



**HALIFAX HEALTH**

**Investment Committee**

**Monday, May 14, 2018**

**Meeting Location**

Halifax Health

France Tower, Conference Room A

**4:00 p.m.**

HALIFAX HEALTH  
INVESTMENT COMMITTEE  
4:00 p.m., Monday, May 14, 2018

**AGENDA**

- I. Call to Order
- II. INVESTMENT COMMITTEE
  - 1. Minutes
    - February 12, 2018 portal 3, **action requested**
  - 2. Quarterly Review
    - Ashford Investment Advisors, *Mike Walsh* portal 4, **information only**
  - 3. Old Business
  - 4. New Business
    - Manager Presentation – Ponder Investment Company, *Britt Cesarone* portal page 50, **information only**
    - Manager Assessment, *Mike Walsh* discussion, **action requested**
      - Ponder Investment Company
    - Expected Investment Return, FY 2019 portal page 66, **action requested**
    - Annual Review of Pension Plan Rate of Return Assumption portal page 67, **action requested**
    - HH Holdings – Re-investment of Maturing U.S. Treasury Investments discussion, **information only**
  - 5. Informational Only
    - Investment Performance Report, March 2018 portal page 71, **information only**
- III. Next Meeting: Monday, August 13, 2018, 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, February 12, 2018

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

Not Present: Susan Schandel, Member & Member, Audit & Finance Committee & Treasurer, Board  
of Commissioners  
Joe Petrock, Executive Director, Foundation

Also Present: Jeff Feasel, President & Chief Executive Officer  
Eric Peburn, Executive Vice President & Chief Financial Officer  
Kent Bailey, Director of Finance  
Lisa Tyler, Corporate Controller  
Kathleen Dulko, Ashford Investments

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

**Minutes**

Discussion: Minutes from the November 13, 2017 Investment Committee meeting were reviewed.  
Action: Mr. Youngman moved to approve the November 13, 2017 Investment Committee minutes as  
presented. Mr. Francati seconded the motion and it carried unanimously.

**Quarterly Review**

Discussion: Mr. Walsh, Ashford Investment Advisors, presented the investment review for the 4<sup>th</sup> calendar  
quarter, ended 12/31/2017. Discussion ensued regarding the energy funds, which led to Mr.  
Walsh's recommendation to transfer all energy funds to VGELX in all pension accounts.  
Action: Mr. Francati moved to sell the position in Energy Index (VENAX) and move funds to Energy  
(VGELX) fund in all pension accounts as recommended by Mr. Walsh. Mr. Graffagnino  
seconded the motion and it carried unanimously.

**Old Business**

Discussion: None.

**New Business**

Discussion: None.

**Informational Only**

Discussion: Investment Performance Report, December 2017  
Action: None required.

**Next Meeting:** Monday, May 14, 2018, 4 p.m. – Regular scheduled meeting

**Open Discussion**

Discussion: None.

**Adjournment**

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Ted Serbousek



# **Halifax Health Investment Accounts**

## **Portfolio Reviews**

*First Quarter 2018: Ended 03/31/2018*

Prepared by:

**Ashford Investment Advisors**

**Halifax Health Investment Accounts  
First Quarter 2018  
Performance Summary**

<b>HH Holdings, Inc.</b>	<b>Balance as of 3/31/2018</b>	<b>1st Quarter Performance</b>
Vanguard Short-term Inv Grade	\$46,353,240	-50 bp
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		-71 bp
*Ponder/Salem Short-term Gov't/Corp	\$32,070,299	-28 bp
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		-71 bp
*Ponder/Salem U.S. Treasury	\$74,124,569	+31 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		-39 bp

**Liquid Assets**

*Ponder/Salem Short-term Gov't Bond	\$42,393,782	+4 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		-39 bp
Vanguard Short-term Gov't Bond	\$64,292	-33 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		-39 bp

**Debt & Self Insurance**

Wells Fargo Short-Term Gov't Bond	\$525,203	+49 bp
<i>Benchmark: Barclay's 1-5 Year Gov't Bond Index</i>		-39 bp

\* Separately managed account.

**Halifax Health Investment Accounts  
First Quarter 2018  
Performance Summary**

<b>Foundation</b>	<b>Balance as of 3/31/2018</b>	<b>1st Quarter Performance</b>
Vanguard Short-term Inv Grade	\$22,937,944	-50 bp
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		-71 bp
DFA	\$15,367,552	-1.96%
<i>Benchmark: Composite of Small-Cap Value, Int'l Value, Emerging Mkts. &amp; Large Cap Value</i>		-2.33%
Vanguard	\$10,243,352	+1.18%
<i>Benchmark: Composite of Energy, Lg-Cap Growth, Healthcare &amp; Small-Cap Growth</i>		+1.18%

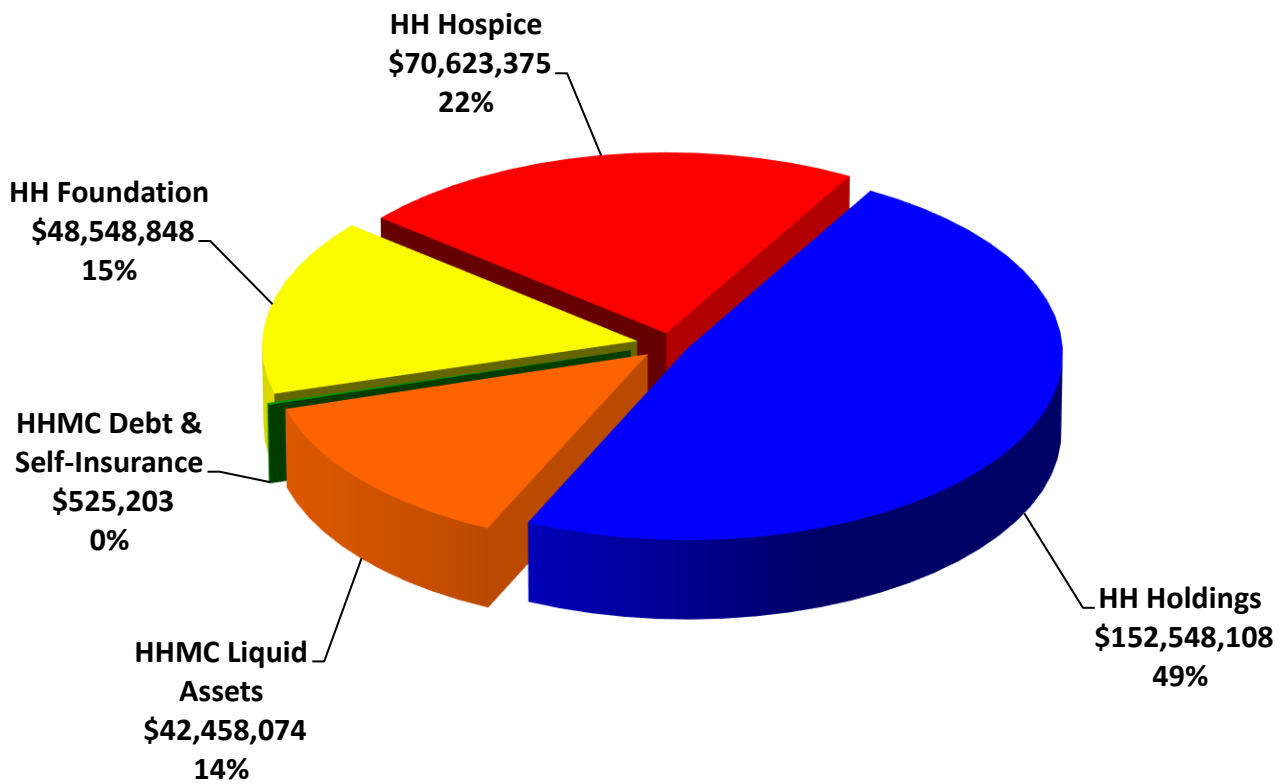
**Hospice**

Vanguard Short-term Inv Grade	\$34,006,842	-50 bp
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		-71 bp
DFA	\$23,284,595	-1.90%
<i>Benchmark: Composite of Small-Cap Value, Int'l Value, Emerging Mkts. &amp; Large Cap Value</i>		-2.26%
Vanguard	\$13,331,938	+1.25%
<i>Benchmark: Composite of Energy, Lg-Cap Growth, Healthcare &amp; Small-Cap Growth</i>		+1.31%

**Pension**

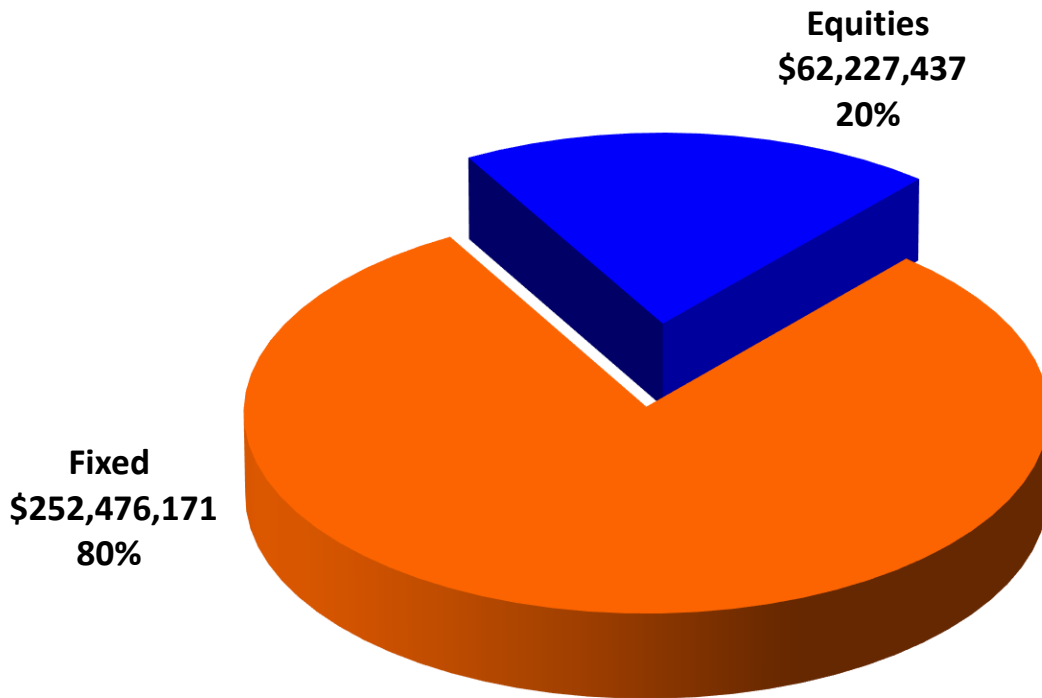
Vanguard Short-term Inv Grade	\$124,309,081	-72 bp
<i>Benchmark: Barclay's US 1-5 Year Gov't/Credit Index</i>		-71 bp
DFA	\$100,558,805	-1.38%
<i>Benchmark: Composite of Small-Cap Value, Int'l Value, Emerging Mkts. &amp; Large Cap Value</i>		-1.63%
Vanguard	\$52,377,703	-14 bps
<i>Benchmark: Composite of Energy, Lg-Cap Growth, Healthcare &amp; Small-Cap Growth</i>		-10 bps

**Halifax Health Investment Accounts**  
**Value of Assets**  
*as of 03/31/2018*



**Total: \$314,703,608**

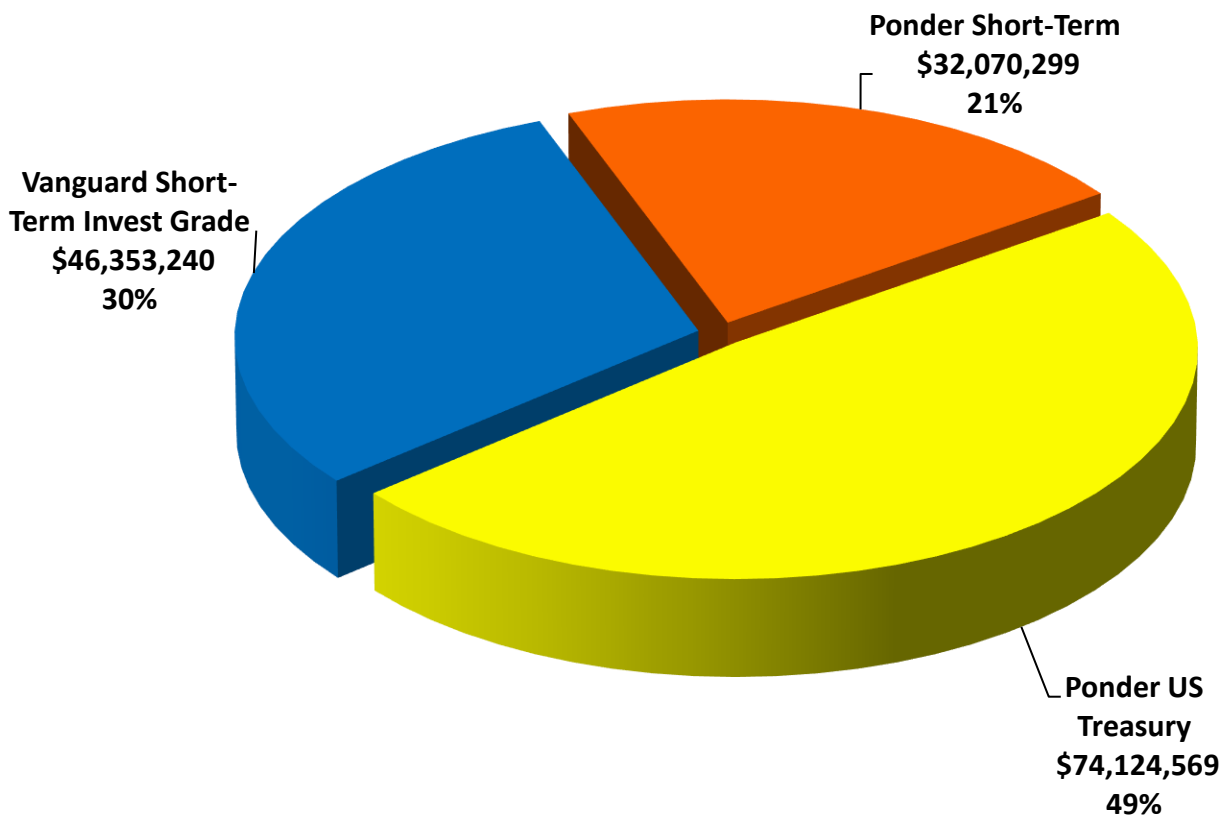
**Halifax Health Investment Accounts**  
**Fixed-Income vs. Equity Assets**  
*as of 03/31/2018*



**Total: \$314,703,608**



**HH Holdings Accounts**  
**Breakdown of Assets**  
*as of 03/31/2018*



**Total: \$152,548,108**

**HH Holdings, Inc.**

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

First Quarter 2018  
Ended 03/31/2018

Beginning Balance as of 12/31/2017	\$ 53,724,534
Net Additions/Withdrawals	(7,100,000)
Investment Loss	<u>(271,294)</u>
Ending Balance as of 03/31/2018	<u>\$ 46,353,240</u>
Net Return 1st Quarter 2018	-50 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	-71 bp

**HH Holdings, Inc.**

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

First Quarter 2018  
Ended 03/31/2018

Beginning Balance as of 12/31/2017	\$ 32,169,325
Net Additions/Withdrawals	(7,131)
Investment Loss	<u>(91,895)</u>
Ending Balance as of 03/31/2018	<u>\$ 32,070,299 *</u>
Net Return 1st Quarter 2018	-28 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	-71 bp

\*Includes Accrued Interest

**HH Holdings, Inc.**

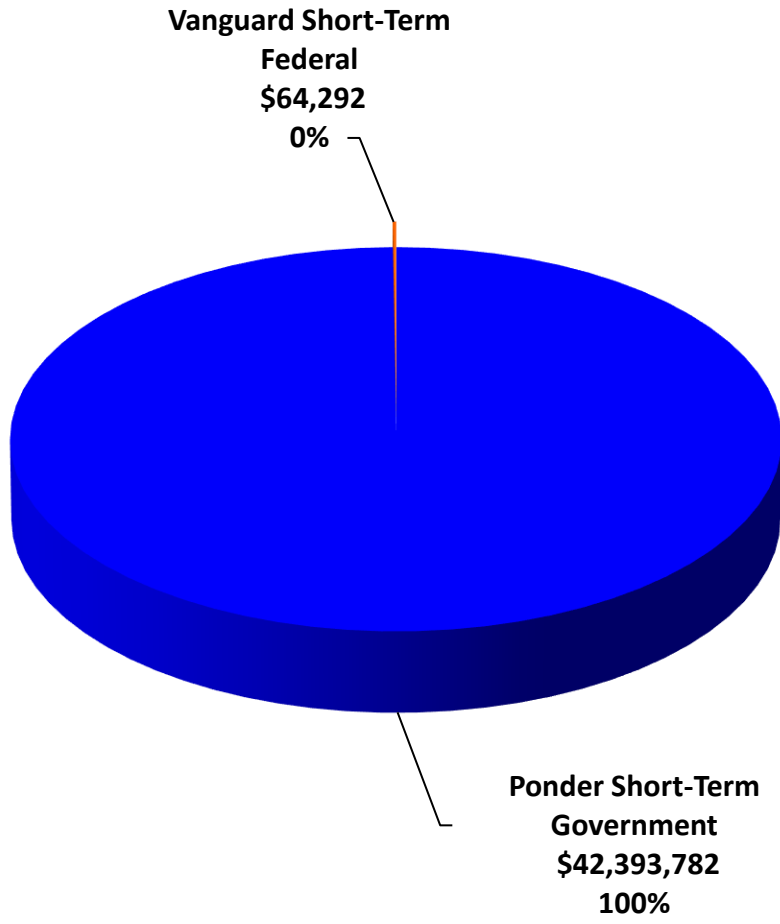
**Ponder/Salem Account 3040000414**  
**U.S. Treasury Account**  
**HH Holdings, Inc.**

First Quarter 2018  
Ended 03/31/2018

Beginning Balance as of 12/31/2017	\$ 73,895,748
Net Additions/Withdrawals	-
Investment Gain	<u>228,821</u>
Ending Balance as of 03/31/2018	<u>\$ 74,124,569 *</u>
Net Return 1st Quarter 2018	+31 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't Bond Index	-39 bp

\*Includes Accrued Interest

**HHMC Liquid Investments Accounts**  
**Breakdown of Assets**  
*as of 03/31/2018*



**Total: \$42,458,074**

**HHMC Liquid Investment Account**

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

First Quarter 2018  
Ended 03/31/2018

Beginning Balance as of 12/31/2017	\$ 42,413,791
Net Additions/Withdrawals	(2,938)
Investment Loss	<u>(17,071)</u>
Ending Balance as of 03/31/2018	<u>\$ 42,393,782 *</u>
Net Return 1st Quarter 2018	+4 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't Bond Index	-39 bp

\* Includes Accrued Interest

**HHMC Liquid Investment Account**

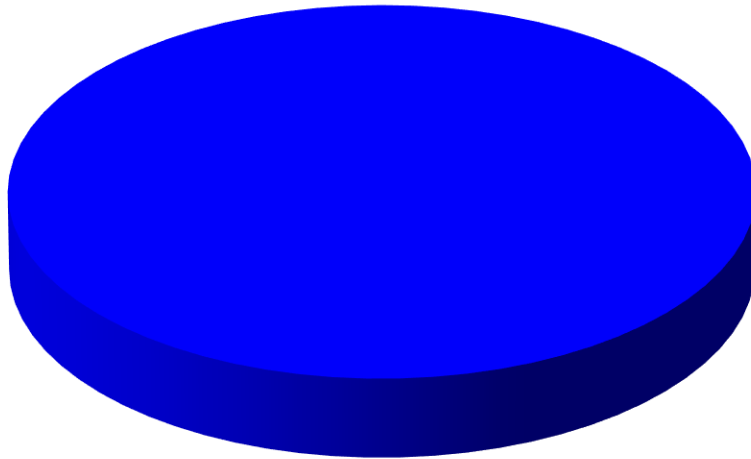
**Vanguard Account 88060843876 -- VSGDX**  
**Short-term Government Bond**  
**Halifax Hospital Medical Center dba Halifax Health**

First Quarter 2018  
Ended 03/31/2018

Beginning Balance as of 12/31/2017	\$	64,508
Net Additions/Withdrawals		-
Investment Loss		<u>(216)</u>
Ending Balance as of 03/31/2018	\$	<u>64,292</u>
Net Return 1st Quarter 2018		-33 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't Bond Index		-39 bp

**HHMC Debt & Self-Insurance Accounts**  
**Breakdown of Fixed-Income Assets**  
*as of 03/31/2018*

**Wells Fargo Halifax  
Hospital Trust**  
**\$525,203**  
**100%**



**Total: \$525,203**



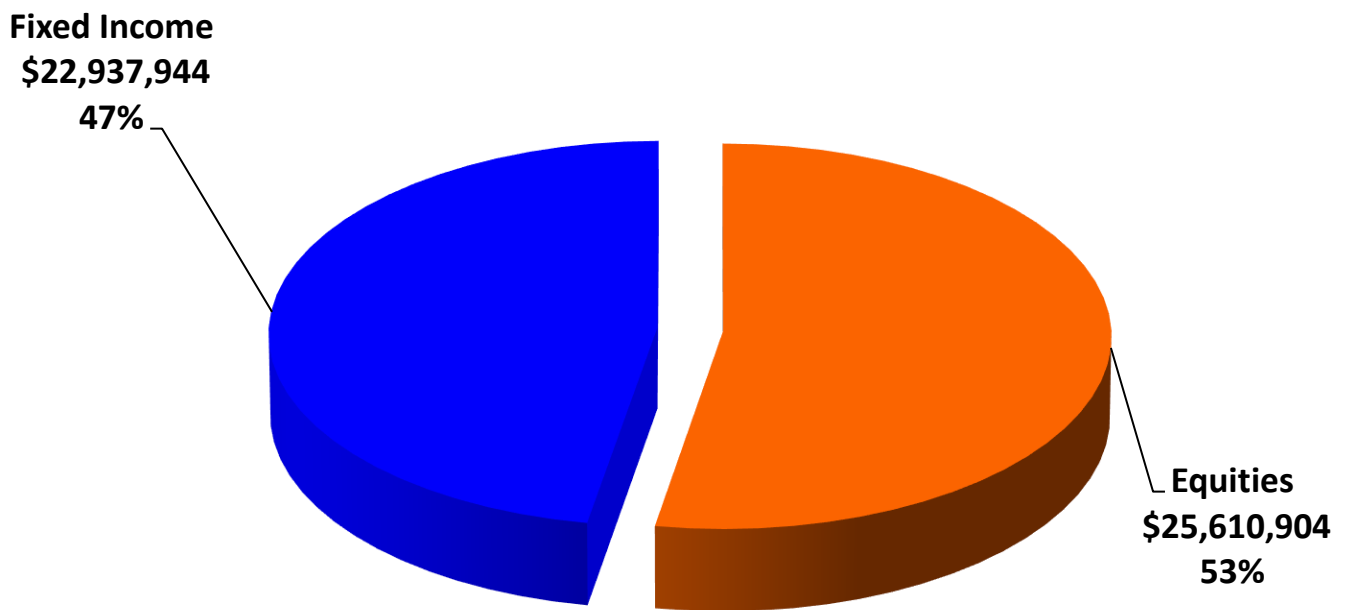
**HHMC Debt and Self-Insurance Accounts**

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

First Quarter 2018  
Ended 03/31/2018

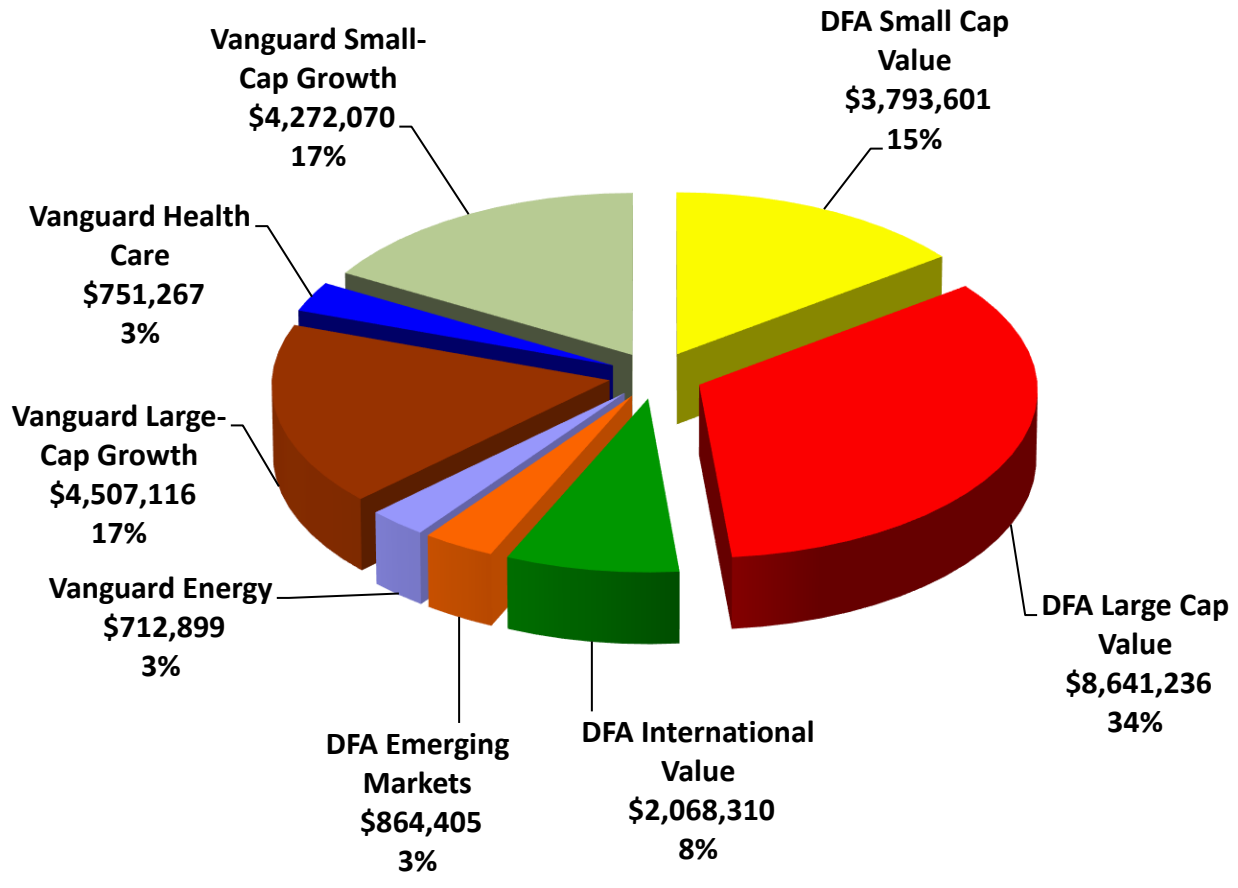
Beginning Balance as of 12/31/2017	\$	537,577
Net Additions/Withdrawals		(15,000)
Investment Gain		<u>2,626</u>
Ending Balance as of 03/31/2018	\$	<u>525,203</u>
Net Return 1st Quarter 2018		+49 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't Bond Index		-39 bp

**HMC Foundation Accounts**  
**Breakdown of Fixed-Income vs. Equity Assets**  
*as of 03/31/2018*



**Total: \$48,548,848**

**HMC Foundation Accounts**  
**Breakdown of Equity Assets**  
*as of 03/31/2018*



**Total: \$25,610,904**

HMC Foundation Accounts

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

First Quarter 2018  
Ended 03/31/2018

Beginning Balance as of 12/31/2017	\$ 23,054,363
Net Additions/Withdrawals	-
Investment Loss	<u>(116,419)</u>
Ending Balance as of 03/31/2018	<u>\$ 22,937,944</u>
Net Return 1st Quarter 2018	-50 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	-71 bp

## HMC Foundation Accounts

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

First Quarter 2018  
Ended 03/31/2018

#### Small Cap Value (DFSVX)

Beginning Balance as of 12/31/2017	\$ 3,884,653
Net Additions/Withdrawals	-
Investment Loss	(91,052)
Ending Balance as of 03/31/2018	<u>\$ 3,793,601</u>
Net Return 1st Quarter 2018	-2.34%
Benchmark Performance: Russell 2000 Small Value	-2.64%

#### International Value (DFIVX)

Beginning Balance as of 12/31/2017	\$ 2,096,112
Net Additions /Withdrawals	-
Investment Loss	(27,802)
Ending Balance as of 03/31/2018	<u>\$ 2,068,310</u>
Net Return 1st Quarter 2018	-1.33%
Benchmark Performance: MSCI World ex USA Idx	-1.18%

#### Emerging Markets Value (DFEVX)

Beginning Balance as of 12/31/2017	\$ 845,448
Net Additions /Withdrawals	-
Investment Gain	18,957
Ending Balance as of 03/31/2018	<u>\$ 864,405</u>
Net Return 1st Quarter 2018	+2.24%
Benchmark Performance: MSCI EMID	+1.42%

**Large Cap Value (DFLVX)**

Beginning Balance as of 12/31/2017	\$ 8,849,291
Net Additions /Withdrawals	-
Investment Loss	(208,055)
Ending Balance as of 03/31/2018	<u>\$ 8,641,236</u>
Net Return 1st Quarter 2018	-2.35%
Benchmark Performance: Russell 1000 Large Value	-2.83%

**Total: DFA Foundation 1<sup>st</sup> Quarter 2018**

Beginning Balance as of 12/31/2017	\$ 15,675,504
Net Additions /Withdrawals	-
Investment Loss	(307,952)
Ending Balance as of 03/31/2018	<u>\$ 15,367,552</u>
Combined Net Return 1st Quarter 2018	-1.96%
Combined Benchmark Performance	-2.33%

## HMC Foundation Accounts

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

First Quarter 2018  
Ended 03/31/2018

#### Energy (VGELX)

Beginning Balance as of 12/31/2017	\$	506,657
Net Additions/Withdrawals		212,414
Investment Loss		(6,172)
Ending Balance as of 03/31/2018	\$	<u>712,899</u>
Net Return 1st Quarter 2018		-1.22%
Benchmark Performance: MSCI All Country World Energy		-3.79%

#### Energy Index (VENAX)

Beginning Balance as of 12/31/2017	\$	228,305
Net Additions/Withdrawals		(212,414)
Investment Loss		(15,891)
Ending Balance as of 03/31/2018	\$	<u>-</u>
Net Return 1st Quarter 2018		-6.96%
Benchmark Performance: MSCI Investable Market Energy 25/50		-5.95%

#### Large-Cap Growth (VIGIX)

Beginning Balance as of 12/31/2017	\$	4,454,154
Net Additions/Withdrawals		-
Investment Gain		52,962
Ending Balance as of 03/31/2018	\$	<u>4,507,116</u>
Net Return 1st Quarter 2018		+1.19%
Benchmark Performance: Russell 1000 Large Growth		+1.42%

**Health Care (VGHAX)**

Beginning Balance as of 12/31/2017	\$	749,613
Net Additions/Withdrawals		-
Investment Gain		1,654
Ending Balance as of 03/31/2018	\$	<u>751,267</u>
Net Return 1st Quarter 2018		+22 bp
Benchmark Performance: MSCI All Country World Health Care		-98 bp

**Small-Cap Growth (VSGIX)**

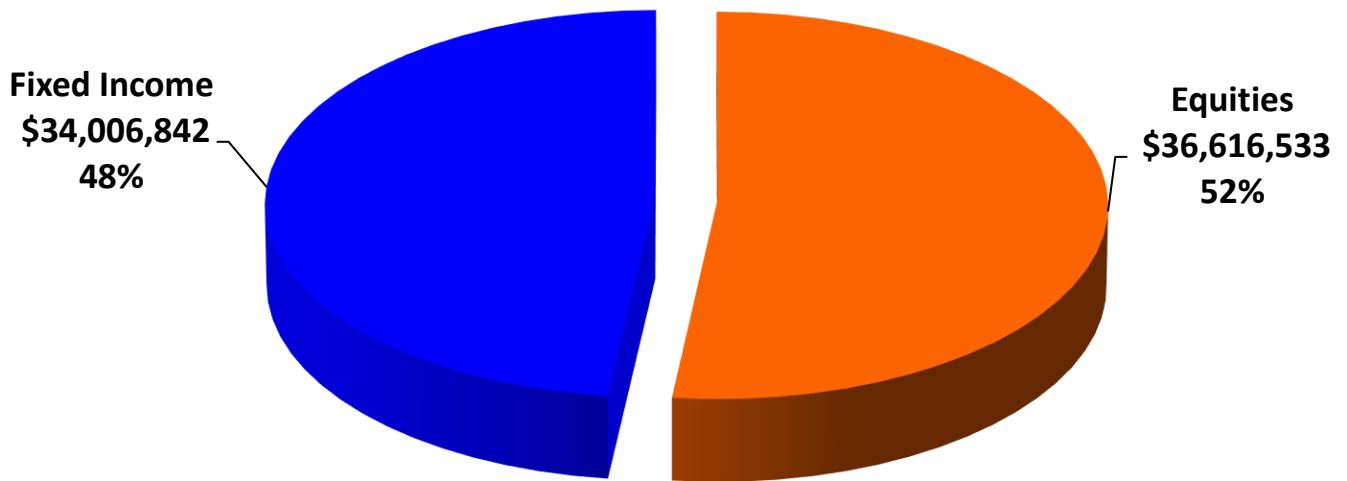
Beginning Balance as of 12/31/2017	\$	4,184,704
Net Additions/Withdrawals		-
Investment Gain		87,366
Ending Balance as of 03/31/2018	\$	<u>4,272,070</u>
Net Return 1st Quarter 2018		+2.09%
Benchmark Performance: Russell 2000 Small Growth		+2.30%

**Total: Vanguard Foundation 1st Quarter 2018**

Beginning Balance as of 12/31/2017	\$	10,123,433
Net Additions/Withdrawals		-
Investment Gain		119,919
Ending Balance as of 03/31/2018	\$	<u>10,243,352</u>
Combined Net Return 1st Quarter 2018		+1.18%
Combined Benchmark Return		+1.18%

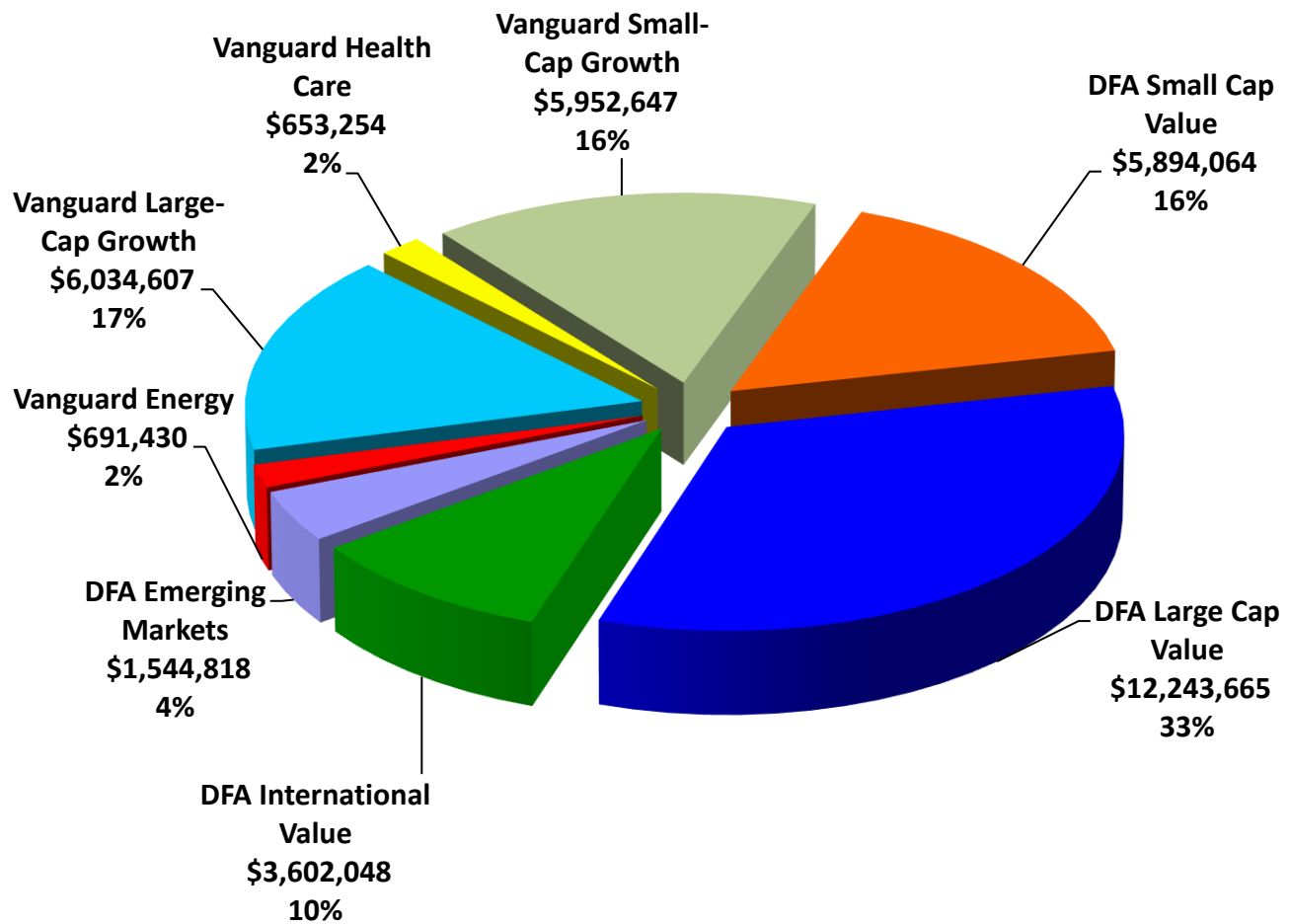


**Halifax Hospice Accounts**  
**Breakdown of Fixed-Income vs. Equity Assets**  
*as of 03/31/2018*



**Total: \$70,623,375**

**Halifax Hospice Accounts**  
**Breakdown of Equity Assets**  
*as of 03/31/2018*



**Total: \$36,616,533**

**Halifax Hospice Accounts**

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

First Quarter 2018  
Ended 03/31/2018

Beginning Balance as of 12/31/2017	\$ 34,179,439
Net Additions/Withdrawals	-
Investment Loss	<u>(172,597)</u>
Ending Balance as of 03/31/2018	<u>\$ 34,006,842</u>
Net Return 1st Quarter 2018	-50 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	-71 bp

## Halifax Hospice Accounts

### Dimensional (DFA) Account 10016 Halifax Hospice, Inc.

First Quarter 2018  
Ended 03/31/2018

#### Small Cap Value (DFSVX)

Beginning Balance as of 12/31/2017	\$ 6,035,531
Net Additions/Withdrawals	-
Investment Loss	(141,467)
Ending Balance as of 03/31/2018	<u>\$ 5,894,064</u>
Net Return 1st Quarter 2018	-2.34%
Benchmark Performance: Russell 2000 Small Value	-2.64%

#### International Value (DFIVX)

Beginning Balance as of 12/31/2017	\$ 3,650,467
Net Additions /Withdrawals	-
Investment Loss	(48,419)
Ending Balance as of 03/31/2018	<u>\$ 3,602,048</u>
Net Return 1st Quarter 2018	-1.33%
Benchmark Performance: MSCI World ex USA Idx	-1.18%

#### Emerging Markets Value (DFEVX)

Beginning Balance as of 12/31/2017	\$ 1,510,940
Net Additions /Withdrawals	-
Investment Gain	33,878
Ending Balance as of 03/31/2018	<u>\$ 1,544,818</u>
Net Return 1st Quarter 2018	+2.24%
Benchmark Performance: MSCI EMID	+1.42%

**Large Cap Value (DFLVX)**

Beginning Balance as of 12/31/2017	\$ 12,538,456
Net Additions /Withdrawals	-
Investment Loss	(294,791)
Ending Balance as of 03/31/2018	<u>\$ 12,243,665</u>
Net Return 1st Quarter 2018	-2.35%
Benchmark Performance: Russell 1000 Large Value	-2.83%

**Total: DFA Hospice 1<sup>st</sup> Quarter 2018**

Beginning Balance as of 12/31/2017	\$ 23,735,394
Net Additions /Withdrawals	-
Investment Loss	(450,799)
Ending Balance as of 03/31/2018	<u>\$ 23,284,595</u>
Combined Net Return 1st Quarter 2018	-1.90%
Combined Benchmark Performance	-2.26%

## Halifax Hospice Accounts

### Vanguard Account 88038915859 Halifax Hospice, Inc.

First Quarter 2018  
Ended 03/31/2018

#### Energy (VGELX)

Beginning Balance as of 12/31/2017	\$	111,956
Net Additions/Withdrawals		566,152
Investment Gain		13,322
Ending Balance as of 03/31/2018	\$	<u>691,430</u>
Net Return 1st Quarter 2018		+3.93%
Benchmark Performance: MSCI All Country World Energy		-3.79%

#### Energy Index (VENAX)

Beginning Balance as of 12/31/2017	\$	608,509
Net Additions/Withdrawals		(566,152)
Investment Loss		(42,357)
Ending Balance as of 03/31/2018	\$	<u>-</u>
Net Return 1st Quarter 2018		-6.96%
Benchmark Performance: MSCI Investable Market Energy 25/50		-5.95%

#### Large-Cap Growth (VIGIX)

Beginning Balance as of 12/31/2017	\$	5,963,695
Net Additions/Withdrawals		-
Investment Gain		70,912
Ending Balance as of 03/31/2018	\$	<u>6,034,607</u>
Net Return 1st Quarter 2018		+1.19%
Benchmark Performance: Russell 1000 Large Growth		+1.42%

**Health Care (VGHAX)**

Beginning Balance as of 12/31/2017	\$	651,815
Net Additions/Withdrawals		-
Investment Gain		1,439
Ending Balance as of 03/31/2018	\$	<u>653,254</u>
Net Return 1st Quarter 2018		+22 bp
Benchmark Performance: MSCI All Country World Health Care		-98 bp

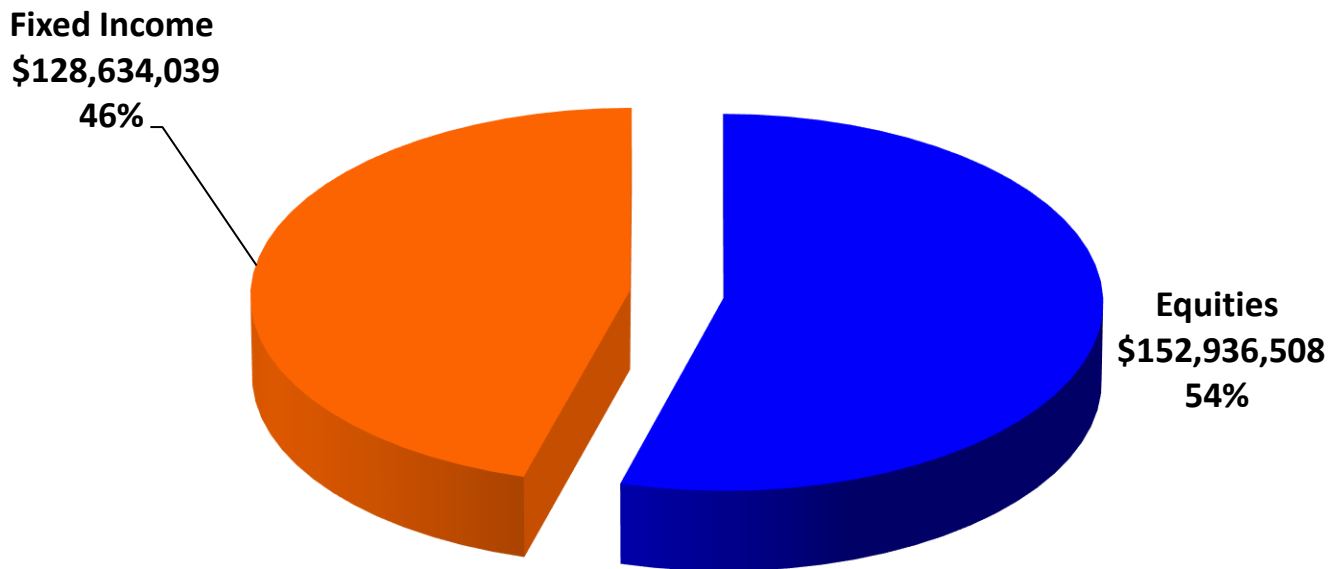
**Small-Cap Growth (VSGIX)**

Beginning Balance as of 12/31/2017	\$	5,830,912
Net Additions/Withdrawals		-
Investment Gain		121,735
Ending Balance as of 03/31/2018	\$	<u>5,952,647</u>
Net Return 1st Quarter 2018		+2.09%
Benchmark Performance: Russell 2000 Small Growth		+2.30%

**Total: Vanguard Hospice 1st Quarter 2018**

Beginning Balance as of 12/31/2017	\$	13,166,887
Net Additions/Withdrawals		-
Investment Gain		165,051
Ending Balance as of 03/31/2018	\$	<u>13,331,938</u>
Combined Net Return 1st Quarter 2018		+1.25%
Combined Benchmark Return		+1.31%

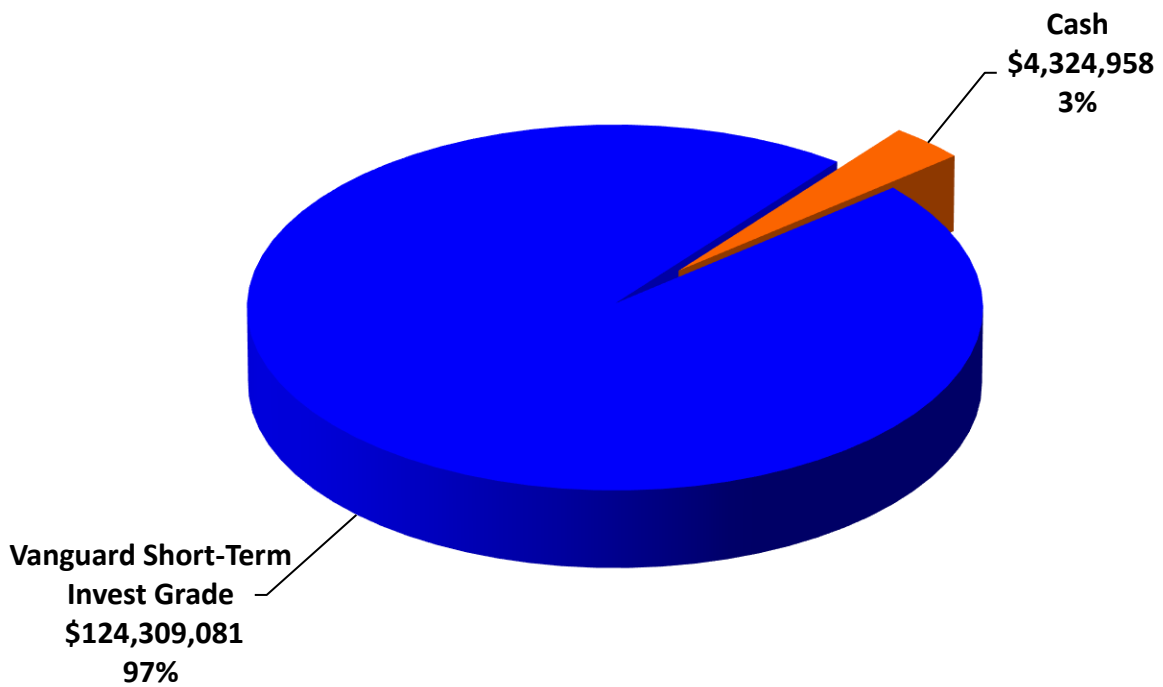
**Halifax Staffing Pension Accounts**  
**Breakdown of Fixed-Income vs. Equity Assets**  
*as of 03/31/2018*



**Total: \$281,570,547**

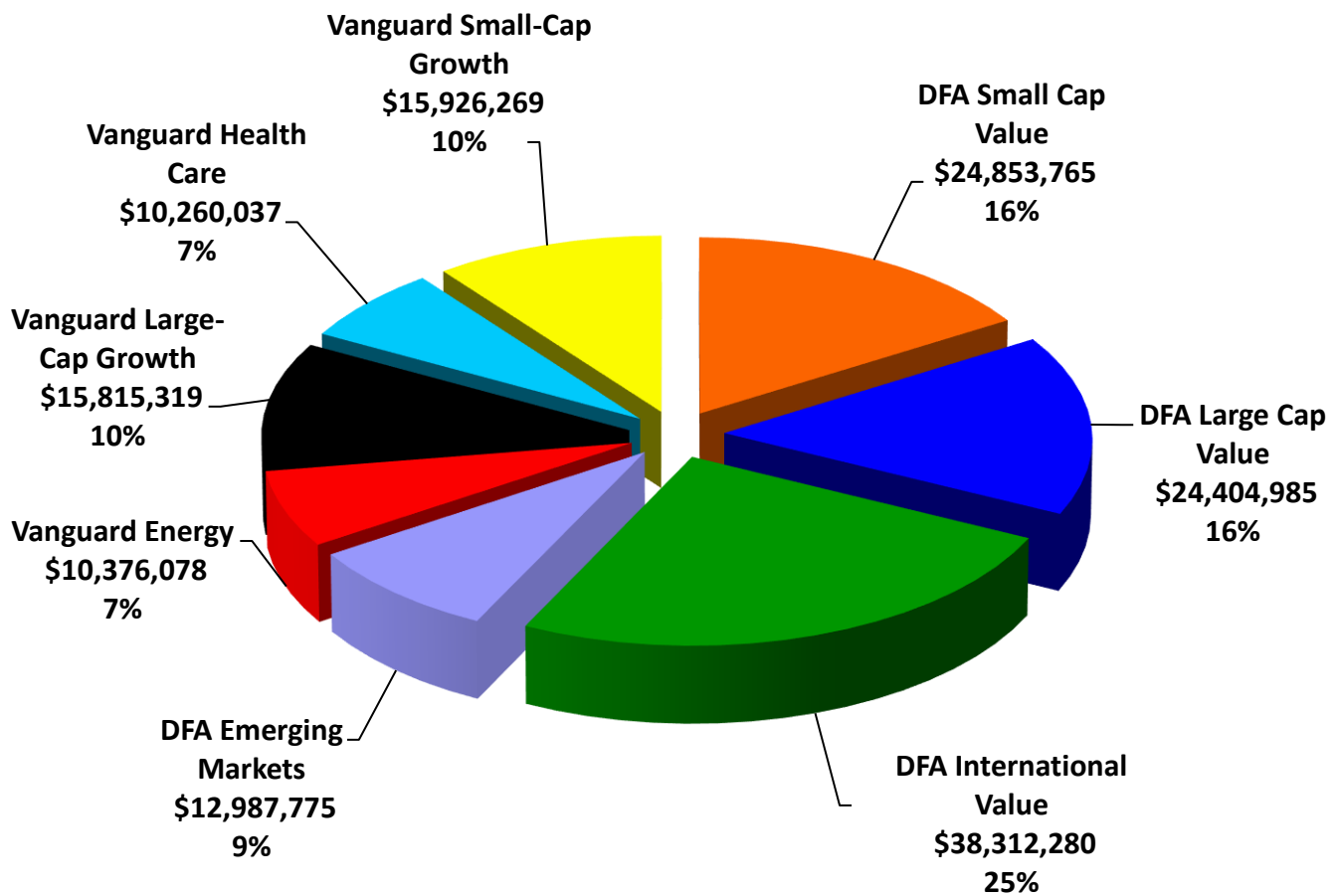


**Halifax Staffing Pension Accounts  
Breakdown of Fixed-Income Assets**  
*as of 03/31/2018*



**Total: \$128,634,039**

**Halifax Staffing Pension Accounts**  
**Breakdown of Equity Assets**  
*as of 03/31/2018*



**Total: \$152,936,508**

**Halifax Staffing Pension Accounts**

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

First Quarter 2018  
Ended 03/31/2018

Beginning Balance as of 12/31/2017	\$ 132,256,451
Net Additions/Withdrawals	(7,000,000)
Investment Loss	<u>(947,370)</u>
Ending Balance as of 03/31/2018	<u>\$ 124,309,081</u>
Net Return 1st Quarter 2018	-72 bp
Benchmark Performance: Barclay's US 1-5 Year Gov't/Credit Index	-71 bp

## Halifax Staffing Pension Accounts

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

First Quarter 2018  
Ended 03/31/2018

#### Small Cap Value (DFSVX)

Beginning Balance as of 12/31/2017	\$ 24,162,951
Net Additions/Withdrawals	1,250,000
Investment Loss	(559,186)
Ending Balance as of 03/31/2018	<u>\$ 24,853,765</u>
Net Return 1st Quarter 2018	-2.31%
Benchmark Performance: Russell 2000 Small Value	-2.64%

#### International Value (DFIVX)

Beginning Balance as of 12/31/2017	\$ 38,827,275
Net Additions /Withdrawals	-
Investment Loss	(514,995)
Ending Balance as of 03/31/2018	<u>\$ 38,312,280</u>
Net Return 1st Quarter 2018	-1.33%
Benchmark Performance: MSCI World ex USA Idx	-1.18%

#### Emerging Markets Value (DFEVX)

Beginning Balance as of 12/31/2017	\$ 12,053,411
Net Additions /Withdrawals	650,000
Investment Gain	284,364
Ending Balance as of 03/31/2018	<u>\$ 12,987,775</u>
Net Return 1st Quarter 2018	+2.36%
Benchmark Performance: MSCI EMID	+1.42%

**Large Cap Value (DFLVX)**

Beginning Balance as of 12/31/2017	\$ 24,992,585
Net Additions /Withdrawals	-
Investment Loss	(587,600)
Ending Balance as of 03/31/2018	<u>\$ 24,404,985</u>
Net Return 1st Quarter 2018	-2.35%
Benchmark Performance: Russell 1000 Large Value	-2.83%

**Total: DFA Pension 1<sup>st</sup> Quarter 2018**

Beginning Balance as of 12/31/2017	\$ 100,036,222
Net Additions /Withdrawals	1,900,000
Investment Loss	(1,377,417)
Ending Balance as of 03/31/2018	<u>\$ 100,558,805</u>
Combined Net Return 1st Quarter 2018	-1.38%
Combined Benchmark Performance	-1.63%

## Halifax Staffing Pension Accounts

### Vanguard Account 20304802 Halifax Staffing, Inc.

First Quarter 2018  
Ended 03/31/2018

#### Energy (VGELX)

Beginning Balance as of 12/31/2017	\$ 5,672,312
Net Additions/Withdrawals	4,730,768
Investment Loss	(27,002)
Ending Balance as of 03/31/2018	<u>\$ 10,376,078</u>
Net Return 1st Quarter 2018	-48 bp
Benchmark Performance: MSCI All Country World Energy	-3.79%

#### Energy Index (VENAX)

Beginning Balance as of 12/31/2017	\$ 5,084,701
Net Additions/Withdrawals	(4,730,768)
Investment Loss	(353,933)
Ending Balance as of 03/31/2018	<u>\$ -</u>
Net Return 1st Quarter 2018	-6.96%
Benchmark Performance: MSCI Investable Market Energy 25/50	-5.95%

#### Large-Cap Growth (VIGIX)

Beginning Balance as of 12/31/2017	\$ 15,363,948
Net Additions/Withdrawals	250,000
Investment Gain	201,371
Ending Balance as of 03/31/2018	<u>\$ 15,815,319</u>
Net Return 1st Quarter 2018	+1.31%
Benchmark Performance: Russell 1000 Large Growth	+1.42%

**Health Care (VGHAX)**

Beginning Balance as of 12/31/2017	\$ 10,499,882
Net Additions/Withdrawals	-
Investment Loss	(239,845)
Ending Balance as of 03/31/2018	<u>\$ 10,260,037</u>
Net Return 1st Quarter 2018	-2.28%
Benchmark Performance: MSCI All Country World Health Care	-98 bp

**Small-Cap Growth (VSGIX)**

Beginning Balance as of 12/31/2017	\$ 15,332,090
Net Additions/Withdrawals	250,000
Investment Gain	344,179
Ending Balance as of 03/31/2018	<u>\$ 15,926,269</u>
Net Return 1st Quarter 2018	+2.24%
Benchmark Performance: Russell 2000 Small Growth	+2.30%

**Total: Vanguard Pension 1st Quarter 2018**

Beginning Balance as of 12/31/2017	\$ 51,952,933
Net Additions/Withdrawals	500,000
Investment Loss	(75,230)
Ending Balance as of 03/31/2018	<u>\$ 52,377,703</u>
Combined Net Return 1st Quarter 2018	-14 bps
Combined Benchmark Return	-10 bps

## Halifax Health Portfolios

### Performance of Benchmarks

First Quarter 2018  
Ended 03/31/2018

	1 <sup>st</sup> Q 2018
<u>Benchmark</u>	<u>Performance</u>
Barclay's 1-5 Year Gov't Bond Index	-39 bp
Barclay's 1-5 Year Gov't/Credit	-71 bp
MSCI All Country World Energy Index	-3.79%
MSCI Investable Market Energy 25/50	-5.95%
MSCI All Country World Health Care Index	-98 bp
MSCI World ex USA Index	-1.18%
MSCI Emerging Markets EMID Index	+1.42%
Russell 1000 Large Growth Index	+1.42%
Russell 1000 Large Value Index	-2.83%
Russell 2000 Small Growth Index	+2.30%
Russell 2000 Small Value Index	-2.64%
S&P 500 Index	-76 bp
3 Month T-Bill	+41 bp



# Halifax Health Portfolio

*Investment Account Balances  
as of March 31, 2018*

## Halifax Health Investment Accounts

### HH Holdings

<i>IM /Account Title/Account #</i>	Balance as of 9/30/2017	Balance as of 2/28/2018	Balance as of 3/31/2018	Change March 2018
<i>Vanguard /HH Holdings 0858-88032962086 Short-term Inv-Gr</i>	\$ 53,746,971	\$ 53,381,328	\$ 46,353,240	\$ (7,028,088)
<i>Ponder /HH Holdings 3040000414 Short-term Gov't/Corporate</i>	32,185,171	31,993,521	32,070,299	76,778
<i>Ponder /HH Holdings 3040000414 US Treasury Account 5/15/18 Maturity</i>	73,704,944	74,028,023	74,124,569	96,546
<b>Totals:</b>	<b>\$ 159,637,086</b>	<b>\$ 159,402,872</b>	<b>\$ 152,548,108</b>	<b>\$ (6,854,764)</b>

### HHMC Liquid Investment Accounts

<i>Ponder/ Hal Med Ctr Deprec 3040030258 Short-term Gov't Bond</i>	\$ 42,416,447	\$ 42,290,356	\$ 42,393,782	103,426
<i>Vanguard/ Hal Hosp Med Ctr dba HH 88060843876 Short-term Gov't Bond</i>	64,627	64,132	64,292	160
<b>Totals:</b>	<b>\$ 42,481,074</b>	<b>\$ 42,354,488</b>	<b>\$ 42,458,074</b>	<b>\$ 103,586</b>

### HHMC Debt & Self-Insurance Accounts

Account/Account	Balance as of 9/30/2017	Balance as of 2/28/2018	Balance as of 3/31/2018	Change March 2018
<i>Wells Fargo</i> Hal Hos Tr Slf Ins fd 25564000	\$ 551,270	\$ 529,595	\$ 525,203	\$ (4,392)
<b>Totals:</b>	<b>\$ 551,270</b>	<b>\$ 529,595</b>	<b>\$ 525,203</b>	<b>\$ (4,392)</b>

### HH Foundation Accounts

Account/Account	Balance as of 9/30/2017	Balance as of 2/28/2018	Balance as of 3/31/2018	Change March 2018
<i>Vanguard</i>				
HMC Foundation Inc.				
Short-Term Invest-Gr Inst.	\$ 23,063,990	\$ 22,907,086	\$ 22,937,944	\$ 30,858
<i>Dimensional (DFA)</i>				
HMC Foundation Inc.				
Small-Cap Value	3,766,776	3,758,648	3,793,601	34,953
International Value	1,988,198	2,094,066	2,068,310	(25,756)
Emerging Markets Value	783,454	876,320	864,405	(11,915)
Large-Cap Value	8,234,389	8,842,505	8,641,236	(201,269)
<i>Vanguard</i>				
HMC Foundation Inc.				
Energy	690,464	695,681	712,899	17,218
Large-Cap Growth	4,193,118	4,622,224	4,507,116	(115,108)
Health Care	745,413	751,602	751,267	(335)
Small-Cap Growth	3,956,561	4,208,727	4,272,070	63,343
<b>Totals:</b>	<b>\$ 47,422,363</b>	<b>\$ 48,756,859</b>	<b>\$ 48,548,848</b>	<b>\$ (208,011)</b>

## HH Hospice Accounts

Account/Account	Balance as of 9/30/2017	Balance as of 2/28/2018	Balance as of 3/31/2018	Change March 2018
<i>Vanguard</i>				
Halifax Hospice Inc.				
Short-Term Invest-Gr Inst	\$ 34,193,713	\$ 33,961,092	\$ 34,006,842	\$ 45,750
<i>Dimensional (DFA)</i>				
Halifax Hospice Inc.				
Small-Cap Value	5,852,386	5,839,758	5,894,064	54,306
International Value	3,462,531	3,646,904	3,602,048	(44,856)
Emerging Markets Value	1,400,147	1,566,113	1,544,818	(21,295)
Large-Cap Value	11,667,209	12,528,840	12,243,665	(285,175)
<i>Vanguard</i>				
Halifax Hospice Inc.				
Energy	676,922	674,730	691,430	16,700
Large-Cap Growth	5,614,193	6,188,725	6,034,607	(154,118)
Health Care	648,163	653,545	653,254	(291)
Small-Cap Growth	5,513,022	5,864,386	5,952,647	88,261
<b>Totals:</b>	<b>\$ 69,028,286</b>	<b>\$ 70,924,093</b>	<b>\$ 70,623,375</b>	<b>\$ (300,718)</b>

## HH Portfolio Totals with March 2018 Changes

HH Holdings	\$ 159,637,086	\$ 159,402,872	\$ 152,548,108	\$ (6,854,764)
HHMC Liquid Investments Accounts	42,481,074	42,354,488	42,458,074	103,586
HHMC Debt & Self-Insurance Accounts	551,270	529,595	525,203	(4,392)
HH Foundation Accounts	47,422,363	48,756,859	48,548,848	(208,011)
HH Hospice Accounts	69,028,286	70,924,093	70,623,375	(300,718)
<b>Totals:</b>	<b>\$ 319,120,079</b>	<b>\$ 321,967,907</b>	<b>\$ 314,703,608</b>	<b>\$ (7,264,299)</b>

## HH Pension Accounts

<i>IM /Account/Account #</i>	Balance as of 9/30/2017	Balance as of 2/28/2018	Balance as of 3/31/2018	Change March 2018
<i>Vanguard</i>				
Halifax Staffing Inc. DB Pension Plan				
Short-Term Invest-Gr Inst	\$ 132,311,686	\$ 124,427,358	\$ 124,309,081	\$ (118,277)
<i>Dimensional (DFA)</i>				
Halifax Staffing Inc. DB Pension Plan				
Small-Cap Value	21,499,087	24,624,771	24,853,765	228,994
International Value	33,978,622	38,789,376	38,312,280	(477,096)
Emerging Markets Value	11,169,572	13,166,805	12,987,775	(179,030)
Large-Cap Value	21,401,560	24,973,418	24,404,985	(568,433)
<i>Vanguard</i>				
Halifax Staffing Inc. DB Pension Plan				
Energy	9,166,438	10,142,635	10,376,078	233,443
Large-Cap Growth	13,525,779	16,219,227	15,815,319	(403,908)
Health Care	9,448,611	10,527,742	10,260,037	(267,705)
Small-Cap Growth	13,553,646	15,690,128	15,926,269	236,141
Wells Fargo Government Money Market	1,982	1,213	16	(1,197)
<i>Wells Fargo</i>				
Halifax Staffing Inc. DB Pension Plan				
Cash & Cash Equivalents	302,302	5,899,766	4,324,942	(1,574,824)
<b>Totals:</b>	<b>\$ 266,359,285</b>	<b>\$ 284,462,439</b>	<b>\$ 281,570,547</b>	<b>\$ (2,891,892)</b>

## Total Assets: Pension and Investment Accounts

### Totals with March 2018 Changes

Pension Accounts	\$ 266,359,285	\$ 284,462,439	\$ 281,570,547	(2,891,892)
All Other Accounts	319,120,079	321,967,907	314,703,608	(7,264,299)
<b>Grand Total:</b>	<b>\$ 585,479,364</b>	<b>\$ 606,430,346</b>	<b>\$ 596,274,155</b>	<b>\$ (10,156,191)</b>

**Halifax Foundation Accounts**  
**Asset Allocation**  
**as of March 31, 2018**

ASSET CLASS	RANGE	TARGET	3/31/2018	ACTUAL
<b>FIXED</b>				
Short-Term Invest Gr	0-60%	45%	\$22,937,944	47%
Cash Equivalents				0%
<b>Total Fixed</b>	<b>30-60%</b>	<b>45%</b>	<b>\$22,937,944</b>	<b>47%</b>
<b>EQUITIES</b>				
Large-Cap Value	10%-30%	19%	\$8,641,236	18%
Small-Cap Value	5%-15%	9%	\$3,793,601	8%
International Value	0%-15%	4%	\$2,068,310	4%
Emerging Markets Value	0%-5%	2%	\$864,405	2%
Large-Cap Growth	5%-15%	9%	\$4,507,116	9%
Small-Cap Growth	5%-15%	9%	\$4,272,070	9%
Specialty:	0%-11%	3%	\$1,464,166	3%
<i>Healthcare</i>			\$751,267	
<i>Energy</i>			\$712,899	
<b>Total Equity</b>	<b>40-70%</b>	<b>55%</b>	<b>\$25,610,904</b>	<b>53%</b>
<b>Total Portfolio</b>		<b>100%</b>	<b>\$48,548,848</b>	<b>100%</b>

**Halifax Hospice Accounts**  
**Asset Allocation**  
**as of March 31, 2018**

ASSET CLASS	RANGE	TARGET	3/31/2018	ACTUAL
<b>FIXED</b>				
Short-Term Invest Gr	0-60	45%	\$34,006,842	48%
Cash			\$0	0%
<b>Total Fixed</b>	<b>30-60%</b>	<b>45%</b>	<b>\$34,006,842</b>	<b>48%</b>
<b>EQUITIES</b>				
Large-Cap Value	10%-30%	19%	\$12,243,665	17%
Small-Cap Value	5%-15%	9%	\$5,894,064	8%
International Value	0%-15%	4%	\$3,602,048	5%
Emerging Markets Value	0%-5%	2%	\$1,544,818	2%
Large-Cap Growth	5%-15%	9%	\$6,034,607	9%
Small-Cap Growth	5%-15%	9%	\$5,952,647	8%
Specialty (Healthcare/Energy)	0%-11%	3%	\$1,344,684	2%
<i>Healthcare</i>			\$653,254	
<i>Energy</i>			\$691,430	
<b>Total Equity</b>	<b>40-70%</b>	<b>55%</b>	<b>\$36,616,533</b>	<b>52%</b>
<b>Total Portfolio</b>		<b>100%</b>	<b>\$70,623,375</b>	<b>100%</b>

**Halifax Pension Accounts**  
**Asset Allocation**  
**as of March 31, 2018**

ASSET CLASS	RANGE	TARGET	3/31/2018	ACTUAL
<b>FIXED</b>				
Short-Term Invest Gr	0-60%	45%	\$124,309,081	44%
Cash			\$4,324,958	2%
<b>Total Fixed</b>	<b>30-60%</b>	<b>45%</b>	<b>\$128,634,039</b>	<b>46%</b>
<b>EQUITIES</b>				
Large-Cap Value	7%-13%	9%	\$24,404,985	9%
Small-Cap Value	7%-13%	9%	\$24,853,765	9%
International Value	11%-19%	15%	\$38,312,280	14%
Emerging Markets Value	3%-7%	4%	\$12,987,775	5%
Large-Cap Growth	4%-10%	5%	\$15,815,319	6%
Small-Cap Growth	4%-8%	5%	\$15,926,269	6%
Specialty (Healthcare/Energy)	0%-11%	8%	\$20,636,115	7%
<i>Healthcare</i>			\$10,260,037	
<i>Energy</i>			\$10,376,078	
<b>Total Equity</b>	<b>40-70%</b>	<b>55%</b>	<b>\$152,936,508</b>	<b>54%</b>
<b>Total Portfolio</b>		<b>100%</b>	<b>\$281,570,547</b>	<b>100%</b>

## Halifax Health Investment Accounts Portfolio Monitoring

*First Quarter 2018: Ended 03/31/2018*

### **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 1,950 bond holdings with an average credit quality of A. The fund is in the top 15% in category over a five-year period and was down 0.50% for the quarter, better than 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. 95% 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 down 0.33% for the quarter, which is better than its benchmark. 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 1,000 individual holdings. Dimensional Fund Advisors may well have the best academic approach to investing in the securities industry. The DFA Small Cap was down 2.34% for the quarter, better than its benchmark. The fund is in the top 43% 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 2.24% for the quarter, ahead of its benchmark. Its Sharpe Ratio is +0.43 and its rank in category is 58 for 5 years. The fund is well diversified with over 1,900 equity holdings.

### **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 down 1.33% for the quarter, trailing its benchmark. It is in the top 15% of funds in its category over a 5-year period. Its Sharpe Ratio is low and its risk characteristics have improved.



**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 down 2.35% for the quarter, better than its Russell 1000 Value Benchmark. It is in the top 4% of large-value funds with a low expense ratio and a good sharp ratio of +0.77.

**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 0.22% for the quarter, ahead of its benchmark. Vanguard Health Care is in the top 47% in its category. It has a Sharpe Ratio of +0.27, and takes average risks for average returns in its category.

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

This fund is 100% American energy companies. This energy index fund was down 5.97% for the quarter. It is in the top 16% in category. It has a Sharpe Ratio of -0.01 and very good risk ratings.

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

This large growth fund has 323 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 1.19% for the quarter. It is in the top 45% in category and has excellent risk ratings. The fund has an expense ratio of .04%.

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

This is a small-cap growth fund with 650 holdings and an average market cap of \$1.5 billion. Vanguard Small Cap was up 2.09% for the quarter, slightly trailing of its benchmark. The fund is in the top 58% in its category with average risk ratings.

**PONDER**

INVESTMENT CO

# Halifax Medical Center Investment Review

Through March 31, 2018

# Discussion Topics

## Fixed Income Market Conditions

- Executive Summary
- Economic Summary
- Yield Curve Changes
- Economic Activity

## HMC/HH Holdings

- Current Investment Strategy
- Portfolio Summary and Performance

Page

4

5

6

8

14

15



# Fixed Income Market Conditions

# Executive Summary

The FOMC raised rates 25 basis points in the first quarter of 2018. They continue to signal at least 2 more rate hikes for 2018. While inflation remains subdued, growth is ongoing.

2 year Treasury yields continued their increase in the first quarter to 2.27% (from 1.88% at the end 2017) while the long-end of the curve increased slightly less.

Net rate changes in Q1: 3 month T-Bills up 32 basis points, 2 year Treasury up 38 basis points, 10 year Treasury up 33 basis points, 30 year Treasury up 23 basis points.

During the quarter, the S & P 500 stock index was down 1.2% (price only) while the NASDAQ index increased 2.3%.

Both portfolios have outperformed their respective indices over the reporting period. With market yields expected to keep climbing, we believe both portfolios are positioned to further benefit. Over the past year as rates increased, the portfolio's performance has increased from reinvesting at ever higher rates as we projected. Importantly, we have been able to protect against significant principal erosion.

# Economic Summary

## US Economy

- Q4 GDP came in at 2.9% down from 3.2% in Q3. Median estimates for the full year, 2018 GDP are 2.8% (revised higher from 2.6%) based on a Bloomberg survey
- Non-farm payrolls averaged +202k per month in Q1 2018, vs. 220k per month in Q4, while the unemployment rate remained at 4.1% since October 2017.
- Inflation ticked up to 1.8% but remains below the FOMC target of 2.0%

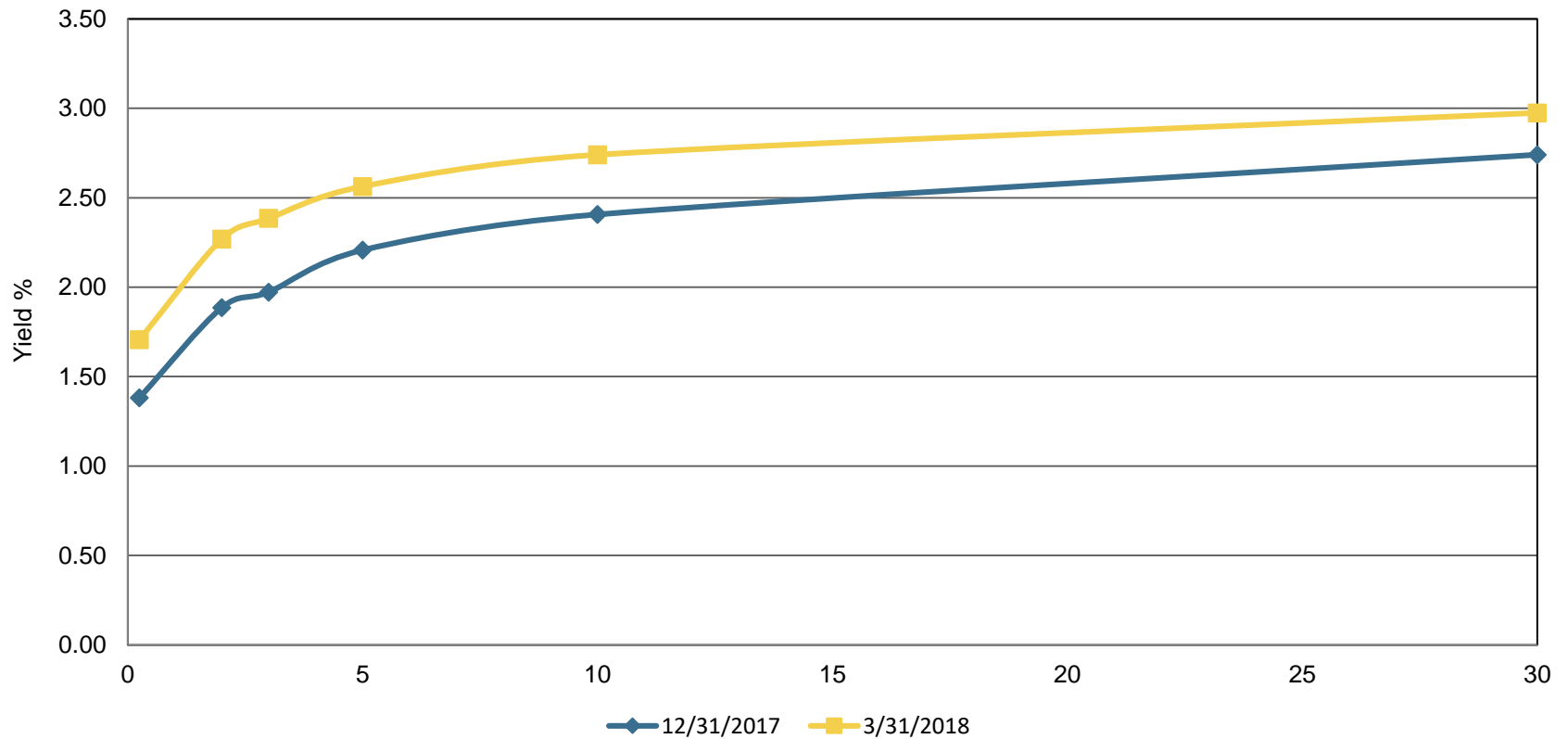
## Federal Reserve

- The FOMC raised rates by 25 basis points in Q1 2018 and remains on track for at least 2 more hikes in 2018
- Bloomberg survey median expectation for Fed Funds at the end of 2018 is 2.35%
- Both consumer and business confidence remains high
- Business investment has continued to increase while consumers spending has given a bit of ground to saving
- Incoming data will drive the Fed's pace of rate increases. In particular, wage growth is a focus

## US Bond Market

- Treasury yields were higher in Q1 2018. The yield on the 2 year was up 38 bps while the yield on the 10 year increased 33bps. And the 30 year increased by 23 bps. 10 year rates closed the quarter at 2.74%. According to Barclay's data, investment grade (IG) corporate bonds underperformed Treasuries by 66 bps during the quarter reversing much of the Q4 2017 gains. Lower quality bonds did significantly worse than higher quality bonds, reversing a long-standing trend.
- Investment Grade Corporate bond new issue volume for the quarter was \$393.8 billion, up from \$297.8 billion in Q4. For 2017, \$1.468 trillion came to market. Municipal new issue volume was down 32% in the quarter vs. Q1 2017 as issuers rushed to market in December ahead of proposed changes to the tax code. According to preliminary ICI data, taxable bond funds had inflows of \$50.8 billion in the quarter while municipal bond fund inflows totaled \$10.5 billion-mostly due to January reinvestments, flows have been mixed since January.

# Yield Curve Changes



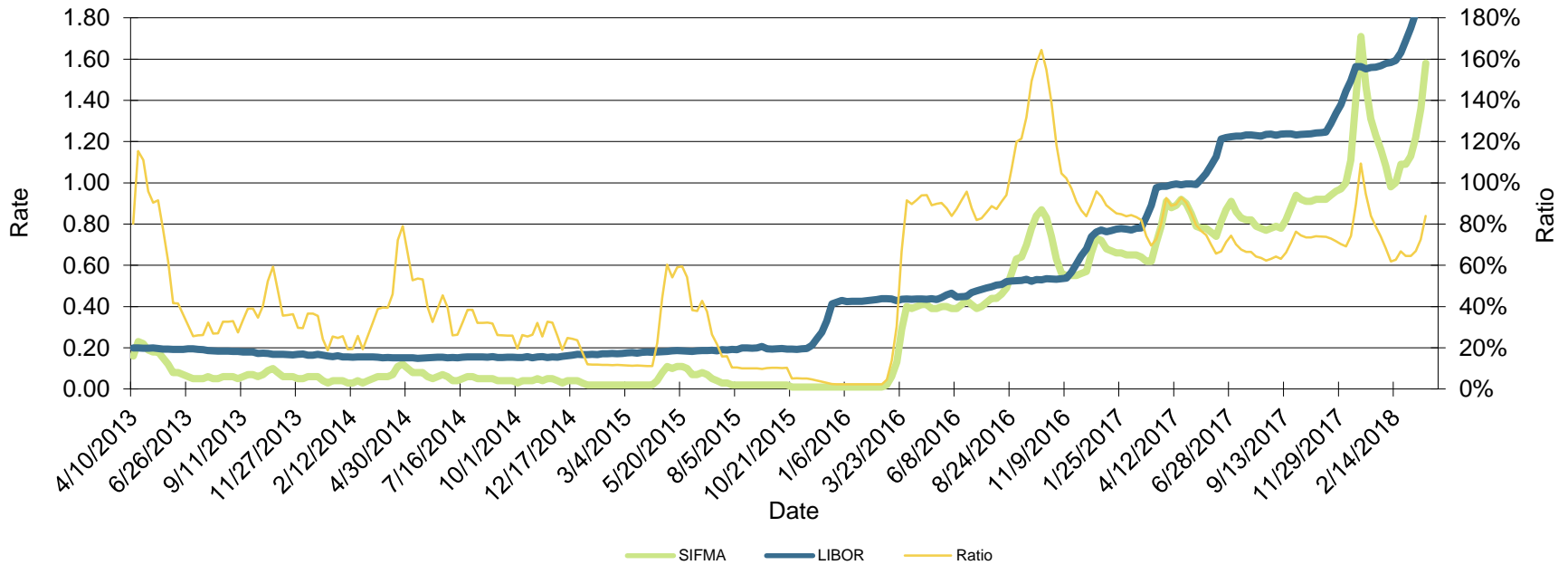
## During the past quarter

- Rates were higher across the curve with the yield on the 2 year up 38 basis points while the yield on the 10 year was up 33 basis points and 30 years were up by 23 bps.
- The curve (2 year to 10 year) was flatter at +47 basis points, down from +52 basis points

# Short Term Yields

As of 3/31/18

## SIFMA vs. 1M LIBOR

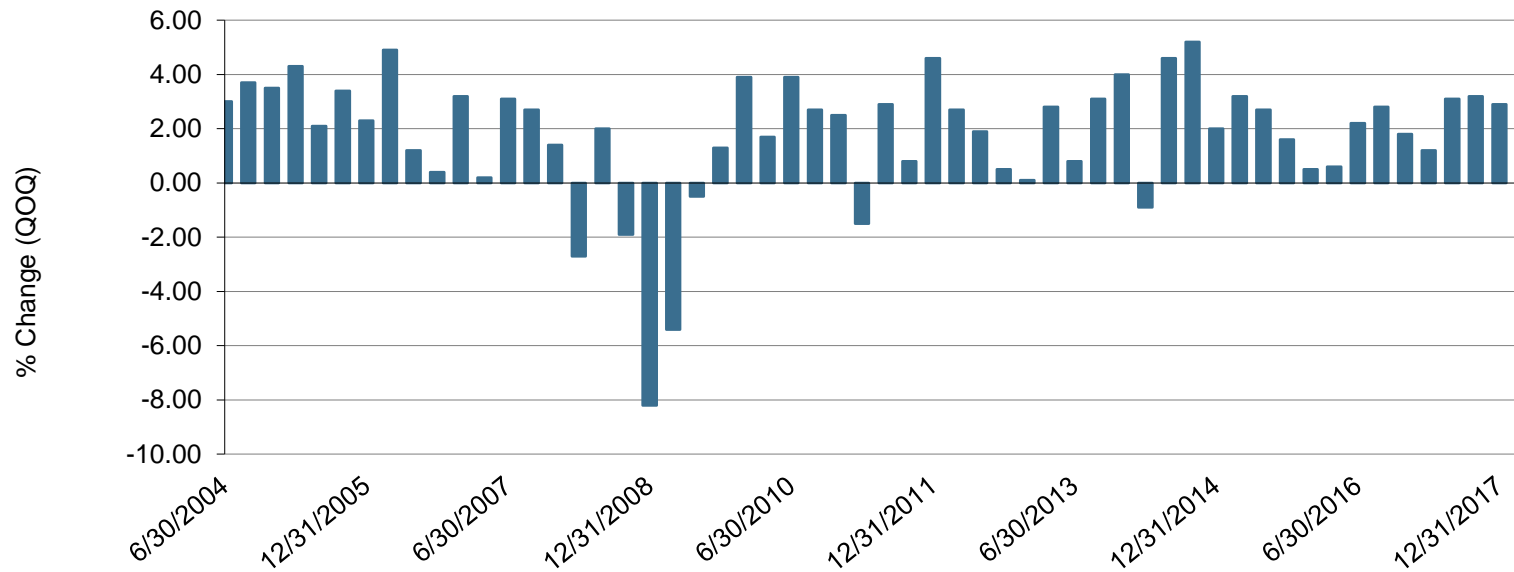


	Average	YTD	1 Year	3 Year	5 Year
SIFMA/LIBOR Ratio		72.6%	73.8%	63.0%	52.2%
SIFMA		1.21%	0.98%	0.53%	0.34%
1 Month LIBOR		1.67%	1.33%	0.73%	0.51%



# U.S. Economic Activity

## Gross Domestic Product



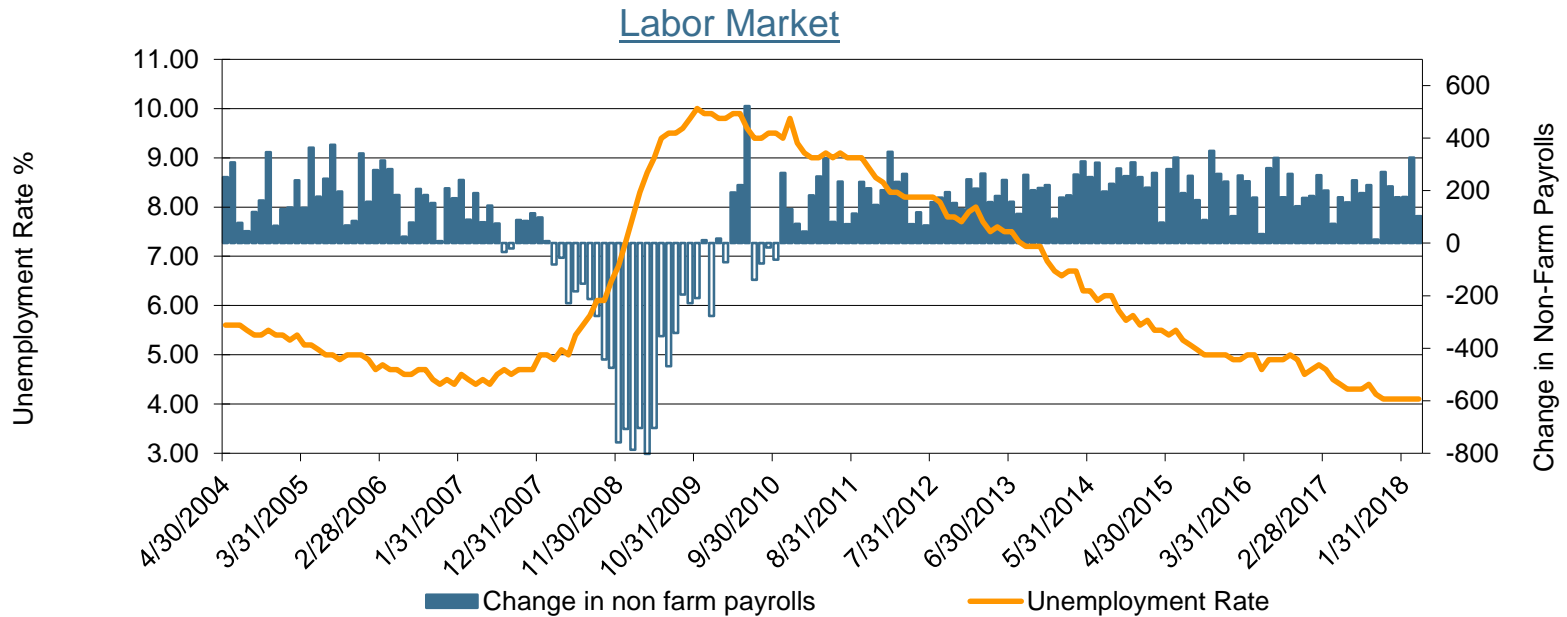
## What is GDP and why is it important?

- \*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 decreased to 2.9% in Q4 from 3.2% growth in Q3 2017.

Consensus forecasts are looking for growth of 2.8% for the full year 2018 revised higher from 2.6% previously. Growth in the economy remains solid.

# Labor Market



## 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 averaged 202k additional jobs per month vs. 220k in Q4.

The unemployment rate finished Q1 at 4.1% unchanged since October of 2017.

# Consumer Strength

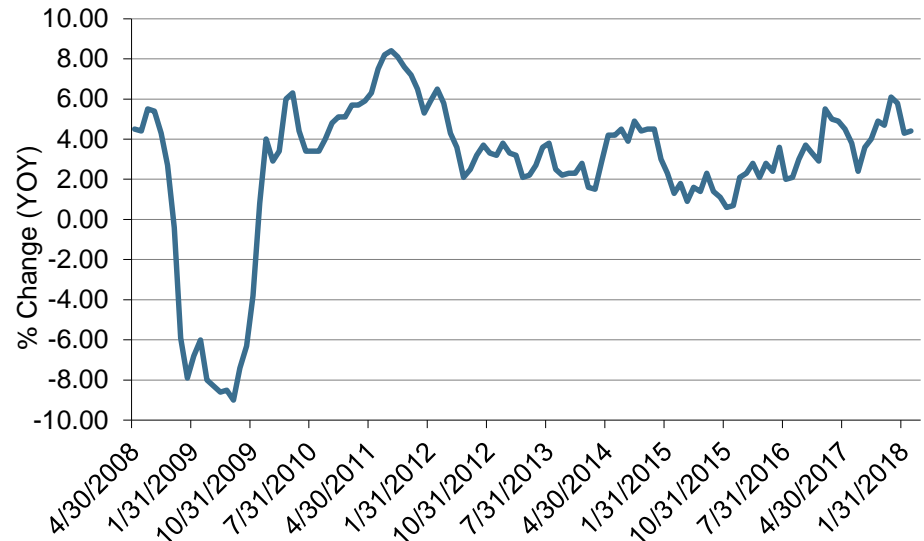
## What is Retail Sales and why is it important?

- \*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

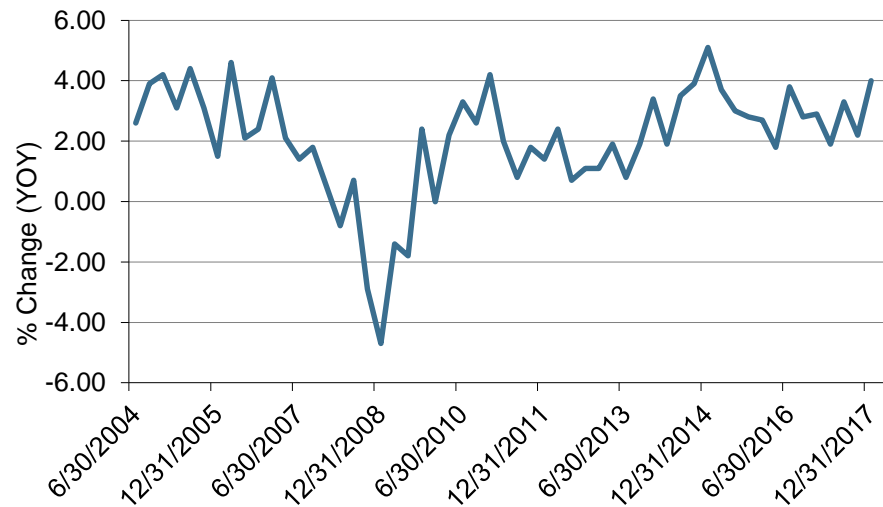
Monthly retail sales are off of their highs but remain strong

Consumers remain a growth driver, but for how long?

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 4% from 2.2% in Q3 (2.8% average for 2017).

Jobs continue to be a key to growth and continue to be a source of confidence to consumers.

# Business Spending

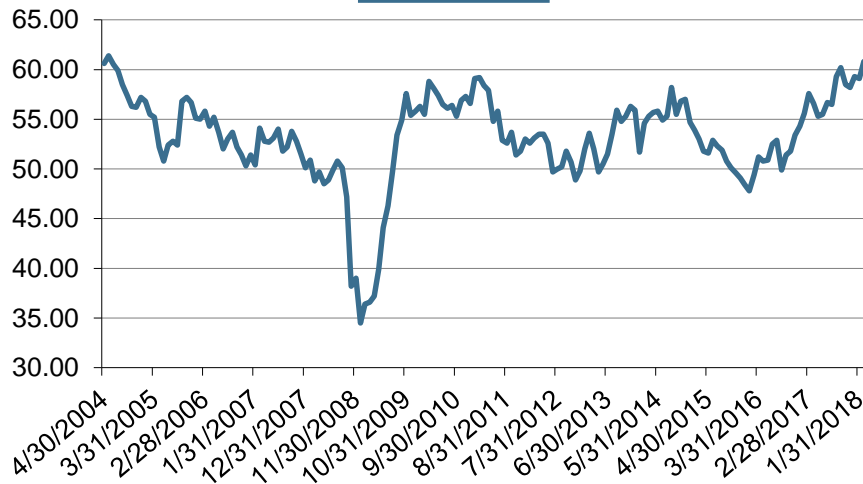
What is Business Fixed Investment and why is it important?

- \*It tracks the expenditures for equipment both new and replacement of depreciated equipment
- It is a signal of business' sense of economic well being

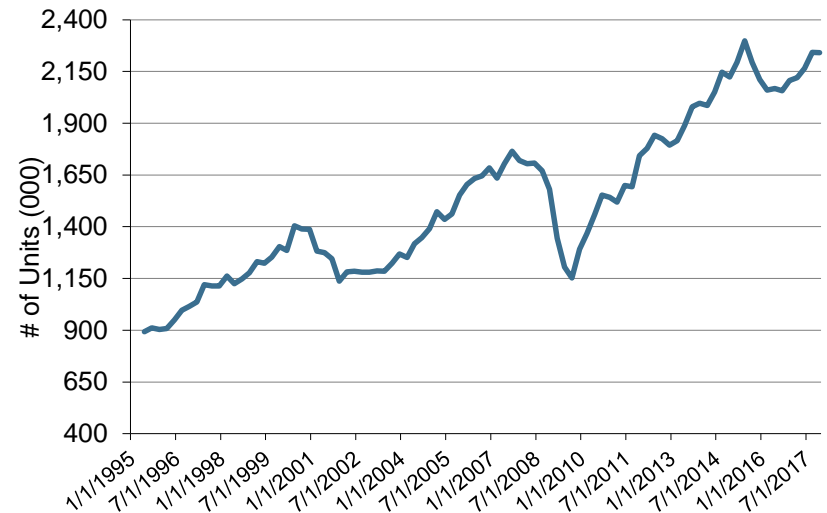
Investment has begun to follow strong confidence reports.

This is beginning to look like a solid trend.

## ISM Index



## Business Fixed Investment



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 59.7 YTD in 2018 after 2017's 57.4 average

While still a very "choppy" series, the trend remains very positive.

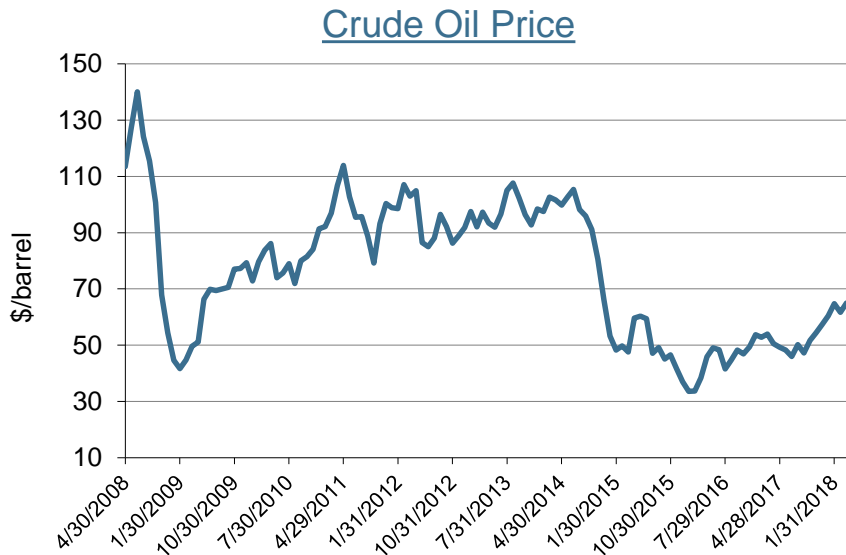
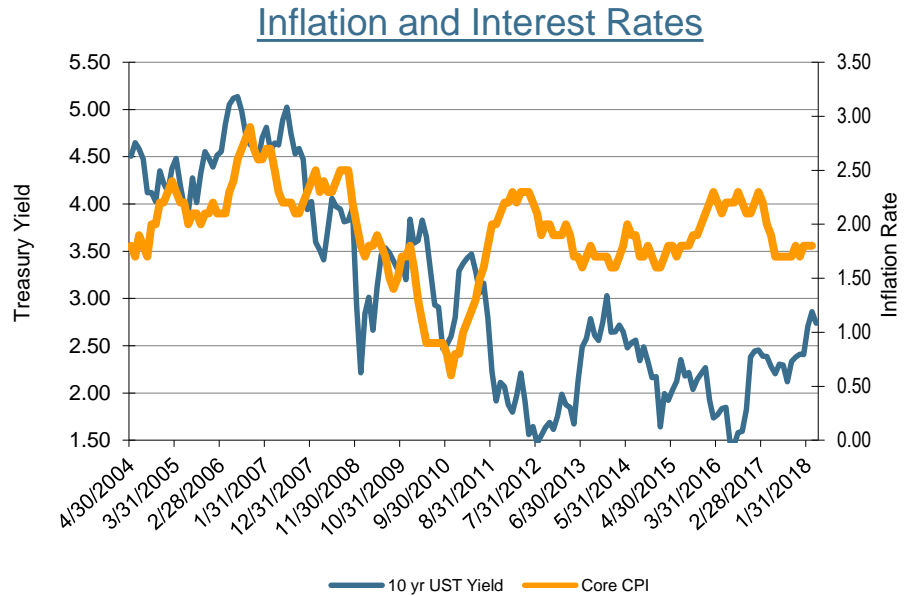
# Inflation

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 averaged 1.8% during 2018 after averaging 1.85% in 2017.

Consensus forecasts for CPI for 2018 are 2.4%, above the FOMC's target rate.



Oil prices closed Q1 at \$64.94 up from \$60.42 at the end 2017.

Oil prices will force inflation higher if the trend continues.



# HMC/HH Holdings Portfolio Summaries and Performance

# Current Investment Strategy

## 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 without extending duration significantly
- Expectations are for 2 more hikes (at least) in 2018. This should continue to benefit the portfolio as we reinvest at higher rates of return

## Yield Curve

- 2-10 year spread now +47 basis points down from +52 and the end of 2017
- 2 year Agencies now yield 2.34%, up from 1.91% on 12/31/17

## Sector Selection

- Non-Treasury credit spreads widened during the quarter
- Maintain allocations to non-Treasury sectors to maximize yield
- Spread product, where appropriate, may offer value

## Issue Selection

- Agencies, corporate, ABS and high quality taxable municipal bonds continue to add yield and diversification-we will add as we find good credits at attractive levels

# HMC Portfolio Summary

As of 3/31/18

## Summary

Market Value (including accrued)	\$42,389,341
Unrealized Gain/(Loss)	\$-252,453
Yield to Worst	1.60%
Average Life (yrs)	1.40
Duration	1.31

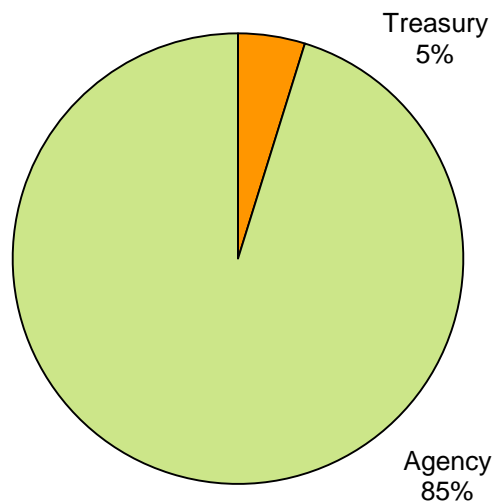
## Total Return

	Q1 2018	1 Year	3 Year
HMC	-0.03%	0.73%	0.69%
Index	-0.39%	-0.09%	0.46%

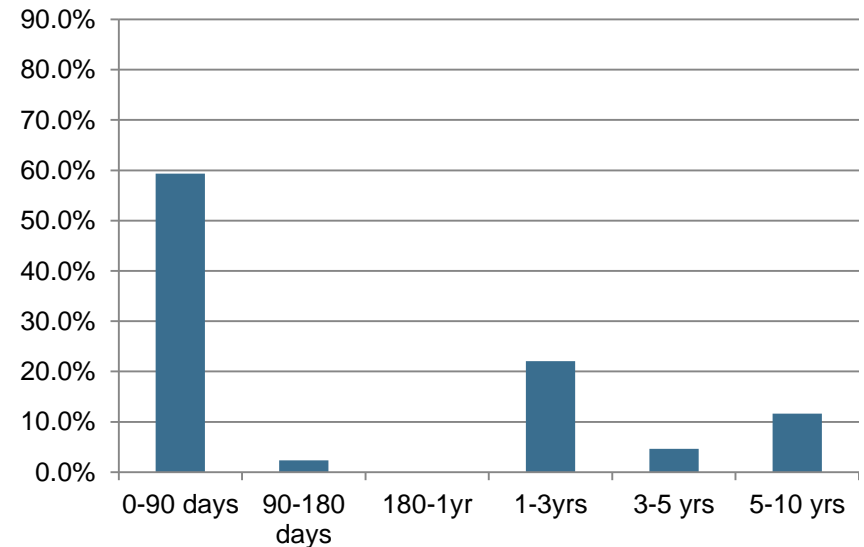
Index is Bloomberg Barclays US 1-5 Year Gov't Index

All periods greater than 1 year are annualized

## Asset Allocation by Sector



## Asset Allocation by Duration





# HH Holdings Portfolio Summary

As of 3/31/18

## Summary

Market Value (including accrued)	\$32,073,559
Unrealized Gain/(Loss)	\$28,706
Yield to Worst	2.32%
Average Life (yrs)	2.10
Duration	1.95

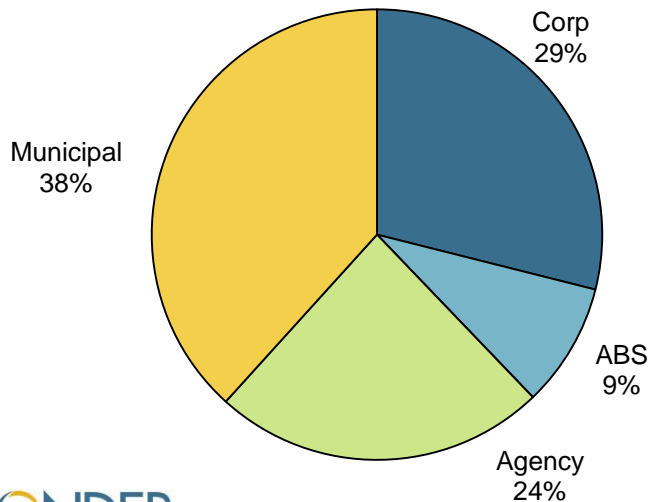
## Total Return

	Q1 2018	1 Year	3 Year
HHHoldings	-0.26%	0.87%	1.33%
Index	-0.50%	0.19%	0.78%

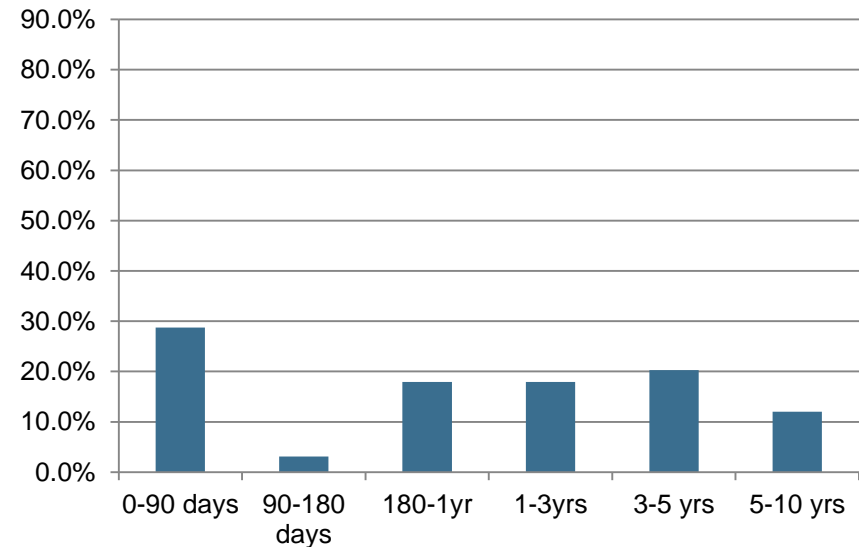
Index is Bloomberg Barclays US 1-5 Year Gov't/Credit Index

All periods greater than 1 year are annualized

## Asset Allocation by Sector



## Asset Allocation by Duration



**Halifax Health**  
**Development of FY 2019 Investment Rate of Return Assumptions**

	March 31, 2018 Invested Balance	Assumed Outlook Return	Weighted Assumed Return	Recommend to Finance Committee
<b>HHMC and HH Holdings</b>				
Ponder US Treasury Account	\$ 73,844,877	2.000%	0.755%	
VFSIX - Vanguard Short-Term Invest Grade	46,353,240	2.000%	0.474%	
Ponder Short-Term Gov't	42,393,782	2.000%	0.434%	
Ponder Short-Term Gov't/Corporate	32,349,991	2.000%	0.331%	
Wells Fargo Halifax Hospital Trust	525,203	0.500%	0.001%	
VSGDX-Vanguard Short-Term Federal	64,292	2.000%	0.001%	
Total HHMC and HH Holdings	\$ 195,531,385		1.996%	<b>2.00%</b>
<b>Foundation</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 22,937,944	2.00%	0.94%	
DFSVX - DFA Small Cap Value	3,793,601	6.00%	0.47%	
DFIVX - DFA International Value	2,068,310	6.00%	0.26%	
DFEVX - DFA Emerging Markets	864,405	6.00%	0.11%	
DFLVX - DFA Large Cap Value	8,641,236	6.00%	1.07%	
VGELX - Vanguard Energy	712,899	6.00%	0.09%	
VIGIX -Vanguard Large-Cap Growth	4,507,116	6.00%	0.56%	
VGHAX - Vanguard Health Care	751,267	6.00%	0.09%	
VSGIX - Vanguard Small-Cap Growth	4,272,070	6.00%	0.53%	
Total Foundation	\$ 48,548,848		4.11%	<b>4.00%</b>
<b>Hospice</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,006,842	2.00%	0.96%	
DFSVX - DFA Small Cap Value	5,894,064	6.00%	0.50%	
DFIVX - DFA International Value	3,602,048	6.00%	0.31%	
DFEVX - DFA Emerging Markets	1,544,818	6.00%	0.13%	
DFLVX - DFA Large Cap Value	12,243,665	6.00%	1.04%	
VGELX - Vanguard Energy	691,430	6.00%	0.06%	
VIGIX -Vanguard Large-Cap Growth	6,034,607	6.00%	0.51%	
VGHAX - Vanguard Health Care	653,254	6.00%	0.06%	
VSGIX - Vanguard Small-Cap Growth	5,952,647	6.00%	0.51%	
Total Hospice	\$ 70,623,375		4.07%	<b>4.00%</b>

# 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%
  - » 9/30/2017 10.68%
  
- Assumed discount rates used for last ten 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%
  - » 2017 6.75%

(1) - Source: BPAS Actuarial & Pension Services

# Halifax Health Pension Plan Investment Returns

Halifax Pension Plan  
Historical Returns - Market Value

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%
2017	10.68%

Time Weighted Average Annual Returns  
(excluding best and worst year in period)

5 years ending 9/30/17	8.81%
10 years ending 9/30/17	5.98%
All years through 9/30/17	7.58%

Source: BPAS Actuarial & Pension Services

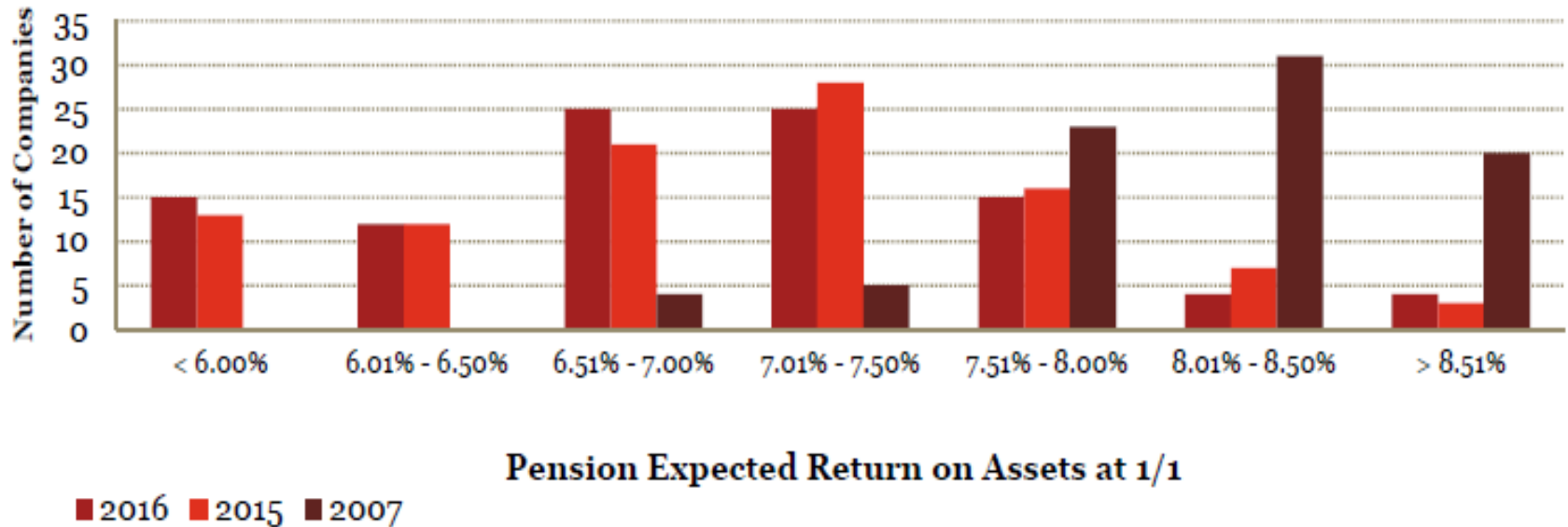
# Halifax Health Pension Plan – Comparative Municipal Plan Information

## Florida Municipal Pension Plans October 1, 2016 Valuation

Return on Asset Assumption	Number of Plans
<6.50%	10
6.50% - 6.75%	6
6.75% - 7.00%	10
7.00% - 7.25%	51
7.25% - 7.50%	26
7.50% - 7.75%	85
7.75% - 8.00%	79
8.00% - 8.25%	46
8.25% - 8.50%	2
>8.50%	0
	315
Average	7.47%

Source: BPAS Actuarial & Pension Services

# Halifax Health Pension Plan Comparative Investment Return Information Fortune 100 and Other Large Companies



Source: PwC Pension/OPEB 2017 Assumption and Disclosure Study; research included 100 Fortune 100 and other large and established companies.

**Halifax Health**  
**Investment Manager Performance Report - through March 31, 2018**

		<b>March</b>	<b>Calendar</b>	<b>Fiscal</b>
		<b>Performance</b>	<b>YTD</b>	<b>Year</b>
<b>Fixed Income</b>				
VFSIX - Vanguard Short-Term Investment Gr.	Perf	0.13%	-0.51%	-0.46%
	BMK	0.08%	-0.71%	-0.94%
VSGDX - Vanguard Short-Term Federal	Perf	0.25%	-0.34%	-0.52%
	BMK	0.32%	-0.39%	-0.79%
Ponder Short-term Government/Corporate	Perf	0.43%	0.26%	0.44%
	BMK	-0.79%	-0.79%	-1.02%
Ponder US Treasury Account	Perf	0.05%	0.06%	0.19%
	BMK	0.08%	-0.71%	-1.00%
Ponder Short-Term Government	Perf	0.24%	-0.05%	-0.06%
	BMK	0.32%	-0.71%	-1.11%
<b>Weighted Composite</b>	<b>Perf</b>	<b>0.15%</b>	<b>-0.29%</b>	<b>-0.22%</b>
	<b>BMK</b>	<b>0.11%</b>	<b>-0.65%</b>	<b>-0.97%</b>
<b>Equities</b>				
DFSVX - DFA Small Cap Value	Perf	0.93%	-2.35%	1.47%
	BMK	-2.64%	-3.05%	-1.07%
DFLVX - DFA Large Cap Value	Perf	-2.28%	-2.35%	4.94%
	BMK	-2.83%	0.30%	5.64%
DFIVX - DFA International Value	Perf	-1.23%	-1.32%	4.04%
	BMK	-2.04%	-0.72%	3.49%
DFEVX - DFA Emerging Markets	Perf	-1.36%	2.25%	10.33%
	BMK	1.42%	2.49%	10.11%
VGELX - Vanguard Energy	Perf	2.46%	-2.41%	3.89%
	BMK	0.71%	-3.80%	2.76%
VENAX - Vanguard Energy Index	Perf	2.02%	-5.97%	0.08%
	BMK	2.03%	-5.95%	0.11%
VIGIX - Vanguard Large-Cap Growth	Perf	-2.49%	1.19%	7.49%
	BMK	1.42%	6.53%	14.90%
VGHAX - Vanguard Health Care	Perf	-0.04%	0.23%	0.79%
	BMK	-2.01%	-0.98%	0.26%
VSGIX - Vanguard Small-Cap Growth	Perf	1.51%	2.09%	7.97%
	BMK	2.30%	3.95%	8.72%
<b>Weighted Composite</b>	<b>Perf</b>	<b>-0.69%</b>	<b>-0.84%</b>	<b>4.93%</b>
	<b>BMK</b>	<b>-0.96%</b>	<b>0.52%</b>	<b>5.44%</b>

**Halifax Health**  
**Investment Manager Performance Report - through March 31, 2018**

	Invested Balance		March Performance	Calendar YTD	Fiscal YTD
<b>HH Holdings</b>					
VFSIX - Vanguard Short-Term Invest Grade	\$ 46,353,240		Perf 0.13%	-0.51%	-0.46%
			BMK 0.08%	-0.71%	-0.94%
Ponder Short-Term Gov't/Corporate	32,349,991		Perf 0.43%	0.26%	0.44%
			BMK -0.79%	-0.79%	-1.02%
Ponder US Treasury Account	73,844,877		Perf 0.05%	0.06%	0.19%
			BMK 0.08%	-0.71%	-1.00%
Total HH Holdings	\$ 152,548,108		Composite 0.15%	-0.09%	0.02%
			Budget		0.50%
<b>HHMC</b>					
Ponder Short-Term Government	\$ 42,393,782		Perf 0.24%	-0.05%	-0.06%
			BMK 0.32%	-0.71%	-1.11%
VSGDX - Vanguard Short-Term Federal	64,292		Perf 0.25%	-0.34%	-0.52%
			BMK 0.32%	-0.39%	-0.79%
Wells Fargo Halifax Hospital Trust	525,203		Perf 0.11%	0.31%	0.56%
			BMK -0.39%	-0.92%	-1.31%
Total HHMC	\$ 42,983,277		Composite 0.24%	-0.05%	-0.05%
			Budget		0.50%



**Halifax Health**  
**Investment Manager Performance Report - through March 31, 2018**

<b>Foundation</b>	<b>Invested Balance</b>	<b>March Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
VFSIX - Vanguard Short-Term Invest Grade	\$ 22,937,944	Perf 0.13% BMK 0.08%	-0.51% -0.71%	-0.46% -0.94%
DFSVX - DFA Small Cap Value	3,793,601	Perf 0.93% BMK -2.64%	-2.35% -3.05%	1.47% -1.07%
DFIVX - DFA International Value	2,068,310	Perf -1.23% BMK -2.04%	-1.32% -0.72%	4.04% 3.49%
DFEVX - DFA Emerging Markets	864,405	Perf -1.36% BMK 1.42%	2.25% 2.49%	10.33% 10.11%
DFLVX - DFA Large Cap Value	8,641,236	Perf -2.28% BMK -2.83%	-2.35% 0.30%	4.94% 5.64%
VGELX - Vanguard Energy	712,899	Perf 2.46% BMK 0.71%	-2.41% -3.80%	3.89% 2.76%
VENAX - Vanguard Energy Index	-	Perf 2.02% BMK 2.03%	-5.97% -5.95%	0.08% 0.11%
VIGIX - Vanguard Large-Cap Growth	4,507,116	Perf -2.49% BMK 1.42%	1.19% 6.53%	7.49% 14.90%
VGHAX - Vanguard Health Care	751,267	Perf -0.04% BMK -2.01%	0.23% -0.98%	0.79% 0.26%
VSGIX - Vanguard Small-Cap Growth	4,272,070	Perf 1.51% BMK 2.30%	2.09% 3.95%	7.97% 8.72%
<b>Total Foundation</b>	<b>\$ 48,548,848</b>	Composite Budget	<b>-0.43%</b> <b>-0.63%</b>	<b>2.47%</b> <b>1.75%</b>

**Halifax Health**  
**Investment Manager Performance Report - through March 31, 2018**

	<b>Invested Balance</b>		<b>March Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Hospice</b>					
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,006,842		Perf 0.13%	-0.51%	-0.46%
			BMK 0.08%	-0.71%	-0.94%
DFSVX - DFA Small Cap Value	5,894,064		Perf 0.93%	-2.35%	1.47%
			BMK -2.64%	-3.05%	-1.07%
DFIVX - DFA International Value	3,602,048		Perf -1.23%	-1.32%	4.04%
			BMK -2.04%	-0.72%	3.49%
DFEVX - DFA Emerging Markets	1,544,818		Perf -1.36%	2.25%	10.33%
			BMK 1.42%	2.49%	10.11%
DFLVX - DFA Large Cap Value	12,243,665		Perf -2.28%	-2.35%	4.94%
			BMK -2.83%	0.30%	5.64%
VGELX - Vanguard Energy	691,430		Perf 2.46%	-2.41%	3.89%
			BMK 0.71%	-3.80%	2.76%
VENAX - Vanguard Energy Index	-		Perf 2.02%	-5.97%	0.08%
			BMK 2.03%	-5.95%	0.11%
VIGIX - Vanguard Large-Cap Growth	6,034,607		Perf -2.49%	1.19%	7.49%
			BMK 6.53%	6.53%	14.90%
VGHAX - Vanguard Health Care	653,254		Perf -0.04%	0.23%	0.79%
			BMK -2.01%	-0.98%	0.26%
VSGIX - Vanguard Small-Cap Growth	5,952,647		Perf 1.51%	2.09%	7.97%
			BMK 2.30%	3.95%	8.72%
Total Hospice	<u>\$ 70,623,375</u>	Composite	<b>-0.43%</b>	<b>-0.66%</b>	<b>2.17%</b>
		Budget			1.75%

**Halifax Health**  
**Investment Manager Performance Report - through March 31, 2018**

	<b>Invested Balance</b>		<b>March Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Pension</b>					
VFSIX - Vanguard Short-Term Invest Grade	\$ 124,309,081	Perf	0.13%	-0.51%	-0.46%
		BMK	0.08%	-0.71%	-0.94%
DFSVX - DFA Small Cap Value	24,853,765	Perf	0.93%	-2.35%	1.47%
		BMK	-2.64%	-3.05%	-1.07%
DFIVX - DFA International Value	38,312,280	Perf	-1.23%	-1.32%	4.04%
		BMK	-2.04%	-0.72%	3.49%
DFEVX - DFA Emerging Markets	12,987,775	Perf	-1.36%	2.25%	10.33%
		BMK	1.42%	2.49%	10.11%
DFLVX - DFA Large Cap Value	24,404,985	Perf	-2.28%	-2.35%	4.94%
		BMK	-2.83%	0.30%	5.64%
VGELX - Vanguard Energy	10,376,078	Perf	2.46%	-2.41%	3.89%
		BMK	0.71%	-3.80%	2.76%
VENAX - Vanguard Energy Index	-	Perf	2.02%	-5.97%	0.08%
		BMK	2.03%	-5.95%	0.11%
VIGIX - Vanguard Large-Cap Growth	15,815,319	Perf	-2.49%	1.19%	7.49%
		BMK	1.42%	6.53%	14.90%
VGHAX - Vanguard Health Care	10,260,037	Perf	-0.04%	0.23%	0.79%
		BMK	-4.40%	-0.98%	0.26%
VSGIX - Vanguard Small-Cap Growth	15,926,269	Perf	1.51%	2.09%	7.97%
		BMK	2.30%	3.95%	8.72%
Wells Fargo Cash	4,324,942				
Wells Fargo Money Market	16				
Total Pension	<u>\$ 281,570,547</u>	Composite	<b>-0.27%</b>	<b>-0.70%</b>	<b>2.19%</b>
		Budget			3.38%
<b>Total Halifax Health, including Pension</b>	<u><u>\$ 596,274,155</u></u>				
<b>Total Halifax Health, excluding Pension</b>	<u><u>\$ 314,703,608</u></u>				