



# City Of Burlington Employees Retirement Plan

Performance Review  
June 2016

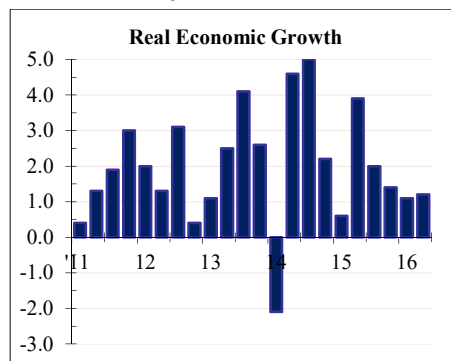


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## ECONOMIC ENVIRONMENT

### Slow Steady Growth

The BEA's "advance" estimate for GDP in the second quarter of 2016 was a tame 1.2%, just a tick above a somewhat disappointing 1.1% growth in



the first quarter. The Conference Board had a rosier projection for GDP, about a percent higher. Consumers appeared to be more content this past quarter, which corresponded with a sharp rise in manufacturing and service activity and a surge in housing prices and sales. Further, the all-important job market came alive in June after a very weak May.

Finally, commodity prices, especially energy-related, showed considerable strength. Still, the Fed remained very cautious in its June announcement. Citing weaker-than-expected new jobs through May, inflation well-below target and Brexit concerns (even before the actual vote), the Fed held steady its funds rates.

The often conservative early estimates from the BEA tend to be revised upward, so the Conference Board's optimism may not be totally off base. The economy benefited from higher personal consumption, state and local government spending and exports. However, reduced federal spending, lower inventories and less corporate investment hindered further growth.

June non-farm hires surprised everyone, jumping 287,000. June's job figure was the best in eight months, coming on the heels of May's extremely weak 11,000 (revised). The major June gains were spread among several service sectors: (1) leisure, (2) healthcare, (3) social services, (4) financial, (5) information (e.g. Verizon strikers returning to work), (6) retail trade and (7) professional services. Manufacturing gains numbered just 11,000. The second quarter job growth totaled 147,000 per month – good, but down from 196,000 per month in the first quarter and the 229,000 monthly average for all of 2015. Unemployment ticked up to 4.9% as more people actively sought employment. Hourly earnings have grown 2.6% since June 2015, compatible with the Fed's inflation target.

- Housing prices continued to climb. In May alone (latest available), prices rose 1.3%. The year-over-year gain was close to 6%, representing 52 consecutive months of increases, but still 7% below the April 2006 peak. Colorado, Washington state and Oregon showed the highest yearly gains, between 9% and 11%.
- In June, manufacturing sector activity expanded for the fourth month in a row, while the overall economy enjoyed its 85<sup>th</sup> monthly consecutive advance. The June ISM Manufacturing Index moved up almost 2% from May, to 53.2 [an index number above 50 represents growth]. New orders advanced 1.3% and production gains exceeded 2%. Printing, textiles and petroleum were the three best-performing industries.
- The Non-Manufacturing Index rose dramatically in June, to 56.5%. New orders outpaced the prior month by almost 6%, rising to 59.9%. Mining services, entertainment and management services saw the biggest gains.
- Consumer confidence was yet another positive. The Consumer Confidence Index rose from 92.4 in May to 98.0 in June. Reflecting consumers' satisfaction with their present situation, the related index gained over five points, climbing to 118.3. The Expectations Index showed more promise still, gaining 6.4 points to peak at 84.5.
- The combined Bloomberg Commodity Index rose 12.8% for the quarter despite China's weak demand for raw materials. Drought/flood conditions boosted the agricultural commodity sector. Energy was the big winner, surging 20.3%. Steady energy demand and moderating production sparked the increase. Among agricultural products, sugar and soybean prices each soared almost 30%. Gold and especially silver prices rose in sync with global economic concerns.
- Overall inflation remained stubbornly low. Only wages and energy costs moved upwards. Low inflation contributed to the steady hold on the fed funds rate. The second quarter's core CPI increase was an unadjusted 1.2% (1.0% year over year).

The Fed held rates steady in the face of slowing job gains through May, continuing low inflation and Brexit concerns. The Federal Open Market Committee's June 15<sup>th</sup> announcement also implied that there would be no rate changes in the near term. There was more positive news based on the Fed's latest bank stress tests. Among the 33 largest bank holding companies, the Fed required only Deutsche Bank and Santander to make additional capital infusions.

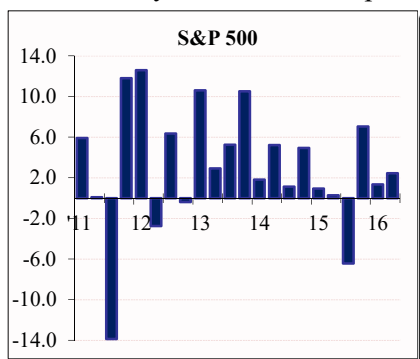
## DOMESTIC EQUITIES

### *Brexit Volatility*

US markets continued the pattern of volatility that began last summer. Stocks generally fell in April, but rebounded strongly in May. However, the quarter's big story occurred during the last six trading days in June. Investors panicked on news that UK voters had chosen to leave the EU. The broad market represented by the Russell 3000 tumbled 4.3% between June 23<sup>rd</sup> and June 27<sup>th</sup>. Then, a dramatic 5.1% turnaround occurred during the final three days of the quarter. Taken together, the market actually gained a fractional 0.6% during the Brexit moment, cooler heads having prevailed.

The major stock indices climbed walls of economic, political and terror-related worry, as most ended positive for the full quarter. The S&P 500 gained 2.5%, the DJIA rose 2.1%, and the tech-based NASDAQ fell a fractional 0.2%. Value trumped growth everywhere. Among large caps, the Russell 1000 Value Index added 4.6% vs. only a 0.6% gain for the Russell 1000 Growth Index. The pattern was the same in the mid-cap space: 4.8% vs. 1.6%. Small-cap value rose 4.3%, while same-sized growth stocks added 3.2%. On a multi-quarter winning streak, REITs again proved best of breed; the NAREIT Index added 7.4%, reflecting higher property prices.

Within the S&P 500, energy was the highest-performing sector (+12.1%). As energy prices rose, energy company earnings and stock prices rose as



well. Biotech names helped the technology sector add 8.4%. Utilities benefited from a flight to safety late in the quarter. Computer tech companies such as Apple and Microsoft suffered, leading to a 2.8% decline for that sector. Consumer non-durables (+1.1%) and finance (+2.3%) also turned in lackluster results. Bank earnings, in particular, have been hampered by low interest rates.

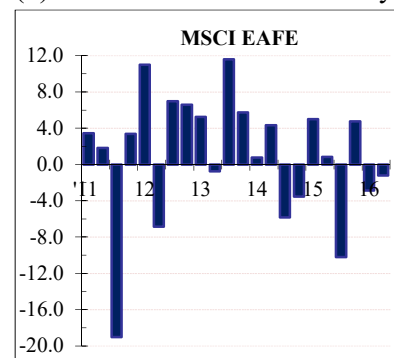
The S&P dividend rate was almost unchanged, at 2.2%. However, the index's average price/earnings ratio climbed from 22.9 in March to 23.6 in June (trailing 12 month earnings). In addition, more than a quarter of the companies have still higher P/Es.

## INTERNATIONAL EQUITIES

### *Developed Markets: Brexit Vote Stunned Investors*

### *Emerging Markets: Surging Commodity Exports Helped Many Countries*

Outside the US, there were a host of problems: (1) Middle East wars and terrorism, (2) large-scale migration resulting from ISIS terror, (3) economic malaise in country after country, (4) political instability, and



(5) Brexit unease. Surprisingly, the MSCI EAFE (developed country) Index fell just 1.2% despite these massive issues. European bourses felt the most pain. From northern Europe to the peripheral EU countries and everywhere in between, Brexit and other uncertainties caused the stock market to run uniformly red. The German market fell 5% and French shares dropped 3.5%. Italy, Ireland and Spain were the worst performers as each market fell between 7% and 10%. The Austrian market tumbled 9.7% due, in part, to political fallout from a contested national election. The Nordic countries dropped 2.1%. Surprisingly, the UK held up well (-0.7%), as investors viewed the decline in the pound sterling as an advantage in global commerce. Taken as a whole, the European market dropped a manageable 2.3%.

By contrast, the MSCI Australian market rose a fractional 0.5%. Mining and metals were the driving force in the Aussie landscape. The MSCI Pacific region performed slightly better, moving up almost 1%. Japan, the largest component in the region, gained 1% on the unexpected strength of its economy. However, the lack of aggressive easing by the Bank of Japan and a strong yen dampened return. The Hong Kong market also gained almost 1%, correlated with the Fed's decision to hold interest rates steady. Amidst stepped up terrorism, Israel dropped 3.6%. Like Australia, Canadian shares benefited meaningfully from higher commodity prices.

Emerging markets edged 0.8% higher. Brazil confounded expectations by being the EM country winner. Its shares rose 13.9% as President Rousseff was suspended from office for allegedly hiding the country's growing budget deficit. Michael Temer, her replacement, set the right tone by promising more austerity and corruption fighting measures. Rising commodity prices helped the Brazilian market, offsetting fallout from both the spreading Zika virus and lagging preparations for the upcoming Olympic Games. On the negative side, Turkey's market slumped 7.7%, besieged by numerous problems. Investors reflected their unease over massive waves of Syrian immigration; terrorism; falling tourism; and President Erdogan's continued efforts to consolidate political power and marginalize his political opposition. Polish shares were also pummeled (-17.3%) as a result of internal political dissent and an unease over Russian military intentions. Mexican shares fell 6.9%, burdened by sluggish exports and a cut to the country's credit rating by Moody's.

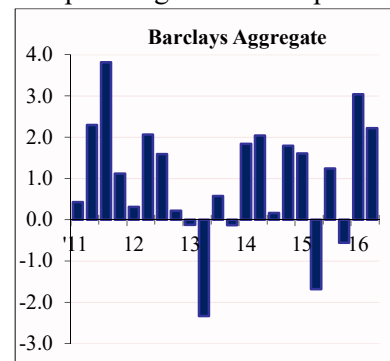
## BOND MARKET

### *Further Rate Declines Lifted All Boats*

Several factors combined to drive down sovereign and corporate bond yields: (1) quantitative easing around the globe; (2) the Fed's decision to hold the fed funds rate steady; and (3) the Brexit-related flight to quality. In some countries, including Germany, Japan and Switzerland, sovereign bond yields dipped below zero; in effect, bondholders were paying for the privilege of owning those countries' debt! US Treasury yields fell as well, but remained positive. Treasuries have never appealed more to global investors. The yield on the bellwether 10-year Treasury dropped 30bp during the quarter, ending at a record low 1.47%. The 30-year yield

dropped 33bp to 2.28%. Owners of 30-year instruments earned more than 7% return (price appreciation not yield), far more than most domestic equity investments. At the same time, yields of short-duration securities rose fractionally. The combined impact was a noticeably flattened yield curve.

The Barclays Aggregate Index advanced 2.2% in the quarter. The Treasury component gained a comparable 2.1%. Investment grade corporates also



participated fully in the rally. Utility credits were the best performers, returning 4.6%, followed closely by industrials (+4.0%). Feeling the interest rate pinch, financial debt earned a lower 2.5%. Securitized debt, with relatively shorter duration, provided much lower results. The residential mortgage-backed sector returned 1.1%. Commercial mortgage-backed returns averaged 2¼%. Asset-

backed names rose 1.2%.

The high yield sector was surprisingly robust, considering the modest economic growth and potential for rising defaults. The sector as a whole climbed 5.5% as investors chased after yield and prices of metals, mining and energy issues took off. Issues with lower credit ratings performed far better than their investment grade counterparts. BA names rose 3.6%, while single Bs climbed 4.8% and CAA credits rocketed up 11.8%.

Non-US sovereign debt (G-6 developed countries) was up 6.3%. Japan's outsized 12.6% gain drove overall results, as its currency appreciation made the biggest contribution to return.

## CASH EQUIVALENTS

### *Still Languishing*

Money market debt, such as 1-3 month Treasury bills, still offered investors only a few basis points for the quarter. Money market returns continued to correlate with the very low fed funds rates.

## MARKET SUMMARY

### ECONOMIC STATISTICS

	CURRENT QTR	LAST QTR
GDP	1.2	1.1
Unemployment	4.9	5.0
CPI All Items Year/Year	1.00	0.90
Fed Funds Rate	0.50	0.50
Industrial Capacity	75.4	74.8
US Dollars per Euro	1.10	1.14

### MAJOR INDEX QUARTER RETURNS

INDEX	PERFORMANCE
Russell 3000	2.6
S&P 500	2.5
Russell Mid	3.2
Russell 2000	3.8
MSCI EAFE	-1.2
MSCI Emg Mkts	0.8
NCREIF ODCE	2.1
Barclays Agg	2.2
90 Day Tbills	0.1

### EQUITY RETURN DISTRIBUTIONS

	QUARTER			TRAILING YEAR		
	VAL	COR	GRO	VAL	COR	GRO
LC	4.6	2.5	0.6	2.9	2.9	3.0
MC	4.8	3.2	1.6	3.2	0.5	-2.2
SC	4.3	3.8	3.2	-2.6	-6.7	-10.8

### MARKET SUMMARY

- \* The BEA's "advance" estimate shows a 1.2% GDP expansion in Q2.
- \* Unemployment is at 4.9%.
- \* CPI increased 1% year over year.
- \* The dollar strengthened slightly, relative to the Euro.
- \* Value stocks outperformed their growth counterparts with mid caps earning higher returns than larger and smaller names.

## **INVESTMENT RETURN**

On June 30th, 2016, the City of Burlington Employees Retirement System was valued at \$155,435,217, representing an increase of \$3,103,135 from the March quarter's ending value of \$152,332,082. Last quarter, the Fund posted net contributions equaling \$266,995 plus a net investment gain equaling \$2,836,140. Since there were no income receipts during the quarter, the portfolio's net investment return was the result of net realized and unrealized capital gains totaling \$2,836,140.

Since June 2006, the account has posted net withdrawals totaling \$13.3 million while recording net investment gains totaling \$60.0 million. Since June 2006, if the total portfolio returned a compound annual rate of 8.0% it would have been valued at \$217.5 million or \$62.1 million more than the actual value as of June 30th, 2016.

## **RELATIVE PERFORMANCE**

### **Total Fund**

For the second quarter, the total portfolio gained 1.9%, which was equal to the Burlington Policy Index's return of 1.9% and ranked in the 43rd percentile of the Public Fund universe. Over the trailing twelve-month period, this portfolio returned -0.9%, which was 1.1% less than the benchmark's 0.2% return, ranking in the 78th percentile. Since June 2006, the portfolio returned 4.7% per annum and ranked in the 94th percentile.

### **Equity**

In the second quarter, the equity segment returned 1.9%, which was 0.7% above the MSCI All Country World index's return of 1.2% and ranked in the 29th percentile of the Global Equity universe.

### **Real Assets**

During the second quarter, the real assets portion of the portfolio returned 0.9%, which was 4.4% less than the Real Assets Blended Index's return of 5.3%.

### **Fixed Income**

Last quarter, the fixed income segment gained 1.6%, which was 0.2% above the Intermediate Aggregate Index's return of 1.4% and ranked in the 67th percentile of the Broad Market Fixed Income universe.

## **ASSET ALLOCATION**

At the end of the second quarter, equities comprised 69.9% of the total portfolio (\$108.7 million), while real assets totaled 2.1% (\$3.3 million). The account's fixed income component comprised 27.2% (\$42.3 million) of total value, while the remaining 0.7% was comprised of cash & equivalents (\$1.1 million).

**EXECUTIVE SUMMARY****PERFORMANCE SUMMARY**

	Quarter	FYTD	1 Year	3 Year	5 Year	Since 06/06
<b>Total Portfolio</b>	1.9	-0.9	-0.9	4.3	4.6	4.7
<i>PUBLIC FUND RANK</i>	(43)	(78)	(78)	(97)	(98)	(94)
POLICY INDEX	1.9	0.2	0.2	4.7	4.5	----
<b>Equity</b>	1.9	----	----	----	----	----
<i>GLOBAL EQUITY RANK</i>	(29)	----	----	----	----	----
MSCI AC WORLD	1.2	-3.2	-3.2	6.6	6.0	4.8
ACWI EX US	-0.4	-9.8	-9.8	1.6	0.6	2.3
MSCI EAFE	-1.2	-9.7	-9.7	2.5	2.1	2.0
MSCI EMG MKTS	0.8	-11.7	-11.7	-1.2	-3.4	3.9
RUSSELL 3000	2.6	2.1	2.1	11.1	11.6	7.4
S&P COMPLETION	3.4	-5.6	-5.6	8.4	9.3	7.4
<b>Real Assets</b>	0.9	----	----	----	----	----
REAL ASSETS IDX	5.3	0.5	0.5	3.2	2.7	2.8
NCREIF ODCE	2.1	11.8	11.8	13.0	12.7	6.2
NCREIF TIMBER	1.1	3.5	3.5	7.8	6.7	6.4
BLP COMMODITY	12.8	-13.3	-13.3	-10.6	-10.8	-5.6
<b>Fixed Income</b>	1.6	----	----	----	----	----
<i>BROAD MARKET FIXED RANK</i>	(67)	----	----	----	----	----
GLOBAL AGGREGATE	2.9	8.9	8.9	2.8	1.8	4.4
GLOBAL AGG EX US	3.4	11.2	11.2	1.9	0.3	3.8
BARCLAYS AGG	2.2	6.0	6.0	4.1	3.8	5.1

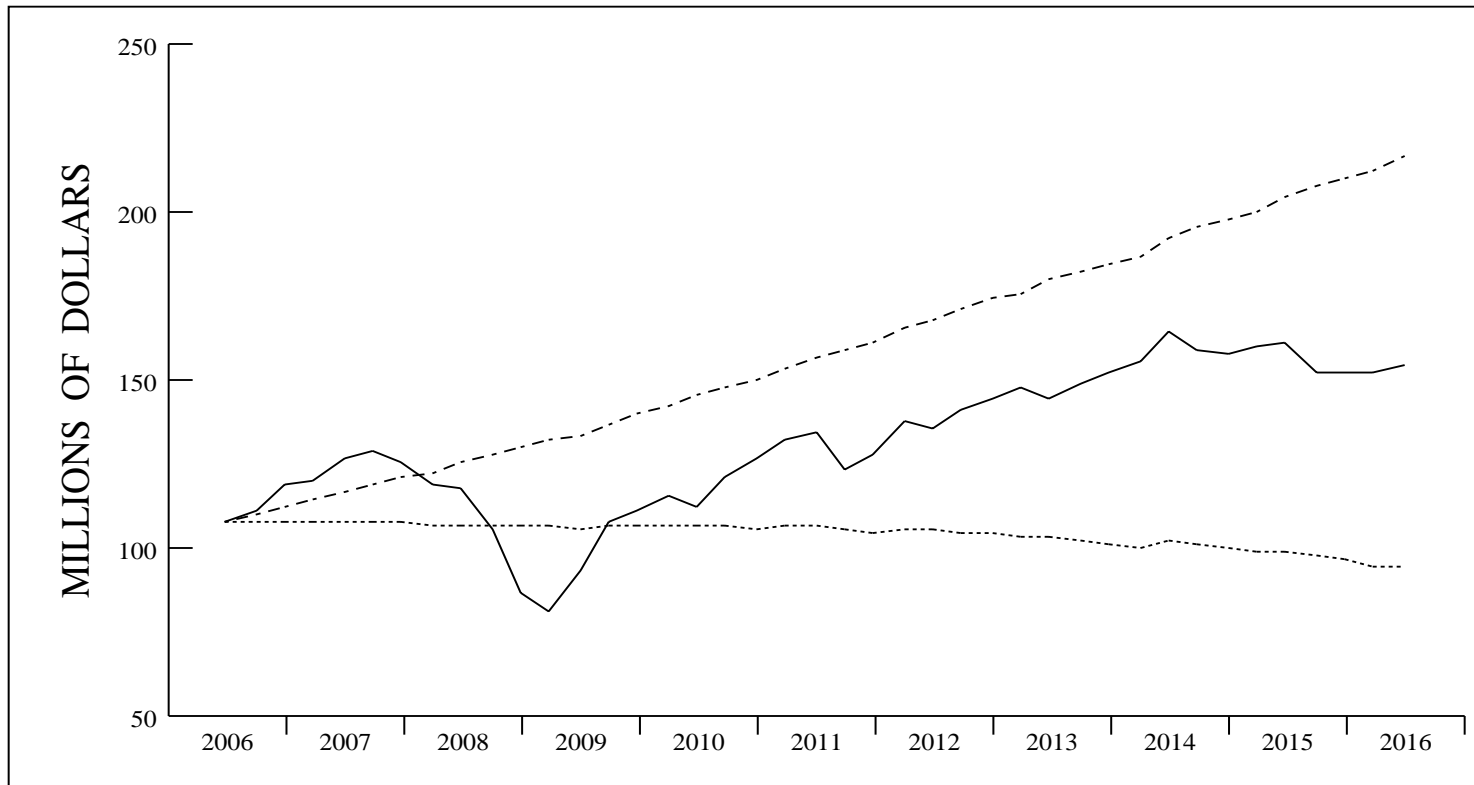
**ASSET ALLOCATION**

Equity	69.9%	\$ 108,703,235
Real Assets	2.1%	3,295,762
Fixed Income	27.2%	42,319,104
Cash	0.7%	1,117,116
<b>Total Portfolio</b>	<b>100.0%</b>	<b>\$ 155,435,217</b>

**INVESTMENT RETURN**

Market Value 3/2016	\$ 152,332,082
Contribs / Withdrawals	266,995
Income	0
Capital Gains / Losses	2,836,140
Market Value 6/2016	\$ 155,435,217

**INVESTMENT GROWTH**



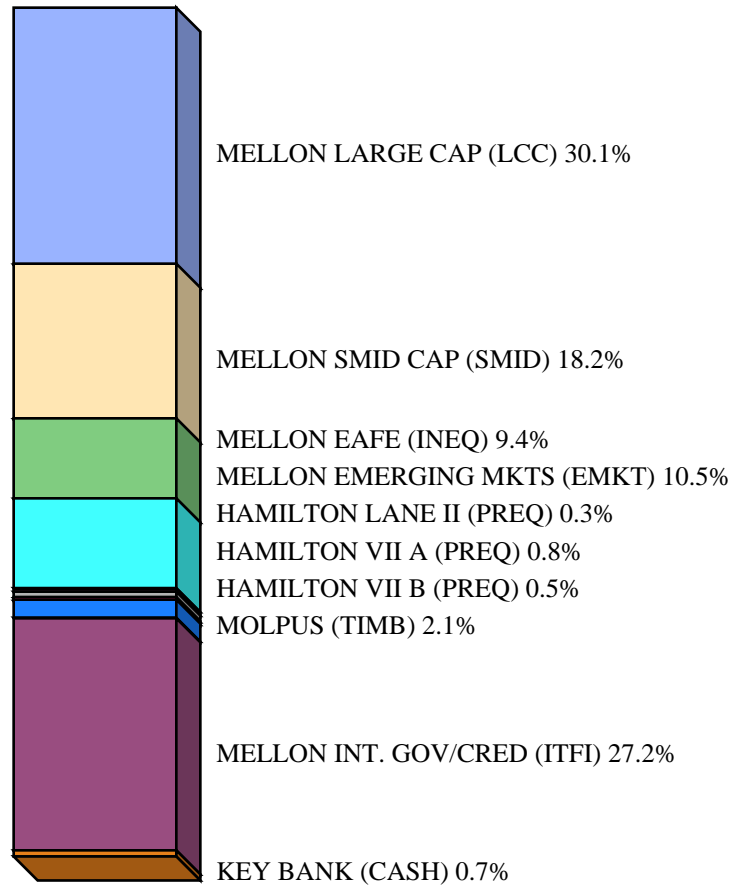
— ACTUAL RETURN  
 - - - 8.0%  
 ..... 0.0%

VALUE ASSUMING  
 8.0% RETURN \$ 217,519,689

	LAST QUARTER	PERIOD 6/06 - 6/16
BEGINNING VALUE	\$ 152,332,082	\$ 108,661,944
NET CONTRIBUTIONS	266,995	- 13,269,533
<u>INVESTMENT RETURN</u>	<u>2,836,140</u>	<u>60,042,808</u>
ENDING VALUE	\$ 155,435,217	\$ 155,435,217
INCOME	0	9,400,512
<u>CAPITAL GAINS (LOSSES)</u>	<u>2,836,140</u>	<u>50,642,296</u>
INVESTMENT RETURN	2,836,140	60,042,808



**MANAGER ALLOCATION AND TARGET SUMMARY**



Name	Market Value	Percent	Target
Mellon Large Cap (LCC)	\$46,826,352	30.1	30.0
Mellon Smid Cap (SMID)	\$28,352,332	18.2	18.0
Mellon EAFE (INEQ)	\$14,668,936	9.4	10.0
Mellon Emerging Mkts (EMKT)	\$16,392,711	10.5	10.0
Hamilton Lane II (PREQ)	\$540,388	0.3	0.5
Hamilton VII A (PREQ)	\$1,198,519	0.8	0.9
Hamilton VII B (PREQ)	\$723,997	0.5	0.6
Molpus (TIMB)	\$3,295,762	2.1	2.0
Mellon Int. Gov/Cred (ITFI)	\$42,319,104	27.2	28.0
Key Bank (CASH)	\$1,117,116	0.7	0.0
<b>Total Portfolio</b>	<b>\$155,435,217</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, 2016</b>	<b>Net Cashflow</b>	<b>Net Investment Return</b>	<b>Market Value June 30th, 2016</b>
Mellon Large Cap (LCC)	2.5	46,310,993	-600,000	1,115,359	46,826,352
Mellon Smid Cap (SMID)	3.6	27,367,094	0	985,238	28,352,332
Mellon EAFE (INEQ)	-1.2	14,854,610	0	-185,674	14,668,936
Mellon Emerging Mkts (EMKT)	0.7	16,285,473	0	107,238	16,392,711
Hamilton Lane II (PREQ)	-1.9	638,839	-87,306	-11,145	540,388
Hamilton VII A (PREQ)	-0.2	1,203,802	-3,370	-1,913	1,198,519
Hamilton VII B (PREQ)	2.0	712,056	-2,260	14,201	723,997
Molpus (TIMB)	0.9	3,295,762	-28,663	28,663	3,295,762
Mellon Int. Gov/Cred (ITFI)	1.6	43,038,049	-1,400,000	681,055	42,319,104
Cash (CASH)	---	-2,397,094	2,397,094	0	0
Key Bank (CASH)	---	22,146	1,094,970	0	1,117,116
VPIC Cash (CASH)	---	1,000,352	-1,103,470	103,118	0
<b>Total Portfolio</b>	<b>1.9</b>	<b>152,332,082</b>	<b>266,995</b>	<b>2,836,140</b>	<b>155,435,217</b>

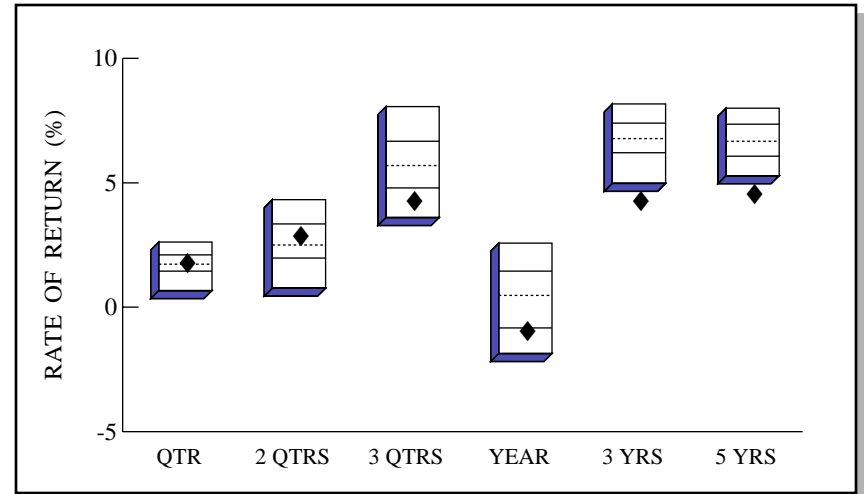
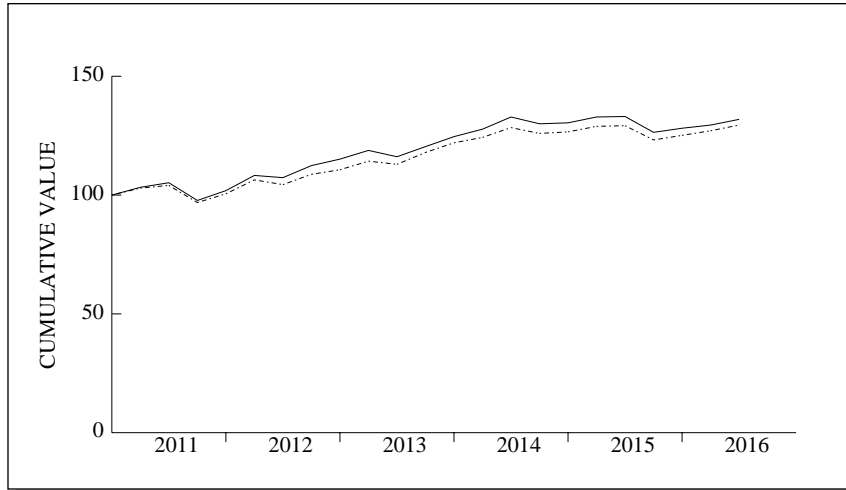
## MANAGER PERFORMANCE SUMMARY

Name	(Universe)	Quarter	FYTD	1 Year	3 Years	5 Years	Since 06/06 or Inception
Composite	(Public Fund)	1.9 (43)	-0.9 (78)	-0.9 (78)	4.3 (97)	4.6 (98)	4.7 (94) 06/06
<i>Policy Index</i>		<i>1.9 ----</i>	<i>0.2 ----</i>	<i>0.2 ----</i>	<i>4.7 ----</i>	<i>4.5 ----</i>	<i>---- ----</i>
Mellon Large Cap	(LC Core)	2.5 (39)	---- ----	---- ----	---- ----	---- ----	2.5 (39) 03/16
<i>S&amp;P 500</i>		<i>2.5 ----</i>	<i>4.0 ----</i>	<i>4.0 ----</i>	<i>11.7 ----</i>	<i>12.1 ----</i>	<i>2.5 ----</i>
Mellon Smid Cap	(Smid Cap)	3.6 (28)	---- ----	---- ----	---- ----	---- ----	3.6 (28) 03/16
<i>Russell 2500</i>		<i>3.6 ----</i>	<i>-3.7 ----</i>	<i>-3.7 ----</i>	<i>8.6 ----</i>	<i>9.5 ----</i>	<i>3.6 ----</i>
Mellon EAFE	(Intl Eq)	-1.2 (63)	---- ----	---- ----	---- ----	---- ----	-1.2 (63) 03/16
<i>MSCI EAFE</i>		<i>-1.2 ----</i>	<i>-9.7 ----</i>	<i>-9.7 ----</i>	<i>2.5 ----</i>	<i>2.1 ----</i>	<i>-1.2 ----</i>
Mellon Emerging Mkts	(Emerging Mkt)	0.7 (79)	---- ----	---- ----	---- ----	---- ----	0.7 (79) 03/16
<i>MSCI Emg Mkts</i>		<i>0.8 ----</i>	<i>-11.7 ----</i>	<i>-11.7 ----</i>	<i>-1.2 ----</i>	<i>-3.4 ----</i>	<i>0.8 ----</i>
Hamilton Lane II		-1.9 ----	-15.7 ----	-15.7 ----	1.8 ----	5.4 ----	8.6 ---- 12/10
<i>S&amp;P Completion</i>		<i>3.4 ----</i>	<i>-5.6 ----</i>	<i>-5.6 ----</i>	<i>8.4 ----</i>	<i>9.3 ----</i>	<i>9.9 ----</i>
Hamilton VII A		-0.2 ----	4.4 ----	4.4 ----	14.1 ----	---- ----	13.1 ---- 09/11
<i>S&amp;P Completion</i>		<i>3.4 ----</i>	<i>-5.6 ----</i>	<i>-5.6 ----</i>	<i>8.4 ----</i>	<i>9.3 ----</i>	<i>15.4 ----</i>
Hamilton VII B		2.0 ----	7.3 ----	7.3 ----	7.8 ----	---- ----	7.8 ---- 09/11
<i>S&amp;P Completion</i>		<i>3.4 ----</i>	<i>-5.6 ----</i>	<i>-5.6 ----</i>	<i>8.4 ----</i>	<i>9.3 ----</i>	<i>15.4 ----</i>
Molpus		0.9 ----	7.7 ----	7.7 ----	7.1 ----	3.5 ----	3.1 ---- 12/10
<i>NCREIF Timber</i>		<i>1.1 ----</i>	<i>3.5 ----</i>	<i>3.5 ----</i>	<i>7.8 ----</i>	<i>6.7 ----</i>	<i>6.4 ----</i>
Mellon Int. Gov/Cred	(Int Fixed)	1.6 (43)	---- ----	---- ----	---- ----	---- ----	1.6 (43) 03/16
<i>Int Gov/Credit</i>		<i>1.6 ----</i>	<i>4.3 ----</i>	<i>4.3 ----</i>	<i>2.9 ----</i>	<i>2.9 ----</i>	<i>1.6 ----</i>

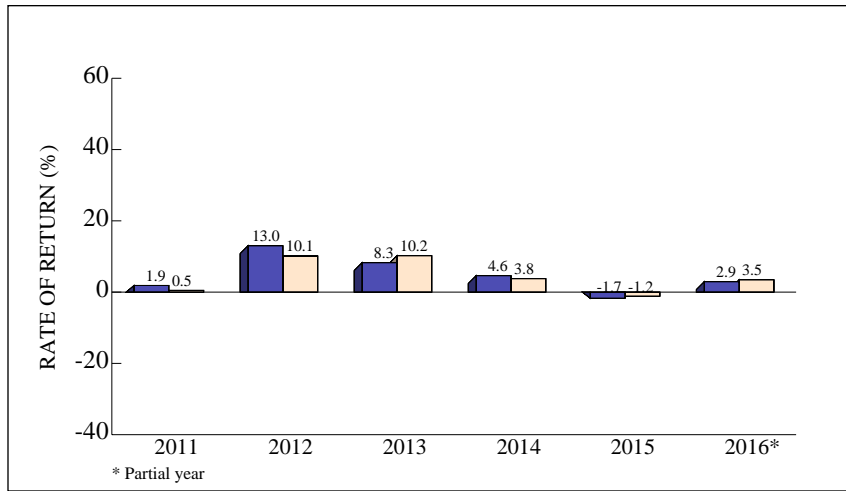
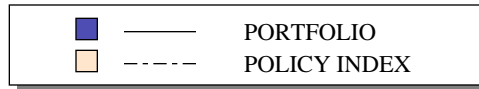
## MANAGER VALUE ADDED

1 Quarter	Portfolio	Benchmark	1 Year
0.0	Mellon NSL SIF	S&P 500	N/A
0.0	Mellon SL SMID SIF	Russell 2500	N/A
0.0	Mellon NSL INTL SIF	MSCI EAFE	N/A
-0.1	Mellon NSL EM SIF	MSCI Emg Mkts	N/A
 -5.3	Hamilton Lane Secondary Fund II	S&P Completion	 -10.1
 -3.6	Hamilton Lane Private Equity Fund VII Series A Offshore	S&P Completion	10.0 
 -1.4	Hamilton Lane Private Equity Fund VII Series B Offshore	S&P Completion	12.9 
-0.2	Molpus Sustainable Woodlands Fund II	NCREIF Timber	4.2 
0.0	Mellon NSL IGC BIF	Int Gov/Credit	N/A
<b>0.0  </b>	<b>Total Portfolio</b>	<b>Policy Index</b>	 <b>-1.1</b>

**TOTAL RETURN COMPARISONS**



Public Fund Universe



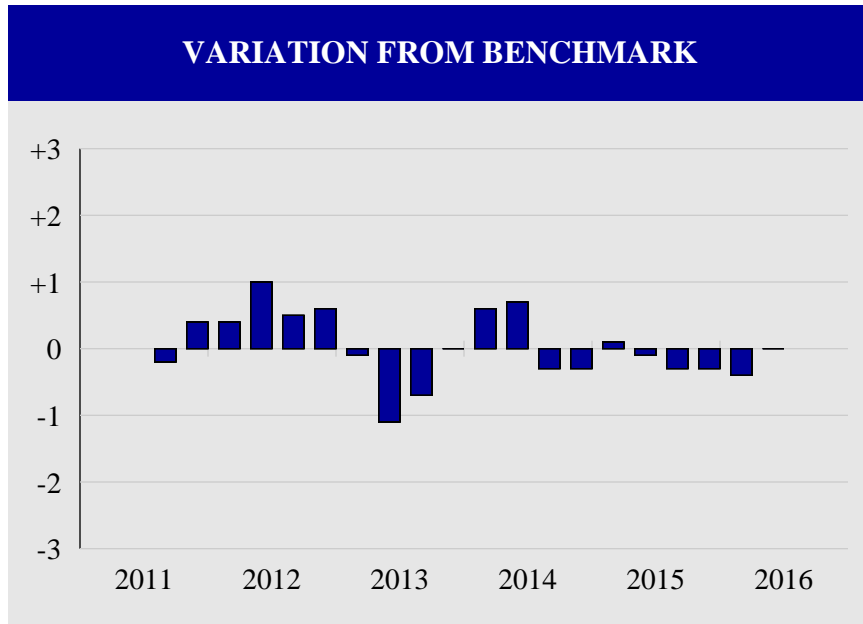
\* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	1.9	2.9	4.3	-0.9	4.3	4.6
(RANK)	(43)	(38)	(86)	(78)	(97)	(98)
5TH %ILE	2.6	4.3	8.1	2.6	8.2	8.0
25TH %ILE	2.1	3.4	6.7	1.5	7.4	7.4
MEDIAN	1.7	2.5	5.7	0.5	6.8	6.7
75TH %ILE	1.5	2.0	4.8	-0.8	6.2	6.1
95TH %ILE	0.7	0.8	3.6	-1.9	5.0	5.3
<b>Policy</b>	<b>1.9</b>	<b>3.5</b>	<b>5.1</b>	<b>0.2</b>	<b>4.7</b>	<b>4.5</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>10</b>
<b>Quarters Below the Benchmark</b>	<b>10</b>
<b>Batting Average</b>	<b>.500</b>

<b>RATES OF RETURN</b>						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
9/11	-7.1	-6.9	-0.2	-7.1	-6.9	-0.2
12/11	4.2	3.8	0.4	-3.2	-3.4	0.2
3/12	6.3	5.9	0.4	3.0	2.2	0.8
6/12	-0.9	-1.9	1.0	2.0	0.3	1.7
9/12	4.7	4.2	0.5	6.8	4.5	2.3
12/12	2.4	1.8	0.6	9.4	6.4	3.0
3/13	3.2	3.3	-0.1	12.9	9.8	3.1
6/13	-2.3	-1.2	-1.1	10.4	8.6	1.8
9/13	3.7	4.4	-0.7	14.5	13.3	1.2
12/13	3.5	3.5	0.0	18.5	17.3	1.2
3/14	2.5	1.9	0.6	21.4	19.5	1.9
6/14	4.0	3.3	0.7	26.3	23.4	2.9
9/14	-2.2	-1.9	-0.3	23.6	21.0	2.6
12/14	0.3	0.6	-0.3	23.9	21.7	2.2
3/15	1.9	1.8	0.1	26.3	23.9	2.4
6/15	0.1	0.2	-0.1	26.5	24.2	2.3
9/15	-5.0	-4.7	-0.3	20.2	18.4	1.8
12/15	1.3	1.6	-0.3	21.8	20.3	1.5
3/16	1.1	1.5	-0.4	23.1	22.1	1.0
6/16	1.9	1.9	0.0	25.4	24.4	1.0

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

<b>IRR Since Inception</b>	<b>15.08%</b>	Annualized, Net of Fees
<b>Market Value</b>	<b>\$ 540,388</b>	Last Statement Date:6/30/2016
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)
<b>Total</b>	<b>\$ 3,266,974</b>	<b>96.09%</b>	<b>\$ (284,279)</b>	<b>-8.36%</b>	<b>\$ (3,812,033)</b>

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

<b>IRR Since Inception</b>	<b>10.90%</b>	Annualized, Net of Fees
<b>Market Value</b>	<b>\$ 1,198,519</b>	Last Statement Date:6/30/2016
Capital Commitment	\$ 1,500,000	100.00%
Paid In Capital	\$ 1,195,659	79.71%
Remaining Commitment	\$ 304,341	20.29%

<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)
<b>Total</b>	<b>\$ 1,195,659</b>	<b>79.71%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (399,055)</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>5.81%</b>	Annualized, Net of Fees
<b>Market Value</b>	\$	<b>723,997</b>	Last Statement Date:6/30/2016
Capital Commitment	\$	1,000,000	100.00%
Paid In Capital	\$	823,725	82.37%
Remaining Commitment	\$	176,275	17.63%

<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)
<b>Total</b>	<b>\$ 823,725</b>	<b>82.37%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (249,799)</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>2.65%</b> Annualized, Net of Fees	
<b>Market Value</b>	<b>\$ 3,295,762</b>	Last Appraisal Date: 3/31/2016
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)
<b>Total</b>	<b>\$ 3,400,000</b>	<b>100.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ (697,963)</b>

## APPENDIX - MAJOR MARKET INDEX RETURNS

<b>Equity</b>	<b>Style</b>	<b>QTR</b>	<b>FYTD</b>	<b>1 Year</b>	<b>3 years</b>	<b>5 Years</b>
Russell 3000	Broad Equity	2.6	2.1	2.1	11.1	11.6
S&P 500	Large Cap Core	2.5	4.0	4.0	11.7	12.1
Russell 1000	Large Cap Core	2.5	2.9	2.9	11.5	11.9
Russell 1000 Growth	Large Cap Growth	0.6	3.0	3.0	13.1	12.3
Russell 1000 Value	Large Cap Value	4.6	2.9	2.9	9.9	11.3
Russell 2000	Small Cap	3.8	-6.7	-6.7	7.1	8.4
Russell 2000 Growth	Small Cap Growth	3.2	-10.8	-10.8	7.7	8.5
Russell 2000 Value	Small Cap Value	4.3	-2.6	-2.6	6.4	8.1
MSCI EAFE	Developed Markets	-1.2	-9.7	-9.7	2.5	2.1
MSCI EAFE Growth	Developed Markets Growth	0.1	-4.4	-4.4	4.5	3.6
MSCI EAFE Value	Developed Markets Value	-2.4	-14.9	-14.9	0.4	0.6
MSCI Emerging Markets	Emerging Markets	0.8	-11.7	-11.7	-1.2	-3.4
MSCI All Country World	Global Equity	1.2	-3.2	-3.2	6.6	6.0
MSCI All Country World Ex US	Global Equity (ex. US)	-0.4	-9.8	-9.8	1.6	0.6
<b>Fixed Income</b>	<b>Style</b>	<b>QTR</b>	<b>FYTD</b>	<b>1 Year</b>	<b>3 years</b>	<b>5 Years</b>
Barclays Aggregate Index	Core Fixed Income	2.2	6.0	6.0	4.1	3.8
Barclays Gov/Credit	Gov/Credit	2.7	6.7	6.7	4.2	4.1
Barclays Capital Gov't Bond	Treasuries	2.0	6.0	6.0	3.4	3.4
Barclays Capital Credit Bond	Corporate Bonds	3.5	7.5	7.5	5.3	5.2
Intermediate Aggregate	Core Intermediate	1.4	4.4	4.4	3.2	3.0
Intermediate Gov/Credit	Gov / Credit Intermediate	1.6	4.3	4.3	2.9	2.9
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.5	1.3	1.3	1.0	0.7
Citi High Yield BB & B Index	High Yield Bonds	5.0	0.8	0.8	3.9	5.6
Barclays Global Ex US	International Treasuries	4.8	14.4	14.4	2.7	0.3
Citi World Gov't Bond Index	International Fixed Income	3.4	11.3	11.3	2.6	1.2
Barclays Global Aggregate	International Fixed Income	2.9	8.9	8.9	2.8	1.8
Barclays Global Aggregate Ex US	International Fixed Income	3.4	11.2	11.2	1.9	0.3
<b>Alternative Assets</b>	<b>Style</b>	<b>QTR</b>	<b>FYTD</b>	<b>1 Year</b>	<b>3 years</b>	<b>5 Years</b>
MSCI US REIT Index	REITs	6.8	24.1	24.1	13.5	12.5
NCREIF NFI-ODCE Index	Real Estate	2.1	11.8	11.8	13.0	12.7
NCREIF Timber Index	Timber	1.1	3.5	3.5	7.8	6.7
Bloomberg Commodity Index	Commodities	12.8	-13.3	-13.3	-10.6	-10.8
HFRI FOF Composite	Hedge Funds	0.6	-5.4	-5.4	1.9	1.6

**APPENDIX - DISCLOSURES**

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

For periods since December 31, 2015:

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.