



Mid-Atlantic UFCW and Participating Employers Pension Fund

Master Consulting Services Report

**Period Ended
March 31, 2017**

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Market Discussion Points

1Q | 2017



Financial Market Performance

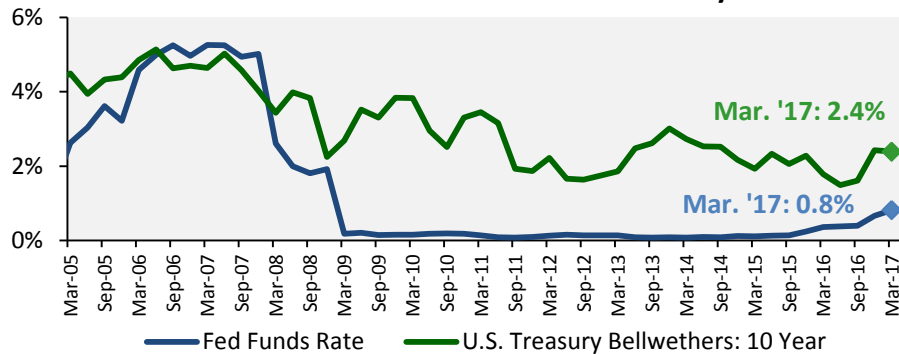
Periods Ending March 31, 2017

<u>Strategy</u>	<u>Sector</u>	<u>Index</u>	<u>QTR</u>	<u>YTD</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</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	6.1	6.1	12.0	1.4	13.7	32.4	16.0	17.2	10.4	13.3	7.5	7.9
	US Small Cap	Russell 2000	2.5	2.5	21.3	-4.4	4.9	38.8	16.4	26.2	7.2	12.4	7.1	8.7
	All Country	MSCI All Country World (net)	6.9	6.9	7.9	-2.4	4.2	22.8	16.1	15.0	5.1	8.4	4.0	-
	Non-US Developed	MSCI EAFE (net)	7.2	7.2	1.0	-0.8	-4.9	22.8	17.3	11.7	0.5	5.8	1.1	4.6
	Emerging Markets	MSCI EM (net)	11.4	11.4	11.2	-14.9	-2.2	-2.6	18.2	17.2	1.2	0.8	2.7	-
Bonds	Treasury	Bloomberg Barclays US Govt	0.7	0.7	1.1	0.9	4.9	-2.6	2.0	-1.3	2.0	1.6	3.8	5.0
	Broad Market	Bloomberg Barclays Aggregate	0.8	0.8	2.7	0.6	6.0	-2.0	4.2	0.4	2.7	2.3	4.3	5.4
	High Yield	Bloomberg Barclays HY BaB 2% IC	2.3	2.3	14.1	-2.7	3.5	6.2	15.0	13.0	4.5	6.5	7.1	-
	Global Bonds	Citigroup WGBI	1.6	1.6	1.6	-3.6	-0.5	-4.0	1.7	-3.7	-1.2	-0.6	3.0	4.4
Global Tactical Asset		65% MSCI World /35% Citi WGBI	4.7	4.7	5.6	-1.6	3.1	15.1	10.9	8.1	3.3	5.9	4.1	5.8
Real Estate	Core	NCREIF ODCE Equal Weighted	1.8	1.8	9.3	15.2	12.4	13.3	11.0	8.6	12.0	12.0	5.4	8.9
Hedge Funds	Diversified FOFs	HFRI HFOF Composite	2.3	2.3	0.5	-0.3	3.4	9.0	4.8	6.2	1.8	3.2	1.2	4.4
	Equity Long-Short	HFRI Equity Hedge	3.8	3.8	5.5	-1.0	1.8	14.3	7.4	11.5	3.0	4.9	3.0	8.0
Commodities	Commodities	Goldman Sachs Commodity	-5.1	-5.1	11.4	-32.9	-33.1	-1.2	0.1	8.5	-22.7	-15.0	-9.0	-1.8

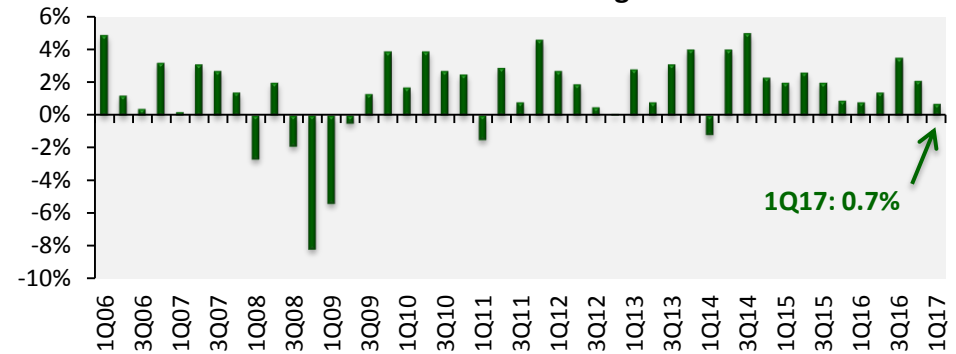
U.S. Economy

Nearly all economic indicators remain positive for the US economy. Inflation, as measured by the Consumer Price Index, continues its slow climb upwards in the first quarter of 2017 at 2.4% for the trailing one-year period. Unemployment remains low at 4.7% while job growth remains robust at 209,000 jobs added per month on average for the first quarter. This combination has resulted in more part-time workers finding full-time jobs and wage growth is moving higher. Housing prices continue to move higher, up 5.7% over the past 12 months. Mortgage rates has moved a bit higher with interest rates, but dropped a bit in March. The Housing Affordability Index remains at all-time lows as a percentage of wages. We are still early in the corporate earnings season, but the earnings growth increases seen in the fourth quarter of 2016 seem to have carried over into the first quarter of 2017.

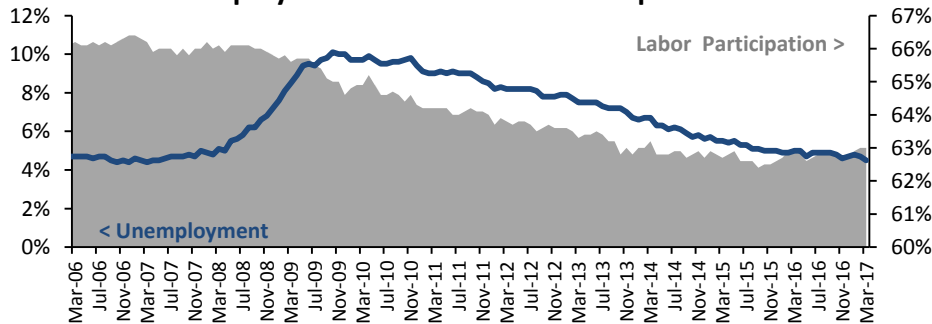
Fed Funds Rate vs. 10-Year U.S. Treasury



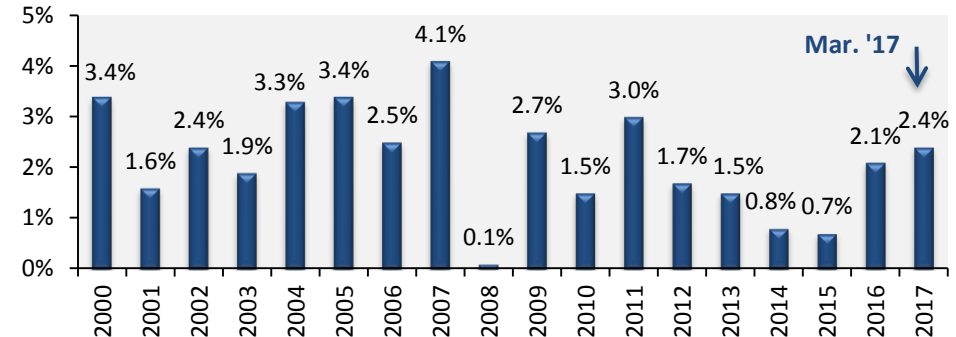
GDP Percent Change



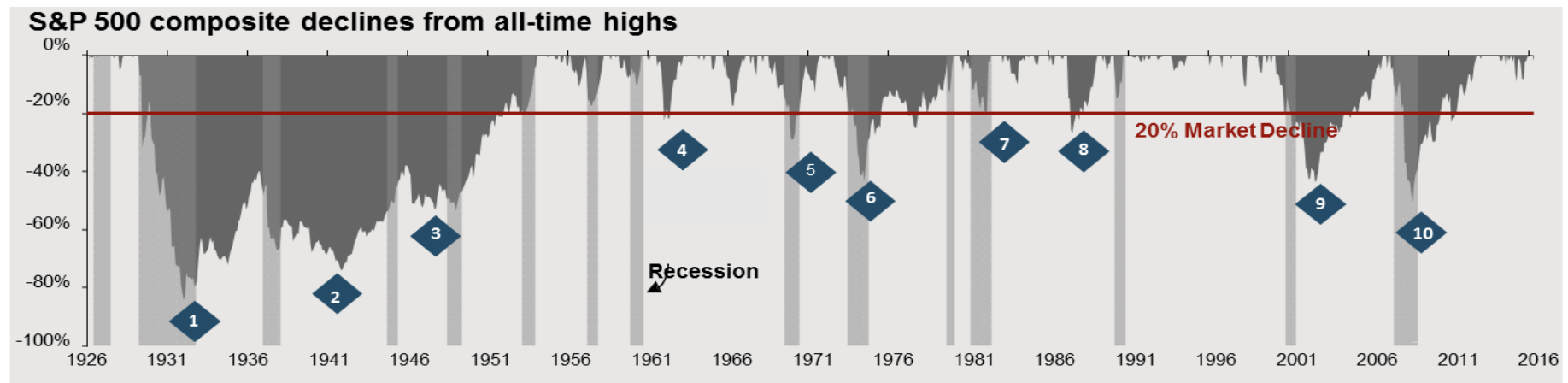
Unemployment Rate vs. Labor Participation Rate



US Inflation Rates



Current Bull Market: Historical Context



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%	33	◆			◆	Jul 1926	152%	38
2 1937 Fed Tightening - Premature policy tightening	Mar 1937	-60%	63	◆		◆		Mar 1935	129%	24
3 Post WWII Crash - Post-war demobilization, recession fears	May 1946	-30%	37	◆			◆	Apr 1942	158%	50
4 Flash Crash of 1962 - Flash crash, Cuban Missile Crisis	Dec 1961	-28%	7				◆	Oct 1960	39%	14
5 Tech Crash of 1970 - Economic overheating, civil unrest	Nov 1968	-36%	18	◆	◆	◆		Oct 1962	103%	74
6 Stagflation - OPEC oil embargo	Jan 1973	-48%	21	◆	◆			May 1970	74%	32
7 Volcker Tightening - Whip Inflation Now	Nov 1980	-27%	21	◆	◆	◆		Mar 1978	62%	33
8 1987 Crash - Program trading, overheating markets	Aug 1987	-34%	3				◆	Aug 1982	229%	61
9 Tech Bubble - Extreme valuations, .com boom/bust	Mar 2000	-49%	31	◆			◆	Oct 1990	417%	115
10 Global Financial Crisis - Leverage/housing, Lehman collapse	Oct 2007	-57%	17	◆	◆	◆		Oct 2002	101%	61
Current Cycle								Mar 2009	249%	98
Averages	-	-45%	25					-	156%	55

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.

Guide to the Markets— U.S. Data are as of March 31, 2017.

Asset Class Performance "Quilt"

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
RE 13.5%	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 15.1%	Small Cap 21.3%
Fx Inc 11.6%	RE 5.7%	RE 5.3%	Small Cap 47.3%	Mid Cap 20.2%	RE 20.2%	Int'l 26.3%	RE 16.1%	RE -10.4%	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%
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 12.4%	SD HY 1.2%	Mid Cap 13.8%
HFoF 4.1%	HFoF 2.8%	HY -1.9%	Int'l 38.6%	Small Cap 18.3%	Mid Cap 12.6%	RE 16.2%	HFoF 10.3%	HFoF -21.4%	SD HY 36.1%	RE 16.1%	SD HY 4.4%	Small Cap 16.3%	Int'l 22.8%	Fx Inc 6.0%	Fx Inc 0.6%	Large Cap 12.0%
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%
HY -5.2%	EM Equity -2.6%	GTAA -7.2%	HY 28.1%	RE 12.6%	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 13.3%	HFoF 3.4%	Int'l -0.8%	RE 9.3%
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 11.0%	HFoF 9.0%	GTAA 3.0%	GTAA -1.6%	SD HY 8.5%
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%
Int'l -14.2%	Large Cap -11.9%	Small Cap -20.5%	RE 9.1%	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%
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 2.4%	Fx Inc 4.3%	Small Cap -1.6%	EM Equity -53.3%	RE -30.7	HFoF 5.7%	EM Equity -18.4%	Fx Inc 4.2%	EM Equity -2.6%	Int'l -4.9%	EM Equity -14.9%	HFoF 0.7%

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 ODC 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.

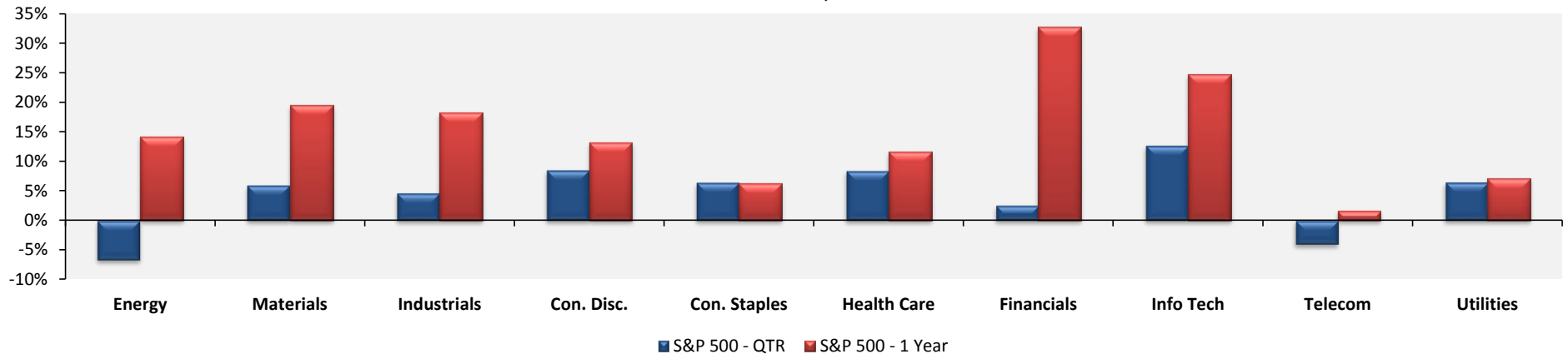
U.S. Equity Market

The fundamentals for the US equity market remain strong and that was reflected in the S&P 500 Index moving up 6.1% in the first quarter of 2017. Small cap stocks, which were up significantly last year, posted a 2.5% return for the quarter. In 2016, the value style significantly outperformed the growth style by wide margins, but reversed in the first quarter of 2017 with the Russell 1000 Growth Index returning 8.9% vs. 3.3% for the Russell 1000 Value Index. Small cap has a similar reversal with the Russell 2000 Growth Index up 5.4 vs. -0.1% for the Russell 2000 Value Index. Some market pundits are worried about market valuations with the Price/Earnings Ratio at about 18 times earnings. This is a bit above the long-term averages, but with increased earnings, the market has the potential to grow by 7-9% without any further P/E Ratio expansion. Nonetheless, it is always wise to remember the stock and bond markets move on emotion and frequently ignore fundamentals.

<u>Sector</u>	<u>Index</u>	<u>1Q 17</u>	<u>YTD</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
Large Cap	S&P 500	6.1	6.1	12.0	1.4	13.7	32.4	16.0	17.2	10.4	13.3	7.5
	Russell 1000	6.0	6.0	12.1	0.9	13.3	33.1	16.4	17.4	10.0	13.3	7.6
	Russell 1000 Value	3.3	3.3	17.3	-3.8	13.5	32.5	17.5	19.2	8.7	13.1	5.9
	Russell 1000 Growth	8.9	8.9	7.1	5.7	13.1	33.5	15.3	15.8	11.3	13.3	9.1
Mid Cap	Russell Mid-Cap	5.2	5.2	13.8	-2.4	13.2	34.8	17.3	17.0	8.5	13.1	7.9
	Russell Mid-Cap Value	3.8	3.8	20.0	-4.8	14.7	33.5	18.5	19.8	8.9	14.1	7.5
	Russell Mid-Cap Growth	6.9	6.9	7.3	-0.2	11.9	35.8	15.8	14.1	7.9	12.0	8.1
Small Cap	Russell 2000	2.5	2.5	21.3	-4.4	4.9	38.8	16.4	26.2	7.2	12.4	7.1
	Russell 2000 Value	-0.1	-0.1	31.7	-7.5	4.2	34.5	18.1	29.4	7.6	12.5	6.1
	Russell 2000 Growth	5.4	5.4	11.3	-1.4	5.6	43.3	14.6	23.0	6.7	12.1	8.1
Total Market	Wilshire 5000	5.6	5.6	13.4	0.7	12.7	33.1	16.1	18.4	10.0	13.2	7.6
	Russell 3000	5.7	5.7	12.7	0.5	12.6	33.6	16.4	18.1	9.8	13.2	7.5

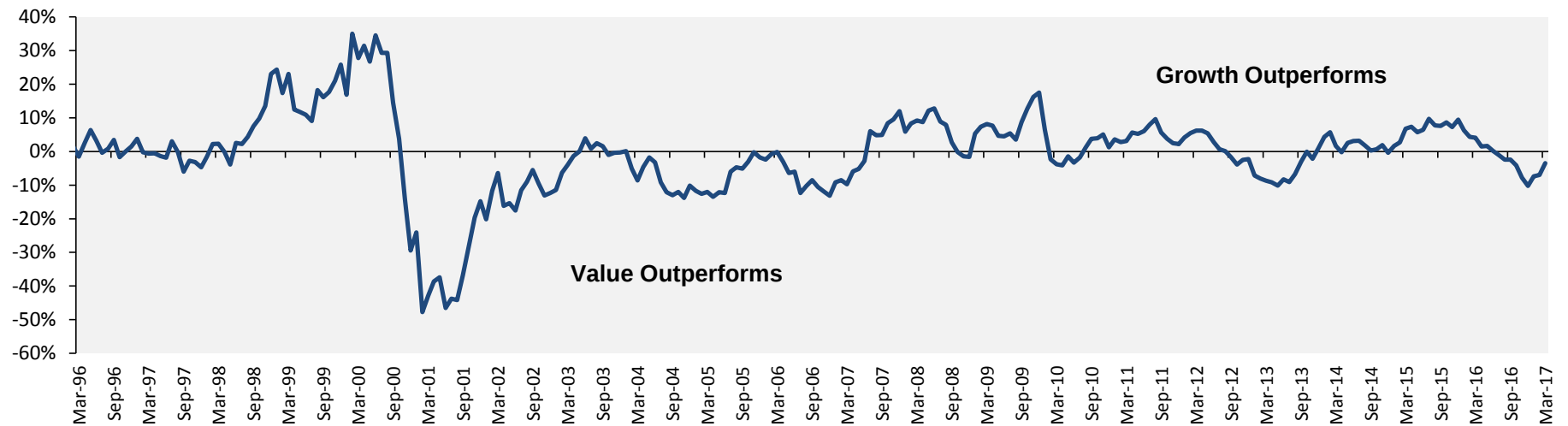
Sector Allocations Performance

As of March 31, 2017

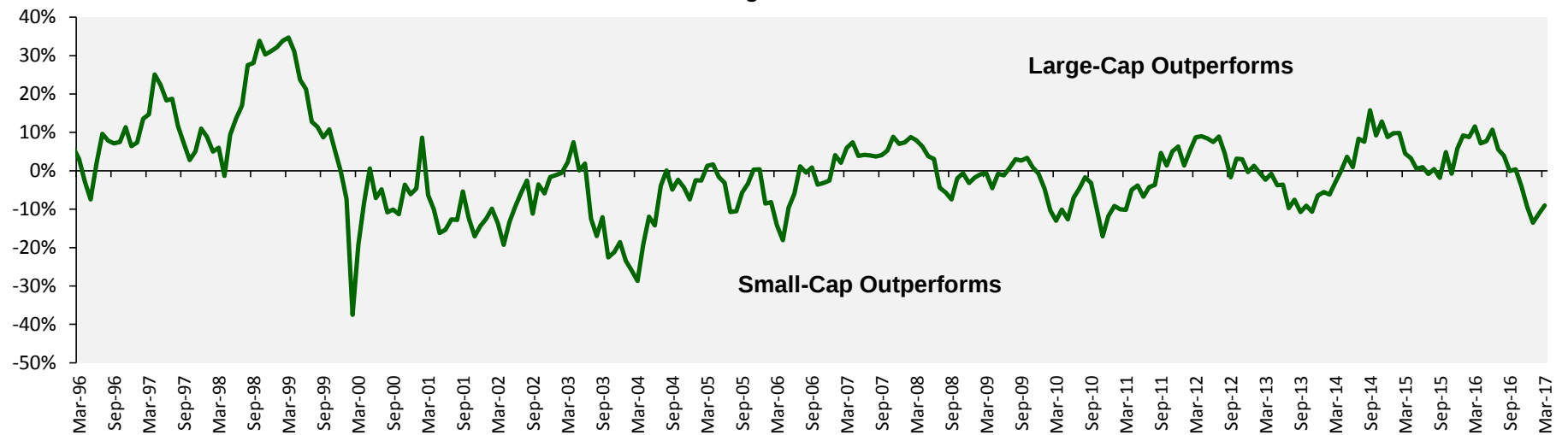


U.S. Equity Market

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



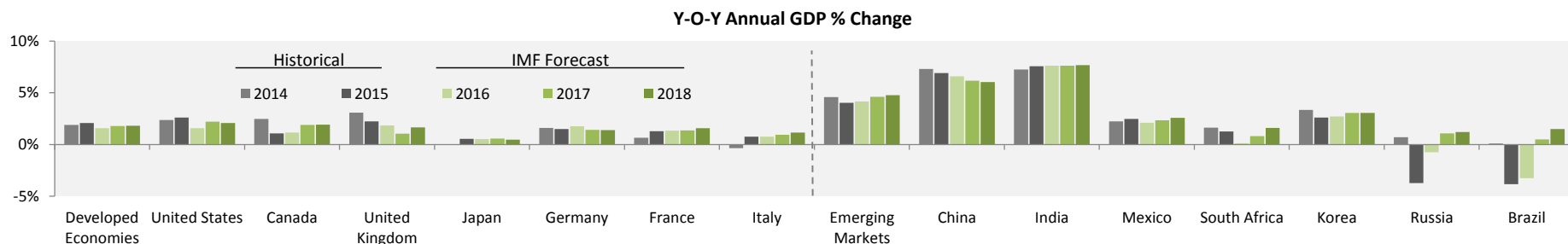
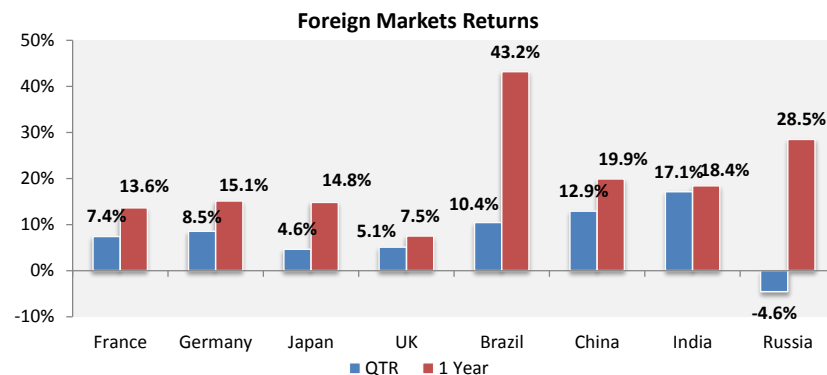
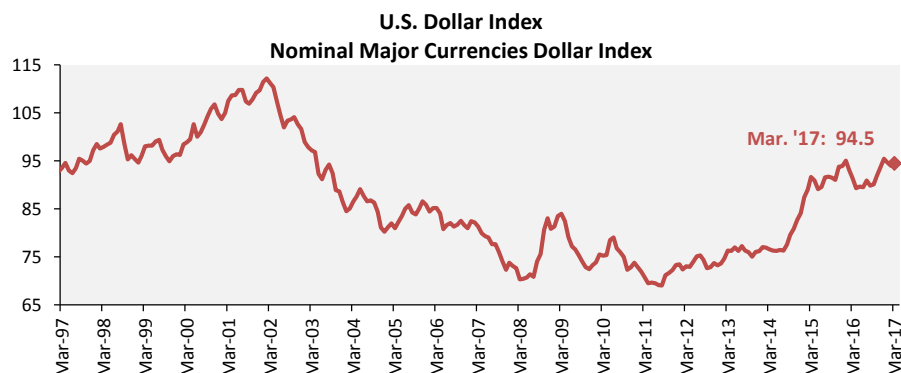
**S&P 500 vs. Russell 2000
Rolling One-Year Returns**



International Equity Market

It appears that Europe and other developed countries have weathered their economic malaise and starting to show material signs of economic recovery in both consumer sentiment and economic indicators. The MSCI EAFE Index was up 7.3% in the first quarter, beating the S&P 500 by a few points. Emerging Markets have also rebounded with the MSCI Emerging Markets Index up 11.4% for the quarter. This is a broad global trend as the Emerging Asia Index was up 13.4% and the Latin American Index was up 12.1%. Emerging Europe was quite mixed. For example, Poland was up 17.7%, but Russia was down 4.6% and Greece down 3.5%.

Sector	Index	1Q 17	YTD	2016	2015	2014	2013	2012	1-Year	3-Year	5-Year	10-Year
Global	MSCI AC World Index (net)	6.9	6.9	7.9	-2.4	4.2	22.8	16.1	15.0	5.1	8.4	4.0
	MSCI World Small Cap (net)	6.0	6.0	11.6	-1.0	1.8	28.7	18.1	17.5	5.0	9.7	5.7
	MSCI World ex US (net)	7.9	7.9	4.5	-5.7	-3.9	15.3	16.8	13.1	0.6	4.4	1.4
	MSCI World ex US Small Cap (net)	8.8	8.8	3.9	2.6	-4.0	19.7	18.5	12.3	2.5	6.7	3.1
Developed ex US	MSCI EAFE (net)	7.2	7.2	1.0	-0.8	-4.9	22.8	17.3	11.7	0.5	5.8	1.1
	MSCI EAFE Value (net)	6.1	6.1	5.0	-5.7	-5.4	23.0	17.7	16.0	-0.6	5.6	0.1
	MSCI EAFE Growth (net)	8.5	8.5	-3.0	4.1	-4.4	22.6	16.9	7.5	1.5	6.0	2.0
	MSCI EAFE Small Cap (net)	8.0	8.0	2.2	9.6	-5.0	29.3	20.0	11.0	3.6	9.2	3.0
Emerging Markets	MSCI Emerging Markets (net)	11.4	11.4	11.2	-14.9	-2.2	-2.6	18.2	17.2	1.2	0.8	2.7



Top 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. **Top right chart:** Data as of December 31, 2016. **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 2016.

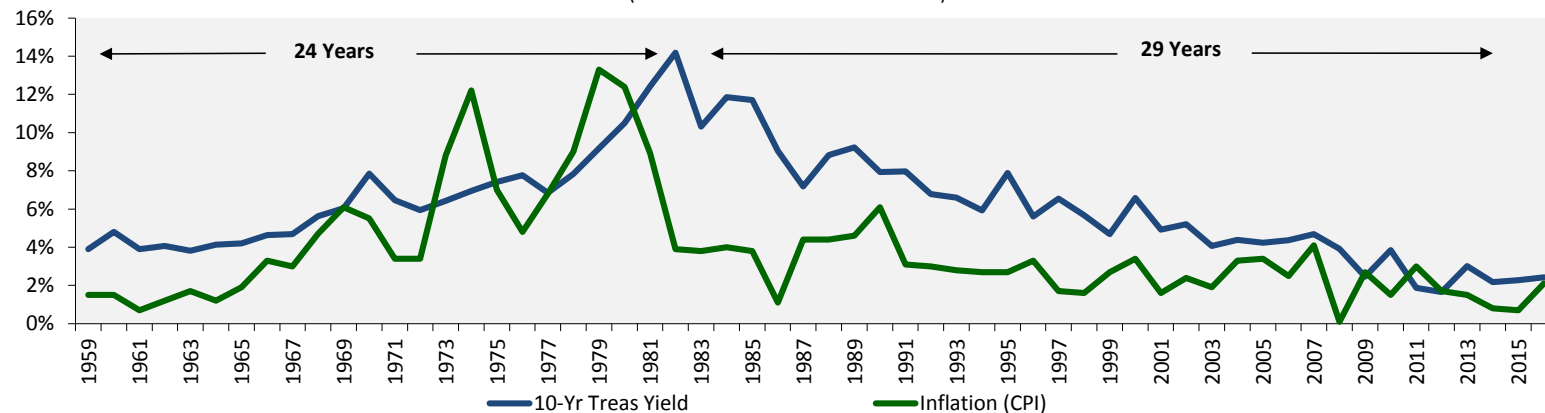
U.S. Bond Market

The Federal Reserve increased the Federal Funds rate by 25 basis points (0.25%) in March. While this increased almost all short-term interest rates by a similar amount, the 5-year Treasury remained unchanged at 1.93% from year-end, but longer term rates actually declined slightly. The 10-year Treasury bond ended the quarter at 2.39% vs. 2.44% at the end of 2016. Interest rate prognosticators are expecting two or three more rate hikes before the end of 2017. Many of the bond indexes had very slight losses in March, but were in positive territory for the quarter. The US Intermediate Govt/Credit Index returned 0.78% for the quarter and the Corporate High Yield Index was up 2.70%. The spread in returns between investment grade and high yield narrowed by 26 basis (0.26%) points during the quarter.

Index	Yield	Duration	1Q 17	YTD	2016	2015	2014	2013	2012	1-Year	3-Year	5-Year	10-Year
Bloomberg Barclays Aggregate	2.61	6.0	0.8	0.8	2.7	0.6	6.0	-2.0	4.2	0.4	2.7	2.3	4.3
Bloomberg Barclays Govt/Credit	2.49	6.5	1.0	1.0	3.1	0.2	6.0	-2.4	4.8	0.5	2.7	2.5	4.3
Bloomberg Barclays Int Agg	2.38	4.4	0.7	0.7	2.0	1.2	4.1	-1.0	3.6	0.4	2.3	2.0	3.9
Bloomberg Barclays Int Govt/Credit	2.10	4.1	0.8	0.8	2.1	1.1	3.1	-0.9	3.9	0.4	2.0	1.9	3.8
Bloomberg Barclays HY Ba/B 2% IC	5.10	4.2	2.3	2.3	14.1	-2.7	3.5	6.2	15.0	13.0	4.5	6.5	7.1
BofA ML HY Cash Pay BB 1-3 Yr.	3.86	1.7	1.0	1.0	8.5	1.2	1.9	5.6	10.2	7.2	3.8	4.9	6.3
Bloomberg Barclays Mortgage	2.91	5.0	0.5	0.5	1.7	1.5	6.1	-1.4	2.6	0.2	2.7	2.0	4.2
Bloomberg Barclays Treasury	1.91	6.1	0.7	0.7	1.0	0.8	5.1	-2.8	2.0	-1.4	2.1	1.6	3.9
Bloomberg Barclays US TIPS	2.27	5.7	1.3	1.3	4.7	-1.4	3.6	-8.6	7.0	1.5	2.0	1.0	4.2
BofA ML 91 day T-Bills	0.76	0.2	0.1	0.1	0.3	0.1	0.0	0.1	0.1	0.4	0.2	0.1	0.7

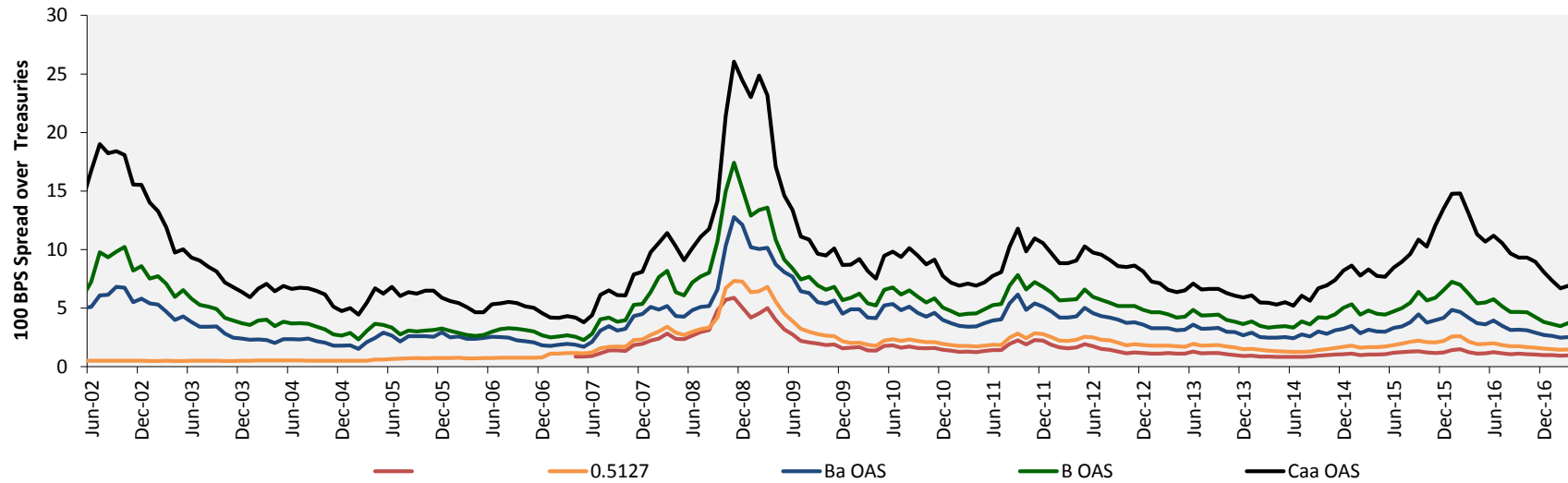
The Last Full Interest Rate Cycle 1958 - 2011
10-Yr Treasury Rate vs. Inflation (CPI)

(Annual Rates as of Jan 1 Each Year)

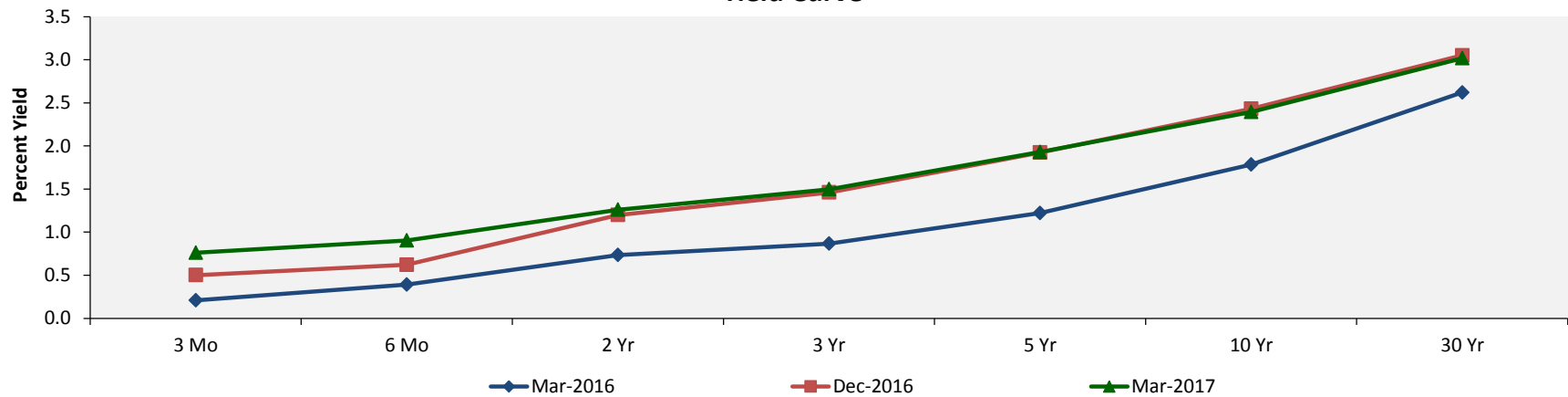


Bond Market

OAS Credit Spread



Yield Curve



Interest Rate Sensitivity

12 Month Holding Period - Annualized Returns as of 3/31/2017

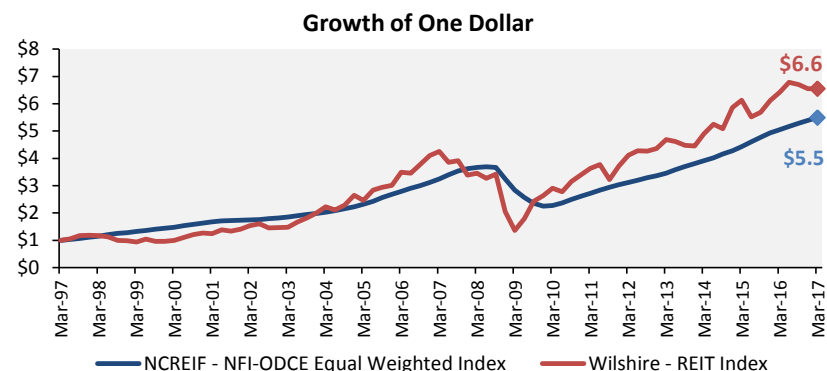
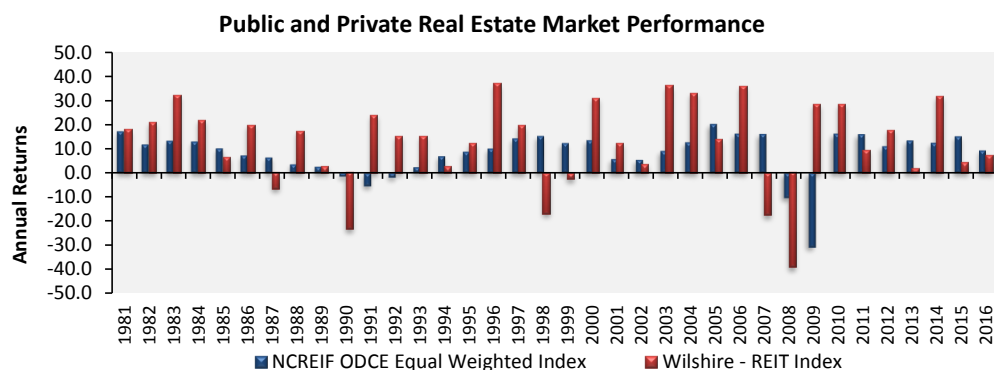
Yield Change	10 Year Treasury	Bloomberg Barclays Aggregate	Bloomberg Barclays Int Govt/Credit	ML Gov/Corp Master	ML 1-3 yr Gov/Corp	Defensive ML US HY BB/B ND	Short Duration ML US HY BB/B 1-3 yr
(bps)		US Aggregate	US Int Govt/Credit				
-150	15.55	11.81	8.19	11.97	4.35	11.12	6.35
-100	11.16	8.74	6.16	8.81	3.40	9.11	5.52
-50	6.78	5.68	4.13	5.65	2.45	7.10	4.69
-25	4.58	4.14	3.12	4.07	1.98	6.10	4.28
0	2.39	2.61	2.10	2.49	1.50	5.09	3.86
25	0.20	1.08	1.09	0.91	1.03	4.09	3.45
50	-2.00	-0.46	0.07	-0.67	0.55	3.08	3.03
100	-6.38	-3.52	-1.96	-3.83	-0.40	1.07	2.20
150	-10.77	-6.59	-3.99	-6.99	-1.35	-0.94	1.37
200	-15.15	-9.65	-6.02	-10.15	-2.30	-2.95	0.54
250	-19.54	-12.72	-8.05	-13.31	-3.25	-4.96	-0.29
300	-23.92	-15.78	-10.08	-16.47	-4.20	-6.97	-1.12
350	-28.31	-18.85	-12.11	-19.63	-5.15	-8.98	-1.95
400	-32.69	-21.91	-14.14	-22.79	-6.10	-10.99	-2.78
450	-37.08	-24.98	-16.17	-25.95	-7.05	-13.00	-3.61
500	-41.46	-28.04	-18.20	-29.11	-8.00	-15.01	-4.44
Duration	8.77	6.13	4.06	6.32	1.90	4.02	1.66

FOR ILLUSTRATIVE PURPOSES ONLY: For each index the current yield to worst as of 12/31/2016 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 12/31/2016 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

With the fuel of lower cap rates spent, total returns will depend upon Net Operating Income growth that is driven by the growth of rents. This will be one of the keys for the foreseeable future. Fortunately, the outlook for rent growth is positive. The hottest area is warehousing (Amazon effect), followed by office, retail and apartments. The vacancy rate for warehousing is 8.4%, the lowest since 2000 as reported by CBRE. However, apartment supply is weighing on the market and impacting rents. Over all property types, the occupancy rate is at a 15 year high. Rents in 2017-2018 will also be positively impacted by leases up for renewal with rents coming up to current rates. The environment is favorable for NOI growth. Forecasts of 5-6% are typical for 2017 and 2018 but can vary by manager.

Sector	Index	1Q 17	YTD	2016	2015	2014	2013	2012	1-Year	3-Year	5-Year	10-Year
US Private	NCREIF ODCE Equal Weighted	1.8	1.8	9.3	15.2	12.4	13.3	11.0	8.6	12.0	12.0	5.4
US Public	Wilshire REIT	0.0	0.0	7.2	4.2	31.8	1.9	17.6	2.0	10.2	9.8	4.4

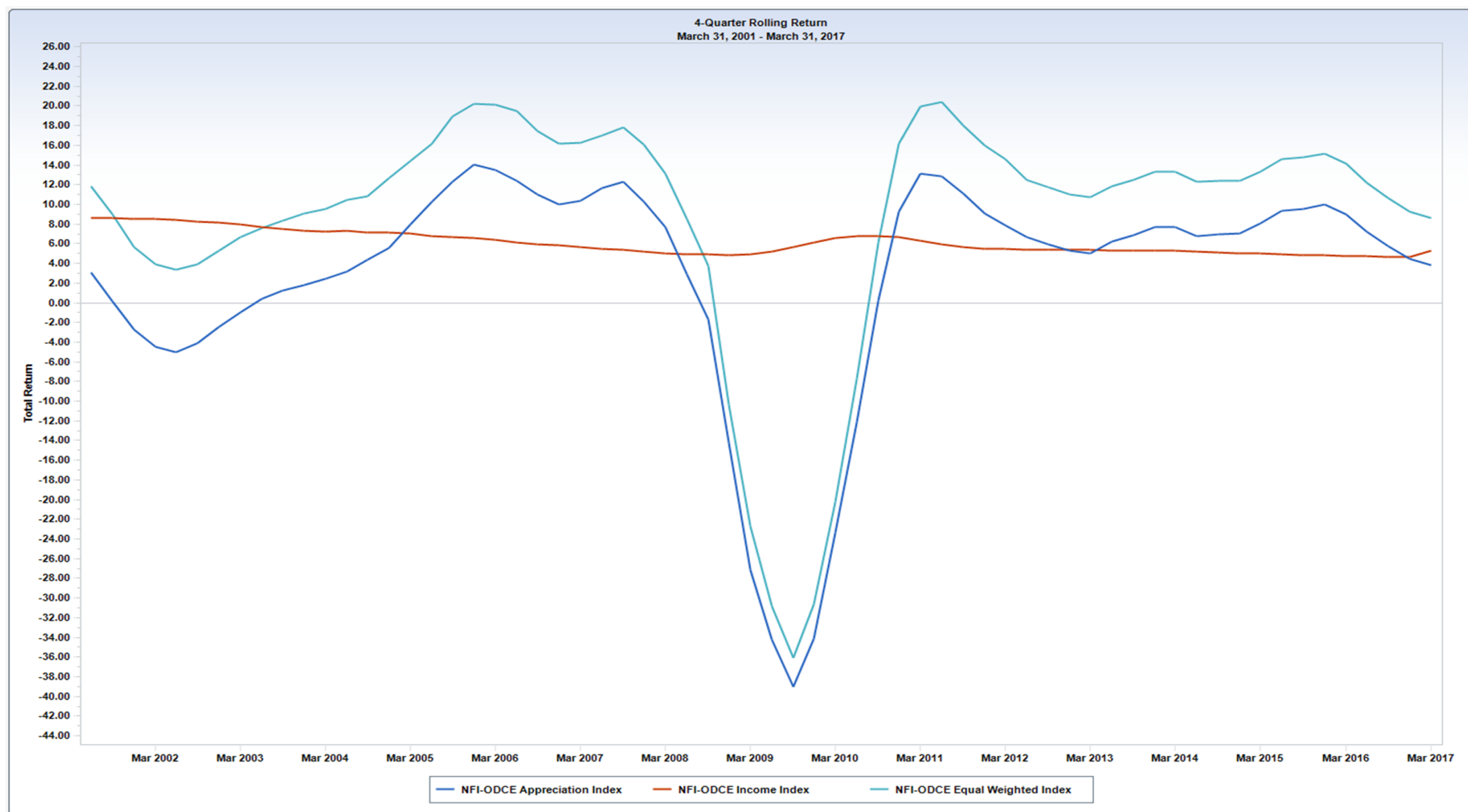


	Total return (incl. income) 2016	Total return (incl. income) 2017	Total return (incl. income) 2018	Total return (incl. income) 2016 to 2020 (per year)
National, All Property Types (NPI)	8.3	6.9	5.7	6.4
Office	7.1	6.6	5.5	5.9
Retail	9.4	7.0	5.8	6.9
Industrial	10.9	7.8	6.4	7.3
Apartment	7.6	6.7	5.6	6.1

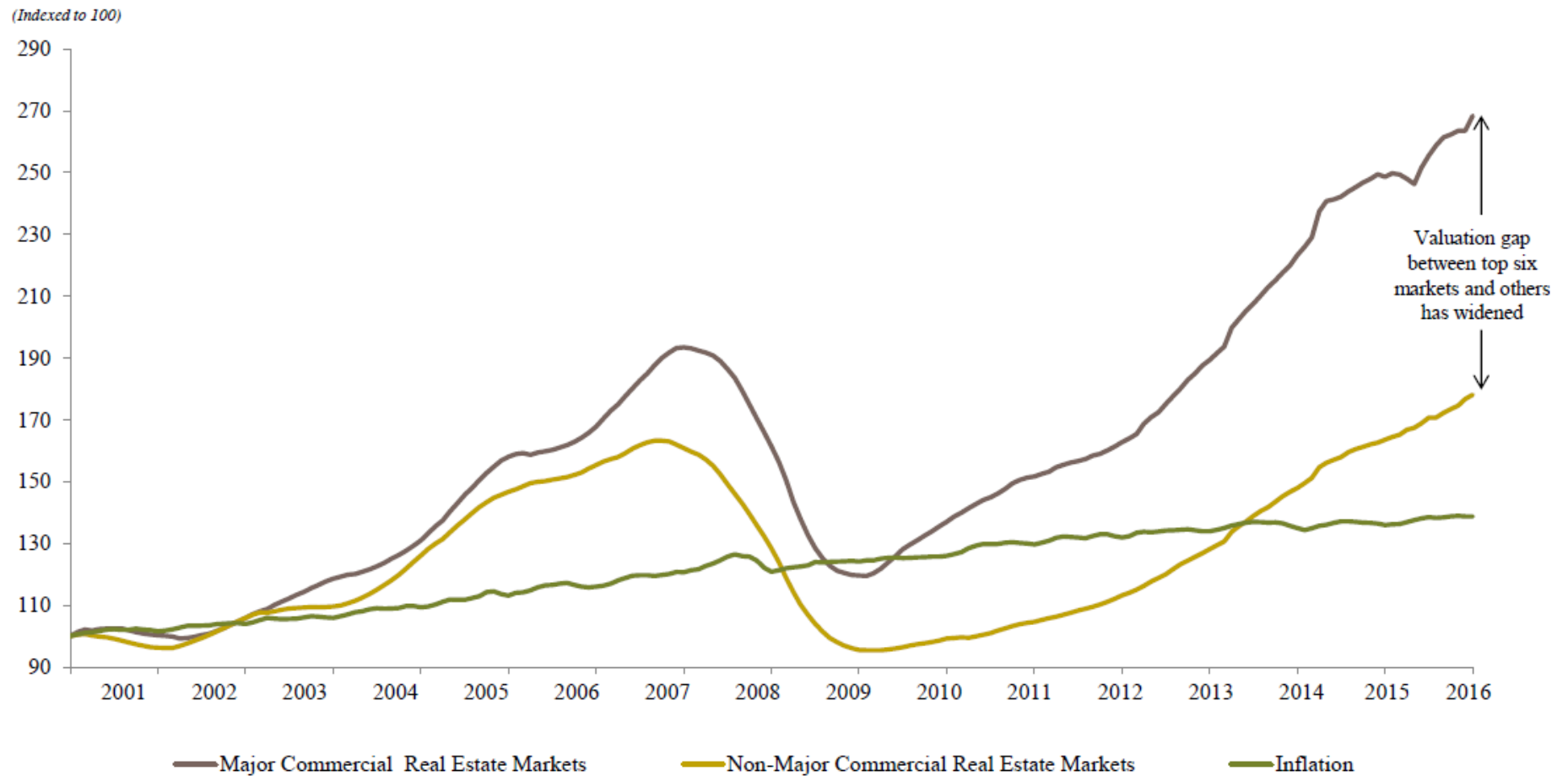
Bottom chart: Average of respondents' forecasts of the NCREIF Property Index (NPI) and sub-indices by property type. **Source:** Pension Real Estate Association Consensus Forecast Survey of the NCREIF Property Index Q4 2016.

Real Estate Market

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



Real Estate Market



Hedge Fund of Funds Market

Hedge funds are off to a relatively good start in 2017. With a strong first quarter of 2017 and the relatively poor first quarter of 2016 rolling off the past 12-month period, the return of the HFRI Fund of Funds Index for the past year stands at 6.2%, a significant increase from the 0.5% return for the 12-month period ended December 2016. The solid first quarter is not enough to move the needle on longer-term results for the index, but is another step in the right direction for an asset class that has encountered a difficult environment for success in recent years. The historically negative correlation between hedge funds and investment grade bonds appears to be adding value as interest rates began to climb in the latter half of 2016. Over the past six months ended March 2017, the Bloomberg Barclays Aggregate declined by more than 2%, while the HFRI Fund of Funds Composite rose nearly 3% over the same period. Aside from global macro, most broad hedge fund strategies yielded positive returns during the first quarter of 2017. Hedged equity strategies were the strongest performer, benefiting from rising equity markets globally (particularly in international and emerging markets) and declining stock correlations. Increasing dispersion among fixed income securities has also created opportunities for relative value fixed income managers, and the HFRI Relative Value Index rose 2.2% during the quarter. In general, hedge fund managers should continue to benefit from a rising interest rate environment, modest increases in equity volatility and lower correlations / heightened levels of dispersion between securities.

Strategy	Index	1Q 17	YTD	2016	2015	2014	2013	2012	1-Year	3-Year	5-Year	10-Year
Fund of Funds	HFRI HFOF Composite	2.3	2.3	0.5	-0.3	3.4	9.0	4.8	6.2	1.8	3.2	1.2
Equity Long-Short	HFRI Equity Hedge	3.8	3.8	5.5	-1.0	1.8	14.3	7.4	11.5	3.0	4.9	3.0
Event Driven	HFRI Event Driven	2.2	2.2	10.6	-3.6	1.1	12.5	8.9	13.8	2.6	5.2	3.9
Global Macro	HFRI Macro Index	-0.2	-0.2	1.0	-1.3	5.6	-0.4	-0.1	-0.8	1.8	0.8	2.7
Relative Value	HFRI Relative Value	2.2	2.2	7.7	-0.3	4.0	7.1	10.6	10.4	3.7	5.4	5.1

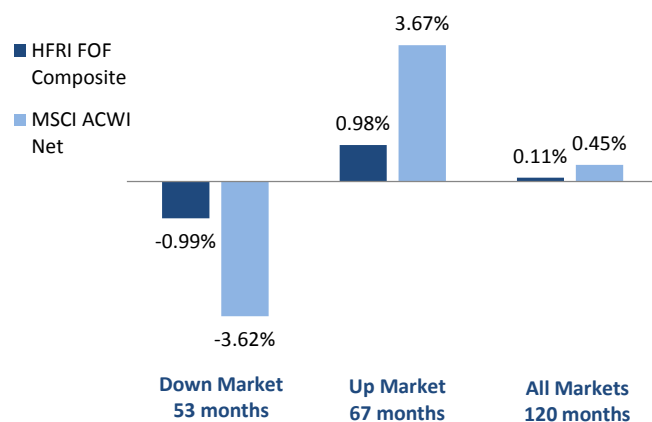
Hedge Fund Strategy Performance



Hedge Fund of Funds Market

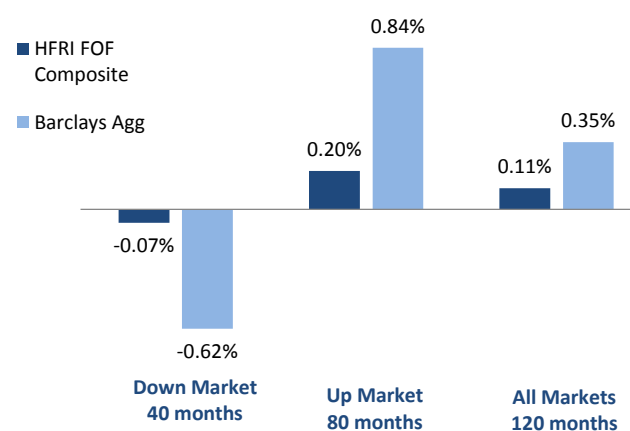
Up/Down Capture vs. Equity

Average Returns
April 2007 - March 2017



Up/Down Capture vs. Bonds

Average Returns
April 2007 - March 2017



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

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



Source: Corbin Capital Partners



Mid-Atlantic UFCW and Participating Employers Pension Fund

Master Consulting Services Report

Period Ended

March 31, 2017

Mid-Atlantic UFCW and Participating Employers Pension Fund

Master Consulting Services Report as of March 31, 2017

Summary of Cash Flows

	First Quarter	One Year	Three Years	Inception 3/31/13
Beginning Market Value	\$59,362,070	\$44,766,333	\$15,465,266	\$0
Net Cash Flow	\$3,924,010	\$14,915,770	\$42,270,119	\$56,909,066
Net Investment Change	\$2,736,524	\$6,340,501	\$8,287,219	\$9,113,538
Ending Market Value	\$66,022,604	\$66,022,604	\$66,022,604	\$66,022,604

Mid-Atlantic UFCW and Participating Employers Pension Fund

Master Consulting Services Report as of March 31, 2017

Performance Summary (Gross of Fees)

	Market Value	% of Portfolio	Ending March 31, 2017					Inception	
			2017 Q1	1 Yr	3 Yrs	5 Yrs	10 Yrs	Return	Since
Composite	\$66,022,604	100.0%	4.7%	12.9%	6.5%	--	--	5.4%	Mar-13
Total Equity	\$17,115,129	25.9%	5.8%	18.1%	--	--	--	8.8%	Nov-14
<i>CRSP US Total Market TR USD</i>			5.8%	18.1%	--	--	--	8.8%	Nov-14
Total Short Duration High Yield	\$6,755,497	10.2%	1.2%	6.7%	--	--	--	2.9%	Nov-14
<i>BofA ML - U.S. HY Cash Pay 1-3 Yr BB</i>			1.0%	7.2%	--	--	--	4.3%	Nov-14
Total Real Estate	\$6,671,886	10.1%	2.3%	6.7%	--	--	--	9.2%	Jul-15
<i>NCREIF ODCE Equal Weighted Index</i>			1.8%	8.6%	--	--	--	10.6%	Jul-15
Total GTAA	\$34,656,109	52.5%	5.6%	13.7%	6.6%	--	--	5.5%	Mar-13
<i>65% MSCI World Index/35% CitigroupWGBI</i>			4.7%	8.1%	3.3%	--	--	5.6%	Mar-13
Total Fund Cash	\$823,983	1.2%	0.1%	0.3%	0.1%	--	--	0.2%	Mar-13

Mid-Atlantic UFCW and Participating Employers Pension Fund

Master Consulting Services Report as of March 31, 2017

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Large Cap Equity	\$17,115,129	25.9%	25.0%	20.0% - 30.0%	0.9%	\$609,478
Short Duration Hi Yield Fxd Income	\$6,755,497	10.2%	10.0%	5.0% - 15.0%	0.2%	\$153,237
Real Estate	\$6,671,886	10.1%	10.0%	5.0% - 15.0%	0.1%	\$69,625
GTAA	\$34,656,109	52.5%	55.0%	50.0% - 60.0%	-2.5%	-\$1,656,323
Cash	\$823,983	1.2%	--	--	1.2%	\$823,983
Total	\$66,022,604	100.0%	100.0%			

Asset Allocation

- At the April 28, 2014 meeting, an asset allocation review was presented and discussed. The Policy Committee approved new asset allocation targets of 25% US equity, 10% short duration high yield bonds, 10% real estate, and 55% GTAA.
- On January 30, 2015, excess cash reserves of \$3.3M were transferred to First Eagle (GTAA) for investment.
- An asset allocation review was provided for the April 29, 2015 Policy Committee meeting.
- In May, 2015, excess cash reserves of \$3.1M were transferred to First Eagle (GTAA) \$1.6M (5/29) , Chartwell (SDHY) \$500,000 (5/21), and Vanguard U.S. Stock Market Index Fund (equity) \$1.0M (5/26) for investment.
- On July 1, 2015, American Realty Advisors (real estate) called \$3M of the \$6M committed. Funding sources were Vanguard (\$2M) and Chartwell (\$1M). On January 4, 2016, the remaining \$3M was called and funded. The commitment is fully funded.
- In September 2015, excess cash reserves of \$3.3M were transferred to First Eagle (GTAA) \$2.0M and Vanguard U.S. Stock Market Index Fund (equity) \$1.3M for investment.
- On February 29, 2016, excess cash reserves of \$5.9M were transferred to First Eagle (GTAA) \$3.0M, Vanguard U.S. Stock Market Index Fund (equity) \$2.0M, and Chartwell (SDHY) \$900,000 for investment.
- On June 30, 2016, excess cash reserves of \$3.8M were transferred to First Eagle (GTAA) \$2.8M (for investment on July 1, 2016) and Vanguard U.S. Stock Market Index Fund (equity) \$1.0M for investment.
- During the 3Q 2016, excess cash reserves of \$4.0M were transferred to First Eagle (GTAA) \$2.0M (for investment on September 1, 2016) and Vanguard U.S. Stock Market Index Fund (equity) \$1.0M, and Chartwell (SDHY) \$1.0M, for investment.
- During the 4Q 2016, excess cash reserves of \$3.0M were transferred to Vanguard U.S. Stock Market Index Fund (equity) \$2.0M, and Chartwell (SDHY) \$1.0M, for investment.
- At the Board of Trustees meeting on January 26, 2017, due to the positive cash flow, the Fund's GTAA allocation is slightly below the permitted range (49% vs. 50% minimum). Trustees agreed to have all new cash allocated to First Eagle (GTAA) until further notice.
- During the 1Q 2017, excess cash reserves of \$4.0M were transferred to First Eagle (GTAA).
- An asset allocation review, private equity educational materials, smid cap equity manager search, and real estate manager search will be presented at today's meeting. IPS due diligence memos on private equity and opportunistic strategy managers will be included in the meeting materials and discussed at today's meeting.

Recommendation: Due to the growth of the Fund and for additional diversification, consider other asset classes and a reduction to GTAA.

Account Information		Vanguard Index Trust Total Stk Mkt		
Account Name	Vanguard Index Trust Total Stk Mkt	Ending March 31, 2017		
Account Structure	Mutual Fund			
Investment Style	Passive	First Quarter		Inception 10/31/14
Inception Date	10/31/14			
Account Type	Equity			
Benchmark	CRSP US Total Market TR USD			
Universe	Large Cap MStar MF			
		Beginning Market Value	\$16,178,420	\$0
		Net Cash Flow	\$0	\$14,224,654
		Net Investment Change	\$936,709	\$2,890,475
		Ending Market Value	\$17,115,129	\$17,115,129

									Ending March 31, 2017										Inception	
	2017 Q1	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	2016	Rank	2015	Rank	2014	Rank	2013	Rank	2012	Rank	Return	Since
Vanguard Index Trust Total Stk Mkt	5.8%	50	18.1%	29	--	--	--	--	12.7%	31	0.5%	45	--	--	--	--	--	--	8.8%	Oct-14
CRSP US Total Market TR USD	5.8%	51	18.1%	28	9.7%	27	13.1%	21	12.7%	31	0.4%	46	12.6%	32	33.6%	41	16.2%	39	8.8%	Oct-14

Note: Returns are gross of fees.

Mid-Atlantic UFCW Unions and Participating Employers Pension Fund - Vanguard Total US Stock Market Index

Correspondence Summary

- On October 31, 2014, manager received \$5.4M from PIMCO All Asset Fund. In November 2014, manager received an additional \$2.45M from the cash account.
- On May 26, 2015, manager received \$1.0M from cash reserves.
- On July 1, 2015, \$2M was transferred to American Realty Advisors (real estate) to partially fund a capital call.
- On September 24, 2015, manager received \$1.3M from cash reserves.
- On February 29, 2016, manager received \$2.0M from cash reserves.
- On June 30, 2016, manager received \$1.0M from cash reserves.
- On August 1, 2016, manager received \$1.0M from cash reserves.
- On November 30, 2016, manager received \$2.0M from cash reserves.

Manager Summary

Recommendation: None.

Compliance Summary

This is an index investment in a mutual fund; the manager will not sign the quarterly compliance questionnaires.

Account Information		Chartwell Short Duration High Yld		
Account Name	Chartwell Short Duration High Yld	Ending March 31, 2017		
Account Structure	Separate Account			
Investment Style	Active	First Quarter		Inception 10/31/14
Inception Date	10/31/14			
Account Type	US Fixed Income High Yield	Beginning Market Value	\$6,675,760	\$0
Benchmark	BofA ML - U.S. HY Cash Pay 1-3 Yr BB	Net Cash Flow	\$0	\$6,383,867
Universe		Net Investment Change	\$79,737	\$371,630
		Ending Market Value	\$6,755,497	\$6,755,497

						Ending March 31, 2017					Inception	
	2017 Q1	1 Yr	3 Yrs	5 Yrs		2016	2015	2014	2013	2012	Return	Since
Chartwell Short Duration High Yld	1.2%	6.7%	--	--		6.7%	-0.3%	--	--	--	2.9%	Oct-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB	1.0%	7.2%	3.8%	4.9%		8.5%	1.2%	1.9%	5.5%	10.2%	4.3%	Oct-14
BBgBarc 1-3 Yr BB U.S. Constrained Index	1.3%	7.3%	3.9%	4.3%		8.8%	1.1%	1.5%	4.3%	8.0%	4.5%	Oct-14

Note: Returns are gross of fees.

Mid-Atlantic UFCW Unions and Participating Employers Pension Fund - Chartwell Short Duration High Yield

Correspondence Summary

- On October 21, 2014, \$2.2M was received from cash reserves. On November 7, 2014, manager received \$1.8M from PIMCO All Asset Fund.
- On May 21, 2015, manager received \$500,000 from cash reserves.
- On July 1, 2015, \$1M was transferred to American Realty Advisors (real estate) to partially fund a capital call.
- On February 29, 2016, manager received \$900,000 from cash reserves.
- On August 31, 2016, manager received \$1.0M from cash reserves.
- On November 30, manager received \$1.0M from cash reserves.

Manager Summary

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

Recommendation: None.

Compliance Summary

Exceptions: None.

Action to be taken: None.

Items of Interest: Retirement - During the first quarter of 2017, Robert Mory, Southeast Regional Director, retired. **Personnel Departure** - Albert Stewart, Southwest Regional Director, left to pursue another career opportunity within TriState Capital Bank, the manager's parent company. **Form ADV Changes** - The manager stated there were no material changes other than the removal of an affiliate advisor disclosure for Edward Antoian and Zeke Capital Advisors with whom we no longer share office space nor have any contractual affiliation. Since the affiliate broker-dealer, Chartwell TSC Securities Corp. commenced operations in March 2017, the manager added related disclosure in ADV 2A, Item 10, page 11.

Account Information		American Core Realty Fund		
Account Name	American Core Realty Fund	Ending March 31, 2017		
Account Structure	Commingled Fund			
Investment Style	Active	First Quarter		Inception 7/1/15
Inception Date	7/01/15			
Account Type	Real Estate	Beginning Market Value	\$6,541,933	\$0
Benchmark	NCREIF ODCE Equal Weighted Index	Net Cash Flow	\$0	\$6,000,000
Universe		Net Investment Change	\$129,953	\$671,886
		Ending Market Value	\$6,671,886	\$6,671,886

						Ending March 31, 2017					Inception	
	2017 Q1	1 Yr	3 Yrs	5 Yrs		2016	2015	2014	2013	2012	Return	Since
American Core Realty Fund	2.3%	6.7%	--	--		7.1%	--	--	--	--	9.2%	Jul-15
NCREIF ODCE Equal Weighted Index	1.8%	8.6%	12.0%	12.0%		9.3%	15.2%	12.4%	13.3%	11.0%	10.6%	Jul-15

Note: Returns are gross of fees.

Mid-Atlantic UFCW Unions and Participating Employers Pension Fund - American Core Realty Fund

Correspondence Summary

- Total commitment is \$6M. On July 1, 2015, manager was funded with \$3M. Funding sources were Vanguard (\$2M) and Chartwell (\$1M). On January 4, 2016, the remaining \$3M was called and funded from cash reserves. The commitment is fully funded.

Manager Summary

- On September 25, 2014, American Realty Advisors (ARA) contacted investors in the American Core Realty Fund ("ACRF") regarding a potential change to the Fund's structure. ARA proposed a change in the Fund's structure from a Delaware Limited Liability Company (LLC) to a Delaware Limited Partnership (LP). ARA stated that this conversion will not affect the rights of any of the existing investors in ACRF, and no changes to the management or performance of the fund are anticipated. A sufficient number of the Fund's Members (66.7%) approved these changes during the fourth quarter of 2014. Effective January 1, 2015, the Core Fund was converted to a limited partnership named American Core Realty Fund, LP, and ACRF Management, LLC, a wholly-owned subsidiary of American, became the Core Fund's General Partner.
- IPS conducted due diligence meetings with American Realty Advisors on October 20, 2015 and July 27, 2016.

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		First Eagle Global Value Fund		
Account Name	First Eagle Global Value Fund	Ending March 31, 2017		
Account Structure	Commingled Fund			
Investment Style	Active	First Quarter		Inception 7/31/14
Inception Date	7/31/14			
Account Type	Other			
Benchmark	65% MSCI World Index/35% CitigroupWGBI			
Universe				
		Beginning Market Value	\$29,066,641	\$0
		Net Cash Flow	\$4,000,000	\$30,800,000
		Net Investment Change	\$1,589,468	\$3,856,109
		Ending Market Value	\$34,656,109	\$34,656,109

						Ending March 31, 2017					Inception	
	2017 Q1	1 Yr	3 Yrs	5 Yrs		2016	2015	2014	2013	2012	Return	Since
First Eagle Global Value Fund	5.6%	13.7%	--	--		11.4%	0.2%	--	--	--	5.9%	Jul-14
65% MSCI World Index/35% CitigroupWGBI	4.7%	8.1%	3.3%	5.9%		5.6%	-1.6%	3.1%	15.1%	10.9%	2.7%	Jul-14

Note: Returns are gross of fees.

Mid-Atlantic UFCW Unions and Participating Employers Pension Fund - First Eagle Global Value Fund

Correspondence Summary

- On July 31, 2014, \$8.5M was received from PIMCO All Asset Fund.
- On October 31, 2014, \$3.6M was received from PIMCO All Asset Fund.
- On January 30, 2015, \$3.3M was received from cash reserves.
- On May 29, 2015, manager received \$1.6M from cash reserves.
- On September 30, 2015, manager received \$2.0M from cash reserves for investment on October 1, 2015.
- On February 29, 2016, manager received \$3,000,000 from cash reserves.
- On June 30, 2016, manager received \$2,800,000 from cash reserves for investment on July 1, 2016.
- On August 31, 2016, manager received \$2,000,000 from cash reserves for investment on September 1, 2016.
- On February 28, 2017, manager received \$4,000,000 from cash reserves for investment on March 1, 2017.

Manager Summary

- IPS conducted due diligence meetings with First Eagle on December 21, 2016, April 13, 2017, and May 11, 2017.
- On January 12, 2016, First Eagle Investment Management, LLC contacted investors regarding a subpoena from the Employee Benefits Security Administration (EBSA), U.S. Department of Labor (DOL). According to the manager, the requests in the subpoena are broad in nature and the EBSA indicated, "this inquiry should not be construed as an indication that any violations of law have occurred or as a reflection upon any person involved in the matter."
- IPS reviewed the notice and has communicated with the manager. IPS will continue to monitor the situation and receive updates from the manager.
- On March 23, 2017, manager notified IPS the EBSA has completed their inquiry of First Eagle and there is no further action.

Recommendation: None.

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Mid-Atlantic UFCW Unions and Participating Employers Pension Fund - First Eagle Global Value Fund (cont.)

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 guidelines and/or offering document governing the management of the investment. With respect to the portfolio(s) under management, manager acknowledges sole fiduciary responsibility under ERISA for adherence with the commingled investment vehicle and /or offering document guidelines.

Items of Interest: Personnel Additions - Manager stated in January 2017, David P. O'Connor joined the Firm as General Counsel and Head of Legal and Compliance, Jim Barling joined the Firm as Deputy Chief Compliance Officer, and David Wang joined the Global Value team as a research analyst. **Legal** - Manager stated FEIM and its affiliates are subject to periodic examinations and investigations by various regulatory authorities. In December 2015, and subsequently in December 2016, the Employee Benefits Security Administration of the Department of Labor required FEIM to provide documents and records relating to a broad range of requests. The DOL closed their investigation in March 2017 and informed the Firm that no action will be taken. As previously noted, a shareholder suit has been filed against FEIM alleging that the investment advisory fees charged breached its fiduciary duty to the First Eagle Global Fund and the First Eagle Overseas Fund. FEIM believes the case to be absolutely without merit; that the allegations are factually incorrect; and is contesting the suit strongly. FEIM and certain private funds it managed were listed among the 32,000+ former shareholder defendants in lawsuits related to the Tribune Company's LBO in 2007, and subsequent bankruptcy. They believe virtually all persons who were shareholders of the Tribune Company in 2007 and tendered or exchanged shares of Tribune stock were initially named as defendants.

Account Information		Cash		
Account Name	Cash	Ending March 31, 2017		
Account Structure	Separate Account			
Investment Style	Active	First Quarter		Inception 3/31/13
Inception Date	3/31/13			
Account Type	Cash	Beginning Market Value	\$899,317	\$0
Benchmark		Net Cash Flow	-\$75,990	\$820,209
Universe		Net Investment Change	\$656	\$3,774
		Ending Market Value	\$823,983	\$823,983

Custody Bank

- PNC Bank.

Investment Policy Statement

- Investment policy statement was adopted in August 2014.

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.



Mid-Atlantic UFCW and Participating Employers Pension Fund

Appendix

Mid-Atlantic UFCW and Participating Employers Pension Fund

Master Consulting Services Report as of March 31, 2017

Performance Summary (Gross of Fees) - Annualized

	Market Value	% of Portfolio	Ending March 31, 2017					Inception	
			2017 Q1	1 Yr	3 Yrs	5 Yrs	10 Yrs	Return	Since
Composite	\$66,022,604	100.0%	4.7%	12.9%	6.5%	--	--	5.4%	Mar-13
Total Equity	\$17,115,129	25.9%	5.8%	18.1%	--	--	--	8.8%	Nov-14
CRSP US Total Market TR USD			5.8%	18.1%	--	--	--	8.8%	Nov-14
Vanguard Index Trust Total Stk Mkt	\$17,115,129	25.9%	5.8%	18.1%	--	--	--	8.8%	Oct-14
CRSP US Total Market TR USD			5.8%	18.1%	--	--	--	8.8%	Oct-14
Total Short Duration High Yield	\$6,755,497	10.2%	1.2%	6.7%	--	--	--	2.9%	Nov-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			1.0%	7.2%	--	--	--	4.3%	Nov-14
Chartwell Short Duration High Yld	\$6,755,497	10.2%	1.2%	6.7%	--	--	--	2.9%	Oct-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			1.0%	7.2%	--	--	--	4.3%	Oct-14
BBgBarc 1-3 Yr BB U.S. Constrained Index			1.3%	7.3%	--	--	--	4.5%	Oct-14
Total Real Estate	\$6,671,886	10.1%	2.3%	6.7%	--	--	--	9.2%	Jul-15
NCREIF ODCE Equal Weighted Index			1.8%	8.6%	--	--	--	10.6%	Jul-15
American Core Realty Fund	\$6,671,886	10.1%	2.3%	6.7%	--	--	--	9.2%	Jul-15
NCREIF ODCE Equal Weighted Index			1.8%	8.6%	--	--	--	10.6%	Jul-15
Total GTAA	\$34,656,109	52.5%	5.6%	13.7%	6.6%	--	--	5.5%	Mar-13
65% MSCI World Index/35% CitigroupWGBI			4.7%	8.1%	3.3%	--	--	5.6%	Mar-13
First Eagle Global Value Fund	\$34,656,109	52.5%	5.6%	13.7%	--	--	--	5.9%	Jul-14
65% MSCI World Index/35% CitigroupWGBI			4.7%	8.1%	--	--	--	2.7%	Jul-14
Total Fund Cash	\$823,983	1.2%	0.1%	0.3%	0.1%	--	--	0.2%	Mar-13
Cash	\$823,983	1.2%	0.1%	0.3%	0.1%	--	--	0.2%	Mar-13

Mid-Atlantic UFCW and Participating Employers Pension Fund

Master Consulting Services Report as of March 31, 2017

Performance Summary (Net of Fees) - Annualized

	Market Value	% of Portfolio	Ending March 31, 2017					Inception	
			2017 Q1	1 Yr	3 Yrs	5 Yrs	10 Yrs	Return	Since
Composite	\$66,022,604	100.0%	4.5%	12.1%	5.9%	--	--	4.9%	Mar-13
Total Equity	\$17,115,129	25.9%	5.8%	17.9%	--	--	--	8.7%	Nov-14
CRSP US Total Market TR USD			5.8%	18.1%	--	--	--	8.8%	Nov-14
Vanguard Index Trust Total Stk Mkt	\$17,115,129	25.9%	5.8%	17.9%	--	--	--	8.7%	Oct-14
CRSP US Total Market TR USD			5.8%	18.1%	--	--	--	8.8%	Oct-14
Total Short Duration High Yield	\$6,755,497	10.2%	1.1%	6.2%	--	--	--	2.4%	Nov-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			1.0%	7.2%	--	--	--	4.3%	Nov-14
Chartwell Short Duration High Yld	\$6,755,497	10.2%	1.1%	6.2%	--	--	--	2.4%	Oct-14
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			1.0%	7.2%	--	--	--	4.3%	Oct-14
BBgBarc 1-3 Yr BB U.S. Constrained Index			1.3%	7.3%	--	--	--	4.5%	Oct-14
Total Real Estate	\$6,671,886	10.1%	2.0%	5.5%	--	--	--	8.0%	Jul-15
NCREIF ODCE Equal Weighted Index			1.8%	8.6%	--	--	--	10.6%	Jul-15
American Core Realty Fund	\$6,671,886	10.1%	2.0%	5.5%	--	--	--	8.0%	Jul-15
NCREIF ODCE Equal Weighted Index			1.8%	8.6%	--	--	--	10.6%	Jul-15
Total GTAA	\$34,656,109	52.5%	5.3%	12.7%	5.8%	--	--	4.9%	Mar-13
65% MSCI World Index/35% CitigroupWGBI			4.7%	8.1%	3.3%	--	--	5.6%	Mar-13
First Eagle Global Value Fund	\$34,656,109	52.5%	5.3%	12.7%	--	--	--	5.0%	Jul-14
65% MSCI World Index/35% CitigroupWGBI			4.7%	8.1%	--	--	--	2.7%	Jul-14
Total Fund Cash	\$823,983	1.2%	0.1%	0.3%	0.1%	--	--	0.2%	Mar-13
Cash	\$823,983	1.2%	0.1%	0.3%	0.1%	--	--	0.2%	Mar-13

Footnotes

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

Index Disclosure

- Barclays 1-3 Yr BB U.S. Constrained Index is listed for illustrative purposes only.

ERISA Pension Investment Conference

April 19 – 22, 2016

- 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
Earnest Partners
Eaton Vance Management
EnTrust Capital
Evanston Capital Management
Federated Investors
First Eagle Investment Mgmt.
Foundry Partners

Fred Alger Management
Great Lakes Advisors
Grosvenor Capital Management
Hamilton Lane Advisors
HGK Asset Management
Intercontinental Real Estate Corp.
Invesco
Janus Capital
Johnston Asset Management
JP Morgan Asset Management
Kearney Capital Management
Loomis, Sayles & Company
Lord Abbett
LSV Asset Management
MacKay Shields
MEPT/Bentall Kennedy
National Investment Services
Nikko Asset Management
Nuveen Asset Management

Patriot Financial Partners
PENN Capital Management
PIMCO
Post Advisory Group
Principal Global Investors
Rainier Investment Management
Rothschild Asset Management
Ryan Labs Asset Management
Segall Bryant & Hamill
Sierra Investment Partners
The Bank of New York Mellon
The Boston Company
The Yucaipa Companies
Ullico Investment Company
Victory Capital Mgmt.
Washington Capital Management
WEDGE Capital Management
Westfield Capital Management
William Blair & Company



**ASSET ALLOCATION
AND FUND STRUCTURE REVIEW**

**Mid-Atlantic UFCW and Participating Employers
Pension Fund**

May 31, 2017

INVESTMENT PERFORMANCE SERVICES, LLC

Richard Sichel, Jr. – President

10 – 20 Years Annualized Expectations

Equity Asset Class	Return	Risk
U.S. Large Cap	7.25%	16.00
U.S. Mid Cap	7.50%	18.00
U.S. Smid Cap	7.50%	21.00
U.S. Small Cap	7.75%	24.00
International Large Cap	7.75%	18.00
International Small Cap	8.25%	22.00
Emerging Markets	9.75%	25.00
Global Equity	7.50%	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
Opportunistic 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 Hedge Fund of Funds	8.00%	8.50
Long Short Equity Hedge Fund of Funds	6.00%	10.00
Global Tactical Asset Allocation	7.00%	12.50
Core Real Estate	7.75%	7.50
Value -Add Real Estate	9.00%	9.50
REITS	7.75%	21.00
Private Equity FOF	10.00%	16.00
Private Equity Secondaries	10.00%	14.00
Infrastructure	7.00%	13.50
Risk Parity	6.50%	16.00
Commodities	3.75%	18.50

- IPS Investment Committee Jan 2017.
- 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.

Investment Performance Services, LLC

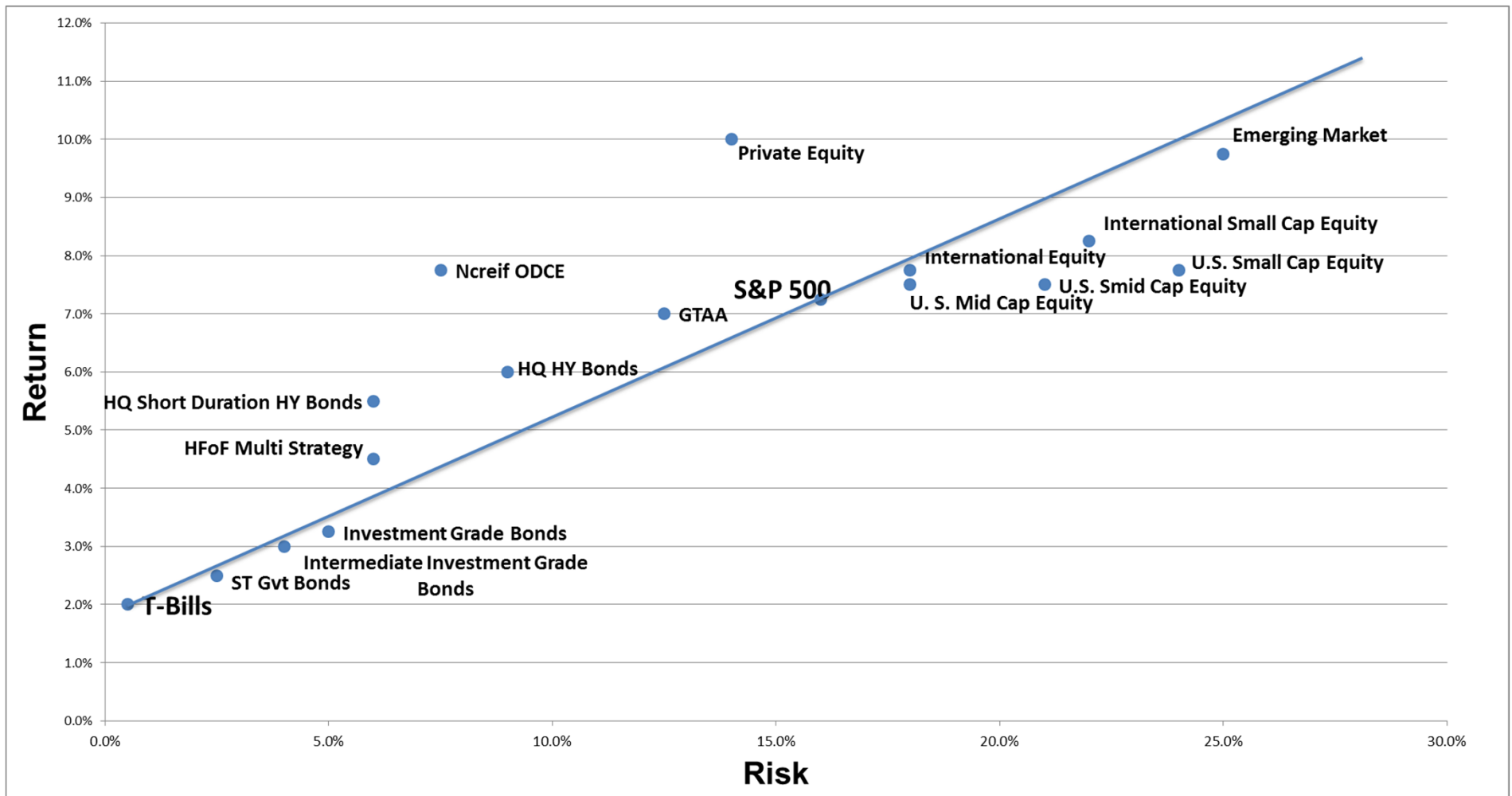
Model Asset Class Constraints

Total Domestic Equity	60% Max
Domestic Large Cap Equity	25% Min
Small, Mid and Smid Cap Equity	20% Max
International Equity Large Cap	15% Max
International Small Cap Equity	5% Max
Fixed Investment Grade (Includes Short Term & Intermediate)	10% Min
High Quality High Yield Bonds (Includes Short Duration)	20% Max
Real Estate - Core	15% Max
Real Estate – Value Add	5% Max
Hedge Fund of Funds – Multi Strategy	10% Max
Opportunistic	5% Max
Global Tactical Asset Allocation	15% Max
Private Equity Secondaries	2.5% 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 2016 Capital Market Assumptions



Investment Performance Services, LLC

Asset Class Correlations

Assumption table:

	Large Stocks	Mid Stocks	Smid Stocks	Small Stocks	REIT	Intern'l	Global Stocks	Emerg	Intern'l Small	T-BILL	ST Govt/Credit	Interm Inv Grd	Core Inv Grd	SD HY	HY	Mult Fx Inc	SD Global Bnd	RE	VA	PE	HFoF Multi	Opp	HFoF LS	GTAA	Risk Parity	Comm	Infra
Return	7.25	7.50	7.50	7.75	7.75	7.75	7.50	9.75	8.25	2.00	2.50	3.00	3.25	5.50	6.00	4.50	3.50	7.75	9.00	10.00	4.50	8.00	6.00	7.00	6.50	3.75	7.00
Risk	16.00	18.00	21.00	24.00	21.00	18.00	17.50	25.00	22.00	0.50	2.50	4.00	5.00	6.00	9.00	6.00	5.50	7.50	9.50	14.00	6.00	8.50	10.00	12.50	16.00	18.50	13.50
Correlations																											
Large Stocks	1.00																										
Mid Stocks	0.94	1.00																									
Smid Stocks	0.93	0.96	1.00																								
Small Stocks	0.91	0.94	0.97	1.00																							
REITS	0.73	0.77	0.76	0.74	1.00																						
International Stocks	0.88	0.87	0.82	0.78	0.66	1.00																					
Global Stocks	0.94	0.93	0.90	0.86	0.71	0.96	1.00																				
Emerging Markets	0.77	0.79	0.74	0.70	0.58	0.87	0.89	1.00																			
International Small Cap Stocks	0.83	0.84	0.81	0.76	0.63	0.94	0.93	0.86	1.00																		
T-Bill	-0.16	-0.17	-0.16	-0.15	-0.12	-0.12	-0.13	-0.06	-0.18	1.00																	
Short Term Govt/Credit	-0.08	-0.07	-0.11	-0.14	0.04	0.07	0.01	0.12	0.06	0.42	1.00																
Intermediate Investment Grade	0.03	0.05	-0.01	-0.05	0.25	0.15	0.11	0.20	0.15	0.12	0.78	1.00															
Core Investment Grade	0.02	0.03	-0.02	-0.07	0.26	0.13	0.09	0.18	0.13	0.07	0.71	0.96	1.00														
Short Duration HQ High Yield	0.60	0.67	0.62	0.55	0.55	0.65	0.66	0.67	0.69	-0.16	0.20	0.32	0.29	1.00													
High Quality High Yield	0.68	0.74	0.70	0.65	0.67	0.73	0.74	0.72	0.73	-0.17	0.10	0.27	0.25	0.92	1.00												
Multi Strategy Fixed Income	0.29	0.27	0.22	0.18	0.36	0.46	0.41	0.47	0.46	0.11	0.66	0.75	0.73	0.35	0.35	1.00											
Short Duration Global Bonds	0.32	0.31	0.26	0.22	0.39	0.50	0.45	0.51	0.50	0.10	0.65	0.74	0.72	0.39	0.40	0.98	1.00										
Core Real Estate	0.12	0.09	0.08	0.09	0.11	0.05	0.07	-0.03	0.02	0.09	-0.24	-0.16	-0.13	-0.16	-0.08	-0.08	-0.08	1.00									
Value-Added Real Estate	0.14	0.10	0.10	0.11	0.13	0.07	0.08	-0.02	0.03	0.09	-0.23	-0.15	-0.12	-0.17	-0.08	-0.07	-0.07	0.98	1.00								
Private Equity	0.91	0.94	0.97	0.98	0.74	0.78	0.86	0.70	0.76	-0.15	-0.14	-0.05	-0.07	0.55	0.65	0.18	0.22	0.09	0.11	1.00							
Multi Strategy HFoF	0.71	0.74	0.68	0.63	0.39	0.77	0.78	0.75	0.80	-0.11	-0.06	-0.01	-0.03	0.62	0.65	0.18	0.22	0.12	0.13	0.63	1.00						
Opportunistic	0.72	0.78	0.74	0.69	0.71	0.76	0.78	0.75	0.76	-0.19	0.09	0.25	0.23	0.90	0.97	0.36	0.40	-0.10	-0.10	0.69	0.65	1.00					
Long/Short Equity HFOF	0.86	0.89	0.86	0.81	0.56	0.89	0.92	0.89	0.90	-0.14	-0.03	0.00	-0.03	0.69	0.73	0.28	0.32	0.03	0.04	0.81	0.91	0.76	1.00				
GTAA	0.92	0.89	0.86	0.81	0.72	0.95	0.96	0.86	0.92	-0.09	0.14	0.24	0.22	0.64	0.71	0.56	0.60	0.07	0.08	0.81	0.72	0.75	0.87	1.00			
Risk Parity	0.55	0.52	0.47	0.43	0.53	0.69	0.66	0.67	0.67	0.07	0.52	0.61	0.59	0.45	0.48	0.94	0.94	-0.02	0.00	0.43	0.38	0.50	0.52	0.78	1.00		
Commodities	0.49	0.51	0.47	0.42	0.31	0.58	0.59	0.65	0.58	0.04	0.16	0.11	0.07	0.49	0.50	0.42	0.45	0.12	0.13	0.42	0.60	0.51	0.65	0.60	0.53	1.00	

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

Investment Performance Services, LLC

Asset Allocation Review

Efficient Frontier Report										
Asset	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9	Portfolio 10
Large Cap Stocks	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	40.00
Mid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Smid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Small Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.78	4.61	8.41	12.60	20.00
International Stocks	0.00	0.00	0.00	0.00	1.22	13.36	15.00	15.00	15.00	15.00
International Small Cap Stocks	0.00	0.00	0.00	0.37	5.00	5.00	5.00	5.00	5.00	5.00
T-Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short Term Gov't Credit	1.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intermediate Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Core Bonds	26.29	22.67	17.29	12.13	10.00	10.00	10.00	10.00	10.00	10.00
Short Duration High Yield Bonds	20.00	20.00	20.00	20.00	20.00	18.36	12.89	6.20	0.00	0.00
High Yield Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Multi Strategy HFoF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Opportunistic	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	2.50
GTAA	0.00	4.83	10.21	15.00	11.28	0.00	0.00	2.89	4.90	0.00
Real Estate	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	0.00
Value Add	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
PE	2.33	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Return	6.33	6.53	6.73	6.93	7.11	7.29	7.44	7.59	7.73	7.60
Risk	6.00	6.53	7.10	7.68	8.33	9.13	9.99	10.89	11.81	14.90
Return/Risk	1.05	1.00	0.95	0.90	0.85	0.80	0.75	0.70	0.66	0.51

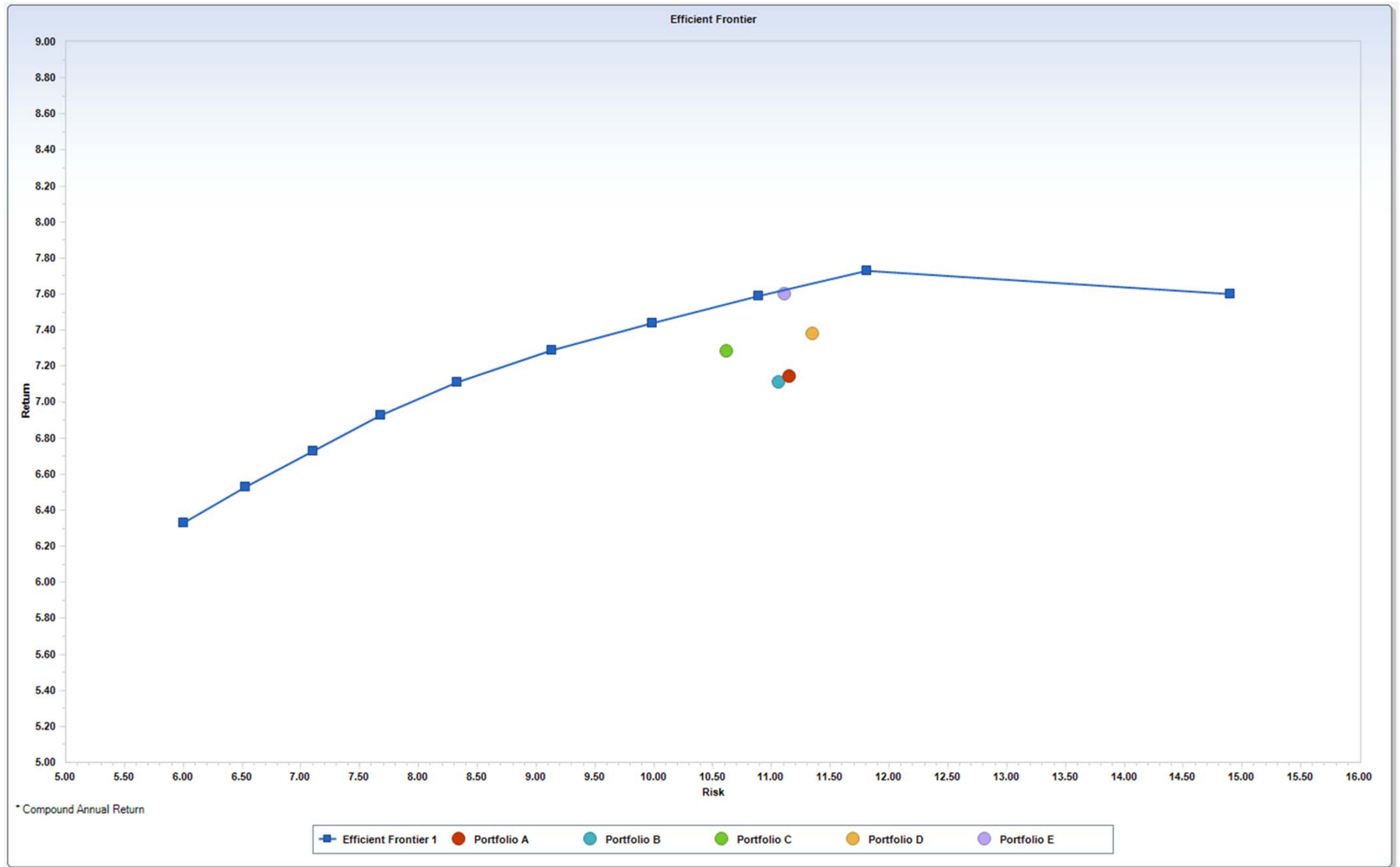
* Compound annual return.

* Returns based on a geometric calculation.

	% Asset Class Target															
	US LC Equity	Smid Cap Equity	Internat'l Eq	Fixed Income Int	SD HY	High Yield	Real Estate	Value Add RE	Hedge FOF	Opp	PE	GTAA	Cash	Expected Return	Risk	Comments
Mid-Atlantic UFCW and Participating Employers Pension Fund - A	25.0	0.0	0.0	0.0	10.0	0.0	10.0	0.0	0.0	0.0	0.0	55.0	0.0	7.14%	11.15	Investment Policy Targets
Actual - B	26.2	0.0	0.0	0.0	10.3	0.0	10.1	0.0	0.0	0.0	0.0	52.6	0.7	7.11%	11.06	Actual April 30, 2017 allocation
Scenario 1 - C	25.0	0.0	0.0	0.0	10.0	0.0	10.0	5.0	0.0	0.0	0.0	50.0	0.0	7.28%	10.62	Add value add real estate; reduce GTAA
Scenario 2 - D	25.0	10.0	0.0	0.0	10.0	0.0	10.0	5.0	0.0	0.0	0.0	40.0	0.0	7.38%	11.35	Add smid and value add real estate; reduce GTAA
Scenario 3 - E	25.0	10.0	0.0	0.0	10.0	0.0	10.0	5.0	0.0	5.0	5.0	30.0	0.0	7.60%	11.11	Add smid, value add real estate, private equity and opportunistic; reduce GTAA

Scenarios are shown for illustrative purposes.
The Fund's assumption rate as determined by the plan actuary is 8.00%.

Mid-Atlantic UFCW and Participating Employers Pension 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

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Mid-Atlantic UFCW and Participating Employers Pension Fund

Preliminary Monthly Performance Analysis

Period Ending

April 30, 2017

Mid-Atlantic UFCW and Participating Employers Pension Fund

Preliminary Monthly Performance Analysis as of April 30, 2017

Summary of Cash Flows

	Last Month	Year-To-Date
Beginning Market Value	\$66,022,604	\$59,362,070
Net Cash Flow	-\$330,627	\$3,593,382
Net Investment Change	\$306,285	\$3,042,808
Ending Market Value	\$65,998,261	\$65,998,261

Mid-Atlantic UFCW and Participating Employers Pension Fund

Preliminary Monthly Performance Analysis as of April 30, 2017

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Large Cap Equity	\$17,294,770	26.2%	25.0%	20.0% - 30.0%	1.2%	\$795,205
Short Duration Hi Yield Fxd Income	\$6,811,822	10.3%	10.0%	5.0% - 15.0%	0.3%	\$211,996
Real Estate	\$6,671,886	10.1%	10.0%	5.0% - 15.0%	0.1%	\$72,060
GTAA	\$34,726,173	52.6%	55.0%	50.0% - 60.0%	-2.4%	-\$1,572,870
Cash	\$493,610	0.7%	--	--	0.7%	\$493,610
Total	\$65,998,261	100.0%	100.0%			

Mid-Atlantic UFCW and Participating Employers Pension Fund

Preliminary Monthly Performance Analysis as of April 30, 2017

Gross of Fees

	Ending April 30, 2017			
	Market Value	% of Portfolio	1 Mo	YTD
Composite	\$65,998,261	100.0%	0.5%	5.2%
Total Equity	\$17,294,770	26.2%	1.1%	6.9%
CRSP US Total Market TR USD			1.1%	6.9%
Vanguard Index Trust Total Stk Mkt	\$17,294,770	26.2%	1.1%	6.9%
CRSP US Total Market TR USD			1.1%	6.9%
Total Short Duration High Yield	\$6,811,822	10.3%	0.8%	2.0%
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.7%	1.7%
Chartwell Short Duration High Yld	\$6,811,822	10.3%	0.8%	2.0%
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.7%	1.7%
BBgBarc 1-3 Yr BB U.S. Constrained Index			0.6%	1.9%
Total Real Estate	\$6,671,886	10.1%		
American Core Realty Fund	\$6,671,886	10.1%		
Total GTAA	\$34,726,173	52.6%	0.3%	5.8%
65% MSCI World Index/35% CitigroupWGBI			1.4%	6.2%
First Eagle Global Value Fund	\$34,726,173	52.6%	0.3%	5.8%
65% MSCI World Index/35% CitigroupWGBI			1.4%	6.2%
Total Fund Cash	\$493,610	0.7%	0.0%	0.1%
Cash	\$493,610	0.7%	0.0%	0.1%

Mid-Atlantic UFCW and Participating Employers Pension Fund

Preliminary Monthly Performance Analysis as of April 30, 2017

Net of Fees

	Ending April 30, 2017			
	Market Value	% of Portfolio	1 Mo	YTD
Composite	\$65,998,261	100.0%	0.5%	5.0%
Total Equity	\$17,294,770	26.2%	1.0%	6.9%
CRSP US Total Market TR USD			1.1%	6.9%
Vanguard Index Trust Total Stk Mkt	\$17,294,770	26.2%	1.0%	6.9%
CRSP US Total Market TR USD			1.1%	6.9%
Total Short Duration High Yield	\$6,811,822	10.3%	0.8%	1.9%
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.7%	1.7%
Chartwell Short Duration High Yld	\$6,811,822	10.3%	0.8%	1.9%
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			0.7%	1.7%
BBgBarc 1-3 Yr BB U.S. Constrained Index			0.6%	1.9%
Total Real Estate	\$6,671,886	10.1%		
American Core Realty Fund	\$6,671,886	10.1%		
Total GTAA	\$34,726,173	52.6%	0.2%	5.5%
65% MSCI World Index/35% CitigroupWGBI			1.4%	6.2%
First Eagle Global Value Fund	\$34,726,173	52.6%	0.2%	5.5%
65% MSCI World Index/35% CitigroupWGBI			1.4%	6.2%
Total Fund Cash	\$493,610	0.7%	0.0%	0.1%
Cash	\$493,610	0.7%	0.0%	0.1%

Mid-Atlantic UFCW and Participating Employers Pension Fund

Preliminary Monthly Performance Analysis as of April 30, 2017

Footnotes

- Real Estate is valued quarterly and market value and returns are as of 3/31/17, plus or minus any flows.



Mid-Atlantic UFCW and Participating Employers Pension Fund

**Investment Manager Review
SMID Capitalization Core Equity Style
For the Period Ending March 31, 2017**

Executive Summary

Manager Search Process

- First, we assist the Trustees in specifying the characteristics of the investment manager that will satisfy the needs of the Fund. This is accomplished within the confines of the Board's investment and diversification guidelines.
- IPS develops a list of qualified candidates for each asset class and investment style. Investment manager candidates are thoroughly researched from various sources, including the Wilshire Compass database, Morningstar mutual fund database, and industry/public information. This information is scrutinized for fit against specific selection criteria. The purpose of this due diligence discipline is to reduce the immense list of potential candidates to a manageable group of firms with an impartial eye on meeting all selection criteria.
- Consistency of performance is a key component of the search process. IPS is mindful of the mathematics of an investment loss which requires the achievement of higher rates of performance to recover from a loss. Investment managers that "hit singles and doubles but seldom strike out" are preferred. IPS believes that managers who can provide this profile of performance will rank well when longer time periods are considered.
- Consistency of results among the manager's total accounts is critical as the Pension trustees are hiring the investment firm, not a unique portfolio manager of record.
- IPS does not sell products or services to investment managers. However, such managers may pay IPS to attend and to help defray the cost of IPS' annual ERISA Pension Investment Conference ("EPIC"), an educational conference devoted to various issues relating to employee benefit plans. IPS does not give preferential treatment to investment managers who pay to attend and help defray the costs of EPIC.
- It is important to note that no fees are paid to IPS by any investment manager to be included in a search or database. The only requirement placed upon the manager is their willingness to submit and maintain data concerning their firm, its investment products, and performance results.
- For every investment manager search, IPS sends a Request for Information (RFI) to each potential candidate, regarding the product characteristics, performance, personnel, investment process and other relevant criteria, as part of the IPS due diligence process. A copy of the RFI for each manager has been provided to the Fund's Administrator and additional copies can be provided to the Trustees upon request.

-
- The next step can be a presentation of background information regarding the top firms meeting all the selection criteria. From this list, the very best firms will be asked to make personal interviews and presentations by their principals and/or managers who will actually manage the fund's assets. We will assist in the review of these candidates to help the Board of Trustees choose the best candidates.
 - The last meeting is the personal presentation of the final group of candidates who appear to best meet the needs of the Trustees and their objectives. The manager presentation is a very important step in the trustee's process of evaluating and comparing the candidates. The conclusion of the search process is the selection of the firm(s) by the client to manage the assets. IPS does not recommend any particular firm to be hired, but rather conducts due diligence so that a client can make an informed decision.
 - Finally, when needed, we will assist the client in the coordination and transition between the custodian and new manager to insure a carefully supervised transfer of assets.
 - Importantly, as part of our ongoing performance evaluation reports, we will review the manager transfer as it occurs, and ensure the accurate accounting of the changes made.

Perspective on Performance and Risk Data

The Manager Profiles include historical performance results. It is important to remember that past performance is not to be construed as a guarantee of future performance. The key to using historical performance data is to develop an expectation of returns during various market environments and to determine which type of return (and thus which type of manager) best suits the client's needs. We use historical data to "look behind" the managers' numbers for consistency of returns and to inspect how they preserve capital over full market cycles and in declining markets.

Included within the Manager Profiles are the following: firm's history, fund styles, fees, volatility, relative performances, and risk measures. This information is critical when comparing the candidates among each other. The material is presented in a consistent fashion to ensure there is a level playing field.

ERISA Pension Investment Conference

April 19 – 22, 2016

- The following investment managers included in this search 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.
 - Great Lakes Advisors
 - Rothschild Asset Management



Mid-Atlantic UFCW and Participating Employers Pension Fund

Investment Manager Comparison Summary

SMID Capitalization Core Equity Style

Investment Manager/ Location	Year Established/ Ownership	Total/ Taft-Hartley Assets under Management (1)	Taft Hartley # of Accounts	Total Style Assets/ Commingled Assets (1)	Investment Vehicle/ Minimum Invest. (2)	Standard Fee
Great Lakes Advisors Chicago, IL	1981 Wintrust Financial (3)	\$7,922 \$819	59	\$1,210 N/A	Separate Acct \$5,000,000	55 Bps First \$50MM 45 Bps Next \$50MM 35 Bps Over \$100MM
Rothschild Asset Management Inc. New York, NY	1970 Rothschild NA	\$9,491 \$2,285	82	\$2,145 \$303	Separate Acct \$10,000,000	85 Bps First \$10MM 70 Bps Next \$40MM 67 Bps Next \$50MM 50 Bps on Balance (4)
					Commingled Acct \$1,000,000	100 Bps

(1) As of 3/31/17 in millions.

(2) Commingled funds have proprietary investment policies that govern their investment activities. Those policies may differ from those of their separately managed clients.

(3) Great Lakes is an independent, wholly owned subsidiary of Wintrust Financial Corporation (100%) a financial holding company based in Rosemont, Illinois.

(4) This fee schedule is offered to IPS clients and differs from their standard schedule.



Mid-Atlantic UFCW and Participating Employers Pension Fund

Investment Manager Comparison Summary

SMID Capitalization Core Equity Style

Firm Name	Market Cap Strat. of Comp.	# of Issues in Composite	Portfolio Turnover	Portfolio Avg. Weighted Mrkt Cap (1)	Portfolio Median Mrkt Cap (1)	408(b)(2) Provided
Great Lakes Advisors Chicago, IL	Large 5% Mid 79% Small 16%	120	100%	\$5,035	\$3,177	Yes
Rothschild Asset Management Inc. New York, NY	Large 6% Mid 74% Small 20%	125-150	40-60%	\$4,303	\$3,460	Yes

(1) As of 3/31/17 in millions.



Mid-Atlantic UFCW and Participating Employers Pension Fund

Investment Manager Review

SMID Capitalization Core Equity Style

Comparison for Periods Ending 3/31/2017														
	QTR		YTD		1 Year		3 Year		5 Year		7 Year		10 Year	
Great Lakes Advisors - Smid Cap Equity	2.65	79	2.65	79	17.62	71	8.23	44	14.91	16	15.37	17	9.18	45
Rothschild Asset Management - U.S. Small/Mid Cap Core	5.01	34	5.01	34	21.92	30	10.13	22	14.58	25	15.32	19	8.62	70
Russell - 2500 Index	3.76	67	3.76	67	21.53	37	7.43	63	12.61	65	12.73	74	7.71	75

The investment policy guidelines of each individual portfolio within the composite results presented above may differ among each other. In addition, the investment policy guidelines of commingled and institutional mutual funds may differ from investment guidelines governing separately managed portfolios. Composite results are reported gross of investment management fees. Rankings represent the percentile in a universe of small-mid capitalization core equity composites.



Mid-Atlantic UFCW and Participating Employers Pension Fund

Investment Manager Review

SMID Capitalization Core Equity Style

Comparison for Periods Ending 12/31											
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Great Lakes Advisors - SmidCap Equity	15.50	-2.85	10.59	43.32	23.41	1.88	28.78	32.44	-36.45	2.41	15.62
Rothschild Asset Management - U.S. Small/Mid Cap Core	17.07	1.53	10.33	39.44	15.04	3.43	28.00	19.17	-32.29	1.39	19.62
Russell - 2500 Index	17.59	-2.90	7.07	36.82	17.87	-2.51	26.70	34.38	-36.78	1.38	16.17

The investment policy guidelines of each individual portfolio within the composite results presented above may differ among each other. In addition, the investment policy guidelines of commingled and institutional mutual funds may differ from investment guidelines governing separately managed portfolios. Composite results are reported gross of investment management fees.



Mid-Atlantic UFCW and Participating Employers Pension Fund Investment Manager Comparison Summary SMID Capitalization Core Equity Style

Firm Name	Beta Ratio 3 Yr/ 5 Yr (1)	Sharpe Ratio 3 Yr/ 5 Yr (2)	Tracking Error 3 Yr/ 5 Yr (3)	Information Ratio Ratio 3 Yr/ 5 Yr (4)	Consistency 3 Yr/ 5 Yr (5)	Standard Deviation 3 Yr/ 5 Yr (6)	Up Mkt Capture Ratio 3 Yr/ 5 Yr (7)	Down Mkt Capture Ratio 3 Yr/ 5 Yr (7)
Great Lakes Advisors Chicago, IL	0.93 0.95	0.63 1.19	2.54 2.77	0.29 0.74	53% 60%	12.9 12.4	95% 102%	92% 90%
Rothschild Asset Management New York, NY	0.93 0.92	0.78 1.20	2.68 2.66	0.94 0.66	58% 57%	12.8 12.0	100% 97%	86% 87%
Russell 2500 Index						13.6 12.7		

(1) Beta Ratio - Indicates the volatility of a portfolio relative to a benchmark. For example, a portfolio with a beta value of 1.25 in an up market is expected to perform 25% better than the benchmark; a portfolio with a beta of .80 in an up market is expected to perform 20% worse than the benchmark; and a portfolio with a beta 1.0 is expected to perform in line with the benchmark.

(2) Sharpe Ratio - A measure of the excess return per unit of risk. The ratio is calculated by subtracting the risk-free rate (i.e. T-Bills) from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The greater a portfolio's ratio, the better its risk-adjusted performance.

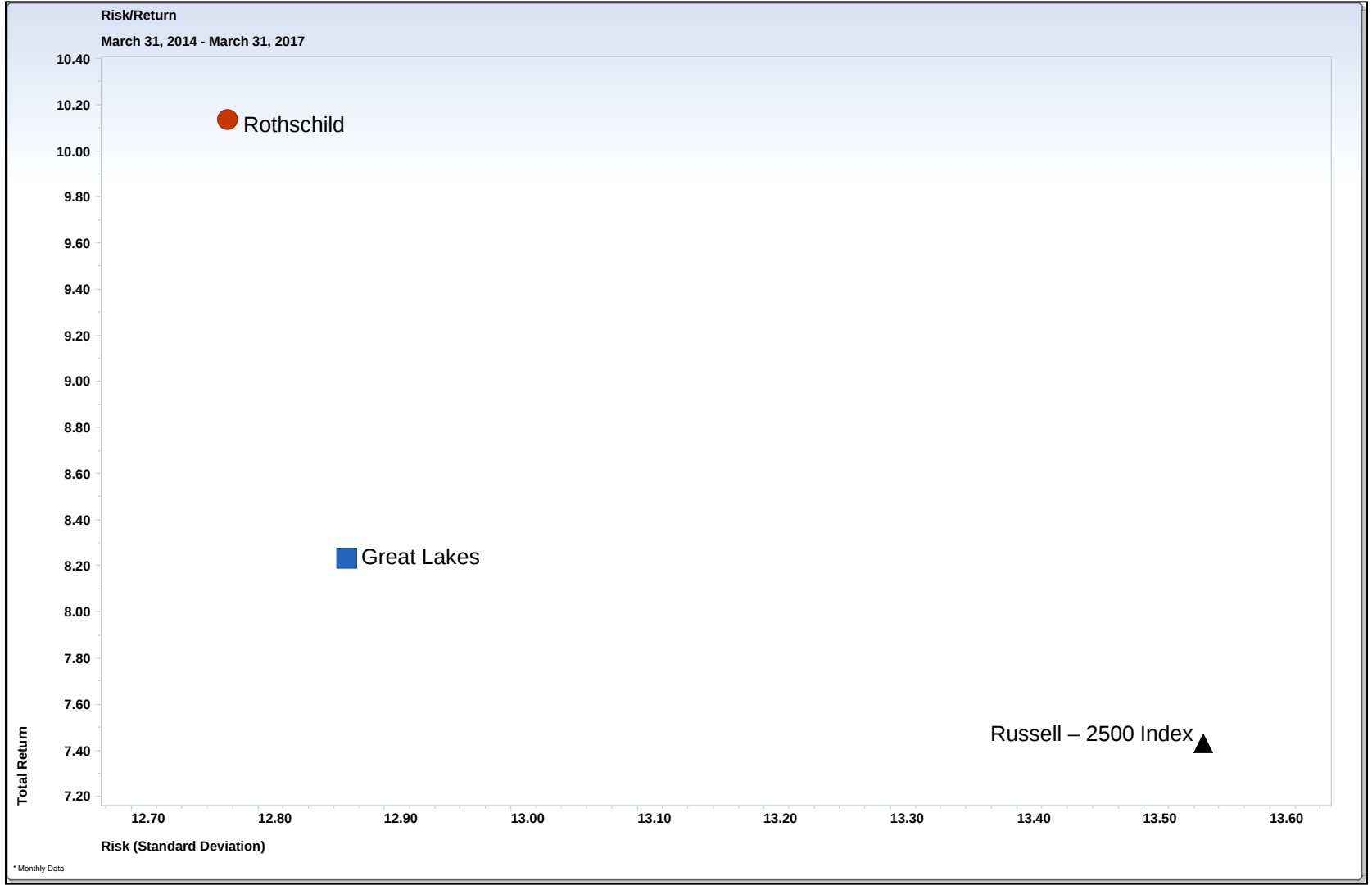
(3) Tracking Error - A measure of how closely a portfolio's return follows its benchmark. The statistic is measured by the standard deviation of the difference between the portfolio and index returns. The higher the tracking error, the higher the variability of the portfolio returns around the benchmark. For example, a tracking error of 2.00 indicates the portfolio's return is 200 basis points higher than the associated benchmark.

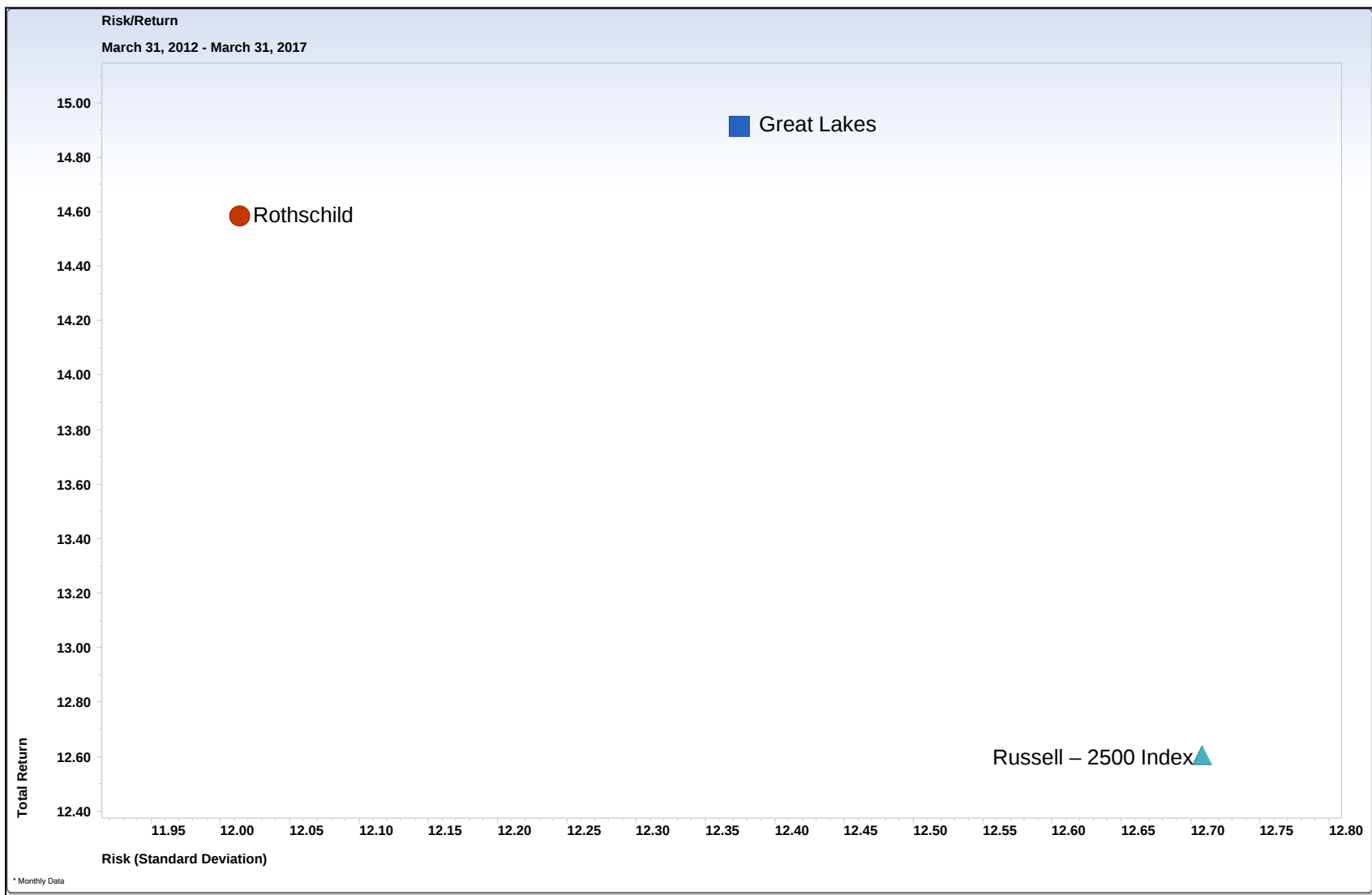
(4) Information Ratio - The ratio compares the annualized returns of the portfolio with the benchmark, by taking the excess return divided by tracking error. The ratio indicates the risk-adjusted excess return of the manager over the benchmark. The higher the ratio, the higher the excess return of the manager given the level of risk.

(5) Consistency is defined as the percentage of months the manager outperformed the index.

(6) Standard Deviation - A statistical measure of dispersion about an average depicting how widely returns varied over a certain period of time. An investment manager with a measure in excess of the index historically had volatility greater than the index.

(7) Capture ratios and calculations are based on monthly performance results provided by the investment managers to the Wilshire Compass data base. Up and down market capture ratios indicate the percentage of the "market's" performance captured by an investment manager. For example, a manager with a downside capture of 80% generated a return that was less negative than the market (i.e. S&P -1.0% vs. manager -.8%); a manager with a downside capture of 120% generated a return that was more negative than the market (i.e. S&P -1.0% vs. manager -1.2%); and a manager with a downside capture of -100% generated a positive return in a negative market environment (i.e. S&P -1.0% vs. manager +1.0%).





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Mid-Atlantic UFCW and Participating Employers Pension Fund

**Investment Manager Review
Real Estate Style
For the Period Ending March 31, 2017**

Executive Summary

Manager Search Process

- First, we assist the Trustees in specifying the characteristics of the investment manager that will satisfy the needs of the Fund. This is accomplished within the confines of the Board's investment and diversification guidelines.
- IPS develops a list of qualified candidates for each asset class and investment style. Investment manager candidates are thoroughly researched from various sources, including the Wilshire Compass database, Morningstar mutual fund database, and industry/public information. This information is scrutinized for fit against specific selection criteria. The purpose of this due diligence discipline is to reduce the immense list of potential candidates to a manageable group of firms with an impartial eye on meeting all selection criteria.
- Consistency of performance is a key component of the search process. IPS is mindful of the mathematics of an investment loss which requires the achievement of higher rates of performance to recover from a loss. Investment managers that "hit singles and doubles but seldom strike out" are preferred. IPS believes that managers who can provide this profile of performance will rank well when longer time periods are considered.
- Consistency of results among the manager's total accounts is critical as the Pension trustees are hiring the investment firm, not a unique portfolio manager of record.
- IPS does not sell products or services to investment managers. However, such managers may pay IPS to attend and to help defray the cost of IPS' annual ERISA Pension Investment Conference ("EPIC"), an educational conference devoted to various issues relating to employee benefit plans. IPS does not give preferential treatment to investment managers who pay to attend and help defray the costs of EPIC.
- It is important to note that no fees are paid to IPS by any investment manager to be included in a search or database. The only requirement placed upon the manager is their willingness to submit and maintain data concerning their firm, its investment products, and performance results.
- For every investment manager search, IPS sends a Request for Information (RFI) to each potential candidate, regarding the product characteristics, performance, personnel, investment process and other relevant criteria, as part of the IPS due diligence process. A copy of the RFI for each manager has been provided to the Fund's Administrator and additional copies can be provided to the Trustees upon request.

-
- The next step can be a presentation of background information regarding the top firms meeting all the selection criteria. From this list, the very best firms will be asked to make personal interviews and presentations by their principals and/or managers who will actually manage the fund's assets. We will assist in the review of these candidates to help the Board of Trustees choose the best candidates.
 - The last meeting is the personal presentation of the final group of candidates who appear to best meet the needs of the Trustees and their objectives. The manager presentation is a very important step in the trustee's process of evaluating and comparing the candidates. The conclusion of the search process is the selection of the firm(s) by the client to manage the assets. IPS does not recommend any particular firm to be hired, but rather conducts due diligence so that a client can make an informed decision.
 - Finally, when needed, we will assist the client in the coordination and transition between the custodian and new manager to insure a carefully supervised transfer of assets.
 - Importantly, as part of our ongoing performance evaluation reports, we will review the manager transfer as it occurs, and ensure the accurate accounting of the changes made.

Perspective on Performance and Risk Data

The Manager Profiles include historical performance results. It is important to remember that past performance is not to be construed as a guarantee of future performance. The key to using historical performance data is to develop an expectation of returns during various market environments and to determine which type of return (and thus which type of manager) best suits the client's needs. We use historical data to "look behind" the managers' numbers for consistency of returns and to inspect how they preserve capital over full market cycles and in declining markets.

Included within the Manager Profiles are the following: firm's history, fund styles, fees, volatility, relative performances, and risk measures. This information is critical when comparing the candidates among each other. The material is presented in a consistent fashion to ensure there is a level playing field.

ERISA Pension Investment Conference

April 19 – 22, 2016

- The following investment managers included in this search 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.
 - Intercontinental Real Estate



Mid-Atlantic UFCW and Participating Employers Pension Fund Investment Manager Comparison Summary Real Estate Style

Investment Manager/ Location	Year Established/ Ownership	Total/ Taft-Hartley Assets under Management (1)	Total Assets Managed in Style (1)	Investment Vehicle/ Minimum Invest. (2)	Management Fee	Incentive Fee	Accepts HW Assets	408(b)(2) Provided
Intercontinental Real Estate Corp. Boston, MA	1998 Employee Owned	\$6,496 \$4,204	\$6,200	Commingled Fund \$2,000,000	110 Bps < \$25MM 100 Bps \$25-\$50MM 85 Bps \$50-\$100MM 75 Bps Over \$100MM	None	Yes	Yes
PGIM Real Estate Madison, NJ	1984 Prudential Financial	\$66,000 \$6,000	\$3,695	Commingled Fund \$5,000,000	130 Bps First \$25MM 125 Bps Next \$25MM 115 Bps Next \$50MM 105 Bps Next \$100MM 100 Bps Next \$100MM 90 Bps Over \$300MM	15% (3)	Yes	Yes

(1) As of 12/31/16 in millions.

(2) Commingled funds have proprietary investment policies that govern their investment activities. Those policies may differ from those of their separately managed clients.

(3) Incentive fee subject to a high water mark, such that both investor performance exceeds the hurdle return and any previous capital losses are recovered prior to the incentive fee being charged.



Mid-Atlantic UFCW and Participating Employers Pension Fund Investment Manager Review Real Estate Style

Comparison for Periods Ending 3/31/2017							
	QTR	YTD	1 Year	3 Year	5 Year	7 Year	10 Year
Intercontinental Real Estate Corporation - US REIF	1.59	1.59	13.19	12.81	13.78	13.08	5.35
PGIM Real Estate - PRISA III	2.82	2.82	12.86	19.74	17.76	21.63	5.50
NCREIF NFI-ODCE Equal Weighted Index	1.81	1.81	8.60	11.99	12.00	13.48	5.40

The investment policy guidelines of each individual portfolio within the composite results presented above may differ among each other. In addition, the investment policy guidelines of commingled and institutional mutual funds may differ from investment guidelines governing separately managed portfolios. Composite results are reported gross of investment management fees.



Mid-Atlantic UFCW and Participating Employers Pension Fund Investment Manager Review Real Estate Style

Comparison for Periods Ending 12/31											
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Intercontinental Real Estate Corporation - US REIF	12.41	12.66	13.66	16.44	15.31	15.87	5.80	-32.91	-0.07	4.38	N/A
PGIM Real Estate - PRISA III	14.94	24.90	18.89	16.48	15.68	24.80	22.16	-49.55	-18.75	27.91	26.90
NCREIF NFI-ODCE Equal Weighted Index	9.28	15.17	12.39	13.34	11.02	15.96	16.14	-30.66	-10.37	16.09	16.15

The investment policy guidelines of each individual portfolio within the composite results presented above may differ among each other. In addition, the investment policy guidelines of commingled and institutional mutual funds may differ from investment guidelines governing separately managed portfolios. Composite results are reported gross of investment management fees.



Mid-Atlantic UFCW and Participating Employers Pension Fund Investment Manager Comparison Summary Real Estate Style

Firm Name	Beta Ratio 3 Yr/ 5 Yr (1)	Sharpe Ratio 3 Yr/ 5 Yr (2)	Tracking Error 3 Yr/ 5 Yr (3)	Information Ratio Ratio 3 Yr/ 5 Yr (4)	Consistency 3 Yr/ 5 Yr (5)	Standard Deviation 3 Yr/ 5 Yr (6)	Up Mkt Capture Ratio 3 Yr/ 5 Yr (7)	Down Mkt Capture Ratio 3 Yr/ 5 Yr (7)
Intercontinental Real Estate Corp. Boston, MA	0.41 0.40	4.06 4.53	3.08 2.98	0.24 0.53	42% 50%	3.1 3.0	108% 119%	N/A N/A
PGIM Real Estate Madison, NJ	1.54 1.33	6.04 6.02	2.44 2.39	2.84 2.15	92% 85%	3.2 2.9	177% 166%	N/A N/A
NCREIF NFI-ODCE Equal Weighted						1.4 1.2		

(1) Beta Ratio - Indicates the volatility of a portfolio relative to a benchmark. For example, a portfolio with a beta value of 1.25 in an up market is expected to perform 25% better than the benchmark; a portfolio with a beta of .80 in an up market is expected to perform 20% worse than the benchmark; and a portfolio with a beta 1.0 is expected to perform in line with the benchmark.

(2) Sharpe Ratio - A measure of the excess return per unit of risk. The ratio is calculated by subtracting the risk-free rate (i.e. T-Bills) from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The greater a portfolio's ratio, the better its risk-adjusted performance.

(3) Tracking Error - A measure of how closely a portfolio's return follows its benchmark. The statistic is measured by the standard deviation of the difference between the portfolio and index returns. The higher the tracking error, the higher the variability of the portfolio returns around the benchmark. For example, a tracking error of 2.00 indicates the portfolio's return is 200 basis points higher than the associated benchmark.

(4) Information Ratio - The ratio compares the annualized returns of the portfolio with the benchmark, by taking the excess return divided by tracking error. The ratio indicates the risk-adjusted excess return of the manager over the benchmark. The higher the ratio, the higher the excess return of the manager given the level of risk.

(5) Consistency is defined as the percentage of months the manager outperformed the index.

(6) Standard Deviation - A statistical measure of dispersion about an average depicting how widely returns varied over a certain period of time. An investment manager with a measure in excess of the index historically had volatility greater than the index.

(7) Capture ratios and calculations are based on quarterly performance results provided by the investment managers to the Wilshire Compass data base. Up and down market capture ratios indicate the percentage of the "market's" performance captured by an investment manager. For example, a manager with a downside capture of 80% generated a return that was less negative than the market (i.e. S&P -1.0% vs. manager -.8%); a manager with a downside capture of 120% generated a return that was more negative than the market (i.e. S&P -1.0% vs. manager -1.2%); and a manager with a downside capture of -100% generated a positive return in a negative market environment (i.e. S&P -1.0% vs. manager +1.0%).

Memo



To: Board of Trustees-Mid-Atlantic UFCW and Participating Employers Pension Fund
CC: Fund Administrator; Fund Counsel
From: Richard I. Sichel, Jr.
Date: May 31, 2017
Re: Corbin Opportunity Fund / Corbin ERISA Opportunity Fund
Strategy: Opportunistic Credit – Fund of Hedge Funds

Background: IPS has performed on-site meetings in the NYC office of Corbin Capital in 2011 and 2014. Additional due diligence meetings to review the Corbin Opportunity Fund were held in 2013-2015, with regular updates from the manager following the investment of an IPS client in the Corbin Opportunity Fund in 2015. In late 2015, Corbin created an ERISA version of the Corbin Opportunity Fund, the Corbin ERISA Opportunity Fund (CEOF, “the ERISA Fund”). Corbin has provided IPS with regular updates leading up to the launch of the ERISA Fund, as well as a comprehensive year-end 2015 RFI (on file). CEOF launched on July 1, 2016 with \$38.4 million in assets and currently has approximately \$438m in AUM.

Organizational Update

Corbin has experienced steady growth in firm assets and currently manages \$4.6 billion on behalf of both institutional and high-net-worth clients. The firm manages assets for 42 Taft-Hartley accounts, representing 20% of total firm assets. Several fund of funds products are offered, including diversified, credit and global macro strategies, as well as customized mandates.

Corbin has 37 employees, with 22 investment personnel, and is led by CEO Tracy McHale Stuart. The firm’s investment team consists of portfolio management and investment research personnel, as well as additional staff focused on operational due diligence and risk management. Craig Bergstrom, CIO, chairs a cross-functional Investment Committee of eight people. The Investment Committee works closely with the portfolio management and research teams to discuss portfolio decisions, but does not specifically vote on retention/termination of managers. Ultimate portfolio accountability rests with the Chief Investment Officer.

Corbin was founded in New York City as a fund of hedge funds manager in 1984 by Glenn Dubin and Henry Swieca. Initially the firm was called Dubin & Swieca, but was rebranded as Corbin Capital in May 2005. There have been no significant changes in ownership other than naming of seven new partners (all employees) in 2014; Corbin is 60% owned by Corbin Capital Partners Group, which is owned by affiliated trusts of Messrs. Dubin and Swieca. The remaining 40% is owned by the senior management team of Tracy McHale Stuart (CEO), Anthony Anselmo (COO), Craig Bergstrom (CIO), Robert Zellner (PM) Daniel Friedman (General Counsel), and the additional seven aforementioned employees.

Corbin Opportunity Funds (COF and CEOF) Overview

The Corbin Opportunity Fund was launched in December 2008 as an open-ended fund of funds investing in “best ideas” of credit hedge fund managers. In late 2015, Corbin launched a version of the strategy exclusively for ERISA investors, the Corbin ERISA Opportunity Fund (CEOF), which launched on July 1, 2016 with \$38.4 million in assets and currently has approximately \$285m in AUM. The ERISA Fund will be managed in a similar fashion to the original fund, but it is a separate legal entity, so there may be some differences in underlying

investments, performance, etc. COF has limited capacity for additional ERISA investors, so new ERISA investors will likely invest in CEOF.

- COF has \$736 million in AUM; 70% of AUM is outside capital from 25 investors
- COF has a return target of T-bills + 10% with an 8% standard deviation over a full market cycle; CEOF targets T-bills + 8% with less than 6% standard deviation. The ERISA Fund has a more conservative stated return target due to potential restrictions in some investments due to managing the Fund in accordance with ERISA standards, but Corbin does not expect much of a difference.
- COF duration is currently less than 1 year; beta to S&P 500 is 0.07; correlation to the Barclays Aggregate is 0.04.
- COF currently has 27 underlying manager relationships
- Fund auditor is PwC; fund administrator is IFS

Investment Strategy

- CEOF pursues the same strategy as COF - investing in opportunistic and off-the-run “best ideas” of credit hedge fund managers
- Primarily utilizes specialist credit managers (rather than multi-strategy credit managers) where existing relationships exist to source ideas
- Ideal investments are self-liquidating, utilize limited leverage, limited/intermediate duration, are senior in the capital structure and offer strong downside protection characteristics and interim cash flows
- Ability to invest broadly across the credit spectrum; investments may include corporate credit, leveraged loans, structured credit, CLO's and mortgage-backed / asset-backed securities
- Corbin has instituted “expected” maximums on each credit sector: 70% max on corporates, 40% on RMBS, 40% on structured credit, 30% on asset-backed securities, 30% on CLO's, 30% on commercial real estate, 20% on sovereigns, 10% max cash allocation
- Up to 20% of the portfolio can be used to hedge undesirable credit, equity or tail risks
- Ability to invest through multiple structures, including commingled funds, separate accounts and co-investments

Portfolio Management

- Corbin performs in-depth qualitative and quantitative due diligence on each investment, and seeks to understand how specific exposures may affect the concentration and liquidity of the entire portfolio
- All members of the research and portfolio management team are involved in sourcing ideas. The team is led by Bergstrom (CIO), and includes Robert Zellner (Deputy CIO), Adriana Clancy (PM), Matthew Glasofer (Director of Research), John Hartwell Cocke, CFA (Director of Special Investments), Sean Mitchell (Sr. Analyst), Jeffrey Park, CFA (Sr. Analyst), Vivek Jindal (Analyst), as well as additional investment staff focused on risk management and operational due diligence
- Portfolio construction is a bottom-up process; opportunities are evaluated based on fit in the existing portfolio and their relative risk/return attractiveness, and concentration in a relatively small number of areas of the credit spectrum is possible due to the cyclicity of niche credit opportunities

- Risk management policies and procedures are in place to identify and mitigate manager, strategy, market, geopolitical, fraud and liquidity risks. Corbin maintains a portfolio hedge (with liquid derivatives) to protect the portfolio against left-tail events. The tail hedge has detracted overall from performance (it was additive only in 2011), but has reduced overall portfolio beta and volatility.
- Investments are generally held to maturity or until a specific exit event occurs. Corbin may attempt to sell directly-held assets in the secondary market that no longer meet their risk/return requirements
- Corbin will negotiate fees with underlying managers and focuses on efficient implementation of investments (commingled funds, separate accounts or direct co-investments); the weighted average management and incentive fees for underlying COF investments are 0.5% and 6.4%, respectively
- Head of operational due diligence has veto power over any potential investment that does not meet Corbin's operational standards
- COF has not historically utilized any portfolio leverage, but has at times utilized financing from its prime broker to bridge fund subscriptions and timing of underlying opportunistic investments

Legal and ERISA Compliance

- CEOF is a Delaware LP (Master Fund) that will hold the majority of its investments through a Cayman offshore vehicle, CEOF, Ltd. to address UBTI
- Corbin is SEC-registered, an ERISA QPAM and willing to acknowledge ERISA fiduciary status in writing
- No regulatory infractions or material litigation of note
- \$10 million E&O policy

COF Performance (as of December 31, 2016)

	COF	HFRX ED	HFRI Distressed	ML HY Master II	Barclays Agg
2009	53.50%	16.59%	28.14%	57.51%	5.93%
2010	18.62	1.98	12.12	15.19	6.56
2011	7.57	-4.9	-1.79	4.38	7.86
2012	11.97	5.96	10.12	15.58	4.23
2013	9.45	13.87	14.05	7.42	-2.02
2014	11.64	-4.06	-1.39	2.5	5.97
2015	0.81	-6.94	-8.06	-4.64	0.55
2016	10.13	11.08	15.43	17.49	2.65
3-yr	7.42%	-0.05%	1.53%	4.72%	3.03%
5-yr	8.72%	3.30	5.62	7.35	2.23
Inception (Dec. 08)	14.28%	3.71%	7.42%	14.09%	4.34%
Std. Dev.	5.57%	5.74%	6.16%	8.56%	3.15%

CEOF Performance (as of December 31, 2016)

	CEOF	HFRX ED	HFRI Distressed	ML HY Master II	Barclays Agg
2016 (July inception – December)	6.84%	7.59%	11.56%	7.49%	-2.53%

Terms and Liquidity

- Monthly subscriptions
- \$5 million minimum initial investment; \$1 million minimum for subsequent subscriptions
- Quarterly liquidity with 65 days' notice, subject to a 25% client-level gate (redemption requests are restricted to no more than 25% of an investor's market value per quarter)
- The ERISA Fund offers both a flat management fee of 125 basis points (Class A and B), or an incentive fee structure (which differs from the incentive fee-only for the original fund) of 85 bps management fee with a 5% incentive fee subject to a 5% hurdle rate (Class C and D).
- Share class B (flat management fee) and class D (incentive structure) distribute 2% per quarter back to investors. Share class A (flat management fee) and class C (incentive structure) do not.

Risks/Concerns

Risks include, but are not limited to, the following:

- Potential mismatch of liquidity terms between Fund and underlying investments
- Fund focuses on niche credit opportunities, which tend to be highly cyclical; in an open-ended fund, this could lead to periods of fewer investment opportunities and lower return expectations
- Though liquidity is offered, it may not always be readily available in a difficult credit environment
- Though unlikely, potential for significant loss on current holdings in the event of a major credit downturn
- Lower expected returns compared to closed-end credit funds with a potential liquidity premium
- Expected return may be similar to some traditional long-only credit / fixed income products, which may have lower fees, better liquidity and less complexity of underlying securities

Summary

Corbin appears to have strong hedge fund relationships from which to source good credit investment opportunities, and their investment and operational due diligence appear to be in line with best industry practices. The investment team has adequate depth but is smaller than many of its peers. COF has performed in line with expectations over its 7-year track record.

Investors in CEOF should be aware of potential constraints on liquidity due to the Fund's use of a client-level gate, which is in place to restrict any "forced selling" of securities in a credit crunch, but may limit liquidity depending on how much liquidity investors require.

Though we believe a liquidity premium exists for less liquid structures, open-ended investment vehicles present an opportunity for clients to maintain exposure to opportunistic credit in perpetuity, without the need to manage capital calls and distributions. Additionally, more liquid opportunistic credit should still provide a better expected

return going forward than traditional fixed income. Though COF and CEOF may lack the liquidity premium found in less liquid closed-end structures, they may be an appropriate investment for clients seeking additional diversification and maintaining exposure to the asset class as their closed-end investments self-liquidate. Manager Research recommends both COF and CEOF (utilized as appropriate based on client type) be considered for approval by the Investment Committee [the IPS Investment Committee approved COF & CEOF].

ERISA Pension Investment Conference

April 19 – 22, 2016

IPS does not sell products or services to investment managers. However, such managers may pay IPS to attend and to help defray the cost of IPS' annual ERISA Pension Investment Conference ("EPIC"), an educational conference devoted to various issues relating to Taft-Hartley plans. IPS will not give preferential treatment to investment managers who pay to attend and help defray the costs of EPIC.

It is important to note that no fees are paid to IPS by any investment manager to be included in a search or database. The only requirement placed upon the manager is their willingness to submit and maintain data concerning their firm, its investment products, and performance results.

Corbin Capital Partners attended and helped defray the cost of IPS' annual ERISA Pension Investment Conference ("EPIC").

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Memo



To: Board of Trustees-Mid-Atlantic UFCW and Participating Employers Pension Fund
From: Richard I. Sichel, Jr.
Date: May 31, 2017
Re: Grosvenor Opportunistic Credit Fund V, Ltd.

Organizational Update:

- GCM Grosvenor currently manages \$47.9 billion in total AUM, with \$25.9 billion in hedge funds (public markets) and \$22 billion in private market investments
- The firm has 463 employees across several global offices
- 93% of firm assets are from institutional investors, with 76% in customized client SMAs
- No recent material changes to the firm's senior management team, investment personnel or structure, other than the addition of Frederick Pollock, Head of Strategic Investments, to the firm's Public Markets Investment Committee. Pollock joined Grosvenor earlier this year.

OCF IV Update

- Grosvenor continues to believe a net IRR of 8% is achievable over the life of the fund
- Expect much of the Fund's performance to be back-loaded given the long-term nature of several of the investments
- 40-50% of the Fund is Europe-focused, primarily in commercial real estate loans
- Emerging market credit has been the best-performing sector in the Fund thus far
- The net IRR thus far is only 2.7%, which is below their expectations, but believe that the portfolio has protected capital relatively well in a difficult environment for distressed credit
- There is currently 30-35% overlap in underlying positions between Funds III and IV

OCF V Overview ("Fund V"):

As the OCF V number indicates, this is the fifth in a series of vintage year credit-focused funds sponsored by Grosvenor. Fund V differs materially from its predecessor funds, however, in that it is not a self-liquidating, closed-end vehicle. The previous funds each had an 18-24 month investment period and a 5-7 year life for harvesting and distributing capital:

- The Global Recovery Fund ("GRF") was launched in May 2009, raised \$502 million and ultimately returned a net IRR of 15.2% to investors. GRF has distributed 100% of committed capital.
 - The Opportunistic Credit Fund ("OCF") was launched in August of 2011, raised \$517 million and has had a net IRR of 11.2%.
 - Opportunistic Credit Fund III ("OCF III") was launched in February 2013, raised \$1.3 billion, has a net IRR of 3.8%.
 - Opportunistic Credit Fund IV ("OCF IV") was launched in January 2015 and thus far has a net IRR of 2.7%
- The same investment team will be responsible for managing OCF V as the prior funds. Nine members of the investment team are focused exclusively on credit investments.
 - Similar to Funds III and IV, OCF V will be focused on credit investment opportunities globally, primarily investing in separate accounts or fund-of-one structures with underlying managers

- The shift that occurred in OCF IV towards a higher allocation to Europe and Asia/EM (at the expense of US) relative to prior funds will continue with Fund V, and has the potential to be more pronounced than Fund IV
- Focusing on the broad themes of 1) financial sector deleveraging; 2) emerging markets stressed/distressed credit; 3) broad credit market dislocations; 4) opportunities in the energy sector
 - Financial sector deleveraging: a continuing focus for Grosvenor, as this has been a theme for the previous two opportunistic credit funds. Grosvenor believes “capital vacuums” are being created by banks broadly selling certain assets and exiting specific lines of business (ie., commercial real estate lending)
 - EM stressed/distressed credit: a variety of opportunities around declining commodity prices, geopolitical issues, Chinese volatility, etc. Grosvenor has mid-teens return expectations for the EM component of the portfolio, which they believe is well-suited to intermediate-term capital, and expects this theme to comprise 30-40% of the Fund V portfolio.
 - Broad credit market dislocations: significant re-pricing in credit markets this year, with credits of commodity-dependent businesses under stress creating opportunity
 - Energy sector opportunities: rapid decline in oil prices off peak levels has created a distressed cycle in the energy segment; \$100B of energy bonds in default, and Grosvenor expects defaults on another \$50B unless oil can recover to \$60-70/barrel. Expecting a lot of debt restructuring.
- OCF V will have similar target exposures to Fund IV with some slight changes to target ranges:
 - Mortgage credit: 20%- 40%
 - Corporate credit: 30% - 50%
 - Structured credit: 15% -35%,
 - Private markets: 0-10%, including mezzanine co-investments and infrastructure; Grosvenor expects to leverage the private markets team (former CFG team in NYC) to assist with potential opportunities in this space
 - Other: 0-10%, equity-linked, relative value, litigation finance, aircraft finance
- The evergreen structure will allow for a greater diversity of investments, and thus likely will not be as concentrated as the prior closed-end funds. Core positions, however, will still be sized in the 10-15% weight range (as with prior funds). Expect between 10-20 underlying investments, with underlying managers continuing to focus on best 3-5 ideas.
- Continue to expect low (single-digit) standard deviation and a beta to credit and equity markets of 0.2 – 0.4
- Currency risk will be hedged back to USD
- Return target is high single digits, 8-10% net

Grosvenor has negotiated discounts in management fees, incentive fees, and other terms, with a number of the underlying managers. As with all of their other products, Grosvenor will provide consultants and clients full manager transparency and exposure reports via their secure website.

Investment Structure:

While the investment themes for OCF V are similar to the prior funds, the fund is being structured differently: it will not be self-liquidating, the majority of distributions will be re-invested to maintain the allocation, and limited liquidity will be available, whereas prior funds had no redemption provisions due to the self-liquidating nature of the funds.

Capital calls

The previous opportunistic credit funds called capital over an 18-month investment period, followed by an estimated 48-month distribution period. Investors generally did not have the ability to redeem capital.

Due to the opportunistic nature of the underlying investments, Fund V will still call capital from investors – thus investors will commit capital which will be called pro rata over time.

Additionally, investors in OCF III and IV have the option to roll some or all of their distributions from those prior funds into Fund V until their capital commitment is fully funded. Investors have the option to choose either a percentage of their aggregate distributions from Fund III/IV to be rolled into Fund V, or a hard dollar amount.

Investors in Fund III and Fund IV that elect to roll over distribution proceeds will be treated as committing to Fund V the amount that is distributed from Fund III/IV, as and when such amount is distributed. As an example, if a current \$50m investor in Fund III elects to roll over 100% of its proceeds into Fund V, and the first distribution from Fund III is \$5m, such investor will be deemed to have committed \$5m to Fund V. Fund V would then call that \$5m commitment down in the same manner it calls down other commitments.

Furthermore, prior fund investors opting to roll their distributions into Fund V have the option to receive those distributions and contribute capital pursuant to the subsequent capital calls, or simply have the distributions transferred directly from the prior OCF to OCF V. The latter appears to be much easier operationally. In this “direct transfer” option, a separate interest bearing account maintained by Fund V will be utilized until Fund V draws capital down for investment purposes. The sole purpose of this account is hold investor capital during the period between distributions from Fund III/IV and capital calls for investments by Fund V.

Rollover contributions will be handled through a unique rollover subscription document, included as an attachment with this memo.

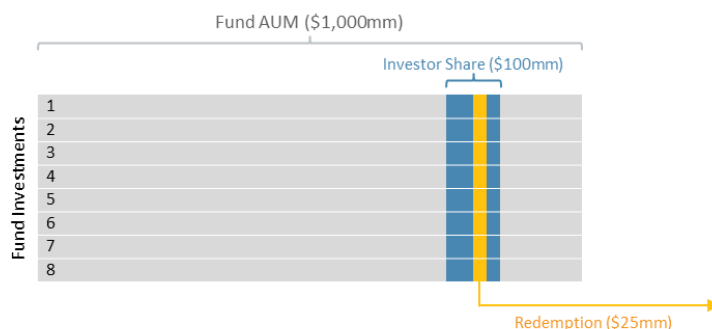
Liquidity

As this is not a self-liquidating structure, Grosvenor intends to provide liquidity in two ways: 1) through an annual 5% distribution at year-end to investors who were in the Fund on January 1, and 2) through offering the ability to redeem capital on an annual basis at year-end (with 90 days’ notice). Because the underlying investments have varying degrees of liquidity, however, any redeemed capital will be distributed back to investors as the capital becomes available and be done so over time – potentially several years.

The illustration below shows an example of a \$25m redemption of an investor’s \$100m total investment.

Step 1

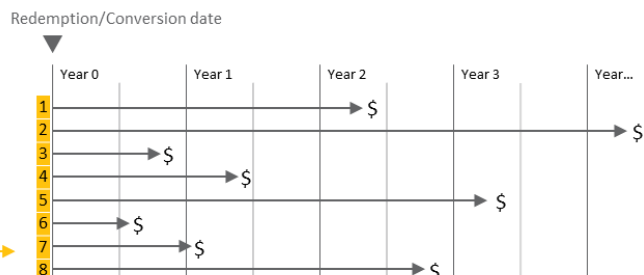
As of Redemption/Conversion date, investor receives a “vertical slice” of the Fund’s investments on such date.



The portion of the investment Redeemed/Converted by the investor will no longer participate in new investments made by the fund.

Step 2

Investor receives proceeds from investments as they are realized over time.



GCM Grosvenor anticipates that the typical expected duration of portfolio investments will be approximately 3-5 years on average.

As shown in the example above, if an investor chooses to redeem \$25m of their \$100m investment, a sleeve of the redemption amount will be carved-out (a “liquidating portfolio”) of the investor’s allocation on a pro-rata basis from each underlying investment, and will be distributed back to the investor over time as the investments are realized. The carve-out would not participate in any new investments made by the Fund. As can be seen from the illustration above, it could potentially take several years for an investor to receive the full amount redeemed, so liquidity will likely be very limited.

Grosvenor expects that capital will be called relatively quickly, as a number of portfolio investments have been identified. Additionally, Grosvenor has commitments already on ~\$100m in capital from investors in prior opportunistic credit funds that intend to roll their distributions into Fund V. Grosvenor expects they should be able to grow the Fund to \$1-2B. They are targeting a Q4 2016 launch.

Performance:

	Q4 2016	2016	1-Yr	3-Yr	2015	2014	2013	2012
Grosvenor OCF	-0.12	-0.71	-0.71	1.05	-1.89	5.94	15.53	19.10
Grosvenor OCF III	4.53	10.93	10.93	5.92	1.46	5.59		
Grosvenor OCF IV	4.92	13.27	13.27		1.61			
HFRX Event Driven	3.64	11.08	11.08	-0.27	-6.94	-4.06	13.87	5.96
S&P 500	3.82	11.96	11.96	8.87	1.38	13.69	32.39	16.00
Barclays Agg	-2.98	2.65	2.65	3.03	0.55	5.97	-2.02	4.22
HFRI FOF Comp.	0.88	0.53	0.53	1.20	-0.27	3.37	8.96	4.79

Terms and Liquidity:

Structure: Cayman Islands offshore LTD

Minimum Commitment: \$5 million

Term: Fund V will be open-ended but intends to distribute 5% of capital annually (subject to market conditions) to investors that were in the Fund on January 1 of a particular year, to offset the lack of distributions provided by prior self-liquidating structures. A Q4 2016 launch is planned.

Annual Management Fee (fees only charged on amounts contributed):

- 80 basis points (0.80%) on aggregate commitments less than \$25 million
- 70 basis points (0.70%) on commitments of \$25 to \$50m
- 60 basis points (0.60%) on commitments over \$50m

Incentive Fee: 10% over a 5% hard hurdle, subject to a high watermark (Grosvenor only receives an incentive fee if the Fund exceeds a 5% annual return and is above an investor's high watermark). Incentive allocation will be calculated annually on December 31.

Liquidity: In addition to the expected 5% annual distribution as noted above, investors are eligible to redeem shares annually at December 31 with 90 days' written notice, as detailed above. Liquidity from redemption requests will be limited to when underlying investments are realized, and may take several years for investors to fully receive their redemption requests.

Summary:

Grosvenor continues to be thoughtful in creating credit strategies to meet client needs. Though the return expectations have diminished for the more recent vintage year funds, the longer-term return outlook for these funds, including OCF V, should still exceed traditional fixed income while providing a diversification benefit to an investor's fixed income portfolio. Grosvenor has expressed confidence that they can achieve a high single-digit to low double-digits return, with low beta to traditional markets and low standard deviation.

The open-ended structure and ability to roll distributions from prior funds are attractive features of OCF V, as is the potential for a 5% annual distribution of income; however, investors should understand that the distribution will only occur if market conditions dictate. Additionally, investors should be cognizant that despite the open-ended structure, OCF V still offers minimal liquidity; redemptions may take a significant amount of time to be realized, thus OCF V should not be relied upon as a significant source of liquidity.

Manager Research recommends that Grosvenor's OCF V be "Approved" for client use as an Opportunistic Investment.

ERISA Pension Investment Conference

April 19 – 22, 2016

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GCM Grosvenor attended and helped defray the cost of IPS' annual ERISA Pension Investment Conference ("EPIC").



Introduction to Private Equity

February 2017

Private Equity Overview

Private equity is an asset class in which equity investments are made in privately-held companies or securities to fund growth or new technologies, make acquisitions or restructure/reform inefficient companies. Global assets under management in private equity reached more than \$2.4 trillion in 2015. The number of private US companies is significantly larger than the number of US public companies, creating a large opportunity set for investment. Unlike public equity investments which are actively traded on an exchange, private equity investments are private partnerships and are not daily-valued.

There are several different types of private equity investments, with varying degrees of risk and return. These include:

- **Venture Capital:** financing for early stage, emerging or start-up companies, often in technology and healthcare sectors; early (angel investors) or late (growth equity) stage financing
- **Buyouts:** Acquisition of all or part of a company from its current shareholders; primarily mature businesses, and buyouts can be focused on small, middle-market or large companies
- **Distressed Debt / Restructuring:** Investments in the debt of companies undergoing financial distress (potential default on debt or near-default /bankruptcy) to restructure or revive the company
- **Special Situations:** Investment opportunities in a variety of types of event-driven corporate activities, including spinoffs, mergers and acquisitions, etc.; can involve equity or debt

Public Equity vs. Private Equity

	Public Equity	Private Equity
Information Availability	Public; easily-obtained	Limited access to information
Fees	Lower fees; management fee only	Higher fees; management + performance fee structure
Liquidity	Daily	Illiquid
Valuations	Daily	Quarterly
Transparency	Publicly-available pricing	Limited pricing transparency
Benchmarks	Widely available; securities selected from benchmark index	Few benchmarks; most are not publicly available and may not be relevant
Leverage	Limited/none	Utilizes financial leverage
Value Creation	Limited control over value creation	Ability to improve value / implement change
Investment Focus	Quarterly-earnings focus	Long-term value creation
Return Goals/Potential	Relative; outperform benchmark index over a market cycle	Absolute, given lack of appropriate benchmarks; seeks substantial outperformance over public equity
Volatility	Similar to benchmark	Higher than US public equity

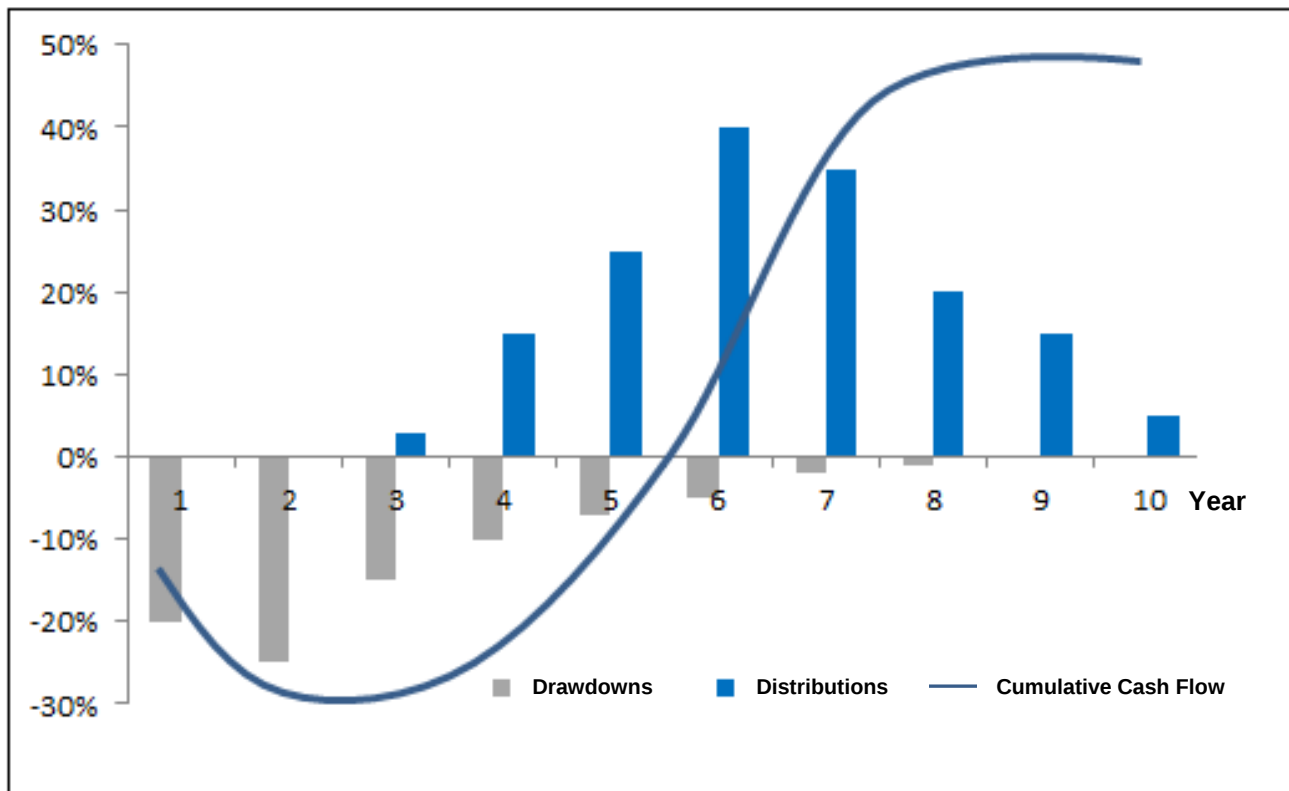
Private Equity Characteristics

What are some of the important attributes of an investment in private equity?

- **Illiquidity:** Private equity is a long-term asset class, and is only appropriate for investors that are able to “lock up” capital for an extended period of time, often up to and exceeding ten years.
- **Capital commitment/drawdown/distribution structure:** Investors commit an amount to be invested, which is “called” by the private equity manager and invested over time. Fully funding a private equity investment can take several years. Distributions are returned to investors as investments are realized.
- **Blind pool of assets:** Due to the drawdown structure, investors commit to a private equity fund before knowing the underlying portfolio companies. This risk is mitigated with investments purchased on the secondary market, when the majority of portfolio companies are known and can be analyzed before an investment is made.
- **J-curve effect:** Private equity investments are subject to a “J-curve” during the early years of a fund’s life, resulting from a decline in valuations due to a lack of realized investments early on, and management fees being paid on committed, rather than invested capital.
- **Internal Rate of Return:** Because cash is invested at different points over time, private equity returns are calculated using the internal rate of return (IRR), a time-weighted measure of performance based on cash flows to and from the investor.
- **Vintage year:** The vintage year is the first year in which a private equity fund calls capital, and can be a key determinant of its performance. Fund of funds often diversify their investments across multiple vintage years.
- **Exit strategy:** A private equity fund’s underlying portfolio companies are typically exited via an initial public offering (IPO) or sale to an economic buyer. Market stress or a variety of economic factors could potentially inhibit an exit, which in turn would limit the private equity fund from liquidating their position and returning capital to limited partners in a timely fashion.
- **Lack of benchmarks:** Private equity investments usually seek to outperform public equities over a long-term period, and there are few publicly-available private equity benchmarks, which may not be truly representative of a particular private equity fund.
- **Fees:** Private equity fees are generally much higher than their public equity counterparts, and generally include both an annual management fee and “carried interest”, an incentive fee representing the manager’s share of the profits earned. Most funds also have a hurdle rate – the minimum return which must be earned before a manager can begin receiving carried interest. Fees are usually paid on committed, rather than invested capital.

J-Curve and Cash Flows

Private equity funds “draw down” committed capital from investors early in a fund’s life and invest that capital over time. Distributions on realized investments generally do not occur until a few years after capital is initially drawn from investors. Additionally, fees are paid on committed capital, rather than invested capital. This results in negative cumulative cash flows in the early years of a private equity investment: the “J-curve.”

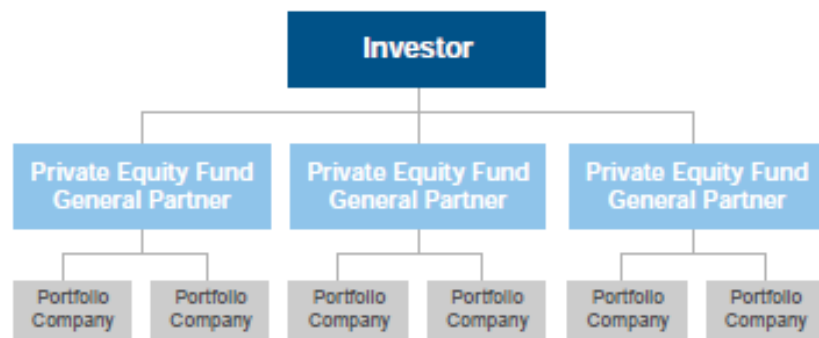


For illustrative purposes only. Not indicative of any particular investment.
Source: <http://blog.dealmarket.com/j-curve-analysis-could-impact-pe-industry/>

Implementation

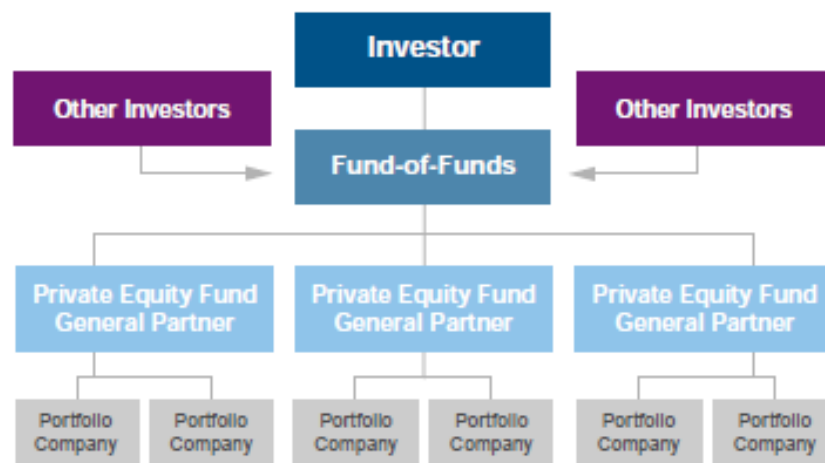
Investors can access private equity by investing directly in private equity funds, investing in a private equity fund of funds that in turn invests in underlying private equity funds, or through funds-of-one or separate accounts.

Invest Directly in a Fund



Source: Hamilton Lane

Invest in a Commingled Fund-of-Funds



Source: Hamilton Lane

- Both structures will call investors' committed capital over time, make investments over a specific period and distribute cash back to investors on partially or fully realized investments
- The fund of funds approach may offer broader diversification among private equity managers and strategies. This blending of different strategies and managers aims to deliver a more consistent return, while reducing risk, over directly investing in any individual private equity funds.
- With fund of funds, fees are charged at two levels. The underlying private equity managers collect their management and performance fees and then the fund of funds manager collects additional management and performance fees.



Performance

Private equity has shown the ability to deliver attractive performance over long-term periods...

Annualized Returns and Standard Deviation								
Time Period	3 Year		5 Year		7 Year		10 Year	
As of 6/30/2016	Return	Std. Dev.	Return	Std. Dev.	Return	Std. Dev.	Return	Std. Dev.
Private Equity Index*	10.2	8.5	9.0	11.0	12.4	10.5	9.4	14.9
S&P 500	11.7	8.4	12.1	12.7	14.9	13.7	7.4	16.5
Russell 2000	7.1	13.2	8.4	17.7	13.9	18.2	6.2	20.3
MSCI ACWI ex-US	1.2	11.5	0.1	15.0	5.4	16.7	1.9	20.5
Bloomberg Barclays - U.S. Aggregate Index	4.1	2.7	3.8	3.0	4.6	3.2	5.1	3.3
Bloomberg Barclays - U.S. High Yield Index	4.2	6.0	5.8	6.8	10.0	8.0	7.6	12.2
HFRI Fund of Funds Composite	1.9	4.1	1.6	4.7	2.8	4.8	1.6	7.0
NCREIF ODCE Equal Weighted Index**	13.0	1.0	12.7	1.0	10.6	5.4	5.9	8.9

*Hamilton Lane All Private Equity with volatility de-smoothed. Geometric mean returns in USD. The Hamilton Lane All Private Equity Index tracks the performance of private equity strategies including buyout, venture capital, credit, and other special situation strategies.

**Return and risk numbers are preliminary.

Vintage Year IRRs

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Upper Quartile	9.8	9.5	8.8	11.5	11.8	11.8	19.3	11.7	8.8	2.5
Median	3.3	3.5	4.7	4.2	5.0	1.1	8.7	6.9	-3.0	-8.7
Lower Quartile	-2.8	-2.3	-0.6	-1.6	-2.3	-2.9	1.2	-2.7	-11.9	-41.9

Source: Thomson Reuters All Private Equity Universe; net of fees

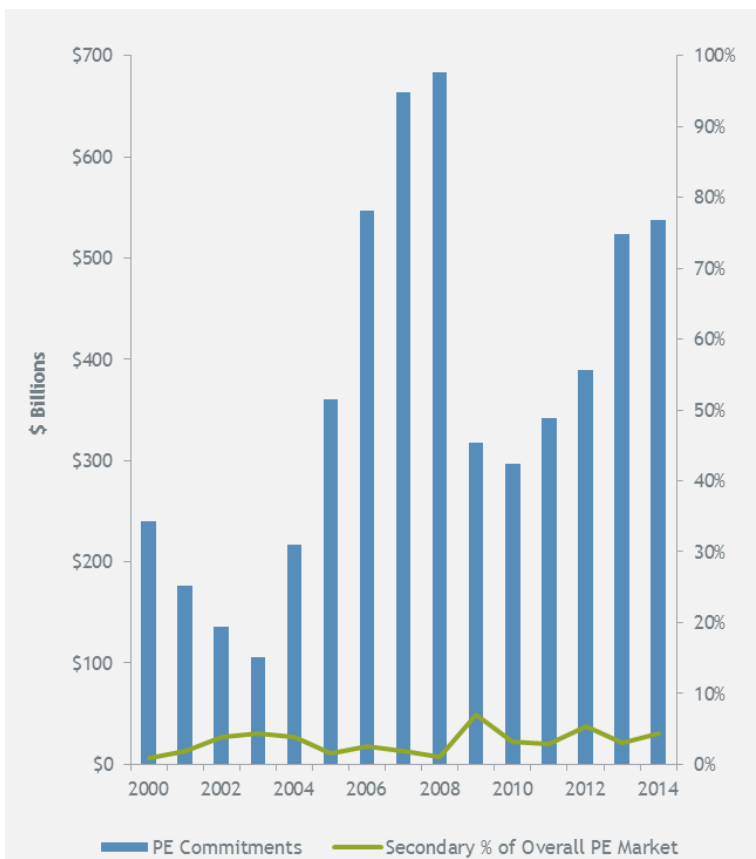
...but manager selection and vintage year diversification are key determinants of an investor's performance. Significant dispersion exists among vintage years and the top-performing and bottom-performing managers.



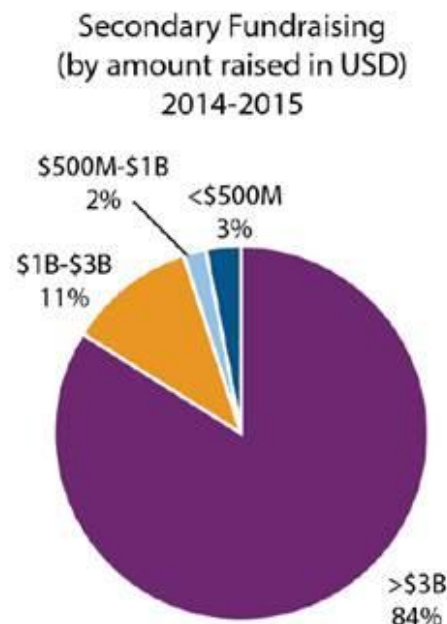
Private Equity Secondary Market

Private equity secondary market transactions involve the purchase of an existing private equity fund interest from a limited partner (investor) that is seeking liquidity by selling their position to another investor.

The secondary market has grown substantially over the past decade, and is estimated to be a \$40-50 billion market, yet remains a small percentage of the overall private equity market (see chart below at left). This growth has caused pricing for private equity interests sold on the secondary market to increase over the past several years as well.



Source: Cogent Partners, Preqin & Thomson Reuter as of December 31, 2014



Source: Cobalt (January 2017)

Secondary Market Benefits

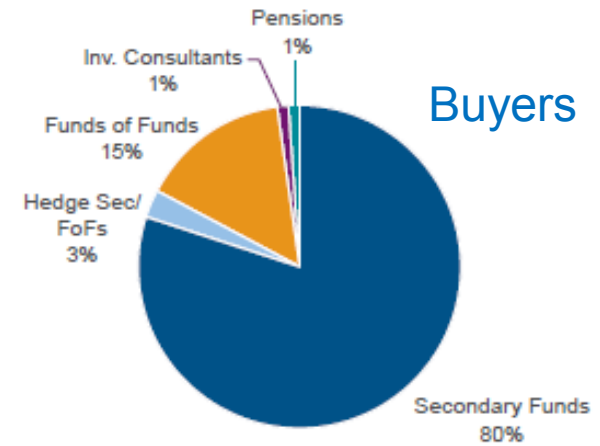
Why do investors buy private equity funds on the secondary market, and why do existing investors want to sell?

Notable benefits to buyers:

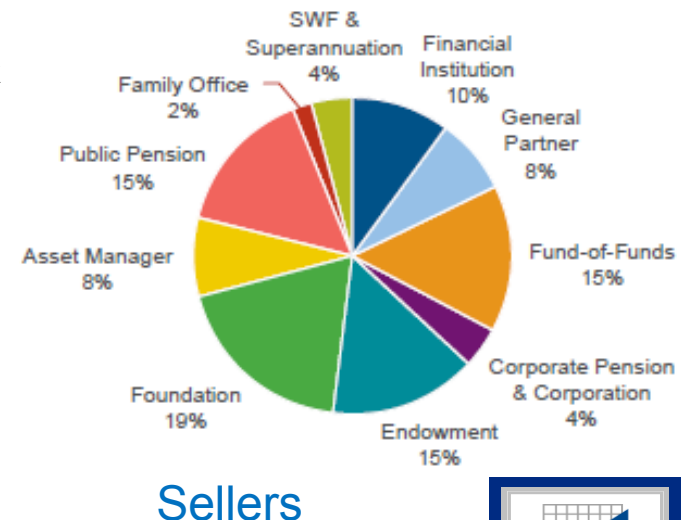
- **Reduced J-Curve:** Private equity fund interests purchased on the secondary market are more mature assets and have a shorter holding period than an initial primary fund investment, which can reduce or eliminate the j-curve, and potentially provide investors with immediate cash flows and reduce the negative effect of management fees paid early in a fund's life.
- **Buying at a discount:** Secondary fund interests are often purchased at a substantial discount to net asset value ("NAV") – though some can trade at NAV or even at a premium to NAV.
- **Known pool of diversified assets:** Secondary market buyers are purchasing a fund that has already made a significant amount of portfolio company investments – a "known pool" of investments rather than a "blind pool", in which the portfolio companies are largely unknown – and can evaluate the risk and return of those portfolio companies before purchasing an interest in the fund.
- **Predictability:** A potentially more predictable outcome than a primary private equity fund investment, though the potential for significantly outsized returns may be reduced along with the generally lower risk.

Notable benefits to sellers:

- Source of liquidity for an otherwise "illiquid" investment
- Lock in "paper" returns
- Interests in highly coveted funds may trade at or above NAV
- Reduce overall allocation to private equity and/or avoid future capital calls, if necessary (lately due to regulatory requirements for banks)



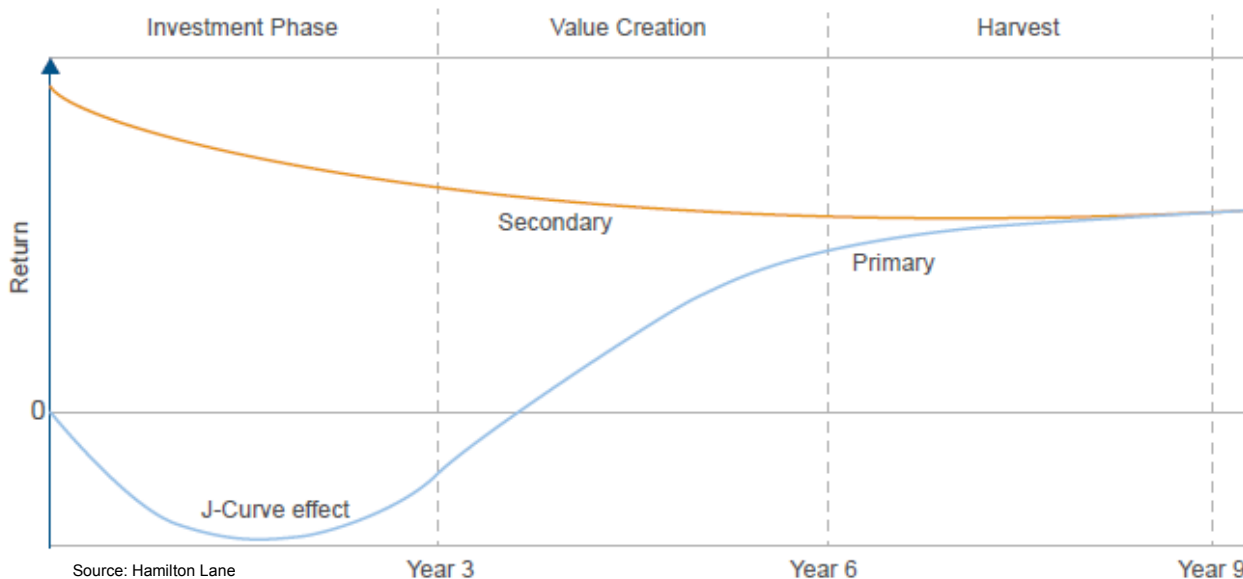
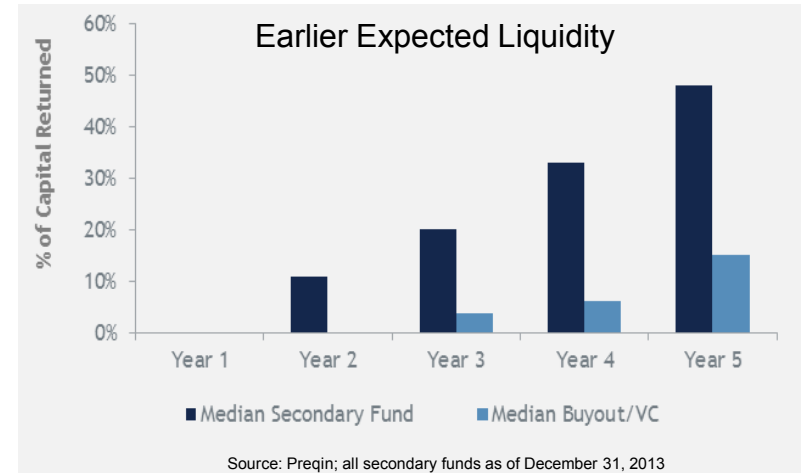
Source: Setter Capital Volume Report – July 2015



*Source: Greenhill Cogent Market Update – September 2015

Secondary Market Benefits

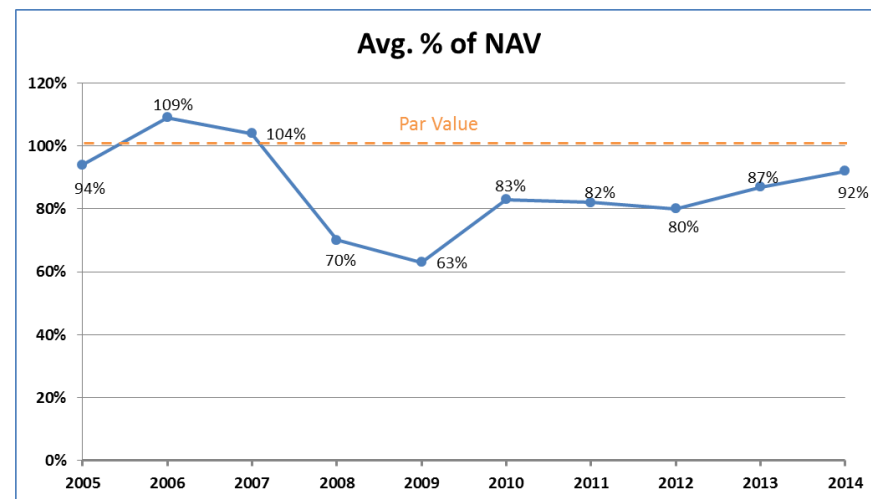
Due to the earlier distribution of capital back to investors from investing in more mature private equity funds, secondary investments are able to help mitigate the J-curve associated with primary fund investments.



Secondary Market Risks

In addition to the characteristics inherent in any private equity investment noted on page 4, there are additional risks to consider when investing in secondary market funds.

- **Growing and potentially crowded market:** 2012 saw a significant amount of inflows into the secondary market; the market continues to grow and is now estimated to be a \$40-50 billion market. Although deal supplies remain relatively strong, continuing to find attractive opportunities in a segment that could become increasingly crowded may present a challenge.
- **Increasing secondary pricing:** Following a decline from an average ~9% premium to NAV paid in 2006 to an average 37% discount in 2009 (a ten-year low), the average discount to NAV on the secondary market has steadily risen to around 92% of NAV in 2014 – an 8% discount (see chart on right).
- **Public market influence:** A “correction” in the public equity markets has the potential to increase the number of distressed sellers of private equity partnership interests and may be good for pricing, but also has the potential to reduce the valuations of the underlying portfolio companies in which private equity funds are invested.
- **Liquidity:** Though secondary funds should have a minimal j-curve and generate positive cash flows shortly after an investment, they are still expected to have a ten-year term and any liquidity should not be assumed.



Source: Cogent Partners 2015



Recommended Implementation

With reduced long-term return expectations for traditional asset classes, private equity may have the ability to add value through increased returns when accessed through appropriate managers and strategies. If Trustees are interested in an allocation to private equity, IPS suggests focusing on managers with the following characteristics to best capture the benefits of the asset class:

- Managers whose primary business is private equity, with deep research teams with access to a breadth of potential deals, and strong track records across multiple vintage year funds.
- Managers that have experience working with Taft-Hartley benefit funds and public retirement funds, and will agree to fiduciary status under ERISA as appropriate.
- Risk reduction: diversification across funds, strategies and vintage years – use funds of funds rather than direct investments.
- Focus on secondary funds to potentially further reduce risk, while accepting potential lower returns relative to the “home run” potential of primary private equity funds – expected returns for secondary funds should still provide a long-term return advantage over traditional asset classes, as well as the other aforementioned advantages over primary private equity funds.
- The cash flow needs of a Fund should be analyzed before considering a commitment to private equity, given the long lock-ups and lack of liquidity. IPS also generally suggests consideration of a 2.5% - 5% allocation to the asset class given its liquidity restrictions.

Memo



To: Board of Trustees-Mid-Atlantic UFCW and Participating Employers Pension Fund
From: Richard I. Sichel, Jr.
Date: May 31, 2017
CC: Fund Administrator; Fund Counsel
Re: Portfolio Advisors – Secondary Fund III

Meeting Date #1

August 4, 2016

Location

IPS Newtown

Attending from IPS

DM

Attending from Portfolio Advisors:

Eric Thunem, Managing Director

Meeting Date #2

October 18, 2016

Location

Portfolio Advisors – Darien, CT

Attending from IPS

DM

Attending from Portfolio Advisors:

Hugh Perloff, Managing Director and Head of Secondary Investments

Ben Hur, Sr. Vice President

Tim Henn, Sr. Associate

Jorge Rossello, Associate

Eric Thunem, Managing Director

Firm Background:

Portfolio Advisors ("PA") was founded in 1994 as the successor to the private equity investment arm of General Reinsurance ("GenRe"). GenRe's private equity program commenced in 1989 and its senior principal spun out in 1994 to form PA, with continued responsibility for oversight of the GenRe private equity fund portfolio. PA has been providing private equity consulting services to institutional investors since its inception in 1994 and launched its first fund-of-funds product in 2000.

The firm is headquartered in Darien, CT with additional investment offices in Zurich and Hong Kong. The firm is independent and 100% employee-owned, with no one member owning more than 14% of the firm's equity; the top ten equity owners own approximately 75%.

PA currently has 89 employees and manages approximately \$36 billion across several strategies. Over its history, the firm has invested more than \$44 billion in capital commitments. PA also provides private equity advisory services and administration/ reporting services, both of which are focused exclusively on private markets. More than 80% of the firm's revenue is derived from their fund management business, which is mostly fund of funds, though they do manage one direct fund focused on mezzanine debt.

The firm has a diverse institutional investor base, though the majority of the firm's AUM (~70%) are from public funds. PA currently manages assets for six Taft-Hartley plans, who have collectively committed \$285m to PA funds.

Legal/Compliance:

- Portfolio Advisors is a registered investment adviser with the SEC

- QPAM and willing to acknowledge qualified ERISA fiduciary status in writing.
- No outstanding litigation or regulatory issues related to the firm or its employees
- Last SEC audit was in 2005
- \$20m E&O / D&O policy
- ERISA assets in Fund III will be limited to 25% of aggregate LP commitments to avoid being considered “plan assets.” Approximately 5% of the capital committed to Fund III thus far is ERISA assets.

Investment Team:

PA has multiple investment teams dedicated to sourcing and due diligence on specific strategies. There are three primary fund teams, each with a geographic sector focus (US, Europe and Asia), real estate, co-investments, credit, mezzanine debt and secondaries.

The 8-member secondary team is led by Perloff and is dedicated exclusively to secondary market investments. The team consists of three managing directors (Perloff, William Indelicato and Kenneth Binick), with the remainder of the team at the Sr. VP/VP/Associate level. Perloff has been with the firm for 18 years and has led the secondary team since the launch of their first dedicated secondary fund in 2008. Indelicato and Binick have been with PA for 21 years and 8 years, respectively. Most of the secondary team has a background in investment banking and/or is a sector specialist, though all serve as generalists. They expect to add 1-2 members to the secondary team over the next few months as they continue to call and invest capital.

All investment decisions are reviewed by the firm’s 10-member Investment Committee, which consists of four members of the secondaries team, as well as six senior partners (all Managing Directors) in the firm. A 2/3 majority vote is required and the Committee meets on a weekly basis to review potential investments across the PA platform.

Portfolio Advisors Secondary Fund III (“PASF III”, “Fund III”) Overview:

- \$1 billion target capital raise with a \$1.2B hard cap; the firm has raised \$411 million in commitments to date, 95% of which has come from Fund II investors.
- Intended to be diversified across buyout, growth equity, venture capital, distressed and special situations; the expectation is that the majority of the Fund will be focused on buyouts (see prior fund diversification below)
- Focused primarily on US LP interests (likely ~80% US)
- Deal sizes should range from \$5m to \$75m; average deal size for PASF II was \$25m
- The Fund may include up to 15% in co-investments, on which they are targeting a 2-2.5x multiple
- Targeting 15% net IRR and a 1.6 – 1.8x net multiple on the total Fund

Investment Process

PA leverages their primary fund platform and their advisory business to source deals. More than 75% of the closed investments in their first two secondary funds have come from existing GP relationships, through either their primary FOF business or their advisory business. 30 investment professionals across the firm receive carried interest on their funds, which incentivizes them to help source deals across the platform.

The firm will review several hundred deals every year, but on average has only invested in 1-2% of reviewed transactions. The vast majority of transactions in which they have invested are exclusive, relationship-driven deals or carve-outs from limited auctions. They typically avoid competitive auctions.

Once their investment team uncovers a potential transaction, they will begin modeling the portfolio by performing an initial screen and assessment on the portfolio’s underlying companies to get a sense of the portfolio value. The team will present their early due diligence to the firm’s Investment Committee. They are conservative in that if members of the Committee have significant problems with the potential investment, the team will generally drop it and move on to other potential opportunities. If the investment is approved, they continue with further due diligence.

This involves gathering performance data, including revenues, EBITDA, net debt levels, budget versus actual performance, and other pertinent information on the underlying portfolio companies. Underlying company data will be compared to public companies, M&A transactions, and other metrics to arrive at a reasonable range of

value. During this process, PA also evaluates the impact of underlying fund portfolio terms (fees and carried interest potential).

The firm maintains a proprietary portfolio tracking system (which they refer to as “PRIVILEGe”), which provides underlying portfolio company information and cash flow data on nearly 2000 private equity funds. They believe PRIVILEGe provides an informational advantage with regard to evaluating and pricing secondary market deals.

All due diligence, including a detailed pricing analysis, is presented to the firm’s Investment Committee for final approval. Upon approval, the team will commence with negotiations and an offer to the seller.

The average discount to NAV for Fund I was ~24%; for Fund II it was ~18%. Discounts have generally moved closer to par value. While PA still expects to receive a significant discount based on their underwriting of the underlying portfolio companies, they are willing to pay par, or in some cases a premium to NAV, if they believe the assets are high quality. They state that the majority of their historical gains in secondaries come from asset appreciation, with only about 27% driven by discounts to NAV.

A correction in the public equity markets has the potential to restrict supply, but PA believes a market correction would likely be positive for secondary markets, as pricing would likely improve significantly. Despite a slowdown in secondary market deals in 2016 relative to last year (primarily driven by a slow Q1), PA believes there will continue to be ample supply and investment opportunities on the secondary market.

Secondary Fund History

	Gross IRR	Gross MOIC	Distributed/ Paid-in Capital	Residual Value / Paid- In Capital	Net IRR	Net MOIC
PASF I (2008)	17.4%	1.68x	1.07x	0.61x	14.8%	1.57x
PASF II (2012)	27.2%	1.37x	0.43x	0.94x	24.8%	1.35x

In addition to the two dedicated secondary products above, PA has been investing in secondary transactions in their primary FOF business since 2002. Their most recent primary FOFs have had ~20% allocations to secondaries. The firm has formulaic policies in place to define how investment opportunities are allocated across their dedicated primary and dedicated secondary funds.

The average discount to NAV for Fund I was ~24%; for Fund II it was ~18%.

Both funds sought to purchase mature assets: investments in Fund I were 76% funded; investments in Fund II were 90% on average.

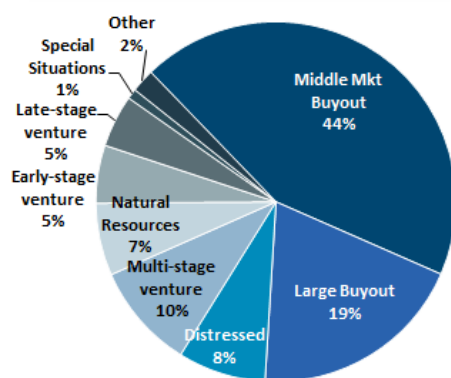
Of the 49 fund transactions in PASF I, four are currently being carried at multiples below 1; one PASF II fund transaction out of 35 is below 1 (0.8x). These were generally more concentrated portfolios and were sized appropriately (i.e., small). 90% of the secondary investments in Funds I and II have exceeded a 10% gross IRR.

Prior funds have not utilized any leverage (though the legal docs do allow for it); it is unlikely Fund III will utilize leverage other than a line of credit to bridge cash flows.

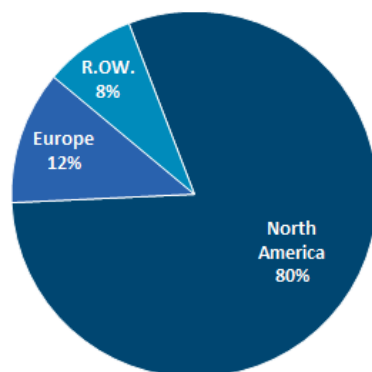
Prior Fund Diversification

There are no specific target ranges for type of investments, geography or sector, but prior funds have been well-diversified. Fund III is expected to have similar levels of diversification, with the focus on US buyouts.

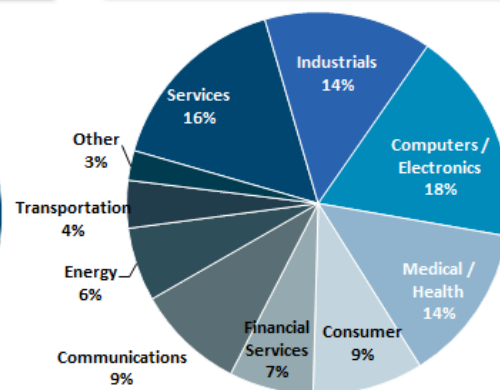
**PASF I & PASF II Strategy
By Total Exposure***



**PASF I & PASF II Region
By Reported Value****



**PASF I & PASF II Industry
By Reported Value****



Fund III Investments

Fund III's first close was held on October 1, 2015 with \$200m of their \$1B target; there have been two additional closings thus far. Total amount closed to date is \$411. PA expects the next close to get them close to \$500m. The final close will occur no later than Dec 31, 2017, but is expected to occur earlier (likely mid -2017).

The Fund has made three investments thus far: a growth equity transaction for which they paid 67% of par, a buyout deal with a minimal discount (but the transaction is structured to pay only 50% of the closing price now and the other 50% in two years), and another growth equity transaction with a 19% discount to NAV. A fourth transaction has been identified and approved but not yet closed.

Summary of Terms:

Fund:	Both onshore and offshore (Cayman) vehicles available
Size:	\$1.0 billion target; hard cap of \$1.2 billion
Return expectation:	20% gross IRR; net returns of 15-20%
Term:	Later of December 31, 2026 or one year following liquidation of all investments
Investment Period:	Five years following final close, with possible six-month extension
Follow-on Period:	Distributions may be reinvested during the investment period, with no more than 30% of an investor's committed capital reinvested
Minimum commitment:	\$5 million (flexible)
GP Commitment:	2% of aggregate commitments
ERISA issues:	Limited to 25% of total LP commitments

Fund III offers two fee options, with fee breaks for commitments greater than \$50m. Both fee series' have a 10% preferred return and 10% carried interest on net gains, payable only after a full return of capital to limited partners.

Management Fee	Series I Fees (Closed investment option)		Series II Fees (LP commitment option)	
DESCRIPTION	INVESTMENT PERIOD (as % of value of closed investments)	THEREAFTER (as % of value of NAV of the Fund)	INVESTMENT PERIOD (as % of value of LP's commitments)	THEREAFTER (as % of value of NAV of the Fund)
Standard Fee Schedule	1.25%	1.25%	0.85%	1.25%
Large Investor (>\$50mm USD) Incentive	1.125%	1.125%	0.80%	1.125%

Recommendation: Manager research suggests the addition of Portfolio Advisors Secondary Fund III to the "approved" list of private equity secondary funds.

Memo



To: Board of Trustees-Mid-Atlantic UFCW and Participating Employers Pension Fund
From: Richard I. Sichel, Jr.
Date: May 31, 2017
CC: Fund Administrator; Fund Counsel
Re: GCM Grosvenor Secondary Opportunities Fund II (SOF II)

IPS has conducted several meetings with GCM Grosvenor's Customized Fund Investment Group (the "Private Markets team") over the past two years, following Grosvenor's acquisition of the Credit Suisse Customized Fund Investment Group ("CFIG") in 2014. These meetings occurred via teleconference, in-person in IPS' Newtown office as well as an on-site due diligence meeting in Grosvenor's New York City office where the majority of the Private Markets team is based.

Key staff from GCM Grosvenor:

Brian Sullivan, CFA – Partner, Private Markets Investments and Head of Secondary Investments
Vikram Bhaskar – Managing Director, Private Markets Investments
Bernard Yancovich – Managing Director, Private Markets Investments
Luis Cabrera – Vice President
Bradford Hanan – Vice President
Ed Patchett – Managing Director
Tom Meagher – Managing Director

Organizational Update

- GCM Grosvenor currently manages \$47.8 billion in total AUM, with \$25.2 billion in hedge funds (public markets) and \$23 billion in private market investments
- The firm has 474 employees across several global offices
- 93% of firm assets are from institutional investors, with 76% in customized client SMAs
- No recent material changes to the firm's senior management team, investment personnel or structure, other than the addition of Frederick Pollock, Head of Strategic Investments, to the firm's Public Markets Investment Committee. Pollock joined Grosvenor earlier this year.
- No recent changes in ownership. Employees of Grosvenor own 71% of the firm, with the remaining 29% passively owned by private equity firm Hellman & Friedman.

Private Markets Team Background

Grosvenor's private markets business was originally founded in 1999 at Prudential Insurance Company of America. In 2000, the group joined Donaldson, Lufkin & Jenrette ("DLJ"), which was soon after acquired by Credit Suisse. From 2000 to 2013, the group operated as a business unit within the asset management division of Credit Suisse. In January 2014, Grosvenor acquired its private markets business from Credit Suisse, and all senior members of management joined the Grosvenor and signed long-term employment contracts with the firm.

While Grosvenor maintains its headquarters in Chicago, the majority of the Private Markets team is based in New York City, with additional private markets investment staff located in their Los Angeles office. Several affiliates comprise GCM Grosvenor; the Private Markets team is collectively known as GCM Customized Fund Investment Group, LP.

In September 2014, Grosvenor established a dedicated team to focus on deal sourcing and due diligence on secondary fund investments. The team is comprised of six members and is led by Brian Sullivan, who chairs the firm's Private Equity Secondaries Sub-Committee.

- Brian Sullivan, Director/Partner and Chair of the Secondaries Sub-Committee
- Bernard Yancovich, Managing Director, Private Markets Investment Committee Member and Secondaries Sub-Committee member
- Russell Cassella, Director/Partner and Secondaries Sub-Committee member
- Marc Iyer, Vice President/Principal
- Luis Cabrera, Vice President
- Bradford Hanan, Vice President

The secondaries team leverages the broader Private Markets team (50 total investment professionals) and is supported by 17 additional associates and analysts. Investment professionals from other strategy teams are expected to assist in sourcing and analyzing secondary fund transactions as well.

The Secondaries Sub-Committee referenced above is one of four sub-committees (primaries, secondaries, co-investments and real assets) which represent a smaller cross-section of senior private markets investment professionals, who vet each opportunity before presentation to the broader Private Markets Investment Committee. The seven-member (all Managing Directors) Private Markets Investment Committee is responsible for overseeing investment due diligence and approving private equity investments. Investment decisions are made by a majority vote and all private markets investments must be independently approved by both the Investment Committee and Grosvenor's Operations Committee in order to be included in a portfolio.

Legal/Compliance:

- GCM Grosvenor is a registered investment adviser with the SEC
- QPAM and willing to acknowledge qualified ERISA fiduciary status in writing.
- No material outstanding litigation or regulatory issues related to the firm or its employees
- \$150m E&O / D&O policy
- Grosvenor expects the Fund to be a "plan assets" vehicle, with greater than 25% ERISA assets. They will agree to be an ERISA fiduciary in this case. If the Fund is not a "plan assets" vehicle, Grosvenor will agree to ERISA fiduciary language in a side letter or manager addendum.

GCM Grosvenor Secondary Opportunities Fund II ("SOF II", "Fund II") Overview:

- \$250m target capital raise; to date, Grosvenor has received \$90m in verbal commitments from investors, with subscription documents under review. \$40m of the \$90m total are from Taft-Hartley investors.
- The Fund has not yet held its first close; Grosvenor expects a first close in Q1 2016 with the final close to occur within a year of the initial close.
- Grosvenor expects to commit ~\$100m per year in 5-10 secondary transactions, with the Fund fully committed within three years after the final close
- Grosvenor expects the Fund to be well-diversified by strategy (buyouts, venture capital, real estate, infrastructure), geography and vintage year.
- Minimal large-cap buyout exposure, primarily focused on middle-market buyouts (50-70%), with exposure to niche sectors including infrastructure, real estate and growth equity
- The Fund anticipates making co-investments but is not expected to invest in secondary directs (direct investments in portfolio companies without an underlying investment manager facilitating or co-investing in the company), although the Fund's PPM allows for direct secondary investments.
- Global in scope but primarily focused on US (60-80%) and Europe (15-25%), with other markets representing no more than 15% of the Fund.
- Intend to focus on deals they believe are too small for larger, multi-billion dollar funds, primarily less than \$50m in total exposure.

- The Fund will have a 20% limit in any single fund and a 25% limit in any funds managed by a single GP, however Grosvenor does not expect to come close to approaching these limits when fully invested.
- Targeting 15-20% net IRR and a 1.4 – 1.6x net multiple on the total Fund
- Grosvenor does not anticipate using any asset-based leverage, though a credit facility can be utilized to bridge cash flows; legal docs limit leverage use to 35% of capital commitments

Investment Process

Grosvenor intends to leverage their broader private equity platform to source deals from managers with whom they have existing relationships. They expect to invest 65-85% of the Fund's capital in managers with whom they have previously invested. They do not expect to participate in the auction market for secondary assets, instead sourcing assets directly from sellers, intermediaries, or leveraging their existing relationships with managers to access sellers and purchase only the assets they want from seller portfolios.

After identifying potential deals and an initial screen to determine whether they warrant further attention, Grosvenor performs an evaluation to assess the probability of success and determine whether to proceed with preliminary due diligence. This includes preparation of a preliminary pricing model and an assessment of competitive intelligence, such as the number of bidders and price expectations from the seller. Based on this analysis, the team determines if the returns at the anticipated pricing level are compelling considering the relevant risk factors.

Full due diligence includes both investment and operational assessments. The investment due diligence process focuses on a variety of structural, macro-level, company-specific and manager/fund-specific items. The process is value-focused and bottom-up, with in-depth reviews on both the underlying companies involved in each transaction as well as the GP and fund itself. When underwriting of the funds and portfolio companies is complete, Grosvenor develops a pricing model. The team follows a multi-stage approval process for all investments, allowing the broader team the opportunity to identify and evaluate the relevant risks in order to assess whether the price and expected returns are attractive enough for investment.

All completed due diligence is reviewed by the Secondary sub-committee before being presented to the Private Markets Investment Committee for review and approval. An Investment Committee Memorandum is presented at the weekly Private Markets Investment Committee meeting, where the Private Markets Investment Committee holds a final discussion on any potential investments. Following a presentation by the deal team, members of the Private Markets Investment Committee discuss the pros and cons of the investment recommendation. Majority approval by the Private Markets Investment Committee is required to submit a final letter of intent to the seller.

In addition to the investment due diligence conducted on potential investments, Grosvenor's dedicated operational due diligence team conducts background checks (performed by an independent third-party) and a review of operational capabilities and internal controls on the underlying fund manager. This includes reviews of third-party service providers (administrator, auditor, legal & compliance advisors, valuation specialists, etc.). Additionally, Grosvenor's in-house counsel conducts a legal review of the fund's terms, including the investment structure of the seller's commitment, and assess any potential tax ramifications associated with the purchase of assets.

Secondary Fund History and Performance

The team has been investing in secondary investments, aged primary funds and infrastructure secondaries since 2003. As noted above, Grosvenor established a dedicated secondaries team in 2014.

In 2015, Grosvenor raised and invested GCM Grosvenor Secondary Opportunities Fund, L.P. ("SOF I"), a \$182 million fund (in aggregate commitments) that was raised to facilitate a secondary investment in a diversified portfolio of limited partnerships and co-investments. Although GCM Grosvenor believes that SOF I and the Fund have similar investment strategies and objectives, SOF I is a special purpose investment vehicle that was established for the purpose of acquiring a known portfolio of private equity interests (and the purchase price to be paid for them) were identified to investors in advance of making their commitments to SOF I.

The history of secondary investments made by the team since 2003 has generated a net multiple of 1.47x with a net IRR of 13.1%. The weighted average discount to NAV paid for all secondary assets over this time period has been approximately 18%.

Since the establishment of their dedicated secondaries team in 2014, their secondary investments have generated a net multiple of 1.32x with an unlevered net IRR of 38.8%. 26 of the 30 investments made over that time have net multiples greater than 1.0x. Of the 30 investments made over that time, 13 of them comprise SOF I, which has generated a net multiple to limited partners of 1.36x with a net IRR of 34.72%.

Summary of Terms:

Fund:	Onshore / Offshore vehicles available
Size:	\$250 million target
Return expectation:	15-20% net IRR
Term:	10 years following the final close, with a two-year extension possible at the discretion of the GP; subsequent extensions will require LP consent
Investment Period:	Three years following final close, with possible one-year extension
Follow-on Period:	Distributions received by the GP within 24 months of investment may be reinvested
Minimum commitment:	\$5 million (subject to the discretion of the GP)
GP Commitment:	At least 1% of aggregate commitments, with a maximum of \$2.5 million
ERISA issues:	Will likely be a “plan assets” vehicle. Grosvenor will agree to be an ERISA fiduciary in this case. If the Fund is not a “plan assets” vehicle, Grosvenor will agree to ERISA fiduciary language in a side letter or manager addendum.

Fees:

- **For first-close investors: 50 bps management fee on committed capital until the fourth anniversary of the final close; 5% carried interest after an 8% preferred return**
- For all subsequent closings: 100 bps management fee; 10% carried interest after an 8% preferred return

Distributions:

- 100% to LPs until aggregate capital contributions are received;
- Then, 100% to LPs until the 8% preferred return is reached;
- Then, 100% to Grosvenor until applicable carried interest percentage is reached (catch-up provision);
- Thereafter, 90% to LPs and 10% to Grosvenor (or 95% LPs / 5% to Grosvenor for first-close investors)

Recommendation: Manager Research suggests the addition of Grosvenor Secondary Opportunities Fund II to the “approved” list of private equity secondary funds.

ERISA Pension Investment Conference

April 19 – 22, 2016

IPS does not sell products or services to investment managers. However, such managers may pay IPS to attend and to help defray the cost of IPS' annual ERISA Pension Investment Conference ("EPIC"), an educational conference devoted to various issues relating to Taft-Hartley plans. IPS will not give preferential treatment to investment managers who pay to attend and help defray the costs of EPIC.

It is important to note that no fees are paid to IPS by any investment manager to be included in a search or database. The only requirement placed upon the manager is their willingness to submit and maintain data concerning their firm, its investment products, and performance results.

GCM Grosvenor attended and helped defray the cost of IPS' annual ERISA Pension Investment Conference ("EPIC").

