



FALLBROOK PUBLIC UTILITY DISTRICT  
MEETING OF THE FISCAL POLICY AND INSURANCE COMMITTEE

AGENDA

TUESDAY, NOVEMBER 13, 2018  
3:30 P.M.

FALLBROOK PUBLIC UTILITY DISTRICT  
990 E. MISSION RD., FALLBROOK, CA 92028  
PHONE: (760) 728-1125

*If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 728-1125 for assistance so the necessary arrangements can be made.*

*Writings that are public records and are distributed during a public meeting are available for public inspection at the meeting if prepared by the local agency or a member of its legislative body or after the meeting if prepared by some other person.*

**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

**II. ACTION / DISCUSSION -----(ITEMS A-C)**

A. 115 TRUST INVESTMENT STRATEGY REVIEW

B. REVIEW AUGUST AND SEPTEMBER DAILY CASH BALANCES

C. DRAFT CALENDAR YEAR 2019 RATES AND CHARGES

**III. ADJOURNMENT OF MEETING**

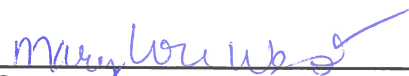
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**DECLARATION OF POSTING**


I, Mary Lou West, Secretary of the Board of Directors of the Fallbrook Public Utility District, do hereby declare that I posted a copy of the foregoing agenda in the glass case at the entrance of the District Office located at 990 East Mission Road, Fallbrook, California, at least 72 hours prior to the meeting in accordance with Government Code § 54954.2.

I, Mary Lou West, further declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct.

November 8, 2018  
Dated / Fallbrook, CA

  
Secretary, Board of Directors

MEMO

**TO:** Fiscal Policy & Insurance Committee  
**FROM:** David Shank, Assistant General Manager/CFO   
**DATE:** November 13, 2018  
**SUBJECT:** PARS Investment Strategy Follow-up

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Purpose

Review the information provided by PARS, the trustee of the District's 115 Pension and Other Post-Employment Benefits Trust, to determine if a change in the investment strategy is warranted.

Summary

On October 12, 2018, the Committee met with the PARS representatives to review the 115 Trust's performance. As part of the discussion, the Committee requested several additional pieces of information to better assess the investment strategy options that are available for the trust. Attached are the fact sheets for each investment strategy option available. It should be noted that there are two liquidity management strategies offered, but no fact sheet has been provided. The most recent performance data for the funds used by the active management strategies is also attached. In addition, PARS clarified that each account can have only one strategy. Splitting the funds between strategies is not possible.

Recommended Action

This item is for discussion only. No action is required.

## PARS DIVERSIFIED PORTFOLIOS BALANCED

Q2 2018

### WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

#### Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

#### Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

#### Flexible Investment Options

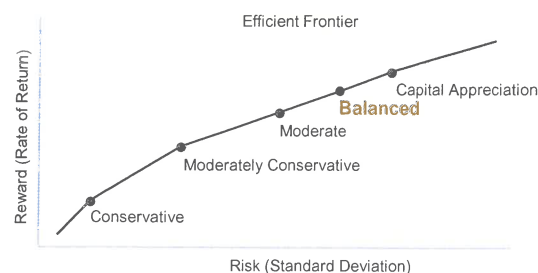
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

#### Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

### INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



### ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	61%
Fixed Income	30 – 50%	35%	36%
Cash	0 – 20%	5%	3%

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

### ANNUALIZED TOTAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	1.28%	Current Quarter*	1.32%
Blended Benchmark**	1.74%	Blended Benchmark**	1.74%
Year To Date	0.66%	Year To Date	0.27%
Blended Benchmark	0.92%	Blended Benchmark	0.92%
1 Year	7.93%	1 Year	6.93%
Blended Benchmark	7.75%	Blended Benchmark	7.75%
3 Year	6.58%	3 Year	6.35%
Blended Benchmark	6.85%	Blended Benchmark	6.85%
5 Year	7.47%	5 Year	7.25%
Blended Benchmark	7.84%	Blended Benchmark	7.84%
10 Year	6.46%	10 Year	6.41%
Blended Benchmark	6.88%	Blended Benchmark	6.88%

\* Returns less than 1-year are not annualized. \*\*Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

### ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-25.72%	2008	-23.22%
2009	21.36%	2009	17.62%
2010	14.11%	2010	12.76%
2011	-0.46%	2011	1.60%
2012	13.25%	2012	11.93%
2013	16.61%	2013	15.63%
2014	4.70%	2014	6.08%
2015	0.04%	2015	-0.81%
2016	6.82%	2016	8.26%
2017	15.46%	2017	13.39%

### PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	10/2006	Inception Date	10/2007
No of Funds in Portfolio	18	No of Funds in Portfolio	12



## HOLDINGS

### HighMark Plus (Active)

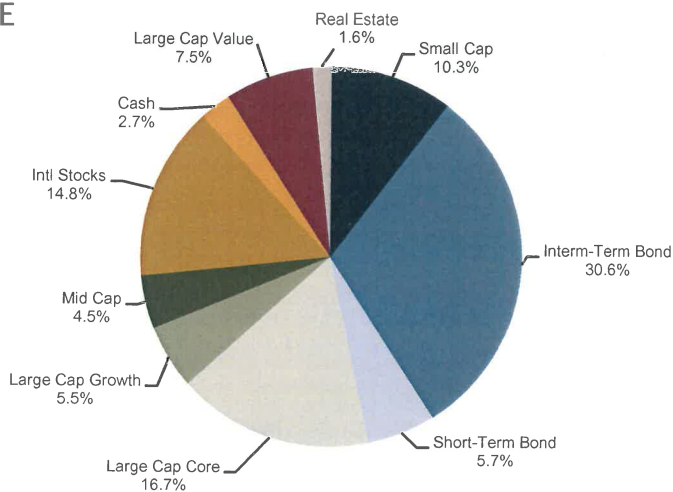
Columbia Contrarian Core Z  
Vanguard Growth & Income Adm  
Dodge & Cox Stock Fund  
Harbor Capital Appreciation  
T. Rowe Price Growth Stock  
iShares Russell Mid-Cap ETF  
Vanguard REIT ETF  
Undiscovered Managers Behavioral Value  
T. Rowe Price New Horizons  
Nationwide Baird International Equities  
Dodge & Cox International Stock  
MFS International Growth I  
Hartford Schroders Emerging Markets Eq  
Vanguard Short-Term Invest-Grade Adm  
PIMCO Total Return  
Prudential Total Return  
DoubleLine Core Fixed Income  
First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
iShares S&P 500/Value  
iShares S&P 500/Growth  
iShares Russell Mid-Cap ETF  
Vanguard REIT ETF  
iShares Russell 2000 Value  
iShares Russell 2000 Growth  
iShares MSCI EAFE  
Vanguard FTSE Emerging Markets ETF  
Vanguard Short-Term Invest-Grade Adm  
iShares Core U.S. Aggregate  
First American Government Obligations Z

*Holdings are subject to change at the discretion of the investment manager.*

## STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Balanced active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of June 30, 2018, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Gross returns are presented before management and custodial fees but after all trading expenses and reflect the reinvestment of dividends and other income. Client's return will be reduced by the advisory fees and other expenses it may incur as a client. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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## HIGHMARK CAPITAL MANAGEMENT

350 California Street  
Suite 1600  
San Francisco, CA 94104  
800-582-4734

[www.highmarkcapital.com](http://www.highmarkcapital.com)

### ABOUT THE ADVISER

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### ABOUT THE PORTFOLIO MANAGEMENT TEAM

#### Andrew Brown, CFA®

Senior Portfolio Manager  
Investment Experience: since 1994  
HighMark Tenure: since 1997  
Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
Investment Experience: since 2004  
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Investment Experience: since 1985  
HighMark Tenure: since 1995  
Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2010  
Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
Investment Experience: since 1987  
HighMark Tenure: since 2007  
Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager  
Investment Experience: since 2002  
HighMark Tenure: since 2017  
Education: MBA, Arizona State University; BS, University of Washington

### Asset Allocation Committee

Number of Members: 16  
Average Years of Experience: 27  
Average Tenure (Years): 14

### Manager Review Group

Number of Members: 7  
Average Years of Experience: 18  
Average Tenure (Years): 6

**PARS DIVERSIFIED PORTFOLIOS  
CAPITAL APPRECIATION**

Q2 2018

**WHY THE PARS DIVERSIFIED  
CAPITAL APPRECIATION PORTFOLIO?**

**Comprehensive Investment Solution**

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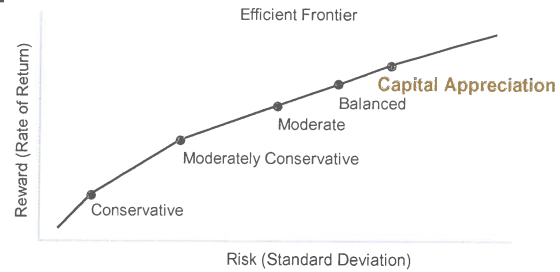
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**Risk Management**

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**INVESTMENT OBJECTIVE**

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.



**ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	76%
Fixed Income	10 - 30%	20%	22%
Cash	0 - 20%	5%	2%

**ANNUALIZED TOTAL RETURNS**

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

Current Quarter*	1.59%
Blended Benchmark**	2.03%
Year To Date	1.19%
Blended Benchmark	1.26%
1 Year	9.63%
Blended Benchmark	9.65%
3 Year	7.63%
Blended Benchmark	8.04%
5 Year	8.99%
Blended Benchmark	9.19%
Inception to Date (114-Mos.)	10.44%
Blended Benchmark	11.14%

\* Returns less than 1-year are not annualized. \*\*Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Gov't, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill.

**ANNUAL RETURNS**

2008	N/A%
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.27%
2016	8.81%
2017	16.72%

**PORTFOLIO FACTS**

**HighMark Plus (Active)**

Inception Date	01/2009
No of Funds in Portfolio	18

**Index Plus (Passive)**

Inception Date	N/A
No of Funds in Portfolio	12



## HOLDINGS

### HighMark Plus (Active)

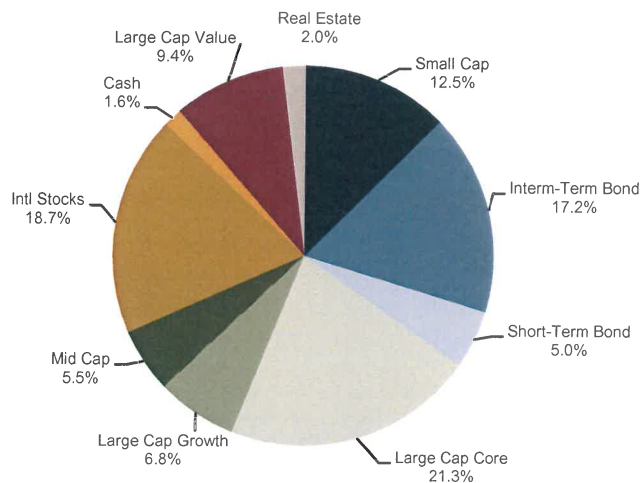
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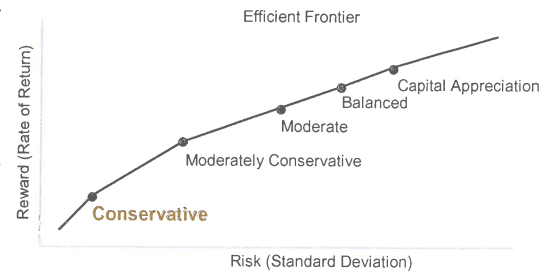
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**INVESTMENT OBJECTIVE**

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



**ASSET ALLOCATION — CONSERVATIVE PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	16%
Fixed Income	60 – 95%	80%	78%
Cash	0 – 20%	5%	6%

**ANNUALIZED TOTAL RETURNS** (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	0.14%	Current Quarter*	0.31%
Blended Benchmark**	0.47%	Blended Benchmark**	0.47%
Year To Date	-0.89%	Year To Date	-0.86%
Blended Benchmark	-0.43%	Blended Benchmark	-0.43%
1 Year	1.88%	1 Year	1.48%
Blended Benchmark	1.88%	Blended Benchmark	1.88%
3 Year	3.04%	3 Year	2.65%
Blended Benchmark	2.78%	Blended Benchmark	2.78%
5 Year	3.51%	5 Year	3.18%
Blended Benchmark	3.30%	Blended Benchmark	3.30%
10 Year	4.29%	10 Year	3.77%
Blended Benchmark	3.73%	Blended Benchmark	3.73%

\* Returns less than 1-year are not annualized. \*\*Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Gov't, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

**ANNUAL RETURNS**

HighMark Plus (Active)		Index Plus (Passive)	
2008	-9.04%	2008	-6.70%
2009	15.59%	2009	10.49%
2010	8.68%	2010	7.67%
2011	2.19%	2011	3.70%
2012	8.45%	2012	6.22%
2013	3.69%	2013	3.40%
2014	3.88%	2014	4.32%
2015	0.29%	2015	0.06%
2016	4.18%	2016	3.75%
2017	6.73%	2017	5.52%

**PORTFOLIO FACTS**

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	07/2004	Inception Date	07/2004
No of Funds in Portfolio	18	No of Funds in Portfolio	12



## HOLDINGS

### HighMark Plus (Active)

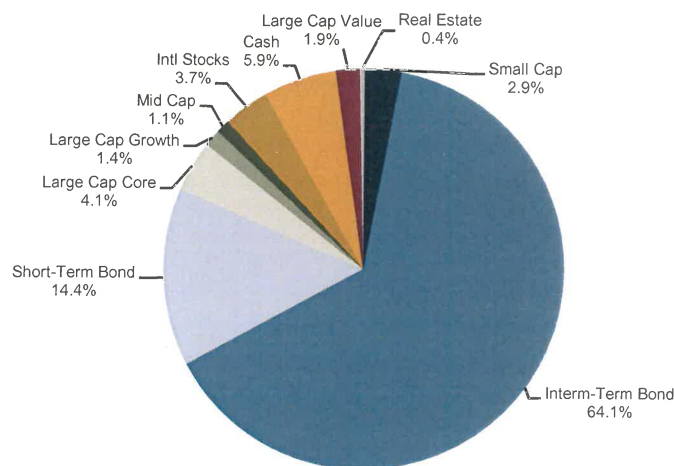
Columbia Contrarian Core Z  
 Vanguard Growth & Income Adm  
 Dodge & Cox Stock Fund  
 Harbor Capital Appreciation  
 T. Rowe Price Growth Stock  
 iShares Russell Mid-Cap ETF  
 Vanguard REIT ETF  
 Undiscovered Managers Behavioral Value  
 T. Rowe Price New Horizons  
 Nationwide Baird International Equities  
 Dodge & Cox International Stock  
 MFS International Growth I  
 Hartford Schroders Emerging Markets Eq  
 Vanguard Short-Term Invest-Grade Adm  
 PIMCO Total Return  
 Prudential Total Return  
 DoubleLine Core Fixed Income  
 First American Government Obligations Z

### Index Plus (Passive)

iShares Core S&P 500 ETF  
 iShares S&P 500/Value  
 iShares S&P 500/Growth  
 iShares Russell Mid-Cap ETF  
 Vanguard REIT ETF  
 iShares Russell 2000 Value  
 iShares Russell 2000 Growth  
 iShares MSCI EAFE  
 Vanguard FTSE Emerging Markets ETF  
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## STYLE



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Senior Portfolio Manager  
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### Asset Allocation Committee

Number of Members: 16  
 Average Years of Experience: 27  
 Average Tenure (Years): 14

### Manager Review Group

Number of Members: 7  
 Average Years of Experience: 18  
 Average Tenure (Years): 6



**PARS DIVERSIFIED PORTFOLIOS**  
**MODERATE**

Q2 2018

**WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?**

**Comprehensive Investment Solution**

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

**Rigorous Manager Due Diligence**

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

**Flexible Investment Options**

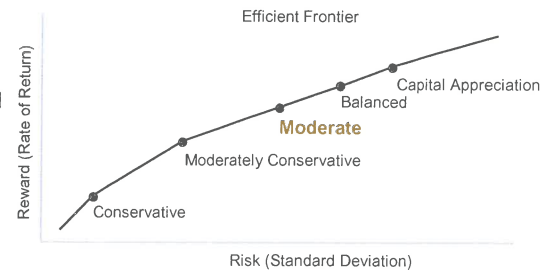
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

**Risk Management**

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

**INVESTMENT OBJECTIVE**

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



**ASSET ALLOCATION — MODERATE PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	51%
Fixed Income	40 - 60%	45%	46%
Cash	0 - 20%	5%	3%

**ANNUALIZED TOTAL RETURNS** (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	1.01%	Current Quarter*	1.13%
Blended Benchmark**	1.45%	Blended Benchmark**	1.45%
Year To Date	0.27%	Year To Date	0.09%
Blended Benchmark	0.60%	Blended Benchmark	0.60%
1 Year	6.42%	1 Year	5.77%
Blended Benchmark	6.40%	Blended Benchmark	6.40%
3 Year	5.82%	3 Year	5.56%
Blended Benchmark	5.96%	Blended Benchmark	5.96%
5 Year	6.59%	5 Year	6.36%
Blended Benchmark	6.84%	Blended Benchmark	6.84%
10 Year	6.02%	10 Year	5.98%
Blended Benchmark	6.18%	Blended Benchmark	6.18%

\* Returns less than 1-year are not annualized. \*\*Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Govt, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500, 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

**ANNUAL RETURNS**

HighMark Plus (Active)		Index Plus (Passive)	
2008	-22.88%	2008	-18.14%
2009	21.47%	2009	16.05%
2010	12.42%	2010	11.77%
2011	0.55%	2011	2.29%
2012	12.25%	2012	10.91%
2013	13.06%	2013	12.79%
2014	4.84%	2014	5.72%
2015	0.14%	2015	-0.52%
2016	6.44%	2016	7.23%
2017	13.19%	2017	11.59%

**PORTFOLIO FACTS**

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	10/2004	Inception Date	05/2006
No of Funds in Portfolio	18	No of Funds in Portfolio	12

## HOLDINGS

### HighMark Plus (Active)

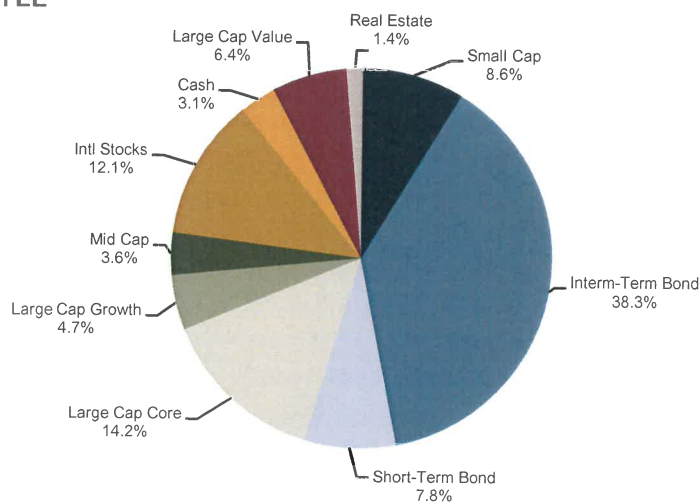
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 HighMark Tenure: since 1997  
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### Manager Review Group

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**PARS DIVERSIFIED PORTFOLIOS**  
**MODERATELY CONSERVATIVE**

Q2 2018

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**Comprehensive Investment Solution**

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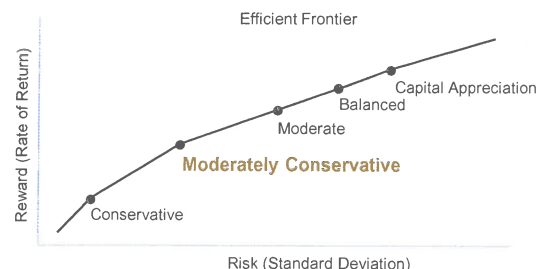
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**INVESTMENT OBJECTIVE**

To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



**ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO**

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	31%
Fixed Income	50 - 80%	65%	66%
Cash	0 - 20%	5%	3%

**ANNUALIZED TOTAL RETURNS** (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	0.46%	Current Quarter*	0.62%
Blended Benchmark**	0.85%	Blended Benchmark**	0.85%
Year To Date	-0.46%	Year To Date	-0.51%
Blended Benchmark	-0.09%	Blended Benchmark	-0.09%
1 Year	3.80%	1 Year	3.23%
Blended Benchmark	3.75%	Blended Benchmark	3.75%
3 Year	4.22%	3 Year	3.96%
Blended Benchmark	4.17%	Blended Benchmark	4.17%
5 Year	4.84%	5 Year	4.62%
Blended Benchmark	4.86%	Blended Benchmark	4.86%
10 Year	5.16%	10 Year	4.70%
Blended Benchmark	4.88%	Blended Benchmark	4.88%

\* Returns less than 1-year are not annualized. \*\*Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/Gov't, 1.75% US High Yield Master II, 1% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500, 1.5% Russell 2000, 3.5% MSCI EAFE, 25% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

**ANNUAL RETURNS**

HighMark Plus (Active)		Index Plus (Passive)	
2008	-15.37%	2008	-12.40%
2009	18.71%	2009	11.92%
2010	10.46%	2010	9.72%
2011	1.75%	2011	3.24%
2012	10.88%	2012	8.24%
2013	7.30%	2013	6.78%
2014	4.41%	2014	5.40%
2015	0.32%	2015	-0.18%
2016	4.93%	2016	5.42%
2017	9.56%	2017	8.08%

**PORTFOLIO FACTS**

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	08/2004	Inception Date	05/2005
No of Funds in Portfolio	18	No of Funds in Portfolio	12

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### HighMark Plus (Active)

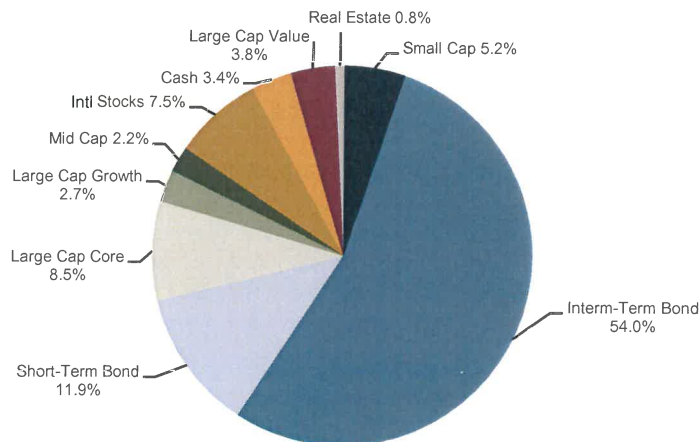
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 Investment Experience: since 1994  
 HighMark Tenure: since 1997  
 Education: MBA, University of Southern California; BA, University of Southern California

#### Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager  
 Investment Experience: since 2004  
 HighMark Tenure: since 2014  
 Education: BA, Colgate University

#### J. Keith Stribling, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1985  
 HighMark Tenure: since 1995  
 Education: BA, Stetson University

#### Christiane Tsuda

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2010  
 Education: BA, International Christian University, Tokyo

#### Anne Wimmer, CFA®

Senior Portfolio Manager  
 Investment Experience: since 1987  
 HighMark Tenure: since 2007  
 Education: BA, University of California, Santa Barbara

#### Randy Yurchak, CFA®

Senior Portfolio Manager  
 Investment Experience: since 2002  
 HighMark Tenure: since 2017  
 Education: MBA, Arizona State University; BS, University of Washington

#### Asset Allocation Committee

Number of Members: 16  
 Average Years of Experience: 27  
 Average Tenure (Years): 14

#### Manager Review Group

Number of Members: 7  
 Average Years of Experience: 18  
 Average Tenure (Years): 6



## For Period Ending September 30, 2018

LARGE CAP EQUITY FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Columbia Contrarian Core Inst3	0.82	7.70	7.00	12.79	15.24	12.87	12.50
Vanguard Growth & Income Adm	0.42	8.08	11.20	18.65	17.11	14.20	11.65
Harbor Capital Appreciation Retirement	0.71	6.72	18.46	27.03	20.09	16.96	14.67
T. Rowe Price Growth Stock I	-0.17	4.89	15.37	22.41	19.45	16.22	14.79
Dodge & Cox Stock	0.16	6.49	7.51	13.70	17.28	12.71	11.82
<b>S&amp;P 500 TR USD</b>	<b>0.57</b>	<b>7.71</b>	<b>10.56</b>	<b>17.91</b>	<b>17.31</b>	<b>13.95</b>	<b>11.97</b>
MID CAP EQUITY FUNDS							
iShares Russell Mid-Cap ETF	-0.65	4.95	7.33	13.79	14.32	11.46	12.14
SMALL CAP EQUITY FUNDS							
Undiscovered Managers Behavioral Val R6	-1.88	2.80	6.56	12.48	15.54	12.13	14.45
T. Rowe Price New Horizons I	0.27	9.08	25.52	31.36	23.34	16.55	18.02
<b>Russell 2000 TR USD</b>	<b>-2.41</b>	<b>3.58</b>	<b>11.51</b>	<b>15.24</b>	<b>17.12</b>	<b>11.07</b>	<b>11.11</b>
REAL ESTATE FUNDS							
Vanguard Real Estate ETF	-2.60	0.55	0.55	1.94	7.02	8.68	7.50
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox International Stock	0.32	0.81	-6.39	-5.26	8.20	3.74	5.90
Nationwide Bailard Intl Eqs R6	1.42	0.20	-5.76	-2.21	6.22	4.34	5.05
MFS® International Growth R6	-0.14	2.17	3.35	9.44	13.49	6.76	7.80
<b>MSCI EAFE NR USD</b>	<b>0.87</b>	<b>1.35</b>	<b>-1.43</b>	<b>2.74</b>	<b>9.23</b>	<b>4.42</b>	<b>5.38</b>
Hartford Schroders Emerging Mkts Eq Y	0.13	-1.21	-7.21	-0.74	13.33	4.21	6.08
<b>MSCI EM Free Index</b>	<b>-0.53</b>	<b>-1.09</b>	<b>-7.68</b>	<b>-0.81</b>	<b>12.36</b>	<b>3.61</b>	<b>5.40</b>
BOND FUNDS							
PIMCO Total Return Instl	-0.60	0.08	-1.62	-1.52	2.16	2.27	5.08
Vanguard Short-Term Investment-Grade Adm	-0.05	0.61	0.30	0.25	1.65	1.77	3.23
PGIM Total Return Bond R6	-0.74	-0.09	-1.97	-0.88	2.86	3.46	5.98
DoubleLine Core Fixed Income I	-0.25	0.31	-0.61	-0.15	2.40	3.24	--
<b>BBgBarc US Agg Bond TR USD</b>	<b>-0.64</b>	<b>0.02</b>	<b>-1.60</b>	<b>-1.22</b>	<b>1.31</b>	<b>2.16</b>	<b>3.77</b>

Source: SEI Investments, Morningstar Investments

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.

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