

Periods ended December 31, 2017



**Alabama County & Municipal  
Government Capital  
Improvement Trust Fund**

**Fourth Quarter Executive Summary**

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**Annoesjka West**  
Senior Vice President



**Market Environment**

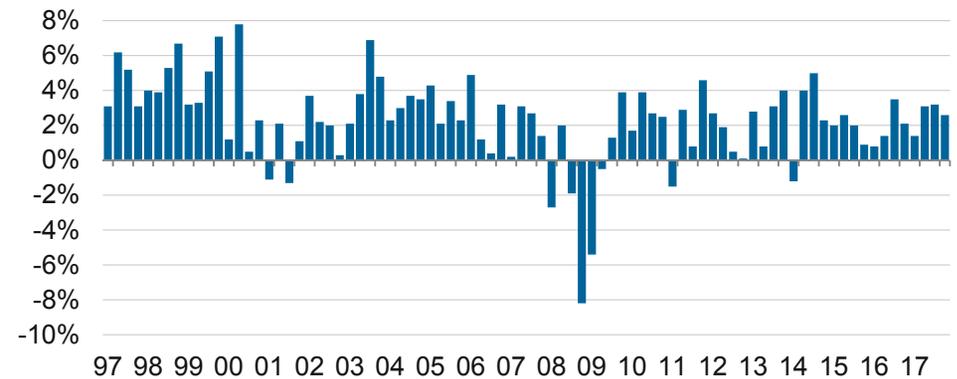
Fourth Quarter 2017

# Global Economic Update

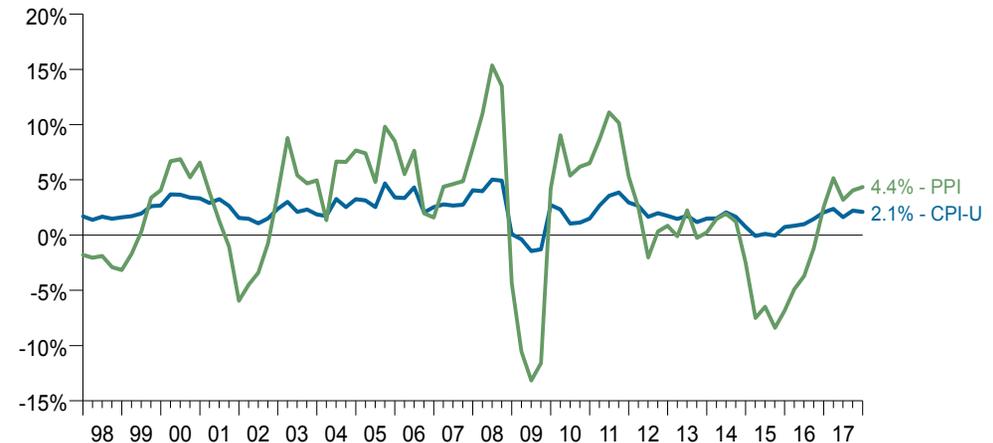
## The Big Picture

- Fourth quarter real GDP growth was 2.6%, which was below the preliminary market expectation of 3%.
- As expected, the Fed hiked the Fed Funds target by 25 bps at its December meeting to 1.25% - 1.50%. This move marked the third increase of 25 bps during the year. Markets are pricing in an additional three hikes in 2018, while Fed projections are for rates to end 2018 between 2.0% and 2.25%.
- Eurozone third quarter GDP was 2.6%. The European Central Bank (ECB) upgraded its 2018 forecast for growth from 1.8% to 2.3%, though growth in the U.K. is expected to slow given the yet-undetermined effects of Brexit.
- As expected by markets, the ECB kept its interest rates on hold in the fourth quarter, but it confirmed that it plans to reduce asset purchases to €30bn a month in January 2018, down from the current rate of €60bn.
- Inflation remained benign with headline CPI at 2.1% (year over year) in December, fueled by a 16.5% y-o-y leap in the price of gasoline. Core CPI (ex-food and energy) rose 1.8% in December.
- In the U.S., labor markets remained tight with the unemployment rate holding steady at 4.1% from October through December, representing the lowest rate since 2000. However, average hourly earnings growth continued to languish at 2.5%.
- Unemployment in the Eurozone fell to 8.8%, below 9% for the first time since 2009.
- As economies overseas gained traction, the U.S. dollar depreciated roughly 10% versus developed market currencies, most notably the euro, after hitting a 14-year high at the outset of 2017.

### U.S. Quarterly Real GDP Growth (20 Years)



### Inflation Year-Over Year



# 2017: A Year of Records

## What's Driving the Rally

### Returns for Periods ended December 31, 2017

	1 Quarter	1 Year	5 Years	10 Years	25 Years
<b>U.S. Equity</b>					
Russell 3000	6.34	21.13	15.58	8.60	9.72
S&P 500	6.64	21.83	15.79	8.50	9.69
Russell 2000	3.34	14.65	14.12	8.71	9.54
<b>Non-U.S. Equity</b>					
MSCI World ex USA	4.23	24.21	7.46	1.87	6.58
MSCI Emerging Markets	7.44	37.28	4.35	1.68	7.76
MSCI ACWI ex USA Small Cap	6.56	31.65	10.03	4.69	--
<b>Fixed Income</b>					
Bloomberg Barclays Aggregate	0.39	3.54	2.10	4.01	5.48
3-Month T-Bill	0.28	0.86	0.27	0.39	2.60
Bloomberg Barclays Long Gov/Credit	2.84	10.71	4.43	7.26	7.67
Bloomberg Barclays Global Agg ex-US	1.63	10.51	-0.20	2.40	5.02
<b>Real Estate</b>					
NCREIF Property	1.70	6.85	10.16	6.07	9.11
FTSE NAREIT Equity	1.51	5.23	9.46	7.44	10.76
<b>Alternatives</b>					
HFRI Fund of Funds	2.03	7.74	4.00	1.08	5.76
Cambridge Private Equity*	4.85	15.76	13.45	8.85	15.58
Bloomberg Commodity	4.71	1.70	-8.45	-6.83	2.47
Gold Spot Price	1.91	13.68	-4.82	4.56	5.63
<b>Inflation - CPI-U</b>	-0.12	2.11	1.43	1.61	2.23

\*Cambridge PE data are available through Q2 2017; cumulative results are calculated thru Q2 for the periods listed above.

- In 2017, stock markets hit a number of record highs, adding trillions of dollars to global market capitalization.
- Geopolitical concerns, domestic political drama and other noteworthy news items littered the headlines but had little effect on investors' complacency.
- The S&P 500 Index gained 6.6% in the fourth quarter and its 21.8% gain for the year was its best since 2013. The Index hit 62 record highs during the year and had only eight days of 1% or more fluctuations, the lowest number since 1964.
- Outside the U.S., emerging market equities outperformed developed market equities in the quarter and for the year. Developed market gains were broad-based and further bolstered by a weakening U.S. dollar.
- The U.S. yield curve continued its flattening trend in the fourth quarter. Longer-term bonds sharply outperformed short-term and intermediate-maturity bonds for the quarter and the year. This trend reflects the Fed's tightening bias as well as benign inflation.
- Commodities fared well over the quarter, bolstered by oil and copper prices.
- Gold rose 1.9% for the quarter and 13.7% over the trailing year.

# U.S. Equity Market Environment

For Periods Ended December 31, 2017

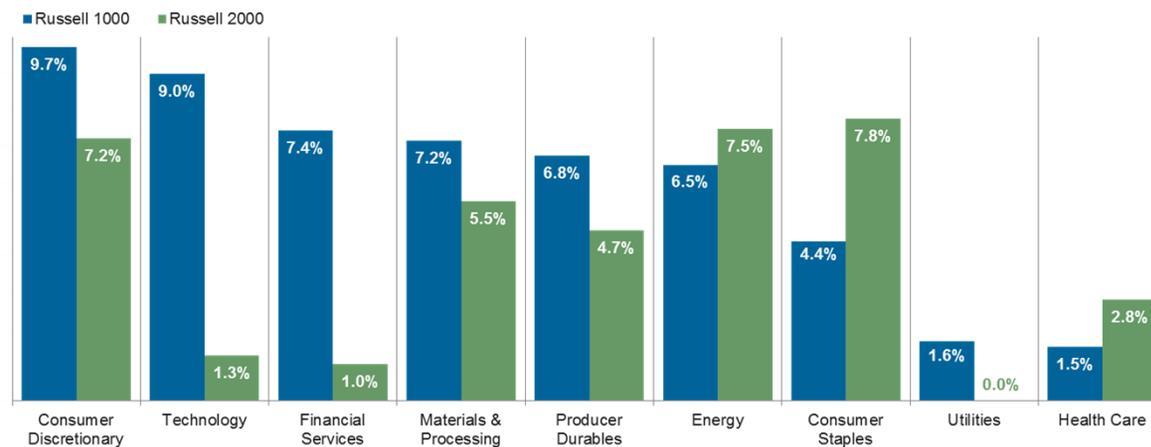
- The U.S. equity market continued its upward trajectory with exceptionally low volatility.
- Corporate earnings registered double-digit growth, receiving a boost from US tax reform.
- Growth outperformed Value across market cap range. Momentum stocks (+38%) posted biggest gain since 1999.
- The Technology sector (+9%) continued to lead, driven by Apple, Amazon and Microsoft, who were each up 10-20% for quarter and 36%-56% for the year due to exceptional cash flow generation in global markets.
  - Tech represents 24% of S&P 500 Index and 38% of Russell 1000 Growth Index at the end of the quarter.
- Consumer Discretionary (+10%) benefited from strong year-end sales and positive tax reform impact. Although, the “Amazon Effect” remains a threat.

## For Periods ended December 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
<b>Large Cap Equity</b>						
Russell 1000 Growth	7.86	30.21	13.79	17.33	10.00	10.70
Russell 1000 Value	5.33	13.66	8.65	14.04	7.10	9.55
<b>Mid Cap Equity</b>						
Russell Midcap Growth	6.81	25.27	10.30	15.30	9.10	11.96
Russell Midcap Value	5.50	13.34	9.00	14.68	9.10	11.96
<b>Small Cap Equity</b>						
Russell 2000 Growth	4.59	22.17	10.28	15.21	9.19	11.57
Russell 2000 Value	2.05	7.84	9.55	13.01	8.17	10.66

## Economic Sector Quarter Performance

Quarter ended December 31, 2017



Source: Callan, Russell Investment Group

# Non-U.S. Equity Market Environment

For Periods Ended December 31, 2017

- Non-U.S. equity markets performed well in the fourth quarter, bolstered by a weakening dollar.
- Emerging markets outperformed developed markets in the quarter and for the year.
  - The MSCI Emerging Markets Index was up 7.4% for the fourth quarter and returned over 37% for the year.
  - Latin America was the only weak spot in the quarter (-2.3%) but was up a robust 23.7% for the year.
  - Emerging Asia performed the best in the quarter and for the year (up +8.4% and +42.8%, respectively). China and Korea were the top two contributors.
- Non-U.S. developed markets posted strong results as the MSCI EAFE returned 4.2% for the quarter and 25% for the year.
  - For the quarter, Energy (+7%) and Materials (+8%) were the best performers; Health care and Telecommunications were laggards with results just over 1%. For the year, Technology was the clear leader at +51%.

## For Periods ended December 31, 2017

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
<b>Non-U.S. Equity</b>						
MSCI ACWI ex USA	5.00	27.19	7.83	6.80	1.84	8.75
MSCI ACWI ex USA Growth	5.77	32.01	9.29	7.97	2.40	8.66
MSCI ACWI ex USA Value	4.23	22.66	6.31	5.58	1.23	8.78
MSCI EAFE	4.23	25.03	7.80	7.90	1.94	8.11
MSCI EAFE (local)	3.66	15.23	8.54	11.44	3.30	7.39
<b>Regional Equity</b>						
MSCI Europe	2.21	25.51	6.69	7.37	1.34	8.04
MSCI Europe (local)	1.27	13.06	8.34	10.10	3.52	7.59
MSCI Japan	8.49	23.99	11.62	11.16	3.17	6.97
MSCI Japan (local)	8.57	19.75	9.33	17.20	3.25	6.60
MSCI Pacific ex Japan	7.01	25.88	7.51	5.46	3.55	11.64
MSCI Pacific ex Japan (loc)	7.09	19.43	8.61	9.53	4.14	9.68

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
<b>Emerging/Frontier Markets</b>						
MSCI Emerging Markets	7.44	37.28	9.10	4.35	1.68	12.31
MSCI Emerging Markets (loc)	5.68	30.55	10.51	7.98	4.14	12.56
MSCI Frontier Markets	5.61	31.86	5.01	9.27	-1.35	8.56
<b>Non-U.S. Small Cap Equity</b>						
MSCI EAFE Small Cap	6.05	33.01	14.20	12.85	5.77	12.24
MSCI Em Mkts Small Cap	9.23	33.84	8.44	5.41	2.78	13.32

Source: Callan, MSCI

# U.S. Fixed Income Market Environment

For Periods Ended December 31, 2017

- The US yield curve continued its flattening trend reflecting benign inflation in face of a strong labor market and the Fed's bias toward less accommodative monetary policy. The market is pricing in three rate hikes for 2018.
- The 2-year Treasury yield climbed 42 bps to close at 1.89%; 30-year Treasury yield fell 12 bps to end the year at 2.74%.
- The Fed is still struggling to estimate the size of output gap, which is expected to indicate when growth translates into inflationary pressure.
- Fixed income volatility sits near historical lows. Strong global growth and loose monetary policy, as well as strong business and consumer confidence are driving the appetite for risk.
- Spread sectors again outperformed Treasuries. Increasing comfort with credit fundamentals across corporates, consumers, and commercial real estate drove spreads tighter.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years
<b>Broad Fixed Income</b>						
Core Bond Style	0.49	3.96	2.65	2.48	4.63	4.67
Core Bond Plus Style	0.59	4.90	3.26	3.03	5.30	5.51
BB Barclays Aggregate	0.39	3.54	2.24	2.10	4.01	4.15
BB Barclays Gov/Credit	0.49	4.00	2.38	2.13	4.08	4.20
BB Barclays Government	0.05	2.30	1.40	1.28	3.23	3.52
BB Barclays Credit	1.05	6.18	3.63	3.24	5.42	5.22
BB Barclays Corporate High Yld	0.47	7.50	6.35	5.78	8.03	8.98
<b>Long-Term</b>						
BB Barclays Long Gov/Credit	2.84	10.71	4.52	4.43	7.26	6.77
BB Barclays Long Government	2.34	8.53	2.85	3.49	6.49	6.24
BB Barclays Long Credit	3.18	12.21	5.68	5.11	7.72	7.17
Citi Pension Discount Curve	5.46	15.38	6.46	6.25	10.48	8.48
<b>Intermediate-Term</b>						
BB Barclays Interm Aggregate	-0.07	2.27	1.82	1.70	3.53	3.76
BB Barclays Interm Gov/Credit	-0.20	2.14	1.76	1.50	3.32	3.57
<b>Short-Term</b>						
Money Market Funds (net)	0.20	0.59	0.24	0.14	0.31	1.10
ML Treasury 1-3 Year	-0.25	0.42	0.62	0.56	1.44	2.00
90-Day Treasury Bills	0.28	0.86	0.41	0.27	0.39	1.28

Source: Callan, Bloomberg

# Style Performance Ranking

(as of December 31, 2017)

## One-Year Time Periods

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Last Quarter	Year to Date	Last 10 Years	Last 20 Years	
Best Performing	S&P 500	MSCI:EM Gross	Barclays Agg	Barclays Agg	Barclays Agg	MSCI:EM Gross	S&P:Dev x US Sm Cap	MSCI:EM Gross	MSCI:EM Gross	MSCI:EM Gross	Barclays Agg	MSCI:EM Gross	Russell 2000 Index	Barclays Agg	MSCI:EM Gross	Russell 2000 Index	S&P 500	S&P:Dev x US Sm Cap	Russell 2000 Index	MSCI:EM Gross	MSCI:EM Gross	Russell:Midcap Index	Russell:Midcap Index		
	28.58%	66.42%	11.63%	8.43%	10.26%	56.28%	28.75%	34.54%	32.59%	39.78%	5.24%	79.02%	26.85%	7.84%	18.63%	38.82%	13.69%	5.92%	21.31%	37.75%	7.50%	37.75%	9.11%	9.51%	
	MSCI:EAFE	MSCI:EAFE	Russell:Midcap Index	Imbg:Corporate High Yld	Imbg:Corporate High Yld	S&P:Dev x US Sm Cap	MSCI:EM Gross	S&P:Dev x US Sm Cap	S&P:Dev x US Sm Cap	MSCI:EAFE	Imbg:Corporate High Yld	Imbg:Corporate High Yld	Russell:Midcap Index	Imbg:Corporate High Yld	S&P:Dev x US Sm Cap	Russell:Midcap Index	Russell:Midcap Index	S&P 500	Imbg:Corporate High Yld	S&P:Dev x US Sm Cap	S&P 500	S&P:Dev x US Sm Cap	Russell 2000 Index	S&P:Dev x US Sm Cap	
	20.00%	26.96%	8.25%	5.28%	-1.37%	53.73%	25.95%	22.10%	29.43%	11.17%	-26.16%	58.21%	25.48%	4.98%	18.56%	34.76%	13.22%	1.38%	17.13%	32.38%	6.64%	32.38%	8.71%	8.82%	
	S&P:Dev x US Sm Cap	S&P:Dev x US Sm Cap	Russell 2000 Index	Russell 2000 Index	MSCI:EM Gross	Russell 2000 Index	MSCI:EAFE	MSCI:EAFE	MSCI:EAFE	S&P:Dev x US Sm Cap	Russell 2000 Index	S&P:Dev x US Sm Cap	S&P:Dev x US Sm Cap	S&P 500	MSCI:EAFE	S&P 500	Barclays Agg	Barclays Agg	Russell:Midcap Index	MSCI:EAFE	S&P:Dev x US Sm Cap	MSCI:EAFE	S&P 500	MSCI:EM Gross	
	12.15%	23.50%	-3.02%	2.49%	-6.00%	47.25%	20.25%	13.54%	26.34%	7.32%	-33.79%	45.07%	21.96%	2.11%	17.32%	32.39%	5.97%	0.55%	13.80%	25.03%	6.25%	25.03%	8.50%	8.10%	
	Russell:Midcap Index	Russell 2000 Index	Imbg:Corporate High Yld	MSCI:EM Gross	S&P:Dev x US Sm Cap	Russell:Midcap Index	Russell:Midcap Index	Russell:Midcap Index	Russell 2000 Index	Russell 2000 Index	Barclays Agg	S&P 500	Russell:Midcap Index	MSCI:EM Gross	Russell:Midcap Index	Russell:Midcap Index	S&P:Dev x US Sm Cap	Russell 2000 Index	MSCI:EAFE	S&P 500	S&P 500	Russell:Midcap Index	S&P 500	Imbg:Corporate High Yld	Russell 2000 Index
	10.09%	21.26%	-5.86%	-2.37%	-7.28%	40.06%	20.22%	12.65%	18.37%	6.97%	-37.00%	40.48%	19.20%	-1.55%	17.28%	26.06%	4.89%	-0.81%	11.96%	21.83%	6.07%	21.83%	8.03%	7.89%	
	Barclays Agg	S&P 500	S&P 500	Russell:Midcap Index	MSCI:EAFE	MSCI:EAFE	Russell 2000 Index	S&P 500	S&P 500	Russell:Midcap Index	Russell:Midcap Index	MSCI:EAFE	Imbg:Corporate High Yld	Russell 2000 Index	Russell 2000 Index	MSCI:EAFE	Imbg:Corporate High Yld	Russell:Midcap Index	MSCI:EM Gross	Russell:Midcap Index	MSCI:EAFE	Russell:Midcap Index	S&P:Dev x US Sm Cap	S&P 500	
	8.67%	21.04%	-9.11%	-5.62%	-15.94%	38.59%	18.33%	4.91%	15.79%	5.60%	-41.46%	31.78%	15.12%	-4.18%	16.35%	22.78%	2.45%	-2.44%	11.60%	18.52%	4.23%	18.52%	5.22%	7.20%	
Imbg:Corporate High Yld	Russell:Midcap Index	S&P:Dev x US Sm Cap	S&P 500	Russell:Midcap Index	Imbg:Corporate High Yld	Imbg:Corporate High Yld	Russell 2000 Index	Russell:Midcap Index	S&P 500	MSCI:EAFE	Russell 2000 Index	S&P 500	MSCI:EAFE	S&P 500	Imbg:Corporate High Yld	MSCI:EM Gross	Russell 2000 Index	S&P:Dev x US Sm Cap	Russell 2000 Index	Russell 2000 Index	Russell 2000 Index	Russell 2000 Index	Barclays Agg	Imbg:Corporate High Yld	
1.87%	18.23%	-10.32%	-11.89%	-16.19%	28.97%	11.13%	4.55%	15.26%	5.49%	-43.38%	27.17%	15.06%	-12.14%	16.00%	7.44%	-1.82%	-4.41%	3.78%	14.65%	3.34%	14.65%	4.01%	6.77%		
Russell 2000 Index	Imbg:Corporate High Yld	MSCI:EAFE	S&P:Dev x US Sm Cap	Russell 2000 Index	S&P 500	S&P 500	Imbg:Corporate High Yld	Imbg:Corporate High Yld	Imbg:Corporate High Yld	S&P:Dev x US Sm Cap	S&P 500	MSCI:EAFE	S&P:Dev x US Sm Cap	Imbg:Corporate High Yld	Barclays Agg	S&P:Dev x US Sm Cap	Imbg:Corporate High Yld	Barclays Agg	Imbg:Corporate High Yld	Imbg:Corporate High Yld	Imbg:Corporate High Yld	Imbg:Corporate High Yld	MSCI:EM Gross	MSCI:EAFE	
-2.55%	2.39%	-14.17%	-15.70%	-20.48%	28.68%	10.88%	2.74%	11.85%	1.87%	-47.67%	26.47%	7.75%	-14.49%	15.81%	-2.02%	-3.42%	-4.47%	2.65%	7.50%	0.47%	7.50%	2.02%	5.25%		
MSCI:EM Gross	Barclays Agg	MSCI:EM Gross	MSCI:EAFE	S&P 500	Barclays Agg	Russell 2000 Index	MSCI:EM Gross	Barclays Agg	Barclays Agg	MSCI:EM Gross	Barclays Agg	MSCI:EM Gross	MSCI:EAFE	MSCI:EM Gross	MSCI:EAFE	Barclays Agg	Barclays Agg	Barclays Agg	Barclays Agg	Barclays Agg					
-25.34%	-0.83%	-30.61%	-21.44%	-22.10%	4.10%	4.34%	2.43%	4.33%	-1.57%	-53.18%	5.93%	6.54%	-18.17%	4.21%	-2.27%	-4.90%	-14.60%	1.00%	3.54%	0.39%	3.54%	1.94%	4.98%		



# CMT Executive Summary

## Executive Summary - Q4 2017

### County & Municipal Government Capital Improvement Trust Fund As of 12/31/17

Total Fund Assets			Quarter	1 Year	3 Years	4 1/2 Years	5 Years	Since Inception
Current Assets:	\$510,198,025	Total Fund Return	3.35%	14.61%	7.46%	8.35%	7.29%	6.03%
Previous Quarter:	\$494,008,061	Target Benchmark*	3.44%	14.66%	7.38%	8.35%	-	-

**Comments:** The total fund underperformed the benchmark for the quarter and 1-year period. The Fund ranked in the 85th percentile for both the quarter and one year periods in the Callan Endowment and Foundation - Mid peer group. The total fund returned 8.35% for the four and one half year period, ranking in the 56th percentile of the Callan Endowment and Foundation - Mid peer group. Performance in the fourth quarter was a result of manager effect detracting 25 bps while asset allocation added 16 bps. The negative manager effect in the quarter came primarily from international equity managers. An underweight to fixed income and an overweight to domestic equity and international equity contributed to the positive asset allocation effect for the quarter. For the 1-year period, manager effect detracted 39 bps, while asset allocation contributed 35 bps.

\*Current Target Benchmark: 35.0% Barclays Aggregate Index, 25.0% S&P 500 Index, 24.0% MSCI ACXI ex-US IMI Index, 9.0% NFI-ODCE Equal Weight Net Index and 7.0% Russell 2000 Index

#### Relative Attribution Effects for Quarter ended December 31, 2017

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	26%	25%	6.63%	6.64%	(0.00%)	0.04%	0.03%
Small Cap Equity	8%	7%	4.05%	3.34%	0.05%	(0.00%)	0.05%
Domestic Fixed Income	32%	35%	0.50%	0.39%	0.04%	0.09%	0.13%
Real Estate	8%	9%	1.80%	1.94%	(0.01%)	0.01%	0.00%
International Equity	25%	24%	3.94%	5.23%	(0.33%)	0.02%	(0.30%)
Cash Account	0%	0%	0.25%	0.25%	0.00%	(0.01%)	(0.01%)
<b>Total</b>			<b>3.35%</b>	<b>= 3.44%</b>	<b>+ (0.25%)</b>	<b>+ 0.16%</b>	<b>(0.10%)</b>

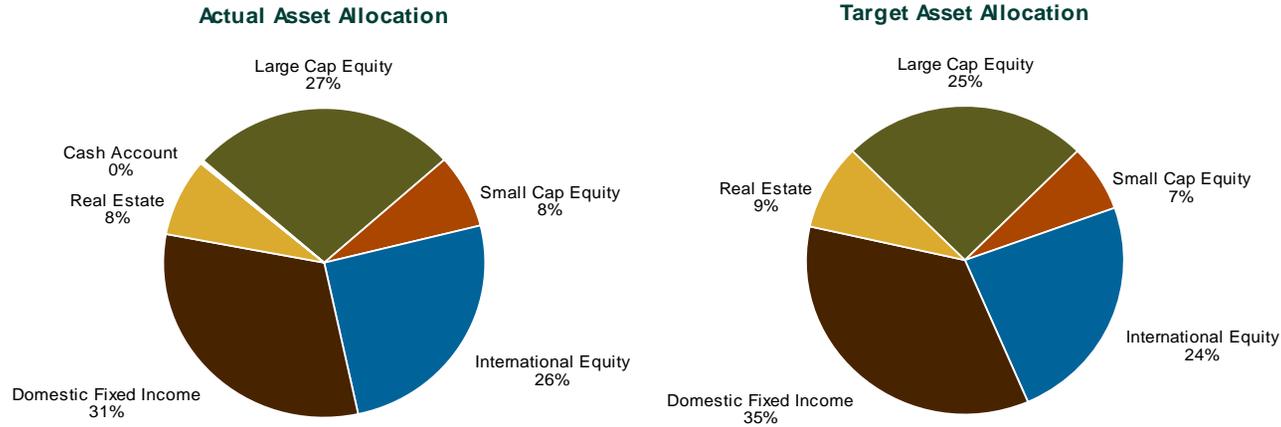
#### One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	26%	25%	21.68%	21.83%	(0.04%)	0.10%	0.06%
Small Cap Equity	8%	7%	15.87%	14.65%	0.09%	(0.02%)	0.07%
Domestic Fixed Income	33%	35%	4.13%	3.54%	0.21%	0.27%	0.48%
Real Estate	8%	9%	6.66%	6.92%	(0.02%)	0.04%	0.02%
International Equity	24%	24%	25.05%	27.81%	(0.64%)	0.02%	(0.62%)
Cash Account	0%	0%	0.79%	0.79%	0.00%	(0.05%)	(0.05%)
<b>Total</b>			<b>14.61%</b>	<b>= 14.66%</b>	<b>+ (0.39%)</b>	<b>+ 0.35%</b>	<b>(0.05%)</b>

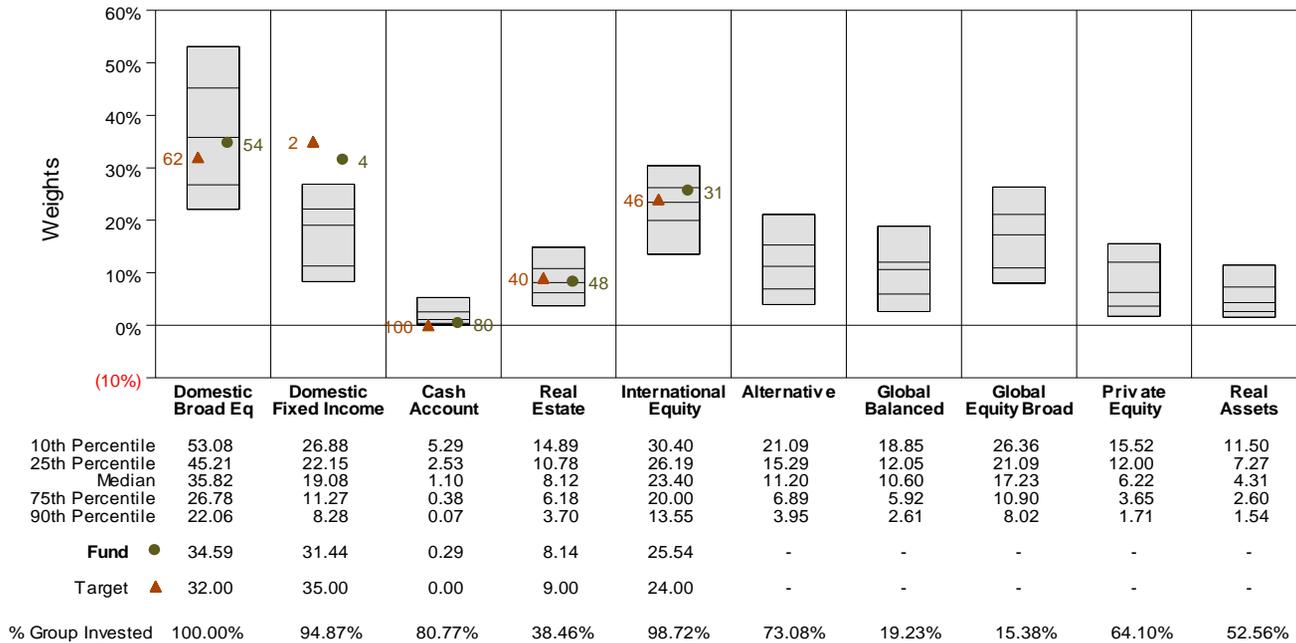
#### Four and One-Half Year Annualized Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Large Cap Equity	26%	26%	14.27%	14.35%	(0.02%)	0.02%	(0.00%)
Small Cap Equity	8%	7%	13.00%	12.08%	0.06%	(0.02%)	0.04%
Domestic Fixed Income	36%	36%	3.38%	2.90%	0.16%	0.04%	0.20%
Real Estate	6%	6%	-	-	0.00%	(0.03%)	(0.03%)
International Equity	25%	25%	7.35%	8.01%	(0.19%)	0.01%	(0.18%)
Cash Account	0%	0%	0.23%	0.23%	0.00%	(0.03%)	(0.03%)
<b>Total</b>			<b>8.35%</b>	<b>= 8.35%</b>	<b>+ 0.01%</b>	<b>+ (0.01%)</b>	<b>(0.00%)</b>

# Executive Summary - Q4 2017



## Asset Class Weights vs Callan Endow/Foundation - Mid (100M-1B)



## Executive Summary - Q4 2017

### Detailed Manager Review County & Municipal Government Capital Improvement Trust Fund Fourth Quarter 2017

Manager	Philosophy	Performance	Quarterly Review																												
<p><b>RSA Equity</b> Large Cap Core Fund</p> <p><b>Management Fee:</b> 1.5 bps of total assets</p>	<p>RSA manages this portfolio similar to that of the broader market as represented by the Standard &amp; Poor's 500 Index. Their objective is to match the total return of the S&amp;P 500 Index while minimizing tracking error.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Asset (\$M)</th> <th style="text-align: center;">QTR</th> <th style="text-align: center;">1 Year</th> <th style="text-align: center;">2 Years</th> <th style="text-align: center;">3 Years</th> <th style="text-align: center;">4 1/2 Years</th> </tr> </thead> <tbody> <tr> <td>Fund</td> <td style="text-align: right;">\$137.2</td> <td style="text-align: center;">6.6%</td> <td style="text-align: center;">21.7%</td> <td style="text-align: center;">16.7%</td> <td style="text-align: center;">11.3%</td> <td style="text-align: center;">14.3%</td> </tr> <tr> <td>Benchmark</td> <td></td> <td style="text-align: center;">6.6%</td> <td style="text-align: center;">21.8%</td> <td style="text-align: center;">16.8%</td> <td style="text-align: center;">11.4%</td> <td style="text-align: center;">14.4%</td> </tr> <tr> <td>Peer Rank</td> <td></td> <td style="text-align: center;">84</td> <td style="text-align: center;">97</td> <td style="text-align: center;">97</td> <td style="text-align: center;">96</td> <td style="text-align: center;">93</td> </tr> </tbody> </table> <p><b>Benchmark:</b> S&amp;P 500 Index</p>		Asset (\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years	Fund	\$137.2	6.6%	21.7%	16.7%	11.3%	14.3%	Benchmark		6.6%	21.8%	16.8%	11.4%	14.4%	Peer Rank		84	97	97	96	93	<p>The fund returned 6.63% for the quarter and 21.68% over the past year. The fund tracks the index with a somewhat high level of tracking error compared to peers.</p>
	Asset (\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years																									
Fund	\$137.2	6.6%	21.7%	16.7%	11.3%	14.3%																									
Benchmark		6.6%	21.8%	16.8%	11.4%	14.4%																									
Peer Rank		84	97	97	96	93																									
<p><b>Atlanta Capital</b> Small Cap Fund</p> <p><b>Management Fee:</b> 80 bps: 0 to 50M 70 bps: 50M+</p>	<p>Atlanta believes that high quality Small Cap companies produce consistently increasing earnings and dividends, thereby providing attractive returns with moderate risk over the long-term.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Asset (\$M)</th> <th style="text-align: center;">QTR</th> <th style="text-align: center;">1 Year</th> <th style="text-align: center;">2 Years</th> <th style="text-align: center;">3 Years</th> <th style="text-align: center;">4 1/2 Years</th> </tr> </thead> <tbody> <tr> <td>Fund</td> <td style="text-align: right;">\$19.1</td> <td style="text-align: center;">5.2%</td> <td style="text-align: center;">14.5%</td> <td style="text-align: center;">16.7%</td> <td style="text-align: center;">12.7%</td> <td style="text-align: center;">14.0%</td> </tr> <tr> <td>Benchmark</td> <td></td> <td style="text-align: center;">3.3%</td> <td style="text-align: center;">14.7%</td> <td style="text-align: center;">17.9%</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">12.1%</td> </tr> <tr> <td>Peer Rank</td> <td></td> <td style="text-align: center;">29</td> <td style="text-align: center;">54</td> <td style="text-align: center;">61</td> <td style="text-align: center;">20</td> <td style="text-align: center;">31</td> </tr> </tbody> </table> <p><b>Benchmark:</b> Russell 2000 Index</p>		Asset (\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years	Fund	\$19.1	5.2%	14.5%	16.7%	12.7%	14.0%	Benchmark		3.3%	14.7%	17.9%	10.0%	12.1%	Peer Rank		29	54	61	20	31	<p>The fund returned 5.24% for the quarter, outperforming the index by 190 bps and ranking in the 29th percentile among Small Cap peers. Outperformance relative to the benchmark was largely driven by stock selection within the information technology and consumer discretionary sectors. The fund outperformed its benchmark and ranked above the peer group median over the three-year period.</p>
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Peer Rank		29	54	61	20	31																									
<p><b>Smith Group</b> Small Cap Growth Fund</p> <p><b>Management Fee:</b> 50 bps of total assets</p>	<p>Smith Group believes that combining their return-stabilizing, risk management approach, with their alpha-generating, proprietary earnings surprise process, will produce superior portfolio results that are repeatable, less volatile and consistent over long periods of time.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Asset (\$M)</th> <th style="text-align: center;">QTR</th> <th style="text-align: center;">1 Year</th> <th style="text-align: center;">2 Years</th> <th style="text-align: center;">3 Years</th> <th style="text-align: center;">4 1/2 Years</th> </tr> </thead> <tbody> <tr> <td>Fund</td> <td style="text-align: right;">\$20.1</td> <td style="text-align: center;">3.0%</td> <td style="text-align: center;">17.6%</td> <td style="text-align: center;">14.9%</td> <td style="text-align: center;">8.7%</td> <td style="text-align: center;">12.0%</td> </tr> <tr> <td>Benchmark</td> <td></td> <td style="text-align: center;">4.6%</td> <td style="text-align: center;">22.2%</td> <td style="text-align: center;">16.6%</td> <td style="text-align: center;">10.3%</td> <td style="text-align: center;">12.9%</td> </tr> <tr> <td>Peer Rank</td> <td></td> <td style="text-align: center;">90</td> <td style="text-align: center;">88</td> <td style="text-align: center;">67</td> <td style="text-align: center;">73</td> <td style="text-align: center;">62</td> </tr> </tbody> </table> <p><b>Benchmark:</b> Russell 2000 Growth Index</p>		Asset (\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years	Fund	\$20.1	3.0%	17.6%	14.9%	8.7%	12.0%	Benchmark		4.6%	22.2%	16.6%	10.3%	12.9%	Peer Rank		90	88	67	73	62	<p>The fund returned 2.95% for the quarter, underperforming the index by 164 bps and ranking in the 90th percentile among Small Cap Growth peers. Stock selection within the information technology and health care sectors detracted the most to performance relative to the benchmark. The fund underperformed its benchmark and ranked below the peer group median over the three-year period.</p>
	Asset (\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years																									
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Peer Rank		90	88	67	73	62																									
<p><b>Invesco</b> International Growth</p> <p><b>Management Fee:</b> 68bps of total assets</p>	<p>The Fund's investment process primarily focuses on bottom-up stock selection as opposed to top-down allocation decisions. When the team selects individual stocks for the portfolio they seek to identify those that offer attractive combinations of Earnings growth, Quality &amp; Valuation (EQV) characteristics. The EQV investment philosophy is built around the following core principles and beliefs: stock selection; active management (with generally low benchmark overlap and a benchmark agnostic approach); long-term focus (two-three year investment horizon); earnings; quality; and valuation.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Asset (\$M)</th> <th style="text-align: center;">QTR</th> <th style="text-align: center;">1 Year</th> <th style="text-align: center;">2 Years</th> <th style="text-align: center;">3 Years</th> <th style="text-align: center;">4 1/2 Years</th> </tr> </thead> <tbody> <tr> <td>Fund</td> <td style="text-align: right;">\$47.5</td> <td style="text-align: center;">3.3%</td> <td style="text-align: center;">23.5%</td> <td style="text-align: center;">10.5%</td> <td style="text-align: center;">6.1%</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Benchmark</td> <td></td> <td style="text-align: center;">4.2%</td> <td style="text-align: center;">25.0%</td> <td style="text-align: center;">12.4%</td> <td style="text-align: center;">7.8%</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Peer Rank</td> <td></td> <td style="text-align: center;">87</td> <td style="text-align: center;">99</td> <td style="text-align: center;">93</td> <td style="text-align: center;">98</td> <td style="text-align: center;">-</td> </tr> </tbody> </table> <p><b>Benchmark:</b> MSCI EAFE Index</p>		Asset (\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years	Fund	\$47.5	3.3%	23.5%	10.5%	6.1%	-	Benchmark		4.2%	25.0%	12.4%	7.8%	-	Peer Rank		87	99	93	98	-	<p>The fund returned 3.31% for the quarter, underperforming the benchmark by 92 bps and ranking in the 87th percentile among International Growth peers. Stock selection within the financials and consumer discretionary sectors detracted the most to performance relative to the benchmark. The fund trailed the benchmark and ranked below the median peer over the three-year period.</p>
	Asset (\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years																									
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## Executive Summary - Q4 2017

### Detailed Manager Review

#### County & Municipal Government Capital Improvement Trust Fund Fourth Quarter 2017

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<p><b>Thompson, Siegel &amp; Walmsley</b> International Value</p> <p><b>Management Fee:</b> 65bps of total assets</p>	<p>The Fund employs an investment philosophy based on concepts of fundamental value. TS&amp;W believes value investing wins over time. TS&amp;W's definition of value is a stock that is inexpensive on a cash flow basis where positive change is also underway. Independent fundamental research adds value. All stocks in TS&amp;W portfolios are internally generated ideas. Portfolio Managers seek to hold stocks where they have a divergent view from the market. It is imperative to manage risk/return tradeoffs. TS&amp;W constructs portfolios from the bottom-up using fundamental research on individual stocks. Each stock-specific return opportunity is evaluated in terms of the risk undertaken to realize it. TS&amp;W monitors and manages portfolio risk with a strong set of tools and controls.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Asset (\$M)</th> <th style="text-align: center;">QTR</th> <th style="text-align: center;">1 Year</th> <th style="text-align: center;">2 Years</th> <th style="text-align: center;">3 Years</th> <th style="text-align: center;">4 1/2 Years</th> </tr> </thead> <tbody> <tr> <td>Fund</td> <td style="text-align: center;">\$50.8</td> <td style="text-align: center;">4.5%</td> <td style="text-align: center;">24.0%</td> <td style="text-align: center;">11.8%</td> <td style="text-align: center;">8.6%</td> <td></td> </tr> <tr> <td>Benchmark</td> <td></td> <td style="text-align: center;">4.2%</td> <td style="text-align: center;">25.0%</td> <td style="text-align: center;">12.4%</td> <td style="text-align: center;">7.8%</td> <td></td> </tr> <tr> <td>Peer Rank</td> <td></td> <td style="text-align: center;">37</td> <td style="text-align: center;">53</td> <td style="text-align: center;">86</td> <td style="text-align: center;">44</td> <td></td> </tr> </tbody> </table> <p><b>Benchmark:</b> MSCI EAFE Index</p>		Asset (\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years	Fund	\$50.8	4.5%	24.0%	11.8%	8.6%		Benchmark		4.2%	25.0%	12.4%	7.8%		Peer Rank		37	53	86	44		<p>The fund returned 4.51% for the quarter, outperforming the benchmark by 28 bps and ranking in the 37th percentile among International Value Equity peers. Strong stock selection in the consumer discretionary sector contributed the most to relative outperformance. The fund outperformed the benchmark and ranked above the median peer for the three-year period.</p>
	Asset (\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years																									
Fund	\$50.8	4.5%	24.0%	11.8%	8.6%																										
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<p><b>Wells Capital</b> Berkeley Street Emerging Markets Equity</p> <p><b>Management Fee:</b> 131 bps of total assets</p>	<p>The Fund applies a disciplined process of buying quality companies at compelling prices with the belief that this can provide investors with returns in excess of the benchmark index with controlled levels of risk.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Asset (\$M)</th> <th style="text-align: center;">QTR</th> <th style="text-align: center;">1 Year</th> <th style="text-align: center;">2 Years</th> <th style="text-align: center;">3 Years</th> <th style="text-align: center;">4 1/2 Years</th> </tr> </thead> <tbody> <tr> <td>Fund</td> <td style="text-align: center;">\$17.2</td> <td style="text-align: center;">3.9%</td> <td style="text-align: center;">34.9%</td> <td style="text-align: center;">22.9%</td> <td style="text-align: center;">9.5%</td> <td style="text-align: center;">6.5%</td> </tr> <tr> <td>Benchmark</td> <td></td> <td style="text-align: center;">7.4%</td> <td style="text-align: center;">37.3%</td> <td style="text-align: center;">23.6%</td> <td style="text-align: center;">9.1%</td> <td style="text-align: center;">7.2%</td> </tr> <tr> <td>Peer Rank</td> <td></td> <td style="text-align: center;">85</td> <td style="text-align: center;">64</td> <td style="text-align: center;">75</td> <td style="text-align: center;">49</td> <td style="text-align: center;">62</td> </tr> </tbody> </table> <p><b>Benchmark:</b> MSCI Emerging Markets Index</p>		Asset (\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years	Fund	\$17.2	3.9%	34.9%	22.9%	9.5%	6.5%	Benchmark		7.4%	37.3%	23.6%	9.1%	7.2%	Peer Rank		85	64	75	49	62	<p>The fund returned 3.87% for the quarter, underperforming the Index by 357 bps and ranking in the 85th percentile among Emerging Markets Style peers. Stock selection within the consumer discretionary and consumer staples sectors and an underweight to China detracted the most from relative performance. The fund outperformed the benchmark and ranked above median peer over the three-year period.</p>
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Fund	\$17.2	3.9%	34.9%	22.9%	9.5%	6.5%																									
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Peer Rank		85	64	75	49	62																									
<p><b>FIAM (Pyramis)</b> Core Bond Plus Fund</p> <p><b>Management Fee:</b> 22.5 bps: 0 to 100M 16 bps: 100M to 250M 15 bps: 250M to 500M 12 bps: 500M+</p>	<p>The Core Plus strategy is designed to provide value-added performance by adhering to the following principles: team structure that facilitates multi-dimensional investment perspectives resulting in broader and higher quality idea generation; fundamental, research-based strategies, issuer and sector valuation, and individual security selection; consideration of top-down, macro views; independent quantitative understanding of all benchmark and portfolio risk and return characteristics, with an explicit understanding of all active exposures relative to the investment benchmark; and de-emphasis on interest rate anticipation.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">(\$M)</th> <th style="text-align: center;">QTR</th> <th style="text-align: center;">1 Year</th> <th style="text-align: center;">2 Years</th> <th style="text-align: center;">3 Years</th> <th style="text-align: center;">4 1/2 Years</th> </tr> </thead> <tbody> <tr> <td>Fund</td> <td style="text-align: center;">\$82.8</td> <td style="text-align: center;">0.6%</td> <td style="text-align: center;">5.0%</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">3.7%</td> <td style="text-align: center;">4.0%</td> </tr> <tr> <td>Benchmark</td> <td></td> <td style="text-align: center;">0.4%</td> <td style="text-align: center;">3.5%</td> <td style="text-align: center;">3.1%</td> <td style="text-align: center;">2.2%</td> <td style="text-align: center;">2.9%</td> </tr> <tr> <td>Peer Rank</td> <td></td> <td style="text-align: center;">45</td> <td style="text-align: center;">47</td> <td style="text-align: center;">13</td> <td style="text-align: center;">16</td> <td style="text-align: center;">34</td> </tr> </tbody> </table> <p><b>Benchmark:</b> Barclays Aggregate Index</p>		(\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years	Fund	\$82.8	0.6%	5.0%	6.0%	3.7%	4.0%	Benchmark		0.4%	3.5%	3.1%	2.2%	2.9%	Peer Rank		45	47	13	16	34	<p>The fund returned 0.62% for the quarter, outperforming the Index by 23 bps and ranking in the 45th percentile among Core Bond Plus peers. An overweight to high yield and positioning within corporates contributed to relative outperformance. The fund outperformed the benchmark and ranked above median peer over the one-, two-, and three-year periods.</p>
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Fund	\$82.8	0.6%	5.0%	6.0%	3.7%	4.0%																									
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Peer Rank		45	47	13	16	34																									
<p><b>Heitman</b> Real Estate</p> <p><b>Management Fee:</b> 110 bps first \$10 million, 100 bps next \$15 million, 90 bps next \$25 million, 80 bps next \$50 million, 70 bps over \$100 million</p>	<p>The Fund seeks to deliver to its investors a combination of current income return and moderate appreciation. In acquiring individual assets for HART, Heitman adheres to the following principles: Buy in major markets and build a portfolio that is diversified by property type, economic exposure and geography. Buy assets with strong site attributes, such as proximity to amenities, complementary land uses and transportation networks. Buy well-constructed assets with features that will continue to appeal to tenants over long periods of time.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">(\$M)</th> <th style="text-align: center;">QTR</th> <th style="text-align: center;">1 Year</th> <th style="text-align: center;">2 Years</th> <th style="text-align: center;">3 Years</th> <th style="text-align: center;">4 1/2 Years</th> </tr> </thead> <tbody> <tr> <td>Fund</td> <td style="text-align: center;">\$41.5</td> <td style="text-align: center;">1.8%</td> <td style="text-align: center;">6.7%</td> <td style="text-align: center;">8.6%</td> <td style="text-align: center;">9.7%</td> <td></td> </tr> <tr> <td>Benchmark</td> <td></td> <td style="text-align: center;">1.9%</td> <td style="text-align: center;">6.9%</td> <td style="text-align: center;">7.6%</td> <td style="text-align: center;">9.8%</td> <td></td> </tr> <tr> <td>Peer Rank</td> <td></td> <td style="text-align: center;">36</td> <td style="text-align: center;">59</td> <td style="text-align: center;">30</td> <td style="text-align: center;">58</td> <td></td> </tr> </tbody> </table> <p><b>Benchmark:</b> NFI-ODCE Equal Weight Net Index</p>		(\$M)	QTR	1 Year	2 Years	3 Years	4 1/2 Years	Fund	\$41.5	1.8%	6.7%	8.6%	9.7%		Benchmark		1.9%	6.9%	7.6%	9.8%		Peer Rank		36	59	30	58		<p>The fund returned 1.80% for the quarter, underperforming the benchmark by 14 bps and ranking in the 36th percentile among Open-End Real Estate Style peers. The fund underperformed the Index by 9 bps for the trailing three-year period and ranked in the 58th percentile among peers.</p>
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