

Investment Performance Review  
Period Ending March 31, 2020

# Port of Houston Authority OPEB Plan

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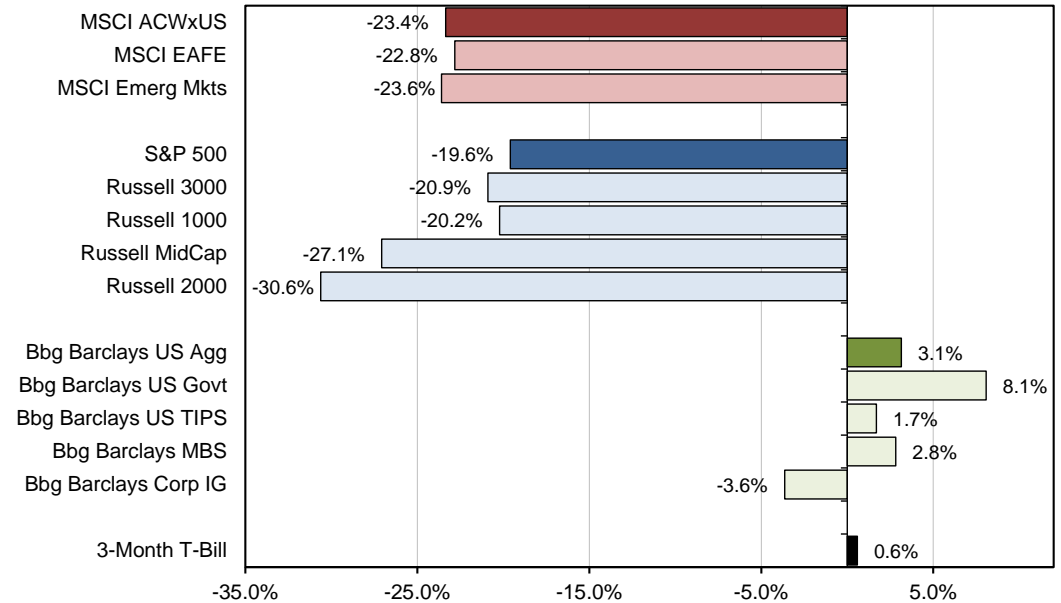


# 1st Quarter 2020 Market Environment

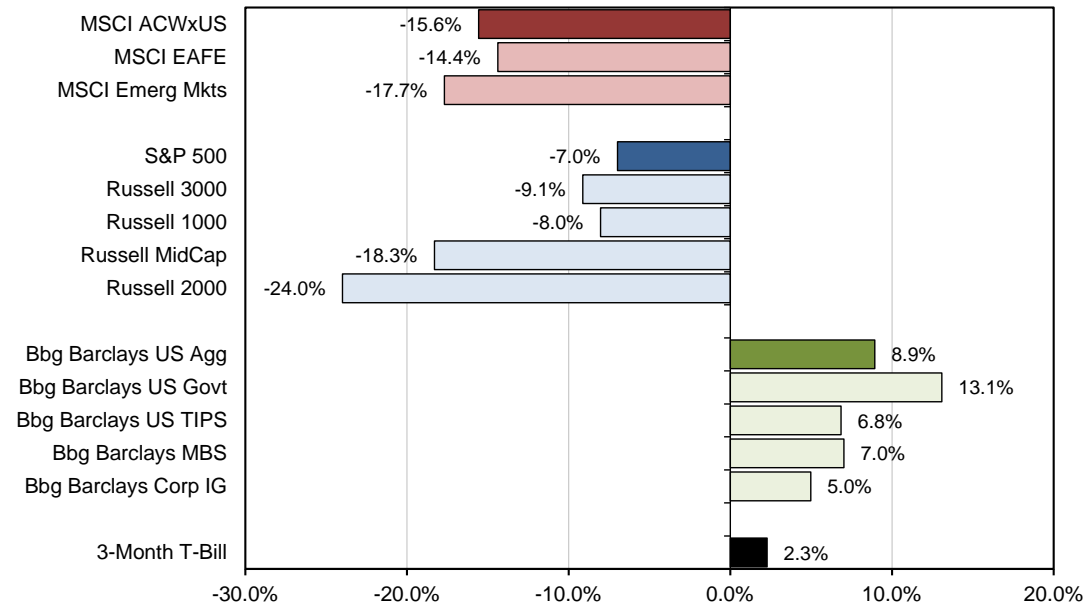


- Global risk asset class returns declined significantly during the 1st quarter of 2020 due primarily to the COVID-19 (Coronavirus) pandemic. Both domestic and international equities experienced significant drawdowns as investors moved into perceived haven assets such as US Treasury bonds. Equity market volatility, as measured by the VIX Index, reached its highest level since the Financial Crisis in 2008. Through the quarter, global economic growth turned negative as countries responded to the pandemic by shuttering their economies. In the US, as a result of the decision to institute social distancing and shelter-in-place orders, labor markets suffered significant losses as businesses closed or furloughed employees. Rising economic concerns resulted in swift action by the Federal Reserve (Fed) which cut its overnight lending rate to between 0% to 0.25%. Importantly, the US government responded with a stimulus package consisting of forgivable loans and other short-term benefits, that is designed to act as a bridge for the economy until businesses can reopen. Within domestic equity markets, large cap stocks outperformed small cap equities during the quarter with the S&P 500 Index returning -19.6% versus a -30.6% return for the small cap Russell 2000 Index. US equity returns over the 1-year period turned negative as a result of the drawdown with large and mid-cap stocks returning -7.0% and -18.3% respectively, while small cap stocks fell -24.0%.
- International markets also posted negative returns for the 1st quarter. Similar to US markets, international returns were impacted by the Coronavirus and deteriorating economic fundamentals. International returns also faced headwinds from a strengthening US dollar (USD) which appreciated against most major currencies during the period. Developed markets outpaced emerging markets during the period with the MSCI EAFE Index falling -22.8% versus a -23.6% decline for the MSCI Emerging Markets Index. Both developing and emerging markets posted losses over the 1-year period, returning -14.4% and -17.7% respectively.
- As expected during periods of rising volatility, high quality fixed income outperformed equities during the 1st quarter as investors looked for relative safety amid the equity market drawdown. The broad market Bloomberg Barclays Aggregate Index gained 3.1% as interest rates fell following rising concerns related to the Coronavirus and central bank stimulus from the Fed and other global central banks. US Government bonds were the best performing securities for the 1st quarter returning 8.1%. Investment grade corporate bonds suffered negative returns on concerns about economic growth prospects in the future. The bond market has meaningfully outperformed the equity market over the trailing 1-year period with the Bloomberg Barclays Aggregate posting a solid 8.9% return.

Quarter Performance



1-Year Performance

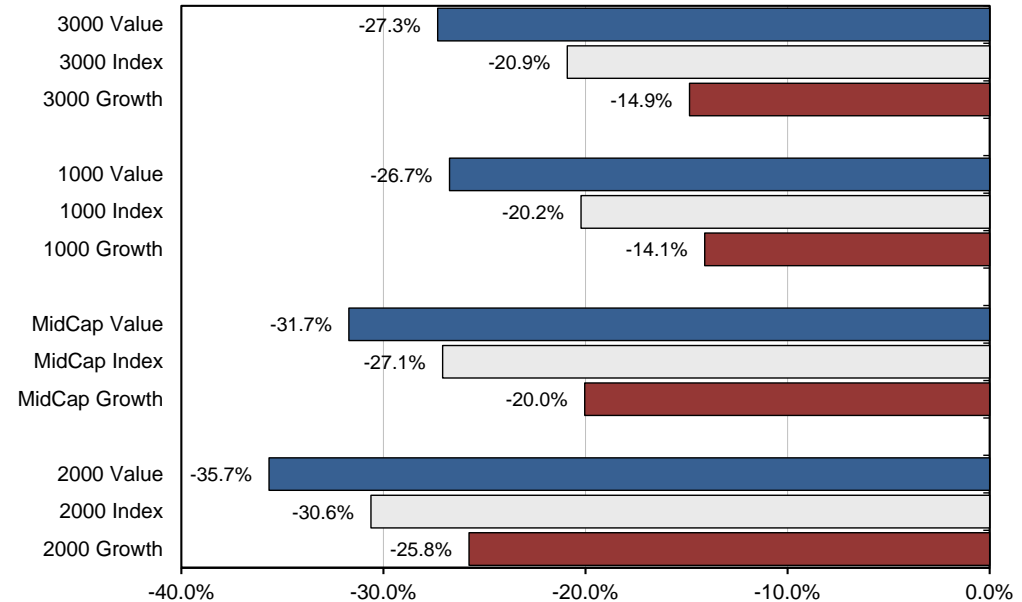


Source: Investment Metrics

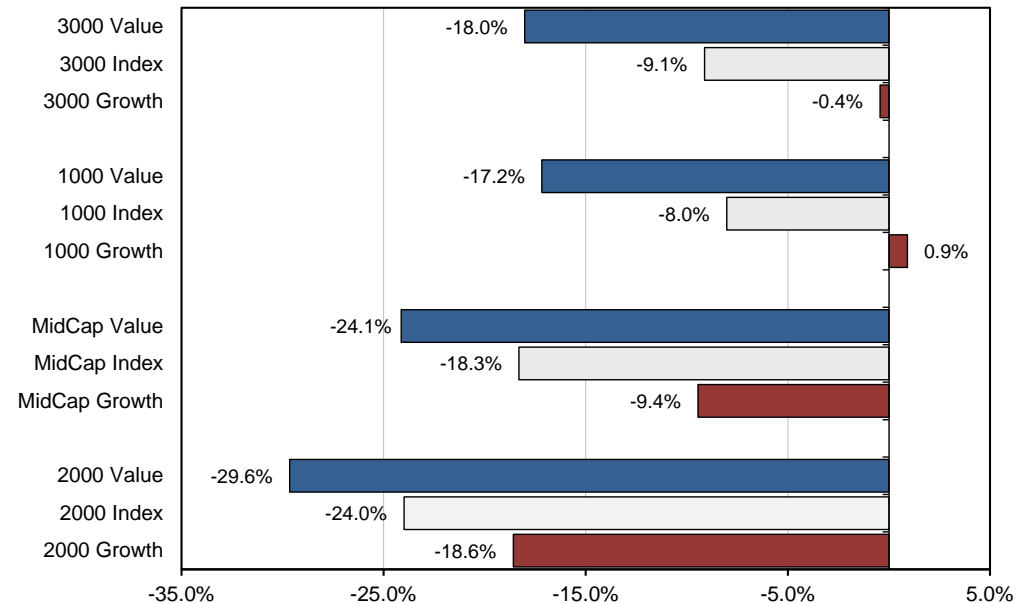


- US equity returns were significantly lower during the 1st quarter with varied results across both style and market capitalization. Concerns related to the Coronavirus, in combination with signs that the US economy could be entering into recession weighed on equities. Labor markets came under significant pressure during the quarter as companies began laying off employees in response to the government's decision to mandate a shelter-in-place approach to dealing with the pandemic. In response to the deteriorating economic conditions, the Fed took unprecedented action on March 15th and lowered the Fed Fund's rate to between 0% to 0.25%. The Fed also announced that it would be purchasing up to \$500 billion in US Treasury bonds and \$200 billion in mortgage-backed bonds. Subsequently, the Fed announced on March 23rd that it would begin purchasing unlimited amounts of US Treasury and mortgage-backed bonds. This announcement was well received by investors and marked the recent low in equity markets.
- During the quarter, higher market capitalization stocks were down less than lower market capitalization stocks across the style spectrum. The large cap Russell 1000 Index lost -20.2% during the period versus a -30.6% return for the small cap Russell 2000 Index. Investors preferred large cap stocks relative to small cap stocks as they are typically viewed as less risky during periods of rising market volatility given the size of their balance sheets and ability to generate cash flow. When viewed over the most recent 1-year period, large cap stocks significantly outpaced small cap stocks with the Russell 1000 posting a -8.0% loss compared to the -24.0% drawdown in the Russell 2000.
- In general, value stocks underperformed growth stocks across market capitalizations during the 1st quarter despite value stocks trading near all-time lows based on valuation metrics. Importantly, value indexes contain large exposures to such sectors as energy, consumer durables and financials, all of which came under pressure during the quarter. Large cap growth stocks held up better than large cap value stocks due to larger weightings in the technology and industrials sectors as well as a smaller exposure to the underperforming energy sector. The Russell 1000 Growth Index was the least negative style index for the period, returning -14.1%. The small cap value index posted the weakest relative return for the quarter with a loss of -35.7%. Results over the 1-year period were mixed with value stocks underperforming across market capitalizations while large cap stocks outpaced both mid and small cap stocks due in large part to the exposure to technology stocks and relative underweights to both energy and financial stocks.

Quarter Performance - Russell Style Series



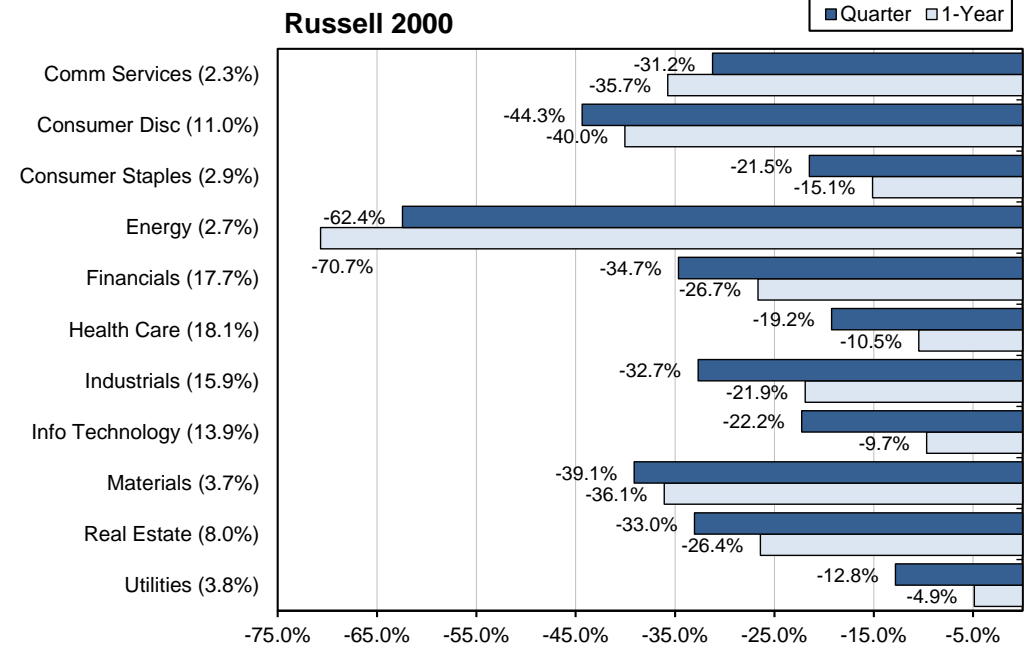
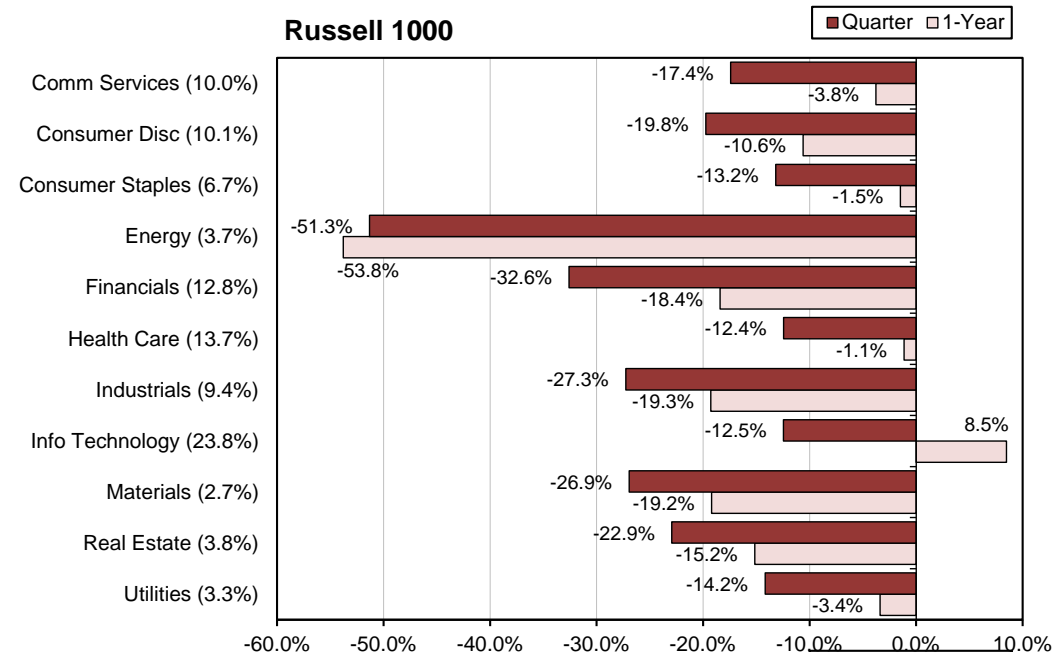
1-Year Performance - Russell Style Series



Source: Investment Metrics



- Generally, sector performance was negative across large cap sectors for the 1st quarter. The outlier during the period was the energy sector which saw significant losses due primarily to the drop in oil prices as a result of demand destruction related to the Coronavirus and the inability of OPEC to agree on production cuts. Health care and technology were the two of the least negative during the quarter returning -12.4% and -12.5%. Energy stocks fell a staggering -51.3% during the quarter as crude oil prices fell as global economic growth receded during the period. Financial stocks also lagged, declining -32.6%, as interest rates fell and a flat yield curve, in combination with fewer borrowers, increased pressure on financial stocks. Returns over the 1-year period were also generally negative with only the technology sector showing a positive return (+8.5%). Similar to the quarter's results, energy stocks underperformed by a considerable margin relative to other sectors. Industrials, materials, and financials also lagged for the year returning -19.3%, -19.2% and -18.4% respectively.
- Quarterly results for small capitalization sectors were generally worse than their large capitalization counterparts with only utilities outperforming during the period. All eleven economic sectors saw substantial losses during the period with only three of eleven sectors outpacing the Russell 2000 Index return for the quarter. Similar to large capitalization sectors, defensive sectors were less negative as investors gravitated toward their relative safety and higher yields. Utilities was the least negative sector, returning -12.8%, while healthcare and consumer staples returned -19.2% and -21.5%, respectively. The cyclically oriented energy sector was the largest detractor for the period, posting a disconcerting loss of -62.4% as global energy prices collapsed. Consumer discretionary stocks also fell substantially during the quarter returning -44.3% as consumer activity fell sharply following the decision to impose shelter-in-place orders. Financial stocks, which were down -34.7% for the quarter, were negatively impacted by the Fed's decision to lower interest rates and the significant decline in lending activity. Similar to quarterly performance, the trailing 1-year period returns were broadly negative. Utilities, technology and health care sectors were the down the least, returning -4.9%, -9.7% and -10.5%, respectively.



Source: Morningstar Direct

As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.



**The Market Environment**  
**Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000**  
As of March 31, 2020

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Microsoft Corp	5.09%	0.3%	35.5%	Information Technology
Apple Inc	4.47%	-13.2%	35.6%	Information Technology
Amazon.com Inc	3.48%	5.5%	9.5%	Consumer Discretionary
Facebook Inc A	1.70%	-18.7%	0.1%	Communication Services
Berkshire Hathaway Inc B	1.53%	-19.3%	-9.0%	Financials
Alphabet Inc Class C	1.49%	-13.0%	-0.9%	Communication Services
Johnson & Johnson	1.49%	-9.5%	-3.6%	Health Care
Alphabet Inc A	1.48%	-13.2%	-1.3%	Communication Services
JPMorgan Chase & Co	1.20%	-35.0%	-8.4%	Financials
Visa Inc Class A	1.18%	-14.1%	3.8%	Information Technology

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Teladoc Health Inc	0.77%	85.2%	178.8%	Health Care
NovoCure Ltd	0.40%	-20.1%	39.8%	Health Care
Amedisys Inc	0.40%	10.0%	48.9%	Health Care
Generac Holdings Inc	0.39%	-7.4%	81.9%	Industrials
Lumentum Holdings Inc	0.38%	-7.1%	30.4%	Information Technology
Repligen Corp	0.35%	4.4%	63.4%	Health Care
Haemonetics Corp	0.35%	-13.3%	13.9%	Health Care
ACADIA Pharmaceuticals Inc	0.33%	-1.2%	57.4%	Health Care
Trex Co Inc	0.32%	-10.8%	30.3%	Industrials
Rexford Industrial Realty Inc	0.32%	-9.7%	16.6%	Real Estate

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Moderna Inc	0.03%	53.1%	47.2%	Health Care
Legg Mason Inc	0.02%	37.2%	86.1%	Financials
Taubman Centers Inc	0.01%	36.6%	-15.3%	Real Estate
Virtu Financial Inc A	0.00%	31.9%	-7.8%	Financials
Zscaler Inc	0.02%	30.9%	-14.2%	Information Technology
Regeneron Pharmaceuticals Inc	0.17%	30.0%	18.9%	Health Care
Citrix Systems Inc	0.07%	28.0%	44.0%	Information Technology
RingCentral Inc Class A	0.07%	25.6%	96.6%	Information Technology
NortonLifeLock Inc	0.04%	25.4%	40.9%	Information Technology
Tesla Inc	0.32%	25.3%	87.2%	Consumer Discretionary

Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Waitr Holdings Inc Class A	0.00%	282.0%	-90.0%	Consumer Discretionary
Novavax Inc	0.03%	241.2%	23.3%	Health Care
Vir Biotechnology Inc	0.02%	172.5%	N/A	Health Care
Athersys Inc	0.03%	143.9%	100.0%	Health Care
Forty Seven Inc	0.17%	142.4%	490.5%	Health Care
Kala Pharmaceuticals Inc	0.01%	138.2%	6.3%	Health Care
Aduro Biotech Inc	0.01%	132.2%	-31.2%	Health Care
Tocagen Inc	0.00%	128.8%	-88.8%	Health Care
Inovio Pharmaceuticals Inc	0.05%	125.5%	99.5%	Health Care
Neon Therapeutics Inc	0.00%	123.7%	-59.1%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Centennial Resource Dev. Inc A	0.00%	-94.3%	-97.0%	Energy
Kosmos Energy Ltd	0.00%	-84.0%	-85.0%	Energy
Apache Corp	0.01%	-83.5%	-87.5%	Energy
Transocean Ltd	0.00%	-83.1%	-86.7%	Energy
Apergy Corp	0.00%	-83.0%	-86.0%	Energy
Targa Resources Corp	0.01%	-82.7%	-81.7%	Energy
Norwegian Cruise Line Holdings Ltd	0.01%	-81.2%	-80.1%	Consumer Discretionary
MFA Financial Inc	0.00%	-79.7%	-76.9%	Financials
Chesapeake Energy Corp	0.00%	-79.1%	-94.4%	Energy
Macerich Co	0.00%	-78.4%	-85.6%	Real Estate

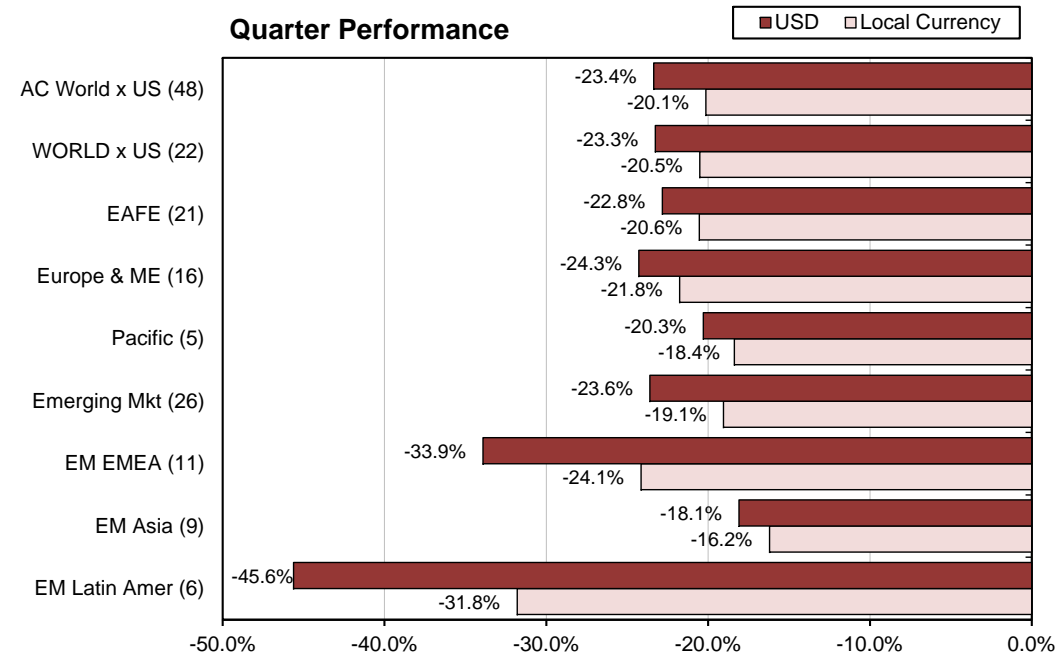
Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Independence Contract Drilling Inc	0.00%	-93.0%	-97.5%	Energy
QEP Resources Inc	0.01%	-92.5%	-95.6%	Energy
Whiting Petroleum Corp	0.00%	-90.9%	-97.4%	Energy
Amplify Energy Corp	0.00%	-90.4%	-93.0%	Energy
Penn Virginia Corp	0.00%	-89.8%	-93.0%	Energy
Pacific Drilling SA	0.00%	-89.8%	-97.1%	Energy
Nine Energy Service Inc	0.00%	-89.7%	-96.4%	Energy
Forum Energy Technologies Inc	0.00%	-89.4%	-96.5%	Energy
Oasis Petroleum Inc	0.01%	-89.3%	-94.2%	Energy
SM Energy Co	0.01%	-89.1%	-93.0%	Energy

Source: Morningstar Direct

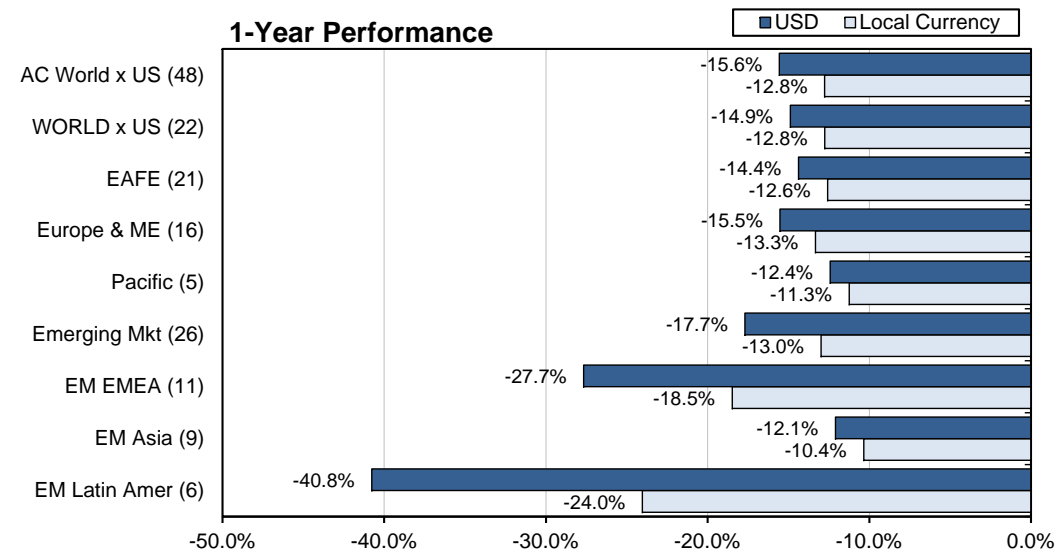


- International equity returns were negative in USD terms for the 1st quarter as markets were negatively impacted by the Coronavirus. In local currency terms, developed and emerging markets performed slightly better due to US dollar (USD) strength against most major currencies which created a significant headwind for US investors. The MSCI ACWI ex US Index lost -20.1% in local currency terms while a USD investor experienced a loss of -23.4% due to the aforementioned currency effect. Similar to US markets, international equity markets were severely impacted by concerns regarding headwinds from slowing economic data. Global central banks reacted by providing additional stimulus measures which are designed to provide the market with liquidity and restore confidence. The European Central Bank (ECB) and the Japanese Central Bank (JCB) announced new programs to purchase securities in an effort to boost markets while the Bank of England (BOE) cut its policy rate to 0.1% and announced additional quantitative easing in an effort to counteract a deterioration in the economy.
- Results for developed market international indices were negative in both local currency terms and USD terms for the 1st quarter. Prior to the onset of the Coronavirus, there were notable developments within the political sphere. The UK formally withdrew from the EU in January. While there remains much uncertainty surrounding what the relationship between the UK and the EU will look like, both sides are continuing to negotiate for a final withdrawal later this year. In Europe, Italy and Spain were hard hit by the Coronavirus. Already beset by relatively low GDP growth in historical terms, the region is expected to experience recession. In Japan, the economy was already under pressure as a result of declining trade with China prior to the onset of the Coronavirus. The Olympics were also rescheduled to 2021 in an effort to reduce the number of potential infections.
- Emerging markets continued their trend from 2019, underperforming relative to developed markets during the 1st quarter. The MSCI Emerging Markets Index fell -23.6% and -19.1% in USD and local currency terms, respectively. The US and China made headway in resolving their trade war by signing the Phase One trade deal in January. Countries with greater sensitivities to commodity prices or a strong USD tended to underperform during the period. Regionally, Asian countries outperformed both EMEA and Latin America, primarily due to their aggressive response to the Coronavirus. Within Latin America, Brazil and Mexico were hard hit as a result of the selloff in oil prices. Argentina underperformed as the country considered delaying the payment of interest on its sovereign debt.

Quarter Performance



1-Year Performance



Source: MSCI Global Index Monitor (Returns are Net)





**The Market Environment**  
**US Dollar International Index Attribution & Country Detail**  
As of March 31, 2020

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Communication Services	5.5%	-18.0%	-11.5%
Consumer Discretionary	11.1%	-26.8%	-15.0%
Consumer Staples	12.6%	-13.5%	-8.5%
Energy	4.0%	-36.2%	-37.9%
Financials	16.5%	-31.6%	-24.7%
Health Care	14.3%	-8.9%	7.1%
Industrials	14.2%	-26.4%	-16.0%
Information Technology	7.6%	-17.7%	-1.7%
Materials	6.7%	-26.8%	-20.5%
Real Estate	3.3%	-27.6%	-27.1%
Utilities	4.2%	-13.2%	-5.1%
<b>Total</b>	<b>100.0%</b>	<b>-22.8%</b>	<b>-14.4%</b>

MSCI - ACWixUS	Sector Weight	Quarter Return	1-Year Return
Communication Services	7.5%	-14.1%	-9.9%
Consumer Discretionary	11.8%	-24.1%	-12.9%
Consumer Staples	10.5%	-14.7%	-9.9%
Energy	5.2%	-38.5%	-37.1%
Financials	19.2%	-31.0%	-24.9%
Health Care	10.5%	-9.2%	4.6%
Industrials	11.4%	-26.2%	-17.1%
Information Technology	10.2%	-17.5%	1.3%
Materials	7.0%	-27.5%	-22.8%
Real Estate	3.0%	-27.6%	-25.9%
Utilities	3.7%	-15.9%	-8.7%
<b>Total</b>	<b>100.0%</b>	<b>-23.4%</b>	<b>-15.6%</b>

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Communication Services	13.1%	-9.6%	-8.2%
Consumer Discretionary	15.4%	-18.1%	-8.3%
Consumer Staples	6.6%	-19.8%	-15.7%
Energy	5.9%	-39.9%	-35.8%
Financials	21.6%	-31.1%	-27.6%
Health Care	3.6%	-8.5%	-8.5%
Industrials	4.9%	-28.0%	-26.5%
Information Technology	16.9%	-17.8%	3.2%
Materials	6.7%	-30.7%	-31.3%
Real Estate	2.9%	-26.7%	-21.5%
Utilities	2.5%	-26.0%	-23.4%
<b>Total</b>	<b>100.0%</b>	<b>-23.6%</b>	<b>-17.7%</b>

Country	MSCI-EAFE Weight	MSCI-ACWixUS Weight	Quarter Return	1-Year Return
Japan	26.3%	17.4%	-16.8%	-6.7%
United Kingdom	15.1%	10.0%	-28.8%	-23.0%
France	10.8%	7.1%	-27.6%	-17.7%
Switzerland	10.7%	7.1%	-11.5%	3.5%
Germany	8.3%	5.5%	-27.0%	-17.5%
Australia	5.9%	3.9%	-33.3%	-26.3%
Netherlands	4.2%	2.7%	-20.7%	-7.7%
Hong Kong	3.8%	2.5%	-17.3%	-21.1%
Sweden	2.8%	1.8%	-21.4%	-11.2%
Spain	2.6%	1.7%	-29.8%	-26.5%
Denmark	2.2%	1.4%	-8.0%	4.5%
Italy	2.2%	1.4%	-29.3%	-21.4%
Singapore	1.2%	0.8%	-28.2%	-22.3%
Finland	1.0%	0.7%	-19.1%	-18.0%
Belgium	0.9%	0.6%	-32.6%	-30.2%
Israel	0.6%	0.4%	-18.1%	-18.4%
Ireland	0.6%	0.4%	-25.7%	-8.3%
Norway	0.5%	0.4%	-33.4%	-31.3%
New Zealand	0.3%	0.2%	-16.4%	-1.0%
Portugal	0.2%	0.1%	-13.1%	-2.5%
Austria	0.2%	0.1%	-42.9%	-39.7%
<b>Total EAFE Countries</b>	<b>100.0%</b>	<b>66.0%</b>	<b>-22.8%</b>	<b>-14.4%</b>
Canada		6.3%	-27.5%	-19.9%
<b>Total Developed Countries</b>		<b>72.3%</b>	<b>-23.3%</b>	<b>-14.9%</b>
China		11.3%	-10.2%	-5.8%
Taiwan		3.4%	-19.1%	1.3%
Korea		3.3%	-22.5%	-16.8%
India		2.1%	-31.1%	-30.9%
Brazil		1.4%	-50.2%	-41.9%
South Africa		1.0%	-40.3%	-37.1%
Russia		0.9%	-36.4%	-14.4%
Saudi Arabia		0.7%	-24.0%	-28.9%
Thailand		0.6%	-33.8%	-32.5%
Mexico		0.5%	-35.5%	-31.9%
Malaysia		0.5%	-19.2%	-21.1%
Indonesia		0.4%	-39.6%	-36.8%
Qatar		0.3%	-17.3%	-15.1%
Philippines		0.2%	-32.2%	-30.5%
Poland		0.2%	-36.5%	-39.9%
Chile		0.2%	-33.6%	-47.1%
United Arab Emirates		0.2%	-27.1%	-30.3%
Turkey		0.1%	-30.1%	-19.8%
Peru		0.1%	-35.8%	-39.4%
Colombia		0.1%	-49.7%	-47.3%
Hungary		0.1%	-39.0%	-31.3%
Greece		0.1%	-45.2%	-30.4%
Argentina		0.0%	-39.3%	-51.0%
Egypt		0.0%	-27.1%	-10.8%
Czech Republic		0.0%	-38.5%	-38.3%
Pakistan		0.0%	-39.7%	-39.0%
<b>Total Emerging Countries</b>		<b>27.7%</b>	<b>-23.6%</b>	<b>-17.7%</b>
<b>Total ACWixUS Countries</b>		<b>100.0%</b>	<b>-23.4%</b>	<b>-15.6%</b>

Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)

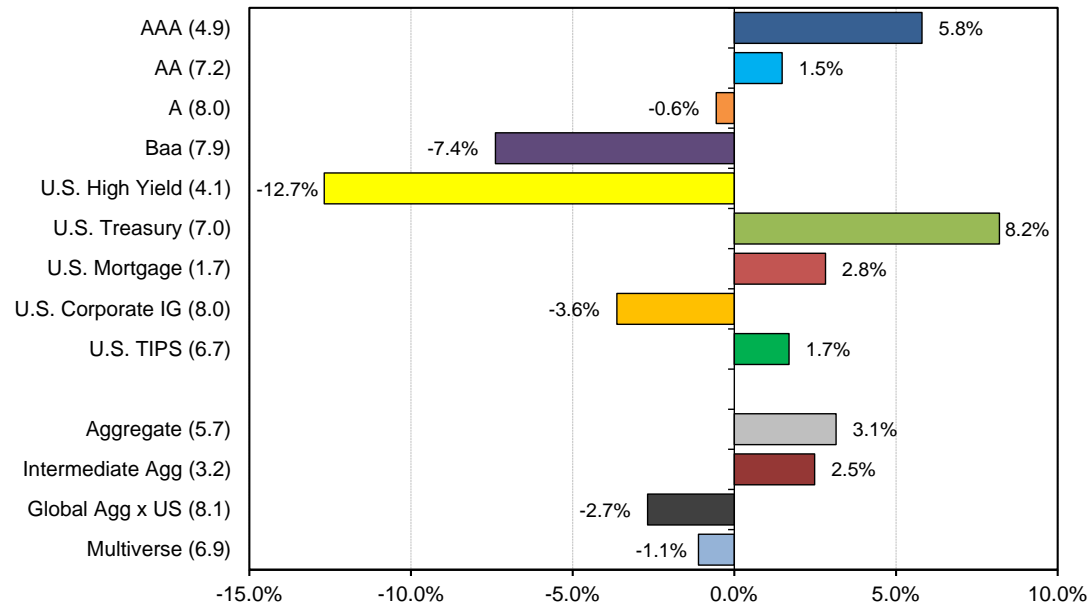
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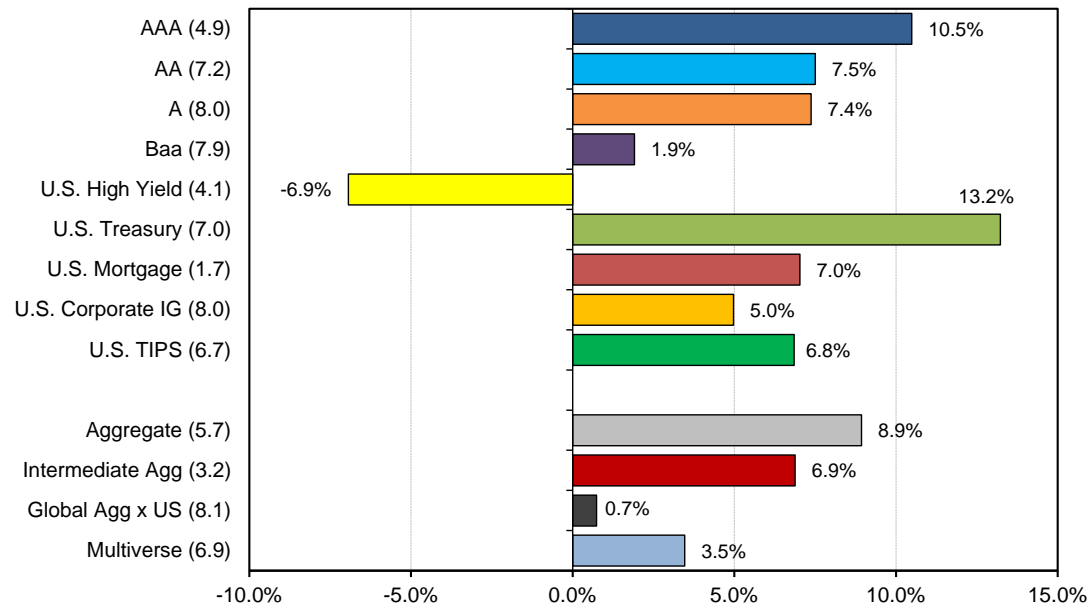


- Fixed income market returns during the 1st quarter were bifurcated between high- and low-quality bonds. Interest rates fell across the US Treasury Yield Curve through the quarter as investors sought safety and lower volatility assets. As a result of the deterioration of the US economy, the Fed took unprecedented action and lowered interest rates to between 0% to 0.25%. As a result, short term interest rates fell dramatically. The benchmark US Treasury 10-Year bond yield fell by more than 120 basis points during the quarter ending the period at a yield of 0.70%. In addition to lowering interest rates, the Fed committed to purchasing near unlimited US Treasury bonds and Agency mortgage bonds while implementing additional programs that allow for the purchase of corporate bonds. The bellwether Bloomberg Barclays US Aggregate Index posted positive returns for both the 1st quarter and the 1-year period, returning 3.1% and 8.9%, respectively.
- Within investment grade credit, higher quality issues outperformed lower quality issues during the quarter. More specifically, investors rotated out of lower quality issues due to the expectation for deterioration in the economy as a result of shelter-in-place protection measures. On an absolute basis, without negating the duration differences in the sub-indices, high yield credit was the worst performing sector returning -12.7% for the quarter, while AAA was the best performing, returning 5.8%. High yield spreads relative to comparable US Treasury issues widened to their highest levels since the 2008 Financial Crisis at nearly 1,100 basis points. Within investment grade bonds, Baa also underperformed, returning -7.4%. Much has been made in recent years about the growth of Baa bond issues outstanding and the potential for downgrades should a recession ensue. Returns over the 1-year period show generally positive returns with only high yield bonds posting a negative result. Within investment grade bonds, AAA bonds outperformed returning 10.5% compared to 7.5%, 7.4% and 1.9%, respectively, for AA, A and Baa rated issues.
- Within the Bloomberg Barclays US Aggregate Bond Index, defensive US Treasury, government agency and mortgage backed sectors outperformed investment grade corporate issues over the 1-year period. The defensive sectors benefited from the flight to quality as investors preferred lower volatility issues despite their lower relative yields. Over the 1-year period, US Treasury bonds returned 13.2% while US mortgage backed and investment grade corporate issues returned 7.0% versus a 5.0%, respectively. High yield bonds were the only negative performer for the year in the chart primarily due to the quarter's dramatic spread widening and resulting weak performance. Additionally, commodity-related lower quality issues were negatively impacted with the significant decline in oil prices.

**Quarter Performance**



**1-Year Performance**

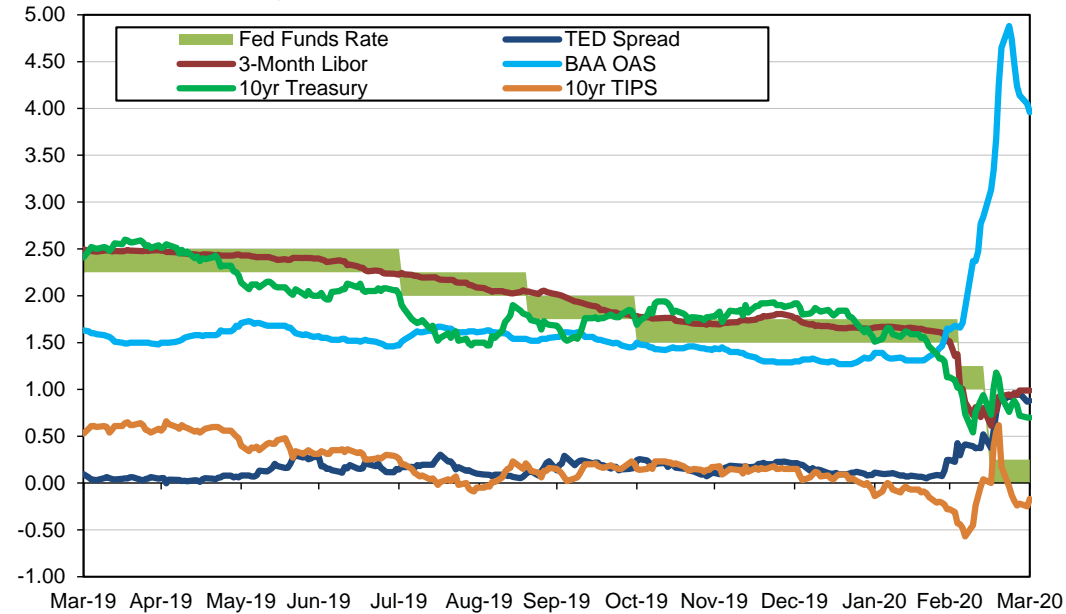


Source: Bloomberg

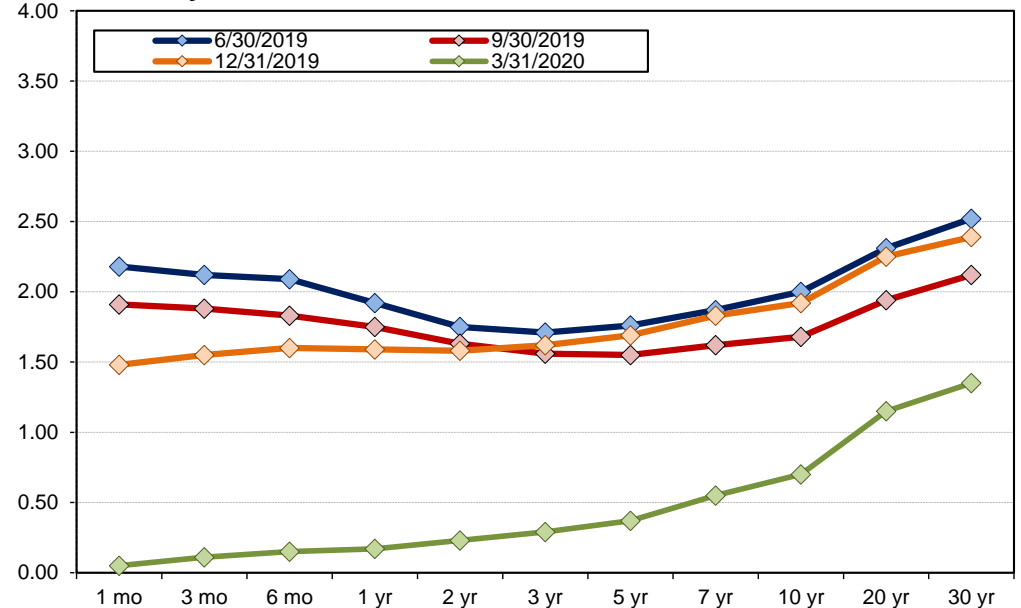


- Global fixed income returns continued their relative underperformance when compared to their domestic counterparts during the 1st quarter. Yields across developed markets fell in the first quarter following the onset of the Coronavirus. While the number of negative yielding bonds has recently subsided, countries such as Germany, Sweden and Switzerland continue to have lower, or in some cases negative yields. As mentioned, the USD appreciated against most developed currencies during the quarter, acting as a headwind to global bond index performance. The return on global bonds, as represented by the Bloomberg Barclays Global Aggregate ex US Index, was -2.7% for the period. Global bonds also trailed over the 1-year period with the Global Aggregate ex US Index returning 0.7% versus 8.9% return for the domestic Bloomberg Barclays Aggregate Index. Global growth is expected to slow considerably in the 1st and 2nd quarters as countries continue to manage through the Coronavirus pandemic. Importantly, global central banks are acting in coordination to provide sufficient liquidity in an effort to calm markets. As a result, interest rates, and bond returns, are expected to remain low until economic activity resumes.
- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that over the last year, the 10-year Treasury yield (green line) has fallen from roughly 2.5% to roughly 0.7%. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. This line illustrates an abrupt increase in credit spreads during the 1st quarter of 2020 as investors moved to higher quality assets during the quarter's risk-off environment. Prior to that, spreads had remained relatively range bound over the previous three quarters as investors sought out higher relative yields in corporate bonds. The orange line illustrates US Treasury TIPS which reflect investor expectations of future inflation. Over the trailing year, TIPS yields had already been trending generally lower due to concerns about the sustainability of global economic growth. Following the drawdown in the 1st quarter, TIPS yields were negative as investors believed that the US economy would enter a recession.
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four calendar quarters. The downward shift in US interest rates is clearly visible over the last quarter. The primary driver of this change in the curve was due to the supportive actions taken by the Fed, which reversed recent interest rate increases, and a broad flight to the perceived safety of US Treasury securities.

1-Year Trailing Market Rates



Treasury Yield Curve

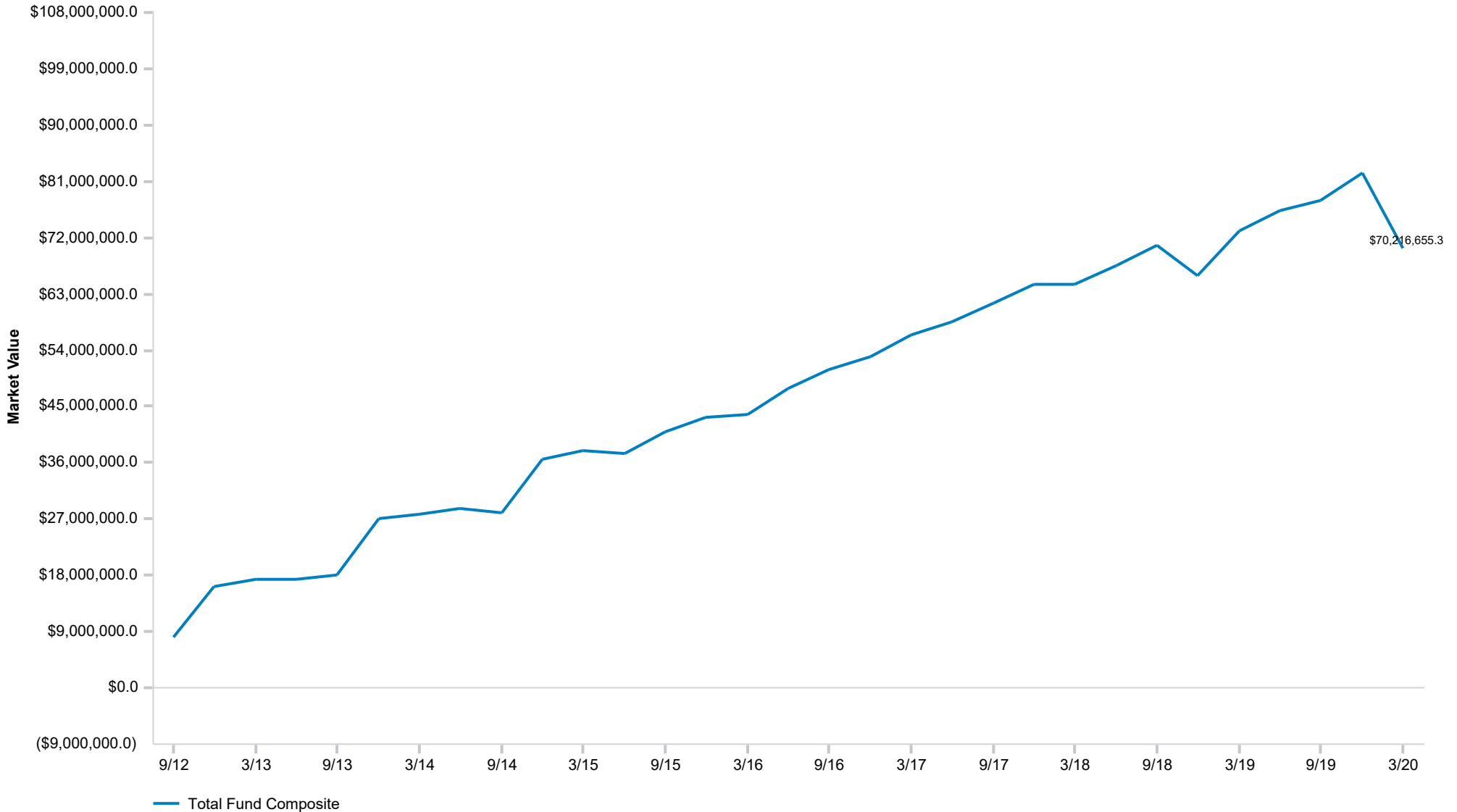


Source: US Department of Treasury, FRED (Federal Reserve of St. Louis)



**-9.6%**

Schedule of Investable Assets



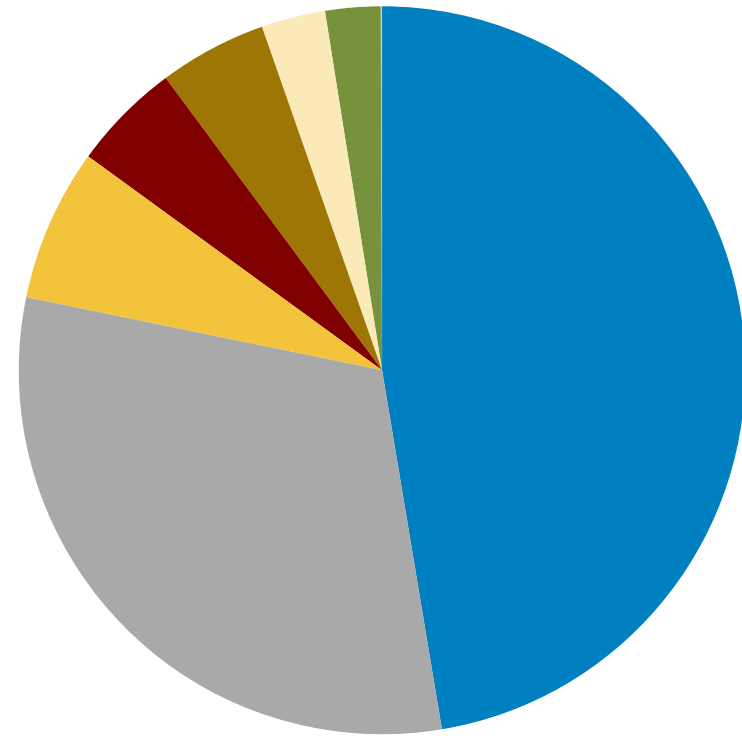
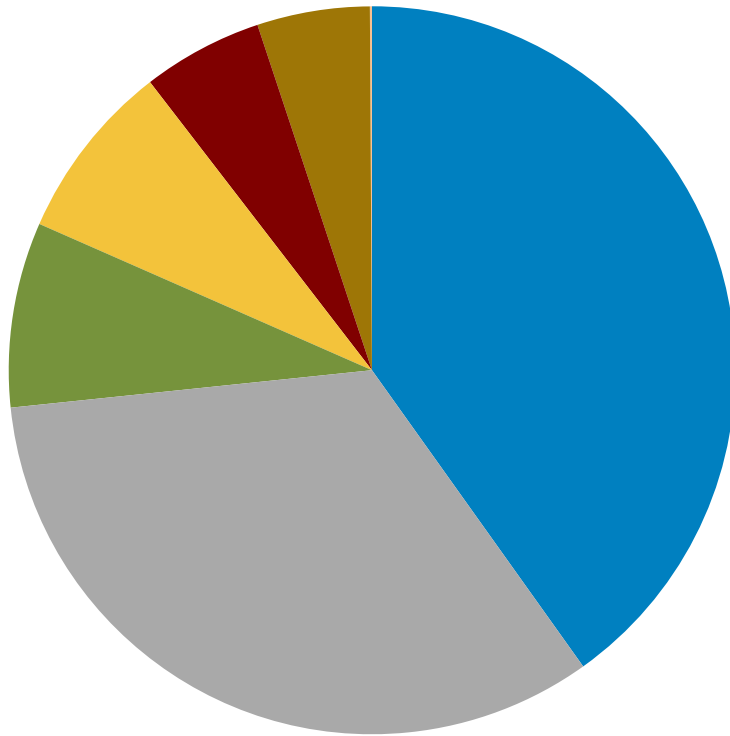
Schedule of Investable Assets

Periods Ending	Beginning Market Value \$	Net Cash Flow \$	Gain/Loss \$	Ending Market Value \$	%Return
Oct-2012 To Mar-2020	8,192,495	53,156,488	8,867,672	70,216,655	4.50



December 31, 2019 : \$82,262,382

March 31, 2020 : \$70,216,655



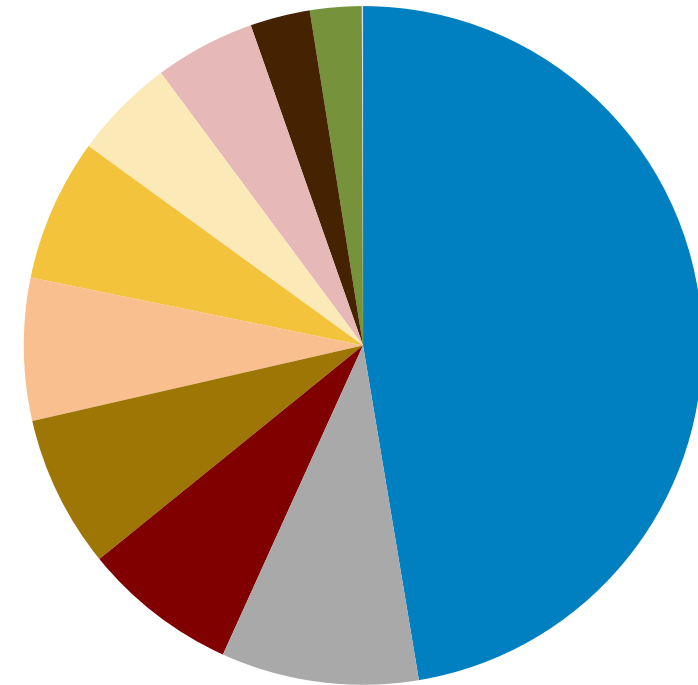
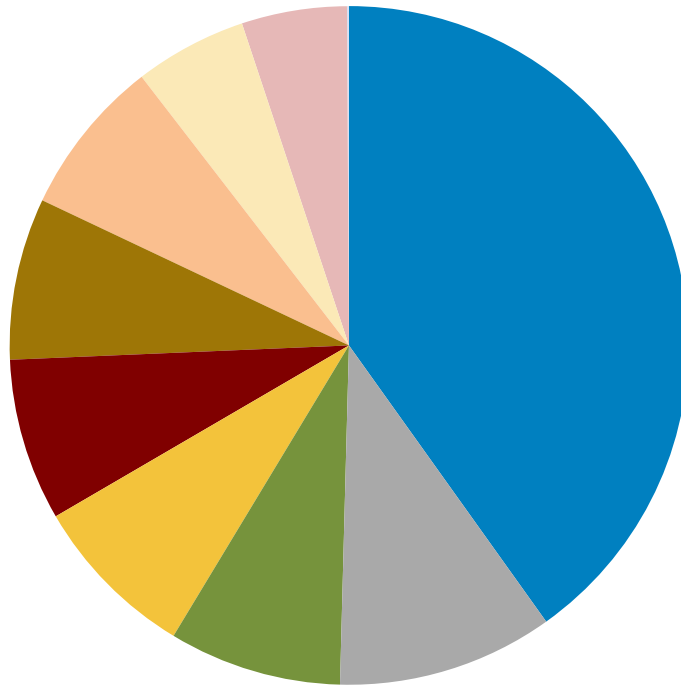
Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Core Plus Fixed Income	33,010,397	40.1	Core Plus Fixed Income	33,260,645	47.4
Domestic Equity	27,335,578	33.2	Domestic Equity	21,659,025	30.8
MLPs	6,766,287	8.2	International Equity	4,764,597	6.8
International Equity	6,542,797	8.0	Real Estate	3,399,722	4.8
Real Estate	4,404,862	5.4	High Yield Fixed Income	3,364,033	4.8
High Yield Fixed Income	4,124,870	5.0	GTAA	2,000,839	2.8
Cash	77,592	0.1	MLPs	1,723,419	2.5
GTAA	-	0.0	Cash	44,376	0.1



**Asset Allocation By Manager**  
**Total Fund**  
As of March 31, 2020

December 31, 2019 : \$82,262,382

March 31, 2020 : \$70,216,655



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ MacKay Shields Core Plus	33,010,397	40.1	■ MacKay Shields Core Plus	33,260,645	47.4
■ Barrow Hanley MeWhinney & Strauss	8,471,679	10.3	■ Barrow Hanley MeWhinney & Strauss	6,604,555	9.4
■ Tortoise Capital Advisors MLP	6,766,287	8.2	■ Stephens Mid Cap Growth	5,190,666	7.4
■ Causeway International (CIVIX)	6,542,797	8.0	■ Vanguard Index Fund Institutional (VINIX)	5,098,484	7.3
■ Stephens Mid Cap Growth	6,352,268	7.7	■ Fiduciary Management	4,765,320	6.8
■ Vanguard Index Fund Institutional (VINIX)	6,342,356	7.7	■ Causeway International (CIVIX)	4,764,597	6.8
■ Fiduciary Management	6,169,275	7.5	■ Cohen & Steers (CSRIX)	3,399,722	4.8
■ Cohen & Steers (CSRIX)	4,404,862	5.4	■ Loomis Sayles High Yield (LSHIX)	3,364,033	4.8
■ Loomis Sayles High Yield (LSHIX)	4,124,870	5.0	■ BlackRock Multi-Asset Income (BKMIX)	2,000,839	2.8
■ Cash	77,592	0.1	■ Tortoise Capital Advisors MLP	1,723,419	2.5
■ BlackRock Multi-Asset Income (BKMIX)	-	0.0	■ Cash	44,376	0.1



**Asset Allocation & Performance**  
**Total Fund Composite (Gross of Fees)**  
As of March 31, 2020

Asset Allocation & Performance	Allocation		Performance(%)					
	Market Value \$	%	QTR	1 YR	3 YR	5 YR	Inception	Inception Date
<b>Total Fund Composite (Gross of Fees)</b>	<b>70,216,655</b>	<b>100.0</b>	<b>-15.95</b>	<b>-9.63</b>	<b>0.00</b>	<b>1.53</b>	<b>4.50</b>	<b>10/01/2012</b>
Policy Index			-17.12	-11.03	-0.48	1.15	4.25	
OPEB Actuarial Assumption			1.59	6.50	6.65	6.78	6.88	
<b>Total Fund Composite (Net of Fees)</b>			<b>-16.02</b>	<b>-9.96</b>	<b>-0.38</b>	<b>1.13</b>	<b>4.00</b>	
Fiduciary Management	4,765,320	6.8	-22.63	-12.85	1.70	4.20	8.69	10/01/2012
Russell 1000 Value Index			-26.73	-17.17	-2.18	1.90	7.04	
S&P 500 Index			-19.60	-6.98	5.10	6.73	10.37	
Vanguard Index Fund Institutional (VINIX)	5,098,484	7.3	-19.60	-7.00	N/A	N/A	4.86	05/01/2017
S&P 500 Index			-19.60	-6.98	5.10	6.73	4.89	
Stephens Mid Cap Growth	5,190,666	7.4	-18.12	-8.20	9.85	8.38	11.69	01/01/2013
Russell Midcap Growth Index			-20.04	-9.45	6.53	5.61	10.80	
Barrow Hanley MeWhinney & Strauss	6,604,555	9.4	-31.90	-23.66	-7.16	-0.93	6.76	10/01/2012
Russell 2000 Value Index			-35.66	-29.64	-9.51	-2.42	3.62	
Causeway International (CIVIX)	4,764,597	6.8	-32.01	-25.96	-7.79	-4.64	-2.98	10/01/2013
MSCI EAFE (Net) Index			-22.83	-14.38	-1.82	-0.62	0.34	
MSCI EAFE Value Index (Net)			-28.20	-22.76	-6.65	-3.83	-2.31	
Cohen & Steers (CSRIX)	3,399,722	4.8	-22.82	-12.37	1.41	2.33	6.60	01/01/2013
FTSE NAREIT All Equity REITs			-23.44	-15.93	0.06	1.99	5.86	
Tortoise Capital Advisors MLP	1,723,419	2.5	-53.22	-56.74	-26.88	-19.74	-8.90	10/01/2012
Alerian MLP Index			-57.19	-60.95	-28.91	-20.66	-11.96	
BlackRock Multi-Asset Income (BKMIX)	2,000,839	2.8	N/A	N/A	N/A	N/A	N/A	04/01/2020
50% S&P 500/50% Barclays Agg			-8.62	1.21	5.30	5.30	N/A	
MacKay Shields Core Plus	33,260,645	47.4	0.86	7.04	4.50	3.33	3.37	07/01/2014
Blmbg. Barc. U.S. Aggregate Index			3.15	8.93	4.82	3.36	3.55	
Loomis Sayles High Yield (LSHIX)	3,364,033	4.8	-18.43	-15.33	-3.07	-0.05	2.75	01/01/2013
ICE BofAML High Yield Master II			-13.12	-7.45	0.55	2.67	3.55	
Cash	44,376	0.1						

Total Fund Composite (Gross of Fees) includes net performance for mutual funds within the portfolio: Vanguard Index Institutional (VINIX), Causeway International (CIVIX), Cohen & Steers (CSRIX), and Loomis Sayles High Yield (LSHIX).  
Gross of fees performance would be approximately 0.14% higher on an annual basis if these fees were included.





Asset Allocation & Performance	Allocation		Performance(%)					
	Market Value \$	%	YTD	2019	2018	2017	2016	2015
<b>Total Fund Composite (Gross of Fees)</b>	<b>70,216,655</b>	<b>100.0</b>	<b>-15.95</b>	<b>17.38</b>	<b>-5.28</b>	<b>10.92</b>	<b>10.54</b>	<b>-2.43</b>
Policy Index			-17.12	17.62	-4.68	9.35	9.47	-2.53
OPEB Actuarial Assumption			1.59	6.50	6.75	6.75	7.00	7.00
Fiduciary Management	4,765,320	6.8	-22.63	24.39	-2.89	18.86	14.92	-1.93
Russell 1000 Value Index			-26.73	26.54	-8.27	13.66	17.34	-3.83
S&P 500 Index			-19.60	31.49	-4.38	21.83	11.96	1.38
Vanguard Index Fund Institutional (VINIX)	5,098,484	7.3	-19.60	31.46	-4.42	N/A	N/A	N/A
S&P 500 Index			-19.60	31.49	-4.38	21.83	11.96	1.38
Stephens Mid Cap Growth	5,190,666	7.4	-18.12	32.97	3.31	29.36	7.86	-0.28
Russell Midcap Growth Index			-20.04	35.47	-4.75	25.27	7.33	-0.20
Barrow Hanley MeWhinney & Strauss	6,604,555	9.4	-31.90	26.81	-17.80	18.51	27.59	-6.22
Russell 2000 Value Index			-35.66	22.39	-12.86	7.84	31.74	-7.47
Causeway International (CIVIX)	4,764,597	6.8	-32.01	20.10	-18.62	27.18	0.48	-3.12
MSCI EAFE (Net) Index			-22.83	22.01	-13.79	25.03	1.00	-0.81
MSCI EAFE Value Index (Net)			-28.20	16.09	-14.78	21.44	5.02	-5.68
Cohen & Steers (CSRIX)	3,399,722	4.8	-22.82	33.01	-3.99	7.43	5.89	5.23
FTSE NAREIT All Equity REITs			-23.44	28.66	-4.04	8.67	8.63	2.83
Tortoise Capital Advisors MLP	1,723,419	2.5	-53.22	9.21	-15.76	-6.15	21.44	-32.54
Alerian MLP Index			-57.19	6.56	-12.42	-6.52	18.31	-32.59
BlackRock Multi-Asset Income (BKMIX)	2,000,839	2.8	N/A	N/A	N/A	N/A	N/A	N/A
50% S&P 500/50% Barclays Agg			-8.62	19.89	-1.90	12.37	7.38	1.21
MackKay Shields Core Plus	33,260,645	47.4	0.86	9.48	-0.32	4.75	3.99	-0.08
Blmbg. Barc. U.S. Aggregate Index			3.15	8.72	0.01	3.54	2.65	0.55
Loomis Sayles High Yield (LSHIX)	3,364,033	4.8	-18.43	10.51	-3.54	8.42	18.92	-10.27
ICE BofAML High Yield Master II			-13.12	14.41	-2.27	7.48	17.49	-4.64
Cash	44,376	0.1						

Total Fund Composite (Gross of Fees) includes net performance for mutual funds within the portfolio: Vanguard Index Institutional (VINIX), Causeway International (CIVIX), Cohen & Steers (CSRIX), and Loomis Sayles High Yield (LSHIX).  
Gross of fees performance would be approximately 0.14% higher on an annual basis if these fees were included.



Fiduciary's objective is to buy durable business at value prices in order to achieve top in class investment results over a three to five year time horizon. Fiduciary considers themselves long-term investors, not traders. They will typically hold between 20-30 companies in their portfolio with an average turnover of 35%. The research process is geared toward finding six new investment ideas for the portfolio in a given year. All investment ideas are generated by a research team consisting of six individuals, rather than relying on the portfolio manager. As of March 31, 2020, Fiduciary had a market value of \$4,765,320.

Fiduciary Management		Russell 1000 Value Index	
	Weight %		Weight %
Berkshire Hathaway Inc	6.9	Berkshire Hathaway Inc	3.4
Unitedhealth Group Inc	5.8	Johnson & Johnson	2.8
Dollar General Corporation	4.4	JPMorgan Chase & Co	2.7
Honeywell International Inc	4.0	Procter & Gamble Co (The)	2.4
Quest Diagnostics Inc	4.0	Intel Corp	2.2
Masco Corp	3.9	Verizon Communications Inc	2.1
Booking Holdings Inc	3.6	AT&T Inc	2.0
Chubb Ltd	3.4	Pfizer Inc	1.7
The Unilever Group	3.3	Bank of America Corp	1.6
TJX Companies Inc (The)	3.2	Walt Disney Co (The)	1.6

## Equity Assets Exposures by Sector

	Fiduciary Management	Russell 1000 Value Index
Cash	6.65	0.00
Communication Services	5.86	8.63
Consumer Discretionary	14.21	5.17
Consumer Staples	9.05	10.59
Energy	1.18	5.44
Financials	19.45	21.33
Health Care	15.46	15.53
Industrials	21.58	9.46
Information Technology	4.24	6.81
Materials	2.33	4.18
Real Estate	0.00	5.08
Utilities	0.00	7.78

## Equity Characteristics

	Fiduciary Management	Russell 1000 Value Index
Wtd. Avg. Mkt. Cap (\$)	98,201,753,637	106,202,953,446
Price/Earnings ratio	12.9	12.6
Price/Book ratio	2.7	2.1
Current Yield	2.4	3.5
Number of Stocks	31	765



**Fund Information**

Fund Name : Vanguard Institutional Index Fund: Vanguard Institutional Index Fund; Institutional Shares  
 Fund Family : Vanguard Group Inc  
 Ticker : VINIX  
 Inception Date : 07/31/1990  
 Fund Assets : \$116,814 Million  
 Portfolio Turnover : 6%

Portfolio Assets : \$242,173 Million  
 Portfolio Manager : Butler/Louie  
 PM Tenure : 2000--2017  
 Fund Style : IM S&P 500 Index (MF)  
 Style Benchmark : S&P 500 Index

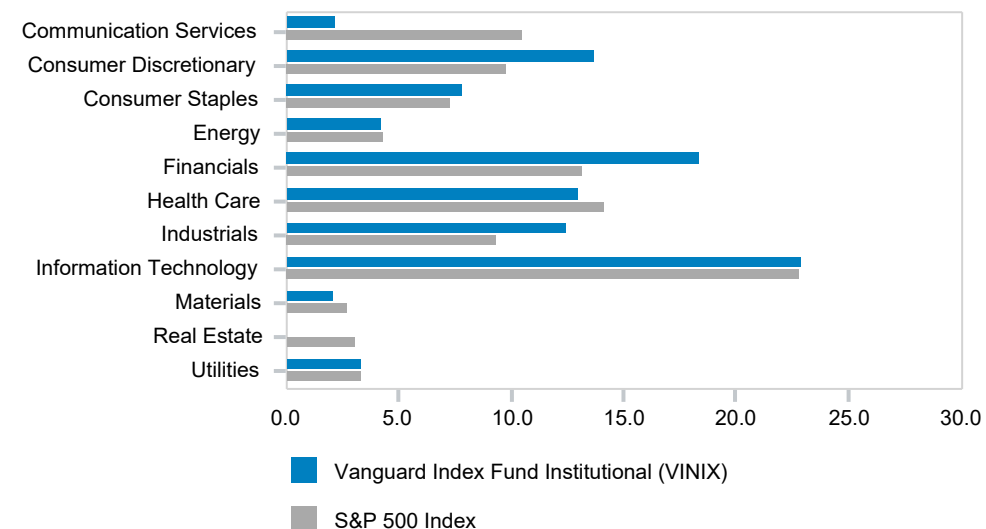
**Portfolio Characteristics As of 11/30/2019**

	Portfolio	Benchmark
Total Securities	512	505
Avg. Market Cap (\$)	262,580,297,338	23,482,483,200
Price/Earnings (P/E)	28.65	22.16
Price/Book (P/B)	7.38	3.55
Dividend Yield	2.22	1.90
Annual EPS	26.50	7.65
5 Yr EPS	15.75	14.28
3 Yr EPS Growth	19.09	N/A
Beta	N/A	1.00

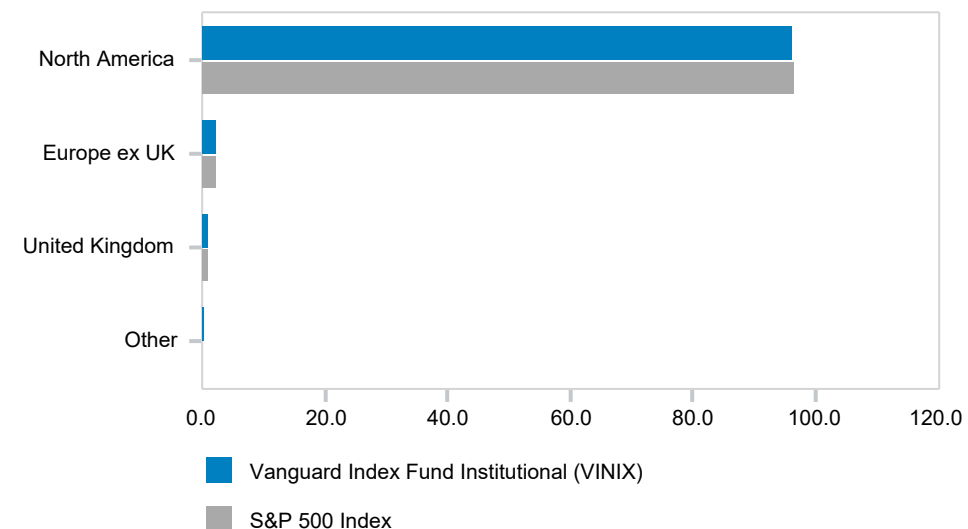
**Top Ten Securities As of 11/30/2019**

Microsoft Corp ORD	4.4 %
Apple Inc ORD	4.3 %
Amazon.com Inc ORD	2.9 %
Facebook Inc ORD	1.9 %
Berkshire Hathaway Inc ORD	1.7 %
JPMorgan Chase & Co ORD	1.6 %
Alphabet Inc ORD 1	1.5 %
Alphabet Inc ORD 2	1.5 %
Johnson & Johnson ORD	1.4 %
Visa Inc ORD	1.2 %

**Sector Weights As of 11/30/2019**



**Region Weights As of 11/30/2019**



Statistics provided by Lipper. Most recent available data shown.



The Stephens Mid Cap Growth portfolio is a diversified portfolio that seeks long term growth of capital by investing primarily in common stock of U.S. companies with market capitalizations of between \$1.5 billion to \$12.5 billion. They select mid cap growth companies that are established growth companies that have achieved above average growth. The combination of core growth and catalyst growth stocks positions the portfolio for varying market conditions. As of March 31, 2020, Stephens had a market value of \$5,190,666.

Stephens Mid Cap Growth		Russell Midcap Growth Index	
	Weight %		Weight %
DexCom Inc	2.5	Fiserv Inc.	2.1
Verisk Analytics Inc	2.1	Advanced Micro Devices Inc	1.9
MarketAxess Holdings Inc	2.0	Global Payments Inc.	1.7
Resmed Inc	2.0	Dollar General Corporation	1.4
Cadence Design Systems Inc	2.0	Lam Research Corp	1.2
IDEXX Laboratories Inc	2.0	SBA Communications Corp	1.2
CoStar Group Inc	1.9	Centene Corp	1.2
Domino's Pizza Inc	1.9	DexCom Inc	1.0
Global Payments Inc.	1.8	MSCI Inc	0.9
Shopify Inc	1.7	KLA Corp	0.9

## Equity Assets Exposures by Sector

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Cash	4.03	0.00
Communication Services	6.97	4.25
Consumer Discretionary	11.02	12.95
Consumer Staples	2.46	3.61
Energy	1.23	0.73
Financials	5.84	4.28
Health Care	21.96	16.85
Industrials	13.54	16.15
Information Technology	32.95	35.36
Materials	0.00	2.77
Real Estate	0.00	3.06

## Equity Characteristics

	Stephens Mid Cap Growth	Russell Midcap Growth Index
Wtd. Avg. Mkt. Cap (\$)	17,321,316,448	17,104,194,131
Price/Earnings ratio	28.6	23.0
Price/Book ratio	5.0	4.9
Current Yield	0.4	1.0
Number of Stocks	88	405

The strategy is designed to exploit inefficiencies in the small cap sector of the market by carefully employing high value-added proprietary research in a universe of small capitalization, low-expectation stocks. This process is directed toward the discovery of companies in which the value of the underlying business is significantly greater than the market price. The portfolio's goal is to consistently generate superior returns while assuming below average levels of risk. As of March 31, 2020, Barrow, Hanley, MeWhinney & Strauss had a market value of \$6,604,555.

Barrow Hanley MeWhinney & Strauss		Russell 2000 Value Index	
	Weight %		Weight %
Brooks Automation Inc	5.2	Lumentum Holdings Inc	0.8
II VI Inc	4.9	Rexford Industrial Realty Inc	0.7
Ciena Corp	4.7	Tech Data Corp	0.7
Darling Ingredients Inc	4.2	ONE Gas Inc	0.7
Diodes Inc	4.2	Portland Gen. Elec. Co.	0.7
PRA Group Inc	3.8	FTI Consulting Inc.	0.6
Prosperity Bancshares Inc	3.6	Black Hills Corp	0.6
MGIC Investment Corp	3.6	Cirrus Logic Inc.	0.6
Vishay Intertechnology Inc.	3.5	Spire Inc	0.6
Encompass Health Corp	3.4	Healthcare Realty Trust Inc	0.6

## Equity Assets Exposures by Sector

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Cash	3.68	0.00
Communication Services	0.00	2.17
Consumer Discretionary	8.53	7.76
Consumer Staples	5.01	3.45
Energy	0.44	3.46
Financials	12.76	29.89
Health Care	4.40	6.01
Industrials	28.90	12.45
Information Technology	31.64	11.39
Materials	4.65	4.28
Real Estate	0.00	11.50
Utilities	0.00	7.64

## Equity Characteristics

	Barrow Hanley MeWhinney & Strauss	Russell 2000 Value Index
Wtd. Avg. Mkt. Cap (\$)	2,048,881,367	1,643,213,919
Price/Earnings ratio	11.3	10.2
Price/Book ratio	1.6	1.7
Current Yield	1.5	3.2
Number of Stocks	38	1,391

**Fund Information**

Fund Name : Causeway Capital Management Trust: Causeway International Value Fund; Institutional Class Shares  
 Fund Family : Causeway Capital Management LLC  
 Ticker : CIVIX  
 Inception Date : 10/26/2001  
 Fund Assets : \$6,326 Million  
 Portfolio Turnover : 36%

Portfolio Assets : \$6,969 Million  
 Portfolio Manager : Team Managed  
 PM Tenure :  
 Fund Style : IM International Large Cap Core Equity (MF)  
 Style Benchmark : MSCI EAFE (Net) Index

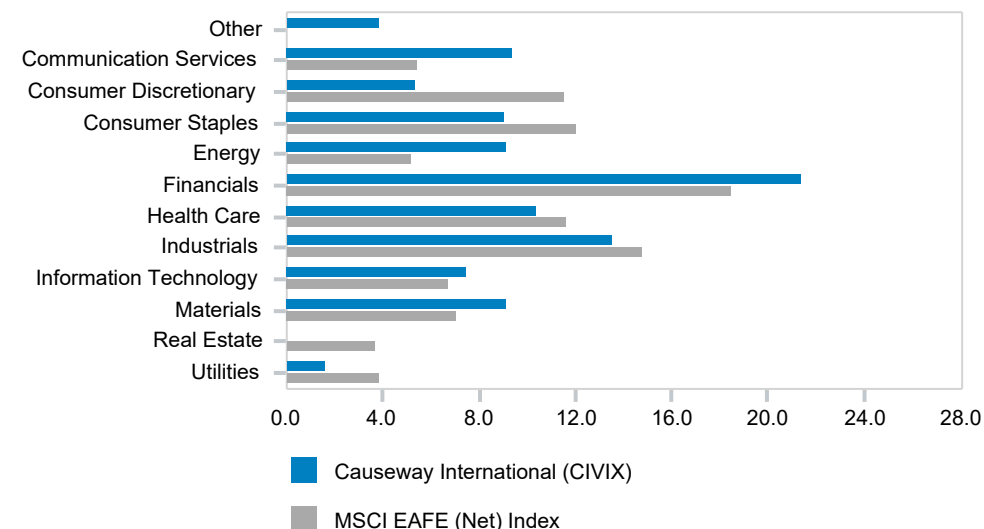
**Portfolio Characteristics As of 09/30/2019**

	Portfolio	Benchmark
Total Securities	66	923
Avg. Market Cap (\$)	68,045,862,001	10,158,726,312
Price/Earnings (P/E)	20.06	15.24
Price/Book (P/B)	1.92	2.30
Dividend Yield	3.78	3.52
Annual EPS	4.92	153.48
5 Yr EPS	6.16	7.44
3 Yr EPS Growth	13.63	N/A
Beta (5 Years, Monthly)	1.12	1.00

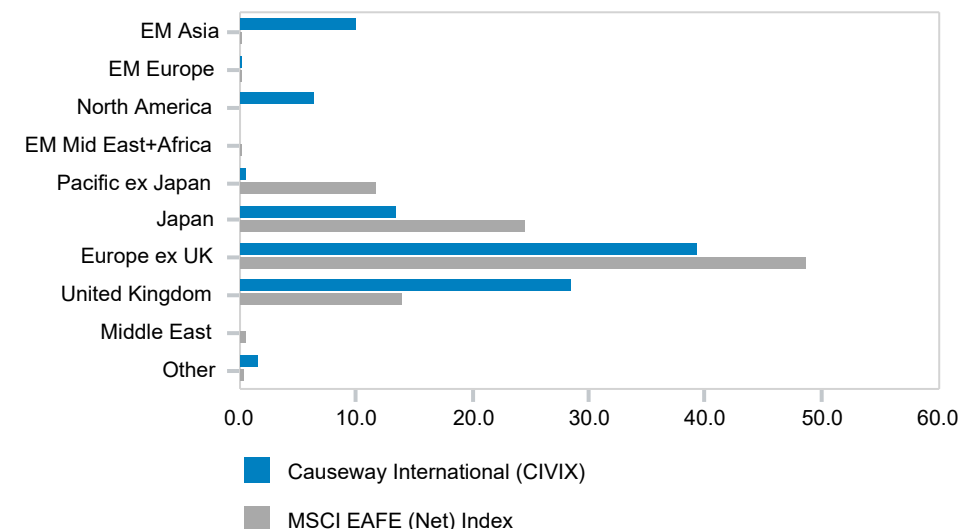
**Top Ten Securities As of 09/30/2019**

Volkswagen AG PFD	4.1 %
BASF SE ORD	3.7 %
Takeda Pharmaceutical Co Ltd ORD	3.6 %
UniCredit SpA ORD	3.6 %
Abb Ltd ORD	3.1 %
Invesco Government & Agency Portfolio;In	3.0 %
China Mobile Ltd ORD	3.0 %
Prudential PLC ORD	2.8 %
Linde PLC ORD	2.8 %
Barclays PLC ORD	2.7 %

**Sector Weights As of 09/30/2019**



**Region Weights As of 09/30/2019**



Statistics provided by Lipper. Most recent available data shown.



**Fund Information**

Fund Name : Cohen & Steers Institutional Realty Shares, Inc  
 Fund Family : Cohen & Steers Capital Management Inc  
 Ticker : CSRIX  
 Inception Date : 02/14/2000  
 Fund Assets : \$3,670 Million  
 Portfolio Turnover : 68%

Portfolio Assets : \$3,670 Million  
 Portfolio Manager : Cheigh/Bohjalian/Yablon  
 PM Tenure : 2007--2012--2013  
 Fund Style : IM Real Estate Sector (MF)  
 Style Benchmark : FTSE NAREIT All Equity REITs

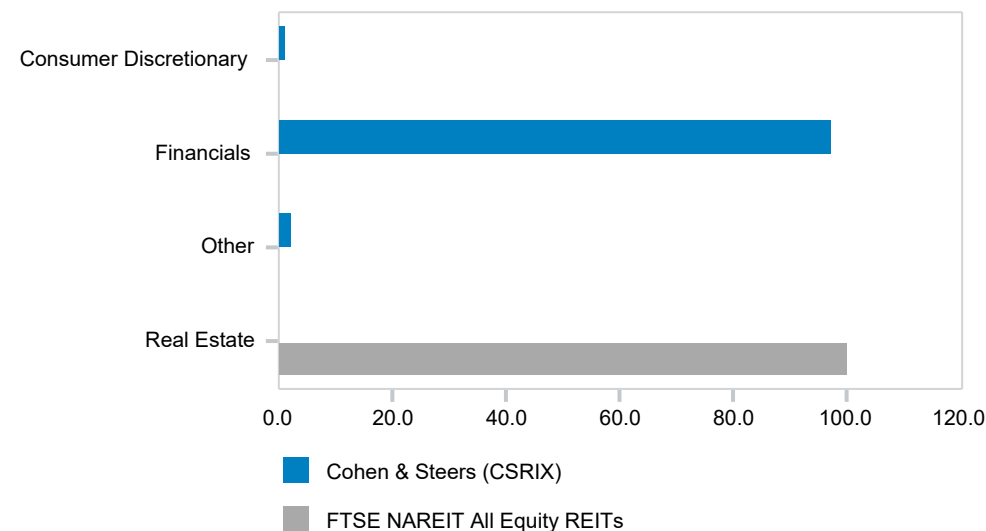
**Portfolio Characteristics As of 09/30/2019**

	Portfolio	Benchmark
Total Securities	44	1
Avg. Market Cap (\$)	26,654,838,331	-
Price/Earnings (P/E)	48.05	N/A
Price/Book (P/B)	4.26	N/A
Dividend Yield	3.27	N/A
Annual EPS	38.54	N/A
5 Yr EPS	28.69	N/A
3 Yr EPS Growth	13.49	N/A
Beta (5 Years, Monthly)	0.99	1.00

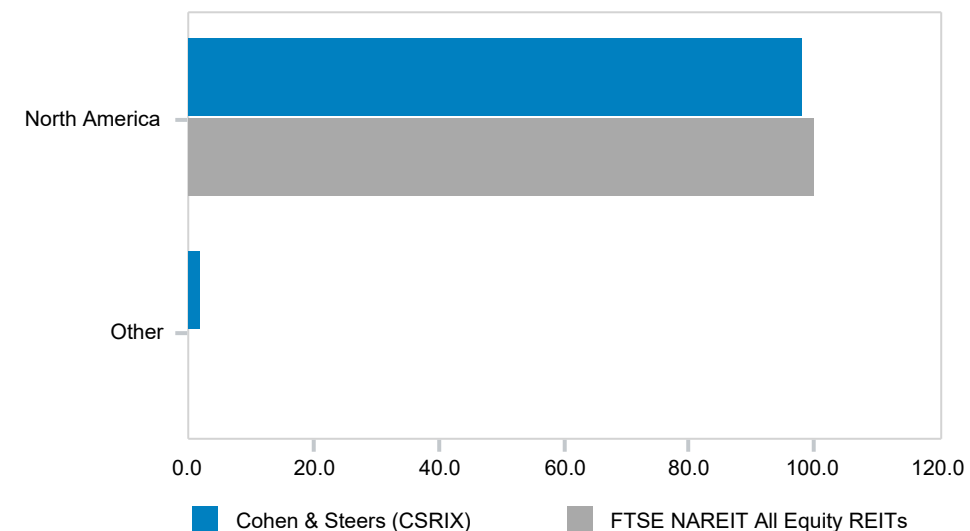
**Top Ten Securities As of 09/30/2019**

Equinix Inc ORD	6.7 %
American Tower Corp ORD	6.0 %
Welltower Inc ORD	5.9 %
UDR Inc ORD	5.7 %
Essex Property Trust Inc ORD	4.7 %
SBA Communications Corp ORD	4.6 %
Crown Castle International Corp	4.1 %
Prologis Inc ORD	4.0 %
VICI Properties Inc ORD	3.8 %
Invitation Homes Inc ORD	3.3 %

**Sector Weights As of 09/30/2019**



**Region Weights As of 09/30/2019**



Statistics provided by Lipper. Most recent available data shown.





The Tortoise Capital Advisors, formerly ARI, Master Limited Partnerships (MLPs) strategy is a diversified portfolio consisting primarily of publicly traded partnerships focused in the natural resources and energy infrastructure industries. The objective is to provide high levels of total returns and a growing cash yield. It offers low correlation to the broader equity market over the long-term. As of March 31, 2020, Tortoise Capital Advisors had a market value of \$1,723,419.

Tortoise Capital Advisors MLP		Alerian MLP	
	Weight %		Weight %
Enterprise Products Partners LP	11.3	Magellan Midstream Partners LP	17.4
MPLX LP	11.1	Enterprise Products Partners LP	15.0
Magellan Midstream Partners LP	10.8	MPLX LP	9.6
Phillips 66 Partners LP	9.6	Energy Transfer LP	9.0
Energy Transfer LP	9.1	Tallgrass Energy GP LP	7.1
Williams Cos Inc. (The)	6.9	Plains All American Pipeline LP	6.6
Plains All American Pipeline LP	6.3	Phillips 66 Partners LP	5.8
Shell Midstream Partners LP	4.7	TC PipeLines LP	4.3
TC PipeLines LP	4.0	Shell Midstream Partners LP	3.6
NextEra Energy Partners LP	3.8	Cheniere Energy Partners LP	3.2

## Equity Assets Exposures by Sector

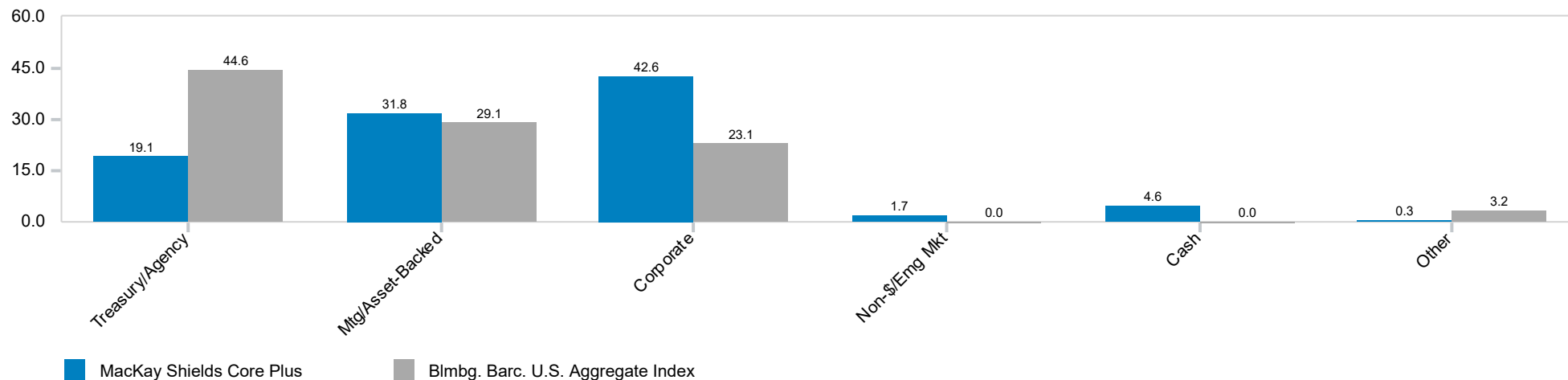
	Tortoise Capital Advisors MLP	Alerian MLP
Cash	0.64	0.00
Energy	95.54	100.00
Utilities	3.82	0.00

## Equity Characteristics

	Tortoise Capital Advisors MLP	Alerian MLP
Wtd. Avg. Mkt. Cap (\$)	10,279,818,480	10,059,213,282
Price/Earnings ratio	5.5	5.7
Price/Book ratio	2.0	2.2
Current Yield	19.9	20.2
Number of Stocks	20	35

MacKay Shields Core Plus seeks to outperform the benchmark by eliminating or reducing uncompensated risk while opportunistically allocating investments across a range of core and off-benchmark sectors. The fund typically invests in the same sectors represented by the Barclays U.S. Aggregate Bond Index, as well as high yield, emerging market debt, and non-US Dollar exposure. Their philosophy is centered on their pursuit of consistent, superior rates of return with low volatility. Their goal for the product is to provide enhanced returns over a full market cycle with lower-than market risk. As of March 31, 2020, MacKay Shields had a market value of \$33,260,645.

Sector Distribution (%)



Portfolio Characteristics

	Portfolio	Benchmark
Avg. Maturity	7.88	7.77
Avg. Quality	AA-	AA
Coupon Rate (%)	3.21	3.14
Modified Duration	5.91	5.78
Yield To Maturity (%)	2.51	1.59
Holdings Count	235	N/A



**Fund Information**

Fund Name :	Loomis Sayles Funds I: Loomis Sayles Institutional High Income Fund; Institutional Class	Portfolio Assets :	\$561 Million
Fund Family :	Loomis Sayles & Company LP	Portfolio Manager :	Fuss/Eagan/Stokes
Ticker :	LSHIX	PM Tenure :	1996--2007--2007
Inception Date :	06/05/1996	Fund Style :	IM U.S. High Yield Bonds (MF)
Fund Assets :	\$561 Million	Style Benchmark :	FTSE High Yield Market Index
Portfolio Turnover :	23%		

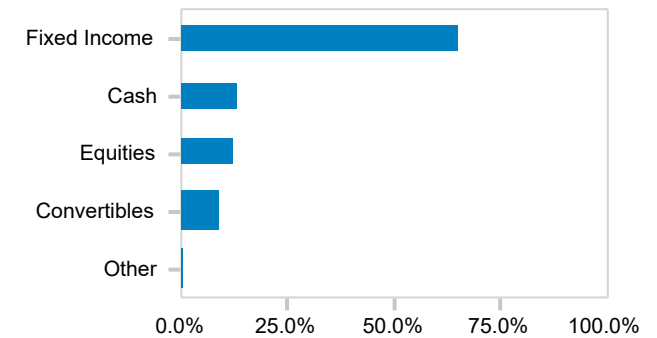
**Fund Characteristics As of 09/30/2019**

Avg. Coupon	4.51 %
Nominal Maturity	N/A
Effective Maturity	4.93 Years
Duration	3.34 Years
SEC 30 Day Yield	5.5
Avg. Credit Quality	BBB

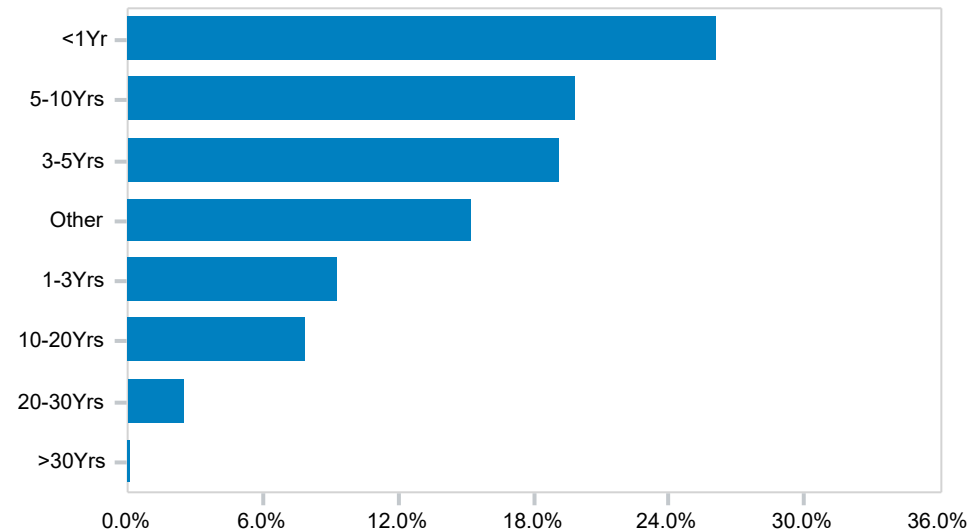
**Top Ten Securities As of 09/30/2019**

Corporate Notes/Bonds	59.7 %
Common Stock	12.3 %
Convertible Securities	8.9 %
Fgn. Currency Denominated Bonds	3.6 %
Treasury Notes/Bonds	2.3 %
Preferred Stock-Non Convertible	0.1 %

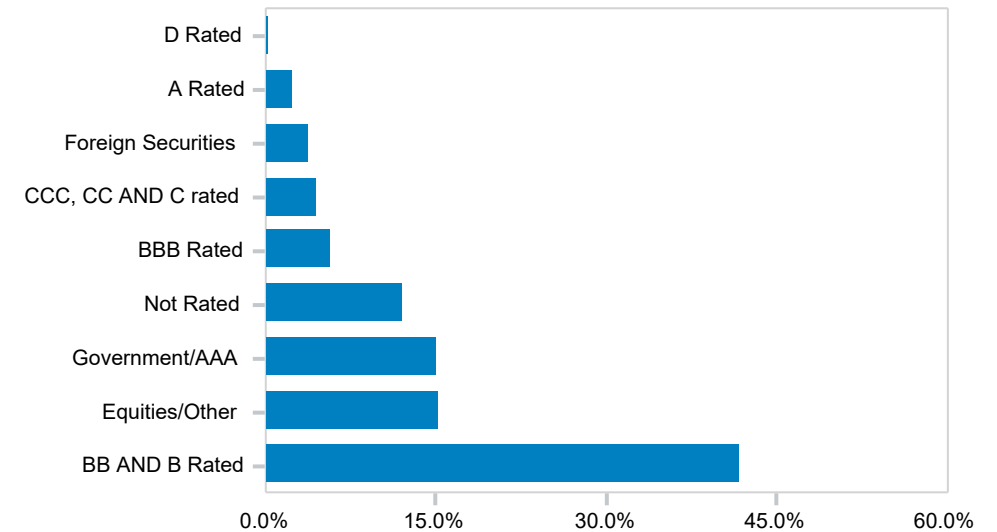
**Asset Allocation As of 09/30/2019**



**Maturity Distribution As of 09/30/2019**



**Sector/Quality Allocation As of 09/30/2019**



Statistics provided by Lipper. Most recent available data shown.



**Port of Houston OPEB  
Manager Status Summary  
As of March 31, 2020**

Manager	Mandate	Status	Notes
Fiduciary Management	Large Cap Value Equity	In Compliance	
Vanguard Index Fund (VINIX)	Large Cap Core Equity	In Compliance	
Stephens Mid Cap Growth	Mid Cap Growth Equity	In Compliance	
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	In Compliance	
Causeway International (CIVIX)	International Equity	In Compliance	
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	In Compliance	
Tortoise Capital Advisors MLP	Master Limited Partnership	In Compliance	
BlackRock Multi-Asset (BKMIX)	GTAA	In Compliance	
Mackay Shields Core Plus	Core Plus Fixed Income	In Compliance	
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	In Compliance	

**In Compliance-** The portfolio is acting in full compliance with its guidelines and it is performing according to expectations.

**On Alert-** Concerns exist with the portfolio's performance, a change in investment characteristics, management style, ownership structure, staff or other related events.

**On Notice-** A continued and serious problem with any of the issues mentioned above. If the situation is not resolved to the Trustee's satisfaction, a replacement will be replaced and hired.



**Port of Houston Authority**  
**OPEB Fee Analysis**  
As of March 31, 2020

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
<b>Total Fund Composite</b>	<b>0.48</b>	<b>70,216,655</b>	<b>333,590</b>	
Equity Composite	0.58	31,546,763	183,497	
Domestic Equity	0.47	21,659,025	101,240	
Fiduciary Management	0.55	4,765,320	26,209	0.55 % of Assets
Vanguard Index Fund Institutional (VINIX)	0.04	5,098,484	2,039	0.04 % of Assets
Stephens Mid Cap Growth	0.77	5,190,666	39,968	0.77 % of Assets
Barrow Hanley MeWhinney & Strauss	0.50	6,604,555	33,023	0.50 % of Assets
International Equity	0.92	4,764,597	43,834	
Causeway International (CIVIX)	0.92	4,764,597	43,834	0.92 % of Assets
Real Estate	0.75	3,399,722	25,498	
Cohen & Steers (CSRIX)	0.75	3,399,722	25,498	0.75 % of Assets
MLPs	0.75	1,723,419	12,926	
Tortoise Capital Advisors MLP	0.75	1,723,419	12,926	0.75 % of Assets
GTAA Composite	0.54	2,000,839	10,805	
BlackRock Multi-Asset Income (BKMIX)	0.54	2,000,839	10,805	0.54 % of Assets
Fixed Income Composite	0.39	38,669,893	150,092	
Core Plus Fixed Income	0.35	33,260,645	116,412	
MacKay Shields Core Plus	0.35	33,260,645	116,412	0.35 % of Assets
High Yield Fixed Income	0.68	3,364,033	22,875	
Loomis Sayles High Yield (LSHIX)	0.68	3,364,033	22,875	0.68 % of Assets



**Port of Houston OPEB  
Fee Summary  
As of March 31, 2020**

Structure	Mandate	Expense Ratio	Category Average	Difference	Annual Savings
Fiduciary Management	Large Cap Value Equity	0.55%	0.99%	0.44%	\$20,967
Vanguard Index Fund (VINIX)	Large Cap Core Equity	0.04%	0.99%	0.95%	\$48,436
Stephens Mid Cap Growth	Mid Cap Growth Equity	0.77%	1.26%	0.49%	\$25,434
Barrow Hanley MeWhinney & Strauss	Small Cap Value Equity	0.50%	1.27%	0.77%	\$50,855
Causeway International (CIVIX)	International Equity	0.92%	1.21%	0.29%	\$13,817
Cohen & Steers (CSRIX)	Real Estate and Investment Trust	0.75%	1.24%	0.49%	\$16,659
Tortoise Capital Advisors MLP	Master Limited Partnership	0.75%	1.00%	0.25%	\$4,309
BlackRock Multi-Asset (BKMIX)	GTAA	0.54%	0.97%	0.43%	\$8,604
Mackay Shields Core Plus	Core Plus Fixed Income	0.35%	0.84%	0.49%	\$162,977
Loomis Sayles High Yield (LSHIX)	High Yield Fixed Income	0.68%	1.04%	0.36%	\$12,111
<b>Total Management Fees</b>		<b>0.48%</b>	<b>0.99%</b>	<b>0.52%</b>	<b>\$364,168</b>

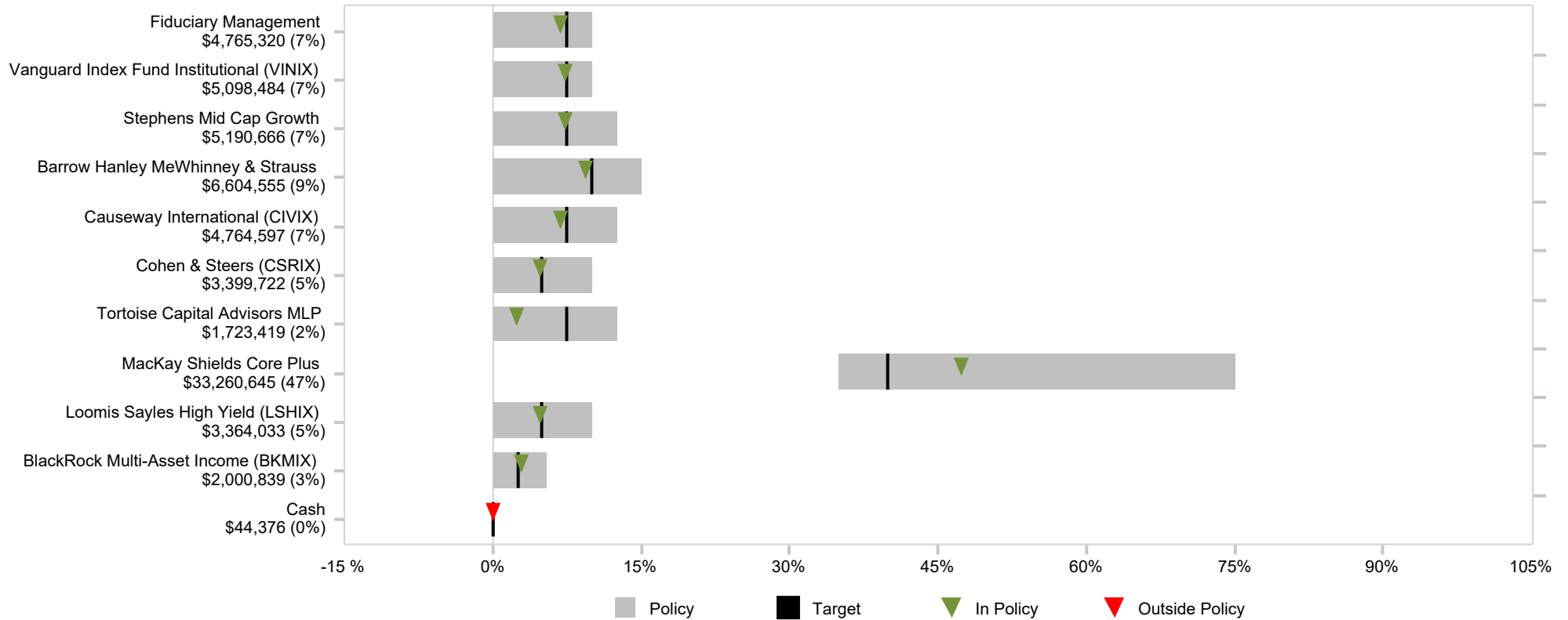
Source: Morningstar and Investment Managers



**Asset Allocation Compliance**

	Asset Allocation \$	Current Allocation (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund Composite	70,216,655	100.0	100.0	0.0		
Fiduciary Management	4,765,320	6.8	7.5	-0.7	0.0	10.0
Vanguard Index Fund Institutional (VINIX)	5,098,484	7.3	7.5	-0.2	0.0	10.0
Stephens Mid Cap Growth	5,190,666	7.4	7.5	-0.1	0.0	12.5
Barrow Hanley MeWhinney & Strauss	6,604,555	9.4	10.0	-0.6	0.0	15.0
Causeway International (CIVIX)	4,764,597	6.8	7.5	-0.7	0.0	12.5
Cohen & Steers (CSRIX)	3,399,722	4.8	5.0	-0.2	0.0	10.0
Tortoise Capital Advisors MLP	1,723,419	2.5	7.5	-5.0	0.0	12.5
MackKay Shields Core Plus	33,260,645	47.4	40.0	7.4	35.0	75.0
Loomis Sayles High Yield (LSHIX)	3,364,033	4.8	5.0	-0.2	0.0	10.0
BlackRock Multi-Asset Income (BKMIX)	2,000,839	2.8	2.5	0.3	0.0	5.5
Cash	44,376	0.1	0.0	0.1	0.0	0.0

**Executive Summary**





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<b>Active Return</b>	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
<b>Alpha</b>	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
<b>Beta</b>	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
<b>Consistency</b>	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
<b>Distributed to Paid In (DPI)</b>	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
<b>Down Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
<b>Downside Risk</b>	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
<b>Excess Return</b>	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
<b>Excess Risk</b>	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
<b>Information Ratio</b>	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
<b>Public Market Equivalent (PME)</b>	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
<b>R-Squared</b>	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
<b>Return</b>	- Compounded rate of return for the period.
<b>Sharpe Ratio</b>	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
<b>Standard Deviation</b>	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
<b>Total Value to Paid In (TVPI)</b>	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
<b>Tracking Error</b>	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
<b>Treynor Ratio</b>	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
<b>Up Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.



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