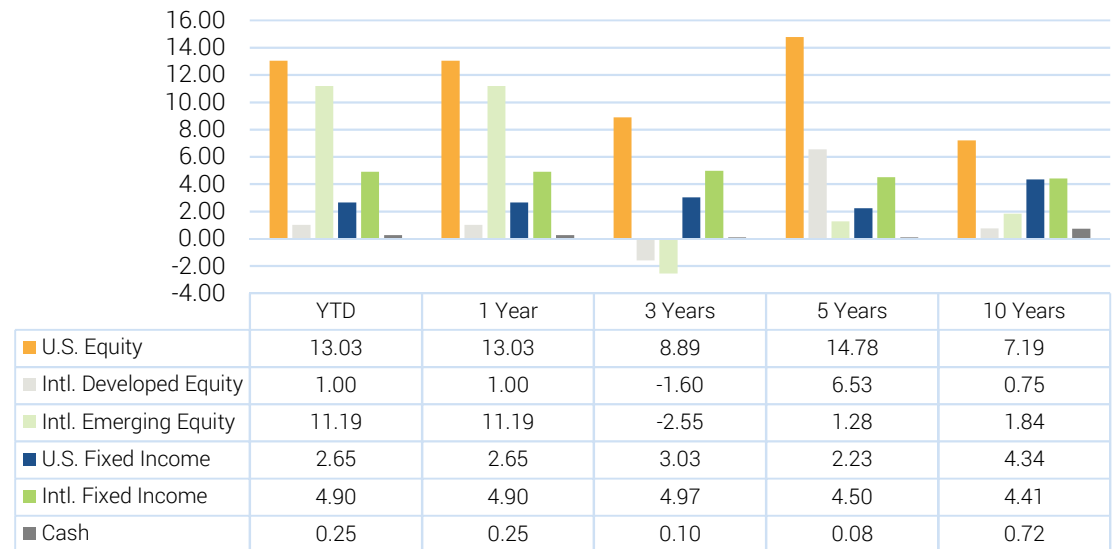
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Market Performance Summary

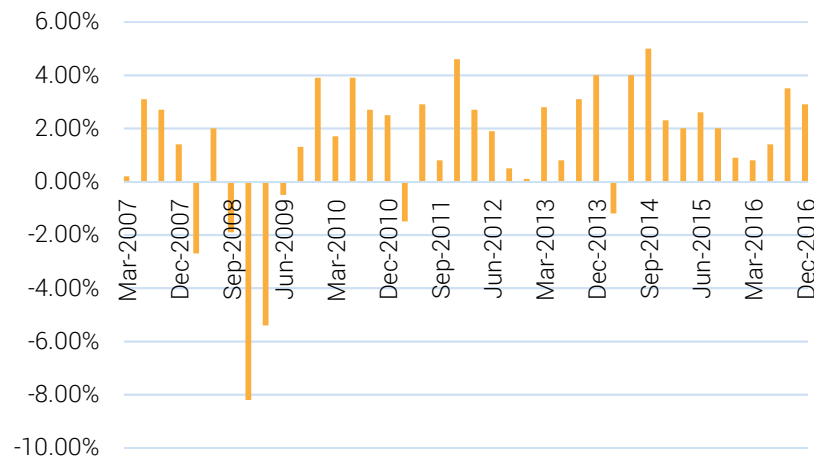
As of 12/31/2016

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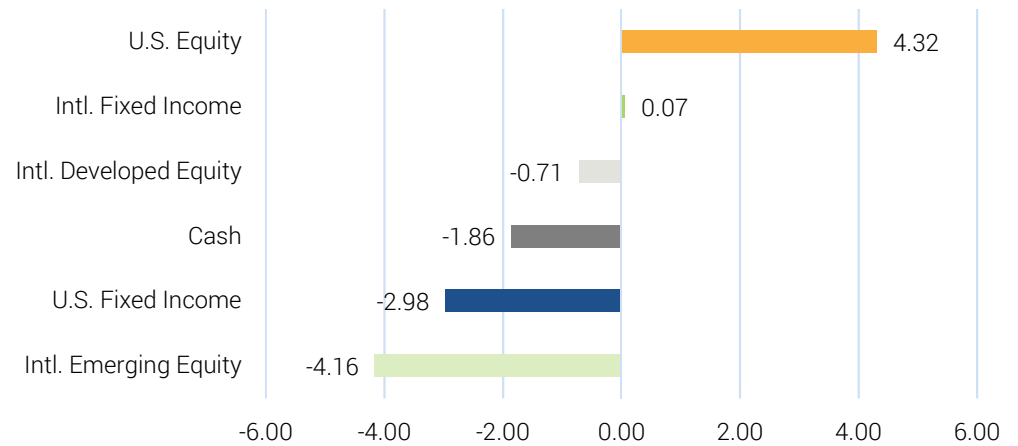
Trailing Returns



1-Q Change in GDP



Quarterly Performance

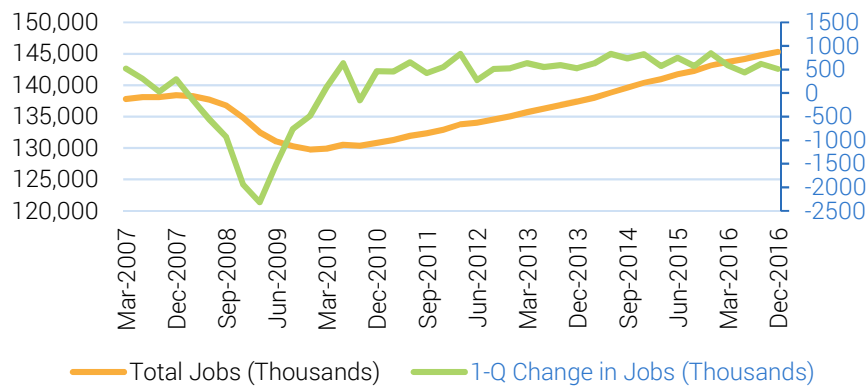


Economic Factors

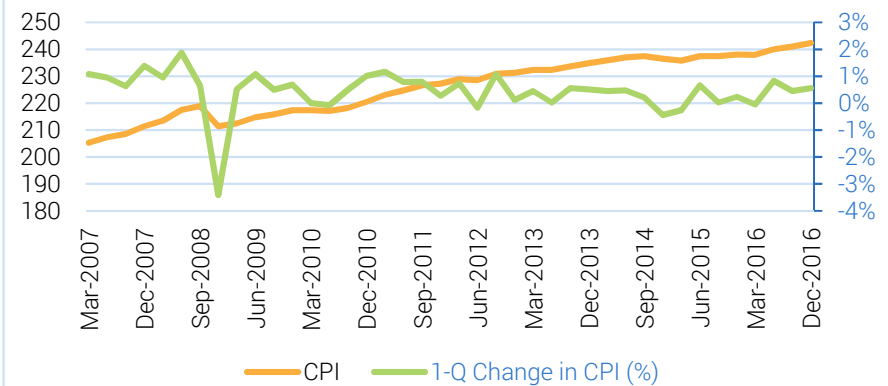
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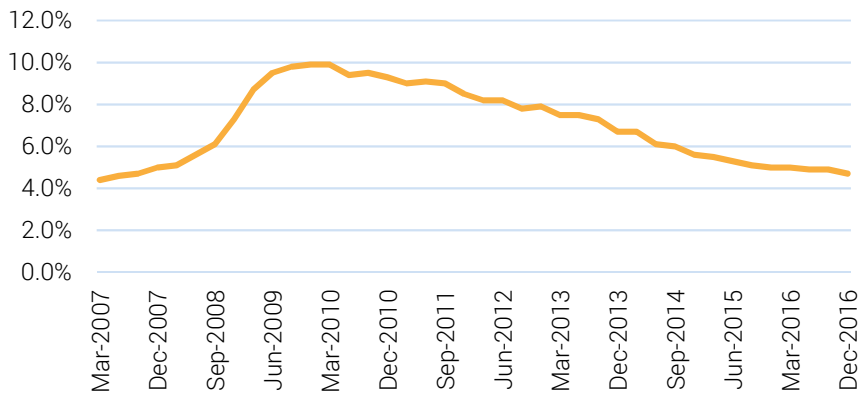
Jobs Market



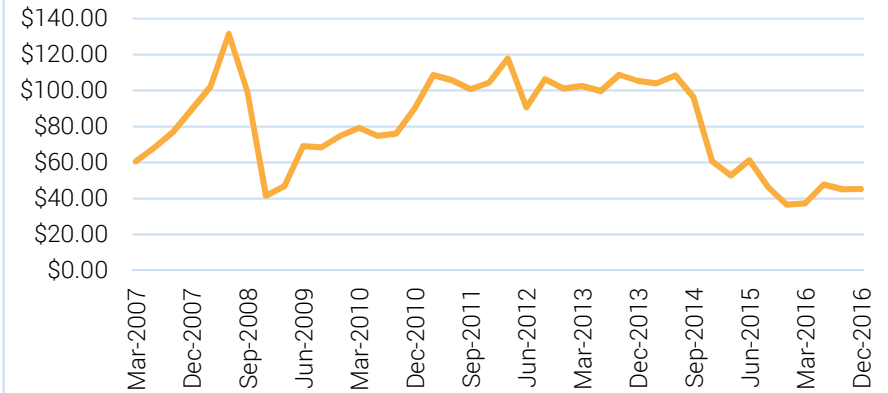
CPI



Unemployment Rate



Crude Oil Price per Barrel

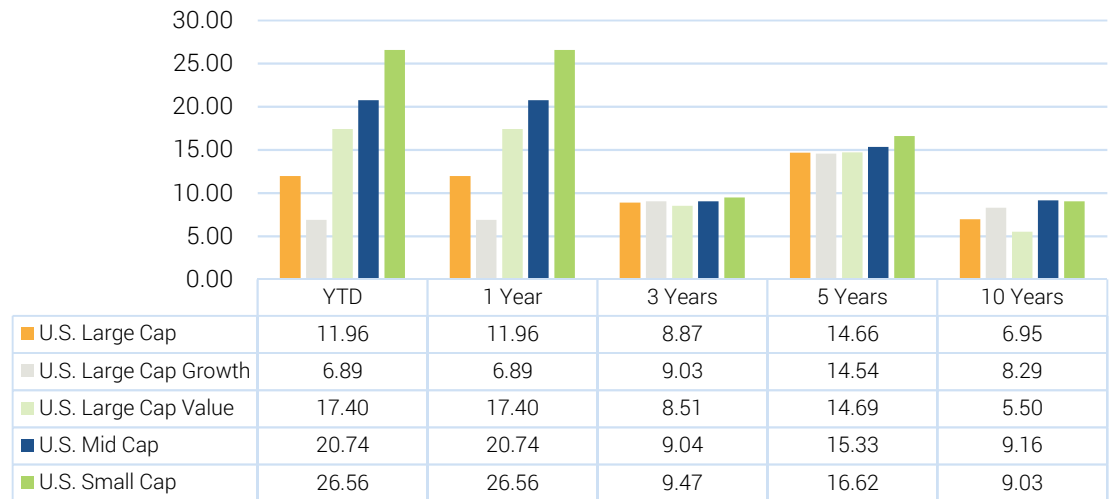


U.S. Equity

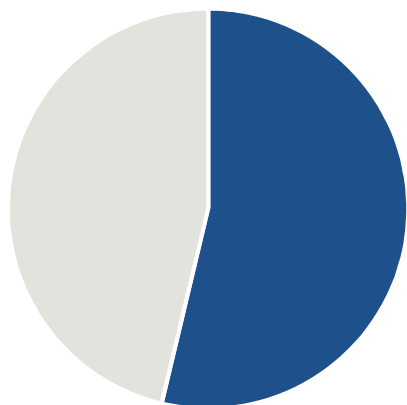
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Trailing Returns



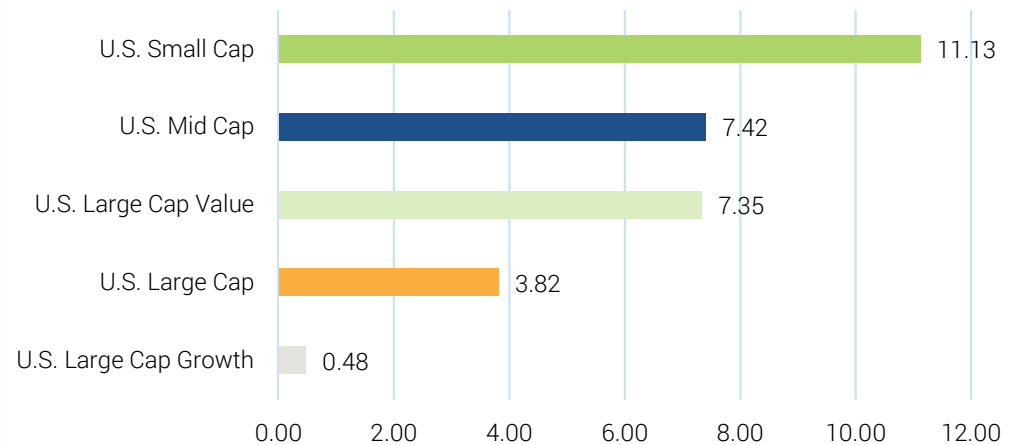
World Equity Market Capitalization



53.7%

U.S. Share of World Market

Quarterly Performance

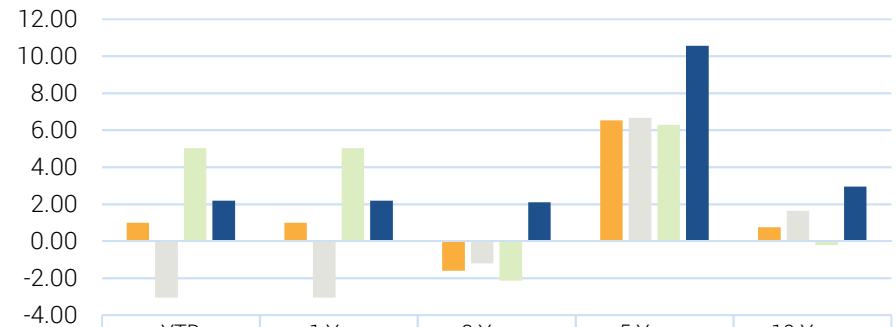


International Developed Equity

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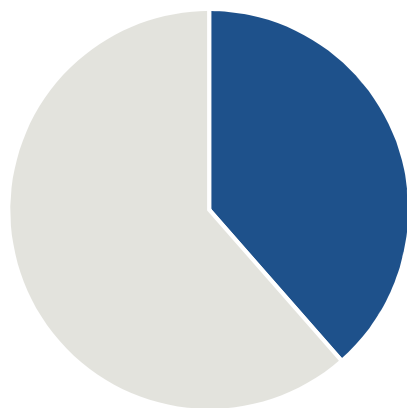
As of 12/31/2016

Trailing Returns



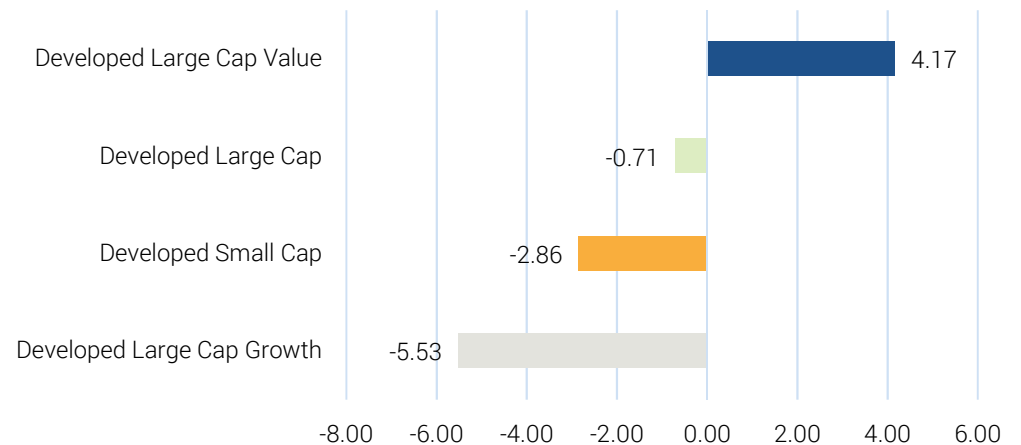
	YTD	1 Year	3 Years	5 Years	10 Years
Developed Large Cap	1.00	1.00	-1.60	6.53	0.75
Developed Large Cap Growth	-3.04	-3.04	-1.20	6.67	1.64
Developed Large Cap Value	5.02	5.02	-2.14	6.28	-0.22
Developed Small Cap	2.18	2.18	2.10	10.56	2.95

World Equity Market Capitalization



38.5%
Developed
International Share
of World Market

Quarterly Performance

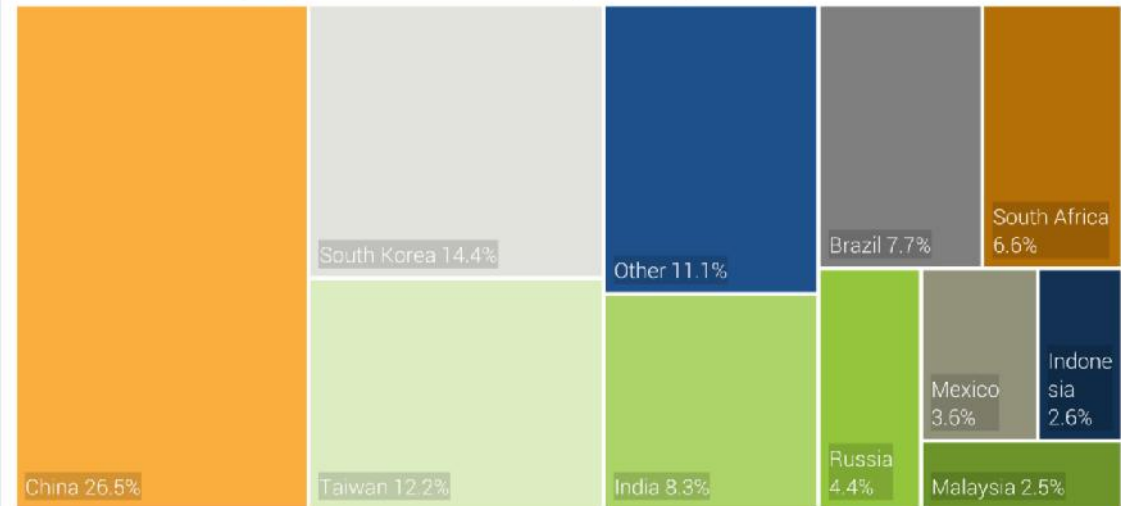


Emerging Markets Equity

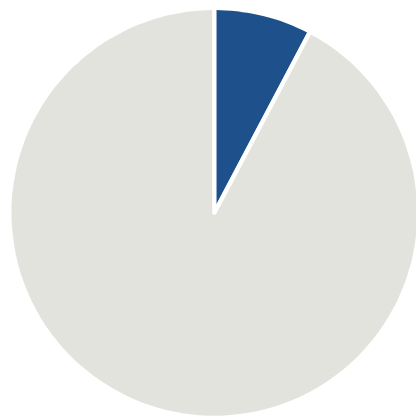
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Emerging Markets Index - Top 10 Represented Countries



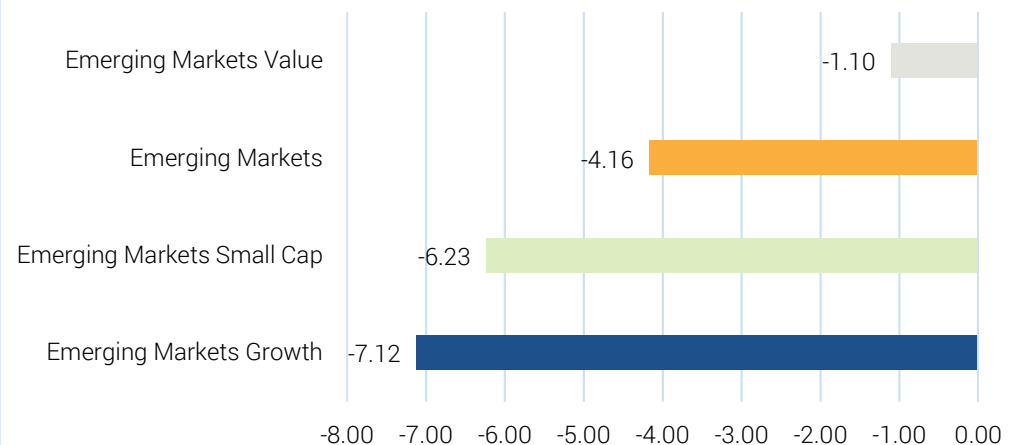
World Equity Market Capitalization



7.7%

Emerging Markets
Share of World
Market

Quarterly Performance

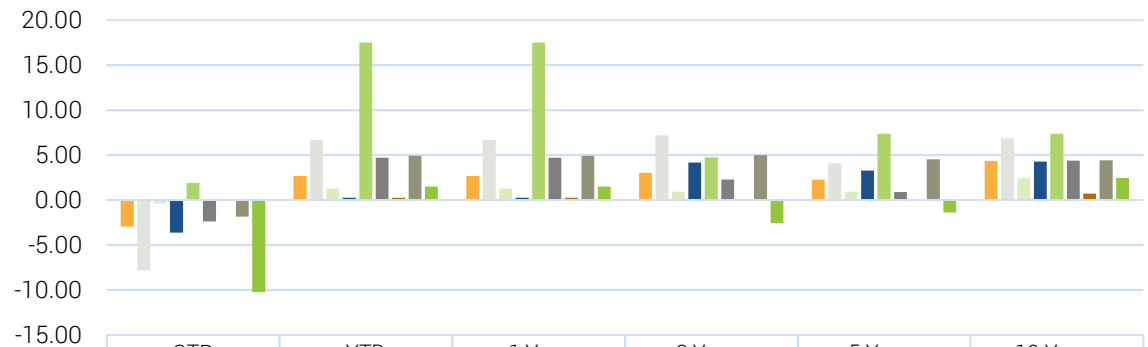


Fixed Income

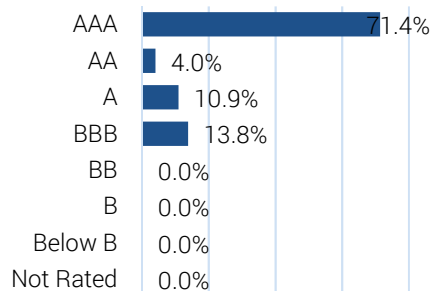
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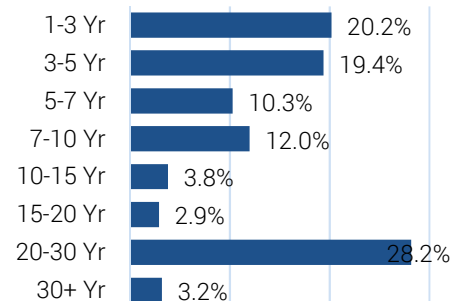
Trailing Returns



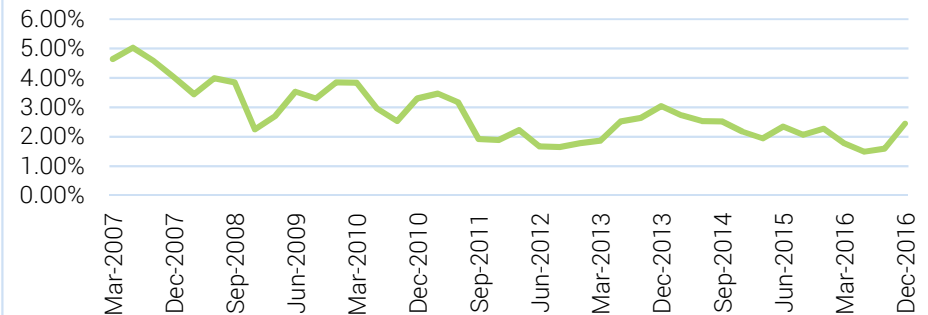
U.S. Aggregate Quality Distribution



U.S. Aggregate Maturity Distribution



10-Year Treasury Yield



Legislative and Regulatory Update

Fiduciary Rule Updates

- › On November 4th, the first court decision was handed down by a federal judge in Washington D.C. in which NAFA's (National Association for Fixed Annuities) attempt to kill the DOL fiduciary rule was rejected. Three days after the ruling, NAFA appealed the decision.
 - NAFA's appeal was denied by the D.C. Circuit Court of Appeals on December 15th, arguing the request did not meet the "stringent requirements" needed to halt the fiduciary rule.
- › On November 28th, the second court decision to deny a fiduciary rule opposition was issued by a Kansas federal judge. This case involved Market Synergy Group, Inc., an insurance agency that develops fixed annuities and other insurance products.
- › Cases remain pending in both Texas and Minnesota.

Tibble vs. Edison Intl.

- › December 19th, the 9th U.S. Circuit Court of Appeals ordered a district court to rehear the Tibble vs. Edison International case to review if the ERISA six-year statute of limitations had run out prior to Tibble's claim.
 - The suit, initially filed in 2007, was among the first brought by employees against employers for excessive-fees related to funds in plan lineups. The U.S. Supreme Court ruled, in May 2015, that fiduciaries have an ongoing duty to monitor plan investments.

2017 Bills

- › Several bills did not make it through the House and Senate before the end of their 2016 session. Below are just a few that may be brought up again for review, or revived in a new fashion after the next session opens in January.
 - Accredited Investor Reform: Expands the definition of accredited investor to include people who have securities licenses (e.g. investment advisers and brokers) rather than based on income and net worth.
 - Retirement Savings Reform: The Retirement Enhancement and Savings Act is meant to allow for easier inclusion of annuities in 401(k) plans as well as require lifetime income disclosures in participant statements.
 - Estate Tax Valuation Rule: Bills to curb valuation discounts for estate taxes were not approved by congress, but are likely to see some form of return in 2017 under the new administration.
 - Senior Safe Act: While passing unanimously in the House earlier this year, the bill that is meant to give liability protections to advisers reporting financial abuse of elderly investors did not make it through the Senate due to objections from just one senator.

Overtime Pay

- › The rule that would adjust the compensation level requirements relating to overtime pay set to go into effect December 1st, 2016, was blocked from going into effect by a judge in the Eastern District of Texas.
 - An estimated 4.2 million workers would have been newly eligible for overtime pay as a result of the Department of Labor's overtime rules.
 - The detrimental effects on government services that benefit the public were noted as key determinants in this ruling.

Presidential Election

- › President-elect Donald Trump was victorious over Hillary Clinton in the 2016 Presidential Election.
 - On election night, futures showed the DJIA index down more than 800 points. Market fundamentals held true, and we saw a swing of over 1,100 points by the Dow into positive territory much unlike the 48-hour recovery period after Brexit (Britain's exit of the European Union).
 - Elections may have short-term impacts on markets, but generally do not have a large impact. Until President-elect Trump makes his policy clear, long-term fundamentals should remain steady.

2017 IRS Limitations for Retirement Plans

- › Contribution limits for the 2017 calendar year remain predominantly unchanged. Limits for employees participating in an employer-sponsored 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan remains at \$18,000. Catch-up contributions for these employees, age 50 and older, also remains unchanged at \$6,000.
 - See below for a summary list of 2016 and 2017 contribution limits:

Item	IRC Reference	2016 Limit	2017 Limit
401(k) and 403(b) Employee Deferral Limit ¹	402(g)(1)	\$18,000	\$18,000
457 Employee Deferral Limit	457(e)(15)	\$18,000	\$18,000
Catch-up Contribution ²	414(v)(2)(B)(i)	\$6,000	\$6,000
Defined Contribution Dollar Limit	415(c)(1)(A)	\$53,000	\$54,000
Defined Benefit Dollar Limit	415(b)(1)(A)	\$210,000	\$215,000
Compensation Limit ³	401(a)(17); 404(l)	\$265,000	\$270,000
Highly Compensated Employee Income Limit ⁴	414(q)(1)(B)	\$120,000	\$120,000
Key Employee/Officer	416(i)(1)(A)(i)	\$170,000	\$175,000
Social Security Taxable Wage Base		\$118,500	\$127,200

¹Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit. A lower limit applies to SIMPLE plans.

²Available to employees age 50 or older during the calendar year. A lower limit applies to SIMPLE plans.

³All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.

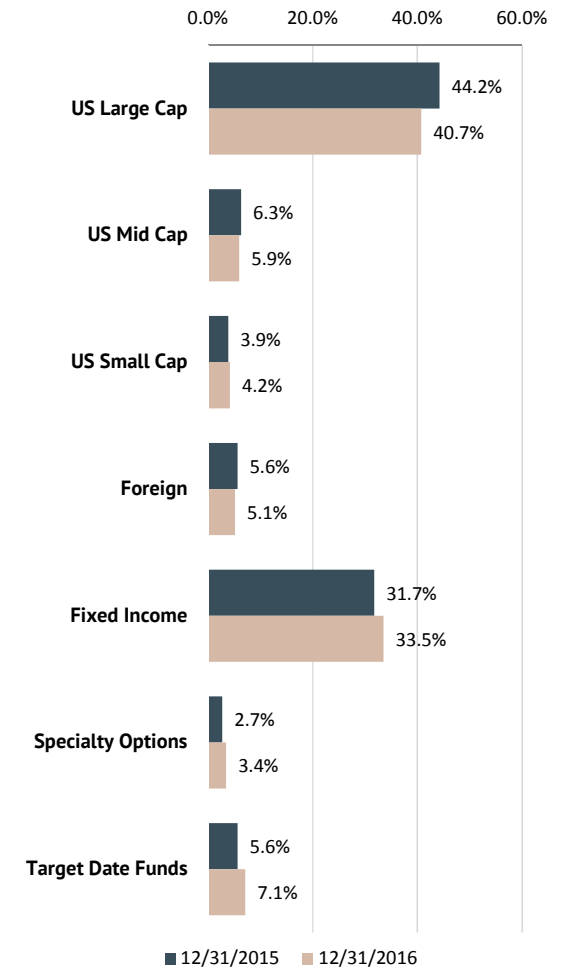
⁴For the 2018 plan year, an employee who earns more than \$120,000 in 2017 is an HCE. For the 2017 plan year, an employee who earned more than \$120,000 in 2016 is an HCE.

- › A full listing of dollar limitations can be found on the IRS website at the address listed below:
 - <https://www.irs.gov/retirement-plans/cola-increases-for-dollar-limitations-on-benefits-and-contributions>

Summary of County of Fresno 457 DC Plan - Trailing Year

Data as of 12/31/2016

Asset Class	Ticker	%	12/31/2015	Net Increases/Decreases	12/31/2016	%
US Large Cap		44.2%	\$89,713,113	(3,362,256)	\$86,350,857	40.7%
Alger Spectra Z	ASPZX	19.9%	40,486,472	(5,618,452)	34,868,020	16.4%
Columbia Dividend Income Y	CDDYX	4.8%	9,739,333	1,728,434	11,467,767	5.4%
BlackRock Equity Index - Collective F2	02CFF1	19.5%	39,487,308	527,762	40,015,070	18.9%
US Mid Cap		6.3%	\$12,743,933	(144,917)	\$12,599,015	5.9%
Hennessy Focus Fund	HFCIX	3.0%	5,988,483	(882,729)	5,105,754	2.4%
BlackRock Mid Cap Index - Collective F	03CFF2	3.3%	6,755,449	737,812	7,493,261	3.5%
US Small Cap		3.9%	\$7,838,752	961,668	\$8,800,420	4.2%
Nicholas Limited Edition I	NCLEX	2.6%	5,182,405	55,049	5,237,454	2.5%
Perkins Small Cap Value N	JDSNX	0.3%	586,968	857,020	1,443,988	0.7%
BlackRock Russell 2000 Index - Collective F	03CFF3	1.0%	2,069,379	49,598	2,118,977	1.0%
Foreign		5.6%	\$11,374,889	(508,754)	\$10,866,135	5.1%
Ivy International Core Equity R6	IINCX	4.7%	9,613,545	(750,524)	8,863,021	4.2%
Oppenheimer Developing Markets I	ODVIX	0.2%	374,639	290,798	665,437	0.3%
BlackRock EAFE Equity Index - Collective F	10CFF5	0.7%	1,386,705	(49,028)	1,337,678	0.6%
Fixed Income		31.7%	\$64,371,482	6,694,736	\$71,066,218	33.5%
RidgeWorth Seix Total Return Bond IS	SAMZX	1.3%	2,739,645	469,234	3,208,879	1.5%
BlackRock US Debt Index Fund - Coll F	04CFF4	0.9%	1,898,238	901,696	2,799,933	1.3%
Templeton Global Bond R6	FBNRX	0.3%	517,388	246,163	763,551	0.4%
County of Fresno Stable Value Fund	FRESSV	29.2%	59,216,211	5,077,643	64,293,854	30.3%
Specialty Options		2.7%	\$5,483,713	1,811,355	\$7,295,068	3.4%
Oakmark Equity & Income I	OAKBX	1.1%	2,148,559	(66,468)	2,082,091	1.0%
Fidelity Advisor Real Estate Income Inst	FRIRX	0.5%	993,346	179,653	1,172,999	0.6%
Franklin Utilities R6	FUFRX	1.2%	2,341,809	1,698,170	4,039,979	1.9%
Target Date Funds		5.6%	\$11,460,677	3,602,941	\$15,063,618	7.1%
Great-West Lifetime 2015 Trust II	C15MZR	1.1%	2,197,585	459,478	2,657,063	1.3%
Great-West Lifetime 2025 Trust II	C25MZR	2.0%	4,104,404	1,104,751	5,209,154	2.5%
Great-West Lifetime 2035 Trust II	C35MZR	1.2%	2,460,284	1,239,338	3,699,622	1.7%
Great-West Lifetime 2045 Trust II	C45MZR	1.0%	1,991,026	588,065	2,579,091	1.2%
Great-West Lifetime 2055 Trust II	C55MZR	0.3%	707,379	211,309	918,687	0.4%
Total		100%	\$202,986,559	\$9,054,773	\$212,041,332	100%



Passively-Managed and Cash Funds

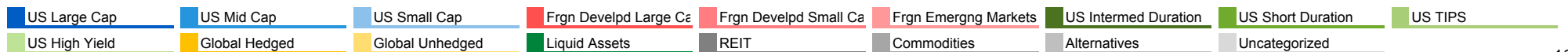
Passively-Managed and Cash Funds		Equities						Fixed Income						Liquid	Other													
		US			Foreign			US			Foreign																	
		L	M	S	L	S	E	I	S	T	Y	H	U	C	R	C	A	U	Exp	Qtr	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	
Investment	Ticker																											
BlackRock Equity Index - Collective M	02cff1	100																	0.02	3.84	12.01	12.01	6.61	8.92	14.39	14.72		
BlackRock MidCap Idx - Collective M	03cff2		100																0.03	7.30	20.17	20.17	8.33	8.82	14.57	15.22	9.15	
BlackRock Russell 2000 Index Coll M	03cff3			100															0.03	8.89	21.65	21.65	7.97	7.01	14.29	14.75		
BlackRock EAFE Equity Index Coll T	10cff5				100														0.10	-0.65	2.13	2.13	0.76	-1.34	4.03	6.79		
BlackRock US Debt Index Fund Coll W	04cff4							100											0.04	-2.98	2.73	2.73	1.79	3.23	1.94			
Fresno County Stable Value	fressv													100					0.50	0.50	2.09	2.09	2.13	2.15	2.15	2.25		

Actively-Managed Funds









Style	Investment	Ticker	L	M	S	L	S	E	I	S	T	Y	H	U	C	R	C	A	U	Exp	Qtr	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr
Income	Columbia Dividend Income Y	CDDYX	87	7		1									5					0.59	4.74	13.62	13.62	7.04	8.96	13.63	13.14	7.46
Growth	Alger Spectra Z	ASPZX	75	14	2	3									6					0.89	-2.04	0.18	0.18	3.73	6.61	13.19	14.34	10.29
Utilities	Franklin Utilities R6	FUFRX	56	27	7	5									5					0.47	-0.22	18.09	18.09	4.71	11.22	11.88	10.61	7.61
Growth	Hennessy Focus Institutional	HFCIX	41	22	13	5	1								18					1.12	2.69	7.54	7.54	5.37	7.07	13.61	14.27	8.80
Balanced	Oakmark Equity And Income Investor	OAKBX	35	17	3	5			9	6			1		18				6	0.79	4.97	10.96	10.96	2.89	4.22	8.90	8.93	6.63
Blend	Perkins Small Cap Value N	JDSNX		19	74		1								6					0.89	10.28	26.58	26.58	11.15	9.95	14.64	13.55	9.11
Growth	Nicholas Limited Edition I	NCLEX		28	53	1	2	2							14					0.86	2.79	12.36	12.36	5.02	4.80	11.88	11.62	8.61
Global Blend	Ivy International Core Equity R6	IINCX	5			81		9							3				2	0.83	0.25	1.80	1.80	0.64	0.82	6.29	7.68	3.51
Emerging Growth	Oppenheimer Developing Markets I	ODVIX				22		69							7				2	0.88	-5.06	7.39	7.39	-3.71	-3.94	-0.89	3.22	4.42
Intermediate	RidgeWorth Seix Total Return Bond IS	SAMZX							74	6		1	3		16					0.31	-2.63	3.13	3.13	1.72	3.30	1.68	2.33	4.88
Real Estate	Fidelity Advisor Real Estate Income I	FRIRX	3	11	16				10	1		25			12				22	0.77	-0.96	10.21	10.21	5.93	8.07	7.11	9.37	6.31
Global Bond	Templeton Global Bond R6	FBNRX											51	46					3	0.53	8.32	6.78	6.78	1.29	1.52	1.73	4.40	6.69

Target-Date Funds

Style	Investment	Ticker	L	M	S	L	S	E	I	S	T	Y	H	U	C	R	C	A	U	Exp	Qtr	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr
Target Date	Great-West Lifetime 2045 Trust	gw2045	36	13	7	23		8	6			1	1			5				0.57	1.43	10.98	10.98	4.61	5.55	9.26	10.63	
Target Date	Great-West Lifetime 2035 Trust	gw2035	34	13	6	20		6	10	1	1	2	2			5				0.57	1.16	10.44	10.44	4.45	5.52	8.89	10.24	
Target Date	Great-West Lifetime 2055 Trust	gw2055	33	13	8	24		10	5			1	1			5				0.57	1.25	10.87	10.87	4.45	5.29	9.01	10.45	
Target Date	Great-West Lifetime 2025 Trust	gw2025	25	10	4	14		4	17	3	5	5	5		2	6				0.57	0.41	9.22	9.22	3.93	5.09	7.21	8.55	
Target	Great-West Lifetime 2015 Trust	gw2015	19	7	3	9		2	20	6	11	6	7		4	6				0.57	0.03	7.93	7.93	3.48	4.60	5.58	6.80	



CALCULATION METHODOLOGY OF OVERALL FUND¹ (Worst) — 10 (Best)

Factor	Weight	Explanation		Score Calculation	
RETURNS Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)	 40% Overall	Absolute Returns Peer Group Percentile Rankings: 3,5,10 Year Periods		Proportional Score Ranks in the top 75% of Peer Group	No Score Ranks in the bottom 25% of Peer Group
RISK ADJUSTED RETURNS Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)	 20% Overall	Sharpe Ratio Peer Group Percentile Rankings: 3,5,10 Year Periods		Proportional Score Ranks in top 75% of Peer Group	No Score Ranks in bottom 25% of Peer Group
RISK Summary compliance report shows the average peer group quartile rank for all time periods (no credit for bottom quartile performance)	 30% Overall	 10% Overall	Standard Deviation Peer Group Percentile Rankings: 3,5,10 Year Periods	Proportional Score Ranks in top 75% of Peer Group	No Score Ranks in bottom 25% of Peer Group
		 20% Overall	Upside/Downside Capture Peer Group Percentile Rankings: 3,5,10 Year Periods	Proportional Score Ranks in top 75% of Peer Group	No Score Ranks in bottom 25% of Peer Group
OTHER Fund expense quartile rank Manager tenure is greater than 3 years	 10% Overall	 5% Overall	Expense Ratio For current period	Proportional Score Ranks in top 75% of Peer Group	No Score Ranks in bottom 25% of Peer Group
		 5% Overall	Average Tenure Number of years	Full Score Manager Tenure more than 3 years	No Score 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 12/31/2016

Passively-Managed and Cash Funds

Type	Assets %	Fund Name	Ticker
LC Index	18.87%	BlackRock Equity Index - Collective M	02cff1
MC Index	3.53%	BlackRock MidCap Idx - Collective M	03cff2
SC Index	1.00%	BlackRock Russell 2000 Index Coll M	03cff3
Global	0.63%	BlackRock EAFE Equity Index Coll T	10cff5
US Debt	1.32%	BlackRock US Debt Index Fund Coll W	04cff4
Stable Value	30.32%	Fresno County Stable Value	fressv

Actively-Managed Funds

Status	Assets %	Fund Name	Ticker	Return (40%)	Risk Adjusted Return (20%)	Risk (30%)	Expense (5%)	Tenure (5%)
Pass	5.41%	Columbia Dividend Income Y	CDDYX					
Pass	16.44%	Alger Spectra Z	ASPZX					
Pass	1.91%	Franklin Utilities R6	FUFRX					
Pass	2.41%	Hennessy Focus Institutional	HFCIX					
Pass	0.98%	Oakmark Equity And Income Investor	OAKBX					
Pass	0.68%	Perkins Small Cap Value N	JDSNX					
Pass	2.47%	Nicholas Limited Edition I	NCLEX					
Pass	4.18%	Ivy International Core Equity R6	IINCX					
Pass	0.31%	Oppenheimer Developing Markets I	ODVIX					
Pass	1.51%	RidgeWorth Seix Total Return Bond IS	SAMZX					
Pass	0.55%	Fidelity Advisor Real Estate Income I	FRIRX					
Watch	0.36%	Templeton Global Bond R6	FBNRX					

Underperforming ◀ ▶ Outperforming

Underperforming ◀ ▶ Outperforming

Target-Date Funds

Status	Assets %	Fund Name	Ticker	Return (40%)	Risk Adjusted Return (20%)	Risk (30%)	Expense (5%)	Tenure (5%)
Pass	n/a	Great-West Lifetime 2055 Trust	gw2055					
Pass	n/a	Great-West Lifetime 2045 Trust	gw2045					
Pass	n/a	Great-West Lifetime 2035 Trust	gw2035					
Pass	n/a	Great-West Lifetime 2025 Trust	gw2025					
Pass	n/a	Great-West Lifetime 2015 Trust	gw2015					

County of Fresno 457 DC Plan

Fund Compliance Report

For the Periods Ending 12/31/2016

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	18.87%	02cff1	BlackRock Equity Index - Collective M	4	13		5	3		33	24		16	30		21	20		1	5
MC Index	3.53%	03cff2	BlackRock MidCap Idx - Collective M	8	12	3	13	17	9	55	52	60	6	18	14	57	64	44	1	5
SC Index	1.00%	03cff3	BlackRock Russell 2000 Index Coll M	40	36		47	48		85	80		4	9		82	81		1	5
Global	0.63%	10cff5	BlackRock EAFE Equity Index Coll T	31	25		31	32		72	79		25	15		48	53		3	5
US Debt	1.32%	04cff4	BlackRock US Debt Index Fund Coll W	3			28			84			6			55			1	5
able Val	30.32%	fressv	Fresno County Stable Value	1	1		1	1		46	95		1	1		1	1		58	6

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
8	5.41%	CDDYX	Columbia Dividend Income Y	8	51	6	5	9	3	12	9	9	60	78	85	8	10	9	14	7
7	16.44%	ASPZX	Alger Spectra Z	37	21	1	41	26	1	61	51	78	29	26	2	55	42	72	35	6
8	1.91%	FUFRX	Franklin Utilities R6	18	24	6	15	22	5	70	60	21	17	20	62	53	54	11	15	12
8	2.41%	HFCIX	Hennessy Focus Institutional	13	11	13	12	3	10	25	5	21	45	77	91	12	2	1	47	7
6	0.98%	OAKBX	Oakmark Equity And Income Investor	44	30	9	63	61	7	91	92	21	9	22	59	90	65	8	25	7
8	0.68%	JDSNX	Perkins Small Cap Value N	5	64	1	1	11	1	6	6	6	69	87	86	7	8	4	15	14
7	2.47%	NCLEX	Nicholas Limited Edition I	37	66	12	29	34	5	10	10	4	78	88	94	20	24	6	14	23
9	4.18%	IINCX	Ivy International Core Equity R6	5	11	6	6	11	5	68	40	30	4	15	9	35	29	16	24	10
7	0.31%	ODVIX	Oppenheimer Developing Markets I	70	20	1	69	19	1	57	44	21	51	45	50	50	32	16	12	5
6	1.51%	SAMZX	RidgeWorth Seix Total Return Bond IS	21	66	21	33	67	10	81	55	31	17	58	44	54	64	18	8	7
6	0.55%	FRIRX	Fidelity Advisor Real Estate Income I	92	89	3	1	1	1	3	3	2	97	97	98	1	1	1	19	13
7	0.36%	FBNRX	Templeton Global Bond R6	27	10	1	32	28	20	76	87	69	76	37	55	4	3	2	11	10

Target-Date Funds

Overall Fund Score		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
8	n/a	gw2055	Great-West Lifetime 2055 Trust	1	29		5	30		55	61		2	35		41	42		21	5
8	n/a	gw2045	Great-West Lifetime 2045 Trust	1	16		2	18		52	47		1	29		31	38		21	5
8	n/a	gw2035	Great-West Lifetime 2035 Trust	1	15		1	19		72	64		8	31		36	50		22	5
8	n/a	gw2025	Great-West Lifetime 2025 Trust	1	28		1	19		63	42		9	44		22	32		26	5
8	n/a	gw2015	Great-West Lifetime 2015 Trust	1	44		1	22		41	23		14	60		14	34		31	5

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

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

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

Northwest Capital Management, Inc.	Date
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Trustee / Committee Member	Date
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County of Fresno 457 DC Plan

Fund Comments

Data as of: 12/31/2016

BlackRock Equity Index - Collective M (02cff1)

Fund Type: LC Index

US Large Cap

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
02cff1	3.84%	12.01%	8.92%	14.72%	
S&P 500 TR USD	3.83%	11.97%	8.88%	14.66%	6.95%
Out/(Under) Performing	0.01%	0.04%	0.04%	0.05%	
Peer Group Ranking	42	25	4	13	

BlackRock MidCap Idx - Collective M (03cff2)

Fund Type: MC Index

US Mid Cap

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
03cff2	7.30%	20.17%	8.82%	15.22%	9.15%
S&P MidCap 400 TR	7.42%	20.74%	9.04%	15.33%	9.16%
Out/(Under) Performing	-0.12%	-0.57%	-0.22%	-0.11%	-0.01%
Peer Group Ranking	22	10	8	12	3

BlackRock Russell 2000 Index Coll M (03cff3)

Fund Type: SC Index

US Small Cap

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
03cff3	8.89%	21.65%	7.01%	14.75%	
Russell 2000 TR USD	8.83%	21.31%	6.74%	14.46%	7.07%
Out/(Under) Performing	0.05%	0.34%	0.27%	0.29%	
Peer Group Ranking	59	38	40	36	

BlackRock EAFE Equity Index Coll T (10cff5)

Fund Type: Global

Frgn Developd Large Cap

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
10cff5	-0.65%	2.13%	-1.34%	6.79%	
MSCI ACWI Ex USA NR USD	-1.25%	4.50%	-1.78%	5.00%	0.96%
Out/(Under) Performing	0.61%	-2.37%	0.44%	1.79%	
Peer Group Ranking	17	32	31	25	

BlackRock US Debt Index Fund Coll W (04cff4)

Fund Type: US Debt

US Intermed Duration

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
04cff4	-2.98%	2.73%	3.23%		
BBgBarc US Govt Intermed TR USD	-2.18%	1.05%	1.58%	1.04%	3.42%
Out/(Under) Performing	-0.80%	1.68%	1.65%		
Peer Group Ranking	68	1	3		

Fresno County Stable Value (fressv)

Fund Type: Stable Value

Liquid Assets

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
fressv	0.50%	2.09%	2.15%	2.25%	
BofAML US Treasury Bills 0-3 Mon TR USD	0.07%	0.25%	0.10%	0.08%	0.72%
Out/(Under) Performing	0.43%	1.83%	2.05%	2.16%	
Peer Group Ranking	1	1	1	1	

Columbia Dividend Income Y (CDDYX)

Fund Score: 8 (Status: Pass)

US Large Cap

The investment seeks total return, consisting of current income and capital appreciation.

The fund invests at least 80% of its net assets (including the amount of any borrowings for investment purposes) in a diversified portfolio of income-producing (dividend-paying) equity securities, which will consist primarily of common stocks but also may include preferred stocks and convertible securities. It invests principally in securities of companies believed to be undervalued but also may invest in securities of companies believed to have the potential for long-term growth. The fund may invest in companies that have market capitalizations of any size.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
CDDYX	4.74%	13.62%	8.96%	13.14%	7.46%
S&P 500 Value TR USD	7.35%	17.41%	8.52%	14.70%	5.50%
Out/(Under) Performing	-2.61%	-3.79%	0.44%	-1.56%	1.96%
Peer Group Ranking	75	59	8	51	6

Alger Spectra Z (ASPZX)

Fund Score: 7 (Status: Pass)

US Large Cap

The investment seeks long-term capital appreciation.

The fund invests primarily in the equity securities of companies of any size that Fred Alger Management, Inc. believes demonstrate promising growth potential. It can leverage, that is, borrow money to purchase additional securities. The fund can invest in foreign securities.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
ASPZX	-2.04%	0.18%	6.61%	14.34%	10.29%
S&P 500 Growth TR USD	0.48%	6.89%	9.03%	14.54%	8.29%
Out/(Under) Performing	-2.52%	-6.71%	-2.42%	-0.20%	2.00%
Peer Group Ranking	79	77	37	21	1

The Alger Spectra fund underperformed the Russell 3000 Growth index by ~330 bps in the fourth quarter of 2016. For the year, the fund underperformed the benchmark by ~730 bps. After making some ground in the third quarter, poor stock selection in the Consumer Defensive, Consumer Cyclical and Technology sectors all contributed to the underperformance in the quarter. Specific names that were detractors in the quarter included Amazon.com, which is a top 3 position within the fund. Its stock performance weakened after the company's management issued guidance for operating income that was lower than expected. Facebook was also an underperformer along with Healthcare name, Allergan. The fund has trimmed its allocation to the Healthcare sector and is now more in line with the benchmark. Additionally, the fund remains underweight the Consumer Cyclical and Industrial sectors; its major overweight remains in the Technology sector. The fund dropped to a 7 under our scoring methodology from an 8 and ranks in the second quartile of its peer group for both return and risk adjusted returns in the trailing three-, five- and ten-year periods.

Franklin Utilities R6 (FUFRX)

Fund Score: 8 (Status: Pass)

US Large Cap

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. These are companies that provide electricity, natural gas, water, and communications services to the public and companies that provide services to 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
FUFRX	-0.22%	18.09%	11.22%	10.61%	7.61%
MSCI World/Utilities NR USD	-3.15%	5.96%	4.48%	5.52%	1.33%
Out/(Under) Performing	2.93%	12.13%	6.74%	5.09%	6.28%
Peer Group Ranking	45	15	18	24	6

Hennessy Focus Institutional (HFCIX)

Fund Score: 8 (Status: Pass)

US Mid Cap

The investment seeks capital appreciation.

The fund invests primarily in U.S. securities. In addition, it may invest in foreign companies traded in the U.S. on a national securities exchange or national securities association, including American Depositary Receipts, and foreign companies traded on a foreign exchange. Investments will consist primarily of common stocks, but may include preferred stocks, warrants, options, equity-like instruments and debt instruments. The Portfolio Managers invest in the stocks of companies of any size without regard to market capitalization. The fund is non-diversified.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
HFCIX	2.69%	7.54%	7.07%	14.27%	8.80%
S&P MidCap 400 Growth TR USD	4.73%	14.79%	8.00%	14.42%	9.74%
Out/(Under) Performing	-2.05%	-7.25%	-0.93%	-0.15%	-0.95%
Peer Group Ranking	21	29	13	11	13

Oakmark Equity And Income Investor (OAKBX)

Fund Score: 6 (Status: Pass)

Uncategorized

The investment seeks income and preservation and growth of capital.

The fund invests primarily in a diversified portfolio of U.S. equity and debt securities (although the fund may invest up to 35% of its total assets in equity and debt securities of non-U.S. issuers). It is intended to present a balanced investment program between growth and income by investing approximately 40-75% of its total assets in common stock, including securities convertible into common stock, and up to 60% of its total assets in debt securities issued by U.S. or non-U.S. governments and corporate entities rated at the time of purchase within the two highest grades.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
OAKBX	4.97%	10.96%	4.22%	8.93%	6.63%
DJ Moderate TR USD	-0.64%	7.66%	3.87%	7.37%	5.08%
Out/(Under) Performing	5.61%	3.30%	0.35%	1.56%	1.56%
Peer Group Ranking	3	11	44	30	9

The Oakmark Equity & Income Fund outperformed its benchmark, the Lipper Balanced Fund, by 430 bps in the fourth quarter of 2016. For the year, the fund outperformed its benchmark by 377 bps. Major contributors to performance in equities were names such as Bank of America, General Motors, Baker Hughes and TD Ameritrade. Detractors include Consumer Defensive names such as Nestlé, Diageo and Phillip Morris. It is interesting to note that the fund sold Goldman Sachs, a name that was recently added to the portfolio. The fund did add a new equity name, VWR Corporation, which is the second largest distributor of laboratory equipment and supplies. Within the fixed income space, the fund added to its corporate bond allocation. Duration remains low at 1.61 years and the current yield on the portfolio is about 2.02%. Fund managers do note that if interest rates continue to rise, they will add duration to the portfolio. At the end of the quarter, the fund stood at ~56% in equities and ~44% in fixed income and cash. The fund's score has move to a 6 from a 5 under our scoring methodology. The fund ranks in the second quartile on a 3-, and 5-year period on an absolute return basis versus its peer group.

Perkins Small Cap Value N (JDSNX)

Fund Score: 8 (Status: Pass)

US Small Cap

The investment seeks capital appreciation.

The fund pursues its investment objective by investing primarily in the common stocks of small companies whose stock prices are believed to be undervalued by the fund's portfolio managers. It invests, under normal circumstances, at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of small companies whose market capitalization, at the time of initial purchase, is less than the 12-month average of the maximum market capitalization for companies included in the Russell 2000 Value Index. The fund may invest up to 20% of its net assets in cash or similar investments.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
JDSNX	10.28%	26.58%	9.95%	13.55%	9.11%
Russell 2000 Value TR USD	14.07%	31.74%	8.31%	15.07%	6.26%
Out/(Under) Performing	-3.79%	-5.16%	1.64%	-1.52%	2.85%
Peer Group Ranking	77	41	5	64	1

Nicholas Limited Edition I (NCLEX)

Fund Score: 7 (Status: Pass)

US Small Cap

The investment seeks to increase the value of the investment over the long-term.

The fund primarily invests in common stocks of domestic corporations with small- and medium-sized market capitalizations believed to have growth potential. The advisor believes a company's annual sales volume and market capitalization are the factors most illustrative of a company's size. The fund generally considers companies with market capitalizations up to \$2 billion as "small", between \$2 billion and \$10 billion as "medium," and greater than \$10 billion as "large."

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
NCLEX	2.79%	12.36%	4.80%	11.62%	8.61%
Russell 2000 Growth TR USD	3.57%	11.32%	5.05%	13.74%	7.76%
Out/(Under) Performing	-0.78%	1.04%	-0.26%	-2.12%	0.86%
Peer Group Ranking	52	38	37	66	12

Ivy International Core Equity R6 (IINCX)

Fund Score: 9 (Status: Pass)

Frgn Developd Large Cap

The investment seeks to provide capital growth and appreciation.

The fund invests, under normal circumstances, at least 80% of its net assets in equity securities of companies located in, or principally traded largely in, developed European and Asian/Pacific Basin markets. In seeking to enhance potential return, it also may invest in issuers located or doing business in emerging market countries. The fund may invest up to 100% of its total assets in foreign securities.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
IINCX	0.25%	1.80%	0.82%	7.68%	3.51%
MSCI ACWI Ex USA NR USD	-1.25%	4.50%	-1.78%	5.00%	0.96%
Out/(Under) Performing	1.50%	-2.69%	2.60%	2.68%	2.55%
Peer Group Ranking	7	35	5	11	6

Oppenheimer Developing Markets I (ODVIX)

Fund Score: 7 (Status: Pass)

Frgn Emergng Markets

The investment seeks capital appreciation.

The fund mainly invests in common stocks of issuers in developing and emerging markets throughout the world and at times it may invest up to 100% of its total assets in foreign securities. Under normal market conditions, it will invest at least 80% of its net assets, plus borrowings for investment purposes, in equity securities of issuers whose principal activities are in a developing market, i.e. are in a developing market or are economically tied to a developing market country. The fund will invest in at least three developing markets.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
ODVIX	-5.06%	7.39%	-3.94%	3.22%	4.42%
MSCI EM NR USD	-4.16%	11.20%	-2.55%	1.28%	1.84%
Out/(Under) Performing	-0.90%	-3.82%	-1.39%	1.94%	2.58%
Peer Group Ranking	45	55	70	20	1

RidgeWorth Seix Total Return Bond IS (SAMZX)

Fund Score: 6 (Status: Pass)

US Intermed Duration

The investment seeks to maximize long term total return through a combination of current income and capital appreciation, consistent with capital preservation.

The fund invests in various types of income-producing debt securities including mortgage- and asset-backed securities, government and agency obligations, corporate obligations and floating rate loans. It normally invests at least 80% of its net assets (plus any borrowings for investment purposes) in fixed income securities. The fund may invest up to 20% of its net assets in below investment grade, high yield debt obligations.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
SAMZX	-2.63%	3.13%	3.30%	2.33%	4.88%
BBgBarc US Agg Bond TR USD	-2.98%	2.65%	3.03%	2.23%	4.35%
Out/(Under) Performing	0.35%	0.48%	0.27%	0.09%	0.54%
Peer Group Ranking	53	46	21	66	21

Fidelity Advisor Real Estate Income I (FRIRX)

Fund Score: 6 (Status: Pass)

REIT

The investment seeks higher than average income; and capital growth is the secondary objective.

The fund normally invests primarily in preferred and common stocks of REITs; debt securities of real estate entities; and commercial and other mortgage-backed securities, with an emphasis on lower-quality debt securities (those of less than investment-grade quality, also referred to as high yield debt securities or junk bonds). It invests at least 80% of assets in securities of companies principally engaged in the real estate industry and other real estate related investments. The fund invests in domestic and foreign issuers.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
FRIRX	-0.96%	10.21%	8.07%	9.37%	6.31%
FTSE NAREIT Equity REITs TR USD	-2.90%	8.51%	13.37%	12.01%	5.08%
Out/(Under) Performing	1.95%	1.70%	-5.30%	-2.64%	1.23%
Peer Group Ranking	16	7	92	89	3

Templeton Global Bond R6 (FBNRX)

Fund Score: 7 (Status: Watch)

Global Hedged

The investment seeks current income with capital appreciation and growth of income.

Under normal market conditions, the fund invests at least 80% of its net assets in "bonds." Bonds include debt obligations of any maturity, such as bonds, notes, bills and debentures. It invests predominantly in bonds issued by governments, government-related entities and government agencies located around the world. The fund may invest up to 25% of its total assets in bonds that are rated below investment grade or, if unrated determined by the investment manager to be of comparable quality. It is non-diversified.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
FBNRX	8.32%	6.78%	1.52%	4.40%	6.69%
BBgBarc Global Aggregate TR Hdg USD	-2.34%	3.95%	4.15%	3.59%	4.39%
Out/(Under) Performing	10.66%	2.83%	-2.63%	0.82%	2.30%
Peer Group Ranking	1	14	27	10	1

Templeton Global Bond Fund advanced considerably in the fourth quarter with an 8.3% return, outperforming its benchmark, the Bloomberg Barclays Global Aggregate Bond Index which returned -2.3%. The fund also outperformed its peers, ranking in the 1st percentile. The strong performance can be largely attributed to yen and euro depreciation – the fund holds significant short positions in the currencies – and short duration positioning as Treasury rates rose across the curve. Long exposure to the Mexican peso detracted from performance as Trump's victory prompted a sharp depreciation. The outsized Q4 return more than offset negative returns over the first nine months and the fund finished the year up 6.6% compared to 4.0% for the benchmark. Fourth quarter results boosted trailing returns; the fund has outperformed most of its peers over the trailing 1-, 3-, 5-, and 10-year time periods ranking in the 14th, 29th, 11th, and 1st percentiles, respectively. The fund continues to be positioned for rising rates by maintaining low overall portfolio duration. Templeton Global Bond favors countries with fundamentally undervalued currencies with increasing inflation and healthy growth. Short euro and yen positions have been used to guard against broad-based strengthening of the US dollar, while taking long positions in select emerging market currencies that they view as having attractive long term valuations. The cash position decreased slightly quarter-over-quarter, but remains relatively high at around 23%, reinforcing the fund's defensive approach to interest rate risk.

Great-West Lifetime 2055 Trust (gw2055)

Fund Score: 8 (Status: Pass)

Uncategorized

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
gw2055	1.25%	10.87%	5.29%	10.45%	
DJ Target 2055 TR USD	1.58%	10.12%	4.57%	10.32%	5.49%
Out/(Under) Performing	-0.33%	0.75%	0.73%	0.13%	
Peer Group Ranking	45	1	1	29	

Great-West Lifetime 2045 Trust (gw2045)

Fund Score: 8 (Status: Pass)

Uncategorized

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
gw2045	1.43%	10.98%	5.55%	10.63%	
DJ Target 2045 TR USD	1.35%	9.85%	4.50%	10.24%	5.45%
Out/(Under) Performing	0.08%	1.14%	1.05%	0.39%	
Peer Group Ranking	30	1	1	16	

Great-West Lifetime 2035 Trust (gw2035)

Fund Score: 8 (Status: Pass)

Uncategorized

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
gw2035	1.16%	10.44%	5.52%	10.24%	
DJ Target 2035 TR USD	0.12%	8.50%	4.14%	9.06%	5.07%
Out/(Under) Performing	1.04%	1.93%	1.38%	1.18%	
Peer Group Ranking	29	1	1	15	

Great-West Lifetime 2025 Trust (gw2025)

Fund Score: 8 (Status: Pass)

Uncategorized

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
gw2025	0.41%	9.22%	5.09%	8.55%	
DJ Target 2025 TR USD	-1.81%	6.39%	3.42%	6.73%	4.55%
Out/(Under) Performing	2.23%	2.83%	1.67%	1.82%	
Peer Group Ranking	23	1	1	28	

Great-West Lifetime 2015 Trust (gw2015)

Fund Score: 8 (Status: Pass)

Uncategorized

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
gw2015	0.03%	7.93%	4.60%	6.80%	
DJ Target 2015 TR USD	-3.20%	4.52%	2.64%	4.19%	4.03%
Out/(Under) Performing	3.23%	3.41%	1.96%	2.60%	
Peer Group Ranking	26	1	1	44	

Great West Life Stable Asset Fund Annuity Contract

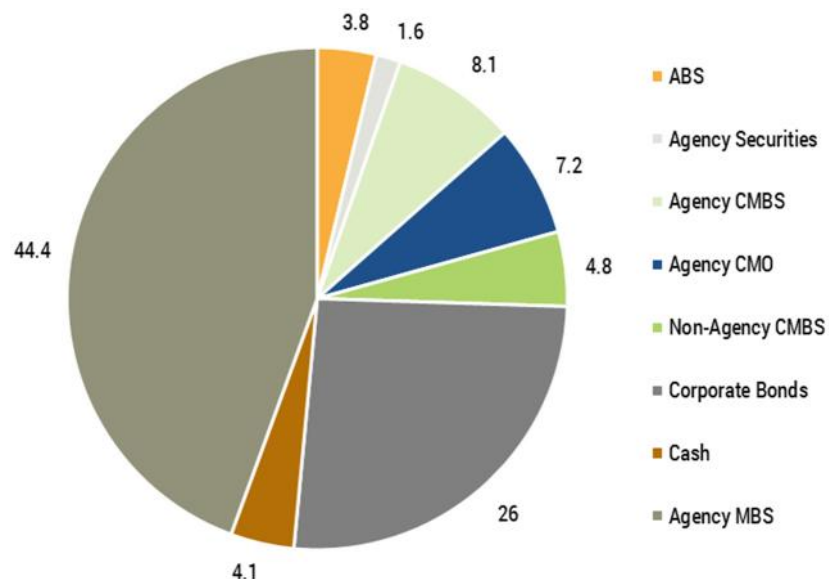
Fresno County

December 31, 2016

Q4 2016 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 44.4%. Corporate Bonds constitute the second largest component of the portfolio at 26.0%. The allocation to Corporate Bonds has doubled since Q4 2015.

Average Duration:

The fund's duration once again declined to 2.7 years in Q1'16. The portfolio slowly increased in duration during 2016 to end the year at 3.3 years, the same duration it ended the 2015 calendar year at. Management expects rates to stay low overall. As such, the portfolio is expected to remain duration neutral until more clarity on the path of rate hikes is determined under the new administration.

Average Credit Rating for Portfolio:

S&P
AA

Moody's
AA+

Fitch
AA+

The fund's average credit rating of AA+ as of the end of the Q4 2016 is consistent with the Investment Policy Statement's guidelines. The portfolio's lowest average credit rating, as measured by S&P, is 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 2016 Crediting Rate: 2.00%

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

Q4 2016 Fund Update and Positioning

The Great West managed stable value portfolio remains well diversified with no concentration of risk anywhere that is not appropriate. Interest rates are expected to stay low historically. Inflation in both the domestic and global economy has been slowly trending upwards from its bottom. Developments across Europe as “Brexit” unfolds, the supply/demand dynamics of global oil trade, China’s continued economic transition, and the tone and actions of the FOMC. Uncertainty remains in regards to new policies that may come into effect under President Trump and, as a result, heightened volatility is expected until clear plans are in place.

The Great West portfolio management team has increased the portfolio’s allocation to Corporate Bonds over the trailing year by 13.0%, doubling the exposure to 26.0% of the total portfolio as of year-end 2016. All other allocations, except cash, were reduced in order to reach the portfolio’s current positioning. In particular, Agency MBS were decreased by 5.2% though they remain the dominant allocation in the portfolio, comprising 44.4% of assets as of year-end 2016.

While U.S. interest rates are high relative to global rates, they are expected to stay low overall. A modest bear flattening (short term rates rising faster than long term rates, flattening the yield curve as the two converge) of the curve is expected through year end, and duration will stay neutral until clarification on the path of any hikes is realized. The Fed appears more hawkish on growth and inflation outlook, though uncertainty remains around President Trump’s policy implementations. Markets for new issues remain strong in this environment, allowing opportunities to purchase cheap bonds and position portfolios across the curve wherever value is found. Great-West additionally sees value particularly in Corporates, CMBS, and ABS in the coming year. Corporates earnings remain stable; CMBS have strong fundamentals and improved underwriting standards, and ABS are an attractive liquid alternative.

NWCM was notified of Catherine Tocher’s retirement from Great-West. She will be leaving the firm in June 2017, to be replaced by Jack Brown. Mr. Brown joined Great-West in 2015 and spent the past 20 years with Oppenheimer Fund.

Investment Policy Constraints

After meeting with Catherine Tocher in 2016, the County approved the following policy changes which have since been implemented:

- 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.

As a follow-up to the announcement of Ms. Tocher’s retirement, NWCM recommends additional review of the stable value product and the upcoming manager, Mr. Brown.

County of Fresno 457 DC Plan

Current Lineup Status

Asset Class		Current Status	Placed On Watch
US Large Cap			
aspzx	Alger Spectra Z	Pass	-
cddyx	Columbia Dividend Income Y	Pass	-
02cff1	Blackrock Equity Index Fund	Index	-
US Mid Cap			
hfcix	Hennessy Focus Funds Institutional	Pass	-
03cff2	Blackrock Mid Cap Equity Index Fund	Index	-
US Small Cap			
nclex	Nicholas Limited Edition I	Pass	-
jdsnx	Perkins Small Cap Value N	Pass	-
03cff3	Blackrock Russell 2000 Index Fund	Index	-
Foreign Stocks			
iiincx	Ivy International Core Equity R6	Pass	-
odvix	Oppenheimer Developing Markets I	Pass	-
10cff5	Blackrock Eafe Equity Index Fund	Index	-
Fixed Income			
samzx	RidgeWorth Seix Total Return Bond IS	Pass	-
04cff4	Blackrock US Debt Index Fund	Index	-
fbnrx	Templeton Global Bond R6	Watch	2016 - Q2
Specialty Options			
frirx	Fidelity AdvisorReal Estate Income I	Pass	-
fufrx	Franklin Utilities R6	Pass	-
oakbx	Oakmark Equity & Income I	Pass	-
fressv	County Of Fresno Stable Value Fund	Stable Value	2017 - Q1
Target Date			
c15mzr	Great-West Lifetime 2015 Trust	TDF	2017 - Q1
c25mzr	Great-West Lifetime 2025 Trust	TDF	2017 - Q1
c35mzr	Great-West Lifetime 2035 Trust	TDF	2017 - Q1
c45mzr	Great-West Lifetime 2045 Trust	TDF	2017 - Q1
c55mzr	Great-West Lifetime 2055 Trust	TDF	2017 - Q1

Watch List History

		Current Status	Placed On Watch	Removed From Watch
All Investments				
scblx	RidgeWorth Seix Total Return Bond R	In Plan	2013 - Q4	2015 - Q2
nnlex	Nicholas Limited Edition N	In Plan	2013 - Q4	2015 - Q2
gsftx	Columbia Dividend Income Z	In Plan	2013 - Q4	2014 - Q4
oakbx	Oakmark Equity And Income Investor	In Plan	2012 - Q1	2012 - Q3
segsx	Sentinel Government Securities A	Removed	2014 - Q2	2015 - Q2
jmctx	Perkins Mid Cap Value T	Removed	2013 - Q4	2015 - Q2
msiix	MainStay International Equity I	Removed	2012 - Q4	2015 - Q2
paxix	Pax Balanced Institutional	Removed	2012 - Q4	2013 - Q2
gtavx	Invesco Mid Cap Core Equity R5	Removed	2012 - Q1	2013 - Q2
jmctx	Perkins Mid Cap Value I	Removed	2012 - Q1	2012 - Q3
nbgmx	Neuberger Berman Genesis Inv	Removed	2012 - Q1	2012 - Q3
sdgtx	Deutsche Capital Growth I	Removed	2012 - Q1	2012 - Q3
chtvx	Invesco Charter Fund R5	Removed	2012 - Q1	2012 - Q3