SST BENEFITS CONSULTING

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

4TH QUARTER 2016

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
4Q 2015	0.45%	-0.06%	-0.51%
1Q 2016	-0.18%	2.13%	2.31%
2Q2016	0.41%	1.85%	1.44%
3Q2016	0.68%	0.99%	0.31%
4Q2016	**0.29%**	**-1.76%**	**-2.05%**
I YEAR	**1.23%**	**3.20%**	**1.97%**

The broad U.S. fixed income market posted a negative 3.0 percent return (Barclays U.S. Aggregate). High Yield was the best performing sector, returning a positive 1.6 percent (BC High Yield). Government was the worst performing sector, returning a negative 3.7 percent (BC Government). Global fixed income underperformed the broad U.S. fixed income market, returning a negative 6.8 percent (BofA ML Global Brad Market).

The average credit rating of the portfolio remained at AA-. The benchmark is AA+ the top tier of "Very Strong". Voya Investment Management (VIM) remains defensive with this portfolio, maintaining the lower allocation in High Yield (HY) and Emerging Markets (EM), both of which outperformed and added positive excess returns similar to last quarter. VIM maintained an overweight exposure to Commercial Mortgage Backed Securities (CMBS) as well, favoring short term duration higher quality Corporates. Agency Residential Mortgage Backed Securities (RMBS) and Asset Back Securities (ABS) underperformed the benchmark, however, added back collateralized loan obligations (CLOs) helped offset ABS underperformance.

Effective duration increased from 3.63 years to 3.88 years and average yield to maturity is 3.00%.

Market to Book Value Ratio:

4TH QUARTER 2016	3RD QUARTER 2016	2ND QUARTER 2016	1ST QUARTER 2016	4TH QUARTER 2015
99.41%	101.91%	101.63%	100.48%	99.05%

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 December 31, 2016

Portfolio Review

Prepared for:

County of San Bernardino

SA 891

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INVESTMENT MANAGEMENT

voyainvestments.com

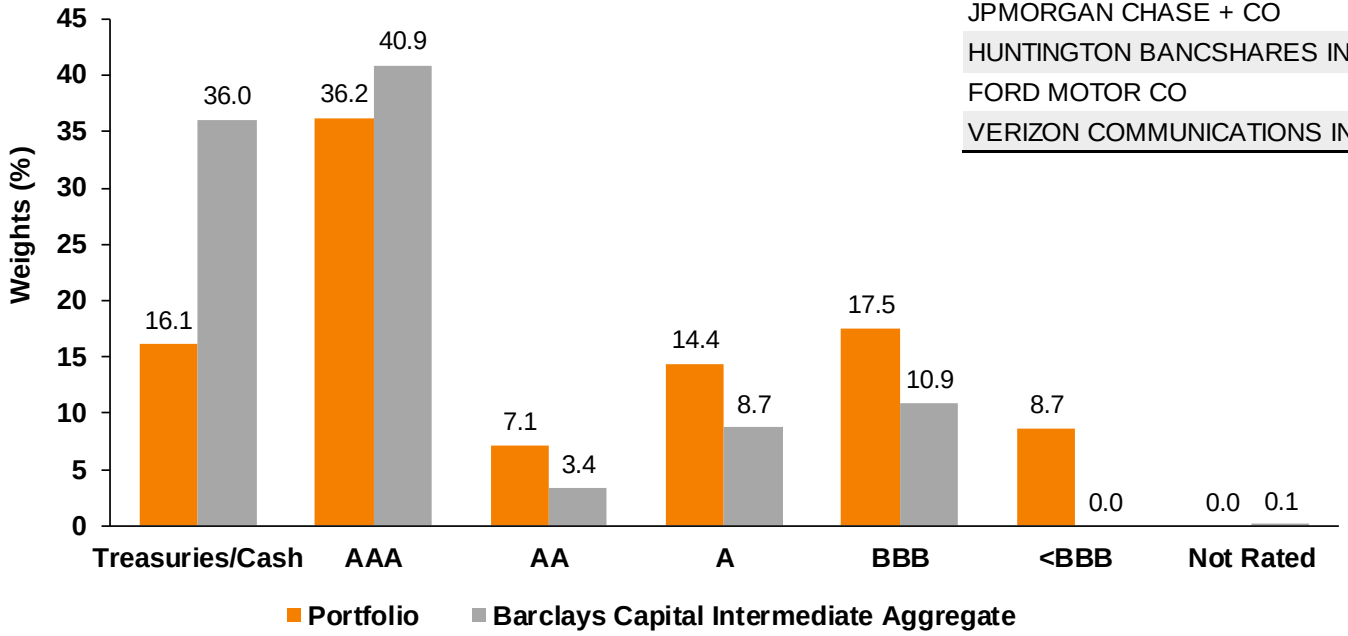
Portfolio Characteristics

Quarter Ending December 31, 2016

Characteristics	Portfolio	Barclays Capital Intermediate Aggregate
Effective Duration (Years)	3.88	4.27
Yield to Maturity (%)	3.00	2.36
Average Quality	AA-	AA+

Top Ten Credit Exposures	% of Portfolio
AT+T INC	0.74
BANK OF AMERICA CORP	0.64
ROYAL DUTCH SHELL PLC	0.61
MIZUHO FINANCIAL GROUP INC	0.54
UBS GROUP AG	0.53
GROUPE BPCE	0.53
JPMORGAN CHASE + CO	0.53
HUNTINGTON BANCSHARES INC/OH	0.51
FORD MOTOR CO	0.49
VERIZON COMMUNICATIONS INC	0.47

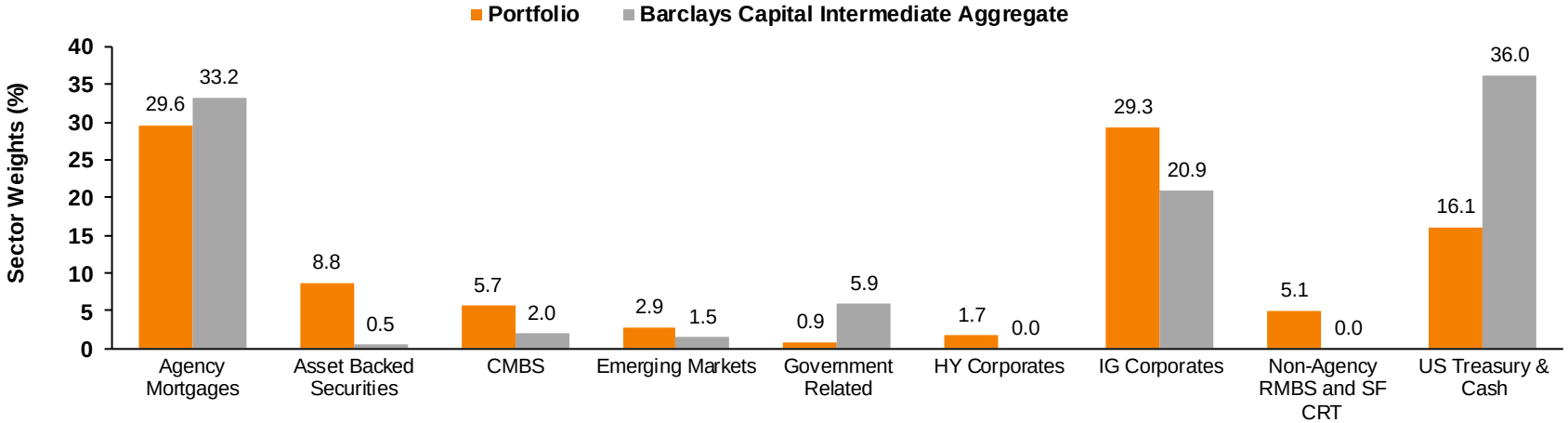
Quality Comparison



See Explanatory Notes Section for footnotes and disclosures.

Asset Allocation

Quarter Ending December 31, 2016



	03/31/2016	06/30/2016	09/30/2016	10/31/2016	11/30/2016	12/31/2016			Change from prior quarter
Asset Group	Portfolio					Portfolio	Index	Active	Portfolio
Agency Mortgages	38%	32%	27%	26%	30%	30%	33%	-4%	3%
Asset Backed Securities	8%	8%	6%	7%	9%	9%	1%	8%	3%
CMBS	5%	4%	5%	5%	5%	6%	2%	4%	1%
Emerging Markets	3%	3%	3%	3%	3%	3%	1%	1%	0%
Government Related	3%	1%	1%	1%	1%	1%	6%	-5%	0%
HY Corporates	2%	2%	1%	1%	1%	2%	0%	2%	0%
IG Corporates	30%	29%	29%	29%	29%	29%	21%	8%	0%
Non-Agency RMBS and SF CRT	4%	6%	6%	5%	5%	5%	0%	5%	0%
US Treasury & Cash	8%	16%	22%	21%	16%	16%	36%	-20%	-6%
Total	100%	100%	100%	100%	100%	100%	100%	0%	0%

Allocations may not add to 100% due to rounding.
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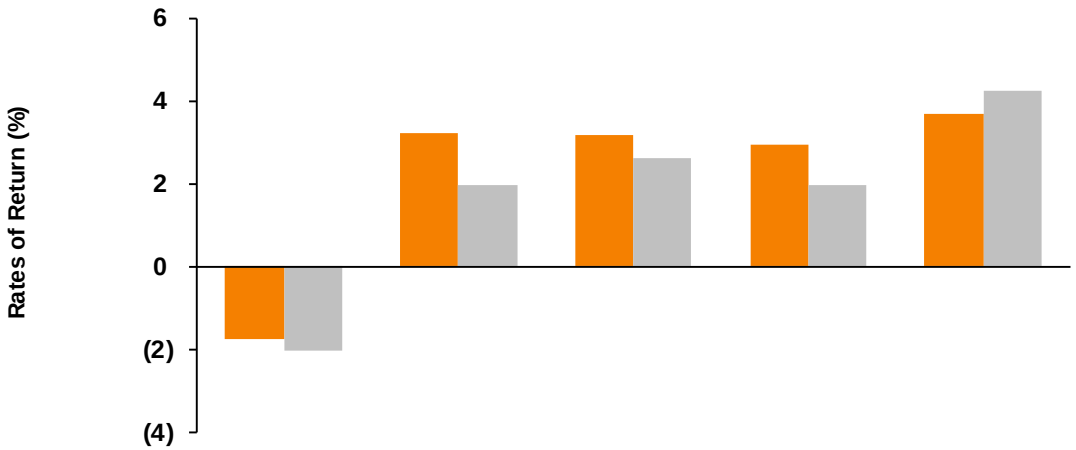
Performance Summary

Quarter Ending December 31, 2016



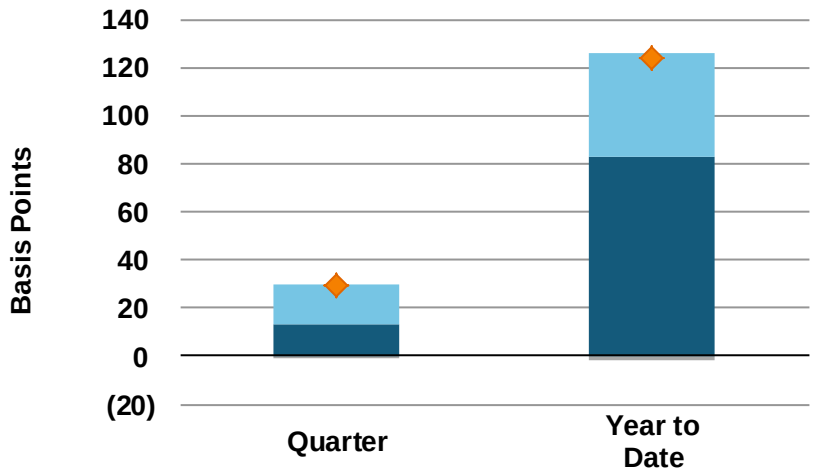
	Quarter	1 Year	Annualized 3 Year	5 Year	Since Inception
Portfolio Gross	(1.76)	3.20	3.18	2.92	3.67
Barclays Capital Intermediate Aggregate	(2.05)	1.97	2.60	1.97	4.22

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 December 31, 2016



	Quarter	Year to Date
Security Selection	17	43
Sector Allocation	13	83
Duration/Curve	(1)	(2)
Total	29	124

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