2016 Investment Review – Long Term Pool

Prepared for

HUMBOLDT AREA FOUNDATION

MARCH 8, 2017

Angeles Investment Advisors

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EXECUTIVE SUMMARY

This report reviews the Long Term Pool's portfolio structure and asset allocation policy, as well as expenses and performance. The Humboldt Area Foundation's (HAF's) Long Term Investment Pool finished 2016 with $93.8 million in assets, up from $90.6 million at the end of 2015.

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 Investment Committee or other meetings (including by conference call) as needed.

To prepare this report Angeles:

- 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 2016 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 2016. This policy is reviewed regularly by HAF's Investment Committee, including during 2016.

  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, risk management and monitoring, and manager structure.

- **Performance Review:** The Total Fund returned 7.0% in 2016, in-line with the Policy Index's return of 7.0%. 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

	Annualized					Since Fund	Inception
	1 Year	3 Year	5 Year	7 Year	10 Year	Inception^	Date
Total Fund	7.0	3.7	8.4	7.1	3.8	5.8	12/31/2003
Policy Index [1]	*7.0*	*3.5*	*8.0*	*7.1*	*4.2*	*5.9*	

	Calendar Years												
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Fund	7.0	-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]	*7.0*	*-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% Bloomberg 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% Bloomberg 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% Bloomberg 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% Bloomberg 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% Bloomberg 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% Bloomberg 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% Bloomberg 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 7.0% net of fees return in 2016 underperformed the median net of fees return of 145 community foundations. [1] The survey reported a median net of fees return for all community foundations of 7.7% in 2016. Over longer periods (3-, 5-, and 7-years), annualized, HAF has outperformed the median peer community foundation.

- **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, Baird and Dodge & Cox.

  American Funds (26% of total HAF assets) is a well-resourced mutual fund family with a multi-portfolio manager investment process and an impressive, long-term track record as an active equity manager. Firm assets grew to $1.5 trillion in 2016, with net outflows of $10 billion.

  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 (14% of total assets) ended 2016 as the largest mutual fund family in the US, with $3.9 trillion in assets. The firm has benefited from its well-earned reputation as a low-cost, well-governed

[1] Investment Performance and Asset Allocation Survey for Community Foundations, prepared by Colonial Consulting and Fiscal and Administrative Officers Group, Fourth Quarter of 2016. The 145 foundations covered in the report have $25.2 billion in assets.

organization. Net inflows in 2016 were $200 billion, most of which went to its passive equity and fixed income products.

PIMCO (5% 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.

Baird (5% of total assets) was added to HAF's holdings in 2016, providing core fixed income exposure that is duration-neutral relative to the Bloomberg Barclays US Aggregate Index. The strategy is managed by a very experienced and stable team led by CIO Mary Ellen Stanek; senior members of team average over 30 years of fixed income experience.

Dodge & Cox (3% of total assets) was added to HAF's holdings in 2016, providing core fixed income exposure. The strategy is well-resourced with a stable investment team led by an eight-member investment committee with an average tenure at Dodge & Cox of 21 years. The fund has the flexibility to have duration longer or shorter than the Bloomberg Barclays US Aggregate Index, though historically has maintained a shorter duration with a preference for taking more credit risk.

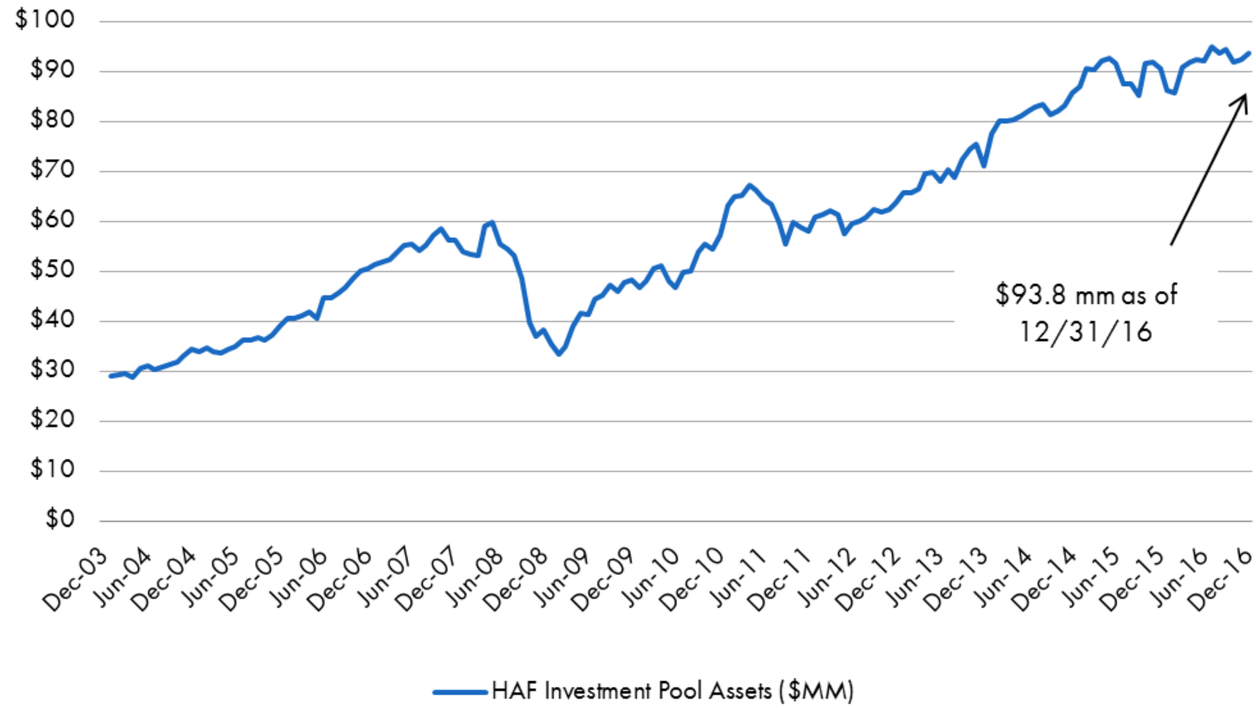
- **Cost Review:** HAF's portfolio consists primarily of mutual funds from low cost mutual fund families. All HAF's mutual fund holdings had fees below that of their respective peer group medians. Four of the nine mutual funds held in HAF's Long Term Pool reported fees in the bottom 5th percentile of all mutual funds in their respective peer groups. HAF's overall investment management fee for the Long Term Investment Pool is 0.51% of assets (51 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 $93.8 million as of December 31, 2016, up from $90.6 million on December 31, 2015. Assets increased during 2016 primarily due to capital appreciation. HAF reports that the Long Term Investment Pool had inflows of $6.8 million and withdrawals of $9.8 million during the year, resulting in net outflows of approximately $3.0 million.

Chart 1
HAF Long Term Investment Pool Assets – Through December 31, 2016 ($ Millions)



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

As of December 31, 2016, 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, 2016

	Market Value	% of Total Assets		Variance from Target	Allowable Range
		Actual	Target		
Global Equity					
AF EuroPacific Growth Fund	$17,610,057	18.8%	18.9%	-0.1%	
DFA Emerging Mkts Core Fund	$1,944,214	2.1%	2.1%	0.0%	
DFA Global Equities	$26,469,372	28.2%	28.0%	0.2%	
Vanguard Institutional Index	$13,355,732	14.2%	14.0%	0.2%	
AF New Perspective	$6,389,411	6.8%	7.0%	-0.2%	
Total Global Equity	**$65,768,787**	**70.1%**	**70.0%**	**0.1%**	**55-85%**
Absolute Return					
Angeles Absolute Return Fund	$9,159,120	9.8%	10.0%	-0.2%	
Total Absolute Return	**$9,159,120**	**9.8%**	**10.0%**	**-0.2%**	**0-15%**
Fixed Income					
Baird Core Plus Bond Fund	$5,095,831	5.4%	5.6%	-0.2%	
PIMCO Income Fund	$5,148,587	5.5%	5.6%	-0.1%	
Dodge & Cox Income Fund	$2,562,458	2.7%	2.8%	-0.1%	
Community Loans	$1,354,913	1.4%	1.0%	0.4%	
Total Fixed Income	**$14,161,789**	**15.1%**	**15.0%**	**0.1%**	**10-25%**
Real Estate Securities					
DFA Global Real Estate Securities	$4,656,763	5.0%	5.0%	0.0%	
Total Real Estate	**$4,656,763**	**5.0%**	**5.0%**	**0.0%**	**0-7%**
Cash					
TDA - Cash Sweet Account	$23,694	0.0%	0.0%	0.0%	
TD Bank USA MMDA - Cash Reserve	$39	0.0%	0.0%	0.0%	
Total Cash	**$23,733**	**0.0%**	**0.0%**	**0.0%**	**0-1%**
Total Fund	**$93,770,191**	**100%**	**100%**		
Total American Funds	$23,999,468	25.6%	25.9%	-0.3%	
Total DFA Funds	$33,070,350	35.3%	35.1%	0.1%	
Total Vanguard Funds	$13,355,732	14.2%	14.0%	0.2%	
Total PIMCO Funds	$5,148,587	5.5%	5.6%	-0.1%	
Total Angeles Fund	$9,159,120	9.8%	10.0%	-0.2%	
Total Baird Funds	$5,095,831	5.4%	5.6%	-0.2%	
Total Dodge & Cox Funds	$2,562,458	2.7%	2.8%	-0.1%	
Community Loans	$1,354,913	1.4%	1.0%	0.4%	

*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 2016. In that meeting, the Investment Committee reviewed portfolio performance, implemented allocation changes within the public equity portfolio, and discussed the possibility of adding private equity to the portfolio, but decided not to add private equity at this time.

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 2017. Our assumptions are net of management fees and transactions costs, but do not include any excess returns from manager outperformance.

Relative to Angeles' 2016 capital market assumptions, for 2017 we have reduced expected long term returns for global equities and hedge funds by 50 basis points as a result of lower real GDP growth expectations and valuation (price/earnings) compression expectations. Angeles lowered its global real GDP growth expectation to 2.1% due to slowing labor productivity and population growth, notably high levels of debt in non-US developed nations, and a slowdown of exports in the emerging world. We also expect that global growth will continue to remain below the long-term average since 1960 of 3.5%. Expected returns for core fixed income were unchanged from last year's level, as yields were relatively unchanged during the year. Angeles' long-term US inflation assumption was revised upward by 25 basis points to 2.25% as we remain confident that the US Federal Reserve will achieve and surpass its stated longer run target of 2%. Additionally, we reduced the expected return for global REITs to 5.25% as we expect REITs to be able to pass along growth slightly above inflation to investors via dividend growth. All other return and risk assumptions remain unchanged.

The following table summarizes Angeles' expected returns and risk for HAF's major asset classes.

Table 3
Angeles' Projected Long Term (>10 years)
Asset Class Return and Risk Assumptions as of January 2017
(Net of Fees and Transactions Costs)

	Expected Return	Expected Risk
Global Equity	6.50%	17.0%
Absolute Return	5.5%	8.0%
Global Real Estate Securities	5.25%	19.0%
Fixed Income	2.75%	5.0%
Inflation	*2.25%*	

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, both with and without 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, actual asset class returns may differ significantly, as will excess returns achieved by managers.

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 5.8% not taking into account any excess returns, and 6.5% with excess manager returns. **With HAF spending of 4% of assets on grants, plus 2.25% inflation, the Long Term Pool's expected returns based on its current asset allocation policy are projected to 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[2]

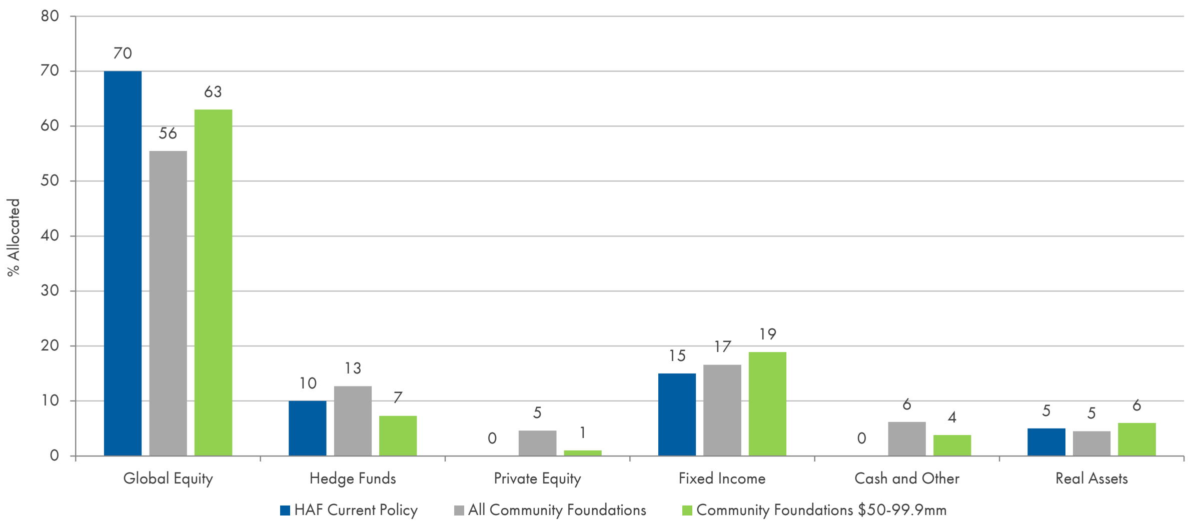
	Long-Term Pool Policy
Global Equity	70%
Absolute Return	10%
Global REITs	5%
Fixed Income	15%
Expected Return	**5.8%**
Expected Excess Return	*0.7%*
Expected Return Incl. Manager Excess Returns	**6.5%**
Expected Risk	**13.4%**
Sharpe Ratio	**0.28**
Probability of a Loss:	
1- Year	31%
5- Years	16%
10- Years	9%
2 Std. Dev. Negative Event	
Very Bad Scenario[1]	-23%

[1] 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 **Chart 2** below.

[2] 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 0.75%, absolute return's expected excess return is 1.5%, 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).

Chart 2
HAF Asset Allocation vs. Community Foundation Peers[3]



Note: Asset allocation data ata is sourced from the 4Q16 Colonial Consulting Asset Allocation Survey for Community Foundations. The "All Community Foundations" peer group includes 103 participants and the "Community Foundations $50-99.9mm" peer group includes 19 participants.

Expenses:

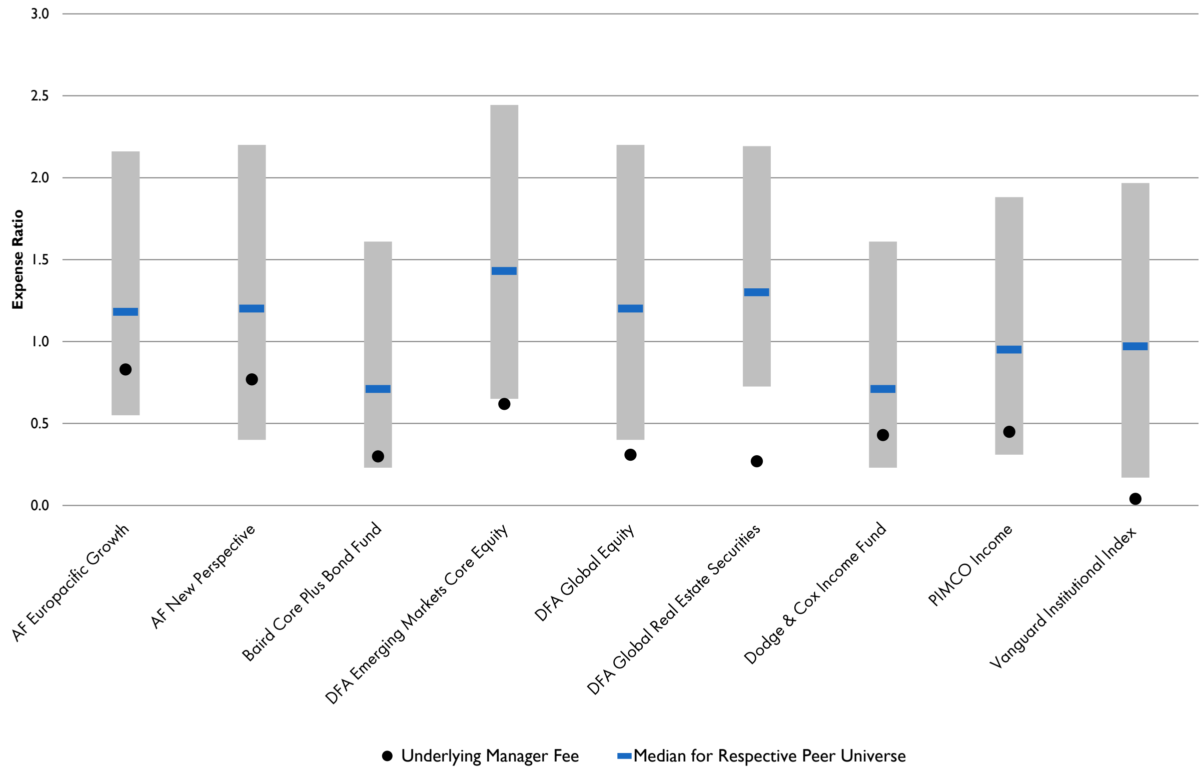
Fees charged by the Humboldt Area Foundation's fund investment managers were all well below the median for mutual funds in each of their respective peer groups, as demonstrated in **Chart 3** below. **Four of the nine funds held by HAF's Long Term Pool reported fees in the bottom 5th percentile of all 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%).

DFA funds reported low expenses as well, ranging from 27 bps (DFA Global Real Estate Securities) to 62 bps (DFA Emerging Markets Core Equity). American Funds imposes some of the higher fees in the portfolio, but in comparison to their respective peers, are significantly below median. PIMCO Income Fund's also carried a low fee of 45 bps, well below the median of its respective peer group. The Angeles Absolute Return Fund is the highest fee segment of the portfolio, with management fees averaging 1.4%; 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 Angeles Absolute Return Fund.

Based on the approved target asset allocation and fund fees as of December 31, 2016, the weighted fee for investment management services for the Foundation was 51 basis points (0.51%) per annum for the Long Term Investment Pool. This represents a decline from the weighted fee at the end of 2015 of 55 basis points. Manager fees are netted from the performance of the funds in which HAF invests, and are not paid out-of-pocket by the Foundation.

3 Source: Colonial Consulting, LLC and Fiscal and Administrative Officers Group (FAG) Community Foundation Survey for the 4th quarter of 2016.

Chart 3
Manager Fee Rankings: HAF Managers versus Peer Universes



Source: Morningstar Direct as of December 2016. 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.

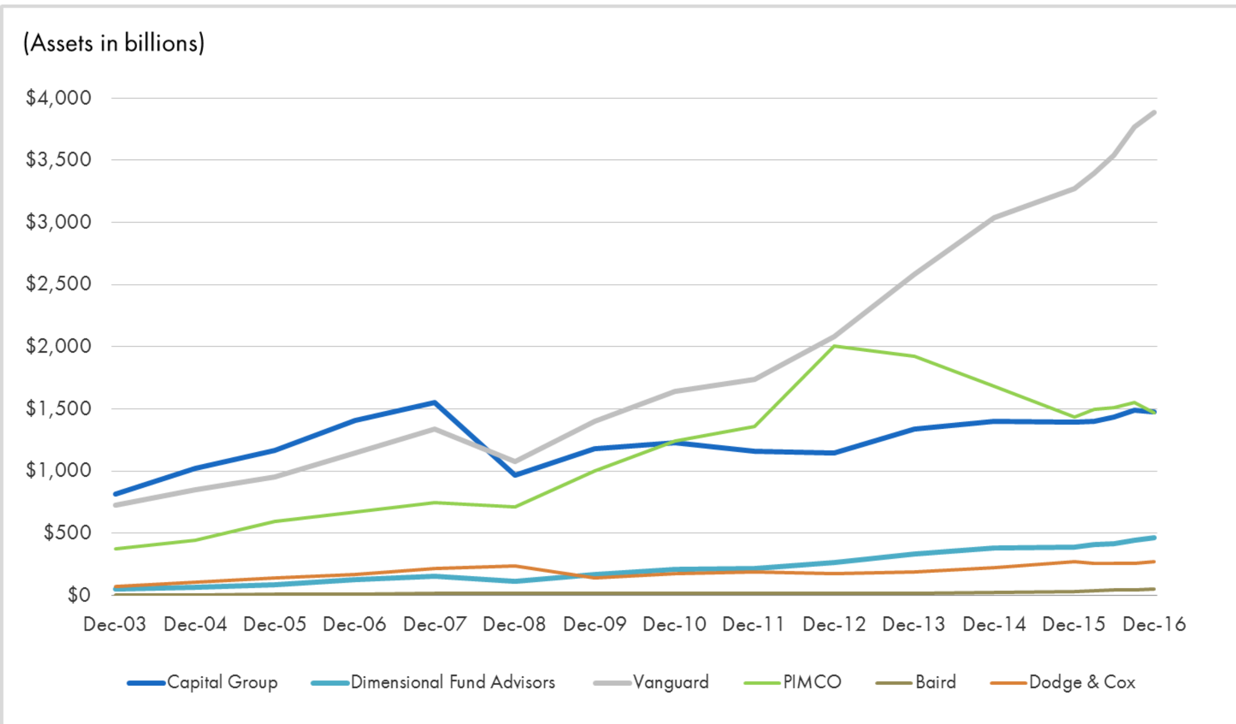
Premier Financial Group earns a fee from HAF for custody of all funds held (except American Funds, Hedge Funds, and Local Investing funds) and performance measurement for the plan, which amounts to an administrative charge to the fund of 20 basis points (0.2%) on average assets in 2016. Premier's fees are netted from returns presented in this report for HAF's total fund. The Foundation also pays an investment consulting fee to Angeles Investment Advisors which in 2016 was 9.5 basis points (0.095% of assets). In addition, HAF charges an administrative fee of 1.75-2.0% for its philanthropic services.

INVESTMENT MANAGER OVERVIEW

All six of the investment management firms used by HAF — American Funds (Capital Group), Dimensional Fund Advisors (DFA), Vanguard, PIMCO, Baird and Dodge & Cox — are solid, stable and highly-regarded organizations.

DFA, Vanguard and Baird reached new peaks in assets under management during 2016. Assets under management at PIMCO and Dodge & Cox were relatively flat for the year while Capital Group, of which American Funds is a subsidiary, saw $10 billion in net outflows (<1% of year-end 2015 assets) out of its family of mutual funds.

Chart 4
Firm Asset Growth ($ Billions)



These fund families are among the largest in the US as of the end of 2016. Vanguard remains the largest mutual fund family; Capital Group/American Funds ascended to second largest. Dimensional Fund Advisors and PIMCO rank as the sixth and seventh largest mutual fund families. Dodge and Cox is the eleventh largest, while Baird is the smallest in the group at 57th.

TOTAL FUND PERFORMANCE REVIEW

All major asset classes delivered positive returns in 2016. The leader was global public equities, which finished the year up 8.4%. Defensive and yield-oriented sectors dominated the first half of 2016 as investors sought safety and income in the face of falling global interest rates (which bottomed in the US in July), and concerns over China's growth and energy prices. Strong shifts in sentiment toward financials, industrials and technology took hold in the second half of the year, particularly after the US election, on expectations of fiscal stimulus and deregulation. After several years of underperformance, value stocks across the US, non-US developed and emerging markets significantly outpaced growth across all market capitalizations, and small capitalization stocks were particularly strong during the year.

Fixed income returns in 2016 were modest with the Bloomberg Barclays US Aggregate Index returning 2.6%. At mid-year, high quality long duration bonds such as 10+ year US Treasuries were up nearly 15%, followed by emerging markets debt and high yield. High yield would finish 2016 up 17.3%. However, the prospects of long duration bonds withered at the end of year, with long-dated US Treasuries, returning -11% in the fourth quarter after interest rates jumped after the US election, leaving 10+ Year US Treasuries with a 1.2% return at year-end.

Public real estate returned 5.0% in 2016. Real estate stocks such as Real Estate Investment Trusts (REITs) provide exposure to commercial real estate such as office buildings, malls, and multi-family housing. Real estate stocks are also linked to the interest rate cycle, both because of leverage in the real estate sector and because real estate is often seen as a yield/income substitute for bonds such that when bond yields rise, as they did at the end of 2016, REITs can be less attractive.

Hedge funds, as represented by the HFRI Fund of Funds Composite Index, returned 0.7% for the year. As a group, hedge funds lagged all major asset classes.

In this environment, the Humboldt Area Foundation's Long Term Investment Pool returned 7.0% in 2016, matching the Policy Index return. The Policy Index is composed of index returns weighted by HAF asset allocation targets. Global equity was HAF's best performing asset class on an absolute basis in 2016, returning 8.0%. The fixed income composite, which returned 5.3%, was the best performing asset class on a relative basis, exceeding the benchmark Bloomberg Barclays US Aggregate Index by approximately 270 basis points. The bond portfolio's lower duration profile aided performance as the Federal Reserve raised interest rates in December. Real estate securities returned 6.6%, while the absolute return composite returned 2.0%.

HAF underperformed the 7.7% median return of community foundations in 2016, although it has outperformed over longer periods. Versus its similarly-sized peer community foundations ($50-99.9 million in assets), HAF also underperformed the median return of 8.1% in 2016. The survey covers 145 community foundations (including HAF); for foundations with assets between $50-99.0 million, 27 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 3.2%, versus 3.7% for HAF. The median similarly sized peer ($50-99.9 million) returned 3.5% during this period. HAF also outperformed the median community foundation over the trailing 5- and 7-years.

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

70% MSCI All Country World Investable Market Index (global equity)
15% Bloomberg 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)

2016 performance for the Foundation's Total Fund is shown below in **Table 5.** Returns for individual asset classes, along with their respective benchmarks, are also displayed.

Table 5
Historical Total Fund and Asset Class Performance
As of December 31, 2016 (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%	7.0	3.7	8.4	7.1	3.8	5.8	12/31/2003
Policy Index [1]		*7.0*	*3.5*	*8.0*	*7.1*	*4.2*	*5.9*	
CPI +4%		*6.2*	*5.2*	*5.4*	*5.7*	*5.9*	*6.2*	
Global Equity [2]	70.1%	8.0	3.4	10.4	8.1	4.4	6.8	12/31/2003
Global Equity Blended Index [3]		*8.4*	*3.2*	*9.7*	*7.9*	*3.8*	*6.0*	
Fixed Income	15.1%	5.3	4.2	3.7	4.7	3.1	3.6	12/31/2003
Fixed Income Blended Index [4]		*2.6*	*3.0*	*2.5*	*3.9*	*4.4*	*4.4*	
Real Estate Securities	5.0%	6.6	9.6	10.6	10.9	2.8	7.9	12/31/2003
Real Estate Blended Index [5]		*6.0*	*8.7*	*10.0*	*10.2*	*2.6*	*7.9*	
Absolute Return	9.8%	2.0	2.5	--	--	--	2.6	12/31/2013
HFRI Fund of Funds Index		*0.7*	*1.2*	--	--	--	*1.2*	
Total Cash	0.0%	0.0	0.0	0.0	0.0	0.7	1.2	12/31/2003
90-day T-Bills		*0.3*	*0.1*	*0.1*	*0.1*	*0.7*	*1.2*	

[1] Effective August 1, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 15% Bloomberg 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% Bloomberg 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% Bloomberg 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% Bloomberg 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% Bloomberg 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% Bloomberg 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% Bloomberg 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% Bloomberg Barclays Aggregate Index. Prior to April 1, 2013, the blended benchmark consisted of 100% Bloomberg 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.

Table 6 (Continued)
Calendar Year Returns4

		Calendar Years												
	% of Fund	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Fund	100.0%	7.0	-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]		*7.0*	*-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]	70.1%	8.0	-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]		*8.4*	*-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%	5.3	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]		*2.6*	*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	5.0%	6.6	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]		*6.0*	*-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	9.8%	2.0	0.2	5.4	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Index		*0.7*	*-0.3*	*3.4*	--	--	--	--	--	--	--	--	--	--
Total Cash	0.0%	0.0	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		*0.3*	*0.0*	*0.0*	*0.0*	*0.1*	*0.1*	*0.1*	*0.2*	*1.8*	*4.7*	*4.8*	*3.0*	*1.2*

4 See prior page for footnotes.

GLOBAL EQUITY REVIEW

HAF's $65.8 million global equity portfolio is invested in five mutual funds, and is well diversified across investment styles, geography, and market capitalization. The Foundation's total global equity composite returned 8.0% during 2016, compared to 8.4% for the global equity benchmark.

HAF streamlined the equity portfolio in mid-year by reducing the number of managers and restructuring the portfolio. **Table 7** displays the global equity portfolio's composition at the end of December 2016 versus HAF's global equity policy targets. At year-end, HAF was in line with all the targets for each segment.

Table 7
Global Equity Allocation ($65.8 million) – Percent of Total Assets

		% of Total Assets		Variance from Target	Allowable Range
	Market Value	Actual	Target		
Global Equity					
AF EuroPacific Growth Fund	$17,610,057	18.8%	18.9%	-0.1%	
DFA Emerging Mkts Core Fund	$1,944,214	2.1%	2.1%	0.0%	
DFA Global Equities	$26,469,372	28.2%	28.0%	0.2%	
Vanguard Institutional Index	$13,355,732	14.2%	14.0%	0.2%	
AF New Perspective	$6,389,411	6.8%	7.0%	-0.2%	
Total Global Equity	**$65,768,787**	**70.1%**	**70.0%**	**0.1%**	**55-85%**

The investments managed by Dimensional Fund Advisors (DFA) led composite performance; the DFA Global Equities Fund and Emerging Markets Core Fund returned 12.9% and 12.4%, respectively. The Vanguard Institutional Index Fund returned 11.9%, closely tracking its benchmark. Funds managed by American Funds were also positive, but contributed less to returns and underperformed their respective benchmarks during 2016: New Perspective Fund returned 1.9%, and the EuroPacific Growth Fund returned 0.7% in 2016. Both funds over longer time horizons are strong performers.

DFA's Global Equities Fund was an important contributor to returns in 2016, generating 5.4% of excess return over the MSCI World Index. Within this fund, financials had the most significant positive impact on returns. DFA's Emerging Markets Core Fund was also a strong performer, returning 12.4% and exceeding the MSCI Emerging Markets Index by 1.2%. Information technology was the best performing sector of this fund.

Table 8
Global Equity Performance as of December 31, 2016
(Annualized, Net of Fees)

		Annualized					Since Fund	Inception
	% of Fund	1 Year	3 Year	5 Year	7 Year	10 Year	Inception^	Date
Global Equity[2]	70.1%	8.0	3.4	10.4	8.1	4.4	6.8	12/31/2003
Global Equity Blended Index[3]		*8.4*	*3.2*	*9.7*	*7.9*	*3.8*	*6.0*	
DFA Emerging Markets Core Fund*	2.1%	12.4	-1.8	2.1	0.7	3.1	10.9	12/31/2003
MSCI Emerging Mkts		*11.2*	*-2.6*	*1.3*	*0.5*	*1.8*	*7.8*	
DFA Global Equities	28.2%	12.9	4.8	11.9	9.9	5.0	11.9	7/31/2012
MSCI ACWI IMI Index		*8.4*	*3.2*	*9.6*	*7.6*	*3.8*	*9.3*	
AF EuroPacific Growth Fund	18.8%	0.7	-0.9	6.8	4.0	2.6	6.4	1/31/2004
MSCI ACWI ex-US Index		*4.5*	*-1.8*	*5.0*	*2.9*	*1.0*	*5.2*	
Vanguard Institutional Index	14.2%	11.9	8.8	14.6	12.8	6.9	9.0	3/31/2014
S&P 500 Index		*12.0*	*8.9*	*14.7*	*12.8*	*6.9*	*9.0*	
AF New Perspective	6.8%	1.9	3.5	11.1	8.5	5.8	-0.3	7/31/2015
MSCI ACWI Index		*7.9*	*3.1*	*9.4*	*7.3*	*3.6*	*3.0*	

		Calendar Years												
	% of Fund	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Global Equity[2]	70.1%	8.0	-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]		*8.4*	*-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 Emerging Markets Core Fund*	2.1%	12.4	-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		*11.2*	*-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 Global Equities	28.2%	12.9	-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		*8.4*	*-2.2*	*3.8*	*23.6*	*16.4*	*-7.9*	*14.3*	*36.4*	*-42.3*	*11.2*	*20.9*	*11.6*	*16.4*
AF EuroPacific Growth Fund	18.8%	0.7	-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		*4.5*	*-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	14.2%	11.9	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		*12.0*	*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 Perspective	6.8%	1.9	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		*7.9*	*-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).

American Funds – EuroPacific Growth Fund (Non-US Equity)

Overview: The EuroPacific Growth Fund provides core international equity exposure by investing in non-US companies around the world, including emerging markets, focusing primarily on large cap companies. Typically, at least 80% of assets are invested in companies domiciled in Europe and the Pacific Basin. 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 290 securities (as of December 31, 2016).

The composition of the portfolio management team was unchanged in 2016, with Mark Denning and Carl Kawaja acting as co-Principal Investment Officers. 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 22 years with Capital Group.

As of December 31, 2016 the fund had $120 billion in assets under management, down from $123 billion the prior year. 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 2016, EuroPacific Growth returned 0.7% net of fees versus 4.5% for the MSCI ACWI ex-US Index. Style was a headwind given the fund's bias toward growth sectors and underweights to traditional value sectors like financials, energy and materials. Security selection in health care was the biggest detractor, led by Novo Nordisk, which had been the largest position in the fund. Novo Nordisk, a global diabetes care company domiciled in Denmark, has been a top contributor to historical performance over the long-term, but valuation and concerns with earnings growth this year caused the position to decline. Security selection in financials also negatively affected returns as the fund was underweight banks. Security selection in technology, consumer discretionary and materials were bright spots, but not enough to offset underperformance elsewhere.

Overweights to consumer discretionary and health care were reduced, with much of the capital rotated to energy and materials where certain portfolio managers found attractive value with tailwinds for growth. Shifts in regional allocation were marginal, with money coming out of Europe going into Canada and Brazil. The fund continues to have an overweight to emerging markets where growth rates are higher.

Conclusion: Stumbles like 2016 are infrequent for EuroPacific Growth, which was due to a combination of style headwinds and select security issues in health care and financials. Despite the underperformance, the fund ranked 24^{th} percentile in 2016 versus Morningstar's Foreign Large Growth universe, and continues to outperform on a net of fee basis over 3, 5, 10 and 15 years. 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. 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, 2016).

The composition of the portfolio management team was unchanged in 2016, with Robert Lovelace and Joanna Jonsson acting as co-Principal Investment Officers. 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 24 years with Capital Group.

As of December 31, 2016 the fund had $59 billion in assets under management, down slightly from $60 billion the prior year.

HAF invested in American Funds' New Perspective strategy in July 2015.

Performance: For full year 2016, New Perspective returned 1.9% net of fees versus 7.9% for the MSCI ACWI Index. Style was a headwind given the fund's bias toward growth sectors and underweights to traditional value sectors like financials, energy and materials. Security selection in health care was the biggest detractor, led by Novo Nordisk which had been the largest position in the fund. Regeneron and Vertex were two other health care stocks among the top detractors. Security selection in consumer staples and industrials alongside underweights to energy and financials detracted from performance. Security selection in technology, consumer discretionary and materials were bright spots, but not enough to offset underperformance elsewhere.

Overweights to consumer discretionary and health care were reduced, with much of the capital rotated to technology, in addition to energy and materials where certain portfolio managers found attractive value with tailwinds for growth. Europe exposure was reduced as the active bet in Novo Nordisk was moderated, with capital moving to Canada, Brazil, China, Taiwan and South Korea. Despite the additional assets committed to emerging markets names, the fund remains underweight to the region.

Conclusion: Significant underperformance experienced by New Perspective in 2016 is rare, the result of a style headwind and issues with security selection headlined by health care names. Despite 4th quartile performance relative to Morningstar's World Stock universe, the fund's track record is strong net of fees over 3, 5, 10 and 15 years. 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, New Perspective is a good complement for DFA Global Equity due to that fund's persistent overweight to US equity, whereas New Perspective has a more global mandate and is currently underweight the US.

DFA – Emerging Markets Core Equity Fund (Emerging Markets Equity)

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 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; DFA announced in September 2016 that country caps would be raised to 17.5% to be implemented over time through fund flows and rebalancing. As of December 31st, China, South Korea, and Taiwan were at the maximum allocation allowed. China will be structural underweight in this portfolio given these constraints; its weight in the benchmark is 27%, while South Korea is 15%, and Taiwan is 12%. Individual position weightings are not to exceed 5% at time of purchase.

Turnover remains extremely low (~11%) and the fund continues to stick with its smaller cap bias with a weighted average total market capitalization of $31.4 billion versus the MSCI Emerging Market's average market capitalization of $56.8 billion. The fund has had to increase its holdings to nearly 4,500 (about double the number in 2006) to maintain its liquidity restrictions.

As of December 31, 2016 the strategy had $21 billion in assets under management, up from $17.1 billion the prior year, with about $1.5 billion in net inflows.

HAF invested in DFA's Emerging Markets strategy in January 2004.

Performance: Emerging Markets Core returned 12.4% net of fees versus the 11.2% return of the MSCI Emerging Markets Index. Value significantly outperformed growth in 2016, which was a tailwind for the strategy; this was somewhat offset by the fund's overweight to small cap, which underperformed large cap. The country cap on China contributed to relative return, and resultant overweights to Brazil, South Africa and Taiwan also added to performance. The overweight to India was a detractor as the country struggled at the end of the year when the government instituted "demonetization" in November, whereby nearly 85% of paper currency would no longer be accepted as legal tender and had to be exchanged for credit in bank accounts by the end of the year.

Conclusion: After three straight years of negative absolute returns, emerging markets bounced back in 2016 as currency headwinds moderated and commodity prices stabilized. The DFA fund has a structural bias toward value and small cap, but its broad diversification across regions and market capitalizations, thoughtful risk controls and focus on minimizing transaction costs make this fund is a solid option for emerging markets exposure. Angeles believes HAF's international composite will benefit from exposure to this fund over a long-term horizon, which it gets at an attractive fee relative to the universe of emerging markets mutual funds.

DFA – Global Equity Portfolio (Global Equity)

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, 2016, the portfolio was overweight the US at 71% of the portfolio versus 53% for the MSCI All Country World Index Investible Market Index.

As of December 31, 2016, the fund had $5.2 billion in assets under management, up from $4.3 billion the prior year.

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

Performance: DFA Global Equity returned 12.9% net of fees versus 8.4% return of the MSCI All Country World Index Investible Market Index. Value and small cap dimensions worked in favor of the portfolio through much of the year. Security selection in the US was the biggest contributor as value stocks generated strong returns for the year; in fact, with exception of energy, security selection across all sectors contributed to relative return. Unlike most DFA strategies, Global Equity does have an allocation to US REITs, which outperformed their non-US counterparts.

Conclusion: This is a highly diversified (12,000+ holdings) global fund whose value and small capitalization tilts act as an important complement to the active growth bias present in both EuroPacific Growth and New Perspective. This is the largest holding in HAF's equity portfolio at 40% of equities, or 28% of the total portfolio.

FIXED INCOME REVIEW

As of December 31, 2016, the Foundation's fixed income portfolio consisted of the PIMCO Income Fund, the Baird Core Plus Bond Fund, the Dodge & Cox Income Fund, and Community Loans. The Community Loans fulfill the HAF Board's goal of utilizing its investment portfolio locally, increasing the foundation's impact in the local community.

Excluding the Community Loans portion, HAF's bond portfolio has approximately 30% exposure to investment grade corporate bonds, 30% exposure to mortgage-backed securities, and 15% exposures to both US Treasuries and asset-backed/collateralized securities. The remaining allocation is diversified among domestic high yield bonds and international sovereigns. Considered together, the bond holdings outperformed the index in 2016 and have outperformed the index over all reporting periods. The PIMCO Income Fund remains the composite's top performer; the fund's 5-year returns rank at the top of its Morningstar peer group.

At the end of the year, the fixed income allocations were in line with their targets. Two of the bond managers are new to HAF in 2016 – Dodge & Cox and Baird – and were recommended by Angeles in November 2016.

HAF's Community loan holdings are part of HAF's Mission/Community Investing Program. As stated in HAF's Investment Policy Statement, such holdings may comprise up to 5% of the total investment portfolio and are considered as part of the fixed income/Capital Preservation holdings. These investments may be made in loans to or in other debt securities issued by entities in the Humboldt, Del Norte, Curry and Trinity County regions. HAF utilizes these loans to fund important local projects that might otherwise not get done to benefit the community, while maintaining diversified exposure and earning a rate of interest. Examples include loans for rehab of a historic building in Eureka, support for a health center, and funding for completion of fire station upgrades.

Table 9
Fixed Income Allocation ($14.2 million) – as a Percent of Total Assets

		% of Total Assets		Variance	Allowable
	Market Value	Actual	Target	from Target	Range
Fixed Income					
Baird Core Plus Bond Fund	$5,095,831	5.4%	5.6%	-0.2%	
PIMCO Income Fund	$5,148,587	5.5%	5.6%	-0.1%	
Dodge & Cox Income Fund	$2,562,458	2.7%	2.8%	-0.1%	
Community Loans	$1,354,913	1.4%	1.0%	0.4%	
Total Fixed Income	**$14,161,789**	**15.1%**	**15.0%**	**0.1%**	**10-25%**

Table 10
Fixed Income Fund Performance as of December 31, 2016
(Annualized, Net of Fees)

	% of Fund	Annualized					Since Fund	Inception
		1 Year	3 Year	5 Year	7 Year	10 Year	Inception^	Date
Fixed Income	15.1%	5.3	4.2	3.7	4.7	3.1	3.6	12/31/2003
Fixed Income Blended Index[4]		*2.6*	*3.0*	*2.5*	*3.9*	*4.4*	*4.4*	
PIMCO Income Fund	5.5%	8.7	6.1	8.9	10.1	--	5.8	12/31/2012
Bloomberg-Barclays Aggregate Index		*2.6*	*3.0*	*2.2*	*3.6*	--	*1.7*	
Baird Core Plus Bond Fund	5.4%	4.7	3.8	3.6	5.0	5.4	0.0	11/17/2016
Bloomberg-Barclays Aggregate Index		*2.6*	*3.0*	*2.2*	*3.6*	*4.3*	*-0.2*	
Dodge & Cox Income Fund	2.7%	5.6	3.5	3.8	4.4	5.0	0.4	11/17/2016
Bloomberg-Barclays Aggregate Index		*2.6*	*3.0*	*2.2*	*3.6*	*4.3*	*-0.2*	
Community Loans	1.4%	4.3	--	--	--	--	5.0	12/31/2014

	% of Fund	Calendar Years												
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Fixed Income	15.1%	5.3	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]		*2.6*	*0.5*	*6.0*	*-1.8*	*5.5*	*7.4*	*7.2*	*8.6*	*2.4*	*6.5*	*5.0*	*2.7*	*5.0*
PIMCO Income Fund	5.5%	8.7	2.6	7.2	4.8	22.2	6.4	20.5	19.2	-5.5	--	--	--	--
Bloomberg-Barclays Aggregate Index		*2.6*	*0.5*	*6.0*	*-2.0*	*4.2*	*7.8*	*6.5*	*5.9*	*5.2*	--	--	--	--
Baird Core Plus Bond Fund	5.4%	4.7	0.1	6.6	-1.3	8.0	7.9	9.8	15.4	-1.8	6.0	6.6	2.2	6.3
Bloomberg-Barclays Aggregate Index		*2.6*	*0.5*	*6.0*	*-2.0*	*4.2*	*7.8*	*6.5*	*5.9*	*5.2*	*7.0*	*4.3*	*2.4*	*4.3*
Dodge & Cox Income Fund	2.7%	5.6	-0.6	5.5	0.6	7.9	4.8	7.2	16.1	-0.3	4.7	5.3	2.0	3.6
Bloomberg-Barclays Aggregate Index		*2.6*	*0.5*	*6.0*	*-2.0*	*4.2*	*7.8*	*6.5*	*5.9*	*5.2*	*7.0*	*4.3*	*2.4*	*4.3*
Community Loans	1.4%	4.3	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 fixed income index consists of the Bloomberg Barclays US Aggregate Index is a blend of the Bloomberg 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 5.3% in 2016, outperforming the policy index's return of 2.6%. The portfolio's largest individual holding – PIMCO Income Fund – returned 8.7% over the year to outperform its benchmark's 2.6% return. All fixed income funds held by HAF as of 12/31/2016 outperformed the benchmark Bloomberg Barclays US Aggregate Index over the calendar year 2016. However, only the PIMCO Income Fund was held by HAF for the entirety of this period, as the fixed income reallocation in which the Baird and Dodge & Cox bond funds were added to the portfolio occurred in November. HAF's bond combined bond portfolio has have less interest rate risk (duration) and more yield than the broad US bond market. (See Exhibit 5.)

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 identify 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 using "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, 2016 at 5.0%, the Income Fund has a significant yield advantage versus the Bloomberg Barclays US Aggregate 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 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, 2016 the fund had $70.3 billion in assets under management, up from $52.4 billion the prior year.

HAF invested in the PIMCO Income strategy in December 2012.

Performance: The Income Fund returned 8.7% net of fees versus 2.6% for the Bloomberg Barclays US Aggregate Index, with contributions from various strategies including US duration via TIPS exposure, Australian duration as a proxy for China, non-agency MBS, security selection in select investment grade and high yield corporate credit, and emerging markets debt exposure in Brazil, Russia and Mexico. Small short currency positions to the EUR and JPY were detractors for much of the year until the fourth quarter, when the US dollar strengthened; the team decided to halve its short currency positions at the end of the year.

Interestingly, despite significantly outperforming the Aggregate Index, the fund ranked 31st percentile versus Morningstar's Multisector Bond universe for full year 2016. Long term performance remains outstanding, ranking 4th percentile over 3 years and 1st percentile over 5 years relative to the Multisector 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. 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.

Baird – Core Plus Bond Fund (Core Plus Fixed Income)

Overview: Baird's philosophy is that interest rates are difficult to consistently forecast over time. Therefore, they employ a duration-neutral, risk-controlled approach. They set the duration of each portfolio equal to that of the benchmark, thus ensuring a high degree of predictability in tracking benchmark returns. They add incremental value through security selection, sector allocation, yield curve positioning and competitive execution of trades. They focus on the relative value, or risk/return profile, offered by various industry sectors within the bond market. Working within a portfolio's guidelines and objectives, long-term decisions are made to overweight and underweight sectors and sub-sectors. Sector positions are analyzed on a contribution to duration basis and carefully evaluated for the return potential of each sector, focusing on general and specific risks involved.

Detailed credit research plays a fundamental role and is an important aspect of security selection. They have a maximum allocation of 20% to below investment grade, with a significant underweight to emerging market debt. They focus on below investment grade securities with additional security such as collateralized structures that they believe offer good relative value.

As of December 31, 2016, the fund had $12.8 billion in assets under management, up from $9.4 billion the prior year.

HAF invested in the Baird Core Plus Bond Fund in November 2016.

Performance: Baird Core Plus Bond returned 4.7% net of fees versus 2.6% for the Bloomberg Barclays Aggregate Index, driven by strong security selection across investment grade corporate credit and non-agency mortgage-backed securities. The underweight to agency mortgage-backed securities was also helpful, as the securities' negative convexity profile caused performance of the sector to lag due to technical factors (prepayments) and movements in interest rates.

Long-term performance is strong, ranking 1st quartile over 3, 5, 10 and 15 years versus Morningstar's Intermediate-term Bond universe.

Conclusion: The team employs fundamental credit research to identify attractively priced securities to construct a well-diversified, all-weather, fixed income portfolio across US dollar-denominated fixed income sectors. It is duration-neutral relative to the index, focusing on credit selection to build a yield advantage with the potential for capital appreciation to generate excess return. Angeles believes the fund is a more attractive option versus a passive bond vehicle with similar duration.

Dodge & Cox – Income Fund (Core Plus Fixed Income)

Overview: The philosophy guiding the firm's fixed income portfolios is to construct and manage a high average quality, diversified portfolio of securities that are selected through bottom-up, fundamental analysis. They believe that by combining fundamental research with a long-term investment horizon, it is possible to uncover and act upon inefficiencies in the valuation of market sectors and individual securities. To seek attractive returns for clients, they emphasize market sector and individual security selection, strive to build portfolios that have a higher yield than the composite yield of the broad bond market, and analyze portfolio and individual security risk.

Fundamental research is central to the investment process. The purpose of their research is to find securities that they believe will provide a relatively high and predictable stream of income and an opportunity for attractive relative price performance. An extended investment horizon enables them to take advantage of short-term uncertainty in their effort to seek long-term performance. They typically construct their portfolios with the goal of generating a relatively high, sustainable income stream without assuming undue levels of risk. Though it is rarely critical in any single year, the compounding of this income can have a significant positive effect on the total return of a fixed income portfolio over longer periods of time.

As of December 31, 2016, the fund had $46.6 billion in assets under management, up from $43.1 billion the prior year. Dodge & Cox was a beneficiary of outflows from PIMCO Total Return following Bill Gross' departure in September 2014 when it had $30.1 billion of assets in the fund.

HAF invested in the Dodge & Cox Income Fund in November 2016.

Performance: Dodge & Cox Income returned 5.6% net of fees versus 2.6% for the Bloomberg Barclays Aggregate Index, driven by strong security selection in corporate credit, particularly commodity-related holdings that had been detractors in 2015. The fund's short duration relative to the index also added to relative return, particularly in the fourth quarter when interest rates spiked post US-election. During the year as credit spreads tightened and valuations risen, the team has reduced corporate credit exposure and shifted into US Treasuries, setting aside "dry powder" as they wait for the next credit dislocation.

Long-term performance is strong, ranking 1st quartile over 3, 5, 10 and 15 years versus Morningstar's Intermediate-term Bond universe.

Conclusion: The strategy is well-resourced with a stable investment team led by an eight-member investment committee with an average tenure at Dodge & Cox of 21 years. Reflecting its well-known value orientation in equity, the fixed income team also seeks attractively valued securities and will allocate to sectors that are out-of-favor with markets by taking a longer-term view. Angeles believes the fund is attractive as it seeks to deliver excess returns by taking credit risk rather than interest rate risk, which we think is more repeatable.

REAL ESTATE REVIEW

At the end of 2016, HAF had $4.7 million, or approximately 5.0% of the Foundation's total assets, invested in real estate securities. The allocation is in line with HAF's 5% target.

Table 11
Real Estate Allocation ($4.7 Million) – as a percent of Total Assets

	Market Value	% of Total Assets Actual	% of Total Assets Target	Variance from Target	Allowable Range
Real Estate Securities					
DFA Global Real Estate Securities	$4,656,763	5.0%	5.0%	0.0%	
Total Real Estate	**$4,656,763**	**5.0%**	**5.0%**	**0.0%**	**0-7%**

The real estate composite, composed of the DFA Global Real Estate Securities Fund, advanced 6.6% in 2016, exceeding the benchmark S&P Global REIT Index return of 6.0%. Domestic real estate led the advance, followed by Asian real estate, while European real estate declined in value.

Table 12
REITs Performance as of December 31, 2016
(Annualized, Net of Fees)

	% of Fund	Annualized 1 Year	3 Year	5 Year	7 Year	10 Year	Since Fund Inception^	Inception Date
Real Estate Securities	5.0%	6.6	9.6	10.6	10.9	2.8	7.9	12/31/2003
Real Estate Blended Index [5]		*6.0*	*8.7*	*10.0*	*10.2*	*2.6*	*7.9*	
DFA Global Real Estate Securities	5.0%	6.6	9.6	10.5	11.0	--	11.6	7/31/2012
S&P Global REIT Index		*5.8*	*8.6*	*9.8*	*10.1*	--	*10.9*	

	% of Fund	Calendar Years 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Real Estate Securities	5.0%	6.6	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]		*6.0*	*-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	5.0%	6.6	0.7	22.7	1.8	23.2	1.8	23.8	32.7	--	--	--	--	--
S&P Global REIT Index		*5.8*	*-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 may also 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, 2016, the fund had $5.2 billion in assets under management, up from $4.3 billion the prior year.

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

Performance: REIT performance was very different from the first half of the year to the second half. As global interest rates fell and investors focused on yield-oriented sectors, the S&P Global REIT index returned 11.7% in the first half of the year. The index was down -5.3% in the second half of the year, much of it coming in Q4 as interest rates rose.

DFA Global Real Estate returned 6.6% net of fees for the year versus 5.8% for the index. All the outperformance came in the first half of the year, while the fund returned the same as the index in the second half. Portfolio composition of the fund's retail REIT exposure was the biggest driver of performance; on a regional basis, portfolio composition in the US and Canada contributed the most to relative returns.

Conclusion: DFA's Global Real Estate Securities Fund is attractive for its diversification benefits, including exposure to properties across emerging markets. With over 400 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 2016, HAF had $9.2 million, or approximately 9.8% of the Foundation's total assets, invested in hedge funds via the Angeles Absolute Return Fund. The allocation is in line with HAF's 10% long term policy target for hedge funds.

Table 13
Hedge Fund Allocation ($9.2 Million) – as a percent of Total Assets

	Market Value	% of Total Assets		Variance from Target	Allowable Range
		Actual	Target		
Absolute Return					
Angeles Absolute Return Fund	$9,159,120	9.8%	10.0%	-0.2%	
Total Absolute Return	**$9,159,120**	**9.8%**	**10.0%**	**-0.2%**	**0-15%**

Over the course of 2016, the AIA Absolute Return Fund returned 2.0% outperforming the benchmark HFRI Fund of Funds Composite Index return of 0.7%.

Table 14
Angeles Absolute Return Fund Performance as of December 31, 2016
(Annualized, Net of Fees)

	% of Fund	Annualized					Since Fund Inception^	Inception Date
		1 Year	3 Year	5 Year	7 Year	10 Year		
Absolute Return	**9.8%**	**2.0**	**2.5**	**--**	**--**	**--**	**2.6**	**12/31/2013**
HFRI Fund of Funds Index		*0.7*	*1.2*	--	--	--	*1.2*	
Angeles Absolute Return Fund		*2.0*	*2.5*	--	--	--	*2.6*	12/31/2013
HFRI Fund of Funds Index		*0.7*	*1.2*	--	--	--	*1.2*	

	% of Fund	Calendar Years												
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Absolute Return	9.8%	2.0	0.2	5.4	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Index		*0.7*	*-0.3*	*3.4*	--	--	--	--	--	--	--	--	--	--
Angeles Absolute Return Fund		*2.0*	*0.2*	*5.4*	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Index		*0.7*	*-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' clients with the firm's manager selection and structuring expertise in hedge funds in a single fund. The fund allows investors to gain hedge fund exposure through a diversified structure that is administratively simple and permits access to strategies that some investors such as HAF might not be able to access on their own, either because the strategies are closed to new investors or because minimum investment amounts would be too high to permit appropriate diversification. *Angeles waives its management fee for the fund for its consulting clients such as HAF; fund administrative expenses are low at approximately 0.15% in 2016.*

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 diverse range of absolute return strategies invested across diverse sectors and regions, to mitigate losses in falling markets, and exhibit lower correlation to traditional asset classes.

The fund is well diversified across strategies, and as of year-end, the underlying managers included 4 long/short equity funds, 4 credit-focused funds, 3 activist equity funds, and 2 event driven/multi-strategy funds, with the largest allocation to long/short equity managers. 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 about 1.1x as of December 31, 2016.

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

Performance: For full year 2016, the Angeles Absolute Return Fund returned 2.0% net of fees versus 0.7% for the HFRI Fund of Funds Composite Index, and placing the fund in the second quartile of a peer universe of 386 hedge fund of funds. For the year, the fund's credit-focused managers were the top contributors to performance, adding 3.1% gross of fees to absolute performance. Long/short equity was the primary detractor to absolute performance at -2.9% gross of fees. At the individual manager level, top performers included Beach Point (global credit/distressed), Cevian (European activist equity), and Och-Ziff Credit (global credit/distressed). The worst performers included Orbimed (healthcare long/short equity), Oceanwood (European multi-strategy), and NB Greater China (China long/short equity).

The fund has a 5-year correlation coefficient of 0.8 with both the MSCI All Country World Index and the S&P 500 Index, indicating the aggregation of the active investment and hedging strategies employed by the fund's underlying managers did not move in lock-step with equity markets. Maintaining low correlation between asset classes helps to smooth out volatility of returns of HAF's overall portfolio.

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.

Chart 7
Strategy Allocations (% Long Exposure) as of January 1, 2017

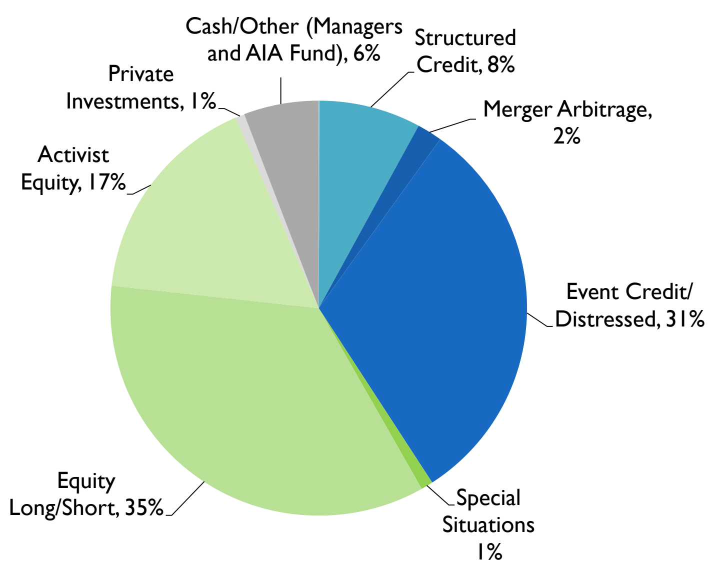


Table 15
Manager Allocations as of January 1, 2017

Manager	Allocation as of 1/1/2017*	Strategy	Investment Focus
Beach Point	11.6%	Global Credit/Distressed	Invests in event driven and distressed credit with a focus on complex and underfollowed situations.
Canyon	10.1%	US Multi-strategy	Pursues a credit-oriented strategy focused on value and event-driven investments.
Och-Ziff Credit	9.3%	Global Credit/Distressed	Invests in U.S. and European corporate and structured credit.
MidOcean	9.2%	US Long/Short Credit	Invests in corporate credit with a focus on underfollowed situations.
NB Greater China	8.9%	China Long/Short Equity	Invests in long/short equities (China) based on fundamental analysis.
Select Equity Group	8.7%	US Long/Short Equity	Invests long/short, primarily in US equities, based on fundamental analysis.
Oceanwood	8.5%	European Multi-strategy	Invests in event-driven opportunities across Europe in both credit and equity.
Orbimed	8.4%	Healthcare Long/Short Equity	Invests long/short in the global healthcare sector.
Cevian	7.8%	European Activist Equity	Concentrated activist equity strategy focused on investing in the Nordic region of Europe.
Trian (includes co-investment fund)	7.6%	Activist Equity	Concentrated activist equity strategy focused on the US and Europe.
Sachem Head	7.0%	US Long/Short Equity	Employs a concentrated, value-oriented long/short investment strategy with the willingess to use activism.
Avenue	0.5%	US Credit/Distressed	Invests in US distressed companies (equity, debt, and other securities), primarily long-biased.
King Street	0.4%	Global Credit/Distressed	Side pocket investments.

Exhibit 1:
Summary of Performance through December 31, 2016

As of December 31, 2016	Ticker	Market Value	% of Fund	Policy Target	1 Month	3 Months	YTD	FYTD	1 Year	3 Yrs. (Annlzd)	5 Yrs. (Annlzd)	10 Yrs. (Annlzd)	Expense Ratio*
Global Equity		$ 65,768,787	70%	70%									
AF EuroPacific Growth Fund	AEPGX	$ 17,610,057	19%	19%	0.4%	-4.2%	0.7%	3.6%	0.7%	-0.9%	6.8%	2.6%	0.83
DFA Emerging Mkts Core Fund^	DFCEX	$ 1,944,214	2%	2%	0.2%	-5.1%	12.4%	2.5%	12.4%	-1.8%	2.1%	3.2%	0.62
DFA Global Equities	DGEIX	$ 26,469,372	28%	28%	2.1%	3.9%	12.9%	9.8%	12.9%	4.8%	--	--	0.31
Vanguard Institutional Index I	VINIX	$ 13,355,732	14%	14%	2.0%	3.8%	11.9%	7.8%	11.9%	--	--	--	0.04
AF New Perspective	ANWPX	$ 6,389,411	7%	7%	0.8%	-1.9%	1.9%	3.6%	1.9%	--	--	--	0.77
MSCI ACWI IMI Index					*2.2%*	*1.3%*	*8.4%*	*6.9%*	*8.4%*	*3.2%*	*9.6%*	*3.8%*	
Absolute Return		$ 9,159,120	10%	10%									
Angeles Absolute Return Fund**		$ 9,159,120	10%	10%	1.3%	1.1%	2.0%	4.8%	2.0%	2.5%	--	--	1.35
HFRI Fund of Funds Index (lagged 1 month)					*1.1%*	1.1%	*0.7%*	*3.4%*	0.7%	1.2%	--	--	
Fixed Income		$ 14,161,789	15%	15%									
PIMCO Income Fund	PIMIX	$ 5,148,587	5%	6%	1.0%	1.4%	8.7%	4.3%	8.7%	6.1%	--	--	0.45
Community Loans	--	$ 1,354,913	1%	1%	0.3%	0.8%	4.3%	1.8%	4.3%	--	--	--	
Baird Core Plus Bond Fund	BCOIX	$ 5,095,831	5%	6%	0.4%	--	--	--	--	--	--	--	0.30
Dodge & Cox Income	DODIX	$ 2,562,458	3%	3%	0.6%	--	--	--	--	--	--	--	0.43
Bloomberg-Barclays Aggregate Index					*0.1%*	*-3.0%*	*2.6%*	*-2.5%*	*2.6%*	*3.0%*	*2.2%*	--	
Real Estate Securities		$ 4,656,763	5%	5%									
DFA Global Real Estate Securities	DFGEX	$ 4,656,763	5%	5%	3.9%	-5.2%	6.6%	-5.3%	6.6%	9.6%	10.5%	0.0%	0.27
S&P Global REIT Index					*4.1%*	*-5.0%*	*6.0%*	*-5.1%*	*6.0%*	8.7%	--	--	
Cash		$ 23,733	0%	0%									
TDA - Cash Sweep Account	--	$ 23,694	0%	0%	--	--	--	--	--	--	--	--	
TD Bank USA MMDA - Cash Reserve	--	$ 39	0%	0%	--	--	--	--	--	--	--	--	
90-Day T-Bills					*0.0%*	*0.1%*	*0.3%*	*0.1%*	*0.3%*	*0.1%*	*0.1%*	*0.7%*	
Total Fund		$ 93,770,191	100%	100%	*1.4%*	*0.3%*	*7.0%*	*5.3%*	*7.0%*	*3.7%*	*8.4%*	*3.8%*	*0.51*
Policy Benchmark					*1.8%*	*0.3%*	*7.0%*	*4.5%*	*7.0%*	*3.5%*	*8.0%*	*4.2%*	

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.
**Performance and market value are lagged one month.
^ Prior to April 1, 2008, performance was for DFA Emerging Markets (DFEMX).
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% Bloonberg-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% Bloonberg-Barclays Aggregate, and 5% S&P Global REIT Index.
From August 1, 2012 to March 31, 2013, the Policy Benchmark = 70% MSCI ACWIMI, 25% Bloonberg-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% Bloonberg-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% Bloonberg-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% Bloonberg-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 12/31/16	Expense Ratio (bps)	Turnover	Number of Holdings	Morningstar Rating
Global Equity						
AF EuroPacific Growth Fund	AEPGX	$126,299	83	30%	358	★★★★★
DFA Emerging Mkts Core Fund	DFCEX	$20,034	61	3%	4502	★★★★
DFA Global Equities	DGEIX	$5,409	30	<15%	248	★★★★
Vanguard Institutional Index	VINIX	$216,097	4	8%	514	★★★★
AF New Perspective	ANWPX	$62,153	77	22%	322	★★★★★
Fixed Income						
PIMCO Income Fund	PIMIX	$72,529	45	52%	4298	★★★★★
Baird Core Plus Bond Fund	BCOIX	$13,176	30	34%	1178	★★★★★
Dodge & Cox Income Fund	DODIX	$47,060	43	24%	961	★★★★
Real Estate Securities						
DFA Global Real Estate Securities	DFGEX	$5,235	24	2%	417	★★★★

Source: Morningstar; Data as of 12/31/16. Morningstar expense ratios are based on Annual Reports provided by managers. PIMCO holdings count as of 9/30/16 and provided by Bloomberg.

Exhibit 3:
Historical Fund Performance Through December 31, 2016

American Funds Historical Fund Performance through December 31, 2016

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
EuroPacific Growth Fund	AEPGX	$126,300	0.83%	0.7	-0.9	6.8	2.6	23	30	38	19
Morningstar Foreign Large Blend Median			*1.09%*	*0.7*	*-2.1*	*5.9*	*0.3*				
MSCI ACWI ex-US Index				*4.5*	*-1.8*	*5.0*	*1.0*				
New Perspective	ANWPX	$62,154	0.77%	1.9	3.5	11.1	5.8	79	26	16	9
Morningstar World Stock Median			*1.20%*	*5.4*	*2.1*	*9.4*	*3.8*				
MSCI ACWI Index				*7.9*	*3.1*	*9.4*	*3.6*				

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	$5,236	0.24%	6.6	9.6	10.5	--	7	1	11	--
Morningstar Global Real Estate Median			*1.30%*	*2.1*	*5.0*	*9.0*	--				
S&P Global REIT Index				*5.8*	*8.6*	*9.8*	--				
DFA Emerging Mkts Core Equities	DFCEX	$20,034	0.61%	12.4	-1.8	2.1	3.1	20	27	39	13
Morningstar Diversified Emerging Mkts Median			*1.42%*	*8.3*	*-2.9*	*1.7*	*1.3*				
MSCI Emerging Mkts Net Div				*11.2*	*-2.6*	*1.3*	*1.8*				
DFA Global Equities	DGEIX	$5,409	0.30%	12.9	4.8	11.9	5.0	5	12	9	20
Morningstar World Stock Median			*1.20%*	*5.4*	*2.1*	*9.4*	*3.8*				
MSCI ACWI IMI				*8.4*	*3.2*	*9.6*	*3.8*				

Performance rankings are as of 12/31/16 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100=Worst.

Vanguard Fund Performance through December 31, 2016

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 Institutional Index	VINIX	$216,097	0.04%	11.9	8.8	14.6	6.9	26	6	15	22
Morningstar Large Blend Median			*0.97%*	*10.5*	*7.3*	*13.6*	*6.3*				
S&P 500 Index				*12.0*	*8.9*	*14.7*	*6.9*				

PIMCO Historical Fund Performance through December 31, 2016

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
PIMCO Income Fund	PIMIX	$72,530	0.45%	8.7	6.1	8.9	--	31	4	2	--
Morningstar Multisector Bond Median			*0.95%*	*7.5*	*2.8*	*4.3*	--				
Bloomberg-Barclays Aggregate Index				*2.6*	*3.0*	*2.2*	--				

Baird Historical Fund Performance through December 31, 2016

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
Baird Core Plus Bond	BCOIX	$13,176	0.30%	4.7	3.8	3.6	5.4	14	8	16	7
Morningstar Intermediate-Term Bond Median			*0.70%*	*3.0*	*2.8*	*2.7*	*4.3*				
Bloomberg-Barclays Aggregate Index				*2.6*	*3.0*	*2.2*	*4.3*				

Dodge & Cox Historical Fund Performance through December 31, 2016

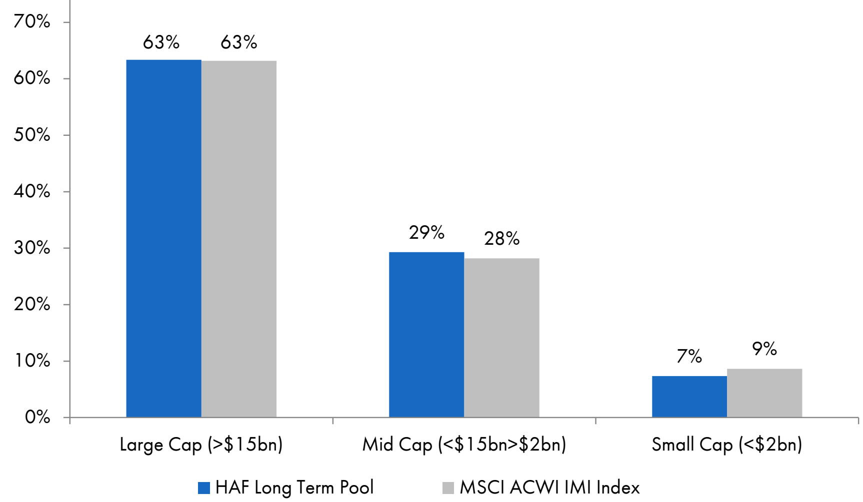
Fund Name	Ticker	Net Assets $MM	Exp Ratio	Annlzd Return 1 Yr	Annlzd Return 3 Yr	Annlzd Return 5 Yr	Annlzd Return 10 Yr	% Rank in Cat 1 Yr	% Rank in Cat 3 Yr	% Rank in Cat 5 Yr	% Rank in Cat 10 Yr
Dodge & Cox Income	DODIX	$47,060	0.43%	5.6	3.5	3.8	5.0	6	16	11	16
Morningstar Intermediate-Term Bond Median			*0.70%*	*3.0*	*2.8*	*2.7*	*4.3*				
Bloomberg-Barclays Aggregate Index				*2.6*	*3.0*	*2.2*	*4.3*				

Performance rankings are as of 12/31/16 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100=Worst.

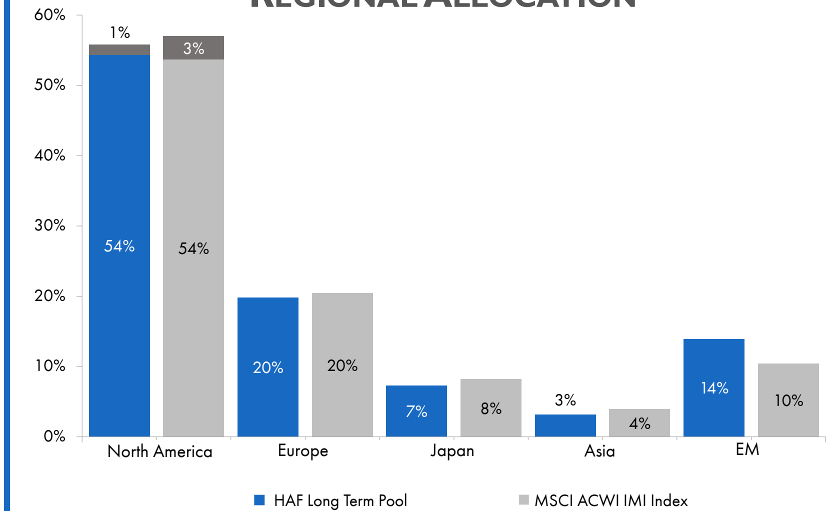
Exhibit 4:
Global Equity Characteristics
December 31, 2016

Global Equity Characteristics as of December 31, 2016

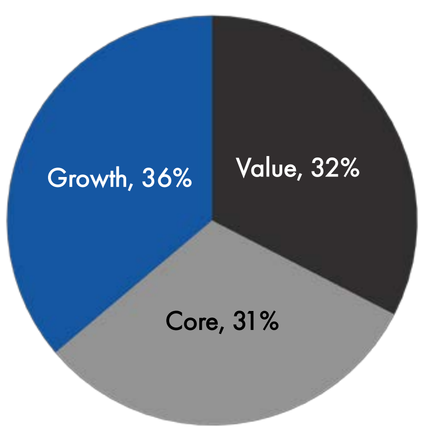
MARKET CAPITALIZATION



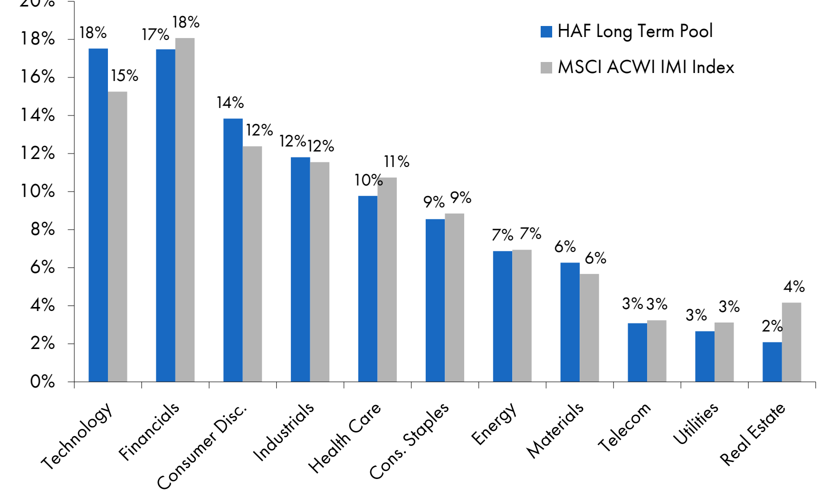
REGIONAL ALLOCATION



STYLE



SECTOR ALLOCATION



TOP 10 HOLDINGS

	% of Equity
Apple Inc.	1.3%
Microsoft Corp.	1.1%
Amazon.com Inc.	0.9%
JP Morgan Chase	0.8%
Taiwan Semiconductor	0.8%
Exxon Mobil Corp.	0.8%
Novo Nordisk	0.7%
AT&T Inc.	0.7%
Samsung Electronics	0.6%
AIA Group	0.6%
Top 10 Holdings	**8.1%**

Note: All data sourced from eVestment, Morningstar, and managers as of 12/31/2016. Figures may not add up to 100% due to rounding. Shaded areas of North American regional allocations represent Canadian holdings.

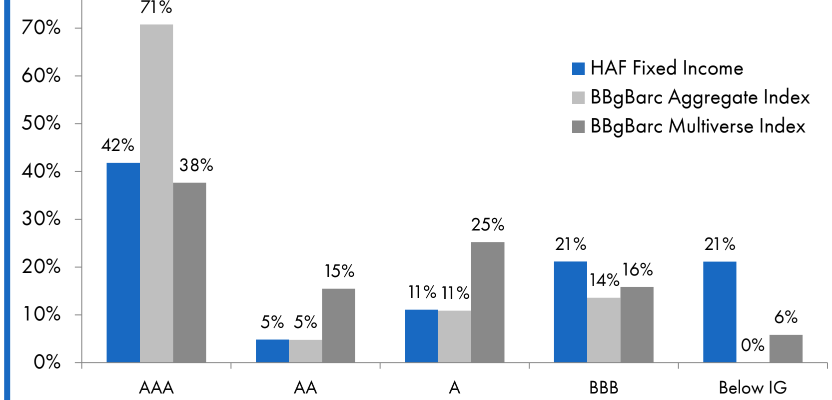
Exhibit 5:
Fixed Income Characteristics
December 31, 2016

Fixed Income Characteristics as of December 31, 2016

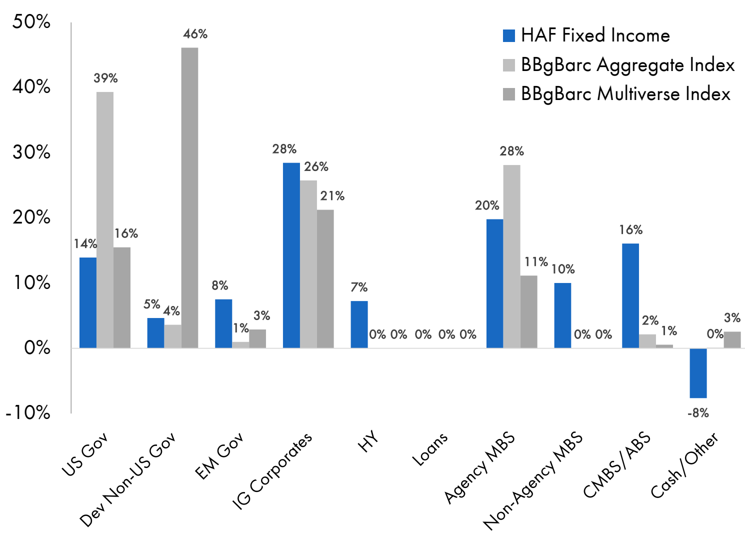
CHARACTERISTICS

	% of FI	30 Day SEC Yield	YTM	Duration	Maturity	Credit Quality
PIMCO Income (PIMIX)	40%	4.0%	5.0%	3.7	6.0	BBB
Baird Core Plus (BCOIX)	40%	2.8%	3.1%	5.7	7.4	A
Dodge & Cox Income (DODIX)	20%	2.8%	3.3%	4.2	8.1	AA
Fixed Income Portfolio	100%	3.3%	3.9%	4.6	7.0	A
Bloomberg-Barclays Aggregate Index	N/A	N/A	2.6%	5.9	8.2	AA
Bloomberg-Barclays Multiverse Index	N/A	N/A	1.9%	6.7	8.6	AA

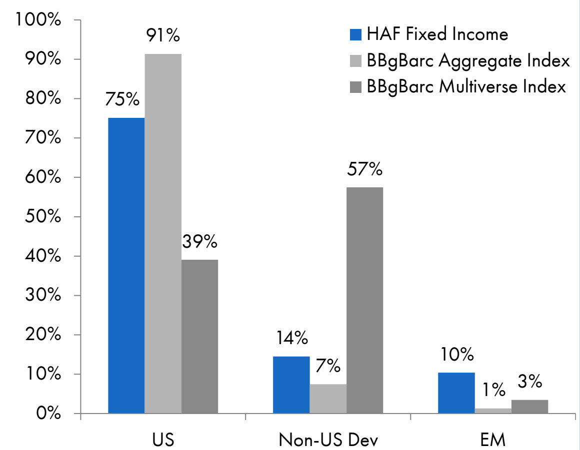
CREDIT QUALITY



SECTOR ALLOCATION



REGIONAL ALLOCATION



CURRENCY EXPOSURE

Currency	% of Portfolio
USD	101.0%
JPY	-1.0%
MXN	0.5%
EUR	-0.4%
Other	-0.1%
Total	100.0%

Note: All data sourced from eVestment, Morningstar, and respective managers as of 12/31/2016. Note: Sector and Regional Allocation data for PIMCO fixed-income funds are duration-weighted. Due to PIMCO's use of derivatives and other forward-settling securities, Angeles believes the duration-weighted method most accurately describes the risk profile of the net exposure of PIMCO's funds. Figures may not add up to 100% due to rounding. "Cash/Other" includes Converts/Preferreds, TIPS, and Municipals. Currency Exposure table represents the top 4 significant positions (in absolute terms) within the holdings-weighted portfolio.

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