



Investment Performance Review

Capital Markets Review

As of 3/31/2017

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Market Commentary

The U.S. Economy Remained Sluggish

- Real GDP grew at an annualized rate of 2.1% (quarter over quarter) in Q4, down from its brisk pace in Q3
- Core CPI (which strips out food and energy prices) increased to 2.2% in February; It remained substantially below its 50-yr average of 4.1%
- Job creation was strong in March as private sector payrolls grew by 263,000 jobs; The unemployment rate remained low at 4.7% in February
- The trade deficit declined sharply in February as imports from China fell by a record amount and American exports rose for a third straight month
- U.S. consumers increased their spending at the weakest pace in 6 months, edging up a mere 0.1% in February
- New orders for U.S. factory goods recorded a 1% increase in February amid a surge in demand for commercial aircrafts

The Fed is Back Raising Rates

- For the second time in 3 months, the Fed raised rates by a quarter point amid confidence that the economy is poised for more robust growth
- Domestic fixed income markets reported positive returns in Q1 with the Bloomberg Barclays Aggregate Index increasing 0.82%
- As of March 31, the yield on the 10-year Treasury declined modestly to 2.40% versus 2.45% at year-end 2016
- Emerging markets and developed international fixed income increased 3.90% and 1.96%, respectively, in Q1
- High yield bonds reported strong returns at 2.50% for Q1, yielding 5.84% as of March 31

The U.S. Stock Market Continued Its Rally

- The S&P 500 gained 6.07% for Q1; U.S. markets continued to rally post the U.S. presidential election
- Tech stocks reported the strongest returns in Q1 with a 12.57% gain, followed by consumer discretionary stocks which reported an 8.45% gain
- Healthcare stocks staged a comeback jumping 8.37% in Q1 after declining 2.69% in 2016; Energy and telecom stocks had negative returns in Q1
- The forward P/E for the S&P 500 inched up during Q1 to 17.5x, versus a 25-year average of 15.9x
- Large cap stocks outperformed small caps by 3.60% in Q1 reversing the trend from 2016
- Growth stocks beat out value stocks for small, mid and large cap categories in Q1, also a reversal from 2016

International Equities Outperformed Domestic Equities

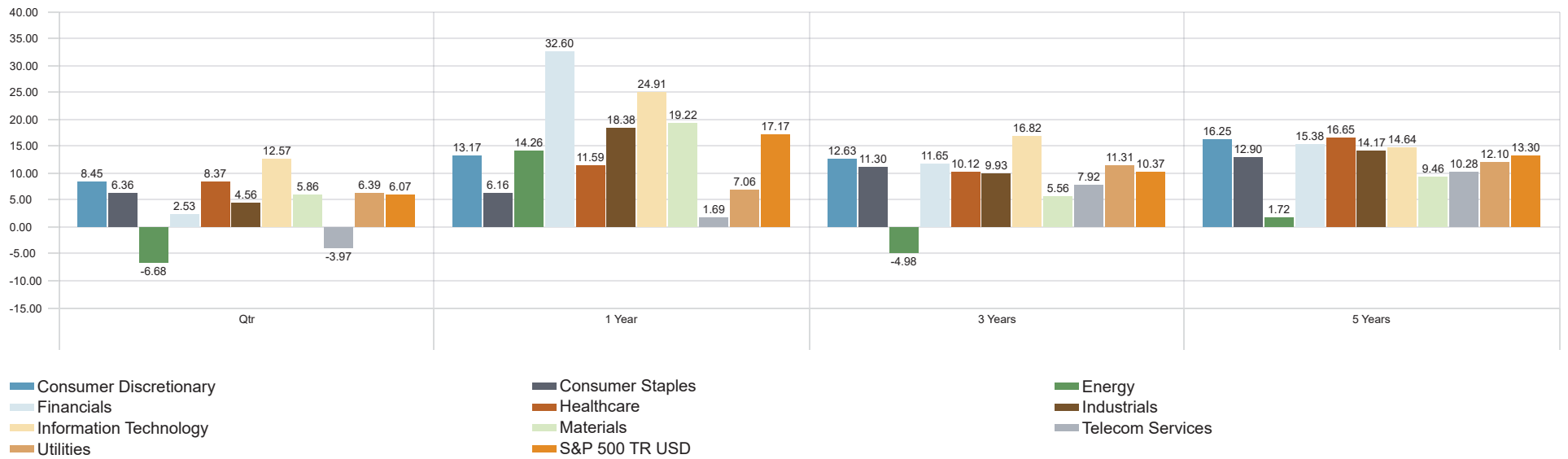
- Developed markets in Europe (ex-UK) rebounded in Q1 with a gain of 8.64% in U.S. dollars; The UK returned 5.06% for the period
- After a strong 2016, the emerging markets (EM) sector gained 11.49% in Q1, with EM Asia and Latin America up 13.40% and 12.13%, respectively
- In Q1, EM in Europe, Middle East & Africa gained only 2.83% in U.S. dollars
- Japan gained 4.64% in U.S. dollars but lost 0.03% in local currency due to the strengthening of the yen versus the dollar

Commodities Weakened

- The Bloomberg Commodity Index lost 2.33% during Q1, the worst performing asset class for the quarter
- Oil prices decreased modestly in Q1 with oil finishing at \$50.60 per barrel
- Gold prices rallied in Q1 increasing 8.64% to \$1,251.20 per troy ounce
- After spiking in mid-year 2016 then cooling off in Q4, REITs gained 2.97% in Q1
- U.S. pending home sales gained 5.5% in February amid warm weather and the potential for higher rates; Inventories are low

U.S. Equity Markets

Returns by Sector (S&P 500)



Returns by Style (Russell Indices)

Last Quarter

	Value	Blend	Growth
Large	3.05	6.38	9.61
Mid	3.76	5.15	6.89
Small	-0.13	2.47	5.35

Last 1 Year

	Value	Blend	Growth
Large	18.97	17.57	16.29
Mid	19.82	17.03	14.07
Small	29.37	26.22	23.03

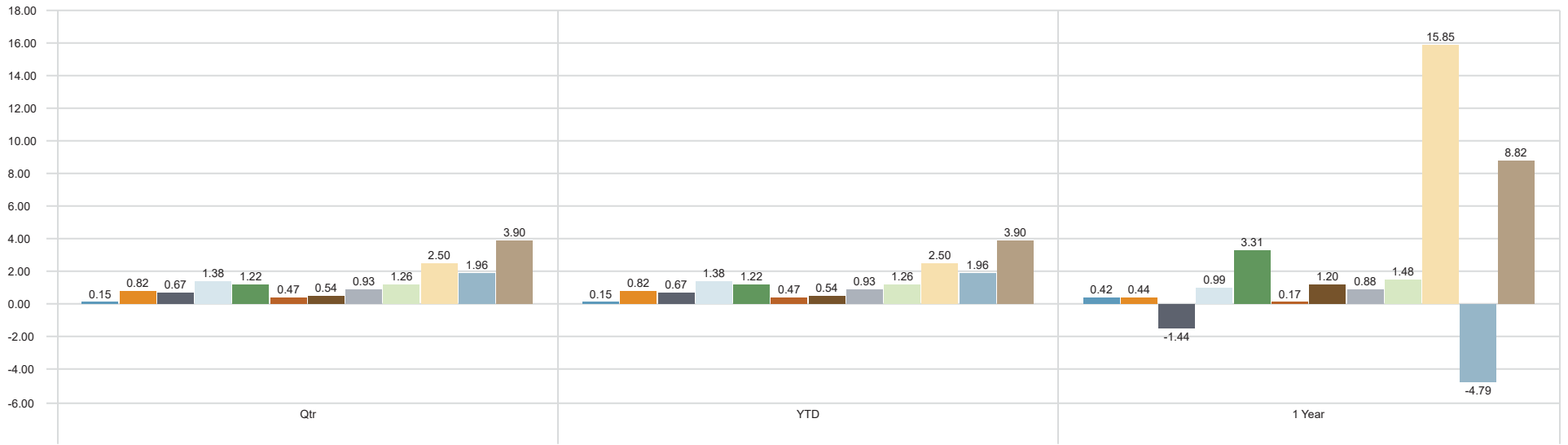
Last 3 Years

	Value	Blend	Growth
Large	8.55	10.63	12.68
Mid	8.94	8.48	7.88
Small	7.62	7.22	6.72

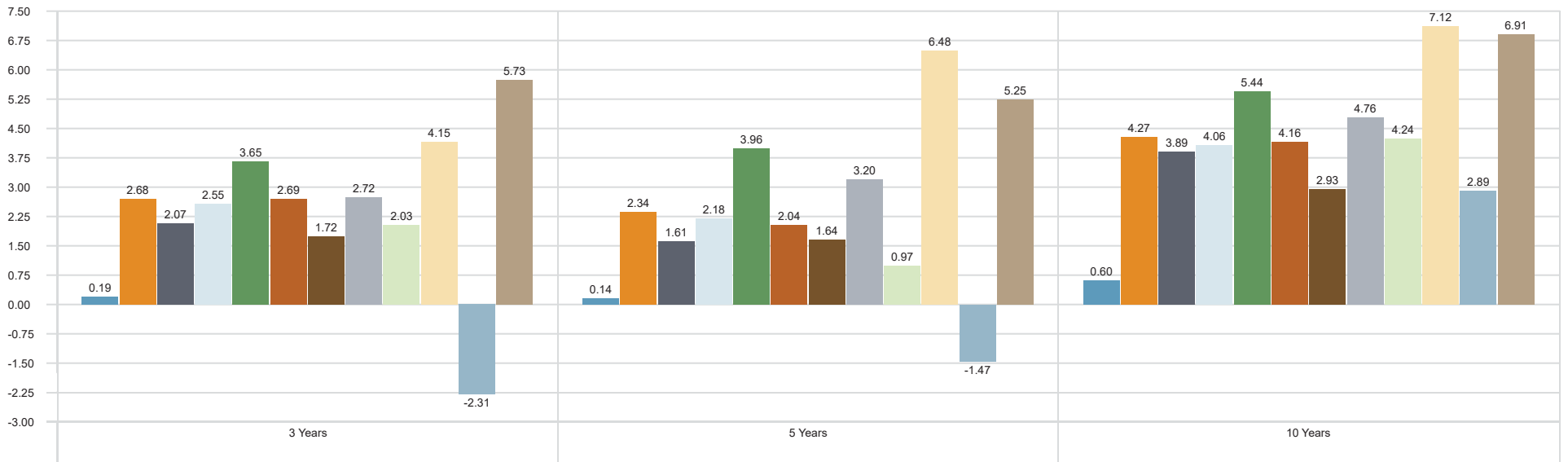
Last 5 Years

	Value	Blend	Growth
Large	12.72	13.32	13.89
Mid	14.07	13.09	11.95
Small	12.54	12.35	12.10

Fixed Income

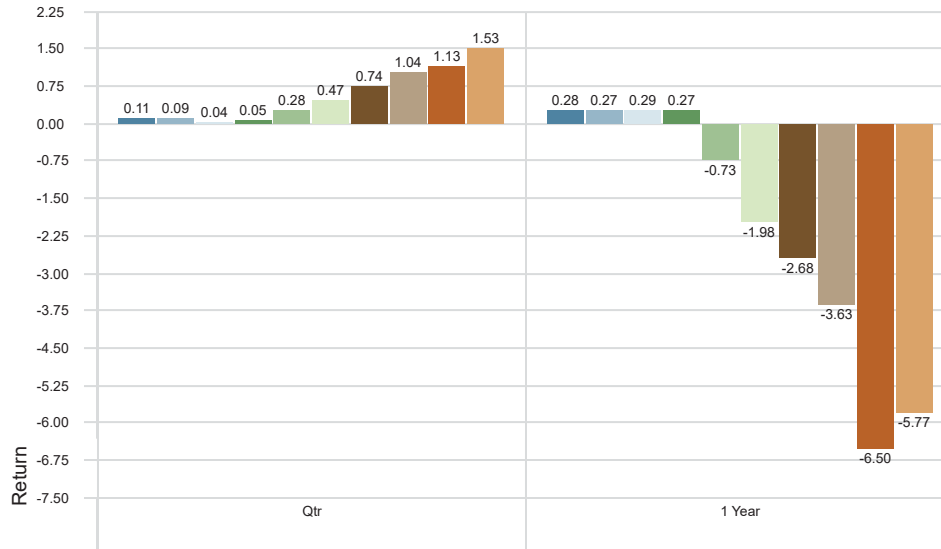


- 3-Month T-Bills
- Government-Related
- Asset-Backed Securities
- High Yield
- Aggregate Bonds
- Investment-Grade Corporate
- Commercial MBS
- Developed International
- Treasuries
- Mortgage-Backed Securities
- TIPS
- Emerging Markets



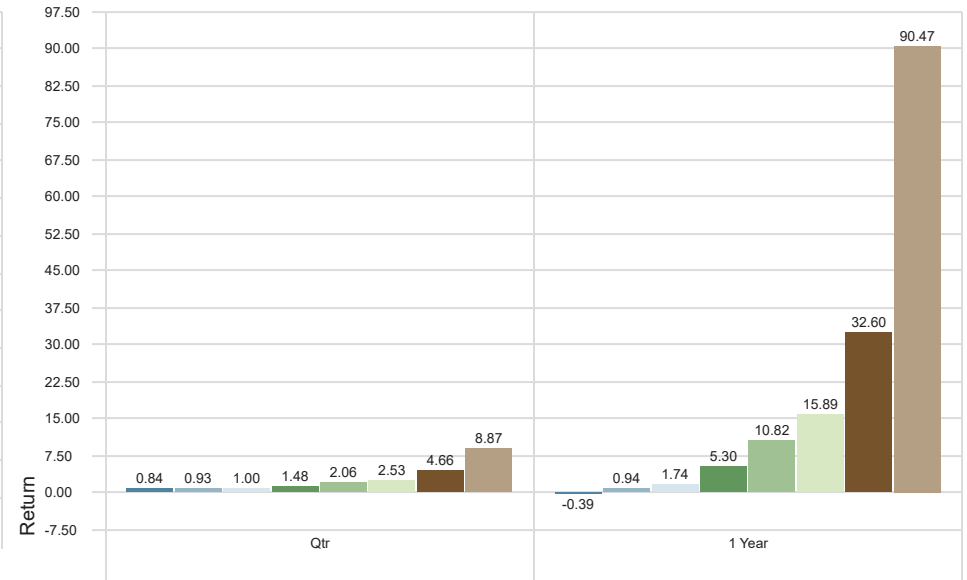
Fixed Income

Performance by Maturity



- USTREAS T-Bill Cnst Mat Rate 1 Mon
- USTREAS T-Bill Cnst Mat Rate 3 Mon
- USTREAS T-Bill Cnst Mat Rate 6 Mon
- USTREAS T-Bill Cnst Mat Rate 1 Yr
- USTREAS T-Bill Cnst Mat Rate 3 Yr
- USTREAS T-Bill Cnst Mat Rate 5 Yr
- USTREAS T-Bill Cnst Mat Rate 7 Yr
- USTREAS T-Bill Cnst Mat Rate 10 Yr
- USTREAS T-Bill Cnst Mat Rate 20 Yr
- USTREAS T-Bill Cnst Mat Rate 30 Yr

Performance by Credit Quality



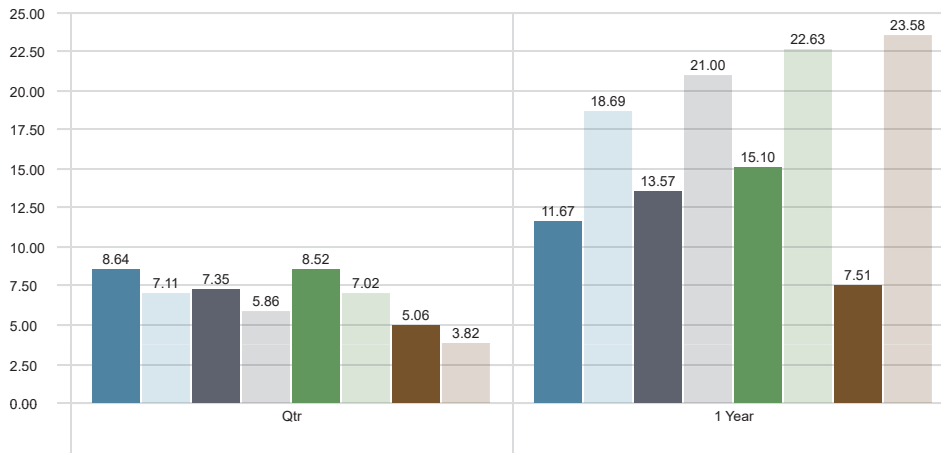
- Barclays US Corp Aaa TR USD
- Barclays US Corp Aa TR USD
- Barclays US Corp A TR USD
- Barclays US Corp Baa TR USD
- Barclays US HY Ba TR USD
- Barclays US HY B TR USD
- Barclays US HY Caa TR USD
- Barclays US HY Ca To D TR USD

Estimated Cost of \$1 of Lifetime Retirement Income at Age 65 (Adjusted for Cost of Living)

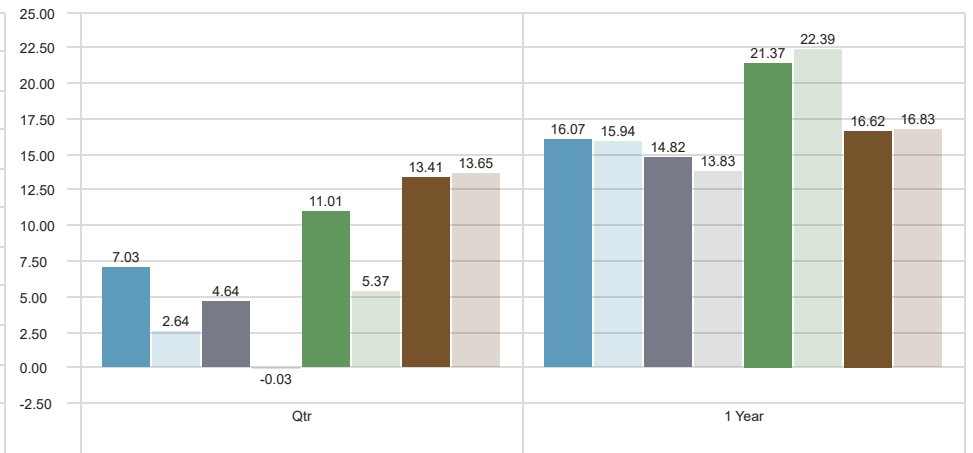
	BlackRock CoRI Retirement 2006	BlackRock CoRI Retirement 2008	BlackRock CoRI Retirement 2010	BlackRock CoRI Retirement 2012	BlackRock CoRI Retirement 2014	BlackRock CoRI Retirement 2016	BlackRock CoRI Retirement 2018	BlackRock CoRI Retirement 2020	BlackRock CoRI Retirement 2022	BlackRock CoRI Retirement 2024
3/31/2017		\$ 15.45	\$ 16.68	\$ 17.90	\$ 19.09	\$ 20.27	\$ 20.51	\$ 19.09	\$ 17.73	\$ 16.55
9/30/2016		\$ 16.74	\$ 18.12	\$ 19.50	\$ 20.91	\$ 22.22	\$ 22.09	\$ 20.81	\$ 19.55	\$ 18.45
6/30/2016	\$ 15.50	\$ 16.88	\$ 18.25	\$ 19.62	\$ 20.99	\$ 23.21	\$ 22.07	\$ 20.75	\$ 19.43	\$ 18.21
12/31/2015	\$ 14.68	\$ 15.88	\$ 17.07	\$ 18.23	\$ 19.37	\$ 20.71	\$ 19.41	\$ 18.01	\$ 16.66	\$ 15.40
9/30/2015	\$ 15.20	\$ 16.45	\$ 17.69	\$ 18.93	\$ 20.14	\$ 20.91	\$ 19.62	\$ 18.17	\$ 16.78	\$ 15.56
6/30/2015	\$ 15.07	\$ 16.28	\$ 17.47	\$ 18.63	\$ 19.82	\$ 20.17	\$ 18.83	\$ 17.36	\$ 16.04	\$ 14.88

International Equity Markets

Developed Europe



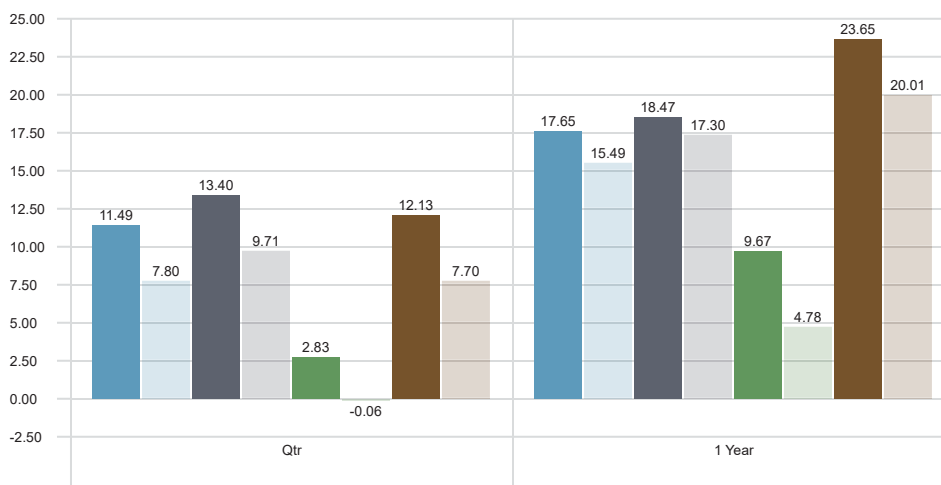
Developed Asia



- Europe ex-UK (USD)
- Europe ex-UK (Local)
- France (USD)
- France (Local)
- Germany (USD)
- Germany (Local)
- United Kingdom (USD)
- United Kingdom (Local)

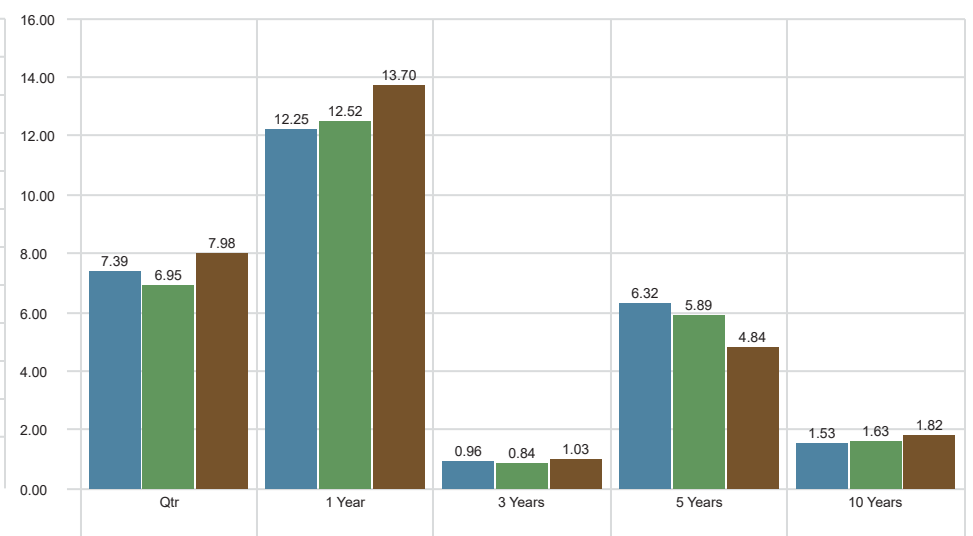
- Pacific (USD)
- Pacific (Local)
- Japan (USD)
- Japan (Local)
- Australia (USD)
- Australia (Local)
- Hong Kong (USD)
- Hong Kong (Local)

Emerging Markets



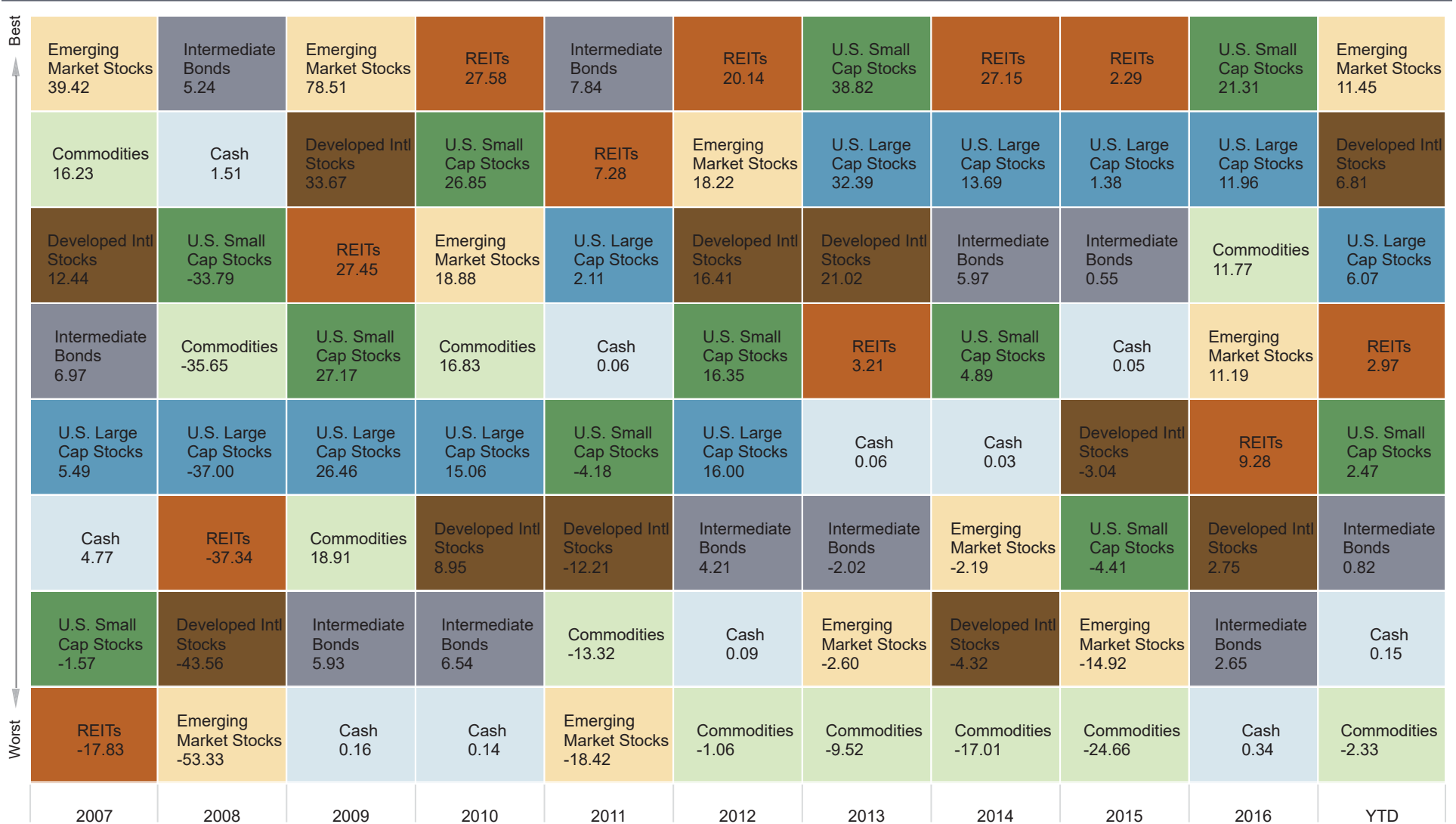
- Emerging Markets (USD)
- Emerging Markets (Local)
- Asia (USD)
- Asia (Local)
- Europe, Middle East & Africa (USD)
- Europe, Middle East & Africa (Local)
- Latin America (USD)
- Latin America (Local)

International Benchmarks



- EAFE
- World ex USA (Developed)
- ACWI ex USA (Developed & Emerging)

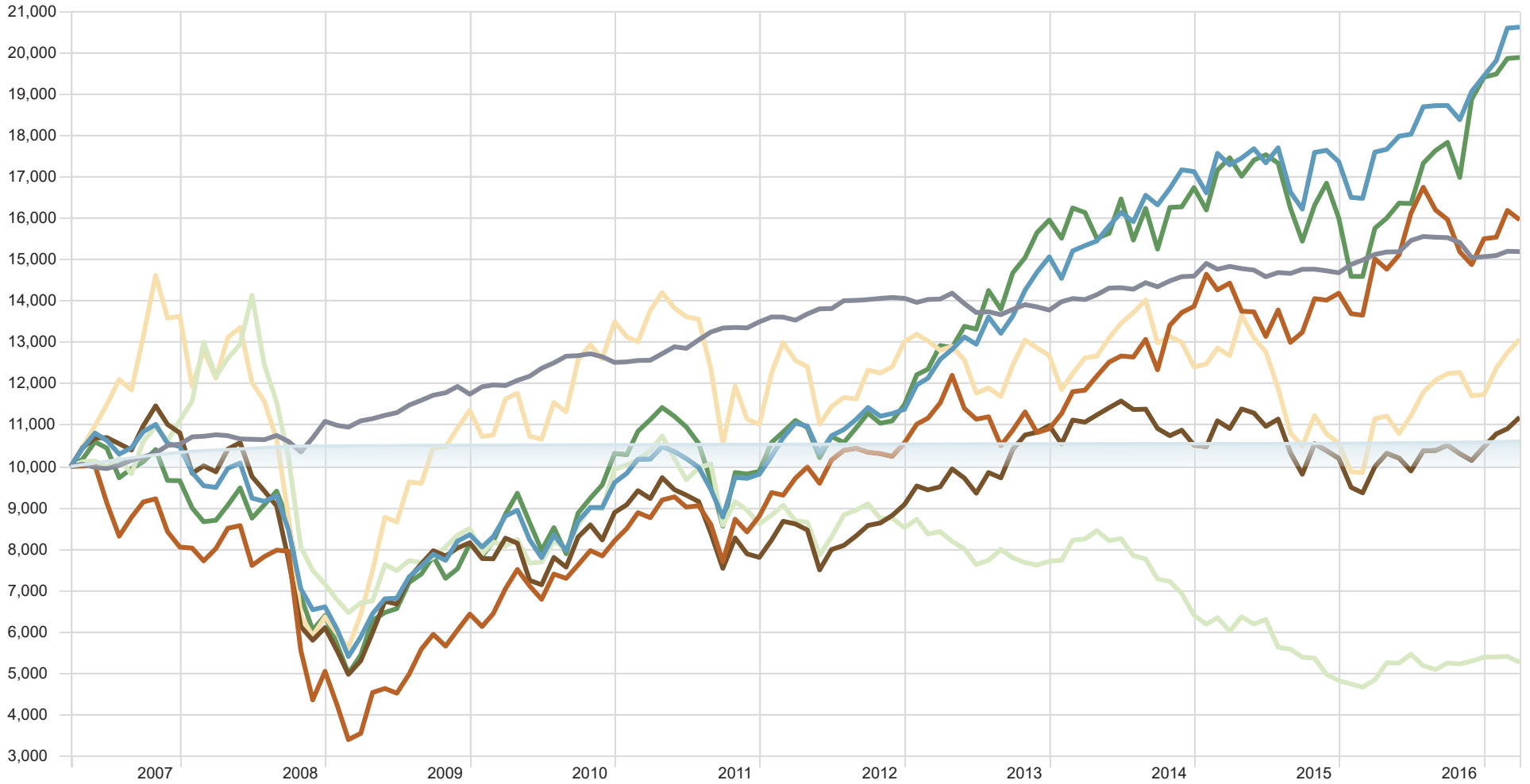
Unpredictability of Asset Class Returns



- Cash
- U.S. Small Cap Stocks
- Emerging Market Stocks
- Intermediate Bonds
- REITs
- Commodities
- U.S. Large Cap Stocks
- Developed Intl Stocks

Growth of \$10,000

Time Period: 4/1/2007 to 3/31/2017

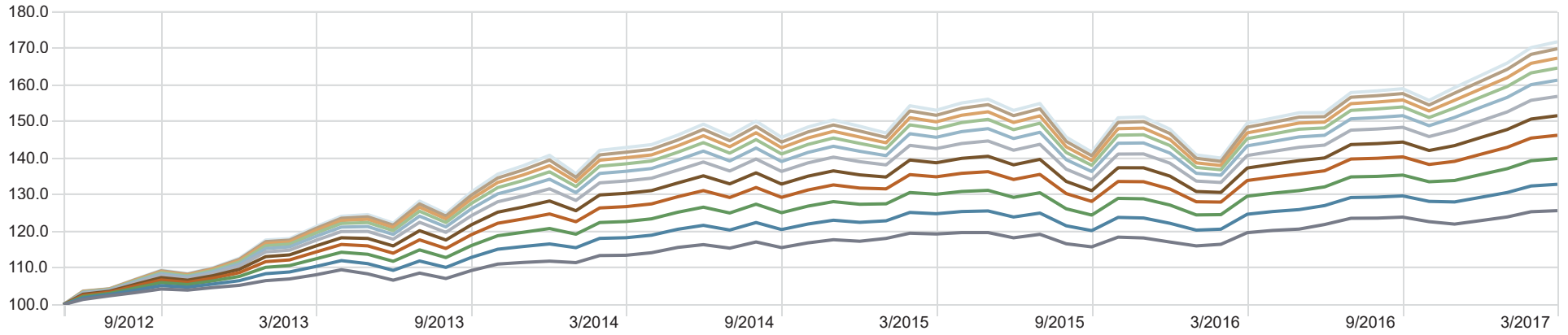


■ Cash	10,611.27	■ Intermediate Bonds	15,196.92	■ U.S. Large Cap Stocks	20,627.12
■ U.S. Small Cap Stocks	19,894.33	■ REITs	15,968.02	■ Developed Intl Stocks	11,189.35
■ Emerging Market Stocks	13,078.05	■ Commodities	5,261.83		

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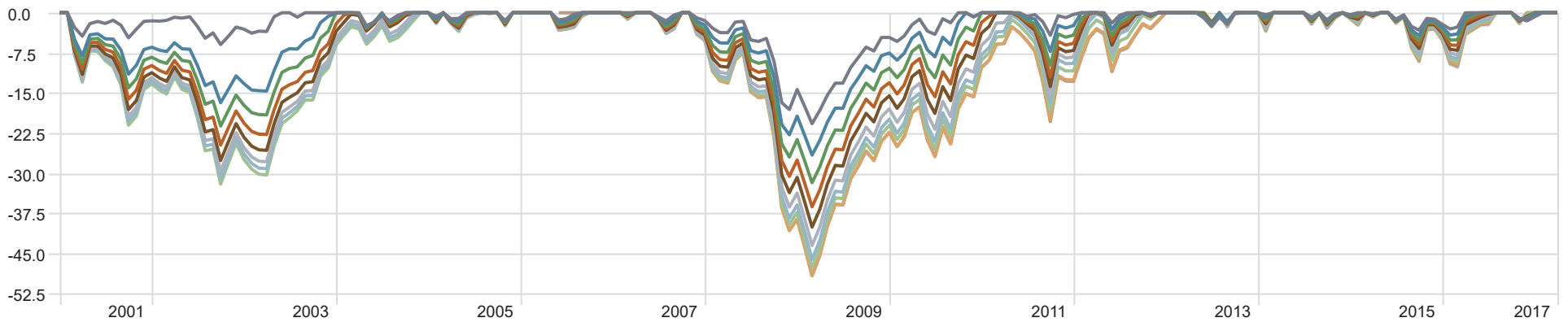
Target Date Investments

Growth of \$100



— S&P Target Date Retirement Income TR USD	125.7	— S&P Target Date 2010 TR USD	132.9	— S&P Target Date 2015 TR USD	139.9
— S&P Target Date 2020 TR USD	146.3	— S&P Target Date 2025 TR USD	151.6	— S&P Target Date 2030 TR USD	156.9
— S&P Target Date 2035 TR USD	161.3	— S&P Target Date 2040 TR USD	164.7	— S&P Target Date 2045 TR USD	167.4
— S&P Target Date 2050 TR USD	169.9	— S&P Target Date 2055+ TR USD	171.8		

Maximum Drawdown



— S&P Target Date Retirement Income TR USD	— S&P Target Date 2010 TR USD	— S&P Target Date 2015 TR USD
— S&P Target Date 2020 TR USD	— S&P Target Date 2025 TR USD	— S&P Target Date 2030 TR USD
— S&P Target Date 2035 TR USD	— S&P Target Date 2040 TR USD	— S&P Target Date 2045 TR USD
— S&P Target Date 2050 TR USD	— S&P Target Date 2055+ TR USD	

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