



Health Professionals and Allied Employees, AFT/AFL-CIO
RETIREE MEDICAL TRUST

140 Sylvan Avenue - Suite 303
Englewood Cliffs, NJ 07632

TO: BOARD OF TRUSTEES
HPAE RETIREE MEDICAL TRUST

DATE: APRIL 24, 2017

FROM: LUCILLE HART
BENSERCO, INC., ADMINISTRATOR

RE: ADMINISTRATOR'S REPORT

WE ARE PLEASED TO REPORT ON THE STATUS OF THE FOLLOWING TRUST MATTERS:

- 1. PARTICIPATING HOSPITALS** CURRENTLY, THIRTEEN (13) EMPLOYERS HAVE SIGNED AGREEMENTS TO PARTICIPATE IN THE RETIREE MEDICAL TRUST. FOLLOWING IS THE STATUS OF EACH EMPLOYER:

HOSPITAL	NUMBER OF EMPLOYEES CONTRIBUTING	AVERAGE MONTHLY CONTRIBUTION	FIRST MONTH OF CONTRIBUTIONS
COOPER UNIVERSITY HOSPITAL & MEDICAL CENTER	1035	\$28,912	JANUARY 2007
MEADOWLANDS HOSPITAL & MEDICAL CENTER	49	\$1,319	MARCH 2007
PALISADES MEDICAL CENTER	240	\$6,936	MARCH 2007
CHRIST HOSPITAL	263	\$8,711	AUGUST 2007
HPAE	36	\$1,121	JULY 2007 - EMPLOYER CONTRIBUTION
ENGLEWOOD HOSPITAL & MEDICAL CENTER	510	\$14,039	FEBRUARY 2008
VIRTUA/MEMORIAL HOSPITAL	583	\$14,705	FEBRUARY 2008
CORNERSTONE BEHAVIORAL HEALTH	26	\$565	JANUARY 2010 - EMPLOYER CONTRIBUTION
JERSEY SHORE MEDICAL CENTER	875	\$29,733	SEPTEMBER 2010
SOUTH JERSEY MEDICAL CENTER	628	\$17,401	JUNE 2015
SOUTHERN OCEAN MEDICAL CENTER	230	\$6,587	JANUARY 2016
INSPIRA/WOODBURY HEALTHCARE	324	\$8,911	FEBRUARY 2016
BERGEN REGIONAL MEDICAL CENTER	332	\$12,418	OCTOBER 2016
TOTAL	5131	\$151,358	

2. CLAIM ACTIVITY

DURING THE THREE (3) MONTHS ENDING MARCH 31, 2017, THE TRUST PAID BENEFITS TOTALING \$14,959.34 ON BEHALF OF 66 PARTICIPANTS, OF WHICH 50 PARTICIPANTS WERE REGULAR BENEFICIARIES AND 16 PARTICIPANTS WERE LIMITED BENEFICIARIES.

3. FINANCIAL INFORMATION

ATTACHED IS AN ASSET STATEMENT AND INCOME AND EXPENSE STATEMENT FOR THE TRUST AS OF MARCH 31, 2017.



**HEALTH PROFESSIONALS AND ALLIED EMPLOYEES
RETIREE MEDICAL TRUST
STATEMENT OF FINANCIAL CONDITION
MARCH 31, 2017
UNAUDITED**

		MARCH 31, 2017
<i>ASSETS</i>		
CASH & CASH EQUIVALENTS		187,592
INVESTMENTS		<u>14,149,026</u>
TOTAL ASSETS		<u>14,336,618</u>
 <i>LIABILITIES AND NET ASSETS AVAILABLE</i>		
NET ASSETS		<u>14,336,618</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>14,336,618</u></u>

Portfolio Characteristics

As of March 31, 2017



Portfolio Characteristics

Market Value: \$14.2 million
Portfolio Yield: 2.6%

Stocks

PE Ratio 20x
Avg Market Cap \$132.7 B
Distribution Yield 2.3%

Bonds

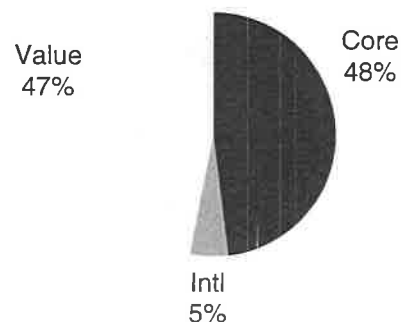
Avg Credit Quality A
Avg Duration 5.2 yrs
SEC Yield 3.0%



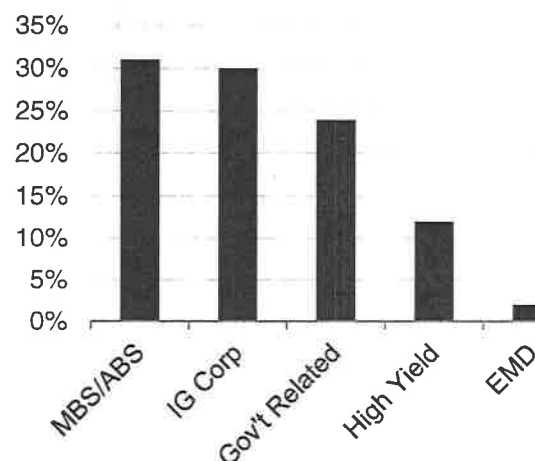
Stocks – By Style

Highlights

- Focus remains on companies with higher dividend and earnings growth rates in order to minimize interest rate sensitivity.
- Opportunistically targeting non-domestic companies at attractive valuations.



Bonds – By Sector



Highlights

- Increased energy exposure within the corporate sector.
- Focus on high beta names (e.g. Technology).
- Continue to favor short average-life MBS due to minimal extension.
- Added yield as rates have increased through the addition of intermediate agency mortgages and longer maturity U.S. Treasuries.

Portfolio Performance

As of March 31, 2017



PORTFOLIO RETURNS

	1Q 2017	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Since Inception (2/25/2008)
Portfolio Return (net of <u>all</u> fees)	3.33%	9.30%	6.35%	8.21%	8.18%
Benchmark*	3.95%	10.24%	7.36%	8.93%	7.02%
S&P500 Index	6.06%	17.15%	10.34%	13.27%	8.48%
Barclays Aggregate Index	0.82%	0.44%	2.68%	2.34%	4.09%

Periods over one year are annualized.

Assumes 11 bps investment management fee, net of mutual fund fees

**60% S&P 500, 40% Barclays Aggregate*

Economic Return



Portfolio Holdings

As of March 31, 2017



Security Description	Market Value	% Class	% of Total	Comments
Payden Core Bond Fund	\$ 3,565,165	63%	25%	Diversified bonds
Payden Strategic Income Fund	766,133	14%	5%	Multi-sector approach, including HY & EMD
iShares 10-20 Year Treasury Bond ETF	551,123	10%	4%	Focused duration exposure
Payden Floating Rate Fund	436,676	8%	3%	Floating rate bank note exposure
Payden GNMA Fund	327,749	6%	2%	Explicit guarantee mortgage-backed securities
Bonds Total:	\$ 5,646,846	100%	40%	
Payden Equity Income Fund	\$ 4,000,264	47%	28%	High dividend strategy
Schwab S&P 500 Index Fund/SPDR S&P 500 ETF	4,077,038	48%	29%	Diversified large cap stocks
SPDR Euro Stoxx 50 ETF	422,569	5%	3%	Large cap European stocks
Stocks Total:	\$ 8,499,871	100%	60%	
Cash	90,963		0.6%	Additional Liquidity
Account Total:	\$ 14,237,680		100%	

Key Portfolio Changes – Q1 Highlights

- Purchased 5% position in SPDR Euro Stoxx 50 ETF to gain large cap European stock exposure, reducing S&P 500 exposure.
- Purchased 2% position in the Payden GNMA Fund, reducing exposure in the Payden Floating Rate Fund and the iShares 10-20 Year Treasury Bond ETF.

Inflation Adjusted Portfolio Returns

As of March 31, 2017



PORTFOLIO RETURNS			
	Trailing 3 Years	Trailing 5 Years	Since Inception (2/25/08)
Trust Portfolio Return*	6.46%	8.32%	8.29%
- Estimated Investment Mgmt. Fee	0.11%	0.11%	0.11%
= Portfolio Return After IM Fee	6.35%	8.21%	8.18%
- CPI Inflation**	1.20%	1.30%	1.50%
Trust Portfolio Real Return	5.15%	6.91%	6.68%
- Actuarial Target	6.00%	6.00%	6.00%
Excess Real Return	-0.85%	0.91%	0.68%

Periods over one year are annualized.

**Gross of investment management fees, net of mutual fund fees*

***Consumer Price Index (CPI) is one of the most widely recognized price measures for tracking the price of a market basket of goods or services purchased by individuals. The weights of the components are based on consumer spending patterns.*

HPAE - Fee Disclosure



Estimate of total fees for 2017 is 0.60%, based on the fees outlined below.

Investment Manager Advisory Fees – Actual

April 2016 to March 2017

\$11,560 0.08%

Internal Fund Fees - Estimate

Projection, based on current portfolio. April 2017 to March 2018

\$74,351 0.52%

Security Description	TICKER	Market Value	% Sector	% Portfolio	Weighted Expense Ratio	Full Expense Ratio
BONDS						
Payden Core Bond Fund	PYC1Z	\$ 3,565,165	63%	25%	0.13%	0.53%
Payden Strategic Income Fund	PYSGX	766,133	14%	5%	0.04%	0.75%
iShares 10-20 Yr Treasury Bond ETF	TLH	551,123	10%	4%	0.01%	0.15%
Payden Floating Rate Fund	PYFRX	436,676	8%	3%	0.02%	0.77%
Payden GNMA Fund	PYG1Z	327,749	6%	2%	0.01%	0.50%
Bonds Total:		\$ 5,646,846	100%	40%		
STOCKS						
Payden Equity Income Fund	PYV1Z	\$ 4,000,264	47%	28%	0.30%	1.05%
Schwab S&P 500 Index Fund	SWPPX	3,059,512	36%	21%	0.05%	0.22%
SPDR S&P 500 ETF	SPY	1,017,527	12%	7%	0.01%	0.09%
SPDR Euro Stoxx 50 ETF	FEZ	422,569	5%	3%	0.01%	0.29%
Stocks Total:		\$ 8,499,871	100%	60%		
CASH						
Cash		90,963	100%	0.6%	0.00%	0.00%
Cash Total:		\$ 90,963	100%	1%		
Account Total:		\$ 14,237,680				

Data as of 3/31/2017

Past performance is no indication of future results