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Belmont Retirement System **Retirement Board Meeting**

February 24, 2017

Scott Driscoll
Doug Moseley
Nedelina Petkova

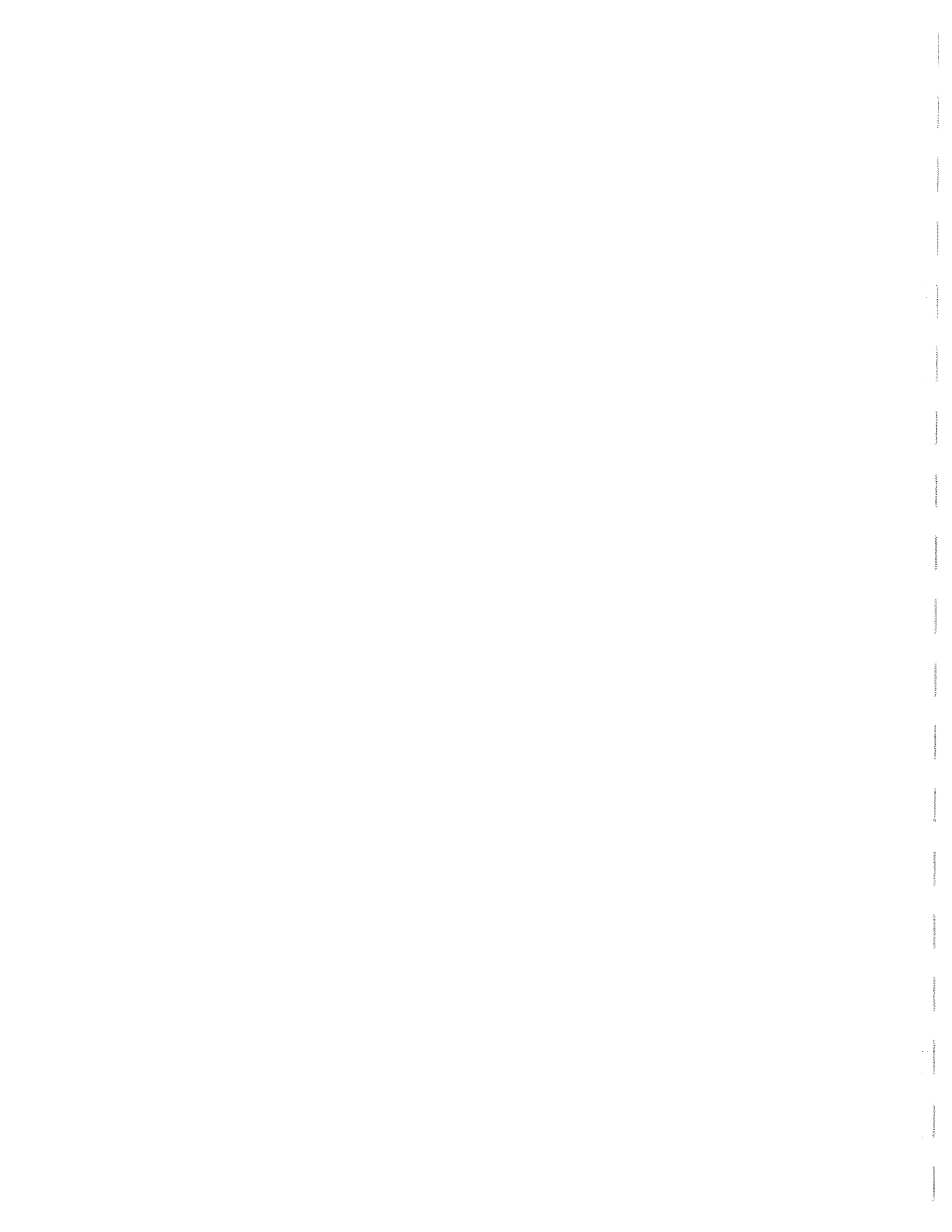
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Town of Belmont Retirement Plan Fourth Quarter 2016 Investment Review

February 24, 2016

Scott Driscoll, Consultant
Nedelina Petkova, Analyst

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Market Environment

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Returns for Key Indices Ranked in Order of Performance

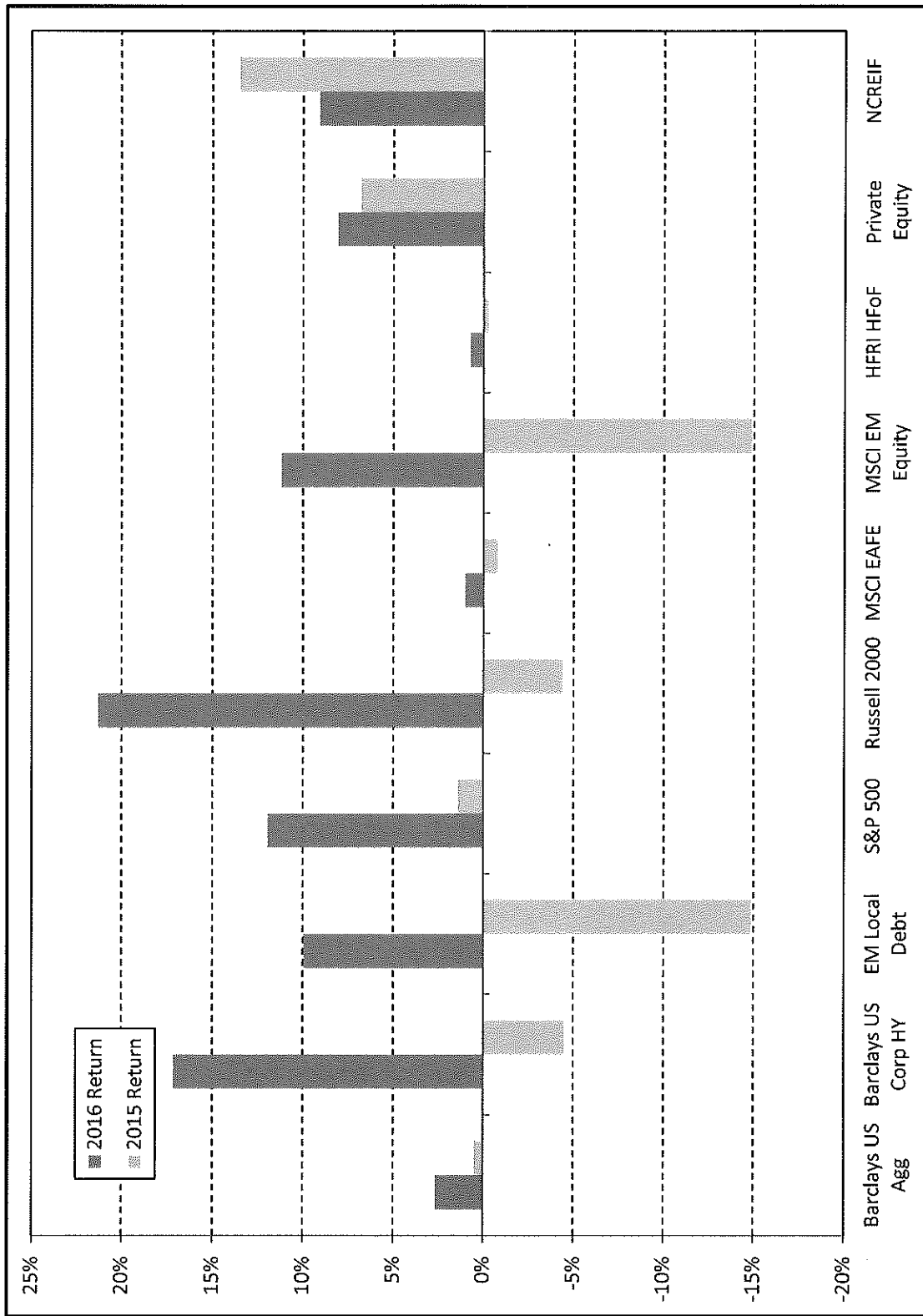
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
MSCI EMERGING MARKETS 32.17	MSCI EMERGING MARKETS 39.39	BC AGGREGATE 5.24	MSCI EMERGING MARKETS 78.51	RUSSELL 2000 GROWTH 29.09	BC AGGREGATE 7.84	MSCI EMERGING MARKETS 18.22	RUSSELL 2000 GROWTH 43.30	S&P 500 13.66	RUSSELL 1000 GROWTH 5.67	RUSSELL 2000 VALUE 31.74
MSCI EAFE 26.34	RUSSELL 1000 GROWTH 11.81	RUSSELL 2000 VALUE -28.92	RUSSELL 1000 GROWTH 57.21	RUSSELL 2000 26.85	RUSSELL 1000 GROWTH 2.64	RUSSELL 2000 VALUE 18.05	RUSSELL 2000 38.82	RUSSELL 1000 VALUE 13.45	S&P 500 1.38	RUSSELL 2000 21.31
RUSSELL 1000 VALUE 22.25	MSCI EAFE 11.17	RUSSELL 2000 -33.79	RUSSELL 2000 GROWTH 54.47	RUSSELL 2000 VALUE 24.5	S&P 500 2.11	RUSSELL 1000 VALUE 17.51	RUSSELL 2000 VALUE 34.52	RUSSELL 1000 13.24	RUSSELL 1000 0.92	RUSSELL 1000 VALUE 17.34
RUSSELL 2000 VALUE 23.48	RUSSELL 2000 GROWTH 7.06	RUSSELL 1000 VALUE -36.85	MSCI EAFE 31.78	MSCI EMERGING MARKETS 18.88	RUSSELL 1000 1.50	MSCI EAFE 17.32	RUSSELL 1000 GROWTH 33.11	RUSSELL 1000 GROWTH 19.05	BC AGGREGATE 0.55	RUSSELL 1000 12.05
RUSSELL 2000 18.37	BC AGGREGATE 6.97	S&P 500 57.0	RUSSELL 1000 28.43	RUSSELL 1000 GROWTH 16.75	RUSSELL 1000 VALUE 0.39	RUSSELL 1000 16.42	RUSSELL 1000 33.11	BC AGGREGATE 5.97	MSCI EAFE -0.81	S&P 500 11.36
S&P 500 15.8	RUSSELL 1000 5.77	RUSSELL 1000 -37.6	RUSSELL 2000 27.16	RUSSELL 1000 16.10	RUSSELL 2000 GROWTH -2.91	RUSSELL 2000 16.35	RUSSELL 1000 VALUE 32.53	RUSSELL 2000 GROWTH 5.60	RUSSELL 2000 GROWTH -1.38	RUSSELL 2000 GROWTH 11.32
RUSSELL 1000 15.46	S&P 500 5.46	RUSSELL 1000 GROWTH -38.44	S&P 500 26.46	RUSSELL 1000 VALUE 15.51	RUSSELL 2000 4.18	S&P 500 16.66	S&P 500 32.39	RUSSELL 2000 4.89	RUSSELL 1000 VALUE -3.83	MSCI EMERGING MARKETS 11.19
RUSSELL 2000 GROWTH 13.85	RUSSELL 1000 VALUE -0.17	RUSSELL 2000 GROWTH 38.54	RUSSELL 2000 VALUE 20.58	S&P 500 15.06	RUSSELL 2000 VALUE -5.50	RUSSELL 1000 GROWTH 15.76	MSCI EAFE 22.78	RUSSELL 2000 VALUE 4.22	RUSSELL 2000 -4.41	RUSSELL 1000 GROWTH 7.68
RUSSELL 1000 GROWTH 9.07	RUSSELL 2000 -1.56	MSCI EAFE -43.38	RUSSELL 1000 VALUE 19.69	MSCI EAFE 7.75	MSCI EAFE -12.14	RUSSELL 2000 GROWTH 14.59	BC AGGREGATE -2.02	MSCI EMERGING MARKETS -2.19	RUSSELL 2000 VALUE -7.46	BC AGGREGATE 2.65
BC AGGREGATE 4.33	RUSSELL 2000 VALUE -9.78	MSCI EMERGING MARKETS -53.33	BC AGGREGATE 5.95	BC AGGREGATE 6.54	MSCI EMERGING MARKETS -18.42	BC AGGREGATE 4.21	MSCI EMERGING MARKETS -2.60	MSCI EAFE -4.90	MSCI EMERGING MARKETS -14.93	MSCI EAFE 1.00

QTD	3 Year	5 Year	10 Year
RUSSELL 2000 VALUE 14.07	S&P 500 6.67	RUSSELL 2000 VALUE 15.07	RUSSELL 1000 GROWTH 8.53
RUSSELL 2000 8.83	RUSSELL 1000 8.59	RUSSELL 1000 VALUE 14.80	RUSSELL 2000 GROWTH 7.76
RUSSELL 1000 VALUE 6.68	RUSSELL 1000 VALUE 8.59	RUSSELL 1000 14.69	RUSSELL 1000 7.08
RUSSELL 1000 3.83	RUSSELL 1000 GROWTH 8.55	S&P 500 14.65	RUSSELL 2000 7.07
S&P 500 3.82	RUSSELL 2000 VALUE 8.31	RUSSELL 2000 14.46	S&P 500 6.95
RUSSELL 2000 GROWTH 3.57	RUSSELL 2000 6.74	RUSSELL 1000 GROWTH 14.58	RUSSELL 2000 VALUE 6.26
RUSSELL 1000 GROWTH 1.01	RUSSELL 2000 GROWTH 5.05	RUSSELL 2000 GROWTH 18.74	RUSSELL 1000 VALUE 5.72
MSCI EAFE -0.71	BC AGGREGATE 3.03	MSCI EAFE 6.53	BC AGGREGATE 4.34
BC AGGREGATE -2.98	MSCI EAFE -1.60	BC AGGREGATE 2.23	MSCI EMERGING MARKETS 1.84
MSCI EMERGING MARKETS -4.16	MSCI EMERGING MARKETS -2.55	MSCI EMERGING MARKETS 1.28	MSCI EAFE 0.75



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2016: A Strong Year for Risk Assets

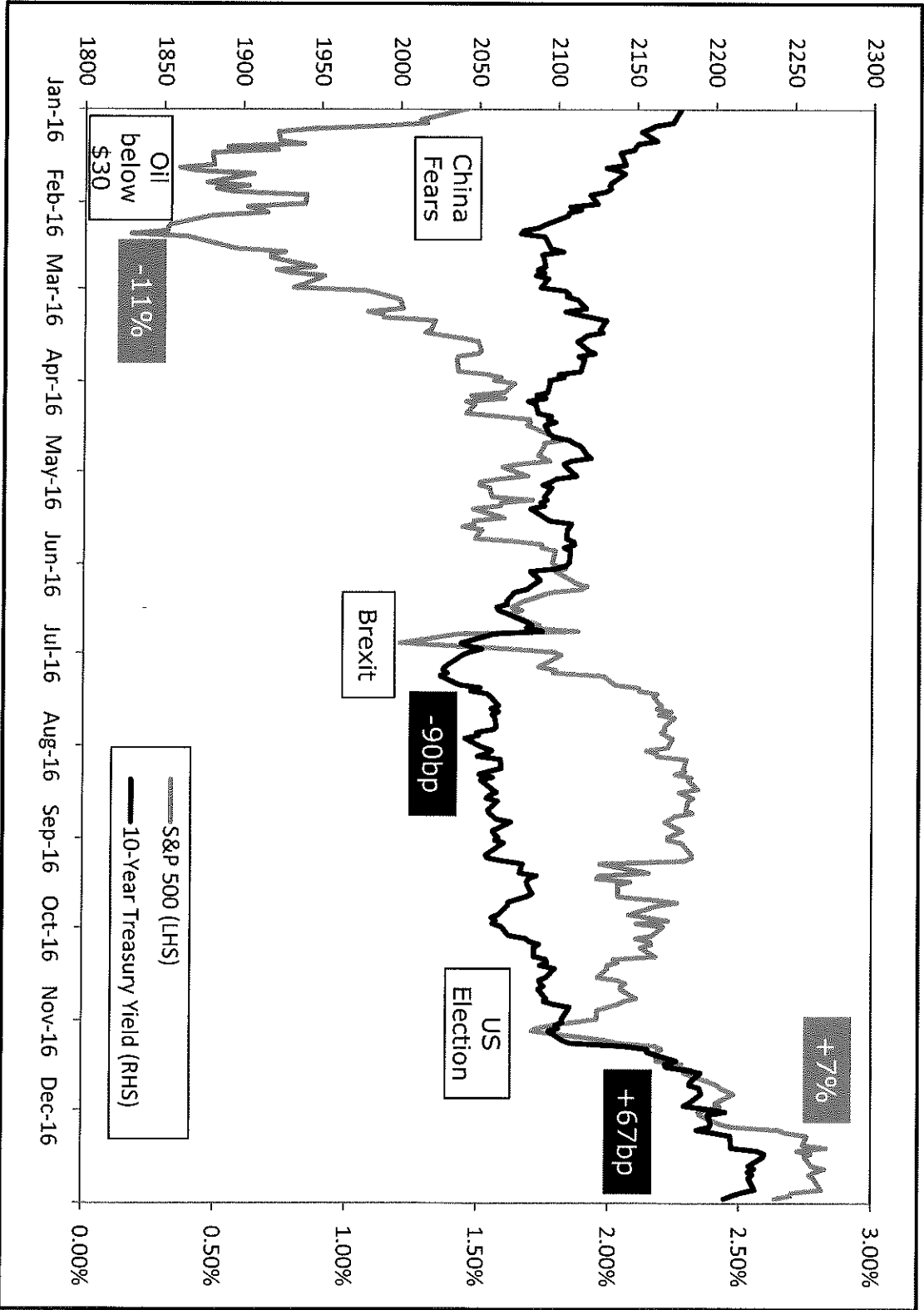


*Private Equity and NCREIF Real Estate lagged one quarter
 Source: NEPC, Barclays, S&P, Bloomberg, JPM, Russell, MSCI, HFRI, InvestorForce



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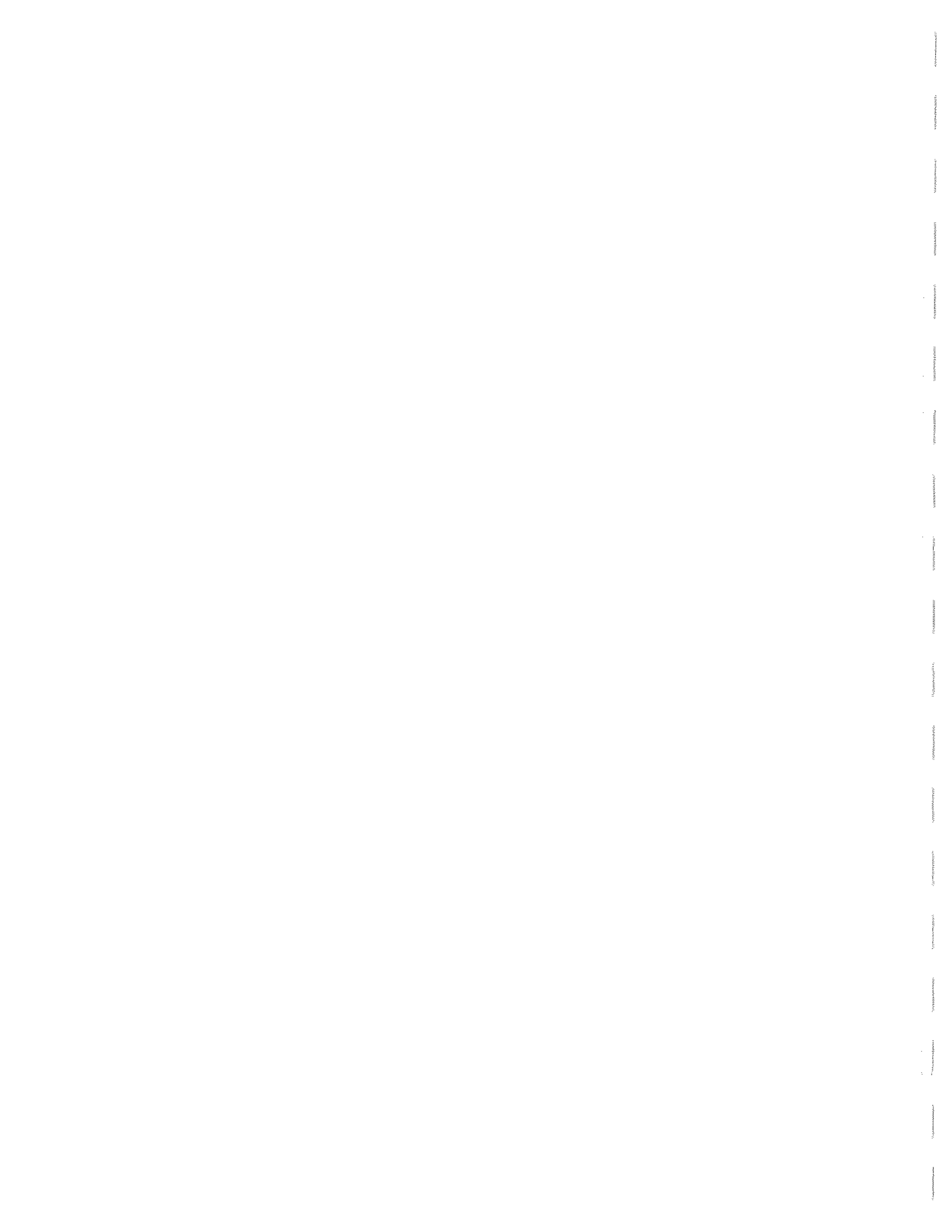
2016: A Rollercoaster of Geopolitical Events



Source: Bloomberg, NEPC



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Pension Plan Review



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Town of Belmont DB

Total Fund Asset Growth Summary

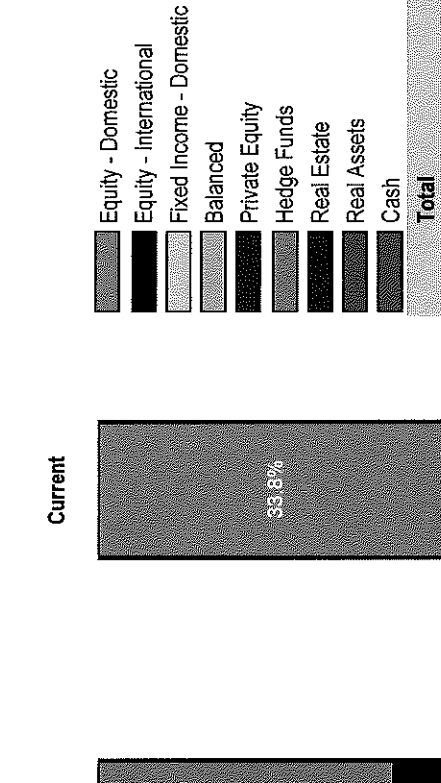
	Summary of Cash Flows					
	Last Three Months	One Year	Three Years	Five Years	Seven Years	Ten Years
Beginning Market Value	\$89,957,613.92	\$84,066,867.20	\$79,066,571.75	\$61,565,045.20	\$56,762,680.00	\$58,583,706.00
Net Cash Flow	-\$94,706.22	-\$323,205.78	-\$1,956,474.83	-\$4,297,045.25	-\$9,352,258.06	-\$9,073,420.21
Net Investment Change	\$1,485,946.39	\$7,605,192.67	\$14,238,757.17	\$34,080,854.14	\$43,938,432.15	\$41,838,568.30
Ending Market Value	\$91,348,854.09	\$91,348,854.09	\$91,348,854.09	\$91,348,854.09	\$91,348,854.09	\$91,348,854.09



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Total Fund Asset Allocation vs. Policy Targets

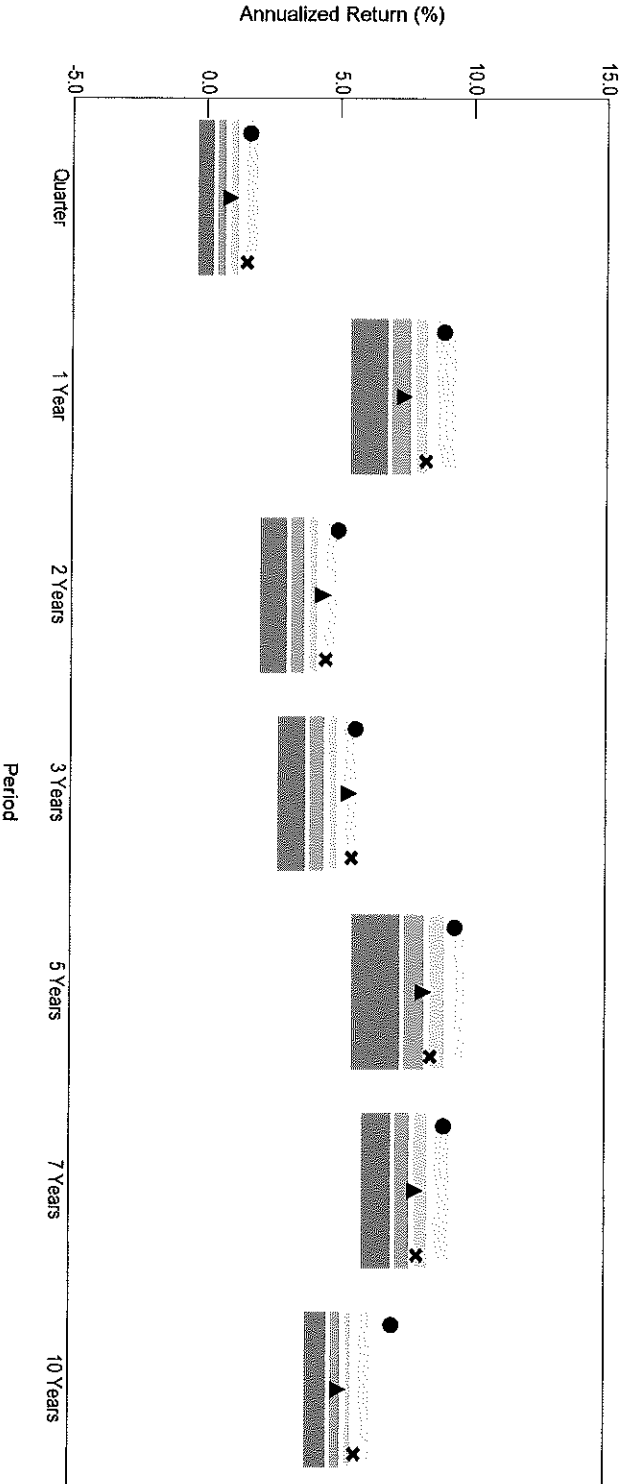
	Current	Policy	Difference*
Equity - Domestic	33.8%	28.0%	5.8%
Equity - International	10.4%	12.0%	-1.6%
Fixed Income - Domestic	19.0%	21.0%	-2.0%
Balanced	2.3%	-	2.3%
Private Equity	5.5%	7.0%	-1.5%
Hedge Funds	8.4%	10.0%	-1.6%
Real Estate	11.2%	12.0%	-0.8%
Real Assets	7.2%	10.0%	-2.8%
Cash	2.1%	-	2.1%
Total	100.0%	100.0%	100.0%



*Difference between Policy and Current Allocation

Town of Belmont DB Total Fund Return Summary vs. Peer Universe

Composite vs. InvestorForce Public DB Gross



Return (Rank)	5th Percentile	25th Percentile	Median	75th Percentile	95th Percentile	# of Portfolios
● Composite	1.9	1.2	0.8	0.3	-0.4	311
▲ Policy Index	1.2	0.8	0.3	0.3	-0.4	305
× Allocation Index	1.5	0.9	1.5	1.5	1.5	311

Period	5th Percentile	25th Percentile	Median	75th Percentile	95th Percentile	# of Portfolios
Quarter	1.6	0.9	1.5	1.5	1.5	311
1 Year	8.9	7.4	8.2	8.2	8.2	305
2 Years	5.0	4.4	4.5	4.5	4.5	298
3 Years	5.6	5.4	5.5	5.5	5.5	284
5 Years	9.4	8.2	8.5	8.5	8.5	266
7 Years	9.0	7.9	8.0	8.0	8.0	236
10 Years	7.1	5.1	5.7	5.7	5.7	216

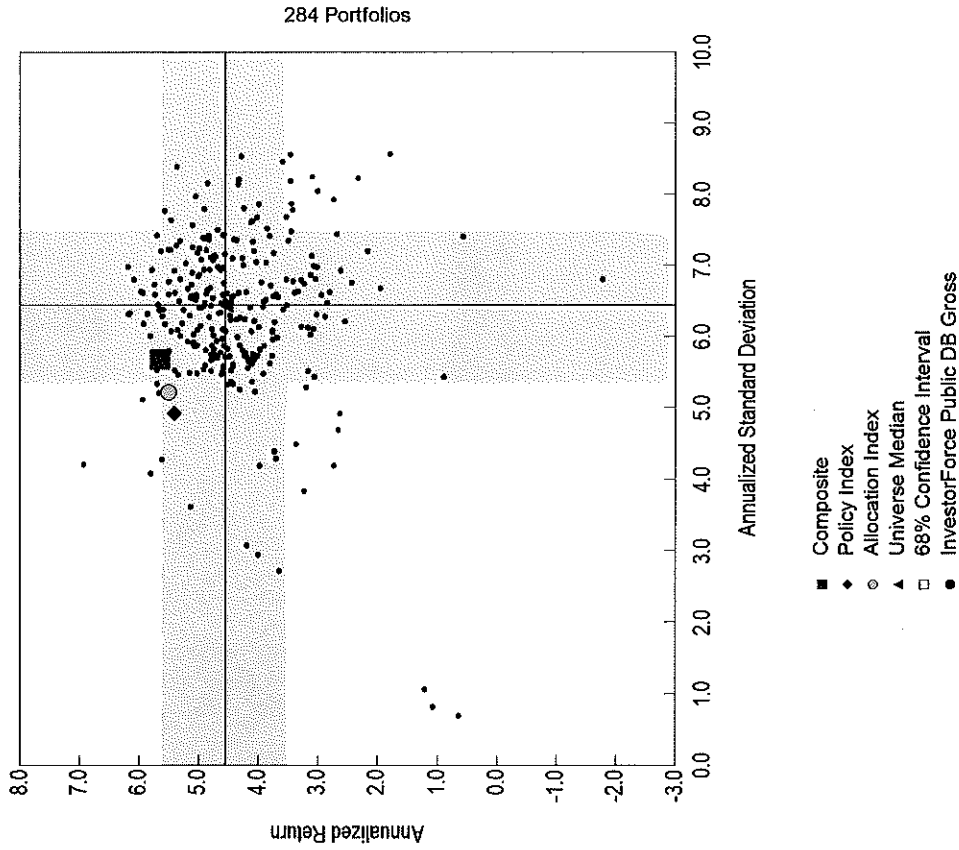


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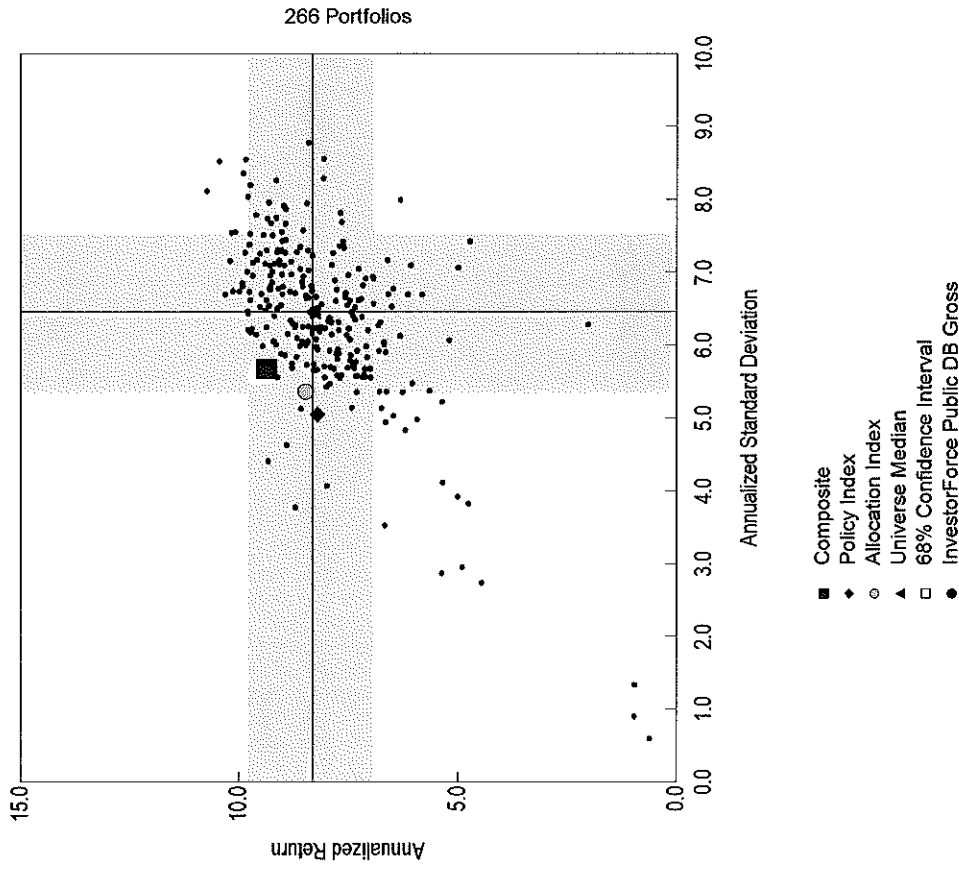
December 31, 2016

Town of Belmont DB
Total Fund Risk/Return

3 Years Ending December 31, 2016

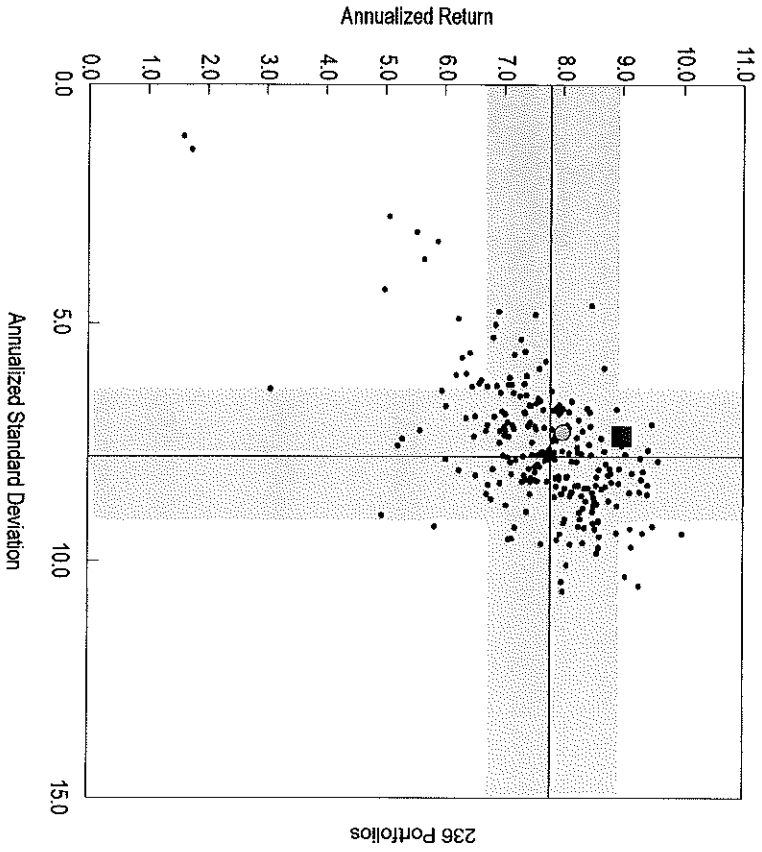


5 Years Ending December 31, 2016



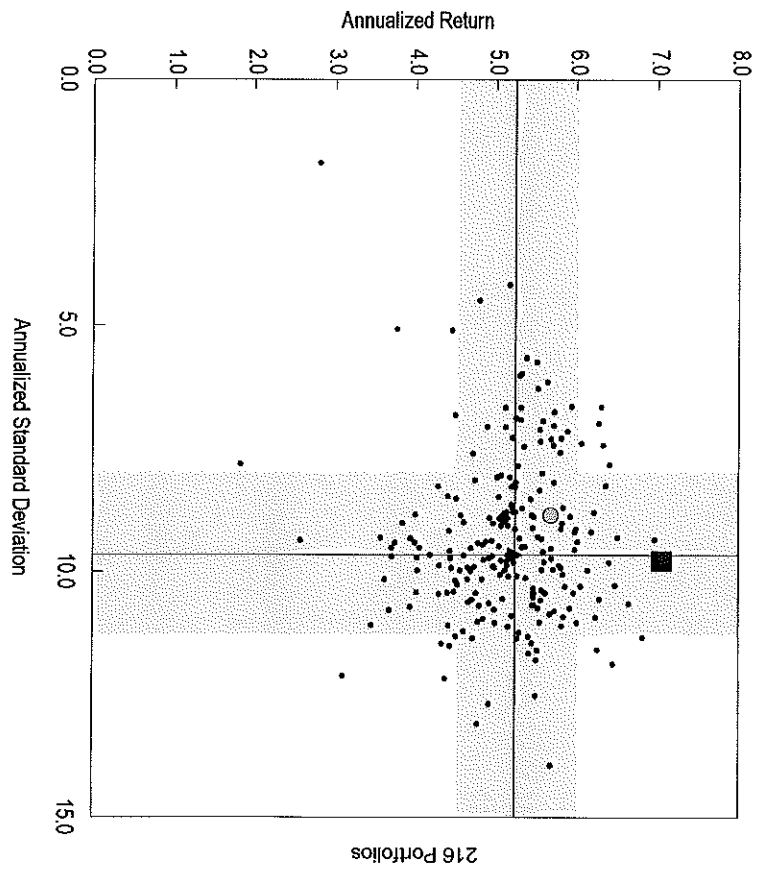
Town of Belmont DB Total Fund Risk/Return

7 Years Ending December 31, 2016



- Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross

10 Years Ending December 31, 2016



- Composite
- ◆ Policy Index
- Allocation Index
- ▲ Universe Median
- 68% Confidence Interval
- InvestorForce Public DB Gross



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Total Fund Performance Detail (Gross of Fees)

	Market Value (\$)	% of Portfolio	Policy %	Ending December 31, 2016										Inception		
				3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Return (%)	Since					
Composite	91,348,854	100.0	100.0	1.6	8.9	13	5.6	8	9.4	15	9.0	9	7.1	1	9.3	Jan-85
Allocation Index				1.5	8.2	30	5.5	11	8.5	43	8.0	42	5.7	24	8.9	Jan-85
Policy Index				0.9	7.4	59	5.4	14	8.2	54	7.9	44	5.1	60	--	Jan-85
InvestorForce Public DB Gross Median				0.8	7.7		4.5		8.3		7.8		5.2		9.0	Jan-85
Total Equity	40,355,927	44.2	40.0	3.6	10.4	24	5.9	23	12.9	16	--	--	--	--	10.0	Dec-10
eA All Global Equity Gross Median				0.5	6.8		4.0		10.8		8.9		4.6		7.9	Dec-10
Total Domestic Equity	30,896,880	33.8	28.0	5.4	13.4	47	8.0	47	14.9	42	--	--	--	--	12.5	Dec-10
eA All US Equity Gross Median				4.6	12.6		7.8		14.5		13.1		7.8		12.0	Dec-10
Rothschild	12,657,433	13.9	11.5	6.1	12.5	70	8.3	42	15.8	16	13.0	35	--	--	13.1	Dec-09
Russell 1000 Value				6.7	17.3	26	8.6	34	14.8	38	12.7	43	5.7	83	12.8	Dec-09
eA US Large Cap Value Equity Gross Median				6.3	15.0		8.0		14.3		12.4		6.7		12.6	Dec-09
Atlanta Small Cap	5,807,689	6.4	5.0	7.2	18.8	60	9.0	32	15.6	48	16.2	18	12.2	2	12.2	Jul-01
Russell 2000				8.8	21.3	47	6.7	57	14.5	63	13.2	72	7.1	80	7.9	Jul-01
eA US Small Cap Equity Gross Median				9.1	20.7		7.4		15.4		14.5		8.5		9.9	Jul-01
Rhumbline S&P 500	12,431,758	13.6	11.5	3.8	11.9	32	--	--	--	--	--	--	--	--	6.2	Jun-15
S&P 500				3.8	12.0	31	8.9	33	14.7	35	12.8	45	6.9	70	6.2	Jun-15
eA US Large Cap Core Equity Gross Median				3.8	10.4		8.1		14.2		12.6		7.4		4.6	Jun-15
Total International Equity	9,459,048	10.4	12.0	-1.9	1.8	55	-0.2	41	7.3	43	--	--	--	--	3.1	Dec-10
eA ACWI ex-US Core Equity Gross Median				-2.7	2.0		-0.7		6.9		4.9		2.6		4.6	Dec-10
PRIM International Equity	9,459,048	10.4	12.0	-1.9	1.8	55	-0.2	41	--	--	--	--	--	--	6.4	Nov-12
MSCI ACWI ex USA				-1.3	4.5	29	-1.8	70	5.0	90	2.9	98	1.0	96	3.5	Nov-12
eA ACWI ex-US Core Equity Gross Median				-2.7	2.0		-0.7		6.9		4.9		2.6		5.1	Nov-12



Town of Belmont DB

Total Fund Performance Detail (Gross of Fees)

	Market Value (\$)	% of Portfolio	Policy %	Ending December 31, 2016										Inception			
				3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	7 Yrs (%)	Rank	10 Yrs (%)	Rank	Return (%)	Since
Total Fixed Income	17,343,209	19.0	21.0	-1.9	51	7.2	25	2.5	66	3.1	49	--	--	4.7	--	3.9	Dec-10
ea All US Fixed Inc Gross Median				-1.8	51	3.3	20	3.3	66	3.1	49	--	--	4.7	--	3.5	Dec-10
Scout Core Plus	8,589,490	9.4	10.0	-2.8	53	4.0	20	2.4	99	3.4	20	5.2	8	6.8	1	6.6	Jan-02
BBgBarc US Aggregate TR				-3.0	75	2.6	77	3.0	82	2.2	92	3.6	87	4.3	91	4.6	Jan-02
ea US Core Fixed Inc Gross Median				-2.7	--	3.2	32	3.4	34	2.9	29	4.2	4.2	4.9	--	5.1	Jan-02
Loomis Sayles Multi-sector	8,773,719	9.6	11.0	-0.9	39	10.4	14	--	--	--	--	--	--	--	--	2.6	Jun-14
BBgBarc US Govt/Credit TR				-3.4	88	3.0	54	3.0	57	2.3	68	3.8	59	4.4	60	2.0	Jun-14
BBgBarc US High Yield TR				1.8	9	17.1	2	4.7	22	7.4	8	8.1	12	7.5	9	3.6	Jun-14
ea All US Fixed Inc Gross Median				-1.8	--	3.3	33	3.3	33	3.1	31	4.2	4.2	4.7	--	2.3	Jun-14
Real Assets	6,621,354	7.2	10.0	-0.1	--	14.4	--	2.3	--	4.9	--	--	--	--	--	5.5	Oct-11
PIMCO All Asset Fund	6,621,354	7.2	10.0	-0.1	--	14.4	--	2.3	--	4.9	--	--	--	--	--	5.5	Oct-11
PIMCO All Asset Index				-1.6	--	6.1	--	3.6	--	3.8	--	5.0	--	5.1	--	4.3	Oct-11
Total Balanced	2,124,620	2.3	0.0	-0.2	--	8.2	--	5.9	--	9.3	--	--	--	--	--	8.5	Dec-10
Pension Reserves Inv. Trust Fund	2,124,620	2.3	0.0	-0.2	--	8.2	--	5.8	--	9.3	--	8.5	--	5.1	--	9.5	Jan-85
50% MSCI World (Net)/ 50% CITT WGBI				-3.4	--	4.7	--	1.6	--	4.7	--	4.7	--	3.8	--	--	Jan-85
Total Real Estate	10,191,508	11.2	12.0	1.9	--	9.4	--	12.4	--	12.5	--	--	--	--	--	12.2	Dec-10
AEW Core Property Trust	3,788,927	4.1	4.5	1.7	--	7.3	--	9.9	--	--	--	--	--	--	--	9.1	Apr-12
AEW Partners VI	1,847,008	2.0	3.0	7.8	--	17.4	--	18.5	--	18.3	--	--	--	--	--	15.8	Aug-10
PRIM Real Estate Fund	4,555,573	5.0	4.5	-0.5	--	7.7	--	11.4	--	11.8	--	--	--	--	--	12.4	Dec-10
NCREIF ODCE				2.1	--	8.8	--	12.1	--	12.2	--	13.3	--	5.8	--	13.5	Dec-10
NCREIF Property Index				1.7	--	8.0	--	11.0	--	10.9	--	11.7	--	6.9	--	12.1	Dec-10



NEPC, LLC

December 31, 2016

Total Fund Performance Detail (Gross of Fees)

	Market Value (\$)	% of Portfolio	Policy %	Ending December 31, 2016										Inception
				3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Rank	Rank	Rank	Rank	
Total Hedge Fund	7,717,037	8.4	10.0	2.5	4.3	2.6	5.7	2.6	4.5	2.4	3.3	4.4	Dec-10	
PRIM Hedge Fund	7,717,037	8.4	10.0	2.5	4.3	2.6	5.7	2.6	4.5	2.4	3.3	4.2	Jul-05	
<i>HFR I Fund of Funds Composite Index</i>				0.9	0.5	1.2	3.4	1.2	2.4	1.3	2.6	2.6	Jul-05	
Total Private Equity	5,055,916	5.5	7.0	0.3	5.5	11.5	12.8	11.5	12.8	7.4	14.7	14.7	Dec-10	
Harbourvest Dover Street VII	528,594	0.6		-10.1	-18.0	-2.5	1.9	-2.5	7.4		6.8	6.8	Oct-08	
Harbourvest Dover Street VII AIV	61,599	0.1		-16.5	-18.6	-7.3	-4.4	-7.3			2.3	2.3	Sep-11	
Harbourvest Dover Street VIII	1,396,825	1.5		-0.8	4.3	12.9		12.9			32.7	32.7	May-13	
PRIT Vintage Year 2001	108,217	0.1		8.9	13.8	10.2	11.7	10.2	12.1	11.2	9.9	9.9	Apr-01	
PRIT Vintage Year 2004	35,313	0.0		-0.1	2.1	12.4	13.5	12.4	17.3	14.1	13.5	13.5	Jul-05	
PRIT Vintage Year 2005	136,717	0.1		2.7	12.0	13.7	15.7	13.7	15.6	12.4	12.3	12.3	Aug-05	
PRIT Vintage Year 2006	163,185	0.2		1.3	6.9	10.9	13.9	10.9	15.6	10.0	8.0	8.0	Jun-06	
PRIT Vintage Year 2007	286,504	0.3		2.8	13.0	12.2	14.9	12.2	16.3		-7.8	-7.8	Jun-07	
PRIT Vintage Year 2008	595,220	0.7		4.9	12.4	18.0	19.7	18.0	19.6		5.1	5.1	May-08	
PRIT Vintage Year 2009	135,704	0.1		4.1	14.0	22.8	19.7	22.8	15.3		11.0	11.0	Nov-09	
PRIT Vintage Year 2010	417,945	0.5		4.8	13.3	19.0	17.4	19.0			7.3	7.3	May-10	
PRIT Vintage Year 2011	433,971	0.5		3.6	20.3	23.5	13.5	23.5			-1.8	-1.8	Apr-11	
PRIT Vintage Year 2012	281,553	0.3		1.0	11.0	10.6		10.6			-6.3	-6.3	Jul-12	
PRIT Vintage Year 2013	176,305	0.2		-0.3	8.8	5.3		5.3			-2.8	-2.8	Jul-13	
PRIT Vintage Year 2014	191,597	0.2		4.0	10.2						1.4	1.4	Jul-14	
PRIT Vintage Year 2015	85,290	0.1		3.5	6.9						-5.6	-5.6	Apr-15	
PRIT Vintage Year 2016	21,376	0.0		-8.7									May-16	
Other	1,939,283	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Dec-10	
Cash	1,939,283	2.1		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	Aug-99	
91 Day T-Bills				0.1	0.3	0.1	0.1	0.1	0.1	0.1	0.7	1.7	Aug-99	

Notes:

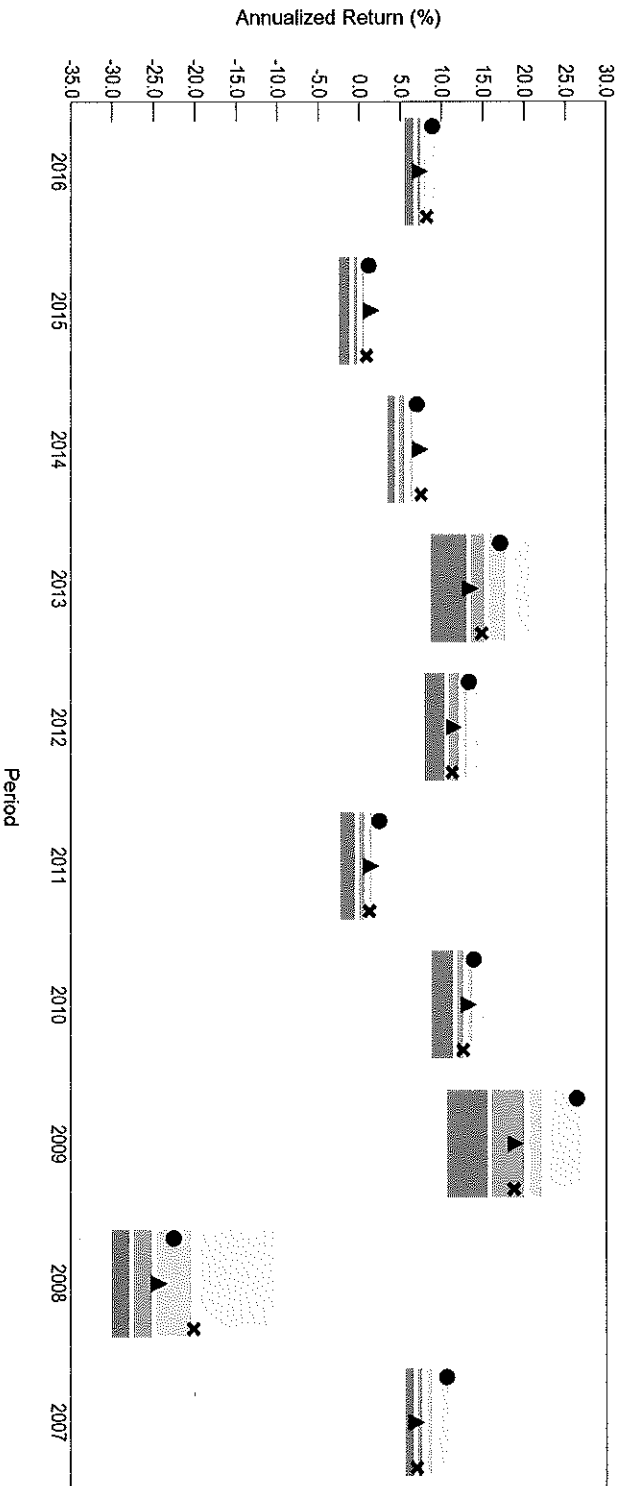
1. Results for periods longer than one year are annualized.
2. PIMCO All Asset Index: 40%BC Agg/30% Tips/10%S&P 500/10% HY/10% JPM EMBI.
3. NCREIF ODCE and NCREIF Property returns only available on a quarterly basis.
4. AEW Partners VI and all Harbourvest funds are estimated as of 12/31/2016.
5. AEW Core Property Trust valuation is final as of 12/31/2016.

Returns are gross of fees except Private Equity, Hedge Funds, and AEW Core Property Trust and Partners VI



Town of Belmont DB Total Fund Return Summary vs. Peer Universe

Composite vs. InvestorForce Public DB Gross



	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
5th Percentile	9.4	2.2	8.0	20.8	14.6	3.6	15.4	27.0	-10.1	11.0
25th Percentile	8.4	0.9	6.8	18.0	13.4	1.9	14.0	22.4	-20.1	9.1
Median	7.7	0.1	5.8	15.5	12.4	0.9	12.9	20.2	-24.9	7.9
75th Percentile	6.9	-0.9	4.6	13.3	10.7	-0.3	11.7	15.9	-27.6	6.9
95th Percentile	5.3	-2.6	3.2	8.5	7.8	-2.5	8.6	10.5	-30.3	5.4
# of Portfolios	305	316	248	231	236	206	188	184	181	177
Composite	8.9 (13)	1.2 (14)	7.0 (21)	17.1 (35)	13.3 (26)	2.4 (14)	13.9 (28)	26.4 (8)	-22.6 (34)	10.6 (8)
Policy Index	7.4 (59)	1.5 (10)	7.4 (14)	13.6 (73)	11.5 (69)	1.5 (34)	13.3 (41)	19.0 (57)	-24.3 (44)	7.0 (71)
Allocation Index	8.2 (30)	0.9 (25)	7.5 (12)	14.9 (58)	11.3 (71)	1.3 (39)	12.6 (57)	18.8 (61)	-20.2 (26)	7.0 (71)



Town of Belmont DB

Calendar Year Performance Detail (Gross of Fees)

	Market Value (\$)	% of Portfolio	Policy %	Ending December 31, 2016												
				2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)			
Composite	91,348,854	100.0	100.0	8.9	1.2	7.0	17.1	13.3	2.4	13.9	26.4	-22.6	10.6			
Allocation Index				8.2	0.9	7.5	14.9	11.3	1.3	12.6	18.8	-20.2	7.0			
Policy Index				7.4	1.5	7.4	13.6	11.5	1.5	13.3	19.0	-24.3	7.0			
Total Equity	40,355,927	44.2	40.0	10.4	0.3	7.2	32.9	16.3	-3.8	--	--	--	--			
Total Domestic Equity	30,896,880	33.8	28.0	13.4	0.0	11.1	35.9	16.8	1.5	--	--	--	--			
Rothschild	12,657,433	13.9	11.5	12.5	-1.2	14.2	37.2	19.6	1.3	11.6	--	--	--			
Russell 1000 Value				17.3	-3.8	13.5	32.5	17.5	0.4	15.5	19.7	-36.8	-0.2			
Atlanta Small Cap	5,807,689	6.4	5.0	18.8	5.1	3.8	42.4	11.9	10.5	25.7	26.9	-19.1	6.9			
Russell 2000				21.3	-4.4	4.9	38.8	16.3	-4.2	26.9	27.2	-33.8	-1.6			
Rhumbine S&P 500	12,431,758	13.6	11.5	11.9	--	--	--	--	--	--	--	--	--			
S&P 500				12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	-37.0	5.5			
Total International Equity	9,459,048	10.4	12.0	1.8	1.2	-3.6	24.4	15.1	-19.6	--	--	--	--			
PRIM International Equity	9,459,048	10.4	12.0	1.8	1.2	-3.6	24.4	--	--	--	--	--	--			
MSCI ACWI ex USA				4.5	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.4	-45.5	16.7			

Town of Belmont DB

Calendar Year Performance Detail (Gross of Fees)

	Market Value (\$)	% of Portfolio	Policy %	Ending December 31, 2016											
				2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)		
Total Fixed Income	17,343,209	19.0	21.0	7.2	-2.0	2.7	-0.9	9.0	8.2	--	--	--	-8.3	--	
Scout Core Plus	8,569,490	9.4	10.0	4.0	0.5	2.7	0.0	10.3	8.9	10.6	35.9	-8.3	8.4		
BBgBarc US Aggregate TR				2.6	0.5	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	7.0		
Loomis Sayles Multi-sector	8,773,719	9.6	11.0	10.4	-4.1	--	--	--	--	--	--	--	--		
BBgBarc US Govt/Credit TR				3.0	0.1	6.0	-2.4	4.8	8.7	6.6	4.5	5.7	7.2		
BBgBarc US High Yield TR				17.1	-4.5	2.5	7.4	15.8	5.0	15.1	58.2	-26.2	1.9		
Real Assets	6,621,354	7.2	10.0	14.4	-7.9	1.7	1.7	16.5	--	--	--	--	--		
PIMCO All Asset Fund	6,621,354	7.2	10.0	14.4	-7.9	1.7	1.7	16.5	--	--	--	--	--		
PIMCO All Asset Index				6.1	0.0	4.9	0.2	8.1	7.6	8.5	16.5	-6.7	7.7		
Total Balanced	2,124,620	2.3	0.0	8.2	1.2	8.4	15.4	13.9	0.1	--	--	--	--		
Pension Reserves Inv. Trust Fund	2,124,620	2.3	0.0	8.2	1.2	8.1	15.4	14.0	0.1	13.7	17.4	-29.6	12.1		
50% MSCI World (Net)/ 50% CITI WGBI				4.7	-2.0	2.3	10.4	8.7	0.6	8.9	16.0	-18.0	10.2		
Total Real Estate	10,191,508	11.2	12.0	9.4	13.4	14.4	11.5	13.8	11.4	--	--	--	--		
AEW Core Property Trust	3,788,927	4.1	4.5	7.3	12.5	10.1	9.3	--	--	--	--	--	--		
AEW Partners VI	1,847,008	2.0	3.0	17.4	18.4	19.7	15.5	20.4	12.2	--	--	--	--		
PRIM Real Estate Fund	4,556,573	5.0	4.5	7.7	12.0	14.6	10.8	14.3	11.3	--	--	--	--		
NCREIF ODCE				8.8	15.0	12.5	13.9	10.9	16.0	16.4	-29.8	-10.0	16.0		
NCREIF Property Index				8.0	13.3	11.8	11.0	10.5	14.3	13.1	-16.9	-6.5	15.8		
Total Hedge Fund	7,717,037	8.4	10.0	4.3	-1.9	5.6	12.5	8.4	-2.8	--	--	--	--		
PRIM Hedge Fund	7,717,037	8.4	10.0	4.3	-1.9	5.6	12.5	8.4	-2.8	6.3	12.3	-18.8	11.3		
HFRI Fund of Funds Composite Index				0.5	-0.3	3.4	9.0	4.8	-5.7	5.7	11.5	-21.4	10.3		



NEPC, LLC

Town of Belmont DB

Calendar Year Performance Detail (Gross of Fees)

	Market Value (\$)	% of Portfolio	Policy %	Ending December 31, 2016												
				2016 (%)	2015 (%)	2014 (%)	2013 (%)	2012 (%)	2011 (%)	2010 (%)	2009 (%)	2008 (%)	2007 (%)			
Total Private Equity	5,055,916	5.5	7.0	5.5	12.3	17.3	18.1	11.2	18.6	-	-	-	-	-	-	-
Harbourvest Dover Street VII	528,594	0.6		-18.0	0.3	12.8	11.8	6.2	11.7	34.3	1.2	-	-	-	-	-
Harbourvest Dover Street VII AIV	61,599	0.1		-18.6	-2.9	0.9	-5.0	5.7	-	-	-	-	-	-	-	-
Harbourvest Dover Street VIII	1,396,825	1.5		4.3	15.8	19.0	-	-	-	-	-	-	-	-	-	-
PRIT Vintage Year 2001	108,217	0.1		13.8	4.5	12.5	17.5	10.7	8.7	17.3	-10.0	-7.8	57.5	-	-	-
PRIT Vintage Year 2004	35,313	0.0		2.1	11.7	24.6	21.5	8.9	31.4	23.8	-3.0	-5.0	32.6	-	-	-
PRIT Vintage Year 2005	136,717	0.1		12.0	13.8	15.2	21.1	16.7	16.0	14.8	-10.3	-0.1	30.0	-	-	-
PRIT Vintage Year 2006	163,185	0.2		6.9	7.2	19.0	20.7	16.3	18.4	21.5	-11.6	2.3	4.3	-	-	-
PRIT Vintage Year 2007	286,504	0.3		13.0	10.0	13.7	20.3	17.9	18.2	21.5	-6.8	-11.4	-	-	-	-
PRIT Vintage Year 2008	595,220	0.7		12.4	18.6	23.4	21.0	23.3	23.0	16.3	-20.6	-	-	-	-	-
PRIT Vintage Year 2009	135,704	0.1		14.0	28.0	26.8	21.1	9.9	11.6	-1.2	-	-	-	-	-	-
PRIT Vintage Year 2010	417,945	0.5		13.3	22.1	21.9	20.5	9.9	-13.4	-	-	-	-	-	-	-
PRIT Vintage Year 2011	433,971	0.5		20.3	28.8	21.6	6.2	-5.8	-	-	-	-	-	-	-	-
PRIT Vintage Year 2012	281,553	0.3		11.0	11.8	8.9	6.7	-	-	-	-	-	-	-	-	-
PRIT Vintage Year 2013	176,305	0.2		8.8	1.9	5.3	-	-	-	-	-	-	-	-	-	-
PRIT Vintage Year 2014	191,597	0.2		10.2	-1.6	-	-	-	-	-	-	-	-	-	-	-
PRIT Vintage Year 2015	85,290	0.1		6.9	-	-	-	-	-	-	-	-	-	-	-	-
PRIT Vintage Year 2016	21,376	0.0		-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1,939,283	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash	1,939,283	2.1		0.3	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	1.3	4.4	-	-

91 Day T-Bills

- Notes:
1. Results for periods longer than one year are annualized.
 2. PIMCO All Asset Index: 40%BC Agg/30% Tips/10%S&P 500/10% HY/10% JPM EMBI.
 3. NCREIF ODCE and NCREIF Property returns only available on a quarterly basis.
 4. AEW Partners VI and all Harvourvest funds are estimated as of 12/31/2016.
 5. AEW Core Property Trust valuation is final as of 12/31/2016.

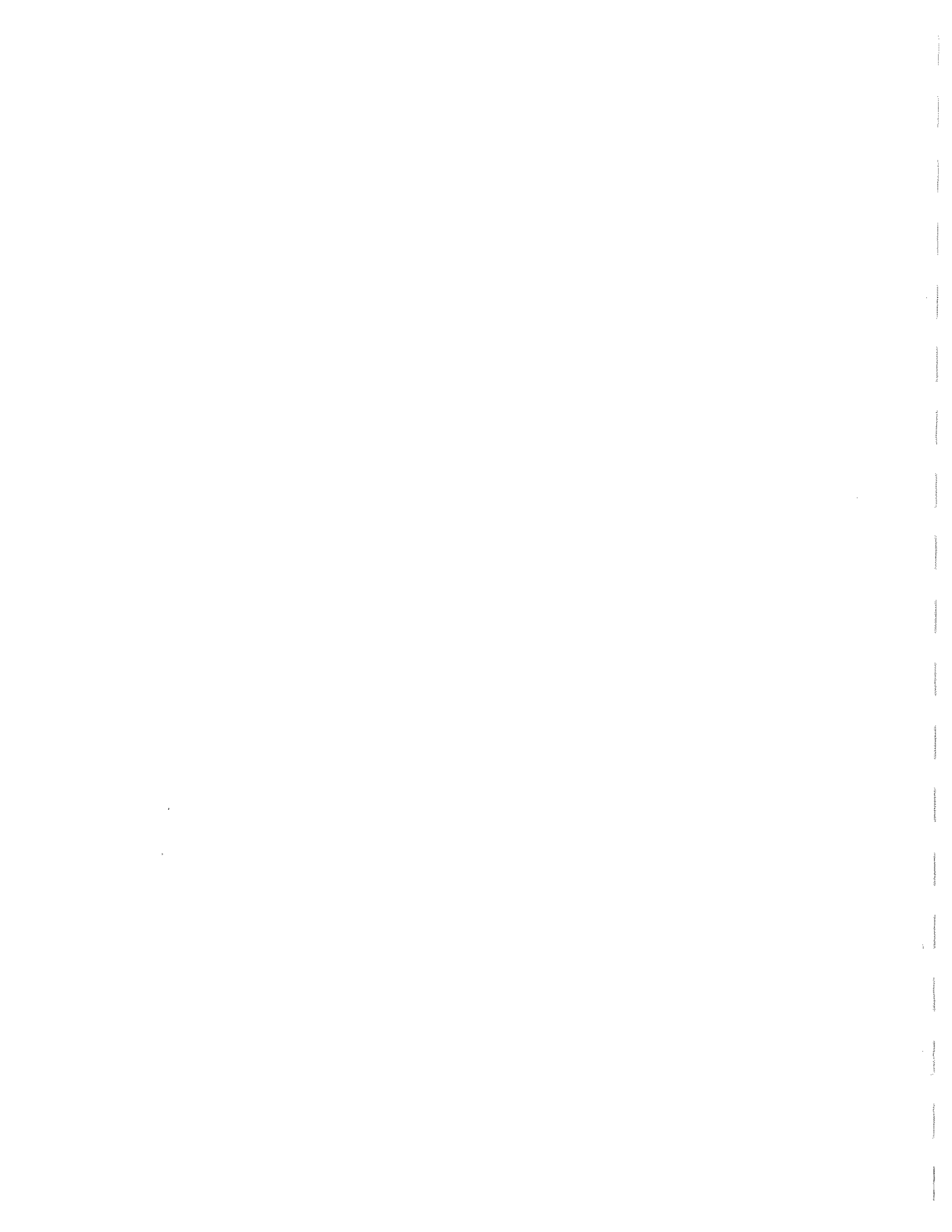
Returns are gross of fees except Private Equity, Hedge Funds, and AEW Core Property Trust and Partners VI



Risk Statistics



NEPC, LLC



Town of Belmont DB

Total Fund Risk Statistics

	Statistics Summary									
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank	R-Squared
Composite	100.00%	5.29%	17	5.68%	19	0.91	9	1.55	14	0.98
Allocation Index	-	5.51%	11	5.22%	7	1.03	4	1.70	8	1.00
Rothschild	13.86%	7.96%	52	10.65%	32	0.74	42	1.24	48	0.98
Russell 1000 Value	-	8.59%	34	10.93%	41	0.77	34	1.40	31	1.00
Atlanta Small Cap	6.36%	8.26%	41	12.71%	6	0.64	24	1.42	18	0.87
Russell 2000	-	6.74%	57	15.99%	71	0.41	62	0.76	63	1.00
Rumrill S&P 500	13.61%	-	-	-	-	-	-	-	-	-
S&P 500	-	8.87%	33	10.74%	43	0.81	31	1.50	30	1.00
PRIM International Equity	10.35%	-0.39%	43	12.19%	51	-0.04	42	-0.06	44	0.96
MSCI ACWI ex USA	-	-1.78%	70	12.69%	67	-0.15	68	-0.25	70	1.00
Scout Core Plus	9.38%	1.98%	99	2.67%	16	0.70	99	0.90	99	0.62
BBGBarc US Aggregate TR	-	3.03%	82	3.02%	71	0.96	88	1.43	89	1.00
Loomis Sayles Multi-sector	9.60%	-	-	-	-	-	-	-	-	-
BBGBarc US Govt/Credit TR	-	3.04%	57	3.51%	70	0.83	84	1.28	83	1.00
PIMCO All Asset Fund	7.25%	1.41%	-	8.10%	-	0.16	-	0.37	-	0.68
PIMCO All Asset Index	-	3.64%	-	3.21%	-	1.10	-	2.12	-	1.00
Pension Reserves Inv. Trust Fund	2.33%	5.26%	-	5.72%	-	0.90	-	1.61	-	0.84
50% MSCI World (Net)/ 50% CITT WGBI	-	1.64%	-	6.50%	-	0.23	-	0.57	-	1.00
AEW Core Property Trust	4.15%	9.93%	-	4.22%	-	2.33	-	-	-	0.96
NCREIF ODCE	-	12.06%	-	4.95%	-	2.41	-	-	-	1.00
AEW Partners VI	2.02%	18.53%	-	9.39%	-	1.96	-	-	-	0.51
NCREIF Property Index	-	11.01%	-	4.53%	-	2.40	-	-	-	1.00
PRIM Real Estate Fund	4.99%	10.80%	-	3.66%	-	2.92	-	8.63	-	0.33
NCREIF ODCE	-	12.06%	-	4.95%	-	2.41	-	-	-	1.00
PRIM Hedge Fund	8.45%	2.63%	-	3.75%	-	0.67	-	0.89	-	0.85
HFRI Fund of Funds Composite Index	-	1.19%	-	3.49%	-	0.31	-	0.46	-	1.00
Harbourvest Dover Street VII	0.58%	-2.51%	-	8.73%	-	-0.30	-	-0.24	-	0.00
Private Equity Benchmark (1 Qtr. Lag)	-	10.72%	-	6.32%	-	1.68	-	-	-	1.00
Harbourvest Dover Street VII AIV	0.07%	-7.29%	-	10.59%	-	-0.70	-	-0.42	-	0.04
Private Equity Benchmark (1 Qtr. Lag)	-	10.72%	-	6.32%	-	1.68	-	-	-	1.00
Harbourvest Dover Street VIII	1.53%	12.87%	-	11.45%	-	1.11	-	1.11	-	0.02
Private Equity Benchmark (1 Qtr. Lag)	-	10.72%	-	6.32%	-	1.68	-	-	-	1.00
PRIT Vintage Year 2001	0.12%	10.17%	-	9.91%	-	1.01	-	2.54	-	0.43



NEPC, LLC

Total Fund Risk Statistics

	% of Tot	Anizd Ret	Rank	Anizd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank	R-Squared
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2004	0.04%	12.45%	--	24.25%	--	0.51	--	1.86	--	0.33
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2005	0.15%	13.67%	--	7.89%	--	1.72	--	13.61	--	0.73
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2006	0.18%	10.91%	--	7.23%	--	1.49	--	9.11	--	0.86
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2007	0.31%	12.23%	--	8.90%	--	1.36	--	6.63	--	0.77
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2008	0.65%	18.04%	--	10.19%	--	1.76	--	13.84	--	0.81
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2009	0.15%	22.75%	--	10.45%	--	2.17	--	28.58	--	0.51
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2010	0.46%	19.02%	--	10.08%	--	1.88	--	23.88	--	0.49
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2011	0.48%	23.49%	--	11.14%	--	2.10	--	26.63	--	0.47
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2012	0.31%	10.56%	--	9.88%	--	1.06	--	2.67	--	0.45
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2013	0.19%	5.31%	--	12.39%	--	0.42	--	1.33	--	0.53
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2014	0.21%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2015	0.09%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
PRIT Vintage Year 2016	0.02%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	10.72%	--	6.32%	--	1.68	--	--	--	1.00
Cash	2.12%	0.00%	--	0.00%	--	-2,814.70	--	--	--	0.04
91 Day T-Bills	--	0.12%	--	0.04%	--	0.00	--	--	--	1.00



Town of Belmont DB

Total Fund Risk Statistics

	Statistics Summary									
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank	R-Squared
Composite	100.00%	8.99%	29	5.66%	17	1.57	5	2.36	12	0.98
Allocation Index	-	8.48%	43	5.36%	10	1.56	5	2.36	12	1.00
Rothschild	13.86%	15.49%	22	10.57%	36	1.46	15	2.31	22	0.98
Russell 1000 Value	-	14.80%	38	10.61%	38	1.39	29	2.25	27	1.00
Atlanta Small Cap	6.36%	14.83%	59	11.40%	2	1.29	11	2.48	9	0.86
Russell 2000	-	14.46%	63	14.61%	61	0.98	68	1.67	67	1.00
Rhumbline S&P 500	13.61%	-	-	-	-	-	-	-	-	-
S&P 500	-	14.66%	35	10.37%	32	1.40	30	2.40	30	1.00
PRIM International Equity	10.35%	-	-	-	-	-	-	-	-	-
MSCI ACWI ex USA	-	5.00%	90	13.35%	72	0.37	92	0.57	92	1.00
Scout Core Plus	9.38%	3.03%	41	2.70%	21	1.08	30	1.53	32	0.57
BBGBarc US Aggregate TR	-	2.23%	92	2.91%	54	0.73	92	1.08	92	1.00
Loomis Sayles Multi-sector	9.60%	-	-	-	-	-	-	-	-	-
BBGBarc US Govt/Credit TR	-	2.29%	68	3.37%	67	0.65	91	0.99	87	1.00
PIMCO All Asset Fund	7.25%	3.94%	-	7.78%	-	0.49	-	0.91	-	0.71
PIMCO All Asset Index	-	3.82%	-	3.35%	-	1.11	-	1.69	-	1.00
Pension Reserves Inv. Trust Fund	2.33%	8.74%	-	6.08%	-	1.42	-	2.13	-	0.87
50% MSCI World (Net)/ 50% CITI WGBI	-	4.74%	-	6.56%	-	0.71	-	1.35	-	1.00
AEW Core Property Trust	4.15%	-	-	-	-	-	-	-	-	-
NCREIF ODGE	-	12.21%	-	4.95%	-	2.45	-	-	-	1.00
AEW Partners VI	2.02%	18.30%	-	9.12%	-	1.99	-	-	-	0.56
NCREIF Property Index	-	10.91%	-	4.41%	-	2.45	-	-	-	1.00
PRIM Real Estate Fund	4.99%	11.30%	-	3.95%	-	2.84	-	6.34	-	0.33
NCREIF ODGE	-	12.21%	-	4.95%	-	2.45	-	-	-	1.00
PRIM Hedge Fund	8.45%	5.68%	-	3.55%	-	1.57	-	2.14	-	0.86
HFRI Fund of Funds Composite Index	-	3.42%	-	3.48%	-	0.95	-	1.41	-	1.00
Harbourvest Dover Street VII	0.58%	1.93%	-	7.80%	-	0.24	-	0.20	-	0.02
Private Equity Benchmark (1 Qtr. Lag)	-	12.56%	-	6.62%	-	1.88	-	5.81	-	1.00
Harbourvest Dover Street VII AIV	0.07%	-4.36%	-	10.20%	-	-0.44	-	-0.24	-	0.02
Private Equity Benchmark (1 Qtr. Lag)	-	12.56%	-	6.62%	-	1.88	-	5.81	-	1.00
Harbourvest Dover Street VIII	1.53%	-	-	-	-	-	-	-	-	-
Private Equity Benchmark (1 Qtr. Lag)	-	12.56%	-	6.62%	-	1.88	-	5.81	-	1.00
PRIT Vintage Year 2001	0.12%	11.71%	-	9.33%	-	1.24	-	3.44	-	0.53



NEPC, LLC

Total Fund Risk Statistics

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank	R-Squared
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2004	0.04%	13.45%	—	19.46%	—	0.69	—	2.29	—	0.34
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2005	0.15%	15.72%	—	8.32%	—	1.88	—	11.78	—	0.78
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2006	0.18%	13.88%	—	7.92%	—	1.74	—	12.79	—	0.90
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2007	0.31%	14.93%	—	8.89%	—	1.67	—	7.09	—	0.79
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2008	0.65%	19.66%	—	10.05%	—	1.95	—	12.72	—	0.72
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2009	0.15%	19.74%	—	9.61%	—	2.04	—	25.95	—	0.43
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2010	0.46%	17.42%	—	9.32%	—	1.86	—	19.36	—	0.48
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2011	0.48%	13.49%	—	10.63%	—	1.26	—	2.87	—	0.34
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2012	0.31%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2013	0.19%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2014	0.21%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2015	0.09%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
PRIT Vintage Year 2016	0.02%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	12.56%	—	6.62%	—	1.88	—	5.81	—	1.00
Cash	2.12%	0.00%	—	0.00%	—	-2,158.90	—	-2.45	—	0.02
91 Day T-Bills	—	0.10%	—	0.03%	—	0.00	—	—	—	1.00

Town of Belmont DB Total Fund Risk Statistics

Statistics Summary 7 Years Ending December 31, 2016

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank	R-Squared
Composite	100.00%	8.58%	19	7.36%	37	1.15	16	1.75	28	0.98
Allocation Index	—	7.99%	42	7.29%	35	1.08	28	1.72	33	1.00
Rothschild	13.86%	12.69%	44	13.18%	50	0.96	44	1.50	53	0.98
Russell 1000 Value	—	12.72%	43	13.06%	45	0.97	42	1.58	40	1.00
Atlanta Small Cap	6.36%	15.46%	30	14.32%	5	1.07	5	1.98	5	0.91
Russell 2000	—	13.24%	72	17.51%	61	0.75	75	1.27	73	1.00
Rhumbline S&P 500	13.61%	—	—	—	—	—	—	—	—	—
S&P 500	—	12.83%	45	12.67%	33	1.01	38	1.70	36	1.00
PRIM International Equity	10.35%	—	—	—	—	—	—	—	—	—
MSCI ACWI ex USA	—	2.93%	98	15.77%	53	0.18	96	0.29	95	1.00
Scout Core Plus	9.38%	4.74%	17	2.86%	45	1.62	17	2.62	9	0.55
BBGBarc US Aggregate TR	—	3.62%	87	2.88%	47	1.23	89	1.85	88	1.00
Loomis Sayles Multi-sector	9.60%	—	—	—	—	—	—	—	—	—
BBGBarc US Govt/Credit TR	—	3.79%	59	3.37%	65	1.10	84	1.74	79	1.00
PIMCO All Asset Fund	7.25%	—	—	—	—	—	—	—	—	—
PIMCO All Asset Index	—	5.01%	—	3.38%	—	1.45	—	2.34	—	1.00
Pension Reserves Inv. Trust Fund	2.33%	8.02%	—	7.62%	—	1.04	—	1.60	—	0.88
50% MSCI World (Net)/50% CITI WGBI	—	4.71%	—	8.01%	—	0.58	—	1.02	—	1.00
AEW Core Property Trust	4.15%	—	—	—	—	—	—	—	—	—
NGREIF ODGE	—	13.33%	—	—	—	2.37	—	—	—	1.00
AEW Partners VI	2.02%	—	—	—	—	—	—	—	—	—
NGREIF Property Index	—	11.70%	—	4.85%	—	2.39	—	—	—	1.00
PRIM Real Estate Fund	4.99%	—	—	—	—	—	—	—	—	—
NGREIF ODGE	—	13.33%	—	5.58%	—	2.37	—	—	—	1.00
PRIM Hedge Fund	8.45%	4.52%	—	3.69%	—	1.20	—	1.58	—	0.87
HFERI Fund of Funds Composite Index	—	2.38%	—	3.95%	—	0.58	—	0.83	—	1.00
Hatbournvest Dover Street VII	0.58%	6.90%	—	11.66%	—	0.58	—	0.72	—	0.04
Private Equity Benchmark (1 Qtr. Lag)	—	12.93%	—	7.27%	—	1.76	—	1.76	—	1.00
Hatbournvest Dover Street VII AIV	0.07%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	12.93%	—	7.27%	—	1.76	—	1.76	—	1.00
Hatbournvest Dover Street VIII	1.53%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	12.93%	—	7.27%	—	1.76	—	1.76	—	1.00
PRTI Vintage Year 2001	0.12%	11.70%	—	10.10%	—	1.15	—	2.42	—	0.61



NEPC, LLC

Total Fund Risk Statistics

	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank	R-Squared
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2004	0.04%	16.99%	--	18.34%	--	0.92	--	3.18	--	0.41
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2005	0.15%	15.18%	--	8.83%	--	1.71	--	6.25	--	0.75
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2006	0.18%	15.11%	--	8.49%	--	1.77	--	7.80	--	0.90
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2007	0.31%	15.15%	--	9.45%	--	1.59	--	6.52	--	0.70
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2008	0.65%	18.11%	--	10.26%	--	1.76	--	8.89	--	0.60
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2009	0.15%	8.10%	--	14.69%	--	0.54	--	0.68	--	0.16
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2010	0.46%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2011	0.48%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2012	0.31%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2013	0.19%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2014	0.21%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2015	0.09%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
PRIT Vintage Year 2016	0.02%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	12.93%	--	7.27%	--	1.76	--	1.76	--	1.00
Cash	2.12%	0.00%	--	0.01%	--	-6.27	--	0.08	--	0.00
91 Day T-Bills	--	0.09%	--	0.03%	--	0.00	--	--	--	1.00

Town of Belmont DB Total Fund Risk Statistics

	Statistics Summary									
	% of Tot	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank	R-Squared
Composite	100.00%	6.64%	2	9.77%	55	0.61	19	0.81	22	0.97
Allocation Index	--	5.68%	24	8.86%	30	0.57	25	0.80	24	1.00
Rothschild	13.86%	--	--	--	--	--	--	--	--	--
Russell 1000 Value	--	5.72%	83	16.14%	62	0.31	81	0.45	83	1.00
Atlanta Small Cap	6.36%	11.39%	5	16.91%	5	0.64	2	0.97	2	0.92
Russell 2000	--	7.07%	80	20.14%	58	0.32	80	0.49	76	1.00
Rumruline S&P 500	13.61%	--	--	--	--	--	--	--	--	--
S&P 500	--	6.95%	70	15.28%	52	0.41	69	0.59	69	1.00
PRIM International Equity	10.35%	--	--	--	--	--	--	--	--	--
MSCI ACWI ex USA	--	0.96%	96	19.14%	61	0.02	96	0.07	96	1.00
Scout Core Plus	9.38%	6.24%	3	7.50%	99	0.74	99	1.12	98	0.24
BBGBarc US Aggregate TR	--	4.34%	91	3.31%	29	1.11	76	2.06	56	1.00
Loomis Sayles Multi-sector	9.60%	--	--	--	--	--	--	--	--	--
BBGBarc US Govt/Credit TR	--	4.40%	60	4.00%	61	0.94	68	1.76	53	1.00
PIMCO All Asset Fund	7.25%	--	--	--	--	--	--	--	--	--
PIMCO All Asset Index	--	5.13%	--	4.79%	--	0.93	--	1.03	--	1.00
Pension Reserves Inv. Trust Fund	2.33%	4.62%	--	9.88%	--	0.40	--	0.52	--	0.84
50% MSCI World (Net)/50% CITT WGBI	--	3.76%	--	9.65%	--	0.32	--	0.52	--	1.00
AEW Core Property Trust	4.15%	--	--	--	--	--	--	--	--	--
NCREIF ODGE	--	5.81%	--	8.97%	--	0.58	--	0.35	--	1.00
AEW Partners VI	2.02%	--	--	--	--	--	--	--	--	--
NCREIF Property Index	--	6.93%	--	6.51%	--	0.96	--	0.64	--	1.00
PRIM Real Estate Fund	4.99%	--	--	--	--	--	--	--	--	--
NCREIF ODGE	--	5.81%	--	8.97%	--	0.58	--	0.35	--	1.00
PRIM Hedge Fund	8.45%	3.21%	--	5.08%	--	0.50	--	0.64	--	0.93
HFRI Fund of Funds Composite Index	--	1.31%	--	5.36%	--	0.12	--	0.27	--	1.00
Harbourvest Dover Street VII	0.58%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	9.11%	--	10.82%	--	0.78	--	0.40	--	1.00
Harbourvest Dover Street VII AIV	0.07%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	9.11%	--	10.82%	--	0.78	--	0.40	--	1.00
Harbourvest Dover Street VIII	1.53%	--	--	--	--	--	--	--	--	--
Private Equity Benchmark (1 Qtr. Lag)	--	9.11%	--	10.82%	--	0.78	--	0.40	--	1.00
PRIT Vintage Year 2001	0.12%	10.75%	--	12.94%	--	0.78	--	1.29	--	0.43



NEPC, LLC

December 31, 2016

Total Fund Risk Statistics

	% of Tot	Annzd Ret	Rank	Annzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank	R-Squared
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2004	0.04%	13.51%	—	16.69%	—	0.77	—	2.25	—	0.22
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2005	0.15%	11.52%	—	10.72%	—	1.01	—	1.49	—	0.47
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2006	0.18%	8.92%	—	9.00%	—	0.92	—	1.35	—	0.40
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2007	0.31%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2008	0.65%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2009	0.15%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2010	0.46%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2011	0.48%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2012	0.31%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2013	0.19%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2014	0.21%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2015	0.09%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
PRIT Vintage Year 2016	0.02%	—	—	—	—	—	—	—	—	—
Private Equity Benchmark (1 Qtr. Lag)	—	9.11%	—	10.82%	—	0.78	—	0.40	—	1.00
Cash	2.12%	0.61%	—	0.49%	—	-0.08	—	0.98	—	0.76
91 Day T-Bills	—	0.65%	—	0.39%	—	0.00	—	—	—	1.00

Manager Detail



NEPC, LLC



Town of Belmont DB

Rothschild

Characteristics

	Portfolio	Russell
	1000 Value	
Number of Holdings	70	696
Weighted Avg. Market Cap (\$B)	115.4	114.0
Median Market Cap (\$B)	44.2	8.0
Price To Earnings	18.7	19.8
Price To Book	3.0	2.4
Price To Sales	2.3	2.8
Return on Equity (%)	16.5	11.6
Yield (%)	2.4	2.4
Beta	1.0	1.0
R-Squared	1.0	1.0

Top Positive Contributors

	Relative Contribution %	Return %
SUNTRUST BANKS	0.4%	25.9%
BANK OF AMERICA	0.4%	41.7%
DISCOVER FINANCIAL SVS	0.3%	28.2%
M&T BANK	0.3%	35.4%
JP MORGAN CHASE & CO.	0.3%	30.5%
CONOCOPHILLIPS	0.3%	16.0%
DELTA AIR LINES	0.3%	25.5%
MEDTRONIC	0.2%	-17.1%
CBS 'B'	0.2%	16.6%
TIME WARNER	0.2%	21.8%

Top Negative Contributors

	Relative Contribution %	Return %
BERKSHIRE HATHAWAY 'B'	-0.3%	12.8%
TYSON FOODS 'A'	-0.2%	-17.1%
MORGAN STANLEY	-0.1%	32.6%
ANTERO RESOURCES	-0.1%	-12.2%
AMGEN	-0.1%	-11.8%
BECTON DICKINSON	-0.1%	-7.5%
PULTEGROUP	-0.1%	-7.8%
GILEAD SCIENCES	-0.1%	-8.9%
HALLIBURTON	-0.1%	20.9%
AMERICAN INTL GP.	-0.1%	10.6%

Equity Sector Attribution

	Attribution Effects		Returns		Sector Weights						
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark					
Energy	0.1%	0.1%	0.0%	0.0%	8.3%	7.4%	13.3%	13.5%			
Materials	0.1%	0.1%	0.0%	0.0%	10.2%	7.5%	4.0%	2.9%			
Industrials	-0.1%	0.0%	0.0%	0.0%	8.3%	8.7%	8.9%	9.8%			
Consumer Discretionary	0.2%	0.1%	-0.1%	0.1%	7.6%	4.7%	7.5%	4.6%			
Consumer Staples	0.2%	-0.1%	0.3%	0.0%	-4.4%	-3.2%	6.1%	8.9%			
Health Care	0.1%	0.2%	-0.1%	0.0%	-3.4%	-4.9%	12.5%	11.5%			
Financials	-0.2%	0.2%	-0.4%	0.0%	22.8%	22.0%	21.1%	23.5%			
Information Technology	-0.1%	-0.1%	0.0%	0.0%	-0.6%	0.6%	9.5%	10.0%			
Telecommunication Services	0.0%	0.0%	0.0%	0.0%	5.1%	5.4%	5.8%	3.9%			
Utilities	0.1%	0.1%	0.0%	0.0%	2.2%	0.3%	5.7%	6.4%			
Real Estate	0.2%	-0.1%	0.2%	0.0%	-4.8%	-3.6%	2.8%	5.1%			
Cash	-0.2%	0.0%	-0.2%	0.0%	0.1%	--	2.7%	0.0%			
Portfolio	0.5%	=	0.5%	+	-0.2%	+	0.2%	7.2%	6.7%	100.0%	100.0%

Attribution on manager pages is holdings based, using buy-and-hold assumptions from the beginning of the period portfolio. Results may differ from the flash report.



NEPC, LLC

Town of Belmont DB Rhumbline S&P 500

Characteristics

	Portfolio	S&P 500
Number of Holdings	506	505
Weighted Avg. Market Cap. (\$B)	138.58	138.54
Median Market Cap. (\$B)	18.83	18.83
Price To Earnings	23.09	22.27
Price To Book	4.67	4.38
Price To Sales	3.51	3.34
Return on Equity (%)	20.84	18.52
Yield (%)	2.10	2.10
Beta	1.00	1.00
R-Squared	1.00	1.00

Top Positive Relative Contributors in Percentage

	Relative Contribution %	Return %
SPDR S&P 500 ETF TST. (SPY)	0.0%	4.0%
COOPER COS.	0.0%	-2.4%
SOUTHWESTERN ENERGY	0.0%	-21.8%
ROBERT HALF INTL. (RHI)	0.0%	29.5%
MARRIOTT INTL. A (MAR)	0.0%	23.3%
NEWS 'B' (NWS)	0.0%	-17.0%
D.R.HORTON (DHI)	0.0%	-9.2%
FMC TECHNOLOGIES	0.0%	19.8%
CA (CA)	0.0%	-3.2%
CF INDUSTRIES HDG.	0.0%	30.7%

Top Negative Contributors

	Relative Contribution %	Return %
MANHATTAN ASSOCS. (MANH)	-0.34%	-7.97%
MORNINGSTAR (MORN)	-0.22%	-6.94%
ADVISORY BOARD	-0.20%	-25.68%
HURON CNSL.GP. (HURN)	-0.20%	-15.24%
APTARGROUP (ATR)	-0.14%	-4.69%
CORELOGIC (CLGX)	-0.13%	-6.09%
FAIR ISAAC (FICO)	-0.13%	-4.29%
BIO-TECHNE	-0.12%	-5.80%
MONRO MUFFLER BRAKE (MINRO)	-0.11%	-6.21%
BLACKBAUD (BLKB)	-0.10%	-3.35%

Equity Sector Attribution

	Attribution Effects		Returns		Sector Weights		
	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.0%	0.0%	0.0%	7.3%	7.3%	7.3%	7.3%
Materials	0.0%	0.0%	0.0%	4.3%	4.3%	2.9%	2.9%
Industrials	0.0%	0.0%	0.0%	7.2%	7.2%	10.0%	10.0%
Consumer Discretionary	0.0%	0.0%	0.0%	2.3%	2.3%	12.3%	12.3%
Consumer Staples	0.0%	0.0%	0.0%	-1.9%	-1.9%	9.9%	9.9%
Health Care	0.0%	0.0%	0.0%	-4.0%	-4.0%	14.6%	14.7%
Financials	0.0%	0.0%	0.0%	21.1%	21.1%	12.8%	12.8%
Information Technology	0.0%	0.0%	0.0%	1.2%	1.2%	21.2%	21.2%
Telecommunication Services	0.0%	0.0%	0.0%	4.8%	4.8%	2.6%	2.6%
Utilities	0.0%	0.0%	0.0%	0.1%	0.1%	3.3%	3.3%
Real Estate	0.0%	0.0%	0.0%	-4.5%	-4.5%	3.1%	3.1%
Cash	0.0%	0.0%	0.0%	-	-	0.0%	0.0%
Portfolio	0.0%	0.0%	0.0%	3.8%	3.8%	99.9%	100.0%

Attribution on manager pages is holdings based, using buy-and-hold assumptions from the beginning of the period portfolio. Results may differ from the flash report.



NEPC, LLC

Town of Belmont DB Atlanta Small Cap

Characteristics

	Portfolio	Russell 2000
Number of Holdings	58	1,978
Weighted Avg. Market Cap. (\$B)	3.1	2.1
Median Market Cap. (\$B)	2.7	0.8
Price To Earnings	32.1	25.1
Price To Book	4.3	3.0
Price To Sales	3.0	2.1
Return on Equity (%)	17.9	10.1
Yield (%)	1.0	1.1
Beta	0.7	1.0
R-Squared	0.9	1.0

Top Positive Contributors

	Relative Contribution %	Return %
CLARCOR	0.6%	27.4%
CHOICE HOTELS INTL	0.6%	24.8%
PROSPERITY BCSH	0.5%	31.4%
LANDSTAR SYSTEM	0.5%	25.4%
EXPONENT	0.5%	18.4%
PINNACLE FINANCIAL PTNS	0.4%	28.5%
KNIGHT TRANSPORTATION	0.3%	15.4%
WESTAMERICA BANCORP.	0.3%	24.7%
STATE BANK FINANCIAL	0.3%	18.4%
IBERIABANK	0.3%	25.3%

Top Negative Contributors

	Relative Contribution %	Return %
MANHATTAN ASSOCS.	-0.3%	-8.0%
MORNINGSTAR	-0.2%	-6.9%
HURON CNSL.GP.	-0.2%	-15.2%
ADVISORY BOARD	-0.2%	-25.7%
APTARGROUP	-0.1%	-4.7%
CORELOGIC	-0.1%	-6.1%
BIG-TECHNE	-0.1%	-5.8%
FAIR ISAAC	-0.1%	-4.3%
MONRO MUFFLER BRAKE	-0.1%	-6.2%
BLACKBAUD	-0.1%	-3.4%

Equity Sector Attribution

	Attribution Effects			Returns		Sector Weights					
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	-0.3%	-0.3%	-0.2%	0.2%	7.7%	17.7%	1.1%	3.2%			
Materials	-0.5%	-0.5%	0.0%	-0.1%	1.9%	11.4%	5.3%	4.7%			
Industrials	0.3%	0.0%	0.3%	0.0%	12.2%	12.5%	22.9%	14.2%			
Consumer Discretionary	-0.3%	-0.2%	0.0%	-0.1%	6.4%	7.9%	17.1%	12.7%			
Consumer Staples	-0.3%	-0.1%	-0.1%	-0.1%	4.1%	6.4%	8.2%	3.0%			
Health Care	1.7%	1.5%	0.8%	-0.6%	4.1%	-6.3%	8.4%	14.0%			
Financials	-1.5%	-1.4%	-0.2%	0.1%	15.1%	22.9%	16.2%	18.0%			
Information Technology	-1.0%	-0.8%	-0.1%	-0.1%	0.0%	4.7%	19.7%	17.7%			
Telecommunication Services	0.0%	-	0.0%	-	-	9.1%	0.0%	0.8%			
Utilities	0.1%	-	0.1%	-	-	5.3%	0.0%	3.8%			
Real Estate	0.3%	0.1%	0.3%	-0.1%	5.2%	4.1%	1.1%	7.9%			
Cash	0.0%	-	-	-	-	-	0.0%	0.0%			
Portfolio	-1.5%	=	-1.8%	+	0.9%	+	-0.6%	7.3%	8.7%	100.0%	100.0%

Attribution on manager pages is holdings based, using buy-and-hold assumptions from the beginning of the period portfolio. Results may differ from the flash report.

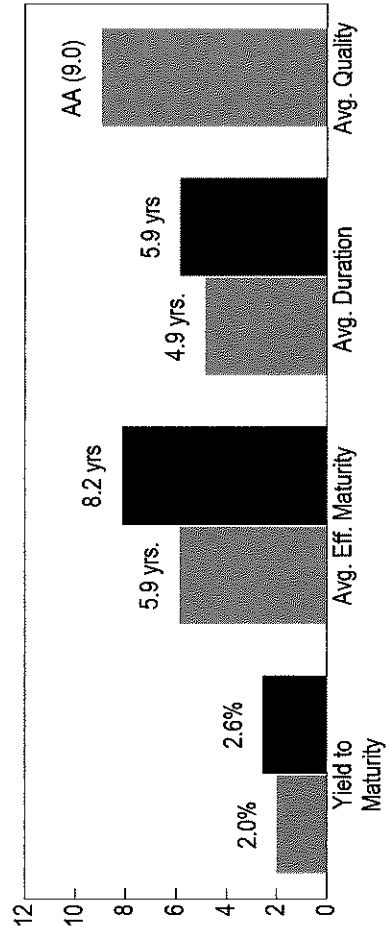


NEPC, LLC

December 31, 2016

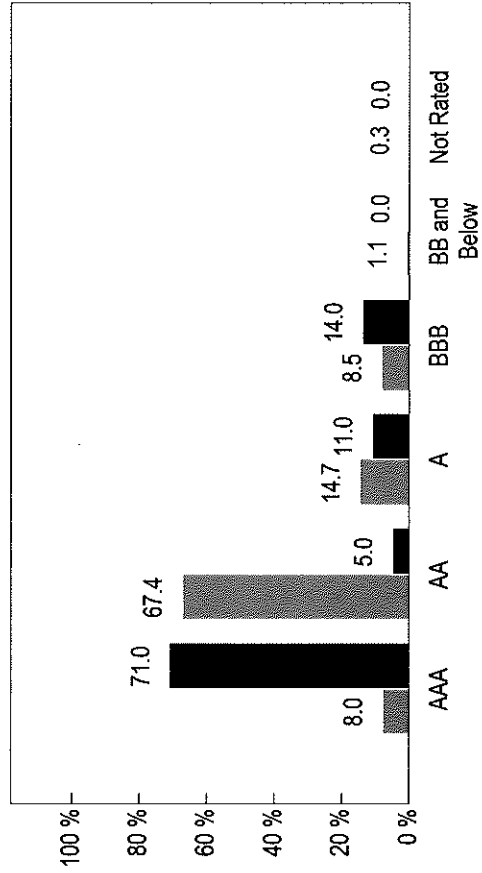
Town of Belmont DB
Scout Core Plus

Characteristics

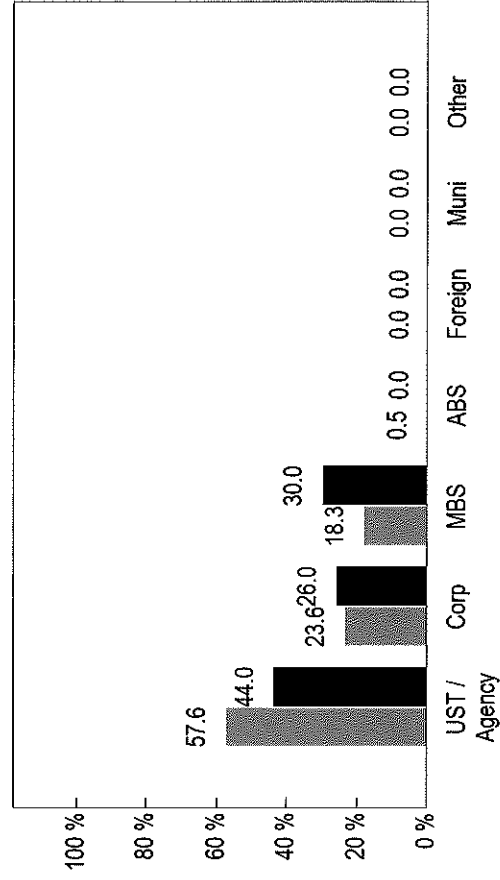


■ Scout Core Plus ■ BbgBarc US Aggregate TR

Quality Ratings



Sectors



Loomis, Sayles & Company Multisector Full Discretion

PORTFOLIO CHARACTERISTICS		
Average maturity	Composite 6.89 yrs	Index 8.56 yrs
Average duration	4.77 yrs	6.38 yrs
Average yield	4.33%	2.49%
Average credit quality	BAA2	A3
Average number of issues	361	-
Weighted average coupon	4.57%	2.88%
OAS	219 bps	53 bps

CURRENCY DISTRIBUTION (%)		
US Dollar	Composite 89.7	Index 100
Developing Countries	3.6	-
Australia & New Zealand	3.4	-
Canadian Dollar	2.3	-
Non-Euro	0.8	-
British Pound	0.2	-
Sterling	0.2	-
Euro Countries	0.1	-

SECTOR DISTRIBUTION (%)		
Investment Grade	Composite 32.4	Index 44.6
Credit	29.6	-
High Yield Credit	10.8	51.6
US Treasury	8.1	-
Non-US Dollar (ex CAD)	5.7	-
ABS/RMBS	5.5	-
Convertible	2.3	-
Canadian Dollar	0.8	-
CMBS	0.8	-
Preferred/Equity	0.6	-
Emerging Markets	0.3	0.4
Debt	-	3.4
Municipals	3.1	-
US Agency	-	-
Cash & Equivalents	-	-

Source: Loomis Sayles



NEPC, LLC

Town of Belmont DB
PIMCO All Asset

Fund Name	7/15	8/15	9/15	10/15	11/15	12/15	1/16	2/16	3/16	4/16	5/16	6/16	7/16	8/16	9/16	10/16	11/16	12/16
Total Fund Net Assets (SUS MM)																		
18,397.7																		
RAE Fundamental Emerging Markets Fund	8.25%	9.98%	11.63%	7.33%	5.99%	4.69%	4.12%	4.75%	4.73%	4.41%	4.66%	4.22%	4.71%	4.22%	4.22%	4.22%	4.22%	4.22%
RAE Fundamental PLUS EMG Fund	-	-	0.02%	3.07%	6.88%	8.34%	7.70%	8.92%	8.94%	8.68%	9.46%	6.11%	5.07%	5.96%	6.11%	5.07%	5.96%	6.11%
RAE Low Volatility PLUS EMG Fund	0.19%	0.20%	0.21%	0.19%	0.02%	0.02%	0.02%	-	-	-	-	-	-	-	-	-	-	-
EQS Emerging Markets Fund	1.77%	2.07%	2.75%	2.89%	3.03%	3.59%	3.06%	2.86%	2.19%	1.93%	1.68%	3.12%	3.33%	3.33%	3.12%	3.33%	3.33%	3.33%
CommoditiesPLUS™ Strategy Fund	0.05%	0.79%	1.35%	1.45%	1.66%	3.00%	3.97%	3.90%	2.18%	1.88%	1.62%	0.95%	0.77%	0.95%	0.95%	0.77%	0.95%	0.95%
RealReturnRealReturn Strategy Fund	0.18%	1.56%	3.45%	3.91%	4.06%	1.60%	2.86%	2.31%	1.99%	2.29%	2.23%	1.53%	1.39%	1.53%	1.39%	1.39%	1.39%	1.39%
Emerging Local Bond Fund	7.13%	7.35%	7.23%	7.27%	7.42%	9.50%	9.10%	9.00%	9.79%	9.42%	8.46%	6.94%	7.33%	6.94%	7.33%	7.33%	7.33%	7.33%
Emerging Markets Cureley Fund	5.85%	7.22%	7.44%	7.22%	7.16%	8.33%	9.08%	11.90%	12.23%	12.33%	11.94%	10.73%	10.57%	10.73%	10.57%	10.57%	10.57%	10.57%
Emerging Markets Bond Fund	3.11%	3.49%	3.75%	3.96%	3.90%	3.90%	4.07%	0.24%	0.29%	0.32%	0.32%	-	-	-	-	-	-	-
Emerging Markets Corporate Bond Fund	0.73%	1.00%	1.40%	1.44%	1.43%	0.57%	0.20%	0.07%	0.07%	0.08%	0.09%	-	-	-	-	-	-	-
High Yield Fund	6.27%	5.90%	4.76%	4.61%	1.11%	0.43%	2.64%	2.88%	2.88%	3.11%	2.53%	3.72%	2.56%	2.56%	2.56%	2.56%	2.56%	2.56%
High Yield Spectrum Fund	4.11%	4.22%	4.32%	4.49%	3.69%	2.66%	2.90%	3.07%	3.20%	3.20%	3.84%	4.25%	4.66%	4.66%	4.66%	4.66%	4.66%	4.66%
Income Fund	10.25%	10.49%	10.66%	10.47%	10.28%	6.51%	6.21%	5.90%	6.01%	6.47%	6.34%	6.93%	7.51%	7.51%	7.51%	7.51%	7.51%	7.51%
Diversified Income Fund	3.62%	3.56%	3.59%	3.51%	3.21%	0.59%	0.10%	0.03%	0.21%	0.24%	0.24%	0.25%	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%
Floating Income Fund	5.44%	3.34%	1.99%	1.92%	1.75%	0.26%	0.06%	0.29%	0.33%	0.37%	0.25%	-	-	-	-	-	-	-
Senior Floating Rate Fund	3.08%	2.54%	2.19%	1.93%	1.79%	1.60%	2.30%	2.82%	2.61%	2.29%	2.07%	1.50%	2.06%	2.06%	2.06%	2.06%	2.06%	2.06%
Convertible Fund	0.13%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
European Convertible Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Bond Fund (Unhedged)	2.41%	0.65%	0.85%	0.05%	0.26%	0.29%	0.30%	0.30%	0.30%	0.31%	0.29%	-	-	-	-	-	-	-
Global Advantage Strategy Fund	2.57%	1.76%	1.82%	0.94%	0.95%	0.44%	0.09%	0.23%	0.76%	0.93%	0.86%	-	-	-	-	-	-	-
Global Bond Fund (Unhedged)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Russ Return Fund	0.00%	0.36%	0.31%	0.24%	0.29%	1.24%	1.38%	1.31%	1.29%	1.19%	0.81%	0.07%	2.77%	2.77%	2.77%	2.77%	2.77%	2.77%
Russ Return Asset Fund	0.00%	0.37%	0.34%	0.37%	0.53%	1.34%	1.27%	6.49%	6.50%	6.47%	6.99%	5.61%	5.99%	5.99%	5.99%	5.99%	5.99%	5.99%
Global Advantage® Initiation-Linked Bond ETF	0.09%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%
Unconstrained Bond Fund	6.16%	5.36%	3.84%	2.82%	2.53%	2.16%	1.79%	2.75%	2.44%	2.32%	2.06%	1.96%	-	-	-	-	-	-
Credit Absolute Return Fund	0.97%	2.01%	2.04%	2.95%	2.78%	1.10%	0.76%	0.52%	0.44%	0.35%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mortgage Opportunities Fund	0.09%	0.54%	0.55%	0.56%	0.58%	0.57%	0.61%	0.65%	0.66%	0.75%	0.74%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%
TRENDS Managed Futures Strategy Fund	-	-	-	0.15%	0.16%	0.18%	0.19%	0.20%	0.20%	0.24%	0.24%	-	-	-	-	-	-	-
EQS Long/Short Fund	0.40%	0.43%	0.44%	0.45%	0.47%	0.47%	0.49%	0.36%	0.36%	0.18%	0.18%	-	-	-	-	-	-	-
RAE Worldwide Long Short PLUS Fund	-	-	-	-	-	-	3.08%	6.53%	7.49%	7.93%	7.96%	6.42%	7.28%	6.90%	6.90%	6.90%	6.90%	6.90%
RAE Fundamental Advantage PLUS Fund	2.85%	1.49%	2.28%	2.44%	2.62%	4.90%	4.84%	3.83%	3.75%	3.25%	2.62%	1.69%	2.20%	2.02%	2.02%	2.02%	2.02%	2.02%
RAE Worldwide Fundamental ADV PLUS Fund	3.75%	3.88%	4.34%	4.41%	4.24%	5.47%	4.57%	3.42%	3.86%	4.07%	3.16%	2.16%	2.23%	2.16%	2.16%	2.16%	2.16%	2.16%

Source: PIMCO



NEPC, LLC

Town of Belmont DB
PIMCO All Asset

	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	
Total Return Fund	0.16%	0.86%	0.53%	0.62%	3.07%	0.82%	3.07%	2.37%	2.25%	1.04%	1.39%	1.65%	1.69%	1.22%	3.41%	4.47%
Investment Grade Corporate Bond Fund	2.62%	0.87%	0.25%	0.01%	0.02%	2.02%	2.34%	1.87%	1.78%	1.78%	2.12%	2.01%	2.67%	2.87%	2.85%	2.85%
Mortgage-Backed Securities Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GHMA Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Extended Duration Fund	7.25%	6.28%	4.81%	4.31%	4.35%	4.32%	4.32%	4.32%	4.32%	4.32%	4.32%	4.32%	4.32%	4.32%	4.32%	4.32%
Long-Term US Government Fund	0.66%	0.50%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Long Term Credit Fund	3.84%	3.85%	3.82%	4.11%	4.20%	3.35%	1.93%	1.93%	1.93%	1.93%	1.93%	1.93%	1.93%	1.93%	1.93%	1.93%
Long Duration Total Return Fund	3.08%	2.18%	0.14%	0.04%	0.04%	0.35%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
Low Duration Fund	-	0.83%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%
Low Duration Exchange Traded Fund	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Short Term Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Money Market Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Money Market Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Short Duration Instruments	-0.25%	-0.02%	0.05%	-0.02%	-0.01%	-0.01%	-0.16%	-0.02%	-0.03%	-0.01%	-0.02%	-0.04%	-0.01%	0.00%	0.00%	0.00%

	1/31/2013	4/30/2013	7/31/2013	10/31/2013	1/31/2014	4/30/2014	7/31/2014	10/31/2014	1/31/2015	4/30/2015	7/31/2015	10/31/2015	1/31/2016	4/30/2016	7/31/2016	10/31/2016
RAE Fundamental PLUS Fund	1.2%	1.3%	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
RAE Low Volatility PLUS Fund	0.0%	0.0%	0.10%	0.10%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
RAE Fundamental PLUS Small Fund	0.57%	0.75%	0.62%	0.62%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
StockP US50 Small Fund	0.15%	0.17%	0.11%	0.11%	0.07%	0.07%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
Fundamental EnergyLIS™	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
StockP US50 Fund	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
StockP US50 Absolute Return Fund	0.12%	0.13%	0.11%	0.11%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
RAE Fundamental PLUS Int'l Fund	5.25%	6.28%	6.91%	6.91%	4.01%	3.15%	3.07%	3.01%	3.01%	4.22%	4.13%	4.05%	4.05%	4.05%	4.05%	4.05%
RAE Low Volatility PLUS Int'l Fund	-	-	0.02%	0.02%	3.22%	5.73%	5.65%	3.78%	3.78%	-	-	-	-	-	-	-
StockP US50 International Fund (USD-Hedged)	0.18%	0.19%	0.21%	0.21%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
StockP US50 International Fund (Unhedged)	0.56%	0.65%	0.64%	0.64%	0.51%	0.02%	0.02%	0.02%	0.02%	-	-	-	-	-	-	-
Egis Global Dividend Fund	0.10%	0.11%	0.11%	0.11%	0.12%	0.01%	0.01%	0.01%	0.01%	-	-	-	-	-	-	-
Egis Panninder Fund	1.82%	2.32%	3.46%	3.46%	3.34%	2.15%	2.15%	1.16%	1.16%	1.04%	-	-	-	-	-	-

Source: PIMCO



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December 31, 2016

PRIM Hedge Fund

PRIM Hedge Fund (Belmont)
 PRIM -Massachusetts Pension Reserves Investment Management



Benchmark 1 (BM1): S&P 500 (TR)
 Benchmark 2 (BM2): Barclays Aggregate Bond Index

Year	Monthly Performance (%) Net of Fees												Fund		BM1		BM2				
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Returns	Annualized Compound ROR	3 Yr Return	5 Yr Return	Best Month	Worst Month	% Positive Months	
2016	-1.6%	-0.9%	-0.1%	0.8%	0.9%	-0.3%	1.3%	0.9%	0.7%	0.8%	0.7%	0.9%	4.1%	7.9%	4.1%	4.1%	3.0%	3.0%	3.7%	-16.8%	65.9%
2015	0.3%	1.9%	0.9%	-0.1%	1.0%	-1.5%	1.3%	-2.5%	-2.4%	0.5%	0.4%	-0.7%	2.6%	8.9%	2.6%	8.9%	14.7%	10.9%	-6.9%	65.9%	
2014	0.1%	2.2%	-0.2%	-0.1%	1.2%	1.3%	-0.5%	0.6%	-0.2%	-0.7%	1.6%	0.3%	5.7%	14.7%	5.7%	14.7%	10.9%	-16.8%	65.9%		
2013	2.1%	0.9%	1.5%	1.1%	1.5%	-0.9%	0.9%	-0.5%	1.4%	1.5%	1.6%	0.9%	3.3%	10.9%	3.3%	10.9%	10.9%	-16.8%	65.9%		
2012	1.8%	1.4%	0.6%	0.1%	-1.0%	-0.2%	0.8%	1.2%	0.9%	0.6%	0.6%	1.3%	67.4%	65.9%	67.4%	65.9%	65.9%	65.9%	65.9%		
2011	0.8%	0.4%	1.3%	0.8%	-1.8%	-0.7%	0.6%	0.4%	1.7%	1.5%	0.2%	1.3%	5.0%	14.4%	5.0%	14.4%	3.3%	3.3%	3.3%	3.3%	
2010	1.3%	0.0%	0.0%	0.4%	2.5%	1.1%	1.3%	1.2%	1.6%	0.5%	1.0%	0.3%	3.8%	10.7%	3.8%	10.7%	3.0%	3.0%	3.0%	3.0%	
2009	-2.4%	1.4%	-2.1%	0.9%	2.0%	0.0%	-2.7%	-1.1%	-6.9%	-5.6%	-2.3%	-1.5%	3.5%	10.4%	3.5%	10.4%	2.9%	2.9%	2.9%	2.9%	
2008	1.7%	1.1%	1.3%	1.7%	2.3%	0.5%	-0.7%	-1.5%	1.7%	3.0%	-0.9%	0.4%	0.2	0.4	0.2	0.4	0.2	0.2	0.2	0.2	

Statistical Analysis
 Returns
 Annualized Compound ROR
 3 Yr Return
 5 Yr Return
 Best Month
 Worst Month
 % Positive Months

Risk
 Standard Deviation
 3 Yr Standard Deviation
 5 Yr Standard Deviation
 Sharpe Ratio (3.5%)
 Sortino Ratio (7.0%)
 Downside Deviation (7.0%)
 Max Drawdown
 Months In Maximum Drawdown
 Months To Recover

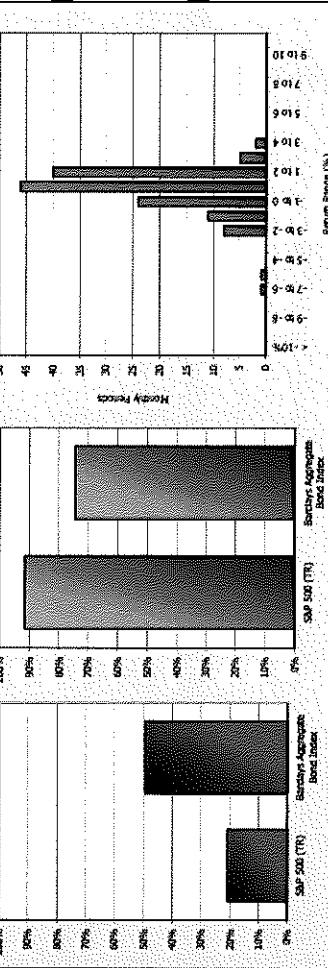
Comparison To Benchmark(s)
 Monthly Alpha
 Annualized Alpha
 Beta
 Correlation
 R-Squared

Annual Returns
 2016 (YTD)
 2015
 2014
 2013
 2012
 2011

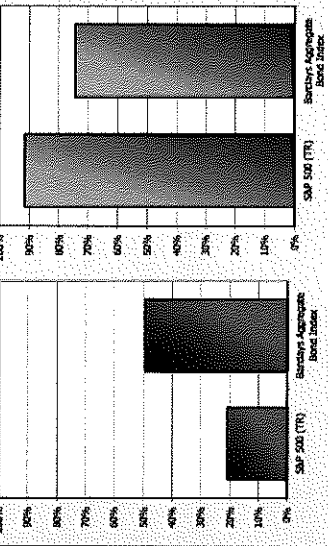
Least Returns
 Last Month
 Last 3 Months
 Last Year
 2-Year
 3-Year
 4-Year
 5-Year

Drawdown Analysis
 1
 2
 3
 4
 5

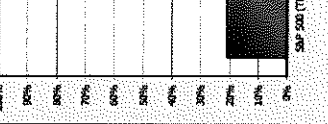
Distribution of Returns



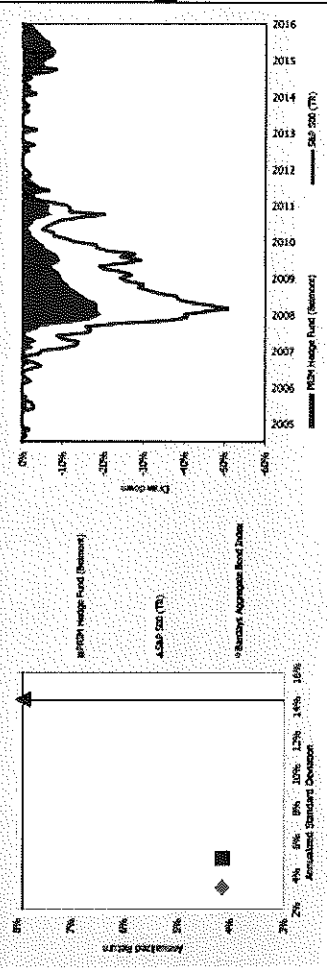
Outperform BM in Up Markets



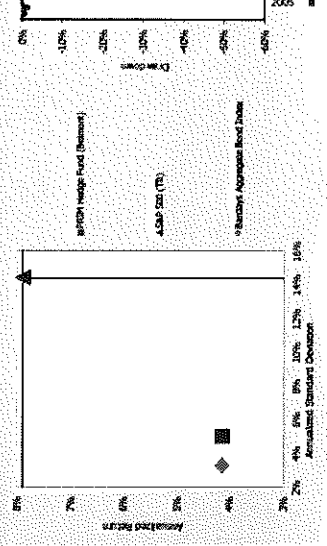
Outperform BM in Down Markets



Risk/Return Profile



Underwater Drawdowns



*Past Performance is not indicative of future results. Returns are calculated based on a market rate of 2.0%. Actual rates may vary depending on the actual call/put rate and the strike fund.

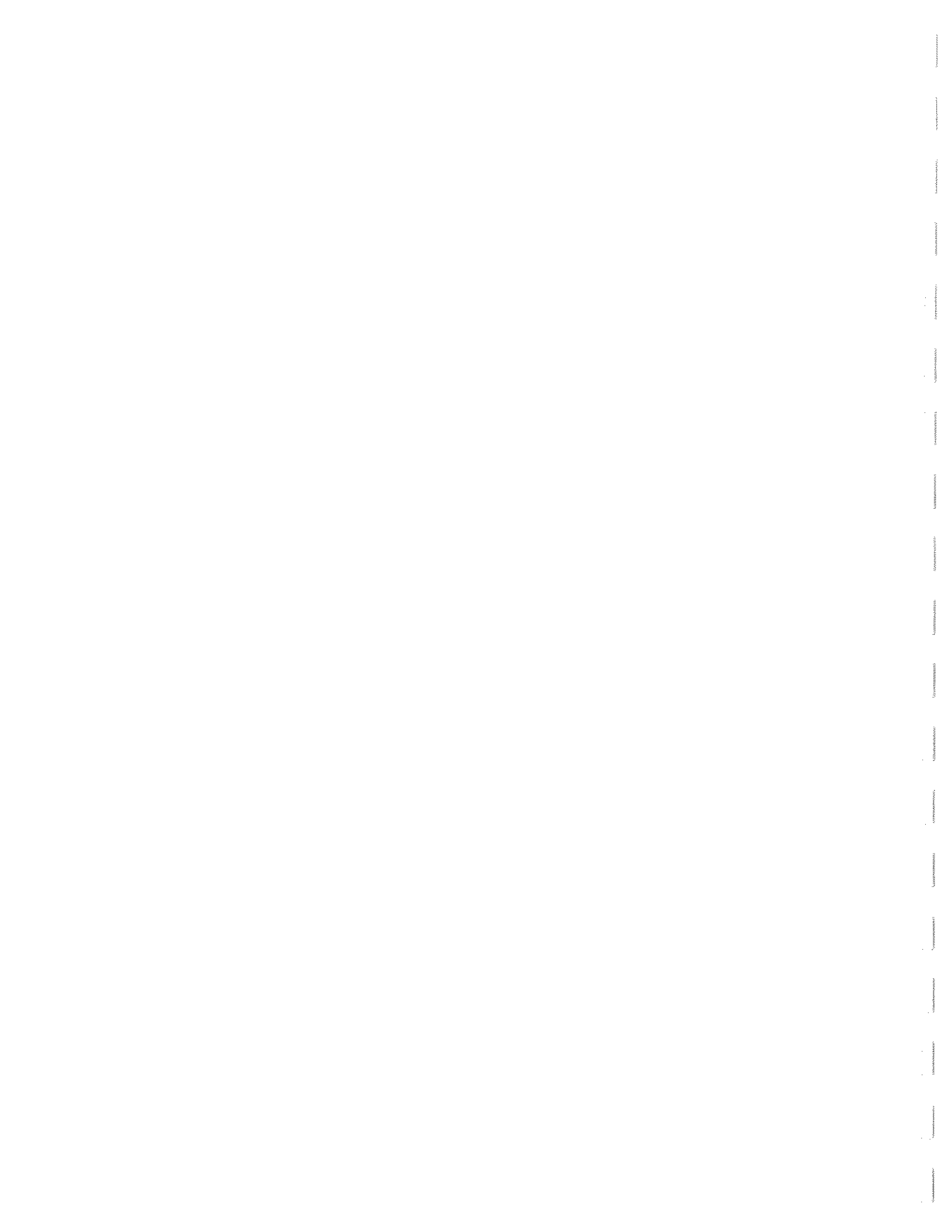


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Appendix



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Glossary of Investment Terminology

The calculation methodology for each measure of performance is outlined below.

Measurement	Description	Equation
Policy Target	Measures policy allocation decisions.	= TARGET ASSET WEIGHTS X INDEX RETURNS
Allocation Index	Measures actual allocation decisions. Deviations from the policy target can be derived. (Allocation Index – Policy Index)	= ACTUAL ASSET WEIGHTS X INDEX RETURNS
Composite (Total Return)	Measures actual performance and can derive active management decisions. (Composite – Allocation Index)	= ACTUAL ASSET WEIGHTS X ACTUAL RETURNS

The calculation methodology for each measure of attribution is outlined below.

Measurement	Description	Equation
Allocation Effect	Measure the effects of overweighting or underweighting managers and asset classes.	= (ACTUAL MANAGER WEIGHT – POLICY TARGET WEIGHT) X POLICY INDEX RETURN
Selection Effect	Measures the managers' ability to add excess return relative to the policy index.	= (ACTUAL MANAGER RETURN – INDEX RETURN) X POLICY TARGET WEIGHT
Interaction Effect	Measures the cross correlation of both selection and allocation effects and is often referred to as an "error term".	= (ACTUAL MANAGER RETURN X (ACTUAL MANAGER WEIGHT – POLICY TARGET WEIGHT)) – ((MANAGER WEIGHT – POLICY TARGET WEIGHT) X INDEX RETURN)



Information Disclaimer

- **Past performance is no guarantee of future results.**
- **The goal of this report is to provide a basis for monitoring financial markets. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.**
- **Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**
- **All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.**
- **This report is provided as a management aid for the client's internal use only. This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.**



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Belmont Retirement System

NEPC 2017 Asset Allocation

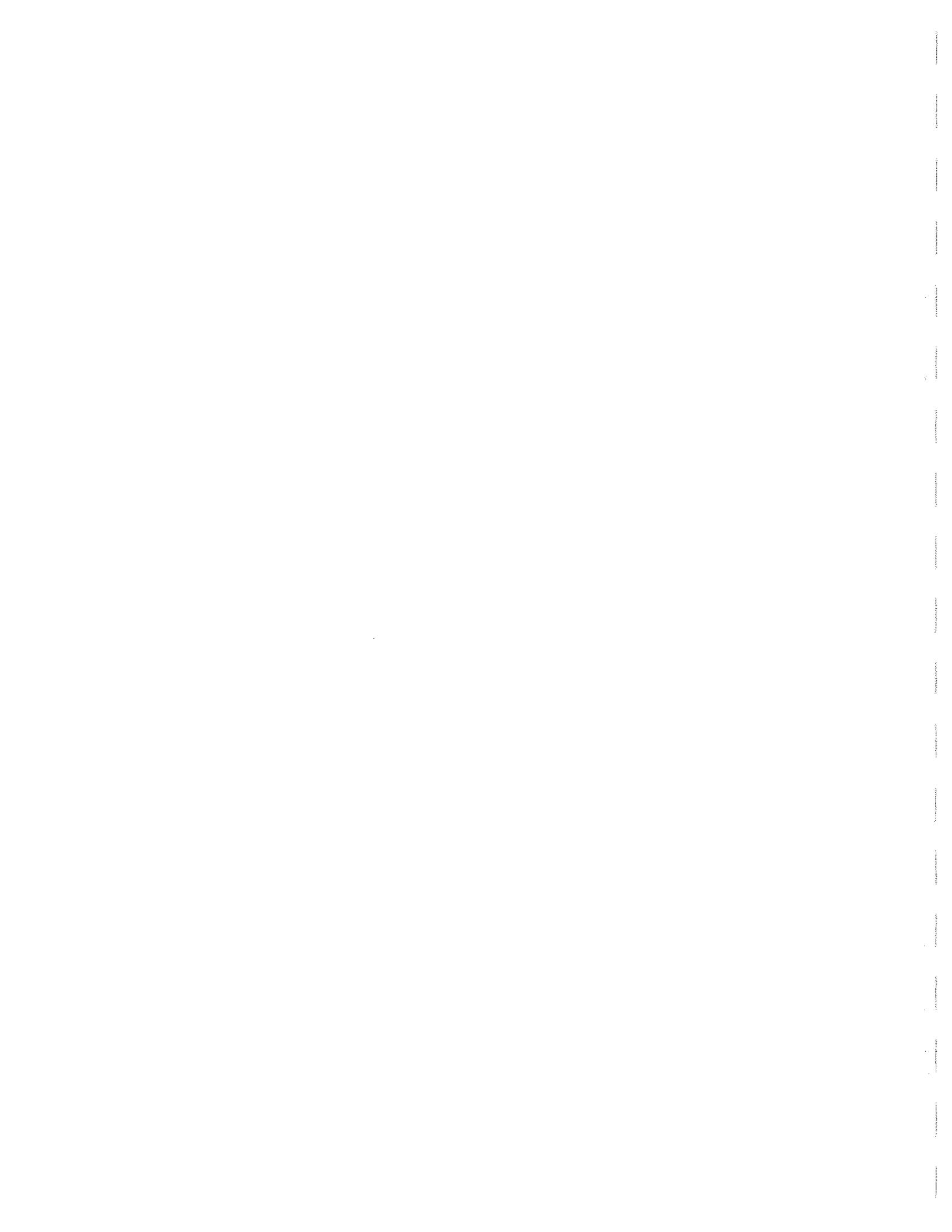
February 24, 2017

Scott Driscoll

Doug Moseley

Nedelina Petkova

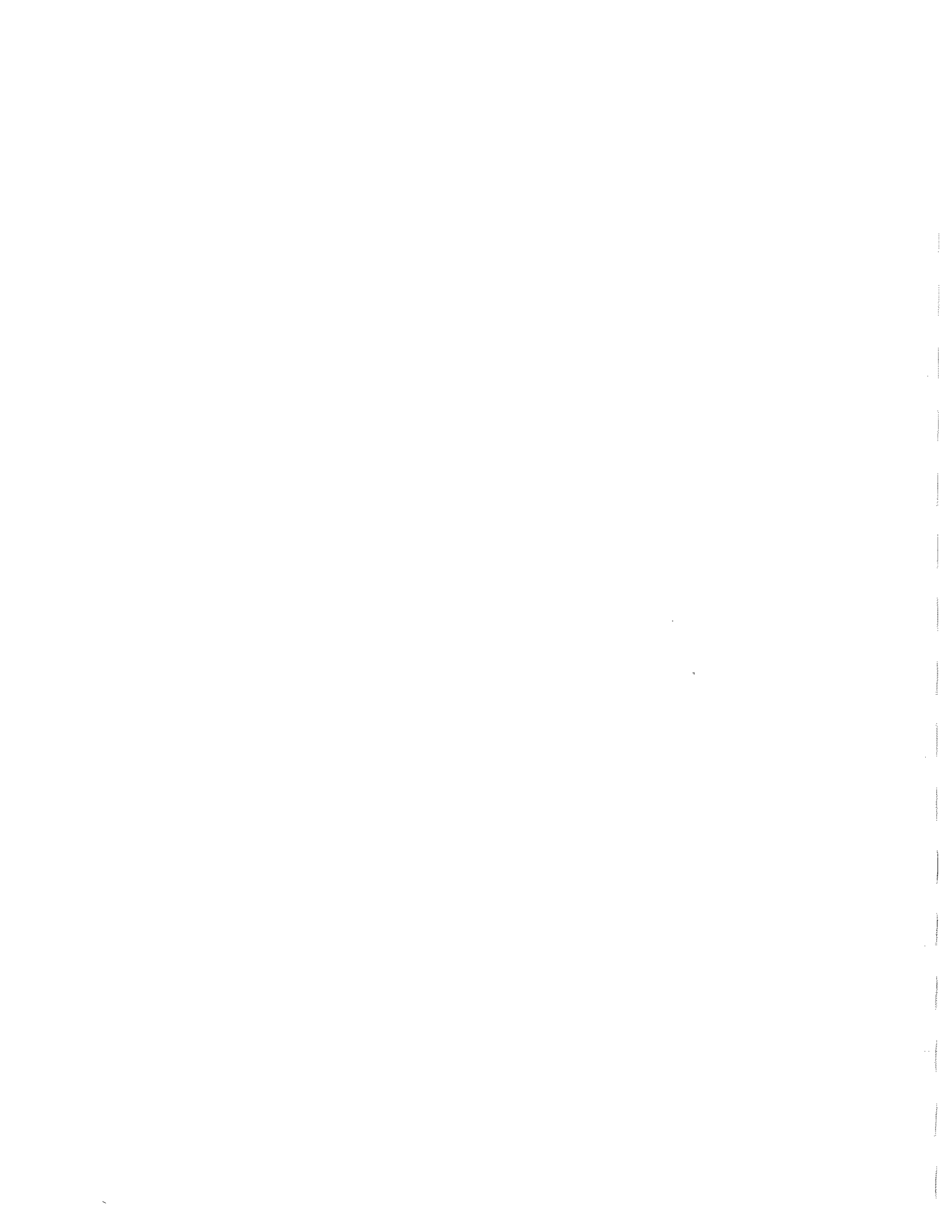
255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1315 | www.nepc.com
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2017 Actions, Themes, and Opportunities



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Introduction

Key Market Themes

Key Market Themes are factors that define global markets and can be expected to both evolve and remain relevant without a clear timeline of conclusion. At times, themes may be challenged. Disruption of a theme will likely produce significant volatility and change market dynamics. Our intent is for clients to be aware of these themes and understand their implications.

Strategic Policy Actions

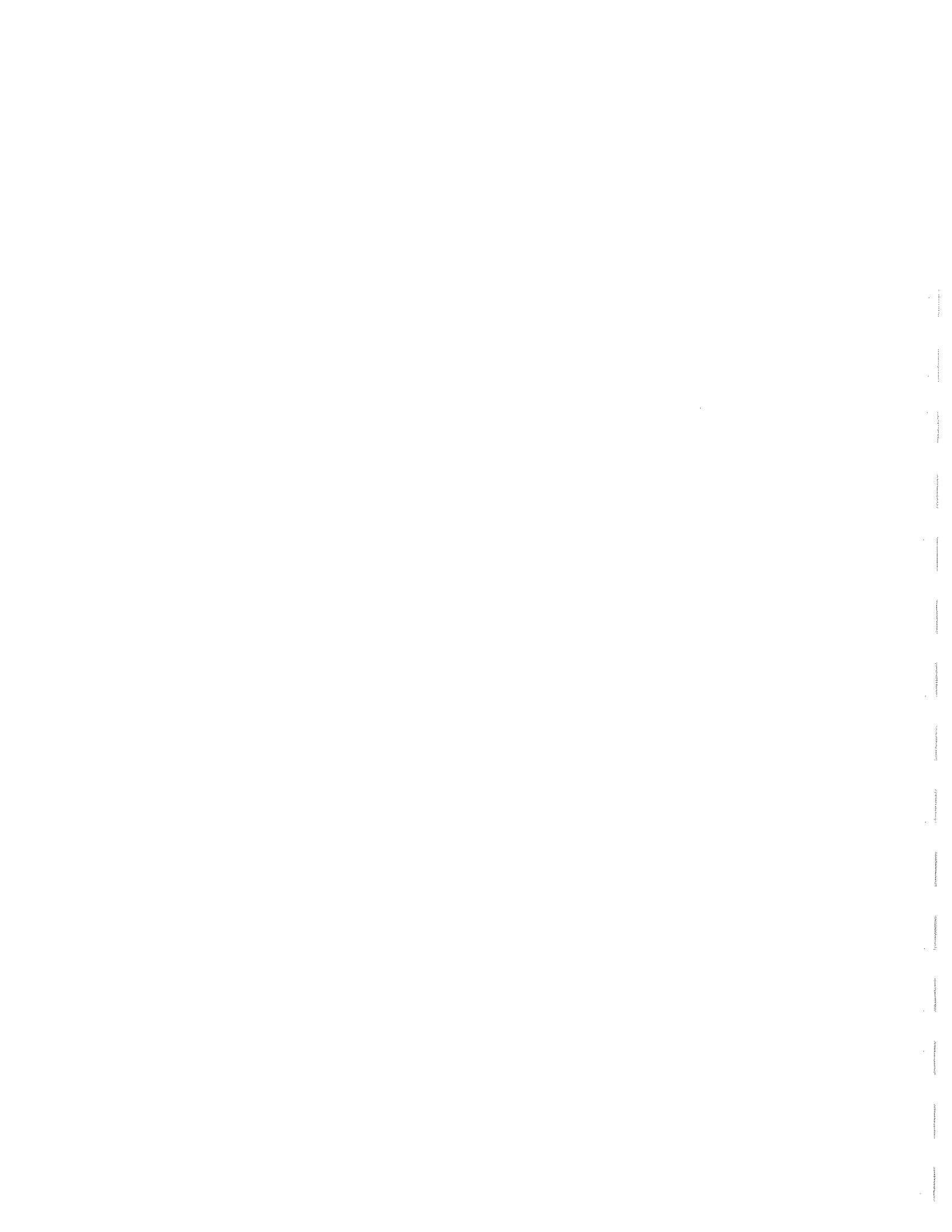
Strategic Policy Actions are asset allocation focused resolutions designed to address systematic issues within the capital markets, the regulatory environment, and conventional wisdom associated with investing. They seek to improve efficiency and clarify the purpose of an asset allocation with a focus on meeting long-term objectives. These actions represent an evolving communication of NEPC's thoughts on best practices for asset allocation strategy, implementation, and governance.

Current Opportunities

Current Opportunities are investment ideas that represent an action with the goal of improving investment outcomes relative to an investor's strategic asset allocation. It is not our intent that the full list of opportunities be implemented. Rather, we encourage a focus on the actions that offer a material benefit to each client's strategic allocation relative to their unique objectives and constraints. These investment ideas are likely to change more frequently as market dynamics and valuations shift over time.



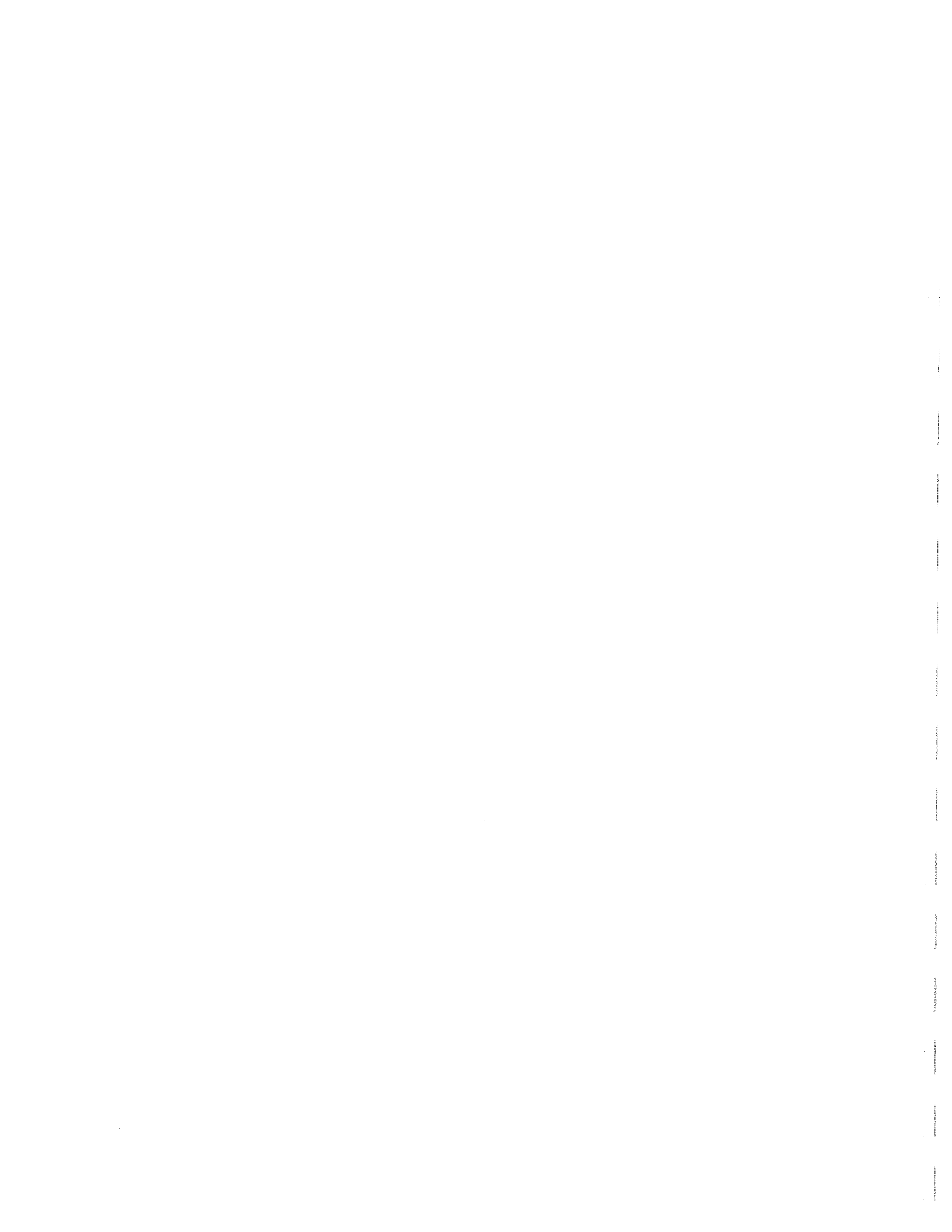
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Key Market Themes



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Extended US Economic Cycle

Federal Reserve Gradualism

China Transitions

Globalization Backlash



Key Market Themes

Extended US Economic Cycle

Economic cycles don't die of old age

We believe the US economy is in an extended expansionary cycle despite being eight years removed from the last recession

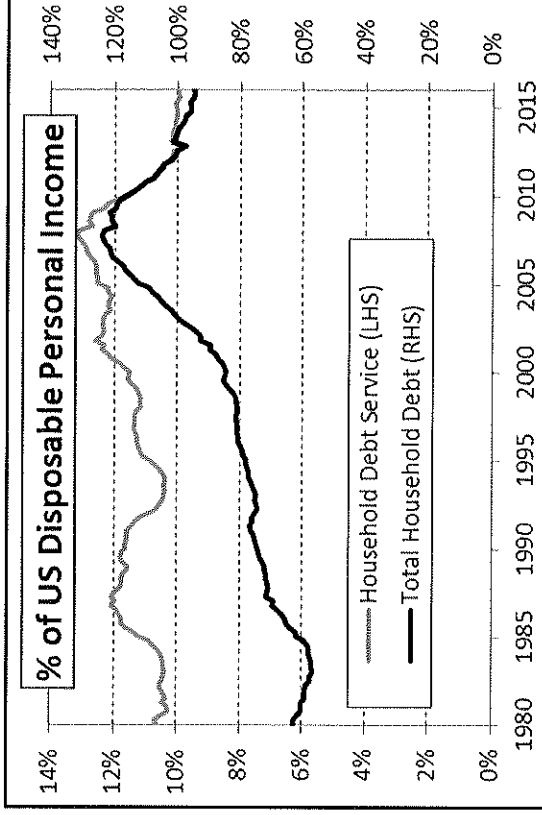
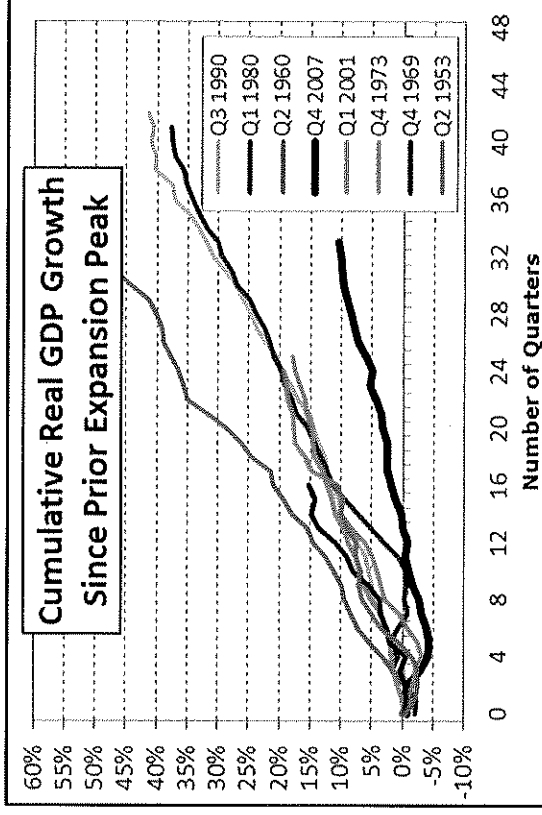
The health of US consumers continue to drive economic growth given relatively low debt levels

A prolonged US economic expansion can support a continued rally for US equities despite elevated valuation levels

We anticipate inflation will shift marginally higher in the coming years

Improvements in wage growth and the ongoing recovery in housing further support modest upticks in inflation

The strength of the US dollar is likely to restrain inflationary pressures and offset the potential impact of fiscal stimulus in the US



Source: (Top) Federal Reserve Bank of St. Louis
Source: (Bottom) FRED

Key Market Themes

Extended US Economic Cycle

US recession concerns are muted

The US economy is likely to experience slow and steady growth as excess capacity is gradually absorbed by the economy

The labor market recovery has been robust but excess capacity remains as many have yet to return to the workforce

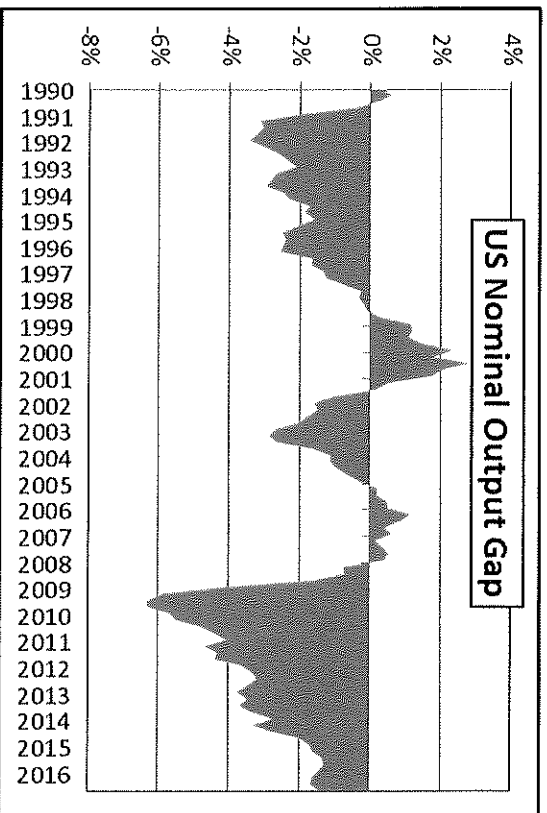
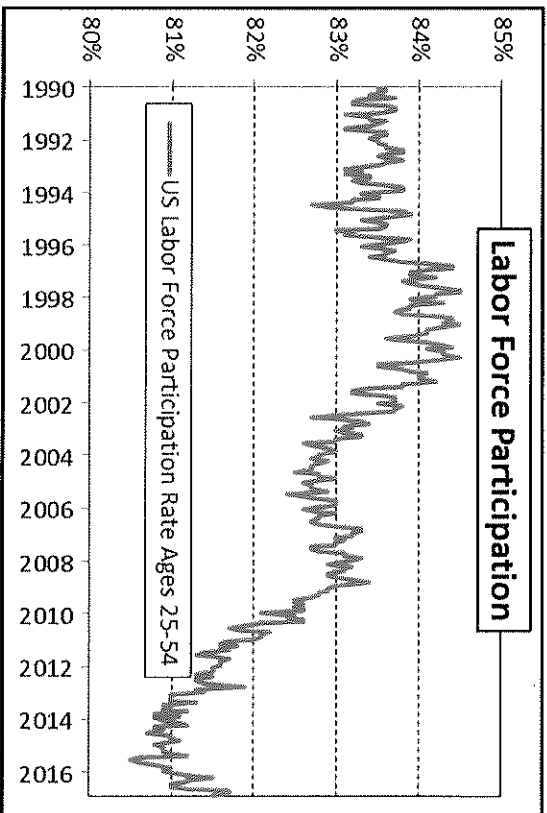
US dollar strength and corporate profitability trends are the primary sources of concern for potential weakness

Fiscal stimulus unlikely to push economic growth into a higher gear

Tax cuts and infrastructure spending modestly improve the US growth profile

The potential of higher US growth is likely muted by corresponding dollar strength

US stimulus may benefit non-US developed economies as marginally higher US growth weakens their currencies and improves competitiveness



Source: (Top) FRED
Source: (Bottom) Congressional Budget Office, Bloomberg



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Key Market Themes

Federal Reserve Gradualism

The Federal Reserve is expected to slowly increase interest rates

Expected path of Fed policy through 2019 matters more than timing of the next hike

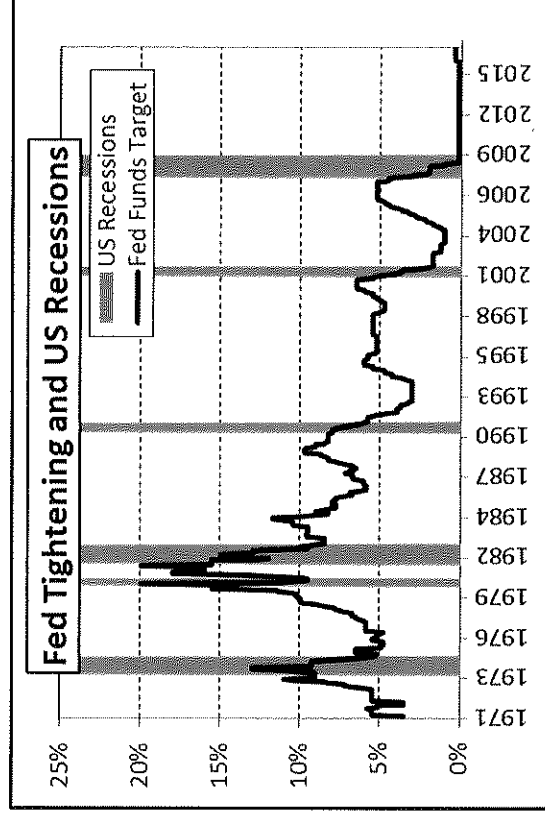
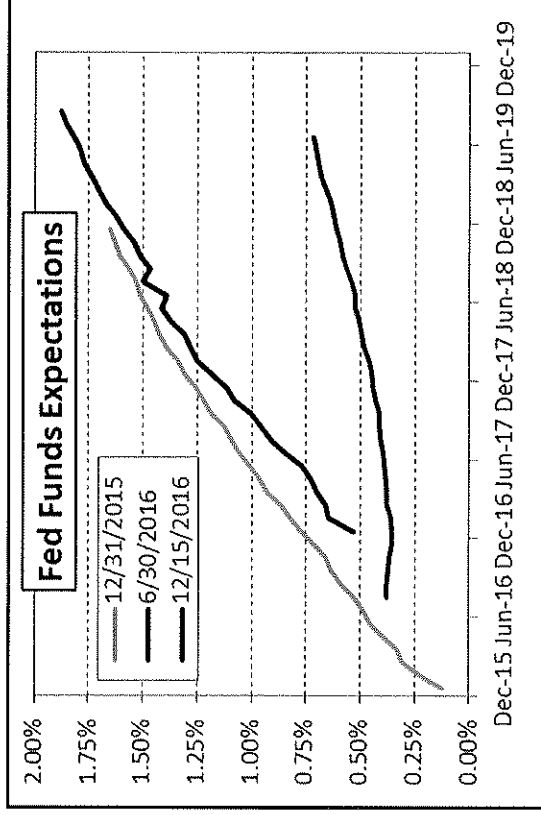
Fed has stated a willingness to let the economy “run hot” and accept some inflation to repair the deflationary effects of the past eight years

A relatively accommodative Fed is likely to continue, unless there is a dramatic acceleration in inflation

Historically, rapid tightening of Fed policy precedes a US recession

Tighter monetary policy slows inflation by decreasing economic activity

The Fed’s monetary policy statements are closely scrutinized and deviations from “lower for longer” can materially impact the market outlook



Source: (Top) Federal Reserve, Bloomberg
Source: (Bottom) Federal Reserve, NBER, Bloomberg

Key Market Themes

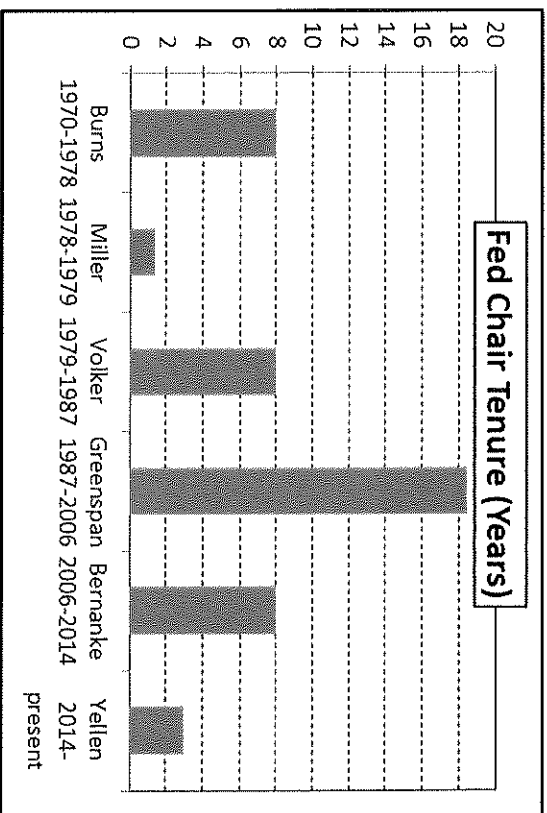
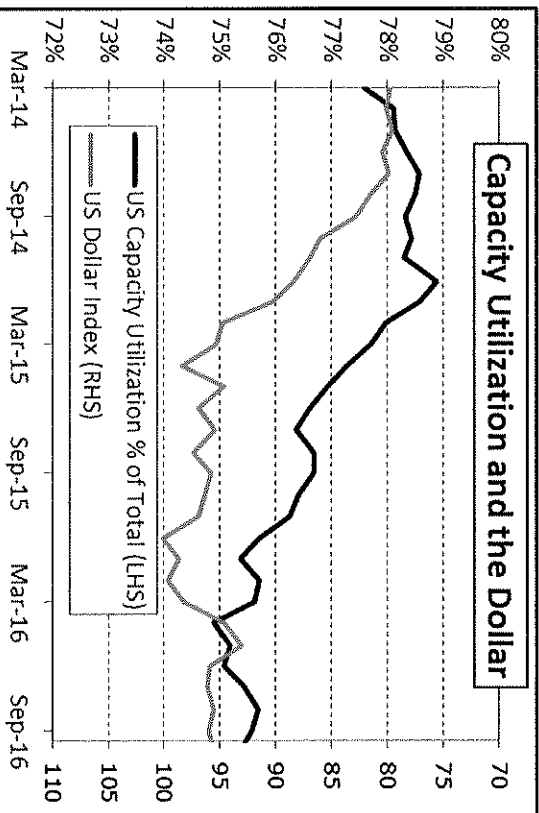
Federal Reserve Gradualism

US dollar strength is interconnected with Federal Reserve policy

- The US dollar is sensitive to changes in Fed rate expectations and interest rate differentials relative to the rest of the world
- Fed must balance the path of future interest rate increases with the disruptive effects of a strong dollar on global markets
- Dollar strength weakens the outlook for US corporate earnings and rapid dollar appreciation likely strains US profit margins

2017 is likely to be a year for greater uncertainty regarding Fed policy

- Politics could intersect with Fed policy due to more vocal executive branch and conclusion of Janet Yellen's term in February 2018
- The path of Fed rate hikes in 2017 and beyond is less clear due to the potential impact of fiscal stimulus



Source: (Top) Federal Reserve, Bloomberg
 Source: (Bottom) Federal Reserve



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China Transitions

China is the global growth engine but faces fundamental transitions

Economic evolution: Intrinsic need to evolve from focus on manufacturing – long the driver of growth – to services and innovation

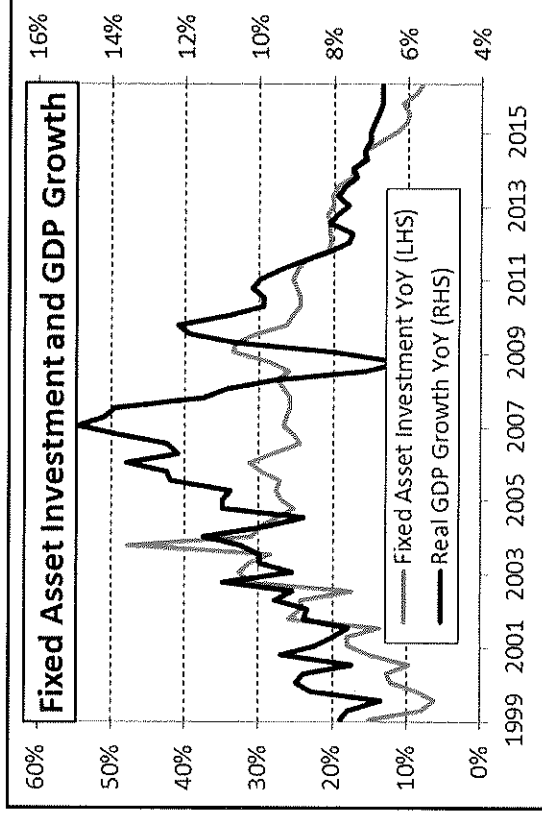
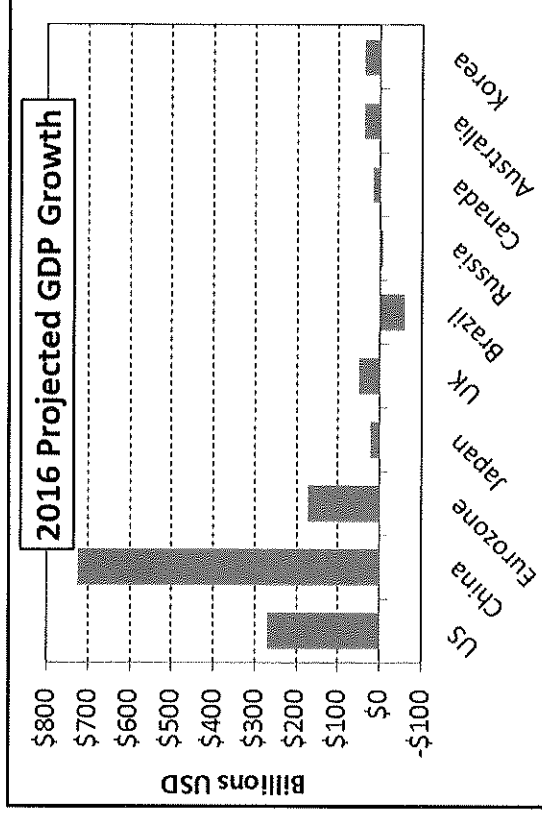
Monetary policy progression: Pressure on the People’s Bank of China (PBOC) to balance the status quo and encourage free market reforms

Any disruption to these transitions will have global repercussions due to China’s size and role in the global economy

China must manage competing social goals in attempting to sustain growth

Production based economy requires fixed investment to support employment as the rural population moves to urban centers

Future growth in a services based economy requires advancement in productivity, technology, and a more skilled labor force



Source: (Top) IMF, Bloomberg
Source: (Bottom) National Bureau of Statistics of China, Bloomberg

China Transitions

The PBOC is tasked with straddling a delicate path as the economy evolves

China maintains control of its currency and monetary policy but would have to make concessions to open its capital account and allow the free movement of capital

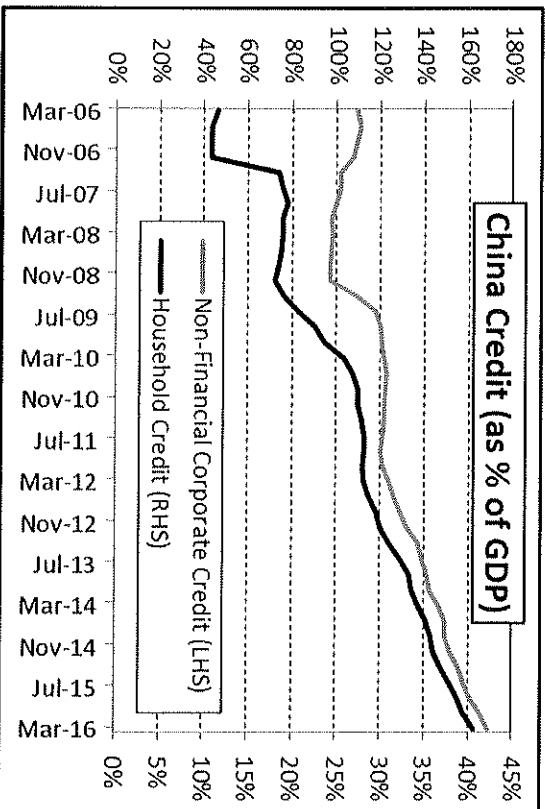
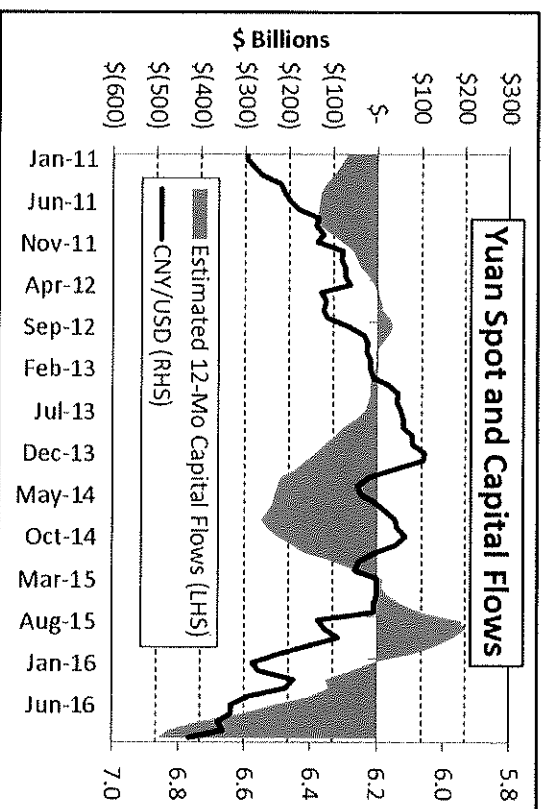
Restrictions on capital markets are slowly being eased, with an eye towards limiting social disruption

Concerns of a rapid currency devaluation have forced a more managed transition process that likely delays the opening of equity and bond markets to global investors

Managed policy transitions come with significant risks which require balance

Fiscal policy: Consequences of unsustainable credit growth if too accommodative or a hard economic landing if too austere

Monetary policy: Potential for asset price bubbles in real estate and capital markets if policy changes slowly or move rapidly and spur capital flight



Source: (Top) SAFE, Bloomberg
Source: (Bottom) Bank for International Settlements



Key Market Themes

Globalization Backlash

Weak economic growth and uneven wage gains over the last decade have fueled political discontent in the West

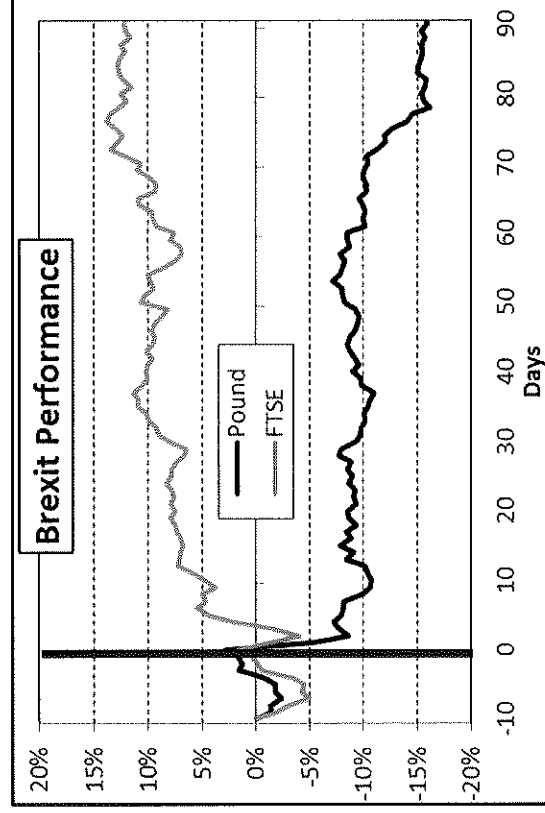
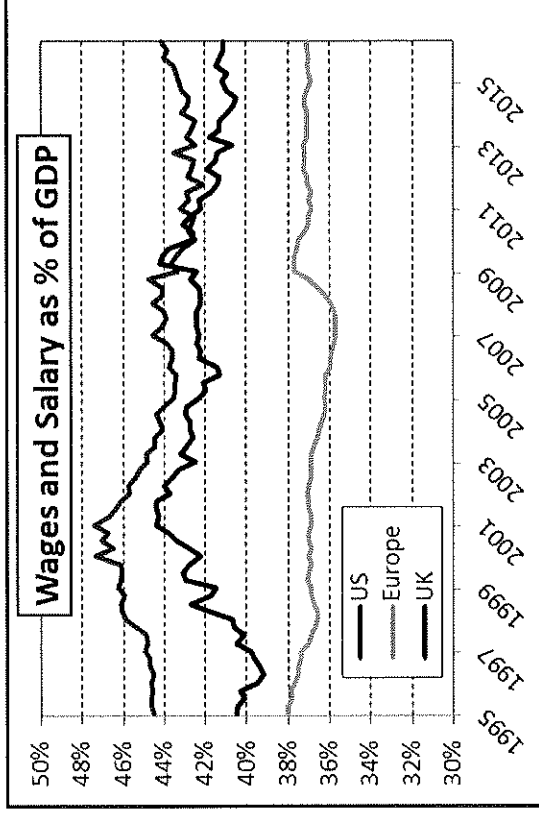
The backlash against globalization does not materially alter the fundamentals of the global capital markets, but does increase economic and market uncertainty

Populist movements destabilize the established political order but are not inevitably bearish for equity markets

Political uncertainty intensifies currency volatility and in cases of depreciation may stimulate local equity markets (e.g. UK)

May bring increased fiscal spending and higher inflation, a welcome benefit for developed market economies

However, a shift away from political orthodoxy heightens low probability political tail-risks such as a US-China trade war or a dissolution of the euro



Source: (Top) Bureau of Economic Analysis, Eurostat, Bloomberg
Source: (Bottom) Bloomberg

Globalization Backlash

Have we reached "Peak Trade"?

A secular transition is underway and a shift from free trade policies in the West may reduce long-term economic growth rates

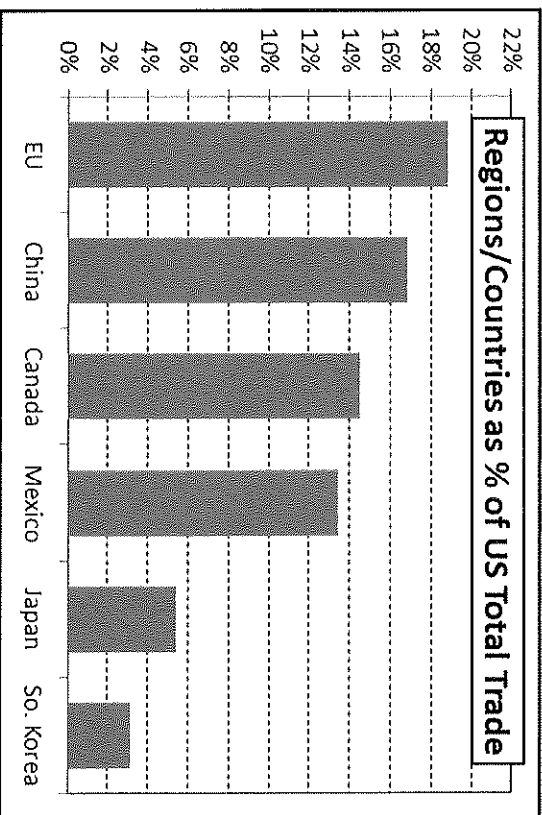
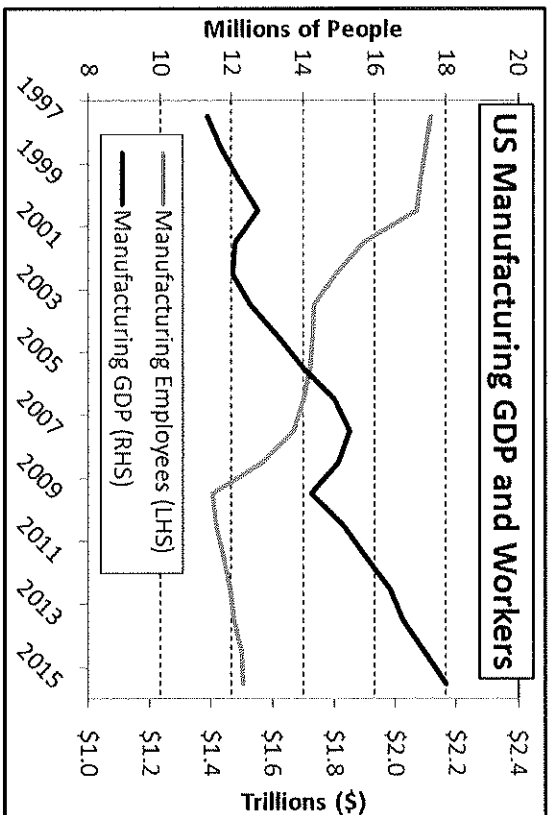
Free trade is blamed but automation is perhaps a greater source of social disruption and job losses

A strong US pivot away from global trade is a tail-risk for the global economy and would likely impact capital markets negatively in the emerging world

For many nations, a turn inward is associated with globalization fatigue

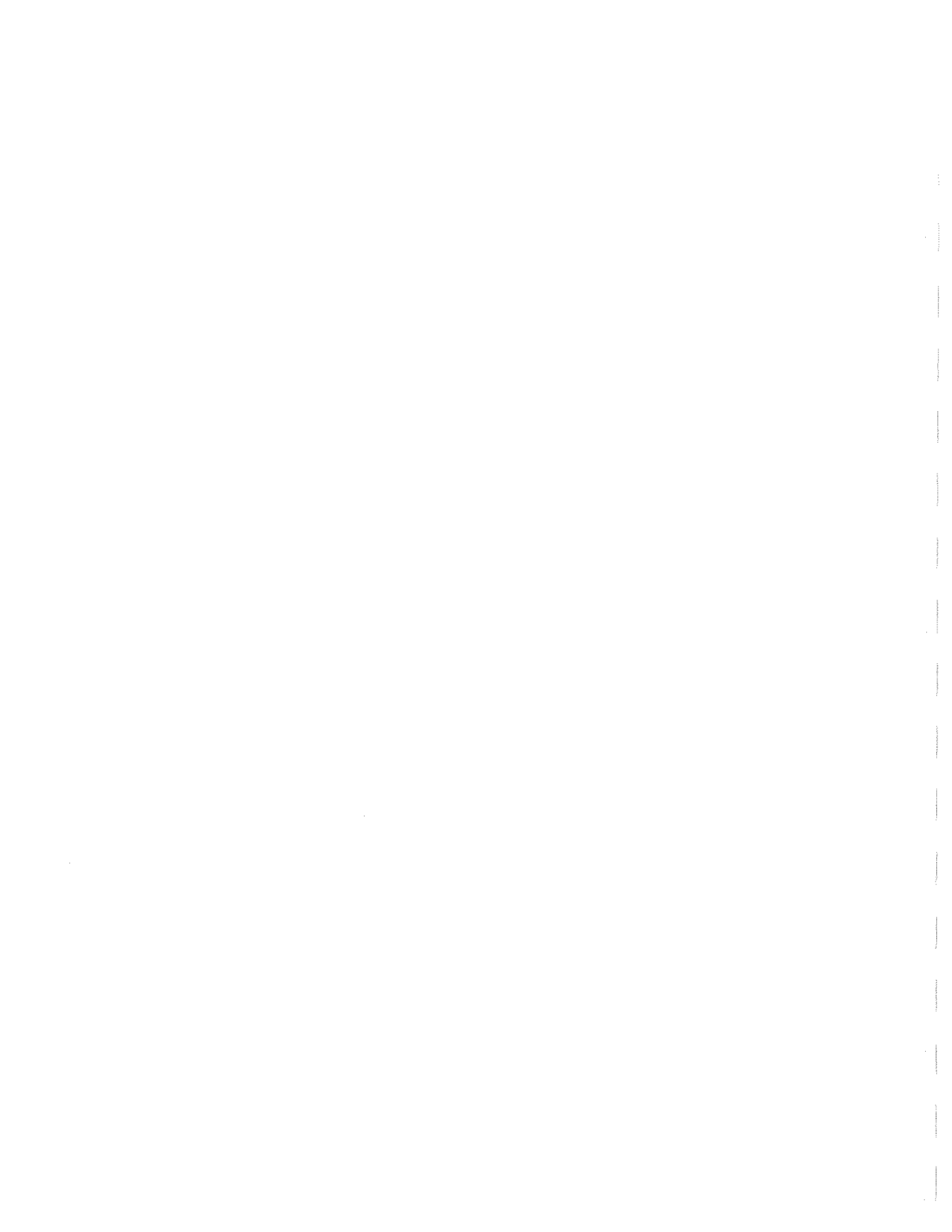
Greater expression of nationalism often translates to increased geopolitical risks as multilateral relationships are reassessed

Anti-establishment political parties reflect the economic unease of voters but are unlikely to initiate the structural economic reforms required in the developed world



Source: (Top) Bureau of Labor Statistics, Bloomberg
 Source: (Bottom) IMF, Bloomberg





Strategic Policy Actions



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Evaluate Feasibility of Objectives

A mature private markets portfolio is a key contributor to meeting long-term portfolio objectives

We encourage investors to lay the groundwork to construct a robust private markets portfolio over the coming decade

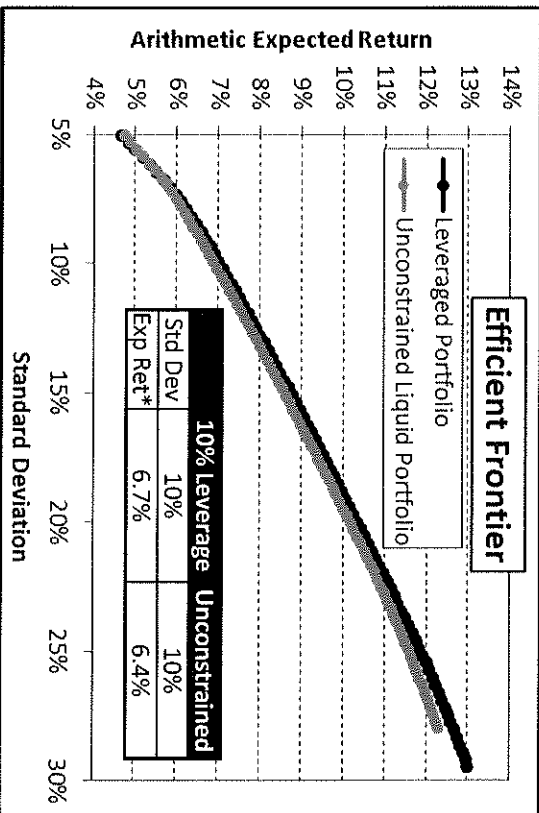
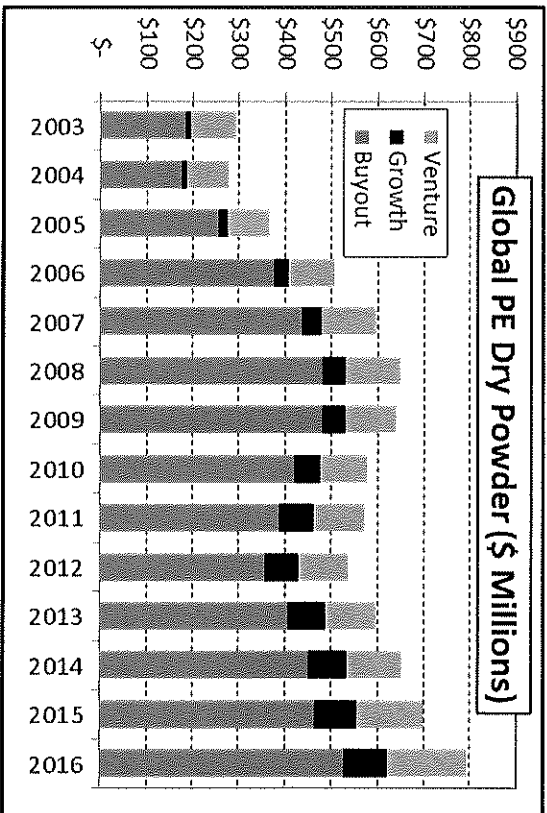
Building a self-sustaining private markets allocation is a long process but provides meaningful wealth creation

Patience is warranted over the coming years as private markets have become increasingly crowded

Explore the use of leverage to increase the efficiency of public market asset classes

Leverage can be efficiently achieved with highly liquid futures positions in core asset classes (e.g. S&P 500 and US Treasuries)

Leverage offers an improved return outlook while maintaining diversification and improving risk balance of the overall portfolio



*Expected geometric return based on NEPC 5-7 year assumptions Source: (Bottom) Morningstar, NEPC Source: (Top) Preqin



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Strategic Policy Actions

Examine the Cost of Core Exposures

Core market beta exposures can be sourced in a low cost manner

Market inertia towards passive is unlikely to moderate in the coming years

Core beta exposures are strategic asset classes and broadly include US equities and interest rate exposures

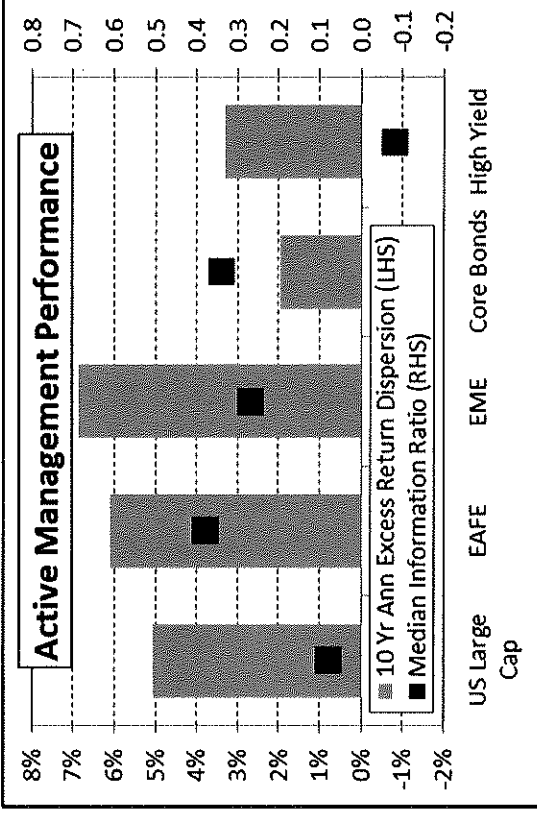
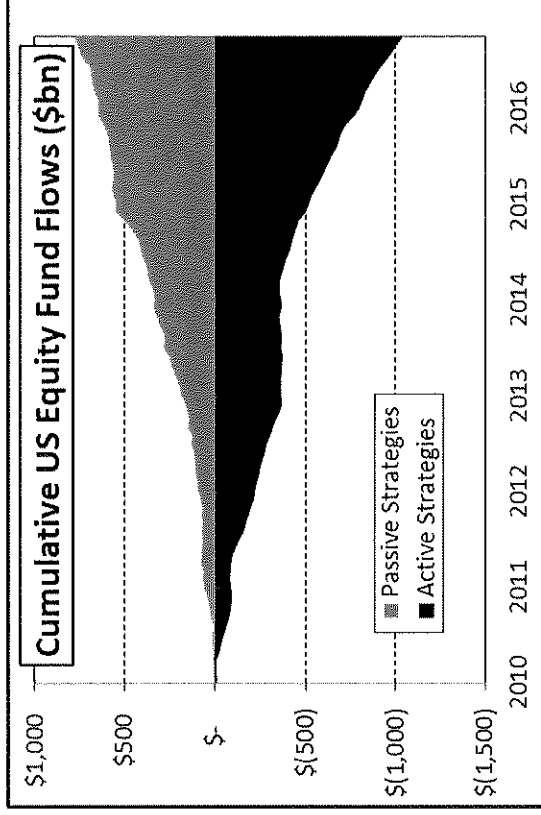
Risk parity provides a foundation of core beta exposures in a capital efficient manner

The dispersion of alpha can help to inform the active/passive decision

Passive complements active most effectively when paired with high active risk mandates

Some asset classes provide a sub-optimal alpha profile vs. fee paid on average

Do not abandon fundamental approaches as rising rates and global divergences should highlight differences across companies

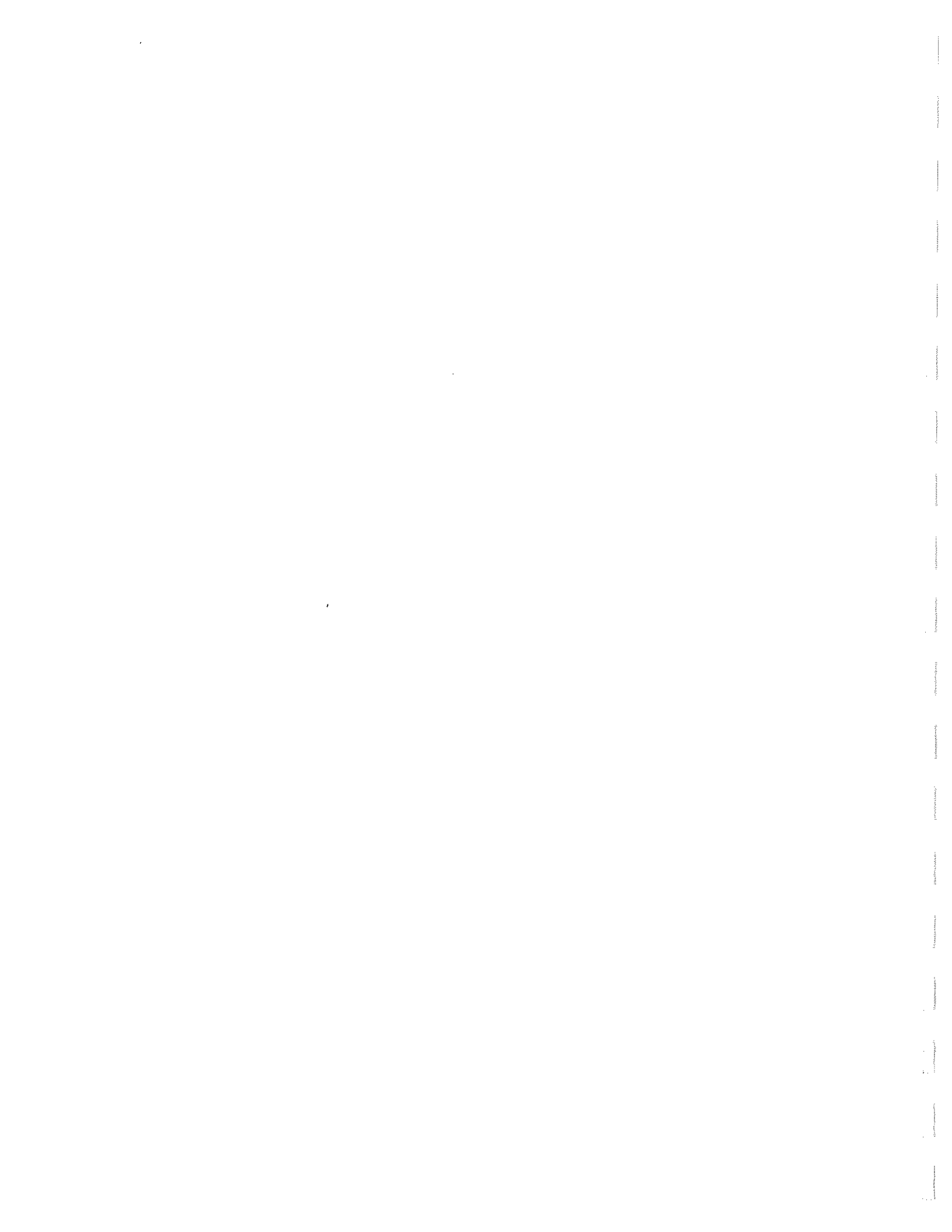


Source: (Top) EPFR
*Dispersion measured as difference between 95th and 5th percentile excess return; Source: eVestment

Current Opportunities



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Trim US Equity Gains

Overweight Non-US Developed Market Equities

Emerging Market Equities Remain Attractive

Allocate to TIPS from Core Bonds

Reduce High Yield for Other Credit Strategies

Fund Emerging Local Debt from Risk Assets



Current Opportunities

Trim US Equity Gains

US markets have rallied significantly with low levels of earnings growth

A prolonged US economic expansion can support a continued rally for US equities despite elevated valuation levels

Expanding valuations have driven recent returns while corporate earnings weakness has been largely overlooked

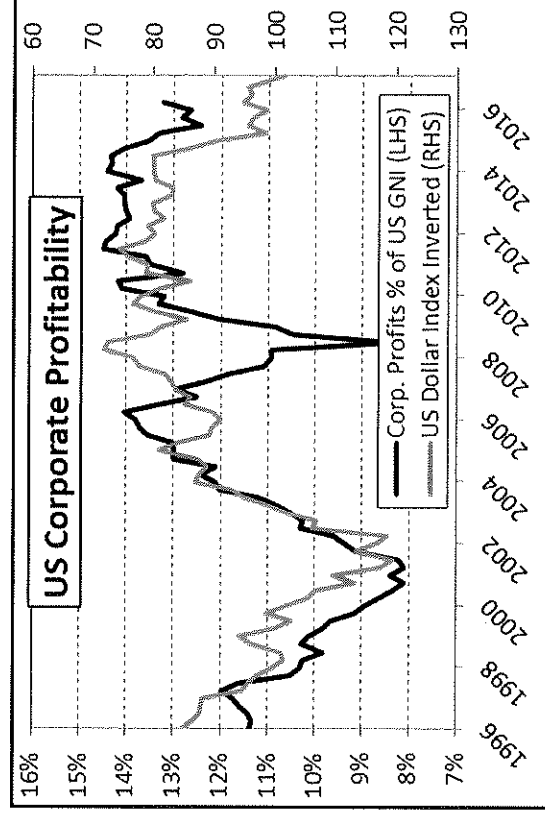
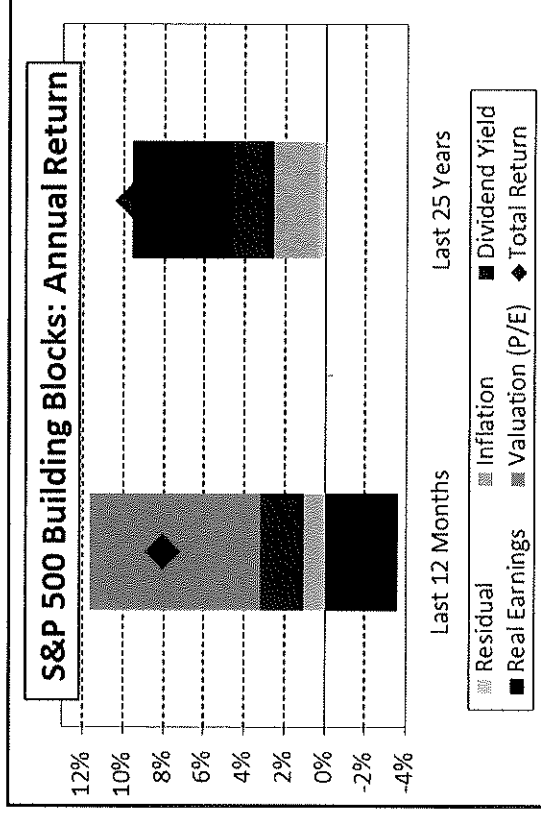
Corporate earnings are under pressure from a strong US dollar but profit margin declines could be offset by a reduction in tax rates

Look to reduce US equity exposure to fund global equity strategies

Investors with less benchmark sensitivity could use US equities as a funding source for emerging market local debt

US equities remain a viable funding source for private market commitments

Should US equity markets decline materially, look to rebalance to exploit market volatility



Source: (Top) Standard & Poors, Bloomberg, NEPC
Source: (Bottom) Bloomberg, FRED

Current Opportunities

Overweight Non-US Developed Market Equities

Europe and Japan carry risks but offer a meaningful return opportunity

Catalysts for outperformance are present with shareholder friendly actions in Japan and macroeconomic improvement in Europe

Central bank support and US dollar strength provide a positive economic backdrop as both the ECB and BoJ are likely to maintain accommodative monetary policies

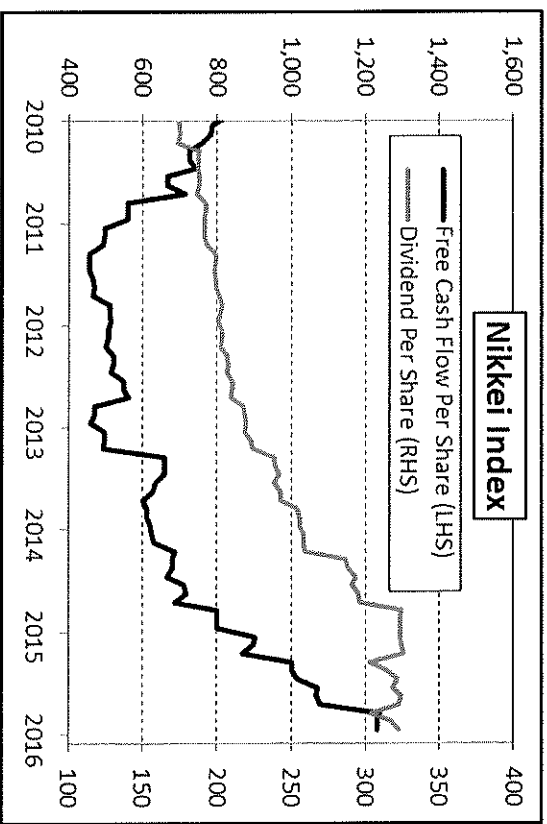
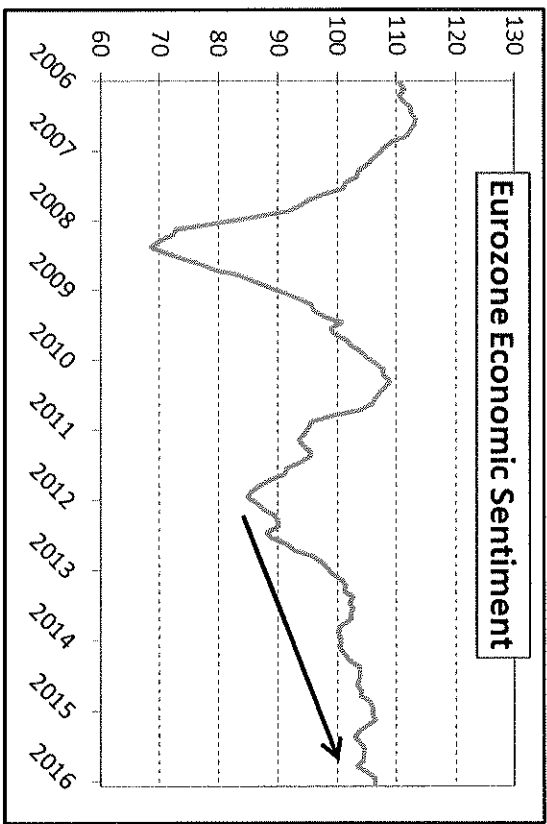
Anti-establishment political parties represent a tail-risk for the stability of the Eurozone with major elections across Europe in 2017

Recommend a gradual shift from the US to non-US equities as European elections are likely to generate volatility

Small-cap equity and global equity are preferred implementation approaches

These strategies offer the best opportunity to exploit valuation discrepancies among stocks across countries and sectors

Hedging a portion of non-US developed currency exposure remains a strategic goal



Source: (Top) European Commission, Bloomberg
Source: (Bottom) Bloomberg



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Current Opportunities

Emerging Market Equities Remain Attractive

Emerging equities offer the highest total return potential for investors

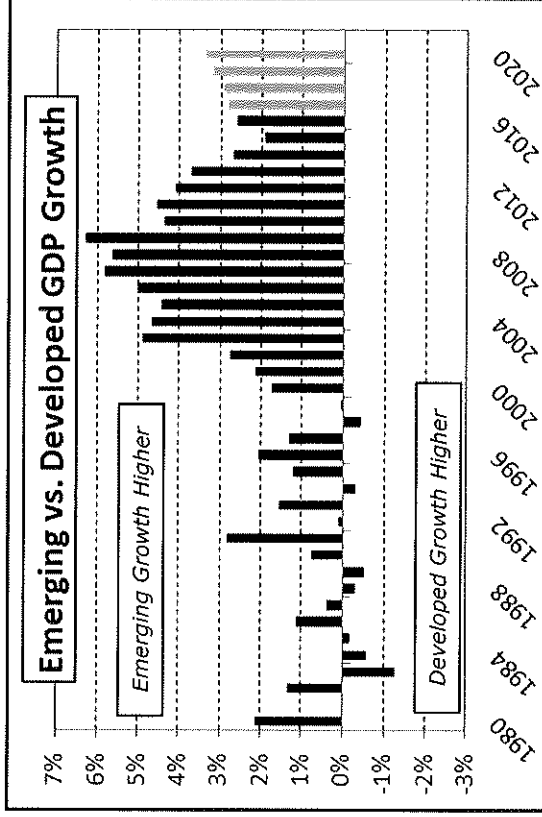
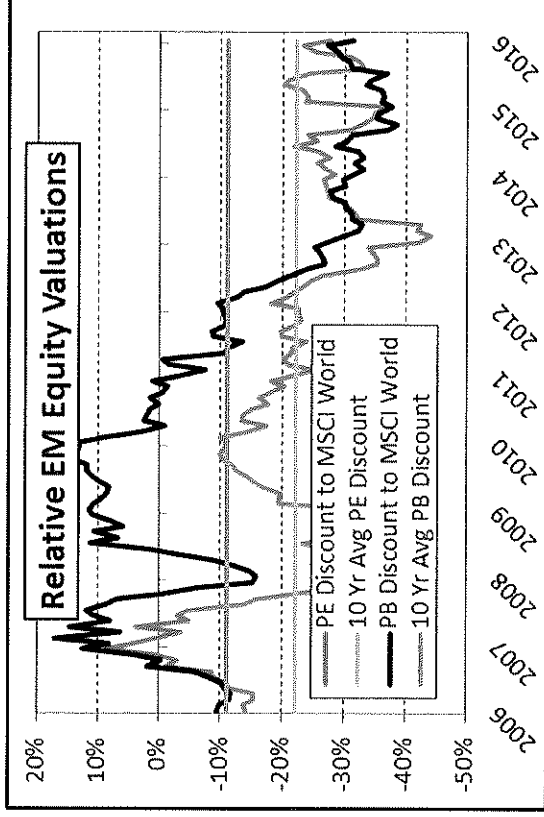
Valuation levels and long-term fundamentals suggest an overweight relative to global market cap weights (e.g. 15% to 20%)

China's depreciating currency, broad US dollar strength and US-Asia trade policy concerns temper our excitement

Growth premium relative to the developed world is advancing as emerging market economic conditions improve off fiscal and currency adjustments of recent years

Overweight small-cap and consumer focused strategies relative to broad benchmark mandates

Small-cap and emerging market consumer strategies offer a structural bias away from commodity exposures and state owned enterprises



Source: (Top) MSCI, Bloomberg
Source: (Bottom) IMF

Allocate to TIPS from Core Bonds

Preserve US duration exposure with a bias towards TIPS over core bonds

TIPS offer safe haven exposure with an explicit hedge for realized inflation and can be sourced with a low cost passive strategy

A meaningful allocation to TIPS diversifies core bond exposure and improves risk balance across economic environments

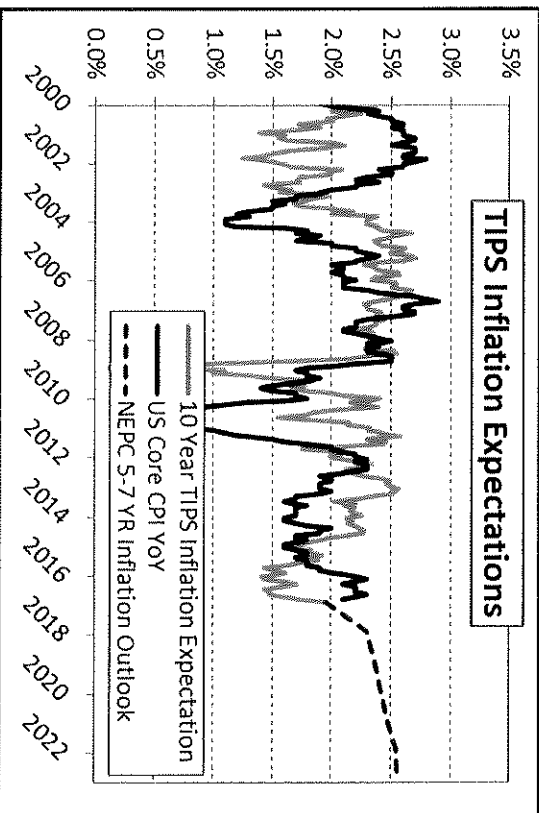
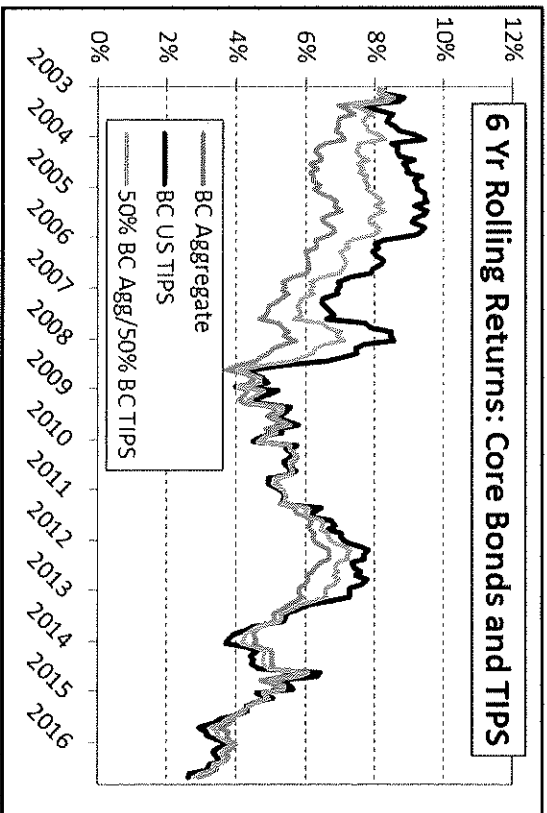
Despite concern of higher interest rates, duration exposure remains a critical asset allocation building block for a portfolio

Higher inflation expectations favor TIPS over nominal bonds

Rising inflation assumptions imbedded in fixed income markets are more likely to negatively impact nominal interest rates

TIPS yields are based on real rates and prices are sensitive to Fed tightening

Core bond yields include real rates and inflation expectations; prices are negatively impacted by increases in both



Source: (Top) Barclays, Bloomberg, NEPC
Source: (Bottom) Bureau of Labor Statistics, Bloomberg, NEPC

Current Opportunities

Reduce High Yield for Other Credit Strategies

Index aware high yield strategies enjoyed exceptional returns in 2016

Outsized credit spreads fell to historic median levels as the energy market and economic outlook improved in 2016

Extended US economic growth cycle supports positive returns and can push credit spreads below long-term levels

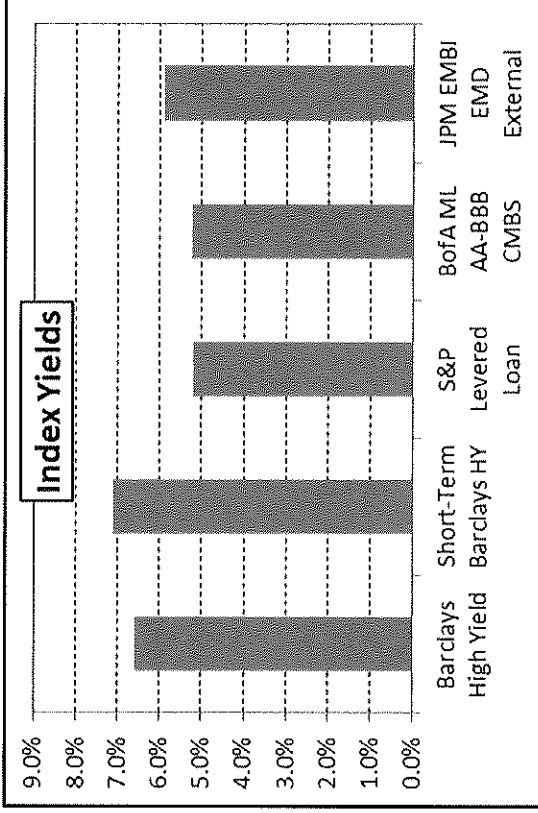
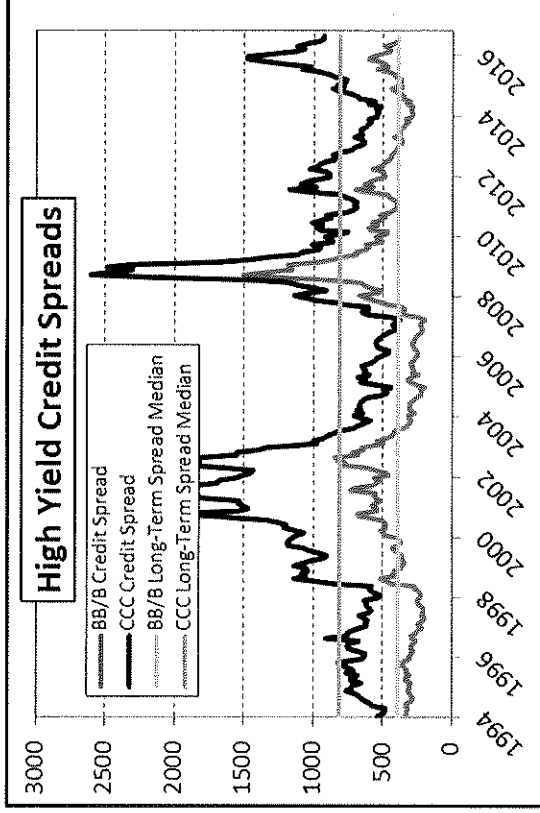
Credit markets continue to benefit from high demand in a low rate environment, but current spread levels are less compelling

Make use of other credit strategies to capture pockets of value

Bank loans and short duration high yield offer higher expected returns than high yield due to limited duration exposure

Security selection is critical as some credit sub-sectors such as structured credit provide a better return/risk profile

Credit focused multi-sector strategies can effectively allocate across credit markets to seek pockets of opportunity



Source: (Bottom) Barclays, Standard & Poors, BofA/ML, JP Morgan, Bloomberg
Source: (Top) Barclays, Bloomberg



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Current Opportunities

Fund Emerging Local Debt from Risk Assets

Emerging market local debt offers a compelling total return opportunity

High index yield provides a cushion to offset potentially high currency volatility

Valuations for many emerging market currencies are attractive following significant adjustments over the last five years

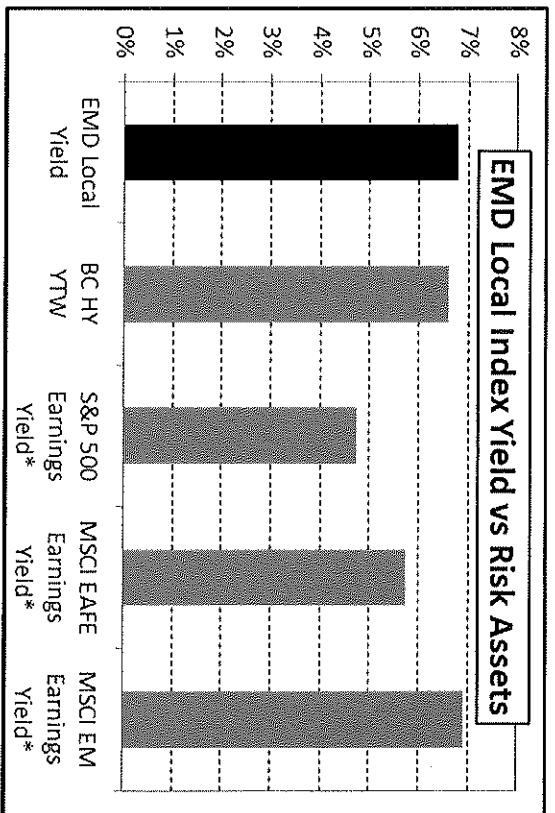
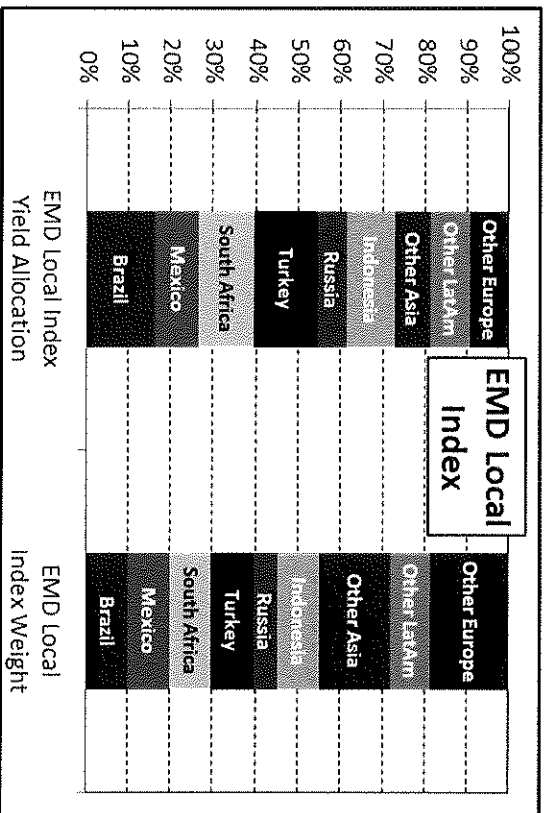
Country index weights in local debt are more globally distributed than in equity, mitigating regional risk concentrations

Shift a portion of risk assets exposure to emerging local debt

The volatility of EM local debt is equity-like due to the volatility of emerging currencies

Preferred implementation approach is a EM local debt strategy benchmarked to a global diversified index

Blended EMD strategies could be more appropriate for investors with a lower risk tolerance



Source: (Top) JP Morgan
*Earnings Yield measured as Inverse of trailing 12M P/E; Source: (Bottom) NEPC, Bloomberg

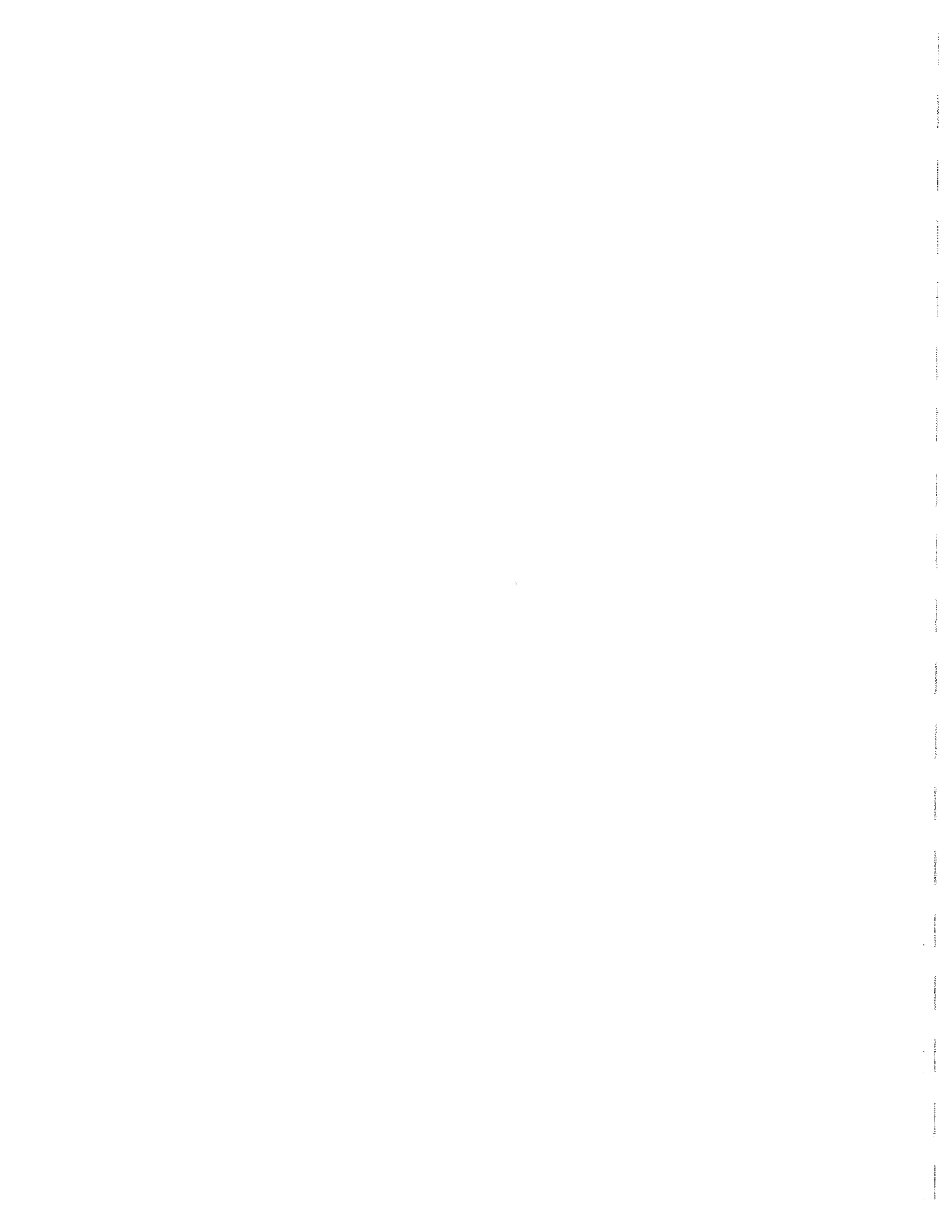


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Asset Class Assumptions



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2017 5-to-7 Year Return Forecasts

Geometric Expected Return

Asset Class	2016	2017	2017-2016
Cash	1.50%	1.75%	0.25%
Treasuries	1.75%	2.00%	0.25%
IG Corp Credit	3.75%	3.75%	-
MBS	2.00%	2.25%	0.25%
Core Bonds*	2.46%	2.65%	0.19%
TIPS	2.50%	3.00%	0.50%
High-Yield Bonds	5.25%	4.75%	-0.50%
Bank Loans	5.50%	5.25%	-0.25%
Global Bonds (Unhedged)	1.00%	1.00%	-
Global Bonds (Hedged)	1.09%	1.09%	-
EMD External	4.75%	4.75%	-
EMD Local Currency	6.50%	6.75%	0.25%
Large Cap Equities	6.00%	5.75%	-0.25%
Small/Mid Cap Equities	6.25%	6.00%	-0.25%
Int'l Equities (Unhedged)	7.25%	7.25%	-
Int'l Equities (Hedged)	7.57%	7.57%	-
Emerging Int'l Equities	9.75%	9.50%	-0.25%
Private Equity	8.50%	8.25%	-0.25%
Private Debt	7.50%	7.25%	-0.25%
Real Estate	6.50%	6.00%	-0.50%
Commodities	4.50%	4.75%	0.25%
Hedge Funds**	5.75%	5.95%	0.20%

* Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).

** Hedge Funds is a calculated blend of 40% Equity, 40% Credit, 20% Macro-related strategies.



NEPC, LLC

2017 30-Year Return Forecasts

Geometric Expected Return

Asset Class	2016	2017	2017-2016
Cash	3.00%	3.00%	-
Treasuries	3.25%	3.50%	0.25%
IG Corp Credit	5.00%	5.00%	-
MBS	3.50%	3.50%	-
Core Bonds*	3.89%	4.00%	0.11%
TIPS	4.00%	3.75%	-0.25%
High-Yield Bonds	5.75%	5.75%	-
Bank Loans	6.00%	6.00%	-
Global Bonds (Unhedged)	2.75%	2.75%	-
Global Bonds (Hedged)	2.87%	2.87%	-
EMD External	6.00%	5.75%	-0.25%
EMD Local Currency	6.50%	6.50%	-
Large Cap Equities	7.50%	7.50%	-
Small/Mid Cap Equities	7.75%	7.75%	-
Int'l Equities (Unhedged)	8.00%	7.75%	-0.25%
Int'l Equities (Hedged)	8.39%	8.14%	-0.25%
Emerging Int'l Equities	9.50%	9.50%	-
Private Equity	9.50%	9.50%	-
Private Debt	8.00%	8.00%	-
Real Estate	6.50%	6.50%	-
Commodities	5.50%	5.50%	-
Hedge Funds**	6.50%	6.47%	-0.03%

* Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).

** Hedge Funds is a calculated blend of 40% Equity, 40% Credit, 20% Macro-related strategies.

2017 Volatility Forecasts

Asset Class	Volatility		
	2016	2017	2017-2016
Cash	1.00%	1.00%	-
Treasuries	5.50%	5.50%	-
IG Corp Credit	7.50%	7.50%	-
MBS	7.00%	7.00%	-
Core Bonds*	6.03%	6.03%	-
TIPS	6.50%	6.50%	-
High-Yield Bonds	13.00%	13.00%	-
Bank Loans	9.00%	9.00%	-
Global Bonds (Unhedged)	8.50%	8.50%	-
Global Bonds (Hedged)	5.00%	5.00%	-
EMD External	13.00%	13.00%	-
EMD Local Currency	15.00%	15.00%	-
Large Cap Equities	17.50%	17.50%	-
Small/Mid Cap Equities	21.00%	21.00%	-
Int'l Equities (Unhedged)	21.00%	21.00%	-
Int'l Equities (Hedged)	18.00%	18.00%	-
Emerging Int'l Equities	27.00%	28.00%	1.00%
Private Equity	23.00%	23.00%	-
Private Debt	15.00%	14.00%	-1.00%
Real Estate	15.00%	15.00%	-
Commodities	19.00%	19.00%	-
Hedge Funds**	9.00%	8.74%	-0.26%

* Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).
 ** Hedge Funds is a calculated blend of 40% Equity, 40% Credit, 20% Macro-related strategies.



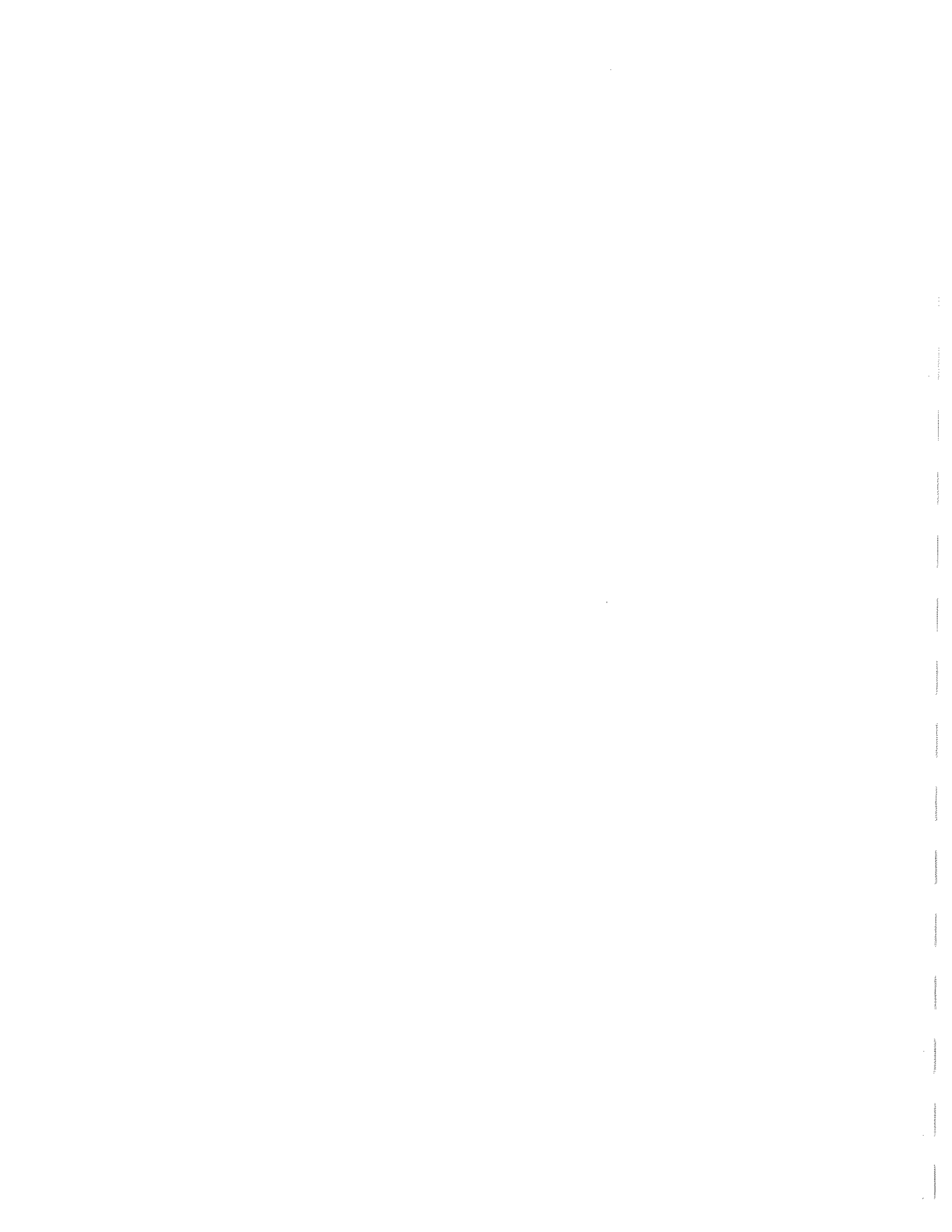
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Belmont Portfolio Construction



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- **Based on NEPC's 2017 asset class assumptions, the 5-7 year returns are lower relative to 2016 and 30 year returns difference is minimal**
 - Return expectations across asset classes remain muted relative to longer-term history
- **The Belmont Retirement System target asset allocation remains diversified and reflective of current market opportunities**
 - The public equity portfolio is positioned to help achieve the Plan's target return (7.50%)
 - The equity portfolio is overweight domestic equity relative to international/emerging equity relative to the global equity markets (MSCI ACWI IMI)
 - Global asset allocation portfolio is positioned to diversify away from equity risk/provide inflation protection
 - We continue to believe incremental increases to private equity offer long-term benefits to the portfolio
- **Hedge Fund Portfolio**
 - The Retirement Board asked NEPC to evaluate the role of hedge funds in Belmont's pension plan
 - Belmont's hedge fund allocation (PRIM) seeks to enhance the Plan's risk/return profile through generating returns that are negatively correlated to broad markets during periods of volatility
 - NEPC profiled two asset mixes reducing the Plan's hedge fund allocation



Belmont Asset Allocation Policy Target: 2017 v. 2016

Asset Class	Belmont Target
Large Cap Equities	23.0%
Small/Mid Cap Equities	5.0%
Int'l Equities (Unhedged)	8.0%
Emerging Int'l Equities	4.0%
Total Equity	40.0%
Core Bonds	10.0%
Global Multi-sector	11.0%
Total Fixed Income	21.0%
Real Estate (Core)	12.0%
Private Equity	7.0%
Hedge Funds	10.0%
Total Alternatives	29.0%
Global Asset Allocation	10.0%
Total Multi Asset	10.0%
Total	100.00%

	2016 Expected 5-7 Yr. Return	2017 Expected 5-7 Yr. Return	Difference
	6.00%	5.75%	-0.25%
	6.25%	6.00%	-0.25%
	7.25%	7.25%	0.00%
	9.75%	9.50%	-0.25%
	--	--	--
	2.46%	2.65%	0.19%
	4.28%	4.31%	0.03%
	--	--	--
	6.50%	6.00%	-0.50%
	8.50%	8.25%	-0.25%
	5.75%	5.95%	0.20%
	--	--	--
	6.56%	6.55%	-0.01%
	--	--	--

Expected Return 5-7 yrs	6.40%	6.29%	-0.11%
Expected Return 30 yrs	7.40%	7.39%	-0.01%
Standard Dev	11.74%	11.84%	0.10%
Sharpe Ratio (5-7 years)	0.42	0.38	-0.04

* Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).
 ** Hedge Funds is a calculated blend of 40% Equity, 40% Credit, 20% Macro-related strategies.



2017 Belmont Proposed Asset Allocation Mixes

Asset Class	Belmont Target		Mix A	Mix B
	Target			
Large Cap Equities	23.00%		23.00%	24.00%
Small/Mid Cap Equities	5.00%		5.00%	5.00%
Int'l Equities (Unhedged)	8.00%		10.00%	11.00%
Emerging Int'l Equities	4.00%		5.00%	5.00%
Total Equity	40.00%		43.00%	45.00%
Core Bonds	10.00%		10.00%	10.00%
Global Multi-Sector Fixed Income	11.00%		11.00%	11.00%
Total Fixed Income	21.00%		21.00%	21.00%
Real Estate (Core)	12.00%		12.00%	12.00%
Private Equity	7.00%		7.00%	7.00%
Hedge Funds	10.00%		7.00%	5.00%
Total Alternatives	29.00%		26.00%	24.00%
Global Asset Allocation	10.00%		10.00%	10.00%
Total Multi Asset	10.00%		10.00%	10.00%
Total	100.00%		100.00%	100.00%
Expected Return 5-7 yrs	6.29%		6.37%	6.39%
Expected Return 30 yrs	7.39%		7.47%	7.50%
Standard Dev	11.84%		12.20%	12.39%
Sharpe Ratio (5-7 years)	0.38		0.38	0.37

*MSCI ACWI IMI represents global equity markets - US equity (50%), international equity (40%), emerging equity (10%)

Mix A

- Reduces hedge funds to 7% and increases global equity to 43%; 28% domestic equity/15% international/emerging equity
- Increases the Plan's long-term expected performance (7.47% vs. 7.39%)/increases volatility (12.2% vs. 11.8%)
- Aligns the Plan's global equity exposure in line with global equity markets*
- Sharpe ratio remains unchanged

Mix B

- Reduces hedge funds to 5% and increases global equity to 45%; 29% domestic equity/16% international/emerging equity
- Increases the Plan's long-term performance (7.50% vs. 7.39%)/increases volatility (12.4% vs. 11.8%)
- Aligns the Plan's global equity exposure in line with global equity markets*
- Sharpe ratio change is minimal

Observations

- Mix A & Mix B increase the Plan's long-term expected return with a corresponding increase in volatility
- Mix A & Mix B increase the Plan's public equity risk
- Mix A & Mix B improve liquidity
- Mix A & Mix B may potentially reduce investment management fees

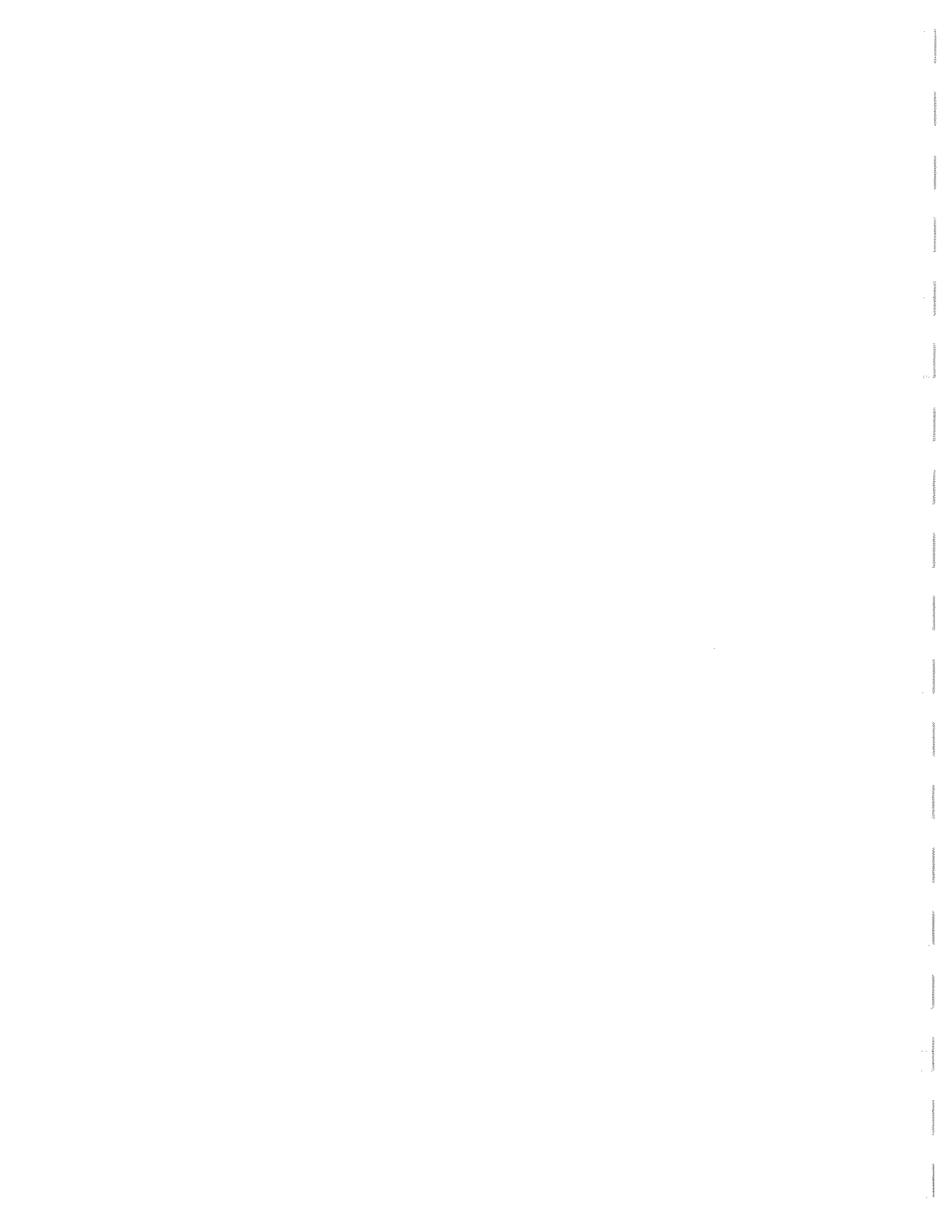


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Appendix



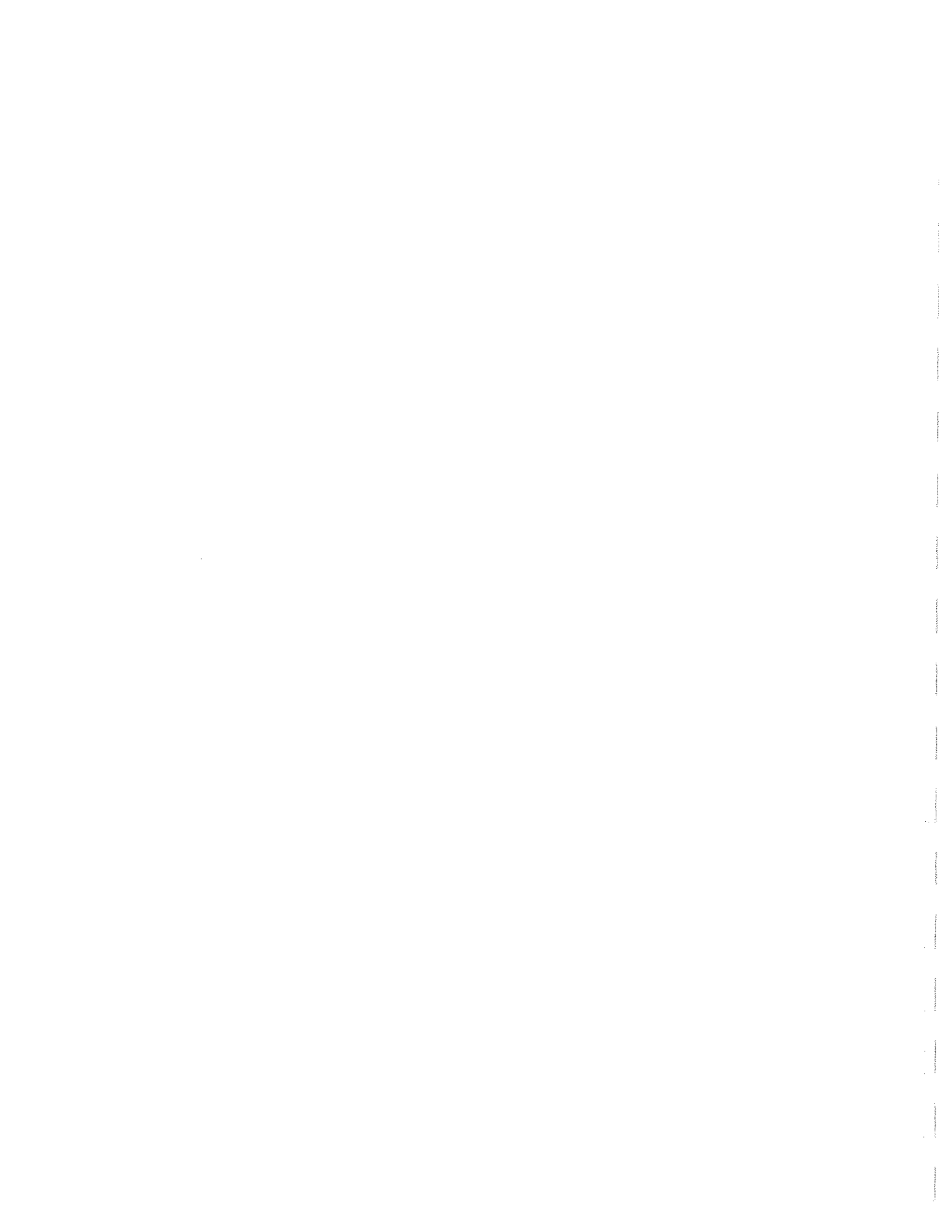
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Hedge Funds



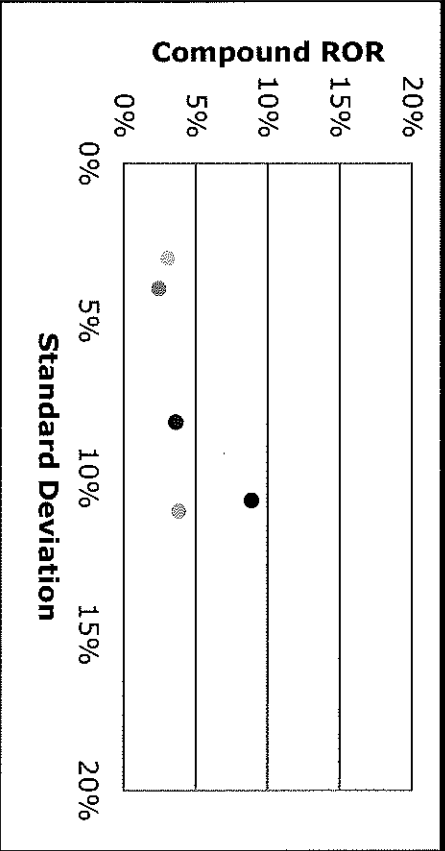
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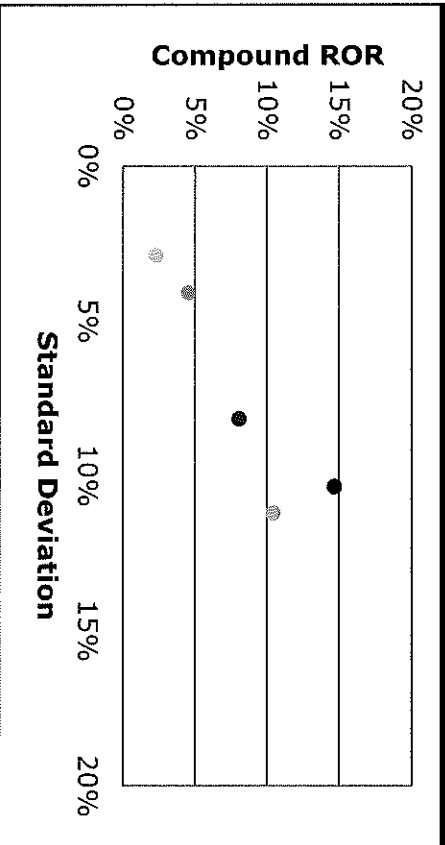
Risk-Return Comparison

● HFRI Composite ● S&P 500 ● MSCI World ● Barclays Agg ● 60/40 Stock/Bond Portfolio

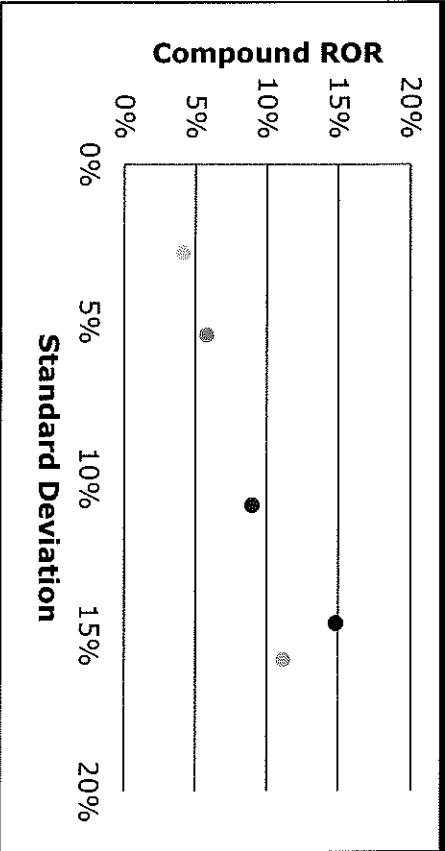
3 year



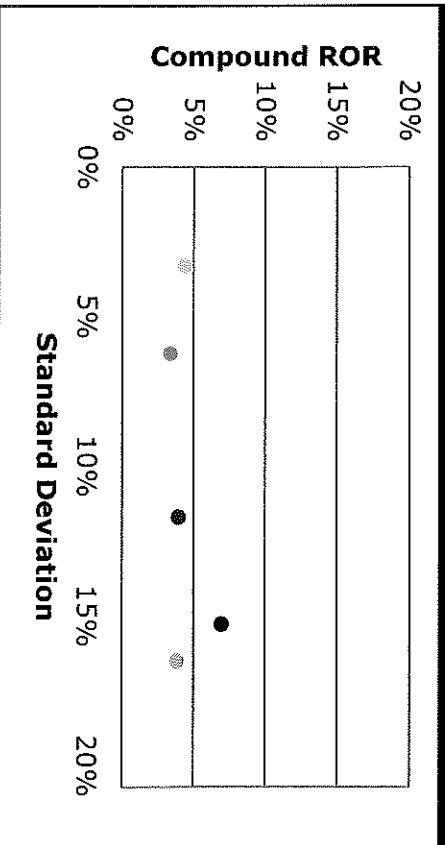
5 year



7 year



10 year



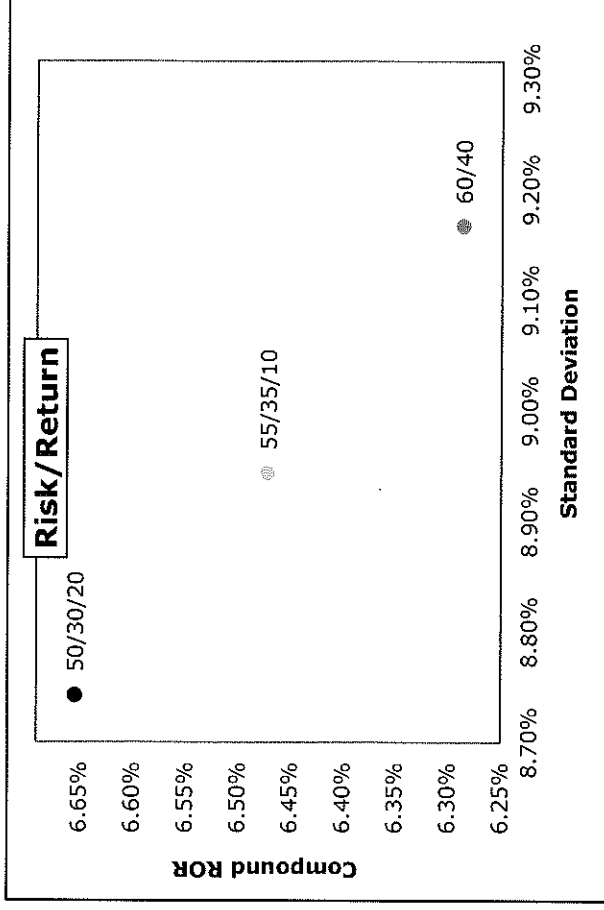
Source: eVestment, HFR Database as of 12/31/2016
 60/40 Stock/Bond Portfolio represents 60% MSCI World and 40% Barclays Aggregate
 Past performance is no guarantee of future results



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Correlation and Portfolio Diversification Benefits

Historical Correlation	HFRF Fund Weighted Composite Index	Credit Suisse Hedge Fund Index
S&P 500	0.76	0.57
MSCI World	0.80	0.60
Barclays Agg	0.02	0.16
BofA ML HY	0.64	0.53
HFRF Fund Weighted Composite	1.00	0.83
Credit Suisse Hedge Fund Index	0.83	1.00



Portfolio compositions reflect monthly-rebalanced allocations to MSCI World, Barclays Aggregate Bond Index and HFRF Fund Weighted Composite Index respectively (i.e. 60/40 is 60% MSCI World, 40% Barclays Aggregate)

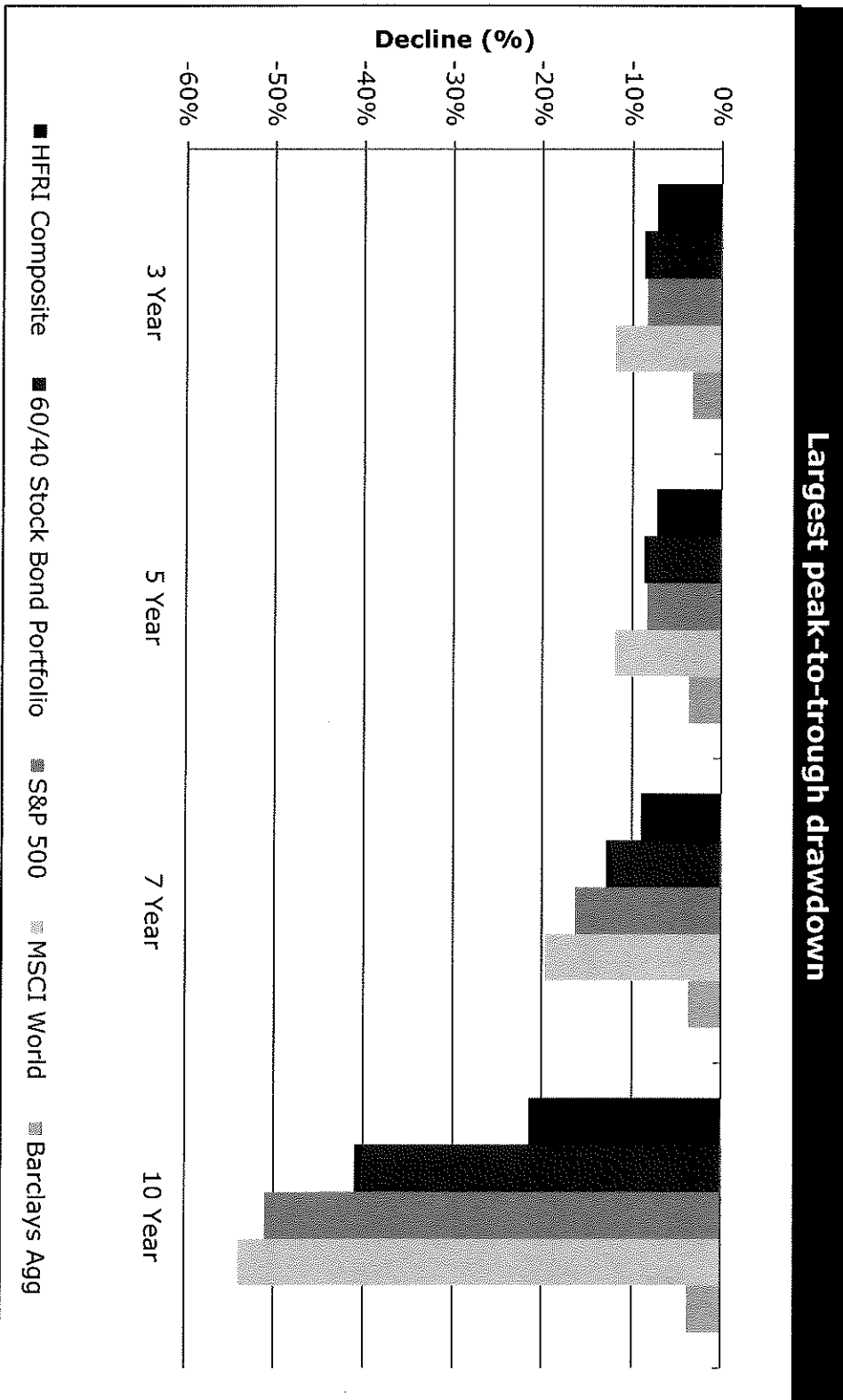
- **Over the long-term, hedge funds have demonstrated lower correlation to traditional asset classes**
 - Higher correlation to equities for HFRF Fund Weighted Composite (FWC) Index reflective of increased exposure to equity strategies
- **Incorporating hedge funds into an investment portfolio has historically aided in reducing volatility while preserving and/or improving return**

Sources: eVestment, HFR, Credit Suisse, data calculated from 1/31/1994 through 12/31/2016
Past performance is no guarantee of future results



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Hedge funds have preserved capital effectively during large drawdown periods



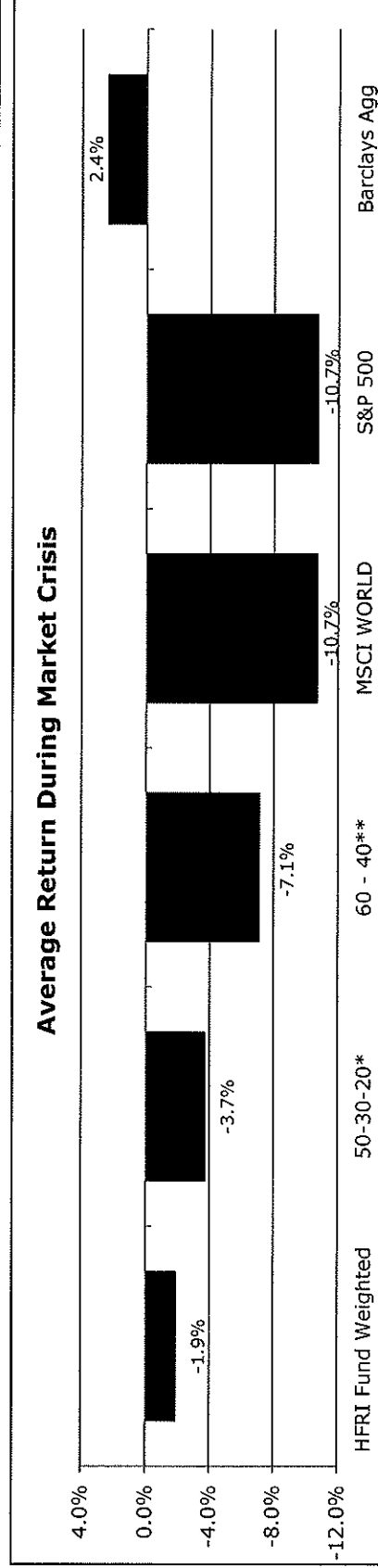
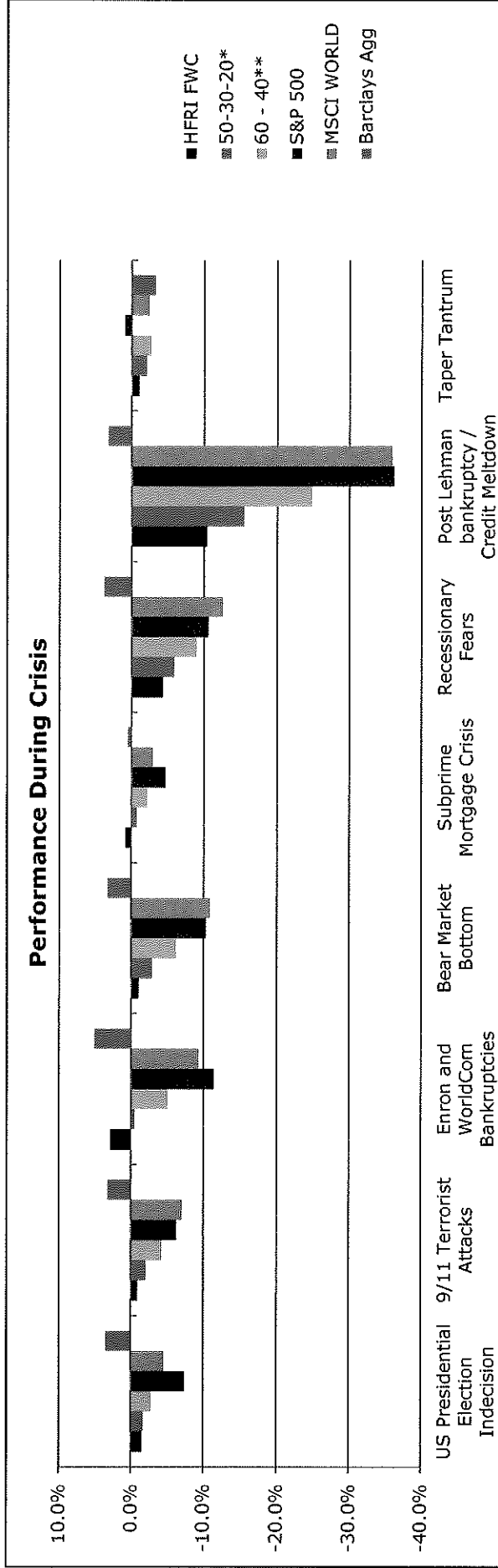
Source: eVestment, HFR, as of 12/31/2016
 60/40 Stock Bond Portfolio represents 60% MSCI World and 40% Barclays Aggregate
 Past performance is no guarantee of future results



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Hedge Funds during crisis

- Historically, hedge funds have effectively preserved capital during market crisis



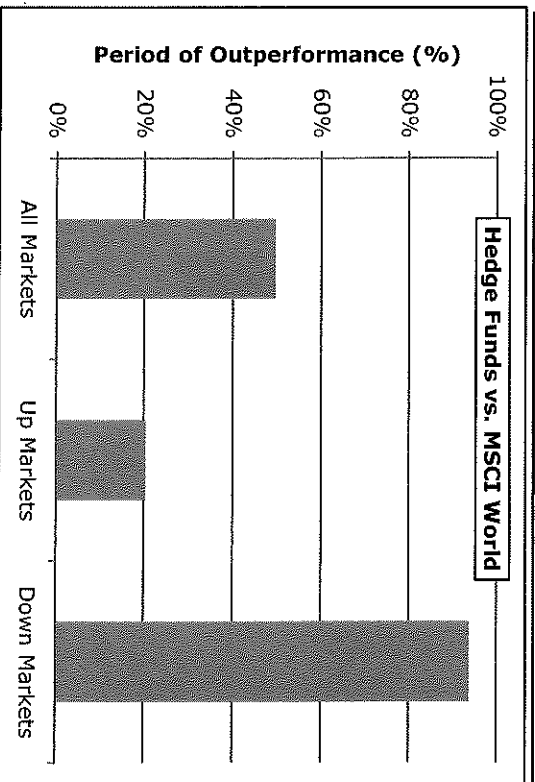
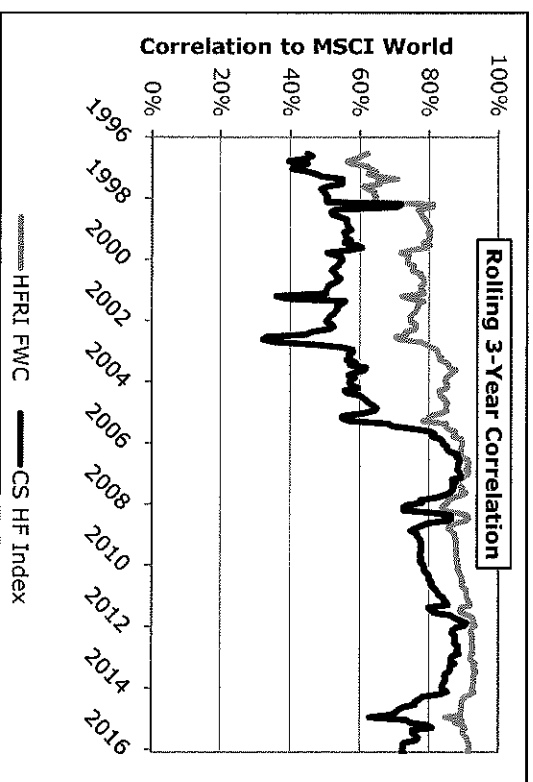
*50-30-20 represents a portfolio of 50% MSCI World 30% Barclays Agg and 20% HFRI Fund Weighted Composite
 **60-40 represents a portfolio of 60% MSCI World and 40% Barclays Aggregate
 Past performance is no guarantee of future results



Diversification Benefits and Downside Protection

- **Correlations of hedge funds to equities have steadily increased over time**
 - Individual strategies may be able to provide lower correlations
- **A focus on only correlation ignores the magnitude of returns**
- **While hedge funds may be down at the same time equities are down, they outperform equities 90% of the time in down markets**
 - This protection is critical to preservation of capital
 - Provide diversification when needed though it does not necessarily show up in correlation statistics
- **Conversely, hedge funds have and are expected to underperform equities in rising markets**

Sources: eVestment, HFR, as of 12/31/2016
 Past performance no guarantee of future results.



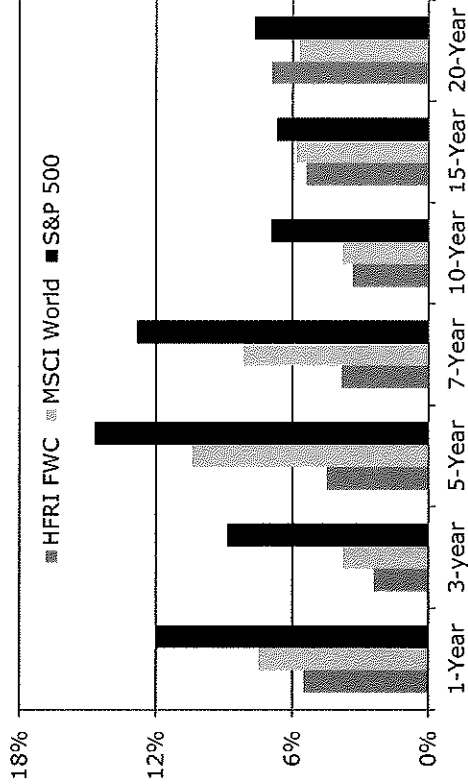
Note: HFR1 Fund Weighted Composite compared to MSCI World since inception of the HFR1 index in Jan 1990



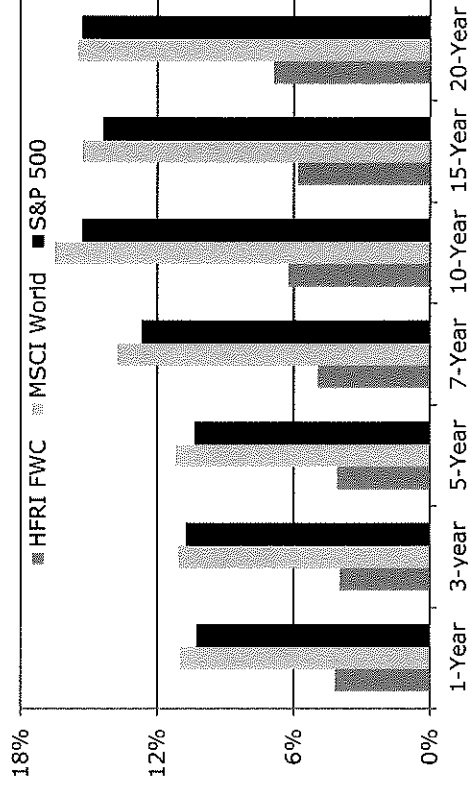
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Risk-Adjusted Return Considerations

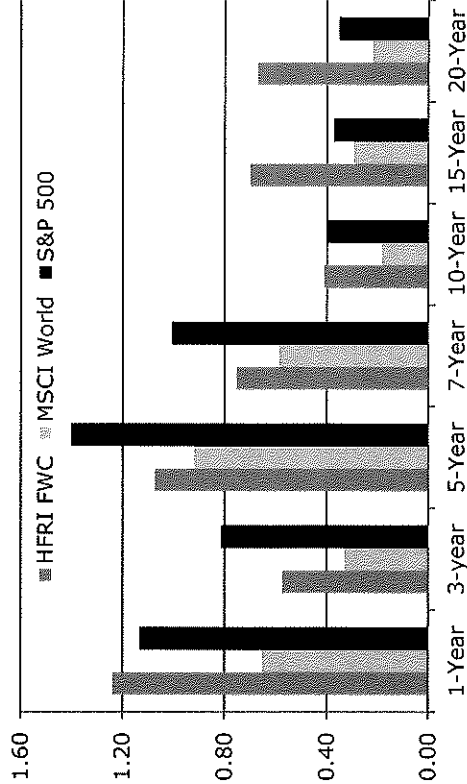
Annualized Rate of Return



Annualized Standard Deviation



Sharpe Ratio



Compensation for Risk

- Over longer-term periods hedge funds generated equity-like returns while consistently exhibiting lower volatility than equity markets
- Pre-Global Financial Crisis, hedge funds generated stronger risk-adjusted returns relative to equity markets as measured by the Sharpe ratio

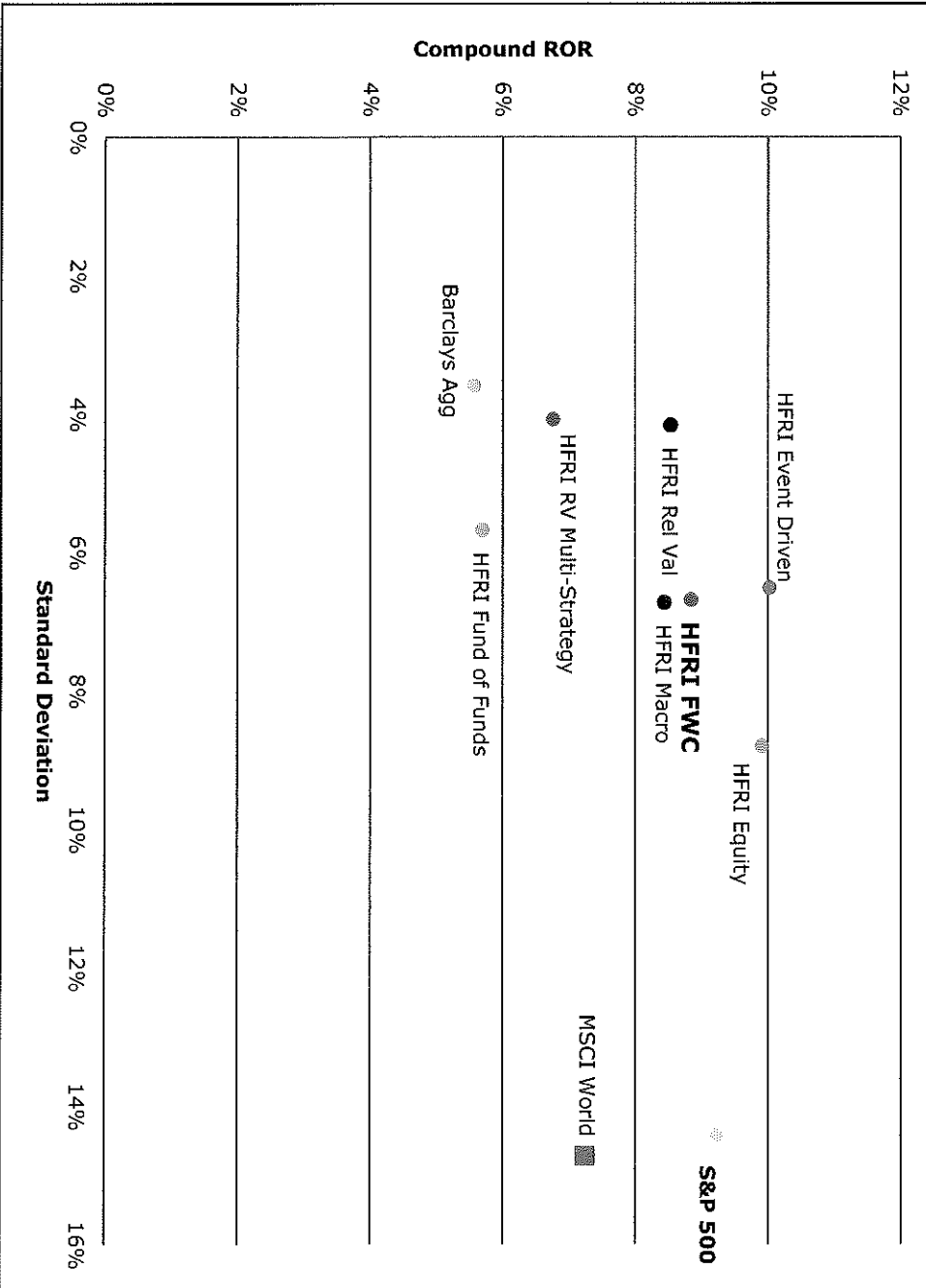
Sources: eVestment, HFR, 1/31/1990 through 12/31/2016; Sharpe Ratio calculated with 3-month T-Bill as risk-free rate; Past performance is no guarantee of future results



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Risk/Return Characteristics of Sub-Strategies

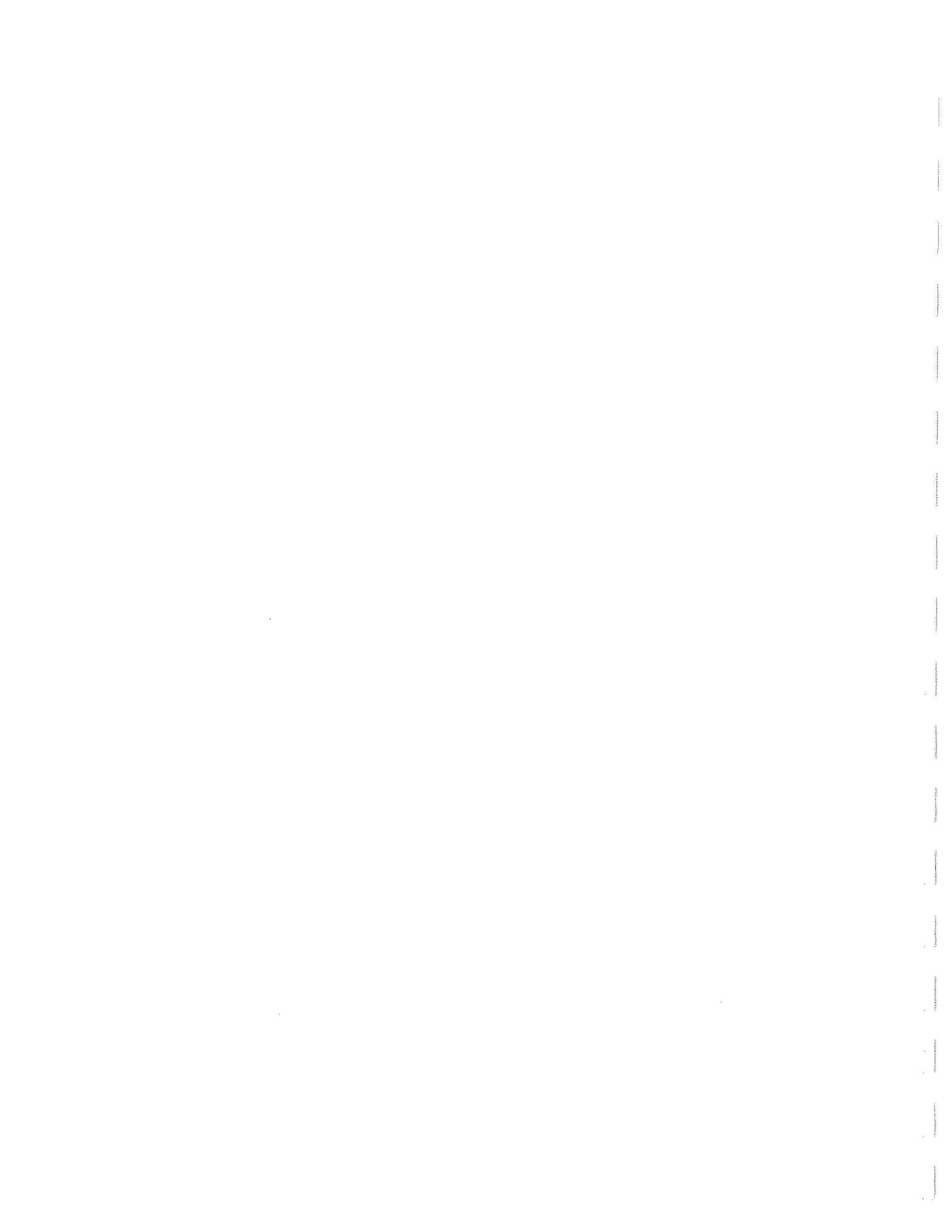
Historical Risk/Return – January 1993 to December 2016



Source: Pertrac, HFR Database from 1/31/1993 through 12/31/2016
 Past performance is no guarantee of future results



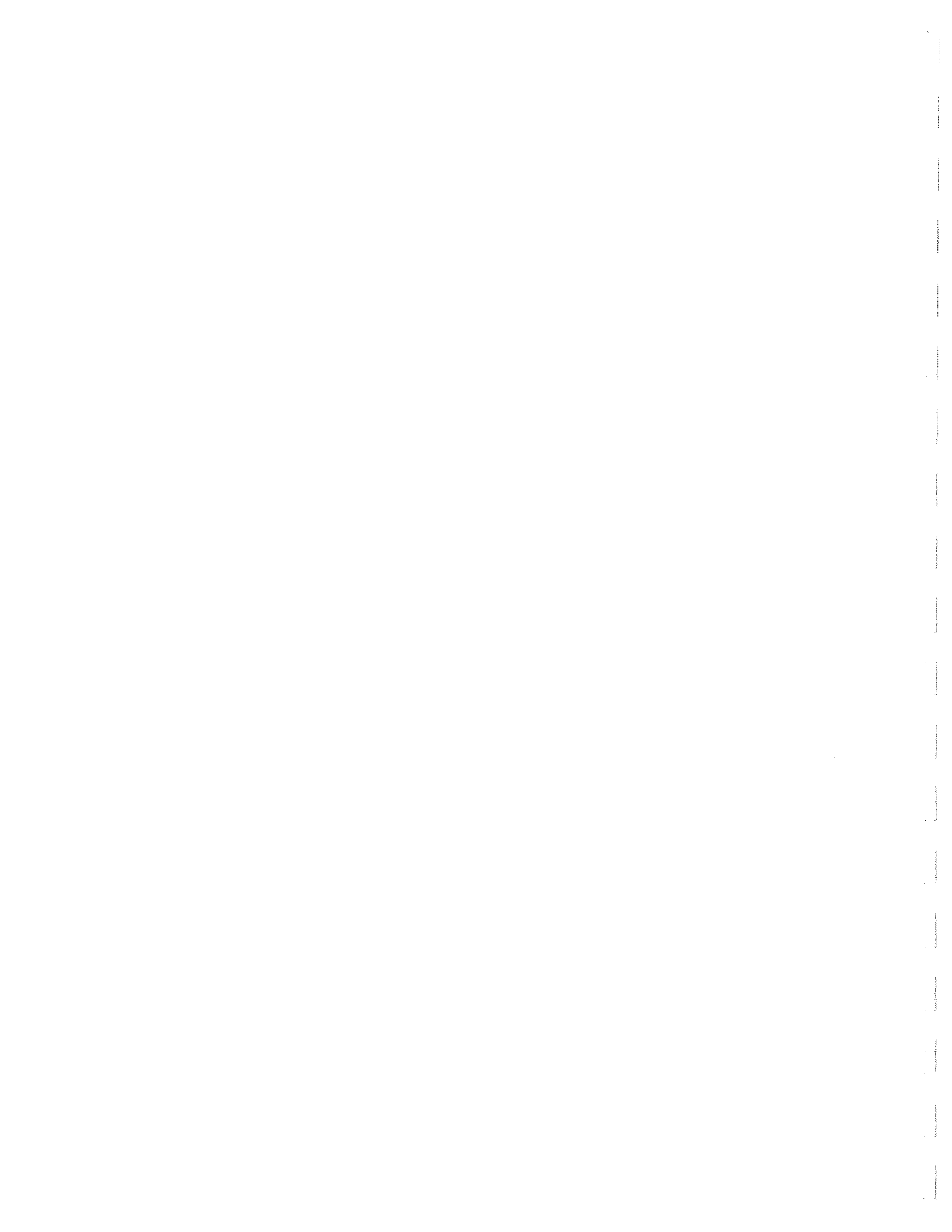
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Asset Class Assumptions Development



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We use market data for all asset class assumptions as of November 30th

Assumptions combine historical data and forward looking analysis

Expected returns based on current market pricing and forward looking estimates

Volatility informed by history but adjusted to reflect non-normality

Correlations based on long-term data but recognize ongoing shifts in asset relationships

Forward-looking asset class models to determine expected return are based on current market pricing and a building blocks approach

Expected return equals yield plus change in price (valuation, roll down, defaults, etc.)

Country/regional inflation and real growth estimates are key economic observations

Qualitative inputs and investor sentiment (capital flows, etc.) inform the return outlook

Asset class assumptions are prepared by the Asset Allocation Committee

Asset Allocation team plus members from consulting practice groups meet to develop ideas for Key Market Themes, Strategic Policy Actions, and Current Opportunities

Partners Research Committee approves asset class assumptions

We continue to refine our assumptions process where appropriate and changes are evolutionary rather than revolutionary

Separated the asset class assumption for private real assets into two categories; energy/metals and infrastructure/land

Draws a more clear distinction between the volatility and return profile of the two assets

Energy/metals reflects the higher volatility of the underlying commodity input

Infrastructure/land reflects the lower volatility of infrastructure, timber, and farmland

Refined our equity models to reflect market specific growth and inflation building blocks for each equity asset class

Building blocks are constructed from country growth and inflation inputs derived from the allocation of revenues across geographic regions

International equity models expanded to include both a top-down index view and bottom-up country models based upon underlying country index weights

Broadened our global bond country list to reflect a wider range of potential index exposures for both developed and emerging markets

Global fixed income model now captures more than 30 local interest rate markets

Our outlook for US CPI is 2.5% over 5-7 years and 2.75% over 30 years

Our assumption is informed by break-even inflation expectations and local price indices

Inflation is an integral component of our asset allocation assumptions

Represents an essential building block for creating asset class returns

There are multiple inflation sources used to inform our asset class views

Includes forecasts from international organizations (e.g. IMF), local consumer and producer price indices, and break-even inflation expectations

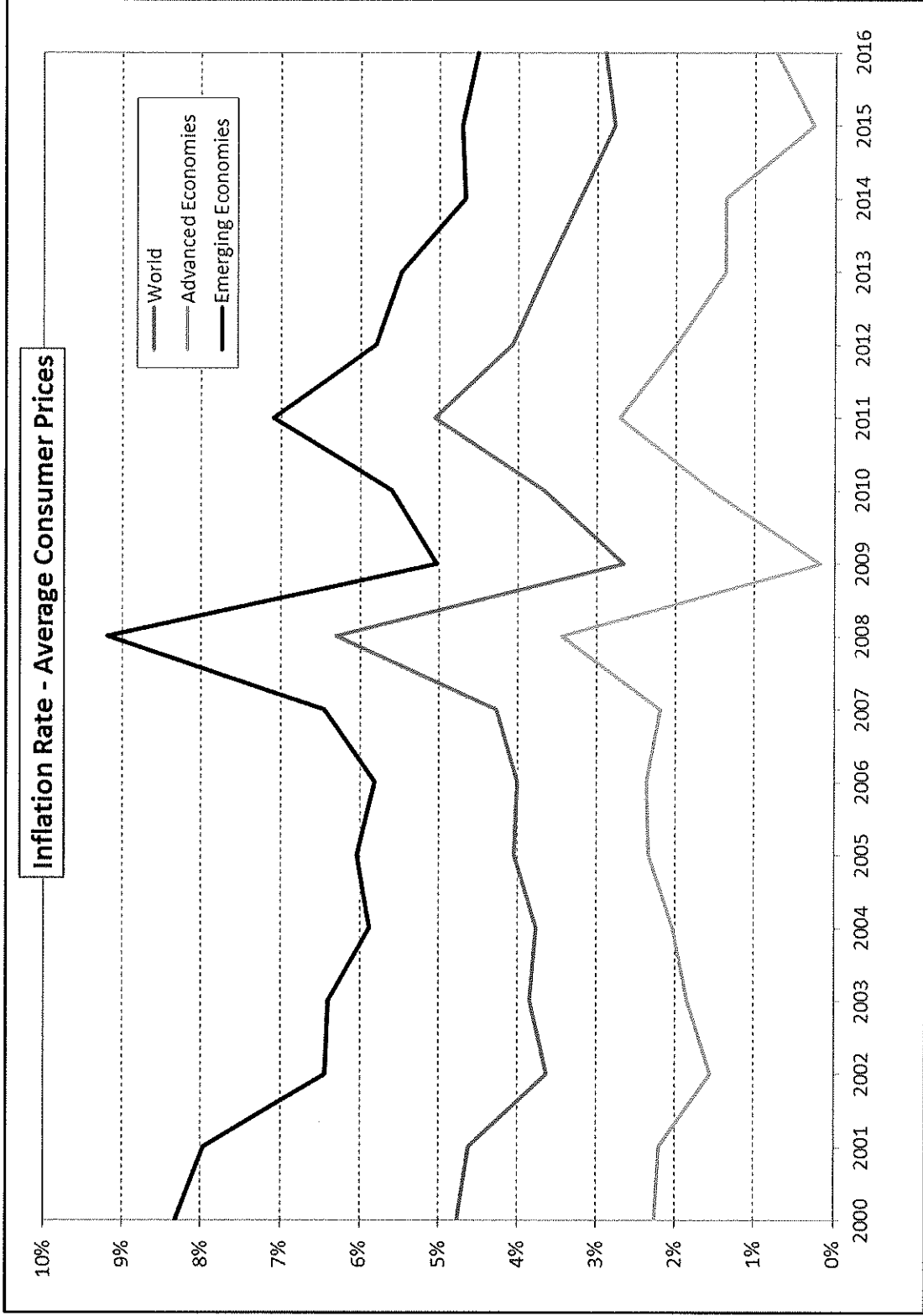
Asset classes include various inflation inputs incorporating global inflation data and/or local market inputs

Equity inflation expectations over 5-7 years are each constructed from country inflation inputs derived from the allocation of revenues across geographic regions

Over 30 years we assume equity markets will converge to a global inflation building block that assumes a terminal value of 3.25%

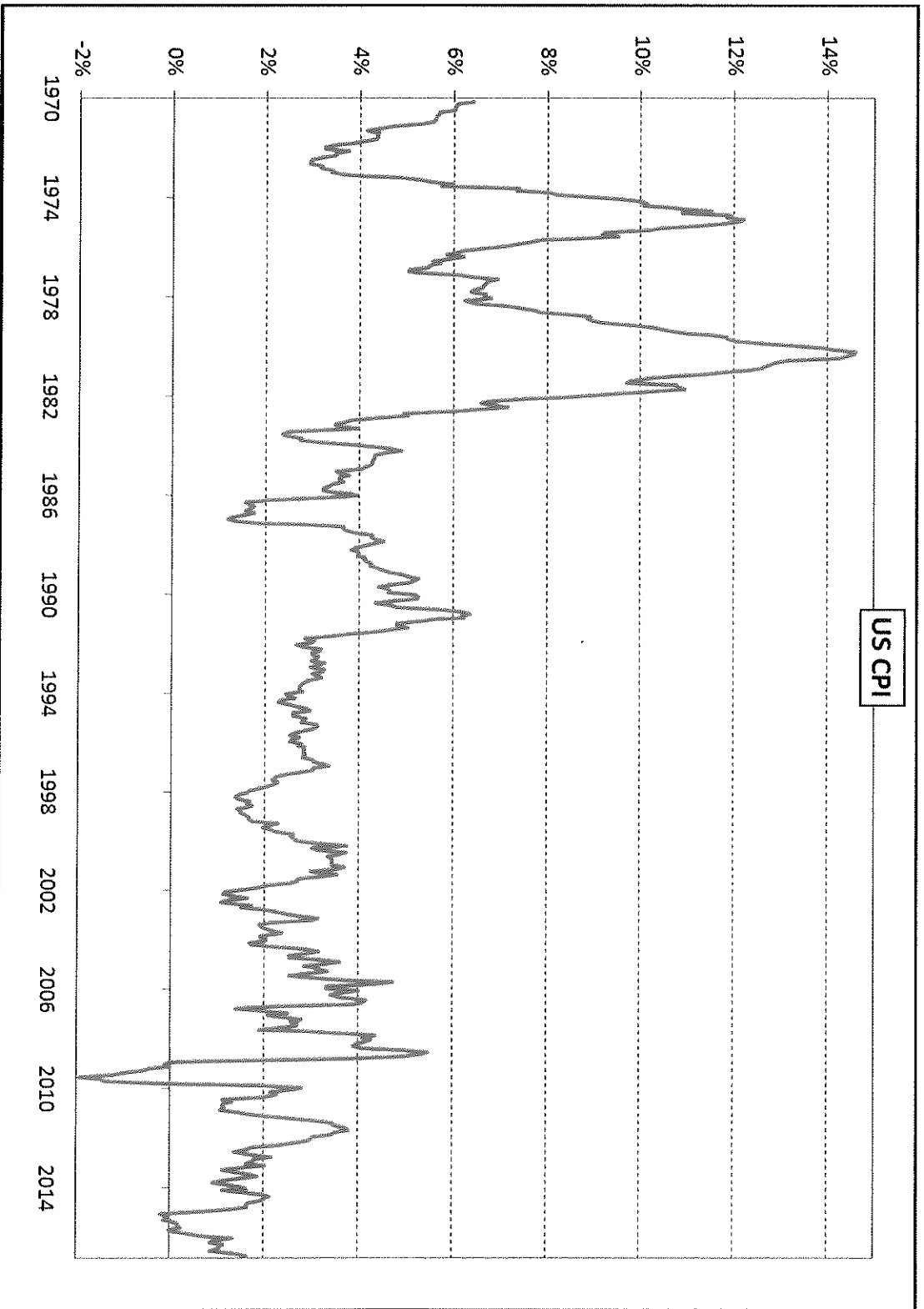
Fixed income assumptions for developed and emerging markets incorporate country specific inflation expectations as implied by forward interest rate curves

Global Inflation Forecasts



Source: IMF, Bloomberg

Realized US Inflation Remains Relatively Low

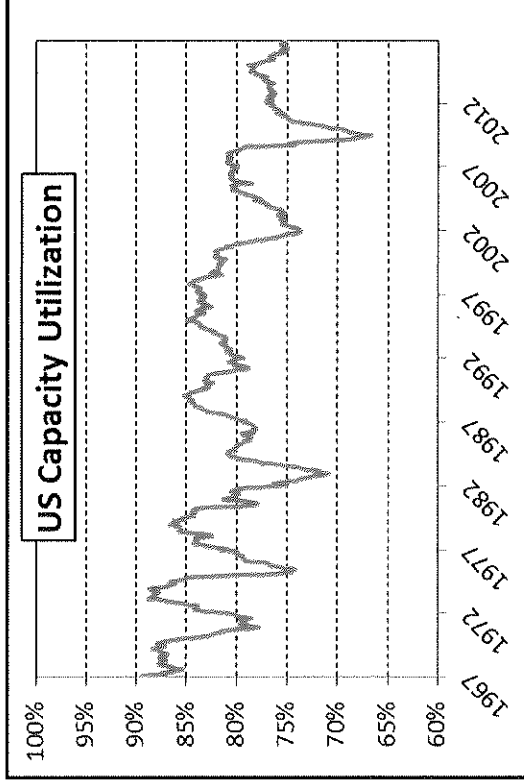
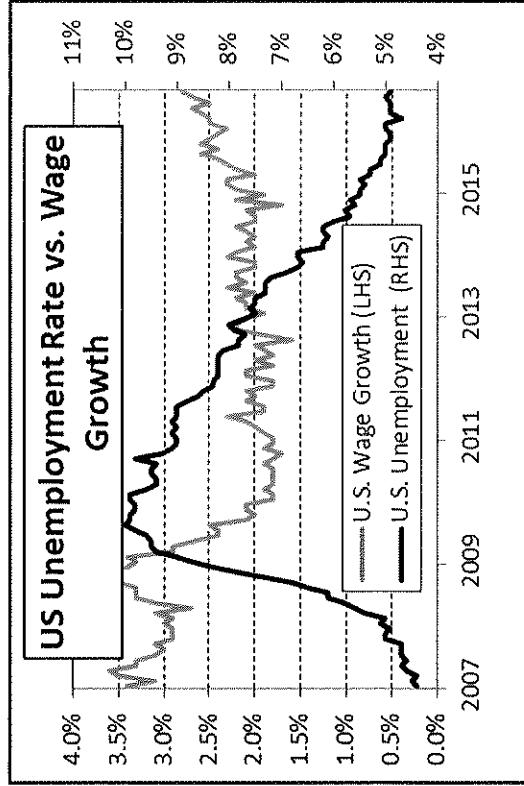
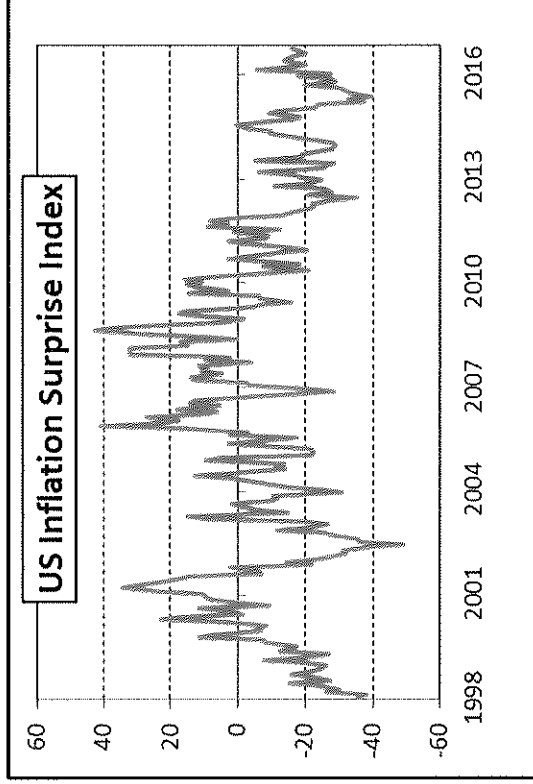
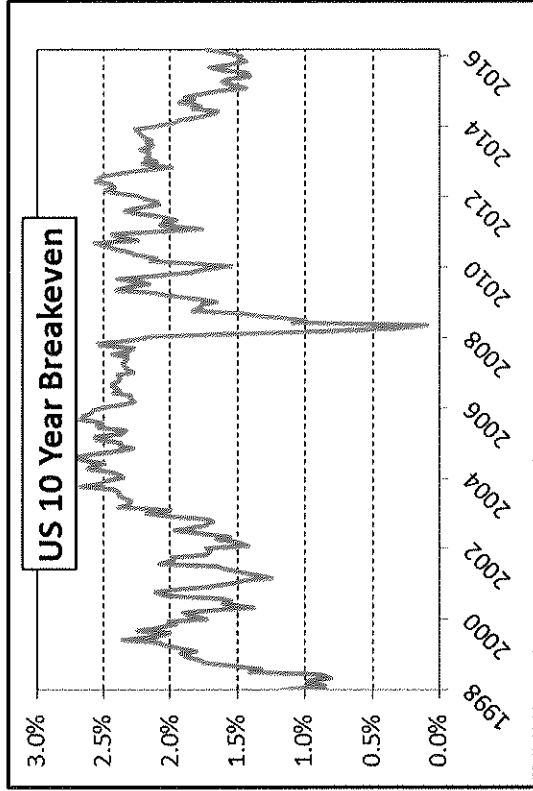


Source: Bureau of Labor Statistics, Bloomberg

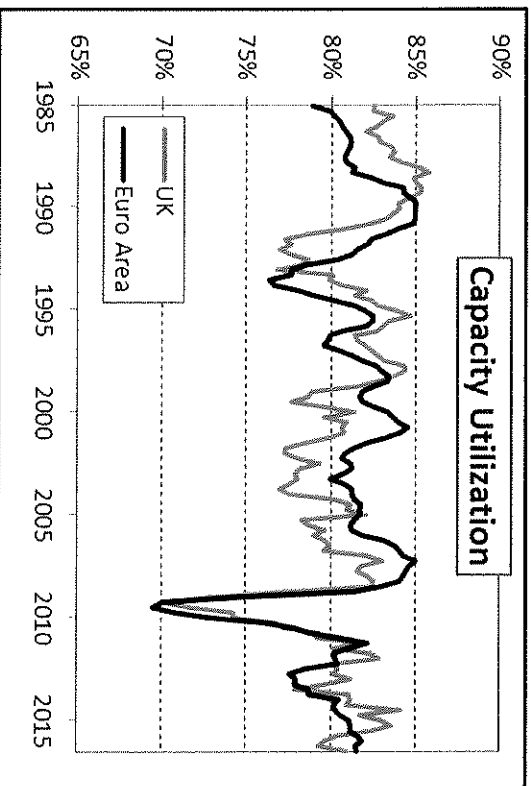
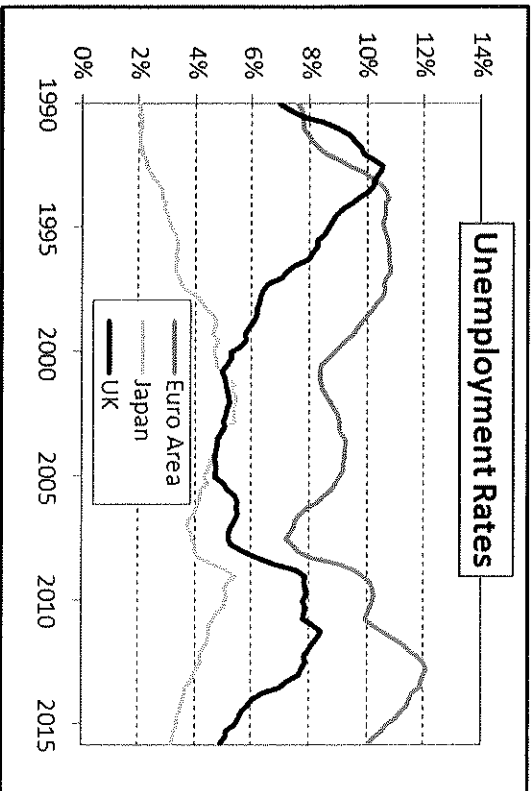
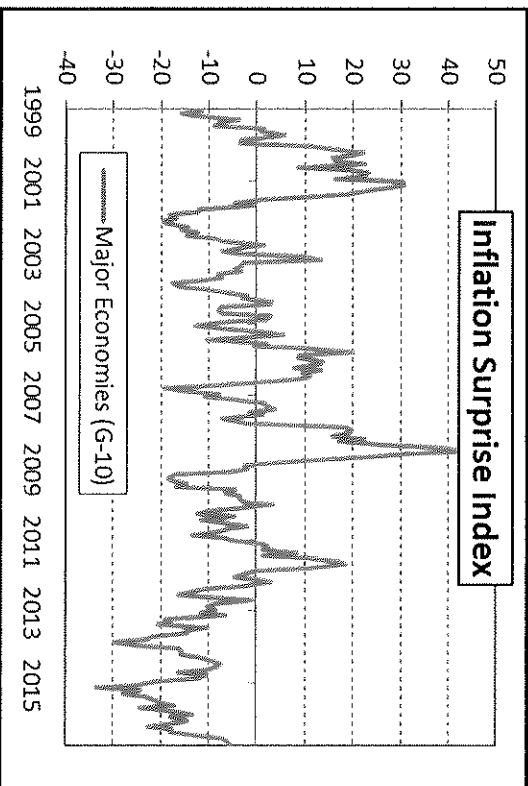
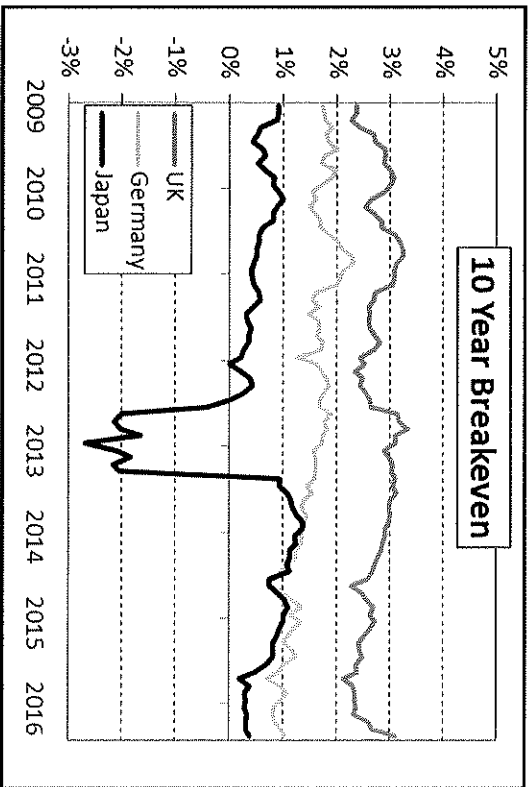


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US Markets are Discounting Marginally Higher US Inflation

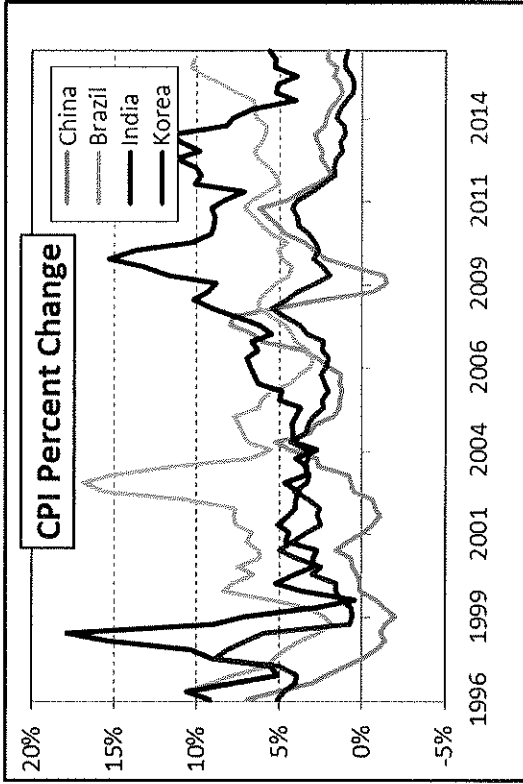


Economic Factors Driving Developed Market Inflation Remain Muted

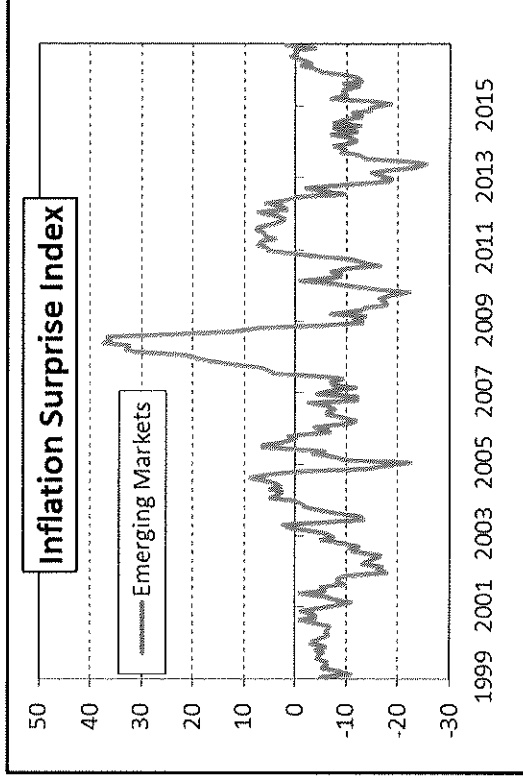


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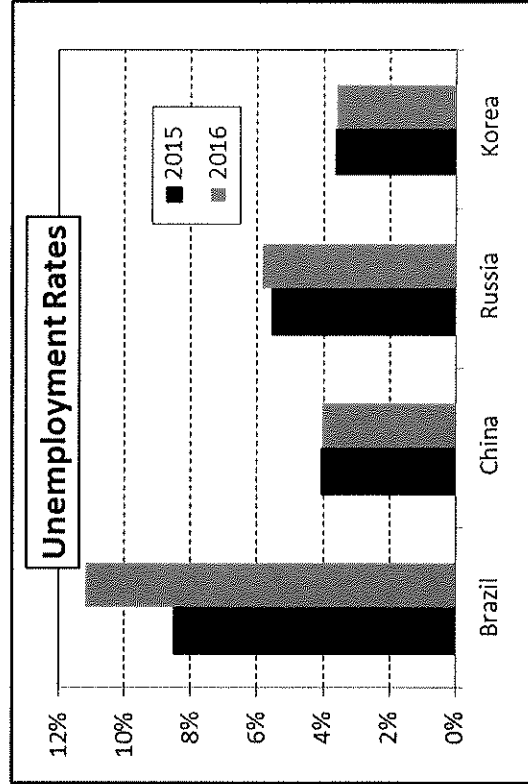
Emerging Market Inflation is Influenced by Country and Regional Dynamics



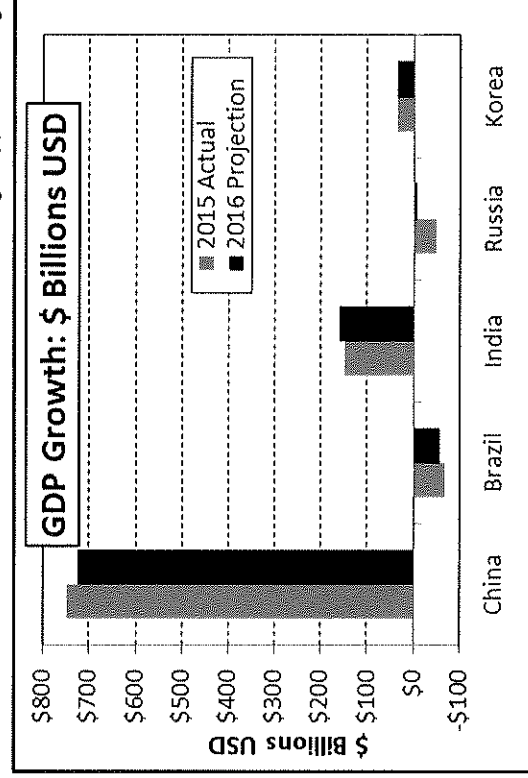
Source: IMF, Bloomberg



Source: Citigroup, Bloomberg

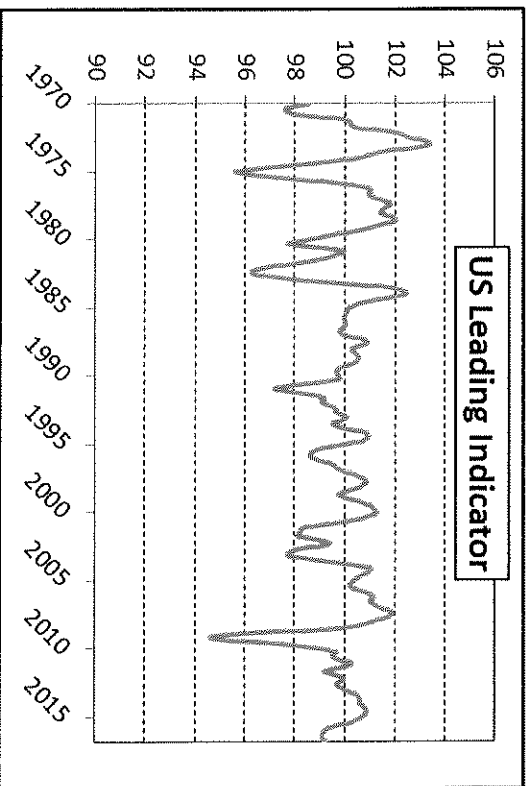
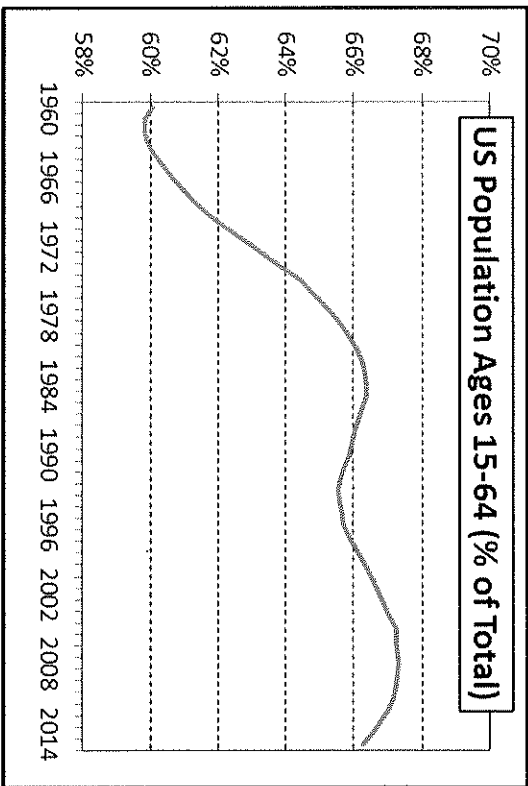
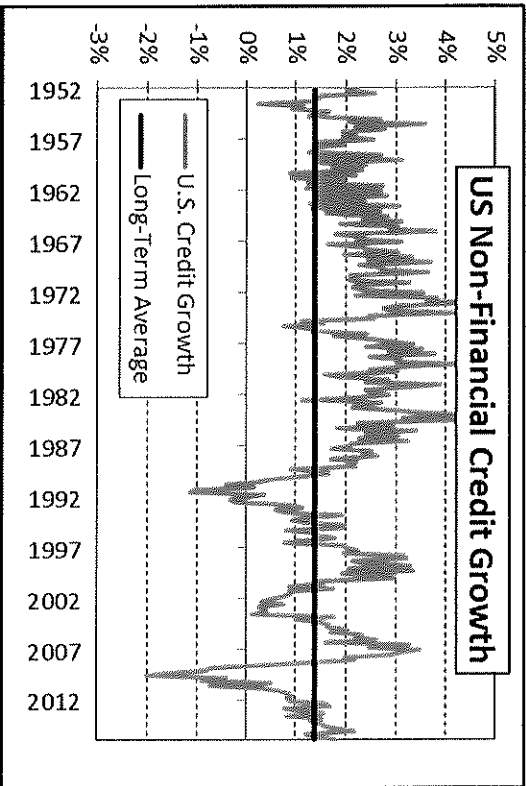
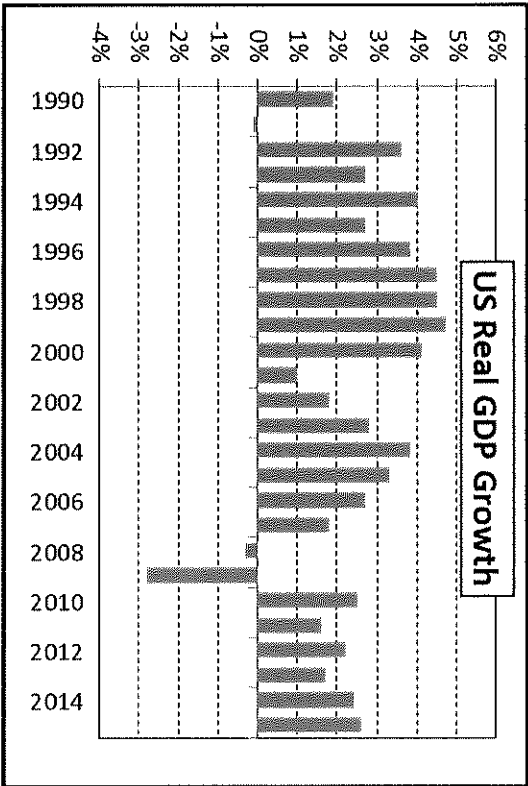


Source: IMF

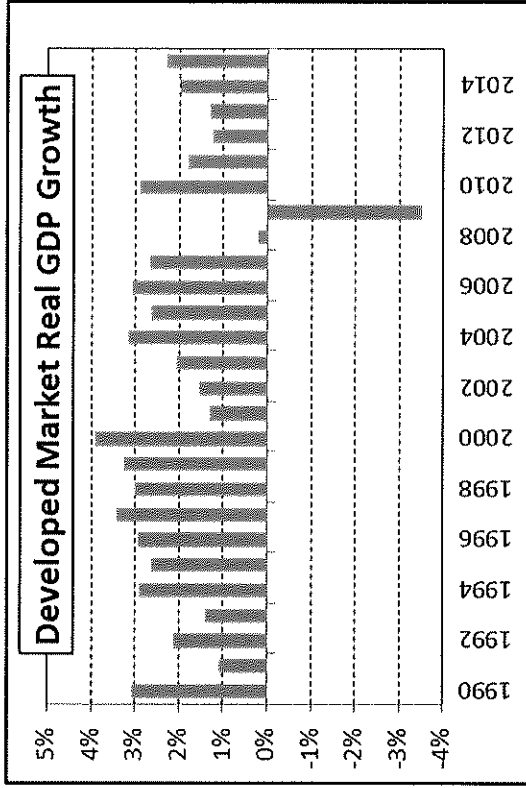


Source: The World Bank, Bloomberg

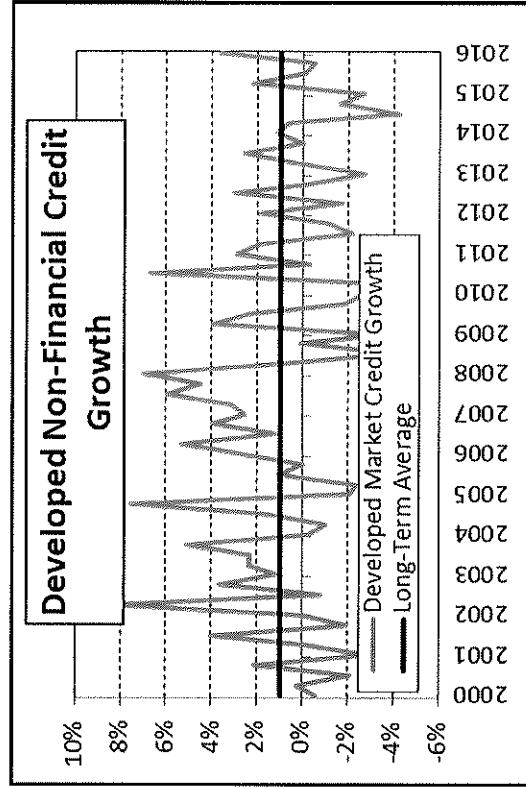
US Growth Remains Subdued Relative to Prior Economic Expansions



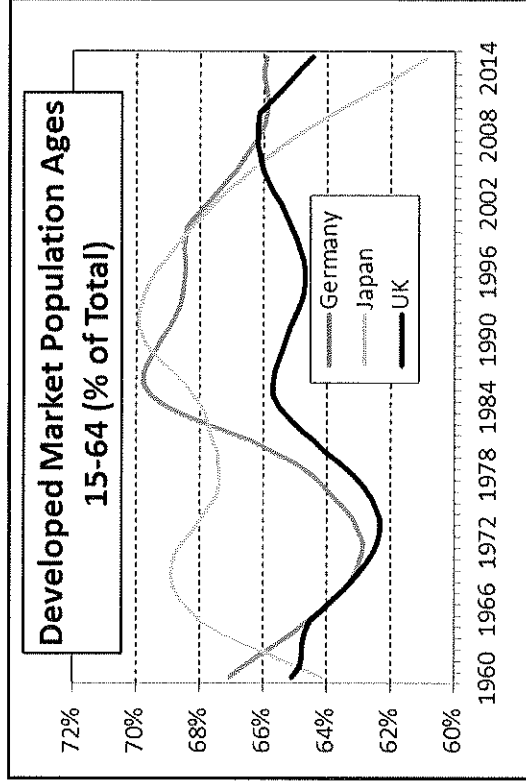
Developed Market Growth Rates are Improving



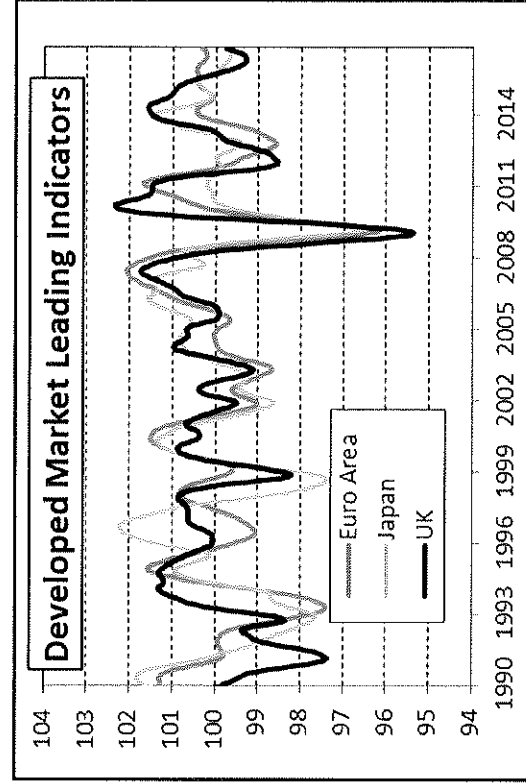
Source: OECD, Bloomberg



Source: Bank of International Settlements

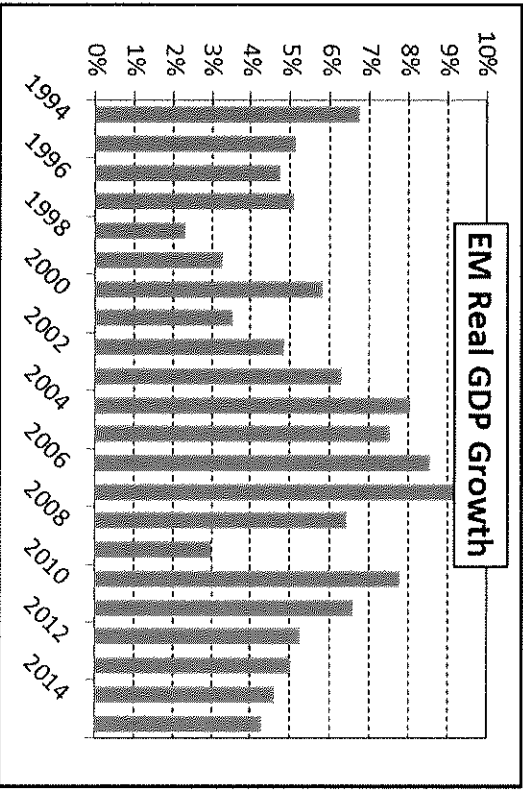


Source: The World Bank

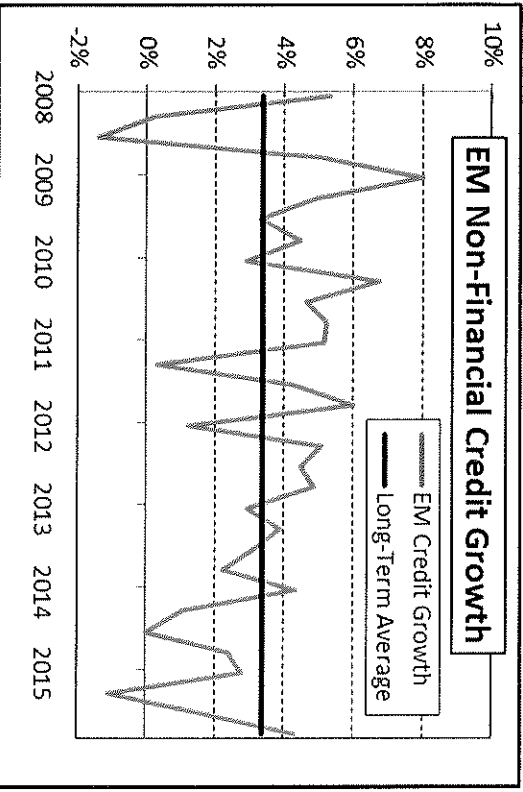


Source: OECD, Bloomberg

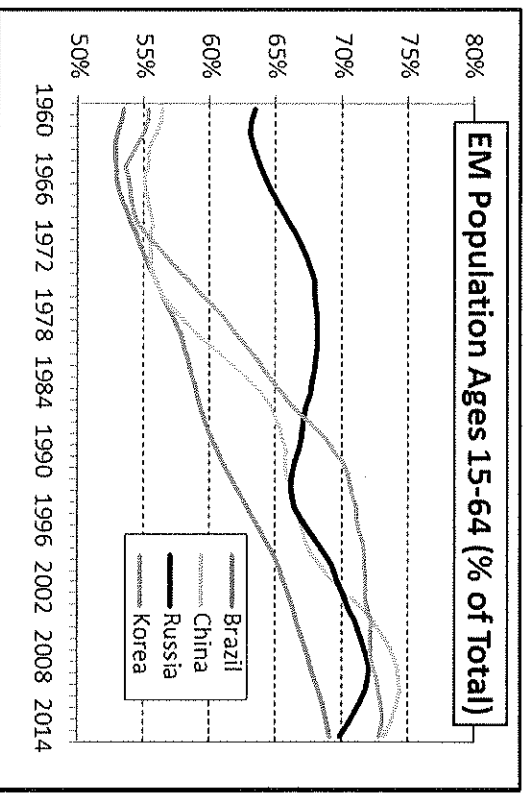
Emerging Market Growth Relative to Developed Markets is Expanding



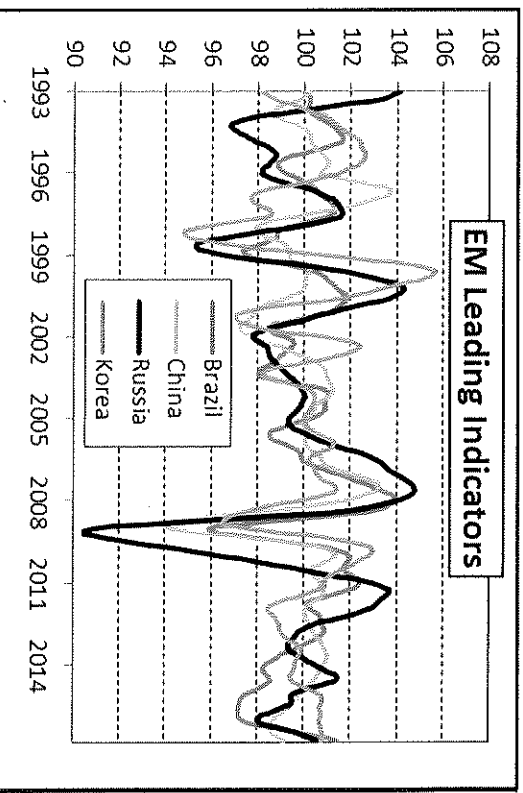
Source: Bloomberg



Source: Bank of International Settlements



Source: The World Bank

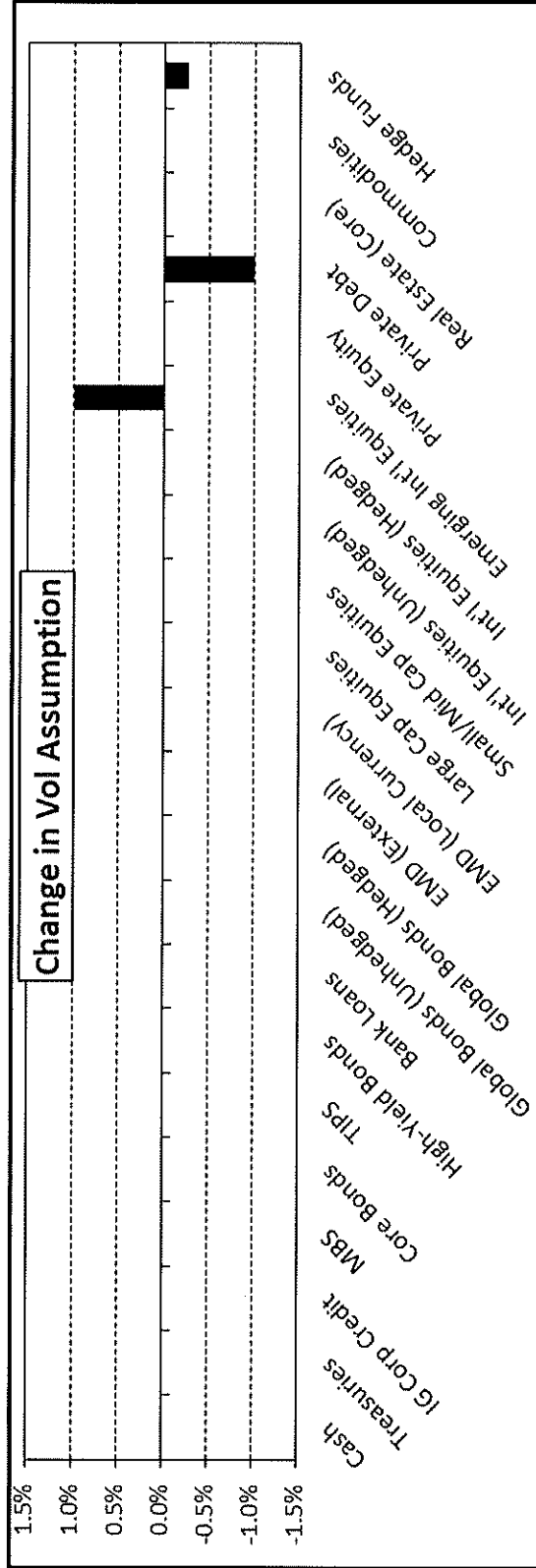
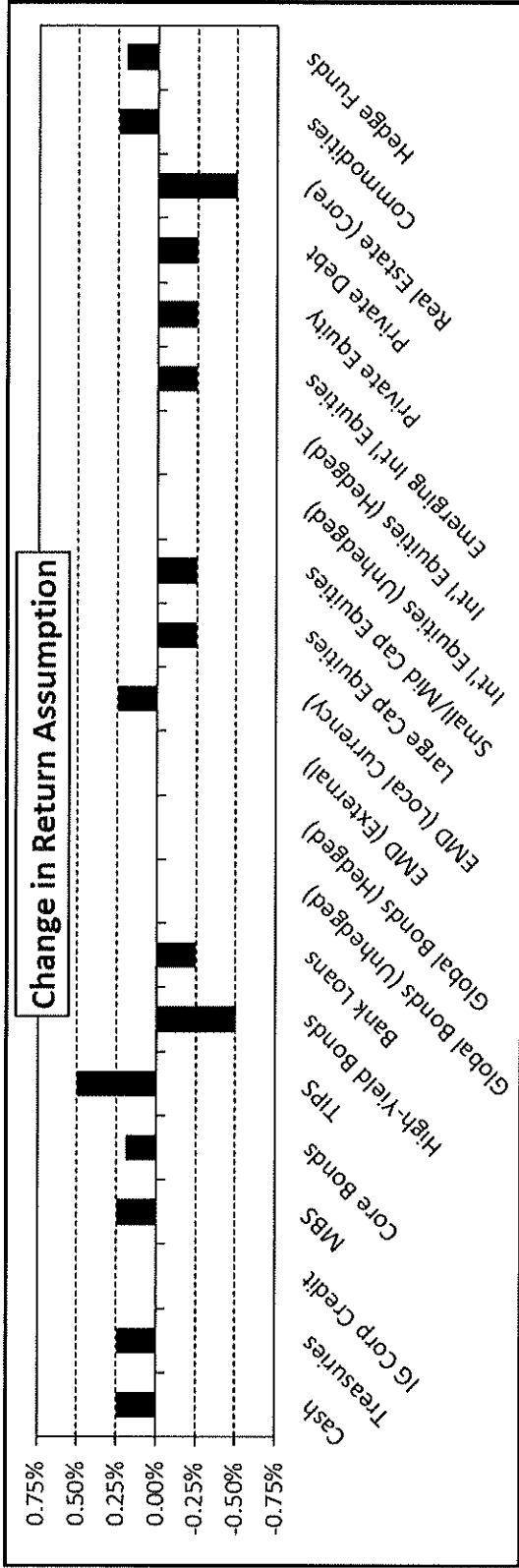


Source: OECD, Bloomberg



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Summary of Changes to 2017 Return and Volatility Expectations



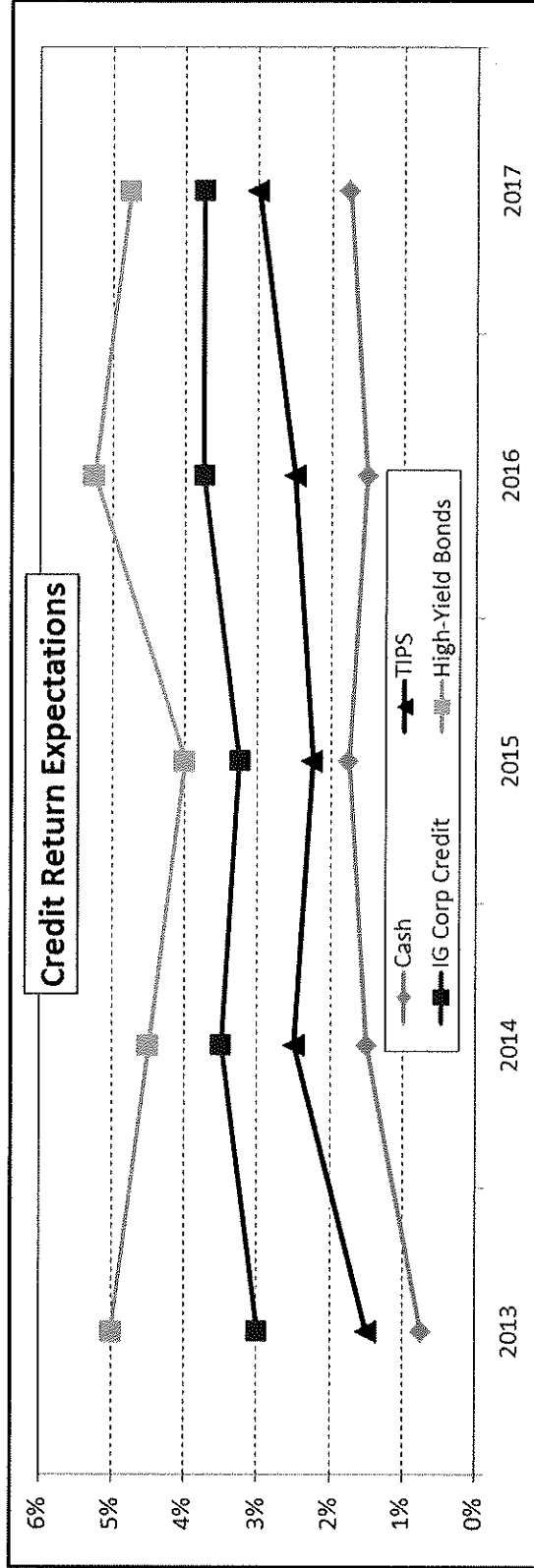
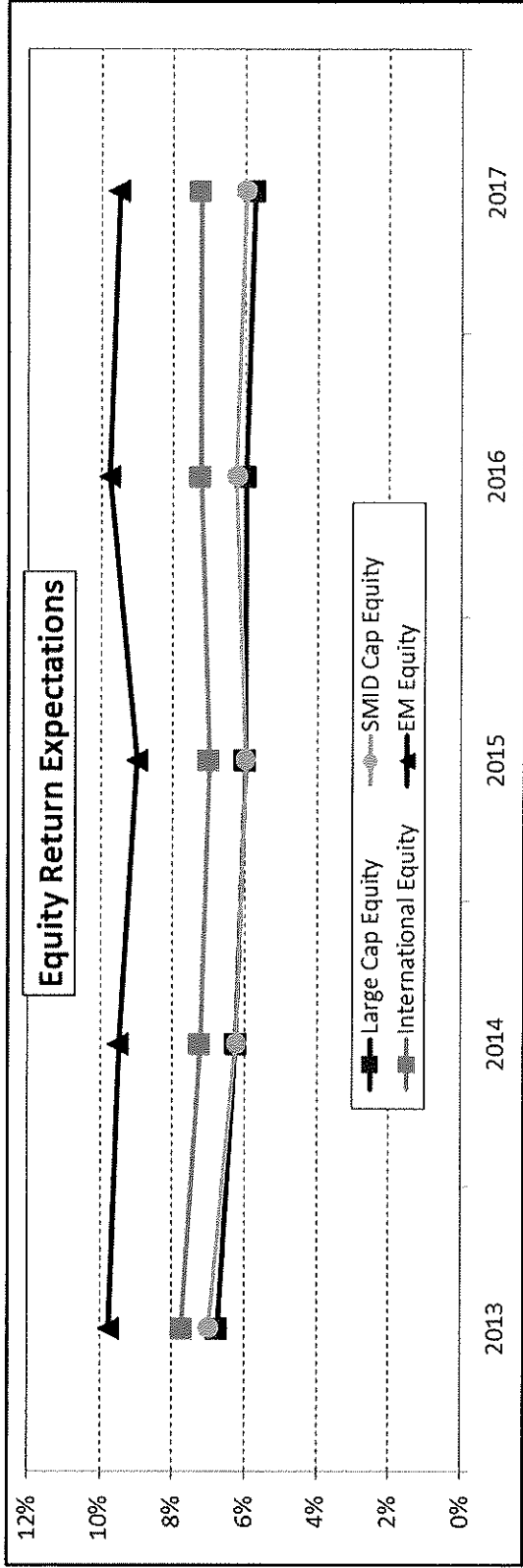
2017 Correlations

Asset Class	Cash	Treas.	IG Corp Credit	MBS	TIPS	HY Bonds	Global Bonds	EMD (Ext)	EMD (Lcl)	Large Cap	Small/Mid Cap	Int'l Eqty	EM Int'l	Priv Equity	Priv Debt	PRA - Energy	PRA - Infr./Land	Real Estate (Core)	Bank Loans	HF - L/S	HF - Credit	HF - Macro	
Cash	1.00																						
Treasuries	0.20	1.00																					
IG Corp Credit	0.10	0.65	1.00																				
MBS	0.25	0.90	0.75	1.00																			
TIPS	0.35	0.65	0.60	0.70	1.00																		
High-Yield Bonds	-0.05	0.20	0.55	0.30	0.20	1.00																	
Global Bonds	0.10	0.50	0.50	0.45	0.40	0.10	1.00																
EMD (External)	0.05	0.35	0.65	0.35	0.30	0.60	0.25	1.00															
EMD (Local)	0.05	0.30	0.60	0.25	0.25	0.60	0.30	0.80	1.00														
Large Cap Equities	-0.10	-0.10	0.45	0.10	0.00	0.65	0.00	0.55	0.65	1.00													
Small/Mid Cap Equities	-0.15	-0.15	0.45	0.10	-0.10	0.70	-0.05	0.55	0.60	0.90	1.00												
Int'l Equities	-0.10	0.00	0.30	0.05	-0.05	0.65	0.35	0.60	0.70	0.70	0.60	1.00											
Emerging Int'l Equities	-0.10	-0.10	0.25	-0.10	-0.10	0.70	0.05	0.70	0.80	0.60	0.65	0.70	1.00										
Private Equity	-0.20	-0.15	0.30	0.10	-0.10	0.60	-0.15	0.35	0.40	0.70	0.75	0.60	0.45	1.00									
Private Debt	0.00	-0.35	0.15	-0.15	-0.10	0.65	-0.10	0.50	0.60	0.60	0.65	0.75	0.80	0.65	1.00								
Private Real Assets Energy/Metals	-0.05	-0.20	0.20	-0.05	-0.05	0.50	-0.10	0.40	0.40	0.65	0.70	0.55	0.50	0.85	0.65	1.00							
Private Real Assets Infrastructure/Land	0.15	-0.05	0.10	-0.05	0.05	0.40	0.05	0.35	0.40	0.50	0.50	0.45	0.40	0.60	0.50	0.75	1.00						
Real Estate (Core)	0.10	0.10	0.15	0.05	0.10	0.35	0.15	0.25	0.40	0.40	0.40	0.35	0.30	0.50	0.40	0.45	0.70	1.00					
Bank Loans	0.00	-0.35	0.10	-0.20	-0.05	0.65	-0.10	0.25	0.25	0.50	0.55	0.50	0.50	0.55	0.70	0.55	0.35	0.20	1.00				
Hedge Funds - L/S	0.00	-0.25	0.35	-0.10	0.15	0.60	0.15	0.60	0.70	0.75	0.80	0.80	0.80	0.75	0.80	0.70	0.45	0.20	0.50	1.00			
Hedge Funds - Credit	0.00	-0.10	0.40	0.00	0.25	0.65	0.00	0.55	0.55	0.55	0.55	0.60	0.60	0.70	0.75	0.65	0.40	0.15	0.65	0.70	1.00		
Hedge Funds - Macro	0.00	0.15	0.45	0.25	0.45	0.35	0.30	0.45	0.45	0.25	0.25	0.30	0.40	0.40	0.40	0.40	0.30	0.15	0.25	0.50	0.50	1.00	



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Historic 5-7 Year Return Expectations



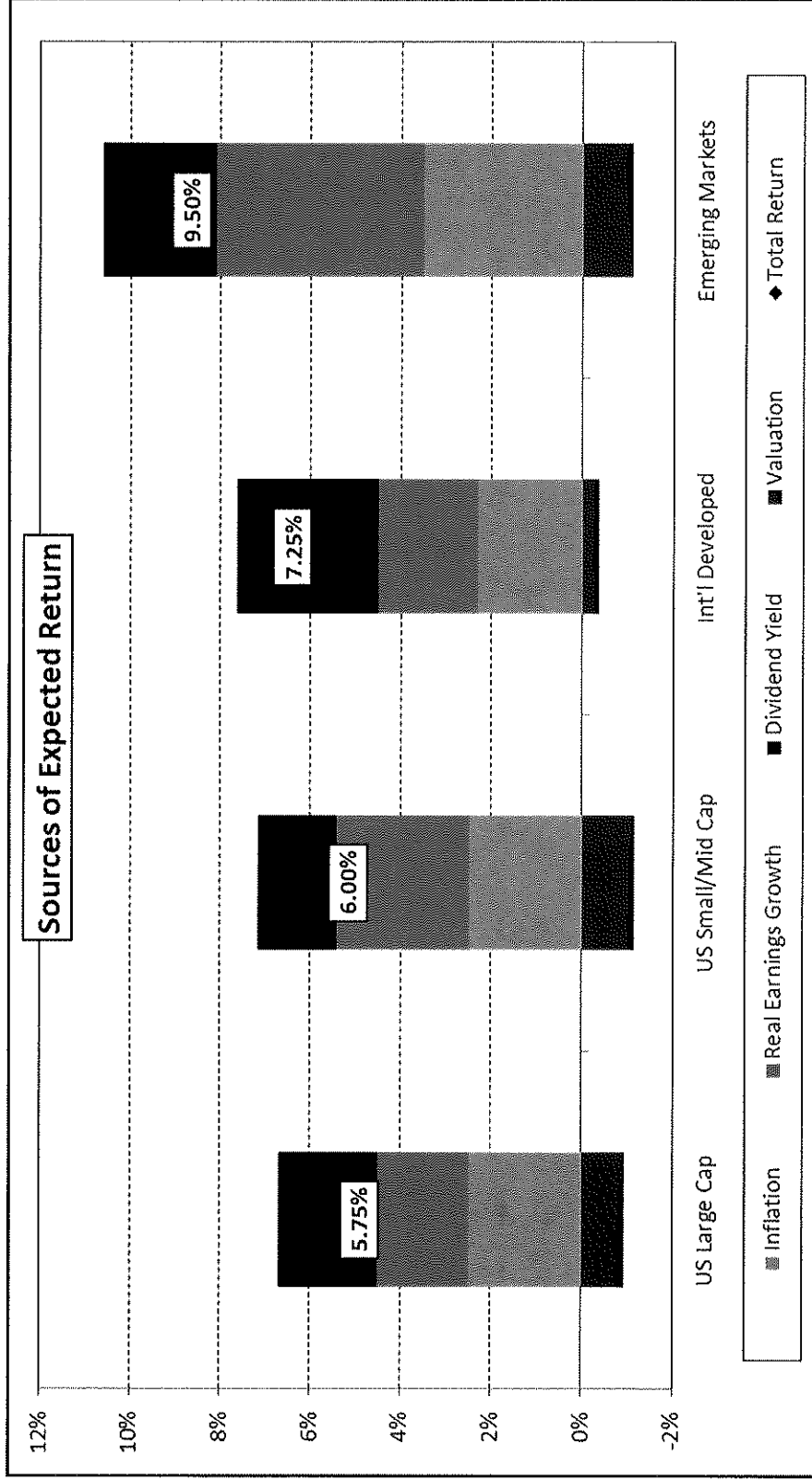
Asset Class Building Blocks Summary

- **Global Equity Building Blocks**
 - **Inflation:** Represents global inflation expectation over forecast period
 - **Real Earnings Growth:** Represents assumption for real growth for each market
 - **Profit Margin Adjustment:** Return due to shift of profit margins to forecast value
 - **Dividend Yield:** Represents dividend yield expectation over forecast period
 - **Valuation:** Return due to shift of current price/earnings ratio to forecast value
- **Commodities Building Blocks**
 - **Valuation:** Return from commodity spot price reverting to long term real average
 - **Roll yield:** Average annual yield to roll futures contract over forecast period
 - **Cash:** Expected US cash rate over forecast period
- **Fixed Income Building Blocks**
 - **Sovereign Yield:** Average expected government bond yield over forecast period
 - **Sovereign Price Change:** Expected price change due to changes in interest rates
 - **Roll Down:** Expected price change due to ageing of a bond along the yield curve
 - **Credit Spread:** Average expected credit spread over forecast period
 - **Spread Price Change:** Return due to shift of current credit spread to forecast value
 - **Credit Deterioration:** Return from credit downgrade and default over forecast period
 - **Real Yield:** Average expected government real yield over forecast period (TIPS)
 - **Real Yield Price Change:** Expected price change due to changes in real rates
 - **Inflation Expectation:** Expected inflation accrual over the forecast period (TIPS)
- **Private Markets Building Blocks**
 - **Illiquidity Premium:** Return associated with illiquidity factor specific to asset class
 - **Relative Valuation Adjustment:** Qualitative adjustment reflecting asset class views
 - **Public Market Return:** Return associated with equivalent public market beta



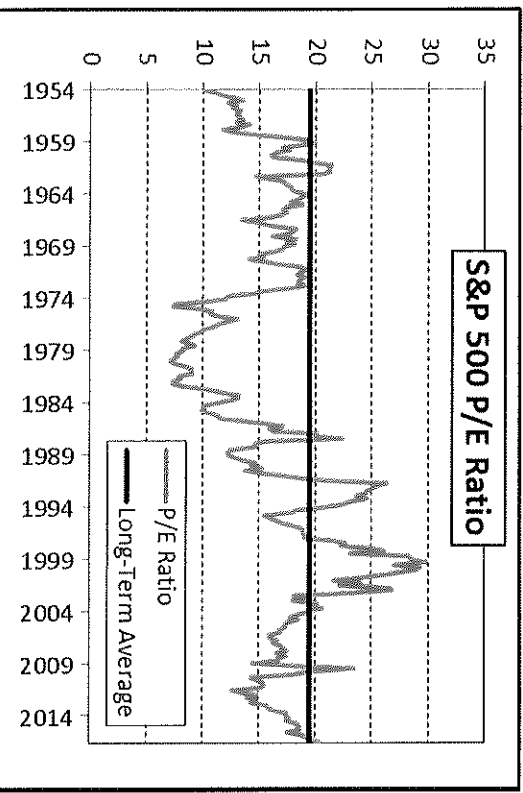
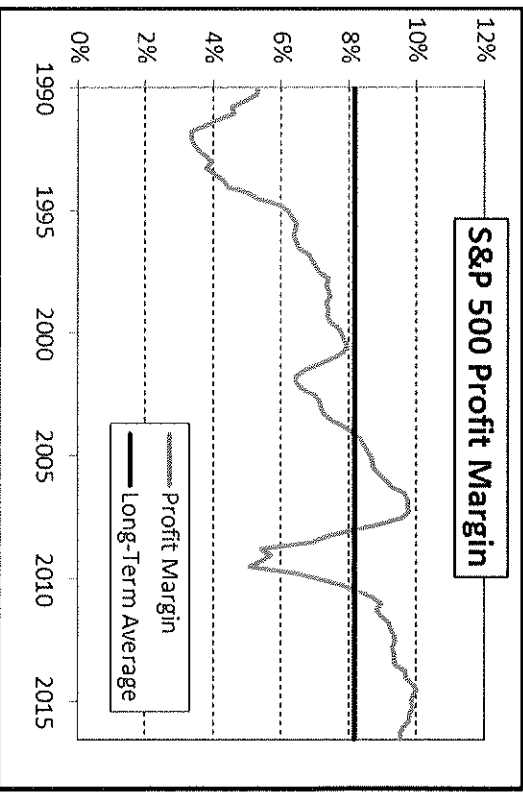
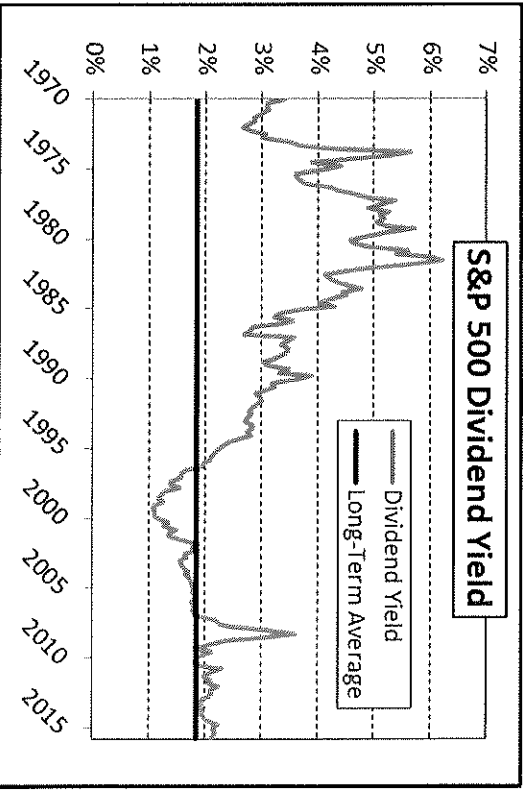
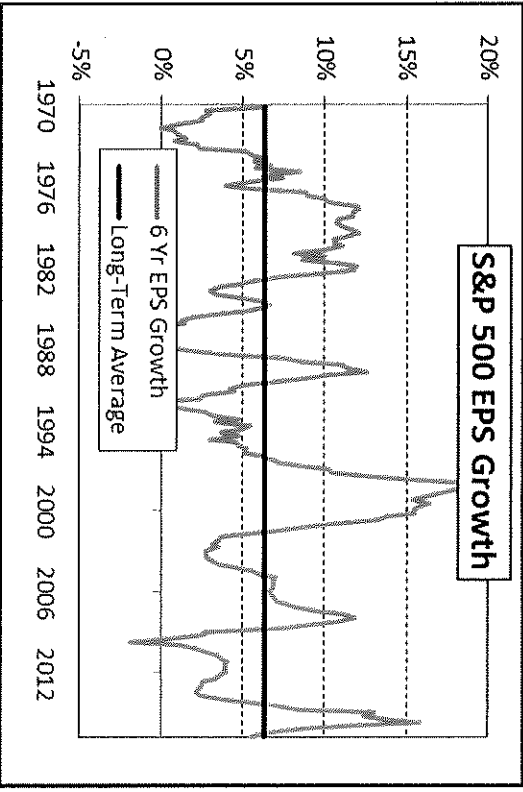
NEPC, LLC

Assumption Development – Global Equities



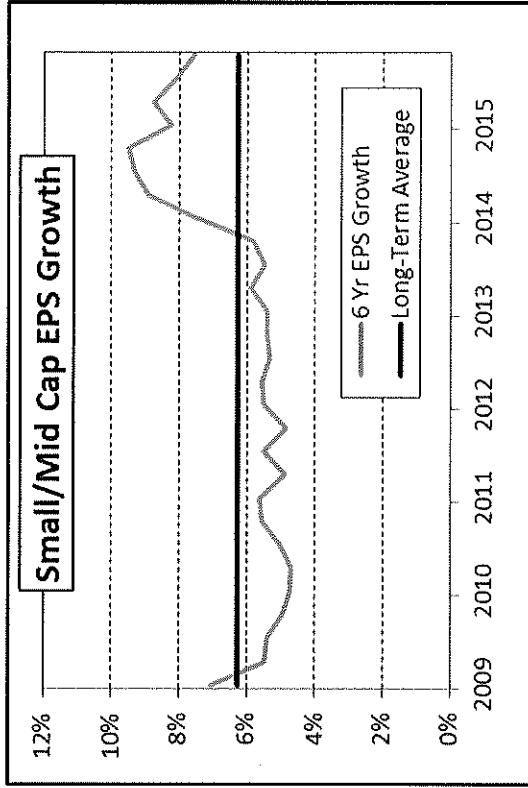
Index Current	US Large Cap	US Small/Mid Cap	Int'l Developed	Emerging Markets
Trailing P/E	20.6	31.6	16.9	14.3
Profit Margin	9.5%	4.2%	6.2%	8.0%
Dividend Yield	2.1%	1.7%	3.3%	2.5%

US Large Cap Equity Building Blocks

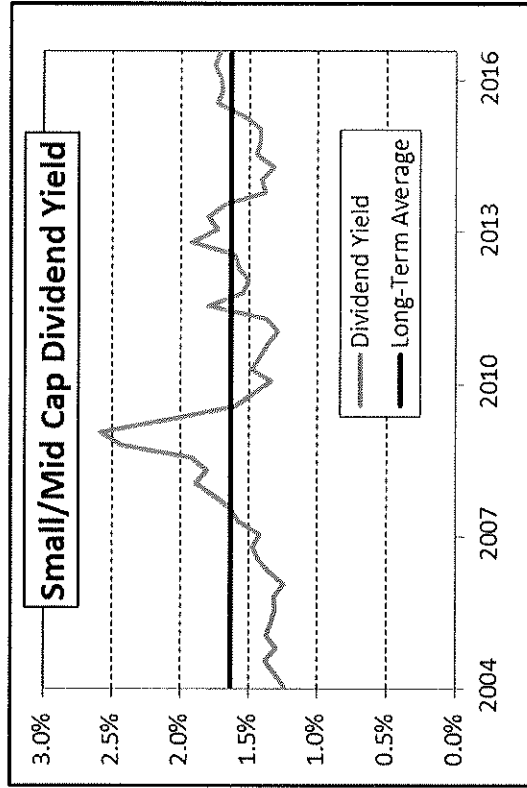


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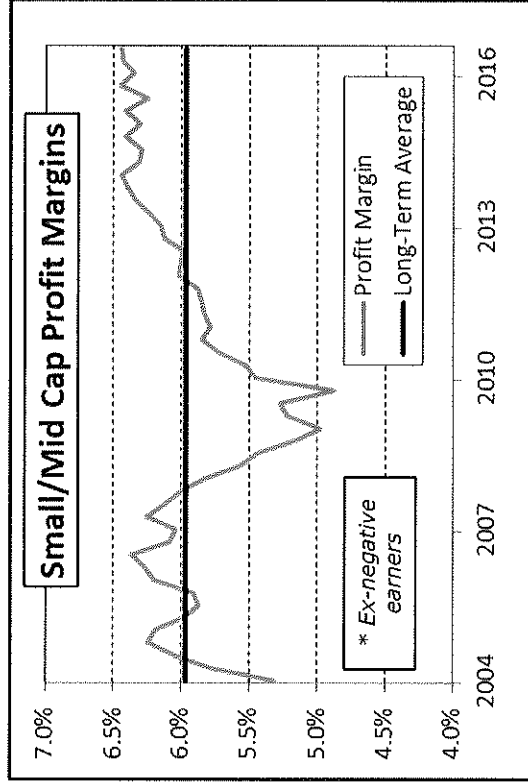
US Small/Mid Cap Equity Building Blocks



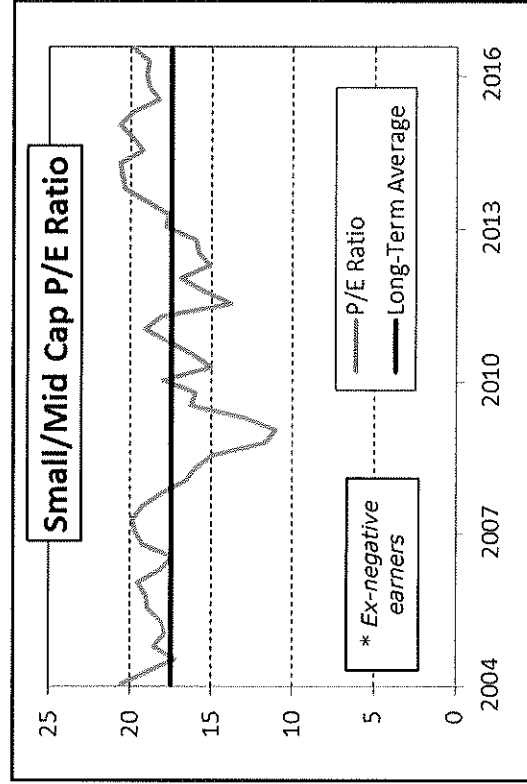
Source: Russell, NEPC, Bloomberg



Source: Russell, NEPC, Bloomberg
*Long-term average uses 10 years of data



Source: Russell, NEPC, Bloomberg

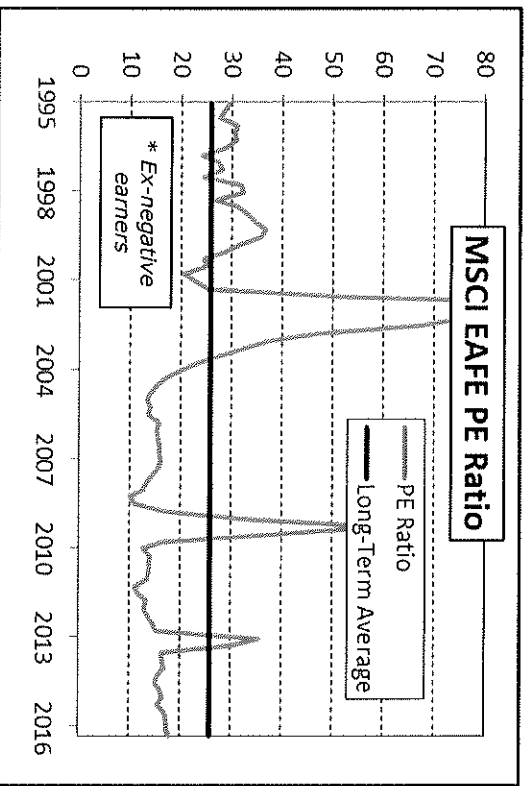
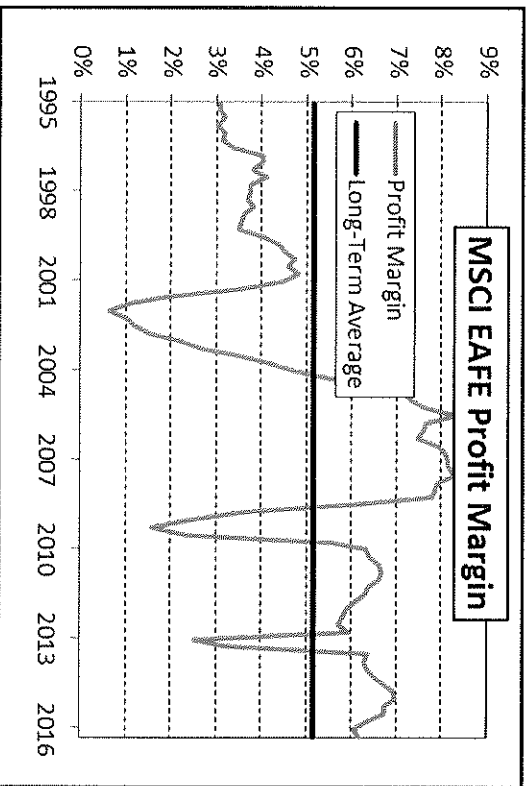
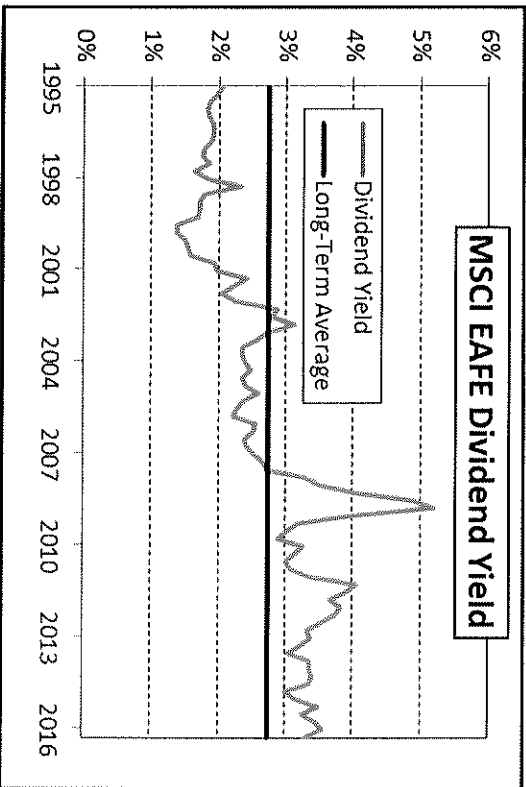
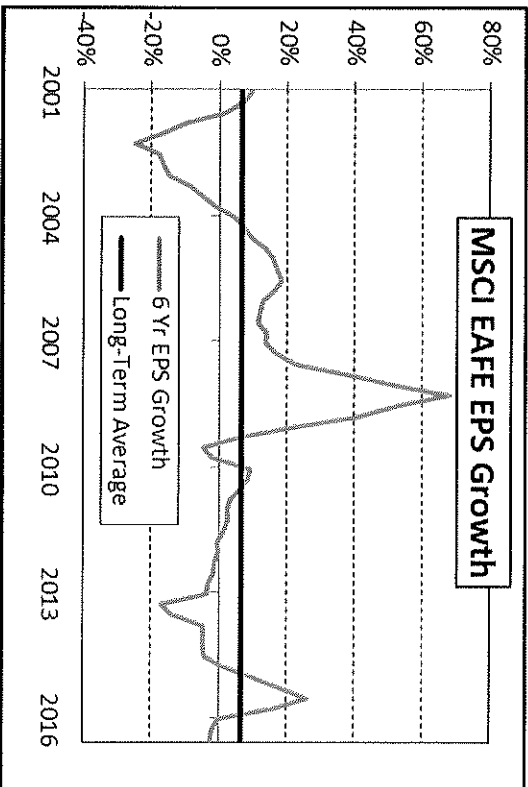


Source: Russell, NEPC, Bloomberg
*Long-term average uses 10 years of data



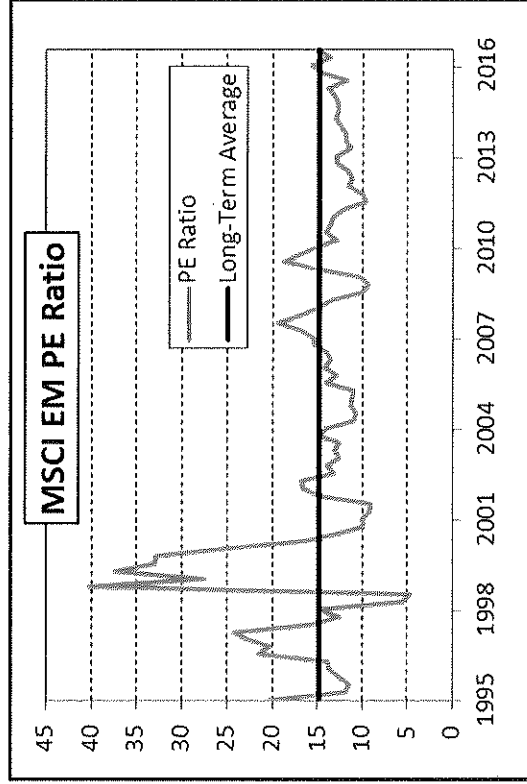
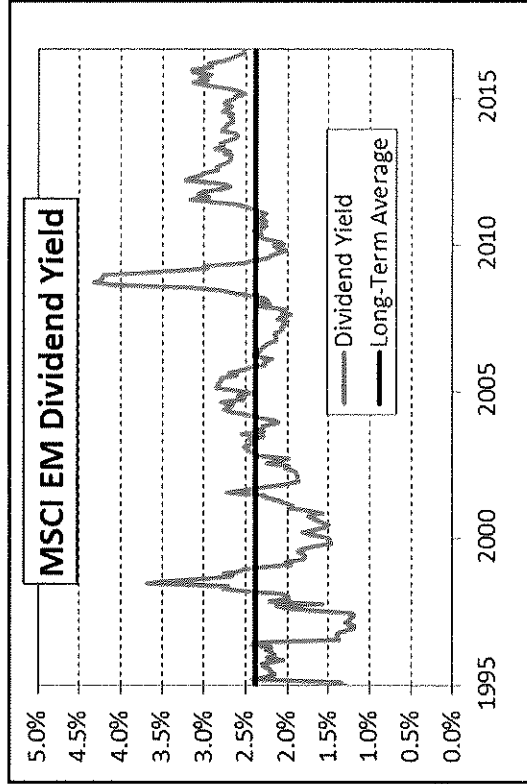
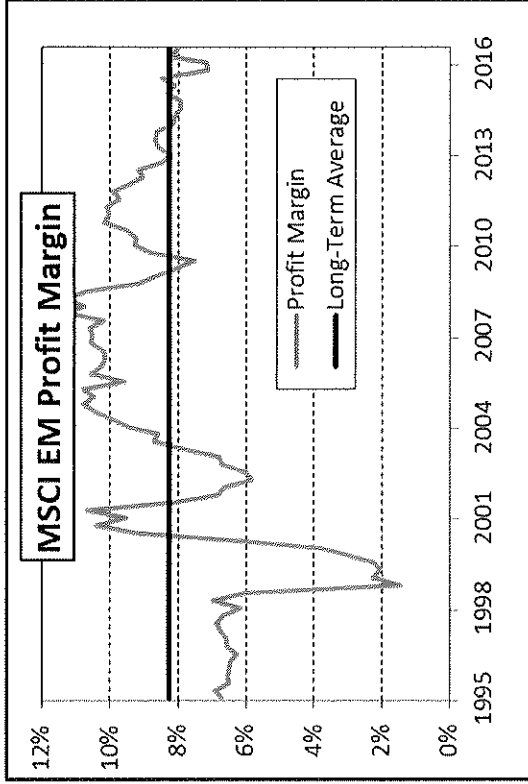
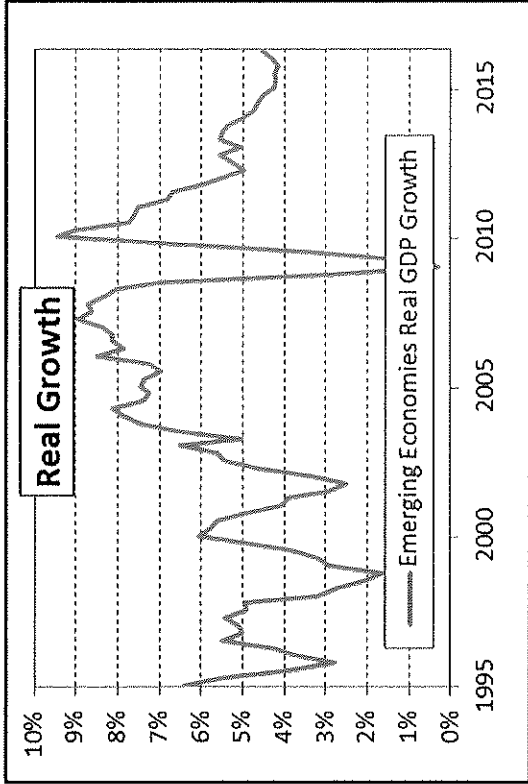
NEPC, LLC

International Developed Equity Building Blocks



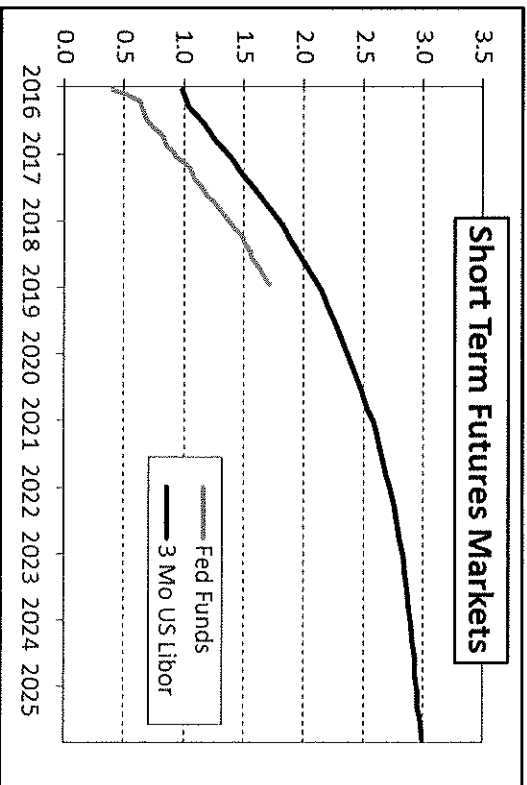
NEPC, LLC

Emerging Equity Building Blocks

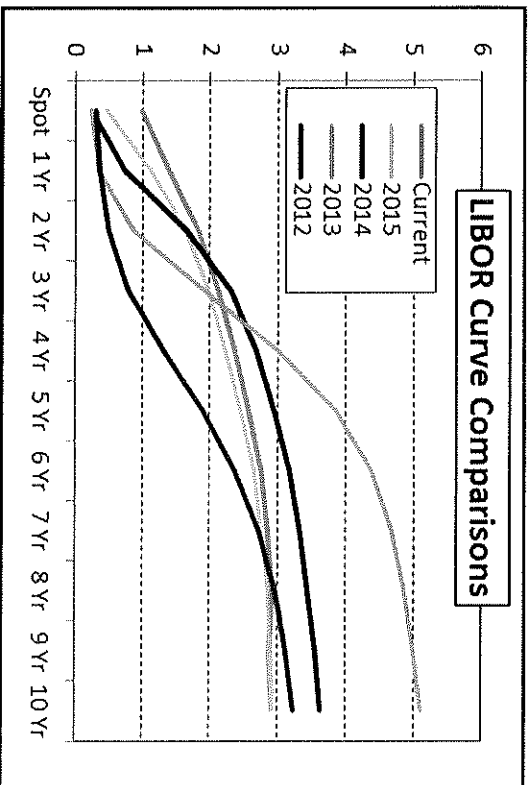


Source: MSCI, NEPC, Bloomberg
* Long-term average uses 10 years of data

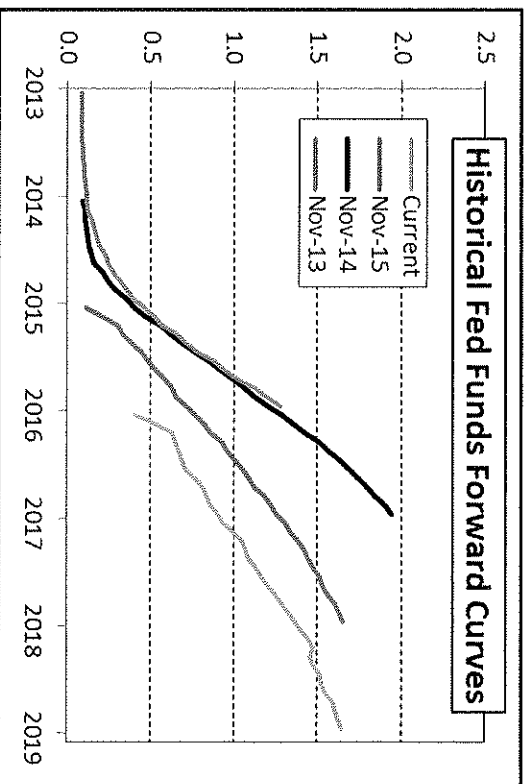
Assumption Development – Cash



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Though short-term interest rate expectations have increased, the lower for longer sentiment continues

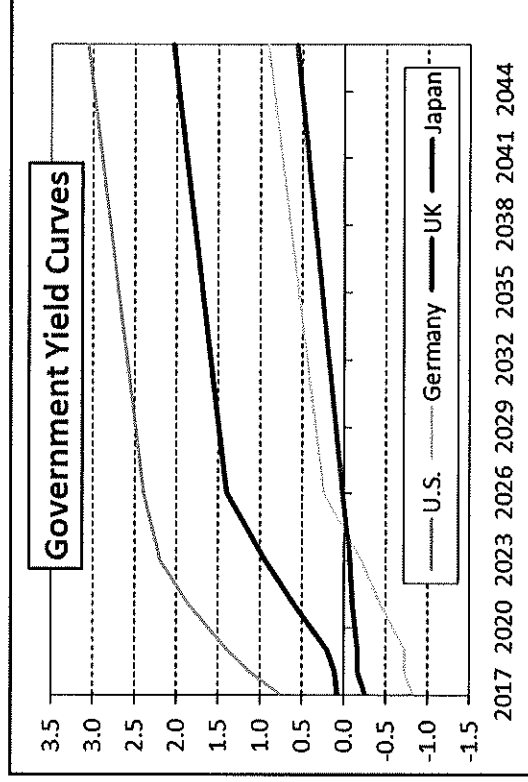
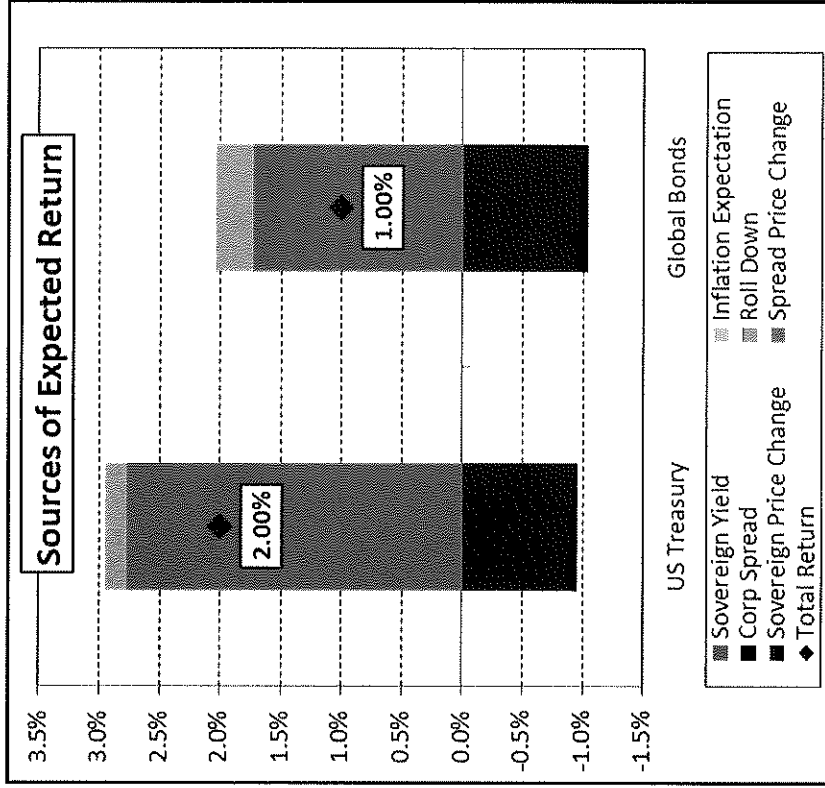
This is echoed by the progressively flatter yield curve

The market has priced in the likelihood of the Fed funds rate target exceeding 1.0% in 2017



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Assumption Development – Developed Market Government Debt



Source: Bloomberg

Global yields remain low and negative in much of Europe

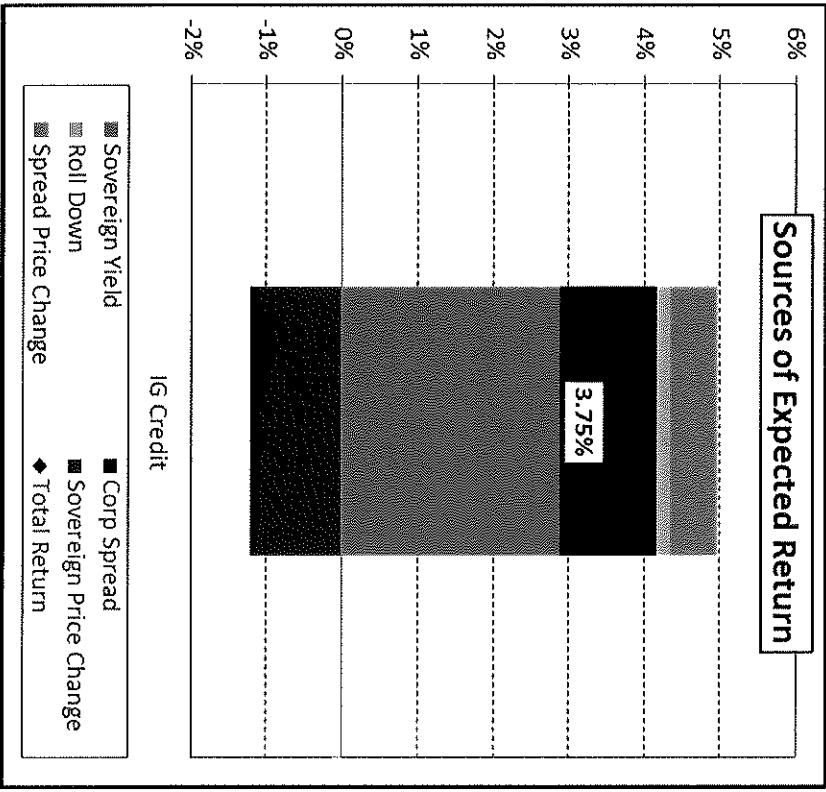
US yields are higher but face pressure from potential rate hikes and increases in inflation

Index Current	US Treasury	Global Sovereign
Yield	1.8	1.0
OAS	-	-
Duration	6.1	7.9
Quality	AA+/Aaa	A+/Aa2
MV (Millions)	6,861,998	24,389,136

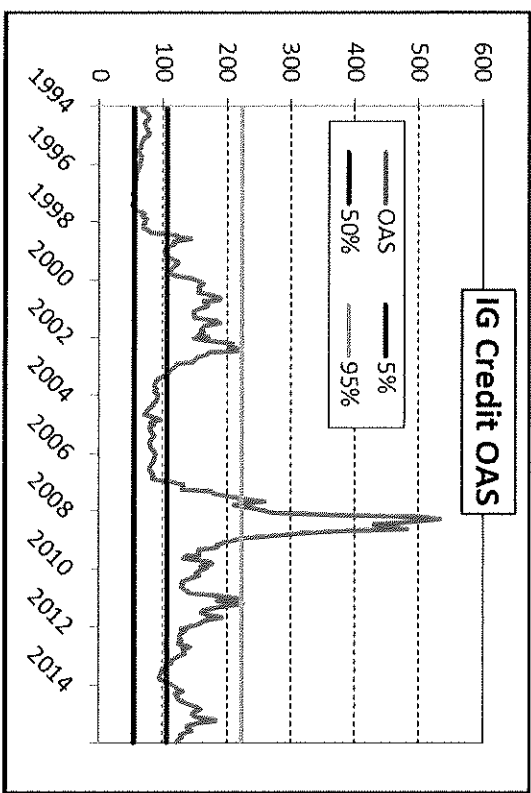


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Assumption Development – US Investment Grade Credit



Index	Current	US Credit
Yield		3.3
OAS		1.2
Duration		7.0
Quality		A-/A3
MV (Millions)		5,942,232

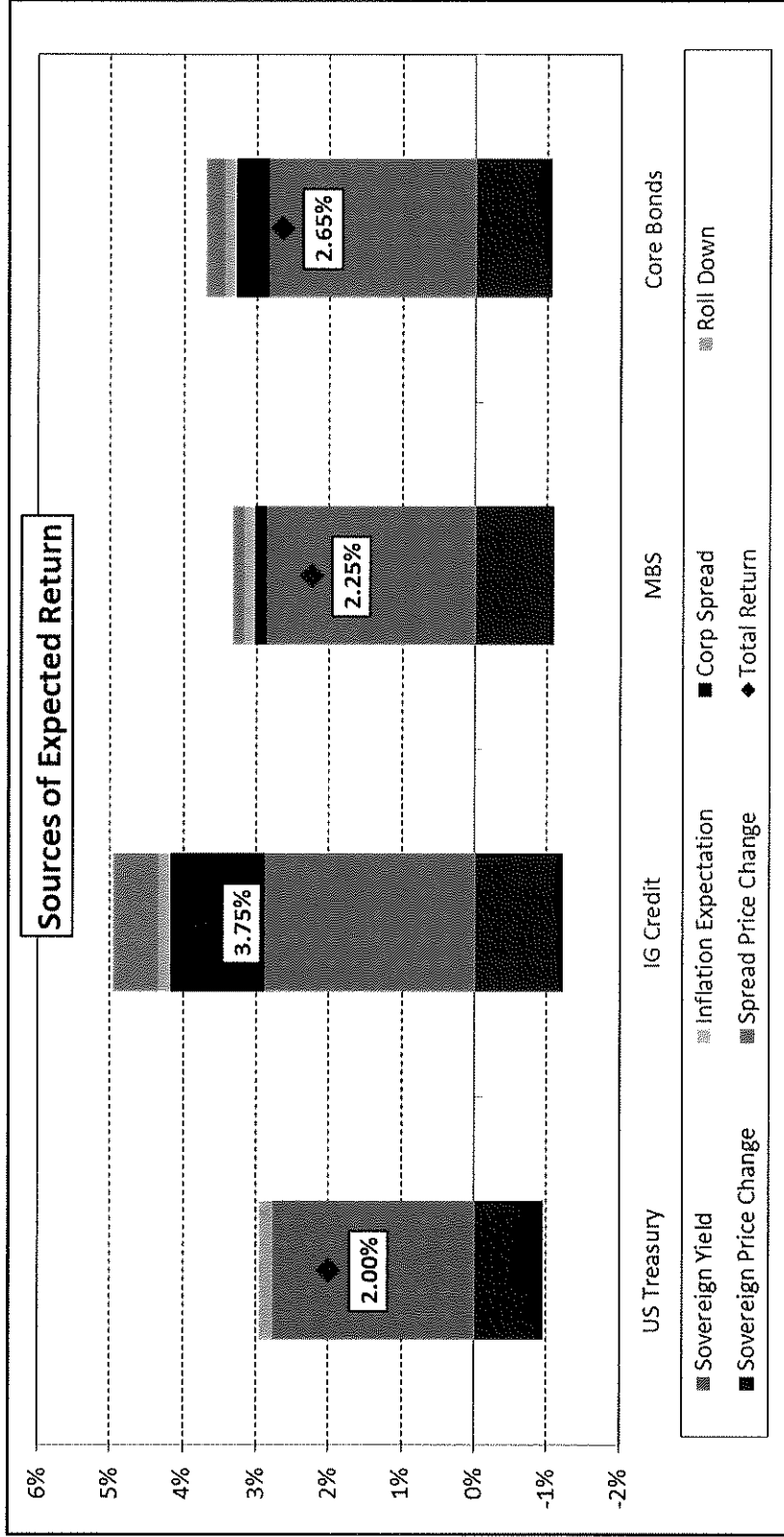


Source: Barclays, Bloomberg

Credit spreads have declined in the last year but remain in line with long-term medians

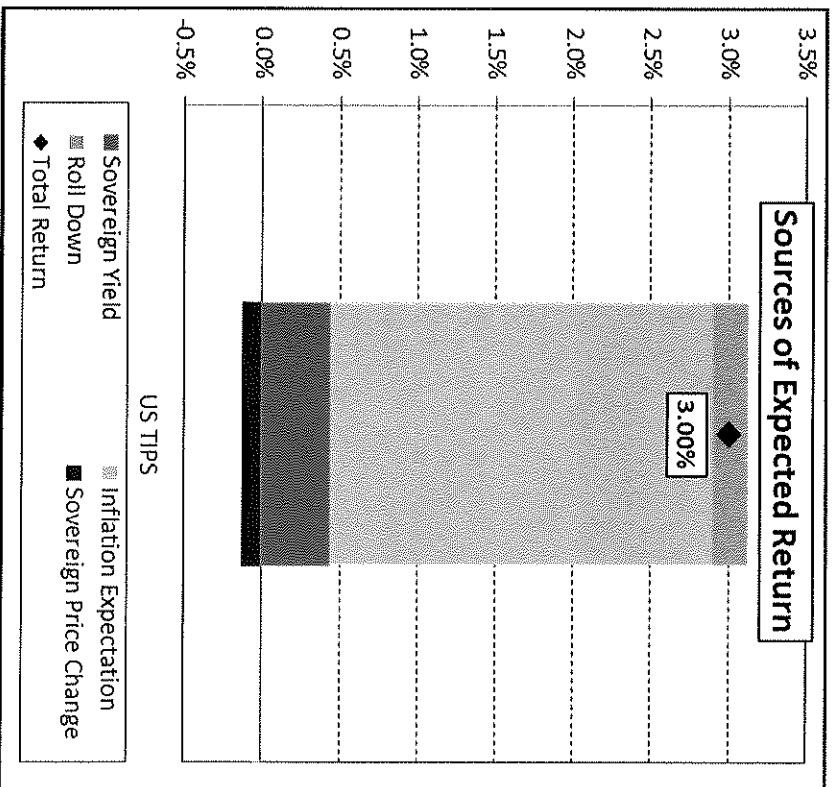
Issuance continues to increase as investor demand for yield persists

Assumption Development – Core Bonds

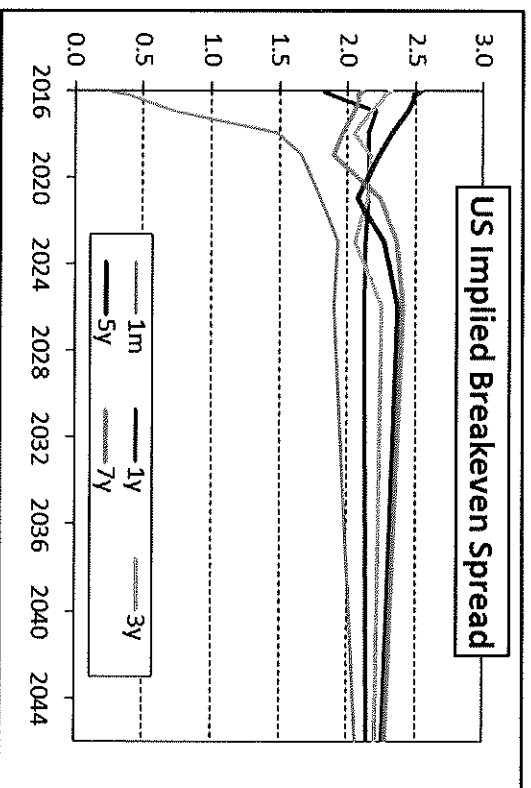


Index Current	US Treasury	US Credit	US MBS	US Aggregate
Yield	1.83	3.3	2.8	2.6
OAS	-	1.2	0.2	0.5
Duration	6.1	7.0	4.5	5.9
Quality	AA+/Aaa	A-/A3	AAA/Aaa	A/Aa2
MV (Millions)	6,861,998	5,942,232	5,353,011	19,034,388

Assumption Development – TIPS



Index Current	US TIPS
Yield	2.1
OAS	0.0
Duration	5.5
Quality	AAA/Aaa
MV (mm)	984,892



Source: Bloomberg

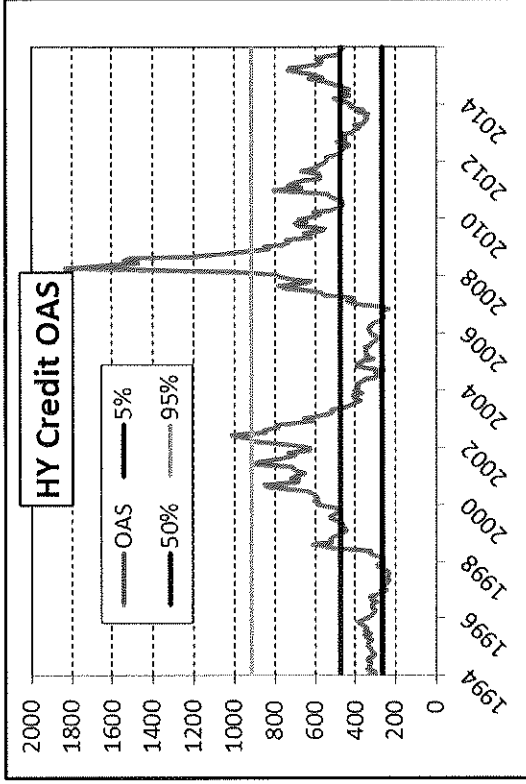
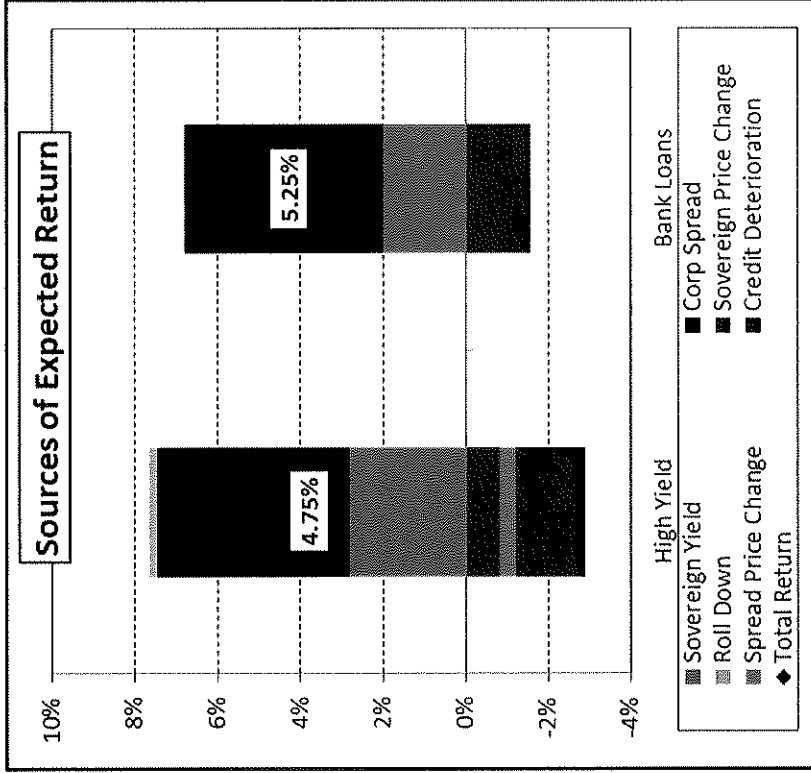
Implied inflation breakevens remain relatively low but are higher from last year

Expected TIPS return incorporates current market pricing with adjustments to the path of inflation over time



NIEC, LLC

Assumption Development – US High Yield and Bank Loans



Source: Barclays, Bloomberg

Slightly lower expected returns given strong 2016 performance

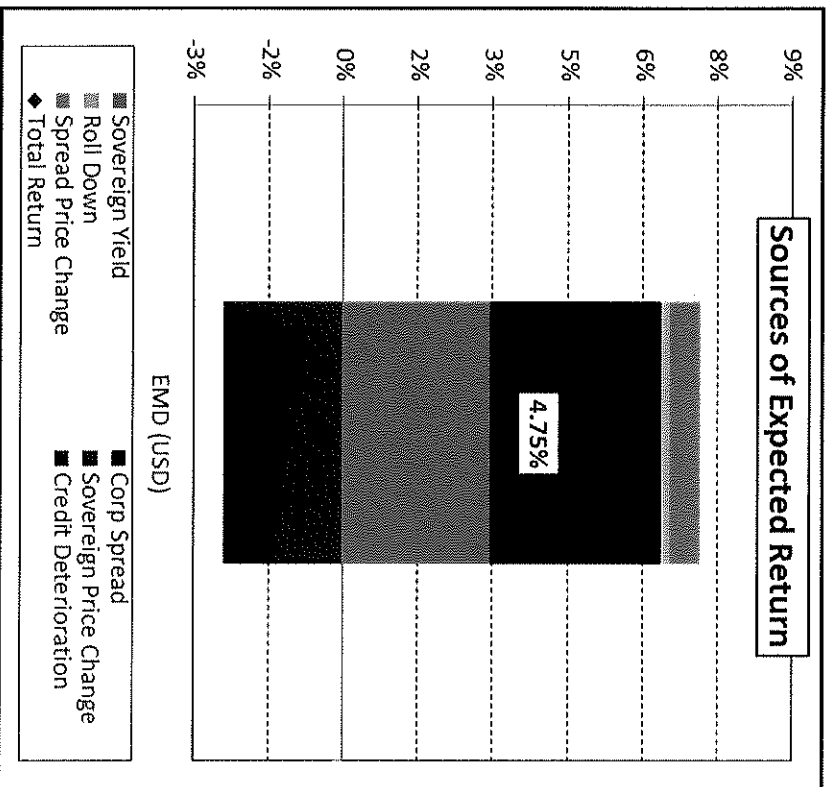
High yield spreads decreased from last year but remain in line with long-term median

Index Current	BC US Corporate High Yield Index	CS Levered Loan Index*
Yield	6.6	5.4
OAS	4.6	4.5
Duration	4.2	N/A
Quality	BB-/B1	B/Ba2
MV (mm)	1,325,927	950,327

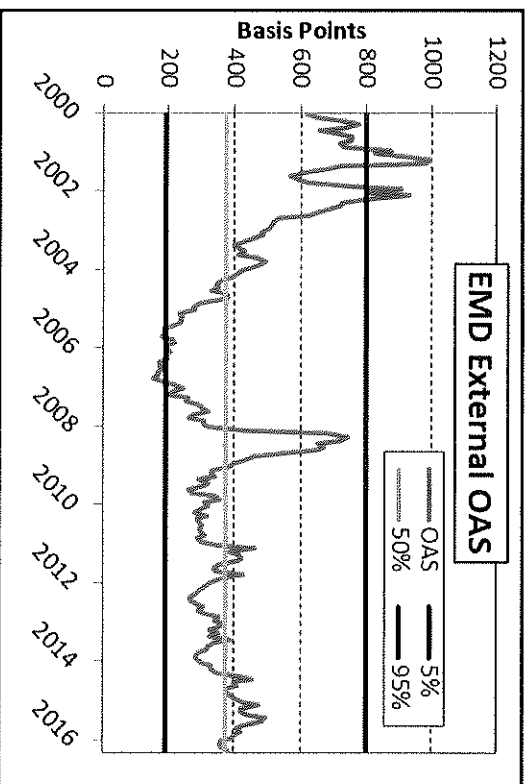
*Credit Suisse data as of 10/31/2016.
OAS represents discount margin
Yield and discount margin for 3-year life



Assumption Development – Emerging Market Debt (USD)



Index Current	JPM EMBI Global Div
Yield	6.1
OAS	3.9
Duration	6.6
Quality	BB+/Ba1
MV (mm)	755,400



Source: Barclays, Bloomberg

External debt return assumption remains unchanged from last year

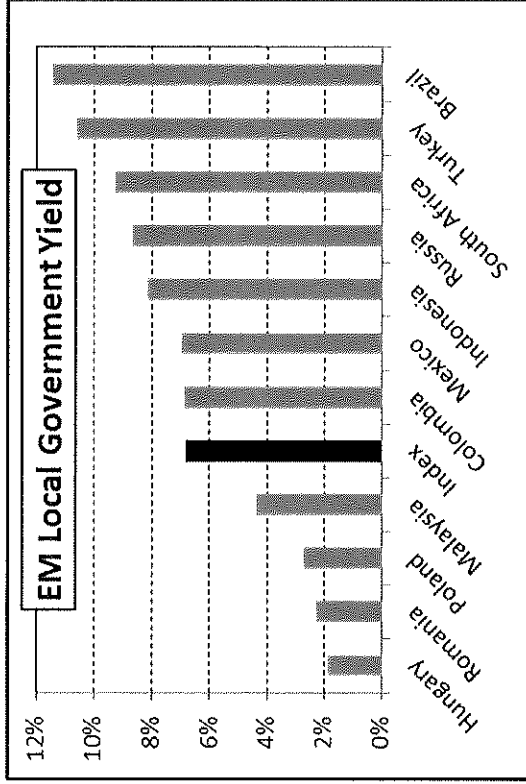
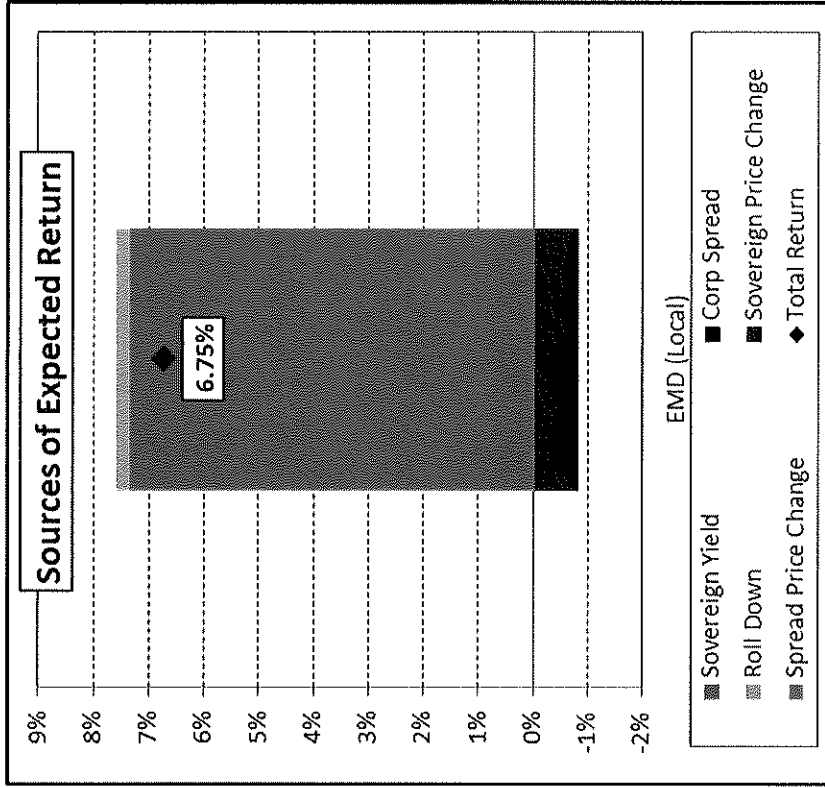
Dollar denominated borrowers face greater challenges due to dollar strength

EMD external spreads remain in line with the long-term median



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Assumption Development – Emerging Market Debt (Local)



Source: Barclays, Bloomberg

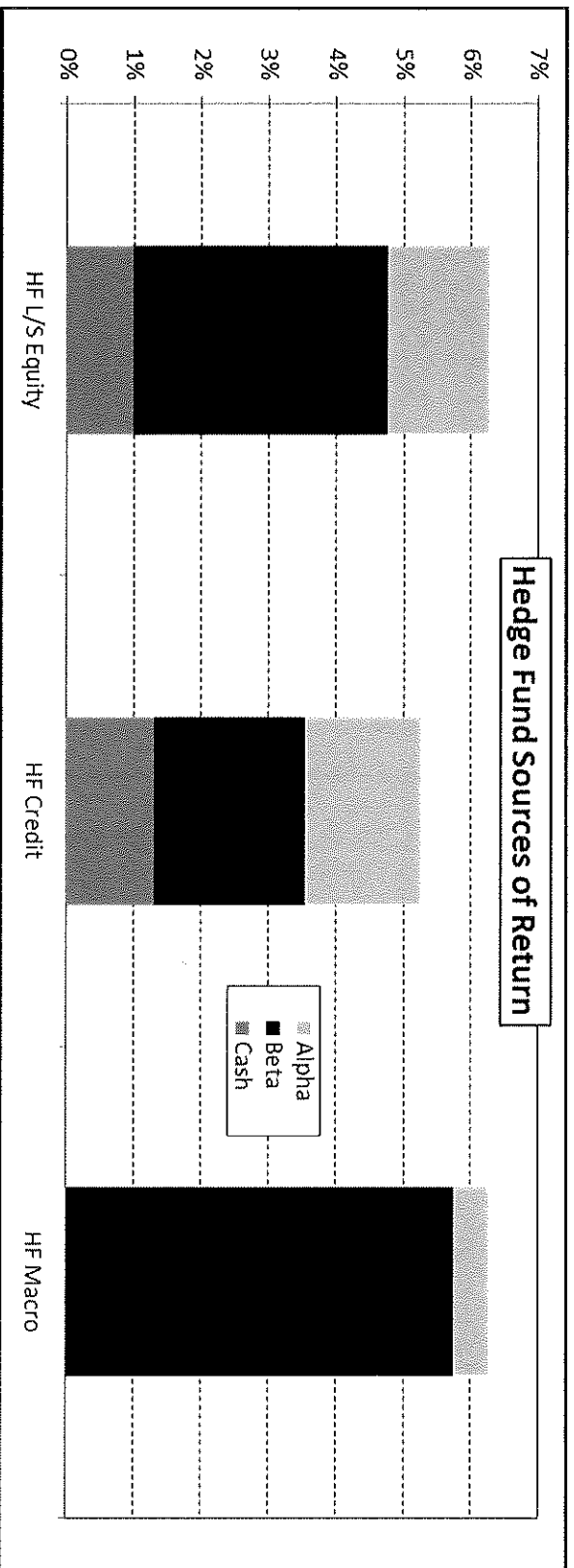
Emerging local debt yields remain attractive in a low global yield environment

Currencies on a PPP basis trade at fair-to-undervalued following sizable adjustments over the last five years

Index Current	JPMI GBI EM Global Div
Yield	6.8
OAS	-
Duration	4.9
Quality	BBB/Baa2
MV (mm)	965,900



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Underlying Market Beta	Equity	Credit	Macro
Global Equity	Blended from High Yield, EMD, Bank Loans	Relative Value (Rates, Equity, Commodities)	

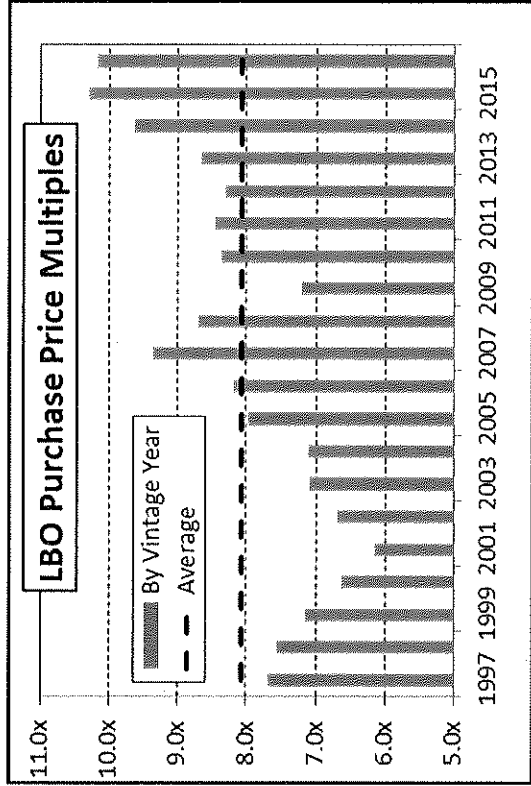
Hedge fund assumption constructed from building blocks of broad hedge fund categories

Build up of 40% Equity, 40% Credit, and 20% Macro-related strategies

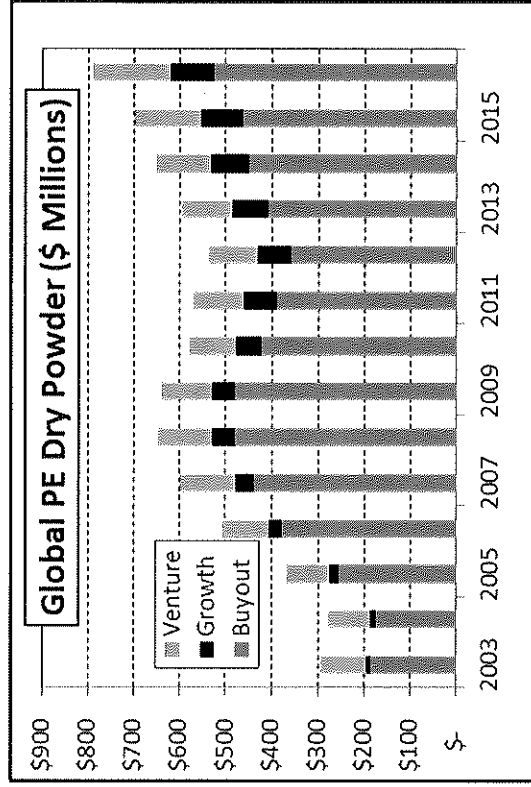
Based on analysis of historical return, risk and correlation for underlying strategies and total universe

Use NEPC standard market betas as building blocks as well as an alpha component

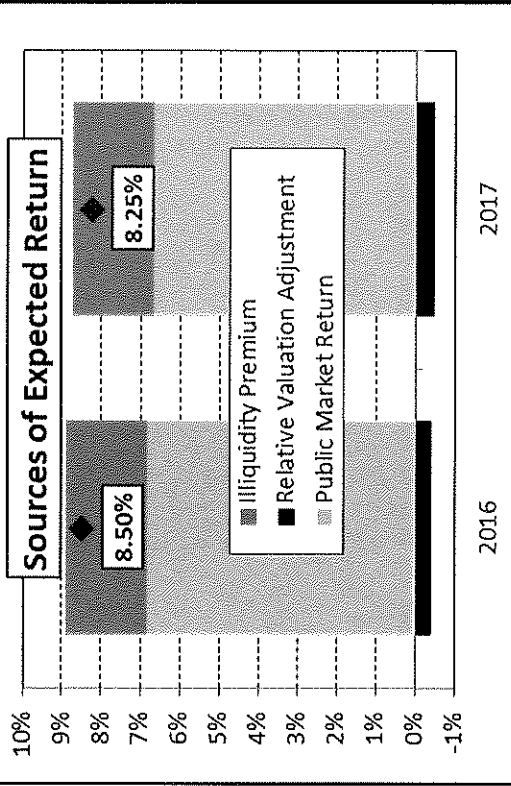
Assumption Development – Private Equity



Source: S&P Capital IQ LCD



Source: Preqin

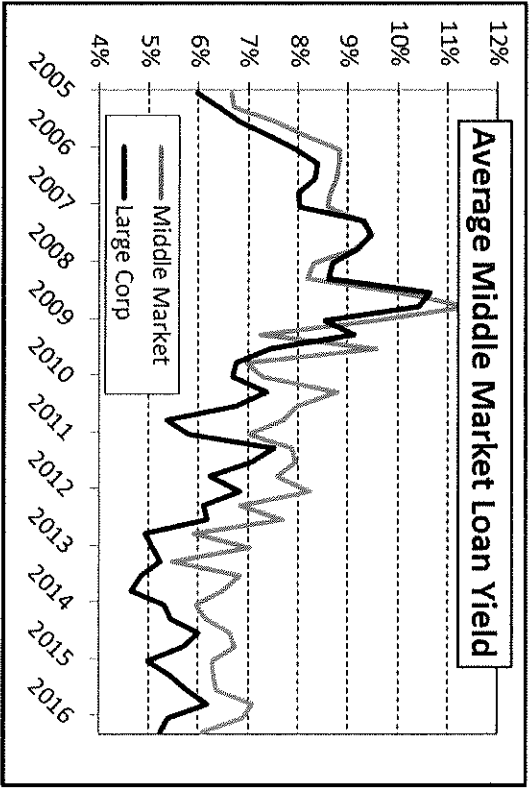


Private equity assumption reflects 40% buyout, 25% growth equity, 20% secondaries, 15% venture. Public market equivalent defined as blend of 70% US small/mid cap equities and 30% non-US developed market equities.

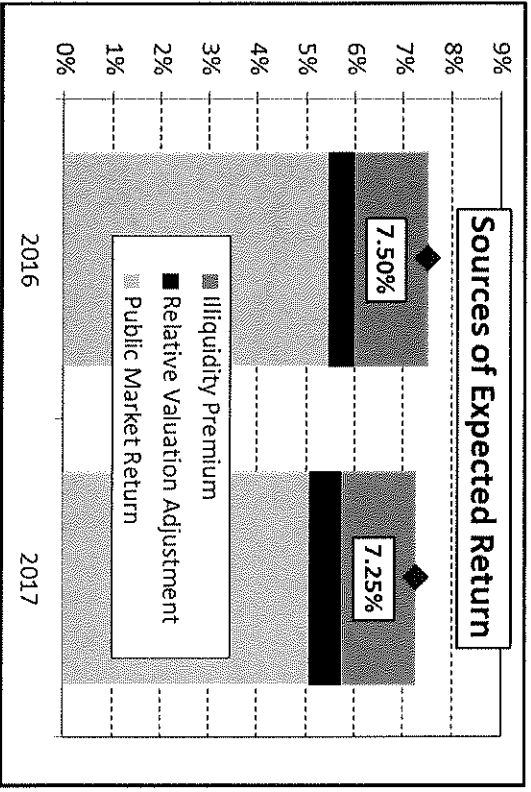
Slightly lower return expectation for private equity driven by:

- Lower public market return expectation
- Broad increase in private commitments crowding the marketplace
- Relatively high purchase price multiples

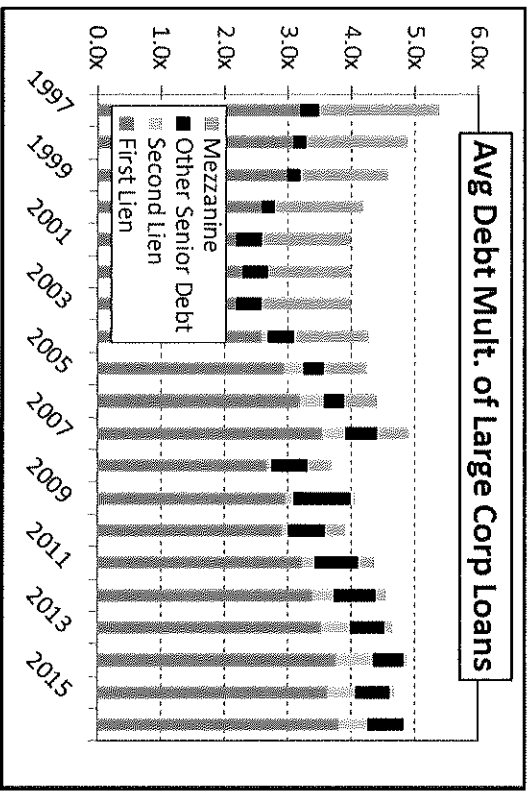
Assumption Development – Private Debt



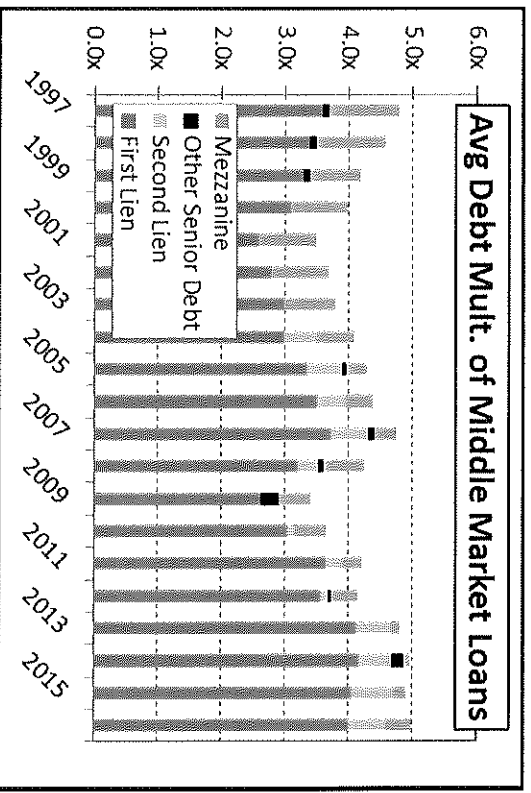
Source: S&P Capital IQ LCD



Private debt assumption reflects 50% direct lending, 25% mezzanine, 25% distressed debt. Public market equivalent defined as blend of 50% high yield bonds and 50% bank loans.



Source: S&P Capital IQ

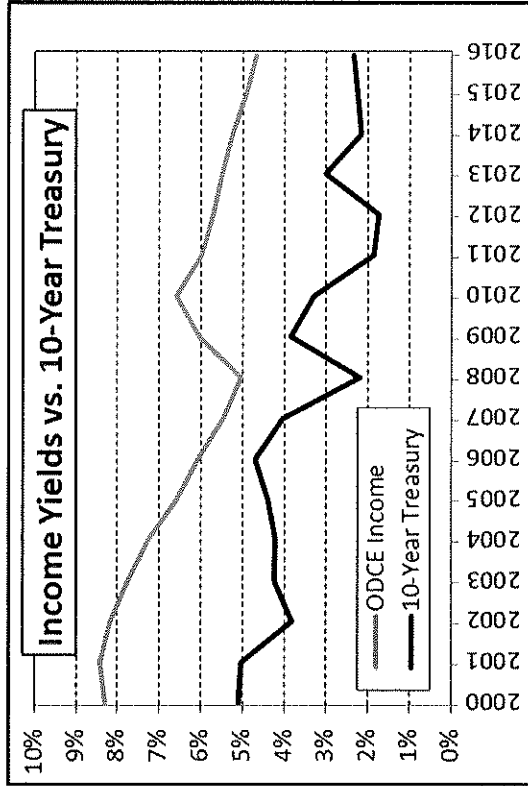


Private debt assumption reflects 50% direct lending, 25% mezzanine, 25% distressed debt. Public market equivalent defined as blend of 50% high yield bonds and 50% bank loans.

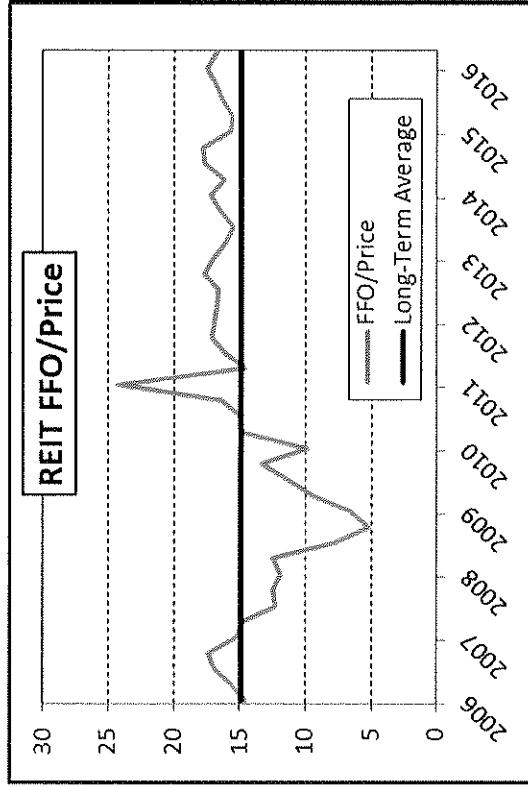


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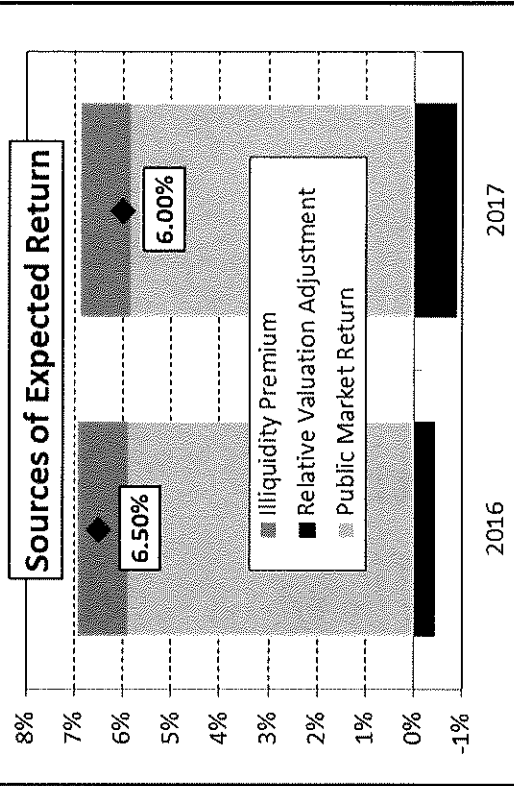
Assumption Development – Real Estate and REITs



Sources: NCREIF, US Department of Treasury



Source: NAREIT, Bloomberg



Core real estate expected return has decreased due to above average valuations and lower income yields

Despite a lower return assumption, real estate remains an important asset allocation tool for diversification and correlation benefits

Real estate assumption reflects US core holdings as represented by the NCREIF ODCE. REIT assumption represented by the FTSE NAREIT Index. Public market equivalent defined as 100% REITs with embedded leverage adjustment (21% for ODCE vs. 41% for NAREIT)



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Asset Class Building Blocks Summary

- **Global Equity Building Blocks**
 - **Inflation:** Represents global inflation expectation over forecast period
 - **Real Earnings Growth:** Represents assumption for real growth for each market
 - **Profit Margin Adjustment:** Return due to shift of profit margins to forecast value
 - **Dividend Yield:** Represents dividend yield expectation over forecast period
 - **Valuation:** Return due to shift of current price/earnings ratio to forecast value
- **Commodities Building Blocks**
 - **Valuation:** Return from commodity spot price reverting to long term real average
 - **Roll yield:** Average annual yield to roll futures contract over forecast period
 - **Cash:** Expected US cash rate over forecast period
- **Fixed Income Building Blocks**
 - **Sovereign Yield:** Average expected government bond yield over forecast period
 - **Sovereign Price Change:** Expected price change due to changes in interest rates
 - **Roll Down:** Expected price change due to ageing of a bond along the yield curve
 - **Credit Spread:** Average expected credit spread over forecast period
 - **Spread Price Change:** Return due to shift of current credit spread to forecast value
 - **Credit Deterioration:** Return from credit downgrade and default over forecast period
 - **Real Yield:** Average expected government real yield over forecast period (TIPS)
 - **Real Yield Price Change:** Expected price change due to changes in real rates
 - **Inflation Expectation:** Expected inflation accrual over the forecast period (TIPS)
- **Private Markets Building Blocks**
 - **Illiquidity Premium:** Return associated with illiquidity factor specific to asset class
 - **Relative Valuation Adjustment:** Qualitative adjustment reflecting asset class views
 - **Public Market Return:** Return associated with equivalent public market beta



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Information Disclaimer

- **Past performance is no guarantee of future results.**
- **The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.**
- **Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**
- **All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.**
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Alternative Investment Disclosures

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:

- 1. Performance can be volatile and investors could lose all or a substantial portion of their investment**
- 2. Leverage and other speculative practices may increase the risk of loss**
- 3. Past performance may be revised due to the revaluation of investments**
- 4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms**
- 5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value**
- 6. These funds are not subject to the same regulatory requirements as registered investment vehicles**
- 7. Managers may not be required to provide periodic pricing or valuation information to investors**
- 8. These funds may have complex tax structures and delays in distributing important tax information**
- 9. These funds often charge high fees**
- 10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy**



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