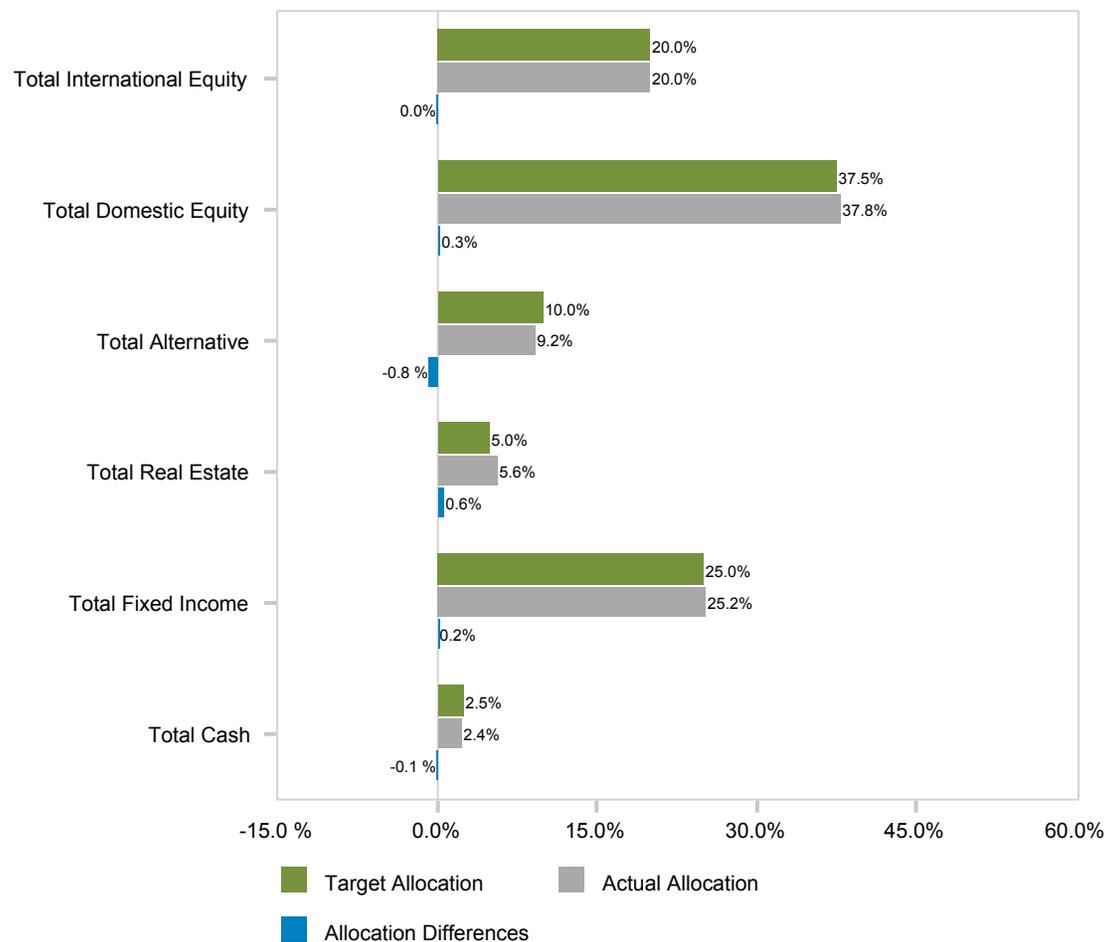


### Target Vs. Actual Asset Allocation



### Commentary

U.S. equity index returns were positive across the style and capitalization spectrum for the 2nd quarter and the trailing 1-year period. Domestic equity index returns were driven by positive trends in economic data reported throughout the period including improvements in GDP, consumer and business sentiment, and employment. In addition, corporate earnings grew at a double digit pace for 1Q 2017 with most sectors showing improvement. U.S. equity returns were somewhat subdued by ongoing political concerns. Media attention surrounding the dismissal of FBI Director James Comey and the ongoing gridlock associated with the repeal and replacement of the Affordable Care Act has cast doubt on the current administration's ability to implement promised expansionary fiscal policy measures.

The yield curve flattened through the 2nd quarter of 2017 as interest rates in the U.S. declined through the majority of the second quarter before rising moderately in June. The rise in interest rates coincided with the Federal Open Market Committee's (FOMC) June meeting and their decision to further tighten monetary policy by raising short-term interest rates by 0.25%. The Fed also announced a plan to systematically shrink the size of its balance sheet, gradually reducing its securities holdings by tapering the amount they reinvest as securities mature. This can be viewed similarly to a tightening of monetary policy. Broad fixed income indices were generally positive through the quarter with the bellwether Bloomberg Barclays U.S. Aggregate Index returning 1.4% for the quarter. Benefitting from falling credit spreads, corporate credit was the only investment grade sector to post gains over the 1-year period returning 2.3% versus a -0.3% return for the Bloomberg Barclays U.S. Aggregate Index.

### Comparative Performance

	QTR	YTD	FYTD	1 YR	3 YR	5 YR
<b>Total Fund</b>	<b>3.46</b>	<b>8.46</b>	<b>12.92</b>	<b>12.92</b>	<b>3.63</b>	<b>7.91</b>

Fiscal YTD is June 30.

