

**5 COUNTY CALIFORNIA UCR MEASUREMENT REPORT RESULTS and  
CALPERS PRESUMED COMPARATIVE POSITION BASED ON  
BENCH MARK RETURN, REASONABLE PORTFOLIO RETURN, AND CALPERS REPORTED RETURN with  
Maximum Uncompensated Risk (UCR) Reduction Portfolio Comparison  
12 Months Ending September 30, 2012**

	<b>60/40</b>	<b>64/36</b>	<b>77/23</b>	<b>73/27</b>	<b>71/29</b>	<u>Presumed Actual Portfolio</u> <b>71/29</b>	<b>70/30</b>
Equity/Fixed Income-→	<u>FRESNO</u>	<u>IMPERIAL</u>	<u>MENDOCINO</u>	<u>MERCED</u>	<u>TULARE</u>	<u>CalPERS</u>	Maximum UCR Reduction Portfolio <sup>6&amp;7</sup>
ASSET ALLOCATION							
Domestic Equity	20.4%	31.9%	38.2%	30.2%	25.5%	23.9%	40.6
Internat'l Equity	18.9	25.2	28.3	24.6	25.6	23.6	26.7
Real Estate	8.1	4.7	10.5	8.3	6.2	10.9	2.7
Alternative	12.7	2.4	--	10.2	13.7	12.4	---
Fixed Inc/Cash	39.9	35.8	23.0	26.7	29.0	29.2	30.0
TOTAL	100%	100%	100%	100%	100%	100%	100%
	=====	=====	=====	=====	=====	=====	=====
Reported ROR <sup>5</sup>	8.7%	9.8%	9.2%	9.6%	8.1%	<u>9.7%</u>	not applicable <sup>6</sup>
Bench Mark ROR <sup>1</sup>	8.5%	10.2%	11.6%	10.8%	10.8%	<u>10.9%</u>	11.4%
(e) Actual Portfolio 5cty ROR <sup>2</sup>	10.3%	10.6%	8.9%	8.2%	7.9%	<u>9-10.5?</u>	17.0%
(f) Reasonable Portfolio ROR <sup>3&amp;8</sup>	11.8%	12.5%	13.9%	13.5%	13.3%	13.3%	13.3%
<b>FAMA DIVERSIFICATION RETURN (bps) <sup>4</sup></b>							
a)ASSET ALLOCATION	22	20	20	22	25	<u>25</u>	21
b)ACTUAL PORTFOLIO	32	21	34	27	21	<u>25?</u>	140
c)REASONABLE PORTFOLIO	51	57	70	69	65	65	64
d) bps left on table (c-b) <sup>8</sup>	19	36	36	42	44	40	119 (b-a) <sup>7</sup>
<b>\$\$\$LEFT ON TABLE [aum X d]</b>	<b>\$7.8 mill.</b>	<b>\$2.6 mill.</b>	<b>\$1.6 mill.</b>	<b>\$2.9 mill.</b>	<b>\$5.2 mill.</b>	<b><u>?\$1.2 BILL.+?</u></b>	<b>see footnote 7</b>

1 Computed from asset allocation at 9/30/16 and assumed to be held from 10/1/15

2 Computed from actual portfolio at 9/30/16 and assumed to be held from 10/1/15 except for footnote 6 for Max UCR Reduction Portfolio.

3 Reasonable Portfolio aka "Monkey" Portfolio: take total equity portion and divide by 54; apply to 54 ETFs in 11 Sectors. Portfolio held for entire year ending 9/30/16.

4 Definitions on pages 3-6 of the 5 county report [www.precisionfiduciary.com/5county](http://www.precisionfiduciary.com/5county).

5 See bottom of page 4 of report as to why "6) ACTUAL ONE YEAR RETURN WILL NOT COMPARE WITH 5 COUNTY CALCULATED RETURN."

6 This portfolio was built using our patented algorithm and based only on statistics available on October 1, 2015, so portfolio is as of 10/1/15 evaluated in real time.

7 This will not be possible for public or private pension plans due to unfunded liabilities and prudent "compensated risk" asset allocation constraints. We use an overlay ...with our algorithms to take these constraints into consideration which gives a comparison with MAX UCR. MAX UCR is used by our hedge fund/family office clients.

8 Our algorithm can assist staff/consultants by suggesting sectors to place funds generated by reduction of UCR assets. This may possibly result in additional compensated ...risk (CR) to increase ROR to the Reasonable Portfolio return: e.g. Mendocino:  $CRbps=f-(e+d) = 1390-(890+36)=464$ ; AND  $$$ gained = 444 million \times 4.64\% = \$20,600,000$ .

**NOTE:** We currently have a Prudent Person Opinion Proposal at CalPERS to assess uncompensated risk, determine root causes, recommend remediation steps, and document procedural prudence. PRUDENT PERSON OPINION from CalPERS Specific Glossary of Terms – "An opinion from a consultant or external resource subject to the Fiduciary Standard of Care that the proposed investment is a prudent investment consistent with Article XVI, Section 17(c) of the California Constitution and Section 20151 (c) of the California Government Code, i.e., made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims."