Attachment 11

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WEST VIRGINIA

BOARD OF TREASURY INVESTMENTS

West Virginia Board of Treasury Investments

Investment Performance Analysis

November 10, 2016

John Krimmel, CPA, CFA, Partner
Seth Bancroft, Research Consultant
Shalini Brown, Senior Analyst

255 State Street, Boston, MA 02109 | TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com
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Executive Summary

Plan Update

- As of September 30, 2016, total assets in the **West Virginia Board of Treasury Investments Portfolio** totaled $2.99 billion, an increase of $322.3 million from the June 30, 2016 reported values.
  - Assets in the Money Market pool increased by $307.9 million. The Government Money Market pool saw an increase of $20.4 million during the quarter. Short-Term Bond pool assets as saw a decrease of $9.9 million and The CD pool assets increased by $3.9 million.

- The **West Virginia Money Market pool** outperformed its benchmark index by 9 basis point for the quarter. For the trailing one year, the Money Market pool outperformed its benchmark by 28 basis points. Over the longer term five-year period, the pool outperformed its benchmark by 7 basis points.

- The **West Virginia Government Money Market pool** outperformed its benchmark by 5 basis points for the quarter and 18 basis points for the trailing one year. The pool outperformed its benchmark by 4 basis point for the five-year period.

- The **West Virginia Short Term Bond pool** outperformed its benchmark index by 36 basis points for the quarter. The pool outperformed its benchmark by 3 basis points for the three-year period and out performed by 16 basis points for the five-year period.

- The **West Virginia Bank Pool** outperformed its benchmark by 7 basis points for the trailing quarter and led the benchmark by 20 basis point for the trailing one year period. For the five-year period, the pool led the benchmark by 11 basis points.

West Virginia Board of Treasury Investments

Investment Performance Report (Net of Fees)

Periods Ending 9/30/2016

Weight in Fund		Sep-16	FYTD	1 Yr	3 Yr	5 Yr	Ending Market Value
100.0%	**Composite**						**$2,991,366,281**
62.3%	**Money Market Pool ***	**0.053%**	**0.150%**	**0.470%**	**0.243%**	**0.203%**	**$1,864,861,185**
	Federated - Money Market	**0.060%**	**0.161%**	**0.507%**			**$927,795,956**
	UBS Global - Money Market	**0.046%**	**0.140%**	**0.433%**	**0.250%**	**0.220%**	**$937,065,228**
	*Custom Money Market Pool Index***	*0.022%*	*0.059%*	*0.185%*	*0.090%*	*0.127%*	
7.0%	**UBS Global - Government**	**0.029%**	**0.088%**	**0.270%**	**0.120%**	**0.111%**	**$210,578,804**
	*Custom Government Money Mark Pool Index****	*0.015%*	*0.035%*	*0.090%*	*0.051%*	*0.064%*	
26.2%	**Federated - Short Term**	**0.154%**	**0.356%**	**1.681%**	**1.138%**	**1.076%**	**$782,497,748**
	*Short Term Bond Index*****	*0.118%*	*-0.012%*	*1.221%*	*1.105%*	*1.060%*	
4.5%	**Bank Pool**	**0.046%**	**0.135%**	**0.387%**	**0.233%**	**0.242%**	**$133,428,544**
	*Custom Bank Pool Index***	*0.022%*	*0.059%*	*0.185%*	*0.090%*	*0.127%*	

* The West Virginia Money Market Pool is a multi manager investment pool, which is managed by Federated Investors and UBS Global Asset Management. Prior to August 1, 2015, the Pool was managed by JP Morgan Asset Management and UBS Global Asset Management.

** Benchmark is 15% iMoneyNet Treasury & Repo Institutional Average™ + 85% iMoneyNet First Tier Institutional Average™; prior to July 1, 2015 BofA Merrill Lynch 3-Month T-bill plus floating hurdle with maximum of 15 bps; prior to January 2013 Merrill Lynch 3-Month T-bill + 15 bps

*** Benchmark is 15% iMoneyNet Treasury & Repo Institutional Average™ + 85% iMoneyNet Government & Agencies Institutional Average™; prior to July 1, 2015 BofA Merrill Lynch 3-Month T-bill

**** Benchmark is BofA Merrill Lynch 1-3 Year Government/Credit Index A or Better + 10bps

West Virginia Board of Treasury Investments

Investment Performance Report (Gross of Fees)

Periods Ending 9/30/2016

Weight in Fund		Sep-16	FYTD	1 Yr	3 Yr	5 Yr	Ending Market Value
100.0%	**Composite**						**$2,991,366,281**
62.3%	**Money Market Pool ***	**0.055%**	**0.159%**	**0.500%**	**0.274%**	**0.233%**	**$1,864,861,185**
	Federated - Money Market	**0.062%**	**0.168%**	**0.534%**			**$927,795,956**
	UBS Global - Money Market	**0.049%**	**0.149%**	**0.467%**	**0.281%**	**0.247%**	**$937,065,228**
	*Custom Money Market Pool Index***	*0.022%*	*0.059%*	*0.185%*	*0.090%*	*0.127%*	
7.0%	**UBS Global - Government**	**0.032%**	**0.097%**	**0.306%**	**0.154%**	**0.145%**	**$210,578,804**
	*Custom Government Money Mark Pool Index****	*0.015%*	*0.035%*	*0.090%*	*0.051%*	*0.064%*	
26.2%	**Federated - Short Term**	**0.161%**	**0.378%**	**1.773%**	**1.229%**	**1.168%**	**$782,497,748**
	*Short Term Bond Index*****	*0.118%*	*-0.012%*	*1.221%*	*1.105%*	*1.060%*	
4.5%	**Bank Pool**	**0.046%**	**0.135%**	**0.387%**	**0.233%**	**0.242%**	**$133,428,544**
	*Custom Bank Pool Index***	*0.022%*	*0.059%*	*0.185%*	*0.090%*	*0.127%*	

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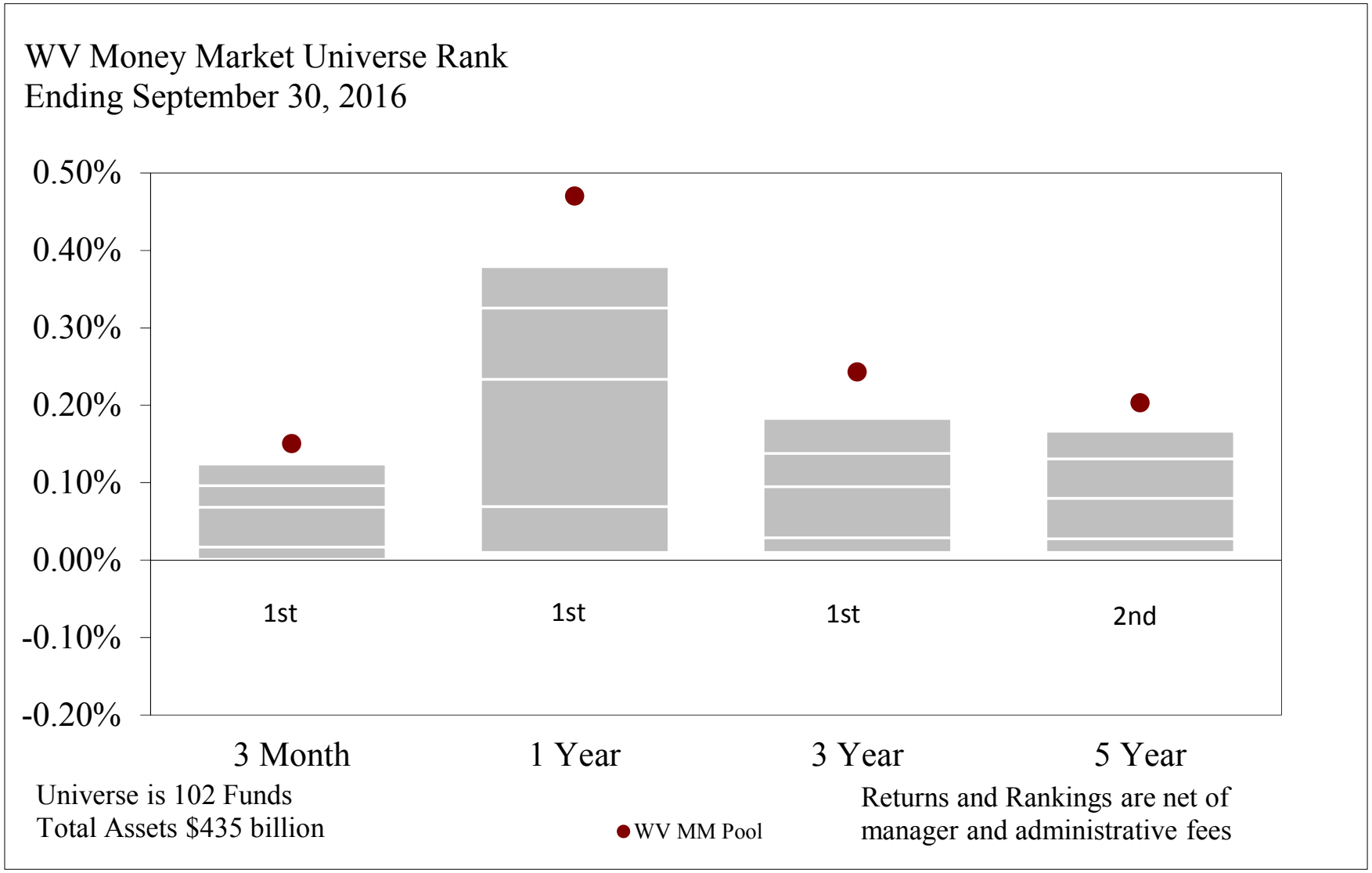
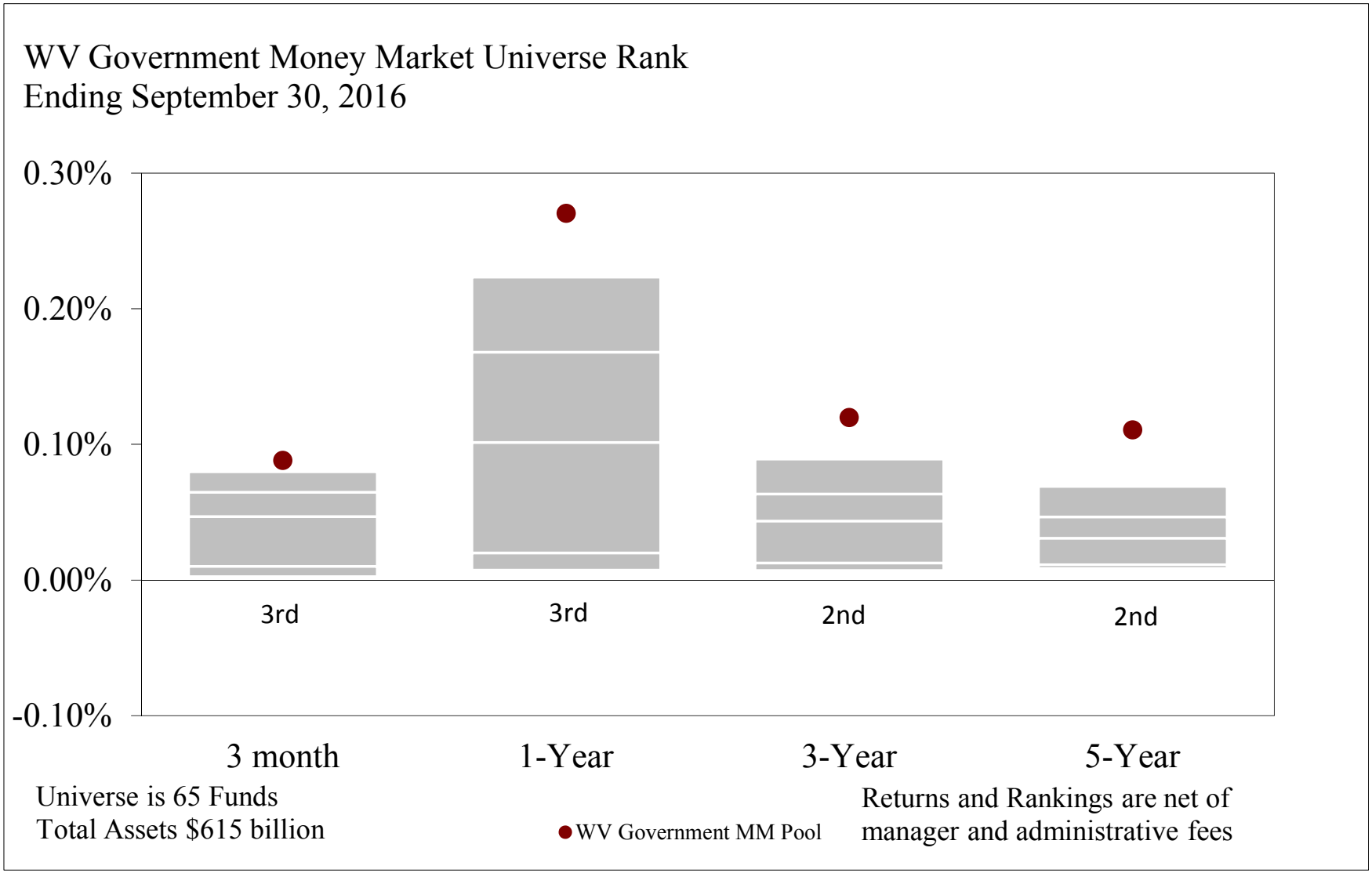
WV Money Market – Peer Comparison



Universe declined 10 funds and declined $326 billion in assets

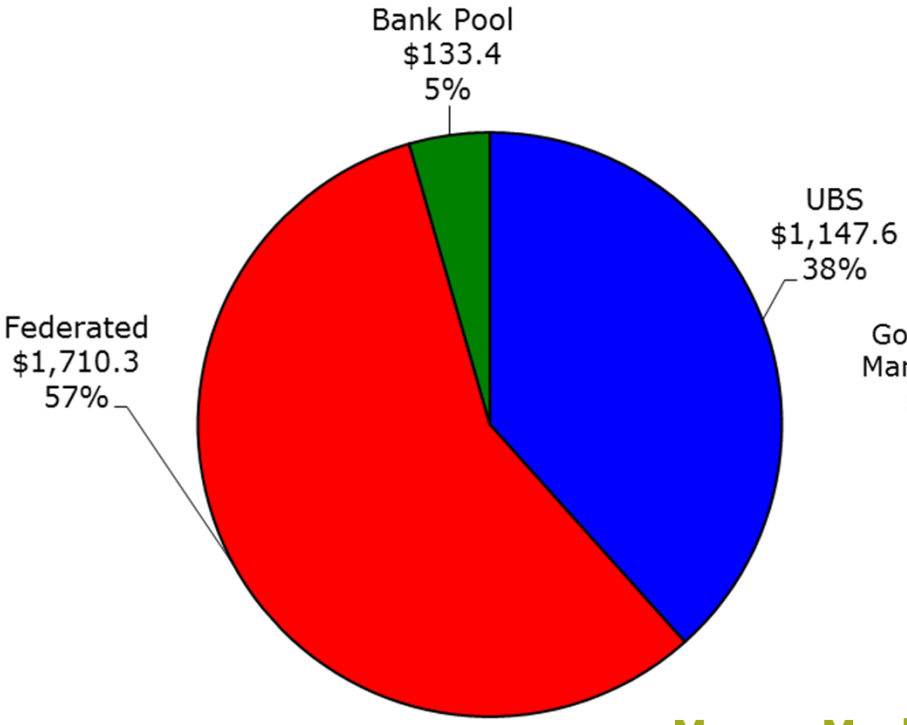
WV Government Money Market – Peer Comparison



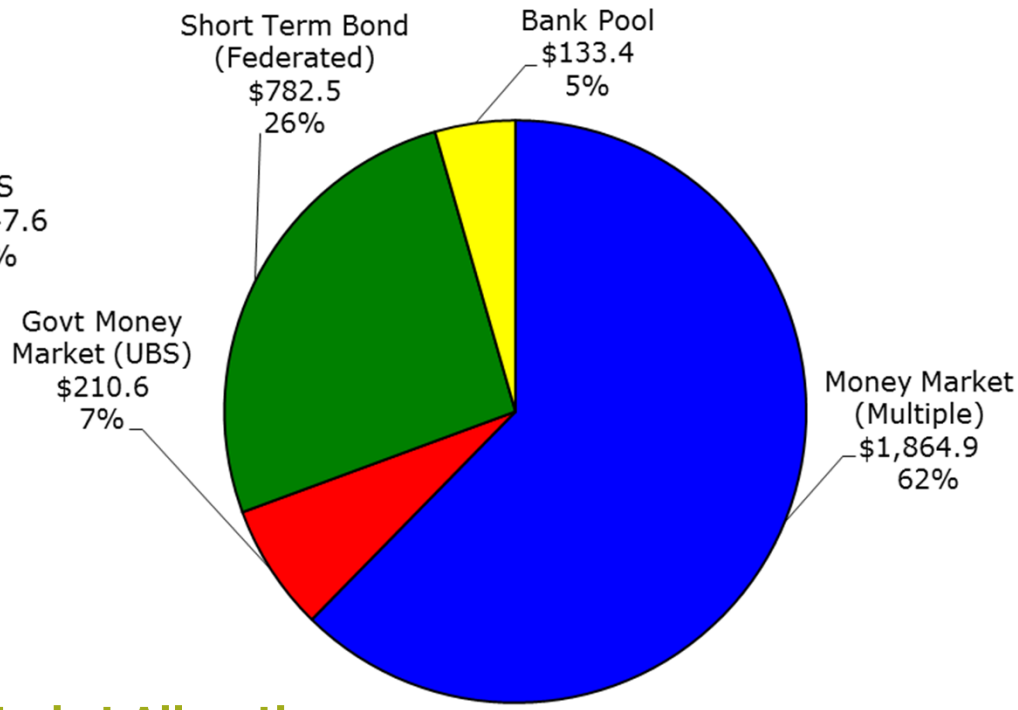
Universe number unchanged, but grew $269 billion in assets

Asset Allocation – Total Assets $2.99 Billion

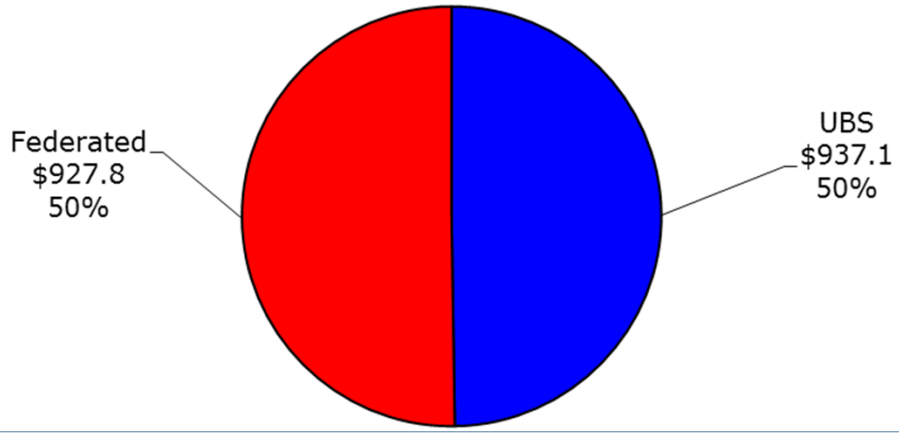
Manager Allocation



Investment Pool Allocation



Money Market Allocation



Market Environment

Returns for Key Indices Ranked in Order of Performance

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
MSCI EMERGING MARKETS 32.17	MSCI EMERGING MARKETS 39.39	BC AGGREGATE 5.24	MSCI EMERGING MARKETS 78.51	RUSSELL 2000 GROWTH 29.09	BC AGGREGATE 7.84	MSCI EMERGING MARKETS 18.22	RUSSELL 2000 GROWTH 43.30	S&P 500 13.69	RUSSELL 1000 GROWTH 5.67
MSCI EAFE 26.34	RUSSELL 1000 GROWTH 11.81	RUSSELL 2000 VALUE -28.92	RUSSELL 1000 GROWTH 37.21	RUSSELL 2000 26.85	RUSSELL 1000 GROWTH 2.64	RUSSELL 2000 VALUE 18.05	RUSSELL 2000 38.82	RUSSELL 1000 VALUE 13.45	S&P 500 1.38
RUSSELL 1000 VALUE 22.25	MSCI EAFE 11.17	RUSSELL 2000 -33.79	RUSSELL 2000 GROWTH 34.47	RUSSELL 2000 VALUE 24.5	S&P 500 2.11	RUSSELL 1000 VALUE 17.51	RUSSELL 2000 VALUE 34.52	RUSSELL 1000 13.24	RUSSELL 1000 0.92
RUSSELL 2000 VALUE 23.48	RUSSELL 2000 GROWTH 7.06	RUSSELL 1000 VALUE -36.85	MSCI EAFE 31.78	MSCI EMERGING MARKETS 18.88	RUSSELL 1000 1.50	MSCI EAFE 17.32	RUSSELL 1000 GROWTH 33.48	RUSSELL 1000 GROWTH 13.05	BC AGGREGATE 0.55
RUSSELL 2000 18.37	BC AGGREGATE 6.97	S&P 500 -37.0	RUSSELL 1000 28.43	RUSSELL 1000 GROWTH 16.71	RUSSELL 1000 VALUE 0.39	RUSSELL 1000 16.42	RUSSELL 1000 33.11	BC AGGREGATE 5.97	MSCI EAFE -0.81
S&P 500 15.8	RUSSELL 1000 5.77	RUSSELL 1000 -37.6	RUSSELL 2000 27.16	RUSSELL 1000 16.10	RUSSELL 2000 GROWTH -2.91	RUSSELL 2000 16.35	RUSSELL 1000 VALUE 32.53	RUSSELL 2000 GROWTH 5.60	RUSSELL 2000 GROWTH -1.38
RUSSELL 1000 15.46	S&P 500 5.49	RUSSELL 1000 GROWTH -38.44	S&P 500 26.46	RUSSELL 1000 VALUE 15.51	RUSSELL 2000 -4.18	S&P 500 16.00	S&P 500 32.39	RUSSELL 2000 4.89	RUSSELL 1000 VALUE -3.83
RUSSELL 2000 GROWTH 13.35	RUSSELL 1000 VALUE -0.17	RUSSELL 2000 GROWTH -38.54	RUSSELL 2000 VALUE 20.58	S&P 500 15.06	RUSSELL 2000 VALUE -5.50	RUSSELL 1000 GROWTH 15.26	MSCI EAFE 22.78	RUSSELL 2000 VALUE 4.22	RUSSELL 2000 -4.41
RUSSELL 1000 GROWTH 9.07	RUSSELL 2000 -1.56	MSCI EAFE -43.38	RUSSELL 1000 VALUE 19.69	MSCI EAFE 7.75	MSCI EAFE -12.14	RUSSELL 2000 GROWTH 14.59	BC AGGREGATE -2.02	MSCI EMERGING MARKETS -2.19	RUSSELL 2000 VALUE -7.46
BC AGGREGATE 4.33	RUSSELL 2000 VALUE -9.78	MSCI EMERGING MARKETS -53.33	BC AGGREGATE 5.93	BC AGGREGATE 6.54	MSCI EMERGING MARKETS -18.42	BC AGGREGATE 4.21	MSCI EMERGING MARKETS -2.60	MSCI EAFE -4.90	MSCI EMERGING MARKETS -14.93

QTD	1 Year	3 year	5 Year	10 Year
RUSSELL 2000 GROWTH 9.22	RUSSELL 2000 VALUE 18.81	RUSSELL 1000 GROWTH 11.83	RUSSELL 1000 GROWTH 16.60	RUSSELL 1000 GROWTH 8.85
RUSSELL 2000 9.05	MSCI EMERGING MARKETS 16.78	S&P 500 11.16	RUSSELL 1000 16.41	RUSSELL 2000 GROWTH 8.29
MSCI EMERGING MARKETS 9.03	RUSSELL 1000 VALUE 16.20	RUSSELL 1000 10.78	S&P 500 16.37	RUSSELL 1000 7.40
RUSSELL 2000 VALUE 8.87	RUSSELL 2000 15.47	RUSSELL 1000 VALUE 9.70	RUSSELL 1000 VALUE 16.15	S&P 500 7.24
MSCI EAFE 6.43	S&P 500 15.43	RUSSELL 2000 VALUE 6.77	RUSSELL 2000 GROWTH 16.15	RUSSELL 2000 7.07
RUSSELL 1000 GROWTH 4.58	RUSSELL 1000 14.93	RUSSELL 2000 6.71	RUSSELL 2000 15.82	RUSSELL 1000 VALUE 5.85
RUSSELL 1000 4.03	RUSSELL 1000 GROWTH 13.76	RUSSELL 2000 GROWTH 6.58	RUSSELL 2000 VALUE 15.45	RUSSELL 2000 VALUE 5.78
S&P 500 3.85	RUSSELL 2000 GROWTH 12.12	BC AGGREGATE 4.03	MSCI EAFE 7.39	BC AGGREGATE 4.79
RUSSELL 1000 VALUE 3.48	MSCI EAFE 6.52	MSCI EAFE 0.48	BC AGGREGATE 3.08	MSCI EMERGING MARKETS 3.95
BC AGGREGATE 0.46	BC AGGREGATE 5.19	MSCI EMERGING MARKETS -0.56	MSCI EMERGING MARKETS 3.03	MSCI EAFE 1.82

Market Environment

Equities posted modest gains in September amid oscillating investor sentiment fueled by uncertainty around potential interest rate hikes by the Federal Reserve. Earlier last month, Boston Fed President Eric Rosengren surprised markets with a more hawkish view regarding future interest rate increases. In response, stocks sold off but subsequently rebounded as the Fed confirmed that interest rates would remain unchanged. The S&P 500 ended the month flat while the Russell 2000 returned 1.1%. Non-US developed market equities gained 1.2%, but were only marginally positive in local currency terms as a result of currencies appreciating against the dollar. Emerging market stocks continued to rally with the MSCI EM Index gaining 1.3%; it is now up 16.0% year-to-date as both currencies and emerging equity markets recover.

US Treasury yields also seesawed, ending the month a bit higher with the 10-year Treasury at 1.60%. The Barclays US Treasury Index fell slightly, contributing to a modest 0.1% loss for the Barclays US Aggregate Bond Index. Non-investment grade bonds gained 0.7% as yield-seeking investors pushed credit spreads lower. Emerging market debt issues were also positive on the month as local interest rates fell and stabilizing currencies in many economies provided a tailwind.

Equity Market Results

As noted above, US equity markets on balance posted positive results during the month. Blue chip stocks, represented by the S&P 500 Index, posted a miniscule 0.02% return. Small cap stocks, as represented by the Russell 2000 Index, fared better, generating a 1.11% return.

International equity markets also rose during September. Developed international markets, represented by the MSCI EAFE Index, posted a modest gain of 1.23%. Emerging markets treated investors slightly better, rising 1.29%.

Bond Market Results

Bonds investors saw decided mixed results during the month. Core US bonds, represented by the Barclays Capital Aggregate Index, fell 0.06%. International bonds, as represented by the Citigroup Non-US World Government Bond Index (WGBI) hedged, rose 0.65%. High yield bonds, one of the riskier segments, generated almost equity-like results, rising 0.65% during the month.

Cash-like instruments generated positive results during the month, with the BofA ML 3-month T-bill and LIBOR each returning 0.02% and 0.06%, respectively.

Market Outlook

So far this year, nearly all major asset classes have posted gains. Still, we would like to remind investors to adhere to their rebalancing policies and reduce exposures to assets that have exceeded expectations. The recent gains of US equities offer one such opportunity and we encourage investors to tilt exposure to developed market and emerging market equities. In fixed income, we recommend investors eliminate stand-alone global bond mandates as low government bond yields offer a marginal diversification benefit for investors. Furthermore, we encourage investors to rebalance US duration exposure, for instance, core bonds, and shift to a dedicated TIPS allocation. At NEPC, we strongly encourage diversification and believe disciplined rebalancing best serves investors' ability to weather a multitude of economic environments over the long term.

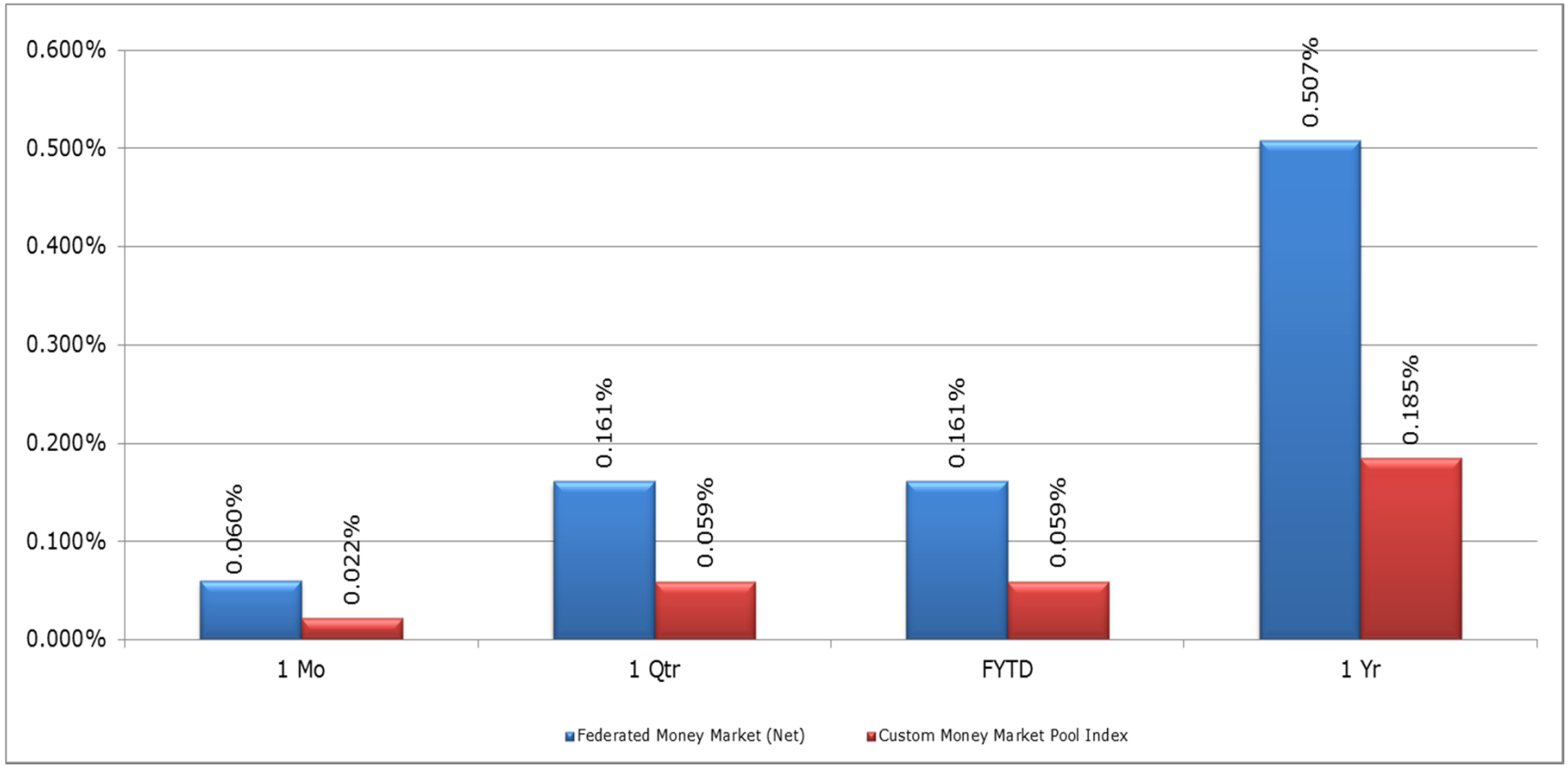
Federated Money Market

Federated– Money Market Pool Performance

Dollar Reconcilliation ($ thousands)

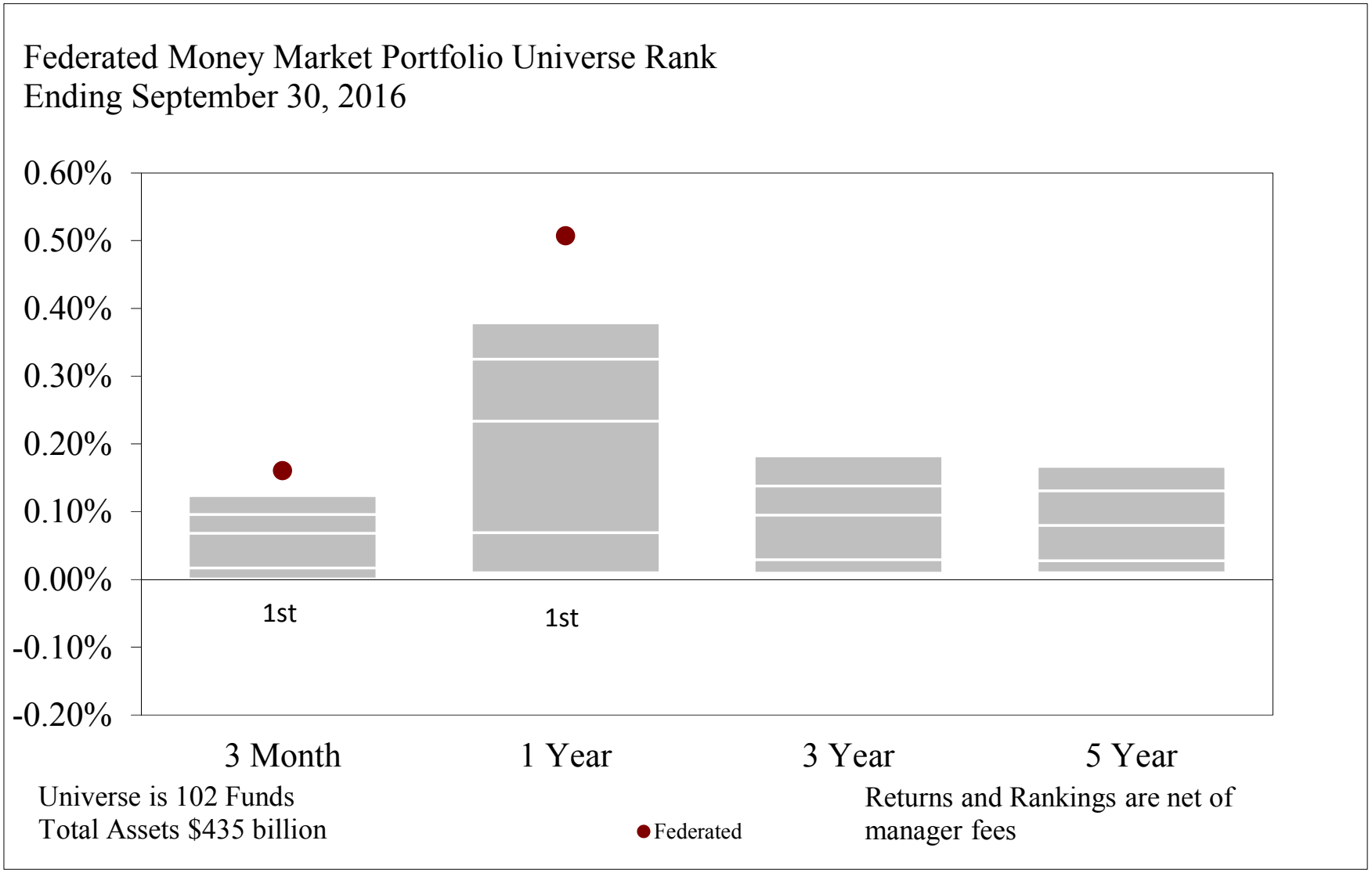
	3 Month	12 Months
Beginning Market Value	$ 773,781	$ 980,518
Contributions / Distributions	$ 152,634	$ (56,967)
Return on Investment	$ 1,381	$ 4,245
Income	$ 1,270	$ 3,169
Gain / Loss	$ 112	$ 1,077
Ending Market Value	$ 927,796	$ 927,796

	IPS	Aug-16	Sep-16
Number of Securities		99	105
Current Coupon		0.71	0.78
Current Yield		0.71	0.78
WAMF	< 90 days	62.15	69.60
WAMR		51.30	52.34
Average Quality		a1/p1	a1/p1



Beginning of the period balances represents amounts that were managed by the legacy manager, JP Morgan.

WV Money Market – Peer Comparison

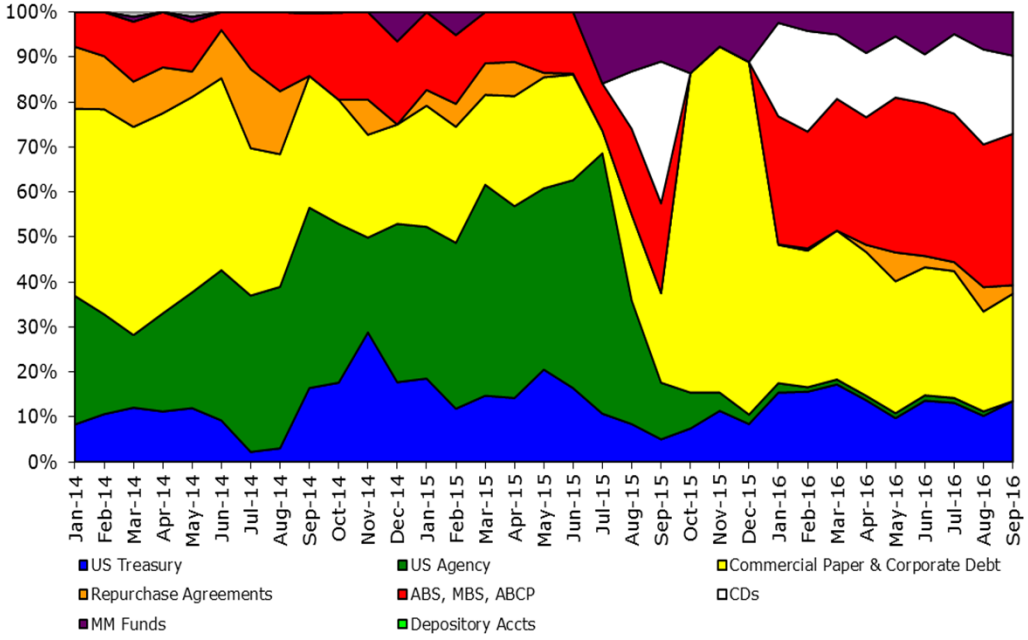


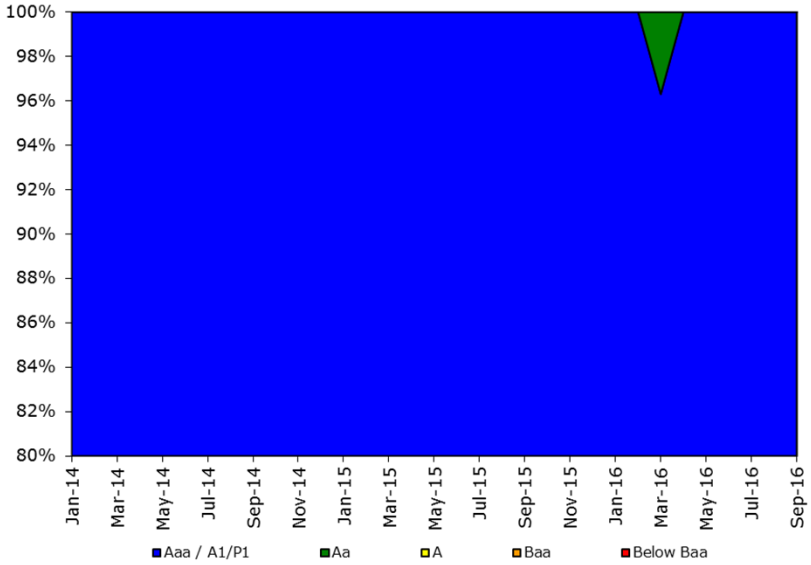
Universe declined 10 funds and declined $326 billion in assets

Federated Money Market Fund

	IPS	Aug-16	Sep-16
US Treasury	15% - 100%	10.2%	13.5%
US Agency	85%	1.0%	0.0%
Commercial Paper & Corporate Debt	75%	22.2%	23.9%
Repurchase Agreements	85%	5.4%	1.9%
ABS and MBS	50%	31.7%	33.7%
CDs	50%	21.1%	17.4%
MM Funds	25%	8.3%	9.7%
Depository Accts	5%	0.0%	0.0%

	Minimum	Aug-16	Sep-16
Aaa / A1/P1		100.0%	96.8%
Aa	AA-	0.0%	3.2%
A		0.0%	0.0%
Baa		0.0%	0.0%
Below Baa		0.0%	0.0%
Average	AA	Aaa	Aaa

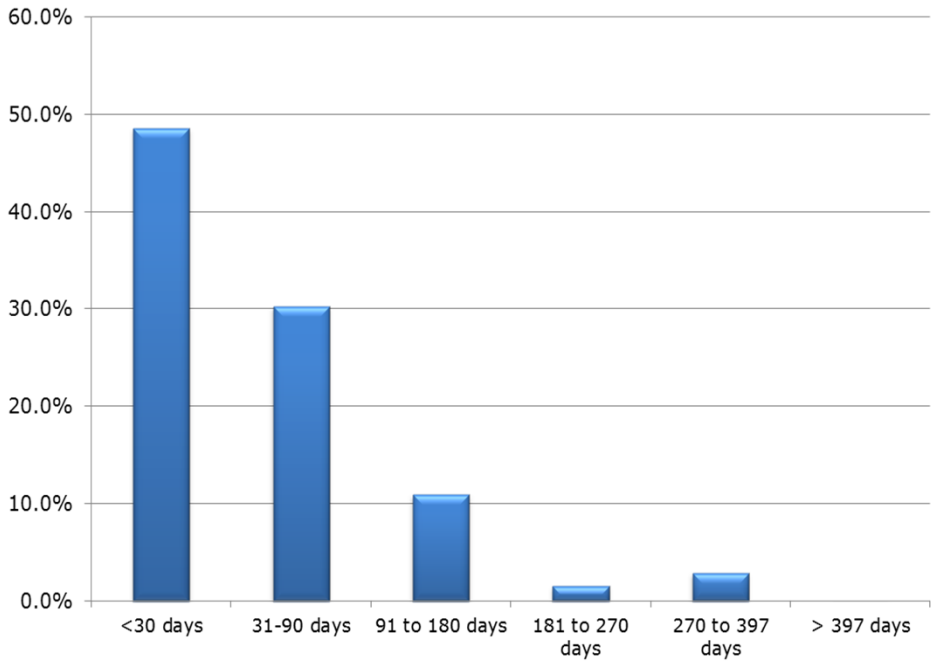


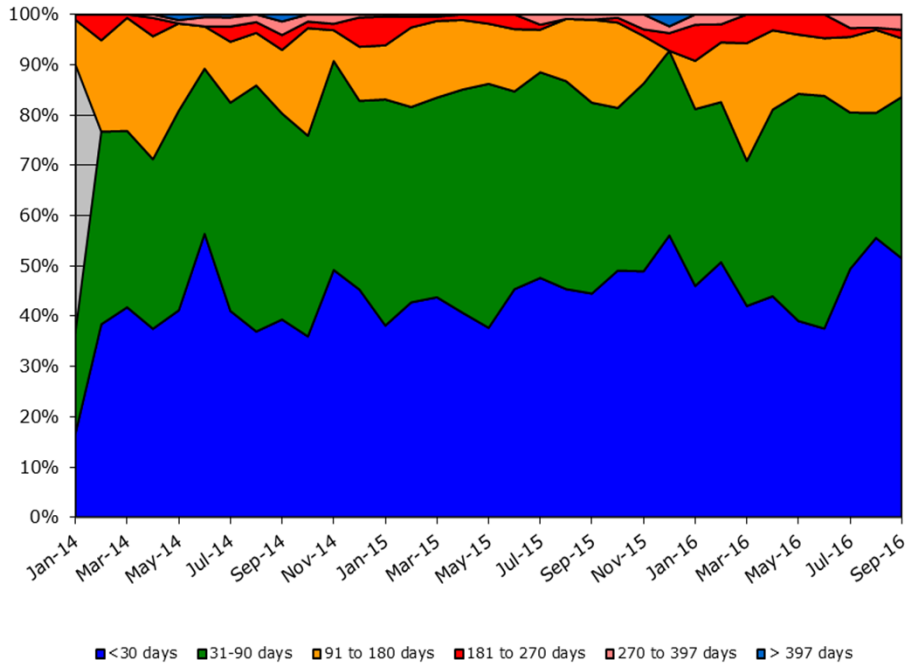


Portfolio characteristics prior to August 1, 2015, represented those investments held by the legacy manager, JP Morgan.

Federated Money Market Fund

	Maximum	Aug-16	Sep-16
<31 days		54.1%	48.6%
31 to 90 days		24.2%	30.3%
91 to 180 days		16.1%	11.0%
181 to 270 days		0.4%	1.6%
270 to 397 days		2.6%	2.9%
> 397 days	397 Days	0.0%	0.0%





Portfolio characteristics prior to August 1, 2015, represented those investments held by the legacy manager, JP Morgan.

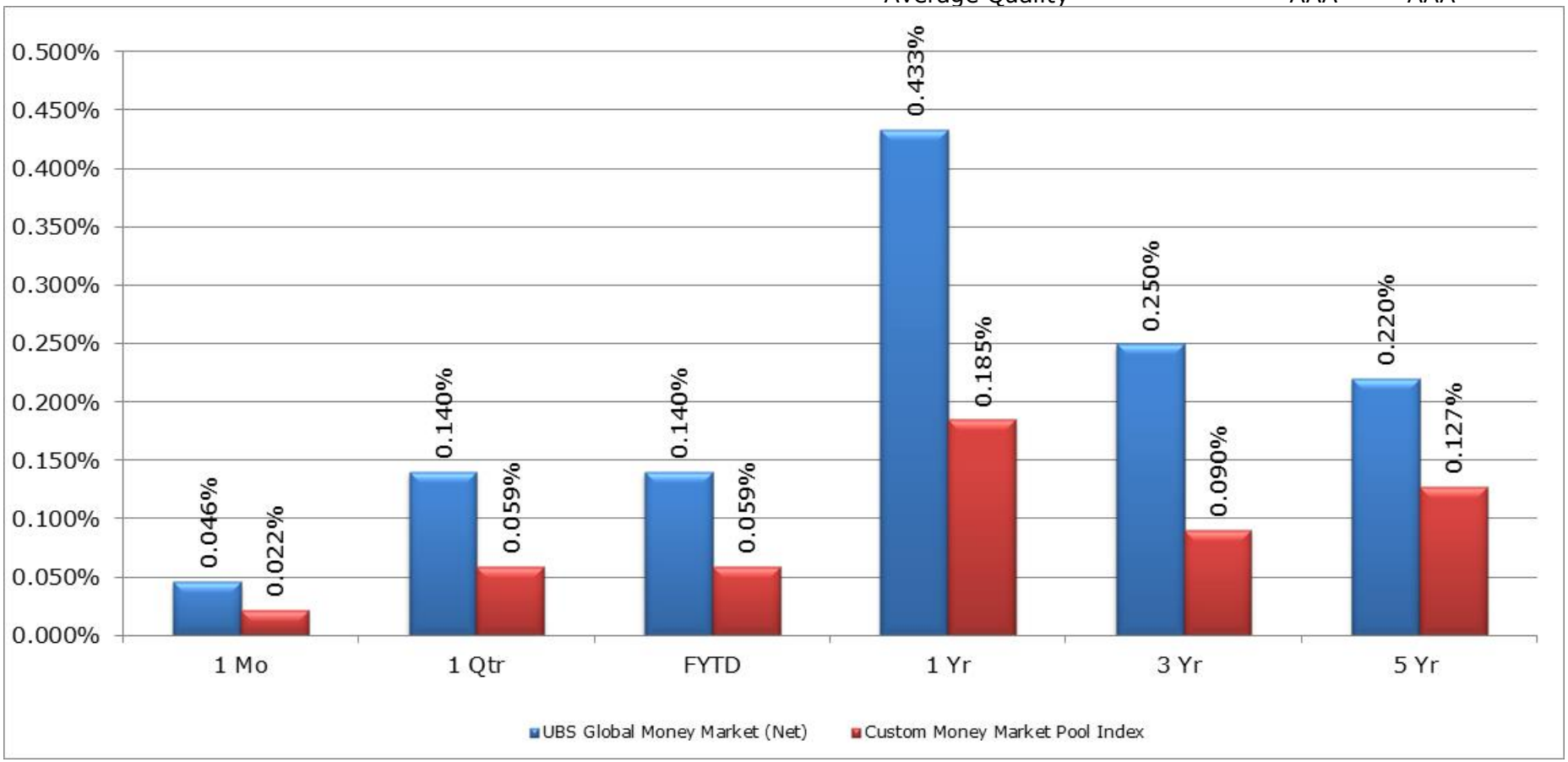
UBS

UBS - Money Market Pool Performance

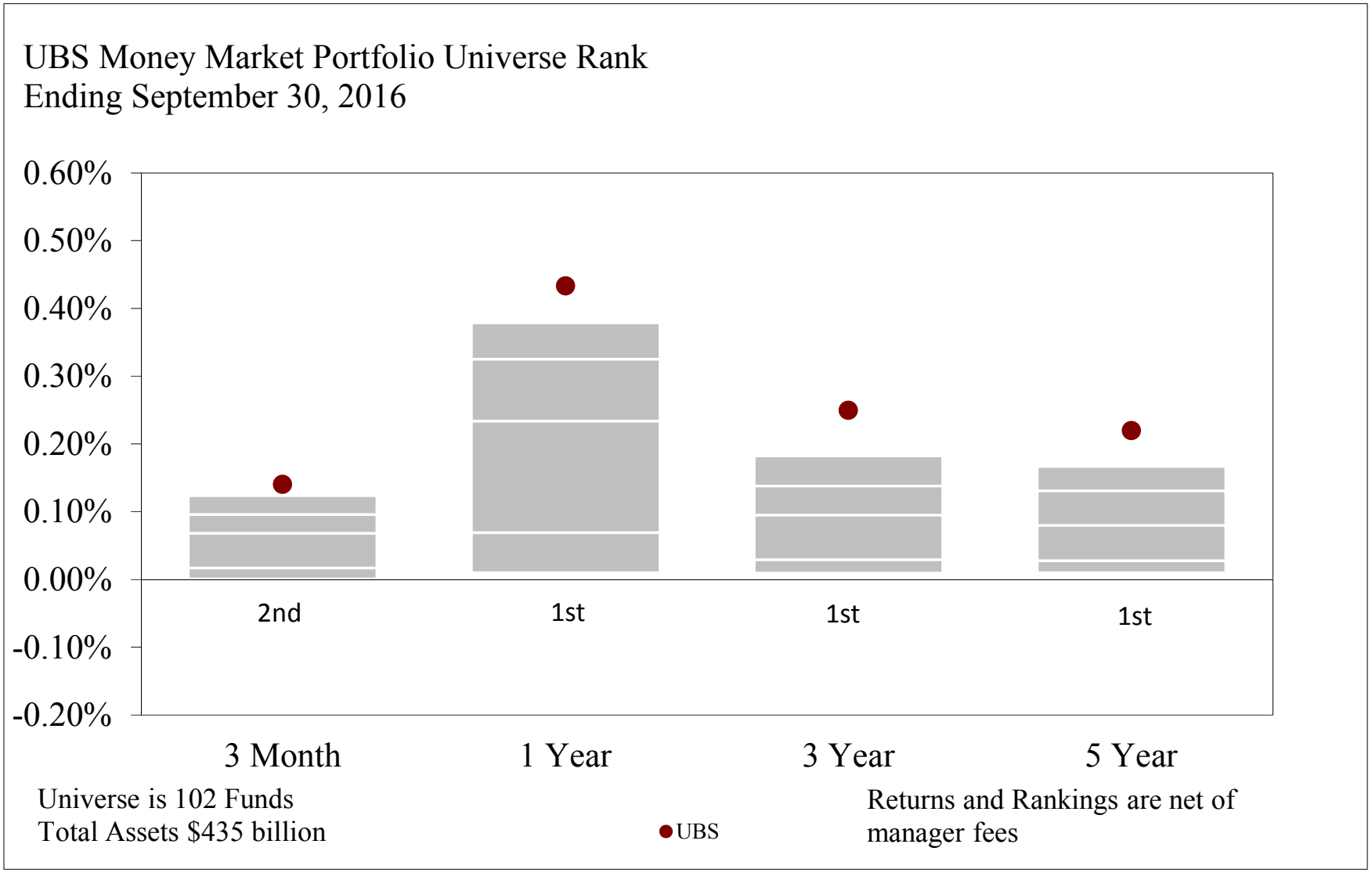
Dollar Reconcilliation ($ thousands)

	3 Month	12 Months
Beginning Market Value	$ 783,204	$ 990,429
Contributions / Distributions	$ 152,634	$ (56,967)
Return on Investment	$ 1,228	$ 3,603
Income	$ 600	$ 2,005
Gain / Loss	$ 628	$ 1,598
Ending Market Value	$ 937,065	$ 937,065

	IPS	Aug-16	Sep-16
Number of Securities		88	101
Current Coupon		0.24%	0.26%
Current Yield		0.51%	0.55%
WAMF	< 90 days	75.66	79.24
WAMR		43.07	44.74
Average Quality		AAA	AAA



UBS Money Market – Peer Comparison



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UBS - Money Market Fund

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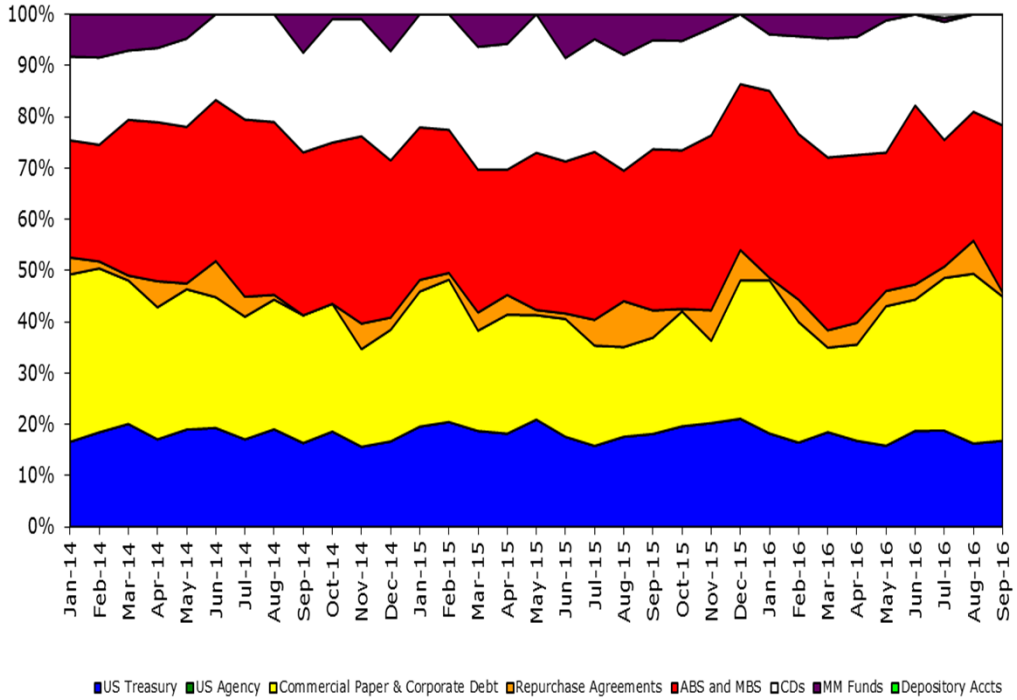
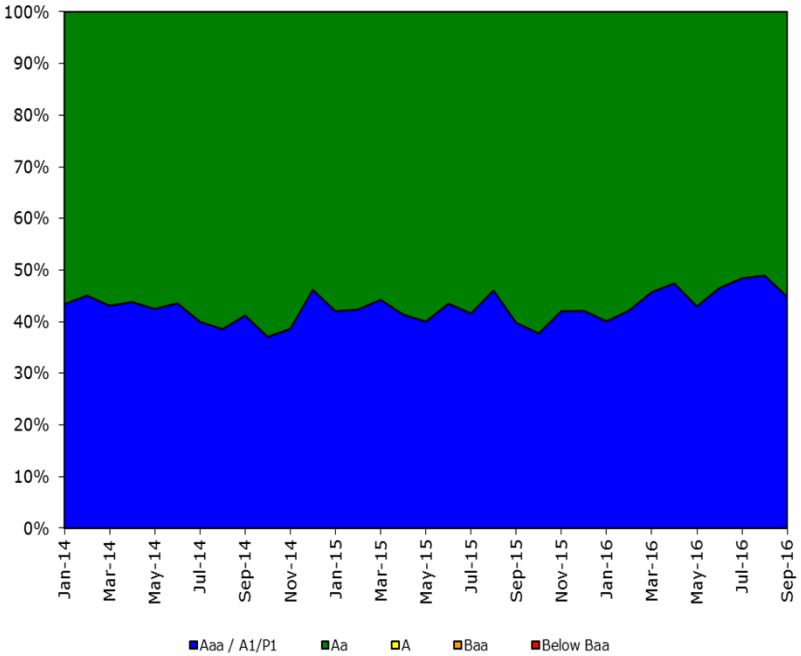
Commercial Paper & Corporate Debt	75%	33.1%	28.2%
Repurchase Agreements	85%	6.5%	0.8%
ABS and MBS	50%	25.2%	32.6%
CDs	50%	19.0%	21.7%
MM Funds	25%	0.0%	0.0%
Depository Accts	5%	0.0%	0.0%

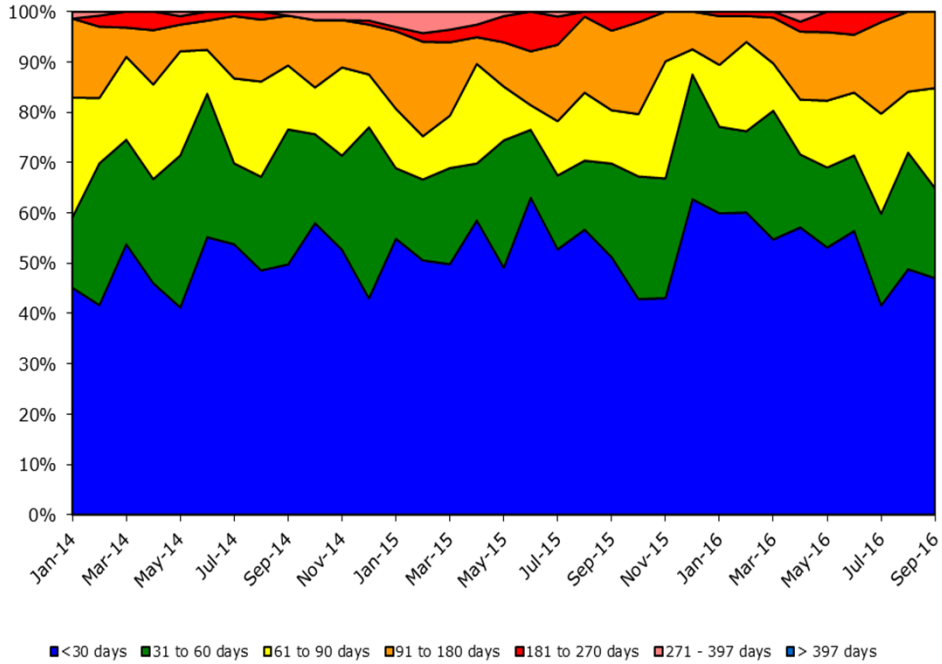
	Minimum	Aug-16	Sep-16
Aaa / A1/P1		49.0%	44.3%
Aa	AA-	51.1%	54.5%
A		0.0%	0.0%
Baa		0.0%	0.0%
Below Baa		0.0%	0.0%

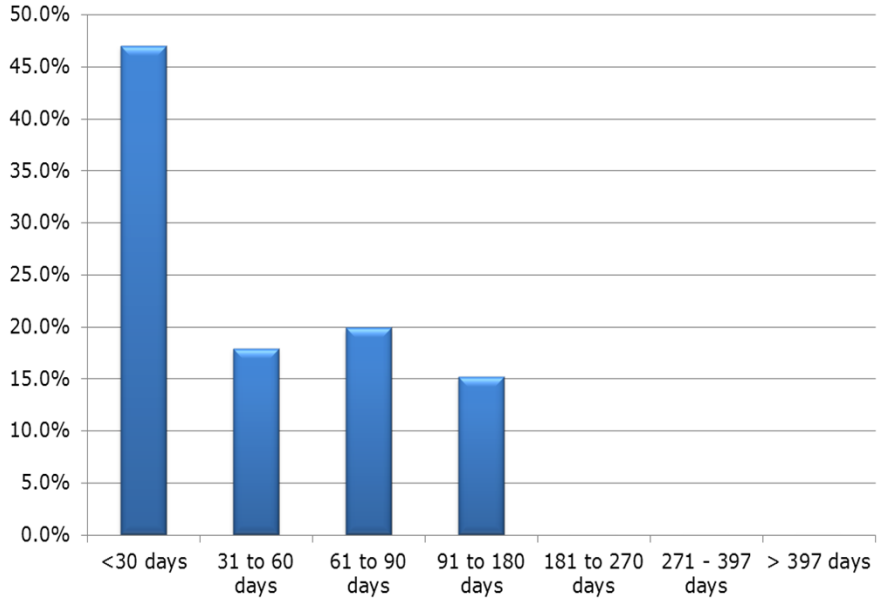




UBS - Money Market Fund

	Maximum	Aug-16	Sep-16
<31 days		48.4%	47.0%
31 to 60 days		23.0%	17.9%
61 to 90 days		12.0%	19.9%
91 to 180 days		15.8%	15.2%
181 to 270 days		0.0%	0.0%
271 - 397 days		0.0%	0.0%
> 397 days	397 Days	0.0%	0.0%
Average	90 Days	43.07	44.74



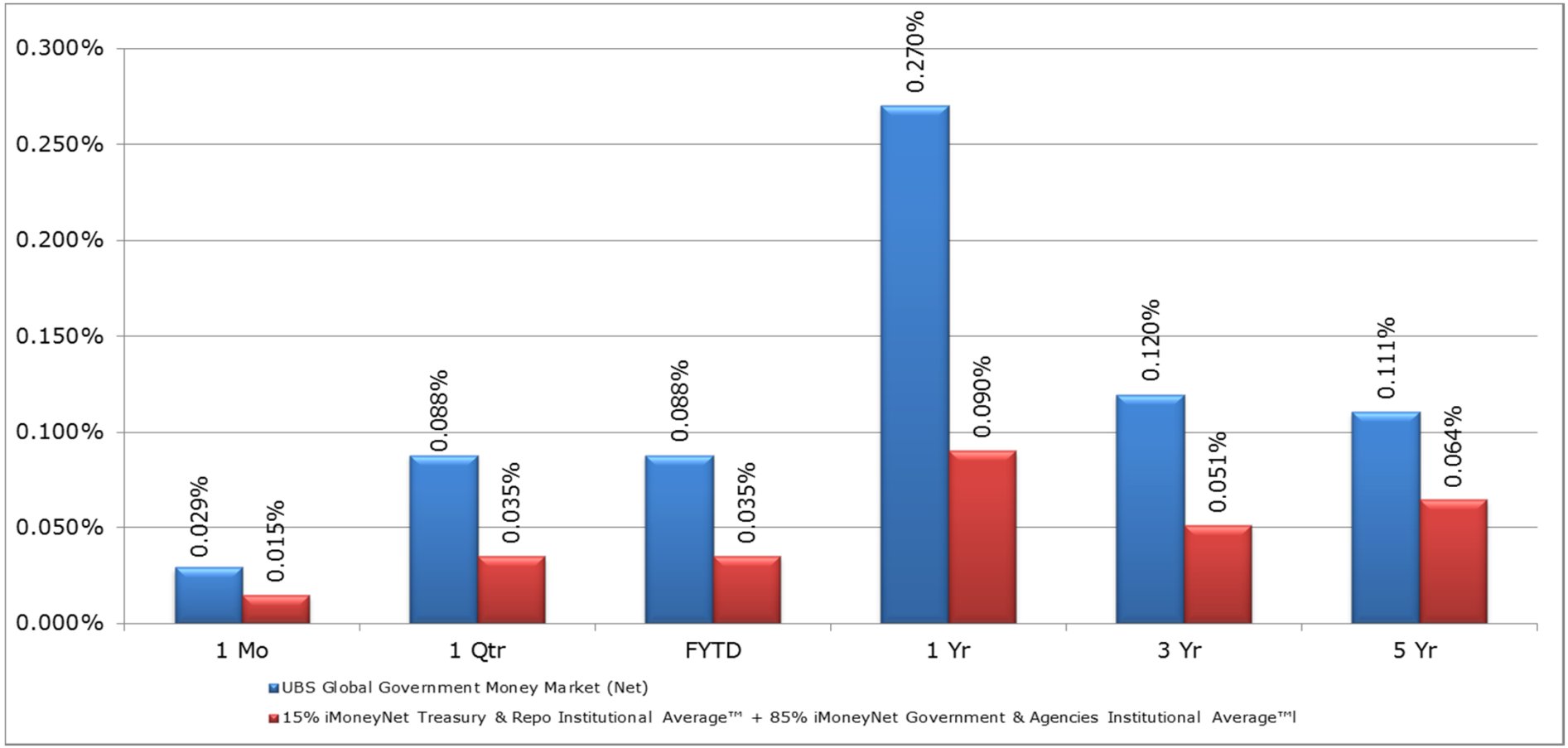


UBS – Government Money Market Pool Performance

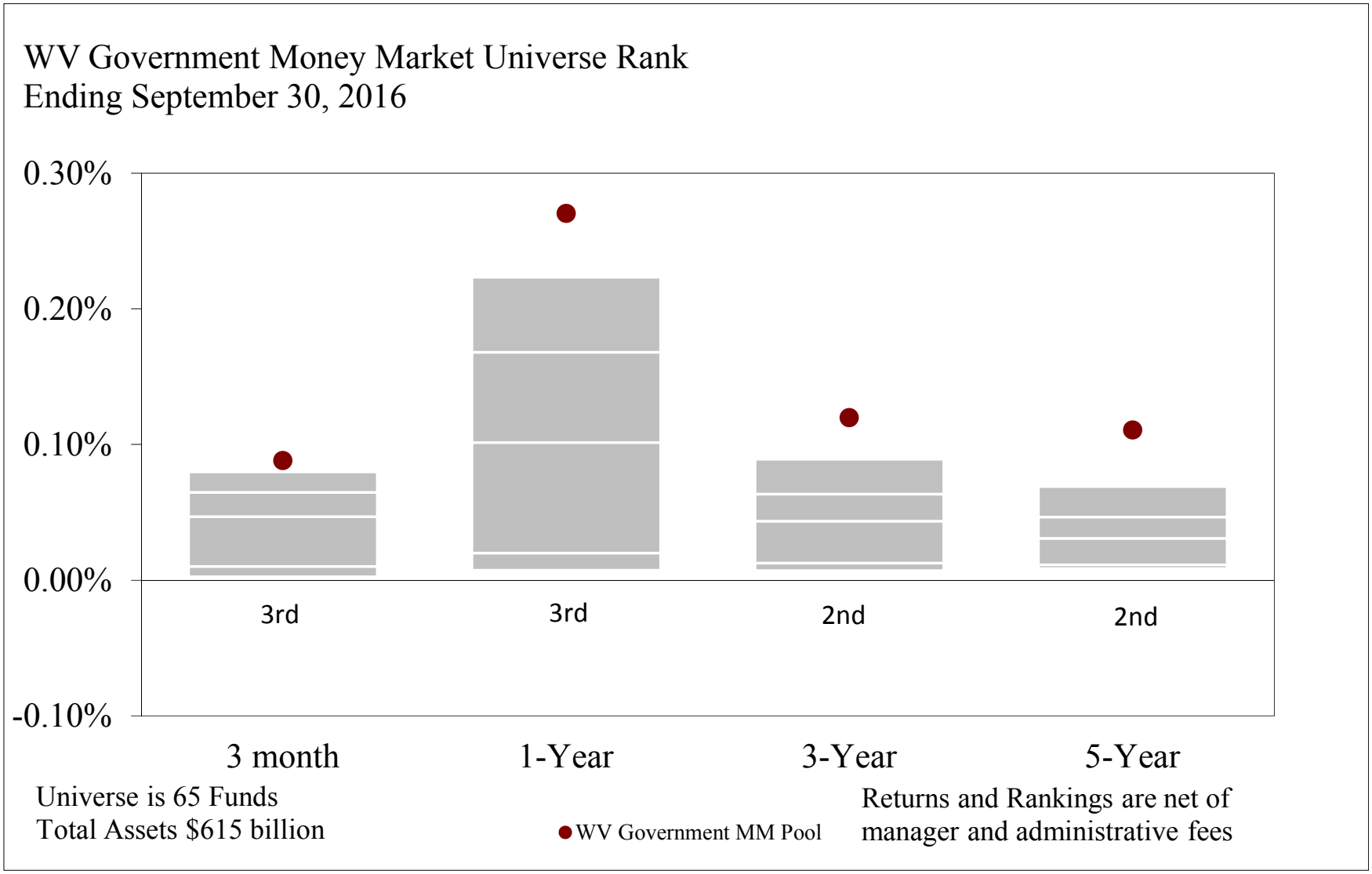
Dollar Reconcilliation ($ thousands)

	3 Month	12 Months
Beginning Market Value	$ 190,210	$ 232,651
Contributions / Distributions	$ 20,195	$ (22,590)
Return on Investment	$ 174	$ 517
Income	$ 171	$ 304
Gain / Loss	$ 2	$ 213
Ending Market Value	$ 210,579	$ 210,579

	IPS	Aug-16	Sep-16
Number of Securities		45	46
Current Coupon		0.33%	0.38%
Current Yield		0.32%	0.31%
WAMF	< 90 days	73.99	74.10
WAMR		48.57	50.98
Average Quality		AAA	AAA



UBS Government Money Market – Peer Comparison

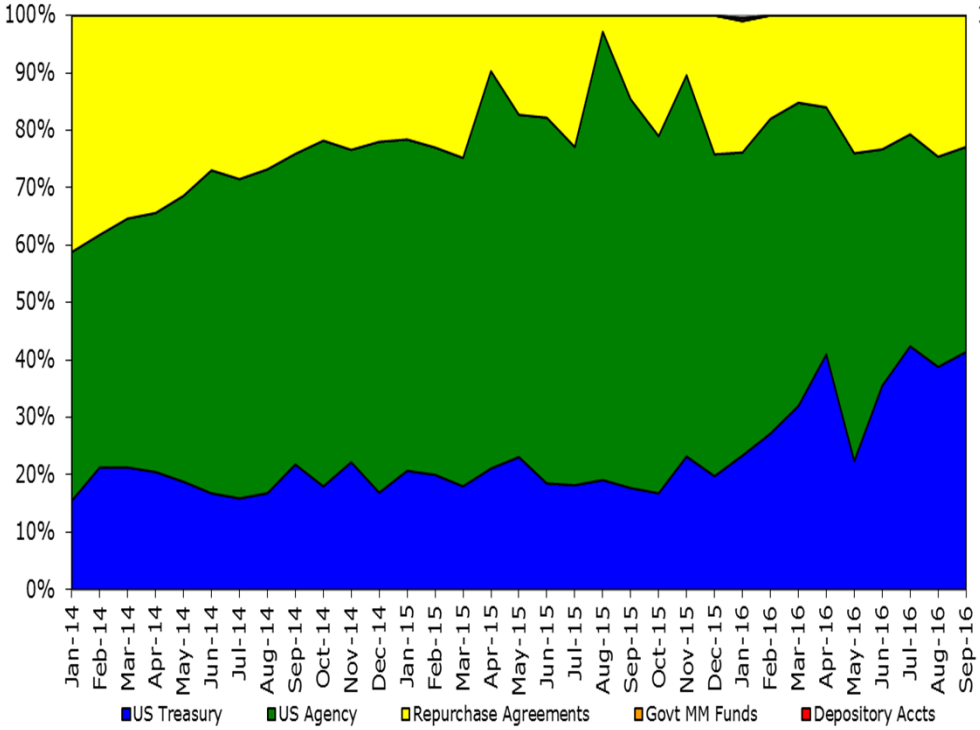


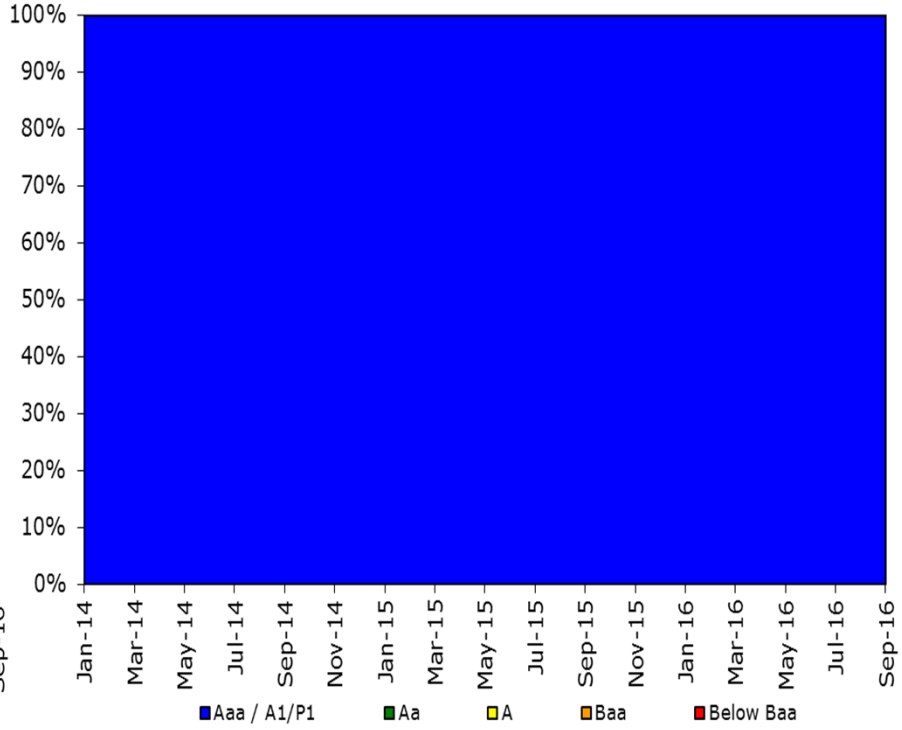
Universe number unchanged, but grew $269 billion in assets

UBS - Government Money Market

	IPS	Aug-16	Sep-16
US Treasury	15% - 100%	38.8%	41.4%
US Agency	85%	36.6%	35.7%
Repurchase Agreements	85%	24.6%	22.9%
Govt MM Funds	40%	0.0%	0.0%
Depository Accts	5%	0.0%	0.0%

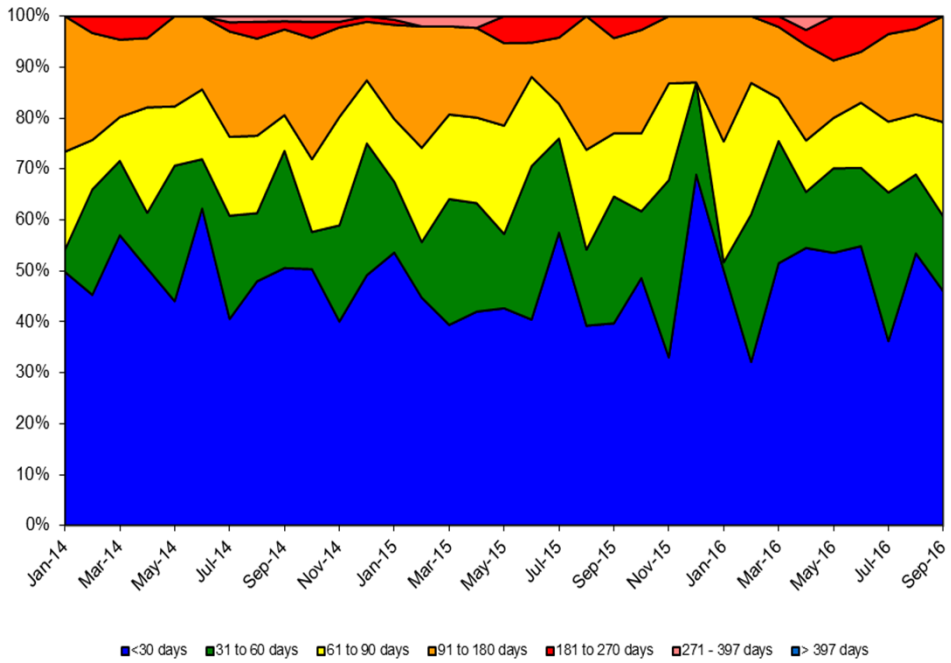
	Minimum	Aug-16	Sep-16
Aaa / A1/P1		100.0%	100.0%
Aa	AA	0.0%	0.0%
A		0.0%	0.0%
Baa		0.0%	0.0%
Below Baa		0.0%	0.0%
Average		AAA	AAA

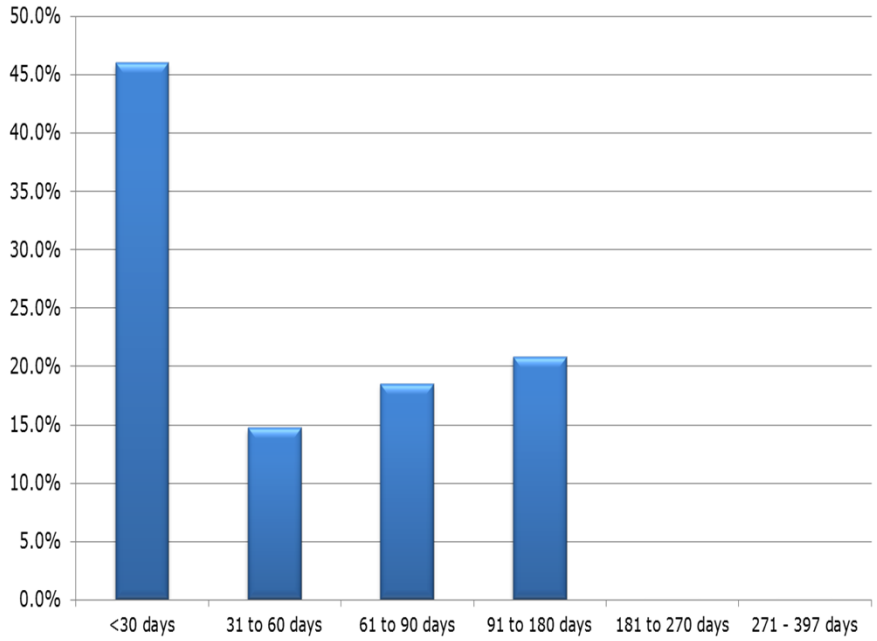




UBS - Government Money Market

	Maximum	Aug-16	Sep-16
<31 days		53.5%	46.0%
31 to 60 days		15.5%	14.7%
61 to 90 days		11.8%	18.5%
91 to 180 days		16.8%	20.8%
181 to 270 days		2.5%	0.0%
>270 days	397 Days	0.0%	0.0%
Average	90 Days	48.57	50.98





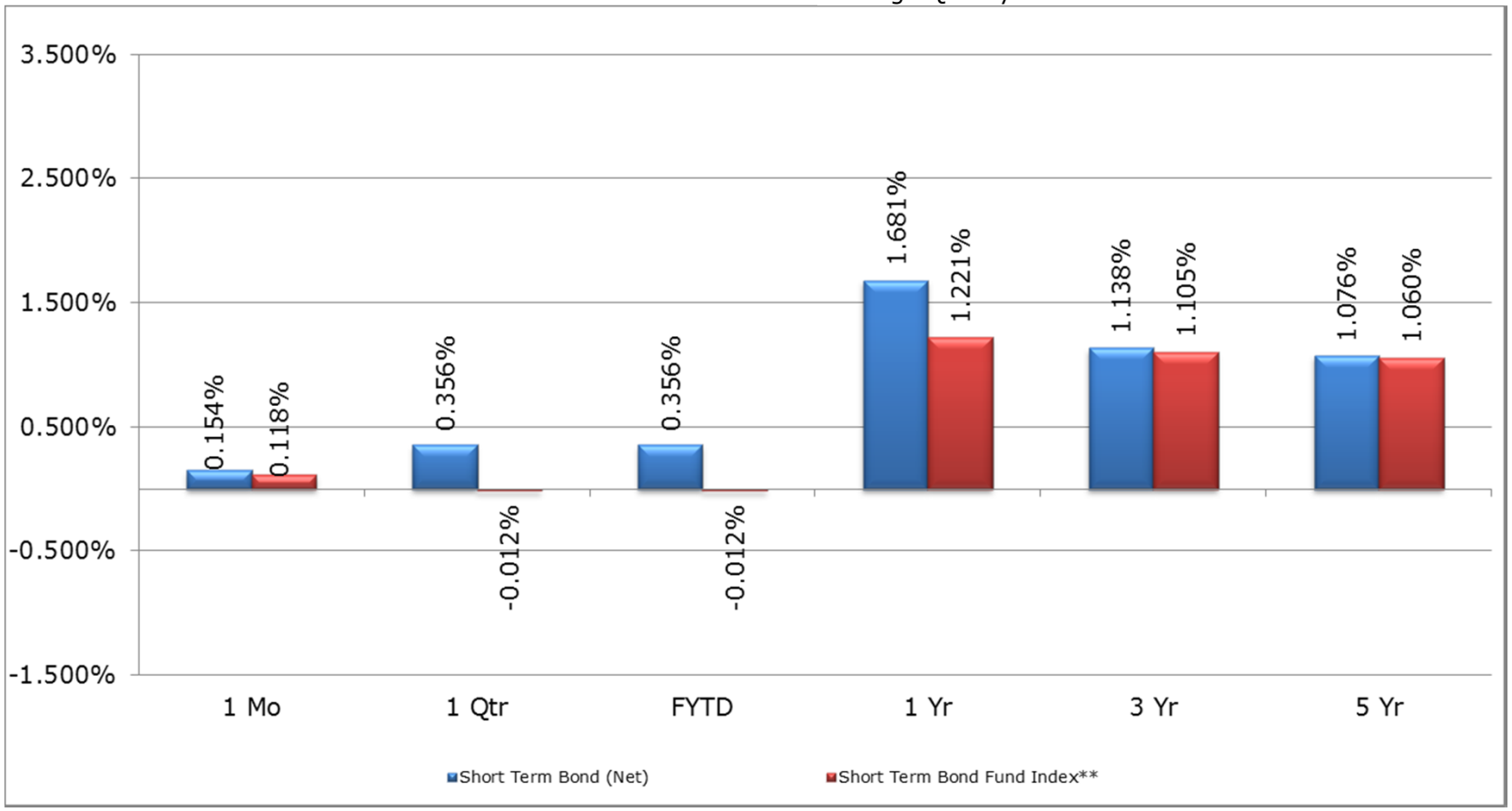
Federated Short-Term Bond

Federated – Short Term Bond Performance

Dollar Reconcilliation ($ thousands)

	3 Month	12 Months
Beginning Market Value	$ 792,462	$ 805,201
Contributions / Distributions	$ (12,423)	$ (35,523)
Return on Investment	$ 2,459	$ 12,820
Income	$ 2,785	$ 11,330
Gain / Loss	$ (326)	$ 1,490
Ending Market Value	$ 782,498	$ 782,498

	IPS	Index	Aug-16	Sep-16
Number of Securities			304	306
Current Coupon		1.98	1.54	1.56
Current Yield		1.89	1.53	1.54
WAMF		1.95	2.15	2.14
Effective Duration	2 Years	1.90	1.31	1.30
Average Quality		Aa1	A2	A2

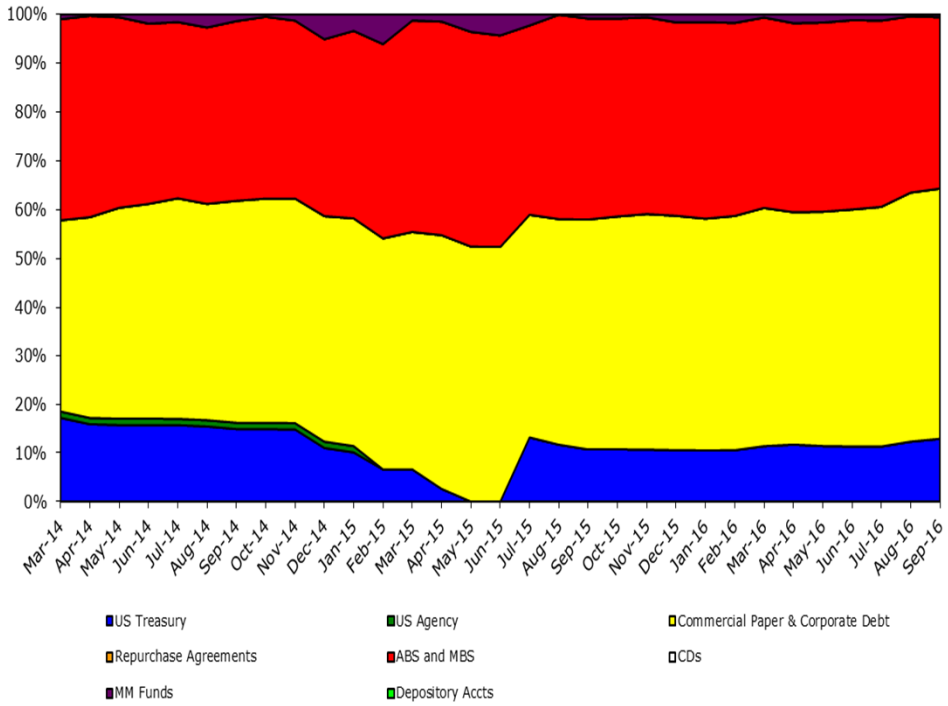


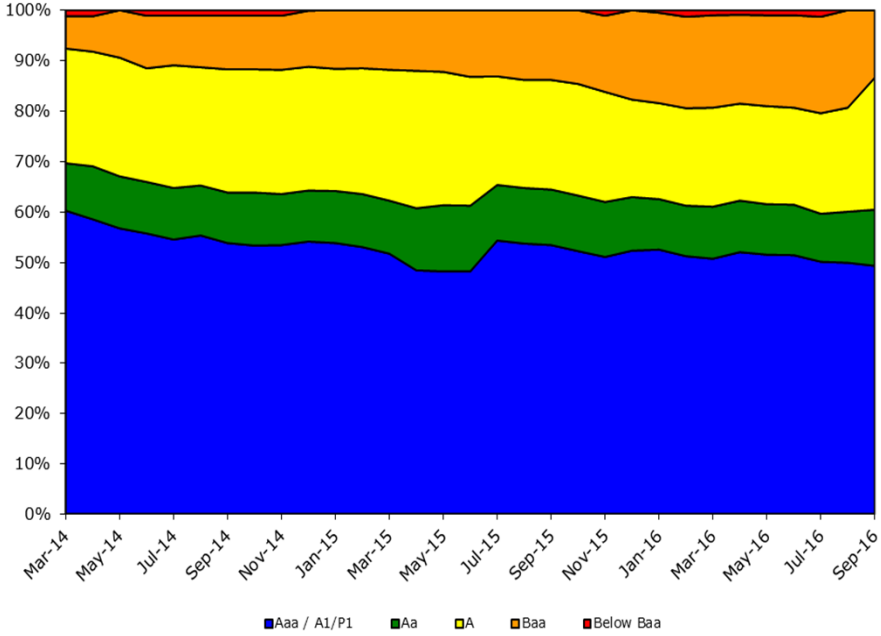
**Merrill Lynch U.S. Corp/Gov. 1-3 Years, A+ Index

Federated – Short Term Bond

	IPS	Index	Aug-16	Sep-16
US Treasury	100%	71.3%	12.3%	12.9%
US Agency	85%	10.4%	0.0%	0.0%
Commercial Paper & Corporate Debt	75%	18.3%	51.2%	51.5%
Repurchase Agreements	85%	0.0%	0.0%	0.0%
ABS and MBS	50%	0.0%	36.1%	35.1%
CDs	50%	0.0%	0.0%	0.0%
MM Funds/Cash	25%	0.0%	0.4%	0.6%
Depository Accts	5%	0.0%	0.0%	0.0%
Other		0.0%	0.0%	0.0%

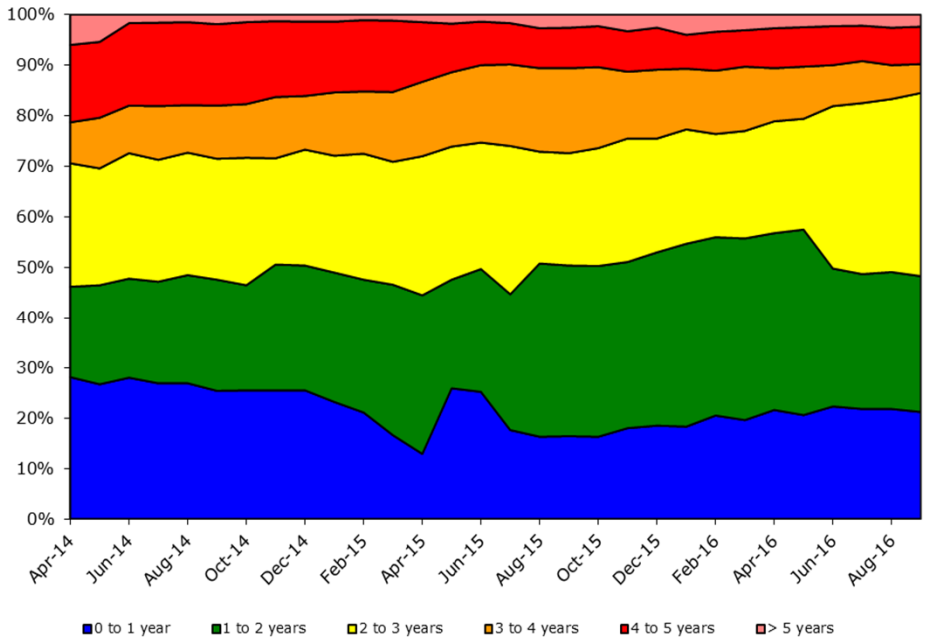
	Minimum	Index	Aug-16	Sep-16
Aaa / A1/P1		79.9%	50.0%	49.4%
Aa		7.6%	10.1%	11.1%
A	A	12.5%	20.6%	26.1%
Baa		0.0%	19.3%	13.4%
Below Baa/Not Rated		0.0%	0.0%	0.0%
Average		Aa1	A2	A2

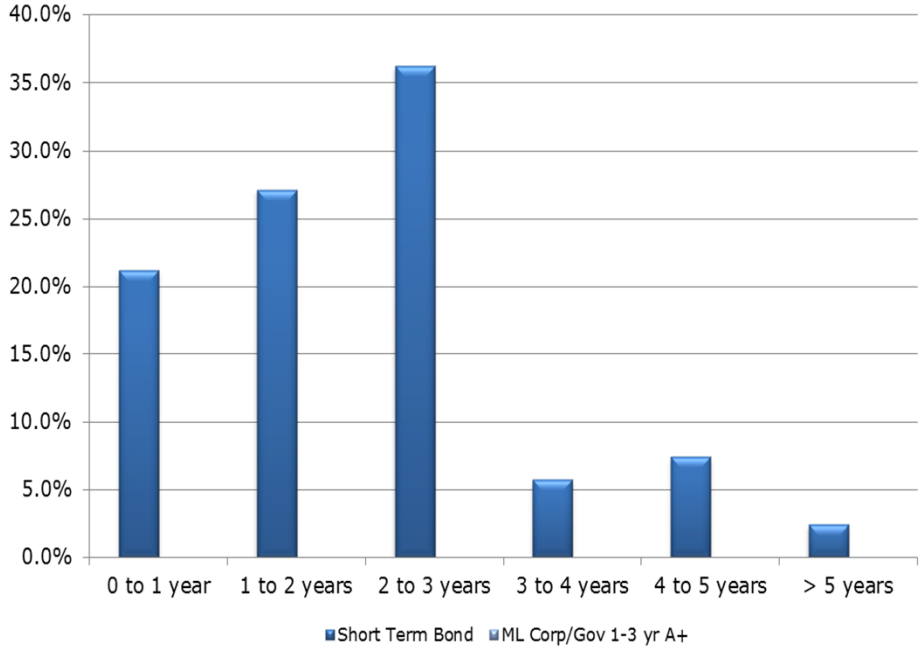




Federated – Short Term Bond

	Index	Aug-16	Sep-16
0 to 1 year	1.0%	21.8%	21.2%
1 to 2 years	52.0%	27.3%	27.1%
2 to 3 years	47.0%	34.2%	36.2%
3 to 4 years	0.0%	6.7%	5.7%
4 to 5 years	0.0%	7.4%	7.4%
> 5 years	0.0%	2.6%	2.4%
Average Life	1.95	2.15	2.14



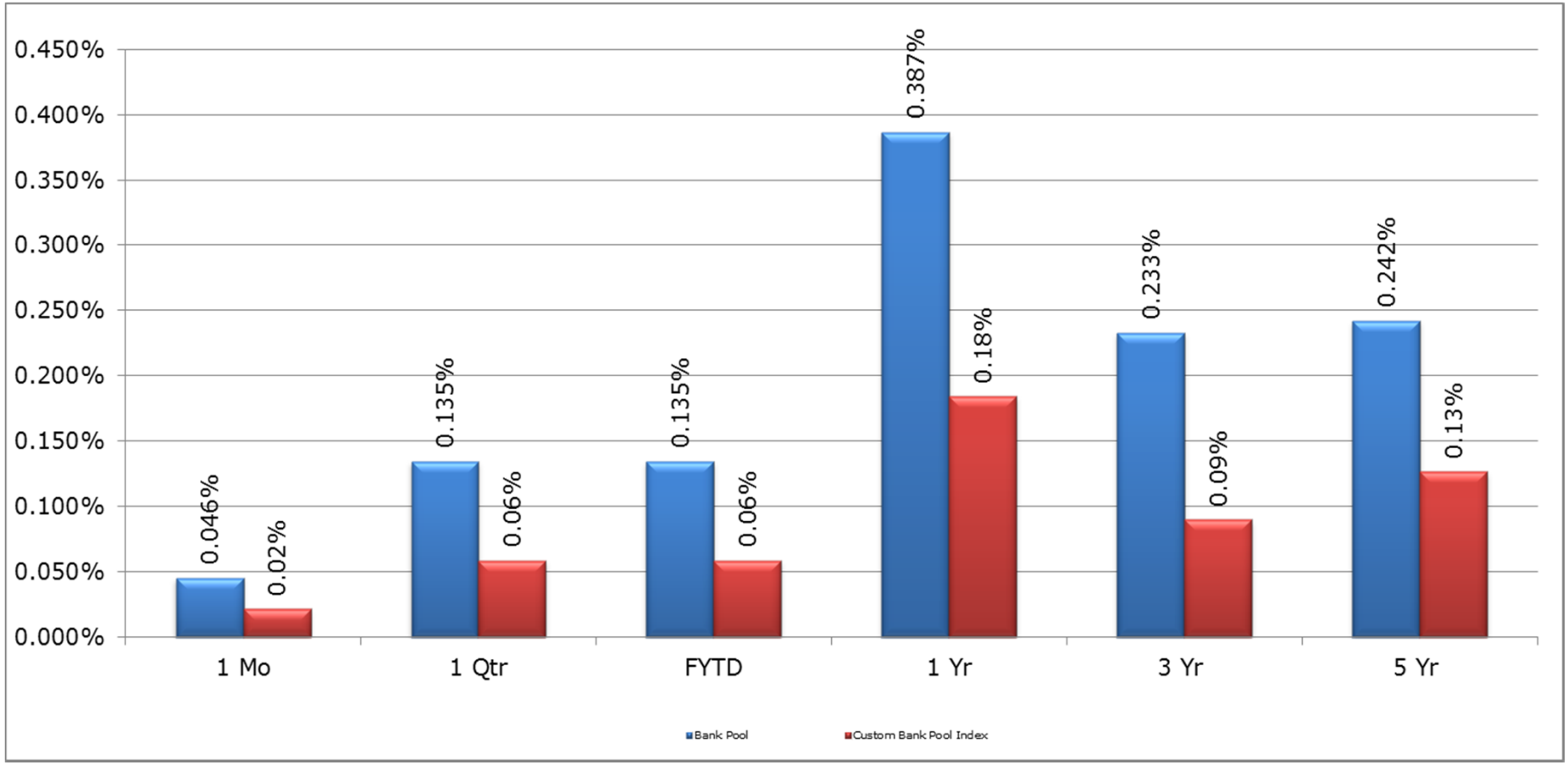


Bank Pool

Bank Pool

Dollar Reconcilliation ($ thousands)

	3 Month	12 Months
Beginning Market Value	$ 129,449	$ 118,255
Contributions / Distributions	$ 3,800	$ 14,675
Return on Investment	$ 179	$ 499
Ending Market Value	$ 133,429	$ 133,429



Watch List and Below Minimum Credit Quality Securities

Watch List

- **Watch list criteria:**
  - Events causing an investment manager to be placed on the Watch list include:
    1. A manager performs below their benchmark over a 3- and/or 5-year cumulative period.
    2. There is a change in the professionals managing the portfolio.
    3. There is a change in the organizational structure of the firm.
    4. There is a significant decrease in the product's assets.
    5. There is an indication that the manager is deviating from their stated style and/or strategy.
    6. There is an increase in the product's fees and/or expenses.
    7. Any event occurs that may interfere with the manager's ability to fulfill their role in the future.

- **Time period on Watch:**
  - A recommendation for Watch list Status shall designate a period of time to assess the performance-related issues or organizational issues present. The investment manager shall remain on the Watch list until all of the outstanding issues are resolved.

- **Managers currently on Watch:**
  - Federated's Short-Term Bond strategy
    - Placed on Watch for performance under the benchmark for the 3- and 5-year periods.
    - The strategy was placed on Watch on February 19, 2014.
    - The strategy has experienced strong performance over the past several quarters. As a result NEPC and Staff are recommending that the strategy be removed from the Watch List.

Below Minimum Credit Quality Securities

- **As of September 30, 2016, there are no securities in the portfolios that do not meet the minimum credit quality restrictions contained in the Investment Policy Statement.**

Appendix

Information Disclosure

- **NEPC uses, as its data source, the plan's custodian bank or fund service company, and NEPC relies on those sources for security pricing, calculation of accruals, and all transactions, including income payments, splits, and distributions. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**

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