

Contra Costa County OPEB Plan

January 2016

One-on-One Presentation

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Sample Portfolio: Contra Costa County

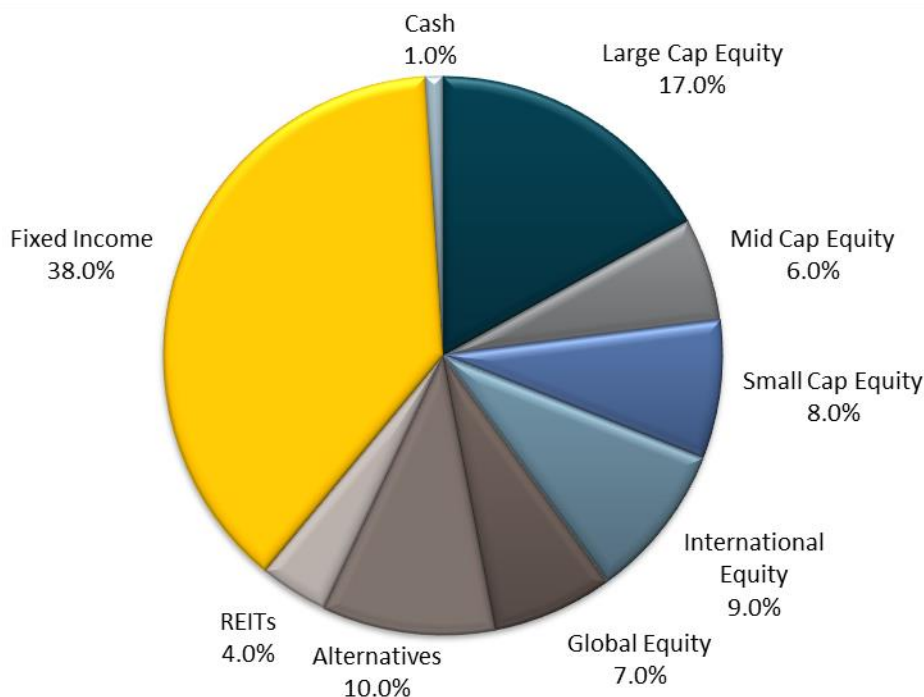
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Contra Costa County OPEB Policy Targets

Large Cap Equity	17.0%
Mid Cap Equity	6.0%
Small Cap Equity	8.0%
International Equity	9.0%
Global Equity	7.0%
Alternatives	10.0%
REITs	4.0%
Fixed Income	38.0%
Cash	1.0%

Total 100.0%

Expected Rate of Return	6.93%
Expected Risk	7.89%



The above information is for illustrative purposes only, and is not intended to provide investment recommendations as to which securities to buy or sell, or when to buy or sell securities. The Sample Portfolio is hypothetical and does not reflect actual investment decisions or recommendations, and does not represent actual trading or actual portfolio performance. A client's portfolio construction and performance will vary depending on the client's investment needs, objectives and restrictions and market conditions. Asset allocation ranges and performance for each investment objective may also vary depending on the prevailing market conditions. The percentages in the illustration above are rounded to the nearest decimal point. Please see Disclosures at the end of the presentation for the calculation methodology used for the Sample Portfolio's expected return.

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A Sample Portfolio's expected return (comprised of capital appreciation and income/dividends) is calculated in 2 steps:

(1) The expected return of each asset class in a given Sample Portfolio is determined through a combination of historical rates of returns, valuation projections, and economic expectations. In general expected rates of return are provided by Wilshire Associates Incorporated. For asset classes for which Wilshire does not provide rates of return, forecast expected rates of return are developed by HighMark's Asset Allocation Committee ("AAC"). All of the returns are reviewed on an annual basis by the AAC. The AAC considers factors such as, but is not limited to, economic factors, company earnings, credit spreads and historical risk premiums. Returns reflect the reinvestment of dividends, interests, and other distributions.

(2) An expected return for the Sample Portfolio is then calculated by weighting the returns for each asset class according to the exposure as determined by HighMark's current strategic allocation.

Expected returns generated are before taxes and any fees. The standard deviation for an asset class represents its possible divergence of the actual return for an asset class from its expected return. It is a statistical measure of the potential magnitude of volatility of an asset class from its expected return. The range of returns may be higher or lower than those predicted by standard deviation.

In certain sub asset classes where Wilshire does not provide a discrete return forecast, HighMark supplements Wilshire's expected returns with its proprietary methodology which is based on various market and economic factors some of which are described below. To obtain a full copy of the methodology please contact hcasalesupport@unionbank.com.

- US Equities – Expected returns at sub asset class level are determined by starting with Wilshire Broad Market forecast and interpolating into sub asset class returns by referencing Russell Global index data.
- Municipal Bonds – HighMark determines expected returns by assuming there will be historical return discounts for municipal bonds relative to U.S. Treasuries.
- Alternative Investments - Expected total return forecasts for alternative investments begin with the forecast for the return on cash over the respective time-horizon and adjusting for estimating the Sharpe ratio (excess return / standard deviation) of each alternative strategy based on the observed long-term performance of a representative strategy specific hedge fund peer group index.
- Diversified Commodities – The total expected return for commodities is based on return estimates for cash and spot price appreciation.

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