JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM

The regular meeting of the Board of Trustees is scheduled as follows:

July 25, 2019
8:30 a.m.
Sixth Floor, Room 604
County Tower Building

AGENDA

1. Special Order

   a. Election of Chairperson and Vice-Chairperson for 2019/2020
   b. Motion for Investment Manager Review Committee and Policy Committee Members

2. Approval of Agenda

3. Public Comment

4. Investment Manager Presentation – presented by Jim Henderson of Aristotle

5. Minutes

   a. Regular Meeting Minutes – June 27, 2019
   b. Closed Meeting Minutes – June 27, 2019

6. Monthly Financial Statement – June 2019

7. Consent Agenda

   a. Comerica Bank Custodial Statements of Account for June (▶)
   b. Purchase of Service: **-NONE-**
   c. Refunds of Contributions: **#9205 $225.56; #9206 $4,267.51; #9207 $268.06; #9208 $1,165.60; #9209 $269.07; #9210 $102.46; #9211 $3,819.83; #9212 $350.05; #9213 $163.69; #9214 $559.65; #9215 $361.73; #9216 $509.56**
   d. Distribution of DROP Balances: **-NONE-**
   e. Approve Application(s) for Retirement: **-NONE-**
   f. Approve Application(s) for Deferred Retirement Option Plan (DROP): **E. Baker (GEN), Effective 9/1/19, Opt. G-50, 25 Years Service**
   g. Statements Paid
   h. Correspondence
      i. Morgan Stanley Client Statement for Period June 1-30, 2019 (▶)
      ii. Morgan Stanley Performance Update (Select UMA) for Period June 1-30, 2019
      iii. Robbins Geller Rudman & Dowd 2019 Settlement Report for June 28, 2019
      iv. Robbins Geller Rudman & Dowd 2019 Portfolio Monitoring Report for June 28, 2019
      v. Robbins Geller Rudman & Dowd 2019 International Portfolio Monitoring Report for June 28, 2019
      vi. Robbins Geller Rudman & Dowd Repose Report Q2 2019
      vii. SSGA Performance and Analysis for Period June 1-20, 2019
      viii. SSGA Investment Commentary 2nd Quarter 2019
      ix. SSGA Forecasts 3rd Quarter 2019
      x. ClearBridge Portfolio Manager Commentary 2nd Quarter 2019
      xi. ClearBridge Performance Report 2nd Quarter 2019

▶ - Full report available in the Pension Coordinator's Office

- xii. Privacy Policies/Disclosure Updates (▶):
  1. CS McKee
  2. Morgan Stanley 3rd Quarter 2019 Updates in Brief
- xiii. Morgan Stanley and Jefferies Transaction reports (▶)

8. Old Business

   a. Investment Manager Review Committee
      i. Other
   b. Policy Committee
      i. Other
   c. Legal Counsel Update
      i. 2014 Mortality Table Resolution
      ii. Securities Litigation Update
      iii. Matters deemed pertinent
   d. Morgan Stanley Wealth Management Update
      i. Other

9. New Business

   a. Informational Items
   b. Approve 2019/2020 Proposed Meeting Schedule
   c. Motion Reaffirming Educational Seminar and Conference Policy and Budget, per policy
   d. Motion Regarding Authorized Signature for Comerica Bank
   e. DROP Percentage Update
   f. Reciprocal Retirement – T. Rowe (Updated Request)
   g. Signature Audit Update
   h. Trustee Comments

Committee Meetings (immediately following regular meeting):

- None

Next Meeting: ***August 22, 2019***

MINUTES OF
JACKSON COUNTY EMPLOYEES' RETIREMENT SYTEM
Thursday, June 27, 2019
6th Floor Room 604

The June 27, 2019 Regular Meeting of the Jackson County Employees' Retirement System Board of Trustees was called to order at 8:30 a.m. by Chairperson Shotwell.

The following Trustees were present: Bob Griffis, Denise Owens, Tracey Johnson, Rodney Walz, Nicholas Warner, Vice Chairperson Sharon Best, and Chairperson James E. (Steve) Shotwell, Jr. (left early at 9:25 a.m.). Also in attendance: Jessica Gerlach – Pension Coordinator, Catherine Applegate – Pension Administrative Assistant, August Hurt – Morgan Stanley, Kayla Lange – Morgan Stanley, Richard Martonchik – Human Resources, Cecilia Anderson – Finance, and Jack Timmony – VanOverbeke, Michaud and Timmony, P.C.

Approval of Agenda:

Chairman Shotwell offered an amendment to the Agenda. He would like the Public Member Election Results originally set as Item 8b as new Item 3 and move everything else down.

MOTION: Moved by Warner, support by Best to approve the original Agenda. Moved by Shotwell, support by Best to approved the Agenda as amended. Motion carried.

Public Comment: None.

Election Results:

Gerlach offered an update that Trustee, Sharon Best, was the only public member applicant.

MOTION: Moved by Owens, support by Johnson to approve the application of Sharon Best as the public member of the Jackson County Employees' Retirement System Board of Trustees.

Roll Call Vote: Griffis – yes, Owens – yes, Johnson – yes, Walz – yes, Warner – yes; Shotwell – yes. Motion carried unanimously, 6 – yes.

Investment Manager Presentation:

Patrick Hearne of SSGA offered their presentation to the Board. Hearne began the presentation by offering a brief overview of the company assets. Approximately 22% of the firm's assets are held in the Defined Benefit category, sitting at $573 billion AUM. This is currently where the Retirement System has the funds for their portfolio held. Hearne continued the overview by announcing that Cyrus Taraporevala is the new President & CEO of the company, appointed in 2017.

The funds currently have just under $30 million in value. Both accounts held withdrawals of just over $1 million over the course of the last 12 months. The S&P 500 had small appreciation of about $564,000, as well as a small contribution which was taken out of the Midcap account. The Midcap account had a depreciation of about $884,000. So the ending balances of both accounts are just under $30 million combined.

Hearne continued his report by offering a summary performance of both accounts. As of May 31, 2019, both accounts were down with the S&P 500 -6.36% for total returns (the index is -6.35) and the Midcap is at -7.97% total returns (index of -7.97%). In looking at the last year, the

S&P 500 was at 3.81% (index of 3.78%) and the Midcap was -5.46% (index -5.44%). Both accounts are passively managed and are almost exact with the expected benchmark.

One of the specialties of the firm is the ability to cross-trade internally. Approximately 90% of the S&P 500 cash flows are traded at a low or zero cost. The S&P 500 is the largest portfolio and is 100% replicated. The top 10 holdings for the S&P 500 include Microsoft at the top of the list, followed closely by Apple. With the Midcap fund with 400 holdings, the top 10 holdings include Teleflex at the top of the list with Atmos Energy closely behind. The Midcap portfolio is almost identical to what the benchmark is holding, so there is almost no deviation or change from the benchmark with this portfolio.

Best had asked for confirmation regarding no security lending issues. Hearne confirmed that there are no security lending issues and further stated that the firm is one of the most conservative of the options out there, which is a byproduct of the financial crisis for them. Best further asked for a prediction regarding the remainder of the year. Hearne stated that their financial team meets weekly and that the team has predicted a 2% overweight projection for the 500 (large cap) and a flat prediction for the Midcap (no change, remains neutral). There is a small overweight as well for emerging markets. He stated that the predictions could change since the team does meet weekly, so those predictions could change at any time depending on the market's performance.

August Hurt, of Morgan Stanley, had asked what the internal costs were for the S&P 500 last year; Hearne asked for clarification and Hurt had stated that it was pointed out throughout the presentation that the costs for trading are low and asked for clarification as to exactly what those costs are. Hearne said he doesn't have the numbers available exactly but can put together an analysis over the last year and provide those numbers; he believed that the costs were 6 basis points for the S&P 500 and 8 basis points for the Midcap, but didn't have the exact numbers available at the moment. Hurt had requested that the analysis be performed and provided to Morgan Stanley for their review.

Timmony, as legal counsel, had asked for clarification on the issue with State Street and the SEC related to overcharge allegations. He had asked if the discussions were still ongoing and if there was any impact on the portfolios. Hearne stated that it does not impact the portfolios. He believes the issue is related to the parent company, State Street Bank, and relate to issues in London. There is no impact on the portfolio.

MOTION: Moved by Best, support by Warner to receive the report by SSGA. Motion carried.

Meeting Minutes:

MOTION: Moved by Walz, support by Warner to approve the regular meeting minutes of May 23, 2019, as amended. Motion carried.

Monthly Financial Statement:

Cecilia Anderson presented the financial statement for the month of May. There was a drop in the market as of May 31, so there were a few losses, and as of this morning, there has been some recovery. Fixed and Equity market values are within target ranges. There were some class action settlements in May that are listed.

Best had asked a question concerning the BP class action suit. Legal counsel, Jack Timmony, had confirmed that was the Bridge Petroleum settlement that had been settled in 2017.

MOTION: Moved by Best, support by Owens to receive the Financials as submitted for May 2019. Motion carried.

Roll Call Vote: Owens – yes, Johnson – yes, Walz – yes, Warner – yes, Griffis – yes; Best – yes, and Shotwell – yes. Motion carried unanimously, 7 – yes.

Approval of Consent Agenda:

MOTION: Moved by Owens, support by Best to concur with the Consent Agenda:

Consent Agenda

a. Comerica Bank Custodial Statements of Account for April (▶)
b. Purchase of Service: **-NONE-**
c. Refunds of Contributions: **#9201 $753.37; #9202 $64.87; #9203 $649.56; #9204 $3.37**
d. Distribution of DROP Balances: **#276 $70,996.61**
e. Approve Application(s) for Retirement: **C. Carmony (GEN), Effective 8/1/19, Opt G-50, 21 Years Service (4 Years Purchased) 25 Years Total Membership**
f. Approve Application(s) for Deferred Retirement Option Plan (DROP): **J. Thompson (GEN), Effective 7/1/19, Opt G-50, 11 Years 8 Months Service (4 Years Purchased) 15 Years 8 Months Total Membership; B. Roe (GEN), Effective 7/1/19, Opt G-100, 21 Years Service (4 Years Purchased) 25 Years Total Membership**
g. Statements Paid
h. Correspondence
    i. Morgan Stanley Client Statement for Period May 1-31, 2019 (▶)
    ii. Morgan Stanley Performance Update (Select UMA) for Period May 1-31, 2019
    iii. Robbins Geller Rudman & Dowd 2019 Settlement Report for May 31, 2019
    iv. Robbins Geller Rudman & Dowd 2019 Portfolio Monitoring Report for May 31, 2019
    v. Robbins Geller Rudman & Dowd 2019 International Portfolio Monitoring Report for May 31, 2019
    vi. Robbins Geller Rudman & Dowd Litigation Report Q1 2019
    vii. SSGA Performance and Analysis for Period May 1-31, 2019
    viii. Aristotle Q1 2019 Performance Report
    ix. Morgan Stanley and Jefferies Transaction reports (▶)

Roll Call Vote: Johnson – yes, Walz – yes, Warner – yes, Griffis – yes, Owens – yes; Best – yes, and Shotwell – yes. Motion carried unanimously, 7 – yes.

Investment Manager Review Committee:

There was some discussion as to the clarification regarding the quarterly meetings following the July 27, 2019 organizational meeting. It was concluded that the investment committee will meet quarterly following their meeting at the organizational meeting, as stated in the draft minutes.

MOTION: Motion by Johnson, support by Griffis to receive the draft minutes of the May 23, 2019 and report of the investment committee meeting. Motion carried.

Legal Counsel / Policy Committee:

Trustee Griffis offered an update that the policy committee also met and it was suggested for legal counsel to draft a proposed resolution to update the mortality table as recommended at the last meeting.

<u>MOTION:</u> Motion by Owens, support by Walz to receive the draft minutes of the May 23, 2019 and report of the policy committee meeting. Motion carried.

Timmony had advised that he would like to discuss the Holifield matter as indicated on the Agenda in a closed session at the end of the meeting.

Timmony presented the revised Policy 29 – Service Retirement Policy and Procedures, with some revisions that came out as a result of the policy committee and discussions. Previously, the Pension Coordinator was preparing the Option Election Form; it is now the Member's responsibility to complete that form. Paragraph 8 now states that the Member will notify the Board of Trustees, through the Pension Coordinator, of their benefit election. Paragraph 9 includes the new addition of the information forwarded to the Actuary after payroll records are completed an available. The revisions further include that the Pension Coordinator will verify the member is eligible according to Bylaws, non-union policy, and applicable union contracts, and verify eligibility as documented by the employer's union agreements or non-union policies and the Membership Form originally completed when the Member was hired. Timmony requested that the Board review the proposed changes and adopt the revisions as stated.

Chairman Shotwell had asked a question regarding the language of "The Pension Coordinator will…" and clarification as to whether she can designate someone else to fill out the forms. Timmony stated that the term of "Pension Coordinator" implies the office, and that he would defer to the Pension Coordinator to make that determination.

<u>MOTION:</u> Motion by Best, support by Johnson to accept the recommended revisions to Policy 29 – Service Retirement Policy and Procedures.

Roll Call Vote: Walz – yes, Warner – yes, Griffis – yes, Owens – yes, Johnson – yes; Best – yes, and Shotwell – yes. Motion carried unanimously, 7 – yes.

Timmony continued with providing a brief update on the Kendzierski case which is a class action suit that was brought by approximately 1600 retirees in Macomb County. The lawsuit states that the retirees believed they were eligible for lifetime health benefits and that the County, over the years, had revised those benefits. The Michigan Supreme Court ultimately determined that the contracts were not ambiguous, and consequently the retirees are not entitled to lifetime benefits. Timmony had asked for the Board to entertain a Motion to receive and file the report.

<u>MOTION:</u> Motion by Walz, support by Griffis to receive the Michigan Supreme Court case update from legal counsel. Motion carried.

Timmony provided the Board with a proposed Resolution concerning the updated Mortality Table. Timmony offered a brief overview of the basis of the proposed Resolution. Gabriel, Roeder, Smith ("GRS") had provided an experience study which was presented to the Board in March 2018. An updated Actuary Valuation in May and recommended that the Board adopt the updated tables; it was requested that legal counsel prepare a Resolution for the Board to adopt concerning the updated tables. Additional discussion included a request as to the definition of the word "cubic spline" and some other actuarial terms prior to adopting the resolution. Chairman Shotwell proposed that the vote to adopt the Resolution until July. Chairman Shotwell asked if postponing will affect the effective date; Timmony stated that it will not and that the actuary's office is already preparing the necessary updates to the software to implement the change when ready.

MOTION: Motion by Johnson, support by Owens to postpone approval of the proposed Resolution until the Board meets again in July 2019, thus allowing sufficient time for legal counsel to reach out to the Actuary for a definition/explanation of "cubic spline" and other actuarial terms. Motion carried.

Timmony went on to discuss the issue under Item 8e of the Agenda – Reciprocal Retirement, T. Rowe. Mr. Rowe is with the Jackson County Sheriff's Department and also works for the Henrietta Township Fire Department. He has requested a period of time to be added to his Jackson County Sheriff's time to be used toward his service credit with Jackson County. It will not enhance his value but it will give him some eligibility. Jackson County is a reciprocal retirement entity. Gerlach had asked the question concerning a letter from Henrietta Township that has already been received, whether she needs to request that the letter include more specifics concerning whether Mr. Rowe is full-time/part-time and specific time periods. Timmony agreed and said to request more specifics so we can give him proper service credit.

Lastly, Timmony provided an update on the Nissan case. No action is required of the Board at this time. As of the date of the memo provided, no pertinent court filings have occurred after May 6, 2019. It is anticipated that the Defendant's response will be filed sometime in August 2019.

MOTION: Motion by Owens, support by Walz to receive the Nissan case update from legal counsel. Motion carried.

Morgan Stanley Wealth Management Update:

August Hurt and Kayla Lange presented the update from Morgan Stanley. Hurt began the update by offering positive news concerning the Fed and the anticipation that rates will be lowered. Chairman Shotwell commented that it looks like we're coming out of a recession; Hurt replied and said that it appears they're trying to stay out ahead of it. They will have more of an update at the next meeting as far as the market's outlook.

Kayla Lange provided an update about CS McKee. It was announced at the last meeting by Nick Barris that McKee's CIO, Greg Melvin, was recently removed from his position at CS McKee. He was not a portfolio manager, however Morgan Stanley did deem that the organizational structure is of a concern, and put CS McKee on a Watch list. They will continue to monitor and provide updates as necessary. Lange reiterated that although Melvin was not a portfolio manager, he did have a significant stake in the company, so there is some concern as to what will happen. Best had asked if he has been replaced; Lange confirmed that he has not been replaced yet. Melvin was one of two general partners in the firm so since his departure, the other partner has picked up all the responsibilities left by Melvin, which is part of the concern at the moment.

Lange also provided discussion concerning the proposed asset allocation for the Garcia Hamilton account to bring it back up to where it should be. They are recommending a total of 5 movements. Lange provided a breakdown of the suggested allocations and provided a brief explanation of the allocation. Based on information provided by Gerlach, it is hopeful that this allocation should provide about 6 months-worth of withdrawals for the Garcia Hamilton account.

MOTION: Moved by Best, support by Johnson to approve the proposed asset allocation as recommended by Morgan Stanley of transferring $1,620,000 from ClearBridge International to Garcia Hamilton, $810,000 from S&P 500 to Garcia Hamilton, $2,430,000 from Polen to Garcia Hamilton, $1,620,000 from Aristotle to Garcia Hamilton, and $1,620,000 from Brandes to Garcia Hamilton.

Roll Call Vote: Warner – yes, Griffis – yes, Owens – yes, Johnson – yes, Walz – yes; Best – yes, and Shotwell – yes. Motion carried unanimously, 7 – yes.

Chairman Shotwell confirmed that Morgan Stanley is comfortable with the investment committee meeting quarterly; Hurt confirmed that they are. Chairman Shotwell advised that if anything urgent presents itself, to please inform the Board and arrangements will be made for the committee to meet outside of the quarterly schedule.

New Business:

Informational Items:

Chairman Shotwell turned the meeting over to Vice-Chairperson Best. Gerlach did not have anything pertinent to bring up at this time, but wanted to announce that she received her Certificate of Achievement from MAPERS. Applegate had asked if anyone was interested in attending the Fall conference. Warner, Griffis, Best, and Shotwell all expressed a desire to attend.

Disability Application – J. Evans:

Gerlach advised that Mr. Evans had completed his Application for Disability Retirement. She has requested the Board approve a Resolution to forward the Application to MMRO for evaluation. Gerlach had advised that she was hoping that since Mr. Evans was already approved for disability through Social Security, a second evaluation wasn't necessary, however, it was determined that he still needs to follow through with the procedure. A standard Resolution was drafted using the form attached to the Disability Policy and provided to the Board for review. Johnson had asked a question as to whether Mr. Evans was still working; Gerlach stated no, he is not working at the moment and has not been working for awhile.

MOTION: Moved by Griffis, support by Warner to approve the Resolution for the Disability Application of member, John Evans, and provide the documents pertaining to his application to MMRO for review and evaluation. Motion carried.

JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM

R E S O L U T I O N

Adopted: **June 27, 2019**

Re: Disability Retirement Application Submitted on Behalf of:

WHEREAS, the Board of Trustees is in receipt of an application for disability retirement dated **May 13, 2019** from **John F. Evans**, and

WHEREAS, pursuant to the pension provisions, the Member must be medically examined by a physician appointed by the Retirement System Board of Trustees, which physician will certify to the Board of Trustees whether the Member is mentally or physically totally incapacitated for continued employment by the County in his or her current position, whether the incapacity is likely to be permanent and, whether the Member should be retired, and

WHEREAS, the pension provisions require the Board of Trustees to review the certification of the Medical Director, and to make a determination whether the Board concurs with the certification of the Medical Director, therefore be it

RESOLVED, that the Board of Trustees appoints Medical Managed Review Organization, Inc. (“MMRO”) as its Medical Director, and it is further

RESOLVED, that the Member is hereby requested to immediately provide MMRO with any and all copies of medical reports which the Member’s treating physician(s) have authored relative to the Member’s claimed disability, and it is further

RESOLVED, that MMRO fulfill its duties and report to the Board its findings and certifications, and it is further

RESOLVED, that copies of this resolution be forwarded to **John F. Evans**, and to MMRO.

DROP Percentage Update:

Gerlach provided an update concerning the DROP interest issue. Gerlach provided the Board with information concerning recent issue that was discovered after the actuary’s update in May. In February 2010, the Bylaws were changed and the DROP interest amount was changed from a fixed rate of 7% for all groups (Medical Care Facility, JCDOT, and General) to an amount based on the Actual Rate of Return as determined in the Annual Actuarial Valuation. By this logic, the rate would fluctuate year to year, depending on the annual valuation. The software was provided with an update to compare the DROP interest rate of when the member entered DROP and the current year’s rate and choose the higher rate for calculating annual interest. This worked well when the interest rate was rising; however, when rates fell the system was still calculating at a “higher of” rate, and therefore over calculated the annual interest. This is because in several years between 2012 until now, the interest rate dropped lower than the previous year’s rate or the all-time high of 8.63% (as was the interest rate in 2013). The current situation reflects that a small group of current DROP participants, and a group of Retirees that were in the DROP and exited between 2013 and 2018, have received interest higher than the Retirement System allowed for.

Gerlach concluded that the people currently in DROP will have their interest calculated correctly prior to their exit from the DROP program. There are, however, approximately 40 members who have left the DROP program while this issue occurred that the Board will need to address a correction of error. Gerlach is still reviewing those records, but of the 12 people she has reviewed so far, approximately $22,000 was overpaid in interest. There are a total of 40 people. Additional discussion followed to include how the problem was discovered and approximately how far back it goes, and suggested corrections. Johnson had asked a question as to whether there is a policy or Bylaw that allows for adjusting the pension amount. Jackson County Human Resources Director, Richard Martonchik, advised that within the Board’s Bylaws, there is a section that pertains to “Correction of Errors” which permits the Board to administratively correct the error, whether it is an overpayment or underpayment. Timmony also advised that the Board essentially owns the checkbook, so they can make recommendations to correct errors as they arise. Best confirmed that in the past, when she had questioned the amount of interest being paid, she was correct to question it because it likely was incorrect. The Board concluded that Gerlach should finish the calculations and report back at the next meeting the full amount overpaid.

Reciprocal Retirement – T. Rowe:

(See **Legal Counsel Update** above)

Signature Audit Update:

Martonchik addressed the Board and provided information regarding an update to retiree audit policy. In reference to the signature audit, Martonchik reported that there are agencies that audit retirement systems to make sure that we are making every effort to find missing retirees who have not responded to the audit. He specifically mentioned The Employee Benefits Security Administration, which is an arm of the Department of Labor, just stepped up their audit process which targets specifically retirement systems. Martonchik just wanted to pass the information along to the Board since the signature audit process is ongoing and offers a reasoning behind doing the audit each year.

Applegate reported on a couple of retirees who have been unable to locate. She reported that addresses have come back as undeliverable, phone numbers have been disconnected, and all information in the file is no longer valid. Some discussion had followed as to the efforts being made, if there is a next-of-kin, whether to do a welfare check, etc. Gerlach's concern is that the addresses are simply no good, so a welfare check by the Sheriff's department on the individuals would not yield any results. The question is whether we should wait until August, per policy, to potentially suspend their benefit, or if we already are having difficulty reaching these people, if something should be done sooner. Some further discussion between Gerlach and Johnson about a program called Accurate, which is used by the Friend of the Court, however Johnson is not sure if the program is fee-based or not.

The Board advised that the administrative team continue their efforts to try to locate the retirees by utilizing the resources they have available. The Board made suggestions to have the team contact the social security office and see if they can assist to check decedent records, contact the HR department of the respective group for any updated information, contact the banks and see if they have notification or information to help locate. The Board requested that the team provide an update to their efforts at the next meeting.

Additional Comments:

No additional comments were provided.

Closed Meeting:

MOTION: Moved by Griffis, support by Owens to enter closed session at 9:45 a.m. to discuss matters protected by the attorney-client privilege.

Roll Call Vote: Griffis – yes, Owens – yes, Johnson – yes, Walz – yes, Warner – yes; Best – yes. Motion carried unanimously, 6 – yes.

MOTION: Moved by Walz, support by Johnson to exit closed session at 10:07 a.m. Motion carried.

<u>MOTION:</u> Moved by Owens, support by Johnson to adopt the Resolution concerning Robert Holifield, as corrected.

JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM

RESOLUTION

Adopted: June 27, 2019

RE: Robert Holifield

WHEREAS, the Retirement System Board of Trustees ("Board") is vested with the general administration, management and operation of the Retirement System and for making effective the provisions thereof, and

WHEREAS, the Board of Trustees has fiduciary duties to the members and beneficiaries of the Retirement System and shall discharge these duties solely in their interests for the exclusive purposes of providing benefits and defraying reasonable expenses, and

WHEREAS, an integral part of the Board's fiduciary duty is to preserve and protect the assets of the Retirement System through the active discharge of its duty of care and to ensure that Members and Beneficiaries receive the benefits to which they are entitled, no more or less, and

WHEREAS, after reviewing Retirement System records, Retirement System staff discovered that a former member, Mr. Robert Holifield submitted an Eligible Domestic Relations Order ("EDRO"), entered October 27, 1998, by which a portion of his retirement benefits were payable to his former spouse, Ms. Patricia Holifield, and

WHEREAS, pursuant to the terms of the EDRO, which was approved by the Board at its regular meeting held on April 23, 1999, Mr. Holifield's former spouse, Ms. Holifield, was to receive a monthly benefit from the Plan equal to 50% of Mr. Holifield's retirement allowance which had accrued as of April 4, 1996, and

WHEREAS, the EDRO further provided that when Mr. Holifield applied to commence receipt of retirement benefits, he was required to select the Plan's Option B 50% Joint Survivor Allowance, unless Ms. Holifield elected to commence receipt of benefits early, based on her life, which she had the right to do at anytime after Mr. Holifield reached his earliest retirement eligibility date as defined in Section 2(d) of the EDRO Act, PA 46 of 1991, as amended, and

WHEREAS, Mr. Holifield separated from County service and became a vested former member and applied for a refund of his employee contributions in 2001, and

WHEREAS, pursuant to Section 9.2 of the Retirement System Bylaws, a withdrawal of Mr. Holifield's accumulated contributions would result in a forfeiture of all his rights to a retirement allowance from the Retirement System, which conflicts with the provisions of the EDRO that require a portion of his benefit be paid to Ms. Holifield, and

WHEREAS, in accordance with the recommendation of the Retirement System's prior legal counsel, at its December 14, 2001, regular meeting, the Board denied his request because it was inconsistent with the terms of the EDRO which assign a portion of his benefits to Ms. Holifield, and

WHEREAS, after reviewing Retirement System records, Retirement System staff discovered that Mr. Holifield requested that the Retirement System refund his accumulated contributions again in 2017, and

WHEREAS, although an exhaustive search of the minutes revealed that Mr. Holifield's request was never approved by the Board, through what appears to be an administrative error, he was permitted to withdraw his accumulated contributions from the Retirement System which were paid to him in December of 2017, and

WHEREAS, the Board's legal counsel opined that this refund was in error and was inconsistent with the EDRO provisions which the Board adopted, and which provide for a benefit to be paid to Ms. Holifield, and

WHEREAS, the Board's legal counsel further opined that pursuant to the terms of the EDRO, Ms. Holifield's benefit should have commenced no later than when Mr. Holifield received his benefit and that Mr. Holifield was not entitled to withdraw the portion of his accumulated contributions that were awarded to Ms. Holifield pursuant to the terms of the EDRO, but because he withdrew his accumulated contributions he is no longer eligible to receive any further benefit, his EDRO notwithstanding, and

WHEREAS, the Board desires to comply with the provisions of the EDRO and pay benefits accordingly, therefore be it

RESOLVED, that the Board approves the payment of benefits to Ms. Holifield, consistent with the terms of the EDRO and calculated over her life, and further

RESOLVED, that payment of benefits to Ms. Holifield should begin as soon as administratively possible and be retroactive to the date Mr. Holifield withdrew his accumulated contributions, and further

RESOLVED, that Retirement System staff work with legal counsel, if necessary, to recover the amount that was erroneously paid to Mr. Holifield, and further

RESOLVED, that this file be forwarded to the Board's actuary for calculation of the benefits and overpayment, and further

RESOLVED, that a copy of this resolution be immediately attached as the top sheet of the pension file and other appropriate records be kept for the Retirement System relative to this matter.

Roll Call Vote: Owens – yes, Johnson – yes, Walz – yes, Warner – yes, Griffis – yes; Best – yes. Motion carried unanimously, 6 – yes.

Vice-Chairperson Best adjourned meeting at 10:10 a.m. until the next meeting on July 25, 2019.

______________________________ ______________________________

Chairperson Pension Coordinator

JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM
CONSENT AGENDA MOTIONS
July 25, 2019
Roll Call

A. Receive Comerica Bank Custodial Statements of Account for ***June*** **(▶)**

B. Purchase of Service: **-NONE-**

C. Approve Refund(s) of Contributions:

9205	[redacted]	**$225.56**	**9211**	[redacted]	**$3,819.83**
9206	[redacted]	**$4,267.51**	**9212**	[redacted]	**$350.05**
9207	[redacted]	**$268.06**	**9213**	[redacted]	**$163.69**
9208	[redacted]	**$1,165.60**	**9214**	[redacted]	**$559.65**
9209	[redacted]	**$269.07**	**9215**	[redacted]	**$361.73**
9210	[redacted]	**$102.46**	**9216**	[redacted]	**$509.56**

D. Approve Distribution(s) of DROP:

-NONE-

E. Approve Application(s) for Retirement: **-NONE-**

F. Approve Application(s) for Entrance into the Deferred Retirement Option Plan (DROP): **Eric Baker (GEN), Effective 9/1/19, Opt. G-50, 25 Years Service**

G. Statements Paid

H. Correspondence:
   a. Morgan Stanley Client Statement for Period June 1-30, 2019 (▶)
   b. Morgan Stanley Performance Update (Select UMA) for Period June 1-30, 2019
   c. Robbins Geller Rudman & Dowd 2019 Settlement Report for June 28, 2019, 2019
   d. Robbins Geller Rudman & Dowd 2019 Portfolio Monitoring Report for June 28, 2019
   e. Robbins Geller Rudman & Dowd 2019 International Portfolio Monitoring Report for June 28, 2019
   f. Robbins Geller Rudman & Dowd Repose Report Q2 2019
   g. SSGA Performance and Analysis for Period June 1-30, 2019
   h. SSGA Investment Commentary 2nd Quarter 2019
   i. SSGA Forecasts 3rd Quarter 2019
   j. ClearBridge Portfolio Manager Commentary 2nd Quarter 2019
   k. ClearBridge Performance Report 2nd Quarter 2019
   l. Privacy Policies/Disclosure Updates (▶):
      i. CS McKee
      ii. Morgan Stanley 3rd Quarter 2019 Updates in Brief
   m. Morgan Stanley and Jefferies Transaction reports (▶)

REFUNDS OF ACCUMULATED CONTRIBUTIONS

Approved at the Board meeting on July 25, 2019

Refund #	Name & Dept.	Term Date	Post-Tax Contribution	Pre-Tax Contribution	Interest		Total Refund
9205	[redacted]	06/11/19	0.00	225.56	0.00		225.56
9206	[redacted]	06/13/19	0.00	4,043.10	224.41		4,267.51
9207	[redacted]	06/13/19	0.00	268.06	0.00		268.06
9208	[redacted]	06/24/19	0.00	1,165.60	0.00		1,165.60
9209	[redacted]	06/23/19	0.00	269.07	0.00		269.07
9210	[redacted]	06/27/19	0.00	102.46	0.00		102.46
9211	[redacted]	06/28/19	0.00	3,614.64	205.19		3,819.83
9212	[redacted]	06/27/19	0.00	350.05	0.00		350.05
9213	[redacted]	07/08/19	0.00	163.69	0.00		163.69
9214	[redacted]	07/08/19	0.00	559.65	0.00		559.65
9215	[redacted]	07/09/19	0.00	361.73	0.00		361.73
9216	[redacted]	07/07/19	0.00	509.56	0.00		509.56

TOTAL	**12,062.77**
General	0.00
Road	0.00
Medical Care	12,062.77
	balanced

DISTRIBUTION OF DROP ACCOUNT BALANCE

Dist. #	Name & Dept.	DROP Term Date	Non-Tax Pension	Taxable Pension	Pre-Tax Contribution	Interest	Total Refund
							0.00

TOTALS: **0.00**

General	0.00
Medical Care	0.00
JCDOT	0.00
	0.00

balanced

Authorization to Pay Refunds of Accumulated Contributions and DROP Account Balance

Total pay out $12,062.77

☐ *Chairperson* ☐ *Trustee*

☐ *Vice-Chairperson* ☐ *Trustee*

JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM
STATEMENTS PAID July 2019

COMPANY	AMOUNT BILLED	AMOUNT PAID	DATE SUBMITTED FOR PAYMENT	DESCRIPTION
Aristotle Capital Mgmt.	$33,173.19	$33,173.19	7/15/2019	Investment Manager Fee (Quarterly)

Performance Update

Prepared on July 05, 2019 for:

JACKSON COUNTY EMPLOYEES RETIR SYST

Account No. 092-XXX010

JACKSON COUNTY EMPLOYEES RETIR SYST
C/O JAMES SHOTWELL
120 W. MICHIGAN AVE
JACKSON MI 49201-1338

Nickolas Barris
Financial Advisor
Senior Vice President
Tel: +1 989 791-7685
Nickolas.T.Barris@morganstanley.com

August Hurt
Financial Advisor
Senior Vice President
Tel: +1 989 791-7679
August.J.Hurt@morganstanley.com

Kayla Lange
Financial Advisor
Tel: +1 989 791-7686
Kayla.Lange@morganstanley.com

Your Branch:
3101 SPRING ARBOR RD SUITE 400
JACKSON, MI 49203

TABLE OF CONTENTS

Please review the disclosures and definitions throughout this Document.
Various sub-sections of this Document may not contain information on all accounts/positions covered in this Document.

ACCOUNT(S) INCLUDED IN THIS REPORT

Morgan Stanley

JACKSON COUNTY EMPLOYEES RETIR SYST 092-XXX010 - Select UMA Reporting Currency: USD

MORGAN STANLEY WEALTH MANAGEMENT

Account Name	Account Type/ Manager Name	Advisory/ Brokerage	Account Number	Date Opened	Date Closed
JACKSON COUNTY EMPLOYEES RETIR SYST	Select UMA	Advisory	092-XXX010	01/02/18	-

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY.
All content within this Document applies to the accounts listed above or a subset thereof, unless otherwise indicated.

As of June 30, 2019 | Reporting Currency: USD

RETURN % (GROSS OF FEES) VS. BENCHMARKS

	Investment Description/ Benchmark	Performance Inception Date	Total Value ($) 06/30/19	% Of Portfolio 06/30/19	Month to Date (%) 05/31/19 - 06/30/19	Quarter to Date (%) 03/31/19 - 06/30/19	Year to Date (%) 12/31/18 - 06/30/19	Performance Inception (%) to 06/30/19
US Large Cap Growth			**9,802,767.80**	**14.01**				
	iShares Russell 1000 Growth	01/16/18	3,427,809.24	4.90	6.46	4.24	20.80	9.38
	Russell 1000 Gr				6.87	4.64	21.49	9.45
	ClearBridge Large Growth	01/16/18	3,241,896.27	4.63	6.82	4.97	22.28	11.34
	Russell 1000 Gr				6.87	4.64	21.49	9.45
	Voya Large Cap Growth	01/16/18	3,133,062.29	4.48	6.00	4.26	20.29	10.02
	Russell 1000 Gr				6.87	4.64	21.49	9.45
US Large Cap Value			**11,205,311.38**	**16.02**				
	iShares Russell 1000 Value	01/16/18	4,913,819.94	7.02	6.92	3.54	15.47	2.03
	Russell 1000 VL				7.18	3.84	16.24	2.16
	JP Morgan Equity Income	01/16/18	3,151,360.97	4.51	6.17	4.25	15.80	5.34
	Russell 1000 VL				7.18	3.84	16.24	2.16
	Boston Partners LC Value	01/16/18	3,140,130.47	4.49	6.52	3.12	13.05	-0.77
	Russell 1000 VL				7.18	3.84	16.24	2.16
US Mid Cap			**2,999,649.93**	**4.29**				
	Aligned Inv Mid Cap Equity	01/16/18	2,999,649.93	4.29	6.83	9.80	31.28	13.49
	Russell Midcap				6.87	4.13	21.35	4.50
US Small Cap			**2,781,279.67**	**3.98**				
	iShares S&P Sm Cap 600 ETF	01/16/18	2,781,279.67	3.98	6.98	1.59	13.44	0.97
	S&P 600 SC				7.45	1.87	13.69	0.33
International Equities			**17,519,240.82**	**25.05**				
	Vanguard FTSE Developed Market	01/16/18	5,952,641.88	8.51	5.72	3.09	13.26	-4.56
	FTSE Developed All Cap ex US				5.92	3.49	14.09	-3.96
	Schroders Intl Alpha ADR	01/16/18	5,784,083.12	8.27	6.65	2.49	14.44	-3.88
	MSCI ACWI Ex USA NR USD				6.02	2.98	13.60	-4.16
	Thornburg Intl Value ADR	01/16/18	5,782,515.81	8.27	6.55	4.36	19.67	-7.99
	MSCI ACWI Ex USA NR USD				6.02	2.98	13.60	-4.16
US Taxable Core			**22,825,292.70**	**32.63**				
	iShares BC Aggregate Bond	01/16/18	14,702,403.08	21.02	1.10	2.81	5.83	4.39
	Barclays Aggregate				1.26	3.08	6.11	4.55
	Western Core Fixed Income	01/16/18	8,122,889.62	11.61	1.55	2.96	6.94	5.04
	Barclays Aggregate				1.26	3.08	6.11	4.55
Real Estate/REITs			**2,812,497.68**	**4.02**				

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change. The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals. Year to Date(YTD), Quarter to Date(QTD) and Month to Date(MTD): Returns are for the period in which position or account was open.

TIME WEIGHTED PERFORMANCE DETAIL - ADVISORY ASSETS ONLY

JACKSON COUNTY EMPLOYEES RETIR SYST 092-XXX010 - Select UMA — As of June 30, 2019 | Reporting Currency: USD

RETURN % (GROSS OF FEES) VS. BENCHMARKS (Continued)

	Investment Description/ Benchmark	Performance Inception Date	Total Value ($) 06/30/19	% Of Portfolio 06/30/19	Month to Date (%) 05/31/19 - 06/30/19	Quarter to Date (%) 03/31/19 - 06/30/19	Year to Date (%) 12/31/18 - 06/30/19	Performance Inception (%) to 06/30/19
	Invesco Real Est. Securities	01/16/18	2,812,497.68	4.02	1.43	2.23	20.01	12.99
	FTSE NAREIT All Equity REITS				1.37	1.79	19.27	13.85
Other			**2,357.02**	**0.00**				
	N/A	06/28/19	2,357.02	0.00	-	-	-	-

Inception dates for advisory account(s) reflect the most recent advisory program or discretion change. The investment returns shown on this page are time-weighted measurements which exclude the effect of the timing and amount of your contributions and withdrawals. Year to Date(YTD), Quarter to Date(QTD) and Month to Date(MTD): Returns are for the period in which position or account was open.

DISCLOSURES

Explanatory Notes and Disclosures: This document is designed to assist you and your Financial Advisor in understanding portfolio positions, composition and subsets thereof. It is designed solely for your individual use, is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Do not take action relying on this information without confirming its accuracy and completeness. Please read carefully all accompanying notes and disclosures provided in this Document.

For convenience purposes, your Financial Advisor may have assigned a designated name for this Document. The list of the accounts covered in this document is noted herein and may not include all of your accounts with us or external custodians. Furthermore, the information included in this document may not include all asset classes/securities/liabilities held by you at the firm or external custodians. Please review this document carefully and discuss any questions you may have with your Financial Advisor. If you do not understand an entry, suspect an error, or want more details on current values or other information, contact your Financial Advisor. This document is based upon your Morgan Stanley account holdings and may include other holdings/information that you or a third party provided about assets custodied elsewhere. Morgan Stanley will not verify any other holdings/information. If any information reflects assets held away from Morgan Stanley that will be indicated. The information contained in this document is subject to, and does not supersede the confirmations and account statements you receive from us. Values shown in your official account statement may differ from the values shown in this document due to, among other things, different reporting methods, delays, market conditions and interruptions. If there are discrepancies between your official account statement and this document, rely on your official account statement.

The information in this document is approximate and subject to updating, correction and other changes. We are not obligated to notify you if information changes. Although the statements of fact and data in this document have been obtained from, and are based upon sources that we believe to be reliable, we do not guarantee their accuracy, or timeliness, and any such information may be incomplete or condensed. Percentage values shown in this document are subject to rounding, which may impact total values. The values of securities and other investments not actively traded may be estimated or may not be available.

This information is provided for informational purposes only and should not be used for tax preparation. The information reported on your Form(s) 1099 supersedes the information provided in this report and should be exclusively relied upon for tax preparation. Morgan Stanley, its affiliates and its employees are not in the business of providing tax or legal advice. Clients should seek advice based on their particular circumstances from an independent tax and legal advisor. Morgan Stanley Smith Barney LLC is a registered Broker/Dealer, Member SIPC, and not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other third parties to assist in offering certain banking related products and services.

Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Additional information about your Floating Rate Notes: For floating rate securities, the estimated accrued interest and estimated annual income are based on the current floating coupon rate and may not reflect historic rates within the accrual period.

Important Information About Auction Rate Securities: For certain Auction Rate Securities there is no or limited liquidity. Therefore, the price(s) for these Auction Rate Securities are indicated as not available by a dash "-" . There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security.

Important Pricing Information: Prices of securities not actively traded may not be available, and are indicated by a dash "-".

Asset Classification: We classify assets based on general characteristics such as: income generation, underlying capital structure, or exposure to certain market sectors. As many assets contain characteristics of more than one asset class, allocations may be under or over inclusive. These classifications do not constitute a recommendation and may differ from the classification of instruments for regulatory or tax purposes. In addition, the Other asset class contains securities that are not included in the various asset class classifications. This can include, but is not limited to, non-traditional investments such as some Equity Unit Trusts, Index Options and Structured Investments issued outside of Morgan Stanley. Additionally, investments for which we are unable to procure market data to properly classify them will appear in the Other category.

Timing of Feeds - FX Market: The FX market rate used to convert non-US Dollar values to US Dollars is as of the previous business day's close. For the current FX rates, please contact your Financial Advisor.

Performance: Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, dividends, interest and income. Depending on the opening or closing date of the account or position, the performance referenced may be for a portion of the time period identified. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Please contact your Financial Advisor for up-to-date performance information. Past performance is not a guarantee of future results. Quotations of performance appearing in this report may include performance experienced in legacy accounts which have been closed and purged, and as such are not included on the Accounts Included in This Report page.

Market values used for performance calculation do not include Performance Ineligible Assets and thus may differ from asset allocation market values. Common examples of Performance Ineligible Assets include life insurance and annuities as well as Manually Added and External accounts, assets and liabilities.

Unless otherwise indicated, performance is a composite calculation of the entire portfolio and may include brokerage and investment advisory accounts as well as assets for different accounts included in this report. The accounts included in the composite may have (or have had) different investment objectives and strategies, been subject to different restrictions, and incurred different types of fees, markups, commissions and other charges. Accordingly, performance results may blend the performance of assets and strategies that may not have been available in all of the accounts at all times during the reporting period. In addition, accounts in the composite may have changed from brokerage to advisory or vice versa. Accounts may also have moved from one advisory program to another (including from a discretionary program to a non-discretionary program).

For Morgan Stanley Smith Barney LLC accounts, performance information may cover the full history of the account(s) or just the performance of an account(s) since the inception of the current program(s). Performance results on individual accounts will vary and may differ from the composite returns. Your Financial Advisor can provide you with individual account portfolio composition and performance information. For investment advisory accounts, please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 or applicable disclosure brochure and any applicable brokerage commission and/or fee schedule for a full disclosure of fees and expenses. Your Financial Advisor will provide those documents to you upon request. For brokerage accounts, please speak to your Financial Advisor for more information on commissions and other account fees and expenses.

Performance inception date does not necessarily correspond to the account opening date. Where multiple accounts are included in performance calculations, the inception date is the oldest performance inception. Performance data may not be available for all periods as some accounts included in performance may have more recent performance inception dates. Consequently, the actual performance for a group of accounts may differ from reported performance. Please ask your Financial Advisor for the performance inception date for each account.

Gross of Fees: As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, for an account with an initial value of $100,000 and a 2% annual fee, if the gross performance is 10% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 7.81% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately $133,100 without the fees and $125,307 with the fees.

Indices: Benchmark indices and blends included in this material are for informational purposes only, are provided solely as a comparison tool and may not reflect the underlying composition and/or investment objective(s) associated with the account(s). In some circumstances, the benchmark index may not be an appropriate benchmark for use with the specific composite portfolio. For instance, an index may not take into consideration certain changes that may have occurred in the portfolio since the inception of the account(s), (e.g., changes from a brokerage to an advisory account or from one advisory program to another, asset class changes, or index changes for individual managers). The volatility of the index used for comparison may be materially different from that of the performance shown. Indices are unmanaged and not available for direct investment. Index returns do not take into account fees or other charges. Such fees and charges would reduce performance. Please see the Benchmark Definitions section of this material for additional information on the indices used for comparison.

GENERAL DEFINITIONS

Dollar-Weighted Return (Internal Rate of Return): A return calculation that measures the actual performance of a portfolio over the reporting period. Since dollar weighted returns include the impact of client contributions and withdrawals, they should not be compared to market indices or used to evaluate the performance of a manager, but can be used to evaluate progress toward investment goals.

Gross of Fees: Performance results depicted as "gross" of fees do not reflect the deduction of any wrap fee, investment management fee, trade commissions, and/or other account fees. Your actual returns are lower after deducting these expenses. Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.

Time-Weighted Return: A return calculation that measures the investment performance of a portfolio over the reporting period. Time weighted returns do not include the impact of client contributions and withdrawals and therefore, may not reflect the actual rate of return the client received. Time weighted returns isolate investment actions and can be compared to benchmarks and used to evaluate the performance of a manager.

Total Value: "Total Value" represents the Market Value of the portfolio or Asset Class referenced and includes the accrual of interest and dividends. Total Value in the Asset Allocation view prior to January 2014 does not reflect the accrual of interest and dividends. Total Value for Morgan Stanley & Co. and External accounts also does not include accrued interest and dividends.

BENCHMARK DEFINITIONS

Russell Midcap: The Russell Midcap Index is representative of the U.S. market for medium capitalization stocks containing approximately 800 of the smallest companies in the Russell 1000 Index, representing approximately 25% of the total market capitalization of the Russell 1000 Index.

FTSE Developed All Cap ex US: The FTSE Developed All Cap ex US Index is part of a range of indices designed to help US investors benchmark their international investments. The index comprises large, mid, and small cap stocks from developed markets excluding the US. The index is derived from the FTSE Global Equity Index Series (GEIS) which covers 98% of the world's investable market capitalization.

Russell 1000 Gr: The Russell 1000 Growth Index is representative of the U.S. market for large capitalization stocks containing those companies in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth.

Russell 1000 VL: The Russell 1000 Value Index is representative of the U.S. market for large capitalization stocks containing those companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth.

S&P 600 SC: The S&P 600 Small Cap Index consists of 600 small capitalization domestic companies chosen for market size, liquidity and industry group representation. It is a market-weighted index, with each stock affecting the Index in proportion to its market value.

MSCI ACWI Ex USA NR USD: The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates (as of June 2014). This index is excluding the United States. Performance is showing net withholding tax. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. For historical purposes the AC World ex US Gross returns are being used from 1/29/1988 - 1/1/2001 and the net returns begin as of 1/1/2001.

FTSE NAREIT All Equity REITS: The FTSE NAREIT US Real Estate Index consists of equity REITs (Real Estate Investment Trusts), defined generally as REITs with 75% or greater of their gross invested book assets invested directly or indirectly in the equity ownership of real estate.

Barclays Aggregate: The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

Robbins Geller Rudman & Dowd LLP

SETTLEMENT REPORT

Privileged and Confidential Attorney-Client Communication

Jackson County Employees' Retirement System
June 28, 2019 Settlement Report

Shareholder Class Actions

RGRD has identified the following settled shareholder class actions with upcoming claims deadlines. Check-marked and shaded cases are those where the Portfolio Monitoring Program® indicates that an eligible claim may exist. The range of data analyzed in the context of this report is approximately **Aug 2007-current**. Where data is incomplete, potential claims may not be identified. Please click on the case name to view the Claims Administrators' websites for additional information about these settlements.

	Claims Deadline	Case	Class Period	Gross Class Recovery	Claims Administrator
	07/13/2019	K12 Inc.	10/10/2013-10/27/2015	$3,500,000	Epiq
✓	07/19/2019	Apollo Education Group, Inc.	11/13/2013-10/21/2015	$7,400,000	A.B. Data, Ltd.
	07/23/2019	LSB Industries, Inc.	11/07/2014-11/05/2015	$18,450,000	JND Legal Administration
	07/24/2019	ImmunoCellular Therapeutics, Ltd.	05/01/2012-05/30/2014	$1,150,000	A.B. Data, Ltd.
✓	07/28/2019	Fortis n/k/a Ageas	02/28/2007-10/14/2008	$1,308,500,000 (EUR)	Computershare Investor Services plc
	07/29/2019	Diamond Foods, Inc. (SEC)	02/26/2010-02/09/2012	$5,000,000	KCC Class Action Services
	07/30/2019	Inovalon Holdings, Inc.	02/11/2015-08/05/2015	$17,000,000	Gilardi & Co. LLC
	08/02/2019	Chiasma, Inc.	07/15/2015 IPO	$18,750,000	Gilardi & Co. LLC
	08/06/2019	El Pollo Loco Holdings, Inc.	05/15/2015-08/13/2015	$20,000,000	Gilardi & Co. LLC
✓	08/07/2019	Stericycle, Inc.	02/07/2013-02/21/2018	$45,000,000	JND Legal Administration
	08/12/2019	Blount International, Inc.	03/04/2016-04/12/2016	$3,059,000	Epiq
✓	08/12/2019	Citibank, N.A.	See Notice	$14,750,000	KCC Class Action Services
	08/13/2019	OneMain Holdings, Inc.	02/25/2016-11/07/2016	$9,000,000	Epiq
	08/13/2019	Terex Corp.	02/20/2008-02/11/2009	$10,000,000	Gilardi & Co. LLC
✓	08/15/2019	Bank of New York Mellon ADR FX	01/01/1997-01/17/2019	$72,500,000	KCC Class Action Services
	08/19/2019	IZEA, Inc.	05/15/2015-04/03/2018	$1,200,000	KCC Class Action Services
	08/20/2019	GoPro, Inc.	09/19/2016-11/08/2016	$6,750,000	Epiq
	08/28/2019	Fiat Chrysler Automobiles N.V.	10/13/2014-05/23/2017	$110,000,000	Epiq
	09/03/2019	Alibaba Group Holding Ltd.	09/19/2014-01/28/2015	$250,000,000	Strategic Claims Services

Jackson County Employees' Retirement System
June 28, 2019 Settlement Report (continued)

Shareholder Class Actions

	Claims Deadline	Case	Class Period	Gross Class Recovery	Claims Administrator
	09/09/2019	McAfee, Inc.	See Notice	$11,700,000	Gilardi & Co. LLC
	09/12/2019	SanDisk Corp.	10/16/2014-04/15/2015	$50,000,000	Epiq
	09/12/2019	Taberna Capital Management, LLC (SEC)	02/05/2009-02/06/2017	$21,600,000	Rust Consulting, Inc.
✓	09/19/2019	JPMorgan Chase Bank, N.A.	11/21/2010-07/18/2018	$9,500,000	KCC Class Action Services
	09/23/2019	Diplomat Pharmacy, Inc.	02/29/2016-11/03/2016	$14,100,000	Gilardi & Co. LLC
	10/15/2019	Capstone Turbine Corp.	06/12/2014-11/05/2015	$5,550,000	Angeion Group
	10/25/2019	Qurate Retail, Inc.	08/05/2015-09/08/2016	$5,750,000	Strategic Claims Services

Antitrust Class Actions

RGRD has identified the following settled antitrust class actions with upcoming claims deadlines. Please click on the case name to view the Claims Administrators' websites for additional information about these settlements. Because these antitrust cases rarely involve publicly traded securities covered by our Portfolio Monitoring Program®, RGRD cannot independently ascertain your eligibility to participate in any of these settlements. Please contact us if you have questions regarding any of these antitrust settlements.

Claims Deadline	Case	Class	Class Period	Gross Class Recovery	Claims Administrator
07/31/2019	Euribor Products Litigation (JPMorgan)	Euribor Products	06/01/2005-03/31/2011	$182,500,000	A.B. Data, Ltd.
08/14/2019	Linear Resistors	Linear resistors	07/09/2003-08/01/2014	$50,250,000	JND Legal Administration
08/19/2019	Canadian FX Price-Fixing	FX Instruments	01/01/2003-12/31/2013	$109,047,206 (CAD)	Garden City Group, LLC
09/19/2019	Dental Supplies Litigation	Dental supplies/equipment	08/31/2008-03/31/2016	$80,000,000	Heffler Claims
10/18/2019	Auto Parts Litigation	Radiators	01/01/1998-08/14/2018	$6,240,956	Epiq

Jackson County Employees' Retirement System
June 28, 2019 Portfolio Monitoring Report

The Portfolio Monitoring Program® has generated preliminary loss amounts in the following new securities class actions. Certain of these cases were filed by other law firms, and RGRD has not evaluated the merits of such cases. Case summaries can be viewed by clicking on the case name. The range of data analyzed in the context of this report is approximately **Aug 2007-current**. Where data is insufficient for the class periods alleged, the loss amount may be inaccurate.

Case	Financial Interest	Class Period	Motion Due
A.O. Smith Corporation	No loss	July 26, 2016 - May 16, 2019	July 27, 2019
AAC Holdings, Inc.	No loss	March 08, 2017 - April 15, 2019	July 15, 2019
Amber Road, Inc.	0 shares held	Held on May 31, 2019	August 06, 2019
Anheuser-Busch InBev SA/NV	No loss	March 01, 2018 - October 24, 2018	August 20, 2019
Aquantia Corp.	0 shares held	Held on May 28, 2019	August 23, 2019
Aratana Therapeutics, Inc.	0 shares held	Held on June 14, 2019	August 05, 2019
Ascena Retail Group, Inc.	No loss	September 16, 2015 - June 08, 2017	August 06, 2019
Beazer Homes USA, Inc.	No loss	August 01, 2014 - May 02, 2019	August 04, 2019
Bloom Energy Corporation	No loss	July 26, 2018 IPO	July 28, 2019
Bone Biologics Corporation	0 shares held	Held on June 11, 2018	August 19, 2019
Box, Inc.	No loss	November 28, 2018 - June 03, 2019	August 05, 2019
CBL & Associates Properties, Inc.	No loss	July 29, 2014 - March 26, 2019	July 16, 2019
ChinaCache International Holdings Ltd.	No loss	April 10, 2015 - May 17, 2019	August 11, 2019
Cloudera, Inc.	No loss	April 28, 2017 - June 05, 2019	August 06, 2019
Community Health Systems, Inc.	No loss	February 20, 2017 - February 27, 2018	July 28, 2019
Cray Inc.	0 shares held	Held on June 24, 2019	August 23, 2019
Dynagas LNG Partners LP	No loss	February 16, 2018 - March 21, 2019	July 16, 2019
EQT Corporation	No loss	June 19, 2017 - October 24, 2018	August 24, 2019
EQT Corporation	0 shares held	Held on September 21, 2017	August 24, 2019
EQT Corporation	8,300 shares held	Held on September 25, 2017	August 24, 2019
Equity Bancshares, Inc.	No loss	May 11, 2018 - April 22, 2019	July 12, 2019
Eros International PLC	No loss	July 28, 2017 - June 05, 2019	August 20, 2019
FedEx Corporation	No loss	September 19, 2017 - December 18, 2018	August 25, 2019
Floor & Decor Holdings, Inc.	No loss	May 23, 2018 - August 01, 2018	July 19, 2019
Fred's, Inc.	No loss	December 20, 2016 - June 28, 2017	August 27, 2019
Hecla Mining Company	No loss	March 19, 2018 - May 08, 2019	July 23, 2019
Heron Therapeutics, Inc.	No loss	October 31, 2018 - April 30, 2019	August 03, 2019

Jackson County Employees' Retirement System
June 28, 2019 Portfolio Monitoring Report (continued)

Case	Financial Interest	Class Period	Motion Due
HopFed Bancorp, Inc.	0 shares held	Held on May 30, 2019	August 27, 2019
Intermolecular, Inc.	0 shares held	Held on June 04, 2019	August 24, 2019
Intersect ENT, Inc.	No loss	August 01, 2018 - May 06, 2019	July 14, 2019
Jumia Technologies AG	No loss	April 12, 2019 - May 09, 2019	July 13, 2019
Kingstone Companies, Inc.	No loss	March 14, 2018 - April 29, 2019	August 11, 2019
Livent Corporation	No loss	October 11, 2018 IPO	July 21, 2019
Lyft Inc.	No loss	March 29, 2019 IPO	July 16, 2019
Mammoth Energy Services, Inc.	No loss	October 19, 2017 - June 05, 2019	August 06, 2019
Metro Bank PLC	No loss	March 06, 2018 - May 01, 2019	July 29, 2019
Momo Inc.	No loss	April 21, 2015 - April 29, 2019	July 14, 2019
Pivotal Software, Inc.	No loss	April 24, 2018 - June 04, 2019	August 19, 2019
PriceSmart, Inc.	No loss	October 26, 2017 - October 25, 2018	July 21, 2019
Pyxus International, Inc. f/k/a/ Alliance One International, Inc.	No loss	June 07, 2018 - November 08, 2018	August 06, 2019
Ra Medical Systems, Inc.	No loss	September 27, 2018 IPO	August 09, 2019
RCI Hospitality Holdings, Inc.	No loss	August 10, 2017 - May 10, 2019	July 20, 2019
Revlon, Inc.	No loss	March 12, 2015 - March 28, 2019	July 13, 2019
Sunlands Technology Group	No loss	March 23, 2018 IPO	August 26, 2019
Teva Pharmaceutical Industries Ltd.	No loss	August 04, 2017 - May 10, 2019	August 23, 2019
WABCO Holdings Inc.	0 shares held	Held on May 17, 2019	July 12, 2019
Zayo Group Holdings, Inc.	0 shares held	Held on June 21, 2019	August 10, 2019
Zuora, Inc.	No loss	April 12, 2018 - May 30, 2019	August 13, 2019

EQT Corporation

Summary of the Case:

The complaint charges EQT and certain of its officers and directors with violations of the Securities Exchange Act of 1934 and Securities Act of 1933. EQT is a natural gas production company with primary operations in the Appalachian Basin and throughout Pennsylvania, West Virginia and Ohio.

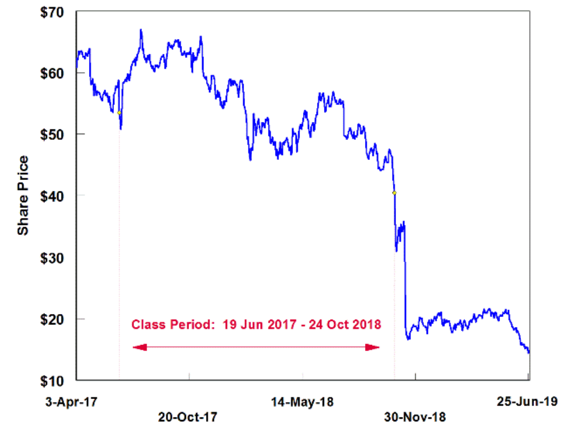
On June 19, 2017, EQT announced it had agreed to acquire Rice Energy, Inc., a rival gas producer, in a transaction that valued Rice at $6.7 billion. Under the terms of the agreement, Rice shareholders would receive 0.37 shares of EQT common stock and $5.30 per share in cash for each share of Rice stock they owned, for total consideration of $5.4 billion in EQT stock and $1.3 billion in cash (the “Acquisition”). In connection with the Acquisition, defendants filed a combined registration statement on Form S-4, a prospectus and a joint proxy statement (together, the “Registration Statement”) with the SEC, which the SEC declared effective on October 12, 2017.

The complaint alleges that during the Class Period and in the Registration Statement, defendants falsely stated, among other things, that the Acquisition would yield billions of dollars in synergies based on purported operational benefits. Specifically, on June 19, 2017, when defendants announced the Acquisition, they represented that because Rice had an acreage footprint largely contiguous to EQT’s existing acreage, the Acquisition would allow EQT to achieve “a 50% increase in average lateral [drilling] lengths” (as opposed to more traditional vertical well drilling). EQT claimed that, as a result, the Acquisition would result in $2.5 billion in synergies, including $100 million in cost savings in 2018 alone.

After it closed in November 2017, the Company continued to tout the “significant operational synergies” of the Acquisition. As a result of defendants’ misrepresentations, EQT shares traded at artificially inflated prices throughout the Class Period, with its stock price reaching a high of more than $67 per share.[1]

On March 15, 2018, just five months after the Acquisition closed, EQT announced the sudden and unexpected resignation of its CEO. Then on October 25, 2018, the Company reported poor third-quarter financial results, which it said were caused by an increase in total costs, and disclosed that its estimated capital expenditures for well development in 2018 would increase by $300 million. As a result, the Company announced it was reducing its full-year forecast for 2018. These disclosures caused the price of EQT shares to decline by 13%, dropping from a close of $40.46 per share on October 24, 2018 to $35.34 per share on October 25, 2018.

[1] Share prices are not adjusted for the effects of the subsequent spin-off of 80% of EQT’s midstream business to EQT’s shareholders on November 13, 2018.



Class:

Purchasers of EQT common stock between June 19, 2017 and October 24, 2018; shareholders of EQT and Rice Energy Inc. who held EQT or Rice shares as of the record dates of September 25, 2017 and September 21, 2017, respectively, and were entitled to vote at an EQT or Rice special meeting on November 9, 2017 with respect to EQT’s acquisition of Rice; and all persons who purchased or otherwise acquired EQT common stock in exchange for their shares of Rice common stock in the acquisition

Lead Plaintiff Motion Date:

August 24, 2019

Ticker/CUSIP:

EQT/26884L109

Defendants:

EQT Corporation, Steven T. Schlotterbeck, Robert J. McNally, David L. Porges, Jimmi Sue Smith, James E. Rohr, Vicky A. Bailey, Philip G. Behrman, Kenneth M. Burke, A. Bray Cary, Jr., Margaret K. Dorman, Stephen A. Thorington, Lee T. Todd, Jr., Christine J. Toretti, Daniel J. Rice IV and Robert F. Vagt

Basis of Action:

Sections 10(b), 14(a) and 20(a) of the Securities Exchange Act of 1934; Section 11, 12(a)(2) and 15 of the Securities Act of 1933

Date Filed:

June 25, 2019

Court:

Western District of Pennsylvania

Judge:

Kelly

Robbins Geller Rudman & Dowd LLP
U.S. 1800-449-4900 | U.K. 0808-238-9902
www.rgrdlaw.com

Jackson County Employees' Retirement System
June 28, 2019 International Portfolio Monitoring Report

The Portfolio Monitoring Program® has generated loss estimates for the following international securities class actions. All of these cases have been, or will be, filed by other law firms and/or third party litigation funders. We have not evaluated the merits of these cases. The range of data analyzed in the context of this report is approximately **Aug 2007-current**. Where data is insufficient for the class periods alleged, the loss amount may be inaccurate. **In many of these cases, you may need to take steps to join the action to participate in any subsequent recoveries.**

Case	Country	Financial Interest	Relevant Period	Registration Deadline
AMP Limited	Australia	No loss	May 10, 2012 - April 13, 2018	Open
Arrium Limited	Australia	No loss	August 19, 2014 - April 05, 2016	Open
BHP Billiton Limited	Australia	No loss	August 08, 2012 - November 09, 2015	Open
BHP Billiton plc	Australia	No loss	August 08, 2012 - November 09, 2015	Open
Brambles Limited	Australia	No loss	August 18, 2016 - February 17, 2017	Open
Commonwealth Bank of Australia	Australia	No loss	July 01, 2015 - August 03, 2017	Open
Credit Suisse Group AG	Switzerland	No loss	November 19, 2015 Offering	Open
Daimler AG	Germany	No loss	July 10, 2012 - June 11, 2018	Open
Daimler AG	Germany	No loss	September 26, 2015 - June 11, 2018	Open
Danske Bank A/S	Denmark	No loss	April 29, 2014 - September 19, 2018	Open
Danske Bank A/S	Denmark	No loss	January 01, 2017 - September 21, 2018	Open
Dick Smith Holdings Limited	Australia	No loss	December 04, 2013 - January 05, 2016	Open

Jackson County Employees' Retirement System
June 28, 2019 International Portfolio Monitoring Report (continued)

Case	Country	Financial Interest	Relevant Period	Registration Deadline
Dick Smith Holdings Limited	Australia	No loss	February 16, 2015 - January 03, 2016	Open
Estia Health Limited	Australia	No loss	April 19, 2016 - October 05, 2016	Open
Folli Follie S.A.	Greece	No loss	April 26, 2018	Open
GetSwift Limited	Australia	No loss	February 24, 2017 - January 19, 2018	Open
HH Leasing & Financial Corporation	Taiwan	No loss	December 20, 2016 - December 27, 2016	June 28, 2019
IOOF Holdings Ltd	Australia	No loss	April 29, 2014 - December 06, 2018	Open
IOOF Holdings Ltd	Australia	No loss	May 27, 2015 - August 09, 2018	Open
Lendlease Group	Australia	No loss	October 17, 2017 - February 22, 2019	Open
Lundin Mining Corporation	Canada	No loss	October 25, 2017 - November 29, 2017	Open
Namaste Technologies Inc.	Canada	No loss	November 29, 2017 - October 16, 2018	Open
Novo Nordisk A/S	Denmark	No loss	February 03, 2015 - February 02, 2017	August 05, 2019
RCR Tomlinson Limited	Australia	No loss	August 11, 2017 - November 11, 2018	Open
Retail Food Group Limited	Australia	No loss	April 18, 2017 - February 28, 2018	Open
Sims Metal Management Limited	Australia	No loss	August 21, 2015 - February 18, 2016	Open
Sirtex Medical Limited	Australia	No loss	August 24, 2016 - December 16, 2016	August 07, 2019

Jackson County Employees' Retirement System
June 28, 2019 International Portfolio Monitoring Report (continued)

Case	Country	Financial Interest	Relevant Period	Registration Deadline
Steinhoff International Holdings N.V.	Germany	No loss	June 26, 2013 - January 31, 2018	Open
Vocus Group Limited	Australia	No loss	November 29, 2016 - May 02, 2017	August 13, 2019
Wirecard AG	Germany	No loss	January 01, 2014 - January 29, 2019	Open
Woolworths Group Limited	Australia	No loss	August 29, 2014 - May 06, 2015	Open
Yowie Group Limited	Australia	No loss	January 01, 2015 - March 31, 2018	Open

Robbins Geller Rudman & Dowd LLP

REPOSE REPORT
Privileged and Confidential Attorney-Client Communication

Jackson County Employees' Retirement System
Q2 2019 Repose Report

As of June 28, 2019, RGRD has identified the following U.S. securities cases in which the applicable time period to file a U.S. federal securities claim may be expiring within the next six months. The range of data analyzed in the context of this report is approximately **Aug 2007-current**. Where data is insufficient for the class periods alleged, the loss amount may be inaccurate. Upon request, RGRD can provide legal advice regarding potential securities claims you may have. Please contact us if you have any questions regarding this report.

Repose Exposure Begins	Corporate Defendant	Financial Interest		Class Period	Class Certification
02/09/2016	MetLife Inc.	-$117,265		02/09/2011 - 10/06/2011	Granted
02/21/2017	Mylan N.V.	No loss		02/21/2012 - 05/24/2019	Not Yet Filed
02/22/2018	Johnson & Johnson	No loss		02/22/2013 - 12/13/2018	Not Yet Filed
02/28/2018	American Realty Capital Properties, Inc.	No loss		02/28/2013 - 10/29/2014	Granted
03/07/2018	MiMedx Group, Inc.	No loss		03/07/2013 - 06/29/2018	Not Yet Filed
05/08/2018	Keryx Biopharmaceuticals, Inc.	No loss		05/08/2013 - 07/31/2016	Pending (Motion Filed)
01/09/2019	Danske Bank A/S	No loss		01/09/2014 - 04/29/2019	Not Yet Filed
02/11/2019	MoneyGram International, Inc.	No loss		02/11/2014 - 11/08/2018	Not Yet Filed
02/20/2019	Dentsply Sirona, Inc.	No loss		02/20/2014 - 08/07/2018	Not Yet Filed
02/25/2019	Papa John's International, Inc.	No loss		02/25/2014 - 08/07/2018	Not Yet Filed
02/26/2019	XPO Logistics, Inc.	No loss		02/26/2014 - 12/12/2018	Not Yet Filed
02/27/2019	Aegean Marine Petroleum Network Inc.	No loss		02/27/2014 - 11/05/2018	Not Yet Filed
02/28/2019	The Goldman Sachs Group, Inc.	-$13,315	(Bond CUSIP 38141EC23)	02/28/2014 - 12/17/2018	Not Yet Filed
02/28/2019	The Goldman Sachs Group, Inc.	-$2,354	(Bond CUSIP 38141GVW1)	02/28/2014 - 12/17/2018	Not Yet Filed
02/28/2019	The Goldman Sachs Group, Inc.	-$2,091	(Bond CUSIP 38141GWQ3)	02/28/2014 - 12/17/2018	Not Yet Filed
02/28/2019	The Goldman Sachs Group, Inc.	-$961	(Bond CUSIP 38141GWZ3)	02/28/2014 - 12/17/2018	Not Yet Filed
02/28/2019	The Goldman Sachs Group, Inc.	-$795	(Bond CUSIP 38141GGQ1)	02/28/2014 - 12/17/2018	Not Yet Filed
02/28/2019	The Goldman Sachs Group, Inc.	-$329	(Bond CUSIP 38145GAH3)	02/28/2014 - 12/17/2018	Not Yet Filed
02/28/2019	The Goldman Sachs Group, Inc.	-$149	(Bond CUSIP 38141GWJ9)	02/28/2014 - 12/17/2018	Not Yet Filed
02/28/2019	The Goldman Sachs Group, Inc.	-$26	(Bond CUSIP 38141GRC0)	02/28/2014 - 12/17/2018	Not Yet Filed
02/28/2019	The Goldman Sachs Group, Inc.	No loss	(Bond CUSIP 38141GVM3)	02/28/2014 - 12/17/2018	Not Yet Filed
02/28/2019	The Goldman Sachs Group, Inc.	No loss	(Bond CUSIP 38141GVR2)	02/28/2014 - 12/17/2018	Not Yet Filed

Jackson County Employees' Retirement System
Q2 2019 Repose Report (continued)

Repose Exposure Begins	Corporate Defendant	Financial Interest		Class Period	Class Certification
02/28/2019	The Goldman Sachs Group, Inc.	No loss	(Bond CUSIP 38148LAC0)	02/28/2014 - 12/17/2018	Not Yet Filed
02/28/2019	Wynn Resorts Limited	No loss		02/28/2014 - 02/12/2018	Not Yet Filed
03/03/2019	AmTrust Financial Services, Inc.	No loss		03/03/2014 - 04/10/2017	Not Yet Filed
03/04/2019	Maiden Holdings, Ltd.	No loss		03/04/2014 - 11/09/2018	Not Yet Filed
03/10/2019	YRC Worldwide Inc.	No loss		03/10/2014 - 12/14/2018	Not Yet Filed
03/14/2019	Revolution Lighting Technologies, Inc.	No loss		03/14/2014 - 11/14/2018	Not Yet Filed
03/19/2019	Mobile TeleSystems PJSC	No loss	(ADR)	03/19/2014 - 03/07/2019	Not Yet Filed
03/25/2019	Walgreen Co.	No loss		03/25/2014 - 08/05/2014	Granted
04/01/2019	First Choice Healthcare Solutions, Inc.	No loss		04/01/2014 - 11/14/2018	Not Yet Filed
04/30/2019	Acadia Healthcare Company, Inc.	-$149,029		04/30/2014 - 11/15/2018	Not Yet Filed
05/11/2019	Nissan Motor Co., Ltd.	-$63,059	(ADR)	05/11/2014 - 11/16/2018	Not Yet Filed
07/02/2019	Taro Pharmaceutical Industries Ltd.	No loss		07/02/2014 - 11/03/2016	Not Yet Filed
07/06/2019	Johnson Controls, Inc.	0	shares held	Held on 06/27/2016	Not Yet Filed
07/12/2019	Mavenir, Inc. f/k/a Xura, Inc.	0	shares held	Held on 07/11/2016	Not Yet Filed
07/14/2019	Mallinckrodt plc	No loss		07/14/2014 - 11/06/2017	Not Yet Filed
07/15/2019	Lannett Company, Inc.	No loss		07/15/2014 - 10/31/2017	Not Yet Filed
07/17/2019	National Beverage Corp.	No loss		07/17/2014 - 10/30/2018	Not Yet Filed
07/21/2019	Teva Pharmaceutical Industries Limited	No loss		07/21/2016 Offering	Not Yet Filed
07/22/2019	Puma Biotechnology, Inc.	No loss		07/22/2014 - 05/29/2015	Granted
07/23/2019	Biogen Inc.	No loss		07/23/2014 - 07/23/2015	Not Yet Filed
07/25/2019	Constant Contact, Inc.	No loss		07/25/2014 - 07/23/2015	Not Yet Filed
07/25/2019	Innocoll Holdings Public Limited Company	No loss		07/25/2014 - 12/29/2016	Not Yet Filed
07/30/2019	GFI Group, Inc.	No loss		07/30/2014 - 09/08/2014	Granted
07/30/2019	LifeLock, Inc.	No loss		07/30/2014 - 07/21/2015	Not Yet Filed
08/01/2019	Beazer Homes USA, Inc.	No loss		08/01/2014 - 05/02/2019	Not Yet Filed
08/01/2019	Lexmark International, Inc.	No loss		08/01/2014 - 07/20/2015	Not Yet Filed

Jackson County Employees' Retirement System
Q2 2019 Repose Report (continued)

Repose Exposure Begins	Corporate Defendant	Financial Interest		Class Period	Class Certification
08/08/2019	Banco Bradesco S.A.	No loss		08/08/2014 - 07/27/2016	Pending (Motion Filed)
08/09/2019	Sequenom, Inc.	0	shares held	Held on 08/08/2016	Not Yet Filed
08/09/2019	Zimmer Biomet Holdings, Inc.	No loss		08/09/2016 Offering	Pending (Motion Filed)
08/11/2019	Galena Biopharma, Inc.	No loss		08/11/2014 - 01/31/2017	Not Yet Filed
08/14/2019	Cemex, S.A.B. de C.V.	-$12,064	(ADR)	08/14/2014 - 03/13/2018	Not Yet Filed
08/21/2019	Mentor Graphics Corporation	No loss		08/21/2014 - 11/19/2015	Not Yet Filed
09/12/2019	ReWalk Robotics Ltd.	No loss		09/12/2014 - 02/29/2016	Not Yet Filed
09/17/2019	American Express Company	No loss		09/17/2014 - 02/11/2015	Not Yet Filed
09/19/2019	Alibaba Group Holding Limited	No loss		09/19/2014 - 01/29/2015	Granted
09/22/2019	Gridsum Holding Inc.	No loss		09/22/2016 Offering	Not Yet Filed
09/27/2019	AmTrust Financial Services, Inc.	No loss		09/27/2016 Offering	Not Yet Filed
09/29/2019	Shire plc	No loss		09/29/2014 - 10/14/2014	Pending (Motion Filed)
10/05/2019	Obalon Therapeutics, Inc.	No loss		10/05/2016 Offering	Not Yet Filed
10/13/2019	Fiat Chrysler Automobiles N.V.	No loss		10/13/2014 - 05/22/2017	Granted
10/16/2019	SanDisk Corporation	No loss		10/16/2014 - 04/15/2015	Granted
10/21/2019	Forterra, Inc.	No loss		10/21/2016 Offering	Not Yet Filed
10/21/2019	Halyard Health, Inc.	No loss		10/21/2014 - 04/29/2016	Not Yet Filed
10/25/2019	TechnipFMC plc	No loss		10/25/2016 Offering	Pending (Motion Filed)
10/28/2019	Synchronoss Technologies, Inc.	-$9,149	(Bond CUSIP 87157BAA1)	10/28/2014 - 06/13/2017	Not Yet Filed
10/29/2019	The Allstate Corporation	No loss		10/29/2014 - 08/03/2015	Granted
10/31/2019	Molina Healthcare, Inc.	No loss		10/31/2014 - 08/02/2017	Not Yet Filed
11/01/2019	Catalyst Hedged Futures Strategy Fund	No loss		11/01/2016 Offering	Not Yet Filed
11/03/2019	Catalyst Hedged Futures Strategy Fund	No loss		11/03/2016 Offering	Not Yet Filed
11/03/2019	Macquarie Infrastructure Corporation	No loss		11/03/2016 Offering	Not Yet Filed
11/04/2019	Zebra Technologies Corporation	No loss		11/04/2014 - 11/09/2015	Not Yet Filed
11/13/2019	Sky Solar Holdings, Ltd.	No loss		11/13/2014 - 06/12/2017	Not Yet Filed

Jackson County Employees' Retirement System
Q2 2019 Repose Report (continued)

Repose Exposure Begins	Corporate Defendant	Financial Interest	Class Period	Class Certification
11/14/2019	Sempra Energy	No loss	11/14/2014 - 01/07/2016	Not Yet Filed
11/17/2019	Zillow Group, Inc.	No loss	11/17/2014 - 08/08/2017	Not Yet Filed
11/18/2019	PixarBio Corporation	No loss	11/18/2016 Offering	Not Yet Filed
11/19/2019	Qualcomm, Inc.	No loss	11/19/2014 - 07/22/2015	Not Yet Filed
11/21/2019	Aqua Metals, Inc.	No loss	11/21/2016 Offering	Not Yet Filed
11/27/2019	Dr. Reddy's Laboratories Limited	No loss	11/27/2014 - 09/15/2017	Not Yet Filed
12/11/2019	United Technologies Corporation	No loss	12/11/2014 - 07/20/2015	Not Yet Filed
12/16/2019	Trivago N.V.	No loss	12/16/2016 Offering	Not Yet Filed
12/17/2019	OvaScience, Inc.	No loss	12/17/2014 - 09/28/2015	Pending (Motion Filed)

Performance and Analysis

As of 30 Jun 2019

Jackson County Employees' Retirement System

Jackson County Retirement System

Report ID: 2465321.1   Published: 08 Jul 2019

Table of Contents

Accounting Summary (expressed in USD)

As of 30 Jun 2019

Jackson County Employees' Retirement System

	Beginning Market Value 01 Jun 2019	Contributions	Withdrawals	Appreciation / Depreciation	Ending Market Value 30 Jun 2019
S&P 500 Flagship Fund	13,572,426	0	1,451	956,755	14,527,729
S&P Midcap Index Fund	16,150,753	0	3,355	1,242,818	17,390,216
Total	**29,723,179**	**0**	**4,806**	**2,199,573**	**31,917,945**

Performance Summary (expressed in USD)

As of 30 Jun 2019

Jackson County Employees' Retirement System

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Inception
S&P 500 Flagship Fund								01 Jan 2001
Total Returns	7.05%	4.31%	18.54%	10.45%	14.24%	10.76%	14.75%	6.58%
S&P 500(R)	7.05%	4.30%	18.54%	10.42%	14.20%	10.71%	14.70%	6.52%
Difference	**0.00%**	**0.01%**	**0.00%**	**0.03%**	**0.04%**	**0.05%**	**0.05%**	**0.06%**
Total Returns	7.05%	4.31%	18.54%	10.45%	14.24%	10.76%	14.75%	6.58%
S&P 500 Custom Index (8/31/2004)	7.05%	4.30%	18.54%	10.42%	14.20%	10.71%	14.70%	6.53%
Difference	**0.00%**	**0.01%**	**0.00%**	**0.03%**	**0.04%**	**0.05%**	**0.05%**	**0.05%**
Total Returns (Net)	7.05%	4.30%	18.51%	10.40%	14.18%	10.71%	N/A	N/A
S&P 500(R)	7.05%	4.30%	18.54%	10.42%	14.20%	10.71%	N/A	N/A
Difference	**0.00%**	**0.00%**	**-0.03%**	**-0.02%**	**-0.02%**	**0.00%**	**N/A**	**N/A**
Total Returns (Net)	7.05%	4.30%	18.51%	10.40%	14.18%	10.71%	N/A	N/A
S&P 500 Custom Index (8/31/2004)	7.05%	4.30%	18.54%	10.42%	14.20%	10.71%	N/A	N/A
Difference	**0.00%**	**0.00%**	**-0.03%**	**-0.02%**	**-0.02%**	**0.00%**	**N/A**	**N/A**

Jackson County Employees' Retirement System

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Inception
S&P Midcap Index Fund								01 Nov 2000
Total Returns	7.70%	3.09%	18.01%	1.39%	10.90%	8.02%	14.67%	8.88%
S&P MidCap 400(R)	7.64%	3.05%	17.97%	1.36%	10.91%	8.02%	14.64%	8.84%
Difference	**0.06%**	**0.04%**	**0.04%**	**0.03%**	**-0.01%**	**0.00%**	**0.03%**	**0.04%**
Total Returns (Net)	7.69%	3.07%	17.96%	1.31%	10.82%	7.93%	N/A	N/A
S&P MidCap 400(R)	7.64%	3.05%	17.97%	1.36%	10.91%	8.02%	N/A	N/A
Difference	**0.05%**	**0.02%**	**-0.01%**	**-0.05%**	**-0.09%**	**-0.09%**	**N/A**	**N/A**

For information regarding performance data, including net performance data, please refer to the section entitled "Important Information" at the end of the report.

Characteristics and Risk Statistics (expressed in USD)

As of 30 Jun 2019

Jackson County Employees' Retirement System

S&P 500 Flagship Fund

Benchmark: S&P 500(R)

Characteristics	Mandate	Benchmark
Annual Dividend Yield (Trailing 12 Months)	1.96	1.96
Estimated 3-5 Year EPS Growth	11.14	11.15
Total Number of Holdings	508	505
Price/Book Ratio	3.19	3.18
Price/Earnings Ratio (Forward 12 Months)	17.84	17.86
Return on Equity (5 Year Average)	19.79	19.73
Weighted Average Market Cap (M)	242,970.52	242,609.56
Median Market Cap	22,350.34	22,696.48
Price/Earnings Ratio (Trailing 12 Months)	33.23	33.26
Price/Cash Flow (Weighted Harmonic Average)	12.55	12.55
Return on Equity (Trailing 12 Months)	25.81	25.76
Price/Sales (Weighted Average)	4.43	4.43

Portfolio characteristics are calculated using the month end market value of holdings. Averages reflect the market weight of securities in the portfolio. Market data, prices, and dividend estimates for characteristics calculations provided by FactSet Research Systems, Inc. All other portfolio data provided by SSGA. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Risk Statistics	Mandate
Standard Deviation (Annualized 36 Months)	12.03
Beta (Trailing 36 Months)	1.00
Tracking Error (Trailing 36 Months)	0.02

Portfolio characteristics beta and standard deviation are calculated using SSGA month end return values. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Top Holdings (expressed in USD)

As of 30 Jun 2019

Jackson County Employees' Retirement System

S&P 500 Flagship Fund

Benchmark: S&P 500(R)

Security	Mandate	Benchmark	Difference
MICROSOFT CORP	4.22%	4.20%	0.02%
APPLE INC	3.55%	3.54%	0.01%
AMAZON.COM INC	3.20%	3.21%	-0.01%
FACEBOOK INC-CLASS A	1.90%	1.90%	0.00%
BERKSHIRE HATHAWAY INC-CL B	1.70%	1.69%	0.01%
JOHNSON & JOHNSON	1.52%	1.51%	0.01%
JPMORGAN CHASE & CO	1.49%	1.48%	0.01%
ALPHABET INC-CL C	1.35%	1.36%	-0.01%
EXXON MOBIL CORP	1.33%	1.33%	0.00%
ALPHABET INC-CL A	1.32%	1.33%	-0.01%

The mandate percentage is calculated based on the total value of the portfolio excluding cash and derivatives.

Monthly Sector Contribution to Return (expressed in USD)

Period 01 Jun 2019 - 30 Jun 2019

Jackson County Employees' Retirement System

S&P 500 Flagship Fund

Sector	Contribution to Return
Information Technology	1.90%
Health Care	0.94%
Financials	0.89%
Consumer Discretionary	0.78%
Industrials	0.73%
Energy	0.45%
Communication Services	0.41%
Consumer Staples	0.39%
Materials	0.31%
Utilities	0.12%
Derivatives	0.06%
Real Estate	0.06%
Cash & Cash Equivalent	0.00%
Residual*	0.00%
Total	**7.05%**

** Residual may arise in a variety of circumstances, including for example, when there are (i) timing differences in accounting for expenses and income, including but not limited to withholding taxes, tax reclaims, dividend income, security lending income and transaction costs, (ii) pricing differences, including but not limited to price type, price source, fair valuation or other special pricing events or (iii) methodology differences between total return and contribution-to-return calculations when significant inflows/outflows occur at the total portfolio and/or sector/county level. The foregoing is not meant to be a complete list of the circumstances under which residual may arise.*

Sector reporting based on the Global Industry Classification Standard ("GICS") which was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw -Hill Companies, Inc. ("S&P") and is licensed for use by State Street.

Quarterly Sector Contribution to Return (expressed in USD)

Period 01 Apr 2019 - 30 Jun 2019

Jackson County Employees' Retirement System

S&P 500 Flagship Fund

Sector	Contribution to Return
Information Technology	1.28%
Financials	1.01%
Consumer Discretionary	0.53%
Communication Services	0.42%
Industrials	0.35%
Consumer Staples	0.27%
Health Care	0.19%
Materials	0.18%
Utilities	0.12%
Real Estate	0.08%
Derivatives	0.03%
Cash & Cash Equivalent	0.00%
Residual*	0.00%
Energy	-0.15%
Total	**4.31%**

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Sector Weights (expressed in USD)

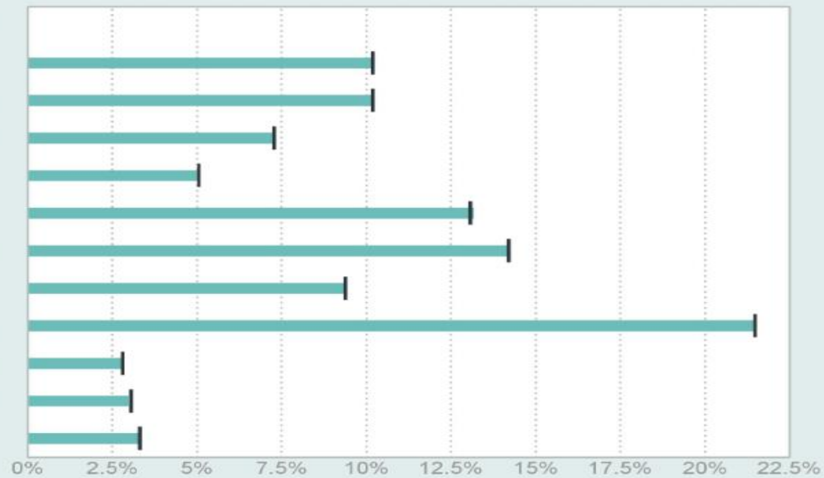
As of 30 Jun 2019

Jackson County Employees' Retirement System

S&P 500 Flagship Fund

Benchmark: S&P 500(R)

Sector	Mandate	Benchmark	Difference
Communication Services	10.17%	10.19%	-0.02%
Consumer Discretionary	10.18%	10.19%	-0.01%
Consumer Staples	7.26%	7.27%	-0.02%
Energy	5.04%	5.05%	-0.01%
Financials	13.18%	13.07%	0.11%
Health Care	14.20%	14.20%	0.00%
Industrials	9.41%	9.38%	0.04%
Information Technology	21.53%	21.48%	0.05%
Materials	2.77%	2.80%	-0.02%
Real Estate	2.99%	3.05%	-0.07%
Utilities	3.27%	3.31%	-0.04%
Total	**100.00%**	**100.00%**	**0.00%**



The mandate percentage is calculated based on the total value of the portfolio excluding cash and derivatives. Sector reporting based on the Global Industry Classification Standard ("GICS") which was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw -Hill Companies, Inc. ("S&P") and is licensed for use by State Street.

Monthly Sector Returns (expressed in USD)

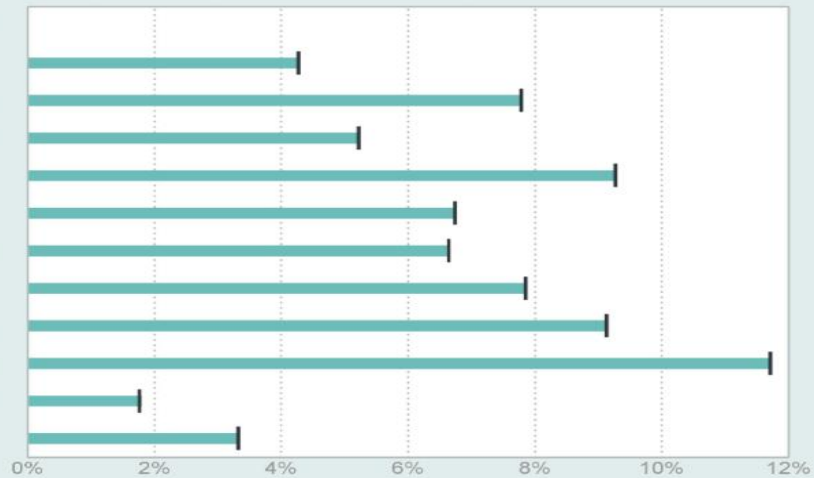
Period 01 Jun 2019 - 30 Jun 2019

Jackson County Employees' Retirement System

S&P 500 Flagship Fund

Benchmark: S&P 500(R)

Sector	Mandate	Benchmark	Difference
Communication Services	4.26%	4.27%	-0.01%
Consumer Discretionary	7.78%	7.78%	0.00%
Consumer Staples	5.22%	5.22%	0.00%
Energy	9.28%	9.27%	0.01%
Financials	6.73%	6.74%	-0.01%
Health Care	6.64%	6.64%	0.00%
Industrials	7.84%	7.85%	-0.01%
Information Technology	9.13%	9.13%	0.00%
Materials	11.70%	11.71%	-0.01%
Real Estate	1.80%	1.76%	0.04%
Utilities	3.32%	3.32%	0.00%



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Quarterly Sector Returns (expressed in USD)

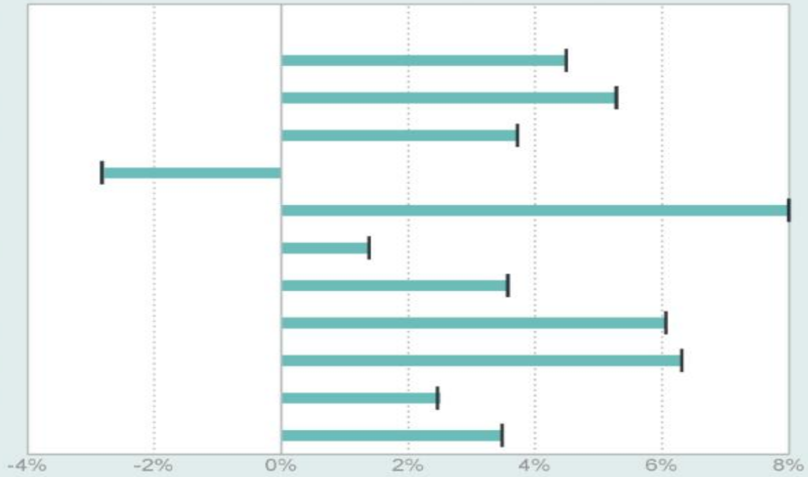
Period 01 Apr 2019 - 30 Jun 2019

Jackson County Employees' Retirement System

S&P 500 Flagship Fund

Benchmark: S&P 500(R)

Sector	Mandate	Benchmark	Difference
Communication Services	4.48%	4.49%	-0.01%
Consumer Discretionary	5.31%	5.28%	0.03%
Consumer Staples	3.71%	3.72%	-0.01%
Energy	-2.79%	-2.83%	0.04%
Financials	8.00%	8.00%	0.00%
Health Care	1.38%	1.38%	0.00%
Industrials	3.58%	3.57%	0.01%
Information Technology	6.06%	6.06%	0.00%
Materials	6.34%	6.31%	0.03%
Real Estate	2.51%	2.46%	0.05%
Utilities	3.46%	3.48%	-0.02%



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Characteristics and Risk Statistics (expressed in USD)

As of 30 Jun 2019

Jackson County Employees' Retirement System

S&P Midcap Index Fund

Benchmark: S&P MidCap 400(R)

Characteristics	Mandate	Benchmark
Annual Dividend Yield (Trailing 12 Months)	1.70	1.69
Estimated 3-5 Year EPS Growth	11.41	11.36
Total Number of Holdings	400	400
Price/Book Ratio	2.10	2.11
Price/Earnings Ratio (Forward 12 Months)	17.13	17.19
Return on Equity (5 Year Average)	13.79	13.90
Weighted Average Market Cap (M)	5,784.59	5,838.33
Median Market Cap	4,099.30	4,103.39
Price/Earnings Ratio (Trailing 12 Months)	29.34	29.51
Price/Cash Flow (Weighted Harmonic Average)	10.25	10.30
Return on Equity (Trailing 12 Months)	14.59	14.72
Price/Sales (Weighted Average)	3.24	3.29

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Risk Statistics	Mandate
Standard Deviation (Annualized 36 Months)	14.92
Beta (Trailing 36 Months)	1.00
Tracking Error (Trailing 36 Months)	0.03

Portfolio characteristics beta and standard deviation are calculated using SSGA month end return values. Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

Top Holdings (expressed in USD)

As of 30 Jun 2019

Jackson County Employees' Retirement System

S&P Midcap Index Fund

Benchmark: S&P MidCap 400(R)

Security	Mandate	Benchmark	Difference
IDEX CORP	0.76%	0.76%	0.00%
STERIS PLC	0.74%	0.73%	0.01%
LEIDOS HOLDINGS INC	0.67%	0.67%	0.00%
DOMINO S PIZZA INC	0.67%	0.67%	0.00%
NVR INC	0.66%	0.66%	0.00%
TRIMBLE INC	0.66%	0.66%	0.00%
ZEBRA TECHNOLOGIES CORP-CL A	0.66%	0.66%	0.00%
FACTSET RESEARCH SYSTEMS INC	0.64%	0.64%	0.00%
CAMDEN PROPERTY TRUST	0.59%	0.59%	0.00%
TELEDYNE TECHNOLOGIES INC	0.58%	0.58%	0.00%

The mandate percentage is calculated based on the total value of the portfolio excluding cash and derivatives.

Monthly Sector Contribution to Return (expressed in USD)

Period 01 Jun 2019 - 30 Jun 2019

Jackson County Employees' Retirement System

S&P Midcap Index Fund

Sector	Contribution to Return
Industrials	1.62%
Information Technology	1.53%
Financials	1.09%
Consumer Discretionary	0.89%
Health Care	0.85%
Materials	0.75%
Derivatives	0.22%
Utilities	0.16%
Energy	0.16%
Real Estate	0.14%
Consumer Staples	0.14%
Communication Services	0.10%
Cash & Cash Equivalent	0.06%
Residual*	0.00%
Total	**7.70%**

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Quarterly Sector Contribution to Return (expressed in USD)

Period 01 Apr 2019 - 30 Jun 2019

Jackson County Employees' Retirement System

S&P Midcap Index Fund

Sector	Contribution to Return
Financials	1.09%
Industrials	1.08%
Information Technology	0.76%
Consumer Discretionary	0.59%
Health Care	0.18%
Utilities	0.11%
Cash & Cash Equivalent	0.07%
Materials	0.07%
Derivatives	0.06%
Communication Services	0.01%
Residual*	0.00%
Consumer Staples	-0.08%
Real Estate	-0.21%
Energy	-0.62%
Total	**3.10%**

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Sector Weights (expressed in USD)

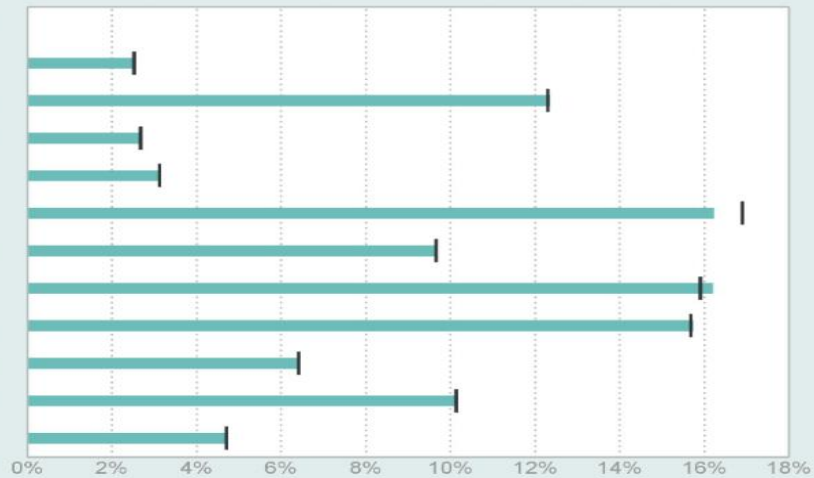
As of 30 Jun 2019

Jackson County Employees' Retirement System

S&P Midcap Index Fund

Benchmark: S&P MidCap 400(R)

Sector	Mandate	Benchmark	Difference
Communication Services	2.54%	2.52%	0.02%
Consumer Discretionary	12.37%	12.30%	0.07%
Consumer Staples	2.69%	2.67%	0.02%
Energy	3.16%	3.12%	0.03%
Financials	16.24%	16.90%	-0.65%
Health Care	9.70%	9.66%	0.04%
Industrials	16.21%	15.91%	0.31%
Information Technology	15.75%	15.68%	0.06%
Materials	6.45%	6.41%	0.03%
Real Estate	10.17%	10.13%	0.04%
Utilities	4.72%	4.70%	0.02%
Total	**100.00%**	**100.00%**	**0.00%**



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Monthly Sector Returns (expressed in USD)

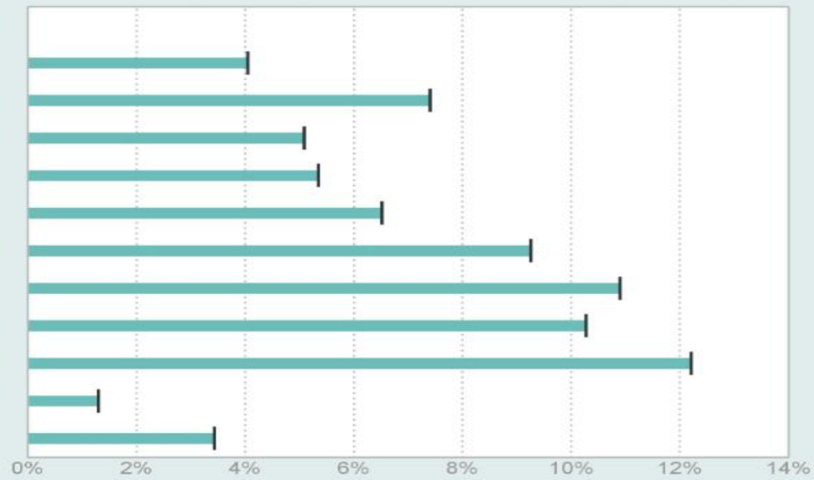
Period 01 Jun 2019 - 30 Jun 2019

Jackson County Employees' Retirement System

S&P Midcap Index Fund

Benchmark: S&P MidCap 400(R)

Sector	Mandate	Benchmark	Difference
Communication Services	4.05%	4.05%	0.00%
Consumer Discretionary	7.39%	7.40%	-0.01%
Consumer Staples	5.08%	5.09%	-0.01%
Energy	5.35%	5.35%	0.00%
Financials	6.52%	6.52%	0.00%
Health Care	9.26%	9.26%	0.00%
Industrials	10.90%	10.90%	0.00%
Information Technology	10.27%	10.27%	0.00%
Materials	12.21%	12.21%	0.00%
Real Estate	1.31%	1.30%	0.01%
Utilities	3.43%	3.43%	0.00%



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Quarterly Sector Returns (expressed in USD)

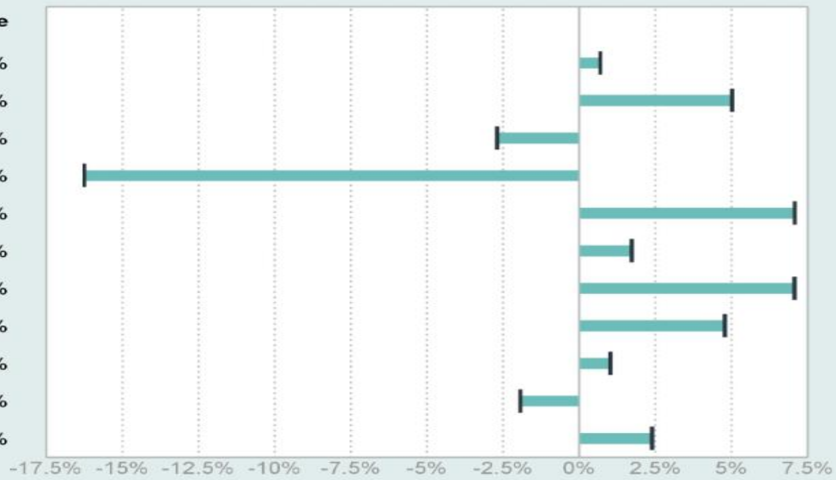
Period 01 Apr 2019 - 30 Jun 2019

Jackson County Employees' Retirement System

S&P Midcap Index Fund

Benchmark: S&P MidCap 400(R)

Sector	Mandate	Benchmark	Difference
Communication Services	0.69%	0.69%	0.00%
Consumer Discretionary	5.00%	5.02%	-0.02%
Consumer Staples	-2.71%	-2.70%	-0.01%
Energy	-16.26%	-16.25%	-0.01%
Financials	7.08%	7.08%	0.00%
Health Care	1.73%	1.73%	0.00%
Industrials	7.08%	7.07%	0.01%
Information Technology	4.75%	4.78%	-0.03%
Materials	1.03%	1.03%	0.00%
Real Estate	-1.92%	-1.93%	0.01%
Utilities	2.39%	2.39%	0.00%



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Relationship Management Team

Patrick Hearne
Senior Client Service Manager

Phone: 16176646823
Fax: 617 664 2024
patrick_hearne@ssga.com

Arman Palian
Client Service Manager

Phone: 16176649105
Fax:
Arman_Palian@SSgA.com

Key Reporting

Phone: 6176640834
Fax:
keyreporting@ssga.com

Important Information

- Past performance is not a guarantee of future results. Performance returns for periods of less than one year are not annualized. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.
- Performance returns are calculated using time-weighted methodologies.
- Per the Fund Declaration, performance shown may include or exclude the effect of investment management fees and may also net out administrative services fees paid to Recordkeepers. Please refer to the Fund Declaration for specific fee structure details, which is available via Client's Corner or SSGA Relationship Management.
- Appreciation/depreciation includes dividends, interest and realized/unrealized gains and losses.
- Projected characteristics are based upon estimates and reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.
- Holdings, sectors, characteristics, and weights are as of the date indicated, are subject to change, and should not be relied upon as current thereafter. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future. Consistent with industry practice, equity characteristics are shown for the strategy's holdings as of the date indicated and screened for holdings that are deemed to be an outlier by SSGA's proprietary outlier screening methodology. The inclusion of these outliers would materially increase or decrease the equity characteristics shown.
- All trademarks are the property of their respective owners.
- The Top Holdings section represents the Top 10 classified securities relative to the benchmark. The percentage is calculated based on the total value of the portfolio, excluding cash, derivatives, and other/unclassified securities, if any.
- The totals shown for ending market weights may not equal 100% due to rounding.
- All returns in the analytical sections are gross.
- The following information pertains only to clients that are invested in Common Trust Funds that participate in State Street's securities lending program: The Fund participates in an agency securities lending program sponsored by State Street Bank and Trust Company (the "lending agent") whereby the lending agent may lend up to 100% of the Fund's securities, and invest the collateral posted by the borrowers of those loaned securities in a collateral reinvestment fund(the "Collateral Pool"). The Collateral Pool is not a money market fund registered with the U.S. Securities and Exchange Commission or FDIC-insured bank deposits or otherwise guaranteed by SSGA or State Street Bank and Trust Company or any of their respective affiliates and investors may lose money in the securities lending program. The Fund compensates its lending agent in connection with operating and maintaining the securities lending program. SSGA acts as investment manager for the Collateral Pool and is compensated for its services. The Collateral Pool is managed to a specific investment objective. For more information regarding theCollateral Pool refer to the "US Cash Collateral Strategy Disclosure Document." Securities lending programs and the subsequent reinvestment of the posted collateral are subject to a number of risks, including the risk that the value of the investments held in the Collateral Pool may decline in value, be sold at a loss or incur credit losses. In the event of a material default in the Collateral Pool, the investor would incur losses and the Fund would incur its pro rata share of the loss. Because the net asset value of the Collateral Pool is subject to market and other

conditions it will fluctuate and may decrease in the future. If the value of Collateral Pool units is not $1.00 at the time you redeem your investment in the Fund your redemption proceeds will reflect the lower mark-to-market value of the Collateral Pool units.

- For more information on SSGA's securities lending program and the Collateral Pools, including the "SSGA Securities Lending Program Disclosure", the "US Cash Collateral Strategy Disclosure Document" and the current factsheets for the Collateral Pools (which include the mark-to-market unit prices) are available on Client's Corner and also available upon request from your SSGA Relationship Manager.

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- For disclosures, monthly fund holdings for ERISA Commingled and CTF investors, and additional information relating to your investments, please visit our Client's Corner website at www.ssga.com. Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell securities.

Quarterly Investment Commentary

As of 30 Jun 2019

Jackson County Retirement System

Report ID: 2471492.1 Published: 17 Jul 2019

US Equity Market Investment Commentary

2nd Quarter 2019

· The US stock market rebounded from a sharp decline in May amid trade tensions to end the quarter at a record high as optimism was fueled by rate cut expectations. Small- and mid-cap stocks underperformed the S&P 500 Index.

Forward progress across US equities was relatively uninterrupted early on in the second quarter. Right off the bat, US stocks shook off a relatively weak February retail sales report as investors were encouraged by upward revisions to earlier spending data and stronger-than-expected spending for construction projects. The market was also relieved when the March payroll employment report showed growth of nearly 200,000 jobs; this came on the heels of a disappointing February jobs report. (Markets would later rally on a somewhat weaker jobs report for May as soft job and wage gains were viewed favorably in the context of supporting easier monetary policy).

Other factors that helped to bolster sentiment included apparent progress and favorable communications related to trade negotiations between the United States and China, as well as developments that further reinforced the idea that the Federal Reserve will be on hold for some time to come. The release of the Federal Open Market Committee (FOMC) March minutes contained few surprises, but did outline more detail around the motivation for keeping interest rates unchanged for the rest of the year. However, the onslaught of heightened trade uncertainty and the imposition of additional tariffs between the United States and China quickly caused US equity markets to turn with small cap shares shifting more violently to the downside.
The trade tensions overshadowed developments on the earnings front, where US equities (S&P 500) registered their first year-on-year decline in earnings since the second quarter of 2016. However, a slowing in the rate of earnings growth - especially as the market transitions to a period where the year-on-year comparisons are no longer supported by lower corporate tax rates - had been priced in according to consensus analyst expectations. And on that front, US equities have continued to perform well with roughly three quarters of companies beating analyst earnings expectations. US equities rounded out the quarter with strong gains amidst increasing expectations of an interest rate cut on the part of the Fed. The rate cut did not come at the June FOMC meeting, but dovish language and revised interest rate projections exceeded market expectations and continued to propel stocks higher. For the quarter, the S&P 500 Index gained 4.3% while small and mid-cap stocks lagged behind. The Russell 2000 Index increased by 2.1%, while the S&P Midcap 400 Index added 3.1%.

US Sector View

From a sector perspective, all equity sectors were able to generate positive returns during the second quarter, with the exception of the energy sector. Financials were the top performing sector with a gain of 7.8% during the second quarter. Early on, the financial sector benefited from an environment where interest rates crept steadily higher and the yield curve also reversed course from its prior flattening (and even inverting) trend. And while financials struggled at times as interest rates fell amidst expectations for additional central bank easing, a robust report on the health of the US banking sector from the Federal Reserve's latest Comprehensive Capital Analysis and Review (CCAR) helped financials finish the quarter on a strong note. Other sectors with notable relative outperformance included materials (+6.1%) and information technology (+5.9%). The materials sector benefited from the resolution of US/Mexico trade and migration issues and was also one of the sharpest sectors to recover in early June, supported by vigorous price action from sector heavyweight DuPont (DD) following its official split with Corteva Agriscience, Inc. (CTVA). Technology shares were able to overcome a variety of hurdles including trade tensions, fallout from Huawei licensing requirements and news of more concerted efforts to step up anti-trust investigations (which also weighed on high-profile consumer discretionary and communications services firms) to deliver solid results for the period.

The early June deal on migration enforcement between the US and Mexico, and the tabling of new tariffs, helped drive the rebound in the technology sector. Relative laggards for the second quarter included health care and energy. Healthcare's underperformance occurred earlier in the period when renewed calls for "Medicare for All" legislation drove a sell-off in managed care stocks. Overall, healthcare advanced 1.3% for the quarter. Energy stocks were struggling to keep up with the S&P 500 average even when oil prices were advancing in April; the swift collapse in oil prices in May on a combination of growth concerns, rising US production and building inventories contributed to the -3.1% quarterly loss in the energy sector.

All performance cited is calculated in US dollars unless otherwise stated.

Sources: Bloomberg, FactSet, J.P. Morgan, Barclays, Wall Street Journal, MSCI as of June 30, 2019

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State Street Global Advisors, 1 Iron Street, Boston, Massachusetts 02210
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Forecast
Market Outlooks

Q3 2019

Growth Moderates, but Expansion Continues

Simona Mocuta
Senior Economist, Global Macro and Research

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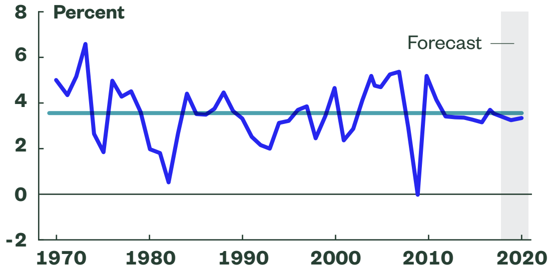
Global Economic Outlook

Figure 1
Global Growth Slows in 2019 Before Uptick in 2020



Source: State Street Global Advisors Economics, Oxford Economics, International Monetary Fund (IMF). The above forecast is an estimate based on certain assumptions and analysis made by the State Street Global Advisors Economics Team. There is no guarantee that the estimates will be achieved.

- The synchronized global upturn of 2017 has given way to a synchronized global slowdown with growth set for 3.3% in 2019.
- Amid growth and trade uncertainty, the Fed and ECB have signaled looser policy is likely.

Simona Mocuta
Senior Economist, Global Macro and Research

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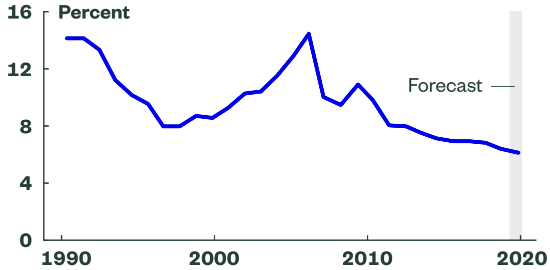
Emerging Markets Outlook

Figure 2
Chinese Economic Growth Edges Lower



Source: IMF, State Street Global Advisors Economics. The above forecasts are estimates based on certain assumptions and analysis. There is no guarantee that the estimates will be achieved.

- Growth in emerging market economies is holding up better than developed countries, decelerating modestly in 2019.
- Pro-growth policies in India may re-energize the economy there, although Chinese growth will likely slip in 2020.

Jeremiah Holly
Senior Portfolio Manager, Investment Solutions Group

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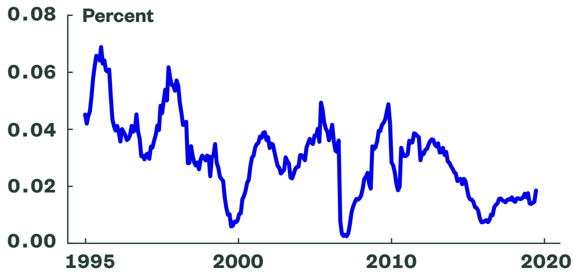
Global Capital Markets

Figure 3
US IPO Gross Proceeds as % of S&P 500 Market Cap



Source: State Street Global Advisors, FactSet.

- Most asset classes generated positive returns in the second quarter, despite volatility spiking in May.
- Equities still look attractive from a cross-asset perspective, while downward pressure on interest rates could see higher-yielding bond markets such as the US yields retest 2016 lows.

Global Economic Outlook

Simona Mocuta
Senior Economist, Global Macro and Policy Research

The world economy has swung from a synchronized global upturn that saw global GDP growth accelerate to a six-year high of 3.8% in 2017 to a synchronized global slowdown set to reduce growth to a post-crisis low of 3.3% this year.

Heightened Uncertainties Hit Global Growth

The world economy has swung from a synchronized global upturn that saw global GDP growth accelerate to a six-year high of 3.8% in 2017 to a synchronized global slowdown set to reduce growth to a post-crisis low of 3.3% this year. The shift may appear drastic seen from this perspective, but the reality is that we had been inching this way for some time. Indeed, compared to three months ago, our estimates of 2019 and 2020 global growth have only been reduced by 0.1 percentage point (ppt) each, to 3.3% and 3.4%, respectively. The downgrades largely reflect the materialization of risks on the trade front, with additional escalation of tariffs relative to what we anticipated earlier in the year. More so than the tariffs implemented thus far, the breakdown of trade negotiations between China and the US in early May fueled expectations of further escalation and fears of a broadening dispute (as exemplified by Huawei). This, in turn, not only exacerbated the already sharp slowdown in global trade — mirrored in a similar pullback in global industrial production — but also undermined business sentiment and caused the capex cycle to fizzle out. Half way through the year, while the possibility of a trade deal is still alive, the reality is that more damage has been done to the global economy and any subsequent healing will take longer to materialize. Therefore, what had earlier looked to be a brief and shallow deceleration has taken on a more permanent hue.

Inflation Forecasts Edge Lower

Global inflation forecasts were also only minimally altered, but where changes were made, they were to bring estimates down. The key message remains that the much talked about inflation “deficit” persists across developed markets despite continued labor market healing that has brought unemployment rates to multi-decade lows. Having highlighted the inflation “mystery” a couple of years ago, the Federal Reserve (Fed) alongside other central banks, has engaged in a more focused review of concepts such as NAIRU (non-accelerating-inflation rate of unemployment) and the neutral interest rate. From the Fed to the Bank of Canada to the Reserve Bank of Australia, there is clearly greater openness to the idea that NAIRU may be quite a bit lower than previously thought, the implication being that central banks can afford to let economies run “hot” without risking an inflation event. And yet, it would be incorrect to assume that inflation is altogether dead; rather, we view it as “manageable”.

Changing central banks' views around NAIRU and the neutral rate help reconcile what might otherwise be viewed as an apparent contradiction in the evolution of our macro forecasts. Indeed, whereas growth and inflation forecasts were little changed, expectations about the monetary policy stance associated with these new forecasts changed meaningfully. In a sense, our biggest challenge this time around was trying to reconcile incoming macro data that, while signaling a slowdown, remains inconsistent with a recession, and current market expectations (and even central bank signals) of meaningful easing that seem better aligned with just such a recession scenario. Ultimately, we chose to acknowledge the seemingly changing reaction function of central banks while still calibrating the response in terms of the number of rate cuts incorporated in our central forecast. While a desire to "extend the cycle" is commendable, doing so by deploying monetary easing at a juncture which may not allow a subsequent unwind of such cuts before the next recession hits may leave central banks with less, rather than more, policy space at that future point.

US: Extending the Cycle

The current US economic expansion has become the longest on record, bringing into sharper focus the question of how much longer this already-long economic cycle could continue. It is unclear exactly how much, but we are quite confident that there is "further to run", to quote the tag line of our mid-year Global Market Outlook. Admittedly, we've just come through a turbulent couple of months that saw investor sentiment swing widely from near-complacency about the almost "done deal" US-China trade agreement to outright panic over seemingly equally "sure thing" tariffs on Mexican imports. In the event, neither has yet materialized. There might be a lesson here for us all as we try to assess where we go from here...

There is no question that the US economy has slowed from last year's solid 2.9% pace. The combination of corporate tax cuts, the immediate expensing of capital expenditures and a broad deregulation effort pushed capital expenditure (capex) intentions sharply higher. High levels of capacity utilization and $800+ billion in repatriated profits also supported the capex cycle (even though a good chunk undoubtedly went into share buybacks). Unsurprisingly then, private nonresidential fixed investment grew 6.9% year-over-year (y/y) last year, the most since 2014. Business equipment investment grew 7.4%, while investment in intellectual property jumped 7.5%. By way of contrast, residential investment contracted for the first time since 2012 as high input costs, labor shortages, and softer demand amid rising mortgage rates took their toll.

Unfortunately, the capex cycle began to lose steam late last year as global growth slowed and trade uncertainty increased. Import tariffs on $200 billion worth of Chinese imports, consisting primarily of intermediate and capital goods did not help. By the first quarter of 2019, business fixed investment (private non-residential investment in equipment) actually contracted on a quarter over quarter basis, the first decline in three years. Capex intentions have definitely taken a hit amid the escalating trade conflict, though it is interesting to note that small business sentiment appears to have held up better in that regard (likely due to primary reliance on domestic demand and perhaps also a sectoral skew towards services).

US Consumption Still Strong

The good news is that consumer spending remains a solid anchor for the economy. Overall household consumption growth accelerated a tenth to 2.6% last year and despite a first-quarter wobble, seems likely to perform similarly in 2019. This is critically important given consumption's large share in the economy. Indeed, as we like to say, if the consumer and services hold, the US economy as a whole will hold.

So while the industrial sector seems to be once again on the downside of a mini-cycle, resilience elsewhere suggests the overall deceleration should not be extreme. In fact, our 2019 growth projection for the United States has not changed from the 2.3% rate we forecast in March. If anything, we see reasons to bring that figure a tad higher given performance so far, but heightened risks surrounding trade persuaded us against that option. Growth likely slows further still in 2020, but only to 1.9%, which is essentially the estimated potential growth rate for the economy and better than any other G7 economy.

The Fed's Dovish Tilt

The Fed will play a key role in extending the economic cycle. Indeed, having made a significant dovish pivot in March (when it did away with the previously expected two rate hikes in 2019), it has since turned more dovish still, opening the door to possible multiple rate cuts in coming months. The one obvious rationale for the shift has been the escalation in risks to the economic outlook; the data has certainly softened in places, and while not consistent with a recession, it does not refute the usefulness of some policy support. But this is not the only rationale for rate cuts that the Fed has advanced — Fed officials seem to have come around to the view that prior notions of what the neutral level of the interest rate or unemployment should be might need to be tweaked, even if the economy were to perform well.

Unemployment might fall further without causing inflation, implying that the neutral interest rate is lower than previously estimated. Indeed, the Fed's latest Summary of Economic Projections (SEP) puts that neutral rate at 2.5%; it was 2.8% back in March. Thus, the current level of the Fed Funds rate is right on that median estimate of neutral, no longer at the "lower end of the estimated range" as it had been previously believed to be. And maybe, given intensifying risks to the outlook, that's a bit higher than where the Committee would like it to be. So while we continue to believe that the multiple rate cuts currently implied by the bond market are excessive, we do see scope for two reductions over the next six-to-nine months. The Fed will likely go to great lengths to position such cuts as a minor calibration of the policy stance to a lower neutral rate out of a desire to not be "tight" when inflation is muted, rather than a signal of serious weakness in the economy.

On the issue of inflation: we do not believe it is dead…merely manageable. We agree with the Fed's earlier assessment that the recent deceleration is largely transient (although that characterization was dropped from the latest Fed statement). Admittedly, headline consumer price index (CPI) inflation touched a 28-month low of 1.5% y/y in February and the core personal consumption expenditures (PCE) inflation rate slowed to an 18-month low of 1.5% y/y in March (it quickened to 1.6% in April). However, core inflation remains at 2.0% and the Dallas Fed's trimmed mean measure of PCE inflation shows little signs of weakness. Meanwhile, wage inflation has strengthened over the past 18 months. While the ascent has recently paused, both the employment cost index and average hourly earnings (particularly for production and non-supervisory employees) are close to cycle highs. Although it took much longer than anticipated, it appears that the tight labor market is finally generating some genuine wage inflation.

Eurozone: Stuck in Low Gear

Not that long ago — as recently as 2017 in fact — the eurozone was the undisputed biggest positive surprise of the world economy. Growth accelerated to an impressive 2.5%, the best since 2007 and well above potential. Sadly, that outperformance did not last. Partly that was simply because it is very hard — almost impossible, even — to sustain that kind of momentum. But it was also because too many things conspired to buffet the regional economy: ongoing Brexit drama, new emission standards in Germany, threats of automotive tariffs and escalating trade tensions, Chinese slowdown, etc. Growth therefore slowed from a quarterly pace of 0.7% in 2017 to 0.4% q/q during the first half of 2018 and then to 0.2% in the second half. Full-year GDP growth — which in mid-2018 was seen reaching 2.2% — came in at 1.8%. Rather than a turnaround, 2019 is poised to bring further deterioration: we've reduced our growth forecast by a tenth in both 2019 and 2020, to 1.2% and 1.4%, respectively.

Not only have both the weak and the strong been hurting in this downturn, but the traditional roles have even reversed somewhat. Germany is poised to grow just 0.8% this year, having narrowly escaped a technical recession in late 2018. And the road ahead remains exceedingly bumpy: Germany's manufacturing purchasing managers' index (PMI) has been stuck in contraction territory for half a year, with little signs of improvement so far. In fact, it has fared worse than Italy's, whose economy did undergo a mild technical recession in 2018. In contrast, France is shaping up to be the growth leader among the "Big-3" this year, an unusual situation that to some extent mirrors the dichotomy seen around the world between a weak manufacturing sector and a much more resilient service sector. France is still expected to manage 1.4% growth this year, whereas Italy will be flat.

Despite the current shared woes, however, there has been a marked divergence between the three big eurozone economies since the post-GFC (global financial crisis) recovery. Germany has boomed, with the unemployment rate falling steadily since mid-2014 to under 5.0% currently (the lowest in the near-30 year history of the series). France has generally lagged, with the (mainland) unemployment rate not beginning to fall until late 2015, and is still at an elevated 8.7%. Italy has really struggled, with the labor market improvement since starting 2015 proceeding at a very modest pace — it's taken four years to reduce the unemployment rate by 2.5 percentage points and it's still above 10%!

Muted Inflation Pressures

As has been the case everywhere, headline CPI inflation has closely reflected the evolution of oil prices over the last several years. In early 2017, it accelerated sharply to 2.0% y/y, while core CPI inflation (which excludes food and energy) continued to hover around 1.0%. Since then, the headline has continued to oscillate with oil prices, while core hasn't moved much at all. Indeed, it was still below 1.0% y/y in May. Progress on inflation is likely to be slow. The core measure is unlikely to move materially above 1.0% for some time yet given the backdrop of softer growth. Meanwhile, the headline likely dips to 1.3% in 2019, largely on account of oil prices and only moves up a couple of tenths in 2020.

ECB: Not Yet in Normalization Mode

The ECB eased progressively in the aftermath of the GFC, with the deposit rate falling to zero in 2012, -20 basis points in 2014,-30 basis points in 2015, and to -40 basis points in March 2016. It also introduced a genuine QE program in January 2015, and subsequently made a slew of adjustments and enhancements to it. Then, in early 2017, growth picked up and the threat of a broad-based deflation receded, prompting the Bank to change direction. In April 2017, it began by "tapering" the quantity of assets purchased. The program ended in December 2018 (although reinvestments will continue), shifting monetary policy focus away from quantitative easing (QE) and back to traditional interest rate policies.

And yet, the ECB's hopes of finally initiating genuine policy normalization have been thwarted once again. In response to the region's sharp recent slowdown, the Bank has repeatedly altered its forward guidance, extending the period when rates are expected to "remain at their present levels" all the way to mid-2020. It also announced a new set of quarterly targeted longer-term refinancing operations (TLTRO-III) scheduled to run from September 2019 to March 2021, each with a two-year maturity. And most recently, ECB President Mario Draghi delivered another powerful promise to use "all instruments" available to the Bank in the pursuit of the inflation target. Investors are now expecting a rate cut as the next move...and the ECB may well deliver it. We are, however, skeptical this would accomplish much since it is not the high cost of capital that we perceive to be eurozone's real problem, but rather the lack of productivity-inducing structural reforms.

UK: Closer to the Moment Of Truth?

The British economy proved quite resilient at first to the June 2016 Brexit referendum result shock. Despite the surprise, GDP rose 1.8% in 2016, thanks largely to consumer spending. And just as that faded, exports picked up on the lagged effects of sterling's devaluation to keep growth buoyant in 2017. However, momentum waned in the early part of 2018, although it reaccelerated in the second and third quarters on a combination of the World Cup, Royal Wedding, and unusually warm weather. Nevertheless, sluggish real wages and fragile home prices (particularly in London) have hindered consumption, while Brexit chaos weighed on business sentiment, causing fixed investment to come to standstill. Hence, the economy advanced just 1.4% in 2018, matching the lowest since 2012.

Unfortunately, we are no closer to having clarity on Brexit's final end point than we were at the start of the year, or a year ago, or two... At the core, this is due to the fact that the Brexit the UK seems to want amounts to an unsolvable puzzle (the equivalent of the "impossible trinity" in economics). The UK cannot retain full free access to the European market without also accepting the free movement of people (even though the EU may offer some concessions), and it cannot drive its own trade agreements without somehow imposing a border between Ireland and Northern Ireland. Therefore, while the delay in the Brexit deadline to October has bought some time, it has also prolonged the interim period of uncertainty. Additionally, Prime Minister Theresa May's resignation and the ensuing Conservative Party leadership contest have raised the likelihood that a harder "Brexiteer" would lead the country in the next leg of negotiations with the European Union. This could intensify frictions, so the future looks as uncertain as ever. And that's not good for growth!

UK Growth Prospects

Assuming a cliff-edge is eventually avoided, growth seems unlikely to slow much further from here. However, considerable damage to the economy has already been done. Fixed investment grew just 0.2% last year, the worst performance since the GFC. Although there was a surprising rebound in the first quarter of 2019, it is difficult to see that as the harbinger of a lasting acceleration. Moreover, sharply lower eurozone growth and the broad global growth deceleration handicap export demand, eroding the competitive benefits of a weaker sterling. Although the labor market remains healthy and wage growth has actually picked up, consumer sentiment remains gloomy, capping consumption gains. Chances are that a massive inventory build ahead of the original Brexit deadline in March will ultimately unwind, although the net effect of such an unwind is uncertain due to it being largely satisfied through imports. All in all, we expect growth to erode one tenth to 1.3% this year before picking up to 1.7% in 2020. There are considerable two-way risks to these projections, however, and we will revisit these numbers accordingly. Despite sluggish growth over the next two years, the labor market likely remains tight, with the unemployment rate having crossed below 4.0% for the first time since 1975.

UK Inflation Off Highs

Inflation accelerated quite sharply in 2017 on a combination of rising oil prices and the depreciation of sterling following the referendum result. Indeed, headline consumer price inflation jumped 2.0 percentage points to 2.7%, by far the highest in the G7. Oil prices rose about 80% between the beginning of 2016 and the end of 2017, contributing to an acceleration of inflation around the G7. But, the UK was simultaneously buffeted by a precipitous drop in sterling, which plunged from around $1.50 to $1.20 between June and September 2016. Fortunately, such an exchange rate movement had only a temporary effect on inflation and that is now beginning to fading. Lower oil prices have also contributed to a disinflationary push in recent months. The combination of more favorable base effects, stronger sterling, and weak growth help push inflation from 2.5% in 2018 to 1.9% this year and next. But a no-deal Brexit might send sterling tumbling, and it is worth noting that wage inflation has picked up of late, with average weekly earnings recently exceeding 3.5% y/y, the highest since the GFC.

Bank of England On Hold

The Bank of England cut the Bank Rate to help bolster the economy in the aftermath of the referendum, but has since changed course. Shortly after the referendum shock, the Bank cut its policy rate 25 basis points to just 0.25%. It maintained that rate for 15 months, before hiking 25 basis points in November 2017. It followed with another hike in August 2018, leaving Bank Rate at 0.75%, the highest since 2009. The Monetary Policy Committee (MPC) anticipates that, directionally, the next move will be another hike. However, whereas we had previously expected such a hike to come this year, the escalation in both domestic and global risks, coupled with the sharp dovish turn in global central bank rhetoric of late, suggests that the Old Lady might be forced to stay on hold for an extended period.

Japan: Structural Reforms Needed To Kick-start Growth

Japan's current expansion is set to be the longest since the post-war era, but growing domestic risks and global uncertainty will continue to weigh on growth over the next few years. The Bank of Japan's stance has been accommodative for a long time, and there remains very little space for fiscal policy. Structural reforms such as a more open migration policy, along with efforts to accelerate productivity are required to offset the aging workforce and revive potential growth.

GDP grew a decent 0.8% in 2018, despite outright contractions in the first and third quarter, due to a larger than anticipated rebound in the fourth quarter. However, exports are being increasingly challenged by slower overseas demand — both in specific markets such as semiconductors and autos, but also more broadly due to the second-hand effects of the US-China trade spat. In turn, the softer export outlook threatens to undermine capex spending, exacerbating downside risks. The Manufacturing PMI dipped to below 50 in February for the first time in three years, led by decreases in new and export orders components. Consumer spending has remained somewhat resilient, underpinned by a strong labor market. However, wage growth has been rather slow, with labor cash earnings having contracted for three consecutive months since the start of this year. Despite weak earnings, spending has been propped up by "front-loading" ahead of the VAT tax increase scheduled for October. Typically, a VAT tax hike tends to depress demand in subsequent quarters, but this is less likely to be the case this time around due to the offsetting fiscal measures the government is planning. The combination of weaker external demand and a net pullback in consumption in the fourth quarter should result in 0.7% GDP growth this year, while growth likely slows further to 0.5% in 2020. Increased spending surrounding the 2020 Olympics should provide some support, limiting the downside.

Inflation Remains Anemic

Inflation has been anemic, with false starts in 2013–14 and again in 2017–18. Inflation accelerated in late 2017/early 2018, with headline consumer price inflation exceeding 1.0% through March, and then again from August to October. However, it has since relapsed amid lower energy prices. Underlying inflation has also been languishing. Both the headline and national core (which excludes only fresh food products) continue to trend sideways between zero and 1.0% y/y. We retain the expectation that, eventually, the very tight labor market (unemployment is at 2.4%, lowest since the 90's) will translate into sufficient wage growth to push broad inflation higher. Wage inflation had reached a cycle high at 3.3% y/y in November, but has turned negative since the start of this year (partly due to a change in methodology), so it remains to be seen whether the 163 job vacancies available for every 100 applicants mean the labor market is tight enough to ignite wage inflation in a sustainable manner. While we await such evidence, we see headline inflation settling around 0.8% this year before accelerating to 1.1% in 2020 on the impact of the VAT hike.

Monetary Policy Change Unlikely

Because of the lack of progress on inflation, the Bank of Japan's (BoJ) hands are tied, with no meaningful change to policy anticipated before 2020 at the earliest. In 2016, the ongoing failure to boost inflation prompted the Bank to conduct a comprehensive assessment of its policy actions. And in light of that, it changed the policy framework yet again, introducing "quantitative and qualitative easing with yield curve control," under which it tried to control the shape of the yield curve by establishing a negative short-term interest rate (of -10 basis points) while simultaneously targeting a zero percent yield on the 10-year Japanese Government Bond. In July 2018, the Bank made some technical adjustments to this framework to allow it to maintain ultra-low interest rates for longer. It also formally introduced forward guidance, all in an effort to override the effects of prolonged deflation on inflation expectations. In the latest monetary policy meeting, the BoJ introduced further macro prudential measures to ease liquidity in the system. We do not anticipate any change in the BoJ's policy stance over the next two years, but a lack of progress on the inflation front might induce the BoJ to undertake additional stimulus measures in late 2019 or early 2020.

Emerging Markets Outlook

Simona Mocuta
Senior Economist, Global Macro and Policy Research

We could accurately describe 2019 as the year of a synchronised global slowdown — in exact opposition to 2017. This is well understood. What is less appreciated, and somewhat surprising, is that this deceleration has largely been led by developed markets.

Emerging Markets: Keeping Pace

We could accurately describe 2019 as the year of a synchronised global slowdown — in exact opposition to 2017. This is well understood. What is less appreciated, and somewhat surprising, is that this deceleration has largely been led by developed markets. Indeed, while growth in advanced economies as a whole is set to slow from 2.2% last year to 1.7% in 2019, growth in emerging market economies likely only decelerates by one tenth to 4.4%. Somewhat counter to conventional wisdom, then, emerging markets are actually helping stabilize the performance of the global economy, rather than adding to volatility. While this is true in aggregate, it is certainly not always true on an individual country basis, which is why we always advocate that investors are selective in their approach to emerging markets. Still, it is notable that just as our forecast for the United States did not change this round compared to the 2.3% we anticipated back in March, nor has our 6.2% growth forecast for China. Thus, the near-term outlook for the two largest economies in the world (and the two economies at the core of the trade dispute) has not worsened compared to several months ago. In fact, had it not been for the sudden disruption in trade talks in early May (since partially contained following the G20 meeting), we would have likely raised our 2019 growth forecasts for both.

In big picture terms, emerging markets have been subject to two contrary influences in 2019. On one hand, there has been the negative impact of worsening trade tensions. This has been in play for some time and the results are material, with global trade volumes briefly contracting around the turn of the year and at the worst pace since the global financial crisis. On the other hand, global central banks have turned decidedly more dovish. The Fed's dovish pivot in particular is extremely important given the dollar's role in international trade and financial flows. Lower Fed Funds rates and a weaker dollar equate to a liquidity boost to the global economy and would additionally facilitate a more pro-growth stance among emerging market central banks. This dynamic appears to be taking shape.

China: The Trade War Hurts, But No Further Downgrades

Even before the ratcheting up of the trade dispute with the US, we were expecting China's GDP growth to moderate amid a multi-year deleveraging effort. With trade tensions hitting home, however, the domestic policy calculations have changed. Deleveraging has been put on the backburner, with fiscal and monetary policies turning more supportive in order to shield the economy — especially employment and domestic consumption. As an illustration of this new policy direction, reserve requirement rates have been sharply reduced over the last nine months, bringing them to the lowest levels since the global financial crisis. Various tax incentives aimed at boosting consumption have been announced. This multi-pronged domestic policy stimulus should help limit the downside, keeping growth a little above 6.0% this year. However, structural forces clearly suggest that the path forward for China is one of continued deceleration. We expect growth to slip to 5.9% in 2020.

India: Another Go at Meaningful Reforms?

The combination of a strong second-term mandate for Prime Minister Modi's administration and a central bank willing to embrace a more pro-growth policy stance should help re-energize India's growth. However, it may take a couple of quarters for this to materialize. Although relatively less impacted by the trade conflict given its reduced dependence on export demand, India's economy has also lagged recently: GDP growth slipped to a five-year low of 5.8% y/y during the first quarter of 2019. Performance would have been even worse if not for a boost from government spending. Fixed investment slowed sharply, and while high frequency data appears to have improved a little, the industrial sector as a whole remains weak. Against this backdrop, policy is clearly becoming broadly more supportive. Having raised interest rates twice in late-2018 as the rupee hit a record low against the US dollar, the Reserve Bank of India has since changed course, pushing through a modest 75 basis points worth of rate cuts since February. Further modest easing is likely. The new budget will undoubtedly inject some stimulus into the economy as well. And yet, of even greater importance for India's medium-term trajectory will be the government's ability to continue its push with structural reforms, including efforts to recapitalize the banking sector.

Russia: A Difficult Recovery

Russia's economy has emerged from the 2015-2016 recession, but the recovery has been shallow and slow. While growth picked up to 1.6% in 2017 and 2.3% in 2018, momentum has deteriorated once more — we now anticipate growth to relapse to under 1.5% this year amid lower oil prices. The central bank has walked back some of its recent tightening, but this is unlikely to have much of an impact in the short term. Beyond these near-term constraints, medium- to long-term economic performance remains challenged by a stark lack of economic diversification and extremely poor demographics. Aggressive policy action to remedy these issues is needed, but does not seem likely.

Brazil: Pension Reform Front and Center

Brazil's political drama is never entirely out of the picture, but for now it seems to have moved sufficiently to the sidelines to allow both politicians' and investors' attention to refocus on passage of the critical pension reform. The task at hand remains daunting as the magnitude of required fiscal savings is considerable, and so is the difficulty of aligning the needed political support. But, after some earlier derailment, tangible progress has recently been made. But, perhaps in contrast to many other emerging markets, the scope for monetary policy support has been depleted following almost 800 basis points worth of rate cuts from late 2016 to early 2018. Against this backdrop, growth likely fails to accelerate and instead continues to hover around the 1.0% this year, for the third year running.

Global Capital Markets Outlook

Jerry Holly
Senior Portfolio Manager,
Investment Solutions Group

Despite rising volatility in May and concerns surrounding the potential for seasonal headwinds, most asset classes were able to generate firmly positive returns in the second quarter.

Robust Quarter for Financial Markets

Seasonal patterns may be observed across many elements of financial markets and global economies. Retail sales pick up ahead of end-of-year holiday shopping. Activity in the housing market is more vigorous in the spring and summer. Even a quick look at the futures curve for natural gas illustrates how demand for heating fuel picks up each winter. As to the direction of stock prices or credit spreads, the seasonal patterns are far less clear. Our analysis suggests that, while these patterns may not be as obvious, they do still exist. And that, in loose terms, stock markets have a greater susceptibility to falter in the six months running from May through October. No surprise then that a catchy and rhythmically appealing phrase such as "sell in May and go away" has become mainstream market lexicon, if not a trading rule in its own right.

During the second quarter of 2019, that simplified trading cliché appeared to be on to something. April marked another solid month for growth assets as investors embraced optimism about trade policy between the United States and China and earnings results continued to outpace analyst estimates. The S&P 500 Index closed the month at a new all-time high. But, as quick as the monthly calendar turned, investors were met with increasingly uncomfortable developments. On the very first day of May, US Federal Reserve (Fed) Chair Jerome Powell pushed back on market expectations for interest-rate cuts by suggesting that recent low levels of inflation were likely transitory. From there, trade conflict between the United States and the rest of the world took center stage, battering equity markets while flattering bonds. But, as May turned to June, liquidity-driven animal spirits returned and sent the S&P 500 Index to new all-time highs while many global bond yields plumbed new all-time lows. Another wave of central bank accommodation was the proximate source of the moves, with both the European Central Bank (ECB) and the Fed indicating that further policy tools and interest-rate cuts would be used to support economic growth.

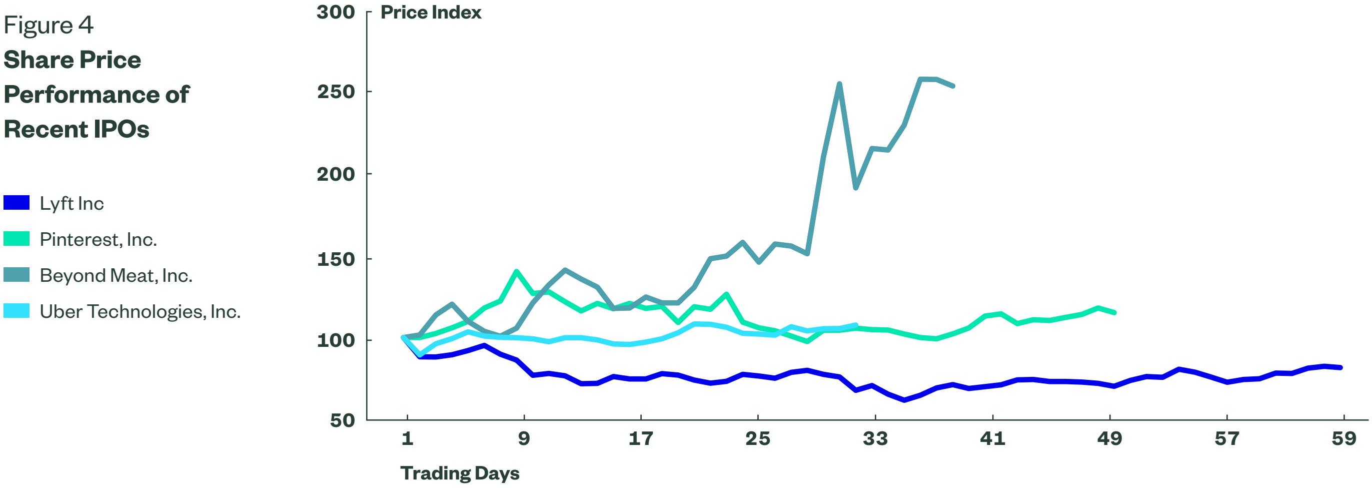
What might the market healing in June mean with respect to the more somber seasonal tendencies of this period? Was May's malaise an isolated event triggered by tariff threats and other trade negotiations? Or might it reflect the start of something more sinister that has yet to fully play out? A closer look across major asset classes is warranted.

Stock Markets Topping or in Tip-Top Shape?

Even though equity markets have recovered from some of their recent setbacks, it may be worthwhile to extend our gaze back a bit longer in time. Because while it can be appealing to try to call a stock market top or a discrete low-point in interest rates, more often than not these turning points are part of a broader topping or bottoming process — of which the local minimums and maximums will be far easier to spot in hindsight. Consider though, that the S&P 500 Index is not all that far above the levels it reached in January 2018 and then again in the fall of last year. The early 2018 high was erased by festering concerns over inflation and the potential for interest-rate hikes, and the ensuing de-risking undertaken by systematic sellers. Last fall, questions pertaining to a monetary policy mistake and global recession loomed large. Elsewhere, equity markets generally can't lay claim to new highs at all. The Nikkei remains well below the levels reached in those periods (not to mention its 1989 all-time highs) and the Eurostoxx Index hasn't been able to mount a meaningful advance towards its peak reached in the spring of 2015 when the ECB launched its quantitative easing program. The FTSE 100 Index also remains roughly 5% off its highs reached in 2018 and is only around 5% above its price level from 1999. With this backdrop, perhaps a topping process in equity markets is in play — especially if seasonal headwinds provide another hurdle.

In terms of calling a market top, or even suggesting that the process is taking shape — we would not rush to judgment. Proprietary information, such as our Investment Solutions Group's Market Regime Indicator is certainly not flashing red at the moment. Its component factors, such as credit spreads alongside implied currency and equity volatility, appear fairly benign and are actually approaching levels that are typically more indicative of equity market rallies. It also does not appear that there is a tremendous amount of latent selling pressure — at least according to the flow of funds. According to the Bank of America/Merrill Lynch Fund Manager Survey, cash holdings are high enough to be in contrarian (buy stocks) mode and their Bull/Bear Indicator also leans bearish, hovering just above the threshold that suggests a contrarian buy signal.[1] Maybe it is in the primary markets where the signposts of a market top will be more evident? After all, we have witnessed an uptick in some high-profile initial public offerings (IPOs) of late. The likes of Lyft, Pinterest, Beyond Meat, and Uber have all gone public in the past few months — with very different receptions in the secondary market as can be seen in Figure 4. But, in terms of the gross proceeds raised in proportion to the market, IPOs are closer to cyclical lows than cyclical highs (see chart on page 1), which seems to suggest that primary market activity on that front is not very frothy.

Figure 4
Share Price Performance of Recent IPOs



Source: State Street Global Advisors, FactSet.

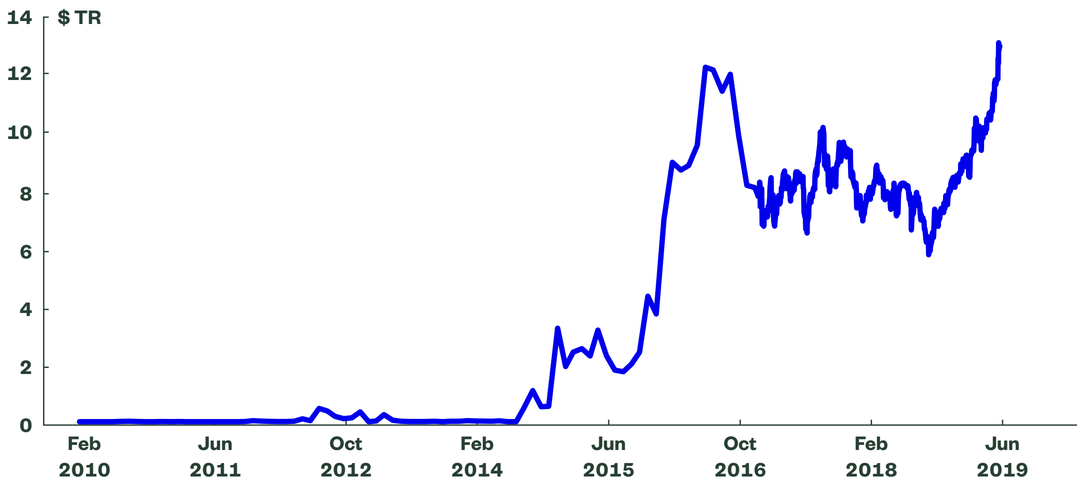
On balance, we continue to have a modestly optimistic view across equities in general and in the higher-risk segments of fixed income as well. While our net equity position is not much changed from earlier in the year, the composition of our equity book has evolved, with increasing investments in relatively more defensive and yield-oriented parts of the market and less exposure to some of the most cyclical plays. Real estate investment trusts (REITs) serve as a useful example of an asset class which has performed very well so far in 2019, but which also appears likely to continue benefiting from low interest rates and plentiful liquidity. The swift slide in interest rates not only eases funding conditions for the interest-rate-sensitive asset class, but also makes it attractive to other fixed income assets from a comparative yield perspective. Our view has turned less constructive on the more cyclical technology sector, which happens to be the only sector beating REITs on a year-to-date basis. Trade tensions, mixed earnings results, and longer-term concerns pertaining to a litany of antitrust rulings and investigations have weighed on the outlook for technology companies. Upside risks for the sector remain, especially if planned trade discussions between the United States and China prove fruitful, but the deterioration in business capital expenditures suggests that a durable recovery in tech may require more than a nicely-worded communique from Osaka.

Rates — The New World Revisited

If equity markets are able to break through and stave off the cyclical conditions associated with topping processes, what might that mean for fixed income? Is it possible that bond markets are finally working through a process of finding a bottom in interest rates?

A step back in time may help provide some context for this particular issue and shed light on the possible evolution of the market going forward. A useful turning point to frame our thinking is the 2015 introduction of quantitative easing on the part of the ECB. By that time, interest rates were already quite low and almost unfathomable historical comparisons could be drawn. After all, Dutch bond yields were hovering around levels not seen since around the time that Christopher Columbus was setting sail for the New World. And not too long after the ECB began purchasing bonds, it was reported that global bond yields had sunk to 5,000-year lows![2] The collective fall in the level of interest rates led to a surge in the volume of bonds sporting negative yields. By June 2016 the stock of negative-yielding fixed income securities had risen to just over US$12 trillion, which represented more than 25% of the global bond market at the time.[3] But the ECB's purchase programs were not without controversy and, with the Federal Reserve nudging interest rates higher late in 2016 alongside an election victory by a free-wheeling and potentially free-spending President Trump, interest rates shot higher at the tail end of 2016 — which helped to arrest the growth of non-remunerative bonds. From that point forward, the amount of negative-yielding bonds oscillated between US$6-8 trillion, as can be seen in Figure 5.

Figure 5
Bond Yields Turn Increasingly Negative

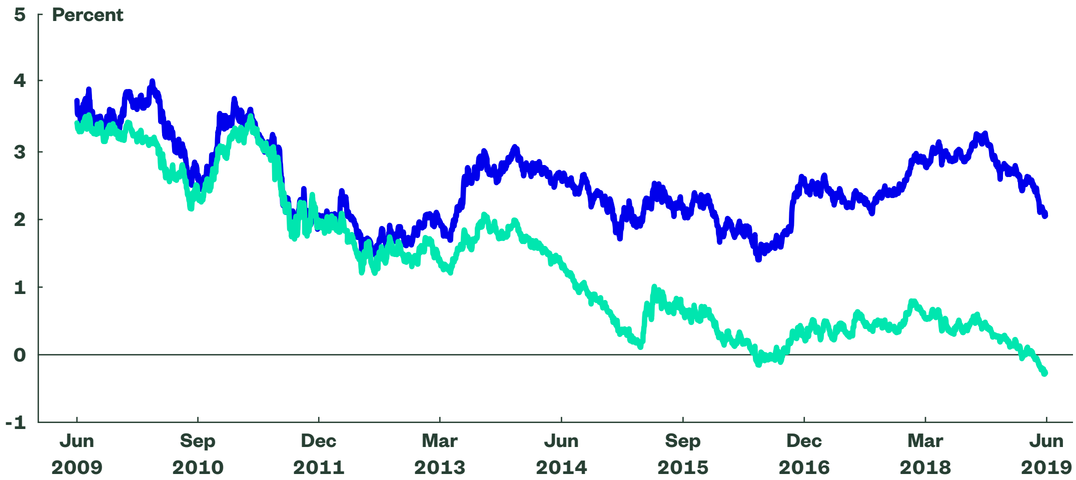


Source: State Street Global Advisors, FactSet.

However, the latest turn in guidance from monetary policymakers has sharply reversed any trend that might have been developing for positive nominal interest rates and scarcer supplies of bonds priced to deliver sub-zero total returns. Whether one points to the Fed becoming more patient and suggesting that it is ready to act to sustain the expansion or ECB President Mario Draghi and the ECB pushing back on the notion that their hands are tied, the end result has been clear. Interest rates have plummeted and the stock of negative-yielding debt has now ballooned to over US$13 trillion in market value.

From a forward-looking perspective, it is difficult to conjure a positive total return in markets like Germany where starting yields are more than 30 basis points in the red. The calculus is a bit more balanced in the United States, notwithstanding the massive bond rally that occurred in the second quarter of this year. Nominal GDP progressing at a pace of growth that is roughly 3 percentage points higher than the 10-year US Treasury yield suggests interest rates are too low. But the slowing in economic data, especially in industrial and manufacturing sectors as represented by purchasing manager indices, could foreshadow a slower-growth environment, which bond markets seem to have embraced. Should weaker data start to turn up in otherwise healthy parts of the economy, such as consumer spending, the associated momentum of higher bond prices (and lower yields) is one that could prove to be a powerful force as well. But the relative value argument may be the most compelling, especially looking at the evolution of US and German interest rates over the past several years (as can be seen in Figure 6). As recently as 2012, there was no difference between the yield on offer from a 10-year US Treasury and a comparable maturity German bund. Today, the yield advantage for US Treasuries is more than 200 basis points. With growth slowing, central banks expected to ease, and many major bond markets at all-time lows from a yield perspective, one can imagine stranger scenarios than US bond yields retesting their 2016 lows and the more-than-adequate total returns that would be earned as a result.

Figure 6
Yield Gap Between US and German 10-year Bonds



Source: State Street Global Advisors, FactSet.

Endnotes

1 If the contrarian positioning data were not enough, the title of the June 2019 Bank of America Merrill Lynch Global Fund Manager Survey sums it up — "The Most Bearish FMS since the GFC."

2 Bank of America Merrill Lynch *Global Investment Strategy — The Longest Pictures*. June 7, 2016. Michael Hartnett and Brian Leung.

3 As measured by the Bloomberg Barclays Global Aggregate Index.

SSGA Forecasts as of June 30, 2019

Real GDP Growth	2019 (%)	2020 (%)
Global	3.3	3.4
US	2.3	1.9
Australia	1.9	2.5
Canada	1.4	1.7
Eurozone	1.2	1.4
France	1.4	1.5
Germany	0.8	1.5
Italy	0.0	0.4
UK	1.3	1.6
Japan	0.7	0.5
Brazil	1.0	2.0
China	6.2	5.9
India	6.8	7.1
Mexico	1.3	1.8
South Africa	0.0	1.0
South Korea	2.0	2.2
Taiwan	0.8	1.2
Inflation		
Developed Economies	1.6	1.8
US	1.9	2.0
Australia	1.6	2.1
Canada	1.9	2.0
Eurozone	1.3	1.5
France	1.3	1.5
Germany	1.4	1.7
Italy	0.8	1.1
UK	1.9	1.9
Japan	0.8	1.1
China	2.3	2.4

Central Bank Rates	June 30, 2019 (%)	June 30, 2020 Forecast (%)
US (upper bound)	2.50	2.00
Australia	1.25	1.00
Canada	1.75	1.75
Euro	0.00	0.00
UK	0.75	0.75
Japan	-0.10	-0.10
Brazil	6.50	6.00
China	4.35	4.25
India	5.75	5.50
Mexico	8.25	7.75
South Africa	6.75	6.50
South Korea	1.75	1.50
10-Year Bond Yields		
US	2.00	2.00
Australia	1.32	1.60
Canada	1.46	1.70
Germany	-0.33	0.20
UK	0.83	1.30
Japan	-0.16	0.05
Brazil ($)	4.77	4.50
Mexico ($)	3.64	3.60
Exchange Rates		
Australian Dollar (A$/$)	0.70	0.73
British Pound (£/$)	1.27	1.35
Canadian Dollar ($/C$)	1.31	1.26
Euro (€/$)	1.14	1.18
Japanese Yen ($/¥)	107.74	95.92
Swiss Franc ($/SFr)	0.98	1.05
Chinese Yuan ($/¥)	6.87	6.80

One-Year Return Forecasts through December 31, 2019	Base Currency					
	USD (%)	EUR (%)	GBP (%)	JPY (%)	AUD (%)	CAD (%)
S&P 500	5.7	2.0	-0.4	-5.9	1.6	1.9
Russell 2000	5.9	2.2	-0.2	-5.7	1.8	2.1
MSCI EAFE	5.8	2.1	-0.3	-5.8	1.7	2.0
MSCI EM	9.0	5.2	2.8	-3.0	4.8	5.1
Barclays Capital Aggregate Bond Index	2.7	-0.9	-3.2	-8.6	-1.3	-1.0
Citigroup World Government Bond Index	0.8	-2.7	-5.0	-10.3	-3.1	-2.8
Goldman Sachs Commodities Index	5.9	2.2	-0.2	-5.7	1.8	2.1
Dow Jones US Select REIT Index	5.0	1.3	-1.0	-6.5	0.9	1.2

Source: State Street Global Advisors, as of June 30, 2019.

The above forecasts are estimates based on certain assumptions and analysis made by State Street Global Advisors. There is no guarantee that the estimates will be achieved.

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Start with Rigor We take a highly disciplined and risk-aware approach built on exhaustive research, careful analysis and market-tested experience to meet client needs. Rigor is behind every decision we make.

Build from Breadth Today's investment problems demand a breadth of capabilities. We build from a universe of active and index strategies to create cost-effective solutions.

Invest as Stewards We help our portfolio companies see that what is fair for people and sustain-able for the planet can deliver long-term performance. As fiduciaries, we believe good stewardship is good investing.

Invent the Future We created the first ETF in the US and are pioneers in index, active, and ESG investing. Using data, insights and investment skill, we are always inventing new ways to invest.

For four decades, these principles have helped us be the quiet power in a tumultuous investing world. Helping millions of people secure their financial futures. This takes each of our employees in 27 offices around the world, and a firm-wide conviction that we can always do it better. As a result, we are the world's third-largest asset manager with US $2.8 trillion* under our care.

* AUM reflects approximately $32.7 billion (as of March 31, 2019), with respect to which State Street Global Advisors Funds Distributors, LLC (SSGA FD) serves as marketing agent; SSGA FD and State Street Global Advisors are affiliated.

Marketing communication.

Glossary

Basis Point One basis point is equal to one-hundredth of 1 percent, or 0.01%.

Capital Expenditure (Capex) refers to investment by a company to acquire or upgrade physical assets, such as a building, IT hardware or a new business.

Citigroup World Government Bond Index The WGBI is a widely used benchmark that currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies.

Consumer Price Inflation (CPI) A widely used measure of inflation at the consumer level that helps to evaluate changes in cost of living.

Deflation A decrease in the general price level of goods and services over a given period.

GFC The global financial crisis, or GFC, refers to the period of extreme stress in financial markets and banking systems between mid-2007 and early 2009.

Goldman Sachs Commodities Index GSCI is the first major investable commodity index and includes the most liquid commodity futures.

Gross Domestic Product (GDP) The monetary value of all the finished goods and services produced within a country's borders in a specific time period. Economic growth is typically expressed in terms of changes in GDP.

Group of Seven (G7) A group consisting of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.

MSCI EAFE Index An equities benchmark that captures large- and mid-cap representation across 22 developed market countries around the world, excluding the US and Canada.

MSCI Emerging Markets Index The MSCI Emerging Markets Index captures large and mid-cap representation across 23 emerging markets countries. With 834 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI World Index The MSCI World Index is a free-float weighted equity index. It includes about 1,600 stocks from developed world markets, and does not include emerging markets.

Organization of Petroleum Exporting Countries (OPEC) 13-member group of oil exporting nations founded to manage global supply and coordinate pricing.

Personal Consumption Expenditures (PCE) is the value of the goods and services purchased by US residents.

Phillips Curve a graphic representation of the relation between inflation and unemployment which indicates that as the rate of either increases the rate of the other declines.

Purchasing Managers' Index An indicator of the economic health of the manufacturing and services sectors compiled from a survey of purchasing executives.

Quantitative Easing (QE) An extraordinary monetary policy measure in which a central bank buys government fixed-income securities to lower interest rates, encourage borrowing and stimulate economic activity.

Russell 2000 Index A benchmark that measures the performance of the small-capitalization segment of the US equity universe.

S&P 500 Total Return Index The benchmark that reflects returns after reinvestment of dividends of the 500 large cap stocks in the S&P 500 Index.

The US Dollar Index Measures the performance of the US Dollar against a basket of major currencies.

Value Added Tax (VAT) is a broadly-based consumption tax assessed on the value added to goods and services.

Yield Curve A graph or line that plots the yields of bonds with similar credit quality, typically from shortest to longest duration.

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Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns.
Foreign investments involve greater risks than investments, including political and economic risks and the risk of currency fluctuations, all of which may be magnified in emerging markets.
Investing in commodities entail significant risk and is not appropriate for all investors.
Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors. A few such factors include overall market movements, real or perceived inflationary trends, commodity index volatility, international, economic and political changes, change in interest and currency exchange rates.
Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.
Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.
Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).
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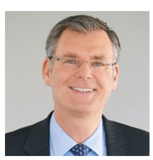
Exp. Date: 31/07/2020

ClearBridge Investments

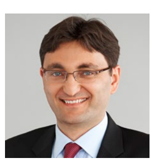
International Growth ADR Strategy

Elisa Mazen
Managing Director,
Head of Global Growth,
Portfolio Manager

Thor Olsson
Director,
Portfolio Manager



Michael Testorf, CFA
Managing Director,
Portfolio Manager



Pawel Wroblewski, CFA
Managing Director,
Portfolio Manager

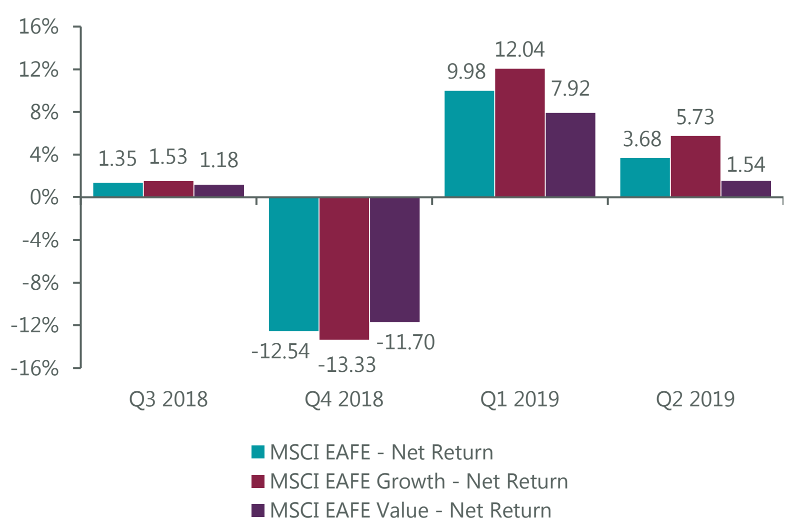
Key Takeaways

- More accommodative central banks and signs of progress in the U.S.-China trade dispute supported a continued rebound of international growth stocks.
- We believe our portfolio companies and the equity markets we target can manage around the myriad geopolitical and global growth risks in the current environment.
- We added to our allocation in secular growth companies while trimming exposure to companies in the emerging and structural growth buckets.

Market Overview

International equities managed gains through an eventful second quarter where trade and central bank policy took center stage. The benchmark MSCI EAFE Index advanced 3.68%, the MSCI EAFE Small Cap Index added 1.71% while the MSCI Emerging Market Index edged 0.61% higher. International growth stocks outperformed their value counterparts by a wide margin with the MSCI EAFE Growth Index up 5.73% for the quarter compared to a gain of 1.54% for the MSCI EAFE Value Index (Exhibit 1).

Exhibit 1: MSCI Growth vs Value Performance



Source: FactSet.

The ongoing trade dispute between the U.S. and China waxed and waned during the quarter - as it has for most of President Trump's tenure - causing volatility to spike and then settle. A breakdown in trade talks in May led the U.S. to raise tariffs from 10% to 25% on $200 billion worth of goods, causing investors to flee risk assets. At the same time, the Trump administration also stepped up actions against Huawei, banning the Chinese telecom giant from doing business in the U.S. and effectively barring U.S. suppliers from selling to the company. In late June, however, Trump backtracked on the Huawei ban and delayed implementation of the latest round of tariffs following a meeting with his Chinese counterpart, Xi Jinping, at the G-20 summit.

As long-term investors, we never orient stock selection or portfolio construction around politics. Global trade tensions, as well as political flareups in local markets like Italy and other countries questioning their participation in the European Union, can spark extreme pessimism and sour investment sentiment. Perhaps the biggest impact from the ongoing trade dispute, as well as geopolitics in general, is on business confidence, which delays long-term capital spending plans. We are seeing it in the manufacturing indices, where almost all major international economies are below 50, indicating a shrinking of manufacturing activity. We acknowledge and closely monitor the near-term impacts of these uncertainties - Brexit being another current example - but longer term, we believe the companies we own and the equity markets that we target manage around these risks. We will be listening closely to what companies are seeing and noting in their outlooks as second-quarter earnings reports come in.

Our optimism is supported by central banks that have become more accommodative in the last several months. The U.S. Federal Reserve communicated the potential for an interest rate cut in the near-term should economic data weaken while ECB President Draghi continued to delay the wind down of its current quantitative easing measures. Should the Fed begin to aggressively cut rates, we could see a strengthening euro. It's worth noting that the solid performance of the portfolio year-to-date has come with virtually no contribution from currency. China also remains aggressive in using stimulus measures to offset the headwinds to growth caused by trade and tariff actions. But this time the Chinese government is seeking to help the consumer, the state-owned companies and the private companies via tax cuts and lending facilities. Monetary conditions have improved over the course of the last few months, but we expect further stimulus.

Meanwhile, valuations continue to look attractive across regions. European earnings remain nowhere near peak, creating the potential for multiple expansion. We also remain positive on the strength of the consumer, who is being supported by low unemployment and rising wages, especially in Asian markets where cosmetics, luxury goods and athletic apparel companies are seeing healthy demand. We recently attended a conference of global consumer staples companies where the tone was considerably more positive than the prior year. Companies pointed to relatively resilient demand, easing commodity prices and pricing power, particularly on the premium end. They also stressed the importance of renewed innovation, new products and re-engaging with customers to drive revenue growth.

We continue to seek out quality growers with good and increasing cash flow generation, which should help shield us from potential volatility.

Portfolio Positioning

Considering the strength of the markets and higher international equity valuations, we continued to trim and sell positions that have reached our intrinsic value targets and look for new ideas. This is where our proprietary model is so useful in pointing to overlooked ideas where conditions are improving and steering us away from troublesome areas. The model also helps provide a clearer view of the overall portfolio, enabling us to make strategic shifts when necessary, across the spectrum of growth.

During the second quarter, we added to our allocations in secular growth companies, those with established market positions and more predictable earnings. Meanwhile, we reduced exposure to the riskier emerging growth allocation which has performed very strongly on the back of continued rate reductions, extending valuations even further. This included trims of several positions as well as the initiation of a new position in e-commerce and payment software developer StoneCo, which provides access to an improving Brazilian economy and the rising penetration of electronic payments, which at 30%, is low relative to more mature markets. The company is disrupting the Brazilian merchant payments market, largely dominated by legacy incumbents, by providing more competitive pricing, better breadth of technology and services and higher quality customer service. These advantages have enabled it to maintain strong topline growth and high margins. The company has quickly grown to become the fourth largest acquirer of merchants with 6% market share and we believe they are well positioned to take their disruptive growth into adjacent markets like banking and lending.

We also trimmed our weighting in structural growth companies - businesses that are in cyclical industries or are going through a restructuring that should result in a step up in profitability. This included the sale of Aflac, an insurer with a significant Japanese business, after the shares reached our price target.

Outlook

The drawdown in the fourth quarter of 2018 had made us more positive on international equities at the beginning of the year, however we are now becoming more cautious with Manufacturing

PMI indicators around the world taking a notable leg down. The upcoming earnings season could lead to increased volatility, especially for companies that disappoint or issue weak guidance, but we believe the global economy will continue to expand, although likely at a lower rate than previously thought. This environment should be supportive of growth stocks.

While the macro cannot be ignored, we would like to re-emphasize that while aware of our macro surroundings, we do not position the portfolio for macro performance but rather through stock selection as the dominant contributor to portfolio performance. We continue to seek out quality growers with good and increasing cash flow generation, which should help shield us from potential volatility. Cash flow is an underappreciated but very powerful weapon, particularly in downturns, as it allows management to buy back shares, pay dividends and have the opportunity to undertake M&A at lower valuations. Our portfolio as a whole maintains half of the debt levels on company balance sheets compared to the benchmark, which should offer greater flexibility should markets become turbulent.

Portfolio Highlights

The ClearBridge International Growth ADR Strategy outperformed the benchmark MSCI EAFE Index for the second quarter. The Strategy delivered gains across seven of the nine sectors in which it was invested (out of 11 total), with the primary contributors coming from the information technology (IT) and industrials sectors.

On a relative basis, overall stock selection and sector allocation contributed to performance. In particular, stock selection in the health care, consumer staples, IT, industrials, financials and communication services sectors drove relative results. An overweight to IT was also beneficial. Meanwhile, stock selection in the materials and consumer discretionary sectors detracted from relative performance.

On a regional basis, stock selection in Europe Ex UK, Japan, the United Kingdom and North America had positive impacts, offsetting weakness in emerging markets.

On an individual stock basis, the largest contributors to absolute returns in the quarter included SAP, Nintendo, Nestle, Temenos and London Stock Exchange. The greatest detractors from absolute returns included positions in Umicore, SQM, StoneCo, ASOS and Alibaba.

During the quarter, in addition to the names mentioned above we sold a position in Alcon, a spinoff from portfolio holding Novartis, in the health care sector.

Jackson County Employees' Retirement System

International Growth ADR

Second Quarter 2019

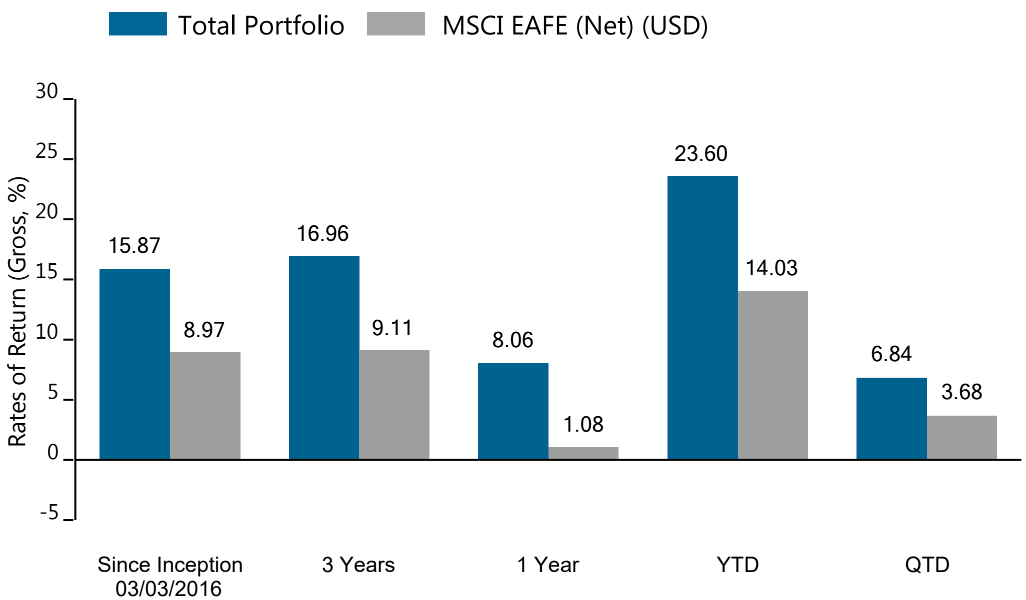
Portfolio Summary

Jackson County Employees' Retirement System - Second Quarter 2019

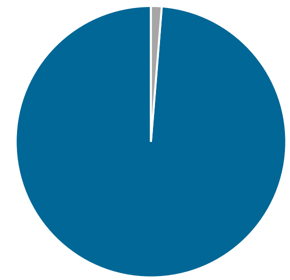
International Growth ADR

ClearBridge Investments

Returns Versus Indices (As of 06/30/2019)



Holdings by Asset Class



Asset Class	Total Value	% Port
Stocks and Related Investments	$15,809,383.58	98.72%
Cash and Short Term Investments	$205,391.14	1.28%
Total Portfolio	**$16,014,774.72**	**100.00%**
Accrued Income	$27,361.03	
Total Assets	**$16,042,135.75**	

GICS Sector Allocation (As of 06/30/2019)

% Allocation in:	Portfolio	Index	Variation
Consumer Staples	15.87%	11.67%	4.20%
Information Technology	15.80%	6.71%	9.09%
Industrials	14.87%	14.82%	0.05%
Financials	13.77%	18.90%	-5.14%
Health Care	13.45%	11.16%	2.29%
Consumer Discretionary	11.03%	11.12%	-0.09%
Materials	6.60%	7.39%	-0.79%
Communication Services	5.47%	5.39%	0.07%
Energy	1.87%	5.49%	-3.63%
Cash	1.28%	0.00%	1.28%
Real Estate	0.00%	3.61%	-3.61%
Utilities	0.00%	3.73%	-3.73%

Top Ten Holdings (As of 06/30/2019)

Security	% of Total Portfolio
Nestle SA-spons ADR	4.38%
Shiseido Ltd-Sponsored ADR	4.09%
SAP SE-Spon ADR	3.67%
Rentokil Initial plc-SP ADR	3.42%
Diageo PLC-spon ADR	3.26%
ICON PLC	3.02%
Roche Holdings Ltd-spon ADR	2.97%
Novartis AG-spon ADR	2.96%
London Stock Exchg-Unsp ADR	2.92%
Lvmh Moet Hennessy-unsp ADR	2.76%
TOTAL	**33.45%**
Number of equity securities in this portfolio	52

Investment Portfolio

Jackson County Employees' Retirement System - Second Quarter 2019

International Growth ADR

Quantity	Description	Position Opened	Unit Cost	Total Cost	Current Price	Total Value	(%) of Portfolio	Annual Income	Accrued Income	Current Yield
Stocks and Related Investments										
Communication Services										
7,310	Nintendo Co Ltd-unspon ADR	11/12/2018	38.81	288,732.54	45.77	334,578.70	2.09%	6,783.68	3,754.45	2.03%
6,528	Rogers Communications Inc-B	10/19/2017	51.59	336,358.41	53.52	349,378.56	2.18%	12,794.88	2,440.83	3.66%
1,310	Spotify Technology SA	03/06/2019	139.63	184,200.86	146.22	191,548.20	1.20%	0.00	0.00	0.00%
Total Communication Services				**$809,291.81**		**$875,505.46**	**5.47%**	**$19,578.56**	**$6,195.28**	**2.24%**
Consumer Discretionary										
1,814	Adidas AG-sponsored ADR	08/02/2016	101.58	190,408.27	154.21	279,736.94	1.75%	3,413.95	0.00	1.22%
1,674	Alibaba Group Holding-Sp ADR	03/02/2016	114.55	131,623.79	169.45	283,659.30	1.77%	0.00	0.00	0.00%
3,180	Arco Platform Limited - Cl A	09/26/2018	20.59	60,776.16	43.78	139,220.40	0.87%	0.00	0.00	0.00%
2,928	ASOS Plc-Unsp ADR	03/02/2016	69.85	183,454.80	32.66	95,628.48	0.60%	0.00	0.00	0.00%
13,904	Burberry Group PLC-spon ADR	05/23/2017	23.06	320,215.58	23.80	330,915.20	2.07%	7,522.06	5,244.79	2.27%
13,042	Inditex-unspon ADR	03/02/2016	17.01	220,341.78	14.95	194,977.90	1.22%	5,986.28	0.00	3.07%
5,196	Lvmh Moet Hennessy-unsp ADR	10/17/2016	47.03	219,929.51	85.11	442,231.56	2.76%	6,988.62	0.00	1.58%
Total Consumer Discretionary				**$1,326,749.88**		**$1,766,369.78**	**11.03%**	**$23,910.91**	**$5,244.79**	**1.35%**
Consumer Staples										
3,029	Diageo PLC-spon ADR	03/02/2016	114.05	243,773.50	172.32	521,957.28	3.26%	10,495.49	0.00	2.01%
20,115	Kao Corporation ADR	10/13/2017	13.67	263,497.17	15.15	304,742.25	1.90%	2,192.54	0.00	0.72%
6,300	L'oreal-unsponsored ADR	10/19/2018	44.07	277,798.34	56.89	358,407.00	2.24%	5,430.60	0.00	1.52%
6,791	Nestle SA-spons ADR	03/02/2016	81.23	498,408.07	103.40	702,189.40	4.38%	16,461.38	0.00	2.34%
8,644	Shiseido Ltd-Sponsored ADR	03/02/2016	29.81	209,819.37	75.69	654,264.36	4.09%	1,953.54	0.00	0.30%
Total Consumer Staples				**$1,493,296.46**		**$2,541,560.29**	**15.87%**	**$36,533.55**	**$0.00**	**1.44%**
Energy										
9,594	Suncor Energy Inc	03/02/2016	37.81	403,433.08	31.16	298,949.04	1.87%	14,966.64	0.00	5.01%
Total Energy				**$403,433.08**		**$298,949.04**	**1.87%**	**$14,966.64**	**$0.00**	**5.01%**
Financials										
8,502	AIA Group Ltd-sp ADR	04/12/2018	36.57	309,806.75	43.15	366,861.30	2.29%	5,356.26	0.00	1.46%
16,689	Erste Group Bank Ag - ADR	10/19/2016	18.41	295,703.34	18.49	308,579.61	1.93%	13,034.11	0.00	4.22%

Investment Portfolio

Jackson County Employees' Retirement System - Second Quarter 2019

International Growth ADR

ClearBridge Investments

Quantity	Description	Position Opened	Unit Cost	Total Cost	Current Price	Total Value	(%) of Portfolio	Annual Income	Accrued Income	Current Yield
1,803	HDFC Bank LTD-ADR	01/12/2018	102.62	184,643.88	130.04	234,462.12	1.46%	1,164.74	1,128.54	0.50%
8,583	Hong Kong Exchanges-unsp ADR	03/02/2016	28.23	217,445.96	35.22	302,293.26	1.89%	7,355.63	0.00	2.43%
6,350	KBC GROEP NV-Unsp ADR	04/15/2016	33.34	193,293.29	32.65	207,327.50	1.29%	12,490.45	0.00	6.02%
26,664	London Stock Exchg-Unsp ADR	03/02/2016	10.84	277,136.99	17.54	467,553.24	2.92%	5,146.15	0.00	1.10%
13,210	Ping An Insurance-ADR	10/05/2017	19.64	231,452.92	24.03	317,436.30	1.98%	6,723.89	3,645.44	2.12%
Total Financials				**$1,709,483.14**		**$2,204,513.33**	**13.77%**	**$51,271.23**	**$4,773.98**	**2.33%**
Health Care										
2,251	Hoya Corp-spon ADR	03/02/2016	51.23	104,151.50	76.60	172,426.60	1.08%	1,827.81	0.00	1.06%
3,136	ICON PLC	03/02/2016	121.37	302,546.67	153.97	482,849.92	3.02%	0.00	0.00	0.00%
296	Mettler-Toledo International Inc	03/02/2016	531.29	162,634.96	840.00	248,640.00	1.55%	0.00	0.00	0.00%
5,200	Novartis AG-spon ADR	01/03/2019	80.42	419,600.56	91.31	474,812.00	2.96%	14,736.80	0.00	3.10%
5,870	Novo-Nordisk A/S-spon ADR	03/02/2016	49.56	304,087.87	51.04	299,604.80	1.87%	7,272.93	0.00	2.43%
13,570	Roche Holdings Ltd-spon ADR	10/30/2018	32.16	423,827.19	35.10	476,307.00	2.97%	14,587.75	0.00	3.06%
Total Health Care				**$1,716,848.75**		**$2,154,640.32**	**13.45%**	**$38,425.29**	**$0.00**	**1.78%**
Industrials										
1,018	Canadian Pacific Railway Ltd	03/02/2016	139.54	104,620.12	235.24	239,474.32	1.50%	2,830.04	646.60	1.18%
15,060	Epiroc Ab-Unsp ADR	10/17/2018	10.24	155,136.03	10.33	155,509.56	0.97%	1,641.54	0.00	1.06%
17,976	FANUC Corp-unspon ADR	10/26/2016	19.50	343,222.21	18.48	332,196.48	2.07%	16,232.33	5,141.13	4.89%
21,441	Legrand Sa-Unsp ADR	06/01/2018	14.96	322,715.29	14.71	315,397.11	1.97%	6,453.74	0.00	2.05%
6,232	Monotaro Co Ltd - Unsp ADR	05/29/2018	22.36	135,808.96	24.32	151,562.24	0.95%	367.69	0.00	0.24%
7,290	Nidec Corporation-ADR	10/16/2017	33.77	237,087.75	34.27	249,828.30	1.56%	1,727.73	0.00	0.69%
21,404	Rentokil Initial plc-SP ADR	07/07/2016	16.92	329,860.15	25.57	547,193.26	3.42%	6,164.35	0.00	1.13%
12,460	TechnoPro Holdings Inc - Uns	03/12/2018	13.03	162,229.06	10.60	132,076.00	0.82%	1,121.40	0.00	0.85%
2,588	Teleperformance-unspon ADR	06/13/2018	89.38	226,599.03	99.93	258,618.84	1.61%	2,748.46	0.00	1.06%
Total Industrials				**$2,017,278.60**		**$2,381,856.11**	**14.87%**	**$39,287.28**	**$5,787.73**	**1.65%**
Information Technology										
4,255	Amadeus IT Holding-unspon ADR	03/08/2017	56.80	227,925.94	79.25	337,208.75	2.11%	5,701.70	0.00	1.69%
3,140	Amdocs Ltd	12/20/2018	60.01	188,648.25	62.09	194,962.60	1.22%	3,359.80	894.91	1.72%
1,449	ASML Holding NV-NY Reg Shs	03/02/2016	121.65	162,450.65	207.93	301,290.57	1.88%	3,396.46	0.00	1.13%
1,952	Check Point Software Technologies	03/02/2016	103.04	178,959.50	115.61	225,670.72	1.41%	0.00	0.00	0.00%

Investment Portfolio

Jackson County Employees' Retirement System - Second Quarter 2019

International Growth ADR

ClearBridge Investments

Quantity	Description	Position Opened	Unit Cost	Total Cost	Current Price	Total Value	(%) of Portfolio	Annual Income	Accrued Income	Current Yield
1,408	Interxion Holding Nv	06/27/2019	73.81	102,477.04	76.09	107,134.72	0.67%	0.00	0.00	0.00%
4,293	SAP SE-Spon ADR	03/02/2016	92.06	349,340.55	136.80	587,282.40	3.67%	7,186.48	0.00	1.22%
434	Shopify Inc	07/25/2018	154.38	68,359.28	300.15	130,265.10	0.81%	0.00	0.00	0.00%
5,625	StoneCo Ltd	10/25/2018	30.75	191,675.07	29.58	166,387.50	1.04%	0.00	0.00	0.00%
4,430	Taiwan Semiconductor-spon ADR	03/22/2019	41.75	182,696.56	39.17	173,523.10	1.08%	5,652.68	4,464.34	3.26%
1,713	Temenos Group AG-SP ADR	11/22/2016	90.49	151,105.60	178.68	306,075.41	1.91%	1,271.05	0.00	0.42%
Total Information Technology				**$1,803,638.44**		**$2,529,800.87**	**15.80%**	**$26,568.16**	**$5,359.25**	**1.05%**
Materials										
6,044	Givaudan-unspon ADR	09/14/2017	46.11	260,487.49	56.30	340,277.20	2.12%	7,270.93	0.00	2.14%
1,792	Linde Plc	10/31/2018	161.74	289,838.08	200.80	359,833.60	2.25%	6,092.80	0.00	1.69%
4,715	Quimica Y Minera Chil-sp ADR	06/27/2017	45.59	219,750.07	31.11	146,683.65	0.92%	5,021.48	0.00	3.42%
26,207	Umicore SA - Unspon ADR	08/17/2017	11.53	293,241.47	7.99	209,393.93	1.31%	5,582.09	0.00	2.67%
Total Materials				**$1,063,317.11**		**$1,056,188.38**	**6.60%**	**$23,967.30**	**$0.00**	**2.27%**
Total Stocks and Related Investments				**$12,343,337.27**		**$15,809,383.58**	**98.72%**	**$274,508.92**	**$27,361.03**	**1.74%**
Cash and Short Term Investments										
205,391	U. S. Dollar Cash		1.00	205,391.14	1.00	205,391.14	1.28%	0.00	0.00	0.00%
Total Cash and Short Term Investments				**$205,391.14**		**$205,391.14**	**1.28%**	**$0.00**	**$0.00**	**0.00%**
Total Investments				**$12,548,728.41**		**$16,014,774.72**	**100.00%**	**$274,508.92**	**$27,361.03**	**1.71%**
Total Assets						**$16,042,135.75**				

Portfolio Summary

Jackson County Employees' Retirement System - Second Quarter 2019

International Growth ADR

Asset Class	Total Cost	Total Value	(%) of Portfolio	Annual Income	Current Yield
Stocks and Related Investments	12,343,337.27	15,809,383.58	98.72%	274,508.92	1.74%
Cash and Short Term Investments	205,391.14	205,391.14	1.28%	0.00	0.00%
Total Investments	**$12,548,728.41**	**$16,014,774.72**	**100.00%**	**$274,508.92**	**1.71%**
Accrued Income		$27,361.03			
Total Assets		**$16,042,135.75**			

Purchases

Jackson County Employees' Retirement System - Second Quarter 2019

ClearBridge Investments

Quantity	Description	Average Unit Cost ($)	Total Cost ($)
EQUITIES			
260	Adidas AG-sponsored ADR	136.60	35,516.00
880	Amdocs Ltd	61.95	54,518.09
2,693	Burberry Group PLC-spon ADR	22.87	61,596.97
700	Epiroc Ab-Unsp ADR	9.83	6,881.00
350	ICON PLC	137.14	47,999.65
1,408	Interxion Holding Nv	72.78	102,477.04
3,400	Kao Corporation ADR	15.99	54,355.80
270	Nestle SA-spons ADR	96.66	26,097.06
1,180	Nintendo Co Ltd-unspon ADR	42.29	49,899.49
1,290	Novartis AG-spon ADR	81.90	105,648.47
320	Novo-Nordisk A/S-spon ADR	48.48	15,514.24
3,040	Roche Holdings Ltd-spon ADR	33.10	100,621.86
1,020	Rogers Communications Inc-B	53.03	54,089.38
540	Spotify Technology SA	133.50	72,089.69
3,230	StoneCo Ltd	37.62	121,496.46
740	Taiwan Semiconductor-spon ADR	43.80	32,413.63
EQUITIES Sub Total			**$941,214.83**
Total Purchases			**$941,214.83**

Sales

Jackson County Employees' Retirement System - Second Quarter 2019

ClearBridge Investments

Quantity	Description	Average Unit Cost ($)	Total Cost ($)	Average Unit Proceeds ($)	Total Proceeds ($)	Gain / Loss
EQUITIES						
5,238	Aflac Inc	40.03	207,994.79	50.44	264,224.66	56,229.87
782	Alcon Inc	38.47	30,038.27	55.55	43,437.42	13,399.15
480	ASOS Plc-Unsp ADR	69.85	30,074.56	50.88	24,421.89	(5,652.67)
830	Canadian Pacific Railway Ltd	139.54	85,299.31	220.24	182,801.57	97,502.26
50	HDFC Bank LTD-ADR	102.62	5,120.46	113.37	5,668.46	548.00
2,976	London Stock Exchg-Unsp ADR	10.84	30,931.58	17.08	50,829.02	19,897.44
690	Shopify Inc	154.38	108,681.81	233.20	160,905.31	52,223.50
11,169	Sika AG-BR-ADR	13.98	153,709.62	16.84	188,071.71	34,362.09
310	Temenos Group AG-SP ADR	90.49	27,345.44	174.78	54,181.28	26,835.84
EQUITIES			**$679,195.83**		**$974,541.32**	**$295,345.49**
Total Sales			**$679,195.83**		**$974,541.32**	**$295,345.49**

Other Transactions

Jackson County Employees Retirement - Second Quarter 2019

International Growth ADR

ClearBridge Investments

	Date	Quantity	Description	Amount
FX Spot - Purchase				
	04/01/2019	2,066	U. S. Dollar Cash	2,066.05
	04/30/2019	893	U. S. Dollar Cash	892.84
FX Spot - Sale				
	04/01/2019	2,754	Canadian Dollar	2,754.00
	04/30/2019	1,201	Canadian Dollar	1,201.20
Reduction of Cost Basis				
	04/09/2019	0	Novartis AG-spon ADR	2,141.69
	04/09/2019	0	Novartis AG-spon ADR	4,771.58
	04/09/2019	0	Novartis AG-spon ADR	5,328.85
	04/09/2019	0	Novartis AG-spon ADR	6,353.41
	04/09/2019	0	Novartis AG-spon ADR	11,442.74
Security Additions				
	04/09/2019	58	Alcon Inc	2,141.69
	04/09/2019	126	Alcon Inc	4,771.58
	04/09/2019	138	Alcon Inc	5,328.85
	04/09/2019	152	Alcon Inc	6,353.41
	04/09/2019	308	Alcon Inc	11,442.74

Important Information

Jackson County Employees' Retirement System

International Growth ADR

The information contained in this report should not supersede or replace your official custodial statement. The statistics have been obtained from sources believed to be reliable, but the accuracy and completeness of this information cannot be guaranteed. The data provided is current as of the date specified and subject to change.

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Performance
Portfolio returns are calculated utilizing the Daily Time-Weighted method, where portfolios are valued daily and returns are calculated between each valuation date. The periods are then linked to determine monthly, quarterly, and annual results. All rates of return are presented before the deduction of management fees and are based on trade date accounting methods. Periods longer than 1 year are annualized. **Past performance is no guarantee of future results.**

Sector Source

Factset. ClearBridge Investments cannot guarantee the accuracy or completeness of the data shown.