SST BENEFITS CONSULTING

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

3RD QUARTER 2016

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
3Q 2015	-0.56%	0.52%	1.08%
4Q 2015	0.45%	-0.06%	-0.51%
1Q2016	-0.18%	2.13%	2.31%
2Q2016	0.41%	1.85%	1.44%
3Q2016	**0.68%**	**0.99%**	**0.31%**
I YEAR	**1.41%**	**4.98%**	**3.57%**

The broad U.S. fixed income market was essentially flat for the quarter, posting a positive 0.5% return (Barclays U.S. Aggregate). High Yield was the best performing sector, returning a positive 5.6% (BC High Yield). Government, along with Muni, were the worst performing sectors, returning a negative 0.3% (BC Government, BC Muni). Global fixed income just slightly outperformed the broad U.S. fixed income market, returning a positive 0.7% (BofA ML Global Broad Market) for the quarter.

The average credit rating of the portfolio remained at AA-. The benchmark is AA+, top tier of "Very Strong". Voya Investment Management (VIM) continues to be defensive with this portfolio, maintaining the allocation in High Yield (HY) and Emerging Markets (EM), both of which outperformed and added positive excess returns. VIM slightly increased an overweight exposure to Commercial Mortgage Backed Securities (CMBS) as well, favoring short term duration higher quality Corporates and decreasing Agency RMBS.

Effective duration increased from 3.55 years to 3.63 years and average yield to maturity is 2.31%.

Market to Book Value Ratio:

3RD QUARTER 2016	2ND QUARTER 2016	1ST QUARTER 2016	4TH QUARTER 2015	3RD QUARTER 2015
101.91%	101.63%	100.48%	99.05%	99.80%

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 September 30, 2016

Portfolio Review

Prepared for:

County of San Bernardino

SA 891

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INVESTMENT MANAGEMENT

voyainvestments.com

VOYA.

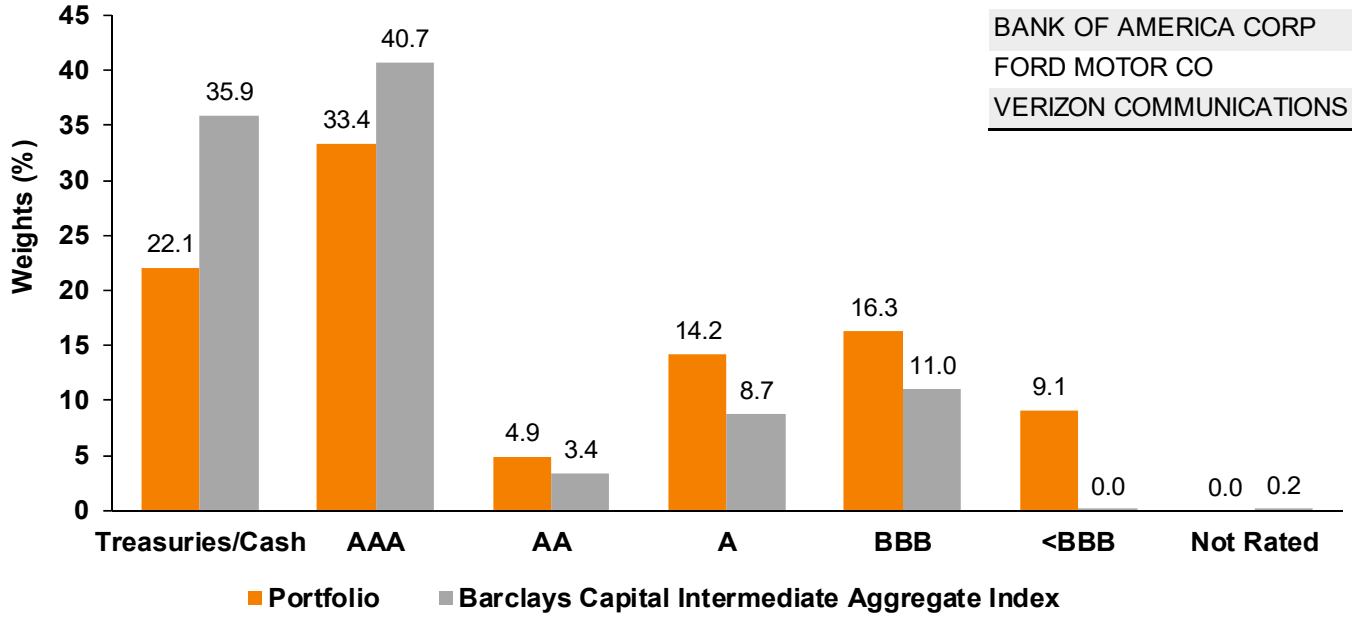
Portfolio Characteristics

Quarter Ending September 30, 2016

Characteristics	Portfolio	Barclays Capital Intermediate Aggregate Index
Effective Duration (Years)	3.63	3.62
Yield to Maturity (%)	2.31	1.67
Average Quality	AA-	AA+

Top Ten Credit Exposures	% of Portfolio
ROYAL DUTCH SHELL PLC	0.84
AT+T INC	0.77
MICROSOFT CORP	0.58
MORGAN STANLEY	0.55
MIZUHO FINANCIAL GROUP INC	0.54
UBS GROUP AG	0.54
HUNTINGTON BANCSHARES INC/OH	0.52
BANK OF AMERICA CORP	0.50
FORD MOTOR CO	0.49
VERIZON COMMUNICATIONS INC	0.49

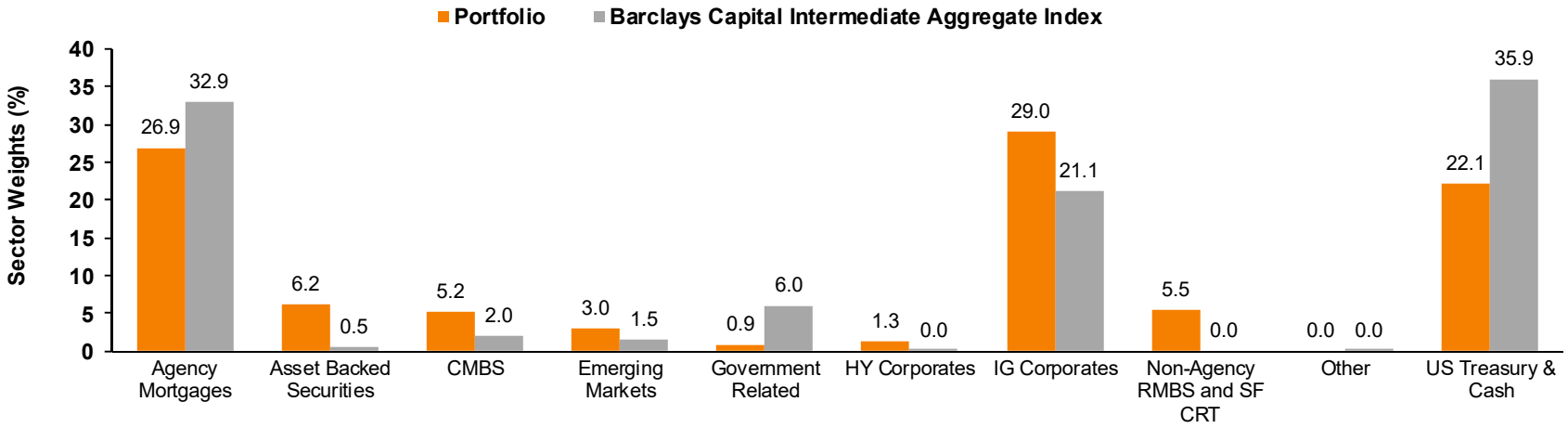
Quality Comparison



See Explanatory Notes Section for footnotes and disclosures.

Asset Allocation

Quarter Ending September 30, 2016



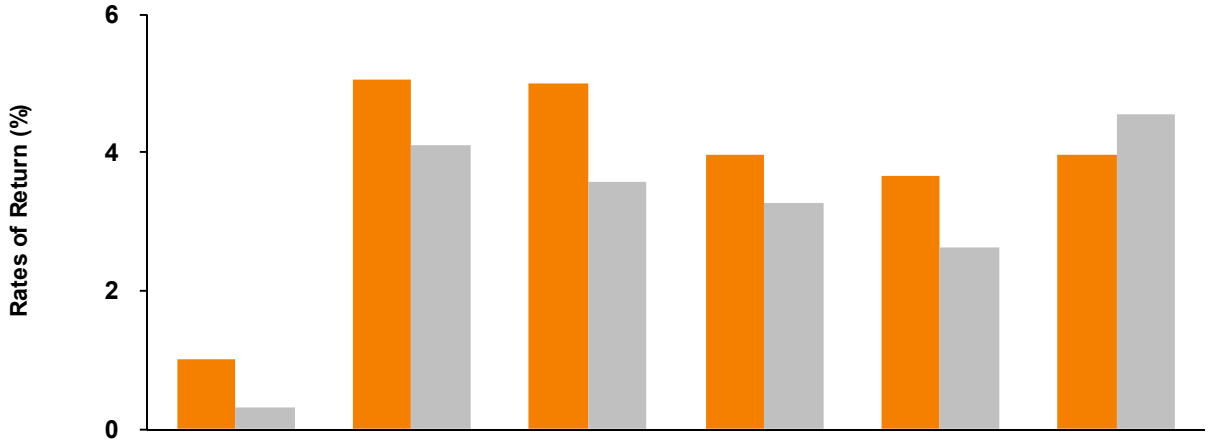
	12/31/2015	03/31/2016	06/30/2016	07/31/2016	08/31/2016	09/30/2016			Change from prior quarter
Asset Group	Portfolio					Portfolio	Index	Active	Portfolio
Agency Mortgages	33%	38%	32%	31%	27%	27%	33%	-6%	-5%
Asset Backed Securities	8%	8%	8%	6%	6%	6%	1%	6%	-1%
CMBS	5%	5%	4%	4%	4%	5%	2%	3%	1%
Emerging Markets	2%	3%	3%	3%	3%	3%	1%	2%	0%
Government Related	3%	3%	1%	1%	1%	1%	6%	-5%	0%
HY Corporates	3%	2%	2%	2%	2%	1%	0%	1%	0%
IG Corporates	33%	30%	29%	28%	29%	29%	21%	8%	0%
Non-Agency RMBS and SF CRT	5%	4%	6%	6%	6%	6%	0%	6%	-1%
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%
US Treasury & Cash	7%	8%	16%	19%	22%	22%	36%	-14%	6%
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 September 30, 2016



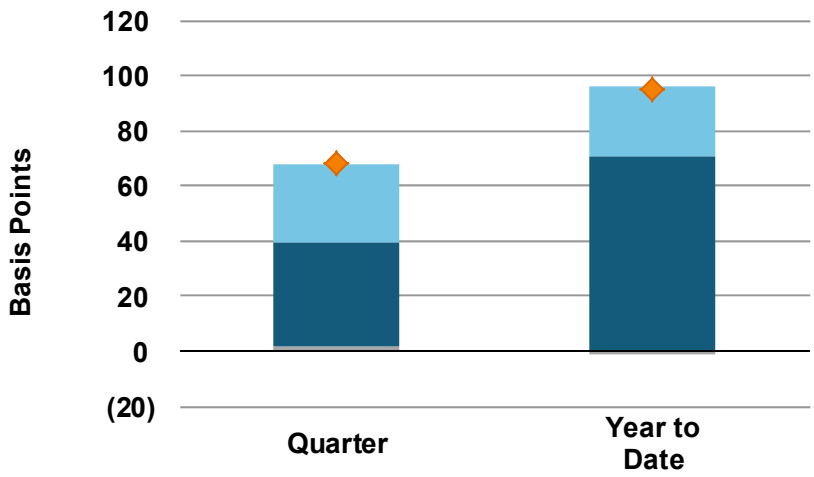
	Quarter	YTD	1 Year	Annualized 3 Year	5 Year	Since Inception
Portfolio Gross	0.99	5.05	4.98	3.97	3.66	3.95
Barclays Capital Inter Agg/BC Cap Agg	0.31	4.10	3.57	3.26	2.62	4.56

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 September 30, 2016



	Quarter	Year to Date
Security Selection	28	25
Sector Allocation	38	71
Duration/Curve	2	(1)
Total	68	95

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