2015 Investment Review – Long Term Pool

Prepared for

HUMBOLDT AREA FOUNDATION

MARCH 4, 2016

Angeles INVESTMENT ADVISORS

Leslie B. Kautz, CFA, Principal
429 Santa Monica Boulevard, Suite 650
Santa Monica, CA 90401
Phone: 310-393-6300; FAX: 310-393-6200
www.angelesadvisors.com
lkautz@angelesadvisors.com

TABLE OF CONTENTS

EXHIBITS

EXECUTIVE SUMMARY

The Humboldt Area Foundation's (HAF's) Long Term Investment Pool finished 2015 with $90.6 million in assets, up from $85.8 million at the end of 2014, thanks largely to HAF's success in attracting new assets to the Foundation. Capital markets were weak in 2015, leading to investment returns for the foundation that were also weak in absolute terms. HAF's Long Term Pool returned -0.5% (net of fees) for the year, ahead of its passive policy index return of -1.4%, and ahead of the median community foundation return of -2.1%.

Equity markets were volatile in 2015 as improving but tepid economic conditions in the US and developed markets were offset by uncertainty with timing of the first Fed interest rate hike in nearly a decade, slowing growth in China, and the continued fall in energy and commodity prices. The large cap US equity market was slightly positive, but returns were bifurcated as value stocks significantly underperformed growth stocks over the course of the year. US small cap, non-US developed and emerging markets equity all experienced negative returns as well. Negative returns in non-US developed equity resulted from continued strength of the US dollar versus many developed and emerging market currencies.

Fixed income returns were also lackluster in 2015. The strongest returns were delivered by dollar-denominated emerging markets debt and US Treasuries. These positives were offset by sell-offs across a host of higher yielding sectors including investment grade and high yield corporate bonds, bank loans, convertibles, and local currency emerging markets debt. Hedge funds, as a group, underperformed large cap US equity as well as broad US and global aggregate bond indexes, but outperformed non-US developed equity, emerging markets equity, and most spread sectors of the fixed income markets.

This report reviews the Long Term Pool's portfolio structure and asset allocation policy, as well as expenses and performance. Our analysis covers the five investment manager organizations represented in the portfolio (American Funds, Dimensional Fund Advisors (DFA), Vanguard, Allianz, and PIMCO).

BACKGROUND

Angeles Investment Advisors has worked with the Humboldt Area Foundation since 2003, initially on a project basis to structure the portfolio and then conduct annual reviews through 2006. In 2007, HAF retained Angeles on an ongoing basis to provide consulting services regarding HAF's investment assets. This relationship encompasses preparation of this annual investment report on the Foundation's assets, as well as advice and recommendations on any other investment-related issues throughout the year, including investment policy such as the asset allocation targets, manager monitoring and selection issues, monthly performance reporting and attending meetings (including by conference call) as needed.

To prepare this report Angeles undertook the following:

- Reviewed monthly statements for the Foundation's assets and the allocations to each fund;
- Calculated returns for each asset class composite, and compared those to appropriate benchmarks;
- Evaluated performance of each fund individually; and,
- Reviewed organizational issues affecting the funds and their parent companies, including meeting with representatives of the fund families in which HAF invests.

Angeles' major findings in our review of HAF's Long Term Investment Pool during 2015 are:

- **Asset Allocation:** A primary investment objective of the Foundation's investment policy is to ensure that, over the long term, assets retain their purchasing power after inflation and spending. To this end, the Foundation's current Long Term investment policy targets are oriented to growth/capital appreciation assets with the following asset allocation: 70% in global equity, 10% in absolute return (hedge funds), 15% in fixed income and 5% in real estate securities. All asset classes and individual funds were within their allowable ranges at the end of 2015. Hedge funds are a relatively new asset class for HAF, which approved adding them in November 2013 and implemented this decision effective January 1, 2014. The asset class is growing within HAF's portfolio, as HAF increased its policy target allocation to hedge in July 2015 from 5% to 10%. The objective of absolute return strategies is to generate attractive risk-adjusted returns with lower correlation to traditional investment benchmarks and less downside risk.

  Angeles believes HAF's current investment policy is appropriate given the investment objectives of the Foundation to exceed inflation and spending over the long term. Angeles will continue to meet regularly with HAF's Investment Committee to review investment topics such as asset allocation policy, consideration of new asset classes such as private assets, risk management and monitoring, and manager structure.

- **Performance Review:** The Total Fund returned -0.5% in 2015, ahead of the Policy Index's return of -1.4%. The Policy Index is a benchmark composed of passive asset class index returns weighted by HAF's long term asset allocation targets. Table 1 below provides a summary of recent and long term performance:

Table 1
Summary of HAF Long Term Investment Pool Performance

	% of Fund	Annualized					Since Fund	Inception
		1 Year	3 Year	5 Year	7 Year	10 Year	Inception^	Date
Total Fund	100.0%	-0.5	7.2	5.8	10.0	4.6	5.7	12/31/2003
Policy Index [1]		*-1.4*	*6.2*	*5.9*	*10.1*	*5.0*	*5.8*	

	% of Fund	Calendar Years											
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Fund	100.0%	-0.5	4.8	18.1	13.7	-5.2	13.7	28.9	-33.9	5.7	15.4	9.0	13.2
Policy Index [1]		*-1.4*	*5.1*	*15.7*	*14.4*	*-2.8*	*13.8*	*29.1*	*-32.3*	*6.6*	*15.5*	*7.1*	*12.3*

[1] Effective August 1, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 15% Barclays Aggregate, 10% HFRI Fund of Funds Composite Index, and 5% S&P Global REIT Index.
From January 1, 2014 to July 31, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 20% Barclays Aggregate, 5% HFRI Fund of Funds Composite Index, and 5% S&P Global REIT Index.
From April 1, 2013 to December 31, 2013, the Policy Benchmark = 70% MSCI ACWIMI, 25% Barclays Aggregate, and 5% S&P Global REIT Index.
From August 1, 2012 to April 1, 2013, the Policy Index = 70% MSCI All Country World Investable Market Index, 25% Barclays Universal Index, and 5% S&P Global REIT Index.
From June 1, 2008 to July 31, 2012, the Policy Index = 35% Russell 3000 Index, 35% MSCI All Country World Ex US Investable Market Index, 25% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index) and 5% Blended REIT Index. The Blended REIT Index consists of 50% Wilshire REIT Index and 50% S&P/Citi Global Ex US REIT Broad Market Index.
From June 1, 2006 to May 31, 2008, the policy index consists of 50% Russell 3000 Index, 20% MSCI ACWI Ex-US Index, 25% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), and 5% DJ Wilshire REIT Index.
Prior to June 1, 2006, the policy index consists of 50% Russell 3000 Index, 15% MSCI ACWI Ex-US Index, 30% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), and 5% DJ Wilshire REIT Index.

^Returns are annualized for periods greater than a year.

- **Peer Performance Comparison:** HAF's -0.5% return in 2015 outperformed the median return of 154 community foundations (based on data in the Colonial Consulting, LLC and Fiscal & Administrative Officers Group (FAOG) Community Foundation Survey for the Fourth Quarter of 2015). The survey reported a median net of fees return for all community foundations of -2.1% in 2015. Versus its similarly-sized peer community foundations ($50-$99.9 million in assets), HAF also outperformed the median return of -2.2% in 2015. We believe HAF's success in generating manager excess returns in all asset classes is the primary source of its better relative performance versus similarly sized community foundations in 2015.
- **Investment Manager Review:** We continue to have confidence in the investment managers HAF has selected (Capital Group/American Funds, Dimensional Fund Advisors (DFA), Vanguard, PIMCO, and Allianz).

  In recent years, **American Funds** (28% of total HAF assets) has lost assets due to some performance issues in larger American Funds products as well as a broader shift among investors away from active equity management to passive management. However, in 2015 the trend reversed and the firm saw net inflows of $5 billion in 2015 compared to a $12 billion net outflow in 2014. We continue to monitor asset outflows, but to date do not believe they have materially impacted the firm's well-resourced mutual fund family or its unique, multi-portfolio manager investment process.

  We believe **DFA** (35% of total assets) is a solid organization whose research-driven investment approach and expertise in low-cost trading has produced strong investment results over time as well as significant growth in assets.

  Vanguard (16% of total assets) ended 2015 as the largest mutual fund family in the US, with $3.3 trillion in assets. The firm has benefited from its well-earned reputation as a low-cost, well-governed organization. Net inflows in 2015 were $265 billion, the majority of which flowed to its suite of passive equity and fixed income products.

  PIMCO (7% of total assets), added to HAF's holdings in 2012, offers a unique advantage to investors due to its utilization of multiple sectors of the bond market including niche areas such as non-agency mortgage-backed securities. Angeles believes the PIMCO Income fund is a strong diversifier for HAF's fixed income portfolio that offers a significant boost to current income. The firm experienced a major event in 2014 with the abrupt departure of founder Bill Gross, which has occasioned asset outflows at the firm. However, Bill Gross did not manage the PIMCO Income Fund, which HAF owns. The Income Fund's portfolio managers, Dan Ivascyn and Alfred Murata, continue to manage the strategy, which finished 2015 ranked in the 3rd percentile for the calendar year versus Morningstar's Multisector Bond Universe. Angeles continues to monitor the firm, but through 2015 it appears the increased management responsibilities of Ivascyn have not impacted performance of the PIMCO Income fund, personnel turnover has remained low, and the loss of assets at the firm has tapered off significantly. PIMCO Income Fund in fact grew its assets during 2015.

  HAF added **Allianz** (4% of total assets) in 2012 for exposure to convertible bonds, a portfolio and asset class not available from the other firms held by HAF. This is a well-diversified, risk-controlled portfolio that employs deep credit modeling and fundamental research. The portfolio's bond orientation and income provide a cushion during falling markets and serves to dampen volatility in the equity portfolio.

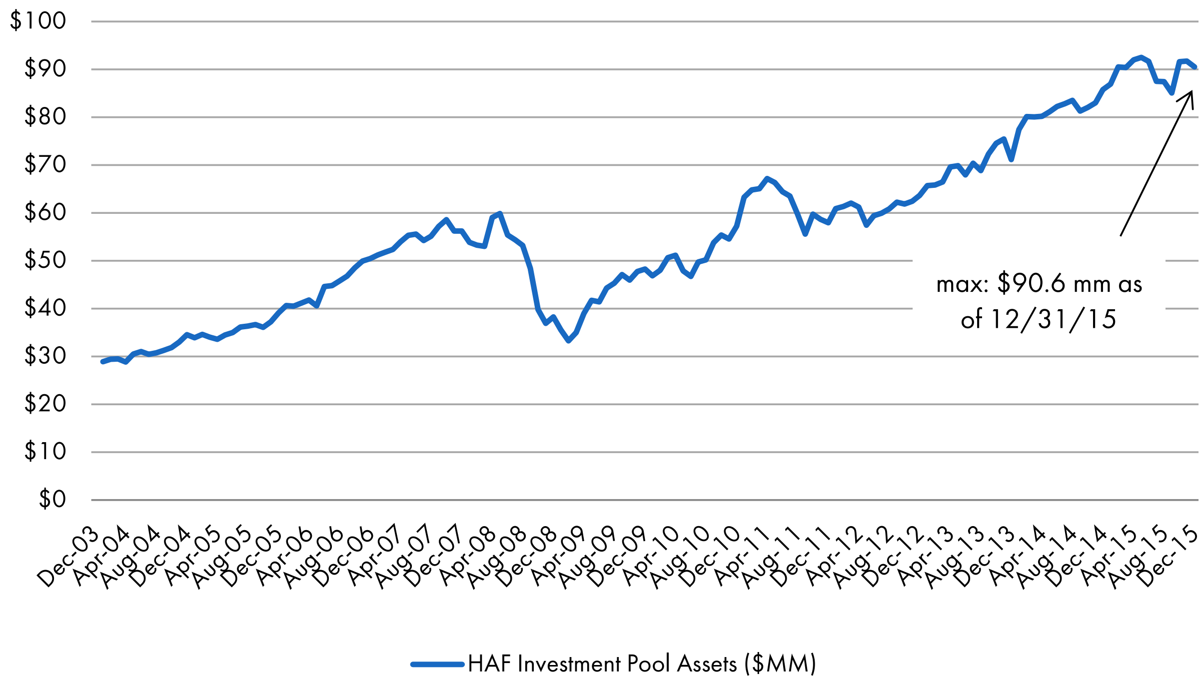
- **Cost Review:** HAF's portfolio consists primarily of mutual funds from low cost mutual fund families, with fees charged by each of the individual funds that are well below the median of their respective universes. Eight of the thirteen funds held by HAF's Long Term Pool reported fees in the bottom 5th percentile of all fees for mutual funds in their peer groups, and in all cases for HAF's mutual fund holdings fees were below were below average versus peers. HAF's overall investment management fee for the Long Term Investment Pool is 0.55% of assets (55 basis points).

- **Fund Review:** Angeles will continue to review the holdings and investment policy of the Foundation on an ongoing basis and recommend changes to the Investment Committee for its consideration as necessary.

ASSET ALLOCATION

HAF's Long Term Investment Pool assets reached $90.6 million as of December 31, 2015, up from $85.8 million on December 31, 2014. Assets increased during 2015 due to net inflows. According to information provided by HAF, the pool had inflows during 2015 of $4.9 million, and withdrawals of $0.3 million during the year, resulting in net inflows of $4.6 million during the year.

Figure 1
HAF Long Term Investment Pool Assets – Through December 31, 2015



The Foundation's current investment policy is oriented to **growth/capital appreciation**, and targets the following allocations in the Long Term Pool:

- 70% in global public equity
- 10% in absolute return (hedge funds)
- 15% in fixed income
- 5% in real estate securities

HAF's allocation to absolute return strategies (hedge funds) was implemented January 1, 2014 by an investment in the Angeles Absolute Return Fund, a diversified fund of 10-20 hedge funds selected and monitored by Angeles. Angeles receives no incremental fee from its consulting clients, including HAF, for managing the fund, which provides diversified exposure to leading hedge fund managers in a vehicle that permits access and ease of administration.

As of December 31, 2015, all asset classes remained within the allowable ranges established in HAF's Investment Policy Statement and in line with the long term targets for all major asset classes. HAF rebalances its assets on a regular basis, resulting in very little variance in allocations versus policy.

Table 2*
Asset Allocation as of December 31, 2015

	Market Value	% of Total Assets		Variance from Target	Allowable Range
		Actual	Target		
Global Equity					
DFA Small Cap Index	$1,851,313	2.0%	2.1%	-0.1%	
AF EuroPacific Growth Fund	$18,911,682	20.9%	21.0%	-0.1%	
DFA Emerging Mkts Core Fund	$1,851,856	2.0%	2.1%	-0.1%	
AF Fundamental Investors	$3,049,019	3.4%	3.5%	-0.1%	
DFA Int'l Small Cap Fund	$2,485,138	2.7%	2.8%	-0.1%	
DFA Global Equities	$18,996,459	21.0%	21.0%	0.0%	
Allianz Convertibles	$3,137,463	3.5%	3.5%	0.0%	
Vanguard Institutional Index	$9,558,460	10.6%	10.5%	0.1%	
AF New Perspective	$3,167,665	3.5%	3.5%	0.0%	
Total Global Equity	**$63,009,054**	**69.6%**	**70.0%**	**-0.4%**	**55-85%**
Absolute Return					
Angeles Absolute Return Fund	$8,979,667	9.9%	10.0%	-0.1%	
Total Absolute Return	**$8,979,667**	**9.9%**	**10.0%**	**-0.1%**	**0-15%**
Fixed Income					
Vanguard Total Bond Market Index	$4,666,517	5.2%	5.3%	-0.1%	
PIMCO Income Fund	$6,395,997	7.1%	7.5%	-0.4%	
DFA 1-Year Fixed Income	$1,856,837	2.1%	2.3%	-0.2%	
AEDC Loans	$773,490	0.9%	0.0%	0.9%	
Total Fixed Income	**$13,692,840**	**15.1%**	**15.0%**	**0.1%**	**10-25%**
Real Estate Securities					
DFA Global Real Estate Securities	$4,678,356	5.2%	5.0%	0.2%	
Total Real Estate	**$4,678,356**	**5.2%**	**5.0%**	**0.2%**	**0-7%**
Cash					
TDA - Cash Sweet Account	$30,262	0.0%	0.0%	0.0%	
TD Bank USA MMDA - Cash Reserve	$161,870	0.2%	0.0%	0.2%	
Total Cash	**$192,132**	**0.2%**	**0.0%**	**0.2%**	**0-1%**
Total Fund	**$90,552,050**	**100%**	**100%**		
Total American Funds	**$25,128,365**	**27.8%**	**28.0%**	**-0.2%**	
Total DFA Funds	**$31,719,959**	**35.0%**	**35.3%**	**-0.2%**	
Total Vanguard Funds	**$14,224,976**	**15.7%**	**15.8%**	**0.0%**	
Total Allianz Funds	**$3,137,463**	**3.5%**	**3.5%**	**0.0%**	
Total PIMCO Funds	**$6,395,997**	**7.1%**	**7.5%**	**-0.4%**	
Total Angeles Fund	**$8,979,667**	**9.9%**	**10.0%**	**-0.1%**	

*Unless otherwise noted, all HAF market value data in this report was provided to Angeles by Premier Financial Group. Targets indicated for fund families are the sum of targets for individual funds, not targets for a fund family per se.

Asset Allocation Policy:

HAF's asset allocation is reviewed regularly by the Investment Committee with assistance from Angeles Investment Advisors. The Committee's last major review was in July 2015. In that meeting, HAF reviewed portfolio performance, increased the allocation to hedge funds by 5% (to 10%) by reducing exposure to fixed income by 5%, and discussed the possibility of adding private equity to the portfolio. Consideration of private equity exposure for HAF continues but no decision to add the asset class has been made.

When we review asset allocation for clients like HAF, Angeles Investment Advisors uses proprietary capital market assumptions to project future long term returns. Our assumptions include the expected return, risk (volatility or standard deviation of returns) and correlation for major asset classes. While the assumptions are for a long-term horizon, which we define as at least 10 years, Angeles updates these assumptions annually, with our most recent review completed in January 2016.

Relative to Angeles' 2015 capital market assumptions, in 2016 we have modestly reduced expected long term returns for global equities and hedge funds by 25 basis points as a result of lower expected emerging markets inflation and US dividend yields. Expected returns for core fixed income were adjusted upward to 2.75% from 2.5% to reflect increases in bond yields versus a year ago. All other return and risk assumptions remain unchanged.

A summary of our expected returns and risk for major asset classes in which HAF invests appears in the table below.

Table 3
Angeles' Projected Long Term (>10 years)
Asset Class Return and Risk Assumptions as of January 2016
(Net of Fees and Transactions Costs)

	Expected Return	Expected Risk
Global Equity	7.00%	17.0%
Absolute Return	6.00%	8.0%
Global Real Estate Securities	5.75%	19.0%
Core Fixed Income	2.75%	5.0%
Inflation	*2.0%*	

A principle long term goal of HAF's investment policy is to preserve the inflation-adjusted purchasing power of its assets after spending and inflation. In recognition of the possibility of lower prospective returns, HAF has sought to contain spending to 4.0% of assets annually.

Angeles' return expectations for HAF's Total Fund, including manager excess returns relative to benchmarks, are illustrated in the table below (**Table 4**). These return expectations reflect a full market cycle; in the short-term, excess returns achieved by managers in aggregate can vary from this amount both in a positive and negative direction.

Based on these long term capital market assumptions for future returns and HAF's current policy targets for the Long Term Investment Pool, we estimate that the expected return of the HAF Long Term Investment Pool will be

6.2% not taking into account any excess returns, and 7.1% with excess returns. **With spending of 4% of assets on grants, plus 2% inflation, the Long Term Pool's expected returns based on its current asset allocation policy would allow HAF to maintain the purchasing power of its assets over the long term (more than 10 years).**

Table 4
Asset Allocation for the HAF Long Term Investment Pools[1]

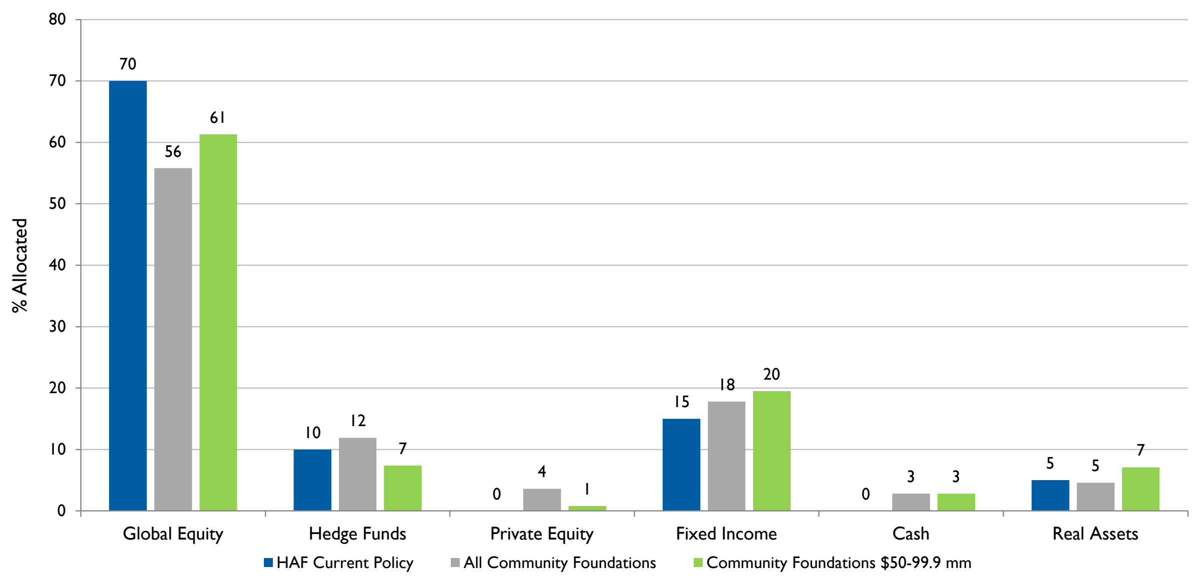
	Long Term Pool
Global Equity	70%
Absolute Return	10%
Global REITs	5%
Fixed Income	15%
Expected Return	6.2
Expected Excess Return	0.9
Expected Return Incl. Manager Excess Returns	*7.1*
Expected Risk	13.4
Sharpe Ratio	0.31
Probability of a Loss:	
1-Year	29%
5-Years	14%
10-Years	7%
2 Standard Deviation Event	
*Very Bad Scenario***	*-23%*

*** Very Bad Scenario assumes that correlations across asset classes go to 1 and each class experiences a two standard deviation negative event.*

In comparison to similarly sized Community Foundation peers ($50-$100mm), HAF's Long Term investment policy allocations are overweight global equity and hedge funds, and underweight fixed income, private equity, and real assets. This comparison can be seen in **Figure 2** below.

[1] The Total Fund's expected excess return from manager outperformance is a weighted sum of the underlying asset class composites' excess returns. Global equity's expected excess return is 1.0%, absolute return's expected excess return is 1.5%, core fixed income's expected excess return is 0.5%, and REITs' excess return expectation is 0% (given DFA's passively managed approach in its REIT portfolios).

Figure 2
HAF Asset Allocation vs. Community Foundation Peers[2]



Expenses:

Fees charged by the Humboldt Area Foundation's managers were all well below the median for mutual funds in each of their respective peer groups, as demonstrated in **Figure 3** below. **Eight of the thirteen funds held by HAF's Long Term Pool reported fees in the bottom 5th percentile of all fees for managers in their peer groups.** Vanguard's S&P Index fund (the Vanguard Institutional Index) had the lowest fee among all HAF managers with an expense ratio of 4 basis points (bps) (0.04%), followed closely by the Vanguard Total Bond Market Index's 6 basis point (0.06%) expense ratio.

DFA funds reported low expenses as well, ranging from 17 bps (DFA One-Year Fixed Income) to 61 bps (DFA Emerging Markets Core Equity). American Funds imposes some of the higher fees in the portfolio, but in comparison to their respective peers, remained significantly below the median. Allianz Convertibles and PIMCO Income Fund carried lower fees to rank among the bottom 5th percentile within their respective peer groups. The Angeles Absolute Return Fund is the highest fee segment of the portfolio, with management fees averaging 1.5%; in addition, the underlying managers may earn additional fees through variable fees based on performance and a variable administrative fees are charged to the fund for legal, accounting, and other services. There is no additional advisory fee charged by Angeles to consulting clients such as HAF for investing in the fund.

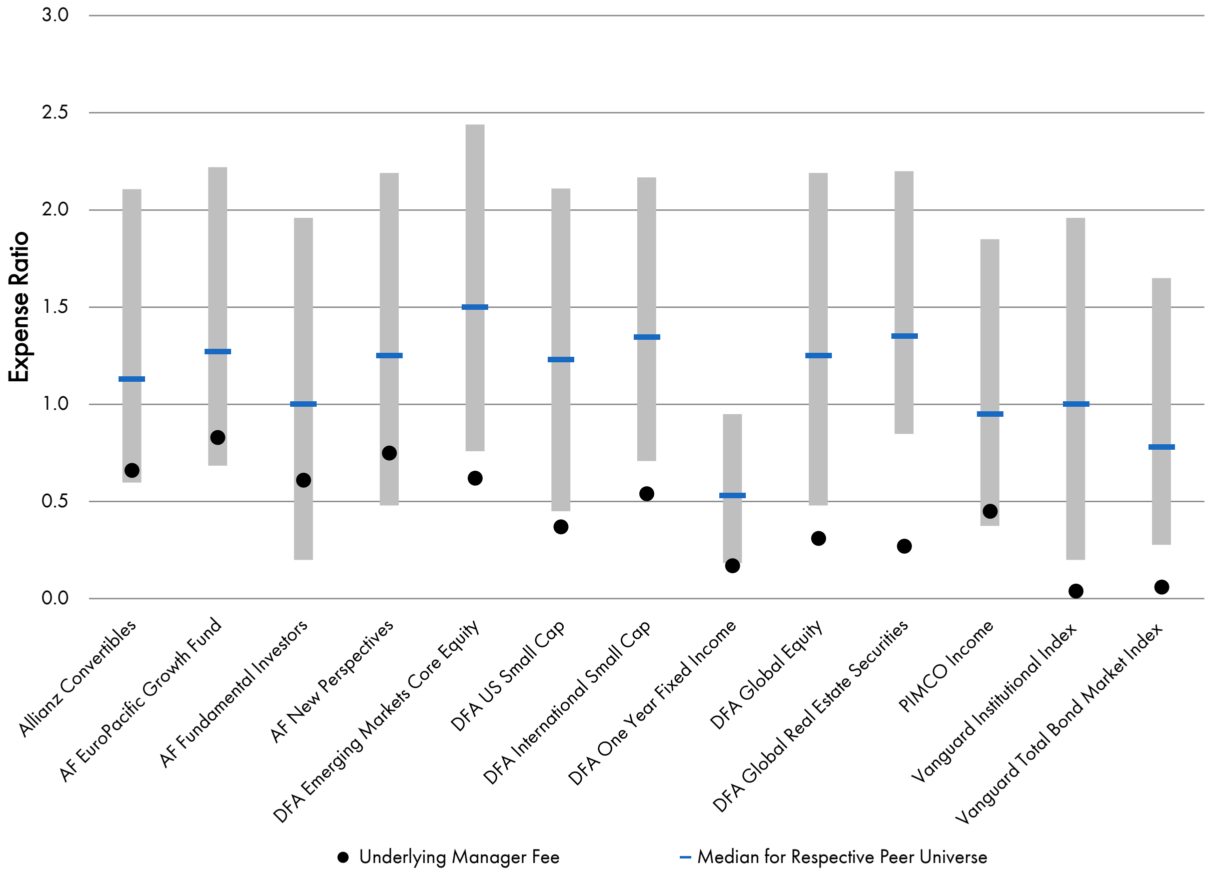
Based on the approved target asset allocation and fund fees as of December 31, 2015, the weighted fee for investment management services for the Foundation was 55 basis points (0.55%) per annum for the Long Term Investment Pool. The manager fees are netted from the performance of the mutual funds in which HAF invests, and are not paid out-of-pocket by the Foundation.

Premier Financial Group earns a fee from HAF for custody of all funds held (except American Funds, Hedge Funds, and Local Investing funds) and performance measurement for the plan, which amounts to an

[2] Source: Colonial Consulting, LLC and Fiscal and Administrative Officers Group (FAG) Community Foundation Survey for the 4th quarter of 2015.

administrative charge to the fund of 20 basis points (0.2%) on average assets in 2015. The Foundation also pays a consulting fee to Angeles Investment Advisors which in 2015 was 9.5 basis points (0.095% of assets).

Figure 3
Manager Fee Rankings: HAF Managers versus Peer Universes



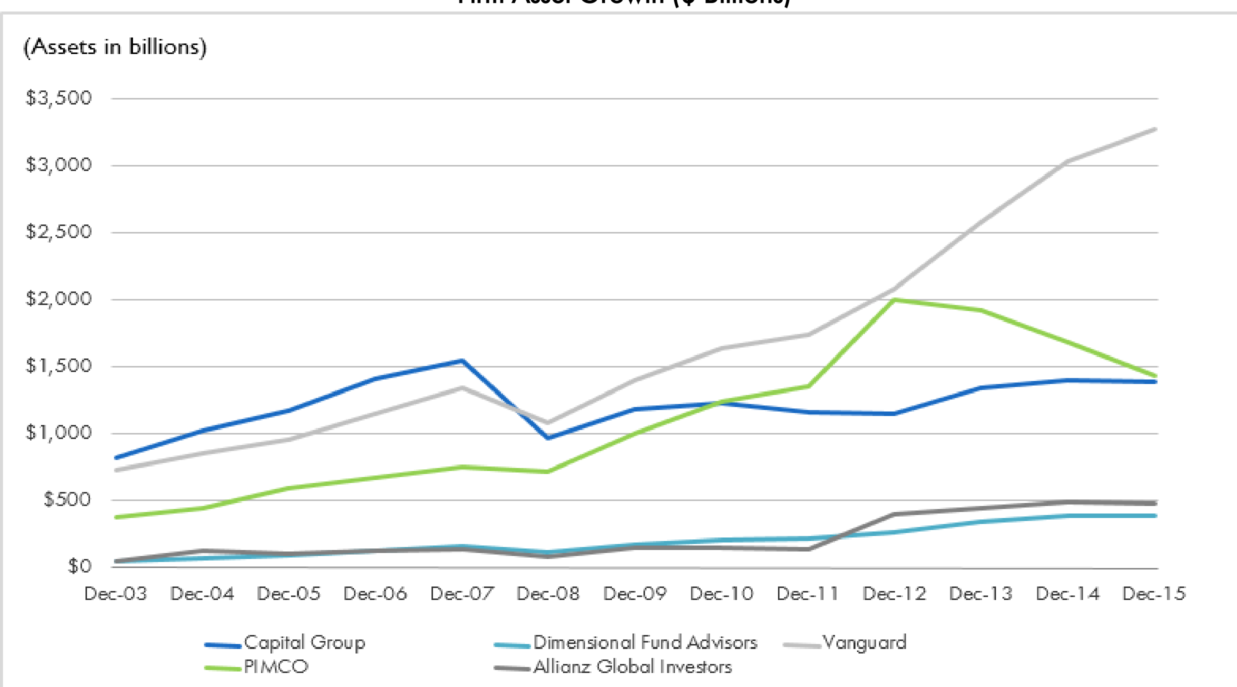
Source: Morningstar Direct as of December 2015. Each black circle represents the listed manager's net expense ratio. The horizontal gray bars represent fees for the 95th and 5th percentile fee within each respective manager universe.

INVESTMENT MANAGER OVERVIEW

All five of the investment management firms used by HAF — Allianz, American Funds (Capital Group), Dimensional Fund Advisors (DFA), PIMCO, and Vanguard Group — remain solid, stable and highly-regarded organizations.

Dimensional Fund Advisors (DFA) and Vanguard reached new peaks in assets under management during 2015. Assets under management at Allianz, American Funds, and PIMCO fell during 2015. Allianz experienced some outflows during 2015, including from the High Yield strategy managed by the same team responsible for Convertible Bonds as the high yield of the "junk" bond market was under significant pressure in 2015. Capital Group, of which American Funds is a subsidiary, saw $5 billion in net inflows (<1% of year-end 2014 assets) into its family of mutual funds in 2015; total assets fell due to market performance, and remains 14% below its 2007 peak assets. PIMCO's peak occurred after the first quarter of 2013 and the firm subsequently saw outflows as a result of bond market weakness; outflows continued in 2014 due to performance concerns and accelerated by year end with significant outflows as a result of the departure of Bill Gross, firm founder and former portfolio manager of its flagship fund, the PIMCO Total Return fund. Outflows continued in 2015, but have tapered off. All three firms have a substantial cushion of assets and remain solid financial enterprises.

Figure 4
Firm Asset Growth ($ Billions)



Assets in Billions	Assets at 12/31/2003	Assets at 12/31/2015	Min Asset Level	Date	Max Asset Level	Date
Allianz Global Investors	$48	$480	$42	6/30/2004	$511	6/30/2014
Capital Group	$814	$1,390	$814	12/31/2003	$1,585	9/30/2007
Dimensional Fund Advisors	$48	$388	$48	12/31/2003	$406	6/30/2015
Vanguard	$722	$3,275	$722	12/31/2003	$3,275	12/31/2015
PIMCO	$374	$1,435	$374	12/31/2003	$2,044	3/31/2013

Source: eVestment Alliance.

The following table lists the top 10 mutual fund families in the US as of the end of 2015. Vanguard and American Funds remain in the top 5, with PIMCO as the 6th largest, DFA as the 8th largest, and Allianz as the 62nd largest.

Table 5
Largest US Mutual Fund Families – December 31, 2015

Rank	Fund Family	Total Net Assets ($ Billions)
1	**Vanguard**	**2410.2**
2	Fidelity Investments	1250.1
3	**American Funds**	**1173.5**
4	T. Rowe Price	467.0
5	Franklin Templeton Investments	394.0
6	**PIMCO**	**286.6**
7	JPMorgan	265.3
8	**Dimensional Fund Advisors**	**257.5**
9	BlackRock	227.2
10	OppenheimerFunds	175.2
62	**Allianz Funds**	**24.5**

Source: Morningstar Direct as of 12/31/2015
Note: Assets represent US open-ended funds, excluding money market funds, fund-of-funds, and ETFs.

CAPITAL GROUP

Capital Group is the consolidated entity that manages the firm's mutual funds (American Funds) as well as portfolios for large institutional clients such as pension funds and endowments. The firm remains a privately-owned enterprise headquartered in Los Angeles. Capital Group is one of the country's oldest financial services organizations and has been managing portfolios for over 80 years.

The firm takes a unique approach to managing portfolios, with each fund managed by a team of experienced portfolio managers with individual autonomy and accountability. All portfolios are actively managed based on fundamental research. Assets are divided into sleeves and assigned to portfolio managers who have discretion to manage the funds using their own investment approach and ideas, within the objectives and constraints of the fund, and supported by Capital Group's deep team of talented analysts. Each fund also has a Principal Investment Officer who oversees the fund from an administrative perspective and acts as a coordinator among the fund's managers. This results in a portfolio of highest conviction ideas with added diversification, and increases the firm's ability to handle a large asset base. Newer portfolio managers are brought into funds while the more senior managers are still in the prime of their careers, making for smooth transitions over multiple years as personnel turnover occurs.

115 portfolio managers at Capital Group are supported by 148 equity and 29 fixed income research analysts located in 13 offices across the globe. Capital Group had $1.39 trillion in assets as of December 31, 2015. The firm saw net inflows of $5 billion in 2015, reversing a multi-year period of net outflows including $12 billion in 2014. The firm believes the net inflow reflects better relative performance, and comes in spite of a broader shift by investors towards indexing.

Capital Group had one significant change to its Management Committee due to the unexpected passing of long-time Capital veteran James Rothenberg, who died in July 2015. He was chairman of the committee, which is responsible for firm governance and strategic direction. As per the firm's established succession plan, Tim Armour was named to the chairman role. Angeles continues to believe that Capital Group is a sound organization staffed with talented and experienced investment professionals, a truly global orientation with a unique management process that enables it to effectively handle the sizable assets under management.

DIMENSIONAL FUND ADVISORS (DFA)

Founded in 1981, DFA is a privately-held firm headquartered in Austin, Texas with other offices located across the globe, including Santa Monica, Charlotte, Vancouver, Toronto, London, Amsterdam, Berlin, Tokyo, Singapore and Sydney; the majority of these offices house both investment personnel and client service members. Current headcount at the firm is about 950 globally.

Quantitative research is a specialty of the firm and has been applied to the development of innovative techniques to construct portfolios that they believe will outperform over the long-term. Since the firm's inception, prominent academicians and authors of many seminal finance articles, including 2013 Nobel Prize winner, Eugene Fama, and Kenneth French, have served as directors of the firm and members of its investment committee. Recent DFA research studies have shown that "direct profits" scaled by book value capture a return premium (excess returns); at the end of 2014, they have fully implemented this as a third dimension, along with company size and relative value, to their existing strategies.

The firm also benefits from its experienced and deep trading capabilities, which make trading a source of value added for the firm rather than a portfolio cost. Due to the reduced liquidity of small capitalization stocks, trading costs are often the largest component of the overall implementation cost of small cap strategies. DFA uses its competitive advantage as one of the largest small cap equity managers and its network of brokers to mitigate these costs. DFA's trading strategy focuses on minimizing turnover in the portfolio by using buy, hold and sell ranges, and excluding securities that lack sufficient liquidity. They also take advantage of momentum, and do not move too quickly to buy stocks that are falling or sell stocks that are rising in price and valuation. DFA utilizes block trades for over half of their purchases in an effort to keep transaction costs down as well. This method of efficient implementation has been a source of added value and is a distinguishing trait of DFA.

Dimensional's assets rose to $388 billion in 2015, up from $381 billion the year prior, which is another peak in year-end assets. The firm has seen client interest and growth across their strategies. DFA continues to manage assets exclusively for institutional investors and the clients of registered financial advisors.

Angeles believes DFA is a solid organization whose research-driven investment approach and expertise in low-cost trading has produced strong investment results over time. The firm's tenured investment professionals, diverse product offerings and measured business growth provide a solid foundation in continuing to serve clients' investment needs.

VANGUARD GROUP

Vanguard was launched in 1975, but the firm's heritage extends back to 1929 with the inception of the Wellington Fund, one of the first balanced mutual funds and one of the longest-operating funds of any kind. Over the decades, Vanguard has evolved into one of the world's largest investment management companies, with $3.3 trillion in assets under management at the end of 2015. With $265 billion in net inflows, Vanguard was the largest recipient of fund flows in the industry last year. The mutual fund company has over 14,000 employees across 15 offices globally, though most (~10,000) are based out of the firm's corporate headquarters in suburban Philadelphia, PA.

The firm has cultivated a reputation in the investment industry as a low-cost, well-governed fund family. Vanguard has a unique mutual ownership structure in which shareholders essentially own the management company. This helps keep costs low and avoids conflicts of interest between fund managers and shareholders. Vanguard manages many of its fund offerings itself, particularly its index funds, but most of its actively managed funds are sub-advised by external firms.

Bill McNabb remains CEO, having taken over for a retiring Jack Brennan in December 2009. He is only the third CEO in the company's 39-year history, illustrating Vanguard's stability and continuity. The Fixed Income Group is responsible for passively managed index portfolios, such as the Total Bond Market Index Fund, as well as actively managed strategies. Kenneth E. Volpert is the global head of Fixed Income Indexing and has direct oversight responsibility for all taxable bond index funds managed by the Fixed Income Group. He has managed investment portfolios since 1982 and has been with Vanguard since 1992.

We believe Vanguard is a strong organization and a solid choice for HAF in offering market exposures at low cost.

PACIFIC INVESTMENT MANAGEMENT COMPANY (PIMCO)

PIMCO was founded in Newport Beach, California in 1971. PIMCO started as a subsidiary of Pacific Life Insurance Company to manage separate accounts for institutional clients. Today, PIMCO's global client base is served from offices Newport Beach, New York, Amsterdam, Singapore, Tokyo, London, Sydney, Munich, Zurich, Toronto, Hong Kong, Milan, and Rio de Janeiro. In 2000, PIMCO was acquired by Allianz SE, a large global financial services company based in Germany. In 2011, Allianz SE established Allianz Asset Management, a holding company structure comprising two distinct global asset management entities: PIMCO and Allianz Global Investors. PIMCO is operationally autonomous from its parent and has no direct interaction with the foreign affiliates.

As one of the largest bond managers in the US, PIMCO believes it benefits from its size by allowing the firm to commit more resources to research than smaller firms can afford, while also giving them greater access to dealer research and analytics in return for the ability to trade with PIMCO. The firm is able to leverage its size to keep transaction costs as low as possible.

PIMCO managed $1.4 trillion in mostly fixed income assets at the end of 2015, down from $1.7 trillion at the end of 2014 and from $1.9 trillion at the end of 2013. 2014 was a notably tumultuous period for PIMCO with the departure of CEO and co-CIO Mohamed El-Erian in March, followed by the more momentous departure of co-founder and CIO Bill Gross on September 26, 2014. The loss of Gross set in motion significant asset outflows during the fourth quarter of 2014, particularly from the PIMCO Total Return Fund that Gross managed, and into 2015.

Gross' departure led to a number of organizational changes. Doug Hodge retained his role as CEO. Dan Ivascyn was named Group CIO and is supported by five other CIOs: Andrew Balls, CIO of Global Fixed Income; Mark Kiesel, CIO of Global Credit; Scott Mather, CIO of US Core Strategies; Mihir Worah, CIO of Real Return and Asset Allocation; Marc Seidner, CIO of Non-traditional Strategies. Also, Mather, Kiesel and Worah were named co-Portfolio Managers of Total Return. In May 2015, Virginie Maisonneuve, CIO of Global Equities, announced her departure from PIMCO after less than two years at the firm. Hodge stated that the equity business would remain an important part of the firm's investing, but that they would concentrate more on enhanced equity strategies such as those sub-advised by Robert Arnott's firm Research Affiliates.

Ivascyn remains a portfolio manager on the PIMCO Income fund, and will continue to manage the fund along with portfolio manager Alfred Murata, who has 15 years of investment experience and holds both a Ph.D. and J.D. from Stanford University. We continue to monitor the firm, but through 2015 it appears the increased management responsibilities of Ivascyn have not impacted performance of the PIMCO Income fund, additional personnel turnover has remained low, and asset outflows at the firm have tapered off significantly.

ALLIANZ GLOBAL INVESTORS CAPITAL

Allianz Global Investors Capital (AGI Capital) was launched in 2009 to provide a wide range of investment solutions in equity, fixed income and alternative strategies. The firm combined the services from three Allianz Global Investors affiliates, NFJ Investment Group (founded in 1989), Nicholas-Applegate (founded in 1984) and Oppenheimer Capital (founded in 1969), with long-term, successful investment management and service histories. The deliberate design of their organizational structure expanded their capabilities across all non-investment related firm functions while maintaining autonomy for their investment teams and processes. AGI Capital is owned by the same parent as PIMCO, Allianz, but the two entities are completely separate. Through September 30, 2014, the firm managed $477 billion in assets globally, including $85 billion in the US.

The Convertibles strategy is managed by an experienced senior team based in San Diego, CA. The team is led by Doug Forsyth, Justin Kass, Brit Stickney and Michael Yee, who have worked together for over a decade, including at their predecessor firm, Nicholas-Applegate. This group leads the Income & Growth team that manages $29.8 billion across Convertibles, High Yield and Collateralized Debt Obligations (CDOs); this is down from the end of 2014 when assets were $33.4B due primarily to redemptions by international investors in their high yield strategy.

The philosophy and process were originally developed by Forsyth and the Convertibles product continues to be a well-resourced focus of the firm. The core PM group is supported by a team of seven analysts who perform research as generalists. All four PMs also share in the research efforts, enabling cross-checking and verification of investment ideas. The convertibles team leverages resources from the 25+ equity analysts at Allianz as well. All decision making is team-based, leveraging fundamental company research from the entire team. The Convertibles strategy is one of the firm's largest products. The mutual fund was closed to new investors on January 15, 2014, a step Angeles views as positive because it is likely to protect excess return capabilities.

TOTAL FUND PERFORMANCE REVIEW

The Humboldt Area Foundation's Long Term Investment Pool returned -0.5% in 2015, outperforming the Policy Index return of -1.4%. The Policy Index is composed of index returns weighted by HAF asset allocation targets. This negative return was generated primarily from global equity markets, which were depressed in 2015 by volatility resulting from a number of factors, including policy mismanagement and slowing growth in China, the impact of a strong dollar, and weakness in oil and other commodities, which particularly affected commodity-driven emerging markets. Bonds were also weak, suffering price declines particularly in credit oriented sectors, and returning only 0.5% for the year.

HAF outperformed the median return of community foundations (based on Council on Foundations (COF) data), which reported a median net of fees return for all community foundations in its survey of -2.1% in 2015. Versus its similarly-sized peer community foundations ($50-99.9 million in assets), HAF also outperformed the median return of -2.2% in 2015. The survey covers 148 community foundations (including HAF); for foundations with assets between $50-99.0 million, 32 institutions are covered.

Over the trailing three years (annualized), HAF outperformed the median peer community foundation. The median peer over this three-year period returned 5.8%, versus 7.2% for HAF. The median similarly sized peer ($50-99.9 million) also returned 5.8% during this period.

Effective August 1, 2015, The Foundation's Policy Index is a blended benchmark consisting of asset class index returns weighted according to the Foundation's approved target allocations as specified below:

70% MSCI All Country World Investable Market Index (global equity)
15% Barclays Aggregate Bond Index (US fixed income)
5% S&P Global REIT Index (global real estate securities)
10% HFRI Fund of Funds Composite Index (absolute return)

All of HAF's asset class composites (formed by combining all managers in each asset class) outperformed their respective index benchmarks in 2015.

2015 performance for the Foundation's Total Fund is shown below in **Table 6.** Returns for individual asset classes, along with their respective benchmarks, are also displayed.

Table 6
Historical Total Fund and Asset Class Performance
As of December 31, 2015
(Annualized, Net of Fees)

	% of Fund	Annualized 1 Year	3 Year	5 Year	7 Year	10 Year	Since Fund Inception^	Inception Date
Total Fund	100.0%	-0.5	7.2	5.8	10.0	4.6	5.7	12/31/2003
Policy Index [1]		*-1.4*	*6.2*	*5.9*	*10.1*	*5.0*	*5.8*	
Global Equity [2]	69.6%	-1.2	8.8	6.7	11.8	5.2	6.7	12/31/2003
Global Equity Blended Index [3]		*-2.2*	*7.9*	*6.4*	*11.4*	*4.8*	*5.8*	
Fixed Income	15.1%	1.8	2.9	4.1	5.6	3.3	3.5	12/31/2003
Fixed Income Blended Index [4]		*0.5*	*1.5*	*3.5*	*4.7*	*4.7*	*4.5*	
Real Estate Securities	5.2%	0.7	7.9	9.4	14.4	5.3	8.0	12/31/2003
Real Estate Blended Index [5]		*-0.4*	*7.2*	*8.7*	*14.0*	*5.2*	*8.1*	
Absolute Return	9.9%	0.2	--	--	--	--	2.9	12/31/2013
HFRI Fund of Funds Index		*-0.3*	--	--	--	--	*1.5*	
Total Cash	0.2%	0.0	0.0	0.0	0.0	1.1	1.3	12/31/2003
90-day T-Bills		*0.0*	*0.0*	*0.1*	*0.1*	*1.2*	*1.3*	

	% of Fund	Calendar Years 2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Fund	100.0%	-0.5	4.8	18.1	13.7	-5.2	13.7	28.9	-33.9	5.7	15.4	9.0	13.2
Policy Index [1]		*-1.4*	*5.1*	*15.7*	*14.4*	*-2.8*	*13.8*	*29.1*	*-32.3*	*6.6*	*15.5*	*7.1*	*12.3*
Global Equity [2]	69.6%	-1.2	3.6	25.9	17.7	-8.9	15.5	36.6	-40.2	9.0	17.2	13.0	15.8
Global Equity Blended Index [3]		*-2.2*	*3.8*	*23.6*	*16.8*	*-6.9*	*14.9*	*35.9*	*-41.7*	*8.4*	*18.4*	*8.5*	*14.0*
Fixed Income	15.1%	1.8	5.7	1.3	4.6	7.3	7.5	11.2	-14.2	3.2	6.8	2.2	6.5
Fixed Income Blended Index [4]		*0.5*	*6.0*	*-1.8*	*5.5*	*7.4*	*7.2*	*8.6*	*2.4*	*6.5*	*5.0*	*2.7*	*5.0*
Real Estate Securities	5.2%	0.7	22.7	1.8	23.5	0.8	23.7	32.2	-40.5	-18.7	35.3	13.2	32.1
Real Estate Blended Index [5]		*-0.4*	*21.5*	*1.7*	*23.2*	*0.1*	*22.7*	*34.4*	*-40.6*	*-17.9*	*35.9*	*14.1*	*34.8*
Absolute Return	9.9%	0.2	5.4	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Index		*-0.3*	*3.4*	--	--	--	--	--	--	--	--	--	--
Total Cash	0.2%	0.0	0.0	0.0	0.0	0.0	0.0	0.1	2.0	4.8	4.8	3.0	1.2
90-day T-Bills		*0.0*	*0.0*	*0.0*	*0.1*	*0.1*	*0.1*	*0.2*	*1.8*	*4.7*	*4.8*	*3.0*	*1.2*

[1] Effective August 1, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 15% Barclays Aggregate, 10% HFRI Fund of Funds Composite Index, and 5% S&P Global REIT Index.
From January 1, 2014 to July 31, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 20% Barclays Aggregate, 5% HFRI Fund of Funds Composite Index, and 5% S&P Global REIT Index.
From April 1, 2013 to December 31, 2013, the Policy Index = 70% MSCI All Country World Investable Market Index, 25% Barclays Aggregate Index, and 5% S&P Global REIT Index. From August 1, 2012 to March 31, 2013, the Policy Index = 70% MSCI All Country World Investable Market Index, 25% Barclays Universal Index, and 5% S&P Global REIT Index. From June 1, 2008 to July 31, 2012, the Policy Index = 35% Russell 3000 Index, 35% MSCI All Country World Ex US Investable Market Index, 25% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index) and 5% Blended REIT Index. The Blended REIT Index consists of 50% Wilshire REIT Index and 50% S&P/Citi Global Ex US REIT Broad Market Index. From June 1, 2006 to May 31, 2008, the policy index consists of 50% Russell 3000 Index, 20% MSCI ACWI Ex-US Index, 25% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), and 5% DJ Wilshire REIT Index. Prior to June 1, 2006, the policy index consists of 50% Russell 3000 Index, 15% MSCI ACWI Ex-US Index, 30% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), and 5% DJ Wilshire REIT Index.

[2] Historical performance of the Global Equity composite is based on the consolidated weighted returns of the US Equity and International Equity composites.

[3] Effective August 1, 2012, the Global Equity Blended Index consists of 100% MSCI All Country World Investable Market Index. Prior to August 1, 2012, the blended benchmark is calculated based on the weighted returns of the US Equity Benchmark and the International Equity Benchmark. From *June 1, 2008 to August 1, 2012, the blended index consists of 50% Russell 3000 Index and 50% MSCI All Country World Ex US Investable Market Index. From June 1, 2006 to May 31, 2008, the blended index consists of 71.4% Russell 3000 Index and 28.6% MSCI ACWI Ex-US Index. Prior to June 1, 2006, the blended index consists of 76.9% Russell 3000 Index and 23.1% MSCI ACWI Ex-US Index.*

4 Effective April 1, 2013, the Fixed Income Blended Index consists of 100% Barclays Aggregate Index. Prior to April 1, 2013, the blended benchmark consisted of 100% Barclays Universal Index.

[5] Real Estate Securities benchmark is a custom blended benchmark: Effective August 1, 2012, the benchmark consists of 100% S&P Global REIT Index. From June 1, 2008 to July 31, 2012, the benchmark consists of 50% DJ Wilshire RE Securities and 50% S&P/Citi Global US RE Index. Prior to 6/1/08, the benchmark consists of 100% DJ Wilshire RE Secs.

^Returns are annualized for periods greater than a year.

GLOBAL EQUITY REVIEW

HAF's $63.0 million global equity portfolio is invested in nine mutual funds, and is well diversified across investment styles, geography, and market capitalization. **Collectively, HAF's equities surpassed their benchmark in 2015.** The Foundation's total global equity composite returned -1.2% during 2015, compared to -2.2% for the global equity benchmark.

Figure 5 displays the global equity portfolio's composition at the end of December 2015 versus HAF's global equity policy targets. At year-end, HAF was in line with all the targets for each segment.

Figure 5
Global Equity Allocation ($63.0 million) – Percent of Total Assets

		% of Total Assets		Variance from Target	Allowable Range
	Market Value	Actual	Target		
Global Equity					
DFA Small Cap Index	$1,851,313	2.0%	2.1%	-0.1%	
AF EuroPacific Growth Fund	$18,911,682	20.9%	21.0%	-0.1%	
DFA Emerging Mkts Core Fund^	$1,851,856	2.0%	2.1%	-0.1%	
AF Fundamental Investors	$3,049,019	3.4%	3.5%	-0.1%	
DFA Int'l Small Cap Fund	$2,485,138	2.7%	2.8%	-0.1%	
DFA Global Equities	$18,996,459	21.0%	21.0%	0.0%	
Allianz Convertibles	$3,137,463	3.5%	3.5%	0.0%	
Vanguard Institutional Index	$9,558,460	10.6%	10.5%	0.1%	
AF New Perspective	$3,167,665	3.5%	3.5%	0.0%	
Total Global Equity	**$63,009,054**	**69.6%**	**70.0%**	**-0.4%**	**55-85%**

The investments managed by American Funds (AF) led composite performance on both an absolute and relative basis, as active management by American Funds added value. The American Funds New Perspective fund was added to HAF in mid-2015, and was among the stronger performers. The American Funds Fundamental Investors portfolio gained 3.4%, ahead of the 1.4% return of the S&P 500 Index, while the American Funds EuroPacific Growth Fund returned -0.8% versus the -5.7% return of the MSCI ACWI ex-US Index.

DFA's International Small Cap portfolio was a source of strength during the year, returning 5.9%. DFA's Global Equities fund was the biggest detractor from the total portfolio's relative performance, returning -2.7% versus -2.2% for the MSCI ACWI IMI. The weakest absolute return was delivered by emerging markets, which fell 14.9%.

Table 7
Global Equity Performance as of December 31, 2015
(Annualized, Net of Fees)

	% of Fund	1 Year	Annualized 3 Year	5 Year	7 Year	10 Year	Since Fund Inception^	Inception Date
Global Equity [2]	69.6%	-1.2	8.8	6.7	11.8	5.2	6.7	12/31/2003
Global Equity Blended Index [3]		*-2.2*	*7.9*	*6.4*	*11.4*	*4.8*	*5.8*	
DFA Small Cap Index	2.0%	-3.3	12.8	10.5	16.6	7.8	8.1	1/31/2004
Russell 2000 Index		*-4.4*	*11.7*	*9.2*	*14.0*	*6.8*	*7.2*	
AF Fundamental Investors	3.4%	3.4	14.0	11.2	14.6	7.8	7.2	6/30/2006
S&P 500 Index		*1.4*	*15.1*	*12.6*	*14.8*	*7.3*	*7.4*	
DFA Emerging Markets Core Fund*	2.0%	-14.9	-6.3	-4.7	0.7	4.7	10.9	12/31/2003
MSCI Emerging Mkts		*-14.9*	*-6.8*	*-4.8*	*7.5*	*3.6*	*7.6*	
DFA Int'l Small Cap Fund	2.7%	5.9	8.1	4.9	12.2	5.2	11.5	7/31/2012
MSCI ACWI ex-US Small Cap Index		*5.5*	*7.8*	*4.4*	*12.8*	*4.1*	*10.7*	
DFA Global Equities	21.0%	-2.7	9.5	7.6	12.7	5.7	11.6	7/31/2012
MSCI ACWI IMI Index		*-2.2*	*7.9*	*6.1*	*11.2*	*5.0*	*9.5*	
Allianz Convertibles	3.5%	-1.6	9.7	7.6	13.4	8.4	10.6	7/31/2012
BofA ML US All Conv		*-3.0*	*9.9*	*7.7*	*14.1*	*6.7*	*10.9*	
AF EuroPacific Growth Fund	20.9%	-0.8	5.1	3.6	8.9	4.6	6.9	1/31/2004
MSCI ACWI ex-US Index		*-5.7*	*1.5*	*1.1*	*7.5*	*2.9*	*5.3*	
Vanguard Institutional Index	10.6%	1.4	15.1	12.5	14.8	7.3	13.2	3/31/2014
S&P 500 Index		*1.4*	*15.1*	*12.6*	*14.8*	*7.3*	*13.2*	
AF New Perspective	3.5%	5.3	11.3	9.0	13.2	7.5	-2.3	7/31/2015
MSCI ACWI Index		*-2.4*	*7.7*	*6.1*	*10.7*	*4.8*	*0.6*	

		Calendar Years											
	% of Fund	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Global Equity[2]	**69.6%**	**-1.2**	**3.6**	**25.9**	**17.7**	**-8.9**	**15.5**	**36.6**	**-40.2**	**9.0**	**17.2**	**13.0**	**15.8**
Global Equity Blended Index [3]		*-2.2*	*3.8*	*23.6*	*16.8*	*-6.9*	*14.9*	*35.9*	*-41.7*	*8.4*	*18.4*	*8.5*	*14.0*
DFA Small Cap Index	2.0%	-3.3	4.4	42.2	18.4	-3.1	30.7	36.3	-36.0	-3.1	16.6	6.1	17.9
Russell 2000 Index		*-4.4*	*4.9*	*38.8*	*16.3*	*-4.2*	*26.9*	*27.2*	*-33.8*	*-1.6*	*18.4*	*4.6*	*18.3*
AF Fundamental Investors	3.4%	3.4	9.0	31.5	17.1	-1.9	14.1	33.4	-39.7	13.6	19.2	11.7	13.9
S&P 500 Index		*1.4*	*13.7*	*32.4*	*16.0*	*2.1*	*15.1*	*26.5*	*-37.0*	*5.5*	*15.8*	*4.9*	*10.9*
DFA Emerging Markets Core Fund*	2.0%	-14.9	-0.9	-2.6	20.5	-20.6	23.6	83.6	-50.7	37.5	30.9	29.9	29.9
MSCI Emerging Mkts		*-14.9*	*-2.2*	*-2.6*	*18.2*	*-18.4*	*18.9*	*78.5*	*-53.3*	*39.4*	*32.1*	*34.0*	*25.6*
DFA Int'l Small Cap Fund	2.7%	5.9	-6.3	27.4	18.9	-15.3	23.9	42.0	-43.9	5.7	24.9	22.0	30.9
MSCI ACWI ex-US Small Cap Index		*5.5*	*-5.3*	*25.6*	*17.5*	*-15.8*	*24.5*	*50.8*	*-48.0*	*3.3*	*19.5*	*25.0*	*29.4*
DFA Global Equities	21.0%	-2.7	4.6	29.1	18.2	-7.4	19.4	34.5	-40.0	4.4	20.5	11.0	19.0
MSCI ACWI IMI Index		*-2.2*	*3.8*	*23.6*	*16.4*	*-7.9*	*14.3*	*36.4*	*-42.3*	*11.2*	*20.9*	*11.6*	*16.4*
Allianz Convertibles	3.5%	-1.6	6.7	25.6	12.0	-2.3	21.2	37.7	-28.8	16.2	12.9	7.2	12.0
BofA ML US All Conv		*-3.0*	*9.4*	*24.9*	*15.0*	*-5.2*	*16.8*	*49.1*	*-35.7*	*4.5*	*12.8*	*1.0*	*9.6*
AF EuroPacific Growth Fund	20.9%	-0.8	-2.6	20.2	19.2	-13.6	9.4	39.1	-40.5	19.0	21.9	21.1	19.7
MSCI ACWI ex-US Index		*-5.7*	*-3.9*	*15.3*	*16.8*	*-13.7*	*11.2*	*41.4*	*-45.5*	*16.7*	*26.7*	*16.6*	*20.9*
Vanguard Institutional Index	10.6%	1.4	13.7	32.3	16.0	2.1	15.0	26.6	-37.0	5.5	15.8	4.9	10.9
S&P 500 Index		*1.4*	*13.7*	*32.4*	*16.0*	*2.1*	*15.1*	*26.5*	*-37.0*	*5.5*	*15.8*	*4.9*	*10.9*
AF New Perspectives	3.5%	5.3	3.2	26.8	20.8	-7.6	12.8	37.4	-37.8	16.0	19.9	11.3	14.3
MSCI ACWI Index		*-2.4*	*4.2*	*22.8*	*16.1*	*-7.3*	*12.7*	*34.6*	*-42.2*	*11.7*	*21.0*	*10.8*	*15.2*

Note: Performance displayed above reflects historical returns since fund inception. Some funds include extended performance based on oldest share class, adjusted for fees.

[2] Historical performance of the Global Equity composite is based on the consolidated weighted returns of the US Equity and International Equity composites.

[3] Effective August 1, 2012, the Global Equity Blended Index consists of 100% MSCI All Country World Investable Market Index. Prior to August 1, 2012, the blended benchmark is calculated based on the weighted returns of the US Equity Benchmark and the International Equity Benchmark. From June 1, 2008 to August 1, 2012, the blended index consists of 50% Russell 3000 Index and 50% MSCI All Country World Ex US Investable Market Index. From June 1, 2006 to May 31, 2008, the blended index consists of 71.4% Russell 3000 Index and 28.6% MSCI ACWI Ex-US Index. Prior to June 1, 2006, the blended index consists of 76.9% Russell 3000 Index and 23.1% MSCI ACWI Ex-US Index.

^ Returns are annualized for periods greater than a year.

* Prior to April 1, 2008 the portfolio was based off returns from DFA Emerging Markets (DFEMX). Since April 1, 2008, the portfolio has been based off performance from DFA Emerging Markets Core Equity (DFCEX).

Allianz Global Investors – US Convertible Bonds

Overview: Allianz's convertibles team follows a disciplined, fundamental bottom-up research process, which facilitates the early identification of convertibles issuers demonstrating the ability to improve their fundamental characteristics.

The team will initially screen the broader equity universe on quantitative characteristics in search of industry and issuer themes and trends that affect the convertible universe. The emphasis is on companies exhibiting positive fundamental change and momentum will typically lead them to growth industries that are seeing increased revenue, margin expansion, cash flow increases, new products, etc.

The process then moves to deep, fundamental credit research, relying heavily on the team's "Upgrade Alert Model." Using scenario analysis and conservative forecasts, they project financial statements out 5 years on a pro-forma basis, generating over 60 operating statistics. Their quantitative model will then make use of hand-keyed financial statement metrics to generate an internal credit quality rating based on eight ratings factors, similar to those used in S&P and other ratings agencies. The companies/issues selected for the portfolio exceed minimum fundamental metrics, exhibit the highest visibility of future expected operating performance and are often candidates for ratings upgrades. Relative value and liquidity then determine the timeliness of the trade. Macro factors are assessed at the individual issuer level.

Investment decisions are made through team consensus, though portfolio manager Doug Forsyth is accountable for final decisions. Portfolios are well diversified, owning 70 to 100 equally-weighted issues to mitigate specific security risk. Issues have at least $200 million outstanding and they seek equity market caps over $500 million to ensure proper liquidity. This is a pure US convertible strategy that will not deviate from its core universe to generate yield or return; it invests in US dollar-denominated issues only, limits international exposure and enforces a 90-day limit for equity holdings from forced convertible conversions.

HAF invested in Allianz's US Convertibles strategy in July 2012.

Performance: Allianz's US Convertibles strategy returned -1.55% net of fees in 2015, outperforming the -3.24% return of the BofA ML US All Convertibles Index. This compares to -1.5% for the 50/50 blended index of the S&P 500 and Russell 2000, and -7.0% for the underlying equity of constituents in the BofA ML US All Convertibles Index. As was the case in 2014, in 2015 the convertibles market was marked by wide dispersion in returns between equity-sensitive, balanced, and bond-like convertibles; equity-sensitive convertibles collectively returned 1.3% whereas bond-like convertibles, which trade similarly to "high yield" bonds were down -8.8%.

Macro factors (e.g. global central bank policy, China growth) continue to concern the team, though they will continue to construct the portfolio from the bottom-up. Issuance was relatively good in 2015, especially in the first half of the year, but redemption activity surprised the market as companies accelerated retirement of 2016-2017 maturities, resulting in very slight net redemptions. The expectation is for this trend to continue in 2016.

Conclusion: This is a well-diversified, risk-controlled portfolio that employs deep credit modeling and fundamental research. Despite turning in slightly negative absolute returns (net of fees) for 2015, relative performance versus the benchmark and equity indices was strong. Moreover, longer term performance remains impressive versus the indexes and peers. The Allianz team expects that its balanced convertible portfolio will participate in 70-80% of market gains while only experiencing 40-50% of market declines over time. The portfolio's bond orientation and income provide a cushion during falling markets and serves to dampen volatility in the equity portfolio.

American Funds – Fundamental Investors Fund (Large Capitalization Core)

Overview: The Fundamental Investors Fund is a large capitalization fund with a dual growth and income objective, managed against the S&P 500. The team uses fundamental analysis to target undervalued and overlooked opportunities with the potential for growth in sales, earnings and dividends. While there is a dividend focus, the fund aims to achieve long-term growth of capital over yield. The process favors companies with strong balance sheets, high quality products, and leading market share. The fund is able to invest up to 35% of assets outside the US and up to 5% in debt securities rated BB+/Ba1 or below.

The composition of the portfolio management team was unchanged in 2015, but Brady Enright has taken over responsibility as Principal Investment Officer from Dina Perry. Principal Investment Officers are accountable for the overall objectives of the fund, guide risk management, and work with a coordinating group to select and monitor the lineup of portfolio managers. The seven portfolio managers average over 21 years with Capital Group.

As of December 31, 2015 the fund had $72 billion in assets under management, up from $71 billion the prior year. Outflows from the fund were relatively modest in 2015, at $1.7 billion (2.4% of assets).

HAF invested in American Funds' Fundamental Investors strategy in June 2006.

Performance: For full year 2015, Fundamental Investors returned 3.4% net of fees for the year versus 1.4% for the S&P 500 Index. Technology and consumer discretionary led the way for the year, with strong contributions from Amazon, Avago Technologies, Microsoft and Home Depot. Non-US holdings were moderated over the course of the year from 11% to 9%, but detracted from relative performance. Other detractors included underweights to Google and Facebook, as well as Twenty-First Century Fox, Union Pacific, Wynn, Enbridge and American Express. Over the course of the year, the fund added to consumer discretionary, consumer staples, health care and technology while trimming energy, materials, industrials and financials.

Conclusion: Fundamental Investors' bottom-up, fundamental approach to stock selection is a good complement to the quantitative, quasi-passive funds managed by Dimensional Fund Advisors. Angeles believes the more opportunistic nature of the fund, including the ability to invest globally, is a distinguishing feature relative to large growth and income mandates. The fund also mitigates security-specific risk by investing across 195 holdings (as of December 31, 2015). Over the long term, the team has been able to add value with this wider mandate, but may struggle in specific periods such as 2011 and 2014 where non-US equity significantly underperforms US equity.

American Funds – EuroPacific Growth Fund (Core International Equity)

Overview: The EuroPacific Growth Fund provides core international equity exposure by investing in non-US companies of all sizes and wide geographies, including emerging markets. Typically, at least 80% of assets are invested in companies domiciled in Europe and the Pacific Basin. Proprietary research is core of the process and the starting point for investment ideas. Analysts focus on fundamentals and place emphasis on the insights gained from on-the-ground, in-person research. The portfolio is well diversified across regions and sectors, with approximately 330 securities (as of December, 31, 2015).

The composition of the portfolio management team was unchanged in 2015, but Mark Denning was made co-Principal Investment Officer alongside existing Principal Investment Officer Carl Kawaja. Principal Investment Officers are accountable for the overall objectives of the fund, guide risk management, and work with a coordinating group to select and monitor the lineup of portfolio managers. The eight portfolio managers average over 21 years with Capital Group.

As of December 31, 2015 the fund had $122 billion in assets under management, up from $121 billion the prior year. The fund had $2.7B of net inflows in 2015. EuroPacific Growth is the second largest fund behind Growth Fund of America at American Funds.

HAF invested in American Funds' EuroPacific Growth strategy in January 2004.

Performance: For full year 2015, EuroPacific Growth declined -0.8% net of fees versus -5.7% for the MSCI ACWI ex-US Index. Security selection was the main driver of outperformance, led far and away by Novo Nordisk in health care; financials and technology were also strong contributors for the year. Detractors were led by SoftBank, First Quantum Minerals, ICICI Bank and Volkswagen. Over the course of the year, the fund added materially to industrials and technology while moderately trimming exposures in consumer discretionary and health care.

At the end of 2015, not including cash, the fund had approximately 26% invested in emerging markets, up from 22% the year prior. In 2014, the team added materially to India as opportunities appeared attractive following the election of Narendra Modi as Prime Minister; in 2015, the allocation remains largely unchanged given valuations, though the team remains bullish. Instead, the team has been selectively adding in China where they see the internet as a key secular growth trend. After rising into double digits in 2014, cash has again come down to 8.9% at year end from 11.8%.

Conclusion: While we continue to monitor the fund's large asset base, our concerns have been tempered by the fund's continued strong performance and the expansion of the management team over the last few years. Despite its size, the fund has outperformed its benchmark in each of the last five years and over longer term periods. Angeles remains confident in EuroPacific's team and long-term, fundamental, bottom-up approach.

American Funds – New Perspective Fund (Global Equity)

Overview: The New Perspective Fund provides global equity exposure by investing in US and non-US companies of all sizes. This fund was added to HAF's public equity portfolio is mid-2015 following approval by the Foundation's Investment Committee. The fund has the flexibility to invest up to 100% of assets outside the US, though this is unlikely given the fund's global mandate. The fund diversifies among blue chip companies in the United States and abroad, emphasizing multinational or global companies and focusing on opportunities generated by changes in global trade patterns and economic and political relationships. The portfolio is well diversified across regions and sectors, with approximately 250 securities (as of December, 31, 2015).

In 2015, portfolio manager Gregg Ireland announced his decision to retire, and he was subsequently moved off the team but was not replaced. Instead, co-Principal Investment Officers Robert Lovelace and Joanna Jonsson reallocated his portion of portfolio across the remaining seven portfolio managers. The seven portfolio managers average over 22 years with Capital Group.

As of December 31, 2015 the fund had $60 billion in assets under management, up from $56 billion the prior year. The fund had $33 million of net inflows in 2015.

HAF invested in American Funds' New Perspective strategy in July 2015; the addition was funded by reducing convertibles exposure.

Performance: For full year 2015, New Perspective returned 5.3% net of fees versus -2.4% for the MSCI ACWI Index. (HAF was not invested in the fund for the full year.) Security selection was the main driver of outperformance, driven largely by Amazon in consumer discretionary and Novo Nordisk in health care; financials and technology were also strong contributors for the year. Detractors included ICICI Bank, American Airlines, Burberry, America Express and Petrobras. Over the course of the year, the fund added to consumer discretionary, consumer staples, health care and technology while trimming energy, materials, industrials and financials. At the end of 2015, not including cash, the fund had approximately 7% invested in emerging markets, up from 6% the year prior but still underweight versus the index.

Conclusion: Angeles thinks New Perspective's bottom-up, fundamental approach to stock selection is a good complement to the quantitative, quasi-passive funds managed by Dimensional Fund Advisors. In particular, it is a good complement for DFA Global Equity due to that fund's structural overweight to US equity, whereas New Perspective has the flexibility to invest up to 100% in non-US equity, though unlikely given its global mandate.

DFA – US Small Capitalization Fund

Overview: This fund provides US small capitalization core exposure and is managed to exceed the performance of the Russell 2000 Index of small capitalization companies. The portfolio invests in securities with market capitalizations within the smallest 10% of the market universe or smaller than the 1,000th largest US Company, whichever produces the higher market cap break. Once companies have met the market cap and book-to-market requirements, DFA will apply their exclusion criteria to arrive at their investable universe. These criteria include eliminating ADRs or foreign stocks, REITs, recent IPOs, regulated utilities and stocks in severe financial distress, as well as applying liquidity filters and momentum screens. More recently, DFA has moved to exclude small cap stocks with extreme growth characteristics. DFA's proprietary research going back to 1979 has shown that strategies that exclude these securities would have earned measurable improvement in long-term performance.

As of December 31, 2015 the fund had $17.3 billion in assets under management, up from $16.1 billion the prior year. Net inflows for the fund in 2014 were $1.39 billion.

HAF invested in DFA's US Small Capitalization strategy in January 2004.

Performance: US Small Capitalization returned -3.3% net of fees, outperforming the -4.4% return of the Russell 2000 Index. Size and value dimensions worked against the portfolio through much of the year. Profitability helped and hurt at different points during the year depending on the performance of low profitability biotechnology names; the exclusion of these names resulted in an underweight that detracted from relative performance, but was almost entirely offset by strong portfolio composition among other health care holdings. Detractors centered primarily on the overweight to consumer discretionary and poor portfolio composition in technology. In a reversal from 2014, the fund's exclusion of REITs contributed to relative return as interest rates were volatile throughout 2015.

Conclusion: Angeles recommends retaining this small cap fund. While this is HAF's smallest allocation in the equity sleeve at 2.0% of the total portfolio (2.9% of equities), it is an important diversification tool. The strategy's broad exposure to 2,027 companies (as of December 31, 2015) seeks to resemble the universe of small cap stocks and we believe the manager's disciplined, price-conscious, and well-executed approach should continue to add value.

DFA – International Small Cap Equity Fund

Overview: This fund provides international small capitalization core exposure and is a quantitative strategy that invests in the universe of small cap stocks in non-US developed markets. The strategy focuses on companies that have market capitalization in the bottom 10-15% of each country's total stock market universe (but above $50 million). Country weights are determined by region and are designed to reflect the current small company market capitalization of each region, relative to the entire international small company universe. Countries within a region and issues within a country are also market-weighted. The portfolio currently invests in companies in Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Portugal, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and the United Kingdom. As of December 31, 2014, the portfolio's top country allocations were to Japan (23%), the UK (23%), and Canada (9%).

As of December 31, 2015 the fund had $15.4 billion in assets under management, up from $13.8 billion the prior year. Net inflows for the fund in 2015 were $586 million.

HAF invested in DFA's International Small Cap strategy in July 2012.

Performance: International Small Cap returned 5.9% net of fees, outperforming the 5.5% return of the MSCI World ex-US Small Cap Index. The size dimension helped performance as small cap outperformed large cap; however, value underperformed growth by a wide margin. The impact of profitability was mixed during the year, in part because small cap biotechnology is not nearly as large as in the US. Financials, industrials and materials were the largest detractors for the year on poor portfolio composition. The overweight to consumer discretionary and good portfolio composition within this sector added value. In a reversal from 2014, the fund's exclusion of REITs contributed to relative return as interest rates were volatile throughout 2015.

Conclusion: The fund provides solid exposure to the international small cap space at a reasonable expense of 0.53%. The portfolio has outperformed the MSCI All Country World Index ex-US Small Cap Index return net of fees over the trailing 3-, 5- and 10-year history. This fund provides a good complement to the EuroPacific Growth fund managed by American Funds, which invests in companies with the largest market capitalizations and will include emerging markets holdings.

DFA – Emerging Markets Core Equity Fund

Overview: DFA's Emerging Markets fund is quantitatively managed and will purchase a diversified basket of emerging markets issuers, with an increased exposure to small capitalization stocks and those it considers value stocks. DFA regularly reviews countries based on a set of qualitative and quantitative criteria in order to determine both the suitability of investments as well as the appropriate classification (developed or emerging). They will apply minimum criteria that include market liquidity, fair treatment of foreign investors, adequate regulation at the exchange level, and reasonable accounting standards. The Portfolio currently invests in companies in Brazil, Chile, China, Colombia, the Czech Republic, Egypt, Hungary, India, Indonesia, Malaysia, Mexico, Peru, the Philippines, Poland, Russia, South Africa, South Korea, Taiwan, Thailand and Turkey. They will not invest in the locally traded shares of China or Russia, instead preferring to use depository receipts to gain exposure.

DFA's core emerging markets portfolio differs slightly from the country weights in the MSCI Emerging Markets Index, with individual country weights capped at 15%, an increase from the 12.5% limit in 2009. As of December 31, China, South Korea, and Taiwan were at the maximum allocation allowed. China will be systematically underweight in this portfolio given these constraints; its weight in the benchmark is 26.6%, while South Korea is 15.57%, and Taiwan is 12.1%. Individual position weightings are not to exceed 5% at time of purchase.

Turnover remains extremely low (at 5%) and the fund continues to stick with its smaller cap bias with a weighted average total market capitalization of $26.3 billion versus the MSCI Emerging Market's average market capitalization of $47.3 billion. The fund has had to increase its holdings to more than 4,000, nearly double the number in 2006, to maintain its liquidity restrictions.

As of December 31, 2015 the fund had $18.4 billion in assets under management, down from $19.5 billion the prior year due to poor performance of the asset class. Net inflows for the fund in 2015 were $831 million.

HAF invested in DFA's EM strategy in January 2004.

Performance: Emerging Markets Core returned -14.9% net of fees versus the -14.9% return of the MSCI Emerging Markets Index. The size dimension contributed to relative return, though it is important to note that small cap stocks in the MSCI Emerging Markets Index actually performed quite poorly, as these were ones that fell from large cap to small cap. Instead, much of the small cap exposure is out-of-benchmark and performed significantly better in 2015. An overweight to India helped performance, while the underweight to China (due to the 15% country cap) detracted from performance. Russia was also a significant detractor due to an underweight, but this resulted from a lack of listed GDRs for Russian securities that they would consider buying as well as a currency firm-wide policy of being half-weight any Russian holdings. From a sector perspective, health care and consumer discretionary led contributors to relative return, while technology, energy and telecom led detractors.

Conclusion: The fund's tilt to smaller capitalization stocks will lead to greater volatility, though thoughtful risk controls and diversification across regions and market capitalizations make this fund is a solid option for emerging markets exposure. Angeles believes HAF's international composite will benefit from its exposure to this fund over a long-term horizon.

DFA – Global Equity Portfolio

Overview: The DFA Global Equity Portfolio allocates its assets to a combination of underlying funds offered by DFA that invest in equities in the US, international and emerging markets. The strategy is fully diversified across over 12,000 securities and more than forty-four countries, minimizing the effect of any single company or country on investment results. While still designed to put greater emphasis on securities with higher expected returns—small cap and value—it also provides exposure to large company stocks. As of December 31, 2015, the portfolio was overweight the US at 69% of the portfolio versus 52.8% for the MSCI All Country World Index Investible Market Index.

As of December 31, 2015 the fund had $4.3 billion in assets under management, up from $3.9 billion the prior year. Net inflows for the fund in 2015 were $507 million.

HAF invested in DFA's Global Equity strategy in July 2012.

Performance: Global Equity returned -2.7% net of fees versus -2.2% return of the MSCI All Country World Index Investible Market Index. Size and value dimensions worked against the portfolio through much of the year. By sector, the only positive contributors were financials and REITs; all other sectors detracted from relative return, led by poor portfolio composition in consumer discretionary, industrials, and technology. The strongest contributors were financials, REITs and telecom. The largest detractor by far was energy due to a 1% overweight and poor portfolio composition. From a regional perspective, underweights to the UK, Europe and Australia/New Zealand added to relative return. The overweight to the US contributed slightly, poor portfolio composition detracted -1.5%.

Conclusion: This is a highly diversified (12,000+ holdings) global fund whose value and small capitalization tilts act as an important counter-balance to EuroPacific's actively managed growth style. This is the largest holding in the equity sleeve at 30.1%, or 21.0% of the total portfolio.

FIXED INCOME REVIEW

As of December 31, 2015, the Foundation's fixed income portfolio consisted of the Vanguard Total Bond Market Index Fund (investment grade US bonds), the PIMCO Income Fund (opportunistic bonds), the DFA One-Year Fixed Income Fund, and AEDC Loans. The portfolio offers exposure to a range of mortgage and credit sectors while offering significant diversification. Considered together, the bond holdings outperformed the index in 2015 and have over longer periods other than 10 years. Recent strength in HAF's bonds has been provided by the PIMCO Income Fund in particular.

At the end of the year, the fixed income allocations were in line with their targets.

Figure 6
Fixed Income Allocation ($13.7 million) – as a Percent of Total Assets

	Market Value	% of Total Assets		Variance from Target	Allowable Range
		Actual	Target		
Fixed Income					
Vanguard Total Bond Market Index	$4,666,517	5.2%	5.3%	-0.1%	
PIMCO Income Fund	$6,395,997	7.1%	7.5%	-0.4%	
DFA 1-Year Fixed Income	$1,856,837	2.1%	2.3%	-0.2%	
AEDC Loans	$773,490	0.9%	0.0%	0.9%	
Total Fixed Income	**$13,692,840**	**15.1%**	**15.0%**	**0.1%**	**10-25%**

Table 8
Fixed Income Fund Performance as of December 31, 2015
(Annualized, Net of Fees)

	% of Fund	Annualized					Since Fund Inception^	Inception Date
		1 Year	3 Year	5 Year	7 Year	10 Year		
Fixed Income	15.1%	1.8	2.9	4.1	5.6	3.3	3.5	12/31/2003
Fixed Income Blended Index [4]		*0.5*	*1.5*	*3.5*	*4.7*	*4.7*	*4.5*	
Vanguard Total Bond Market Index	5.2%	0.4	1.3	3.2	4.1	4.5	3.6	10/31/2009
Barclays Aggregate Index		*0.5*	*1.4*	*3.2*	*4.1*	*4.5*	*3.6*	
PIMCO Income Fund	7.1%	2.6	4.9	8.4	11.6	--	4.9	12/31/2012
Barclays Aggregate Index		*0.5*	*1.4*	*3.2*	*4.1*	*--*	*1.4*	
DFA 1-Year Fixed Income	2.1%	0.3	0.3	0.5	0.8	1.9	1.9	12/1/2013
BofA ML 6 Month Treasuries		*0.2*	*0.1*	*0.2*	*0.3*	*1.5*	*1.6*	
AEDC Loans	0.9%	5.8	--	--	--	--	5.8	12/31/2014

	% of Fund	Calendar Years											
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Fixed Income	15.1%	1.8	5.7	1.3	4.6	7.3	7.5	11.2	-14.2	3.2	6.8	2.2	6.5
Fixed Income Blended Index [4]		*0.5*	*6.0*	*-1.8*	*5.5*	*7.4*	*7.2*	*8.6*	*2.4*	*6.5*	*5.0*	*2.7*	*5.0*
Vanguard Total Bond Market Index	5.2%	0.4	5.9	-2.1	4.2	7.7	6.6	6.1	5.2	7.0	4.4	2.5	4.4
Barclays Aggregate Index		*0.5*	*6.0*	*-2.0*	*4.2*	*7.8*	*6.5*	*5.9*	*5.2*	*7.0*	*4.3*	*2.4*	*4.3*
PIMCO Income Fund	7.1%	2.6	7.2	4.8	22.2	6.4	20.5	19.2	-5.5	--	--	--	--
Barclays Aggregate Index		*0.5*	*6.0*	*-2.0*	*4.2*	*7.8*	*6.5*	*5.9*	*5.2*	*--*	*--*	*--*	*--*
DFA 1-Year Fixed Income	2.1%	0.3	0.3	0.3	0.9	0.6	1.2	1.9	4.0	5.2	4.8	2.3	0.9
BofA ML 6 Month Treasuries		*0.2*	*0.1*	*0.1*	*0.2*	*0.3*	*0.4*	*0.5*	*3.4*	*5.4*	*4.8*	*3.0*	*1.2*
AEDC Loans	0.9%	5.8	--	--	--	--	--	--	--	--	--	--	--

Note: Performance displayed above reflects historical returns since fund inception. Some funds include extended performance based on oldest share class, adjusted for fees. These tables reflect historical performance for the funds in which the Long Term Investment Pool invests, but HAF did not hold these funds for the entire period shown.
^ Returns are annualized for periods greater than a year.
[4] The Blended Index is a blend of the Barclays Aggregate Index (which covers all investment grade dollar-denominated bonds) from 4/1/13-12/31/14 and the Universal Index (which includes investment grade and non-investment grade issues) prior to 4/1/13.

The Foundation's fixed income composite returned 1.8% in 2015, outperforming the Blended Index's return of 0.5%. The portfolio's largest individual holding – PIMCO Income Fund – returned 2.6% over the year to outperform its benchmark's 0.5% return. For 2015, Vanguard Total Bond Market Index returned 0.4% to slightly underperform its benchmark. The DFA 1-Year Fixed Income fund, which was added at the end of 2013 to lower the bond portfolio's overall interest rate sensitivity, returned 0.3% during 2015 compared to 0.2% for its benchmark.

Vanguard – Total Bond Market Index Fund (Core Fixed Income)

Overview: The Total Bond Index Fund is passively managed by Vanguard's Fixed Income Group. The fund tracks the Barclays Aggregate Bond Index, which represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—with maturities of more than 1 year.

The fund employs sampling techniques, meaning that it selects a range of securities that will keep the fund's characteristics in-line with those of its benchmark. Strict sampling controls are in place across all bond-index funds at Vanguard so that portfolios match key benchmark characteristics including maturity, duration, quality and sector weights. To maintain similarity, at least 80% of the fund's assets will be invested in bonds that are also held in the Index. This approach is designed to avoid the inefficiencies and costs associated with fully replicating the Index. As of December 31, 2015, the index fund held 7,860 securities versus 9,681 in the Index.

To mitigate risk, the team pays close attention to lower quality corporate bonds to avoid holding those that have the potential to be downgraded to junk. The portfolio leverages research and analysis done by Vanguard's credit group, underweighting BBB bonds that the investment grade team has concerns over, and slightly overweighting BBB bonds the credit research team views favorably. With the fund's average quality rating of AA, overall credit risk is minimal. US Government and agency securities constitute nearly 70% of the index's market value, and all securities are investment-grade.

The fund's average duration of 5.8 years and average maturity of 8.0 years is consistent with the index. The fund reported a 2.56% yield-to-maturity as of December 31, 2015. Fees for this index fund are modest at 6 basis points (0.06%), aided by Vanguard's Fixed Income Group's ability to cross security trades across Vanguard Bond funds (i.e., one bond fund buying what a second bond fund is selling) which reduces brokerage and market impact costs for the fund.

As of December 31, 2015 the fund had $147.9 billion in assets under management, up from $136.7 billion the prior year. Net inflows for the fund in 2015 were $10.8 billion.

HAF invested in Vanguard's Total Bond Market Index strategy in October 2009.

Performance: Performance for the Total Bond Index Fund slightly trailed its benchmark, returning 0.4% net of fees versus 0.5% for the Barclays US Aggregate Index. Any small deviation in the fund's performance versus that of its benchmark (whether positive or negative) is to be expected given that the fund uses a sampling approach and incurs management fees.

Conclusion: With an expense ratio of 6 basis points (0.06%), this fund is a cost-effective means of gaining diversified exposure to the broad bond market with a risk level that effectively matches that of the Barclays Capital US Aggregate Bond Index. As a passively managed "index-matching" portfolio, the fund does not incur sector, credit or duration risks that are typically incurred by actively managed portfolios. The fund can be expected to deliver stable and consistent returns that are generally in-line with its benchmark, the Barclays US Aggregate Index.

PIMCO – Income Fund (Opportunistic Fixed Income)

Overview: The investment philosophy of PIMCO's Income strategy is to seek high, consistent dividend income through an emphasis on high quality and principal protection. The strategy's multi-sector approach helps portfolio managers seek out what they feel are the most efficient income-generating ideas in any given market climate, targeting multiple sources of income from a global investment universe.

PIMCO funds are managed in the context of the firm's outlook for the global economy and markets, but investment decisions and value-added come primarily from traditional bottom-up credit analysis. The firm's general approach to managing fixed income portfolios revolves around the principle of diversification. The firm believes that no single risk should dominate returns; they manage diversified strategies that rely on multiple sources of value. The firm seeks to add value through the use of "top down" strategies such as exposure to interest rates, duration, changing volatility, yield curve positioning and sector rotation. They also employ "bottom up" strategies involving analysis and selection of individual securities.

The Fund offers a unique advantage to investors due to its utilization of multiple sectors of the bond market in which no single sector or strategy should dominate. It invests strategically across all fixed income asset classes where it can find the best combination of income, relative value and risk-adjusted returns. This has historically led them to agency and non-agency mortgages, but the Fund over time has shifted to become increasingly diversified across corporates, high yield, bank loans, municipal bonds, non-US developed and emerging market bonds. The Fund will invest in below investment grade assets, but is constrained by the prospectus to no more than 50% of its total assets in securities rated below investment grade but rated at least Caa by one of the three main rating agencies. With a yield-to-maturity as of December 31, 2015 at 5.3%, the Income Fund has a significant yield advantage versus the Barclay's US Aggregate Bond Index at 2.6%.

The Income Fund has been managed by portfolio manager Dan Ivascyn since its May 2007 inception. Ivascyn joined PIMCO in 1998 and is also the head of the mortgage credit portfolio management team, a lead portfolio manager for PIMCO's credit hedge fund and mortgage and asset-backed opportunistic strategies, and was named Group CIO in 2014. He is a permanent member of the PIMCO's Investment Committee, which sets strategy for the firm. Ivascyn shares portfolio management responsibilities with Alfred Murata, who joined PIMCO in 2001.

As of December 31, 2015 the fund had $52.4 billion in assets under management, up from $40.1 billion the prior year. Net inflows for the fund in 2015 were $11.2 billion.

HAF invested in the PIMCO Income strategy in December 2012.

Performance: The Income Fund rose 2.6% net of fees versus 0.5% for the Barclays US Aggregate Index, with contributions from Australian duration, non-agency MBS, security selection in select investment grade corporate credit, and small short currency positions to the euro and yen. Emerging markets debt exposure modestly detracted with poor performance in Brazil partly offset by Russia holdings. Allocations to high yield credit also detracted as spreads widened over the course of the year.

As of December 31, 2015, long term performance has been outstanding, ranking 1st percentile over 3- and 5-year periods versus Morningstar's Multisector Bond Universe.

Conclusion: This strategy allows for access to PIMCO's "top down" views and value add through strategies such as exposure to interest rates, duration, changing volatility, yield curve positioning and sector rotation. The Income strategy is not managed to a specific benchmark, but rather is a "go anywhere" bond strategy in search of reliable income/yield. However, while the fund is going to seek out the highest possible income for shareholders, it will not sacrifice quality or principal stability to get there; long-term capital appreciation is a secondary objective. Angeles believes this is a great diversifier for HAF's fixed income portfolio that offers a significant boost to current income.

The September 2014 departure of co-founder and CIO Bill Gross was a significant negative event for PIMCO, but at the time Angeles did not expect any direct impact on the PIMCO Income fund and we believe this has proven to be the case. Ivascyn and Murata continue to manage the fund, and Ivascyn did not take on any additional primary portfolio management responsibilities. We continue to monitor the firm, but through 2015 it appears the increased management responsibilities of Ivascyn have not impacted performance of the PIMCO Income fund, additional personnel turnover has remained very low, and asset outflows at the firm have tapered off significantly.

DFA – One-Year Fixed Income Fund

Overview: Dimensional's approach to fixed income is to shift maturities for the highest expected return based on changes in the yield curve. They calculate expected returns for an entire matrix of possible strategies that include different maturity choices as well as different holding periods. Each cell in the matrix represents the expected return for a given strategy. As the shape of the yield curve changes, so too will the optimal strategy. When expected returns can be increased net of trading costs, the portfolio maturity is shifted to the new optimal. The practical result is that maturities are shortened in flat or inverted yield curve environments and lengthened in upwardly sloped curves. In upwardly sloped curves, the highest expected total return is the result of the best combination of yield and positioning around the steepest slope of the yield curve.

The One Year Fixed Income Fund holds debt securities maturing within one year, but will occasionally invest in securities with up to a 2-year maturity to enhance returns (yield). The portfolio is diversified between corporate debt and commercial paper, with ratings above single-A.

As of December 31, 2015 the fund had $7.8 billion in assets under management, down from $8.9 billion the prior year. Net outflows for the fund in 2015 were $1.2 billion. Fund flows tend to be more volatile for this product as it may be used by some investors for liquidity purposes.

HAF invested in the DFA's One Year Fixed Income Fund in December 2013.

Performance: The One Year Fixed Income Fund rose 0.3% net of fees versus 0.2% for the BofA Merrill Lynch 1-Year US Treasury Note Index. Throughout the year, the strategy remained at the long end of its duration and average maturity range 0.93 and 0.94, respectively, given positive term premiums and an upward-sloping yield curve at the short-end.

Conclusion: With duration of less than 1 year, the DFA One-Year Fixed Income fund is expected to reduce bond volatility and protect from potential losses due to rising interest rates.

REAL ESTATE REVIEW

At the end of 2015, HAF had $4.7 million, or approximately 5.2% of the Foundation's total assets, invested in real estate securities. The allocation is in line with HAF's 5% target.

Figure 7
Real Estate Allocation ($4.7 Million) – as a percent of Total Assets

	Market Value	% of Total Assets		Variance from Target	Allowable Range
		Actual	Target		
Real Estate Securities					
DFA Global Real Estate Securities	$4,678,356	5.2%	5.0%	0.2%	
Total Real Estate	**$4,678,356**	**5.2%**	**5.0%**	**0.2%**	**0-7%**

The real estate composite posted strong relative gains and outperformed in 2015, returning 0.7% against the blended benchmark return of -0.4%. REITs outperformed other public equities in 2015 as a steady economic recovery and low interest rates benefitted this sector.

Table 9
REITs Performance as of December 31, 2015
(Annualized, Net of Fees)

	% of Fund	Annualized					Since Fund Inception^	Inception Date
		1 Year	3 Year	5 Year	7 Year	10 Year		
Real Estate Securities	5.2%	0.7	7.9	9.4	14.4	5.3	8.0	12/31/2003
Real Estate Blended Index [5]		*-0.4*	*7.2*	*8.7*	*14.0*	*5.2*	*8.1*	
DFA Global Real Estate Securities	5.2%	0.7	7.9	9.5	14.6	--	11.6	7/31/2012
S&P Global REIT Index		*-0.4*	*7.2*	*8.7*	*13.6*	--	*10.9*	

	% of Fund	Calendar Years											
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Real Estate Securities	5.2%	0.7	22.7	1.8	23.5	0.8	23.7	32.2	-40.5	-18.7	35.3	13.2	32.1
Real Estate Blended Index [5]		*-0.4*	*21.5*	*1.7*	*23.2*	*0.1*	*22.7*	*34.4*	*-40.6*	*-17.9*	*35.9*	*14.1*	*34.8*
DFA Global Real Estate Securities	5.2%	0.7	22.7	1.8	23.2	1.8	23.8	32.7	--	--	--	--	--
S&P Global REIT Index		*-0.4*	*21.5*	*1.7*	*22.4*	*0.6*	*22.1*	*31.7*	--	--	--	--	--

Note: Some funds include extended performance based on oldest share class, adjusted for fees. Performance displayed above reflects historical returns since fund inception. Some funds include extended performance based on oldest share class, adjusted for fees.
^ Returns are annualized for periods greater than a year.

[5] Real Estate Securities benchmark is a custom blended benchmark: Effective August 1, 2012, the benchmark consists of 100% S&P Global REIT Index. From June 1, 2008 to July 31, 2012, the benchmark consists of 50% DJ Wilshire RE Securities and 50% S&P/Citi Global US RE Index. Prior to 6/1/08, the benchmark consists of 100% DJ Wilshire RE Secs.

DFA – Global Real Estate Securities Fund (Global REITs)

Overview: DFA's Global Real Estate Securities portfolio is designed to achieve long-term capital appreciation and invests passively in a broad range of US and non-US companies in the real estate industry with a focus on REITs. The portfolio primarily purchases shares of DFA's US Real Estate and International Real Estate Securities Portfolios, and also may invest directly in securities of companies in the real estate industry. The portfolio invests in both developed and emerging markets and is diversified across geography, property type, and capitalization. The fund currently is authorized to invest in the following countries: Australia, Belgium, Canada, China, France, Germany, Greece, Hong Kong, Japan, the Netherlands, New Zealand, Singapore, South Africa, Taiwan, the United Kingdom and the United States. Country weights are primarily determined by the aggregate market capitalization of the investable universe in each country and region. The country weighting methodology caps weightings at 30% (at time of purchase) to all countries except the US. Securities must pass quantitative and qualitative filters before becoming eligible for purchase into the strategy. The portfolio will not invest in mortgage REITs (given their tendency to behave more like fixed income securities than real estate), prison REITs, REITs in extreme financial difficulties, REITs involved in mergers or consolidation, or those that may be the subject of an acquisition.

As of December 31, 2015 the fund had $4.3 billion in assets under management, up from $3.6 billion the prior year. Net inflows for the fund in 2015 were $703 million.

HAF invested in DFA's Global Real Estate strategy in July 2012.

Performance: After delivering exceptional returns in 2014 as interest rates trended downward throughout the year, DFA's Global Real Estate Fund returned 0.7% net of fees versus -0.4% for the S&P Global REIT Index on increased interest rate volatility. The largest contributor to performance portfolio composition factors in the specialized REITs. Detractors on a REIT industry basis were led by diversified REITs. From a regional perspective, the largest contributor was portfolio composition in the US.

Conclusion: DFA's Global Real Estate Securities Fund is attractive for its diversification benefits, including exposure to properties across emerging markets. With 383 securities, the portfolio is well diversified across geography, size and REIT type. Expenses are low and turnover is minimal, keeping trading costs low.

HEDGE FUNDS REVIEW

At the end of 2015, HAF had $9.0 million, or approximately 9.9% of the Foundation's total assets, invested in hedge funds. The allocation matches HAF's 10% long term policy target for hedge funds that was established in July 2015.

Figure 8
Hedge Fund Allocation ($9.0 Million) – as a percent of Total Assets

		% of Total Assets		Variance	Allowable
	Market Value	Actual	Target	from Target	Range
Absolute Return					
Angeles Absolute Return Fund	$8,979,667	9.9%	10.0%	-0.1%	
Total Absolute Return	**$8,979,667**	**9.9%**	**10.0%**	**-0.1%**	**0-15%**

Over the course of 2015, the AIA Absolute Return Fund (0.2%) outperformed global equities (MSCI ACWI IMI Index, -2.2%), high yield bonds (Barclays High Yield Index, -4.5%), direct hedge funds (HFRI Fund Weighted Composite Index, -0.9%) and fund of hedge funds (HFRI Fund of Funds Composite Index, -0.3%), while underperforming US investment-grade bonds (Barclays US Aggregate Index, 0.6%).

Figure 9
Angeles Absolute Return Fund Performance as of December 31, 2015
(Annualized, Net of Fees)

		Annualized					Since Fund	Inception
	% of Fund	1 Year	3 Year	5 Year	7 Year	10 Year	Inception^	Date
Absolute Return	9.9%	0.2	--	--	--	--	2.9	12/31/2013
HFRI Fund of Funds Index		*-0.3*	--	--	--	--	*1.5*	
Angeles Absolute Return Fund		0.2	--	--	--	--	2.9	12/31/2013
HFRI Fund of Funds Index		*-0.3*	--	--	--	--	*1.5*	

		Calendar Years											
	% of Fund	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Absolute Return	9.9%	0.2	5.4	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Index		*-0.3*	*3.4*	--	--	--	--	--	--	--	--	--	--
Angeles Absolute Return Fund		0.2	5.4	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Index		*-0.3*	*3.4*	--	--	--	--	--	--	--	--	--	--

Since inception, the absolute return composite index is the HFRI Fund of Funds Composite Index.

ANGELES ABSOLUTE RETURN FUND

Overview: The Angeles Absolute Return Fund LTD (AIA ARF) provides Angeles Investment Advisors' manager selection and structuring expertise in hedge funds in a fund-of-funds format, which allows investors to gain hedge fund exposure through a diversified structure that is administratively simple. The goal of the AIA ARF is to generate superior risk-adjusted returns with moderate volatility by investing in funds sponsored by historically successful managers pursuing a cross-section of absolute return strategies, to mitigate losses in falling markets, exhibit lower correlation to traditional asset classes, and provide a range of exposure across sectors, regions, strategies, and managers.

The fund is well diversified across strategies, and as of year-end, the underlying managers included 4 event driven/multi-strategy funds, 3 long/short equity funds, 3 activist equity funds, and 5 credit-focused funds, with the largest allocation to long/short equity managers (see Exhibit 4 for a glossary of hedge fund investment terms). The fund is also globally diversified and a majority of managers maintain global approaches. Managers tend to employ low leverage, and in aggregate the fund has a leverage ratio of 1.1x as of December 31, 2015.

HAF invested in the Angeles Absolute Return Fund in on January 1, 2014.

Performance: For full year 2015, the Angeles Absolute Return Fund returned 0.2% net of fees versus -0.4% for the HFRI Fund of Funds Composite Index, and placing the fund in the second quartile of a peer universe of 312 hedge fund of funds. For the year, the fund's long/short equity managers were the top contributors to performance, adding 2.4% gross of fees to absolute performance. Credit was the primary detractor to absolute performance at -1.9% gross of fees. At the individual manager level, top performers included NB Greater China (long/short equity), Select Equity (long/short equity), and Oceanwood (European Multi-strategy). The worst performers included Mudrick (US credit/distressed), Avenue (US credit/distressed), and Litespeed (Global Multi-strategy).

Conclusion: The Angeles Absolute Return Fund provides an efficient structure to gain diversified exposure to direct hedge funds that implement alternative asset strategies that attempt to offer attractive, risk-adjusted rates of returns that are not highly correlated with traditional asset classes. The fund will hold approximately 5-20 managers, diversified across sectors, regions and strategies. For existing clients, Angeles does not assess a management fee at the fund level, and fund administrative expenses are low at approximately 0.18% in 2015.

Figure 10
Strategy Allocations (% Long Exposure) as of January 1, 2016

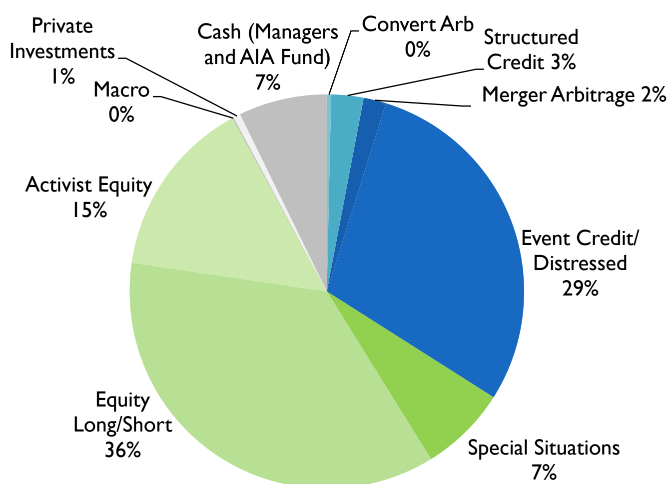


Table 10
Manager Allocations as of January 1, 2016

Manager	Allocation as of 1/1/2016*	Strategy	Investment Focus
NB Greater China	9%	China Long/Short Equity	Invests in long/short equities (China) based on fundamental analysis.
Select Equity	10%	US Long/Short Equity	Invests long/short, primarily in US equities, based on fundamental analysis.
Orbimed	12%	Healthcare Long/Short Equity	Invests long/short in the global healthcare sector.
Cevian	6%	European Activist Equity	Concentrated activist equity strategy focused on investing in the Nordic region of Europe.
Trian	9%	Activist Equity	Concentrated activist equity strategy focused on the US and Europe.
Avenue	2%	US Credit/Distressed	Invests in US distressed companies (equity, debt, and other securities), primarily long-biased.
Beach Point	9%	Global Credit/Distressed	Invests in event driven and distressed credit with a focus on complex and underfollowed situations.
King Street	3%	Global Credit/Distressed	Pursues long/short credit and event-driven opportunities.
MidOcean	9%	US Long/Short Credit	Invests in corporate credit with a focus on underfollowed situations.
Mudrick	3%	US Credit/Distressed	Invests in US distressed credit with a focus on off the run opportunities that are often overlooked by larger distressed managers due to size.
Canyon VRF	7%	US Multi-strategy	Pursues a credit-oriented strategy focused on value and event-driven investments.
Och Ziff	4%	Global Multi-strategy	Manages a diversified multi-strategy portfolio focused on value and event-driven investments.
Litespeed	< 1%	Global Multi-strategy	Invests opportunistically across the capital structure in companies that have either announced balance sheet events or are trading at price levels indicative of financial distress.
Oceanwood	12%	European Multi-strategy	Invests in event-driven opportunities across Europe in both credit and equity.

Exhibit 1: Summary of Performance through December 31, 2015

As of December 31, 2015	Ticker	Market Value	% of Fund	Policy Target	1 Month	3 Months	FYTD	1 Year	3 Yrs. (Annlzd)	5 Yrs. (Annlzd)	10 Yrs. (Annlzd)	Expense Ratio*
Global Equity		$ 63,009,054	70%	70%								
DFA Small Cap Index	DFSTX	$ 1,851,313	2%	2%	-5.4%	2.7%	-7.4%	-3.3%	12.8%	10.5%	7.8%	0.37
AF EuroPacific Growth Fund	AEPGX	$ 18,911,682	21%	21%	-2.4%	2.9%	-7.3%	-0.8%	5.1%	3.6%	4.6%	0.83
DFA Emerging Mkts Core Fund^	DFCEX	$ 1,851,856	2%	2%	-2.5%	-0.2%	-16.8%	-14.9%	-6.3%	-4.7%	4.6%	0.62
AF Fundamental Investors	ANCFX	$ 3,049,019	3%	4%	-1.8%	8.1%	0.4%	3.4%	14.0%	11.2%	--	0.61
DFA Int'l Small Cap Fund	DFISX	$ 2,485,138	3%	3%	0.1%	5.3%	-3.1%	5.9%	8.1%	--	--	0.54
DFA Global Equities	DGEIX	$ 18,996,459	21%	21%	-2.9%	4.0%	-5.8%	-2.7%	9.5%	--	--	0.31
Allianz Convertibles	ANNPX	$ 3,137,463	3%	4%	-1.8%	1.7%	-6.2%	-1.6%	9.7%	--	--	0.66
Vanguard Institutional Index I	VINIX	$ 9,558,460	11%	11%	-1.6%	7.0%	0.1%	1.4%	--	--	--	0.04
AF New Perspective	ANWPX	$ 3,167,665	3%	4%	-1.5%	6.8%	--	--	--	--	--	0.75
MSCI ACWI IMI Index					*-1.9%*	*4.9%*	*-5.2%*	*-2.2%*	*7.9%*	*6.1%*	*5.0%*	
Absolute Return		$ 8,979,667	10%	10%								
Angeles Absolute Return Fund		$ 8,979,667	10%	10%	-1.4%	2.6%	-4.8%	0.2%	--	--	--	1.50
HFRI Fund of Funds Index (lagged 1 month)					*-0.4%*	0.8%	*-2.9%*	-0.2%	--	--	--	
Fixed Income		$ 13,692,840	15%	15%								
Vanguard Total Bond Market Index	VBTIX	$ 4,666,517	5%	5%	-0.4%	-0.6%	0.6%	0.4%	1.3%	3.2%	--	0.06
PIMCO Income Fund	PIMIX	$ 6,395,997	7%	8%	-0.9%	0.5%	-0.3%	2.6%	--	--	--	0.45
DFA 1-Year Fixed Income	DFIHX	$ 1,856,837	2%	2%	0.0%	-0.1%	0.0%	0.3%	--	--	--	0.17
AEDC Loans		$ 773,490	1%	0%	0.6%	1.8%	--	--	--	--	--	
Barclays Aggregate Index					*-0.3%*	*-0.6%*	*0.7%*	*0.5%*	*1.4%*	*3.2%*	--	

Note: Market value data and Total Fund returns provided by Premier.
Fiscal Year is June 30.
*Estimated average total fund fee based on individual fund audited expense ratio and target allocations. Expense ratio for Angeles Absolute Return Fund only includes administrative and management fees, but does not include variable performance fees. Administrative fees will vary each year.
^ Prior to April 1, 2008, performance was for DFA Emerging Markets (DFEMX).

As of December 31, 2015	Ticker	Market Value	% of Fund	Policy Target	1 Month	3 Months	FYTD	1 Year	3 Yrs. (Annlzd)	5 Yrs. (Annlzd)	10 Yrs. (Annlzd)	Expense Ratio*
Real Estate Securities		$ 4,678,356	5%	5%								
DFA Global Real Estate Securities	DFGEX	$ 4,678,356	5%	5%	0.8%	4.7%	4.7%	0.7%	7.9%	--	--	0.27
S&P Global REIT Index					*0.9%*	*4.9%*	*4.3%*	*-0.4%*	*7.2%*	--	--	
Cash		$ 192,132	0%	0%								
TDA - Cash Sweep Account	--	$ 30,262	0%	0%	--	--	--	--	--	--	--	
TD Bank USA MMDA - Cash Reserve	--	$ 161,870	0%	0%	--	--	--	--	--	--	--	
90-Day T-Bills					*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.1%*	*1.2%*	
Total Fund		$ 90,552,050	100%	100%	*-1.8%*	*3.4%*	*-3.8%*	*-0.5%*	*7.2%*	*5.8%*	*4.6%*	*0.55*
Policy Benchmark					*-1.4%*	*3.7%*	*-3.5%*	*-1.4%*	*6.2%*	*5.9%*	*5.0%*	
Allianz Funds		$ *3,137,463*	*3%*	4%								
PIMCO Funds		$ *6,395,997*	*7%*	8%								
American Funds		$ *25,128,365*	*28%*	28%								
Angeles Absolute Return Fund		$ *8,979,667*	*10%*	10%								
DFA Funds		$ *31,719,959*	*35%*	35%								
Vanguard Funds		$ *14,224,976*	*16%*	16%								

Note: Market value data and Total Fund returns provided by Premier.

Fiscal Year is June 30.

*Estimated average total fund fee based on individual fund audited expense ratio and target allocations.

Effective August 1, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 15% Barclays Aggregate, 10% HFRI Fund of Funds Index, and 5% S&P Global REIT Index.

From January 1, 2014 to July 31, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 20% Barclays Aggregate, 5% HFRI Fund of Funds Index, and 5% S&P Global REIT Index.

From April 1, 2013 to December 31, 2013, the Policy Benchmark = 70% MSCI ACWIMI, 25% Barclays Aggregate, and 5% S&P Global REIT Index.

From August 1, 2012 to March 31, 2013, the Policy Benchmark = 70% MSCI ACWIMI, 25% Barclays Universal, 5% S&P Global REIT Index.

From June 1, 2008 to July 31, 2012, the Policy Benchmark = 35% Russell 3000 Index, 35% MSCI All Country World Ex US Investable Market Index, 25% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index) and 5% Blended REIT Index.

From June 1, 2006 to May 31, 2008, the policy benchmark consists of 50% Russell 3000 Index, 20% MSCI ACWI Ex-US Index, 25% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index) and 5% DJ Wilshire US Select REIT Index.

Prior to June 1, 2006, the policy benchmark consists of 50% Russell 3000 Index, 15% MSCI ACWI Ex-US Index, 30% Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), and 5% DJ Wilshire US Select REIT Index.

Exhibit 2:
Fund Summary Table

	Ticker	Assets (MM) as of 12/31/15	Expense Ratio (bps)	Turnover	Number of Holdings	Morningstar Rating
Global Equity						
DFA Small Cap Index	DFSTX	$9,680.8	37	11%	2025	★★★★
AF EuroPacific Growth Fund	AEPGX	$108,939.3	83	28%	442	★★★
DFA Emerging Mkts Core Fund	DFCEX	$13,466.8	62	5%	4058	★★★★
AF Fundamental Investors	ANCFX	$65,604.6	61	29%	215	★★★
DFA Int'l Small Cap Fund	DFISX	$8,281.9	54	--	4113	★★★
DFA Global Equities	DGEIX	$3,916.3	31	--	219	★★★★★
Allianz Convertibles	ANNPX	$1,704.9	66	73%	105	★★
Vanguard Institutional Index	VINIX	$185,503.7	4	4%	508	★★★★
AF New Perspective	ANWPX	$51,811.9	75	27%	325	★★★★
Fixed Income						
PIMCO Income Fund	PIMIX	$53,107.1	45	164%	3303	★★★★★
Vanguard Total Bond Market Index	VBTIX	$151,388.8	6	72%	7852	★★★
DFA 1-Year Fixed Income	DFIHX	$7,556.1	17	81%	236	★★★★
Real Estate Securities						
DFA Global Real Estate Securities	DFGEX	$3,820.0	27	--	383	★★★★★

Source: Morningstar; Data as of 12/31/15. Morningstar expense ratios are based on Annual Reports provided by managers.

Exhibit 3:
Historical Fund Performance Through December 31, 2015

American Funds Historical Fund Performance through December 31, 2015

Fund Name	Ticker	Net Assets $MM	Exp Ratio	Annlzd Return 1 Yr	Annlzd Return 3 Yr	Annlzd Return 5 Yr	Annlzd Return 10 Yr	% Rank in Cat 1 Yr	% Rank in Cat 3 Yr	% Rank in Cat 5 Yr	% Rank in Cat 10 Yr
Fundamental Investors Fund	**ANCFX**	**$65,605**	**0.61%**	**3.4**	**14.0**	**11.2**	**7.8**	**6**	**45**	**47**	**11**
Morningstar Large Blend Average			*1.04%*	*-1.5*	*12.7*	*10.2*	*5.9*				
S&P 500 Index				*1.4*	*15.1*	*12.6*	*7.3*				
EuroPacific Growth Fund	**AEPGX**	**$108,939**	**0.83%**	**-0.8**	**5.1**	**3.6**	**4.6**	**73**	**47**	**52**	**38**
Morningstar Foreign Large Blend Average			*1.16%*	*-1.6*	*3.6*	*2.5*	*2.6*				
MSCI ACWI ex-US Index				*-5.7*	*1.5*	*1.1*	*2.9*				
New Perspective Fund	**ANWPX**	**$51,812**	**0.75%**	**5.3**	**11.3**	**9.0**	**7.5**	**7**	**12**	**13**	**4**
Morningstar World Stock Average			*1.29%*	*-1.8*	*8.0*	*6.0*	*4.6*				
MSCI ACWI Index				*-2.4*	*7.7*	*6.1*	*4.8*				

Performance rankings are as of 12/31/15 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100=Worst.

Dimensional Fund Advisors Fund Performance through December 31, 2015

Fund Name	Ticker	Net Assets $MM	Exp Ratio	Annlzd Return 1 Yr	Annlzd Return 3 Yr	Annlzd Return 5 Yr	Annlzd Return 10 Yr	% Rank in Cat 1 Yr	% Rank in Cat 3 Yr	% Rank in Cat 5 Yr	% Rank in Cat 10 Yr
DFA Global Real Estate	DFGEX	$3,820	0.27%	0.7	7.9	9.5	--	22	3	1	--
Morningstar Global Real Estate Average			*1.40%*	*-0.8*	*4.3*	*5.9*	*--*				
S&P Global REIT Index				*-0.4*	*7.2*	*8.7*	*--*				
DFA U.S. Small Cap	DFSTX	$9,681	0.37%	-3.3	12.8	10.5	7.8	30	22	19	14
Morningstar Small Blend Average			*1.24%*	*-5.3*	*10.6*	*8.3*	*5.9*				
Russell 2000 Index				*-4.4*	*11.7*	*9.2*	*6.8*				
DFA Emerging Mkts Core Equities	DFCEX	$13,467	0.62%	-14.9	-6.3	-4.7	--	58	50	49	--
Morningstar Diversified Emerging Mkts Average			*1.53%*	*-13.7*	*-6.0*	*-4.6*	*--*				
MSCI Emerging Mkts Net Div				*-14.9*	*-6.8*	*-4.8*	*--*				
DFA International Small Cap	DFISX	$8,282	0.54%	5.9	8.1	4.9	5.2	47	40	59	41
Morningstar Foreign Small/Mid Blend Average			*1.37%*	*3.8*	*7.1*	*4.5*	*4.9*				
MSCI ACWI Ex US Small Cap Index				*2.6*	*5.6*	*2.6*	*5.0*				
DFA Global Equities	DGEIX	$3,916	0.31%	-2.7	9.5	7.6	5.7	66	31	34	33
Morningstar World Stock Average			*1.29%*	*-1.8*	*8.0*	*6.0*	*4.6*				
MSCI ACWI IMI				*-2.2*	*7.9*	*6.1*	*5.0*				
DFA One-Year Fixed-Income I	DFIHX	$7,556	0.17%	0.3	0.3	0.5	1.9	38	57	59	34
Morningstar Ultrashort Bond			*0.56%*	*0.2*	*0.3*	*0.6*	*1.1*				
BofA ML 6 Month Treasuries				*0.2*	*0.1*	*0.2*	*1.5*				

Performance rankings are as of 12/31/15 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100 =Worst.

Vanguard Fund Performance through December 31, 2015

Fund Name	Ticker	Net Assets $MM	Exp Ratio	Annlzd Return 1 Yr	Annlzd Return 3 Yr	Annlzd Return 5 Yr	Annlzd Return 10 Yr	% Rank in Cat 1 Yr	% Rank in Cat 3 Yr	% Rank in Cat 5 Yr	% Rank in Cat 10 Yr
Vanguard Total Bond Market Index Fund	VBTIX	$151,389	0.06%	0.4	1.3	3.2	4.5	26	38	56	43
Morningstar Intermediate-Term Bond Average			*0.84%*	*-0.3*	*1.1*	*3.2*	*4.0*				
Barclays Aggregate Index				*0.5*	*1.4*	*3.2*	*4.5*				
Vanguard Institutional Index	VINIX	$185,504	0.04%	1.4	15.1	12.5	7.3	20	17	13	21
Morningstar Large Blend Average			*1.04%*	*-1.5*	*12.7*	*10.2*	*5.9*				
S&P 500 Index				*1.4*	*15.1*	*12.6*	*7.3*				

Performance rankings are as of 12/31/15 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100=Worst.

Allianz and PIMCO Historical Fund Performance through December 31, 2015

Fund Name	Ticker	Net Assets $MM	Exp Ratio	Annlzd Return 1 Yr	Annlzd Return 3 Yr	Annlzd Return 5 Yr	Annlzd Return 10 Yr	% Rank in Cat 1 Yr	% Rank in Cat 3 Yr	% Rank in Cat 5 Yr	% Rank in Cat 10 Yr
Allianz Convertibles Fund	ANNPX	$1,705	0.66%	-1.6	9.7	7.6	8.4	29	8	1	1
Morningstar Convertibles Average			*1.31%*	*-3.8*	*7.5*	*5.5*	*5.6*				
BofA ML All US Convertibles				*-3.0*	*9.9*	*7.7*	*6.7*				
PIMCO Income Fund	PIMIX	$53,107	0.45%	2.6	4.9	8.4	--	4	1	1	--
Morningstar Multisector Bond Average			*1.01%*	*-2.0*	*1.2*	*3.5*	--				
Barclays Aggregate Index				*0.5*	*1.4*	*3.2*	--				

Performance rankings are as of 12/31/15 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100=Worst.

Exhibit 4:

Glossary of Hedge Fund Investment Terms

Glossary of Hedge Fund Investment Terms

Activist Equity Funds - An activist fund adds value by accumulating shares in a public company and utilizing their equity stake to influence major changes in the company. Activist investors target companies which they believe can be managed more profitably by changing the company's corporate policy and financial structuring, replacing ineffective management, cost cutting, preventing an unfavorable merger or acquisition, or any other such operational changes. Such strategies tend to be long-biased (little or no short exposure) and highly concentrated (generally 5-15 holdings).

Credit-Focused Funds - Structured credit investments are created through the securitization of pools of assets such as bonds, loans, mortgages, consumer receivables, etc. These pools may be "sliced up" to create tranches with varying priorities on cash flows generated from the asset pool. The yield across the securitization will generally be higher for tranches having a lower priority to cash flows. This slicing of the pool creates tranches with varying degrees of leverage to defaults and delinquencies in the pool, and varying liquidity profiles.

Event Driven/Multi-Strategy Funds - The risk that the value of a security or other instrument will change due to an unexpected event, such as a takeover, a corporate restructuring, an unanticipated change or event in the market environment, a natural disaster or a change in the regulatory environment.

Hedge Fund - A hedge fund is a limited partnership in which the goal of the manager (the general partner) is to provide positive absolute returns through the application of opportunistic strategies. Such strategies include futures and options, leverage, short selling, and arbitrage. The investment rationale for hedge funds is that they have lower correlations with traditional public market portfolios, and produce high absolute returns with protection in weak markets and managed volatility. Protection in weak markets is achieved often through the use of hedging or short selling. Hedge funds had historically been the domain of wealthy individuals, but have more recently been increasingly being used in institutional portfolios, particularly among foundations and endowments. Hedge funds encompass a wide range of investment strategies, from conservative to very aggressive. Hedge funds typically are subject to a 1% to 2% management fee plus a performance fee in which they are paid 20% of any positive performance. These fees have been lucrative in recent periods, such that hedge fund managers are among the most highly paid managers in the investment industry. Hedge funds are generally "skill-based," and often draw some of the most talented money managers. Hedge fund portfolios are often not transparent, e.g., their strategies and holdings are not made available to investors. These strategies often rely on active trading, making them fairly tax-inefficient.

Leverage - In corporate finance, leverage is the use of borrowed funds to increase return on equity; leverage is often measured by the ratio of total debt to total equity. In investments, leverage refers to the use of borrowed money to cover part of a purchase or to gain market exposure in excess of cash on hand. If the cost of borrowing in such transactions is lower than the return of the investment, then returns are increased by leverage, and vice versa. Leverage is generally defined as the long market value divided by the net asset value of the fund (the capital). Hedge funds leverage the capital they invest by buying securities on margin and engaging in borrowing. The leverage ratio indicates the amount of leverage used by the fund as a percentage of the fund. For example, if the fund has $1 million and borrows another $1 million to bring the total dollars invested to $2 million, then the leverage used is 200% or a leverage ratio of 2 to 1 (2X). Leverage has the effect of amplifying results to the investor. By itself, leverage does not necessarily mean higher risk, but leverage magnifies the effects of risks. Angeles defines portfolio leverage as the ratio of gross long market value to capital (equity).

Long/Short Equity Funds - Long/short equity funds bet on stocks both appreciating and depreciating through long and short positions, respectively. As the fund's "net exposure" (gross long minus gross short exposure) increases, the fund's beta generally (sensitivity to equity markets) also increases. Managers are able to express directional views by adjusting the net long or short exposure of the portfolio. Despite being long biased, these funds generally display lower volatility than equity markets; net exposure is generally in the 40%-80% range.

Hedging - Hedging is any transaction that reduces the risk associated with an exposure in a portfolio. A common form of hedging within institutional portfolios is currency hedging, in which an international portfolio manager buys currency forwards (or options) to hedge against the risk of a fall in the currency in which non-dollar investments are denominated.