

Board of Trustees



Handout Book

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Investment Committee

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Overview

- Loomis Sayles & Company manages approximately \$200.3 million of LASERS Investment Grade Fixed Income Assets as of June 30, 2019
- Managing Assets for LASERS since October of 1994
- Benchmark – Bloomberg Barclays Capital US Aggregate Bond Index

Team

- Rick Raczkowski, EVP, Portfolio Manager
- Christopher Lazzaro, VP, Relationship Manager

Investment Process

Individual investment ideas are evaluated on the basis of their investment return potential and contribution to portfolio risk. Portfolio invests in core sectors of the market such as US Treasuries, Agencies, Agency MBS, Commercial Mortgages, Corporate Debt, and Asset Backed Securities. In addition the portfolio has the ability to invest in the Plus sectors. Specifically the portfolio may invest up to 20% in the High yield market and up to 10% in Non-Dollar investments. Duration is managed within a relatively narrow range to the index (+/- 2 years). Top-down macro-analysis combined with bottom-up security selection drives portfolio construction.

Portfolio objectives:

- Exploit the fixed income insights generated by the Loomis Sayles fixed income organization within risk and return objectives
- Identify attractively priced securities with projected stable or improving credit profiles and favorable risk/return characteristics
- Create portfolios well-diversified by sector, industry and issuer
- Outperform the benchmark over a full market cycle
- Control risk through continuous monitoring of absolute risk and tracking error from benchmark

Investment Returns (as of 6/30/19):

	1 Mo	3 Mos.	YTD	Fiscal YTD	1 Year	3 Years	5 Years	ITD
Manager	1.3%	3.2%	7.0%	7.7%	7.7%	4.1%	3.4%	7.1%
Index	1.3%	3.1%	6.1%	7.9%	7.9%	2.3%	2.9%	5.6%

Overview

- Orleans Capital manages approximately \$145.2 million of LASERS Investment Grade Fixed Income Assets as of June 30, 2019
- Managing Assets for LASERS since October of 1994
- Benchmark – Bloomberg Barclays Capital US Aggregate Bond Index

Team

- Emily C. Becker, President/Senior Fixed Income Manager
- Gary L. Welchel, EVP Business Development

Investment Process

The primary focus of Orleans Capital is yield management. Orleans focuses on maximizing yield over the intermediate term through the selection of the most attractive sectors of the fixed income market and individual securities, which in combination provide a yield to maturity advantage over the benchmark without a material decline in quality, convexity or other portfolio characteristics.

The buy/sell decision is based on its contribution to a target portfolio and on pricing in the marketplace. In corporate security selection, a significant emphasis is placed on the avoidance of credit risk while being careful not to pick a security that will extend duration, cause a material decline in quality, or significantly increase yield curve risk.

Orleans investment approach also attempts to overweight corporate and mortgage securities while underweighting the treasury sector. The reason is that corporate and mortgage securities have traditionally provided higher yields than their treasury counterparts.

Investment Returns (as of 6/30/19):

	1 Mo	3 Mos.	YTD	Fiscal YTD	1 Year	3 Years	5 Years	ITD
Manager	1.6%	3.2%	6.9%	8.1%	8.1%	2.7%	2.8%	5.8%
Index	1.3%	3.1%	6.1%	7.9%	7.9%	2.3%	2.9%	5.6%

Performance Review

Final FYE 2019, 2Q19 & July 2019

August 22, 2019

Final Fiscal Year Return

June 30, 2019



	2019 FYE Return
LASERS Total Plan	4.4%
S&P 500 Index	10.4%
MSCI World Ex-USA Index	1.8%
MSCI Emerging Markets Index	1.6%
Barclay's Aggregate Index	7.9%

Major Indices Performance

During Fiscal Year



	July '18	Aug '18	Sep '18	Oct '18	Nov '18	Dec '18	Jan '19	Feb '18	Mar '19	Apr '19	May '19	June '19	FYE
LASERS TP	1.7	0.2	0.3	-5.3	1.1	-3.9	5.3	1.6	0.4	2.1	-3.3	4.5	4.4
<u>Index</u>													
S&P 500	3.7	3.3	0.6	-6.8	2.0	-9.0	8.0	3.2	1.9	4.0	-6.4	7.0	10.4
MSCI Wrld Ex-USA	2.5	-1.9	0.8	-7.9	-0.1	-5.1	7.2	2.6	0.6	2.9	-4.6	6.0	1.8
MSCI Emg	2.3	-2.7	-0.5	-8.7	4.1	-2.6	8.8	0.2	0.9	2.1	-7.2	6.3	1.6
BC Agg	0.0	0.6	-0.6	-0.8	0.6	1.8	1.1	-0.1	1.9	0.0	1.8	1.3	7.9
CS HY	1.1	0.7	0.5	-1.7	-0.9	-2.3	4.5	1.7	1.0	1.5	-1.4	2.4	7.1
FTSE Wrld GB	-0.4	-0.2	-1.0	-1.1	0.5	2.4	1.4	-0.9	1.3	-0.5	1.7	2.3	5.5
JPM EMD	1.9	-6.1	2.6	-2.0	2.8	1.3	5.5	-1.1	-1.3	-0.2	0.3	5.5	9.0
BB Comm	-2.1	-1.8	1.9	-2.2	-0.6	-6.9	5.4	1.0	-0.2	-0.4	-3.4	2.7	-6.8
NCREIF~	1.7	1.7	1.8	1.8	1.8	1.7	1.7	1.7	1.4	1.4	1.4	1.8	6.8
HFRI FoF	0.2	0.3	0.0	-2.7	0.2	-1.2	2.6	1.1	1.3	0.6	-0.6	1.7	3.4

~NCREIF returns are quarterly.

LASERS Monthly Returns

During Fiscal Year



	July '18	Aug '18	Sept '18	Oct '18	Nov '18	Dec '18	Jan '19	Feb '19	Mar '19	Apr '19	May '19	June '19	FYE
Total Equity	2.7	0.5	-0.1	-8.2	1.5	-6.6	8.3	2.4	-.01	3.2	-6.2	6.4	2.4
Total Fixed Income	1.0	-0.7	0.7	-1.2	-0.1	-0.6	2.9	0.8	0.9	0.8	0.2	2.1	6.8
Total Alts	.04	-.03	0.9	-0.8	1.1	-0.1	1.1	0.3	1.1	0.8	0.2	1.8	6.7
Total Plan	1.7	0.2	0.3	-5.3	1.1	-3.9	5.3	1.6	0.4	2.1	-3.3	4.5	4.4
Total Plan FYTD	1.7	2.0	2.3	-3.1	-2.0	-5.8	-0.8	0.7	1.2	3.3	-0.2	4.4	4.4

LASERS Historical Returns

As of June 30, 2019



	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Total Plan	4.4	6.9	9.8	5.6	8.4	9.8
Total Equity	2.4	6.2	10.9	5.6	9.8	11.0
Total Fixed Income	6.8	4.7	5.9	3.8	5.0	7.3
Total Alternatives	6.7	9.3	9.4	6.2	7.4	8.5

Major Indices Historical Returns

As of June 30, 2019



	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
LASERS Total Plan	4.4	6.9	9.8	5.6	8.4	9.8
<u>Index</u>						
S&P 500	10.4	12.4	14.2	10.7	14.0	14.7
MSCI World Ex-USA	1.8	4.7	9.6	2.6	7.5	7.3
MSCI Emerging Mkts	1.6	5.0	11.1	2.9	4.5	6.2
Bloomberg Barclay's Aggregate	7.9	3.7	2.3	2.9	2.6	3.9
Credit Suisse HY	7.1	4.9	7.6	4.5	6.2	9.0
FTSE World Govt Bond	5.5	3.7	1.0	0.8	0.9	2.2
JPM GBI-EM Global Diversified	9.0	3.2	4.2	-0.5	0.4	3.4
HFRI FoF Composite	3.4	4.8	5.0	2.7	4.0	3.4
Bloomberg Commodity	-6.8	0.0	-2.2	-9.1	-6.7	-3.7

Total Plan vs Market Returns

Each Year Over Last Decade



As of June 30,	Total Plan	S&P 500 Index	MSCI World Ex-USA Index	MSCI Emg Mkts Index	Barclay's Agg Index
2010	16.1	12.6	7.5	23.5	9.5
2011	24.3	30.7	30.2	28.2	3.9
2012	0.2	5.4	-13.7	-15.7	7.5
2013	12.6	20.6	17.6	3.2	-0.7
2014	18.8	24.6	24.4	14.7	4.4
2015	1.5	7.4	-4.9	-4.8	1.9
2016	-2.4	4.0	-9.4	-11.7	6.0
2017	15.8	17.9	20.1	24.2	-0.3
2018	9.5	14.4	7.6	8.6	-0.4
2019	4.4	10.4	1.8	1.6	7.9

Market Impact in 2nd Quarter 2019



Economic indicators during 2Q:

- The Real GDP advance estimate increased at an annualized rate of 2.1% as compared to 3.1% in 1Q
 - The deceleration in real GDP reflected downturns in inventory investment, exports and nonresidential fixed investment
- The unemployment rate was little changed at 3.7%
 - The labor force participation rate remained at 62.9%
- 2Q ended with expectations of the Federal Reserve lowering interest rates
 - This came to fruition at the July meeting, as the rate was cut by 25 bps, making it 2.25%
 - This was the first rate cut since The Great Recession of 2008

Market Impact in 2nd Quarter 2019



All asset classes saw positive returns for 2Q19:

In Equities:

S&P 500 Index returned 4.3%

MSCI World Ex-USA Index returned 4.1%

MSCI Emerging Markets Index returned 0.7%

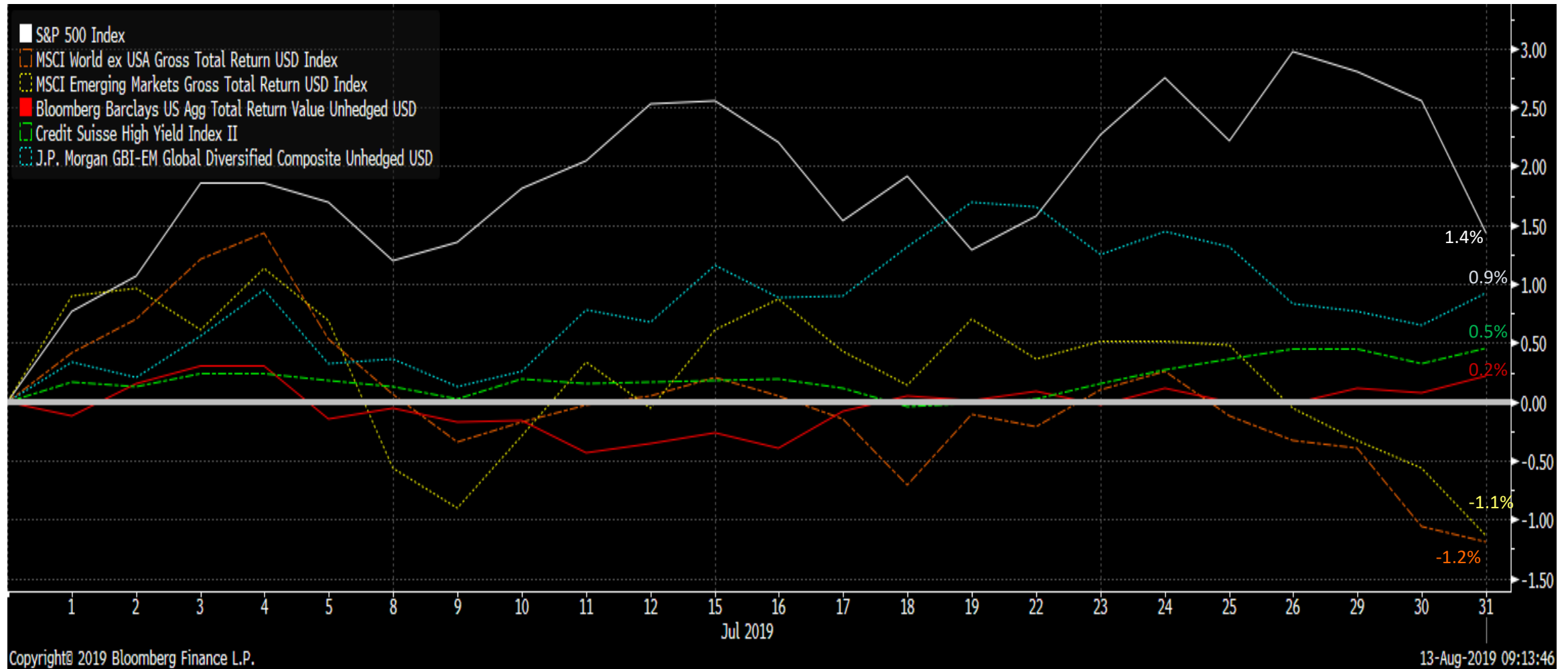
In Fixed Income:

Barclay's Aggregate Index returned 3.1%

Credit Suisse High Yield Index returned 2.5%

J.P. Morgan GBI-EM Global Diversified Index returned 5.6%

July 2019 Performance – Major Indices



August 2019 Update



August MTD Performance as of August 19th was approximately -1.8%