

AGENDA
INVESTMENT COMMITTEE OF THE
EL CAMINO HOSPITAL BOARD OF DIRECTORS

Monday, November 9, 2020 – 5:30 pm
 El Camino Hospital | 2500 Grant Road Mountain View, CA 94040

PURSUANT TO STATE OF CALIFORNIA EXECUTIVE ORDER N-29-20 DATED MARCH 18, 2020, EL CAMINO HEALTH WILL NOT BE PROVIDING A PHYSICAL LOCATION FOR THIS MEETING. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT:

1-669-900-9128, MEETING CODE: 760-083-0558#. No participant code. Just press #.

PURPOSE: To develop and recommend to the El Camino Hospital Board of Directors the organization’s investment policies, maintain current knowledge of the management and investment of the invested funds of the hospital and its pension plan(s), provide guidance to management in its investment management role, and provide oversight of the allocation of the investment assets.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER / ROLL CALL	Brooks Nelson, Chair		5:30 – 5:31
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Brooks Nelson, Chair		information 5:31 – 5:32
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Brooks Nelson, Chair		information 5:32 – 5:35
4. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Investment Committee Meeting (08/10/2020) b. Minutes of the Open Session of the Investment Committee Meeting (08/24/2020) Information c. Article of Interest d. CFO Report Out – Open Session FC Materials e. Progress Against FY20 IC Goals f. FY21 Pacing Plan	Brooks Nelson, Chair	<i>public comment</i>	motion required 5:35 – 5:38
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	Don Watters, Board Member		information 5:38 – 5:43
6. ROTATING TOPICS a. Capital Markets Review and Portfolio Performance b. Tactical Asset Allocation Positioning and Market Outlook	Antonio DiCosola and Chris Kuhlman, Pavilion, a Mercer Practice		information 5:43 – 6:23
7. ADJOURNMENT	Brooks Nelson, Chair	<i>public comment</i>	motion required 6:23 – 6:24

Upcoming meetings: January 25, 2021 (Joint with Finance Committee), February 8, 2021, May 10, 2021

A copy of the agenda for the Regular Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at 650-988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.



**Minutes of the Open Session of the
Investment Committee of the
El Camino Board of Directors
Monday, August 10, 2020**

El Camino Hospital, 2500 Grant Road, Mountain View, California

Members Present

Brooks Nelson, Chair**
Don Watters, Vice Chair**
John Conover**
Peter Fung, MD**
Nicola Boone**

Members Absent

****via teleconference**

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Investment Committee of El Camino Hospital (the “Committee”) was called to order at 5:30pm by Committee Chair Brooks Nelson. A verbal roll call was taken. All members were present and participated telephonically. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Nelson asked if any Committee member or anyone in the audience believes that a Committee member may have a conflict of interest on any of the items on the agenda. No conflict of interest was reported.	
3. PUBLIC COMMUNICATION	Chair Nelson asked if there was any public communication to present. None were noted.	
4. CONSENT CALENDAR	<p>Chair Nelson asked if any Committee member wished to remove any items from the consent calendar for discussion. No items were pulled.</p> <p>Motion: To approve the consent calendar: (a) Open Minutes of the May 11, 2020 Investment Committee Meeting, and for information; (b) Article of Interest (c) CFO Report Out – Open Session FC Materials, (d) Progress Against FY20 IC Goals, and (e) FY20 Pacing Plan</p> <p>Movant: Fung Second: Boone Ayes: Boone, Conover, Fung, Nelson, Watters Noes: None Abstentions: None Absent: None Recused: None</p>	<i>Consent Calendar approved</i>
5. REPORT ON BOARD ACTIONS	There were no questions about the Report on Board Actions.	
6. APPOINTMENT OF VICE CHAIR	Chair Nelson announced Don Watters as the Vice Chair of the Investment Committee.	
7. ROTATING TOPICS	<p>Capital Markets Review and Portfolio Performance & Tactical Asset Allocation Positioning and Market Outlook</p> <p>Antonio DiCosola and Chris Kuhlman from Pavilion, a Mercer Practice, reported the following on investment markets and the El Camino Hospital portfolios:</p> <ul style="list-style-type: none"> ➤ In summary, global equities and other risk assets rebounded 	

Agenda Item	Comments/Discussion	Approvals/ Action
	<p>significantly during the second quarter, driven by improving economic conditions and accommodative fiscal and monetary policy.</p> <ul style="list-style-type: none"> ➤ The Surplus Cash portfolio returned 10.2% for the quarter, outperforming its benchmark by 50 basis points (bps). The Cash Balance Plan portfolio returned 13.2%, outperforming its benchmark by 190 bps. ➤ For the trailing one-year period, the Surplus Cash and Cash Balance Plan portfolios returned 3.6% and 3.8%, respectively. ➤ Relative outperformance during the quarter was driven by favorable manager results, particularly within the large cap equity and fixed income. The domestic and international equity composites benefited relative results while also generating the largest absolute gains. US large cap growth manager Sands and international value manager Causeway were the top relative performers, outpacing their benchmarks by 1000 bps and 440 bps, respectively. ➤ Pavilion did not recommend any changes to the investment manager lineup. However, it was noted that Lighthouse Partners is being monitored following performance issues. ➤ Both portfolios are underweight alternatives in favor of equities and fixed income. The alternatives allocations are below the minimum allowable range. Pavilion is monitoring this and will work to bring the allocation back to within the allowable range. ➤ The equity allocations are overweight growth vs. value following the continued outperformance of growth. Pavilion recommended rebalancing the split back to neutral and will work with El Camino Hospital management to implement the rebalancing. Pavilion also recommended slight overweights to US and emerging markets equities at the expense of developed international equities. ➤ Looking ahead, global markets are expected to continue to focus on virus containment efforts, economic reopening, and supportive action from fiscal and monetary policymakers. While risk premiums declined significantly during the second quarter, risk assets still provide significant compensation relative to cash, but an uncertain macro outlook means volatility is likely to persist. <p>In response to committee members' questions, Mr. DiCosola stated that for the quarter, the Surplus Cash hedge fund portfolio underperformed, largely due to more defensive positioning, notably less equity exposure. Mr. DiCosola also stated that before Pavilion came on board, the accounts were heavily invested in fixed income and value equities and have since been more broadly diversified. In regards to rebalancing, Mr. DiCosola stated that when they look at the asset allocations, the overall exposure to equity and fixed income is acceptable. However, it's within the underlying equity sub composites that they currently recommend rebalancing to a more neutral posture.</p>	
<p>8. EDUCATION TOPIC: INVESTING IN UNCERTAIN TIMES</p>	<p>Antonio DiCosola and Chris Kuhlman briefly presented the Education Topic: Investing in Uncertain Times. Mr. Kuhlman noted that both the Surplus Cash and Cash Balance Plan portfolios are well diversified and positioned to protect during market selloffs. This is evident in each portfolio's historical down market capture and beta relative to both global equities and a generic mix of global equities and fixed income. Mr. Kuhlman and Mr. DiCosola also commented on Mercer's forward looking capital market assumptions, noting that expected returns have decreased in recent years. As a result, the forward</p>	

Agenda Item	Comments/Discussion	Approvals/ Action
	looking expectations for both portfolios are lower than years past.	
9. INVESTMENT COMMITTEE SELF-ASSESSMENT	Cindy Murphy, Director, Governance Services, presented the Investment Committee Self-Assessment. She suggested giving more frequent reports to the board about the investment committee’s thinking (i.e. what they are thinking when seeing the investment portfolio and why or why not make changes?). Dr. Fung stated that he agrees that there is a lack of communication between the committee and the board. He stated given this discussion, this self-assessment is a great time for learning for all. Mr. Watters commented that it would be difficult to report to the board if only 10% of the packet is discussed. Chair Nelson also presented that Richard Juelis, currently on the Finance Committee, is interested in joining the Investment Committee. All members agreed to attend a meeting to interview Mr. Juelis prior to the next Investment Committee scheduled for November 9, 2020.	
10. AGENDA ITEM 13: ADJOURNMENT	<p>Motion: To adjourn at 7:24pm.</p> <p>Movant: Watters</p> <p>Second: Fung</p> <p>Ayes: Boone, Fung, Nelson, Watters</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Conover</p> <p>Recused: None</p>	<i>Adjourned at 7:24pm</i>

Attest as to the approval of the Foregoing minutes by the Investment Committee of El Camino Hospital:

 Brooks Nelson, Chair
 Investment Committee



**Minutes of the Open Session of the
Special Meeting of the Investment Committee of the
El Camino Hospital Board of Directors
Monday, August 24, 2020**

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040

Members Present

Brooks Nelson, Chair**
Don Watters, Vice Chair**
John Conover**
Peter Fung, MD**
Nicola Boone**

Members Absent

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session of the special meeting of the Investment Committee of El Camino Hospital (the “Committee”) was called to order at 5:30 by Chair Brooks Nelson. A verbal roll call was taken. All members were present and participated telephonically. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
2. POTENTIAL CONFLICT OF INTEREST	Chair Nelson asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CANDIDATE INTERVIEW: RICHARD JUELIS	The Investment Committee interviewed Richard Juelis for a position on the Committee. Mr. Juelis described his background and answered questions from the Committee about his qualifications, interest in the role, and recommendations for the organization. He currently serves on the Finance Committee and has expressed his interest in joining the Investment Committee.	
5. DISCUSS AND VOTE ON APPOINTMENT OF NEW INVESTMENT COMMITTEE MEMBER	<p>Following the interview, the Committee members discussed appointing Mr. Juelis to the Committee. All members commented thatt he would be a great addition to the Investment Committee.</p> <p>Motion: To appoint Richard Juelis as a new Investment Committee member, subject to approval of the Board.</p> <p>Movant: Watters Second: Fung Ayes: Boone, Conover, Fung, Nelson and Watters Noes: None Abstentions: None Absent: None Recused: None</p>	
6. AGENDA ITEM 21: ADJOURNMENT	<p>Motion: To adjourn at 6:10pm</p> <p>Movant: Watters Second: Fung Ayes: Boone, Conover, Fung, Nelson and Watters Noes: None Abstentions: None</p>	Meeting adjourned at 6:10pm

	Absent: None Recused: None	
--	---	--

Attest as to the approval of the foregoing minutes by the Investment Committee of El Camino Hospital:

Brooks Nelson
Chair, Investment Committee

Prepared, by Yurike Arifin, Contracts Administrator and Governance Services Executive Assistant

DRAFT



SUBSCRIBE

MY ACCOUNT 

Home > Politics & Policy

October 28, 2020 06:00 AM

Hospitals' staunchest ally in Congress could take control of the Senate

RACHEL COHRS



 TWEET

 SHARE

 SHARE

 EMAIL



AP

Senate Minority Leader Chuck Schumer has been hospitals' fiercest advocate in Congress and may soon rise to one of the most powerful perches in Washington, which could have important implications for healthcare policy.

"If I were a hospital leader right now, I would be dancing for joy at the prospect of Schumer becoming the majority leader," a healthcare lobbyist said.

Polls ahead of the November election show Democrats have a fighting chance to take control of the upper chamber. Schumer's strong ties to hospitals in his home state are well-known in the Capitol, and New York hospitals have spent big to flip the Senate. Schumer's role in brokering deals on healthcare policy from the Affordable Care Act to COVID-19 stimulus bills illustrate the path he could take as majority leader.

Schumer has made clear he felt taking up healthcare reform early in President Barack Obama's first term while the economy was still in crisis was a grave political mistake.

"Unfortunately, Democrats blew the opportunity the American people gave them," Schumer [said in November 2014](#). "We took their mandate and put all of our focus on the wrong problem — healthcare reform."

If Democrats take the Senate, it's likely former Vice President Joe Biden would win the presidency and help decide when healthcare policy would be considered. But if the Supreme Court strikes down all or part of the ACA, the decision could force lawmakers into another explosive healthcare fight. The battle would be a minefield for Schumer, who would have to balance New York's powerful healthcare industry interests with the potential of a progressive primary challenge in 2022.

"I know he's ready for this moment," a former Schumer aide said. "He's a chess player and a brilliant strategist."

This portrait of Schumer's health policy perspective is informed by more than 15 interviews with current and former Senate aides, lobbyists and experts, many of whom requested not to be named to speak candidly. Schumer's office declined to speak on the record.

Empire State hospitals' political influence

New York is home to some of the most famous health systems in the country, and hospitals in the Empire State have wielded their political influence effectively. The Greater New York Hospital Association represents one of Schumer's most important constituencies.

"It's sort of the rule in politics that you dance with the ones who brought you," said Bill Hammond, director of health policy at the Empire Center for Public Policy, an Albany-based think tank.

Health systems in New York are major employers, and New York also produces the most medical school graduates of any state, according to [2018 data analyzed by the Kaiser Family Foundation](#).

"If Texas produces oil, New York produces doctors," a former Schumer aide said.

GNYHA has invested heavily in flipping the Senate and funneled \$9 million in the 2020 election cycle to a super PAC aligned with Senate Democratic leaders, according to data compiled by the [Center for Responsive Politics](#).

GNYHA's influence is amplified in Washington by its consistent leadership. Kenneth Raske, who has been president of the association since 1984, has become an institution in the state. Raske has known Schumer since he was a "budding young legislator," Raske said.

"We've been in foxholes and on the parade field," Raske said.

Role in the ACA health reform debate

Schumer played an important role in Senate dynamics on the ACA as the third-highest ranking Democrat and a member of the Finance Committee. He pushed some policies hospitals advocated for, but his agenda wasn't completely in line with hospitals' interests.

Schumer was a leading proponent of adding a public insurance option to the ACA, and he offered an amendment in committee to create one. [Schumer's public option](#) would have required the public plan to negotiate rates instead of basing them on Medicare rates. Schumer's amendment failed, but he brokered a deal to get the provision included in the Senate's legislation with an option for states to opt out. Democrats ultimately abandoned the proposal after failing to get moderates' support.

Recently, Democrats' push for a public option has divided hospitals. National hospital lobbies and some health systems have allied with insurers and drugmakers to form a [dark-money group to fight public option proposals](#).

However, New York hospitals seem open to the idea. Raske said he believes a public option could earn GNYHA's support because it would further the group's fundamental goal of expanding coverage.

"On the public option there are wrinkles that can be worked out within the membership that could make it palatable," Raske said.

The most notable way Schumer successfully changed the ACA was by softening the individual mandate penalty in the Finance Committee. A former Democratic leadership aide said Schumer was worried about negative political ramifications of the penalty. The move broke with hospitals' interests, as they wanted more people to gain coverage under the ACA to minimize health systems' uncompensated care costs and the mandate helped achieve that goal.

Schumer fought for hospitals on other issues. Though Schumer didn't stop the ACA's cuts to Medicaid disproportionate-share hospital payments, he has since has advocated to stop them from going into effect. Schumer also pushed to maintain New York hospitals' graduate medical education slots.

Because Schumer was intimately involved in dealmaking on the ACA, the debate could inform a future healthcare fight.

"He sits in a position that he knows where the bodies are buried, which is a great background to have," a former Democratic leadership aide said.

Recent healthcare policy battles

This Congress, Schumer has been a player in directing a massive amount of COVID-19 relief funds and guiding Senate Democrats' political strategy on healthcare.

Schumer stepped into the spotlight during Congress' third and largest coronavirus relief bill, the Coronavirus Aid, Relief, and Economic Security Act. The first draft presented by Senate Republicans included some perks for healthcare providers. But the GOP ignored a request for a massive infusion of cash for hospitals struggling from a sudden drop in revenue due to mandatory shutdowns.

Senate Democrats **blocked** the GOP's bill, and final negotiations came down to Schumer and Treasury Secretary Steven Mnuchin huddled in the Capitol for late-night bargaining sessions. The final deal included \$100 billion in grants for healthcare providers and a Medicare loan program that sent providers another \$100 billion.

A healthcare lobbyist familiar with the negotiations said although many parties wanted relief grants for healthcare providers, Schumer was "instrumental" in securing the funds. GNYHA told members the group "fiercely advocated for direct funding to hospitals and healthcare providers."

But healthcare policy action outside of coronavirus relief has been minimal, and some have accused Schumer of instructing Democrats to walk away from bipartisan negotiations on packages to ban surprise medical bills and lower prescription drug costs. Senate Majority Leader Mitch McConnell (R-Ky.) showed little interest in advancing either package. The issues were also top healthcare priorities for the Trump administration.

In December 2019, leaders of two key House and Senate committees were preparing to announce a bipartisan deal on legislation to ban surprise medical bills with a blend between the approaches hospitals and insurers prefer. Hospitals opposed the compromise.

Two days before the deal's announcement, Schumer called Senate health committee ranking member Patty Murray (D-Wash.) to express concerns about the legislation, the [Washington Post first reported](#), though a Schumer spokesman said at the time that Schumer made clear he would not stand in the way of a deal.

A Democratic Senate aide said other members of the caucus also had concerns about the legislation. Murray did not publicly endorse the deal, and inter-committee clashes in the House led to its demise.

Despite Schumer's public statements, some proponents of surprise billing reform doubt his commitment to change.

"For Schumer, the prevailing concern is that he is doing lip service and saying, 'Of course I care about this,' but there is more of an entrenched problem with New York hospitals," a healthcare lobbyist said.

On prescription drug pricing, Senate Finance Chair Chuck Grassley (R-Iowa) [accused Schumer](#) of instructing Democrats not to back a compromise that Grassley and ranking member Ron Wyden (D-Ore.) had crafted.

Several GOP senators who had signed on were in competitive reelection races, but McConnell had not shown he was willing to bring the bill to a floor vote because it divided the Republican caucus.

"Senate Democrats are not interested in aiding Republicans as they play political games and pretend to support lowering prescription drug prices," Wyden said.

Some aides and lobbyists said Democratic leadership's future healthcare priorities are unclear because they have been on the defensive for the past four years. In Schumer's speech at the Democratic National Convention, he said a Democratic Senate would "make healthcare affordable for all."

"We don't know what they are for," a Senate Democratic aide said about the leadership's healthcare priorities. "It's a black box for so many."

Regardless of the precise healthcare agenda that lies ahead if Democrats win big, hospitals hope to have a productive partner in a potential majority leader Schumer.

"He cares about the same things hospital people care about: the well-being of those who are sick or injured, and making sure they have resources to care for themselves," Raske said.

Letter

— *to the* —

Editor

Send us a letter

Have an opinion about this story? **Click here to submit a Letter to the Editor**, and we may publish it in print.

RECOMMENDED FOR YOU



Election 2020: Watching the key races for healthcare



Inpatient emergency voting assisted by health systems, volunteers



El Camino Health

Summary of Financial Operations

Fiscal Year 2021 – Period 3

7/1/2020 to 9/30/2020

Overall Commentary for September

- For both ECH and SVMD the volumes continue to exceed budget
- Overall gross charges, a surrogate for volume, was exceeded budget by 34% in the month of September (Net Patient Revenue exceeded budget by 30%)
- Operating Expenses were \$8.6M or 11% greater than budget and driven by the increased volumes
- Operating income was favorable to the budget by \$11.5M and comparable to prior year
- Because of current / future revenue inflation pressures and Covid impact
 - Continued focus on managing variable expenses and monitoring changes to payor mix will be critical to ensure the organization returns to consistent strong operating performance
 - Non Operating Income includes:
 - Investment Income was a negative \$9.6M due to realized loss of \$1.4M with the remaining amount being unrealized losses in equity and fixed income positions during the month.

Consolidated Statement of Operations (\$000s)

Period ending 09/30/2020

Period 3 FY 2020	Period 3 FY 2021	Period 3 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
312,105	357,838	266,678	91,160	34.2%	Gross Revenue	943,255	1,030,188	782,037	248,151	31.7%
(232,266)	(267,829)	(197,259)	(70,570)	(35.8%)	Deductions	(694,407)	(768,638)	(578,847)	(189,791)	(32.8%)
79,839	90,009	69,418	20,590	29.7%	Net Patient Revenue	248,847	261,549	203,190	58,360	28.7%
5,632	3,996	4,424	(428)	(9.7%)	Other Operating Revenue	13,563	12,994	13,234	(240)	(1.8%)
85,471	94,005	73,842	20,163	27.3%	Total Operating Revenue	262,411	274,543	216,424	58,120	26.9%
					OPERATING EXPENSE					
44,976	48,136	43,161	(4,975)	(11.5%)	Salaries & Wages	136,079	142,306	130,033	(12,274)	(9.4%)
12,325	12,798	10,833	(1,965)	(18.1%)	Supplies	38,758	42,511	32,007	(10,504)	(32.8%)
13,126	14,949	14,476	(473)	(3.3%)	Fees & Purchased Services	40,278	42,233	43,519	1,286	3.0%
3,485	4,498	3,596	(902)	(25.1%)	Other Operating Expense	10,425	11,677	11,322	(355)	(3.1%)
525	1,428	926	(501)	(54.1%)	Interest	1,590	4,287	2,775	(1,512)	(54.5%)
4,368	5,795	5,962	168	2.8%	Depreciation	13,359	16,354	17,577	1,223	7.0%
78,805	87,604	78,954	(8,649)	(11.0%)	Total Operating Expense	240,490	259,367	237,232	(22,135)	(9.3%)
6,666	6,401	(5,112)	11,513	(225.2%)	Net Operating Margin	21,920	15,176	(20,809)	35,985	(172.9%)
2,677	(9,557)	3,228	(12,785)	(396.1%)	Non Operating Income	6,214	46,803	7,729	39,074	505.5%
9,342	(3,156)	(1,884)	(1,272)	67.5%	Net Margin	28,135	61,979	(13,079)	75,058	(573.9%)
					EBIDA	14.1%	13.0%	-0.2%	13.3%	
13.5%	14.5%	2.4%	12.1%		Operating Margin	8.4%	5.5%	-9.6%	15.1%	
7.8%	6.8%	-6.9%	13.7%		Net Margin	10.7%	22.6%	-6.0%	28.6%	
10.9%	-3.4%	-2.6%	(0.8%)							

Financial Overview – September

Financial Performance

Enterprise

- The primary drivers of favorable operating income continue to be volumes which in most cases exceed pre-covid levels:
 - Volumes and Revenues continue to be stronger than budget as demonstrated by:
 - Adjusted Discharges were 344 cases or 14% favorable to budget
 - Gross charges were \$91M or 34% favorable to budget
 - Inpatient Charges up \$49M or 35% driven by OR, Cath Lab, Critical Care areas, and related Ancillary services
 - Outpatient Charges up \$42M or 34% driven by Cath Lab, OR, Emergency Room, and related Ancillary services
 - Operating Expenses were unfavorable to budget by \$8.6M or (11%), due to increased patient activity
 - SWB were unfavorable by \$5.0M or (11.5%)
 - Supplies were unfavorable by \$1.4M or (19%)
 - Purchased Services were unfavorable by \$1.3M or (27%)
 - All other discretionary non volume driven expenses were unfavorable by \$0.9M

Financial Overview – September cont.

Financial Performance

Hospital

- Adjusted Discharges (AD) favorable to budget by 344 ADs or (14%) and unfavorable to prior year by 127 AD's or (-4%)
 - Mountain View: Favorable to budget by 309 ADs (16%) and unfavorable to prior year by 164 AD's or (-7%)
 - Los Gatos: Favorable to budget by 35 ADs (6%) and favorable to prior year by 37 AD's or (7%)
- Operating Expense* Per Adjusted Discharge was \$24,976 which is 1.4% below budget
 - Excluding Depreciation and Interest

El Camino Health Medical Network

- Total visits were 12.7% favorable to budget with Urgent Care Visits making up 68% of the favorable variance in the month of September
- ECHMN net income was 2% favorable to budget in the month and is 11% favorable for the first quarter of FY2021

Dashboard - as of September 30, 2020

	Month				YTD			
	PY	CY	Bud/Target	Variance CY vs Bud	PY	CY	Bud/Target	Variance CY vs Bud
Consolidated Financial Perf.								
Total Operating Revenue	85,471	94,005	73,842	20,163	262,411	274,543	216,424	58,120
Operating Expenses	78,805	87,604	78,954	(8,649)	240,490	259,367	237,232	(22,135)
Operating Margin \$	6,666	6,401	(5,112)	11,513	21,920	15,176	(20,809)	35,985
Operating Margin %	7.8%	6.8%	(6.9%)	13.7%	8.4%	5.5%	(9.6%)	15.1%
EBIDA \$	11,559	13,624	1,776	11,847	36,869	35,816	(457)	36,273
EBIDA %	13.5%	14.5%	2.4%	12.1%	14.1%	13.0%	(0.2%)	13.3%
Hospital Volume								
Licensed Beds	443	454	454	-	443	454	454	-
ADC	227	246	199	46	227	236	191	45
Utilization MV	63%	64%	52%	12.8%	62%	61%	49%	12.0%
Utilization LG	27%	32%	27%	4.7%	29%	32%	26%	5.7%
Utilization Combined	51%	54%	44%	10.2%	51%	52%	42%	10.0%
Adjusted Discharges	2,989	2,861	2,517	344	9,428	8,702	7,406	1,296
Total Discharges (Excl NNB)	1,575	1,543	1,354	189	4,953	4,635	3,986	649
Total Discharges	1,915	1,871	1,686	185	6,013	5,698	4,972	726
Inpatient Cases								
MS Discharges	1,096	1,041	838	203	3,440	3,054	2,459	595
Deliveries	358	357	351	6	1,112	1,140	1,042	98
BHS	82	94	121	(27)	275	296	355	(59)
Rehab	39	51	44	7	126	145	130	15
Outpatient Cases								
ED	4,005	2,951	2,498	453	12,293	9,242	7,193	2,049
Procedural Cases	-	-	-	-	-	-	-	-
OP Surg	448	504	330	174	1,447	1,514	981	533
Endo	216	214	138	76	648	699	402	297
Interventional	182	172	98	74	527	523	275	248
All Other	8,232	11,340	7,059	4,281	23,860	33,336	20,889	12,447
Hospital Payor Mix								
Medicare	52.5%	48.4%	48.2%	0.2%	49.9%	47.9%	48.4%	(0.5%)
Medi-Cal	7.7%	7.5%	7.6%	(0.1%)	7.8%	7.2%	7.4%	(0.2%)
Commercial IP	16.3%	21.1%	20.6%	0.6%	18.6%	20.9%	20.6%	0.2%
Commercial OP	21.3%	20.8%	21.1%	(0.3%)	21.6%	21.7%	21.1%	0.6%
Total Commercial	37.6%	41.9%	41.7%	0.3%	40.1%	42.6%	41.7%	0.8%
Other	2.2%	2.2%	2.5%	(0.3%)	2.1%	2.4%	2.5%	(0.1%)
Hospital Cost								
Total FTE ¹	2,760.0	2,763.9	2,834.9	71.0	2,749.1	2,734.5	2,818.0	83.5
Productive Hrs/APD	32.1	30.8	34.7	3.9	31.6	31.0	35.7	4.7
Consolidated Balance Sheet								
Net Days in AR	48.8	52.9	49.0	(3.9)	48.8	52.9	49.0	(3.9)
Days Cash	468	520	435	84	468	520	435	84

¹ Paid FTE; Budget in this case is using the Flex Budget instead of Fixed Budget

Consolidated Balance Sheet

(in thousands)

ASSETS

	Audited	
	September 30, 2020	June 30, 2020
CURRENT ASSETS		
Cash	234,907	228,464
Short Term Investments	228,879	221,604
Patient Accounts Receivable, net	150,338	128,564
Other Accounts and Notes Receivable	12,973	13,811
Intercompany Receivables	73,779	72,592
Inventories and Prepays	24,480	101,267
Total Current Assets	725,357	766,303
BOARD DESIGNATED ASSETS		
Foundation Board Designated	16,070	15,364
Plant & Equipment Fund	176,154	166,859
Women's Hospital Expansion	30,401	22,563
Operational Reserve Fund	159,684	148,917
Community Benefit Fund	16,197	17,916
Workers Compensation Reserve Fund	16,482	16,482
Postretirement Health/Life Reserve Fund	30,913	30,731
PTO Liability Fund	29,121	27,515
Malpractice Reserve Fund	1,955	1,919
Catastrophic Reserves Fund	18,727	17,667
Total Board Designated Assets	495,703	465,933
FUNDS HELD BY TRUSTEE	17,558	23,478
LONG TERM INVESTMENTS	390,230	372,175
CHARITABLE GIFT ANNUITY INVESTMENTS	689	680
INVESTMENTS IN AFFILIATES	30,939	29,065
PROPERTY AND EQUIPMENT		
Fixed Assets at Cost	1,345,563	1,342,012
Less: Accumulated Depreciation	(692,889)	(676,535)
Construction in Progress	500,823	489,848
Property, Plant & Equipment - Net	1,153,497 #	1,155,326
DEFERRED OUTFLOWS	21,575	21,416
RESTRICTED ASSETS	27,951	28,547
OTHER ASSETS	83,019	3,231
TOTAL ASSETS	2,946,518	2,866,153

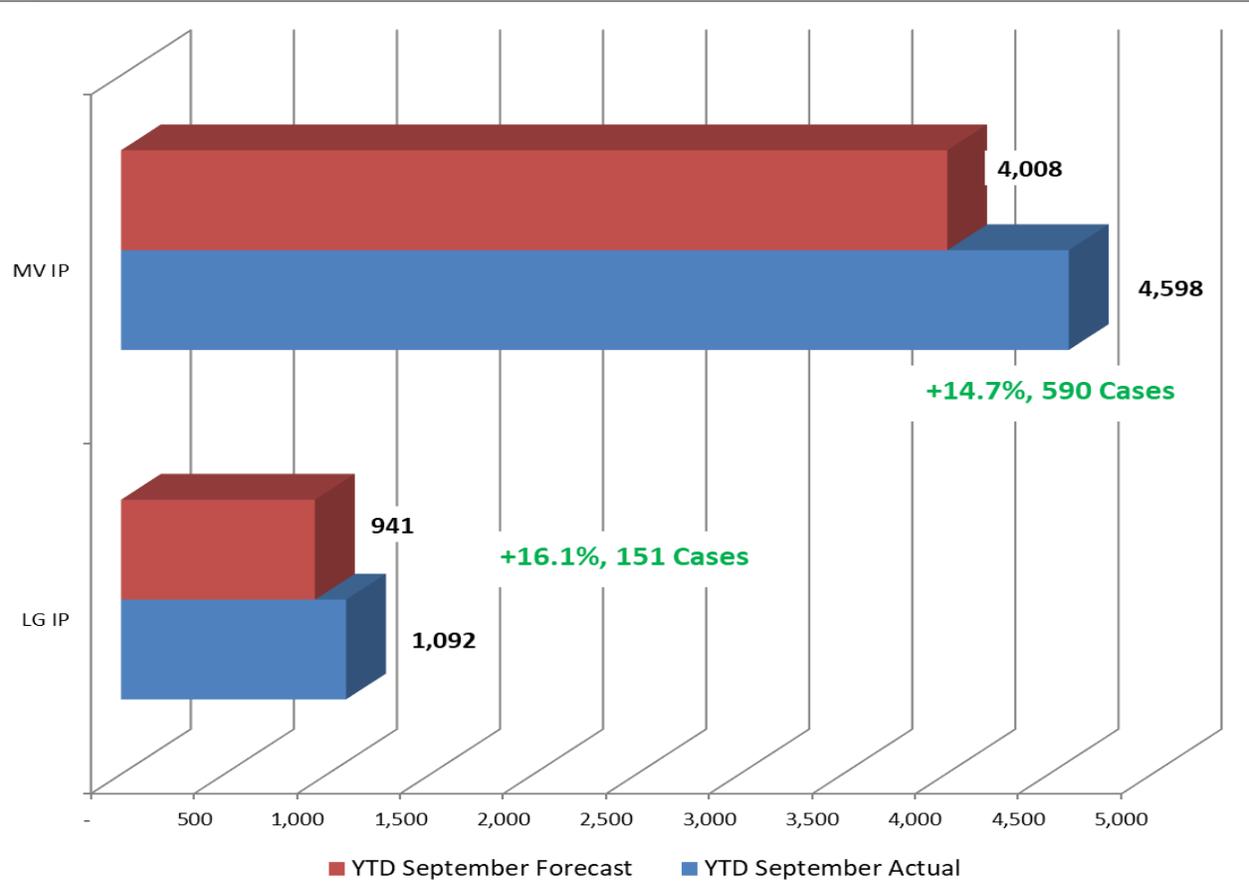
LIABILITIES AND FUND BALANCE

	Audited	
	September 30, 2020	June 30, 2020
CURRENT LIABILITIES		
(Accounts Payable	38,711	35,323
Salaries and Related Liabilities	37,849	35,209
Accrued PTO	29,816	28,124
Worker's Comp Reserve	2,300	2,300
Third Party Settlements	11,060	10,956
Intercompany Payables	71,634	70,292
Malpractice Reserves	1,560	1,560
Bonds Payable - Current	9,020	9,020
Bond Interest Payable	3,385	8,463
Other Liabilities	2,417	3,222
Total Current Liabilities	207,752 #	204,469
LONG TERM LIABILITIES		
Post Retirement Benefits	31,003	30,731
Worker's Comp Reserve	16,482	16,482
Other L/T Obligation (Asbestos)	4,124	4,094
Bond Payable	520,697	513,602
Total Long Term Liabilities	572,306	564,908
DEFERRED REVENUE-UNRESTRICTED	77,081	77,133
DEFERRED INFLOW OF RESOURCES	31,009	30,700
FUND BALANCE/CAPITAL ACCOUNTS		
Unrestricted	1,835,457	1,771,854
Board Designated	194,544	188,457
Restricted	28,370	28,631
Total Fund Bal & Capital Accts	2,058,371	1,988,942
TOTAL LIABILITIES AND FUND BALANCE	2,946,518	2,866,153

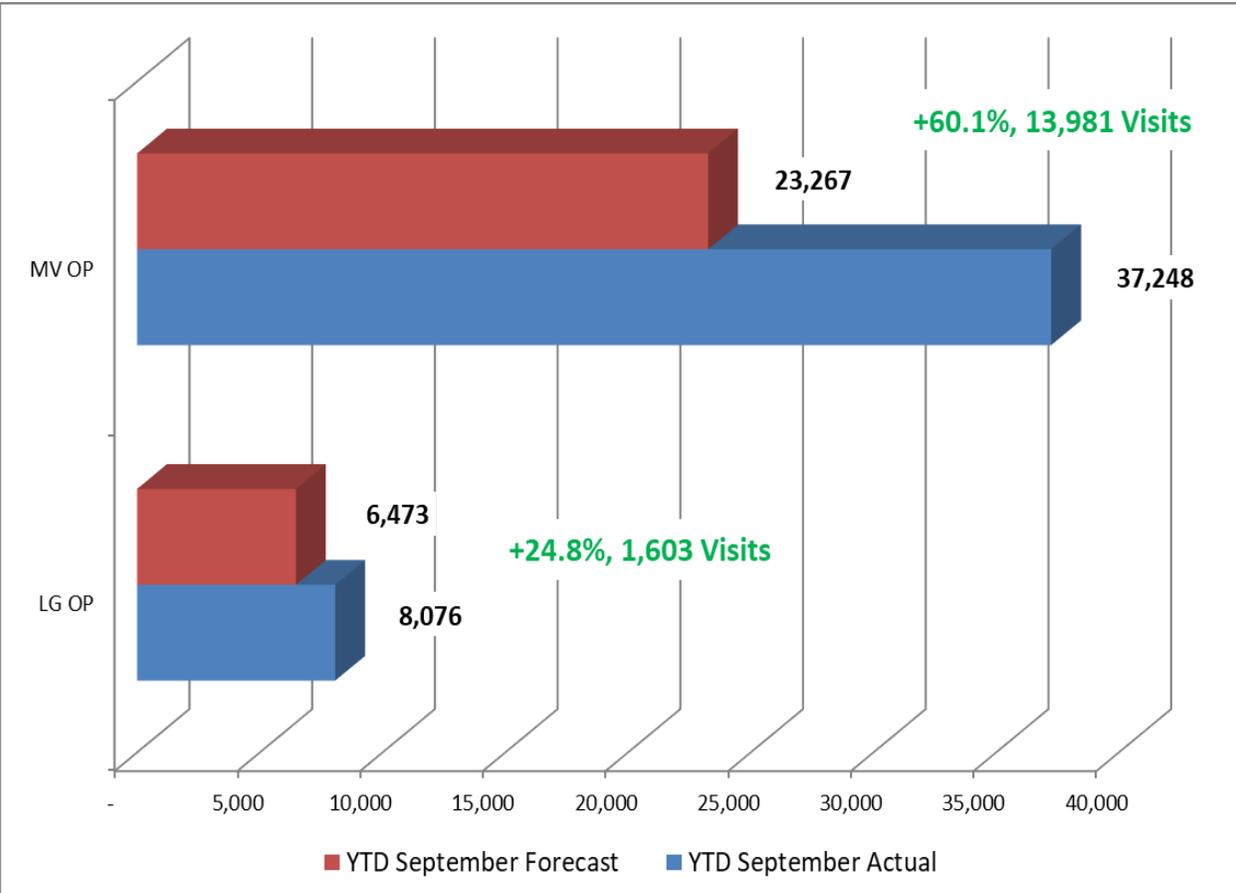
Year to Date September Volume Performance

FY2021 Budget vs Actual

INPATIENT



OUTPATIENT

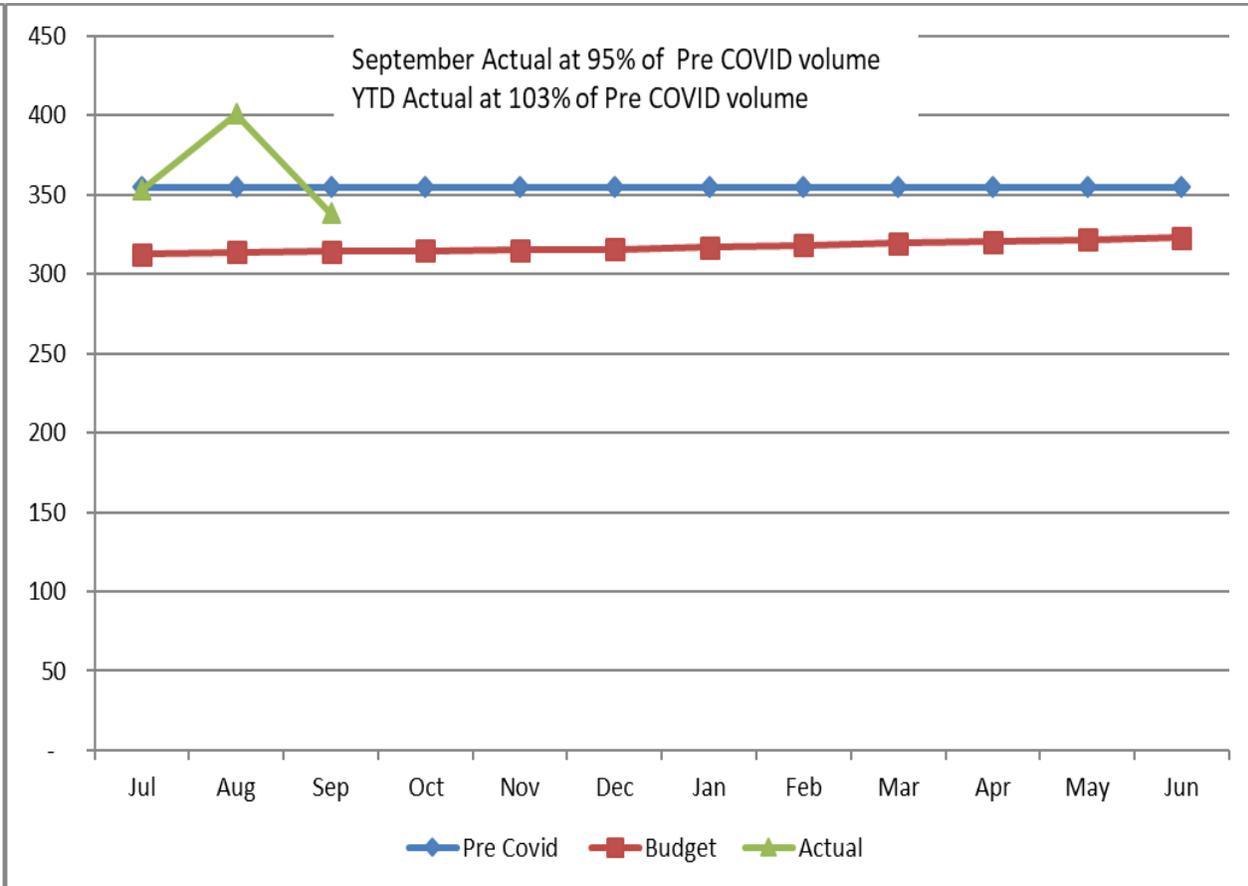
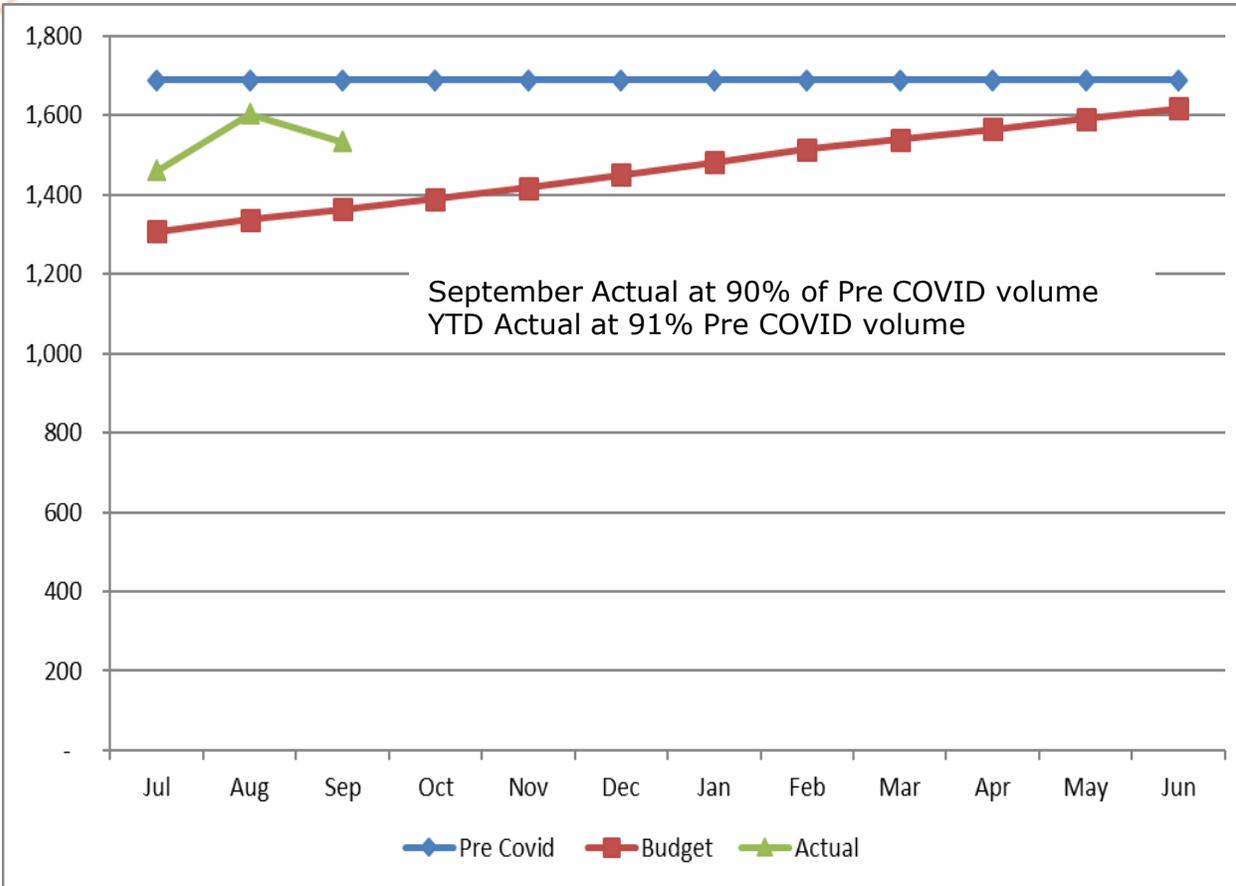


September Volume – Inpatient

FY2021 Budget vs Actual – Including Pre COVID Level

MV

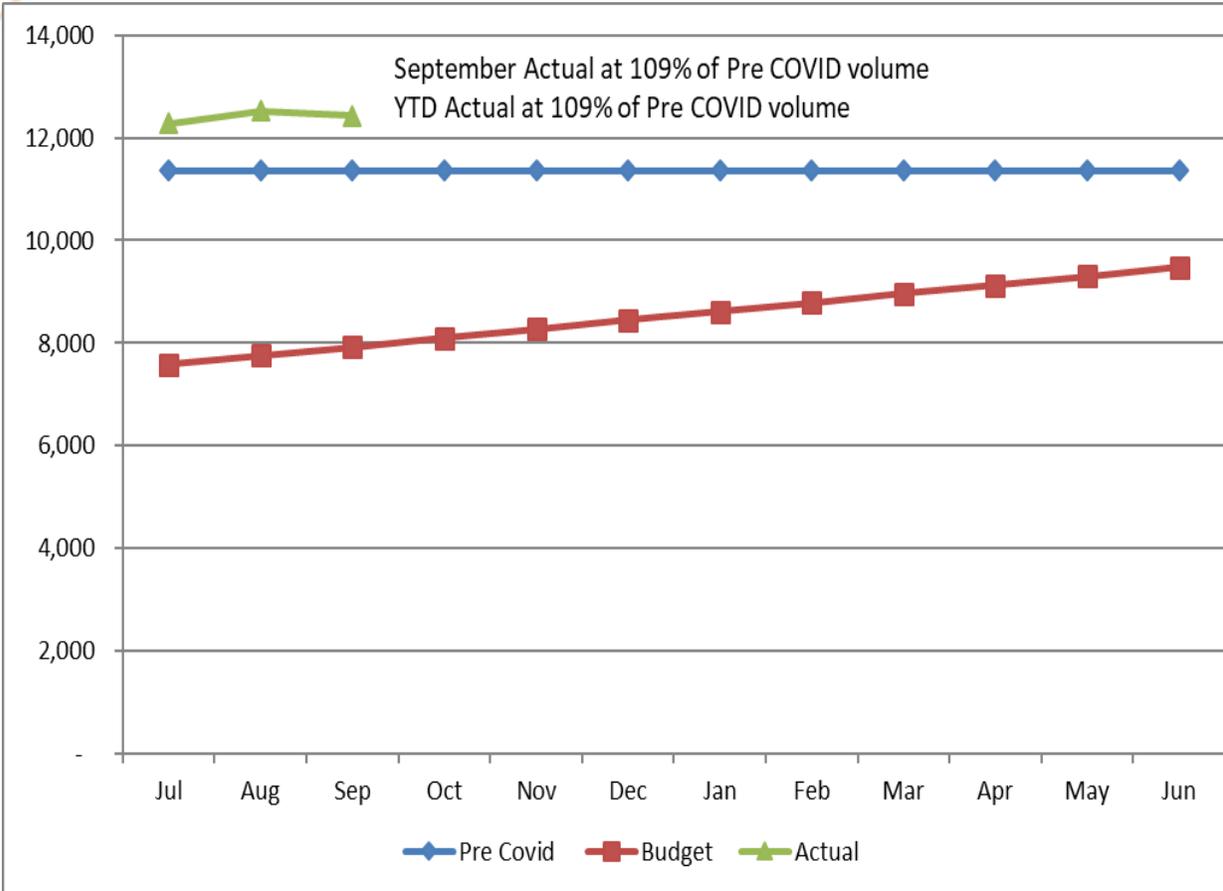
LG



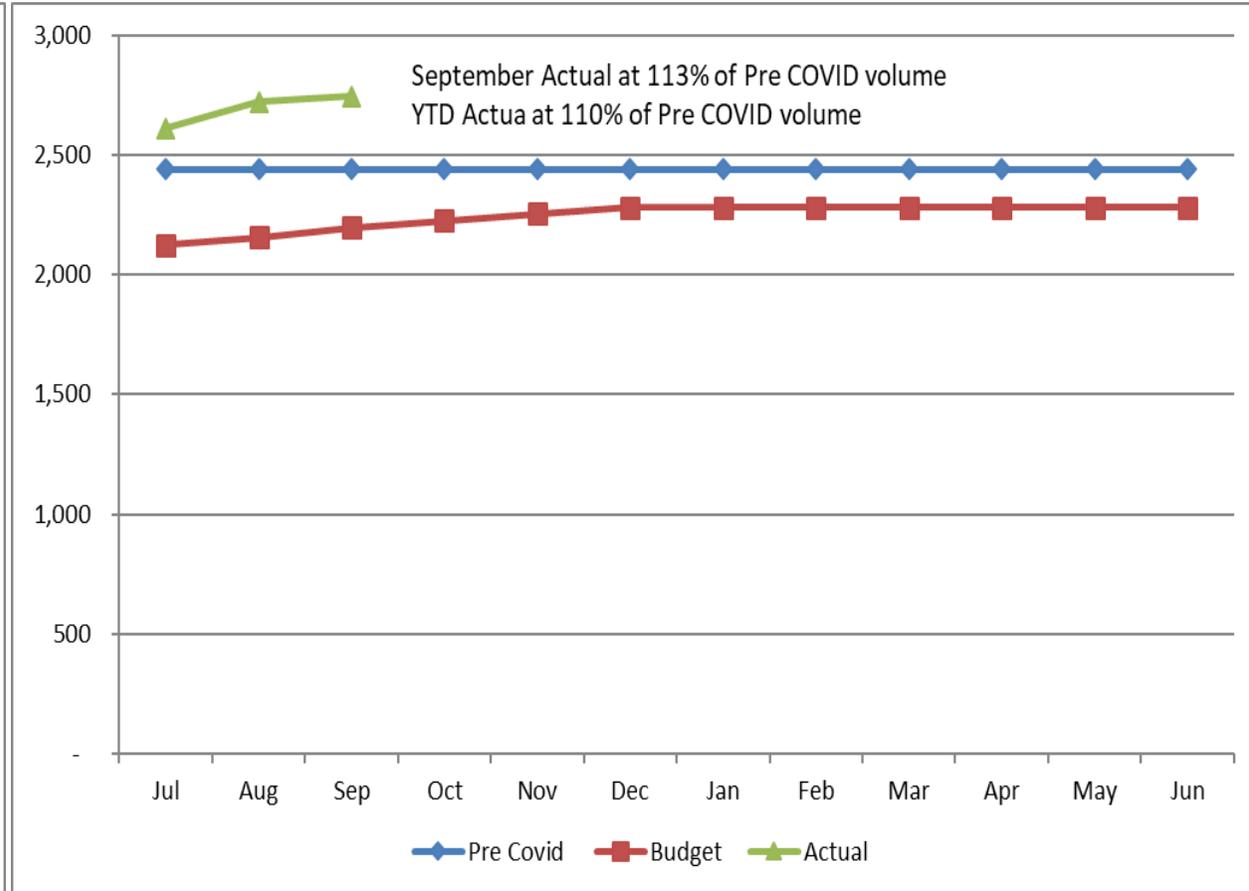
September Volume – Outpatient

FY2021 Budget vs Actual – Including Pre COVID Level

MV

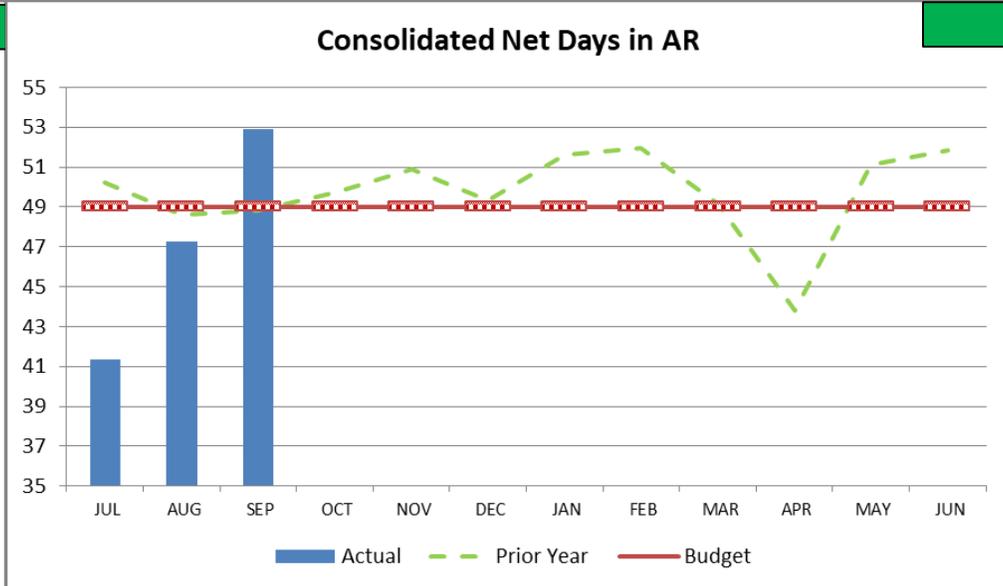
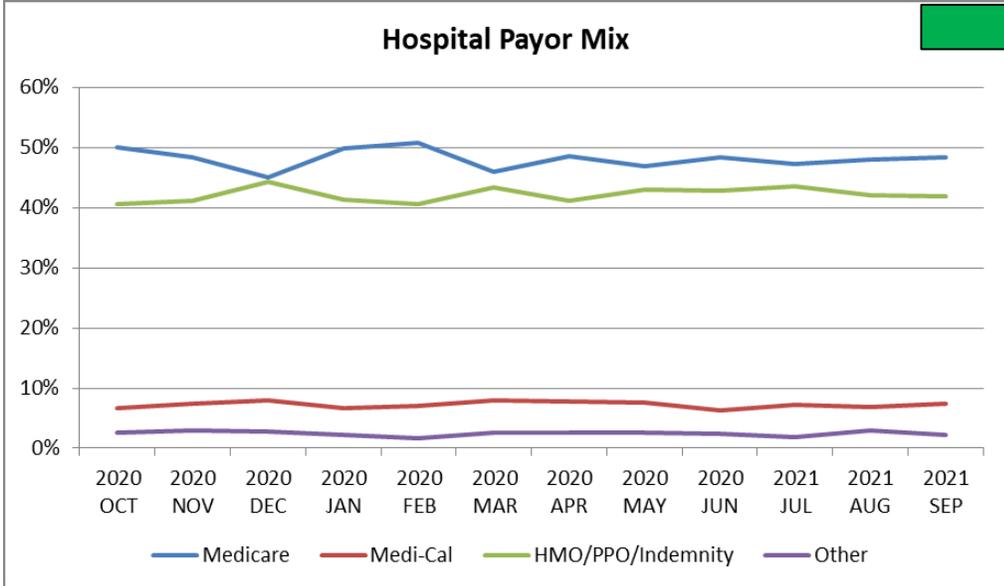
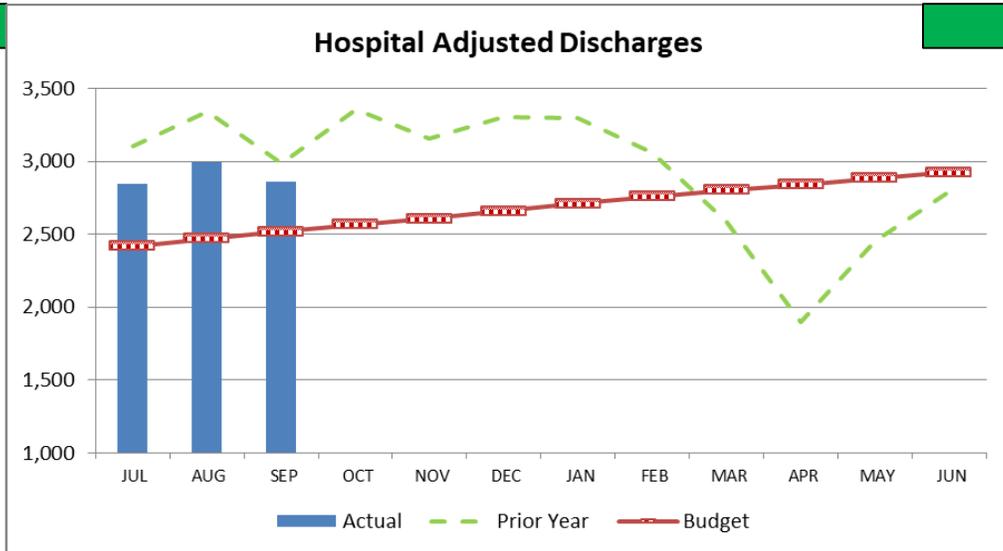
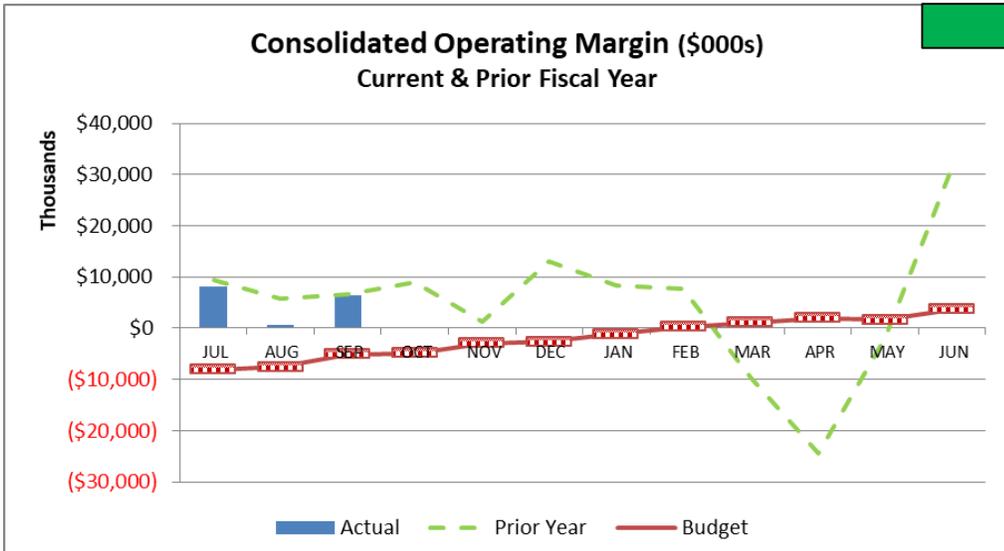


LG



APPENDIX

Monthly Financial Trends



Investment Portfolio Scorecard (as of 9/30/2020)

Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY20 Budget	Expectation Per Asset Allocation
Investment Performance									
		3Q 2020		Fiscal Year-to-date		7y 11m Since Inception (annualized)		FY 2020	2019
Surplus cash balance*		\$1,120.8	--	--	--	--	--	--	--
Surplus cash return		4.1%	3.9%	4.1%	3.9%	5.7%	5.6%	4.0%	5.6%
Cash balance plan balance (millions)		\$301.8	--	--	--	--	--	--	--
Cash balance plan return		5.3%	4.6%	5.3%	4.6%	7.7%	7.0%	6.0%	6.0%
403(b) plan balance (millions)		\$581.5	--	--	--	--	--	--	--
Risk vs. Return									
		3-year			7y 11m Since Inception (annualized)				2019
Surplus cash Sharpe ratio		0.51	0.51	--	--	0.83	0.83	--	0.34
Net of fee return		5.8%	5.5%	--	--	5.7%	5.6%	--	5.6%
Standard deviation		8.2%	7.9%	--	--	6.0%	5.8%	--	8.7%
Cash balance Sharpe ratio		0.54	0.49	--	--	0.91	0.88	--	0.32
Net of fee return		7.0%	6.0%	--	--	7.7%	7.0%	--	6.0%
Standard deviation		10.3%	9.4%	--	--	7.7%	7.1%	--	10.3%
Asset Allocation									
		3Q 2020							
Surplus cash absolute variances to target		12.4%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target		12.1%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Manager Compliance									
		3Q 2020							
Surplus cash manager flags		23	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		25	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$18 mm), District assets (~\$42 mm), and balance sheet cash not in investable portfolio (\$236 mm). Includes Foundation (~\$37 mm) and Concern (~\$15 mm) assets.

Non Operating Items and Net Margin by Affiliate

\$ in thousands

	Period 3- Month			Period 3- FYTD		
	Actual	Budget	Variance	Actual	Budget	Variance
El Camino Hospital Operating Margin						
Mountain View	7,001	(3,310)	10,311	20,837	(13,719)	34,556
Los Gatos	2,698	1,535	1,163	3,992	3,703	289
Sub Total - El Camino Hospital, excl. Affiliates	9,698	(1,775)	11,474	24,828	(10,016)	34,845
Operating Margin %	11.0%	-2.6%		9.6%	-5.0%	
El Camino Hospital Non Operating Income						
Sub Total - Non Operating Income	(9,418)	3,029	(12,447)	45,225	6,926	38,299
El Camino Hospital Net Margin	281	1,254	(973)	70,053	(3,090)	73,143
ECH Net Margin %	0.3%	1.8%		27.1%	-1.5%	
Concern	(128)	(85)	(44)	(39)	(14)	(25)
ECSC	(0)	0	(0)	(2)	0	(2)
Foundation	(339)	(29)	(310)	823	25	798
El Camino Health Medical Network	(2,969)	(3,025)	56	(8,856)	(9,999)	1,144
Net Margin Hospital Affiliates	(3,437)	(3,139)	(298)	(8,074)	(9,989)	1,915
Total Net Margin Hospital & Affiliates	(3,156)	(1,884)	(1,272)	61,979	(13,079)	75,058

El Camino Hospital – Mountain View (\$000s)

Period ending 9/30/2020

Period 3 FY 2020	Period 3 FY 2021	Period 3 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
255,491	275,631	202,052	73,579	36.4%	Gross Revenue	758,020	797,771	591,404	206,366	34.9%
(189,393)	(206,164)	(149,687)	(56,476)	(37.7%)	Deductions	(555,749)	(591,726)	(438,134)	(153,592)	(35.1%)
66,098	69,467	52,365	17,102	32.7%	Net Patient Revenue	202,271	206,045	153,270	52,775	34.4%
2,274	1,238	1,492	(253)	(17.0%)	Other Operating Revenue	5,169	4,237	4,437	(199)	(4.5%)
68,373	70,706	53,857	16,849	31.3%	Total Operating Revenue	207,441	210,282	157,707	52,575	33.3%
					OPERATING EXPENSE					
35,745	37,953	34,022	(3,931)	(11.6%)	Salaries & Wages	107,731	111,841	102,261	(9,580)	(9.4%)
10,046	9,660	8,082	(1,578)	(19.5%)	Supplies	31,092	32,922	23,945	(8,978)	(37.5%)
5,489	6,881	6,880	(2)	(0.0%)	Fees & Purchased Services	19,166	19,323	20,664	1,341	6.5%
2,361	3,019	2,405	(614)	(25.5%)	Other Operating Expense	7,380	7,814	7,461	(353)	(4.7%)
525	1,428	926	(501)	(54.1%)	Interest	1,590	4,287	2,775	(1,512)	(54.5%)
3,516	4,763	4,852	88	1.8%	Depreciation	10,796	13,258	14,320	1,062	7.4%
57,682	63,705	57,167	(6,538)	(11.4%)	Total Operating Expense	177,754	189,445	171,426	(18,019)	(10.5%)
10,691	7,001	(3,310)	10,311	(311.5%)	Net Operating Margin	29,686	20,837	(13,719)	34,556	(251.9%)
2,281	(9,418)	3,029	(12,447)	(410.9%)	Non Operating Income	4,426	45,225	6,926	38,299	553.0%
12,972	(2,417)	(281)	(2,136)	760.9%	Net Margin	34,112	66,061	(6,793)	72,855	(1072.4%)
21.5%	18.7%	4.6%	14.1%		EBIDA	20.3%	18.3%	2.1%	16.1%	
15.6%	9.9%	-6.1%	16.0%		Operating Margin	14.3%	9.9%	-8.7%	18.6%	
19.0%	-3.4%	-0.5%	(2.9%)		Net Margin	16.4%	31.4%	-4.3%	35.7%	

El Camino Hospital – Los Gatos (\$000s)

Period ending 9/30/2020

Period 3 FY 2020	Period 3 FY 2021	Period 3 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
50,337	72,668	56,665	16,003	28.2%	Gross Revenue	167,836	207,037	167,663	39,374	23.5%
(38,291)	(55,665)	(42,242)	(13,423)	(31.8%)	Deductions	(126,333)	(159,897)	(125,112)	(34,785)	(27.8%)
12,046	17,003	14,423	2,580	17.9%	Net Patient Revenue	41,503	47,140	42,551	4,589	10.8%
410	423	271	152	56.3%	Other Operating Revenue	1,175	1,218	811	407	50.2%
12,456	17,426	14,694	2,732	18.6%	Total Operating Revenue	42,678	48,358	43,362	4,995	11.5%
					OPERATING EXPENSE					
7,001	8,028	6,985	(1,043)	(14.9%)	Salaries & Wages	21,788	24,247	21,115	(3,132)	(14.8%)
1,865	2,564	2,309	(254)	(11.0%)	Supplies	6,481	8,046	6,721	(1,325)	(19.7%)
2,662	2,743	2,661	(82)	(3.1%)	Fees & Purchased Services	8,141	8,495	7,998	(497)	(6.2%)
386	576	358	(218)	(61.0%)	Other Operating Expense	953	1,122	1,360	238	17.5%
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
798	818	847	29	3.4%	Depreciation	2,401	2,456	2,466	10	0.4%
12,713	14,728	13,159	(1,569)	(11.9%)	Total Operating Expense	39,763	44,366	39,659	(4,707)	(11.9%)
(257)	2,698	1,535	1,163	75.7%	Net Operating Margin	2,915	3,992	3,703	289	7.8%
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
(257)	2,698	1,535	1,163	75.7%	Net Margin	2,915	3,992	3,703	289	7.8%
4.3%	20.2%	16.2%	4.0%		EBIDA	12.5%	13.3%	14.2%	(0.9%)	
-2.1%	15.5%	10.4%	5.0%		Operating Margin	6.8%	8.3%	8.5%	(0.3%)	
-2.1%	15.5%	10.4%	5.0%		Net Margin	6.8%	8.3%	8.5%	(0.3%)	

El Camino Health Medical Network (\$000s)

Period ending 9/30/2020

Period 3 FY 2020	Period 3 FY 2021	Period 3 Budget 2021	Variance Fav (Unfav)	Var%	\$000s	YTD FY 2020	YTD FY 2021	YTD Budget 2021	Variance Fav (Unfav)	Var%
					OPERATING REVENUE					
6,277	9,539	7,960	1,579	19.8%	Gross Revenue	17,399	25,380	22,969	2,410	10.5%
(4,582)	(6,001)	(5,330)	(671)	(12.6%)	Deductions	(12,325)	(17,015)	(15,602)	(1,414)	(9.1%)
1,695	3,538	2,630	908	34.5%	Net Patient Revenue	5,074	8,364	7,368	997	13.5%
2,032	1,660	1,938	(278)	(14.4%)	Other Operating Revenue	4,936	5,403	5,815	(412)	(7.1%)
3,726	5,198	4,568	630	13.8%	Total Operating Revenue	10,009	13,767	13,182	585	4.4%
					OPERATING EXPENSE					
1,782	1,724	1,664	(60)	(3.6%)	Salaries & Wages	5,234	4,882	5,160	278	5.4%
398	571	430	(141)	(32.7%)	Supplies	1,117	1,474	1,308	(166)	(12.7%)
4,613	4,836	4,474	(362)	(8.1%)	Fees & Purchased Services	11,999	13,103	13,638	536	3.9%
660	836	764	(72)	(9.5%)	Other Operating Expense	1,906	2,563	2,292	(271)	(11.8%)
0	0	0	0	0.0%	Interest	0	0	0	0	0.0%
52	200	261	61	23.3%	Depreciation	155	601	784	182	23.3%
7,505	8,167	7,593	(575)	(7.6%)	Total Operating Expense	20,411	22,623	23,182	559	2.4%
(3,779)	(2,969)	(3,025)	56	(1.8%)	Net Operating Margin	(10,401)	(8,856)	(9,999)	1,144	(11.4%)
0	0	0	0	0.0%	Non Operating Income	0	0	0	0	0.0%
(3,778)	(2,969)	(3,025)	56	(1.8%)	Net Margin	(10,401)	(8,856)	(9,999)	1,144	(11.4%)
-100.0%	-53.3%	-60.5%	7.2%		EBIDA	-102.4%	-60.0%	-69.9%	10.0%	
-101.4%	-57.1%	-66.2%	9.1%		Operating Margin	-103.9%	-64.3%	-75.9%	11.5%	
-101.4%	-57.1%	-66.2%	9.1%		Net Margin	-103.9%	-64.3%	-75.9%	11.5%	

FY21 COMMITTEE GOALS

Investment Committee

PURPOSE

The purpose of the Investment Committee is to develop and recommend to the El Camino Hospital (ECH) Board of Directors ("Board") the investment policies governing the Hospital's assets, maintain current knowledge of the management and investment funds of the Hospital, and provide oversight of the allocation of the investment assets.

STAFF: Carlos Bohorquez, Chief Financial Officer (Executive Sponsor)

The CFO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. Additional members of the Executive Team or hospital staff may participate in the meetings upon the recommendation of the CFO and at the discretion of the Committee Chair. The CEO is an ex-officio member of this Committee.

GOALS	TIMELINE	METRICS
1. Review performance of consultant recommendations of managers and asset allocations	Each quarter - ongoing	Committee to review selection of money managers and make recommendations to the CFO
2. Education Topic: Investment Allocation in Uncertain Times	FY21 Q1	Complete by the August 2020 meeting
3. Asset Allocation, Investment Policy Review and ERM framework including Efficient Frontier	FY21 Q3	Completed by March 2021

SUBMITTED BY:

Chair: Brooks Nelson

Executive Sponsor: Carlos Bohorquez, CFO

FY21 INVESTMENT COMMITTEE PACING PLAN

FY 2021: Q1		
JULY - NO MEETING	AUGUST 10, 2020 Meeting	SEPTEMBER - NO MEETING
Participate in Committee Self –Assessment Survey	<ul style="list-style-type: none"> ▪ Capital Markets Review and Portfolio Performance ▪ Tactical Asset Allocation Positioning and Market Outlook ▪ Education Topic: Investing In Uncertain Times ▪ CFO Report Out – Open Session Finance Committee Materials 	N/A
FY 2021: Q2		
OCTOBER - NO MEETING	NOVEMBER 9, 2020 Meeting	DECEMBER - NO MEETING
<i>October 28, 2020 – Board and Committee Educational Session</i>	<ul style="list-style-type: none"> ▪ Capital Markets Review and Portfolio Performance ▪ Tactical Asset Allocation Positioning and Market Outlook ▪ Investment Policy Review ▪ CFO Report Out – Open Session Finance Committee Materials 	N/A
FY 2021: Q3		
JANUARY 25, 2020	FEBRUARY 8, 2021 Meeting	MARCH - NO MEETING
<i>Joint Finance Committee and Investment Committee meeting: Long Range Financial Forecast</i>	<ul style="list-style-type: none"> ▪ Capital Markets Review and Portfolio Performance ▪ Tactical Asset Allocation Positioning and Market Outlook ▪ CFO Report Out – Open Session Finance Committee Materials ▪ Proposed FY 2021 Goals/Pacing Plan/Meeting Dates ▪ Asset Allocation and ERM Framework 	N/A
FY 2021: Q4		
APRIL - NO MEETING	MAY 10, 2021 Meeting	JUNE - NO MEETING
<i>April 28, 2021 Board and Committee Educational Session</i>	<ul style="list-style-type: none"> ▪ Capital Markets Review and Portfolio Performance ▪ Tactical Asset Allocation Positioning and Market Outlook ▪ CFO Report Out – Open Session Finance Committee Materials ▪ 403(b) Investment Performance ▪ Approve FY 21 Committee Goals ▪ Review status of FY20 Committee Goals 	N/A

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: Investment Committee
From: Cindy Murphy, Director of Governance Services
Date: November 9, 2020
Subject: Report on Board Actions

Purpose: To keep the Committee informed with regards to actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

Summary:

1. **Situation:** It is important to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.
2. **Authority:** This is being brought to the Committees at the request of the Board and the Committees.
3. **Background:** Since the last time we provided this report to the Investment Committee, the Hospital Board has met three times and the District Board has met three times. In addition, since the Board has delegated certain authority to the Executive Compensation Committee, the Compliance and Audit Committee and the Finance Committee, those approvals are also noted in this report.

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
ECH Board	August 12, 2020	<ul style="list-style-type: none"> - FY21 Organizational Performance Goals - FY20 Period 12 Financials - FY21 Capital and Operating Budget - Increased Funding For Radiation Oncology Equipment - Medical Staff Report Including Credentials and Privileges Report
	September 9, 2020	<ul style="list-style-type: none"> - FY21 Period 1 Financials - Medical Staff Report Including Credentials and Privileges Report - Appointment of Rich Juelis to the Investment Committee - Appointment of Wayne Doiguchi to the Finance Committee
	October 14, 2020	<ul style="list-style-type: none"> - Resolution Recognizing the El Camino Health Foundation for Establishing COVID-19 Relief Fund - FY21 Period 2 Financials - FY20 Financial Audit and Cash Balance and 403(b) Plan Audits - Quality Committee Report Including Credentials and Privileges Report - FY20 Organizational Performance Score - FY21 Readmissions Organizational Performance Goal Metrics - Neuro-Interventional Call Panel

Report on Board Actions
November 9, 2020

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
		- Medical Director, Cardiac Rehabilitation
ECHD Board	August 12, 2020	- FY21 ECHD Consolidated and Stand Alone Budgets - Resolution Setting Annual Tax Appropriation Limit (Gann Limit)
	September 10, 2020	- Disbanded Compliance Issue Ad Hoc Committee
	October 20, 2020	- FY20 Year End Consolidated Financials - FY20 Year End Community Benefit Report - ECHD Conflict of Interest Code - FY20 Year End ECHD Stand Alone Financials - FY20 Financial Audit - FY21 Period 2 Financials - Appointment of District Director George Ting as Chair of the ECH Board Member Election Ad Hoc Committee and as Liaison to the Community Benefit Advisory Council - Revisions to the ECHD Community Benefit Grants Policy (moves up timeline for notification to the public regarding grant funding cycle)
Executive Compensation Committee	September 22, 2020	- FY21 Executive Base Salaries - FY21 Executive Individual Goals - FY21 Executive Compensation Incentive Payouts
Compliance and Audit Committee	N/A	
Finance Committee	N/A	

List of Attachments: None.

Suggested Committee Discussion Questions: None.

El Camino Hospital

Capital Markets Review & Portfolio Performance

September 30, 2020

1	Executive Summary	1
2	Capital Markets Review	8
3	Performance Summary	20
4	Direct Hedge Fund Portfolio	41
5	Appendix	55

Executive Summary

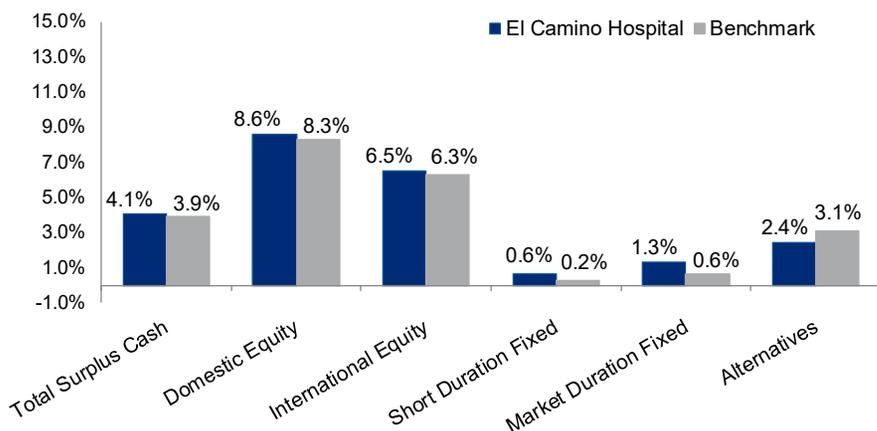
Investment Scorecard

As of September 30, 2020

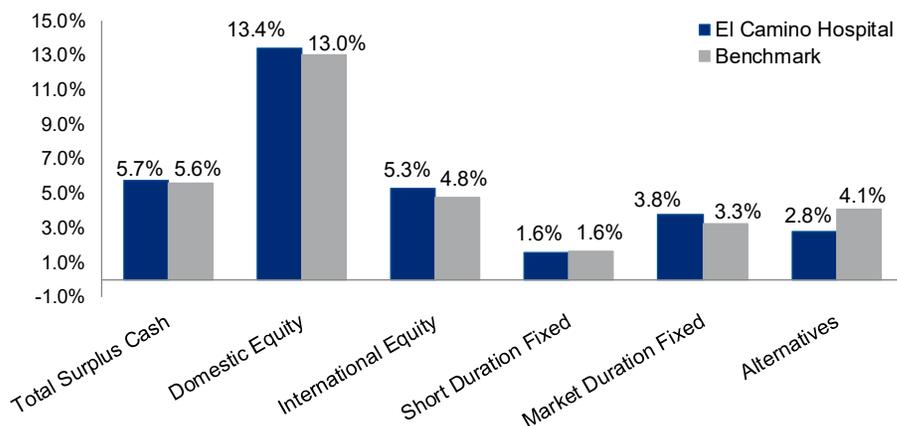
Key Performance Indicator	Status	El Camino	Benchmark	El Camino	Benchmark	El Camino	Benchmark	FY20 Budget	Expectation Per Asset Allocation
Investment Performance		3Q 2020		Fiscal Year-to-date		7y 11m Since Inception (annualized)		FY 2020	2019
Surplus cash balance*		\$1,120.8	--	--	--	--	--	--	--
Surplus cash return		4.1%	3.9%	4.1%	3.9%	5.7%	5.6%	4.0%	5.6%
Cash balance plan balance (millions)		\$301.8	--	--	--	--	--	--	--
Cash balance plan return		5.3%	4.6%	5.3%	4.6%	7.7%	7.0%	6.0%	6.0%
403(b) plan balance (millions)		\$581.5	--	--	--	--	--	--	--
Risk vs. Return		3-year			7y 11m Since Inception (annualized)				2019
Surplus cash Sharpe ratio		0.51	0.51	--	--	0.83	0.83	--	0.34
Net of fee return		5.8%	5.5%	--	--	5.7%	5.6%	--	5.6%
Standard deviation		8.2%	7.9%	--	--	6.0%	5.8%	--	8.7%
Cash balance Sharpe ratio		0.54	0.49	--	--	0.91	0.88	--	0.32
Net of fee return		7.0%	6.0%	--	--	7.7%	7.0%	--	6.0%
Standard deviation		10.3%	9.4%	--	--	7.7%	7.1%	--	10.3%
Asset Allocation		3Q 2020							
Surplus cash absolute variances to target		12.4%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Cash balance absolute variances to target		12.1%	< 10% Green < 20% Yellow	--	--	--	--	--	--
Manager Compliance		3Q 2020							
Surplus cash manager flags		23	< 24 Green < 30 Yellow	--	--	--	--	--	--
Cash balance plan manager flags		25	< 27 Green < 34 Yellow	--	--	--	--	--	--

*Excludes debt reserve funds (~\$18 mm), District assets (~\$42 mm), and balance sheet cash not in investable portfolio (\$236 mm). Includes Foundation (~\$37 mm) and Concern (~\$15 mm) assets.

Performance: Most Recent Quarter



Performance: Since Inception¹



¹ Reflects the date Pavilion's recommended portfolio was implemented (November 1, 2012).

Asset Allocation

Manager	Total Assets (\$ mil.)	Percent of Total	Target Allocation	Variance to Target	Target Range	Within Policy Range
Domestic Equity	\$316.9	28.3%	25.0%	+ 3.3%	20-30%	Yes
International Equity	\$153.2	13.7%	15.0%	- 1.3%	10-20%	Yes
Short-Duration Fixed	\$121.2	10.8%	10.0%	+ 0.8%	8-12%	Yes
Market-Duration Fixed	\$360.1	32.1%	30.0%	+ 2.1%	25-35%	Yes
Alternatives	\$169.4	15.1%	20.0%	- 4.9%	17-23%	No
Total (X District)	\$1,120.8	100.0%				

Portfolio Updates

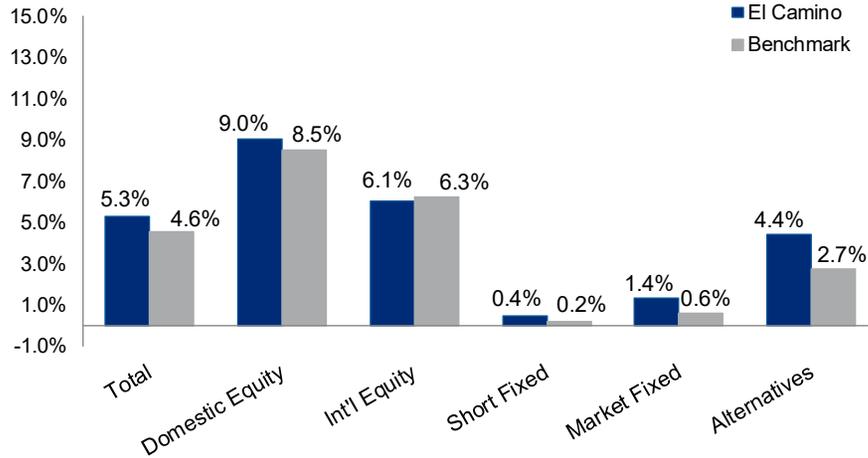
Performance

- The Surplus Cash Portfolio returned 4.1% for the quarter, outperforming its benchmark by approximately 20 bps. Relative outperformance during the quarter was driven by manager results, particularly within large cap equity and fixed income.
- The domestic and international equity composites benefited relative results while also generating absolute gains.
- International equity manager Walter Scott (BNY Mellon) and large growth manager Sands were the top relative performers, outpacing their benchmarks by 230 bps and 220 bps, respectively.

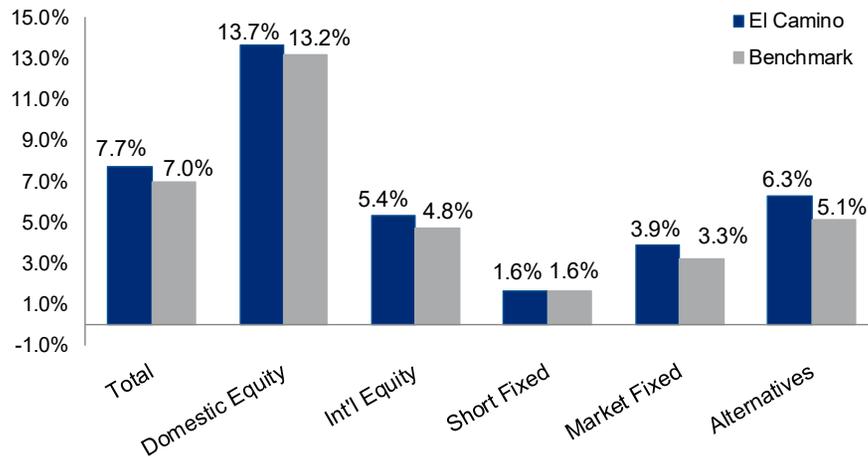
Investment Activity

- \$70 million was contributed to the portfolio in October, \$19.0 million of which was invested in traditional equity and \$16.0 million in fixed income, while the remaining \$35.0 million is reserved for alternatives to bring the allocation back within the policy range. The equity portfolio was subsequently rebalanced to reduce the overweight to growth and US equity and increase the emerging market exposure.
- El Camino committed \$20.0 mm to the Oaktree Opps Fund XI as decided by management and endorsed at a previous Investment Committee meeting.
- Of the \$35.0 million reserved for hedge funds, \$15 million each is expected to be invested in both the Voya Mortgage Fund and the Capstone Volatility Fund with the remainder of the assets allocated to existing hedge fund managers.
- Walton Street Real Estate Fund VIII issued a distribution of approximately \$445,553 during the quarter.

Performance: Most Recent Quarter



Performance: Since Inception¹



Asset Allocation

Manager	Total Assets (\$, mil.)	Percent of Total	Target Allocation	Variance to Target	Target Range	Within Policy Range
Domestic Equity	\$109.2	36.2%	32.0%	+ 4.2%	27-37%	Yes
International Equity	\$ 51.2	17.0%	18.0%	- 1.0%	15-21%	Yes
Short-Duration Fixed	\$ 10.2	3.4%	5.0%	- 1.6%	0-8%	Yes
Market-Duration Fixed	\$ 81.2	26.9%	25.0%	+ 1.9%	20-30%	Yes
Alternatives	\$ 50.0	16.6%	20.0%	- 3.4%	17-23%	No
Total	\$301.8	100.0%				

Portfolio Updates

Performance

- The Cash Balance Plan returned 5.3% for the quarter, outperforming its benchmark by 70 bps. Relative outperformance during the second quarter was driven by manager results across the board, particularly within large cap equity and market duration fixed income.
- The domestic and international equity composites benefited relative results while also generating absolute gains.
- International equity manager Walter Scott (BNY Mellon) and large growth manager Sands were the top relative performers, outpacing their benchmarks by 230 bps and 220 bps, respectively.

Investment Activity

- \$3.3 million was contributed to the portfolio in July with another \$3.7 million contributed in October. Subsequent to the October contribution, the portfolio was rebalanced to reduce the overweight to growth and US equities.
- A \$6.0 million additional investment in Lighthouse scheduled to occur November 1st will bring the alternatives allocation back within the policy range.
- The Walton Street Real Estate Fund VIII issued a distribution of approximately \$0.3 million during the quarter.

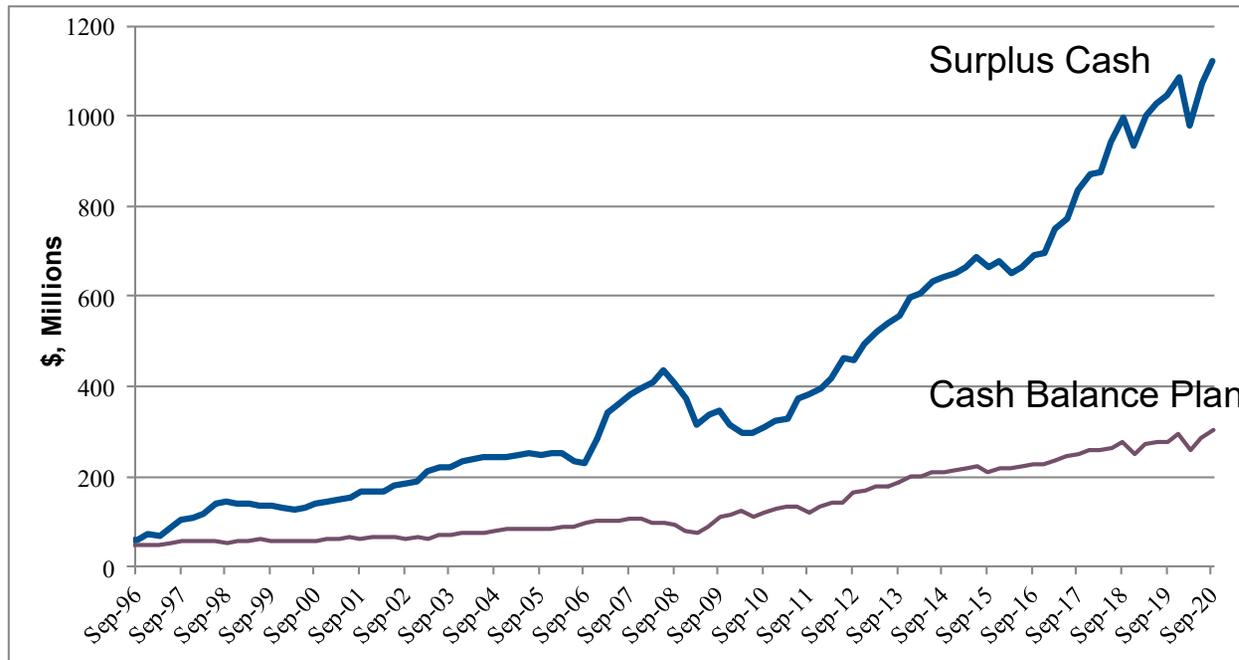
¹ Reflects the date Pavilion's recommended portfolio was implemented (November 1, 2012).

Calendar Year Market Value Reconciliation

As of September 30, 2020

\$ in Millions	Surplus Cash					Cash Balance Plan				
	2016	2017	2018	2019	YTD 2020	2016	2017	2018	2019	YTD 2020
Beginning Market Value	\$677.5	\$694.7	\$872.3	\$934.4	\$1,088.1	\$216.8	\$228.1	\$259.3	\$250.1	\$294.0
Net Cash Flow	(\$17.5)	\$89.0	\$83.1	\$4.4	(\$1.1)	\$0.4	(\$0.8)	(\$3.9)	(\$2.6)	(\$1.5)
Income	\$12.4	\$14.2	\$18.1	\$21.4	\$16.7	\$3.4	\$3.6	\$4.1	\$4.9	\$2.9
Realized Gain/(Loss)	\$7.1	\$9.6	\$14.1	\$20.0	\$11.4	\$4.5	\$2.2	\$10.0	\$6.0	(\$0.3)
Unrealized Gain/(Loss)	\$15.1	\$64.8	(\$53.2)	\$107.9	\$5.7	\$3.0	\$26.2	(\$19.4)	\$35.6	\$6.8
Capital App/(Dep)	\$34.6	\$88.6	(\$21.0)	\$149.3	\$33.9	\$10.9	\$32.0	(\$5.3)	\$46.6	\$9.4
End of Period Market Value	\$694.7	\$872.3	\$934.4	\$1,088.1	\$1,120.8	\$228.1	\$259.3	\$250.1	\$294.0	\$301.8
Return Net of Fees	5.2%	11.8%	-2.6%	15.1%	2.9%	4.9%	14.5%	-2.8%	18.2%	3.4%

Totals may not add due to rounding.



Fund Name	Excess Performance (3Yr)	Excess Performance (5Yr)	Peer Return Rank (3Yr)	Peer Return Rank (5Yr)	Sharpe Ratio (5Yr)	Information Ratio (5Yr)
Sands Large Cap Growth (Touchstone) - Both Plans	✓	✓	✓	✓	✗	✓
Barrow Hanley Large Cap Value - Surplus Cash	✓	✗	✗	✗	✗	✓
Barrow Hanley Large Cap Value - Pension	✓	✓	✓	✗	✗	✓
Wellington Small Cap Value - Surplus Cash	✗	✗	✗	✗	✗	✗
Wellington Small Cap Value - Pension	✗	✗	✗	✗	✗	✗
Conestoga Small-Cap Fund I - Both Plans	✓	✓	✓	✓	✓	✓
BNY Mellon International Stock - Both Plans	✓	✓	✓	✓	✓	✓
Causeway International Value - Both Plans	✗	✗	✗	✗	✗	✗
Harding Loevner Inst. Emerging Markets I - Both Plans	✗	✗	✗	✓	✗	✗
Barrow Hanley Short Fixed - Surplus Cash	✓	✓	✓	✓	✗	✓
Barrow Hanley Short Fixed - Pension	✓	✓	✓	✓	✗	✓
Dodge & Cox Fixed - Surplus Cash	✓	✓	✓	✓	✓	✓
Dodge & Cox Fixed - Pension	✓	✓	✓	✓	✓	✓
MetWest Fixed - Surplus Cash	✓	✓	✓	✓	✓	✓
Met West Fixed - Pension	✓	✓	✓	✓	✓	✓
Lighthouse Diversified - Pension	✗	✗	-	-	✗	✗
Pointer Offshore LTD - Pension	✓	✓	-	-	✓	✓

- ✓ Goals met or no material change
- ✗ Goals not met or material change

Excess Performance - The fund must outperform its benchmark over the trailing 3 / 5 year period.
 Peer Return Rank - The fund's Return Rank must be in the top 51% of its peer group over the trailing 3 / 5 year period.
 Sharpe Ratio (5YR) The fund's Sharpe Ratio must be greater than the benchmark over the trailing 5-year period.
 Information Ratio (5Yr) The fund's Information Ratio must be greater than 0% over the trailing 5-year period.

Score Card

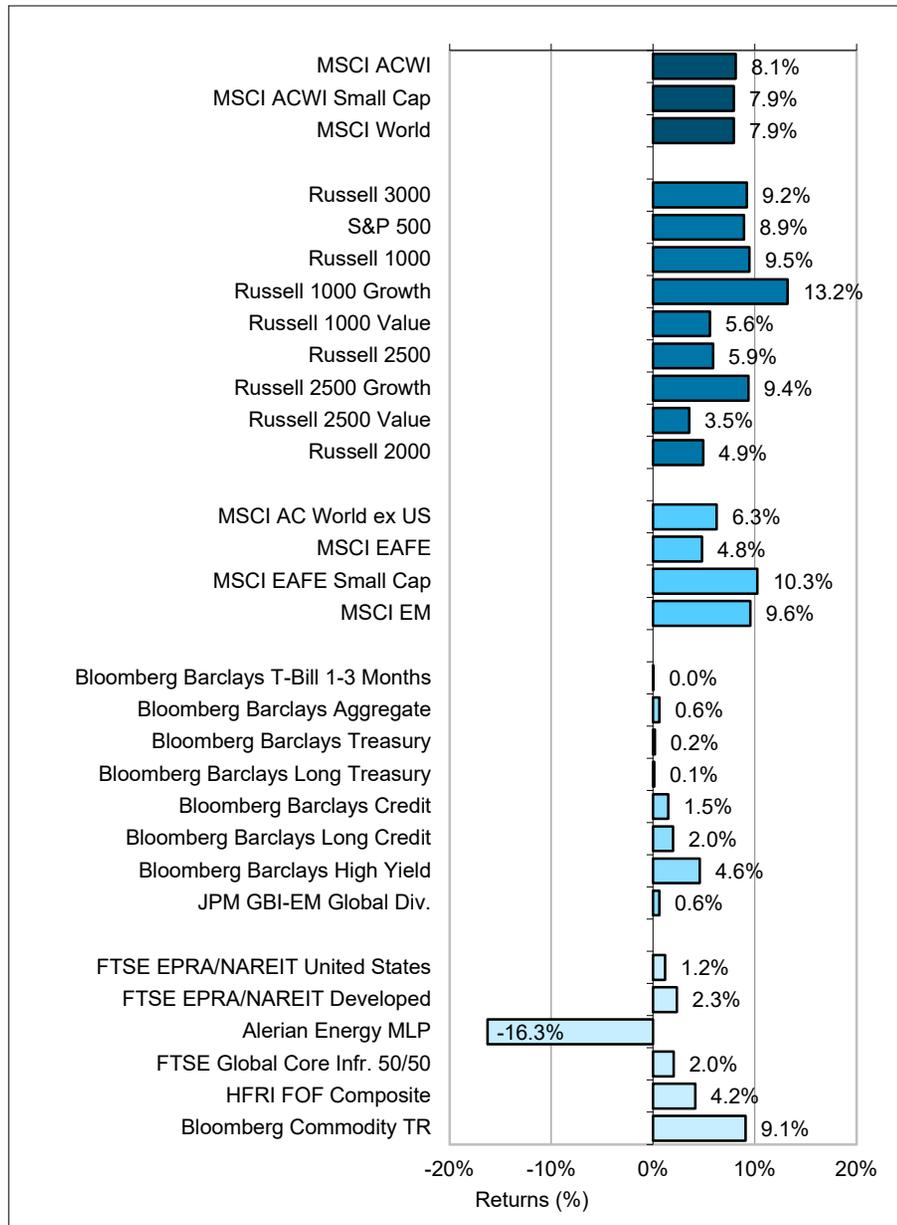
September 30, 2020

Manager	Comments
Angelo, Gordon & Co. (Surplus Cash Plan)	<p>Effective January 1, 2021, Michael Gordon will transition the CEO role to both Adam Schwartz and Josh Baumgarten, currently, co-CIOs. Michael Gordon will assume the position of non-Executive Chair of the advisory board that will provide input to Adam and Josh on major strategic, financial and personnel decisions. This transition has been in the works for the last four years as the new generation has assumed more responsibility at the firm.</p> <p>We expected that Michael Gordon would eventually transition CEO responsibilities. Adam and Josh were the logical choices as they currently share the CIO position with Michael Gordon. This move represents a natural progression in the pair’s leadership and their effective day-to-day contributions. As Co-CIOs, Adam and Josh have demonstrated their leadership skills over the last couple of years and we have grown accustomed to their abilities.</p>
Lighthouse Partners (Surplus Cash Plan)	<p>Navigator Global Investments Ltd ('NGI'), Lighthouse’s parent, an Australian Stock Exchange listed company, recently announced its intention to acquire passive interest in six alternative asset managers (the 'Portfolio') from Dyal Capital Partners, a division of Neuberger Berman. The portfolio includes minority interests in Bardin Hill Investment Partners, Capstone Investment Advisors, CFM, MKP Capital Management, Pinnacle Asset Management and Waterfall Asset Management. Collectively, these firms manage over \$35 billion of AUM across 26 diversified investment strategies.</p> <p>We believe the transaction is in line with Navigator’s strategic, long-term growth plans. Since the investment will be housed separately from NGI’s existing investment in Lighthouse Partners and therefore, will be independent of the Lighthouse business, we do not believe there will be a material impact to the firm. Additionally, with the exception of participation on the NGI board, we do not anticipate involvement of Lighthouse staff in the new passive investments.</p>

Capital Markets Review

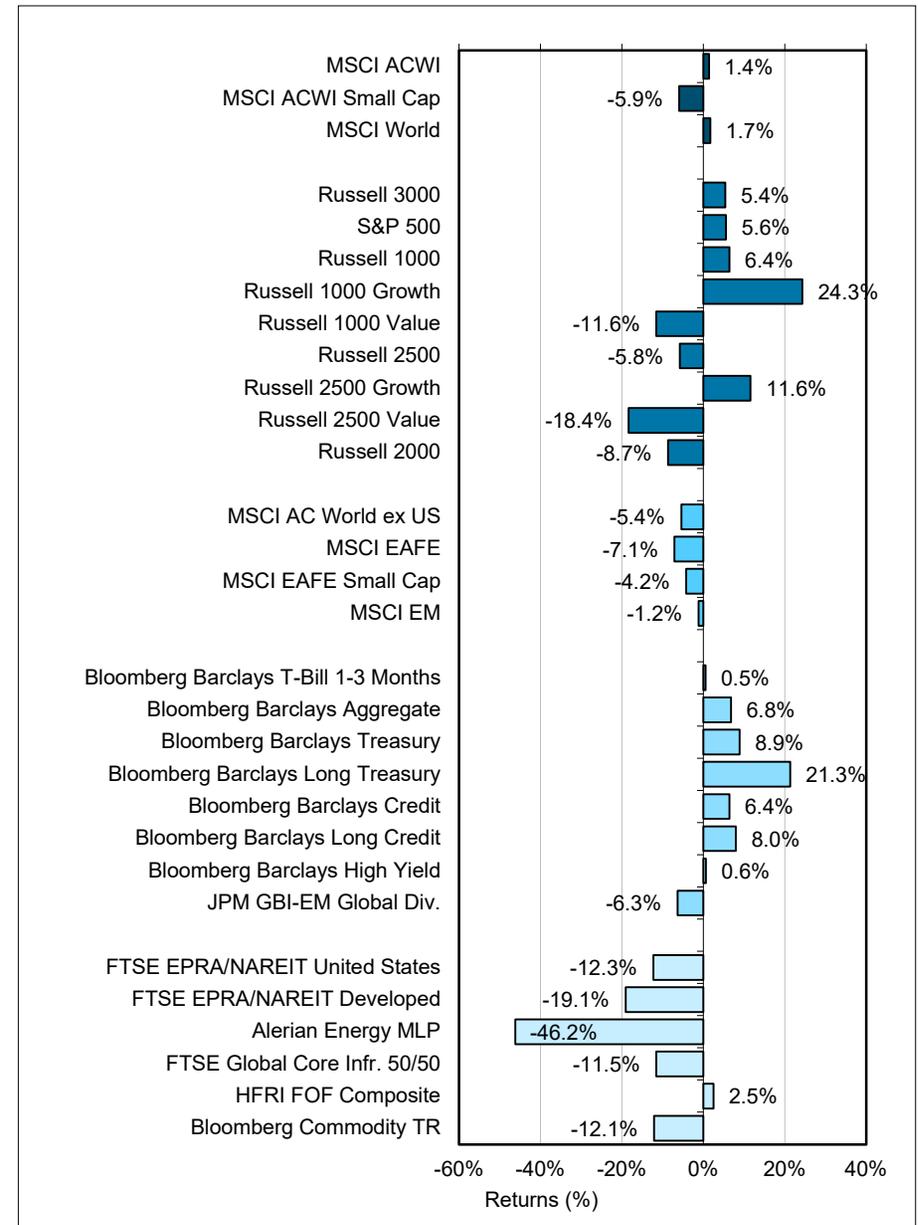
Performance Summary

Market Performance Third Quarter 2020



Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg; as of 9/30/20

Market Performance Year-to-Date



Source: Standard & Poor's, Russell, MSCI Barra, NAREIT, Bloomberg; as of 9/30/20

Performance Drivers

1. The economic recovery continues, although growth may begin to slow.

- Economic indicators showed a stronger than expected cyclical rebound over the third quarter. Measures of global trade, consumption, industrial production and employment continued to recover. Household spending has remained robust, partly due to fiscal support. Positive news around improved treatments and vaccine development and deployment could speed the recovery.
- While this momentum could continue in the medium term, the recovery has recently started to slow as most of the easier gains have already been realized. With restrictions still in place, recovering to pre-COVID levels will be challenging. The renewed imposition of restrictions in the Eurozone and UK has been a setback.
- **Mercer View:** Our base case remains that global GDP will not fully recover to pre-COVID-19 levels until late 2021 at the earliest, with 2020 growth expected to be negative for the global economy. The composition of global growth across countries and sectors is likely to be uneven from here.

2. Monetary and fiscal policy remain quite accommodative, although questions remain about US fiscal policy.

- In the US, the Federal Reserve formalized its shift to a flexible average inflation targeting regime. This suggests that short-term rates will remain low until full employment is reached, and members are willing to let inflation exceed 2% to ensure adequate stabilization of prices.
- Overseas, monetary policy has also remained accommodative with the European Central Bank, the Bank of Japan, and the Bank of England all maintaining loose policy stances during the quarter.
- In terms of fiscal policy, several provisions of the CARES Act in the US expired during the quarter, reducing fiscal accommodation. While additional fiscal stimulus is likely, the timing and nature remain uncertain.
- **Mercer View:** Fiscal and monetary measures have been an important tool in cushioning the blow to households and businesses, helping to avert financial contagion.

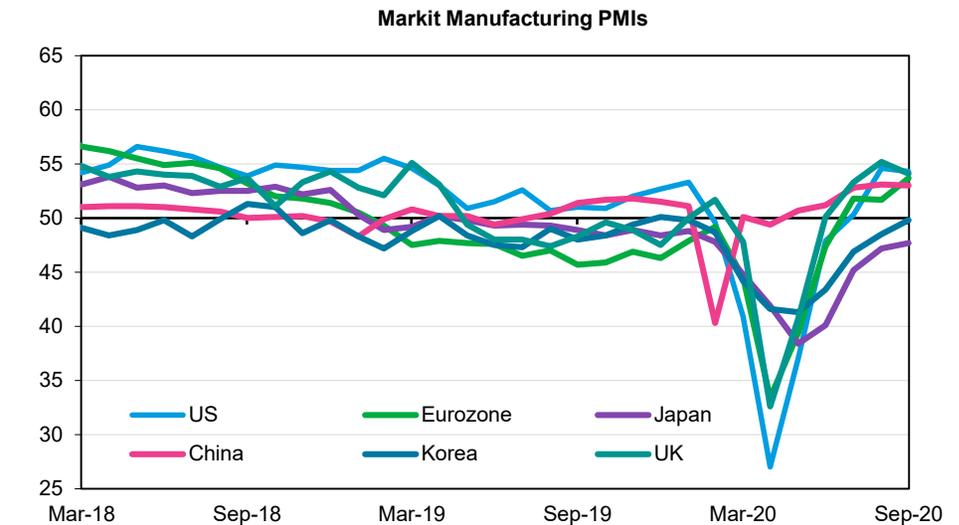
3. Political concerns remain elevated.

- The US election in November could drive an increase in volatility, particularly if there is a delay in determining the winner.
- Tensions between the US and China are likely to remain elevated for the foreseeable future, regardless of who wins the US election.
- Uncertainty over the UK-EU transition ahead is also a point of concern as the December deadline approaches.
- **Mercer View:** Political risks are likely to remain elevated over the near term, and could continue to be a source of volatility and downside risk.

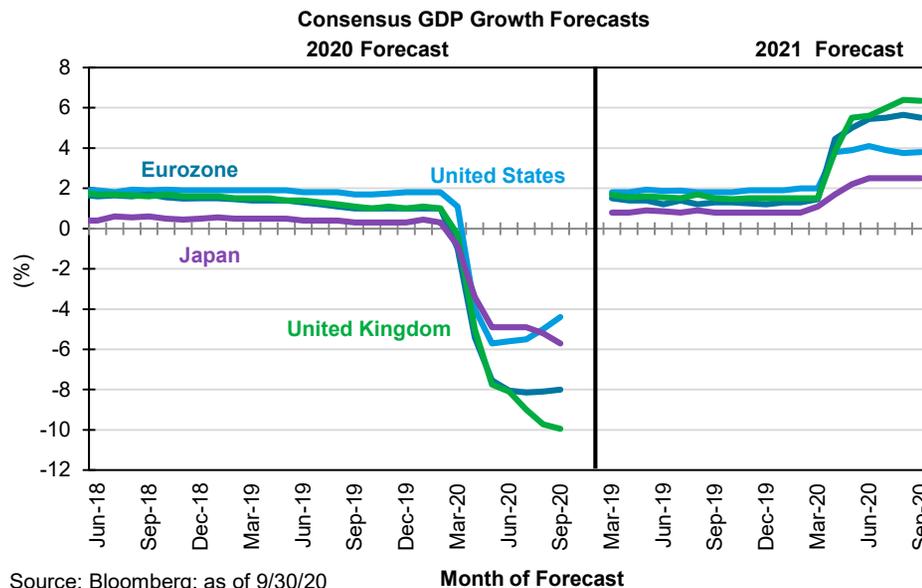
Economic Fundamentals

Recovery Remains on Track

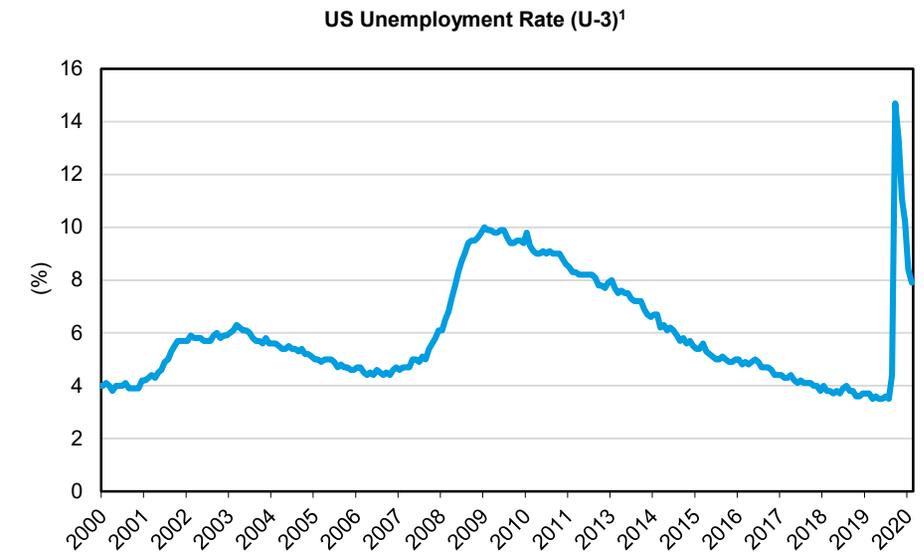
- The global economy continues to recover, but at a slower pace, as several sectors remain restricted.
- Monetary policy remains extremely accommodative, although fiscal policy is not as loose as it had been earlier in the year, particularly in the US with the expiration of the CARES Act.
- The US unemployment Rate (U-3)¹ has fallen to 7.9% after peaking at 14.7% in April². However, labor force participation rates have declined as well.
- Manufacturing PMI's suggest a continued expansion moving into Q4, although at a more moderate pace with some divergences between sectors and regions.



Source: Bloomberg; as of 9/30/20



Source: Bloomberg; as of 9/30/20



Source: Bureau of Labor Statistics; as of 9/30/20

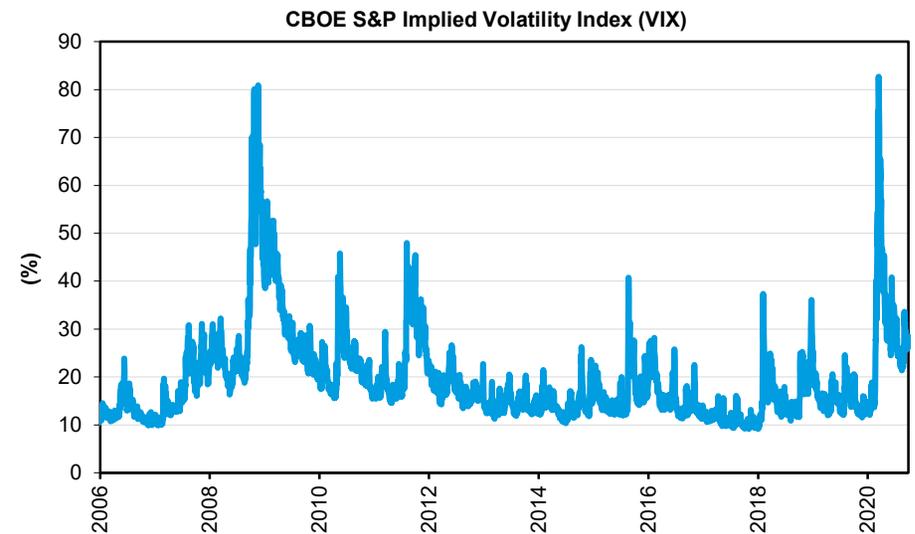
¹ The U-3 Unemployment Rate represents the percentage of the civilian labor force that is jobless and actively seeking employment.

² Source: Bureau of Labor Statistics; as of 9/30/20

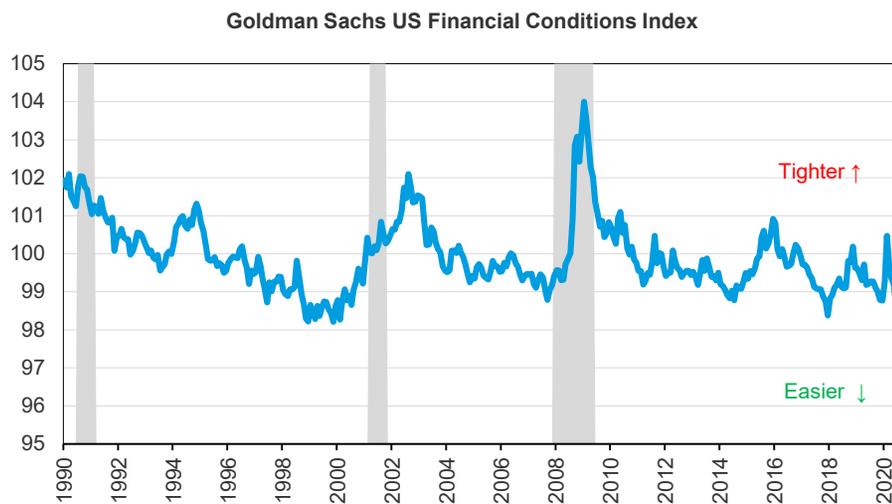
Risk Factors

Financial Conditions Remain Easy

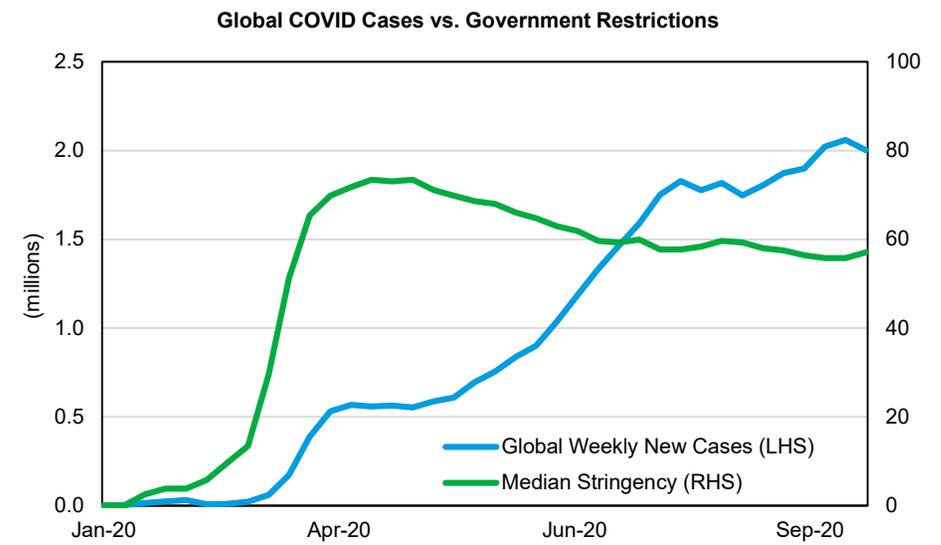
- Financial conditions improved modestly during Q3, as credit spreads for both investment grade and high yield corporate bonds continued to move lower.
- The VIX index ended the quarter at 26 down slightly from the beginning of the quarter and well below its peak of just over 80 during Q1¹.
- The US election in November could drive an uptick in volatility, particularly if there is a delay in determining the winner. The high cost of purchasing portfolio protection through the options market reflects this.
- We could see an increase in COVID cases once winter arrives and people begin spending more time indoors. However, medical options are improving, reducing the likelihood of widespread restrictions.



Source: Bloomberg; as of 9/30/20



Source: Bloomberg; as of 9/30/20

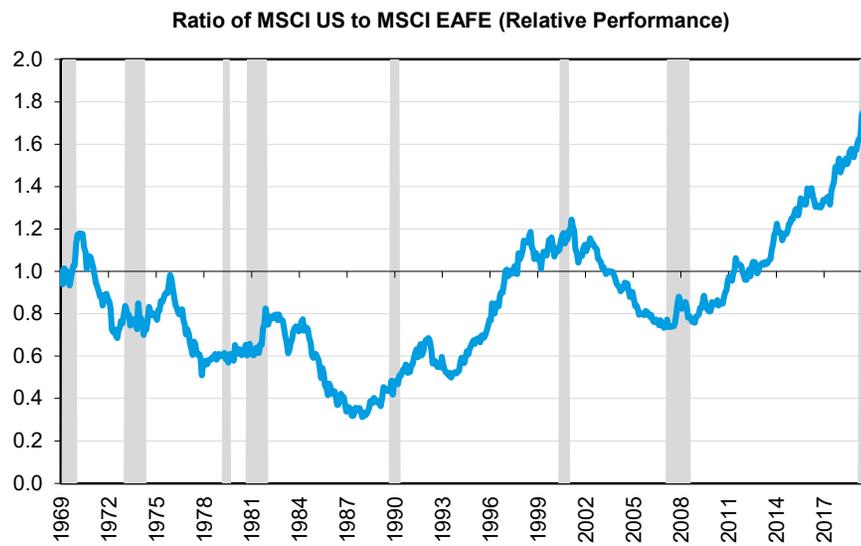


Source: Bloomberg, Blavatnik School of Government, Oxford University; as of 9/30/20

Regional Equity Returns

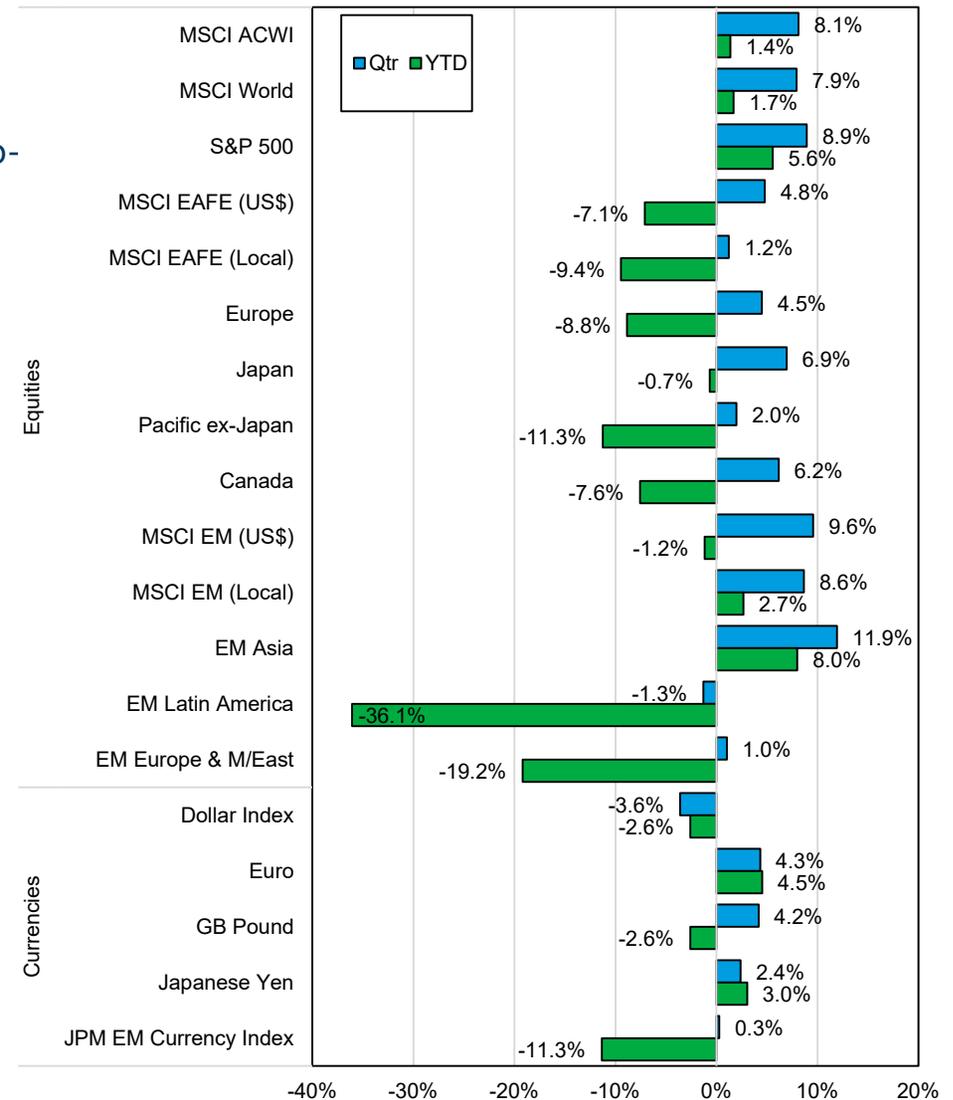
Global Equities Continue to Rally

- Global equities continued their rally during Q3, with the MSCI ACWI index gaining 8.1% for the quarter and reaching positive territory year-to-date.
- The S&P 500 returned 8.9% during the quarter, outperforming most other developed markets. Year-to-date, the S&P 500 has risen 5.6%.
- International developed stocks returned 4.8% for the quarter. A weaker dollar added 360 bps to US\$ returns for the quarter.
- Emerging market equities rose 9.6% in Q3. Asian emerging market countries drove the gains, returning 11.9% during the quarter.



Source: Datastream; as of 9/30/20

Global Performance

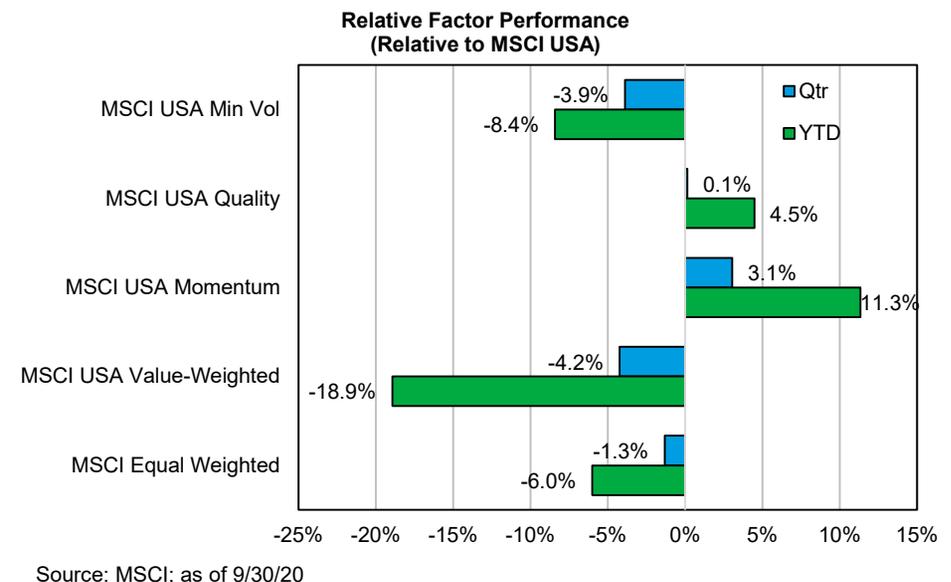
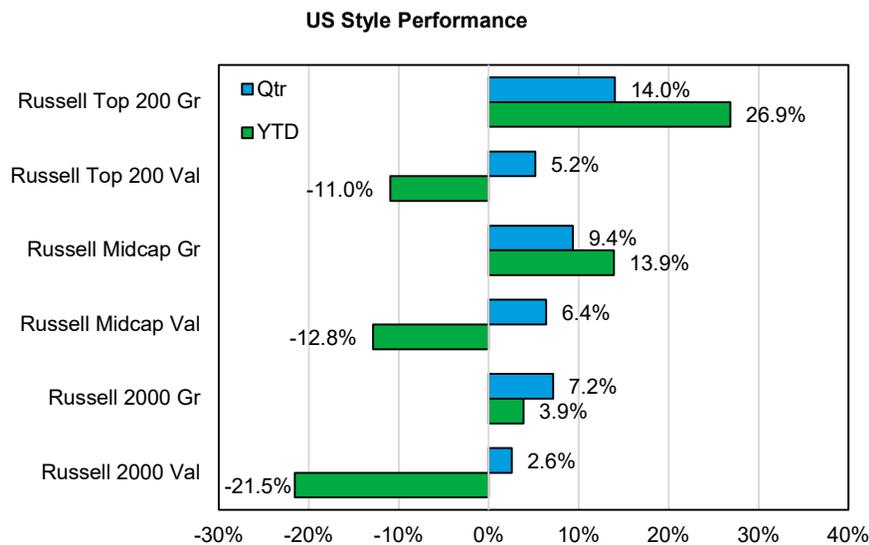
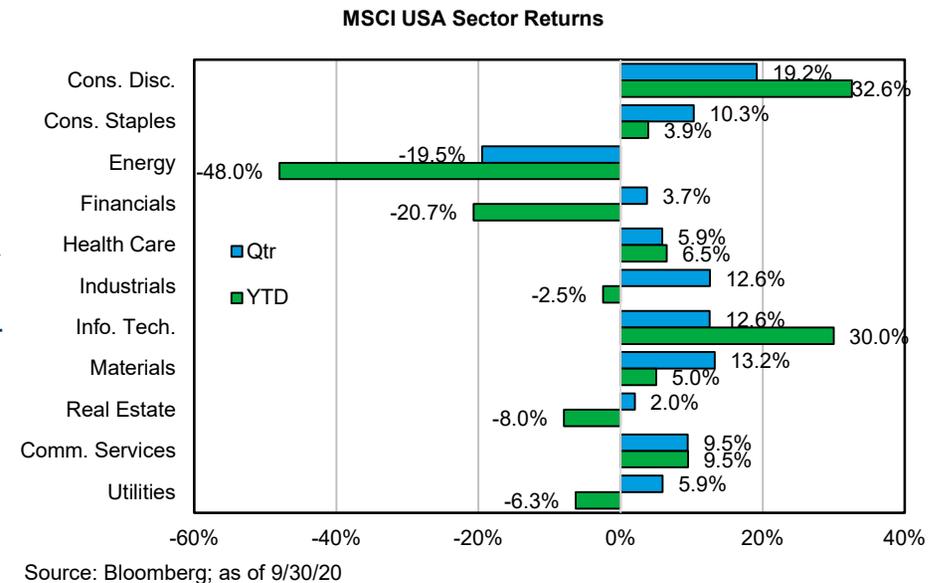


Source: Bloomberg, Datastream; as of 9/30/20

US Equity Factor and Sector Returns

Technology and Consumer Discretionary Lead the Recovery

- Growth outperformed value across the size spectrum during Q3 with large-caps generally outperforming small-caps. Large-cap growth was the best performing style box segment for the quarter, while small-cap value continued to lag.
- The momentum factor outperformed in Q3, while value, minimum volatility and size lagged. Quality performed in line with the broad market for the quarter. Consumer discretionary, materials and technology stocks have posted the best results during Q3, while consumer discretionary and technology have led year-to-date. The energy sector has dramatically underperformed other sectors, both during Q3 and year-to-date.

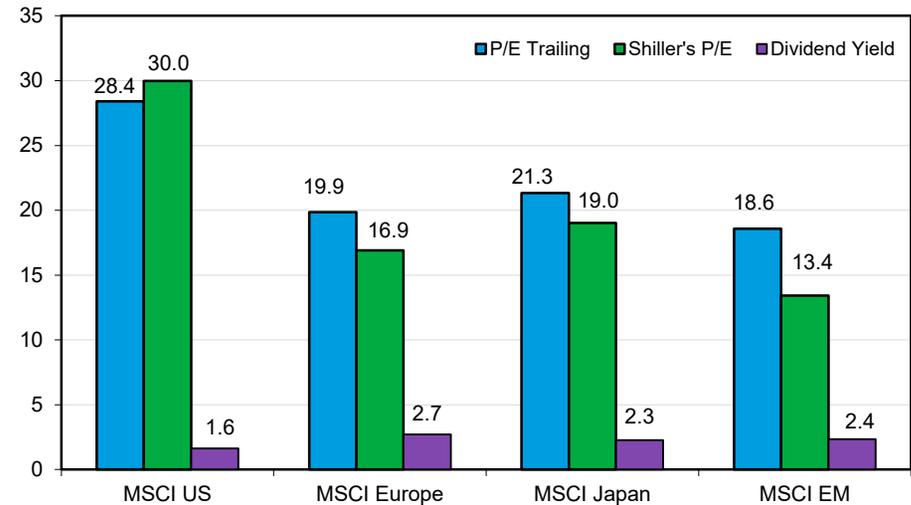


Equity Fundamentals

Valuations Elevated, Earnings Outlook Improving

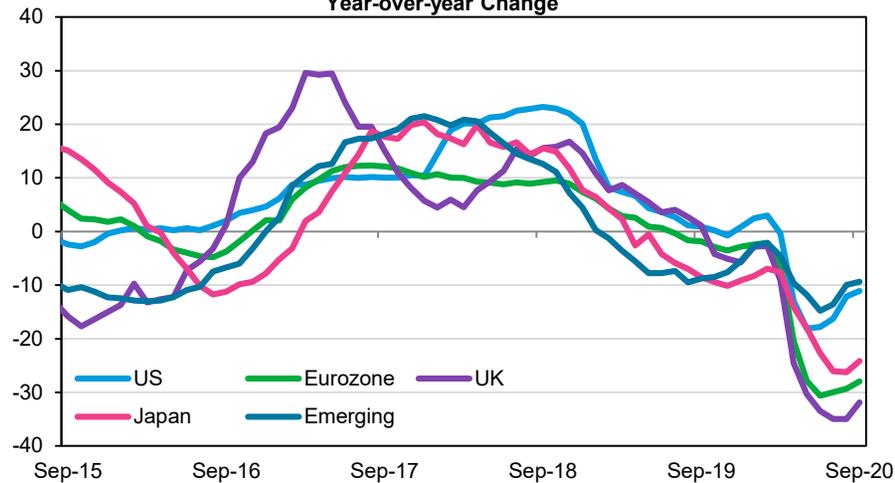
- The ongoing rally has pushed equity valuations back toward the elevated levels seen at the end of 2019. While the earnings outlook is improving, uncertainty is high. The trailing P/E ratio on the MSCI US Index rose from 24.3 to 28.4¹. We estimate that the equity risk premium over long-term Treasuries fell 20 bps to 3.6%², mostly a result of rising equity valuations.
- International developed stocks remain more reasonably valued, although the macro environment continues to present challenges.
- Emerging market valuations are more attractive. Emerging economies should benefit from an improvement in the global economy, but are exposed to trade and geopolitical risks.

Global Valuations



Source: Bloomberg, Datastream, Mercer; as of 9/30/20

Forward Earnings Estimates
Year-over-year Change



Source: Datastream; as of 9/30/20

S&P 500 - Equity Risk Premium Versus Long-Term Treasuries



Source: MSCI, Datastream, Mercer; as of 9/30/20

¹ Source: Datastream; as of 9/30/20

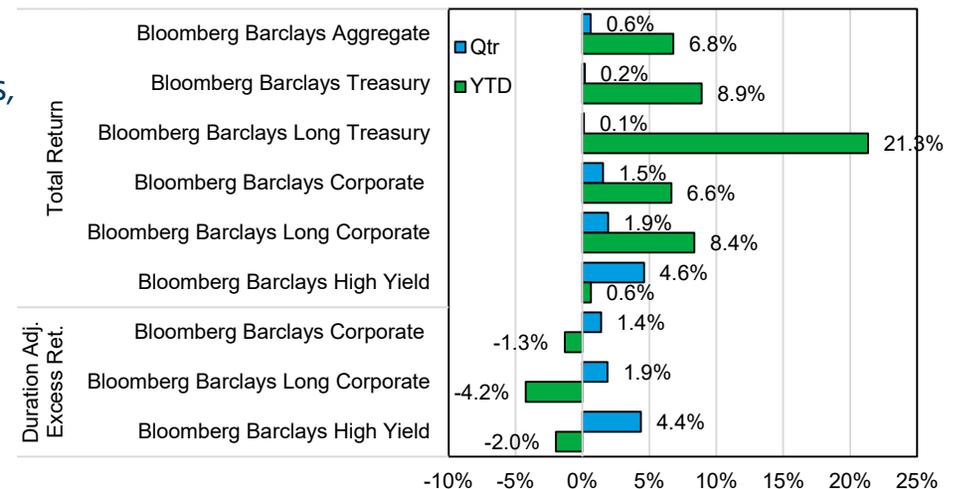
² Source: MSCI, Datastream, Mercer; as of 9/30/20

Interest Rates and Fixed Income

Credit Spreads Continue to Contract

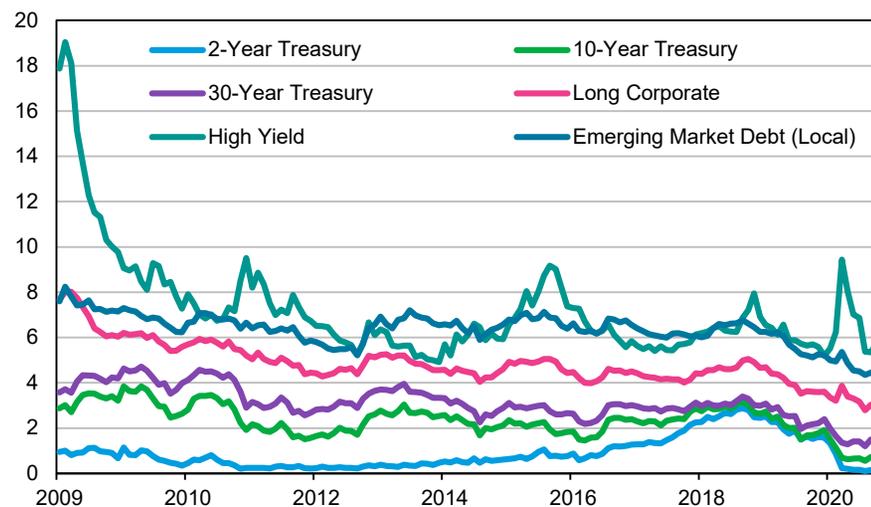
- The Bloomberg Barclays Aggregate returned 0.6% during Q3 with corporate bonds outperforming Treasuries. The yield curve saw very modest changes during the quarter, with 3-month yields falling by 6 bps, while 10- and 30-year yields rose by 3 bps and 5 bps, respectively¹.
- Investment-grade corporate bond spreads fell an average of 14 bps during the quarter to 1.4%, which is roughly 20 bps above the long-term median level².
- High yield bonds gained 4.6% during the quarter, as credit spreads fell by 108 bps to 5.2%, which remains above the long-term median level of 4.7%³.

Fixed Income Performance



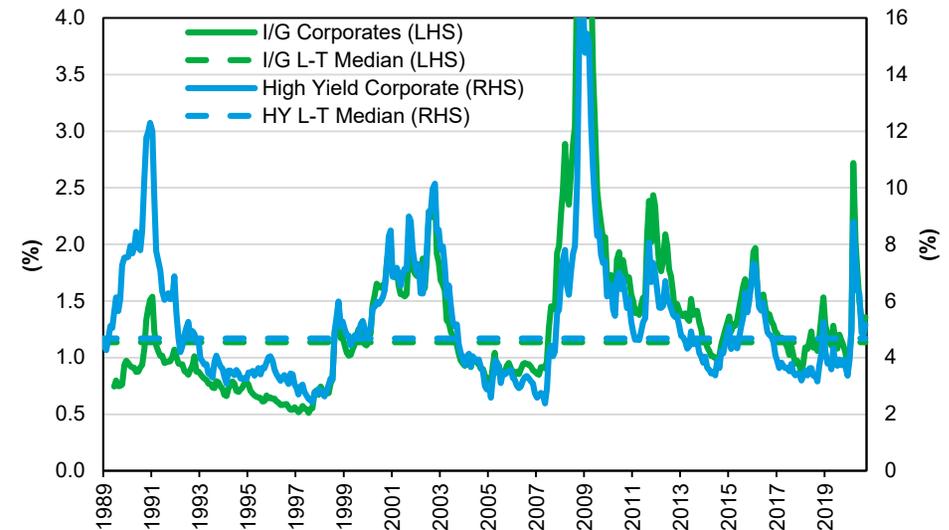
Source: Bloomberg, Datastream; as of 9/30/20

Yield History



Source: Bloomberg, Federal Reserve, JP Morgan; as of 9/30/20

Credit Spread to Treasuries



Source: Bloomberg; as of 9/30/20

¹ Source: Federal Reserve; as of 9/30/20

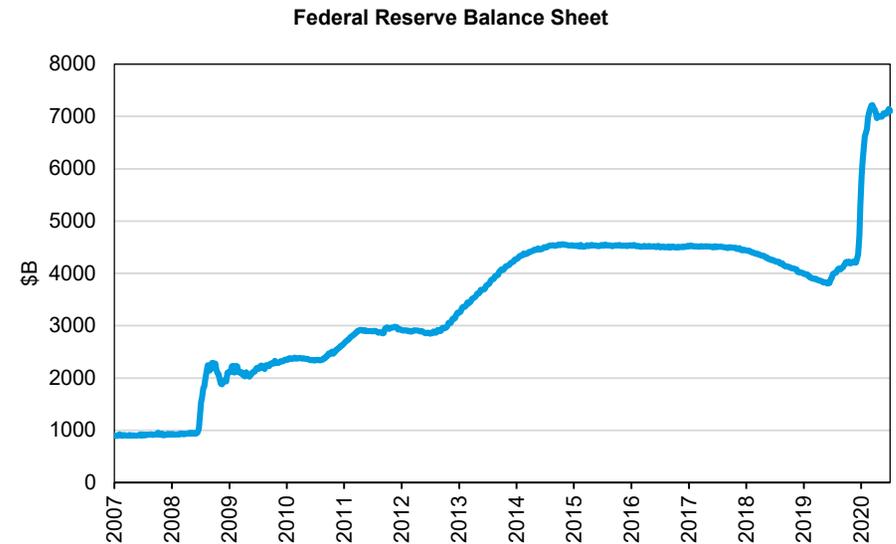
² Source: Bloomberg, Mercer; as of 9/30/20

³ Source: Bloomberg, Mercer; as of 9/30/20

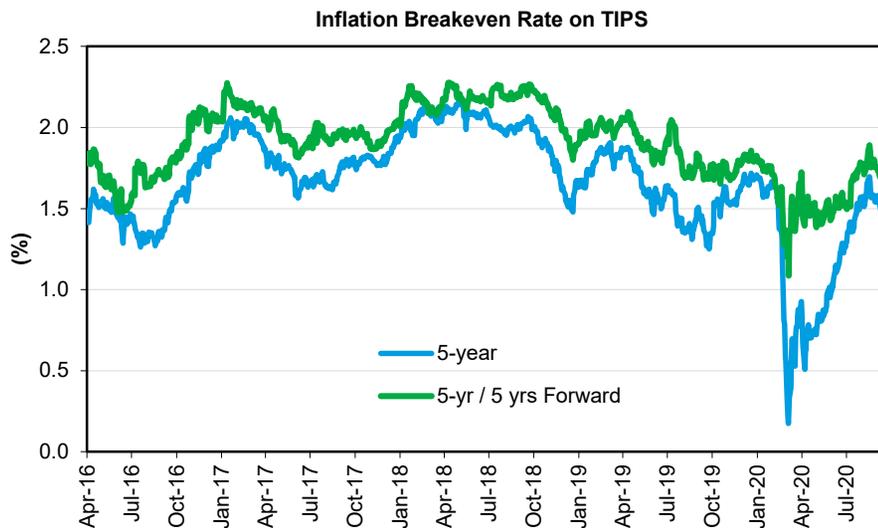
Monetary Policy

Fed Adjusts Inflation Target

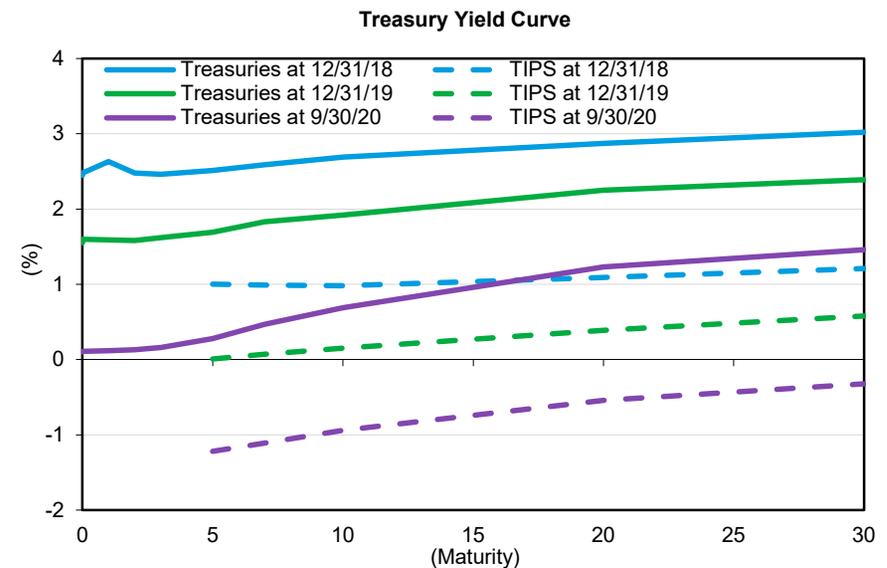
- During the quarter, the Fed adjusted its inflation objective, now targeting an average inflation rate of 2%. This means inflation overshoots will be allowed to offset past undershoots. This provides further evidence that the Fed intends to keep rates low for the foreseeable future and has become more tolerant of higher inflation.
- At quarter end, the US Treasury yield curve was upward sloping across the curve.
- Overseas, the European Central Bank, the Bank of Japan and the Bank of England all left monetary policy unchanged during the quarter, remaining highly accommodative.



Source: Bloomberg; as of 9/30/20



Source: Bloomberg, Mercer; as of 9/30/20



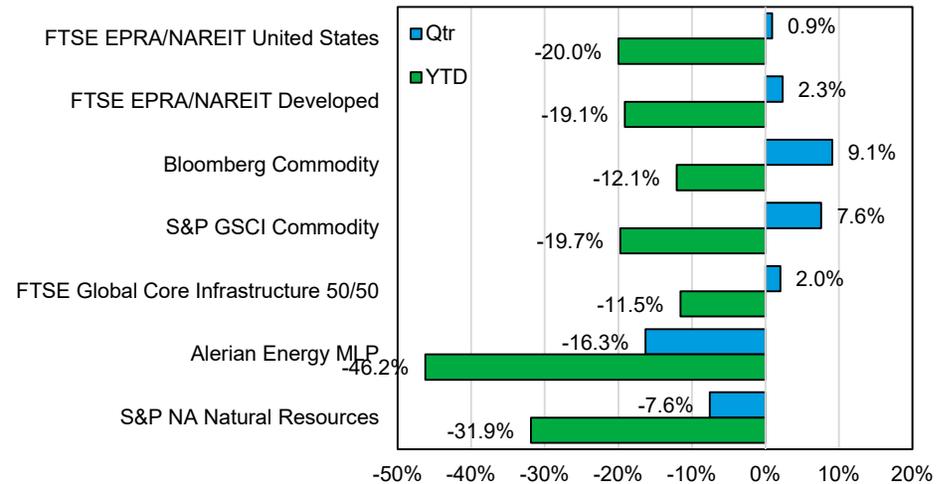
Source: Federal Reserve; as of 9/30/20

Alternative Investment Performance

REITs Lagged the Broader Market

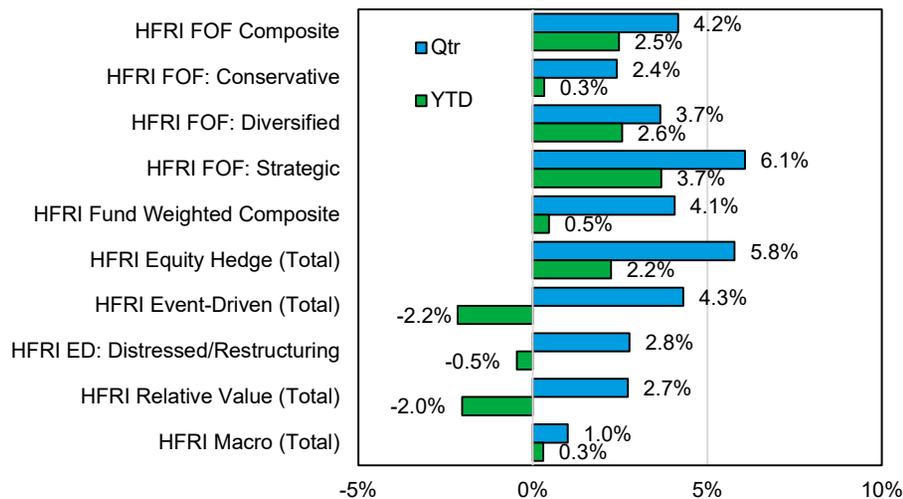
- REITs posted modest gains during Q3, but continue to lag the broader market given uncertainty surrounding COVID. Infrastructure stocks outperformed REITs, but also lagged the broader market.
- Despite an increase in commodity prices during the quarter, natural resource stocks and MLPs declined.
- Hedge funds returned 4.2% in Q3. Equity hedge strategies performed well during the quarter, while event driven and relative value strategies lagged.
- Global private equity outperformed global developed stocks by a wide margin over most trailing periods¹.

Real Asset Performance



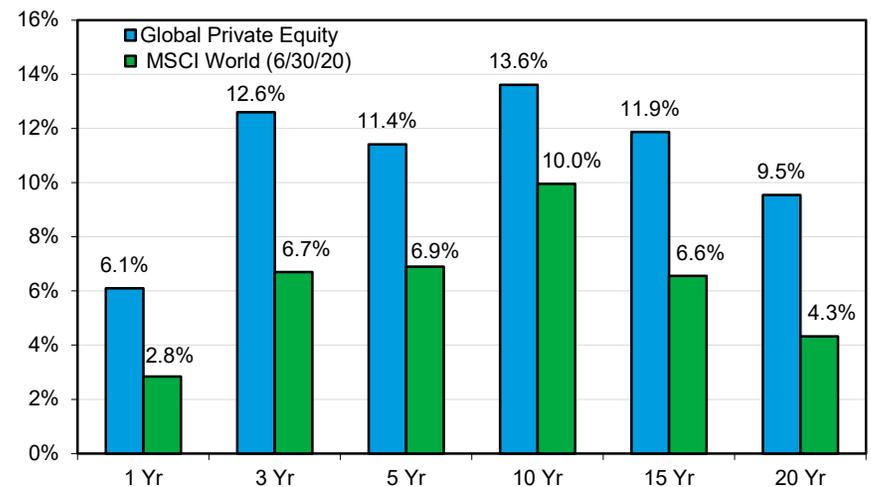
Source: Bloomberg, Datastream; as of 9/30/20

Hedge Fund Performance



Source: Hedge Fund Research; as of 9/30/20

Global Private Equity vs. Global Public Equities



Source: Burgiss, Bloomberg; as of 6/30/20

¹ As of 6/30/20

Valuations and yields

Ending September 30, 2020

Valuations

MSCI USA	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Index Level	14587.9	13305.2	10927.7	13599.6
P/E Ratio (Trailing)	28.4	24.3	18.0	23.1
CAPE Ratio	30.0	27.6	22.7	28.6
Dividend Yield	1.6	1.8	2.3	1.8
P/B	4.0	3.7	2.9	3.7
P/CF	14.4	13.9	11.3	15.8
MSCI EAFE	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Index Level	4597.0	4538.1	4023.2	5056.4
P/E Ratio (Trailing)	20.2	15.8	12.9	16.3
CAPE Ratio	15.6	15.0	13.2	19.1
Dividend Yield	2.7	2.8	4.1	3.2
P/B	1.6	1.5	1.3	1.7
P/CF	6.7	8.6	8.3	10.5
MSCI EM	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Index Level	521.4	475.9	403.1	527.6
P/E Ratio (Trailing)	18.6	16.0	12.5	15.0
CAPE Ratio	13.4	12.3	10.5	13.8
Dividend Yield	2.4	2.6	3.2	2.6
P/B	1.8	1.6	1.4	1.7
P/CF	10.4	8.7	7.1	10.0

Source: Bloomberg, Thomson Reuters Datastream

Yields

Global Bonds	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Germany – 10Y	-0.52	-0.45	-0.47	-0.19
France - 10Y	-0.24	-0.11	-0.15	0.12
UK - 10Y	0.23	0.17	0.36	0.82
Switzerland – 10Y	-0.49	-0.44	-0.33	-0.47
Italy – 10Y	0.87	1.26	1.52	1.41
Spain 10Y	0.25	0.47	0.68	0.47
Japan – 10Y	0.02	0.28	0.02	-0.01
Euro Corporate	0.55	0.89	1.85	0.51
Euro High Yield	4.80	5.62	9.62	3.46
EMD (\$)	5.14	5.51	7.00	4.91
EMD (LCL)	4.48	4.51	5.36	5.22
US Bonds	9/30/2020	6/30/2020	3/31/2020	12/31/2019
3-Month T-Bill	0.10	0.16	0.11	1.55
10Y Treasury	0.69	0.66	0.70	1.92
30Y Treasury	1.46	1.41	1.35	2.39
10Y TIPS	-0.94	-0.68	-0.17	0.15
30Y TIPS	-0.32	-0.15	0.16	0.58
US Aggregate	1.18	1.25	1.59	2.31
US Treasury	0.48	0.50	0.58	1.80
US Corporate	2.01	2.15	3.43	2.84
US Corporate High Yield	5.77	6.87	9.44	5.19

Source: Bloomberg, Thomson Reuters Datastream

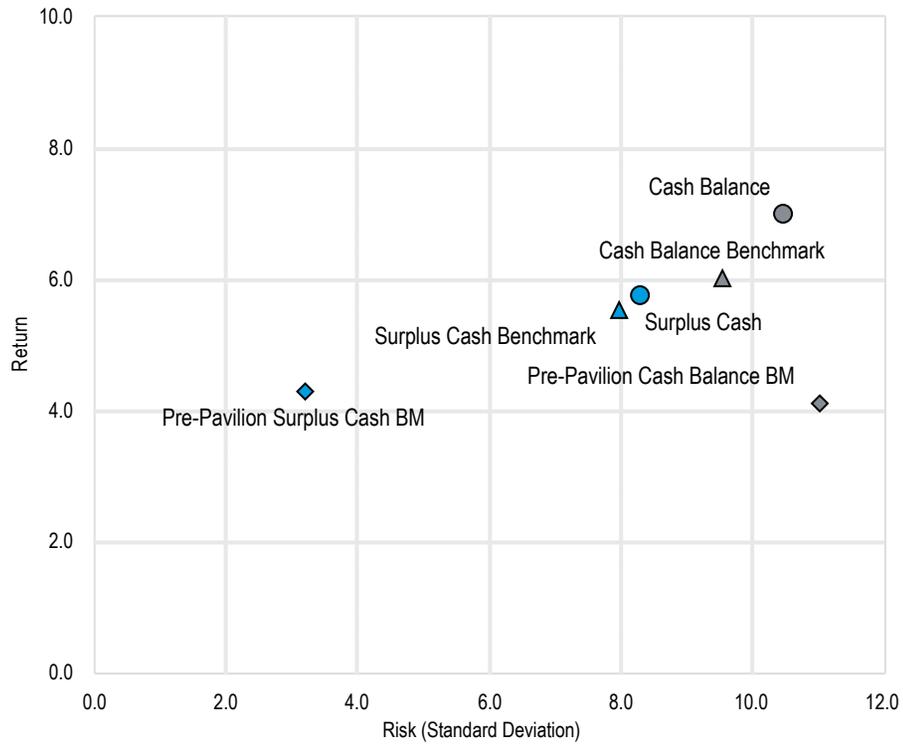
Performance Summary

Surplus Cash and Cash Balance Plan

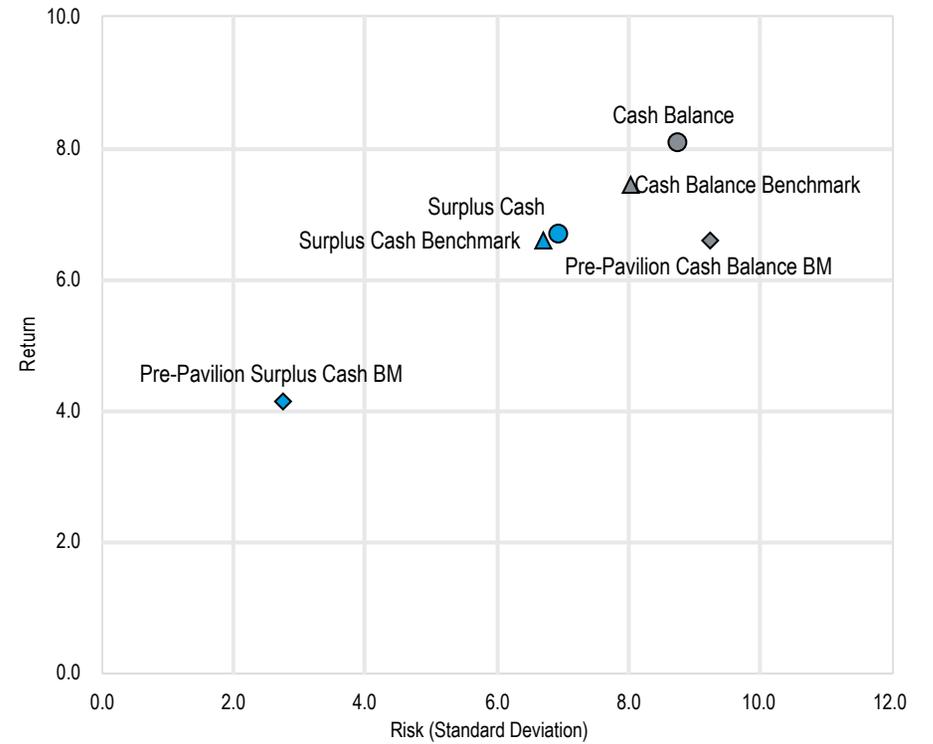
Risk and Return Summary (Net of Fees)

As of September 30, 2020

3 Years



5 Years



El Camino Hospital

Total Surplus Cash Assets

As of September 30, 2020

	Allocation		Performance								
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	10 Year	Inception	Inception Date
Total Surplus Cash (1)	1,180,276,610	100.0	3.9	3.9	3.0	6.8	5.3	6.0	5.3	5.3	Nov-2012
Total Surplus Cash ex District / Debt Reserves (1)	1,120,849,107	95.0	4.1	4.1	2.9	7.0	5.8	6.7	5.7	5.7	Nov-2012
<i>Surplus Cash Total Benchmark</i>			3.9	3.9	3.0	7.4	5.5	6.6	5.5	5.6	
Total Surplus Cash ex District / CONCERN / Debt Reserves (1)	1,106,335,474	93.7	4.1	4.1	2.8	7.0	5.8	6.7	5.7	5.8	Nov-2012
<i>Surplus Cash Total Benchmark</i>			3.9	3.9	3.0	7.4	5.5	6.6	5.5	5.6	
Total CONCERN	14,513,633	1.2	1.2	1.2	7.8	8.1	5.7	-	-	4.6	Feb-2016
<i>CONCERN Total Benchmark</i>			0.6	0.6	6.8	6.9	5.2	-	-	4.2	
Met West Total Return Bond Plan - CONCERN	14,428,132	1.2	1.2	1.2	7.8	8.1	5.8	4.5	-	4.7	Feb-2016
<i>Blmbg. Barc. U.S. Aggregate</i>			0.6	0.6	6.8	7.0	5.2	4.2	3.6	4.3	
Cash Account - CONCERN	85,500	0.0	0.6	0.6	0.7	1.7	1.2	-	-	0.9	Feb-2016
<i>90 Day U.S. Treasury Bill</i>			0.0	0.0	0.6	1.1	1.7	1.2	0.6	1.3	
District - Barrow Hanley	41,868,523	3.5	0.1	0.1	2.8	3.4	2.5	1.8	1.3	1.3	Nov-2012
<i>Blmbg. Barc. 1-3 Govt</i>			0.1	0.1	3.1	3.6	2.7	1.8	1.3	1.4	
Total Debt Reserves	17,558,981	1.5	0.3	0.3	0.6	1.1	1.8	1.3	-	1.3	May-2015
<i>90 Day U.S. Treasury Bill</i>			0.0	0.0	0.6	1.1	1.7	1.2	0.6	1.1	
Ponder Debt Reserves - 2017	17,558,981	1.5	0.3	0.3	0.6	1.1	1.8	-	-	1.6	Mar-2017
<i>90 Day U.S. Treasury Bill</i>			0.0	0.0	0.6	1.1	1.7	1.2	0.6	1.6	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. (1) Includes Foundation assets.

Surplus Cash Portfolio ex District

Composite Asset Allocation & Performance

September 30, 2020

	Allocation		Performance								
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	10 Year	Inception	Inception Date
Total Surplus Cash X District	1,120,849,107	100.0	4.1	4.1	2.9	7.0	5.8	6.7	5.7	5.7	Nov-2012
<i>Surplus Cash Total Benchmark</i>			3.9	3.9	3.0	7.4	5.5	6.6	5.5	5.6	
<i>Pre-Pavilion Surplus Cash Total Benchmark</i>			1.2	1.2	3.1	4.5	4.3	4.2	4.1	3.8	
Total Surplus Cash X District X Privates	1,104,515,040	98.5	4.1	4.1	3.1	7.2	5.9	6.8	5.6	5.7	Nov-2012
<i>Surplus Cash Total Benchmark x Privates</i>			3.9	3.9	3.0	7.5	5.6	6.7	5.6	5.7	
Total Equity Composite	470,046,345	41.9	7.9	7.9	2.3	11.7	8.5	11.3	11.0	10.7	Nov-2012
<i>Total Equity Benchmark - Surplus</i>			7.5	7.5	-0.6	8.4	6.6	10.4	10.6	10.1	
Domestic Equity Composite	316,870,009	28.3	8.6	8.6	5.8	14.7	11.9	13.7	13.2	13.4	Nov-2012
<i>Domestic Equity Benchmark - Surplus</i>			8.3	8.3	2.3	11.7	9.9	12.8	12.9	13.0	
Large Cap Equity Composite	270,760,884	24.2	10.1	10.1	9.6	19.3	14.0	14.7	13.9	14.4	Nov-2012
<i>Large Cap Equity Benchmark</i>			9.2	9.2	5.3	14.9	12.1	14.0	13.6	13.8	
Small Cap Equity Composite	46,109,125	4.1	0.8	0.8	-12.2	-6.4	2.3	8.7	-	9.1	Nov-2012
<i>Small Cap Equity Benchmark</i>			4.8	4.8	-9.6	-0.6	1.4	7.8	9.7	9.4	
International Equity Composite	153,176,336	13.7	6.5	6.5	-4.1	5.9	2.5	7.0	-	5.3	Nov-2012
<i>MSCI AC World ex USA (Net)</i>			6.3	6.3	-5.4	3.0	1.2	6.2	4.0	4.8	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Surplus Cash Portfolio ex District

Composite Asset Allocation & Performance

September 30, 2020

	Allocation		Performance								
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	10 Year	Inception	Inception Date
Total Fixed Income Composite	481,370,779	42.9	1.1	1.1	6.4	7.0	4.9	4.2	3.4	3.2	Nov-2012
<i>Total Fixed Income Benchmark - Surplus</i>			0.5	0.5	5.9	6.2	4.6	3.7	3.1	2.9	
Short Duration Fixed Income Composite	121,233,448	10.8	0.6	0.6	3.0	3.7	2.7	2.1	2.0	1.6	Nov-2012
<i>Short Duration Fixed Income Benchmark - Surplus</i>			0.2	0.2	3.1	3.7	2.8	2.1	1.9	1.6	
Market Duration Fixed Income Composite	360,137,331	32.1	1.3	1.3	7.7	8.2	5.7	5.0	4.4	3.8	Nov-2012
<i>Blmbg. Barc. U.S. Aggregate</i>			0.6	0.6	6.8	7.0	5.2	4.2	3.6	3.3	
Total Alternatives Composite	169,431,982	15.1	2.4	2.4	-4.9	-4.5	0.8	1.6	-	2.8	May-2013
<i>Total Alternatives Benchmark - Surplus</i>			3.1	3.1	1.8	4.6	3.4	3.9	-	4.1	
Real Estate Composite	22,104,553	2.0	0.0	0.0	-5.5	-4.4	0.6	3.0	-	6.6	Sep-2013
<i>NCREIF Property Index</i>			0.0	0.0	-0.3	1.3	4.9	6.1	9.3	7.9	
Hedge Fund Composite	147,327,429	13.1	2.8	2.8	-4.8	-4.5	0.9	1.2	-	1.8	May-2013
<i>HFRI Fund of Funds Composite Index</i>			4.1	4.1	2.4	5.6	2.8	3.1	2.9	3.0	

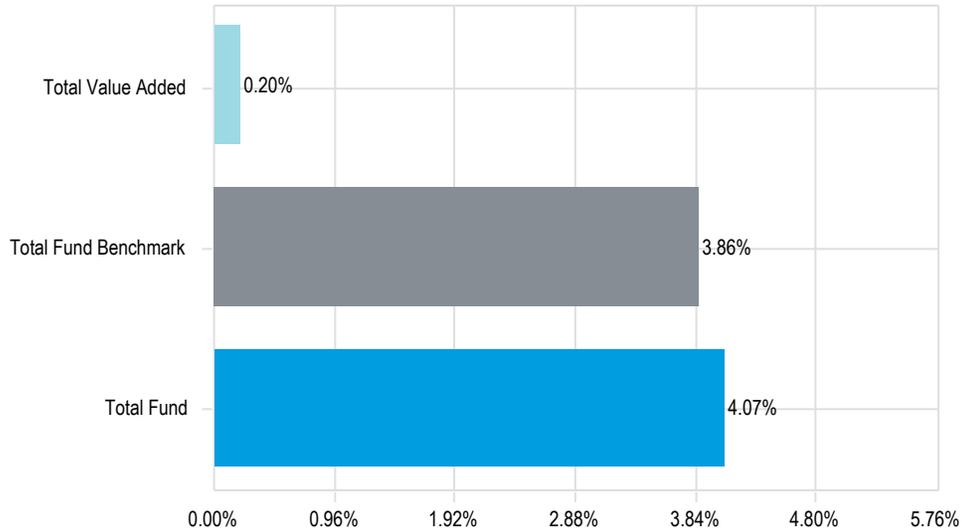
Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Surplus Cash Portfolio ex District

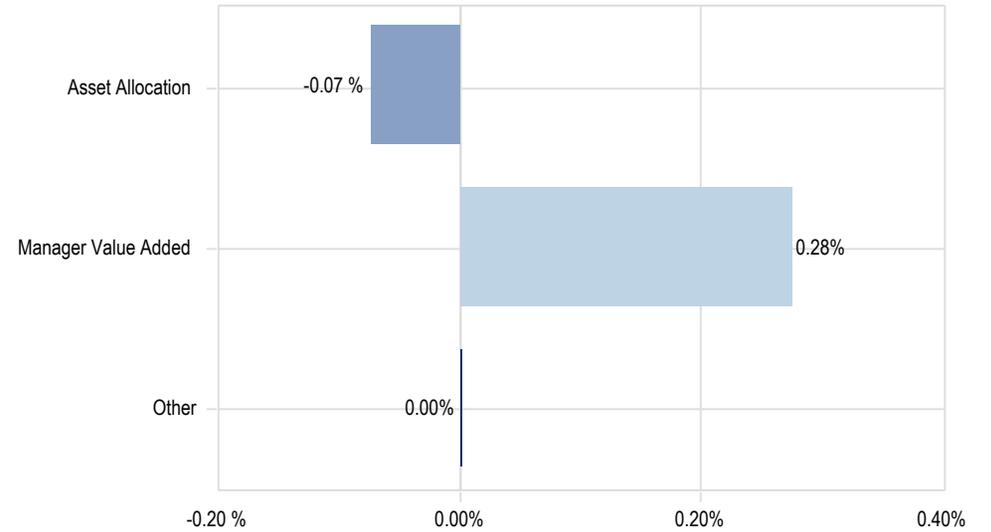
Attribution Analysis

1 Quarter Ending September 30, 2020

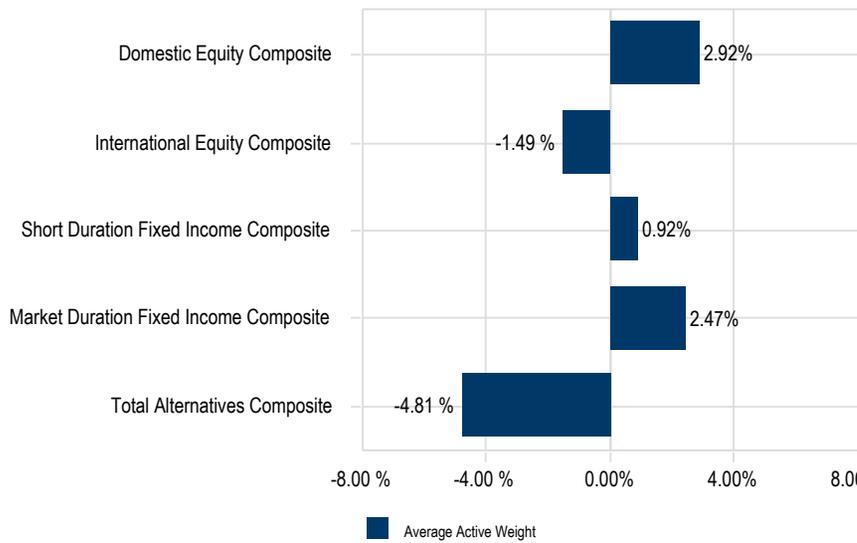
Total Fund Performance



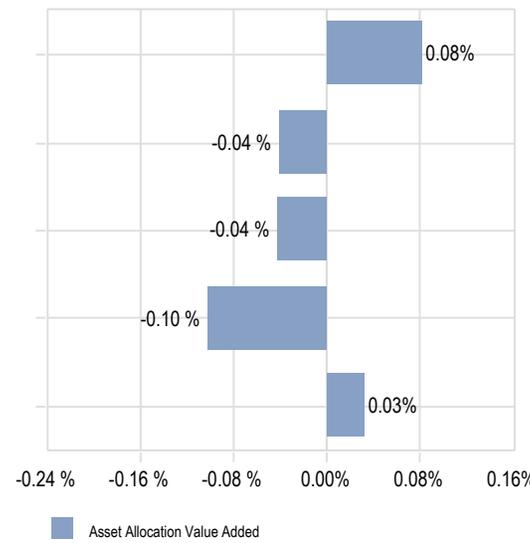
Total Value Added:0.20%



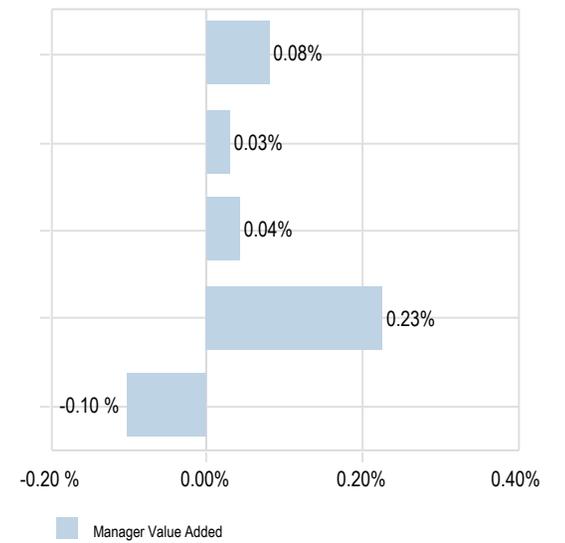
Average Active Weight



Asset Allocation Value Added:-0.07%



Total Manager Value Added:0.28%



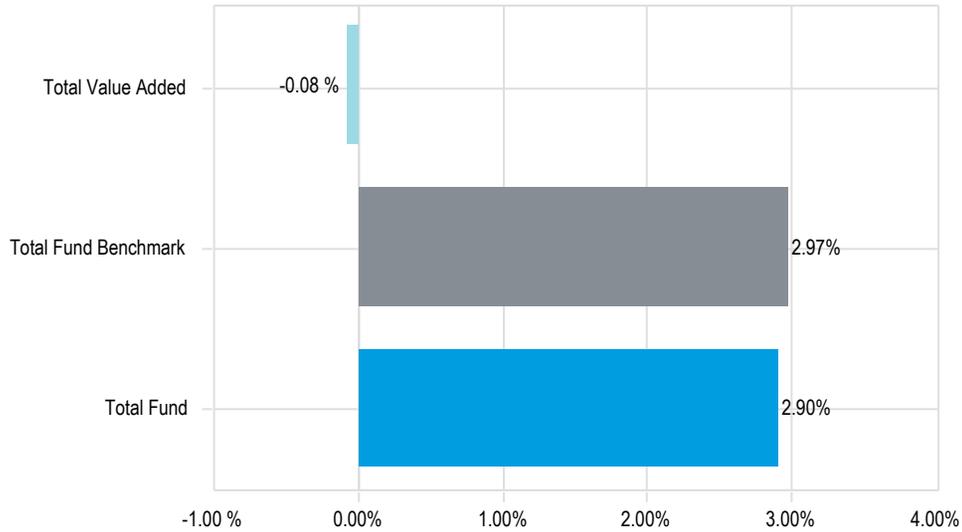
"Other" includes the effects of all other factors on the Fund's relative return, including rebalancing and other trading activity.

Surplus Cash Portfolio ex District

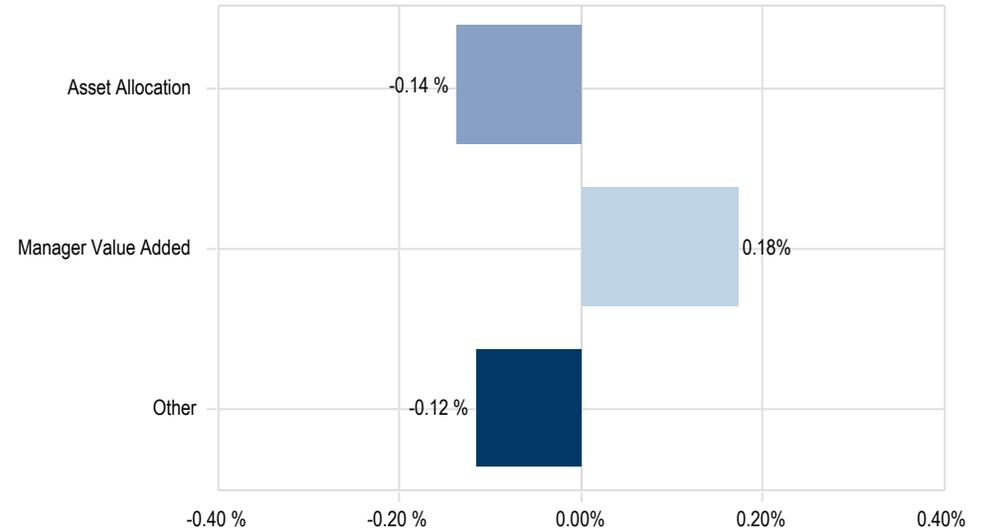
Attribution Analysis

Year To Date Ending September 30, 2020

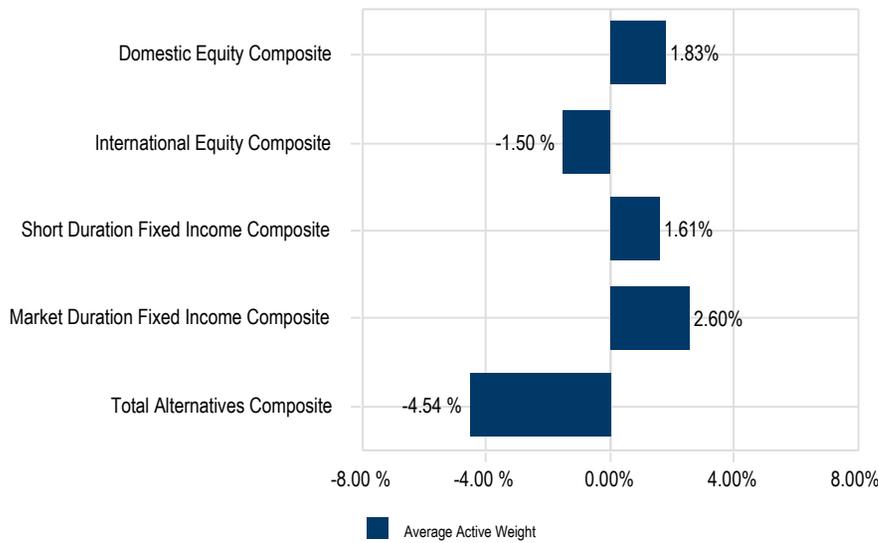
Total Fund Performance



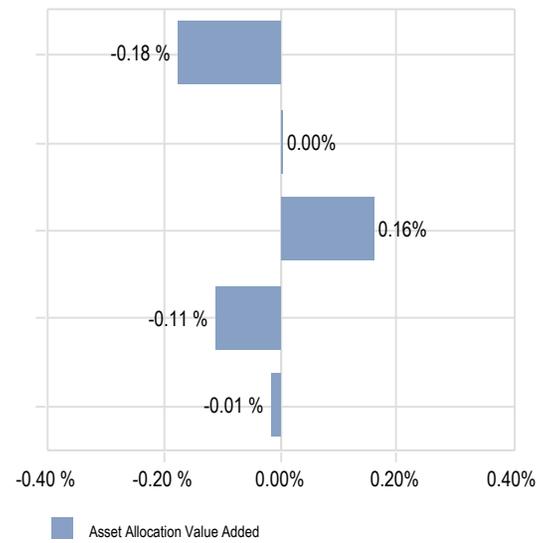
Total Value Added:-0.08 %



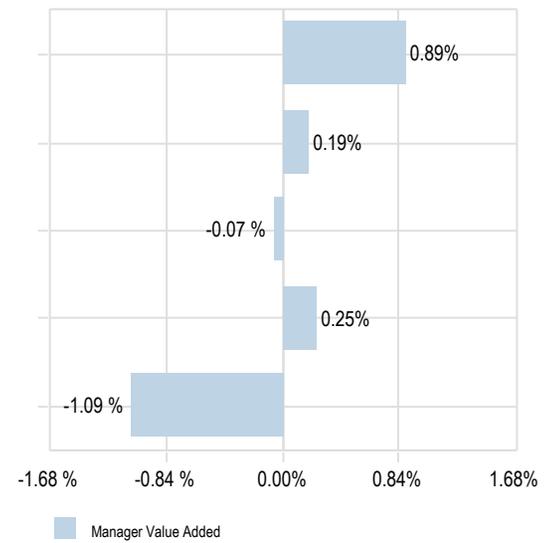
Average Active Weight



Asset Allocation Value Added:-0.14 %



Total Manager Value Added:0.18%



"Other" includes the effects of all other factors on the Fund's relative return, including rebalancing and other trading activity.

Surplus Cash Portfolio ex District

Manager Asset Allocation & Performance

September 30, 2020



	Allocation		Performance									Inception Date
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	10 Year	Inception		
Large-Cap Equity												
Vanguard S&P 500 Index	157,620,493	14.1	8.9 (46)	8.9 (46)	5.6 (38)	15.2 (38)	12.3 (29)	14.1 (19)	13.7 (16)	13.9 (19)		Nov-2012
<i>S&P 500</i>			8.9 (46)	8.9 (46)	5.6 (38)	15.1 (38)	12.3 (28)	14.1 (19)	13.7 (16)	13.9 (19)		
<i>Mercer Mutual Fund US Equity Large Cap Core Median</i>			8.6	8.6	4.4	13.5	11.2	12.7	12.4	12.6		
Sands Large Cap Growth (Touchstone)	71,946,887	6.4	15.4 (9)	15.4 (9)	43.9 (1)	59.2 (2)	28.3 (2)	22.2 (5)	18.8 (3)	19.3 (12)		Nov-2012
<i>Russell 1000 Growth Index</i>			13.2 (21)	13.2 (21)	24.3 (38)	37.5 (33)	21.7 (33)	20.1 (22)	17.3 (20)	18.3 (23)		
<i>Mercer Mutual Fund US Equity Large Cap Growth Median</i>			11.6	11.6	22.5	34.6	20.5	18.5	15.9	17.0		
Barrow Hanley Large Cap Value	41,193,503	3.7	5.8 (36)	5.8 (36)	-13.9 (81)	-8.4 (87)	3.3 (58)	7.4 (64)	10.0 (45)	8.2 (5)		Aug-2000
<i>Russell 1000 Value Index</i>			5.6 (41)	5.6 (41)	-11.6 (67)	-5.0 (68)	2.6 (64)	7.7 (58)	9.9 (46)	6.5 (41)		
<i>Mercer Mutual Fund US Equity Large Cap Value Median</i>			5.0	5.0	-9.8	-3.3	3.7	8.1	9.8	6.1		
Small-Cap Equity												
Wellington Small Cap Value	18,219,819	1.6	-2.1 (99)	-2.1 (99)	-29.8 (97)	-24.2 (98)	-7.4 (68)	0.8 (78)	6.6 (52)	4.9 (71)		Nov-2012
<i>Russell 2000 Value Index</i>			2.6 (52)	2.6 (52)	-21.5 (45)	-14.9 (46)	-5.1 (33)	4.1 (26)	7.1 (34)	6.2 (33)		
<i>Mercer Mutual Fund US Equity Small Cap Value Median</i>			2.6	2.6	-21.9	-15.2	-6.3	2.3	6.7	5.5		
Conestoga Small Cap Growth	27,889,306	2.5	2.7 (96)	2.7 (96)	4.9 (57)	10.5 (67)	11.2 (49)	16.3 (23)	14.5 (26)	16.4 (39)		Jul-2016
<i>Russell 2000 Growth Index</i>			7.2 (61)	7.2 (61)	3.9 (59)	15.7 (54)	8.2 (67)	11.4 (65)	12.3 (59)	12.9 (61)		
<i>Mercer Mutual Fund US Equity Small Cap Growth Median</i>			8.5	8.5	7.4	17.3	10.4	12.8	13.1	13.9		
International Equity												
Causeway International Value	43,081,160	3.8	1.0 (90)	1.0 (90)	-17.2 (70)	-7.8 (62)	-5.2 (58)	1.2 (70)	3.4 (21)	-7.8 (61)		May-2018
<i>MSCI AC World ex USA (Net)</i>			6.3 (1)	6.3 (1)	-5.4 (4)	3.0 (2)	1.2 (2)	6.2 (1)	4.0 (6)	-0.7 (2)		
<i>MSCI AC World ex USA Value (Net)</i>			2.3 (67)	2.3 (67)	-17.6 (71)	-10.8 (75)	-5.1 (55)	2.1 (29)	1.5 (83)	-8.2 (69)		
<i>Mercer Mutual Fund World ex US/EAFE Equity Large Cap Value Median</i>			2.8	2.8	-14.5	-6.6	-4.8	1.8	2.4	-7.1		
BNY Mellon International Stock Fund	72,723,650	6.5	8.6 (53)	8.6 (53)	7.9 (29)	17.3 (34)	10.0 (12)	12.1 (8)	7.4 (21)	8.1 (28)		Nov-2012
<i>MSCI AC World ex USA (Net)</i>			6.3 (85)	6.3 (85)	-5.4 (93)	3.0 (92)	1.2 (89)	6.2 (80)	4.0 (92)	4.8 (93)		
<i>MSCI AC World ex USA Growth (Net)</i>			10.2 (31)	10.2 (31)	7.3 (31)	17.5 (32)	7.3 (34)	10.2 (26)	6.4 (43)	7.7 (35)		
<i>Mercer Mutual Fund World ex US/EAFE Equity Large Cap Growth Median</i>			8.7	8.7	3.8	14.0	5.2	8.0	6.0	6.9		
Harding Loevner Emerging Markets	37,371,527	3.3	9.2 (52)	9.2 (52)	-7.2 (74)	4.1 (70)	0.1 (66)	8.0 (51)	3.3 (32)	7.2 (52)		Sep-2015
<i>MSCI Emerging Markets (Net)</i>			9.6 (45)	9.6 (45)	-1.2 (44)	10.5 (42)	2.4 (42)	9.0 (36)	2.5 (44)	8.2 (38)		
<i>Mercer Mutual Fund Emerging Markets Equity Median</i>			9.2	9.2	-2.1	9.0	1.7	8.0	2.2	7.3		

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Surplus Cash Portfolio ex District

Manager Asset Allocation & Performance

September 30, 2020



	Allocation		Performance									
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	10 Year	Inception	Inception Date	
Short Duration Fixed Income												
Barrow Hanley Short Fixed	117,266,213	10.5	0.6 (57)	0.6 (57)	3.2 (37)	3.9 (29)	2.9 (36)	2.3 (46)	1.5 (66)	4.5 (14)	Apr-1991	
<i>Blmbg. Barc. 1-3 Year Gov/Credit</i>			<i>0.2 (83)</i>	<i>0.2 (83)</i>	<i>3.1 (38)</i>	<i>3.7 (36)</i>	<i>2.8 (39)</i>	<i>2.1 (58)</i>	<i>1.6 (65)</i>	<i>4.1 (30)</i>		
<i>Mercer Mutual Fund US Fixed Short Median</i>			<i>0.7</i>	<i>0.7</i>	<i>2.8</i>	<i>3.3</i>	<i>2.7</i>	<i>2.2</i>	<i>1.8</i>	<i>3.9</i>		
Cash Composite	3,967,235	0.4	0.0	0.0	0.1	0.4	0.5	0.4	-	0.2	Nov-2012	
<i>90 Day U.S. Treasury Bill</i>			<i>0.0</i>	<i>0.0</i>	<i>0.6</i>	<i>1.1</i>	<i>1.7</i>	<i>1.2</i>	<i>0.6</i>	<i>0.8</i>		
Market Duration Fixed Income												
Dodge & Cox Fixed	176,671,862	15.8	1.5 (41)	1.5 (41)	7.3 (24)	8.1 (16)	5.6 (21)	5.4 (14)	4.5 (18)	4.1 (14)	Nov-2012	
<i>Blmbg. Barc. U.S. Aggregate</i>			<i>0.6 (86)</i>	<i>0.6 (86)</i>	<i>6.8 (34)</i>	<i>7.0 (38)</i>	<i>5.2 (34)</i>	<i>4.2 (48)</i>	<i>3.6 (54)</i>	<i>3.3 (50)</i>		
<i>Mercer Mutual Fund US Fixed Core Median</i>			<i>1.3</i>	<i>1.3</i>	<i>5.8</i>	<i>6.3</i>	<i>4.8</i>	<i>4.1</i>	<i>3.7</i>	<i>3.2</i>		
MetWest Fixed	169,037,337	15.1	1.1 (58)	1.1 (58)	8.0 (12)	8.2 (15)	5.8 (17)	4.6 (35)	4.4 (24)	3.5 (36)	Nov-2012	
<i>Blmbg. Barc. U.S. Aggregate</i>			<i>0.6 (86)</i>	<i>0.6 (86)</i>	<i>6.8 (34)</i>	<i>7.0 (38)</i>	<i>5.2 (34)</i>	<i>4.2 (48)</i>	<i>3.6 (54)</i>	<i>3.3 (50)</i>		
<i>Mercer Mutual Fund US Fixed Core Median</i>			<i>1.3</i>	<i>1.3</i>	<i>5.8</i>	<i>6.3</i>	<i>4.8</i>	<i>4.1</i>	<i>3.7</i>	<i>3.2</i>		
Met West Total Return Bond Plan - CONCERN	14,428,132	1.3	1.2 (52)	1.2 (52)	7.8 (14)	8.1 (17)	5.8 (16)	4.5 (36)	-	4.7 (40)	Feb-2016	
<i>Blmbg. Barc. U.S. Aggregate</i>			<i>0.6 (86)</i>	<i>0.6 (86)</i>	<i>6.8 (34)</i>	<i>7.0 (38)</i>	<i>5.2 (34)</i>	<i>4.2 (48)</i>	<i>3.6 (54)</i>	<i>4.3 (54)</i>		
<i>Mercer Mutual Fund US Fixed Core Median</i>			<i>1.3</i>	<i>1.3</i>	<i>5.8</i>	<i>6.3</i>	<i>4.8</i>	<i>4.1</i>	<i>3.7</i>	<i>4.4</i>		
Real Estate												
AG Realty Value Fund X, LP	5,770,486	0.5	0.0	0.0	-0.3	3.0	-	-	-	-11.8	Jun-2019	
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>0.0</i>	<i>-0.3</i>	<i>1.3</i>	<i>4.9</i>	<i>6.1</i>	<i>9.3</i>	<i>2.4</i>		
Oaktree Real Estate Opportunities Fund VI	4,901,889	0.4	0.0	0.0	-2.5	-4.3	0.8	1.9	-	5.4	Sep-2013	
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>0.0</i>	<i>-0.3</i>	<i>1.3</i>	<i>4.9</i>	<i>6.1</i>	<i>9.3</i>	<i>7.9</i>		
Walton Street Real Estate Fund VII, L.P.	3,162,716	0.3	0.0	0.0	-15.5	-15.2	-5.7	0.7	-	6.9	Nov-2013	
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>0.0</i>	<i>-0.3</i>	<i>1.3</i>	<i>4.9</i>	<i>6.1</i>	<i>9.3</i>	<i>7.8</i>		
Walton Street Real Estate Fund VIII, L.P.	8,269,462	0.7	0.0	0.0	-6.0	-3.3	5.6	-	-	8.0	Jun-2017	
<i>NCREIF Property Index</i>			<i>0.0</i>	<i>0.0</i>	<i>-0.3</i>	<i>1.3</i>	<i>4.9</i>	<i>6.1</i>	<i>9.3</i>	<i>5.1</i>		
Hedge Funds												
Hedge Fund Composite	147,327,429	13.1	2.8	2.8	-4.8	-4.5	0.9	1.2	-	1.8	May-2013	
<i>HFRI Fund of Funds Composite Index</i>			<i>4.1</i>	<i>4.1</i>	<i>2.4</i>	<i>5.6</i>	<i>2.8</i>	<i>3.1</i>	<i>2.9</i>	<i>3.0</i>		

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Surplus Cash Portfolio ex District

Manager Asset Allocation & Performance

September 30, 2020



	Allocation		Performance								
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	10 Year	Inception	Inception Date
Total Plan											
Total Surplus Cash X District	1,120,849,107	100.0	4.1	4.1	2.9	7.0	5.8	6.7	5.7	5.7	Nov-2012
<i>Total Surplus Cash Benchmark</i>			3.9	3.9	3.0	7.4	5.5	6.6	5.5	5.6	
<i>Pre-Pavilion Total Surplus Cash Benchmark</i>			1.2	1.2	3.1	4.5	4.3	4.2	4.1	3.8	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

El Camino Hospital

Private Real Estate Summary (Lagged)

June 30, 2020

Partnerships	Vintage	Capital Commitment	Drawn Down	Distributed	Market Value (1)	IRR (1)	FTSE NAREIT	PME+ Equity REIT Index (4)	TVPI Multiple (1,2)	DPI Multiple (2)	Remaining Commitment (3)
Oaktree Capital Management RE Opportunities Fund VI	2012	14,000,000	14,000,000	14,416,258	4,901,889	8.6		7.9	1.4	1.0	3,220,000
Walton Street Real Estate Fund VII, L.P.	2012	14,000,000	12,438,130	13,763,325	3,162,716	10.1		6.7	1.4	1.1	4,420,768
Walton Street Real Estate Fund VIII, L.P.	2015	13,000,000	11,094,901	4,173,347	8,269,462	7.0		0.3	1.1	0.4	6,089,858
AG Realty Value Fund X	2018	20,000,000	5,950,000	53,543	5,770,486	-3.5		-19.7	1.0	0.0	14,050,000
Total Surplus Cash Real Estate		61,000,000	43,483,031	32,406,473	22,104,553	8.7		5.8	1.3	0.7	27,780,626

1) Valuations are typically reported on one quarter lag. If the valuation date is earlier than the statement's date, the market value and performance are estimated by rolling forward the latest reported balance to include relevant new cash flows.

2) Total Value to Paid In (TVPI) reflects total realized and unrealized performance. Distributed to Paid In (DPI) reflects realized performance only.

3) Remaining commitment includes recallable distributions which, if called, could cause drawn to exceed commitment.

4) The public market equivalent (PME+) calculates benchmark performance by using the daily cash flows in a public index, and scaling the fund's distributions so the public market NAV remains positive.

The PME will match the fund's IRR if no distribution/s had occurred during the life of the fund.

Cash Balance Plan

Composite Asset Allocation & Performance

September 30, 2020

	Allocation		Performance								
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	10 Year	Inception	Inception Date
Total Cash Balance Plan	301,804,146	100.0	5.3	5.3	3.4	9.0	7.0	8.1	8.2	7.7	Nov-2012
<i>Total Cash Balance Plan Benchmark</i>			4.6	4.6	2.6	7.9	6.0	7.4	7.6	7.0	
<i>Pre-Pavilion Total Cash Balance Plan Benchmark</i>			3.6	3.6	-3.9	0.4	4.1	6.6	7.7	7.1	
Total Cash Balance Plan X Private Structures	290,608,910	96.3	5.5	5.5	3.9	9.7	7.3	8.3	8.2	7.7	Nov-2012
<i>Cash Balance Plan Total X Privates Benchmark</i>			4.9	4.9	2.8	8.2	6.0	7.5	7.5	6.9	
Total Equity Composite	160,405,929	53.1	8.1	8.1	3.2	12.5	9.2	11.6	11.1	10.7	Nov-2012
<i>Total Equity Benchmark</i>			7.7	7.7	-0.1	9.0	7.1	10.6	10.6	10.2	
Domestic Equity Composite	109,204,791	36.2	9.0	9.0	6.8	15.8	12.6	14.0	13.4	13.7	Nov-2012
<i>Domestic Equity Benchmark</i>			8.5	8.5	3.0	12.4	10.4	13.1	13.0	13.2	
Large Cap Equity Composite	95,493,214	31.6	10.3	10.3	10.3	20.0	14.5	14.9	14.0	14.5	Nov-2012
<i>Large Cap Equity Benchmark</i>			9.2	9.2	5.3	14.9	12.1	14.0	13.6	13.8	
Small Cap Equity Composite	13,711,577	4.5	0.8	0.8	-12.8	-6.9	2.1	8.5	-	8.9	Nov-2012
<i>Small Cap Equity Benchmark</i>			4.8	4.8	-9.6	-0.6	1.4	7.8	9.7	9.4	
International Equity Composite	51,201,138	17.0	6.1	6.1	-3.6	6.1	2.9	7.1	-	5.4	Nov-2012
<i>MSCI AC World ex USA (Net)</i>			6.3	6.3	-5.4	3.0	1.2	6.2	4.0	4.8	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Cash Balance Plan

Composite Asset Allocation & Performance

September 30, 2020

	Allocation		Performance								
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	10 Year	Inception	Inception Date
Total Fixed Income Composite	91,381,424	30.3	1.2	1.2	6.6	7.2	5.3	4.5	4.1	3.5	Nov-2012
<i>Total Fixed Income Benchmark</i>			0.6	0.6	6.2	6.4	4.8	3.8	3.4	2.9	
Short Duration Fixed Income Composite	10,207,465	3.4	0.4	0.4	2.8	3.4	2.8	2.2	-	1.6	Nov-2012
<i>Short Duration Fixed Income Benchmark</i>			0.2	0.2	3.1	3.7	2.8	2.1	1.3	1.6	
Market Duration Fixed Income Composite	81,173,959	26.9	1.4	1.4	7.2	7.8	5.6	4.8	4.4	3.9	Nov-2012
<i>Blmbg. Barc. U.S. Aggregate</i>			0.6	0.6	6.8	7.0	5.2	4.2	3.6	3.3	
Total Alternatives Composite	50,016,793	16.6	4.4	4.4	-2.0	1.5	2.8	3.8	-	6.3	Nov-2012
<i>Total Alternatives Benchmark</i>			2.7	2.7	1.6	4.3	3.6	4.1	-	5.1	
Hedge Fund of Fund Composite	38,821,557	12.9	5.8	5.8	-0.7	3.7	3.3	3.8	-	5.6	Nov-2012
<i>HFRI Fund of Funds Composite Index</i>			4.1	4.1	2.4	5.6	2.8	3.1	2.9	3.5	
Real Estate Composite	11,195,236	3.7	0.0	0.0	-6.4	-5.4	1.0	3.2	-	7.0	Jan-2013
<i>NCREIF Property Index</i>			0.0	0.0	-0.3	1.3	4.9	6.1	9.3	8.2	

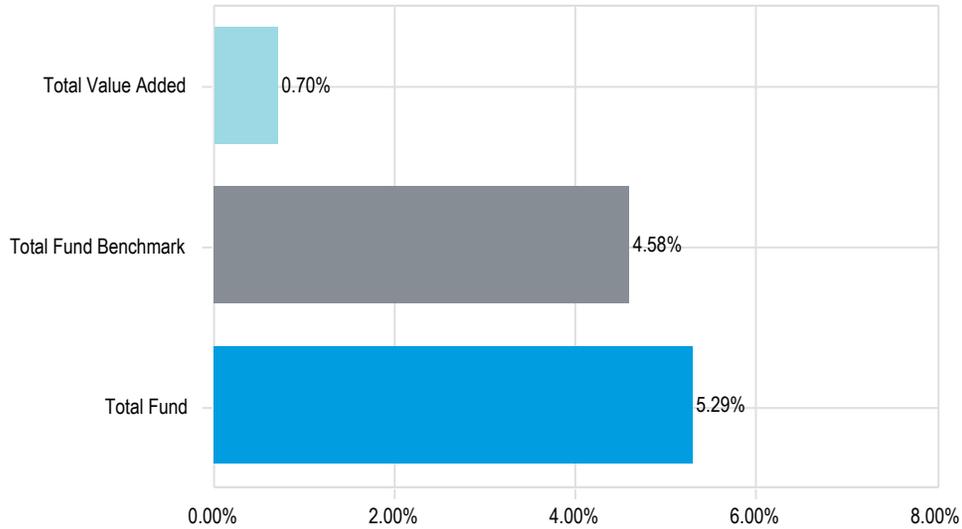
Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Cash Balance Plan

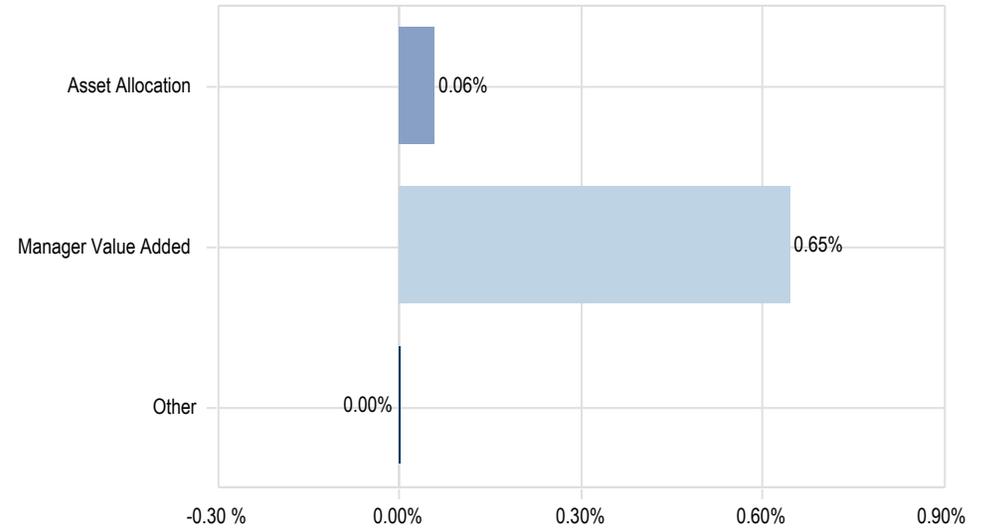
Attribution Analysis

1 Quarter Ending September 30, 2020

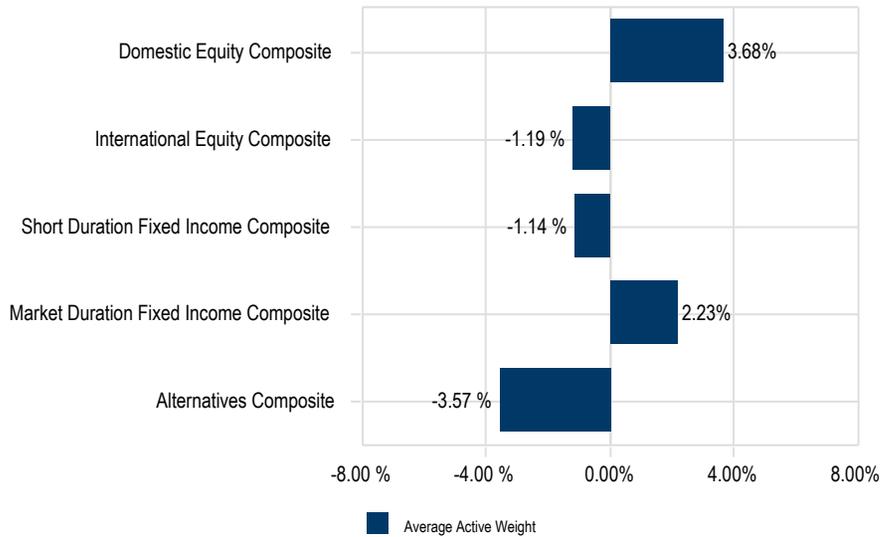
Total Fund Performance



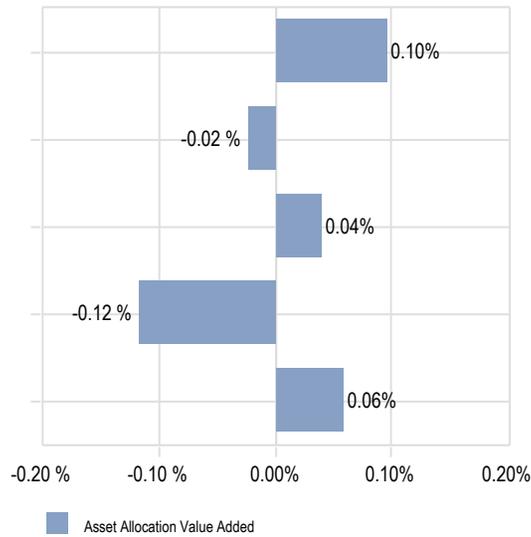
Total Value Added:0.70%



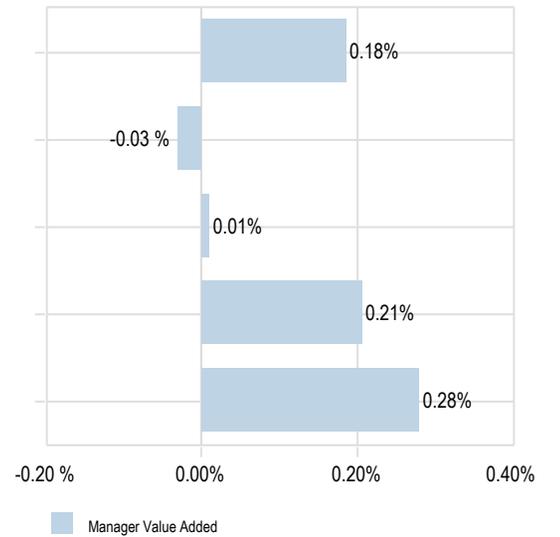
Average Active Weight



Asset Allocation Value Added:0.06%



Total Manager Value Added:0.65%



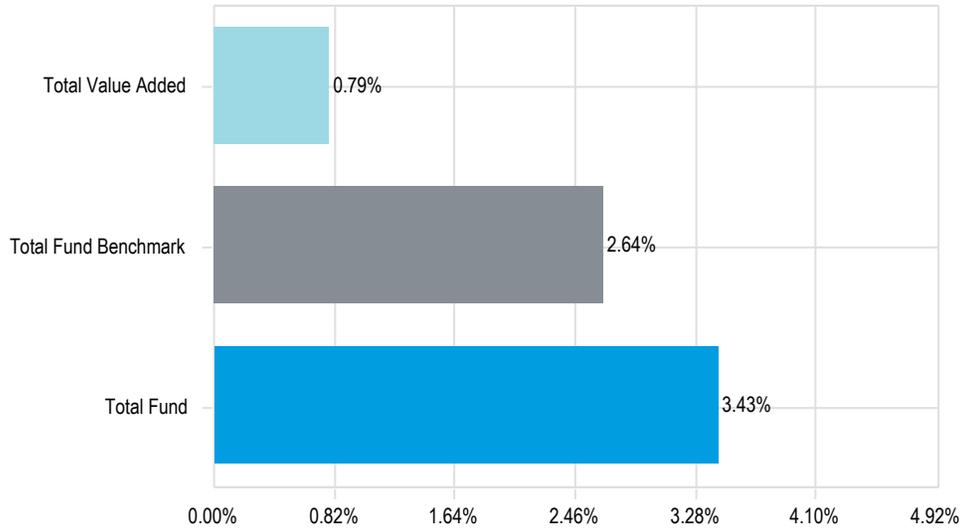
"Other" includes the effects of all other factors on the Fund's relative return, including rebalancing and other trading activity.

Cash Balance Plan

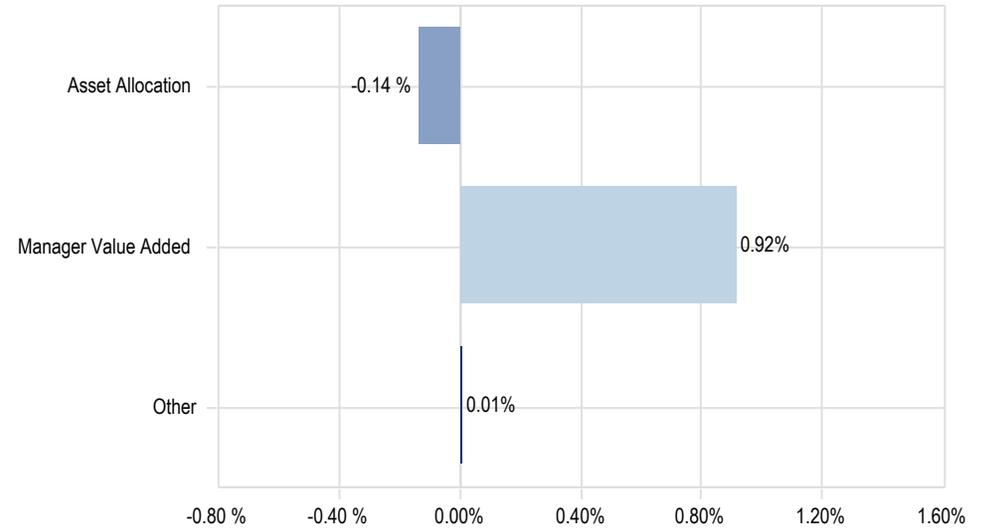
Attribution Analysis

Year To Date Ending September 30, 2020

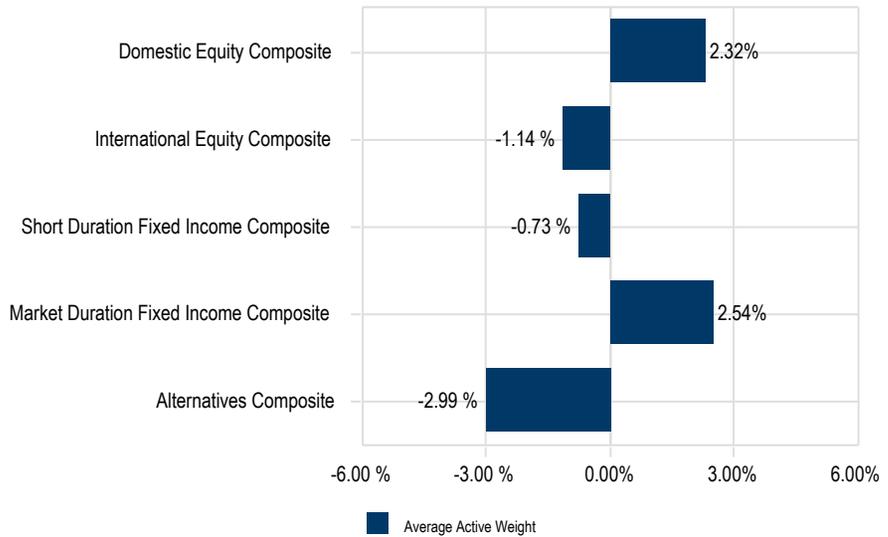
Total Fund Performance



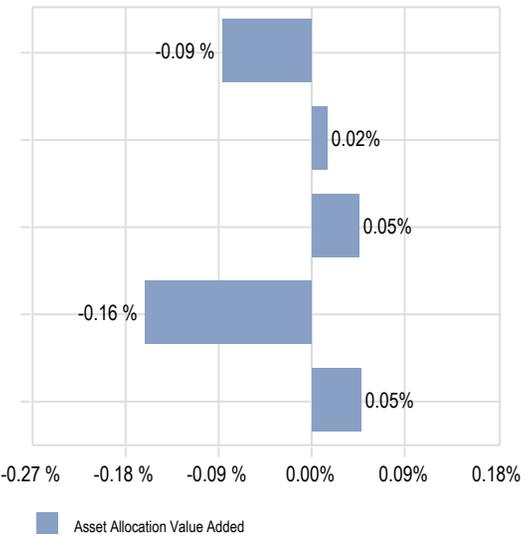
Total Value Added: 0.79%



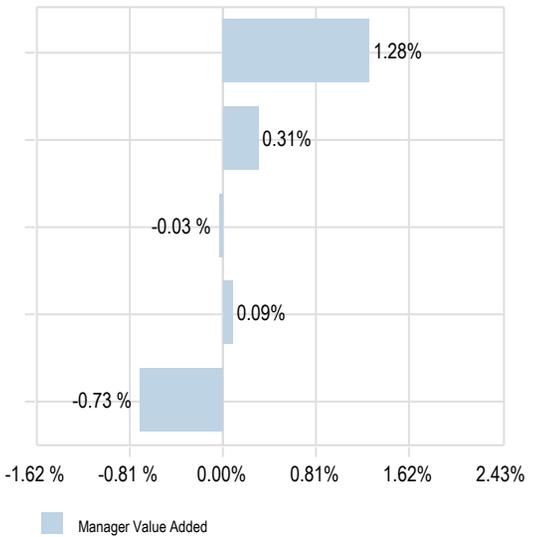
Average Active Weight



Asset Allocation Value Added: -0.14 %



Total Manager Value Added: 0.92%



"Other" includes the effects of all other factors on the Fund's relative return, including rebalancing and other trading activity.

Cash Balance Plan

Manager Asset Allocation & Performance

September 30, 2020

	Allocation		Performance								Inception Date
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	10 Year	Inception	
Large-Cap Equity											
Vanguard Institutional Index Fund	44,598,829	14.8	8.9 (46)	8.9 (46)	5.6 (38)	15.2 (38)	12.3 (29)	14.1 (19)	13.7 (16)	13.9 (19)	Nov-2012
<i>S&P 500</i>			8.9 (46)	8.9 (46)	5.6 (38)	15.1 (38)	12.3 (28)	14.1 (19)	13.7 (16)	13.9 (19)	
<i>Mercer Mutual Fund US Equity Large Cap Core Median</i>			8.6	8.6	4.4	13.5	11.2	12.7	12.4	12.6	
Sands Large Cap Growth (Touchstone)	31,588,220	10.5	15.4 (9)	15.4 (9)	43.9 (1)	59.2 (2)	28.3 (2)	22.2 (5)	18.8 (3)	19.3 (12)	Nov-2012
<i>Russell 1000 Growth Index</i>			13.2 (21)	13.2 (21)	24.3 (38)	37.5 (33)	21.7 (33)	20.1 (22)	17.3 (20)	18.3 (23)	
<i>Mercer Mutual Fund US Equity Large Cap Growth Median</i>			11.6	11.6	22.5	34.6	20.5	18.5	15.9	17.0	
Barrow Hanley Large Cap Value	19,306,164	6.4	5.9 (33)	5.9 (33)	-13.7 (81)	-8.2 (86)	3.6 (51)	7.7 (58)	10.2 (41)	9.7 (40)	Nov-2012
<i>Russell 1000 Value Index</i>			5.6 (41)	5.6 (41)	-11.6 (67)	-5.0 (68)	2.6 (64)	7.7 (58)	9.9 (46)	9.3 (52)	
<i>Mercer Mutual Fund US Equity Large Cap Value Median</i>			5.0	5.0	-9.8	-3.3	3.7	8.1	9.8	9.4	
Small-Cap Equity											
Wellington Small Cap Value	5,667,346	1.9	-1.9 (99)	-1.9 (99)	-29.7 (97)	-24.0 (96)	-7.4 (68)	0.8 (79)	6.5 (53)	4.9 (72)	Nov-2012
<i>Russell 2000 Value Index</i>			2.6 (52)	2.6 (52)	-21.5 (45)	-14.9 (46)	-5.1 (33)	4.1 (26)	7.1 (34)	6.2 (33)	
<i>Mercer Mutual Fund US Equity Small Cap Value Median</i>			2.6	2.6	-21.9	-15.2	-6.3	2.3	6.7	5.5	
Conestoga Small Cap Growth	8,044,231	2.7	2.7 (96)	2.7 (96)	4.9 (57)	10.5 (67)	11.2 (49)	16.3 (23)	14.5 (26)	16.4 (39)	Jul-2016
<i>Russell 2000 Growth Index</i>			7.2 (61)	7.2 (61)	3.9 (59)	15.7 (54)	8.2 (67)	11.4 (65)	12.3 (59)	12.9 (61)	
<i>Mercer Mutual Fund US Equity Small Cap Growth Median</i>			8.5	8.5	7.4	17.3	10.4	12.8	13.1	13.9	
International Equity											
Causeway International Value	16,591,628	5.5	1.0 (90)	1.0 (90)	-17.2 (70)	-7.8 (62)	-5.2 (58)	1.2 (70)	3.4 (20)	-7.8 (61)	May-2018
<i>MSCI AC World ex USA (Net)</i>			6.3 (1)	6.3 (1)	-5.4 (4)	3.0 (2)	1.2 (2)	6.2 (1)	4.0 (6)	-0.7 (2)	
<i>MSCI AC World ex USA Value (Net)</i>			2.3 (67)	2.3 (67)	-17.6 (71)	-10.8 (75)	-5.1 (55)	2.1 (29)	1.5 (83)	-8.2 (69)	
<i>Mercer Mutual Fund World ex US/EAFE Equity Large Cap Value Median</i>			2.8	2.8	-14.5	-6.6	-4.8	1.8	2.4	-7.1	
BNY Mellon International Stock Fund	27,821,553	9.2	8.6 (53)	8.6 (53)	7.9 (29)	17.3 (34)	10.0 (12)	12.1 (8)	7.4 (21)	8.1 (28)	Nov-2012
<i>MSCI AC World ex USA (Net)</i>			6.3 (85)	6.3 (85)	-5.4 (93)	3.0 (92)	1.2 (89)	6.2 (80)	4.0 (92)	4.8 (93)	
<i>MSCI AC World ex USA Growth (Net)</i>			10.2 (31)	10.2 (31)	7.3 (31)	17.5 (32)	7.3 (34)	10.2 (26)	6.4 (43)	7.7 (35)	
<i>Mercer Mutual Fund World ex US/EAFE Equity Large Cap Growth Median</i>			8.7	8.7	3.8	14.0	5.2	8.0	6.0	6.9	
Harding Loevner Inst. Emerging Markets I	6,787,957	2.2	9.2 (52)	9.2 (52)	-7.2 (74)	4.1 (70)	0.1 (66)	8.0 (51)	3.3 (32)	5.5 (62)	Nov-2016
<i>MSCI Emerging Markets (Net)</i>			9.6 (45)	9.6 (45)	-1.2 (44)	10.5 (42)	2.4 (42)	9.0 (36)	2.5 (44)	7.2 (41)	
<i>Mercer Mutual Fund Emerging Markets Equity Median</i>			9.2	9.2	-2.1	9.0	1.7	8.0	2.2	6.4	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

Cash Balance Plan

Manager Asset Allocation & Performance

September 30, 2020

	Allocation		Performance								
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	10 Year	Inception	Inception Date
Short Duration Fixed Income											
Barrow Hanley Short Fixed	7,995,761	2.6	0.6 (62)	0.6 (62)	3.5 (28)	4.1 (23)	3.0 (27)	2.2 (49)	1.5 (66)	1.7 (47)	Nov-2012
<i>Blmbg. Barc. 1-3 Year Gov/Credit</i>			0.2 (83)	0.2 (83)	3.1 (38)	3.7 (36)	2.8 (39)	2.1 (58)	1.6 (65)	1.6 (48)	
<i>Mercer Mutual Fund US Fixed Short Median</i>			0.7	0.7	2.8	3.3	2.7	2.2	1.8	1.6	
Cash Composite	2,211,703	0.7	0.0	0.0	0.4	0.8	1.5	2.0	-	1.9	Nov-2012
<i>90 Day U.S. Treasury Bill</i>			0.0	0.0	0.6	1.1	1.7	1.2	0.6	0.8	
Market Duration Fixed Income											
Dodge & Cox Income Fund	40,269,071	13.3	1.5 (40)	1.5 (40)	6.8 (33)	7.7 (23)	5.5 (24)	5.2 (16)	4.4 (20)	6.7 (15)	Jan-1989
<i>Blmbg. Barc. U.S. Aggregate</i>			0.6 (86)	0.6 (86)	6.8 (34)	7.0 (38)	5.2 (34)	4.2 (48)	3.6 (54)	6.2 (37)	
<i>Mercer Mutual Fund US Fixed Core Median</i>			1.3	1.3	5.8	6.3	4.8	4.1	3.7	6.1	
Met West Total Return Fund PI	40,904,888	13.6	1.2 (52)	1.2 (52)	7.8 (14)	8.1 (17)	5.8 (16)	4.5 (37)	4.6 (16)	3.8 (22)	Nov-2012
<i>Blmbg. Barc. U.S. Aggregate</i>			0.6 (86)	0.6 (86)	6.8 (34)	7.0 (38)	5.2 (34)	4.2 (48)	3.6 (54)	3.3 (50)	
<i>Mercer Mutual Fund US Fixed Core Median</i>			1.3	1.3	5.8	6.3	4.8	4.1	3.7	3.2	
Hedge Fund of Funds											
Lighthouse Diversified	17,407,998	5.8	3.3	3.3	-9.1	-6.5	-1.1	0.7	3.2	3.0	Nov-2012
<i>HFRI Fund of Funds Composite Index</i>			4.1	4.1	2.4	5.6	2.8	3.1	2.9	3.5	
Pointer Offshore LTD	21,413,559	7.1	7.9	7.9	7.5	13.9	7.6	6.9	8.3	8.3	Jan-2013
<i>HFRI Fund of Funds Composite Index</i>			4.1	4.1	2.4	5.6	2.8	3.1	2.9	3.4	
Real Estate											
Oaktree RE Opportunities Fund VI	2,936,984	1.0	0.0	0.0	-0.6	-2.5	1.9	2.4	-	6.3	Feb-2013
<i>NCREIF Property Index</i>			0.0	0.0	-0.3	1.3	4.9	6.1	9.3	8.2	
Walton Street Real Estate Fund VII, L.P.	1,897,127	0.6	0.0	0.0	-15.4	-15.2	-5.5	0.8	-	6.8	Jul-2013
<i>NCREIF Property Index</i>			0.0	0.0	-0.3	1.3	4.9	6.1	9.3	8.0	
Walton Street Real Estate Fund VIII, L.P.	6,361,125	2.1	0.0	0.0	-6.0	-3.3	5.6	-	-	8.0	Jun-2017
<i>NCREIF Property Index</i>			0.0	0.0	-0.3	1.3	4.9	6.1	9.3	5.1	
Total Plan											
Total Cash Balance Plan	301,804,146	100.0	5.3	5.3	3.4	9.0	7.0	8.1	8.2	7.7	Nov-2012
<i>Total Cash Balance Plan Benchmark</i>			4.6	4.6	2.6	7.9	6.0	7.4	7.6	7.0	
<i>Pre-Pavilion Total Cash Balance Plan Benchmark</i>			3.6	3.6	-3.9	0.4	4.1	6.6	7.7	7.1	

Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized. Peer group percentile ranks are shown in parentheses.

El Camino Hospital

Private Real Estate Summary (Lagged)

June 30, 2020



Partnerships	Vintage	Capital Commitment	Drawn Down	Distributed	Market Value (1)	IRR (1)	FTSE NAREIT Equity REIT Index	PME+ (4)	TVPI Multiple (1,2)	DPI Multiple (2)	Remaining Commitment (3)
Oaktree RE Opportunities Fund VI	2012	8,400,000	8,400,000	8,948,674	2,936,984	8.6		7.2	1.4	1.1	1,932,000
Walton Street Real Estate Fund VII, L.P.	2012	8,400,000	7,440,389	8,262,540	1,897,127	10.1		6.4	1.4	1.1	2,652,461
Walton Street Real Estate Fund VIII, L.P.	2015	10,000,000	8,534,539	3,210,267	6,361,125	7.0		0.2	1.1	0.4	4,684,507
Total Cash Balance Real Estate		26,800,000	24,374,928	20,421,481	11,195,236	8.8		5.9	1.3	0.8	9,268,967

1) Valuations are typically reported on one quarter lag. If the valuation date is earlier than the statement's date, the market value and performance are estimated by rolling forward the latest reported balance to include relevant new cash flows.

2) Total Value to Paid In (TVPI) reflects total realized and unrealized performance. Distributed to Paid In (DPI) reflects realized performance only.

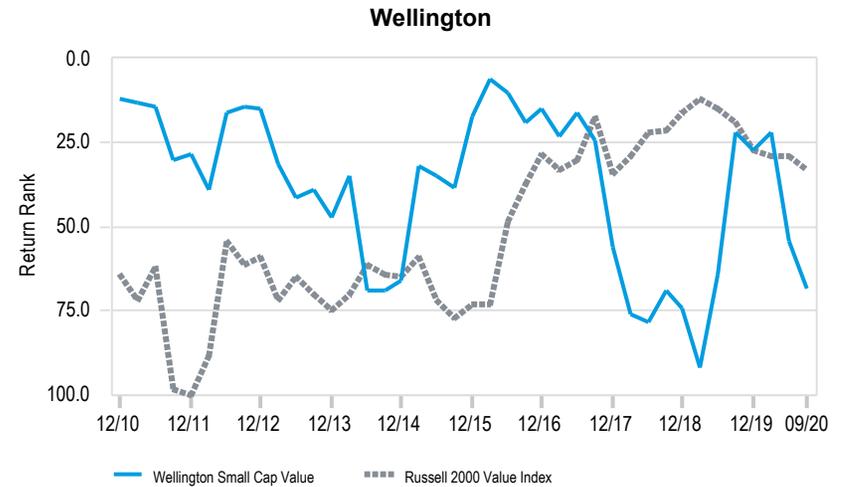
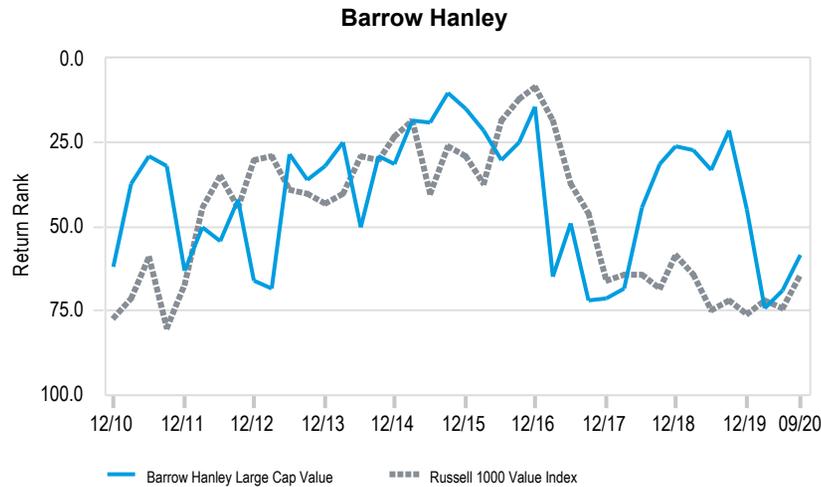
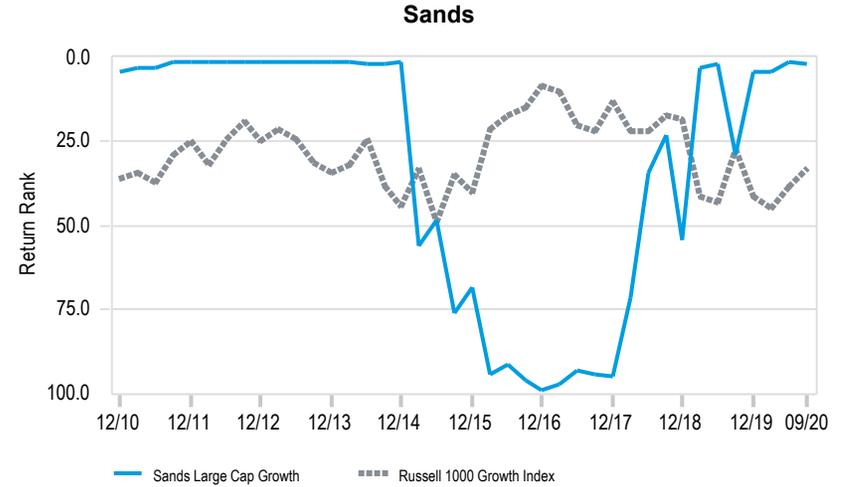
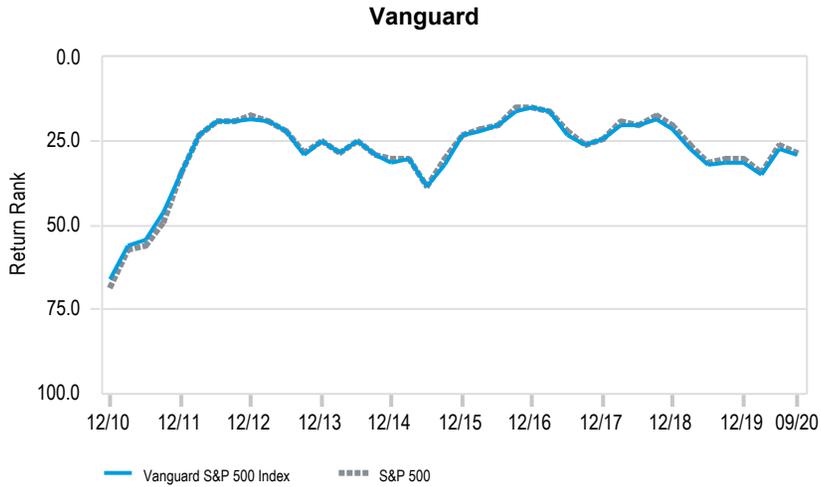
3) Remaining commitment includes recallable distributions which, if called, could cause drawn to exceed commitment.

4) The public market equivalent (PME+) calculates benchmark performance by using the daily cash flows in a public index, and scaling the fund's distributions so the public market NAV remains positive. The PME will match the fund's IRR if no distribution/s had occurred during the life of the fund.

Manager Performance Evaluation

Rolling 3 Year Rankings vs. Peers

As of September 30, 2020

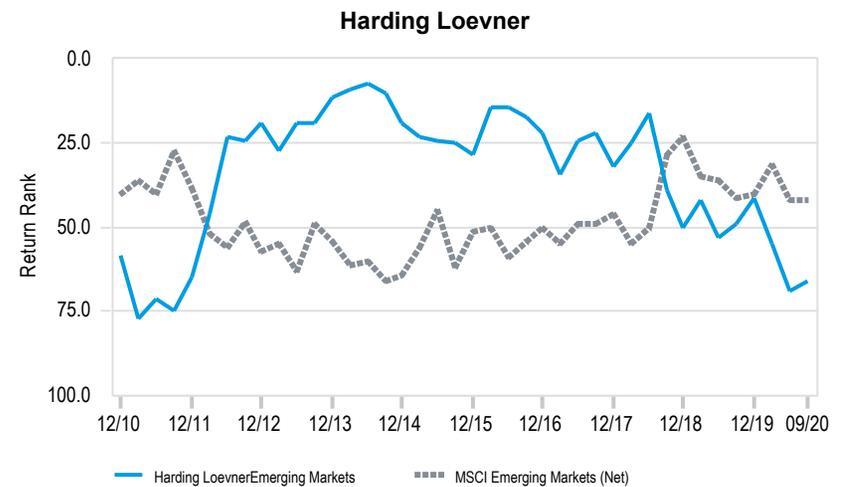
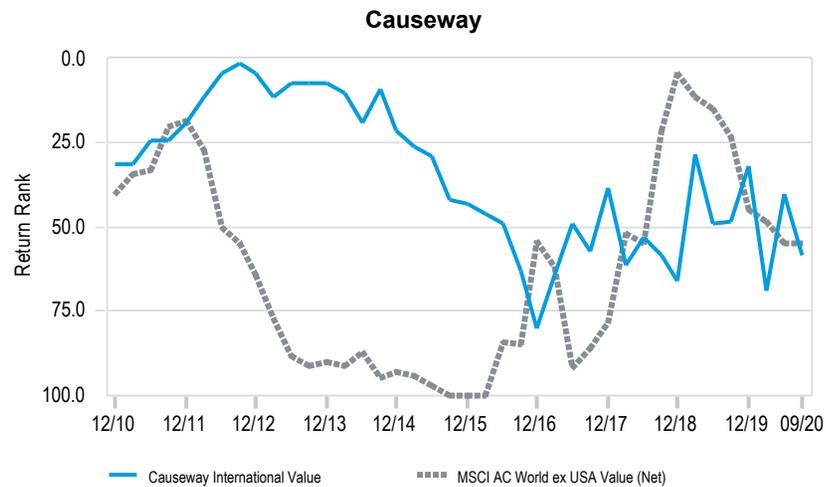
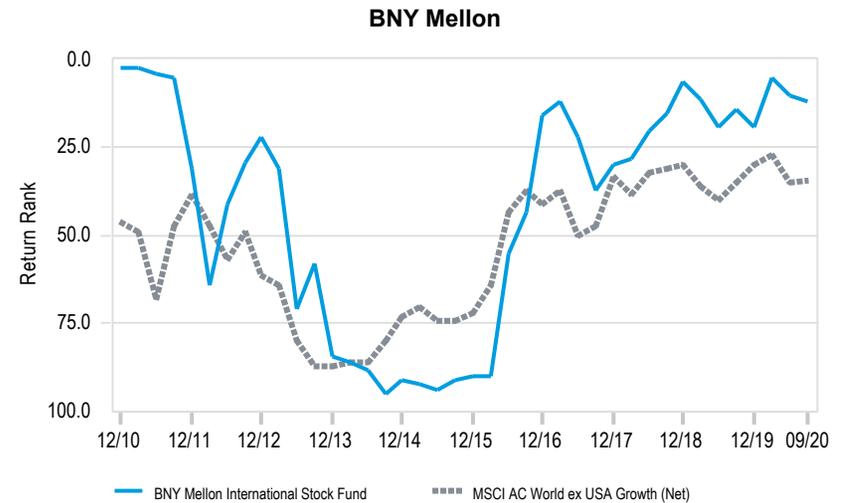
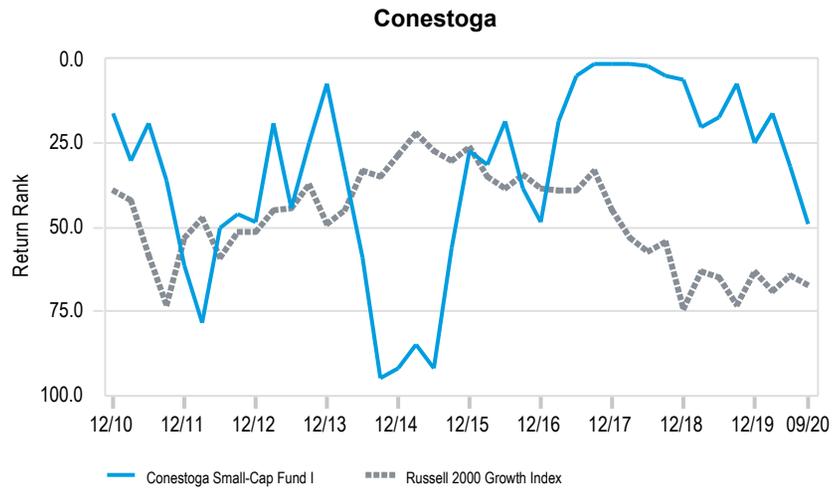


Rolling 3 Year Rankings vs. Peers utilizes performance from the Surplus Cash Plan.

Manager Performance Evaluation

Rolling 3 Year Rankings vs. Peers

As of September 30, 2020

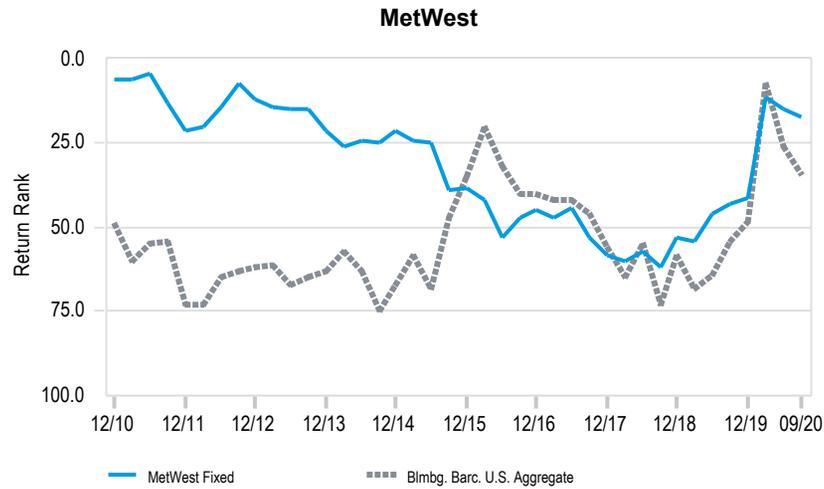
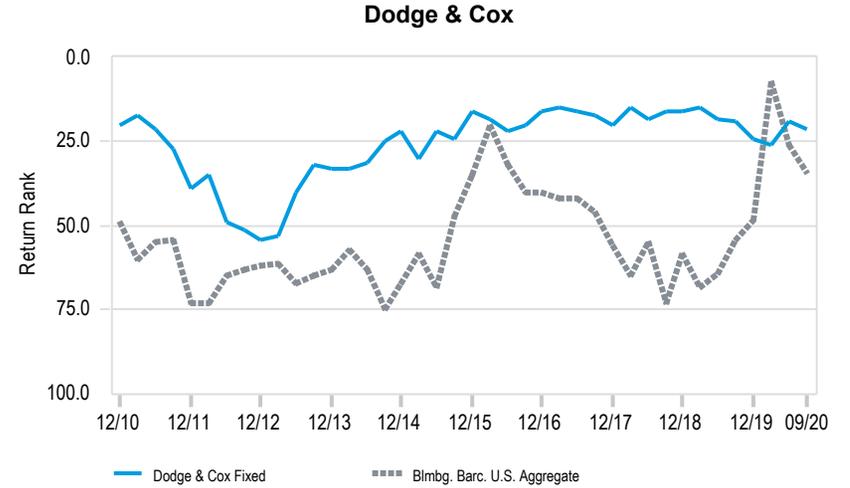
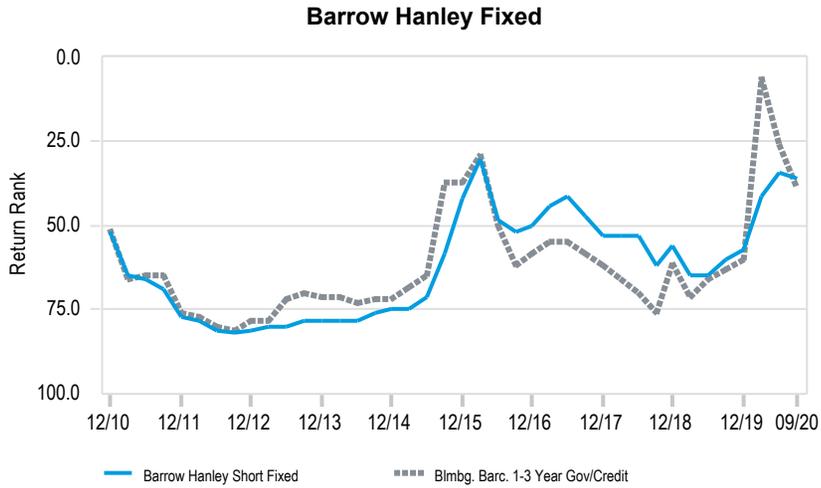


Rolling 3 Year Rankings vs. Peers utilizes performance from the Surplus Cash Plan.

Manager Performance Evaluation

Rolling 3 Year Rankings vs. Peers

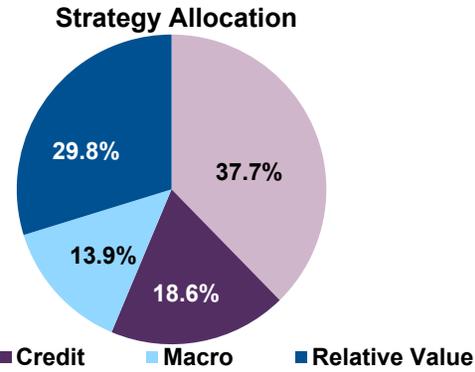
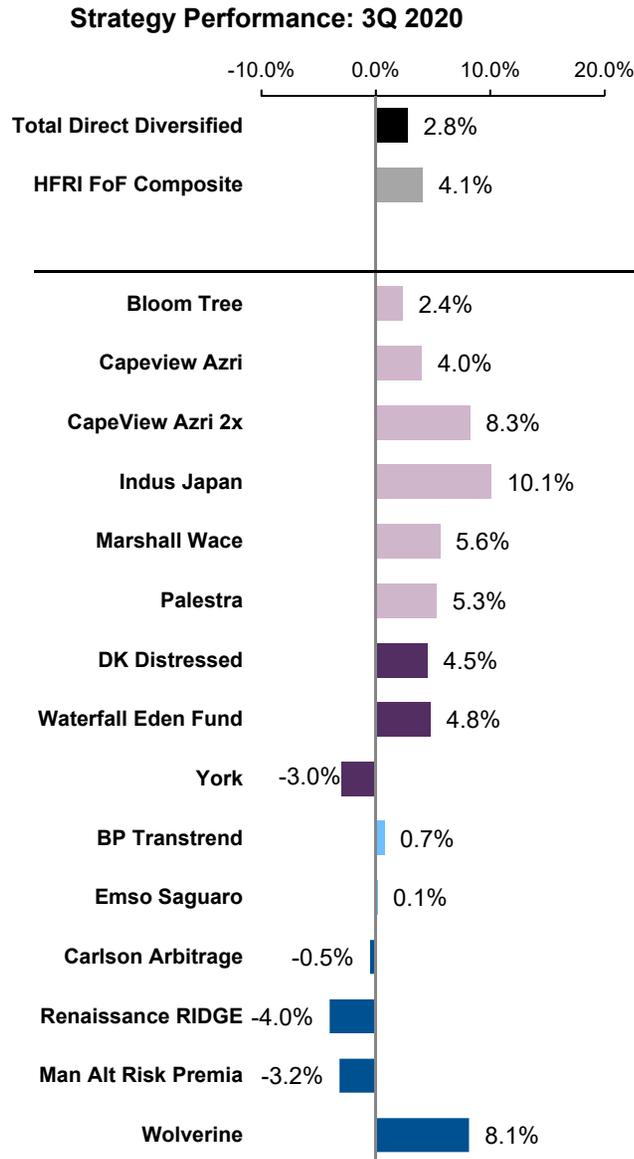
As of September 30, 2020



Rolling 3 Year Rankings vs. Peers utilizes performance from the Surplus Cash Plan.

Direct Hedge Fund Portfolio

Direct Hedge Fund Portfolio



Program Comments:

The *Direct Hedge Fund Portfolio* returned +2.8% during the Q3, underperforming peers as measured by the *HFRI Fund of Funds Composite Index* (+4.1%). Overall, the environment was constructive for hedge funds despite what was a relatively wild ride for broad markets in Q3.

Long/short equity generated material security selection alpha in Q3, as the “winners/losers theme” reverberated through equity markets. Overall, managers generated positive alpha from both longs and shorts, with **Indus Japan** having the strongest performance and US-based manager **Bloom Tree** with more modest positive performance.

Distressed strategies posted gains in Q3 but continued to lag other strategies. While “front running” the Fed largely ran its course during Q3, much of the more ‘value-oriented’ legacy distressed positions failed to gain any momentum. This continued to hurt liquidating distressed manager **York**. Nimble managers less burdened by legacy distressed positions continued to outperform, driving positive performance for **DK Distressed** and structured products manager **Waterfall**.

There was dispersion across macro strategies, and both of the Portfolio’s macro managers posted only modest gains during the quarter. Despite some fairly strong trends within the quarter (weak dollar, strong momentum, lower short-rates), the volatility within these trends proved quite difficult for trend-following manager **Transtrend** to capture. Emerging markets focused strategy **Emso Saguaro** was relatively flat on the quarter.

Relative value strategies were mixed, as factor relationships that broke down in Q1 continued to drive certain losses in Q2 and Q3. Continued underperformance of the value factor hurt risk premium manager **Man**. Quantitative equity manager **Renaissance** continued to lag the rebound given changing market dynamics and underperformance of its beta models. Dispersion in merger arbitrage deals was a modest drag on the performance of **Carlson**, and a continued rebound in credit helped fuel gains in **Wolverine’s** convertible arbitrage book.

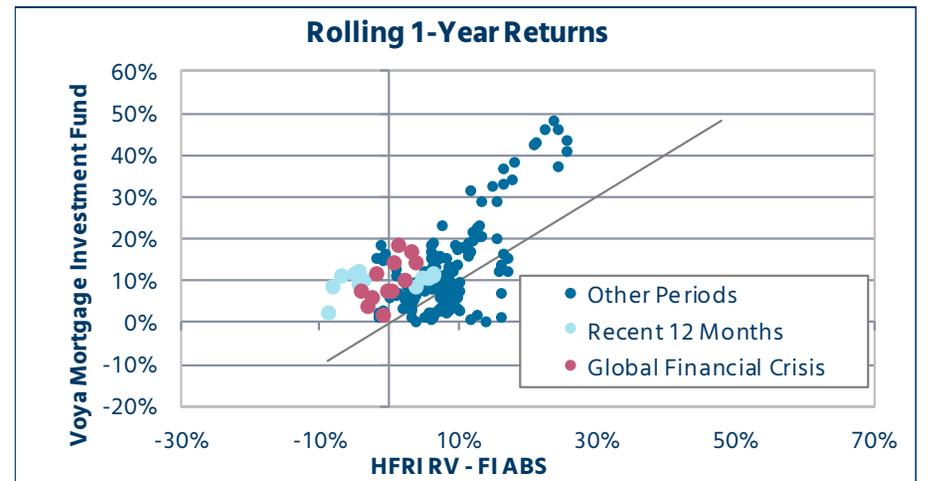
\$35.0 million is expected to be added to the hedge fund portfolio in the fourth quarter with \$15.0 million each expected to be invested in the *Voya Mortgage Fund* and the *Capstone Volatility Fund* with the remainder of the cash allocated to existing hedge fund managers.

- **Category:** U.S. Agency Mortgage Derivatives Trading
- **Strategy:** Voya Investment Management LLC (“Voya IM”) is the asset management division of Voya Financial and comprises numerous entities, including Voya Alternative Asset Management LLC (“Voya”). The Voya Mortgage Investment Fund is designed to capitalize on the inefficiencies in the structured mortgage market. The Fund seeks to generate attractive risk-adjusted returns that are uncorrelated with most broad market indices. The Fund will primarily invest in agency-backed mortgage derivatives securities such as Inverse Floaters, Interest-Only (IO), Inverse IOs, and Principal-Only (PO). The Fund will rely on three primary strategies to achieve consistent excess returns: mortgage prepayment analysis, exploiting structural market inefficiencies and relative value trading. The Fund will seek to minimize credit risk and thus is restricted from investing more than 10% in non-agency principal pay securities.
- **Mercer Evaluation:** Voya Alternative Asset Management LLC (“Voya”) has managed mortgage products since the early 1990s and is currently one of the largest participants in the US mortgage market. The investment team have worked together for many years and has built industry-leading modelling and prepayment trading tools. Over time, the Fund's niche of capturing this mortgage prepayment risk premia has shown to produce attractive risk-adjusted returns, and low beta/correlation compared to traditional equity and credit markets, as well as many other hedge fund strategies. Although the Fund's returns tend to be better when interest rates are stable, the strategy can perform well in most interest rate environments as the portfolio can be long or short prepayment risk.

*See disclosures on next page

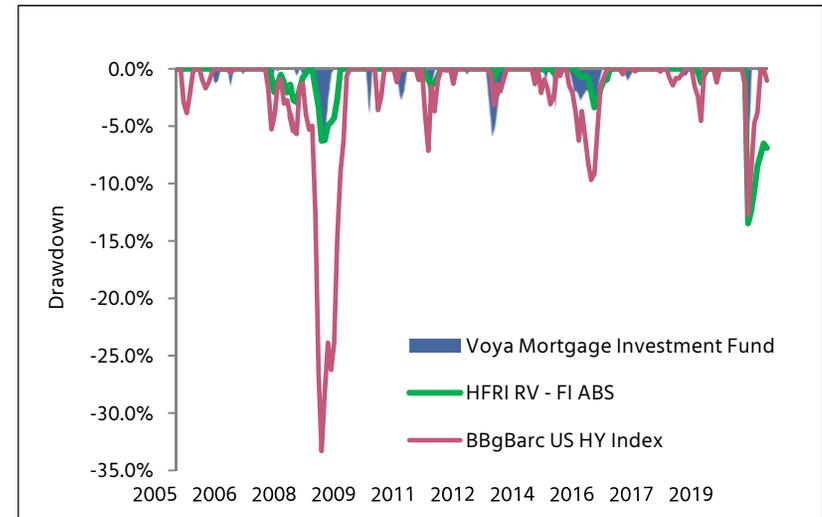
Performance (net) as of 09/30/20	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Incep.	Std. Dev
Voya Mortgage Derivatives Strategy*	12.5%	7.2%	6.6%	8.5%	11.5%	6.2%
HFRI RV - FI ABS	-4.7%	1.5%	3.2%	6.1%	6.8%	4.5%
BBgBarc US HY Index	3.3%	4.2%	6.8%	6.5%	6.9%	9.5%

As of 09/30/2020	Voya Mortgage Investment Fund
Total Firm AUM:	\$238 B
Total Strategy/Product AUM:	\$7.6 B / \$1.8 B
Liquidity Terms:	Quarterly; 65 days notice; 1-yr. soft lock with early redemption fee
Management Fee:	1.5%
Performance Fee:	20%



Calendar Year Returns (Net of Fees)	2020 (Jan-Sep)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Voya Mortgage Derivatives Strategy*	9.7%	12.0%	0.1%	3.3%	7.3%	3.0%	12.9%	6.2%	14.9%	16.8%	22.9%	48.1%	4.0%	11.1%	7.2%	9.3%
HFRI RV – FI ABS	-6.2%	6.2%	3.8%	7.7%	5.1%	2.1%	8.7%	9.9%	17.1%	6.0%	13.0%	23.9%	-3.4%	1.1%	8.7%	7.8%
BBgBarc US HY Index	0.6%	14.3%	-2.1%	7.5%	17.1%	-4.5%	2.5%	7.4%	15.8%	5.0%	15.1%	58.2%	-26.2%	1.9%	11.8%	2.7%

Risk & Monthly Performance	Voya	HFRI RV - Fixed Income ABS Index	Bloomberg Barclays US High Yield Index
Sharpe Ratio	1.61	1.18	0.57
Sortino Ratio	3.64	1.52	0.88
Correlation	--	0.47	0.40
Up-Capture	--	131%	68%
Down-Capture	--	22%	-11%
Beta	--	0.66	0.27
Alpha	--	6.6%	8.6%
St Dev of Alpha	--	5.5%	5.7%
Maximum Drawdown	-6.8%	-13.5%	-33.3%
Maximum DD Length (Peak to Trough)	1	1	18

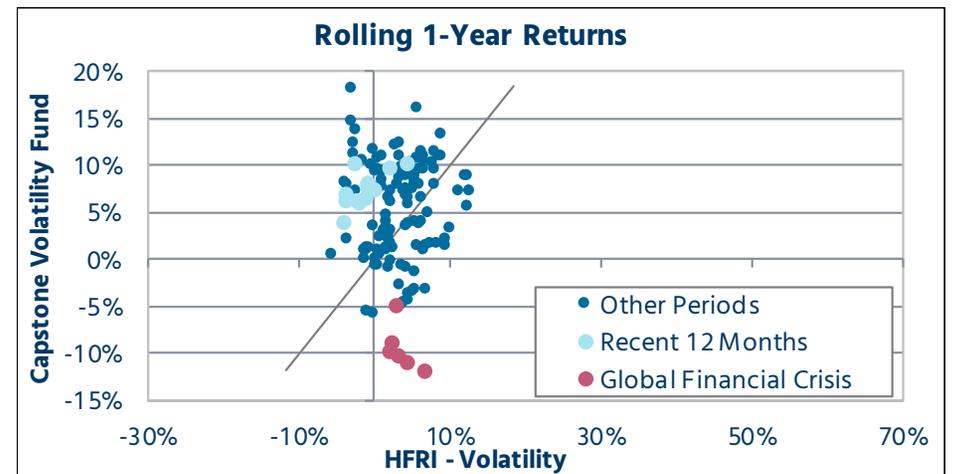


*Historical performance is reported after deducting management fees (1.5%), performance fees (20%) and Fund expenses. Performance as of January 2011 reflects actual performance of Voya Mortgage Investment Master Fund. From January 2011 to April 2011, the pro-forma performance of the USD Institutional Dividend Paying Class, a no-fee share class, is shown. From May 2011, the Lead Series of the US Dollar Accumulating Class, a fee paying share class, is shown. All performance prior to January 2011, shown in italics, is based on the performance of Lion Custom Investments LLC ("Lion"), a proprietary account managed by the portfolio managers which employs a similar investment strategy adjusted pro-forma using estimated expenses. Returns to investors admitted after the inception date of the Fund/Class or into a different class may differ from the stated returns above. The Feeder Fund may exhibit differences in returns due to the allocation of certain Fund expenses.

- **Category:** Volatility Arbitrage
- **Firm/Strategy:** Capstone Holdings Group L.L.C. ("CHG") was formed in 2004 by Paul Britton, CEO. Mr. Britton purchased the U.S. arm of Mako Global Derivatives, a private trading group, and formed CHG. Capstone managed partner's capital from 2004 to 2007 as a proprietary trading group before forming Capstone Investment Advisors, LLC ("CIA") in March 2007 to manage external capital and serve as the advisor to Capstone Volatility Master Fund. The Capstone Volatility Master Fund, launched in 2007, employs a volatility arbitrage strategy that seeks to capitalize on perceived inefficiencies in the pricing of volatility across equities, fixed income, FX and commodities in the U.S., European and Asian derivatives markets. Dyal Capital Partners LP ("Dyal"), a Neuberger Berman Group LLC private equity fund, purchased a passive minority stake in the Firm in May of 2013.
- **Mercer Evaluation:** Capstone has demonstrated impressive skill in relative value volatility trading. The strategy combines a wide set of strategies managed by individual teams and concentrated within the volatility complex into a single cohesive product with strong shared resources and risk management, creating a state-of-the-art platform for volatility strategies. Paul Britton has been managing the program since inception and has shown good judgement in selection of investment teams over time. The strategy distributes portfolio exposure across asset classes and geographies, providing a comprehensive program

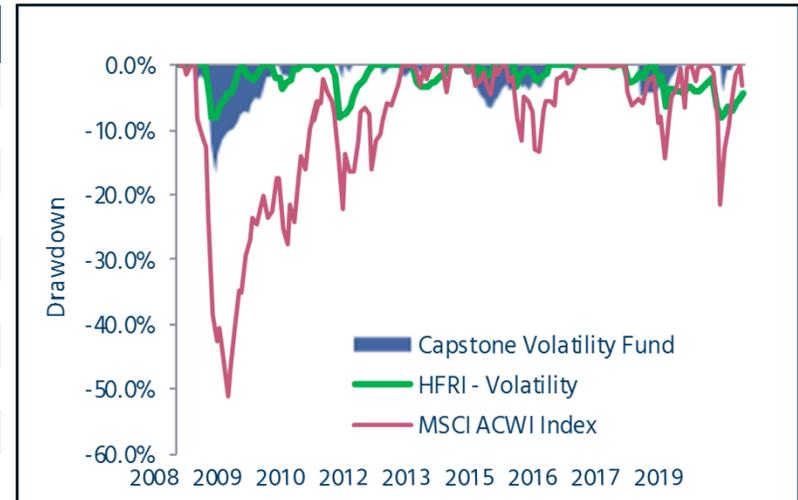
Performance (net) as of 09/30/20	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Jan '08	Std. Dev
Capstone Volatility Fund	7.7%	5.7%	6.7%	5.7%	5.2%	6.2%
HFRI - Volatility	-0.3%	-1.0%	1.2%	2.6%	3.0%	4.8%
MSCI ACWI Index	10.4%	7.1%	10.3%	8.5%	4.9%	16.9%

As of 09/30/2020	Capstone Volatility Fund
Total Firm AUM:	\$7.7 B
Total Strategy AUM:	\$5.1 B
Liquidity Terms:	Quarterly; 60 days notice; 1-yr. soft lock
Management Fee:	2.0%
Performance Fee:	20%



Calendar Year Returns (Net of Fees)	2020 (Jan-Sep)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Capstone Volatility Fund	5.0%	10.3%	0.5%	7.5%	9.0%	4.0%	-2.6%	-0.4%	7.3%	12.5%	9.8%	10.4%	-5.7%
HFRI - Volatility	-1.9%	4.3%	-5.8%	5.0%	4.3%	6.3%	3.3%	0.1%	11.0%	-2.7%	4.5%	7.7%	3.4%
MSCI ACWI	1.4%	26.6%	-9.4%	24.0%	7.9%	-2.4%	4.2%	22.8%	16.1%	-7.3%	12.7%	34.6%	-42.2%

Risk & Monthly Performance*	Capstone	HFRI RV Volatility Index	MSCI All Country World Index
Sharpe Ratio	0.72	0.48	0.25
Sortino Ratio	1.06	0.66	0.38
Correlation	--	0.08	0.34
Up-Capture	--	57%	16%
Down-Capture	--	-17%	-2%
Beta	--	0.11	0.13
Alpha	--	4.2%	3.8%
St Dev of Alpha	--	6.2%	5.8%
Maximum Drawdown	-16.7%	-8.2%	-52.3%
Maximum DD Length (Peak to Trough)	9	3	14



*Returns are for the period January 1, 2008 to September 30, 2020 (since inception of the HFRI Relative Value Volatility Index)

Disclaimer: The Capstone Volatility Master (Cayman) Limited offshore feeder fund (“Offshore Feeder”) entered the Ramp-Up Period as of April 1, 2020. Please refer to the Offshore Fund CPOM for further information. As of September 30, 2020. For the period from April 1, 2020, net returns are representative of an Offshore Feeder representative investor, holding CVM+ Quarterly Shares (as defined in the CPOM) with all dividends and proceeds (including charges assessed to redeeming investors prior to the expiration of the lockup period, if any) reinvested, is "new issue" eligible pursuant to FINRA Rule 5130 and subject to an annual 2% Management Fee, 20% Performance Allocation, and other fund expenses and withholding taxes. For the period from January 1, 2015 to March 31, 2020, net returns are representative of an Offshore Feeder representative investor since inception, with quarterly liquidity, with all dividends and proceeds (including charges assessed to redeeming investors prior to the expiration of the lockup period, if any) reinvested, is "new issue" eligible pursuant to FINRA Rule 5130 and subject to an annual 2% Management Fee, 20% Performance Allocation, and other fund expenses and withholding taxes. For the period from March 1, 2009 to March 31, 2012, the historical performance figures of Offshore Feeder Class A are inclusive of the return on investments in affiliated funds that were made at that time. For the period from January 1, 2009 to December 31, 2014, net returns are representative of an Offshore Feeder representative investor since inception, with monthly liquidity, with all dividends and proceeds (including charges assessed to redeeming investors prior to the expiration of the lockup period, if any) reinvested, is "new issue" eligible pursuant to FINRA Rule 5130 and subject to an annual 2% Management Fee, 20% Performance Allocation, and other fund expenses and withholding taxes. For the period from inception to December 31, 2008, net returns are representative of an Offshore Feeder representative investor since inception, with monthly liquidity, with all dividends and proceeds (including charges assessed to redeeming investors prior to the expiration of the lockup period, if any) reinvested, is "new issue" eligible pursuant to FINRA Rule 5130 and subject to an annual 2% Management Fee, 20% Performance Fee, fund expenses and withholding taxes. CVM had been managed, most recently, pursuant to a target Risk Capital Ratio of approximately 160% of net asset value. This target Risk Capital Ratio has historically fluctuated. The CVM’s individual investor returns may be materially different based on time of investment. Current year returns are unaudited and subject to change. No investor received these returns on a standalone basis. Past performance is neither indicative of, nor a guarantee of, future results. Investors risk loss of their entire investment.

Direct Hedge Fund Portfolio Asset Allocation & Performance

September 30, 2020

	Allocation		Performance							
	Asset \$	%	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	Since Invested	Inception Date
Hedge Fund Composite	147,327,429	100.0	2.8	2.8	-4.8	-4.5	0.9	1.2	1.8	May-2013
<i>HFRI Fund of Funds Composite Index</i>			4.1	4.1	2.4	5.6	2.8	3.1	3.0	
<i>El Camino HF Composite Benchmark</i>			3.9	3.9	1.7	4.3	2.7	4.0	3.4	
Equity HF Composite	55,520,667	37.7	5.6	5.6	2.0	5.5	4.7	2.7	3.1	May-2013
<i>HFRI Equity Hedge (Total) Index</i>			6.0	6.0	2.5	8.3	3.8	5.6	4.8	
Credit HF Composite	27,462,173	18.6	3.4	3.4	-12.5	-14.3	-3.9	0.6	1.6	May-2013
<i>HFRI ED: Distressed/Restructuring Index</i>			3.0	3.0	-0.3	-0.3	0.8	3.6	2.6	
Macro HF Composite	20,497,870	13.9	0.4	0.4	-2.8	-3.0	0.5	0.5	0.9	May-2013
<i>HFRI Macro (Total) Index</i>			1.3	1.3	0.6	0.4	1.7	1.2	1.1	
Relative Value HF Composite	43,846,719	29.8	0.1	0.1	-8.2	-9.6	0.6	0.8	1.4	May-2013
<i>HFRI RV: Multi-Strategy Index</i>			3.0	3.0	2.3	4.0	2.8	3.6	3.3	

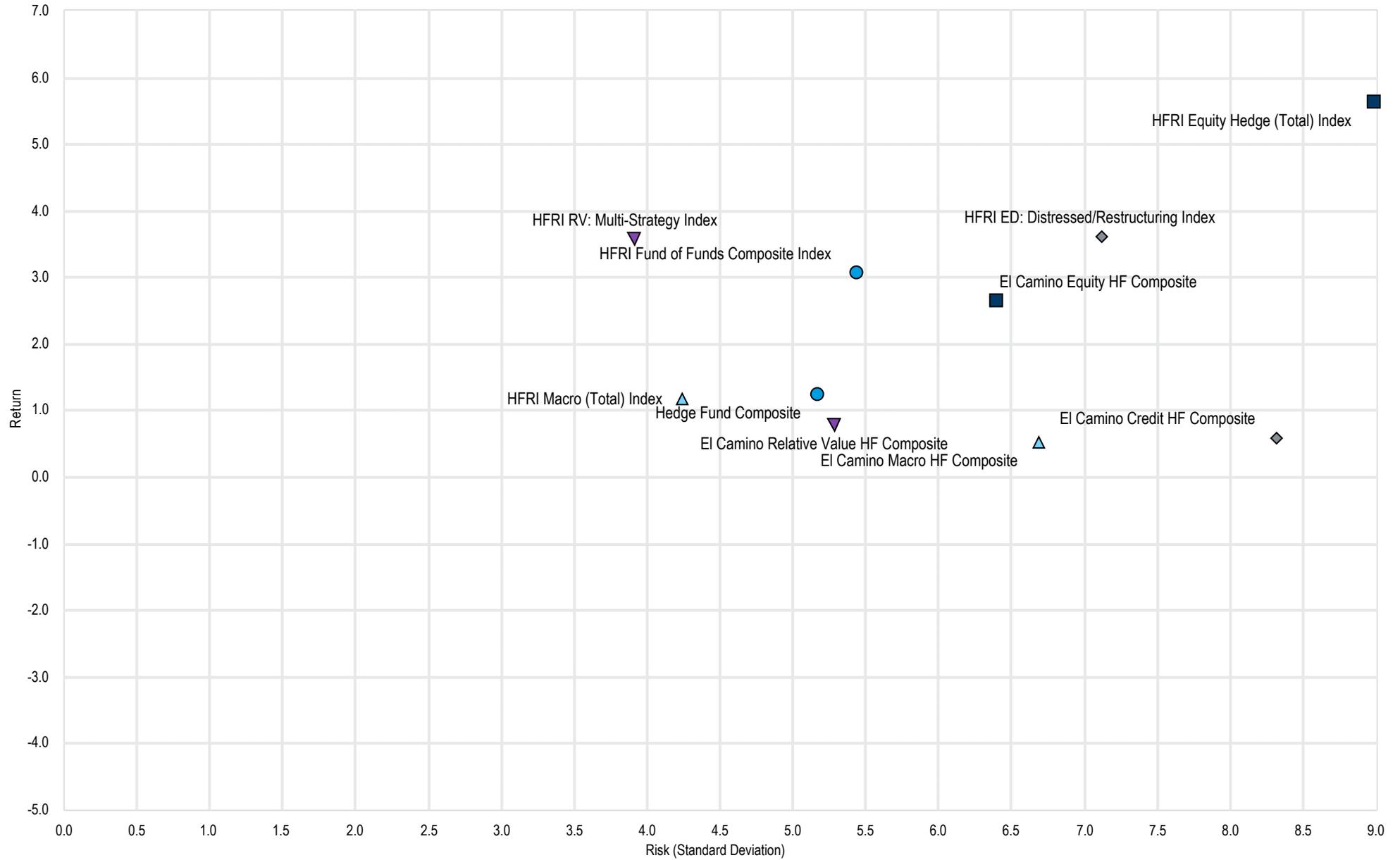
Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized.

The El Camino HF Composite Benchmark consists of 40% HFRI Equity Hedge (Total) Index, 20% HFRI ED: Distressed/Restructuring Index, 20% HFRI Macro (Total) Index, and 20% HFRI RV: Multi-Strategy Index.

Direct Hedge Fund Portfolio

Risk and Return Summary (Net of Fees)

5 Years



Returns are expressed as percentages and are net of investment management fees. Returns for periods greater than one year are annualized.

	Since Inception Return	Since Inception Standard Deviation	Since Inception Maximum Drawdown	Since Inception Best Quarter	Since Inception Worst Quarter	Since Inception Sharpe Ratio	Since Inception Sortino Ratio	Inception Date
Total Portfolio								
Hedge Fund Composite	1.8	4.8	-9.8	4.9	-9.5	0.2	0.3	May-2013
HFRI Fund of Funds Composite Index	3.0	4.9	-9.0	7.8	-8.8	0.5	0.6	
Equity Long/Short								
El Camino Equity HF Composite	3.1	5.9	-14.3	5.7	-8.2	0.4	0.6	May-2013
HFRI Equity Hedge (Total) Index	4.8	8.0	-14.6	13.2	-14.6	0.5	0.7	
Credit								
El Camino Credit HF Composite	1.6	7.5	-23.2	7.0	-17.5	0.1	0.2	May-2013
HFRI ED: Distressed/Restructuring Index	2.6	6.5	-17.5	9.7	-11.7	0.3	0.4	
Macro								
El Camino Macro HF Composite	0.9	6.5	-9.5	7.9	-6.9	0.1	0.1	May-2013
HFRI Macro (Total) Index	1.1	4.1	-6.8	6.1	-4.0	0.1	0.1	
Relative Value								
El Camino Relative Value HF Composite	1.4	5.0	-13.8	5.3	-8.7	0.1	0.2	May-2013
HFRI RV: Multi-Strategy Index	3.3	3.5	-6.6	5.7	-6.1	0.7	0.9	

Asset Class Diversification

Hedge Fund Portfolio

As of September 30, 2020



Pavilion
A Mercer practice

Manager	Asset Class/Type	Total Assets (\$ mil.)	Percent of Total	Target Allocation	Weighting Relative to Target
Equity Hedge Funds		\$ 55.5	37.7%	40.0%	- 2.3%
Luxor	Event Driven Equity	\$ 0.5	0.4%		
CapeView 1x	European Equity	\$ 6.9	4.7%		
CapeView 2x	European Equity	\$ 4.5	3.0%		
Bloom Tree	Global Equity	\$ 10.4	7.0%		
Marshall Wace Eureka	Global Equity	\$ 11.4	7.8%		
Indus Japan	Japanese Equity	\$ 10.0	6.8%		
Palestra	Long/Short Equity	\$ 11.9	8.1%		
Credit Hedge Funds		\$ 27.5	18.7%	20.0%	- 1.3%
Davidson Kempner	Distressed Credit	\$ 11.6	7.9%		
York	Multi-Strategy Credit	\$ 4.2	2.8%		
Waterfall Eden	Structured Credit	\$ 11.7	7.9%		
Macro Hedge Funds		\$ 20.5	13.9%	20.0%	- 6.1%
BP Transtrend	Systematic Macro	\$ 10.0	6.8%		
EMSO Saguario	Discretionary Macro	\$ 10.5	7.1%		
Relative Value Hedge Funds		\$ 43.8	29.7%	20.0%	+ 9.7%
Renaissance RIDGE	Quantitative Market Neutral	\$ 10.3	7.0%		
Black Diamond Arbitrage	Event/Merger Arbitrage	\$ 10.6	7.2%		
Man Alternative Risk Premia	Alternative Risk Premia	\$ 11.3	7.6%		
Wolverine	Convertible Arbitrage	\$ 11.6	7.9%		
Total Hedge Fund Portfolio		\$147.3	100.0%		

*Totals may not add due to rounding.

Direct Hedge Fund Performance Summary

September 30, 2020

	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	Since Invested	2019	2018	2017	2016	2015	2014	Inception Date
Total Portfolio														
Hedge Fund Composite	2.8	2.8	-4.8	-4.5	0.9	1.2	1.8	5.9	-1.4	7.2	1.0	-1.6	2.2	May-2013
<i>HFRI Fund of Funds Composite Index</i>	4.1	4.1	2.4	5.6	2.8	3.1	3.0	8.4	-4.0	7.8	0.5	-0.3	3.4	
<i>El Camino HF Composite Benchmark</i>	3.9	3.9	1.7	4.3	2.7	4.0	3.4	8.4	-4.1	7.7	6.7	-2.1	2.2	
Equity Long/Short														
Equity HF Composite	5.6	5.6	2.0	5.5	4.7	2.7	3.1	12.5	-3.7	12.1	-8.0	2.0	-0.4	May-2013
<i>HFRI Equity Hedge (Total) Index</i>	6.0	6.0	2.5	8.3	3.8	5.6	4.8	13.7	-7.1	13.3	5.5	-1.0	1.8	
Bloom Tree Offshore Fund, Ltd.	2.4	2.4	-12.6	-9.7	1.0	1.5	2.7	15.8	0.5	8.6	-3.8	6.3	3.0	Apr-2014
<i>HFRI Equity Hedge (Total) Index</i>	6.0	6.0	2.5	8.3	3.8	5.6	4.0	13.7	-7.1	13.3	5.5	-1.0	1.8	
CapeView Azri Fund Limited	4.0	4.0	6.7	9.2	5.0	2.4	4.2	5.0	0.6	7.6	-8.3	9.8	4.6	Jul-2013
<i>HFRI Equity Hedge (Total) Index</i>	6.0	6.0	2.5	8.3	3.8	5.6	5.0	13.7	-7.1	13.3	5.5	-1.0	1.8	
CapeView Azri 2X Fund	8.3	8.3	13.5	18.6	9.4	4.4	8.3	9.0	-0.4	16.2	-15.9	21.6	9.8	Jul-2013
<i>HFRI Equity Hedge (Total) Index</i>	6.0	6.0	2.5	8.3	3.8	5.6	5.0	13.7	-7.1	13.3	5.5	-1.0	1.8	
Indus Japan Fund Ltd.	10.1	10.1	4.9	12.4	0.7	2.0	2.8	14.1	-20.1	21.6	-7.5	1.8	6.3	Dec-2013
<i>HFRI Equity Hedge (Total) Index</i>	6.0	6.0	2.5	8.3	3.8	5.6	4.2	13.7	-7.1	13.3	5.5	-1.0	1.8	
Marshall Wace Eureka Fund Class B2	5.6	5.6	5.0	9.6	7.0	6.4	7.0	12.6	-0.2	12.0	1.3	11.7	8.1	Aug-2017
<i>HFRI Equity Hedge (Total) Index</i>	6.0	6.0	2.5	8.3	3.8	5.6	4.3	13.7	-7.1	13.3	5.5	-1.0	1.8	
Palestra Capital Offshore	5.3	5.3	6.2	7.4	8.8	10.7	12.1	22.4	-2.3	14.9	8.7	11.4	5.3	Apr-2019
<i>HFRI Equity Hedge (Total) Index</i>	6.0	6.0	2.5	8.3	3.8	5.6	5.5	13.7	-7.1	13.3	5.5	-1.0	1.8	

Direct Hedge Fund Performance Summary

September 30, 2020

	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	Since Invested	2019	2018	2017	2016	2015	2014	Inception Date
Credit														
Credit HF Composite	3.4	3.4	-12.5	-14.3	-3.9	0.6	1.6	-2.4	0.7	9.9	14.7	-8.2	2.8	May-2013
<i>HFRI ED: Distressed/Restructuring Index</i>	3.0	3.0	-0.3	-0.3	0.8	3.6	2.6	2.9	-1.7	6.3	15.1	-8.1	-1.4	
DK Distressed Opportunities International (Cayman) Ltd.	4.5	4.5	-6.5	-6.1	0.4	4.7	4.9	3.4	2.7	9.5	21.4	-6.2	3.2	May-2013
<i>HFRI ED: Distressed/Restructuring Index</i>	3.0	3.0	-0.3	-0.3	0.8	3.6	2.6	2.9	-1.7	6.3	15.1	-8.1	-1.4	
Waterfall Eden Fund, Ltd.	4.8	4.8	-7.9	-6.3	1.8	3.7	-6.3	5.6	6.7	11.1	6.5	0.4	10.9	Oct-2019
<i>HFRI ED: Distressed/Restructuring Index</i>	3.0	3.0	-0.3	-0.3	0.8	3.6	-0.3	2.9	-1.7	6.3	15.1	-8.1	-1.4	
York Credit Opportunities Unit Trust	-3.0	-3.0	-33.1	-39.2	-17.1	-9.3	-5.3	-12.9	-4.8	12.5	4.1	-7.9	3.4	May-2013
<i>HFRI ED: Distressed/Restructuring Index</i>	3.0	3.0	-0.3	-0.3	0.8	3.6	2.6	2.9	-1.7	6.3	15.1	-8.1	-1.4	
Macro														
Macro HF Composite	0.4	0.4	-2.8	-3.0	0.5	0.5	0.9	4.5	-4.0	0.1	5.0	1.0	7.7	May-2013
<i>HFRI Macro (Total) Index</i>	1.3	1.3	0.6	0.4	1.7	1.2	1.1	6.5	-4.1	2.2	1.0	-1.3	5.6	
BP Transtrend Diversified Fund LLC	0.7	0.7	-3.2	-8.0	2.3	0.5	2.0	5.0	-7.2	1.4	8.2	-1.1	18.9	May-2013
<i>HFRI Macro (Total) Index</i>	1.3	1.3	0.6	0.4	1.7	1.2	1.1	6.5	-4.1	2.2	1.0	-1.3	5.6	
EMSO Saguaro, Ltd.	0.1	0.1	-2.2	-0.3	0.3	4.3	0.9	7.5	-4.6	7.7	10.2	6.2	2.6	Aug-2017
<i>HFRI Macro (Total) Index</i>	1.3	1.3	0.6	0.4	1.7	1.2	1.6	6.5	-4.1	2.2	1.0	-1.3	5.6	

Direct Hedge Fund Performance Summary

September 30, 2020

	3 Month	Fiscal YTD	CYTD	1 Year	3 Year	5 Year	Since Invested	2019	2018	2017	2016	2015	2014	Inception Date
Relative Value														
Relative Value HF Composite	0.1	0.1	-8.2	-9.6	0.6	0.8	1.4	5.1	5.3	4.4	-0.4	-4.0	1.6	May-2013
<i>HFRI RV: Multi-Strategy Index</i>	3.0	3.0	2.3	4.0	2.8	3.6	3.3	5.3	-0.2	4.1	6.4	0.7	3.4	
(Carlson) Black Diamond Arbitrage Ltd.	-0.5	-0.5	-0.9	-0.4	3.3	6.3	3.0	4.8	6.4	6.8	10.8	10.5	3.9	Sep-2018
<i>HFRI ED: Merger Arbitrage Index</i>	2.5	2.5	-3.7	-1.3	2.0	3.2	1.6	6.8	3.3	4.3	3.6	3.3	1.7	
<i>HFRI RV: Multi-Strategy Index</i>	3.0	3.0	2.3	4.0	2.8	3.6	2.7	5.3	-0.2	4.1	6.4	0.7	3.4	
Man Alternative Risk Premia SP Fund	-3.2	-3.2	-10.7	-13.8	-1.5	1.0	-8.9	3.8	-3.5	10.2	6.8	7.8	28.0	Jul-2019
<i>HFRI RV: Multi-Strategy Index</i>	3.0	3.0	2.3	4.0	2.8	3.6	3.0	5.3	-0.2	4.1	6.4	0.7	3.4	
Renaissance RIDGE	-4.0	-4.0	-21.5	-22.9	-1.8	4.2	-3.1	6.7	10.4	12.4	13.3	25.6	17.0	Nov-2017
<i>HFRI EH: Equity Market Neutral Index</i>	1.2	1.2	-1.5	-1.1	0.6	1.6	0.2	2.3	-1.0	4.9	2.2	4.3	3.1	
<i>HFRI RV: Multi-Strategy Index</i>	3.0	3.0	2.3	4.0	2.8	3.6	2.7	5.3	-0.2	4.1	6.4	0.7	3.4	
Wolverine	8.2	8.2	6.2	8.5	8.0	9.1	5.7	10.9	5.1	10.4	14.9	-0.5	-1.3	Mar-2020
<i>HFRI RV: Fixed Inc-Conv Arbitrage Index (Onshore)</i>	7.5	7.5	10.7	12.8	7.8	7.3	8.7	9.6	2.0	6.6	8.6	-0.9	-0.1	

Appendix

Surplus Cash

Surplus Cash Total Benchmark

Beginning March 2015, the Surplus Cash Total Benchmark consists of 40% Total Equity Benchmark - Surplus, 30% Barclays Capital Aggregate, 10% Short Duration Fixed Income Benchmark - Surplus, and 20% Total Alternatives Benchmark - Surplus. From April 2014 to February 2015, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 10% Short Duration Fixed Income Benchmark - Surplus, and 20% Total Alternatives Benchmark - Surplus. From August 2013 to March 2014, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 20% Short Duration Fixed Income Benchmark - Surplus, and 10% Total Alternatives Benchmark - Surplus. During July 2013, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 21% Short Duration Fixed Income Benchmark - Surplus, and 9% Total Alternatives Benchmark - Surplus. From May 2013 to June 2013, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 22% Short Duration Fixed Income Benchmark - Surplus, and 8% HFRI Fund of Funds Composite Index. From November 2012 to April 2013, the Surplus Cash Total Benchmark consists of 30% Total Equity Benchmark - Surplus and 70% Total Fixed Income Benchmark - Surplus. From January 2007 to October 2012, the Surplus Cash Total Benchmark consisted of 15% Total Equity Benchmark - Surplus and 85% Total Fixed Income Benchmark - Surplus. From August 2000 to December 2006, the Surplus Cash Total Benchmark consisted of 2% Total Equity Benchmark - Surplus and 98% Total Fixed Income Benchmark - Surplus. From April 1991 to July 2000, the Surplus Cash Total Benchmark consisted of 100% Total Fixed Income Benchmark - Surplus.

Surplus Cash Total Benchmark X Privates

Beginning March 2015 the Surplus Cash Total Benchmark consists of 42.1% Total Equity Benchmark - Surplus, 31.6% Barclays Capital Aggregate, 10.5% Short Duration Fixed Income Benchmark - Surplus, and 15.8% Total Alternatives Benchmark - Surplus. From April 2014 to February 2015 the Surplus Cash Total Benchmark consisted of 31.6% Total Equity Benchmark - Surplus, 42.1% Barclays Capital Aggregate, 10.5% Short Duration Fixed Income Benchmark - Surplus, and 15.8% Total Alternatives Benchmark - Surplus. From August 2013 to March 2014, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 20% Short Duration Fixed Income Benchmark - Surplus, and 10% Total Alternatives Benchmark - Surplus. During July 2013, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 21% Short Duration Fixed Income Benchmark - Surplus, and 9% Total Alternatives Benchmark - Surplus. From May 2013 to June 2013, the Surplus Cash Total Benchmark consisted of 30% Total Equity Benchmark - Surplus, 40% Barclays Capital Aggregate, 22% Short Duration Fixed Income Benchmark - Surplus, and 8% HFRI Fund of Funds Composite Index. From November 2012 to April 2013, the Surplus Cash Total Benchmark consists of 30% Total Equity Benchmark - Surplus and 70% Total Fixed Income Benchmark - Surplus. From January 2007 to October 2012, the Surplus Cash Total Benchmark consisted of 15% Total Equity Benchmark - Surplus and 85% Total Fixed Income Benchmark - Surplus. From August 2000 to December 2006, the Surplus Cash Total Benchmark consisted of 2% Total Equity Benchmark - Surplus and 98% Total Fixed Income Benchmark - Surplus. From April 1991 to July 2000, the Surplus Cash Total Benchmark consisted of 100% Total Fixed Income Benchmark - Surplus.

Pre-Pavilion Surplus Cash Total Benchmark

Beginning January 2007, the Pre-Pavilion Surplus Cash Total Benchmark consists of 15% Total Equity Benchmark - Surplus and 85% Total Fixed Income Benchmark - Surplus. From August 2000 to December 2006, the Pre-Pavilion Surplus Cash Total Benchmark consisted of 2% Total Equity Benchmark - Surplus and 98% Total Fixed Income Benchmark - Surplus. From April 1991 to July 2000, the Pre-Pavilion Surplus Cash Total Benchmark consisted of 100% Total Fixed Income Benchmark - Surplus.

Total Equity Benchmark - Surplus

Beginning March 2015, the Total Equity Benchmark - Surplus consists of 50% Large Cap Equity Benchmark, 12.5% Small Cap Equity Benchmark, and 37.5% MSCI AC World ex USA (Net). From November 2012 to February 2015, the Total Equity Benchmark - Surplus consisted of 50% Large Cap Equity Benchmark, 16.67% Small Cap Equity Benchmark, and 33.33% MSCI AC World ex USA (Net). From April 1991 to October 2012, the Total Equity Benchmark - Surplus consisted of 100% Large Cap Equity Benchmark.

Domestic Equity Benchmark - Surplus

Beginning March 2015, the Domestic Equity Benchmark - Surplus consists of 80% Large Cap Equity Benchmark and 20% Small Cap Equity Benchmark. From November 2012 to February 2015, the Domestic Equity Benchmark - Surplus consisted of 75% Large Cap Equity Benchmark and 25% Small Cap Equity Benchmark. From April 1991 to October 2012, the Domestic Equity Benchmark - Surplus consisted of 100% Large Cap Equity Benchmark.

Large Cap Equity Benchmark

Beginning November 2012, the Large Cap Equity Benchmark consists of 25% Russell 1000 Value Index, 25% Russell 1000 Growth Index, and 50% S&P 500 Index. From April 1991 to October 2012, the Large Cap Equity Benchmark consisted of 100% Russell 1000 Value Index.

Small Cap Equity Benchmark

Beginning November 2012, the Small Cap Equity Benchmark consists of 50% Russell 2000 Growth Index and 50% Russell 2000 Value Index.

Total Fixed Income Benchmark - Surplus

Beginning March 2015, the Total Fixed Income Benchmark - Surplus consists of 75% Barclays Capital Aggregate and 25% Short Duration Fixed Income Benchmark - Surplus. From April 2014 to February 2015, the Total Fixed Income Benchmark - Surplus consisted of 80% Barclays Capital Aggregate and 20% Short Duration Fixed Income Benchmark - Surplus. From August 2013 to March 2014, the Total Fixed Income Benchmark - Surplus consisted of 66.67% Barclays Capital Aggregate and 33.33% Short Duration Fixed Income Benchmark - Surplus. During July 2013, the Total Fixed Income Benchmark - Surplus consisted of 65.57% Barclays Capital Aggregate and 34.43% Short Duration Fixed Income Benchmark - Surplus. From May 2013 to June 2013, the Total Fixed Income Benchmark - Surplus consisted of 64.52% Barclays Capital Aggregate and 35.48% Short Duration Fixed Income Benchmark - Surplus. From November 2012 to April 2013, the Total Fixed Income Benchmark - Surplus consisted of 57.14% Barclays Capital Aggregate and 42.86% Short Duration Fixed Income Benchmark - Surplus. From January 2007 to October 2012, the Total Fixed Income Benchmark - Surplus consisted of 40% Barclays Capital Aggregate and 60% Short Duration Fixed Income Benchmark - Surplus. From April 1991 to December 2006, the Total Fixed Income Benchmark - Surplus consisted of 100% Short Duration Fixed Income Benchmark - Surplus.

Short Duration Fixed Income Benchmark - Surplus

Beginning in November 2012, the Short Duration Fixed Income Benchmark - Surplus consists of 100% Barclays Capital 1-3 Year Gov't/Credit. From January 2007 to October 2012, the Short Duration Fixed Income Benchmark - Surplus consisted of 66.67% Barclays Capital Intermediate Aggregate and 33.33% Barclays Capital Gov't 1-3 Year. From May 2001 to December 2006, the Short Duration Fixed Income Benchmark - Surplus consisted of 84.69% Barclays Capital Intermediate Aggregate and 15.31% Barclays Capital Gov't 1-3 Year. From April 1991 to April 2001, the Short Duration Fixed Income Benchmark - Surplus consisted of 100% Barclays Capital Gov't 1-3 Year.

Total Alternatives Benchmark - Surplus

Beginning April 2014 the Total Alternatives Benchmark - Surplus consists of 75% HFRI Fund of Funds Composite Index and 25% NCREIF Property Index. From May 2013 to March 2014, the Total Alternatives Benchmark - Surplus consisted of 100% HFRI Fund of Funds Composite Index.

Cash Balance Plan

Cash Balance Plan Total Benchmark

Beginning July 2017, the Cash Balance Plan Total Benchmark consists of 50% Total Equity Benchmark, 30% Total Fixed Income Benchmark, and 20% Alternatives Benchmark. From January 2013 to June 2017, the Cash Balance Plan Total Benchmark consisted of 50% Total Equity Benchmark, 35% Total Fixed Income Benchmark, and 15% Alternatives Benchmark. From November 2012 to December 2012, the Cash Balance Plan Total Benchmark consisted of 50% Total Equity Benchmark, 45% Total Fixed Income Benchmark, and 5% Alternatives Benchmark. From October 1990 to October 2012, the Cash Balance Plan Total Benchmark consisted of 60% Russell 1000 Value Index and 40% Barclays Capital Aggregate.

Cash Balance Plan Total X Privates Benchmark

Beginning July 2017, the Cash Balance Plan Total Benchmark X Privates consists of 33.68% Domestic Equity Benchmark, 18.95% MSCI AC World ex USA Net, 26.31% Barclays Capital Aggregate, 5.27% Short Duration Fixed Income Benchmark, and 15.79% HFRI FOF Composite. From January 2013 to June 2017, the Cash Balance Plan Total Benchmark X Privates consisted of 33.68% Domestic Equity Benchmark, 18.95% MSCI AC World ex USA Net, 26.31% Barclays Capital Aggregate, 10.53% Short Duration Fixed Income Benchmark, and 10.53% HFRI FOF Composite. From November 2012 to December 2012, the Cash Balance Plan Total Benchmark X Privates consisted of 50% Total Equity Benchmark, 45% Total Fixed Income Benchmark, and 5% HFRI FOF Composite. From October 1990 to October 2012, the Cash Balance Plan Total Benchmark X Privates consisted of 60% Russell 1000 Value Index and 40% Barclays Capital Aggregate.

Pre-Pavilion Cash Balance Plan Total Benchmark

Beginning October 1990, the Cash Balance Plan Total Benchmark consists of 60% Russell 1000 Value Index and 40% Barclays Capital Aggregate.

Total Equity Benchmark

Beginning November 2012, the Total Equity Benchmark consists of 54% Large Cap Equity Benchmark, 10% Small Cap Equity Benchmark, and 36% MSCI AC World ex USA (Net). From October 1990 to October 2012, the Total Equity Benchmark consisted of 100% Large Cap Equity Benchmark.

Domestic Equity Benchmark

Beginning November 2012, the Domestic Equity Benchmark consists of 84.38% Large Cap Equity Benchmark and 15.62% Small Cap Equity Benchmark. From October 1990 to October 2012, the Domestic Equity Benchmark consisted of 100% Large Cap Equity Benchmark.

Large Cap Equity Benchmark

Beginning November 2012, the Large Cap Equity Benchmark consists of 25% Russell 1000 Value Index, 25% Russell 1000 Growth Index, and 50% S&P 500 Index. From October 1990 to October 2012, the Large Cap Equity Benchmark consisted of 100% Russell 1000 Value Index.

Small Cap Equity Benchmark

Beginning November 2012, the Small Cap Equity Benchmark consists of 50% Russell 2000 Growth Index and 50% Russell 2000 Value Index.

Total Fixed Income Benchmark

Beginning July 2017, the Total Fixed Income Benchmark consists of 83.3333% Barclays Capital Aggregate and 16.6667% Short Duration Fixed Income Benchmark. From January 2013 to June 2017, the Total Fixed Income Benchmark consisted of 71.43% Barclays Capital Aggregate and 28.57% Short Duration Fixed Income Benchmark. From November 2012 to December 2012, the Total Fixed Income Benchmark consists of 55.56% Barclays Capital Aggregate and 44.44% Short Duration Fixed Income Benchmark. From October 1990 to October 2012, the Total Fixed Income Benchmark consisted of 100% Barclays Aggregate.

Short Duration Fixed Income Benchmark

Beginning November 2012, the Short Duration Fixed Income Benchmark consists of 100% Barclays Capital 1-3 Year Gov't/Credit. From October 1990 to October 2012, the Short Duration Fixed Income Benchmark consisted of 100% 90 Day U.S. Treasury Bills.

Appendix

Benchmark Descriptions

September 30, 2020

Total Alternatives Benchmark

Beginning January 2013, the Alternatives Benchmark consists of 66.67% HFRI Fund of Funds Composite Index and 33.33% NCREIF Property Index. From November 2012 to December 2012, the Alternatives Benchmark consisted of 100% HFRI Fund of Funds Composite Index.

Glossary of Terms for Scorecard

As of September 30, 2020

Key Performance Indicator	Definition / Explanation
Investment Performance	
Surplus cash balance (millions)	The Surplus Cash portfolio outgained its benchmark by 20 basis points (bps) for the quarter with a +4.1% return. The portfolio has slightly outperformed its benchmark per annum since inception (Nov. 1, 2012) with a return of +5.7% annualized versus +5.6% for its benchmark. The assets within the Surplus Cash account excluding debt reserves, balance sheet cash and District assets, but including Foundation and Concern assets ended the quarter at \$1,120.8 million, \$56.3 million higher than the beginning of the quarter.
Surplus cash return	
Cash balance plan balance (millions)	The Cash Balance Plan's performance outpaced its benchmark by 70 bps for the quarter with a return of +5.3% and has outperformed its benchmark since inception. The since inception annualized return stands at +7.7%, 70 basis points ahead of its benchmark per year. The assets within the Cash Balance Plan ended the quarter at \$301.8 million.
Cash balance plan return	
403(b) plan balance (millions)	The 403(b) balance increased significantly during the quarter and now stands at \$581.5 million, an increase of \$30.1 million or 5.5% from the June 30, 2020 value.
Risk vs. Return	
Surplus cash 3-year Sharpe ratio	The Sharpe ratio is the excess return of an investment over the risk free rate (US Treasuries) generated per unit of risk (standard deviation) taken to obtain that return. The higher the value, the better the risk-adjusted return. It is important to view returns in this context because it takes into account the risk associated with a particular return rather than simply focusing on the absolute level of return.
3-year return	
3-year standard deviation	Sharpe ratio = (actual return - risk free rate) / standard deviation
Cash balance 3-year Sharpe ratio	
3-year return	The Surplus Cash portfolio's 3-year Sharpe ratio was in-line with that of its benchmark and ahead of the expected Sharpe ratio modeled. This was due primarily to lower standard deviation over the period in comparison to what was modeled. The Cash Balance Plan's 3-year Sharpe ratio was above modeling expectations and its benchmark. Both accounts have demonstrated strong risk-adjusted returns since inception particularly in relation to modeled expectations.
3-year standard deviation	
Asset Allocation	
Surplus cash absolute variances to target	This represents the sum of the absolute differences between the portfolio's allocations to various asset classes and the target benchmark's allocations to those asset classes. The higher the number, the greater the portfolio's allocations deviate from the target benchmark's allocations, indicating a higher possibility for the portfolio's risk and return characteristics to differ from the Board's expectations.
Cash balance absolute variances to target	The threshold for an alert "yellow" status is set at 10% and the threshold for more severe "red" status is set at 20%. The Surplus Cash and Cash Balance portfolio were above the 10% threshold primarily due to an underweight to alternatives. We expect to increase the allocation to alternatives and reduce the overweight to fixed income and equities with recommended changes in the upcoming quarter.
Manager Compliance	
Surplus cash manager flags	This section represents how individual investment managers have fared and draws attention to elevated concerns regarding performance and risk-adjusted performance all at the individual manager level. The number of flags are aggregated and a percentage of the total is used to highlight an alert "yellow" status (40% of the flags) and a more severe "red" status (50%). In total there are 60 potential flags for the Surplus Cash account and 68 for the Cash Balance Plan.
Cash balance plan manager flags	Currently, both portfolios are not in alert status.

The **Equity Strategy** is comprised of Equity Long/Short strategies. Equity hedge strategies typically have a directional bias (long or short) and trade in equities and equity-related derivatives. Managers seek to buy undervalued equities with improving fundamentals and short overvalued equities with deteriorating fundamentals.

Trade Example: Long a basket of energy stocks and short a basket of consumer electronics stocks.

The **Credit Strategy** is comprised of Distressed Securities, Credit Long/Short, Emerging Market Debt and Credit Event Driven. Credit strategies typically have a directional bias and involve the purchase of various types of debt, equity, trade claims and fixed income securities. Hedging using various instruments such as Credit Default swaps is frequently employed.

Trade Example: Buying the distressed bonds of a company which has defaulted and participating in the corporate restructuring.

The **Macro Strategy** consists of Global Macro, Managed Futures, Commodities and Currencies. Macro strategies usually have a directional bias (which can be either long or short) and involve the purchase of a variety of securities and/or derivatives related to major markets. Managed futures strategies trade similar instruments but are typically implemented by computerized systems.

Trade Example: Long the US Dollar and short the Japanese Yen.

The **Relative Value Strategy** typically does not display a distinct directional bias. Relative Value encompasses a range of strategies covering different asset classes. Arbitrage strategies focus on capturing movements or anomalies in the price spreads between related or similar instruments. The rationale for Arbitrage trades is the ultimate convergence of the market price relationship to a known, theoretical or equilibrium relationship.

Trade Example: Long the stock of a merger bid target and short the stock of the acquirer.

Statistical Definitions

Risk Statistics

September 30, 2020

Statistics	Definition
Alpha	- A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the portfolio's historical performance not explained by movements of the market, or a portfolio's non-systematic return.
Best Quarter	- The best of rolling 3 months(or 1 quarter) cumulative return.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.
Consistency	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.
Downside Risk	- A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative set of returns. The higher the factor, the riskier the product.
Excess Return	- Arithmetic difference between the managers return and the risk-free return over a specified time period.
Information Ratio	- Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.
Maximum Drawdown	- The drawdown is defined as the percent retrenchment from a fund's peak value to the fund's valley value. It is in effect from the time the fund's retrenchment begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.
Sortino Ratio	- A ratio developed by Frank A. Sortino to differentiate between good and bad volatility in the Sharpe ratio. This differentiation of upwards and downwards volatility allows the calculation to provide a risk-adjusted measure of a security or fund's performance without penalizing it for upward price changes.
Standard Deviation	- A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period.
Tracking Error	- A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark.
Worst Quarter	- The worst of rolling 3 months(or 1 quarter) cumulative return.

IMPORTANT NOTICES

References to Mercer shall be construed to include Mercer LLC and/or its associated companies. © 2020 Mercer LLC. All rights reserved.

This contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's prior written permission.

Mercer does not provide tax or legal advice. You should contact your tax advisor, accountant and/or attorney before making any decisions with tax or legal implications.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed.

Information contained herein may have been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

Mercer urges you to compare this report to any custodial statements and third party manager statements that you receive for accuracy.

This does not constitute an offer to purchase or sell and securities.

The value of your investments can go down as well as up, and you may not get back the amount you have invested. Investments denominated in a foreign currency will fluctuate with the value of the currency. Certain investments, such as securities issued by small capitalization, foreign and emerging market issuers, real property, and illiquid, leveraged or high-yield funds, carry additional risks that should be considered before choosing an investment manager or making an investment decision.

This presentation is for sophisticated investors only who are accredited investors or qualified purchasers. Funds of private capital funds are speculative and involve a high degree of risk. Private capital fund managers have total authority over the private capital funds. The use of a single advisor applying similar strategies could mean lack of diversification and, consequentially, higher risk. Funds of private capital funds are not liquid and require investors to commit to funding capital calls over a period of several years; any default on a capital call may result in substantial penalties and/or legal action. An investor could lose all or a substantial amount of his or her investment. There are restrictions on transferring interests in private capital funds. Funds of private capital funds' fees and expenses may offset private capital funds' profits. Funds of private capital funds are not required to provide periodic pricing or valuation information to investors. Funds of private capital funds may involve complex tax structures and delays in distributing important tax information. Funds of private capital funds are not subject to the same regulatory requirements as mutual funds. Fund offering may only be made through a Private Placement Memorandum (PPM).

This does not contain investment advice relating to your particular circumstances. No investment decision should be made based on this information without first obtaining appropriate professional advice and considering your circumstances. Mercer provides recommendations based on the particular client's circumstances, investment objectives and needs. As such, investment results will vary and actual results may differ materially.

For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative. For Mercer's conflict of interest disclosures, contact your Mercer representative or see www.mercer.com/conflictsofinterest

Returns for periods greater than one year are annualized. Returns are calculated net of investment management and consulting fees, unless noted as gross of fees.

Style analysis graph time periods may differ reflecting the length of performance history available.

Mercer universes: Mercer's universes are intended to provide collective samples of strategies that best allow for robust peer group comparisons over a chosen timeframe. Mercer does not assert that the peer groups are wholly representative of and applicable to all strategies available to investors. One cannot invest directly in a Mercer universe.

Investment management and advisory services for U.S. clients are provided by Mercer Investments LLC (Mercer Investments). Mercer Investments LLC is registered to do business as "Mercer Investment Advisers LLC" in the following states: Arizona, California, Florida, Illinois, Kentucky, New Jersey, North Carolina, Oklahoma, Pennsylvania, Texas, and West Virginia; as "Mercer Investments LLC (Delaware)" in Georgia; as "Mercer Investments LLC of Delaware" in Louisiana; and "Mercer Investments LLC, a limited liability company of Delaware" in Oregon. Mercer Investments LLC is a federally registered investment adviser under the Investment Advisers Act of 1940, as amended. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Mercer Investments' Form ADV Part 2A & 2B can be obtained by written request directed to: Compliance Department, Mercer Investments, 99 High Street, Boston, MA 02110.

Please see the following link for information on indexes:
<https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2020-investment-management-index-definitions-mercer.pdf>

El Camino Hospital

Tactical Asset Allocation & Market Outlook

September 30, 2020

1	Market Outlook	1
2	Tactical Asset Allocation	24

Market Outlook

Market Outlook Where Are We in the Cycle?



Broad Indicators: While the economy remains mired in below potential production (coincident), policy responses spurred a quick recovery in forward-looking indicators which moved through the early recovery.

- **Global growth:** While the recovery began in the second quarter, industry is operating at a depressed level, but restrictions are anticipated to dissipate as virus management improves (tracing, treatments, vaccine).
- **Inflation risks:** Growing demand is likely to drive inflation towards policymaker targets, but supply disruptions and rising costs of doing business may spur pockets of price spikes.
- **Interest rates:** Rates are likely to remain low, as central banks maintain support amid heightened risk aversion.
- **Volatility:** Above normal, likely to persist with heightened uncertainty.
- **Accommodation:** Global policymakers continue to maintain liquidity and treat economic virus symptoms.
- **Earnings:** Suppressed but beginning to rise, evaluate earnings guidance to assess the recovery.
- **Valuations:** Market valuations rose during the third quarter, as growth trajectories improved; however, heightened uncertainty may keep premiums in excess of cash above historic levels.

Composite PMIs

Many Regions Entered Expansionary Territory in July

Composite	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Global	52.7	52.9	53.1	52.7	52.1	52.6	52.9	52.2	51.2	51.3	51.6	51.3	51.0	50.8	51.4	51.5	52.1	46.1	39.2	26.2	36.3	47.9	51.1	52.4	52.1
Developed	53.2	53.6	53.3	52.7	52.3	52.9	52.8	52.0	51.1	51.3	51.7	51.0	50.7	50.3	50.8	51.2	52.1	49.5	36.4	22.2	33.2	46.9	51.1	52.2	51.9
Emerging	51.6	51.3	52.5	52.5	51.5	51.6	52.9	52.6	51.4	51.1	51.4	51.8	51.7	51.7	52.6	52.1	52.2	38.9	44.9	34.6	42.7	49.8	50.9	53.0	53.7
United States	53.9	54.9	54.7	54.4	54.4	55.5	54.6	53.0	50.9	51.5	52.6	50.7	51.0	50.9	52.0	52.7	53.3	49.6	40.9	27.0	37.0	47.9	50.3	54.6	54.3
Canada*	54.8	53.9	54.9	53.6	53.0	52.6	50.5	49.7	49.1	49.2	50.2	49.1	51.0	51.2	51.4	50.4	50.6	51.8	46.1	33.0	40.6	47.8	52.9	55.1	56.0
U.K	54.1	52.1	50.8	51.4	50.3	51.5	50.0	50.9	50.9	49.7	50.7	50.2	49.3	50.0	49.3	49.3	53.3	53.0	36.0	13.8	30.0	47.7	57.0	59.1	56.5
Euro Zone	54.1	53.1	52.7	51.1	51.0	51.9	51.6	51.5	51.8	52.2	51.5	51.9	50.1	50.6	50.6	50.9	51.3	51.6	29.7	13.6	31.9	48.5	54.9	51.9	50.4
Germany	55.0	53.4	52.3	51.6	52.1	52.8	51.4	52.2	52.6	52.6	50.9	51.7	48.5	48.9	49.4	50.2	51.2	50.7	35.0	17.4	32.3	47.0	55.3	54.4	54.7
France	54.0	54.1	54.2	48.7	48.2	50.4	48.9	50.1	51.2	52.7	51.9	52.9	50.8	52.6	52.1	52.0	51.1	52.0	28.9	11.1	32.1	51.7	57.3	51.6	48.5
Italy	52.4	49.3	49.3	50.0	48.8	49.6	51.5	49.5	49.9	50.1	51.0	50.3	50.6	50.8	49.6	49.3	50.4	50.7	20.2	10.9	33.9	47.6	52.5	49.5	50.4
Spain	52.5	53.7	53.9	53.4	54.5	53.5	55.4	52.9	52.1	52.1	51.7	52.6	51.7	51.2	51.9	52.7	51.5	51.8	26.7	9.2	29.2	49.7	52.8	48.4	44.3
Greece*	53.6	53.1	54.0	53.8	53.7	54.2	54.7	56.6	54.2	52.4	54.6	54.9	53.6	53.5	54.1	53.9	54.4	56.2	42.5	29.5	41.1	49.4	48.6	49.4	50.0
Ireland	58.4	56.1	56.6	55.5	53.3	55.4	54.1	53.4	54.1	54.4	51.8	51.8	51.0	50.6	52.0	53.0	54.7	56.7	37.3	17.3	25.7	44.3	55.9	54.0	46.9
Australia	57.1	54.7	50.8	50.0	52.5	54.0	51.0	54.8	52.7	49.4	51.3	53.1	54.7	51.6	48.1	48.3	45.4	44.3	53.7	35.8	41.6	51.5	53.5	49.3	46.7
Japan	50.7	52.5	52.4	52.0	50.9	50.7	50.4	50.8	50.7	50.8	50.6	51.9	51.5	49.1	49.8	48.6	50.1	47.0	36.2	25.8	27.8	40.8	44.9	45.2	46.6
China	52.1	50.5	51.9	52.2	50.9	50.7	52.9	52.7	51.5	50.6	50.9	51.6	51.9	52.0	53.2	52.6	51.9	27.5	46.7	47.6	54.5	55.7	54.5	55.1	54.5
Indonesia*	50.7	50.5	50.4	51.2	49.9	50.1	51.2	50.4	51.6	50.6	49.6	49.0	49.1	47.7	48.2	49.5	49.3	51.9	45.3	27.5	28.6	39.1	46.9	50.8	47.2
S. Korea*	51.3	51.0	48.6	49.8	48.3	47.2	48.8	50.2	48.4	47.5	47.3	49.0	48.0	48.4	49.4	50.1	49.8	48.7	44.2	41.6	41.3	43.4	46.9	48.5	49.8
Taiwan*	50.8	48.7	48.4	47.7	47.5	46.3	49.0	48.2	48.4	45.5	48.1	47.9	50.0	49.8	49.8	50.8	51.8	49.9	50.4	42.2	41.9	46.2	50.6	52.2	55.2
India	51.6	53.0	54.5	53.6	53.6	53.8	52.7	51.7	51.7	50.8	53.9	52.6	49.8	49.6	52.7	53.7	56.3	57.6	50.6	7.2	14.8	37.8	37.2	46.0	54.6
Brazil	47.3	50.5	51.6	52.4	52.3	52.6	53.1	50.6	48.4	49.0	51.6	51.9	52.5	51.8	51.8	50.9	52.2	50.9	37.6	26.5	28.1	40.5	47.3	53.9	53.6
Mexico*	51.7	50.7	49.7	49.7	50.9	52.6	49.8	50.1	50.0	49.2	49.8	49.0	49.1	50.4	48.0	47.1	49.0	50.0	47.9	35.0	38.3	38.6	40.4	41.3	42.1
Russia	53.5	55.8	55.0	53.9	53.6	54.1	54.6	53.0	51.5	49.2	50.2	51.5	51.4	53.3	52.9	51.8	52.6	50.9	39.5	13.9	35.0	48.9	56.8	57.3	53.7

Source: Bloomberg, JP Morgan, composite indices illustrated except for *, which indicates manufacturing PMI data.

Key	Contraction	Expansion
-----	-------------	-----------

Manufacturing PMIs

Manufacturing Accelerated During the Quarter

	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Global	52.0	51.9	51.8	51.4	50.6	50.5	50.5	50.5	49.8	49.4	49.3	49.5	49.7	49.8	50.3	50.1	50.3	47.1	47.3	39.6	42.4	47.9	50.6	51.8	52.3
Developed	53.6	53.1	52.8	52.3	51.7	50.4	49.9	50.3	49.2	48.9	48.6	48.7	48.6	48.6	49.5	49.1	49.8	49.5	45.9	36.8	39.5	46.4	49.8	51.2	52.2
Emerging	50.3	50.4	50.7	50.2	49.4	50.5	51.0	50.5	50.4	49.9	50.1	50.4	51.0	51.0	51.0	51.0	51.0	44.6	49.1	42.7	45.4	49.6	51.4	52.5	52.8
United States	55.6	55.7	55.3	53.8	54.9	53.0	52.4	52.6	50.5	50.6	50.4	50.3	51.1	51.3	52.6	52.4	51.9	50.7	48.5	36.1	39.8	49.8	50.9	53.1	53.2
Canada	54.8	53.9	54.9	53.6	53.0	52.6	50.5	49.7	49.1	49.2	50.2	49.1	51.0	51.2	51.4	50.4	50.6	51.8	46.1	33.0	40.6	47.8	52.9	55.1	56.0
U.K	53.7	51.1	53.3	54.3	52.8	52.1	55.1	53.1	49.4	48.0	48.0	47.4	48.3	49.6	48.9	47.5	50.0	51.7	47.8	32.6	40.7	50.1	53.3	55.2	54.1
Euro Zone	53.2	52.0	51.8	51.4	50.5	49.3	47.5	47.9	47.7	47.6	46.5	47.0	45.7	45.9	46.9	46.3	47.9	49.2	44.5	33.4	39.4	47.4	51.8	51.7	53.7
Germany	53.7	52.2	51.8	51.5	49.7	47.6	44.1	44.4	44.3	45.0	43.2	43.5	41.7	42.1	44.1	43.7	45.3	48.0	45.4	34.5	36.6	45.2	51.0	52.2	56.4
France	52.5	51.2	50.8	49.7	51.2	51.5	49.7	50.0	50.6	51.9	49.7	51.1	50.1	50.7	51.7	50.4	51.1	49.8	43.2	31.5	40.6	52.3	52.4	49.8	51.2
Italy	50.0	49.2	48.6	49.2	47.8	47.7	47.4	49.1	49.7	48.4	48.5	48.7	47.8	47.7	47.6	46.2	48.9	48.7	40.3	31.1	45.4	47.5	51.9	53.1	53.2
Spain	51.4	51.8	52.6	51.1	52.4	49.9	50.9	51.8	50.1	47.9	48.2	48.8	47.7	46.8	47.5	47.4	48.5	50.4	45.7	30.8	38.3	49.0	53.5	49.9	50.8
Greece	53.6	53.1	54.0	53.8	53.7	54.2	54.7	56.6	54.2	52.4	54.6	54.9	53.6	53.5	54.1	53.9	54.4	56.2	42.5	29.5	41.1	49.4	48.6	49.4	50.0
Ireland	56.3	54.9	55.4	54.5	52.6	54.0	53.9	52.5	50.4	49.8	48.7	48.6	48.7	50.7	49.7	49.5	51.4	51.2	45.1	36.0	39.2	51.0	57.3	52.3	50.0
Australia	57.1	54.7	50.8	50.0	52.5	54.0	51.0	54.8	52.7	49.4	51.3	53.1	54.7	51.6	48.1	48.3	45.4	44.3	53.7	35.8	41.6	51.5	53.5	49.3	46.7
Japan	52.5	52.9	52.2	52.6	50.3	48.9	49.2	50.2	49.8	49.3	49.4	49.3	48.9	48.4	48.9	48.4	48.8	47.8	44.8	41.9	38.4	40.1	45.2	47.2	47.7
China	50.0	50.1	50.2	49.7	48.3	49.9	50.8	50.2	50.2	49.4	49.9	50.4	51.4	51.7	51.8	51.5	51.1	40.3	50.1	49.4	50.7	51.2	52.8	53.1	53.0
Indonesia	50.7	50.5	50.4	51.2	49.9	50.1	51.2	50.4	51.6	50.6	49.6	49.0	49.1	47.7	48.2	49.5	49.3	51.9	45.3	27.5	28.6	39.1	46.9	50.8	47.2
S. Korea	51.3	51.0	48.6	49.8	48.3	47.2	48.8	50.2	48.4	47.5	47.3	49.0	48.0	48.4	49.4	50.1	49.8	48.7	44.2	41.6	41.3	43.4	46.9	48.5	49.8
Taiwan	50.8	48.7	48.4	47.7	47.5	46.3	49.0	48.2	48.4	45.5	48.1	47.9	50.0	49.8	49.8	50.8	51.8	49.9	50.4	42.2	41.9	46.2	50.6	52.2	55.2
India	52.2	53.1	54.0	53.2	53.9	54.3	52.6	51.8	52.7	52.1	52.5	51.4	51.4	50.6	51.2	52.7	55.3	54.5	51.8	27.4	30.8	47.2	46.0	52.0	56.8
Brazil	50.9	51.1	52.7	52.6	52.7	53.4	52.8	51.5	50.2	51.0	49.9	52.5	53.4	52.2	52.9	50.2	51.0	52.3	48.4	36.0	38.3	51.6	58.2	64.7	64.9
Mexico	51.7	50.7	49.7	49.7	50.9	52.6	49.8	50.1	50.0	49.2	49.8	49.0	49.1	50.4	48.0	47.1	49.0	50.0	47.9	35.0	38.3	38.6	40.4	41.3	42.1
Russia	50.0	51.3	52.6	51.7	50.9	50.1	52.8	51.8	49.8	48.6	49.3	49.1	46.3	47.2	45.6	47.5	47.9	48.2	47.5	31.3	36.2	49.4	48.4	51.1	48.9

Source: Bloomberg & JP Morgan.

Key	Contraction	Expansion
-----	-------------	-----------

Service PMIs

Service Growth Remains Uneven

	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20
Global	52.9	53.4	53.7	53.0	52.6	53.3	53.8	52.8	51.6	52.0	52.5	51.7	51.3	51.0	51.6	52.7	47.1	36.8	23.7	35.2	48.1	50.7	52.0	51.6	
Developed	53.2	53.9	53.7	52.8	52.5	53.8	53.9	52.6	51.6	52.0	52.6	51.5	51.2	50.7	51.1	51.9	52.7	49.7	34.9	21.0	33.0	47.6	51.1	52.2	51.6
Emerging	52.0	51.9	53.7	53.7	52.9	52.0	53.8	53.5	51.8	51.9	52.1	52.3	51.6	51.7	53.0	52.3	52.4	39.7	42.1	31.6	41.4	49.3	49.4	51.5	53.1
United States	53.5	54.8	54.7	54.4	54.2	56.0	55.3	53.0	50.9	51.5	53.0	50.7	50.9	50.6	51.6	52.8	53.4	49.4	39.8	26.7	37.5	47.9	50.0	55.0	54.6
Canada	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
U.K	53.9	52.2	50.4	51.2	50.1	51.3	48.9	50.4	51.0	50.2	51.4	50.6	49.5	50.0	49.3	50.0	53.9	53.2	34.5	13.4	29.0	47.1	56.5	58.8	56.1
Euro Zone	54.7	53.7	53.4	51.2	51.2	52.8	53.3	52.8	52.9	53.6	53.2	53.5	51.6	52.2	51.9	52.8	52.5	52.6	26.4	12.0	30.5	48.3	54.7	50.5	48.0
Germany	55.9	54.7	53.3	51.8	53.0	55.3	55.4	55.7	55.4	55.8	54.5	54.8	51.4	51.6	51.7	52.9	54.2	52.5	31.7	16.2	32.6	47.3	55.6	52.5	50.6
France	54.8	55.3	55.1	49.0	47.8	50.2	49.1	50.5	51.5	52.9	52.6	53.4	51.1	52.9	52.2	52.4	51.0	52.5	27.4	10.2	31.1	50.7	57.3	51.5	47.5
Italy	53.3	49.2	50.3	50.5	49.7	50.4	53.1	50.4	50.0	50.5	51.7	50.6	51.4	52.2	50.4	51.1	51.4	52.1	17.4	10.8	28.9	46.4	51.6	47.1	48.8
Spain	52.5	54.0	54.0	54.0	54.7	54.5	56.8	53.1	52.8	53.6	52.9	54.3	53.3	52.7	53.2	54.9	52.3	52.1	23.0	7.1	27.9	50.2	51.9	47.7	42.4
Greece	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Ireland	58.7	57.2	57.1	56.3	54.2	55.9	55.3	54.7	57.0	56.9	55.0	54.6	53.1	50.6	53.7	55.9	56.9	59.9	32.5	13.9	23.4	39.7	51.9	52.4	45.8
Australia	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Japan	50.2	52.4	52.3	51.0	51.6	52.3	52.0	51.8	51.7	51.9	51.8	53.3	52.8	49.7	50.3	49.4	51.0	46.8	33.8	21.5	26.5	45.0	45.4	45.0	46.9
China	53.1	50.8	53.8	53.9	53.6	51.1	54.4	54.5	52.7	52.0	51.6	52.1	51.3	51.1	53.5	52.5	51.8	26.5	43.0	44.4	55.0	58.4	54.1	54.0	54.8
Indonesia	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
S. Korea	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Taiwan	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
India	50.9	52.2	53.7	53.2	52.2	52.5	52.0	51.0	50.2	49.6	53.8	52.4	48.7	49.2	52.7	53.3	55.5	57.5	49.3	5.4	12.6	33.7	34.2	41.8	49.8
Brazil	46.4	50.5	51.3	51.9	52.0	52.2	52.7	49.9	47.8	48.2	52.2	51.4	51.8	51.2	50.9	51.0	52.7	50.4	34.5	27.4	27.6	35.9	42.5	49.5	50.4
Mexico	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Russia	54.7	56.9	55.6	54.4	54.9	55.3	54.4	52.6	52.0	49.7	50.4	52.1	53.6	55.8	55.6	53.1	54.1	52.0	37.1	12.2	35.9	47.8	58.5	58.2	53.7

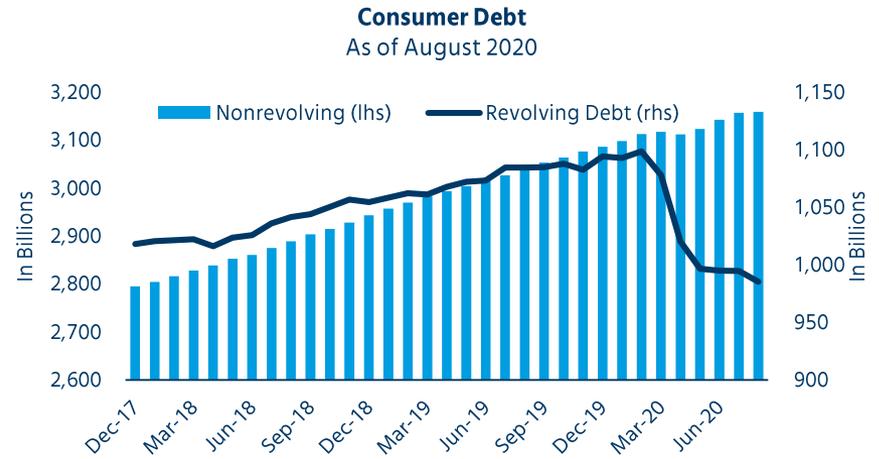
Source: Bloomberg & JP Morgan.

Key	Contraction	Expansion
-----	-------------	-----------

Positioned for Growth



Source: St. Louis Federal Reserve Database, FRED.
Seasonally Adjusted Annual Rate



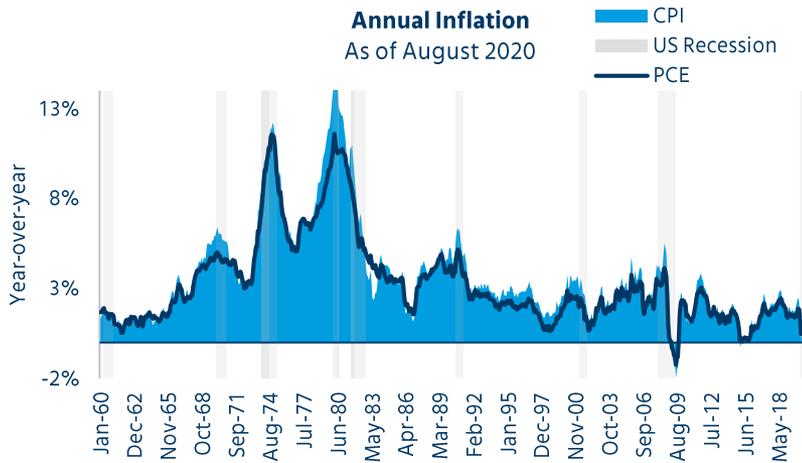
Source: St. Louis Federal Reserve Database, FRED.
Seasonally Adjusted

- **As the economy stalled in April, fiscal support offset the significant decline in personal income, and consumers were able to reduce revolving debt, improving balance sheets and establishing foundations of the next cycle.**
 - Initial transfer payments provided individuals capacity to shore up balance sheets, as ~35% was used to pay down debt and ~36% to savings.¹
 - Fiscal support has declined from April's high but still remains above 2019, as decreased expanded unemployment benefits reduced transfer payments; however, organic recovery began in May and reached February 2019 levels in August.
 - While blunt fiscal support provided the first portion of the income bridge, more refined policies will likely be required to alleviate targeted consumers and industries experiencing continued stress.

1. Federal Reserve, <https://libertystreeteconomics.newyorkfed.org/2020/10/how-have-households-used-their-stimulus-payments-and-how-would-they-spend-the-next.html>

2. Source: St. Louis Federal Reserve Database, FRED. Household Debt Service Payments as a Percent of Disposable Personal Income as of June 2020.

Looking for Stable Inflation



Source: St. Louis Federal Reserve Database, FRED. Seasonally Adjusted CPI: Consumer Price Index, PCE: Personal Consumption Expenditures

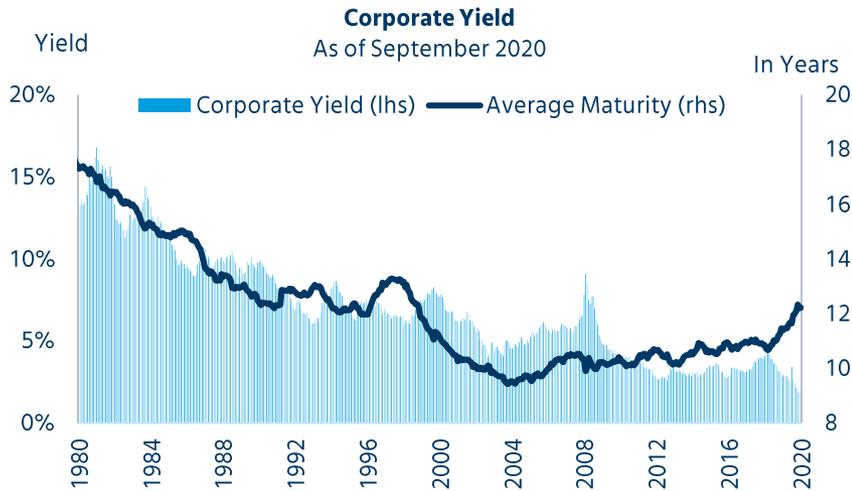


Source: St. Louis Federal Reserve Database, FRED.

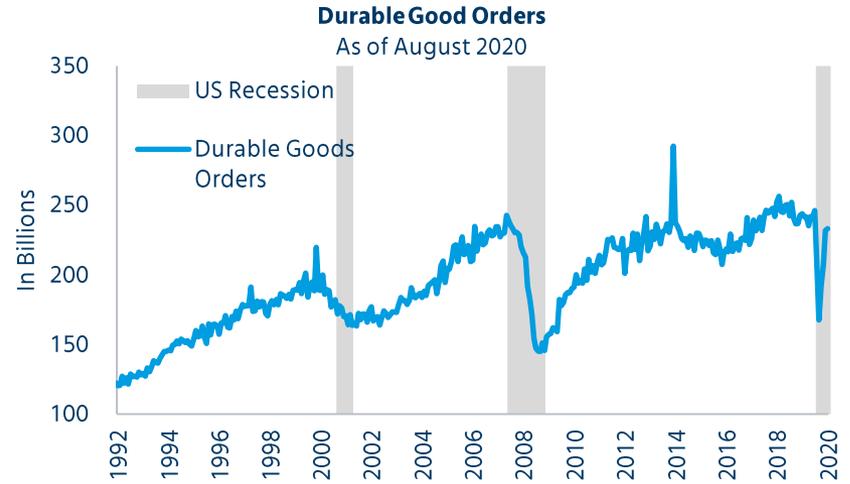
- As fiscal policy enhanced balance sheets through direct cash infusion, monetary policy has maintained liquidity and alleviated the acute financial stress experienced in March. With monetary policy expected to remain accommodative in the near-term, the interplay between monetary policy and fiscal policy will be critical, as fiscal stimulus could drive demand and ultimately inflation.**

 - As codified in the September Federal Open Market Committee (FOMC) meeting, policymakers are committed to maintaining low rates until conditions are consistent with achieving its targets for inflation (2%) and employment (4%).^{1,2}
 - Since the financial crisis, monetary policy has proved insufficient to maintain inflation near the FOMC’s target (2% PCE), but with recent and potential fiscal policy measures, individuals’ propensity to consume may finally shift demand and support an uptick of inflation.
 - While combating deflationary forces has been a challenge for central banks, historical policies have been more successful managing right-tail inflation risks.

Lower Yields Financing Investment



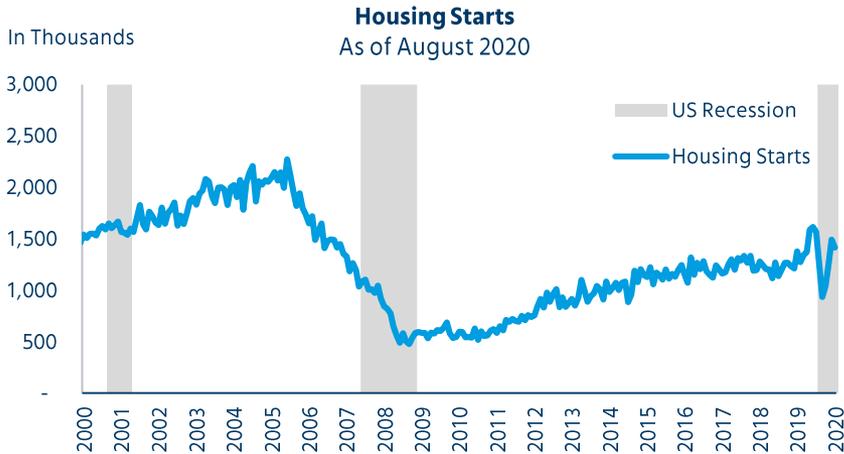
Source: Bloomberg, Datastream, Bloomberg US Corporate Index



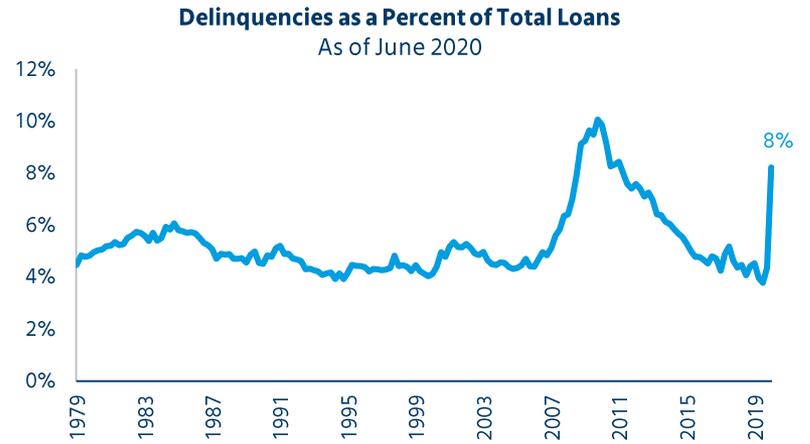
Source: St. Louis Federal Reserve Database, FRED. Seasonally Adjusted

- **Accommodative monetary policy pushed rates lower and opened liquidity channels, enabling businesses to reduce lending costs, increase operating leverage, and extend (lock-in) liabilities.**
 - Access to capital has allowed for a swift rise in investment, particularly to secular trends exacerbated by the pandemic.
 - With yields anticipated to remain low, investment will likely enjoy a tailwind in the intermediate-term.

Housing Will Have Ripple Effects

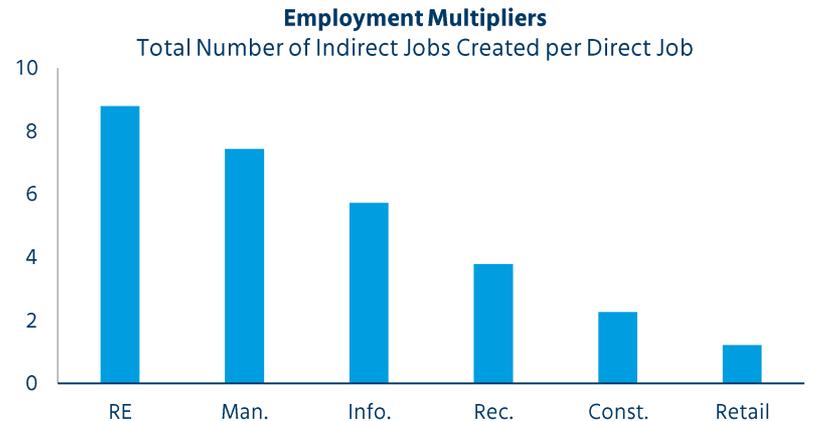


Source: St. Louis Federal Reserve Database, FRED.
Seasonally Adjusted Annual Rate



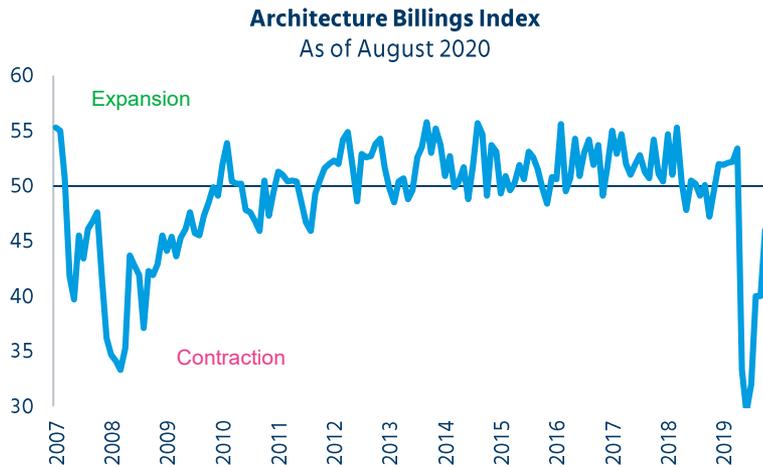
Source: Mortgage Bankers Association, Bloomberg

- **Housing has been a stalwart of the recovery, and with an estimated job multiple above 8 (i.e. additional jobs created with each industry job), the relative path of this key industry will remain critical to growth.**
 - The industry has benefitted from lower restrictions, declines in interest rates, and the strength of consumer balance sheets.
 - The sharp rise in delinquencies through the second quarter is concerning, but more timely, weekly data has suggested a more rapid recovery than the financial crisis; however monitoring is warranted.¹

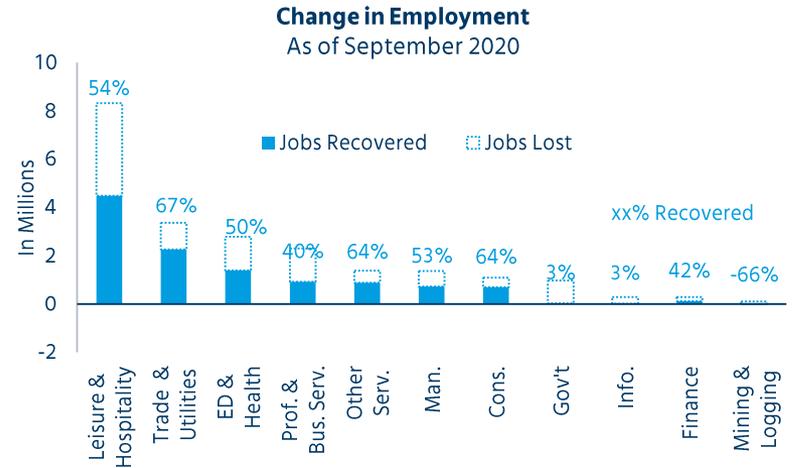


Source: Economic Policy Institute, BLS, and Blackstone, as of January 23, 2020; select industries. RE: Real Estate, Man.: Manufacturing, Info.: Information, Rec.: Recreation, Const.: Construction.

Uncertainty Weighs on the Intermediate Path



Source: The American Institute of Architects, FactSet, as of August 2020



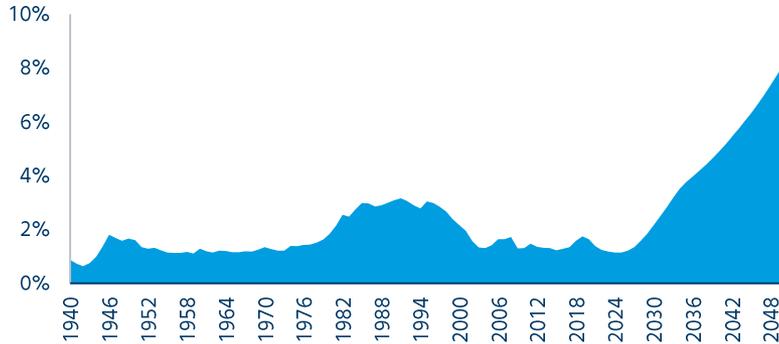
Source: Bureau of Labor Statistics, St. Louis Federal Reserve Database, JP Morgan
Jobs lost from February 2020 to April 2020, job regained from April 2020 to September 2020.

- Uncertainty and operational restrictions represent significant headwinds to the economic recovery, and as the duration of the slowdown lengthens, projects and jobs could be lost permanently. The impact of these losses on near- and long-term growth are difficult to assess.**
 - Uncertainty in the commercial real estate complex has slowed development, as businesses seek to determine their optimal real estate needs.
 - Face-to-face industries remain capacity constrained and signify a large portion of job losses since February. At the beginning of the slowdown, many of these losses were considered temporary, enabling the economy to quickly return to pre-pandemic production should headwinds lift. However, over time, the portion deemed permanent has grown, slowing the potential recovery as employees will be unable to return to prior positions.¹
 - These challenges will cause lingering effects on the ultimate speed of growth when restrictions are incrementally lifted.

1. Source: St. Louis Federal Reserve Database, FRED. Unemployment Level - Permanent Job Losers as of October 2, 2020.

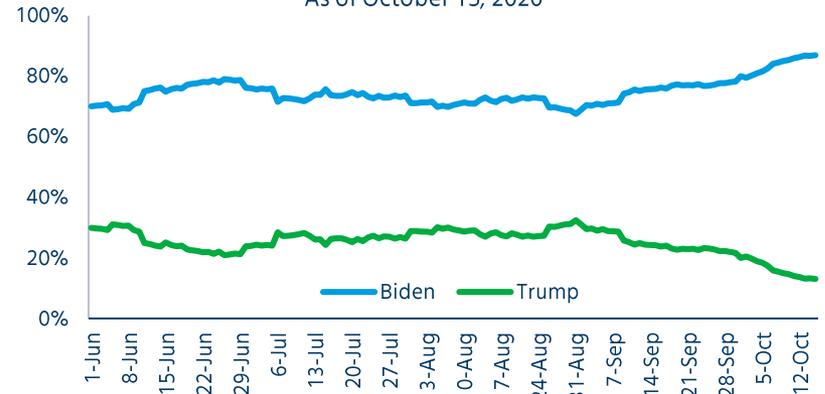
Near-Term and Long-Term Risks

Public Debt Interest as a Percent of GDP
CBO, September 2020



Source: St. Louis Federal Reserve Database, FRED & Congressional Budget Office September 2020 Report, forecasts beyond 2019

Poll-based Probabilities of Winning Electoral College
As of October 15, 2020

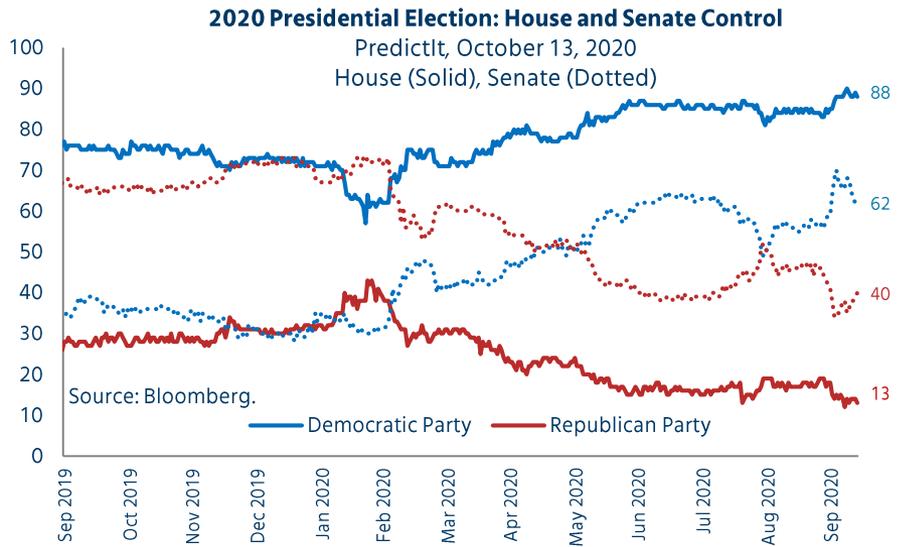
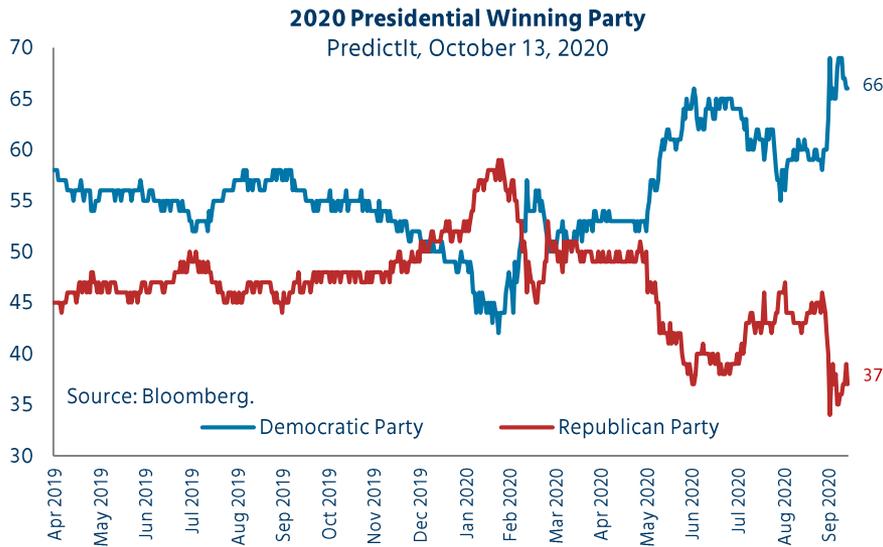


Source: FiveThirtyEight polls-plus model as of October 15, 2020.

- **US Elections:** The presidential election between Trump and Biden epitomizes a contest of near diametrically opposed ideologies which increases uncertainty until a victor is determined. While polling suggests the probability of Biden victory has risen, polls capture point-in-time opinions and low probability events can still occur. Beyond the presidential election, the composition of the legislature will determine the overall effectiveness of instituting the sitting president's platform.
- **Trade:** Tensions between the US and China have increased. A Biden victory would likely reduce tariff uncertainty, but public opinion has become more critical of China, suggesting future flashpoints regardless of which administration is in power.¹ Further, BREXIT negotiations continue with a deadline of establishing a trade deal by year-end.
- **Fiscal balances:** Significant increases in transfer payments amid declining growth will balloon deficits in 2020. For the European periphery, the US, and state/local governments, these declines could adversely affect future spending and employment. The overall mix of the next US government, in particular, will provide a guide as to what policies may be instituted.

1. Pew Research, <https://www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/>

2020 Election Race to the White House



- **Leading up to the global shutdown, betting markets favored the reelection of President Trump, however betting odds have since shifted with the Democrats in the lead through mid-October.¹**
 - On June 5th, Biden officially secured enough delegates for the Democratic nomination²; he selected Kamala Harris (D-CA) as his running mate.
 - A potential 'blue wave' scenario where the Democratic party controls the White House and both chambers of Congress may mean tax hikes and other legislation with significant influence on the economy .

1. Results presented are taken from PredictIt, a New Zealand-based prediction market launched in November 2014 by Victoria University of Wellington, and offers prediction exchanges on political and financial events. PredictIt uses a double auction to sell shares for each event in its markets, grouping related predictions into a market.

2. Biden Formally Clinches Democratic Nomination, While Gaining Steam Against Trump. NPR. Published June 5, 2020. <https://www.npr.org/2020/06/05/869553801/biden-formally-secures-democratic-nomination-while-gaining-steam-against-trump>

2020 Election Potential Policy Breakdown

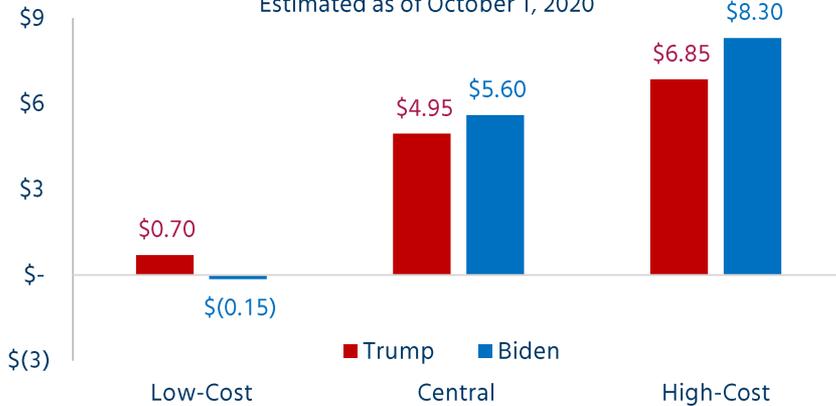
	Biden	Trump
Fiscal Stimulus / COVID Relief	<ul style="list-style-type: none"> • \$2T plan calling to extend the \$600 weekly unemployment benefits and increasing aid for states and municipalities. 	<ul style="list-style-type: none"> • Smaller stimulus bill.
Tax Policy	<ul style="list-style-type: none"> • Raising income and investment taxes on higher income households. • Partial rollback of the 2017 corporate tax cuts, which would essentially double the capital gains rate for incomes of more than \$1 million. 	<ul style="list-style-type: none"> • Extend 2017 tax cuts for individuals, consider cut to capital gains taxes.
Infrastructure	<ul style="list-style-type: none"> • Increase spending of > \$1T; included in COVID stimulus bill, with more focus on climate change. 	<ul style="list-style-type: none"> • Increase spending of > \$1T; not included in COVID stimulus bill.
Trade (China)	<ul style="list-style-type: none"> • Plans to negotiate with international partners to increase pressure on China. 	<ul style="list-style-type: none"> • Firm on trade policies and no signs of changing tariff strategy.
Employment	<ul style="list-style-type: none"> • Stimulate employment through fiscal stimulus. • Increase minimum wage to \$15/hour. 	<ul style="list-style-type: none"> • Stimulate employment through infrastructure spending bill.
Healthcare	<ul style="list-style-type: none"> • Continue with the Affordable Care Act but opposed to Medicare for all. • Plans to offer a public option, lower Medicare eligibility to age 60. 	<ul style="list-style-type: none"> • Repeal and replace the Affordable Care Act, while pledging to protect those with preexisting medical conditions.
Climate Change	<ul style="list-style-type: none"> • Plans net-zero emissions by 2050. • Rejoin the Paris climate agreement. 	<ul style="list-style-type: none"> • Skeptical of climate change due to human actions.

For greater detail, please refer to Mercer's publication *US presidential and congressional elections: Potential economic and market impacts*. Published October 14, 2020.

2020 Election Potential Impacts

Deficit Impact of Trump and Biden Agendas (in Trillions)

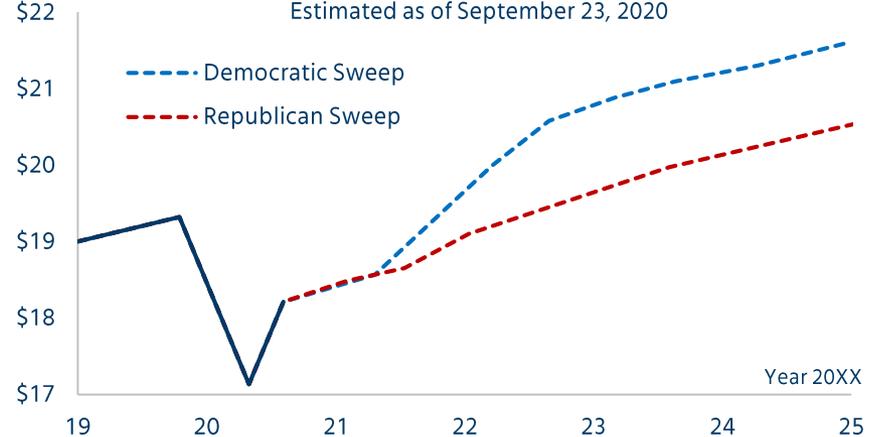
Committee for a Responsible Federal Budget
Estimated as of October 1, 2020



Source: Committee for a Responsible Federal Budget. Published October 7, 2020.
<http://www.crfb.org/papers/cost-trump-and-biden-campaign-plans>

Real GDP Under Different Election Scenarios

Real GDP (2012, \$T)
BEA, Moody's Analytics
Estimated as of September 23, 2020

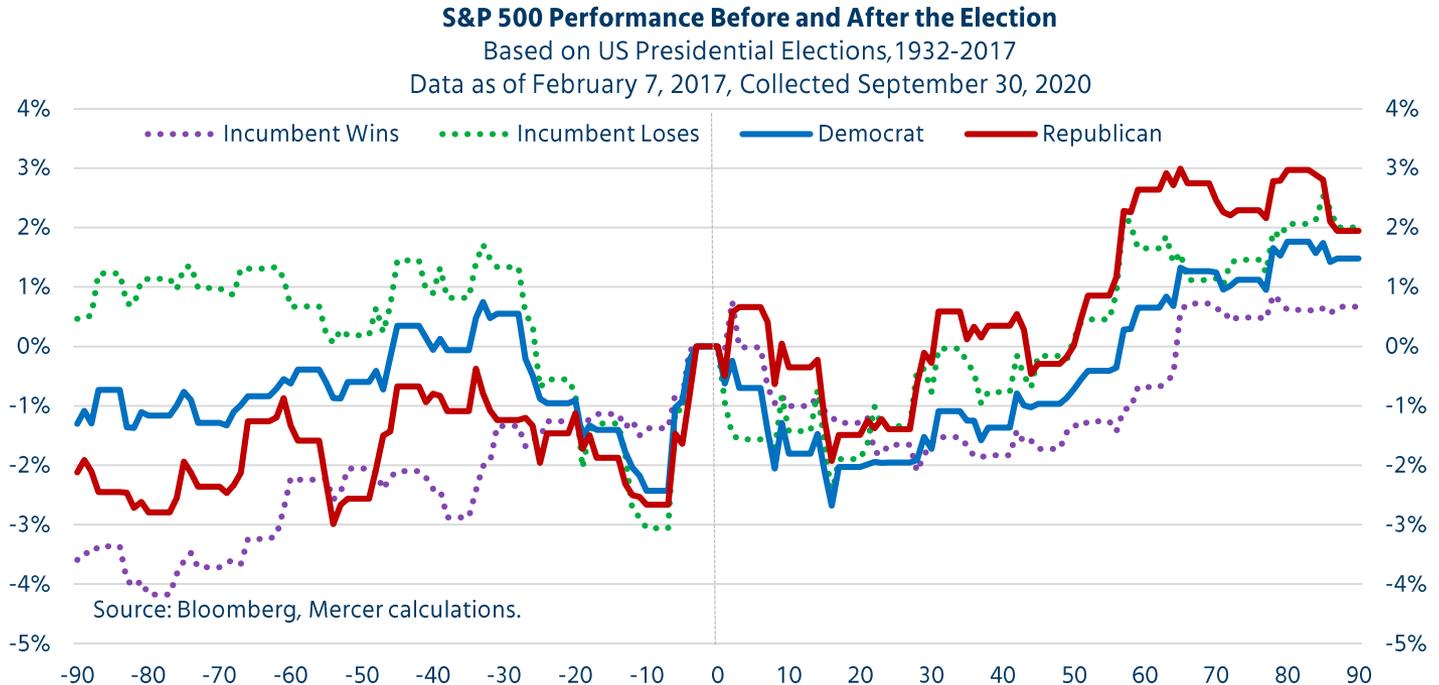


Source: Moody's Analytics. The Macroeconomic Consequences: Trump vs. Biden. Published September 23, 2020. <https://www.moodyanalytics.com/-/media/article/2020/the-macroeconomic-consequences-trump-vs-biden.pdf>

- **The federal budget deficit soared to \$3.1 trillion in FY 2020¹, as the pandemic fueled enormous government spending while tax receipts plunged.**
 - This shortfall underscores the long-term economic challenges facing the US. Interest rates are low – which will allow for cheaper government borrowing – but the increasing deficit likely will complicate policy negotiations amid concerns of the country's debt burden.
 - The Committee for a Responsible Budget issued a report in early October detailing estimates of each candidate's agenda with regard to taxes and spending related to infrastructure, health care, education and the pandemic. As expected, greater spending correlated with higher GDP growth, as estimated by Moody's.

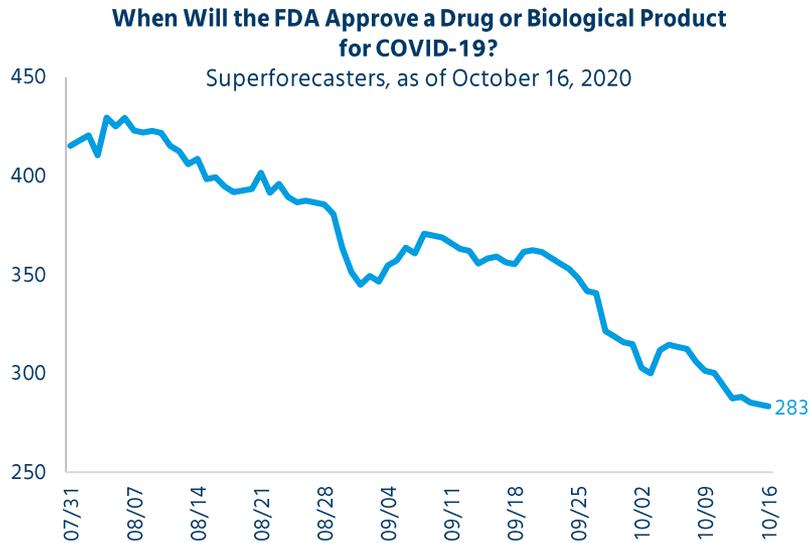
1. The federal deficit balloons to a record \$3.1 trillion, even as the pain for jobless workers sharpens. Updated October 16, 2020. New York Times. <https://www.nytimes.com/live/2020/10/16/world/covid-coronavirus#the-federal-deficit-balloons-to-a-record-3-1-trillion-even-as-the-pain-for-jobless-workers-sharpens>

2020 Election US Equity Performance

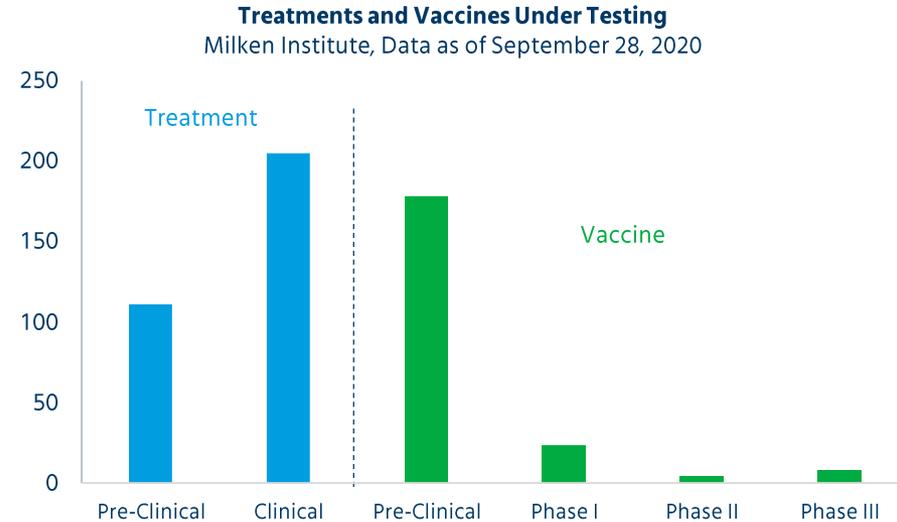


- **Despite some dispersion in market performance leading into the election, when examining US Presidential Election outcomes over a 90-day period, results show similar market performance across party and incumbency wins and losses.**
 - However, volatility is evident a few weeks before and after the election. Dispersion of market performance appears to narrow in the months following an election.

Coronavirus Treatments



Source: Superforecasters. <https://goodjudgment.io/superforecasts/>



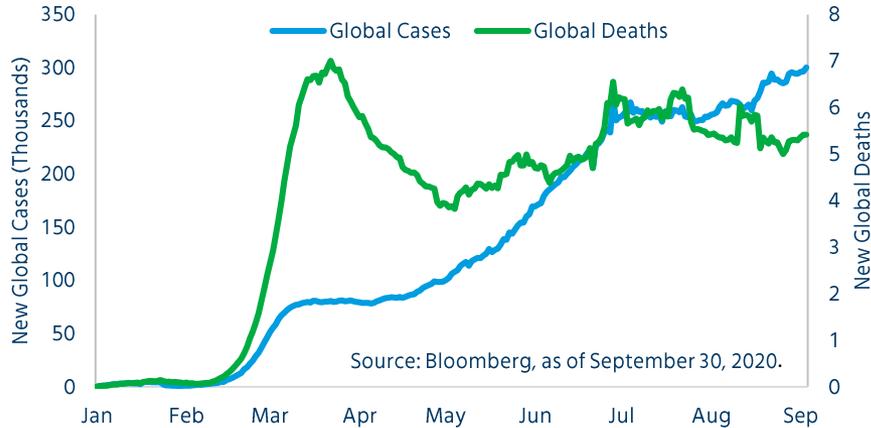
Source: Milken Institute. <https://covid-19tracker.milkeninstitute.org/>

- **As of the time of the publication, there are four potential vaccines backed by the US that are currently in late-stage testing¹.**
 - Once a vaccine is approved, it will likely be released in stages – with priority given to the elderly and health-care workers.
- **October 16th was the deadline for states to submit their draft plans to the federal government as to how they will distribute a vaccine if and when one is approved for public use.**

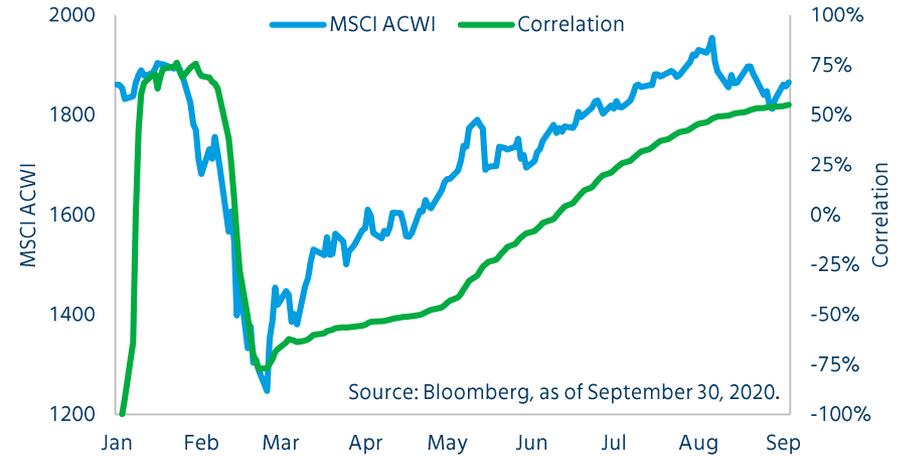
1. Trump administration announces deal with CVS and Walgreens to administer coronavirus vaccine to seniors in long-term care. CNBC. Published October 16, 2020. <https://www.cnbc.com/2020/10/16/coronavirus-trump-administration-unveils-cvs-walgreens-vaccine-deal.html>

Global Evolution of COVID

Evolution of New Global COVID-19 Cases and Deaths
7-Day Moving Average

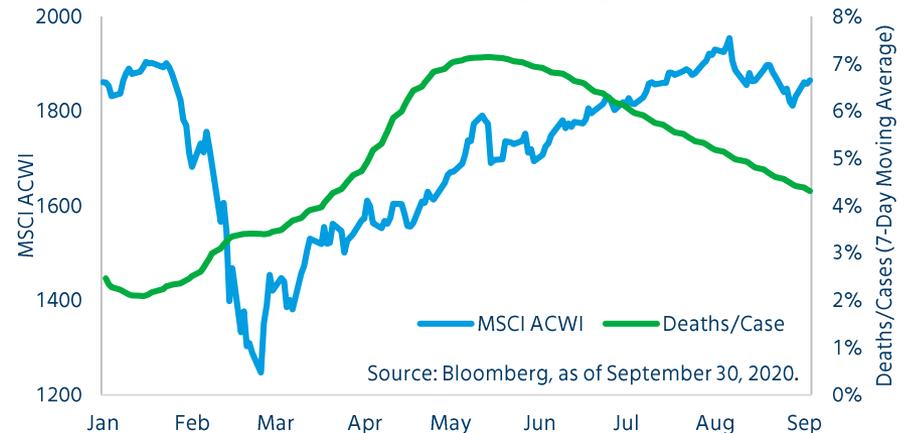


MSCI ACWI and Correlation of New Cases to MSCI ACWI



- **Over the past few months, as the number of cases and deaths related to the coronavirus globally continue to grow, markets appear to be less impacted.**
 - Market sensitivity to COVID-related news was negatively correlated to the number of new cases in the first quarter leading into the second quarter, but has since shown a positive, albeit weaker correlation.
 - Though volatility has declined since the VIX hit over 80 in March, we continue to see some uncertainty leading into the US election.

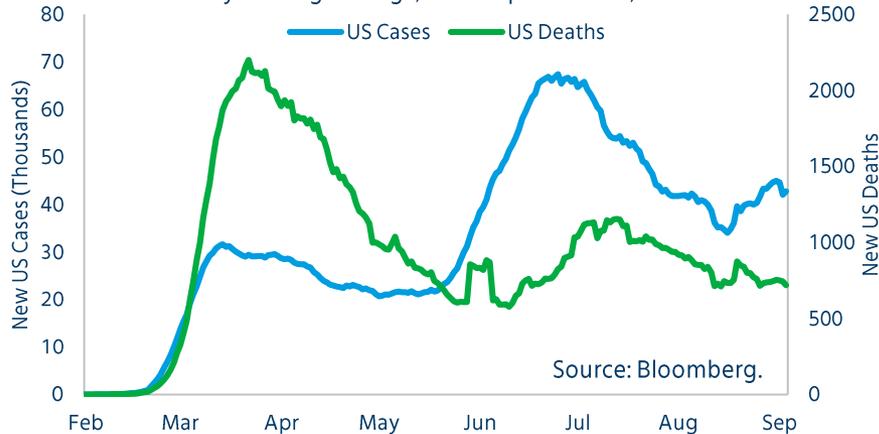
MSCI ACWI vs Global Rate of Cumulative Deaths/Cases
(COVID, 7-Day Moving Average)



Evolution of COVID in the US

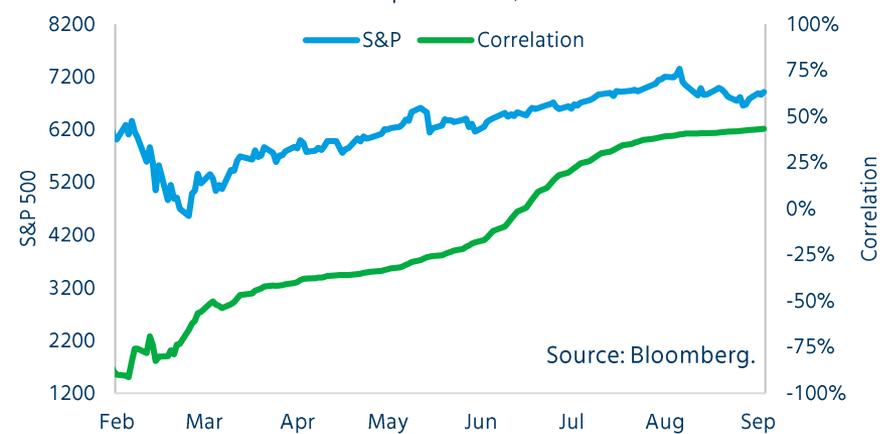
Evolution of New US COVID-19 Cases and Deaths

7-Day Moving Average, as of September 30, 2020



S&P 500 and Correlation of New US Cases to the S&P

As of September 30, 2020



- **The US has seen the rate of new deaths per new cases decline over the past few months.**
- **The relationship of new cases and S&P performance show a more muted correlation.**
 - Data show that the US did not experience the negative correlation of new cases to S&P 500 performance as seen across global markets, however this could be due to the fact that cases in the US lagged that in Asia and Europe.
 - Markets rose in late Q2 into Q3 despite the rate of death to new cases climbing across the country. Forward-looking markets likely reacted to policy support and the reopening of the economy in late Q2.

S&P 500 vs US Rate of Cumulative Deaths/Cases

Change in 7-Day Moving Average, as of September 30, 2020



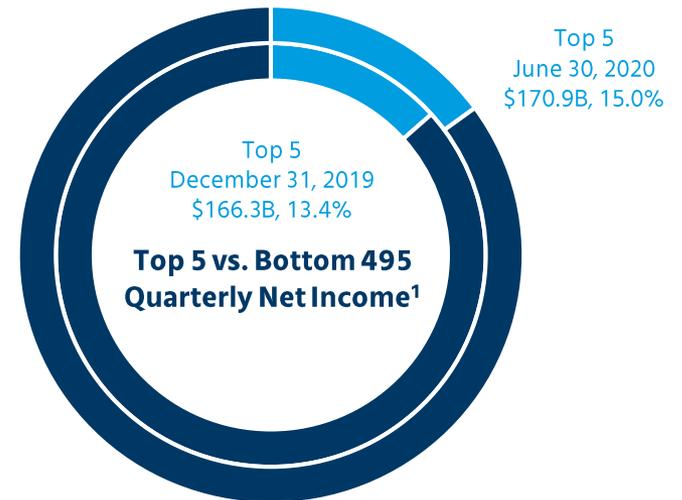
S&P 500 Top 5 vs. Bottom 495



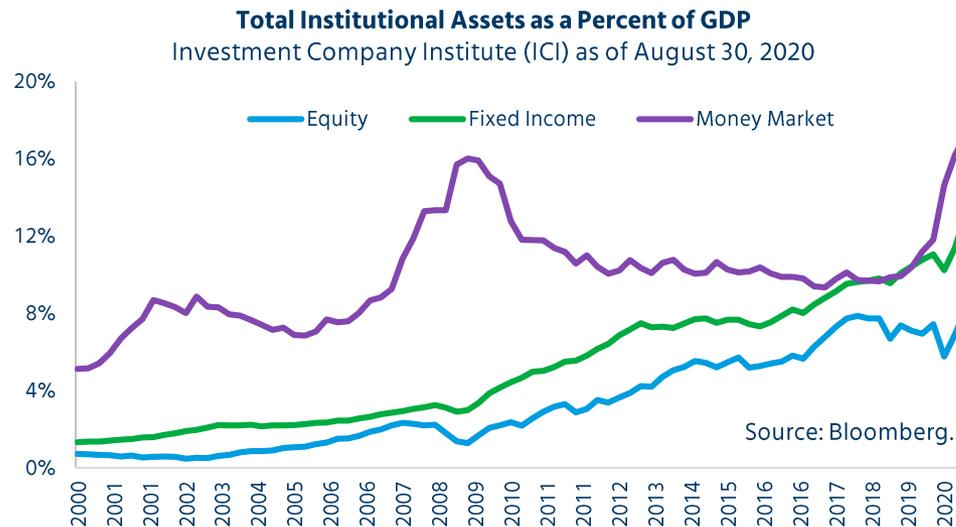
- **Year-to-date, growth in the S&P 500 has largely been driven by the top constituents.**

- Their combined weight has grown close to 5%, equating to \$1.9 trillion in market cap growth¹.
- The Top 5 has grown in terms of net income in both absolute and relative terms.

1. Source: Bloomberg.



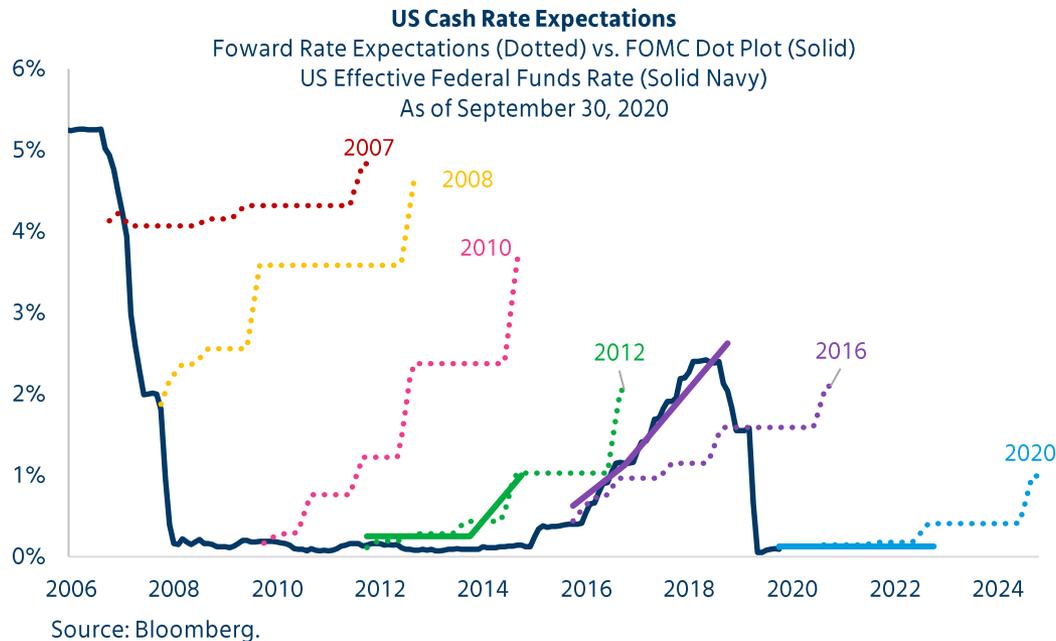
Asset Flows Continue Into Fixed Income



- **Examining total mutual fund assets utilizing data published by the Investment Company Institute (ICI), net inflows into equities appear to have leveled, while the rate of net inflows has increased into fixed income.**
 - Given US markets experienced the one of the longest bull market runs leading into the pandemic, trends into fixed income could be attributed to pension funds de-risking.
 - According to eVestment’s Q2 2020 Traditional Asset Flows Report¹, US fixed income strategies received inflows of \$99.2 billion from institutional investors during Q2 – with a majority (approximately \$85.2 billion) flowing into active fixed income strategies. High yield strategies saw the largest inflows, growing increasingly popular in recent months with widening spreads and defaults being under control.

1. US Fixed Income Strategies Draw Nearly USD100bn from Institutional Investors in Q2. Institutional Asset Manager. Published August 26, 2020. <https://www.institutionalassetmanager.co.uk/2020/08/26/288939/us-fixed-income-strategies-draw-nearly-usd100bn-institutional-investors-q2>

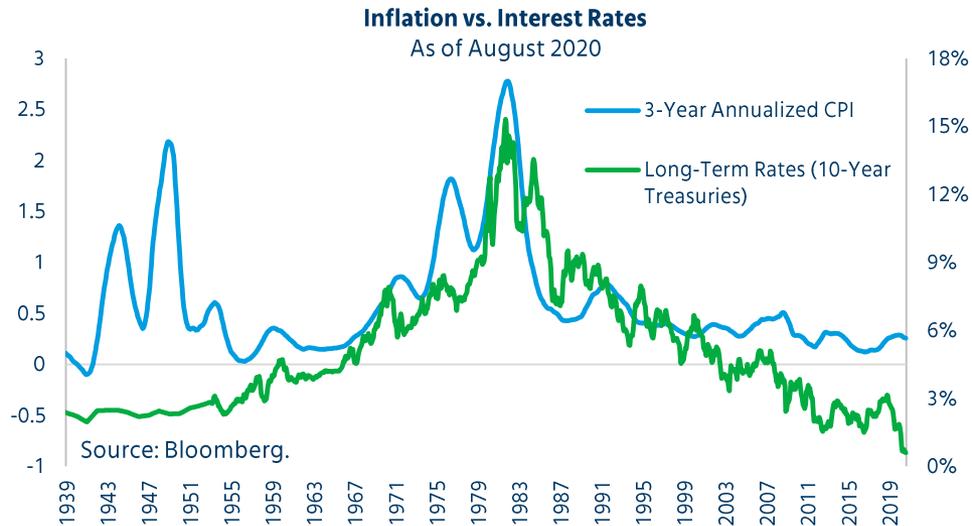
US Cash Rate Expectations The New Normal?



- **Examining forward rate expectations, short-term interest rates are expected to remain low for the next several years.**
 - In September, the FOMC voted to keep short-term rates targeted at 0-0.25%, and indicated that rates would likely remain at these levels until inflation is on track to exceed the central bank rate of 2%. In the September minutes released¹, Fed officials expect rates to remain near zero through the end of 2023, at the very least.
- **Over the past decade, the US has seen a lowering of forward expectations, however Fed forward expectations have surpassed market expectations.**
 - Results from September show Fed expectations in-line with market expectations – rates are expected to remain low for the foreseeable future.

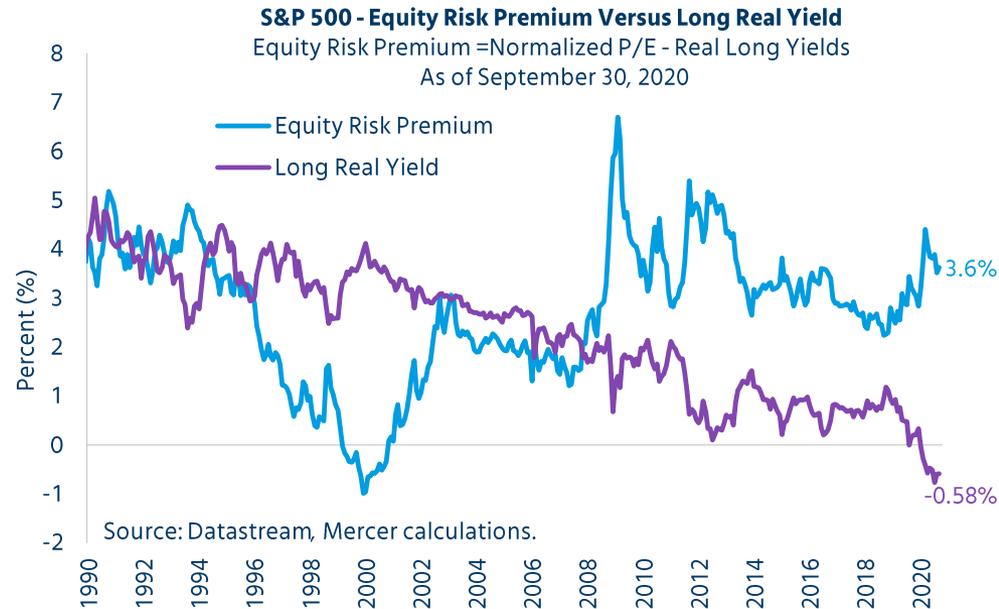
1. FOMC Press Release. September 16, 2020.
<https://www.federalreserve.gov/newsevents/pressreleases/monetary20200916a.htm>

Inflation vs. Interest Rates



- **Over the past decade, the US has seen a divergence from inflation and long-term rates.**
 - Such deviation was last seen over 70 years ago, as inflation moved higher and showed significantly more volatility.
 - In 1942, the US Treasury and Federal Reserve agreed to control nominal interest rates on short-term and long-term government securities. Specifically, the Fed agreed to support 25-year government bond prices at a level consistent with a 2.5% interest rate ceiling.¹
- **After the September meeting, the Fed voted to keep short-term rates between 0-0.25%, and anticipates rates will continue to remain low through the end of 2023. Congruent with such expectations, discussions of using yield curve control (YCC) have surfaced in an effort to mitigate the negative economic impacts of COVID.**
 - Under YCC, the Fed would target some longer-term rate and pledge to buy enough long-term bonds to keep rates from rising above a pre-determined target. In effect, this would be another tool for the Fed to stimulate the economy if lowering short-term rates to zero is not enough.
 - Of note, YCC differs from quantitative easing (QE) in that QE deals with the quantity of bonds, whereas YCC focuses on the price. Because bond prices are inversely related to their yields, buying bonds and pushing up their price leads to lower longer-term rates.

Equity Risk Premium vs. Real Yields



- **As of September, Mercer estimates the equity risk premium for US equities is approximately 4%.**
 - In the short-term, challenges related to the lack of a new stimulus bill, the potential second wave of the virus, and election are expected to contribute to market volatility.
- **Despite the increase in the risk premium over the last year, the gap has largely been driven by the decline in real rates. As such, the equity risk premium may be a bit full and may understate the risk of owning stocks.**

Tactical Asset Allocation

Asset Class Diversification

Surplus Cash Investment Program Structure

As of September 30, 2020

Manager	Asset Class/Type	Total Assets (\$ mil.)	Percent of Total	Target Allocation	Weighting Relative to Target	Target Range
Large-Cap Domestic Equity		\$270.8	24.2%	20.0%	+ 4.2%	20-30%
Vanguard S&P 500 Index	Large-Cap Index	\$157.6	14.1%	10.0%	+ 4.1%	
Sands	Large-Cap Growth	\$ 71.9	6.4%	5.0%	+ 1.4%	
Barrow Hanley	Large-Cap Value	\$ 41.2	3.7%	5.0%	- 1.3%	
Small-Cap Domestic Equity		\$ 46.1	4.1%	5.0%	- 0.9%	10-20%
Conestoga	Small-Cap Growth	\$ 27.9	2.5%	2.5%	- 0.0%	
Wellington	Small-Cap Value	\$ 18.2	1.6%	2.5%	- 0.9%	
International Equity		\$153.2	13.7%	15.0%	- 1.3%	8-12%
Causeway	International Value	\$ 43.1	3.8%			
BNY Mellon	International Growth	\$ 72.7	6.5%			
Harding Loevner	Emerging	\$ 37.4	3.3%			
Short-Duration Fixed Income		\$121.2	10.8%	10.0%	+ 0.8%	25-35%
Barrow Hanley	Short Duration	\$117.3	10.5%			
Cash	Money Market	\$ 4.0	0.4%			
Market-Duration Fixed Income		\$360.1	32.1%	30.0%	+ 2.1%	17-23%
Dodge & Cox	Market Duration	\$176.7	15.8%	15.0%	+ 0.8%	
MetWest	Market Duration	\$183.5	16.4%	15.0%	+ 1.4%	
Alternatives		\$169.4	15.1%	20.0%	- 4.9%	17-23%
Angelo Gordon Realty Value X	Real Estate	\$ 5.7	0.5%			
Oaktree RE Opps VI	Real Estate	\$ 4.9	0.4%			
Walton Street RE VII	Real Estate	\$ 3.2	0.3%			
Walton Street RE VIII	Real Estate	\$ 8.3	0.7%			
Direct Hedge Fund Composite	Hedge Fund	\$147.3	13.1%			
Total (X District)		\$1,120.8	100.0%			
District Assets - Barrow Hanley	Short Duration	\$ 41.9				
Debt Reserves - Ponder	Short Duration	\$ 17.6				
Total Surplus Cash		\$1,180.2				

*Totals may not add due to rounding.

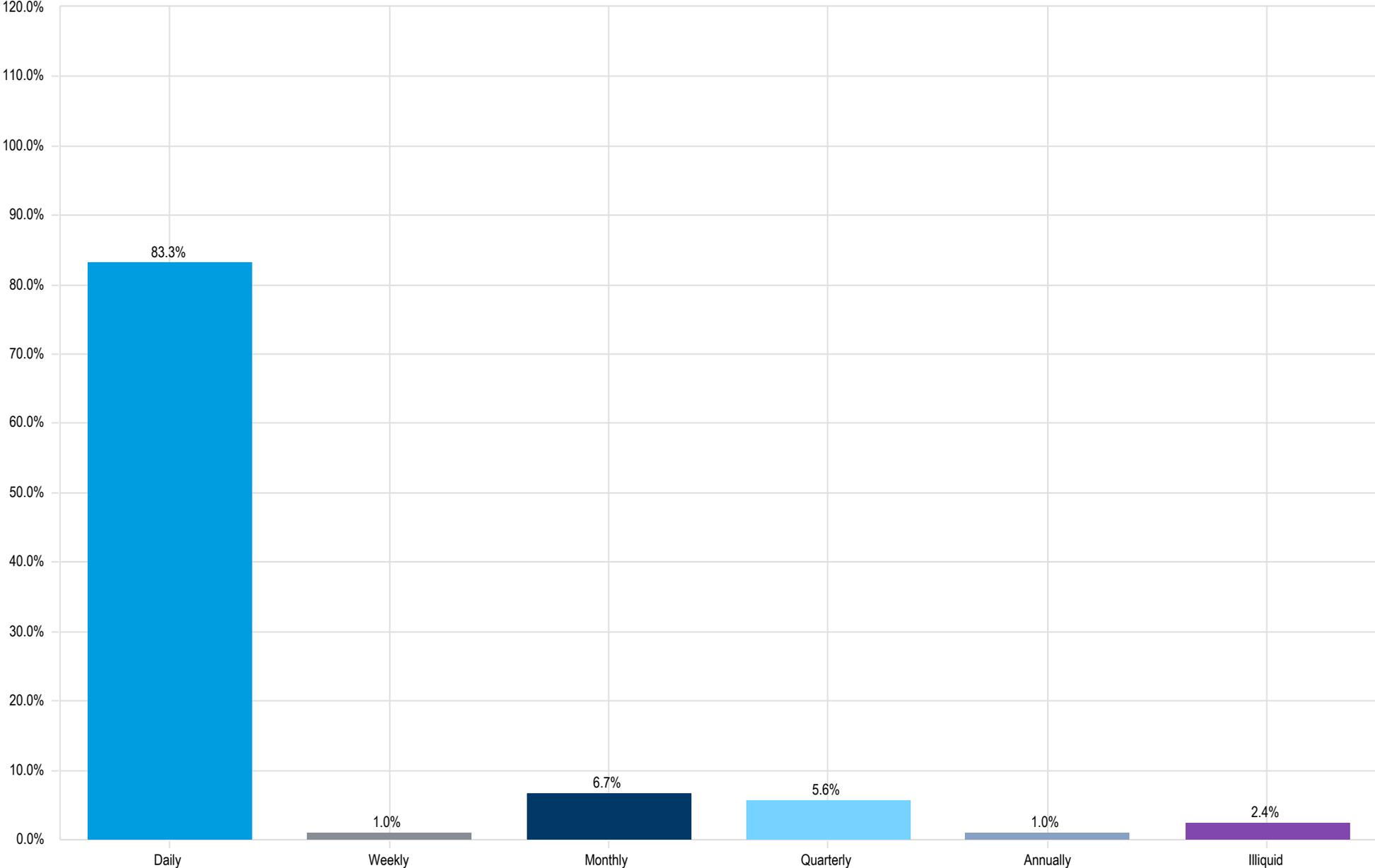
El Camino Hospital

Liquidity Schedule

September 30, 2020

Investments	Market Value	Daily	Weekly	Monthly	Quarterly	Annually	Illiquid	Redemptions	Notes
Vanguard S&P 500 Index	157,620,493	157,620,493	-	-	-	-	-	Daily	Daily, No Lock-Up
Sands Large Cap Growth (Touchstone)	71,946,887	71,946,887	-	-	-	-	-	Daily	Daily, No Lock-Up
Barrow Hanley Large Cap Value	41,193,503	41,193,503	-	-	-	-	-	Daily	Daily, No Lock-Up
Wellington Small Cap Value	18,219,819	-	-	18,219,819	-	-	-	Monthly	10 Day Notice, No Lock-Up
Conestoga Small-Cap Fund I	27,889,306	27,889,306	-	-	-	-	-	Daily	Daily, No Lock-Up
BNY Mellon International Stock Fund	72,723,650	72,723,650	-	-	-	-	-	Daily	Daily, No Lock-Up
Causeway International Value	43,081,160	43,081,160	-	-	-	-	-	Daily	Daily, No Lock-Up
Harding Loevner Inst. Emerging Markets I	37,371,527	37,371,527	-	-	-	-	-	Daily	Daily, No Lock-Up
Barrow Hanley Short Fixed	117,266,213	117,266,213	-	-	-	-	-	Daily	Daily, No Lock-Up
Cash Account	2,073,197	2,073,197	-	-	-	-	-	Daily	Daily, No Lock-Up
Cash Account - CONCERN	85,500	85,500	-	-	-	-	-	Daily	Daily, No Lock-Up
Hedge Funds Cash	1,808,538	1,808,538	-	-	-	-	-	Daily	Daily, No Lock-Up
Dodge & Cox Fixed	176,671,862	176,671,862	-	-	-	-	-	Daily	Daily, No Lock-Up
MetWest Fixed	169,037,337	169,037,337	-	-	-	-	-	Daily	Daily, No Lock-Up
Met West Total Return Bond Plan - CONCERN	14,428,132	14,428,132	-	-	-	-	-	Daily	Daily, No Lock-Up
AG Realty Value Fund X, LP	5,770,486	-	-	-	-	-	5,770,486	Illiquid	Illiquid
Oaktree Capital Management RE Opportunities Fund VI	4,901,889	-	-	-	-	-	4,901,889	Illiquid	Illiquid
Walton Street Real Estate Fund VII, L.P.	3,162,716	-	-	-	-	-	3,162,716	Illiquid	Illiquid
Walton Street Real Estate Fund VIII, L.P.	8,269,462	-	-	-	-	-	8,269,462	Illiquid	Illiquid
Bloom Tree Offshore Fund Ltd.	10,353,985	-	-	-	10,353,985	-	-	Quarterly	45 Day Notice, No Lock-Up
Capeview Azri 2X Fund USD B - U	4,463,983	-	-	4,463,983	-	-	-	Monthly	30 Day Notice, No Lock-Up
Capeview Azri Fund USD B - UV	6,910,044	-	-	-	6,910,044	-	-	Quarterly	30 Day Notice, 2.5% Redemption Penalty
Chatham Asset High Yield Offshore Fund, Ltd	-	-	-	-	-	-	-	Illiquid	Redemption in Progress
DK Distressed Opportunities International, Ltd.	11,629,371	-	-	-	-	11,629,371	-	Annually	90 Day Notice, No Lock-Up
EMSO Saguaro, Ltd.	10,500,017	-	-	10,500,017	-	-	-	Monthly	60 Day Notice, 15% Fund level gate
Fir Tree International Value Fund (Non-US), L.P.	32,190	-	-	-	-	-	32,190	Illiquid	Redemption in Progress
Indus Japan Fund Ltd.	9,977,925	-	-	-	9,977,925	-	-	Quarterly	30 Day Notice, No Lock-up
Luxor Capital Partners Offshore, Ltd.	539,111	-	-	-	-	-	539,111	Illiquid	Redemption in Progress
Man Alternative Risk Premia SP Fund	11,257,024	-	11,257,024	-	-	-	-	Weekly	7 Day Notice, No Lock-Up
Marshall Wace Eureka Fund Class B2	11,414,220	-	-	11,414,220	-	-	-	Monthly	30 Day Notice, No Lock-Up
Moore Macro Managers Fund	-	-	-	-	-	-	-	Illiquid	Redemption in Progress
Palestra Capital Offshore	11,861,877	-	-	-	11,861,877	-	-	Quarterly	60 Day Notice, 12 mth soft lock
Pine River Fund Ltd.	19,830	-	-	-	-	-	19,830	Illiquid	Redemption in Progress
Renaissance RIDGE	10,261,227	-	-	10,261,227	-	-	-	Monthly	45 Days Notice, No Lock-Up
Carlson Black Diamond Arbitrage Ltd.	10,649,776	-	-	10,649,776	-	-	-	Monthly	45 Day Notice, No Lock-Up
Robeco Transtrend Diversified Fund LLC	9,997,853	-	-	9,997,853	-	-	-	Monthly	5 Day Notice, No Lock-Up
Waterfall Eden Fund, Ltd.	11,669,857	-	-	-	11,669,857	-	-	Quarterly	90 Day Notice, 1 year soft lock
York Credit Opportunities Unit Trust	4,171,244	-	-	-	-	-	4,171,244	Illiquid	Redemption in Progress
Wolverine	11,617,324	-	-	-	11,617,324	-	-	Quarterly	60 Day Notice; 1 year soft lock
Total (\$)	1,120,848,537	933,197,306	11,257,024	75,506,896	62,391,012	11,629,371	26,866,928		
Total (%)	100.0	83.3	1.0	6.7	5.6	1.0	2.4		

Liquidity Schedule Summary



Investment Management Fees

Surplus Cash Investment Program Structure

As of September 30, 2020

	Total Assets (\$ millions)	Committed Capital (\$ millions)	Contributed Capital (\$ millions)	Management Fee (%)	Mercer Mutual Fund Peer Group	Mercer Mutual Fund Peer Group Median (%)
Domestic Equity						
Vanguard S&P 500 Index	\$157,620,493			0.035	Mercer Mutual Fund US Equity Large Cap Index	0.18
Sands Large Cap Growth (Touchstone)	\$71,946,887			0.80	Mercer Mutual Fund US Equity Large Cap Growth Median	0.67
Barrow Hanley Large Cap Value	\$41,193,503			0.38	Mercer Mutual Fund US Equity Large Cap Value Median	0.65
Wellington Small Cap Value	\$18,219,819			0.90	Mercer Mutual Fund US Equity Small Cap Value Median	0.94
Conestoga Small Cap Growth	\$27,889,306			0.90	Mercer Mutual Fund US Equity Small Cap Growth Median	0.94
International Equity						
Causeway International Value	\$43,081,160			0.88	Mercer Mutual Fund World ex US/EAFE Equity Large Cap Value Median	0.81
BNY Mellon International Stock Fund	\$72,723,650			0.91	Mercer Mutual Fund World ex US/EAFE Equity Large Cap Growth Median	0.83
Harding Loevner Emerging Markets	\$37,371,527			1.27	Mercer Mutual Fund Emerging Markets Equity Median	0.95
Short Fixed Income						
Barrow Hanley Short Fixed	\$117,266,213			0.17	Mercer Mutual Fund US Fixed Short Median	0.39
Market Duration Fixed Income						
Dodge & Cox Fixed	\$176,671,862			0.17	Mercer Mutual Fund US Fixed Core Median	0.44
MetWest Total Return	\$169,037,337			0.28	Mercer Mutual Fund US Fixed Core Median	0.44
MetWest Total Return - CONCERN	\$14,428,132			0.37	Mercer Mutual Fund US Fixed Core Median	0.44
Cash						
Cash Account	\$3,967,235			N/A	N/A	N/A
Hedge Funds¹						
Bloom Tree Offshore Fund Ltd.	\$10,353,985			1.50	N/A	N/A
CapeView Azri Fund Ltd.	\$6,910,044			1.35	N/A	N/A
CapeView Azri 2x Fund	\$4,463,983			2.00	N/A	N/A
Indus Japan Fund	\$9,977,925			1.50	N/A	N/A
Luxor Capital Partners	\$539,111			1.50	N/A	N/A
Pine River Fund	\$19,830			1.50	N/A	N/A
Fir Tree International	\$32,190			1.50	N/A	N/A
Marshall Wace Eureka Fund Class B2	\$11,414,220			2.00	N/A	N/A
Palestra Capital Offshore	\$11,861,877			1.50	N/A	N/A
DK Distressed Opportunities International	\$11,629,371			1.75	N/A	N/A
York Credit Opportunities ³	\$4,171,244			0.75	N/A	N/A
BP Transtrend Diversified Fund	\$9,997,853			1.00	N/A	N/A
EMSO Saguaro	\$10,500,017			1.25	N/A	N/A
Carlson Black Diamond Arbitrage	\$10,649,776			1.00	N/A	N/A
Renaissance RIDGE	\$10,261,227			1.00	N/A	N/A
Man Alternative Risk Premia	\$11,257,024			1.00	N/A	N/A
Waterfall Eden	\$11,669,857			1.50	N/A	N/A
Wolverine	\$11,617,324			1.75	N/A	N/A
Total (ex Private Real Estate)	\$1,098,743,982			0.51%		
Private Real Estate²						
AG Realty Value Fund X	\$5,770,486	\$ 20.0	\$ 1.5	1.50	N/A	N/A
				Of committed Capital ²		
Oaktree Real Estate Opportunities VI	\$4,901,889	\$ 14.0	\$ 14.0	1.50	N/A	N/A
				Of committed Capital ²		
Walton Street Real Estate VII	\$3,162,716	\$ 13.0	\$ 12.4	1.50	N/A	N/A
				Of committed Capital ²		
Walton Street Real Estate Fund VIII	\$8,269,462	\$ 13.0	\$ 9.3	1.50	N/A	N/A
				Of committed Capital ²		
Total	\$1,120,848,535					

1. Hedge fund fees do not include incentive fees.

2. Private Real Estate fees do not include carried interest.

3. York Credit Opportunities Fund is in the process of liquidation. Beginning July 1, 2020 the management fee was completely eliminated.

Asset Class Diversification

Cash Balance Plan Investment Program Structure

As of September 30, 2020

Manager	Asset Class/Type	Total Assets (\$, mil.)	Percent of Total	Target Allocation	Weighting Relative to Target	Target Range
Large-Cap Domestic Equity		\$ 95.5	31.6%	27.0%	+ 4.6%	27-37%
Vanguard S&P 500 Index	Large-Cap Index	\$ 44.6	14.8%	13.5%	+ 1.3%	
Sands	Large-Cap Growth	\$ 31.6	10.5%	6.8%	+ 3.7%	
Barrow Hanley	Large-Cap Value	\$ 19.3	6.4%	6.8%	- 0.4%	
Small-Cap Domestic Equity		\$ 13.7	4.5%	5.0%	- 0.5%	
Conestoga	Small-Cap Growth	\$ 8.0	2.7%	2.5%	+ 0.2%	
Wellington	Small-Cap Value	\$ 5.7	1.9%	2.5%	- 0.6%	
International Equity		\$ 51.2	17.0%	18.0%	- 1.0%	15-21%
Causeway	International Value	\$ 16.6	5.5%			
BNY Mellon	International Growth	\$ 27.8	9.2%			
Harding Loewner	Emerging Markets	\$ 6.8	2.2%			
Short-Duration Fixed Income		\$ 10.2	3.4%	5.0%	- 1.6%	0-8%
Barrow Hanley	Short Duration	\$ 8.0	2.6%			
Cash	Money Market	\$ 2.2	0.7%			
Market-Duration Fixed Income		\$ 81.2	26.9%	25.0%	+ 1.9%	20-30%
Dodge & Cox	Market Duration	\$ 40.3	13.3%	12.5%	+ 0.8%	
MetWest	Market Duration	\$ 40.9	13.6%	12.5%	+ 1.1%	
Alternatives		\$ 50.0	16.6%	20.0%	- 3.4%	17-23%
Lighthouse	HFOF	\$ 17.4	5.8%			
Pointer	HFOF	\$ 21.4	7.1%			
Oaktree RE Opps VI	Real Estate	\$ 2.9	1.0%			
Walton Street RE VII	Real Estate	\$ 1.9	0.6%			
Walton Street RE VIII	Real Estate	\$ 6.4	2.1%			
Total		\$301.8	100.0%			

*Totals may not add due to rounding.

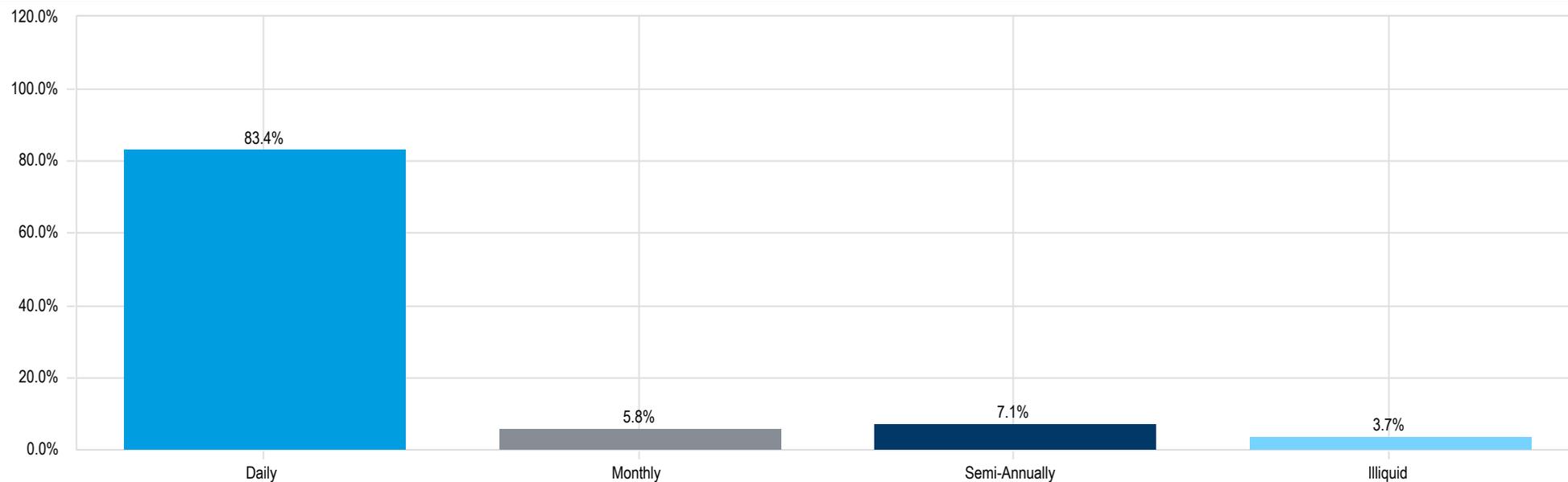
Liquidity Schedule - Cash Balance

Liquidity Schedule

September 30, 2020

Investments	Market Value	Daily	Monthly	Semi-Annually	Illiquid	Subscriptions	Redemptions	Notes
Vanguard Institutional Index Fund	44,598,829	44,598,829	-	-	-	Daily	Daily	Daily, No Lock-Up
Sands Large Cap Growth (Touchstone)	31,588,220	31,588,220	-	-	-	Daily	Daily	Daily, No Lock-Up
Barrow Hanley Large Cap Value	19,306,164	19,306,164	-	-	-	Daily	Daily	Daily, No Lock-Up
Conestoga Small-Cap Fund I	8,044,231	8,044,231	-	-	-	Daily	Daily	Daily, No Lock-Up
Wellington Small Cap Value	5,667,346	5,667,346	-	-	-	Daily	Daily	Daily, No Lock-Up
Causeway International Value	16,591,628	16,591,628	-	-	-	Daily	Daily	Daily, No Lock-Up
BNY Mellon International Stock Fund	27,821,553	27,821,553	-	-	-	Daily	Daily	Daily, No Lock-Up
Harding Loevner Inst. Emerging Markets I	6,787,957	6,787,957	-	-	-	Daily	Daily	Daily, No Lock-Up
Barrow Hanley Short Fixed	7,995,761	7,995,761	-	-	-	Daily	Daily	Daily, No Lock-Up
Cash Account	2,211,703	2,211,703	-	-	-	Daily	Daily	Daily, No Lock-Up
Dodge & Cox Income Fund	40,269,071	40,269,071	-	-	-	Daily	Daily	Daily, No Lock-Up
Met West Total Return Fund PI	40,904,888	40,904,888	-	-	-	Daily	Daily	Daily, No Lock-Up
Lighthouse Diversified	17,407,998	-	17,407,998	-	-	Monthly	Monthly	90 Day Notice, No Lock-Up
Pointer Offshore LTD	21,413,559	-	-	21,413,559	-	Semi-Annually	Semi-Annually	Notice by Mar 15/Sept 15
Oaktree RE Opportunities Fund V	2,936,984	-	-	-	2,936,984	Illiquid	Illiquid	Illiquid
Walton Street Real Estate Fund VII, L.P.	1,897,127	-	-	-	1,897,127	Illiquid	Illiquid	Illiquid
Walton Street Real Estate Fund VIII, L.P.	6,361,125	-	-	-	6,361,125	Illiquid	Illiquid	Illiquid
Total (\$)	301,804,146	251,787,353	17,407,998	21,413,559	11,195,236			
Total (%)	100.0	83.4	5.8	7.1	3.7			

Liquidity Schedule Summary



Investment Management Fees

Cash Balance Investment Program Structure

As of September 30, 2020

	Total Assets (\$ millions)	Committed Capital (\$ millions)	Contributed Capital (\$ millions)	Management Fee (%)	Mercer Mutual Fund Peer Group	Mercer Mutual Fund Peer Group Median (%)
Domestic Equity						
Vanguard S&P 500 Index	\$44,598,829			0.035	Mercer Mutual Fund US Equity Large Cap Index	0.18
Sands Large Cap Growth (Touchstone)	\$31,588,220			0.80	Mercer Mutual Fund US Equity Large Cap Growth Median	0.67
Barrow Hanley Large Cap Value	\$19,306,164			0.38	Mercer Mutual Fund US Equity Large Cap Value Median	0.65
Wellington Small Cap Value	\$5,667,346			0.90	Mercer Mutual Fund US Equity Small Cap Value Median	0.94
Conestoga Small Cap Growth	\$8,044,231			0.90	Mercer Mutual Fund US Equity Small Cap Growth Median	0.94
International Equity						
Causeway International Value	\$16,591,628			0.88	Mercer Mutual Fund World ex US/EAFE Equity Large Cap Value Median	0.81
BNY Mellon International Stock Fund	\$27,821,553			0.91	Mercer Mutual Fund World ex US/EAFE Equity Large Cap Growth Median	0.83
Harding Loevner Emerging Markets	\$6,787,957			1.27	Mercer Mutual Fund Emerging Markets Equity Median	0.95
Short Fixed Income						
Barrow Hanley Short Fixed	\$7,995,761			0.17	Mercer Mutual Fund US Fixed Short Median	0.39
Market Duration Fixed Income						
Dodge & Cox Income Fund	\$40,269,071			0.42	Mercer Mutual Fund US Fixed Core Median	0.44
MetWest Total Return	\$40,904,888			0.37	Mercer Mutual Fund US Fixed Core Median	0.44
Cash						
Cash Account	\$2,211,703			N/A	N/A	N/A
Hedge Fund of Funds¹						
Lighthouse Diversified	\$17,407,998			1.00	N/A	N/A
Pointer Offshore	\$21,413,559			1.00	N/A	N/A
Total (ex Private Real Estate)	\$290,608,908			0.55%		
Private Real Estate²						
Oaktree Real Estate Opportunities VI	\$2,936,984	\$ 8.4	\$ 8.4	1.50	N/A	N/A
				Of committed Capital ²		
Walton Street Real Estate VII	\$1,897,127	\$ 8.4	\$ 7.7	1.50	N/A	N/A
				Of committed Capital ²		
Walton Street Real Estate Fund VIII	\$6,361,125	\$ 10.0	\$ 7.1	1.50	N/A	N/A
				Of committed Capital ²		
Total	\$301,804,144					

1. Hedge Fund of Fund fees do not include management and incentive fees of underlying hedge fund investments.

2. Private Real Estate fees do not include carried interest.

Surplus Cash Equity Portfolio Characteristics

Total Equity Composite vs. MSCI AC World IMI (Net)

September 30, 2020

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap \$000	245,642,197	255,671,984
Median Mkt. Cap \$000	17,983,696	1,719,909
Price / Earnings	27.23	22.22
Price / Book	4.18	3.63
5 Yr. EPS Growth Rate (%)	11.23	10.13
Current Yield (%)	1.58	2.02
Beta (5 Years, Monthly)	1.00	1.00
Number of Holdings	833	8,766

Top 10 Holdings

	Portfolio	Benchmark	Return
Amazon.com Inc	3.09	2.30	14.13
Microsoft Corp	2.63	2.62	3.60
Apple Inc	2.24	3.47	27.22
Netflix Inc	1.51	0.38	9.89
Visa Inc	1.32	0.58	3.68
Sea Ltd	1.28	0.00	43.64
Facebook Inc	1.23	1.09	15.34
ServiceNow Inc	1.20	0.16	19.74
Alphabet Inc Class A	1.03	0.76	3.35
Adobe Inc	1.02	0.41	12.66

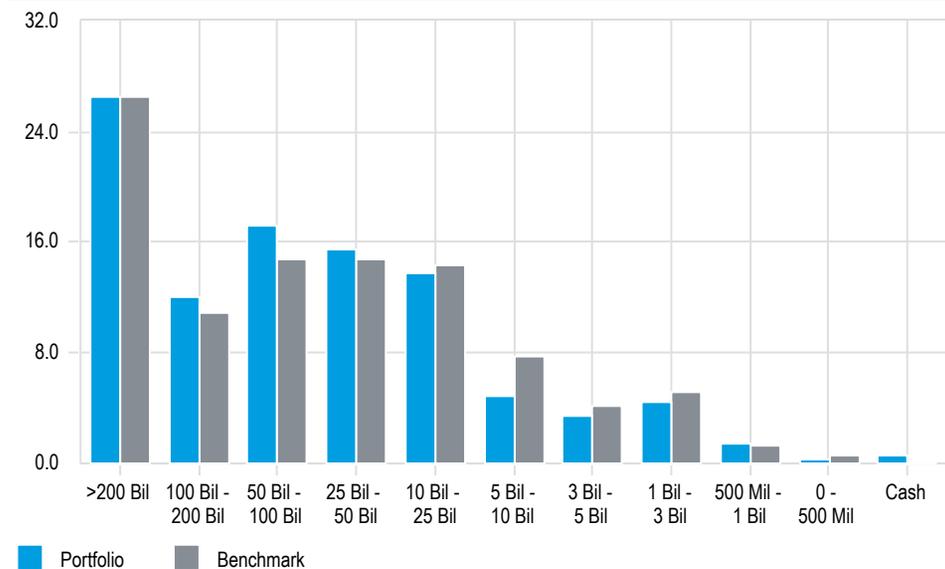
Top Contributors

	Portfolio	Benchmark	Return	Contribution
Apple Inc	1.91	2.97	27.22	0.52
Sea Ltd	0.92	0.00	43.64	0.40
Amazon.com Inc	2.82	2.17	14.13	0.40
Square Inc	0.47	0.07	54.90	0.26
ServiceNow Inc	1.04	0.14	19.74	0.21

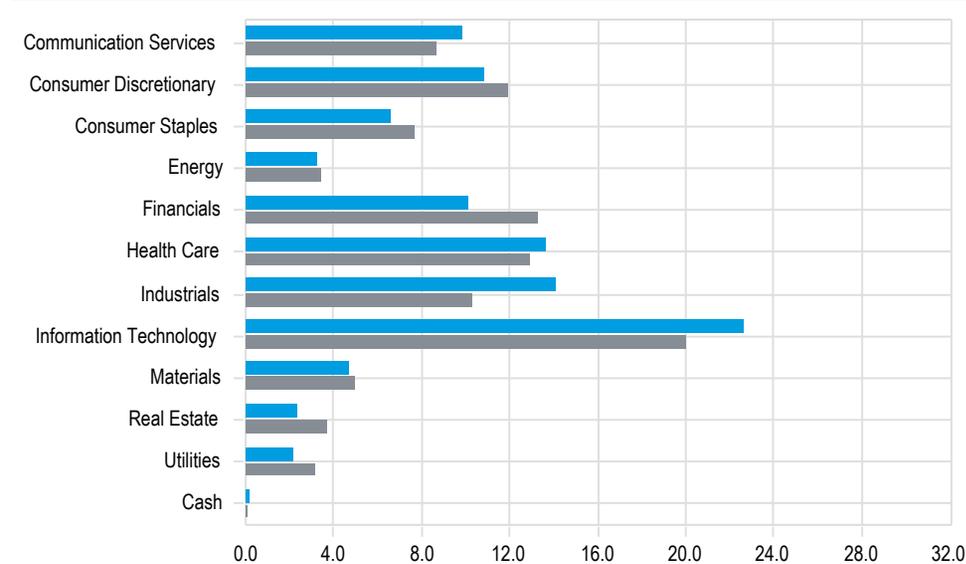
Top Detractors

	Portfolio	Benchmark	Return	Contribution
Phillips 66	0.31	0.06	-26.86	-0.08
Illumina Inc	0.48	0.10	-16.54	-0.08
Chevron Corp	0.41	0.31	-18.12	-0.08
Rolls Royce Holdings PLC	0.14	0.01	-52.17	-0.07
Exxon Mobil Corp	0.24	0.35	-21.72	-0.05

Distribution of Market Cap



Sector Allocation



Surplus Cash Equity Portfolio - Country/Region Allocation

Total Equity Composite vs. MSCI ACWI IMI Index

September 30, 2020

	Total Equity Composite	MSCI AC World IMI (Net)
Canada	1.1	2.9
United States	63.9	55.4
Australia	0.8	1.9
Hong Kong	1.9	1.3
New Zealand	0.0	0.1
Singapore	1.3	0.3
Pacific ex Japan	4.0	3.6
Japan	4.8	7.4
Austria	0.0	0.1
Belgium	0.0	0.3
Bermuda	0.2	0.2
Denmark	1.4	0.7
Finland	0.4	0.4
France	1.7	2.5
Germany	3.0	2.5
Ireland	1.4	1.1
Italy	0.3	0.6
Luxembourg	0.0	0.1
Netherlands	0.9	1.7
Norway	0.0	0.2
Portugal	0.2	0.0
Spain	0.5	0.6
Sweden	0.0	1.1
Switzerland	3.3	3.0
Europe ex UK	13.3	14.9
United Kingdom	4.2	3.9
Israel	0.0	0.2
Middle East	0.0	0.2
Developed Markets	91.2	88.2

	Total Equity Composite	MSCI AC World IMI (Net)
China	2.5	4.3
India	0.6	1.1
Indonesia	0.2	0.2
Korea	1.4	1.6
Malaysia	0.0	0.2
Pakistan	0.0	0.0
Philippines	0.0	0.1
Taiwan	1.5	1.7
Thailand	0.1	0.2
EM Asia	6.3	9.3
Czech Republic	0.0	0.0
Greece	0.0	0.0
Hungary	0.0	0.0
Iceland	0.0	0.0
Poland	0.0	0.1
Russia	0.5	0.3
Turkey	0.0	0.1
EM Europe	0.5	0.5
Argentina	0.0	0.1
Brazil	0.5	0.6
Cayman Islands	0.1	0.0
Chile	0.0	0.1
Colombia	0.1	0.0
Mexico	0.3	0.2
Peru	0.0	0.0
Virgin Islands	0.0	0.0
EM Latin America	1.0	1.0
Egypt	0.1	0.0
Qatar	0.0	0.1
Saudi Arabia	0.0	0.3
South Africa	0.1	0.4
United Arab Emirates	0.0	0.1
EM Mid East+Africa	0.2	1.0
Emerging Markets	8.0	11.8
Frontier Markets	0.1	0.0
Cash	0.5	0.0
Other	0.2	0.1
Total	100.0	100.0

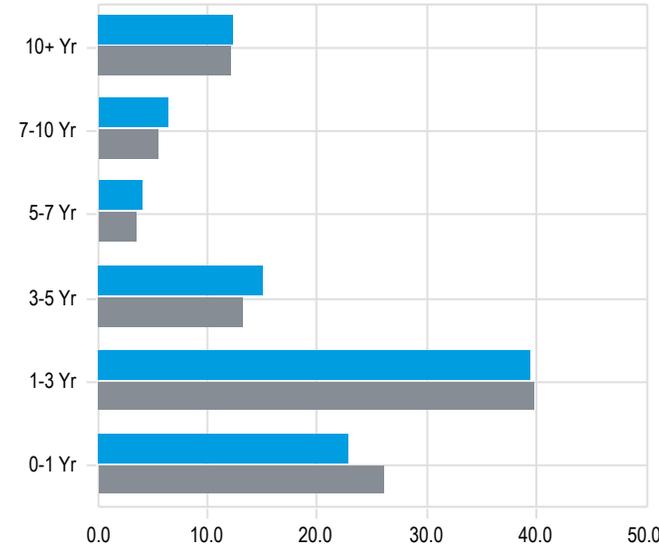
Surplus Cash Fixed Income Portfolio Characteristics

Total Fixed Income Composite vs. Total Fixed Income Benchmark - Surplus

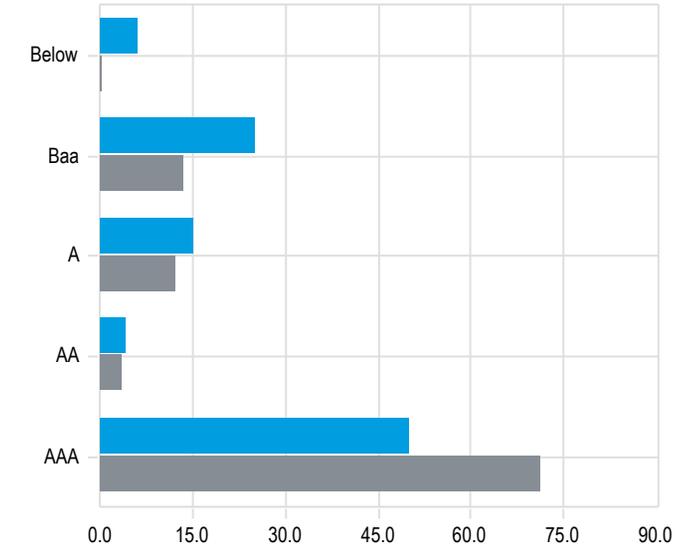
September 30, 2020

	Portfolio	Benchmark
Portfolio Characteristics		
Effective Duration	4.40	5.10
Avg. Maturity	6.80	6.60
Avg. Quality	AA	AA
Avg. Coupon	3.10	2.70
Current Yield	2.80	2.50
Yield To Maturity (%)	2.00	1.00
Number of Issues	-	-
Duration Distribution		
0-1 Yr	22.9	26.1
1-3 Yr	39.5	39.9
3-5 Yr	15.1	13.1
5-7 Yr	3.9	3.4
7-10 Yr	6.3	5.4
10+ Yr	12.3	12.1
Maturity Distribution		
0-1 Yr	10.8	0.3
1-3 Yr	32.3	42.9
3-5 Yr	25.2	26.3
5-7 Yr	9.7	8.6
7-10 Yr	6.1	7.2
10+ Yrs	15.9	14.8
Quality Distribution		
AAA	50.0	71.1
AA	4.0	3.4
A	15.0	12.2
Baa	24.8	13.3
Below	6.2	-
Sector Distribution		
US Gov	17.1	46.6
Mortg.	28.2	21.7
Asset-Bck.	4.8	0.3
Corp	42.0	28.6
Foreign	3.6	2.9
Other	0.0	-
Cash	4.4	-

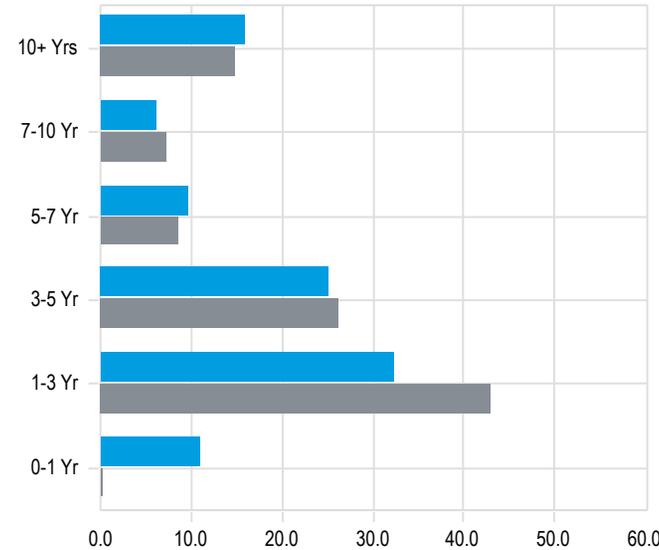
Duration Distribution



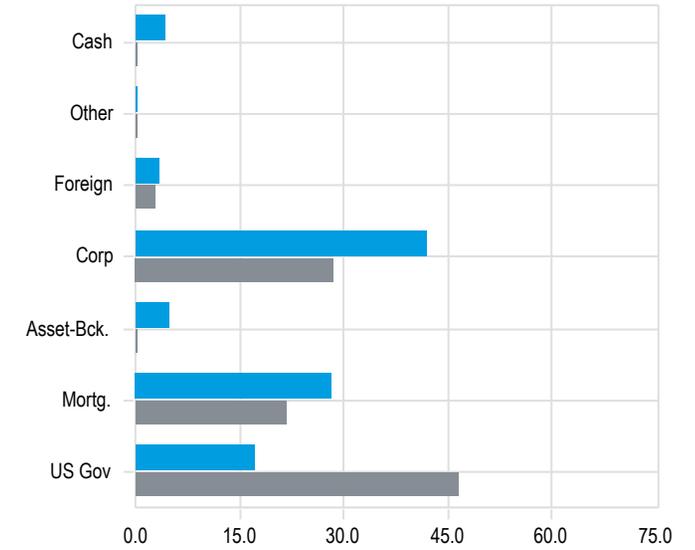
Credit Quality Distribution



Maturity Distribution



Sector Distribution



Portfolio Benchmark

Cash Balance Plan Equity Portfolio Characteristics

Total Equity Composite vs. MSCI AC World IMI (Net)

September 30, 2020

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap \$000	236,439,903	255,671,984
Median Mkt. Cap \$000	17,983,696	1,719,909
Price / Earnings	27.62	22.22
Price / Book	4.18	3.63
5 Yr. EPS Growth Rate (%)	11.40	10.13
Current Yield (%)	1.55	2.02
Beta (5 Years, Monthly)	0.99	1.00
Number of Holdings	833	8,766

Top 10 Holdings

	Portfolio	Benchmark	Return
Amazon.com Inc	3.23	2.30	14.13
Microsoft Corp	2.52	2.62	3.60
Apple Inc	1.86	3.47	27.22
Netflix Inc	1.82	0.38	9.89
Sea Ltd	1.65	0.00	43.64
Visa Inc	1.52	0.58	3.68
ServiceNow Inc	1.50	0.16	19.74
Facebook Inc	1.24	1.09	15.34
Adobe Inc	1.19	0.41	12.66
Alphabet Inc Class A	1.08	0.76	3.35

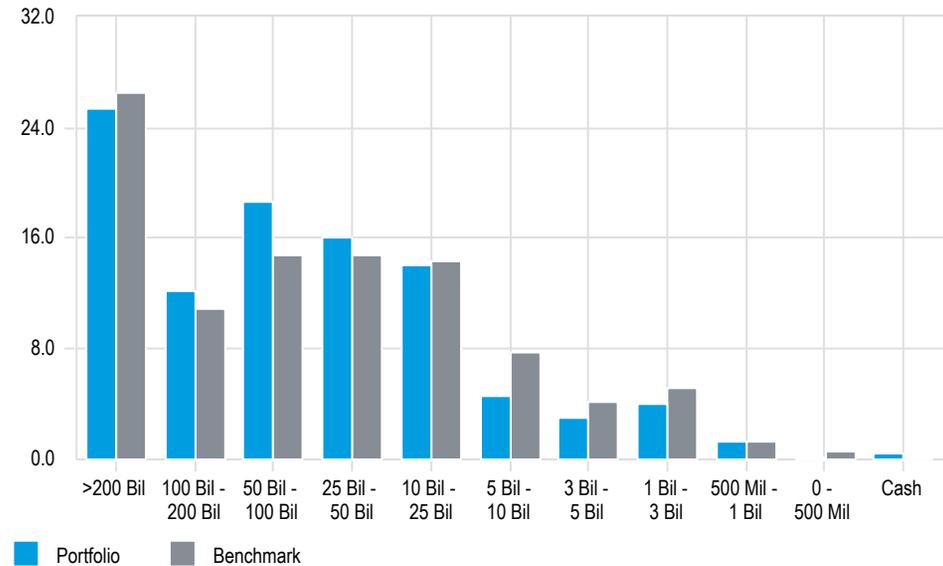
Top Contributors

	Portfolio	Benchmark	Return	Contribution
Sea Ltd	1.19	0.00	43.64	0.52
Apple Inc	1.58	2.97	27.22	0.43
Amazon.com Inc	2.95	2.17	14.13	0.42
Square Inc	0.61	0.07	54.90	0.34
ServiceNow Inc	1.30	0.14	19.74	0.26

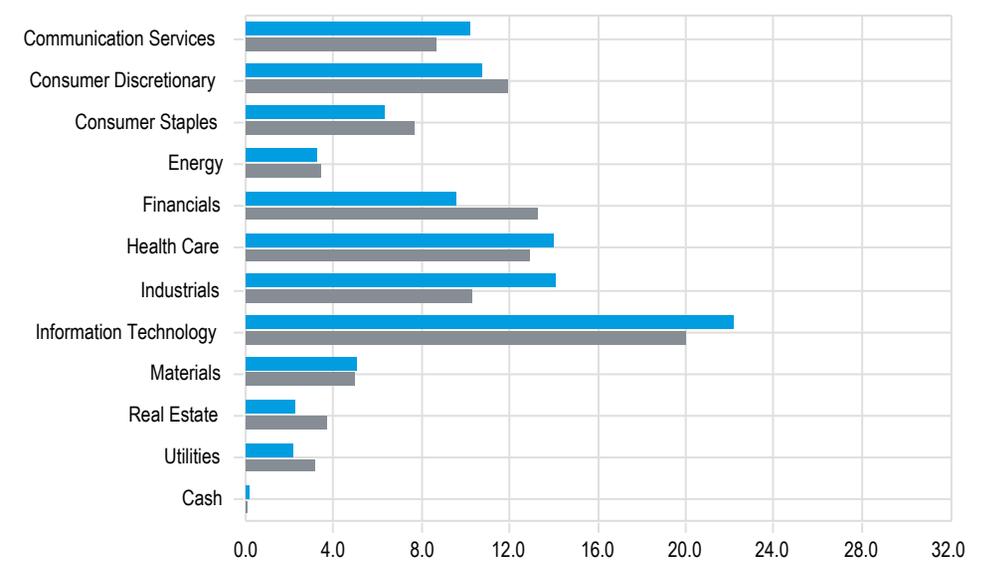
Top Detractors

	Portfolio	Benchmark	Return	Contribution
Phillips 66	0.41	0.06	-26.86	-0.11
Illumina Inc	0.58	0.10	-16.54	-0.10
Chevron Corp	0.45	0.31	-18.12	-0.08
Rolls Royce Holdings PLC	0.16	0.01	-52.17	-0.08
Valero Energy Corp	0.23	0.04	-25.01	-0.06

Distribution of Market Cap



Sector Allocation



Cash Balance Plan Equity Portfolio - Country/Region Allocation

Total Equity Composite vs. MSCI ACWI IMI Index

September 30, 2020

	Total Equity Composite	MSCI AC World IMI (Net)
Canada	1.1	2.9
United States	64.2	55.4
Australia	0.9	1.9
Hong Kong	1.9	1.3
New Zealand	0.0	0.1
Singapore	1.7	0.3
Pacific ex Japan	4.4	3.6
Japan	5.4	7.4
Austria	0.0	0.1
Belgium	0.0	0.3
Bermuda	0.1	0.2
Denmark	1.6	0.7
Finland	0.5	0.4
France	1.9	2.5
Germany	3.4	2.5
Ireland	1.4	1.1
Italy	0.3	0.6
Luxembourg	0.0	0.1
Netherlands	0.9	1.7
Norway	0.0	0.2
Portugal	0.2	0.0
Spain	0.6	0.6
Sweden	0.0	1.1
Switzerland	3.6	3.0
Europe ex UK	14.6	14.9
United Kingdom	4.6	3.9
Israel	0.0	0.2
Middle East	0.0	0.2
Developed Markets	94.3	88.2

	Total Equity Composite	MSCI AC World IMI (Net)
China	1.5	4.3
India	0.4	1.1
Indonesia	0.1	0.2
Korea	1.0	1.6
Malaysia	0.0	0.2
Pakistan	0.0	0.0
Philippines	0.0	0.1
Taiwan	1.1	1.7
Thailand	0.0	0.2
EM Asia	4.2	9.3
Czech Republic	0.0	0.0
Greece	0.0	0.0
Hungary	0.0	0.0
Iceland	0.0	0.0
Poland	0.0	0.1
Russia	0.2	0.3
Turkey	0.0	0.1
EM Europe	0.3	0.5
Argentina	0.0	0.1
Brazil	0.3	0.6
Cayman Islands	0.0	0.0
Chile	0.0	0.1
Colombia	0.0	0.0
Mexico	0.2	0.2
Peru	0.0	0.0
Virgin Islands	0.0	0.0
EM Latin America	0.6	1.0
Egypt	0.0	0.0
Qatar	0.0	0.1
Saudi Arabia	0.0	0.3
South Africa	0.1	0.4
United Arab Emirates	0.0	0.1
EM Mid East+Africa	0.1	1.0
Emerging Markets	5.1	11.8
Frontier Markets	0.1	0.0
Cash	0.4	0.0
Other	0.1	0.1
Total	100.0	100.0

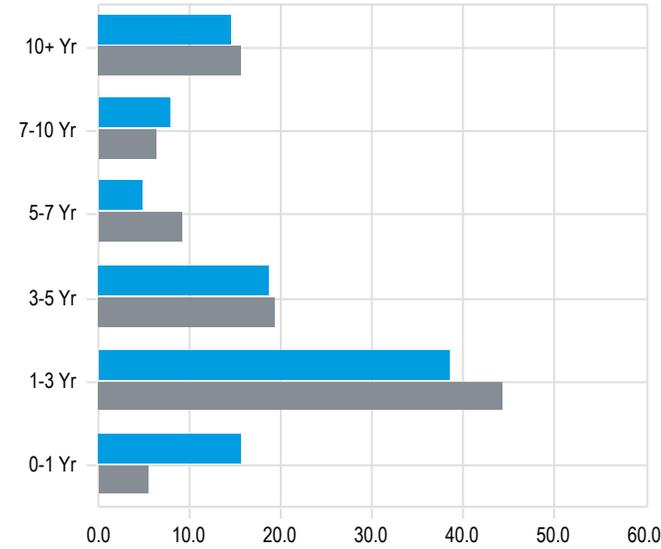
Cash Balance Plan Fixed Income Portfolio Characteristics

Cash Balance Fixed Income Composite vs. Total Fixed Income Benchmark

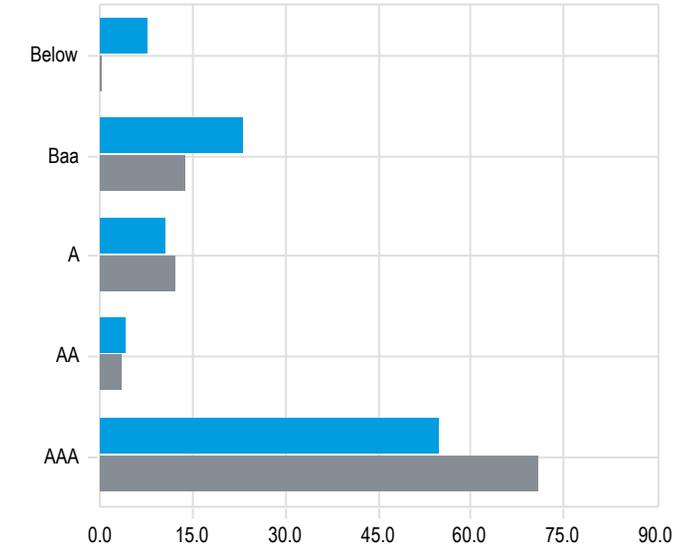
September 30, 2020

	Portfolio	Benchmark
Portfolio Characteristics		
Effective Duration	4.90	5.40
Avg. Maturity	7.81	7.10
Avg. Quality	AA-	AA
Avg. Coupon	2.90	2.70
Current Yield	2.70	2.50
Yield To Maturity (%)	1.80	1.00
Number of Issues	-	-
Duration Distribution		
0-1 Yr	15.6	5.3
1-3 Yr	38.5	44.5
3-5 Yr	18.7	19.3
5-7 Yr	4.8	9.1
7-10 Yr	7.8	6.3
10+ Yr	14.6	15.6
Maturity Distribution		
0-1 Yr	4.8	0.3
1-3 Yr	25.4	36.7
3-5 Yr	27.7	29.1
5-7 Yr	14.9	9.5
7-10 Yr	8.2	7.9
10+ Yrs	19.0	16.4
Quality Distribution		
AAA	54.6	70.7
AA	4.3	3.4
A	10.4	12.2
Baa	23.0	13.7
Below	7.6	-
Sector Distribution		
Other	-	-
US Gov	24.8	44.0
Mortg.	31.3	24.1
Asset-Bck.	4.4	0.3
Corp	27.8	29.2
Foreign	12.2	2.4
Cash	-0.4	-

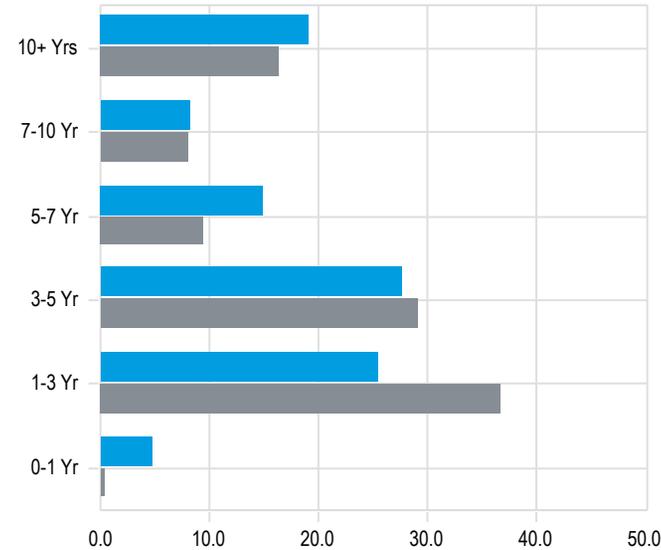
Duration Distribution



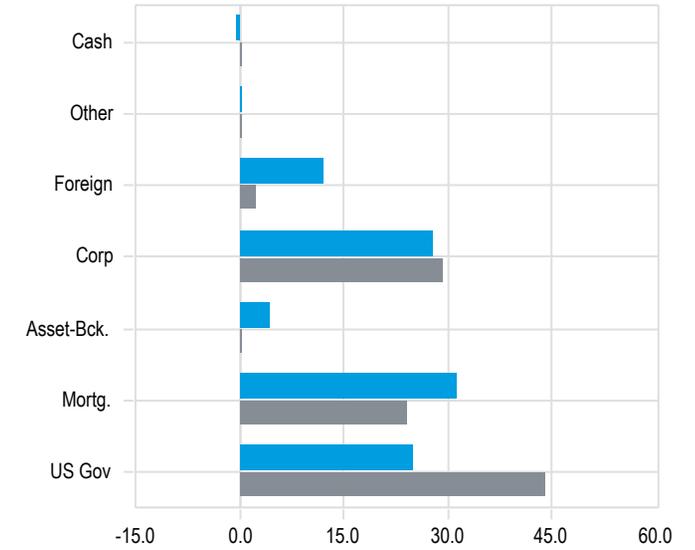
Credit Quality Distribution



Maturity Distribution



Sector Distribution



■ Portfolio ■ Benchmark

IMPORTANT NOTICES

References to Mercer shall be construed to include Mercer LLC and/or its associated companies. © 2020 Mercer LLC. All rights reserved.

This contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's prior written permission.

Mercer does not provide tax or legal advice. You should contact your tax advisor, accountant and/or attorney before making any decisions with tax or legal implications.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed.

Information contained herein may have been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

Mercer urges you to compare this report to any custodial statements and third party manager statements that you receive for accuracy.

This does not constitute an offer to purchase or sell and securities.

The value of your investments can go down as well as up, and you may not get back the amount you have invested. Investments denominated in a foreign currency will fluctuate with the value of the currency. Certain investments, such as securities issued by small capitalization, foreign and emerging market issuers, real property, and illiquid, leveraged or high-yield funds, carry additional risks that should be considered before choosing an investment manager or making an investment decision.

This presentation is for sophisticated investors only who are accredited investors or qualified purchasers. Funds of private capital funds are speculative and involve a high degree of risk. Private capital fund managers have total authority over the private capital funds. The use of a single advisor applying similar strategies could mean lack of diversification and, consequentially, higher risk. Funds of private capital funds are not liquid and require investors to commit to funding capital calls over a period of several years; any default on a capital call may result in substantial penalties and/or legal action. An investor could lose all or a substantial amount of his or her investment. There are restrictions on transferring interests in private capital funds. Funds of private capital funds' fees and expenses may offset private capital funds' profits. Funds of private capital funds are not required to provide periodic pricing or valuation information to investors. Funds of private capital funds may involve complex tax structures and delays in distributing important tax information. Funds of private capital funds are not subject to the same regulatory requirements as mutual funds. Fund offering may only be made through a Private Placement Memorandum (PPM).

This does not contain investment advice relating to your particular circumstances. No investment decision should be made based on this information without first obtaining appropriate professional advice and considering your circumstances. Mercer provides recommendations based on the particular client's circumstances, investment objectives and needs. As such, investment results will vary and actual results may differ materially.

For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative. For Mercer's conflict of interest disclosures, contact your Mercer representative or see www.mercer.com/conflictsofinterest

Returns for periods greater than one year are annualized. Returns are calculated net of investment management and consulting fees, unless noted as gross of fees.

Style analysis graph time periods may differ reflecting the length of performance history available.

Mercer universes: Mercer's universes are intended to provide collective samples of strategies that best allow for robust peer group comparisons over a chosen timeframe. Mercer does not assert that the peer groups are wholly representative of and applicable to all strategies available to investors. One cannot invest directly in a Mercer universe.

Investment management and advisory services for U.S. clients are provided by Mercer Investments LLC (Mercer Investments). Mercer Investments LLC is registered to do business as "Mercer Investment Advisers LLC" in the following states: Arizona, California, Florida, Illinois, Kentucky, New Jersey, North Carolina, Oklahoma, Pennsylvania, Texas, and West Virginia; as "Mercer Investments LLC (Delaware)" in Georgia; as "Mercer Investments LLC of Delaware" in Louisiana; and "Mercer Investments LLC, a limited liability company of Delaware" in Oregon. Mercer Investments LLC is a federally registered investment adviser under the Investment Advisers Act of 1940, as amended. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Mercer Investments' Form ADV Part 2A & 2B can be obtained by written request directed to: Compliance Department, Mercer Investments, 99 High Street, Boston, MA 02110.

Please see the following link for information on indexes:
<https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2020-investment-management-index-definitions-mercer.pdf>