

August 11, 2016



## **Idaho Endowment Fund Investment Board**

Second Quarter 2016  
Performance Review

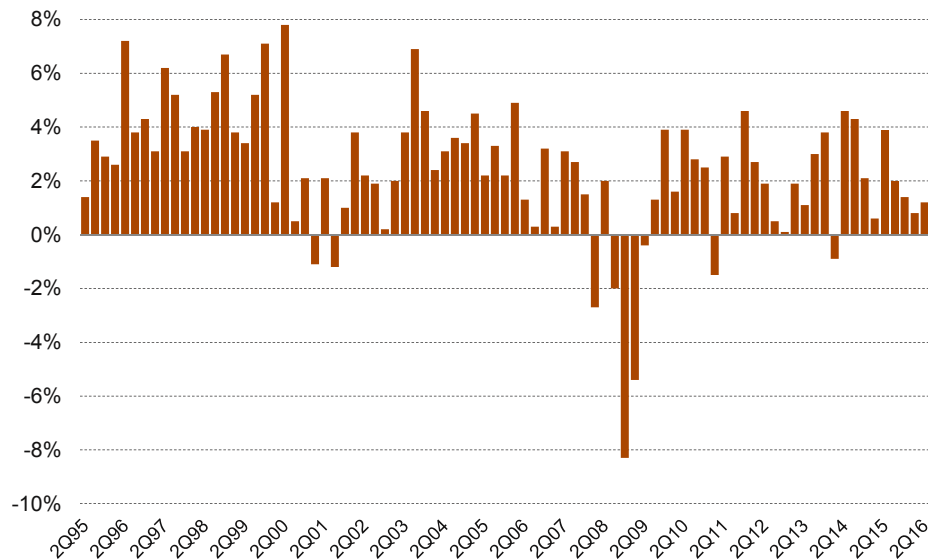
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**Janet Becker-Wold, CFA**  
Senior Vice President

# U.S. Economy

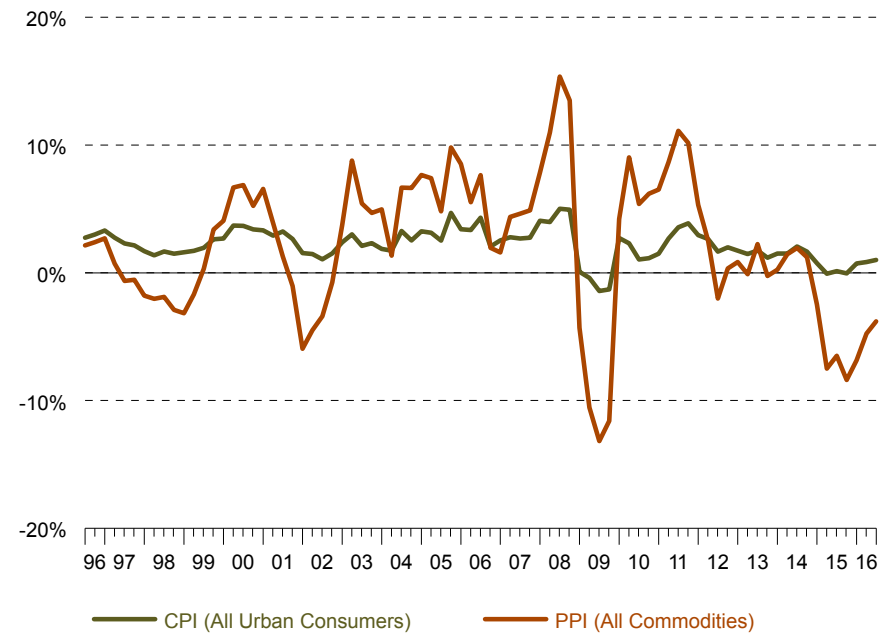
Periods Ending June 30, 2016

Quarterly Real GDP Growth (20 Years)



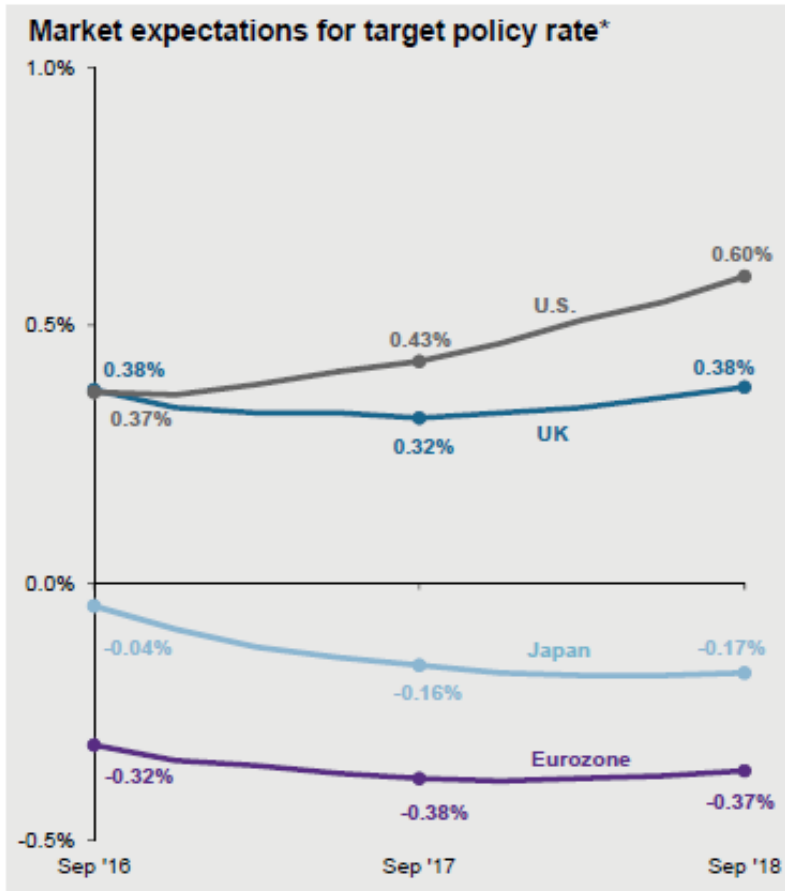
Source: Bureau of Economic Analysis

Inflation Year-Over-Year

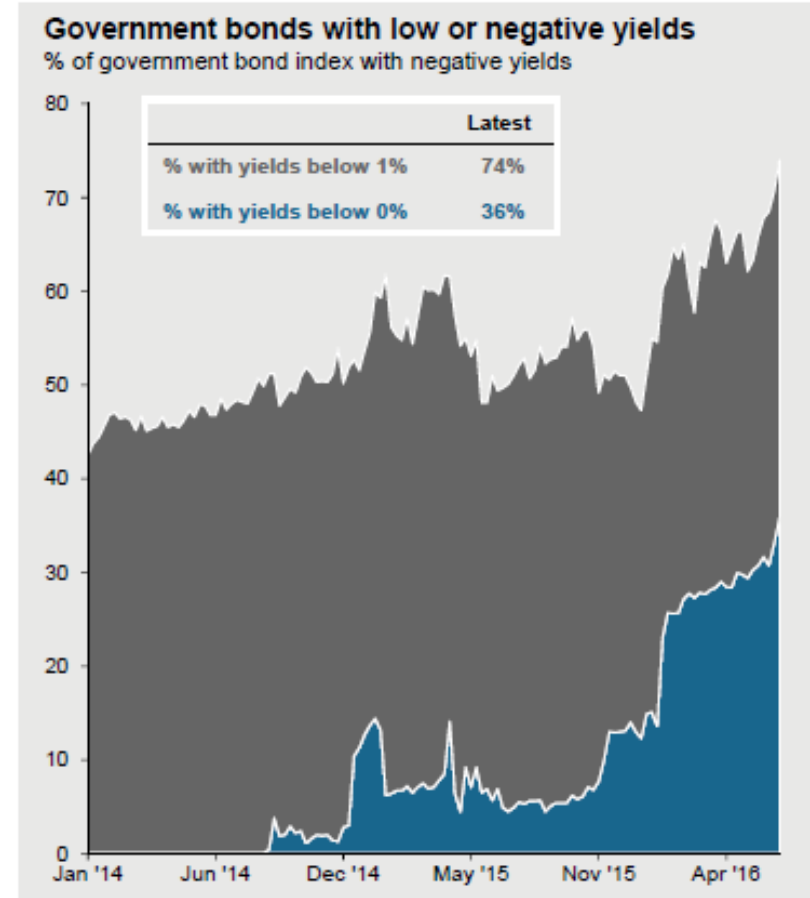


- Initial estimate of second quarter GDP came out at 1.2%, up from a first quarter reading of 0.8%.
- June headline inflation rose 1.0% over the trailing twelve months. Core CPI Increased 2.3%.
- June unemployment was 4.9% (down 0.1% from March) and the labor force participation rate dropped to 62.7% (down 0.3%).
- The Fed maintained a target rate of 0.25% - 0.50%. Two rate increases are still expected the second half of the year.

# Global Rate Expectations and Current Environment



\*Target policy rates for Japan are estimated using EuroYen 3m futures contracts less a 6 bps risk premium.



BofAML Global Government Bond Index

Source: JP Morgan, Guide to the Markets, June 30, 2016

# Impact of Brexit on U.S. Dollar

## Brexit Vote Uncertainty Leads to Turbulent Foreign Exchange Markets

Index, June 23 = 1



NOTES: The start date is 10 a.m. June 15, 2016. Shaded bar represents the time between the Brexit vote and final results. Currencies used are the British pound (GBP), the euro (EUR) and the Japanese yen (JPY).

SOURCE: Bloomberg.

Source: Dallas Fed

# Asset Class Performance

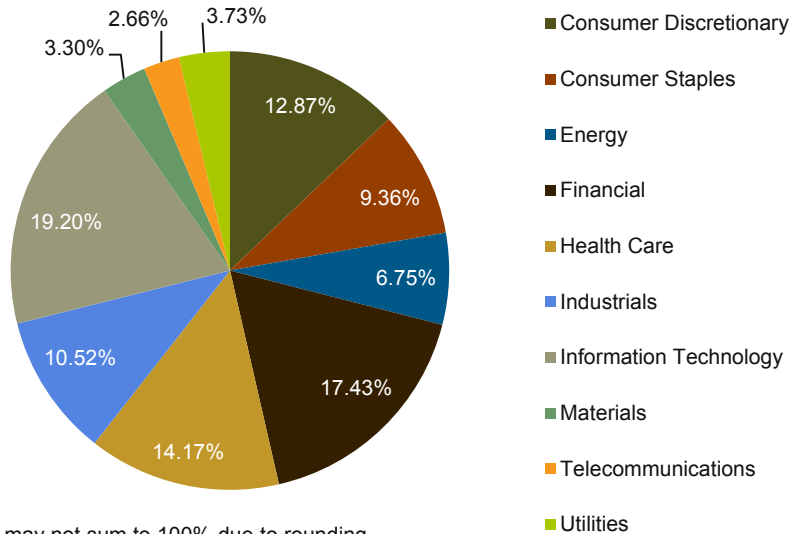
## Periodic Table of Investment Returns for Periods Ended June 30, 2016

| Last Quarter                        | Last Year                           | Last 3 Years                        | Last 5 Years                        | Last 10 Years                       |
|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| BLMBRG:Commdty<br>Idx<br>12.7%      | Barclays:Aggregate<br>Index<br>6.0% | S&P:500<br>11.7%                    | S&P:500<br>12.1%                    | S&P:500<br>7.4%                     |
| Russell:2000 Index<br>3.8%          | S&P:500<br>4.0%                     | Russell:2000 Index<br>7.1%          | Russell:2000 Index<br>8.4%          | Russell:2000 Index<br>6.2%          |
| S&P:500<br>2.5%                     | 3 Month T-Bill<br>0.2%              | Barclays:Aggregate<br>Index<br>4.1% | Barclays:Aggregate<br>Index<br>3.8% | Barclays:Aggregate<br>Index<br>5.1% |
| Barclays:Aggregate<br>Index<br>2.2% | Russell:2000 Index<br>(6.7%)        | MSCI:EAFE<br>2.1%                   | MSCI:EAFE<br>1.7%                   | MSCI:EM Gross<br>3.9%               |
| MSCI:EM Gross<br>0.8%               | MSCI:EAFE<br>(10.2%)                | 3 Month T-Bill<br>0.1%              | 3 Month T-Bill<br>0.1%              | MSCI:EAFE<br>1.6%                   |
| 3 Month T-Bill<br>0.1%              | MSCI:EM Gross<br>(11.7%)            | MSCI:EM Gross<br>(1.2%)             | MSCI:EM Gross<br>(3.4%)             | 3 Month T-Bill<br>1.0%              |
| MSCI:EAFE<br>(1.5%)                 | BLMBRG:Commdty<br>Idx<br>(13.5%)    | BLMBRG:Commdty<br>Idx<br>(10.6%)    | BLMBRG:Commdty<br>Idx<br>(10.9%)    | BLMBRG:Commdty<br>Idx<br>(6.5%)     |

# U.S. Equity Returns

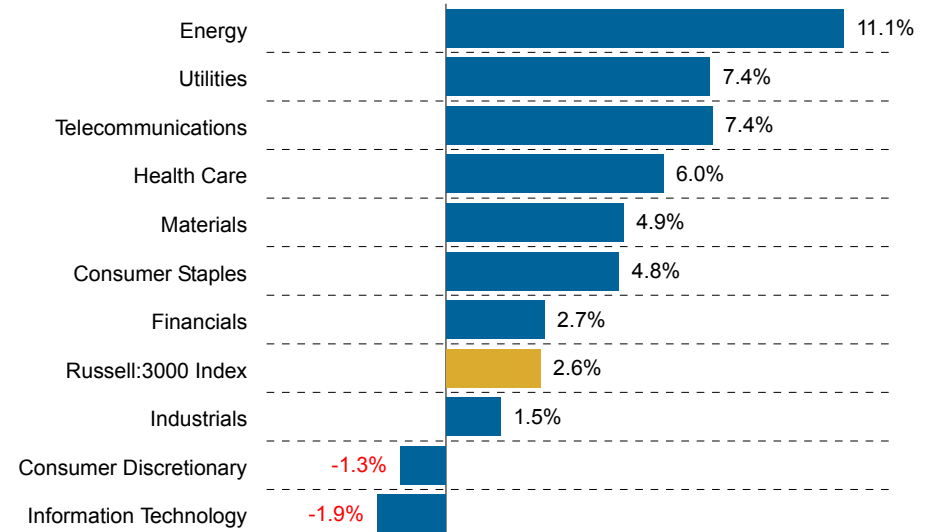
Periods Ending June 30, 2016

Economic Sector Exposure (Russell 3000)



Pie chart may not sum to 100% due to rounding  
Source: Russell Investment Group

Quarterly Returns (Russell 3000)

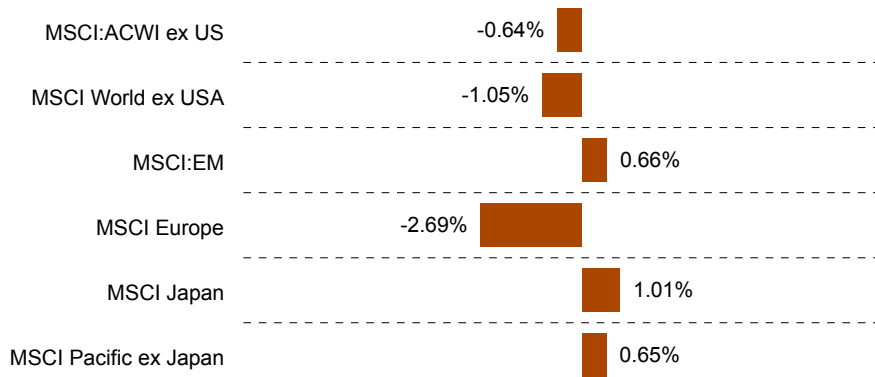


- Sectors with low foreign earnings and high yield outperformed. Energy rebounded.
- The RU 1000 was up 2.5% - high P/E, low quality and low beta were the best performing factors.
  - Best performing sector: Energy (+11.1%); Worst: Information Technology (-2.3%).
- The RU 2000 was up 3.8% - high P/E, low quality and low beta were the best performing factors.
  - Best performing sectors: Utilities (+10.3%) and Materials (+10.2%); Worst: Consumer Discretionary (-1.4%)

# International Equity Returns

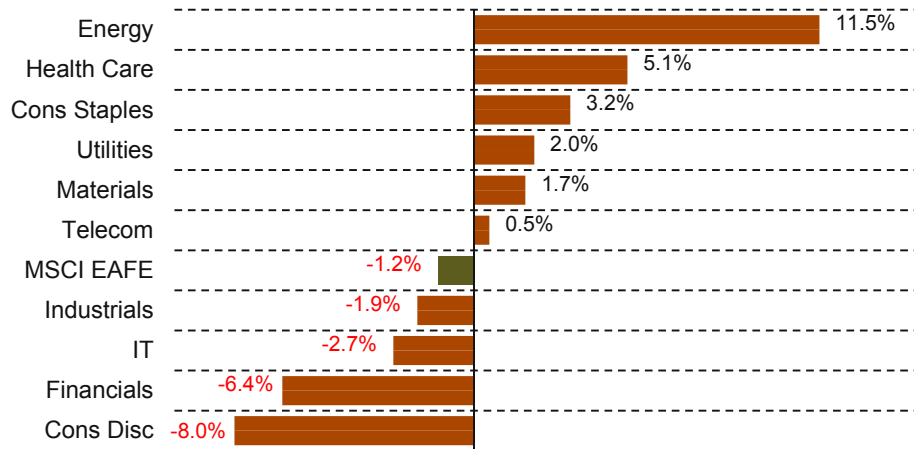
Periods Ending June 30, 2016

## Regional Quarterly Performance (U.S. Dollar)



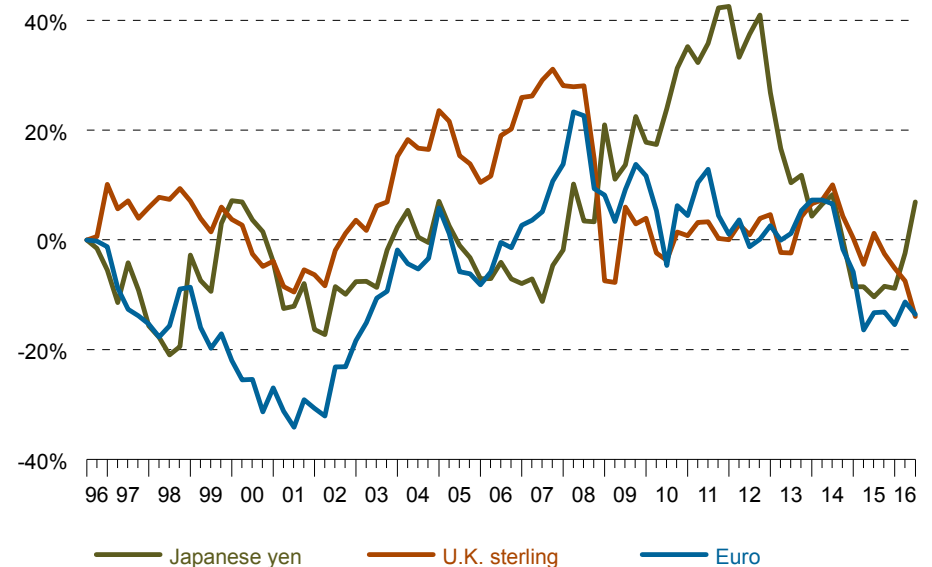
Source: MSCI

## MSCI EAFE Sector Returns



Source: Barrow Hanley Quarterly Benchmark Review

## Major Currencies' Cumulative Returns (vs. U.S. Dollar)



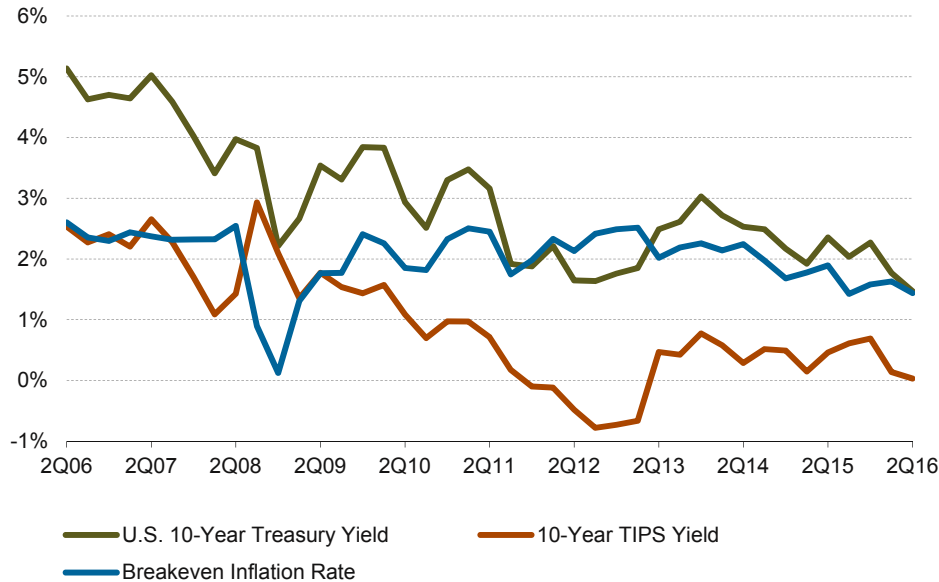
\*Euro returns from 1Q99. German mark prior to 1Q99.  
Source: MSCI

- Best performing region was Japan.
- The yen strengthened (+9.6%) and the euro weakened (-2.5%) vs the dollar.
- Sterling fell 7% coming mostly post-Brexit.
- Similar to the U.S., energy was the top sector performer.

# Yield Curve Changes

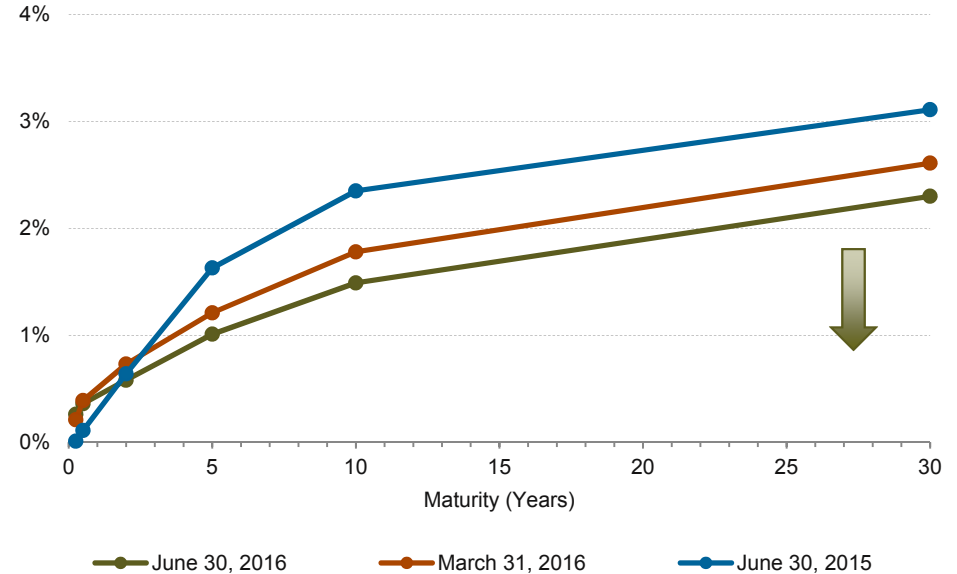
## Periods Ending June 30, 2016

Historical 10-Year Yields



Source: Bloomberg

U.S. Treasury Yield Curves



Source: U.S. Department of the Treasury

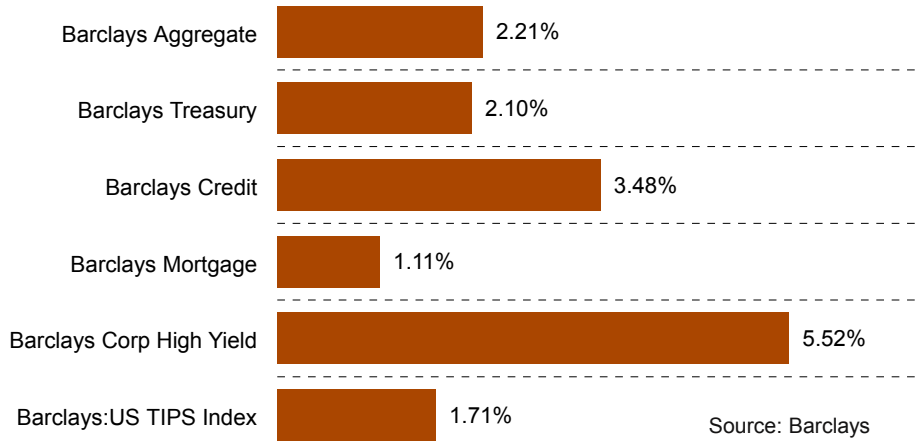
- Low rates abroad kept demand for U.S. assets strong. The German 10 year sovereign bond traded at a negative yield for the first time ever.
- The decline in Treasury yields boosted returns across all segments, with longer maturities posting the biggest gains. The 10-year dropped 29 basis points to a low not seen since 2012, finishing June at 1.78%.
- Breakeven inflation ended lower despite a climb in oil prices and healthy core inflation numbers.



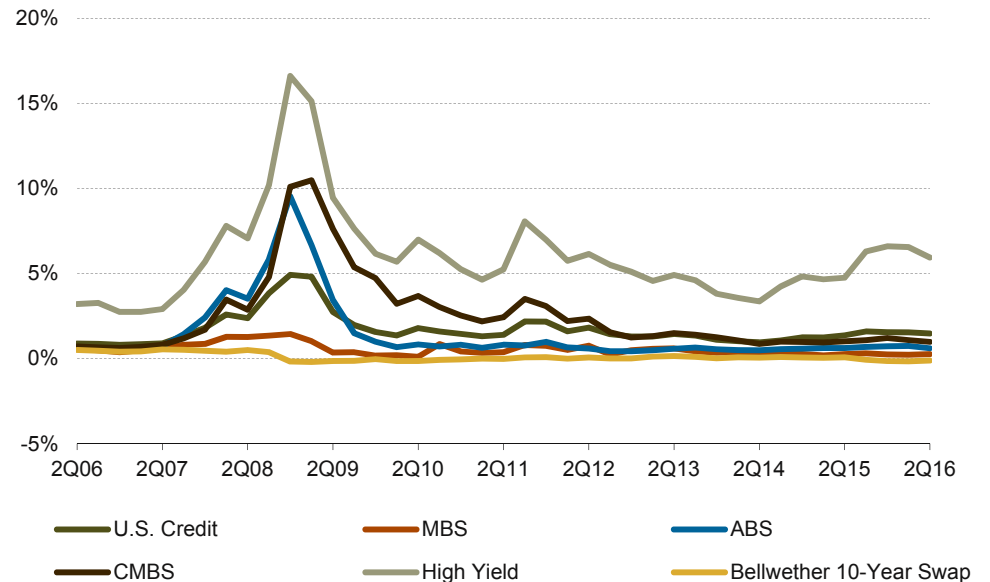
# Total Rates of Return by Bond Sector

Periods Ending June 30, 2016

Absolute Returns for Quarter ended June 30, 2016



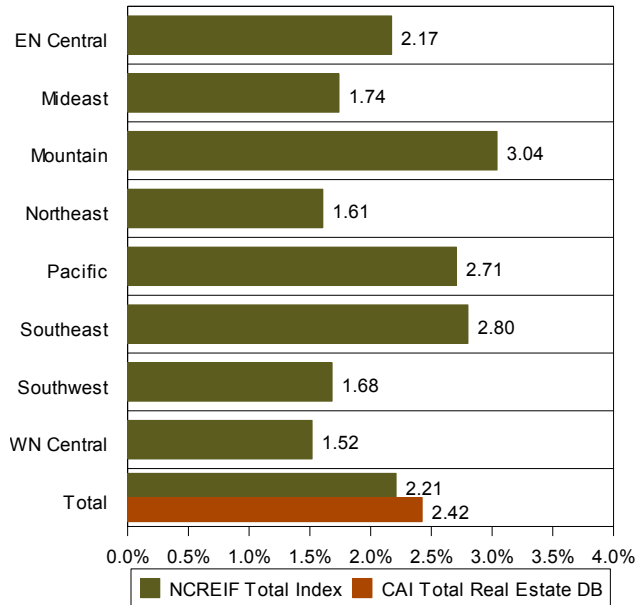
Effective Yield Over Treasuries



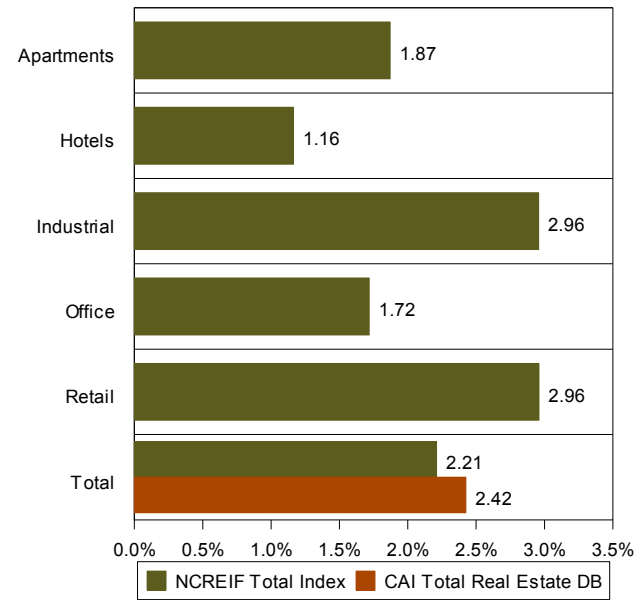
- Aggregate gained 2.2% on declining rates and tightening credit spreads.
- Best performing sector of the Aggregate was investment grade credit (+3.5%).
- High yield was the best segment of the bond market with a gain of 5.5% on spread narrowing.
- Treasury Inflation Protected Securities (TIPS) kept pace with Treasuries.

# Real Estate Overview

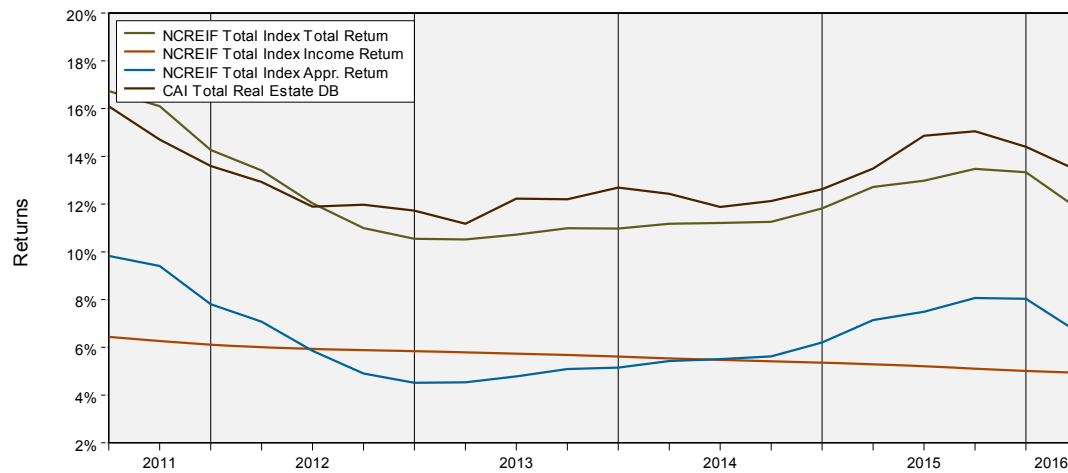
**NCREIF Total Index Returns by Geographic Area**  
Quarter Ended March 31, 2016



**NCREIF Total Index Returns by Property Type**  
Quarter Ended March 31, 2016



**Rolling 1 Year Returns**





# Fund Specific Review

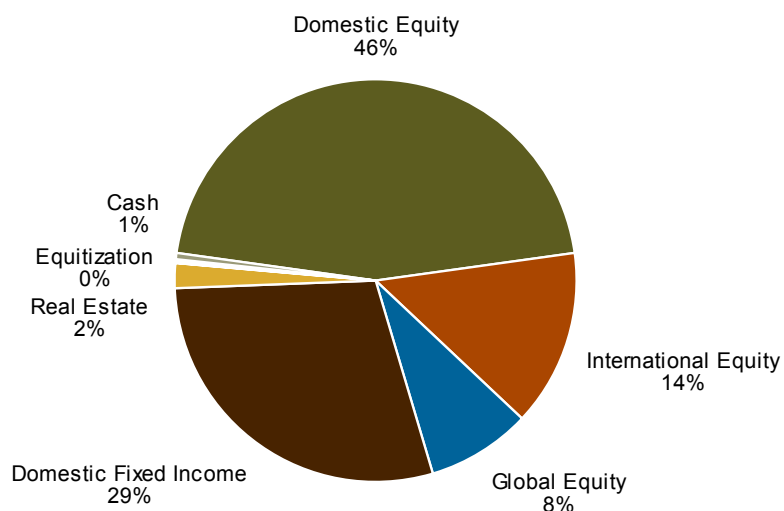
# Endowments – Asset Allocation

|                                   | June 30, 2016          |               |                       | March 31, 2016       |                        |               |
|-----------------------------------|------------------------|---------------|-----------------------|----------------------|------------------------|---------------|
|                                   | Market Value           | Weight        | Net New Inv.          | Inv. Return          | Market Value           | Weight        |
| <b>Total Equity</b>               | <b>\$1,284,182,487</b> | <b>68.16%</b> | <b>\$(377)</b>        | <b>\$21,112,085</b>  | <b>\$1,263,070,779</b> | <b>68.09%</b> |
| <b>Domestic Equity</b>            | <b>\$858,923,075</b>   | <b>45.59%</b> | <b>\$(377)</b>        | <b>\$16,604,380</b>  | <b>\$842,319,072</b>   | <b>45.41%</b> |
| <b>Large Cap</b>                  | <b>\$594,969,151</b>   | <b>31.58%</b> | <b>\$(434)</b>        | <b>\$9,483,539</b>   | <b>\$585,486,046</b>   | <b>31.56%</b> |
| NTGI S&P 500 SMA                  | 201,235,496            | 10.68%        | 0                     | 4,802,230            | 196,433,266            | 10.59%        |
| LSV Asset Mgmt                    | 99,618,365             | 5.29%         | 0                     | 1,708,388            | 97,909,977             | 5.28%         |
| Boston Partners                   | 101,927,945            | 5.41%         | (434)                 | 1,623,654            | 100,304,725            | 5.41%         |
| INTECH                            | 102,894,108            | 5.46%         | 0                     | 1,525,243            | 101,368,865            | 5.46%         |
| Sands Capital                     | 89,293,236             | 4.74%         | 0                     | (175,976)            | 89,469,212             | 4.82%         |
| <b>Mid Cap</b>                    | <b>\$171,429,164</b>   | <b>9.10%</b>  | <b>\$0</b>            | <b>\$4,369,137</b>   | <b>\$167,060,027</b>   | <b>9.01%</b>  |
| Systematic Financial              | 80,735,730             | 4.29%         | 0                     | 1,630,457            | 79,105,272             | 4.26%         |
| Times Square                      | 90,693,434             | 4.81%         | 0                     | 2,738,680            | 87,954,755             | 4.74%         |
| <b>Small Cap</b>                  | <b>\$92,524,760</b>    | <b>4.91%</b>  | <b>\$57</b>           | <b>\$2,751,703</b>   | <b>\$89,773,000</b>    | <b>4.84%</b>  |
| Barrow, Hanley                    | 45,794,562             | 2.43%         | 57                    | 623,571              | 45,170,934             | 2.44%         |
| Eagle Asset Management            | 46,730,198             | 2.48%         | 0                     | 2,128,132            | 44,602,066             | 2.40%         |
| <b>International Equity</b>       | <b>\$267,834,776</b>   | <b>14.22%</b> | <b>\$0</b>            | <b>\$(1,371,766)</b> | <b>\$269,206,542</b>   | <b>14.51%</b> |
| Allianz                           | 103,393,265            | 5.49%         | 0                     | (5,532,729)          | 108,925,994            | 5.87%         |
| WCM                               | 130,620,831            | 6.93%         | 0                     | 3,426,991            | 127,193,840            | 6.86%         |
| Capital International             | 16,547,110             | 0.88%         | 0                     | 307,464              | 16,239,646             | 0.88%         |
| Grantham Mayo                     | 17,273,570             | 0.92%         | 0                     | 426,508              | 16,847,061             | 0.91%         |
| <b>Global Equity</b>              | <b>\$157,424,636</b>   | <b>8.36%</b>  | <b>\$0</b>            | <b>\$5,879,471</b>   | <b>\$151,545,165</b>   | <b>8.17%</b>  |
| Aberdeen                          | 77,364,610             | 4.11%         | 0                     | 2,654,984            | 74,709,626             | 4.03%         |
| Lazard                            | 80,060,026             | 4.25%         | 0                     | 3,224,487            | 76,835,538             | 4.14%         |
| <b>Domestic Fixed Income</b>      | <b>\$547,123,224</b>   | <b>29.04%</b> | <b>\$0</b>            | <b>\$11,658,348</b>  | <b>\$535,464,876</b>   | <b>28.87%</b> |
| State Street Global Advisors      | 547,123,224            | 29.04%        | 0                     | 11,658,348           | 535,464,876            | 28.87%        |
| <b>Real Estate</b>                | <b>\$37,500,000</b>    | <b>1.99%</b>  | <b>\$37,500,000</b>   | <b>\$0</b>           | <b>-</b>               | <b>-</b>      |
| RREEF America REIT II             | 37,500,000             | 1.99%         | 37,500,000            | 0                    | -                      | -             |
| <b>Equitization</b>               | <b>\$5,283,441</b>     | <b>0.28%</b>  | <b>\$(6,500,000)</b>  | <b>\$1,969,085</b>   | <b>\$9,814,355</b>     | <b>0.53%</b>  |
| <b>Cash</b>                       | <b>\$10,035,941</b>    | <b>0.53%</b>  | <b>\$(36,533,936)</b> | <b>\$5,273</b>       | <b>\$46,564,604</b>    | <b>2.51%</b>  |
| <b>Total Plan ex Equitization</b> | <b>\$1,878,841,653</b> | <b>99.72%</b> | <b>\$965,687</b>      | <b>\$32,775,707</b>  | <b>\$1,845,100,259</b> | <b>99.47%</b> |
| <b>Total Plan</b>                 | <b>\$1,884,125,093</b> | <b>100.0%</b> | <b>\$(5,534,313)</b>  | <b>\$34,744,792</b>  | <b>\$1,854,914,614</b> | <b>100.0%</b> |

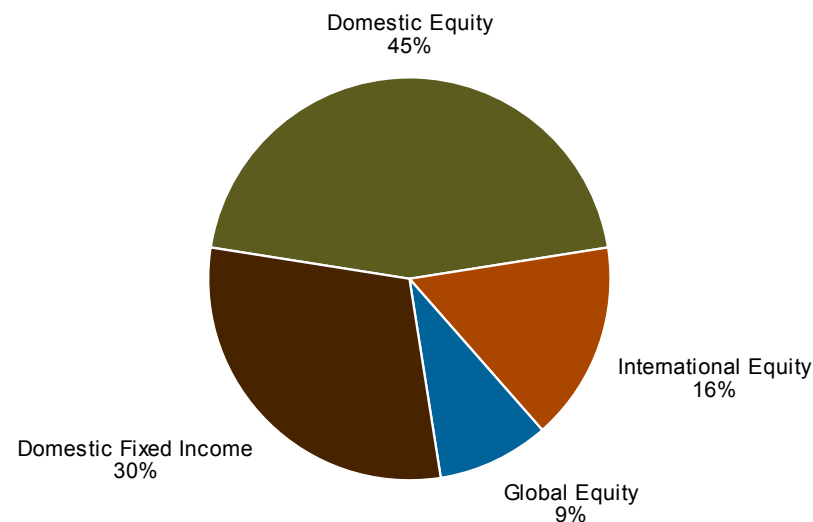
**+\$29.2 million**

# Endowments – Asset Allocation

**Actual Asset Allocation**



**Target Asset Allocation**

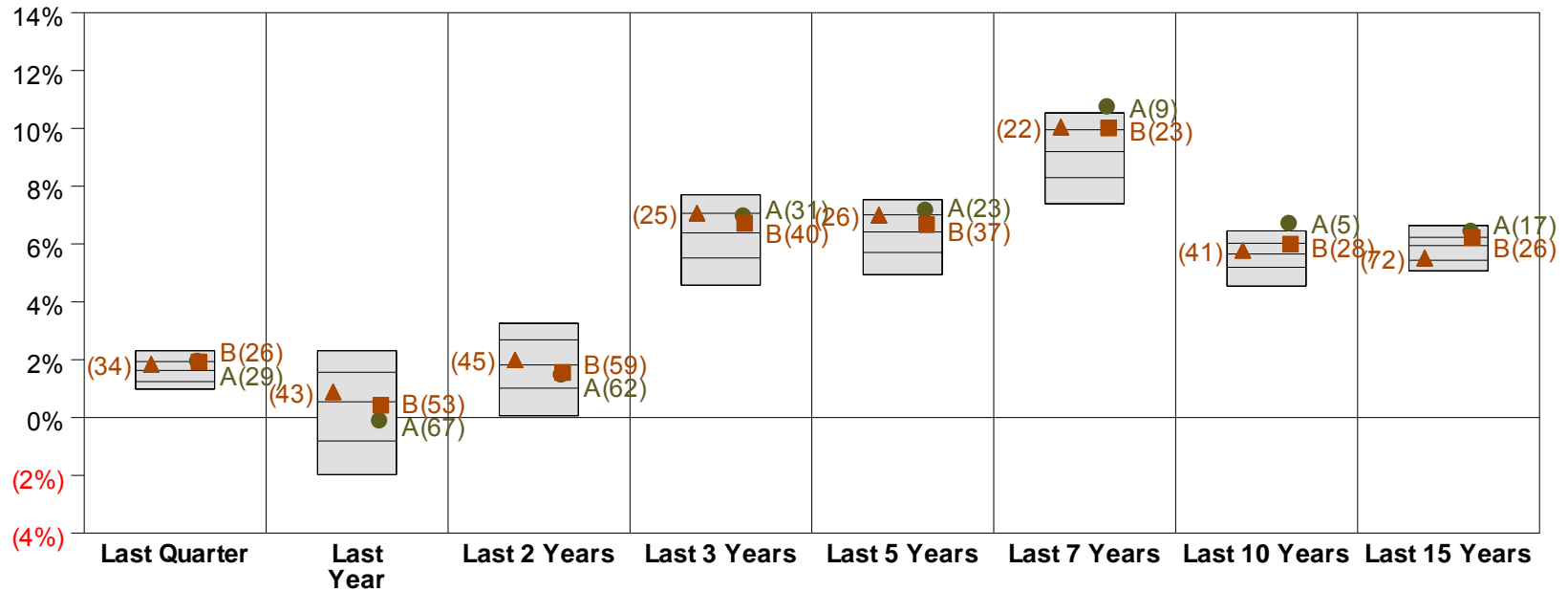


| Asset Class           | \$000s Actual    | Weight Actual | Target        | Percent Difference | \$000s Difference |
|-----------------------|------------------|---------------|---------------|--------------------|-------------------|
| Domestic Equity       | 858,923          | 45.6%         | 45.0%         | 0.6%               | 11,067            |
| International Equity  | 267,835          | 14.2%         | 16.0%         | (1.8%)             | (33,625)          |
| Global Equity         | 157,425          | 8.4%          | 9.0%          | (0.6%)             | (12,147)          |
| Domestic Fixed Income | 547,123          | 29.0%         | 30.0%         | (1.0%)             | (18,114)          |
| Real Estate*          | 37,500           | 2.0%          | 0.0%          | 2.0%               | 37,500            |
| Equitization          | 5,283            | 0.3%          | 0.0%          | 0.3%               | 5,283             |
| Cash                  | 10,036           | 0.5%          | 0.0%          | 0.5%               | 10,036            |
| <b>Total</b>          | <b>1,884,125</b> | <b>100.0%</b> | <b>100.0%</b> |                    |                   |

\*Note: The Deutsche REEF America II fund drew capital in the first quarter and beginning of second. Total Fund Target will be adjusted on October 1 to reflect real estate allocation. UBS is expected to call \$75 million October 1.

# Endowments – Total Fund Performance

## Performance vs CAI Public Fund Sponsor Database (Gross)

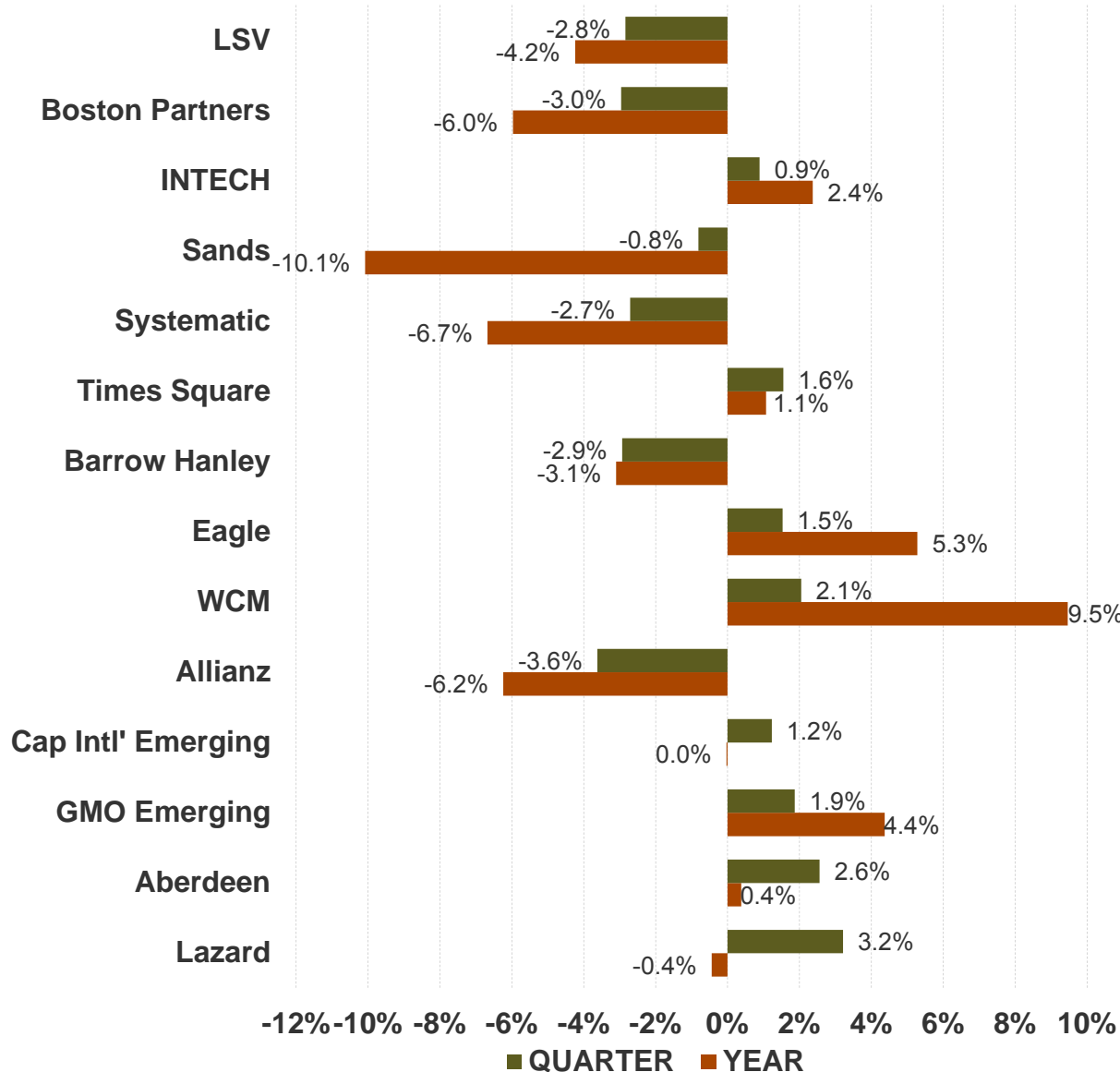


|                     |      |        |        |      |      |       |       |      |
|---------------------|------|--------|--------|------|------|-------|-------|------|
| 10th Percentile     | 2.31 | 2.31   | 3.26   | 7.70 | 7.53 | 10.53 | 6.46  | 6.64 |
| 25th Percentile     | 1.93 | 1.56   | 2.69   | 7.06 | 7.02 | 9.96  | 6.03  | 6.23 |
| Median              | 1.62 | 0.54   | 1.81   | 6.39 | 6.42 | 9.20  | 5.65  | 5.94 |
| 75th Percentile     | 1.24 | (0.81) | 1.01   | 5.51 | 5.70 | 8.30  | 5.19  | 5.44 |
| 90th Percentile     | 0.98 | (1.97) | 0.06   | 4.57 | 4.94 | 7.39  | 4.55  | 5.07 |
| Total Plan          | ● A  | 1.89   | (0.16) | 1.42 | 6.92 | 7.12  | 10.69 | 6.40 |
| Secondary Benchmark | ■ B  | 1.93   | 0.43   | 1.56 | 6.72 | 6.67  | 10.01 | 6.22 |
| Total Plan Target   | ▲    | 1.84   | 0.89   | 1.99 | 7.07 | 7.00  | 10.05 | 5.52 |

- For the quarter, outperformed the target by five basis points, ranking 29<sup>th</sup> percentile.
- For the fiscal year, trailed the target by 105 basis points, ranking 67<sup>th</sup> percentile.
- Fund ranked 26<sup>th</sup> percentile against the Endowment/Foundation database for the fiscal year.

# Dashboard – All Managers

## % Deviation from Benchmark



### Quarter:

Below Benchmark:

- LSV
- Boston Partners
- Sands
- Systematic
- Barrow Hanley
- Allianz

### Year:

Below Benchmark:

- LSV
- Boston Partners
- Sands
- Systematic
- Barrow Hanley
- Allianz
- Lazard

# Endowments – U.S. Equity Manager Performance

|                           | Last Quarter | Last Year | Last 3 Years | Last 4 Years | Last 5 Years |
|---------------------------|--------------|-----------|--------------|--------------|--------------|
| <b>Total Equity</b>       | 1.67%        | (2.91%)   | 7.74%        | 10.90%       | 8.08%        |
| MSCI ACWI Idx             | 1.19%        | (3.17%)   | 6.60%        | 9.16%        | 5.95%        |
| <b>Domestic Equity</b>    | 1.97%        | (0.90%)   | 10.12%       | 13.45%       | 11.17%       |
| Russell 3000              | 2.63%        | 2.14%     | 11.13%       | 13.62%       | 11.60%       |
| <b>Large Cap</b>          | 1.62%        | 0.26%     | 10.91%       | 13.67%       | 11.91%       |
| Russell 1000              | 2.54%        | 2.93%     | 11.48%       | 13.84%       | 11.88%       |
| <b>Large Cap Core</b>     | 2.44%        | 3.99%     | 11.62%       | 13.80%       | 12.08%       |
| NTGI S&P 500 SMA          | 2.44%        | 3.99%     | 11.62%       | -            | -            |
| S&P 500                   | 2.46%        | 3.99%     | 11.66%       | 13.83%       | 12.10%       |
| <b>Large Cap Value</b>    | 1.68%        | (2.26%)   | 9.22%        | 14.12%       | 11.69%       |
| LSV Asset Management      | 1.74%        | (1.38%)   | 10.29%       | 15.16%       | 12.11%       |
| Boston Partners           | 1.62%        | (3.11%)   | 8.19%        | 13.11%       | 11.30%       |
| Russell 1000 Value        | 4.58%        | 2.86%     | 9.87%        | 13.54%       | 11.35%       |
| <b>Large Cap Growth</b>   | 0.71%        | (0.78%)   | 11.78%       | 12.99%       | 11.85%       |
| INTECH                    | 1.50%        | 5.39%     | 12.69%       | 13.48%       | 11.63%       |
| Sands Capital             | (0.20%)      | (7.06%)   | 10.47%       | 12.19%       | 11.81%       |
| Russell 1000 Growth       | 0.61%        | 3.02%     | 13.07%       | 14.06%       | 12.35%       |
| <b>Mid Cap</b>            | 2.62%        | (2.20%)   | 8.70%        | 12.62%       | 9.59%        |
| Russell MidCap Index      | 3.18%        | 0.56%     | 10.80%       | 14.28%       | 10.90%       |
| Systematic Financial      | 2.06%        | (3.43%)   | 7.13%        | 11.03%       | 7.67%        |
| Russell MidCap Value Idx  | 4.77%        | 3.25%     | 11.00%       | 14.94%       | 11.70%       |
| Times Square              | 3.11%        | (1.07%)   | 10.16%       | 14.11%       | 11.42%       |
| Russell MidCap Growth Idx | 1.56%        | (2.14%)   | 10.52%       | 13.49%       | 9.98%        |
| <b>Small Cap</b>          | 3.07%        | (5.58%)   | 7.90%        | 13.76%       | 9.22%        |
| Russell 2000              | 3.79%        | (6.73%)   | 7.09%        | 11.13%       | 8.35%        |
| Barrow, Hanley            | 1.38%        | (5.68%)   | 7.58%        | 14.35%       | 9.73%        |
| Russell 2000 Value        | 4.31%        | (2.58%)   | 6.36%        | 10.69%       | 8.15%        |
| Eagle Asset Management    | 4.77%        | (5.47%)   | 8.19%        | 12.96%       | 8.29%        |
| Russell 2000 Growth       | 3.24%        | (10.75%)  | 7.74%        | 11.52%       | 8.51%        |

## For the Quarter:

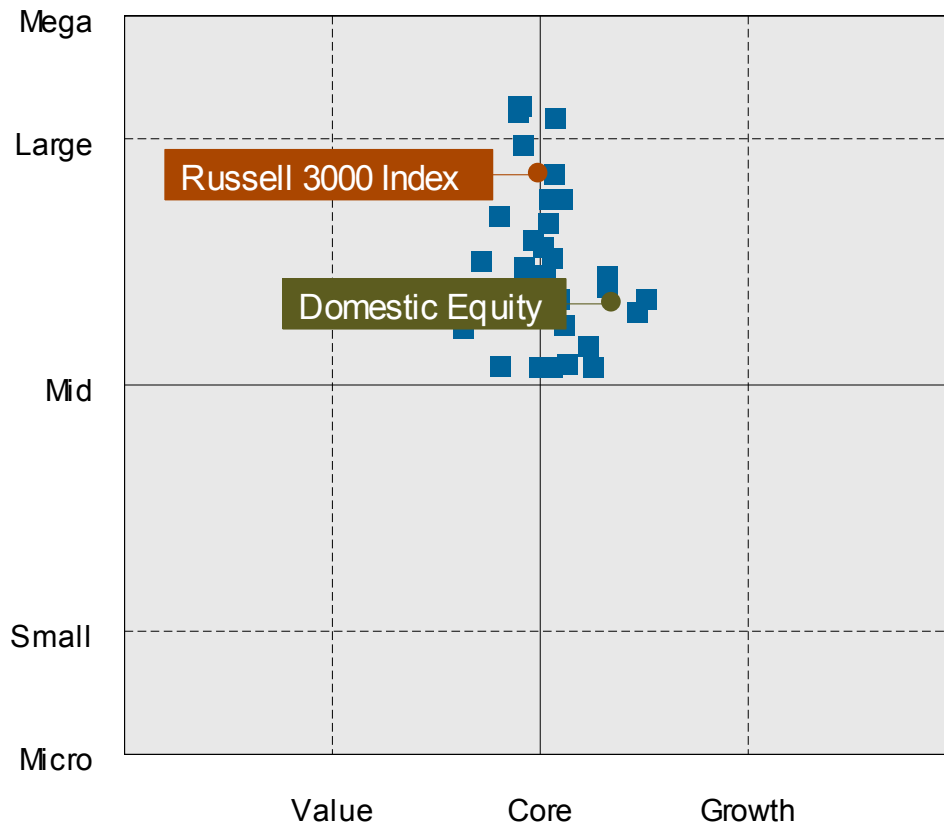
- Domestic equity trailed the Russell 3000 by 66 bps.
- Large cap value managers underperformed index by 290 bps.
- Large cap growth managers outpaced index by 0.1%.
- Mid cap managers trailed their benchmark by 56 bps.
- Best absolute performance came from Eagle, up 4.8%, beating their index by 153 bps.



# U.S. Equity Style Map

(\$859 Million; 45.6% of the Portfolio)

Style Map vs Pub Pln- Dom Equity Holdings as of June 30, 2016



- U.S. Equity composite exhibits a growth and smaller capitalization bias.
- For the quarter, the mid-small capitalization bias helped performance as small stocks outperformed large caps.

Returns  
for Periods Ended June 30, 2016

|                      | Last Quarter | Last Year | Last 5 Years | Last 10 Years |
|----------------------|--------------|-----------|--------------|---------------|
| S&P:500              | 2.5          | 4.0       | 12.1         | 7.4           |
| Russell:Midcap Index | 3.2          | 0.6       | 10.9         | 8.1           |
| Russell:2000 Index   | 3.8          | (6.7)     | 8.4          | 6.2           |

# Endowments – International and Fixed Income Performance

|                                   | Last Quarter   | Last Year      | Last 3 Years | Last 4 Years | Last 5 Years |
|-----------------------------------|----------------|----------------|--------------|--------------|--------------|
| <b>International Equity</b>       | <b>(0.51%)</b> | <b>(8.47%)</b> | <b>2.40%</b> | <b>5.40%</b> | <b>0.57%</b> |
| International Equity Target (1)   | (0.64%)        | (10.24%)       | 1.16%        | 4.15%        | 0.10%        |
| MSCI ACWI x US (Net)              | (0.64%)        | (10.24%)       | 1.16%        | 4.15%        | 0.10%        |
| WCM                               | 2.69%          | 3.61%          | -            | -            | -            |
| MSCI ACWI ex US Growth            | 0.64%          | (5.85%)        | 3.48%        | 6.19%        | 1.87%        |
| Allianz                           | (5.08%)        | (19.98%)       | (3.74%)      | -            | -            |
| MSCI ACWI ex US Value             | (1.46%)        | (13.74%)       | (0.30%)      | 2.99%        | (0.80%)      |
| Capital International             | 1.89%          | (12.08%)       | (3.00%)      | (1.32%)      | (5.79%)      |
| Grantham Mayo                     | 2.53%          | (7.68%)        | (1.62%)      | (1.57%)      | (5.11%)      |
| MSCI Emerging Mkts (net)          | 0.66%          | (12.05%)       | (1.56%)      | (0.47%)      | (3.78%)      |
| <b>Global Equity</b>              | <b>3.88%</b>   | <b>(3.77%)</b> | <b>4.11%</b> | <b>6.51%</b> | <b>4.53%</b> |
| Aberdeen                          | 3.55%          | (3.35%)        | 2.42%        | 4.95%        | 3.70%        |
| Lazard                            | 4.20%          | (4.17%)        | 5.75%        | 8.03%        | 5.32%        |
| MSCI ACWI - Net                   | 0.99%          | (3.73%)        | 6.03%        | 8.57%        | 5.38%        |
| <b>Domestic Fixed Income</b>      | <b>2.18%</b>   | <b>5.78%</b>   | <b>3.82%</b> | <b>2.50%</b> | <b>3.62%</b> |
| State Street Global Advisors      | 2.18%          | 5.78%          | 3.82%        | 2.50%        | 3.62%        |
| BC Aggregate                      | 2.21%          | 6.00%          | 4.06%        | 2.85%        | 3.76%        |
| 85% Agg/ 15% TIPS                 | 2.14%          | 5.76%          | 3.80%        | 2.50%        | 3.60%        |
| <b>Cash</b>                       | <b>0.06%</b>   | <b>0.12%</b>   | <b>0.05%</b> | <b>0.08%</b> | <b>0.07%</b> |
| 3-month Treasury Bill             | 0.07%          | 0.19%          | 0.09%        | 0.10%        | 0.09%        |
| <b>Total Plan ex Equitization</b> | <b>1.79%</b>   | <b>(0.43%)</b> | <b>6.73%</b> | <b>8.58%</b> | <b>6.90%</b> |
| <b>Total Plan</b>                 | <b>1.89%</b>   | <b>(0.16%)</b> | <b>6.92%</b> | <b>8.73%</b> | <b>7.12%</b> |
| Total Plan Target                 | 1.84%          | 0.89%          | 7.07%        | 8.48%        | 7.00%        |
| Secondary Benchmark               | 1.93%          | 0.43%          | 6.72%        | 8.20%        | 6.67%        |
| CPI All Urban Consumers           | 1.22%          | 1.01%          | 1.06%        | 1.24%        | 1.32%        |

Total Plan Target: 45.0% Russell 3000; 30.0% BC Aggregate; 16.0% MSCI ACWI ex-US (net); 9.0% MSCI All Country World (net)

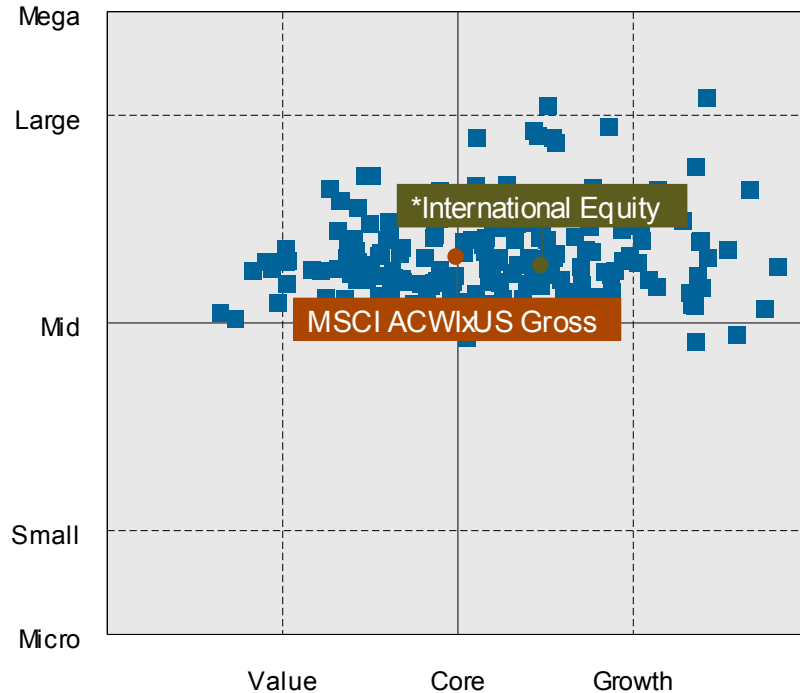
Secondary Benchmark: 30.8% Russell 1000; 25.5% BC Aggregate; 14.00% MSCI ACWI ex-US (Net); 9.1% MSCI ACWI (Net); 9.0% Russell Mid Cap Index; 5.0% Russell 2000; 4.5% BC US TIPS; 2.1% MSCI Emerging Markets (Net)

- International equity beat the benchmark for the quarter and year.
- Global equity outpaced the benchmark for the quarter but lagged slightly for the year.
- Fixed income posted positive returns on declining interest rates.

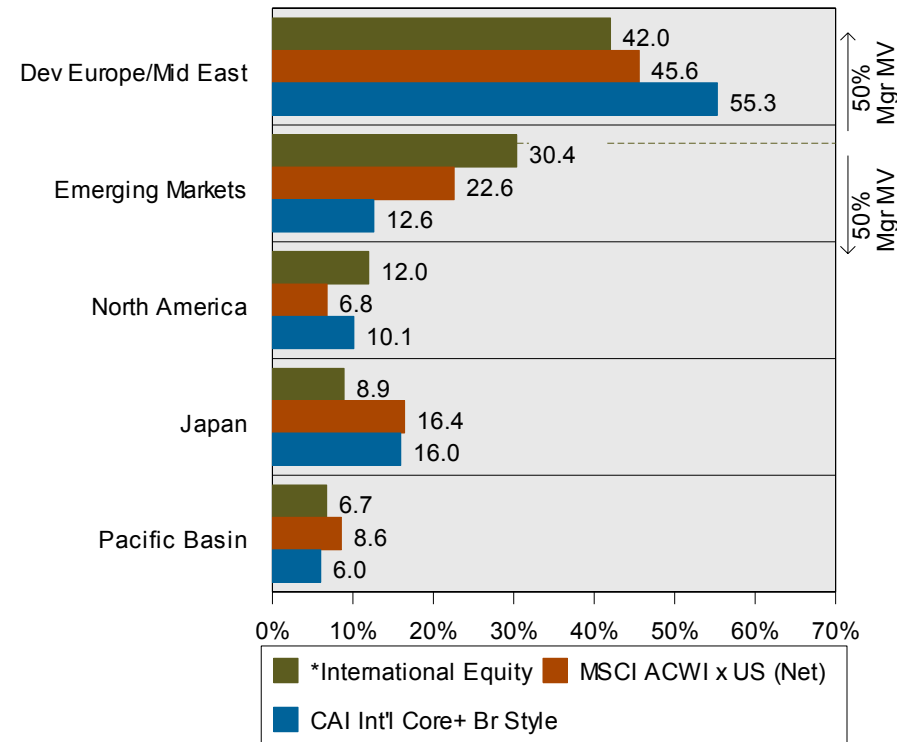
# International Equity

(\$268 Million; 14.2% of the Portfolio)

Style Map vs CAI Non-U.S. Eq. Style Holdings as of June 30, 2016



Regional Allocation June 30, 2016



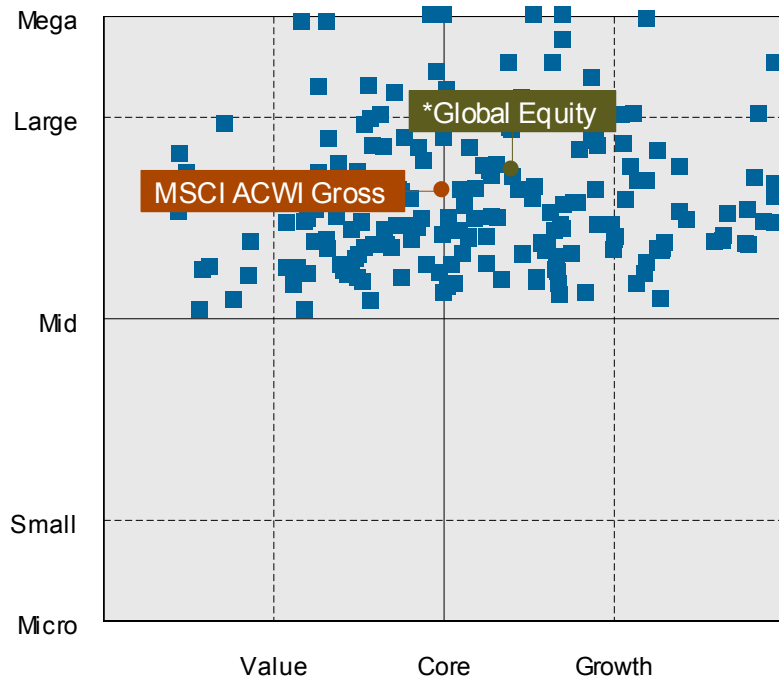
- International composite exhibits a growth and slightly smaller capitalization bias relative to the Index.
- Portfolio's regional exposure deviates from the benchmark with overweights to North America (WCM) and emerging markets.

\*6/30/16 portfolio characteristics generated using most recently available holdings (3/31/16) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

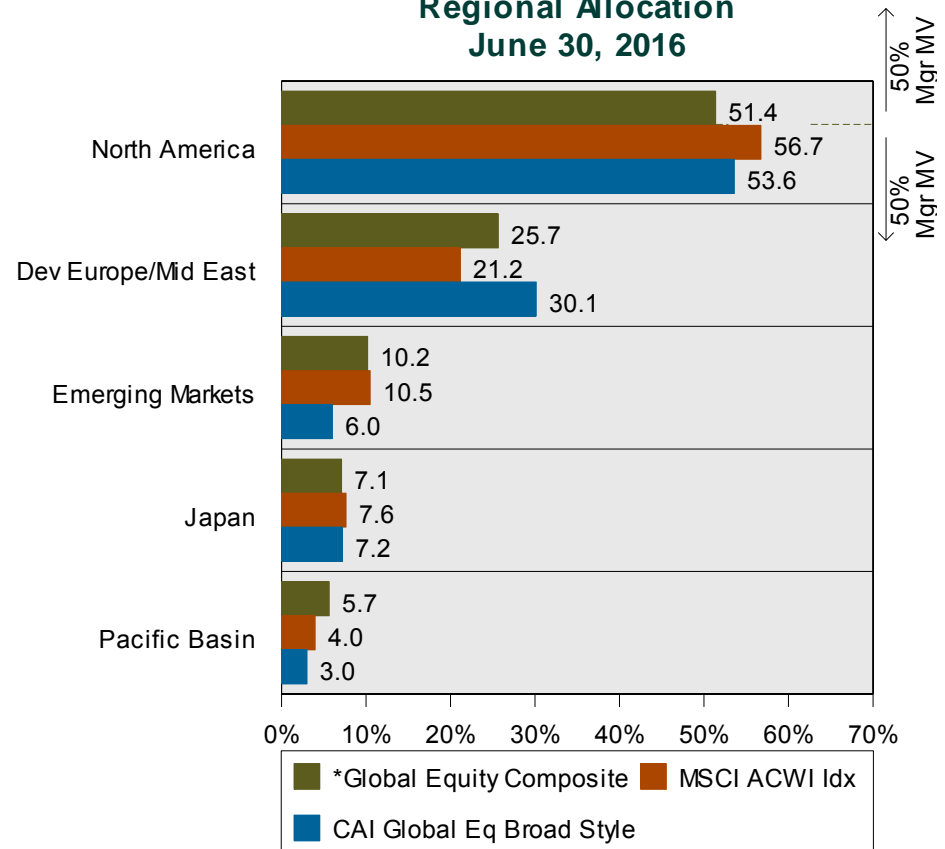
# Global Equity

(\$157 Million; 8.4% of the Portfolio)

Style Map vs CAI Global Eq Broad Style Holdings as of June 30, 2016



Regional Allocation June 30, 2016

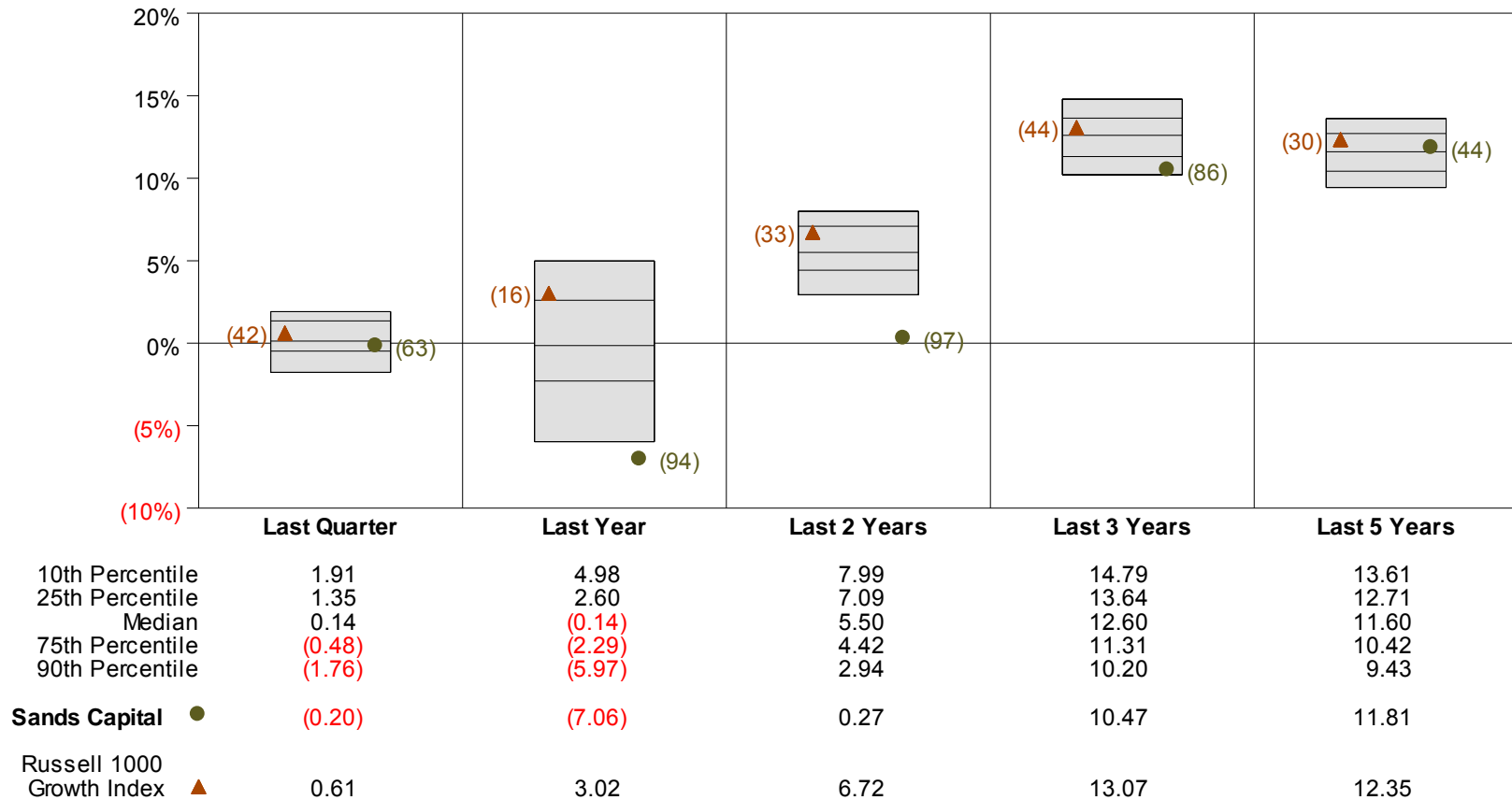


- Global composite exhibits a growth bias relative to the Index.
- Portfolio's regional exposure maintains a non-U.S. bias.

\*6/30/16 portfolio characteristics generated using most recently available holdings (3/31/16) modified based on a "buy-and-hold" assumption (repriced and adjusted for corporate actions). Analysis is then done using current market and company financial data.

# Sands – Large Cap (\$89.3 M, 4.7%)

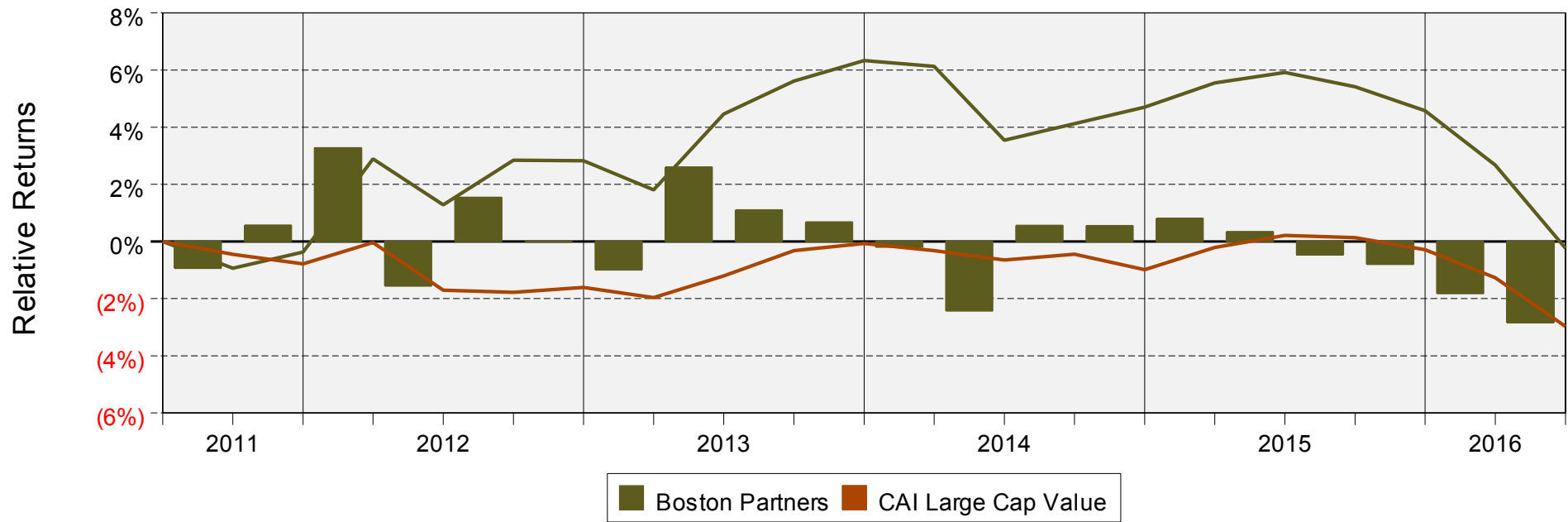
## Performance vs CAI Large Cap Growth (Gross)



- Invest in dominant, faster growing businesses that benefit from powerful secular drivers in innovative industries. These stocks have lagged defensive names over the past 12 months.
- Underweight to Consumer Staples and overweight to technology hindered performance.
- Selections within technology boosted relative returns (LinkedIn and Amazon).

# Boston Partners – Large Cap Value Equity (\$101.9 M, 5.4%)

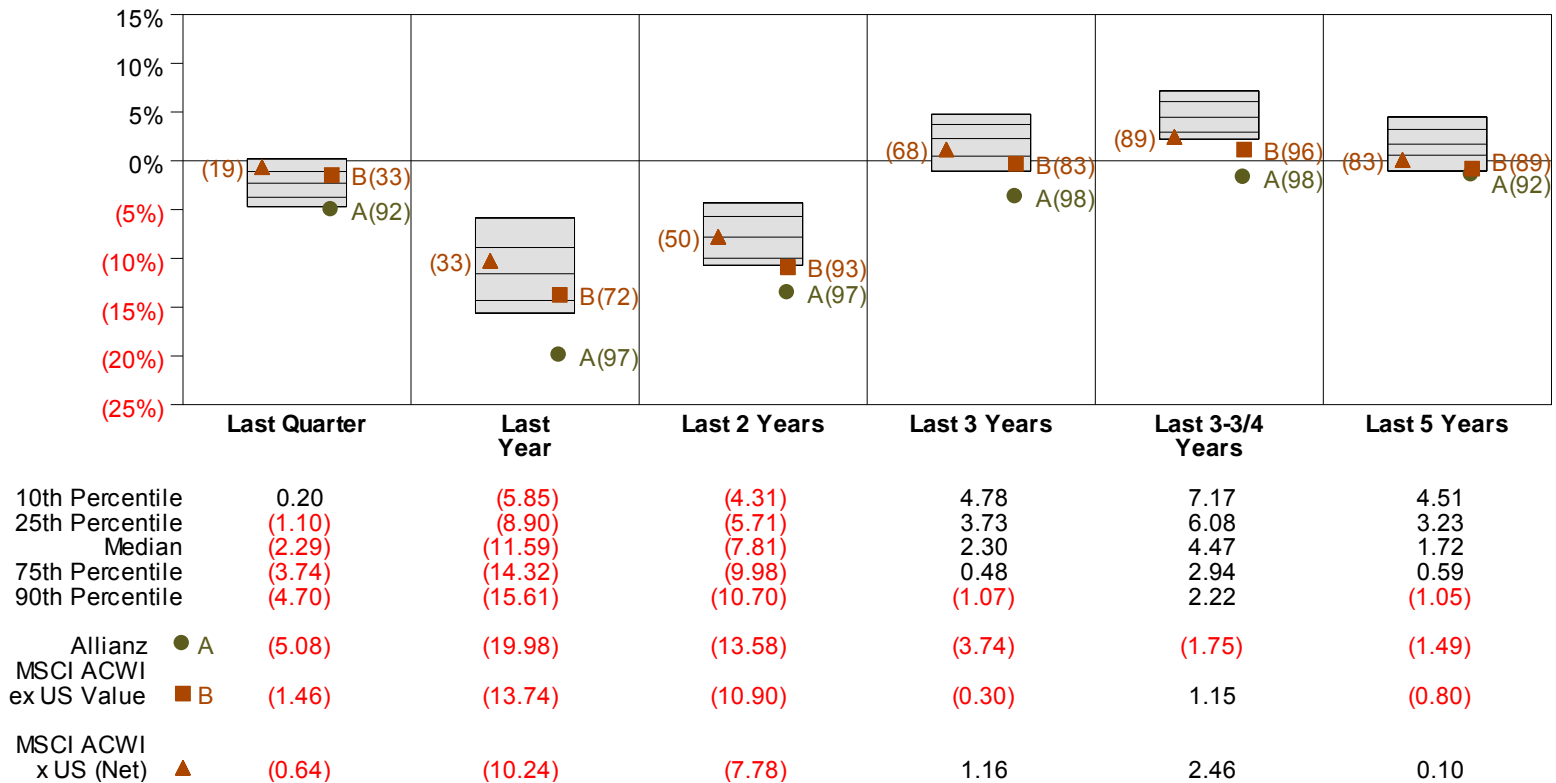
## Cumulative and Quarterly Relative Return vs Russell 1000 Value Index



- Invest in names with attractive valuations, solid fundamentals, and affirmative business momentum. This strategy has not been rewarded as bond-like proxies have outperformed (Utilities).
- Selections within the Financials (Capital One Financial Corp), Health Care, and Industrials (Delta Air Lines) sectors weighted heavily on performance (-2.0%).
- Underweight to Energy and Utilities also detracted from relative returns.

# Allianz – International Equity (\$103.4 M, 5.5%)

## Performance vs CAI Broad Value Intl Equity Style (Gross)



- Use a deep value strategy. Recently, expensive low risk, high yielding value names outperformed. They generally hold low P/E which severely underperformed.
- Stock selection in the Consumer Discretionary (ITV), Materials, Energy, and Industrials (Lufthansa) sectors detracted the most from returns.
- Lagging the benchmark by 6.2% over the last year (97<sup>th</sup> percentile) as their investment philosophy has encountered headwinds.



Appendix



# Endowments Compliance Report

| Objectives – Three Years                    | Compliant? | Comments |
|---|------------|----------|
| Maintain purchasing power (3-year trailing) | Yes        |          |

| Asset Allocation     |             |        |        |
|----------------------|-------------|--------|--------|
| Category             | Range       | Target | Actual |
| Equities             | 67%-73%     | 70.0%  | 68.2%  |
| Domestic             | 40%-50%     | 44.8%  | 45.6%  |
| Large cap            | 26.5%-36.5% | 30.8%  | 31.6%  |
| Mid cap              | 5%-13%      | 9.0%   | 9.1%   |
| Small cap            | 2.0%-7%     | 5.0%   | 4.9%   |
| International        | 12%-20%     | 16.1%  | 14.2%  |
| Global               | 5-13%       | 9.1%   | 8.4%   |
| Fixed Income         | 27%-33%     | 30.0%  | 29.0%  |
| Real Estate          | Note 2      | Note 2 | 2.0%   |
| Cash and Equivalents | 0%-5%       | 0.0%   | 0.5%   |

| Rebalancing              |     |  |
|--------------------------|-----|--|
| Applied when appropriate | Yes |  |

| Performance                                      |     |             |
|--|-----|-------------|
| Managers remain in specified style               | Yes |             |
| Active managers above median/indices for 3-years | No  | See 1 below |

Note 1: Boston Partners, Sands, Systematic, Allianz, Capital Int'l, GMO, Aberdeen and Lazard are behind their median and index. Barrow Hanley is behind its median while INTECH and Times Square are behind their benchmark.

Note 2: The new target for Real Estate is 8.0% with a range of 5-12%. The first investment in Real Estate occurred during the quarter (\$37.5M to RREEF).