



HALIFAX HEALTH

Investment Committee

Monday, May 8, 2017

Meeting Location

Halifax Health

France Tower, Conference Room A

4:00 p.m.

HALIFAX HEALTH
INVESTMENT COMMITTEE
4:00 p.m., Monday, May 8, 2017

AGENDA

- I. Call to Order
- II. INVESTMENT COMMITTEE
 1. Minutes portal page 3, **action requested**
 - March 27, 2017
 2. Quarterly Review portal page 4, **information only**
 - Ashford Investment Advisors, *Mike Walsh*
 3. Old Business
 4. New Business
 - Manager Presentation – Ponder Investment Company, *Britt Cesarone* portal page 51, **information only**
 - Manager Assessment, *Mike Walsh* discussion, **action requested**
 - Ponder Investment Company
 - Expected Investment Return, FY 2018 portal page 66, **action requested**
 - Annual Review of Pension Plan Rate of Return Assumption portal page 67, **action requested**
 5. Informational Only portal page 72, **information only**
 - Investment Performance Report, March 2017
- III. Next Meeting: Monday, August 14, 2017, 4:00 p.m. – Regular scheduled meeting.
- IV. Open Discussion
- V. Adjournment

Halifax Hospital Medical Center
Investment Committee Meeting, Sub Committee Audit & Finance Committee
France Tower, Conference Room A, 303 N. Clyde Morris Blvd., Daytona Beach, FL 32114
Monday, March 27, 2017

Present: Ted Serbousek, Chairman & Chairman, Audit & Finance Committee
Dan Francati, Member & Member, Audit & Finance Committee & Vice Chairman, Board of Commissioners
Dave Graffagnino, Member
Mike Walsh, Advisor

Via Phone: Susan Schandel, Member & Member, Audit & Finance Committee & Treasurer, Board of Commissioners
Greg Motto, Member, Audit & Finance Committee

Not Present: Decker Youngman, Member, Audit & Finance Committee

Also Present: Jeff Feasel, President & Chief Executive Officer
Eric Peburn, Executive Vice President & Chief Financial Officer
Kent Bailey, Director of Finance
Joe Petrock, Executive Director, Foundation
Ben Eby, Director of Finance, Halifax Health Hospice
Leslie Wojcik, Ashford Investments

The meeting was called to order at 4:05 p.m. by Ted Serbousek.

Minutes

Discussion: Minutes from the November 14, 2016 Investment Committee meeting were reviewed.

Action: Mr. Graffagnino moved to approve the November 14, 2016 Investment Committee minutes as presented. Ms. Schandel seconded the motion and it carried unanimously.

Quarterly Review

Discussion: Mr. Walsh, Ashford Investment Advisors, presented the investment review for the 4th calendar quarter, ended 12/31/2016.

Action: None required.

Old Business

Discussion: None.

New Business

Discussion: None.

Informational Only

Discussion: Investment Performance Report, February 2017

Action: None required.

Next Meeting: Monday, May 8, 2017 4 p.m. – Regular scheduled meeting

Open Discussion

Discussion: None.

Adjournment

Ted Serbousek



Halifax Health Investment Accounts

Portfolio Reviews

First Quarter 2017 Ended 3/31/2017

Prepared by:

Ashford Investment Advisors

**Halifax Health Investment Accounts
First Quarter 2017
Performance Summary**

HH Holdings, Inc.	Balance as of 3/31/2017	1st Quarter Performance
Vanguard Short-term Inv Grade	\$53,031,926	0.84%
<i>Benchmark: Barclay's 1-5 Year Gov't/Credit Index</i>		0.57%
*Ponder/Salem Short-term Gov't Bond	\$31,837,878	0.56%
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		0.57%
*Ponder/Salem U.S. Treasury	\$73,355,434	0.15%
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		0.57%

Liquid Assets

*Ponder/Salem Short-term Gov't Bond	\$42,099,744	0.34%
<i>Benchmark: Barclay's Intermediate Gov't Bond Index</i>		0.39%
Vanguard Short-term Gov't Bond	\$64,246	0.39%
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		0.39%

Debt & Self Insurance

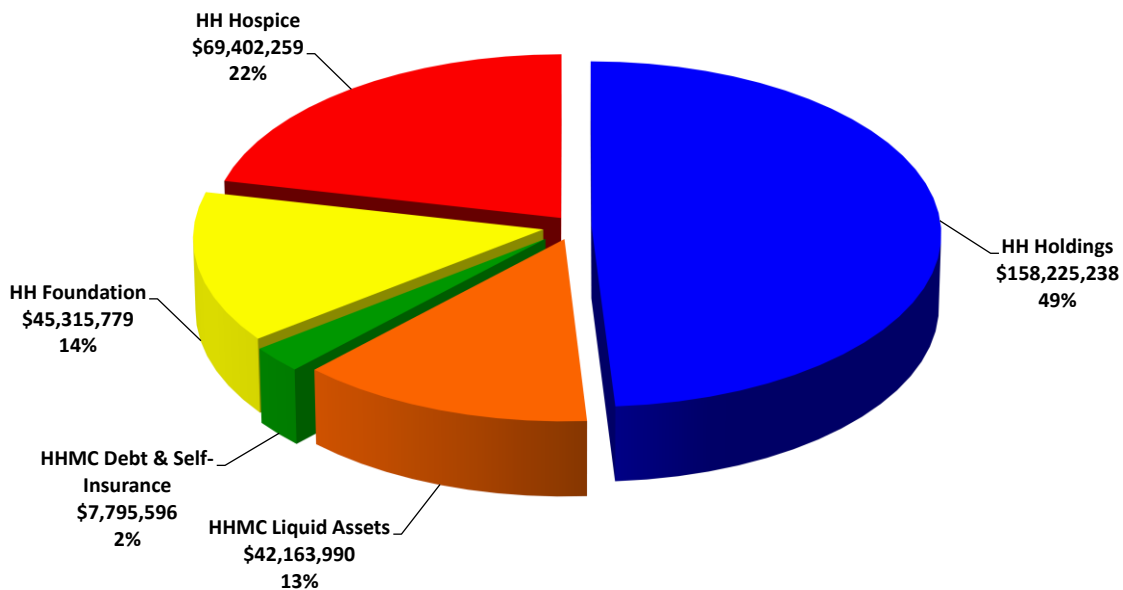
Wells Fargo Short-Term Gov't Bond	\$579,094	0.11%
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		0.39%
Wells Fargo Series 2016 Project 3 Month T-Bill	\$7,216,502	0.11%
		0.15%

*Separately managed account.

**Halifax Health Investment Accounts
First Quarter 2017
Performance Summary**

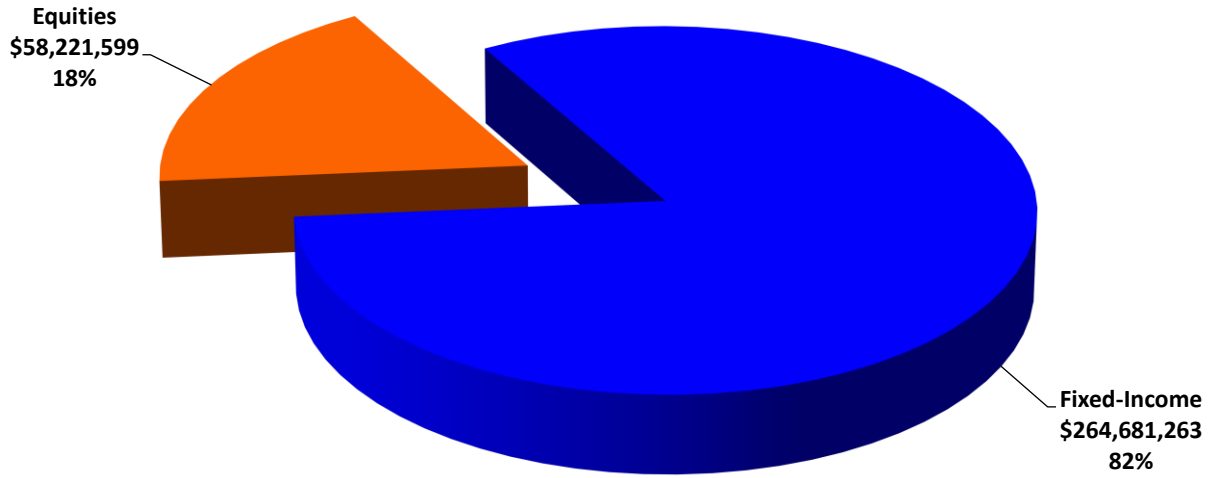
Foundation	Balance as of 3/31/2017	1st Quarter Performance
Vanguard Short-term Inv Grade	\$22,264,215	0.84%
<i>Benchmark: Barclay's 1-5 Year Gov't/Credit Index</i>		0.57%
DFA	\$13,980,779	3.06%
<i>Benchmark: Composite of Small-Cap Value, Int'l Value, Emerging Mkts. & Large Cap Value</i>		3.23%
Vanguard	\$9,070,785	6.93%
<i>Benchmark: Composite of Energy, Lg-Cap Growth, Healthcare & Small-Cap Growth</i>		6.26%
Hospice		
Vanguard Short-term Inv Grade	\$34,232,224	0.84%
<i>Benchmark: Barclay's 1-5 Year Gov't/Credit Index</i>		0.57%
DFA	\$21,997,265	3.13%
<i>Benchmark: Composite of Small-Cap Value, Int'l Value and Emerging Mkts. & Large Cap Value</i>		3.29%
Vanguard	\$13,172,770	7.15%
<i>Benchmark: Composite of Energy, Lg-Cap Growth, Healthcare & Small-Cap Growth</i>		6.59%
Pension		
Vanguard Short-term Inv Grade	\$128,440,703	0.84%
<i>Benchmark: Barclay's 1-5 Year Gov't/Credit Index</i>		0.57%
DFA	\$88,345,705	4.57%
<i>Benchmark: Composite of Small-Cap Value, Int'l Value and Emerging Mkts. & Large Cap Value</i>		4.78%
Vanguard	\$44,642,506	5.55%
<i>Benchmark: Composite of Energy, Lg-Cap Growth, Healthcare & Small-Cap Growth</i>		4.85%

Halifax Health Investment Accounts
Value of Assets
as of 3/31/2017



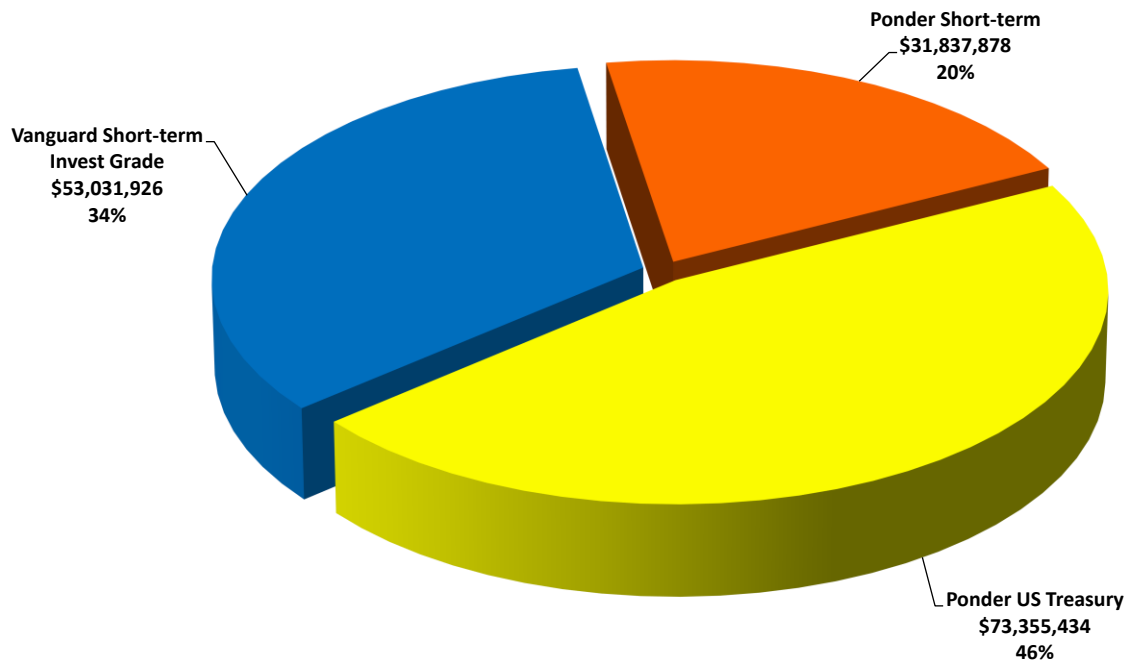
Total: \$322,902,862

Halifax Health Investment Accounts
Fixed-Income vs. Equity Assets
as of 3/31/2017



Total: \$322,902,862

**HH Holdings Accounts
Breakdown of Assets**
as of 3/31/2017



Total: \$158,225,238

HH Holdings, Inc.

Vanguard Account 88032962086 -- VFSIX
Short-term Investment Grade
HH Holdings, Inc.

First Quarter 2017
Ended 3/31/2017

Beginning Balance as of 12/31/2016	\$52,590,876
Net Additions/Withdrawals	0
Investment Gain	+441,050
Ending Balance as of 3/31/2017	<u>\$53,031,926</u>
Net Return 1st Quarter 2017	+84 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	+57 bp

HH Holdings, Inc.

Ponder/Salem Account 3040000414
Short-term Govt/Corp Bond
HH Holdings, Inc.

First Quarter 2017
Ended 3/31/2017

Beginning Balance as of 12/31/2016	\$31,667,340
Net Additions/Withdrawals	-7,411
Investment Gain	<u>+177,949</u>
Ending Balance as of 3/31/2017	<u>*\$31,837,878</u>
Net Return 1st Quarter 2017	+56 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	+57 bp

*Includes Accrued Interest

HH Holdings, Inc.

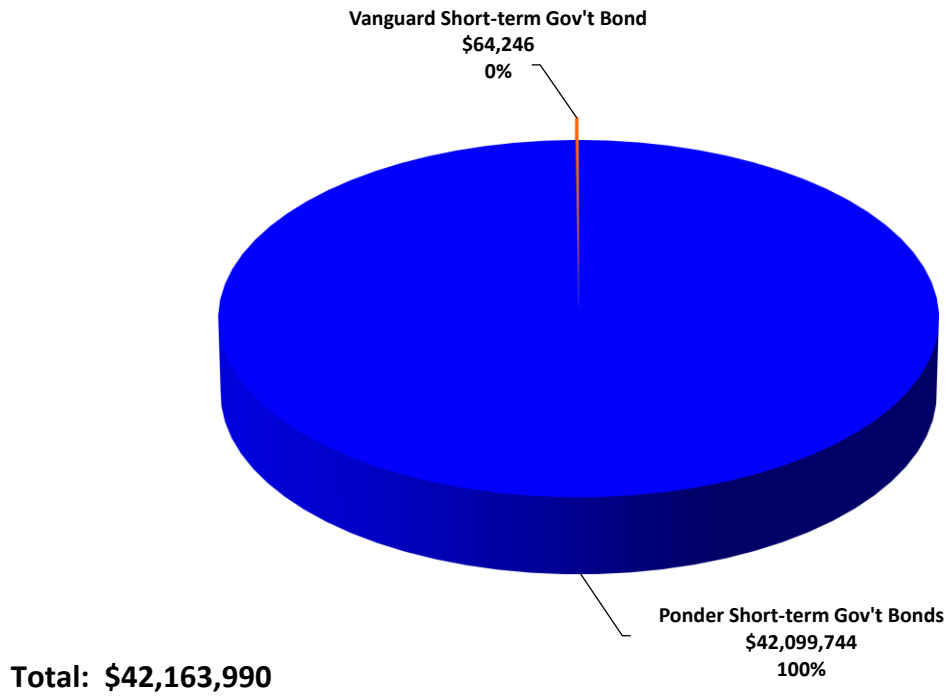
Ponder/Salem Account 3040000414
U.S. Treasury Account
HH Holdings, Inc.

First Quarter 2017
Ended 3/31/2017

Beginning Balance as of 12/31/2016	\$80,238,248
Net Additions/Withdrawals	-7,000,000
Investment Gain	<u>+117,186</u>
Ending Balance as of 3/31/2017	<u>*\$73,355,434</u>
Net Return 1st Quarter 2017	+15 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	+57 bp

*Includes Accrued Interest

HHMC Liquid Investments Accounts
Breakdown of Assets
as of 3/31/2017



HHMC Liquid Investment Account

Ponder/Salem Account 3040030258
Short-term Government Bond
HHMC Depreciation

First Quarter 2017
Ended 3/31/2017

Beginning Balance as of 12/31/2016	\$41,960,040
Net Additions/Withdrawals	-2,819
Investment Gain	<u>+142,523</u>
Ending Balance as of 3/31/2017	<u>*\$42,099,744</u>
Net Return 1st Quarter 2017	+34 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't Bond Index	+39 bp

*Includes accrued interest.

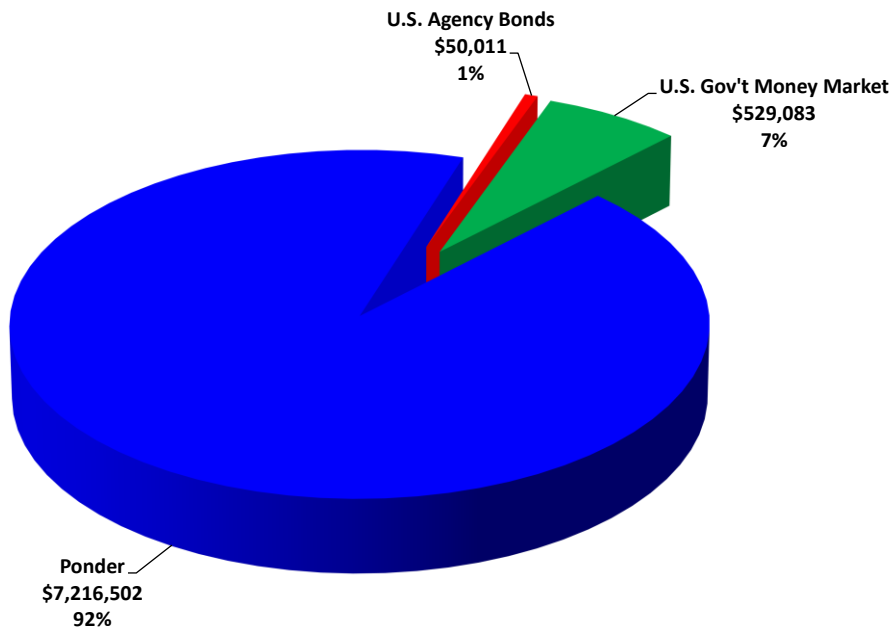
HHMC Liquid Investment Account

Vanguard Account 88060843876 – VSGDX
Short-term Government Bond
Halifax Hospital Medical Center dba Halifax Health

First Quarter 2017
Ended 3/31/2017

Beginning Balance as of 12/31/2016	\$63,998
Net Additions/Withdrawals	0
Investment Gain	<u>+248</u>
Ending Balance as of 3/31/2017	<u>\$64,246</u>
Net Return 1st Quarter 2017	+39 bp
Benchmark Performance: Barclay's 1-5 Year Gov't Bond Index	+39 bp

HHMC Debt & Self-Insurance Accounts
Breakdown of Fixed-Income Assets
as of 3/31/2017



Total: \$7,795,596

HHMC Debt & Self-Insurance Account

Wells Fargo Account 25564000
Short-term Government Bond
Halifax Hospital Trust
U/A DTD 12/11/87 Self-Insurance Fund

First Quarter 2017
Ended 3/31/2017

Beginning Balance as of 12/31/2016	\$593,429
Net Additions/Withdrawals	-15,000
Investment Gain	<u>+665</u>
Ending Balance as of 3/31/2017	<u>\$579,094</u>
Net Return 1st Quarter 2017	+11 bp
Benchmark Performance: Barclay's 1-5 Year Gov't Bond Index	+39 bp

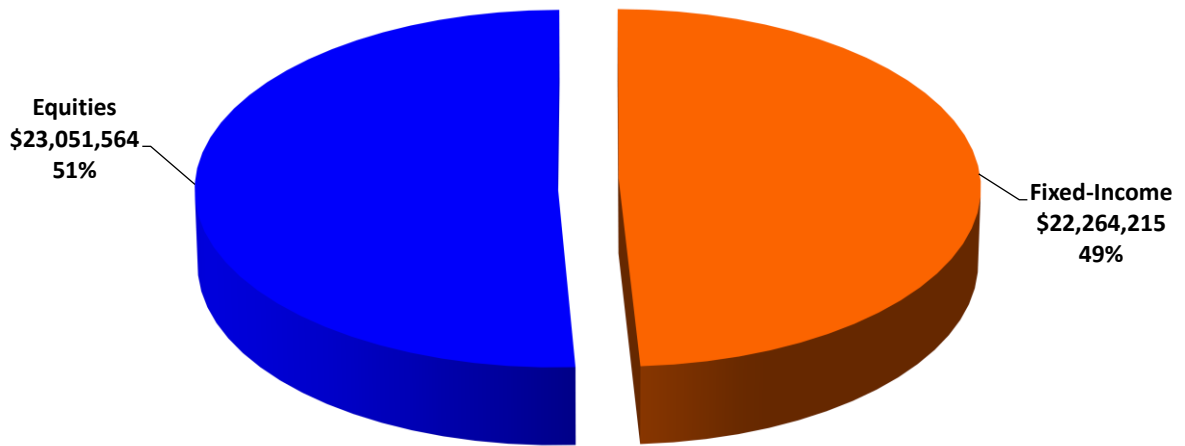
HHMC Debt & Self-Insurance Account

Wells Fargo Account 78933506
Hospital Revenue Refunding and Improvement Bonds
Series 2016 Project

First Quarter 2017
Ended 3/31/2017

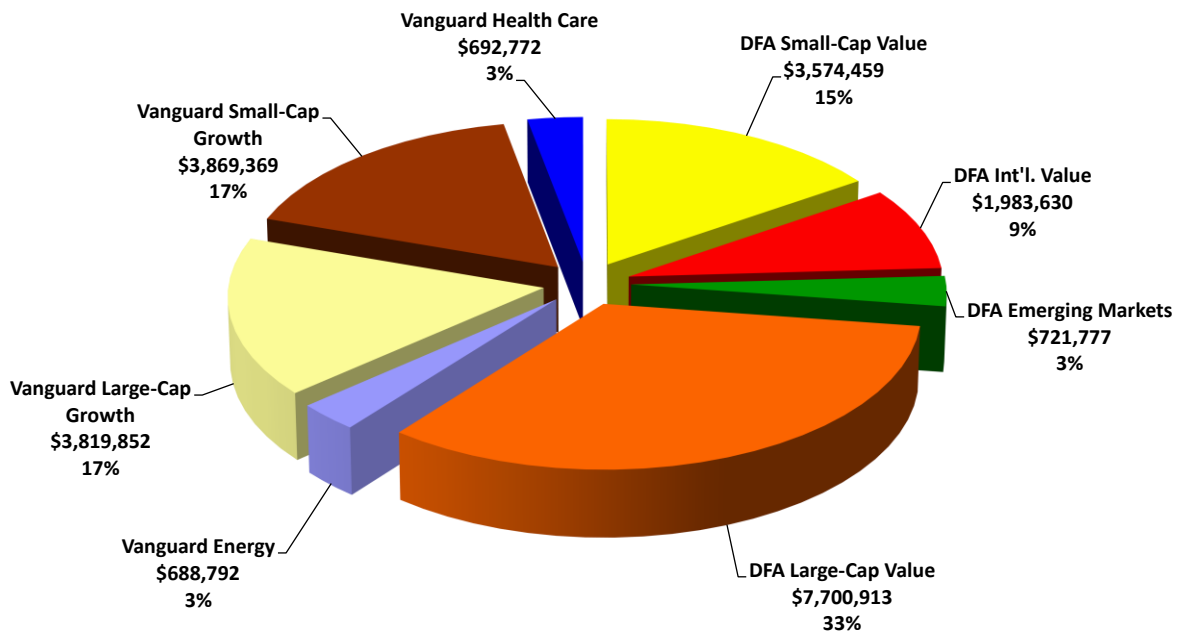
Beginning Balance as of 12/31/2016	\$12,680,311
Net Additions/Withdrawals	-5,473,476
Net Investment Gain	<u>+9,667</u>
Ending Balance as of 3/31/2017	<u>\$7,216,502</u>
Net Return 1st Quarter 2017	+11 bp
Benchmark Performance: 3 Month T-Bill	+15 bp

HMC Foundation Accounts
Breakdown of Fixed-Income vs. Equity Assets
as of 3/31/2017



Total: \$45,315,779

HMC Foundation Accounts
Breakdown of Equity Assets
as of 3/31/2017



Total: \$23,051,564

HMC Foundation Account

**Vanguard Account 88038919211/88051689065 -- VFSIX
Short-term Investment Grade
Halifax Medical Center Foundation, Inc.**

First Quarter 2017
Ended 3/31/2017

Beginning Balance as of 12/31/2016	\$22,079,049
Net Additions/Withdrawals	0
Investment Gain	<u>+185,166</u>
Ending Balance as of 3/31/2017	<u>\$22,264,215</u>
Net Return 1st Quarter 2017	+84 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	+57 bp

HMC Foundation Account

Dimensional (DFA) Account 10036 Halifax Medical Center Foundation, Inc.

First Quarter 2017
Ended 3/31/2017

Small Cap Value (DFSVX)

Beginning Balance as of 12/31/2016	\$3,623,322
Net Additions/Withdrawals	0
Investment Loss	<u>-48,863</u>
Ending Balance as of 3/31/2017	<u>\$3,574,459</u>
Net Return 1st Quarter 2017	-1.35%
Benchmark Performance: Russell 2000 Small Value	-13 bp

International Value (DFIVX)

Beginning Balance as of 12/31/2016	\$1,872,650
Net Additions /Withdrawals	0
Investment Gain	<u>+110,980</u>
Ending Balance as of 3/31/2017	<u>\$1,983,630</u>
Net Return 1st Quarter 2017	+5.93%
Benchmark Performance: MSCI World ex USA Idx	+6.81%

Emerging Markets Value (DFEVX)

Beginning Balance as of 12/31/2016	\$632,050
Net Additions /Withdrawals	0
Investment Gain	<u>+89,727</u>
Ending Balance as of 3/31/2017	<u>\$721,777</u>
Net Return 1st Quarter 2017	+14.20%
Benchmark Performance: MSCI EMID	+11.44%

Large Cap Value (DFLVX)

	\$7,438,518
Beginning Balance as of 12/31/2016	0
Net Additions /Withdrawals	+262,395
Investment Gain	<u>\$7,700,913</u>
Ending Balance as of 3/31/2017	+3.53%
Net Return 1st Quarter 2017	+3.27%
Benchmark Performance: Russell 1000 Large Value	

Total: DFA Foundation 1st Quarter 2017

Beginning Balance as of 12/31/2016	\$13,566,540
Net Additions /Withdrawals	0
Investment Gain	<u>+414,239</u>
Ending Balance as of 3/31/2017	\$13,980,779
Combined Return 1st Quarter 2017	+3.06%
Combined Benchmark Performance	+3.23%

HMC Foundation Account

Vanguard Accounts 88038919211/88051689065 Halifax Medical Center Foundation, Inc.

First Quarter 2017
Ended 3/31/2017

Energy (VGELX)

Beginning Balance as of 12/31/2016	\$490,643
Net Additions/Withdrawals	0
Investment Loss	<u>-19,567</u>
Ending Balance as of 3/31/2017	<u>\$471,076</u>
Net Return 1st Quarter 2017	-3.99%
Benchmark Performance: MSCI All Country World Energy	-3.90%

Energy Index (VENAX)

Beginning Balance as of 12/31/2016	\$233,891
Net Additions/Withdrawals	0
Investment Loss	<u>-16,175</u>
Ending Balance as of 3/31/2017	<u>\$217,716</u>
Net Return 1st Quarter 2017	-6.92%
Benchmark Performance: MSCI All Country World Energy	-3.90%

Large-Cap Growth (VIGIX)

Beginning Balance as of 12/31/2016	\$3,484,863
Net Additions/Withdrawals	0
Investment Gain	<u>+334,989</u>
Ending Balance as of 3/31/2017	<u>\$3,819,852</u>
Net Return 1st Quarter 2017	+9.61%
Benchmark Performance: Russell 1000 Large Growth	+8.91%

Health Care (VGHAX)

Beginning Balance as of 12/31/2016	\$626,438
Net Additions/Withdrawals	0
Investment Gain	<u>+66,334</u>
Ending Balance as of 3/31/2017	<u>\$692,772</u>
Net Return 1st Quarter 2017	+10.59%
Benchmark Performance: MSCI All Country World Health Care	+8.37%

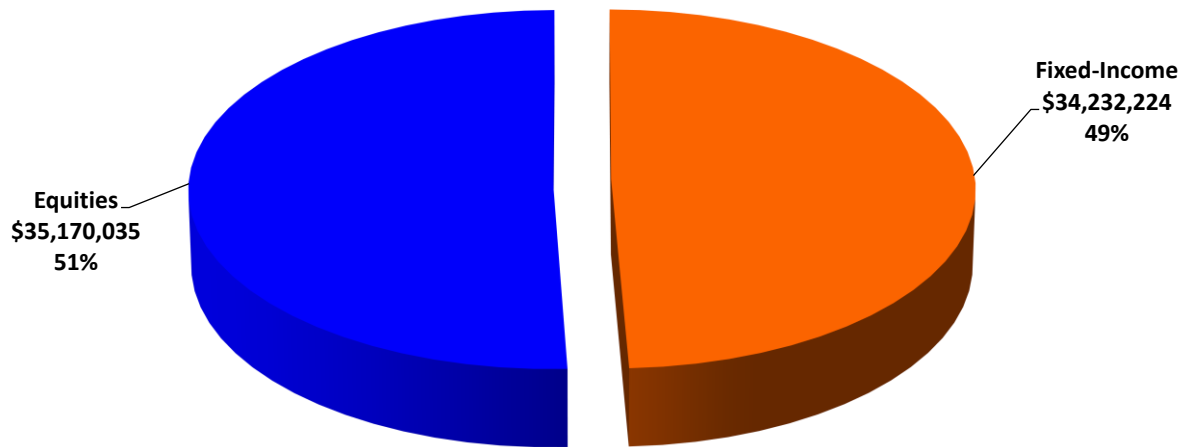
Small-Cap Growth (VSGIX)

Beginning Balance as of 12/31/2016	\$3,649,438
Net Additions/Withdrawals	0
Investment Gain	<u>+219,931</u>
Ending Balance as of 3/31/2017	<u>\$3,869,369</u>
Net Return 1st Quarter 2017	+6.03%
Benchmark Performance: Russell 2000 Small Growth	+5.35%

Total: Vanguard Foundation 1st Quarter 2017

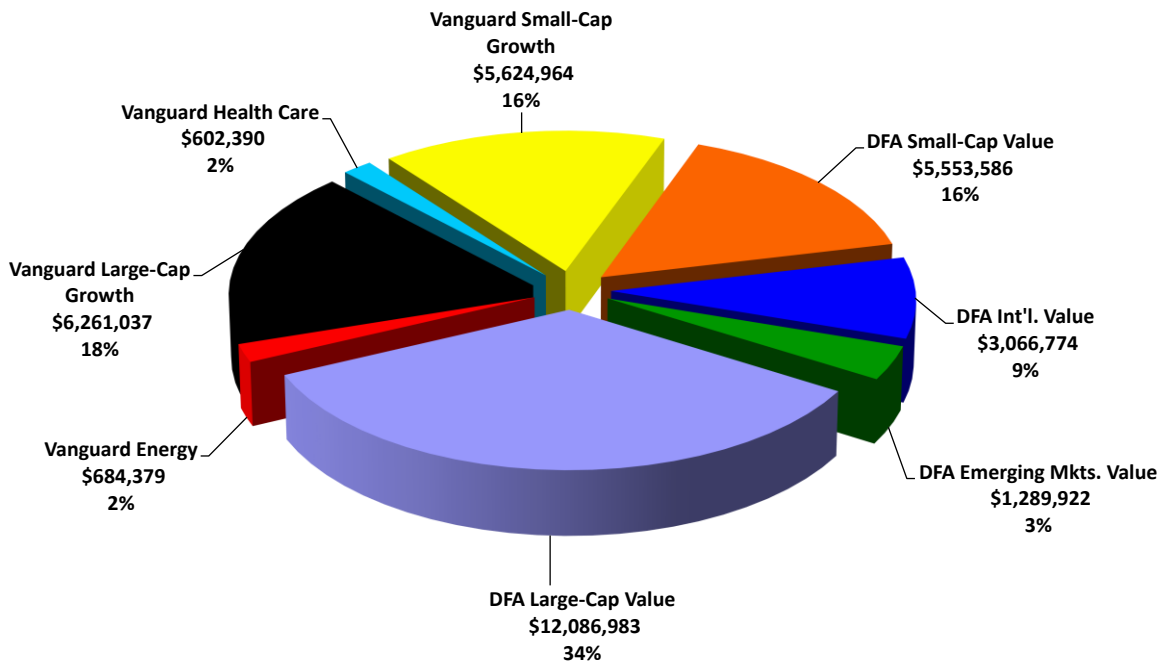
Beginning Balance as of 12/31/2016	\$8,485,273
Net Additions/Withdrawals	0
Investment Gain	<u>+585,512</u>
Ending Balance as of 3/31/2017	<u>\$9,070,785</u>
Combined Net Return 1st Quarter 2017	+6.93%
Combined Benchmark Return	+6.26%

Halifax Hospice Accounts
Breakdown of Fixed-Income vs. Equity Assets
as of 3/31/2017



Total: \$69,402,259

**Halifax Hospice Accounts
Breakdown of Equity Assets
as of 3/31/2017**



Total: \$35,170,035

Halifax Hospice Accounts

Vanguard Account 88038915859 -- VFSIX **Short-term Investment Grade** **Halifax Hospice**

First Quarter 2017
Ended 3/31/2017

Beginning Balance as of 12/31/2016	\$33,947,525
Net Additions/Withdrawals	0
Investment Gain	<u>+284,699</u>
Ending Balance as of 3/31/2017	<u>\$34,232,224</u>
Net Return 1st Quarter 2017	+84 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	+57 bp

Halifax Hospice Accounts

Dimensional (DFA) Accounts 10016 Halifax Hospice, Inc.

First Quarter 2017
Ended 3/31/2017

Small Cap Value (DFSVX)

Beginning Balance as of 12/31/2016	\$5,629,504
Net Additions /Withdrawals	0
Investment Loss	<u>-75,918</u>
Ending Balance as of 3/31/2017	<u>\$5,553,586</u>
Net Return 1st Quarter 2017	-1.35%
Benchmark Performance: Russell 2000 Small Value	-13 bp

International Value (DFIVX)

Beginning Balance as of 12/31/2016	\$2,895,194
Net additions/Withdrawals	0
Investment Gain	<u>+171,580</u>
Ending Balance as of 3/31/2017	<u>\$3,066,774</u>
Net Return 1st Quarter 2017	+5.93%
Benchmark Performance: MSCI World ex USA Idx	+6.81%

Emerging Markets Value (DFEVX)

Beginning Balance as of 12/31/2016	\$1,129,566
Net additions/Withdrawals	0
Investment Gain	<u>+160,356</u>
Ending Balance as of 3/31/2017	<u>\$1,289,922</u>
Net Return 1st Quarter 2017	+14.20%
Benchmark Performance: MSCI EMID Index	+11.44%

Large Cap Value (DFLVX)

Beginning Balance as of 12/31/2016	\$11,675,141
Net additions/Withdrawals	0
Investment Gain	<u>+411,842</u>
Ending Balance as of 3/31/2017	<u>\$12,086,983</u>
Net Return 1st Quarter 2017	+3.53%
Benchmark Performance: Russell 1000 Large Value	+3.27%

Total: DFA Hospice 1st Quarter 2017

Beginning Balance as of 12/31/2016	\$21,329,405
Net Additions /Withdrawals	0
Investment Gain	+667,860
Ending Balance as of 3/31/2017	<u>\$21,997,265</u>
Combined Net Return 1st Quarter 2017	+3.13%
Combined Benchmark Return	+3.29%

Halifax Hospice Accounts

Vanguard Account 88038915859 Halifax Hospice, Inc.

First Quarter 2017
Ended 3/31/2017

Energy (VGELX)

Beginning Balance as of 12/31/2016	\$108,417
Net Additions/Withdrawals	0
Investment Loss	<u>-4,323</u>
Ending Balance as of 3/31/2017	<u>\$104,094</u>
Net Return 1st Quarter 2017	-3.99%
Benchmark Performance: MSCI All Country World Energy	-3.90%

Energy Index (VENAX)

Beginning Balance as of 12/31/2016	\$623,397
Net Additions/Withdrawals	0
Investment Loss	<u>-43,112</u>
Ending Balance as of 3/31/2017	<u>\$580,285</u>
Net Return 1st Quarter 2017	-6.92%
Benchmark Performance: MSCI All Country World Energy	-3.90%

Large-Cap Growth (VIGIX)

Beginning Balance as of 12/31/2016	\$5,711,963
Net additions/Withdrawals	0
Investment Gain	<u>+549,074</u>
Ending Balance as of 3/31/2017	<u>\$6,261,037</u>
Net Return 1st Quarter 2017	+9.61%
Benchmark Performance: Russell 1000 Large Growth	+8.91%

Health Care (VGHAX)

Beginning Balance as of 12/31/2016	\$544,710
Net Additions/Withdrawals	0
Investment Gain	<u>+57,680</u>
Ending Balance as of 3/31/2017	<u>\$602,390</u>
Net Return 1st Quarter 2017	+10.59%
Benchmark Performance: MSCI All Country World Health Care	+8.37%

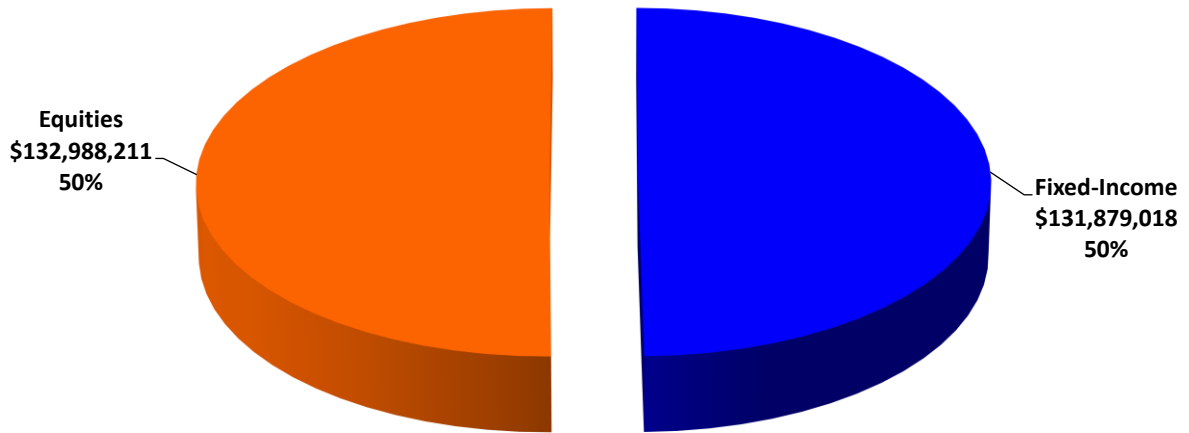
Small-Cap Growth (VSGIX)

Beginning Balance as of 12/31/2016	\$5,305,247
Net Additions/Withdrawals	0
Investment Gain	<u>+319,717</u>
Ending Balance as of 3/31/2017	<u>\$5,624,964</u>
Net Return 1st Quarter 2017	+6.03%
Benchmark Performance: Russell 2000 Small Growth	+5.35%

Total: Vanguard Hospice 1st Quarter 2017

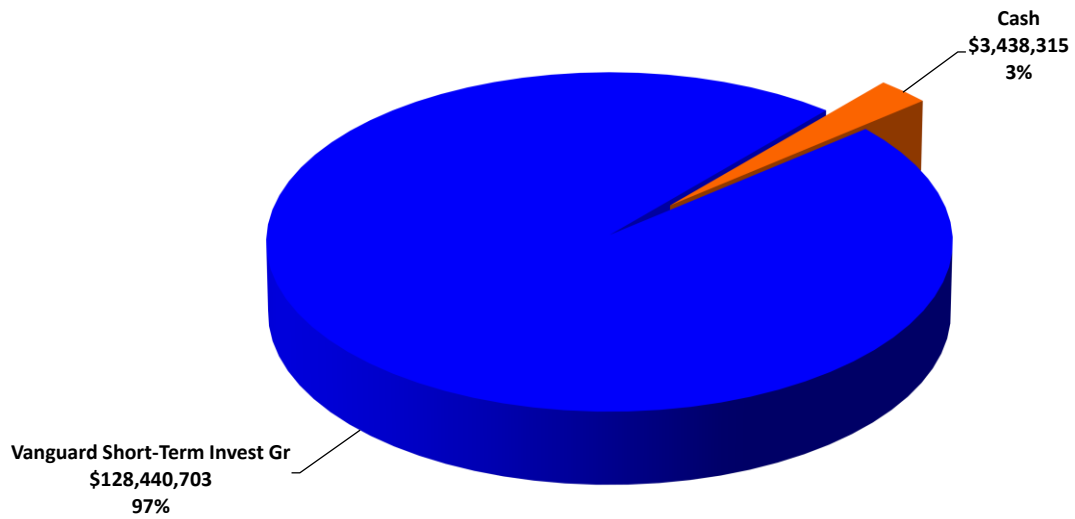
Beginning Balance as of 12/31/2016	\$12,293,734
Net Additions/Withdrawals	0
Investment Gain	<u>+879,036</u>
Ending Balance as of 3/31/2017	<u>\$13,172,770</u>
Combined Net Return 1st Quarter 2017	+7.15%
Combined Benchmark Return	+6.59%

Halifax Staffing Pension Accounts
Breakdown of Fixed-Income vs. Equity Assets
as of 3/31/2017



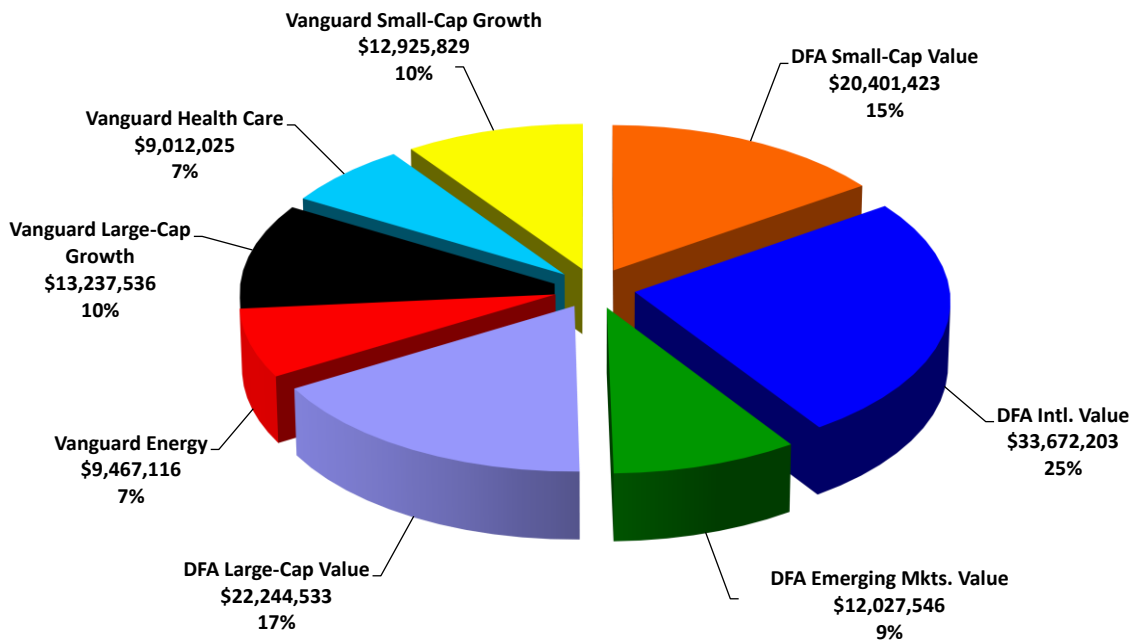
Total: \$264,867,229

**Halifax Staffing Pension Accounts
Breakdown of Fixed-Income Assets**
as of 3/31/2017



Total: \$131,879,018

**Halifax Staffing Pension Accounts
Breakdown of Equity Assets
as of 3/31/2017**



Total: \$132,988,211

Halifax Staffing Pension Account

Vanguard Account 20304802 -- VFSIX
Short-term Investment Grade
Halifax Staffing, Inc.

First Quarter 2017
Ended 3/31/2017

Beginning Balance as of 12/31/2016	\$127,372,499
Net Additions/Withdrawals	0
Investment Gain	<u>+1,068,204</u>
Ending Balance as of 3/31/2017	<u>\$128,440,703</u>
Net Return 1st Quarter 2017	+84 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	+57 bp

Halifax Staffing Pension Account

Dimensional (DFA) Account Pension 10037 Halifax Staffing, Inc.

First Quarter 2017
Ended 3/31/2017

Small Cap Value (DFSVX)

Beginning Balance as of 12/31/2016	\$20,875,920
Net Additions/Withdrawals	-200,000
Investment Loss	<u>-274,497</u>
Ending Balance as of 3/31/2017	<u>\$20,401,423</u>
Net Return 1st Quarter 2017	-1.32%
Benchmark Performance: Russell 2000 Small Value	-13 bp

International Value (DFIVX)

Beginning Balance as of 12/31/2016	\$31,788,311
Net Additions/Withdrawals	0
Investment Gain	<u>+1,883,892</u>
Ending Balance as of 3/31/2017	<u>\$33,672,203</u>
Net Return 1st Quarter 2017	+5.93%
Benchmark Performance: MSCI World ex USA Idx	+6.81%

Emerging Markets Value (DFEVX)

Beginning Balance as of 12/31/2016	\$10,532,349
Net Additions/Withdrawals	0
Investment Gain	<u>+1,495,197</u>
Ending Balance as of 3/31/2017	<u>\$12,027,546</u>
Net Return 1st Quarter 2017	+14.20%
Benchmark Performance: MSCI EMID	+11.44%

Large Cap Value (DFLVX)

Beginning Balance as of 12/31/2016	\$21,677,818
Net Additions/Withdrawals	-200,000
Investment Gain	<u>+766,715</u>
Ending Balance as of 3/31/2017	<u>\$22,244,533</u>
Net Return 1st Quarter 2017	+3.55%
Benchmark Performance: Russell 1000 Large Value	+3.27%

Total: DFA Pension 1st Quarter 2017

Beginning Balance as of 12/31/2016	\$84,874,398
Net Additions/Withdrawals	-400,000
Investment Gain	<u>+3,871,307</u>
Ending Balance as of 3/31/2017	<u>\$88,345,705</u>
Combined Net Return 1st Quarter 2017	+4.57%
Combined Benchmark Return	+4.78%

Halifax Staffing Pension Account

Vanguard Account 20304802 Halifax Staffing, Inc.

First Quarter 2017
Ended 3/31/2017

Energy Fund Admiral (VGELX)

Beginning Balance as of 12/31/2016	\$4,524,346
Net Additions/Withdrawals	0
Investment Loss	<u>-180,424</u>
Ending Balance as of 3/31/2017	<u>\$4,343,922</u>
Net Return 1st Quarter 2017	-3.99%
Benchmark Performance: MSCI All Country World Energy	-3.90%

Energy Index (VENAX)

Beginning Balance as of 12/31/2016	\$5,503,816
Net Additions/Withdrawals	0
Investment Loss	<u>-380,622</u>
Ending Balance as of 3/31/2017	<u>\$5,123,194</u>
Net Return 1st Quarter 2017	-6.92%
Benchmark Performance: MSCI All Country World Energy	-3.90%

Large-Cap Growth (VIGIX)

Beginning Balance as of 12/31/2016	\$13,937,661
Net Additions/Withdrawals	-2,000,000
Investment Gain	<u>+1,299,875</u>
Ending Balance as of 3/31/2017	<u>\$13,237,536</u>
Net Return 1st Quarter 2017	+10.05%
Benchmark Performance: Russell 1000 Large Growth	+8.91%

Health Care (VGHAX)

Beginning Balance as of 12/31/2016	\$8,149,105
Net Additions/Withdrawals	0
Investment Gain	<u>+862,920</u>
Ending Balance as of 3/31/2017	<u>\$9,012,025</u>
Net Return 1st Quarter 2017	+10.59%
Benchmark Performance: MSCI All Country World Health Care	+8.37%

Small-Cap Growth (VSGIX)

Beginning Balance as of 12/31/2016	\$14,076,895
Net Additions/Withdrawals	-2,000,000
Investment Gain	+848,934
Ending Balance as of 3/31/2017	<u>\$12,925,829</u>
Net Return 1st Quarter 2017	+6.49%
Benchmark Performance: Russell 2000 Small Growth	+5.35%

Total: Vanguard Pension 1st Quarter 2017

Beginning Balance as of 12/31/2016	46,191,823
Net Additions/Withdrawals	-4,000,000
Investment Gain	+2,450,683
Ending Balance as of 3/31/2017	<u>\$44,642,506</u>
Combined Net Return 1st Quarter 2017	+5.55%
Combined Benchmark Performance	+4.85%

Halifax Health Portfolios Performance of Benchmarks

*First Quarter 2017
Ended 3/31/2017*

<u>Benchmark</u>	<u>1st Q 2017 Performance</u>
Barclay's 1-5 Year Gov't Bond Index	+0.39%
Barclay's 1-5 Year Gov't/Credit	+0.57%
MSCI All Country World Energy Index	-3.90%
MSCI All Country World Health Care Index	+8.37%
MSCI World ex USA Index	+6.81%
MSCI Emerging Markets EMID Index	+11.44%
Russell 1000 Large Growth Index	+8.91%
Russell 1000 Large Value Index	+3.27%
Russell 2000 Small Growth Index	+5.35%
Russell 2000 Small Value Index	-0.13%
S&P 500 Index	+6.07%
3 Month T-Bill	+0.15%

Halifax Health Portfolio

*Investment Account Balances
as of March 31, 2017*

Halifax Health Investment Accounts

HH Holdings

<i>IM/Account Title/Account #</i>	Balance as of 9/30/2016	Balance as of 12/31/2016	Balance as of 2/28/2017	Balance as of 3/31/2017	Change 1st Quarter 2017
<i>Vanguard/HH Holdings 0858-88032962086 Short-term Inv-Gr</i>	\$ 53,021,630	\$ 52,590,876	\$ 52,963,746	\$ 53,031,926	\$ 441,050
<i>Ponder/HH Holdings 3040000414 Short-term Gov't/Corporate</i>	32,095,931	31,667,340	31,810,096	31,837,878	170,538
<i>Ponder/HH Holdings 3040000414 US Treasury Account</i>	80,382,921	80,238,248	80,403,364	73,355,434	(6,882,814)
Totals:	\$ 165,500,482	\$ 164,496,464	\$ 165,177,206	\$ 158,225,238	\$ (6,271,226)

HHMC Liquid Investment Accounts

<i>Ponder/Hal Med Ctr Deprec 3040030258 Short-term Gov't Bond</i>	\$ 42,312,322	\$ 41,960,040	\$ 42,081,220	\$ 42,099,744	\$ 139,704
<i>Vanguard/Hal Hosp Med Ctr dba HH 88060843876 Short-term Gov't Bond</i>	64,542	63,998	64,239	64,246	248
Totals:	\$ 42,376,864	\$ 42,024,038	\$ 42,145,459	\$ 42,163,990	\$ 139,952

HHMC Debt & Self-Insurance Accounts
Page 2

Account/Account	Balance as of 9/30/2016	Balance as of 12/31/2016	Balance as of 2/28/2017	Balance as of 3/31/2017	Change 1st Quarter 2017
<i>Wells Fargo</i> Hal Hos Tr Slf Ins fd 25564000	\$ 611,746	\$ 593,429	\$ 583,892	\$ 579,094	\$ (14,335)
<i>Ponder</i> /2016 Project Fund HHMC Rev Ref & Improv Bds Series 2016 Project	12,670,146	12,680,311	7,213,019	7,216,502	(5,463,809)
Totals:	\$ 13,281,892	\$ 13,273,740	\$ 7,796,911	\$ 7,795,596	\$ (5,478,144)

HH Foundation Accounts

Account/Account	Balance as of 9/30/2016	Balance as of 12/31/2016	Balance as of 2/28/2017	Balance as of 3/31/2017	Change 1st Quarter 2017
<i>Vanguard</i> HMC Foundation Inc. Short-Term Invest-Gr Inst.	\$ 21,250,683	\$ 22,079,049	\$ 22,235,591	\$ 22,264,215	\$ 185,166
<i>Dimensional (DFA)</i> HMC Foundation Inc. Small-Cap Value	3,572,033	3,623,322	3,615,570	3,574,459	(48,863)
International Value	1,781,973	1,872,650	1,939,689	1,983,630	110,980
Emerging Markets Value	638,213	632,050	702,512	721,777	89,727
Large-Cap Value	7,302,763	7,438,518	7,773,453	7,700,913	262,395
<i>Vanguard</i> HMC Foundation Inc. Energy	682,649	724,534	691,203	688,792	(35,742)
Large-Cap Growth	3,499,467	3,484,863	3,770,050	3,819,852	334,989
Health Care	666,040	626,438	690,183	692,772	66,334
Small-Cap Growth	3,598,540	3,649,438	3,852,997	3,869,369	219,931
Totals:	\$ 42,992,361	\$ 44,130,862	\$ 45,271,248	\$ 45,315,779	\$ 1,184,917

Account/Account	Balance as of 9/30/2016	Balance as of 12/31/2016	Balance as of 2/28/2017	Balance as of 3/31/2017	Change 1st Quarter 2017
<i>Vanguard</i>					
Halifax Hospice Inc.					
Short-Term Invest-Gr Inst	\$ 32,711,882	\$ 33,947,525	\$ 34,188,214	\$ 34,232,224	\$ 284,699
<i>Dimensional (DFA)</i>					
Halifax Hospice Inc.					
Small-Cap Value	5,527,105	5,629,504	5,617,459	5,553,586	(75,918)
International Value	2,755,004	2,895,194	2,998,840	3,066,774	171,580
Emerging Markets Value	1,140,580	1,129,566	1,255,492	1,289,922	160,356
Large-Cap Value	10,747,263	11,675,141	12,200,839	12,086,983	411,842
<i>Vanguard</i>					
Halifax Hospice Inc.					
Energy	682,237	731,814	690,619	684,379	(47,435)
Large-Cap Growth	5,735,899	5,711,963	6,179,405	6,261,037	549,074
Health Care	579,146	544,710	600,138	602,390	57,680
Small-Cap Growth	5,951,751	5,305,247	5,601,163	5,624,964	319,717
Totals:	\$ 65,830,867	\$ 67,570,664	\$ 69,332,169	\$ 69,402,259	\$ 1,831,595

HH Portfolio Totals with First Quarter 2017 Changes

HH Holdings	\$ 165,500,482	\$ 164,496,464	\$ 165,177,206	\$ 158,225,238	\$ (6,271,226)
HHMC Liquid Investments Accounts	42,376,864	42,024,038	42,145,459	42,163,990	139,952
HHMC Debt & Self-Insurance Accounts	13,281,892	13,273,740	7,796,911	7,795,596	(5,478,144)
HH Foundation Accounts	42,992,361	44,130,862	45,271,248	45,315,779	1,184,917
HH Hospice Accounts	65,830,867	67,570,664	69,332,169	69,402,259	1,831,595
Totals:	\$ 329,982,466	\$ 331,495,768	\$ 329,722,993	\$ 322,902,862	\$ (8,592,906)

HH Pension Accounts

<i>IM/Account/Account #</i>	Balance as of 9/30/2016	Balance as of 12/31/2016	Balance as of 2/28/2017	Balance as of 3/31/2017	Change 1st Quarter 2017
<i>Vanguard</i>					
Halifax Staffing Inc. DB Pension Plan					
Short-Term Invest-Gr Inst	\$ 114,381,463	\$ 127,372,499	\$ 128,275,575	\$ 128,440,703	\$ 1,068,204
<i>Dimensional (DFA)</i>					
Halifax Staffing Inc. DB Pension Plan					
Small-Cap Value	17,634,891	20,875,920	20,636,067	20,401,423	(474,497)
International Value	29,845,051	31,788,311	32,926,317	33,672,203	1,883,892
Emerging Markets Value	10,236,036	10,532,349	11,706,519	12,027,546	1,495,197
Large-Cap Value	18,304,014	21,677,818	22,454,070	22,244,533	566,715
<i>Vanguard</i>					
Halifax Staffing Inc. DB Pension Plan					
Energy	8,948,940	10,028,162	9,522,752	9,467,116	(561,046)
Large-Cap Growth	13,587,011	13,937,661	13,064,945	13,237,536	(700,125)
Health Care	8,190,421	8,149,105	8,978,341	9,012,025	862,920
Small-Cap Growth	14,424,625	14,076,895	12,871,135	12,925,829	(1,151,066)
Wells Fargo Government Money Market	0	0	4,401,062	1,719	1,719
<i>Wells Fargo</i>					
Halifax Staffing Inc. DB Pension Plan					
Cash & Cash Equivalents	4,591,685	3,913,682	683,485	3,436,596	(477,086)
Totals:	\$ 240,144,137	\$ 262,352,402	\$ 265,520,268	\$ 264,867,229	\$ 2,514,827

Total Assets: Pension and Investment Accounts

Totals with First Quarter 2017 Changes

Pension Accounts	\$ 240,144,137	\$ 262,352,402	\$ 265,520,268	\$ 264,867,229	2,514,827
All Other Accounts	329,982,466	331,495,768	329,722,993	322,902,862	(8,592,906)
Grand Total:	\$ 570,126,603	\$ 593,848,170	\$ 595,243,261	\$ 587,770,091	\$ (6,078,079)

Halifax Foundation Accounts
Asset Allocation as of 3/31/2017

ASSET CLASS	RANGE	TARGET	3/31/2017	ACTUAL
FIXED				
Short-Term Invest Gr	0-60%	50%	\$22,264,215	49%
Cash Equivalents			\$0	0%
Total Fixed	30-60%	50%	\$22,264,215	49%
EQUITIES				
Large-Cap Value	10%-30%	17%	\$7,700,913	17%
Small-Cap Value	5%-15%	8%	\$3,574,459	8%
International Value	0%-15%	4%	\$1,983,630	4%
Emerging Markets Value	0%-5%	2%	\$721,777	2%
Large-Cap Growth	5%-15%	8%	\$3,819,852	8%
Small-Cap Growth	5%-15%	8%	\$3,869,369	9%
Specialty:	0%-11%	3%	\$1,381,564	3%
<i>Healthcare</i>			\$692,772	
<i>Energy</i>			\$688,792	
Total Equity	40-70%	50%	\$23,051,564	51%
Total Portfolio		100%	\$45,315,779	100%

Halifax Hospice Accounts
Asset Allocation as of 3/31/2017

ASSET CLASS	RANGE	TARGET	3/31/2017	ACTUAL
FIXED				
Short-Term Invest Gr	0-60	50%	\$34,232,224	49%
Cash			\$0	0%
Total Fixed	30-60%	50%	\$34,232,224	49%
EQUITIES				
Large-Cap Value	10%-30%	17%	\$12,086,983	17%
Small-Cap Value	5%-15%	8%	\$5,553,586	8%
International Value	0%-15%	4%	\$3,066,774	4%
Emerging Markets Value	0%-5%	2%	\$1,289,922	2%
Large-Cap Growth	5%-15%	8%	\$6,261,037	9%
Small-Cap Growth	5%-15%	8%	\$5,624,964	8%
Specialty (Healthcare/Energy)	0%-11%	3%	\$1,286,769	2%
<i>Healthcare</i>			\$602,390	
<i>Energy</i>			\$684,379	
Total Equity	40-70%	50%	\$35,170,035	51%
Total Portfolio		100%	\$69,402,259	100%

Halifax Pension Accounts
Asset Allocation as of 3/31/2017

ASSET CLASS	RANGE	TARGET	3/31/2017	ACTUAL
FIXED				
Short-Term Invest Gr	0-60%	50%	\$128,440,703	49%
Cash			\$3,438,315	1%
Total Fixed	30-60%	50%	\$131,879,018	50%
EQUITIES				
Large-Cap Value	7%-13%	8%	\$22,244,533	8%
Small-Cap Value	7%-13%	8%	\$20,401,423	8%
International Value	11%-19%	13%	\$33,672,203	13%
Emerging Markets Value	3%-7%	4%	\$12,027,546	5%
Large-Cap Growth	4%-10%	5%	\$13,237,536	5%
Small-Cap Growth	4%-8%	5%	\$12,925,829	5%
Specialty (Healthcare/Energy)	0%-11%	7%	\$18,479,141	7%
<i>Healthcare</i>			\$9,012,025	
<i>Energy</i>			\$9,467,116	
Total Equity	40-70%	50%	\$132,988,211	50%
Total Portfolio		100%	\$264,867,229	100%

Halifax Health Investment Accounts Portfolio Monitoring

First Quarter 2017: Ended 3/31/2017

Vanguard Short-Term Investment-Grade (VFSIX) **** **Short-Term Bond Fund**

The Vanguard Short-Term Bond Fund is a short-term corporate bond fund with an average duration of 2.6 years. There are 2,150 bond holdings with an average credit quality of A. The fund is in the top 15% in category over a ten year period and was up 0.84% for the quarter, ahead of its benchmark. The fund takes average risks and produces above average returns.

Vanguard Short-term Federal Admiral Fund (VSGDX) **** **Short-Term Gov Bond Fund**

The Vanguard Short-term Federal fund is a short-term government bond fund with an average duration of 2.4 years. 99% of the fund is invested in AAA government securities. The fund invests in agency bonds, agency mortgages and treasuries. The fund is in the top 10% in its category over 5 years and was up 0.39% for the quarter, which is even with its short government category. The fund takes average risks and provides above average returns.

DFA US Small Cap Value Fund (DFSVX) *** **Small Value**

The DFA Small Cap Value Fund invests in Small Cap Value stocks, and its diversification is the best in the Small Cap Value category with over 1100 individual holdings. Dimensional Fund Advisors may well have the best academic approach to investing in the securities industry. The DFA Small Cap was down 1.35% for the quarter. The fund is in the top 22% in its category, its Sharpe Ratio is low and risk ratings are average.

DFA Emerging Markets Value Fund (DFEVX) ** **Emerging Markets Value**

This fund invests in Emerging Market stocks around the world. The DFA Emerging Markets was up 14.20% for the quarter. Its Sharpe Ratio is +0.20 and its rank in category is 36 for 10 years. The fund had a terrible year in 2015 but is now a leading asset class for the past year.

DFA International Value Fund (DFIVX) *** **Foreign Large Value**

This fund invests in companies from 22 developed markets outside the United States. The fund is run by a deep and experienced management team that selects companies with high book value relative to market price. DFA International was up 5.93% for the quarter, which was higher than its benchmark. It is in the top 47% of funds in its category over a 10-year period. Its Sharpe Ratio is low and its risk characteristics have improved. The fund is in the top 8 percentile this quarter.

DFA Large-Cap Value Fund (DFLVX) ******Large-Cap Value**

The US Large-Cap Value portfolio purchases a broad and diverse group of US companies determined by Dimensional to be value stocks. The portfolio invests in securities of companies with market capitalizations within the largest 90% of the market or larger than the 1000 largest US companies. This fund was up 3.53% for the quarter, above its Russell 1000 Value Benchmark. It is in the top 22% of large-value funds with a low expense ratio and an excellent sharp ratio of +0.74.

Vanguard Health Care Admiral Fund (VGHAX) ******Specialty: Health**

This fund maintains exposure to five areas of the Health Care industry: international health, pharmaceuticals, services, devices, and a small allocation to biotechnology. The fund was up 10.59% for the quarter. Vanguard Health Care is in the top 42% in its category. It has a Sharpe Ratio of +0.80, and takes average risks for average returns in its category.

Vanguard Energy Admiral Fund (VGELX) ******Specialty: Energy**

Vanguard Energy is a diversified equity energy fund with 122 energy companies in the fund. Vanguard Energy was down 3.99% for the quarter performing slightly below its benchmark. The Fund is in the top 25% in its category on a 5-year basis. Vanguard Energy has a low Sharpe Ratio of -0.20, and average risk ratings. This is a high volatility specialty fund.

Vanguard Energy Index Fund (VENAX) ******Specialty: Energy**

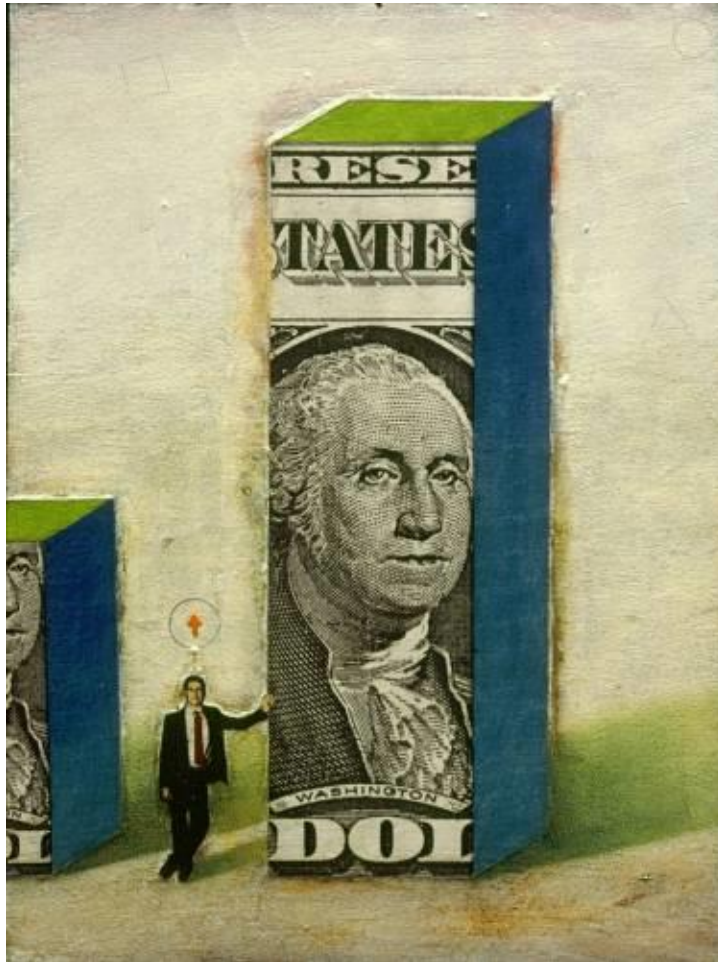
This fund is 100% American energy companies vs. the VGELX fund. This energy index fund was down 6.92% for the quarter. It is in the top 13% in category. It has a Sharpe Ratio of -0.25 and average risk ratings.

Vanguard Growth Index Institutional Fund (VIGIX) ******Large Growth**

This large growth fund has 352 holdings and invests in the large growth portion of the Russell 1000. Since growth stocks are companies with higher valuations, 25% of this fund is comprised of technology stocks. This fund was up 9.61% for the quarter, which was higher than its benchmark. It is in the top 22% in category and has excellent risk ratings. The fund has an expense ratio of .08%.

Vanguard Small-Cap Growth Index Institutional Fund (VSGIX) ******Small-Cap Growth**

This is a small-cap growth fund with 740 holdings and an average market cap of \$1.5 billion. Vanguard Small Cap was up 6.08% for the quarter, above its benchmark. The fund is in the top 22% in its category with average risk ratings.



Halifax Medical Center Investment Review

Through March 31, 2017

PONDER
INVESTMENT CO



•Fixed Income Market Conditions	Section 1
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• Yield Curve Changes	4
• Economic Activity	6
•Halifax Health	Section 2
• Current Investment Strategy	12
• Portfolio Summaries and Performance	13



- The FOMC finally lived up to the market's expectation and hiked rates at their March 15th meeting. They are also signaling 2 more rate hikes this year as well as beginning to reduce their balance sheet holdings of Treasury and mortgage securities .
- Some of the post-election euphoria has receded as the pace of promised change has been slow.
- Net rate changes in Q1: 3 month T-Bills up 25 basis points, 2 year Treasury up 7 basis points, 10 year Treasury down 6 basis points, 30 year Treasury down 6 basis points.
- During the quarter, the S & P 500 stock index was up 5.5% (price only) while the NASDAQ index increased 9.8%.
- Q1 performance for the funds was in line with benchmarks. We were able to add yield while maintaining or reducing duration in the portfolio. We believe this positions the portfolio for increasing yields as the FOMC has projected.



•US Economy

- Q4 GDP came in at 2.1% down from 3.5% in Q3 bringing the 2016 total to 1.6%. Median estimates for the full year, 2017 GDP are 2.2% based on a survey of over 70 participants by Bloomberg after increasing 2.4% in 2015
- Non-farm payrolls averaged +178k per month in Q1 2017, vs. 180k per month in 2016 while the unemployment rate remained dropped to 4.5% from 4.7% at the end of 2016

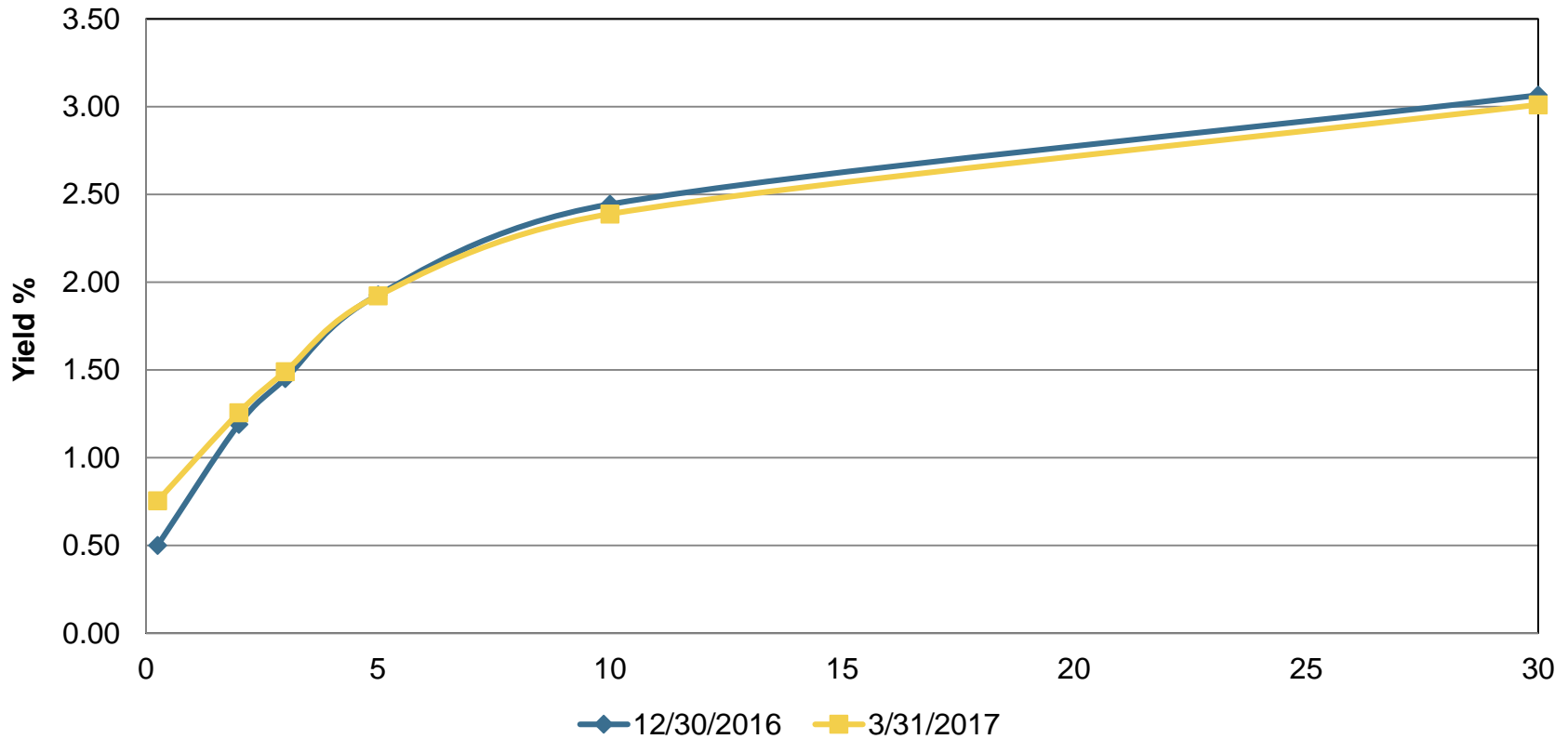
•Federal Reserve

- Along with a rate increase in March, the FOMC remains on track for 2 more hikes in 2017
- The committee is holding back judgement on any potential for fiscal stimulus by the new administration
- Bloomberg survey median expectation for Fed Funds at the end of 2017 is now 1.50% up from 1.25% at year-end
- Both consumer and business confidence remains high
- Business investment has not met this expectation while consumers are spending
- Incoming data will drive the Fed's pace of rate increases. Fiscal plans, as they develop, will also have an impact
- The FOMC has begun to plan for a shrinking of their balance sheet as we approach year-end 2017

•US Bond Market

- Treasury yields were mixed in Q1 2017 on the heels of increases in Q4. The yield on the 2 year was up 7 bps while the yield on the 10 year decreased 6 bps. 10 year rates closed the quarter at 2.39%. According to Barclay's data, investment grade (IG) corporate bonds outperformed Treasuries by 47 bps during the quarter. IG bonds outperformed in 2016 by 442 bps. (duration adjusted). Lower quality bonds again performed better than higher quality bonds, continuing the trend.
- Investment Grade Corporate bond new issue volume for the quarter was \$448.3 billion following a record \$1.435 trillion in 2016. Municipal new issue volume was down 12% in the quarter vs. Q1 2016. According to preliminary ICI data, taxable bond funds had inflows of \$103.7 billion in the quarter while municipal bond fund inflows totaled \$7.9 billion.

Yield Curve Changes



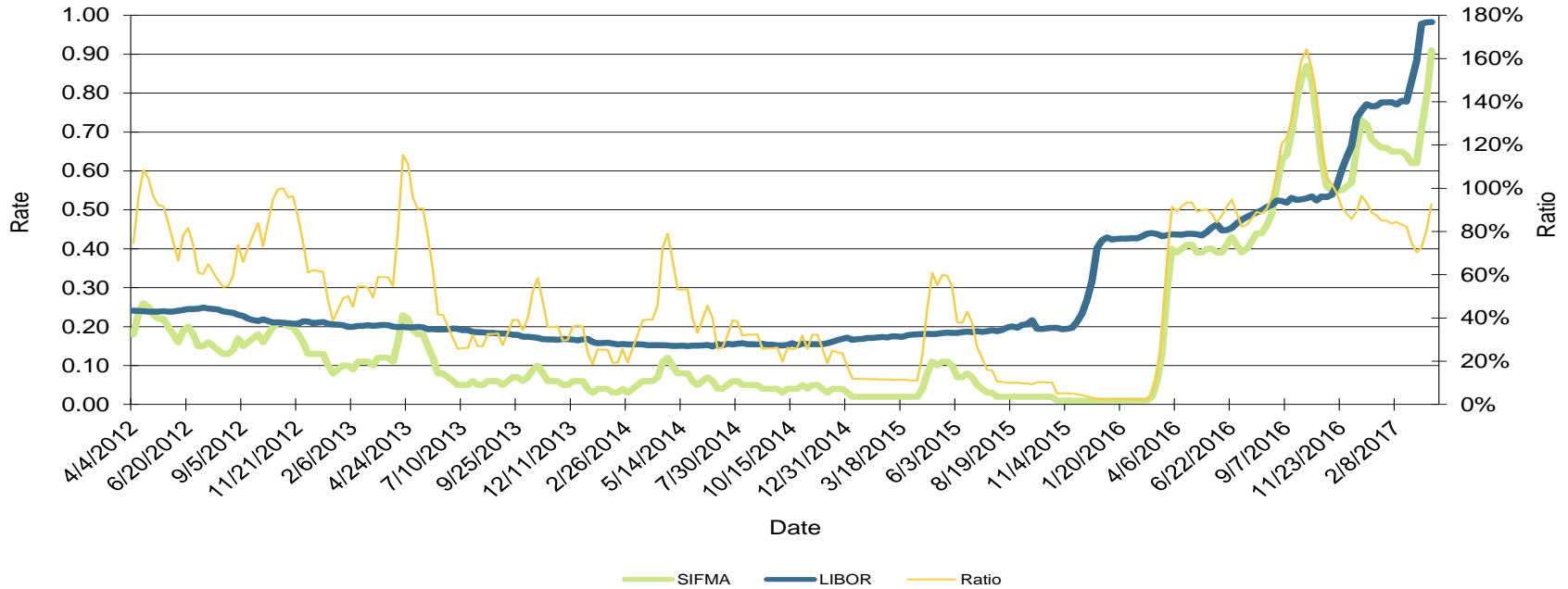
•During the past quarter:

- Rates were mixed across the curve with the yield on the 2 year up 6 basis points while the yield on the 10 year was down 6 basis points
- The curve (2 year to 10 year) was flatter at +114 basis points, down from +125 basis points

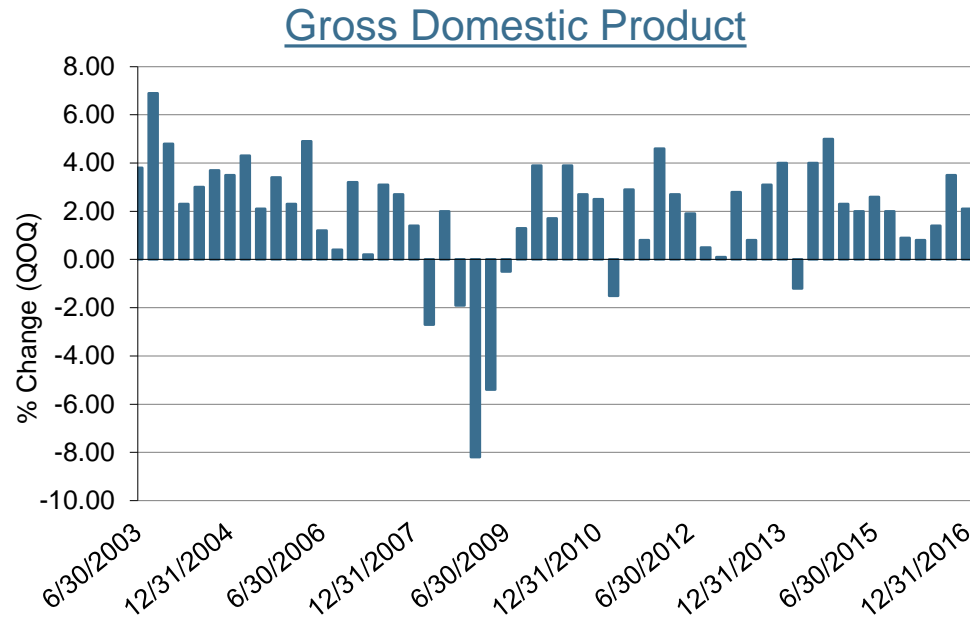
Short Term Yields (as of 3/31/17)



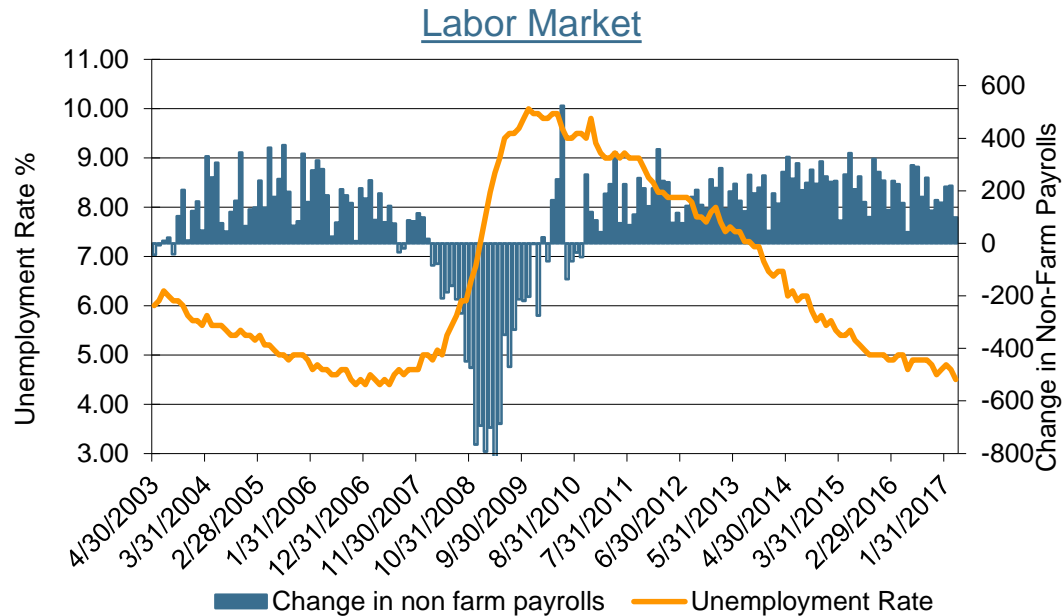
SIFMA vs. 1M LIBOR



Average	YTD	1 Year	3 Year	5 Year
SIFMA/LIBOR Ratio	82.3%	97.5%	48.5%	51.7%
SIFMA	0.69%	0.57%	0.22%	0.18%
1 Mo. LIBOR	0.83%	0.60%	0.34%	0.28%



- What is GDP and why is it important?
 - *It measures the total market value of all goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.
 - It is a signal of the overall health/growth of the country's economy
- GDP slowed to 2.1% in Q4 from 3.5% growth in Q3 . 2016 GDP came in at 1.6%
- Consensus forecasts are looking for growth of 2.2% for the full year 2017 and 2.3% for 2018. The US economy still shows relative strength versus other international economies. The timing of any fiscal stimulus may impact expectations

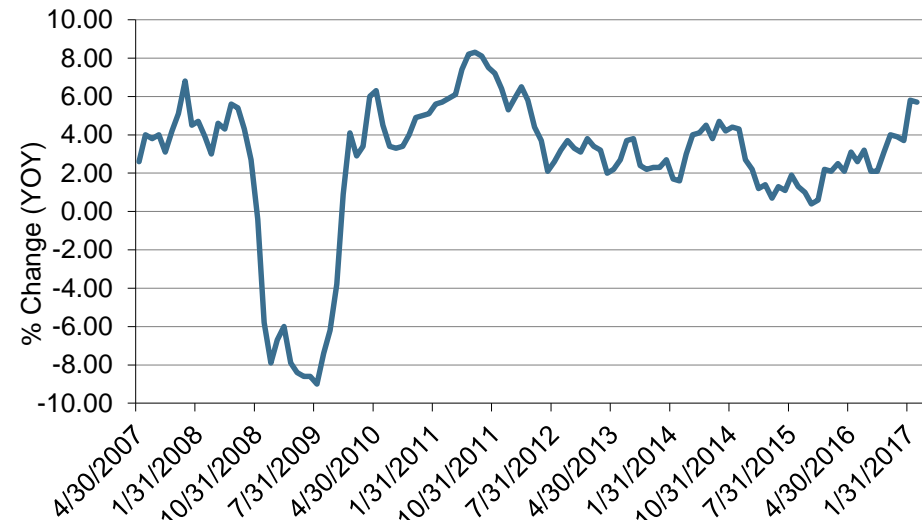


- What is the Change in Non-Farm Payrolls and why is it important?
 - *It measures the change in the number of employees on business payrolls (also referred to as the establishment survey)
 - Indicates the strength of the labor markets
- Q1 '17 averaged 178k additional jobs per month vs. 180k in 2016. The steady growth in jobs has given economists (and the Fed) confidence
- The unemployment rate finished Q1 at 4.5% down from 4.7% at year end 2016

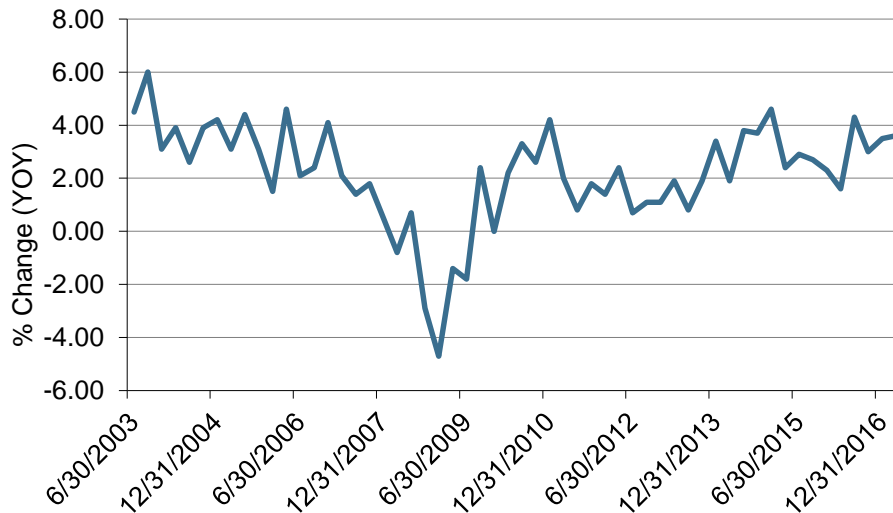


- What is Retail Sales and why is it important?
 - *It tracks the resale of new and used goods to the general public, for personal or household consumption based on the value of goods sold.
 - It is a signal of consumer's sense of economic well being
- Monthly retail sales showed further strength as 2017 began
- Consumers remain confident

Retail Sales



Personal Consumption

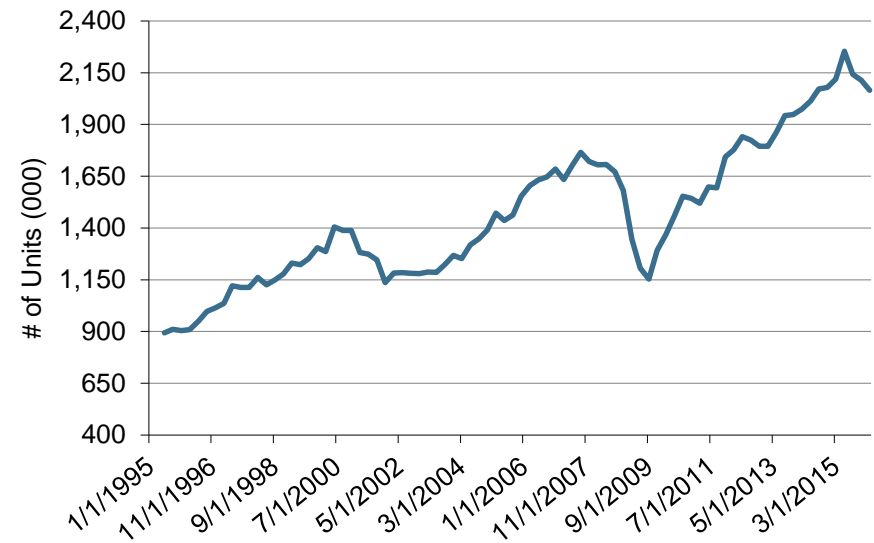


- What is Personal Consumption and why is it important?
 - *It tracks the total final expenditures including exports less imports when adjusted for inflation
 - It is also signal of consumer's sense of economic well being
- Q4 Consumption increased to a 3.5% from 3.0% in Q3 (3.6% average for YTD 2016 vs. 2.7% for 2015)
- Continued jobs growth has been the main contributor to the positive trend but this data series is volatile

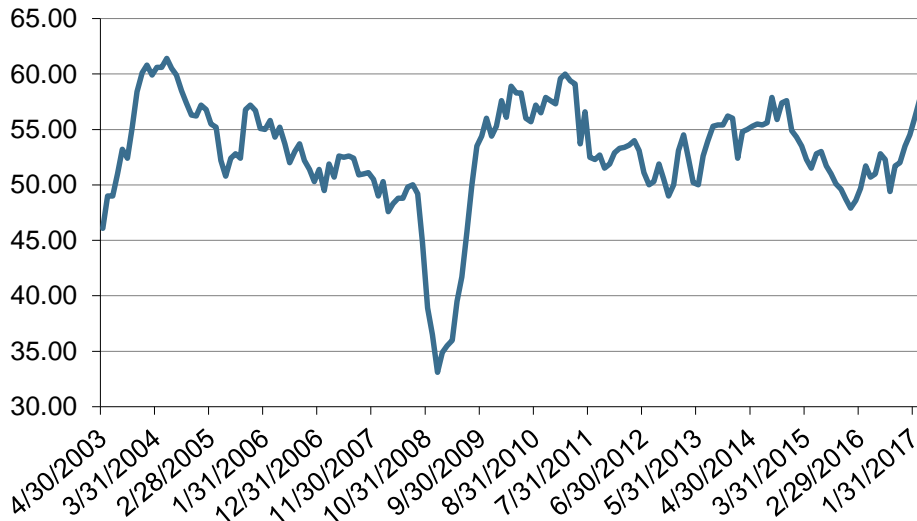


- What is Business Fixed Investment and why is it important?
 - *It tracks the expenditures for equipment both new and replacement of depreciated equipment
 - It is a signal of business' sense of economic well being
- While business confidence is strong, investment is not following
- The FOMC would like to see renewed strength here

Business Fixed Investment



ISM Index

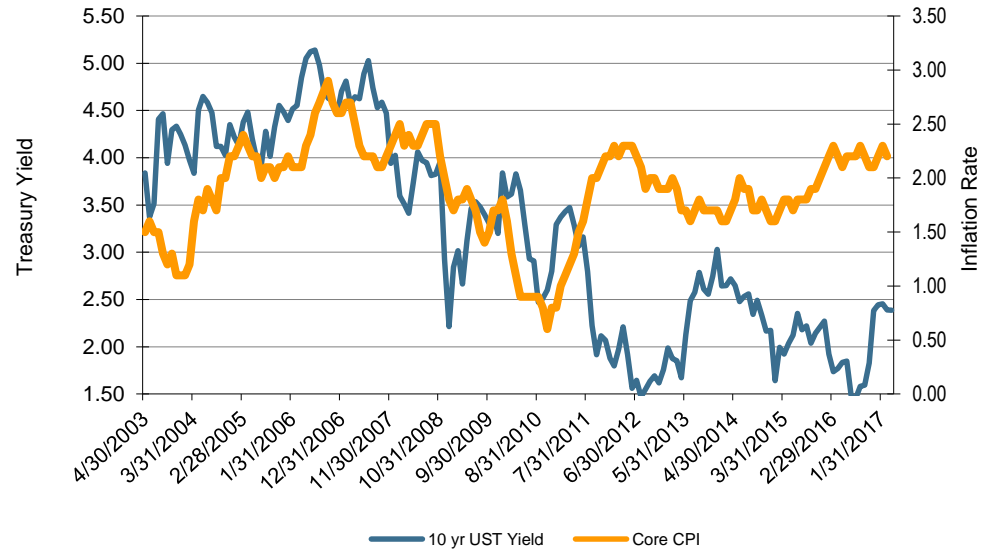


- What is ISM Index and why is it important?
 - *It tracks the sentiment among purchasing managers at manufacturing, construction and/or services firms
 - It is also signal of business' sense of economic well being
- ISM averaged 57.0 in 2017, above the 51.5 2016 average (a reading of 50.0 indicates growth)
- Despite some periodic weakness, the trend is encouraging

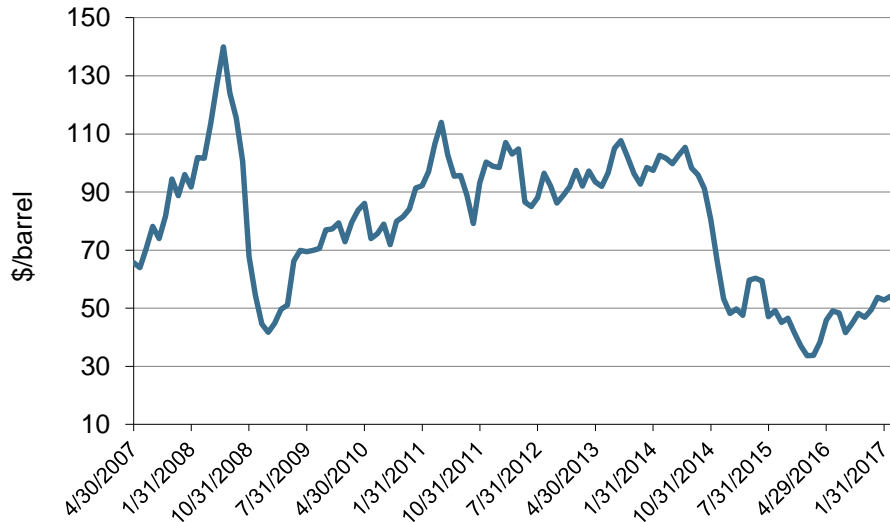


- What is the Core CPI Index and why is it important?
 - *It tracks the overall price for a set basket of goods and services
 - It is a signal of whether costs are increasing or decreasing
- The FOMC has a long-range target of 2% and readings have been modestly above 2.0%
- Consensus forecasts for CPI are looking for 2.5% for 2017, and 2.4% for 2018

Inflation and Interest Rates



Crude Oil Price



- Oil prices closed March at \$50.60 just below the 2016 close of \$53.72
- After weakness in mid-March prices have recovered



Section 2



Duration

- Focus continues to be protecting principal as rates climb
- As rates climb, we have been (and should continue to be) able to add yield
- The Fed's raised rates in March. Expectations are for 2 more hikes this year

Yield Curve

- 2-10 year spread ended 2016 at 114 basis points, down from +126 at the end of Q4
- 2 year Agencies now yield 1.34%, up from 1.18% on 12/31/16

Sector Selection

- We will be continue adding more spread product to add yield *at appropriate levels*
- Maintain allocations to non-Treasury sectors to maximize yield with caution
- Spreads have experienced some volatility. We will continue to capitalize when appropriate

Issue Selection

- Agencies remain attractive though callables have realized much of their value in shorter maturities
- High quality taxable municipal bonds continue to add yield and diversification-we will add as we find good credits at attractive levels
- Asset Backed Securities are one of the best values in the short-end. Focus is on quality



Summary

Market Value (w/accrued)	\$42,099,744
Yield to Worst	1.20%
Average Life (yrs)	1.84
Duration	1.70

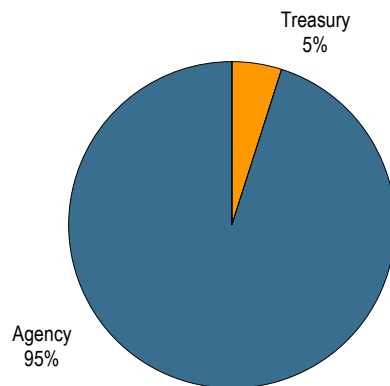
Total Return

	<u>Q1 2017</u>	<u>Trailing 1 Yr.</u>
Halifax	0.34%	0.13%
Index	0.39%	-0.13%

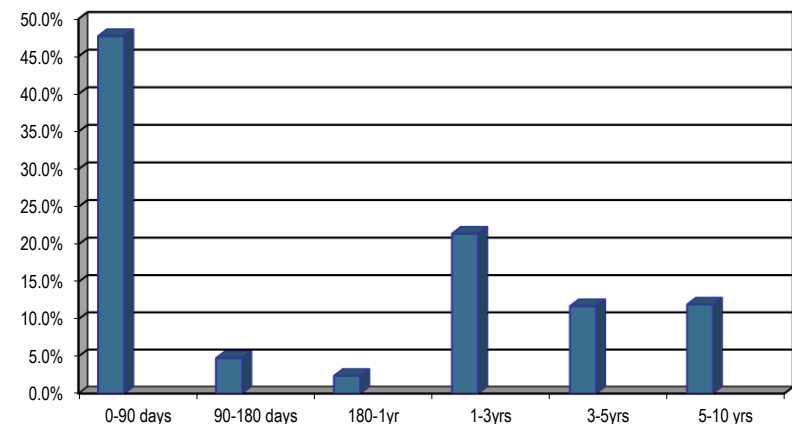
Index is Barclay's US 1-5 Yr. Gov't Bond Index

All periods less than 1 year are not annualized

Asset Allocation by Sector



Asset Allocation by Maturity





Summary

Market Value	\$31,837,878
Yield to Worst	1.73%
Average Life (yrs)	2.83
Duration	2.59

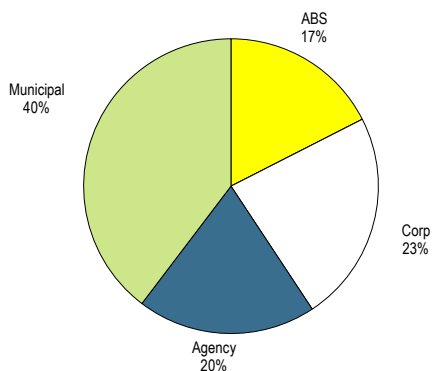
Total Return

	<u>Q1 2017</u>	<u>Trailing 1 Yr.</u>
Halifax	0.56%	0.45%
Index	0.57%	0.52%

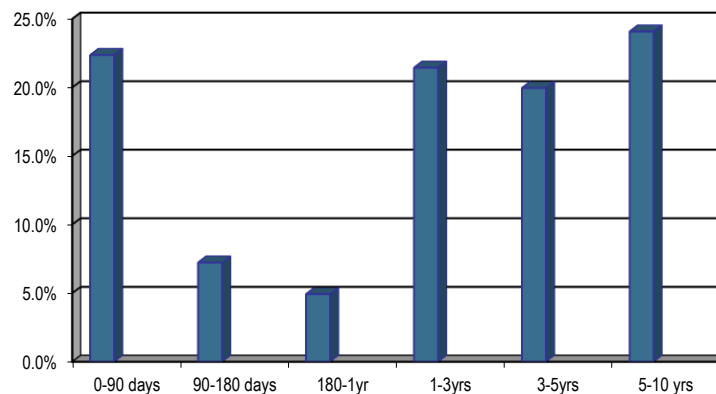
Index is Barclays US 1-5 Year Gov't/Credit Index

All periods less than 1 year are not annualized

Asset Allocation by Sector



Asset Allocation by Maturity



Halifax Health
Development of FY 2018 Investment Rate of Return Assumptions

	March 31, 2017 Invested Balance	Assumed Outlook Return	Weighted Assumed Return	Recommend to Finance Committee
HHMC and HH Holdings				
Ponder US Treasury Account	\$ 73,355,434	0.855%	0.301%	
VFSIX - Vanguard Short-Term Invest Grade	53,031,926	1.000%	0.255%	
Ponder Short-Term Gov't	42,099,744	1.000%	0.202%	
Ponder Short-Term Gov't/Corporate	31,837,878	1.000%	0.153%	
Ponder 2016 Project Fund	7,216,502	1.000%	0.035%	
Wells Fargo Halifax Hospital Trust	579,094	0.500%	0.001%	
VSGDX-Vanguard Short-Term Federal	64,246	1.000%	0.000%	
Total HHMC and HH Holdings	\$ 208,184,824		0.948%	1.00%
Foundation				
VFSIX - Vanguard Short-Term Invest Grade	\$ 22,264,215	1.00%	0.49%	
DFSVX - DFA Small Cap Value	3,574,459	6.00%	0.47%	
DFIVX - DFA International Value	1,983,630	6.00%	0.26%	
DFEVX - DFA Emerging Markets	721,777	6.00%	0.10%	
DFLVX - DFA Large Cap Value	7,700,913	6.00%	1.02%	
VGELX - Vanguard Energy	471,076	6.00%	0.06%	
VENAX - Vanguard Energy Index	217,716	6.00%	0.03%	
VIGIX -Vanguard Large-Cap Growth	3,819,852	6.00%	0.51%	
VGHAX - Vanguard Health Care	692,772	6.00%	0.09%	
VSGIX - Vanguard Small-Cap Growth	3,869,369	6.00%	0.51%	
Total Foundation	\$ 45,315,779		3.54%	3.50%
Hospice				
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,232,224	1.00%	0.49%	
DFSVX - DFA Small Cap Value	5,553,586	6.00%	0.48%	
DFIVX - DFA International Value	3,066,774	6.00%	0.27%	
DFEVX - DFA Emerging Markets	1,289,922	6.00%	0.11%	
DFLVX - DFA Large Cap Value	12,086,983	6.00%	1.04%	
VGELX - Vanguard Energy	104,094	6.00%	0.01%	
VENAX - Vanguard Energy Index	580,285	6.00%	0.05%	
VIGIX -Vanguard Large-Cap Growth	6,261,037	6.00%	0.54%	
VGHAX - Vanguard Health Care	602,390	6.00%	0.05%	
VSGIX - Vanguard Small-Cap Growth	5,624,964	6.00%	0.49%	
Total Hospice	\$ 69,402,259		3.53%	3.50%

Halifax Health Pension Plan Investment Returns and Plan Assumption

- Actuarially determined market value investment returns (1):
 - » 9/30/2009 6.73%
 - » 9/30/2010 9.47%
 - » 9/30/2011 -2.11%
 - » 9/30/2012 18.17%
 - » 9/30/2013 12.99%
 - » 9/30/2014 6.18%
 - » 9/30/2015 -4.38%
 - » 9/30/2016 9.62%

- Assumed discount rates used for last nine plan years:
 - » 2008 8.50%
 - » 2009 8.25%
 - » 2010 7.75%
 - » 2011 7.25%
 - » 2012 7.25%
 - » 2013 6.75%
 - » 2014 6.75%
 - » 2015 6.75%
 - » 2016 6.75%

(1) - Source: BPAS Actuarial & Pension Services

Halifax Health Pension Plan Investment Returns

Plan Year Ending September 30	Total Annual Return
1995	8.34%
1996	9.55%
1997	25.89%
1998	-0.03%
1999	8.68%
2000	1.58%
2001	7.63%
2002	-6.23%
2003	20.75%
2004	11.65%
2005	12.31%
2006	8.71%
2007	13.40%
2008	-20.45%
2009	6.73%
2010	9.47%
2011	-2.11%
2012	18.17%
2013	12.99%
2014	6.18%
2015	-4.38%
2016	9.62%
Time Weighted Average Annual Returns (excluding best and worst year in period)	
5 years ending 9/30/16	9.56%
10 years ending 9/30/16	6.31%
All years through 9/30/16	7.43%

Source: BPAS Actuarial & Pension Services

Halifax Health Pension Plan – Comparative Municipal Plan Information

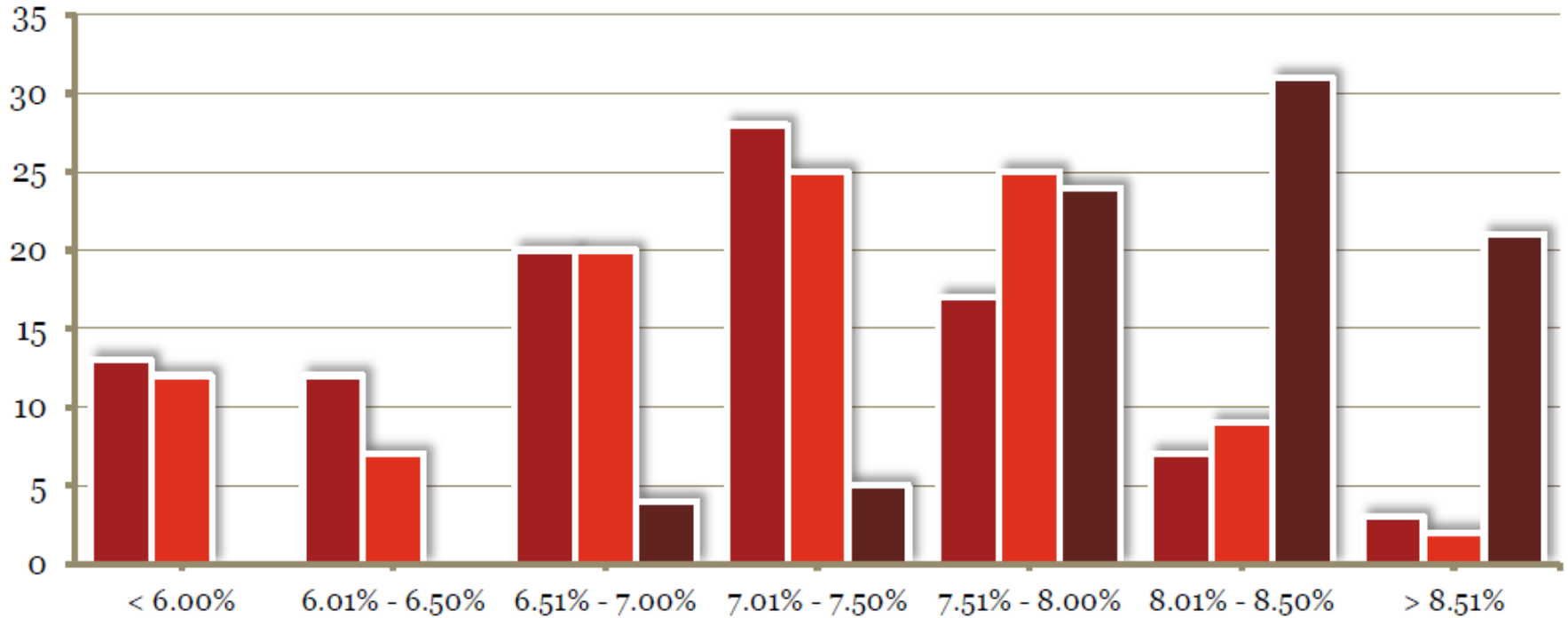
Florida Municipal Pension Plans October 1, 2015 Valuation

Return on Asset Assumption	Number of Plans
6.50%	6
6.75%	7
7.00%	46
7.25%	22
7.50%	100
7.75%	64
8.00%	72
8.25%	0
8.50%	<u>1</u>
	318
Average	7.54%

Source: BPAS Actuarial & Pension Services

Halifax Health Pension Plan – Comparative Investment Return Information

Number of companies



Pension Expected Return on Assets at 1/1

■ 2015 ■ 2014 ■ 2007

Source: PwC Pension/OPEB 2016 Assumption and Disclosure Study; research included 100 Fortune 100 and other large and established companies.

Halifax Health Pension Plan – Comparative Asset Allocation Information

	<i>Equity</i>			<i>Debt/Fixed income</i>			<i>All other*</i>		
	2015	2014	2007	2015	2014	2007	2015	2014	2007
Low	0%	0%	0%	11%	12%	0%	0%	0%	0%
Median	39%	39%	64%	40%	41%	29%	15%	15%	5%
High	80%	81%	97%	96%	95%	52%	87%	87%	88%
Mean	39%	40%	62%	44%	43%	28%	17%	17%	9%

* Represents aggregation of cash, real estate, and other investments.

Comments from PwC:

Also included in our study is a detail of asset allocations (i.e., investment strategy) for funded pension plans. Overall, employers have shifted away from equity into fixed income and alternative investments since 2007. The median percentage of plan assets invested in equities dropped by 25 percent from 2007 to 2015,

decreasing to 39% during that period. This shift reflects an increasing desire to avoid volatility in plan funding levels that comes with equity securities, as well as the ability to 'lock in' funding of plan liabilities by matching expected future benefit payments to fixed income returns and maturities.

Source: PwC Pension/OPEB 2016 Assumption and Disclosure Study; research included 100 Fortune 100 and other large and established companies.

Halifax Health
Investment Manager Performance Report - through March 31, 2017

		March	Calendar	Calendar	Fiscal
		Performance	YTD	2016	Year
Fixed Income					
VFSIX - Vanguard Short-Term Investment Gr.	Perf	0.13%	0.84%	2.85%	0.01%
	BMK	0.07%	0.57%	1.56%	-0.49%
VSGDX - Vanguard Short-Term Federal	Perf	0.01%	0.39%	1.24%	-0.45%
	BMK	0.05%	0.39%	1.02%	-0.76%
Ponder Short-term Government/Corporate	Perf	0.09%	0.56%	1.95%	-0.79%
	BMK	0.07%	0.57%	1.56%	-0.49%
Ponder US Treasury Account	Perf	-0.07%	0.15%	0.30%	-0.03%
	BMK	0.05%	0.41%	-0.44%	-0.52%
Ponder Short-Term Government	Perf	0.04%	0.34%	0.88%	-0.49%
	BMK	0.05%	0.39%	1.02%	-0.76%
Ponder 2016 Project Fund	Perf	0.05%	0.11%	0.43%	0.55%
	BMK	0.05%	0.41%	0.29%	0.02%
Weighted Composite	Perf	0.08%	0.62%	1.99%	-0.11%
	BMK	0.06%	0.52%	1.07%	-0.52%
Equities					
DFSVX - DFA Small Cap Value	Perf	-1.14%	-1.35%	28.26%	13.50%
	BMK	-0.85%	-0.13%	31.74%	13.91%
DFLVX - DFA Large Cap Value	Perf	-0.93%	3.53%	18.89%	12.46%
	BMK	-1.02%	3.27%	17.34%	10.16%
DFIVX - DFA International Value	Perf	2.27%	5.93%	8.41%	11.32%
	BMK	2.54%	6.81%	2.75%	6.44%
DFEVX - DFA Emerging Markets	Perf	2.74%	14.20%	19.84%	13.09%
	BMK	2.52%	11.44%	11.19%	6.80%
VGELX - Vanguard Energy	Perf	-0.02%	-3.99%	33.18%	1.25%
	BMK	0.35%	-3.90%	27.66%	3.25%
VENAX - Vanguard Energy Index	Perf	-1.06%	-6.92%	28.94%	0.14%
	BMK	0.35%	-3.90%	27.66%	3.25%
VIGIX - Vanguard Large-Cap Growth	Perf	1.32%	9.61%	6.13%	9.15%
	BMK	1.16%	8.91%	7.08%	10.02%
VGHAX - Vanguard Health Care	Perf	0.38%	10.59%	-8.94%	4.01%
	BMK	0.29%	8.37%	-6.83%	2.44%
VSGIX - Vanguard Small-Cap Growth	Perf	0.42%	6.03%	10.74%	7.54%
	BMK	1.18%	5.35%	11.32%	9.11%
Weighted Composite	Perf	0.48%	4.94%	15.17%	10.33%
	BMK	0.66%	4.86%	13.82%	8.79%

Halifax Health
Investment Manager Performance Report - through March 31, 2017

	Invested Balance		March Performance	Calendar YTD	Fiscal YTD
HH Holdings					
VFSIX - Vanguard Short-Term Invest Grade	\$ 53,031,926		Perf 0.13%	0.84%	0.01%
			BMK 0.07%	0.57%	-0.49%
Ponder Short-Term Gov't/Corporate	31,837,878		Perf 0.09%	0.56%	-0.79%
			BMK 0.07%	0.57%	-0.49%
Ponder US Treasury Account	73,355,434		Perf -0.07%	0.15%	-0.03%
			BMK 0.05%	0.41%	-0.52%
Total HH Holdings	<u><u>\$ 158,225,238</u></u>		Composite 0.03%	0.46%	-0.17%
			Budget		0.50%
HHMC					
Ponder Short-Term Government	\$ 42,099,744		Perf 0.04%	0.34%	-0.49%
			BMK 0.05%	0.39%	-0.76%
VSGDX - Vanguard Short-Term Federal	64,246		Perf 0.01%	0.39%	-0.45%
			BMK 0.05%	0.39%	-0.76%
Wells Fargo Halifax Hospital Trust	579,094		Perf 0.03%	0.11%	0.18%
			BMK 0.05%	0.39%	-0.76%
Ponder 2016 Project Fund	7,216,502		Perf 0.05%	0.11%	0.55%
			BMK 0.05%	0.41%	0.02%
Total HHMC	<u><u>\$ 49,959,586</u></u>		Composite 0.04%	0.30%	-0.33%
			Budget		0.50%

Halifax Health
Investment Manager Performance Report - through March 31, 2017

Foundation	Invested Balance	March Performance	Calendar YTD	Fiscal YTD
VFSIX - Vanguard Short-Term Invest Grade	\$ 22,264,215	Perf 0.13% BMK 0.07%	0.84% 0.57%	0.01% -0.49%
DFSVX - DFA Small Cap Value	3,574,459	Perf -1.14% BMK -0.85%	-1.35% -0.13%	13.50% 13.91%
DFIVX - DFA International Value	1,983,630	Perf 2.27% BMK 2.54%	5.93% 6.81%	11.32% 6.44%
DFEVX - DFA Emerging Markets	721,777	Perf 2.74% BMK 2.52%	14.20% 11.44%	13.09% 6.80%
DFLVX - DFA Large Cap Value	7,700,913	Perf -0.93% BMK -1.02%	3.53% 3.27%	12.46% 10.16%
VGELX - Vanguard Energy	471,076	Perf -0.02% BMK 0.35%	-3.99% -3.90%	1.25% 3.25%
VENAX - Vanguard Energy Index	217,716	Perf -1.06% BMK 0.35%	-6.92% -3.90%	0.14% 3.25%
VIGIX - Vanguard Large-Cap Growth	3,819,852	Perf 1.32% BMK 1.16%	9.61% 8.91%	9.15% 10.02%
VGHAX - Vanguard Health Care	692,772	Perf 0.38% BMK 0.29%	10.59% 8.37%	4.01% 2.44%
VSGIX - Vanguard Small-Cap Growth	3,869,369	Perf 0.42% BMK 1.18%	6.03% 5.35%	7.54% 9.11%
Total Foundation	\$ 45,315,779	Composite Budget	0.11% 2.80%	5.38% 2.00%

Halifax Health
Investment Manager Performance Report - through March 31, 2017

	Invested Balance		March Performance	Calendar YTD	Fiscal YTD
Hospice					
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,232,224		Perf 0.13%	0.84%	0.01%
			BMK 0.07%	0.57%	-0.49%
DFSVX - DFA Small Cap Value	5,553,586		Perf -1.14%	-1.35%	13.50%
			BMK -0.85%	-0.13%	13.91%
DFIVX - DFA International Value	3,066,774		Perf 2.27%	5.93%	11.32%
			BMK 2.54%	6.81%	6.44%
DFEVX - DFA Emerging Markets	1,289,922		Perf 2.74%	14.20%	13.09%
			BMK 2.52%	11.44%	6.80%
DFLVX - DFA Large Cap Value	12,086,983		Perf -0.93%	3.53%	12.46%
			BMK -1.02%	3.27%	10.16%
VGELX - Vanguard Energy	104,094		Perf -0.02%	-3.99%	1.25%
			BMK 0.35%	-3.90%	3.25%
VENAX - Vanguard Energy Index	580,285		Perf -1.06%	-6.92%	0.14%
			BMK 0.35%	-3.90%	3.25%
VIGIX - Vanguard Large-Cap Growth	6,261,037		Perf 1.32%	9.61%	9.15%
			BMK 1.16%	8.91%	10.02%
VGHAX - Vanguard Health Care	602,390		Perf 0.38%	10.59%	4.01%
			BMK 0.29%	8.37%	2.44%
VSGIX - Vanguard Small-Cap Growth	5,624,964		Perf 0.42%	6.03%	7.54%
			BMK 1.18%	5.35%	9.11%
Total Hospice	\$ 69,402,259		Composite 0.11%	2.83%	5.47%
			Budget		2.00%

Halifax Health
Investment Manager Performance Report - through March 31, 2017

	Invested Balance		March Performance	Calendar YTD	Fiscal YTD
Pension					
VFSIX - Vanguard Short-Term Invest Grade	\$ 128,440,703		Perf 0.13%	0.84%	0.01%
			BMK 0.07%	0.57%	-0.49%
DFSVX - DFA Small Cap Value	20,401,423		Perf -1.14%	-1.35%	13.50%
			BMK -0.85%	-0.13%	13.91%
DFIVX - DFA International Value	33,672,203		Perf 2.27%	5.93%	11.32%
			BMK 2.54%	6.81%	6.44%
DFEVX - DFA Emerging Markets	12,027,546		Perf 2.74%	14.20%	13.09%
			BMK 2.52%	11.44%	6.80%
DFLVX - DFA Large Cap Value	22,244,533		Perf -0.93%	3.53%	12.46%
			BMK -1.02%	3.27%	10.16%
VGELX - Vanguard Energy	4,343,922		Perf -0.02%	-3.99%	1.25%
			BMK 0.35%	-3.90%	3.25%
VENAX - Vanguard Energy Index	5,123,194		Perf -1.06%	-6.92%	0.14%
			BMK 0.35%	-3.90%	3.25%
VIGIX - Vanguard Large-Cap Growth	13,237,536		Perf 1.32%	9.61%	9.15%
			BMK 1.16%	8.91%	10.02%
VGHAX - Vanguard Health Care	9,012,025		Perf 0.38%	10.59%	4.01%
			BMK 0.29%	8.37%	2.44%
VSGIX - Vanguard Small-Cap Growth	12,925,829		Perf 0.42%	6.03%	7.54%
			BMK 1.18%	5.35%	9.11%
Wells Fargo Cash	3,436,596				
Wells Fargo Money Market	1,719				
Total Pension	<u>\$ 264,867,229</u>	Composite	0.39%	1.93%	5.11%
		Budget			3.38%
Total Halifax Health, including Pension	<u><u>\$ 587,770,091</u></u>				
Total Halifax Health, excluding Pension	<u><u>\$ 322,902,862</u></u>				