SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
ANALYSIS OF STABILIZER
DEFINED CONTRIBUTION PLANS
EXCLUDING RETIREMENT MEDICAL TRUST
2ND QUARTER 2017

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
2Q 2016	0.41%	1.85%	1.44%
3Q 2016	0.68%	0.99%	0.31%
4Q 2016	0.29%	(1.76)%	(2.05)%
1Q 2017	0.36%	1.04%	0.68%
2Q 2017	**0.41%**	**1.33%**	**0.92%**
I YEAR	**1.75%**	**1.59%**	**(0.16)%**

The broad U.S. fixed income market posted a positive 1.4 percent return for the quarter (Barclays U.S. Aggregate). U.S. Corporate Investment Grade was the best performing sector, returning a positive 2.5 percent (BC U.S. Corporate Investment Grade). Treasury Inflation Protected Securities (TIS) was the worst performing sector, returning a negative 0.4 percent (BC TIPS).

The average credit rating of the portfolio remained at AA-. The benchmark is AA+, top tier of "Very Strong". Voya Investment Management (VIM) slightly increased the allocation in High Yield (HY) and Investment Grade (IG) and slightly lowered Asset Backed Securities (ABS), Commercial Mortgage Backed Securities (CMBS) and U.S. Treasury & Cash.

Effective duration increased from 3.93 years to 3.99 years and average yield to maturity is 3.05%, down from 3.12% at 1Q17. The current crediting interest rate was increased as of July 1, 2017 from 2.50% to 2.65%.

Market to Book Value Ratio:

2ND QUARTER 2017	1ST QUARTER 2017	4TH QUARTER 2016	3RD QUARTER 2016	2ND QUARTER 2016
100.36%	99.77%	99.41%	101.91%	101.63%

As a reminder, Book Value is the accumulated total of all County of San Bernardino participant assets in the Stable Value Account and Market Value is the value of the underlying securities in the actual portfolio.

Quarter ending June 30, 2017

Portfolio Review

Prepared for:

County of San Bernardino

SA 891

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INVESTMENT MANAGEMENT

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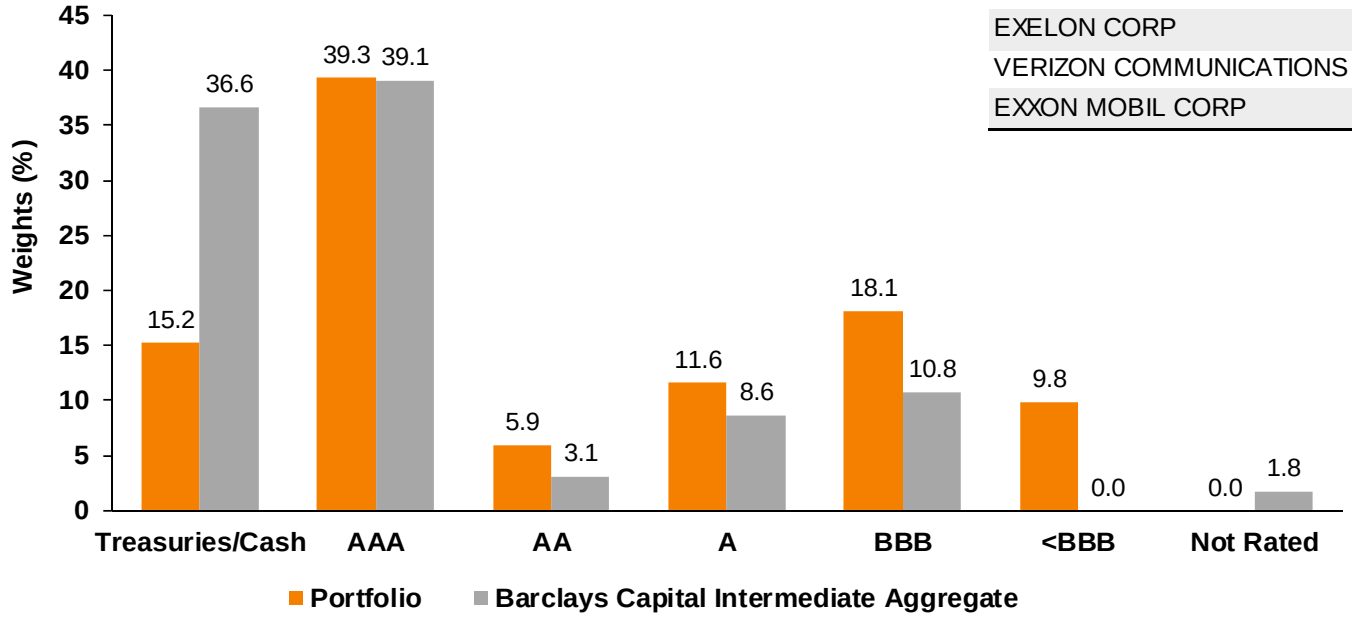
Portfolio Characteristics

Quarter Ending June 30, 2017

Characteristics	Portfolio	Barclays Capital Intermediate Aggregate
Effective Duration (Years)	3.99	4.20
Yield to Maturity (%)	3.05	2.35
Average Quality	AA-	AA+

Top Ten Credit Exposures	% of Portfolio
BANK OF AMERICA CORP	0.80
AT+T INC	0.60
ENERGY TRANSFER PARTNERS LP	0.59
WELLS FARGO + CO	0.59
COOPERATIEVE RABOBANK UA	0.53
CHARTER COMMUNICATIONS INC	0.47
MICROSOFT CORP	0.45
EXELON CORP	0.44
VERIZON COMMUNICATIONS INC	0.43
EXXON MOBIL CORP	0.43

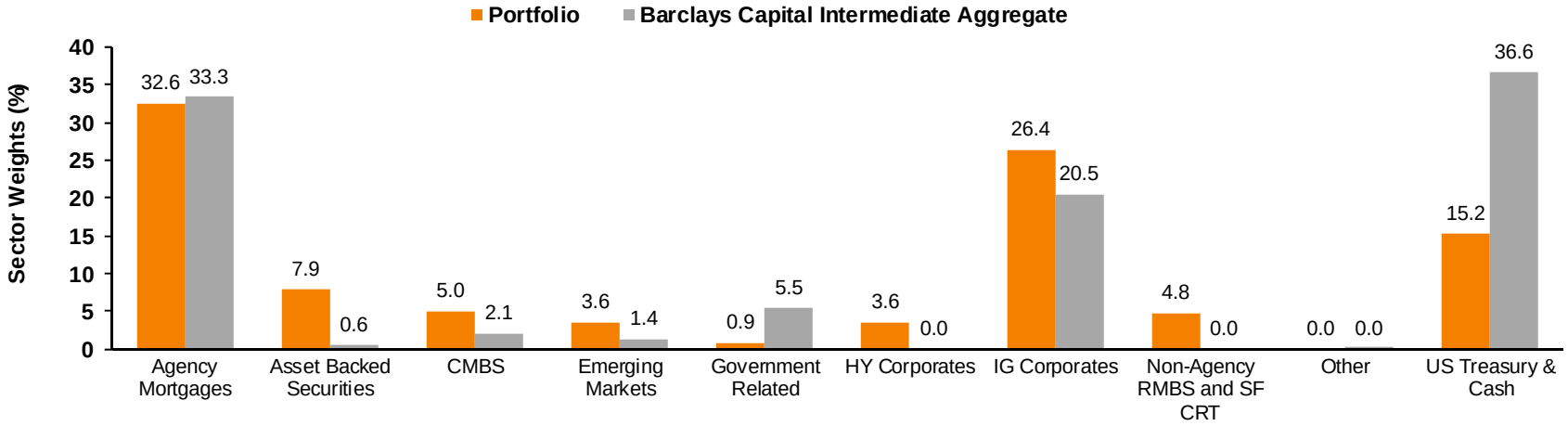
Quality Comparison



See Explanatory Notes Section for footnotes and disclosures.

Asset Allocation

Quarter Ending June 30, 2017



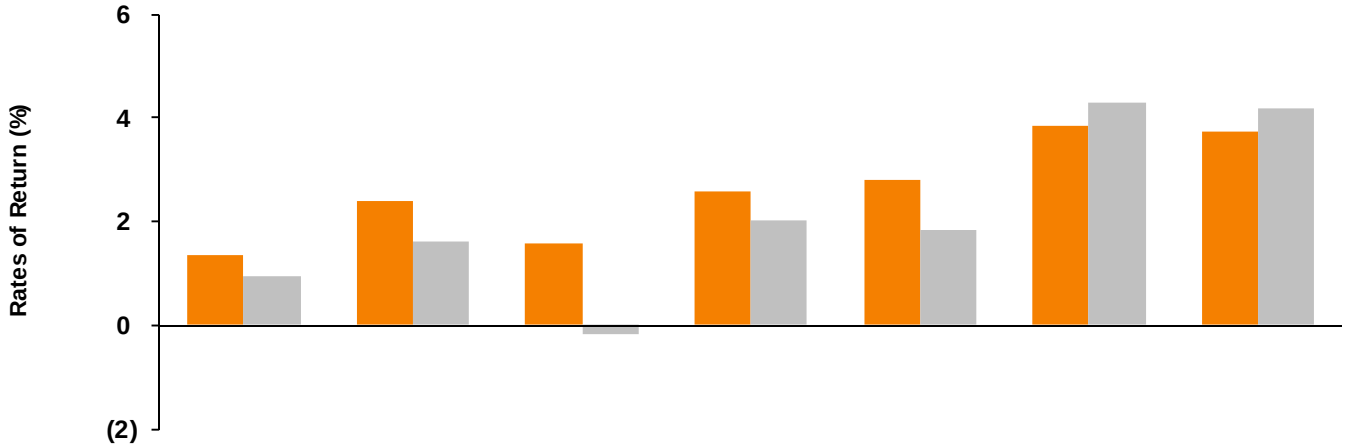
	09/30/2016	12/31/2016	03/31/2017	04/30/2017	05/31/2017	06/30/2017			Change from prior quarter
Asset Group	Portfolio					Portfolio	Index	Active	Portfolio
Agency Mortgages	27%	30%	33%	33%	33%	33%	33%	-1%	0%
Asset Backed Securities	6%	9%	8%	8%	8%	8%	1%	7%	-1%
CMBS	5%	6%	6%	6%	5%	5%	2%	3%	-1%
Emerging Markets	3%	3%	3%	3%	4%	4%	1%	2%	0%
Government Related	1%	1%	1%	1%	1%	1%	5%	-5%	0%
HY Corporates	1%	2%	3%	4%	4%	4%	0%	4%	1%
IG Corporates	29%	29%	25%	25%	26%	26%	20%	6%	1%
Non-Agency RMBS and SF CRT	6%	5%	5%	4%	5%	5%	0%	5%	0%
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%
US Treasury & Cash	22%	16%	16%	17%	15%	15%	37%	-21%	-1%
Total	100%	100%	100%	100%	100%	100%	100%	0%	0%

Allocations may not add to 100% due to rounding.

See Explanatory Notes Section for footnotes and disclosures.

Performance Summary

Quarter Ending June 30, 2017



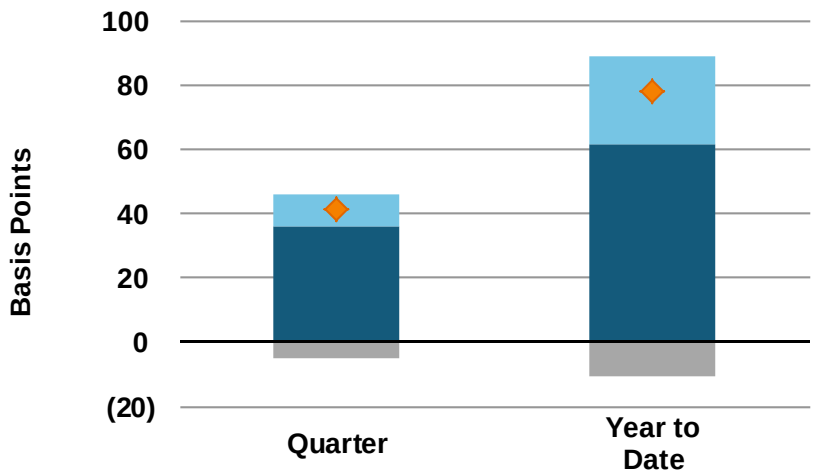
	Quarter	YTD	1 Year	Annualized 3 Year	5 Year	10 Year	Since Inception
Portfolio Gross	1.33	2.39	1.59	2.59	2.79	3.83	3.72
Barclays Capital Intermediate Aggregate	0.92	1.61	(0.16)	2.01	1.82	4.28	4.18

Performance measurement inception date: January 17, 2007. Performance is calculated on a time-weighted total return basis and is presented on a "gross" basis (i.e., before the deduction of investment management fees). The returns for the Barclays Capital Intermediate Aggregate Index are time-weighted total return performance results as reported by Barclays Capital.

Account inception date is January 10, 2007. The benchmark from inception through February 28, 2014 was the Barclay's Capital US Aggregate. Effective March 1, 2014 the benchmark was changed to the Barclays Capital Intermediate US Aggregate.

Portfolio Attribution

Quarter Ending June 30, 2017



	Quarter	Year to Date
Security Selection	10	28
Sector Allocation	36	61
Duration/Curve	(5)	(11)
Total	41	78

Performance attribution relative to the index.
Components may not add to Total due to rounding.