FELRA and UFCW Pension Fund & Mid-Atlantic UFCW and Participating Employers' Pension Fund

July 13, 2017

INVESTMENT PERFORMANCE SERVICES, LLC

Richard I. Sichel, Jr.
President

TABLE OF CONTENTS

FELRA and UFCW Pension Fund

Tab A May Update

Tab B Asset Allocation and Glide Path Review

Mid-Atlantic UFCW and Participating Employers' Pension Fund

Tab C May Update

Tab D Asset Allocation

Tab E Smid Cap Equity Manager Search

Tab F Real Estate Manager Search

Tab G IPS Due Diligence Memo – Corbin Opportunity Fund

Tab H IPS Due Diligence Memo – EnTrustPermal Special Opportunities Fund IV

Tab I Private Equity Educational Materials

Tab J IPS Due Diligence Memo – Portfolio Advisors Secondary Fund III

Tab K IPS Due Diligence Memo – GCM Secondary Opportunity Fund II

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FELRA And UFCW Pension Fund

Preliminary Performance

Period Ending

May 31, 2017

Summary of Cash Flows

	Last Month	Quarter-To-Date	Year-To-Date
Beginning Market Value	$343,498,641	$353,530,441	$367,162,534
Net Cash Flow	-$4,076,143	-$15,499,644	-$42,015,266
Net Investment Change	$2,263,698	$3,655,398	$16,538,928
Ending Market Value	$341,686,195	$341,686,195	$341,686,195

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Domestic Equity	$87,720,952	25.7%	30.0%	20.0% - 40.0%	-4.3%	-$14,784,906
International Equity	$8,545,364	2.5%	0.0%	0.0% - 0.0%	2.5%	$8,545,364
Emerging Markets Equity	$4,876,122	1.4%	0.0%	0.0% - 0.0%	1.4%	$4,876,122
Investment Grade Bonds	$9,497,450	2.8%	20.0%	10.0% - 40.0%	-17.2%	-$58,839,790
Opportunistic Fixed Income	--	--	10.0%	0.0% - 20.0%	-10.0%	-$34,168,620
Short Duration High Yield Bonds	--	--	5.0%	0.0% - 10.0%	-5.0%	-$17,084,310
Real Estate	$80,006,653	23.4%	15.0%	0.0% - 30.0%	8.4%	$28,753,723
Hedge Fund of Funds	$55,710,493	16.3%	0.0%	0.0% - 0.0%	16.3%	$55,710,493
Global Tactical Asset Allocation	$66,126,043	19.4%	15.0%	0.0% - 30.0%	4.4%	$14,873,113
Cash Equivalents / Other	$29,203,119	8.5%	5.0%	0.0% - 20.0%	3.5%	$12,118,809
Total	**$341,686,195**	**100.0%**	**100.0%**			

Note: Asset allocation targets are effective May 31, 2017. The Board of Trustees voted to suspend rebalancing to the asset allocation targets.

Note: Cash Equivalents /Other includes Franklin Templeton Global Bond Plus Trust.

Gross of Fees

			Ending May 31, 2017		
	Market Value	% of Portfolio	1 Mo	QTD	YTD
Total Fund	**$341,686,195**	**100.0%**	**0.7%**	**1.2%**	**5.0%**
Total Fund Domestic Equity	**$87,720,952**	**25.7%**	**1.0%**	**1.7%**	**7.1%**
S&P 500			*1.4%*	*2.4%*	*8.7%*
Wedge Capital Management	$27,019,425	7.9%	1.0%	1.1%	5.2%
Russell 1000 Value			*-0.1%*	*-0.3%*	*3.0%*
Vanguard Total Stock Mkt Idx Fund	$60,701,527	17.8%	1.0%	2.1%	8.0%
CRSP US Total Market TR USD			*1.0%*	*2.1%*	*8.0%*
Total Fund International Equity	**$13,421,486**	**3.9%**	**3.7%**	**6.5%**	**14.3%**
MSCI EAFE			*3.7%*	*6.3%*	*14.0%*
Gryphon International Investment	$8,545,364	2.5%	5.1%	8.8%	14.4%
MSCI EAFE			*3.7%*	*6.3%*	*14.0%*
MSCI EAFE Growth			*5.1%*	*8.2%*	*17.5%*
Vanguard Emerging Mkts Stock Lx Inst	$4,876,122	1.4%	1.3%	2.7%	14.1%
FTSE Emerging Markets			*1.6%*	*3.5%*	*14.1%*
Total Investment Grade Fixed Income	**$5,380,500**	**1.6%**	**0.6%**	**1.2%**	**2.1%**
Custom Benchmark Fixed Income			*0.5%*	*1.1%*	*1.9%*
Segall Bryant & Hamill	$5,380,500	1.6%	0.6%	1.2%	2.1%
Custom Benchmark Segall			*0.5%*	*1.1%*	*1.9%*

Gross of Fees

	Market Value	% of Portfolio	Ending May 31, 2017 1 Mo	QTD	YTD
Total Short Duration High Yield Fixed Income	**$4,116,950**	**1.2%**	**0.3%**	**1.1%**	**2.4%**
Custom Benchmark			*0.5%*	*1.2%*	*2.2%*
Chartwell Short Duration High Yield	$4,116,950	1.2%	0.3%	1.1%	2.4%
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*0.5%*	*1.2%*	*2.2%*
BBgBarc 1-3 Yr BB U.S. Constrained Index			*0.5%*	*1.1%*	*2.4%*
Total Fund Global Bond	**$27,976,243**	**8.2%**	**-1.3%**	**-1.9%**	**2.3%**
Franklin Templeton Global Bond Plus Trust	$27,976,243	8.2%	-1.3%	-1.9%	2.3%
Total Fund Real Estate	**$80,006,653**	**23.4%**			
JP Morgan Real Estate Strategic Property - Core Investments	$80,006,653	23.4%			
Total Fund Hedge Fund of Funds	**$55,710,493**	**16.3%**	**0.1%**	**0.8%**	**1.9%**
HFRI Fund of Funds Composite Index			*0.4%*	*0.9%*	*3.3%*
Entrust Capital Diversified Fund QP Ltd	$26,981,670	7.9%	0.2%	0.9%	2.1%
HFRI Fund of Funds Composite Index			*0.4%*	*0.9%*	*3.3%*
T-Bills + 5%			*0.5%*	*1.0%*	*2.3%*
Mesirow Institutional Multi-Strategy Fund, L.P.	$28,067,003	8.2%	-0.1%	0.7%	1.7%
HFRI Fund of Funds Composite Index			*0.4%*	*0.9%*	*3.3%*
T-Bills + 5%			*0.5%*	*1.0%*	*2.3%*
Gottex Fund Management Holdings Ltd.	$175,840	0.1%			
MDF Special Investments SPC, Ltd. / MDEF June 2011 / Pool 12/11	$485,980	0.1%			

Gross of Fees

	Market Value	% of Portfolio	Ending May 31, 2017 1 Mo	QTD	YTD
Total Fund GTAA	**$66,126,043**	**19.4%**	**1.3%**	**1.6%**	**7.2%**
65% MSCI World Index/35% CitigroupWGBI			*2.0%*	*3.4%*	*8.3%*
First Eagle Global Value	$66,126,043	19.4%	1.3%	1.6%	7.2%
65% MSCI World Index/35% CitigroupWGBI			*2.0%*	*3.4%*	*8.3%*
Total Fund Cash	**$1,226,875**	**0.4%**	**0.0%**	**0.1%**	**0.2%**
PNC Stif	$1,226,875	0.4%	0.0%	0.1%	0.2%
91 Day T-Bills			*0.1%*	*0.1%*	*0.3%*

Net of Fees

			Ending May 31, 2017		
	Market Value	% of Portfolio	1 Mo	QTD	YTD
Total Fund	**$341,686,195**	**100.0%**	**0.7%**	**1.1%**	**4.6%**
Total Fund Domestic Equity	**$87,720,952**	**25.7%**	**1.0%**	**1.7%**	**7.0%**
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Net of Fees

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Total Fund GTAA	**$66,126,043**	**19.4%**	**1.2%**	**1.5%**	**6.8%**
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Total Fund Cash	**$1,226,875**	**0.4%**	**0.0%**	**0.1%**	**0.2%**
PNC Stif	$1,226,875	0.4%	0.0%	0.1%	0.2%
91 Day T-Bills			*0.1%*	*0.1%*	*0.3%*

Footnotes

- Gottex Fund Mangement Holdings, Ltd. market value is as of 12/31/16. and MDF Special Investments SPC, Ltd. / MDEF June 2011 / Pool 12/11 market value is as of 3/31/17.
- On 5/8/17 Meridian MDF distributed $85,335.44 to PNC STIFF.
- On 5/15/17 Vanguard Emerging Market transferred $150,000 to PNC STIFF.
- On 5/15/17 Vanguard Total Stock Market transferred $1,875,000 to PNC STIFF.
- On 5/17/17 Chartwell transferred $130,000 to PNC STIFF.
- On 5/20/17 SBH transferred $165,000 to PNC STIFF.
- On 5/22/17 Wedge transferred $835,000 to PNC STIFF.
- On 5/22/17 Gryphon transferred $255,000 to PNC STIFF.
- On 5/30/17 Franklin Templeton transferred $890,000 to PNC STIFF.

FELRA and UFCW Pension Fund Asset Allocation and Glide Path Updated to May 2017

Presented by Investment Performance Services, LLC

July, 2017

Richard Sichel, Jr., President

David A. Russell, CFA, Senior Investment Strategist

The FELRA Pension Plan's Cash Flow Projections:

Original Forecast - 2012

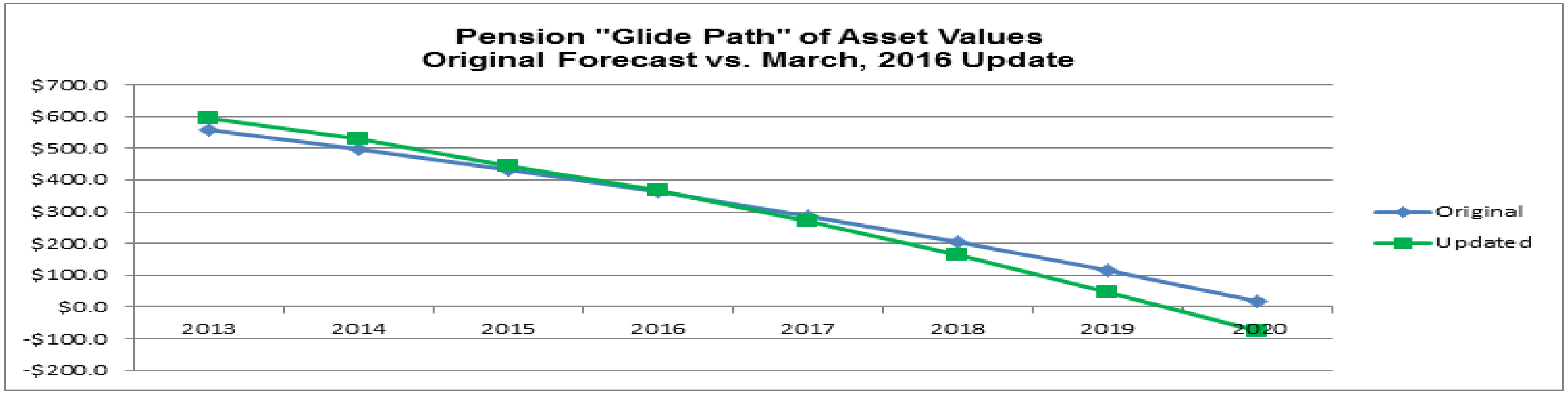
	Beginning Market Value ($ million)	Forecasted Return (%)	($)	Plan Cash Flows: Contrib	Benefit Payments	Admin Costs	Net Plan Cash Flow	Year End Assets
2013	$608.2	7.2%	$43.8	$56.1	($146.9)	($4.1)	($94.90)	$557.1
2014	$557.1	7.2%	$40.1	$56.1	($150.2)	($4.2)	($98.30)	$498.9
2015	$498.9	7.2%	$35.9	$56.2	($152.6)	($4.4)	($100.80)	$434.0
2016	$434.0	7.2%	$31.3	$56.5	($153.8)	($4.5)	($101.80)	$363.5
2017	$363.5	6.9%	$25.1	$56.9	($154.5)	($4.6)	($102.20)	$286.4
2018	$286.4	6.5%	$18.6	$57.6	($154.4)	($4.8)	($101.60)	$203.4
2019	$203.4	5.2%	$10.6	$58.4	($153.7)	($4.9)	($100.20)	$113.8
2020	$113.8	2.8%	$3.2	$58.5	($152.5)	($5.1)	($99.10)	$17.8

Updated Forecast - May, 2017

Reflects Market Values as of 12/31/2016 and 2017 Asset Class Return Assumptions

	Beginning Market Value ($ million)	Actual* / Forecast (%)	($)	Plan Cash Flows: Contrib	Benefit Payments	Admin Costs	Net Plan Cash Flow	Year End Assets
2013	$603.7	14.2%	$81.2	Details not available			($90.10)	$594.8
2014	$594.8	5.3%	$31.8	$48.2	($150.1)	($4.4)	($95.32)	$531.3
2015	$531.3	2.3%	$12.2	$48.2	($150.1)	($4.4)	($106.30)	$444.9
2016	$444.9	**7.0%**	$31.1	$44.6	($154.0)	($5.1)	($114.50)	**$366.1**
2017	**$366.1**	5.8%	$21.1	$43.7	($156.4)	($5.2)	($117.90)	$269.3
2018	$269.3	5.5%	$14.9	$42.6	($157.7)	($5.4)	($120.50)	$163.7
2019	$163.7	2.9%	$4.7	$41.7	($158.0)	($5.5)	($121.80)	$46.6
2020	$46.6	2.8%	$1.3	$41.0	($157.6)	($5.7)	($122.30)	-$74.4

* Net of Fees Returns



Recommended Asset Allocation Glide Path

Updated May 2017

	IPS 2016 Return Assumptions	IPS 2017* Return Assumptions	2014 Target Allocation	2015 Target Allocation	Jan 2016 Target Allocation	Dec 2016 Actual Allocation	Recommended Jan 2017 Target Allocation	Recommended Jan 2018 Target Allocation	Recommended Jan 2019 Target Allocation	Recommended Jan 2020 Target Allocation
Total Equity			**40.0%**	**40.0%**	**40.0%**	**33.0%**	**30.0%**	**30.0%**	**0.0%**	**0.0%**
US Equity	**7.50%**	**7.25%**	30.0%	30.0%	30.0%	28.9%	30.0%	30.0%	0.0%	0.0%
Non-US Equity	**8.00%**	**7.75%**	5.0%	5.0%	5.0%	2.6%	0.0%	0.0%	0.0%	0.0%
EM Equity	**10.00%**	**9.75%**	5.0%	5.0%	5.0%	1.5%	0.0%	0.0%	0.0%	0.0%
Total Bonds			**19.5%**	**19.5%**	**19.5%**	**13.7%**	**35.0%**	**40.0%**	**95.0%**	**90.0%**
US Interm Gov/Credit	**3.00%**	**3.00%**	5.0%	5.0%	5.0%	1.9%	20.0%	25.0%	95.0%	90.0%
Opportunistic Bond	**4.50%**	**4.50%**	10.0%	10.0%	10.0%	9.4%	10.0%	10.0%	0.0%	0.0%
Sh Dur HY Bonds	**5.50%**	**5.50%**	4.5%	4.5%	4.5%	1.4%	5.0%	5.0%	0.0%	0.0%
Real Estate	**7.75%**	**7.75%**	**15.0%**	**15.0%**	**15.0%**	**21.7%**	**15.0%**	**10.0%**	**0.0%**	**0.0%**
Hedge FOFs	**6.00%**	**4.50%**	**10.0%**	**10.0%**	**10.0%**	**14.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
GTAA	**7.25%**	**7.00%**	**15.0%**	**15.0%**	**15.0%**	**16.9%**	**15.0%**	**15.0%**	**0.0%**	**0.0%**
Cash	**1.00%**	**1.00%**	0.5%	0.5%	0.5%	0.6%	5.0%	5.0%	5.0%	10.0%
Total			**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
2016 Forecasted Return			7.2%	7.2%	6.9%		5.9%	5.6%	2.9%	2.8%
2017 Forecasted Return			**7.2%**	**7.2%**	**6.9%**		**5.8%**	**5.5%**	**2.9%**	**2.8%**
Forecasted Standard Deviation					**11.53**		**8.41**	**8.36**	**2.39**	**2.27**
Projected Market Values - Beginning of Year in $millions					**$444.9**		**$366.1**	**$269.7**	**$164.4**	**$47.4**
Value At Risk (VaR) - Begining Asset Values in $millions					**-$77.2**		**-$47.0**	**-$34.7**	**-$6.5**	**-$2.1**

VaR = Maximum dollar loss over a 1-year time horizon at a 95% confidence level

* Based on updated return assumptions adopted the by IPS Investment Committee as of January 2017. Risk (Standard Deviation) has not changed.
The return assumptions are long-term and forward-looking, net-of-fee index expectations, based on reasonable beliefs of the IPS Investment Committee.
Actual results may differ from the forecast above.

Supplemental Information

Manager Recommendations - Updated May, 2017

U.S. Equity	Recommendation	Long Term
Wedge	Retain	Liquidate on 12/31/18
Vanguard Total Market	Retain	Liquidate on 12/31/18

International	Recommendation	Long Term
Gryphon	Due to ongoing cash needs, redeem as soon as possible (In Process)	---
Vanguard EM Index Fund	Due to ongoing cash needs, redeem as soon as possible (In Process)	---

Fixed Income	Recommendation	Long Term
Segall Bryant Hamill	Retain	Retain
Chartwell Short Dur HY	Retain	Liquidate 12/31/2018
Templeton Global Bond	Retain	Liquidate 12/31/2018

Real Estate	Recommendation	Long Term
JPMorgan	Due to ongoing cash needs, reduce to 15% allocation as soon as possible, 10% by December 31, 2017 (Status: In process) and liquidate by December 31, 2018 (Status: Pending)	Liquidate on 12/31/18

Hedge Fund of Funds	Recommendation	Long Term
EnTrust	Due to ongoing cash needs, redeem as soon as possible (Status: In process) Termination is effective June 30, 2017 with proceeds to become available starting July 2017 (paid over a few quarters).	---
Mesirow	Due to ongoing cash needs, redeem as soon as possible (Status: In process). Termination is effective Sept 30, 2017 with proceeds to become available in mid-November.	---

GTAA	Recommendation	Long Term
First Eagle	Retain	Liquidate 12/31/2018

Mid-Atlantic UFCW and Participating Employers Pension Fund

Preliminary Monthly Performance Analysis

Period Ending

May 31, 2017

Summary of Cash Flows

	Last Month	Quarter-To-Date	Year-To-Date
Beginning Market Value	$66,748,261	$66,022,604	$59,362,070
Net Cash Flow	$2,713,309	$3,132,681	$7,056,691
Net Investment Change	$642,250	$948,535	$3,685,058
Ending Market Value	$70,103,820	$70,103,820	$70,103,820

Allocation vs. Targets and Policy

	Current Balance	Current Allocation	Policy	Policy Range	Difference	Difference
Large Cap Equity	$17,471,513	24.9%	25.0%	20.0% - 30.0%	-0.1%	-$54,442
Short Duration Hi Yield Fxd Income	$6,834,066	9.7%	10.0%	5.0% - 15.0%	-0.3%	-$176,316
Real Estate	$6,671,886	9.5%	10.0%	5.0% - 15.0%	-0.5%	-$338,496
GTAA	$35,919,418	51.2%	55.0%	50.0% - 60.0%	-3.8%	-$2,637,683
Cash	$3,206,937	4.6%	--	--	4.6%	$3,206,937
Total	**$70,103,820**	**100.0%**	**100.0%**			

Gross of Fees

	Ending May 31, 2017				
	Market Value	% of Portfolio	1 Mo	QTD	YTD
Composite	**$70,103,820**	**100.0%**	**1.0%**	**1.5%**	**6.3%**
Total Equity	**$17,471,513**	**24.9%**	**1.0%**	**2.1%**	**8.0%**
CRSP US Total Market TR USD			*1.0%*	*2.1%*	*8.0%*
Vanguard Index Trust Total Stk Mkt	$17,471,513	24.9%	1.0%	2.1%	8.0%
CRSP US Total Market TR USD			*1.0%*	*2.1%*	*8.0%*
Total Short Duration High Yield	**$6,834,066**	**9.7%**	**0.3%**	**1.2%**	**2.4%**
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*0.5%*	*1.2%*	*2.2%*
Chartwell Short Duration High Yld	$6,834,066	9.7%	0.3%	1.2%	2.4%
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*0.5%*	*1.2%*	*2.2%*
BBgBarc 1-3 Yr BB U.S. Constrained Index			*0.5%*	*1.1%*	*2.4%*
Total Real Estate	**$6,671,886**	**9.5%**	**0.0%**	**0.0%**	**2.3%**
NCREIF ODCE Equal Weighted Index			*0.0%*	*0.0%*	*1.8%*
American Core Realty Fund	$6,671,886	9.5%	0.0%	0.0%	2.3%
NCREIF ODCE Equal Weighted Index			*0.0%*	*0.0%*	*1.8%*
Total GTAA	**$35,919,418**	**51.2%**	**1.3%**	**1.6%**	**7.2%**
65% MSCI World Index/35% CitigroupWGBI			*2.0%*	*3.4%*	*8.3%*
First Eagle Global Value Fund	$35,919,418	51.2%	1.3%	1.6%	7.2%
65% MSCI World Index/35% CitigroupWGBI			*2.0%*	*3.4%*	*8.3%*
Total Fund Cash	**$3,206,937**	**4.6%**	**0.0%**	**0.0%**	**0.1%**
Cash	$3,206,937	4.6%	0.0%	0.0%	0.1%

Net of Fees

	Ending May 31, 2017				
	Market Value	% of Portfolio	1 Mo	QTD	YTD
Composite	**$70,103,820**	**100.0%**	**1.0%**	**1.4%**	**6.0%**
Total Equity	**$17,471,513**	**24.9%**	**1.0%**	**2.1%**	**8.0%**
CRSP US Total Market TR USD			*1.0%*	*2.1%*	*8.0%*
Vanguard Index Trust Total Stk Mkt	$17,471,513	24.9%	1.0%	2.1%	8.0%
CRSP US Total Market TR USD			*1.0%*	*2.1%*	*8.0%*
Total Short Duration High Yield	**$6,834,066**	**9.7%**	**0.3%**	**1.1%**	**2.2%**
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*0.5%*	*1.2%*	*2.2%*
Chartwell Short Duration High Yld	$6,834,066	9.7%	0.3%	1.1%	2.2%
BofA ML - U.S. HY Cash Pay 1-3 Yr BB			*0.5%*	*1.2%*	*2.2%*
BBgBarc 1-3 Yr BB U.S. Constrained Index			*0.5%*	*1.1%*	*2.4%*
Total Real Estate	**$6,671,886**	**9.5%**	**0.0%**	**0.0%**	**2.0%**
NCREIF ODCE Equal Weighted Index			*0.0%*	*0.0%*	*1.8%*
American Core Realty Fund	$6,671,886	9.5%	0.0%	0.0%	2.0%
NCREIF ODCE Equal Weighted Index			*0.0%*	*0.0%*	*1.8%*
Total GTAA	**$35,919,418**	**51.2%**	**1.2%**	**1.5%**	**6.8%**
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Total Fund Cash	**$3,206,937**	**4.6%**	**0.0%**	**0.0%**	**0.1%**
Cash	$3,206,937	4.6%	0.0%	0.0%	0.1%

Footnotes

- Real Estate is valued quarterly and market value and returns are as of 3/31/17, plus or minus any flows.
- On 4/30/17 First Eagle Global Value received a transfer of $750,000 from the cash account for investment on 5/1/17.

ASSET ALLOCATION
AND FUND STRUCTURE REVIEW

Mid-Atlantic UFCW and Participating Employers Pension Fund

July 13, 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

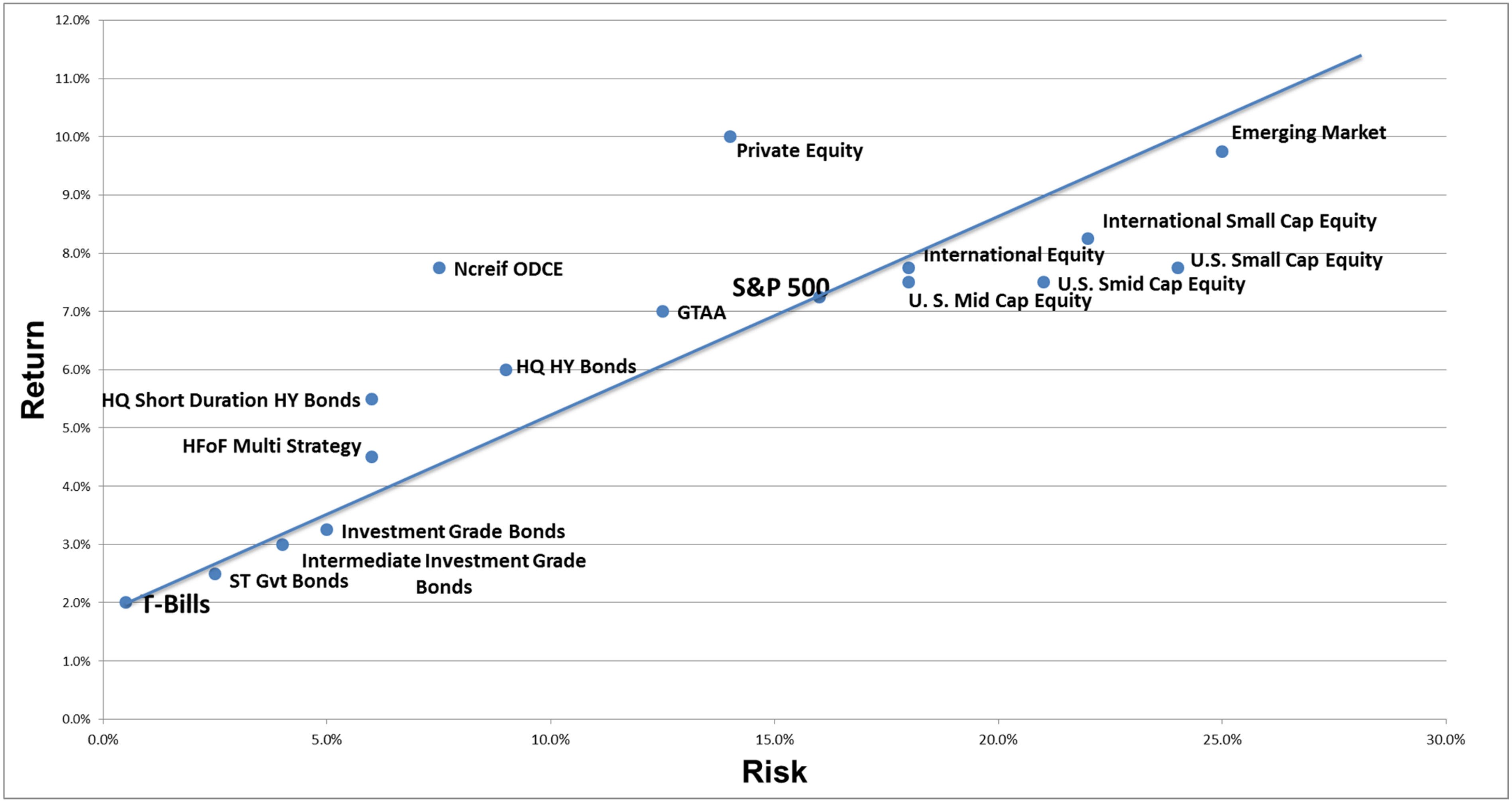
Total Domestic Equity	60%	Max
Domestic Large Cap Equity	25%	Min
Small, Mid and Smid Cap Equity	20%	Max
International Equity Large Cap	15%	Max
International Small Cap Equity	5%	Max
Fixed Investment Grade (Includes Short Term & Intermediate)	10%	Min
High Quality High Yield Bonds (Includes Short Duration)	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 Investment Committee Jan 2017

IPS 2016 Capital Market Assumptions



Investment Performance Services, LLC
Asset Class Correlations

Assumption table:	Large Stocks	Mid Stocks	Smid Stocks	Small Stocks	REIT	Internt'l	Global Stocks	Emerg	Intern'l Small	T-BILL	ST Gvt/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 Gvt/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

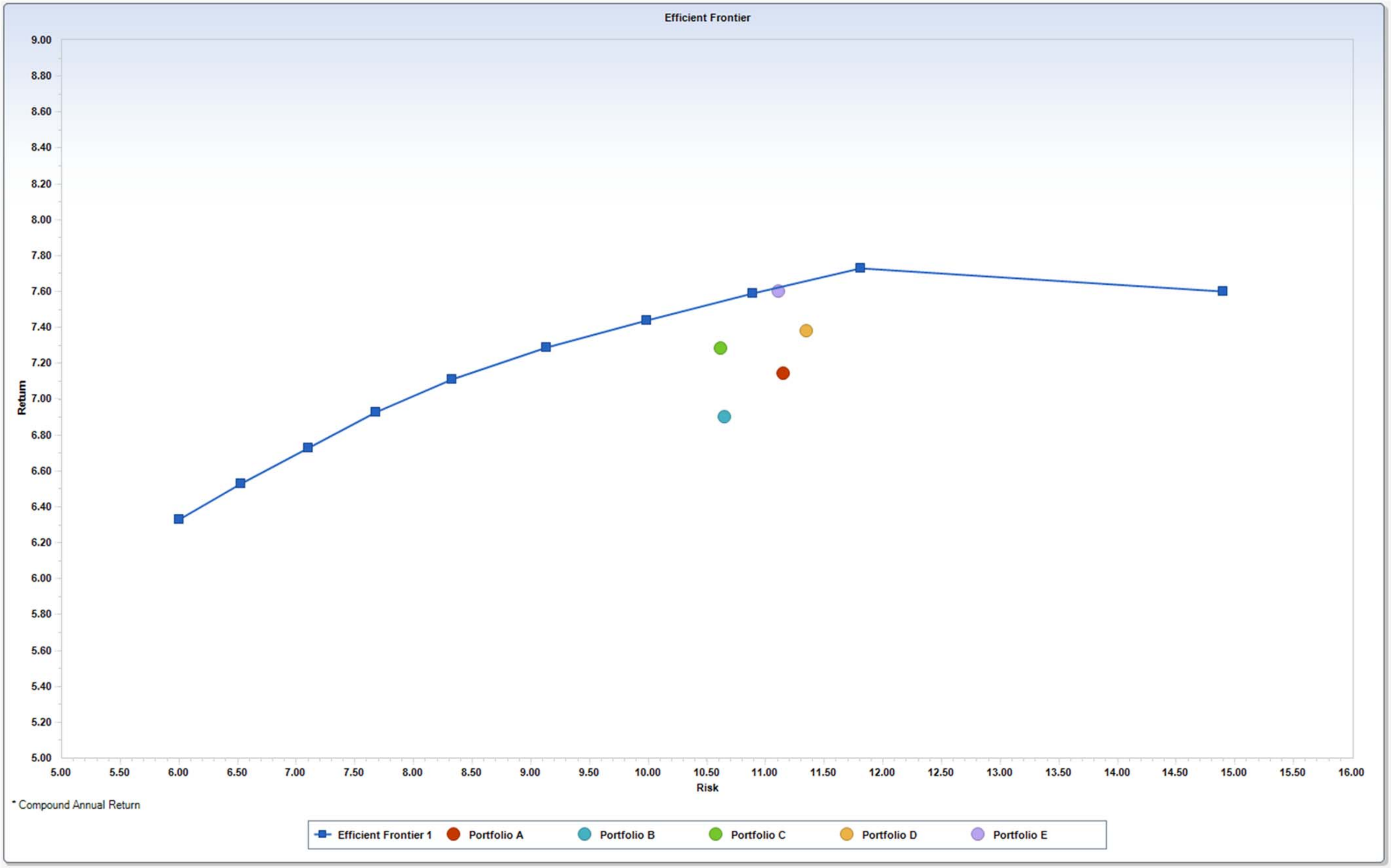
Efficient Frontier Report										
Asset	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9	Portfolio 10
Large Cap Stocks	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	40.00
Mid Cap Stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	25.0	0.0	0.0	0.0	10.0	0.0	9.0	0.0	0.0	0.0	0.0	51.0	5.0	6.90%	10.65	Actual May 31, 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

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 <u>all</u> 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 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	0.93	0.63	2.54	0.29	53%	12.9	95%	92%
Chicago, IL	0.95	1.19	2.77	0.74	60%	12.4	102%	90%
Rothschild Asset Management	0.93	0.78	2.68	0.94	58%	12.8	100%	86%
New York, NY	0.92	1.20	2.66	0.66	57%	12.0	97%	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.

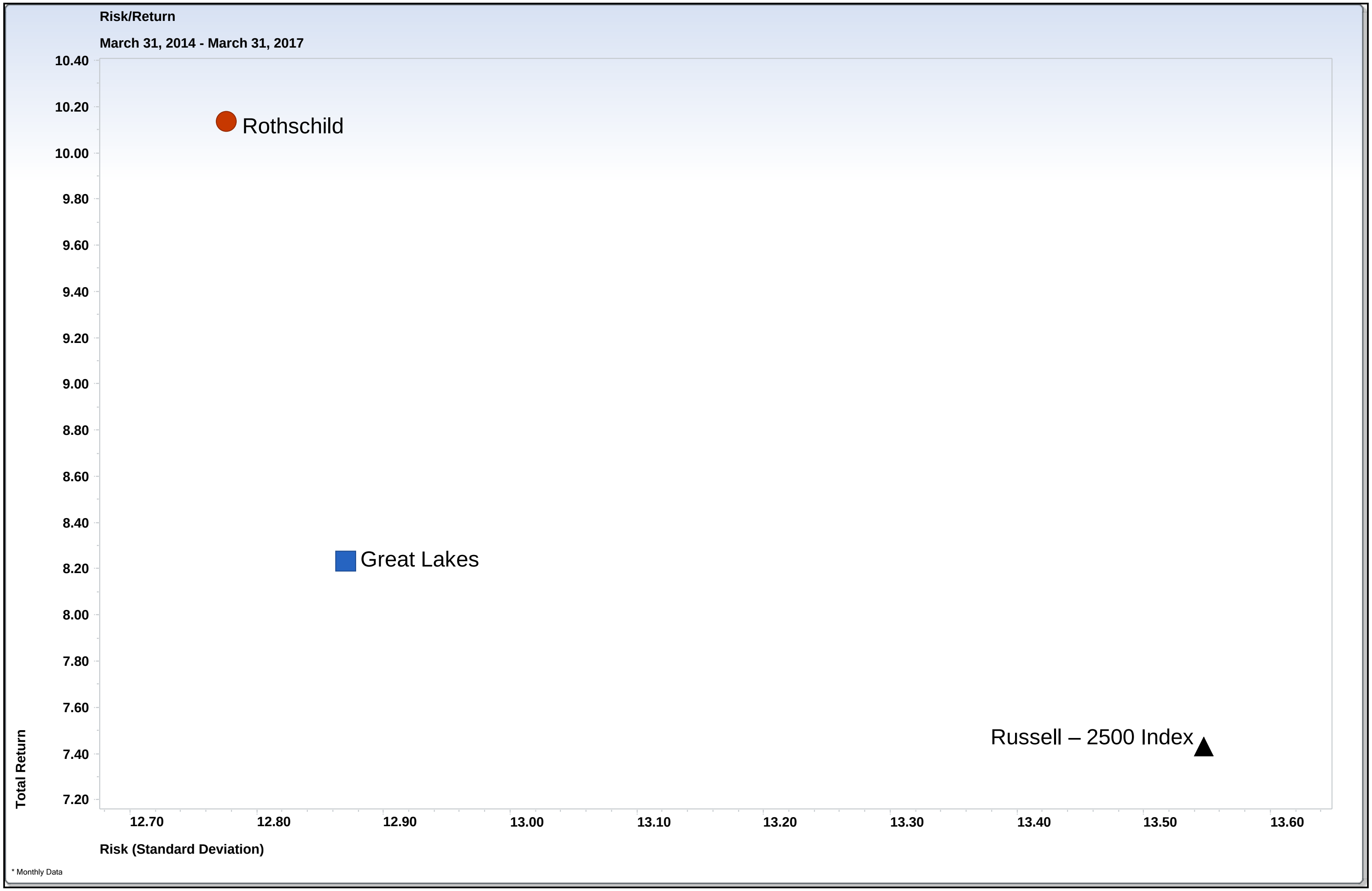
(3) Tracking Error - A measure of how closely a portfolio's return follows its benchmark. The statistic is measured by the standard deviation of the difference between the portfolio and index returns. The higher the tracking error, the higher the variability of the portfolio returns around the benchmark.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

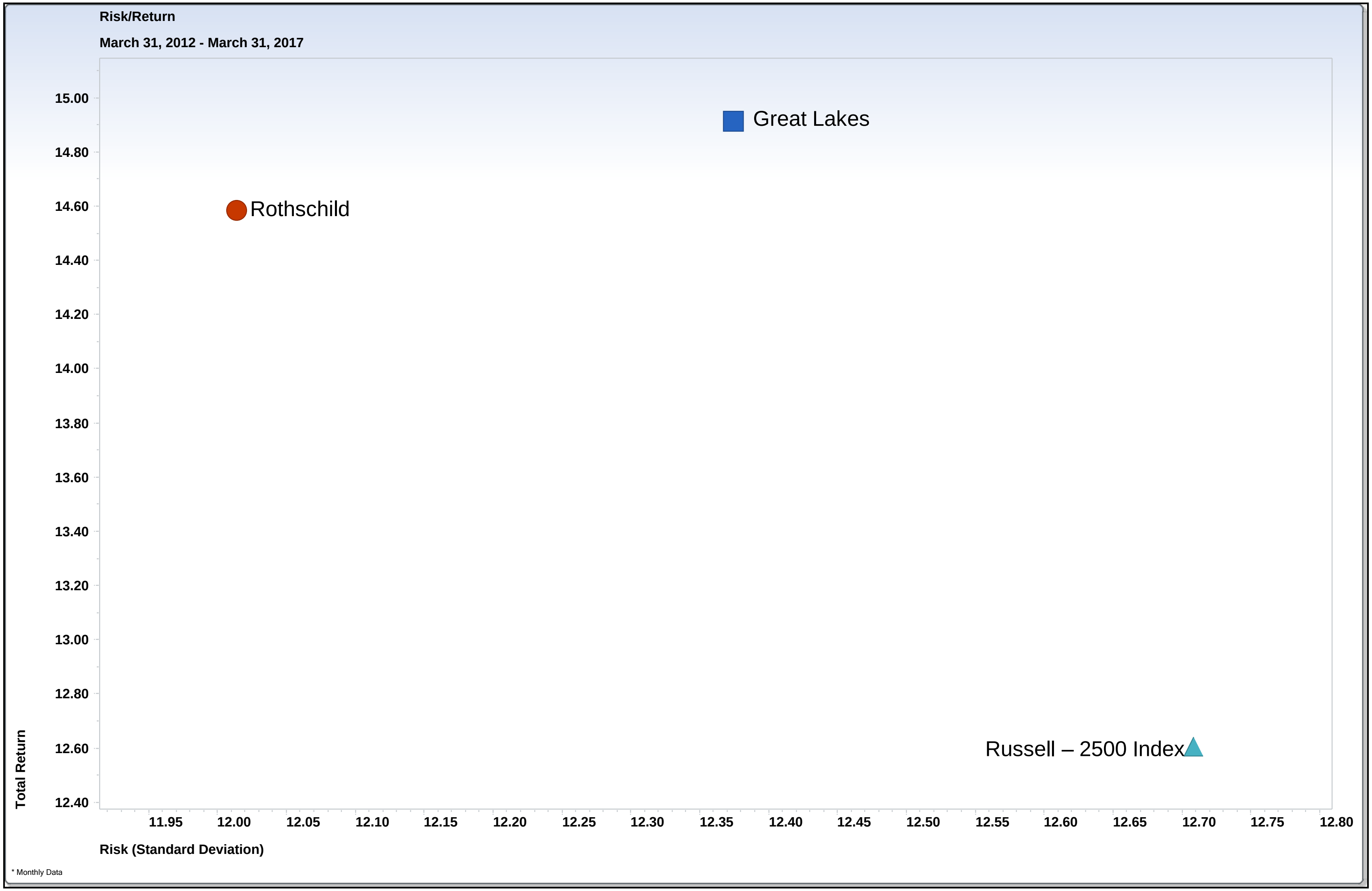
(4) Information Ratio - The ratio compares the annualized returns of the portfolio with the benchmark, by taking the excess return divided by tracking error. The ratio indicates the risk-adjusted excess return of the manager over the benchmark. The higher the ratio, the higher the excess return of the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


Risk/Return
March 31, 2014 - March 31, 2017
10.40
10.20
10.00
9.80
9.60
9.40
9.20
9.00
8.80
8.60
8.40
8.20
8.00
7.80
7.60
7.40
7.20
Rothschild
Great Lakes
Russell – 2500 Index
Total Return
12.70
12.80
12.90
13.00
13.10
13.20
13.30
13.40
13.50
13.60
Risk (Standard Deviation)
* Monthly Data



Risk/Return
March 31, 2012 - March 31, 2017
15.00
14.80
14.60
14.40
14.20
14.00
13.80
13.60
13.40
13.20
13.00
12.80
12.60
12.40
Great Lakes
Rothschild
Russell – 2500 Index
11.95
12.00
12.05
12.10
12.15
12.20
12.25
12.30
12.35
12.40
12.45
12.50
12.55
12.60
12.65
12.70
12.75
12.80
Total Return
Risk (Standard Deviation)
* Monthly Data

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 <u>all</u> 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.

<u>Perspective on Performance and Risk Data</u>

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	$6,374 $4,073	$6,100	Commingled Fund $2,000,000	110 Bps < $25MM 100 Bps $25-$50MM 85 Bps $50-$100MM 75 Bps Over $100MM	None	Yes	Yes

(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.

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
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
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 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
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.

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Memo

To: Board of Trustees-Mid-Atlantic UFCW and Participating Employers Pension Fund

CC: Fund Administrator; Fund Counsel

From: Richard I. Sichel, Jr.

Date: July 13, 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 cyclicality 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.

CC: Fund Administrator; Fund Counsel

Date: July 13, 2017

Re: EnTrustPermal Special Opportunities Fund IV

Firm Background

EnTrust Capital was founded in New York City in 1997 and focuses on alternative asset management for institutional investors. On January 22, 2016, EnTrust announced that it was being acquired by Legg Mason and merging with the Permal Group, a NYC-based firm owned by Legg Mason that primarily manages fund of hedge fund strategies. The combined firm was renamed EnTrustPermal, creating the fifth-largest fund of hedge funds manager in the world. EnTrustPermal is 65% owned by Legg Mason, with the remaining 35% owned by EnTrust founder, Chairman and CEO Gregg Hymowitz, who reinvested a "material" amount of the after-tax considerations into the firm's funds. The deal closed during the second quarter of 2016.

EnTrustPermal is headquartered in New York City and employs 43 investment professionals across 11 global offices. The combined firm manages more than $25 billion for more than 700 institutional accounts, across a variety of different strategies including diversified, credit, equity, tail risk, and strategic partnerships. The firm experienced some outflows of investor capital in 2016 (investor outflows were experienced broadly across hedge funds last year), with some flows likely a result of the merger as well as a difficult period of performance in the firm's flagship diversified hedge fund of funds.

EnTrust's client base had primarily been US-focused; the addition of Permal, which is based in NYC but has a significant presence outside the US, dilutes the combined firm's US and Taft-Hartley client percentages. US clients now represent 59% of the total; Taft-Hartley is 31%.

EnTrustPermal is a Registered Investment Adviser with the SEC and is an ERISA QPAM. They have accepted ERISA Fiduciary status.

EnTrust-Permal merger update

- The integration of the two firms has provided both sides with an opportunity to review all underlying managers in their respective products and focus only on their highest conviction funds. Members of the legacy EnTrust investment team are getting up to speed with the legacy Permal strategies and vice versa. They believe the additional investment staff and review of their underlying funds by "new sets of eyes" has been beneficial thus far.

- A new Global Investment Committee (chaired by Hymowitz) will oversee all strategies. EnTrust had been run this way previously (with Investment Committee oversight). This differs from the legacy Permal approach, in which each strategy had a unique portfolio manager(s). Investment decision-making is more centralized in this approach, and the Committee meets formally twice a month.

- The combined firm will be led by a Management Committee, and investment decisions centralized with the Global Investment Committee

  Management Committee:
  - Hymowitz, Chairman and CEO
  - Chris Keenan, Co-Head of Global Investments
  - Christopher Zuehlsdorff, Co-Head of Global Investments
  - Francois Becquaert, CFO
  - Omar Kodmani, Global Head of Intl. Business Development
  - Shane Clifford, Global Head of Corporate Strategy
  - Michael McDonough, GC and CCO (International)
  - Bruce Kahne, GC and CCO (US)
  - Jill Daschle, Global Head of Sales and Distribution
  - Greg Tarpinian, Global Head of North American Institutional Sales
  - Bruce Gimpel, COO
  - Jill Zelenko, Global Chief Risk Officer

  The Global Investment Committee consists of Hymowitz (Chair), Keenan and Zuehlsdorff, as well as Jeffrey Chan, Javier Dyer and Robert Kaplan (all Sr. Managing Directors).

- Hymowitz and other senior members of the firm have multi-year employment contracts.

- The investment analyst responsibilities will be divided by hedge fund strategy (EnTrust model), so some analysts have picked up additional fund responsibility in the merger.

- The combined investment teams are formally meeting every Tuesday morning at 375 Park Avenue.

- In addition to the investment process/functionality of legacy EnTrust remaining rather than Permal's approach, the branding of the combined firms is decidedly EnTrust's look and feel.

- Permal's main NYC office on 3rd Avenue has closed, and the investment staff has moved into EnTrust's office at 375 Park Avenue. In addition, the firm has leased additional office space at 300 Park Avenue to house primarily client service and back office staff. All investment staff is located at 375 Park.

- There have not been any departures from the legacy EnTrust investment team as a result of the merger. Some legacy Permal staff have departed, including investment, client service and back office personnel.

- Some legacy Permal strategies may end up being closed, based on relatively small AUM and/or lack of growth. No changes are anticipated for legacy EnTrust strategies.

Special Opportunities Funds – I and II

EnTrustPermal has launched three Special Opportunities Funds since 2008, and collectively manages approximately $2.8 billion across the three funds. The firm launched their first Special Opportunities Fund (SOF) in August 2008 to invest in opportunistic offerings from managers with whom they were already invested in their diversified funds of hedge funds. Fund I focused on the initial opportunities created out of the financial crisis, specifically in distressed debt, bank debt and mortgages. As markets improved over time, Fund I focused less on dislocation events and more on single investment ideas from the underlying managers. Fund I ultimately received $262 million in capital commitments, and has returned a net IRR of 12.55% since inception.

Entrust Special Opportunities Fund II (SOF II) launched in November 2011, focusing on both dislocation events and single investment ideas. It has invested primarily in distressed credit, structured credit (ABS, CMBS, RMBS, CLO's), middle market lending (private debt, RE loans), sovereign credit, activist (turnarounds), and special situations credit. Fund II closed on $880 million in capital commitments, and has returned a net IRR of 10.9% on invested capital.

Fund I distributed $75m back to investors in 2016; Fund II (offshore) distributed $295m back to investors last year.

Special Opportunities Fund III

Special Opportunities Fund III (SOF III) launched in February 2015 and has received more than $1.6 B in committed capital. The Fund is opportunistic and global in nature, targeting a concentrated portfolio of high conviction investment ideas from underlying hedge fund managers across their platform.

- EnTrust believes one of the biggest benefits of the merger with Permal is the increased potential for access to co-investment deals, now that the team has access to the managers in which legacy Permal had been invested and know well. The firm is growing their analyst ranks with a specific focus on co-investments, as analysts are responsible for sourcing the majority of co-investment deals. Greta Ulvad, who was present during IPS' recent on-site due diligence meeting, joined the firm in July 2016 as a research analyst and focuses primarily on co-investment opportunities for the SO Funds.

- More than halfway into the three-year investment period, the Fund has now called about 60% of its committed capital. The firm is comfortable with the pace of capital calls and believes the pipeline for additional investments is strong.

- Fund III currently has 17 investments (primarily co-investments with underlying hedge fund managers) with an average expected position size of 3-7% across 15-30 investments when fully invested.

- The equity allocation of Fund III continues to increase – about 68% vs. 32% credit - and is higher relative to the first two Special Opportunities Funds, which were more focused on credit as detailed above.

- Activist equity is the largest sub-sector of the Fund at 37%, followed by event-driven (27%), growth equity (18%) and sovereign credit (18%).

- 16 of the 17 current investments are valued at a positive IRR.

- Notable investments include:

    - 10% position in Venezuelan sovereign debt (through Gramercy); 7.8% IRR
    - 7.7% long position in Sysco Corp. stock (through activist investor Trian); 32% IRR thus far
    - 7.5% position in Puerto Rican sovereign debt (through Scoggin), which has generated a 15.5% IRR
    - 6% position in Uber (through Glade Brook); investment has generated a 25% IRR and Glade Brook expects an IPO to occur in 2018;
    - 4% position in pre-IPO equity of Snap (through Glade Brook), which issued an IPO in early March 2017. Glade Brook was involved in a funding round at a $15B valuation; as of March 22nd it is trading around $22/share, a market cap of about $25.6 billion. The investment had generated an IRR of 14.5% as of 12/31/16. Glade Brook has a five-month lockup on the stock post-IPO.
    - 4% position in DiDi, which had 85% market share in China and had been one of the biggest impediments to Uber (another SOF III investment) gaining traction in China. Over the summer, DiDi and Uber China announced a merger, creating a virtual monopoly on the ride-share service in China. As a result of the merger, Uber owns 18% of DiDi and DiDi will invest $1 billion in Uber at a discount

to its current valuation. The merger is expected to further increase DiDi's profitability as competition between the two firms is reduced. The investment has generated a 1.4% IRR thus far.

    - 2% position in YUM! Brands (through activist manager Corvex); investment has generated a 5.3% IRR. Corvex founder Keith Meister recently announced that he will step down from YUM's Board of Directors; as such, EnTrustPermal expects the position to be exited relatively soon.

- 15 of the 17 underlying positions are 100% net long, with the exception of the Gramercy Venezuelan debt investment (net short), and the investment in Ultra Petroleum (through Scoggin), which is hedged and is about 50% net long. Because of this, the total portfolio is about 80% net long.

- The weighted-average management and incentive fees paid to the underlying managers are 26 basis points and 10.0%, respectively.

- The Fund has already exited six investments. The investment with Gramercy in Argentinian bonds was successfully exited in July 2016, at an IRR of 15.6%. Three other investments have been exited with IRRs above 21%, while two – Hayman Orange and Taconic Overdrive – were exited at IRRs of -4.4% and -7.5%, respectively.

- Hayman Orange employed a short activist strategy that challenged pharmaceutical patents by drug makers. Although the firm was successful in several judgments, they ultimately decided to liquidate their holdings and return capital to investors.

- Taconic Overdrive held a long position in shares of General Motors (GM), with the intention of launching an activist engagement with the company to improve its valuation. Despite their activist initiatives being implemented and the company consistently beating quarterly earnings estimates, the stock price has not appreciated as much as Taconic and EnTrustPermal had hoped. They exited the position to reinvest in more attractive opportunities.

- The capital on all realized investments has been recycled and re-deployed, which the Fund is permitted to do through the investment period (January 2018), with a potential one-year extension for reinvestment to January 2019.

SOF III – Performance

- SOF III was up ~3.2% in 2015 and 17.3% in 2016 (on invested capital; 14.3% on called capital). The net IRR since inception on invested capital is 14.9%.

- The Fund has had 16 positive months and 7 negative months since its inception in February 2015, and has outperformed the S&P 500 in all of the months in which the S&P has been negative over that time period.

- Standard deviation since inception is 6.9%, roughly in line with the HFRX Event Driven Index (6.8%) and less than the S&P 500 (11.9%) over the same period.

Special Opportunities Fund IV

EnTrustPermal plans to launch Special Opportunities Fund IV (SOF IV or Fund IV) in Q2 2017. The Fund will follow the same strategy as SOF III: opportunistic and global in nature, targeting a concentrated portfolio of high conviction investment ideas from underlying hedge fund managers across the EnTrustPermal platform. The Fund will not have any predetermined exposure to specific asset classes or geographies. Similar to Fund III, it may focus on investment themes in both public and private markets that include activist equities, pre-IPO equity, distressed sovereign debt, middle market lending, and other dislocation opportunities arising from liquidity-driven capital markets, energy and commodity prices, etc.

Fund IV will target 15-30 investments with 2-5 year time horizons, and fees will be paid only on invested capital. The terms are identical to SOF III.

The Special Opportunities Funds are structured as closed-end, self-liquidating vehicles. EnTrustPermal will periodically call capital for investment during the commitment period, and will make distributions back to investors as underlying investments are realized. Leverage at the Fund level is not anticipated.

SOF IV charges a 1.25% annual management fee only on called and invested capital, and a 10% incentive fee, subject to an annual hurdle rate of 7.5%, a high watermark and clawback and 100% GP catch-up.

EnTrust will generally provide 7 business days' written notice for capital calls. They have three years to call and invest capital, after which investors may redeem all or a portion of the available liquidity in underlying investment vehicles (essentially a 3-year lockup, during which distributions may be reinvested rather than distributed) with 95 days' notice. Fund IV has the discretion to extend the investment period for one year, however capital will likely only be distributed to investors rather than recycled during that potential fourth year. SOF IV will not invest in any investment vehicle with a stated lock-up of greater than five years. The minimum commitment is $5 million (EnTrust may accept less at their discretion).

Recommendation
All EnTrustPermal strategies have a recommendation of "monitor due to ownership change"; no change is suggested to that recommendation at this time, however manager research will reevaluate that recommendation in April following the close of Q1.

The Special Opportunities Funds have performed well to this point. Investors should be aware, as seen with the two SOF III investments exited at a negative IRR, that potential losses exist. The SO Funds are highly concentrated and may invest significant percentages of capital in single stocks or the equity of single privately-held companies. As such, the volatility and potential for losses is greater than in other opportunistic investments that are more diversified or focus less on equity investments (ie., opportunistic credit strategies). The depth of EnTrustPermal's research team and relationships with underlying hedge fund managers to research and source their best investment ideas should offset the potential for significant losses, and has thus far.

The IPS Investment Committee previously approved SOF II and III for client use prior to their respective closings. Given the success of the Special Opportunities Funds and the similar strategy of SOF IV to prior funds, manager research recommends SOF IV for approval by the IPS Investment Committee. Investors should be aware of the risks involved and should limit their investment accordingly to a small percentage of overall Fund assets.

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.

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

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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.

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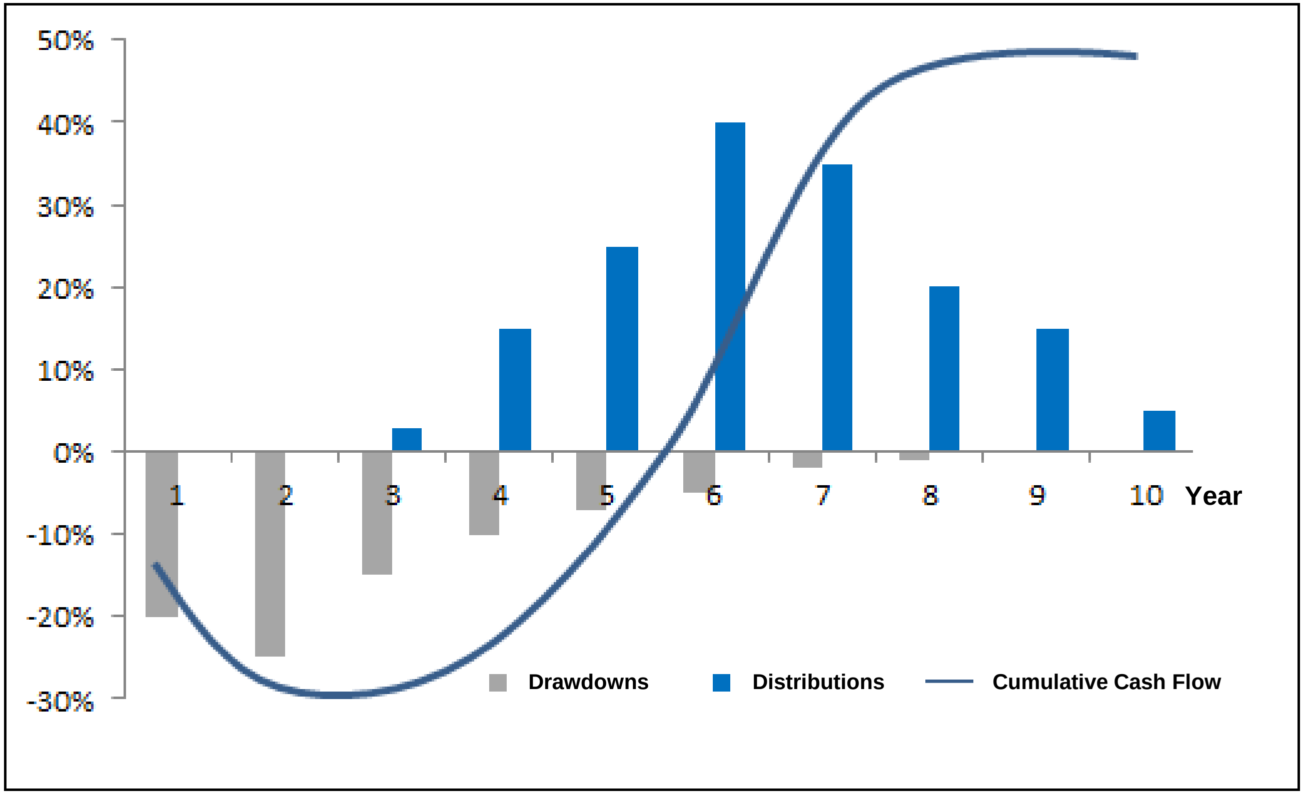
J-Curve and Cash Flows

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."

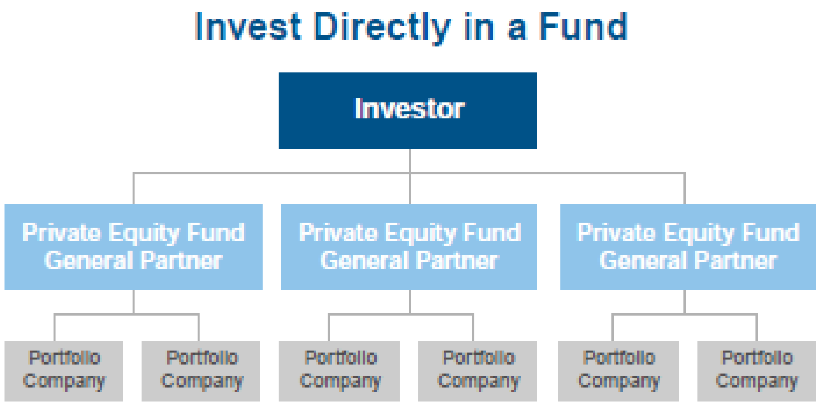


For illustrative purposes only. Not indicative of any particular investment.

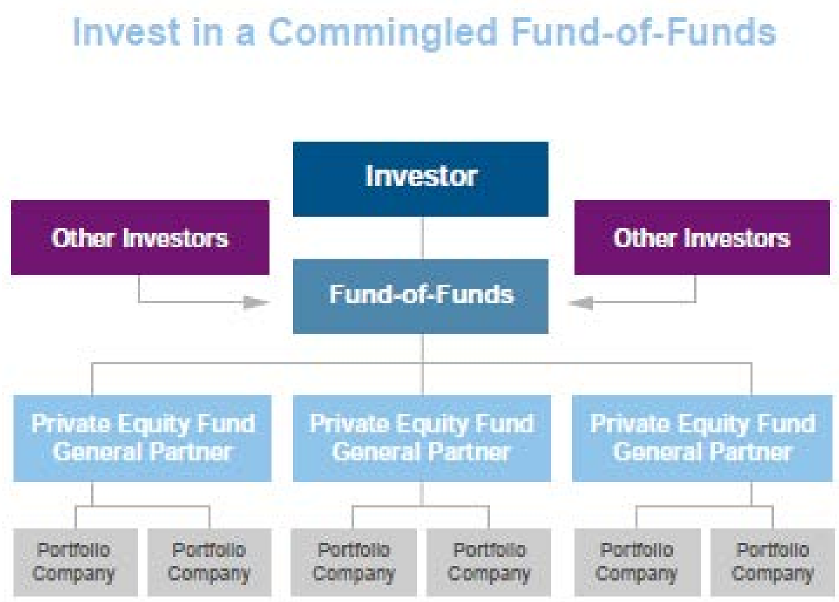
Source: http://blog.dealmarket.com/j-curve-analysis-could-impact-pe-industry/

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.



Source: Hamilton Lane



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

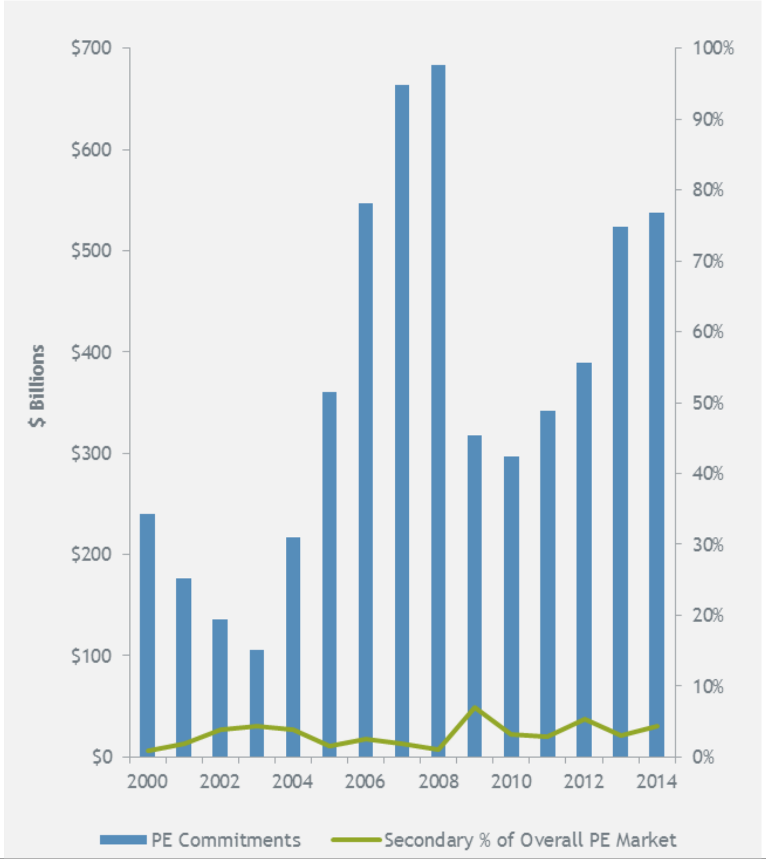
Source: Thomson Reuters All Private Equity Universe; net of fees

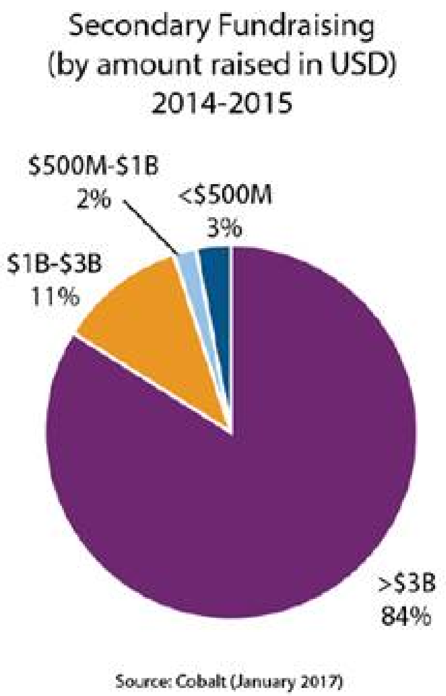
…but manager selection and vintage year diversification are key determinants of an investor's performance. Significant dispersion exists among vintage years and the top-performing and bottom-performing managers.

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

Secondary Market Benefits

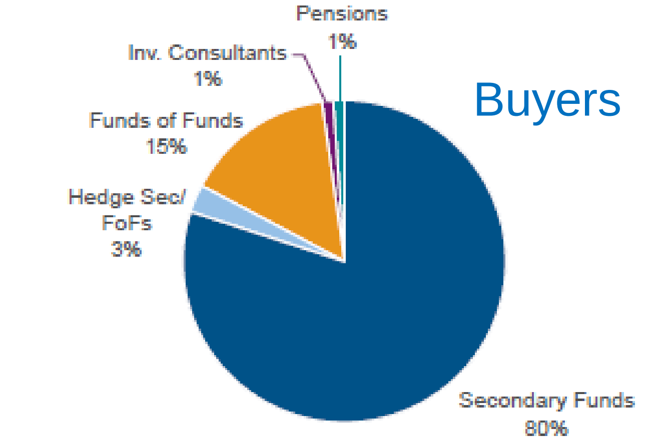
Why do investors buy private equity funds on the secondary market, and why do existing investors want to sell?

Notable benefits to buyers:

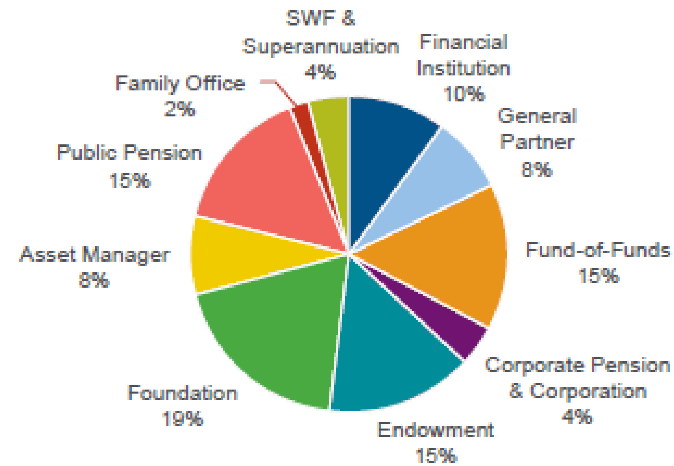
- **Reduced J-Curve:** Private equity fund interests purchased on the secondary market are more mature assets and have a shorter holding period than an initial primary fund investment, which can reduce or eliminate the j-curve, and potentially provide investors with immediate cash flows and reduce the 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



Sellers

*Source: Greenhill Cogent Market Update – September 2015

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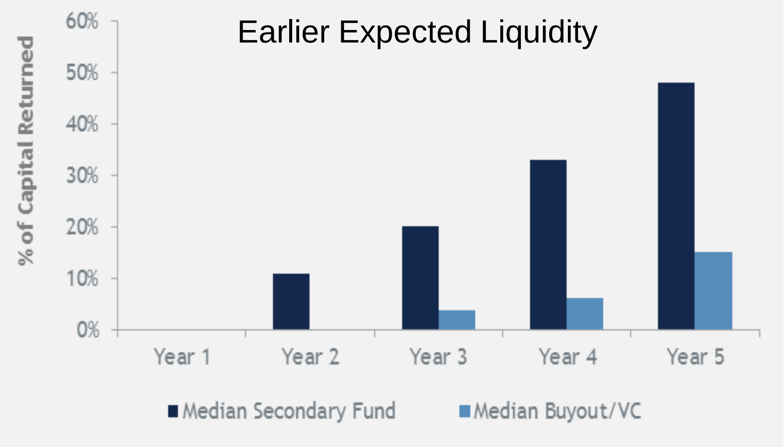
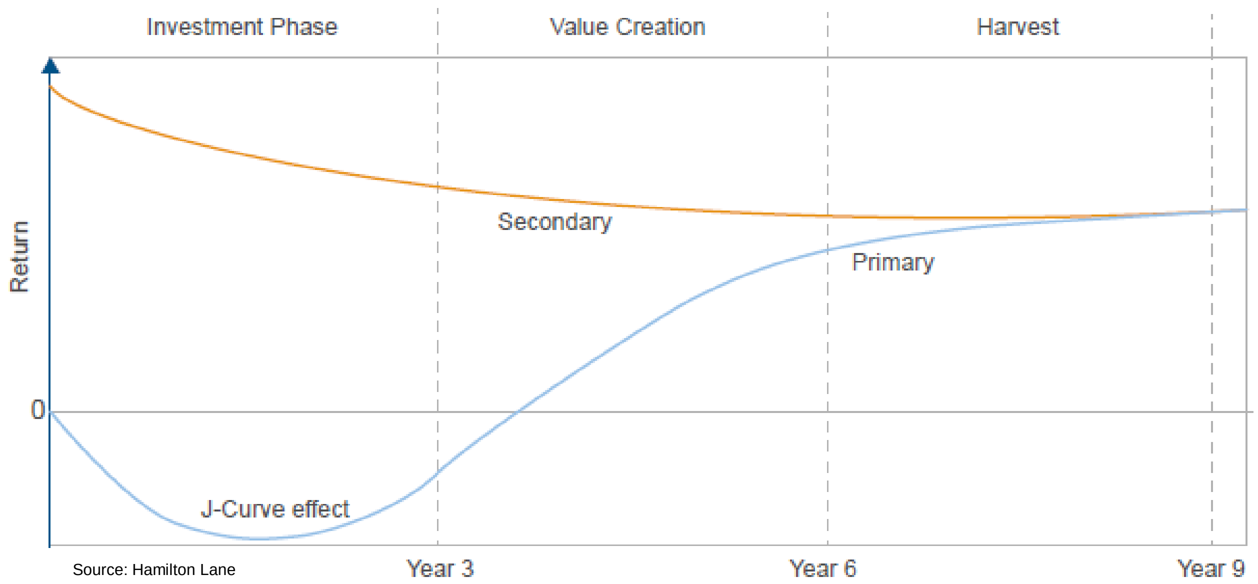
Secondary Market Benefits

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.



Source: Preqin; all secondary funds as of December 31, 2013



Source: Hamilton Lane

Secondary Market Risks

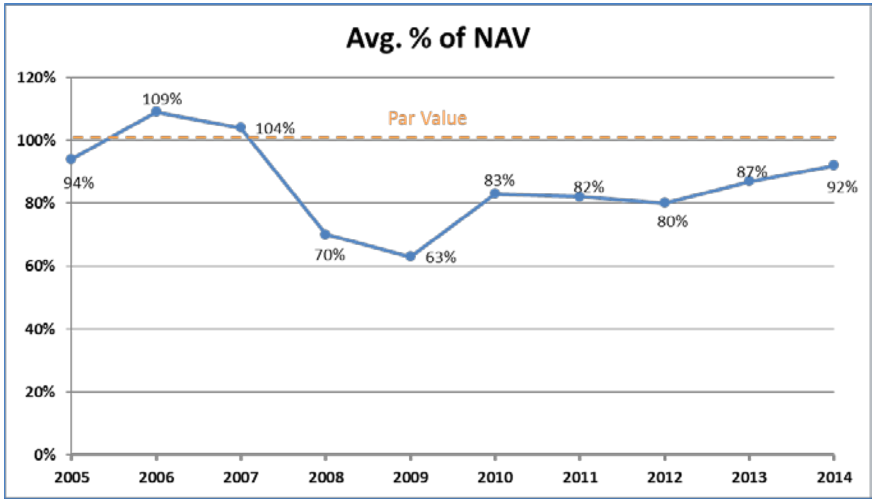
In addition to the characteristics inherent in any private equity investment noted on page 4, there are additional risks to consider when investing in secondary market funds.

- **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 Fun

From: Richard I. Sichel, Jr.

Date: July 13, 2017

CC: Fund Administrator; Fund Counsel

Re: Portfolio Advisors – Secondary Fund III

Meeting Date #1	**Location**	**Attending from IPS**
August 4, 2016	IPS Newtown	DM

Attending from Portfolio Advisors:
Eric Thunem, Managing Director

Meeting Date #2	**Location**	**Attending from IPS**
October 18, 2016	Portfolio Advisors – Darien, CT	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 an 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%.

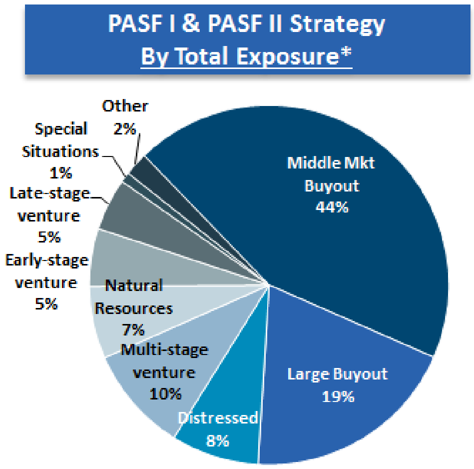
Both funds sought to purchase mature assets: investments in Fund I were 76% funded; investments in Fund II were 90% on average.

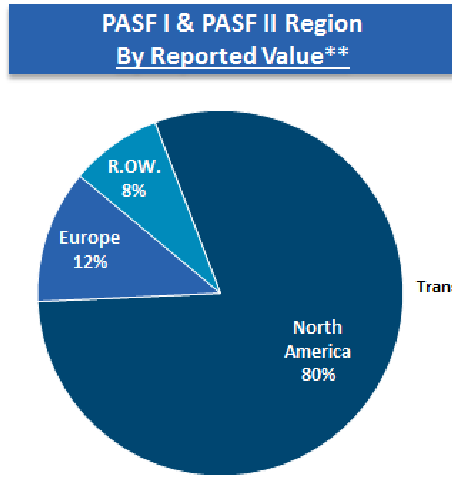
Of the 49 fund transactions in PASF I, four are currently being carried at multiples below 1; one PASF II fund transaction out of 35 is below 1 (0.8x). These were generally more concentrated portfolios and were sized appropriately (i.e., small). 90% of the secondary investments in Funds I and II have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

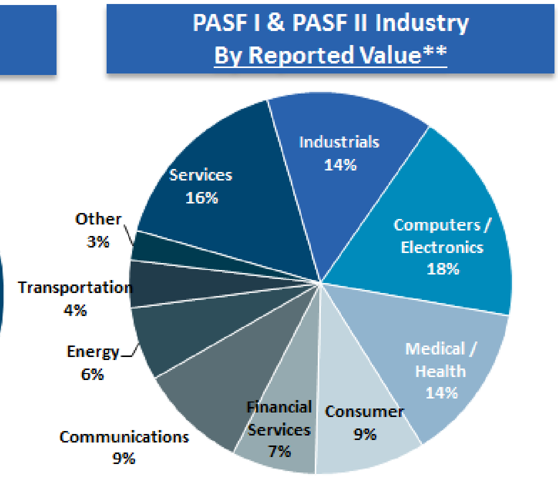
Prior funds have not utilized any leverage (though the legal docs do allow for it); it is unlikely Fund III will utilize leverage other than a line of credit to bridge cash flows.

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.







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: **July 13, 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 cab 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.

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").