



# City Of Burlington Employees Retirement Plan

Performance Review  
March 2017



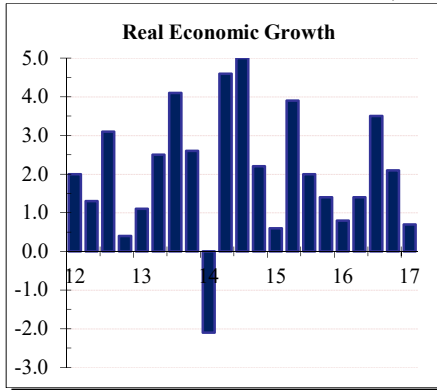
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## ECONOMIC ENVIRONMENT

### Optimism Rules

The first quarter of 2017 reflected optimism in the markets, as all major global regions made economic gains. US investors bet that the Trump administration would ultimately make gains toward deregulation, infrastructure spending, and lowering corporate and personal income taxes, though no significant legislative progress has been made. There is still much uncertainty concerning domestic policy, the future of the European Union, and rising tensions with North Korea. Still, the markets seem to feel that in the long run things will be all right.

The domestic economic numbers were mostly positive. First quarter GDP crawled ahead at a 0.7% rate, following the fourth quarter's 2.1% expansion.



The job market experienced a March setback with only 98,000 hires, but averaged 178,000 for the quarter, with many blaming the late winter snow storm. The month of February saw home prices rise 1% and for the year they climbed 7%. The Federal Reserve Board felt enough confidence in the economy, labor market and inflation to raise rates another ¼%.

Consumer confidence was the most optimistic of all, with almost a record high index reading. That optimism translated into solid stock returns both domestically and internationally. Bond yields stayed steady except on the very short end and provided low positive returns. More specifics follow:

- The GDP continued its decelerating trend in the first quarter, slowing to a rate of 0.7% growth, based on the advance estimate from the BEA.
- First quarter job growth was a reasonably solid 178,000 per month, even after the March decline. Pundits suggested that this rate of job growth remains positive as the economy is maturing and higher-end job seekers become harder to find. More good

news was the decline in the unemployment rate to 4.5%, the lowest since the 2007-2008 recession.

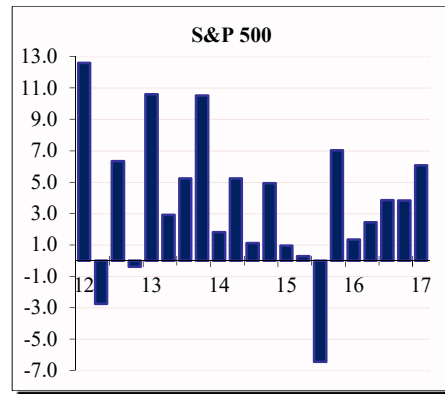
- For the latest year (through February), home prices advanced 7.0%. At this point, some residential markets appear overvalued. As evidence, the latest year's price gains were 11.1% in Washington State, 10% in Oregon and 9.1% in Colorado. Prices in eleven states have reached new highs, while only Connecticut and West Virginia homes experienced (modest) depreciation.
- Manufacturing activity continued to advance through March for the 94<sup>th</sup> consecutive month. The Purchasing Managers Index (PMI) registered 57.2%, a 0.5% decrease from February, but still strong. One contributing factor to the March decline was the late winter storm. Not surprisingly, all 17 reporting industries expanded. The Non-Manufacturing Business Activity Index registered 58.9% in March (greater than 50% represents expansion), down 4.7% from February. Service industries have reflected growth for the 92<sup>nd</sup> consecutive month.
- Consumer confidence made the strongest showing among all economic indicators. The Consumer Confidence Index shot up to 125.6 from 116.1 from the prior month. Both the present situation and expectations component indices rose in sync, as consumers' were highly optimistic regarding current business, labor conditions and short-term prospects.
- Commodity prices fell back 2.3% for the quarter, largely attributable to a drop in oil prices. Energy prices alone dropped 11.4%. By comparison, industrial metals gained 7.6%, with aluminum jumping 15.4% and precious metals adding almost 10%.

In its mid-March minutes, the Federal Reserve Board noted further progress toward the twin objectives of maximum employment and 2% inflation. After evaluating the job market, inflation and many other measures of economic activity, the Fed raised the federal funds rate to a range of ¾% - 1.0%. The minutes also reflect that two more rate increases may follow this year. Further, the Fed suggested that it could start to reduce its \$3 trillion government securities' balance, as well.

## DOMESTIC EQUITIES

### The Good News Keeps Rolling In

US stock indices surpassed many records during the quarter, although none actually closed at their highs. Remarkably, investors punched through several potential minefields. Not only were they unconcerned about the defeat of the Obamacare replacement legislation and the new Administration's difficulties approving and retaining key Cabinet posts, but they were also undaunted by the debilitating winter storm, falling oil prices and already high market valuations. The NASDAQ Composite



topped the list, earning 10.1%, with Amazon, Facebook and Apple fueling the advance. The S&P 500 couldn't quite compete, yet turned in a healthy 6.1%. The DJIA was a relative also-ran, gaining 5.2%. The Dow's oil stocks were a dampening factor. Larger-sized stocks carried the day, as the Russell 1000 rose 6.0% compared to the mid-cap (5.1%) and small-cap (2.5%) indices. In a

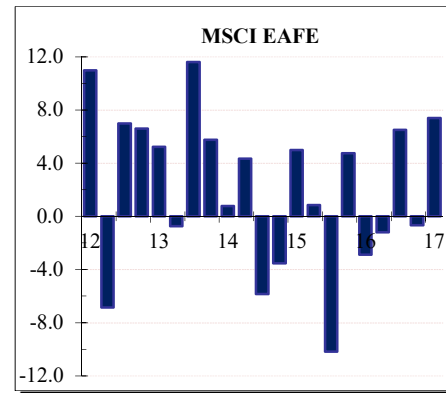
reversal from the prior quarter, economically sensitive growth stocks significantly outpaced value names. Among the major benchmarks, only the Russell 2000 Value Index was in the red (-0.1%).

Among S&P sectors, computer tech stocks fared best; Amazon and Apple helped the sector shoot up 14.9%. Other tech names, especially biotech, climbed 8.6%. The services sector, including media stocks, grew 8.2%. Consumer non-durables, largely comprised of healthcare companies came in close behind, gaining 8.1%; retention of Obamacare (at least for now) helped to boost prices. Energy was the only stock sector to decline (-7.2%), as the supply glut drove down oil prices. The NAREIT index disappointed with a small 2.6% advance. The S&P 500 dividend yield dropped slightly (2.0%), while higher reported company earnings held the average price/earnings ratio of 23.1 in check. Still, that P/E level is quite high vs. the past and vs. other global regions. 2017 earnings will have to be robust to sustain the market's advance.

## INTERNATIONAL EQUITIES

### Optimism Reigns Overseas, Too

Developed overseas markets performed quite well; MSCI EAFE Index gained 7.4% for the quarter. Within EAFE, the EU scored 7.5%, Australia rocked 11% and the Far East added 6%. On close examination of Europe



as a whole, Germany, which is Europe's largest economy, continued to shine. The German market rose 8.5%, powered by expanded manufacturing and Chancellor Angela Merkel's political party unexpected election victory. The French market also performed well (+7.4%), despite a predictably contentious electoral season. The Italian market strengthened

(+6.3%) on renewed business confidence. The real sleeper was Spain, whose market soared 14.9%, due to accelerated industrial output and the welcome news that the Basque rebel group ETA announced an intention to disband. The UK market held its own (+5.1%) despite the ongoing Brexit process.

Australian shares advanced 11%, even with lackluster results in the materials' exports sector. The Aussie market benefited from banking stock gains and currency appreciation. Japan's market, still dominant in the Far East, was a relative laggard, rising 4.6%. However, Japanese investors liked recent economic data and near-record low unemployment. Hong Kong shot up 13.4%, driven by a booming real estate sector. Singapore performed just as well (+13.5%) as exports grew for the fourth quarter in a row. The Canadian market, not part of EAFE, earned only 2.7% due to weak corporate investments and a large projected deficit in its 2017 federal budget.

In a dramatic turnaround from last year, emerging markets (EM) became revitalized. The first quarter's combined MSCI EM return was 11.5%, with most country bourses strongly in the black. Brazil, Russia, India and China, collectively branded BRIC, gained 11.6%. Brazil bounced back

from 2016 with a 10.4% advance; this was mainly due to consumer confidence in its new government as well as the planned privatization of the nation's nationalized airports. However, Russia failed to perform well, as its market rises and falls in sync with oil prices; Russian shares fell 4.6%. China shares added 12.9%, based on higher industrial production and winning performances by tech companies Tencent and Alibaba.

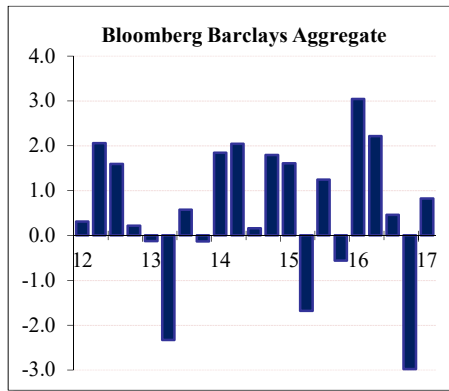
In the Far East, Korea was a stellar performer, posting almost a 17% gain. Investors were impressed by its strong tech exports and appreciating currency. Taiwan also did well, posting an 11.8% gain, bolstered by higher microchip demand for Taiwan Semiconductor and appreciation of the Taiwan Dollar. The Philippines' market suffered the effects of two typhoons, which reduced agricultural output; despite these reverses, the Philippines still managed to gain ground (+6.4%).

The Latin American region rose more than 12%. Softening of the trade impasse between the US and Mexico contributed to the Mexican market surging more than 16%.

## BOND MARKET

### Weak, but in the Black

Such influences as an uptick in inflation, recent US dollar currency weakness, the somewhat slower job growth and an admittedly volatile start



to the Trump administration could easily have shaken US bond investors. Instead, the Treasury yield curve hardly moved. Specifically, any Treasury issue beyond a two-year maturity showed essentially no yield change during the quarter. Investment grade corporate returns were also tepid. Overall, the Barclays Aggregate Index (investment grade only) added just 0.8%. The Treasury portion rose a similar 0.7%. Based on bellwether Treasury issues, returns varied only modestly from T-bills that yielded +0.1% to the 30-year issues that returned +1.3%. Investment grade

corporates generated 1.2%, with the financial sub-sector adding a touch more (1.3%). Residential mortgage-backed issues returned 0.5%, while commercial mortgages gained 0.9% and shorter-term asset-backed issues (ABS) rose 0.5%.

In total, high yield issues returned 2.7%. Importantly, performance moved inversely with credit quality, as the lower the credit rating, the higher the performance. Returns climbed from 2.1% for BA credits (the highest quality in the category) to a hefty 8.9% for the lowest-rated or CA-D paper.

G-6 developed countries' sovereign debt averaged 1.9% in US dollar terms. Results ranged from -0.9% for France to +4.3% for Japan, whose sovereigns benefited from yen appreciation. By comparison, emerging market sovereign debt earned 3.8%, suggesting more stability in these markets.

## CASH EQUIVALENTS

### A Blip on the Radar

Given the March ¼% fed funds' increase and additional bumps likely to follow later this year, cash equivalent returns should rise fractionally. Still, there is a long way to go before an investor will receive more than a 1% return, net-of-fees. Meantime, the T-Bill return for the quarter was a tiny 0.1%.

**MARKET SUMMARY**

**ECONOMIC STATISTICS**

	CURRENT QTR	LAST QTR
GDP	0.7	2.1
Unemployment	4.5	4.7
CPI All Items Year/Year	2.40	2.10
Fed Funds Rate	1.00	0.75
Industrial Capacity	76.1	76.0
US Dollars per Euro	1.07	1.06

**MAJOR INDEX QUARTER RETURNS**

INDEX	PERFORMANCE
Russell 3000	5.7
S&P 500	6.1
Russell Mid	5.1
Russell 2000	2.5
MSCI EAFE	7.4
MSCI Emg Mkts	11.5
NCREIF ODCE	1.8
Aggregate Index	0.8
90 Day Tbills	0.1

**EQUITY RETURN DISTRIBUTIONS**

	QUARTER			TRAILING YEAR		
	VAL	COR	GRO	VAL	COR	GRO
LC	3.3	6.0	8.9	19.2	17.4	15.8
MC	3.8	5.1	6.9	19.8	17.0	14.1
SC	-0.1	2.5	5.3	29.3	26.2	23.0

**MARKET SUMMARY**

- \* GDP expanded at a tame rate of 0.7% in Q1.
- \* 4.5% unemployment was the lowest in almost a decade.
- \* CPI increased 2.4% year over year.
- \* The dollar weakened relative to the euro.
- \* Growth stocks bested value names last quarter. Larger market caps fared better than smaller caps. Among the Russell family of domestic equity indices, all but the small cap value index advanced.

## **INVESTMENT RETURN**

On March 31st, 2017, the City of Burlington Employees Retirement System was valued at \$174,288,037, representing an increase of \$7,876,669 from the December quarter's ending value of \$166,411,368. Last quarter, the Fund posted withdrawals totaling \$5,459, which partially offset the portfolio's net investment return of \$7,882,128. Income receipts totaling \$110,986 plus net realized and unrealized capital gains of \$7,771,142 combined to produce the portfolio's net investment return.

For the cumulative period since December 2001, the fund has recorded net withdrawals totaling \$24.0 million and posted net investment gains of \$99.4 million. For the period since December 2001, if the total fund returned a compound annual rate of 8.0% it would have been valued at \$268.0 million or \$93.7 million more than the actual value as of March 31st, 2017.

## **RELATIVE PERFORMANCE**

### **Total Fund**

In the first quarter, the total portfolio gained 4.7%, which was 0.1% below the Burlington Policy Index's return of 4.8% and ranked in the 32nd percentile of the Public Fund universe. Over the trailing year, the portfolio returned 12.8%, which was 0.4% less than the benchmark's 13.2% performance, and ranked in the 14th percentile. Since December 2001, the portfolio returned 5.4% on an annualized basis.

### **Equity**

The equity portfolio returned 6.4% in the first quarter, 0.7% less than the MSCI All Country World index's return of 7.1% and ranked in the 59th percentile of the Global Equity universe. Over the trailing twelve-month period, the equity portfolio returned 17.4%; that return was

1.7% greater than the benchmark's 15.7% return, and ranked in the 24th percentile.

### **Real Assets**

In the first quarter, the real assets component returned 1.0%, which was 0.9% above the Real Assets Blended Index's return of 0.1%. Over the trailing twelve-month period, this component returned 4.5%, which was 2.5% less than the benchmark's 7.0% return.

### **Fixed Income**

The fixed income portfolio returned 0.8% last quarter; that return was 0.1% above the Intermediate Aggregate Index's return of 0.7% and ranked in the 74th percentile of the Broad Market Fixed Income universe. Over the trailing year, this component returned 0.4%, 0.1% above the benchmark's 0.3% performance, ranking in the 89th percentile.

## **ASSET ALLOCATION**

At the end of the first quarter, equities comprised 72.0% of the total portfolio (\$125.4 million), while real assets totaled 10.6% (\$18.5 million) with fixed income comprising the remaining 17.4% (\$30.4 million).

The Retirement System also had a negative cash balance in the Pooled Account (not included in the valuations in this report) of -\$5,456,156.

## EXECUTIVE SUMMARY

## PERFORMANCE SUMMARY

	Quarter	FYTD	1 Year	3 Year	5 Year	10 Year	Since 12/01
<b>Total Portfolio - Gross</b>	4.7	10.8	12.8	4.6	6.2	4.6	5.4
<i>PUBLIC FUND RANK</i>	(32)	(12)	(14)	(84)	(94)	(92)	----
<b>Total Portfolio - Net</b>	4.7	10.7	12.6	4.2	5.7	----	----
POLICY INDEX	4.8	11.1	13.2	5.0	6.2	----	----
<b>Equity - Gross</b>	6.4	15.2	17.4	----	----	----	----
<i>GLOBAL EQUITY RANK</i>	(59)	(37)	(24)	----	----	----	----
MSCI AC WORLD	7.1	14.3	15.7	5.7	9.0	4.6	6.8
ACWI EX US	8.0	14.2	13.7	1.0	4.8	1.8	6.8
MSCI EAFE	7.4	13.6	12.2	1.0	6.3	1.5	6.1
MSCI EMG MKTS	11.5	16.7	17.7	1.6	1.2	3.0	10.5
RUSSELL 3000	5.7	15.0	18.1	9.8	13.2	7.5	7.4
S&P COMPLETION	4.6	18.4	22.4	7.0	12.5	7.9	----
<b>Real Assets - Gross</b>	1.0	4.2	4.5	----	----	----	----
REAL ASSETS IDX	0.1	1.7	7.0	0.9	3.0	2.1	5.9
NCREIF ODCE	1.8	6.1	8.3	11.8	12.0	5.6	8.1
NCREIF TIMBER	0.8	2.6	3.6	5.7	7.1	5.7	7.3
BLP COMMODITY	-2.3	-3.6	8.7	-13.9	-9.5	-6.2	1.0
<b>Fixed Income - Gross</b>	0.8	-1.2	0.4	----	----	----	----
<i>BROAD MARKET FIXED RANK</i>	(74)	(78)	(89)	----	----	----	----
GLOBAL AGGREGATE	1.8	-4.7	-1.9	-0.4	0.4	3.3	4.8
GLOBAL AGG EX US	2.5	-7.1	-3.9	-2.7	-1.1	2.6	5.0
AGGREGATE INDEX	0.8	-1.7	0.4	2.7	2.3	4.3	4.6

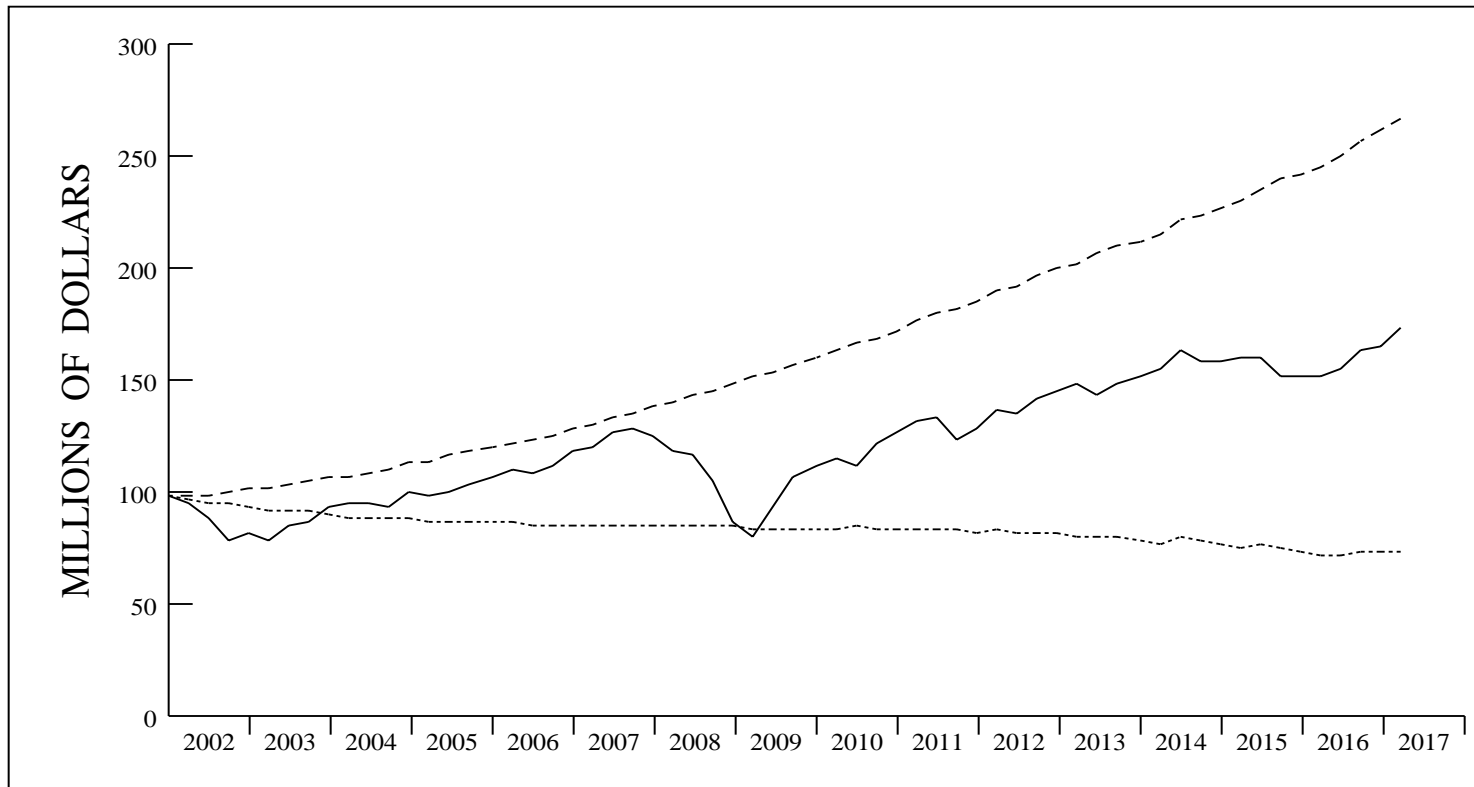
## ASSET ALLOCATION

Equity	72.0%	\$ 125,437,546
Real Assets	10.6%	18,476,138
Fixed Income	17.4%	30,374,353
<b>Total Portfolio</b>	<b>100.0%</b>	<b>\$ 174,288,037</b>

## INVESTMENT RETURN

Market Value 12/2016	\$ 166,411,368
Contribs / Withdrawals	-5,459
Income	110,986
Capital Gains / Losses	7,771,142
Market Value 3/2017	\$ 174,288,037

**INVESTMENT GROWTH**



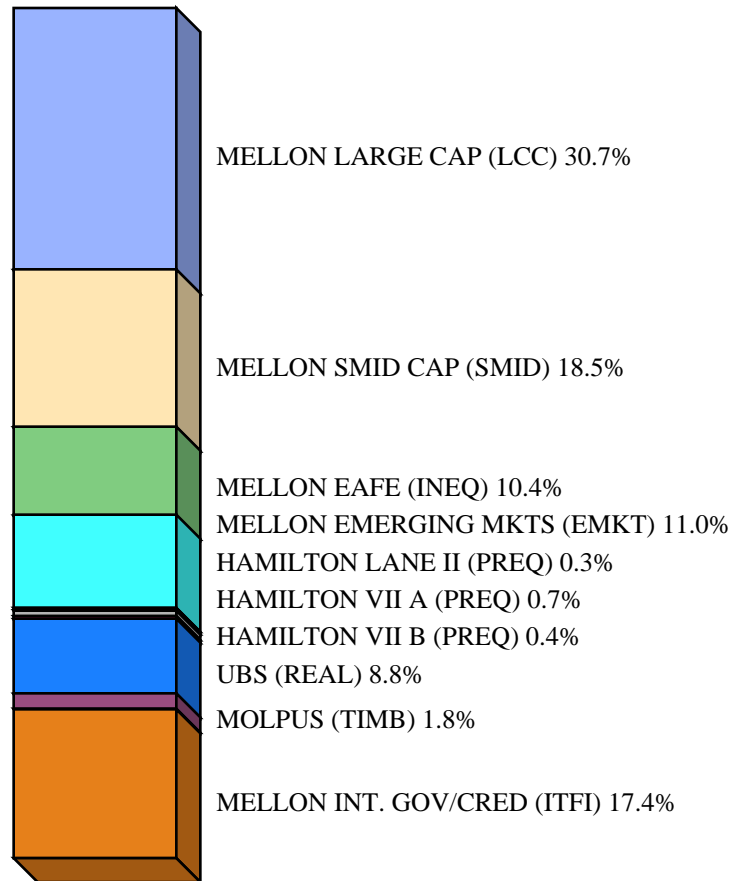
— ACTUAL RETURN  
 - - - 8.0%  
 . . . 0.0%

VALUE ASSUMING  
 8.0% RETURN \$ 267,974,596

	LAST QUARTER	PERIOD 12/01 - 3/17
BEGINNING VALUE	\$ 166,411,368	\$ 98,885,312
NET CONTRIBUTIONS	- 5,459	- 23,967,734
<u>INVESTMENT RETURN</u>	<u>7,882,128</u>	<u>99,370,464</u>
ENDING VALUE	\$ 174,288,037	\$ 174,288,037
INCOME	110,986	14,716,931
<u>CAPITAL GAINS (LOSSES)</u>	<u>7,771,142</u>	<u>84,653,528</u>
INVESTMENT RETURN	7,882,128	99,370,464



**MANAGER ALLOCATION AND TARGET SUMMARY**



Name	Market Value	Percent	Target
Mellon Large Cap (LCC)	\$53,550,888	30.7	30.0
Mellon Smid Cap (SMID)	\$32,305,794	18.5	18.0
Mellon EAFE (INEQ)	\$18,198,083	10.4	10.0
Mellon Emerging Mkts (EMKT)	\$19,085,997	11.0	10.0
Hamilton Lane II (PREQ)	\$482,688	0.3	0.5
Hamilton VII A (PREQ)	\$1,143,757	0.7	0.9
Hamilton VII B (PREQ)	\$670,339	0.4	0.6
UBS (REAL)	\$15,338,146	8.8	8.0
Molpus (TIMB)	\$3,137,992	1.8	2.0
Mellon Int. Gov/Cred (ITFI)	\$30,374,353	17.4	20.0
Key Bank (CASH)	\$0	0.0	0.0
<b>Total Portfolio</b>	<b>\$174,288,037</b>	<b>100.0</b>	<b>100.0</b>

**INVESTMENT RETURN SUMMARY - ONE QUARTER**

<b>Name</b>	<b>Quarter Total Return</b>	<b>Market Value December 31st, 2016</b>	<b>Net Cashflow</b>	<b>Net Investment Return</b>	<b>Market Value March 31st, 2017</b>
Mellon Large Cap (LCC)	6.1	50,490,742	0	3,060,146	53,550,888
Mellon Smid Cap (SMID)	3.8	32,079,570	-1,000,000	1,226,224	32,305,794
Mellon EAFE (INEQ)	7.3	15,504,948	1,531,829	1,161,306	18,198,083
Mellon Emerging Mkts (EMKT)	11.5	17,123,486	0	1,962,511	19,085,997
Hamilton Lane II (PREQ)	6.8	459,208	-7,628	31,108	482,688
Hamilton VII A (PREQ)	2.8	1,297,567	-185,501	31,691	1,143,757
Hamilton VII B (PREQ)	0.4	729,635	-61,984	2,688	670,339
UBS (REAL)	1.1	15,318,935	-155,373	174,584	15,338,146
Molpus (TIMB)	0.0	3,137,992	0	0	3,137,992
Mellon Int. Gov/Cred (ITFI)	0.8	30,142,484	0	231,869	30,374,353
Key Bank (CASH)	---	126,801	-126,802	1	0
<b>Total Portfolio</b>	<b>4.7</b>	<b>166,411,368</b>	<b>-5,459</b>	<b>7,882,128</b>	<b>174,288,037</b>









## MANAGER PERFORMANCE SUMMARY - GROSS OF FEES

Portfolio	(Universe)	Quarter	FYTD	1 Year	3 Years	5 Years	Since Inception
Total Portfolio	(Public Fund)	4.7 (32)	10.8 (12)	12.8 (14)	4.6 (84)	6.2 (94)	5.4 ---- 12/01
<i>Policy Index</i>		<i>4.8 ----</i>	<i>11.1 ----</i>	<i>13.2 ----</i>	<i>5.0 ----</i>	<i>6.2 ----</i>	<i>---- ----</i>
Mellon Large Cap	(LC Core)	6.1 (47)	14.4 (46)	17.2 (41)	---- ----	---- ----	17.2 (41) 03/16
<i>S&amp;P 500</i>		<i>6.1 ----</i>	<i>14.4 ----</i>	<i>17.2 ----</i>	<i>10.4 ----</i>	<i>13.3 ----</i>	<i>17.2 ----</i>
Mellon Smid Cap	(Smid Cap)	3.8 (61)	17.4 (47)	21.7 (34)	---- ----	---- ----	21.7 (34) 03/16
<i>Russell 2500</i>		<i>3.7 ----</i>	<i>17.3 ----</i>	<i>21.5 ----</i>	<i>7.4 ----</i>	<i>12.6 ----</i>	<i>21.5 ----</i>
Mellon EAFE	(Intl Eq)	7.3 (78)	13.4 (56)	12.0 (62)	---- ----	---- ----	12.0 (62) 03/16
<i>MSCI EAFE</i>		<i>7.4 ----</i>	<i>13.6 ----</i>	<i>12.2 ----</i>	<i>1.0 ----</i>	<i>6.3 ----</i>	<i>12.2 ----</i>
Mellon Emerging Mkts	(Emerging Mkt)	11.5 (64)	16.4 (47)	17.2 (59)	---- ----	---- ----	17.2 (59) 03/16
<i>MSCI Emg Mkts</i>		<i>11.5 ----</i>	<i>16.7 ----</i>	<i>17.7 ----</i>	<i>1.6 ----</i>	<i>1.2 ----</i>	<i>17.7 ----</i>
Hamilton Lane II		6.8 ----	8.1 ----	6.1 ----	-1.5 ----	4.8 ----	12.4 ---- 03/09
<i>S&amp;P Completion</i>		<i>4.6 ----</i>	<i>18.4 ----</i>	<i>22.4 ----</i>	<i>7.0 ----</i>	<i>12.5 ----</i>	<i>18.5 ----</i>
Hamilton VII A		2.8 ----	9.9 ----	9.7 ----	10.3 ----	13.3 ----	13.1 ---- 09/11
<i>S&amp;P Completion</i>		<i>4.6 ----</i>	<i>18.4 ----</i>	<i>22.4 ----</i>	<i>7.0 ----</i>	<i>12.5 ----</i>	<i>16.7 ----</i>
Hamilton VII B		0.4 ----	3.2 ----	5.3 ----	4.0 ----	7.0 ----	7.4 ---- 09/11
<i>S&amp;P Completion</i>		<i>4.6 ----</i>	<i>18.4 ----</i>	<i>22.4 ----</i>	<i>7.0 ----</i>	<i>12.5 ----</i>	<i>16.7 ----</i>
UBS		1.1 ----	---- ----	---- ----	---- ----	---- ----	2.6 ---- 09/16
<i>NCREIF ODCE</i>		<i>1.8 ----</i>	<i>6.1 ----</i>	<i>8.3 ----</i>	<i>11.8 ----</i>	<i>12.0 ----</i>	<i>3.9 ----</i>
Molpus		0.0 ----	1.7 ----	2.1 ----	4.2 ----	5.8 ----	4.1 ---- 03/09
<i>NCREIF Timber</i>		<i>0.8 ----</i>	<i>2.6 ----</i>	<i>3.6 ----</i>	<i>5.7 ----</i>	<i>7.1 ----</i>	<i>3.9 ----</i>
Mellon Int. Gov/Cred	(Int Fixed)	0.8 (61)	-1.2 (89)	0.4 (83)	---- ----	---- ----	0.4 (83) 03/16
<i>Int Gov/Credit</i>		<i>0.8 ----</i>	<i>-1.2 ----</i>	<i>0.4 ----</i>	<i>2.0 ----</i>	<i>1.9 ----</i>	<i>0.4 ----</i>

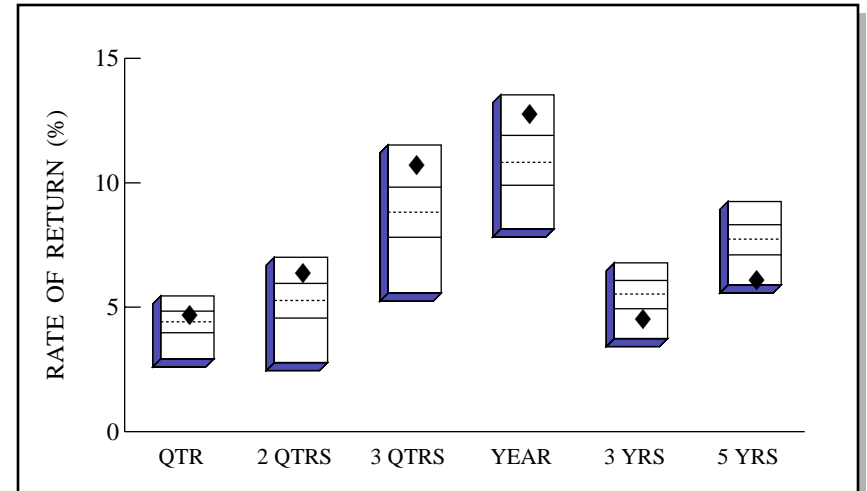
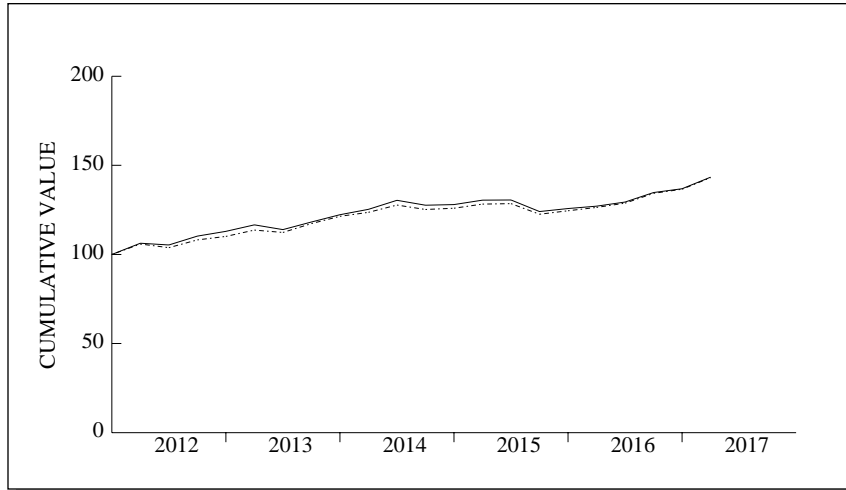
## MANAGER PERFORMANCE SUMMARY - NET OF FEES

Name	Quarter	FYTD	1 Year	3 Years	5 Years	Since Inception	
Total Portfolio	4.7	10.7	12.6	4.2	5.7	----	12/01
<i>Policy Index</i>	<i>4.8</i>	<i>11.1</i>	<i>13.2</i>	<i>5.0</i>	<i>6.2</i>	<i>----</i>	
Mellon Large Cap	6.1	14.3	17.1	----	----	17.1	03/16
<i>S&amp;P 500</i>	<i>6.1</i>	<i>14.4</i>	<i>17.2</i>	<i>10.4</i>	<i>13.3</i>	<i>17.2</i>	
Mellon Smid Cap	3.8	17.4	21.6	----	----	21.6	03/16
<i>Russell 2500</i>	<i>3.7</i>	<i>17.3</i>	<i>21.5</i>	<i>7.4</i>	<i>12.6</i>	<i>21.5</i>	
Mellon EAFE	7.3	13.4	12.0	----	----	12.0	03/16
<i>MSCI EAFE</i>	<i>7.4</i>	<i>13.6</i>	<i>12.2</i>	<i>1.0</i>	<i>6.3</i>	<i>12.2</i>	
Mellon Emerging Mkts	11.4	16.4	17.1	----	----	17.1	03/16
<i>MSCI Emg Mkts</i>	<i>11.5</i>	<i>16.7</i>	<i>17.7</i>	<i>1.6</i>	<i>1.2</i>	<i>17.7</i>	
Hamilton Lane II	5.1	4.3	1.5	-4.2	2.7	10.7	03/09
<i>S&amp;P Completion</i>	<i>4.6</i>	<i>18.4</i>	<i>22.4</i>	<i>7.0</i>	<i>12.5</i>	<i>18.5</i>	
Hamilton VII A	2.5	9.0	8.6	9.0	11.5	11.0	09/11
<i>S&amp;P Completion</i>	<i>4.6</i>	<i>18.4</i>	<i>22.4</i>	<i>7.0</i>	<i>12.5</i>	<i>16.7</i>	
Hamilton VII B	0.6	2.9	4.7	2.9	5.4	5.5	09/11
<i>S&amp;P Completion</i>	<i>4.6</i>	<i>18.4</i>	<i>22.4</i>	<i>7.0</i>	<i>12.5</i>	<i>16.7</i>	
UBS	0.9	----	----	----	----	2.0	09/16
<i>NCREIF ODCE</i>	<i>1.8</i>	<i>6.1</i>	<i>8.3</i>	<i>11.8</i>	<i>12.0</i>	<i>3.9</i>	
Molpus	0.0	1.2	1.3	3.3	4.8	3.3	03/09
<i>NCREIF Timber</i>	<i>0.8</i>	<i>2.6</i>	<i>3.6</i>	<i>5.7</i>	<i>7.1</i>	<i>3.9</i>	
Mellon Int. Gov/Cred	0.8	-1.2	0.4	----	----	0.4	03/16
<i>Int Gov/Credit</i>	<i>0.8</i>	<i>-1.2</i>	<i>0.4</i>	<i>2.0</i>	<i>1.9</i>	<i>0.4</i>	

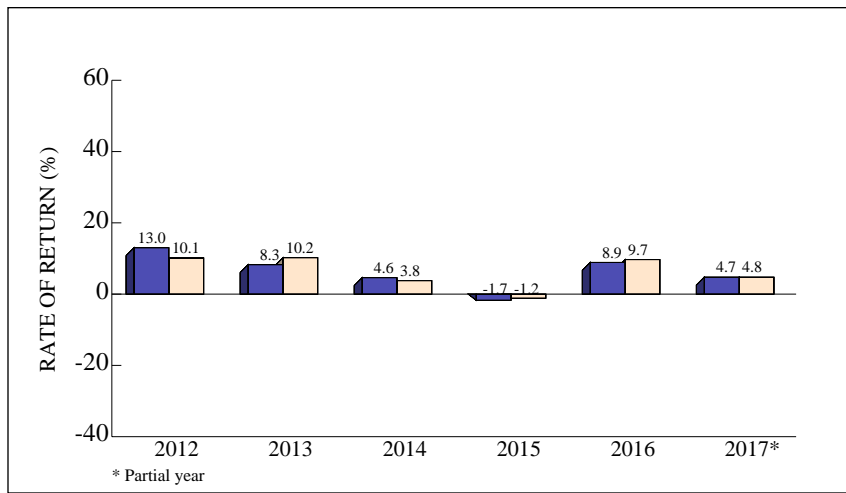
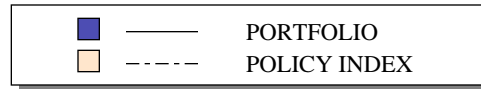
## MANAGER VALUE ADDED

1 Quarter	Portfolio	Benchmark	1 Year
0.0	Mellon NSL SIF	S&P 500	0.0
0.1	Mellon SL SMID SIF	Russell 2500	0.2
-0.1	Mellon NSL INTL SIF	MSCI EAFE	-0.2
0.0	Mellon NSL EM SIF	MSCI Emg Mkts	-0.5
2.2 	Hamilton Lane Secondary Fund II	S&P Completion	 -16.3
 -1.8	Hamilton Lane Fund VII Series A Offshore	S&P Completion	 -12.7
 -4.2	Hamilton Lane Fund VII Series B Offshore	S&P Completion	 -17.1
 -0.7	UBS Realty Investors Trumbull Property Fund	NCREIF ODCE	N/A
 -0.8	Molpus Sustainable Woodlands Fund II	NCREIF Timber	 -1.5
0.0	Mellon NSL IGC BIF	Int Gov/Credit	0.0
-0.1	<b>Total Portfolio</b>	<b>Policy Index</b>	-0.4

**TOTAL RETURN COMPARISONS**



Public Fund Universe

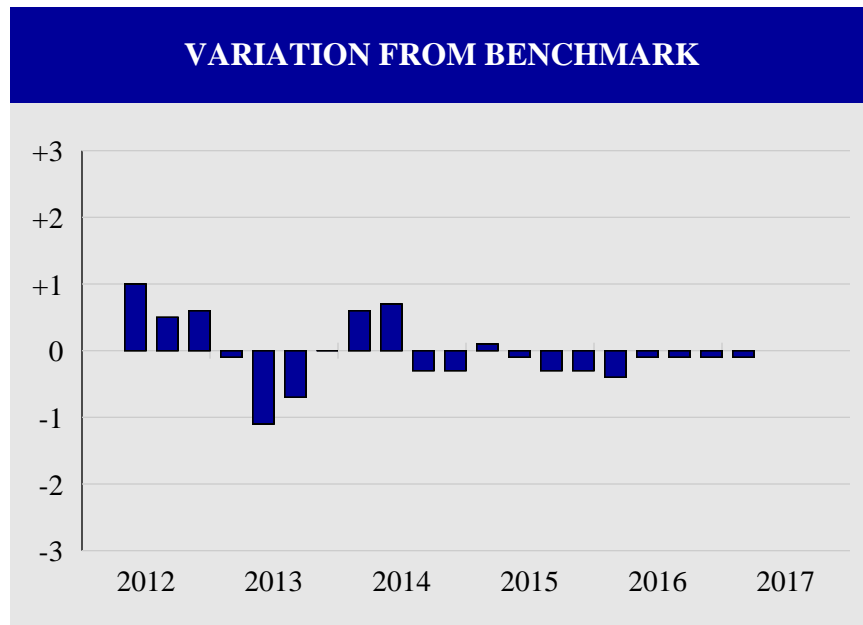


	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	4.7	6.4	10.8	12.8	4.6	6.2
(RANK)	(32)	(15)	(12)	(14)	(84)	(94)
5TH %ILE	5.5	7.0	11.5	13.5	6.8	9.3
25TH %ILE	4.8	6.0	9.8	11.9	6.1	8.3
MEDIAN	4.4	5.3	8.8	10.8	5.5	7.7
75TH %ILE	4.0	4.6	7.8	9.9	4.9	7.1
95TH %ILE	2.9	2.8	5.6	8.1	3.7	5.9
<b>Policy</b>	<b>4.8</b>	<b>6.6</b>	<b>11.1</b>	<b>13.2</b>	<b>5.0</b>	<b>6.2</b>

Public Fund Universe

**TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY - 5 YEARS**

**COMPARATIVE BENCHMARK: BURLINGTON POLICY INDEX**



<b>Total Quarters Observed</b>	<b>20</b>
<b>Quarters At or Above the Benchmark</b>	<b>7</b>
<b>Quarters Below the Benchmark</b>	<b>13</b>
<b>Batting Average</b>	<b>.350</b>

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
6/12	-0.9	-1.9	1.0	-0.9	-1.9	1.0
9/12	4.7	4.2	0.5	3.8	2.2	1.6
12/12	2.4	1.8	0.6	6.3	4.0	2.3
3/13	3.2	3.3	-0.1	9.7	7.4	2.3
6/13	-2.3	-1.2	-1.1	7.2	6.2	1.0
9/13	3.7	4.4	-0.7	11.2	10.9	0.3
12/13	3.5	3.5	0.0	15.1	14.7	0.4
3/14	2.5	1.9	0.6	17.9	16.8	1.1
6/14	4.0	3.3	0.7	22.7	20.7	2.0
9/14	-2.2	-1.9	-0.3	20.1	18.4	1.7
12/14	0.3	0.6	-0.3	20.4	19.0	1.4
3/15	1.9	1.8	0.1	22.7	21.2	1.5
6/15	0.1	0.2	-0.1	22.9	21.5	1.4
9/15	-5.0	-4.7	-0.3	16.7	15.8	0.9
12/15	1.3	1.6	-0.3	18.3	17.6	0.7
3/16	1.1	1.5	-0.4	19.5	19.4	0.1
6/16	1.8	1.9	-0.1	21.8	21.7	0.1
9/16	4.1	4.2	-0.1	26.7	26.9	-0.2
12/16	1.6	1.7	-0.1	28.8	29.0	-0.2
3/17	4.7	4.8	-0.1	34.9	35.2	-0.3

## Private Equity Investor Report Hamilton Lane Secondary Fund II LP

<b>IRR Since Inception</b>		<b>14.86%</b>	Annualized, Net of Fees
<b>Market Value</b>	\$	<b>482,688</b>	Last Statement Date: 3/31/2017
Capital Commitment	\$	3,400,000	100.00%
Paid In Capital	\$	2,982,695	87.73%
Remaining Commitment	\$	417,305	12.27%

<b>Date</b>	<b>Contributions</b>	<b>% of Commitment</b>	<b>Recallable Distributions</b>	<b>% of Commitment</b>	<b>Distributions</b>
Year 2009	\$ 518,361	15.25%	\$ (151,904)	-4.47%	\$ -
Year 2010	\$ 1,109,828	32.64%	\$ -	-	\$ (87,992)
Year 2011	\$ 607,254	17.86%	\$ (115,109)	-3.39%	\$ (361,234)
Year 2012	\$ 934,221	27.48%	\$ -	-	\$ (836,516)
2/26/2013	\$ 11,511	0.34%	\$ -	-	\$ (137,100)
3/8/2013	\$ 34,000	1.00%	\$ -	-	\$ -
3/29/2013	\$ 43,166	1.27%	\$ -	-	\$ -
6/10/2013	\$ -	-	\$ -	-	\$ (144,307)
8/14/2013	\$ -	-	\$ -	-	\$ (167,406)
9/26/2013	\$ 8,633	0.25%	\$ -	-	\$ (132,375)
10/18/2013	\$ -	-	\$ -	-	\$ (110,666)
11/14/2013	\$ -	-	\$ (17,266)	-0.51%	\$ (40,013)
1/14/2014	\$ -	-	\$ -	-	\$ (143,432)
3/5/2014	\$ -	-	\$ -	-	\$ (120,864)
3/31/2014	\$ -	-	\$ -	-	\$ (63,310)
5/28/2014	\$ -	-	\$ -	-	\$ (172,662)
6/27/2014	\$ -	-	\$ -	-	\$ (71,978)
8/14/2014	\$ -	-	\$ -	-	\$ (115,109)
9/11/2014	\$ -	-	\$ -	-	\$ (132,375)
10/15/2014	\$ -	-	\$ -	-	\$ (187,101)
11/21/2014	\$ -	-	\$ -	-	\$ (44,892)
12/30/2014	\$ -	-	\$ -	-	\$ (89,125)
2/26/2015	\$ -	-	\$ -	-	\$ (59,245)
4/20/2015	\$ -	-	\$ -	-	\$ (116,859)
7/17/2015	\$ -	-	\$ -	-	\$ (78,675)
11/20/2015	\$ -	-	\$ -	-	\$ (278,361)
1/28/2016	\$ -	-	\$ -	-	\$ (38,549)
5/20/2016	\$ -	-	\$ -	-	\$ (81,887)
8/19/2016	\$ -	-	\$ -	-	\$ (46,080)
12/28/2016	\$ -	-	\$ -	-	\$ (31,257)
<b>Total</b>	<b>\$ 3,266,974</b>	<b>96.09%</b>	<b>\$ (284,279)</b>	<b>-8.36%</b>	<b>\$ (3,889,370)</b>



**Private Equity Investor Report**  
**Hamilton Lane Private Equity Fund VII LP Series A Offshore**

<b>IRR Since Inception</b>	<b>11.10%</b>	Annualized, Net of Fees
<b>Market Value</b>	<b>\$ 1,143,757</b>	Last Statement Date: 3/31/2017
Capital Commitment	\$ 1,500,000	100.00%
Paid In Capital	\$ 1,304,825	86.99%
Remaining Commitment	\$ 195,175	13.01%

<b>Date</b>	<b>Contributions</b>	<b>% of Commitment</b>	<b>Recallable Distributions</b>	<b>% of Commitment</b>	<b>Distributions</b>
7/27/2011	\$ 172,500	11.50%	\$ -	-	\$ -
9/27/2011	\$ 52,500	3.50%	\$ -	-	\$ -
11/15/2011	\$ 52,500	3.50%	\$ -	-	\$ -
12/30/2011	\$ 67,947	4.53%	\$ -	-	\$ -
4/24/2012	\$ 83,394	5.56%	\$ -	-	\$ (32,311)
6/24/2012	\$ 52,500	3.50%	\$ -	-	\$ -
8/23/2012	\$ 45,000	3.00%	\$ -	-	\$ (3,692)
10/15/2012	\$ 67,500	4.50%	\$ -	-	\$ (23,932)
11/21/2012	\$ 80,250	5.35%	\$ -	-	\$ -
3/12/2013	\$ 48,750	3.25%	\$ -	-	\$ (27,930)
2/14/2014	\$ 61,500	4.10%	\$ -	-	\$ -
5/20/2014	\$ 187,500	12.50%	\$ -	-	\$ (151,650)
7/14/2014	\$ 50,522	3.37%	\$ -	-	\$ (19,283)
1/6/2015	\$ 145,117	9.67%	\$ -	-	\$ (88,738)
12/8/2015	\$ 28,179	1.88%	\$ -	-	\$ (51,519)
7/22/2016	\$ 75,000	5.00%	\$ -	-	\$ (53,805)
1/25/2017	\$ 34,166	2.28%	\$ -	-	\$ (216,102)
<b>Total</b>	<b>\$ 1,304,825</b>	<b>86.99%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (668,962)</b>

Valuations of non-public securities are provided by Hamilton Lane, based on current market and company conditions.

**Private Equity Investor Report**  
**Hamilton Lane Private Equity Fund VII LP Series B Offshore**

<b>IRR Since Inception</b>		<b>5.53%</b>	Annualized, Net of Fees
<b>Market Value</b>	\$	<b>670,339</b>	Last Statement Date: 3/31/2017
Capital Commitment	\$	1,000,000	100.00%
Paid In Capital	\$	825,225	82.52%
Remaining Commitment	\$	174,775	17.48%

<b>Date</b>	<b>Contributions</b>	<b>% of Commitment</b>	<b>Recallable Distributions</b>	<b>% of Commitment</b>	<b>Distributions</b>
7/27/2011	\$ 160,000	16.00%	\$ -	-	\$ -
9/27/2011	\$ 35,000	3.50%	\$ -	-	\$ -
12/28/2011	\$ 50,723	5.07%	\$ -	-	\$ -
4/24/2012	\$ 56,445	5.64%	\$ -	-	\$ (22,962)
6/24/2012	\$ 50,000	5.00%	\$ -	-	\$ -
8/23/2012	\$ 50,000	5.00%	\$ -	-	\$ (2,909)
11/21/2012	\$ 30,000	3.00%	\$ -	-	\$ (16,671)
1/3/2013	\$ 40,000	4.00%	\$ -	-	\$ -
8/12/2013	\$ 100,000	10.00%	\$ -	-	\$ (35,860)
2/14/2014	\$ 44,000	4.40%	\$ -	-	\$ -
5/20/2014	\$ 80,000	8.00%	\$ -	-	\$ (49,323)
7/14/2014	\$ 45,512	4.55%	\$ -	-	\$ (3,495)
12/8/2014	\$ 16,254	1.63%	\$ -	-	\$ (29,570)
1/20/2015	\$ 65,791	6.58%	\$ -	-	\$ (11,610)
8/3/2015	\$ -	-	\$ -	-	\$ (9,735)
3/23/2016	\$ -	-	\$ -	-	\$ (67,664)
7/18/2016	\$ -	-	\$ -	-	\$ (10,836)
1/27/2017	\$ 1,500	0.15%	\$ -	-	\$ (64,973)
<b>Total</b>	<b>\$ 825,225</b>	<b>82.52%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (325,608)</b>

Valuations of non-public securities are provided by Hamilton Lane, based on current market and company conditions.

**Timber Investor Report**  
**Molpus Sustainable Woodlands Fund II, LP**

<b>IRR Since Inception</b>	<b>2.47%</b> Annualized, Net of Fees	
<b>Market Value</b>	<b>\$ 3,137,992</b>	Last Statement Date: 12/31/2016
Capital Commitment	\$ 3,400,000	100.00%
Paid In Capital	\$ 3,400,000	100.00%
Remaining Commitment	\$ -	0.00%

<b>Date</b>	<b>Contributions</b>	<b>% of Commitment</b>	<b>Recallable Distributions</b>	<b>% of Commitment</b>	<b>Distributions</b>
2/28/2009	\$ 510,000	15.00%	\$ -	-	\$ -
9/30/2009	\$ 2,890,000	85.00%	\$ -	-	\$ -
4/30/2010	\$ -	-	\$ -	-	\$ (19,365)
6/30/2010	\$ -	-	\$ -	-	\$ (67,116)
12/31/2010	\$ -	-	\$ -	-	\$ (28,663)
6/30/2011	\$ -	-	\$ -	-	\$ (19,109)
12/31/2011	\$ -	-	\$ -	-	\$ (38,218)
12/31/2012	\$ -	-	\$ -	-	\$ (47,772)
6/25/2013	\$ -	-	\$ -	-	\$ (76,435)
12/31/2013	\$ -	-	\$ -	-	\$ (114,653)
3/31/2014	\$ -	-	\$ -	-	\$ (47,772)
9/30/2014	\$ -	-	\$ -	-	\$ (47,772)
12/31/2014	\$ -	-	\$ -	-	\$ (28,663)
3/31/2015	\$ -	-	\$ -	-	\$ (38,218)
9/30/2015	\$ -	-	\$ -	-	\$ (47,772)
12/31/2015	\$ -	-	\$ -	-	\$ (47,772)
6/30/2016	\$ -	-	\$ -	-	\$ (28,663)
9/30/2016	\$ -	-	\$ -	-	\$ (76,435)
12/31/2016	\$ -	-	\$ -	-	\$ (95,544)
<b>Total</b>	<b>\$ 3,400,000</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (869,942)</b>

## APPENDIX - MAJOR MARKET INDEX RETURNS

Equity	Style	QTR	FYTD	1 Year	3 years	5 Years
Russell 3000	Broad Equity	5.7	15.0	18.1	9.8	13.2
S&P 500	Large Cap Core	6.1	14.4	17.2	10.4	13.3
Russell 1000	Large Cap Core	6.0	14.5	17.4	10.0	13.3
Russell 1000 Growth	Large Cap Growth	8.9	15.0	15.8	11.3	13.3
Russell 1000 Value	Large Cap Value	3.3	14.0	19.2	8.7	13.1
Russell 2000	Small Cap	2.5	21.6	26.2	7.2	12.3
Russell 2000 Growth	Small Cap Growth	5.3	19.1	23.0	6.7	12.1
Russell 2000 Value	Small Cap Value	-0.1	24.0	29.3	7.6	12.5
MSCI EAFE	Developed Markets	7.4	13.6	12.2	1.0	6.3
MSCI EAFE Growth	Developed Markets Growth	8.6	7.8	7.9	1.9	6.4
MSCI EAFE Value	Developed Markets Value	6.2	19.6	16.7	-0.1	6.2
MSCI Emerging Markets	Emerging Markets	11.5	16.7	17.7	1.6	1.2
MSCI All Country World	Global Equity	7.1	14.3	15.7	5.7	9.0
MSCI All Country World Ex US	Global Equity (ex. US)	8.0	14.2	13.7	1.0	4.8
Fixed Income	Style	QTR	FYTD	1 Year	3 years	5 Years
Bloomberg Barclays Aggregate Index	Core Fixed Income	0.8	-1.7	0.4	2.7	2.3
Bloomberg Barclays Gov/Credit	Gov/Credit	1.0	-2.1	0.5	2.7	2.5
Bloomberg Barclays Capital Gov't Bond	Treasuries	0.7	-3.3	-1.4	2.0	1.6
Bloomberg Barclays Capital Credit Bond	Corporate Bonds	1.3	-0.5	3.0	3.5	3.7
Intermediate Aggregate	Core Intermediate	0.7	-1.1	0.3	2.3	2.0
Intermediate Gov/Credit	Gov / Credit Intermediate	0.8	-1.2	0.4	2.0	1.9
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.3	-0.3	0.2	0.7	0.5
Citi High Yield BB & B Index	High Yield Bonds	2.3	9.2	14.6	4.1	6.2
Bloomberg Barclays Global Treasury Ex US	International Treasuries	2.6	-8.4	-4.0	-2.1	-1.4
Citi World Gov't Bond Index	International Fixed Income	1.6	-6.8	-3.6	-1.2	-0.6
Bloomberg Barclays Global Aggregate	International Fixed Income	1.8	-4.7	-1.9	-0.4	0.4
Bloomberg Barclays Global Aggregate Ex US	International Fixed Income	2.5	-7.1	-3.9	-2.7	-1.1
Alternative Assets	Style	QTR	FYTD	1 Year	3 years	5 Years
MSCI US REIT Index	REITs	1.0	-3.4	3.2	10.1	9.8
NCREIF NFI-ODCE Index	Real Estate	1.8	6.1	8.3	11.8	12.0
NCREIF Timber Index	Timber	0.8	2.6	3.6	5.7	7.1
Bloomberg Commodity Index	Commodities	-2.3	-3.6	8.7	-13.9	-9.5
HFRI FOF Composite	Hedge Funds	2.3	5.6	6.2	1.8	3.2

**APPENDIX - DISCLOSURES**

- \* The Burlington Policy Index was constructed as follows:

For periods since June 30, 2016:

30% S&P 500	18% Russell 2500	10% MSCI EAFE
10% MSCI EM	20% BC Intermediate Gov/Cred	
2% S&P Completion Index	2% NCREIF Timberland	8% NCREIF ODCE

For periods from December 31, 2015 through June 30, 2016:

30% S&P 500	18% Russell 2500	10% MSCI EAFE
10% MSCI EM	28% BC Intermediate Gov/Cred	
2% S&P Completion Index	2% NCREIF Timberland	

For periods through December 31, 2015, this index uses the returns of the Manager Shadow Index.

- \* The Burlington Manager Shadow index is the weighted average of each manager portfolio's beginning value multiplied by its current quarter benchmark return.
- \* The Real Assets Blended Index is comprised of equal parts:
 

NCREIF ODCE	NCREIF Timber	Bloomberg Commodities (Formerly known as Dow Jones UBS Commodities)
-------------	---------------	---
- \* All values for the Pooled Cash account since June 2012 are subject to change. Audited statements are not provided for this account.
- \* Dahab Associates utilizes data provided by a custodian and other vendors it believes are reliable. However, it cannot assume responsibility for errors and omissions therefrom.
- \* All returns were calculated on a time-weighted basis, and are gross of fees unless otherwise noted.
- \* All returns for periods greater than one year are annualized.
- \* Dahab Associates uses the modified duration measure to present average duration.
- \* All values are in US dollars.