



**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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|                    |             |                      |
|--------------------|-------------|----------------------|
| SUBJECT:           | ITEM #:     | <u>2017/2018-002</u> |
| Approval of Agenda | Enclosure:  | <u>Yes</u>           |
|                    | Action Item | <u>Yes</u>           |

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

Under California Government Code Section §54950 (The Ralph M. Brown Act) the “Legislative Body” is required to post an agenda detailing each item of business to be discussed. The Authority posts the agenda in compliance with California Government Code Section §54954.2.

**STATUS:**

Unless items are added to the agenda according to G.C. §54954.2 (b) (1) (2) (3) the agenda is to be approved as posted.

**RECOMMENDATION:**

Subject to changes or corrections, the agenda is to be approved.

**AGENDA**

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING  
SEPTEMBER 20, 2017  
1:00 PM–3:00 PM**

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
ADMINISTRATION BUILDING, ROOM A140  
3041 WEST AVENUE K  
LANCASTER, CA 93536  
PHONE (661) 722-6300**

**I. CALL TO ORDER**

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**II. ROLL CALL**

**RETIREMENT BOARD OF AUTHORITY (the “Board”) MEMBERS:**

Executive Director Business Services  
Vice President Human Resources  
Board of Trustees Member

Diana Keelen  
Mark Bryant  
Michael Adams

**PROGRAM COORDINATOR:**

Senior Vice President  
Senior Account Manager

Gail Beal  
Roslyn Washington

**CONSULTANTS:**

Benefit Trust Company (BTC)  
Morgan Stanley (MS)

Scott Rankin  
Cary Allison

**OTHERS**

None

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**III. PUBLIC COMMENTS**

**Information  
2017/2018-001**

The public may address the Retirement Board of Authority on any matter pertaining to the Agency that is not on the agenda. The Chair reserves the right to limit the time of presentations by individual or topic.

**IV. APPROVAL OF AGENDA** **Action**  
**2017/2018-002**

The Retirement Board of Authority retains the right to change the order in which agenda items are discussed. Subject to review by the Retirement Board of Authority the agenda is to be approved as presented. Items may be deleted or added for discussion only according to G.C. Section 54954.2.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**V. APPROVAL OF MINUTES** **Action**  
**2017/2018-003**

The Retirement Board of Authority will review the Minutes from the previous meeting on **March 14, 2017** for any adjustments and adoption.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**VI. INVESTMENTS**

**PORTFOLIO PERFORMANCE REVIEW** **Action**  
**2017/2018-004**

Morgan Stanley (MS) will review the overall performance of the District's Public Entity Investment Trust portfolio.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**MARKET OVERVIEW** **Information**  
**2017/2018-005**

Morgan Stanley (MS) will provide an overview of the actions of the global capital markets since the last Retirement Board of Authority meeting.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**INVESTMENT POLICY STATEMENT REVIEW** **Action**  
**2017/2018-006**

The Retirement Board of Authority shall, with the assistance of Benefit Trust Company (BTC) and Morgan Stanley (MS), review the Investment Policy Statement setting forth the investment objectives for the Trust. Key to this process is a review of the Board's time horizon for investment, short-term liquidity needs, attitudes as well as the capacity to accept investment risk as measured through the completion of a Risk Tolerance Questionnaire, the expected rate of return of the Board taking into account the discount rate and assumptions contained in the most recent Actuarial Valuation Study, as well as any other information the Board Members feel pertinent to the discussion.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

## VII. ADMINISTRATION

### ELECTION OF A CHAIR FOR THE RETIREMENT BOARD OF AUTHORITY

Action  
2017/2018-007

The Retirement Board of Authority (RBOA) has been duly appointed by the Antelope Valley Community College District Board of Trustees and will nominate and elect a Chair to facilitate the management/operational activities of the Retirement Board of Authority.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

### ELECTION OF VICE-CHAIR FOR THE RETIREMENT BOARD OF AUTHORITY

Action  
2017/2018-008

The Retirement Board of Authority (RBOA) has been duly appointed by the Antelope Valley Community College District Board of Trustees will elect a Vice-Chair to facilitate the management/operational activities of the Retirement Board of Authority.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

### ANNUAL REPORTING ON THE STATUS OF THE TRUST

Action  
2017/2018-009

California Government Code 53216.4 requires an annual reporting of the funds held in the District's OPEB Trust to beneficiaries of the Trust. The Retirement Board of Authority shall acknowledge District procedures for Annual Report promulgation to Trust beneficiaries for fiscal year ending June 30, 2017.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

### DISBURSEMENT REPORT

Action  
2017/2018-010

The Retirement Board of Authority members will acknowledge and ratify all reasonable expenses associated with the compliance, management and operational duties of the District's OPEB Investment Trust.

PUBLIC COMMENTS:

BOARD CONSIDERATIONS:

### UPDATE OF THE COMPREHENSIVE COMPLIANCE INCLUDING THE "SUBSTANTIVE PLAN"

Information  
2017/2018-011

The Comprehensive Compliance Plan is a summary of the State of California regulatory mandates and GASB requirements applicable to the District's Public Entity Investment program. As an essential protocol of this framework, Keenan Financial Services provides a written summary of the "Substantive Plan" for fiscal 2016/2017 which acts as both a road map and a record of the Retirement Board of Authority's compliance with its governance and fiduciary mandates.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**ACTUARIAL VALUATION STUDY UPDATE**

**Information  
2017/2018-012**

The Retirement Board of Authority (RBOA) membership will discuss District updates for the procurement of a new Actuarial Valuation Study in compliance with GASB protocols.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

**TRANSFER OF ASSETS INTO THE TRUST**

**Information  
2017/2018-013**

The District's asset transfers into the Investment Trust may require a tailored funding procedure. To meet the possible tailored funding procedure, the Retirement Board of Authority (RBOA) will discuss recent transfers to the Investment Trust and provide timing and asset transfer schedules related to the District's funding strategies.

PUBLIC COMMENTS:

BOARD CONSIDERATION:

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**VIII. INFORMATION**

**RETIREMENT BOARD OF AUTHORITY COMMENTS**

**Information  
2017/2018-014**

Each member of the Retirement Board of Authority may report about various matters involving the Authority. There will be no Authority discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

**PROGRAM COORDINATOR/CONSULTANT COMMENTS**

**Information  
2017/2018-015**

The Program Coordinator and Consultants will report to the Retirement Board of Authority about various matters involving the Authority. There will be no Authority discussion except to ask questions, and no action will be taken unless listed on a subsequent agenda.

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**IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING**

**Information  
2017/2018-016**

Board members and visitors may suggest items for consideration at the next Retirement Board of Authority meeting.

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**X. ADJOURNMENT**

**Americans with Disabilities Act:** The Antelope Valley Community College District Retirement Board of Authority conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modifications or accommodation, in order to participate in a public meeting of the Antelope Valley Community College District Retirement Board of Authority, shall be made to: Diana Keelen, Executive Director Business Services, Antelope Valley Community College District, 3041 West Avenue K, Lancaster, Ca 93536: Phone (661) 722-6300.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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SUBJECT: ITEM #: 2017/2018-003  
Approval of Minutes Enclosure: Yes  
Action Item Yes

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

As a matter of record and in accordance with the Brown Act, minutes of each meeting are kept and recorded.

**STATUS:**

The Board will review the Minutes from the previous Retirement Board of Authority meeting on **March 14, 2017**.

**RECOMMENDATION:**

Subject to changes or corrections, the minutes are to be approved.

# MINUTES

## ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT RETIREMENT BOARD OF AUTHORITY MEETING

March 14, 2017

1:00 PM–3:00 PM

### **I. CALL TO ORDER**

1. The meeting was called to order by Diana Keelen at 1:01 PM.

### **II. ROLL CALL**

1. All Retirement Board of Authority (RBOA) members were present:  
Diana Keelen, Executive Director, Business Services  
Mark Bryant, Vice President, Human Resources  
Michael Adams, Board of Trustees Member
2. All Coordinators/Consultants were present except Roslyn Washington, KFS:  
Gail Beal, Senior Vice President, Keenan Financial Services  
Sharen Stanek-Lowe, Account Executive, Keenan & Associates  
Cary Allison, Senior Vice President, Morgan Stanley  
Scott Rankin, Senior Vice President, Benefit Trust Company

### **III. PUBLIC COMMENTS**

1. There were no public comments.
2. This item is information only.

### **IV. APPROVAL OF AGENDA**

1. Michael Adams Motioned to approve the Agenda as presented; Motion was seconded by Mark Bryant and was unanimously approved by all of the Retirement Board of Authority members present.

### **V. APPROVAL OF MINUTES**

1. Mark Bryant Motioned to approve the Minutes as presented; Motion was seconded by Michael Adams and was unanimously approved by all of the Retirement Board of Authority members present.

### **VI. INVESTMENTS**

#### **1. Portfolio Performance Review**

- a. Cary Allison of Morgan Stanley Wealth Management (MS) reviewed the performance of the Trust's accounts as of February 28, 2017.
- b. The Portfolio Value as of February 28, 2017 was **\$1,220,316.47**

Time weighted return net of fees

| Month to Date | Quarter to Date | Year to Date | Latest 1 Year | Annualized latest 3 Year | Annualized latest 5 Year | Annualized Inception to Date |
|---------------|-----------------|--------------|---------------|--------------------------|--------------------------|------------------------------|
| 1.71          | 3.44            | 3.44         | 14.41         | -                        | -                        | 3.37                         |



- a. Cary said we are trying through best practices to make this portfolio achieve the long term goals that we set forth. Interest rates went up and they will probably move up 2-3 more times this year. We don't see excessive inflation.
- b. The stock market is also anticipating we get some corporate tax change. Probably not as dramatic as Trump has said, but maybe 25%.
- c. We are watching the France presidential election. If Neven wins, they are talking about "FREXIT", France leaving the Euro.
- d. We haven't changed your mix on Bond/Stocks.
- e. Mark Bryant Motioned to approve the Portfolio Performance Review as presented; Motion was seconded by Michael Adams and was unanimously approved by all of the Retirement Board of Authority members present.

## 2. Market Overview

- a. Cary Allison gave an overview of the Markets since the last RBOA meeting.
- b. Cary explained how the District's model is managed and the risk level chosen.
- c. MS upgraded their projections for 2017/2018 since Trump was elected due to his policy.
- d. The Feds predicted in 2015 that they were going to raise rates 3-4 times in 2016. They actually only raised rates one time in December 2015 and one time in December 2016. They just raised interest rates by .25%...75-100 Bps from 50-75 BPS. MS feels that in 2017-2018 they will actually raise rates 2-3 more times.
- e. The election of Donald Trump as the next U.S. President sent markets surging to new highs during the 4th quarter of 2016. Trump's pro-growth agenda focusing on infrastructure spending, tax reform, and deregulation fueled markets into the so-called "Trump Rally."
- f. Since Donald Trump won the election, 10 Year Treasury went from 1.8% to 2.5% and has maintained a steady flow since the beginning of the year.
- g. Along with the election, all eyes were on the Federal Open Market Committee as the US reported improving inflation expectations and employment numbers, giving the Fed a green light to hike rates in December. With expectations fully priced in, markets reacted calmly when the Fed raised their target rate by 25 basis points and signaled three further hikes in 2017. Morgan Stanley does not feel there will be more than one more rate hike in 2017.
- h. For the quarter, US equities posted strong performance, especially the Financials sector of the S&P 500, which returned 21.1%. REITs and long-term US Treasuries lagged on the back of increasing inflation expectations and rising real interest rates. For the one-year period ending December 31, 2016, MLPs, US high yield corporate bonds, US equities and emerging market equities led the pack with double-digit returns.
- i. The bond market registered negative returns during the fourth quarter. Interest rates increased during the fourth quarter, as the yield on the 10-year US Treasury rose to a quarter end 2.44% from 1.59% at the end of the third quarter 2016.
- j. The bond market was up 4.5% last year. Our bond funds are actively managed so we don't have to buy the whole portfolio, which allowed us to do better than the benchmark.
- k. This item is information only.

**VII. ADMINISTRATION**

**1. Status of the District's Current OPEB Plan Independent Auditors Report**

- a. Diana Keelen presented the Independent Auditors Report conducted by Crowe Horwath dated June 30, 2016.
- b. This item is information only.

**2. Disbursement Report**

- a. Gail Beal presented a Trust disbursement report reflecting fiduciary withdrawals and fees paid to Keenan, BTC & Morgan Stanley for the period November 1, 2016 – March 2017.
- b. Mark Bryant Motioned to ratify the Disbursement Report for the period as presented, Motion was seconded by Michael Adams and was unanimously approved by all of the Retirement Board of Authority members present.

**3. Transfer of Assets into the Trust**

- a. The RBOA acknowledged a transfer of **\$387,113.00** on Dec 7, 2016.
- b. This item is information only.

**4. Annual Report to the Governing Board of Trustees**

- a. Diana Keelen advised the RBOA that the annual report on the status of the OPEB Trust will be presented by Cary Allison of Morgan Stanley on April 10, 2017.
- b. This item is information only.

**VIII. INFORMATION REPORTS**

**1. Retirement Board of Authority Comments**

- a. No Comments.
- b. This item is information only.

**2. Program Coordinator/Consultant Comments**

- a. No comments.
- b. This item is information only.

**IX. DATE, TIME AND AGENDA ITEMS FOR NEXT MEETING**

- a. September 20, 2017
- b. This item is information only.

**X. ADJOURNMENT**

- a. The meeting was adjourned by Diana Keelen at 1:37 PM.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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SUBJECT: ITEM #: 2017/2018-004  
Portfolio Performance Review Enclosure: Yes  
Action Item Yes

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Prepared by: Morgan Stanley (MS)  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

As Board members of the Retirement Board of Authority you have a fiduciary responsibility as described in Government Code section 53215, et seq. As part of fulfilling your fiduciary responsibility, it is important to periodically review the District's Public Entity Investment Trust Portfolio.

**STATUS:**

Morgan Stanley (MS) will provide a review of the District's Public Entity Investment Trust Portfolio Performance Report.

**RECOMMENDATION:**

The Retirement Board of Authority should review and accept the District's Investment Trust Portfolio Performance Report and file as appropriate.

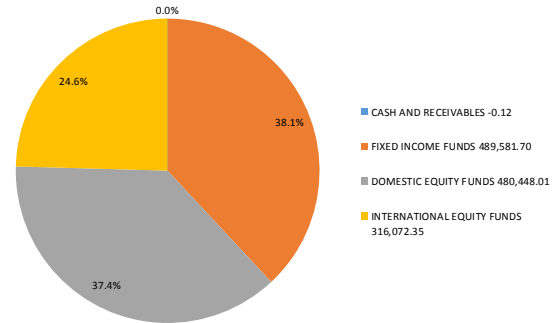
**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**BENEFIT TRUST COMPANY, TRUSTEE**  
 July 31, 2017

**Change In Portfolio**

|                             |              |
|-----------------------------|--------------|
| Portfolio Value on 12-31-16 | 1,179,682.87 |
| Contributions               | 0.00         |
| Withdrawals                 | 0.00         |
| Change in Market Value      | 102,754.46   |
| Income Received             | 11,496.16    |
| Portfolio Fees              | -7,831.56    |
| Portfolio Value on 07-31-17 | 1,286,101.94 |
|                             | 1,286,101.94 |

**Asset Allocation**

**PORTFOLIO SUMMARY**  
 July 31, 2017



**Time Weighted Return - Gross of Fees**

|                                 | Month To Date | Quarter To Date | Year To Date | Latest 1 Year | Annualized Latest 3 Year | Annualized Latest 5 Year | Annualized Inception To Date |
|---------------------------------|---------------|-----------------|--------------|---------------|--------------------------|--------------------------|------------------------------|
| Account                         | 1.70          | 1.70            | 9.71         | 10.87         | -                        | -                        | 6.58                         |
| S&P 500 TR                      | 2.06          | 2.06            | 11.60        | 16.06         | 10.89                    | 14.79                    | 10.73                        |
| MSCI EAFE                       | 2.88          | 2.88            | 17.09        | 17.77         | 2.79                     | 9.06                     | 4.35                         |
| MSCI ACWI Ex US Net             | 3.69          | 3.69            | 18.30        | 19.00         | 2.39                     | 7.72                     | 6.07                         |
| Barclays Aggregate              | 0.43          | 0.43            | 2.72         | -0.51         | 2.72                     | 2.03                     | 2.68                         |
| Barclays Global Agg Bd Unhedged | 1.68          | 1.68            | 6.17         | -1.28         | 0.11                     | 0.88                     | 3.95                         |
| 50% MSCI ACWI/ 50% Barclays Agg | 1.61          | 1.61            | 8.52         | 7.96          | 4.62                     | 6.50                     | 5.47                         |

**Time Weighted Return - Net of Fees**

|                                 | Month To Date | Quarter To Date | Year To Date | Latest 1 Year | Annualized Latest 3 Year | Annualized Latest 5 Year | Annualized Inception To Date |
|---------------------------------|---------------|-----------------|--------------|---------------|--------------------------|--------------------------|------------------------------|
| Account                         | 1.61          | 1.61            | 9.02         | 9.66          | -                        | -                        | 5.38                         |
| S&P 500 TR                      | 2.06          | 2.06            | 11.60        | 16.06         | 10.89                    | 14.79                    | 10.73                        |
| MSCI EAFE                       | 2.88          | 2.88            | 17.09        | 17.77         | 2.79                     | 9.06                     | 4.35                         |
| MSCI ACWI Ex US Net             | 3.69          | 3.69            | 18.30        | 19.00         | 2.39                     | 7.72                     | 6.07                         |
| Barclays Aggregate              | 0.43          | 0.43            | 2.72         | -0.51         | 2.72                     | 2.03                     | 2.68                         |
| Barclays Global Agg Bd Unhedged | 1.68          | 1.68            | 6.17         | -1.28         | 0.11                     | 0.88                     | 3.95                         |
| 50% MSCI ACWI/ 50% Barclays Agg | 1.61          | 1.61            | 8.52         | 7.96          | 4.62                     | 6.50                     | 5.47                         |

"#av-ccd."

# PORTFOLIO APPRAISAL

July 31, 2017

| Quantity                      | Security  | Security<br>Symbol | Unit<br>Cost | Total<br>Cost | Price | Market<br>Value | Pct.<br>Assets | Cur.<br>Yield |
|-------------------------------|---|--------------------|--------------|---------------|-------|-----------------|----------------|---------------|
| <b>CASH AND RECEIVABLES</b>   |   |                    |              |               |       |                 |                |               |
|                               | NORTHERN INSTL<br>FUNDS<br>GOVERNMENT<br>SELECT | BGSX.X             |              | -0.12         |       | -0.12           | 0.0            | -0.8          |
| <b>FIXED INC MUTUAL FUNDS</b> |   |                    |              |               |       |                 |                |               |
| Taxable Funds                 |   |                    |              |               |       |                 |                |               |
| 6,357.390                     | BLACKROCK TOTAL<br>RETURN FD BD FD<br>BLKRK CL  | MPHQ.X             | 11.81        | 75,091.59     | 11.76 | 74,762.91       | 5.8            | 2.8           |
| 4,050.789                     | GUGGENHEIM FDS<br>TR INVT GD BD INSTL           | GIUS.X             | 18.23        | 73,842.62     | 18.47 | 74,818.07       | 5.8            | 3.7           |
| 2,784.269                     | GUGGENHEIM<br>MACRO<br>OPPORTUNITIES<br>INSTL   | GIOI.X             | 26.32        | 73,292.96     | 26.68 | 74,284.30       | 5.8            | 5.0           |
| 3,539.958                     | HARTFORD WORLD<br>BOND Y                        | HWDY.X             | 10.34        | 36,603.34     | 10.47 | 37,063.36       | 2.9            | 0.2           |
| 3,643.528                     | LEGG MASON BW<br>ALT                            | LMAM.X             | 10.09        | 36,776.35     | 10.49 | 38,220.61       | 3.0            | 3.6           |
| 3,491.519                     | LEGG MASON BW<br>GLOBAL OPFS BD IS              | GOBS.X             | 10.32        | 36,032.66     | 11.32 | 39,524.00       | 3.1            | 0.0           |
| 5,174.778                     | PRUDENTIAL TOTAL<br>RETURN BD FD                | PTRQ.X             | 14.26        | 73,791.31     | 14.52 | 75,137.78       | 5.8            | 2.9           |
| 6,388.759                     | WESTERN ASSET<br>FDS INC                        | WAPS.X             | 11.73        | 74,928.80     | 11.86 | 75,770.68       | 5.9            | 4.6           |
|                               |   |                    |              | 480,359.63    |       | 489,581.70      | 38.1           | 3.2           |
|                               |   |                    |              | 480,359.63    |       | 489,581.70      | 38.1           | 3.2           |
| <b>DOMESTIC EQUITY FUNDS</b>  |   |                    |              |               |       |                 |                |               |
| Large Cap Funds               |   |                    |              |               |       |                 |                |               |
| 3,247.451                     | ALGER FDS II<br>SPECTRA FD Z                    | ASPZ.X             | 18.05        | 58,616.09     | 20.44 | 66,377.90       | 5.2            | 0.0           |
| 4,071.946                     | COHEN & STEERS<br>RLTY INCM NEW<br>SHS CL Z     | CSZIX              | 15.37        | 62,596.61     | 15.43 | 62,830.13       | 4.9            | 2.8           |
| 2,506.401                     | COLUMBIA FDS SER<br>TR I                        | COFY.X             | 22.83        | 57,220.60     | 25.91 | 64,940.85       | 5.0            | 0.9           |
| 1,668.990                     | OAKMARK SELECT<br>INSTITUTIONAL                 | OANL.X             | 43.93        | 73,318.72     | 46.57 | 77,724.86       | 6.0            | ?             |
|                               |   |                    |              | 251,752.02    |       | 271,873.74      | 21.1           | 0.9           |
| Mid Cap Funds                 |   |                    |              |               |       |                 |                |               |
| 1,569.735                     | HARTFORD MIDCAP<br>Y                            | HMDY.X             | 30.55        | 47,948.28     | 33.94 | 53,276.81       | 4.1            | 0.0           |
| 2,110.500                     | PRUDENTIAL<br>GLOBAL REAL<br>ESTATE             | PGRQ.X             | 23.83        | 50,299.69     | 24.25 | 51,179.63       | 4.0            | 2.4           |
|                               |   |                    |              | 98,247.97     |       | 104,456.43      | 8.1            | 1.2           |
| Small Cap Funds               |   |                    |              |               |       |                 |                |               |
| 3,755.291                     | ALGER FDS SMALL<br>CP FOCUS Z                   | AGOZ.X             | 11.40        | 42,817.37     | 14.31 | 53,738.21       | 4.2            | 0.0           |
| 747.805                       | UNDISCOVERED<br>MANAGERS FDS<br>BEHAVR VAL R6   | UBVF.X             | 60.08        | 44,931.66     | 67.37 | 50,379.62       | 3.9            | 1.0           |
|                               |   |                    |              | 87,749.03     |       | 104,117.84      | 8.1            | 0.5           |
|                               |   |                    |              | 437,749.01    |       | 480,448.01      | 37.4           | 0.8           |

## PORTFOLIO APPRAISAL

*July 31, 2017*

| Quantity                   | Security   | Security<br>Symbol | Unit<br>Cost | Total<br>Cost       | Price | Market<br>Value | Pct.<br>Assets      | Cur.<br>Yield |            |
|----------------------------|--|--------------------|--------------|---------------------|-------|-----------------|---------------------|---------------|------------|
| <b>INTERNATIONAL FUNDS</b> |  |                    |              |                     |       |                 |                     |               |            |
| Large Cap Funds            |  |                    |              |                     |       |                 |                     |               |            |
| 2,819.722                  | BRANDES<br>EMERGING<br>MARKETS VALUE R6            | BEMR.X             | 7.99         | 22,519.46           | 9.26  | 26,110.63       | 2.0                 | 1.2           |            |
| Small Cap Funds            |  |                    |              |                     |       |                 |                     |               |            |
| 2,213.864                  | BRANDES<br>INTERNATIONAL<br>SMALL CAP R6           | BISR.X             | 13.32        | 29,493.21           | 14.38 | 31,835.36       | 2.5                 | 2.5           |            |
| International              |  |                    |              |                     |       |                 |                     |               |            |
| 950.409                    | AMERICAN FUNDS<br>NEW PERSPECTIVE<br>F2            | ANWF.X             | 37.65        | 35,786.33           | 42.58 | 40,468.42       | 3.1                 | 0.9           |            |
| 2,260.199                  | BRANDES INVT TR<br>INT EQTY FD R6                  | BIER.X             | 15.28        | 34,544.05           | 17.33 | 39,169.25       | 3.0                 | 3.3           |            |
| 3,042.192                  | HARTFORD<br>INTERNATIONAL<br>VALUE Y               | HILY.X             | 14.24        | 43,335.08           | 17.61 | 53,573.00       | 4.2                 | 2.0           |            |
| 1,881.863                  | LEGG MASON<br>PARTNERS EQUITY<br>TR CLEARBDG IN IS | CBIS.X             | 14.76        | 27,771.44           | 17.97 | 33,817.08       | 2.6                 | 2.0           |            |
| 3,013.311                  | THORNBURG<br>INVESTMENT<br>INCOME BUILDER          | TIBO.X             | 20.86        | 62,857.66           | 21.34 | 64,304.06       | 5.0                 | 1.0           |            |
|                            |  |                    |              | 204,294.56          |       |                 | 231,331.80          | 18.0          | 1.8        |
| Emerging Markets           |  |                    |              |                     |       |                 |                     |               |            |
| 428.713                    | AMERICAN FUNDS<br>NEW WORLD F-2                    | NFFF.X             | 53.18        | 22,798.18           | 62.50 | 26,794.56       | 2.1                 | 1.0           |            |
|                            |  |                    |              | 279,105.41          |       |                 | 316,072.35          | 24.6          | 1.7        |
| <b>TOTAL PORTFOLIO</b>     |  |                    |              | <b>1,197,213.93</b> |       |                 | <b>1,286,101.94</b> | <b>100.0</b>  | <b>2.0</b> |

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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SUBJECT: ITEM #: 2017/2018-005  
Market Overview Enclosure: Yes  
Action Item No

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Prepared by: Morgan Stanley (MS)  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

As Members of the Retirement Board of Authority you have a fiduciary responsibility as described in Government Code section 53215, et seq. In fulfilling your fiduciary responsibility, it is important to understand the impact of current global capital market conditions on the assets in the trust.

**STATUS:**

Morgan Stanley (MS) will provide an overview of current global capital market conditions.

**RECOMMENDATION:**

The Retirement Board of Authority shall hear and receive the information provided.



## Portfolio Update – 2<sup>nd</sup> Quarter 2017

Cary M. Allison, CIMA<sup>®</sup>  
Senior Institutional Consultant  
Government Entity Specialist

Morgan Stanley



| MODEL PORTFOLIOS                                |                  |        |          |                  |              |          |                 |        |                   |       |
|---|------------------|--------|----------|------------------|--------------|----------|-----------------|--------|-------------------|-------|
| EQUITIES  | Style            | Ticker | Expenses | Fixed Income     | Conservative | Moderate | Moderate Growth | Growth | Aggressive Growth |       |
| <i>Domestic Equities</i>                        |                  |        |          |                  |              |          |                 |        |                   |       |
| <i>Large Cap Domestic Equities</i>              |                  |        |          |                  |              |          |                 |        |                   |       |
| Alger Spectra                                   | Large Growth     | ASPZX  | 0.89%    | 0%               | 1%           | 3%       | 5%              | 5%     | 7%                |       |
| Columbia Contrarian Core                        | Large Blend      | COFYX  | 0.66%    | 0%               | 2%           | 3%       | 4%              | 5%     | 7%                |       |
| Oakmark Select                                  | Large Value      | OANLX  | 0.82%    | 0%               | 2%           | 4%       | 4%              | 6%     | 7%                |       |
|   |                  |        |          | 0%               | 5%           | 10%      | 13%             | 16%    | 21%               |       |
| <i>Small/Mid Cap Domestic Equities</i>          |                  |        |          |                  |              |          |                 |        |                   |       |
| Hartford Midcap                                 | Mid Growth       | HMDYX  | 0.76%    | 0%               | 0%           | 1%       | 2%              | 4%     | 6%                |       |
| Alger Small Cap Focus                           | Small Growth     | AGOZX  | 1.01%    | 0%               | 1%           | 2%       | 3%              | 4%     | 5%                |       |
| Undiscovered Managers Behavioral Value          | Small Blend      | UBVFX  | 0.79%    | 0%               | 1%           | 1%       | 2%              | 4%     | 5%                |       |
|   |                  |        |          | 0%               | 2%           | 4%       | 7%              | 12%    | 16%               |       |
| <i>Real Estate Investment Trusts</i>            |                  |        |          |                  |              |          |                 |        |                   |       |
| Cohen & Steers Real Estate Securities           | Real Estate      | CSZIX  | 0.88%    | 0%               | 2%           | 3%       | 4%              | 5%     | 6%                |       |
| Prudential Global Real Estate                   | Real Estate      | PGRQX  | 0.80%    | 0%               | 1%           | 2%       | 3%              | 4%     | 5%                |       |
|   |                  |        |          | 0%               | 3%           | 5%       | 7%              | 9%     | 11%               |       |
| <i>Total Domestic Equities &amp; REITs</i>      |                  |        |          | 0%               | 10%          | 19%      | 27%             | 37%    | 48%               |       |
| <i>International/Global Equities</i>            |                  |        |          |                  |              |          |                 |        |                   |       |
| Brandes International Small Cap                 | Int'l SMID       | BISRX  | 1.00%    | 0%               | 1%           | 1.5%     | 2%              | 2.5%   | 3%                |       |
| ClearBridge International Small Cap             | Int'l SMID       | CBISX  | 1.01%    | 0%               | 0%           | 1.5%     | 2%              | 2.5%   | 3%                |       |
| American Funds New Perspectives Fund            | Global Growth    | ANWFX  | 0.55%    | 0%               | 1%           | 2%       | 2%              | 3%     | 4%                |       |
| American Funds New World Fund                   | Emerging Markets | NFFFX  | 0.76%    | 0%               | 1%           | 1%       | 1.5%            | 2%     | 3%                |       |
| Brandes Emerging Markets Fund                   | Emerging Markets | BEMRX  | 0.97%    | 0%               | 0%           | 1%       | 1.5%            | 2%     | 3%                |       |
| Brandes International Equity                    | Int'l Value      | BIERX  | 0.82%    | 0%               | 1%           | 2%       | 3%              | 3%     | 3%                |       |
| Hartford International Value                    | Int'l Value      | HILYX  | 0.91%    | 0%               | 1%           | 2%       | 3%              | 4%     | 4%                |       |
| Thornburg Investment Income Builder             | Global Blend     | TIBIX  | 0.85%    | 0%               | 1%           | 3%       | 3%              | 5%     | 5%                |       |
|   |                  |        |          | 0%               | 6%           | 14%      | 18%             | 24%    | 28%               |       |
| <i>Total Equities</i>                           |                  |        |          | 0%               | 16%          | 33%      | 45%             | 61%    | 76%               |       |
| <b>FIXED INCOME</b>                             |                  |        |          |                  |              |          |                 |        |                   |       |
| BlackRock Total Return                          | Domestic Bond    | MPHQX  | 0.39%    | 16%              | 14%          | 11%      | 9%              | 6%     | 4%                |       |
| Guggenheim Investment Grade Bond                | Domestic Bond    | GIUSX  | 0.75%    | 16%              | 14%          | 11%      | 9%              | 6%     | 4%                |       |
| Prudential Total Return Bond                    | Domestic Bond    | PTRQX  | 0.46%    | 16%              | 14%          | 11%      | 9%              | 6%     | 4%                |       |
| Western Asset Core Plus Bond                    | Domestic Bond    | WAPSX  | 0.42%    | 16%              | 14%          | 11%      | 9%              | 6%     | 4%                |       |
| Guggenheim Macro Opportunities                  | Domestic Bond    | GIOIX  | 0.97%    | 16%              | 12%          | 11%      | 9%              | 6%     | 4%                |       |
| Hartford World Bond                             | Global Bond      | HWDYX  | 0.67%    | 8%               | 7%           | 4%       | 4%              | 3%     | 1%                |       |
| Legg Mason Brandywine Global Opportunities Bond | Global Bond      | GOBSX  | 0.56%    | 6%               | 5%           | 4%       | 3%              | 3%     | 1.5%              |       |
| Legg Mason Brandywine Alternative Credit        | Global Bond      | LMAMX  | 1.25%    | 6%               | 4%           | 4%       | 3%              | 3%     | 1.5%              |       |
| <i>Total Bonds</i>                              |                  |        |          | <i>Subtotals</i> | 100.0%       | 84.0%    | 67.0%           | 55.0%  | 39.0%             | 24.0% |
| <b>SUMMARY</b>                                  |                  |        |          |                  |              |          |                 |        |                   |       |
| Total Equities                                  |                  |        |          | 0.0%             | 16.0%        | 33.0%    | 45.0%           | 61.0%  | 76.0%             |       |
| Total Fixed Income                              |                  |        |          | 100.0%           | 84.0%        | 67.0%    | 55.0%           | 39.0%  | 24.0%             |       |
| Grand Total                                     |                  |        |          | 100.0%           | 100.0%       | 100.0%   | 100.0%          | 100.0% | 100.0%            |       |
| <i>Expense Ratio</i>                            |                  |        |          | 0.64%            | 0.66%        | 0.70%    | 0.73%           | 0.76%  | 0.79%             |       |
| <b>NOMINAL BENCHMARKS</b>                       |                  |        |          |                  |              |          |                 |        |                   |       |
| MSCI ACWI (All County World Index)              |                  |        |          | 0%               | 15%          | 30%      | 45%             | 60%    | 75%               |       |
| Barclay's Aggregate Bond                        |                  |        |          | 100%             | 85%          | 70%      | 55%             | 40%    | 25%               |       |
| <b>STATISTICS</b>                               |                  |        |          |                  |              |          |                 |        |                   |       |
| Avg Annual Return                               |                  |        |          | 4.52%            | 5.00%        | 6.00%    | 6.99%           | 7.69%  | 8.46%             |       |
| Standard Deviation (Risk)                       |                  |        |          | 3.19%            | 4.26%        | 6.09%    | 7.41%           | 9.48%  | 11.89%            |       |

NOTE: The Futuris portfolios listed above are sample representations only and may be altered from time to time at the discretion of the Trustee.

| Quarter                  | Fixed Income | Conservative | Moderate | Moderate Growth | Growth  | Aggressive Growth |
|--------------------------|--------------|--------------|----------|-----------------|---------|-------------------|
| <b>Quarterly Returns</b> |              |              |          |                 |         |                   |
| 3/31/2008                | 0.72%        | -0.37%       | -1.49%   | -3.40%          | -5.13%  | -6.50%            |
| 6/30/2008                | -1.51%       | -1.76%       | -1.75%   | -1.47%          | -1.25%  | -0.97%            |
| 9/30/2008                | -3.19%       | -4.12%       | -5.53%   | -7.08%          | -8.88%  | -11.99%           |
| 12/31/2008               | 0.28%        | -2.90%       | -6.76%   | -9.65%          | -13.11% | -17.53%           |
| 3/31/2009                | -0.34%       | -2.21%       | -4.38%   | -5.50%          | -7.11%  | -9.17%            |
| 6/30/2009                | 7.63%        | 9.64%        | 12.08%   | 13.79%          | 15.91%  | 19.16%            |
| 9/30/2009                | 8.04%        | 9.48%        | 11.18%   | 12.23%          | 13.84%  | 15.75%            |
| 12/31/2009               | 2.06%        | 2.26%        | 2.60%    | 2.90%           | 3.18%   | 3.67%             |
| 3/31/2010                | 3.31%        | 3.59%        | 3.83%    | 3.97%           | 4.23%   | 4.46%             |
| 6/30/2010                | 1.74%        | -0.35%       | -2.38%   | -3.89%          | -5.73%  | -7.85%            |
| 9/30/2010                | 4.69%        | 6.20%        | 7.61%    | 8.68%           | 9.87%   | 11.45%            |
| 12/31/2010               | -0.30%       | 0.98%        | 2.45%    | 3.57%           | 5.03%   | 6.92%             |
| 3/31/2011                | 1.50%        | 1.88%        | 2.26%    | 2.58%           | 3.09%   | 3.58%             |
| 6/30/2011                | 2.15%        | 1.93%        | 1.61%    | 1.28%           | 0.91%   | 0.49%             |
| 9/30/2011                | 0.17%        | -2.89%       | -5.81%   | -7.78%          | -10.68% | -13.70%           |
| 12/31/2011               | 1.52%        | 2.35%        | 3.30%    | 3.98%           | 4.96%   | 6.08%             |
| 3/31/2012                | 2.75%        | 4.06%        | 5.37%    | 6.27%           | 7.62%   | 9.09%             |
| 6/30/2012                | 1.89%        | 0.57%        | -0.66%   | -1.62%          | -2.93%  | -4.29%            |
| 9/30/2012                | 3.75%        | 4.14%        | 4.37%    | 4.57%           | 4.92%   | 5.18%             |
| 12/31/2012               | 1.52%        | 1.89%        | 2.22%    | 2.39%           | 2.63%   | 2.83%             |
| 3/31/2013                | 0.60%        | 1.47%        | 2.55%    | 3.32%           | 4.37%   | 5.57%             |
| 6/30/2013                | -2.99%       | -2.48%       | -1.80%   | -1.36%          | -0.74%  | -0.09%            |
| 9/30/2013                | 0.94%        | 1.64%        | 2.58%    | 3.30%           | 4.29%   | 5.24%             |
| 12/31/2013               | 0.94%        | 1.90%        | 2.85%    | 3.43%           | 4.36%   | 5.33%             |
| 3/31/2014                | 2.14%        | 2.04%        | 1.97%    | 2.05%           | 1.89%   | 1.85%             |
| 6/30/2014                | 2.52%        | 2.87%        | 3.30%    | 3.65%           | 4.02%   | 4.37%             |
| 9/30/2014                | -0.04%       | -0.60%       | -1.11%   | -1.56%          | -2.17%  | -2.61%            |
| 12/31/2014               | 0.83%        | 0.59%        | 0.91%    | 1.18%           | 1.50%   | 1.61%             |
| 3/31/2015                | 1.54%        | 1.63%        | 1.89%    | 2.15%           | 2.37%   | 2.48%             |
| 6/30/2015                | -1.70%       | -1.40%       | -1.03%   | -0.87%          | -0.60%  | -0.30%            |
| 9/30/2015                | -0.38%       | -1.97%       | -3.16%   | -3.99%          | -5.19%  | -6.33%            |
| 12/31/2015               | -0.42%       | 0.57%        | 1.53%    | 2.06%           | 2.89%   | 3.74%             |
| 3/31/2016                | 2.62%        | 2.10%        | 1.76%    | 1.64%           | 1.36%   | 1.05%             |
| 6/30/2016                | 2.26%        | 1.92%        | 1.75%    | 1.68%           | 1.54%   | 1.42%             |
| 9/30/2016                | 1.27%        | 2.05%        | 2.89%    | 3.48%           | 4.27%   | 5.05%             |
| 12/31/2016               | -1.78%       | -1.20%       | -0.85%   | -0.55%          | 0.08%   | 0.47%             |
| 3/31/2017                | 1.95%        | 2.52%        | 3.32%    | 3.85%           | 4.41%   | 5.12%             |
| 6/30/2017                | 2.05%        | 2.35%        | 2.73%    | 3.00%           | 3.32%   | 3.67%             |

| Quarter | Fixed Income | Conservative | Moderate | Moderate Growth | Growth | Aggressive Growth |
|---------|--------------|--------------|----------|-----------------|--------|-------------------|
|---------|--------------|--------------|----------|-----------------|--------|-------------------|

### Annualized Rolling Returns (per year)

|         |       |       |       |        |        |        |
|---------|-------|-------|-------|--------|--------|--------|
| 1 Year  | 3.49% | 5.80% | 8.28% | 10.08% | 12.57% | 15.02% |
| 2 Years | 3.79% | 4.18% | 4.99% | 5.58%  | 6.31%  | 7.03%  |
| 3 Years | 2.72% | 2.83% | 3.52% | 3.98%  | 4.53%  | 5.02%  |
| 4 Years | 3.70% | 4.27% | 5.37% | 6.17%  | 7.13%  | 8.08%  |
| 5 Years | 3.52% | 4.42% | 5.78% | 6.75%  | 8.00%  | 9.26%  |
| 6 Years | 4.00% | 4.35% | 5.11% | 5.64%  | 6.26%  | 6.85%  |
| 7 Years | 4.59% | 5.33% | 6.41% | 7.19%  | 8.12%  | 9.15%  |
| 8 Years | 5.94% | 6.55% | 7.52% | 8.18%  | 9.01%  | 9.93%  |
| 9 Years | 5.74% | 5.78% | 5.98% | 6.03%  | 6.07%  | 5.90%  |

### Annual Returns

|          |        |        |         |         |         |         |
|----------|--------|--------|---------|---------|---------|---------|
| 2008     | -3.70% | -8.88% | -14.75% | -20.09% | -25.83% | -32.79% |
| 2009     | 18.28% | 20.03% | 22.25%  | 24.18%  | 26.47%  | 29.88%  |
| 2010     | 9.71%  | 10.70% | 11.74%  | 12.48%  | 13.39%  | 14.71%  |
| 2011     | 5.44%  | 3.21%  | 1.10%   | -0.38%  | -2.47%  | -4.71%  |
| 2012     | 10.27% | 11.05% | 11.67%  | 11.94%  | 12.49%  | 12.93%  |
| 2013     | -0.56% | 2.49%  | 6.25%   | 8.89%   | 12.75%  | 16.92%  |
| 2014     | 5.54%  | 4.95%  | 5.11%   | 5.35%   | 5.24%   | 5.19%   |
| 2015     | -0.98% | -1.21% | -0.85%  | -0.78%  | -0.74%  | -0.72%  |
| 2016     | 4.38%  | 4.92%  | 5.63%   | 6.36%   | 7.40%   | 8.17%   |
| 2017 YTD | 4.04%  | 4.93%  | 6.14%   | 6.97%   | 7.88%   | 8.98%   |

# Portfolio Returns

As of June 30<sup>th</sup>, 2017

| <i>Portfolio</i>                         | <i>3 Mo</i>  | <i>1-Yr</i>   | <i>3-Yr</i>  | <i>5-Yr</i>  |
|--|--------------|---------------|--------------|--------------|
| <b>Fixed Income</b>                      | <b>2.05%</b> | <b>3.49%</b>  | <b>2.72%</b> | <b>3.52%</b> |
| <i>Benchmark (Barclay's Aggregate)</i>   | <i>1.45%</i> | <i>-0.31%</i> | <i>2.48%</i> | <i>2.21%</i> |
| <b>Conservative</b>                      | <b>2.35%</b> | <b>5.80%</b>  | <b>2.83%</b> | <b>4.42%</b> |
| <i>Benchmark (15% ACWI / 85% BC Agg)</i> | <i>1.86%</i> | <i>2.41%</i>  | <i>2.92%</i> | <i>3.52%</i> |
| <b>Moderate</b>                          | <b>2.73%</b> | <b>8.28%</b>  | <b>3.52%</b> | <b>5.78%</b> |
| <i>Benchmark (30% ACWI / 70% BC Agg)</i> | <i>2.28%</i> | <i>5.20%</i>  | <i>3.33%</i> | <i>4.82%</i> |
| <b>Moderate Growth</b>                   | <b>3.00%</b> | <b>10.08%</b> | <b>3.98%</b> | <b>6.75%</b> |
| <i>Benchmark (45% ACWI / 55% BC Agg)</i> | <i>2.70%</i> | <i>8.05%</i>  | <i>3.71%</i> | <i>6.11%</i> |
| <b>Growth</b>                            | <b>3.32%</b> | <b>12.57%</b> | <b>4.53%</b> | <b>8.00%</b> |
| <i>Benchmark (60% ACWI / 40% BC Agg)</i> | <i>3.13%</i> | <i>10.97%</i> | <i>4.06%</i> | <i>7.39%</i> |
| <b>Aggressive Growth</b>                 | <b>3.67%</b> | <b>15.02%</b> | <b>5.02%</b> | <b>9.26%</b> |
| <i>Benchmark (75% ACWI / 25% BC Agg)</i> | <i>3.55%</i> | <i>13.96%</i> | <i>4.39%</i> | <i>8.67%</i> |

NOTE: The Futuris portfolios listed above are sample representations only and may be altered from time to time at the discretion of the trustee.

# Wealth Management Perspectives

# Capital Markets Overview: 2Q 2017

## Introduction

As of 2Q 2017

- Risk markets globally continued to gain in the second quarter of 2017. Led by international markets it appears we are in the midst of the most synchronous global economic upturn since 2009. Our bullish global equity outlook assumes earnings estimates will continue to move higher as the global economic recovery persists, and that valuations can expand further as market participants become more comfortable with the self-sustainability of this recovery. We are watching the Federal Open Market Committee, which hiked rates for the third meeting in a row this quarter and signaled 1 further hike in 2017 along with plans to begin the unwinding of their balance sheet later this year.
- For the quarter, US equities posted strong performance, especially the Health Care sector of the S&P 500, which returned 7.1%. Energy (-6.4%) and Telecom (-7.1%) were clear laggards as low oil prices and delayed tax reform weighed on returns for the respective sectors. While the US had solid performance (3.1%), the largest returns for the quarter actually came from abroad with Europe registering 7.7% total return and emerging markets 6.4%, with China's 10.7% return a clear standout. For the one-year period ending June 30, 2017, global equities rallied with double-digit returns exceeding 20% in most regions. Commodities and managed futures lagged for the one-year period.
- The Dow Jones Industrial Average increased 4.0% in the second quarter. The NASDAQ Composite Index was up 4.2% for the quarter. The S&P 500 Index increased 3.1% for the quarter.
- Nine of the 11 sectors within the S&P 500 generated positive returns in 2Q17. The top-performing sector was Health Care, which was up 7.1%. Industrials and Financials rose 4.7% and 4.3%, respectively, and were also among the top-performing sectors. The biggest laggards were Energy, which decreased 6.4%, and Telecom, which fell 7.0%.
- The bond market registered slightly positive returns during the second quarter. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, increased 1.4% for the quarter.
- Morgan Stanley & Co. economists expect US real GDP will be 2.2% in 2017. They forecast global GDP growth to be 3.6% in 2017.
- Commodities continued negative returns into the second quarter; the Bloomberg Commodity Index decreased 3.2%.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material. This slide sourced from Market Performance section.

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# Capital Markets Overview: 2Q 2017

## The US Economy

As of 2Q 2017

The Department of Commerce estimated that real Gross Domestic Product increased at an annual rate of 2.1% in 1Q17, in comparison to a 2.0% increase in the fourth quarter of 2016. Morgan Stanley & Co. economists forecast US Real GDP growth will be 2.2% in 2017.

The seasonally adjusted unemployment rate for May 2017 was 4.3%, down from 4.7% in February 2017. Employment accelerated the most in mining and performing arts while it decelerated the most in pipeline transportation and traditional broadcasting. The number of unemployed was down to 6.9 million vs. 7.5 million last quarter. The number of long-term unemployed (those jobless for 27 weeks or more) was down 6% to 1.7 million from 1.8 million last quarter. These individuals accounted for 24.0% of the unemployed vs. 23.8% last quarter.

According to the most recent estimate from the Bureau of Economic Analysis, corporate profits decreased 2.26% quarter over quarter but are still up 3.34% year over year.

Inflation increased in the US, according to the Bureau of Labor Statistics. The year-over-year Consumer Price Index was 2.7% in February and decreased to 1.9% in May 2017. Morgan Stanley & Co. economists forecast a 2.1% annual inflation rate for 2017.

The Census Bureau reported that the number of new private-sector housing starts in February 2017 was at a seasonally adjusted annual rate of 1,092,000—2.4% below housing starts this time last year.

The Census Bureau also reported that seasonally adjusted retail and food services sales increased at 3.8% year over year in May, a 90-basis-point decline since last quarter. Consumer confidence steadied in the second quarter of 2017, with Conference Board Consumer Confidence reading 118.90 after reaching the highest level it had been since 2000 in March.

In March, the Institute for Supply Management's Purchasing Managers' Index (PMI), a manufacturing sector index, increased as the PMI registered 57.8%, a 0.6-percentage-point uptick from March's reading of 57.2. Generally speaking, a PMI or NMI (ISM Non-Manufacturing Index) over 50 indicates that the sector is expanding and a PMI below 50 but over 43 indicates that the sector is shrinking but the overall economy is expanding. PMI has registered above 50 for 15 out of the last 16 months, indicating an expansion in manufacturing since March 2016. Overall, PMI has been above 43 for 97 consecutive months, indicating overall economic recovery and expansion since June 2009.

The NMI is down 0.7 points to 56.9 since February 2017. The index has now been above 50 for 88 consecutive months, indicating non-manufacturing expansion since February 2010.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material. This slide sourced from Market Performance section.

# Capital Markets Overview: 2Q 2017

## US Equity Markets

As of 2Q 2017

The Dow Jones Industrial Average increased 4.0% in the first quarter. The NASDAQ Composite Index was up 4.2% for the quarter. The S&P 500 Index increased 3.1% for the quarter.

Nine of the 11 sectors within the S&P 500 generated positive returns in 2Q17. The top-performing sector was Health Care, which was up 7.1%. Industrials and Financials rose 4.7% and 4.3%, respectively, and were also among the top-performing sectors. The biggest laggards were Energy, which decreased 6.4%, and Telecom, which fell 7.0%.

The Russell 1000 Index, a large-cap index, increased 3.1% for the quarter, with large-cap growth (4.7%) outperforming large-cap value (1.3%).

The Russell Midcap Index increased 2.7% for the quarter, with mid-cap growth (4.2%) outperforming mid-cap value (1.4%).

The Russell 2000 Index, a small-cap index, increased 2.5% for the quarter, with small-cap growth (4.4%) outperforming small-cap value (0.7%).

| Key US Stock Market Index Returns (%) for the Period Ending 6/30/2017 |         |           |                      |                      |
|---|---------|-----------|----------------------|----------------------|
| INDEX IN USD  | Quarter | 12 Months | 5-Years (Annualized) | 7-Years (Annualized) |
| S&P 500   | 3.1%    | 17.9%     | 14.6%                | 15.4%                |
| Dow Jones   | 4.0%    | 22.1%     | 13.4%                | 14.7%                |
| Russell 2000  | 2.5%    | 24.6%     | 13.7%                | 14.3%                |
| Russell Midcap  | 2.7%    | 16.5%     | 14.7%                | 15.3%                |
| Russell 1000  | 3.1%    | 18.0%     | 14.7%                | 15.4%                |

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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# Capital Markets Overview: 2Q 2017

## Global Equity Markets

As of 2Q 2017

In the second quarter, emerging markets (EM) and international developed regions both delivered positive returns (in USD). The MSCI EAFE Index (a benchmark for international developed markets) increased 6.4% for US-currency investors and increased 2.9% for local-currency investors, as the US dollar significantly depreciated in relation to the currencies of many nations in the index.

For the second quarter, the MSCI Emerging Markets Index increased 6.4% for US-currency investors and 6.7% for local-currency investors. The MSCI Europe Index increased 7.6% for US-currency investors and increased 6.2% for local-currency investors during 2Q17.

The S&P 500 Index increased 3.1% for the quarter.

Emerging economy equity market indices were up in the second quarter. The MSCI BRIC (Brazil, Russia, India and China) Index rose 4.8% for the quarter in US dollar terms and 5.8% in terms of local currencies. For the first quarter, the MSCI EM Asia Index was up 8.7% in US dollar terms and 9.2% in local terms.

| Key Global Equity Market Index Returns (%) for the Period Ending 6/30/2017 |         |           |                      |                      |
|--|---------|-----------|----------------------|----------------------|
| INDEX IN USD   | Quarter | 12 Months | 5-Years (Annualized) | 7-Years (Annualized) |
| MSCI EAFE  | 6.4%    | 20.8%     | 9.2%                 | 8.4%                 |
| MSCI EAFE Growth   | 7.7%    | 16.1%     | 9.6%                 | 9.0%                 |
| MSCI EAFE Value  | 5.1%    | 25.7%     | 8.7%                 | 7.7%                 |
| MSCI Europe  | 7.7%    | 21.8%     | 9.4%                 | 8.8%                 |
| MSCI Japan   | 5.2%    | 19.6%     | 9.8%                 | 7.7%                 |
| S&P 500  | 3.1%    | 17.9%     | 14.6%                | 15.4%                |
| MSCI Emerging Markets  | 6.4%    | 24.2%     | 4.3%                 | 4.2%                 |

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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# Capital Markets Overview: 2Q 2017

## The US Bond Market

As of 2Q 2017

The bond market registered positive returns during the second quarter. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, increased 1.4% for the quarter as the curve continued to flatten.

Interest rates decreased during the second quarter, as the yield on the 10-year US Treasury note declined to a quarter-end 2.30% from 2.38% at the end of 1Q17. This came out to a 3.5% decrease in rates for the quarter.

Riskier parts of the bond market such as US high yield debt also increased in the second quarter. The Bloomberg Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, rose 2.2%.

Mortgage-backed securities posted slightly positive returns during the second quarter. The Bloomberg Barclays Capital Mortgage Backed Index increased 0.9% for the quarter. During the second quarter, the municipal bond market also increased. As a result, the Bloomberg Barclays Capital Muni Index generated a 2.0% return for the quarter.

| Key US Bond Market Index Returns (%) for the Period Ending 6/30/2017 |         |           |                         |                         |
|--|---------|-----------|-------------------------|-------------------------|
| INDEX IN USD   | Quarter | 12 Months | 5-Years<br>(Annualized) | 7-Years<br>(Annualized) |
| Bloomberg Barclays Capital US Aggregate                              | 1.4%    | -0.3%     | 2.2%                    | 3.2%                    |
| Bloomberg Barclays Capital High Yield                                | 2.2%    | 12.7%     | 6.9%                    | 8.1%                    |
| Bloomberg Barclays Capital Government/Credit                         | 1.7%    | -0.4%     | 2.3%                    | 3.4%                    |
| Bloomberg Barclays Capital Government                                | 1.2%    | -2.3%     | 1.3%                    | 2.5%                    |
| Bloomberg Barclays Capital Intermediate Govt/Credit                  | 0.9%    | -0.2%     | 1.8%                    | 2.6%                    |
| Bloomberg Barclays Capital Long Govt/Credit                          | 4.4%    | -1.1%     | 4.3%                    | 6.8%                    |
| Bloomberg Barclays Capital Mortgage Backed Securities                | 0.9%    | -0.1%     | 2.0%                    | 2.7%                    |
| Bloomberg Barclays Capital Muni                                      | 2.0%    | -0.5%     | 3.3%                    | 4.2%                    |

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

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# Capital Markets Overview: 2Q 2017

## Hedge Funds

As of 2Q 2017

### **HFRX Equity Hedge Index: 2Q = 1.01%**

- Equity Hedge managers posted positive returns during the quarter, as equity markets continued to rally from Q1. There was particular strength seen in European and emerging market equities during the quarter. Consistent global economic data coupled with attractive corporate profit growth and healthy global liquidity helped equity markets during the quarter.
- Managers who had been overweight growth sectors benefitted during the quarter as growth stocks outperformed value stocks for the quarter. In addition, managers who had international exposure during the quarter benefitted from the rally in global equities, most notably Europe.

### **HFRX Event-Driven Index: 2Q = 1.61%**

- In general, it was a positive quarter for the various Event Driven strategies in 2Q. Special situation investments benefitted from the strength in global equity markets. Distressed credit strategies were helped as credit spreads continued to grind tighter, while merger arbitrage continued to generate muted but positive performance the quarter.

### **HFRX Macro/CTA Index: 2Q = 0.01%**

- Macro/CTA strategies delivered flat returns in 2Q, driven by mixed performance in systematic trend-following strategies and negative performance for discretionary macro strategies. Discretionary macro strategies generally suffered from the wrong positioning in interest rates and currencies during the quarter.

### **HFRX Relative Value Arbitrage Index: 2Q = 0.68%**

- Relative Value managers were positive in 2Q, led by relative value credit, MBS and convertible arbitrage strategies.

### **HFRX Global Hedge Fund Index: 2Q = 0.89%**

- Global hedge fund performance was positive during the second quarter; with technology equity, international equity and event driven strategies driving performance.

Source: HFRX Hedge Fund Indices; Morgan Stanley Wealth Management GIC

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# Capital Markets Overview: 4Q 2016

## Private Equity and Real Estate

As of 4Q 2016

### Buyout

- Aggregate deal value totaled \$83.3 billion in 4Q16, which is down year over year from \$138.9 billion and slightly down quarter over quarter from \$90.9 billion. European deal value increased to \$29.4 billion, which compares to \$16.4 billion in 4Q15.
- 4Q16 had 410 exits accounting for \$94.11 billion in value, which is down from the 483 exits totaling \$77.78 billion in 4Q15. Total exit value has been on a decline since 2Q14.

### Venture Capital

- In 4Q16, there were 2,350 deals accounting for \$25 billion in value, which is down from 2,739 deals accounting for \$28.5 billion in value in 4Q15.
- Aggregate deal value is at its lowest level since 3Q14.

### Real Estate

- 67 real estate funds raised \$31.8 billion total during 4Q16, which compares to 86 funds raising \$25.1 billion in 4Q15.
- Real estate dry powder continues to set new highs with \$246 billion at the end of 4Q16.

### Private Debt

- In 4Q16, 41 private debt funds raised \$47.4 billion in aggregate, which is a new high for capital raised in a quarter.
- Private debt funds ended 2016 with \$196.7 billion in dry powder, which is down slightly from \$215.4 billion at the end of 2015.

Source: Preqin data as of February 5, 2017

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Nontraditional investment options and strategies are often employed by a portfolio manager to further a fund’s investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund’s essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or “leverage.”

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another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper. Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns. Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, “blow ups,” or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial “lift” or upwards bias.

**Hedge Funds of Funds** and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor’s goals by the pre-established year or “target date.” A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are suitable only for the risk capital portion of an investor’s portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. **Asset allocation and diversification** do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

**Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC (“Morgan Stanley”), its affiliates and Morgan Stanley Financial Advisors and private Wealth Advisors do not provide tax or legal advice and are not “fiduciaries” (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.**

Insurance products are offered in conjunction with Morgan Stanley Smith Barney LLC’s licensed insurance agency affiliates.

**Indices** are unmanaged. An investor cannot invest directly in an index. They are shown for illustration purposes only and do not show the performance of any specific investment. Reference to an index does not imply that the portfolio will achieve return, volatility or other results similar to the index. The composition of an index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error target, all of which are subject to change over time.

This material is not a financial plan and does not create an investment advisory relationship between you and your Morgan Stanley Financial Advisor. We are not your fiduciary either under the Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, and any information in this report is not intended to form the primary basis for any investment decision by you, or an investment advice or recommendation for either ERISA or Internal Revenue Code purposes. Morgan Stanley Private Wealth Management will only prepare a financial plan at your specific request using Private Wealth Management approved financial planning signature.

We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your Private Wealth Advisor to discuss our obligations to disclose to you any conflicts we may from time to time have and our duty to act in your best interest. We may be paid both by you and by others who compensate us based on what you buy. Our compensation, including that of your Private Wealth Advisor, may vary by product and over time.

Investment and services offered through Morgan Stanley Private Wealth Management, a division of Morgan Stanley Smith Barney LLC, Member SIPC.



Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

For index, indicator and survey definitions referenced in this report please visit the following: <http://www.morganstanleyfa.com/public/projectfiles/id.pdf>

**Global Investment Committee (GIC) Asset Allocation Models:** The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC. **HYPOTHETICAL MODEL PERFORMANCE (GROSS):** Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC's strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date. **FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS:** None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at [www.morganstanley.com/adv](http://www.morganstanley.com/adv). The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material. **insurance products disclosures: Variable annuities** are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value. **Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk. **Master Limited Partnerships (MLPs):** Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. **Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. **REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security**. Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. **Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally

because of prepayments. **Yields** are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. The majority of \$25 and \$1000 par **preferred securities** are “callable” meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per \$25 or \$1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security’s underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some \$25 or \$1000 **par preferred securities** are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional ‘dividend paying’ perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date. Companies paying **dividends** can reduce or cut payouts at any time. **Nondiversification**: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio’s overall value to decline to a greater degree than a less concentrated portfolio. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected. Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. This material is disseminated in the United States of America by Morgan Stanley Smith Barney LLC. Morgan Stanley Wealth Management is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the “Municipal Advisor Rule”) and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. This material, or any portion thereof, may not be reprinted, sold or redistributed without the written consent of Morgan Stanley Smith Barney LLC. © 2017 Morgan Stanley Smith Barney LLC. Member SIPC.



## INVESTMENT POLICY STATEMENT

### Antelope Valley Community College District

The purpose of this Investment Policy Statement is to establish a comprehensive strategy for the acceptance and accumulation of invested assets under the **Futuris Public Entity Investment Trust** (the "**Trust**"), which has been adopted for use by **Antelope Valley Community College District** (the "**Employer**") for, among other things, to assist the Employer in meeting applicable funding requirements for the payment of future retiree health and welfare obligations and other post-employment benefit obligations (generally referred to as "**OPEB Liability**"), but may also be used to fund other purposes related to excess funds of the Employer as allowable under applicable law.

This Investment Policy Statement shall be consistent with the governing law, including the Internal Revenue Code of 1986 as amended from time to time (the "**Code**"), applicable provisions of Governmental Accounting Standards Board Statement Nos. 43 and 45, California laws, including applicable provisions of the California Government Code.

### TRUST FUNDING STATEMENT

The purpose of the Trust is to provide a uniform method of investing contributions and earnings of all contributed amounts between funds deposited within the Trust Fund, as such term is defined within the Trust. The Trust shall be funded primarily by irrevocable contributions made by the Employer, but may also include other contributions made by any Participant as determined necessary and appropriate under applicable circumstances and in compliance with underlying legal requirements. These contributions shall be remitted to the Trust on a discretionary basis, as determined by and through the direction of the Employer, or such delegated Trust.

### RETIREMENT BOARD OF AUTHORITY

The Retirement Board of Authority (the "**RBOA**") is directly responsible for the implementation and oversight of this Investment Policy Statement. This responsibility includes the selection and ongoing evaluation of investments and/or investment managers in accordance with applicable laws and regulations. However, these investment responsibilities may be delegated to an authorized third-party trustee. In this case, the RBOA has appointed Benefit Trust Company ("**BTC**") as Discretionary Trustee and Trust Fund custodian, who may further designate and delegate any corresponding Investment Manager responsibilities as set forth below. On behalf of the Trust, and as approved by the RBOA, BTC shall administer the assets of the Trust in such a manner that the investments are:

- Prudent; in consideration of the stated purpose of the Trust, any underlying Plan and in accordance with Article 16, Section 17 of the California Constitution creating a Retirement System, and California Government Code Sections 53620 through 53622, as applicable;
- Diversified; among a broad range of investment alternatives;

- Permitted; in accordance with the terms of the Trust, any applicable Plan document and in accordance with California Government Code Sections 53620 through 53622 and other applicable requirements;
- Selected; for the exclusive benefit of the Plan participants as it relates to the funding of retiree health and welfare benefits, or as otherwise deemed appropriate for the purposes set forth by the Trust.

The above notwithstanding, the RBOA retains the responsibility to oversee the management of the Trust, including BTC's, or any successor trustee's, requirement that investments and assets held within the Trust continually adhere to the requirements of California Government Code.

### **INVESTMENT OBJECTIVES**

The Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics. In general, assets held in the Trust Fund will be for the primary purpose of meeting present and future OPEB Liability obligations and may be invested in accordance with California Government Code Sections 53600 through 53622 that subject to applicable legal requirements may provide greater latitude to increase purchasing power and capital growth potential if deemed prudent to do so.

Though investment responsibilities are delegated to the Trustee, the RBOA determines the target return that is applicable for this Trust as it relates to those assets held in the Trust Fund. Attachment A of this Investment Policy details the target return selected by the RBOA. The target return may be modified from time to time by amending the Appendix. Related to the investments and the holding of investments themselves, the Trustee may cause any or all of the assets of the Trust to be commingled, to the extent such investment and the issuance thereof would be exempt under the provisions of Sections 2(a)(36), 3(b)(1) or 3(c)(11) of the Investment Company Act of 1940 or Section 3(a)(2) of the Securities Act of 1933, with the assets of trusts created by others, causing such money to be invested as part of a common and/or collective trust fund.

### **PERIODIC ANALYSIS AND EVALUATION**

The RBOA and/or its designees shall periodically meet with the Trustee to review investment performance reports that analyze the performance of the managers selected in each market sector that take into consideration:

- adherence to applicable legal constraints on investment prudence;
- consistency and adherence to stated investment management style and discipline;
- risk adjusted performance relative to managers with similar style;
- long-term investment performance relative to appropriate benchmarks; and
- changes in investment personnel managing the portfolio

## ETHICS AND CONFLICT OF INTEREST

Officers, employees, and agents involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Officers, employees, and agents involved in the investment process shall abide by the California Government Code Section 1090 et seq. and the California Political Reform Act (California Government Code Section 81000 et seq.)

### AMENDMENT

The RBOA shall have the right to amend this Policy, in whole or in part, at any time and from time to time.

### ADOPTION

The RBOA hereby adopts the provisions of this Investment Policy Statement as of this 11th day of June, 2015.

By:   
\_\_\_\_\_  
Diana Keelen, Executive Director of Business Services

By:   
\_\_\_\_\_  
Mark Bryant, Vice President of Human Resources

By:   
\_\_\_\_\_  
Michael Adams, Board of Trustees Representative

## **APPENDIX A: Target Return**

Subject to the ability of the Retirement Board of Authority and Trustee to deviate from these guidelines as set forth under the heading "Investment Objectives" in the Statement, the Retirement Board of Authority has determined after due consideration to the time horizon of the trust, trust liquidity needs, and the District's risk tolerance and capacity for risk, that the Trust Fund shall be invested with the objective of achieving an annualized target net rate of return of 7 % in order to meet the Plan's actuarial assumption (as determined by Retirement Board of Authority's Actuarial Consultant), as well as an additional 1 % to cover the costs of trust administration, GASB 43 and GASB 45 compliance.

In accordance with Article 16 Section 17 of the California Constitution creating a retirement system and California Government Code sections 53620 through 53622, the Retirement Board of Authority has the authority to invest or reinvest funds intended for the payment of employee retiree health benefits under a prudent investor standard and shall diversify investments so as to minimize the risk of loss and to maximize the rate of return. The Trustee shall establish investment portfolios on a discretionary basis to meet the diverse needs of the Trust and its applicable purposes. Applicable provisions and requirements of, in particular, the California Government Code (specifically provisions under Sections 53216.1, 53216.5 and 53216.6, as applicable) shall be examined before selecting the investment portfolios to achieve the targets stated above.

The Trustee shall manage the Trust investments on a discretionary basis such that the total allocation among various investment styles, capitalizations, fund managers and securities is established and re-balanced from time-to-time so as to meet the Trust's overall target return objectives with the least amount of risk. The Trust assets shall not be invested in any proprietary investment vehicles of the Trustee or any of its affiliates or advisors.

### **Equity Investments**

The purpose of the aggregate equity allocation within the Trust is to provide a total return consisting primarily of appreciation, with dividend income a secondary consideration. In order to maximize return opportunity while minimizing risk, the Trustee shall, in its discretion, allocate the Trust's equity allocation among a diverse group of equity fund managers, taking into consideration such factors as investment style (value, growth, international, etc.) as well as the capitalization (large, mid, small, etc.) of the investment.

Permitted equity investments shall include:

- Publicly traded common stocks, preferred stocks, securities convertible into common stocks, and securities which carry the right to buy common stocks, listed on a major United States stock exchange, including stocks traded through the NASDAQ Stock Market;
- American Depository Receipts ("ADRs");
- SEC-registered open-end mutual funds and Bank, Insurance Company or Trust Company

commingled funds which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives;

- Closed-end SEC-registered mutual funds which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives; and
- Exchange Traded Funds (“ETFs”) which invest primarily in stocks and other instruments which are allowable securities under these policies and objectives.

In managing the equity portfolio, the Trustee shall not do any of the following:

- buy equity securities on margin;
- short-sell equity securities;
- buy or sell futures contracts in any form, except that the Trustee is authorized to buy or sell such contracts specifically for purposes of, and only for purposes of, a hedge against portfolio loss;
- buy or sell put or call options on stocks, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded.

However, all of the above restrictions shall be permitted in open-end or closed-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent with fund objectives and prudent management, and the investments provide for daily liquidity.

Additionally, certain securities may not be held directly, but only in open-end or closed-end mutual funds, comingled funds, or ETFs. These include common stocks, preferred stocks, and securities convertible into common stocks and securities that carry the right to purchase common stocks of non-U.S. companies traded on global exchanges, traded in any currency, as well as restricted securities of U.S. and non-U.S. companies, including securities issued through private offerings, and forward currency contracts or currency futures contracts to hedge foreign currency exposure.

Not more than 5% of the Trust assets shall be invested in any single equity security issue or issuer. The foregoing limitation is not intended to apply to the percentage of Trust assets invested in a single diversified mutual fund.

Both an investment fund manager’s performance and the performance of individual securities, if purchased, will be compared to the following benchmarks based upon the particular investment style and capitalization range:

|                         |                            |
|-------------------------|----------------------------|
| Domestic Equities:      | S&P 500                    |
| International Equities: | MSCI EAFE and ACWI ex.U.S. |

The Trustee shall pay particular attention to rolling 3 and 5 year time frames as well as shorter periods should the situation warrant. In addition, the Trustee shall measure and compare the



exposure to risk of the Trust's equity portfolio with benchmarks appropriate for the investment style and capitalization range of each such investment.

### **Fixed Income Investments**

The purpose of the aggregate fixed income allocation within the Trust is to provide a total return consisting of income and appreciation, while preserving capital by investing in a diversified portfolio of high quality fixed income securities. The investment objective of the fixed income portfolio is to achieve a total return commensurate with the overall bond market as measured by the Barclay's Aggregate Bond Index for domestic securities, and the Barclay's Global Bond Index for international securities, with attention given to rolling 3 and 5 year time frames as well as shorter periods should the situation warrant. In addition, the Trustee shall measure and compare the exposure to risk of the Trust's fixed income portfolio with benchmarks appropriate for the investment style and capitalization range of each such investment.

Permitted securities shall include:

- Obligations of the U.S. Government and its agencies;
- Bonds issued by U.S. Corporations or U.S. subsidiaries of foreign companies that are incorporated within the U.S. and carry a minimum BBB rating;
- Certificates of Deposit issued by banks or savings and loans of sound financial condition under FDIC management, with never more than the FDIC coverage amount (including interest) deposited to any single institution;
- Money market funds and money market instruments of an investment grade commonly held in money market funds such as repurchase agreements, banker's acceptances, commercial paper, etc.
- SEC-registered open-end mutual funds and Bank, Insurance Company and Trust Company commingled funds which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- Closed-end SEC registered mutual funds which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- Exchange Traded Funds ("ETFs") which invest primarily in bonds and other instruments which are allowable securities under these policies and objectives;
- Investment grade foreign government or corporate bonds carrying a minimum BBB rating, whether or not denominated in U.S. currency, and whether or not hedged for foreign currency risk.
- Securities backed by pools of consumer or corporate receivables other than mortgages ("Asset-backed Securities"), provided that these securities have been registered with the SEC for public offering and that they meet the requirements of these policies and

objectives and carry a minimum BBB rating; and

- U.S. Agency mortgage-backed pass-through securities.

In managing the fixed income portion of the Trust assets, the Trustee shall not do any of the following:

- buy fixed income securities on margin;
- short-sell fixed income securities;
- buy or sell futures contracts in any form, except that the Trustee is authorized to buy or sell such contracts specifically for purposes of, and only for purposes of, a hedge against portfolio loss;
- buy or sell put or call options on bonds, indexes or futures contracts;
- buy or sell foreign securities not registered through an SEC filing or not denominated in U.S. dollars; or
- buy or sell any securities which are not publicly traded except U.S. Government or agency-backed mortgages.

However, all of the above restrictions shall be permitted only in open-end or closed-end mutual funds, comingled funds, or ETFs, if in the opinion of the Trustee these activities are consistent with fund objectives, prudent management, risk mitigation, and the investments provide for daily liquidity. In addition, investment in non-investment grade bonds or loans by such funds shall be permitted so long as the average aggregate rating of the funds are investment grade, and in the opinion of the Trustee the proportion of non-investment grade bonds to investment grade bonds in the portfolio is prudent.

Not more than 5% of the Trust assets shall be invested in any single debt security issue or issuer. The foregoing limitation is not intended to apply to the percentage of Trust assets invested in a single diversified mutual fund, nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities.

### **Use of Mutual Funds**

The Retirement Board of Authority envisions that the Trustee will invest predominantly in open and closed-end mutual funds. The Board recognizes that the limitations and restrictions set forth in this Statement cannot be imposed on the managers of such mutual funds and that mutual funds held by the Trust may be managed outside of the requirements of this Statement. Nonetheless, the Trustee shall seek to identify mutual funds that comply as closely as possible to these guidelines and shall diligently monitor for prompt removal and replacement of those that do not.

### **Performance Review**

In the execution of its fiduciary responsibilities, the Trustee shall review, on a regular basis, the performance of the various investments and fund managers employed by the Trust to determine if assets are being properly managed according to the stated objectives and policies set forth in the Trust Agreement and in this Statement. The Trustee shall view performance and investment

risk on the basis of a full 3 to 5-year market cycle, though the stated objectives and policies of the Trustee may result in the prompt sale of a security or dismissal of a fund manager based upon shorter term results. In addition, any deviation or change in the structure, management or investment style of any fund manager employed shall precipitate a review by the Trustee to determine whether or not that manager should be retained.

### **Change of Target Return**

The Retirement Board of Authority may, from time to time, discuss with Trustee the need to change target investment returns for the trust as conditions or characteristics of the Trust, or applicable Fund requirements change. In the event a change is made, a new Appendix A will be adopted by the Retirement Board of Authority to reflect the change.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 9/20/2017  
Retirement Board of Authority

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|   |             |               |
|---|-------------|---------------|
| SUBJECT:  | ITEM #:     | 2017/2018-007 |
| Election of a <b>Chairperson</b> for the Retirement Board of Authority (RBOA) | Enclosure:  | Yes           |
|   | Action Item | Yes           |

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

The Governing Board of Antelope Valley Community College District approved a Board Resolution authorizing the establishment of the District's OPEB Investment Trust and the creation of the Retirement Board of Authority (RBOA) with a mandate for the compliance, management and operation the District's Trust.

**STATUS:**

The Retirement Board of Authority (RBOA) has been duly appointed by the Governing Board of Antelope Valley Community College District and will elect a new **Chairperson** who will serve in this capacity for two years as provided by the provisions of the District's RBOA Bylaws.

**RECOMMENDATION:**

The formally designated Retirement Board of Authority shall take action to acknowledge and welcome the new Chair of the RBOA.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT TRUST  
RETIREMENT BOARD OF AUTHORITY BYLAWS  
PREAMBLE

The objectives of the Antelope Valley Community College District “District” establishing a Trust for the pre-funding of its OPEB liabilities is to comply with the requirements of GASB Statements No. 43 & No. 45 and to create a retirement system that complies with the California Constitution and Government Code provisions related to such systems with a Governing Board (Referred to as the Retirement Board of Authority “RBOA” or “Board” consisting of officials of the District.)

The Trust is to be managed with the following principles:

©Trust assets are managed in accordance with all applicable laws, trust documents, and a written Investment Policy Statement (IPS) for the exclusive benefit of eligible employees, former employees, their dependents and beneficiaries.

©Trust assets are diversified to a specific risk/ return profile as determined by the RBOA and approved by the District

©A written Investment Policy Statement (IPS) contains the detail to define, implement, and monitor the trust’s investment strategy.

©Appropriate fiduciary standards are applied in the management of trust assets and the supervision of persons hired to assist in the management of the trust. Due diligence is documented.

©Control procedures are in place to monitor and account for trust investment and administrative expenses.

©There are safeguards to avoid conflicts of interest, such as the use of funding instruments that are non-proprietary funds of any service provider to the Trust.

1: Retirement Board of Authority

1.1: The District’s governing body has established by resolution a Retirement Board of Authority (the “Board”,) to supervise the Trust.

1.2: The Board has been established to manage, direct and control the Fiduciary, Trust Settlor and Administrative functions, such as Consultants, Actuaries, Auditors and Accountants, Legal Counsel and Financial Advisors of the Trust.

1.3: The Board has and shall sign such documents as are necessary to adopt and maintain an irrevocable trust which complies with the California Constitution, California Government Code, GASB No. 43 & No. 45 and Section 115 of the Internal Revenue Code.

1.4: As mandated by the California Government Code, the Board shall perform all its duties with the care, skill, and diligence that a prudent person acting in a like capacity familiar with these matters would utilize.

1.5: The Board has and shall also act solely in the interests of plan participants and

beneficiaries with the sole purpose of providing benefit to them and paying only necessary and reasonable expenses for administrating the Trust.

1.6: The Board shall oversee that the Trust's assets are diversified in order to minimize the risk of large investment losses.

1.7: The Board shall adhere to the terms of the written documents governing the Trust and ensure that the members comply with all applicable laws, rules and regulations that may affect the Trust.

1.8: The Board shall facilitate and oversee the preparation and centralized maintenance of the District's Comprehensive Compliance Plan. To aid the District in meeting its fiduciary requirements, the Substantive Plan, as described in GASB 43 and 45, will be set forth as an essential element in the development of a Comprehensive Compliance Plan.

1.9: The Board will have the exclusive authority to establish, execute and interpret the Trust's written Investment Policy Statement (IPS) which profiles the long-term investment objectives of the Trust.

1.10: The Board shall facilitate any efforts and processes necessary to ensure the District executes applicable written agreements providing any required consent to comply with the terms of the Trust.

1.11: The Board will require that compensation paid to the Trust's service providers is identifiable, transparent, and reasonable and adheres to the terms of the written documents governing the Trust.

1.12: The Board shall abide by all applicable reporting requirements imposed by Sections 7500.0 through 7514.5 of the California Government Code, including but not limited to the preparation of an annual financial report of the Trust and retirement system of the District and the preparation of valuations of the Trust assets by qualified actuaries.

1.13: The Board shall present to the District's Board of Trustees, in public session, an annual written report within 90 days of the completion of the annual audit of the retirement system, which shall include a summary of the investments and earnings of the system and other related matters, as well as the Board's proceedings and activities for the preceding year.

## 2: Retirement Board of Authority—Member Appointments

2.1: The members of the Board are appointed by resolution of the governing body of the District.

2.2: Board members shall be appointed to the Board based solely on their titles and/or classification. If the Title of an existing Board member changes and that new title is not one of the designated titles included in the resolution of the governing body of the Public Entity, the Board member will no longer be a Board member unless there is a new resolution from the governing body of the District.

2.3: The number of Board members will consist of such number of individuals that are deemed necessary by the governing body of the District. The Board shall serve at the pleasure of the governing body.

2.4: The Board will designate one of its members by majority vote to serve as Chairperson and a second member as Vice Chairperson.

2.5: The Chairperson and Vice Chairperson will serve in their capacity for two years at which time the Board will act again to select a Chairperson and Vice Chairperson. The Chairperson and Vice Chairperson can serve multiple terms. The first two year review of who will be the Chairperson and Vice Chairperson will take place by December 2016 and by each December in two year intervals from that point forward.

2.6: The Chairperson will act as the presiding officer for Board meetings.

2.7: Based on the minimum number of signatures required therein and/or specific people required by the Board, authorizations for withdrawals, distributions, benefit payments and reasonable fees are restricted to individuals with specimen signatures listed on the Trust's Signature Authorization Form.

2.8: Board meetings shall be conducted by the Chairperson. When the Chairperson is not present, the Vice Chairperson will conduct the meeting.

2.9: A majority of the Board members must be present or attend by teleconference, per the provisions of the Ralph M. Brown Act, in order to conduct a Board meeting. A vote, under the protocols of the Ralph M. Brown Act, of the majority of the Board members shall be required to transact business. (In order have a RBOA member attend a RBOA meeting by teleconference call a majority/quorum of the RBOA members must be at the official meeting place. Individuals not able to physically attend a RBOA meeting can participate in the RBOA meeting on a conference call only if there is a majority/quorum at the main meeting place.)

2.10: Each Board member shall have one vote in accordance with the protocols of the Ralph M. Brown Act. No proxy votes shall be remitted unless approved by a majority of the Board members. If a member is attending by teleconference, all votes must be by roll-call. Decisions of the Board shall require an affirmative vote of at least a majority of the members of the Board and their decisions will be in accordance with the Ralph M Brown Act.

2.11: In recognition of the importance of the work of the Board, regular attendance at Board meetings is expected from all members.

2.12: Board member shall have the authority to bind the Board to any contract or proper endeavor without the approval of the Board.

2.13: No member on the Board will receive a salary or compensation from the Board.

2.14: The Board may approve reimbursement for reasonable expenses incurred by Board members. All expenditures of funds shall be subject to Board approval.

2.15: The Board shall designate a specific location at which it will receive notices, correspondence, and other communications and shall designate one of its members as an officer for the purpose of receiving service on behalf of the Retirement Board. (Additionally, if a RBOA member cannot attend a RBOA meeting other than by teleconference as long as there is a quorum at the main meeting place and a copy of the

meeting notice was posted at the place the conference call is taking place.)

2.16: In addition to the reporting requirements of Section 1.13 herein, the Board shall provide information and copies of investment statements and other similar reports regarding the Trust and its applicable investment performance to the governing body on a not-less-than quarterly basis.

2.17: By March of each year the RBOA will conduct an overview of its activities and status of the prior year. A report will be made to the District's governing body.

### 3: Retirement Board -Meeting Agendas

3.1: As Board meetings and agendas are subject to the terms and provisions of The Ralph M. Brown Act, all regular Board meeting agendas shall be prepared and posted in a public location, as approved by the Board; at least 72 hours prior to the date and time of the scheduled meeting. Meeting agendas for any special meetings of the Board shall be prepared and posted in a public location at least 24 hours prior to the date and time of the scheduled meeting.

3.2: Per the provisions of the Ralph M. Brown Act, the Board shall hold their meetings at a minimum of once a year, giving advanced notice of 24 hours for special meetings to the media and certain others who request it.

3.3: The Board shall engage, at least annually an analysis of any applicable modifications to the Investment Policy Statement (IPS) through meetings and consulting with the trustee and Registered Investment Advisor (RIA), as applicable.

3.4: In compliance with the Ralph M. Brown Act, an agenda shall be prepared for each regular and special meeting of the Board. The Agenda shall set forth those items which the Board anticipates taking action or discussing. Each Agenda item shall have attached backup material necessary for discussion or action by the Board.

3.5: If an RBOA member is attending the meeting via teleconference the address of that location must also be included on the Agenda and accessible by the public. The Agenda must also be posted in that teleconference location.

3.6: Minutes recording deliberations and decisions from each meeting of the Board shall be maintained. Such records and documents shall be available to the public in accordance with the provisions of the Ralph M. Brown Act.

### 4. Retirement Board of Authority -Actuarial, Contributions & Withdrawal Parameters

4.1: The Board will, at the direction of the District deliver contributions and allocation instructions to the Trustee. Such contributions and allocation instructions shall be delivered in accordance with the Trust's written provisions and agreements.

4.2: The Board will ratify the amount of any withdrawal by the District. Any withdrawal shall be in accordance with the Trust's written provisions and agreements. Expenditures paid for by the Trust shall require a signature from each of the four (4) constituencies.



4.3: In accordance with GASB Statement No. 45 schedules, the Board will work with the District's governing body in obtaining the necessary calculations to identify the "Actuarial Present Value of Total Projected Benefits" (APVTPB), the "Unfunded Actuarial Accrued Liability" (UAAL) and the "Annual Required Contribution"(ARC).

4.4: The Board will provide any necessary plan participant information to the Trustee on a timely basis. The Board shall provide response to all information requested by the Discretionary Trustee in a timely fashion in order to perform services outlined in the Trust Agreement.

5. Retirement Board of Authority-- Disclosure & Conflict of Interest

5.1: No Board member shall vote or participate in a determination of any matter in which the Board member shall receive a special compensation or gain.

5.2: Board members have a duty of loyalty precluding them from being influenced by motives other than the accomplishment of the Trust's objectives.

5.3: Board members, in the performance of their duties, must act pursuant to the documents and instruments establishing and governing the Trust.

6: Retirement Board of Authority -- Rules of Order /Bylaws

6.1: Amendment of these Bylaws may be proposed by any member of the Board.

6.2: All amendments to the Bylaws must be approved by a majority vote of the Board members present, before the amendment shall become effective.

6.3: Such amendments shall be binding upon all members of the Board.

6.4: The effective date of any amendment shall be on the first day of the month following adoption, unless otherwise stated.

7: Retirement Board of Authority-- Appearance before the Board

7.1: All persons who wish to make appearances before the Board shall be scheduled in compliance with the provisions of the Ralph M. Brown Act.

7.2: Appearances before the Board may be in person or through a representative.

7.3: Communications with the Board may be in any form that complies with the provisions of the Ralph M. Brown Act.

8: Retirement Board of Authority - Fiduciary & Governance Parameters

8.1: The Trust will be structured so that the Board shall reduce its legal liability for investment risk by appropriately delegating investment decision-making.

8.2: The Board shall delegate investment decision making to a Trustee with a discretionary mandate and thereafter monitor the performance of the Discretionary Trustee. For the management of the Trust's assets, an appropriate Registered Investment Advisor (RIA) shall be selected and monitored by the to-be- determined Trustee.

8.3: The Board will monitor the performance and acts of the Discretionary Trustee in accordance with the limits and constraints of applicable laws, trust documents and the written Investment Policy Statement (IPS) as well as the Trust's investment goals, objectives, fees and expenses.

8.4: The Board shall monitor the Discretionary Trustee to determine that Trust assets are diversified as directed by the Investment Policy Statement (IPS) and applicable laws.

8.5: The Board, through periodic reports, will compare investment performance against appropriate indices, peer groups and Investment Policy Statement (IPS) objectives.

8.6: The Board will require that all service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards. Fees paid to each service provider shall be consistent with agreements, contracts and with all applicable laws.

8.7: Directors and Officers insurance shall be provided by the Public Entity for each Board member for indemnification and protection.

#### 9: Trustee & Investment Management

9.1: The agreement appointing the Benefit Trust Company (BTC) Trustee as the Discretionary Trustee shall require the BTC Trustee to invest Trust assets in compliance with applicable laws, trust documents, and the written Investment Policy Statement (IPS).

9.2: The agreement appointing Benefit Trust Company (BTC) Trustee as the Discretionary Trustee shall require the BTC Trustee document the specific duties and requirements of the parties involved in the investment process.

9.3: The Board shall require BTC Trustee as the Discretionary Trustee to acknowledge, in writing, that it is a fiduciary to the Trust and to the Public Entity.

9.4: The Board shall prohibit the BTC Trustee as the Discretionary Trustee from investing trust assets in its own proprietary investment products or those of its Registered Investment Adviser (RIA) so as to avoid any potential conflicts of interest.

9.5: The Board shall require the BTC Trustee as the Discretionary Trustee to manage Trust assets with the care, skill and diligence of a prudent person under California law.

#### 10: Registered Investment Advisor (RIA):

10.1: The RIA engaged by the BTC Trustee as the Discretionary Trustee (Morgan Stanley) must have the following qualifications and responsibilities: ·

(a). It shall work with the BTC Trustee as the Discretionary Trustee to establish a long-term, target net rate of return objective for .the trust, constructing an investment portfolio which gives due consideration to the Board's time horizon of investment, as well as its

attitudes and capacity for risk.

(b) It shall recommend the appropriate combination of asset classes that optimizes the Trust's return objectives, while minimizing risk consistent with the Trust's constraints.

(c) It shall provide investment recommendations in accordance with the Investment Policy Statement (IPS) approved by the Board.

(d). It shall have access to appropriate databases and external research, and shall be supported with adequate technology and report production tools.

### 11: Program Coordinator

11.1: The Board shall appoint Keenan & Associates/Keenan Financial Services as Program Coordinator  
"Program Coordinator" with responsibility to assist the Board with the processes; procedures and protocols of the Trust's fiduciary decision making.

11.2: The Board shall require the Program Coordinator to facilitate all aspects of the Board's Fiduciary and Administrative mandates and work to assist the Board in ensuring that trust assets are managed in accordance with all applicable laws, trust documents and the written Investment Policy Statement (IPS).

11.3: The Board shall require the Program Coordinator to provide comprehensive assistance in conducting Board meetings and agendas in compliance with the provisions of the Ralph M. Brown Act.

11.4: The Program Coordinator will provide support to the Board in the preparation and centralized maintenance of the District's Comprehensive Compliance Plan, including the Substantive Plan.

### 12: Program Definitions:

**NOTE: THE RETIREMENT BOARD OF AUTHORITY WILL UTILIZE THE PROGRAM DEFINITIONS UNTIL THEY ARE MODIFIED BY THE GASB ORGANIZATION WHICH IS EXPECTED TO MAKE CHANGES TO THE GASB GUIDELINES IN 2015**

12.1: "Actuarial Present Value of Total Projected Benefits" (APVTPB) shall mean the total projected costs to finance benefits payable in the future based on members' service through the valuation date and their future service, discounted to reflect the expected effects of the time value of money. It is the amount that would have to be invested on the valuation date so that the amount invested, plus investment earnings, will provide sufficient assets to pay the total projected benefits when due.

12.2: "Annual Required Contribution" (ARC) is the actuarially-determined level of employer contribution that would be required on a sustained, ongoing basis to systematically fund the normal cost and to amortize the Unfunded Actuarial Accrued Liability (UAAL) attributed to

past service over a period not to exceed thirty years. It is the amount needed to pay benefits as they come due plus amortize the UAAL. The ARC has two components: Normal cost and amortization of the UAAL for both active employees and retirees.

12.3: "Comprehensive Compliance Plan" shall mean a broad compliance and fiduciary process incorporating the public entity's substantive plan obligations; the actuarial cost of those obligations; the plan for meeting those costs; the fiduciary strategies and steps in meeting plan requirements.

12.4: "To-Be-Determined Trustee" shall mean a trust structure whereby the Trustee will accept the delegation of investment duties and work as the sole authority in the selection, monitoring and disposition of Trust's assets.

12.5: Investment Policy Statement (IPS) shall mean a written statement that establishes the District's Investment Trust's investment related policies, goals, objectives and criteria for evaluating investment performance that is critical for the successful management of the Trust's investments.

12.6: "Registered Investment Advisor" (RIA) shall mean the investment entity charged with the ability for recommending comprehensive and continuous investment advice for the District's Investment Trust.

12.7: "Retirement Board of Authority" is established by the governing body of the District and shall mean the entity charged with the discretion, responsibility and authority to oversee the management of the Public Entity Investment Trust. Specifically, the Retirement Board

shall determine the investment policy and strategy for the Trust and is empowered to inquire and resolve any matter it considers appropriate to carry out its responsibilities.

12.8: "Substantive Plan" shall mean the plan through which assets are accumulated and benefits are paid as they come due in accordance with the commitments or understandings between the employer, eligible employees and their beneficiaries.

12.9: "The Trust" shall mean the District's Investment Trust established for a pre-funding of its OPEB liabilities and maintained in compliance with GASB Statement No. 43 & No 45, the California Constitution and the California Government Code with a governing Retirement Board of Authority consisting of officials of the District.

12.10: "Unfunded Actuarial Accrued Liability" (UAAL) shall mean the excess of the Actuarial Accrued Liability (AAL) over the Actuarial Value of Assets (AVA). The UAAL can derive from three sources: unfunded normal costs, actuarial gains and losses (differences between actuarial assumptions and actual experience), and changes to the level of benefits promised.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 6/14/2017  
Retirement Board of Authority

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|  |             |               |
|--|-------------|---------------|
| SUBJECT:   | ITEM #:     | 2017/2018-008 |
| Election of a <b>Vice-Chairperson</b> for the Retirement Board of Authority (RBOA) | Enclosure:  | No            |
|  | Action Item | Yes           |

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

The Governing Board of Antelope Valley Community College District approved a Board Resolution authorizing the establishment of the District's OPEB Investment Trust and the creation of the Retirement Board of Authority (RBOA) with a mandate for the compliance, management and operation the District's Trust.

**STATUS:**

The Retirement Board of Authority (RBOA) has been duly appointed by the Governing Board of Antelope Valley Community College District and will elect a new **Vice-Chairperson** who will serve in this capacity for two years as provided by the provisions of the District's RBOA Bylaws.

**RECOMMENDATION:**

The formally designated Retirement Board of Authority shall take action to acknowledge and welcome the new Vice-Chair of the RBOA.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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SUBJECT: ITEM #: 2017/2018-009  
Annual Reporting on the Status of the Trust Enclosure: Yes  
Action Item Yes

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

California Government Code 53216.4 requires an annual reporting of the funds held in the Investment Trust to participants and their beneficiaries.

**STATUS:**

The Retirement Board of Authority approved the method of how the promulgation of Annual Reports on the status of funds held in trust will be made in compliance with California Government Code 53216.4. The Retirement Board of Authority should ratify promulgation of the Annual Report to Trust beneficiaries for fiscal year ending June 30, 2017.

**RECOMMENDATION:**

The Retirement Board of Authority will make decisions and take appropriate action as deemed necessary.



## ANTELOPE VALLEY COLLEGE

### ANNUAL REPORT FOR THE ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT FUTURIS TRUST JULY 2017

The Antelope Valley Community College District has established the Futuris Public Entity Investment Trust. This Trust is an IRS Section 115 Trust that is used for the purposes of investment and disbursement of funds irrevocably designated by the District for the payment of its obligations to eligible employees (and former employees) of the District and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as “other post-employment benefits,” or “OPEB”), in compliance with Governmental Accounting Statement Nos. 43/74 and 45/75<sup>1</sup>.

The Governmental Accounting Standards Board (GASB) adopted Statements 43/74 and 45/75 for public sector employers to identify and report their Other Post-Employment Benefits (OPEB) liabilities. GASB Statements 43 and 45 establish uniform financial reporting standards for OPEB and improve relevance and usefulness of the reporting. Both of these standards provide instructions for calculating expenses and liabilities as well as requiring supplementary information schedules to be added to the year-end financial reports. GASB 74 and 75 build on the prior standards, requiring more disclosure, as well as more uniformity in calculating an agency’s OPEB liability.

The District has created a Retirement Board of Authority consisting of District personnel to oversee and run the Futuris Trust. Benefit Trust Company is the qualified Discretionary Trustee for asset and fiduciary management and investment policy development. Keenan & Associates is the Program Coordinator for the Futuris Trust providing oversight of the Futuris program and guidance to the District.

Attached to this notice is the most recent annual statement for the Trust. This statement shows (as of the date of the statement); the total assets in the Trust, the market value, the book value, all contribution and distribution activity (including all fees and expenses associated with the Trust), income activity, purchase activity, sale activity, and realized gains and losses. Please note that the Trust is not itself an employee benefit plan. Rather, the assets in the Trust are irrevocably designated for the funding of employee benefit plans. You are being provided this information pursuant to California Government Code Section 53216.4.

For more information regarding the Futuris Public Entity Investment Trust, please contact Diana Keelen, Executive Director Business Services at (661)722-6319 with the Antelope Valley Community College District.

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<sup>1</sup> GASB Standard No. 43 was superseded by Statement No. 74 for fiscal years beginning after June 15, 2016. GASB Standard No. 45 will be superseded by Statement No. 75 as of fiscal years beginning after June 15, 2017.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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SUBJECT: ITEM #: 2017/2018-010  
Disbursement Report Enclosure: Yes  
Action Item Yes

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

The District's OPEB Investment Trust is able to pay for all expenses relating to the reimbursement of Retiree Benefits for eligible participants and the reasonable fees associated with the compliance, management and operational duties of the Trust.

**STATUS:**

The Retirement Board of Authority (RBOA) members shall ratify all reasonable expenses associated with compliance, management and operational duties of the District's OPEB Trust since the last RBOA meeting.

**RECOMMENDATION:**

The Retirement Board of Authority should ratify the payment of reasonable fees expenses as profiled.



# Antelope Valley CCD Disbursements

03/2017-09/2017

## DISBURSEMENT TRANSACTIONS

|            |   |                     |
|------------|---|---------------------|
| 04/11/2017 | MONTHLY FEE TO BENEFIT TRUST COMPANY MARCH 2017 | (\$267.24)          |
| 04/11/2017 | MONTHLY FEE TO KEENAN AND ASSOCIATES MARCH 2017 | (\$673.28)          |
| 04/11/2017 | MONTHLY FEE TO MORGAN STANLEY MARCH 2017        | (\$179.15)          |
| 05/09/2017 | MONTHLY FEE TO BENEFIT TRUST COMPANY APRIL 2017 | (\$269.33)          |
| 05/09/2017 | MONTHLY FEE TO KEENAN AND ASSOCIATES APRIL 2017 | (\$679.13)          |
| 05/09/2017 | MONTHLY FEE TO MORGAN STANLEY APRIL 2017        | (\$180.98)          |
| 06/13/2017 | MONTHLY FEE TO BENEFIT TRUST COMPANY MAY 2017   | (\$271.89)          |
| 06/13/2017 | MONTHLY FEE TO KEENAN AND ASSOCIATES MAY 2017   | (\$686.30)          |
| 06/13/2017 | MONTHLY FEE TO MORGAN STANLEY MAY 2017          | (\$183.22)          |
| 07/17/2017 | MONTHLY FEE TO BENEFIT TRUST COMPANY JUNE 2017  | (\$273.44)          |
| 07/17/2017 | MONTHLY FEE TO KEENAN AND ASSOCIATES JUNE 2017  | (\$690.64)          |
| 07/17/2017 | MONTHLY FEE TO MORGAN STANLEY JUNE 2017         | (\$184.58)          |
| 08/09/2017 | MONTHLY FEE TO BENEFIT TRUST COMPANY JULY 2017  | (\$276.85)          |
| 08/09/2017 | MONTHLY FEE TO KEENAN AND ASSOCIATES JULY 2017  | (\$700.18)          |
| 08/09/2017 | MONTHLY FEE TO MORGAN STANLEY JULY 2017         | (\$187.56)          |
|            | <b>TOTAL FOR DISBURSEMENT</b>                   | <b>(\$5,703.77)</b> |

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO:  
Retirement Board of Authority

DATE: 09/20/2017

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SUBJECT: Update of the Comprehensive Compliance Plan including the Substantive Plan.

ITEM #: 2017/2018-011

Enclosure: Yes

Action Item: No

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Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

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**BACKGROUND:**

Under the Antelope Valley Community College District Public Entity Investment Trust program Keenan Financial Services prepares a written summary of the “Substantive Plan”, as part of an overall Comprehensive Compliance Plan, which acts as both a road map and a record of the Retirement Board of Authority’s compliance with its governance and fiduciary mandates.

**STATUS:**

The Retirement Board of Authority will discuss the processes of completing the Antelope Valley Community College District “Substantive Plan” as an essential component of the Comprehensive Compliance Plan for Plan Year ending June 30, 2017.

**RECOMMENDATION:**

The Retirement Board of Authority will review the information presented and file accordingly.

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## Ongoing OPEB Questionnaire & Due Diligence

PUBLIC ENTITY EMPLOYER NAME: \_\_\_\_\_

PLAN YEAR: \_\_\_\_\_ July 1, 2016 – June 30, 2017 \_\_\_\_\_

*To help us understand & determine ongoing Other Post Employment Benefits (OPEB) provided for retirees of the Public Entity Employer, please complete the following questionnaire.*

1 To determine OPEB ongoing liabilities, has a current Actuarial Valuation Report been produced & updated per GASB mandates?  Yes  No  
Date of most current Actuarial Valuation Report \_\_\_\_\_

2 Who is the Actuary that completed the Valuation Report?

\_\_\_\_\_

3 Have there been any changes/modifications to Bargaining Agreements recently (within this past year) that affect Retirees OPEB?  Yes  No

▪ **Certificated**

Date of most current Bargaining Agreement \_\_\_\_\_

▪ **Classified**

Date of most current Bargaining Agreement \_\_\_\_\_

▪ **Management**

Date of most current Bargaining Agreement \_\_\_\_\_

▪ **Other**

Date of most current Bargaining Agreement \_\_\_\_\_

4 Have there been modifications of program provisions or changes in insurance carriers of the Health Benefits Program provided to Retirees of the Employer in the past year?  Yes  No

If the answer to No. 4 is Yes, please list any changes below or on a separate page.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Ongoing OPEB Questionnaire & Due Diligence

5 Are Spouses, Domestic Partners or Dependents covered under the Health Benefits provided to Retirees of the Employer?  Yes  No

6 Have there been modifications of program provisions or changes in insurance carriers of the Dental Benefits provided to Retirees of the Employer?  Yes  No

If the answer to No.6 is Yes, please list the changes below:

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7 Are Spouses, Domestic Partners or Dependents covered under Dental Benefits provided to Retirees of the Employer?  Yes  No

8 Have there been any modifications of any separate Prescription Drug Plan provided for Retirees of the Employer (including benefits for dependents)?  Yes  No

If the answer to No.8 is Yes, please indicate all changes below or on a separate page.

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9 Are Long Term Care Benefits provided for Retirees of the Employer?  Yes  No

## Ongoing OPEB Questionnaire & Due Diligence

- 10 Are there any changes to other insurance coverage provided for Retirees of the Employer, including their dependents? (i.e., Life Insurance, change of carriers, changes regarding how much of the premium is paid by the Employer versus the Retiree, etc.)  Yes  No

If the answer to No.10 is Yes, please list additional insurance coverage and any changes below or on a separate page :

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- 11 Within the past year, have there been changes to any other arrangements or commitments for the Employer to pay for the cost of any post retirement benefits (other than pension benefits). This would be applicable to any employee or employee contract or bargaining agreement that may be in place between the employee(s), the bargaining unit and the Employer.  Yes  No

- 12 Within the past year, have there been changes to any other arrangements or commitments for the Employer to pay for the costs, of any dependent of a retired Employee of the Employer?  Yes  No

If the answer to No. 12 is Yes, please list additional costs, benefits, etc. below or on a separate page

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- 13 There are **NO** updates required at this time.

**QUESTIONNAIRE**

**COMPLETED BY:** \_\_\_\_\_

**PUBLIC ENTITY**

**EMPLOYER**

**ACKNOWLEDGEMENT:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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SUBJECT: ITEM #: 2017/2018-012  
Actuarial Valuation Study Update Enclosure: Bc  
Action Item No

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

Paragraph 12, of GASB Statement 45, states that an Actuarial Valuation Study should be performed at least biannually. The Retirement Board of Authority should discuss the need for obtaining an updated study.

**STATUS:**

The District's most recent Actuarial Valuation Study has an effective date of July 1, 2015. The Retirement Board of Authority shall review the status of updates to the Actuarial Valuation Study and consider anticipated implications from GASB's recently issued Standards.

**RECOMMENDATION:**

The Retirement Board of Authority shall hear and receive the information presented.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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SUBJECT: ITEM #: 2017/2018-013  
Transfer of Assets into the Trust Enclosure: No  
Action Item No

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

The District's Investment Trust was created for the exclusive purpose of prefunding unfunded retiree OPEB liabilities.

**STATUS:**

The Retirement Board of Authority will acknowledge previous District transfers to the Trust and provide updates for anticipated prefunding transfers for the current fiscal year.

**RECOMMENDATION:**

The Retirement Board of Authority shall hear the discussion and file the information accordingly.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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SUBJECT: ITEM #: 2017/2018-014  
Retirement Board of Authority Comments Enclosure: No  
Action Item No

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

Each member may report about various matters involving the Retirement Board of Authority.

**RECOMMENDATION:**

There will be no Retirement Board of Authority discussion except to ask questions or refer matters to staff, and no action will be taken unless listed on a subsequent agenda.



**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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SUBJECT: ITEM #: 2017/2018-015  
Program Coordinator/Consultant Comments Enclosure: No  
Action Item No

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

The Program Coordinator may address the Board of Authority on any matter pertaining to the Retirement Board of Authority that is not on the agenda.

**RECOMMENDATION:**

There will be no Retirement Board of Authority discussion except to ask questions or refer matters to staff, and no action will be taken unless listed on a subsequent agenda.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RETIREMENT BOARD OF AUTHORITY MEETING**

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PRESENTED TO: DATE: 09/20/2017  
Retirement Board of Authority

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SUBJECT: ITEM #: 2017/2018-016  
Date, Time and Agenda Items for Next Meeting Enclosure: No  
Action Item No

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Prepared by: Keenan Financial Services  
Requested by: Retirement Board of Authority

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**BACKGROUND:**

Board members and visitors may suggest items for consideration at the next Retirement Board of Authority meeting.

**RECOMMENDATION:**

The Board will determine Agenda Items for the next meeting.