

THE ECONOMIC CLIMATE

U.S. real GDP expanded 3.2% YoY in Q1 (3.1% quarterly annualized rate). Year-over-year growth was the strongest since the second quarter of 2015. The U.S. Congressional Budget Office expects the U.S. economy to slow to a 2.1% pace in 2020, near the growth rate of other developed markets. Effective May 10th, U.S. tariff rates on \$200 billion in Chinese imports were hiked from 10% to 25%, and the Chinese responded with commensurate tariff rate hikes. In June, Presidents Trump and Xi met on the sidelines of the G20 summit in Osaka. The meeting yielded a “trade truce” in which both countries agreed to pause any additional tariffs.

MARKET PORTFOLIO IMPACTS

Equity performance in Q2 appears to have been largely driven by higher prices, rather than improved earnings expectations. Estimated Q2 S&P 500 earnings worsened from -0.5% to -2.6% during this time. U.S. inflation remained stable at 2.1% YoY in June, excluding food & energy. Headline inflation rose 1.6% YoY, dragged down by falling energy prices. Core inflation has been range-bound over the past five years, fluctuating between 1.7% and 2.3%. Investors and consumers expect this trend to continue.

THE INVESTMENT CLIMATE

The Federal Open Market Committee left the range for its benchmark interest rate unchanged at 2.25%-2.50% and reiterated that it would continue to act appropriately to sustain the expansion. Markets interpreted the press conference as confirmation of a 0.25% rate cut in July. European Central Bank President Mario Draghi issued dovish forward guidance, announcing that “additional stimulus” was on the table should the economic backdrop worsen, and inflation remain subdued. European and international developed sovereign yields have fallen along with U.S. yields. German 10-year bunds closed the month at new lows of -0.33%.

FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio experienced a 3.6% gain in the period ending June 2019. Over the past year, domestic equity and fixed income posted positive returns but underperformed the benchmark.

Investment Pools	Three months ended 6/30/2019	Year to Date	Fiscal Year to Date	One (1) Year Return	Three (3) Year Return	Five (5) Year Return
Cash Equivalent 100% Cash Equivalents	0.6	1.2	2.1	2.1	1.1	0.9
Global Constrained Income & Growth 22% Equity, 61% Fixed Income, 7% Real Estate, 10% Alternative Investments	2.6	8.7	5.5	5.5	4.9	3.3
Global Constrained Balanced 43% Equity, 39% Fixed Income, 8% Real Estate, 10% Alternative Investments	2.7	11.2	5.2	5.2	6.7	4.1
Global Growth & Income 56% Equity, 22% Fixed Income, 10% Real Estate, 12% Alternative Investments	2.7	13.0	4.2	4.2	7.6	4.3
Endowment	2.2	10.5	3.6	3.6	8.0	4.6
Market Benchmarks						
<i>Cash - 90-Day Treasury Bills</i>	0.6	1.2	2.3	2.3	1.4	0.9
<i>Bonds - Bloomberg Barclays US Aggregate</i>	3.1	6.1	7.9	7.9	2.3	2.9
<i>International Stocks - MSCI ACWI ex U.S. Gross</i>	3.2	14.0	1.8	1.8	9.9	2.6
<i>Domestic Stocks - S&P 500</i>	4.3	18.5	10.4	10.4	14.2	10.7
Blended Benchmark - Endowment¹	3.1	11.7	5.7	5.7	8.3	5.2

GLOBAL CONSTRAINED INCOME & GROWTH

Designed for donors or nonprofits with medium-term objectives (3-5 years). While moderately conservative, this pool will have a risk of loss. A moderate portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include an allocation to illiquid alternative investments.



The Global Constrained Income & Growth Pool returned 2.6% during the quarter and was up 7.0% over the past year. Domestic Equity gained 4.0% and International Equity rose 2.8% over the quarter. Total Equities account for 24.9% of the portfolio, Domestic equity and International Equity underperformed their benchmarks. The Pool's Fixed Income securities, which comprise 65.9% of its total assets, returned 3.1% for the quarter, matching its benchmark's return. The 4.7% allocation to REITs was up 1.5% and the 4.1% allocation to Alternatives saw a loss of -5.0%. REITs outperformed their benchmark while alternatives underperformed their benchmark.

GLOBAL CONSTRAINED BALANCED

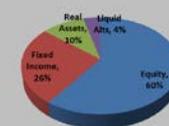
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include an allocation to illiquid alternative investments.



The Global Constrained Balanced pool returned 2.7% during the quarter and is up 5.2% over the past year. Domestic Equity returned -4.0% and International Equity was up 3.0% over the quarter. Total Equities account for 44.7% of the portfolio, Domestic and international equity both underperformed their benchmark. The Pool's Fixed Income securities, which comprises 39.1% of its total assets, returned 3.1% for the quarter, matching its benchmark's return. The 9.3% allocation to REITs was up 1.5% and the 4.3% allocation to Alternatives saw a loss of -5.0%. REITs outperformed its benchmark while Alternatives underperformed its benchmarks.

GLOBAL GROWTH & INCOME

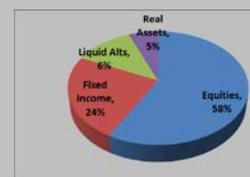
Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements and with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include an allocation to illiquid alternative investments.



The Global Growth & Income pool returned 2.7% during the quarter and was up 4.2% over the past year. Domestic Equity gained 4.0% and International Equity rose 2.7% over the quarter. Total Equities account for 60.1% of the portfolio, both equity composites underperformed their benchmarks. The Pool's Fixed Income securities, which comprises 25.5% of its total assets, returned 3.1% for the quarter, matching its benchmark's return. The 9.9% allocation to REITs was up 1.5% and the 4.3% allocation to Alternatives saw a loss of -5.0%. REITs outperformed its benchmark while alternatives underperformed its benchmarks.

ENDOWMENT POOL

Designed for donors or nonprofits with endowment-like objectives (20+ years), willing to accept moderate illiquidity and with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool may include an allocation to illiquid alternative investments. The management of this pool will be consistent with endowment best practices.



The Endowment pool gained 2.2% during the quarter. For the trailing one year the Endowment was up 3.6%. Domestic Equity gained 3.9% and International Equity was up 2.6% over the quarter. Total Equities account for 58.0% of the portfolio, both equity composites underperformed their benchmarks. The Pool's Fixed Income securities, which comprises 23.7% of its total assets, returned 3.1% for the quarter, matching its benchmark's return. Real Estate and Alternatives returned -0.7% and -5.0% respectively over the quarter.

Investment Pools Performance & Commentary June 30, 2019

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1. 30% Russell 3000, 26% MSCI ACWI ex US, 22% Bloomberg Barclays US Aggregate, 10% FTSE NAREIT All, 5% Bloomberg Commodity Index, 7% HFRI Fund of Funds Composite Index.

Notes: The above are the historical returns for each of the five investment pools. Investment performance of individual funds may vary from the total pool return due to the timing of contributions and grants. Historical returns are not a predictor of future returns. The returns above are net of fees paid to investment managers. This fee represents the plans' blended expense ratio and is between 50 and 60 basis points annually. The fee for our investment consultant, Verus, is not reflected in the returns.

Underlying Investment Managers

Domestic Equity: Vanguard 500 Index, Vanguard Extended Market ETF

International Equity: Dodge & Cox International Stock, EuroPacific Growth, DFA International Small Cap, Harding Loevner Emerging Markets

Fixed Income: Dodge & Cox Income, Met West Total Return, Voya Floating Rate I, Vanguard Inflation Protected Securities

Alternative Investments: AQR Style Premia Fund

Real Assets: Gresham Commodity, TownSquare Real Estate, Penn Square, UBS Trumbull, TA Realty Fund, Vanguard REITs

Note: Performance for Penn Square Global Real Estate II and Town Square Real Estate Alpha Fund I is lagged by one quarter.