

FLORIDA BOARD OF GOVERNORS  
FOUNDATION  
3RD QUARTER, 2018

**QUARTERLY REVIEW**

**CAPTRUST**

400 N. Tampa Street, Suite 1800  
Tampa, FL 33602

Our mission is to enrich the lives of our clients, colleagues and communities through sound financial advice, integrity, and a commitment to service beyond expectation.

**Florida Board Of Governors Foundation**

3rd Quarter, 2018 Quarterly Review

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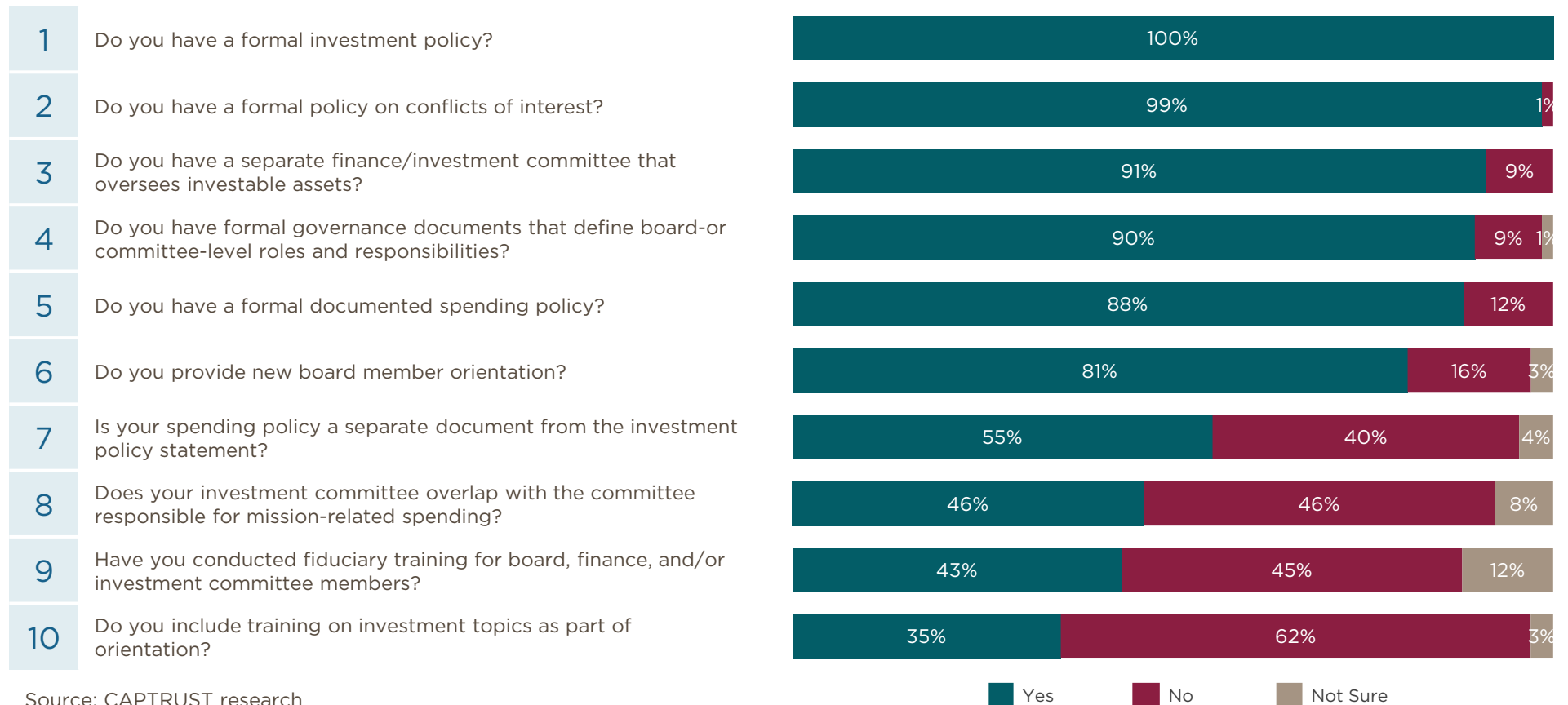
**MANAGER FACT SHEETS**

Appendix



## HOW WIDESPREAD ARE FIDUCIARY BEST PRACTICES?

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) identifies a standard of conduct associated with managing and investing institutional assets. While UPMIFA covers broad fiduciary concepts, CAPTRUST has identified a number of best practices. We recently investigated the prevalence of these best practices in our survey of endowments and foundations. How does your organization compare?



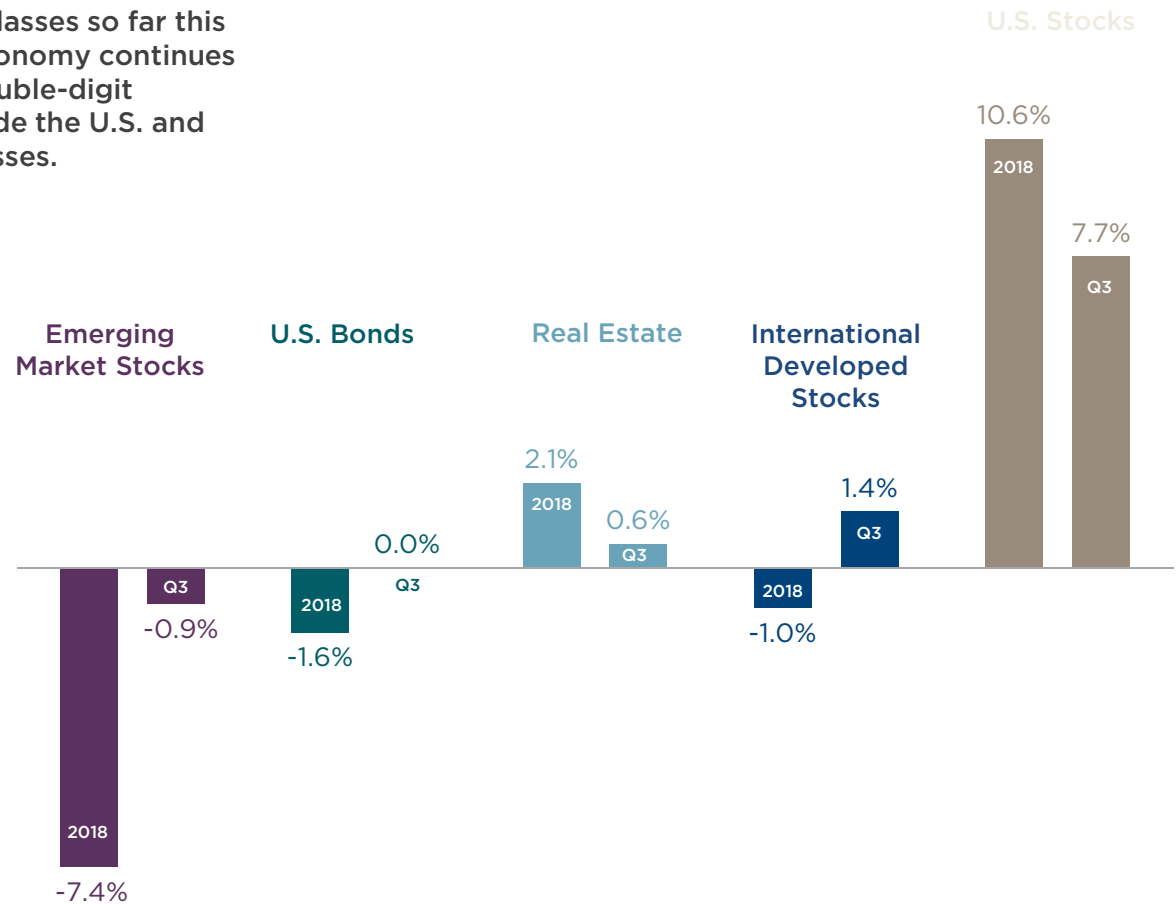
Organizational goals and objectives vary. While no single set of best practices will be universally appropriate, peer data serves as a helpful reference to evaluate how these concepts apply to your nonprofit. Please contact your CAPTRUST financial advisor if you have questions about any individual practice.



## U.S. STOCKS LEAD THE WAY

U.S. stocks are a standout among the major asset classes so far this year. Although it has cooled somewhat, the U.S. economy continues to grow at an elevated pace, boosting stocks to double-digit returns this year. Meanwhile, sluggish growth outside the U.S. and rising interest rates have hampered other asset classes.

- U.S. stocks added to their gains for the year, as solid corporate earnings and strong economic growth offset concerns about escalating trade tensions. In the third quarter, large-cap stocks posted their best quarterly performance in nearly five years.
- International developed stocks are slightly negative due to sluggish economic growth and trade tensions.
- Emerging market stocks continue to face pressure from a stronger U.S. dollar and economic turmoil in several countries, including Turkey and Argentina.
- Bonds treaded water in the third quarter. They have logged a small loss for the year as interest rates reached their highest levels in five years.
- Public real estate rose slightly in Q3 and remains modestly positive for the year despite pressure from higher rates.



Asset class returns are represented by the following indexes: S&P 500 Index (U.S. large-cap stocks), MSCI EAFE Index (international developed stocks), MSCI Emerging Markets Index (emerging market stocks), Bloomberg Barclays U.S. Aggregate Bond Index (U.S. bonds), and Dow Jones U.S. Real Estate Index (real estate).

## DIGGING DEEPER: STOCKS AND BONDS

### Equities

|                            | Q3 2018 | YTD 2018 | Last 12 Months |
|----------------------------|---------|----------|----------------|
| U.S. Stocks                | 7.7%    | 10.6%    | 17.9%          |
| - Best Sector: Health Care | 14.5%   | 16.6%    | 18.3%          |
| - Worst Sector: Materials  | 0.4%    | -2.7%    | 4.0%           |
| International Stocks       | 1.4%    | -1.0%    | 3.2%           |
| Emerging Market Stocks     | -0.9%   | -7.4%    | -0.4%          |

### Fixed Income

|                                    | 9.30.18  | 6.30.18  | 9.30.17        |
|------------------------------------|----------|----------|----------------|
| 1-Year U.S. Treasury Yield         | 2.59%    | 2.33%    | 1.31%          |
| 10-Year U.S. Treasury Yield        | 3.05%    | 2.85%    | 2.33%          |
|                                    | QTD 2018 | YTD 2018 | Last 12 Months |
| 10-Year U.S. Treasury Total Return | -1.09%   | -3.73%   | -3.75%         |

### Equities - Relative Performance by Market Capitalization and Style

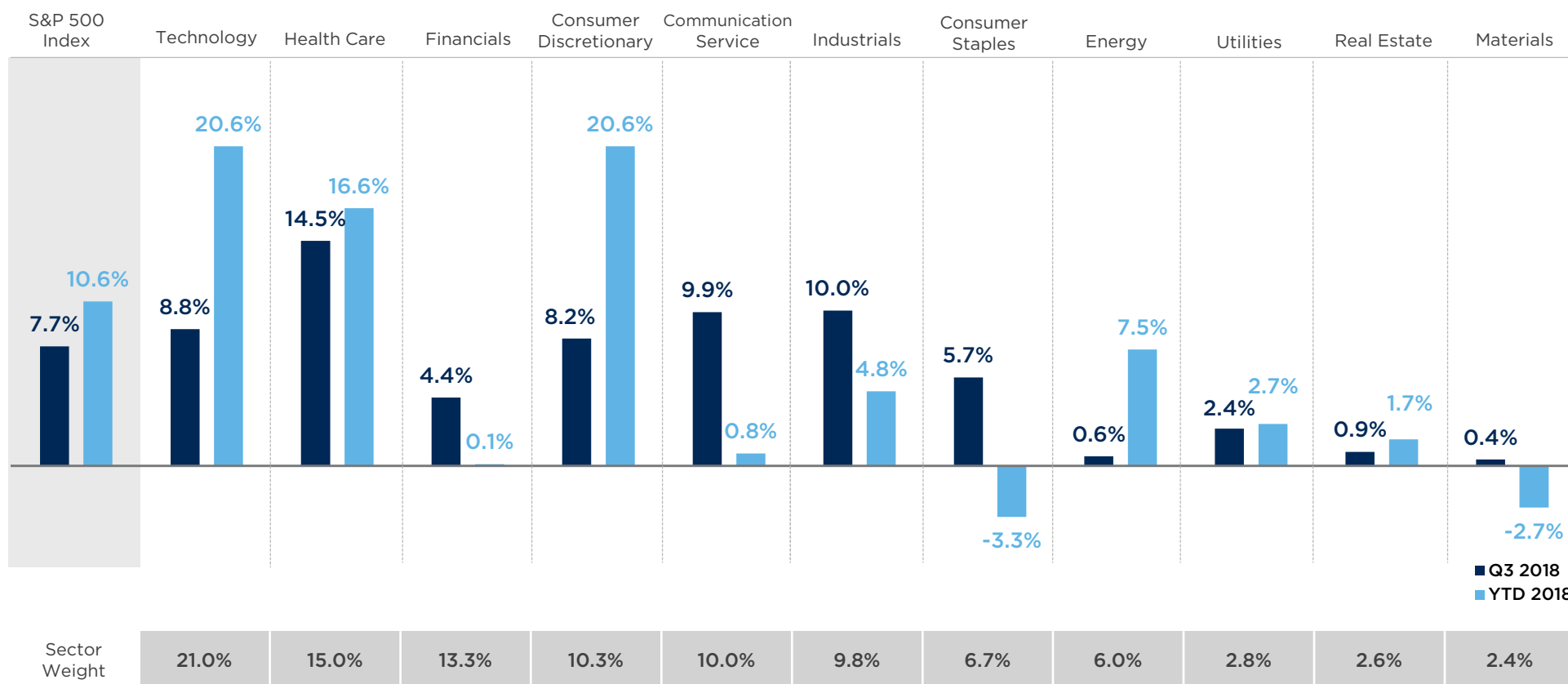
|       | Q3 2018 |       |        | YTD 2018 |       |        | 2017  |       |        |       |       |
|-------|---------|-------|--------|----------|-------|--------|-------|-------|--------|-------|-------|
|       | Value   | Blend | Growth | Value    | Blend | Growth | Value | Blend | Growth |       |       |
| Large | 5.7%    | 7.7%  | 9.2%   | Large    | 3.9%  | 10.6%  | 17.1% | Large | 13.7%  | 21.8% | 30.2% |
| Mid   | 3.3%    | 5.0%  | 7.6%   | Mid      | 3.1%  | 7.5%   | 13.4% | Mid   | 13.3%  | 18.5% | 25.3% |
| Small | 1.6%    | 3.6%  | 5.5%   | Small    | 7.1%  | 11.5%  | 15.8% | Small | 7.8%   | 14.6% | 22.2% |

Asset class returns are represented by the following indexes: S&P 500 Index (U.S. stocks), MSCI EAFE Index (international stocks), and MSCI Emerging Markets Index (emerging market stocks). Relative performance by market capitalization and style is based upon the Russell Pure Style Indexes except for large-cap blend, which is based upon the S&P 500 Index. Source: Bloomberg, U.S. Treasury, Barclays Live.

## DIGGING DEEPER: U.S. EQUITY MARKETS

The S&P 500 Index is a market capitalization weighted index of U.S. large-cap stocks across a diversity of industry sectors. The stocks represented in those 11 sectors generated a range of returns in 2018.

Returns by S&P 500 Sector



Source: Bloomberg. Data as of 9.30.2018. All calculations are cumulative total return, not annualized, including dividends for the stated period. Past performance is not indicative of future returns.



## DIGGING DEEPER: FIXED INCOME MARKET

| Interest Rates | 3 Month | 2 Year | 5 Year | 10 Year | 30 Year | Mortgage Rate |
|----------------|---------|--------|--------|---------|---------|---------------|
| June 2018      | 1.93%   | 2.52%  | 2.73%  | 2.85%   | 2.98%   | 4.40%         |
| September 2018 | 2.19%   | 2.81%  | 2.94%  | 3.05%   | 3.19%   | 4.57%         |
| Change         | 0.26%   | 0.29%  | 0.21%  | 0.20%   | 0.21%   | 0.17%         |

Interest rates rose relatively evenly across the yield curve in the third quarter, buoyed by the Federal Reserve on the front and solid growth and inflation on the longer end. Mortgage rates rose roughly in line with Treasury rates for the quarter.

| Bloomberg Barclays U.S. Aggregate Bond Index | Yield to Worst | Duration | Total Return | Spread | Treasury Rate | AA Spread | BBB Spread |
|--|----------------|----------|--------------|--------|---------------|-----------|------------|
| June 2018                                    | 3.29%          | 6.01     |              | 0.44%  | 2.85%         | 0.62%     | 1.57%      |
| September 2018                               | 3.46%          | 6.03     |              | 0.39%  | 3.07%         | 0.53%     | 1.36%      |
| Change                                       | 0.17%          | 0.02     | 0.02%        | -0.05% | 0.22%         | -0.09%    | -0.21%     |

The Bloomberg Barclays U.S. Aggregate Bond Index was flat for the quarter. The index's yield and modest spread tightening offset the negative impact from rising rates.

| Bloomberg Barclays U.S. Long Credit Index | Yield to Worst | Duration | Total Return | Spread | Treasury Rate | AA Spread | BBB Spread |
|---|----------------|----------|--------------|--------|---------------|-----------|------------|
| June 2018                                 | 4.69%          | 13.41    |              | 1.74%  | 2.95%         | 1.08%     | 2.17%      |
| September 2018                            | 4.68%          | 13.39    |              | 1.53%  | 3.15%         | 0.96%     | 1.89%      |
| Change                                    | -0.01%         | -0.02    | 1.26%        | -0.21% | 0.20%         | -0.12%    | -0.28%     |

Following a weak second quarter, long credit performed well with a 1.26% return for Q3. The negative impact of rising rates was more than offset by yield and spread tightening, particularly from BBB credits.

Source: Bloomberg, Barclays Live, CAPTRUST, U.S Treasury.

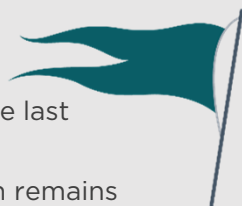
## ECONOMIC OUTLOOK

The global economic picture typically consists of favorable attributes (tailwinds) and challenges (headwinds). Here, we provide our perspective on both and offer our view on which side has the upper hand.

### TAILWINDS

#### The U.S. Economy Remains Strong

- The U.S. economy continues to grow at an elevated pace—although not quite as fast as the last two quarters.
- Jobs continue to be plentiful, and wage growth remains contained with few signs of overheating.



#### Business Confidence Bodes Well

- The NFIB Index of Small Business Optimism has reached a 45-year high. Small business owners are ebullient about business expectations, driven by changes in the tax and regulatory landscape.
- Corporate reinvestment (CapEx) and stock buybacks both continue to increase.

#### Rising Rates: Good for Savers

- Interest rates on savings have gone from near zero to 2% between December 2015 and September 2018.
- Savers should start to feel the benefits of rising interest rates as short-term savings rates turn into more income.

#### Expansionary Policies in China

- China has increased policy measures to encourage lending and expand economic growth.

### HEADWINDS

#### Trade Talks and Tariff Tensions

- While trade tensions with Mexico and Canada are subsiding, tension with China persists.
- Tariffs on Chinese goods grab the headlines, but the estimated impact of tariffs pales in comparison to the current level of stimulus.



#### Midterm Maelstrom

- Uncertainty remains about the potential market impact of midterm elections, and policy making may slow down as Congress focuses on reelection.
- Polls suggest the Democrats will take control of the House and Republicans will retain the Senate. A Democratic sweep could result in drug price legislation and greater infrastructure spending, goals shared by President Trump.

#### Global Economic Growth Slows Down

- Major economies continue expanding, but at a slower pace.

#### Rising Rates: Trouble on the Horizon?

- Higher interest rates mean higher mortgage rates for many, which may dampen household income and housing demand.
- Yield curve inversion is not a reliable signal of a near-term recession or stock market selloff.

Overall, the global economic backdrop continues to be strong. At current valuations, U.S. stocks are close to their 25-year median valuations.

## DOLLARS FOR BOTH BUYBACK AND CAPEX

The Tax Cuts and Jobs Act enacted late last year led many to wonder how companies would invest their windfalls from lower tax rates and repatriated cash. Would they continue their high levels of stock buybacks or would they reinvest in plant and equipment to fuel future growth? Early data suggests that companies have been able to do both.

Growth of CapEx and Share Repurchases (\$Billion)

|         | CASH SPENDING | H1 2017 | H1 2018 | Y-O-Y GROWTH |
|---------|---------------|---------|---------|--------------|
| S&P 500 | Repurchases   | \$253.3 | \$379.7 | 50%          |
|         | CAPEX         | \$288.6 | \$344.1 | 19%          |
| Apple   | Repurchases   | \$18.0  | \$33.6  | 87%          |
|         | CAPEX         | \$5.4   | \$7.3   | 35%          |
| Google  | Repurchases   | \$5.3   | \$12.8  | 142%         |
|         | CAPEX         | \$2.7   | \$4.2   | 56%          |

Source: S&P Dow Jones, Apple, Google, Cornerstone Macro

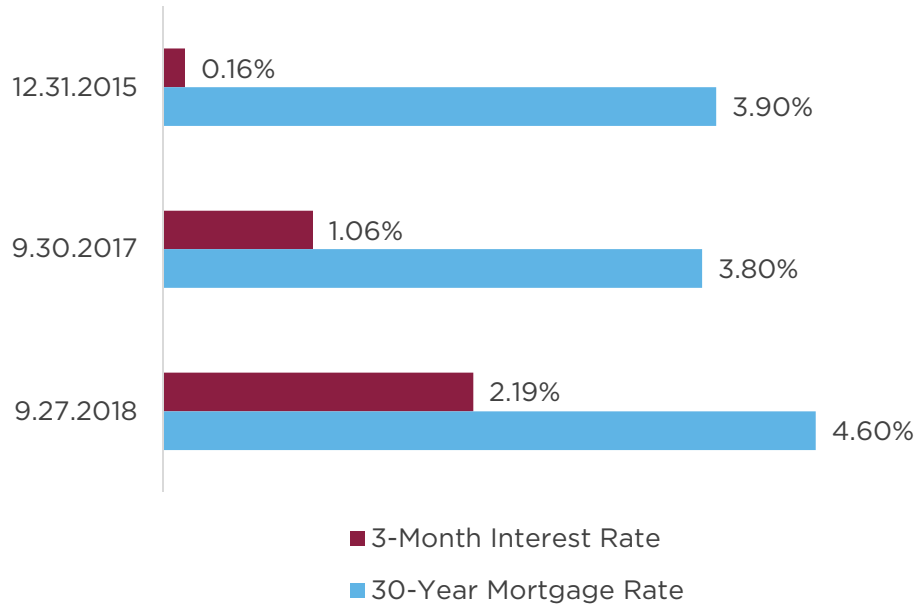
### OBSERVATIONS

- S&P 1500 companies have reported a sharp acceleration in capital expenditures in the second quarter, a year-over-year increase of more than 22%.
- The S&P 1500 is a broad index of domestic stocks, representing 90% of U.S. market capitalization.
- This level of growth is the fastest pace of business investment since 2011.
- Higher capital expenditures could lead to higher wages, corporate profits, and GDP growth. Meanwhile, share repurchases support stock prices and earnings growth.

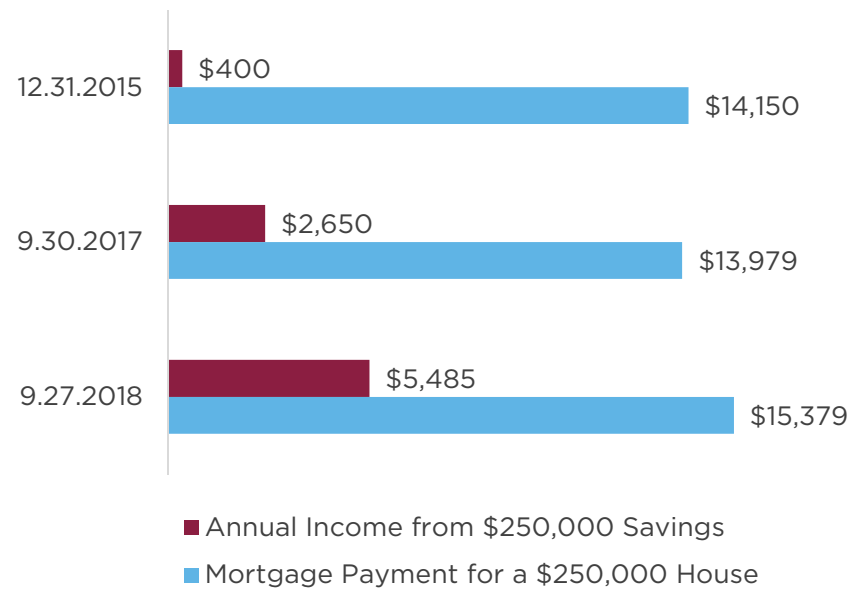
## HIGHER INTEREST RATES—A MIXED BLESSING

The Federal Reserve has raised short-term rates eight times since December 2015, with an increase each time of 0.25%. Higher rates can have positive and negative effects—benefiting savers seeking income while causing mortgage and other debt payments to rise.

Rising Interest Rates



Dollar Impact of Interest Rate Increases



### OBSERVATIONS

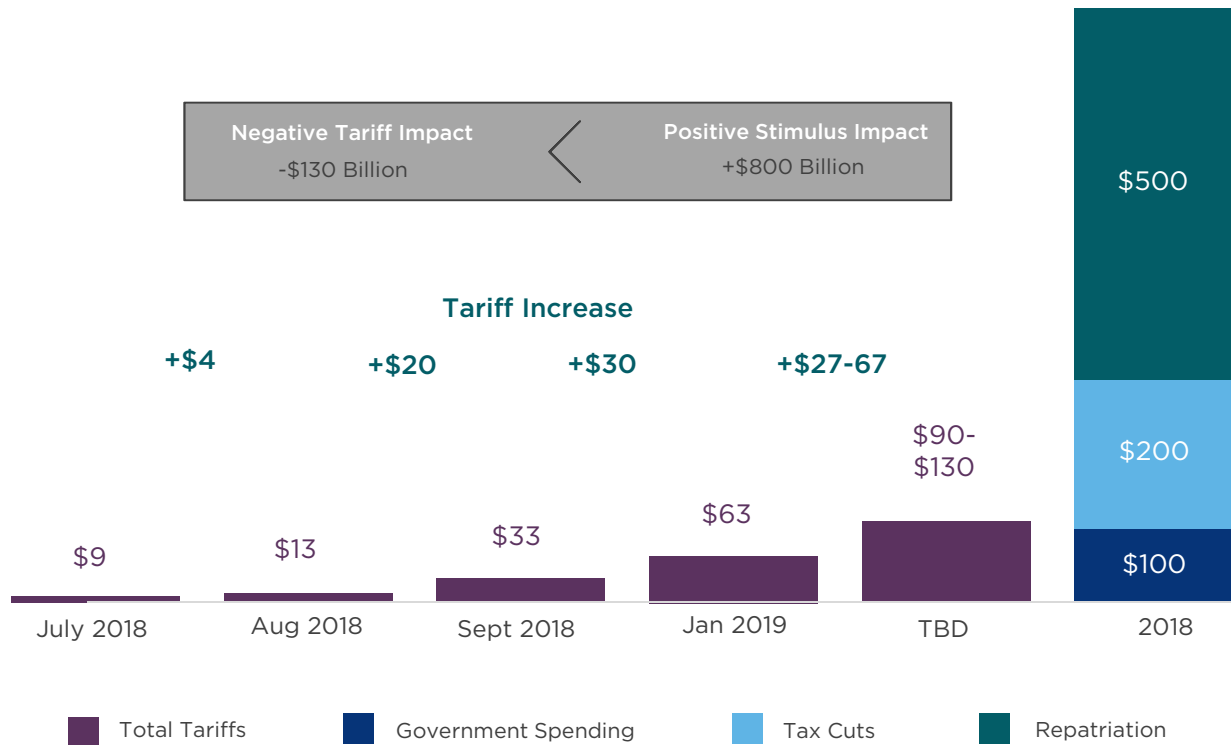
- While the interest rates on savings and borrowing have increased, mortgage rates have ticked up only slightly, while savings rates have risen more dramatically.
- A saver with \$250,000 would earn \$5,085 more in interest income each year, while a homeowner with a \$250,000 mortgage would see his or her annual payment rise by \$1,229.

Source: Bloomberg, Treasury.gov

## FISCAL STIMULUS TRUMPS TARIFF TALK

The estimated impact of tariffs enacted so far is \$33 billion, and this amount could reach \$63 billion by the start of 2019 (based upon tariffs announced but not yet enacted). The total number could grow further, depending upon the actions (and reactions) of the U.S. and China. While these seem like big numbers that could potentially hamper the U.S. economy, the total tariff number is dwarfed by the total amount of stimulus generated by tax cuts, increased spending, and repatriations.

Timeline for Tariffs Announced  
by U.S. Government on Chinese Goods (\$Billion)



### OBSERVATIONS

- An estimated tariff impact of \$90-\$130 billion would represent approximately 0.6% of U.S. gross domestic product. This amount is lamentable but manageable, and we still expect economic growth.
- The previous estimate of \$500 billion of stimulus from repatriation could prove to be conservative. Preliminary data shows a potential for as much as \$700 billion in repatriations.
- This could bring the combined stimulus from tax cuts, increased spending, and repatriations to a total of approximately \$1 trillion.

Source: whitehouse.gov, Cornerstone Macro, Strategas

## YIELD CURVE: AN INVERSION IS NOT AN OMEN

An *inverted yield curve* happens when short-term interest rates exceed longer-term interest rates. Many market watchers suggest that an inverted yield curve signals a coming recession. Although inverted yield curves have preceded every recession over the past six decades, they don't cause recessions or market selloffs. In fact, positive stock market returns can persist for some time after an inversion occurs. Here, we show the last five inversions and subsequent stock market returns.

| Inversion Date | S&P 500 INDEX TOTAL RETURN |                |                 |                 | INFLATION                  |
|----------------|----------------------------|----------------|-----------------|-----------------|----------------------------|
|                | 3 Months Later             | 6 Months Later | 12 Months Later | 18 Months Later | Consumer Price Index (CPI) |
| 9.30.78        | -6.3%                      | -0.9%          | 6.6%            | -0.4%           | 8%                         |
| 9.30.80        | 8.2%                       | 8.4%           | -7.4%           | -10.8%          | 13%                        |
| 1.31.89        | 4.1%                       | 16.3%          | 10.6%           | 19.7%           | 4%                         |
| 2.28.00        | 5.4%                       | 12.6%          | -8.0%           | -15.9%          | 3%                         |
| 2.28.06        | -0.8%                      | 1.8%           | 9.9%            | 15.1%           | 4%                         |

### OBSERVATIONS

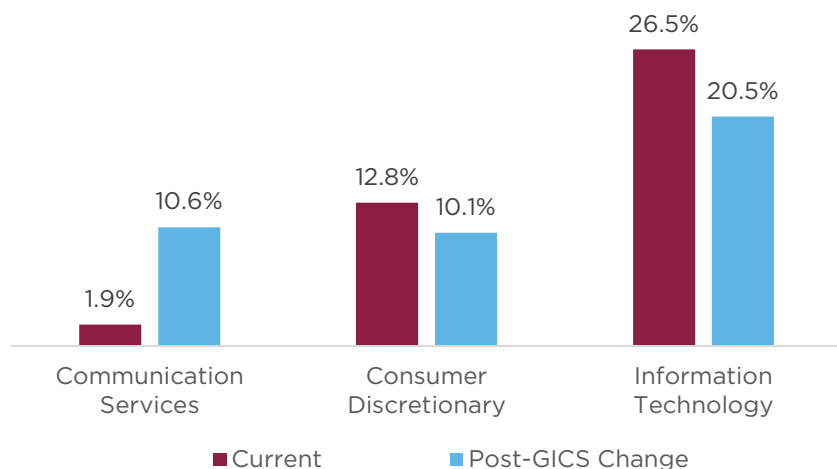
- Looking at data from the past five yield curve inversions tells us that stock market returns as measured by the S&P 500 Index were mostly positive three to six months later.
- In the intermediate term—12 to 18 months later—and especially in normal inflation environments, stocks can continue to perform well.

Source: Strategas, Federal Reserve

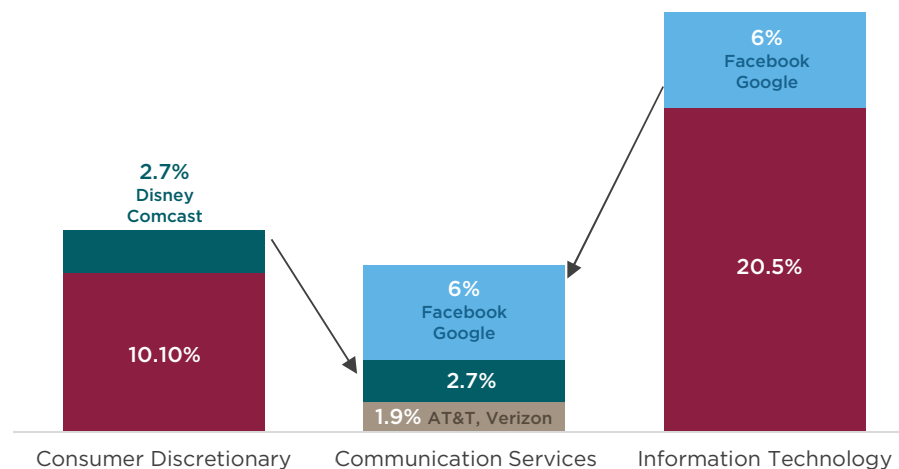
## MSCI GICS SECTORS CHANGES

On September 28, the widely used MSCI Global Industry Classification Standard (GICS) system made several significant changes to its sector composition, causing impacts to prominent stock market indexes and funds that track them. The telecommunications services sector was renamed the communication services sector. This sector will include some companies previously assigned to the consumer discretionary and information technology sectors.

S&P 500 Sector Weights Before and After GICS Change



Key Changes of GICS Sector Composition



### OBSERVATIONS

- The September GICS changes increase the weight of the communication services sector within the S&P 500 and reduce the weight of the technology and consumer discretionary sectors.
- The expanded communication services sector will include more growth-oriented companies, including several of the so-called FANG stocks, in addition to more value-leaning companies previously included.










Source: Strategas, S&P Dow Jones

# ASSET CLASS RETURNS

Period Ending 9.30.18 | Q3 18

| 2005                             | 2006                             | 2007                             | 2008                              | 2009                             | 2010                            | 2011                              | 2012                             | 2013                             | 2014                             | 2015                             | 2016                            | 2017                             | YTD 2018                         |
|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|----------------------------------|---------------------------------|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|
| International Equities<br>14.02% | International Equities<br>26.86% | Large-Cap Growth<br>11.81%       | Fixed Income<br>5.08%             | Mid-Cap Growth<br>46.29%         | Small-Cap Growth<br>29.09%      | Fixed Income<br>7.84%             | Mid-Cap Value<br>18.51%          | Small-Cap Growth<br>43.30%       | Mid-Cap Value<br>14.75%          | Large-Cap Growth<br>5.67%        | Small-Cap Value<br>31.74%       | Large-Cap Growth<br>30.21%       | Large-Cap Growth<br>17.09%       |
| Mid-Cap Value<br>12.65%          | Small-Cap Value<br>23.48%        | International Equities<br>11.63% | Cash<br>1.51%                     | Large-Cap Growth<br>37.21%       | Mid-Cap Growth<br>26.38%        | Large-Cap Growth<br>2.64%         | Small-Cap Value<br>18.05%        | Mid-Cap Growth<br>35.74%         | Large-Cap Value<br>13.45%        | Fixed Income<br>0.55%            | Mid-Cap Value<br>20.00%         | International Equities<br>25.62% | Small-Cap Growth<br>15.76%       |
| Mid-Cap Growth<br>12.10%         | Large-Cap Value<br>22.25%        | Mid-Cap Growth<br>11.43%         | Small-Cap Value<br>-28.92%        | Small-Cap Growth<br>34.47%       | Mid-Cap Value<br>24.75%         | Large-Cap Value<br>0.39%          | International Equities<br>17.90% | Small-Cap Value<br>34.52%        | Large-Cap Growth<br>13.05%       | Cash<br>0.05%                    | Large-Cap Value<br>17.34%       | Mid-Cap Growth<br>25.27%         | Mid-Cap Growth<br>13.38%         |
| Large-Cap Value<br>7.05%         | Mid-Cap Value<br>20.22%          | Fixed Income<br>7.39%            | Large-Cap Value<br>-36.85%        | Mid-Cap Value<br>34.21%          | Small-Cap Value<br>24.50%       | Cash<br>0.10%                     | Large-Cap Value<br>17.51%        | Large-Cap Growth<br>33.48%       | Mid-Cap Growth<br>11.90%         | Mid-Cap Growth<br>-0.20%         | Small-Cap Growth<br>11.32%      | Small-Cap Growth<br>22.17%       | Small-Cap Value<br>7.14%         |
| Large-Cap Growth<br>5.26%        | Small-Cap Growth<br>13.35%       | Small-Cap Growth<br>7.05%        | Mid-Cap Value<br>-38.44%          | International Equities<br>32.46% | Large-Cap Growth<br>16.71%      | Mid-Cap Value<br>-1.38%           | Mid-Cap Growth<br>15.81%         | Mid-Cap Value<br>33.46%          | Fixed Income<br>5.97%            | International Equities<br>-0.39% | Mid-Cap Growth<br>7.33%         | Large-Cap Value<br>13.66%        | Large-Cap Value<br>3.92%         |
| Small-Cap Value<br>4.71%         | Mid-Cap Growth<br>10.66%         | Cash<br>4.71%                    | Large-Cap Growth<br>-38.44%       | Small-Cap Value<br>20.58%        | Large-Cap Value<br>15.51%       | Mid-Cap Growth<br>-1.65%          | Large-Cap Growth<br>15.26%       | Large-Cap Value<br>32.53%        | Small-Cap Growth<br>5.60%        | Small-Cap Growth<br>-1.38%       | Large-Cap Growth<br>7.08%       | Mid-Cap Value<br>13.34%          | Mid-Cap Value<br>3.13%           |
| Small-Cap Growth<br>4.15%        | Large-Cap Growth<br>9.07%        | Large-Cap Value<br>-0.17%        | Small-Cap Growth<br>-38.54%       | Large-Cap Value<br>19.69%        | International Equities<br>8.21% | Small-Cap Growth<br>-2.91%        | Small-Cap Growth<br>14.59%       | International Equities<br>23.29% | Small-Cap Value<br>4.22%         | Large-Cap Value<br>-3.83%        | Fixed Income<br>2.65%           | Small-Cap Value<br>7.84%         | Cash<br>1.30%                    |
| Cash<br>3.35%                    | Cash<br>5.08%                    | Mid-Cap Value<br>-1.42%          | International Equities<br>-43.06% | Fixed Income<br>5.24%            | Fixed Income<br>5.89%           | Small-Cap Value<br>-5.50%         | Fixed Income<br>4.22%            | Cash<br>0.07%                    | Cash<br>0.03%                    | Mid-Cap Value<br>-4.78%          | International Equities<br>1.51% | Fixed Income<br>3.54%            | International Equities<br>-0.98% |
| Fixed Income<br>1.58%            | Fixed Income<br>4.08%            | Small-Cap Value<br>-9.78%        | Mid-Cap Growth<br>-44.32%         | Cash<br>0.21%                    | Cash<br>0.13%                   | International Equities<br>-11.73% | Cash<br>0.11%                    | Fixed Income<br>-2.02%           | International Equities<br>-4.48% | Small-Cap Value<br>-7.47%        | Cash<br>0.33%                   | Cash<br>0.86%                    | Fixed Income<br>-1.60%           |

Source: Markov Processes, Inc., Bloomberg, Mobius

|  |  |   |
|--|--|---|
|  Small-Cap Value Stocks (Russell 2000 Value)   |  Large-Cap Value Stocks (Russell 1000 Value)          |  International Equities (MSCI EAFE)                          |
|  Small-Cap Growth Stocks (Russell 2000 Growth) |  Mid-Cap Growth Stocks (Russell Mid-Cap Growth Index) |  Fixed Income (Bloomberg Barclays U.S. Aggregate Bond Index) |
|  Large-Cap Growth Stocks (Russell 1000 Growth) |  Mid-Cap Value Stocks (Russell Mid-Cap Value Index)   |  Cash (Merrill Lynch 3-Month Treasury Bill)                  |

The information contained in this report is from sources believed to be reliable but not warranted by CAPTRUST Financial Advisors to be accurate or complete.



# INDEX PERFORMANCE

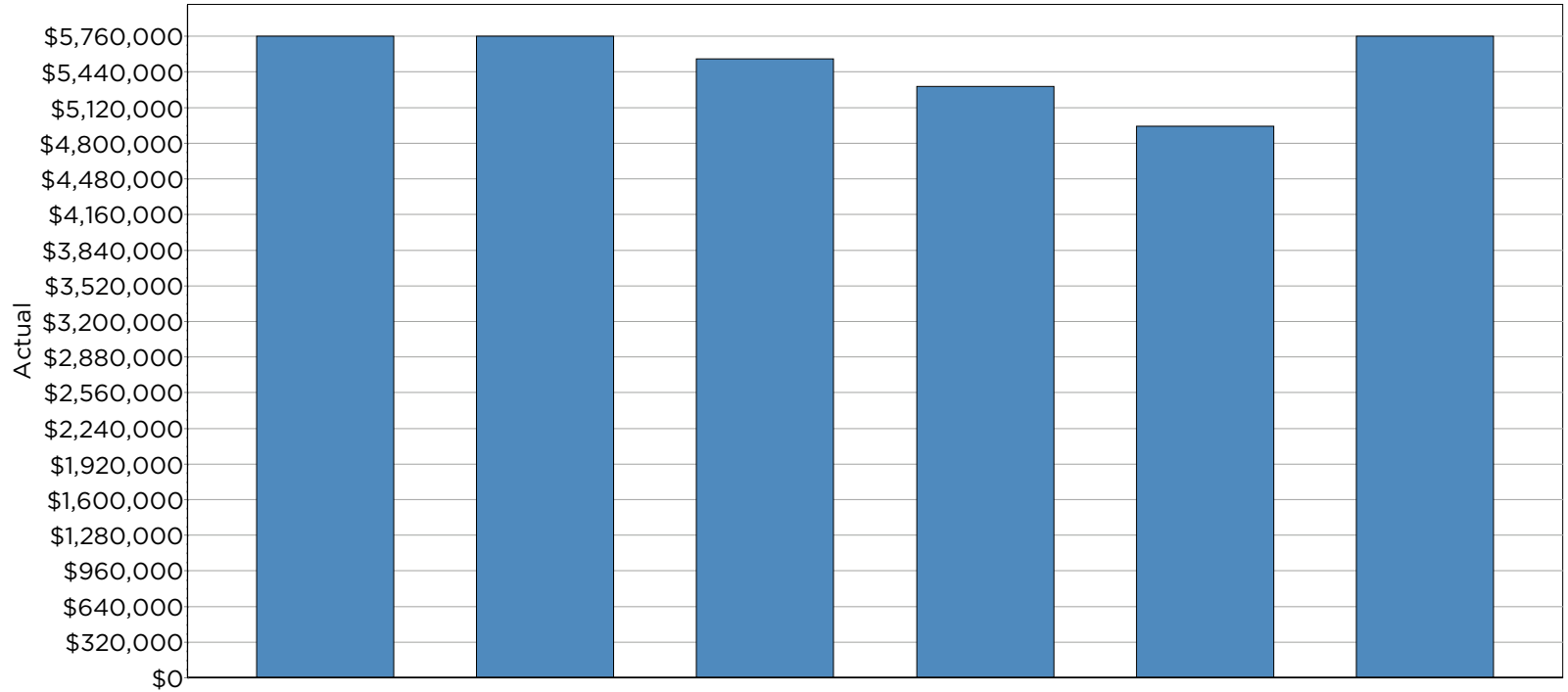
Period Ending 9.30.18 | Q3 18

| INDEXES                                     | Q3 2018        | YTD 2018        | 2017        | 2016        | 2015        | 2014        | 2013        | 1 YEAR        | 3 YEAR        | 5 YEAR        | 10 YEAR        |
|---|----------------|-----------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|---------------|----------------|
| 90-Day U.S. Treasury                        | 0.49%          | 1.30%           | 0.86%       | 0.33%       | 0.05%       | 0.03%       | 0.07%       | 1.59%         | 0.84%         | 0.52%         | 0.34%          |
| Bloomberg Barclays Government 1-3 Year      | 0.20%          | 0.26%           | 0.45%       | 0.87%       | 0.57%       | 0.64%       | 0.37%       | -0.01%        | 0.38%         | 0.57%         | 1.20%          |
| Bloomberg Barclays Intermediate Govt        | -0.11%         | -0.78%          | 1.14%       | 1.05%       | 1.18%       | 2.52%       | -1.25%      | -1.18%        | 0.19%         | 0.93%         | 2.22%          |
| Bloomberg Barclays Muni Bond                | -0.15%         | -0.40%          | 5.45%       | 0.25%       | 3.30%       | 9.05%       | -2.55%      | 0.35%         | 2.24%         | 3.54%         | 4.75%          |
| Bloomberg Barclays Intermediate Govt/Credit | 0.21%          | -0.76%          | 2.14%       | 2.08%       | 1.07%       | 3.13%       | -0.86%      | -0.96%        | 0.91%         | 1.52%         | 3.22%          |
| Bloomberg Barclays Intermediate Credit      | 0.73%          | -0.73%          | 3.67%       | 3.68%       | 0.90%       | 4.16%       | -0.17%      | -0.62%        | 2.03%         | 2.46%         | 5.05%          |
| Bloomberg Barclays Aggregate Bond           | 0.02%          | -1.60%          | 3.54%       | 2.65%       | 0.55%       | 5.97%       | -2.02%      | -1.22%        | 1.31%         | 2.16%         | 3.77%          |
| Bloomberg Barclays Corporate IG Bond        | 0.97%          | -2.33%          | 6.42%       | 6.11%       | -0.68%      | 7.46%       | -1.53%      | -1.19%        | 3.12%         | 3.54%         | 6.35%          |
| Bloomberg Barclays High Yield               | 2.40%          | 2.57%           | 7.50%       | 17.13%      | -4.47%      | 2.45%       | 7.44%       | 3.05%         | 8.15%         | 5.54%         | 9.46%          |
| Bloomberg Barclays U.S. Long Corporate      | 1.32%          | -5.54%          | 12.09%      | 10.97%      | -4.61%      | 15.73%      | -5.68%      | -2.38%        | 5.18%         | 5.74%         | 8.69%          |
| S&P 500                                     | 7.71%          | 10.56%          | 21.83%      | 11.96%      | 1.38%       | 13.69%      | 32.39%      | 17.91%        | 17.31%        | 13.95%        | 11.97%         |
| Dow Jones Industrial Average                | 9.63%          | 8.83%           | 28.11%      | 16.50%      | 0.21%       | 10.04%      | 29.65%      | 20.76%        | 20.49%        | 14.57%        | 12.22%         |
| NASDAQ Composite                            | 7.14%          | 16.56%          | 28.24%      | 7.50%       | 5.73%       | 13.40%      | 38.32%      | 23.87%        | 20.31%        | 16.36%        | 14.42%         |
| Russell 1000 Value                          | 5.70%          | 3.92%           | 13.66%      | 17.34%      | -3.83%      | 13.45%      | 32.53%      | 9.45%         | 13.55%        | 10.72%        | 9.79%          |
| Russell 1000                                | 7.42%          | 10.49%          | 21.69%      | 12.05%      | 0.92%       | 13.24%      | 33.11%      | 17.76%        | 17.07%        | 13.67%        | 12.09%         |
| Russell 1000 Growth                         | 9.17%          | 17.09%          | 30.21%      | 7.08%       | 5.67%       | 13.05%      | 33.48%      | 26.30%        | 20.55%        | 16.58%        | 14.31%         |
| Russell Mid-Cap Value Index                 | 3.30%          | 3.13%           | 13.34%      | 20.00%      | -4.78%      | 14.75%      | 33.46%      | 8.81%         | 13.09%        | 10.72%        | 11.29%         |
| Russell Mid-Cap Index                       | 5.00%          | 7.46%           | 18.52%      | 13.80%      | -2.44%      | 13.22%      | 34.76%      | 13.98%        | 14.52%        | 11.65%        | 12.31%         |
| Russell Mid-Cap Growth Index                | 7.57%          | 13.38%          | 25.27%      | 7.33%       | -0.20%      | 11.90%      | 35.74%      | 21.10%        | 16.65%        | 13.00%        | 13.46%         |
| MSCI EAFE                                   | 1.42%          | -0.98%          | 25.62%      | 1.51%       | -0.39%      | -4.48%      | 23.29%      | 3.25%         | 9.77%         | 4.90%         | 5.87%          |
| MSCI ACWI ex U.S.                           | 0.80%          | -2.67%          | 27.77%      | 5.01%       | -5.25%      | -3.44%      | 15.78%      | 2.25%         | 10.49%        | 4.60%         | 5.67%          |
| Russell 2000 Value                          | 1.60%          | 7.14%           | 7.84%       | 31.74%      | -7.47%      | 4.22%       | 34.52%      | 9.33%         | 16.12%        | 9.91%         | 9.52%          |
| Russell 2000                                | 3.58%          | 11.51%          | 14.65%      | 21.31%      | -4.41%      | 4.89%       | 38.82%      | 15.24%        | 17.12%        | 11.07%        | 11.11%         |
| Russell 2000 Growth                         | 5.52%          | 15.76%          | 22.17%      | 11.32%      | -1.38%      | 5.60%       | 43.30%      | 21.06%        | 17.98%        | 12.14%        | 12.65%         |
| MSCI Emerging Markets                       | -0.95%         | -7.39%          | 37.75%      | 11.60%      | -14.60%     | -1.82%      | -2.27%      | -0.44%        | 12.77%        | 3.99%         | 5.76%          |
| Dow Jones U.S. Real Estate Index            | 0.65%          | 2.07%           | 9.84%       | 7.56%       | 2.14%       | 27.24%      | 1.77%       | 4.69%         | 8.94%         | 9.39%         | 7.46%          |
| HFRX Absolute Return Index                  | -0.04%         | 1.00%           | 3.39%       | 0.31%       | 2.86%       | 0.79%       | 3.58%       | 2.59%         | 2.88%         | 2.94%         | 3.05%          |
| Consumer Price Index (Inflation)            | 0.06%          | 2.22%           | 2.11%       | 2.07%       | 0.73%       | 0.76%       | 1.50%       | 2.70%         | 1.95%         | 1.49%         | 1.43%          |
| <b>BLENDED BENCHMARKS</b>                   | <b>Q3 2018</b> | <b>YTD 2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> | <b>2013</b> | <b>1 YEAR</b> | <b>3 YEAR</b> | <b>5 YEAR</b> | <b>10 YEAR</b> |
| 25% S&P 500/5% MSCI EAFE/70% BB Agg         | 1.98%          | 1.44%           | 8.93%       | 5.00%       | 0.92%       | 7.37%       | 7.01%       | 3.60%         | 5.64%         | 5.26%         | 6.14%          |
| 30% S&P 500/10% MSCI EAFE/60% BB Agg        | 2.44%          | 2.08%           | 10.90%      | 5.43%       | 0.95%       | 7.21%       | 9.92%       | 4.77%         | 6.87%         | 6.00%         | 6.70%          |
| 35% S&P 500/15% MSCI EAFE/50% BB Agg        | 2.89%          | 2.72%           | 12.90%      | 5.85%       | 0.97%       | 7.04%       | 12.89%      | 5.95%         | 8.11%         | 6.73%         | 7.24%          |
| 40% S&P 500/20% MSCI EAFE/40% BB Agg        | 3.35%          | 3.36%           | 14.93%      | 6.26%       | 0.96%       | 6.87%       | 15.93%      | 7.13%         | 9.34%         | 7.46%         | 7.76%          |
| 45% S&P 500/25% MSCI EAFE/30% BB Agg        | 3.81%          | 3.99%           | 16.99%      | 6.65%       | 0.93%       | 6.69%       | 19.04%      | 8.31%         | 10.58%        | 8.18%         | 8.25%          |
| 60% S&P 500/40% Bloomberg Barclays Agg      | 4.59%          | 5.74%           | 14.25%      | 8.41%       | 1.40%       | 10.75%      | 17.57%      | 10.08%        | 10.85%        | 9.32%         | 9.17%          |

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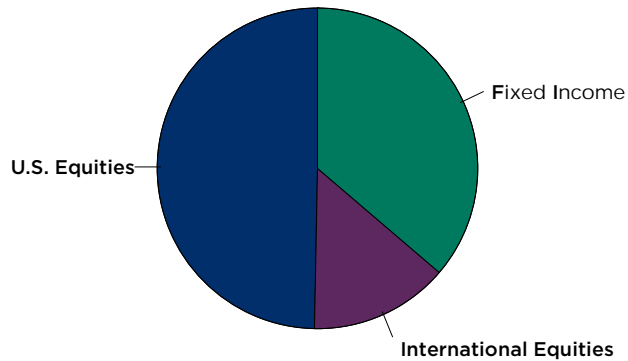
MARKET VALUES & CASH FLOW SUMMARY



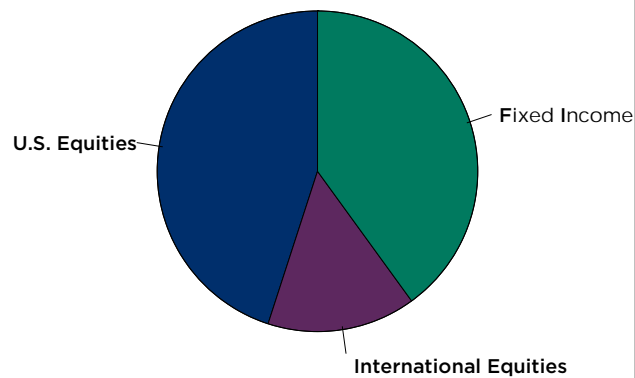
|                        | 3 Months       | 2019 Fiscal YTD | Fiscal 2018    | Fiscal 2017    | Fiscal 2016    | Inception      |
|------------------------|----------------|-----------------|----------------|----------------|----------------|----------------|
| Total Mkt Value Assets | \$5,759,471.86 | \$5,759,471.86  | \$5,559,157.20 | \$5,308,258.68 | \$4,953,322.32 | \$5,759,471.86 |
| Net Contributions      | \$0.00         | \$0.00          | (\$209,234.00) | (\$199,980.00) | \$0.00         | (\$409,214.00) |
| Net Investment Return  | \$200,314.66   | \$200,314.66    | \$460,132.52   | \$554,916.36   | \$34,257.27    | \$1,201,401.68 |

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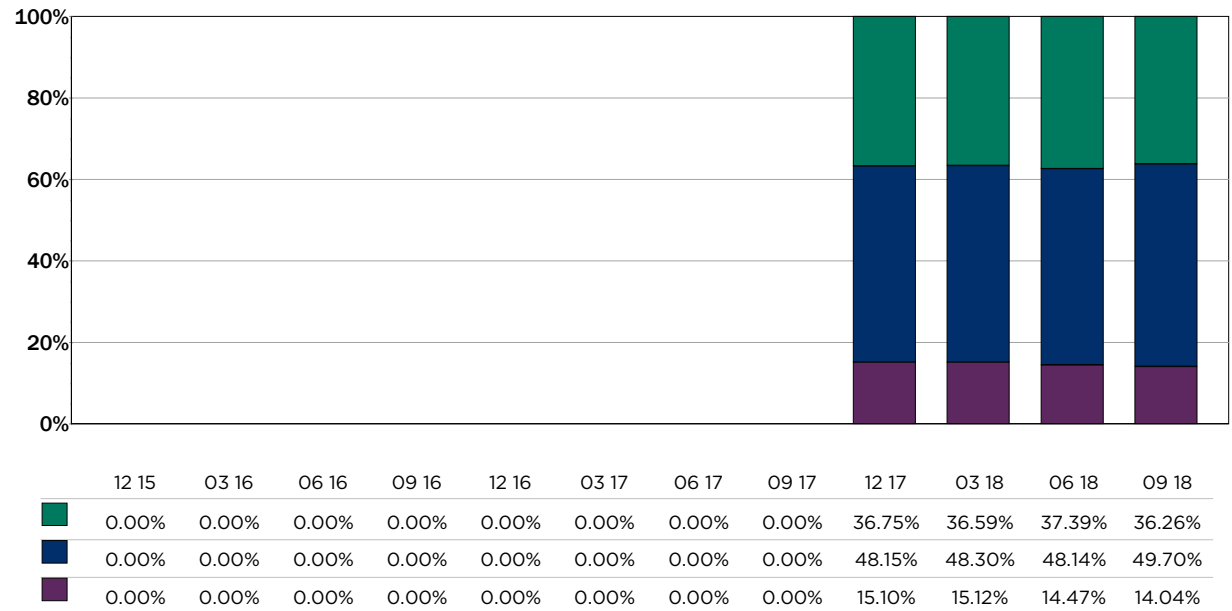
**ACTUAL ALLOCATION**



**TARGET ALLOCATION**



**HISTORIC ALLOCATION TREND**



**ASSET REBALANCING ANALYSIS**

| Asset Class            | Actual Allocation | Target Allocation | (+/-) Variance |
|------------------------|-------------------|-------------------|----------------|
| Fixed Income           | 36.26%            | 40.00%            | -3.74%         |
| U.S. Equities          | 49.70%            | 45.00%            | 4.70%          |
| International Equities | 14.04%            | 15.00%            | -0.96%         |

# ASSET ALLOCATION DETAIL

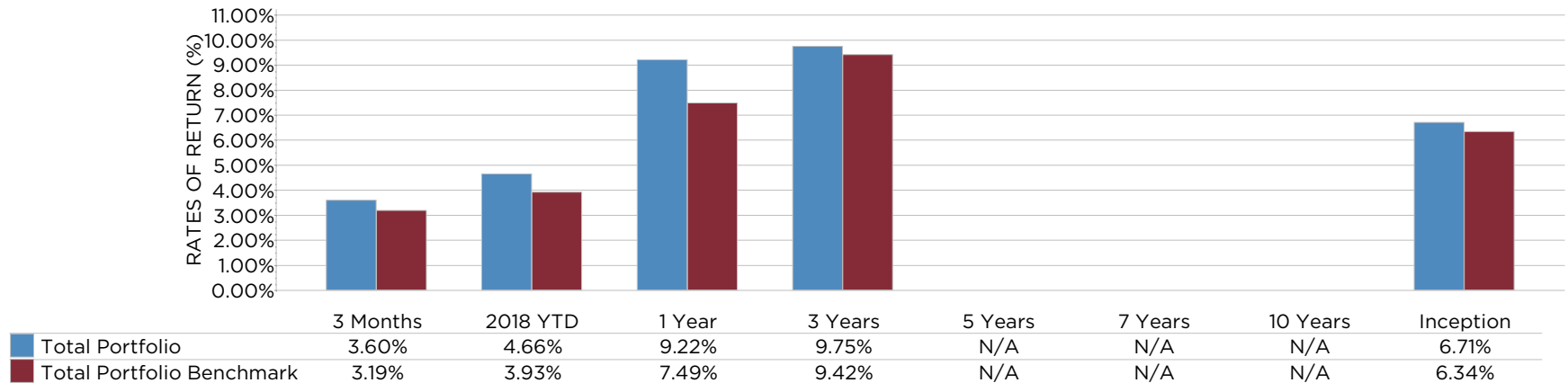
Period Ending 9.30.18 | Q3 18

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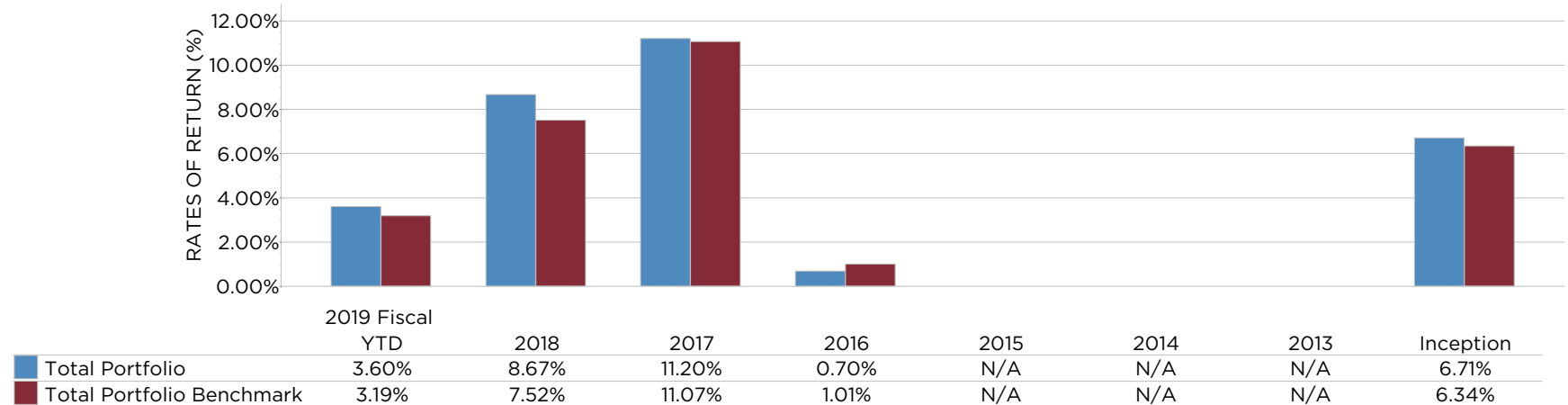
| MANAGER NAME  | - MARKET VALUE - |              |        | TOTAL        | TARGET   | ACTUAL   | VARIANCE |
|---|------------------|--------------|--------|--------------|----------|----------|----------|
|   | CASH             | INVESTED     | % CASH |              |          |          |          |
| Sawgrass Asset Management Intermediate Fixed Income | 17,388.58        | 2,071,099.57 | 0.83 % | 2,088,488.15 |          | 36.26 %  |          |
| <b>TOTAL FIXED INCOME</b>                           | 17,388.58        | 2,071,099.57 | 0.83 % | 2,088,488.15 | 40.00 %  | 36.26 %  | -3.74 %  |
| Vanguard 500 Index Adm                              | 0.00             | 1,879,918.98 | 0.00 % | 1,879,918.98 |          | 32.64 %  |          |
| Great Lakes Small/Mid Cap Equity                    | 9,340.56         | 973,243.02   | 0.95 % | 982,583.58   |          | 17.06 %  |          |
| <b>TOTAL U.S. EQUITIES</b>                          | 9,340.56         | 2,853,162.00 | 0.33 % | 2,862,502.56 | 45.00 %  | 49.70 %  | 4.70 %   |
| Vanguard Total Intl Stock Index Adm                 | 0.00             | 808,481.15   | 0.00 % | 808,481.15   |          | 14.04 %  |          |
| <b>TOTAL INTERNATIONAL EQUITIES</b>                 | 0.00             | 808,481.15   | 0.00 % | 808,481.15   | 15.00 %  | 14.04 %  | -0.96 %  |
| <b>TOTAL PORTFOLIO</b>                              | 26,729.14        | 5,732,742.72 | 0.46 % | 5,759,471.86 | 100.00 % | 100.00 % | 0.00 %   |

Information and statistics have been provided by the custodian and are not guaranteed to be accurate or complete. This is not a substitute for the official custodial account statement; please refer to the custodial statement for verification.

**TOTAL PORTFOLIO TRAILING PERFORMANCE**



**TOTAL PORTFOLIO FISCAL YEAR PERFORMANCE**



Fiscal Year Ending June

Performance returns over one-year are annualized. For important details regarding benchmarks, please refer the slides entitled "Total Fund Policy Benchmark Summary" in this presentation.

# INVESTMENT RETURNS | FISCAL YEAR MANAGER RESULTS

Period Ending 9.30.18 | Q3 18

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| <b>FIXED INCOME RETURNS</b>                         | <b>3 MOS</b> | <b>YTD' 19</b> | <b>2018</b>   | <b>2017</b>   | <b>2016</b>   | <b>2015</b> | <b>1 YEAR</b> | <b>3 YEAR</b> | <b>5 YEAR</b> | <b>INCEPT</b> | <b>INCEPT DATE</b> |
|---|--------------|----------------|---------------|---------------|---------------|-------------|---------------|---------------|---------------|---------------|--------------------|
| <b>TOTAL FIXED INCOME</b>                           | <b>0.47%</b> | <b>0.47%</b>   | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>  | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>-0.47%</b> | <b>12/31/2017</b>  |
| <b>FIXED INCOME MANAGER RESULTS:</b>                |              |                |               |               |               |             |               |               |               |               |                    |
| Sawgrass Asset Management Intermediate Fixed Income | 0.47%        | 0.47%          | 0.00%         | 0.65%         | 4.13%         | N/A         | -0.26%        | 1.50%         | N/A           | 1.28%         | 04/30/2015         |
| BBgBarc Int Gov't/Credit                            | 0.21%        | 0.21%          | -0.58%        | -0.21%        | 4.33%         | 1.68%       | -0.96%        | 0.91%         | 1.52%         | 0.90%         |                    |
| Short Investment Grade Universe                     | 0.39%        | 0.39%          | 0.51%         | 0.58%         | 1.47%         | 0.69%       | 0.51%         | 0.92%         | 1.03%         | 0.86%         |                    |
| <b>U.S. EQUITIES RETURNS</b>                        |              |                |               |               |               |             |               |               |               |               |                    |
| <b>TOTAL U.S. EQUITIES</b>                          | <b>6.96%</b> | <b>6.96%</b>   | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>  | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>11.12%</b> | <b>12/31/2017</b>  |
| <b>U.S. EQUITIES MANAGER RESULTS:</b>               |              |                |               |               |               |             |               |               |               |               |                    |
| <b>Vanguard 500 Index Adm</b>                       | <b>7.70%</b> | <b>7.70%</b>   | <b>14.34%</b> | <b>17.93%</b> | <b>3.95%</b>  | <b>N/A</b>  | <b>17.86%</b> | <b>17.29%</b> | <b>N/A</b>    | <b>12.13%</b> | <b>04/30/2015</b>  |
| S&P 500 Index                                       | 7.71%        | 7.71%          | 14.37%        | 17.90%        | 3.99%         | 7.42%       | 17.91%        | 17.31%        | 13.95%        | 12.60%        |                    |
| Morningstar Large Blend Universe                    | 6.99%        | 6.99%          | 13.08%        | 17.62%        | 0.80%         | 6.55%       | 15.61%        | 15.41%        | 12.27%        | 10.83%        |                    |
| <b>Great Lakes Small/Mid Cap Equity</b>             | <b>5.57%</b> | <b>5.57%</b>   | <b>20.35%</b> | <b>19.30%</b> | <b>-5.41%</b> | <b>N/A</b>  | <b>22.66%</b> | <b>16.15%</b> | <b>N/A</b>    | <b>11.34%</b> | <b>04/30/2015</b>  |
| Russell 2500  | 4.70%        | 4.70%          | 16.24%        | 19.84%        | -3.67%        | 5.92%       | 16.19%        | 16.13%        | 11.37%        | 10.93%        |                    |
| Morningstar Small Cap Blend Universe                | 3.15%        | 3.15%          | 14.85%        | 21.19%        | -5.23%        | 5.44%       | 12.52%        | 14.80%        | 9.94%         | 9.91%         |                    |
| <b>INTERNATIONAL EQUITIES RETURNS</b>               |              |                |               |               |               |             |               |               |               |               |                    |
| <b>TOTAL INTERNATIONAL EQUITIES</b>                 | <b>0.53%</b> | <b>0.53%</b>   | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>  | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>-3.12%</b> | <b>12/31/2017</b>  |
| <b>INTERNATIONAL EQUITIES MANAGER RESULTS:</b>      |              |                |               |               |               |             |               |               |               |               |                    |
| <b>Vanguard Total Intl Stock Index Adm</b>          | <b>0.53%</b> | <b>0.53%</b>   | <b>7.09%</b>  | <b>20.05%</b> | <b>-9.11%</b> | <b>N/A</b>  | <b>1.61%</b>  | <b>9.94%</b>  | <b>N/A</b>    | <b>3.21%</b>  | <b>04/30/2015</b>  |
| MSCI AC Wrld X US Net                               | 0.71%        | 0.71%          | 7.28%         | 20.44%        | -10.24%       | -5.27%      | 1.76%         | 9.97%         | 4.12%         | 3.31%         |                    |
| Morningstar Foreign Large Blend Universe            | 0.58%        | 0.58%          | 6.05%         | 19.27%        | -10.03%       | -3.20%      | 1.09%         | 8.46%         | 3.94%         | 3.06%         |                    |

Performance returns over one-year are annualized.

# INVESTMENT RETURNS | FISCAL YEAR MANAGER RESULTS

Period Ending 9.30.18 | Q3 18

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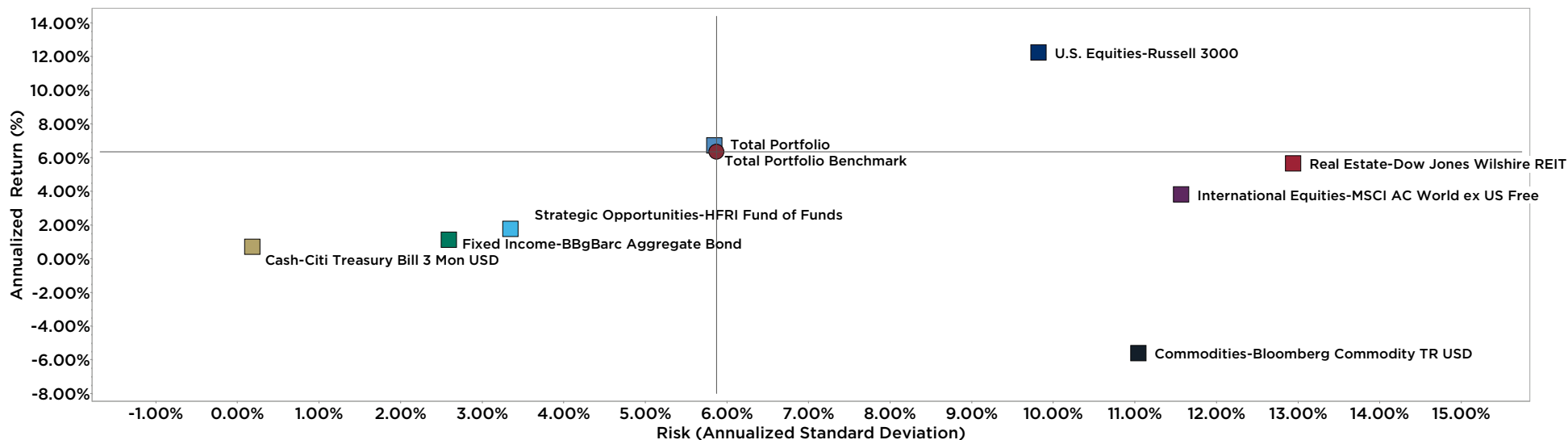
| TOTAL FUND RETURNS        | 3 MOS        | YTD' 19      | 2018         | 2017          | 2016         | 2015       | 1 YEAR       | 3 YEAR       | 5 YEAR     | INCEPT       | INCEPT DATE       |
|---------------------------|--------------|--------------|--------------|---------------|--------------|------------|--------------|--------------|------------|--------------|-------------------|
| <b>TOTAL FUND</b>         | <b>3.60%</b> | <b>3.60%</b> | <b>8.67%</b> | <b>11.20%</b> | <b>0.70%</b> | <b>N/A</b> | <b>9.22%</b> | <b>9.75%</b> | <b>N/A</b> | <b>6.71%</b> | <b>04/30/2015</b> |
| Total Portfolio Benchmark | 3.19%        | 3.19%        | 7.52%        | 11.07%        | 1.01%        | N/A        | 7.49%        | 9.42%        | N/A        | 6.34%        |                   |

Performance returns over one-year are annualized.



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COMPOSITE RISK VS. TOTAL RETURN (since inception: 04.30.15)



|                    | 3 YEAR |        |            | INCEPTION |        |            |
|--------------------|--------|--------|------------|-----------|--------|------------|
|                    | Fund   | Policy | Difference | Fund      | Policy | Difference |
| Negative Periods   | 7.00   | 8.00   | -1.00      | 10.00     | 11.00  | -1.00      |
| Positive Periods   | 29.00  | 28.00  | 1.00       | 31.00     | 30.00  | 1.00       |
| Batting Average    | 58.33  | 41.67  | 16.67      | 60.98     | 39.02  | 21.95      |
| Worst Quarter      | -0.55  | -0.76  | 0.21       | -4.63     | -4.98  | 0.35       |
| Best Quarter       | 4.36   | 3.86   | 0.50       | 4.36      | 3.86   | 0.50       |
| Range              | 4.91   | 4.62   | 0.29       | 8.99      | 8.84   | 0.15       |
| Worst 4 Quarters   | 9.04   | 7.49   | 1.55       | 0.70      | 1.01   | -0.31      |
| Standard Deviation | 5.40   | 5.40   | 0.01       | 5.84      | 5.87   | -0.03      |
| Beta               | 0.99   | 1.00   | -0.01      | 0.99      | 1.00   | -0.01      |
| Alpha              | 0.36   | 0.00   | 0.36       | 0.41      | 0.00   | 0.41       |
| R-Squared          | 98.52  | 100.00 | -1.48      | 98.80     | 100.00 | -1.20      |
| Sharpe Ratio       | 1.66   | 1.60   | 0.06       | 1.03      | 0.96   | 0.07       |
| Treynor Ratio      | 9.01   | 8.61   | 0.39       | 6.07      | 5.64   | 0.44       |
| Tracking Error     | 0.66   | 0.00   | 0.66       | 0.64      | 0.00   | 0.64       |
| Information Ratio  | 0.46   | 0.00   | 0.46       | 0.53      | 0.00   | 0.53       |

# MARKET VALUES & CASH FLOW SUMMARY

Period Ending 9.30.18 | Q3 18

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| Period Ending | Beginning Value | Net Flows      | Investment Gain/Loss | Ending Value   | Rate of Return |
|---------------|-----------------|----------------|----------------------|----------------|----------------|
| Jun 2015      |                 | \$5,000,000.00 | (\$80,934.95)        | \$4,919,065.05 | -0.97%         |
| Sep 2015      | \$4,919,065.05  | \$0.00         | (\$227,767.05)       | \$4,691,298.00 | -4.63%         |
| Dec 2015      | \$4,691,298.00  | \$0.00         | \$128,143.20         | \$4,819,441.20 | 2.73%          |
| Mar 2016      | \$4,819,441.20  | \$0.00         | \$60,687.46          | \$4,880,128.66 | 1.26%          |
| Jun 2016      | \$4,880,128.66  | \$0.00         | \$73,193.66          | \$4,953,322.32 | 1.50%          |
| Sep 2016      | \$4,953,322.32  | \$0.00         | \$161,892.11         | \$5,115,214.43 | 3.27%          |
| Dec 2016      | \$5,115,214.43  | \$0.00         | \$56,400.45          | \$5,171,614.88 | 1.10%          |
| Mar 2017      | \$5,171,614.88  | \$0.00         | \$197,158.00         | \$5,368,772.88 | 3.81%          |
| Jun 2017      | \$5,368,772.88  | (\$199,980.00) | \$139,465.80         | \$5,308,258.68 | 2.60%          |
| Sep 2017      | \$5,308,258.68  | \$0.00         | \$163,679.62         | \$5,471,938.30 | 3.08%          |
| Dec 2017      | \$5,471,938.30  | \$0.00         | \$238,511.96         | \$5,710,450.26 | 4.36%          |
| Mar 2018      | \$5,710,450.26  | \$0.00         | (\$31,384.89)        | \$5,679,065.37 | -0.55%         |
| Jun 2018      | \$5,679,065.37  | (\$209,234.00) | \$89,325.83          | \$5,559,157.20 | 1.57%          |
| Sep 2018      | \$5,559,157.20  | \$0.00         | \$200,314.66         | \$5,759,471.86 | 3.60%          |

# TOTAL FUND POLICY BENCHMARK SUMMARY

Period Ending 9.30.18 | Q3 18

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| DATE       | BENCHMARKS                        | INDEX WEIGHTS |
|------------|-----------------------------------|---------------|
| 04/30/2015 | Russell 2500                      | 15.00         |
| To         | MSCI AC Wrlld X US Fr Net         | 15.00         |
| Present    | S&P 500 Index                     | 30.00         |
|            | BBgBarc Intermediate Gov't/Credit | 40.00         |



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**PASSIVE INVESTMENTS**

| INVESTMENT                          | Overall | Commentary  |
|-------------------------------------|---------|---|
| Vanguard 500 Index Admiral          | ●       | This fund currently meets the guidelines set forth by CAPTRUST for passively managed investments. This assessment is based on both quantitative and qualitative data. Examples of quantitative and qualitative items considered include, but are not limited to, quality of management, tracking error, and cost. |
| Vanguard Total Intl Stock Index Adm | ●       | This fund currently meets the guidelines set forth by CAPTRUST for passively managed investments. This assessment is based on both quantitative and qualitative data. Examples of quantitative and qualitative items considered include, but are not limited to, quality of management, tracking error, and cost. |

**CONTINUED...**

The CAPTRUST Investment Policy Monitor ("Scorecard") is an illustration of our monitoring system and is designed to assist our clients in their efforts to provide fiduciary oversight to investment assets. It is not intended as a solicitation to buy any security. The scoring system measures quantitative areas as well as qualitative (or subjective) fields. Quantitative scoring areas for target date funds include Risk Adjusted Performance (3 & 5 yr.); Performance vs. Relevant Peer Group; and Glidepath. Qualitative Scoring Areas for target date funds measure the quality of the Management Team while also considering the stewardship of the investment option's parent company under Investment Family Items. Qualitative areas of analysis are subjective in nature. Qualitative Scoring for Target Date funds also includes a score for Portfolio Construction and Underlying Investment vehicles to express CAPTRUST's views on the manager or strategy. CAPTRUST typically requires at least 3 months of monitoring before including an investment in this report. Investments that have been added to our system less than 3 months prior to a report being generated may have an Investment Management assessment of '25' as a default, but will be updated, if necessary, after the first quarter of monitoring to more accurately reflect our system. Some Investments that have less than 3 years of performance history may not be scored. Capital Preservation options are evaluated using a comprehensive scoring methodology proprietary to the Investment Consultant. This methodology incorporates both qualitative and quantitative metrics, depending on the type of capital preservation option being evaluated, and may include quantitative criteria such as: Crediting Rate/Yield, Market to Book Ratio, Average Crediting Quality, Insurer Quality/Diversification, Duration, and Sector Allocations, and/or qualitative criteria such as quality and experience of the Management Team and stewardship of the investment option's parent company. Passively Managed options are evaluated using a comprehensive scoring methodology proprietary to the Investment Consultant. This methodology incorporates both qualitative and quantitative metrics and may include quantitative criteria such as: Tracking Error, Fees, and Performance versus relevant peer group, and/or qualitative criteria such as index replication strategy, securities lending practices, and fair value pricing methodology. Distinct investment options are evaluated using a comprehensive scoring methodology proprietary to the Investment Consultant. This methodology incorporates both qualitative and quantitative metrics. This material is for institutional investor use only and is not intended to be shared with individual investors.

Florida Board Of Governors Foundation

| FUND FIRM ITEMS      | COMMENTARY   |
|----------------------|--|
| Great Lakes Advisors | Allison Brink, managing director-marketing and client service, Aden Oduwa, operations and systems analyst, and client portfolio manager Ronee Greazel have joined the firm.                                |
| Vanguard Group, Inc. | Joseph Brennan has been appointed to a newly created position of global chief risk officer, reporting to CEO Tim Buckley. He will be succeeded by Rodney Comegys as head of Vanguard's Equity Index Group. |

## REVIEW OF RECENT ACTIONS:

## CURRENT RECOMMENDATIONS:

**CAPTRUST does not recommend any tactical asset allocation shifts at this time, but will review updated market values to determine if any rebalancing is recommended as of the November 8th meeting date.**

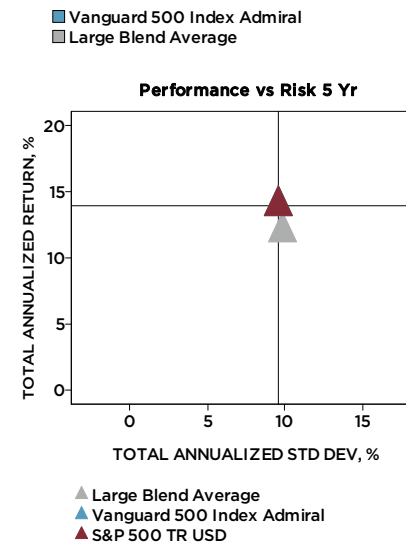
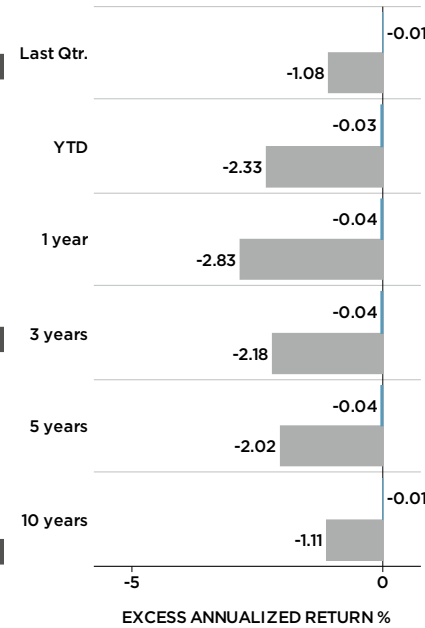
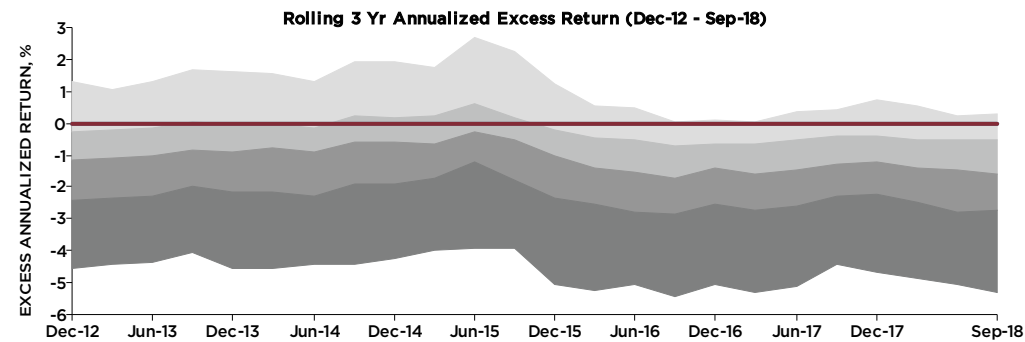




|                              | Vanguard 500 Index Admiral | Peer Group Rank | S&P 500 TR USD | Large Blend | # of Funds |
|------------------------------|----------------------------|-----------------|----------------|-------------|------------|
| <b>KEY MEASURES / 5 YEAR</b> |                            |                 |                |             |            |
| Standard Deviation           | 9.55                       | 32%             | 9.55           | 9.88        | 1162       |
| Sharpe Ratio                 | 1.40                       | 5%              | 1.41           | 1.16        | 1162       |
| Alpha                        | -0.04                      | 8%              | 0.00           | -1.89       | 1162       |
| Beta                         | 1.00                       | 50%             | 1.00           | 0.99        | 1162       |
| R-Squared                    | 100.00                     | 1%              | 100.00         | 92.01       | 1162       |
| Up Mkt Capture               | 99.84                      | 14%             | 100.00         | 92.65       | 1162       |
| Down Mkt Capture             | 100.08                     | 22%             | 100.00         | 105.48      | 1162       |
| Information Ratio            | -3.01                      | 92%             | NA             | -1.40       | 1162       |

| <b>TRAILING RETURNS</b> |       |     |       |       |      |
|-------------------------|-------|-----|-------|-------|------|
| Last Qtr.               | 7.70  | 21% | 7.71  | 6.63  | 1338 |
| YTD                     | 10.53 | 18% | 10.56 | 8.24  | 1326 |
| 1 Year                  | 17.87 | 17% | 17.91 | 15.08 | 1312 |
| 3 Years                 | 17.27 | 9%  | 17.31 | 15.13 | 1232 |
| 5 Years                 | 13.91 | 8%  | 13.95 | 11.92 | 1162 |
| 10 Years                | 11.95 | 17% | 11.97 | 10.85 | 1031 |

| <b>CALENDAR RETURNS</b> |       |     |       |       |      |
|-------------------------|-------|-----|-------|-------|------|
| 2017                    | 21.79 | 30% | 21.83 | 20.39 | 1338 |
| 2016                    | 11.93 | 27% | 11.96 | 10.43 | 1411 |
| 2015                    | 1.36  | 21% | 1.38  | -0.74 | 1467 |
| 2014                    | 13.64 | 18% | 13.69 | 11.32 | 1503 |
| 2013                    | 32.33 | 44% | 32.39 | 31.96 | 1508 |



## INVESTMENT PROFILE

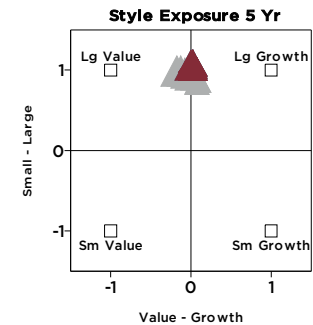
|                         |              |
|-------------------------|--------------|
| Ticker                  | VFIAX        |
| CUSIP                   | 922908710    |
| Net Assets \$MM         | \$459,295.00 |
| Manager Names           | Team Managed |
| Manager Tenure          | 2.4 Years    |
| Prospectus Exp Ratio    | 0.04%        |
| Cat Median Exp Ratio    | 1.10%        |
| Current 12b-1           | N/A          |
| Annlzd Ret Since Incept | 6.45%        |
| Inception Date          | 11/13/2000   |
| Phone Number            | 800-662-7447 |
| Sub Advisor             | N/A          |

## HOLDINGS OVERVIEW

|                             |              |
|-----------------------------|--------------|
| Total Number of Holdings    | 516          |
| % Assets in Top 10 Holdings | 21.99%       |
| Avg Mkt Cap \$MM            | \$109,481.00 |
| Turnover Ratio              | 3.00%        |

## TOP HOLDINGS

|                     |       |
|---------------------|-------|
| Apple Inc           | 4.53% |
| Microsoft Corp      | 3.50% |
| Amazon.com Inc      | 3.28% |
| Facebook Inc A      | 1.71% |
| JPMorgan Chase & Co | 1.58% |



Performance Disclosure: For use with CAPTRUST clients only. Mutual fund investing involves risk. Please visit [captrustadvisors.com/risk-disclosures/](http://captrustadvisors.com/risk-disclosures/) for a detailed description of the risks associated with investing by asset class. Statistics and data have been derived from Morningstar and are not guaranteed to be accurate or complete. Performance data included here represents past performance and does not guarantee future results. This is not a solicitation to invest. Each mutual fund has a prospectus with a complete description of the risks associated with investing in the specific fund. To request a prospectus on this fund, please call CAPTRUST at (800)216-0645.

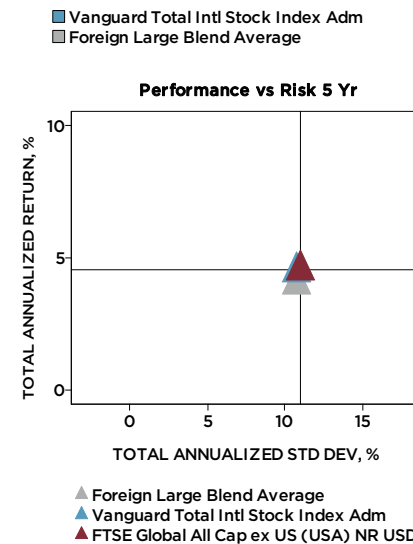
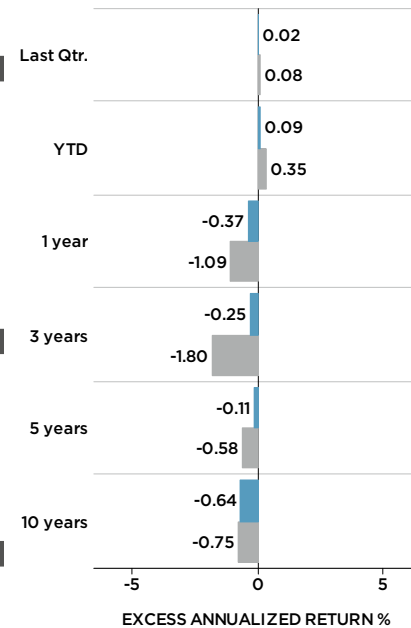
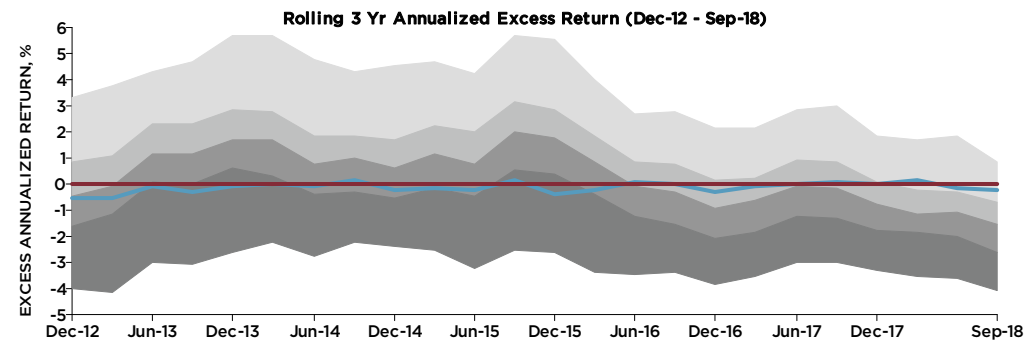
# VANGUARD TOTAL INTL STOCK INDEX ADM

Period Ending 9.30.18 | Q3 18

| KEY MEASURES / 5 YEAR | Vanguard Total Intl Stock Index Adm | Peer Group Rank | FTSE Global All Cap ex US (USA) NR USD | Foreign Large Blend | # of Funds |
|-----------------------|-------------------------------------|-----------------|--|---------------------|------------|
| Standard Deviation    | 10.79                               | 64%             | 11.03                                  | 10.79               | 640        |
| Sharpe Ratio          | 0.37                                | 36%             | 0.37                                   | 0.33                | 640        |
| Alpha                 | 0.02                                | 41%             | 0.00                                   | -0.26               | 640        |
| Beta                  | 0.97                                | 23%             | 1.00                                   | 0.92                | 640        |
| R-Squared             | 97.93                               | 1%              | 100.00                                 | 88.49               | 640        |
| Up Mkt Capture        | 96.98                               | 18%             | 100.00                                 | 91.03               | 640        |
| Down Mkt Capture      | 97.26                               | 66%             | 100.00                                 | 93.43               | 640        |
| Information Ratio     | -0.07                               | 36%             | NA                                     | -0.16               | 640        |

| TRAILING RETURNS | Vanguard Total Intl Stock Index Adm | Peer Group Rank | FTSE Global All Cap ex US (USA) NR USD | Foreign Large Blend | # of Funds |
|------------------|-------------------------------------|-----------------|--|---------------------|------------|
| Last Qtr.        | 0.53                                | 52%             | 0.51                                   | 0.59                | 777        |
| YTD              | -3.12                               | 58%             | -3.20                                  | -2.85               | 762        |
| 1 Year           | 1.61                                | 42%             | 1.99                                   | 0.89                | 760        |
| 3 Years          | 9.95                                | 17%             | 10.20                                  | 8.40                | 705        |
| 5 Years          | 4.47                                | 34%             | 4.58                                   | 4.00                | 640        |
| 10 Years         | 5.17                                | 43%             | 5.81                                   | 5.06                | 528        |

| CALENDAR RETURNS | Vanguard Total Intl Stock Index Adm | Peer Group Rank | FTSE Global All Cap ex US (USA) NR USD | Foreign Large Blend | # of Funds |
|------------------|-------------------------------------|-----------------|--|---------------------|------------|
| 2017             | 27.55                               | 24%             | 27.41                                  | 25.30               | 771        |
| 2016             | 4.67                                | 12%             | 4.72                                   | 0.97                | 791        |
| 2015             | -4.26                               | 81%             | -4.29                                  | -1.49               | 770        |
| 2014             | -4.17                               | 30%             | -3.39                                  | -5.02               | 781        |
| 2013             | 15.14                               | 83%             | 15.59                                  | 19.61               | 803        |



## INVESTMENT PROFILE

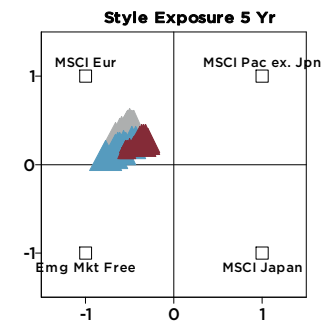
|                         |              |
|-------------------------|--------------|
| Ticker                  | VTIAX        |
| CUSIP                   | 921909818    |
| Net Assets \$MM         | \$359,568.00 |
| Manager Names           | Team Managed |
| Manager Tenure          | 10.2 Years   |
| Prospectus Exp Ratio    | 0.11%        |
| Cat Median Exp Ratio    | 1.15%        |
| Current 12b-1           | N/A          |
| Annlzd Ret Since Incept | 5.12%        |
| Inception Date          | 11/29/2010   |
| Phone Number            | 800-662-7447 |
| Sub Advisor             | N/A          |

## HOLDINGS OVERVIEW

|                             |             |
|-----------------------------|-------------|
| Total Number of Holdings    | 6283        |
| % Assets in Top 10 Holdings | 7.81%       |
| Avg Mkt Cap \$MM            | \$22,935.11 |
| Turnover Ratio              | 11.57%      |

## TOP HOLDINGS

|                           |       |
|---------------------------|-------|
| Nestle SA                 | 1.03% |
| Tencent Holdings Ltd      | 0.99% |
| Samsung Electronics Co Lt | 0.83% |
| Taiwan Semiconductor Mar  | 0.80% |
| Alibaba Group Holding Ltd | 0.76% |



Performance Disclosure: For use with CAPTRUST clients only. Mutual fund investing involves risk. Please visit [captrustadvisors.com/risk-disclosures/](http://captrustadvisors.com/risk-disclosures/) for a detailed description of the risks associated with investing by asset class. Statistics and data have been derived from Morningstar and are not guaranteed to be accurate or complete. Performance data included here represents past performance and does not guarantee future results. This is not a solicitation to invest. Each mutual fund has a prospectus with a complete description of the risks associated with investing in the specific fund. To request a prospectus on this fund, please call CAPTRUST at (800)216-0645.



**ALPHA**

Alpha measures a manager's rate of return in excess of that which can be explained by its systematic risk, or Beta. It is a result of regressing a manager's returns against those of a benchmark index. A positive alpha implies that a manager has added value relative to its benchmark on a risk-adjusted basis.

**BATTING AVERAGE**

Batting Average, an indicator of consistency, measures the percentage of time an active manager outperformed the benchmark.

**BETA**

Beta measures a manager's sensitivity to systematic, or market risk. Beta is a result of the analysis regressing a manager's returns against those of a benchmark Index. A manager with a Beta of 1 should move perfectly with a benchmark. A Beta of less than 1 implies that a manager's returns are less volatile than the market's (i.e., selected benchmarks). A Beta of greater than 1 implies that a manager exhibits greater volatility than the market (i.e., selected benchmark).

**CAPTURE RATIO**

Up Market Capture is the average return of a manager relative to a benchmark index using only periods where the benchmark return was positive. Down Market Capture is the average return of a manager relative to a benchmark index using only periods where the benchmark return was negative. An Up Market Capture of greater than 100% and a Down Market Capture of less than 100% is considered desirable.

**INFORMATION RATIO**

The Information Ratio measures a manager's excess return over the passive index divided by the volatility of that excess return, or Tracking Error. To obtain a higher Information Ratio, which is preferable, a manager must demonstrate the ability to generate returns above its benchmark while avoiding large performance swings relative to that same benchmark.

**PERCENTILE RANK**

Percentile Rankings are based on a manager's performance relative to all other available funds in its universe. Percentiles range from 1, being the best, to 100 being the worst. A ranking in the 50th percentile or above demonstrates that the manager has performed better on a relative basis than at least 50% of its peers.

**RISK-ADJUSTED PERFORMANCE**

Risk-adjusted Performance, or RAP, measures the level of return that an investment option would generate given a level of risk equivalent to the benchmark index.

**R-SQUARED**

R-squared measures the portion of a manager's movements that are explained by movements in a benchmark index. R-squared values range from 0 to 100. An R-squared of 100 means that all movements of a manager are completely explained by movements in the index. This measurement is identified as the coefficient of determination from a regression equation. A high R-squared value supports the validity of the Alpha and Beta measures, and it can be used as a measure of style consistency.

**SHARPE RATIO**

Sharpe ratio measures a manager's return per unit of risk, or standard deviation. It is the ratio of a manager's excess return above the risk-free rate divided by a manager's standard deviation. A higher Sharpe ratio implies greater manager efficiency.

**STANDARD DEVIATION**

Standard Deviation is a measure of the extent to which observations in a series vary from the arithmetic mean of the series. This measure of volatility or risk allows the estimation of a range of values for a manager's returns. The wider the range, the more uncertainty, and, therefore, the riskier a manager is assumed to be.

**TRACKING ERROR**

Tracking Error is the standard deviation of the portfolio's residual (i.e. excess) returns. The lower the tracking error, the closer the portfolio returns have been to its risk index. Aggressively managed portfolios would be expected to have higher tracking errors than portfolios with a more conservative investment style.

**TREYNOR RATIO**

The Treynor Ratio is a measure of reward per unit of risk. With Treynor, the numerator (i.e. reward) is defined as the annualized excess return of the portfolio versus the risk-free rate. The denominator (i.e. risk) is defined as the portfolio beta. The result is a measure of excess return per unit of portfolio systematic risk. As with Sharpe and Sortino, the Treynor Ratio only has value when it is used as the basis of comparison between portfolios. The higher the Treynor Ratio, the better.

QUANTITATIVE EVALUATION ITEMS      QUALITATIVE EVALUATION ITEMS



The following categories of the Investment Policy Monitor appear “Marked For Review” when:

**CAPTRUST’s Investment Policy Monitoring Methodology**

The Investment Policy Monitoring Methodology document describes the systems and procedures CAPTRUST uses to monitor and evaluate the investment vehicles in your plan/account on a quarterly basis.

Our current Investment Policy Monitoring Methodology document can be accessed through the following link:

[captrustadvisors.com/investmentmonitoring](http://captrustadvisors.com/investmentmonitoring)

**3/5 Year Risk- adjusted Performance**

The investment option’s 3 or 5 Year Annualized Risk Adjusted Performance falls below the 50th percentile of the peer group.

**3/5 Year Performance vs. Peers**

The investment option’s 3 or 5 Year Annualized Peer Relative Performance falls below the 50th percentile of the peer group.

**3/5 Year Style**

The investment option’s 3 or 5 Year R-Squared measure falls below the absolute threshold set per asset class.

**3/5 Year Confidence**

The investment option’s 3 or 5 Year Confidence Rating falls below the 50<sup>th</sup> percentile of the peer group.

**Fund Management**

A significant disruption to the investment option’s management team has been discovered.

**Fund Family**

A significant disruption to the investment option’s parent company has been discovered.