

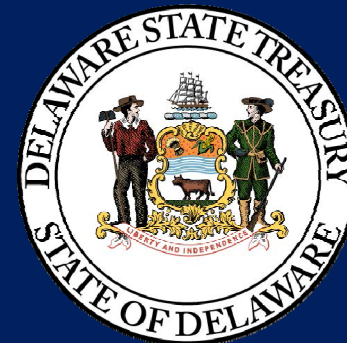
INVESTMENT PERFORMANCE SUMMARY QUARTER ENDING JUNE 30, 2018

OFFICE OF THE STATE TREASURER & CASH MANAGEMENT POLICY BOARD

June 30, 2018

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MARKET ENVIRONMENT

NEPC, LLC

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Introduction

We're certainly not in Kansas anymore. The second quarter saw a shifting landscape marked by an escalation in US-China trade tensions and tighter monetary policy from the Federal Reserve. That said, a steady drumbeat of robust economic news, including the continuing economic expansion in the United States, took some of the edge off. Domestic stocks led the way although a stronger dollar offset gains posted by local equities in developed markets; emerging market stocks didn't fare as well, ending up in the red for the second quarter. Within fixed income, US interest rates continued to rise as the Fed increased rates for the second time in 2018 and indicated two more rate hikes are likely this year.

The Fed's rate hikes along with the benign inflationary environment are fueling a steady flattening of the yield curve, that is, the yield differential between 10-year and two-year Treasury bonds. This trend gives us pause as every recession since 1980 has been preceded by an inverted yield curve, an instance when the yield on the 10-year Treasury bond is lower than that of the two-year bond. While this is yet to happen—the yield curve spread is currently hovering around 25 to 30 basis points—we are paying close attention as an inverted yield curve would likely warrant a more bearish market view. After all, it has been nearly 10 years since the US economy experienced a significant economic downturn and 17 years since a more “normal” cyclical recession.

To this end, we want to lift the curtain on the market indicators that could cause us to adopt a defensive stance. In addition to the yield curve's historical reliability as a gauge of pending recessions, we also are closely monitoring the output gap, which reflects the difference between the actual output of an economy and its potential. A positive number indicates an economy that is running above capacity and potentially at risk of a cyclical downturn.

To be clear, we currently do not see signs of a cyclical slowdown in the US economy but should the yield curve spread approach zero and economic indicators weaken, we anticipate our market outlook would turn bearish. At that time, we would likely recommend a significant reduction in equities with a corresponding increase in safe-haven fixed-income securities.



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Introduction Continued

Even though our current outlook remains relatively pro-risk, we recommend a modest increase in safe haven fixed-income exposure following the recent uptick in interest rates. US Treasuries, high-quality municipal debt and core bonds appear more attractive compared to the start of the year and we believe lower-quality credit exposure is an appropriate funding source for safe-haven fixed income.

While there's no place like home, we encourage investors to trim exposure to US equities back to long-term targets as S&P 500 profit margins and the ratio of S&P market capitalization relative to the size of the US economy touch record highs. That said, current US valuations are still a far cry from the elevated levels of the late 1990s. To this end, we acknowledge the potential for domestic equities to continue to perform amid an extended US economic expansion.

We maintain our overweight recommendation on non-US equities. While negative sentiment associated with US trade policy has weighed on international stocks, we believe US-China tariffs do not have a material economic impact on global growth. Despite the volatility, the potential of a multi-year earnings recovery in Japan and Europe and attractive valuations in emerging markets offer a compelling return opportunity for investors willing to tilt away from US markets.

Global Equities

Global equities eked out a modest 0.5% in the second quarter, according to the MSCI ACWI Index. Growth stocks outperformed value while large-cap equities bested small caps in non-US markets. Bolstered by rising oil prices, energy was the strongest performing sector with gains of 10.3%. Financials and telecom sectors lagged with losses of 5.6% and 4.1%, respectively.

Excluding the US, developed market equities were in the red at 1.2%, according to the MSCI EAFE Index, as a stronger US dollar erased gains in local equity markets. The S&P 500 returned 3.4%, buoyed by a robust employment report with joblessness hitting an 18-year-old low in May. Value beat growth in small-cap stocks while growth outperformed value in the large caps; small-cap stocks bested large caps.



MARKET ENVIRONMENT

Global Equities Continued

Emerging markets took a hit with stocks posting their worst quarter since 2015 with losses of nearly 8% in the second quarter, according to the MSCI EM Index. Within sectors, financials, real estate and industrials were the worst performers. Emerging market currencies sold off as the US dollar strengthened and the 10-year Treasury yield breached 3% for the first time in almost five years. Of note, MSCI said it would add 236 China A-share stocks to its emerging markets index, in addition to including Argentina and Saudi Arabia.

In private equity, fundraising overall continued to decline in the second quarter, with a 30% drop in the first half of 2018 from a year earlier. That said, venture capital fundraising was up significantly from the first quarter in North America and Asia. Venture capital deal value had its highest total in the last five years.

Global Fixed Income

The Bloomberg Barclays Aggregate Index was down 0.2% as corporate spreads remained relatively flat in the second quarter. The Bloomberg Barclays High Yield Index gained 1%, while the S&P LSTA Leveraged Loan Index was up 0.7% with loans leading high-yield performance so far this year. The US Long Credit Index fell 2.7% and the US Long Treasury gained 0.3% with the 10-year now yielding 2.86%.

Outside the US, emerging markets debt had a rough quarter in dollar-denominated and local currencies, losing 3.5% and 10.4%, respectively, amid drawdowns of local currencies stoked by concerns around US tariffs and election results in Turkey and Mexico.

Structured credit gained 1.1%, according to the HFRI Relative (RV) ABS Index, with returns totaling 3.4% so far this year. European structured-credit markets were stable and mostly unchanged over the quarter. Collateralized loan obligations (CLOs) saw robust new issuance with \$65.3 billion in new volume in the first six months of 2018. Corporate credit was down 0.2%, according to the HFRI RV Corporate Index.

In direct lending, the lower-middle market remains relatively attractive. Senior-secured US direct lending yielded about 8% and remains superior to yields seen in US leveraged loans and high-yield bonds.



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Real Assets

Commodity spot prices gained a modest 0.9% in the second quarter, but there was wide dispersion among the sub-indexes. Higher oil prices fueled returns of 14.2% in the energy sector; laggards included precious metals and agriculture, which were down 4.4% and 5.8%, respectively. Concerns around China levying tariffs on US exports of soybeans dragged prices down nearly 16% in June. We remain positive on natural resource equities as an avenue to gain exposure to commodities.

Midstream-energy equities bounced back with an 11.8% return for the second quarter, and are now nearly flat year-to-date. As the sector continues to consolidate, we remain positive on midstream equities/master limited partnerships (MLPs). We are monitoring the near-term impact of tariffs on new projects in the sector as many are likely to see higher costs for imported steel. We still like energy-focused private-equity and private-credit strategies. Despite the continued strength in energy commodity prices, capital market activity remains sluggish for many public companies, creating opportunities for new sources of capital.

In real estate, fundamentals remain healthy in most US core property markets. US real estate investment trusts (REITs) returned 10% in the three months ended June 30. Across non-core real estate strategies, we continue to see relative value opportunities and favor demographically driven property types with managers focused on cash flow and duration risk. We believe real estate debt strategies are attractive for investors seeking current income with some stability and downside protection as asset appreciation slows.

Final Thoughts

The deluge of news in the second quarter may have many wishing they could click their heels together to return to the benign market environment of a year earlier. Alas, there is no yellow brick road to highlight a path forward in the capital markets. Uncertainty is a given, and history informs us that market conditions can rapidly shift, especially following extended periods of stable economic growth.



MARKET ENVIRONMENT

Final Thoughts Continued

We hope this shift will not catch investors by surprise. To this end, we encourage investors to proactively outline a risk-reduction plan should the yield curve spread approach zero and economic indicators deteriorate. To be clear, we do not have a bearish view today and believe attractive investment opportunities still exist in global equities. While trade tensions have weighed on emerging markets, the heightened volatility offers the potential for more attractive entry points. Meanwhile, we believe the corporate earnings prospects in developed markets, specifically Europe and Japan remain strong. That said, the potential for adverse outcomes appears higher across global markets and it is prudent for investors to increase safe-haven fixed income as a diversified risk-balanced portfolio is the best shelter against economic cyclones.



CALENDAR YEAR INDEX PERFORMANCE

	2013	2014	2015	2016	2017	Q1	April	May	June	Q2	YTD	5yr	10yr
Reserve Custom Index	0.12%	1.1%	0.86%	1.15%	1.00%	-0.26%	-0.60%	0.63%	-0.08%	-0.05%	-0.30%	0.86%	n/a
Endowment Custom Index	14.46%	5.43%	-0.07%	5.71%	14.52%	-1.28%	0.39%	0.66%	-0.08%	0.98%	-0.32%	6.95%	n/a
Citi 3 Mo Treasury Bill	0.05%	0.03%	0.27%	0.84%	0.31%	0.35%	0.13%	0.15%	0.20%	0.40%	0.80%	0.39%	0.31%
BAML 1-3 Yr Govt/Credit A+	0.55%	0.72%	0.66%	1.07%	0.70%	-0.17%	-0.11%	0.37%	0.00%	0.30%	0.10%	0.86%	1.66%
BAML 1-5 Yr Govt/Credit A+	0.10%	1.42%	1.07%	1.30%	1.02%	-0.45%	-0.28%	0.47%	0.00%	0.20%	-0.30%	1.03%	2.04%
BAML 5-10 Yr Govt/Credit A+	-3.80%	6.60%	1.90%	2.00%	3.00%	-1.80%	-1.01%	0.92%	-0.10%	-0.20%	-1.90%	2.07%	3.86%
BBrg Barclays US Aggregate	-2.02%	5.97%	0.55%	2.65%	3.54%	-1.46%	-0.74%	0.71%	-0.10%	-0.20%	-1.60%	2.27%	3.72%
BC Municipal Bond	-2.6%	9.1%	3.3%	0.2%	5.4%	-1.1%	-0.4%	1.1%	0.1%	0.9%	-0.2%	3.53%	4.43%
BC US Corp High Yield	7.4%	2.5%	-4.5%	17.1%	7.5%	-0.9%	0.7%	0.0%	0.4%	1.0%	0.2%	4.97%	6.80%
BC Long Treasuries	-12.7%	25.1%	-1.2%	1.3%	8.5%	-3.3%	-1.9%	2.1%	0.2%	0.3%	-3.0%	4.83%	6.19%
BC US Long Credit	-6.6%	16.4%	-4.6%	10.2%	12.2%	-3.8%	-1.9%	0.5%	-1.2%	-2.7%	-6.4%	5.26%	6.86%
MSCI World Index	26.68%	4.94%	0.87%	7.51%	22.40%	-1.28%	1.15%	0.63%	-0.05%	1.73%	0.43%	9.94%	6.26%

Source: Bloomberg, Barclays, Alerian, Nareit, MSCI, JP Morgan, Credit Suisse, Thomson One



RETURNS FOR KEY INDICES RANKED IN ORDER OF PERFORMANCE

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
MSCI EMERGING MARKETS 32.17	MSCI EMERGING MARKETS 39.39	BC AGGREGATE 5.24	MSCI EMERGING MARKETS 78.51	RUSSELL 2000 GROWTH 29.09	BC AGGREGATE 7.84	MSCI EMERGING MARKETS 18.22	RUSSELL 2000 GROWTH 43.30	S&P 500 13.69	RUSSELL 1000 GROWTH 5.67	RUSSELL 2000 VALUE 31.74	MSCI EMERGING MARKETS 37.28
MSCI EAFE 26.34	RUSSELL 1000 GROWTH 11.81	RUSSELL 2000 VALUE -28.92	RUSSELL 1000 GROWTH 37.21	RUSSELL 2000 VALUE 26.85	RUSSELL 1000 GROWTH 2.64	RUSSELL 2000 VALUE 18.05	RUSSELL 2000 VALUE 38.82	RUSSELL 1000 VALUE 13.45	S&P 500 1.38	RUSSELL 2000 VALUE 21.31	RUSSELL 1000 GROWTH 30.21
RUSSELL 1000 VALUE 22.25	MSCI EAFE 11.17	RUSSELL 2000 VALUE -33.79	RUSSELL 2000 GROWTH 34.47	RUSSELL 2000 VALUE 24.5	S&P 500 2.11	RUSSELL 1000 VALUE 17.51	RUSSELL 2000 VALUE 34.52	RUSSELL 1000 VALUE 13.24	RUSSELL 1000 VALUE 0.92	RUSSELL 1000 VALUE 17.34	MSCI EAFE 25.03
RUSSELL 2000 VALUE 23.48	RUSSELL 2000 GROWTH 7.06	RUSSELL 1000 VALUE -36.85	MSCI EAFE 31.78	MSCI EMERGING MARKETS 18.88	RUSSELL 1000 VALUE 1.50	MSCI EAFE 17.32	RUSSELL 1000 GROWTH 33.48	RUSSELL 1000 GROWTH 13.05	BC AGGREGATE 0.55	RUSSELL 1000 VALUE 12.05	RUSSELL 2000 GROWTH 22.17
RUSSELL 2000 VALUE 18.37	BC AGGREGATE 6.97	S&P 500 -37.0	RUSSELL 1000 GROWTH 28.43	RUSSELL 1000 GROWTH 16.71	RUSSELL 1000 VALUE 0.39	RUSSELL 1000 VALUE 16.42	RUSSELL 1000 VALUE 33.11	BC AGGREGATE 5.97	MSCI EAFE -0.81	S&P 500 11.96	S&P 500 21.83
S&P 500 15.8	RUSSELL 1000 GROWTH 5.77	RUSSELL 1000 GROWTH -37.6	RUSSELL 2000 GROWTH 27.16	RUSSELL 1000 GROWTH 16.10	RUSSELL 2000 GROWTH -2.91	RUSSELL 2000 GROWTH 16.35	RUSSELL 1000 VALUE 32.53	RUSSELL 2000 GROWTH 5.60	RUSSELL 2000 GROWTH -1.38	RUSSELL 2000 GROWTH 11.32	RUSSELL 1000 GROWTH 21.69
RUSSELL 1000 VALUE 15.46	S&P 500 5.49	RUSSELL 1000 GROWTH -38.44	S&P 500 26.46	RUSSELL 1000 VALUE 15.51	RUSSELL 2000 GROWTH -4.18	S&P 500 16.00	S&P 500 32.39	RUSSELL 2000 GROWTH 4.89	RUSSELL 1000 VALUE -3.83	MSCI EMERGING MARKETS 11.19	RUSSELL 2000 GROWTH 14.65
RUSSELL 2000 GROWTH 13.35	RUSSELL 1000 VALUE -0.17	RUSSELL 2000 GROWTH -38.54	RUSSELL 2000 VALUE 20.58	S&P 500 15.06	RUSSELL 2000 VALUE -5.50	RUSSELL 1000 GROWTH 15.26	MSCI EAFE 22.78	RUSSELL 2000 VALUE 4.22	RUSSELL 2000 VALUE -4.41	RUSSELL 1000 GROWTH 7.08	RUSSELL 1000 VALUE 13.66
RUSSELL 1000 GROWTH 9.07	RUSSELL 2000 VALUE -1.56	MSCI EAFE -43.38	RUSSELL 1000 VALUE 19.69	MSCI EAFE 7.75	MSCI EAFE -12.14	RUSSELL 2000 GROWTH 14.59	BC AGGREGATE -2.02	MSCI EMERGING MARKETS -2.19	RUSSELL 2000 VALUE -7.46	BC AGGREGATE 2.65	RUSSELL 2000 VALUE 7.84
BC AGGREGATE 4.33	RUSSELL 2000 VALUE -9.78	MSCI EMERGING MARKETS -53.33	BC AGGREGATE 5.93	BC AGGREGATE 6.54	MSCI EMERGING MARKETS -18.42	BC AGGREGATE 4.21	MSCI EMERGING MARKETS -2.60	MSCI EAFE -4.90	MSCI EMERGING MARKETS -14.93	MSCI EAFE 1.00	BC AGGREGATE 3.54

QTD	1 Year	3 year	5 Year	10 Year
RUSSELL 2000 VALUE 8.30	RUSSELL 1000 GROWTH 22.51	RUSSELL 1000 GROWTH 14.98	RUSSELL 1000 GROWTH 16.36	RUSSELL 1000 GROWTH 11.83
RUSSELL 2000 VALUE 7.75	RUSSELL 2000 GROWTH 21.86	S&P 500 11.93	RUSSELL 2000 GROWTH 13.65	RUSSELL 2000 GROWTH 11.24
RUSSELL 2000 GROWTH 7.23	RUSSELL 2000 GROWTH 17.57	RUSSELL 1000 GROWTH 11.64	S&P 500 13.42	RUSSELL 2000 GROWTH 10.60
RUSSELL 1000 GROWTH 5.76	RUSSELL 1000 GROWTH 14.54	RUSSELL 2000 VALUE 11.22	RUSSELL 1000 GROWTH 13.37	RUSSELL 1000 GROWTH 10.20
RUSSELL 1000 VALUE 3.57	S&P 500 14.37	RUSSELL 2000 GROWTH 10.96	RUSSELL 2000 GROWTH 12.46	S&P 500 10.17
S&P 500 3.43	RUSSELL 2000 VALUE 13.10	RUSSELL 2000 GROWTH 10.60	RUSSELL 2000 VALUE 11.18	RUSSELL 2000 VALUE 9.88
RUSSELL 1000 VALUE 1.18	MSCI EMERGING MARKETS 8.20	RUSSELL 1000 VALUE 8.26	RUSSELL 1000 VALUE 10.34	RUSSELL 1000 VALUE 8.49
BC AGGREGATE -0.16	MSCI EAFE 6.84	MSCI EMERGING MARKETS 5.60	MSCI EAFE 6.44	BC AGGREGATE 3.72
MSCI EAFE -1.24	RUSSELL 1000 VALUE 6.77	MSCI EAFE 4.90	MSCI EMERGING MARKETS 5.01	MSCI EAFE 2.84
MSCI EMERGING MARKETS -7.96	BC AGGREGATE -0.4	BC AGGREGATE 1.72	BC AGGREGATE 2.27	MSCI EMERGING MARKETS 2.26



EXECUTIVE SUMMARY

NEPC, LLC

Delaware Office of the State Treasurer

TOTAL FUND PERFORMANCE SUMMARY

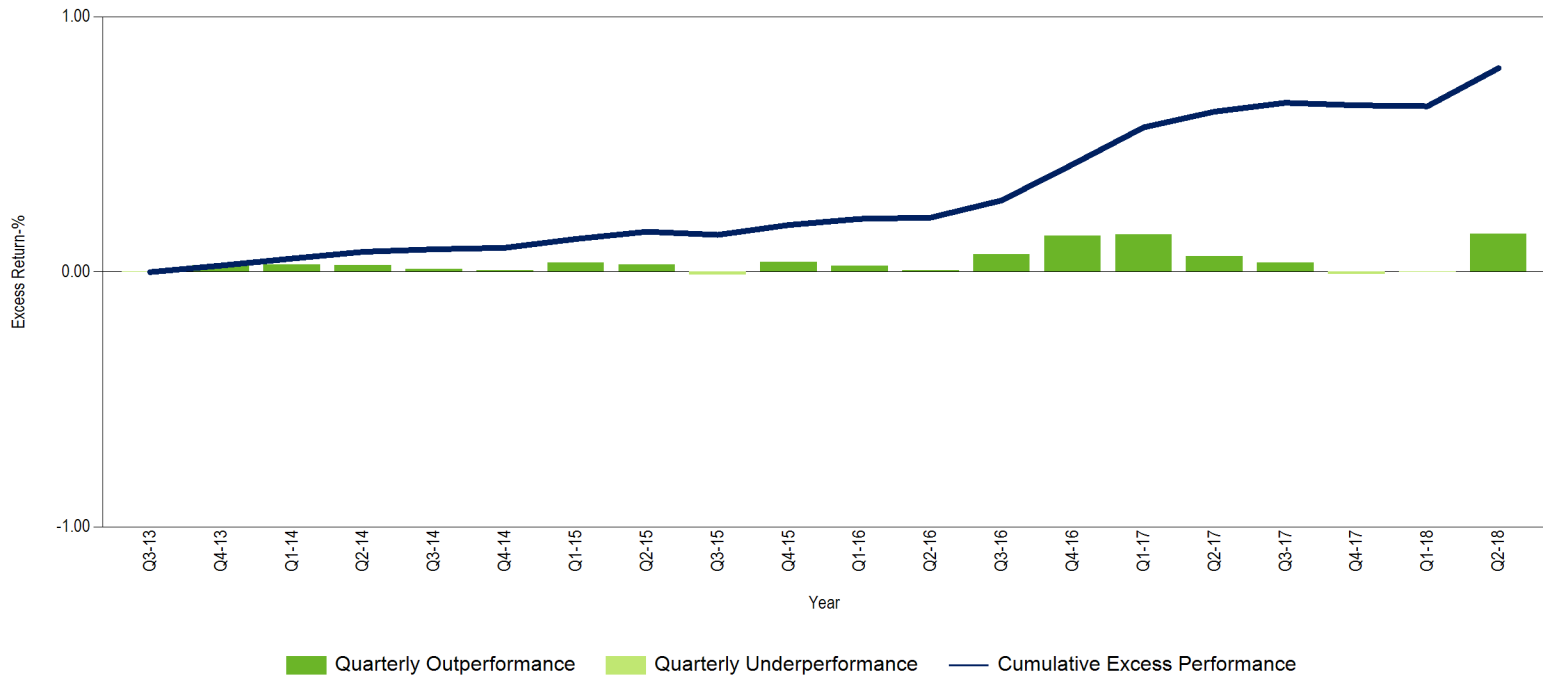
	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Inception	Inception Date
Delaware Total Consolidation	\$2,267,182,604	0.33%	0.27%	0.92%	1.13%	1.02%	1.88%	Jan-05
Total Liquidity & Reserve	\$2,197,838,104	0.36%	0.20%	0.58%	--	--	0.85%	Jan-16
Total Liquidity	\$982,576,144	0.58%	0.77%	1.27%	1.00%	0.78%	1.73%	Jan-05
<i>eV US Cash Management Net Median</i>		<i>0.48%</i>	<i>0.82%</i>	<i>1.37%</i>	<i>0.85%</i>	<i>0.57%</i>	<i>1.46%</i>	<i>Jan-05</i>
Total Reserve	\$1,215,261,960	0.27%	-0.02%	0.28%	0.94%	1.02%	2.14%	Jan-05
<i>Reserve Custom Index</i>		<i>-0.05%</i>	<i>-0.30%</i>	<i>-0.11%</i>	<i>0.65%</i>	<i>0.86%</i>	<i>2.33%</i>	<i>Jan-05</i>
<i>eV US Interm Duration Fixed Inc Net Median</i>		<i>0.03%</i>	<i>-0.98%</i>	<i>-0.35%</i>	<i>1.24%</i>	<i>1.66%</i>	<i>3.45%</i>	<i>Jan-05</i>
Total Endowment	\$69,344,500	-0.59%	-1.01%	6.41%	--	--	5.76%	Aug-15
<i>Endowment Custom Index</i>		<i>0.98%</i>	<i>-0.32%</i>	<i>6.45%</i>	<i>5.87%</i>	<i>6.95%</i>	<i>5.56%</i>	<i>Aug-15</i>
<i>eV Global Balanced Net Median</i>		<i>0.83%</i>	<i>-1.58%</i>	<i>5.11%</i>	<i>6.05%</i>	<i>6.42%</i>	<i>5.58%</i>	<i>Aug-15</i>

Fiscal year ends June 30.



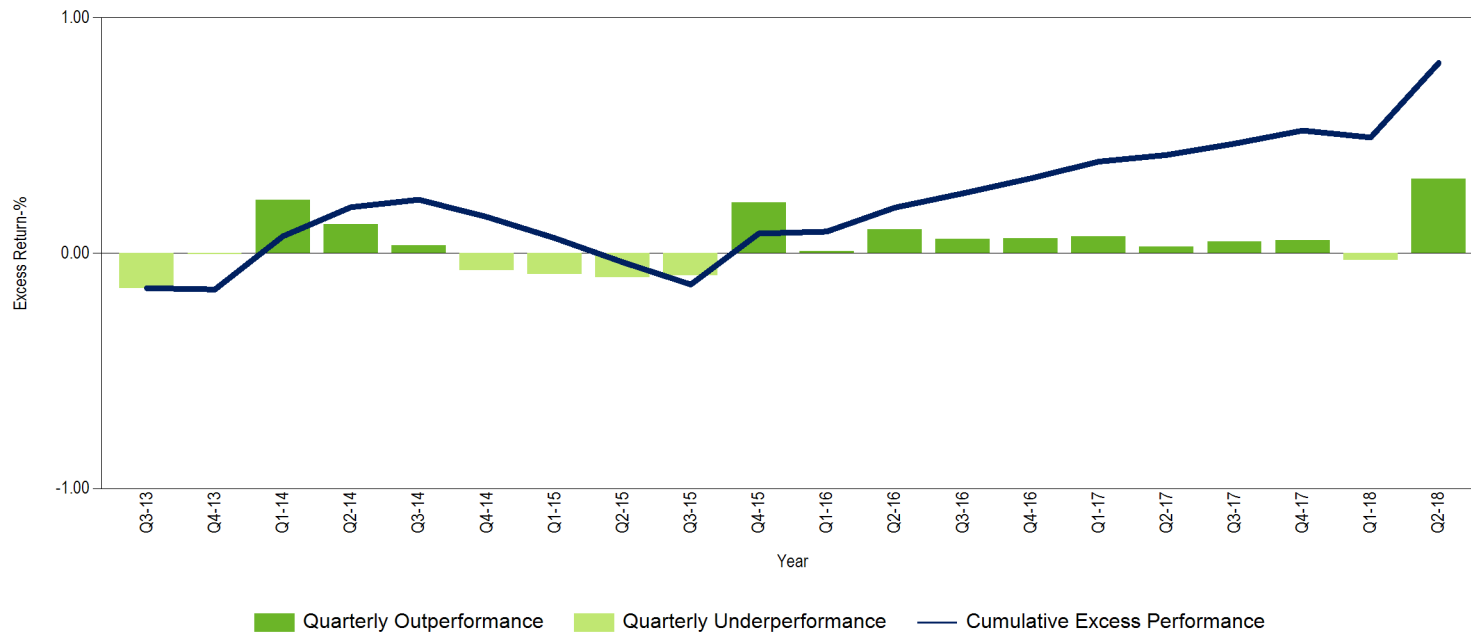
TOTAL FUND PERFORMANCE SUMMARY

Quarterly and Cumulative Excess Performance
Total Liquidity vs. Liquidity Custom Index



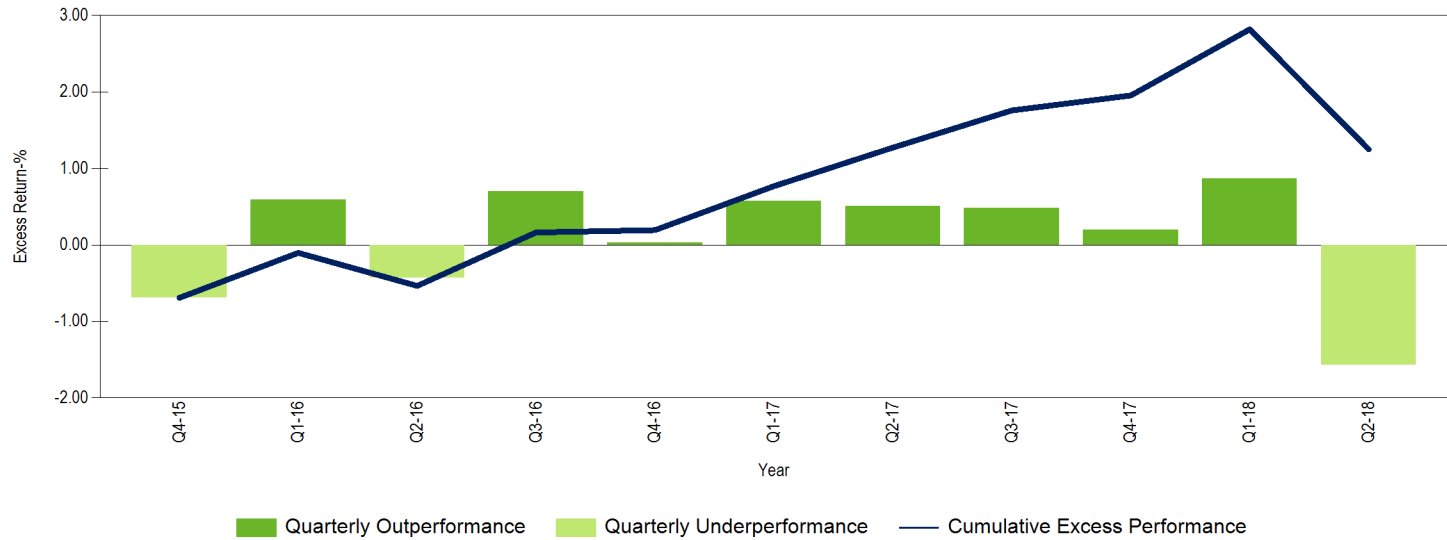
TOTAL FUND PERFORMANCE SUMMARY

Quarterly and Cumulative Excess Performance
Total Reserve vs. Reserve Custom Index



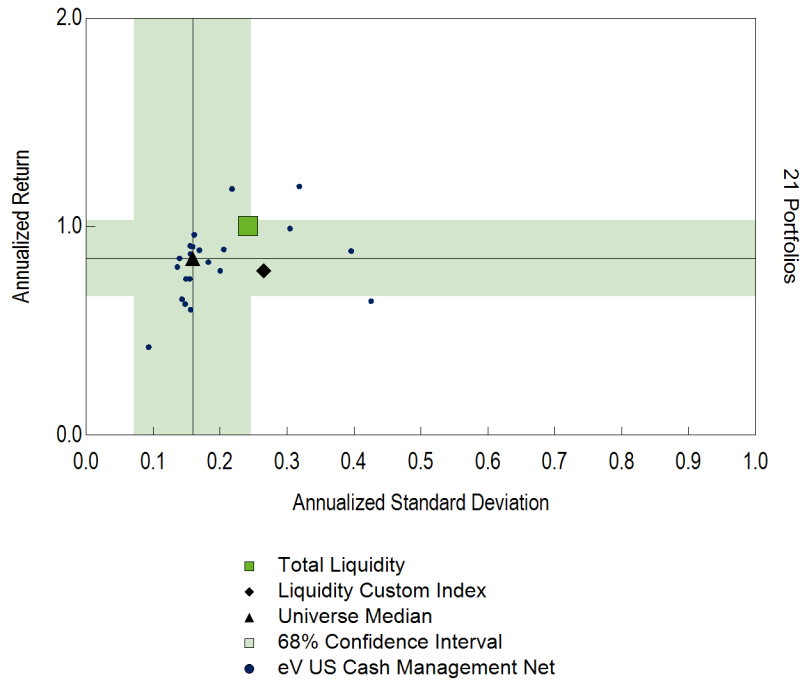
TOTAL FUND PERFORMANCE SUMMARY

Quarterly and Cumulative Excess Performance
Total Endowment vs. Endowment Custom Index

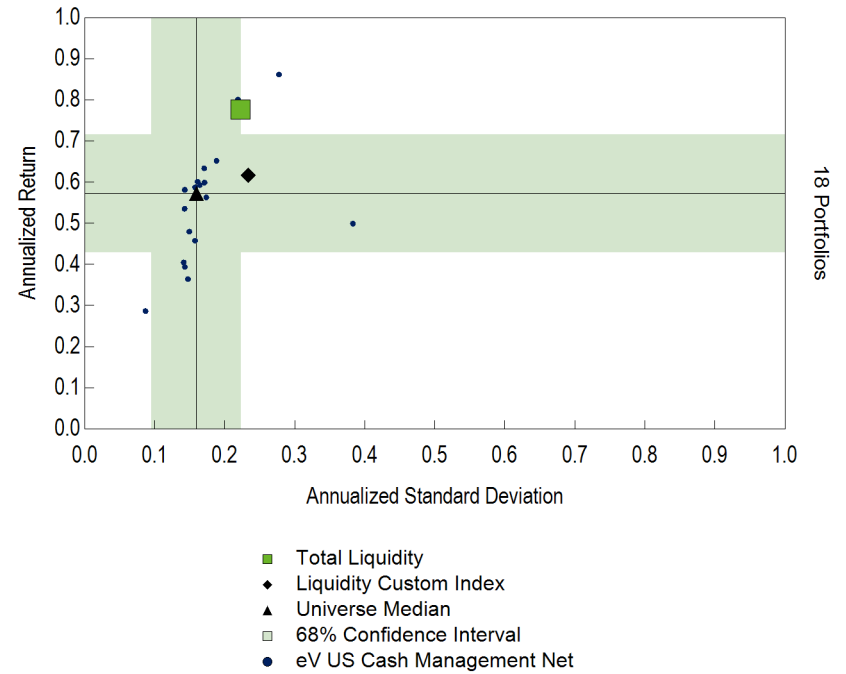


LIQUIDITY RISK/RETURN - 3 & 5 YEARS

3 Years Ending June 30, 2018



5 Years Ending June 30, 2018



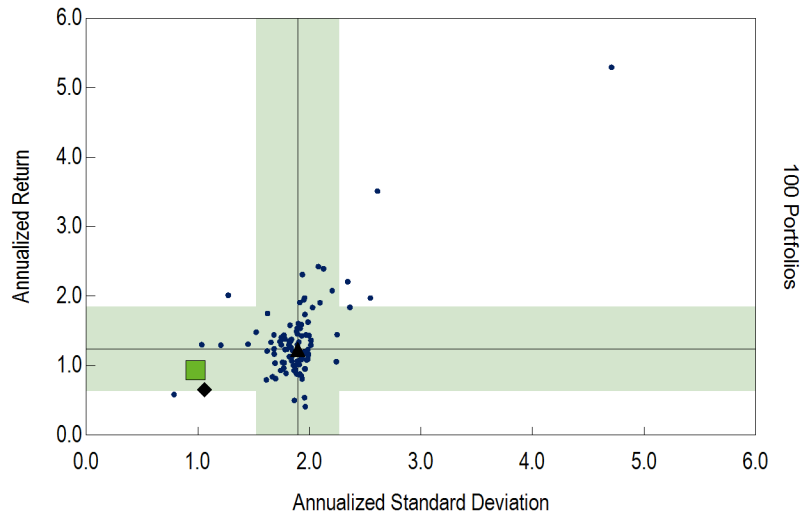
3 Years Ending June 30, 2018			
	Anlzd Ret	Anlzd Std Dev	Sharpe Ratio
Total Liquidity	1.00%	0.24%	1.25
Liquidity Custom Index	0.79%	0.26%	0.33

5 Years Ending June 30, 2018			
	Anlzd Ret	Anlzd Std Dev	Sharpe Ratio
Total Liquidity	0.78%	0.22%	1.57
Liquidity Custom Index	0.62%	0.23%	0.81



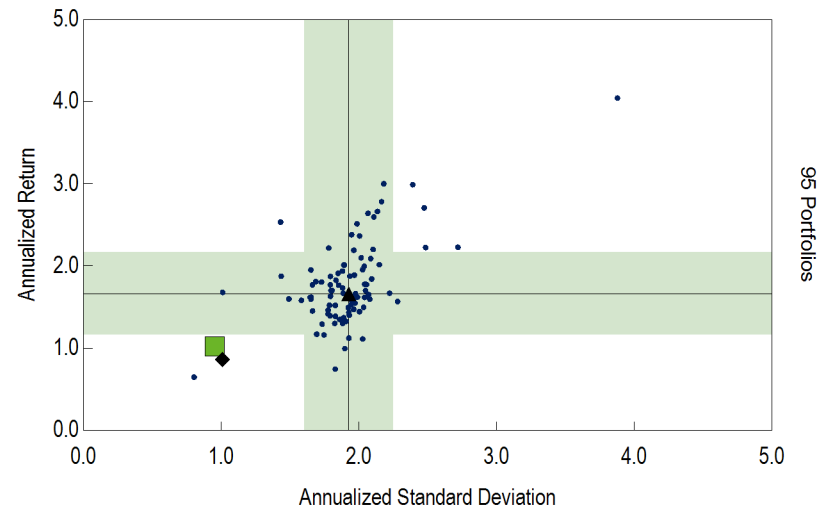
RESERVE RISK/RETURN - 3 & 5 YEARS

3 Years Ending June 30, 2018



- Total Reserve
- ◆ Reserve Custom Index
- ▲ Universe Median
- 68% Confidence Interval
- eV US Interm Duration Fixed Inc Net

5 Years Ending June 30, 2018



- Total Reserve
- ◆ Reserve Custom Index
- ▲ Universe Median
- 68% Confidence Interval
- eV US Interm Duration Fixed Inc Net

3 Years Ending June 30, 2018

	Anlzd Ret	Anlzd Std Dev	Sharpe Ratio
Total Reserve	0.94%	0.98%	0.35
Reserve Custom Index	0.65%	1.06%	0.05

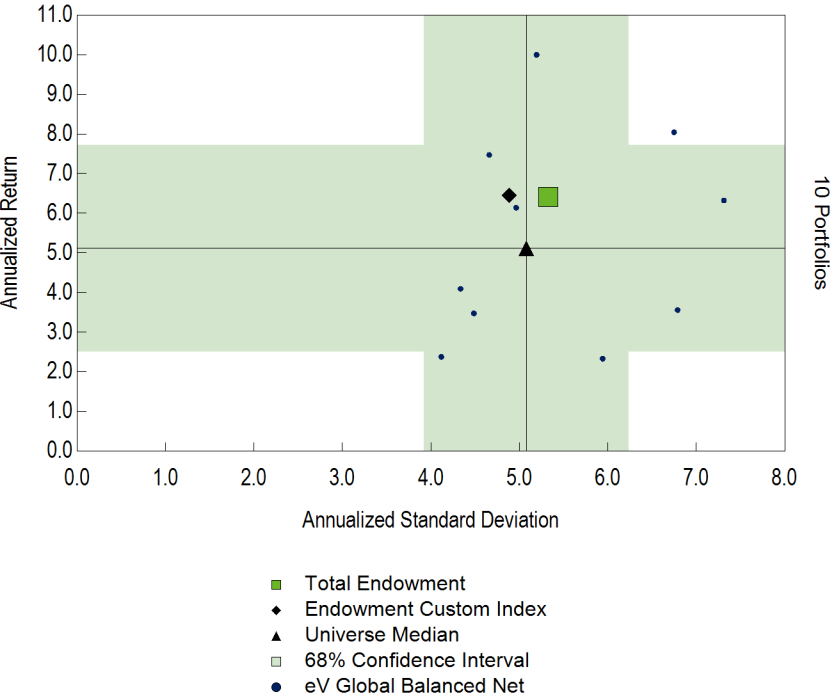
5 Years Ending June 30, 2018

	Anlzd Ret	Anlzd Std Dev	Sharpe Ratio
Total Reserve	1.02%	0.95%	0.69
Reserve Custom Index	0.86%	1.01%	0.49

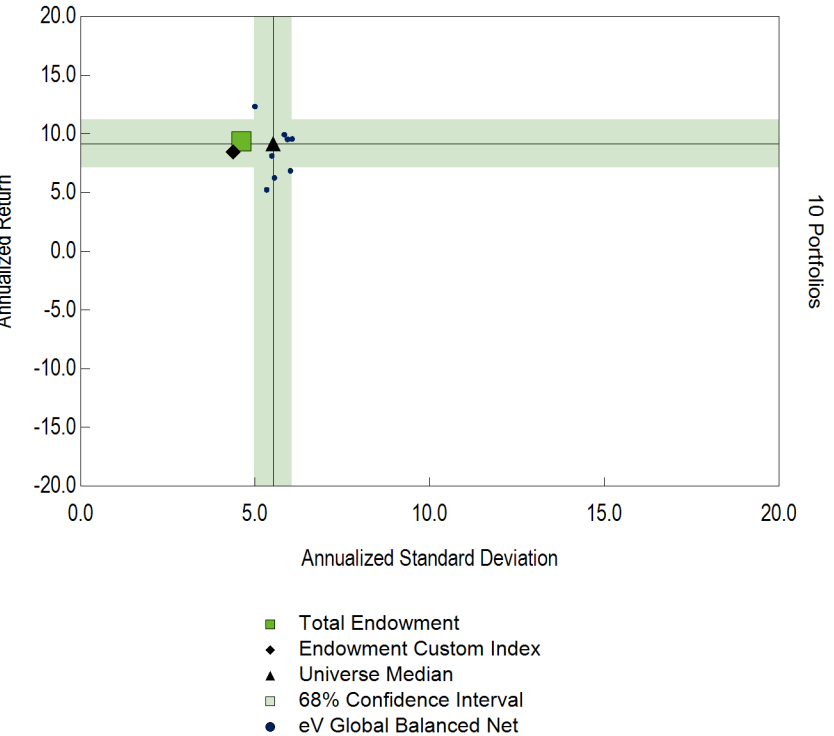


ENDOWMENT RISK/RETURN - 1 & 2 YEAR

1 Year Ending June 30, 2018



2 Years Ending June 30, 2018



1 Year Ending June 30, 2018

	Anlzd Ret	Anlzd Std Dev	Sharpe Ratio
Total Endowment	6.41%	5.33%	0.94
Endowment Custom Index	6.45%	4.88%	1.03

2 Year Ending June 30, 2018

	Anlzd Ret	Anlzd Std Dev	Sharpe Ratio
Total Endowment	6.41%	5.33%	0.94
Endowment Custom Index	6.45%	4.88%	1.03



TOTAL FUND PERFORMANCE DETAIL

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	Inception (%)	Inception Date
Delaware Total Consolidation	2,267,182,604	100.00	0.33	--	0.27	--	0.92	--	1.13	--	1.02	--	1.88	Jan-05
Total Liquidity & Reserve	2,197,838,104	96.94	0.36	--	0.20	--	0.58	--	--	--	--	--	0.85	Jan-16
Total Liquidity	982,576,144	43.34	0.58	3	0.77	62	1.27	64	1.00	10	0.78	7	1.73	Jan-05
<i>eV US Cash Management Net Median</i>			0.48		0.82		1.37		0.85		0.57		1.46	Jan-05
PFM Asset Management	492,906,444	21.74	0.62	1	0.89	20	1.39	48	1.13	7	0.90	1	0.89	Jun-13
Wilmington Liquidity	489,669,700	21.60	0.53	18	0.66	84	1.05	88	0.87	45	0.68	11	4.23	Jan-85
Total Reserve	1,215,261,960	53.60	0.27	5	-0.02	1	0.28	7	0.94	84	1.02	98	2.14	Jan-05
<i>Reserve Custom Index</i>			-0.05	79	-0.30	8	-0.11	23	0.65	97	0.86	99	2.33	Jan-05
<i>eV US Interm Duration Fixed Inc Net Median</i>			0.03		-0.98		-0.35		1.24		1.66		3.45	Jan-05
JPM Intermediate	302,598,195	13.35	0.39	27	0.03	64	0.31	65	0.91	58	1.02	62	0.92	Jun-13
<i>J.P. Morgan Custom Index</i>			0.27	72	0.02	64	0.21	73	0.76	74	0.92	69	0.83	Jun-13
Blackrock Financial Mangement	304,178,445	13.42	0.38	31	--	--	--	--	--	--	--	--	0.57	Mar-18
<i>Blackrock Custom Index</i>			0.17	87	-0.09	74	0.11	78	0.72	75	0.90	73	0.40	Mar-18
Chandler Asset Management	306,602,083	13.52	0.35	4	0.00	1	0.19	9	0.97	99	1.15	99	0.96	Jun-13
Lazard Financial Management	301,883,237	13.32	-0.07	8	--	--	--	--	--	--	--	--	0.42	Mar-18
<i>Lazard/Chandler Custom Index</i>			-0.18	9	-0.44	1	-0.25	13	0.61	99	0.83	99	0.05	Mar-18
Total Endowment	69,344,500	3.06	-0.59	74	-1.01	36	6.41	33	--	--	--	--	5.76	Aug-15
<i>Endowment Custom Index</i>			0.98	38	-0.32	20	6.45	33	5.87	52	6.95	29	5.56	Aug-15
<i>eV Global Balanced Net Median</i>			0.83		-1.58		5.11		6.05		6.42		5.58	Aug-15
SEI Funds	22,673,974	1.00	-0.01	68	-0.82	23	6.91	28	--	--	--	--	7.11	Aug-15
MSIFT Global Strategist	21,282,497	0.94	-1.57	99	-1.16	39	5.91	46	--	--	--	--	5.04	Aug-15
JP Morgan Diversified	21,816,446	0.96	-0.38	72	-1.32	42	7.08	27	--	--	--	--	6.07	Aug-15
Cash Account	3,571,583	0.16	0.38	94	0.67	84	1.05	88	--	--	--	--	0.53	Aug-15

Notes: Net of Fees. Results for periods longer than one year are annualized.

Performance history through 12/2015 is from BNY Mellon. NEPC Performance start date is January 2016. Fiscal Year end is June 30.

Prior to 03/01/2018 Reserve Custom Index is comprised of 75% BofA Merrill Lynch 1-5 year Govt/Corporate A+ or Better/ 25% 6 Month Treasury Bill.

Endowment Custom Index is comprised of 60% MSCI World Index/40% Barclays Capital Aggregate.

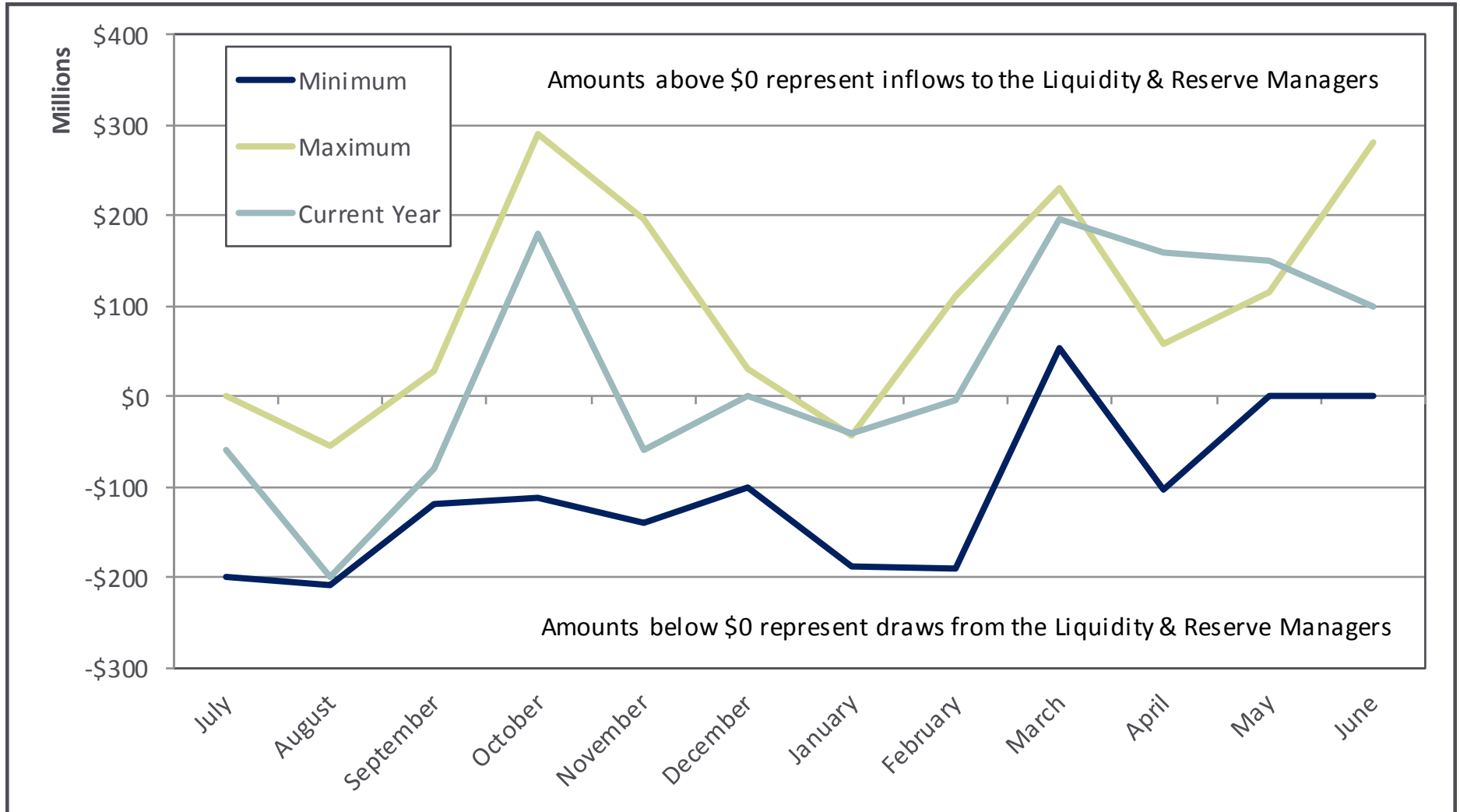
Blackrock Custom Index consists of 100% BofA Merrill Lynch 1-5 year Corporate/Gov A+ or Better and 75% BofA Merrill Lynch 1-5 year Govt/Corporate A+ or Better/ 25% 6 Month Treasury Bill prior to 4/1/2018.

J.P Morgan Custom Index consists of 100% BofA Merrill Lynch 1-3 year Corporate/Gov A+ or Better and 75% BofA Merrill Lynch 1-5 year Govt/Corporate A+ or Better/ 25% 6 Month Treasury Bill prior to 4/1/2018.

Chandler/Lazard Custom Index consists of 100% BofA Merrill Lynch 5-10 year Gov/Credit A+ or Better and 75% BofA Merrill Lynch 1-5 year Govt/Corporate A+ or Better/ 25% 6 Month Treasury Bill prior to 4/1/2018.



CASH FLOWS – FISCAL YEAR 2018



MONTH ENDED JUNE 30, 2018

Change in Market Value Month Ending June 30, 2018										
	Beginning Market Value	Contributions	Withdrawals	Fees	Income	Unrealized Gain (Loss)	Realized Gain (Loss)	Amortization / Accretion	Ending Market Value	
Liquidity Managers										
PFM Asset Management	\$ 441,912,420	\$ 50,000,000	\$ -	\$ -	\$ 736,278	\$ 26,589	\$ 4,393	\$ 226,765	\$ 492,906,444	
Wilmington Liquidity	\$ 439,294,539	\$ 50,000,000	\$ -	\$ -	\$ 614,792	\$ (447,264)	\$ 209	\$ 207,424	\$ 489,669,700	
Total Liquidity Managers	\$ 881,206,959	\$ 100,000,000	\$ -	\$ -	\$ 1,351,070	\$ (420,675)	\$ 4,602	\$ 434,188	\$ 982,576,144	
Reserve Managers										
BlackRock Financial Management	\$ 304,105,368	\$ -	\$ -	\$ -	\$ 514,163	\$ (561,878)	\$ 98,985	\$ 21,807	\$ 304,178,445	
Chandler Asset Management	\$ 306,606,009	\$ -	\$ -	\$ -	\$ 638,326	\$ 223,729	\$ (936,390)	\$ 70,409	\$ 306,602,083	
JPM Intermediate	\$ 302,433,849	\$ -	\$ -	\$ -	\$ 488,349	\$ (369,638)	\$ 0	\$ 45,634	\$ 302,598,195	
Lazard Asset Management	\$ 301,949,911	\$ -	\$ -	\$ -	\$ 654,060	\$ (770,988)	\$ (50,308)	\$ 100,561	\$ 301,883,237	
Total Reserve Managers	\$ 1,215,095,137	\$ -	\$ -	\$ -	\$ 2,294,898	\$ (1,478,774)	\$ (887,712)	\$ 238,410	\$ 1,215,261,960	
Total Liquidity & Reserve Managers	\$ 2,096,302,096	\$ 100,000,000	\$ -	\$ -	\$ 3,645,968	\$ (1,899,450)	\$ (883,110)	\$ 672,599	\$ 2,197,838,104	
Land & Water Endowment										
SEI Funds	\$ 22,785,910	\$ -	\$ (54)	\$ -	\$ 20,428	\$ (132,311)	\$ -	\$ -	\$ 22,673,974	
MSIFT Global Strategist	\$ 21,358,150	\$ -	\$ -	\$ -	\$ 466	\$ (76,119)	\$ -	\$ -	\$ 21,282,497	
JP Morgan Diversified	\$ 21,925,774	\$ -	\$ -	\$ -	\$ 165,837	\$ (275,164)	\$ -	\$ -	\$ 21,816,446	
Cash Account	\$ 3,566,821	\$ -	\$ -	\$ -	\$ 4,762	\$ -	\$ -	\$ -	\$ 3,571,583	
Total Land & Water Endowment	\$ 69,636,655	\$ -	\$ (54)	\$ -	\$ 191,493	\$ (483,594)	\$ -	\$ -	\$ 69,344,500	
Total	\$ 2,165,938,751	\$ 100,000,000	\$ (54)	\$ -	\$ 3,837,461	\$ (2,383,043)	\$ (883,110)	\$ 672,599	\$ 2,267,182,604	

Footnotes:

Values provided by Northern Trust and are reconciled to the audited custodian reports.

Income is a product of income received during the month plus accrued income.

Numbers may not add due to rounding.



FISCAL YEAR TO DATE

	Change in Market Value Fiscal Year-to-Date Through June 30, 2018								
	Beginning Market Value	Contributions	Withdrawals	Fees	Income	Unrealized Gain (Loss)	Realized Gain (Loss)	Amortization / Accretion	Ending Market Value
Liquidity Managers									
Insight Investment	\$ 245,868,623	\$ 45,000,000	\$ (291,921,308)	\$ (157,481)	\$ 1,792,292	\$ (88,788)	\$ (503,408)	\$ 10,070	\$ 0
PFM Asset Management	\$ 248,829,522	\$ 350,000,000	\$ (110,000,000)	\$ (163,251)	\$ 4,124,665	\$ (461,487)	\$ (57,220)	\$ 634,216	\$ 492,906,444
Wells Capital Inv. Liquidity	\$ 247,394,630	\$ 45,000,000	\$ (293,689,433)	\$ (141,608)	\$ 1,972,277	\$ 97,211	\$ (628,317)	\$ (4,760)	\$ 0
Wilmington Liquidity	\$ 246,587,584	\$ 361,845,000	\$ (121,845,000)	\$ (167,397)	\$ 3,460,275	\$ (1,030,179)	\$ (34,882)	\$ 854,298	\$ 489,669,700
Total Liquidity Managers	\$ 988,680,359	\$ 801,845,000	\$ (817,455,741)	\$ (629,737)	\$ 11,349,509	\$ (1,483,243)	\$ (1,223,827)	\$ 1,493,824	\$ 982,576,144
Reserve Managers									
BlackRock Financial Management	\$ -	\$ 301,350,109	\$ -	\$ (19,668)	\$ 2,985,906	\$ 78,673	\$ (197,080)	\$ (19,495)	\$ 304,178,445
Chandler Asset Management	\$ 104,214,660	\$ 200,004,585	\$ (46,956)	\$ (102,944)	\$ 4,453,427	\$ 533,171	\$ (2,552,599)	\$ 98,738	\$ 306,602,083
Federated Investors	\$ 146,429,584	\$ -	\$ (145,457,154)	\$ (154,522)	\$ 1,000,379	\$ (1,684,153)	\$ (18,946)	\$ (115,187)	\$ 0
JPM Intermediate	\$ 246,533,929	\$ 55,000,000	\$ -	\$ (172,071)	\$ 4,734,254	\$ (3,412,471)	\$ (192,416)	\$ 106,970	\$ 302,598,195
Lazard Asset Management	\$ -	\$ 300,610,741	\$ -	\$ (30,457)	\$ 2,557,695	\$ (857,136)	\$ (781,124)	\$ 383,517	\$ 301,883,237
Morgan Stanley	\$ 156,784,983	\$ -	\$ (155,892,956)	\$ (133,919)	\$ 1,210,238	\$ (1,959,311)	\$ (20,562)	\$ 11,530	\$ 0
Schroder Intermediate	\$ 201,408,815	\$ -	\$ (200,004,585)	\$ (211,437)	\$ 1,466,585	\$ (2,600,180)	\$ 17,506	\$ (76,704)	\$ (0)
Total Reserve Managers	\$ 855,371,971	\$ 856,965,435	\$ (501,401,651)	\$ (825,018)	\$ 18,408,483	\$ (9,901,408)	\$ (3,745,220)	\$ 389,369	\$ 1,215,261,960
Total Liquidity & Reserve Managers	\$ 1,844,052,330	\$ 1,658,810,435	\$ (1,318,857,392)	\$ (1,454,755)	\$ 29,757,992	\$ (11,384,651)	\$ (4,969,047)	\$ 1,883,194	\$ 2,197,838,104
Land & Water Endowment									
SEI Funds	\$ 22,788,788	\$ 204,628	\$ (1,828,862)	\$ (79,071)	\$ 572,759	\$ 683,053	\$ 332,677	\$ -	\$ 22,673,974
MSIFT Global Strategist	\$ 21,618,353	\$ 204,628	\$ (1,772,062)	\$ -	\$ 260,084	\$ (264,278)	\$ 1,235,769	\$ -	\$ 21,282,497
JP Morgan Diversified	\$ 21,920,165	\$ 204,628	\$ (1,795,187)	\$ -	\$ 571,863	\$ (211,440)	\$ 1,126,417	\$ -	\$ 21,816,446
Cash Account	\$ 1,407	\$ 3,422,180	\$ (1,307)	\$ 113,777	\$ 35,526	\$ -	\$ -	\$ -	\$ 3,571,583
Total Land & Water Endowment	\$ 66,328,713	\$ 4,036,064	\$ (5,397,418)	\$ 34,706	\$ 1,440,232	\$ 207,335	\$ 2,694,863	\$ -	\$ 69,344,500
Total	\$ 1,910,381,043	\$ 1,662,846,499	\$ (1,324,254,810)	\$ (1,420,049)	\$ 31,198,224	\$ (11,177,316)	\$ (2,274,184)	\$ 1,883,194	\$ 2,267,182,604

Footnotes:

Values provided by Northern Trust and are reconciled to the audited custodian reports.

Income is a product of income received during the month plus accrued income.

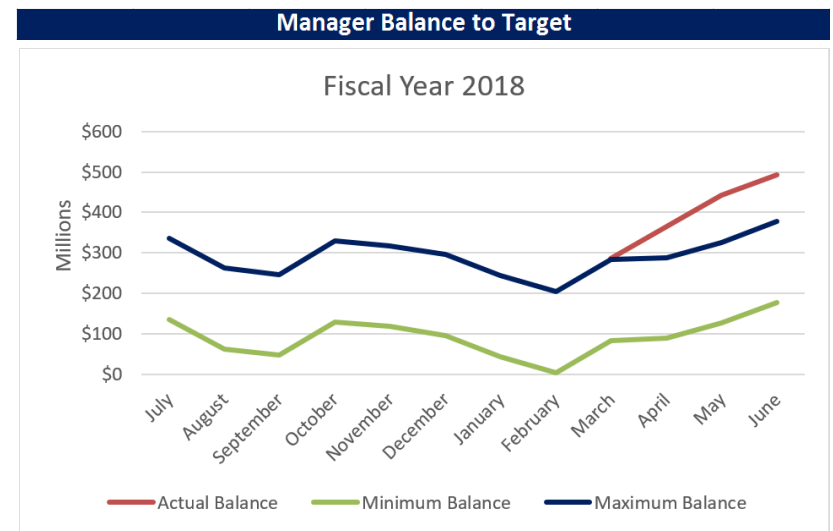
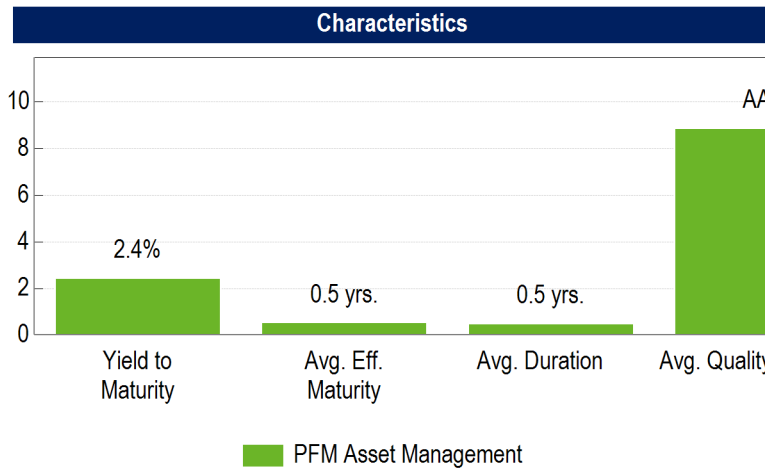
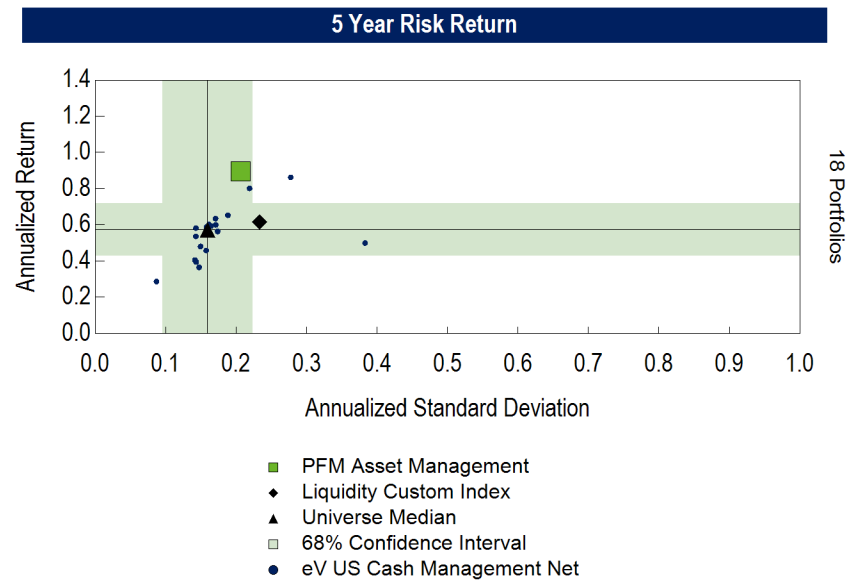
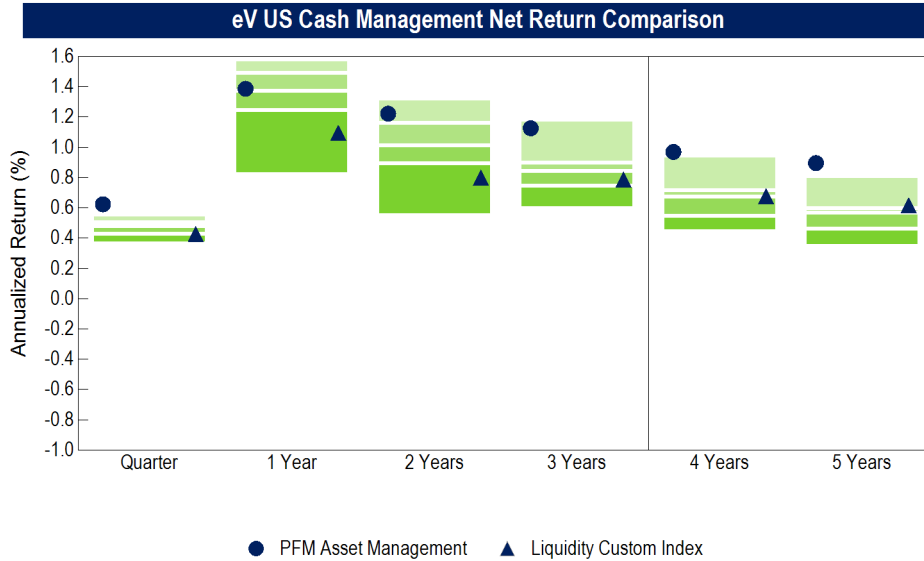
Numbers may not add due to rounding.



LIQUIDITY MANAGER REVIEW

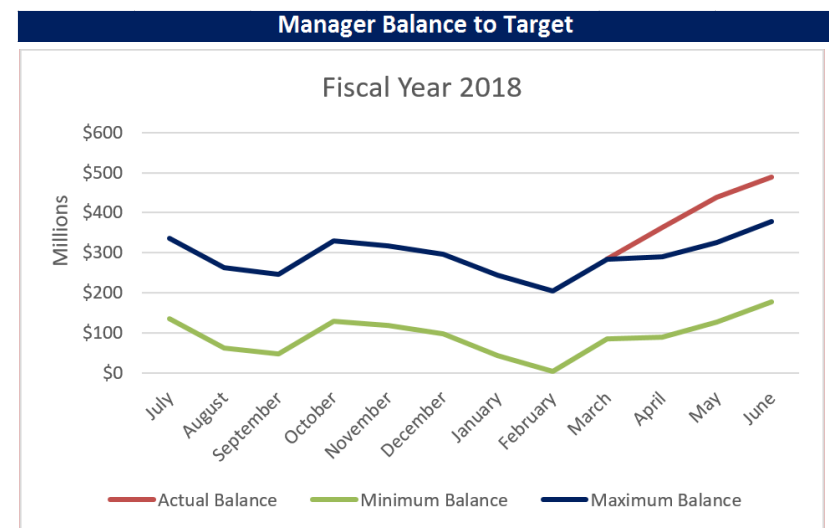
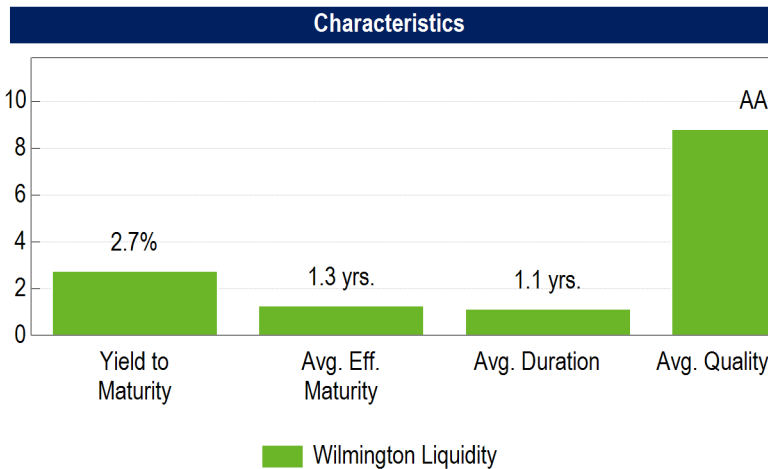
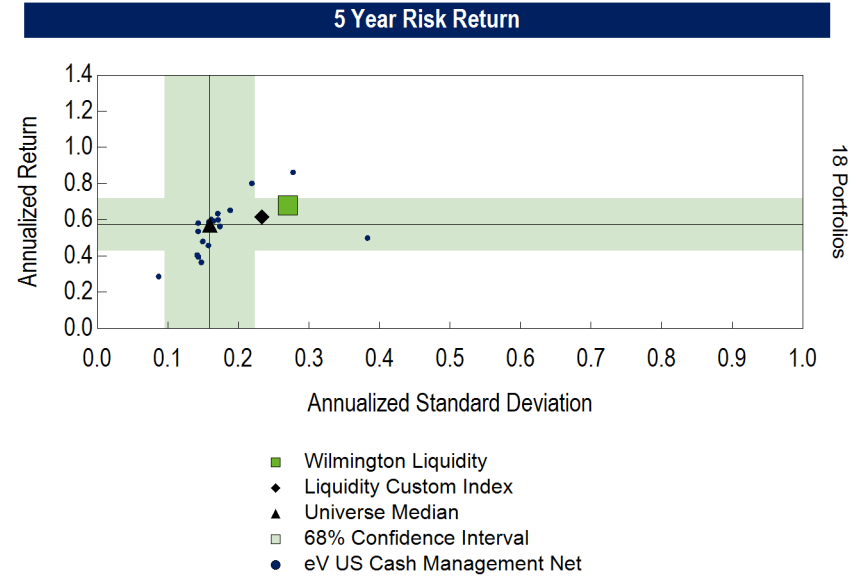
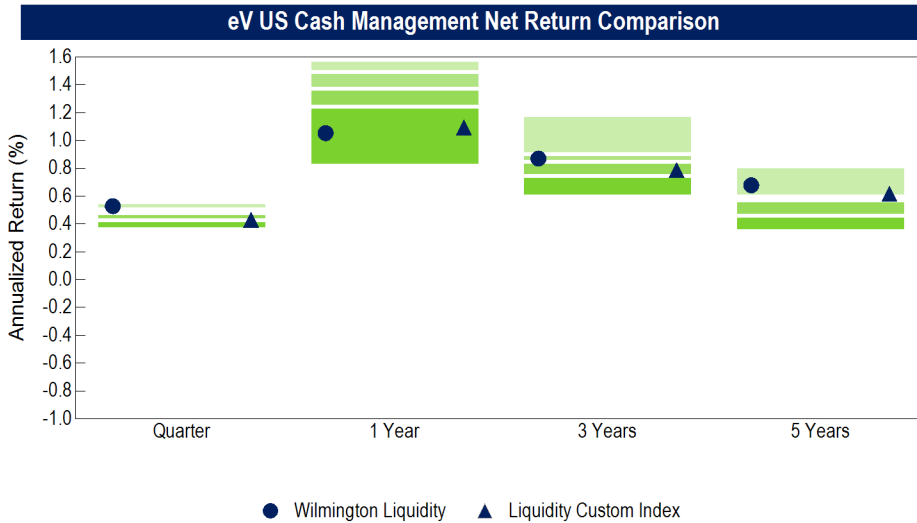
NEPC, LLC

PFM ASSET MANAGEMENT



Delaware Office of the State Treasurer

WILMINGTON LIQUIDITY

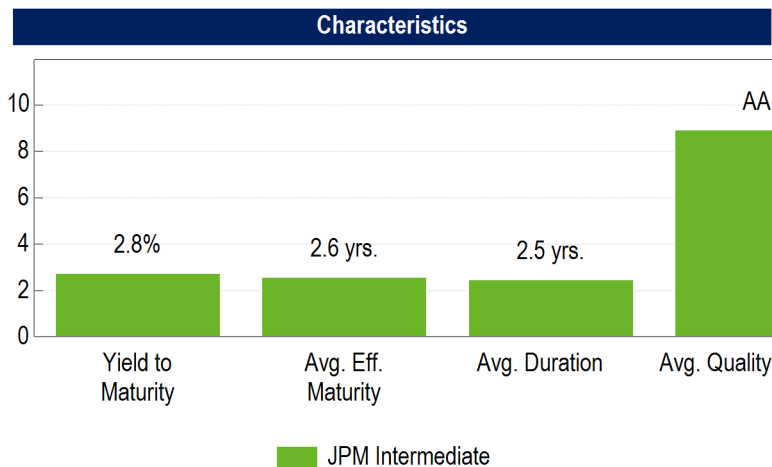
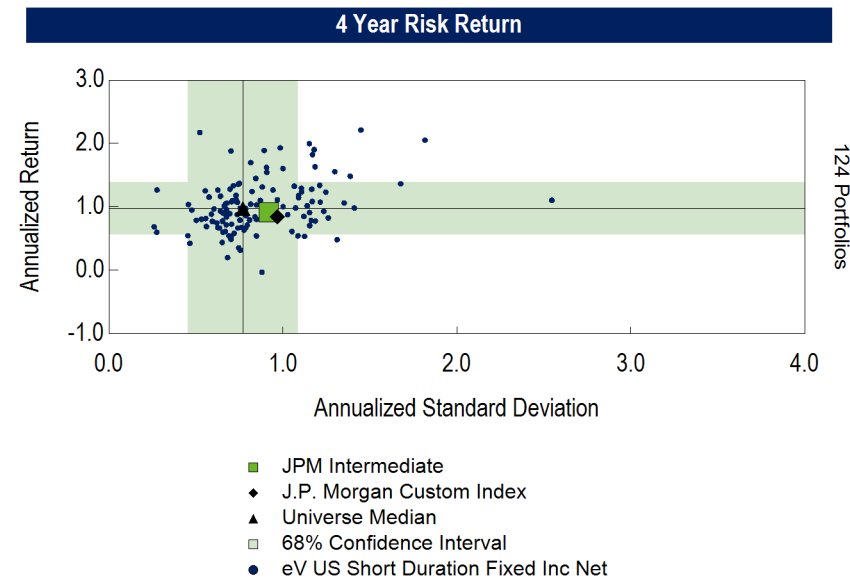
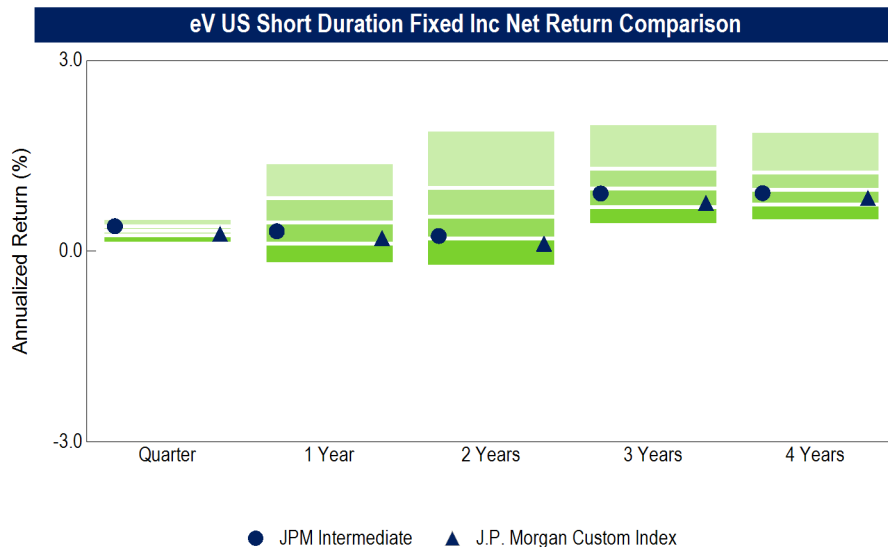


RESERVE MANAGER REVIEW

NEPC, LLC

Delaware Office of the State Treasurer

JPM INTERMEDIATE



Qualitative Attribution

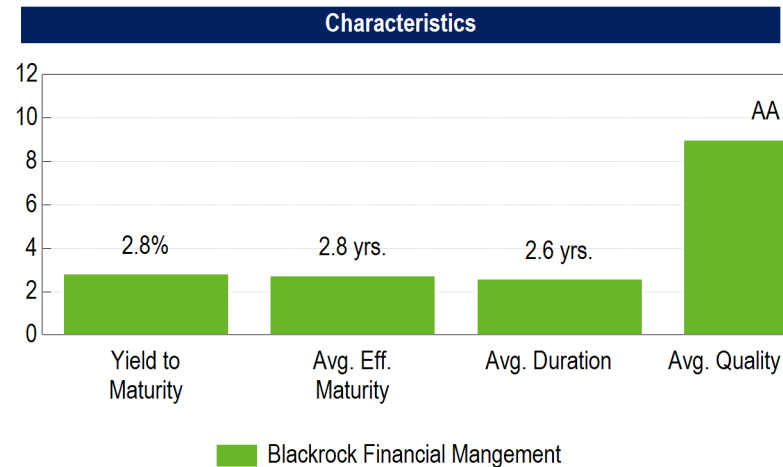
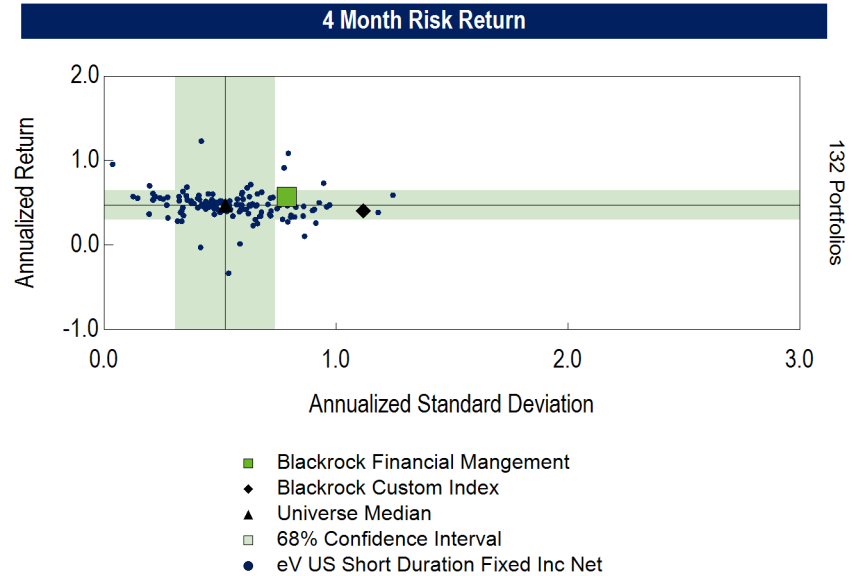
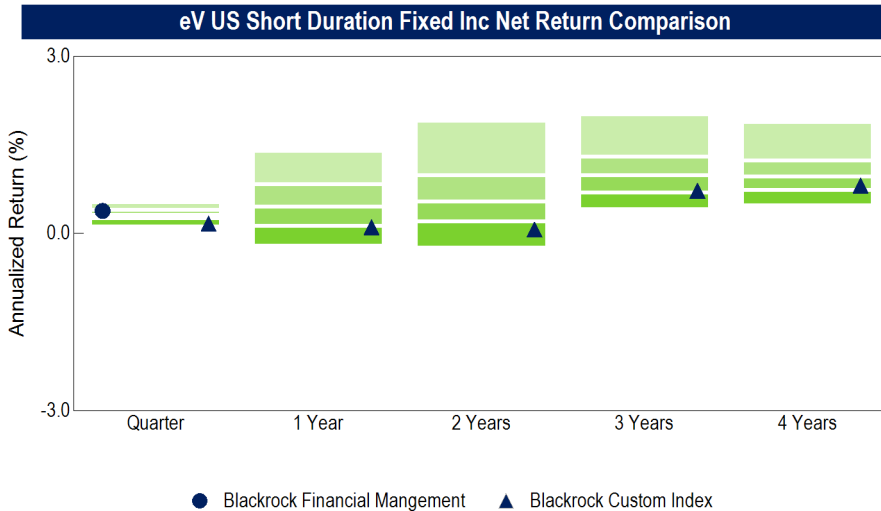
Duration and Yield Positioning – the portfolio was marginally short duration with a significant yield advantage relative to the benchmark. **Result:** Value Added as the front end of the yield curve increased.

Credit Positioning – the portfolio had an overweight to high quality credit names. **Result:** Value Added as credit spreads came in during the quarter benefitting the portfolio.

Other Positioning – the portfolio was continued to further shorten during the quarter because of a change in portfolio management strategy.



BLACKROCK FINANCIAL MANAGEMENT



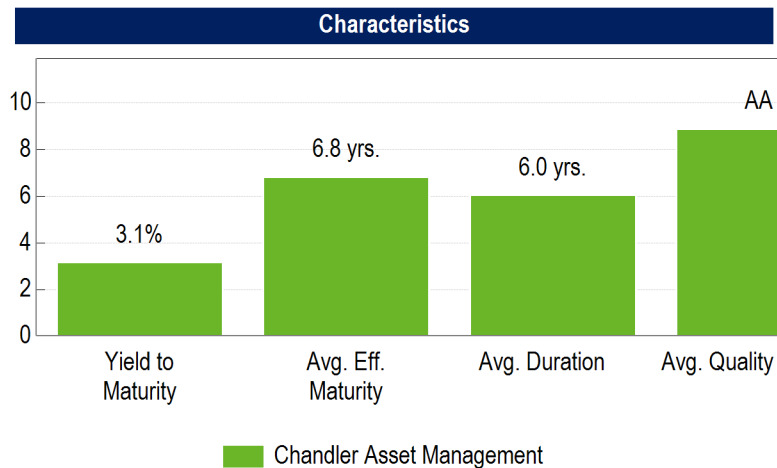
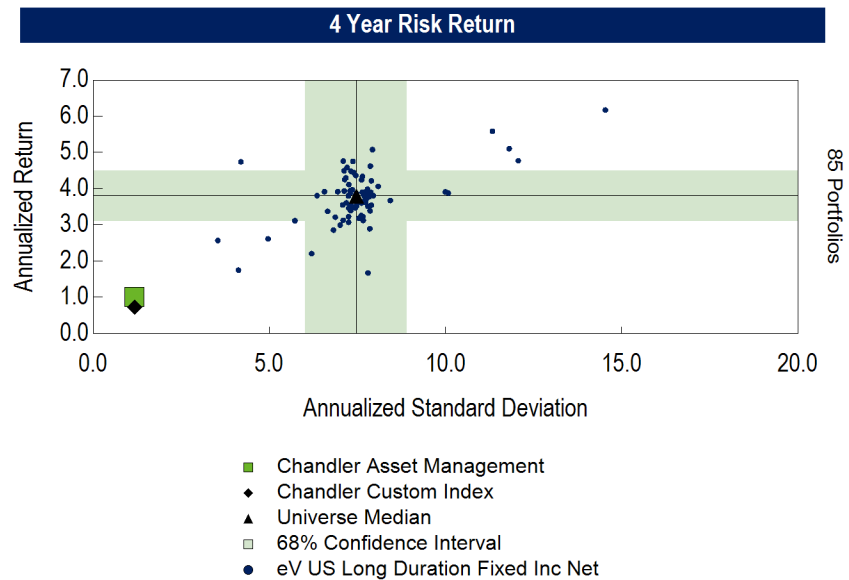
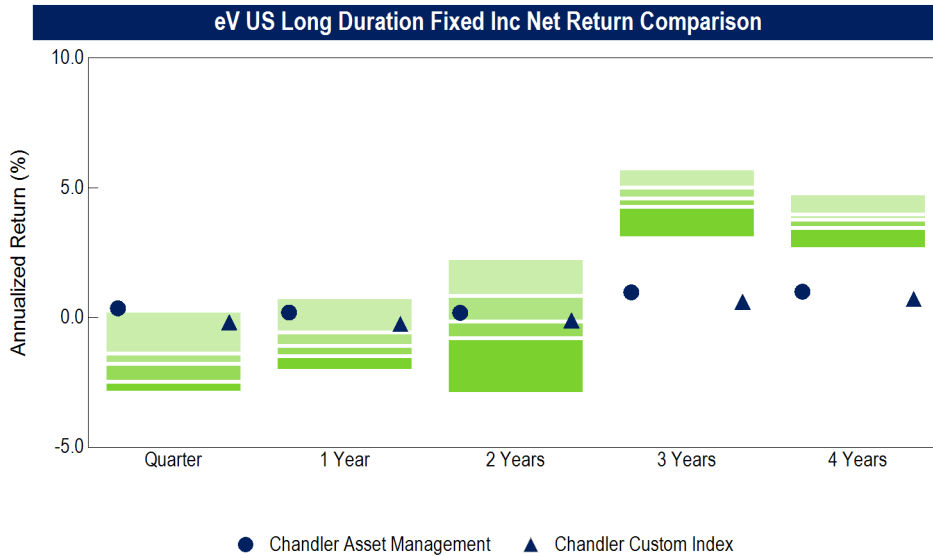
Qualitative Attribution

Duration Positioning – the portfolio was positioned short relative to the benchmark during the quarter. **Result:** Value Added as the front end of the curve rose during the quarter.

Credit Positioning – the portfolio was underweight Treasuries and sovereign plus issues, overweight corporates, agencies and taxable municipals. The portfolio also held out-of-benchmark positions in mortgages and asset-backed securities. **Result:** Marginally Positive as the overweight to corporate credit and individual security selection in the sector was positive.



CHANDLER ASSET MANAGEMENT



Qualitative Attribution

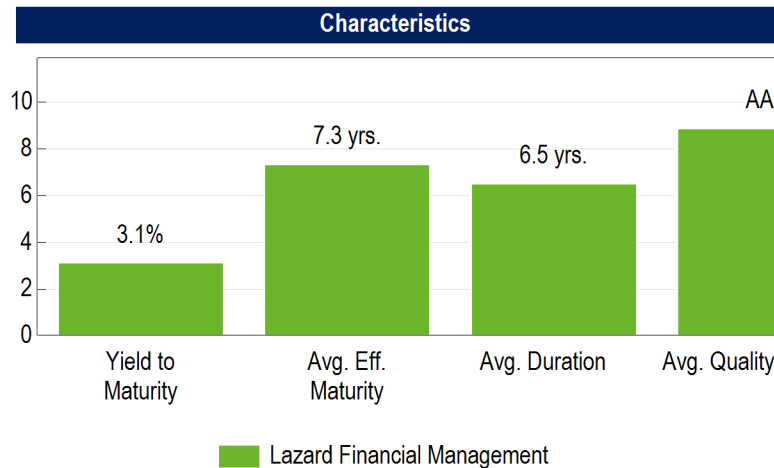
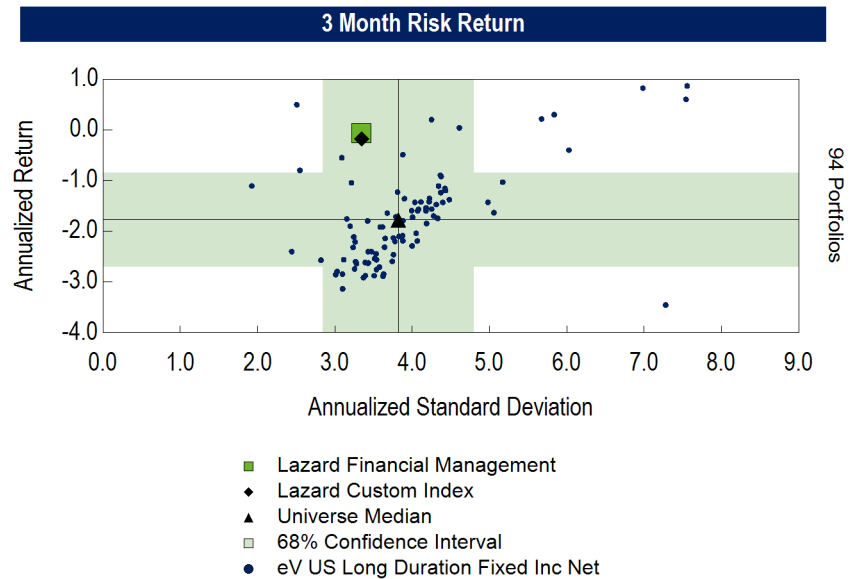
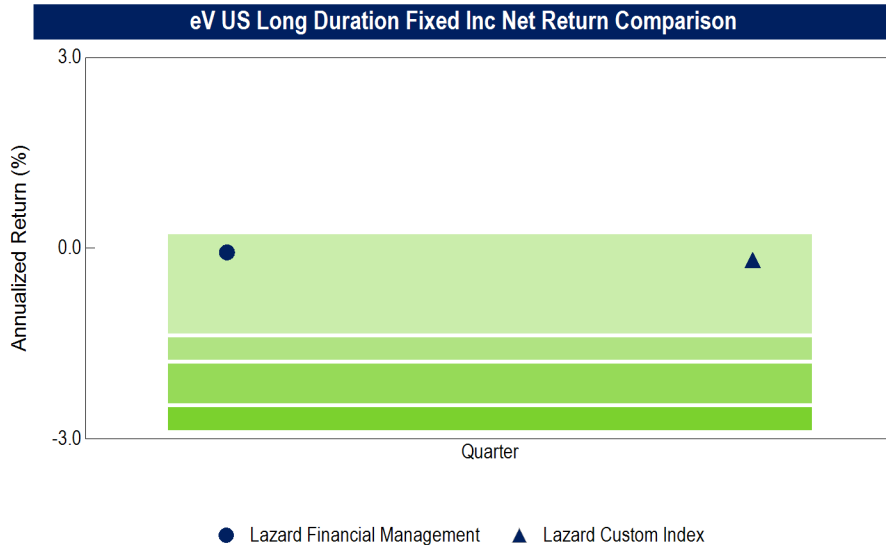
Restructuring: the portfolio continued to be repositioned from the legacy position to the longer duration benchmark during the quarter.

Positioning: the portfolio's internal targets are to be modestly short of the benchmark's duration position, with an above benchmark exposure to investment grade corporate securities.

Result: the measured approach to reposition the portfolio during the quarter was rewarded as shorter duration and high quality assets outperformed the overall benchmark.



LAZARD FINANCIAL MANAGEMENT



Qualitative Attribution

Duration Positioning – the portfolio was underweight the 5-year segment of the yield curve and overall neutral to short duration relative to the benchmark. **Result:** Value Added as the front end of the yield curve increased.

Credit Positioning – the portfolio was defensively positioned with an underweight to credit, specifically BBB rated securities and Non-US Yankees. **Result:** Value Added as longer duration Treasuries outperformed longer duration credit.

Other Positioning – the portfolio has a position in 1.5 to 2.0 year AAA rated asset-backed securities. **Result:** Value Added as high quality, short duration asset backed securities outperformed treasuries, corporates and the overall index.

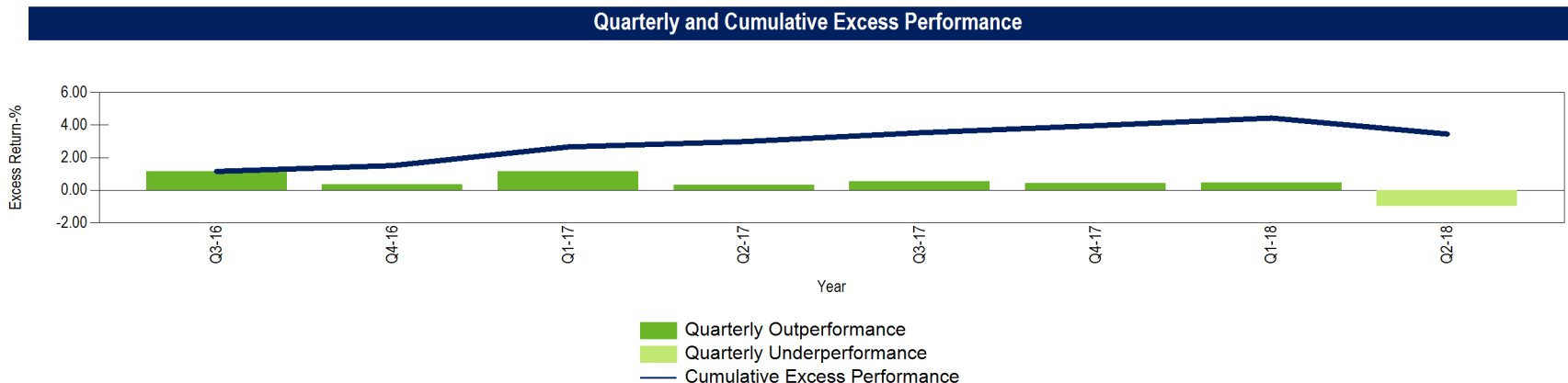
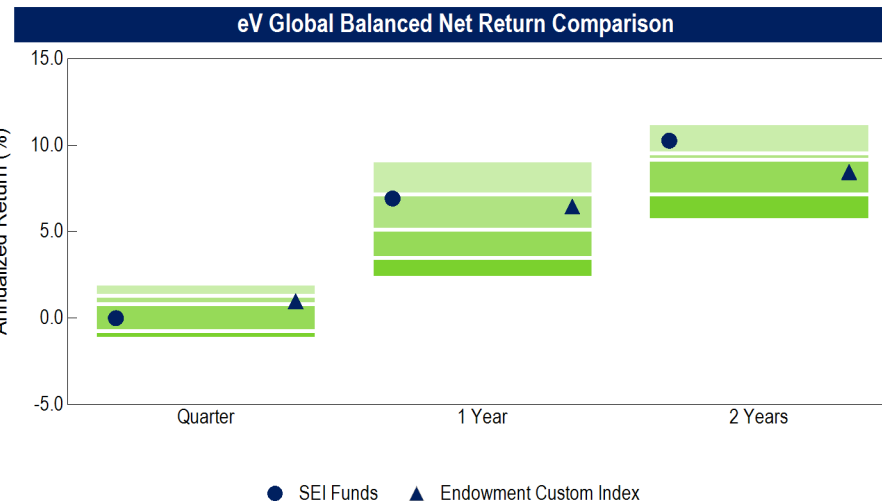


ENDOWMENT MANAGER REVIEW

NEPC, LLC

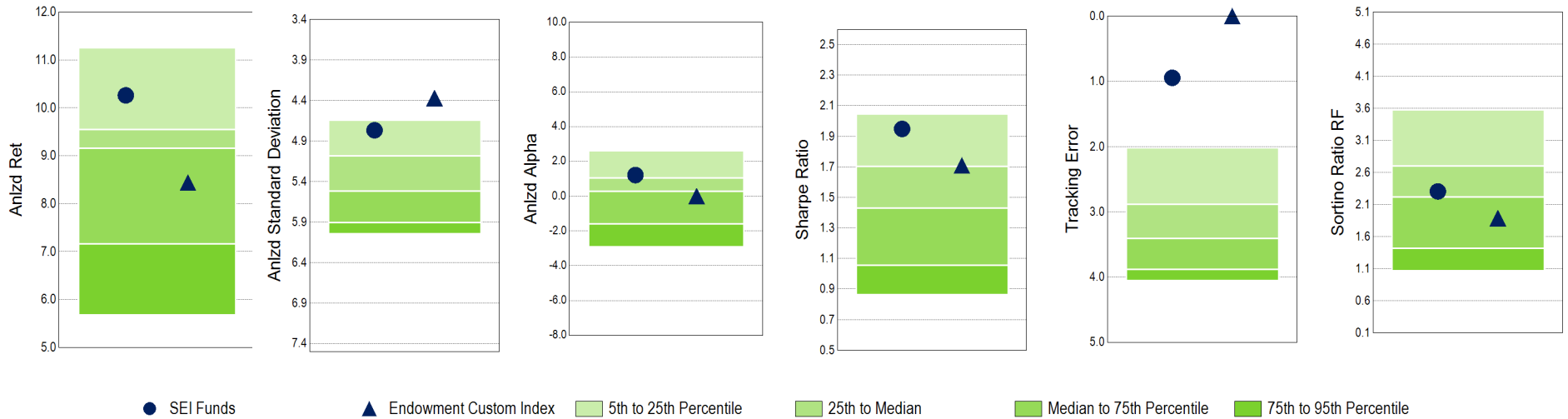
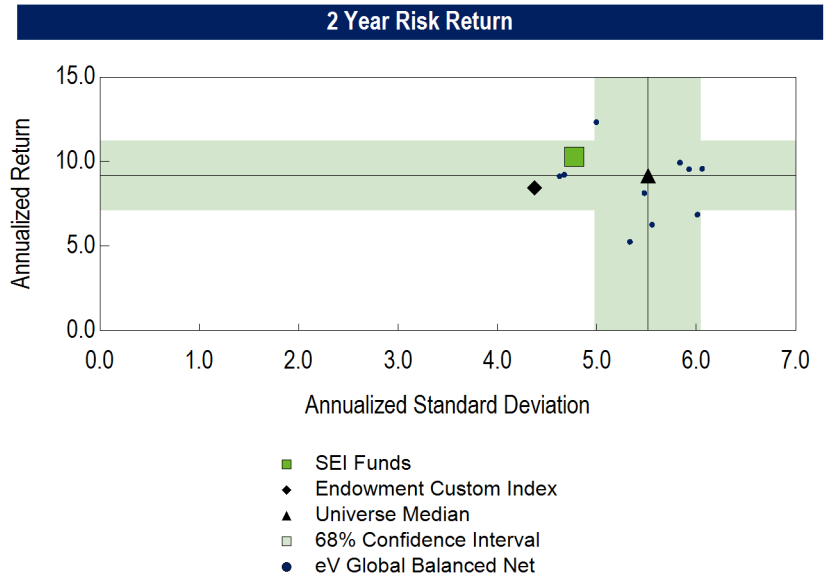
SEI FUNDS

SEI Funds manages a multi-asset class portfolio subject to a 60% target equity allocation which will be held in a range of 45% to 75%, with international equities not to exceed 35% of the equity allocation. A combination of fixed income, alternative investments, and cash will account for the remaining 40% target allocation. Funds will be managed by the following SEI strategies: SEI US Managed Volatility Strategy, SEI S&P 500 Index Strategy, SEI Extended Markets Index Strategy, SEI Small Cap II Equity Strategy, SEI World Equity ex-US Strategy, SEI Core Fixed Income Strategy, SEI High Yield Strategy, and SEI Emerging Markets Debt Strategy.



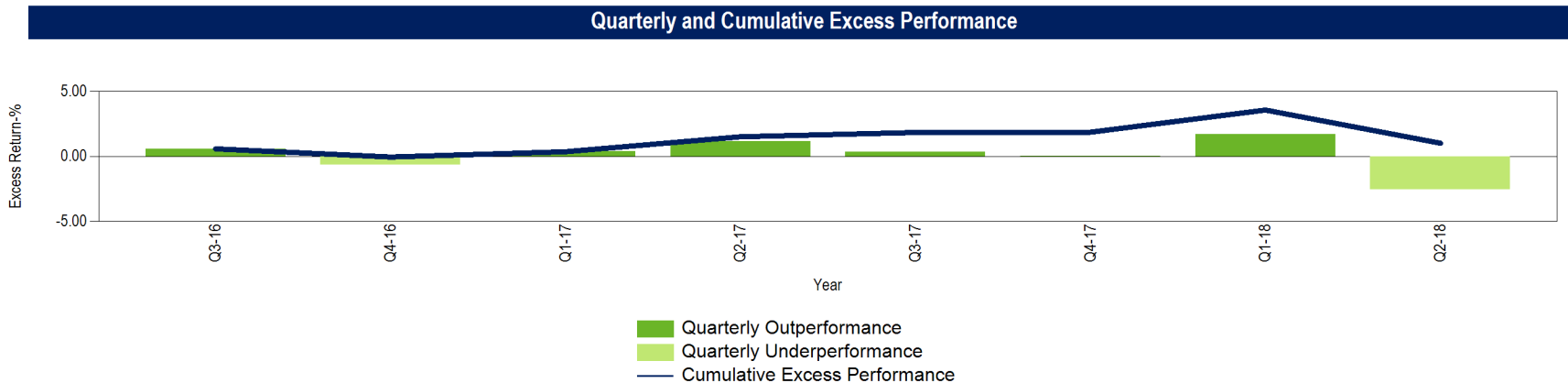
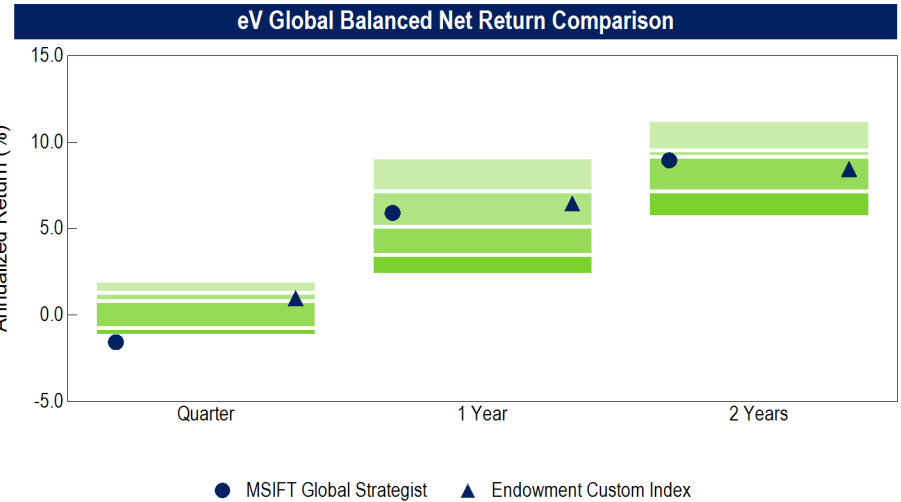
Delaware Office of the State Treasurer

SEI FUNDS

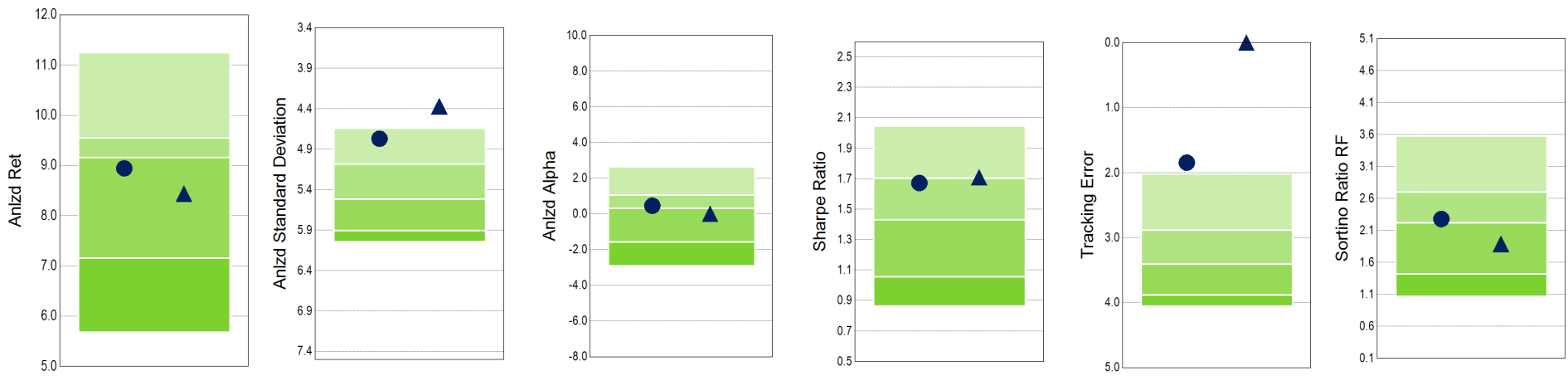
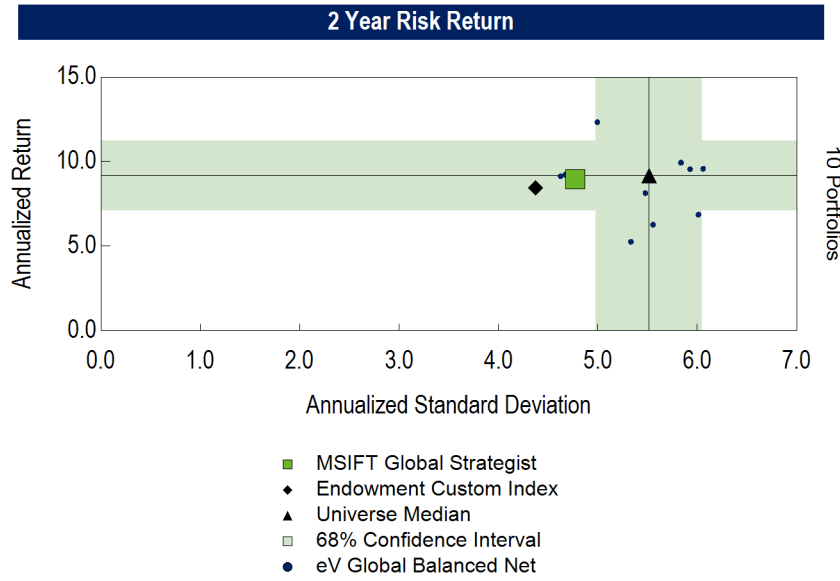


MSIFT GLOBAL STRATEGIST

Morgan Stanley manages a multi-asset class portfolio. The portfolio seeks to achieve its investment objective by investing primarily in a blend of equity and fixed income securities of U.S. and non-U.S. issuers. The equity portfolio will be diversified by types of securities (i.e. common and preferred shares of equity), issuer, industry and sectors. The fixed income portfolio will be diversified by security types (i.e government, agency and corporate bonds), issuer, duration and yield characteristics.



MSIFT GLOBAL STRATEGIST

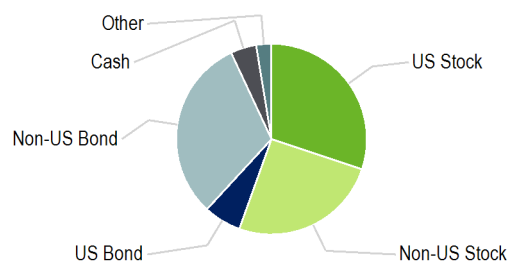


● MSIFT Global Strategist ▲ Endowment Custom Index ■ 5th to 25th Percentile ■ 25th to Median ■ Median to 75th Percentile ■ 75th to 95th Percentile



MSIFT GLOBAL STRATEGIST

Mutual Fund Allocation as of June 30, 2018



Portfolio Fund Information as of June 30, 2018

Ticker	MPBAX
Morningstar Category	World Allocation
Average Market Cap (\$mm)	58,259.96
Net Assets (\$mm)	66.05
% Assets in Top 10 Holdings	52.19
Total Number of Holdings	1,455
Manager Name	Mark A. Bavoso
Manager Tenure	8
Expense Ratio	0.75%
Closed to New Investors	No

Fund Characteristics as of June 30, 2018

Sharpe Ratio (3 Year)	
Average Market Cap (\$mm)	58,259.96
Price/Earnings	14.69
Price/Book	2.09
Price/Sales	1.62
Price/Cash Flow	5.71
Dividend Yield	2.72
Number of Equity Holdings	1,112
R-Squared (3 Year)	
Alpha (3 Year)	

Top Holdings as of June 30, 2018

S+P500 EMINI FUT SEP18 XCME 20180921	12.45%
MS INST. FUND TRUST GLOBL STRATEGIST CAYMAN POR LTD	9.50%
1264433 TRS USD P V 03MLIBOR II3546010180122 EQUITYTRS	6.01%
1264433 TRS USD R E II3562940180122 EQUITYTRS	5.47%
1264567 TRS USD P V 03MLIBOR II1025160180206 EQUITYTRS	4.18%
1264567 TRS USD R E II1027310180206 EQUITYTRS	4.04%
UNITED STATES TREASURY NOTES 0.5%	3.98%

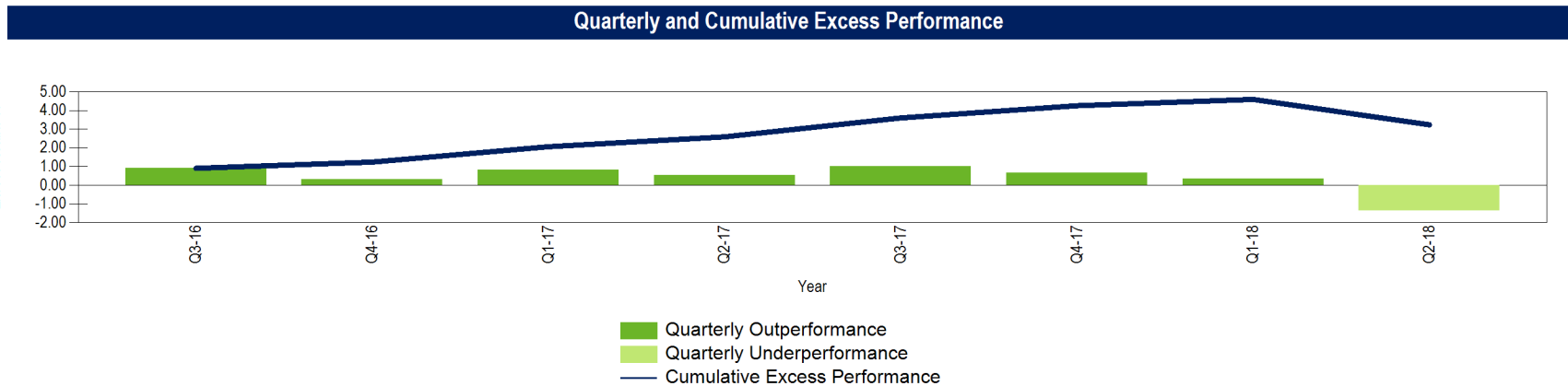
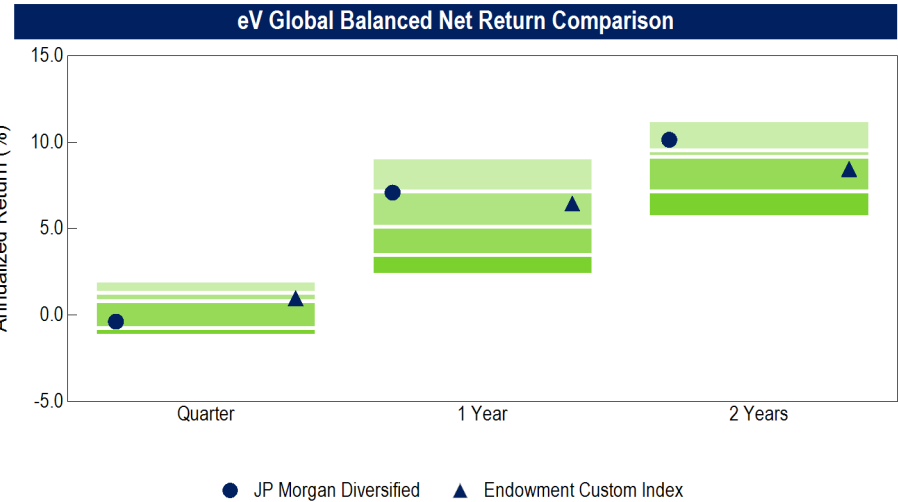
Sector Allocation as of June 30, 2018

BASIC MATERIALS	4.62%
COMMUNICATION SERVICES	3.94%
CONSUMER CYCLICAL	10.01%
CONSUMER DEFENSIVE	8.80%
ENERGY	6.75%
FINANCIAL SERVICES	26.21%
HEALTHCARE	10.16%
INDUSTRIALS	11.07%
REAL ESTATE	2.37%
TECHNOLOGY	13.13%
UTILITIES	2.93%



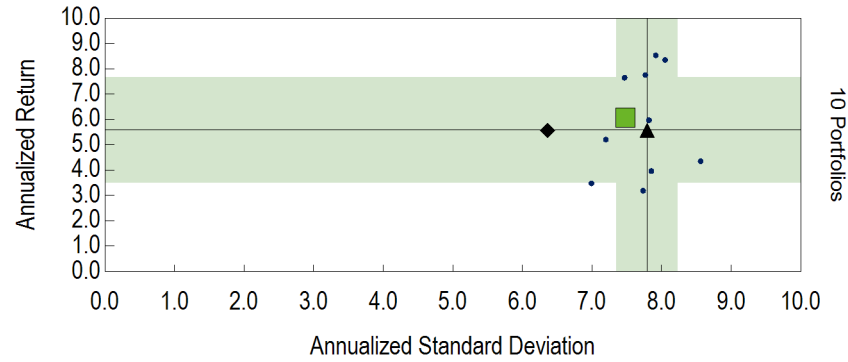
JP MORGAN DIVERSIFIED

J.P Morgan manages a diversified multi-asset class portfolio. The strategy seeks to provide a high total return from a diversified portfolio of equity and fixed income investments based on a model allocation. JP Morgan may periodically increase or decrease the Fund's actual asset allocation according to the relative attractiveness of each asset class. Within its equity allocations, the Fund primarily invests in the common stock and convertible securities of U.S. and foreign companies. Within its fixed income allocations, the Fund primarily invests in corporate bonds, mortgage-backed securities, mortgage "dollar rolls" and U.S. government securities.

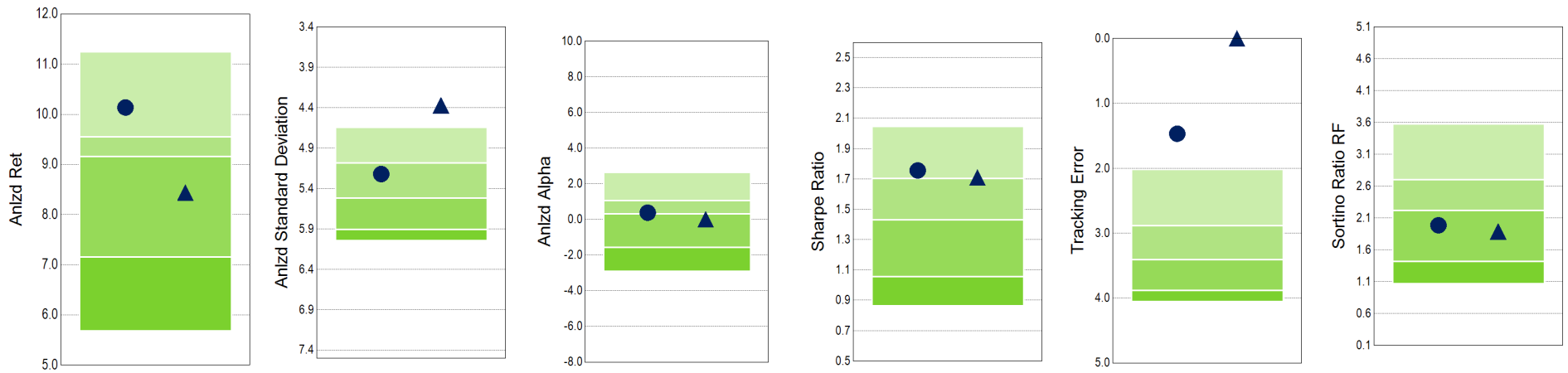


JP MORGAN DIVERSIFIED

2 Year Risk Return



- JP Morgan Diversified
- ◆ Endowment Custom Index
- ▲ Universe Median
- 68% Confidence Interval
- eV Global Balanced Net

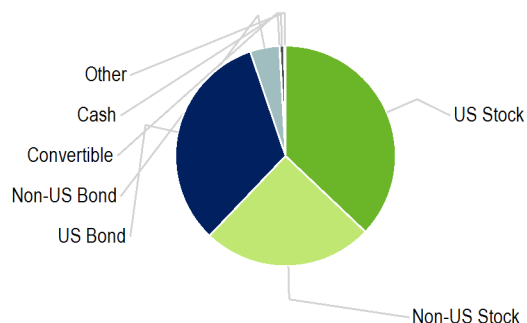


- JP Morgan Diversified
- ▲ Endowment Custom Index
- 5th to 25th Percentile
- 25th to Median
- Median to 75th Percentile
- 75th to 95th Percentile



JP MORGAN DIVERSIFIED

Mutual Fund Allocation as of June 30, 2018



Portfolio Fund Information as of June 30, 2018

Ticker	JPDVX
Morningstar Category	Allocation--50% to 70% Equity
Average Market Cap (\$mm)	41,445.91
Net Assets (\$mm)	278.78
% Assets in Top 10 Holdings	21.85
Total Number of Holdings	2,691
Manager Name	Michael Schoenhaut
Manager Tenure	9
Expense Ratio	0.79%
Closed to New Investors	No

Fund Characteristics as of June 30, 2018

Sharpe Ratio (3 Year)	
Average Market Cap (\$mm)	41,445.91
Price/Earnings	15.24
Price/Book	2.16
Price/Sales	1.65
Price/Cash Flow	7.35
Dividend Yield	2.31
Number of Equity Holdings	1,086
R-Squared (3 Year)	
Alpha (3 Year)	

Top Holdings as of June 30, 2018

JPMORGAN CORE PLUS BOND R6	6.29%
JPMORGAN EMERGING MARKETS EQUITY R6	3.45%
JPMORGAN FLOATING RATE INCOME R6	3.06%
JPMORGAN MID CAP EQUITY R6	2.22%
JPMORGAN EMERGING MARKETS STRAT DBT R6	2.01%
JPMORGAN U.S. GOVERNMENT MONEY MARKET FUND, CLASS IM	1.12%
APPLE INC	0.96%
UNITED STATES TREASURY NOTES 1.12%	0.95%
AMAZON.COM INC	0.93%
MICROSOFT CORP	0.86%

Sector Allocation as of June 30, 2018

BASIC MATERIALS	4.94%
COMMUNICATION SERVICES	2.17%
CONSUMER CYCLICAL	13.33%
CONSUMER DEFENSIVE	6.09%
ENERGY	5.57%
FINANCIAL SERVICES	19.53%
HEALTHCARE	9.72%
INDUSTRIALS	11.08%
REAL ESTATE	6.30%
TECHNOLOGY	19.20%
UTILITIES	2.08%

APPENDIX

NEPC, LLC

GLOSSARY OF INVESTMENT TERMINOLOGY

Of Portfolios/Observations¹ - The total number of data points that make up a specified universe

Allocation Index³ - The allocation index measures the value added (or subtracted) to each portfolio by active management. It is calculated monthly: The portfolio asset allocation to each category from the prior month-end is multiplied by a specified market index.

Asset Allocation Effect² - Measures an investment manager's ability to effectively allocate their portfolio's assets to various sectors. The allocation effect determines whether the overweighting or underweighting of sectors relative to benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is over weighted in a sector that outperforms the benchmark and underweighted in a sector that underperforms the benchmark. Negative allocation occurs when the portfolio is over weighted in a sector that underperforms the benchmark and under weighted in a sector that outperforms the benchmark.

Agency Bonds (Agencies)³ - The full faith and credit of the United States government is normally not pledged to payment of principal and interest on the majority of government agencies issuing these bonds, with maturities of up to ten years. Their yields, therefore, are normally higher than government and their marketability is good, thereby qualifying them as a low risk-high liquidity type of investment. They are eligible as security for advances to the member banks by the Federal Reserve, which attests to their standing.

Asset Backed Securities (ABS)³ - Bonds which are similar to mortgage-backed securities but are collateralized by assets other than mortgages; commonly backed by credit card receivables, auto loans, or other types of consumer financing.

Attribution³ - Attribution is an analytical technique that allows us to evaluate the performance of the portfolio relative to the benchmark. A proper attribution tells us where value was added or subtracted as a result of the manager's decisions.

Average Effective Maturity⁴ - For a single bond, it is a measure of maturity that takes into account the possibility that a bond might be called back to the issuer.

For a portfolio of bonds, average effective maturity is the weighted average of the maturities of the underlying bonds. The measure is computed by weighing each bond's maturity by its market value with respect to the portfolio and the likelihood of any of the bonds being called. In a pool of mortgages, this would also account for the likelihood of prepayments on the mortgages.

Batting Average¹ - A measurement representing an investment manager's ability to meet or beat an index.

Formula: Divide the number of days (or months, quarters, etc.) in which the manager beats or matches the index by the total number of days (or months, quarters, etc.) in the period of question and multiply that factor by 100.

Brinson Fachler (BF) Attribution¹ - The BF methodology is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance. The main advantage of the BF methodology is that rather than using the overall return of the benchmark, it goes a level deeper than BHB and measures whether the benchmark sector, country, etc. outperformed/or underperformed the overall benchmark.

Brinson Hood Beebower (BHB) Attribution¹ - The BHB methodology shows that excess return must be equal to the sum of all other factors (i.e., allocation effect, selection effect, interaction effect, etc.). The advantage to using the BHB methodology is that it is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance.

Corporate Bond (Corp)⁴ - A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds.

Correlation¹ - A range of statistical relationships between two or more random variables or observed data values. A correlation is a single number that describes the degree of relationship between variables.

Data Source: ¹InvestorForce, ²Interaction Effect Performance Attribution, ³NEPC, LLC, ⁴Investopedia, ⁵Hedgeco.net



GLOSSARY OF INVESTMENT TERMINOLOGY

Coupon⁴ – The interest rate stated on a bond when it is issued. The coupon is typically paid semiannually. This is also referred to as the “coupon rate” or “coupon percent rate.”

Currency Effect¹ – Is the effect that changes in currency exchange rates over time affect excess performance.

Derivative Instrument² – A financial obligation that derives its precise value from the value of one or more other instruments (or assets) at the same point of time. For example, the relationship between the value of an S&P 500 futures contract (the derivative instrument in this case) is determined by the value of the S&P 500 Index and the value of a U.S. Treasury bill that matures at the expiration of the futures contract.

Downside Deviation¹ – Equals the standard deviation of negative return or the measure of downside risk focusing on the standard deviation of negative returns.

Formula:

Annualized Standard Deviation (Fund Return - Average Fund Return) where average fund return is greater than individual fund returns, monthly or quarterly.

Duration³ – Duration is a measure of interest rate risk. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates. A bond’s duration is inversely related to interest rates and directly related to time to maturity.

Equity/Debt/Cash Ratio¹ – The percentage of an investment or portfolio that is in Equity, Debt, and/or Cash (i.e. A 7/89/4 ratio represents an investment that is made up of 7% Equity, 89% Debt, and 4% Cash).

Foreign Bond³ – A bond that is issued in a domestic market by a foreign entity, in the domestic market’s currency. A foreign bond is most often issued by a foreign firm to raise capital in a domestic market that would be most interested in purchasing the firm’s debt. For foreign firms doing a large amount of business in the domestic market, issuing foreign bonds is a common practice.

Hard Hurdle⁵ – is a hurdle rate that once beaten allows a fund manager to charge a performance fee on only the funds above the specified hurdle rate.

High-Water Mark⁴ – The highest peak in value that an investment fund/account has reached. This term is often used in the context of fund manager compensation, which is performance based. Some performance-based fees only get paid when fund performance exceeds the high-water mark. The high-water mark ensures that the manager does not get paid large sums for poor performance.

Hurdle Rate⁴ – The minimum rate of return on an investment required, in order for a manager to collect incentive fees from the investor, which is usually tied to a benchmark.

Interaction Effects² – The interaction effect measures the combined impact of an investment manager’s selection and allocation decisions within a sector. For example, if an investment manager had superior selection and over weighted that particular sector, the interaction effect is positive. If an investment manager had superior selection, but underweighted that sector, the interaction effect is negative. In this case, the investment manager did not take advantage of the superior selection by allocating more assets to that sector. Since many investment managers consider the interaction effect to be part of the selection or the allocation, it is often combined with the either effect.

Median³ – The value (rate of return, market sensitivity, etc.) that exceeds one-half of the values in the population and that is exceeded by one-half of the values. The median has a percentile rank of 50.

Modified Duration³ – The percentage change in the price of a fixed income security that results from a change in yield.

Mortgage Backed Securities (MBS)³ – Bonds which are a general obligation of the issuing institution but are also collateralized by a pool of mortgages.

Municipal Bond (Muni)⁴ – A debt security issued by a state, municipality or county to finance its capital expenditures.

Net Investment Change¹ – Is the change in an investment after accounting for all Net Cash Flows.

Performance Fee⁴ – A payment made to a fund manager for generating positive returns. The performance fee is generally calculated as a percentage of investment profits, often both realized and unrealized.

Data Source: ¹InvestorForce, ²Interaction Effect Performance Attribution, ³NEPC, LLC, ⁴Investopedia, ⁵Hedgeco.net



GLOSSARY OF INVESTMENT TERMINOLOGY

Policy Index³ - A custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this investment policy statement.

Price to Book (P/B)⁴ - A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share, also known as the "price-equity ratio".

Price to Earnings (P/E)³ - The weighted equity P/E is based on current price and trailing 12 months earnings per share (EPS).

Price to Sales (P/S)⁴ - A ratio for valuing a stock relative to its own past performance, other companies, or the market itself. Price to sales is calculated by dividing a stock's current price by its revenue per share for the trailing 12 months.

Return on Equity (ROE)⁴ - The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Selection (or Manager) Effect² - Measures the investment manager's ability to select securities within a given sector relative to a benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the sector. The weight of the sector in the portfolio determines the size of the effect—the larger the sector, the larger the effect is, positive or negative.

Soft Hurdle rate⁵ - is a hurdle rate that once beaten allows a fund manager to charge a performance fee based on the entire annualized return.

Tiered Fee¹ - A fee structure that is paid to fund managers based on the size of the investment (i.e. 1.00% fee on the first \$10M invested, 0.90% on the next \$10M, and 0.80% on the remaining balance).

Total Effects² - The active management (total) effect is the sum of the selection, allocation, and interaction effects. It is also the difference between the total portfolio return and the total benchmark return. You can use the active management effect to determine the amount the investment manager has added to a portfolio's return.

Total Return¹ - The actual rate of return of an investment over a specified time period. Total return includes interest, capital gains, dividends, and distributions realized over a defined time period.

Universe³ - The list of all assets eligible for inclusion in a portfolio.

Upside Deviation¹ - Standard Deviation of Positive Returns

Weighted Avg. Market Cap.⁴ - A stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500.

Yield (%)³ - The current yield of a security is the current indicated annual dividend rate divided by current price.

Yield to Maturity³ - The discount rate that equates the present value of cash flows, both principal and interest, to market price.

Data Source: ¹InvestorForce, ²Interaction Effect Performance Attribution, ³NEPC, LLC, ⁴Investopedia, ⁵Hedgeco.net



Information Disclaimer

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank. Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
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Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.

