



## Item 9

DATE: March 21, 2019

TO: Deferred Compensation Management Council

FROM: Brent Petty, NWCM, Inc.

SUBJECT: Fourth Quarter Investment Performance Report (Executive Summary)

### Capital Markets

Name	YTD (02/28/2019)	Q4 2018	1-Year (02/28/2019)
S&P 500 TR USD	11.48	-13.52	4.68
S&P MidCap 400 TR	15.14	-17.28	4.14
S&P SmallCap 600 TR USD	15.45	-20.10	7.20
MSCI EAFE NR USD	9.29	-12.54	-6.04
MSCI EM NR USD	9.01	-7.47	-9.89
BBgBarc US Agg Bond TR USD	1.00	1.64	3.17

	2/28/2019	12/31/2018	2/28/2018
10-Year Treasury Yield	2.73%	2.69%	2.87%

### Fourth Quarter (Complete Quarterly Investment Report is provided as Exhibit A)

Despite a supportive fundamental backdrop, many asset classes struggled amid headwinds from rising rates, US-China trade tensions, and underlying concerns surrounding “peak” earnings and the duration of the economic cycle. U.S. equity went from a record high in September to well into correction territory by year-end. International equity continued its decline, however it outperformed relative to U.S. stocks.

In fixed income, fears of slowing economic growth hampered high yield sectors, while investment-grade bonds and interest-rate-sensitive government bonds rallied near the end of the year.

### **Economic Factors**

Home sales and homebuilder sentiment has declined, however most core fundamentals such as unemployment and Q3 GDP remained robust.

Even though the Fed raised rates in December, a stronger dollar and building global risks encouraged the Fed to take a cautious approach and adopt a “wait and see” strategy.

### **Investments**

Hennessy Focus Instl, Oakmark Equity and Income, and Virtus Seix Total Return Bond scored a five, four, and four respectively under our methodology, however all three funds remain on watch due to recent underperformance. All of the County's other investment options comply with investment policy performance criteria.

- An updated fund watch report has been included as **Exhibit B**.
- A summary of proposed investment changes is provided **Exhibit C**.

### **Recommended Actions**

1. **Add the T. Rowe Price Mid Cap Growth I Fund and the Metropolitan West Total Return Bond Fund to the Plan Investment Lineup**
2. **Remove the Hennessy Focus Institutional Fund and map all assets to the T. Rowe Price Mid Cap Growth I Fund**
3. **Remove the Virtus Seix Total Return Bond R6 Fund and map all assets to the Metropolitan West Total Return Bond Fund**
4. **Remove the Oakmark Equity and Income Fund and map all assets to the age appropriate Great-West Lifetime target-date fund**
5. **Remove the Great-West Lifetime Trust Funds from the Watch List**

## Item 9 - Exhibit A

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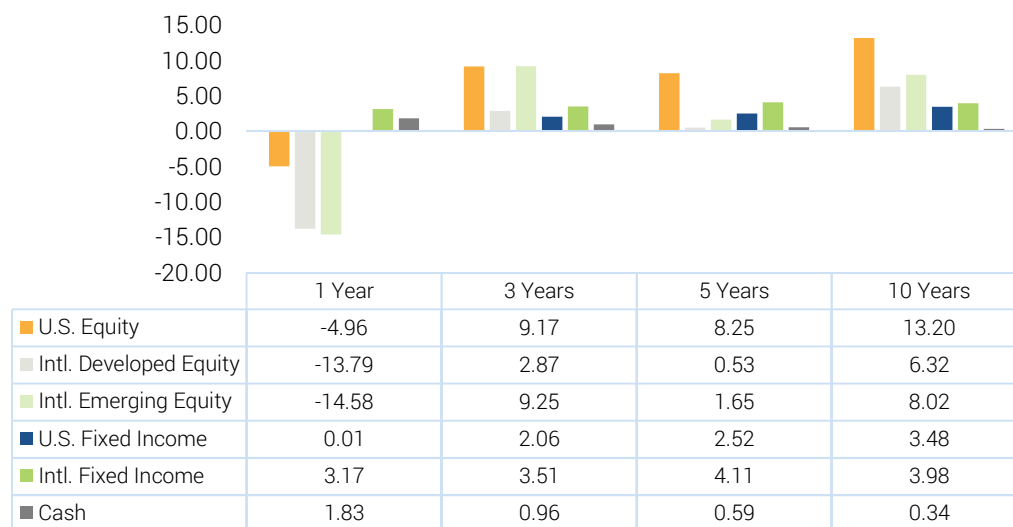
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## Market Performance Summary

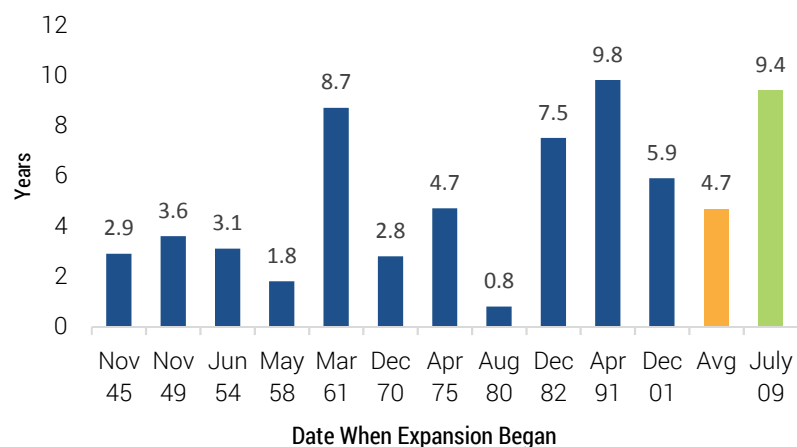
As of 12/31/2018

On the heels of a 2017 characterized by low volatility, robust growth, and strong performance across risky assets, 2018 has (unfortunately) delivered the reverse. After returning 11% through the first 3 quarters of 2018, the S&P 500 tumbled 14% during 4Q, bringing the annual total return to -4%. Volatility returned as 110 trading days experienced a 1%+ intraday move, compared to only 10 trading days in 2017. Despite a supportive fundamental backdrop, many asset classes struggled amid headwinds from rising rates, US-China trade tensions, and underlying concerns surrounding “peak” earnings and the duration of the economic cycle. Fixed income performance was muted for the year but rallied in the fourth quarter on the back of disappointing economic data and falling Treasury yields.

### Trailing Returns

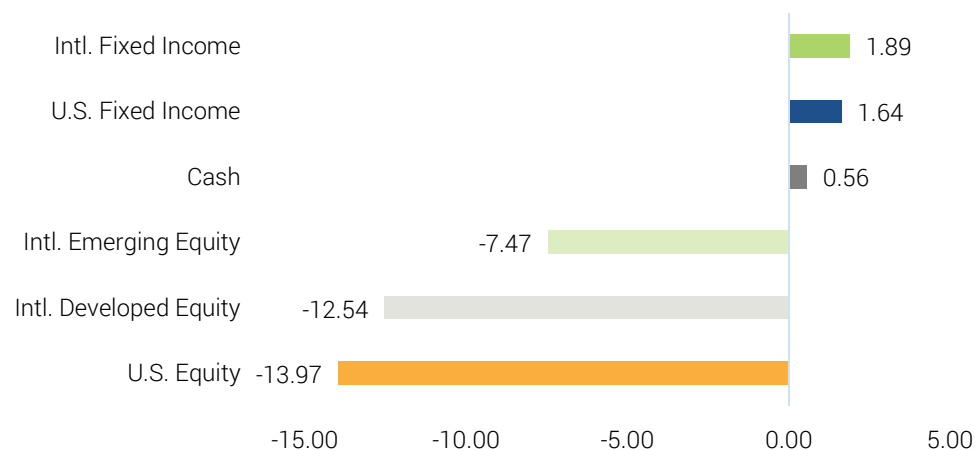


### Length of U.S. Expansions



Source: BEA, S&P, MSCI, Barclays

### Quarterly Performance

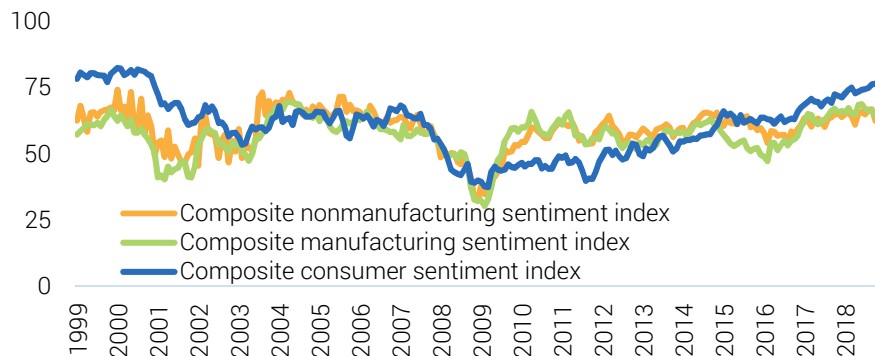


## Economic Factors

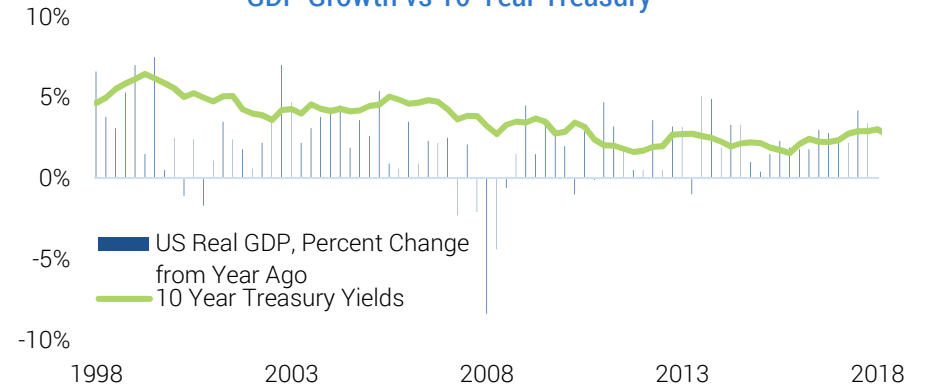
As of 12/31/2018

U.S. gross domestic product (GDP) growth remained strong into the third quarter, supported by consumers, but appears likely to have peaked. The downbeat run for the housing market through most of 2018 in response to higher mortgage rates has continued through many of the latest related reports, including declines in measures of pending existing home sales and homebuilder sentiment. Separately, orders and shipments for the key core capital goods series have also softened in recent months following a strong run. The more timely readings on business sentiment also have deteriorated lately, including a few eye-catching unfavorable results. The December jobs report was a welcome relief from the recent deterioration in many other economic indicators and financial markets. The unemployment rate remains at its lowest level in 16 years, implying tightness in the labor market. Inflation and labor costs gradually rose despite tighter labor markets, keeping recession risks relatively low despite the advanced age of the cycle. The stronger greenback and building global risks have encouraged a cautious approach from the Fed. A “wait and see” strategy is warranted in order to avoid choking off growth.

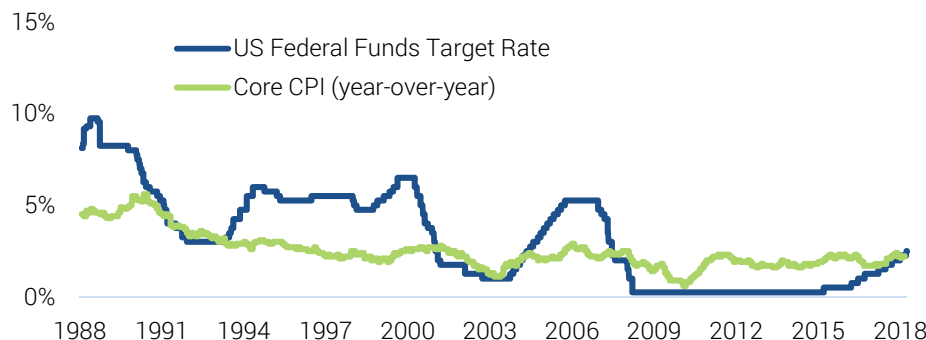
### Business and Consumer Sentiment



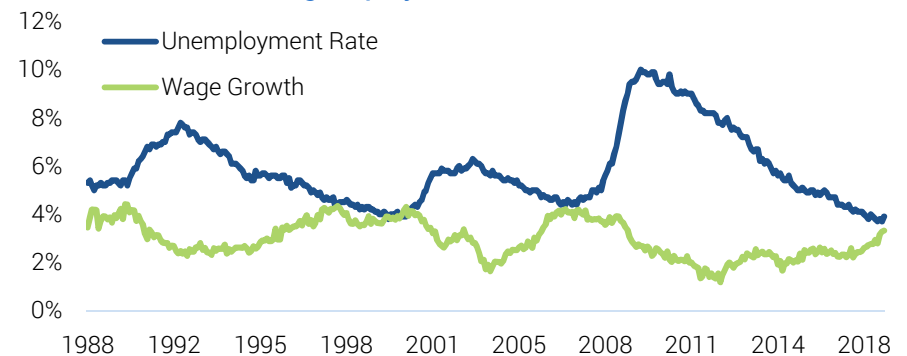
### GDP Growth vs 10-Year Treasury



### Fed Funds Returns to Normal Levels



### Strong Employment Trends Continue



Source: BEA, Department of Labor, J.P. Morgan

## U.S. Equity

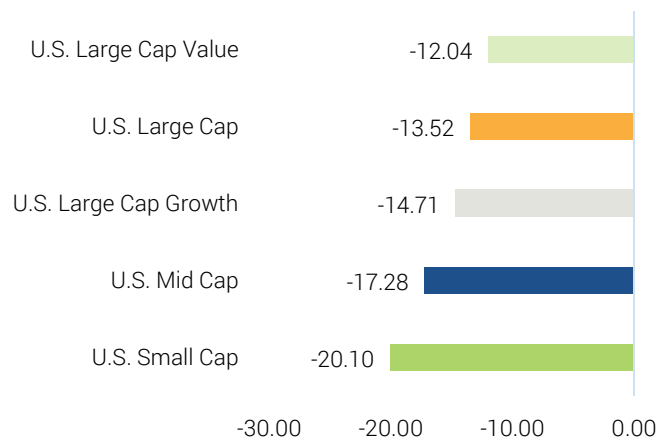
As of 12/31/2018

For U.S. equity investors, the fourth quarter of 2018 marked a sudden reversal of fortunes. In the U.S., the S&P 500 went from a record high in September to well into official correction territory by year-end. Small-company stocks, meanwhile, entered a bear market. A confluence of factors weighed, including rising U.S.-China trade tensions, signs the U.S. Fed was undeterred on their mission to raise rates, and concerns that earnings growth was peaking. The “buy the dip” mentality that we experienced earlier in the year was notably absent this time around, bringing valuations to their lowest levels in more than two years. Secular growth stocks that had led the advance over the last few years were among the largest decliners in the fourth quarter. With financial markets and economic data sending conflicting signals, we expect the market focus on Fed speak, key data releases, and information from the forthcoming corporate earnings season to intensify.

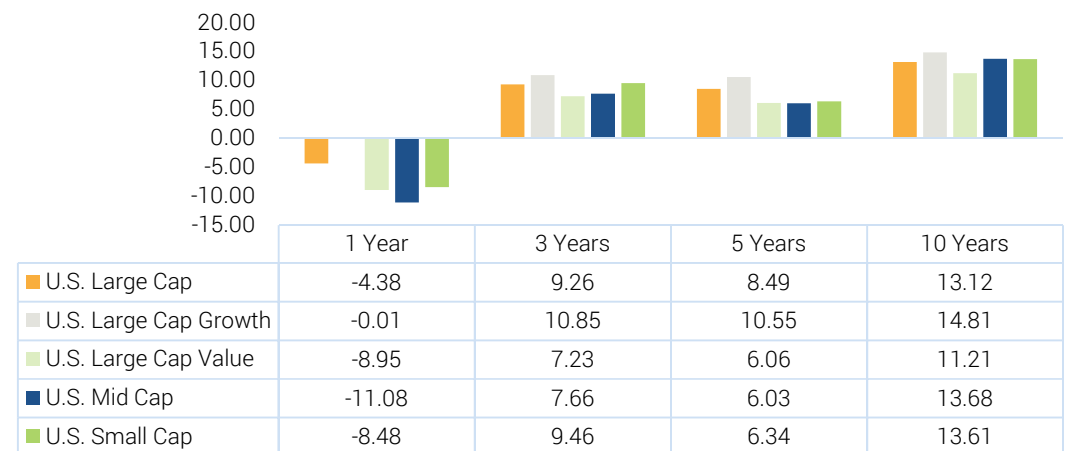
### US Large Cap vs. Small Cap



### Quarterly Performance



### Trailing Returns



Source: S&P, Bloomberg



## International Developed Equity

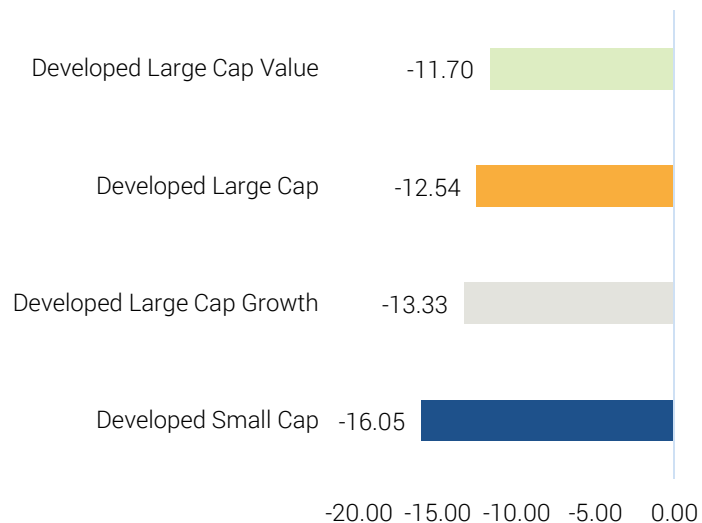
As of 12/31/2018

The divergence between the U.S. and International economies stalled in the fourth quarter allowing Non-U.S. stocks to outperform. In absolute terms, international developed equities declined into year-end as Britain's unresolved exit from the European Union and Italy's deficit concerns brought heightened anxieties. Household incomes grew strongly given solid employment gains and a notable acceleration in wage growth. Stocks in Japan outperformed the broad index in U.S. dollar terms. As was the case in U.S. markets, international developed equity value stocks outshined growth in the fourth quarter.

### J.P. Morgan Growth Forecast Revision Indices



### Quarterly Performance



### Trailing Returns



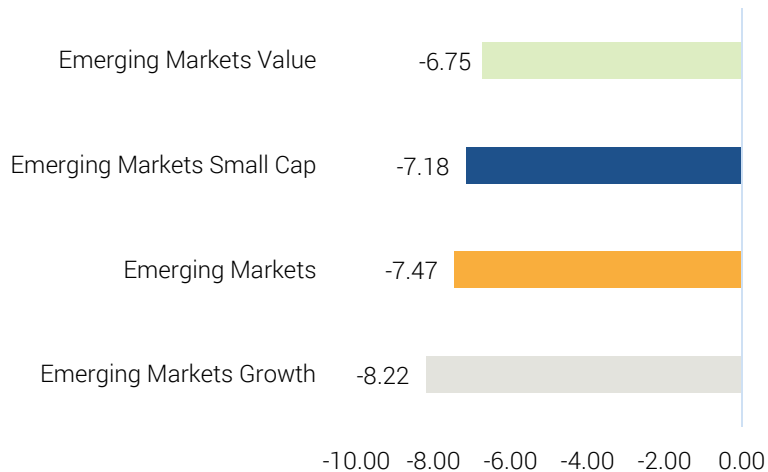
Source: JP Morgan, MSCI

## Emerging Markets Equity

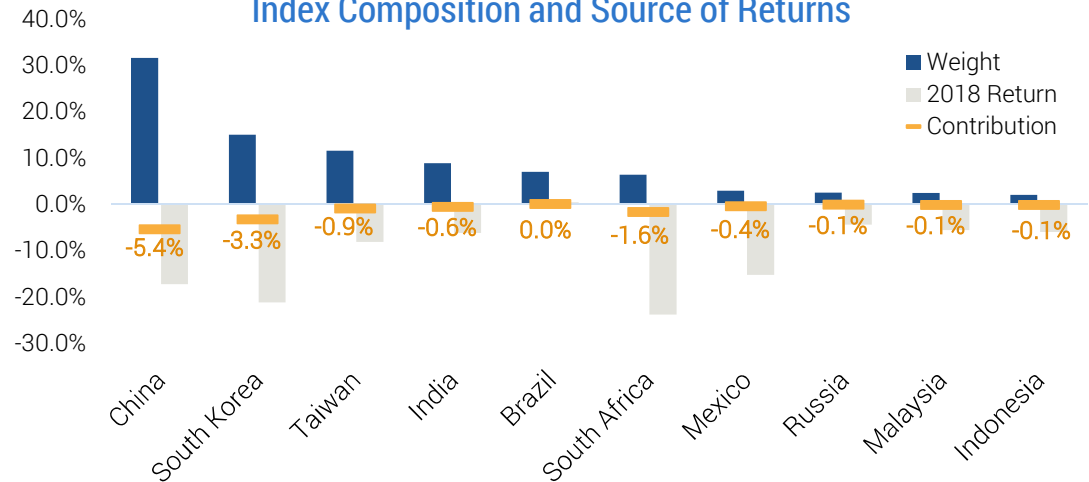
As of 12/31/2018

In a somewhat unusual pattern, emerging markets held up much better than U.S. and international developed equities, though that relative outperformance came after emerging-markets indexes had fallen earlier in the year. Incremental trade progress at the G20 meeting between China and the U.S. provided support. China responded to ongoing economic weakness through fiscal and monetary measures to spur growth. Economic growth has slowed but remains stable in most emerging markets, and corporate earnings have recovered after years of disappointing performance. India's economy grew 7.1% in the September quarter, lagging economists' forecasts and the previous quarter's 8.2% pace, but still strong enough to keep its status as the world's fastest-growing major economy.

### Quarterly Performance



### Index Composition and Source of Returns



### Trailing Returns



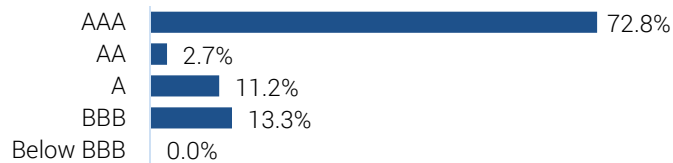
Source: Morningstar Direct, MSCI

## Fixed Income

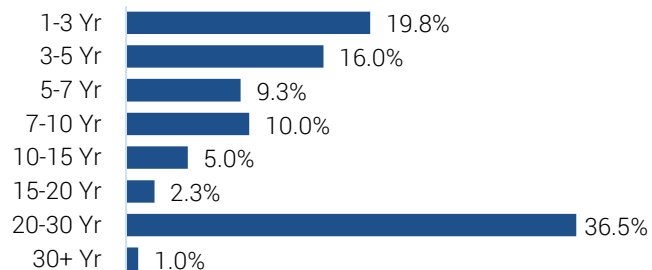
As of 12/31/2018

In the fixed income markets, central banks took the spotlight. For U.S. bond markets, that meant the fourth quarter offered something of a reprieve from the first nine months of the year when bond prices were under pressure from the Fed's rate increases. Although the Fed tightened again in December, worries about the pace of the economic expansion led investors to believe that the pace of Fed tightening will likely slow in 2019. That provided a window for a bounce in interest-rate-sensitive government bonds. It was a far different story in the credit markets, where even as investment-grade bonds rallied, lower-quality debt posted swift declines amid concerns about both slowing economic growth and the potential for rising default rates in some corners of the market where lending standards have grown looser in recent years.

### U.S. Aggregate Quality Distribution

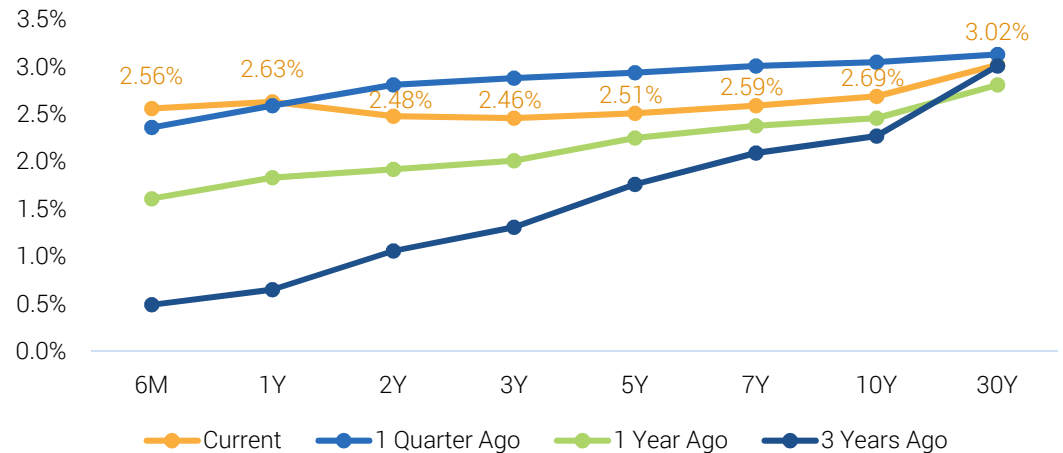


### U.S. Aggregate Maturity Distribution

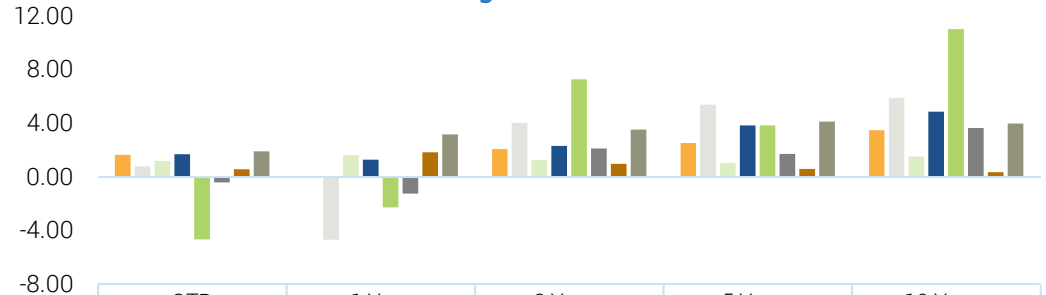


Source: Federal Reserve, Barclays, Bloomberg, Bank of America,

### Treasury Yield Curve



### Trailing Returns



	QTR	1 Year	3 Years	5 Years	10 Years
U.S. Aggregate	1.64	0.01	2.06	2.52	3.48
U.S. Long	0.78	-4.68	4.03	5.37	5.88
U.S. Short	1.18	1.60	1.24	1.03	1.52
Municipals	1.69	1.28	2.30	3.82	4.85
High Yield	-4.67	-2.26	7.27	3.82	10.99
TIPS	-0.42	-1.26	2.11	1.69	3.64
Treasury Bill	0.56	1.83	0.96	0.59	0.34
Global Hedged	1.89	3.17	3.51	4.11	3.98

# Legislative and Regulatory Update

## Hardship Distributions

- The following changes to hardship distribution rules in 401(k) plans became effective on January 1, 2019:
  1. Participants are no longer required to take plan loans before taking a hardship distribution.
  2. Employee salary deferrals will no longer be suspended for six months following a hardship distribution.
  3. Participants can now use contributions other than salary deferrals as part of a hardship distribution, including qualified matching contributions, qualified nonelective contributions, safe harbor contributions, and earnings from all eligible sources.<sup>1</sup>

## Retirement Parity for Student Loans Act

- In December 2018, Senators Ron Wyden (D-Oregon) and Ben Cardin (D-Maryland) introduced a bill that would allow plan sponsors of 401(k), 403(b) and SIMPLE retirement plans to provide student loan repayment benefits to participants. If the bill passes, plan sponsors will be able to offer matching contributions to employees making student loan repayments. The bill requires the rate of matching for student loans to equal the rate of matching for salary reduction contributions. If a plan offers a 100% match on the first 5% of an employee's salary reduction contributions, then a 100% match must be made on student loan repayments equal to 5% of the employee's compensation. To receive the match, employees would need to provide evidence of student loan payments.<sup>2</sup>

## Retirement Security & Savings Act of 2018

- Introduced to the Senate on December 19, 2018, this bill includes nearly 60 provisions designed to increase savings in 401(k)s and IRAs, improve coverage among part-time workers, reduce barriers to lifetime income options, and allow employees to save for longer periods of time. Some of the key provisions are below:
  - Establish a new automatic safe harbor designed to increase the default level of contributions.
  - Allow long-term part-time employees to participate in a 401(k) plan by requiring dual eligibility of one year of service (1,000 hrs) or two consecutive years of service (500 hrs).
  - Increase the initial age for RMDs from 70 ½ to 72 until 2029, then up to age 75 after. The Treasury would also be required to update the mortality tables underlying the RMD regulations every 10 years.
  - Provide a tax credit of \$500/year for three years to small employers if they go through automatic re-enrollment at least once every three years.<sup>3,4</sup>

## Domestic Affairs

- **The Federal Reserve -**  
On December 19, 2018, the Federal Reserve raised its benchmark funds rate by a quarter of a percentage point to a range of 2.25 – 2.50%. This was the fourth rate hike of 2018, with one to two rate hikes currently expected in 2019.<sup>5</sup>

• **Trade Tariffs -**

On December 1, 2018, the United States and China agreed to temporarily cease the escalation of trade tariffs for a period of 90 days. The US will maintain tariffs on \$200B of Chinese imports at 10% instead of increasing them to 25% as previously planned. China has agreed to purchase US agricultural products and is expected to also purchase US energy and industrial products. US President Donald Trump and Chinese President Xi Jinping plan to discuss technology transfers, intellectual property, cyber theft and other issues during the period. Trade negotiations remain ongoing between the two countries, and failure to reach an agreement by the March 2, 2019 deadline could result in additional tariffs on both sides.<sup>6,7,8</sup>

• **Brexit -**

- In June 2016, the United Kingdom (UK) voted to leave the European Union (EU) on the scheduled date of March 29, 2019.
- Prior to the exit date, the UK expected to negotiate a deal on trade, immigration and other legal matters with the EU.
- On January 15, 2019, Parliament rejected Prime Minister Theresa May's proposed exit deal with the EU, causing uncertainty over the logistics of the UK's departure.
- Possible developments before the exit date could include renegotiation of May's deal, a re-vote on whether to leave the EU at all, an extension to the exit date, or Brexit with no deal.
- If Brexit occurs without a deal in place, Britain could potentially face serious economic damages. A 2018 analysis by the Bank of England suggests unemployment could rise from its current level of 4% to as high as 7.5%, house prices could fall by as much as 30%, and the economy could shrink by as much as 8%.<sup>9,10,11</sup>

**2019 IRS Limitations**

- Many of the contribution limits for the 2019 calendar year increased slightly from 2018. Catch-up contributions for employees age 50 and older remain unchanged at \$6,000.<sup>12</sup>
  - See below for a summary list of 2018 and 2019 contribution limits:

Item	IRC Reference	2018 Limit	2019 Limit
401(k) and 403(b) Employee Deferral Limit <sup>1</sup>	402(g)(1)	\$18,500	\$19,000
457 Employee Deferral Limit	457(e)(15)	\$18,500	\$19,000
Catch-up Contribution <sup>2</sup>	414(v)(2)(B)(i)	\$6,000	\$6,000
Defined Contribution Dollar Limit	415(c)(1)(A)	\$55,000	\$56,000
Defined Benefit Dollar Limit	415(b)(1)(A)	\$220,000	\$225,000
Compensation Limit <sup>3</sup>	401(a)(17); 404(l)	\$275,000	\$280,000
Highly Compensated Employee Income Limit <sup>4</sup>	414(q)(1)(B)	\$120,000	\$125,000
Key Employee/Officer	416(i)(1)(A)(i)	\$175,000	\$180,000
Social Security Taxable Wage Base		\$128,400	\$132,900

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

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

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

<sup>4</sup> For the 2019 plan year, an employee who earns more than \$120,000 in 2018 is an HCE. For the 2020 plan year, an employee who earns more than \$125,000 in 2019 is an HCE.

## Compliance Calendar

- In the following chart, NWCM has highlighted key compliance dates for retirement plan sponsors to be aware of in 2019:

### 2019 January

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		01	02	03	04	05
06	07	08	09	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

- 01 Reminder for all payroll runs: participant contributions should be made no later than 3-5 days past the employee pay date.
- 31 Deadline to mail IRS Forms 1099-R to participants who received distributions the previous year. NOTE: 1099's for distributions are typically handled by the plan's trust company or record keeper.
- 31 Census data should be submitted to Record keepers for calculation that 402(g) limit has not been exceeded for previous plan year. **Off-calendar plans within 3 days following plan year end.**

### 2019 February

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					01	02
03	04	05	06	07	08	09
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

- 28 Form 1099-R information transmitted to IRS.

### 2019 March

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					01	02
03	04	05	06	07	08	09
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

- 15 Deadline for processing corrective distributions for nondiscrimination test failures of ADP (ave deferral %) /ACP (ave contribution %) for Highly Compensated Employees (HCEs). **Off-calendar plans corrections must be made 2 1/2 months following the end of the plan year.**
- 15 Deadline for employers to submit profit sharing or matching contributions in order to take a deduction for previous year taxes (unless corporate extension is filed). **Off-calendar plans 2 1/2 months following plan year end, unless extension filed.**
- 31 Deadline for electronic filing of Form 1099-R to report distributions for previous year.

### 2019 April

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	01	02	03	04	05	06
07	08	09	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

- 01 Initial age 70 1/2 Required Minimum Distributions (RMDs) due to inactive participants who turned age 70 1/2 during previous year.
- 15 Deadline for processing corrective distributions for previous plan year 402(g) excess deferral amounts.

### 2019 May

- No key deadlines.

### 2019 June

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						01
02	03	04	05	06	07	08
09	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

- 30 Deadline for processing corrective distributions for failed ADP/ACP test for plans with EACA (Eligible Automatic Contribution Arrangement) without 10% excise tax.

## 2019 July

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	01	02	03	04	05	06
07	08	09	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

31 Deadline for filing Form 5500 (without extension). **Off-calendar plans, last day of the 7th month after the plan year end.**

31 Last day to submit Form 5558 to request automatic extension to file Form 5500 October 15th (2 1/2 months). **Off-calendar plans, last day of the 7th month after the plan year end.**

## 2019 August

- No key deadlines.

## 2019 September

Sun	Mon	Tue	Wed	Thu	Fri	Sat
01	02	03	04	05	06	07
08	09	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

15 Extended deadline for filing corporate tax returns and contribution deadline for deductibility.

30 Deadline for distributing Summary Annual Report (SAR) to participants if Form 5500 submission was not extended, December 15 if 5500 extended. Rule is the later of 9 months after close of plan year or 2 months after due date of Form 5500).

## 2019 October

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		01	02	03	04	05
06	07	08	09	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

01 If plan sponsor is considering a plan design change for the coming plan year, requested changes should be delivered to your record keeper by Nov 1 to ensure processing and 30-day participant notice requirement.

15 Extended deadline for filing Form 5500 for plans that requested a Form 5558 extension. **Off-calendar plans, extension deadline is 2 1/2 months following extension filing or 9 1/2 months following plan year end.**

## 2019 November

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					01	02
03	04	05	06	07	08	09
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

01 Sponsors with terminated participants who have turned 70 1/2 should be contacted by your record keeper (typically in November) with a list of participants due to receive RMDs (Required Minimum Distributions).

20 Recommended distribution of annual notices to participants. **Off-calendar plans, notice distribution 45 days before plan year end.**

## 2019 December

Sun	Mon	Tue	Wed	Thu	Fri	Sat
01	02	03	04	05	06	07
08	09	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

01 Deadline for sending annual 401(k) notices to participants: Safe Harbor notice, Qualified Default Investment Alternative (QDIA) notice, Automatic Contribution Arrangement (ACA) notice, Summary Annual Report (SAR) deadline is December 15, for extended 5500 filing. For administrative ease, a combined notice may be provided for these notices. **Off-calendar plans, 30 days prior to the end of the plan year.**

15 Summary Annual Report (SAR) deadline for extended 5500 filing.

31 Deadline for eligible participants to receive Required Minimum Distribution (RMD) for the current year.

31 Deadline for processing corrective distributions for failed ADP/ACP test for previous year with 10% excise tax.

31 Deadline for correcting a failed ADP/ACP test for previous year with qualified nonelective contributions (QNEC).

31 Deadline for amendment to convert existing 401(k) plan to safe harbor design or remove safe harbor design for next plan year.

31 Deadline for amending plan for discretionary changes implemented during plan year (certain exceptions apply, e.g. adding salary deferrals, cutting back accrued benefits).

- <sup>1</sup> Carl, John. "Case of the Week: Changes to Hardship Distributions for 2019." NAPA Net, 22 Aug. 2018, [www.napa-net.org/news/technical-competence/case-of-the-week/case-of-the-week-changes-to-hardship-distributions-for-2019/?mqsc=E3982537&utm\\_source=WhatCountsEmail&utm\\_medium=NAPA\\_Net\\_ListNapa-Net%2BDaily&utm\\_campaign=2018-08-22\\_eNewsNAPA\\_Wed](http://www.napa-net.org/news/technical-competence/case-of-the-week/case-of-the-week-changes-to-hardship-distributions-for-2019/?mqsc=E3982537&utm_source=WhatCountsEmail&utm_medium=NAPA_Net_ListNapa-Net%2BDaily&utm_campaign=2018-08-22_eNewsNAPA_Wed).
- <sup>2</sup> Moore, Rebecca. "Senators Introduce Bill Regarding Student Loan Repayment Benefits in Retirement Plans." *PLANADVISER*, 19 Dec. 2018, [www.planadviser.com/senators-introduce-bill-regarding-student-loan-repayment-benefits-retirement-plans/](http://www.planadviser.com/senators-introduce-bill-regarding-student-loan-repayment-benefits-retirement-plans/).
- <sup>3</sup> Godbout, Ted. "Portman, Cardin Introduce Sweeping Retirement Reform Legislation." *AMERICAN SOCIETY OF PENSION PROFESSIONALS & ACTUARIES*, 21 Dec. 2018, [www.asppa-net.org/news/portman-cardin-introduce-sweeping-retirement-reform-legislation](http://www.asppa-net.org/news/portman-cardin-introduce-sweeping-retirement-reform-legislation).
- <sup>4</sup> Godbout, Ted. "Portman, Cardin Introduce Sweeping Retirement Reform Legislation." *NAPA Net*, 20 Dec. 2018, [www.napa-net.org/news/technical-competence/legislation/portman-cardin-introduce-sweeping-retirement-reform-legislation/](http://www.napa-net.org/news/technical-competence/legislation/portman-cardin-introduce-sweeping-retirement-reform-legislation/).
- <sup>5</sup> Cox, Jeff. "Fed Hikes Rate, Lowers 2019 Projection to 2 Increases." *CNBC*, CNBC, 19 Dec. 2018, [www.cnbc.com/2018/12/19/fed-hikes-rates-by-a-quarter-point-.html](http://www.cnbc.com/2018/12/19/fed-hikes-rates-by-a-quarter-point-.html).
- <sup>6</sup> Rampton, Roberta. "U.S., China Agree on Trade War Ceasefire after Trump, Xi Summit." *Reuters*, Thomson Reuters, 2 Dec. 2018, [www.reuters.com/article/us-g20-argentina/u-s-china-agree-on-trade-war-ceasefire-after-trump-xi-summit-idUSKCN10031C](http://www.reuters.com/article/us-g20-argentina/u-s-china-agree-on-trade-war-ceasefire-after-trump-xi-summit-idUSKCN10031C).
- <sup>7</sup> Breuninger, Kevin, and Javier E. David. "US, China Call a 90-Day Truce in Trade War as Trump, Xi Agree to Continue Wide Ranging Talks." *CNBC*, CNBC, 3 Dec. 2018, [www.cnbc.com/2018/12/01/us-china-wont-impose-additional-tariffs-after-january-1-report.html](http://www.cnbc.com/2018/12/01/us-china-wont-impose-additional-tariffs-after-january-1-report.html).
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- <sup>9</sup> Reid, David. "Theresa May Lost Big on Her Brexit Deal Vote - Here's What Could Happen Now." *CNBC*, CNBC, 16 Jan. 2019, [www.cnbc.com/2019/01/15/theresa-may-loses-brexit-vote-what-happens-next.html](http://www.cnbc.com/2019/01/15/theresa-may-loses-brexit-vote-what-happens-next.html).
- <sup>10</sup> "Delaying Brexit Won't Solve Anything, Theresa May Tells MPs." *BBC News*, BBC, 23 Jan. 2019, [www.bbc.com/news/uk-politics-46971390](http://www.bbc.com/news/uk-politics-46971390).
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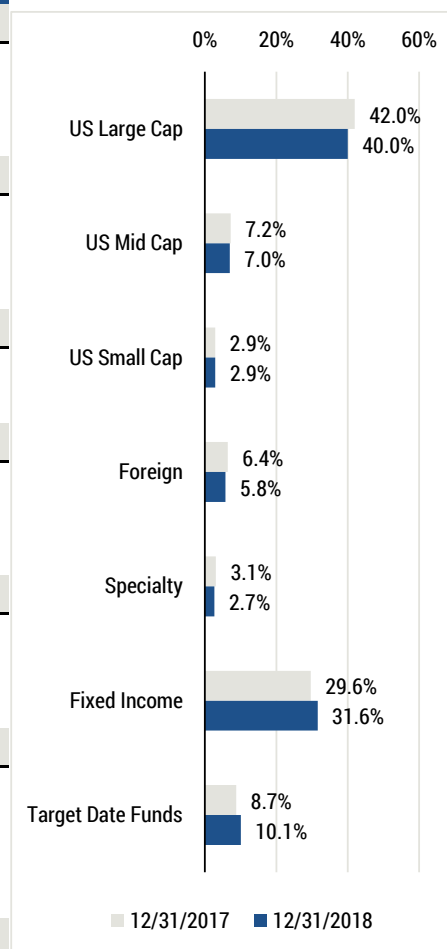


# County of Fresno 457 DC Plan

## Summary of Assets

As of 12/31/2018

Asset Class	Ticker	%	12/31/2017	Net Increases/Decreases	12/31/2018	%
<b>US Large Cap</b>		<b>42.00%</b>	<b>\$102,150,854</b>	<b>-\$8,974,562</b>	<b>\$93,176,292</b>	<b>40.04%</b>
BlackRock Equity Index - Collective M	02cff1	18.96%	\$46,108,280	(\$4,254,921)	\$41,853,359	17.99%
Alger Spectra Z	aspzx	17.57%	\$42,722,570	(\$3,706,561)	\$39,016,009	16.77%
Columbia Dividend Income Inst3	cddyx	5.48%	\$13,320,004	(\$1,013,080)	\$12,306,924	5.29%
<b>US Mid Cap</b>		<b>7.21%</b>	<b>\$17,533,172</b>	<b>-\$1,297,373</b>	<b>\$16,235,799</b>	<b>6.98%</b>
BlackRock Russell 2000 Index Coll M	03cff3	1.41%	\$3,419,692	\$292,758	\$3,712,450	1.60%
BlackRock MidCap Idx - Collective M	03cff2	3.54%	\$8,615,512	(\$896,266)	\$7,719,246	3.32%
Hennessy Focus Institutional	hfcix	2.26%	\$5,497,968	(\$693,866)	\$4,804,102	2.06%
<b>US Small Cap</b>		<b>2.88%</b>	<b>\$6,996,714</b>	<b>-\$248,892</b>	<b>\$6,747,822</b>	<b>2.90%</b>
Nicholas Limited Edition I	nclex	2.39%	\$5,810,468	(\$257,907)	\$5,552,562	2.39%
Janus Henderson Small Cap Value N	jdsnx	0.49%	\$1,186,246	\$9,015	\$1,195,260	0.51%
<b>Foreign</b>		<b>6.41%</b>	<b>\$15,595,006</b>	<b>-\$2,191,094</b>	<b>\$13,403,912</b>	<b>5.76%</b>
BlackRock EAFE Equity Index Coll F	10cff5	1.26%	\$3,054,660	\$73,233	\$3,127,893	1.34%
Ivy International Core Equity N	iincx	4.38%	\$10,662,849	(\$2,249,411)	\$8,413,438	3.62%
Oppenheimer Developing Markets I	odvix	0.77%	\$1,877,497	(\$14,917)	\$1,862,580	0.80%
<b>Specialty</b>		<b>3.12%</b>	<b>\$7,576,022</b>	<b>-\$1,390,069</b>	<b>\$6,185,953</b>	<b>2.66%</b>
Fidelity Advisor Real Estate Income I	frirx	0.47%	\$1,151,083	(\$210,062)	\$941,021	0.40%
Franklin Utilities R6	fufx	1.65%	\$4,014,648	(\$711,490)	\$3,303,158	1.42%
Oakmark Equity And Income Investor	oakbx	0.99%	\$2,410,291	(\$468,518)	\$1,941,773	0.83%
<b>Fixed Income</b>		<b>29.64%</b>	<b>\$72,079,706</b>	<b>\$1,403,446</b>	<b>\$73,483,152</b>	<b>31.58%</b>
Virtus Seix Total Return Bond R6	samzx	1.43%	\$3,488,914	\$332,148	\$3,821,062	1.64%
BlackRock US Debt Index Fund Coll W	04cff4	1.64%	\$3,991,975	\$666,731	\$4,658,706	2.00%
Templeton Global Bond R6	fbnrx	0.57%	\$1,377,578	\$319,429	\$1,697,007	0.73%
Fresno County Stable Value	fressv	25.99%	\$63,221,239	\$85,138	\$63,306,377	27.21%
<b>Target Date Funds</b>		<b>8.75%</b>	<b>\$21,279,270</b>	<b>\$2,169,022</b>	<b>\$23,448,291</b>	<b>10.08%</b>
Great-West Lifetime 2015 Trust	grwl15	1.32%	\$3,199,357	(\$54,015)	\$3,145,342	1.35%
Great-West Lifetime 2025 Trust	grwl25	2.92%	\$7,106,144	\$656,224	\$7,762,368	3.34%
Great-West Lifetime 2035 Trust	grwl35	1.94%	\$4,720,176	\$614,030	\$5,334,206	2.29%
Great-West Lifetime 2045 Trust	grwl45	1.85%	\$4,494,394	\$251,884	\$4,746,278	2.04%
Great-West Lifetime 2055 Trust	grwl55	0.72%	\$1,759,200	\$700,898	\$2,460,098	1.06%
<b>Total</b>		<b>100.0%</b>	<b>\$243,210,743</b>	<b>-\$10,529,523</b>	<b>\$232,681,220</b>	<b>100.0%</b>



County of Fresno 457 DC Plan

Investment Summary

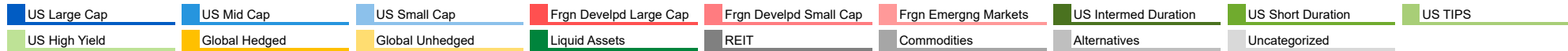
As of 12/31/2018

Passively-Managed and Cash Funds

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
Investment	Ticker																										
BlackRock Equity Index - Collective M	02cff1	100																	0.02	-13.48	-4.32	-4.32	8.01	9.33	7.31	8.56	13.22
BlackRock MidCap Idx - Collective M	03cff2		100																0.03	-17.22	-10.98	-10.98	1.62	7.46	4.92	5.88	13.62
BlackRock Russell 2000 Index Coll M	03cff3			100															0.03	-20.19	-10.91	-10.91	1.18	7.59	4.52	4.64	12.21
BlackRock EAFE Equity Index Coll F	10cff5				100														0.10	-12.53	-13.43	-13.43	4.17	3.48	2.45	0.83	6.46
BlackRock US Debt Index Fund Coll W	04cff4							100											0.04	1.62	0.05	0.05	1.83	2.13	1.81	2.67	

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 Inst3	CDDYX	89	3		3									5					0.58	-9.64	-4.28	-4.28	7.60	9.58	7.32	8.41	11.90
Growth	Alger Spectra Z	ASPZX	84	6		3		1							6					0.96	-16.32	-0.58	-0.58	14.32	9.40	8.90	9.63	16.62
Utilities	Franklin Utilities R6	FUFRX	63	28	2	5									2					0.49	0.88	2.94	2.94	6.83	10.46	5.77	9.45	10.62
Growth	Hennessy Focus Institutional	HFCIX	49	26	10	9	1								5					1.12	-13.02	-10.12	-10.12	3.73	4.99	4.55	5.72	13.95
Balanced	Oakmark Equity And Income Investor	OAKBX	41	13		6			11	8		3			12	13			6	0.78	-9.26	-8.34	-8.34	2.42	5.19	2.66	3.50	7.83
Growth	Nicholas Limited Edition I	NCLEX		35	50	2	3								10					0.86	-15.04	-0.98	-0.98	8.97	10.09	6.98	6.45	13.34
Blend	Janus Henderson Small Cap Value N	JDSNX		40	48	2	3								7					0.81	-13.90	-12.96	-12.96	-0.87	7.55	4.97	5.49	11.26
Global Blend	Ivy International Core Equity N	IINCX	4			81		11							3				1	0.79	-15.25	-17.53	-17.53	0.83	1.15	0.73	0.82	7.56
Emerging Gr	Oppenheimer Developing Markets I	ODVIX				29		62							5				4	0.87	-7.78	-11.78	-11.78	9.26	8.63	2.57	1.14	10.21
Intermediate	Virtus Seix Total Return Bond R6	SAMZX							64	17			2		17					0.31	2.13	-0.17	-0.17	1.32	1.92	1.52	2.50	3.74
Real Estate	Fidelity Advisor Real Estate Income I	FRIRX	7	13	10				8	1		27	1		10				23	0.75	-3.02	-0.63	-0.63	3.28	5.54	4.60	6.13	11.80
Global Bond	Templeton Global Bond R6	FBNRX							2	1		1	61	1	34					0.56	1.75	1.56	1.56	2.18	3.69	1.73	1.78	5.41
Stable Value	Fresno County Stable Value	fressv													100					0.50	0.51	2.03	2.03	2.02	2.04	2.07	2.09	



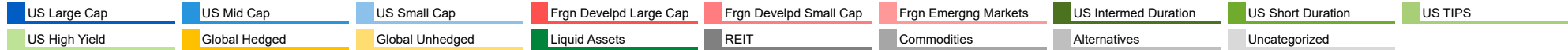
County of Fresno 457 DC Plan

Investment Summary

As of 12/31/2018









Target-Date Funds

Target-Date Funds			Equities						Fixed Income						Liquid	Other												
			US			Foreign			US				Foreign															
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 2015 Trust	GRWL15	17	8	4	10		3	20	8	13	5	5		4	3				0.43	-5.71	-3.42	-3.42	4.03	5.34	3.74	4.27	
Target Date	Great-West Lifetime 2025 Trust	GRWL25	22	9	6	14		5	19	5	6	5	4		2	3				0.43	-7.51	-4.52	-4.52	4.92	6.26	4.40	4.90	
Target Date	Great-West Lifetime 2035 Trust	GRWL35	29	12	8	21		7	11	1	2	2	2		1	4				0.44	-10.21	-6.18	-6.18	5.83	7.25	5.07	5.08	
Target Date	Great-West Lifetime 2045 Trust	GRWL45	31	13	10	24		10	6			1	1			4				0.44	-11.83	-7.35	-7.35	6.07	7.51	5.21	5.49	
Target Date	Great-West Lifetime 2055 Trust	GRWL55	29	13	11	25		11	5			1	1			4				0.45	-11.99	-7.80	-7.80	6.04	7.48	5.12	5.31	



CALCULATION METHODOLOGY OF OVERALL FUND

1 (Worst) — 10 (Best)

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

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.

Summary of Fund Compliance


































































Passively-Managed and Cash Funds

Type	Assets %	Fund Name	Ticker
LC Index	17.99%	BlackRock Equity Index - Collective M	02cff1
MC Index	3.32%	BlackRock MidCap Idx - Collective M	03cff2
SC Index	1.60%	BlackRock Russell 2000 Index Coll M	03cff3
Global	1.34%	BlackRock EAFE Equity Index Coll F	10cff5
US Debt	2.00%	BlackRock US Debt Index Fund Coll W	04cff4

\* This Investment has less than 3 years of performance data

Actively-Managed Funds

Underperforming ◀     ▶ Outperforming

Status	Assets %	Fund Name	Ticker	Return (40%)	Risk Adjusted Return (20%)	Risk (30%)	Expense (5%)	Tenure (5%)
Pass	5.29%	Columbia Dividend Income Inst3	CDDYX					
Pass	16.77%	Alger Spectra Z	ASPZX					
Pass	1.42%	Franklin Utilities R6	FUFRX					
Watch	2.06%	Hennessy Focus Institutional	HFCIX					
Watch	0.83%	Oakmark Equity And Income Investor	OAKBX					
Pass	2.39%	Nicholas Limited Edition I	NCLEX					
Pass	0.51%	Janus Henderson Small Cap Value N	JDSNX					
Pass	3.62%	Ivy International Core Equity N	IINCX					
Pass	0.80%	Oppenheimer Developing Markets I	ODVIX					
Watch	1.64%	Virtus Seix Total Return Bond R6	SAMZX					
Pass	0.40%	Fidelity Advisor Real Estate Income I	FRIRX					
Pass	0.73%	Templeton Global Bond R6	FBNRX					
Pass	27.21%	Fresno County Stable Value	fressv					

\* This Investment has less than 3 years of performance data

























County of Fresno 457 DC Plan

Fund Policy Compliance

As of 12/31/2018

Target-Date Funds

Underperforming ◀     ▶ Outperforming

Status	Assets %	Fund Name	Ticker	Return (40%)	Risk Adjusted Return (20%)	Risk (30%)	Expense (5%)	Tenure (5%)
Pass	1.35%	Great-West Lifetime 2015 Trust	GRWL15					
Pass	3.34%	Great-West Lifetime 2025 Trust	GRWL25					
Pass	2.29%	Great-West Lifetime 2035 Trust	GRWL35					
Pass	2.04%	Great-West Lifetime 2045 Trust	GRWL45					
Pass	1.06%	Great-West Lifetime 2055 Trust	GRWL55					

\* This Investment has less than 3 years of performance data

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	17.99%	02cff1	BlackRock Equity Index - Collective M	11	6	13	14	7	9	38	35	36	17	10	27	34	25	28	2	5
MC Index	3.32%	03cff2	BlackRock MidCap Idx - Collective M	18	16	13	22	21	20	61	63	65	9	6	11	71	63	58	1	5
SC Index	1.60%	03cff3	BlackRock Russell 2000 Index Coll M	23	23	33	29	27	46	76	86	71	9	4	10	70	80	84	2	5
Global	1.34%	10cff5	BlackRock EAFE Equity Index Coll F	26	23	30	27	24	34	34	53	61	28	33	25	37	36	55	4	5
US Debt	2.00%	04cff4	BlackRock US Debt Index Fund Coll W	1	1		3	21		80	83		8	9		48	48		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	5.29%	CDDYX	Columbia Dividend Income Inst3	6	1	19	5	2	6	9	12	9	68	54	84	7	7	9	15	7
7	16.77%	ASPZX	Alger Spectra Z	45	27	6	55	34	6	72	69	69	16	16	5	86	67	65	46	6
7	1.42%	FUFRX	Franklin Utilities R6	25	16	39	37	17	29	78	74	22	10	13	49	72	62	36	13	12
5	2.06%	HFCIX	Hennessy Focus Institutional	85	55	34	73	39	32	5	12	37	95	88	91	11	13	3	49	7
4	0.83%	OAKBX	Oakmark Equity And Income Investor	33	62	67	66	75	72	94	93	65	5	12	62	95	95	62	28	7
7	2.39%	NCLEX	Nicholas Limited Edition I	28	25	54	7	13	14	2	3	2	84	82	93	3	6	7	16	23
8	0.51%	JDSNX	Janus Henderson Small Cap Value N	13	1	38	4	1	3	5	5	4	82	73	89	4	3	2	12	14
6	3.62%	IINCX	Ivy International Core Equity N	73	24	10	74	25	11	83	80	46	40	13	20	85	65	32	29	10
7	0.80%	ODVIX	Oppenheimer Developing Markets I	26	41	5	18	41	5	29	48	34	62	57	48	16	38	16	12	5
4	1.64%	SAMZX	Virtus Seix Total Return Bond R6	61	36	76	71	50	75	86	89	45	47	25	72	70	63	56	8	7
7	0.40%	FRIRX	Fidelity Advisor Real Estate Income I	5	74	38	3	1	1	3	2	3	97	98	98	5	1	1	18	13
6	0.73%	FBNRX	Templeton Global Bond R6	20	30	25	48	43	40	72	75	89	98	92	84	2	2	3	12	10
9	27.21%	fressv	Fresno County Stable Value	1	1		1	1		1	1		1	1		n/a	1		64	6



County of Fresno 457 DC Plan

Fund Policy Compliance

As of 12/31/2018

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	
9	1.35%	GRWL15	Great-West Lifetime 2015 Trust	5	2		6	1		41	21		15	24		30	23		25	5	
9	3.34%	GRWL25	Great-West Lifetime 2025 Trust	1	2		4	1		38	27		20	41		22	19		21	5	
9	2.29%	GRWL35	Great-West Lifetime 2035 Trust	4	11		3	8		42	25		12	46		27	18		21	5	
9	2.04%	GRWL45	Great-West Lifetime 2045 Trust	3	5		5	8		59	44		2	5		40	32		19	5	
8	1.06%	GRWL55	Great-West Lifetime 2055 Trust	3	12		6	13		55	50		3	6		44	41		21	5	

\* This Investment has less than 3 years of performance data

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.

B. A. Petty

Northwest Capital Management, Inc.

01/30/2019

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

Trustee / Committee Member

Date



**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	-13.48%	-4.32%	9.33%	8.56%	13.22%
S&P 500 TR USD	-13.52%	-4.40%	9.26%	8.50%	13.12%
<b>Out/(Under) Performing</b>	<b>0.04%</b>	<b>0.07%</b>	<b>0.07%</b>	<b>0.06%</b>	<b>0.10%</b>
<b>Peer Group Ranking</b>	37	20	11	6	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	-17.22%	-10.98%	7.46%	5.88%	13.62%
S&P MidCap 400 TR	-17.29%	-11.10%	7.66%	6.03%	13.68%
<b>Out/(Under) Performing</b>	<b>0.06%</b>	<b>0.13%</b>	<b>-0.20%</b>	<b>-0.14%</b>	<b>-0.06%</b>
<b>Peer Group Ranking</b>	58	40	18	16	13

**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	-20.19%	-10.91%	7.59%	4.64%	12.21%
Russell 2000 TR USD	-20.20%	-11.02%	7.36%	4.41%	11.97%
<b>Out/(Under) Performing</b>	<b>0.01%</b>	<b>0.11%</b>	<b>0.23%</b>	<b>0.24%</b>	<b>0.24%</b>
<b>Peer Group Ranking</b>	61	32	23	23	33

**BlackRock EAFE Equity Index Coll F (10cff5)**

Fund Type: Global

Frng Develpd 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	-12.53%	-13.43%	3.48%	0.83%	6.46%
MSCI ACWI Ex USA NR USD	-11.46%	-14.19%	4.48%	0.68%	6.57%
<b>Out/(Under) Performing</b>	<b>-1.07%</b>	<b>0.76%</b>	<b>-0.99%</b>	<b>0.15%</b>	<b>-0.11%</b>
<b>Peer Group Ranking</b>	39	20	26	23	30

**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	1.62%	0.05%	2.13%	2.67%	
BBgBarc US Govt Interm TR USD	2.22%	1.42%	1.20%	1.46%	1.83%
<b>Out/(Under) Performing</b>	<b>-0.60%</b>	<b>-1.37%</b>	<b>0.92%</b>	<b>1.21%</b>	
<b>Peer Group Ranking</b>	78	74	1	1	

**Columbia Dividend Income Inst3 (CDDYX)**

Fund Score: 9 (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	-9.64%	-4.28%	9.58%	8.41%	11.90%
S&P 500 Value TR USD	-12.05%	-8.96%	7.23%	6.06%	11.21%
<b>Out/(Under) Performing</b>	<b>2.41%</b>	<b>4.68%</b>	<b>2.34%</b>	<b>2.36%</b>	<b>0.69%</b>
<b>Peer Group Ranking</b>	13	9	6	1	19

**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 the manager believes demonstrate promising growth potential. Equity securities include common or preferred stocks that are listed on U.S. or foreign exchanges. It may invest a significant portion of its assets in securities of companies conducting business within a single sector, including the information technology, consumer discretionary, and health care sectors as these sectors are defined by manager and certain third party sources.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
ASPZX	-16.32%	-0.58%	9.40%	9.63%	16.62%
S&P 500 Growth TR USD	-14.72%	0.00%	10.85%	10.55%	14.81%
<b>Out/(Under) Performing</b>	<b>-1.60%</b>	<b>-0.58%</b>	<b>-1.46%</b>	<b>-0.93%</b>	<b>1.81%</b>
<b>Peer Group Ranking</b>	63	34	45	27	6

Alger Spectra returned -16.3% in Q4 2018 compared to -14.7% for its benchmark (S&P 500 Growth). For the full year, the fund returned -0.6% compared to -1 basis point for the benchmark. Stock selection in the Technology and Consumer Cyclical sectors were the primary headwinds on relative performance for the quarter. An overweight position in Apple was the biggest detractor as market participants were concerned about slowing iPhone demand and longer replacement cycles. Underweight positions in Starbucks and Tesla hampered relative returns as these names outperformed the broad index. Management has historically favored tech stocks but shifted into healthcare names to position the portfolio more defensively. The fund scores a 7 under our methodology and trailing returns rank in the top quartile of peers for the trailing five- and ten-year periods, respectively.

**Franklin Utilities R6 (FUFRR)**

Fund Score: 7 (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
FUFRR	0.88%	2.94%	10.46%	9.45%	10.62%
MSCI World/Utilities NR USD	0.47%	1.98%	7.09%	5.74%	4.42%
<b>Out/(Under) Performing</b>	<b>0.42%</b>	<b>0.96%</b>	<b>3.38%</b>	<b>3.71%</b>	<b>6.20%</b>
<b>Peer Group Ranking</b>	8	36	25	16	39

**Hennessy Focus Institutional (HFCIX)**

Fund Score: 5 (Status: Watch)

US Mid Cap

The investment seeks capital appreciation.

The fund invests primarily in domestic companies listed on U.S. national securities exchanges. It may also invest in (i) foreign companies listed on U.S. national securities exchanges, (ii) foreign companies through American Depositary Receipts or other types of depositary receipts, which are U.S. dollar-denominated securities of foreign issuers listed on U.S. national securities exchanges and, (iii) foreign companies traded on foreign exchanges. The fund is non-diversified.

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
HFCIX	-13.02%	-10.12%	4.99%	5.72%	13.95%
S&P MidCap 400 Growth TR USD	-17.62%	-10.34%	7.27%	6.26%	14.43%
<b>Out/(Under) Performing</b>	<b>4.60%</b>	<b>0.22%</b>	<b>-2.28%</b>	<b>-0.53%</b>	<b>-0.47%</b>
<b>Peer Group Ranking</b>	3	82	85	55	34

Hennessy Focus returned -13.0% over the trailing quarter, while its benchmark (S&P Mid-Cap 400 Growth) posted a -17.6% loss. In 2018, the fund returned -10.1% in line with its benchmark which posted a -10.3% return. Overweight positions in the communications sector and selection in the consumer cyclical sector bolstered performance for the quarter, bringing the fund back in line with its benchmark over the trailing year. However the highly concentrated portfolio opens the fund to idiosyncratic risk and its relatively high fees leave it little margin for error. Under our scoring methodology, the fund now scores a 5 out of 10, but needs one more quarter of outperformance before it can be removed from the watchlist. Based on risk-adjusted returns, the fund ranks in the top half of its peer group over the five- and ten-year periods.

**Oakmark Equity And Income Investor (OAKBX)**

Fund Score: 4 (Status: Watch)

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	-9.26%	-8.34%	5.19%	3.50%	7.83%
DJ Moderate TR USD	-7.70%	-5.21%	5.53%	4.11%	8.22%
<b>Out/(Under) Performing</b>	<b>-1.56%</b>	<b>-3.13%</b>	<b>-0.33%</b>	<b>-0.61%</b>	<b>-0.39%</b>
<b>Peer Group Ranking</b>	64	85	33	62	67

Oakmark Equity and Income returned -9.26% over the last quarter, underperforming its benchmark (DJ Moderate) by -1.56%. The primary detractors from performance were an international equity and duration underweight. As the rolling bear entered the U.S. in October, international equity outperformed where valuation discounts were already priced. Subsequently, the risk-off sentiment collapsed Treasury yields where the fund's shorter duration provided less of a ballast. Management did not add to any new stocks during the sell-off, rather increased existing holdings at more attractive prices. The fund scores a 4 under our scoring methodology and trailing risk-adjusted returns rank in the bottom half of peers for the trailing three- and five- year periods, respectively.

**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 advisor generally considers companies with market capitalizations up to \$3 billion as "small", between \$3 billion and \$25 billion as "medium," and greater than \$25 billion as "large."

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
NCLEX	-15.04%	-0.98%	10.09%	6.45%	13.34%
Russell 2000 Growth TR USD	-21.65%	-9.30%	7.25%	5.14%	13.52%
<b>Out/(Under) Performing</b>	<b>6.61%</b>	<b>8.31%</b>	<b>2.85%</b>	<b>1.31%</b>	<b>-0.18%</b>
<b>Peer Group Ranking</b>	1	20	28	25	54

Nicholas Limited Edition returned -15.0% compared to -21.7% of its benchmark (Russell 2000 Growth) over the trailing quarter. For the year, the fund returned -1.0%, while its benchmark returned -9.3%. Stock selection in industrials, healthcare, and consumer cyclical sectors provided the largest tailwinds over the quarter. Despite forgoing some gains in the bull market of the last decade, the conservative, quality-based approach of the fund has protected its investors in a volatile 2018. For our part, we are satisfied with the fund's effective conservative philosophy as it has continued to perform over the long-term. Under our scoring methodology, the fund scores a 7 and ranks in the top quartile of its peer group for the three-, five- and ten-year periods, based off risk-adjusted returns.

**Janus Henderson 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	-13.90%	-12.96%	7.55%	5.49%	11.26%
Russell 2000 Value TR USD	-18.67%	-12.86%	7.37%	3.61%	10.40%
<b>Out/(Under) Performing</b>	<b>4.77%</b>	<b>-0.09%</b>	<b>0.17%</b>	<b>1.88%</b>	<b>0.86%</b>
<b>Peer Group Ranking</b>	4	22	13	1	38

**Ivy International Core Equity N (IINCX)**

Fund Score: 6 (Status: Pass)

Frgrn 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 primarily located in, or principally traded 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	-15.25%	-17.53%	1.15%	0.82%	7.56%
MSCI ACWI Ex USA NR USD	-11.46%	-14.19%	4.48%	0.68%	6.57%
<b>Out/(Under) Performing</b>	<b>-3.79%</b>	<b>-3.34%</b>	<b>-3.33%</b>	<b>0.15%</b>	<b>0.99%</b>
<b>Peer Group Ranking</b>	87	77	73	24	10

**Oppenheimer Developing Markets I (ODVIX)**

Fund Score: 7 (Status: Pass)

Frgrn 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	-7.78%	-11.78%	8.63%	1.14%	10.21%
MSCI EM NR USD	-7.48%	-14.57%	9.26%	1.65%	8.02%
<b>Out/(Under) Performing</b>	<b>-0.30%</b>	<b>2.79%</b>	<b>-0.63%</b>	<b>-0.52%</b>	<b>2.19%</b>
<b>Peer Group Ranking</b>	53	9	26	41	5

Oppenheimer Developing Markets returned -7.8% in Q4 2018 compared to -7.5% for its benchmark (MSCI Emerging Markets). For the full year, the fund returned -11.8% compared to -14.6% for the benchmark. An overweight position in Hong Kong was the primary headwind on Q4 performance relative to the benchmark, as the region underperformed the broader emerging markets. Additionally, management was underweight Utilities and Financial Services, which detracted from relative performance as these areas outperformed. Looking forward, management is bullish on emerging market equities and seeks to invest in companies with sustainable growth and durable advantages. The fund holds 10% less in China than its benchmark but seeks exposure through companies such as Louis Vuitton and Kering whose earnings will reflect Chinese growth. NWCM is pleased with yearly performance for 2018, and the fund currently scores a 7 under our methodology. Its risk-adjusted returns rank in the top decile relative to peers for the trailing three- and ten-year periods, and in the top half for the trailing five-year period.

**Virtus Seix Total Return Bond R6 (SAMZX)**

Fund Score: 4 (Status: Watch)

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	2.13%	-0.17%	1.92%	2.50%	3.74%
BBgBarc US Agg Bond TR USD	1.64%	0.02%	2.06%	2.52%	3.48%
<b>Out/(Under) Performing</b>	<b>0.49%</b>	<b>-0.19%</b>	<b>-0.14%</b>	<b>-0.02%</b>	<b>0.26%</b>
<b>Peer Group Ranking</b>	<b>3</b>	<b>31</b>	<b>61</b>	<b>36</b>	<b>76</b>

The Virtus Seix Total Return Bond fund returned +2.13% in the quarter, outperforming the Bloomberg Barclays Aggregate Index return of 1.64%. The fund's high yield short (long credit-default swap index) was the primary contributor to relative performance during the quarter, contributing approximately 42 bps. The corporate bond and securitized underweights were also positive contributors to relative performance for the quarter. The fund closed out of its high yield short position in December, but has not made material changes to their credit asset exposure. Looking forward, management maintains their safe income at a reasonable price theme, and is overweight high quality Commercial Mortgage Backed Securities (CMBS) and Asset Back Securities (ABS). The fund scores a 4 under our scoring methodology and remains on watch despite the recent up-tick in performance. Trailing performance ranks in the top half for the trailing 5-year period, but lands in the bottom half of peers over the trailing 3- and 10-year periods, respectively.

**Fidelity Advisor Real Estate Income I (FRIRX)**

Fund Score: 7 (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	-3.02%	-0.63%	5.54%	6.13%	11.80%
FTSE Nareit Equity REITs TR USD	-6.73%	-5.05%	2.73%	7.81%	12.07%
<b>Out/(Under) Performing</b>	<b>3.72%</b>	<b>4.42%</b>	<b>2.81%</b>	<b>-1.68%</b>	<b>-0.27%</b>
<b>Peer Group Ranking</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>74</b>	<b>38</b>



Templeton Global Bond R6 (FBNRX)

Fund Score: 6 (Status: Pass) Global Unhedged

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	1.75%	1.56%	3.69%	1.78%	5.41%
BBgBarc Global Aggregate TR Hdg USD	1.73%	1.76%	2.91%	3.44%	3.78%
Out/(Under) Performing	0.02%	-0.20%	0.78%	-1.66%	1.63%
Peer Group Ranking	13	12	20	30	25

The Templeton Global Bond fund returned 1.75% for the quarter, relative to 1.74% for the Bloomberg Barclays Global Aggregate U.S. Dollar Hedged Index. Currency positions in Latin American and Asia ex-Japan contributed to absolute results. On the other hand, negative duration exposure to U.S. Treasuries detracted from absolute fund performance as the yield on the 10-year note decreased 38 bps. Looking forward, management is focused on specific emerging markets that are less externally vulnerable to trade policy and more domestically driven. The fund scores a 6 under our methodology and trailing returns rank in the top half for the trailing 3-, 5-, and 10-year periods, respectively.

Fresno County Stable Value (fressv)

Fund Score: 9 (Status: Pass) Liquid Assets

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
fressv	0.51%	2.03%	2.04%	2.09%	
ICE BofAML 0-3 M US Trsy Bill TR USD	0.55%	1.82%	0.96%	0.59%	0.34%
Out/(Under) Performing	-0.04%	0.21%	1.08%	1.51%	
Peer Group Ranking	26	1	1	1	

Great-West Lifetime 2015 Trust (GRWL15)

Fund Score: 9 (Status: Pass) Uncategorized

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
GRWL15	-5.71%	-3.42%	5.34%	4.27%	
DJ Target 2015 TR USD	-1.80%	-1.27%	3.54%	2.81%	5.79%
Out/(Under) Performing	-3.91%	-2.15%	1.80%	1.46%	
Peer Group Ranking	52	32	5	2	

Great-West Lifetime 2025 Trust (GRWL25)

Fund Score: 9 (Status: Pass) Uncategorized

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
GRWL25	-7.51%	-4.52%	6.26%	4.90%	
DJ Target 2025 TR USD	-4.46%	-3.23%	4.87%	3.70%	8.00%
Out/(Under) Performing	-3.05%	-1.29%	1.39%	1.20%	
Peer Group Ranking	45	24	1	2	

Great-West Lifetime 2035 Trust (GRWL35)

Fund Score: 9 (Status: Pass) Uncategorized

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
GRWL35	-10.21%	-6.18%	7.25%	5.08%	
DJ Target 2035 TR USD	-8.70%	-5.79%	6.14%	4.48%	9.89%
	-1.52%	-0.39%	1.11%	0.60%	
	49	19	4	11	

Great-West Lifetime 2045 Trust (GRWL45)

Fund Score: 9 (Status: Pass)

Uncategorized

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
GRWL45	-11.83%	-7.35%	7.51%	5.49%	
DJ Target 2045 TR USD	-11.75%	-7.79%	6.83%	4.84%	10.70%
Out/(Under) Performing	-0.08%	0.44%	0.68%	0.65%	
Peer Group Ranking	50	22	3	5	

Great-West Lifetime 2055 Trust (GRWL55)

Fund Score: 8 (Status: Pass)

Uncategorized

Trailing Returns	1 Qtr	1 Yr	3 Yr	5 Yr	10 Yr
GRWL55	-11.99%	-7.80%	7.48%	5.31%	
DJ Target 2055 TR USD	-12.57%	-8.37%	6.89%	4.87%	10.73%
Out/(Under) Performing	0.58%	0.58%	0.58%	0.44%	
Peer Group Ranking	50	28	3	12	

# County of Fresno 457 DC Plan

## Expense Ratio Report

As of 12/31/2018

### Passively-Managed and Cash Funds

Investment	Ticker	Expense Ratio▲	Peer Rank	Range of Peer Group Expense Ratios
41,853,359 BlackRock Equity Index - Collective M	02cff1	0.02%	2	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
7,719,246 BlackRock MidCap Idx - Collective M	03cff2	0.03%	1	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
3,712,450 BlackRock Russell 2000 Index Coll M	03cff3	0.03%	2	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
3,127,893 BlackRock EAFE Equity Index Coll F	10cff5	0.10%	4	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
4,658,706 BlackRock US Debt Index Fund Coll W	04cff4	0.04%	1	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%

### Actively-Managed Funds

12,306,924 Columbia Dividend Income Inst3	CDDYX	0.58%	15	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
39,016,009 Alger Spectra Z	ASPZX	0.96%	46	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
3,303,158 Franklin Utilities R6	FUFRX	0.49%	13	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
4,804,102 Hennessy Focus Institutional	HFCIX	1.12%	49	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
1,941,773 Oakmark Equity And Income Investor	OAKBX	0.78%	28	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
5,552,562 Nicholas Limited Edition I	NCLEX	0.86%	16	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
1,195,260 Janus Henderson Small Cap Value N	JDSNX	0.81%	12	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
8,413,438 Ivy International Core Equity N	IINCX	0.79%	29	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
1,862,580 Oppenheimer Developing Markets I	ODVIX	0.87%	12	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
3,821,062 Virtus Seix Total Return Bond R6	SAMZX	0.31%	8	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
941,021 Fidelity Advisor Real Estate Income I	FRIRX	0.75%	18	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
1,697,007 Templeton Global Bond R6	FBNRX	0.56%	12	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
63,306,377 Fresno County Stable Value	fressv	0.50%	64	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%

### Target-Date Funds

3,145,342 Great-West Lifetime 2015 Trust	GRWL15	0.43%	25	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
7,762,368 Great-West Lifetime 2025 Trust	GRWL25	0.43%	21	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
5,334,206 Great-West Lifetime 2035 Trust	GRWL35	0.44%	21	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
4,746,278 Great-West Lifetime 2045 Trust	GRWL45	0.44%	19	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%
2,460,098 Great-West Lifetime 2055 Trust	GRWL55	0.45%	21	▲ 0% 0.5% 1% 1.5% 2% 2.5% 3%

232,681,220	Expense Ratio Averages	0.50%	19	Weighted Average Gross Expense Ratio: 0.49%
-------------	------------------------	-------	----	---

Your Plan	Bal Weighted Avg	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
Expense Ratio	0.49%	81.5%(22)	14.8%(4)	3.7%(1)	-

# County of Fresno 457 DC Plan

As of: 12/31/2018

## Target Date Review

Retirement Date	Investment	3-Mo	1 Yr	2 Yr *	3 Yr *	5 Yr *	Expense Ratio
<b>2015</b>							
	Great-West Lifetime 2015 Trust	-5.71	-3.42	4.03	5.34	4.27	0.43
	Morningstar Lifetime Mod 2015 TR USD	-5.20	-3.54	3.66	4.79	3.61	
	<b>Benchmark +/-</b>	<b>-0.51</b>	<b>0.12</b>	<b>0.37</b>	<b>0.55</b>	<b>0.66</b>	
<b>2025</b>							
	Great-West Lifetime 2025 Trust	-7.51	-4.52	4.92	6.26	4.90	0.43
	Morningstar Lifetime Mod 2025 TR USD	-7.01	-4.90	4.37	5.69	4.16	
	<b>Benchmark +/-</b>	<b>-0.50</b>	<b>0.38</b>	<b>0.55</b>	<b>0.57</b>	<b>0.74</b>	
<b>2035</b>							
	Great-West Lifetime 2035 Trust	-10.21	-6.18	5.83	7.25	5.08	0.44
	Morningstar Lifetime Mod 2035 TR USD	-9.95	-6.82	5.09	6.72	4.61	
	<b>Benchmark +/-</b>	<b>-0.26</b>	<b>0.64</b>	<b>0.74</b>	<b>0.53</b>	<b>0.47</b>	
<b>2045</b>							
	Great-West Lifetime 2045 Trust	-11.83	-7.35	6.07	7.51	5.49	0.44
	Morningstar Lifetime Mod 2045 TR USD	-11.67	-8.17	5.21	7.05	4.60	
	<b>Benchmark +/-</b>	<b>-0.16</b>	<b>0.82</b>	<b>0.86</b>	<b>0.46</b>	<b>0.89</b>	
<b>2055</b>							
	Great-West Lifetime 2055 Trust	-11.99	-7.80	6.04	7.48	5.31	0.45
	Morningstar Lifetime Mod 2055 TR USD	-11.84	-8.57	5.16	7.04	4.42	
	<b>Benchmark +/-</b>	<b>-0.15</b>	<b>0.77</b>	<b>0.88</b>	<b>0.44</b>	<b>0.89</b>	

\*Returns are annualized after 1 year

\*\*Great West Lifetime Trust Series replaced Great West Lifetime Trust Series II in June 2016. Return data prior to June 2016 reflects Great West Lifetime Trust Series II

\*\*\* Great West Lifetime Trust Series expense ratios were reduced to 0.43%-0.45% in Q2 2018

## Historical Watch List

As of 12/31/2018

**Current Lineup Status**

Asset Class		Current Status	Placed On Watch	Asset Class		Current Status	Placed On Watch
<b>US Large Cap</b>				<b>Fixed Income</b>			
02cff1	BlackRock Equity Index - Collective M	Pass	-	04cff4	BlackRock US Debt Index Fund Coll W	Pass	-
ASPZX	Alger Spectra Z	Pass	-	SAMZX	Virtus Seix Total Return Bond R6	Watch	2018 - Q3
CDDYX	Columbia Dividend Income Inst3	Pass	-	FBNRX	Templeton Global Bond R6	Pass	-
<b>US Mid Cap</b>				fressv	Fresno County Stable Value	Pass	-
03cff2	BlackRock MidCap Idx - Collective M	Pass	-	<b>Target Date Funds</b>			
03cff3	BlackRock Russell 2000 Index Coll M	Pass	-	GRWL15	Great-West Lifetime 2015 Trust	Pass	-
HFCIX	Hennessy Focus Institutional	Watch	2018 - Q3	GRWL25	Great-West Lifetime 2025 Trust	Pass	-
<b>US Small Cap</b>				GRWL35	Great-West Lifetime 2035 Trust	Pass	-
NCLEX	Nicholas Limited Edition I	Pass	-	GRWL45	Great-West Lifetime 2045 Trust	Pass	-
JDSNX	Janus Henderson Small Cap Value N	Pass	-	GRWL55	Great-West Lifetime 2055 Trust	Pass	-
<b>Foreign</b>							
10cff5	BlackRock EAFE Equity Index Coll F	Pass	-				
IINCX	Ivy International Core Equity N	Pass	-				
ODVIX	Oppenheimer Developing Markets I	Pass	-				
<b>Specialty</b>							
FRIRX	Fidelity Advisor Real Estate Income I	Pass	-				
FUFRX	Franklin Utilities R6	Pass	-				
OAKBX	Oakmark Equity And Income Investor	Watch	2018 - Q3				

**Watch List History**

		Status	Most Recent Time on Watch		Previous Time on Watch		Previous Time on Watch	
			Placed	Removed	Placed	Removed	Placed	Removed
HFCIX	Hennessy Focus Institutional	In Plan	2018 - Q3	-				
OAKBX	Oakmark Equity and Income Investor	In Plan	2018 - Q3	-	2012 - Q1	2012 - Q3		
SAMZX	Virtus Seix Total Return Bond R6	In Plan	2018 - Q3	-	2013 - Q4	2015 - Q2		
FRESSV	County Of Fresno Stable Value Fund	In Plan	2017 - Q1	2018 - Q1				
GRWL15	Great-West Lifetime 2015 Trust	In Plan	2017 - Q1	2018 - Q1				
GRWL25	Great-West Lifetime 2025 Trust	In Plan	2017 - Q1	2018 - Q1				
GRWL35	Great-West Lifetime 2035 Trust	In Plan	2017 - Q1	2018 - Q1				
GRWL45	Great-West Lifetime 2045 Trust	In Plan	2017 - Q1	2018 - Q1				
GRWL55	Great-West Lifetime 2055 Trust	In Plan	2017 - Q1	2018 - Q1				
FBNRX	Templeton Global Bond R6	In Plan	2016 - Q2	2017 - Q1				
NCLEX	Nicholas Limited Edition N	In Plan	2013 - Q4	2015 - Q2				
CDDYX	Columbia Dividend Income Z	In Plan	2013 - Q4	2014 - Q4				
SEGSX	Sentinel Government Securities A	Removed	2014 - Q2	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				
NBGNX	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				

\* Watch List History displays all funds that have been on watch in the plan since 2012



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## Item 9 - Exhibit C

### **Summary of Proposed Changes** County of Fresno 457 DCP

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## Overview

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In the December 2018 report, Northwest Capital Management (NWCM) provided an in-depth evaluation on the plan's investment options. At the meeting, NWCM reported that it would be recommending action items on three of the plan's investment options at the March 2019 report meeting. Listed below are action items for three funds NWCM has proposed for the DCMC's consideration:

1. NWCM recommends removing Oakmark Equity and Income and map all assets to the age appropriate Qualified Default Investment Alternative QDIA (page 4)
2. NWCM recommends removing Hennessy Focus Fund and map all assets to T. Rowe Price Mid-Cap Growth (pages 5-23)
3. NWCM recommends removing Virtus Seix Total Return Bond and map all assets to the Metropolitan West Total Return Bond Fund (pages 24-43)

This presentation includes two funds for comparison relative to each respective incumbent. NWCM's research department utilizes a variety of resources, including Morningstar Direct, to source institutional quality investment managers. The recommended replacements are approved by the NWCM Investment Committee, through our rigorous due diligence process. These funds have been through successive stages of analysis and multiple in-office reviews. NWCM has included a detailed writeup of each strategy recommended at the end of this document



## **Review and Recommendation**

### Oakmark Equity & Income

# Oakmark Recommendation

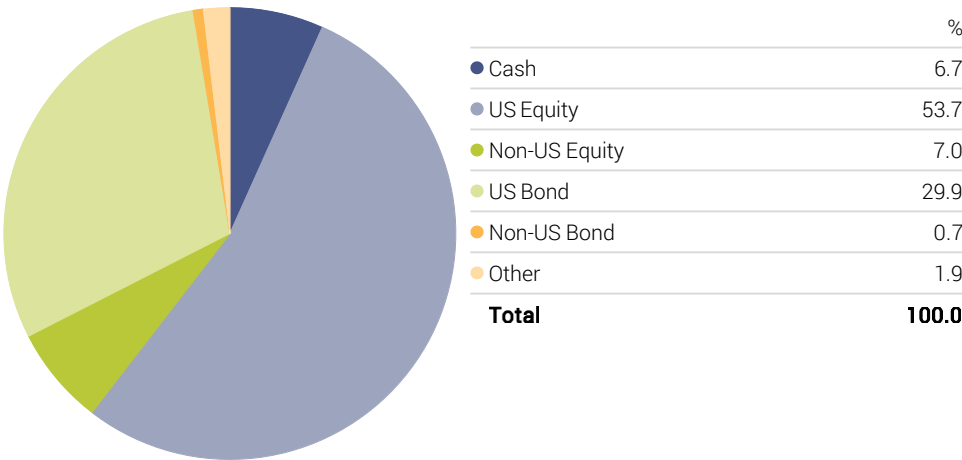
NWCM recommends removing the Oakmark Equity and Income fund due to poor performance and to consolidate the investment menu. It is not necessary to have both a balanced fund such as the Oakmark Equity and Income Fund and a suite of target retirement date funds that serve the same purpose. This purpose is to provide a diversified, one-stop offering for participants that are looking for professional management and don't want to build their own portfolio. We believe the target date funds are superior in fulfilling this purpose due to the broader spectrum of asset classes utilized in the portfolios. Additionally, these funds provide diversification benefits through the age appropriate asset allocation and automatic rebalancing to a more conservative portfolio as the investor ages. As such, in order to reduce redundancy in the menu and reduce potential participant confusion, we would recommend eliminating the Oakmark Equity Income Fund and mapping the assets to the particular participant age-appropriate target retirement date fund.

## Snapshot

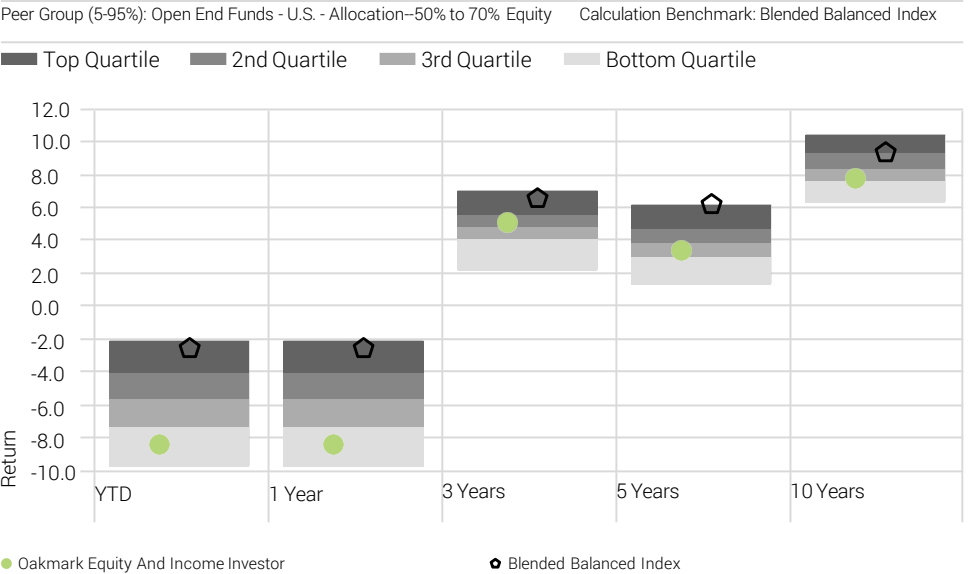
	Ticker	Morningstar Category	Fund Score	Percent of Plan Assets	Prospectus Net Expense Ratio
Oakmark Equity And Income Investor	OAKBX	US Fund Allocation~50% to 70% Equity	4	0.83%	0.78

## Oakmark Equity And Income Investor - Asset Allocation (US)

Portfolio Date: 12/31/2018



## Performance Relative to Peer Group



## Mid-Cap Growth Manager Search Report

### Hennessy Focus Institutional

## Mid-Cap Growth Manager Search Report

### Executive Summary

2.06% of Total Assets

This document has been prepared to provide analysis of several potential replacement candidates in the Mid-Cap Growth asset class. The current option, Hennessy Focus Institutional, has worsened in the Mid-Cap Growth space due to continued underperformance relative to benchmark and peer group, and the availability of more compelling options in the category.

Northwest Capital Management (NWCM) has conducted a manager search in the Mid-Cap Growth space to find appropriate replacements. The candidates presented generally include management teams that have satisfied the following criteria:

1. Investment track record of no less than three years
2. Expense ratio below Mid-Cap Growth category average
3. Fund performance ranked within top 50th percentile of category peers over the trailing three- and five-year periods
4. Reasonable portfolio diversification and risk (volatility) characteristics
5. Investment Style consistency over evaluation periods

We have provided two alternative candidates in the Mid-Cap Growth asset class category along with the incumbent investment option for review. NWCM has determined that T Rowe Price Mid-Cap Growth I is a prudent replacement candidate. In making the investment recommendation, NWCM analyzed the following traits:

- Historical performance - T Rowe Price Mid-Cap Growth I substantially outperforms the Russell Mid Cap Growth Index for the trailing three-, five-, and ten-year periods
- Risk adjusted returns - T Rowe Price Mid-Cap Growth I has a greater Sharpe ratio (return / standard deviation) over each trailing period
- Peer group rankings - T Rowe Price Mid-Cap Growth I is in the top of its peer group for trailing one-, three-, five-, and ten-year periods
- Upside / downside capture - T Rowe Price Mid-Cap Growth I has participated to the upside while limiting the downside

We believe the best strategies have consistently impressive performance, established management with a proven track record, and appear best-suited to perform well in the spaces they are being slotted to fill. From the universe of Mid-Cap Growth managers, we recommend replacing Hennessy Focus Institutional with T. Rowe Price Mid-Cap Growth I.

## Mid-Cap Growth Manager Search Report

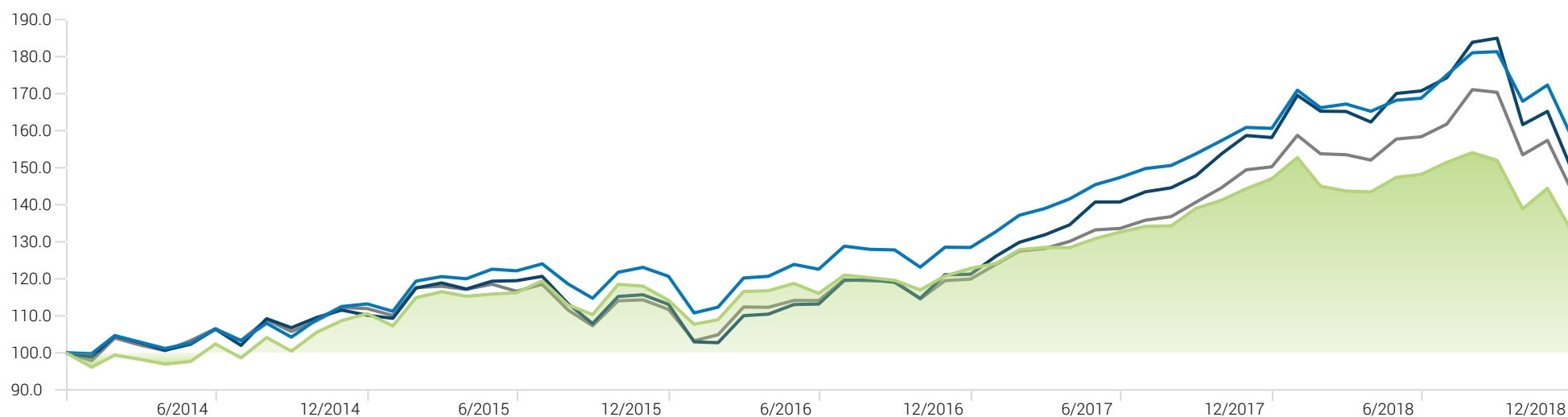
	<b>Hennessy Focus Institutional</b>	<b>T. Rowe Price Mid-Cap Growth I</b>	<b>Carillon Eagle Mid Cap Growth R6</b>
Firm City	Novato, CA	Baltimore, MD	St Petersburg, FL
Year Firm Founded	1989	1937	1976
Firm % Owned by Employees	0%	16%	~50%
GIPS Compliance*	No	Yes	Yes
Firm Total Assets	\$5.6 Billion	\$1.04 Trillion	\$32 Billion
Fund Size	1,790,760,088	31,100,512,176	4,998,102,922
Investment Type	Open-End Fund	Open-End Fund	Open-End Fund
Minimum Investment (Base Currency)	250,000	1,000,000	0
Prospectus Net Expense Ratio	1.10	0.62	0.66
NWCM Fund Score	5	9	7
Portfolio Manager(s)	David S. Rainey since 8/22/2009  Ira M. Rothberg since 8/22/2009  Brian E. Macauley since 8/22/2009	Brian W.H. Berghuis since 6/30/1992	Bert L. Boksen since 8/20/1998  Christopher Sassouni since 1/3/2006  Eric Mintz since 3/1/2008

\*The Global Investment Performance Standards (GIPS) are ethical standards used by investment managers. They are used when creating performance presentations that ensure fair representation and full disclosure of investment performance results. Global Investment Professional Standards were created by the CFA Institute and are governed by the GIPS Executive Committee. They are standardized guidelines for reporting the ability of an investment firm to make profits for investors.

## Mid-Cap Growth Manager Search Report

### Investment Growth

Time Period: 1/1/2014 to 12/31/2018



Hennessy Focus Institutional

T. Rowe Price Mid-Cap Growth I

Carillon Eagle Mid Cap Growth R6

Russell Mid Cap Growth TR USD

### Performance

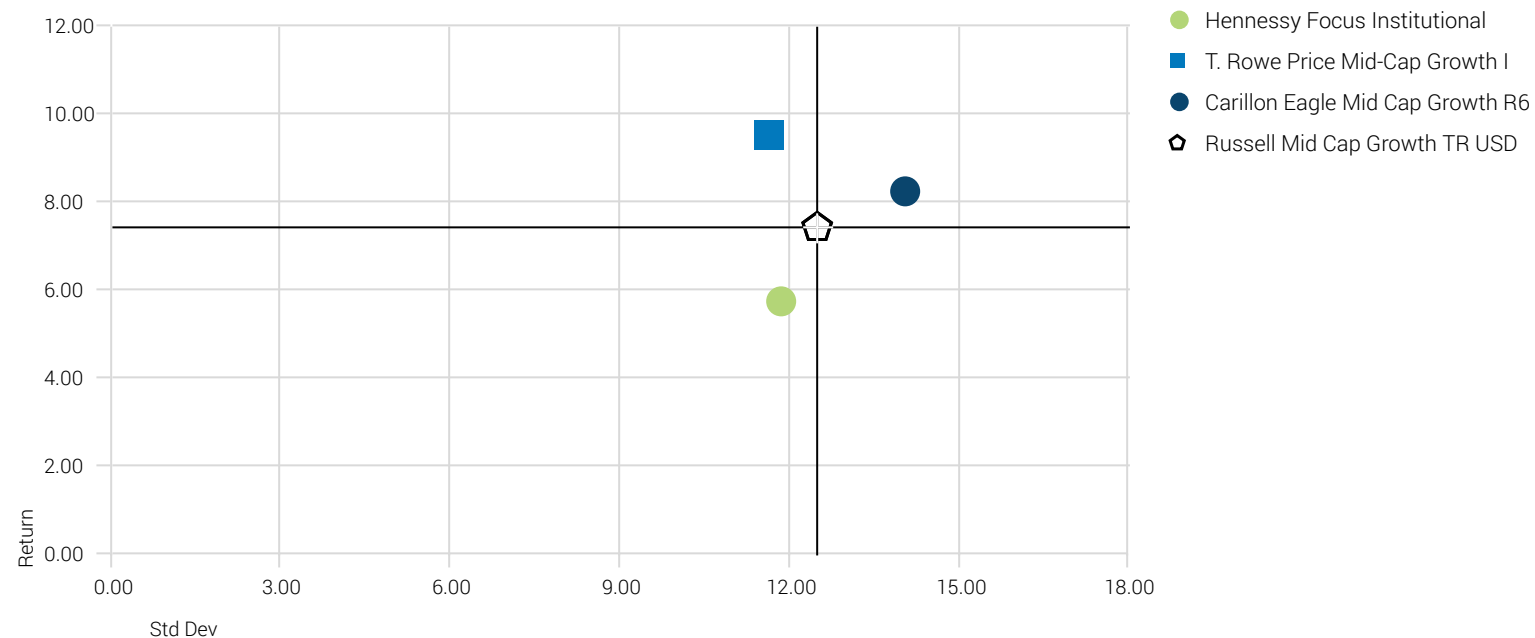
Time Period: 1/1/2014 to 12/31/2018 Calculation Benchmark: Russell Mid Cap Growth TR USD

	Return	Std Dev	Alpha	Beta	Sharpe Ratio	Treynor Ratio (arith)	Information Ratio (arith)	R2
Hennessy Focus Institutional	5.72	11.85	-0.83	0.88	0.47	5.71	-0.37	86.69
T. Rowe Price Mid-Cap Growth I	9.51	11.67	2.52	0.91	0.78	9.74	0.69	94.24
Carillon Eagle Mid Cap Growth R6	8.24	14.05	0.27	1.10	0.59	6.89	0.26	95.60
Russell Mid Cap Growth TR USD	7.42	12.51	0.00	1.00	0.58	6.74		100.00

## Mid-Cap Growth Manager Search Report

### Risk-Reward

Time Period: 1/1/2014 to 12/31/2018



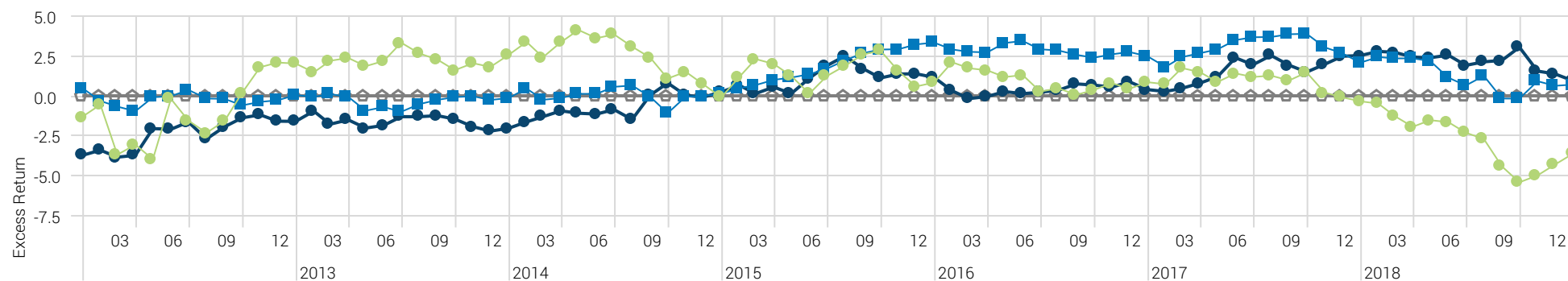
### Risk

Time Period: 1/1/2014 to 12/31/2018

	Return	Std Dev	Downside Deviation	Upside Std Dev	Value at Risk	Excess Return	Gain/Loss Ratio	Tracking Error
Hennessy Focus Institutional	5.72	11.85	3.58	2.43	7.18	-1.69	1.48	4.58
T. Rowe Price Mid-Cap Growth I	9.51	11.67	1.90	2.04		2.09	1.87	3.05
Carillon Eagle Mid Cap Growth R6	8.24	14.05	2.18	1.86	8.33	0.82	1.65	3.19
Russell Mid Cap Growth TR USD	7.42	12.51	0.00		7.46	0.00	1.63	0.00

## Mid-Cap Growth Manager Search Report

### 36 Month Rolling Excess Returns



— Hennessy Focus Institutional  
— Russell Mid Cap Growth TR USD

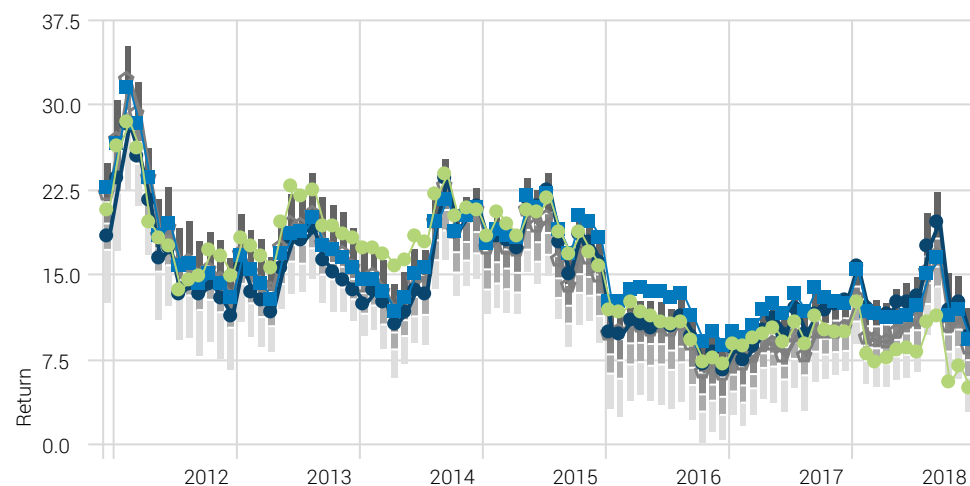
— T. Rowe Price Mid-Cap Growth I

— Carillon Eagle Mid Cap Growth R6

### Rolling Returns vs. Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Mid-Cap Growth

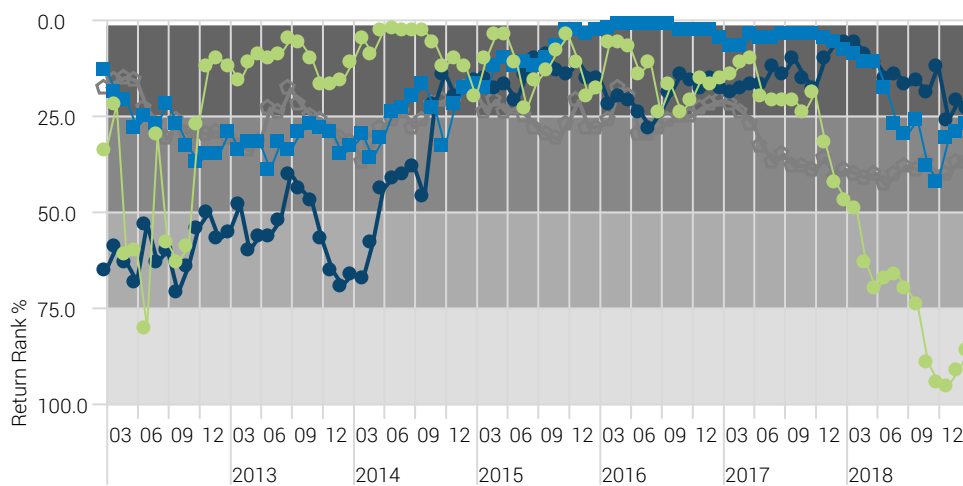
■ Top Quartile ■ 2nd Quartile ■ 3rd Quartile ■ Bottom Quartile



### Rolling Return Quartiles

Peer Group (5-95%): Open End Funds - U.S. - Mid-Cap Growth

■ 1st to 25th Percentile ■ 26th to Median ■ 51st to 75th Percentile ■ 76th to 100th Percentile

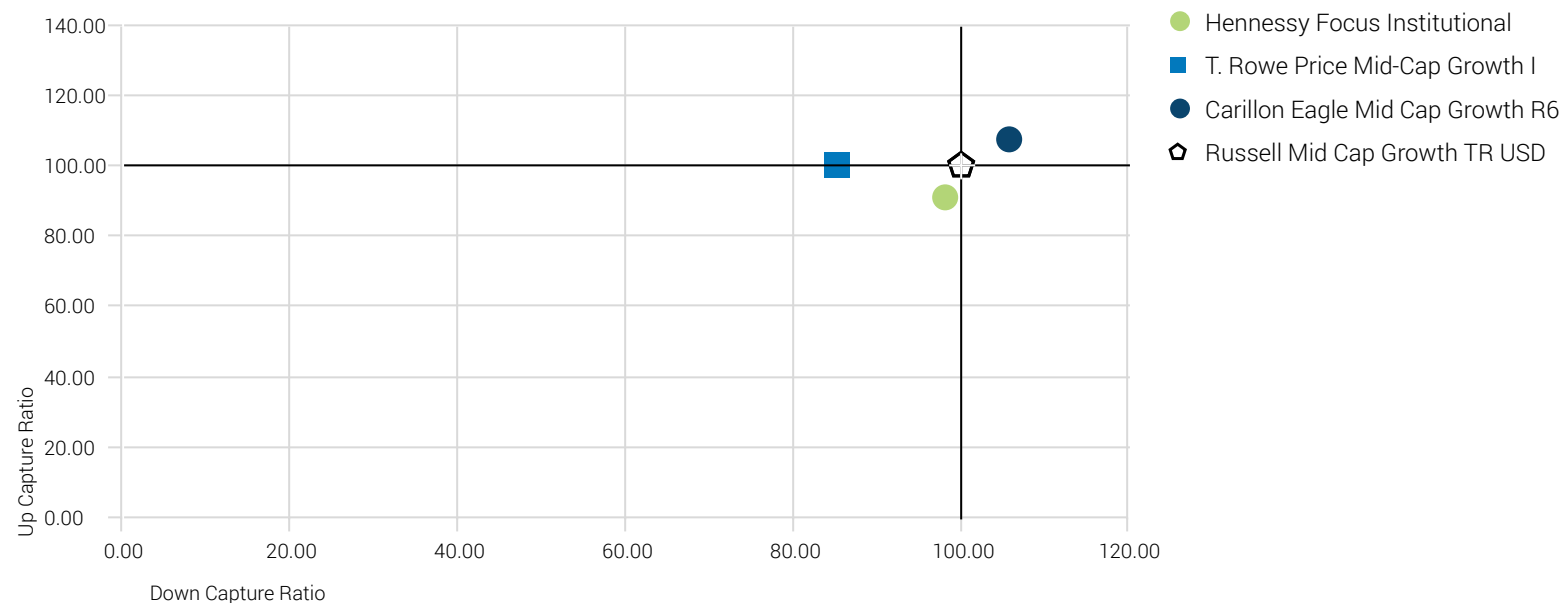




## Mid-Cap Growth Manager Search Report

### Upside-Downside Capture

Time Period: 1/1/2014 to 12/31/2018



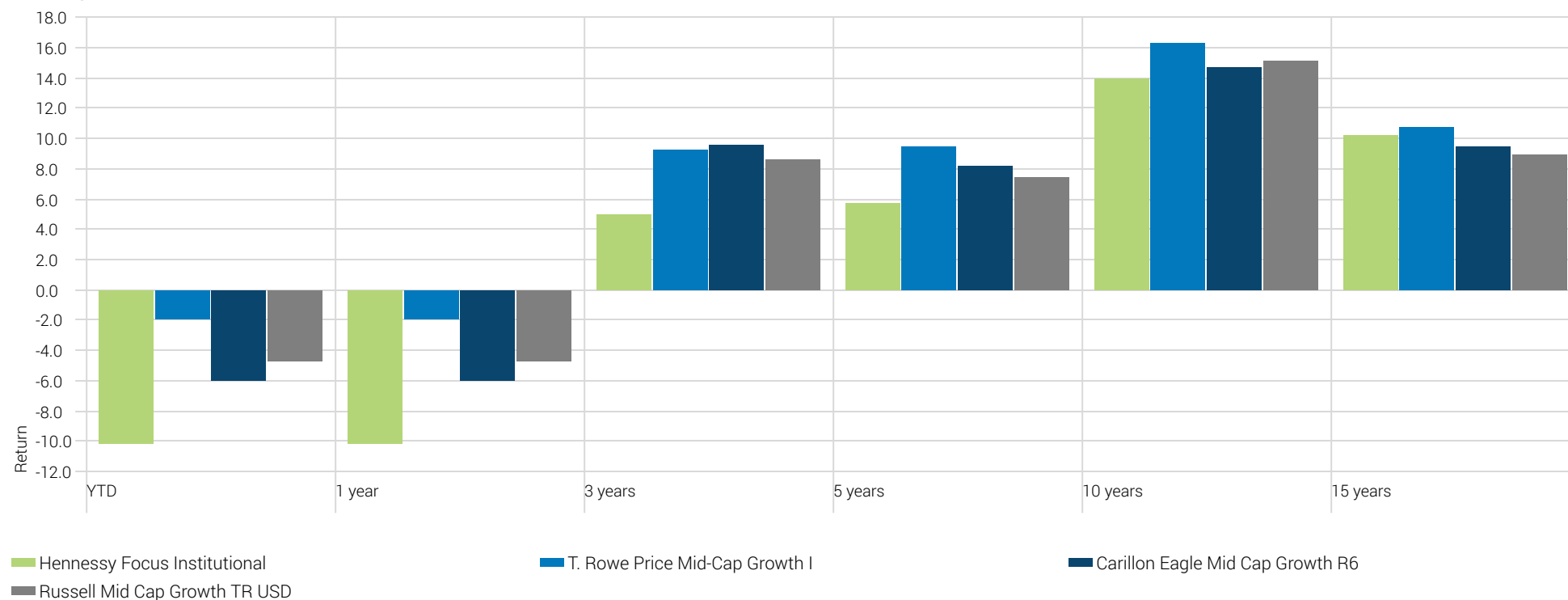
### Market Performance

Time Period: 1/1/2014 to 12/31/2018

	Up Period Percent	Down Period Percent	Best Month	Worst Month	Best Quarter	Worst Quarter	Up Capture Ratio	Down Capture Ratio	R2
Hennessy Focus Institutional	61.67	38.33	7.41	-8.60	10.09	-13.03	90.76	98.09	86.69
T. Rowe Price Mid-Cap Growth I	63.33	36.67	7.33	-8.57	8.60	-13.11	99.95	85.32	94.24
Carillon Eagle Mid Cap Growth R6	65.00	35.00	7.47	-12.62	8.78	-19.64	107.65	105.75	95.60
Russell Mid Cap Growth TR USD	60.00	40.00	7.14	-9.90	7.57	-15.99	100.00	100.00	100.00

## Mid-Cap Growth Manager Search Report

### Trailing Returns

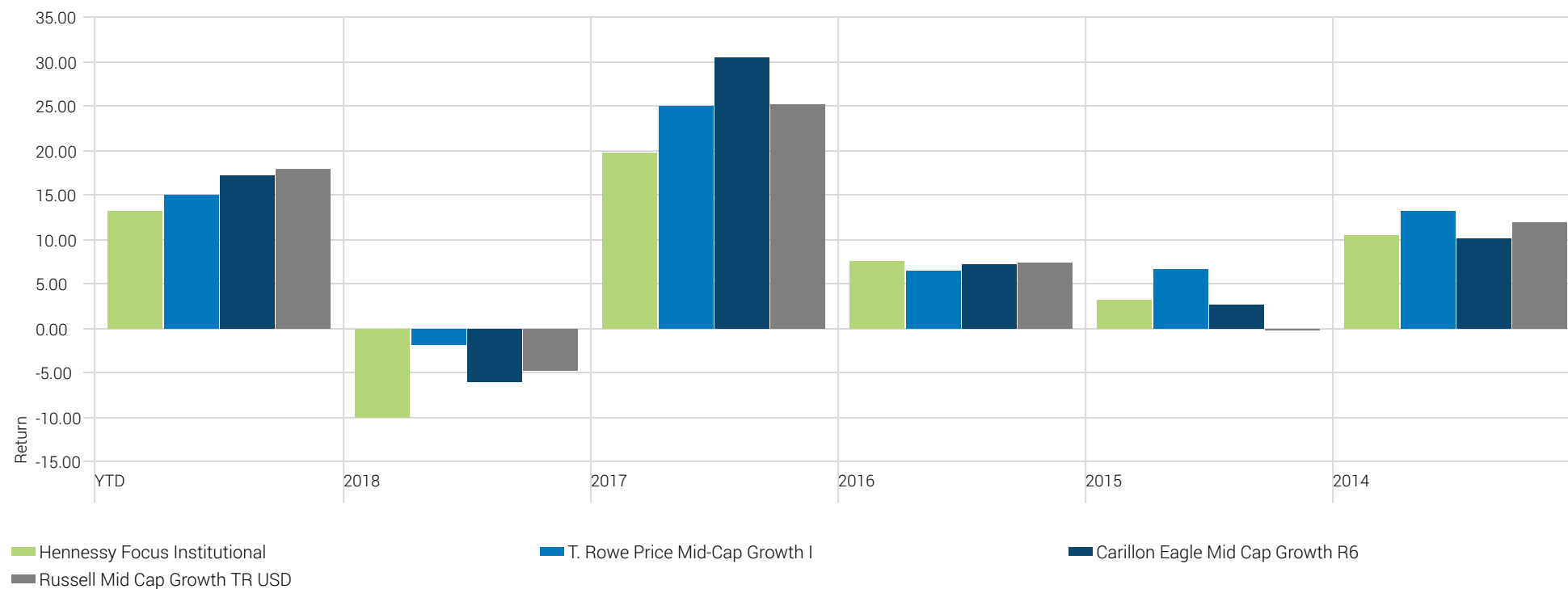


### Trailing Returns

	YTD	1 year	3 years	5 years	10 years	15 years
Hennessy Focus Institutional	-10.12	-10.12	4.99	5.72	13.95	10.20
T. Rowe Price Mid-Cap Growth I	-1.91	-1.91	9.29	9.51	16.28	10.80
Carillon Eagle Mid Cap Growth R6	-6.01	-6.01	9.53	8.24	14.75	9.51
Russell Mid Cap Growth TR USD	-4.75	-4.75	8.59	7.42	15.12	8.98

## Mid-Cap Growth Manager Search Report

### Calendar Year Returns

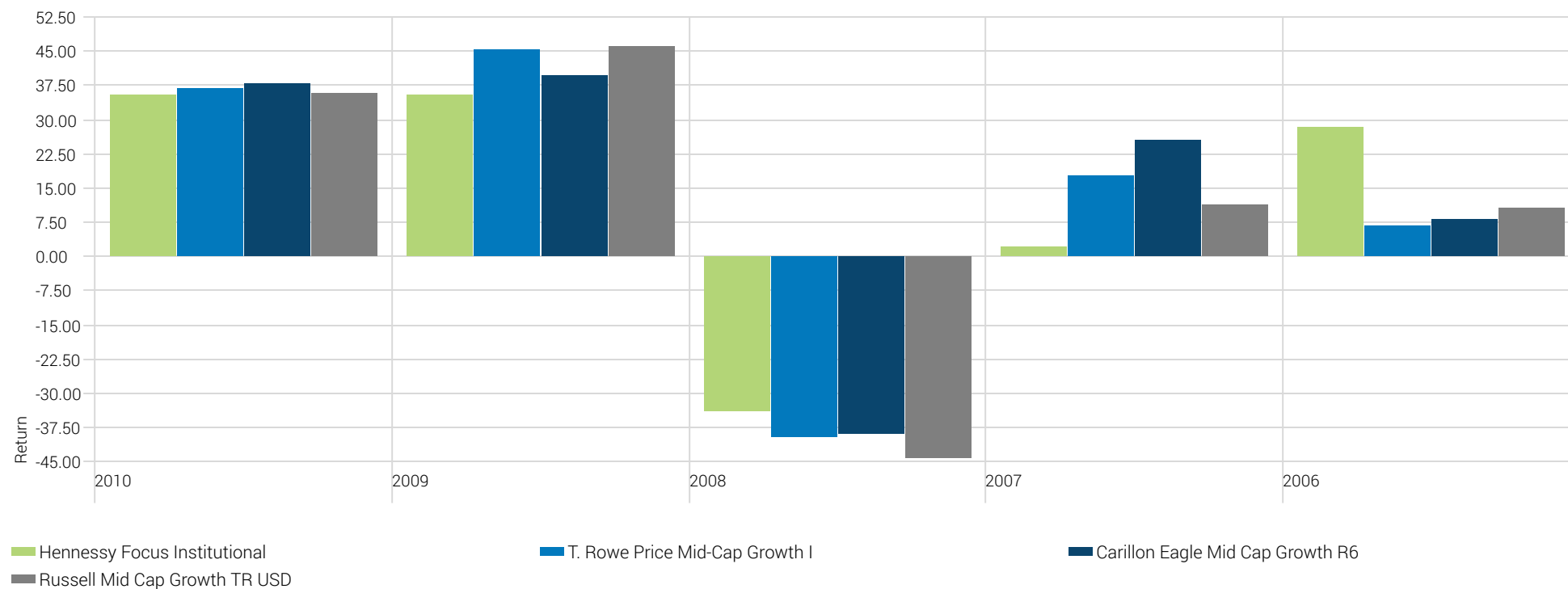


### Calendar Year Returns

	YTD	2018	2017	2016	2015	2014
Hennessy Focus Institutional	13.19	-10.12	19.71	7.55	3.25	10.55
T. Rowe Price Mid-Cap Growth I	15.08	-1.91	25.02	6.45	6.59	13.16
Carillon Eagle Mid Cap Growth R6	17.22	-6.01	30.44	7.18	2.68	10.11
Russell Mid Cap Growth TR USD	18.03	-4.75	25.27	7.33	-0.20	11.90

## Mid-Cap Growth Manager Search Report

### Calendar Year Returns

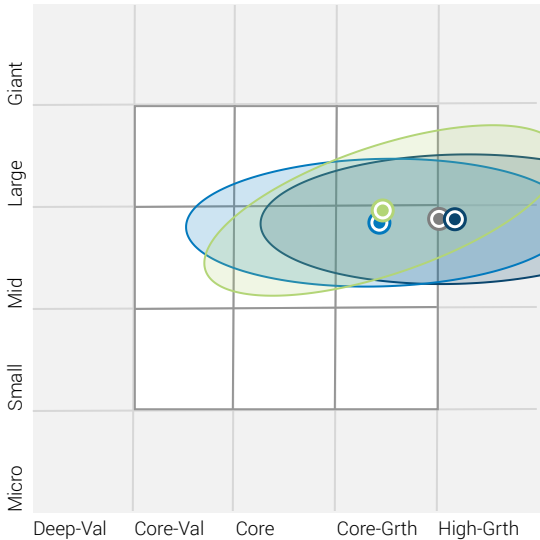


### Calendar Year Returns

	2010	2009	2008	2007	2006
Hennessy Focus Institutional	35.70	35.70	-33.81	2.30	28.49
T. Rowe Price Mid-Cap Growth I	36.89	45.44	-39.69	17.65	6.79
Carillon Eagle Mid Cap Growth R6	38.15	39.80	-38.91	25.55	8.29
Russell Mid Cap Growth TR USD	35.74	46.29	-44.32	11.43	10.66

# Mid-Cap Growth Manager Search Report

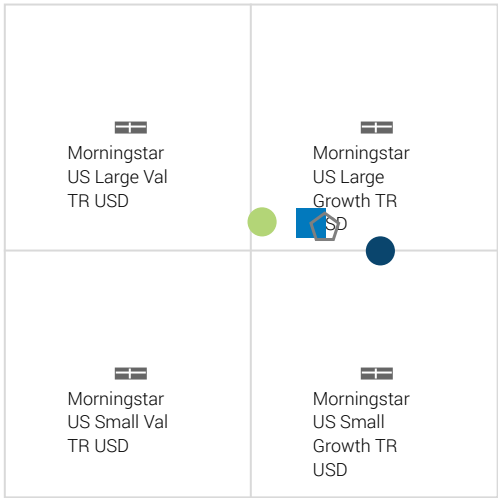
## Holdings-Based Style Map



● Hennessy Focus Institutional	12/31/2018
● T. Rowe Price Mid-Cap Growth I	12/31/2018
● Carillon Eagle Mid Cap Growth R6	12/31/2018
● Russell Mid Cap Growth TR USD	2/28/2019

## Returns-Based Style Map

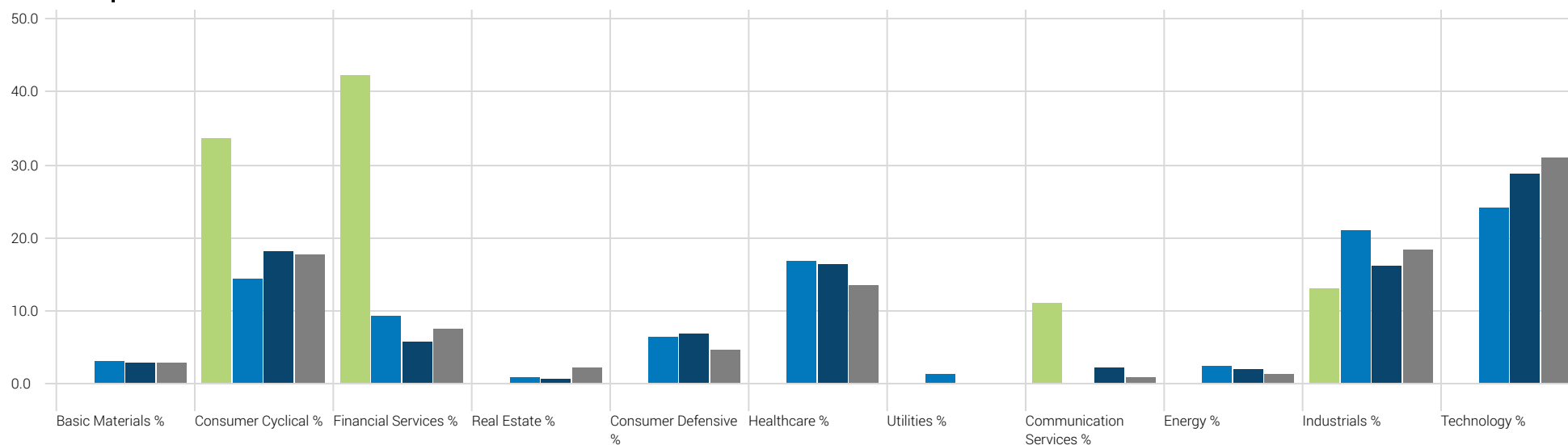
Time Period: 1/1/2014 to 12/31/2018



● Hennessy Focus Institutional
■ T. Rowe Price Mid-Cap Growth I
● Carillon Eagle Mid Cap Growth R6
⬠ Russell Mid Cap Growth TR USD

## Mid-Cap Growth Manager Search Report

### Sector Exposure



■ Hennessy Focus Institutional  
■ Russell Mid Cap Growth TR USD

12/31/2018 ■ T. Rowe Price Mid-Cap Growth I  
 2/28/2019

12/31/2018 ■ Carillon Eagle Mid Cap Growth R6

12/31/2018

### Equity Sectors

	Basic Materials %	Consumer Cyclical %	Financial Services %	Real Estate %	Consumer Defensive %	Healthcare %	Utilities %	Communication Services %	Energy %	Industrials %	Technology %
Hennessy Focus Institutional	0.00	33.63	42.30	0.00	0.00	0.00	0.00	11.09	0.00	12.98	0.00
T. Rowe Price Mid-Cap Growth I	3.21	14.42	9.29	0.91	6.42	16.81	1.24	0.00	2.54	21.01	24.14
Carillon Eagle Mid Cap Growth R6	2.94	18.19	5.77	0.69	6.93	16.47	0.00	2.19	1.92	16.11	28.79
Russell Mid Cap Growth TR USD	2.93	17.74	7.46	2.23	4.56	13.48	0.00	0.79	1.41	18.35	31.05

## Mid-Cap Growth Manager Search Report

### Correlation Matrix

Time Period: 1/1/2014 to 12/31/2018

	1	2	3	4
1 Hennessy Focus Institutional	1.00			
2 T. Rowe Price Mid-Cap Growth I	0.93	1.00		
3 Carillon Eagle Mid Cap Growth R6	0.90	0.96	1.00	
4 Russell Mid Cap Growth TR USD	0.93	0.97	0.98	1.00

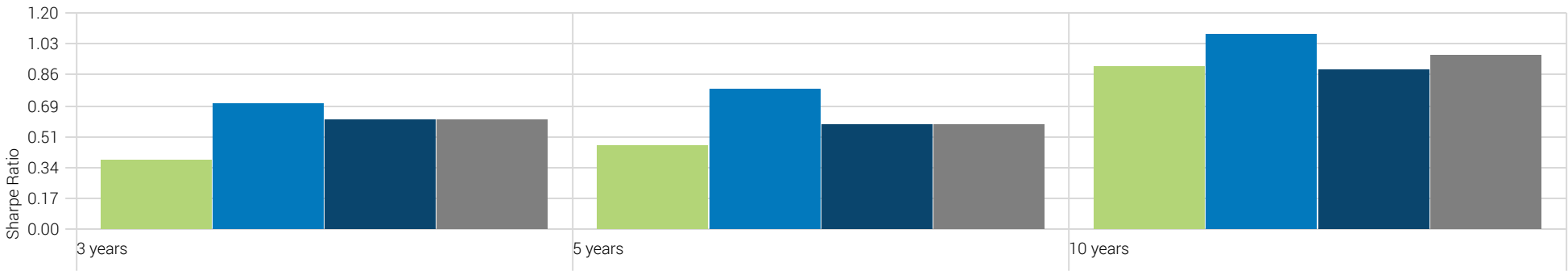
### Correlation Matrix (Excess Returns vs. Benchmark)

Time Period: 1/1/2014 to 12/31/2018

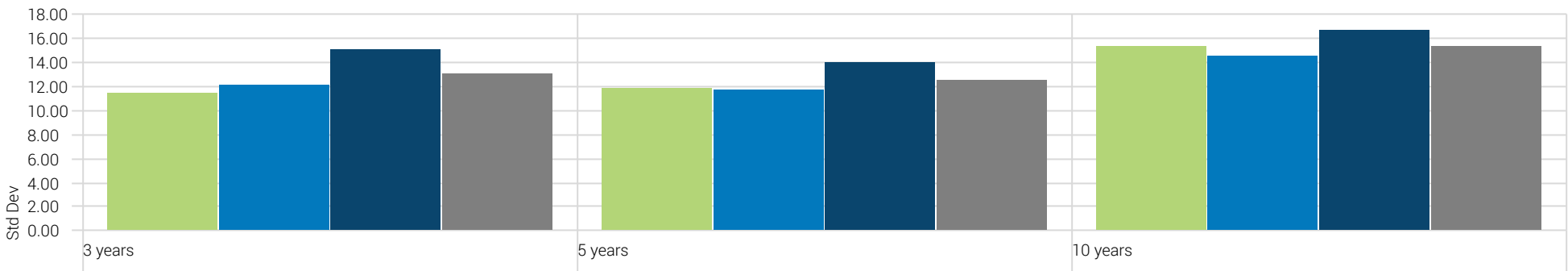
	1	2	3	4
1 Hennessy Focus Institutional	1.00			
2 T. Rowe Price Mid-Cap Growth I	0.42	1.00		
3 Carillon Eagle Mid Cap Growth R6	-0.22	0.03	1.00	
4 Russell Mid Cap Growth TR USD				1.00

# Mid-Cap Growth Manager Search Report

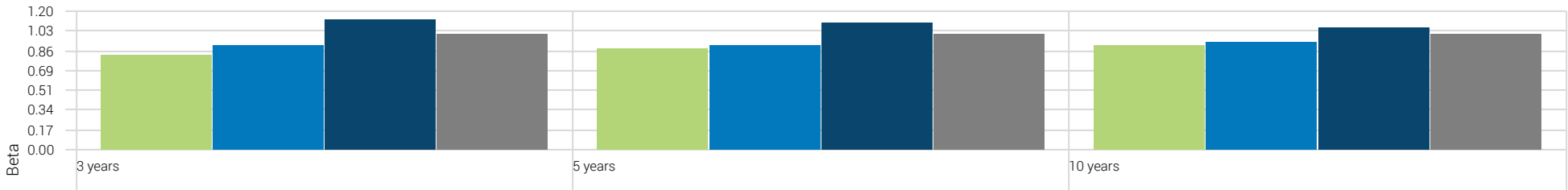
## Sharpe Ratio



## Standard Deviation



## Beta



Hennessy Focus Institutional  
Russell Mid Cap Growth TR USD

T. Rowe Price Mid-Cap Growth I

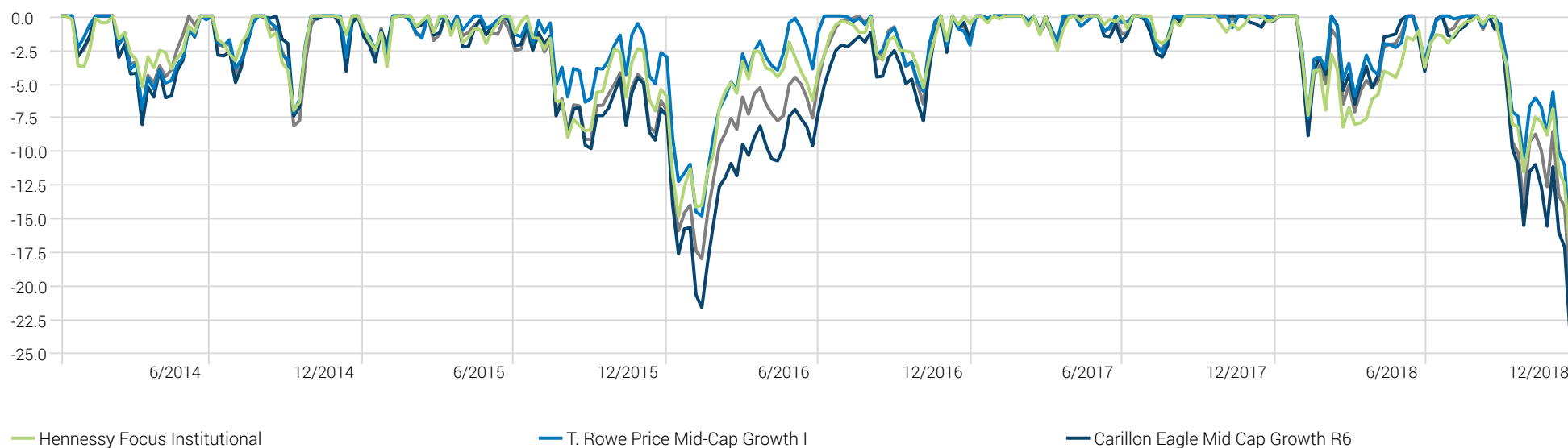
Carillon Eagle Mid Cap Growth R6



## Mid-Cap Growth Manager Search Report

### Drawdown

Time Period: 1/5/2014 to 12/29/2018



### Drawdown

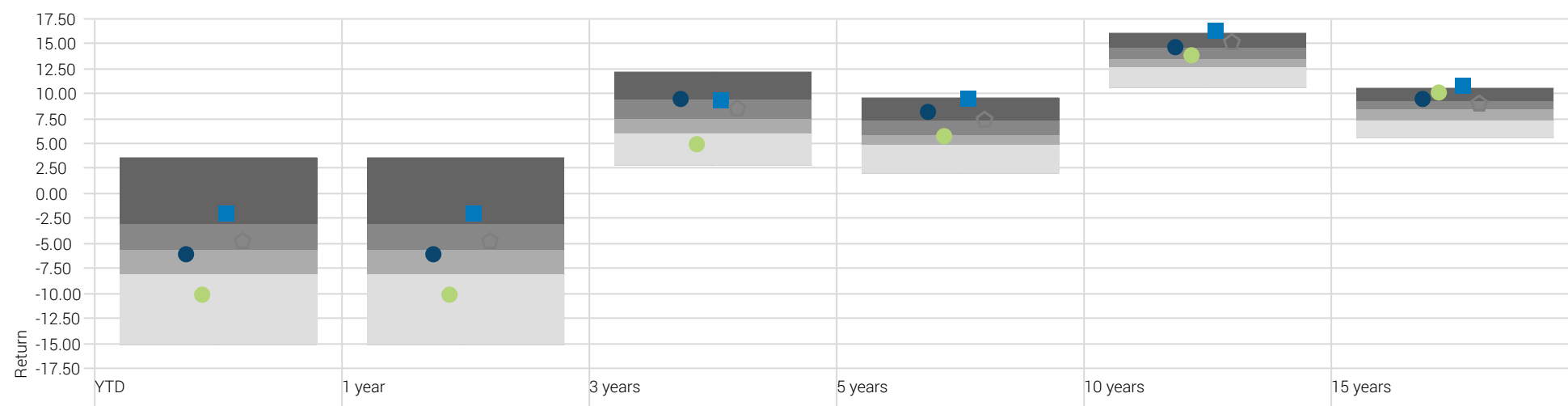
Time Period: 1/1/2014 to 12/31/2018

	Max Drawdown	Max Drawdown # of Periods	Max Drawdown Peak Date	Max Drawdown Valley Date	Omega
Hennessy Focus Institutional	-14.21	4	9/1/2018	12/31/2018	1.38
T. Rowe Price Mid-Cap Growth I	-13.11	3	10/1/2018	12/31/2018	1.77
Carillon Eagle Mid Cap Growth R6	-19.64	3	10/1/2018	12/31/2018	1.54
Russell Mid Cap Growth TR USD	-16.35	4	9/1/2018	12/31/2018	1.52

## Mid-Cap Growth Manager Search Report

### Performance Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Mid-Cap Growth



● Hennessy Focus Institutional  
 ◇ Russell Mid Cap Growth TR USD

■ T. Rowe Price Mid-Cap Growth I

● Carillon Eagle Mid Cap Growth R6

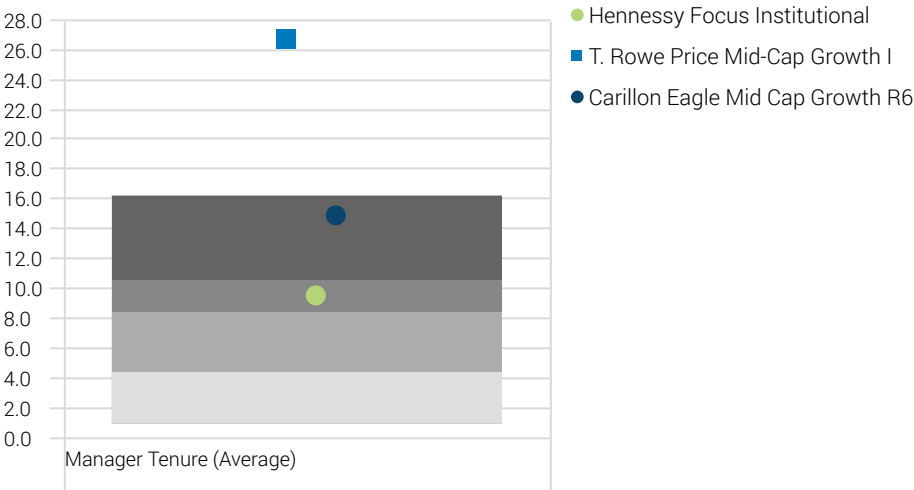
### Trailing Peer Group Performance

	YTD	% rank	1 year	% rank	3 years	% rank	5 years	% rank	10 years	% rank	15 years	% rank
Hennessy Focus Institutional	-10.12	84	-10.12	84	4.99	86	5.72	54	13.95	35	10.20	8
T. Rowe Price Mid-Cap Growth I	-1.91	19	-1.91	19	9.29	27	9.51	6	16.28	4	10.80	3
Carillon Eagle Mid Cap Growth R6	-6.01	54	-6.01	54	9.53	23	8.24	14	14.75	20	9.51	19
Russell Mid Cap Growth TR USD	-4.75	37	-4.75	37	8.59	37	7.42	24	15.12	14	8.98	32
5th Percentile	3.53		3.53		12.07		9.55		16.05		10.50	
25th Percentile	-3.10		-3.10		9.41		7.28		14.51		9.24	
50th Percentile	-5.70		-5.70		7.48		5.85		13.40		8.37	
75th Percentile	-8.17		-8.17		5.97		4.88		12.62		7.26	
95th Percentile	-15.08		-15.08		2.95		2.15		10.72		5.63	

# Mid-Cap Growth Manager Search Report

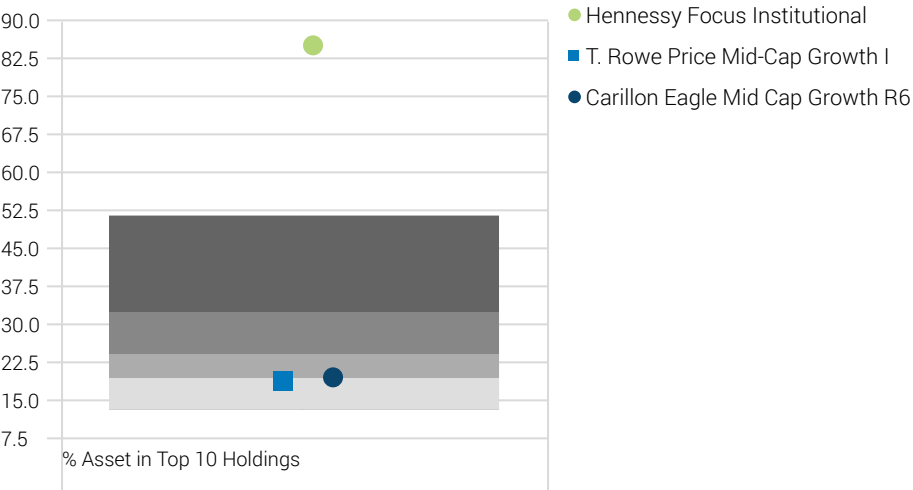
## Manager Tenure (Years) Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Mid-Cap Growth



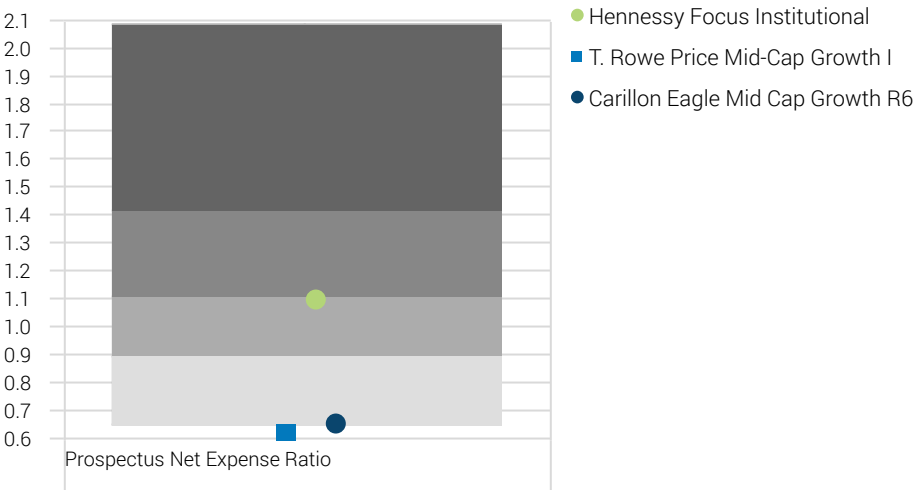
## Portfolio Concentration Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Mid-Cap Growth



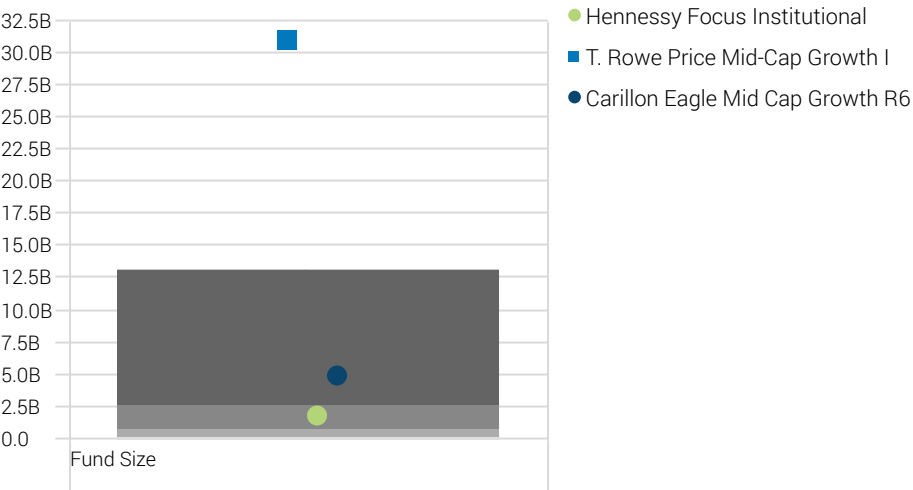
## Expense Ratio Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Mid-Cap Growth







## Fund Size Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Mid-Cap Growth



## Mid-Cap Growth Manager Search Report

### Snapshot

	Ticker	Morningstar Category	Equity Style Box	Morningstar Rating Overall	Closed to New Inv	Prospectus Net Expense Ratio
Hennessy Focus Institutional	HFCIX	US Fund Mid-Cap Growth		★★★	No	1.10
T. Rowe Price Mid-Cap Growth I	RPTIX	US Fund Mid-Cap Growth		★★★★	Yes	0.62
Carillon Eagle Mid Cap Growth R6	HRAUX	US Fund Mid-Cap Growth		★★★★	No	0.66
Russell Mid Cap Growth TR USD		Mid-Cap Growth			No	

## Mid-Cap Growth Manager Search Report

Hennessy Focus Institutional's performance has deteriorated relative to its benchmark and its holdings concentration leads to less diversification benefits for investors. This also leads to increased manager risk making security selection and fund personnel retention paramount. The following areas were assessed to determine Hennessy Focus Institutional's prudence to be offered in an investment menu.

Status	Criteria	Comment
Underperform	Composite Performance	Underperformance relative to benchmark over the trailing 3- and 5-years
Underperform	Performance versus Mid-Cap Growth Peer Group	Has performed in the bottom half of peers over the trailing 3-, 5-, and 10-year periods
Neutral	Investment Approach	Holdings concentration leads to lower diversification benefits and amplifies stock selection capability
Pass	Stability of Management	Seasoned team running the fund since 2009

### Concluding Thoughts

An underperform rating of Hennessy Focus Institutional's performance versus its benchmark still exists due to the fund's inability to outperform over shorter term periods. The strategy offers active management to discover attractive stocks in the marketplace and add value on a risk-adjusted basis. Although, the current market has not favored Hennessy Focus Institutional's strategy as its high concentration and allocation decisions have detracted from performance. Given the higher expenses, high concentration, and poor allocation decisions, **we recommend replacing with T. Rowe Price Mid-Cap Growth I.**

## **Intermediate-Term Bond Manager Search Report**

Virtus Seix Total Return Bond R6

## Intermediate-Term Bond Manager Search Report

### Executive Summary

1.64% of Total Plan Assets

This document has been prepared to provide analysis of several potential replacement candidates in the Intermediate-Term Bond asset class. The current option, Virtus Seix Total Return Bond R6, has worsened in the Intermediate-Term Bond space due to continued underperformance relative to benchmark and peer group, and the availability of more competitive options in the Intermediate-Term Bond category.

Northwest Capital Management (NWCM) has conducted a manager search in the Intermediate-Term Bond space to find appropriate replacements. The candidates presented generally include management teams that have satisfied the following criteria:

1. Investment track record of no less than three years
2. Expense ratio below US Fund Intermediate-Term Bond category average
3. Fund performance ranked within top 50th percentile of category peers over the trailing three- and five-year periods.
4. Reasonable portfolio diversification and risk (volatility) characteristics
5. Investment Style consistency over evaluation periods

We have provided two alternative candidates in the US Fund Intermediate-Term Bond asset class category along with the incumbent investment option for review. NWCM has determined that Metropolitan West Total Return Bd Plan is a prudent replacement candidate. In making the investment recommendation, NWCM analyzed the following trails:

- Historical performance - Metropolitan West Total Return Bd Plan outperforms the BBgBarc US Agg Bond TR USD for the trailing three-, five-, and ten-year periods.
- Risk adjusted returns - Metropolitan West Total Return Bd Plan has a greater sharpe ratio (return / standard deviation) over each trailing period.
- Peer group rankings - Metropolitan West Total Return Bd Plan is in the top half of its peer group for trailing one-, three-, five-, and ten-year periods.
- Upside / downside capture - Metropolitan West Total Return Bd Plan has participated to the upside while limiting the downside.

We believe the best strategies have consistently impressive performance, established management with a proven track record, and are best-suited to perform well in the spaces they are being slotted to fill. From the universe of Intermediate-Term Bond managers, we recommend replacing Virtus Seix Total Return Bond R6 with Metropolitan West Total Return Bd Plan.

## Intermediate-Term Bond Manager Search Report

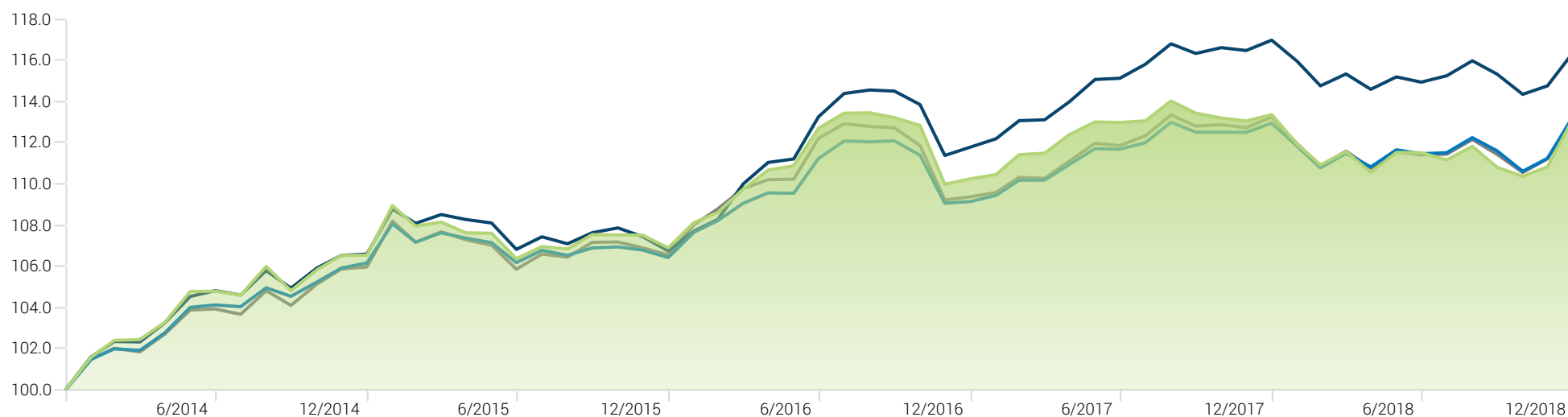
	<b>Virtus Seix Total Return Bond R6</b>	<b>Metropolitan West Total Return Bd Plan</b>	<b>Baird Core Plus Bond Inst</b>
Firm City	Greenfield	LOS ANGELES	Milwaukee
Year Firm Founded		1979	
Firm % Owned by Employees		44%	
GIPS Compliance		Yes	
Firm Total Assets			
Fund Size	423,139,261.00	70,552,588,215.0	18,105,095,785.00
Investment Type	Open-End Fund	Open-End Fund	Open-End Fund
Minimum Investment (Base Currency)	0	25,000,000	25,000
Prospectus Net Expense Ratio	0.31	0.37	0.30
Fund Score	4	7	8
Portfolio Manager(s)	Perry Troisi since 1/25/2002	Tad Rivelle since 3/31/1997	Charles B. Groeschell since 9/29/2000
	Michael Rieger since 8/1/2007	Laird R. Landmann since 3/31/1997	Mary Ellen Stanek since 9/29/2000
	Seth Antiles since 12/31/2007	Stephen M. Kane since 3/31/1997	Daniel A. Tranchita since 9/29/2000
	James F. Keegan since 3/31/2008	Bryan T. Whalen since 12/31/2004	Gary A. Elfe since 9/29/2000
	Carlos Catoya since 8/1/2015		Warren D. Pierson since 9/29/2000
	Jonathan Yozzo since 8/1/2015		M. Sharon deGuzman since 9/29/2000



## Intermediate-Term Bond Manager Search Report

### Investment Growth

Time Period: 1/1/2014 to 12/31/2018



Virtus Seix Total Return Bond R6

Metropolitan West Total Return Bd Plan

Baird Core Plus Bond Inst

BBgBarc US Agg Bond TR USD

### Performance

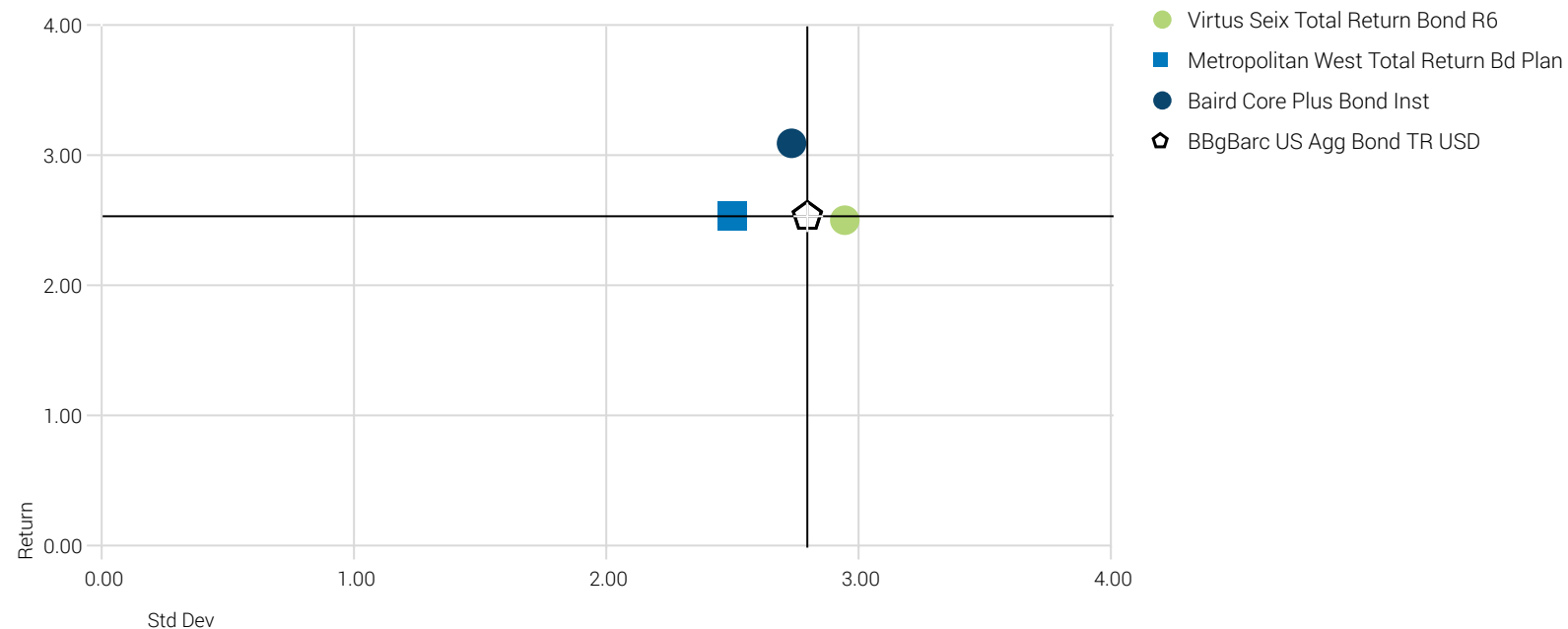
Time Period: 1/1/2014 to 12/31/2018 Calculation Benchmark: BBgBarc US Agg Bond TR USD

	Return	Std Dev	Alpha	Beta	Sharpe Ratio	Treynor Ratio (arith)	Information Ratio (arith)	R2
Virtus Seix Total Return Bond R6	2.50	2.95	-0.06	1.03	0.62	1.77	-0.02	94.70
Metropolitan West Total Return Bd Plan	2.52	2.50	0.20	0.89	0.73	2.08	0.01	98.16
Baird Core Plus Bond Inst	3.08	2.73	0.63	0.95	0.86	2.52	0.80	93.82
BBgBarc US Agg Bond TR USD	2.52	2.79	0.00	1.00	0.66	1.84		100.00

## Intermediate-Term Bond Manager Search Report

### Risk-Reward

Time Period: 1/1/2014 to 12/31/2018



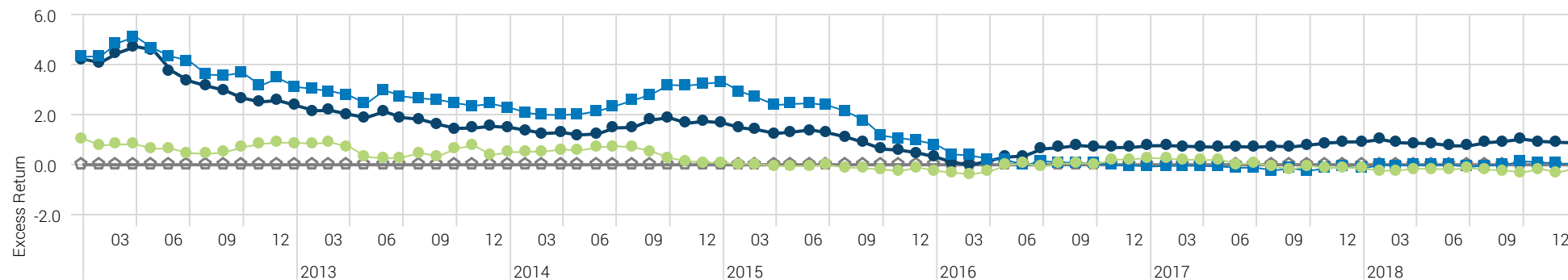
### Risk

Time Period: 1/1/2014 to 12/31/2018

	Return	Std Dev	Downside Deviation	Upside Std Dev	Value at Risk	Excess Return	Gain/Loss Ratio	Tracking Error
Virtus Seix Total Return Bond R6	2.50	2.95	0.47	0.43		-0.02	1.95	0.69
Metropolitan West Total Return Bd Plan	2.52	2.50	0.35	0.23	1.46	0.00	2.17	0.47
Baird Core Plus Bond Inst	3.08	2.73	0.40	0.48	1.57	0.56	2.27	0.70
BBgBarc US Agg Bond TR USD	2.52	2.79	0.00		1.65	0.00	1.98	0.00

# Intermediate-Term Bond Manager Search Report

### 36 Month Rolling Excess Returns



—Virtus Seix Total Return Bond R6

—Metropolitan West Total Return Bd Plan

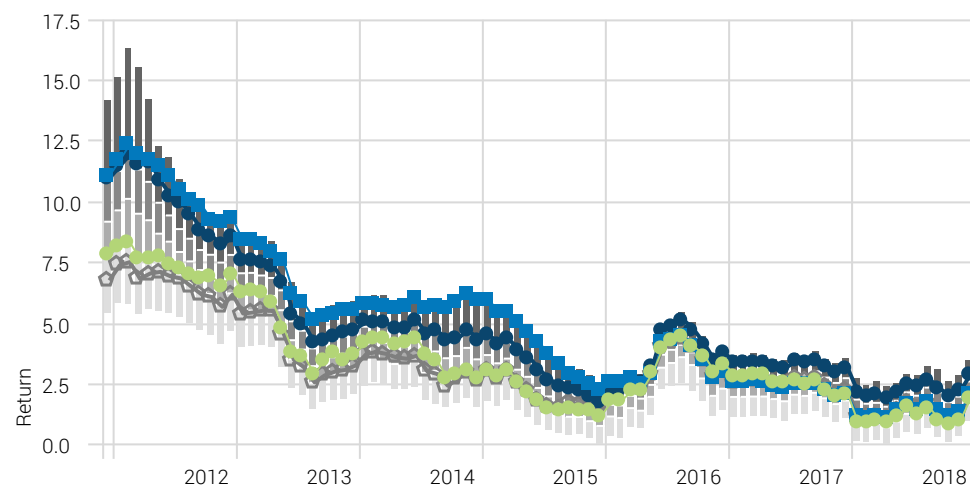
—Baird Core Plus Bond Inst

—BBgBarc US Agg Bond TR USD

## Rolling Returns vs. Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond

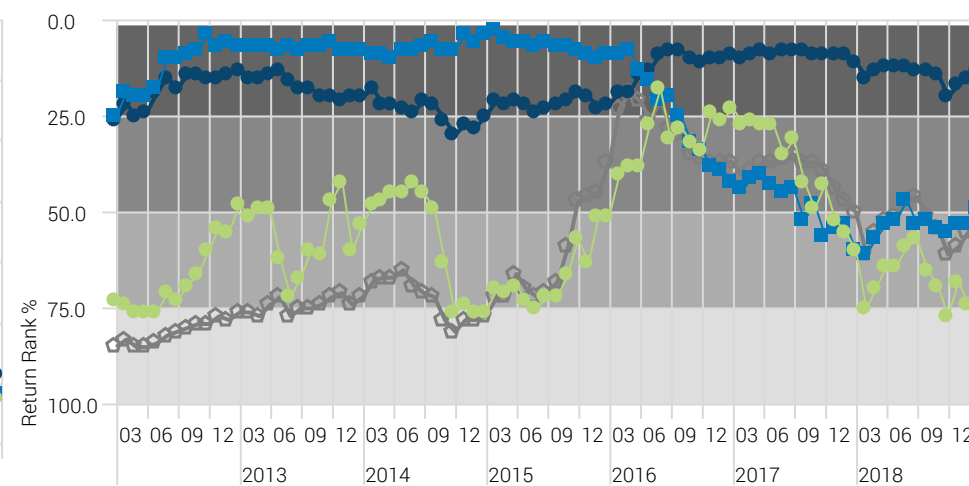
■ Top Quartile   ■ 2nd Quartile   ■ 3rd Quartile   ■ Bottom Quartile



## Rolling Return Quartiles

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond

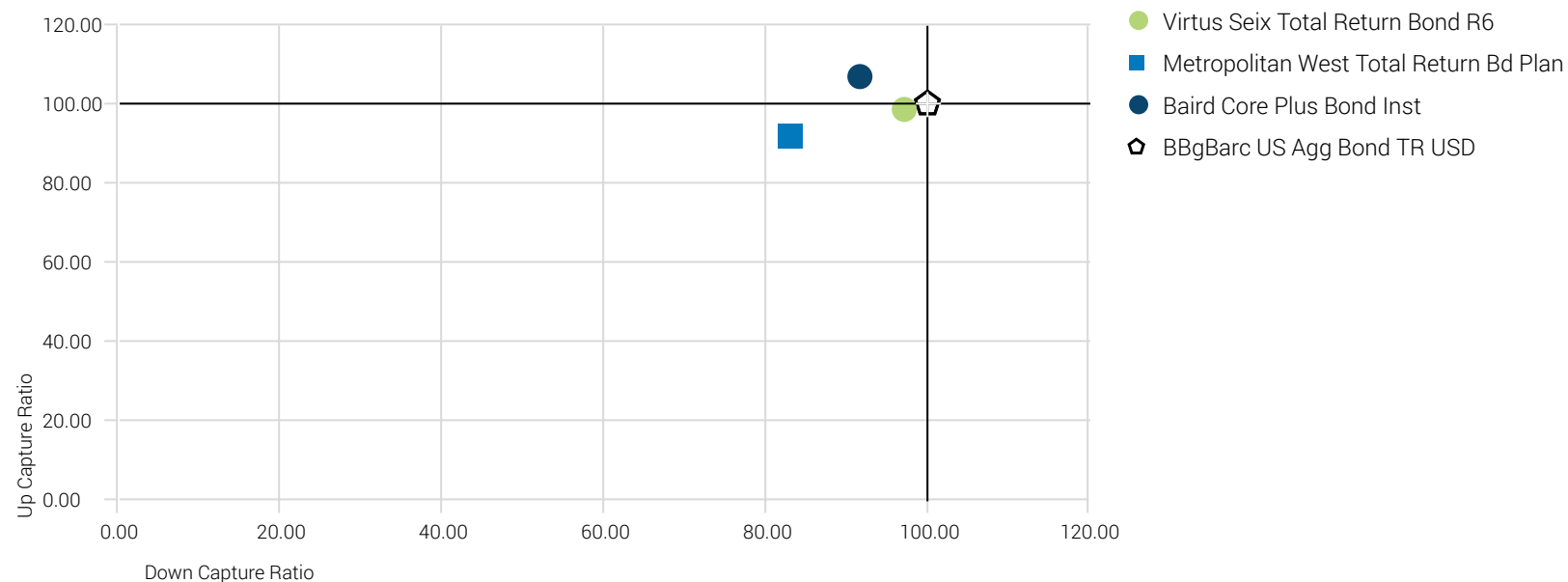
■ 1st to 25th Percentile   ■ 26th to Median   ■ 51st to 75th Percentile   ■ 76th to 100th Percentile



## Intermediate-Term Bond Manager Search Report

### Upside-Downside Capture

Time Period: 1/1/2014 to 12/31/2018



### Market Performance

Time Period: 1/1/2014 to 12/31/2018

	Up Period Percent	Down Period Percent	Best Month	Worst Month	Best Quarter	Worst Quarter	Up Capture Ratio	Down Capture Ratio	R2
Virtus Seix Total Return Bond R6	60.00	40.00	2.26	-2.53	2.68	-2.63	98.25	97.23	94.70
Metropolitan West Total Return Bd Plan	60.00	40.00	1.83	-2.09	2.48	-2.63	91.40	83.14	98.16
Baird Core Plus Bond Inst	65.00	35.00	2.06	-2.17	3.06	-2.37	106.51	91.78	93.82
BBgBarc US Agg Bond TR USD	60.00	40.00	2.10	-2.37	3.03	-2.98	100.00	100.00	100.00

## Intermediate-Term Bond Manager Search Report

### Trailing Returns

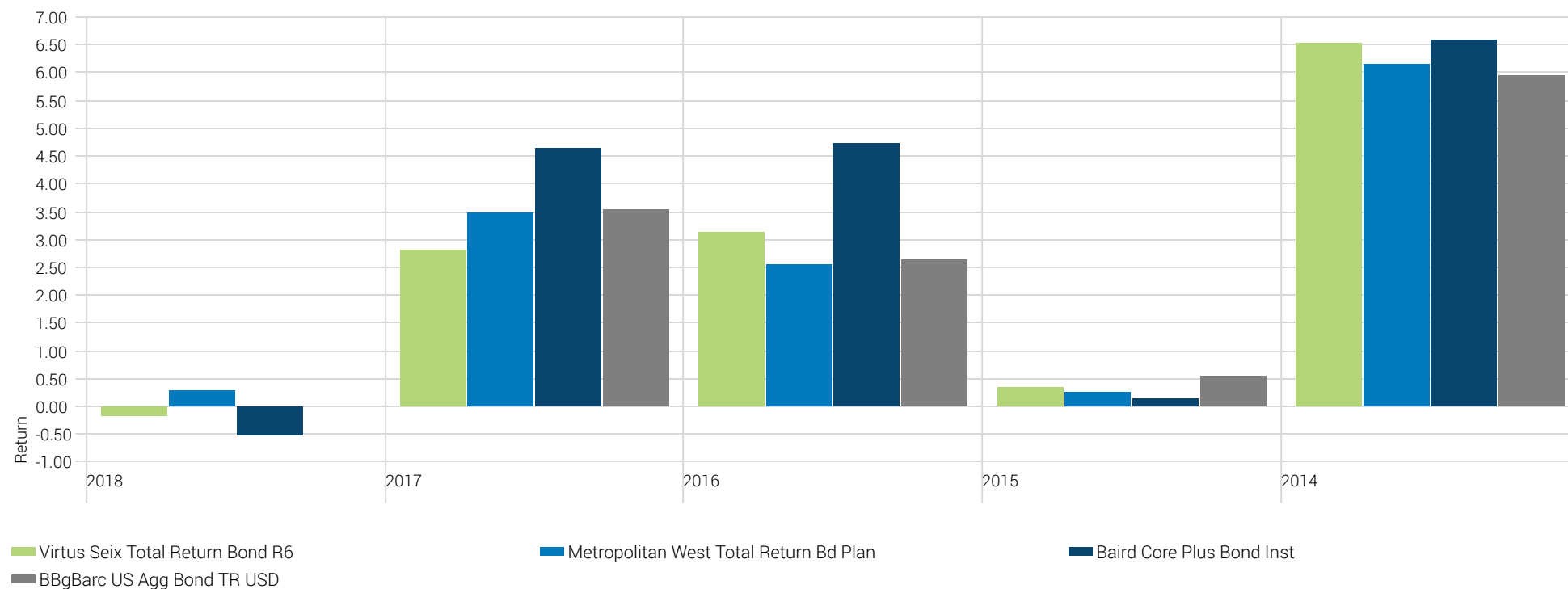


### Trailing Returns

	YTD	1 year	3 years	5 years	10 years	15 years
Virtus Seix Total Return Bond R6	-0.17	-0.17	1.92	2.50	3.74	4.13
Metropolitan West Total Return Bd Plan	0.29	0.29	2.10	2.52	5.69	5.11
Baird Core Plus Bond Inst	-0.51	-0.51	2.92	3.08	5.41	4.88
BBgBarc US Agg Bond TR USD	0.01	0.01	2.06	2.52	3.48	3.87

## Intermediate-Term Bond Manager Search Report

### Calendar Year Returns

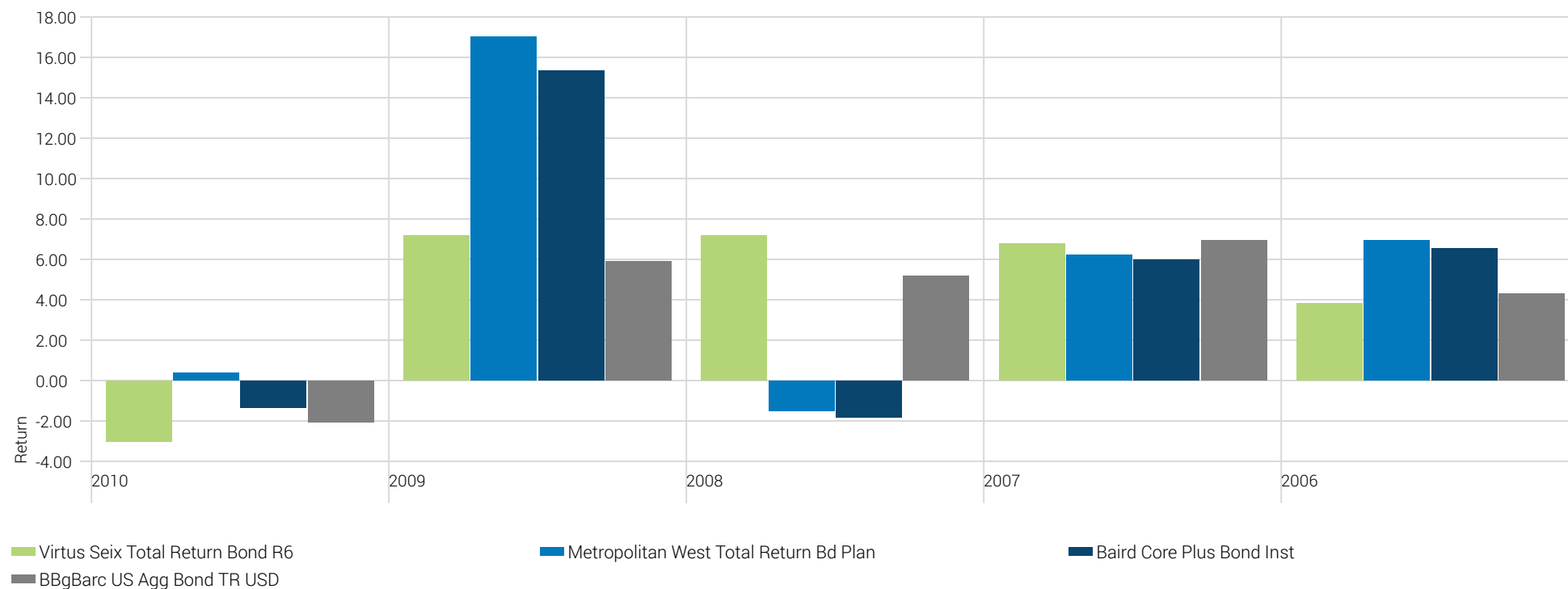


### Calendar Year Returns

	2018	2017	2016	2015	2014
Virtus Seix Total Return Bond R6	-0.17	2.83	3.13	0.34	6.54
Metropolitan West Total Return Bd Plan	0.29	3.49	2.56	0.25	6.16
Baird Core Plus Bond Inst	-0.51	4.65	4.73	0.14	6.59
BBgBarc US Agg Bond TR USD	0.01	3.54	2.65	0.55	5.97

## Intermediate-Term Bond Manager Search Report

### Calendar Year Returns



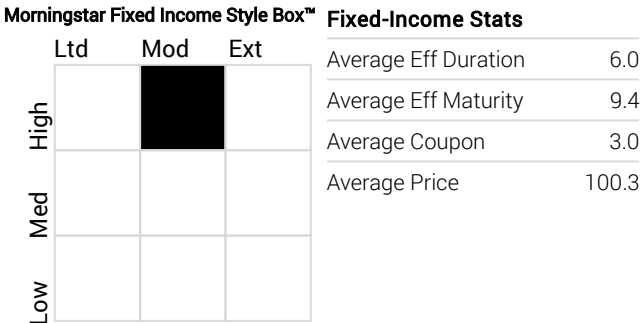
### Calendar Year Returns

	2010	2009	2008	2007	2006
Virtus Seix Total Return Bond R6	-3.04	7.22	7.19	6.84	3.87
Metropolitan West Total Return Bd Plan	0.45	17.08	-1.47	6.25	6.99
Baird Core Plus Bond Inst	-1.32	15.36	-1.79	5.99	6.58
BBgBarc US Agg Bond TR USD	-2.02	5.93	5.24	6.97	4.33

Intermediate-Term Bond Manager Search Report

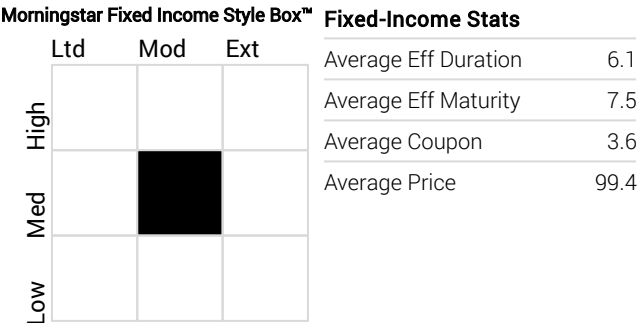
Virtus Seix Total Return Bond R6

Portfolio Date: 1/31/2019



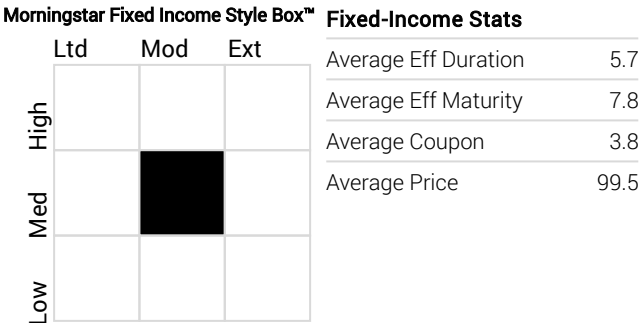
Metropolitan West Total Return Bd Plan

Portfolio Date: 12/31/2018



Baird Core Plus Bond Inst

Portfolio Date: 12/31/2018



Returns-Based Style Map

Time Period: 1/1/2014 to 12/31/2018

Rolling Window: 3 Years 1 Month shift



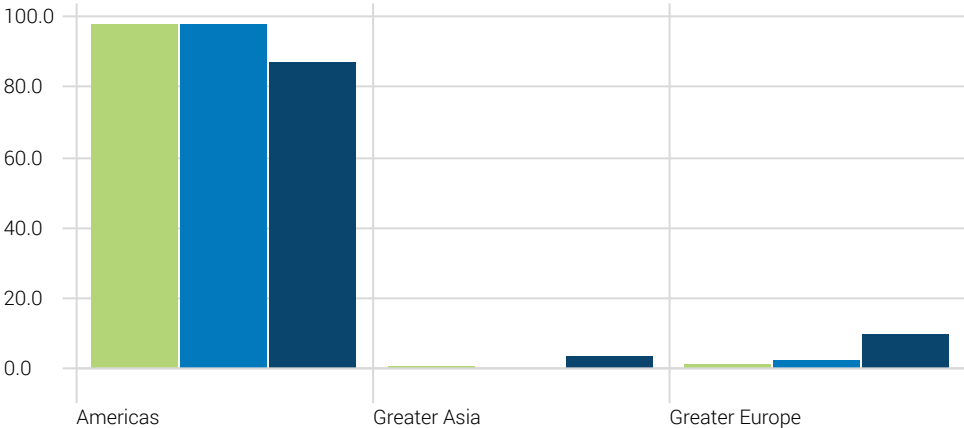
- Virtus Seix Total Return Bond R6
- Metropolitan West Total Return Bd Plan
- Baird Core Plus Bond Inst
- BBgBarc US Agg Bond TR USD



# Intermediate-Term Bond Manager Search Report

## Region Exposure

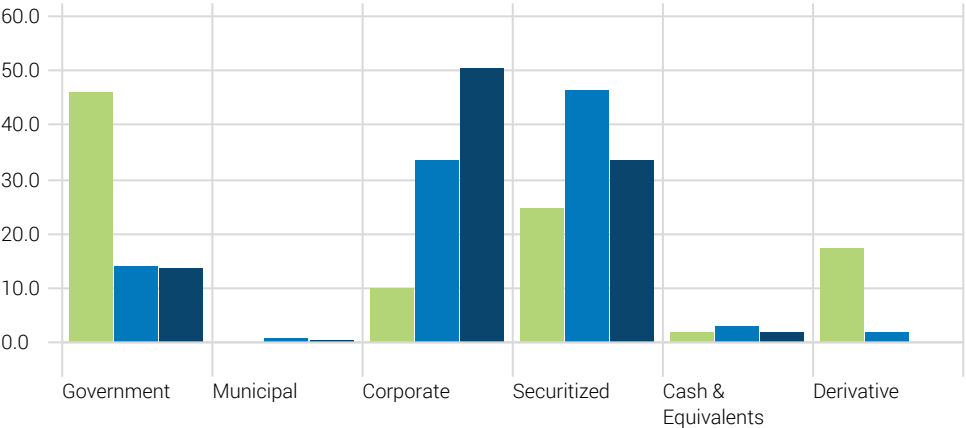
Portfolio Date: 12/31/2018



Virtus Seix Total Return Bond R6 Metropolitan West Total Return Bd Plan Baird Core Plus Bond Inst

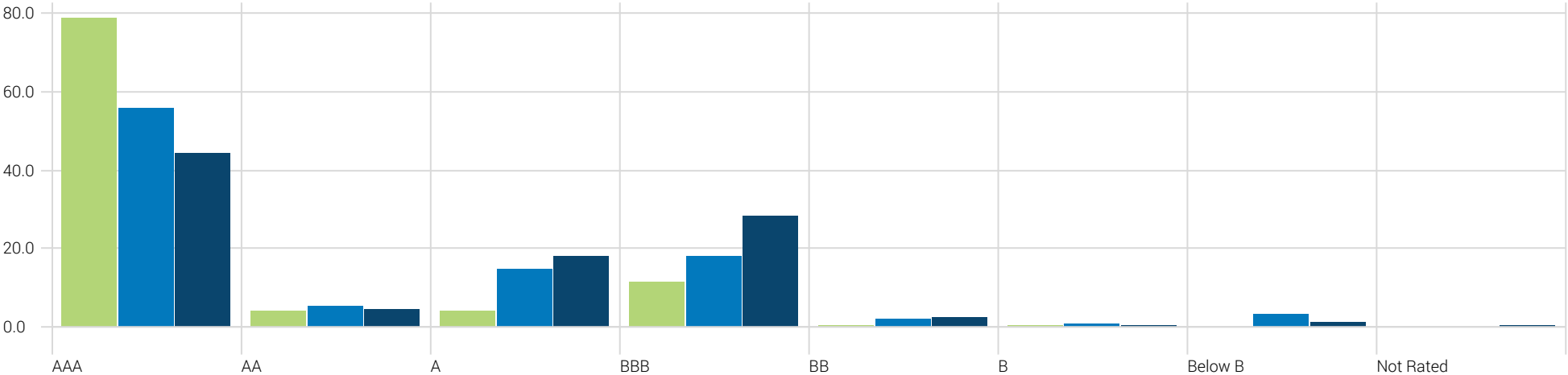
## Sector Exposure

Portfolio Date: 12/31/2018



Virtus Seix Total Return Bond R6 Metropolitan West Total Return Bd Plan Baird Core Plus Bond Inst

## Credit Exposure

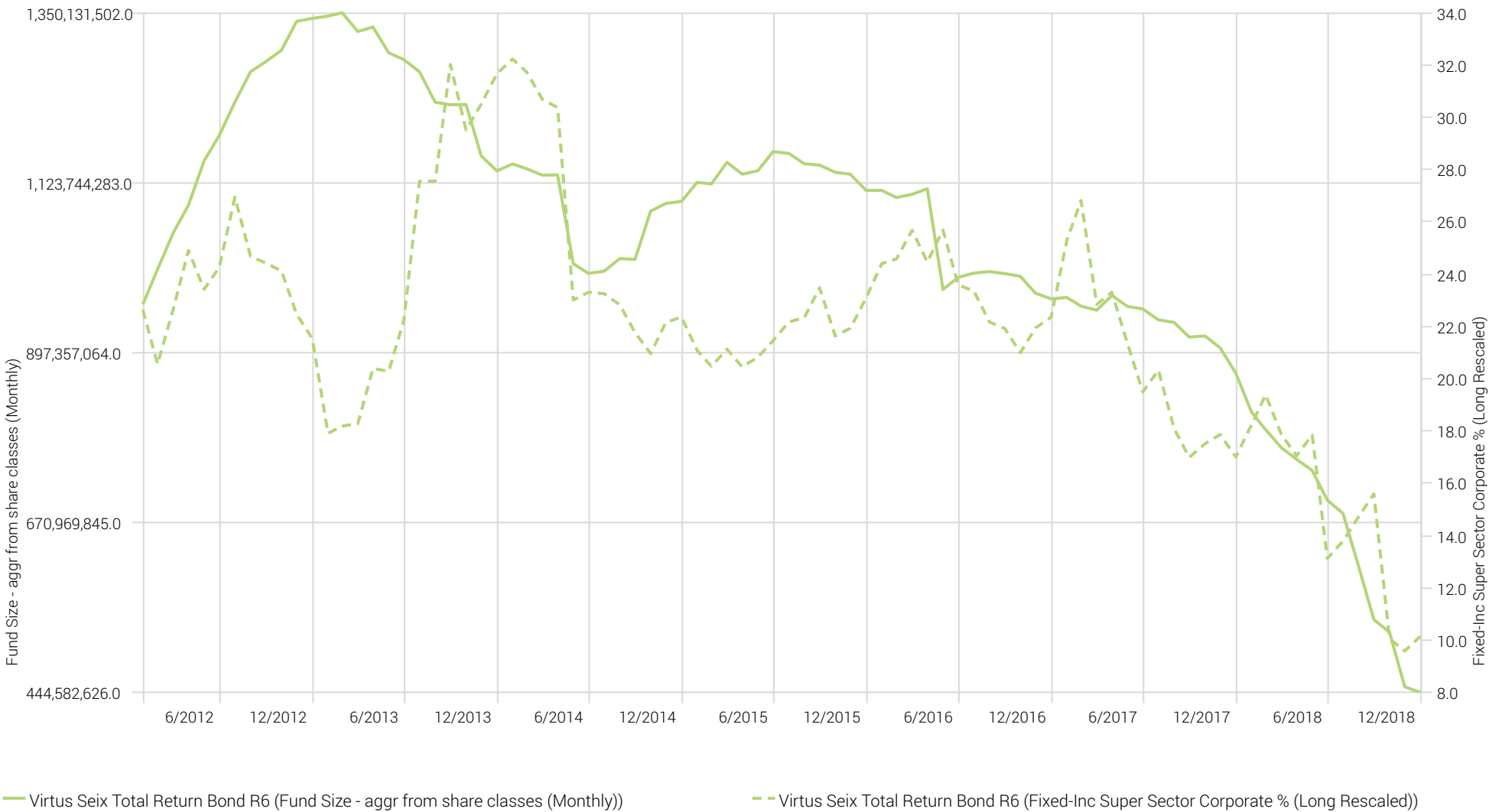


Virtus Seix Total Return Bond R6 9/30/2018 Metropolitan West Total Return Bd Plan 12/31/2018 Baird Core Plus Bond Inst 12/31/2018

# Intermediate-Term Bond Manager Search Report

## Virtus Seix fund assets versus allocation to corporate bonds

Time Period: 1/1/2012 to 12/31/2018



## Intermediate-Term Bond Manager Search Report

### Correlation Matrix

Time Period: 1/1/2014 to 12/31/2018

	1	2	3	4
1 Virtus Seix Total Return Bond R6	1.00			
2 Metropolitan West Total Return Bd Plan	0.97	1.00		
3 Baird Core Plus Bond Inst	0.96	0.96	1.00	
4 BBgBarc US Agg Bond TR USD	0.97	0.99	0.97	1.00

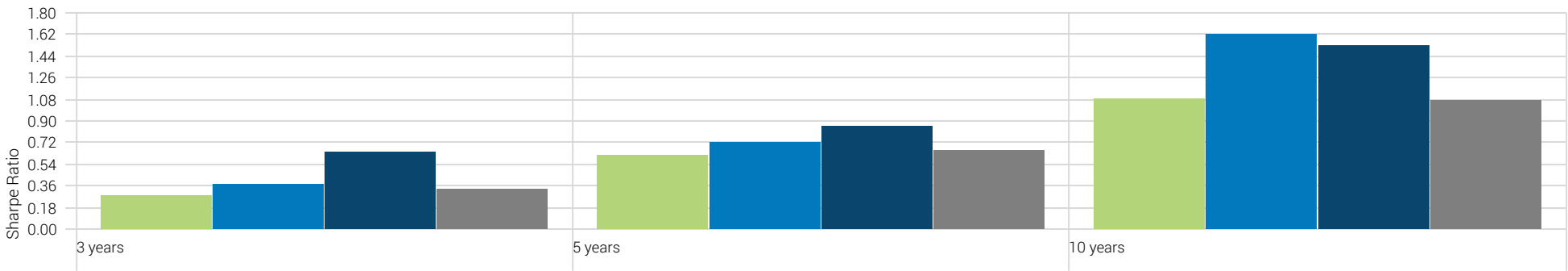
### Correlation Matrix (Excess Returns vs. Benchmark)

Time Period: 1/1/2014 to 12/31/2018

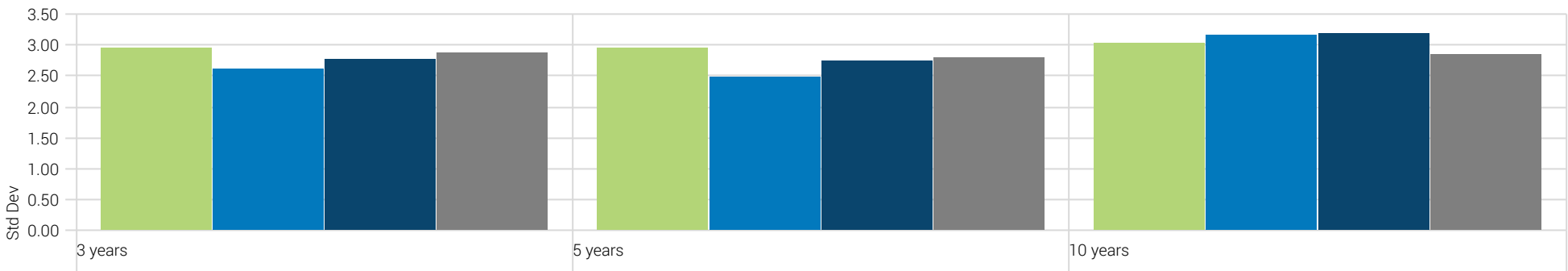
	1	2	3	4
1 Virtus Seix Total Return Bond R6	1.00			
2 Metropolitan West Total Return Bd Plan	0.02	1.00		
3 Baird Core Plus Bond Inst	0.22	0.26	1.00	
4 BBgBarc US Agg Bond TR USD				1.00

# Intermediate-Term Bond Manager Search Report

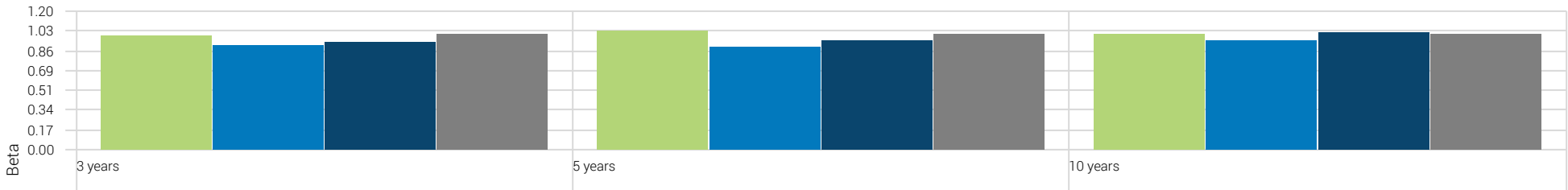
## Sharpe Ratio



## Standard Deviation



## Beta



Virtus Seix Total Return Bond R6

Metropolitan West Total Return Bd Plan

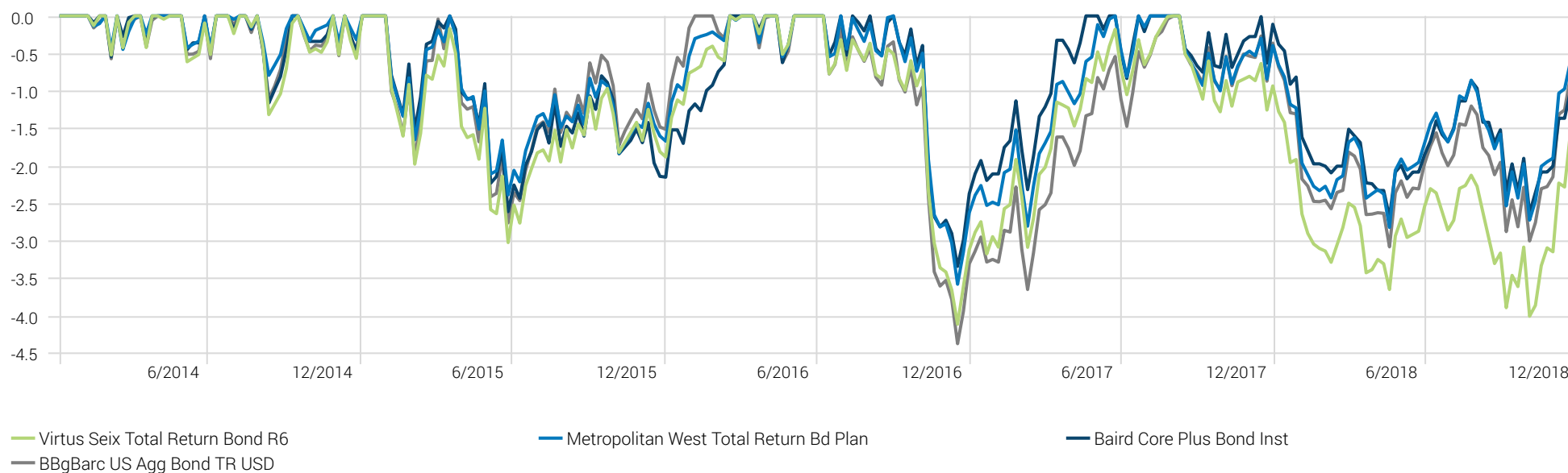
Baird Core Plus Bond Inst

BBgBarc US Agg Bond TR USD

## Intermediate-Term Bond Manager Search Report

### Drawdown

Time Period: 1/5/2014 to 12/29/2018



### Drawdown

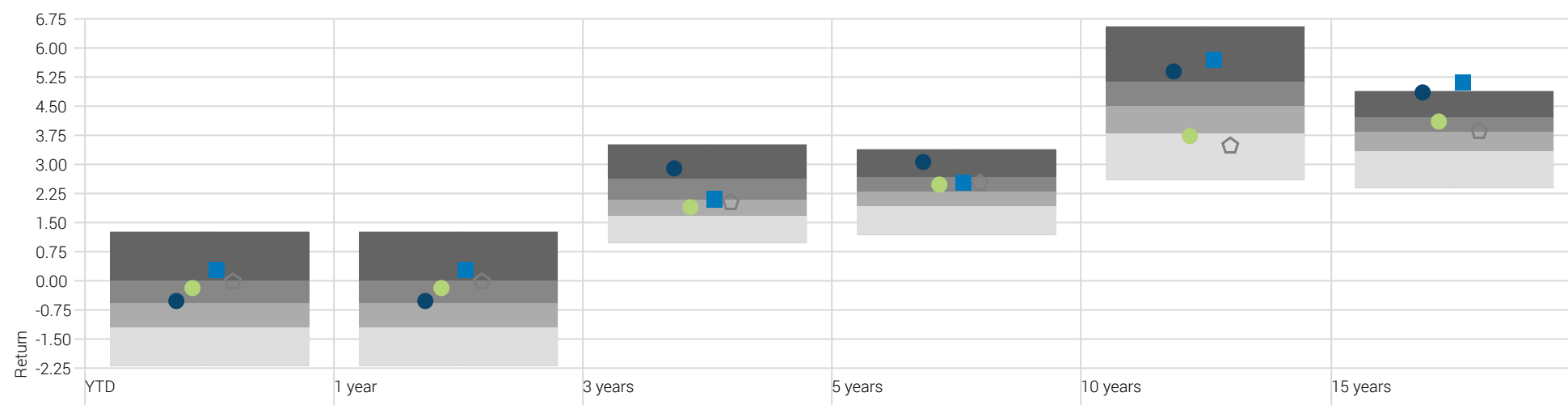
Time Period: 1/1/2014 to 12/31/2018

	Max Drawdown	Max Drawdown # of Periods	Max Drawdown Peak Date	Max Drawdown Valley Date	Omega
Virtus Seix Total Return Bond R6	-3.21	14	9/1/2017	10/31/2018	1.61
Metropolitan West Total Return Bd Plan	-2.70	2	10/1/2016	11/30/2016	1.74
Baird Core Plus Bond Inst	-2.78	3	9/1/2016	11/30/2016	1.89
BBgBarc US Agg Bond TR USD	-3.28	4	8/1/2016	11/30/2016	1.63

## Intermediate-Term Bond Manager Search Report

### Performance Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond



● Virtus Seix Total Return Bond R6

■ Metropolitan West Total Return Bd Plan

● Baird Core Plus Bond Inst

◊ BBgBarc US Agg Bond TR USD

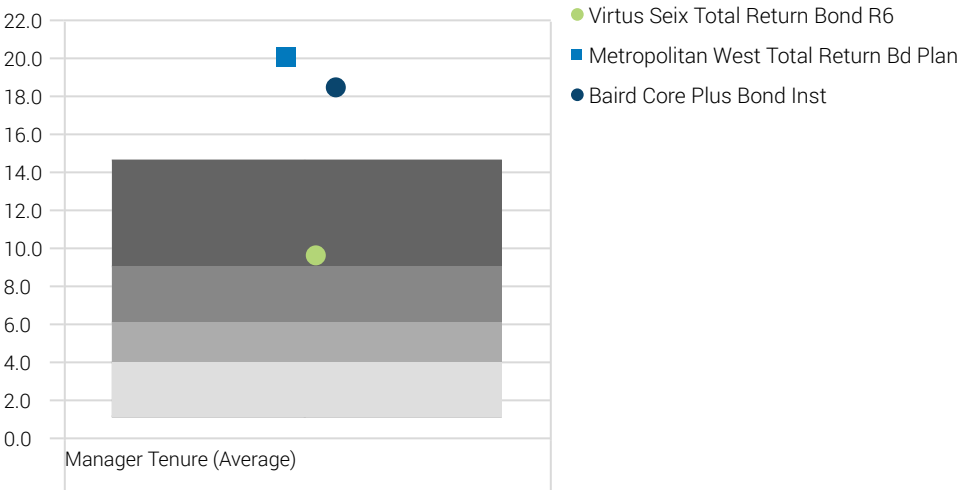
### Trailing Peer Group Performance

	YTD	% rank	1 year	% rank	3 years	% rank	5 years	% rank	10 years	% rank	15 years	% rank
Virtus Seix Total Return Bond R6	-0.17	31	-0.17	31	1.92	61	2.50	37	3.74	76	4.13	30
Metropolitan West Total Return Bd Plan	0.29	16	0.29	16	2.10	49	2.52	35	5.69	10	5.11	3
Baird Core Plus Bond Inst	-0.51	46	-0.51	46	2.92	13	3.08	10	5.41	16	4.88	6
BBgBarc US Agg Bond TR USD	0.01	24	0.01	24	2.06	52	2.52	35	3.48	81	3.87	46
5th Percentile	1.23		1.23		3.49		3.37		6.53		4.88	
25th Percentile	-0.01		-0.01		2.61		2.68		5.12		4.21	
50th Percentile	-0.58		-0.58		2.09		2.30		4.48		3.82	
75th Percentile	-1.21		-1.21		1.67		1.90		3.77		3.35	
95th Percentile	-2.18		-2.18		0.99		1.18		2.62		2.41	

# Intermediate-Term Bond Manager Search Report

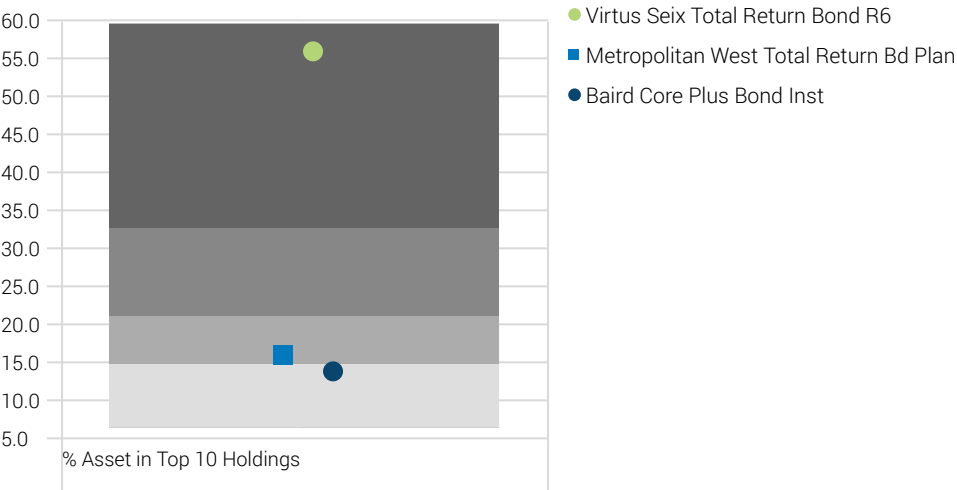
## Manager Tenure (Years) Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond



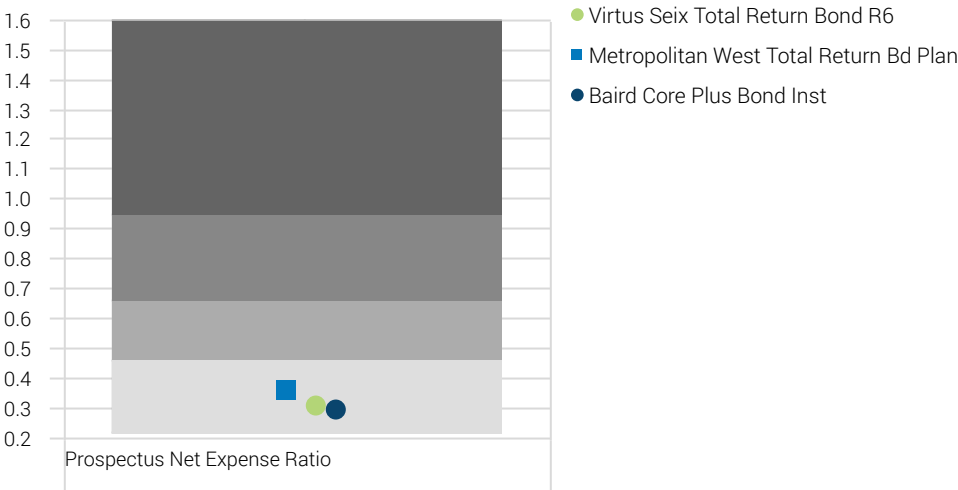
## Portfolio Concentration Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond



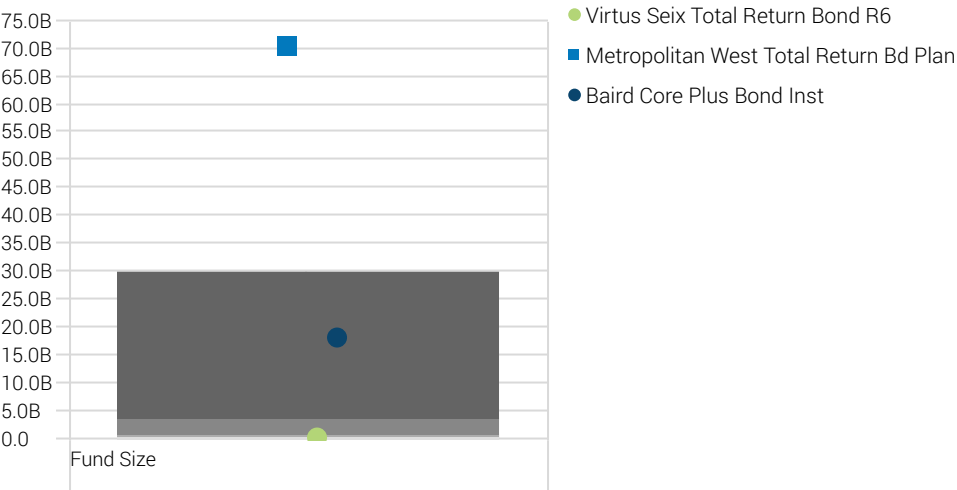
## Expense Ratio Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond






## Fund Size Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond



# Intermediate-Term Bond Manager Search Report

## Snapshot

	Ticker	Morningstar Category	Fixed Inc Style Box	Fund Size	Closed to New Inv	Prospectus Net Expense Ratio
Virtus Seix Total Return Bond R6	SAMZX	US Fund Intermediate-Term Bond		423,139,261.00	No	0.31
Metropolitan West Total Return Bd Plan	MWTSX	US Fund Intermediate-Term Bond		70,552,588,215.00	No	0.37
Baird Core Plus Bond Inst	BCOIX	US Fund Intermediate-Term Bond		18,105,095,785.00	No	0.30
BBgBarc US Agg Bond TR USD					No	



## Intermediate-Term Bond Manager Search Report

Virtus Seix Total Return Bond R6's performance has deteriorated relative to its benchmark and its smaller size disallows investment and trading efficiencies. The following areas were assessed to determine Virtus Seix Total Return Bond R6's prudence to be offered in an investment menu.

Status	Criteria	Comment
Underperform	Composite Performance	Underperformance relative to benchmark over the trailing 3- and 5-years
Underperform	Performance versus Inter-Term Bond Peer Group	Has performed in the bottom half of peers over the trailing 3- and 10-year periods
Neutral	Investment Approach	Poor top-down bets and smaller size does not achieve investment and trading efficiencies
Pass	Stability of Management	Seasoned team, with the core group running the fund since 2007

### Concluding Thoughts

An underperform rating of Virtus Seix Total Return Bond R6's performance versus its benchmark exists due to the fund's inability to outperform over multiple periods. The strategy offers active management to discover attractive opportunities in the marketplace and add value on a risk-adjusted basis. Although, Virtus Seix Total Return Bond R6's overly conservative tilt and allocation decisions have detracted from performance. Given its poor relative performance and small asset size, **we recommend replacing with Metropolitan West Total Return Bd Plan**.

We are comfortable recommending either replacement candidates for the Virtus Seix Total Return Strategy. However, Baird maintains consistent exposure to non-U.S. fixed income investments that may cause overlap with a current investment option, Templeton Global Bond Fund. Additionally, Baird's higher credit exposure has done well during the 10-year bull market, but may be less of a ballast for participant portfolios during a market downturn.

## Strategy Overviews

## Strategy Overview

### T. Rowe Price Mid-Cap Growth I (RPTIX)

Firm	Ownership Structure	Asset Class	Portfolio Details	Benchmark
T. Rowe Price, 100 East Pratt Street, Baltimore MD 21202	16.00% Employee Owned Founded 1/1/1937	Primary: Equity Sub-Style: US Fund Mid-Cap Growth	Inception Date: 8/28/2015 # Holdings: 135 10.00% From External Research	Russell Mid Cap Growth TR USD

### Strategy Summary

The T. Rowe Price Mid Cap Growth fund seeks to provide long-term capital appreciation by investing in medium capitalization companies that have the potential for above-average earnings growth. The fund generally has at least 80% of its assets in the common stock of mid-cap companies that exhibit "growth" characteristics, including higher valuations, above-average earnings growth and lower dividend yields. The fund is managed by Brian Berghuis, CFA, who has headed the strategy since the fund's inception in June 1992. Co-Portfolio Manager John Wakeman assists with fund management. Both managers have over 25 years of investment experience. The strategy is supported by T. Rowe Price's research team, which includes 284 research professionals worldwide. Analysts cover the entire market cap spectrum so they can understand the competitive dynamics of the industry or sector for which they are responsible. The firm employs an intensive recruiting program, coupled with mentoring and feedback, to foster a successful "grow-from-within" culture.

### Investment Philosophy

The fund's strategy targets companies with an annual earnings growth rate larger than 12%, narrowing the screen to about 800 companies. The purchase criteria include several "growth" requirements (above-average industry growth, above-average and sustainable earnings growth), a market-positioning component (attractive business model and competitive positioning), and a healthy business component (shareholder-oriented management teams, strong cash flow, good quality of sales and earnings, and a healthy balance sheet). The above components are then combined with a valuation requirement: that the growth potential is not fully reflected in the company's current valuation. However, the fund will hold some stocks with frothy multiples if growth potential remains, because Berghuis prefers to slowly trim (often reaping further gains) rather than sell outright. Managers look out for deteriorating fundamentals, a change in their investment thesis, excessive valuation, and seek to be aware of better ideas for the portfolio.

The research process includes an assessment of company management teams, which must have a reasonable long-term strategy and allocate capital well. Berghuis prefers companies with good business models, differentiated products, or anything that can lead to higher margins and returns on invested capital. Collaborating with T. Rowe's small-cap managers has led to winning picks that eventually grow into mid-caps.

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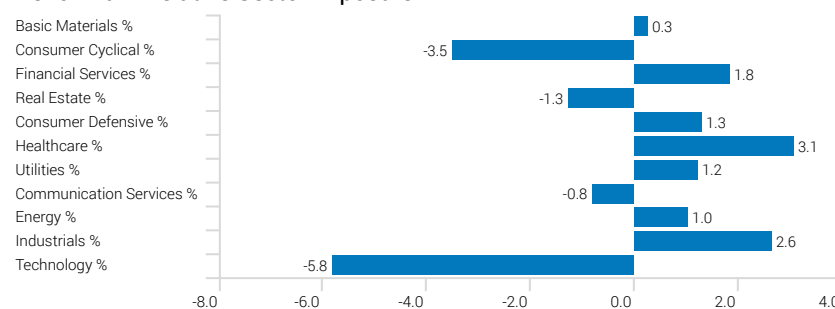
### Morningstar Style Box

Portfolio Date: 12/31/2018

	Value	Blend	Growth
Large	1.9	16.9	18.9
Mid	7.3	20.9	29.6
Small	2.0	1.7	0.8

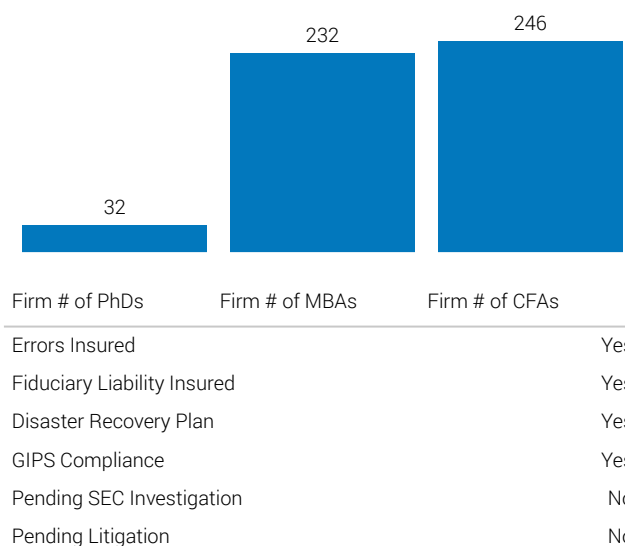
Market Cap	%
Market Cap Giant %	0.0
Market Cap Large %	37.4
Market Cap Mid %	58.1
Market Cap Small %	4.4
Market Cap Micro %	0.0

### Benchmark Relative Sector Exposure



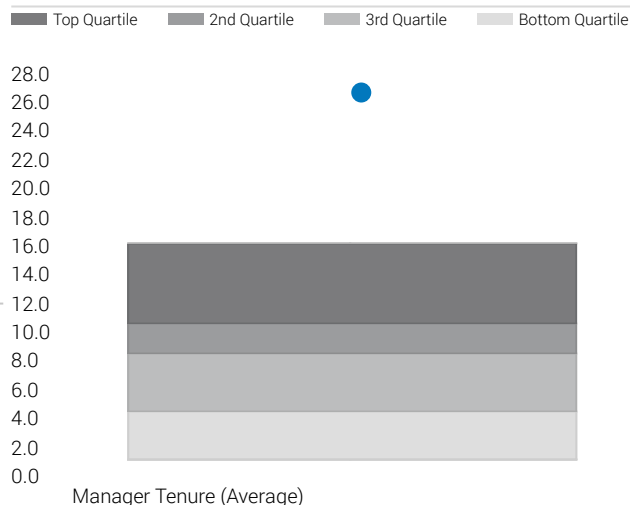
## T. Rowe Price Mid-Cap Growth I (RPTIX)

### Firm Personnel



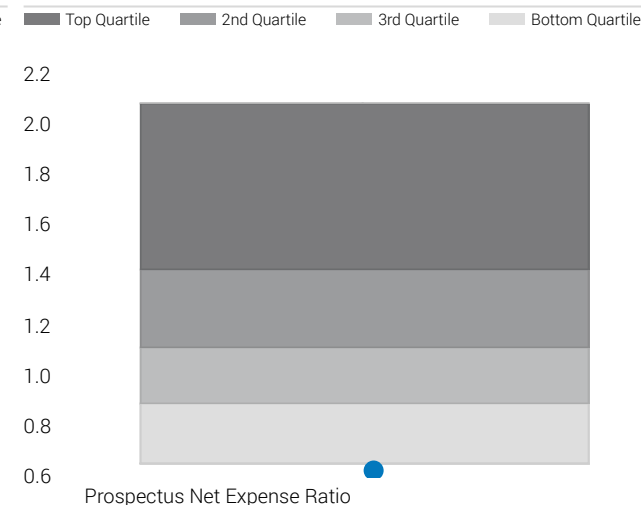
### Manager Tenure Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Mid-Cap Growth



### Prospectus Net Expense Ratio Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Mid-Cap Growth



### Fund Management

The fund is advised by T. Rowe Price Associates, and has been managed by Brian Berghuis, CFA since its 1992 inception. John Wakeman is the assistant portfolio manager, and has been with T. Rowe price since 1989. Berghuis invests over \$1 million in the Mid-Cap Growth Fund. T. Rowe Price believes that long tenure perpetuates their philosophy and investment approach, and averages 15 years of Portfolio Manager tenure with 20 years of average experience. They continue to invest in their global research team, adding analysts, managers and staff as needed as assets under management have grown. The investment advisory committee for the fund includes 10 analysts and/or portfolio managers with sector-specific focus. Each company in the portfolio will be seen on site by the analyst or the Portfolio Manager when it is purchased. Management also spends a significant amount of time with company management teams at conferences as well as through visits in their Baltimore offices. Berghuis also collaborates with the firm's small-cap managers, including Henry Ellenbogen of T. Rowe Price New Horizons (PRNHX), to identify up-and-coming companies with potential to grow into mid-caps. Many small-cap success stories have made it into this fund over the years, helping performance. Although Berghuis makes the portfolio decisions himself, the fund has an investment advisory committee that regularly meets with him and oversees the fund on a high level. Berghuis also serves on T. Rowe's equity steering committee, which makes broader decisions about the firm's equity lineup. He also has access to T. Rowe's analyst team, which has been strong over the long haul.

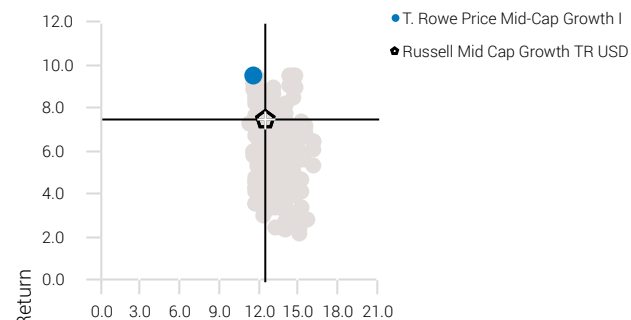
### Fees

This fund benefits from reasonable costs due to its low turnover and scale from assets. The fund's expense of 0.62 is below the Morningstar Mid-Cap Institutional average of 0.89.

# T. Rowe Price Mid-Cap Growth I (RPTIX)

## Risk-Reward

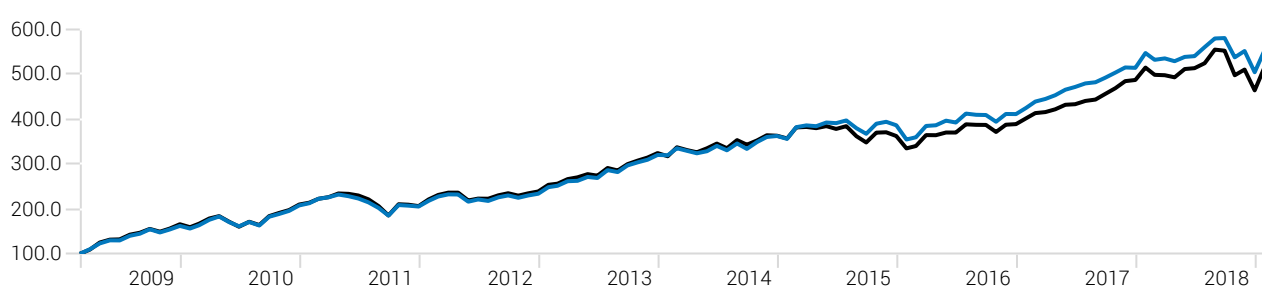
Time Period: 1/1/2014 to 12/31/2018



Std Dev

## Investment Growth

Time Period: 3/1/2009 to 2/28/2019



— T. Rowe Price Mid-Cap Growth I

— Russell Mid Cap Growth TR USD

## Performance Statistics

Time Period: 1/1/2014 to 12/31/2018 Calculation Benchmark: Russell Mid Cap Growth TR USD

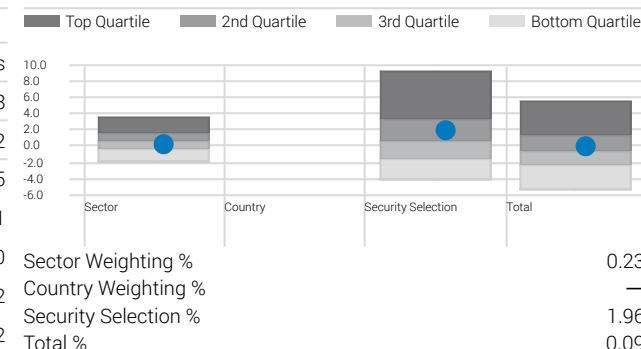
	T. Rowe Price Mid-Cap Growth I	Russell Mid Cap Growth TR USD	US Fund Mid-Cap Growth
Return	9.51	7.42	5.38
Std Dev	11.67	12.51	12.74
Sharpe Ratio	0.78	0.58	0.42
Information Ratio (arith)	0.69	—	-1.04
Beta	0.91	1.00	1.01
Tracking Error	3.05	0.00	1.95

## Trailing Peer Group Performance

Peer Group: Open End Funds - U.S. - Mid-Cap Growth

	1 Year	3 Years	5 Years	10 Years
T. Rowe Price Mid-Cap Growth I	-1.91	9.29	9.51	16.28
Russell Mid Cap Growth TR USD	-4.75	8.59	7.42	15.12
5th Percentile	3.53	12.07	9.55	16.05
25th Percentile	-3.10	9.41	7.28	14.51
50th Percentile	-5.70	7.48	5.85	13.40
75th Percentile	-8.17	5.97	4.88	12.62
95th Percentile	-15.08	2.95	2.15	10.72

## 3-Year Performance Attribution



## Performance

Brian Berghuis, this fund's sole manager since its 1992 inception, has generated an impressive record. The fund has sat atop the mid-growth category during his tenure, with its 13.2% annualized gain through December 2018, well ahead of the Russell Midcap Growth Index's 9.7% and the 9.1% category average. As with many T. Rowe Price funds, this one typically fares better in downturns and slightly lags in up markets because of its emphasis on risk control. Since the fund's inception, it has lost 78% as much as the Russell Midcap Growth Index in down markets while gaining 95% as much when stocks rise. True to form, the fund outperformed most of its rivals during the 2007-09 financial crisis and also fared better during the early 2000s bear market and other tough environments such as 2011 and 2015's rocky third quarter. With an appealing risk profile, the fund has maintained an enviable edge over the benchmark and peers on a risk-adjusted basis, with superior Sortino and Sharpe ratios. For the trailing year, the fund's 1.91% loss exemplifies risk control relative to the benchmark.

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## Disclosures

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Investments have varying degrees of risk. Some of the risks involved with equities include the possibility that the value of the stocks may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the U.S. or abroad. Bonds are subject to interest rate, inflation and credit risks. Investments in high-yield bonds may be subject to greater market fluctuations and risk of loss of income and principal than securities in higher rated categories. Investments in foreign securities (including ADRs) involve special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are magnified for investments made in emerging markets. Investments in a certain industry or sector may pose additional risk due to lack of diversification and sector concentration. Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of economic conditions on real estate values, changes in interest rates, and risk related to renting properties, such as rental defaults. There are special risks associated with an investment in commodities, including market price fluctuations, regulatory changes, interest rate changes, credit risk, economic changes and the impact of adverse political or financial factors.

# Strategy Overview

## Metropolitan West Total Return Bd Plan (MWTSEX)

Firm	Ownership Structure	Asset Class	Portfolio Details	Benchmark
METROPOLITAN WEST ASSET MANAGEMENT, 865 S. FIGUEROA STREET, SUITE 2100, LOS ANGELES CA 90017. USA	44% Employee Owned Founded 1971	Primary: Fixed Income Sub-Style: US Fund Intermediate-Term Bond	Inception Date: 7/29/2011 # of Holdings 2,040	BBgBarc US Agg Bond TR USD

### Strategy Summary

Metropolitan West Total Return Bond benefits from a seasoned team and a time-tested investment approach. Portfolio managers Tad Rivelle, Laird Landmann, Steve Kane, and Bryan Whalen are backed by a cadre of specialists, analysts, and traders across the firm's securitized, credit, and government/rates teams. The generalists position the fund according to their views on the credit cycle and valuations. For instance, the team reduced the fund's corporate exposure to an all-time low of 7% in early 2008 given their view on the sector's frothy valuations but then bargain-hunting as spreads widened later that year. More than doubling that stake led to peer-topping results in the 2009 rally. This fund's positioning tends to shift dramatically early in the credit cycle as the managers take advantage of rock-bottom valuations in the credit and securitized spaces. The managers gradually dial down the fund's risk in the mid-to-later stages of the cycle. This approach has resulted in middling performance over the past five years compared with more intrepid rivals, particularly those willing to own more high yield. Still, the team has taken advantage of some valuation-drive opportunities. Though not eye-catching lately, the fund's long-term performance has been impressive thanks to the generalists' discipline around valuations and ability to take advantage during sell-offs. The sector teams' ability to find value in less-trafficked pockets of the fixed-income market also bodes well for this fund's future.

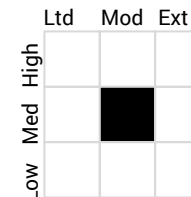
### Investment Philosophy

The process takes advantage of the team's belief that fixed income pricing is volatile in the short run, but over the long term tends to revert to the mean. This fundamental approach exploits market inefficiencies by purchasing securities whose current prices do not reflect fair value or based on other variables such as interest rates or sector spreads. The investment process is a combination of top down and bottom up approaches with the team relying on five primary tools to add value - duration management, yield curve positioning, sector selection, security selection and trading. The top down component starts with a long-term economic outlook to serve as the primary driver of the duration and yield curve strategy. The emphasis of the strategy, however, is on the fundamental bottom up research which shapes the sector and securities positions. This emphasis is due to the team's belief that the security and sector levels of the market are where the largest inefficiencies exist affording a higher potential reward. A review of their performance concludes that approximately 80% of the strategy's historical value add has come from these areas. In implementing their strategy, be it top down or bottom up, MetWest uses a dollar-cost averaging approach to help control risk when trading. Additional constraints include limiting duration to one year plus or minus the benchmark, permitted use of derivatives, and a maximum of 20% in non-investment grade bonds.

### Morningstar Style Box

Portfolio Date: 12/31/2018

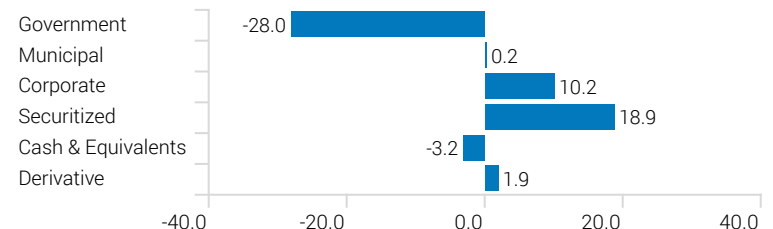
Morningstar Fixed Income Style Box™



### Fixed-Income Stats

Average Eff Duration	6.1
Average Eff Maturity	7.5
Average Coupon	3.6
Average Price	99.4

### Benchmark Relative Sector Exposure



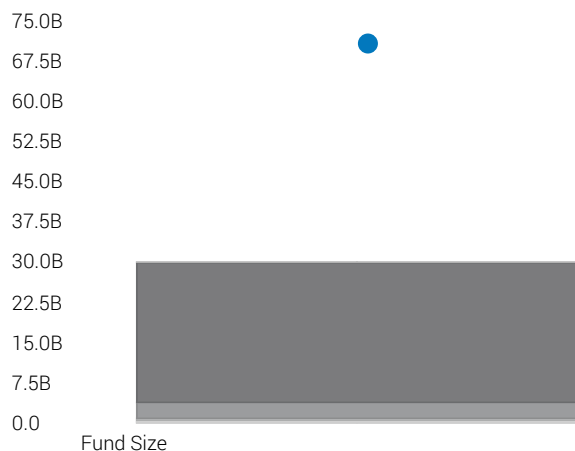
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# Metropolitan West Total Return Bd Plan (MWTSEX)

## Fund Size Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond

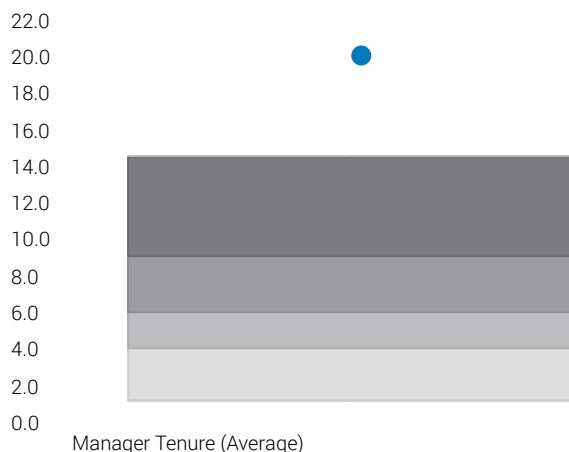
■ Top Quartile ■ 2nd Quartile ■ 3rd Quartile ■ Bottom Quartile



## Manager Tenure Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond

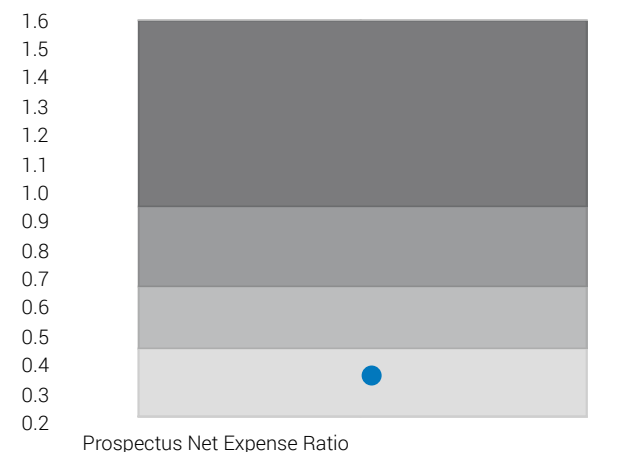
■ Top Quartile ■ 2nd Quartile ■ 3rd Quartile ■ Bottom Quartile



## Prospectus Net Expense Ratio Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond

■ Top Quartile ■ 2nd Quartile ■ 3rd Quartile ■ Bottom Quartile



## Fund Management

Met West employs a collaborative team approach to the management of fixed income portfolios. The team is split between generalist and specialist portfolio managers and sector specific analysts. There are currently four generalist portfolio managers responsible for the development of the macro strategies and the long term outlook. They also oversee implementation and make certain various portfolios are consistently managed. The eight specialist portfolio managers lead the sector teams (securitized products, credit, government/rates, investment risk management, and product management) and are responsible for the implementation of the sector specific strategies. Trust Company of the West ("TCW") was founded in 1971 and is based in Los Angeles, CA. In early 2010, TCW completed its acquisition of Metropolitan West Asset Management ("Met West"), a fixed income asset manager also based in California. Met West was acquired to take over the management of TCW's investment grade fixed income platform. Subsequently, in February 2013, TCW's majority owner, Societe Generale, a French multinational bank and financial services company, completed the sale of its ownership stake in TCW to a private equity firm, The Carlyle Group. In December 2017, Carlyle sold 24.75% to Nippon Life, Japan's largest life insurance company. The resulting stakes are now: TCW 44.07%, Carlyle 31.18%, and Nippon Life 24.75%.

## Fees

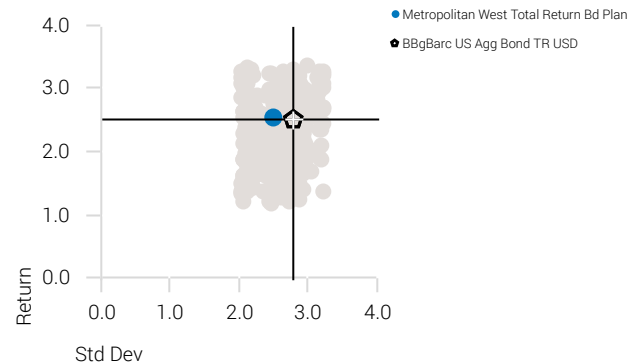
Roughly 60% of this fund's assets reside in the Institutional share class, which comes with a 0.45% expense ratio after other investment-related costs. It's not the cheapest actively managed core bond fund in this channel but remains less expensive than the norm. Roughly one fourth of assets sit in another institutional share class (Plan) which comes with a more attractive 0.37% levy.



# Metropolitan West Total Return Bd Plan (MWTSEX)

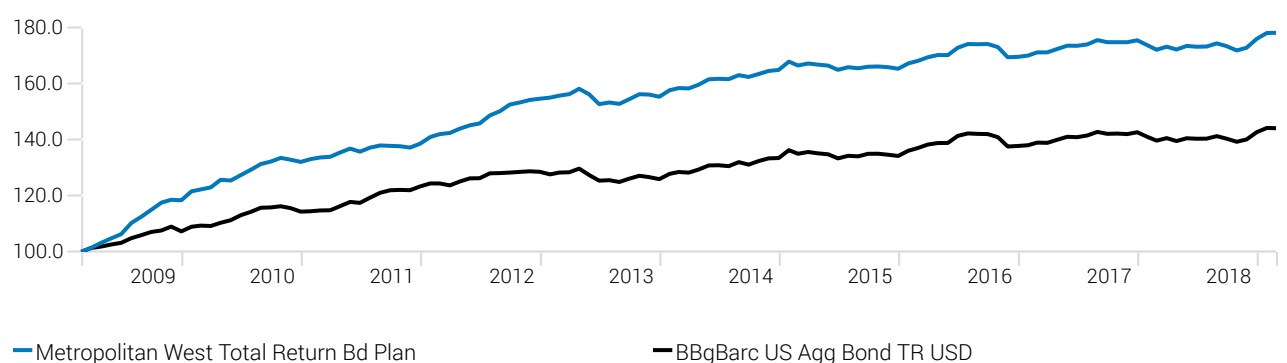
## Risk-Reward

Time Period: 1/1/2014 to 12/31/2018



## Investment Growth

Time Period: 3/1/2009 to 2/28/2019



## Performance Statistics

Time Period: 1/1/2014 to 12/31/2018 Calculation Benchmark: BBgBarc US Agg Bond TR USD

	Metropolitan West Total Return Bd Plan	BBgBarc US Agg Bond TR USD	US Fund Intermediate-Term Bond
Return	2.52	2.52	2.24
Std Dev	2.50	2.79	2.47
Sharpe Ratio	0.73	0.66	0.63
Information Ratio (arith)	0.01	—	-0.38
Beta	0.89	1.00	0.86
Tracking Error	0.47	0.00	0.73

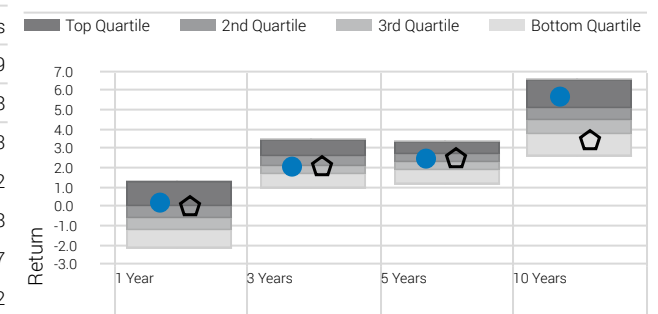
## Trailing Peer Group Performance

Peer Group: Open End Funds - U.S. - Intermediate-Term Bond

	1 Year	3 Years	5 Years	10 Years
Metropolitan West Total Return Bd Plan	0.29	2.10	2.52	5.69
BBgBarc US Agg Bond TR USD	0.01	2.06	2.52	3.48
5th Percentile	1.23	3.49	3.37	6.53
25th Percentile	-0.01	2.61	2.68	5.12
50th Percentile	-0.58	2.09	2.30	4.48
75th Percentile	-1.21	1.67	1.90	3.77
95th Percentile	-2.18	0.99	1.18	2.62

## Performance Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Intermediate-Term Bond



## Performance

The team's process, which centers on gradually reducing credit risk throughout the market cycle, has resulted in middling returns over the past several years. Its 2.5% five-year annualized gain through Decembers 2018 ties the Bloomberg Barclays U.S. Aggregate Bond Index's and exceeds the typical intermediate-term bond Morningstar Category peer's. Rivals that took on more credit and interest-rate risk over that time generally fared better. In most major market dislocations, this fund's management team has made bigger moves into unloved areas of the market with solid results. It bought battered nonagency mortgages early in 2008, and exposure to long U.S. Treasuries and credit default swap protection purchased against commercial mortgages helped keep the fund from going off the rails compared with peer funds that year. The team has also shown conviction through trying times. That was the case in 2011, when the fund's short duration and more credit-sensitive holdings weighed on its returns, and in 2015 when its student loan asset-backed securities took a hit. The team didn't capitulate on those bets, though, which helped when those areas recovered in 2012 and 2016. The team's patience, discipline, and eye for value have paid off longer term: The fund's 5.7% annualized return over the past 10 years bested 90% of distinct peers and handily beat the index.

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## Disclosures

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