

3-year annualized performance

✓ The System is outperforming it's retail peer group, net of fees



Percent of Peer Group Below: 93%

Rank	Fund Name	Inception Date	Return: 3 Years	Morningstar Rating Overall	Fund Size
1	Hartford Balanced Income Y	7/31/2006	6.38	★★★★★	10,242,816,087
2	Vanguard Tax-Managed Balanced Adm	9/6/1994	5.99	★★★★★	3,273,509,967
3	USAA Growth and Tax Strategy	1/11/1989	5.96	★★★★★	369,993,819
4	Vanguard Wellesley® Income Inv	7/1/1970	5.76	★★★★★	51,130,474,579
5	American Funds TxAdvvtg Inc F2	5/18/2012	5.75	★★★★★	1,286,782,284
6	Invesco Income Allocation R5	10/31/2005	5.66	★★★★★	558,583,342
7	MFS Diversified Income I	5/26/2006	5.46	★★★★★	3,806,806,650
8	PSPRS Trust	6/30/2002	5.29	—	8,889,789,497
9	Principal Global Div Inc Instl	12/15/2008	4.52	★★★★	11,291,843,314
10	Sterling Capital Diversified Inc Instl	10/1/1997	4.51	★★★	38,026,081
11	Spirit of America Income & Opp A	7/8/2013	4.35	★★★	58,531,898
12	AllianzGI Income & Growth Institutional	2/28/2007	4.23	★★★★★	3,080,414,352
13	Vanguard LifeStrategy Cnsvr Gr Inv	9/30/1994	4.20	★★★★	8,494,613,827
14	Great-West Moderately Cnsvr Pfl II Init	9/27/1999	4.06	★★★★	274,000,000
15	Wells Fargo Moderate Balanced Admin	11/11/1994	4.05	★★★★★	180,241,455
118	Principal Diversified Real Asset Instl	3/16/2010	-1.67	★	4,064,611,572
119	Satuit West Shore Real Return I	12/6/2013	-2.49	★	24,905,570
120	Cornerstone Advisors Real Assets Instl	8/30/2012	-3.71	★	199,058,500

Source: Morningstar Direct

* Net of Fees, for three-years ending 12/31/16

5-year annualized performance

✓ The System is outperforming it's retail peer group, net of fees



Percent of Peer Group Below: 90%

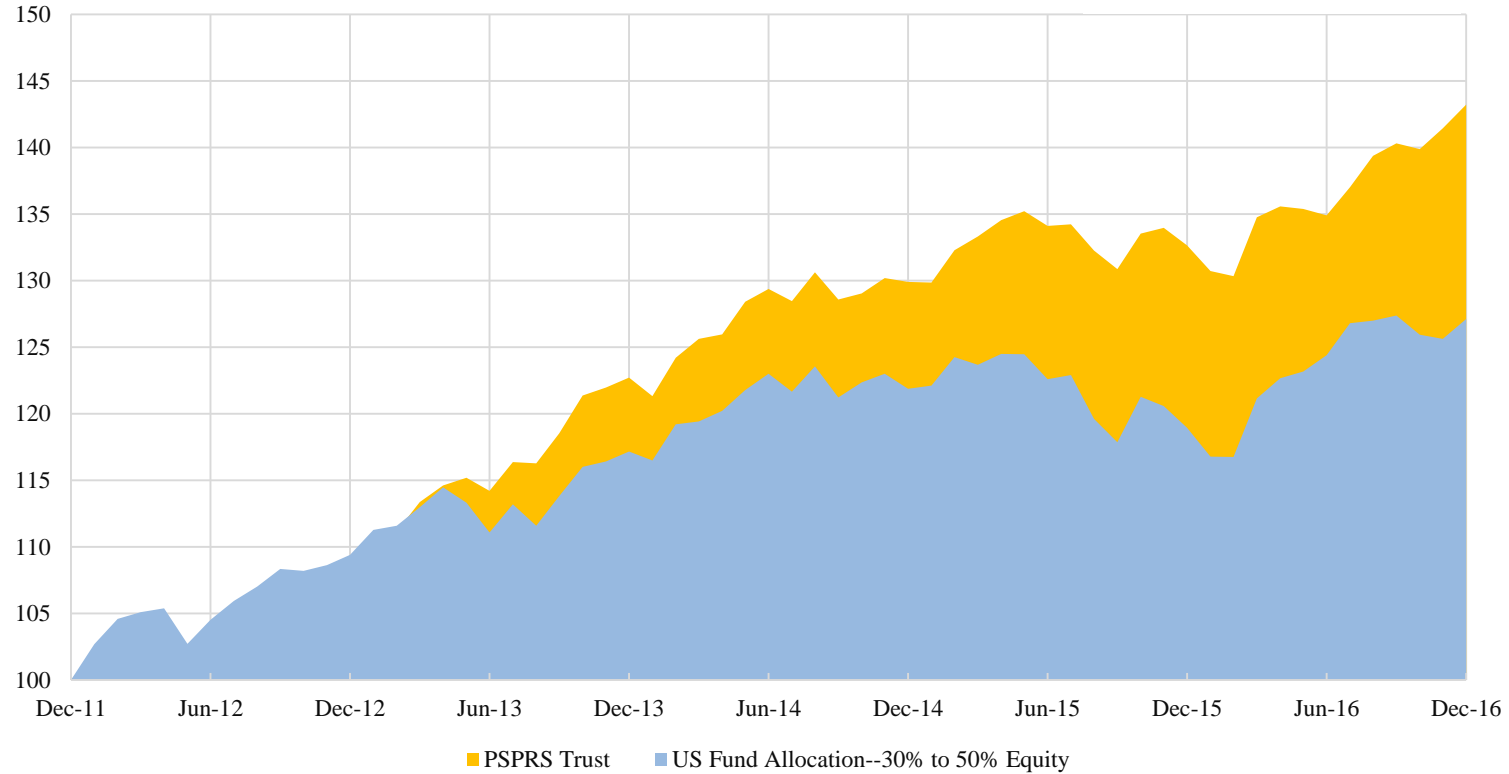
Rank	Fund Name	Inception Date	Return: 5 Years	Morningstar Rating Overall	Fund Size
1	Hartford Balanced Income Y	7/31/2006	8.96	★★★★★	10,242,816,087
2	AllianzGI Income & Growth Institutional	2/28/2007	8.74	★★★★★	3,080,414,352
3	Vanguard Tax-Managed Balanced Adm	9/6/1994	8.58	★★★★★	3,273,509,967
4	USAA Growth and Tax Strategy	1/11/1989	8.56	★★★★★	369,993,819
5	BlackRock 40/60 Target Allocation Instl	12/21/2006	8.51	★★★★★	400,276,728
6	Pioneer Multi-Asset Income Y	12/22/2011	8.03	★★★★	740,950,857
7	Franklin Income A	8/31/1948	7.71	★★★★	83,214,639,924
8	Wells Fargo Moderate Balanced Admin	11/11/1994	7.53	★★★★★	180,241,455
9	MFS Diversified Income I	5/26/2006	7.50	★★★★★	3,806,806,650
10	Goldman Sachs Income Builder A	10/12/1994	7.49	★★★★	2,151,977,977
11	PSPRS Trust	6/30/2002	7.46	—	8,889,789,497
12	Columbia Capital Allocation Moderate K	3/4/2004	7.39	★★★★★	1,530,221,209
13	JPMorgan Income Builder Select	5/31/2007	7.34	★★★★	12,160,801,536
14	Thrivent Ser Diversified Income Plus	3/2/1998	7.30	★★★★	587,921,083
15	Vanguard Wellesley® Income Inv	7/1/1970	7.29	★★★★★	51,130,474,579
105	USAA Real Return Institutional	10/18/2010	2.19	★	68,666,415
106	Principal Diversified Real Asset Instl	3/16/2010	1.52	★	4,064,611,572
107	Permanent Portfolio Permanent I	12/1/1982	1.38	★★	2,797,860,722

Source: Morningstar Direct * Net of Fees, for five-years ending 12/31/16

✓ The Trust has outperformed its peer group, net of fees, in the Morningstar Direct universe.

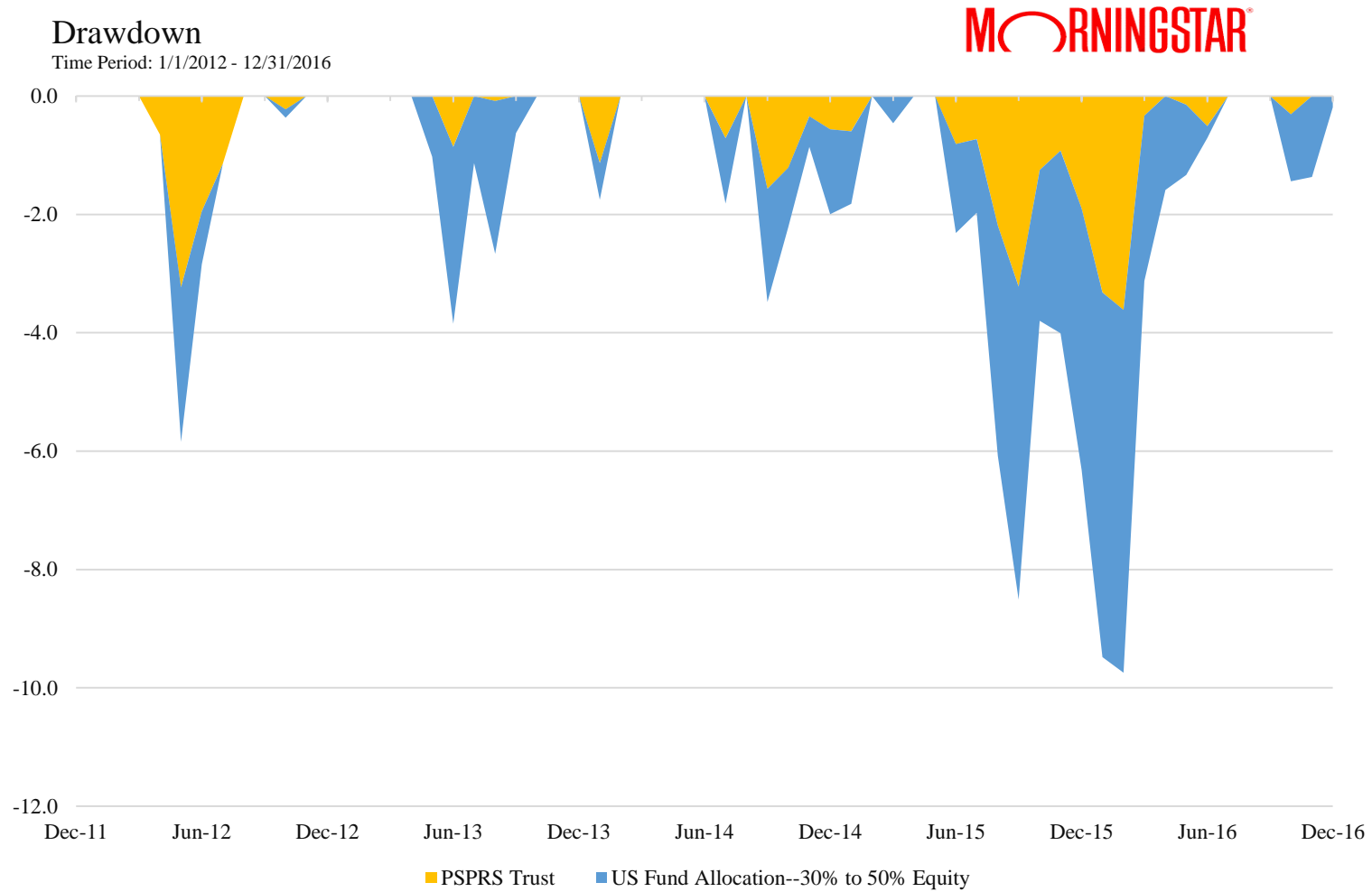
Investment Growth

Date: 1/1/2012 - 12/31/16



Source: Morningstar Direct, n = 107

✓ ...And the portfolio has accomplished these returns with less downside risk than its peer group.



Source: Morningstar Direct, n = 107

✓ Today, the System is less reliant on global stocks than at any time in its history.

The table below shows the estimated primary and secondary driver of returns for each asset class. For example, about 90% of the Trust's performance in the U.S. Equity portfolio can be explained by observing changes in the stock prices of large and small U.S. companies.

Other asset classes are not impacted by stock prices or any other major market factor.

The PSPRS Trust	Portfolio Weight	Primary Driver	Secondary Driver	Fraction Explained
US Equities	16.3%	Large U.S. Stocks	Small U.S. Stocks	90%
International Equities	14.4%	Global Stocks	--	85%
Real Estate	9.8%	US 10y T-Note	Treasury Spread (10Y-3M)	43%
Private Equity	14.1%	North American Stocks	Large U.S. Stocks	88%
Fixed Income	5.6%	Change in US 10Y T-Note	Credit Spread(BAA_AAA)	42%
Private Credit	11.9%	Small U.S. Stocks	Inflation (CPI)	87%
GTAA	8.6%	--	--	-
Real Assets	10.7%	Liquidity	Oil	35%
Absolute Return	3.1%	--	--	-
Risk Parity	3.4%	--	--	-

Note: Blue/Yellow squares denote an inverse relationship

- ✓ A balanced portfolio helps reduce losses while still offering a good chance to achieve the System's Actuarial Assumed Rate.

While losses can not be eliminated they can sometimes be managed. We use models to help approximate how today's portfolio might have performed through previous crisis. Without being too precise the portfolio appears to be more resilient as a result of our efforts to diversify risk.

Events	Today's Portfolio	PSPRS Trust Actual
Asian Crisis of 1997	3.2%	5.7%
Russian/LTCM Crisis 1998	-3.7%	-5.5%
WTC Attacks - Sept. 11	-3.1%	-11.7%
Stock Market Crash 2002	-4.8%	-21.1%
August Crisis 2007	1.4%	1.6%
January Crisis 2008	-2.4%	-2.7%
Credit Crunch 2008 (Aug to Nov)	-15.3%	-23.1%
Crisis 2009 (Jan-Feb)	-5.3%	-12.9%
Flash Crash 2010	-3.6%	-3.7%
Brexit (2016)	0.4%	-0.3%