

County of Fresno Stable Value Fund



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County of Fresno: Stable Value Portfolio Structure



Great-West SVF Management

- \$10.6 billion of Custom Stable Value Funds under management
- \$6.8 billion of public employer custom Stable Value Fund assets
- Custom Stable Value management since 1993
- 35 custom Stable Value Funds
- Partial client list:
 - States: Oklahoma, New Hampshire, Louisiana, South Carolina, Colorado, Alabama, Kansas
 - Cities: Hayward, Pasadena, Austin, Houston, Torrance
 - Counties: Fresno, Milwaukee, Monterey, Santa Barbara, Orange
 - Special Districts: Port of Oakland

As an investment manager and a wrap provider, we have the retirement industry experience to provide superior service for your plan

Result: Custom portfolio, no unnecessary liquidity restrictions, optimized plan sponsor experience



Streamlined, cost-effective stable value structure





Structure	Wrap Coverage	Investment Management
Separate Account	Single Wrap Provider	Single Manager
<p>Separate Account structure allows for greater flexibility</p> <ul style="list-style-type: none">▪ Investment Policy customization▪ Exit provisions▪ Transparency	<p>Wrap contract most essential aspect of a stable value fund</p> <ul style="list-style-type: none">▪ Allows participants to transact at book value▪ Does not guarantee investment portfolio <p>Single provider allows for full control of wrap contract coverage</p> <ul style="list-style-type: none">▪ Not dependent on third parties▪ Consistent quality over entire portfolio	<p>Single investment manager more cost effective</p> <ul style="list-style-type: none">▪ Allows greater economies of scale▪ Provides transparent portfolio holdings▪ Closely aligned with the wrap provider

Benefits of Great-West Custom Stable Value Product versus a Stable Value Fund

- **Guarantee of Principal and Interest** – The Great-West CSV product offers a guarantee of P&I on the entire fund. A Stable Value Fund or CIT.
- **Selection of investment strategy** – With the Great-West CSV product a plan sponsor can select the appropriate investment strategy. With a SVF/CIT they cannot.
- **Stated and Declared Rate** – Our product offers a quarterly declared fixed rate and a SVF/CIT does not.
- **Transparency of holdings and rate calculation** – The CSV provides a listing of all holdings, and full transparency on how our rate is calculated, the SVF/CIT does not.
- **Fees** – The CSV fees (management and wrap) are usually lower than a SVP/CIT.
- **Credit Quality / Financial Strength** – The guarantee that Great-West offers (AA for S&P and Fitch, Aa3 for Moody's), is usually higher than a SVF/CIT.

Financial strength ratings*

Great-West Life & Annuity Insurance Company ratings

 A.M. Best Company, Inc. Financial strength	 Fitch Ratings Financial strength
 Moody's Investors Service Financial strength	 Standard & Poor's Ratings Services Financial strength

*These are current ratings for our primary insurance companies: Great-West Life & Annuity Insurance Company (GWL&A) and Great-West Life & Annuity Insurance Company (GWL&A NY) and are rated by a number of nationally recognized rating agencies. The ratings represent the opinion of the rating agencies regarding the financial strength of GWL&A and GWL&A NY and its ability to meet ongoing obligations to policy holders. These ratings do not pertain to the investment performance of the underlying fund, other insurance affiliates or subsidiaries, or non-insurance affiliates or subsidiaries of the company and are subject to change.

1 Superior (highest of 10 categories); 2 Very strong (second highest of nine categories); 3 Excellent (second highest of nine categories).

Investment Policy

Investment Policy Statement

Revisions made to the Fresno County IPS in May, 2016

Revisions moved the Fresno County IPS closer to Great-West's "Core" template

- Great-West template is more aggressive than the current Fresno County IPS

Major differences in current IPS to template IPS include:

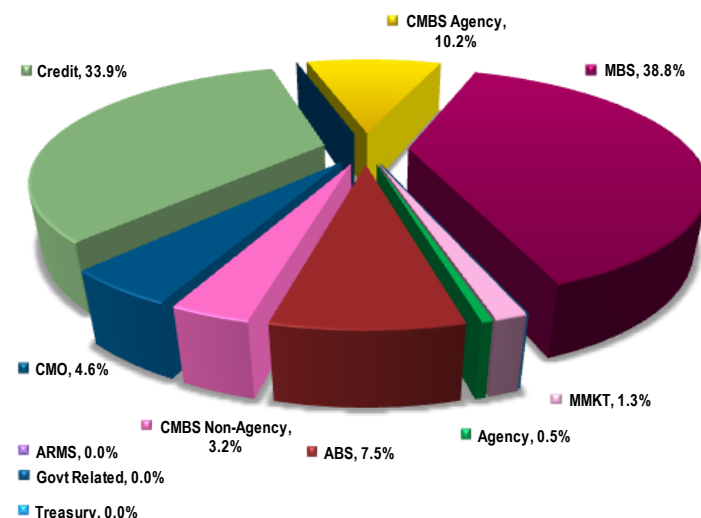
- Average credit quality of AA (IPS template is A-)
- Maximum of 25% in A-rated securities (no maximum in template IPS)
- Template IPS allows for expanded holdings in ABS and CMBS securities
- Template allows for use of derivatives for defensive purposes

Fresno County Portfolio

Portfolio Composition

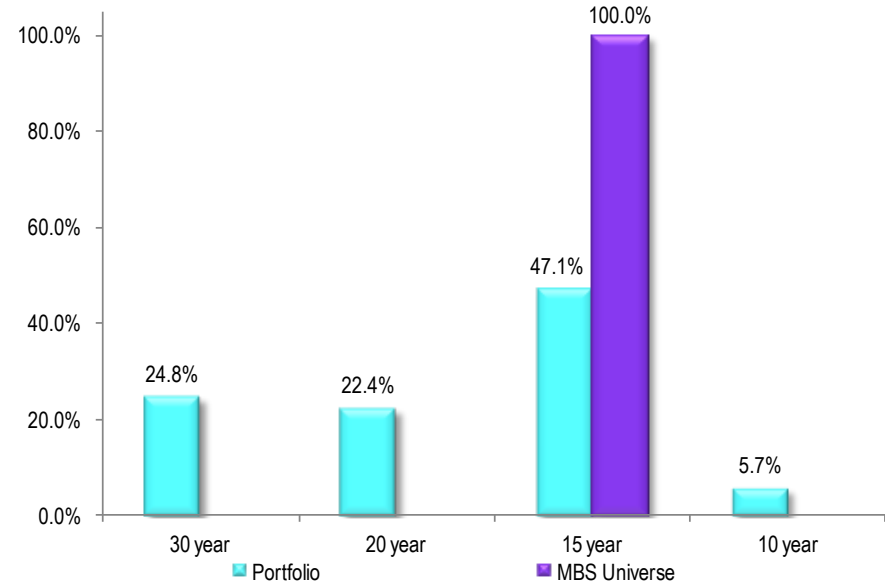
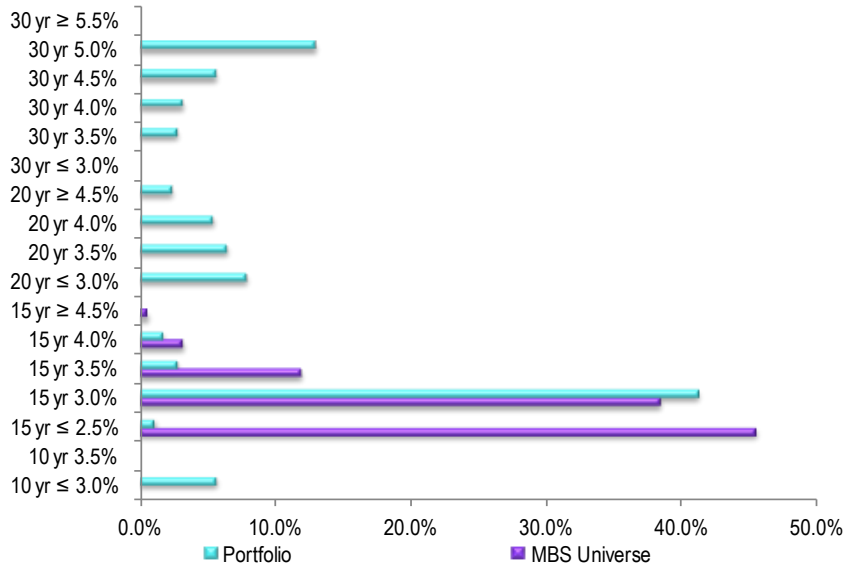
5/31/18	GGF Composite		Benchmark	
	Fresno	Duration	Benchmark	Duration
Sector Weightings:				
Agency	0.5%	3.2	0.0%	0.0
MBS	38.8%	3.8	55.0%	3.8
30 year	9.6%	4.4	0.0%	0.0
20 year	8.7%	4.1	0.0%	0.0
15 year	18.3%	3.5	55.0%	3.8
10 year	2.2%	2.9	0.0%	0.0
CMO	4.6%	3.4	0.0%	0.0
CMO Agency	3.2%	3.5	0.0%	0.0
CMO Non-Agency	1.4%	3.3	0.0%	0.0
Corporate Bonds	33.9%	2.8	35.0%	2.8
Finance	10.0%	2.4	14.5%	2.8
Banks	8.4%	2.5	11.8%	2.7
REITs	0.0%	0.0	0.7%	3.1
Other	1.6%	2.1	2.0%	2.8
Industrial	22.4%	2.9	19.0%	2.8
Communication	2.5%	3.6	2.1%	2.8
Consumer Cyclical	1.6%	3.2	2.7%	2.8
Consumer Non Cyclical	7.9%	2.6	5.4%	2.9
Energy	3.6%	2.5	2.5%	2.8
Industrial	2.4%	3.4	2.0%	2.8
Materials	1.7%	2.7	0.8%	3.0
Technology	1.5%	2.2	3.1%	2.8
Transportation	1.1%	3.9	0.5%	2.9
Utility	1.6%	3.7	1.5%	2.7
CMBS	13.4%	1.8	10.0%	5.2
CMBS Agency	10.2%	1.8	3.7%	5.1
CMBS Non-Agency	3.2%	2.0	6.3%	5.3
ABS	7.5%	2.0	0.0%	0.0
Auto	1.4%	0.7	0.0%	0.0
Home Equity	4.9%	2.5	0.0%	0.0
Other	1.2%	1.5	0.0%	0.0
MMKT	1.3%	0.0	0.0%	0.0
Credit Quality	AA		AA	
Weighted Average Life	3.6		4.0	
Effective Duration	3.0		3.6	
Effective Convexity	-0.1		0.0	
Yield To Maturity	3.08		3.11	
Total AUM	\$62,030,464			

*Customized benchmark based on IPS constraints: 55% 15 yr MBS / 10% CMBS / 35% Corp 1-5



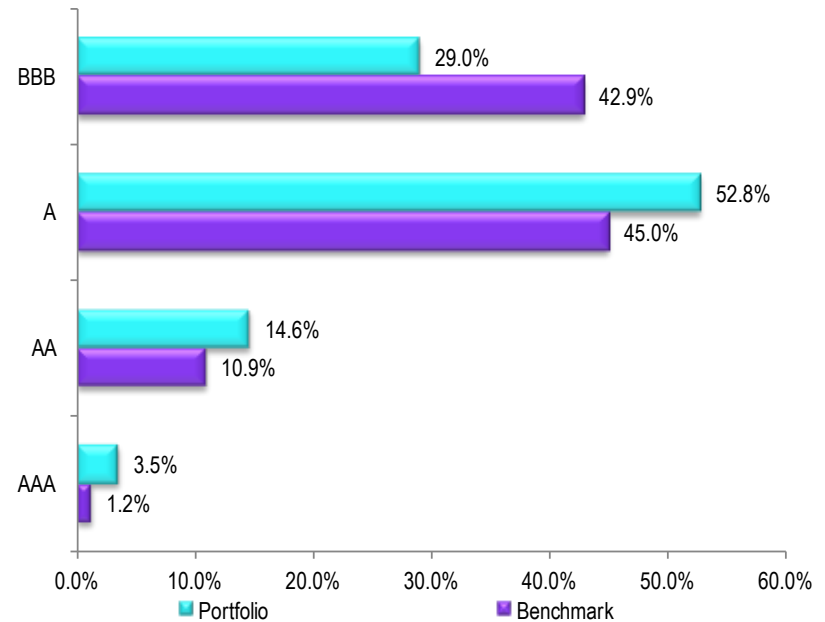
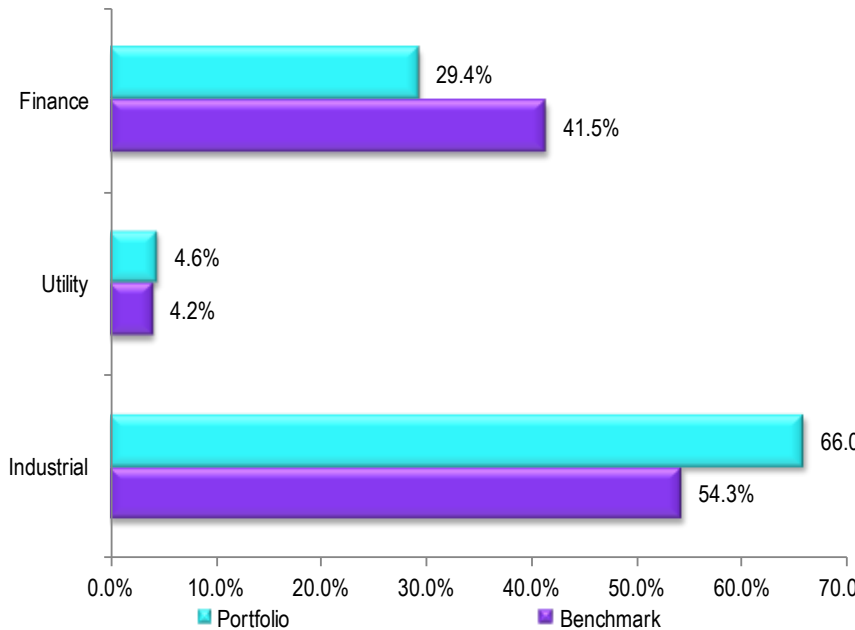
- YTD portfolio strategy through 5/31/2018: Identify relative value opportunities and carefully manage positioning along the curve while operating within IPS constraints
 - Maintained overweight allocation to spread product vs. treasuries.
 - Increased allocations to ABS and CMBS vs. a decrease to MBS
 - Within corporates, increased allocation to financial institutions vs. a decrease to industrials and utilities

MBS Pass-Through: Term & Coupon



- MBS portfolio holdings are diversified across coupons and term structures
 - MBS strategy continues to be focused on reducing duration / extension risk
- Increased allocation to 10, 15, and 20 year MBS vs. a decrease to 30 year MBS
 - Expected a further flattening of the treasury curve and primarily followed originated coupons
- MBS holdings focus on specified pools whose underlying loan characteristics are less sensitive and/or responsive to changes in interest rates

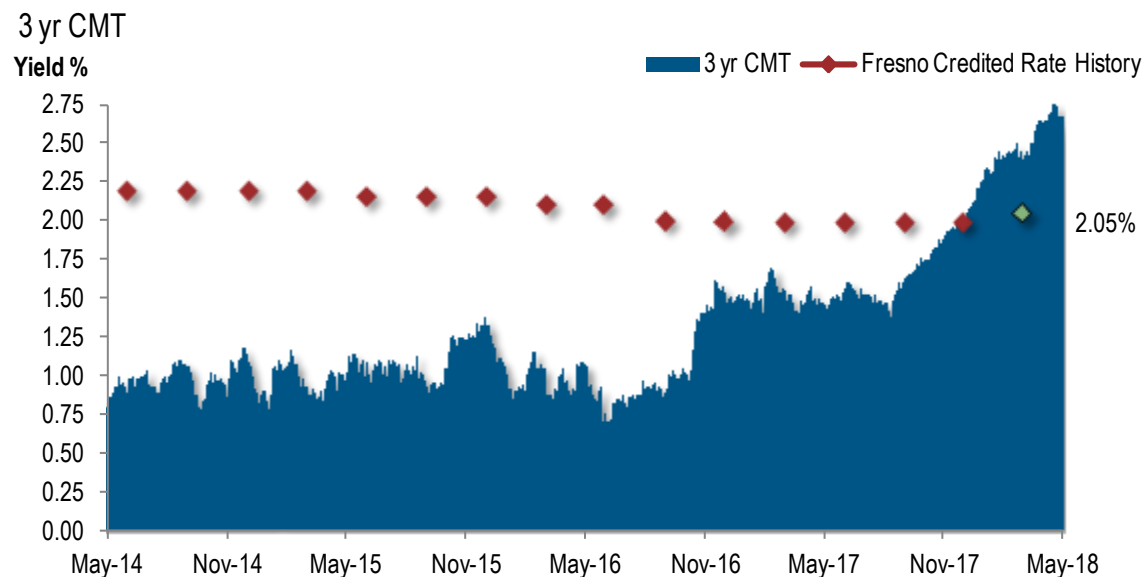
Corporate Bonds



- Continue to be active in primary market to capture new issue discount at attractive prices and improve quality and diversification:
 - Bank of America Corp, Barclays Bank PLC, CVS Health Corp, General Mills Inc, Hershey Co
- Targeted high quality issuers in secondary market:
 - Perrigo Finance Unlimited, El Du Pont De Nemours & Co, The Hillshire Brands Corp, Phillips 66 Partners LP
- Government Related securities includes Sovereigns, Supranationals, Foreign Agencies and Local Authorities

Credited Rate History

Fresno County Credited Rate History			
2009 4Q	3.25%	2014 2Q	2.10%
2010 1Q	3.25%	2014 3Q	2.20%
2010 2Q	3.25%	2014 4Q	2.20%
2010 3Q	3.30%	2015 1Q	2.20%
2010 4Q	3.20%	2015 2Q	2.20%
2011 1Q	3.10%	2015 3Q	2.15%
2011 2Q	3.10%	2015 4Q	2.15%
2011 3Q	3.10%	2016 1Q	2.15%
2011 4Q	3.00%	2016 2Q	2.10%
2012 1Q	2.80%	2016 3Q	2.10%
2012 2Q	2.70%	2016 4Q	2.00%
2012 3Q	2.60%	2017 1Q	2.00%
2012 4Q	2.25%	2017 2Q	2.00%
2013 1Q	2.20%	2017 3Q	2.00%
2013 2Q	2.20%	2017 4Q	2.00%
2013 3Q	2.10%	2018 1Q	2.00%
2013 4Q	2.10%	2018 2Q	2.05%
2014 1Q	2.20%		



Inception Date: 11/19/2009

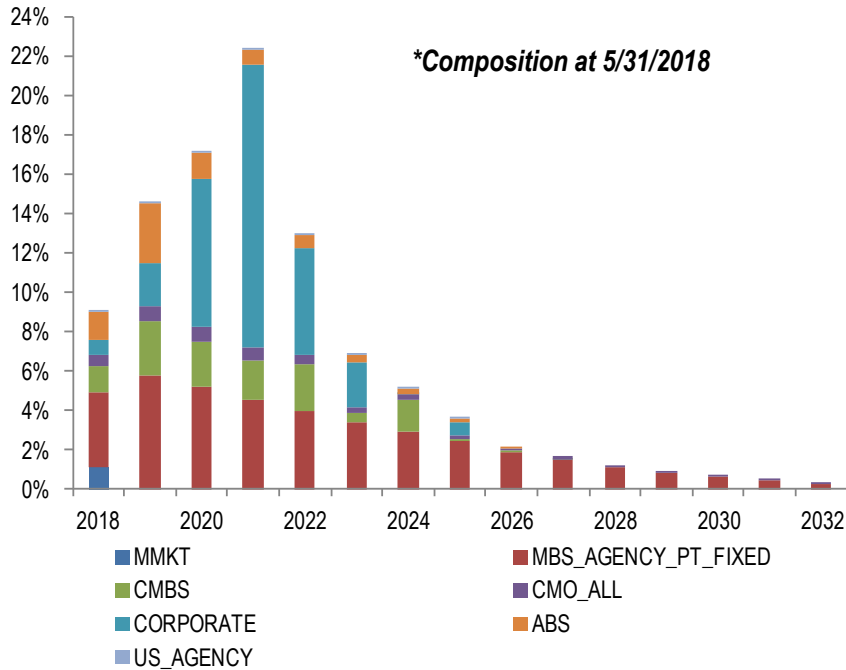
Total AUM: \$62 MM

Book Yield (4/30): 2.49%

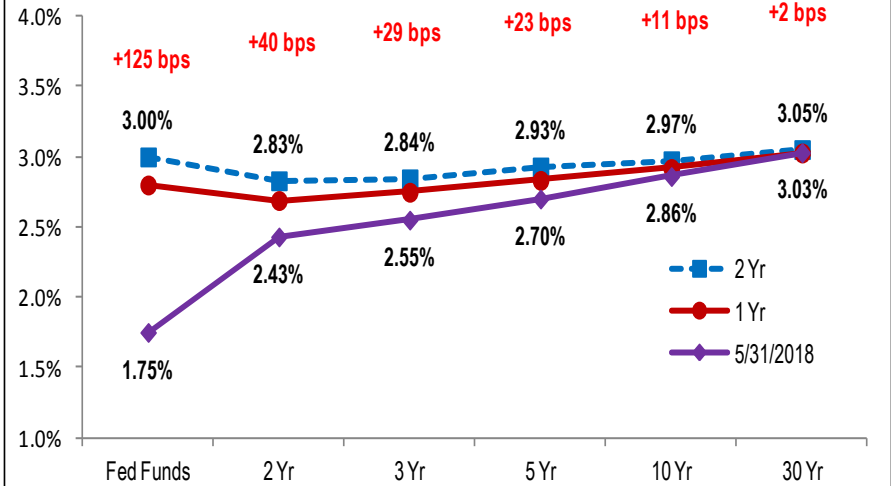
MKT to Book (4/30): 97.8%

Portfolio Projected Cash Flows

Fresno County Portfolio Cash Flow Run-Off By Class



US Treasury Yield Curves: Current/1/2 Years Forward



- Portfolio cash flow runoff laddered across front end of curve consistent with view on direction of short-term rates

Disclosure

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Summary

Very Aware of the role of Stable Value

- Because we are aligned with the largest recordkeeper of public retirement plans in the country, we know the role the stable value fund plays in the plan and why government plan participants choose the fund.

Streamlined, Cost-Efficient Structure

- Separate Account allows greater flexibility
- Single Wrap provides consistent, high-quality wrap protection on entire portfolio without the risk of third-parties
- Single Investment Manager allows for better cost-efficiency, transparent portfolio holdings, and excellent relative returns

High Quality Portfolio

- Portfolio is invested with capital preservation as its primary goal
- Portfolio avoids investing in areas inconsistent with risk averse participant needs
- Portfolio entirely managed by Great-West Financial, which has a long history of managing assets for capital preservation

Thank You



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