



MULTNOMAHGROUP

Investment Performance Review

Capital Markets Review

As of 6/30/2018

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Market Commentary

U.S. Economic Expansion is Now the Second Longest on Record

- Real GDP grew at an annual rate of 2.0% in Q1 2018 (most recent available); the current economic expansion is in its ninth year; GDP was weighed down by weak performance in consumer spending for the first two months of 2018
- Core CPI, which strips out food and energy prices, rose marginally in May (most recent available), up 2.2% versus a year ago
- The unemployment rate increased to 4% in June as potential workers came off the sidelines; U.S. payrolls of 213,000 beat economist expectations
- Consumer spending, which makes up over two-thirds of the economy, rose only 0.2% in May after two stronger months of growth
- U.S. manufacturing activity jumped in June likely in part because manufacturers were scrambling to move goods ahead of threatened tariffs

Yield Curve Continues to Flatten

- The Fed raised interest rates in June 2018 by a quarter point; the recent rate hike was the seventh rate increase since December 2015
- Despite the rate hikes, long-term rates have not kept pace causing the yield curve to flatten
- The 10-year Treasury bond yield increased 0.11% to 2.85% during the quarter; the 30-year Treasury yield inched up by 0.01% to 2.98%
- The top fixed income performers for the quarter were high yield bonds (up 1.10%) and TIPs (up 0.77%)
- Developed international bonds and emerging markets bonds were the worst fixed income performers declining 5.0% and 3.5%, respectively
- The dollar rallied against most major currencies this quarter aided by strong economic indicators and a hawkish tone from the Federal Reserve

U.S. Equity Markets Bounced Back in Q2

- The S&P 500 rebounded in Q2, gaining 3.4% for the quarter; the market is up 2.6% for the year; of the 11 sectors, seven ended higher in Q2
- Energy, consumer discretionary, and technology sectors showed the largest gains during Q2, advancing 13.5%, 8.2%, and 7.1% respectively
- Financials and industrials recorded the largest declines, both at 3.2% for the period
- The forward P/E for the S&P 500 dropped to 16.1x for Q2, matching the 25-year average
- Small cap stocks continued to outperform large caps in Q2; small value stocks beat small growth while large growth beat large value
- The CBOE Volatility Index (VIX Index) moderated in Q2 after a large spike upward in Q1

International Equities Struggled - Especially Emerging Markets

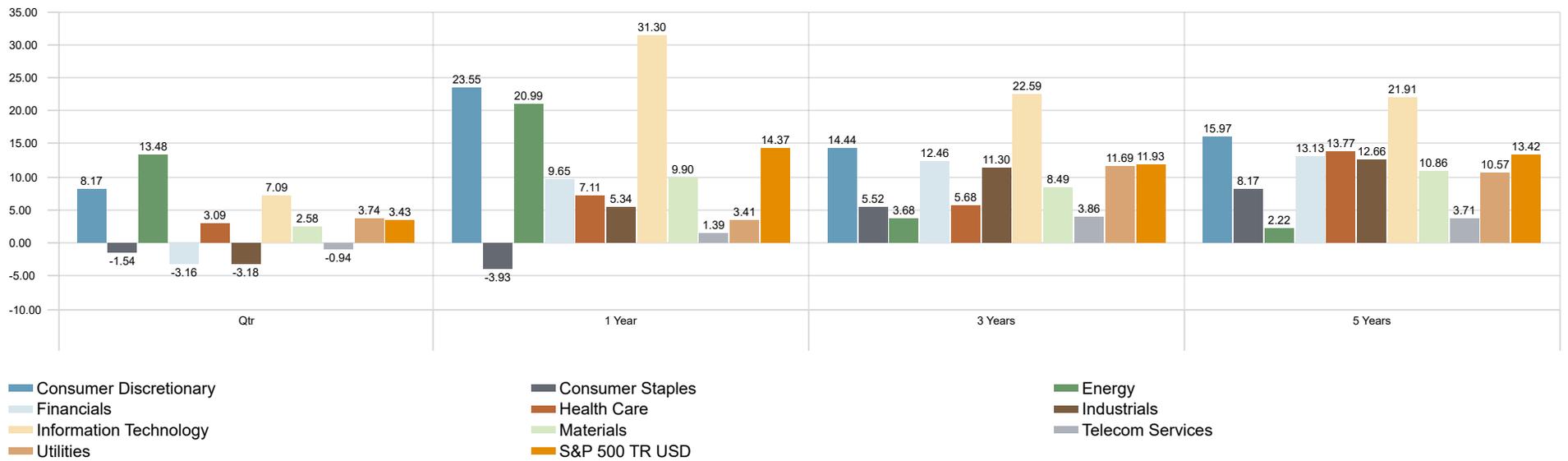
- Emerging markets equities reported the worst Q2 returns versus other asset classes declining 7.9%; results were hurt by Latin America (particularly Brazil) which declined by 17.7%; the stronger dollar was a headwind to emerging markets performance
- Developed Europe (ex-UK) and Developed Asia had modestly negative equity returns for Q2; the UK market improved 3.0% in U.S. dollars versus 9.4% in local currencies given the weak British pound

Oil Prices Were the Bright Spot in Commodities

- The Bloomberg Commodity Index was basically flat for Q2
- U.S. crude oil prices jumped 14.1% in Q2 to \$74.15 per barrel; natural gas jumped 9.3%; agriculture declined 9.1%
- Gold prices declined 5.2% for the 3-month period finishing the quarter at \$1,255 per troy ounce
- EIT s rebounded by 8.5% during Q2 recovering its large loss from Q1

U.S. Equity Markets

Returns by Sector (S&P 500)



Returns by Style (Russell Indices)

Last Quarter

	Value	Blend	Growth
Large	0.60	3.86	6.58
Mid	2.41	2.82	3.16
Small	8.30	7.75	7.23

Last 1 Year

	Value	Blend	Growth
Large	6.38	15.42	23.80
Mid	7.60	12.33	18.52
Small	13.10	17.57	21.86

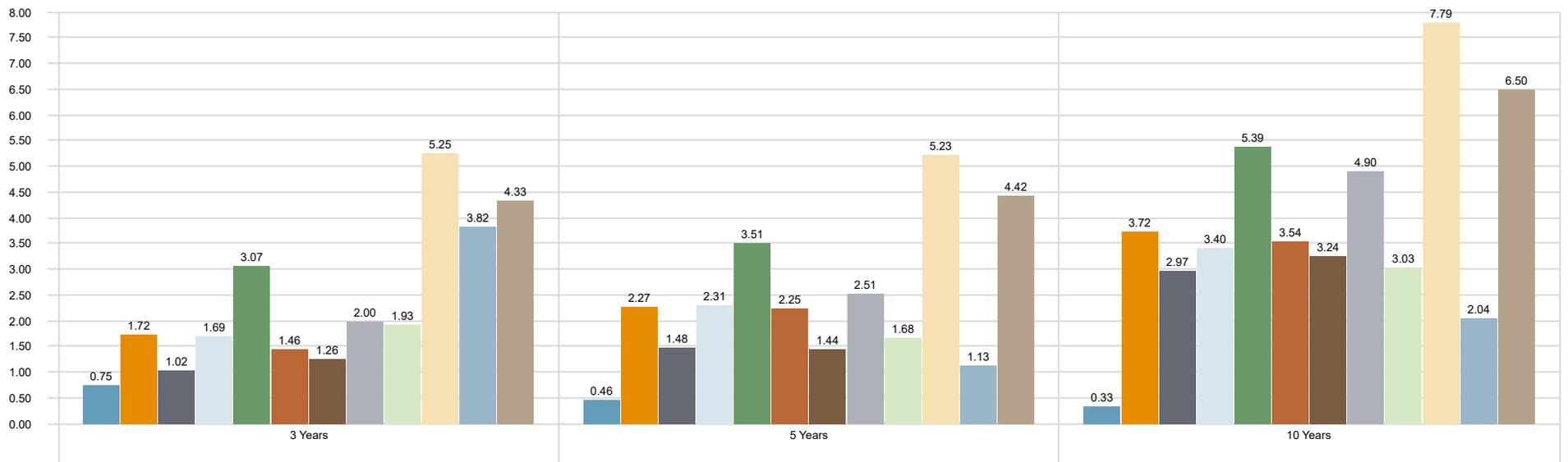
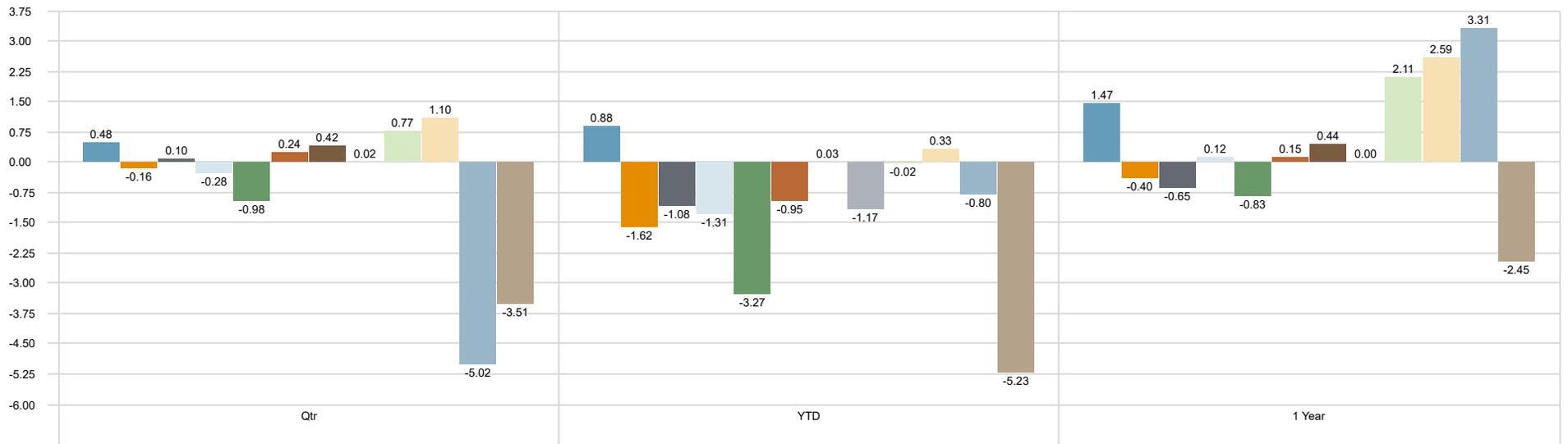
Last 3 Years

	Value	Blend	Growth
Large	8.01	12.50	16.58
Mid	8.80	9.58	10.73
Small	11.22	10.96	10.60

Last 5 Years

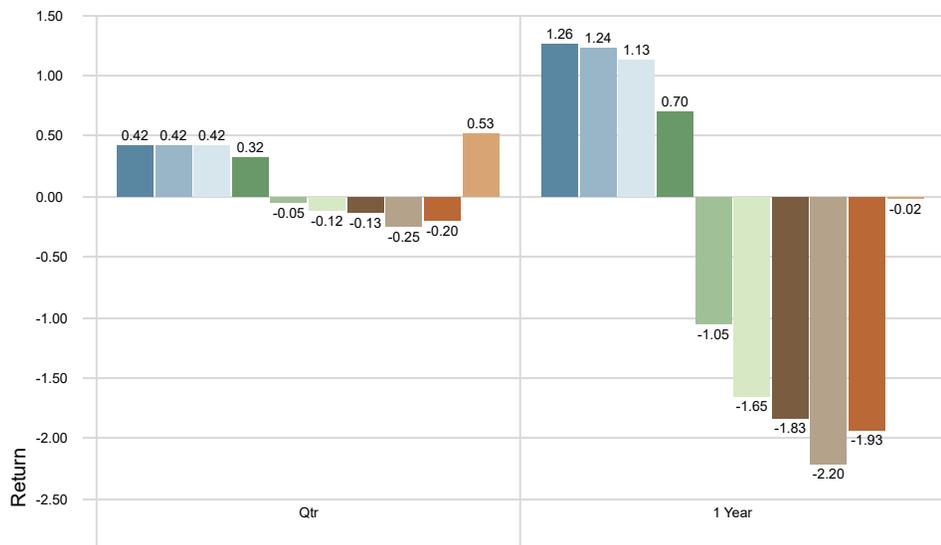
	Value	Blend	Growth
Large	9.94	13.84	17.51
Mid	11.27	12.22	13.37
Small	11.18	12.46	13.65

Fixed Income



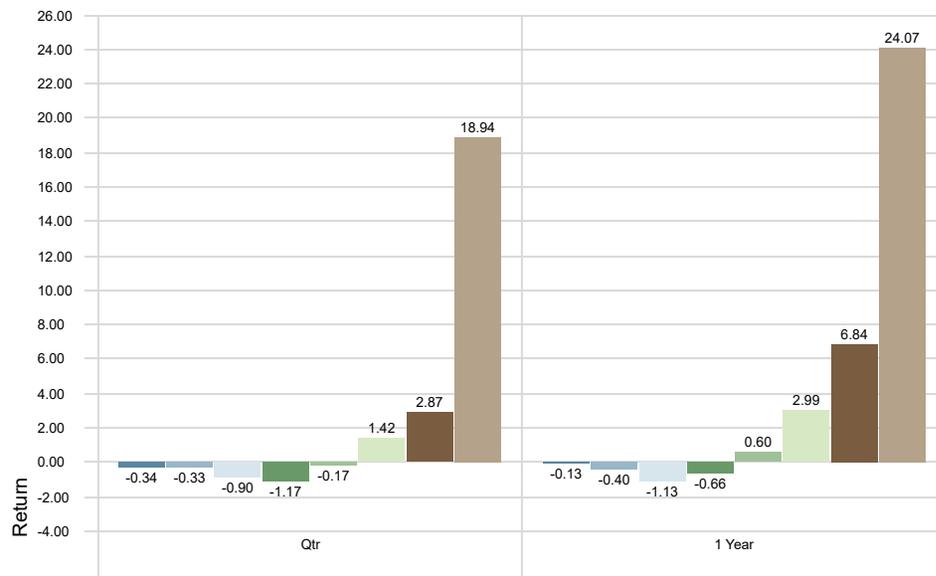
Fixed Income

Performance by Maturity



- USTREAS T-Bill Cnst Mat Rate 1 Mon
- USTREAS T-Bill Cnst Mat Rate 3 Mon
- USTREAS T-Bill Cnst Mat Rate 6 Mon
- USTREAS T-Bill Cnst Mat Rate 1 Yr
- USTREAS T-Bill Cnst Mat Rate 3 Yr
- USTREAS T-Bill Cnst Mat Rate 5 Yr
- USTREAS T-Bill Cnst Mat Rate 7 Yr
- USTREAS T-Bill Cnst Mat Rate 10 Yr
- USTREAS T-Bill Cnst Mat Rate 20 Yr
- USTREAS T-Bill Cnst Mat Rate 30 Yr

Performance by Credit Quality



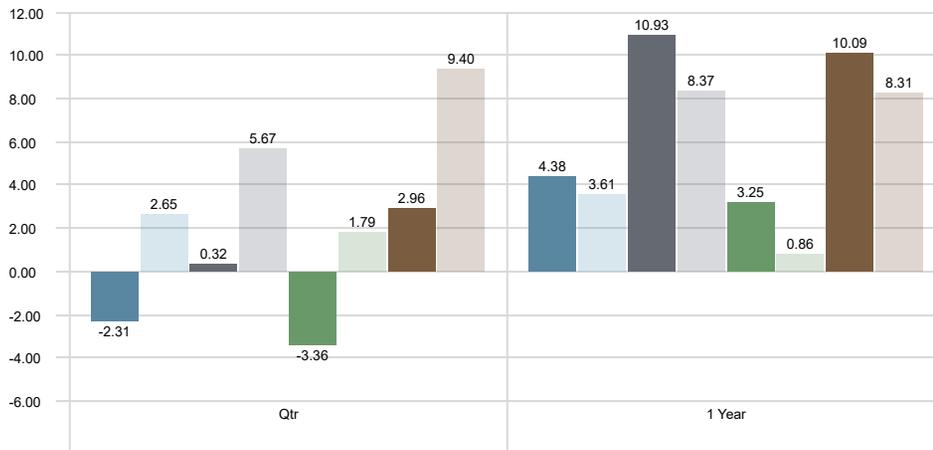
- Barclays US Corp Aaa TR USD
- Barclays US Corp Aa TR USD
- Barclays US Corp A TR USD
- Barclays US Corp Baa TR USD
- Barclays US HY Ba TR USD
- Barclays US HY B TR USD
- Barclays US HY Caa TR USD
- Barclays US HY Ca To D TR USD

Estimated Cost of \$1 of Lifetime Retirement Income at Age 65 (Adjusted for Cost of Living)

	BlackRock CoRI Retirement 2008	BlackRock CoRI Retirement 2010	BlackRock CoRI Retirement 2012	BlackRock CoRI Retirement 2014	BlackRock CoRI Retirement 2016	BlackRock CoRI Retirement 2018	BlackRock CoRI Retirement 2020	BlackRock CoRI Retirement 2022	BlackRock CoRI Retirement 2024
6/29/2018	\$ 13.72	\$ 15.05	\$ 16.41	\$ 17.79	\$ 19.18	\$ 20.88	\$ 19.63	\$ 18.48	\$ 17.41
3/29/2018	\$ 14.03	\$ 15.39	\$ 16.77	\$ 18.16	\$ 19.57	\$ 21.04	\$ 19.80	\$ 18.64	\$ 17.56
12/29/2017	\$ 15.26	\$ 16.58	\$ 17.88	\$ 19.17	\$ 20.47	\$ 21.69	\$ 20.44	\$ 19.30	\$ 18.24
9/29/2017	\$ 15.34	\$ 16.63	\$ 17.90	\$ 19.17	\$ 20.40	\$ 21.38	\$ 20.03	\$ 18.78	\$ 17.64
3/31/2017	\$ 15.45	\$ 16.68	\$ 17.90	\$ 19.09	\$ 20.27	\$ 20.51	\$ 19.09	\$ 17.73	\$ 16.55
12/30/2016	\$ 15.61	\$ 16.84	\$ 18.06	\$ 19.28	\$ 20.46	\$ 20.27	\$ 18.84	\$ 17.48	\$ 16.29
9/30/2016	\$ 16.74	\$ 18.12	\$ 19.50	\$ 20.91	\$ 22.22	\$ 22.09	\$ 20.81	\$ 19.55	\$ 18.45

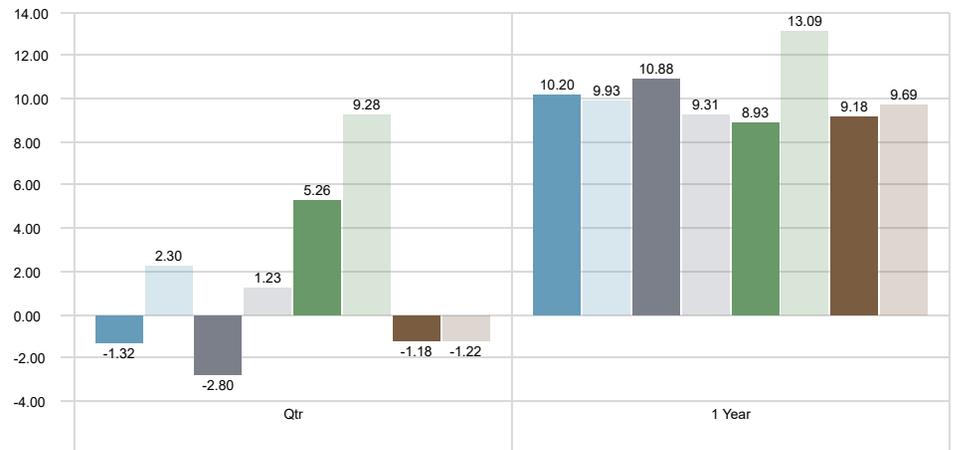
International Equity Markets

Developed Europe



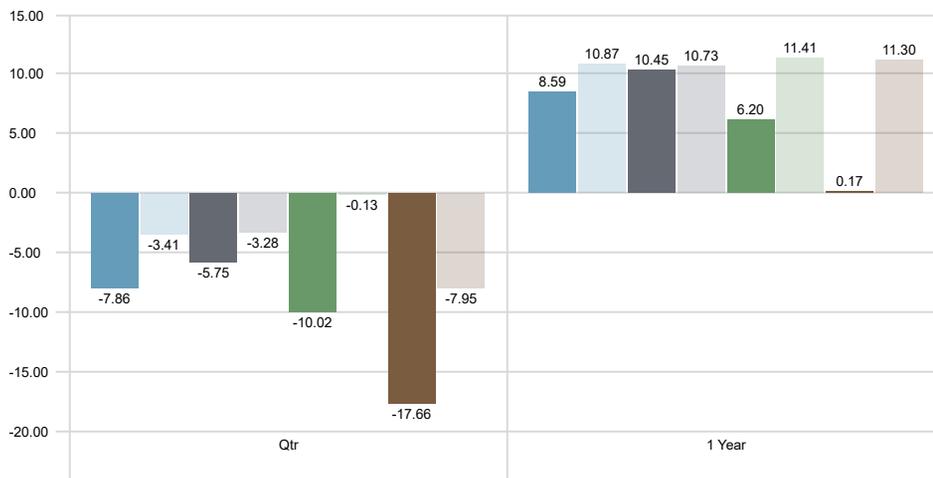
- Europe ex UK (USD)
- Europe ex UK (Local)
- France (USD)
- France (Local)
- Germany (USD)
- Germany (Local)
- United Kingdom (USD)
- United Kingdom (Local)

Developed Asia



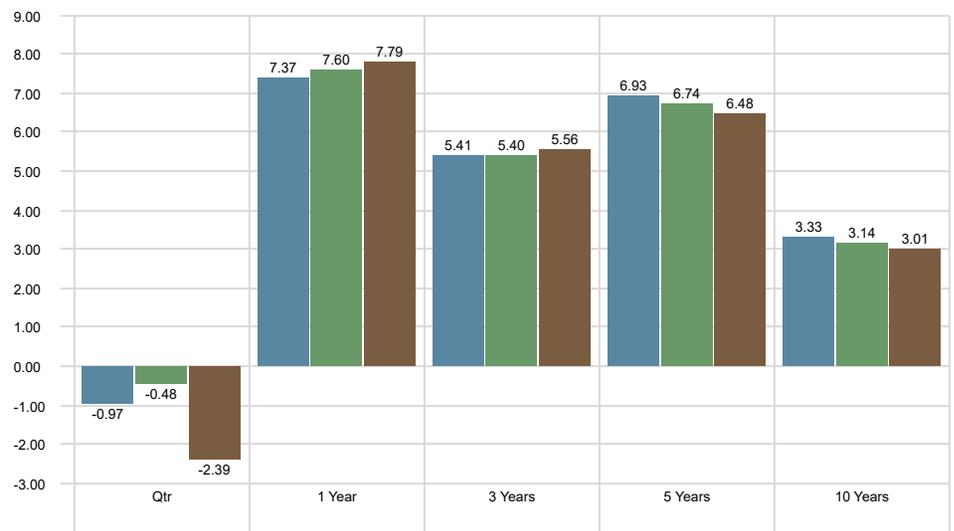
- Pacific (USD)
- Pacific (Local)
- Japan (USD)
- Japan (Local)
- Australia (USD)
- Australia (Local)
- Hong Kong (USD)
- Hong Kong (Local)

Emerging Markets



- Emerging Markets (USD)
- Emerging Markets (Local)
- Asia (USD)
- Asia (Local)
- Europe, Middle East & Africa (USD)
- Europe, Middle East & Africa (Local)
- Latin America (USD)
- Latin America (Local)

International Benchmarks



- EAFE
- World ex USA (Developed)
- ACWI ex USA (Developed & Emerging)

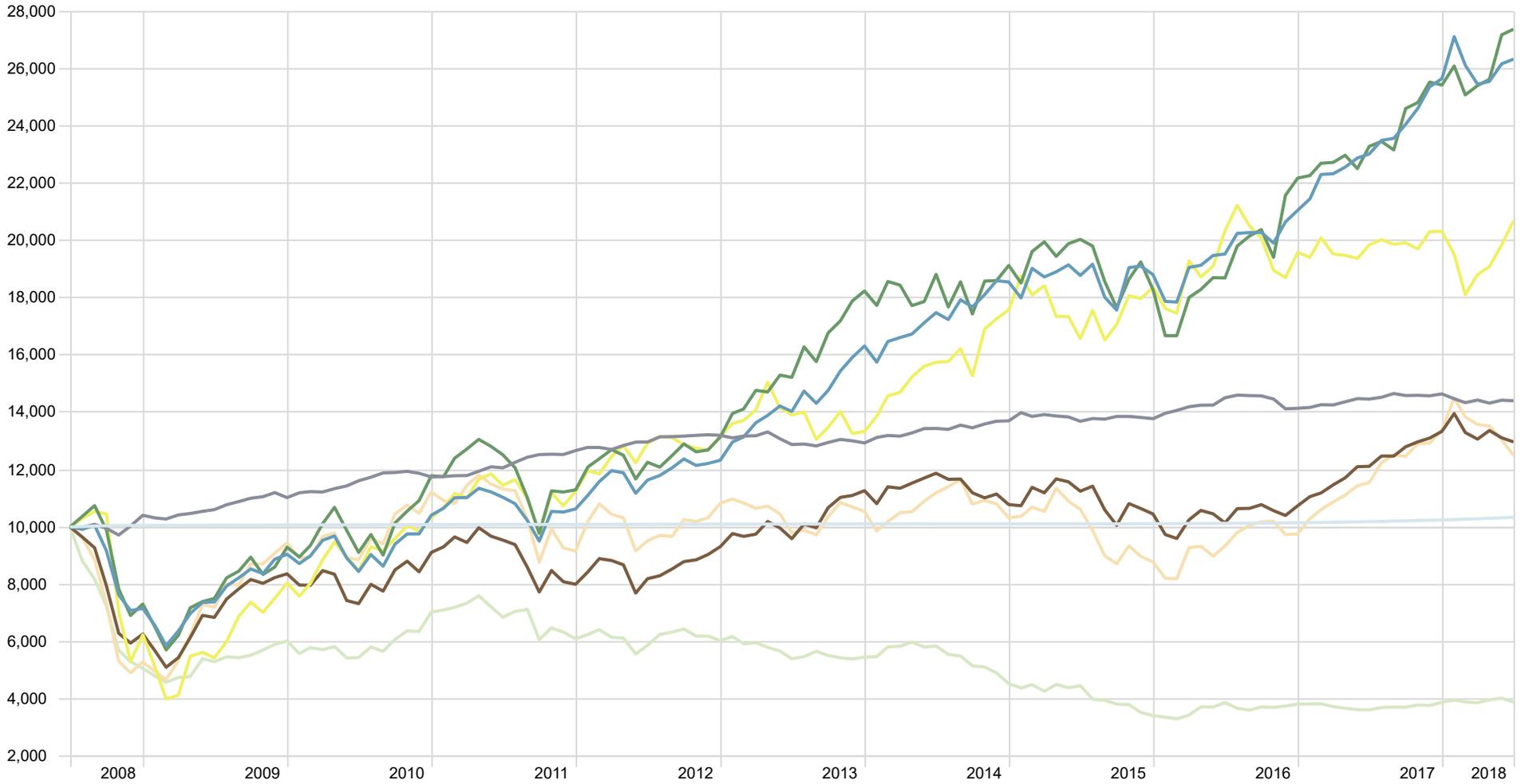
Unpredictability of Asset Class Returns

Best ↑ ↓ Worst	Intermediate Bonds 5.24	Emerging Market Stocks 78.51	Real Estate 28.47	Real Estate 8.87	Emerging Market Stocks 18.22	U.S. Small Cap Stocks 38.82	Real Estate 31.85	Real Estate 4.46	U.S. Small Cap Stocks 21.31	Emerging Market Stocks 37.28	U.S. Small Cap Stocks 7.66
	Cash 1.51	Developed Intl Stocks 33.67	U.S. Small Cap Stocks 26.85	Intermediate Bonds 7.84	Real Estate 17.09	U.S. Large Cap Stocks 32.39	U.S. Large Cap Stocks 13.69	U.S. Large Cap Stocks 1.38	U.S. Large Cap Stocks 11.96	Developed Intl Stocks 24.21	U.S. Large Cap Stocks 2.65
	U.S. Small Cap Stocks -33.79	Real Estate 29.01	Emerging Market Stocks 18.88	U.S. Large Cap Stocks 2.11	Developed Intl Stocks 16.41	Developed Intl Stocks 21.02	Intermediate Bonds 5.97	Intermediate Bonds 0.55	Commodities 11.77	U.S. Large Cap Stocks 21.83	Real Estate 1.82
	Commodities -35.65	U.S. Small Cap Stocks 27.17	Commodities 16.83	Cash 0.06	U.S. Small Cap Stocks 16.35	Real Estate 1.31	U.S. Small Cap Stocks 4.89	Cash 0.05	Emerging Market Stocks 11.19	U.S. Small Cap Stocks 14.65	Cash 0.88
	U.S. Large Cap Stocks -37.00	U.S. Large Cap Stocks 26.46	U.S. Large Cap Stocks 15.06	U.S. Small Cap Stocks -4.18	U.S. Large Cap Stocks 16.00	Cash 0.06	Cash 0.03	Developed Intl Stocks -3.04	Real Estate 6.65	Real Estate 3.76	Commodities 0.00
	Real Estate -39.83	Commodities 18.91	Developed Intl Stocks 8.95	Developed Intl Stocks -12.21	Intermediate Bonds 4.21	Intermediate Bonds -2.02	Emerging Market Stocks -2.19	U.S. Small Cap Stocks -4.41	Developed Intl Stocks 2.75	Intermediate Bonds 3.54	Intermediate Bonds -1.62
	Developed Intl Stocks -43.56	Intermediate Bonds 5.93	Intermediate Bonds 6.54	Commodities -13.32	Cash 0.09	Emerging Market Stocks -2.60	Developed Intl Stocks -4.32	Emerging Market Stocks -14.92	Intermediate Bonds 2.65	Commodities 1.70	Developed Intl Stocks -2.77
	Emerging Market Stocks -53.33	Cash 0.16	Cash 0.14	Emerging Market Stocks -18.42	Commodities -1.06	Commodities -9.52	Commodities -17.01	Commodities -24.66	Cash 0.34	Cash 0.97	Emerging Market Stocks -6.66
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD



Growth of \$10,000

Time Period: 7/1/2008 to 6/30/2018

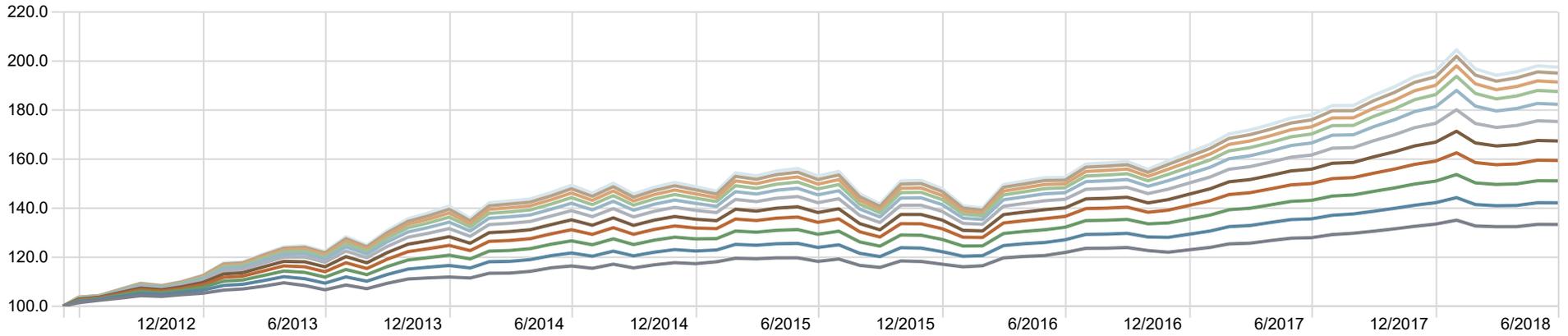


— Cash	10,334.83	— Intermediate Bonds	14,408.86	— U.S. Large Cap Stocks	26,339.69
— U.S. Small Cap Stocks	27,386.93	— Real Estate	20,692.61	— Developed Intl Stocks	12,969.49
— Emerging Market Stocks	12,500.12	— Commodities	3,875.34		

As of 6/30/2018

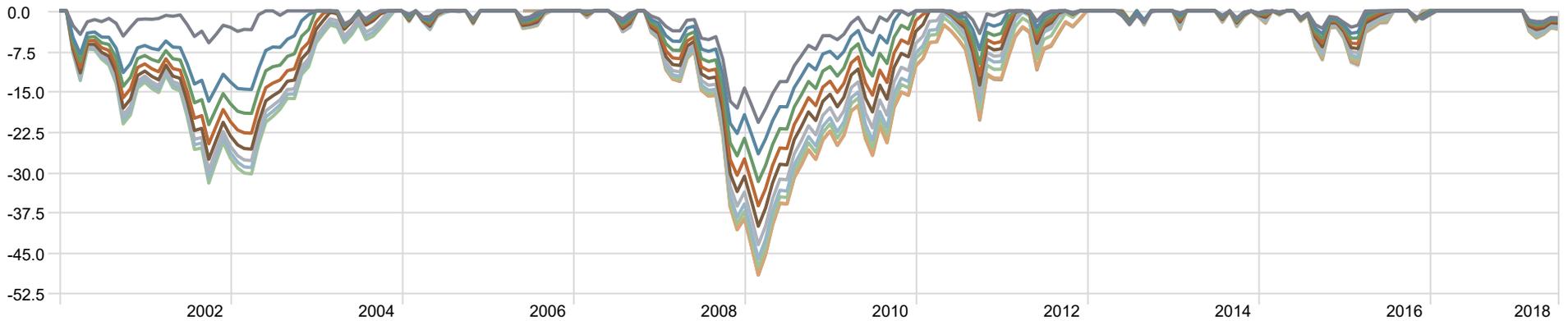
Target Date Investments

Growth of \$100



— S&P Target Date Retirement Income TR USD	133.3	— S&P Target Date 2010 TR USD	142.1	— S&P Target Date 2015 TR USD	151.1
— S&P Target Date 2020 TR USD	159.4	— S&P Target Date 2025 TR USD	167.4	— S&P Target Date 2030 TR USD	175.3
— S&P Target Date 2035 TR USD	182.3	— S&P Target Date 2040 TR USD	187.6	— S&P Target Date 2045 TR USD	191.4
— S&P Target Date 2050 TR USD	195.1	— S&P Target Date 2055+ TR USD	197.5		

Maximum Drawdown



— S&P Target Date Retirement Income TR USD	— S&P Target Date 2010 TR USD	— S&P Target Date 2015 TR USD
— S&P Target Date 2020 TR USD	— S&P Target Date 2025 TR USD	— S&P Target Date 2030 TR USD
— S&P Target Date 2035 TR USD	— S&P Target Date 2040 TR USD	— S&P Target Date 2045 TR USD
— S&P Target Date 2050 TR USD	— S&P Target Date 2055+ TR USD	