



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

Master Consulting Services Report

**Period Ended
December 31, 2017**

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Market Discussion Points

4Q | 2017



Financial Market Performance

Periods Ending December 31, 2017

<u>Strategy</u>	<u>Sector</u>	<u>Index</u>	<u>QTR</u>	<u>YTD</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>1-Yr</u>	<u>3-Yr</u>	<u>5-Yr</u>	<u>10-Yr</u>	<u>20-Yr</u>
Stocks	US Large Cap	S&P 500	6.6	21.8	21.8	12.0	1.4	13.7	32.4	21.8	11.4	15.8	8.5	7.2
	US Small Cap	Russell 2000	3.3	14.7	14.7	21.3	-4.4	4.9	38.8	14.7	10.0	14.1	8.7	7.9
	All Country	MSCI All Country World (net)	5.7	24.0	24.0	7.9	-2.4	4.2	22.8	24.0	9.3	10.8	4.7	-
	Non-US Developed	MSCI EAFE (net)	4.2	25.0	25.0	1.0	-0.8	-4.9	22.8	25.0	7.8	7.9	1.9	5.3
	Emerging Markets	MSCI EM (net)	7.4	37.3	37.3	11.2	-14.9	-2.2	-2.6	37.3	9.1	4.4	1.7	-
	Int'l Small Cap	MSCI EAFE Small Cap (net)	6.1	33.0	33.0	2.2	9.6	-5.0	29.3	33.0	14.2	12.9	5.8	-
Bonds	Treasury	Bloomberg Barclays US Govt	0.1	2.3	2.3	1.1	0.9	4.9	-2.6	2.3	1.4	1.3	3.2	4.6
	Broad Market	Bloomberg Barclays Aggregate	0.4	3.5	3.5	2.7	0.6	6.0	-2.0	3.5	2.2	2.1	4.0	5.0
	High Yield	Bloomberg Barclays HY BaB 2% IC	0.4	6.9	6.9	14.1	-2.7	3.5	6.2	6.9	5.9	5.5	7.5	-
	Global Bonds	Citigroup WGBI	1.0	7.5	7.5	1.6	-3.6	-0.5	-4.0	7.5	1.7	0.1	2.7	4.5
Global Tactical Asset		65% MSCI World /35% Citi WGBI	3.9	17.0	17.0	5.6	-1.6	3.0	15.3	17.0	6.7	7.6	4.7	5.9
Real Estate	Core	NCREIF ODCE Equal Weighted	2.1	7.7	7.7	9.3	15.2	12.4	13.3	7.7	10.7	11.6	4.9	8.6
Hedge Funds	Diversified FOFs	HFRI HFOF Composite	2.0	7.7	7.7	0.5	-0.3	3.4	9.0	7.7	2.6	4.0	1.1	4.2
	Equity Long-Short	HFRI Equity Hedge	3.5	13.5	13.5	5.5	-1.0	1.8	14.3	13.5	5.8	6.6	3.2	7.5
Commodities	Commodities	Goldman Sachs Commodity	9.9	5.8	5.8	11.4	-32.9	-33.1	-1.2	5.8	-7.5	-12.2	-10.2	-0.9

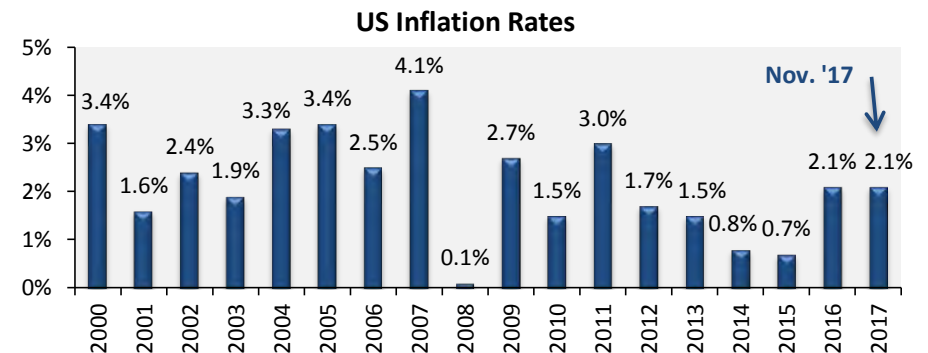
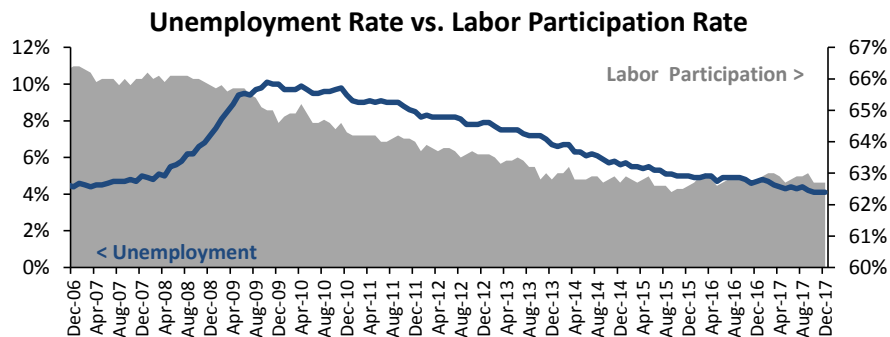
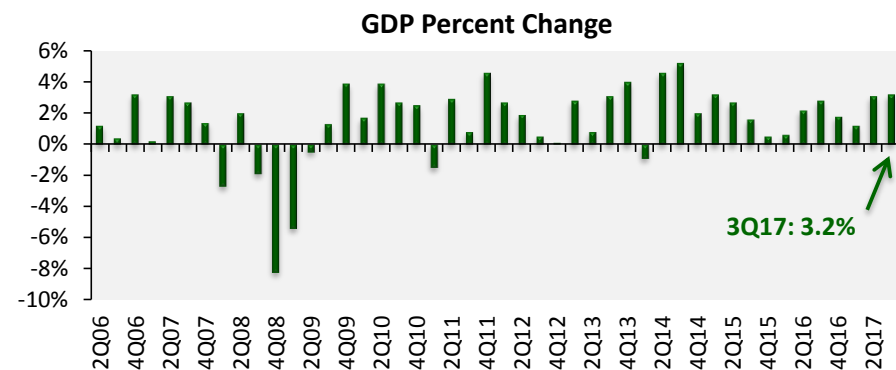
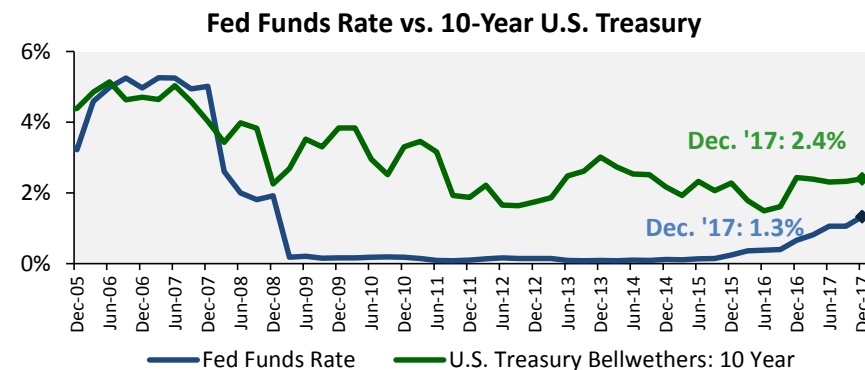
Asset Class Performance "Quilt"

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
RE 14.3%	Fx Inc 8.4%	Fx Inc 10.3%	EM Equity 55.8%	EM Equity 25.6%	EM Equity 34.0%	EM Equity 32.2%	EM Equity 39.4%	Fx Inc 5.2%	EM Equity 78.5%	Small Cap 26.9%	RE 16.0%	EM Equity 18.2%	Small Cap 38.8%	Large Cap 13.7%	RE 15.2%	Small Cap 21.3%	EM 37.3%
Fx Inc 11.6%	RE 5.6%	RE 5.5%	Small Cap 47.3%	Mid Cap 20.2%	RE 21.4%	Int'l 26.3%	RE 16.0%	RE -10.0%	HY 57.5%	Mid Cap 25.5%	Fx Inc 7.8%	Int'l 17.3%	Mid Cap 34.8%	Mid Cap 13.2%	Large Cap 1.4%	HY 17.5%	Int'l 25.0%
Mid Cap 8.3%	HY 4.5%	HFoF 1.0%	Mid Cap 40.1%	Int'l 20.2%	Int'l 13.5%	Small Cap 18.4%	Int'l 11.2%	SD HY -14.0%	Mid Cap 40.5%	EM Equity 18.9%	HY 4.4%	Mid Cap 17.3%	Large Cap 32.4%	RE 12.5%	SD HY 1.2%	Mid Cap 13.8%	Large Cap 21.8%
HFoF 4.1%	HFoF 2.8%	HY -1.9%	Int'l 38.6%	Small Cap 18.3%	Mid Cap 12.6%	RE 16.3%	HFoF 10.3%	HFoF -21.4%	SD HY 36.1%	RE 16.4%	SD HY 4.4%	Small Cap 16.3%	Int'l 22.8%	Fx Inc 6.0%	Fx Inc 0.6%	Large Cap 12.0%	Mid Cap 18.5%
Small Cap -3.0%	Small Cap 2.5%	EM Equity -6.2%	Large Cap 28.7%	GTAA 13.2%	HFoF 7.5%	Large Cap 15.8%	GTAA 9.9%	GTAA -25.4%	Int'l 31.8%	HY 15.2%	Large Cap 2.1%	Large Cap 16.1%	GTAA 15.3%	Small Cap 4.9%	HFoF -0.3%	EM 11.2%	GTAA 17.0%
HY -5.2%	EM Equity -2.6%	GTAA -7.2%	HY 28.1%	RE 13.0%	Large Cap 4.9%	Mid Cap 15.3%	Fx Inc 7.0%	HY -26.4%	Small Cap 27.2%	Large Cap 15.1%	GTAA -0.9%	HY 15.6%	RE 14.0%	HFoF 3.4%	Int'l -0.8%	RE 9.3%	Small Cap 14.7%
GTAA -8.1%	Mid Cap -5.6%	Int'l -15.9%	GTAA 26.7%	Large Cap 10.9%	Small Cap 4.6%	GTAA 15.1%	Mid Cap 5.6%	Small Cap -33.8%	Large Cap 26.5%	SD HY 11.7%	Mid Cap -1.6%	RE 10.9%	HFoF 9.0%	GTAA 3.0%	GTAA -1.6%	SD HY 8.5%	RE 7.7%
Large Cap -9.1%	GTAA -10.8%	Mid Cap -16.2%	HFoF 11.6%	HY 10.8%	GTAA 3.6%	HY 11.7%	Large Cap 5.5%	Large Cap -37.0%	GTAA 20.1%	GTAA 9.8%	Small Cap -4.2%	GTAA 10.9%	HY 7.4%	HY 2.5%	Mid Cap -2.4%	GTAA 5.6%	HFoF 7.7%
Int'l -14.2%	Large Cap -11.9%	Small Cap -20.5%	RE 9.3%	HFoF 6.9%	HY 2.7%	HFoF 10.4%	SD HY 3.9%	Mid Cap -41.5%	HFoF 11.5%	Int'l 7.8%	HFoF -5.7%	SD HY 10.2%	SD HY 5.6%	SD HY 1.9%	Small Cap -4.4%	Fx Inc 2.7%	HY 7.5%
EM Equity -30.8%	Int'l -21.5%	Large Cap -22.1%	Fx Inc 4.1%	Fx Inc 4.3%	Fx Inc 2.4%	SD HY 9.9%	HY 2.2%	Int'l -43.4%	Fx Inc 5.9%	Fx Inc 6.5%	Int'l -12.1%	HFoF 4.8%	Fx Inc -2.0%	EM Equity -2.2%	HY -4.6%	Int'l 1.0%	SD HY 3.6%
					SD HY 2.4%	Fx Inc 4.3%	Small Cap -1.6%	EM Equity -53.3%	RE -29.8%	HFoF 5.7%	EM Equity -18.4%	Fx Inc 4.2%	EM Equity -2.6%	Int'l -4.9%	EM Equity -14.9%	HFoF 0.5%	Fx Inc 3.5%

Source: NCREIF, Wilshire. Large Cap Equity: S&P 500 Index, Mid Cap Equity: Russell Midcap Index, Small Cap Equity: Russell 2000 Index, International Equity: MSCI EAFE Index, Emerging Markets: MSCI EM Index, Fixed Income: Barclays Aggregate Index, High Yield Fixed Income: Merrill Lynch High Yield Master II Index, Short Duration High Yield Fixed Income: ML High Yield Cash Pay 1-3 Yr BB Index, Real Estate: NCREIF ODCE Equal Weighted Index, Hedge Fund of Funds: HFRI FOF Index, Global Tactical Asset Allocation: 65%MSCI World Equity/35% Citi World Gov't Bond Index. Inception date for the ML High Yield Cash Pay 1-3 Yr BB Index was January 1, 2005. Past performance is not indicative of future returns.

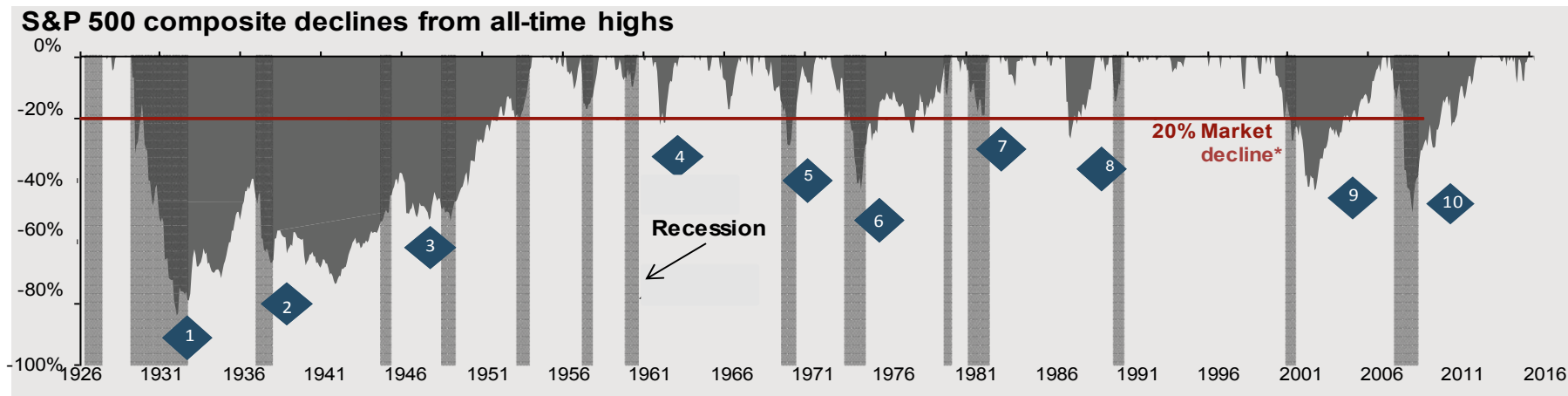
U.S. Economy

The US economy is now in its 102nd month of expansion, the second longest in history. The longest expansion was the 1990-2000 Tech Boom, which lasted 113 months. The difference is that the stock market was up 417% during the Tech Boom, while the current stock market rally has posted “only” a 295% cumulative return since March 2009. GDP growth is about 2.3% year over year, but the current run rate is slightly above 3%. Inflation appears to still be benign at about 2.2%. The unemployment rate fell to an exceptionally low 4.1%. The consumer segment is nearly 70% of the economy and looks to be healthy. Household debt as a percentage of income is near all-time lows at 10% and household net worth is at all-time highs. The housing affordability index is at 13% of income, compared to a long term average of 19%, driven by low interest rates. The national average 30-year conventional mortgage rate is still below 4%. The number of consumers with sub-prime FICO scores are also at historic lows. US manufacturing expanded at the highest rate in 13 years and corporate earnings growth is robust, hitting all-time highs in 2017. All of this positive news has allowed the Federal Reserve to feel confident enough in the strength of the economy to continue to raise the Fed Funds rate five times over the last two years, including a 0.25% increase in December 2017. Expectations are for the Federal Reserve to raise rates three or four more times in 2018.



Source: Top Left - The Federal Reserve; Top Right - Bureau of Economics, U.S. Department of Commerce; Bottom Left and Right: Bureau of Labor Statistics

Current Bull Market: Historical Context



Characteristics of bull and bear markets

Market Corrections	Bear markets			Macro environment				Bull markets		
	Market peak	Bear return*	Duration (months)*	Recession	Commodity spike	Aggressive Fed	Extreme valuations	Bull begin date	Bull return	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	295%	105
Averages	-	-45%	24					-	160%	54

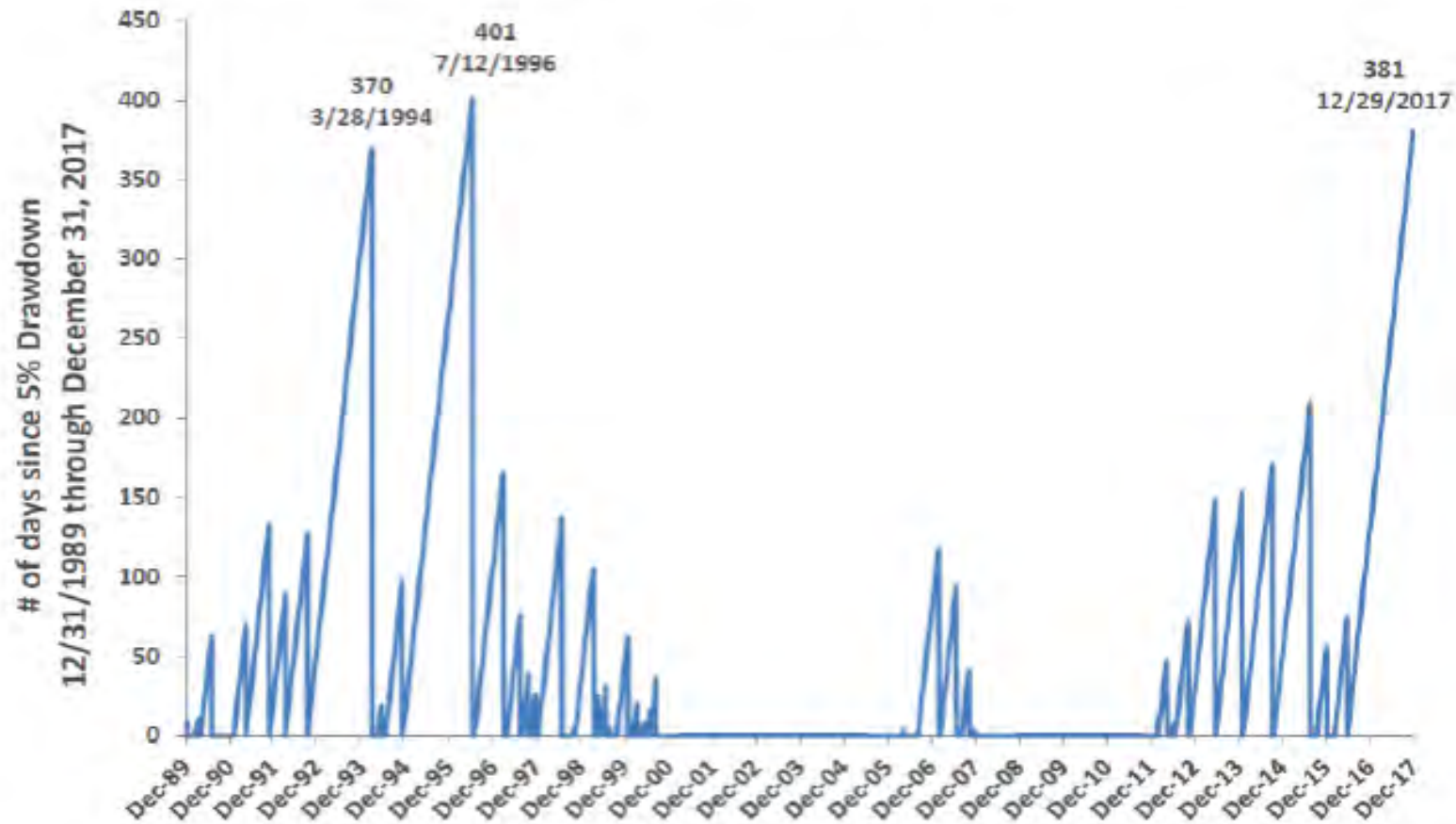
Source: FactSet, NBER, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.

*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 December 31, 2017.

Historic Low Volatility

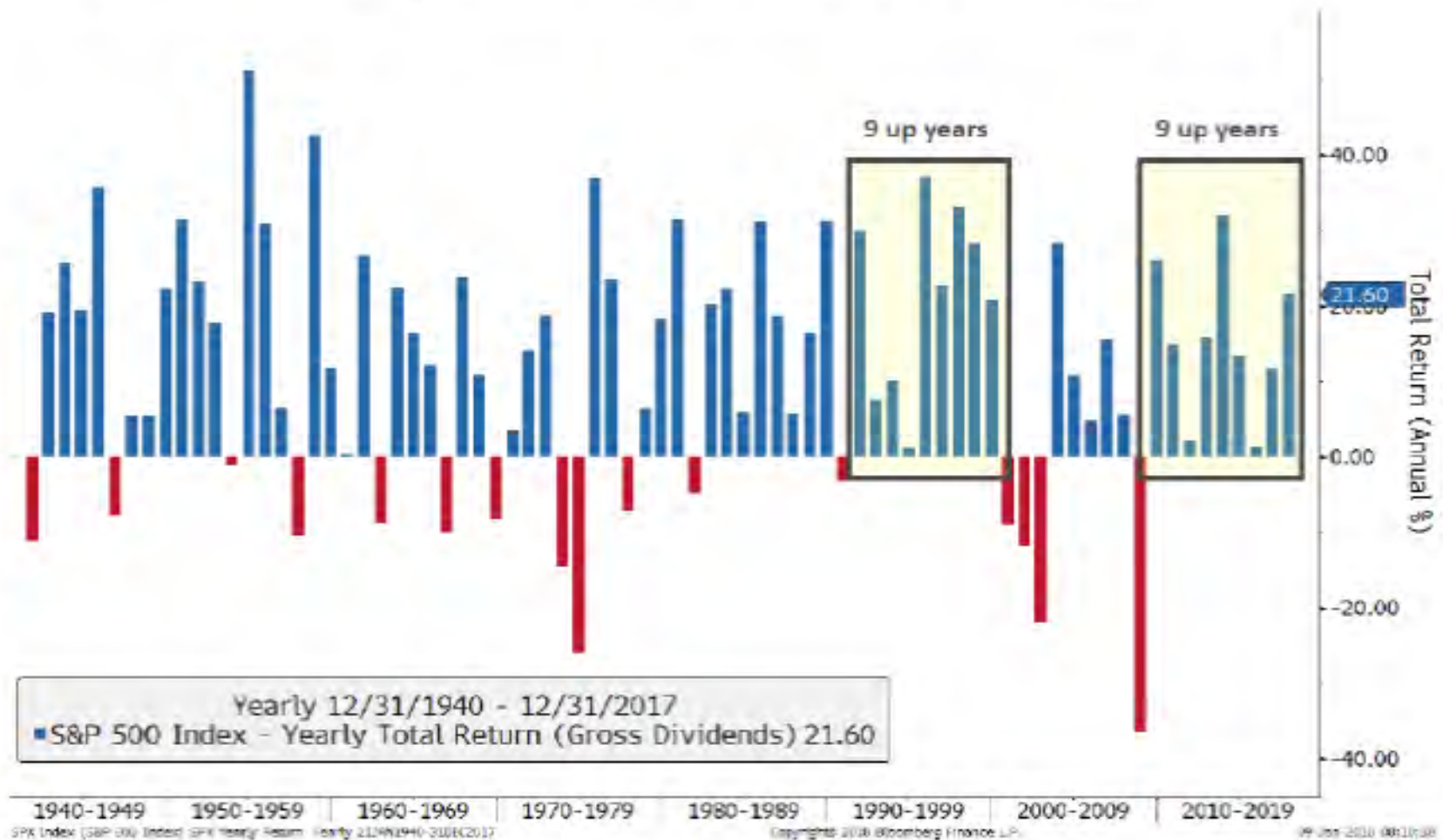
S&P 500 Number of Days since 5% Drawdown



Source: Bloomberg, DoubleLine

Bull Market Run

S&P 500 Ties Longest Stretch Without a Down Year



Source: Bloomberg, DoubleLine

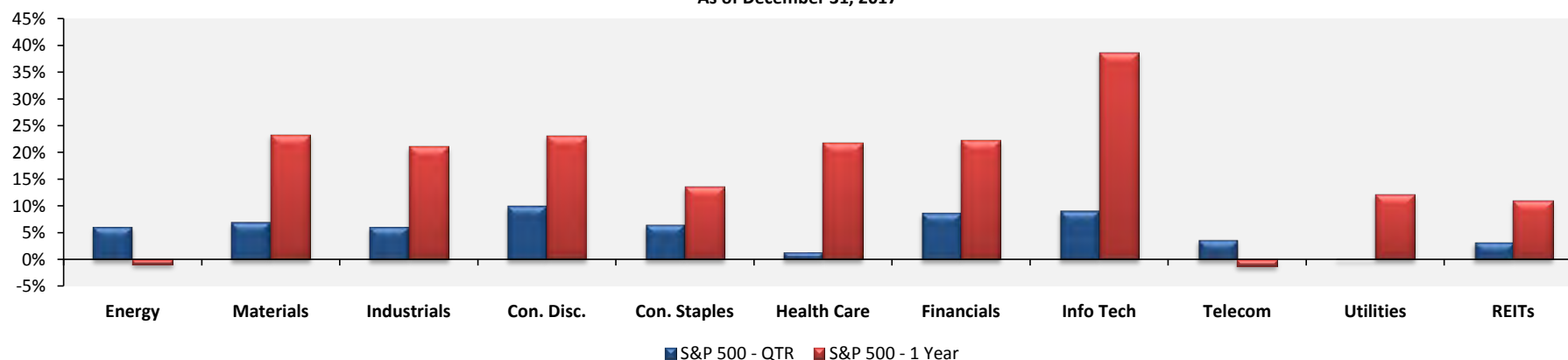
U.S. Equity Market

Let the good times roll! US equity markets continued their rise in 2017. The S&P 500 index rose 21.8% for the year and the Dow Jones Industrial Average posted a robust 28.1%. Growth investing dominated, with the Russell 1000 Growth index up 30.2% for the year, trouncing the Russell 1000 Value index which returned 13.6%. The same growth domination occurred in small cap stocks as well, as the Russell 2000 Growth index rose 22.2% for the year vs. the Russell 2000 Value's 7.8% increase. Large-cap technology stocks dominated the markets. Index exchange traded funds (ETFs) were also a big driver of the market returns. In 2017, money poured out of equity mutual funds and into ETFs at a furious pace. Four of the "Top 10 Most Active Stocks" were ETFs. Retail investors may have gotten the timing wrong on this; while active management had a rough year in 2016, it roared back to dominate the index funds in 2017. Are stocks overvalued? The price/earnings (P/E) ratio, the most common measure of stock valuation, for the S&P 500 was at 20 times earnings at year end vs. 19 times at the end of 2016. The long-term average is about 16 times earnings, which suggests stocks are somewhat overvalued; this is still much lower than the peak of the Tech Boom in 2000, when the P/E ratio for the S&P 500 was about 25 times earnings.

Sector	Index	4Q 17	YTD	2017	2016	2015	2014	2013	1-Year	3-Year	5-Year	10-Year
Large Cap	S&P 500	6.6	21.8	21.8	12.0	1.4	13.7	32.4	21.8	11.4	15.8	8.5
	Russell 1000	6.6	21.7	21.7	12.1	0.9	13.3	33.1	21.7	11.2	15.7	8.6
	Russell 1000 Value	5.3	13.7	13.7	17.3	-3.8	13.5	32.5	13.7	8.7	14.0	7.1
	Russell 1000 Growth	7.9	30.2	30.2	7.1	5.7	13.1	33.5	30.2	13.8	17.3	10.0
Mid Cap	Russell Mid-Cap	6.1	18.5	18.5	13.8	-2.4	13.2	34.8	18.5	9.6	15.0	9.1
	Russell Mid-Cap Value	5.5	13.3	13.3	20.0	-4.8	14.7	33.5	13.3	9.0	14.7	9.1
	Russell Mid-Cap Growth	6.8	25.3	25.3	7.3	-0.2	11.9	35.8	25.3	10.3	15.3	9.1
Small Cap	Russell 2000	3.3	14.7	14.7	21.3	-4.4	4.9	38.8	14.7	10.0	14.1	8.7
	Russell 2000 Value	2.1	7.8	7.8	31.7	-7.5	4.2	34.5	7.8	9.6	13.0	8.2
	Russell 2000 Growth	4.6	22.2	22.2	11.3	-1.4	5.6	43.3	22.2	10.3	15.2	9.2
Total Market	Wilshire 5000	6.4	21.0	21.0	13.4	0.7	12.7	33.1	21.0	11.4	15.7	8.6
	Russell 3000	6.3	21.1	21.1	12.7	0.5	12.6	33.6	21.1	11.1	15.6	8.6

Sector Allocations Performance

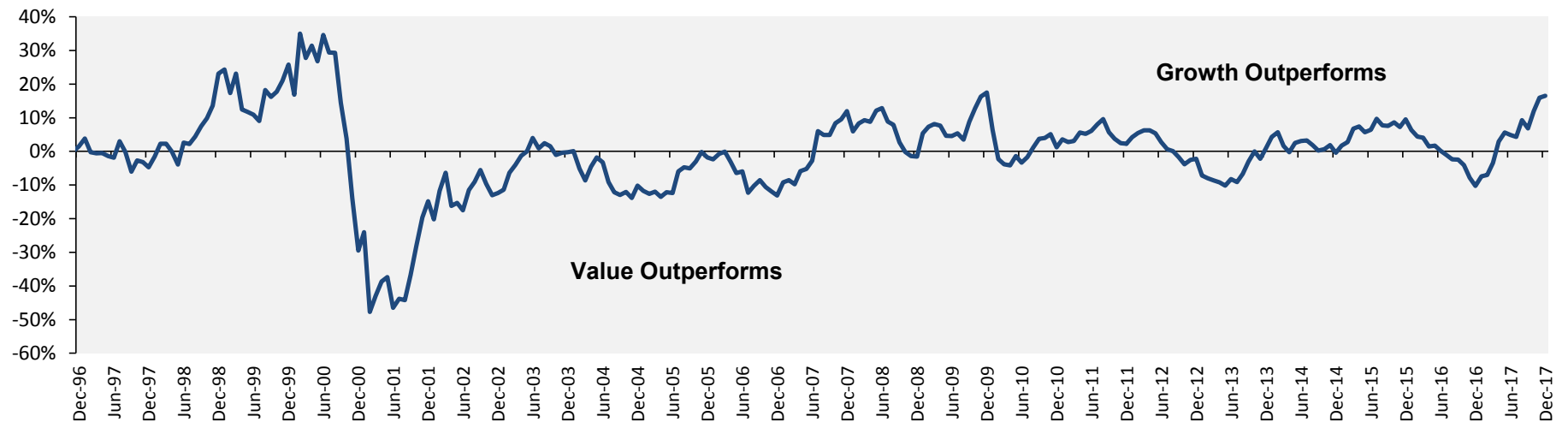
As of December 31, 2017



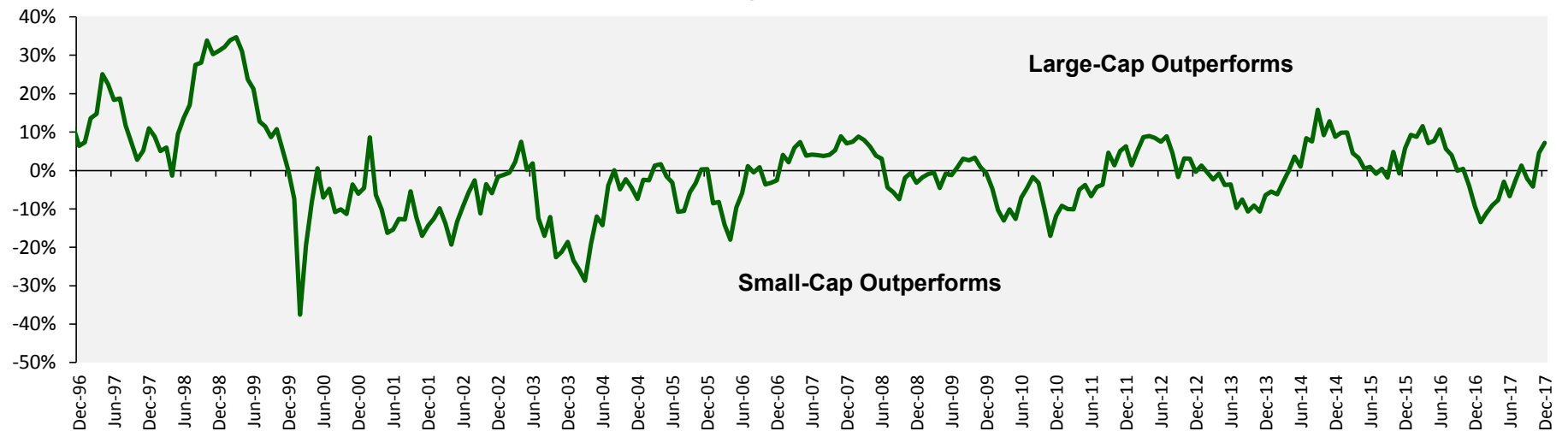
*S&P 500 (GICS Real Estate) Index performance began August 2016.

U.S. Equity Market

**Russell 1000 Growth vs. Russell 1000 Value
Rolling One-Year Returns**



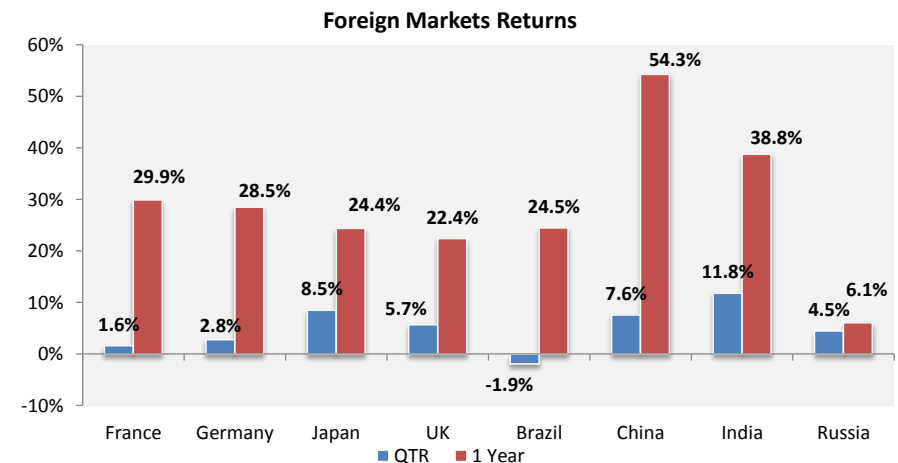
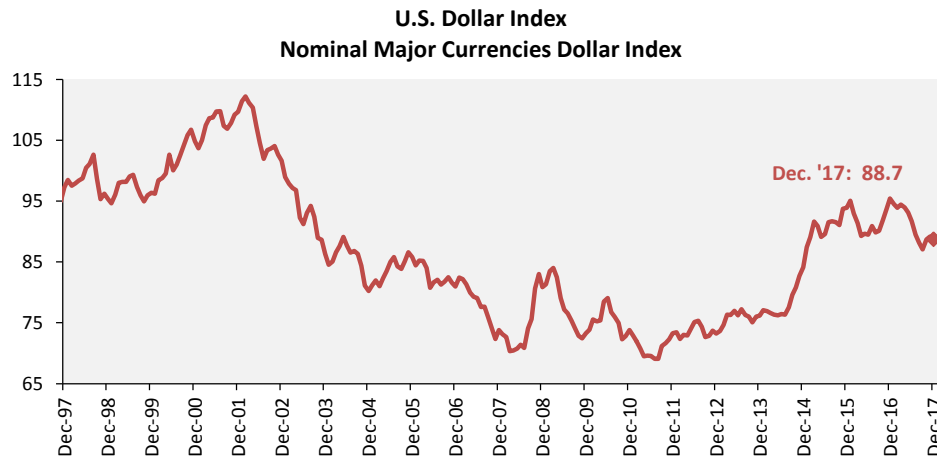
**S&P 500 vs. Russell 2000
Rolling One-Year Returns**



International Equity Market

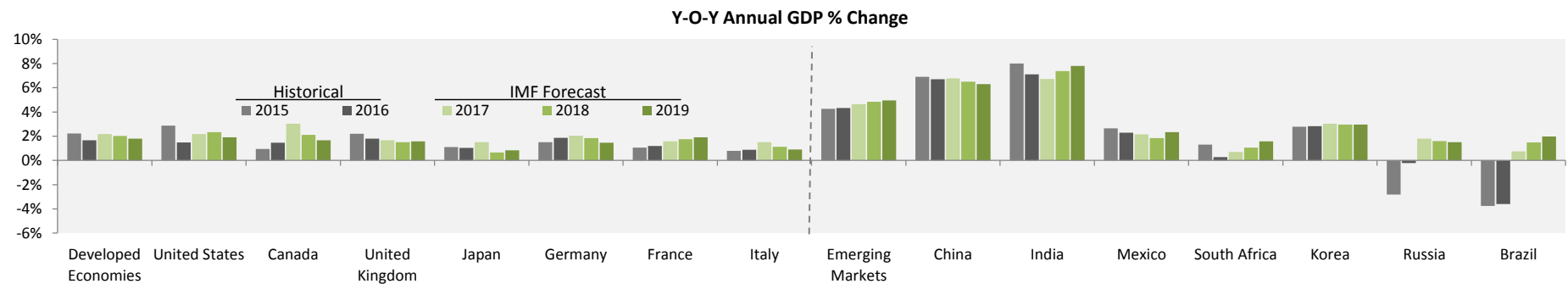
Let the good times roll, globally! While non-US equity markets have lagged the US for the past several years, the rest of the world apparently noticed that the US Federal Reserve policies of low rates and bond buying helped to drive stock prices higher. In 2017, it worked for them too. Most developed and emerging economies around the globe have seen renewed growth, which has been reflected in surging stock markets. The MSCI EAFE Index, which is comprised of the largest 22 developed countries outside the US, was up 25% in 2017, besting the S&P 500's return of 21.8%. Global small cap stocks, as measured by the MSCI World ex US Small Cap index, were up 31.6%. The MSCI Emerging Markets index was up 37.3%. While there has been some modest expansion of P/E ratios, the real driver of the global markets has been earnings growth, which hit 19% last year. The MSCI All Country ex-US index P/E ratio is at 14.3 times, which is still a bit below the long term average of 14.5 times, so there may be room to grow valuations. EAFE GDP growth is projected to be 3% in 2018, the best since 2000. Eurozone unemployment rates are coming down and European banks are reporting positive loan demand by businesses for expansion.

Sector	Index	4Q 17	YTD	2017	2016	2015	2014	2013	1-Year	3-Year	5-Year	10-Year
Global	MSCI AC World Index (net)	5.7	24.0	24.0	7.9	-2.4	4.2	22.8	24.0	9.3	10.8	4.7
	MSCI World Small Cap (net)	5.7	23.8	23.8	11.6	-1.0	1.8	28.7	23.8	11.0	12.4	7.2
	MSCI World ex US (net)	5.0	27.2	27.2	4.5	-5.7	-3.9	15.3	27.2	7.8	6.8	1.8
	MSCI World ex US Small Cap (net)	6.6	31.6	31.6	3.9	2.6	-4.0	19.7	31.6	12.0	10.0	4.7
Developed ex US	MSCI EAFE (net)	4.2	25.0	25.0	1.0	-0.8	-4.9	22.8	25.0	7.8	7.9	1.9
	MSCI EAFE Value (net)	3.2	21.4	21.4	5.0	-5.7	-5.4	23.0	21.4	6.4	7.0	1.2
	MSCI EAFE Growth (net)	5.2	28.9	28.9	-3.0	4.1	-4.4	22.6	28.9	9.2	8.8	2.7
	MSCI EAFE Small Cap (net)	6.1	33.0	33.0	2.2	9.6	-5.0	29.3	33.0	14.2	12.9	5.8
Emerging Markets	MSCI Emerging Markets (net)	7.4	37.3	37.3	11.2	-14.9	-2.2	-2.6	37.3	9.1	4.4	1.7



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 December 31, 2017. **Source:** The Federal Reserve

International Equity Market



Top chart: Source - MSCI, Standard & Poor's, FactSet, 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, October 2017.

U.S. Bond Market

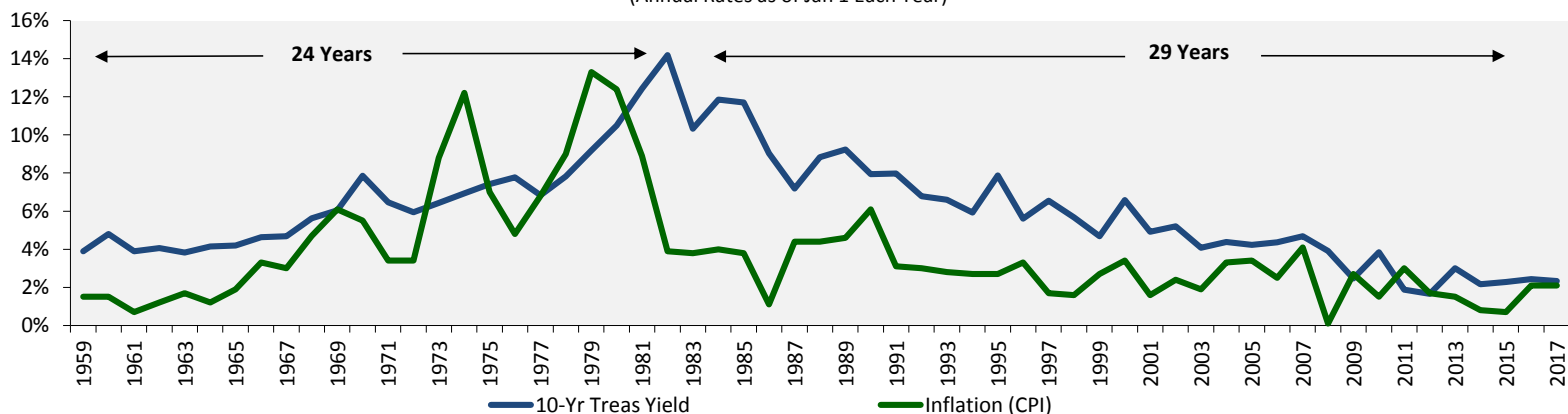
Since December 2015, the Federal Reserve raised the Federal Funds rate for the fifth time in December. The rate target is currently 1.25% to 1.50%. Expectations are the Fed will raise rates three or four times in 2018 to a target range of 2.25% to 2.50%. The yield curve remains relatively flat with the two-year Treasury Bill at about 1.89%, the 5-year at 2.2% and the 10 year at 2.4%. Foreign demand for US Treasuries, and a strong currency, has kept the middle part of the yield curve artificially low. Every time yields rise it spawns more buying; however, that may change. The European economy is rapidly recovering and the central banks are starting to raise rates. The US Dollar is also weakening relative to the Euro. Together foreign buyers have more reasons to invest at home rather than in the US. Less than 15% of Treasury purchases in October were from foreign buyers, down from 43% in June 2009. Foreign bond holders own nearly 50% of all of the outstanding Treasury bonds. The biggest buyer of US Treasuries, China, with \$1.18 trillion in US Treasury holdings, has indicated that they may slow down or even stop buying US Treasuries. This could be a game changer; without the foreign buying that is keeping US rates low, we could experience rising rates and declining bond prices. The Bloomberg Barclays Aggregate Bond Index, which is the most commonly used benchmark for institutional investors, has also seen its duration (a measure of interest rate sensitivity) increase from about five years in 2013 to six years at the end of 2017. That means the Aggregate index now has 20% more risk for a 1% change in interest rates. The Bloomberg Barclays Intermediate Gov't/Credit Index returned 2.1% for the year and the Bloomberg Barclays Aggregate returned 3.5%. Higher quality high yield bonds, as measured by the Bloomberg Barclays High Yield Ba/B 2% Cap index, returned 6.9% for the year while the broader high yield market returned 7.5%. Default rates in the high yield space remain low at about 1.3%, while the yield spread above Treasuries is hovering around 4%.

Index	Yield	Duration	4Q 17	YTD	2017	2016	2015	2014	2013	1-Year	3-Year	5-Year	10-Year
Bloomberg Barclays Aggregate	2.70	6.1	0.4	3.5	3.5	2.7	0.6	6.0	-2.0	3.5	2.2	2.1	4.0
Bloomberg Barclays Govt/Credit	2.64	6.6	0.5	4.0	4.0	3.1	0.2	6.0	-2.4	4.0	2.4	2.1	4.1
Bloomberg Barclays Int Agg	2.54	4.4	-0.1	2.3	2.3	2.0	1.2	4.1	-1.0	2.3	1.8	1.7	3.5
Bloomberg Barclays Int Govt/Credit	2.38	4.0	-0.2	2.1	2.1	2.1	1.1	3.1	-0.9	2.1	1.8	1.5	3.3
Bloomberg Barclays HY Ba/B 2% IC	5.03	3.9	0.4	6.9	6.9	14.1	-2.7	3.5	6.2	6.9	5.9	5.5	7.5
BofA ML HY Cash Pay BB 1-3 Yr.	4.01	1.6	0.0	3.6	3.6	8.5	1.2	1.9	5.6	3.6	4.4	4.1	6.3
Bloomberg Barclays Mortgage	2.84	5.2	0.2	2.5	2.5	1.7	1.5	6.1	-1.4	2.5	1.9	2.0	3.8
Bloomberg Barclays Treasury	2.19	6.2	0.1	2.3	2.3	1.0	0.8	5.1	-2.8	2.3	1.4	1.3	3.3
Bloomberg Barclays US TIPS	2.34	7.7	1.3	3.0	3.0	4.7	-1.4	3.6	-8.6	3.0	2.1	0.1	3.5
BofA ML 91 day T-Bills	1.36	0.2	0.3	0.9	0.9	0.3	0.1	0.0	0.1	0.9	0.4	0.3	0.4

The Last Full Interest Rate Cycle 1958 - 2011

10-Yr Treasury Rate vs. Inflation (CPI)

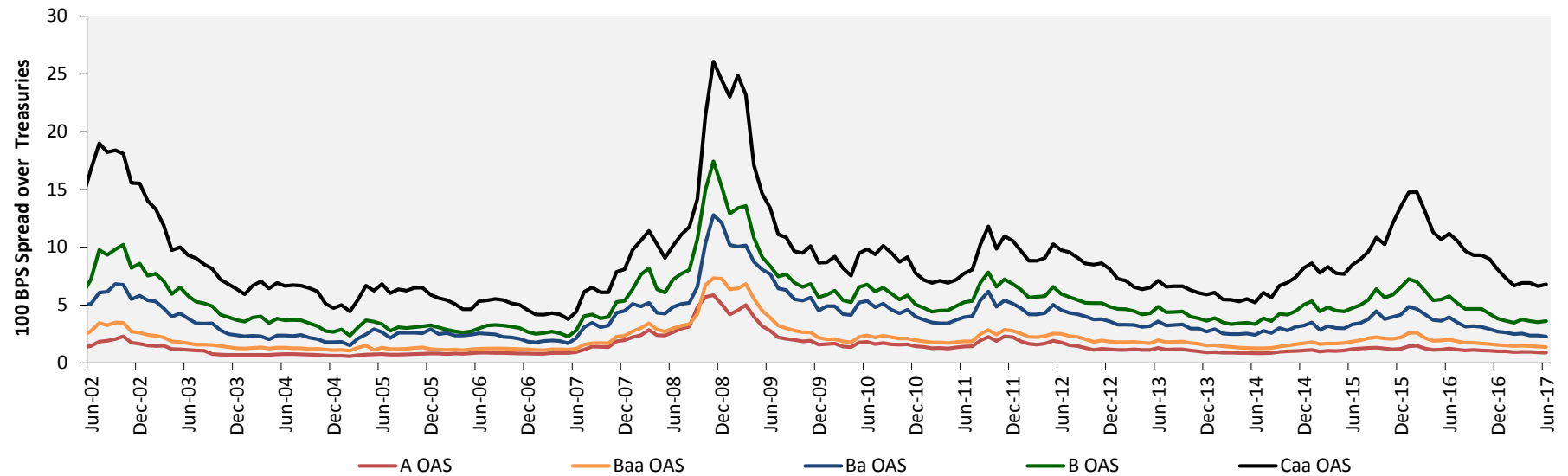
(Annual Rates as of Jan 1 Each Year)



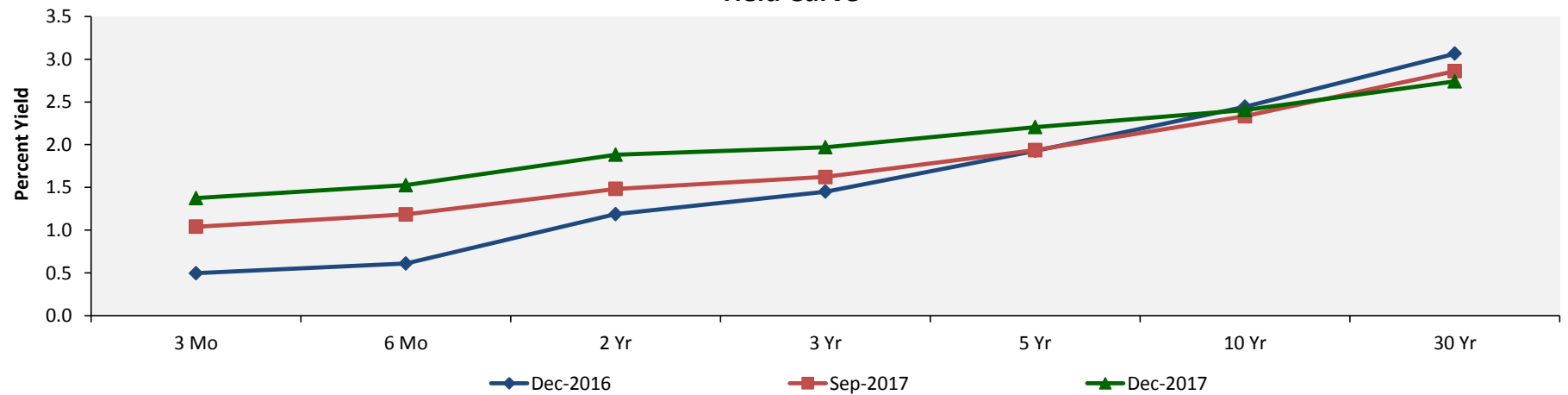
Source: Bloomberg Barclays

Bond Market

OAS Credit Spread



Yield Curve



Source: Bloomberg Barclays

Interest Rate Sensitivity

12 Month Holding Period - Annualized Returns as of 12/31/2017

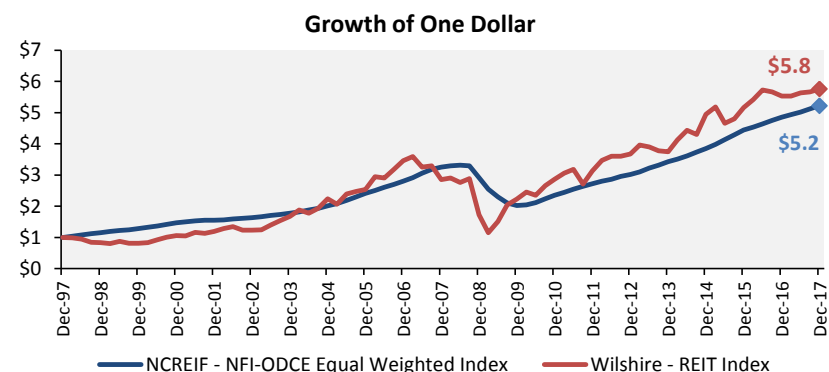
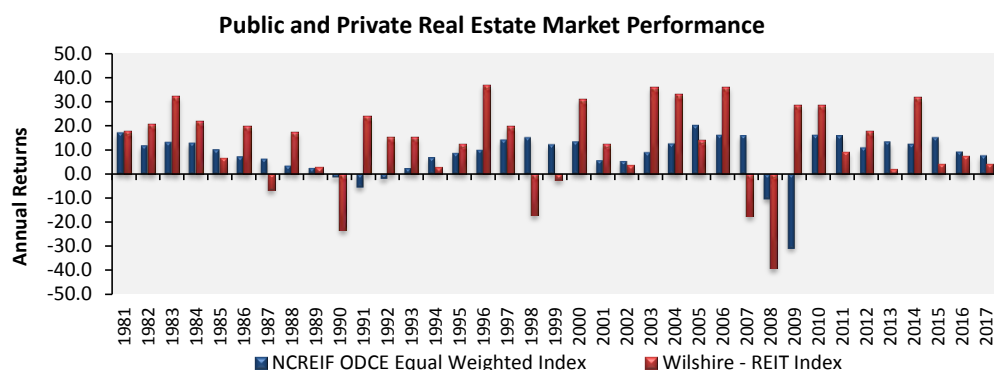
Yield Change	10 Year Treasury	Bloomberg Barclays Aggregate	Bloomberg Barclays Int Govt/Credit	ML Gov/Corp Master	ML 1-3 yr Gov/Corp	Defensive ML US HY BB/B ND	Short Duration ML US HY BB/B 1-3 yr
(bps)		US Aggregate	US Int Govt/Credit				
-150	15.57	12.06	8.35	12.51	4.86	10.93	6.44
-100	11.18	8.94	6.36	9.22	3.92	8.94	5.63
-50	6.80	5.83	4.37	5.94	2.99	6.95	4.82
-25	4.60	4.27	3.38	4.29	2.52	5.96	4.42
0	2.41	2.71	2.38	2.65	2.05	4.96	4.01
25	0.22	1.15	1.39	1.01	1.58	3.97	3.61
50	-1.98	-0.41	0.39	-0.64	1.12	2.97	3.20
100	-6.36	-3.52	-1.60	-3.92	0.18	0.98	2.39
150	-10.75	-6.64	-3.59	-7.21	-0.76	-1.01	1.58
200	-15.13	-9.75	-5.58	-10.49	-1.69	-3.00	0.77
250	-19.52	-12.87	-7.57	-13.78	-2.63	-4.99	-0.04
300	-23.90	-15.98	-9.56	-17.06	-3.56	-6.98	-0.85
350	-28.29	-19.10	-11.55	-20.35	-4.50	-8.97	-1.66
400	-32.67	-22.21	-13.54	-23.63	-5.43	-10.96	-2.47
450	-37.06	-25.33	-15.53	-26.92	-6.37	-12.95	-3.28
500	-41.44	-28.44	-17.52	-30.20	-7.30	-14.94	-4.09
Duration	8.77	6.23	3.98	6.57	1.87	3.98	1.62

FOR ILLUSTRATIVE PURPOSES ONLY: For each index the current yield to worst as of 12/31/2017 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 12/31/2017 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

Real estate as an asset class has recovered strongly since 2008 and achieved new highs in market value. Coupled with attractive income, total returns from income have been very strong, both absolutely and in comparison to other asset classes. However, one of the major components of return from this cycle - cap rate compression - has probably run its course. While cap rates could go modestly lower, real estate returns will now depend on income for the majority of total return. Income returns of approximately 5% and appreciation of 1-3%, indicate an expected total return of 6-8% for the longer term. The income return of 5% is relatively attractive when compared against other asset classes. Unless interest rates rise substantially, the income component of real estate will continue to be appealing to investors, especially foreign investors, and keep valuations at high levels. PREA forecast returns show moderation from that of recent years but are still desirable.

Sector	Index	4Q 17	YTD	2017	2016	2015	2014	2013	1-Year	3-Year	5-Year	10-Year
US Private	NCREIF ODCE Equal Weighted	2.1	7.7	7.7	9.3	15.2	12.4	13.3	7.7	10.7	11.6	4.9
US Public	Wilshire REIT	1.7	4.2	4.2	7.2	4.2	31.8	1.9	4.2	5.2	9.4	7.3

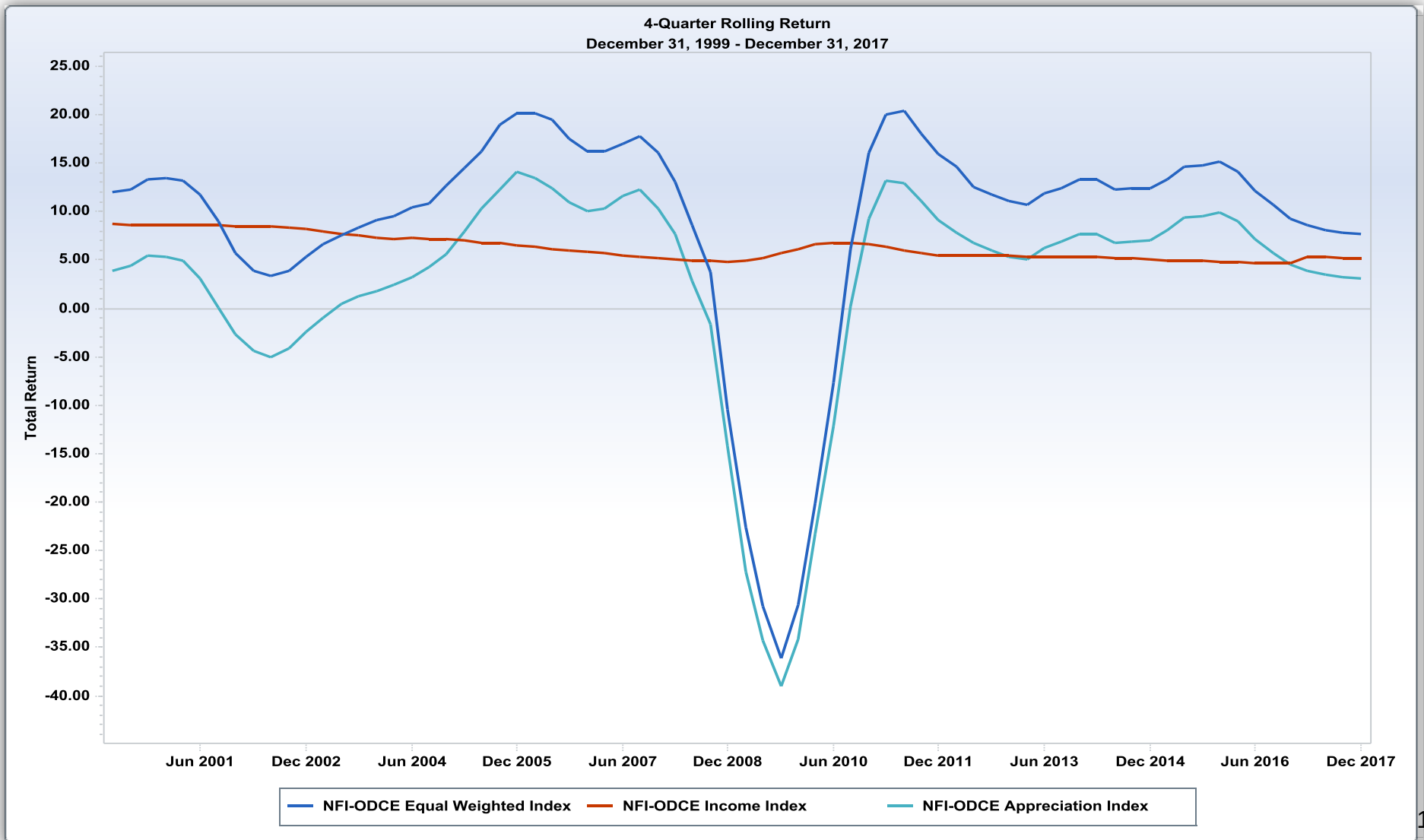


	Total return (incl. income) 2017	Total return (incl. income) 2018	Total return (incl. income) 2019	Total return (incl. income) 2017 to 2021 (per year)
National, All Property Types (NPI)	6.9	5.6	5.0	5.3
Office	5.9	5.2	4.4	4.6
Retail	5.9	4.8	4.7	4.9
Industrial	11.7	7.6	6.3	7.1
Apartment	6.0	5.3	5.0	5.4

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 Q4 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, 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 the 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 4.5% today.

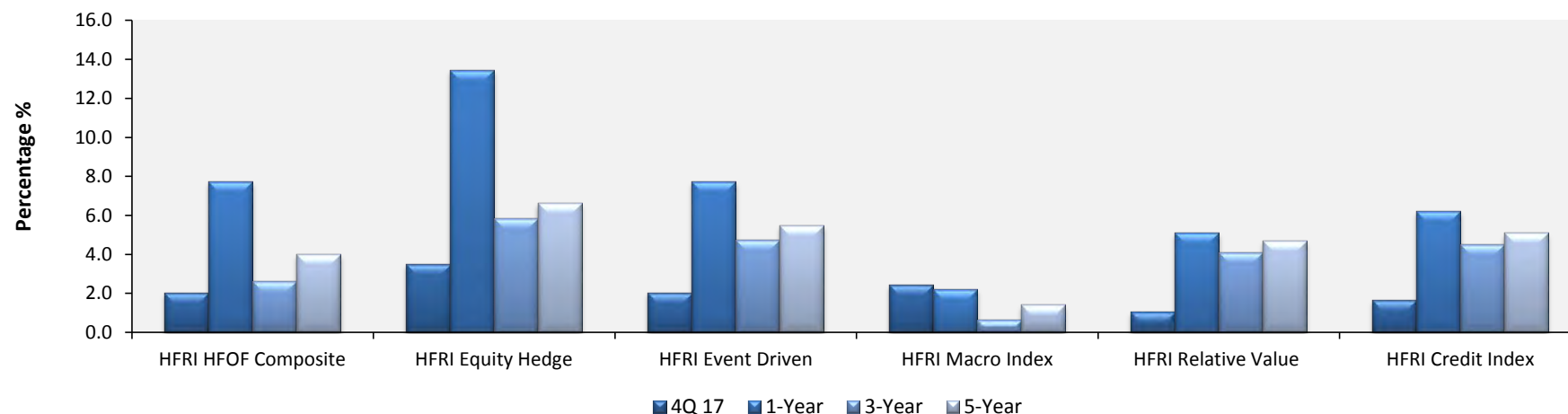


Hedge Fund of Funds Market

The HFRI Fund of Funds Composite Index was up 7.7% in 2017, its best return since 2013. Hedge fund sub-strategies were broadly positive for both Q4 and the calendar year, and outpaced the bond market return of 3.5% (Bloomberg Barclays Aggregate Index) in 2017. Bonds had four negative months during the year; the HFRI outperformed in all of those months, and was positive in two of them (March and September). Hedged equity continued its yearlong run during the fourth quarter as the best performing hedge fund strategy (+3.5% in Q4), and the HFRI Equity Hedge closed the year up 13.5%. Like the S&P 500, it did not have a negative month during the calendar year for the first time in its history. While the positive news described in the “US Economy” section of the market commentary may provide continued tailwinds for equity markets, many HFOF managers are favoring a less directional (more hedged) approach to equity given the current level of stock valuations, the potential for rising interest rates and higher market volatility. This positioning caused some managers to underperform in 2017 – less directional equity and “long volatility” – the expectation that volatility will increase off the historically low levels witnessed in 2017. Event driven and credit strategies performed relatively well in 2017, while global macro continued to lag most hedge fund strategies. The HFRI Macro index rose 2.4% in Q4 to finish the year in positive territory at just 2.2%. The low volatility and continued low inflationary environment have not provided much opportunity for macro strategies, however these strategies have generally seen increased inflows in anticipation of higher volatility and inflation creating trading opportunities for macro managers.

Strategy	Index	4Q 17	YTD	2017	2016	2015	2014	2013	1-Year	3-Year	5-Year	10-Year
Fund of Funds	HFRI HFOF Composite	2.0	7.7	7.7	0.5	-0.3	3.4	9.0	7.7	2.6	4.0	1.1
Equity Long-Short	HFRI Equity Hedge	3.5	13.5	13.5	5.5	-1.0	1.8	14.3	13.5	5.8	6.6	3.2
Event Driven	HFRI Event Driven	2.0	7.7	7.7	10.6	-3.6	1.1	12.5	7.7	4.7	5.5	4.2
Global Macro	HFRI Macro Index	2.4	2.2	2.2	1.0	-1.3	5.6	-0.4	2.2	0.7	1.4	2.0
Relative Value	HFRI Relative Value	1.1	5.1	5.1	7.7	-0.3	4.0	7.1	5.1	4.1	4.7	4.8
Credit	HFRI Credit Index	1.6	6.2	6.2	8.6	-1.0	3.0	9.0	6.2	4.5	5.1	5.0

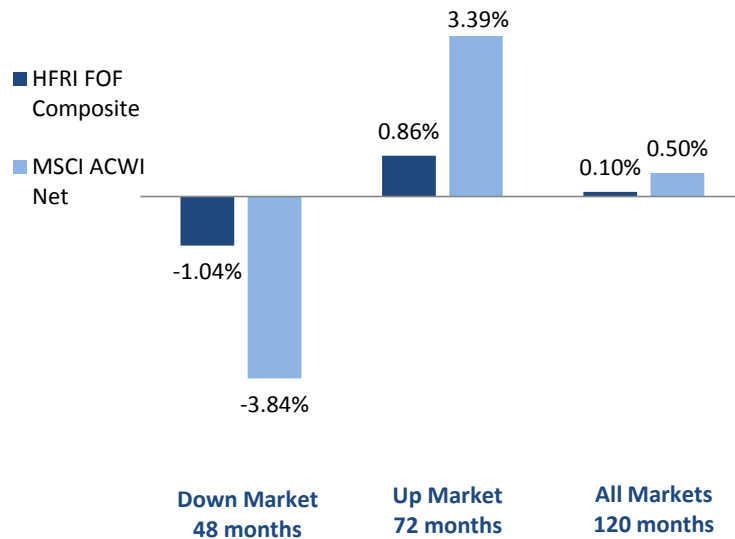
Hedge Fund Strategy Performance



Hedge Fund of Funds Market

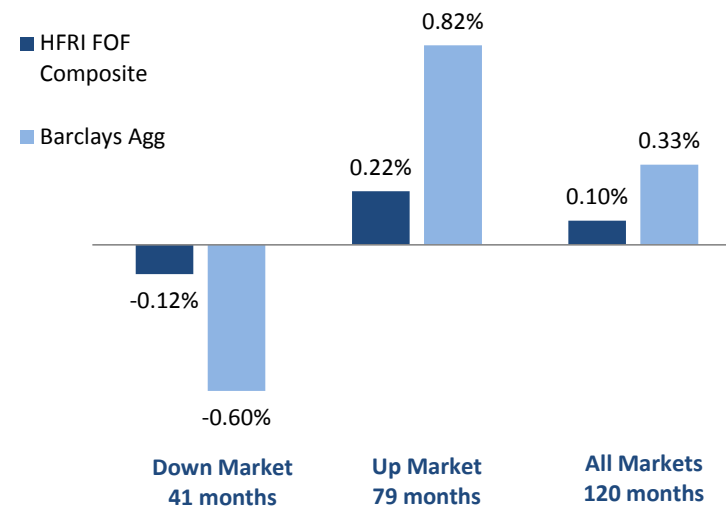
Up/Down Capture vs. Equity

Average Returns
January 2008 - December 2017



Up/Down Capture vs. Bonds

Average Returns
January 2008 - December 2017





FELRA and UFCW Benefit Funds

VEBA, Severance, Scholarship and Legal Funds

Master Consulting Services Report

Period Ending

December 31, 2017

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FELRA and UFCW Benefit Funds
Master Consulting Services Report as of December 31, 2017

Summary of Cash Flows

	Fourth Quarter	One Year	Three Years	Inception 1/1/13
Beginning Market Value	\$27,590,342	\$58,280,078	\$66,858,326	\$56,700,141
Net Cash Flow	-\$3,041,963	-\$35,880,802	-\$48,655,851	-\$44,621,252
Net Investment Change	\$452,418	\$2,601,521	\$6,798,322	\$12,921,908
Ending Market Value	\$25,000,797	\$25,000,797	\$25,000,797	\$25,000,797

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

FELRA and UFCW Benefit Funds
Master Consulting Services Report as of December 31, 2017

Asset Allocation As of December 31, 2017		
	Current	%
Domestic Equity	\$5,670,259	22.7%
Investment Grade Fixed Income	\$8,791,027	35.2%
Short Duration High Yield Fixed Income	\$4,505,503	18.0%
Real Estate	\$2,780,402	11.1%
Cash	\$3,162,425	12.6%
HFOF/Cash	\$91,180	0.4%
Total	\$25,000,797	100.0%

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

FELRA and UFCW Benefit Funds

Master Consulting Services Report as of December 31, 2017

Performance Summary (Gross of Fees)

	Market Value	% of Portfolio	Ending December 31, 2017			Inception	
			2017 Q4	1 Yr	3 Yrs	Return	Since
Composite	\$25,000,797	100.0%	1.6%	6.3%	4.4%	4.6%	Jan-13
Total Fund Domestic Equity	\$5,670,259	22.7%	6.4%	21.0%	11.0%	14.0%	Jan-13
CRSP US Total Market TR USD			6.3%	21.2%	11.1%	15.6%	Jan-13
S&P 500			6.6%	21.8%	11.4%	15.8%	Jan-13
Total Fund Investment Grade Fixed Income	\$8,791,027	35.2%	-0.1%	2.6%	2.0%	2.3%	Jan-13
Custom Benchmark			-0.2%	2.1%	1.8%	1.7%	Jan-13
Total Short Duration High Yield Fixed Income	\$4,505,503	18.0%	0.2%	4.2%	3.7%	3.6%	Sep-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.0%	3.6%	4.4%	4.3%	Sep-14
Total Fund Real Estate	\$2,780,402	11.1%	2.8%	7.6%	9.4%	10.3%	Jan-13
NCREIF ODCE Equal Weighted Index			2.1%	7.8%	10.7%	11.6%	Jan-13
Total Fund Cash	\$3,162,425	12.6%	0.6%	1.1%	0.4%	0.3%	Jan-13
Total Fund HFOF/Cash	\$91,180	0.4%					

- February 1, 2015 represents the inception of the new asset allocation policy 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.

FELRA and UFCW VEBA Fund
Master Consulting Services Report as of December 31, 2017

Summary of Cash Flows

	Fourth Quarter	One Year	Three Years
Beginning Market Value	\$24,731,616	\$55,118,478	\$56,545,312
Net Cash Flow	-\$1,860,475	-\$34,309,966	-\$39,731,065
Net Investment Change	\$447,337	\$2,509,967	\$6,504,232
Ending Market Value	\$23,318,479	\$23,318,479	\$23,318,479

	Ending December 31, 2017					Inception	
	Market Value	% of Portfolio	2017 Q4	1 Yr	3 Yrs	Return	Since
Total VEBA Fund	\$23,318,479	100.0%	1.7%	6.7%	4.6%	4.5%	Jan-13
Domestic Equity	\$5,656,894	24.3%	6.4%	21.0%	11.1%	14.0%	Jan-13
<i>CRSP US Total Market TR USD</i>			6.3%	21.2%	11.1%	15.6%	Jan-13
<i>S&P 500</i>			6.6%	21.8%	11.4%	15.8%	Jan-13
Core Bond	\$8,140,946	34.9%	-0.1%	2.6%	2.0%	2.2%	Jan-13
<i>Custom Benchmark</i>			-0.2%	2.1%	1.8%	1.7%	Jan-13
Short Duration Hi Yield Bond	\$4,258,451	18.3%	0.2%	4.2%	3.7%	3.4%	Nov-14
<i>BofA ML - U.S. HY Cash Pay 1-3 Yr BB</i>			0.0%	3.6%	4.4%	4.2%	Nov-14
<i>BBgBarc 1-3 Yr BB U.S. Constrained Index</i>			0.2%	3.9%	4.5%	4.3%	Nov-14
Real Estate	\$2,698,021	11.6%	2.8%	7.6%	9.4%	9.4%	Dec-14
<i>NCREIF ODCE Equal Weighted Index</i>			2.1%	7.8%	10.7%	10.7%	Dec-14
VEBA Cash	\$2,564,168	11.0%	0.4%	0.9%	0.4%	0.2%	Jan-13
<i>91 Day T-Bills</i>			0.3%	0.9%	0.4%	0.3%	Jan-13

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

Allocation vs. Policy						
	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
U.S. Large Cap Equity	\$5,656,894	24.3%	25.0%	5.0% - 50.0%	-0.7%	-\$172,726
Investment Grade Fixed Income	\$8,140,946	34.9%	40.0%	20.0% - 80.0%	-5.1%	-\$1,186,445
Short Duration Hi Yield	\$4,258,451	18.3%	20.0%	10.0% - 40.0%	-1.7%	-\$405,245
Real Estate	\$2,698,021	11.6%	10.0%	0.0% - 20.0%	1.6%	\$366,173
Cash	\$2,564,168	11.0%	5.0%	0.0% - 25.0%	6.0%	\$1,398,244
Total	\$23,318,479	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 policy.

Asset Allocation - FELRA and UFCW VEBA Fund

- Asset allocation reviews were provided for July 18, 2014; August 29, 2014 and April 10, 2015 Policy Committee meeting.
- 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).
- In July, August and September 2017, \$2.2M was transferred to cash from SDHY (\$550,000), domestic equity (\$660,000), and Core Bonds (\$990,000).
- To rebalance closer to targets, a \$2M redemption request was submitted to American Realty Advisors (real estate) effective September 30, 2017. Redemption occurred on October 1, 2017 and was transferred to cash.
- In November and December 2017, \$700,000 was transferred to cash from SDHY (\$50,000), domestic equity (\$600,000), and Core Bonds (\$50,000).

Recommendations: None.

UFCW and FELRA Severance Fund
Master Consulting Services Report as of December 31, 2017

Summary of Cash Flows

	Fourth Quarter	One Year	Three Years
Beginning Market Value	\$2,187,818	\$2,458,731	\$9,450,881
Net Cash Flow	-\$1,198,097	-\$1,538,259	-\$8,718,764
Net Investment Change	\$1,756	\$71,006	\$259,361
Ending Market Value	\$991,478	\$991,478	\$991,478

	Ending December 31, 2017					Inception	
	Market Value	% of Portfolio	2017 Q4	1 Yr	3 Yrs	Return	Since
Total Severance Fund	\$991,478	100.0%	0.1%	2.7%	2.1%	4.1%	Jan-13
Core Bond	\$361,195	36.4%	-0.1%	2.6%	2.1%	2.2%	Jan-13
<i>Custom Benchmark</i>			-0.2%	2.1%	1.8%	1.7%	Jan-13
Short Duration High Yield	\$194,759	19.6%	0.2%	4.1%	3.6%	3.5%	Sep-14
<i>BofA ML - U.S. HY Cash Pay 1-3 Yr BB</i>			0.0%	3.6%	4.4%	4.3%	Sep-14
<i>BBgBarc 1-3 Yr BB U.S. Constrained Index</i>			0.2%	3.9%	4.5%	4.4%	Sep-14
HFOF/Cash	\$91,180	9.2%					
Severance Cash	\$344,344	34.7%	0.3%	0.7%	0.3%	0.2%	Jan-13
<i>91 Day T-Bills</i>			0.3%	0.9%	0.4%	0.3%	Jan-13

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

UFCW and FELRA Severance Fund
Master Consulting Services Report as of December 31, 2017

Allocation vs. Policy						
	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Investment Grade Fixed Income	\$361,195	36.4%	65.0%	10.0% - 80.0%	-28.6%	-\$283,265
Short Duration High Yield	\$194,759	19.6%	30.0%	15.0% - 60.0%	-10.4%	-\$102,685
HFOF/Cash	\$91,180	9.2%	--	--	9.2%	\$91,180
Cash	\$344,344	34.7%	5.0%	0.0% - 40.0%	29.7%	\$294,770
Total	\$991,478	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 policy.

Asset Allocation - UFCW and FELRA Severance

- 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).
- In July, August, and September 2017, \$500,000 was transferred to cash from SDHY (\$195,000) and core bonds (\$305,000).
- In October, November, and December 2017, \$1.2M was transferred to cash from SDHY (\$475,000) and Core Bonds (\$725,000).

Recommendations: None.

UFCW and FELRA Scholarship Fund
Master Consulting Services Report as of December 31, 2017

Summary of Cash Flows

	Fourth Quarter	One Year	Three Years
Beginning Market Value	\$239,083	\$285,639	\$393,614
Net Cash Flow	-\$9,639	-\$66,556	-\$201,895
Net Investment Change	\$3,150	\$13,510	\$40,873
Ending Market Value	\$232,593	\$232,593	\$232,593

	Ending December 31, 2017					Inception	
	Market Value	% of Portfolio	2017 Q4	1 Yr	3 Yrs	Return	Since
Total Scholarship Fund	\$232,593	100.0%	1.3%	5.2%	4.4%	6.9%	Jan-13
Domestic Equity	\$13,365	5.7%	6.4%	21.1%	11.2%	13.9%	Jan-13
<i>CRSP US Total Market TR USD</i>			6.3%	21.2%	11.1%	15.6%	Jan-13
<i>S&P 500</i>			6.6%	21.8%	11.4%	15.8%	Jan-13
Core Bond	\$60,787	26.1%	-0.1%	2.7%	2.1%	2.3%	Jan-13
<i>Custom Benchmark</i>			-0.2%	2.1%	1.8%	1.7%	Jan-13
Short Duration Hi Yield Fund	\$52,292	22.5%	0.2%	4.2%	3.7%	3.4%	Nov-14
<i>BofA ML - U.S. HY Cash Pay 1-3 Yr BB</i>			0.0%	3.6%	4.4%	4.2%	Nov-14
<i>BBgBarc 1-3 Yr BB U.S. Constrained Index</i>			0.2%	3.9%	4.5%	4.3%	Nov-14
Real Estate	\$82,381	35.4%	2.8%	7.6%	9.4%	10.1%	Jan-13
<i>NCREIF ODCE Equal Weighted Index</i>			2.1%	7.8%	10.7%	11.6%	Jan-13
Scholarship Cash	\$23,769	10.2%	0.2%	0.6%	0.2%	0.2%	Jan-13
<i>91 Day T-Bills</i>			0.3%	0.9%	0.4%	0.3%	Jan-13

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

UFCW and FELRA Scholarship Fund
Master Consulting Services Report as of December 31, 2017

Allocation vs. Policy							
	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference	
U.S. Large Cap Equity	\$13,365	5.7%	10.0%	2.5% - 20.0%	-4.3%	-\$9,894	
Investment Grade Fixed Income	\$60,787	26.1%	40.0%	20.0% - 80.0%	-13.9%	-\$32,251	
Short Duration Hi Yield Fund	\$52,292	22.5%	30.0%	5.0% - 60.0%	-7.5%	-\$17,486	
Real Estate	\$82,381	35.4%	20.0%	0.0% - 40.0%	15.4%	\$35,862	
Cash	\$23,769	10.2%	--	--	10.2%	\$23,769	
Total	\$232,593	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 policy.

Asset Allocation - UFCW and FELRA Scholarship	
- 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). - In September 2017, \$10,000 was transferred to cash from core bonds (\$5,000) and SDHY (\$5,000). - In November and December 2017, \$20,000 was transferred to cash from SDHY (\$10,000) and Core Bonds (\$10,000).	
Recommendations: None.	

UFCW and FELRA Legal Benefits Fund
Master Consulting Services Report as of December 31, 2017

Summary of Cash Flows

	Fourth Quarter	One Year	Three Years
Beginning Market Value	\$431,818	\$417,238	\$468,535
Net Cash Flow	\$26,247	\$33,979	-\$27,407
Net Investment Change	\$177	\$7,026	\$17,115
Ending Market Value	\$458,242	\$458,242	\$458,242

	Ending December 31, 2017					Inception	
	Market Value	% of Portfolio	2017 Q4	1 Yr	3 Yrs	Return	Since
Total Legal Fund	\$458,242	100.0%	0.0%	1.6%	1.2%	0.9%	Jan-13
Core Bond	\$228,097	49.8%	-0.1%	2.7%	2.0%	2.3%	Jan-13
Custom Benchmark			-0.2%	2.1%	1.8%	1.7%	Jan-13
Legal Cash	\$230,145	50.2%	0.1%	0.4%	0.2%	0.1%	Jan-13
91 Day T-Bills			0.3%	0.9%	0.4%	0.3%	Jan-13

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

UFCW and FELRA Legal Benefits Fund
Master Consulting Services Report as of December 31, 2017

Allocation vs. Policy						
	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Investment Grade Fixed Income	\$228,097	49.8%	100.0%	30.0% - 100.0%	-50.2%	-\$230,145
Cash	\$230,145	50.2%	--	--	50.2%	\$230,145
Total	\$458,242	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 policy.

Asset Allocation - UFCW and FELRA Legal Benefits Fund	
In June 2016, \$50,000 was transferred to cash from core bonds.	
Recommendations: None.	

FELRA and UFCW Benefit Funds

Master Consulting Services Report as of December 31, 2017

Performance Summary (Gross of Fees)

	Market Value	% of Portfolio	Ending December 31, 2017			Inception	
			2017 Q4	1 Yr	3 Yrs	Return	Since
Composite	\$25,000,797	100.0%	1.6%	6.3%	4.4%	4.6%	Jan-13
Total Fund Domestic Equity	\$5,670,259	22.7%	6.4%	21.0%	11.0%	14.0%	Jan-13
CRSP US Total Market TR USD			6.3%	21.2%	11.1%	15.6%	Jan-13
S&P 500			6.6%	21.8%	11.4%	15.8%	Jan-13
Vanguard U.S. Stock Market Index Fund	\$5,670,259	22.7%	6.4%	21.0%	11.0%	11.2%	Nov-14
CRSP US Total Market TR USD			6.3%	21.2%	11.1%	11.3%	Nov-14
Total Fund Investment Grade Fixed Income	\$8,791,027	35.2%	-0.1%	2.6%	2.0%	2.3%	Jan-13
Custom Benchmark			-0.2%	2.1%	1.8%	1.7%	Jan-13
Segall, Bryant and Hamill	\$8,791,027	35.2%	-0.1%	2.6%	2.0%	2.3%	Jan-13
Custom Benchmark			-0.2%	2.1%	1.8%	1.7%	Jan-13
Total Short Duration High Yield Fixed Income	\$4,505,503	18.0%	0.2%	4.2%	3.7%	3.6%	Sep-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.0%	3.6%	4.4%	4.3%	Sep-14
Chartwell Investment Partners Short Duration High Yield	\$4,505,503	18.0%	0.2%	4.2%	3.7%	3.6%	Sep-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.0%	3.6%	4.4%	4.3%	Sep-14
BBgBarc 1-3 Yr BB U.S. Constrained Index			0.2%	3.9%	4.5%	4.4%	Sep-14
Total Fund Real Estate	\$2,780,402	11.1%	2.8%	7.6%	9.4%	10.3%	Jan-13
NCREIF ODCE Equal Weighted Index			2.1%	7.8%	10.7%	11.6%	Jan-13
American Realty Advisors	\$2,780,402	11.1%	2.8%	7.6%	9.4%	10.3%	Jan-13
NCREIF ODCE Equal Weighted Index			2.1%	7.8%	10.7%	11.6%	Jan-13

FELRA and UFCW Benefit Funds

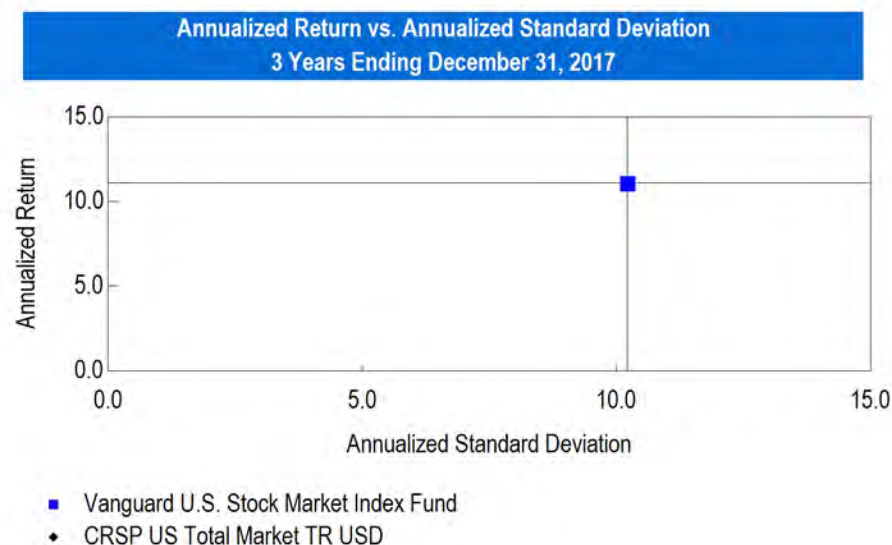
Master Consulting Services Report as of December 31, 2017

Performance Summary (Gross of Fees)

	Market Value	% of Portfolio	Ending December 31, 2017			Inception	
			2017 Q4	1 Yr	3 Yrs	Return	Since
Total Fund Cash	\$3,162,425	12.6%	0.6%	1.1%	0.4%	0.3%	Jan-13
VEBA Cash	\$2,564,168	10.3%	0.4%	0.9%	0.4%	0.2%	Jan-13
91 Day T-Bills			0.3%	0.9%	0.4%	0.3%	Jan-13
Severance Cash	\$344,344	1.4%	0.3%	0.7%	0.3%	0.2%	Jan-13
91 Day T-Bills			0.3%	0.9%	0.4%	0.3%	Jan-13
Scholarship Cash	\$23,769	0.1%	0.2%	0.6%	0.2%	0.2%	Jan-13
91 Day T-Bills			0.3%	0.9%	0.4%	0.3%	Jan-13
Legal Cash	\$230,145	0.9%	0.1%	0.4%	0.2%	0.1%	Jan-13
91 Day T-Bills			0.3%	0.9%	0.4%	0.3%	Jan-13
Total Fund HFOF/Cash	\$91,180	0.4%					
Meridian MDF Special Investments	\$91,180	0.4%					

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		
December 31, 2017		
	Fourth Quarter	Inception 11/1/14
Beginning Market Value	\$5,914,634	--
Net Cash Flow	-\$600,000	\$2,089,070
Net Investment Change	\$355,626	\$3,581,190
Ending Market Value	\$5,670,259	\$5,670,259



3 Years Ending December 31, 2017				
	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Vanguard U.S. Stock Market Index Fund	11.0%	10.2%	99.6%	100.1%
CRSP US Total Market TR USD	11.1%	10.2%	100.0%	100.0%

					Calendar Years					Inception	
	2017 Q4	1 Yr	3 Yrs	5 Yrs	2017	2016	2015	2014	2013	Return	Since
Vanguard U.S. Stock Market Index Fund	6.4%	21.0%	11.0%	--	21.0%	12.7%	0.4%	--	--	11.2%	Nov-14
CRSP US Total Market TR USD	6.3%	21.2%	11.1%	--	21.2%	12.7%	0.4%	--	--	11.3%	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

December 31, 2017

Fourth Quarter

Inception
1/1/13

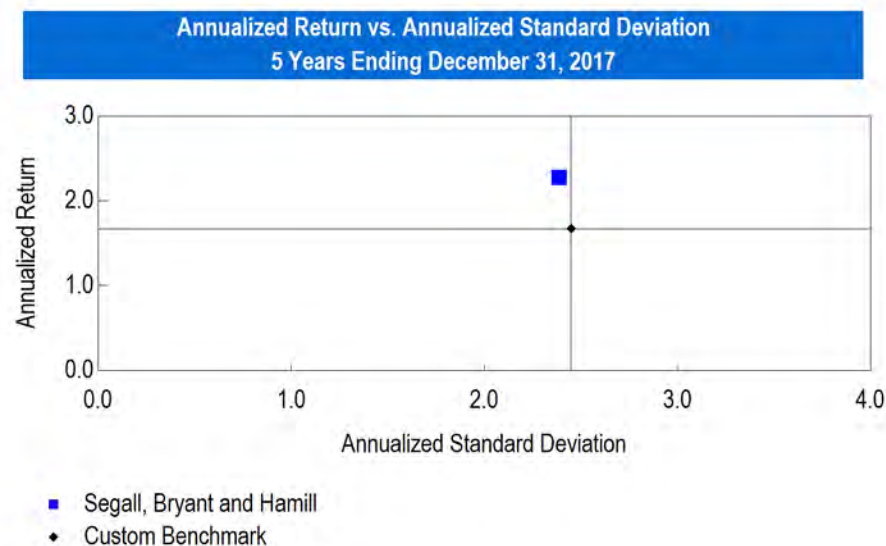
Beginning Market Value	\$9,582,105	\$11,361,650
Net Cash Flow	-\$785,000	-\$4,281,101
Net Investment Change	-\$6,077	\$1,710,477
Ending Market Value	\$8,791,027	\$8,791,027

3 Years Ending December 31, 2017

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Segall, Bryant and Hamill	2.0%	2.1%	102.7%	90.6%
Custom Benchmark	1.8%	2.1%	100.0%	100.0%

5 Years Ending December 31, 2017

	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Segall, Bryant and Hamill	2.3%	2.4%	104.8%	83.9%
Custom Benchmark	1.7%	2.5%	100.0%	100.0%



	2017 Q4	1 Yr	3 Yrs	5 Yrs	Calendar Years					Inception	
					2017	2016	2015	2014	2013	Return	Since
Segall, Bryant and Hamill	-0.1%	2.6%	2.0%	2.3%	2.6%	2.2%	1.3%	5.9%	-0.5%	2.3%	Jan-13
Custom Benchmark	-0.2%	2.1%	1.8%	1.7%	2.1%	2.1%	1.1%	5.2%	-2.0%	1.7%	Jan-13

Note: Returns are gross of fees.

FELRA & UFCW Benefit Funds - Segall Bryant and Hamill

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.

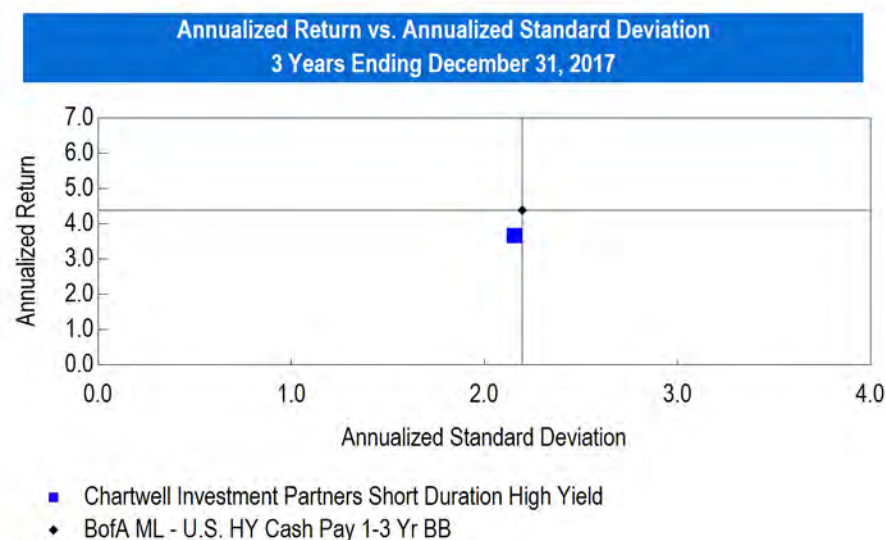
Thirteen inherited bonds held as of 12/31/2017 are currently below investment grade with a total market value of \$33,858 (0.01% of the portfolio) and one bond is in default with a total market value of \$200 (0.001% of the portfolio).

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 February 16, 2018. 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	eV US Short Duration Fixed Inc Gross

Chartwell Investment Partners Short Duration High Yield		
December 31, 2017		
	Last Three Months	Inception 9/30/14
Beginning Market Value	\$5,030,212	--
Net Cash Flow	-\$535,000	\$3,465,477
Net Investment Change	\$10,290	\$1,040,026
Ending Market Value	\$4,505,503	\$4,505,503



3 Years Ending December 31, 2017				
	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
Chartwell Investment Partners Short Duration High Yield	3.7%	2.2%	87.3%	102.9%
BofA ML - U.S. HY Cash Pay 1-3 Yr BB	4.4%	2.2%	100.0%	100.0%

	2017 Q4	1 Yr	3 Yrs	5 Yrs	Calendar Years					Inception	
					2017	2016	2015	2014	2013	Return	Since
Chartwell Investment Partners Short Duration High Yield	0.2%	4.2%	3.7%	--	4.2%	7.2%	-0.3%	--	--	3.6%	Sep-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB	0.0%	3.6%	4.4%	--	3.6%	8.5%	1.2%	--	--	4.3%	Sep-14
BBgBarc 1-3 Yr BB U.S. Constrained Index	0.2%	3.9%	4.5%	--	3.9%	8.8%	1.1%	--	--	4.4%	Sep-14

Note: Returns are gross of fees.

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

Manager Summary

- IPS conducted a due diligence meeting with Chartwell on March 22, 2017.
- On January 25, 2018, Chartwell announced their planned acquisition of the public equity and fixed income businesses of Columbia Partners, an investment management firm based in Chevy Chase, MD. The deal is expected to close by the end of the first quarter, 2018. While a consent to assignment will be required on the part of Columbia Partners' clients, no action is required on the part of Chartwell clients.

Recommendation: None.

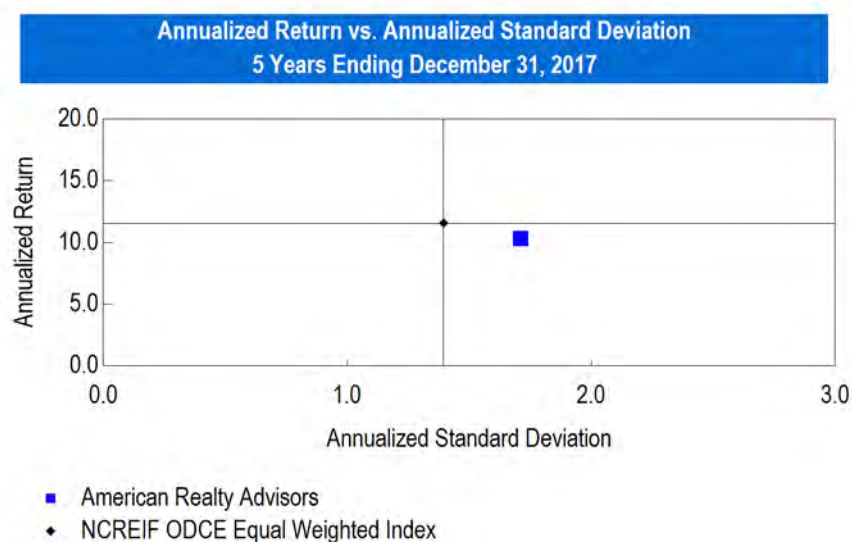
Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: Personnel Changes - The manager stated that during the fourth quarter 2017, Lee Grout, Senior Portfolio Manager for the Berwyn Fund, left to pursue another career opportunity. **Ownership Change** - In an email dated January 25, 2018 the manager stated that Chartwell Investment Partners has entered into an agreement to acquire the long-only, investment management business of Columbia Partners.

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 December 31, 2017		
	Fourth Quarter	Inception 1/1/13
Beginning Market Value	\$4,704,567	\$2,993,032
Net Cash Flow	-\$2,000,000	-\$2,000,000
Net Investment Change	\$75,835	\$1,787,370
Ending Market Value	\$2,780,402	\$2,780,402

3 Years Ending December 31, 2017				
	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
American Realty Advisors	9.4%	2.0%	86.5%	--
NCREIF ODCE Equal Weighted Index	10.7%	1.6%	100.0%	--

5 Years Ending December 31, 2017				
	Anlzd Return	Anlzd Standard Deviation	Up Mkt Capture Ratio	Down Mkt Capture Ratio
American Realty Advisors	10.3%	1.7%	87.1%	--
NCREIF ODCE Equal Weighted Index	11.6%	1.4%	100.0%	--

					Calendar Years					Inception	
	2017 Q4	1 Yr	3 Yrs	5 Yrs	2017	2016	2015	2014	2013	Return	Since
American Realty Advisors	2.8%	7.6%	9.4%	10.3%	7.6%	7.8%	12.7%	11.6%	12.0%	10.3%	Jan-13
NCREIF ODCE Equal Weighted Index	2.1%	7.8%	10.7%	11.6%	7.8%	9.3%	15.2%	12.4%	13.3%	11.6%	Jan-13

Note: Returns are gross of fees.

Note: Information on PNC statements lag one quarter.

FELRA & UFCW Benefit Funds - American Realty Advisors

- Quarterly income is being reinvested.

Manager Summary

- IPS conducted a due diligence meeting with American Realty Advisors on 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: None.

Account Information		Meridian MDF Special Investments		
Account Name	Meridian MDF Special Investments	December 31, 2017		
Account Structure	Commingled Fund	Fourth Quarter		Inception 1/1/13
Investment Style	Active			
Inception Date	1/01/13			
Account Type	Hedge Fund			
Benchmark				
Universe				
		Beginning Market Value	\$91,162	\$397,651
		Net Cash Flow	\$0	-\$774,998
		Net Investment Change	\$18	\$468,527
		Ending Market Value	\$91,180	\$91,180

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

FELRA and UFCW Benefit Funds

Master Consulting Services Report as of December 31, 2017

Performance Summary (Net of Fees)

	Market Value	% of Portfolio	Ending December 31, 2017			Inception	
			2017 Q4	1 Yr	3 Yrs	Return	Since
Composite	\$25,000,797	100.0%	1.5%	6.2%	4.3%	4.4%	Jan-13
Total Fund Domestic Equity	\$5,670,259	22.7%	6.4%	21.0%	11.0%	13.7%	Jan-13
CRSP US Total Market TR USD			6.3%	21.2%	11.1%	15.6%	Jan-13
S&P 500			6.6%	21.8%	11.4%	15.8%	Jan-13
Vanguard U.S. Stock Market Index Fund	\$5,670,259	22.7%	6.4%	21.0%	11.0%	11.2%	Nov-14
CRSP US Total Market TR USD			6.3%	21.2%	11.1%	11.3%	Nov-14
Total Fund Investment Grade Fixed Income	\$8,791,027	35.2%	-0.1%	2.4%	1.8%	2.1%	Jan-13
Custom Benchmark			-0.2%	2.1%	1.8%	1.7%	Jan-13
Segall, Bryant and Hamill	\$8,791,027	35.2%	-0.1%	2.4%	1.8%	2.1%	Jan-13
Custom Benchmark			-0.2%	2.1%	1.8%	1.7%	Jan-13
Total Short Duration High Yield Fixed Income	\$4,505,503	18.0%	0.1%	3.7%	3.2%	3.1%	Sep-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.0%	3.6%	4.4%	4.3%	Sep-14
Chartwell Investment Partners Short Duration High Yield	\$4,505,503	18.0%	0.1%	3.7%	3.2%	3.1%	Sep-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.0%	3.6%	4.4%	4.3%	Sep-14
BBgBarc 1-3 Yr BB U.S. Constrained Index			0.2%	3.9%	4.5%	4.4%	Sep-14
Total Fund Real Estate	\$2,780,402	11.1%	2.8%	7.6%	9.4%	10.1%	Jan-13
NCREIF ODCE Equal Weighted Index			2.1%	7.8%	10.7%	11.6%	Jan-13
American Realty Advisors	\$2,780,402	11.1%	2.8%	7.6%	9.4%	10.1%	Jan-13
NCREIF ODCE Equal Weighted Index			2.1%	7.8%	10.7%	11.6%	Jan-13

FELRA and UFCW Benefit Funds

Master Consulting Services Report as of December 31, 2017

Performance Summary (Net of Fees)

	Market Value	% of Portfolio	Ending December 31, 2017			Inception	
			2017 Q4	1 Yr	3 Yrs	Return	Since
Total Fund Cash	\$3,162,425	12.6%	0.6%	1.1%	0.4%	0.3%	Jan-13
VEBA Cash	\$2,564,168	10.3%	0.4%	0.9%	0.4%	0.2%	Jan-13
91 Day T-Bills			0.3%	0.9%	0.4%	0.3%	Jan-13
Severance Cash	\$344,344	1.4%	0.3%	0.7%	0.3%	0.2%	Jan-13
91 Day T-Bills			0.3%	0.9%	0.4%	0.3%	Jan-13
Scholarship Cash	\$23,769	0.1%	0.2%	0.6%	0.2%	0.2%	Jan-13
91 Day T-Bills			0.3%	0.9%	0.4%	0.3%	Jan-13
Legal Cash	\$230,145	0.9%	0.1%	0.4%	0.2%	0.1%	Jan-13
91 Day T-Bills			0.3%	0.9%	0.4%	0.3%	Jan-13
Total Fund HFOF/Cash	\$91,180	0.4%					
Meridian MDF Special Investments	\$91,180	0.4%					

Benchmark History
As of December 31, 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.
- The Net of Fees returns in this report are estimated. Fees do not include: the investment consulting fee paid to IPS, investment manager incentive fees, custodian fees, or other administrative costs

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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FELRA and UFCW Benefit Funds
VEBA, Severance, Scholarship, and Legal Funds
Preliminary Performance
Period Ending
January 31, 2018

Summary of Cash Flows
Ending January 31, 2018

	Year-To-Date	One Year
Beginning Market Value	\$25,000,797	\$56,809,571
Net Cash Flow	\$8,239,449	-\$25,740,631
Net Investment Change	\$293,344	\$2,464,650
Ending Market Value	\$33,533,590	\$33,533,590

- Total assets represent the combined value of the VEBA, Severance, Scholarship and Legal Funds.

- Fiscal year end is 12/31.

FELRA and UFCW Benefit Funds
Preliminary Performance as of January 31, 2018

			Ending January 31, 2018	
	Market Value	% of Portfolio	YTD	1 Yr
Composite	\$33,533,590	100.0%	1.2%	6.8%
Total Fund Domestic Equity	\$5,669,278	16.9%	5.3%	25.0%
CRSP US Total Market TR USD			5.3%	25.2%
S&P 500			5.7%	26.4%
Vanguard U.S. Stock Market Index Fund	\$5,669,278	16.9%	5.3%	25.0%
CRSP US Total Market TR USD			5.3%	25.2%
Total Fund Investment Grade Fixed Income	\$7,957,391	23.7%	-0.7%	1.6%
Custom Benchmark			-0.9%	1.0%
Segall, Bryant and Hamill	\$7,957,391	23.7%	-0.7%	1.6%
Custom Benchmark			-0.9%	1.0%
Total Short Duration High Yield Fixed Income	\$4,088,419	12.2%	0.2%	3.8%
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.2%	3.4%
Chartwell Investment Partners Short Duration High Yield	\$4,088,419	12.2%	0.2%	3.8%
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.2%	3.4%
BBgBarc 1-3 Yr BB U.S. Constrained Index			0.2%	3.3%
Total Fund Real Estate	\$2,820,654	8.4%	1.4%	8.2%
NCREIF ODCE Equal Weighted Index			0.0%	7.8%
American Realty Advisors	\$2,820,654	8.4%	1.4%	8.2%
NCREIF ODCE Equal Weighted Index			0.0%	7.8%

FELRA and UFCW Benefit Funds
Preliminary Performance as of January 31, 2018

			Ending January 31, 2018	
	Market Value	% of Portfolio	YTD	1 Yr
Total Fund Cash	\$12,906,648	38.5%	0.1%	1.2%
VEBA Cash	\$9,396,486	28.0%	0.2%	1.0%
<i>91 Day T-Bills</i>			0.1%	1.0%
Severance Cash	\$3,284,080	9.8%	0.1%	0.7%
<i>91 Day T-Bills</i>			0.1%	1.0%
Scholarship Cash	\$16,826	0.1%	0.0%	0.6%
<i>91 Day T-Bills</i>			0.1%	1.0%
Legal Cash	\$209,256	0.6%	0.0%	0.5%
<i>91 Day T-Bills</i>			0.1%	1.0%
Total Fund HFOF/Cash	\$91,200	0.3%		
Meridian MDF Special Investments	\$91,200	0.3%		

FELRA and UFCW VEBA Fund
Preliminary Performance as of January 31, 2018

Summary of Cash Flows

	Year-To-Date	One Year
Beginning Market Value	\$23,318,479	\$54,030,949
Net Cash Flow	\$5,828,045	-\$26,971,572
Net Investment Change	\$293,132	\$2,380,278
Ending Market Value	\$29,439,656	\$29,439,656

	Market Value	% of Portfolio	Ending January 31, 2018	
			YTD	1 Yr
Total VEBA Fund	\$29,439,656	100.0%	1.2%	7.2%
Domestic Equity	\$5,655,169	19.2%	5.3%	25.0%
<i>CRSP US Total Market TR USD</i>			5.3%	25.2%
Core Bond	\$7,634,690	25.9%	-0.7%	1.6%
<i>Custom Benchmark</i>			-0.9%	1.0%
Short Duration Hi Yield Bond	\$4,016,230	13.6%	0.2%	3.8%
<i>BofA ML - U.S. HY Cash Pay 1-3 Yr BB</i>			0.2%	3.4%
Real Estate	\$2,737,081	9.3%	1.4%	8.2%
<i>NCREIF ODCE Equal Weighted Index</i>			0.0%	7.8%
VEBA Cash	\$9,396,486	31.9%	0.2%	1.0%
<i>91 Day T-Bills</i>			0.1%	1.0%

- On 1/1/18 sold \$300,000 of Domestic Equity.
- On 1/1/18 sold \$250,000 of SDHY Bond.
- On 1/1/18 sold \$450,000 of Core Bond.

FELRA and UFCW VEBA Fund
Preliminary Performance as of January 31, 2018

Allocation vs. Policy						
	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
U.S. Large Cap Equity	\$5,655,169	19.2%	25.0%	5.0% - 50.0%	-5.8%	-\$1,704,745
Investment Grade Fixed Income	\$7,634,690	25.9%	40.0%	20.0% - 80.0%	-14.1%	-\$4,141,173
Short Duration Hi Yield	\$4,016,230	13.6%	20.0%	10.0% - 40.0%	-6.4%	-\$1,871,701
Real Estate	\$2,737,081	9.3%	10.0%	0.0% - 20.0%	-0.7%	-\$206,884
Cash	\$9,396,486	31.9%	5.0%	0.0% - 25.0%	26.9%	\$7,924,503
Total	\$29,439,656	100.0%	100.0%			

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

UFCW and FELRA Severance Fund
Preliminary Performance as of January 31, 2018

Summary of Cash Flows

	Year-To-Date	One Year
Beginning Market Value	\$991,478	\$1,909,560
Net Cash Flow	\$2,439,326	\$1,455,326
Net Investment Change	\$203	\$66,121
Ending Market Value	\$3,431,007	\$3,431,007

Ending January 31, 2018

	Market Value	% of Portfolio	YTD	1 Yr
Total Severance Fund	\$3,431,007	100.0%	0.0%	2.5%
Core Bond	\$35,931	1.0%	-0.7%	1.7%
<i>Custom Benchmark</i>			-0.9%	1.0%
Short Duration High Yield	\$19,797	0.6%	0.2%	3.8%
<i>BofA ML - U.S. HY Cash Pay 1-3 Yr BB</i>			0.2%	3.4%
<i>BBgBarc 1-3 Yr BB U.S. Constrained Index</i>			0.2%	3.3%
HFOF/Cash	\$91,200	2.7%		
Severance Cash	\$3,284,080	95.7%	0.1%	0.7%
<i>91 Day T-Bills</i>			0.1%	1.0%

- On 1/1/18 sold \$175,000 of SDHY Bond.
- On 1/1/18 sold \$325,000 of Core Bond.

UFCW and FELRA Severance Fund
Preliminary Performance as of January 31, 2018

Allocation vs. Policy							
	Current Balance	Current Allocation	Policy	Difference	Policy Range	Difference	Difference
Investment Grade Fixed Income	\$35,931	1.0%	65.0%	-64.0%	10.0% - 80.0%	-64.0%	-\$2,194,224
Short Duration High Yield	\$19,797	0.6%	30.0%	-29.4%	15.0% - 60.0%	-29.4%	-\$1,009,505
HFOF/Cash	\$91,200	2.7%	--	2.7%	--	2.7%	\$91,200
Cash	\$3,284,080	95.7%	5.0%	90.7%	0.0% - 40.0%	90.7%	\$3,112,530
Total	\$3,431,007	100.0%	100.0%				

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

UFCW and FELRA Scholarship Fund
Preliminary Performance as of January 31, 2018

Summary of Cash Flows

	Year-To-Date	One Year
Beginning Market Value	\$232,593	\$280,483
Net Cash Flow	-\$6,952	-\$66,743
Net Investment Change	\$1,603	\$13,503
Ending Market Value	\$227,244	\$227,244

Ending January 31, 2018

	Market Value	% of Portfolio	YTD	1 Yr
Total Scholarship Fund	\$227,244	100.0%	0.7%	5.4%
Domestic Equity	\$14,109	6.2%	5.6%	25.4%
<i>CRSP US Total Market TR USD</i>			5.3%	25.2%
<i>S&P 500</i>			5.7%	26.4%
Core Bond	\$60,342	26.6%	-0.7%	1.7%
<i>Custom Benchmark</i>			-0.9%	1.0%
Short Duration Hi Yield Fund	\$52,393	23.1%	0.2%	3.8%
<i>BofA ML - U.S. HY Cash Pay 1-3 Yr BB</i>			0.2%	3.4%
<i>BBgBarc 1-3 Yr BB U.S. Constrained Index</i>			0.2%	3.3%
Real Estate	\$83,573	36.8%	1.4%	8.2%
<i>NCREIF ODCE Equal Weighted Index</i>			0.0%	7.8%
Scholarship Cash	\$16,826	7.4%	0.0%	0.6%
<i>91 Day T-Bills</i>			0.1%	1.0%

UFCW and FELRA Scholarship Fund
Preliminary Performance as of January 31, 2018

Allocation vs. Policy						
	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
U.S. Large Cap Equity	\$14,109	6.2%	10.0%	2.5% - 20.0%	-3.8%	-\$8,615
Investment Grade Fixed Income	\$60,342	26.6%	40.0%	20.0% - 80.0%	-13.4%	-\$30,556
Short Duration Hi Yield Fund	\$52,393	23.1%	30.0%	5.0% - 60.0%	-6.9%	-\$15,780
Real Estate	\$83,573	36.8%	20.0%	0.0% - 40.0%	16.8%	\$38,125
Cash	\$16,826	7.4%	--	--	7.4%	\$16,826
Total	\$227,244	100.0%	100.0%			

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

UFCW and FELRA Legal Benefits Fund
Preliminary Performance as of January 31, 2018

Summary of Cash Flows

	Year-To-Date	One Year
Beginning Market Value	\$458,242	\$588,567
Net Cash Flow	-\$20,970	-\$157,642
Net Investment Change	-\$1,587	\$4,761
Ending Market Value	\$435,685	\$435,685

			Ending January 31, 2018	
	Market Value	% of Portfolio	YTD	1 Yr
Total Legal Fund	\$435,685	100.0%	-0.3%	1.1%
Core Bond	\$226,429	52.0%	-0.7%	1.6%
Custom Benchmark			-0.9%	1.0%
Legal Cash	\$209,256	48.0%	0.0%	0.5%
91 Day T-Bills			0.1%	1.0%

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

UFCW and FELRA Legal Benefits Fund
Preliminary Performance as of January 31, 2018

Allocation vs. Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Investment Grade Fixed Income	\$226,429	52.0%	100.0%	30.0% - 100.0%	-48.0%	-\$209,256
Cash	\$209,256	48.0%	--	--	48.0%	\$209,256
Total	\$435,685	100.0%	100.0%			



**ASSET ALLOCATION
AND FUND STRUCTURE REVIEW**

FELRA and UFCW VEBA Fund

March 2, 2018

INVESTMENT PERFORMANCE SERVICES, LLC

Richard Sichel, Jr. – President

10 – 20 Years Annualized Expectations

Equity Asset Class	Return	Risk
U.S. Large Cap	7.00%	16.00
U.S. Mid Cap	7.25%	18.00
U.S. Smid Cap	7.38%	21.00
U.S. Small Cap	7.50%	24.00
International Large Cap	7.50%	18.00
International Small Cap	8.00%	22.00
Emerging Markets	9.50%	25.00
Global Equity	7.25%	17.50

Fixed Income Asset Class	Return	Risk
Cash Equivalents	2.00%	0.50
Short-term Gov /Credit	2.50%	2.50
Intermediate Investment Grade	3.00%	4.00
Core Investment Grade	3.25%	5.00
Mortgages	4.00%	4.00
Short Duration High Quality High Yield	5.50%	6.00
High Quality High Yield	6.00%	9.00
Multi-Sector Fixed Income	4.50%	6.00
Short Duration Global Bonds	3.50%	5.50
Core Plus Bonds	3.75%	5.80

Alternatives Asset Class	Return	Risk
Multi-Strategy Hedge Fund of Funds	4.50%	6.00
Opportunistic Strategies	8.00%	8.50
Long Short Equity Hedge Fund of Funds	5.75%	10.00
Global Tactical Asset Allocation	6.75%	12.50
Core Real Estate	7.50%	7.50
Value -Add Real Estate	8.75%	9.50
REITS	7.50%	21.00
Private Equity FOF	10.00%	16.00
Private Equity Secondaries	10.00%	14.00
Infrastructure	7.00%	13.50
Risk Parity	6.25%	16.00
Commodities	3.75%	18.50

- IPS Investment Committee Jan 2018.
- Inflation expectation 2.50%.
- The above chart represents an annualized return forecast for different asset classes using index returns (net of fees). These forecasts are forward-looking assumptions based on reasonable beliefs of the IPS Investment Committee, but are not a guarantee of future performance. Actual results may differ from the forecast above.

FELRA and UFCW VEBA Fund

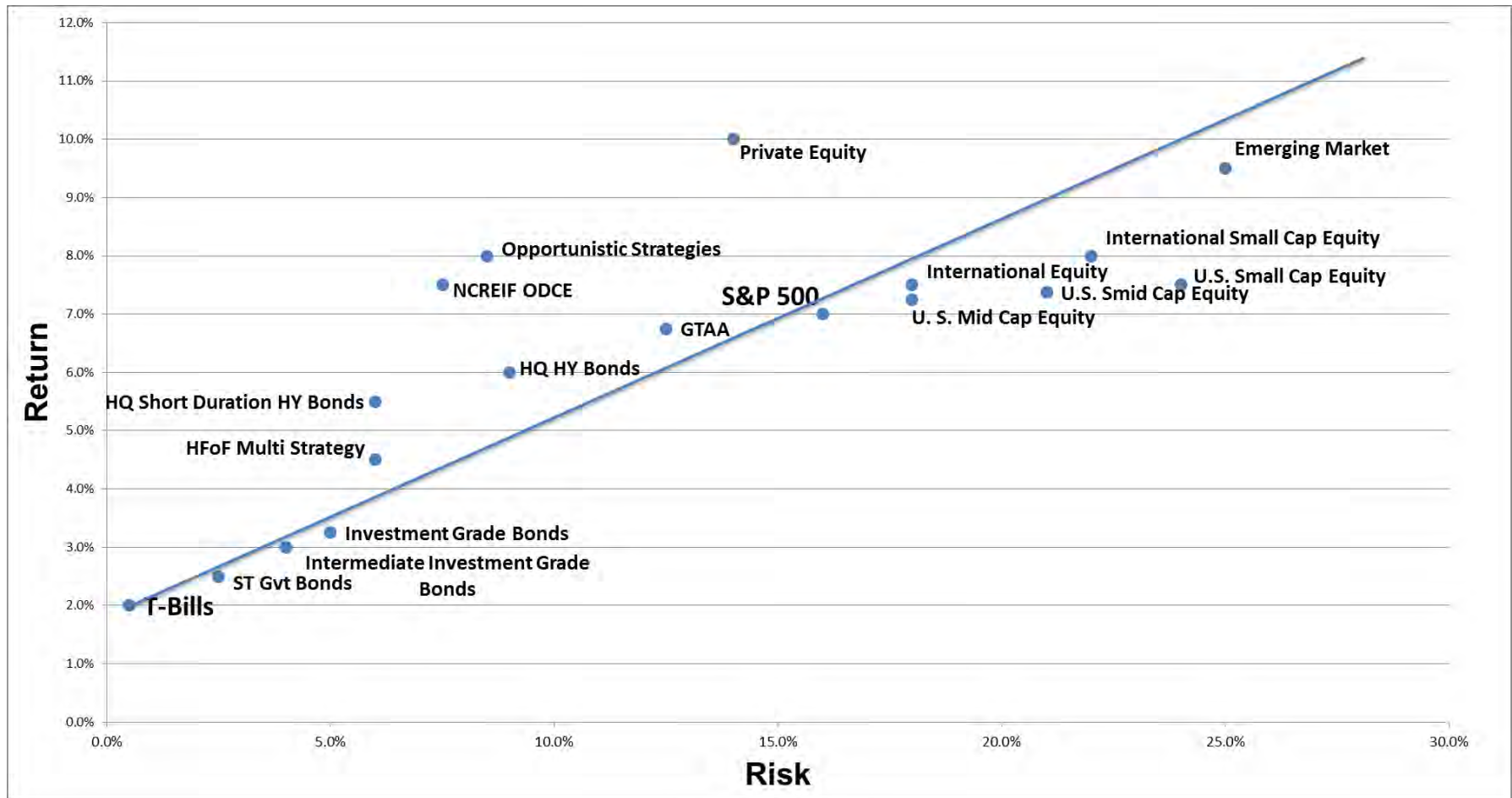
Asset Class Constraints

Total Domestic Equity	20% Max
Domestic Large Cap Equity	0% Min
Small, Mid and Smid Cap Equity	0% Max
International Equity Large Cap	0% Max
Fixed Investment Grade	10% Min
High Quality High Yield Bonds	30% Max
Real Estate – Core	10% Max
Real Estate – Value Add	5% Max
HFoF Multi – Strategy	10% Max

The Asset Allocation modeling requires the mathematical construction of an efficient frontier of various portfolios with distinct asset allocations and risk and return characteristics. The modeling process also requires the imposition of constraints, so that the efficient frontier represents a prudently diversified portfolio with adequate consideration of the liquidity needs and investment time horizon. Unconstrained optimization frequently generates allocations that have superior risk/reward characteristics, but the resulting allocations may not be adequately diversified and/or may have high allocations to illiquid investments.

The constraints shown are used for modeling purposes only. They should not be construed as suggested or recommended allocations, or limits on allocations, to any asset class or investment strategy. Each client fund has different facts, circumstances, time horizon, risk tolerance levels, return objectives, investment preferences, cash flows, and liquidity requirements. As such, each client's investment policy may differ materially from the constraints shown above.

IPS 2018 Capital Market Assumptions



Investment Performance Services, LLC

Asset Class Correlations

Assumption table:	Large Stock	Mid Stocks	Smid Stocks	Small Stocks	Internat'l Stocks	Internat'l Small Stocks	T-BILL	ST Gvt/Credit	Interm Core Inv Grade	Core Inv Grade	SD HY Bonds	HQ HY Bonds	RE Core	RE Value Add	PE	HFRI Multi	Opp	GTAA
Return	7.00	7.25	7.38	7.50	7.50	8.00	2.00	2.50	3.00	3.25	5.50	6.00	7.50	8.75	10.00	4.50	8.00	6.75
Risk	16.00	18.00	21.00	24.00	18.00	22.00	0.50	2.50	4.00	5.00	6.00	9.00	7.50	9.50	14.00	6.00	8.50	12.50
Correlations																		
US Large Cap Stocks	1.00																	
US Mid Cap Stocks	0.96	1.00																
US Smid Cap Stocks	0.94	0.97	1.00															
US Small Cap Stocks	0.91	0.95	0.98	1.00														
International Equity	0.89	0.88	0.83	0.79	1.00													
International Small Cap	0.85	0.86	0.82	0.77	0.96	1.00												
Cash	-0.29	-0.31	-0.25	-0.22	-0.30	-0.31	1.00											
Short Term Gvt/Credit	-0.05	-0.04	-0.07	-0.10	0.08	0.10	0.28	1.00										
Intermd Investment Grade Bonds	0.06	0.07	0.01	-0.04	0.16	0.18	0.04	0.80	1.00									
Core Investment Grade Bonds	0.04	0.05	-0.01	-0.06	0.14	0.16	0.01	0.73	0.97	1.00								
Short Duration HY Bonds	0.60	0.68	0.62	0.56	0.65	0.70	-0.28	0.25	0.35	0.31	1.00							
High Quality High Yield Bonds	0.68	0.75	0.70	0.65	0.74	0.75	-0.29	0.15	0.30	0.27	0.93	1.00						
Real Estate - Core	0.13	0.09	0.09	0.10	0.04	0.02	-0.13	-0.33	-0.18	-0.14	-0.16	-0.08	1.00					
Real Estate - Value Add	0.14	0.10	0.10	0.12	0.06	0.04	-0.13	-0.32	-0.17	-0.13	-0.17	-0.08	0.99	1.00				
Private Equity	0.91	0.95	0.98	0.99	0.79	0.77	-0.22	-0.10	-0.04	-0.06	0.56	0.65	0.10	0.12	1.00			
HF of F - Multi Strategy	0.74	0.76	0.71	0.65	0.79	0.82	-0.44	-0.06	0.01	0.00	0.66	0.69	0.10	0.11	0.65	1.00		
Opportunistic Strategies	0.72	0.78	0.74	0.69	0.77	0.78	-0.30	0.15	0.28	0.25	0.92	0.98	-0.10	-0.09	0.69	0.70	1.00	
GTAA	0.94	0.91	0.87	0.82	0.96	0.94	-0.25	0.15	0.25	0.23	0.65	0.73	0.06	0.08	0.82	0.74	0.76	1.00

A Correlation of 1.00 indicates two series move perfectly together
while a -1.00 shows they move perfectly opposite one another.

FELRA and UFCW VEBA Fund

Efficient Frontier Report

Asset	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9	Portfolio 10
US Large Cap Stocks	0.00	0.00	0.00	0.00	0.00	1.74	5.68	10.62	17.53	20.00
US Mid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US Smid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US Small Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
International Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
International Small Cap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash	5.00	5.00	5.00	5.00	5.00	4.15	0.00	0.00	0.00	0.00
Short Term Gvt/Credit	73.23	66.90	60.85	50.80	40.68	21.37	11.24	0.00	0.00	0.00
Intermd Investment Grade Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Core Investment Grade Bonds	0.00	0.00	0.00	0.00	0.00	12.74	23.07	29.38	22.47	20.00
Short Duration HY Bonds	0.00	3.51	6.90	18.53	30.00	30.00	30.00	30.00	30.00	0.00
High Quality High Yield Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00
HF of F - Multi Strategy	10.00	9.17	7.25	5.67	4.32	10.00	10.00	10.00	10.00	10.00
Opportunistic Strategies	0.00	0.42	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
GTAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Real Estate - Core	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Real Estate - Value Add	1.77	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Private Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return	3.34	3.67	4.00	4.33	4.65	4.96	5.27	5.58	5.87	6.13
Risk	1.85	1.91	2.06	2.35	2.76	3.29	3.92	4.61	5.43	6.64
Return/Risk	1.80	1.93	1.95	1.84	1.68	1.51	1.34	1.21	1.08	0.92

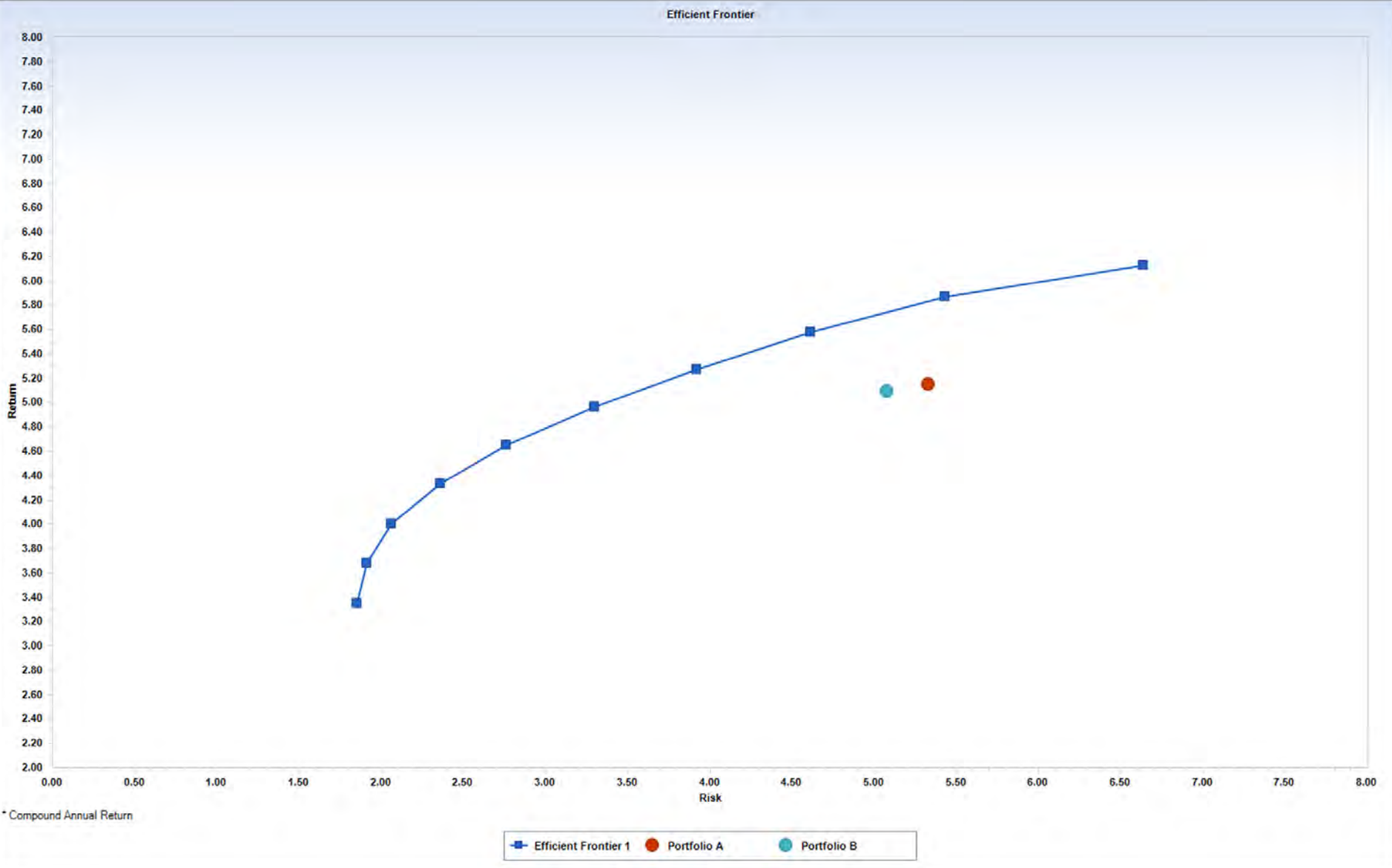
* Compound annual return.

* Returns based on a geometric calculation.

	% Asset Class Target									
	US LC Equity	Smid Cap Equity	Internat'l Eq	Fixed Income Interm	Short Duration HY	Real Estate Core	Cash	Expected Return	Risk	Comments
FELRA and UFCW VEBA Fund - A	25.0	0.0	0.0	40.0	20.0	10.0	5.0	5.15%	5.33	Policy
Actual - B	24.3	0.0	0.0	34.9	18.2	11.6	11.0	5.09%	5.08	Allocation as of December 31, 2017

Scenarios are shown for illustrative purposes.

FELRA and UFCW VEBA Fund





**ASSET ALLOCATION
AND FUND STRUCTURE REVIEW**

UFCW and FELRA Severance Fund

March 2, 2018

INVESTMENT PERFORMANCE SERVICES, LLC

Richard Sichel, Jr. – President

10 – 20 Years Annualized Expectations

Equity Asset Class	Return	Risk
U.S. Large Cap	7.00%	16.00
U.S. Mid Cap	7.25%	18.00
U.S. Smid Cap	7.38%	21.00
U.S. Small Cap	7.50%	24.00
International Large Cap	7.50%	18.00
International Small Cap	8.00%	22.00
Emerging Markets	9.50%	25.00
Global Equity	7.25%	17.50

Fixed Income Asset Class	Return	Risk
Cash Equivalents	2.00%	0.50
Short-term Gov /Credit	2.50%	2.50
Intermediate Investment Grade	3.00%	4.00
Core Investment Grade	3.25%	5.00
Mortgages	4.00%	4.00
Short Duration High Quality High Yield	5.50%	6.00
High Quality High Yield	6.00%	9.00
Multi-Sector Fixed Income	4.50%	6.00
Short Duration Global Bonds	3.50%	5.50
Core Plus Bonds	3.75%	5.80

Alternatives Asset Class	Return	Risk
Multi-Strategy Hedge Fund of Funds	4.50%	6.00
Opportunistic Strategies	8.00%	8.50
Long Short Equity Hedge Fund of Funds	5.75%	10.00
Global Tactical Asset Allocation	6.75%	12.50
Core Real Estate	7.50%	7.50
Value -Add Real Estate	8.75%	9.50
REITS	7.50%	21.00
Private Equity FOF	10.00%	16.00
Private Equity Secondaries	10.00%	14.00
Infrastructure	7.00%	13.50
Risk Parity	6.25%	16.00
Commodities	3.75%	18.50

- IPS Investment Committee Jan 2018.
- Inflation expectation 2.50%.
- The above chart represents an annualized return forecast for different asset classes using index returns (net of fees). These forecasts are forward-looking assumptions based on reasonable beliefs of the IPS Investment Committee, but are not a guarantee of future performance. Actual results may differ from the forecast above.

UFCW and FELRA Severance Fund

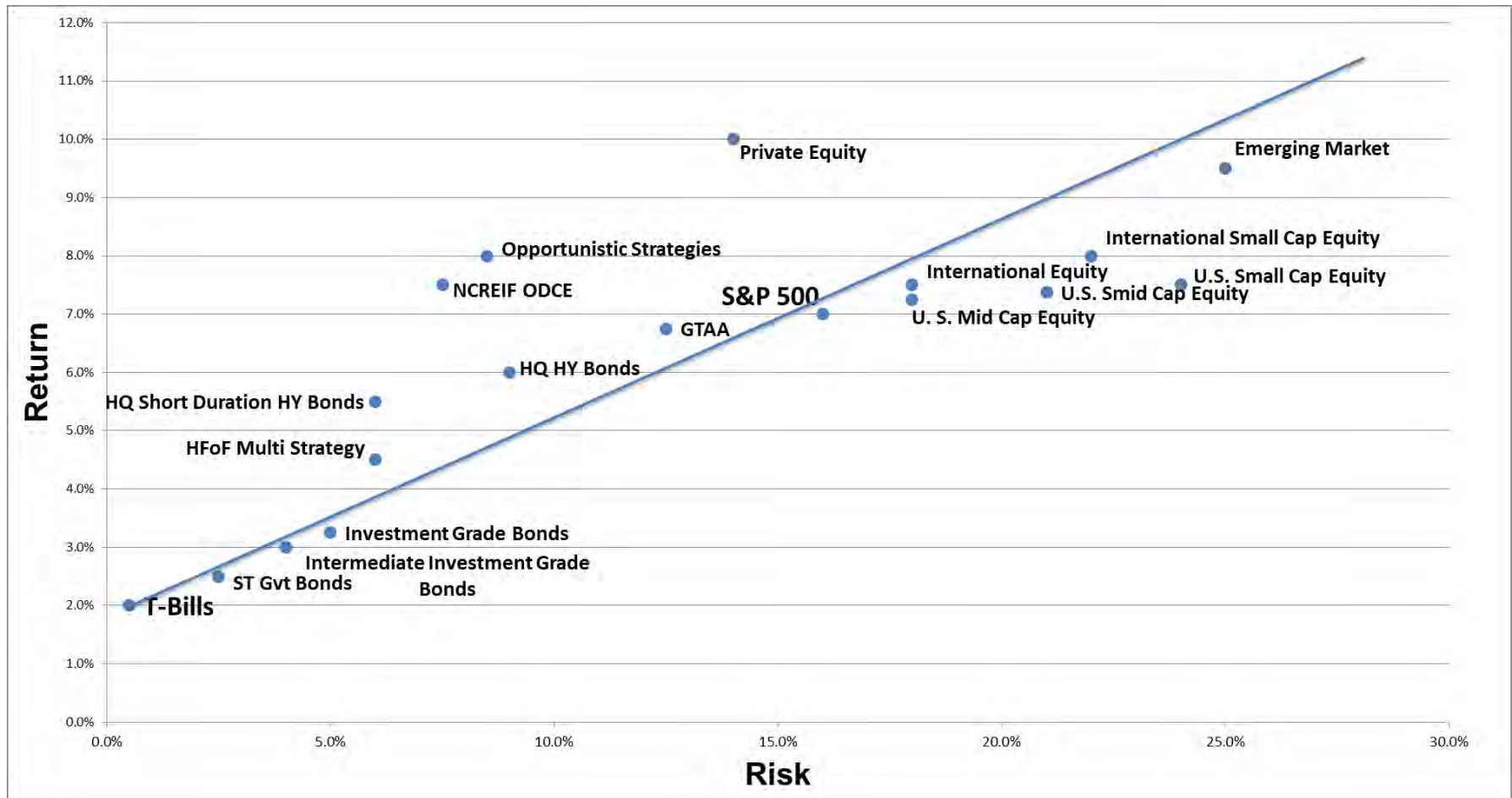
Asset Class Constraints

Total Domestic Equity	20% Max
Domestic Large Cap Equity	0% Min
Small, Mid and Smid Cap Equity	0% Max
International Equity Large Cap	0% Max
Fixed Investment Grade	10% Min
High Quality High Yield Bonds	30% Max
Real Estate – Core	10% Max
Real Estate – Value Add	5% Max
HFoF Multi – Strategy	10% Max

The Asset Allocation modeling requires the mathematical construction of an efficient frontier of various portfolios with distinct asset allocations and risk and return characteristics. The modeling process also requires the imposition of constraints, so that the efficient frontier represents a prudently diversified portfolio with adequate consideration of the liquidity needs and investment time horizon. Unconstrained optimization frequently generates allocations that have superior risk/reward characteristics, but the resulting allocations may not be adequately diversified and/or may have high allocations to illiquid investments.

The constraints shown are used for modeling purposes only. They should not be construed as suggested or recommended allocations, or limits on allocations, to any asset class or investment strategy. Each client fund has different facts, circumstances, time horizon, risk tolerance levels, return objectives, investment preferences, cash flows, and liquidity requirements. As such, each client's investment policy may differ materially from the constraints shown above.

IPS 2018 Capital Market Assumptions



Investment Performance Services, LLC

Asset Class Correlations

Assumption table:	Large Stock	Mid Stocks	Smid Stocks	Small Stocks	Internat'l Stocks	Internat'l Small Stocks	T-BILL	ST Gvt/Credit	Interm Core Inv Grade	Core Inv Grade	SD HY Bonds	HQ HY Bonds	RE Core	RE Value Add	PE	HFRI Multi	Opp	GTAA
Return	7.00	7.25	7.38	7.50	7.50	8.00	2.00	2.50	3.00	3.25	5.50	6.00	7.50	8.75	10.00	4.50	8.00	6.75
Risk	16.00	18.00	21.00	24.00	18.00	22.00	0.50	2.50	4.00	5.00	6.00	9.00	7.50	9.50	14.00	6.00	8.50	12.50
Correlations																		
US Large Cap Stocks	1.00																	
US Mid Cap Stocks	0.96	1.00																
US Smid Cap Stocks	0.94	0.97	1.00															
US Small Cap Stocks	0.91	0.95	0.98	1.00														
International Equity	0.89	0.88	0.83	0.79	1.00													
International Small Cap	0.85	0.86	0.82	0.77	0.96	1.00												
Cash	-0.29	-0.31	-0.25	-0.22	-0.30	-0.31	1.00											
Short Term Gvt/Credit	-0.05	-0.04	-0.07	-0.10	0.08	0.10	0.28	1.00										
Intermd Investment Grade Bonds	0.06	0.07	0.01	-0.04	0.16	0.18	0.04	0.80	1.00									
Core Investment Grade Bonds	0.04	0.05	-0.01	-0.06	0.14	0.16	0.01	0.73	0.97	1.00								
Short Duration HY Bonds	0.60	0.68	0.62	0.56	0.65	0.70	-0.28	0.25	0.35	0.31	1.00							
High Quality High Yield Bonds	0.68	0.75	0.70	0.65	0.74	0.75	-0.29	0.15	0.30	0.27	0.93	1.00						
Real Estate - Core	0.13	0.09	0.09	0.10	0.04	0.02	-0.13	-0.33	-0.18	-0.14	-0.16	-0.08	1.00					
Real Estate - Value Add	0.14	0.10	0.10	0.12	0.06	0.04	-0.13	-0.32	-0.17	-0.13	-0.17	-0.08	0.99	1.00				
Private Equity	0.91	0.95	0.98	0.99	0.79	0.77	-0.22	-0.10	-0.04	-0.06	0.56	0.65	0.10	0.12	1.00			
HF of F - Multi Strategy	0.74	0.76	0.71	0.65	0.79	0.82	-0.44	-0.06	0.01	0.00	0.66	0.69	0.10	0.11	0.65	1.00		
Opportunistic Strategies	0.72	0.78	0.74	0.69	0.77	0.78	-0.30	0.15	0.28	0.25	0.92	0.98	-0.10	-0.09	0.69	0.70	1.00	
GTAA	0.94	0.91	0.87	0.82	0.96	0.94	-0.25	0.15	0.25	0.23	0.65	0.73	0.06	0.08	0.82	0.74	0.76	1.00

A Correlation of 1.00 indicates two series move perfectly together
while a -1.00 shows they move perfectly opposite one another.

UFCW and FELRA Severance Fund

Efficient Frontier Report

Asset	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9	Portfolio 10
US Large Cap Stocks	0.00	0.00	0.00	0.00	0.00	1.74	5.68	10.62	17.53	20.00
US Mid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US Smid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US Small Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
International Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
International Small Cap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash	5.00	5.00	5.00	5.00	5.00	4.15	0.00	0.00	0.00	0.00
Short Term Gvt/Credit	73.23	66.90	60.85	50.80	40.68	21.37	11.24	0.00	0.00	0.00
Intermd Investment Grade Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Core Investment Grade Bonds	0.00	0.00	0.00	0.00	0.00	12.74	23.07	29.38	22.47	20.00
Short Duration HY Bonds	0.00	3.51	6.90	18.53	30.00	30.00	30.00	30.00	30.00	0.00
High Quality High Yield Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00
HF of F - Multi Strategy	10.00	9.17	7.25	5.67	4.32	10.00	10.00	10.00	10.00	10.00
Opportunistic Strategies	0.00	0.42	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
GTAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Real Estate - Core	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Real Estate - Value Add	1.77	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Private Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return	3.34	3.67	4.00	4.33	4.65	4.96	5.27	5.58	5.87	6.13
Risk	1.85	1.91	2.06	2.35	2.76	3.29	3.92	4.61	5.43	6.64
Return/Risk	1.80	1.93	1.95	1.84	1.68	1.51	1.34	1.21	1.08	0.92

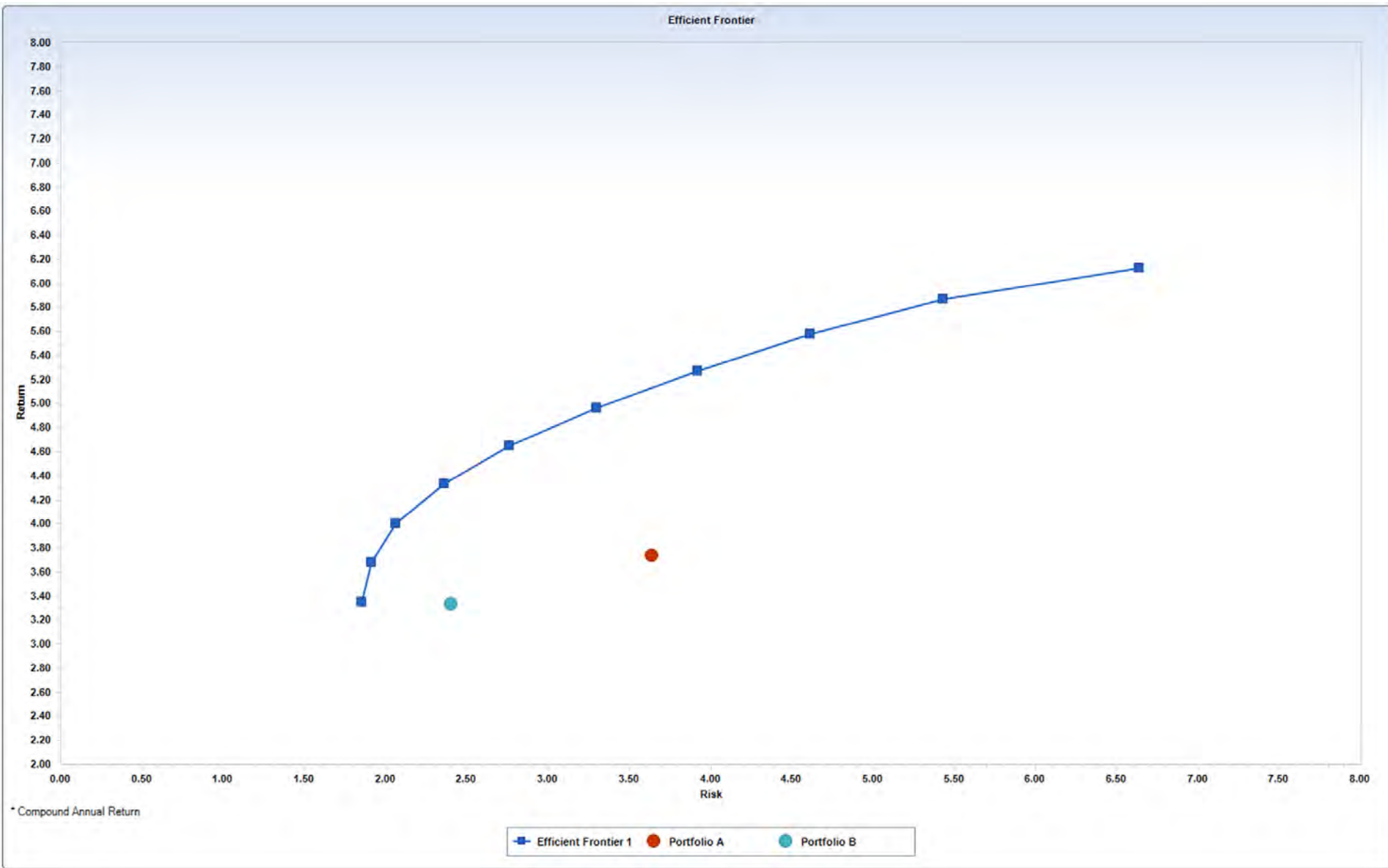
* Compound annual return.

* Returns based on a geometric calculation.

	% Asset Class Target								
	US LC Equity	Fixed Income Interm	Short Duration HY	Real Estate Core	HFoF/Cash	Cash	Expected Return	Risk	Comments
UFCW and FELRA Severance Fund - A	0.0	65.0	30.0	0.0	0.0	5.0	3.74%	3.64	Policy
Actual - B	0.0	36.4	19.6	0.0	9.2	34.7	3.33%	2.40	Allocation as of December 31, 2017

Scenarios are shown for illustrative purposes.

UFCW and FELRA Severance Fund





**ASSET ALLOCATION
AND FUND STRUCTURE REVIEW**

UFCW and FELRA Scholarship Fund

March 2, 2018

INVESTMENT PERFORMANCE SERVICES, LLC

Richard Sichel, Jr. – President

10 – 20 Years Annualized Expectations

Equity Asset Class	Return	Risk
U.S. Large Cap	7.00%	16.00
U.S. Mid Cap	7.25%	18.00
U.S. Smid Cap	7.38%	21.00
U.S. Small Cap	7.50%	24.00
International Large Cap	7.50%	18.00
International Small Cap	8.00%	22.00
Emerging Markets	9.50%	25.00
Global Equity	7.25%	17.50

Fixed Income Asset Class	Return	Risk
Cash Equivalents	2.00%	0.50
Short-term Gov /Credit	2.50%	2.50
Intermediate Investment Grade	3.00%	4.00
Core Investment Grade	3.25%	5.00
Mortgages	4.00%	4.00
Short Duration High Quality High Yield	5.50%	6.00
High Quality High Yield	6.00%	9.00
Multi-Sector Fixed Income	4.50%	6.00
Short Duration Global Bonds	3.50%	5.50
Core Plus Bonds	3.75%	5.80

Alternatives Asset Class	Return	Risk
Multi-Strategy Hedge Fund of Funds	4.50%	6.00
Opportunistic Strategies	8.00%	8.50
Long Short Equity Hedge Fund of Funds	5.75%	10.00
Global Tactical Asset Allocation	6.75%	12.50
Core Real Estate	7.50%	7.50
Value -Add Real Estate	8.75%	9.50
REITS	7.50%	21.00
Private Equity FOF	10.00%	16.00
Private Equity Secondaries	10.00%	14.00
Infrastructure	7.00%	13.50
Risk Parity	6.25%	16.00
Commodities	3.75%	18.50

- IPS Investment Committee Jan 2018.
- Inflation expectation 2.50%.
- The above chart represents an annualized return forecast for different asset classes using index returns (net of fees). These forecasts are forward-looking assumptions based on reasonable beliefs of the IPS Investment Committee, but are not a guarantee of future performance. Actual results may differ from the forecast above.

UFCW and FELRA Scholarship Fund

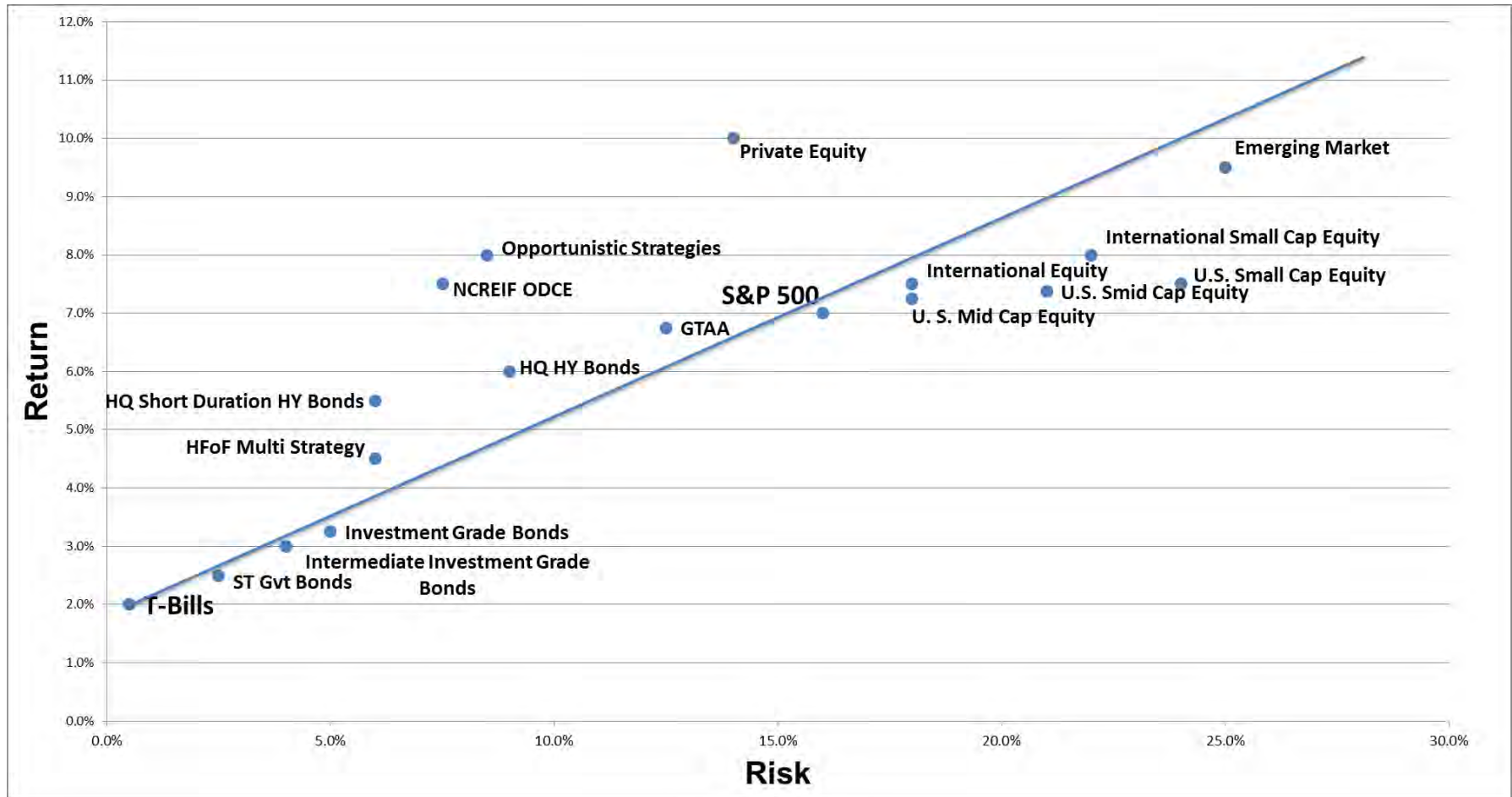
Asset Class Constraints

Total Domestic Equity	20% Max
Domestic Large Cap Equity	0% Min
Small, Mid and Smid Cap Equity	0% Max
International Equity Large Cap	0% Max
Fixed Investment Grade	10% Min
High Quality High Yield Bonds	30% Max
Real Estate – Core	10% Max
Real Estate – Value Add	5% Max
HFoF Multi – Strategy	10% Max

The Asset Allocation modeling requires the mathematical construction of an efficient frontier of various portfolios with distinct asset allocations and risk and return characteristics. The modeling process also requires the imposition of constraints, so that the efficient frontier represents a prudently diversified portfolio with adequate consideration of the liquidity needs and investment time horizon. Unconstrained optimization frequently generates allocations that have superior risk/reward characteristics, but the resulting allocations may not be adequately diversified and/or may have high allocations to illiquid investments.

The constraints shown are used for modeling purposes only. They should not be construed as suggested or recommended allocations, or limits on allocations, to any asset class or investment strategy. Each client fund has different facts, circumstances, time horizon, risk tolerance levels, return objectives, investment preferences, cash flows, and liquidity requirements. As such, each client's investment policy may differ materially from the constraints shown above.

IPS 2018 Capital Market Assumptions



Investment Performance Services, LLC

Asset Class Correlations

Assumption table:	Large Stock	Mid Stocks	Smid Stocks	Small Stocks	Internat'l Stocks	Internat'l Small Stocks	T-BILL	ST Gvt/Credit	Interm Core Inv Grade	Core Inv Grade	SD HY Bonds	HQ HY Bonds	RE Core	RE Value Add	PE	HFRI Multi	Opp	GTAA
Return	7.00	7.25	7.38	7.50	7.50	8.00	2.00	2.50	3.00	3.25	5.50	6.00	7.50	8.75	10.00	4.50	8.00	6.75
Risk	16.00	18.00	21.00	24.00	18.00	22.00	0.50	2.50	4.00	5.00	6.00	9.00	7.50	9.50	14.00	6.00	8.50	12.50
Correlations																		
US Large Cap Stocks	1.00																	
US Mid Cap Stocks	0.96	1.00																
US Smid Cap Stocks	0.94	0.97	1.00															
US Small Cap Stocks	0.91	0.95	0.98	1.00														
International Equity	0.89	0.88	0.83	0.79	1.00													
International Small Cap	0.85	0.86	0.82	0.77	0.96	1.00												
Cash	-0.29	-0.31	-0.25	-0.22	-0.30	-0.31	1.00											
Short Term Gvt/Credit	-0.05	-0.04	-0.07	-0.10	0.08	0.10	0.28	1.00										
Intermd Investment Grade Bonds	0.06	0.07	0.01	-0.04	0.16	0.18	0.04	0.80	1.00									
Core Investment Grade Bonds	0.04	0.05	-0.01	-0.06	0.14	0.16	0.01	0.73	0.97	1.00								
Short Duration HY Bonds	0.60	0.68	0.62	0.56	0.65	0.70	-0.28	0.25	0.35	0.31	1.00							
High Quality High Yield Bonds	0.68	0.75	0.70	0.65	0.74	0.75	-0.29	0.15	0.30	0.27	0.93	1.00						
Real Estate - Core	0.13	0.09	0.09	0.10	0.04	0.02	-0.13	-0.33	-0.18	-0.14	-0.16	-0.08	1.00					
Real Estate - Value Add	0.14	0.10	0.10	0.12	0.06	0.04	-0.13	-0.32	-0.17	-0.13	-0.17	-0.08	0.99	1.00				
Private Equity	0.91	0.95	0.98	0.99	0.79	0.77	-0.22	-0.10	-0.04	-0.06	0.56	0.65	0.10	0.12	1.00			
HF of F - Multi Strategy	0.74	0.76	0.71	0.65	0.79	0.82	-0.44	-0.06	0.01	0.00	0.66	0.69	0.10	0.11	0.65	1.00		
Opportunistic Strategies	0.72	0.78	0.74	0.69	0.77	0.78	-0.30	0.15	0.28	0.25	0.92	0.98	-0.10	-0.09	0.69	0.70	1.00	
GTAA	0.94	0.91	0.87	0.82	0.96	0.94	-0.25	0.15	0.25	0.23	0.65	0.73	0.06	0.08	0.82	0.74	0.76	1.00

A Correlation of 1.00 indicates two series move perfectly together
while a -1.00 shows they move perfectly opposite one another.

UFCW and FELRA Scholarship Fund

Efficient Frontier Report

Asset	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9	Portfolio 10
US Large Cap Stocks	0.00	0.00	0.00	0.00	0.00	1.74	5.68	10.62	17.53	20.00
US Mid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US Smid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US Small Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
International Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
International Small Cap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash	5.00	5.00	5.00	5.00	5.00	4.15	0.00	0.00	0.00	0.00
Short Term Gvt/Credit	73.23	66.90	60.85	50.80	40.68	21.37	11.24	0.00	0.00	0.00
Intermd Investment Grade Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Core Investment Grade Bonds	0.00	0.00	0.00	0.00	0.00	12.74	23.07	29.38	22.47	20.00
Short Duration HY Bonds	0.00	3.51	6.90	18.53	30.00	30.00	30.00	30.00	30.00	0.00
High Quality High Yield Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00
HF of F - Multi Strategy	10.00	9.17	7.25	5.67	4.32	10.00	10.00	10.00	10.00	10.00
Opportunistic Strategies	0.00	0.42	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
GTAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Real Estate - Core	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Real Estate - Value Add	1.77	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Private Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return	3.34	3.67	4.00	4.33	4.65	4.96	5.27	5.58	5.87	6.13
Risk	1.85	1.91	2.06	2.35	2.76	3.29	3.92	4.61	5.43	6.64
Return/Risk	1.80	1.93	1.95	1.84	1.68	1.51	1.34	1.21	1.08	0.92

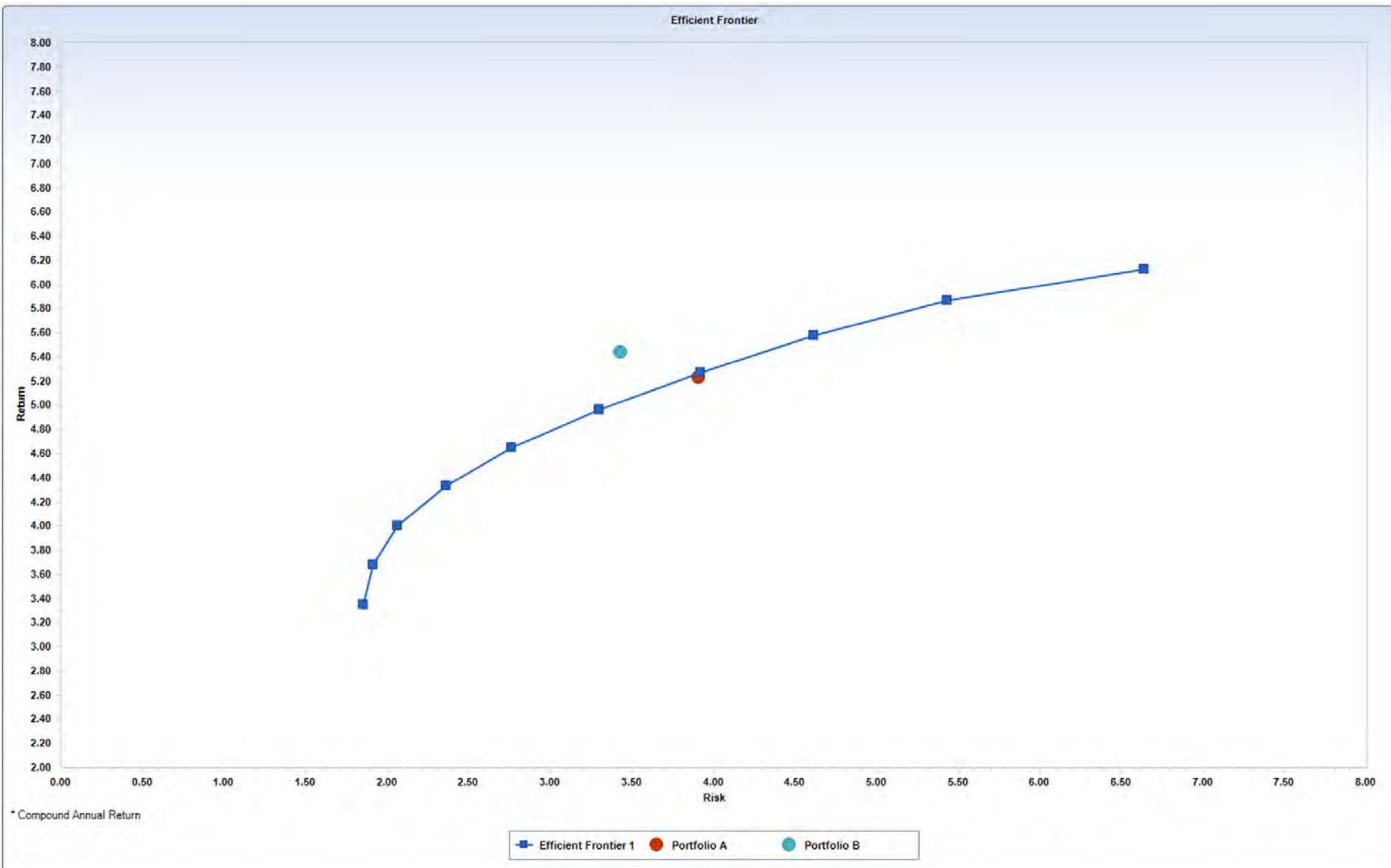
* Compound annual return.

* Returns based on a geometric calculation.

	% Asset Class Target							
	US LC Equity	Fixed Income Interm	Short Duration HY	Real Estate Core	Cash	Expected Return	Risk	Comments
UFCW and FELRA Scholarship Fund - A	10.0	40.0	30.0	20.0	0.0	5.23%	3.91	Policy
Actual - B	5.7	26.1	22.5	35.4	10.3	5.44%	3.43	Allocation as of December 31, 2017

Scenarios are shown for illustrative purposes.

UFCW and FELRA Scholarship Fund





**ASSET ALLOCATION
AND FUND STRUCTURE REVIEW**

UFCW and FELRA Legal Fund

March 2, 2018

INVESTMENT PERFORMANCE SERVICES, LLC

Richard Sichel, Jr. – President

10 – 20 Years Annualized Expectations

Equity Asset Class	Return	Risk
U.S. Large Cap	7.00%	16.00
U.S. Mid Cap	7.25%	18.00
U.S. Smid Cap	7.38%	21.00
U.S. Small Cap	7.50%	24.00
International Large Cap	7.50%	18.00
International Small Cap	8.00%	22.00
Emerging Markets	9.50%	25.00
Global Equity	7.25%	17.50

Fixed Income Asset Class	Return	Risk
Cash Equivalents	2.00%	0.50
Short-term Gov /Credit	2.50%	2.50
Intermediate Investment Grade	3.00%	4.00
Core Investment Grade	3.25%	5.00
Mortgages	4.00%	4.00
Short Duration High Quality High Yield	5.50%	6.00
High Quality High Yield	6.00%	9.00
Multi-Sector Fixed Income	4.50%	6.00
Short Duration Global Bonds	3.50%	5.50
Core Plus Bonds	3.75%	5.80

Alternatives Asset Class	Return	Risk
Multi-Strategy Hedge Fund of Funds	4.50%	6.00
Opportunistic Strategies	8.00%	8.50
Long Short Equity Hedge Fund of Funds	5.75%	10.00
Global Tactical Asset Allocation	6.75%	12.50
Core Real Estate	7.50%	7.50
Value -Add Real Estate	8.75%	9.50
REITS	7.50%	21.00
Private Equity FOF	10.00%	16.00
Private Equity Secondaries	10.00%	14.00
Infrastructure	7.00%	13.50
Risk Parity	6.25%	16.00
Commodities	3.75%	18.50

- IPS Investment Committee Jan 2018.
- Inflation expectation 2.50%.
- The above chart represents an annualized return forecast for different asset classes using index returns (net of fees). These forecasts are forward-looking assumptions based on reasonable beliefs of the IPS Investment Committee, but are not a guarantee of future performance. Actual results may differ from the forecast above.

UFCW and FELRA Legal Fund

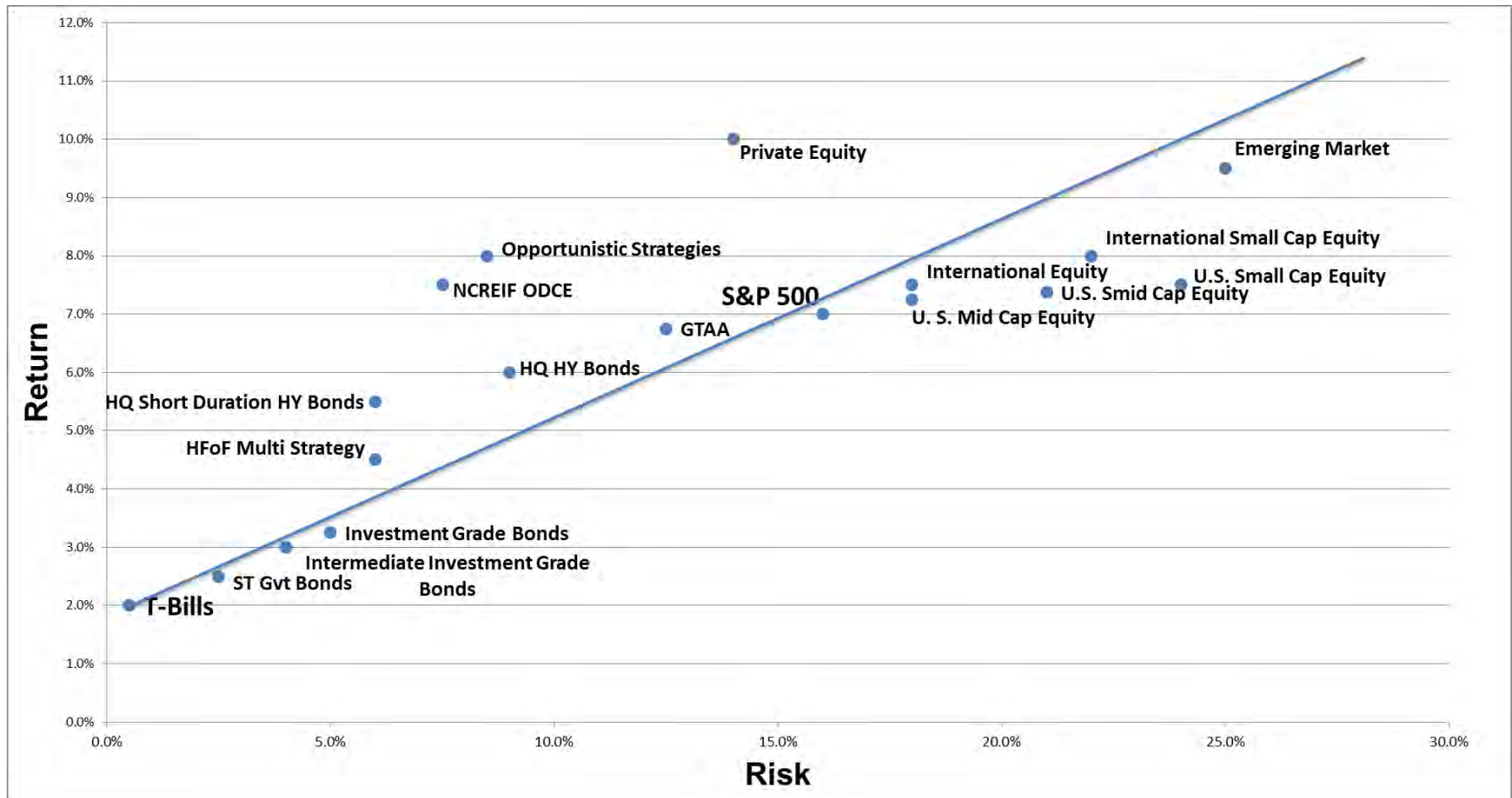
Asset Class Constraints

Total Domestic Equity	20% Max
Domestic Large Cap Equity	0% Min
Small, Mid and Smid Cap Equity	0% Max
International Equity Large Cap	0% Max
Fixed Investment Grade	10% Min
High Quality High Yield Bonds	30% Max
Real Estate – Core	10% Max
Real Estate – Value Add	5% Max
HFoF Multi – Strategy	10% Max

The Asset Allocation modeling requires the mathematical construction of an efficient frontier of various portfolios with distinct asset allocations and risk and return characteristics. The modeling process also requires the imposition of constraints, so that the efficient frontier represents a prudently diversified portfolio with adequate consideration of the liquidity needs and investment time horizon. Unconstrained optimization frequently generates allocations that have superior risk/reward characteristics, but the resulting allocations may not be adequately diversified and/or may have high allocations to illiquid investments.

The constraints shown are used for modeling purposes only. They should not be construed as suggested or recommended allocations, or limits on allocations, to any asset class or investment strategy. Each client fund has different facts, circumstances, time horizon, risk tolerance levels, return objectives, investment preferences, cash flows, and liquidity requirements. As such, each client's investment policy may differ materially from the constraints shown above.

IPS 2018 Capital Market Assumptions



Investment Performance Services, LLC

Asset Class Correlations

Assumption table:	Large Stock	Mid Stocks	Smid Stocks	Small Stocks	Internat'l Stocks	Internat'l Small Stocks	T-BILL	ST Gvt/Credit	Interm Core Inv Grade	Core Inv Grade	SD HY Bonds	HQ HY Bonds	RE Core	RE Value Add	PE	HFRI Multi	Opp	GTAA
Return	7.00	7.25	7.38	7.50	7.50	8.00	2.00	2.50	3.00	3.25	5.50	6.00	7.50	8.75	10.00	4.50	8.00	6.75
Risk	16.00	18.00	21.00	24.00	18.00	22.00	0.50	2.50	4.00	5.00	6.00	9.00	7.50	9.50	14.00	6.00	8.50	12.50
Correlations																		
US Large Cap Stocks	1.00																	
US Mid Cap Stocks	0.96	1.00																
US Smid Cap Stocks	0.94	0.97	1.00															
US Small Cap Stocks	0.91	0.95	0.98	1.00														
International Equity	0.89	0.88	0.83	0.79	1.00													
International Small Cap	0.85	0.86	0.82	0.77	0.96	1.00												
Cash	-0.29	-0.31	-0.25	-0.22	-0.30	-0.31	1.00											
Short Term Gvt/Credit	-0.05	-0.04	-0.07	-0.10	0.08	0.10	0.28	1.00										
Intermd Investment Grade Bonds	0.06	0.07	0.01	-0.04	0.16	0.18	0.04	0.80	1.00									
Core Investment Grade Bonds	0.04	0.05	-0.01	-0.06	0.14	0.16	0.01	0.73	0.97	1.00								
Short Duration HY Bonds	0.60	0.68	0.62	0.56	0.65	0.70	-0.28	0.25	0.35	0.31	1.00							
High Quality High Yield Bonds	0.68	0.75	0.70	0.65	0.74	0.75	-0.29	0.15	0.30	0.27	0.93	1.00						
Real Estate - Core	0.13	0.09	0.09	0.10	0.04	0.02	-0.13	-0.33	-0.18	-0.14	-0.16	-0.08	1.00					
Real Estate - Value Add	0.14	0.10	0.10	0.12	0.06	0.04	-0.13	-0.32	-0.17	-0.13	-0.17	-0.08	0.99	1.00				
Private Equity	0.91	0.95	0.98	0.99	0.79	0.77	-0.22	-0.10	-0.04	-0.06	0.56	0.65	0.10	0.12	1.00			
HF of F - Multi Strategy	0.74	0.76	0.71	0.65	0.79	0.82	-0.44	-0.06	0.01	0.00	0.66	0.69	0.10	0.11	0.65	1.00		
Opportunistic Strategies	0.72	0.78	0.74	0.69	0.77	0.78	-0.30	0.15	0.28	0.25	0.92	0.98	-0.10	-0.09	0.69	0.70	1.00	
GTAA	0.94	0.91	0.87	0.82	0.96	0.94	-0.25	0.15	0.25	0.23	0.65	0.73	0.06	0.08	0.82	0.74	0.76	1.00

A Correlation of 1.00 indicates two series move perfectly together
while a -1.00 shows they move perfectly opposite one another.

UFCW and FELRA Legal Fund

Efficient Frontier Report

Asset	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9	Portfolio 10
US Large Cap Stocks	0.00	0.00	0.00	0.00	0.00	1.74	5.68	10.62	17.53	20.00
US Mid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US Smid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
US Small Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
International Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
International Small Cap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash	5.00	5.00	5.00	5.00	5.00	4.15	0.00	0.00	0.00	0.00
Short Term Gvt/Credit	73.23	66.90	60.85	50.80	40.68	21.37	11.24	0.00	0.00	0.00
Intermd Investment Grade Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Core Investment Grade Bonds	0.00	0.00	0.00	0.00	0.00	12.74	23.07	29.38	22.47	20.00
Short Duration HY Bonds	0.00	3.51	6.90	18.53	30.00	30.00	30.00	30.00	30.00	0.00
High Quality High Yield Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00
HF of F - Multi Strategy	10.00	9.17	7.25	5.67	4.32	10.00	10.00	10.00	10.00	10.00
Opportunistic Strategies	0.00	0.42	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
GTAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Real Estate - Core	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Real Estate - Value Add	1.77	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Private Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return	3.34	3.67	4.00	4.33	4.65	4.96	5.27	5.58	5.87	6.13
Risk	1.85	1.91	2.06	2.35	2.76	3.29	3.92	4.61	5.43	6.64
Return/Risk	1.80	1.93	1.95	1.84	1.68	1.51	1.34	1.21	1.08	0.92

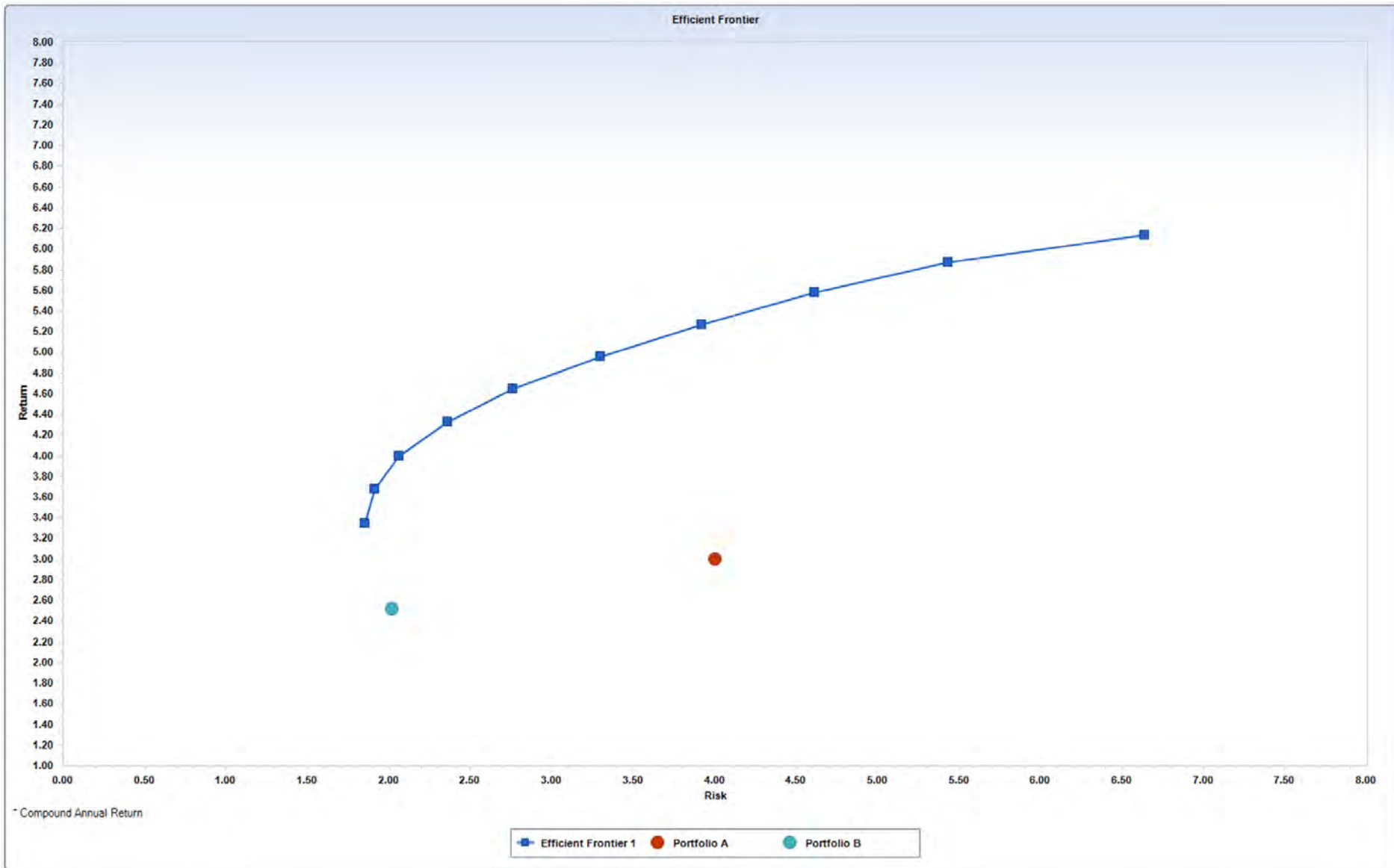
* Compound annual return.

* Returns based on a geometric calculation.

	% Asset Class Target							
	US LC Equity	Fixed Income Interm	Short Duration HY	Real Estate Core	Cash	Expected Return	Risk	Comments
UFCW and FELRA Legal Fund - A	0.0	100.0	0.0	0.0	0.0	3.00%	4.00	Policy
Actual - B	0.0	49.8	0.0	0.0	50.2	2.52%	2.02	Allocation as of December 31, 2017

Scenarios are shown for illustrative purposes.

UFCW and FELRA Legal Fund



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
