SST BENEFITS CONSULTING

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

2ND QUARTER 2016

	NET DIFFERENCE	ACTUAL PERFORMANCE	BENCHMARK PERFORMANCE
2Q 2015	0.06%	-0.61%	-0.67%
3Q 2015	-0.56%	0.52%	1.08%
4Q 2015	0.45%	-0.06%	-0.51%
1Q 2016	-0.18%	2.13%	2.31%
2Q 2016	**0.41%**	**1.85%**	**1.44%**
I YEAR	**0.13%**	**4.49%**	**4.36%**

The broad U.S. fixed income market posted a positive 2.2 percent return for the quarter (Barclays U.S. Aggregate). High Yield was the best performing sector, returning a positive 5.5 percent (BC High Yield). Mortgage-Backed Securities was the worst performing sector, returning a positive 1.1 percent (BC MBS). Global fixed income outperformed the broad U.S. fixed income market, returning a positive 3.0 percent (BofA ML Global Broad Market) for the quarter.

The average credit rating of the portfolio remained at AA-. The benchmark is AA+, top tier of "Very Strong". Voya Investment Management (VIM) continue to be defensive with this portfolio reducing risk, particularly in High Yield (HY) and Emerging Markets (EM). HY has continued to be reduced, from 3% at 4Q15 to 2% of the portfolio at 2Q16, but mostly BB and B. VIM is maintaining overweight exposure to Commercial Mortgage Backed Securities (CMBS) as well, favoring short term duration higher quality Corporates and decreasing Agency RMBS.

Effective duration reduced from 3.65 years to 3.55 years and average yield to maturity is 2.41%.

Market to Book Value Ratio:

2ND QUARTER 2016	1ST QUARTER 2016	4TH QUARTER 2015	3RD QUARTER 2015	2ND QUARTER 2015
101.63%	100.48%	99.05%	99.80%	99.98%

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.

Quarter ending June 30, 2016

Portfolio Review

Prepared for:

County of San Bernardino

SA 891

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INVESTMENT MANAGEMENT

voyainvestments.com

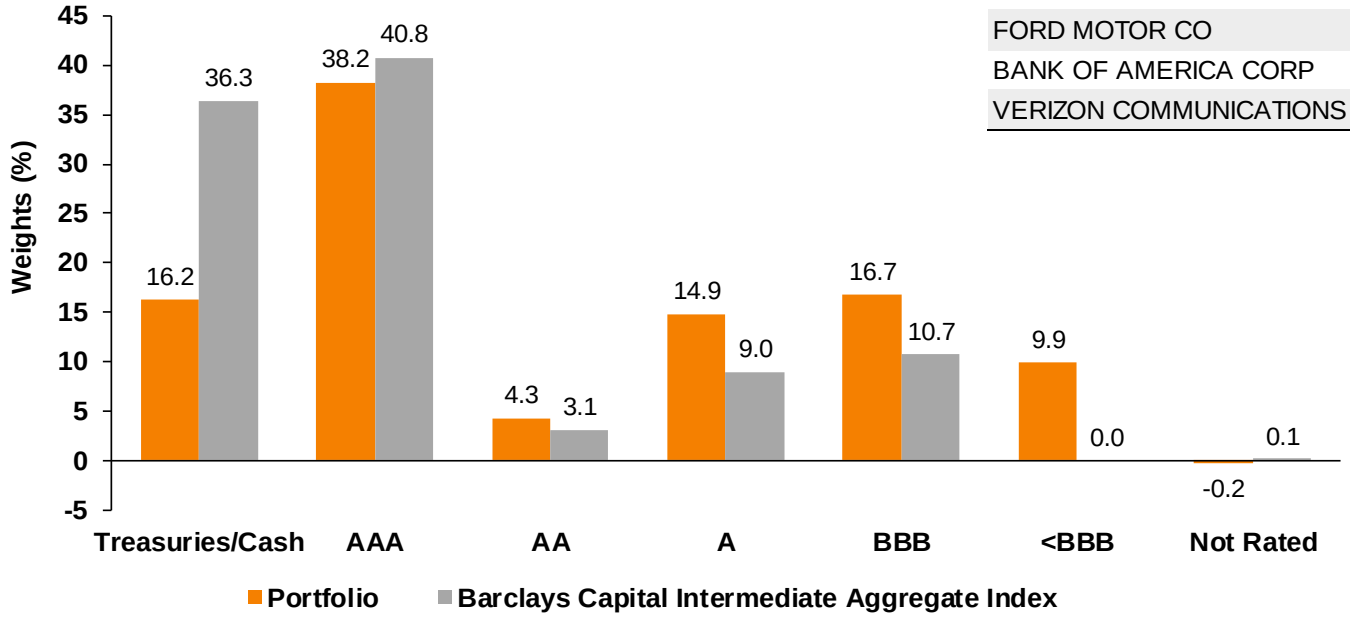
Portfolio Characteristics

Quarter Ending June 30, 2016

Characteristics	Portfolio	Barclays Capital Intermediate Aggregate Index
Effective Duration (Years)	3.55	3.57
Yield to Maturity (%)	2.41	1.58
Average Quality	AA-	AA+

Top Ten Credit Exposures	% of Portfolio
AT+T INC	0.78
ROYAL DUTCH SHELL PLC	0.63
MIZUHO FINANCIAL GROUP INC	0.56
MORGAN STANLEY	0.56
UBS GROUP AG	0.55
ALLERGAN PLC	0.52
HUNTINGTON BANCSHARES INC/OH	0.52
FORD MOTOR CO	0.51
BANK OF AMERICA CORP	0.51
VERIZON COMMUNICATIONS INC	0.50

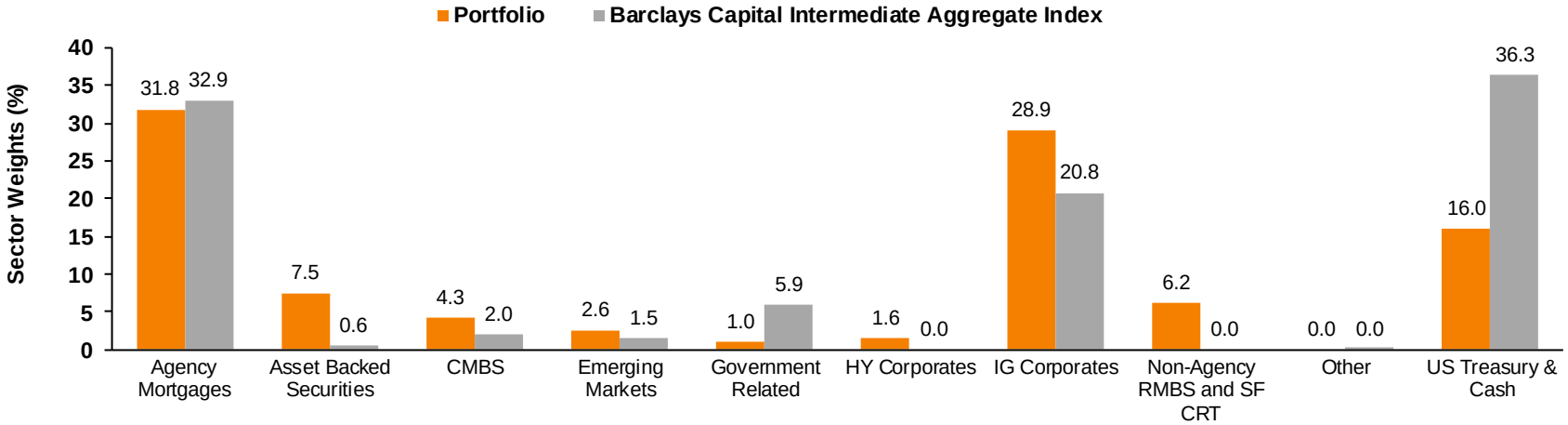
Quality Comparison



See Explanatory Notes Section for footnotes and disclosures.

Asset Allocation

Quarter Ending June 30, 2016

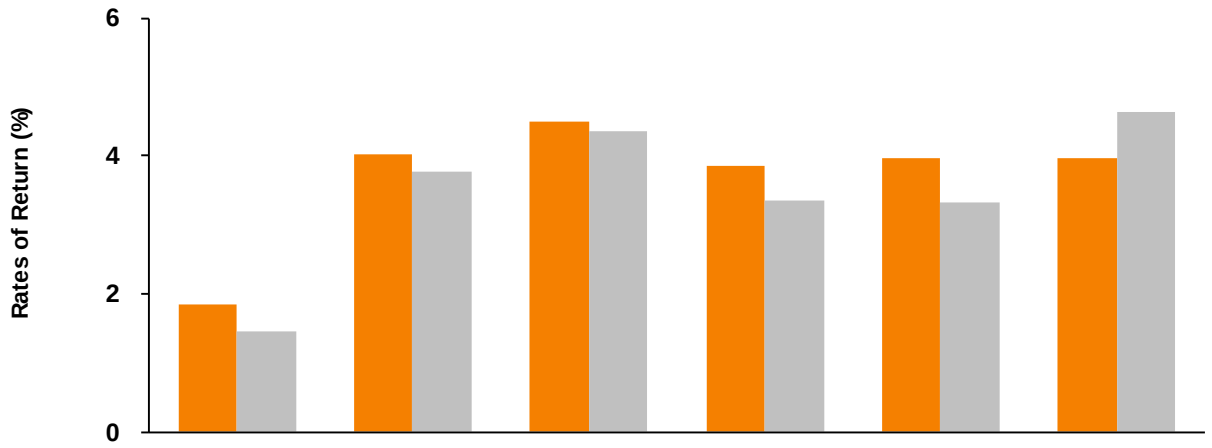


	09/30/2015	12/31/2015	03/31/2016	04/30/2016	05/31/2016	06/30/2016			Change from prior quarter
Asset Group	Portfolio					Portfolio	Index	Active	Portfolio
Agency Mortgages	32%	33%	38%	28%	23%	32%	33%	-1%	-6%
Asset Backed Securities	5%	8%	8%	7%	7%	8%	1%	7%	0%
CMBS	5%	5%	5%	5%	5%	4%	2%	2%	-1%
Emerging Markets	3%	2%	3%	3%	3%	3%	1%	1%	0%
Government Related	5%	3%	3%	3%	3%	1%	6%	-5%	-2%
HY Corporates	3%	3%	2%	2%	2%	2%	0%	2%	0%
IG Corporates	28%	33%	30%	30%	29%	29%	21%	8%	-1%
Non-Agency RMBS and SF CRT	5%	5%	4%	6%	7%	6%	0%	6%	2%
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%
US Treasury & Cash	13%	7%	8%	16%	23%	16%	36%	-20%	8%
Total	100%	100%	100%	100%	100%	100%	100%	0%	0%

Allocations may not add to 100% due to rounding.
See Explanatory Notes Section for footnotes and disclosures.

Performance Summary

Quarter Ending June 30, 2016



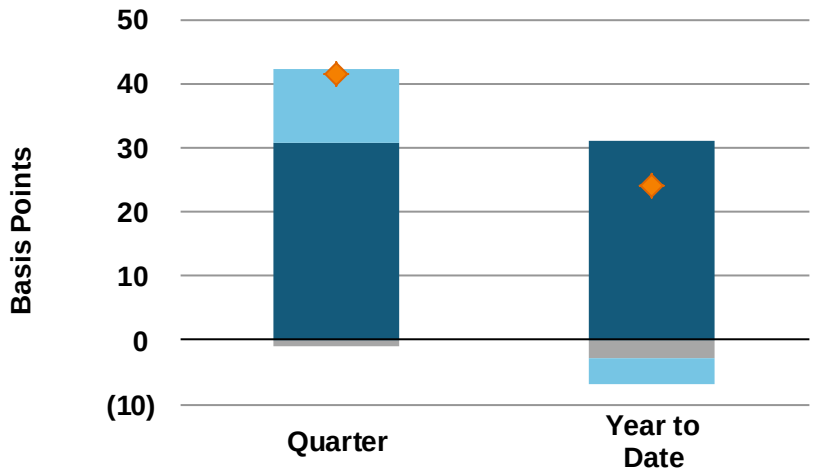
	Quarter	YTD	1 Year	Annualized 3 Year	5 Year	Since Inception
Portfolio	1.85	4.02	4.49	3.86	3.97	3.95
Barclays Capital Inter Agg/BC Cap Agg	1.44	3.78	4.36	3.35	3.33	4.65

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 Inter Agg/BC Cap Agg 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 June 30, 2016



	Quarter	Year to Date
Security Selection	12	(4)
Sector Allocation	31	31
Duration/Curve	(1)	(3)
Total	41	24

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