



Economic Overview

Markets continued to hit record highs as optimism continued about proposed Trump administration policies and strong corporate earnings. Markets rose steadily during the quarter amid historically low volatility levels. Current market sentiment indicated that the consensus is still roughly split on the probability of another rate hike in 2017. The Multi-Asset Class Investment Committee modestly increased allocation to international equity by reducing the overweight to domestic equity. The portfolio is now positioned to be underweight fixed income and slightly overweight both domestic and international equity.

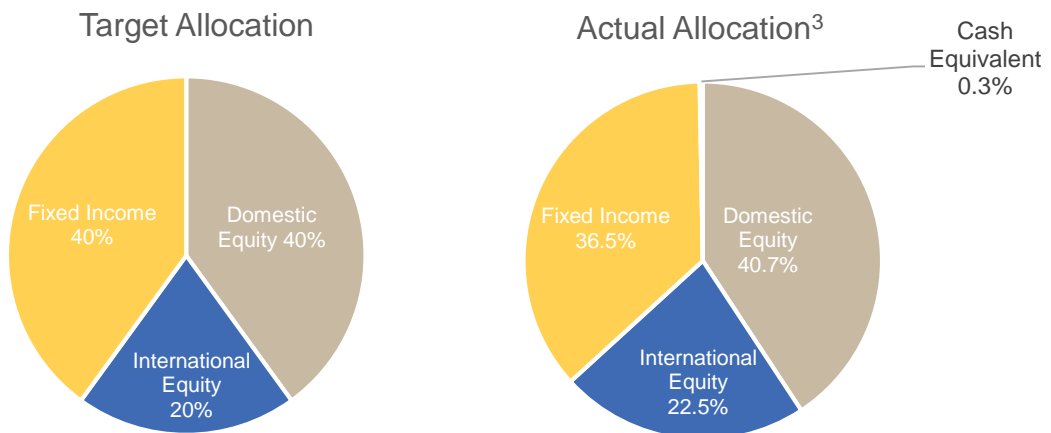
Domestic Equity: Building on the 2017 rally, the broad market measured by the Russell 3000 Index was up 3.0% for the quarter, led again by large cap growth stocks. Similar to the first quarter, Energy and telecom remained the only two sectors posting negative returns for the quarter.

International Equity: The MSCI All Country World (ACWI)ex U.S. Index increased 5.8% with a year to date return of 14.1%. Following a robust 2016, emerging markets continue to outperform other regions, returning 18.4% YTD (MSCI EM (net)).

Fixed Income: The Bloomberg Barclays U.S. Aggregate Index rose 1.5% on the quarter. Investment grade credit and high yield bonds continued a strong first quarter with gains of 2.4% and 2.2% respectively.

City of Sunnyvale Portfolio Growth 2017 2Q Account Reconciliation	
Beginning Market Value	\$79,543,343
Contributions	\$1,060,750
Fees	-\$53,956
Earnings	\$2,493,922
Total Value as of 6/30/2017	\$83,044,059

Portfolio Performance (Period Ending 6/30/2017)						
	2 nd Quarter	Year to Date	1 Year	3 Year	5 Year	Since Inception ¹
Portfolio	3.13%	7.61%	10.52%	5.18%	8.28%	7.30%
Benchmark²	2.94%	7.24%	11.07%	4.91%	7.32%	6.58%



¹Inception date of February 1, 2011

²Blended Benchmark - February 2011: 28% Russell 3000 Index + 17% MSCI AC World ex USA (Net) + 2.5% FTSE NAREIT Equity + 2.5% Bloomberg Commodity Index + 50% Barclays Aggregate; July 2012: 29% Russell 3000 Index + 18% MSCI AC World ex USA (Net) + 2.5% FTSE NAREIT Equity + 2.5% Bloomberg Commodity Index + 48% Barclays Aggregate; July 2013: 30% Russell 3000 Index + 19% MSCI AC World ex USA (Net) + 2.5% FTSE NAREIT Equity + 2.5% Bloomberg Commodity Index + 46% Barclays Aggregate; March 2014: 35% Russell 3000 Index + 19% MSCI AC World ex USA (Net) + 46% Barclays Aggregate; July 2014: 36.5% Russell 3000 Index + 19.5% MSCI AC World ex USA (Net) + 44% Barclays Aggregate; July 2015: 38% Russell 3000 Index + 20% MSCI AC World ex USA (Net) + 42% Barclays Aggregate

³The asset allocation ranges are: Domestic Equity: 25%-45%; International Equity: 9%-29%; Fixed Income 26%-66%.