NEPC, LLC

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# City of Hartford Municipal Employees' Retirement Fund

## March 31, 2012 Investment Performance Analysis (Summary)

May 25, 2012


Kristin Finney-Cooke, CAIA
Senior Consultant

Doug Moseley
Partner



One Main Street, Cambridge, MA 02142 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com
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25 Years 1986-2011

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# Executive Summary

# Investment Summary

## Portfolio Commentary

- **Goals & Objectives**
  - The portfolios investment objective is to achieve a rate of return consistent that of the set asset allocation, while maintaining a long term investment horizon for the Fund
  - As of March 31, 2012 the target allocation of the fund is 37% equities, 38% fixed income, 5% GAA, and 17% alternatives
- **Recent Decisions and Ongoing Activities**
  - NEPC's thoughts on the framework for MERF to manage their annual plan liquidity
  - Search for Smid-Cap Growth manager to replace Tygh on May 24
  - Real Estate Search moved to second half of 2012
  - Mondrian and Eaton Vance selected as dedicated emerging market managers.
- **Total Fund Performance**
  - The Fund returned 6.3% for the Quarter, which ranked in the 87th percentile in the ICC Public Fund Universe
    - The plan's equity allocation of 44.3% was lower than the peer group allocation of 53.7%
  - Trailing performance ranks below the median for the last quarter and three year time periods, but above the median for the last year and 5 year periods.
- **Total Fund Asset Allocation**
  - Currently, the Fund is overweight to U.S. Equities and underweight to Alternative Strategies relative to long term targets. GAA allocation was funded in April

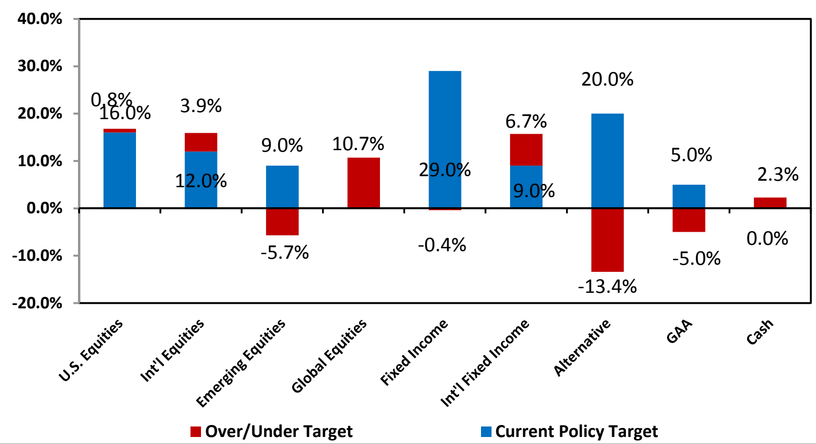
## Total Return

| | Last Quarter | Last Year | Last 3 Years | Last 5 Years |
|---|---|---|---|---|
| Total Composite | 6.3 | 5.6 | 13.4 | 3.8 |
| Rank | 87 | 19 | 85 | 29 |
| Median Public Funds | 7.5 | 4.5 | 16.1 | 3.2 |
| Policy Index | 5.4 | 3.0 | 12.6 | 3.5 |

Periods longer than one year are annualized

*Rankings versus total Public Fund s1=best, 100=worst.

## Current Allocation Total Composite



# Total Plan Asset Growth

| Total Fund Asset Growth Summary ($000) | One Quarter | Year to Date | One Year | Since Inception |
|---|---|---|---|---|
| **Composite** | | | | |
| **Beginning Market Value** | 906,157 | 906,157 | 958,948 | 0 |
| **Net External Growth** | -9,395 | -9,395 | -58,544 | -344,483 |
| **Return on Investment** | 55,324 | 55,324 | 26,064 | 26,064 |
| **Income Received** | 3,733 | 3,733 | 11,696 | 11,696 |
| **Gain/Loss** | 51,591 | 51,591 | 14,368 | 14,368 |
| **Ending Market Value** | 952,086 | 952,086 | 952,086 | 952,086 |

# Market Environment

# Is It Still Okay To Be Adding to Risky Assets?

- **NEPC opened 2012 with the recommendation to increase allocations to risky asset categories**

- **Global stock, credit, and commodity markets have started 2012 with a robust (and gratifying) rally**
  - S&P 500 +12.6% through 3/31/2012
  - EAFE +10.9%
  - EM Equity +14.1%
  - BC HY +5.3%
  - GSCI Commodity +5.9%

- **Given this price action, is it appropriate to consider whether our 2012 Recommendations have changed?**

# Investment Market Update: As of April 30, 2012

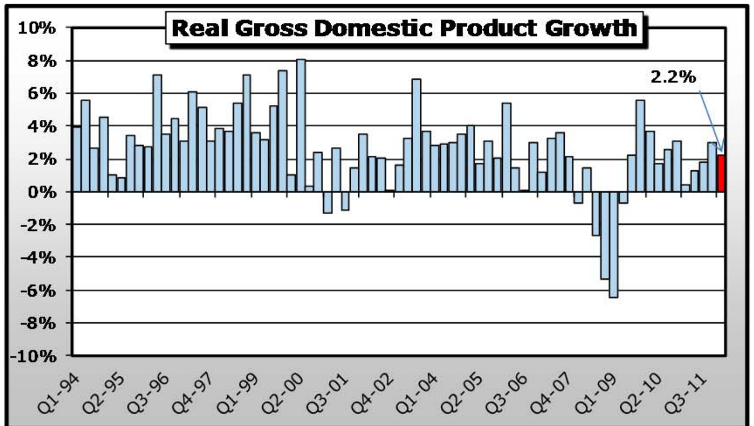
**PERFORMANCE THROUGH 4/30/2012**

| Sector | Index | 2009 | 2010 | QTR 1 | QTR 2 | QTR 3 | QTR 4 | 2011 | Jan | Feb | Mar | QTR 1 | Apr | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Large Cap Growth | R1000 Growth | 37.2% | 16.7% | 6.0% | 0.8% | -13.2% | 10.6% | 2.6% | 6.0% | 4.8% | 3.3% | 14.7% | -0.2% | 14.5% |
| REITS | Wilshire REIT | 28.6% | 28.6% | 6.7% | 3.9% | -5.0% | 15.4% | 9.2% | 6.5% | -1.1% | 5.2% | 10.8% | 2.9% | 14.0% |
| Emerging | EM (net) | 78.5% | 18.9% | 2.1% | -1.1% | -22.5% | 4.4% | -18.4% | 11.3% | 6.0% | -3.3% | 14.1% | -1.2% | 12.7% |
| Large Cap | Russell 1000 | 28.4% | 16.1% | 6.2% | 0.1% | -14.8% | 11.8% | 1.5% | 4.9% | 4.4% | 3.1% | 12.9% | -0.6% | 12.2% |
| SMID Cap | R2500 | 34.4% | 26.7% | 8.7% | -0.6% | -21.2% | 14.6% | -2.5% | 6.7% | 3.7% | 2.2% | 13.0% | -0.7% | 12.2% |
| Large Cap | S&P 500 | 26.5% | 15.1% | 5.9% | 0.1% | -13.8% | 11.8% | 2.1% | 4.5% | 4.3% | 3.3% | 12.6% | -0.6% | 11.9% |
| Small Cap Growth | R2000 Growth | 34.5% | 29.1% | 9.2% | -0.6% | -22.3% | 15.0% | -2.9% | 7.5% | 3.3% | 2.0% | 13.3% | -1.6% | 11.4% |
| Small Cap | Russell 2000 | 27.2% | 26.9% | 7.9% | -1.6% | -21.9% | 15.5% | -4.2% | 7.1% | 2.4% | 2.6% | 12.4% | -1.5% | 10.7% |
| Small Cap Value | R2000 Value | 20.6% | 24.5% | 6.6% | -2.7% | -21.4% | 16.0% | -5.5% | 6.6% | 1.5% | 3.1% | 11.6% | -1.4% | 10.0% |
| Large Cap Value | R1000 Value | 19.7% | 15.5% | 6.5% | -0.5% | -16.2% | 13.1% | 0.4% | 3.8% | 4.0% | 3.0% | 11.1% | -1.0% | 10.0% |
| Int. Equity | EAFE (net) | 31.8% | 7.8% | 3.4% | 1.6% | -19.0% | 3.3% | -12.1% | 5.3% | 5.7% | -0.5% | 10.9% | -2.0% | 8.7% |
| Diversified | Diversified* | 17.5% | 12.6% | 3.6% | 1.1% | -8.7% | 6.7% | 2.0% | 4.0% | 2.6% | 1.3% | 8.2% | -0.1% | 8.1% |
| Emerging FI | BC Emerging ($US) | 34.2% | 12.8% | 1.6% | 3.4% | -2.9% | 4.9% | 7.0% | 2.3% | 2.7% | 0.4% | 5.5% | 1.4% | 6.9% |
| High Yield | BC HY | 58.2% | 15.1% | 3.9% | 1.1% | -6.1% | 6.5% | 5.0% | 3.0% | 2.4% | -0.1% | 5.3% | 1.0% | 6.4% |
| Long Credit | BC Long Credit | 16.8% | 10.7% | 0.6% | 3.3% | 9.1% | 3.2% | 17.1% | 2.3% | 1.0% | -2.4% | 0.8% | 2.4% | 3.2% |
| Muni Bonds | BC Muni (unadj) | 12.9% | 2.4% | 0.5% | 3.9% | 3.8% | 2.1% | 10.7% | 2.3% | 0.1% | -0.6% | 1.7% | 1.2% | 2.9% |
| Int. Gov/Credit | BC Intermediate GC | 5.2% | 5.9% | 0.3% | 2.1% | 2.4% | 0.8% | 5.8% | 1.0% | -0.1% | -0.4% | 0.6% | 0.9% | 1.5% |
| Int. Core FI | BC Intermediate Agg | 6.5% | 6.2% | 0.5% | 2.2% | 2.3% | 0.9% | 6.0% | 0.8% | 0.0% | -0.2% | 0.7% | 0.8% | 1.5% |
| Core FI | BC Aggregate | 5.9% | 6.5% | 0.4% | 2.3% | 3.8% | 1.1% | 7.8% | 0.9% | 0.0% | -0.5% | 0.3% | 1.1% | 1.4% |
| Long Gov/Credit | BC Long Gov/Credit | 1.9% | 10.2% | -0.0% | 3.3% | 15.6% | 2.6% | 22.5% | 1.3% | -0.4% | -3.0% | -2.1% | 3.2% | 1.0% |
| Global FI | Citigroup WGBI | 2.6% | 5.2% | 0.7% | 3.3% | 2.4% | -0.1% | 6.4% | 1.5% | -0.9% | -1.0% | -0.5% | 1.5% | 1.0% |
| Gov/Credit | BC 1-5 Yr Gov/Cred | 4.6% | 4.1% | 0.3% | 1.5% | 0.9% | 0.4% | 3.1% | 0.7% | -0.0% | -0.1% | 0.5% | 0.4% | 1.0% |
| Gov/Credit | BC 1-3 Yr Gov/Cred | 3.8% | 2.8% | 0.2% | 0.9% | 0.3% | 0.2% | 1.6% | 0.4% | 0.0% | 0.0% | 0.4% | 0.2% | 0.6% |
| Commodities | DJ UBS Commodity | 18.9% | 16.8% | 4.4% | -6.7% | -11.3% | 0.3% | -13.3% | 2.5% | 2.7% | -4.1% | 0.9% | -0.4% | 0.5% |
| Treasury STRIPS | BC 20+ STRIPS | -36.0% | 10.9% | -3.7% | 3.7% | 55.3% | 2.3% | 58.5% | -1.3% | -3.7% | -6.7% | -11.3% | 6.8% | -5.3% |

* 35% LC, 10% SC, 12% Intl, 3% Emerging, 25% FI, 5% HY, 5% Global FI, 5% REITS

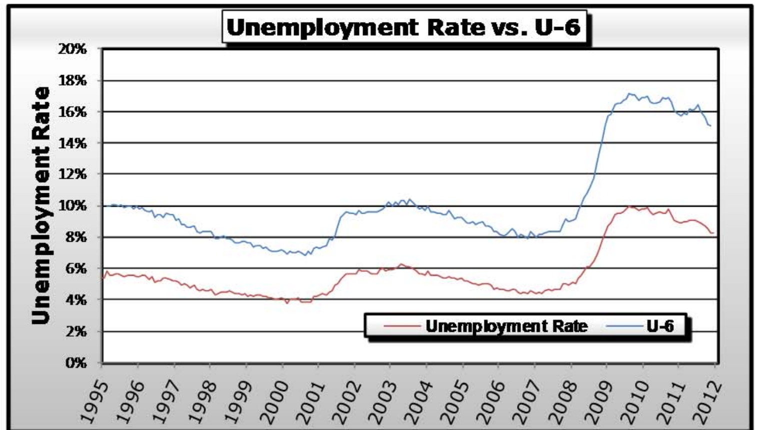
Sources: Barclays Capital, Bloomberg, Wilshire

# Economic Environment



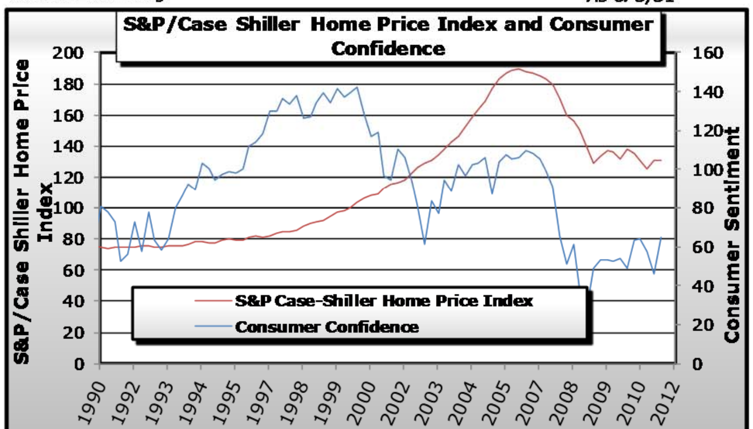

**Annualized GDP growth came in at a moderately weak 2.2% in the first quarter, down from 3% in the quarter before.**

*Source: Bloomberg* *As of 3/31*



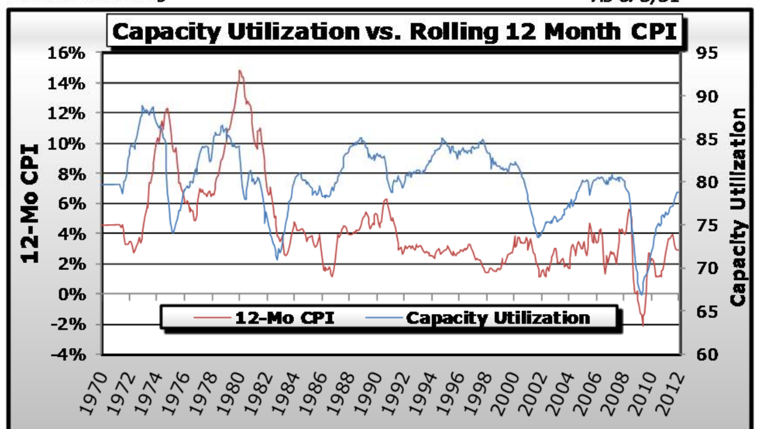

**March unemployment fell to 8.2% in March, while U6 -a measure of broader unemployment - decreased to 14.5%.**

*Source: Bloomberg* *As of 3/31*




**Consumer confidence rose for the third straight quarter in Q1 ; the Case-Shiller Home price index remains more than two times off its high levels.**

*Source: Bloomberg* *As of 3/31*




**Both CPI and capacity utilization fell in March to 2.7% and 78.6%, respectively.**

*Source: Bloomberg* *As of 3/31*

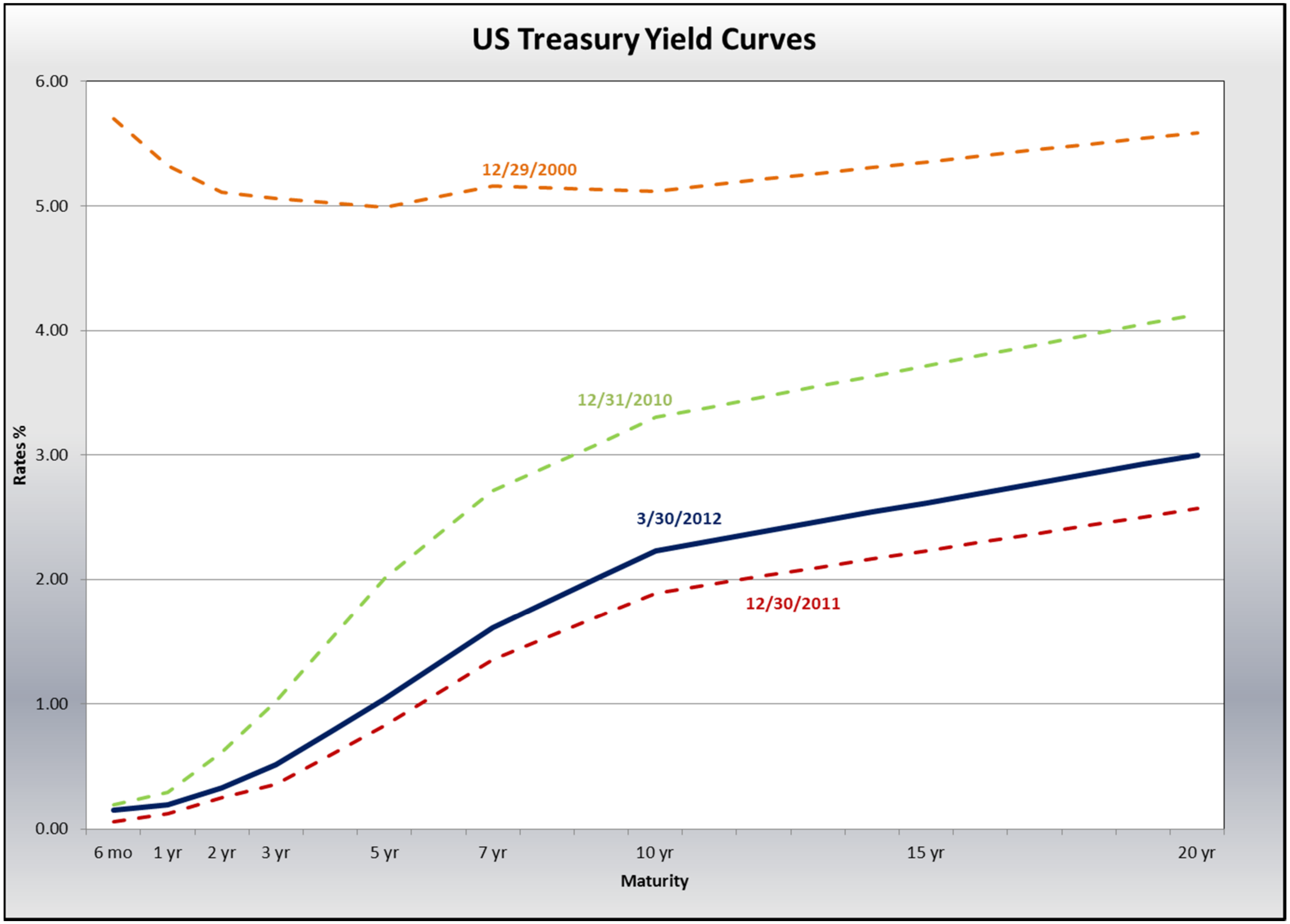
# Is It Still Okay To Be Adding to Risky Assets?

- **We have re-evaluated the fundamental building blocks of our valuation models and conclude:**
  - Equities and credit (including emerging markets) still appear relatively attractive on a valuation basis
  - Treasury yields have risen modestly, but remain near secular lows
  - The underlying economic environment has not changed meaningfully (and has perhaps gotten better)

- **Therefore, we are comfortable that our 2012 recommendations remain sound**
  - Emerging market stocks and bonds remain attractive
  - Credit strategies have highest risk-adjusted expected returns
  - Lock-up strategies are positioned to harvest attractive illiquidity premium

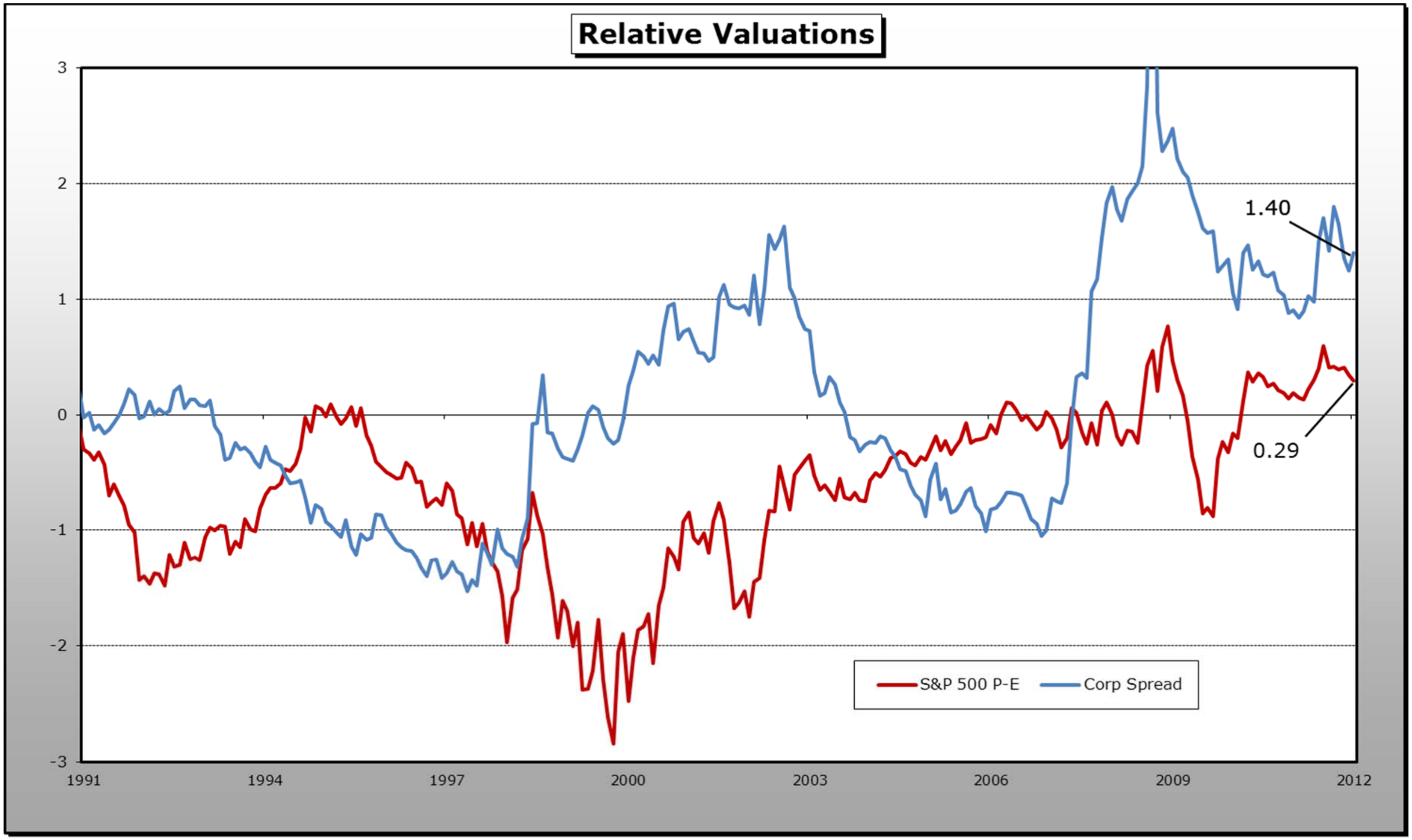
- **Important to pursue in context of risk-budgeting framework**
  - Do not get complacent, short-term spikes in volatility are likely
    - Risks include: Euro-zone debt crisis flare-up, political issues during Presidential election year in US, hard-landing in China, turmoil in the Middle East
  - Maintain exposure to deflation- and inflation-hedging assets, ideally through risk parity strategies
  - Take advantage of market dips to build exposure to risky assets

# Treasury Yields Still Near Secular Lows



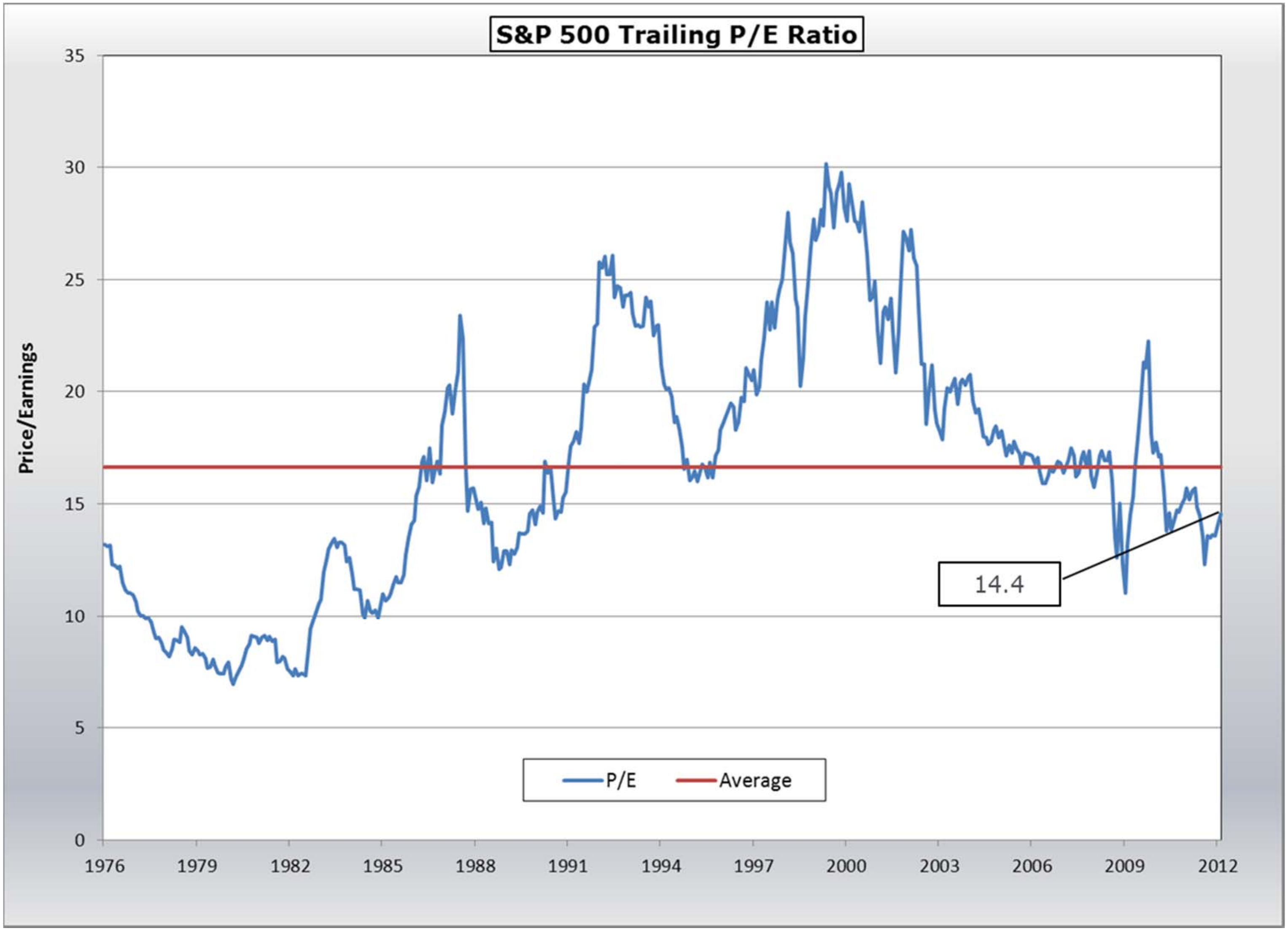

*Source: US Treasury*

# Stock and Credit Valuations Remain Attractive



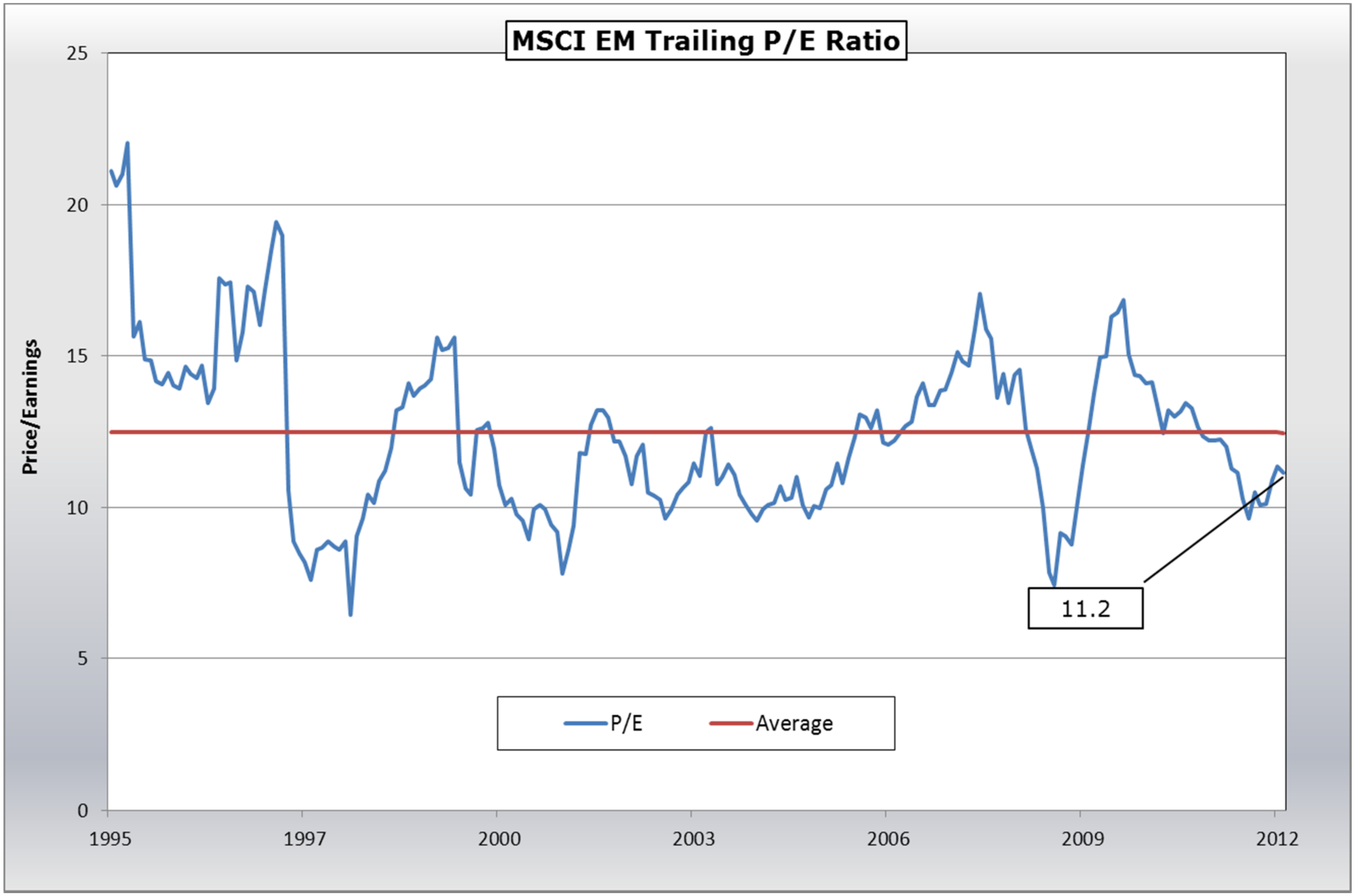

*Source: Bloomberg, Barclays, NEPC*

# S&P 500 P/E Up Slightly But Still Below Average




*Source: Bloomberg*

# Emerging Market Equity P/E Up But Still Below Average




*Source: Bloomberg*

# Equity Valuations Have Only Risen Modestly

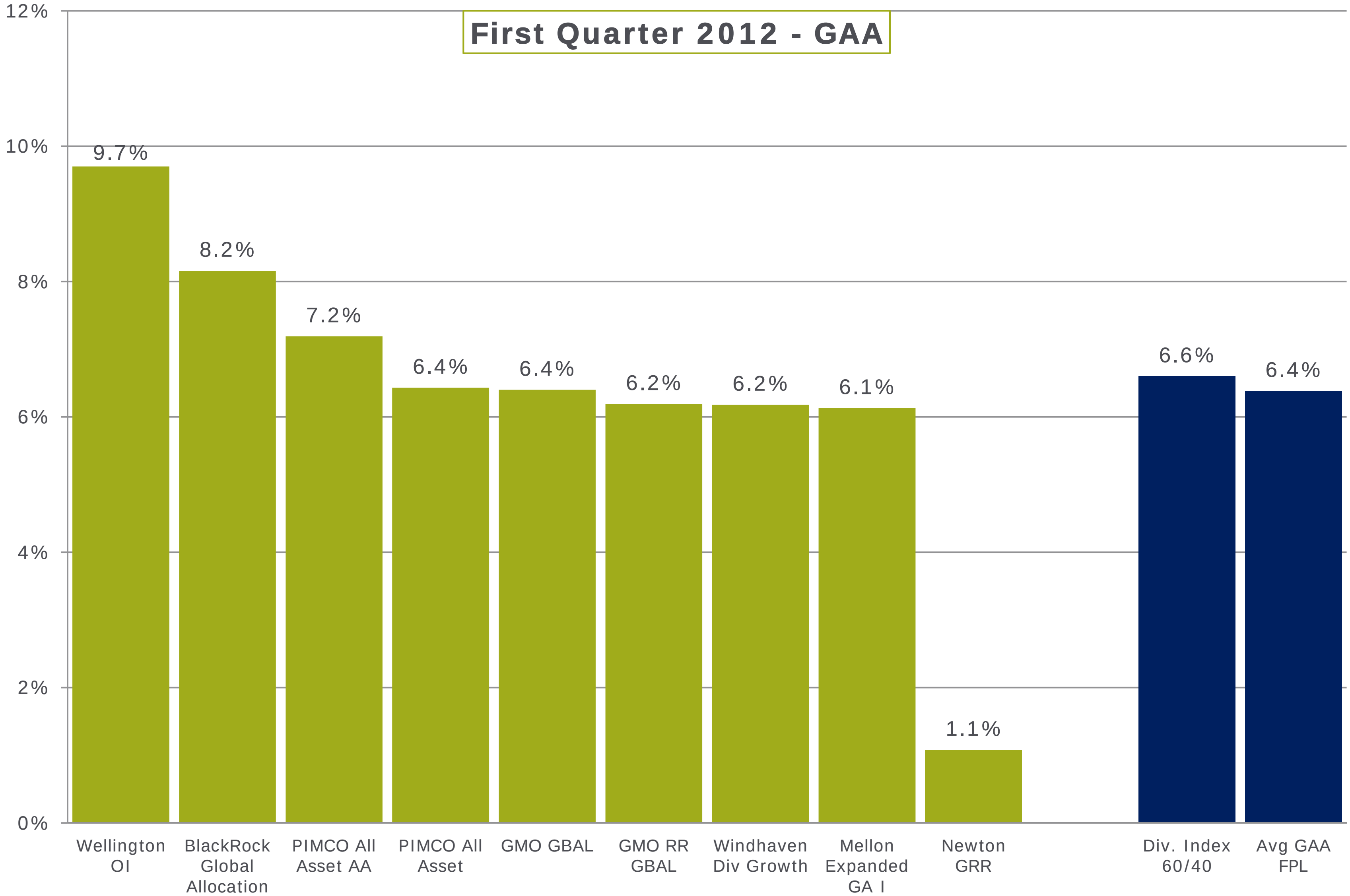
| Equity Valuation | Price/Earnings | | | Price/Book Value | | |
|---|---|---|---|---|---|---|
| | 12/31/2011 | 3/31/2012 | 10 Year Avg. | 12/31/2011 | 3/31/2012 | 10 Year Avg. |
| S&P 500 | **12.97** | **14.37** | **16.00** | **2.05** | **2.29** | **2.54** |
| Russell 2000 | **15.98** | **17.37** | **16.96** | **1.73** | **1.93** | **2.00** |
| MSCI EAFE | **10.76** | **12.44** | **14.20** | **1.27** | **1.38** | **1.81** |
| MSCI EM | **10.14** | **11.15** | **12.09** | **1.56** | **1.67** | **1.85** |

*Note: P/E Ratio uses forward earnings, ex-negative earners*

*Source: Bloomberg*

NEPC

# Global Asset Allocation



# Key Risk: Euro-Zone Debt Crisis – Potential Outcomes

- **Extension of current approach: "Kick the can down the road"**
  - Unlikely long-term solution, but likely calibrated to lead to…
- **European Fiscal Union**
  - One monetary policy and one currency – supported by one fiscal policy across all countries
- **Breakup of the Euro**
  - Into Stronger Euro (Germany, France, etc.) with peripheral nation(s) out
  - Into Weaker Euro without Germany (and perhaps others)
- **Total chaos**
  - Contagion spreading globally, complete dissolving of European Monetary Union, social upheaval, etc.

**Key question: Is Any Default Process or Departure from the Euro *Managed* or *Unmanaged*?**

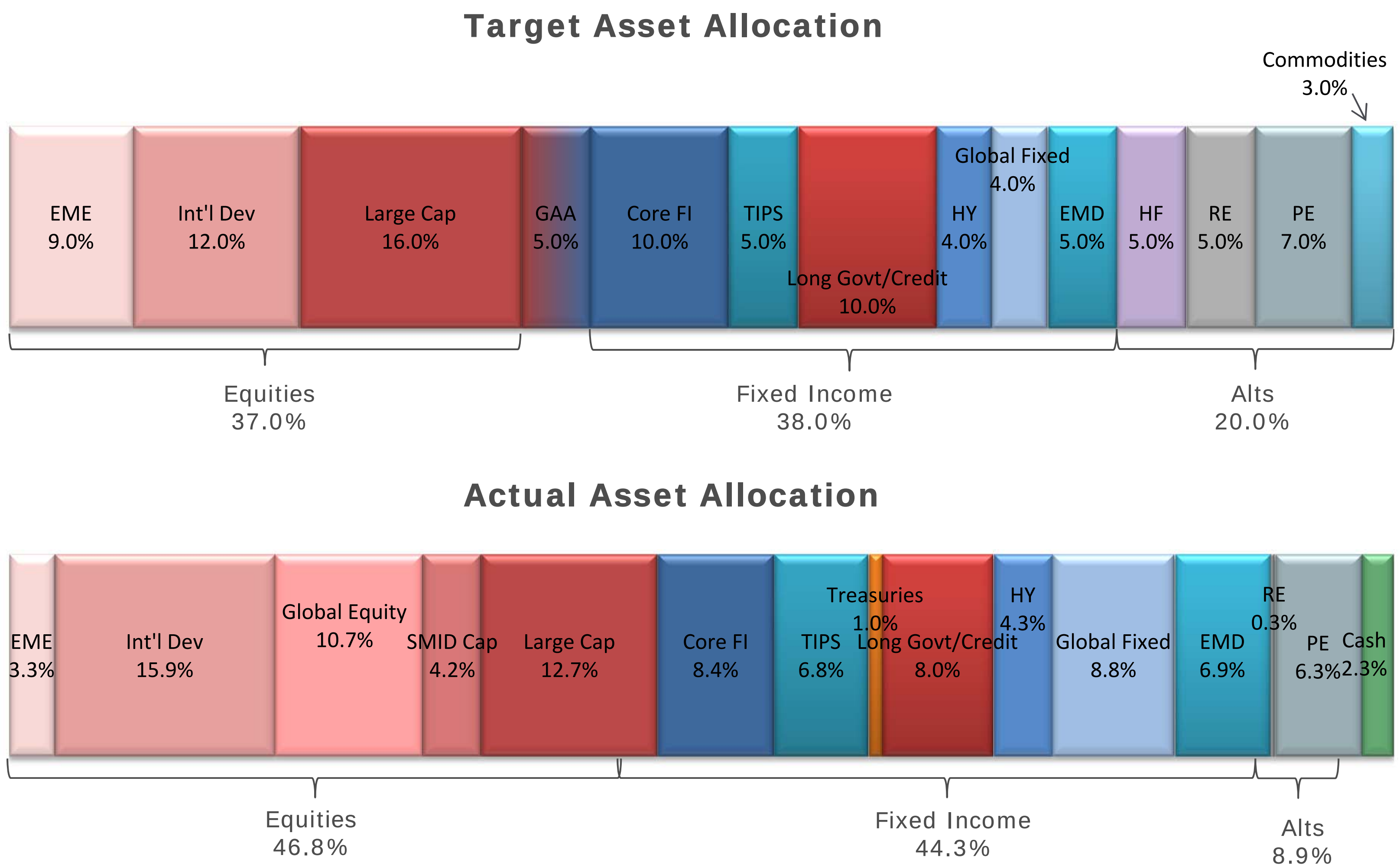
- Some degree of *managed* sovereign and/or major financial institutions default/ restructuring or even re-composition of the Euro may be constructive
- An *unmanaged* process could be very damaging to global economy and markets

**The situation is very fluid and changes on a day-to-day basis**

- Recent actions by policymakers appear to have stabilized the situation in the near-term
- Some degree of fiscal consolidation remains the most stable potential outcome
- It is likely that the current structures in place will be used to extend the existing Eurozone in the near term
- Additional volatility is likely, however, as the situation evolves

# Asset Allocation

# Asset Allocation



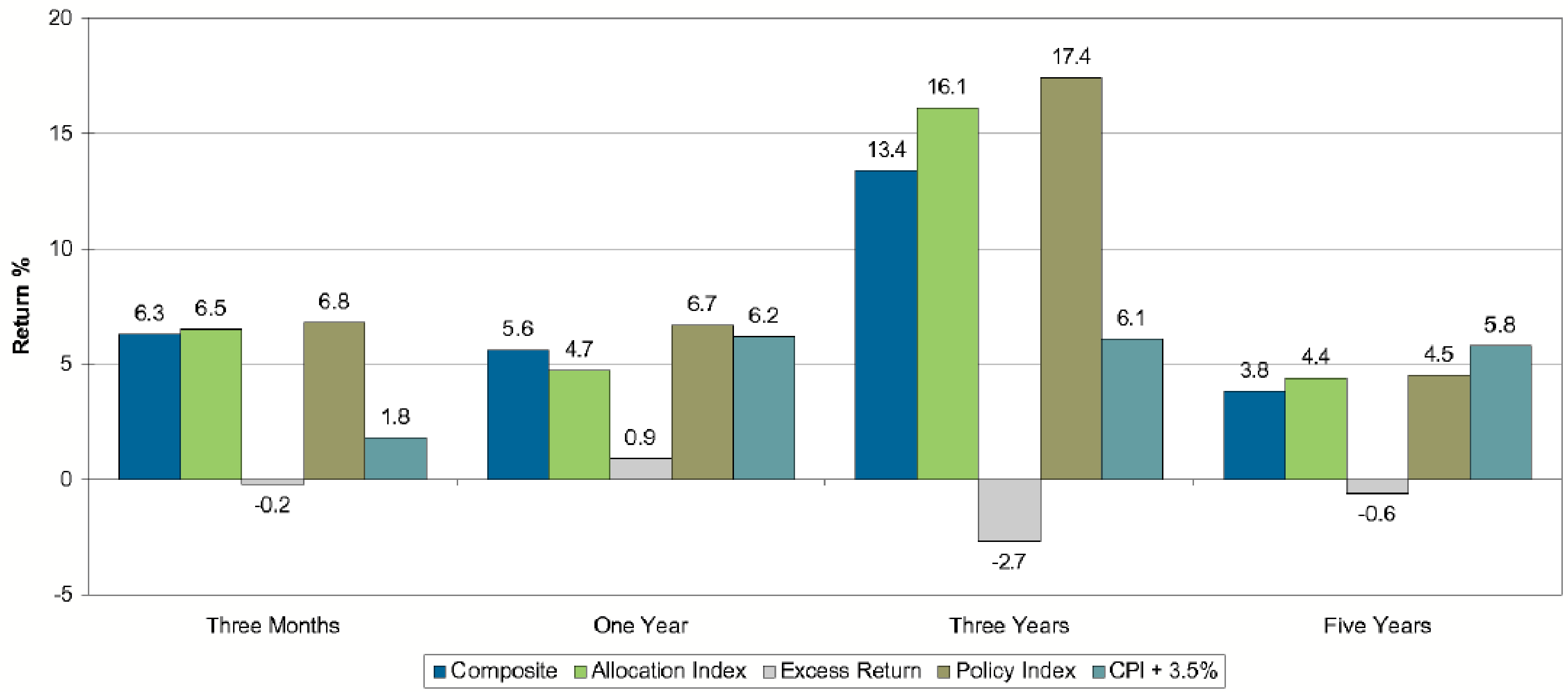

*Note: Actual asset allocation by asset class includes manager cash*

# Performance Summary

# Fund Performance vs. Benchmark

**Fund Performance vs. Benchmark**

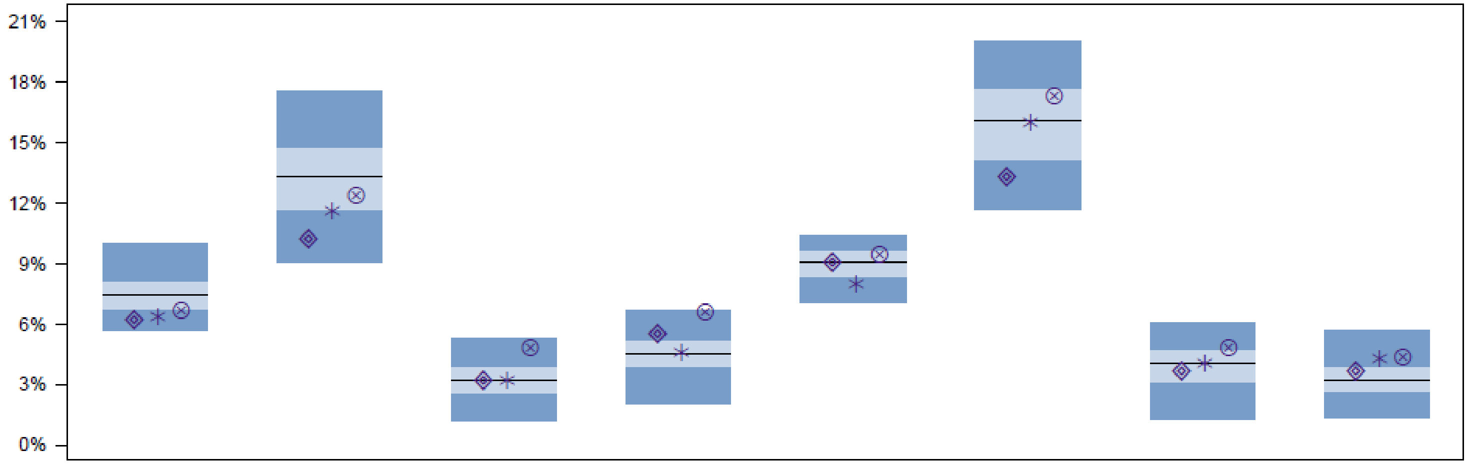
**Composite**




* Performance shown is gross of manager fees.
** Results for periods longer than one year are annualized.

# Performance Summary

## Total Fund Performance - Trailing Periods




| | One Quarter | | Two Quarters | | Three Quarters | | One Year | | Two Years | | Three Years | | Four Years | | Five Years | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Composite** | **6.3** | **87** | **10.3** | **91** | **3.3** | **41** | **5.6** | **19** | **9.2** | **46** | **13.4** | **85** | **3.8** | **60** | **3.8** | **29** |
| Allocation Index | 6.5 | 82 | 11.7 | 74 | 3.3 | 47 | 4.7 | 42 | 8.1 | 81 | 16.1 | 47 | 4.2 | 45 | 4.4 | 17 |
| *Policy Index* | *6.8* | *72* | *12.5* | *58* | *4.9* | *9* | *6.7* | *5* | *9.6* | *32* | *17.4* | *29* | *4.9* | *24* | *4.5* | *15* |
| 5th Percentile | 10.0 | | 17.6 | | 5.3 | | 6.7 | | 10.4 | | 20.0 | | 6.1 | | 5.7 | |
| 25th Percentile | 8.2 | | 14.8 | | 3.9 | | 5.2 | | 9.7 | | 17.7 | | 4.8 | | 3.9 | |
| 50th Percentile | 7.5 | | 13.3 | | 3.2 | | 4.5 | | 9.1 | | 16.1 | | 4.1 | | 3.2 | |
| 75th Percentile | 6.7 | | 11.6 | | 2.5 | | 3.8 | | 8.3 | | 14.1 | | 3.1 | | 2.6 | |
| 95th Percentile | 5.7 | | 9.1 | | 1.2 | | 2.1 | | 7.1 | | 11.7 | | 1.3 | | 1.4 | |

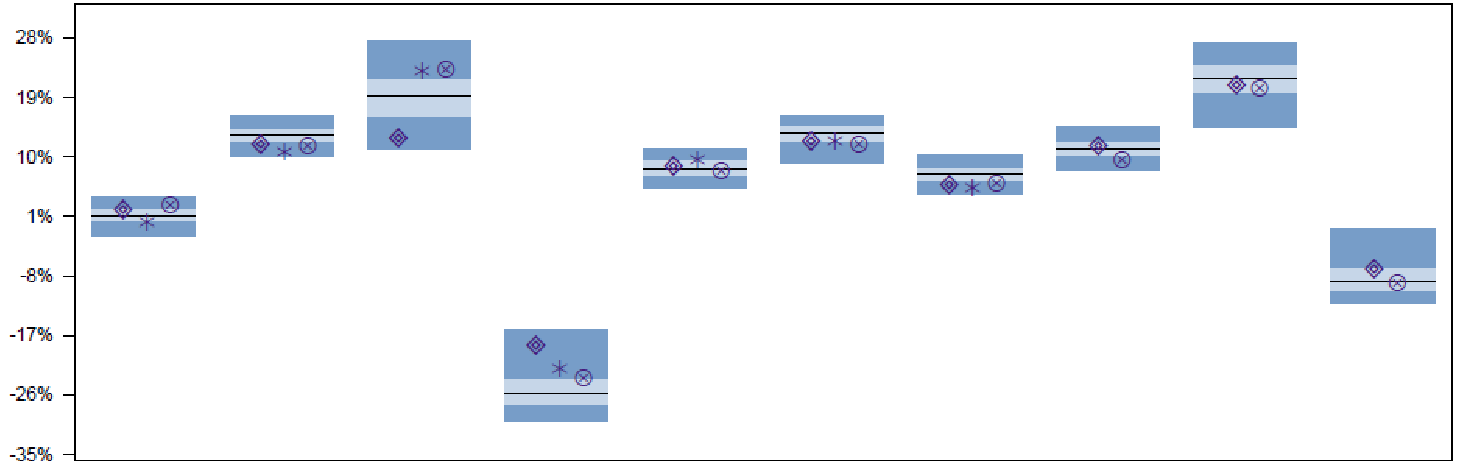
# Performance Summary – Calendar Year Returns

**City of Hartford MERF**

Total Fund - Universe: Public Funds (DB)

Period Ending December 31, 2011

**Total Fund Performance - One Year Time Periods**




| | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | | 2003 | | 2002 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Composite** | **2.4** | **20** | **12.2** | **75** | **13.1** | **90** | **-18.2** | **8** | **8.9** | **38** | **12.6** | **72** | **6.1** | **77** | **11.9** | **33** | **21.3** | **56** | **-6.7** | **25** |
| Allocation Index | 0.5 | 71 | 11.1 | 88 | 23.2 | 20 | -21.8 | 15 | 9.8 | 19 | 12.8 | 67 | 5.6 | 85 | | | | | | |
| *Policy Index* | *3.0* | *11* | *12.1* | *76* | *23.6* | *18* | *-23.1* | *23* | *8.3* | *50* | *12.3* | *74* | *6.3* | *74* | *9.8* | *78* | *20.6* | *65* | *-8.7* | *50* |
| 5th Percentile | 4.0 | | 16.1 | | 27.4 | | -16.2 | | 11.2 | | 16.2 | | 10.4 | | 14.5 | | 27.3 | | -0.8 | |
| 25th Percentile | 2.2 | | 14.4 | | 21.9 | | -23.4 | | 9.5 | | 14.8 | | 8.4 | | 12.4 | | 23.9 | | -6.8 | |
| 50th Percentile | 1.1 | | 13.3 | | 19.2 | | -25.8 | | 8.2 | | 13.6 | | 7.4 | | 11.3 | | 21.9 | | -8.8 | |
| 75th Percentile | 0.2 | | 12.2 | | 16.0 | | -27.7 | | 6.9 | | 12.2 | | 6.2 | | 10.1 | | 19.5 | | -10.5 | |
| 95th Percentile | -2.0 | | 10.0 | | 11.3 | | -30.1 | | 5.4 | | 9.2 | | 4.3 | | 8.0 | | 14.5 | | -12.2 | |

## Domestic Equity

- **Atlanta Capital Large Growth** portfolio outperformed the Russell 1000 Growth Index returning 16.4% versus the index return of 14.7%. Outperformance for the quarter was largely attributable to stock selection within Consumer Discretionary and Energy sectors. Across all sectors stock selection was positive with the exception of Industrials. Sector weighting for the quarter was also a positive contributor. Consumer Discretionary sector showed the largest increase in weighting over the quarter with the addition of three retailers. The relative sector weight of Industrials decreased almost 2%. The portfolio is still trailing the index over the one and three year time periods, but ahead looking back over five years and since inception time periods.
- **Eagle Capital Large Value** underperformed in the first quarter returning 9.0%, while the Russell 1000 Value returned 11.1%. This strategy tends not to participate fully in sharp upward movements in the market as its first and foremost concern is preservation of capital. Individual stock selection is the focus and Eagle is not driven by themes or sector allocations. Outperformance over all longer time periods with notable outperformance over the five year period returning 6.6% versus the Russell 1000 Value return of -0.8%.

# Manager Performance

- **Tygh Capital Smid Growth** returned 15.8% in the first quarter outperforming the Russell 2500 Growth benchmark of 14.6%. Strong stock selection in technology, consumer discretionary, consumer staples, financials and materials, while positions in industrials and healthcare lagged the benchmark sectors. Positive effects from underweights in energy and financials and overweight to technology was offset by the effect of an overweight to industrials, while cash was the biggest drag on returns. Skyworks Solutions, which is a provider of analog semiconductors and related products primarily to the cellular handset market, was the top contributor to performance over the quarter. This quarter represents the only period of outperformance for the strategy, with all other time periods underperforming the benchmark.

- **SouthernSun Smid Value** returned 13.1% in the quarter outperforming the Russell 2500 value which returned 11.5%. Stock selection drove the majority of the outperformance which was especially strong in Materials & Processing and Producer Durables sectors. The portfolio's cash position of approximately 6-7% detracted from performance along with stock selection in the Consumer Staples sector. Pentair Inc (PNR) was the top performing holding for the quarter as news that it had agreed to merge with Tyco International's flow control business lead the stock higher. Newfield Exploration Company (NFX) was the bottom performer for the quarter. In addition to falling natural gas prices, the company announced during the quarter that they expected low singled digit production growth during 2012.

## International Equity

- **Walter Scott & Partners Int'l Large Growth** gained 12.5% for the quarter, outperforming the MSCI EAFE index return of 10.9%. The strategy has continued its strong performance versus its benchmark as all tailing periods remain ahead of the MSCI EAFE index.

- **First Eagle Int'l All Cap Value** ended the quarter trailing the MSCI EAFE with a return of 9.2% versus 10.9% for the index. The strategy's mandate was changed from international small cap value to international all cap value as of January 1, 2012. The guideline language changes included the following: (1) a move towards more of an all cap portfolio where the manager has the discretion to determine what percentages of securities fall into the various capitalization ranges and (2) increased flexibility around the maximum allowable amount for gold related exchange traded funds (ETF's).
- Effective March 1, 2012, Kimball Brooker, Jr. will join Matt McLennan and Abhay Deshpande as Portfolio Manager of the team's Global Value Strategy. Kimball remains a Portfolio Manager of the International Value Strategy and U.S. Value Strategy, and a Senior Research Analyst on the Global Value team covering financial services, commercial services and holding companies for the team.

# Manager Performance

- **SSgA Emerging Markets** returned 13.1% for the quarter, 110 basis points behind the MSCI Emerging Markets index return of 14.1%. Underperformance was driven by stock selection while country selection was just slightly negative. Detractors across Brazil, Korea and Chile caused a significant drag on overall performance. Overweight positions specifically in Korean financials and consumer names detracted as these stocks fell. An underweighting at the country level to India also hurt performance as this market rose 20% over the quarter. The strategy is ahead of its benchmark going back to its inception in the portfolio, but has underperformed over the last one, three and five year periods.

## Domestic Fixed Income

- The **Hartford Core Plus Fixed Income** portfolio earned 1.3%, outperforming the Barclays Aggregate benchmark return of 0.3% by 100bps. The strategy's duration was slightly short relative to the benchmark for most of the quarter which was a positive contributor. An overweight to spread product, especially high yield and investment grade credit whose indices returned 5.91% and 3.69% respectively over duration-matched U.S. Treasuries. Overweights to Banking and Metals were also strong contributors within investment grade credit. Security selection results were further boosted by our selection within the Commercial Mortgage-Backed Securities (CMBS) and Mortgage-Backed Securities (MBS) sectors. Also contributing to positive performance were allocations to Emerging Market debt and exposure to a short-duration Treasury Inflation Protected Securities (TIPS) position.

- **Columbia Core Plus Fixed Income** portfolio was mostly liquidated and is now managed by Hartford Investment Management Company (HIMCO) as the remaining securities are paid down. There are a handful of securities left at this point and their value (if we were able to sell them – which is highly unlikely) is less than $1 million.

# Manager Performance

- **PIMCO Long Duration** held up better than the index over the quarter than the BC Gov/Credit Long benchmark. The strategy was returned -2.6% while the benchmark was finished the quarter at -2.1%. The trailing one year return remains below the benchmark at 18.6% against the benchmark return of 19.9%, but the three year period is now in line at 12.8%.

- **Shenkman Capital High Yield Fixed** had a very strong quarter returning 4.0%, but this return was below the Citigroup High Yield index return of 5.2%. An underweight position to financials over the quarter detracted as this sector gained over 8%. As more risky, lower rated bonds rallied, the portfolio's underweight to triple-C ratings, and bonds priced under $90 were the biggest detractors from performance as these segments of the market rallied. Positive security selection in Automotive and General Industrial and the portfolio's 4.0% average weighting in convertibles securities were positive contributors.

## International Fixed Income

- **SSgA Passive World Gov't** strategy and the Citigroup Non-US WGBI benchmark were down by -0.1% and -.2% respectively in the first quarter. Trailing 1 and 3 year period returns look good on an absolute basis, but underperformed the benchmark.

# Manager Performance

- **Prudential Emerging Markets Debt Fund** strongly outperformed its index over the quarter returning 7.1% versus the JPM EMBI Global Index return of only 4.9%. Strong performance over the last two quarters has brought the one year return of 12.0% closer to the index one year return of 12.6%. Looking over the longer time period, the strategy is ahead of its benchmark of the 3 and five year periods.

- **Mondrian Global Fixed Income** returned 2.0%, 110 basis points ahead of the BC Global Aggregate index return of .9% for the quarter. Poland (up 13.1%) and Mexico (up 12.2%) were the strongest performers for the quarter, while the US (up .5%) and Canada (up 1.5%) were the weakest performing markets. Performance exceeds the benchmark over the three & five year time periods, but remains slightly behind on the one year return.

# Information Disclosure

- NEPC uses, as its data source, the plan's custodian bank or fund service company, and NEPC relies on those sources for security pricing, calculation of accruals, and all transactions, including income payments, splits, and distributions. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

- The Investment Performance Analysis (IPA) is provided as a management aid for the client's internal use only. Portfolio performance reported in the IPA does not constitute a recommendation by NEPC.

- Information in this report on market indices and security characteristics is received from sources external to NEPC. While efforts are made to ensure that this external data is accurate, NEPC cannot accept responsibility for errors that may occur.

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