

PARS/CITY OF CUPERTINO - 115P  
OPEB & PENSION ACCOUNTS  
July 30, 2019

U.S. Bank, Institutional Trust & Custody

Investment products and services are:

NOT A DEPOSIT

NOT FDIC INSURED

MAY LOSE VALUE

NOT BANK GUARANTEED

NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

U.S. BANK CONFIDENTIAL



# Your U.S. Bank Team

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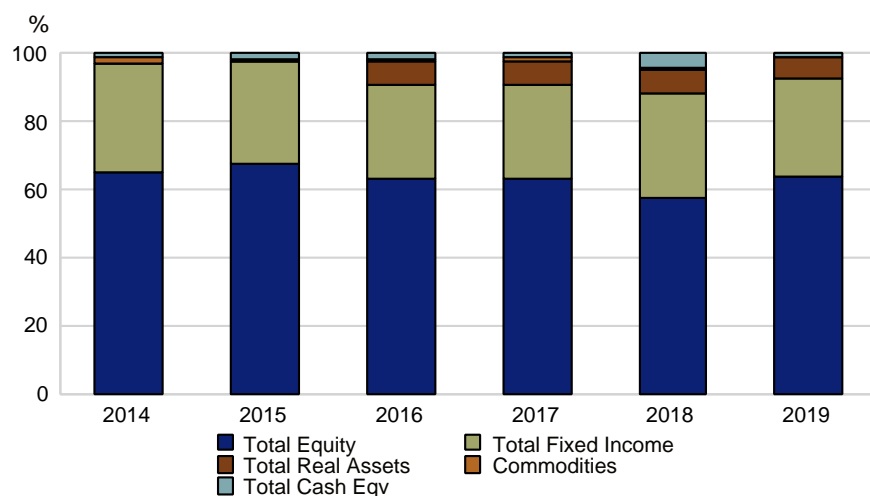
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## History of Asset Growth Graphs

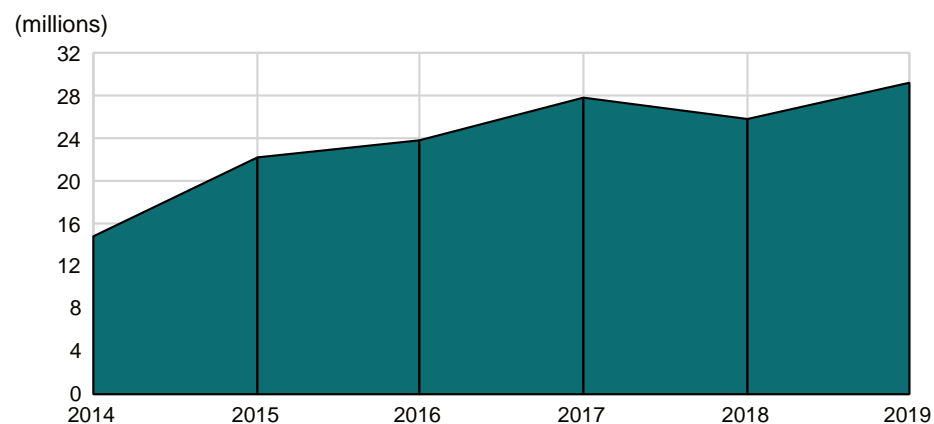
### Annual Portfolio Values

	Consolidated	Jan 2014- Dec 2014	Jan 2015- Dec 2015	Jan 2016- Dec 2016	Jan 2017- Dec 2017	Jan 2018- Dec 2018	Jan 2019- Jun 2019
<b>Beginning Portfolio Value</b>	<b>14,425,224.48</b>	<b>14,425,224.48</b>	<b>14,766,782.94</b>	<b>22,293,645.19</b>	<b>23,808,268.51</b>	<b>27,914,892.83</b>	<b>25,771,054.21</b>
Contributions	36,325,734.67	.33	8,000,000.79	3.11	2.40	14.89	28,325,713.15
Withdrawals	-28,854,663.72	-73,875.10	-96,399.06	-97,969.38	-106,701.53	-113,475.63	-28,366,243.02
Income Earned	2,436,996.01	326,220.41	406,271.56	448,186.91	452,363.78	548,840.67	255,112.68
Gain/Loss	4,890,919.23	89,212.82	-783,011.04	1,164,402.68	3,760,959.67	-2,579,218.55	3,238,573.65
<b>Ending Portfolio Value</b>	<b>29,224,210.67</b>	<b>14,766,782.94</b>	<b>22,293,645.19</b>	<b>23,808,268.51</b>	<b>27,914,892.83</b>	<b>25,771,054.21</b>	<b>29,224,210.67</b>
<b>Total Return</b>	<b>5.41</b>	<b>2.88</b>	<b>-1.95</b>	<b>7.25</b>	<b>17.73</b>	<b>-7.30</b>	<b>13.15</b>
Principal	3.40	.63	-3.72	5.20	15.74	-9.15	12.14
Income	1.94	2.22	1.82	1.97	1.74	1.99	.93

### Allocation Over Time



### Ending Market Values Over Time



For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

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# Custom Benchmark

## CITY OF CUPERTINO

Asset Class	Benchmark	Range	Target
Fixed Income	Barclays Global Agg Index (USD)	20-40%	29%
Equities	MSCI AC World Free Index	50-70%	62%
Real Estate	S&P Global REIT Tr USD	0-15%	6%
Commodities	S& P GSCI Commodity Index	0-10%	2%
Cash	Marrill 3-Mo US T-Bill Index	0-10%	1%

**Selected Period Performance**

## Selected Period Performance

	Market Value	Year to Date (6 Months)	1 Year	3 Years	4 Years	Inception to Date 07/01/2010
Total Portfolio Gross of Fees	29,224,211	13.15	4.15	8.88	6.38	6.80
Total Portfolio Net of Fees	29,224,211	13.10	3.99	8.67	6.17	
City of Cupertino		13.21	6.32	8.44	6.31	7.58
Total Equity	18,576,798	16.79	3.34	12.11	8.04	11.85
MSCI ACWI (Net)		16.23	5.74	11.62	7.57	9.97
U.S. Equity	13,101,812	17.37	5.26	13.38	9.81	
S&P 500 Index (Gross)		18.54	10.42	14.19	11.55	14.73
S&P MidCap 400 Index		17.97	1.36	10.90	8.43	13.55
S&P SmallCap 600 Index		13.69	-4.88	11.97	8.84	14.07
Foreign Equity	5,474,986	15.40	-1.37	8.89	3.74	
Developed Markets Equity	3,779,724	17.79	-.64	9.29	4.19	
MSCI EAFE Index (Net)		14.03	1.08	9.11	3.93	7.01
Emerging Markets Equity	1,695,263	10.18	-3.05	7.63	2.22	
MSCI Emerging Markets Index (Net)		10.58	1.21	10.66	4.48	4.04
Total Fixed Income	8,499,564	6.60	5.87	3.45	2.92	3.01
BBARC Global Aggregate Index		5.57	5.85	1.62	3.39	2.65
Total Real Assets	1,806,237	16.30	6.44	2.81		
Real Estate	1,806,237	15.99	9.08	3.76	8.39	
S&P Global REIT Index (Gross)		16.19	10.05	4.58	7.75	11.06
S&P GSCI Index		13.34	-11.49	1.55	-6.20	-5.17
Total Cash Equivalents	341,613	1.04	1.95	1.18	.93	.43
ICE BofAML US 3-Month Treasury Bill Index		1.24	2.31	1.38	1.08	.53
Pending Cash	0	.00	.00	.00	.00	.00

For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

Investment products and services are:

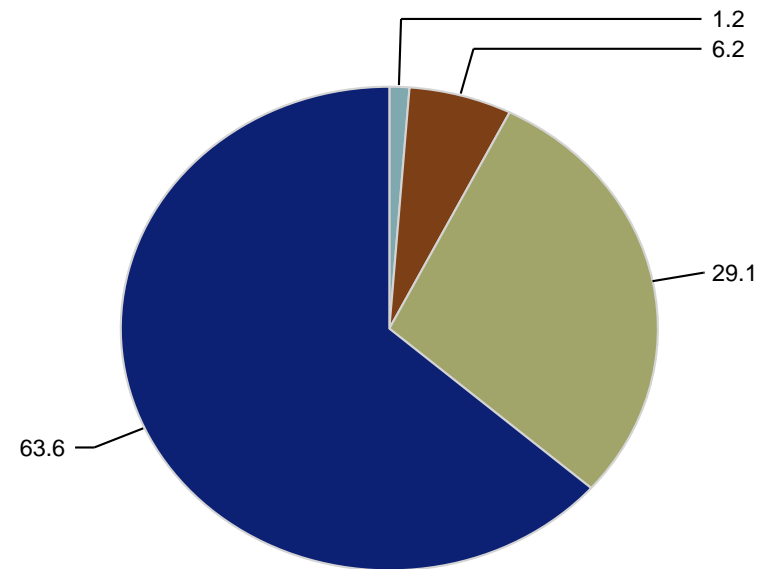
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**Asset Allocation Analysis Graph**

Market Value by Asset Class

	Market Value	% of Mkt Val
■ Total Equity	18,576,798	63.6
■ Total Fixed Income	8,499,564	29.1
■ Total Real Assets	1,806,237	6.2
■ Total Cash Eqv	341,613	1.2
<b>Total</b>	<b>29,224,211</b>	<b>100.0</b>

Market Value by Asset Class Pie Chart



For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

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Portfolio Number: 6746059600

Holdings Method: Direct & Indirect

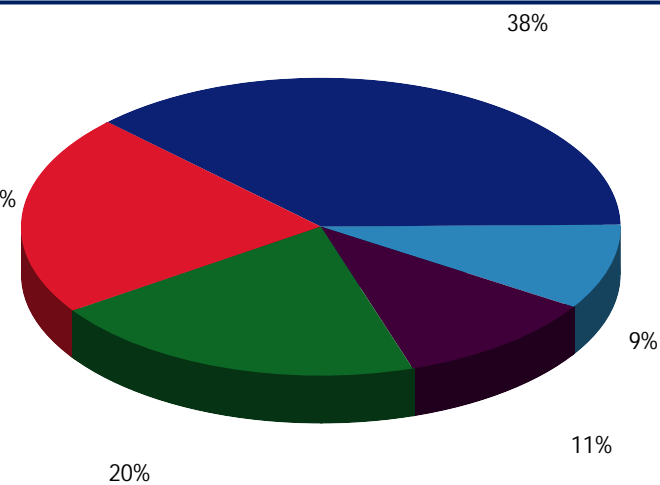
Report Date: 06/28/2019

### Equity Summary

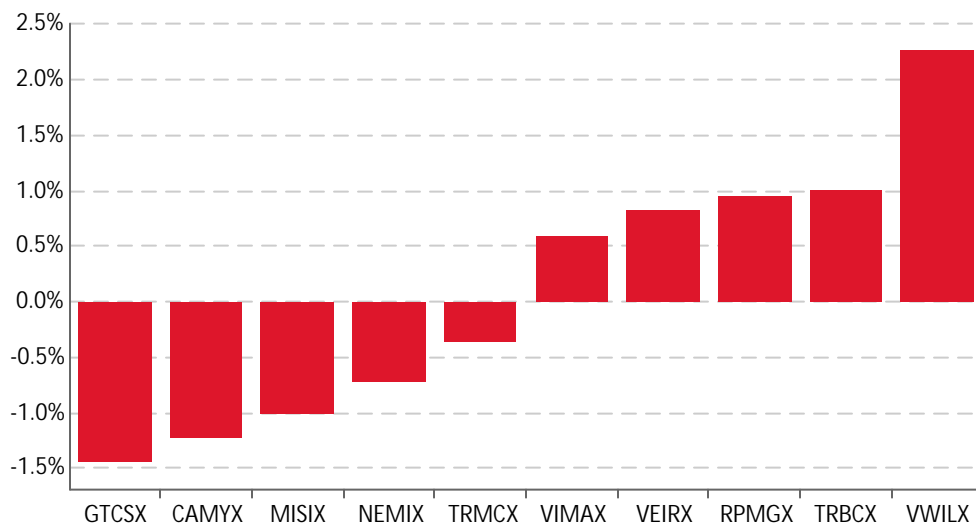
Inv. Objective	Balanced/Nontaxable-1
Equity Value	\$18,576,798
Current Yield	1.33%
Projected Annual Income	\$247,213
Portfolio Mgr.	Rick Rosenthal
Number of Securities	2,241

### Equity Asset Allocation

Large Cap U.S.	\$6,998,669	37.67%
Mid Cap U.S.	\$4,089,493	22.01%
Developed Markets	\$3,779,724	20.35%
Small Cap U.S.	\$2,013,649	10.84%
Emerging Markets	\$1,695,263	9.13%



### Bottom 5/Top 5 Contributors (Trailing 12 Months)



### Equity Global Distribution



### Equity Country Distribution



Portfolio Number: 6746059600

Holdings Method: Direct & Indirect

Report Date: 06/28/2019

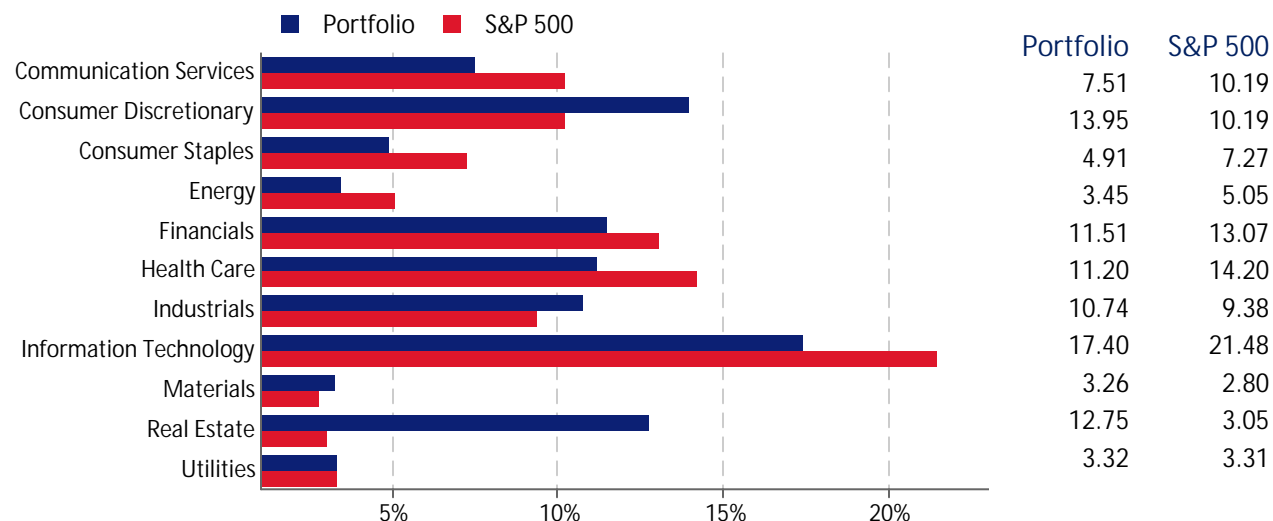
### Top 10 Common Stock Holdings

	Ticker	Equity (%)	Port (%)	Yield (%)	YTD Return (%)	52 Wk Return (%)
Amazon.com, Inc.	AMZN	1.95	1.29	--	26.1	11.3
Alibaba Group Holding Ltd. Spons...	BABA	1.43	0.95	--	23.6	-10.0
Microsoft Corporation	MSFT	1.37	0.91	1.3	32.9	38.0
Tencent Holdings Ltd.	BMMV2K	1.30	0.86	0.3	12.6	-6.7
Facebook, Inc. Class A	FB	0.78	0.52	--	47.2	-1.6
JPMorgan Chase & Co.	JPM	0.75	0.50	3.1	16.3	9.6
Mastercard Incorporated Class A	MA	0.69	0.46	0.5	40.7	35.0
Visa Inc. Class A	V	0.69	0.46	0.6	32.0	31.6
Johnson & Johnson	JNJ	0.62	0.41	2.8	9.4	17.2
Alphabet Inc. Class C	GOOG	0.59	0.39	--	4.4	-3.0

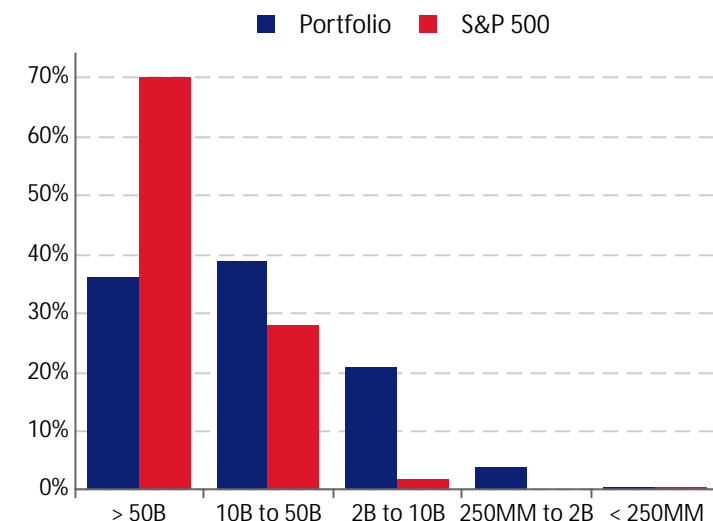
### Common Stock Characteristics

	Portfolio	S&P 500
Market Cap - Wtd Avg	\$115.0B	\$242.7B
Market Cap - Median	\$3.6B	\$22.7B
Dividend Yield (%)	1.91	1.96
1 Yr P/E Forecast	26.8	21.7
Price/Earnings Ratio	20.8	20.4
ROE (%)	17.3	22.9
Beta - 52W vs. the NYSE	1.06	1.06
Est 3-5 Yr EPS Growth (%)	12.7	11.6
Hist 3 Yr EPS Growth (%)	20.1	19.5
Number of Securities	2,358	505

### Common Stock Sector Exposures (%)



### Common Stock Market Cap Distribution





Portfolio Number: 6746059600

Holdings Method: Direct

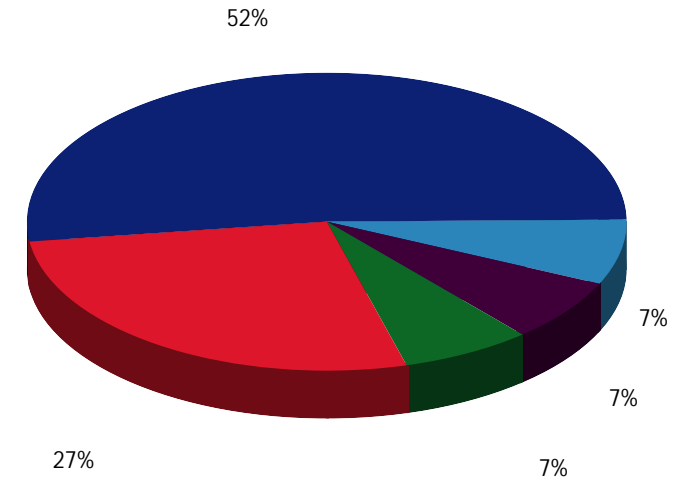
Report Date: 06/28/2019

## Fixed Income Summary

Inv. Objective	Balanced/Nontaxable-1
Fixed Income Value	\$8,471,812
Current Yield	4.14%
Projected Annual Income	\$350,634
Portfolio Mgr.	Rick Rosenthal
Number of Securities	11

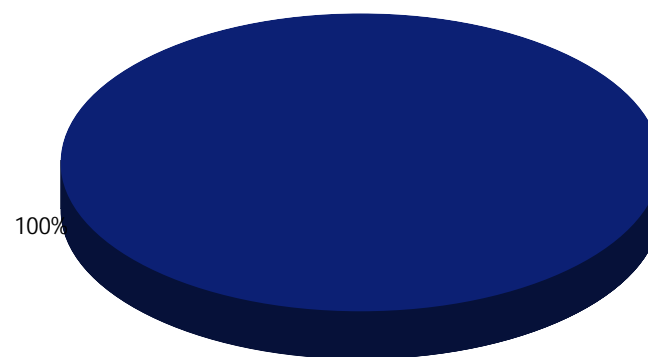
## Fixed Income Asset Allocation

Investment Grade	\$4,422,071	52.20%
High Yield	\$2,296,679	27.11%
Foreign Developed Debt	\$588,547	6.95%
Foreign Emerging Debt	\$584,583	6.90%
Inflation Protected Securities	\$579,932	6.85%

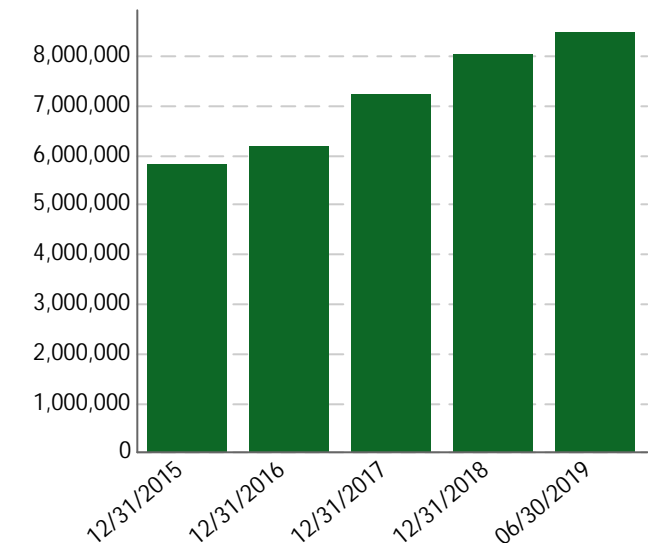


## Fixed Income Sector Exposures

■ Mutual Funds & ETFs \$8,471,812 100%



## Fixed Income Market Value





# PARS/CITY OF CUPERTINO 115P - OPEB

## Fixed Income Holdings

Portfolio Number: 6746059600

Holdings Method: Direct

Report Date: 06/28/2019

	Symbol	% of Fixed Income	Portfolio Value	Projected Annual Income	Current Yield	Yield To Maturity	Effective Duration	Years to Eff. Mat	Avg. Quality*
Total		100.0	8,471,812	350,634	4.14	5.01	5.10	--	BBB-
Fixed		100.0	8,471,812	350,634	4.14	5.01	5.10	--	BBB-
Mutual Funds & ETFs		100.0	8,471,812	350,634	4.14	5.01	5.10	--	BBB-
American Century Diversified Bond Fd R6 Cl	ADDVX	7.0	592,766	15,378	2.59	3.30	5.65	--	A
American Century High Income Fund Class Y	NPHIX	13.5	1,146,054	67,271	5.87	6.95	3.44	--	B
Baird Aggregate Bond Fund Institutional Class	BAGIX	7.0	591,349	16,667	2.82	3.33	5.82	--	A
Columbia Corporate Income Fund Class I	SRINX	7.0	594,080	18,799	3.16	3.98	6.94	--	BBB
DoubleLine Total Return Bond Fund Class I	DBLTX	10.4	878,615	32,167	3.66	3.39	3.76	--	BB
Federated Institutional High Yield Bond Fu...	FIHBX	13.6	1,150,624	68,732	5.97	6.75	3.60	--	B
Nuveen Preferred Securities Fund Class I	NPSRX	10.4	881,478	48,959	5.55	--	4.22	--	BB
PGIM Total Return Bond Fund Class R6	PTRQX	10.4	883,782	30,537	3.46	3.69	6.37	--	BBB
PIMCO International Bond Fund (U.S. Dollar...	PFORX	6.9	588,547	11,792	2.00	--	7.55	--	--
TCW Emerging Markets Income Fund I Cl	TGEIX	6.9	584,583	26,338	4.51	6.74	7.24	--	BB
TIAA-CREF Inflation-Linked Bond Fund - Adv...	TIHIX	6.8	579,932	13,993	2.41	--	5.03	--	--

\*Higher of S&P and Moody's Credit Ratings  
Holdings Date: 06/28/2019



## PARS/CITY OF CUPERTINO 115P - OPEB

## Portfolio Holdings

Portfolio Number: 6746059600

Holdings Method: Direct

Report Date: 06/28/2019

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	\$ Cost Basis	\$ Unrealized Gain/Loss	Current Yield	Annual Income
Total		100.00			29,183,330	341,040	28,842,291	2.23	649,708
Cash		1.17	--	--	341,040	341,040	-0	2.25	7,689
Cash Equivalents		1.17	--	--	341,040	341,040	-0	2.25	7,689
FIRST AM GOVT OB FD CL Z	31846V567	1.17	1.00	341,040	341,040	341,040	-0	2.25	7,689
Fixed Income		29.03	--	--	8,471,812	--	8,471,812	4.14	350,634
Investment Grade		15.15	--	--	4,422,071	--	4,422,071	3.67	162,507
Mutual Funds & ETFs		15.15	--	--	4,422,071	--	4,422,071	3.67	162,507
American Century Diversified Bond Fd R6 CI	ADDVX	2.03	10.87	54,532	592,766	--	592,766	2.59	15,378
Baird Aggregate Bond Fund Institutional Class	BAGIX	2.03	11.07	53,419	591,349	--	591,349	2.82	16,667
Columbia Corporate Income Fund Class I	SRINX	2.04	10.46	56,795	594,080	--	594,080	3.16	18,799
DoubleLine Total Return Bond Fund Class I	DBLTX	3.01	10.68	82,267	878,615	--	878,615	3.66	32,167
Nuveen Preferred Securities Fund Class I	NPSRX	3.02	16.96	51,974	881,478	--	881,478	5.55	48,959
PGIM Total Return Bond Fund Class R6	PTRQX	3.03	14.76	59,877	883,782	--	883,782	3.46	30,537
High Yield		7.87	--	--	2,296,679	--	2,296,679	5.92	136,004
Mutual Funds & ETFs		7.87	--	--	2,296,679	--	2,296,679	5.92	136,004
American Century High Income Fund Class Y	NPHIX	3.93	9.37	122,311	1,146,054	--	1,146,054	5.87	67,271
Federated Institutional High Yield Bond Fu...	FIH BX	3.94	9.81	117,291	1,150,624	--	1,150,624	5.97	68,732
Inflation Protected Securities		1.99	--	--	579,932	--	579,932	2.41	13,993
TIAA-CREF Inflation-Linked Bond Fund - Adv...	TIH X	1.99	11.48	50,517	579,932	--	579,932	2.41	13,993
Foreign Developed Debt		2.02	--	--	588,547	--	588,547	2.00	11,792
Mutual Funds & ETFs		2.02	--	--	588,547	--	588,547	2.00	11,792
PIMCO International Bond Fund (U.S. Dollar...	PFORX	2.02	11.13	52,879	588,547	--	588,547	2.00	11,792
Foreign Emerging Debt		2.00	--	--	584,583	--	584,583	4.51	26,338
Mutual Funds & ETFs		2.00	--	--	584,583	--	584,583	4.51	26,338
TCW Emerging Markets Income Fund I CI	TGEIX	2.00	8.39	69,676	584,583	--	584,583	4.51	26,338
Equity		63.66	--	--	18,576,798	--	18,576,798	1.33	247,213
Large Cap U.S. Equity		23.98	--	--	6,998,669	--	6,998,670	1.31	91,621
Mutual Funds & ETFs		23.98	--	--	6,998,669	--	6,998,670	1.31	91,621

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Holdings Date: 06/28/2019

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# PARS/CITY OF CUPERTINO 115P - OPEB

## Portfolio Holdings

Portfolio Number: 6746059600

Holdings Method: Direct

Report Date: 06/28/2019

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	\$ Cost Basis	\$ Unrealized Gain/Loss	Current Yield	Annual Income
Columbia Dividend Income Fund Class I3	CDDYX	6.01	23.10	75,909	1,753,506	--	1,753,506	2.04	35,829
Harbor Capital Appreciation Fund - Retirem...	HNACX	5.96	75.03	23,197	1,740,477	--	1,740,478	0.28	4,802
T. Rowe Price Blue Chip Growth Fund, Inc.	TRBCX	6.02	116.06	15,147	1,757,959	--	1,757,959	--	--
Vanguard Equity Income Fund Admiral Shares	VEIRX	5.99	75.33	23,188	1,746,727	--	1,746,727	2.92	50,990
Mid Cap U.S. Equity		14.01	--	--	4,089,493	--	4,089,493	1.52	62,130
Mutual Funds & ETFs		14.01	--	--	4,089,493	--	4,089,493	1.52	62,130
Vanguard Mid-Cap Index Fund Admiral Shares	VIMAX	14.01	207.01	19,755	4,089,493	--	4,089,493	1.52	62,130
Small Cap U.S. Equity		6.90	--	--	2,013,649	--	2,013,649	1.48	29,874
Mutual Funds & ETFs		6.90	--	--	2,013,649	--	2,013,649	1.48	29,874
Vanguard Small Cap Index Fd Admiral Shs	VSMAX	6.90	75.09	26,816	2,013,649	--	2,013,649	1.48	29,874
Developed Markets Equity		12.95	--	--	3,779,724	--	3,779,724	1.38	52,329
Mutual Funds & ETFs		12.95	--	--	3,779,724	--	3,779,724	1.38	52,329
Vanguard International Growth Fund Admiral...	VWILX	8.97	93.98	27,852	2,617,563	--	2,617,562	1.51	39,495
Victory Trivalent International Small-Cap ...	MISIX	3.98	13.13	88,512	1,162,161	--	1,162,161	1.10	12,834
Emerging Markets Equity		5.81	--	--	1,695,263	--	1,695,263	0.66	11,261
Mutual Funds & ETFs		5.81	--	--	1,695,263	--	1,695,263	0.66	11,261
Baron Emerging Markets Fd Inst Shs	BEXIX	2.91	14.00	60,738	850,335	--	850,335	0.44	3,705
Neuberger Berman Emerging Markets Equity F...	NEMIX	2.90	19.57	43,175	844,927	--	844,928	0.89	7,556
Real Assets		6.15	--	--	1,793,681	--	1,793,681	2.46	44,171
U.S. Listed Real Estate		6.15	--	--	1,793,681	--	1,793,681	2.46	44,171
Nuveen Real Estate Securities Fund CI I	FARCX	6.15	21.40	83,817	1,793,681	--	1,793,681	2.46	44,171

**Transaction Listing**

	ID	Trade Date	Transaction Type	Units	Price	Principal
<b>Total Equity</b>						
BARON EMERGING MARKETS INSTITUTIONAL	06828M876	04/04/2019	SELL ASSET	-4,225.958	14.190	59,966.34
COLUMBIA DIVIDEND INCOME FUND	19766M840	04/04/2019	PURCHASE AS ASSET	75,909.333	22.580	-1,714,032.74
COLUMBIA DIVIDEND INCOME FUND	19766M840	06/18/2019	DISTR. OF EARNINGS			8,918.59
GLENMEDE SMALL CAP EQUITY INSTL	378690820	04/04/2019	SELL ASSET	-52,497.730	26.060	1,368,090.84
GLENMEDE SMALL CAP EQUITY INSTL	378690820	04/08/2019	DISTR. OF EARNINGS			1,574.93
HARBOR CAPITAL APPRECIATON CL R	411512528	04/04/2019	SELL ASSET	-1,050.489	73.910	77,641.64
JOHN HANCOCK FUNDS DISIPLINED VALUE	47803U640	04/04/2019	SELL ASSET	-85,422.217	19.920	1,701,610.56
NEUBERGER BERMAN EMERG MKTS EQ INSTL	641224415	04/04/2019	PURCHASE AS ASSET	43,174.628	19.850	-857,016.37
PARAMETRIC EMERGING MARKETS INSTL	277923751	04/04/2019	SELL ASSET	-59,182.775	14.490	857,558.41
T ROWE PRICE BLUE CHIP GROWTH FD	77954Q106	04/04/2019	SELL ASSET	-982.051	113.330	111,295.84
T ROWE PRICE MID CAP GROWTH FD #64	779556109	04/04/2019	SELL ASSET	-19,641.026	89.990	1,767,495.93
T ROWE PRICE MID CAP VALUE FUND	77957Y106	04/04/2019	SELL ASSET	-62,585.974	27.300	1,708,597.09
VANGUARD EQUITY INCOME ADM	921921300	04/04/2019	SELL ASSET	-202.807	74.190	15,046.25
VANGUARD EQUITY INCOME ADM	921921300	06/17/2019	DISTR. OF EARNINGS			11,102.26
VANGUARD INTERNATIONAL GROWTH FUND	921910501	04/04/2019	SELL ASSET	-1,545.831	93.110	143,932.32
VANGUARD MID CAP INDEX ADM	922908645	04/04/2019	PURCHASE AS ASSET	19,755.050	202.450	-3,999,409.72
VANGUARD MID CAP INDEX ADM	922908645	06/27/2019	DISTR. OF EARNINGS			13,864.09
VANGUARD SMALL CAP INDEX FUND	922908686	04/04/2019	PURCHASE AS ASSET	26,816.479	74.570	-1,999,704.86
VANGUARD SMALL CAP INDEX FUND	922908686	06/27/2019	DISTR. OF EARNINGS			6,226.79
VICTORY TRIVALENT INTERNATIONAL SM	92647K309	04/04/2019	SELL ASSET	-22,119.488	13.000	287,553.34
<b>Total: Total Equity</b>						<b>-429,688.47</b>
<b>Total Fixed Income</b>						
AMERICAN CENTURY DIVERSIFIED BOND R6	024932410	04/04/2019	PURCHASE AS ASSET	1,678.841	10.580	-17,762.14

For performance and rate of return methodologies, as well as other important information, please refer to the Appendix/Disclosures provided.

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AGG460596

**Transaction Listing**

	ID	Trade Date	Transaction Type	Units	Price	Principal
AMERICAN CENTURY DIVERSIFIED BOND R6	024932410	04/23/2019	PURCHASE AS ASSET	579.436	10.570	-6,124.64
AMERICAN CENTURY DIVERSIFIED BOND R6	024932410	05/02/2019	ASSET INCOME			1,477.07
AMERICAN CENTURY DIVERSIFIED BOND R6	024932410	06/03/2019	ASSET INCOME			1,582.07
AMERICAN CENTURY HIGH INCOME FD Y CL	024932154	04/01/2019	ASSET INCOME			4,122.52
AMERICAN CENTURY HIGH INCOME FD Y CL	024932154	04/04/2019	PURCHASE AS ASSET	30,348.702	9.350	-283,760.36
AMERICAN CENTURY HIGH INCOME FD Y CL	024932154	05/01/2019	ASSET INCOME			5,395.62
AMERICAN CENTURY HIGH INCOME FD Y CL	024932154	06/03/2019	ASSET INCOME			5,667.34
BAIRD AGGREGATE BOND FD INSTL	057071854	04/04/2019	PURCHASE AS ASSET	1,661.924	10.770	-17,898.92
BAIRD AGGREGATE BOND FD INSTL	057071854	04/23/2019	PURCHASE AS ASSET	417.135	10.780	-4,496.71
BAIRD AGGREGATE BOND FD INSTL	057071854	04/26/2019	DISTR. OF EARNINGS			1,508.17
BAIRD AGGREGATE BOND FD INSTL	057071854	05/30/2019	DISTR. OF EARNINGS			1,367.30
BAIRD AGGREGATE BOND FD INSTL	057071854	06/26/2019	DISTR. OF EARNINGS			1,417.33
COLUMBIA CORPORATE INC FD INSTL	19765N518	04/01/2019	ASSET INCOME			1,624.93
COLUMBIA CORPORATE INC FD INSTL	19765N518	04/04/2019	PURCHASE AS ASSET	1,780.131	10.050	-17,890.32
COLUMBIA CORPORATE INC FD INSTL	19765N518	05/01/2019	ASSET INCOME			1,609.46
COLUMBIA CORPORATE INC FD INSTL	19765N518	06/03/2019	ASSET INCOME			1,746.22
DOUBLELINE TOTAL RET BD I	258620103	04/02/2019	DISTR. OF EARNINGS			1,703.21
DOUBLELINE TOTAL RET BD I	258620103	04/04/2019	PURCHASE AS ASSET	29,683.016	10.510	-311,968.50
DOUBLELINE TOTAL RET BD I	258620103	04/23/2019	PURCHASE AS ASSET	724.366	10.500	-7,605.84
DOUBLELINE TOTAL RET BD I	258620103	05/02/2019	DISTR. OF EARNINGS			2,619.26
DOUBLELINE TOTAL RET BD I	258620103	06/04/2019	DISTR. OF EARNINGS			2,610.85
DRIEHAUS ACTIVE INCOME FUND	262028855	04/04/2019	SELL ASSET	-58,178.591	9.370	545,133.40
EATON VANCE GLOBAL MACRO FD CL I	277923728	04/01/2019	DISTR. OF EARNINGS			1,862.31
EATON VANCE GLOBAL MACRO FD CL I	277923728	04/04/2019	SELL ASSET	-61,870.631	8.620	533,324.84
FEDERATED INST HI YLD BD FD	31420B300	04/01/2019	ASSET INCOME			4,306.56
FEDERATED INST HI YLD BD FD	31420B300	04/04/2019	PURCHASE AS ASSET	27,464.360	9.750	-267,777.51

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**Transaction Listing**

	ID	Trade Date	Transaction Type	Units	Price	Principal
FEDERATED INST HI YLD BD FD	31420B300	05/01/2019	ASSET INCOME			5,430.21
FEDERATED INST HI YLD BD FD	31420B300	06/03/2019	ASSET INCOME			5,827.88
NUVEEN INFLATION REFER TO 87245P668	670690387	04/04/2019	SELL ASSET	-23,838.610	11.050	263,416.63
NUVEEN INFLATION REFER TO 87245P668	670690387	06/03/2019	ASSET INCOME			3,042.34
NUVEEN INFLATION REFER TO 87245P668	670690387	06/12/2019	ASSET INCOME			649.74
NUVEEN INFLATION REFER TO 87245P668	670690387	06/13/2019	DISTR. OF EARNINGS			3,207.37
NUVEEN INFLATION REFER TO 87245P668	670690387	06/17/2019	NULL-ADJ UNITS	-51,565.365	11.152	.00
NUVEEN PREFERRED SECS & INC FD CL I	670700400	04/01/2019	DIV REIN/ALLOC COLL FUND	156.771	16.600	-2,602.40
NUVEEN PREFERRED SECS & INC FD CL I	670700400	04/01/2019	ASSET INCOME			2,602.40
NUVEEN PREFERRED SECS & INC FD CL I	670700400	04/04/2019	PURCHASE AS ASSET	18,202.291	16.690	-303,796.23
NUVEEN PREFERRED SECS & INC FD CL I	670700400	04/05/2019	RECEIPT IN KIND	101.143	16.690	1,688.08
NUVEEN PREFERRED SECS & INC FD CL I	670700400	04/05/2019	DISTRIBUTE AN ASSET	-101.143	16.690	-1,688.08
NUVEEN PREFERRED SECS & INC FD CL I	670700400	05/01/2019	DIV REIN/ALLOC COLL FUND	220.442	16.830	-3,710.04
NUVEEN PREFERRED SECS & INC FD CL I	670700400	05/01/2019	ASSET INCOME			3,710.04
NUVEEN PREFERRED SECS & INC FD CL I	670700400	05/02/2019	RECEIPT IN KIND	.062	16.774	1.04
NUVEEN PREFERRED SECS & INC FD CL I	670700400	05/02/2019	DISTRIBUTE AN ASSET	-.062	16.774	-1.04
NUVEEN PREFERRED SECS & INC FD CL I	670700400	06/03/2019	DIV REIN/ALLOC COLL FUND	243.596	16.670	-4,060.74
NUVEEN PREFERRED SECS & INC FD CL I	670700400	06/03/2019	ASSET INCOME			4,060.74

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**Transaction Listing**

	ID	Trade Date	Transaction Type	Units	Price	Principal
NUVEEN SHORT REFER TO 886315803	670693886	04/01/2019	ASSET INCOME			1,090.58
NUVEEN SHORT REFER TO 886315803	670693886	04/04/2019	SELL ASSET	-54,533.969	9.870	538,250.27
NUVEEN SHORT REFER TO 886315803	670693886	05/01/2019	ASSET INCOME			145.44
PGIM TOTAL RETURN BOND CL R6	74440B884	04/01/2019	ASSET INCOME			1,687.96
PGIM TOTAL RETURN BOND CL R6	74440B884	04/04/2019	PURCHASE AS ASSET	21,006.192	14.300	-300,388.55
PGIM TOTAL RETURN BOND CL R6	74440B884	05/01/2019	ASSET INCOME			2,278.35
PGIM TOTAL RETURN BOND CL R6	74440B884	06/03/2019	ASSET INCOME			2,736.16
PIMCO INTL BD FD US DOL-HEDGED INST	693390882	04/01/2019	ASSET INCOME			1,557.09
PIMCO INTL BD FD US DOL-HEDGED INST	693390882	04/04/2019	SELL ASSET	-23,359.460	10.880	254,150.92
PIMCO INTL BD FD US DOL-HEDGED INST	693390882	04/23/2019	PURCHASE AS ASSET	414.335	10.880	-4,507.97
PIMCO INTL BD FD US DOL-HEDGED INST	693390882	05/01/2019	ASSET INCOME			1,163.96
PIMCO INTL BD FD US DOL-HEDGED INST	693390882	06/03/2019	ASSET INCOME			1,264.94
TCW EMERGING MARKETS INCOME FUND	87234N765	04/04/2019	PURCHASE AS ASSET	69,676.127	8.200	-571,344.25
TCW EMERGING MARKETS INCOME FUND	87234N765	05/01/2019	DISTR. OF EARNINGS			2,501.37
TCW EMERGING MARKETS INCOME FUND	87234N765	06/03/2019	DISTR. OF EARNINGS			2,473.50
TIAA CREF INFLATION LINKED BOND FUND	87245P668	06/17/2019	NULL-ADJ UNITS	50,516.736	11.400	.00
<b>Total: Total Fixed Income</b>						<b>94,631.23</b>
<b>Total Real Assets</b>						
GOLDMAN SACHS COMM STRAT INS	38143H381	04/04/2019	SELL ASSET	-21,496.382	11.460	246,348.54
NUVEEN REAL ESTATE SECS I	670678507	04/01/2019	DISTR. OF EARNINGS			11,702.90
NUVEEN REAL ESTATE SECS I	670678507	04/04/2019	SELL ASSET	-3,519.474	21.340	75,105.57
NUVEEN REAL ESTATE SECS I	670678507	04/23/2019	PURCHASE AS ASSET	3,684.430	20.860	-76,857.21
<b>Total: Total Real Assets</b>						<b>256,299.80</b>

**Transaction Listing**

	ID	Trade Date	Transaction Type	Units	Price	Principal
<b>Total Cash Equivalents</b>						
Cash	000000000	04/05/2019	CASH DISBURSEMENT			-12,196.39
Cash	000000000	04/05/2019	CASH RECEIPT			12,196.39
Cash	000000000	04/10/2019	CASH DISBURSEMENT			-164.12
Cash	000000000	04/10/2019	CASH RECEIPT			164.12
Cash	000000000	04/26/2019	CASH RECEIPT			.11
Cash	000000000	04/29/2019	CASH DISBURSEMENT			-4,355.95
Cash	000000000	04/30/2019	CASH RECEIPT			164.12
Cash	000000000	05/08/2019	CASH DISBURSEMENT			-2.46
Cash	000000000	05/08/2019	CASH RECEIPT			2.46
Cash	000000000	05/29/2019	CASH RECEIPT			.27
Cash	000000000	05/30/2019	CASH DISBURSEMENT			-4,446.68
Cash	000000000	06/26/2019	CASH RECEIPT			.30
Cash	000000000	06/27/2019	CASH DISBURSEMENT			-4,296.29
FIRST AM GOVT OB FD CL Z	31846V567	04/01/2019	ASSET INCOME			786.52
FIRST AM GOVT OB FD CL Z	31846V567	04/02/2019	PURCHASE AS ASSET	28,741.370	1.000	-28,741.37
FIRST AM GOVT OB FD CL Z	31846V567	04/03/2019	PURCHASE AS ASSET	1,703.210	1.000	-1,703.21
FIRST AM GOVT OB FD CL Z	31846V567	04/05/2019	PURCHASE AS ASSET	12,196.390	1.000	-12,196.39
FIRST AM GOVT OB FD CL Z	31846V567	04/05/2019	SELL ASSET	-120,428.130	1.000	120,428.13
FIRST AM GOVT OB FD CL Z	31846V567	04/09/2019	PURCHASE AS ASSET	1,574.930	1.000	-1,574.93
FIRST AM GOVT OB FD CL Z	31846V567	04/10/2019	PURCHASE AS ASSET	328.240	1.000	-328.24
FIRST AM GOVT OB FD CL Z	31846V567	04/10/2019	SELL ASSET	-164.120	1.000	164.12
FIRST AM GOVT OB FD CL Z	31846V567	04/24/2019	SELL ASSET	-99,592.370	1.000	99,592.37
FIRST AM GOVT OB FD CL Z	31846V567	04/29/2019	PURCHASE AS ASSET	1,508.280	1.000	-1,508.28
FIRST AM GOVT OB FD CL Z	31846V567	04/29/2019	SELL ASSET	-4,355.950	1.000	4,355.95
FIRST AM GOVT OB FD CL Z	31846V567	05/01/2019	ASSET INCOME			652.76
FIRST AM GOVT OB FD CL Z	31846V567	05/02/2019	PURCHASE AS ASSET	19,177.170	1.000	-19,177.17
FIRST AM GOVT OB FD CL Z	31846V567	05/03/2019	PURCHASE AS ASSET	4,096.330	1.000	-4,096.33
FIRST AM GOVT OB FD CL Z	31846V567	05/08/2019	PURCHASE AS ASSET	2.460	1.000	-2.46
FIRST AM GOVT OB FD CL Z	31846V567	05/08/2019	SELL ASSET	-2.460	1.000	2.46
FIRST AM GOVT OB FD CL Z	31846V567	05/30/2019	PURCHASE AS ASSET	.270	1.000	-.27
FIRST AM GOVT OB FD CL Z	31846V567	05/30/2019	SELL ASSET	-4,446.680	1.000	4,446.68
FIRST AM GOVT OB FD CL Z	31846V567	05/31/2019	PURCHASE AS ASSET	1,367.300	1.000	-1,367.30

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**Transaction Listing**

	<u>ID</u>	<u>Trade Date</u>	<u>Transaction Type</u>	<u>Units</u>	<u>Price</u>	<u>Principal</u>
FIRST AM GOVT OB FD CL Z	31846V567	06/03/2019	ASSET INCOME			531.93
FIRST AM GOVT OB FD CL Z	31846V567	06/04/2019	PURCHASE AS ASSET	24,872.380	1.000	-24,872.38
FIRST AM GOVT OB FD CL Z	31846V567	06/05/2019	PURCHASE AS ASSET	2,610.850	1.000	-2,610.85
FIRST AM GOVT OB FD CL Z	31846V567	06/13/2019	PURCHASE AS ASSET	649.740	1.000	-649.74
FIRST AM GOVT OB FD CL Z	31846V567	06/14/2019	PURCHASE AS ASSET	3,207.370	1.000	-3,207.37
FIRST AM GOVT OB FD CL Z	31846V567	06/18/2019	PURCHASE AS ASSET	11,102.260	1.000	-11,102.26
FIRST AM GOVT OB FD CL Z	31846V567	06/19/2019	PURCHASE AS ASSET	8,918.590	1.000	-8,918.59
FIRST AM GOVT OB FD CL Z	31846V567	06/27/2019	PURCHASE AS ASSET	1,417.630	1.000	-1,417.63
FIRST AM GOVT OB FD CL Z	31846V567	06/27/2019	SELL ASSET	-4,296.290	1.000	4,296.29
FIRST AM GOVT OB FD CL Z	31846V567	06/28/2019	PURCHASE AS ASSET	20,090.880	1.000	-20,090.88
<b>Total: Total Cash Equivalents</b>						<b>78,757.44</b>



# PARS/CITY OF CUPERTINO 115P- PENSION

## Portfolio Overview

Portfolio Number: 6746059601

Holdings Method: Direct

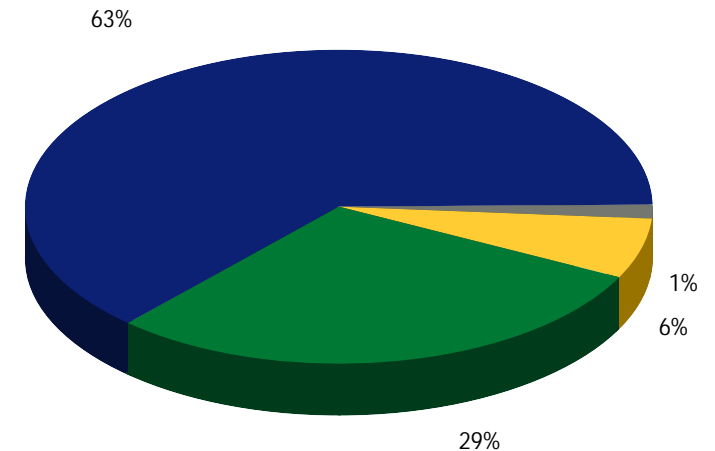
Report Date: 06/28/2019

### Portfolio Summary

Inv. Objective	Balanced/Nontaxable-1
Total Portfolio Value	\$8,109,521
Net Realized Capital Gains YTD	\$0
Current Yield	2.23%
Projected Annual Income	\$180,837
Portfolio Mgr.	Rick Rosenthal
Number of Securities	23

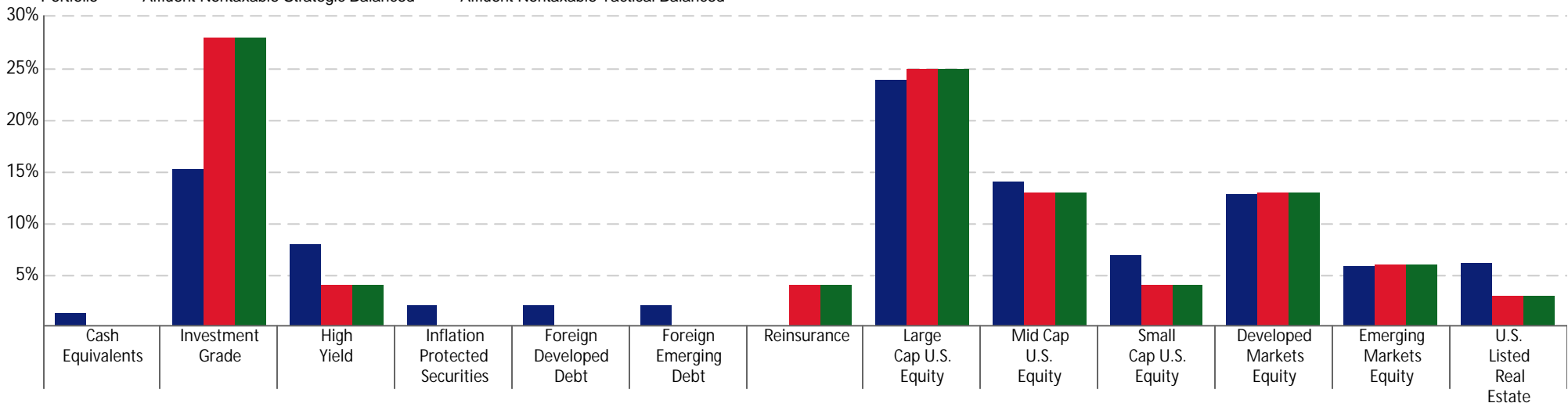
### Portfolio Asset Allocation

Equity	\$5,138,340	63.36%
Fixed	\$2,363,357	29.14%
Real Assets	\$496,514	6.12%
Cash	\$111,309	1.37%



### Portfolio Model Allocation

■ Portfolio ■ Affluent Nontaxable Strategic Balanced ■ Affluent Nontaxable Tactical Balanced



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Material is based on data from sources deemed to be reliable; accuracy/completeness is not guaranteed.

Holdings Date: 06/28/2019



# PARS/CITY OF CUPERTINO 115P- PENSION

## Equity Overview

Portfolio Number: 6746059601

Holdings Method: Direct & Indirect

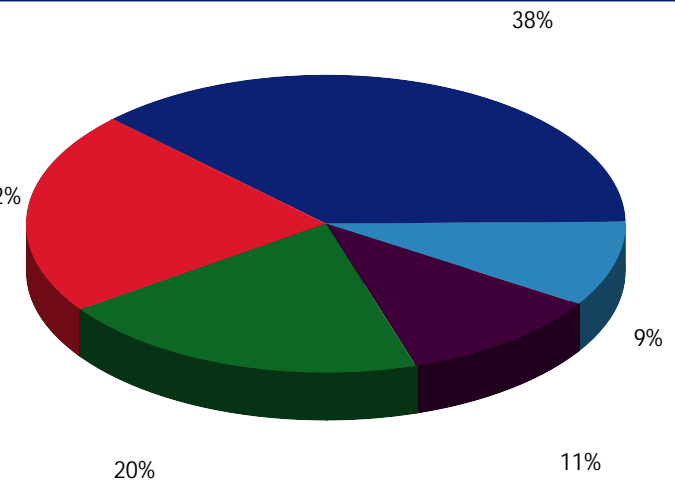
Report Date: 06/28/2019

### Equity Summary

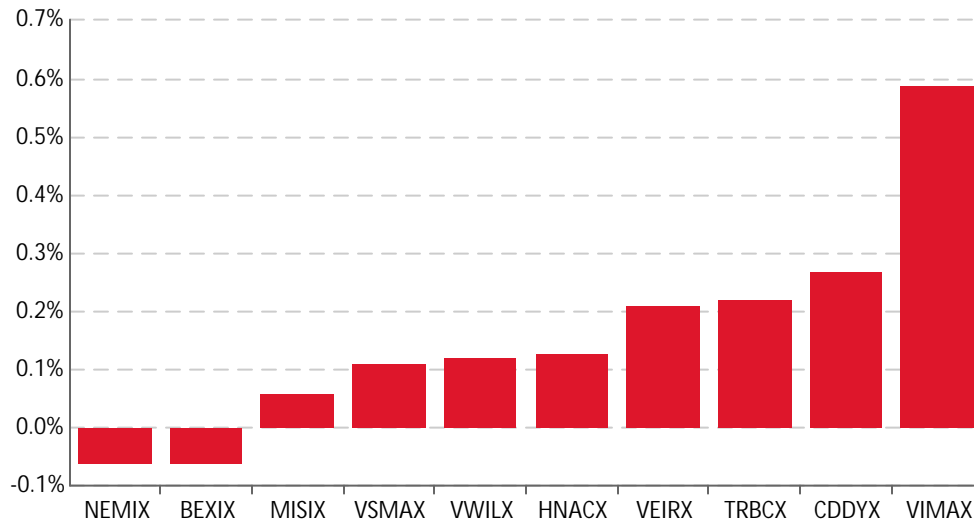
Inv. Objective	Balanced/Nontaxable-1
Equity Value	\$5,138,340
Current Yield	1.33%
Projected Annual Income	\$68,327
Portfolio Mgr.	Rick Rosenthal
Number of Securities	2,241

### Equity Asset Allocation

Large Cap U.S.	\$1,938,457	37.73%
Mid Cap U.S.	\$1,133,348	22.06%
Developed Markets	\$1,033,920	20.12%
Small Cap U.S.	\$561,294	10.92%
Emerging Markets	\$471,322	9.17%



### Bottom 5/Top 5 Contributors (Since 03/29/2019)



### Equity Global Distribution

North America	71.55%
Asia	14.89%
Europe	11.78%
South America	1.16%
Africa	0.60%

### Equity Country Distribution

United States	70.26%
Hong Kong	3.93%
China	3.25%
Japan	2.85%
United Kingdom	2.54%



# PARS/CITY OF CUPERTINO 115P- PENSION

## Common Stock Detail

Portfolio Number: 6746059601

Holdings Method: Direct & Indirect

Report Date: 06/28/2019

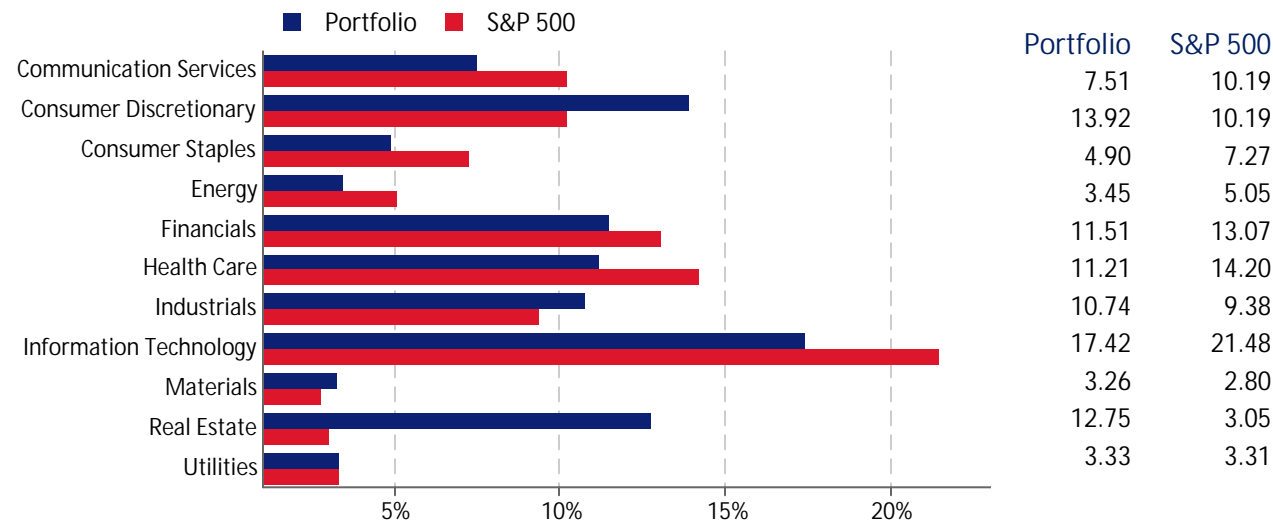
### Top 10 Common Stock Holdings

	Ticker	Equity (%)	Port (%)	Yield (%)	YTD Return (%)	52 Wk Return (%)
Amazon.com, Inc.	AMZN	1.94	1.29	--	26.1	11.3
Alibaba Group Holding Ltd. Spons...	BABA	1.43	0.95	--	23.6	-10.0
Microsoft Corporation	MSFT	1.38	0.91	1.3	32.9	38.0
Tencent Holdings Ltd.	BMMV2K	1.29	0.85	0.3	12.6	-6.7
Facebook, Inc. Class A	FB	0.79	0.52	--	47.2	-1.6
JPMorgan Chase & Co.	JPM	0.75	0.50	3.1	16.3	9.6
Mastercard Incorporated Class A	MA	0.69	0.46	0.5	40.7	35.0
Visa Inc. Class A	V	0.69	0.46	0.6	32.0	31.6
Johnson & Johnson	JNJ	0.62	0.41	2.9	9.4	17.2
Alphabet Inc. Class C	GOOG	0.59	0.39	--	4.4	-3.0

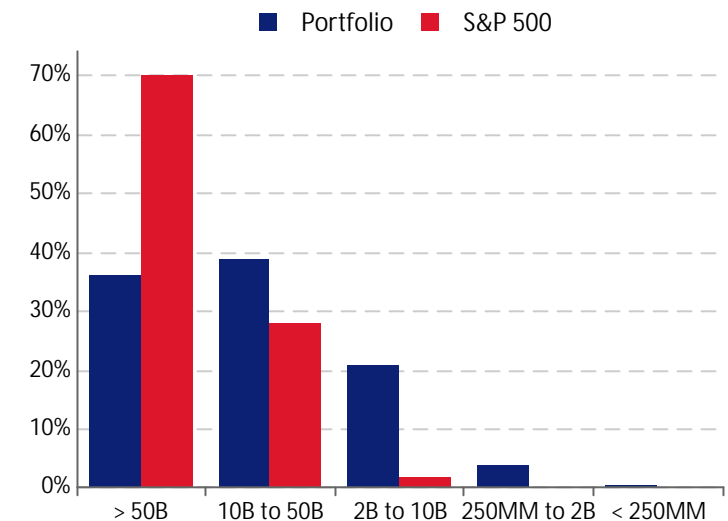
### Common Stock Characteristics

	Portfolio	S&P 500
Market Cap - Wtd Avg	\$114.9B	\$242.6B
Market Cap - Median	\$3.6B	\$22.7B
Dividend Yield (%)	1.91	1.96
1 Yr P/E Forecast	26.8	21.7
Price/Earnings Ratio	20.7	20.3
ROE (%)	17.3	22.9
Beta - 52W vs. the NYSE	1.06	1.06
Est 3-5 Yr EPS Growth (%)	12.7	11.6
Hist 3 Yr EPS Growth (%)	20.4	20.0
Number of Securities	2,358	505

### Common Stock Sector Exposures (%)



### Common Stock Market Cap Distribution





# PARS/CITY OF CUPERTINO 115P- PENSION

## Fixed Income Overview

Portfolio Number: 6746059601

Holdings Method: Direct

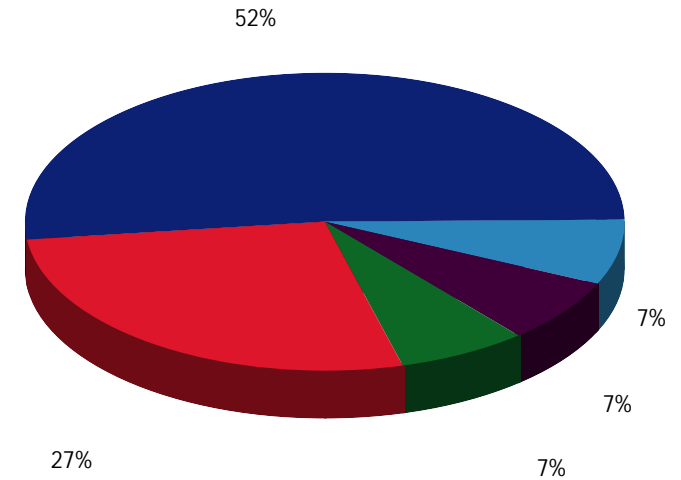
Report Date: 06/28/2019

### Fixed Income Summary

Inv. Objective	Balanced/Nontaxable-1
Fixed Income Value	\$2,363,357
Current Yield	4.14%
Projected Annual Income	\$97,773
Portfolio Mgr.	Rick Rosenthal
Number of Securities	11

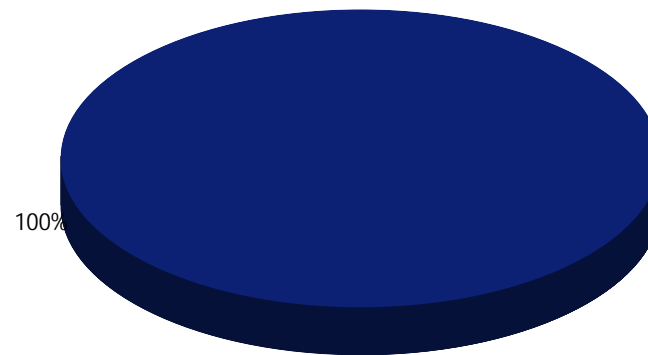
### Fixed Income Asset Allocation

Investment Grade	\$1,231,147	52.09%
High Yield	\$641,422	27.14%
Foreign Emerging Debt	\$163,992	6.94%
Foreign Developed Debt	\$163,962	6.94%
Inflation Protected Securities	\$162,835	6.89%

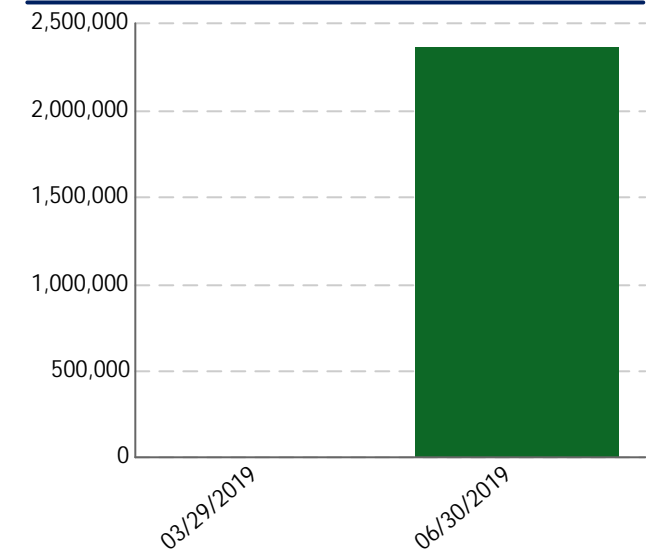


### Fixed Income Sector Exposures

■ Mutual Funds & ETFs \$2,363,357 100%



### Fixed Income Market Value



6746059601

## PARS/CITY OF CUPERTINO 115P- PENSION

Period Ending: 06/30/2019

**Selected Period Performance**

	Market Value	Inception to Date 04/01/2019
Total Portfolio Gross of Fees	8,120,926	1.53
Total Portfolio Net of Fees	8,120,926	1.53
Total Equity	5,138,340	1.58
MSCI ACWI (Net)		3.61
U.S. Equity	3,633,099	2.16
S&P 500 Index (Gross)		4.30
S&P MidCap 400 Index		3.05
S&P SmallCap 600 Index		1.87
Foreign Equity	1,505,242	.22
Developed Markets Equity	1,033,920	.96
MSCI EAFE Index (Net)		3.68
Emerging Markets Equity	471,322	-1.37
MSCI Emerging Markets Index (Net)		.61
Total Fixed Income	2,371,097	2.91
BBARC Global Aggregate Index		3.29
Total Real Assets	499,990	.98
Real Estate	499,990	.98
S&P Global REIT Index (Gross)		1.58
S&P GSCI Index		-1.42
Total Cash Equivalents	111,499	.45
ICE BofAML US 3-Month Treasury Bill Index		.64
Pending Cash	0	.00

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# PARS/CITY OF CUPERTINO 115P- PENSION

## Portfolio Holdings

Portfolio Number: 6746059601

Holdings Method: Direct

Report Date: 06/28/2019

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	\$ Cost Basis	\$ Unrealized Gain/Loss	Current Yield	Annual Income
Total		100.00			8,109,521	111,309	7,998,212	2.23	180,837
Cash		1.37	--	--	111,309	111,309	--	2.25	2,510
Cash Equivalents		1.37	--	--	111,309	111,309	--	2.25	2,510
FIRST AM GOVT OB FD CL Z	31846V567	1.37	1.00	111,309	111,309	111,309	--	2.25	2,510
Fixed Income		29.14	--	--	2,363,357	--	2,363,357	4.14	97,773
Investment Grade		15.18	--	--	1,231,147	--	1,231,147	3.67	45,187
Mutual Funds & ETFs		15.18	--	--	1,231,147	--	1,231,147	3.67	45,187
American Century Diversified Bond Fd R6 CI	ADDVX	2.03	10.87	15,178	164,983	--	164,983	2.59	4,280
Baird Aggregate Bond Fund Institutional Class	BAGIX	2.03	11.07	14,875	164,667	--	164,667	2.82	4,641
Columbia Corporate Income Fund Class I	SRINX	2.05	10.46	15,861	165,910	--	165,910	3.16	5,250
DoubleLine Total Return Bond Fund Class I	DBLTX	3.02	10.68	22,908	244,656	--	244,656	3.66	8,957
Nuveen Preferred Securities Fund Class I	NPSRX	2.99	16.96	14,315	242,780	--	242,780	5.55	13,485
PGIM Total Return Bond Fund Class R6	PTRQX	3.06	14.76	16,812	248,152	--	248,152	3.46	8,574
High Yield		7.91	--	--	641,422	--	641,422	5.92	37,983
Mutual Funds & ETFs		7.91	--	--	641,422	--	641,422	5.92	37,983
American Century High Income Fund Class Y	NPHIX	3.95	9.37	34,156	320,045	--	320,045	5.87	18,786
Federated Institutional High Yield Bond Fu...	FIH BX	3.96	9.81	32,760	321,377	--	321,377	5.97	19,197
Inflation Protected Securities		2.01	--	--	162,835	--	162,835	2.41	3,929
TIAA-CREF Inflation-Linked Bond Fund - Adv...	TIH X	2.01	11.48	14,184	162,835	--	162,835	2.41	3,929
Foreign Developed Debt		2.02	--	--	163,962	--	163,962	2.00	3,285
Mutual Funds & ETFs		2.02	--	--	163,962	--	163,962	2.00	3,285
PIMCO International Bond Fund (U.S. Dollar...	PFORX	2.02	11.13	14,731	163,962	--	163,962	2.00	3,285
Foreign Emerging Debt		2.02	--	--	163,992	--	163,992	4.51	7,388
Mutual Funds & ETFs		2.02	--	--	163,992	--	163,992	4.51	7,388
TCW Emerging Markets Income Fund I CI	TGEIX	2.02	8.39	19,546	163,992	--	163,992	4.51	7,388
Equity		63.36	--	--	5,138,340	--	5,138,341	1.33	68,327
Large Cap U.S. Equity		23.90	--	--	1,938,457	--	1,938,457	1.31	25,340
Mutual Funds & ETFs		23.90	--	--	1,938,457	--	1,938,457	1.31	25,340

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Holdings Date: 06/28/2019

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# PARS/CITY OF CUPERTINO 115P- PENSION

## Portfolio Holdings

Portfolio Number: 6746059601

Holdings Method: Direct

Report Date: 06/28/2019

	Symbol	% of Port.	Price	Shares/ Units	Portfolio Value	\$ Cost Basis	\$ Unrealized Gain/Loss	Current Yield	Annual Income
Columbia Dividend Income Fund Class I3	CDDYX	5.98	23.10	20,984	484,739	--	484,739	2.04	9,905
Harbor Capital Appreciation Fund - Retirem...	HNACX	5.94	75.03	6,415	481,353	--	481,353	0.28	1,328
T. Rowe Price Blue Chip Growth Fund, Inc.	TRBCX	6.03	116.06	4,214	489,112	--	489,112	--	--
Vanguard Equity Income Fund Admiral Shares	VEIRX	5.96	75.33	6,415	483,252	--	483,252	2.92	14,107
Mid Cap U.S. Equity		13.98	--	--	1,133,348	--	1,133,348	1.52	17,218
Mutual Funds & ETFs		13.98	--	--	1,133,348	--	1,133,348	1.52	17,218
Vanguard Mid-Cap Index Fund Admiral Shares	VIMAX	13.98	207.01	5,475	1,133,348	--	1,133,348	1.52	17,218
Small Cap U.S. Equity		6.92	--	--	561,294	--	561,294	1.48	8,327
Mutual Funds & ETFs		6.92	--	--	561,294	--	561,294	1.48	8,327
Vanguard Small Cap Index Fd Admiral Shs	VSMAX	6.92	75.09	7,475	561,294	--	561,294	1.48	8,327
Developed Markets Equity		12.75	--	--	1,033,920	--	1,033,920	1.38	14,307
Mutual Funds & ETFs		12.75	--	--	1,033,920	--	1,033,920	1.38	14,307
Vanguard International Growth Fund Admiral...	VWILX	8.81	93.98	7,600	714,208	--	714,208	1.51	10,776
Victory Trivalent International Small-Cap ...	MISIX	3.94	13.13	24,350	319,712	--	319,712	1.10	3,531
Emerging Markets Equity		5.81	--	--	471,322	--	471,322	0.67	3,135
Mutual Funds & ETFs		5.81	--	--	471,322	--	471,322	0.67	3,135
Baron Emerging Markets Fd Inst Shs	BEXIX	2.90	14.00	16,824	235,541	--	235,541	0.44	1,026
Neuberger Berman Emerging Markets Equity F...	NEMIX	2.91	19.57	12,048	235,781	--	235,781	0.89	2,108
Real Assets		6.12	--	--	496,514	--	496,514	2.46	12,227
U.S. Listed Real Estate		6.12	--	--	496,514	--	496,514	2.46	12,227
Nuveen Real Estate Securities Fund CI I	FARCX	6.12	21.40	23,202	496,514	--	496,514	2.46	12,227



## 3Q 2019 investment outlook: 2019's second act begins to unfold

### Quarterly outlook

#### Executive summary

2019 has been favorable for investors thus far. 2018 ended with cash as the best-performing major asset category due to a significant swoon in global equities. Investors sold riskier asset classes to express concerns about central banks, most notably the United States' Federal Reserve (Fed), deepening commitments to raising interest rates. However, thanks to a weakening global economic trajectory emerging across the globe late last year and into this year, the Fed began an about-face and is expected to lower interest rates later this year. We continue to advocate a "balanced" approach within client portfolios and respect the range of outcomes the back half of 2019 could deliver. Anticipating central bank and trade policy outcomes is a challenging exercise, but we can gauge the intersection of investor psyche and fundamentals with great confidence. We expect global economic weakness to persist as we get deeper into this year, especially given the comparison period of this time last year when corporate profits were considerably more robust. Inflation, the economy's kinetic energy, remains low, providing central banks with cover for pro-growth policies should growth dampen further.

Given how "narrow" investment returns have been since global equities bottomed in March 2009, investors have not had to be overly diversified. However, we anticipate that phenomenon will change and we encourage investors to hold "intentional" exposures in the form of high-quality equities, bonds that act like bonds and exposure to diversifying return streams that look nothing like stocks and bonds.

#### Key takeaways: 3Q 2019 investment outlook

##### Global Economy

- First quarter U.S. gross domestic product (GDP) growth diverged positively from the rest of the world, but higher-frequency data has softened through the second quarter, increasing our conviction of a 2019 slowdown from an average around 3 percent in 2018.

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[ 1 ] Important disclosures provided on page 3.



- A “muddle-through” scenario is likely to continue for Europe and Japan as growth trends have stabilized after strongly negative trends into the first quarter of 2019.
- Trade remains a front of mind concern for emerging markets economies. The ‘dovish’ pivot by the Fed and European Central Bank (ECB), combined with China stimulus, should support stabilization over the rest of 2019.

#### Equity markets

- Despite trade tensions, U.S. equity market performance has been resilient. Looking forward, fundamentals remain supportive, but price gains are likely to be more modest.
- We see risks and opportunities as balanced across foreign markets and maintain a neutral outlook, despite the solid start to 2019. Dovish global central bank policies and stabilizing economic data are likely to be countered by rising uncertainty around global trade.

#### Fixed income markets

- Yields are low by historical standards and markets appear to be pricing in multiple interest rate cuts, with the first cut expected at the Fed’s July or September meeting. We continue to emphasize that high quality bonds should form the primary share of fixed income allocations to provide adequate diversification.
- Credit valuations have cheapened, though fundamentals have deteriorated somewhat. We recommend normal allocations to credit exposures despite these risks to capture relatively normal yields.
- Municipal bond (muni) valuations are expensive by historical comparisons but remain attractive for high tax bracket investors.

#### Real asset markets

- Commercial real estate returns have been supported by lower interest rates in the past quarter and prices have increased to near all-time highs. We do expect property market fundamentals to deteriorate slightly from current levels. However, investors should still receive current income, maintaining modest returns.

#### Alternative investments

- Hedge funds have been plagued by the quick market shifts between “risk-on” and “risk-off” market action. Our preference for selecting hedge fund managers is for those investing in growth sectors, such as Healthcare and Technology, that have more persistent influences on demographics and productivity than do transitory tweets and speeches.
- We remain concerned about the rush of capital from investors seeking higher returns and the increasing competition among private lending and private debt funds. In this environment, we recommend investing with funds that have been through multiple economic cycles and have demonstrated investment discipline.

#### **For more information**

A detailed version of our 3Q 2019 investment outlook commentary is available. To access a copy, please visit our website at [www.usbank.com/wealth-management/financial-perspectives](http://www.usbank.com/wealth-management/financial-perspectives) or contact your U.S. Bank Wealth Management professional or U.S. Bancorp Investments Wealth Management Advisor if you have questions.



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Diversification and asset allocation do not guarantee returns or protect against losses. Based on our strategic approach to creating diversified portfolios, guidelines are in place concerning the construction of portfolios and how investments should be allocated to specific asset classes based on client goals, objectives and tolerance for risk. Not all recommended asset classes will be suitable for every portfolio.

#### **Past performance is no guarantee of future results.**

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