SST BENEFITS CONSULTING

COUNTY OF SAN BERNARDINO
ANALYSIS OF STABILIZER
DEFINED CONTRIBUTION PLANS
EXCLUDING RETIREMENT MEDICAL TRUST

1ST QUARTER 2017

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
1Q 2016	-0.18%	2.13%	2.31%
2Q 2016	0.41%	1.85%	1.44%
3Q2016	0.68%	0.99%	0.31%
4Q2016	0.29%	-1.76%	-2.05%
1Q2017	**0.36%**	**1.04%**	**0.68%**
I YEAR	**1.76%**	**2.11%**	**0.35%**

The broad U.S. fixed income market posted a small positive 0.8 percent return (Barclays U.S. Aggregate). High Yield was the best performing sector, returning a positive 2.7 percent (BC High Yield). Mortgage Backed Securities (MBS) was the worst performing sector, returning a positive 0.5 percent (BC MBS). Global fixed income outperformed the broad U.S. fixed income market, returning a positive 1.5 percent (BofA ML Global Broad Market).

The average credit rating of the portfolio remained at AA-. The benchmark is AA+, top tier of "Very Strong". Voya Investment Management (VIM) increased the allocation in High Yield (HY) and maintained allocation in Emerging Markets (EM), both of which outperformed and added positive excess returns. VIM slightly reduced an overweight exposure to Investment Grade Corporate bonds and increased exposure to Agency Mortgages.

Effective duration increased from 3.88 years to 3.93 years and average yield to maturity is 3.12% up from 3.00% at 4Q16. The current crediting interest rate was increased as of April 1, 2017 from 2.30% to 2.50%.

Market to Book Value Ratio:

1ST QUARTER 2017	4TH QUARTER 2016	3RD QUARTER 2016	2ND QUARTER 2016	1ST QUARTER 2016
99.77%	99.41%	101.91%	101.63%	100.48%

As a reminder, Book Value is the accumulated total of all County of San Bernardino participant assets in the Stable Value Account and Market Value is the value of the underlying securities in the actual portfolio. Note: The market to book value as of 4/30/17 was 100.31%.

Quarter ending March 31, 2017

Portfolio Review

Prepared for:

County of San Bernardino

SA 891

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INVESTMENT MANAGEMENT

voyainvestments.com

VOYA.

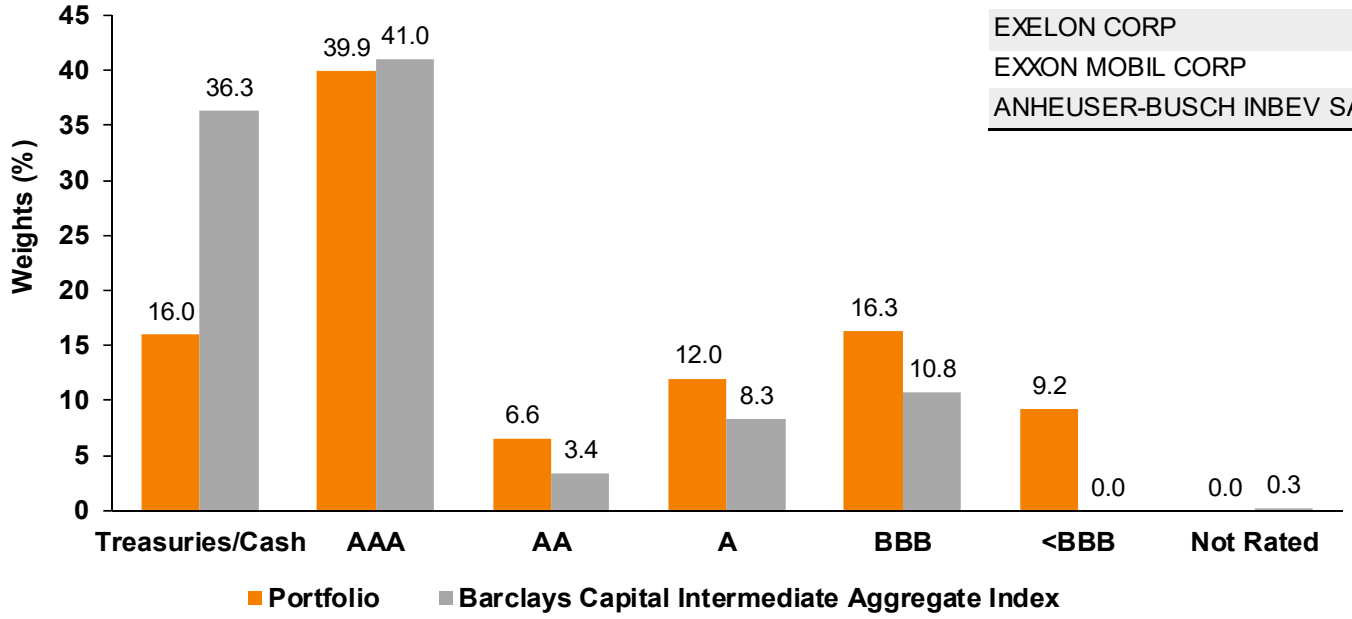
Portfolio Characteristics

Quarter Ending March 31, 2017

Characteristics	Portfolio	Barclays Capital Intermediate Aggregate Index
Effective Duration (Years)	3.93	4.29
Yield to Maturity (%)	3.12	2.38
Average Quality	AA-	AA+

Top Ten Credit Exposures	% of Portfolio
AT+T INC	0.98
BANK OF AMERICA CORP	0.79
WELLS FARGO + CO	0.59
GROUPE BPCE	0.53
UBS GROUP AG	0.53
VERIZON COMMUNICATIONS INC	0.51
MICROSOFT CORP	0.45
EXELON CORP	0.43
EXXON MOBIL CORP	0.43
ANHEUSER-BUSCH INBEV SA/NV	0.43

Quality Comparison



See Explanatory Notes Section for footnotes and disclosures.

INVESTMENT MANAGEMENT

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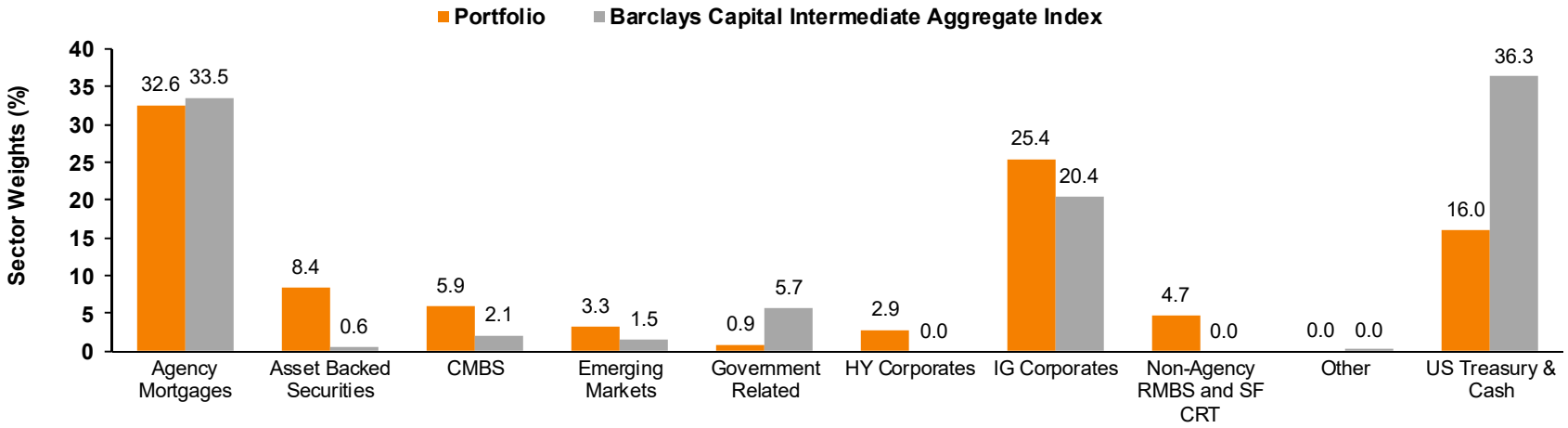
Asset Allocation

Quarter Ending March 31, 2017



	06/30/2016	09/30/2016	12/31/2016	01/31/2017	02/28/2017	03/31/2017			Change from prior quarter
Asset Group	Portfolio					Portfolio	Index	Active	Portfolio
Agency Mortgages	32%	27%	30%	29%	33%	33%	34%	-1%	3%
Asset Backed Securities	8%	6%	9%	9%	9%	8%	1%	8%	0%
CMBS	4%	5%	6%	7%	7%	6%	2%	4%	0%
Emerging Markets	3%	3%	3%	3%	3%	3%	1%	2%	0%
Government Related	1%	1%	1%	1%	1%	1%	6%	-5%	0%
HY Corporates	2%	1%	2%	2%	2%	3%	0%	3%	1%
IG Corporates	29%	29%	29%	30%	26%	25%	20%	5%	-4%
Non-Agency RMBS and SF CRT	6%	6%	5%	5%	5%	5%	0%	5%	0%
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%
US Treasury & Cash	16%	22%	16%	14%	15%	16%	36%	-20%	0%
Total	100%	100%	100%	100%	100%	100%	100%	0%	0%

Allocations may not add to 100% due to rounding.

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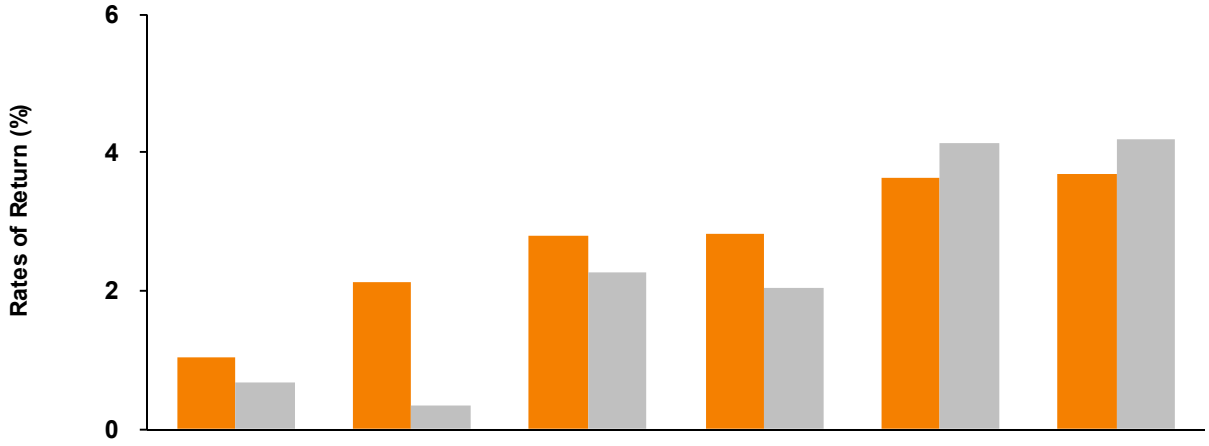
Performance Summary

Quarter Ending March 31, 2017



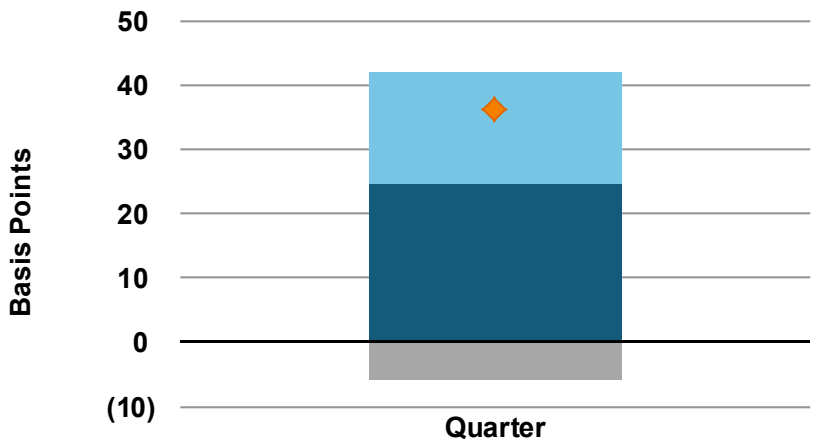
	Quarter	1 Year	Annualized 3 Year	5 Year	10 Year	Since Inception
Portfolio Gross	1.04	2.11	2.79	2.83	3.63	3.68
Barclays Capital Intermediate Aggregate	0.68	0.35	2.25	2.05	4.13	4.19

Performance measurement inception date: January 17, 2007. Performance is calculated on a time-weighted total return basis and is presented on a "gross" basis (i.e., before the deduction of investment management fees). The returns for the Barclays Capital Intermediate Aggregate Index are time-weighted total return performance results as reported by Barclays Capital.

Account inception date is January 10, 2007. The benchmark from inception through February 28, 2014 was the Barclay's Capital US Aggregate. Effective March 1, 2014 the benchmark was changed to the Barclays Capital Intermediate US Aggregate.

Portfolio Attribution

Quarter Ending March 31, 2017



	Quarter
Security Selection	18
Sector Allocation	24
Duration/Curve	(6)
Total	36

Performance attribution relative to the index.
Components may not add to Total due to rounding.