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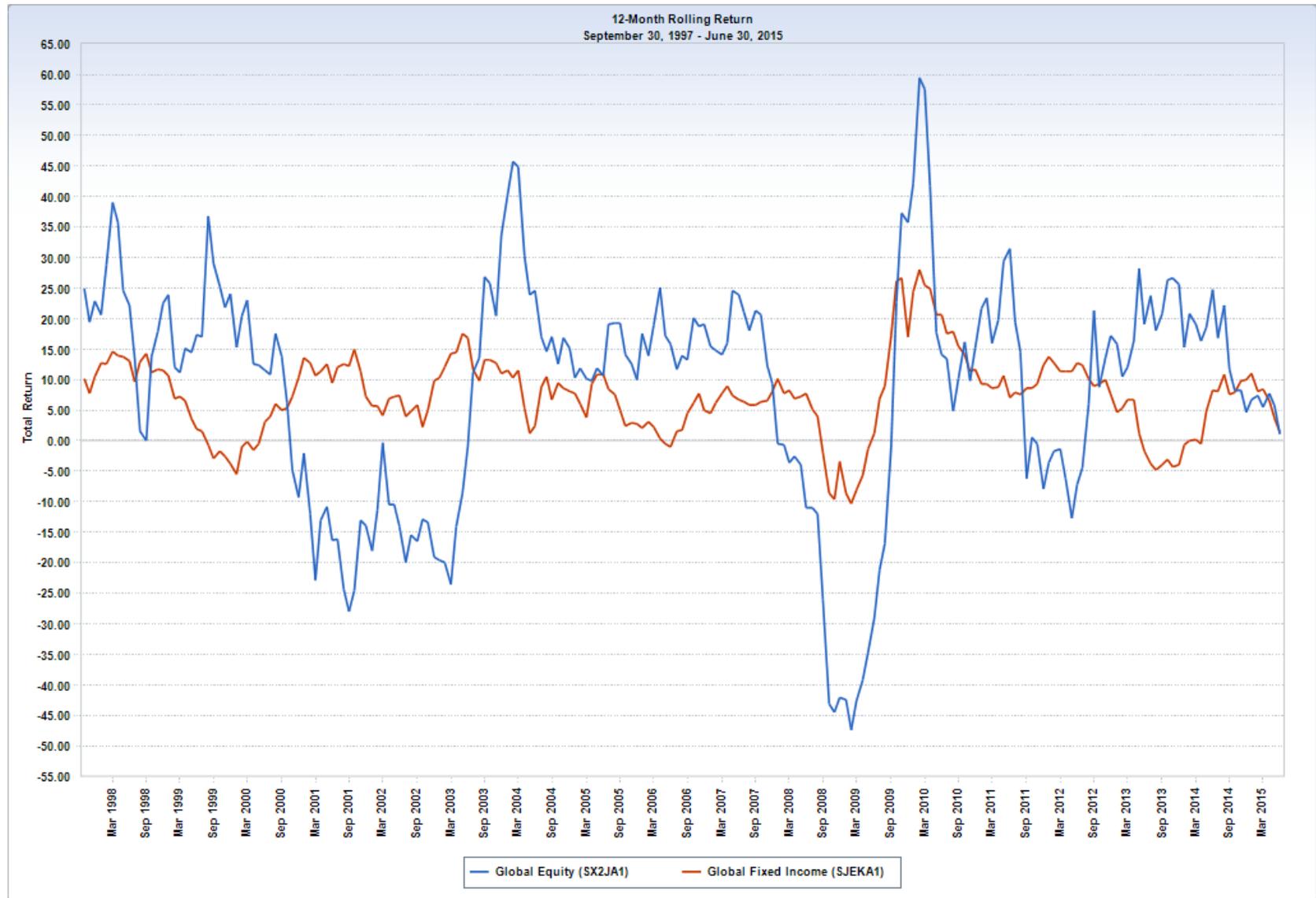
***Global Fixed Income Program – Consultant Review***

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*October 19, 2015*

# Global Fixed Income – Diversifier of Equity Risk





# Global Fixed Income Program

- Active Investment Process
  - 95% managed internally
  - 5% allocation to external managers
  - Performs well across a full market cycle
  - Not an “all weather” strategy and some aspects may emphasize sensitivity to “economic growth” factor across the total portfolio
- Manage across the credit spectrum – some “inflation protection” assets
  - US Treasuries
  - Corporate Credit
  - Mortgages
  - Asset-backed
  - CLOs
- Strong Experienced Team
  - MID most tenured INVO team leader
  - Senior Staff have long-track records
  - Short-term
  - Inflation-linked
  - Currency
  - Commodities
  - TIPs



# SWOT Analysis – Global Fixed Income Program





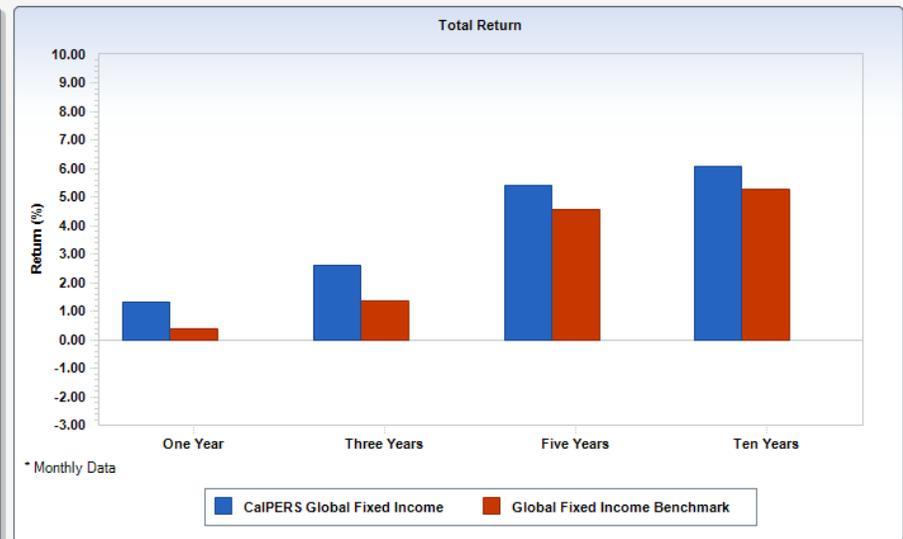
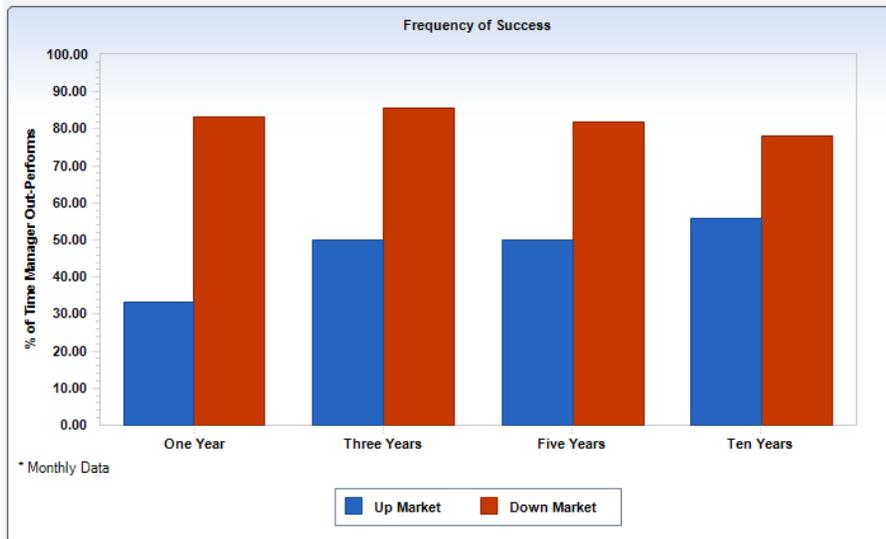
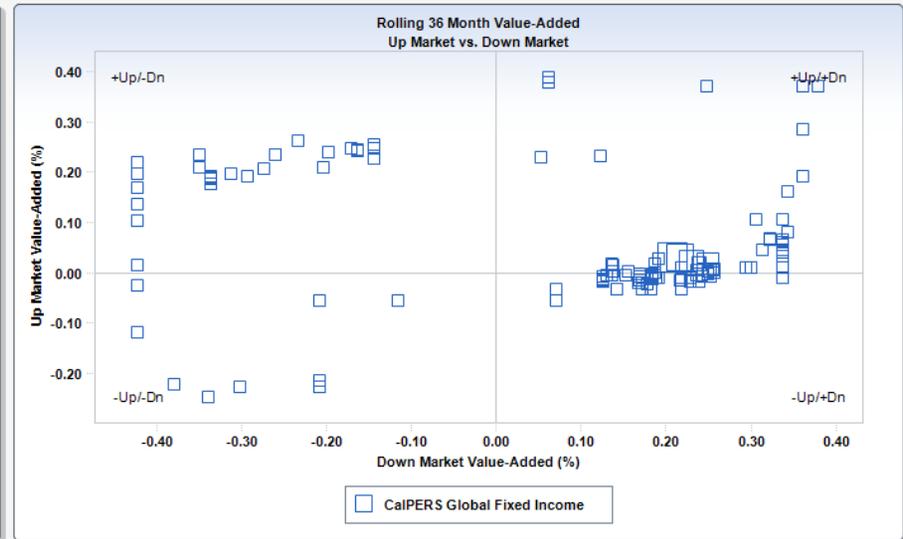
# *Global Fixed Income Program*

- Sustainability
  - GFI Team created Sustainable Practice Guidelines
    - ESG
    - Regulatory
  - Developed External Manager Due Diligence Questionnaire
  - Surveyed External Managers
- Structural Impediments
  - 63% of GFI Portfolio invested in US Government and US Government Sponsored Entities
  - To increase impact of Sustainable Practice Guidelines, IC will need to address through policy benchmark.



# Up/Down Market Performance

Positive Performance in both up and down markets





## Global Fixed Income Program Scores

Total Score of 80.7% or 242 out a 300 possible points

Categories	Total Fixed Income							
	Possible	Actual						
		2015	2014	2013	2011	2010	2009	2008
Ownership	30	10	10	5	5	5	5	5
Team	25	18	22	22	22	20	15	15
Quality of Pros	15	15	15	15	15	12	15	15
Turnover	15	10	10	10	5	7	7	10
Commit to Improve*	30	25	15	15	15	15	10	15
Market Anomaly	40	35	35	35	35	35	35	35
Information	15	13	13	12	12	12	12	12
Buy/Sell Discipline	15	15	15	15	15	15	15	15
Portfolio Construction	15	13	13	13	13	12	10	15
Quality Control	15	13	13	12	12	10	10	15
Research	40	37	37	37	35	35	35	35
IT Systems**	15	13	13	13	13	13	13	15
Marketing***	0	0	15	15	15	15	15	14
Trading	30	25	22	22	20	20	20	25
<b>Total</b>	<b>300</b>	<b>242</b>	<b>248</b>	<b>241</b>	<b>232</b>	<b>226</b>	<b>217</b>	<b>241</b>
		80.7%	82.7%	80.3%	77.3%	75.3%	72.3%	80.3%

\*Commitment to Improve – Scoring changed from (0-15) to (0-30) in 2015 review

\*\*IT Systems-Scoring changed from (0-30) to (0-15) in 2015 review

\*\*\*Marketing category removed in 2015 review



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