FELRA and UFCW Benefit Funds
VEBA, Severance, Scholarship and Legal Funds

Master Consulting Services Report

Period Ended
June 30, 2017

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Market Discussion Points 2Q | 2017

Financial Market Performance

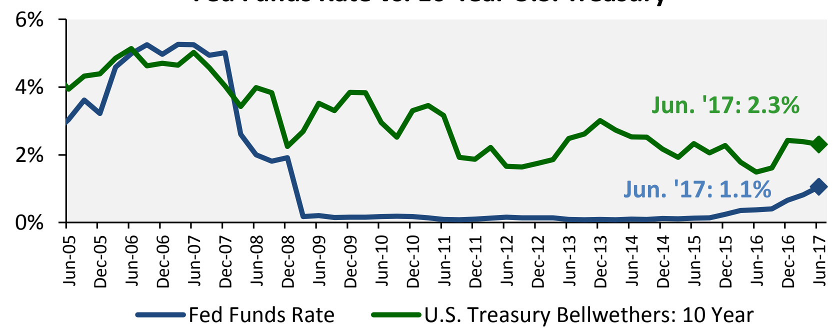
Periods Ending June 30, 2017

Strategy	Sector	Index	QTR	YTD	2016	2015	2014	2013	2012	1-Yr	3-Yr	5-Yr	10-Yr	20-Yr
Stocks	**US Large Cap**	S&P 500	3.1	9.3	12.0	1.4	13.7	32.4	16.0	17.9	9.6	14.6	7.2	7.2
	US Small Cap	Russell 2000	2.5	5.0	21.3	-4.4	4.9	38.8	16.4	24.6	7.4	13.7	6.9	8.0
	All Country	MSCI All Country World (net)	4.3	11.5	7.9	-2.4	4.2	22.8	16.1	18.8	4.8	10.5	3.7	-
	Non-US Developed	MSCI EAFE (net)	6.1	13.8	1.0	-0.8	-4.9	22.8	17.3	20.3	1.2	8.7	1.0	4.3
	Emerging Markets	MSCI EM (net)	6.3	18.4	11.2	-14.9	-2.2	-2.6	18.2	23.7	1.1	4.0	1.9	-
	Int'l Small Cap	MSCI EAFE Small Cap (net)	8.1	16.7	2.2	9.6	-5.0	29.3	20.0	23.2	5.6	12.9	3.4	-
Bonds	**Treasury**	Bloomberg Barclays US Govt	1.2	1.9	1.1	0.9	4.9	-2.6	2.0	-2.2	2.0	1.3	3.9	4.9
	Broad Market	Bloomberg Barclays Aggregate	1.5	2.3	2.7	0.6	6.0	-2.0	4.2	-0.3	2.5	2.2	4.5	5.2
	High Yield	Bloomberg Barclays HY BaB 2% IC	2.2	4.5	14.1	-2.7	3.5	6.2	15.0	10.9	4.4	6.6	7.3	-
	Global Bonds	Citigroup WGBI	2.9	4.5	1.6	-3.6	-0.5	-4.0	1.7	-4.1	-1.0	-0.2	3.5	4.4
Global Tactical Asset		65% MSCI World /35% Citi WGBI	3.6	8.5	5.6	-1.6	3.1	15.1	10.9	9.9	3.2	7.3	4.1	5.4
Real Estate	**Core**	NCREIF ODCE Equal Weighted	1.8	3.6	9.3	15.2	12.4	13.3	11.0	8.2	11.6	11.8	5.1	8.8
Hedge Funds	**Diversified FOFs**	HFRI HFOF Composite	0.6	3.0	0.5	-0.3	3.4	9.0	4.8	6.3	1.5	3.8	0.9	4.2
	Equity Long-Short	HFRI Equity Hedge	2.1	6.1	5.5	-1.0	1.8	14.3	7.4	12.3	3.0	6.3	2.7	7.8
Commodities	**Commodities**	Goldman Sachs Commodity	-5.5	-10.2	11.4	-32.9	-33.1	-1.2	0.1	-9.0	-24.8	-13.7	-9.7	-2.0

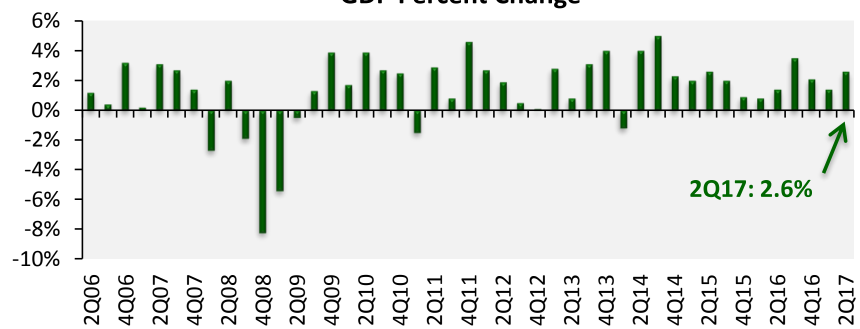
U.S. Economy

For the last several quarters we have commented on the continued improvement of virtually all of the consumer-related economic indicators. This is important because nearly 70% of Gross Domestic Product (GDP) growth is driven by consumers. At the end of last year, we noted that the business-related economic indicators have also improved dramatically. Business investment is the second largest contributor to GDP. Let's first consider the current state of the consumer: household debt service ratio is at about 10%, the lowest in 40 years; the Housing Affordability Index is at 14% of income, near the all-time low of 10% in 2012; household net worth is the highest ever and is 40% higher than in 2007; the number of consumers with sub-prime FICO scores is at an all-time low; unemployment is at 4.3% compared to a 50-year average of 6.2%, and wage growth is at 2.4%. Business-related economic indicators are starting to look just as favorable: S&P 500 earnings per share growth, after being held back by energy prices in last half of 2015 and the first half of 2016, turned positive in the second half of 2016 and that growth has carried forward into 2017. Positive earnings surprises are high, with 79% of companies reporting earnings higher than analysts' estimates. Earnings growth is estimated at 6.7% and is forecasted to be 8.7% overall for 2017. Firms intending to expand have jumped from 11% to 25% in the last year, with 30% indicating increased capital expenditures. The Institute for Supply Management survey of new orders for the services sector jumped from 58% to 63%. The next big positive just might be the surprising recovery in Europe and Asia, which could be reflected in increased sales and earnings for companies with significant overseas operations.

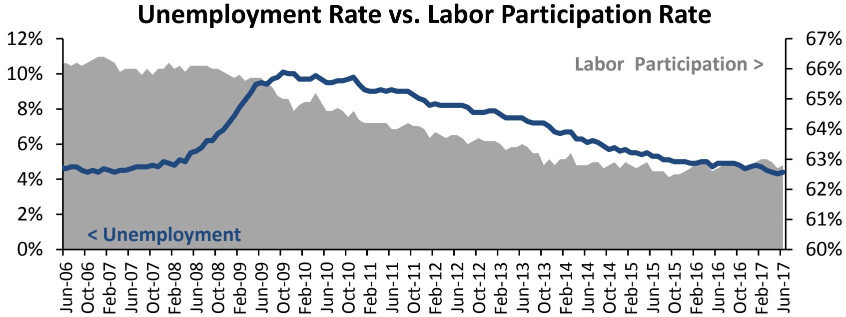
Fed Funds Rate vs. 10-Year U.S. Treasury



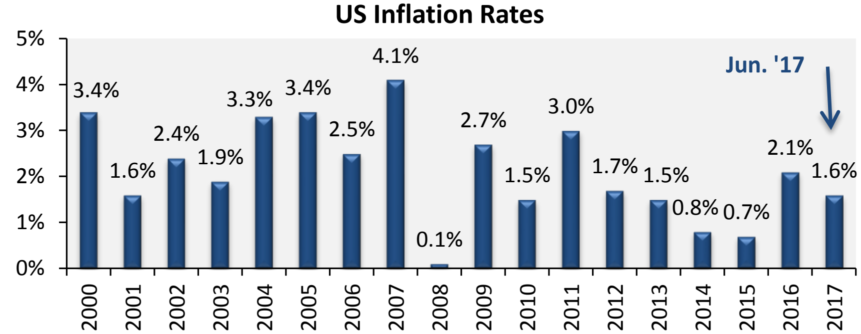
GDP Percent Change



Unemployment Rate vs. Labor Participation Rate

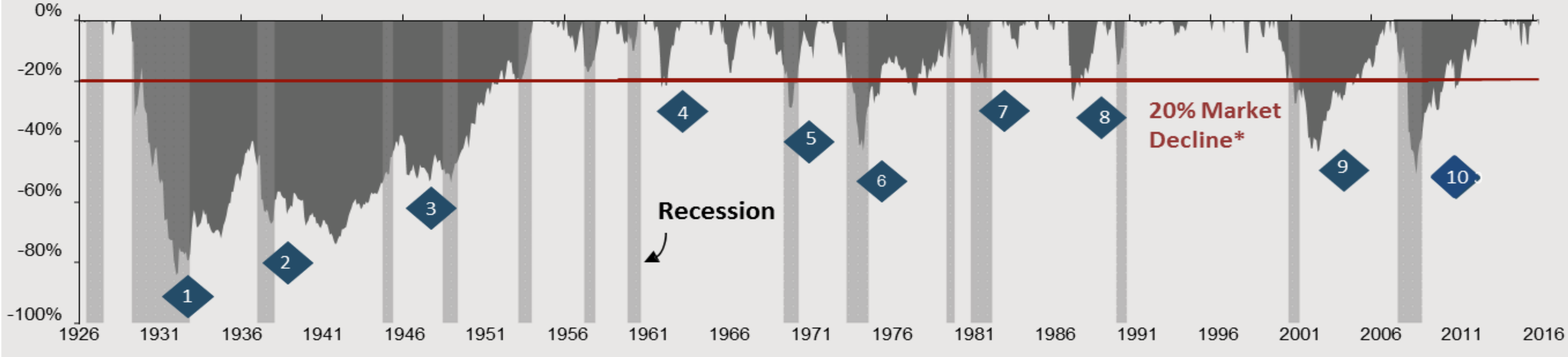


US Inflation Rates



Current Bull Market: Historical Context

S&P 500 composite declines from all-time highs



Characteristics of bull and bear markets

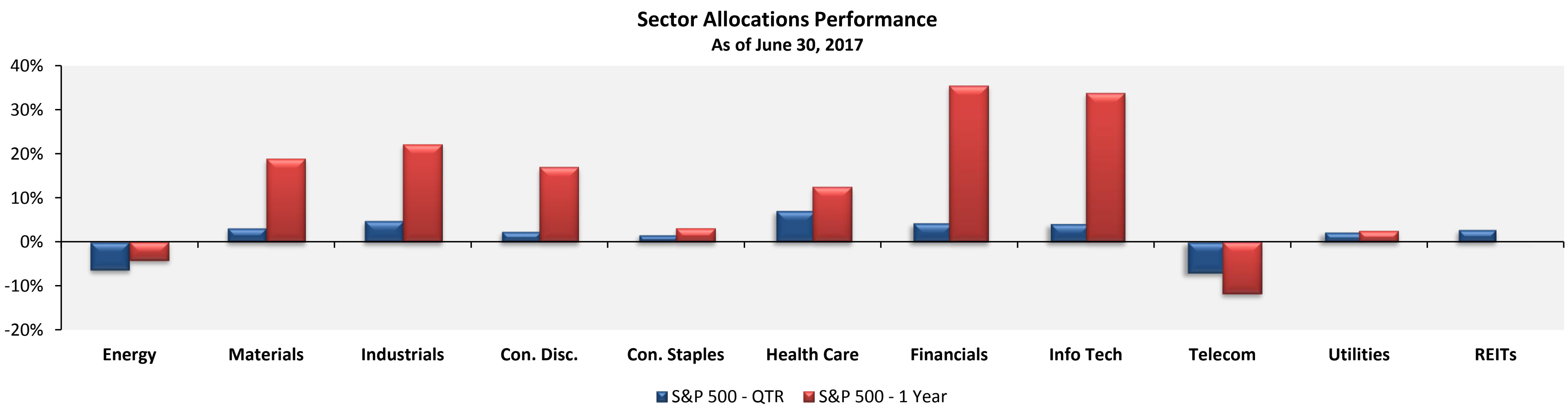
Market Corrections	Bear markets: Market peak	Bear markets: Bear return*	Bear markets: Duration (months)*	Macro environment: Recession	Macro environment: Commodity spike	Macro environment: Aggressive Fed	Macro environment: Extreme valuations	Bull markets: Bull begin date	Bull markets: Bull return	Bull markets: Duration (months)
1 Crash of 1929 - Excessive leverage, irrational exuberance	Sep 1929	-86%	32	◆			◆	Jul 1926	152%	37
2 1937 Fed Tightening - Premature policy tightening	Mar 1937	-60%	61	◆		◆		Mar 1935	129%	23
3 Post WWII Crash - Post-war demobilization, recession fears	May 1946	-30%	36	◆			◆	Apr 1942	158%	49
4 Flash Crash of 1962 - Flash crash, Cuban Missile Crisis	Dec 1961	-28%	6				◆	Oct 1960	39%	13
5 Tech Crash of 1970 - Economic overheating, civil unrest	Nov 1968	-36%	17	◆	◆	◆		Oct 1962	103%	73
6 Stagflation - OPEC oil embargo	Jan 1973	-48%	20	◆	◆			May 1970	74%	31
7 Volcker Tightening - Whip Inflation Now	Nov 1980	-27%	20	◆	◆	◆		Mar 1978	62%	32
8 1987 Crash - Program trading, overheating markets	Aug 1987	-34%	3				◆	Aug 1982	229%	60
9 Tech Bubble - Extreme valuations, .com boom/bust	Mar 2000	-49%	30	◆			◆	Oct 1990	417%	113
10 Global Financial Crisis - Leverage/housing, Lehman collapse	Oct 2007	-57%	17	◆	◆	◆		Oct 2002	101%	60
Current Cycle								Mar 2009	258%	99
Averages	-	**-45%**	**24**					-	**156%**	**54**

Source: FactSet, NBER, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.
*A bear market is defined as a 20% or more decline from the previous market high. The bear return is the peak to trough return over the cycle. Periods of "Recession" are defined using NBER business cycle dates. "Commodity spikes" are defined as significant rapid upward moves in oil prices. Periods of "Extreme valuations" are those where S&P 500 last 12 months' P/E levels were approximately two standard deviations above long-run averages, or time periods where equity market valuations appeared expensive given the broader macroeconomic environment. "Aggressive Fed Tightening" is defined as Federal Reserve monetary tightening that was unexpected and/or significant in magnitude. Bear and Bull returns are price returns.
Guide to the Markets – U.S. Data are as of June 30, 2017.

U.S. Equity Market

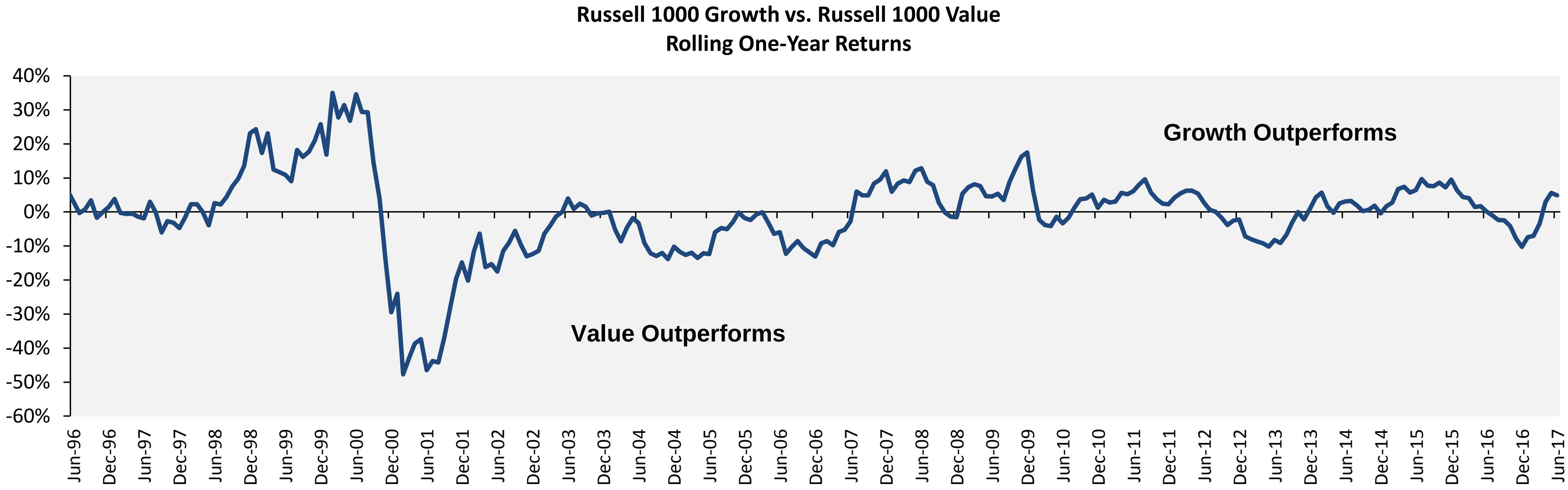
The US Stock market continues to be very positive. The S&P 500 and the Russell 1000 Indices are both up 3.1% for the 2nd quarter and up 9.3% year to date. Over the past year both indices are up approximately 18%. There has been a reversal of the large vs. small size rotation and the growth vs. value styles. In 2016, small cap stocks outperformed large cap stocks by a wide margin with the Russell 2000 up 21% vs. Russell 1000 up 12%, but that trend reversed in the first six months of 2017, with the Russell 1000 up 9.3% vs. the Russell 2000 up 5.0%. In 2016, the Russell 1000 Value index was up 17.4% vs. the Russell 1000 Growth up only 7.1%. For the first six months of 2017, the Russell 1000 Value only earned 4.7% while the Russell 1000 Growth is up 14.0%. Stock market valuations, as measured by the 12 month forward-looking Price/Earnings ratio (P/E), is at about 17.5 times earnings. The 20-year average P/E is about 16.0 times earnings, so the stock market may be slightly overvalued. Most investors do not seem concerned as the VIX Index, which measures the implied volatility of the stock market (also commonly referred to as the "Fear Index") is at an exceptionally low level, having closed on July 24th at its lowest level since December 1993.

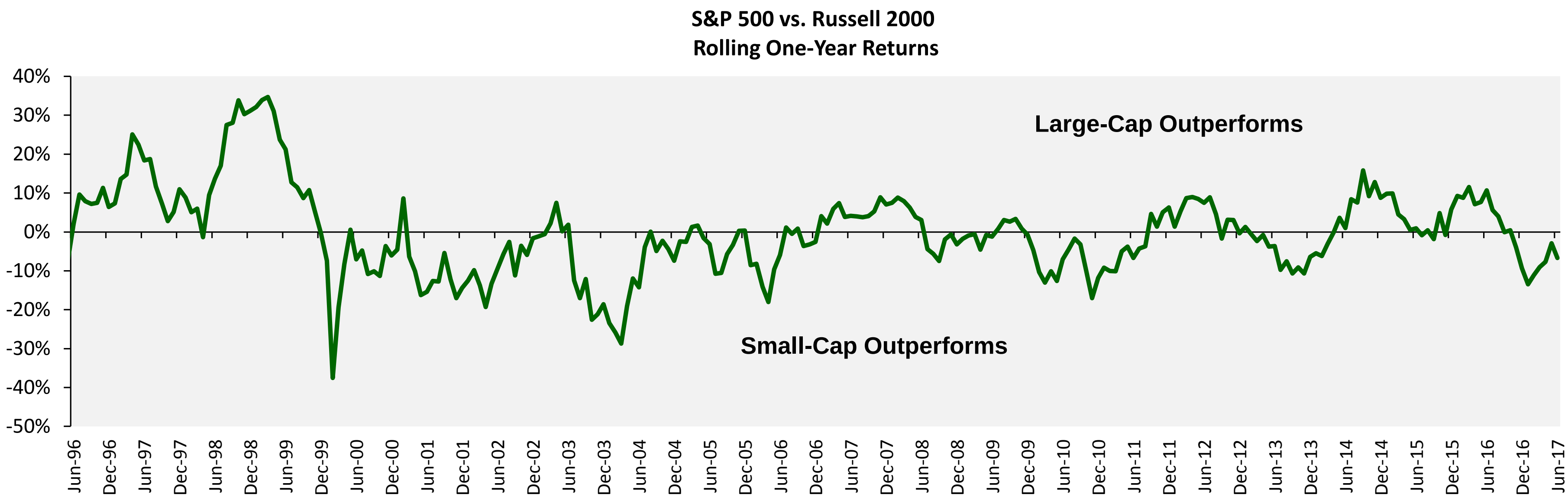
Sector	Index	2Q 17	YTD	2016	2015	2014	2013	2012	1-Year	3-Year	5-Year	10-Year
Large Cap	S&P 500	3.1	9.3	12.0	1.4	13.7	32.4	16.0	17.9	9.6	14.6	7.2
	Russell 1000	3.1	9.3	12.1	0.9	13.3	33.1	16.4	18.0	9.3	14.7	7.3
	Russell 1000 Value	1.3	4.7	17.3	-3.8	13.5	32.5	17.5	15.5	7.4	13.9	5.6
	Russell 1000 Growth	4.7	14.0	7.1	5.7	13.1	33.5	15.3	20.4	11.1	15.3	8.9
Mid Cap	Russell Mid-Cap	2.7	8.0	13.8	-2.4	13.2	34.8	17.3	16.5	7.7	14.7	7.7
	Russell Mid-Cap Value	1.4	5.2	20.0	-4.8	14.7	33.5	18.5	15.9	7.5	15.1	7.2
	Russell Mid-Cap Growth	4.2	11.4	7.3	-0.2	11.9	35.8	15.8	17.1	7.8	14.2	7.9
Small Cap	Russell 2000	2.5	5.0	21.3	-4.4	4.9	38.8	16.4	24.6	7.4	13.7	6.9
	Russell 2000 Value	0.7	0.5	31.7	-7.5	4.2	34.5	18.1	24.9	7.0	13.4	5.9
	Russell 2000 Growth	4.4	10.0	11.3	-1.4	5.6	43.3	14.6	24.4	7.6	14.0	7.8
Total Market	Wilshire 5000	3.0	8.7	13.4	0.7	12.7	33.1	16.1	18.5	9.3	14.6	7.3
	Russell 3000	3.0	8.9	12.7	0.5	12.6	33.6	16.4	18.5	9.1	14.6	7.3



*S&P 500 (GICS Real Estate) Index performance began August 2016.

U.S. Equity Market

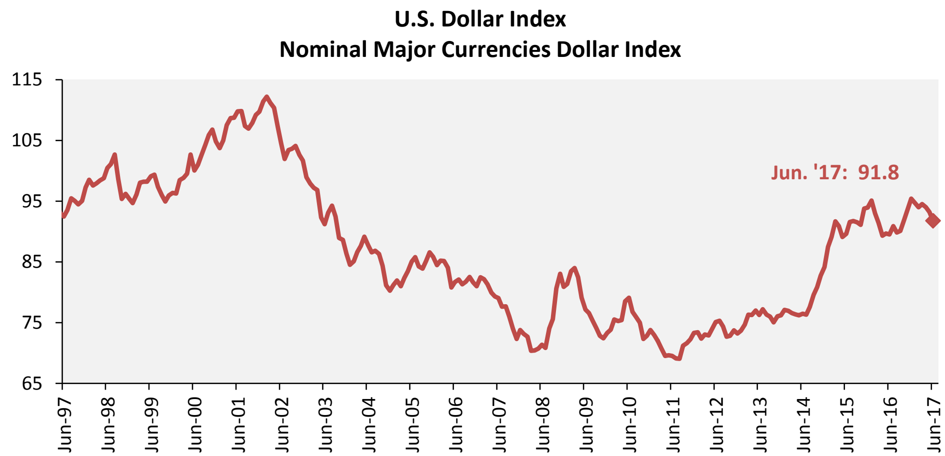


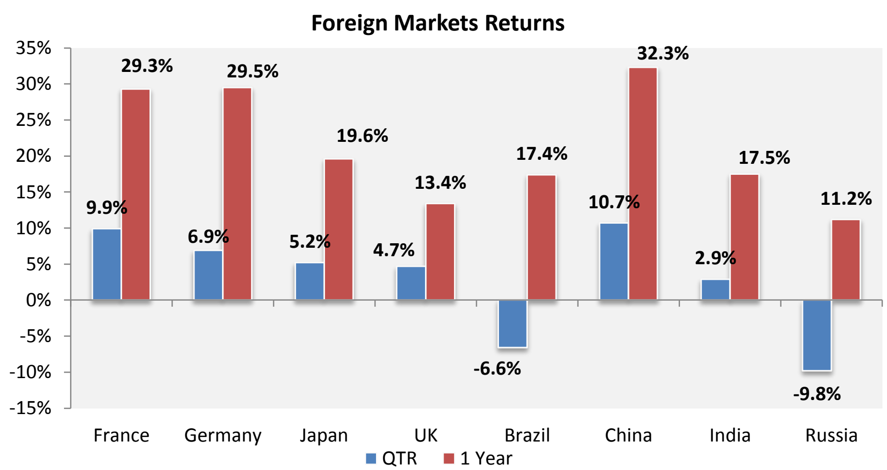


International Equity Market

Following the 2008 financial crisis, the countries outside of the United States experienced similar economic difficulties to the US. They also went through the same fiscal restructuring and increased regulatory oversight regime - Dodd-Frank in the US and the Basel Accords in Europe. Our Federal Reserve lowered interest rates and bought lots of distressed assets to create stimulus and the European regulators did the same but at a much slower pace. It worked in the US and our economy has clearly recovered. The same is true for Europe and most other developed countries, except that it has taken much longer for the stimulus to work and for their economies to show clear signs of recovery. The S&P 500 has climbed 258% since the low in March of 2009. Over the same period the MSCI All Country World Ex-US Stock Index has only increased by 106%. It appears that Europe, China, Japan and emerging markets have all turned the corner in terms of earnings growth and other economic indicators. The Eurozone's biggest economy, Germany, is leading the way with the Business Climate Index reaching its highest point since 1991. There is strong job growth and consumer confidence in Europe is at a 10-year high. 2017 annual earnings per share growth is expected to be almost double the U.S. rate. The Euro has risen 5% relative to the U.S. dollar. Greece and immigration resettlement costs are still a headwind, however. This economic recovery is being reflected in stock price increases. The MSCI EAFE (the large cap stocks of 22 developed countries) was up 13.8% in the first half of 2017 and is up 20.3% for the last twelve months. Small-cap stocks outside the US as represented by the MSCI World ex-US Small Cap Index are up 15.6% year to date and 20.3% for the last twelve months. Emerging market stocks were up 18.4% year to date and are up 23.7% over the last year.

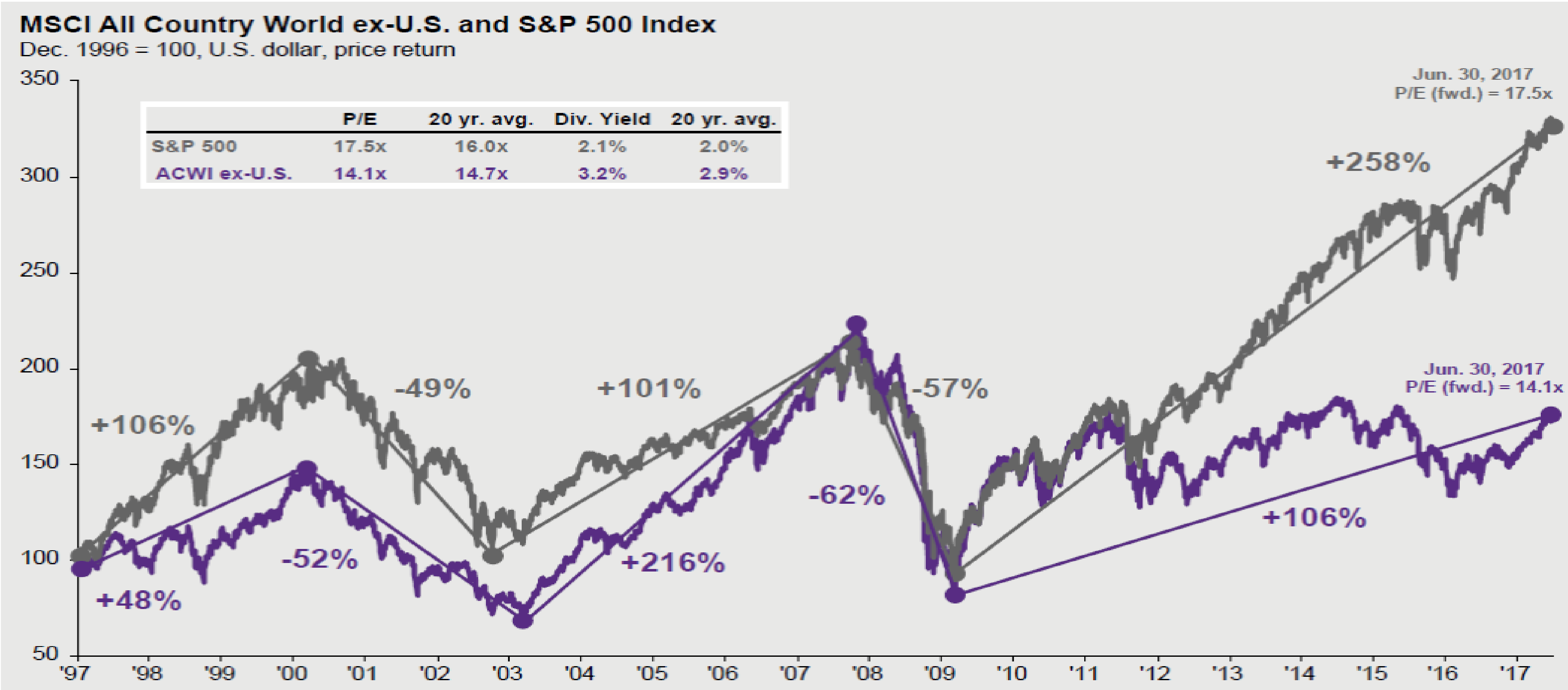
Sector	Index	2Q 17	YTD	2016	2015	2014	2013	2012	1-Year	3-Year	5-Year	10-Year
Global	MSCI AC World Index (net)	4.3	11.5	7.9	-2.4	4.2	22.8	16.1	18.8	4.8	10.5	3.7
	MSCI World Small Cap (net)	4.1	10.4	11.6	-1.0	1.8	28.7	18.1	20.5	5.2	12.1	5.4
	MSCI World ex US (net)	5.8	14.1	4.5	-5.7	-3.9	15.3	16.8	20.5	0.8	7.2	1.1
	MSCI World ex US Small Cap (net)	6.2	15.6	3.9	2.6	-4.0	19.7	18.5	20.3	3.3	10.0	2.9
Developed ex US	MSCI EAFE (net)	6.1	13.8	1.0	-0.8	-4.9	22.8	17.3	20.3	1.2	8.7	1.0
	MSCI EAFE Value (net)	4.8	11.1	5.0	-5.7	-5.4	23.0	17.7	25.0	-0.6	8.1	-0.1
	MSCI EAFE Growth (net)	7.5	16.7	-3.0	4.1	-4.4	22.6	16.9	15.7	2.8	9.2	2.1
	MSCI EAFE Small Cap (net)	8.1	16.7	2.2	9.6	-5.0	29.3	20.0	23.2	5.6	12.9	3.4
Emerging Markets	MSCI Emerging Markets (net)	6.3	18.4	11.2	-14.9	-2.2	-2.6	18.2	23.7	1.1	4.0	1.9

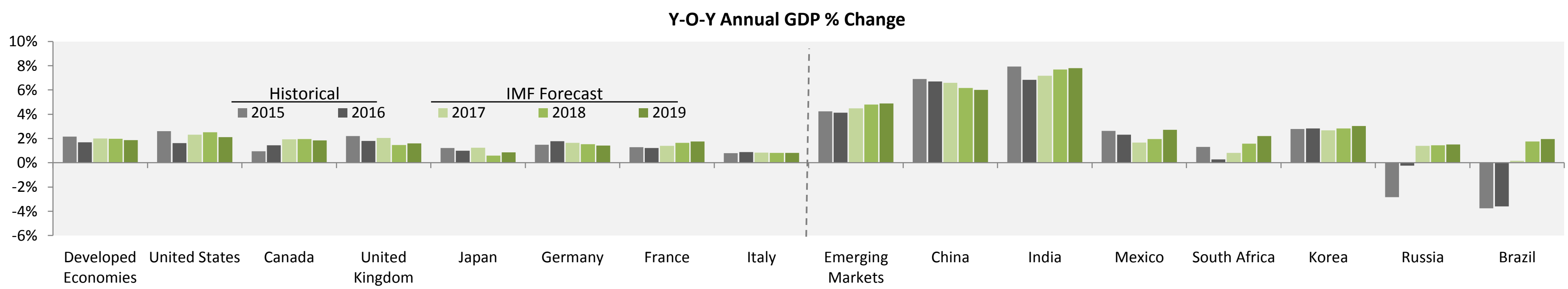




Left chart: The major currencies index is a weighted average of the foreign exchange values of the U.S. dollar against a subset of currencies in the broad index that circulate widely outside the country of issue. The weights are derived from those in the broad index. **Right chart:** Data as of June 30, 2017.

International Equity Market





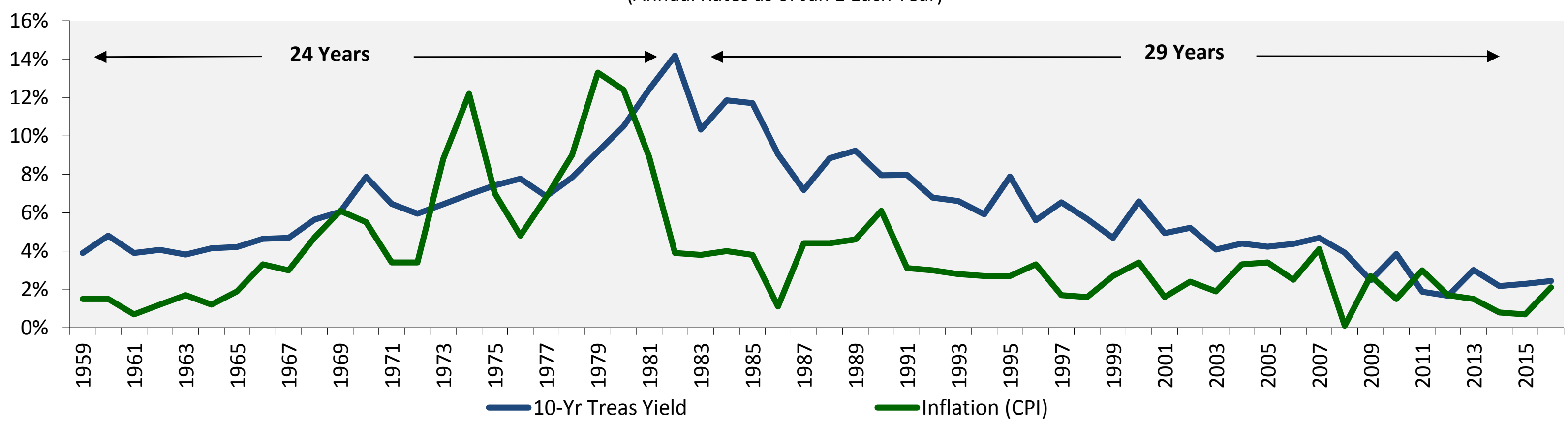
Top chart: Source - J.P. Morgan Asset Management. **Bottom chart:** Annual percentages of constant price GDP are year-on-year changes; the base year is country-specific. Source: International Monetary Fund, World Economic Outlook Database, April 2017.

U.S. Bond Market

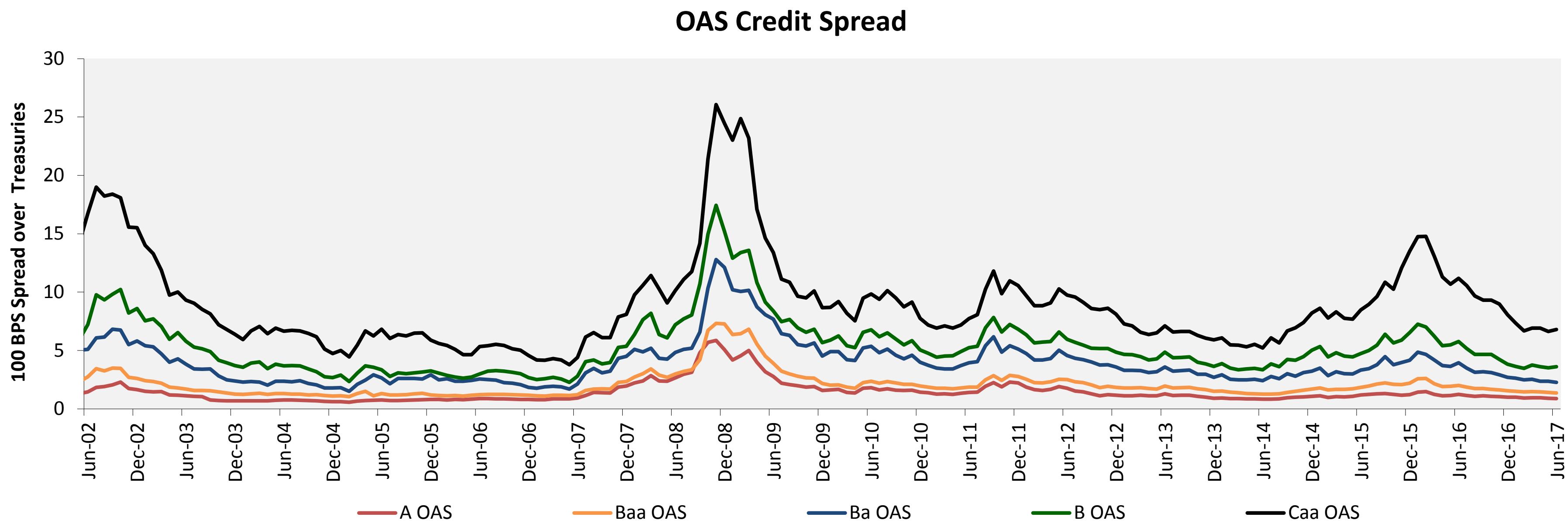
The Federal Reserve has been reasonably transparent and predictable thus far with each of their four 0.25% rate hikes. The Fed may influence short term rates, but market supply and demand forces determine longer-term rates. While the short end of the yield curve has moved up 0.41% year to date, the longer part of the curve has declined slightly creating a "flattening" of the yield curve. The 5-year Treasury rate declined by 0.05%, the 10-year Treasury declined by 0.14% and the 30-year Treasury rate has declined 0.23% in the first six months of 2017. Two key factors driving the flattening of the curve are investors' low expectations for inflation, and foreign buyers. A substantial number of foreign countries have negative or zero interest rates, thus U.S. Treasury rates look very attractive. With the Euro strengthening against the U.S dollar, they can invest without any currency hedging cost and benefit from the Euro's appreciation. Lower yields on the longer-term bonds also mean that the price of those bonds will appreciate, resulting in longer duration (higher interest rate sensitivity) bonds doing well so far this year. The Bloomberg Barclays Aggregate's duration has crept up from 4.5 years on average to its current 6.0 years. This longer duration has produced a 2.3% YTD return through June in 2017. Corporate bond yield spreads continue to narrow due to very low default rates and improving balance sheets due to recent increases in corporate earnings. The spread between Treasury yields and investment grade corporate bond yields have narrowed by 0.14% so far in 2017, while high yield corporate spreads have narrowed 0.45% year to date. With low inflation expectations, Treasury Inflation Protected Securities (TIPS) are yielding very low rates.

Index	Yield	Duration	1Q 17	YTD	2016	2015	2014	2013	2012	1-Year	3-Year	5-Year	10-Year
Bloomberg Barclays Aggregate	2.55	6.0	1.5	2.3	2.7	0.6	6.0	-2.0	4.2	-0.3	2.5	2.2	4.5
Bloomberg Barclays Govt/Credit	2.43	6.6	1.7	2.7	3.1	0.2	6.0	-2.4	4.8	-0.4	2.6	2.3	4.6
Bloomberg Barclays Int Agg	2.35	4.3	0.9	1.6	2.0	1.2	4.1	-1.0	3.6	-0.2	2.0	1.9	4.0
Bloomberg Barclays Int Govt/Credit	2.08	4.1	0.9	1.7	2.1	1.1	3.1	-0.9	3.9	-0.2	1.9	1.8	3.9
Bloomberg Barclays HY Ba/B 2% IC	4.87	4.0	2.2	4.5	14.1	-2.7	3.5	6.2	15.0	10.9	4.4	6.6	7.3
BofA ML HY Cash Pay BB 1-3 Yr.	3.63	1.6	1.4	2.4	8.5	1.2	1.9	5.6	10.2	5.8	4.0	4.9	6.3
Bloomberg Barclays Mortgage	2.87	4.7	0.9	1.4	1.7	1.5	6.1	-1.4	2.6	-0.1	2.2	2.0	4.3
Bloomberg Barclays Treasury	1.90	6.2	1.2	1.9	1.0	0.8	5.1	-2.8	2.0	-2.3	2.0	1.3	4.1
Bloomberg Barclays US TIPS	2.23	5.4	-0.4	0.9	4.7	-1.4	3.6	-8.6	7.0	-0.6	0.6	0.3	4.3
BofA ML 91 day T-Bills	1.02	0.2	0.2	0.3	0.3	0.1	0.0	0.1	0.1	0.5	0.2	0.2	0.6

The Last Full Interest Rate Cycle 1958 - 2011
10-Yr Treasury Rate vs. Inflation (CPI)
(Annual Rates as of Jan 1 Each Year)



Bond Market


OAS Credit Spread
100 BPS Spread over Treasuries
30
25
20
15
10
5
0
Jun-02
Dec-02
Jun-03
Dec-03
Jun-04
Dec-04
Jun-05
Dec-05
Jun-06
Dec-06
Jun-07
Dec-07
Jun-08
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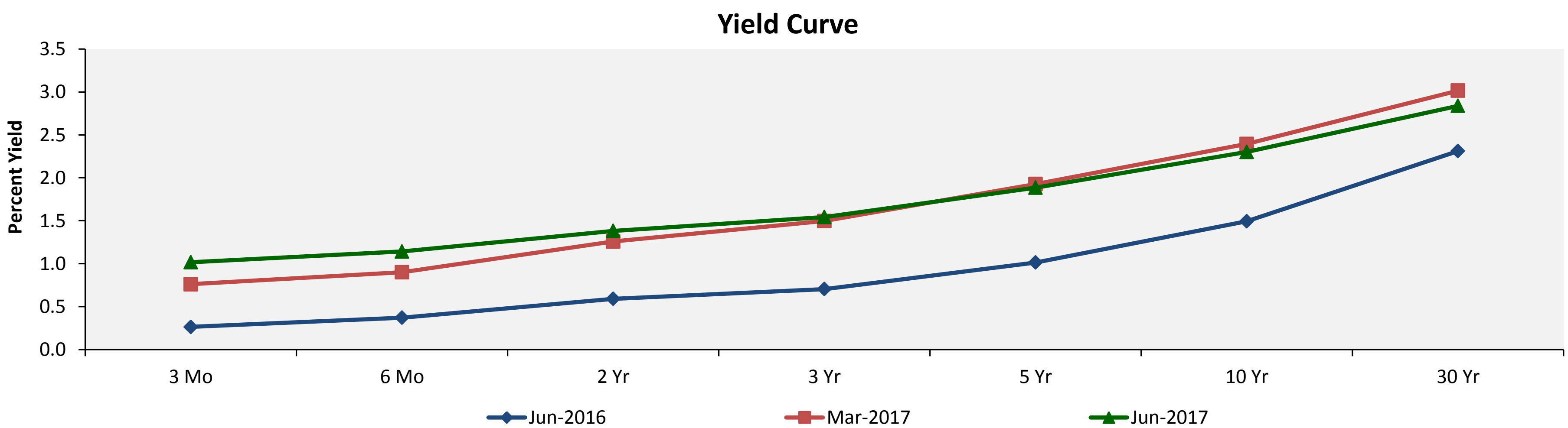
Ba OAS
B OAS
Caa OAS


Yield Curve
Percent Yield
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
3 Mo
6 Mo
2 Yr
3 Yr
5 Yr
10 Yr
30 Yr
Jun-2016
Mar-2017
Jun-2017

Interest Rate Sensitivity

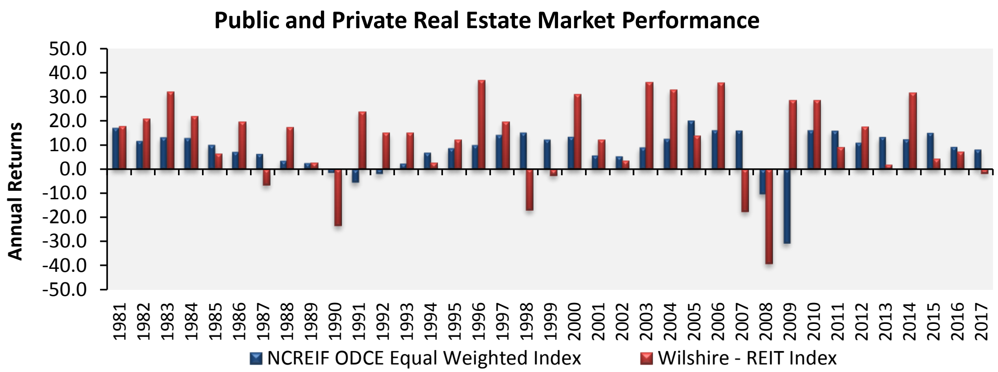
12 Month Holding Period - Annualized Returns as of 6/30/2017							
Yield Change (bps)	10 Year Treasury	Bloomberg Barclays Aggregate US Aggregate	Bloomberg Barclays Int Govt/Credit US Int Govt/Credit	ML Gov/Corp Master	ML 1-3 yr Gov/Corp	Defensive ML US HY BB/B ND	Short Duration ML US HY BB/B 1-3 yr
-150	15.41	11.81	8.19	11.98	4.33	10.46	6.09
-100	11.04	8.72	6.15	8.79	3.41	8.57	5.27
-50	6.67	5.64	4.12	5.61	2.50	6.69	4.45
-25	4.49	4.09	3.10	4.01	2.04	5.74	4.04
0	2.30	2.55	2.08	2.42	1.58	4.80	3.63
25	0.12	1.01	1.06	0.83	1.12	3.86	3.22
50	-2.07	-0.54	0.04	-0.77	0.67	2.92	2.81
100	-6.44	-3.62	-1.99	-3.95	-0.25	1.03	1.99
150	-10.81	-6.71	-4.03	-7.14	-1.17	-0.86	1.17
200	-15.18	-9.79	-6.06	-10.32	-2.08	-2.74	0.35
250	-19.55	-12.88	-8.10	-13.51	-3.00	-4.63	-0.47
300	-23.92	-15.96	-10.13	-16.69	-3.91	-6.51	-1.29
350	-28.29	-19.05	-12.17	-19.88	-4.83	-8.40	-2.11
400	-32.66	-22.13	-14.20	-23.06	-5.74	-10.28	-2.93
450	-37.03	-25.22	-16.24	-26.25	-6.66	-12.17	-3.75
500	-41.40	-28.30	-18.27	-29.43	-7.57	-14.05	-4.57
Duration	8.74	6.17	4.07	6.37	1.83	3.77	1.64

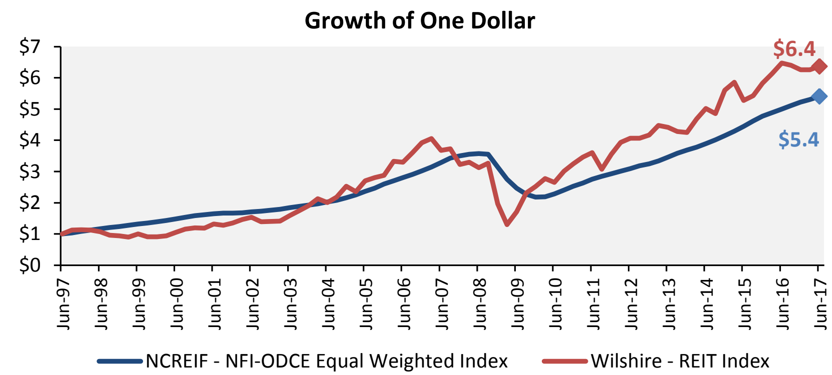
FOR ILLUSTRATIVE PURPOSES ONLY: For each index the current yield to worst as of 6/30/2017 was used as the base case annualized return. The annualized return sensitivity to a uniform increase or decrease in the yield curve was calculated by taking the index's Macaulay's (Modified) Duration to Worst as of 6/30/2017 multiplied by the percentage point change in the yield curve (basis point change divided by 100) and then appropriately adding or subtracting this implied percentage change in the value of the index (due to the shift in the yield curve) to the base case annualized return. This is a rough approximation of the annual return sensitivity to parallel shifts in the yield curve. **SOURCE:** PENN Capital Internal Research.

Real Estate Market

The last several years have featured a one-time reduction in the risk-free rate, spread compression, and recovering fundamentals. Yield compression is unlikely to recur as the risk free rate is unlikely to fall further and spreads have also contracted. Only 10% of the US real estate market is showing any yield compression. As a result, more modest returns that depend heavily on income will be the norm as real estate markets normalize. Due to the high pricing of gateway markets, secondary markets are appealing to investors. Real estate pricing is resilient during tightening cycles and the outlook for rent growth is favorable. Supply growth is low in comparison to past cycles.

Sector	Index	2Q 17	YTD	2016	2015	2014	2013	2012	1-Year	3-Year	5-Year	10-Year
US Private	NCREIF ODCE Equal Weighted	1.8	3.6	9.3	15.2	12.4	13.3	11.0	8.2	11.6	11.8	5.1
US Public	Wilshire REIT	1.8	1.8	7.2	4.2	31.8	1.9	17.6	-1.7	8.3	9.3	5.6



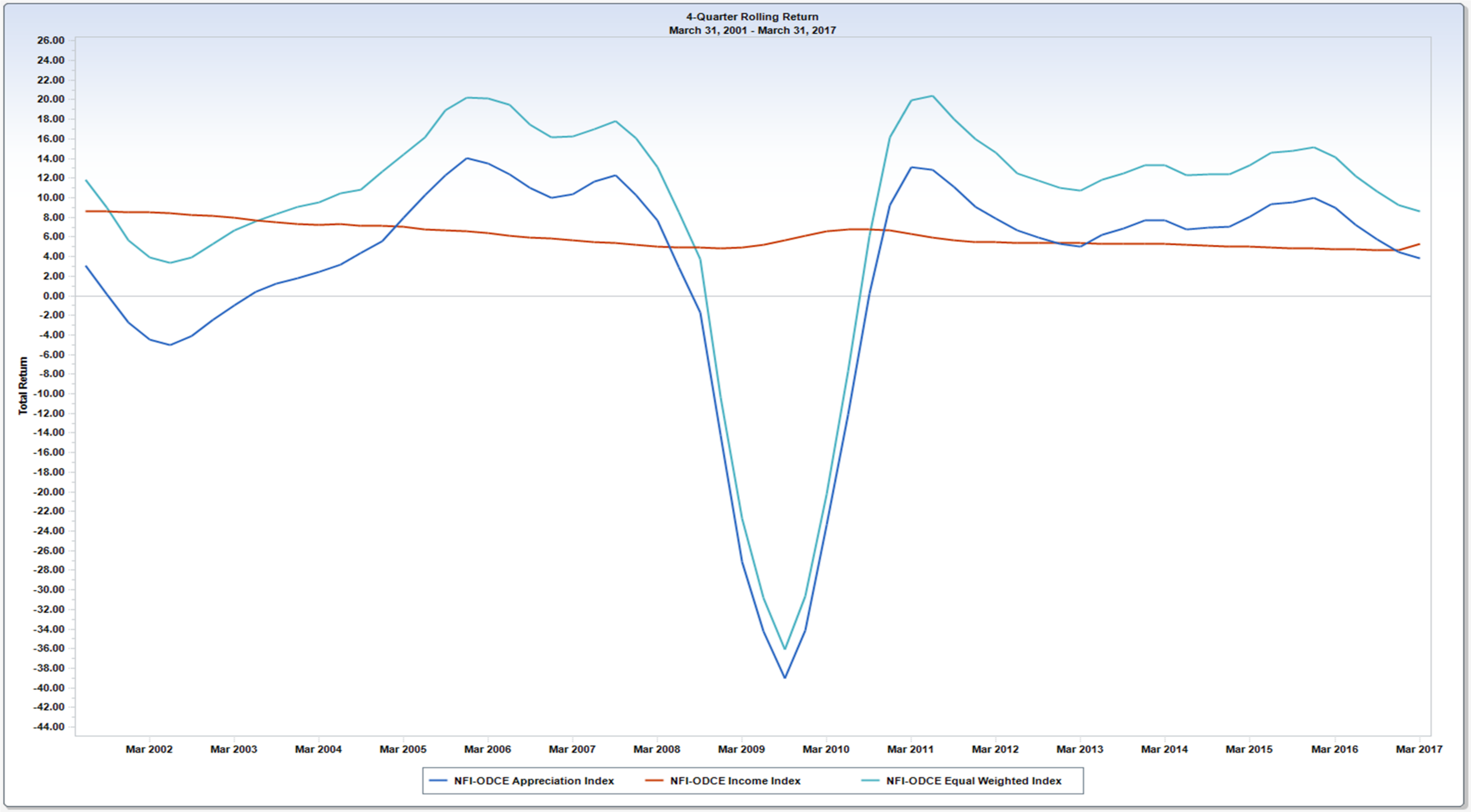


	Total return (incl. income) 2017	Total return (incl. income) 2018	Total return (incl. income) 2019	Total return (incl. income) 2017 to 2021 (per year)
National, All Property Types (NPI)	6.3	5.4	5.1	5.6
Office	5.8	5.3	4.7	5.0
Retail	5.8	5.1	5.1	5.4
Industrial	8.9	6.5	5.8	6.6
Apartment	5.7	5.0	5.0	5.4

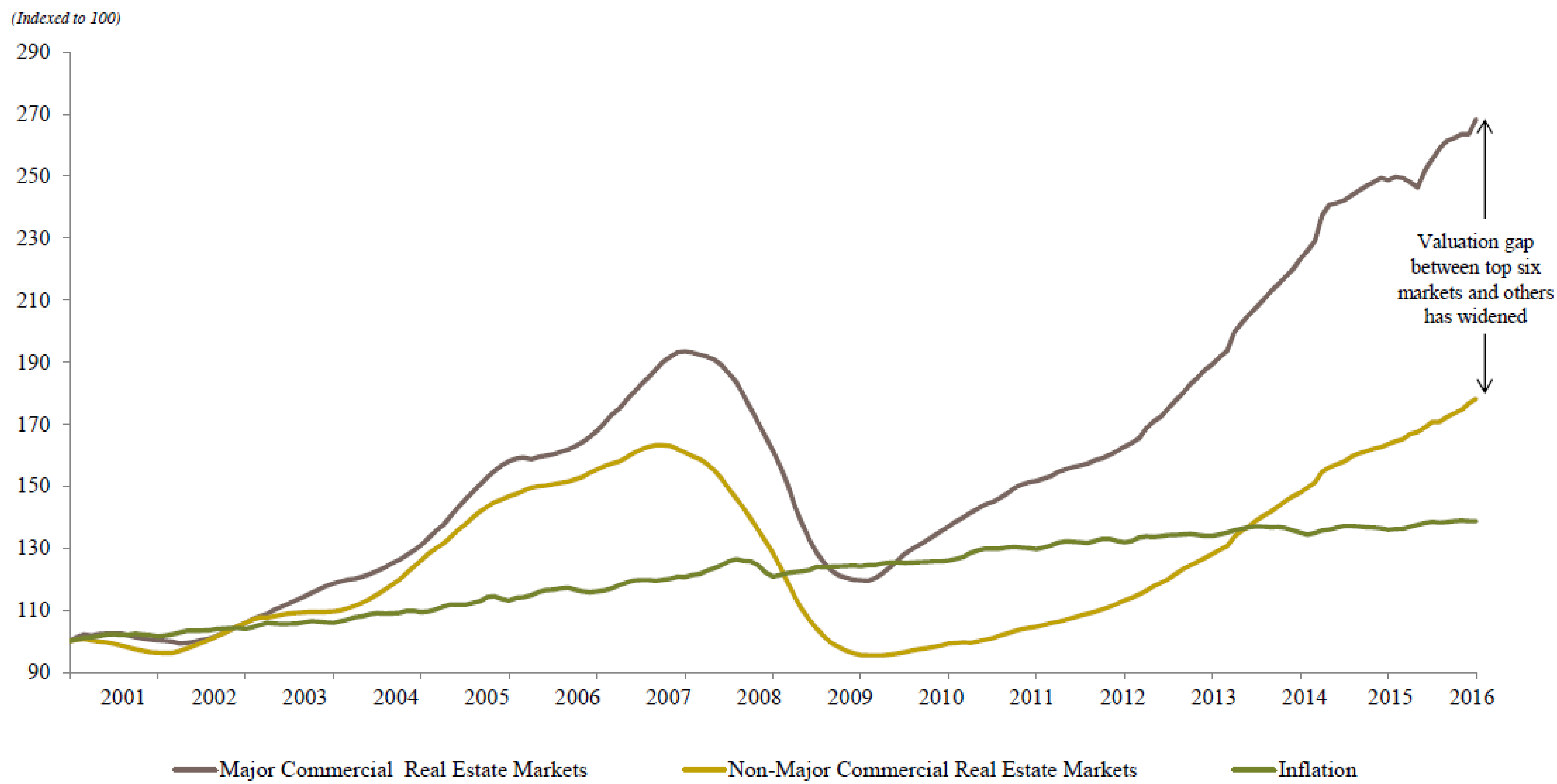
Bottom chart: Average of respondents' forecasts of the NCREIF Property Index (NPI) and sub-indices by property type. **Source:** Pension Real Estate Association Consensus Forecast Survey of the NCREIF Property Index Q2 2017.

Real Estate Market

The chart below shows the trend of recent quarters indicating the expected slowdown from the torrid pace of recent years. Most sectors of the institutional real estate market are viewed as fully priced but especially in the gateway markets of New York, San Francisco and Boston. The income stream of real estate has adjusted to the low interest rate environment although spreads against 10-Year Treasury are near historical norms. However, the income rate of return has declined from the 8% level when IPS first focused on real estate as an asset class in the late 1990s to 4½% today.



Real Estate Market

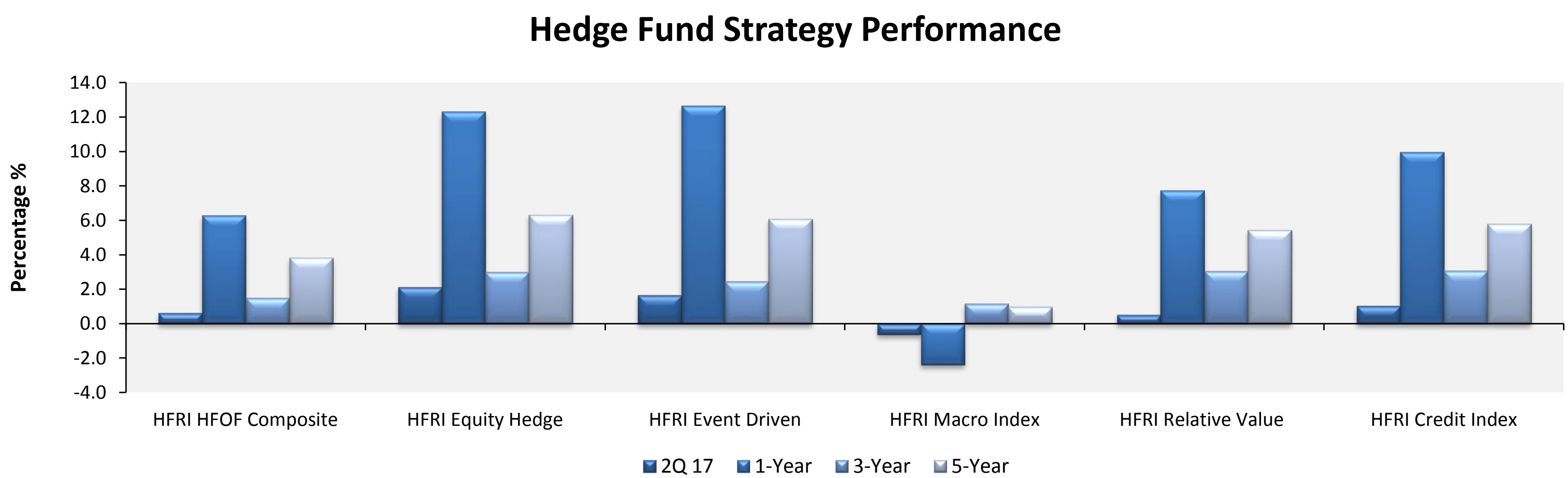


Source: Oaktree

Hedge Fund of Funds Market

Hedge funds provided modestly positive returns during the second quarter, and the HFRI Fund of Funds Composite is up 3% YTD through June. Continued slow economic growth expectations have generally kept interest rate increases in check, and equity volatility remains historically low. On July 24th, the VIX (a measure of stock market volitility) closed at its lowest level since December 1993. While this continues to not be the most ideal environment for hedge funds, managers continue to find pockets of opportunity in markets and Fund of Funds should continue to provide good diversification benefits to investors. Most asset classes were broadly positive globally during the quarter, with non-US equities leading the way for the second straight quarter; unsurprisingly, equity hedge was again the best-performing hedge fund strategy in Q2. Investment grade bonds have generally been negative during the past twelve-month period, while the HFRI FOF Composite is up over 6% over the same period, with equity hedge, event driven and credit yielding low-double digit returns. The HFRI Credit Index is up 3.4% YTD, outperforming investment grade fixed income while trailing high yield bonds. Hedge Fund Research (HFR) reports that investors increased hedge fund allocations during Q2 for the first time in six quarters, with much of the flows into strategies with minimal equity beta, non-directional strategies and diversified credit. Despite falling commodity prices this year and the relative underperformance of systematic strategies, global macro strategies saw significant increases in allocation, as investors aim to become more defensive and protect against potential equity market declines.

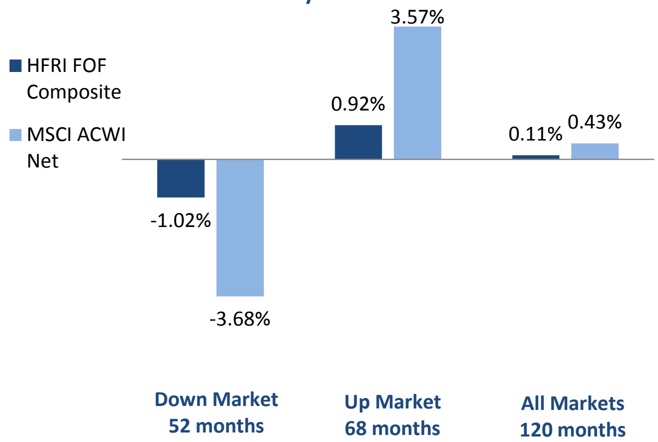
Strategy	Index	2Q 17	YTD	2016	2015	2014	2013	2012	1-Year	3-Year	5-Year	10-Year
Fund of Funds	HFRI HFOF Composite	0.6	3.0	0.5	-0.3	3.4	9.0	4.8	6.3	1.5	3.8	0.9
Equity Long-Short	HFRI Equity Hedge	2.1	6.1	5.5	-1.0	1.8	14.3	7.4	12.3	3.0	6.3	2.7
Event Driven	HFRI Event Driven	1.7	4.1	10.6	-3.6	1.1	12.5	8.9	12.7	2.5	6.1	3.6
Global Macro	HFRI Macro Index	-0.6	-0.7	1.0	-1.3	5.6	-0.4	-0.1	-2.4	1.2	1.0	2.2
Relative Value	HFRI Relative Value	0.5	2.7	7.7	-0.3	4.0	7.1	10.6	7.7	3.1	5.4	4.8
Credit	HFRI Credit Index	1.0	3.4	8.6	-1.0	3.0	9.0	10.6	10.0	3.1	5.8	N/A



Hedge Fund of Funds Market

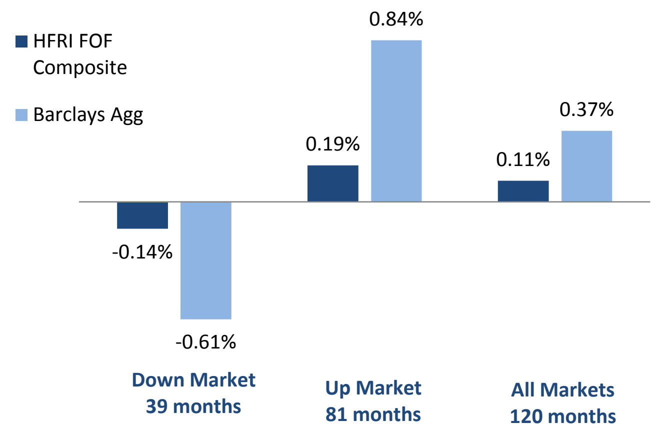
Up/Down Capture vs. Equity

Average Returns
July 2007 - June 2017



Up/Down Capture vs. Bonds

Average Returns
July 2007 - June 2017



Comparison of Long-Term vs. Post Financial Crisis Asset Class Performance

*Represents asset class performance from Jan 1991 - Dec 2015 vs. Jan 2009 - Dec 2015

Source: Corbin Capital Partners

FELRA and UFCW Benefit Funds

VEBA, Severance, Scholarship and Legal Funds

Master Consulting Services Report

Period Ending

June 30, 2017

Summary of Cash Flows

	Second Quarter	Year-To-Date	One Year	Three Years	Inception 1/1/13
Beginning Market Value	$49,688,056	$58,280,078	$60,310,976	$57,156,938	$56,700,141
Net Cash Flow	-$18,469,260	-$28,115,286	-$31,416,679	-$31,289,364	-$36,855,736
Net Investment Change	$561,684	$1,615,688	$2,886,184	$5,912,906	$11,936,076
Ending Market Value	$31,780,480	$31,780,480	$31,780,480	$31,780,480	$31,780,480

- Total assets represent the combined value of the VEBA, Severance, Scholarship and Legal Funds.
- Fiscal year end is 12/31.

Asset Allocation vs. Target
As Of June 30, 2017

	Current	%
Domestic Equity	$6,303,498	19.8%
Investment Grade Fixed Income	$10,806,729	34.0%
Short Duration High Yield Fixed Income	$5,688,285	17.9%
Real Estate	$4,626,403	14.6%
Cash	$4,266,602	13.4%
HFOF/Cash	$88,964	0.3%
Total	**$31,780,480**	**100.0%**

Note: HFOF/Cash is comprised of Meridian MDEF and Segregated Funds per the Fund's PNC statement.

Performance Summary (Gross of Fees)

			Ending June 30, 2017				Inception	
	Market Value	% of Portfolio	2017 Q2	YTD	1 Yr	3 Yrs	Return	Since
Composite	**$31,780,480**	**100.0%**	**1.3%**	**3.3%**	**5.5%**	**3.4%**	**4.5%**	**Jan-13**
Total Fund Domestic Equity	**$6,303,498**	**19.8%**	**2.9%**	**8.8%**	**18.3%**	**6.9%**	**13.0%**	**Jan-13**
CRSP US Total Market TR USD			*3.0%*	*9.0%*	*18.5%*	*9.1%*	*14.7%*	*Jan-13*
S&P 500			*3.1%*	*9.3%*	*17.9%*	*9.6%*	*14.9%*	*Jan-13*
Total Fund Investment Grade Fixed Income	**$10,806,729**	**34.0%**	**1.1%**	**1.9%**	**0.1%**	**2.1%**	**2.4%**	**Jan-13**
Custom Benchmark			*0.9%*	*1.7%*	*-0.2%*	*2.0%*	*1.8%*	*Jan-13*
Total Short Duration High Yield Fixed Income	**$5,688,285**	**17.9%**	**0.9%**	**2.2%**	**5.4%**	**--**	**3.5%**	**Sep-14**
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*1.4%*	*2.4%*	*5.8%*	*--*	*4.6%*	*Sep-14*
Total Fund Real Estate	**$4,626,403**	**14.6%**	**2.0%**	**2.9%**	**5.5%**	**9.8%**	**10.4%**	**Jan-13**
NCREIF ODCE Equal Weighted Index			*1.8%*	*3.7%*	*8.2%*	*11.6%*	*12.0%*	*Jan-13*
Total Fund Cash	**$4,266,602**	**13.4%**	**0.1%**	**0.3%**	**0.5%**	**0.2%**	**0.1%**	**Jan-13**
Total Fund HFOF/Cash	**$88,964**	**0.3%**						

- February 1, 2015 represents the inception of the new asset allocation targets and investment manager structure for each Fund.
- Investment performance represents the actual results of the combined assets of the VEBA, Severance, Scholarship and Legal Funds.

Summary of Cash Flows

	Second Quarter	Year-To-Date	One Year	Three Years
Beginning Market Value	$44,629,948	$55,118,478	$54,946,481	$46,212,150
Net Cash Flow	-$17,117,982	-$28,637,439	-$29,702,470	-$23,847,643
Net Investment Change	$529,153	$1,560,079	$2,797,107	$5,676,611
Ending Market Value	$28,041,118	$28,041,118	$28,041,118	$28,041,118

	Ending June 30, 2017						Inception	
	Market Value	% of Portfolio	2017 Q2	YTD	1 Yr	3 Yrs	Return	Since
Total VEBA Fund	**$28,041,118**	**100.0%**	**1.4%**	**3.4%**	**5.8%**	**3.6%**	**4.3%**	**Jan-13**
Domestic Equity	$6,291,486	22.4%	2.9%	8.8%	18.2%	6.9%	12.9%	Jan-13
CRSP US Total Market TR USD			*3.0%*	*9.0%*	*18.5%*	*9.1%*	*14.7%*	*Jan-13*
S&P 500			*3.1%*	*9.3%*	*17.9%*	*9.6%*	*14.9%*	*Jan-13*
Core Bond	$9,122,491	32.5%	1.1%	1.9%	0.1%	2.0%	2.3%	Jan-13
Custom Benchmark			*0.9%*	*1.7%*	*-0.2%*	*2.0%*	*1.8%*	*Jan-13*
Short Duration Hi Yield Bond	$4,771,317	17.0%	0.9%	2.2%	5.4%	--	3.4%	Nov-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*1.4%*	*2.4%*	*5.8%*	*4.0%*	*4.6%*	*Nov-14*
BBgBarc 1-3 Yr BB U.S. Constrained Index			*1.2%*	*2.6%*	*5.6%*	*4.0%*	*4.7%*	*Nov-14*
Real Estate	$4,547,600	16.2%	2.0%	2.9%	5.5%	--	9.4%	Dec-14
NCREIF ODCE Equal Weighted Index			*1.8%*	*3.7%*	*8.2%*	*11.6%*	*11.2%*	*Dec-14*
VEBA Cash	$3,308,225	11.8%	0.2%	0.4%	0.5%	0.2%	0.2%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*

Note: Allocations are based on data from the PNC custody statements.

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
U.S. Large Cap Equity	$6,291,486	22.4%	25.0%	5.0% - 50.0%	-2.6%	-$718,794
Investment Grade Fixed Income	$9,122,491	32.5%	40.0%	20.0% - 80.0%	-7.5%	-$2,093,957
Short Duration Hi Yield	$4,771,317	17.0%	20.0%	10.0% - 40.0%	-3.0%	-$836,907
Real Estate	$4,547,600	16.2%	10.0%	0.0% - 20.0%	6.2%	$1,743,488
Cash	$3,308,225	11.8%	5.0%	0.0% - 25.0%	6.8%	$1,906,169
Total	**$28,041,118**	**100.0%**	**100.0%**			

Note: Due to the timing and size of the contributions and withdrawals, the Fund's allocations may vary widely from the stated targets.

Asset Allocation - FELRA and UFCW VEBA Fund

- An asset allocation review was presented and discussed at the July 18, 2014 Policy Committee meeting. On July 23, 2014, a teleconference was held to review the cash needs of the Fund. Due to the timing of contributions and withdrawals from the Fund, it was agreed that a minimum of approximately $2M cash on hand should be maintained. On August 29, 2014, a revised asset allocation review was presented via teleconference. The Policy Committee adopted asset allocation targets of 25% US large cap equities, 40% intermediate fixed income, 20% short duration high yield, 10% real estate, and 5% cash. Asset allocation targets were approved by the Full Board on September 18, 2014.
- At the July 18, 2014 Policy Committee meeting, the Trustees elected to transfer $15M from cash to SBH (investment grade fixed income). The transfer occurred on August 1, 2014.
- As a result of restructuring, the following investment managers were terminated effective October 31, 2014: INTECH, NWQ, Cadence, Westwood, Globeflex, Windhaven and Fountain. The rebalancing of proceeds to the Fund's new asset allocation targets began in November 2014.
- An asset allocation review was provided for April 10, 2015 Policy Committee meeting.
- In March 2016, $1.75M was transferred to cash from SDHY ($875,000) and Core Bonds ($875,000).
- In May 2016, $2.0M was transferred to cash from SDHY ($400,000), domestic equity ($600,000), and Core Bonds ($1,000,000).
- In December 2016, $1.0M was transferred to cash from domestic equity.
- In January and February 2017, $9.5M was transferred to cash from SDHY ($2.375M), domestic equity ($2.850M), and Core Bonds ($4.275M).
- In April, May and June 2017, $18M was transferred to cash from SDHY ($4.4M), domestic equity ($5.5M), and Core Bonds ($8.1M).
- To rebalance closer to targets, a $2M redemption request will be submitted to American Realty Advisors (real estate) effective September 30, 2017.

Recommendations: None.

Summary of Cash Flows

	Second Quarter	Year-To-Date	One Year	Three Years
Beginning Market Value	$4,170,482	$2,458,731	$4,462,943	$9,943,929
Net Cash Flow	-$1,048,871	$645,101	-$1,392,792	-$7,016,623
Net Investment Change	$26,005	$43,784	$77,465	$220,309
Ending Market Value	$3,147,616	$3,147,616	$3,147,616	$3,147,616

	Ending June 30, 2017						Inception	
	Market Value	% of Portfolio	2017 Q2	YTD	1 Yr	3 Yrs	Return	Since
Total Severance Fund	**$3,147,616**	**100.0%**	**0.6%**	**1.7%**	**3.0%**	**1.8%**	**4.3%**	**Jan-13**
Core Bond	$1,382,182	43.9%	1.2%	2.0%	0.2%	2.1%	2.3%	Jan-13
Custom Benchmark			*0.9%*	*1.7%*	*-0.2%*	*2.0%*	*1.8%*	*Jan-13*
Short Duration High Yield	$850,907	27.0%	0.9%	2.2%	5.3%	--	3.5%	Sep-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*1.4%*	*2.4%*	*5.8%*	*4.0%*	*4.6%*	*Sep-14*
BBgBarc 1-3 Yr BB U.S. Constrained Index			*1.2%*	*2.6%*	*5.6%*	*4.0%*	*4.7%*	*Sep-14*
HFOF/Cash	$88,964	2.8%						
Severance Cash	$825,563	26.2%	0.1%	0.2%	0.4%	0.2%	0.1%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*

Note: Allocations are based on data from the PNC custody statements.

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Investment Grade Fixed Income	$1,382,182	43.9%	65.0%	10.0% - 80.0%	-21.1%	-$663,768
Short Duration High Yield	$850,907	27.0%	30.0%	15.0% - 60.0%	-3.0%	-$93,378
HFOF/Cash	$88,964	2.8%	--	--	2.8%	$88,964
Cash	$825,563	26.2%	5.0%	0.0% - 40.0%	21.2%	$668,182
Total	**$3,147,616**	**100.0%**	**100.0%**			

Note: HFOF/Cash is comprised of Meridian MDEF and Segregated Funds per the Fund's PNC Statement.

- Due to the timing and size of the contributions and withdrawals, the Fund's allocations may vary widely from the stated targets.

Asset Allocation - UFCW and FELRA Severance

- An asset allocation review was presented and discussed at the July 18, 2014 Policy Committee meeting. On July 23, 2014, a teleconference was held to review the cash needs of the Fund. At the July 18, 2014 Policy Committee meeting, the decision was made to retain Chartwell Partners for a short duration high yield mandate of $3M. On August 29, 2014, a revised asset allocation review was presented via teleconference. The Policy Committee adopted asset allocation targets of 65% intermediate fixed income, 30% short duration high yield, and 5% cash. Asset allocation targets were approved by the Full Board on September 18, 2014.
- On September 2, 2014, Chartwell (SDHY) was funded from cash with an initial $3M allocation.
- As a result of restructuring, the following investment managers were terminated effective October 31, 2014: INTECH, NWQ, Cadence, Westwood, Globeflex, Mellon Global Alpha, and Fountain. The rebalancing of proceeds to the Fund's new asset allocation targets began in November 2014.
- An asset allocation review was provided for April 10, 2015 Policy Committee meeting.
- In February 2016, $250,000 was transferred to cash from SDHY ($75,000) and core bonds ($175,000).
- In March 2016, $499,419 was transferred to cash from SDHY ($140,000), core bonds ($330,000), and HFOF cash ($29,419).
- In April 2016, $400,000 was transferred to cash from SDHY ($120,000) and core bonds ($280,000).
- In July 2016, $2,400,000 was transferred from cash to SDHY ($960,000) and core bonds ($1,400,000).
- In August 2016, $250,000 was transferred to cash from SDHY ($241,000) and HFoF/Cash ($9,000).
- In September 2016, $250,000 was transferred to cash from SDHY ($75,000), HFoF/Cash ($17,000), and core bonds ($158,000).
- In October 2016, $350,000 was transferred to cash from SDHY ($115,000) and core bonds ($234,500).
- In November 2016, $500,000 was transferred to cash from SDHY ($175,000) and core bonds ($325,000).
- In December 2016, $250,000 was transferred to cash from SDHY ($220,000) and core bonds ($430,000).
- In December 2016, Tremont Recovery amount of $39,527 was transferred to the HFOF/Cash account at PNC. The Tremont Recovery payment is reflected as a gain in the Hedge Fund of Funds group.
- In January 2017, $1.2M was transferred to cash from SDHY ($406,000), HFoF/Cash ($39,000), and core bonds ($755,000).
- In February 2017, $2.0M was transferred from cash to SDHY ($800,000) and core bonds ($1.2M).
- In June 2017, $416,734 was transferred to cash from SDHY ($140,000), HFoF/Cash ($16,734), and core bonds ($260,000).

Recommendations: None.

Summary of Cash Flows

	Second Quarter	Year-To-Date	One Year	Three Years
Beginning Market Value	$275,047	$285,639	$320,673	$486,951
Net Cash Flow	-$10,507	-$24,241	-$63,035	-$241,146
Net Investment Change	$3,670	$6,812	$10,571	$22,405
Ending Market Value	$268,210	$268,210	$268,210	$268,210

	Ending June 30, 2017						Inception	
	Market Value	% of Portfolio	2017 Q2	YTD	1 Yr	3 Yrs	Return	Since
Total Scholarship Fund	**$268,210**	**100.0%**	**1.3%**	**2.5%**	**3.7%**	**2.6%**	**7.0%**	**Jan-13**
Domestic Equity	$12,013	4.5%	2.9%	8.8%	18.3%	7.1%	12.9%	Jan-13
CRSP US Total Market TR USD			*3.0%*	*9.0%*	*18.5%*	*9.1%*	*14.7%*	*Jan-13*
S&P 500			*3.1%*	*9.3%*	*17.9%*	*9.6%*	*14.9%*	*Jan-13*
Core Bond	$75,314	28.1%	1.2%	2.0%	0.2%	2.1%	2.4%	Jan-13
Custom Benchmark			*0.9%*	*1.7%*	*-0.2%*	*2.0%*	*1.8%*	*Jan-13*
Short Duration Hi Yield Fund	$66,063	24.6%	0.9%	2.2%	5.4%	--	3.4%	Nov-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*1.4%*	*2.4%*	*5.8%*	*4.0%*	*4.6%*	*Nov-14*
BBgBarc 1-3 Yr BB U.S. Constrained Index			*1.2%*	*2.6%*	*5.6%*	*4.0%*	*4.7%*	*Nov-14*
Real Estate	$78,802	29.4%	2.0%	2.9%	5.5%	9.7%	10.2%	Jan-13
NCREIF ODCE Equal Weighted Index			*1.8%*	*3.7%*	*8.2%*	*11.6%*	*12.0%*	*Jan-13*
Scholarship Cash	$36,017	13.4%	0.1%	0.1%	0.2%	0.1%	0.1%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*

Note: Allocations are based on data from the PNC custody statements.

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
U.S. Large Cap Equity	$12,013	4.5%	10.0%	2.5% - 20.0%	-5.5%	-$14,808
Investment Grade Fixed Income	$75,314	28.1%	40.0%	20.0% - 80.0%	-11.9%	-$31,970
Short Duration Hi Yield Fund	$66,063	24.6%	30.0%	5.0% - 60.0%	-5.4%	-$14,400
Real Estate	$78,802	29.4%	20.0%	0.0% - 40.0%	9.4%	$25,161
Cash	$36,017	13.4%	--	--	13.4%	$36,017
Total	**$268,210**	**100.0%**	**100.0%**			

- Due to the timing and size of the contributions and withdrawals, the Fund's allocations may vary widely from the stated targets.

Asset Allocation - UFCW and FELRA Scholarship

- An asset allocation review was presented and discussed at the July 18, 2014 Policy Committee meeting. On July 23, 2014, a teleconference was held to review the cash needs of the Fund. IPS was informed an annual 5% payout is needed. On August 29, 2014, a revised asset allocation review was presented via teleconference. The Policy Committee adopted asset allocation targets of 10% US large cap equity, 40% intermediate fixed income, 30% short duration high yield, and 20% real estate. Asset allocation targets were approved by the Full Board on September 18, 2014.
- As a result of restructuring, the following investment managers were terminated effective October 31, 2014: INTECH, NWQ, Cadence, Westwood, Globeflex and Fountain. The rebalancing of proceeds to the Fund’s new asset allocation targets began in November 2014.
- An asset allocation review was provided for April 10, 2015 Policy Committee meeting.
- In January 2016, $14,545 was transferred to cash from core bonds ($14,500) and HFoF ($45).
- In April 2016, $10,000 was transferred to cash from core bonds ($4,000) and SDHY ($6,000).
- In June 2016, $25,000 was transferred to cash from core bonds ($12,500) and SDHY ($12,500).
- In August 2016, $10,000 was transferred to cash from core bonds.
- In October 2016, $15,000 was transferred to cash from core bonds ($8,250) and SDHY ($6,750).
- In January 2017, $25,000 was transferred to cash from core bonds ($15,000) and SDHY ($10,000).
- In June 2017, $25,000 was transferred to cash from core bonds ($12,500) and SDHY ($12,500).

Recommendations: None.

Summary of Cash Flows

	Second Quarter	Year-To-Date	One Year	Three Years
Beginning Market Value	$612,586	$417,238	$580,874	$513,907
Net Cash Flow	-$291,899	-$98,706	-$258,383	-$206,910
Net Investment Change	$2,856	$5,011	$1,051	$16,545
Ending Market Value	$323,542	$323,542	$323,542	$323,542

	Ending June 30, 2017						Inception	
	Market Value	% of Portfolio	2017 Q2	YTD	1 Yr	3 Yrs	Return	Since
Total Legal Fund	**$323,542**	**100.0%**	**0.6%**	**1.0%**	**0.3%**	**1.0%**	**0.9%**	**Jan-13**
Core Bond	$226,745	70.1%	1.2%	2.1%	0.2%	2.1%	2.4%	Jan-13
Custom Benchmark			*0.9%*	*1.7%*	*-0.2%*	*2.0%*	*1.8%*	*Jan-13*
Legal Cash	$96,798	29.9%	0.1%	0.2%	0.2%	0.1%	0.1%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*

Note: Allocations are based on data from the PNC custody statements.

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Investment Grade Fixed Income	$226,745	70.1%	100.0%	30.0% - 100.0%	-29.9%	-$96,798
Cash	$96,798	29.9%	--	--	29.9%	$96,798
Total	**$323,542**	**100.0%**	**100.0%**			

Note:Due to the timing and size of the contributions and withdrawals, the Fund's allocations may vary widely from the stated targets.

Asset Allocation - UFCW and FELRA Legal Benefits Fund

- An asset allocation review was presented and discussed at the July 18, 2014 Policy Committee meeting. On July 23, 2014, a teleconference was held to review the cash needs of the Fund. IPS was informed assets are to be highly liquid. On August 29, 2014, a revised asset allocation review was presented via teleconference. The Policy Committee adopted asset allocation target of 100% intermediate fixed income. Asset allocation targets were approved by the Full Board on September 18, 2014.
- On November 3, 2014, all assets were invested with SBH (investment grade fixed income) to rebalance closer to targets.
- An asset allocation review was provided for April 10, 2015 Policy Committee meeting.
- In June 2016, $50,000 was transferred to cash from core bonds.

Recommendations: None.

Performance Summary (Gross of Fees)

	Market Value	% of Portfolio	Ending June 30, 2017				Inception	
			2017 Q2	YTD	1 Yr	3 Yrs	Return	Since
Composite	**$31,780,480**	**100.0%**	**1.3%**	**3.3%**	**5.5%**	**3.4%**	**4.5%**	**Jan-13**
Total Fund Domestic Equity	**$6,303,498**	**19.8%**	**2.9%**	**8.8%**	**18.3%**	**6.9%**	**13.0%**	**Jan-13**
CRSP US Total Market TR USD			*3.0%*	*9.0%*	*18.5%*	*9.1%*	*14.7%*	*Jan-13*
S&P 500			*3.1%*	*9.3%*	*17.9%*	*9.6%*	*14.9%*	*Jan-13*
Vanguard U.S. Stock Market Index Fund	$6,303,498	19.8%	2.9%	8.8%	18.3%	--	9.1%	Nov-14
CRSP US Total Market TR USD			*3.0%*	*9.0%*	*18.5%*	*--*	*9.2%*	*Nov-14*
Total Fund Investment Grade Fixed Income	**$10,806,729**	**34.0%**	**1.1%**	**1.9%**	**0.1%**	**2.1%**	**2.4%**	**Jan-13**
Custom Benchmark			*0.9%*	*1.7%*	*-0.2%*	*2.0%*	*1.8%*	*Jan-13*
Segall, Bryant and Hamill	$10,806,729	34.0%	1.1%	1.9%	0.1%	2.1%	2.4%	Jan-13
Custom Benchmark			*0.9%*	*1.7%*	*-0.2%*	*2.0%*	*1.8%*	*Jan-13*
Total Short Duration High Yield Fixed Income	**$5,688,285**	**17.9%**	**0.9%**	**2.2%**	**5.4%**	**--**	**3.5%**	**Sep-14**
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*1.4%*	*2.4%*	*5.8%*	*--*	*4.6%*	*Sep-14*
Chartwell Investment Partners Short Duration High Yield	$5,688,285	17.9%	0.9%	2.2%	5.4%	--	3.5%	Sep-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*1.4%*	*2.4%*	*5.8%*	*--*	*4.6%*	*Sep-14*
BBgBarc 1-3 Yr BB U.S. Constrained Index			*1.2%*	*2.6%*	*5.6%*	*--*	*4.7%*	*Sep-14*
Total Fund Real Estate	**$4,626,403**	**14.6%**	**2.0%**	**2.9%**	**5.5%**	**9.8%**	**10.4%**	**Jan-13**
NCREIF ODCE Equal Weighted Index			*1.8%*	*3.7%*	*8.2%*	*11.6%*	*12.0%*	*Jan-13*
American Realty Advisors	$4,626,403	14.6%	2.0%	2.9%	5.5%	9.8%	10.4%	Jan-13
NCREIF ODCE Equal Weighted Index			*1.8%*	*3.7%*	*8.2%*	*11.6%*	*12.0%*	*Jan-13*

Performance Summary (Gross of Fees)

			Ending June 30, 2017				Inception	
	Market Value	% of Portfolio	2017 Q2	YTD	1 Yr	3 Yrs	Return	Since
Total Fund Cash	**$4,266,602**	**13.4%**	**0.1%**	**0.3%**	**0.5%**	**0.2%**	**0.1%**	**Jan-13**
VEBA Cash	$3,308,225	10.4%	0.2%	0.4%	0.5%	0.2%	0.2%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*
Severance Cash	$825,563	2.6%	0.1%	0.2%	0.4%	0.2%	0.1%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*
Scholarship Cash	$36,017	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*
Legal Cash	$96,798	0.3%	0.1%	0.2%	0.2%	0.1%	0.1%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*
Total Fund HFOF/Cash	**$88,964**	**0.3%**						
Meridian MDF Special Investments	$88,964	0.3%						

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Account Information	
Account Name	**Vanguard U.S. Stock Market Index Fund**
Account Structure	**Mutual Fund**
Investment Style	**Passive**
Inception Date	**11/01/14**
Account Type	**Equity**
Benchmark	**CRSP US Total Market TR USD**
Universe	

Vanguard U.S. Stock Market Index Fund
June 30, 2017

	Second Quarter	Inception 11/1/14
Beginning Market Value	$11,575,455	--
Net Cash Flow	-$5,500,000	$3,349,070
Net Investment Change	$228,043	$2,954,428
Ending Market Value	$6,303,498	$6,303,498

						Calendar Years					Inception	
	2017 Q2	YTD	1 Yr	3 Yrs	5 Yrs	2016	2015	2014	2013	2012	Return	Since
Vanguard U.S. Stock Market Index Fund	2.9%	8.8%	18.3%	--	--	12.7%	0.4%	--	--	--	9.1%	Nov-14
CRSP US Total Market TR USD	*3.0%*	*9.0%*	*18.5%*	--	--	*12.7%*	*0.4%*	--	--	--	*9.2%*	*Nov-14*

Note: Returns are gross of fees.

FELRA & UFCW Benefit Funds - Vanguard U.S. Stock Market Index Fund

Manager Summary

Recommendation: None.

Compliance Summary

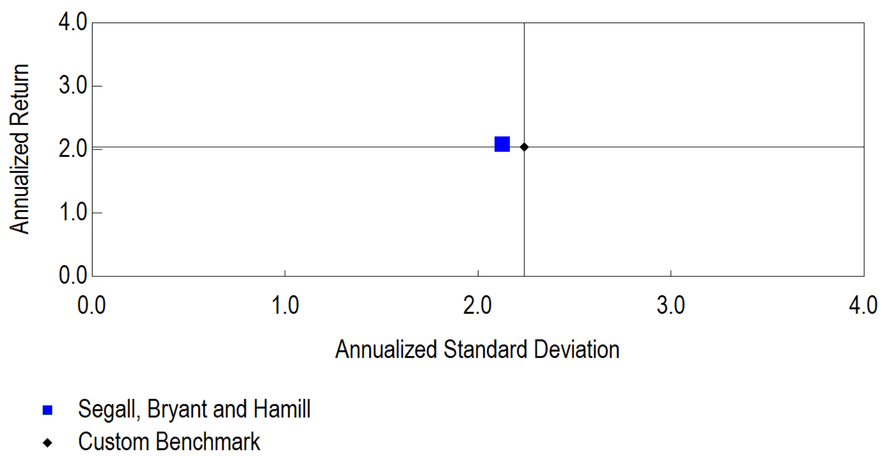
Commingled Fund not monitored for Compliance by Investment Performance Services.

Account Information	
Account Name	**Segall, Bryant and Hamill**
Account Structure	**Separate Account**
Investment Style	**Active**
Inception Date	**1/01/13**
Account Type	**US Fixed Income**
Benchmark	**Custom Benchmark**
Universe	

Segall, Bryant and Hamill
June 30, 2017

	Second Quarter	**Inception 1/1/13**
Beginning Market Value	$19,013,358	$11,361,650
Net Cash Flow	-$8,372,500	-$2,196,101
Net Investment Change	$165,871	$1,641,179
Ending Market Value	$10,806,729	$10,806,729

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2017



3 Years Ending June 30, 2017

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Segall, Bryant and Hamill	2.1%	2.1%	95.4%	89.1%
Custom Benchmark	2.0%	2.2%	100.0%	100.0%

						Calendar Years					Inception	
	2017 Q2	YTD	1 Yr	3 Yrs	5 Yrs	2016	2015	2014	2013	2012	Return	Since
Segall, Bryant and Hamill	1.1%	1.9%	0.1%	2.1%	--	2.2%	1.3%	5.9%	-0.5%	--	2.4%	Jan-13
Custom Benchmark	*0.9%*	*1.7%*	*-0.2%*	*2.0%*	--	*2.1%*	*1.1%*	*5.2%*	*-2.0%*	--	*1.8%*	*Jan-13*

Note: Returns are gross of fees.

FELRA & UFCW Benefit Funds - Segall Bryant and Hamill

Correspondence/Transfer Summary

- At the July 18, 2014 meeting, the Policy Committee approved changing the manager's benchmark to the Barclays Intermediate Government/Credit Index to shorten the duration of the fixed income portfolio and potentially reduce interest rate risk. Benchmark change is effective September 1, 2014.

Manager Summary

- IPS conducted due diligence meetings with Segall Bryant and Hamill on January 19, 2016 and June 7, 2017.
- IPS conducted an on-site due diligence meeting with Segall Bryant and Hamill on June 20, 2017.

Recommendation: None.

Compliance Summary

Exception #1: Investment Objectives and Guidelines states: Fixed income securities must be rated at least BBB-Baa3/BBB- or higher by Fitch, Moody's or Standard & Poor's. If a security is rated by all three agencies, two of the agencies must rate the security BBB- or Baa3 or above at the time of purchase. If only two of the rating agencies rate a security, the lower rating applies. If only one of the rating agencies rates a security, that rating will apply. If a security's rating falls below BBB-/Baa3/BBB-, the fixed income manager will immediately notify the trustees in writing of the event and describe its plan for dealing with the security. Should the manager decide to continue to hold the downgraded issue, the manager will report to the Trustees no less than quarterly in writing as to the status of the security and keep the Trustees fully informed of the improvement/deterioration of the valuation as well as to any change in their recommendation.

Thirteen inherited bonds held as of 6/30/2017 are currently below investment grade with a total market value of $44,110 (0.01% of the portfolio) and one bond is in default with a total market value of $200 (0.001% of the portfolio).

Manager Response Summary: The manager provided a table with the inherited bonds that are currently below investment grade and in default in an email dated August 16, 2017. The manager stated Countrywide Home Loans, First Horizon Alternative MT, and GMAC Mortgage CORP Loan are currently being monitored for sale and have not received adequate bid. Twin Reefs Pass-Through securities are in strategic reorganization and the status of securities is uncertain. The manager noted they have received DPS 144 A Washington Mutual stock from Washington Mutual Series 2006-AR8 class 1A5 5.942% due 08/25/2046 out of escrow and have sold the shares. The manager noted they may receive additional shares. The manager noted that eight bonds have paid down and are no longer in the manager's portfolio. SBH has contacted the custodian who stated the bonds have fully paid down, however DTC has not received notice of a final pay down. This is typical when the underlying company intends to make future cash distributions. Fractional units are left as current face to keep the accounts from "falling off" as holder of the bonds. See Compliance Report for the table with responses from manager regarding sale details.

Action to be taken: Based on the follow-up information and comments provided by the manager, no action is required.

Account Information	
Account Name	**Chartwell Investment Partners Short Duration High Yield**
Account Structure	**Separate Account**
Investment Style	**Active**
Inception Date	**9/30/14**
Account Type	**US Fixed Income High Yield**
Benchmark	**BofA ML - U.S. HY Cash Pay 1-3 Yr BB**
Universe	**eA US Short Duration Fixed Inc Gross**

Chartwell Investment Partners Short Duration High Yield
June 30, 2017

	Last Three Months	**Inception 9/30/14**
Beginning Market Value	$10,168,915	--
Net Cash Flow	-$4,552,500	$4,750,477
Net Investment Change	$71,870	$937,808
Ending Market Value	$5,688,285	$5,688,285

						Calendar Years					Inception	
	2017 Q2	YTD	1 Yr	3 Yrs	5 Yrs	2016	2015	2014	2013	2012	Return	Since
Chartwell Investment Partners Short Duration High Yield	0.9%	2.2%	5.4%	--	--	7.2%	-0.3%	--	--	--	3.5%	Sep-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB	*1.4%*	*2.4%*	*5.8%*	--	--	*8.5%*	*1.2%*	--	--	--	*4.6%*	*Sep-14*
BBgBarc 1-3 Yr BB U.S. Constrained Index	*1.2%*	*2.6%*	*5.6%*	--	--	*8.8%*	*1.1%*	--	--	--	*4.7%*	*Sep-14*

Note: Returns are gross of fees.

FELRA & UFCW Benefit Funds - Chartwell Investment Partners Short Duration High Yield

Manager Summary

- IPS conducted due diligence meetings with Chartwell on November 20, 2015 and March 22, 2017.

Recommendation: None.

Compliance Summary

Exceptions: None.

Action to be taken: None.

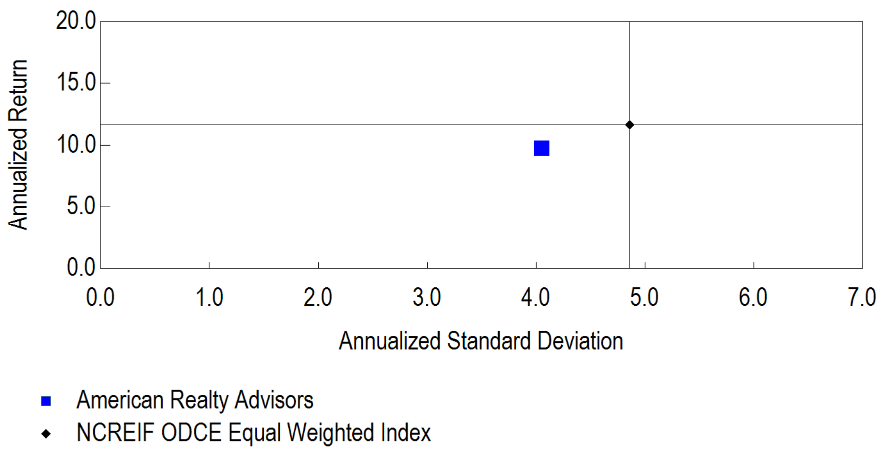
Items of Interest: Personnel Addition - During 2nd Quarter 2017 Mario Davila joined Chartwell as Mid South Regional Director.

Account Information	
Account Name	American Realty Advisors
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	1/01/13
Account Type	Real Estate
Benchmark	NCREIF ODCE Equal Weighted Index
Universe	

American Realty Advisors
June 30, 2017

	Second Quarter	Inception 1/1/13
Beginning Market Value	$4,536,294	$2,993,032
Net Cash Flow	$0	$0
Net Investment Change	$90,109	$1,633,371
Ending Market Value	$4,626,403	$4,626,403

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2017



3 Years Ending June 30, 2017

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
American Realty Advisors	9.8%	2.0%	82.3%	--
NCREIF ODCE Equal Weighted Index	11.6%	1.5%	100.0%	--

	2017 Q2	YTD	1 Yr	3 Yrs	5 Yrs	Calendar Years 2016	2015	2014	2013	2012	Inception Return	Since
American Realty Advisors	2.0%	2.9%	5.5%	9.8%	--	7.8%	12.7%	11.6%	12.0%	--	10.4%	Jan-13
NCREIF ODCE Equal Weighted Index	*1.8%*	*3.7%*	*8.2%*	*11.6%*	--	*9.3%*	*15.2%*	*12.4%*	*13.3%*	--	*12.0%*	*Jan-13*

Note: Returns are gross of fees.

Note: Information on PNC statements lag one quarter.

FELRA & UFCW Benefit Funds - American Realty Advisors

Manager Summary

- IPS conducted due diligence meetings with American Realty Advisors on October 20, 2015 and July 27, 2016.
- IPS conducted an on-site due diligence meeting with American Realty Advisors on June 21, 2017.

Recommendation: None.

Compliance Summary

Manager verified that the portfolio is currently, and has been during the past quarter, in compliance with the firm's commingled investment vehicle investment guidelines and/or offering document governing the management of the investment. With respect to the portfolio(s) under management, manager acknowledges sole fiduciary responsibility under ERISA for adherence with the commingled investment vehicle and /or offering document guidelines.

Items of Interest: Personnel Departure - Manager stated during the Second Quarter 2017, Greg Blomstrand departed the Fund's portfolio management team. Mr. Blomstrand's responsibilities had been gradually assumed by other members of the portfolio team over previous quarters.

Account Information	
Account Name	**Meridian MDF Special Investments**
Account Structure	**Commingled Fund**
Investment Style	**Active**
Inception Date	**1/01/13**
Account Type	**Hedge Fund**
Benchmark	
Universe	

Meridian MDF Special Investments
June 30, 2017

	Second Quarter	**Inception 1/1/13**
Beginning Market Value	$109,742	$397,651
Net Cash Flow	-$16,734	-$774,998
Net Investment Change	-$4,044	$466,311
Ending Market Value	$88,964	$88,964

FELRA & UFCW Benefit Funds - Meridian MDF Special Investments

Manager Summary

Recommendation: A full redemption request for Meridian Diversified ERISA Fund was submitted. Liquidity of the MDF Special Investments is at the discretion of the manager.

Compliance Summary

Commingled Fund not monitored for Compliance by Investment Performance Services.

Investment Policy Statement

- The current investment policy statement was adopted June 4, 2015.

Custody Bank

- The current custodian is PNC Bank.

Commingled Funds

- Commingled Fund: Due to the commingled fund structure, IPS does not monitor the holdings within the commingled fund for compliance with the client's investment policy statement. The commingled fund is governed by its own investment policy.

FELRA and UFCW Benefit Funds
VEBA, Severance, Scholarship and Legal Funds

Appendix

Performance Summary (Net of Fees)

	Market Value	% of Portfolio	2017 Q2	YTD	1 Yr	3 Yrs	Inception Return	Inception Since
			Ending June 30, 2017				Inception	
Composite	**$31,780,480**	**100.0%**	**1.3%**	**3.2%**	**5.3%**	**3.2%**	**4.2%**	**Jan-13**
Total Fund Domestic Equity	**$6,303,498**	**19.8%**	**2.9%**	**8.8%**	**18.3%**	**6.8%**	**12.7%**	**Jan-13**
CRSP US Total Market TR USD			*3.0%*	*9.0%*	*18.5%*	*9.1%*	*14.7%*	*Jan-13*
S&P 500			*3.1%*	*9.3%*	*17.9%*	*9.6%*	*14.9%*	*Jan-13*
Vanguard U.S. Stock Market Index Fund	$6,303,498	19.8%	2.9%	8.8%	18.3%	--	9.1%	Nov-14
CRSP US Total Market TR USD			*3.0%*	*9.0%*	*18.5%*	*--*	*9.2%*	*Nov-14*
Total Fund Investment Grade Fixed Income	**$10,806,729**	**34.0%**	**1.1%**	**1.8%**	**-0.1%**	**1.9%**	**2.2%**	**Jan-13**
Custom Benchmark			*0.9%*	*1.7%*	*-0.2%*	*2.0%*	*1.8%*	*Jan-13*
Segall, Bryant and Hamill	$10,806,729	34.0%	1.1%	1.8%	-0.1%	1.9%	2.2%	Jan-13
Custom Benchmark			*0.9%*	*1.7%*	*-0.2%*	*2.0%*	*1.8%*	*Jan-13*
Total Short Duration High Yield Fixed Income	**$5,688,285**	**17.9%**	**0.8%**	**2.0%**	**4.9%**	**--**	**3.0%**	**Sep-14**
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*1.4%*	*2.4%*	*5.8%*	*--*	*4.6%*	*Sep-14*
Chartwell Investment Partners Short Duration High Yield	$5,688,285	17.9%	0.8%	2.0%	4.9%	--	3.0%	Sep-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*1.4%*	*2.4%*	*5.8%*	*--*	*4.6%*	*Sep-14*
BBgBarc 1-3 Yr BB U.S. Constrained Index			*1.2%*	*2.6%*	*5.6%*	*--*	*4.7%*	*Sep-14*
Total Fund Real Estate	**$4,626,403**	**14.6%**	**2.0%**	**2.9%**	**5.5%**	**9.8%**	**10.2%**	**Jan-13**
NCREIF ODCE Equal Weighted Index			*1.8%*	*3.7%*	*8.2%*	*11.6%*	*12.0%*	*Jan-13*
American Realty Advisors	$4,626,403	14.6%	2.0%	2.9%	5.5%	9.8%	10.2%	Jan-13
NCREIF ODCE Equal Weighted Index			*1.8%*	*3.7%*	*8.2%*	*11.6%*	*12.0%*	*Jan-13*

Performance Summary (Net of Fees)

	Market Value	% of Portfolio	Ending June 30, 2017				Inception	
			2017 Q2	YTD	1 Yr	3 Yrs	Return	Since
Total Fund Cash	**$4,266,602**	**13.4%**	**0.1%**	**0.3%**	**0.5%**	**0.2%**	**0.1%**	**Jan-13**
VEBA Cash	$3,308,225	10.4%	0.2%	0.4%	0.5%	0.2%	0.2%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*
Severance Cash	$825,563	2.6%	0.1%	0.2%	0.4%	0.2%	0.1%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*
Scholarship Cash	$36,017	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*
Legal Cash	$96,798	0.3%	0.1%	0.2%	0.2%	0.1%	0.1%	Jan-13
91 Day T-Bills			*0.2%*	*0.4%*	*0.5%*	*0.2%*	*0.2%*	*Jan-13*
Total Fund HFOF/Cash	**$88,964**	**0.3%**						
Meridian MDF Special Investments	$88,964	0.3%						

Benchmark History
As of June 30, 2017

Segall, Bryant and Hamill		
9/1/2014	Present	BBgBarc US Govt/Credit Int TR 100%
1/1/2013	8/31/2014	BBgBarc US Aggregate TR 100%

Footnotes

- Values, flows and returns for all commingled funds, mutual funds, and partnerships are provided by the firm managing the assets and cannot be verified by IPS.

Index Disclosures

- NCREIF ODCE Equal Weighted Index -During 2nd Quarter 2014 IPS changed the NCREIF ODCE Index to the NCREIF ODCE Equal Weighted Index. The NCREIF ODCE Equal Weighted Index is a better benchmark for comparison in client reports and more representative of the investment opportunities in the real estate class. The cap weighted index is biased and returns are influenced by several large contributors.
- Barclays 1-3 Yr BB U.S. Constrained Index is used for illustrative purposes only.

ERISA Pension Investment Conference

April 25 – 28, 2017

- **The following investment managers and providers attended and helped to defray the cost of IPS' annual ERISA Pension Investment Conference ("EPIC"). EPIC is an educational conference addressing various issues related to employee benefit plans. IPS does not give preferential treatment to investment managers or any other provider who may pay to attend EPIC.**

Amalgamated Bank of Chicago
American Realty Advisors
ASB Capital Management
Atlanta Capital Management
Baird Advisors / Baird Inv. Mgmt.
BlackRock Financial Mgmt.
Boyd Watterson
Brown Advisory
Chartwell Investment Partners
Christenson Investment Partners
Columbia Partners
Corbin Capital Partners
Corry Capital Advisors
Eaton Vance Management
EnTrustPermal
First Eagle Investment Mgmt.
Foundry Partners
Fred Alger Management
GAMCO Asset Management
Great Lakes Advisors
Grosvenor Capital Management
Hamilton Lane Advisors
Intercontinental Real Estate Corp.
Invesco
Janus Capital
Johnston Asset Management
JP Morgan Asset Management
Kearney Capital Management
Lazard Asset Management
Loomis, Sayles & Company
Lord Abbett
MacKay Shields
McMorgan & Company
MEPT/Bentall Kennedy
National Investment Services
Neuberger Berman
Nuveen Asset Management
Patriot Financial Partners
PENN Capital Management
Post Advisory Group
Principal Global Investors
Rothschild Asset Management
Ryan Labs Asset Management
Segall Bryant & Hamill
Sierra Investment Partners
The Bank of New York Mellon
The Boston Company
Ullico Investment Company
Victory Capital Management
Washington Capital Management
WEDGE Capital Management
Wellington Management Company
Westfield Capital Management

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Glossary of Investment Terminology

Total Return	The annual return on an investment including appreciation, depreciation and income (interest, dividends, net operating income).
Alpha	The excess return (positive or negative) generated by active portfolio management and security selection, relative to a benchmark.
Beta	A historical measure of an investment's volatility relative to the market. The beta of the market is 1.0 (as represented by a benchmark such as the S&P 500 Index). A beta of greater than 1.0 indicates an investment with greater volatility than the benchmark. A beta of less than 1.0 indicates less volatility than the benchmark.
Standard Deviation	Standard deviation is a statistical measurement of the dispersion of a set of data from its mean. The more spread apart the data are, the greater the standard deviation.
Risk	For an investment portfolio, risk is typically defined as the volatility of the returns, as measured by calculating the standard deviation. The risk does not necessarily indicate the risk of loss, but does indicate the risk of inconsistent returns.
Capture Ratio	Calculates how well a manager performs in a rising or falling market as a percentage of a benchmark. In a rising market, a percentage of 100 or better is preferred, and indicates the manager exceeded the benchmark (upside capture ratio). In a falling market, a percentage of less than 100 is preferred, indicating that the manager lost less than the benchmark (downside capture ratio).
Correlation	A statistical measure of how two asset classes perform in relation to each other. Asset classes with a correlation of 1.0 have perfect positive correlation (exactly the same). Assets with perfect negative correlation of -1.0 will perform equally but in opposite directions.
Efficient Frontier	A series of portfolios with the maximum expected return for any level of risk, which is calculated based on assumptions of risk, return and correlation. These portfolios are shown graphically on a risk and return chart, and represent the most efficient tradeoff between risk and return.
Market Cap	The dollar value of a corporation, which is calculated by multiplying the share price and the number of outstanding shares.
Large Cap	Stocks which typically have a market capitalization of $10 billion or higher.
Mid Cap	Stocks which typically have a market capitalization of $2 to $10 billion.
Small Cap	Stocks which typically have a market capitalization of $2 billion or less.
Geometric Calculation	Geometric Calculations are used when determining an annualized investment return and tends to dampen the effect of very high or very low values. The result is a number that is smaller than (or equal to) the arithmetic average of the values.
Compound Annual Returns	Compound annual returns show the annual investment return, assuming the investment grew at a constant rate, and reflects the impact of the time in the calculation of an investment return.
Return/Risk Ratio	The return/risk ratio is the expected return of an investment divided by the expected standard deviation (risk). When comparing return/risk ratios a higher value is presumed to be better than a lower value