



A Different Way of Thinking

Indiana Public Retirement System

Select Equity

March 31, 2019



OakBrook Select Equity Growth Strategy First Quarter, 2019 Commentary

During the first quarter the Select Equity Growth Strategy returned 12.58% before fees, trailing the 16.10% return of the Russell 1000 Growth Index.

During January, stock prices recovered as sentiment improved regarding both monetary policy and US-China trade negotiations. The month began with stocks under pressure. US stock indices started the first session of the year down more than 1%, following the report of weaker than expected economic figures in China. As the day progressed, Energy shares led the US market back to a modest gain for the day helped along by a 2% rise in crude oil prices. On January 3, the Russell 1000 Growth declined 3.1% as **Apple** warned it would miss revenue targets due to weak Chinese sales and the ISM Manufacturing report was weaker than expected. On January 4, the Russell 1000 Growth rallied back with a gain of 3.9% as investors were encouraged by stronger than expected jobs creation and comments from Federal Reserve Chairman Powell that monetary policy was flexible and officials were “listening carefully” to financial markets. Stocks trended higher for several sessions, helped along by reports that the IRS would issue tax refunds during the government shutdown, President Trump was eager to strike a deal with China, and China was committed to purchasing more US goods. By the close on January 18, the Russell 1000 Growth was up 7% for the month overall. Concerns about US-China trade re-emerged over the long holiday weekend, resulting in a 1.6% decline in the Russell 1000 Growth on January 22. Although trading was volatile for several sessions, daily gains and losses were less than 1% until January 30. On the 30th, stocks rallied sharply after the Federal Open Market Committee concluded its meeting and issued a statement that it would be “patient” on future interest rate moves. The rally continued during the final trading session of the month. The Russell 1000 Growth returned 8.99% for the month overall. Select Equity Growth trailed as stable stocks were out of favor in the surging market.

During February, shifting sentiments regarding US-China trade negotiations were the main driver of US stock price movements. After a quiet first session of the month, Technology shares led a two-day US market rally. By the close on February 5, the Russell 1000 Growth Index was up 1.8% for the month overall. The US market gave up the majority of these gains on February 7 after President Trump indicated that a meeting with Chinese President Xi Jinping was unlikely before month end. On February 12, the US market roared back with a gain of more than 1% after President Trump said he was willing to extend the March 1 deadline for a decision to raise tariffs on Chinese goods if a trade deal was near completion. The US market gained an additional percent on February 15 when President Xi, noting important progress in negotiations, said trade talks would resume in Washington the week of February 19. On February 22, the Russell 1000 Growth gained 0.9% following US Treasury Secretary Mnuchin’s comment that the US & China had reached an agreement on currency. Stocks traded in a narrow range for the remainder of the month. The Russell 1000 Growth returned 3.58% for the month overall. Select Equity Growth outperformed, benefitting from a general rebound in the relative performance of stable stocks.

During March, trade continued to be a dominant theme. US stocks started the month with a solid gain as investors shrugged off weaker than expected manufacturing data delivered on Friday, March 1. Sentiment shifted over the weekend following the release of two studies highlighting the negative impact of the current trade war on the US economy showing the burden falling mainly on consumers. Stocks declined the entire week, leaving the Russell 1000 Growth down 1.5% for the month overall at the March 8 close. On March 11, the combination of a solid retail sales report and **Nvidia**’s announcement that it planned to purchase **Mellanox**



launched a strong three-day rally. By the close on March 13, the Russell 1000 Growth was up 1.2% for the month overall. On March 14, US stocks posted a modest decline following reports that an expected meeting between Presidents Trump and Xi to sign a US-China trade deal would likely be postponed until April. The US stock market rally resumed on March 15 helped along by China's announcement of a cut in value-added taxes and a stronger than expected earnings report from **Broadcom**. On March 20, a surprisingly dovish statement from the Federal Open Market Committee following the conclusion of its policy meeting prompted a sharp rally in US equities. Although the US market was unable to sustain this rally through the close, follow through in foreign equity markets prompted a sharp rise in US equities the next day. By the March 21 close, the Russell 1000 Growth was up 3.6% for the month overall. On March 22, a report of weaker than expected German manufacturing data raised concerns about slowing global economic growth and triggered a world-wide selloff in equities. The arrival of senior US officials in China on March 27 raised hopes that trade negotiations were nearing completion and helped the US market close the month with a two-day rally. The Russell 1000 Growth returned 2.85% for the month overall. Select Equity Growth trailed due to weak performance from **CME Group** and **Autodesk**. OakBrook remains confident in both holdings going forward.

During the quarter, OakBrook eliminated the portfolio's position in **Qualcomm** and used the proceeds to initiate a position in **Applied Materials**. Recent court rulings favorable to Qualcomm have failed to bring Apple to the table to negotiate a settlement of their dispute over licensing fees. It appears Qualcomm faces several more years of legal battles and those battles may become more difficult if an adverse ruling is issued in the case brought against it by the FTC. Applied Materials is the leading provider of semiconductor wafer and integrated circuit manufacturing equipment. Applied Materials benefits from extensive intellectual property related to equipment and process design, which it continually refreshes with substantial research and development spending. The stock's valuation is attractive with the current price to earnings ratio relative to the market at a substantial discount to its long run average.

OakBrook also eliminated the portfolio's position in **Biogen** and used the proceeds and available cash to initiate a position in **Abbvie**. Biogen's development pipeline overlaps somewhat with Abbvie's and OakBrook feels Abbvie offers better value at this time. Abbvie's shares have been pressured by the advent of biosimilar competition in Europe for its blockbuster drug Humira. Some concern is warranted, as Humira provides the majority of Abbvie's revenue and biosimilar competition is likely to emerge in the US by 2023. However, OakBrook feels the selling is overdone and the stock is undervalued. Humira has already proven its ability to compete, faring well against the many alternatives that are currently on the market. It is difficult to get people to switch away from a continuing treatment they are comfortable with. Abbvie also has a strong pipeline that should mitigate the potential decline in Humira revenue.

Looking ahead, we expect the US economy and corporate profits will continue to grow. Stock market volatility may decline given the Federal Reserve now expects to institute no rate increases during 2019 and trade negotiations between the US and China appear to be progressing toward an agreement. Of course a number of factors could also lead to increased market volatility such as a breakdown in US China trade negotiations, Britain's departure from the European Union without a negotiated agreement governing relations going forward, military intervention in Venezuela, and the interplay between President Trump and the Democratic majority in the House of Representatives.



PORTFOLIO ACTIVITY SUMMARY

Portfolio Value on 02-28-19	29,604,200.17
Contributions	0.00
Withdrawals	0.00
Realized Gains	0.00
Unrealized Gains	606,096.33
Interest	213.86
Dividends	44,774.38
Portfolio Value on 03-31-19	30,255,284.74

TWR FOR SELECTED PERIODS ANNUALIZED

	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Inception To Date
Portfolio Gross of Fees	2.20	12.58	12.58	17.58	15.05
Portfolio Net of Fees	2.17	12.49	12.49	17.21	14.68
Russell 1000 Growth	2.85	16.10	16.10	12.75	19.60
S&P 500 Index	1.94	13.65	13.65	9.50	14.96



PERFORMANCE HISTORY

Time Period	Percent Return Per Period				Cumulative TWR Basis = 100			
	Portfolio Gross of Fees	Portfolio Net of Fees	Russell 1000 Growth	S&P 500 Index	Portfolio Gross of Fees	Portfolio Net of Fees	Russell 1000 Growth	S&P 500 Index
10-31-2016					100.00	100.00	100.00	100.00
10-31-2016 to 11-30-2016	2.44	2.41	2.18	3.70	102.44	102.41	102.18	103.70
11-30-2016 to 12-31-2016	1.28	1.25	1.24	1.98	103.75	103.69	103.45	105.75
12-31-2016 to 01-31-2017	2.03	2.01	3.37	1.90	105.86	105.78	106.94	107.76
01-31-2017 to 02-28-2017	3.49	3.47	4.15	3.97	109.56	109.44	111.38	112.04
02-28-2017 to 03-31-2017	-0.47	-0.50	1.16	0.12	109.04	108.90	112.67	112.17
03-31-2017 to 04-30-2017	0.21	0.18	2.29	1.03	109.26	109.09	115.24	113.32
04-30-2017 to 05-31-2017	1.80	1.77	2.60	1.41	111.23	111.03	118.24	114.92
05-31-2017 to 06-30-2017	0.39	0.36	-0.26	0.62	111.66	111.43	117.93	115.63
06-30-2017 to 07-31-2017	1.04	1.01	2.66	2.06	112.82	112.55	121.06	118.01
07-31-2017 to 08-31-2017	0.37	0.35	1.83	0.31	113.24	112.94	123.28	118.37
08-31-2017 to 09-30-2017	0.81	0.78	1.30	2.06	114.16	113.82	124.88	120.81
09-30-2017 to 10-31-2017	-0.07	-0.09	3.87	2.33	114.09	113.72	129.72	123.63
10-31-2017 to 11-30-2017	2.15	2.12	3.04	3.07	116.54	116.13	133.66	127.42
11-30-2017 to 12-31-2017	1.08	1.05	0.78	1.11	117.80	117.35	134.70	128.84
12-31-2017 to 01-31-2018	6.79	6.76	7.08	5.73	125.79	125.28	144.25	136.22
01-31-2018 to 02-28-2018	-3.13	-3.15	-2.62	-3.69	121.86	121.33	140.46	131.20
02-28-2018 to 03-31-2018	-2.10	-2.12	-2.74	-2.54	119.30	118.76	136.61	127.86
03-31-2018 to 04-30-2018	-0.57	-0.59	0.35	0.38	118.63	118.05	137.09	128.35
04-30-2018 to 05-31-2018	3.66	3.63	4.38	2.41	122.97	122.34	143.10	131.44
05-31-2018 to 06-30-2018	1.69	1.66	0.96	0.62	125.05	124.37	144.47	132.25
06-30-2018 to 07-31-2018	3.40	3.37	2.94	3.72	129.29	128.56	148.72	137.18
07-31-2018 to 08-31-2018	4.35	4.32	5.47	3.26	134.92	134.12	156.85	141.64
08-31-2018 to 09-30-2018	1.67	1.64	0.56	0.57	137.17	136.32	157.72	142.45
09-30-2018 to 10-31-2018	-6.01	-6.03	-8.94	-6.84	128.93	128.10	143.62	132.71
10-31-2018 to 11-30-2018	2.92	2.89	1.06	2.04	132.69	131.80	145.14	135.42
11-30-2018 to 12-31-2018	-6.10	-6.12	-8.60	-9.03	124.60	123.74	132.67	123.19
12-31-2018 to 01-31-2019	5.90	5.88	8.99	8.01	131.96	131.01	144.59	133.06
01-31-2019 to 02-28-2019	4.02	3.99	3.58	3.21	137.26	136.24	149.76	137.34
02-28-2019 to 03-31-2019	2.20	2.17	2.85	1.94	140.28	139.19	154.03	140.01



PORTFOLIO SUMMARY

<u>Security Type</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Cur. Yield</u>	<u>Est. Annual Income</u>
Equities					
COMMON STOCK					
Industrials	729,569.91	1,121,586.22	3.7	2.5	28,476.32
Consumer Discretionary	3,384,125.16	4,616,661.29	15.3	1.6	74,297.12
Consumer Staples	2,354,009.04	2,661,401.70	8.8	2.6	68,835.54
Health Care	5,151,657.32	6,839,373.21	22.6	2.1	144,149.20
Financials	991,639.21	1,584,082.50	5.2	1.8	28,875.00
Information Technology	6,572,880.00	9,214,135.06	30.5	0.9	80,294.08
Communication Services	<u>3,824,491.88</u>	<u>4,057,757.69</u>	<u>13.4</u>	<u>0.6</u>	<u>23,621.54</u>
COMMON STOCK	23,008,372.52	30,094,997.67	99.5	1.5	448,548.80
<i>EQUITIES TOTALS</i>	<i>23,008,372.52</i>	<i>30,094,997.67</i>	<i>99.5</i>	<i>1.5</i>	<i>448,548.80</i>
Cash and Equiv.					
CASH AND EQUIVALENTS	160,287.07	160,287.07	0.5	0.0	0.00
<i>CASH & EQUIV. TOTALS</i>	<i>160,287.07</i>	<i>160,287.07</i>	<i>0.5</i>	<i>0.0</i>	<i>0.00</i>
TOTAL PORTFOLIO	23,168,659.59	30,255,284.74	100.0	1.5	448,548.80



PORTFOLIO APPRAISAL

Quantity	Security	Unit Cost	Total Cost	Price	Market Value	% Of Assets	Current Yield
COMMON STOCK							
7,380.0000	AbbVie Inc.	80.61	594,912.13	80.59	594,754.20	2.0	5.3
14,210.0000	Activision Blizzard Inc.	65.17	926,044.17	45.53	646,981.30	2.1	0.8
1,205.0000	Alphabet Inc. Class C	822.23	990,784.89	1,173.31	1,413,838.67	4.7	0.0
7,531.0000	Amgen, Inc.	148.68	1,119,722.52	189.98	1,430,739.38	4.7	3.1
11,970.0000	Analog Devices, Inc.	90.18	1,079,427.60	105.27	1,260,081.90	4.2	2.1
5,190.0000	Apple Inc.	170.81	886,504.42	189.95	985,840.50	3.3	1.5
17,662.0000	Applied Materials, Inc.	40.99	724,051.92	39.66	700,474.92	2.3	2.1
13,177.0000	Autodesk, Inc.	74.34	979,609.26	155.82	2,053,240.14	6.8	0.0
9,625.0000	CME Group	103.03	991,639.21	164.58	1,584,082.50	5.2	1.8
8,278.0000	Caterpillar Inc.	88.13	729,569.91	135.49	1,121,586.22	3.7	2.5
5,030.0000	Facebook, Inc.	177.14	891,036.33	166.69	838,450.70	2.8	0.0
13,261.0000	Medtronic, Plc	81.64	1,082,668.73	91.08	1,207,811.88	4.0	2.2
19,255.0000	Merck & Co., Inc.	60.33	1,161,639.89	83.17	1,601,438.35	5.3	2.6
24,900.0000	Mondelez International Cl. A	44.37	1,104,847.86	49.92	1,243,008.00	4.1	2.1
21,549.0000	NIKE, Inc.	53.27	1,147,810.62	84.21	1,814,641.29	6.0	1.0
4,700.0000	NVIDIA Corporation	146.08	686,591.04	179.56	843,932.00	2.8	0.4
11,574.0000	PepsiCo, Inc.	107.93	1,249,161.18	122.55	1,418,393.70	4.7	3.0
18,000.0000	SS&C Technologies Hldgs Inc.	57.48	1,034,676.00	63.69	1,146,420.00	3.8	0.6
19,410.0000	Starbucks Corporation	52.84	1,025,703.90	74.34	1,442,939.40	4.8	1.9
2,840.0000	The Home Depot, Inc.	178.38	506,607.15	191.89	544,967.60	1.8	2.8
15,300.0000	The TJX Companies, Inc.	46.01	704,003.49	53.21	814,113.00	2.7	1.5
10,434.0000	The Walt Disney Company	97.43	1,016,626.49	111.03	1,158,487.02	3.8	1.6
14,145.0000	Varian Medical Systems, Inc.	84.32	1,192,714.05	141.72	2,004,629.40	6.6	0.0
14,240.0000	Visa Inc.	83.01	1,182,019.76	156.19	2,224,145.60	7.4	0.6
			23,008,372.52		30,094,997.67	99.5	1.5
CASH AND EQUIVALENTS							
	Cash		126,379.98		126,379.98	0.4	0.0
	Dividends Receivable		33,907.09		33,907.09	0.1	0.0
			160,287.07		160,287.07	0.5	0.0
TOTAL PORTFOLIO			23,168,659.59		30,255,284.74	100.0	1.5



DATE TO DATE GAINS AND LOSSES

Security	02-28-19 Market Value	Additions / Withdrawals	03-31-19 Market Value	03-31-19 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
COMMON STOCK								
AbbVie Inc.	584,791.20	0.00	594,754.20	594,912.13	0.00	0.00	-157.93	9,963.00
Activision Blizzard Inc.	598,809.40	-5,257.70	646,981.30	926,044.17	0.00	0.00	-279,062.87	48,171.90
Alphabet Inc. Class C	1,349,503.60	0.00	1,413,838.67	990,784.89	0.00	0.00	423,053.78	64,335.07
Amgen, Inc.	1,431,492.48	0.00	1,430,739.38	1,119,722.52	0.00	0.00	311,016.86	-753.10
Analog Devices, Inc.	1,280,311.20	0.00	1,260,081.90	1,079,427.60	0.00	0.00	180,654.30	-20,229.30
Apple Inc.	898,648.50	0.00	985,840.50	886,504.42	0.00	0.00	99,336.08	87,192.00
Applied Materials, Inc.	677,161.08	0.00	700,474.92	724,051.92	0.00	0.00	-23,577.00	23,313.84
Autodesk, Inc.	2,147,982.77	0.00	2,053,240.14	979,609.26	0.00	0.00	1,073,630.88	-94,742.63
CME Group	1,750,883.75	-7,218.75	1,584,082.50	991,639.21	0.00	0.00	592,443.29	-166,801.25
Caterpillar Inc.	1,136,900.52	0.00	1,121,586.22	729,569.91	0.00	0.00	392,016.31	-15,314.30
Facebook, Inc.	812,093.50	0.00	838,450.70	891,036.33	0.00	0.00	-52,585.63	26,357.20
Medtronic, Plc	1,200,120.50	-6,630.50	1,207,811.88	1,082,668.73	0.00	0.00	125,143.15	7,691.38
Merck & Co., Inc.	1,565,238.95	-10,590.25	1,601,438.35	1,161,639.89	0.00	0.00	439,798.46	36,199.40
Mondelez International Cl. A	1,174,284.00	-6,474.00	1,243,008.00	1,104,847.86	0.00	0.00	138,160.14	68,724.00
NIKE, Inc.	1,847,395.77	-4,740.78	1,814,641.29	1,147,810.62	0.00	0.00	666,830.67	-32,754.48
NVIDIA Corporation	725,022.00	0.00	843,932.00	686,591.04	0.00	0.00	157,340.96	118,910.00
PepsiCo, Inc.	1,338,417.36	0.00	1,418,393.70	1,249,161.18	0.00	0.00	169,232.52	79,976.34
SS&C Technologies Hldgs Inc.	1,108,440.00	0.00	1,146,420.00	1,034,676.00	0.00	0.00	111,744.00	37,980.00
Starbucks Corporation	1,363,746.60	0.00	1,442,939.40	1,025,703.90	0.00	0.00	417,235.50	79,192.80
The Home Depot, Inc.	525,797.60	-3,862.40	544,967.60	506,607.15	0.00	0.00	38,360.45	19,170.00
The TJX Companies, Inc.	784,737.00	0.00	814,113.00	704,003.49	0.00	0.00	110,109.51	29,376.00
The Walt Disney Company	1,177,372.56	0.00	1,158,487.02	1,016,626.49	0.00	0.00	141,860.53	-18,885.54
Varian Medical Systems, Inc.	1,900,522.20	0.00	2,004,629.40	1,192,714.05	0.00	0.00	811,915.35	104,107.20
Visa Inc.	2,109,228.80	0.00	2,224,145.60	1,182,019.76	0.00	0.00	1,042,125.84	114,916.80
	29,488,901.34		30,094,997.67	23,008,372.52	0.00	0.00	7,086,625.15	606,096.33
CASH AND EQUIVALENTS								
Cash	74,223.55	51,942.57	126,379.98	126,379.98				
Dividends Receivable	41,075.28	-7,168.19	33,907.09	33,907.09				
	115,298.83		160,287.07	160,287.07				
TOTAL PORTFOLIO	29,604,200.17		30,255,284.74	23,168,659.59	0.00	0.00	7,086,625.15	606,096.33



FUNDAMENTAL DATA

Security	Price	Annual Dividend	Yield	Latest 4 Qtr. PE	Latest 4 Qtr. EPS	Latest Annual Book Value	Latest Annual Price/Book	Beta
COMMON STOCK								
AbbVie Inc.	80.59	4.280	5.3	11.1	7.25	-5.71	NM	1.23
Activision Blizzard Inc.	45.53	0.370	0.8	20.1	2.27	14.88	3.1	0.83
Alphabet Inc. Class C	1,173.31	0.000	0.0	27.0	43.44	255.38	4.6	1.15
Amgen, Inc.	189.98	5.800	3.1	14.5	13.12	19.85	9.6	1.16
Analog Devices, Inc.	105.27	2.160	2.1	17.9	5.88	31.46	3.3	1.05
Apple Inc.	189.95	2.920	1.5	15.6	12.15	24.93	7.6	1.02
Applied Materials, Inc.	39.66	0.840	2.1	9.4	4.20	8.65	4.6	1.32
Autodesk, Inc.	155.82	0.000	0.0	NM	-0.24	-0.96	NM	1.27
CME Group	164.58	3.000	1.8	26.0	6.34	72.64	2.3	0.64
Caterpillar Inc.	135.49	3.440	2.5	11.9	11.36	24.39	5.6	1.32
Facebook, Inc.	166.69	0.000	0.0	22.0	7.57	29.48	5.7	1.14
Medtronic, Plc	91.08	2.000	2.2	22.6	4.02	37.17	2.5	0.95
Merck & Co., Inc.	83.17	2.200	2.6	18.9	4.41	10.27	8.1	0.90
Mondelez International Cl. A	49.92	1.040	2.1	20.8	2.40	17.67	2.8	0.84
NIKE, Inc.	84.21	0.880	1.0	32.9	2.56	5.69	14.8	0.77
NVIDIA Corporation	179.56	0.640	0.4	29.5	6.08	15.42	11.6	1.59
PepsiCo, Inc.	122.55	3.710	3.0	22.2	5.53	10.30	11.9	0.71
SS&C Technologies Hldgs Inc.	63.69	0.400	0.6	56.2	1.13	18.26	3.5	1.06
Starbucks Corporation	74.34	1.440	1.9	28.8	2.58	-2.32	NM	0.81
The Home Depot, Inc.	191.89	5.440	2.8	19.4	9.90	-1.70	NM	0.99
The TJX Companies, Inc.	53.21	0.780	1.5	24.3	2.19	4.09	13.0	0.88
The Walt Disney Company	111.03	1.760	1.6	16.0	6.93	33.54	3.3	0.87
Varian Medical Systems, Inc.	141.72	0.000	0.0	33.2	4.26	18.39	7.7	1.06
Visa Inc.	156.19	1.000	0.6	34.2	4.57	14.24	11.0	1.03
COMMON STOCK Average			1.5	24.7	6.92	29.23	7.2	1.01
OVERALL AVERAGE			1.5	24.7	6.92	29.23	7.2	1.01

A NM indicates that the number is not meaningful



PURCHASE AND SALE

No purchases / sales this period

COMMISSION PURPOSE

No commission this period

OakBrook urges our clients to compare information provided within this statement with those from your custodian.

If you are not receiving a custodial statement, please notify OakBrook.