

The logo for PCA Pension Consulting Alliance, featuring the letters 'PCA' in a large, blue, serif font. To the right of 'PCA' is a vertical gold line, followed by the words 'PENSION CONSULTING ALLIANCE' in a smaller, blue, sans-serif font, stacked vertically.

PCA

PENSION
CONSULTING
ALLIANCE

Rhode Island SIC

The text 'Recent CRO®/CPC Class Outcomes' is positioned in the lower right quadrant of the slide. It is written in a blue, serif font. To the left of the text is a vertical gold line. The background of the slide features a stylized mountain range with multiple layers of peaks in varying shades of blue and dark blue, set against a light blue sky. A thick, dark teal curved line runs across the bottom of the slide, and a light grey curved line is visible below it.

Recent CRO[®]/CPC Class
Outcomes

October 2018

Recap of RISIC Crisis Protection Class (CPC)

- Designed to help the RISIC portfolio better address downside outcomes
- As of 6/30/18, 8% of RISIC assets; approximately \$630 million
- 5 managers: 2 long-duration, 3 trend-following
- Long duration – captures flight to quality during most crises
- Trend-following – captures both positive and negative market trends
- Together Long-duration and Trend-following provide complementary crisis mitigation solution

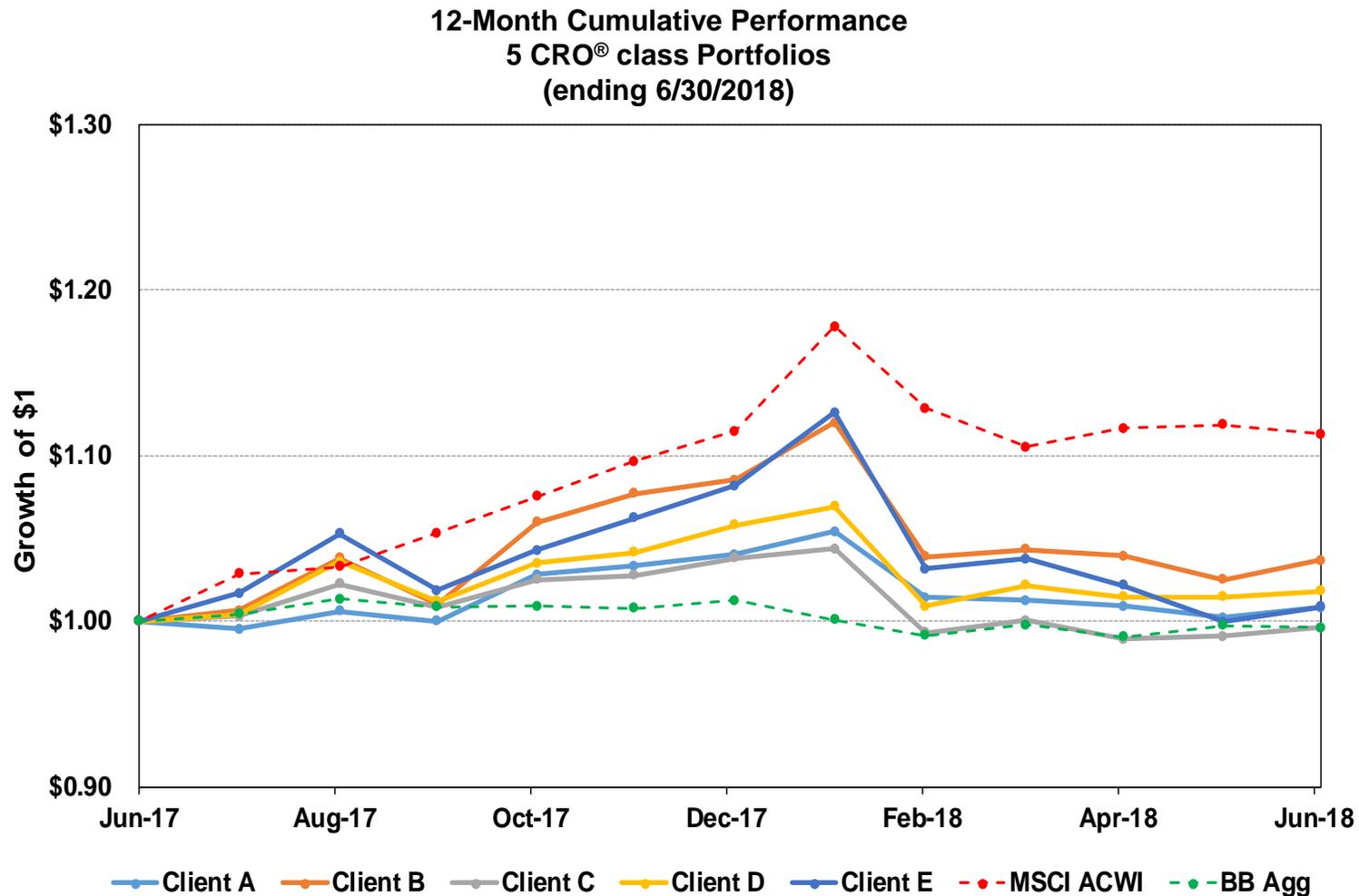
Selected Market Results Over Last Fiscal Year

Range of Market Returns (1 Year, ending 6/30/18)

Market (benchmark)	Return
Private Equity (Cambridge-1 qtr. lagged)	16.5
U.S. Equities (R3000)	14.8
Emerging Mkt. Equities (MSCI EM)	8.2
Non-U.S. Equities (MSCI ACWI ex-US IMI)	7.3
Low-rated Fixed Income (BB High Yield)	2.6
Glbl. Fixed Inc. (JPM GBI Unhedged)	1.9
1-3 Yr. U.S. Treasuries	0.0
Long U.S. Treasuries	-0.1
Core-plus Fixed Income (BB Universal)	-0.3
Core Fixed Income (BB Aggregate)	-0.4
Intermediate U.S. Treasuries	-0.7
Emerging Mkt. Fixed Income (JPM EMBI)	-2.5

- Favorable period for risky assets
- Challenging period for more stable assets
- Under this context, reasonable CPC outcome: maintain purchasing power

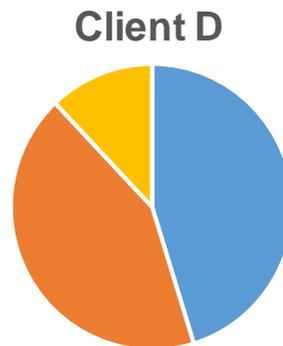
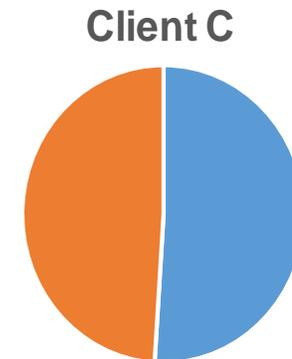
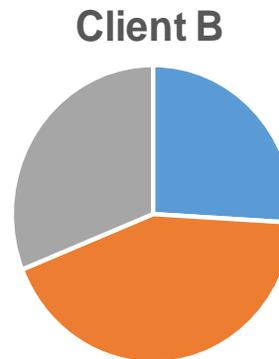
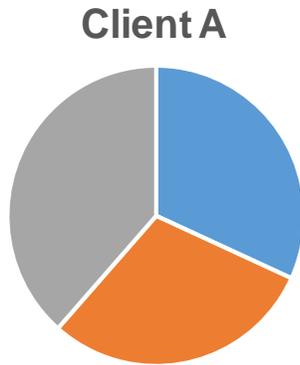
Cumulative Performance of Various CPC/CRO[®] Classes



- 5 CPC-type classes produced consistent outcomes: maintained values
- CPC (Client E, above) up +1.5% when many stable assets lost value
- Very close to maintaining purchasing power, as expected

Each CPC/CRO® User Structure Its Class Differently

■ Long Dur ■ Trend ■ ARP ■ Macro



- Long-duration and trend-following utilized by all peers
- Varying structures reflect differing philosophies, resources, scale

Areas of Consideration

- Vigilant monitoring of CPC class and its underlying dynamics
- Overall class performance is volatile – by design
- Are the CPC trend managers exhibiting redundancy (i.e. highly correlated, producing similar results)? If so, consider more trend index replication

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