SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
ANALYSIS OF STABILIZER
DEFINED CONTRIBUTION PLANS
EXCLUDING RETIREMENT MEDICAL TRUST

1ST QUARTER 2016

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
1Q 2015	0.16%	1.48%	1.32%
2Q 2015	0.06%	-0.61%	-0.67%
3Q 2015	-0.56%	0.52%	1.08%
4Q 2015	0.45%	-0.06%	-0.51%
1Q2016	**-0.18%**	**2.13%**	**2.31%**
I YEAR	**-0.24%**	**1.96%**	**2.20%**

The broad U.S. fixed income market posted a positive 3.0 percent return for the quarter (Barclays U.S. Aggregate). TIPS was the best performing sector, returning a positive 4.5 percent (BC TIPS). Muni bond was the worst performing sector, returning a positive 1.7 percent (BC Muni). Global fixed income outperformed the broad U.S. fixed income market, returning a positive 5.7 percent (BofA ML Global Broad Market) for the quarter.

The average credit rating of the portfolio improved from A+ the top tier of "Strong" to AA-. The benchmark is AA+, top tier of "Very Strong". Voya Investment Management (VIM) became defensive with this portfolio reducing risk, particularly in High Yield (HY) and Emerging Markets (EM). While HY has continued to be reduced, from 3% at 4Q15 to 2% of the portfolio, but mostly BB and B. VIM is maintaining exposure to Commercial Mortgage Backed Securities (CMBS) as well, favoring short term duration Corporates and increasing Agency RMBS.

Effective duration remains stable at 3.65 years and average yield to maturity is 2.81%.

Market to Book Value Ratio:

1ST QUARTER 2016	**4TH QUARTER 2015**	3RD QUARTER 2015	2ND QUARTER 2015	1ST QUARTER 2015
100.48%	99.05%	99.80%	99.98%	101.38%

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 March 31, 2016

Portfolio Review

Prepared for:

County of San Bernardino

SA 891

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INVESTMENT MANAGEMENT

voyainvestments.com

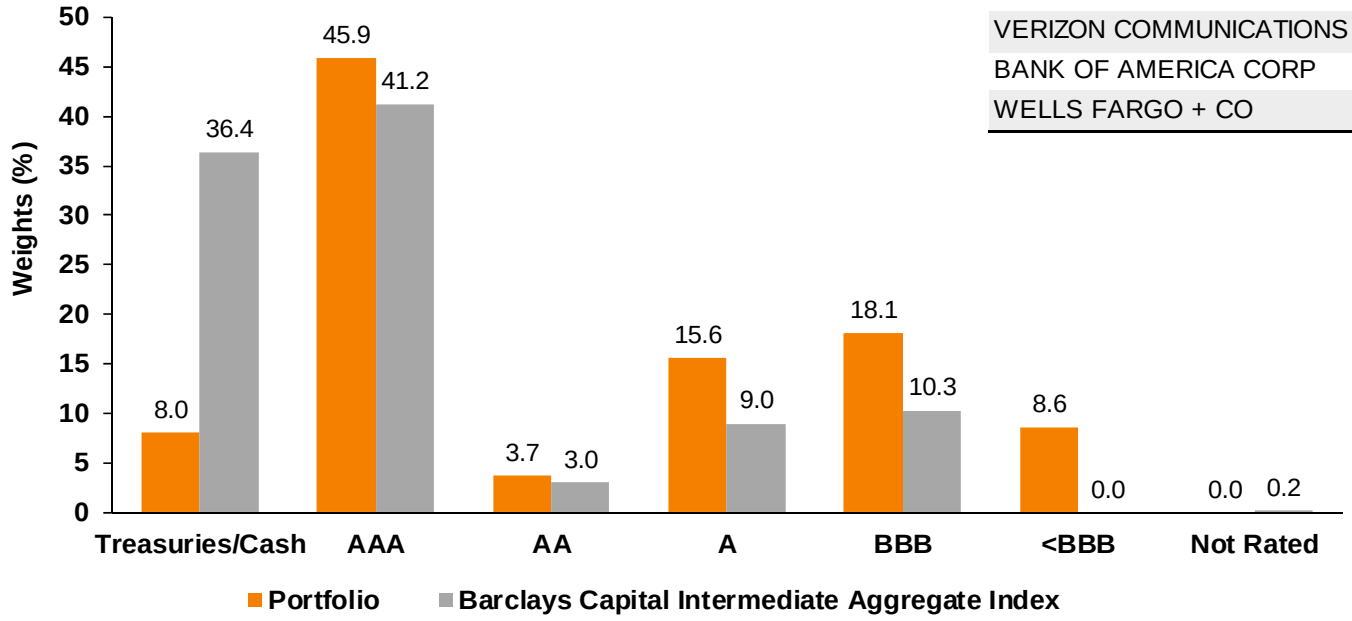
Portfolio Characteristics

Quarter Ending March 31, 2016

Characteristics	Portfolio	Barclays Capital Intermediate Aggregate Index
Effective Duration (Years)	3.65	3.66
Yield to Maturity (%)	2.81	1.81
Average Quality	AA-	AA+

Top Ten Credit Exposures	% of Portfolio
VISA INC	0.59
MORGAN STANLEY	0.57
MIZUHO FINANCIAL GROUP INC	0.57
UBS GROUP AG	0.56
ALLERGAN PLC	0.54
HUNTINGTON BANCSHARES INC/OH	0.53
FORD MOTOR CO	0.52
VERIZON COMMUNICATIONS INC	0.51
BANK OF AMERICA CORP	0.51
WELLS FARGO + CO	0.48

Quality Comparison



See Explanatory Notes Section for footnotes and disclosures.

INVESTMENT MANAGEMENT

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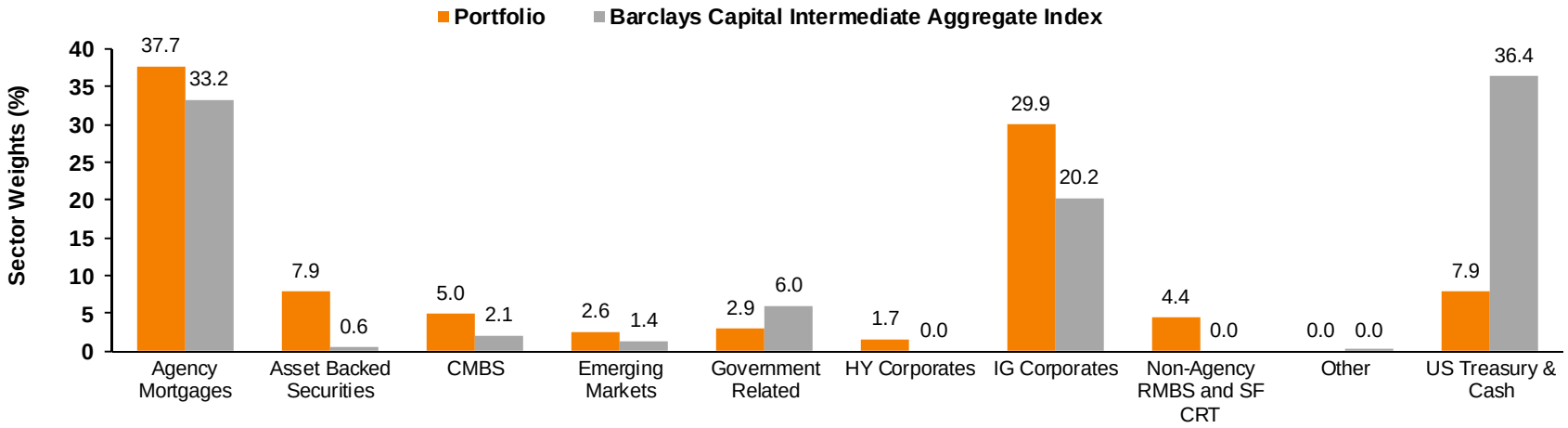
Asset Allocation

Quarter Ending March 31, 2016



	06/30/2015	09/30/2015	12/31/2015	01/31/2016	02/29/2016	03/31/2016			Change from prior quarter
Asset Group	Portfolio					Portfolio	Index	Active	Portfolio
Agency Mortgages	32%	32%	33%	33%	33%	38%	33%	4%	5%
Asset Backed Securities	5%	5%	8%	8%	8%	8%	1%	7%	0%
CMBS	5%	5%	5%	5%	5%	5%	2%	3%	0%
Emerging Markets	3%	3%	2%	2%	2%	3%	1%	1%	0%
Government Related	5%	5%	3%	3%	3%	3%	6%	-3%	0%
HY Corporates	4%	3%	3%	3%	3%	2%	0%	2%	-2%
IG Corporates	28%	28%	33%	33%	33%	30%	20%	10%	-3%
Non-Agency RMBS and SF CRT	2%	5%	5%	5%	5%	4%	0%	4%	-1%
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%
US Treasury & Cash	16%	13%	7%	8%	8%	8%	36%	-29%	0%
Total	100%	100%	100%	100%	100%	100%	100%	0%	0%

Allocations may not add to 100% due to rounding.

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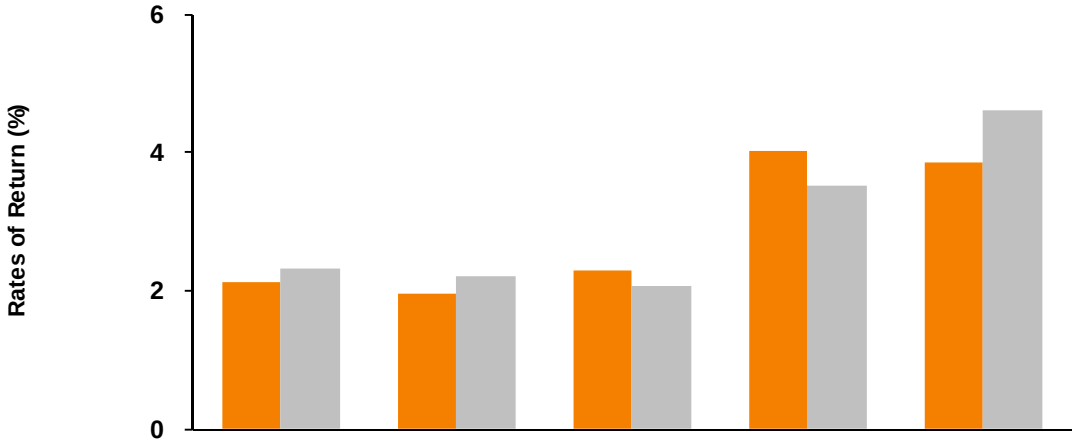
Performance Summary

Quarter Ending March 31, 2016



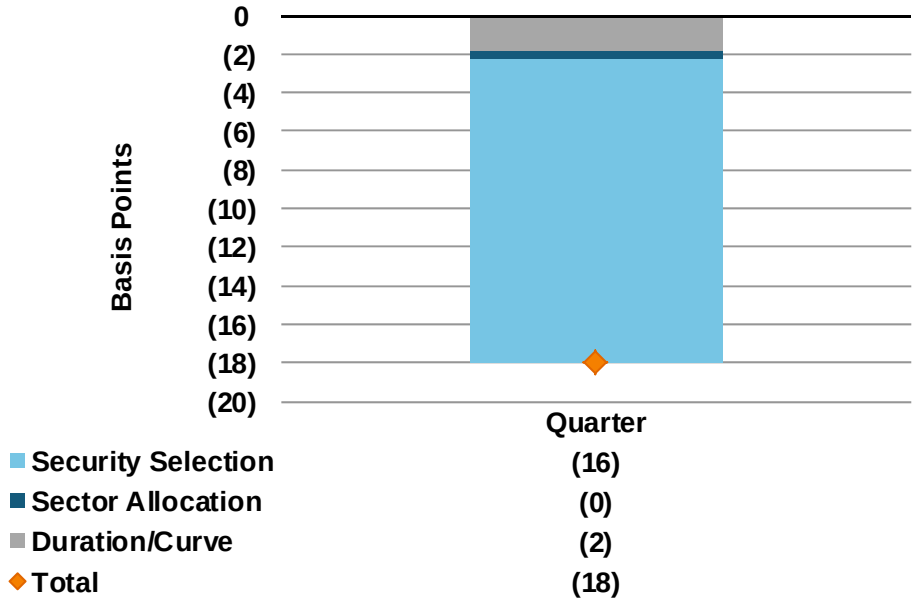
	Quarter	1 Year	Annualized 3 Year	Annualized 5 Year	Annualized Since Inception
Portfolio	2.13	1.96	2.30	4.02	3.85
Barclays Capital Inter Agg/BC Cap Agg	2.31	2.20	2.05	3.51	4.61

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 Inter Agg/BC Cap Agg 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 March 31, 2016



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