



# City Of Burlington Employees Retirement Plan

Performance Review  
June 2018

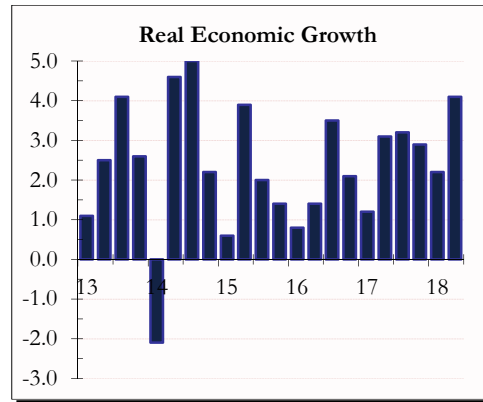


**DAHAB ASSOCIATES**  
New York   Massachusetts   Pennsylvania   Florida

## ECONOMIC ENVIRONMENT

### Healthy Despite Tariff Dispute

Global expansion slowed in Europe and Asia during the second quarter, while the US economy remained strong. Second quarter



GDP, according to the BEA's advance estimate met expectations, expanding at a rate of 4.1%. First quarter GDP was also revised upward to 2.2%. Job growth surprised to the upside, with 213,000 hires in June and 2.4 million for the latest 12-months and unemployment inched up

from 3.8% to 4.0%. Home sales remained brisk, while home prices rose 7.1%, year-over-year (through May). Interestingly, sales of lower-priced homes have been driving the market lately.

Corporate manufacturing and services supported the economy, as virtually all the component industries continued to grow. The one concern is that businesses are wary of the new tariffs' potential to impact them negatively in the near term. The same applies to consumer sentiment – very high regarding current conditions, but wary about the future. The Federal Reserve Board voted unanimously to raise the Fed funds rate again to 1.75-2.0%, in a nod to economic momentum, robust job growth and core inflation attaining the desired 2% level. The expectation is for two more rate increases this year.

Commodity prices were mixed for the quarter. Energy products were up nicely while many other commodities, especially grains, were down. More telling was the quarter's stock market volatility,

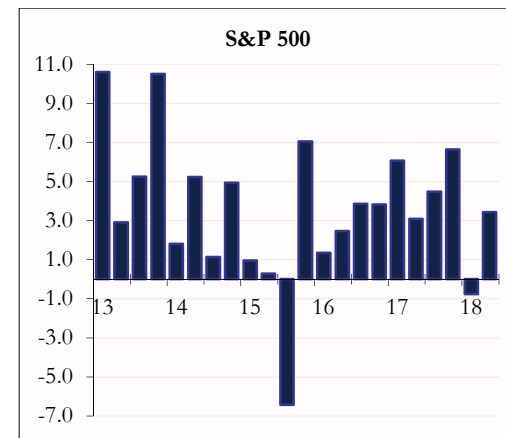
due largely to the newly implemented tariffs applicable to Canadian, Mexican, European, Japanese and Chinese imports sold in the US. The real question is whether the long-held US policy of relatively modest tariffs will now give way to a more damaging trade war.

## DOMESTIC EQUITIES

### Tariff Uncertainty Stirred Markets

Good news arrived on several fronts: high corporate earnings, lower taxes, sustained job growth, and short-term consumer optimism. Yet the stock market wavered during the quarter. Markets were weak in April, stronger in May and weak again in June, due to uncertainty regarding the new tariffs. Still, all major market indices ended the quarter in positive territory.

The industrial-heavy DJIA gained 1.3%, while the broader S&P 500 added 3.4%. The winner among the major indices was the tech-heavy NASDAQ, which



climbed 6.6%. Again in Q2, large-cap growth stocks, particularly tech names, bested the more traditional value sectors; the Russell 1000 Growth Index gained 5.8% vs. only 1.2% for large-cap value. Small-cap beat large-cap, as the Russell 2000 Growth Index

gained 7.2% and its value counterpart climbed 8.3%. The smaller stocks' outperformance reflected the expected shielding of smaller businesses from tariff impacts.

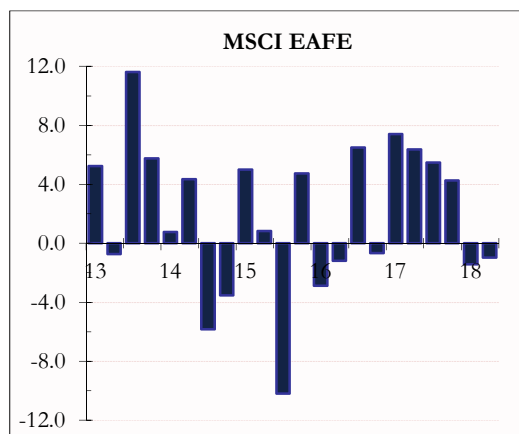
The energy sector surged 14.3%, as OPEC withheld some production in the face of greater US demand. Consumer Service stocks (+10.3%) and ubiquitous technology names (+8.1%) also performed well. On the downside, the financial sector return was nominal, as a relatively flat yield curve stymied bank profits, and basic industries lost ground (-1.1%), as tariff concerns dampened investor enthusiasm.

## INTERNATIONAL EQUITIES

### Trade Issues Tanked

The economies of Europe, Canada, Mexico, Japan and China were already losing steam during the quarter; but the bigger blow was the uncertainty regarding the outcome of trade negotiations. The US took an aggressive negotiating stance and the countries on the receiving end retaliated.

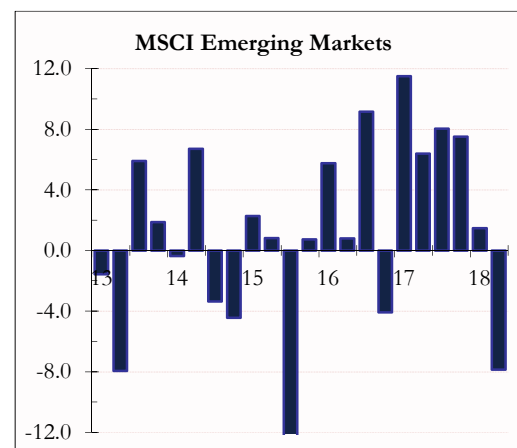
The MSCI EAFE Index fell 1% for the quarter. The UK market was up 3%, helped by surging employment and higher consumer confidence – despite fractious Brexit negotiations. The EU market was down 0.9%. In Germany (-3.4%), Chancellor Merkel saw her hold on the coalition government weakened. Concern over tariffs on German auto exports to the US was another issue. Italy fell 6.8%, due to its weak, populist government and continued troubles in its banking sector. While Spain’s economy was strong, its market fell



4.1%, driven by both a decline in tourism and the presumed ineffectiveness of the country’s new PM.

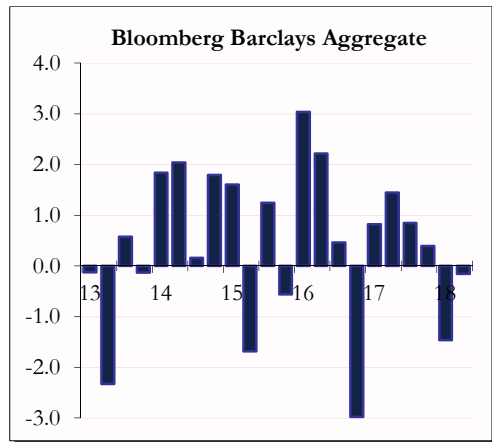
Australia (+5.3%) shined due to rebounding commodity exports and an increased minimum wage. Japan was down 2.8% due to its heavy exposure to tariffs on steel, aluminum and auto exports. Hong Kong (-1.2%) had record low unemployment and expanding government spending. Israel (+11%) was the most positive developed market, by far, driven by robust personal consumption and energy-related exports. Canada (+4.9%), separate from the EAFE Index, benefited directly from higher energy prices and business investment; however, NAFTA negotiations still threaten its economy.

So far this year, emerging market (EM) returns have been negative. The strengthening US dollar, trade tensions, and Latin American



elections were all key factors. The second quarter EM Index return dipped 7.9%. Brazil (-26.4%) was the big loser among the four BRIC countries. Upcoming elections in October, a nationwide trucking strike in May, rampant inflation, and relatively weak export growth all worked against the largest Latin American country. Russia was down (-5.8%) and India was slightly negative (-0.6%). In China (-3.4%), investors worried about a trade war escalation with the US. Korea, Malaysia, Singapore and the Philippines all enjoyed healthy economies, but were dragged down by global trading uncertainties.

Mexico (-3.5%) experienced the same NAFTA trade worries as Canada, although its oil exports quickly ramped up and other aspects of its economy were positive. Turkey (-25.7%) gave pause



to investors, as President Erdogan gained sweeping powers on his re-election, while hurt by soaring imports and stagnant exports.

Greece (-2.0%) has negotiated an encouraging June agreement with the EU, thereby steadying its economy. By contrast,

shares in Argentina, a member of the Frontier market, plunged almost 42%! Its rampant inflation and near bankrupt Treasury are repeats of past decades.

## BOND MARKET

### Short-term Rates Rose While the Yield Curve Flattened

In June, the Federal Reserve Board raised the Fed funds rates to a range of 1.75%–2.0% and the front end of the yield curve rose in sync with the Fed move. Rates in the 5-10 year maturity range rose marginally, but long rates were steady. As a result, the yield curve has flattened further, but is not inverted. An inverted yield curve will likely herald a recession.

The Barclays Aggregate Index was essentially flat for the quarter, down 0.2%. Treasuries, constituting 38% of the Index, were up a nominal 0.1%. Long-maturity Treasuries and mortgage-backed issues each gained ¼%. However, corporate issues lost 1%, partly

related to the tariff unease. High-yield issues gained 1%, helped by economic growth, low supply and less sensitivity to higher interest rates.

The G-6 Index (sovereign bonds among key developed economies x-US) lost a significant 4.8%, largely due to currency depreciation vs. the US dollar. Emerging market sovereign debt tumbled 3.6%. Almost all EM debt returns were in the red for the quarter.

## CASH EQUIVALENTS

### Fed Funds Rate Hike Spurs Tempting Savings Account Rates

The 3-month T-bill return rose along with the June hike in the Fed funds rate. The bellwether 90-day Treasury issue gained almost 0.5% vs. 0.3% in the first quarter. The year-over-year return rose to 1.4%. Around the country, bank teaser rates appear daily, guaranteeing 2% or higher on day-to-day savings accounts. As a result, conservative investors can now obtain a return that is more in line with inflation.

## Economic Statistics

	Current Quarter	Previous Quarter
GDP	4.1	2.2
Unemployment	4.0	4.1
CPI All Items Year/Year	2.9	2.4
Fed Funds Rate	2.0	1.75
Industrial Capacity	78.0	77.5
US Dollars per Euro	1.17	1.23

## Major Index Returns

Index	Quarter	12 Months
Russell 3000	3.9	14.8
S&P 500	3.4	14.4
Russell Midcap	2.8	12.3
Russell 2000	7.8	17.6
MSCI EAFE	-1.0	7.4
MSCI Emg Markets	-7.9	8.6
NCREIF ODCE	2.0	8.4
U.S. Aggregate	-0.2	-0.4
90 Day T-bills	0.5	1.5

## Domestic Equity Return Distributions

	Quarter			Trailing Year		
	VAL	COR	GRO	VAL	COR	GRO
LC	1.2	3.6	5.8	6.8	14.5	22.5
MC	2.4	2.8	3.2	7.6	12.3	18.5
SC	8.3	7.8	7.2	13.1	17.6	21.8

## Market Summary

- The BEA Advance estimate pegs 2<sup>nd</sup> quarter GDP at 4.1%.
- Unemployment rate was 4.0% in June.
- Year over year CPI for all items expanded 2.9%.
- The dollar was stronger against the euro than in the previous quarter.
- Growth continued to beat value, except among small cap names, where value fared better. Across styles, smaller companies bested larger ones.

## **INVESTMENT RETURN**

On June 30th, 2018, the City of Burlington Employees Retirement System's portfolio was valued at \$191,480,598, representing an increase of \$1,372,672 from the March quarter's ending value of \$190,107,926. Last quarter, the Fund posted withdrawals totaling \$1,209,164, which offset the portfolio's net investment return of \$2,581,836. Income receipts totaling \$128,121 plus net realized and unrealized capital gains of \$2,453,715 combined to produce the portfolio's net investment return.

## **RELATIVE PERFORMANCE**

### **Total Fund**

For the second quarter, the portfolio returned 1.4%, which was equal to the Burlington Policy Index's return of 1.4% and ranked in the 42nd percentile of the Public Fund universe. Over the trailing year, the portfolio returned 9.8%, which was equal to the benchmark's 9.8% return, ranking in the 19th percentile. Since December 2001, the portfolio returned 5.8% annualized.

### **Equity**

The equity portion of the portfolio returned 1.7% last quarter; that return was 1.0% greater than the MSCI All Country World index's return of 0.7% and ranked in the 39th percentile of the Global Equity universe. Over the trailing twelve-month period, this component returned 12.9%, 1.6% above the benchmark's 11.3% performance, ranking in the 35th percentile.

### **Real Assets**

In the second quarter, the real assets segment returned 1.5%, which was 0.5% greater than the Real Assets Blended Index's return of 1.0%. Over the trailing twelve-month period, this component returned 6.1%, which was 0.4% less than the benchmark's 6.5% performance.

### **Fixed Income**

For the second quarter, the fixed income component returned 0.0%, which was equal to the Intermediate Gov/Credit Index's return of 0.0% and ranked in the 67th percentile of the Broad Market Fixed Income universe. Over the trailing year, this segment returned -0.6%, which was equal to the benchmark's -0.6% performance, and ranked in the 92nd percentile.

## **ASSET ALLOCATION**

At the end of the second quarter, equities comprised 68.9% of the total portfolio (\$131.9 million), while real assets totaled 10.1% (\$19.4 million). The account's fixed income component comprised 19.3% (\$37.0 million), while the remaining 1.6% was comprised of cash & equivalents (\$3.2 million).

The Retirement System also had a positive cash balance in the Pooled Account (not included in the valuations in this report) of \$585,467.75.

## EXECUTIVE SUMMARY

## PERFORMANCE SUMMARY

	Quarter	FYTD / 1Y	3 Year	5 Year	10 Year	Since 12/01
<b>Total Portfolio - Gross</b>	1.4	9.8	7.5	7.3	6.1	5.8
<i>PUBLIC FUND RANK</i>	(42)	(19)	(27)	(80)	(84)	----
<b>Total Portfolio - Net</b>	1.3	9.6	7.3	6.9	5.7	----
Policy Index	1.4	9.8	8.0	7.6	5.9	----
<b>Equity - Gross</b>	1.7	12.9	----	----	----	----
<i>GLOBAL EQUITY RANK</i>	(39)	(35)	----	----	----	----
MSCI AC World	0.7	11.3	8.8	10.0	6.4	7.3
ACWI Ex US	-2.4	7.8	5.6	6.5	3.0	7.1
MSCI EAFE	-1.0	7.4	5.4	6.9	3.3	6.5
MSCI EM Net	-8.0	8.2	5.6	5.0	2.3	10.2
Russell 3000	3.9	14.8	11.6	13.3	10.2	7.9
S&P Completion	5.9	16.7	10.2	12.5	10.7	----
<b>Real Assets - Gross</b>	1.5	6.1	----	----	----	----
Real Assets Idx	1.0	6.5	2.8	3.5	0.4	5.9
NCREIF ODCE	2.0	8.4	9.4	11.0	5.3	8.1
NCREIF Timber	0.5	3.6	3.4	6.0	4.0	7.0
BLP Commodity	0.4	7.3	-4.5	-6.4	-9.0	1.2
<b>Fixed Income - Gross</b>	0.0	-0.6	----	----	----	----
<i>BROAD MARKET FIXED RANK</i>	(67)	(92)	----	----	----	----
Int Gov/Credit	0.0	-0.6	1.2	1.6	3.1	3.8
Global Aggregate	-2.8	1.4	2.6	1.5	2.6	4.7
Global Agg Ex US	-4.8	2.8	3.2	0.9	1.8	5.1
Aggregate Index	-0.2	-0.4	1.7	2.3	3.7	4.3

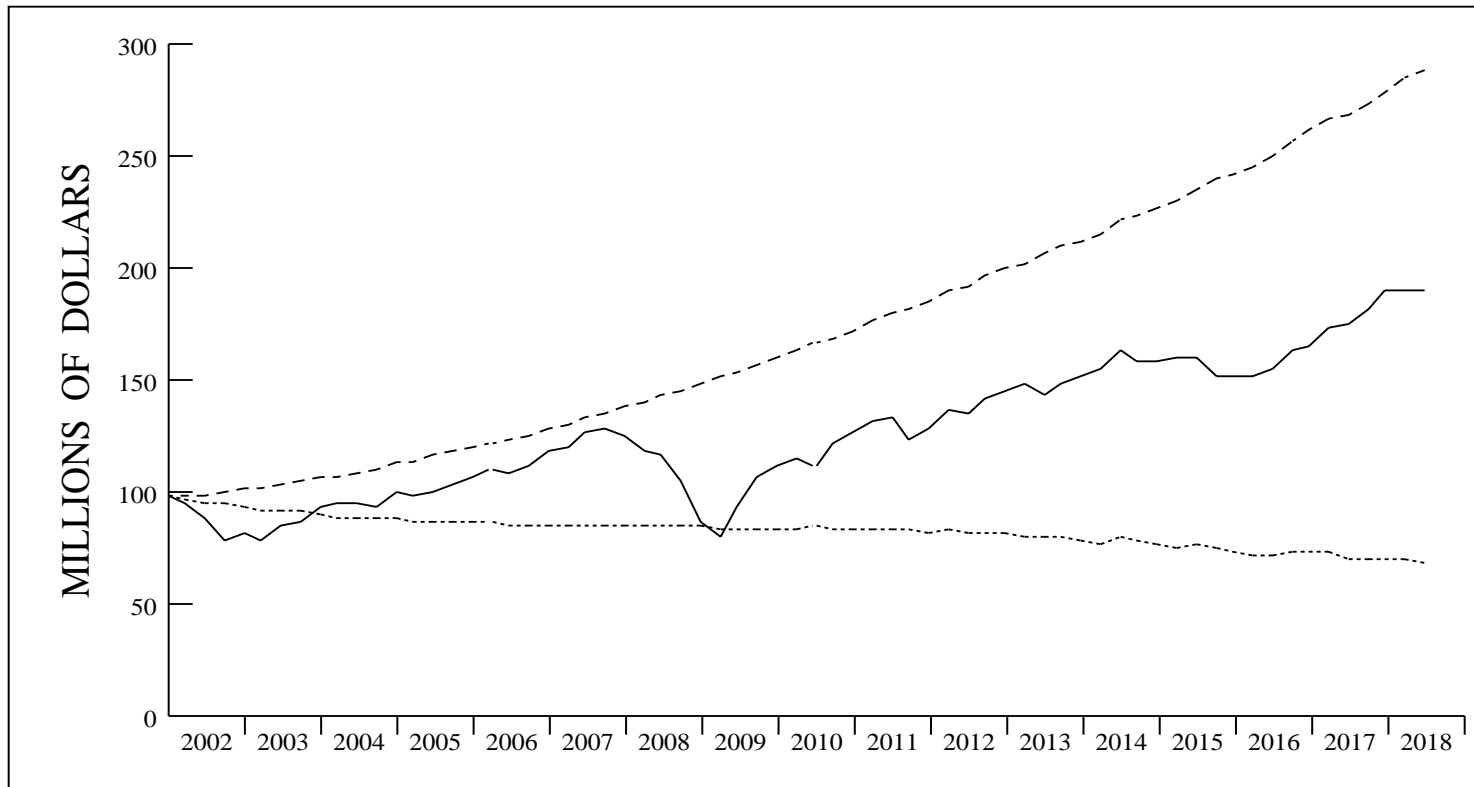
## ASSET ALLOCATION

Equity	68.9%	\$ 131,874,317
Real Assets	10.1%	19,424,941
Fixed Income	19.3%	37,029,372
Cash	1.6%	3,151,968
<b>Total Portfolio</b>	<b>100.0%</b>	<b>\$ 191,480,598</b>

## INVESTMENT RETURN

Market Value 3/2018	\$ 190,107,926
Contribs / Withdrawals	- 1,209,164
Income	128,121
Capital Gains / Losses	2,453,715
Market Value 6/2018	\$ 191,480,598

**INVESTMENT GROWTH**



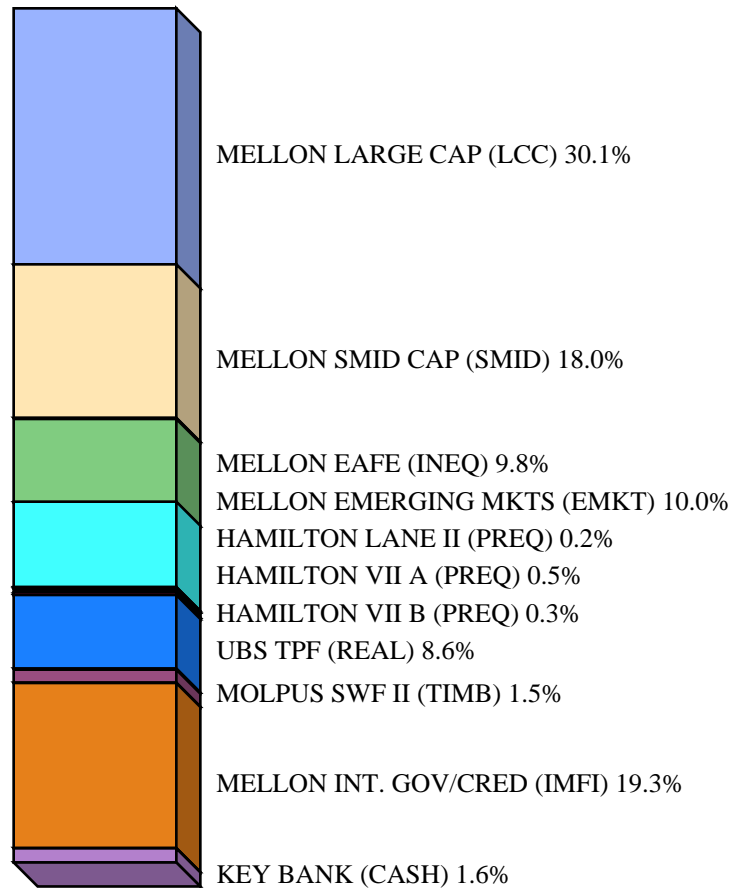
— ACTUAL RETURN  
 - - - 8.0%  
 . . . 0.0%

VALUE ASSUMING  
 8.0% RETURN \$ 289,569,492

	LAST QUARTER	PERIOD 12/01 - 6/18
BEGINNING VALUE	\$ 190,107,926	\$ 98,885,312
NET CONTRIBUTIONS	- 1,209,164	- 29,066,942
<u>INVESTMENT RETURN</u>	<u>2,581,836</u>	<u>121,662,228</u>
ENDING VALUE	\$ 191,480,598	\$ 191,480,598
INCOME	128,121	15,338,381
<u>CAPITAL GAINS (LOSSES)</u>	<u>2,453,715</u>	<u>106,323,847</u>
INVESTMENT RETURN	2,581,836	121,662,228



**MANAGER ALLOCATION AND TARGET SUMMARY**



Name	Market Value	Percent	Target
Mellon Large Cap (LCC)	\$57,584,619	30.1	30.0
Mellon Smid Cap (SMID)	\$34,463,430	18.0	18.0
Mellon EAFE (INEQ)	\$18,744,672	9.8	10.0
Mellon Emerging Mkts (EMKT)	\$19,235,488	10.0	10.0
Hamilton Lane II (PREQ)	\$335,744	0.2	0.5
Hamilton VII A (PREQ)	\$877,012	0.5	0.9
Hamilton VII B (PREQ)	\$633,352	0.3	0.6
UBS TPF (REAL)	\$16,511,002	8.6	8.0
Molpus SWF II (TIMB)	\$2,913,939	1.5	2.0
Mellon Int. Gov/Cred (IMFI)	\$37,029,372	19.3	20.0
Key Bank (CASH)	\$3,151,968	1.6	0.0
<b>Total Portfolio</b>	<b>\$191,480,598</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 March 31st, 2018</b>	<b>Net Cashflow</b>	<b>Net Investment Return</b>	<b>Market Value June 30th, 2018</b>
Mellon Large Cap (LCC)	3.5	59,456,454	-3,900,000	2,028,165	57,584,619
Mellon Smid Cap (SMID)	5.7	35,082,458	-2,600,000	1,980,972	34,463,430
Mellon EAFE (INEQ)	-0.8	20,962,409	-2,100,000	-117,737	18,744,672
Mellon Emerging Mkts (EMKT)	-7.8	21,889,517	-1,000,000	-1,654,029	19,235,488
Hamilton Lane II (PREQ)	-2.0	344,457	-1,759	-6,954	335,744
Hamilton VII A (PREQ)	0.3	916,855	-43,002	3,159	877,012
Hamilton VII B (PREQ)	1.0	640,520	-13,486	6,318	633,352
UBS TPF (REAL)	1.8	16,262,893	-39,560	287,669	16,511,002
Molpus SWF II (TIMB)	0.2	2,915,778	0	-1,839	2,913,939
Mellon Int. Gov/Cred (IMFI)	0.0	30,473,260	6,500,000	56,112	37,029,372
Key Bank (CASH)	---	1,163,325	1,988,643	0	3,151,968
<b>Total Portfolio</b>	<b>1.4</b>	<b>190,107,926</b>	<b>-1,209,164</b>	<b>2,581,836</b>	<b>191,480,598</b>









## MANAGER PERFORMANCE SUMMARY - GROSS OF FEES

Portfolio	(Universe)	Quarter	FYTD	1 Year	3 Years	5 Years	Since Inception
Total Portfolio	(Public Fund)	1.4 (42)	9.8 (19)	9.8 (19)	7.5 (27)	7.3 (80)	5.8 ---- 12/01
<i>Policy Index</i>		<i>1.4 ---</i>	<i>9.8 ---</i>	<i>9.8 ---</i>	<i>8.0 ---</i>	<i>7.6 ---</i>	<i>---- ---- 12/01</i>
Mellon Large Cap	(LC Core)	3.5 (30)	14.5 (47)	14.5 (47)	---- ----	---- ----	15.5 (45) 03/16
<i>S&amp;P 500</i>		<i>3.4 ---</i>	<i>14.4 ---</i>	<i>14.4 ---</i>	<i>11.9 ---</i>	<i>13.4 ---</i>	<i>15.4 --- 03/16</i>
Mellon Smid Cap	(Smid Cap)	5.7 (26)	16.4 (39)	16.4 (39)	---- ----	---- ----	17.8 (39) 03/16
<i>Russell 2500</i>		<i>5.7 ---</i>	<i>16.2 ---</i>	<i>16.2 ---</i>	<i>10.3 ---</i>	<i>12.3 ---</i>	<i>17.7 --- 03/16</i>
Mellon EAFE	(Intl Eq)	-0.8 (25)	7.5 (57)	7.5 (57)	---- ----	---- ----	11.6 (67) 03/16
<i>MSCI EAFE</i>		<i>-1.0 ---</i>	<i>7.4 ---</i>	<i>7.4 ---</i>	<i>5.4 ---</i>	<i>6.9 ---</i>	<i>11.7 --- 03/16</i>
Mellon Emerging Mkts	(Emerging Mkt)	-7.8 (43)	8.1 (42)	8.1 (42)	---- ----	---- ----	14.1 (54) 03/16
<i>MSCI EM Net</i>		<i>-8.0 ---</i>	<i>8.2 ---</i>	<i>8.2 ---</i>	<i>5.6 ---</i>	<i>5.0 ---</i>	<i>14.2 --- 03/16</i>
Hamilton Lane II		-2.0 ----	6.3 ----	6.3 ----	-2.8 ----	2.8 ----	10.8 ---- 03/09
<i>S&amp;P Completion</i>		<i>5.9 ---</i>	<i>16.7 ---</i>	<i>16.7 ---</i>	<i>10.2 ---</i>	<i>12.5 ---</i>	<i>18.1 --- 03/09</i>
Hamilton VII A		0.3 ----	9.4 ----	9.4 ----	9.5 ----	13.3 ----	12.8 ---- 09/11
<i>S&amp;P Completion</i>		<i>5.9 ---</i>	<i>16.7 ---</i>	<i>16.7 ---</i>	<i>10.2 ---</i>	<i>12.5 ---</i>	<i>16.5 --- 09/11</i>
Hamilton VII B		1.0 ----	10.8 ----	10.8 ----	8.5 ----	8.3 ----	8.2 ---- 09/11
<i>S&amp;P Completion</i>		<i>5.9 ---</i>	<i>16.7 ---</i>	<i>16.7 ---</i>	<i>10.2 ---</i>	<i>12.5 ---</i>	<i>16.5 --- 09/11</i>
UBS TPF		1.8 ----	7.7 ----	7.7 ----	---- ----	---- ----	6.6 ---- 09/16
<i>NCREIF ODCE</i>		<i>2.0 ---</i>	<i>8.4 ---</i>	<i>8.4 ---</i>	<i>9.4 ---</i>	<i>11.0 ---</i>	<i>8.1 --- 09/16</i>
Molpus SWF II		0.2 ----	-1.9 ----	-1.9 ----	2.4 ----	4.1 ----	3.3 ---- 03/09
<i>NCREIF Timber</i>		<i>0.5 ---</i>	<i>3.6 ---</i>	<i>3.6 ---</i>	<i>3.4 ---</i>	<i>6.0 ---</i>	<i>3.8 --- 03/09</i>
Mellon Int. Gov/Cred	(Int Fixed)	0.0 (85)	-0.6 (97)	-0.6 (97)	---- ----	---- ----	0.3 (93) 03/16
<i>Int Gov/Credit</i>		<i>0.0 ---</i>	<i>-0.6 ---</i>	<i>-0.6 ---</i>	<i>1.2 ---</i>	<i>1.6 ---</i>	<i>0.3 --- 03/16</i>

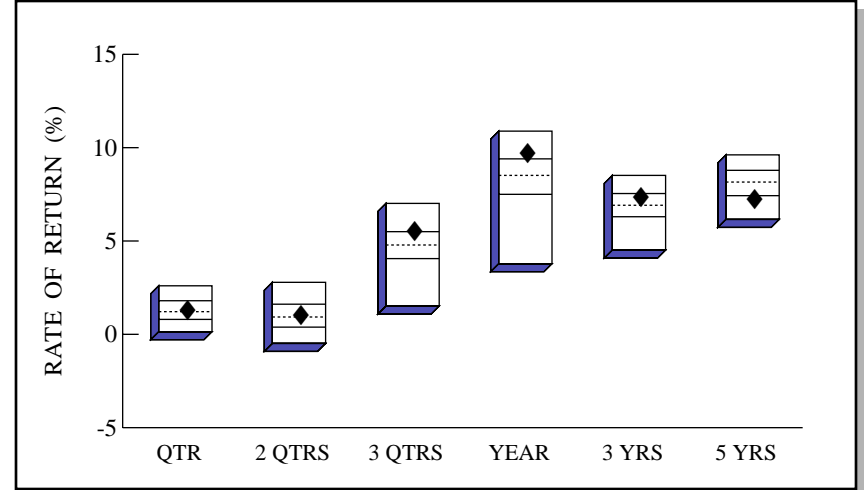
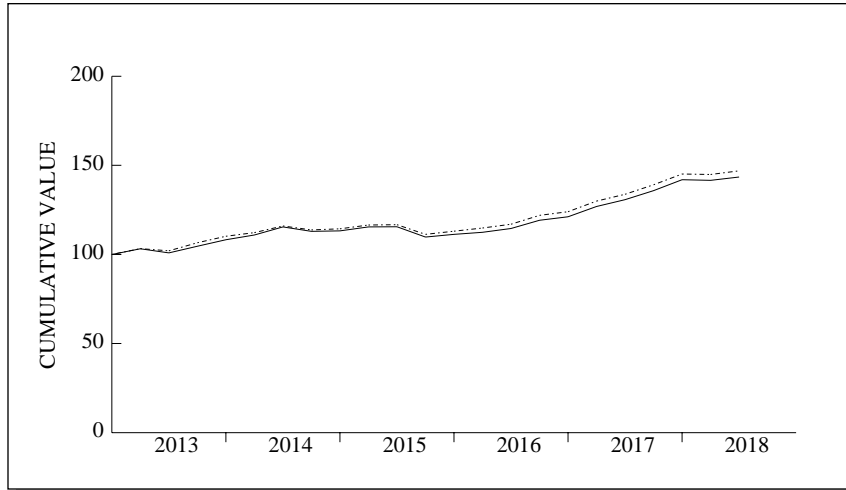
## MANAGER PERFORMANCE SUMMARY - NET OF FEES

Name	Quarter	FYTD	1 Year	3 Years	5 Years	Since Inception	
Total Portfolio	1.3	9.6	9.6	7.3	6.9	----	12/01
<i>Policy Index</i>	<i>1.4</i>	<i>9.8</i>	<i>9.8</i>	<i>8.0</i>	<i>7.6</i>	----	<i>12/01</i>
Mellon Large Cap	3.5	14.4	14.4	----	----	15.4	03/16
<i>S&amp;P 500</i>	<i>3.4</i>	<i>14.4</i>	<i>14.4</i>	<i>11.9</i>	<i>13.4</i>	<i>15.4</i>	<i>03/16</i>
Mellon Smid Cap	5.7	16.3	16.3	----	----	17.8	03/16
<i>Russell 2500</i>	<i>5.7</i>	<i>16.2</i>	<i>16.2</i>	<i>10.3</i>	<i>12.3</i>	<i>17.7</i>	<i>03/16</i>
Mellon EAFE	-0.8	7.4	7.4	----	----	11.5	03/16
<i>MSCI EAFE</i>	<i>-1.0</i>	<i>7.4</i>	<i>7.4</i>	<i>5.4</i>	<i>6.9</i>	<i>11.7</i>	<i>03/16</i>
Mellon Emerging Mkts	-7.9	8.1	8.1	----	----	14.0	03/16
<i>MSCI EM Net</i>	<i>-8.0</i>	<i>8.2</i>	<i>8.2</i>	<i>5.6</i>	<i>5.0</i>	<i>14.2</i>	<i>03/16</i>
Hamilton Lane II	-2.5	1.9	1.9	-6.2	0.1	8.7	03/09
<i>S&amp;P Completion</i>	<i>5.9</i>	<i>16.7</i>	<i>16.7</i>	<i>10.2</i>	<i>12.5</i>	<i>18.1</i>	<i>03/09</i>
Hamilton VII A	0.0	8.0	8.0	8.3	11.8	10.8	09/11
<i>S&amp;P Completion</i>	<i>5.9</i>	<i>16.7</i>	<i>16.7</i>	<i>10.2</i>	<i>12.5</i>	<i>16.5</i>	<i>09/11</i>
Hamilton VII B	0.8	9.5	9.5	7.2	6.9	6.3	09/11
<i>S&amp;P Completion</i>	<i>5.9</i>	<i>16.7</i>	<i>16.7</i>	<i>10.2</i>	<i>12.5</i>	<i>16.5</i>	<i>09/11</i>
UBS TPF	1.5	6.7	6.7	----	----	5.5	09/16
<i>NCREIF ODCE</i>	<i>2.0</i>	<i>8.4</i>	<i>8.4</i>	<i>9.4</i>	<i>11.0</i>	<i>8.1</i>	<i>09/16</i>
Molpus SWF II	-0.1	-2.9	-2.9	1.4	3.1	2.5	03/09
<i>NCREIF Timber</i>	<i>0.5</i>	<i>3.6</i>	<i>3.6</i>	<i>3.4</i>	<i>6.0</i>	<i>3.8</i>	<i>03/09</i>
Mellon Int. Gov/Cred	0.0	-0.6	-0.6	----	----	0.3	03/16
<i>Int Gov/Credit</i>	<i>0.0</i>	<i>-0.6</i>	<i>-0.6</i>	<i>1.2</i>	<i>1.6</i>	<i>0.3</i>	<i>03/16</i>

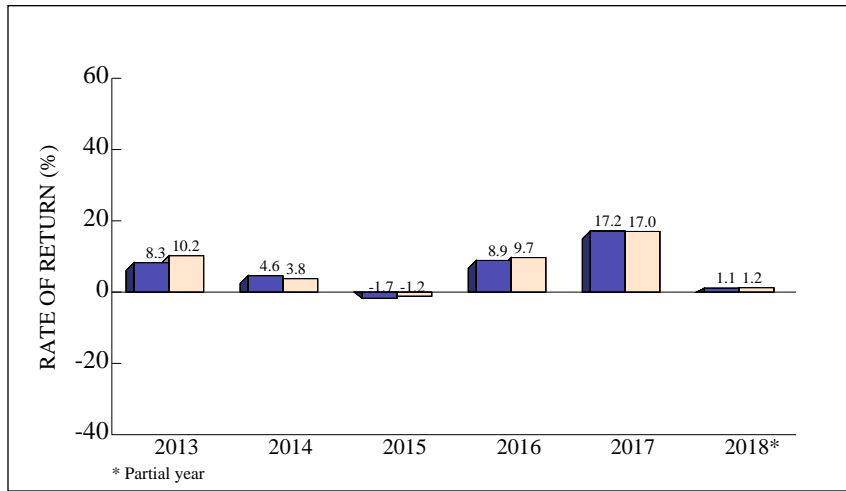
## MANAGER VALUE ADDED

1 Quarter	Portfolio	Benchmark	1 Year
0.1	Mellon Large Cap	S&P 500	0.1
0.0	Mellon Smid Cap	Russell 2500	0.2
0.2	Mellon EAFE	MSCI EAFE	0.1
0.2	Mellon Emerging Mkts	MSCI EM Net	-0.1
 -7.9	Hamilton Lane II	S&P Completion	 -10.4
 -5.6	Hamilton VII A	S&P Completion	 -7.3
 -4.9	Hamilton VII B	S&P Completion	 -5.9
-0.2	UBS TPF	NCREIF ODCE	 -0.7
-0.3	Molpus SWF II	NCREIF Timber	 -5.5
0.0	Mellon Int. Gov/Cred	Int Gov/Credit	0.0
<b>0.0  </b>	<b>Total Portfolio</b>	<b>Policy Index</b>	<b>0.0  </b>

**TOTAL RETURN COMPARISONS**



Public Fund Universe

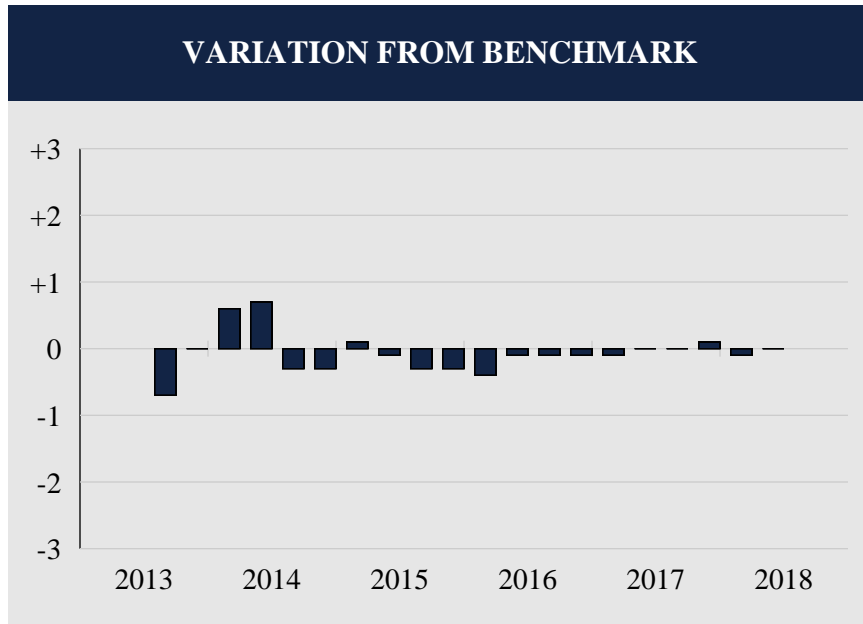


	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	1.4	1.1	5.6	9.8	7.5	7.3
(RANK)	(42)	(42)	(21)	(19)	(27)	(80)
5TH %ILE	2.6	2.8	7.0	10.9	8.5	9.6
25TH %ILE	1.8	1.6	5.5	9.4	7.5	8.8
MEDIAN	1.2	0.9	4.8	8.5	6.9	8.2
75TH %ILE	0.8	0.4	4.1	7.5	6.3	7.4
95TH %ILE	0.1	-0.5	1.5	3.8	4.5	6.2
<b>Policy</b>	<b>1.4</b>	<b>1.2</b>	<b>5.6</b>	<b>9.8</b>	<b>8.0</b>	<b>7.6</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>8</b>
<b>Quarters Below the Benchmark</b>	<b>12</b>
<b>Batting Average</b>	<b>.400</b>

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
9/13	3.7	4.4	-0.7	3.7	4.4	-0.7
12/13	3.5	3.5	0.0	7.3	8.0	-0.7
3/14	2.5	1.9	0.6	10.0	10.0	0.0
6/14	4.0	3.3	0.7	14.4	13.7	0.7
9/14	-2.2	-1.9	-0.3	12.0	11.5	0.5
12/14	0.3	0.6	-0.3	12.3	12.1	0.2
3/15	1.9	1.8	0.1	14.5	14.2	0.3
6/15	0.1	0.2	-0.1	14.6	14.4	0.2
9/15	-5.0	-4.7	-0.3	8.9	9.1	-0.2
12/15	1.3	1.6	-0.3	10.3	10.8	-0.5
3/16	1.1	1.5	-0.4	11.5	12.5	-1.0
6/16	1.8	1.9	-0.1	13.6	14.6	-1.0
9/16	4.1	4.2	-0.1	18.2	19.5	-1.3
12/16	1.6	1.7	-0.1	20.1	21.5	-1.4
3/17	4.7	4.8	-0.1	25.8	27.3	-1.5
6/17	3.0	3.0	0.0	29.6	31.1	-1.5
9/17	3.9	3.9	0.0	34.7	36.3	-1.6
12/17	4.5	4.4	0.1	40.7	42.2	-1.5
3/18	-0.3	-0.2	-0.1	40.4	41.9	-1.5
6/18	1.4	1.4	0.0	42.3	44.0	-1.7

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

<b>IRR Since Inception</b>	<b>14.35%</b>	Annualized, Net of Fees			
<b>Market Value</b>	<b>\$ 335,744</b>	Last Statement Date:		6/30/2018	
Capital Commitment	\$ 3,400,000	100.00%			
Paid In Capital	\$ 2,982,695	87.73%			
Remaining Commitment	\$ 417,305	12.27%			
		<b>% of</b>	<b>Recallable</b>	<b>% of</b>	
<b>Date</b>	<b>Contributions</b>	<b>Commitment</b>	<b>Distributions</b>	<b>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)
Year 2013	\$ 97,310	2.86%	\$ (17,266)	-0.51%	\$ (731,867)
Year 2014	\$ -	-	\$ -	-	\$ (1,140,848)
Year 2015	\$ -	-	\$ -	-	\$ (533,140)
1/28/2016	\$ -	-	\$ -	-	\$ (38,549)
5/20/2016	\$ -	-	\$ -	-	\$ (81,887)
8/19/2016	\$ -	-	\$ -	-	\$ (46,080)
12/28/2016	\$ -	-	\$ -	-	\$ (31,257)
6/1/2017	\$ -	-	\$ -	-	\$ (44,158)
11/20/2017	\$ -	-	\$ -	-	\$ (45,061)
1/29/2018	\$ -	-	\$ -	-	\$ (38,733)
<b>Total</b>	<b>\$ 3,266,974</b>	<b>96.09%</b>	<b>\$ (284,279)</b>	<b>-8.36%</b>	<b>\$ (4,017,322)</b>



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

<b>IRR Since Inception</b>	<b>10.45%</b>	Annualized, Net of Fees	
<b>Market Value</b>	<b>\$ 877,012</b>	Last Statement Date:	6/30/2018
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)
6/22/2017	\$ -	-	\$ -	-	\$ (96,706)
8/16/2017	\$ -	-	\$ -	-	\$ (31,846)
9/28/2017	\$ -	-	\$ -	-	\$ (6,487)
11/15/2017	\$ -	-	\$ -	-	\$ (80,964)
3/29/2018	\$ -	-	\$ -	-	\$ (138,746)
6/15/2018	\$ -	-	\$ -	-	\$ (39,985)
<b>Total</b>	<b>\$ 1,304,825</b>	<b>86.99%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (1,063,696)</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>6.35%</b>	Annualized, Net of Fees	
<b>Market Value</b>	<b>\$ 633,352</b>	Last Statement Date:	6/30/2018
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)
6/23/2017	\$ -	-	\$ -	-	\$ (43,902)
8/17/2017	\$ -	-	\$ -	-	\$ (15,753)
9/27/2017	\$ -	-	\$ -	-	\$ (5,960)
12/8/2017	\$ -	-	\$ -	-	\$ (20,240)
3/30/2018	\$ -	-	\$ -	-	\$ (18,393)
6/15/2018	\$ 1	-	\$ -	-	\$ (11,983)
<b>Total</b>	<b>\$ 825,225</b>	<b>82.52%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (441,839)</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>1.82%</b>	Annualized, Net of Fees	
<b>Market Value</b>	<b>\$ 2,913,939</b>	Last Statement Date:	6/30/2018
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)
6/30/2017	\$ -	-	\$ -	-	\$ (38,218)
9/29/2017	\$ -	-	\$ -	-	\$ (38,218)
12/29/2017	\$ -	-	\$ -	-	\$ (57,327)
<b>Total</b>	<b>\$ 3,400,000</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (1,003,705)</b>

## APPENDIX - MAJOR MARKET INDEX RETURNS

Equity	Style	QTR	FYTD	1 Year	3 years	5 Years
Russell 3000	Broad Equity	3.9	14.8	14.8	11.6	13.3
S&P 500	Large Cap Core	3.4	14.4	14.4	11.9	13.4
Russell 1000	Large Cap Core	3.6	14.5	14.5	11.6	13.4
Russell 1000 Growth	Large Cap Growth	5.8	22.5	22.5	15.0	16.4
Russell 1000 Value	Large Cap Value	1.2	6.8	6.8	8.2	10.3
Russell 2000	Small Cap	7.8	17.6	17.6	11.0	12.5
Russell 2000 Growth	Small Cap Growth	7.2	21.8	21.8	10.6	13.6
Russell 2000 Value	Small Cap Value	8.3	13.1	13.1	11.2	11.2
MSCI EAFE	Developed Markets	-1.0	7.4	7.4	5.4	6.9
MSCI EAFE Growth	Developed Markets Growth	0.3	9.8	9.8	6.8	7.8
MSCI EAFE Value	Developed Markets Value	-2.3	4.9	4.9	3.9	6.0
MSCI Emerging Markets	Emerging Markets	-7.9	8.6	8.6	6.0	5.4
MSCI All Country World	Global Equity	0.7	11.3	11.3	8.8	10.0
MSCI All Country World Ex US	Global Equity (ex. US)	-2.4	7.8	7.8	5.6	6.5
Fixed Income	Style	QTR	FYTD	1 Year	3 years	5 Years
Bloomberg Barclays Aggregate Index	Core Fixed Income	-0.2	-0.4	-0.4	1.7	2.3
Bloomberg Barclays Gov/Credit	Gov/Credit	-0.3	-0.6	-0.6	1.8	2.3
Bloomberg Barclays Capital Gov't Bond	Treasuries	0.1	-0.6	-0.6	1.0	1.5
Bloomberg Barclays Capital Credit Bond	Corporate Bonds	-0.9	-0.6	-0.6	2.9	3.4
Intermediate Aggregate	Core Intermediate	0.1	-0.3	-0.3	1.3	1.8
Intermediate Gov/Credit	Gov / Credit Intermediate	0.0	-0.6	-0.6	1.2	1.6
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.2	0.1	0.1	0.4	0.6
Bloomberg Barclays Capital High Yield	High Yield Bonds	1.0	2.6	2.6	5.5	5.5
Bloomberg Barclays Global Treasury Ex US	International Treasuries	-4.9	2.9	2.9	3.5	1.0
Bloomberg Barclays Global Government Bond	International Fixed Income	-3.5	1.9	1.9	2.8	1.0
Bloomberg Barclays Global Aggregate	International Fixed Income	-2.8	1.4	1.4	2.6	1.5
Bloomberg Barclays Global Aggregate Ex US	International Fixed Income	-4.8	2.8	2.8	3.2	0.9
Alternative Assets	Style	QTR	FYTD	1 Year	3 years	5 Years
MSCI US REIT Index	REITs	10.1	3.6	3.6	8.1	8.3
NCREIF NFI-ODCE Index	Real Estate	2.0	8.4	8.4	9.4	11.0
NCREIF Timber Index	Timber	0.5	3.6	3.6	3.4	6.0
Bloomberg Commodity Index	Commodities	0.4	7.3	7.3	-4.5	-6.4
HFRI FOF Composite	Hedge Funds	0.8	5.5	5.5	2.0	3.5

**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.