

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:30 p.m. June 27, 2018
City Hall - Conference Room 5A

AGENDA

- 1) Moss Adams – December 31, 2017 Audit Report
 - Information
- 2) Minutes of the May 30, 2018 Meeting
 - Motion
- 3) Director's Report
 - a) Retirements
 - Motion
 - b) Withdrawals
 - Motion
 - c) Deaths
 - Information
 - d) Expenditure Summary Report – May 2018
 - Motion
 - e) Schedule of Investments – May 2018
 - Information
 - f) Cash Reconciliation – May 2018
 - Information
 - g) Other Business
- 4) Contribution Interest Rate
 - Information
- 5) 2019 Budget
 - Motion
- 6) Other Business
- 7) Next Meeting – **Wednesday, July 25th at 1:30 p.m.**

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
May 30, 2018

The regular monthly meeting was called to order at 12:07 p.m. in the 5th Floor Conference Room at City Hall.

Present: Mike Coster, Jim Tieken, Mike Cavanaugh, Candace Mumm, Dean Kiefer, and Brian Brill

Absent: J.D. Morscheck

Staff: Phill Tencick, Christine Shisler, Donald Brown, and Tim Szambelan

Guests: Jayson Davidson, Brian Loescher, Joe Cavanaugh, Joan Hamilton, Lee Ann Reid, Natalie Hilderbrand, Bob Olsen, Dave Henshaw, Richard Czernik, Melissa Wittstruck, and John Bjork.

Jayson Davidson, Hyas Group, 2018 1st Quarter Investment Performance Report

Mr. Davidson reviewed with the Board the First Quarter 2018 Performance Report and discussed broad economic and market trends impacting the SERS portfolio. Mr. Davidson discussed overall portfolio performance as well as individual investment positions relative to policy benchmarks. Both the SERS portfolio and the policy benchmark were down 0.2% for the quarter.

Mr. Davidson discussed with the Board recent redemption activity from the Jackson Square Large Cap Growth strategy. While the fund has seen approximately \$5 billion in outflows, it maintains over \$15 billion in investable assets and Hyas Group is comfortable maintaining our allocation at this time.

Hyas Group informed the Board that Polar announced a management fee reduction for the Polar Long/Short Fund from 2.0% to 1.5%. No Board action is required. Additionally, Hyas informed the Board that Hotchkis & Wiley has made an additional share class available for their high yield strategy. This share class will be 10 bps less expensive than the current. The transition to the lower cost share class was completed in May.

Hyas Group provided an update on the activity surrounding OrbiMed's founder, Sam Isaly, and his transition out of the firm due to inappropriate workplace behavior. Hyas has been notified that Mr. Isaly will fully exit his duties and ownership with the firm. He will no longer be affiliated with the OrbiMed organization. Hyas Group recommended to keep OrbiMed on watch for the time being.

Mr. Davidson informed the Board of a pending ownership change that will have an impact on one of the available investment options. Frontier Partners is the distribution arm for the Phocas Small Cap Value Fund. The primary owner of Frontier, Bill Forsyth, will be selling the entirety of his stake to the investment management firm, Magellan Financial. This ownership change is not expected to impact the naming convention of the Frontier Phocas Fund or the personnel at Frontier Partners. Hyas Group is not recommending any actions at this time.

Hyas Group spent time discussing pending portfolio allocation and investment decisions and informed the Board of a scheduled due diligence trip to review an opportunistic credit manager and an emerging markets manager. The opportunistic credit manager award would complete the SERS' allocation to Opportunistic Credit. The emerging market manager would serve as the replacement to Berens. Hyas Group and staff will begin a review of a subsequent private real estate fund with an existing manager and expects to present recommendations to the Board later this summer.

Mr. Davidson distributed the information that was prepared to address questions on the risk metrics and risks adjusted returns for the watch status managers. While Hyas discussed the topic briefly, a larger discussion will be deferred to a future meeting.

Castine Strategy Transition

Castine informed Hyas Group that they will be consolidating the Castine Fund I strategy into the Castine Fund II strategy. SERS is invested in the Castine Fund I strategy. The Fund II strategy will have modest additional market exposure and slightly more volatility, but remains a conservative option that Hyas Group and staff would like to maintain in the Absolute Return asset class.

Mike Cavanaugh moved and Jim Tieken seconded the motion to transition from Castine Partners I to Castine Partners II and to keep them in the Absolute Return category of SERS' investments per Hyas Group's recommendation. The motion passed unanimously.

Hyas Group will work with Castine and the custodian to process the change accordingly.

Minutes of the April 25, 2018 Meeting

Candace Mumm moved and Jim Tieken seconded the motion to approve the minutes of the April 25, 2018 meeting as presented. The motion passed unanimously.

Director's Report
Service Retirements

<i>Name</i>	<i>Age</i>	<i>Retirement Date</i>	<i>Years of Service</i>	<i>Option</i>
Christine L. Kopple	50	05/04/2018	12.0	E
Shirley M. Pippenger	69	06/02/2018	20.7	A
Kenneth M. Brown	63	06/02/2018	29.7	E
Scott W. Thomas	50	07/01/2018	5.1	E
Susan M. Rudder	58	07/10/2018	22.3	ST
Jeffrey B. Lindholm	63	07/14/2018	37.8	E

Mike Cavanaugh moved and Dean Kiefer seconded the motion to approve the service retirements as presented on the May Retirement Transaction Report. The motion passed unanimously.

Withdrawals for May 2018

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Nicholas R. Ulrich	0.8	10/27/2017
Amy L. Mullerleile	1.8	02/14/2018

Dean Kiefer moved and Jim Tieken seconded the motion to approve the requests for withdrawal as presented on the May Retirement Transaction Report. The motion passed unanimously.

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
George S. Volesky	05/02/1987	87	04/29/2018	No Further Benefits

Death information provided to the Board for review.

Expenditure Summary Report – April 2018

The Expenditure Summary Report was presented to the Board and discussed.

Jim Tieken moved and Mike Cavanaugh seconded the motion to approve the April 2018 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – April 2018

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on April 30, 2018 was \$305.9 million with an estimated rate of return of 1.1% for the month.

Monthly Cash Reconciliation

The monthly cash reconciliation report was presented to provide the Board with additional insight into the ongoing liquidity, transactions, and cash position of the plan.

Other Business

Mr. Tencick presented to the City's Finance Committee the SERS Actuarial Valuation and the recommended contribution rate increase for 2019 from 9.00% to 9.25%. Following the presentation, Councilmember Burke asked if Mr. Tencick would assist in creating a nuclear free ordinance that she hoped would apply to the City's investments and to SERS' investments. Mr. Tencick will work with her to insure that the ordinance does not conflict with the Board's fiduciary duty.

City Hall Security Update

Ms. Shisler informed the Board and guests about the new City Hall security policy that will be implemented beginning June 4, 2018. Non-employee Board members and guests will have to check in with the Security desk before continuing to the conference room for the Board meeting. The logistics of handling latecomers is still being determined.

There being no other business, the meeting adjourned at 1:26 p.m.

Phillip Tencick, Retirement Director

SERS Retirement Transaction Report

June 2018

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Margarethe C. Fulkerson	64	06/09/2018	9.1	Municipal Court	E
2	Michael J. Look	62	07/03/2018	25.9	Sewer Maintenance	E
3	Timothy R. Dunivant	54	07/03/2018	16.8	Finance	E
4	Wendy L. Quinnan	62	07/07/2018	22.5	Public Works & Utilities	ST
5	Rashel R. Richard	61	08/04/2018	10.1	Engineering Services	ST
6	Thomas E. Bell	62	09/05/2018	18.4	Police	E
	Retirements YTD	39				
	2017 Total Retirements	62				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Eric E. Walker	0.7	Police	02/28/2017
2	Joan M. Hahn	3.1	Parks & Recreation	11/29/2017
3	Garth S. Freeman	0.5	Advanced Wastewater Treatment	04/06/2018
4	Adrienne A. Pearson	2.4	Stormwater	04/13/2018
5	Matthew J. Cavanaugh	0.6	Street	04/18/2018
6	Lance P. Strite	3.4	Combined Communications Center	05/28/2018

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Myrna E. Davis	05/02/2003	78	05/20/2018	No Further Benefits
2	James L. Murray	10/03/2009	69	05/26/2018	E Option Continues
3	Lawrence V. Duffy	06/23/2006	74	06/09/2018	E Option Continues

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2018 EXPENDITURE SUMMARY REPORT
MAY 31, 2018

	2017 ACTUAL	2018 BUDGET	MAY ACTUAL EXPENDITURES	2018 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	272,809.13	290,564.00	21,288.02	106,201.17	184,362.83	36.6%
Departmental Benefits	78,628.12	86,250.00	6,663.44	33,607.49	52,642.51	39.0%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(19,374.47)	(10,000.00)			(10,000.00)	
Postage/Supplies/Other	4,680.88	9,950.00	38.31	802.10	9,147.90	8.1%
State Audit Charges	10,669.62	15,000.00	158.06	1,097.15	13,902.85	7.3%
Contractual Services	139,186.91	175,000.00	61,000.00	76,247.99	98,752.01	43.6%
Travel	10,968.76	15,000.00	728.53	810.22	14,189.78	5.4%
Registration/Schooling	15,980.00	15,000.00	-	7,990.00	7,010.00	53.3%
Other Dues/Subscriptions/Membership	1,886.00	2,500.00	-	160.00	2,340.00	6.4%
Other Miscellaneous Charges	708.66	1,300.00	55.00	279.48	1,020.52	21.5%
Amortization	17,649.00	-	-	-	-	
TOTAL OPERATING EXPENDITURES	533,792.61	610,564.00	89,931.36	227,195.60	383,368.40	37.2%
INTERFUND EXPENDITURES						
Interfund - Centralized Purchasing	-	378.00	-	189.00	189.00	50.0%
Interfund - Centralized Accounting	2,346.92	2,078.00	-	1,038.80	1,039.20	50.0%
Interfund - IT Phones	1,514.36	-	-	-	-	
Interfund - Risk Management	760.00	790.00	197.50	395.00	395.00	50.0%
Interfund - Worker's Compensation	104.00	109.00	27.25	54.50	54.50	50.0%
Interfund - Reprographics	7,596.07	4,500.00	1,106.84	2,560.82	1,939.18	56.9%
Interfund - IT	13,756.33	16,171.00	1,352.13	5,407.45	10,763.55	33.4%
Interfund - IT Replacement	2,772.00	2,066.00	172.17	688.68	1,377.32	33.3%
Interfund - My Spokane	435.90	1,532.00	-	383.00	1,149.00	25.0%
TOTAL INTERFUND EXPENDITURES	29,285.58	27,624.00	2,855.89	10,717.25	16,906.75	38.8%
TOTAL ADMINISTRATIVE EXPENDITURES	563,078.19	638,188.00	92,787.25	237,912.85	400,275.15	37.3%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2018 EXPENDITURE SUMMARY REPORT
MAY 31, 2018

	2017 ACTUAL	2018 BUDGET	MAY ACTUAL EXPENDITURES	2018 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	24,852,639.62	27,000,000.00	2,159,756.00	10,700,565.55	16,299,434.45	39.6%
Pensions-Disability Payments	125,328.48	140,000.00	10,444.04	52,220.20	87,779.80	37.3%
Pensions-Survivor Annuity Benefits Payments	1,913,816.49	2,100,000.00	164,949.44	796,206.80	1,303,793.20	37.9%
TOTAL PENSIONS	<u>26,891,784.59</u>	<u>29,240,000.00</u>	<u>2,335,149.48</u>	<u>11,548,992.55</u>	<u>17,691,007.45</u>	39.5%
Refunds	551,908.36	1,000,000.00	13,785.12	131,691.76	868,308.24	13.2%
TOTAL EXPENSES	<u><u>28,006,771.14</u></u>	<u><u>30,878,188.00</u></u>	<u><u>2,441,721.85</u></u>	<u><u>11,918,597.16</u></u>	<u><u>18,959,590.84</u></u>	38.6%
INVESTMENT EXPENSE*						
Advisory Technical Service	449,836.97	500,000.00	62,063.88	148,402.74	351,597.26	29.7%

** investment expenses are netted against investment income in the statement of changes of plan net assets to arrive at a net investment income amount.*

SERS Schedule of Cash and Investments
May 31, 2018

6/21/2018	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 152,190			
US Bank	Short-term Inv	698,982			
Total Cash		851,172	0.0%	0.3%	0.3%
Sterling Capital	Total Return	24,147,275			
Total Total Return		24,147,275	10.0%	7.8%	-2.2%
Hotchkis & Wiley	High Yield - Mutual Fund	23,910,037			
Total High Yield		23,910,037	5.0%	7.8%	2.8%
Polar	LLC	6,593,729			
American Beacon	Mutual Fund	395,581			
Castine Capital I	Ltd Partnership	8,061,694			
Post Limited Term High Yield	Ltd Partnership	6,012,234			
Rimrock Low Volatility	Ltd Partnership	9,831,675			
Total Absolute Return		30,894,913	8.0%	10.0%	2.0%
Total Capital Preservation		79,803,397	23.0%	25.9%	2.9%
Hotchkis & Wiley	LC Value - Mutual Fund	15,733,539			
Jackson Square	LC Growth - Mutual Fund	16,543,926			
MFS Heritage	LC Core	18,336,543			
Vanguard S&P 500 Index	LC Core - Mutual Fund	10,584,273			
Total US Large Cap		61,198,281	21.0%	19.9%	-1.1%
Sterling	MC Value	6,160,382			
Vanguard MC Growth	MC Growth - Mutual Fund	4,843,816			
Vanguard MC Index	MC Core - Mutual Fund	3,996,817			
Champlain	SC Core	6,317,733			
Phocas	SC Value - Mutual Fund	4,184,145			
Bridge City	SC Growth	6,785,754			
Vanguard SC Index	SC Core - Mutual Fund	905,607			
Total US Small/Mid Cap		33,194,254	11.0%	10.8%	-0.2%
Total US Equities		94,392,535	32.0%	30.6%	-1.4%
Artisan	SMID Value - Mutual Fund	21,323,508			
Euro Pacific	LC Blend - Mutual Fund	21,908,519			
Vanguard International	LC Index - Mutual Fund	-			
Total International Large Cap		43,232,027	15.0%	14.0%	-1.0%
Trivalent	SC Value - Mutual Fund	12,569,640			
Total International Small/Mid		12,569,640	4.0%	4.1%	0.1%
Berens	Ltd Partnership	9,952,873			
Total Emerging Markets		9,952,873	3.0%	3.2%	0.2%
Total International Equities		65,754,540	22.0%	21.3%	-0.7%
Weatherlow Offshore	Ltd Partnership	15,731,420			
Royalty Opportunities I	Ltd Partnership	2,963,561			
Royalty Opportunities II	Ltd Partnership	2,678,584			
Total Long Biased		21,373,565	7.0%	6.9%	-0.1%
Metropolitan Real Estate Partners	Ltd Partnership	221,361			
Morrison Street Fund IV	LLC	379,805			
Morrison Street Fund V	LLC	4,435,760			
Morrison Street Debt Opportunities	LP	4,003,185			
Principal (REITs)	REITs	9,881,361			
Morgan Stanley Prime	LLC	7,122,625			
Total Real Estate		26,044,097	9.0%	8.5%	-0.5%
Beach Point	Ltd Partnership	10,798,754			
Total Opportunistic Credit		10,798,754	7.0%	3.5%	-3.5%
OrbiMed II	Ltd Partnership	9,999,036			
Total Special Opportunities		9,999,036	0.0%	3.2%	3.2%
Total Cash and Investments		\$ 308,165,924	100.0%	100.0%	0.0%
Monthly Pension		\$ (2,368,352)			
As of April 30, 2018		\$ 305,911,006			
Estimated Rate of Return		1.5%			
Abs. Return and Total Return FI	Thesis 2017.1	55,042,188	18.0%	17.9%	-0.1%
High Yield and Opp Credit	Thesis 2017.2	34,708,791	12.0%	11.3%	-0.7%
Equity and Special Situations	Thesis 2017.3	170,146,111	54.0%	55.2%	1.2%

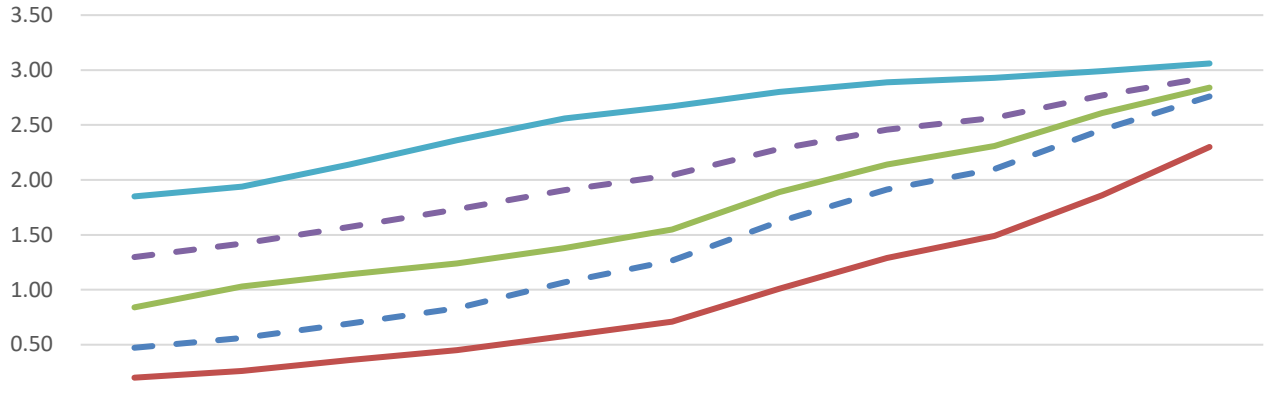
Cash Recon - Jun 18

Date	Transactions	Sources	Uses	Balance
5/23/2018	Beginning Balance			1,291,752.21
5/25/2018	Wire - City Operating Account		(150,000.00)	1,141,752.21
5/29/2018	Payroll Contributions	705,241.56		1,846,993.77
5/31/2018	Sale - American Beacon	1,200,000.00		3,046,993.77
5/31/2018	May Pension Payments		(2,348,934.60)	698,059.17
6/1/2018	Interest	923.05		698,982.22
6/6/2018	Capital Call - OrbiMed Royalty Ops II		(650,000.00)	48,982.22
6/7/2018	Redeposit Check	1,322.87		50,305.09
6/11/2018	Payroll Contributions	710,347.68		760,652.77
6/12/2018	Reissue Check		(853.46)	759,799.31
6/18/2018	Distribution - Royalty Opps II	189,225.25		949,024.56
6/20/2018	Ending Balance	2,807,060.41	(3,149,788.06)	949,024.56
	<u>Upcoming</u>			
5/29/2018	Payroll Contributions		700,000.00	
5/26/2018	TBD Sale		800,000.00	
5/31/2018	June Pension Payments		(2,403,679.35)	

Contribution Interest Rate Analysis

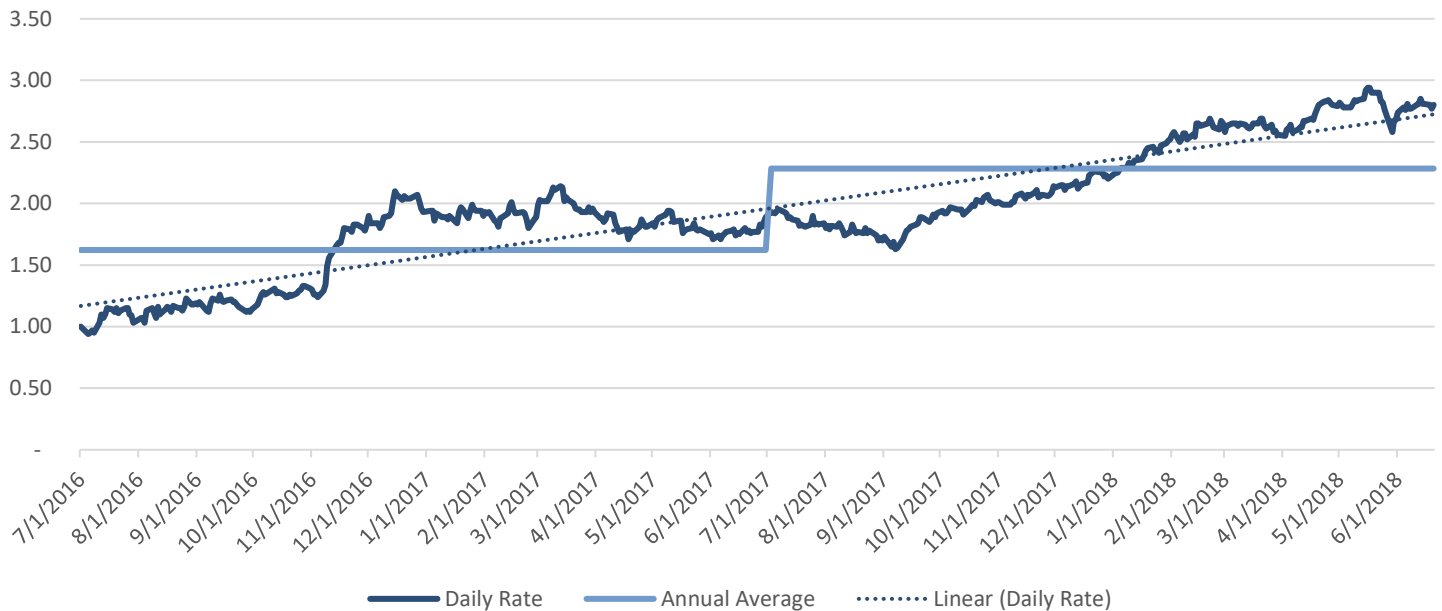
	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Plan Interest Rate	7.00%	5.00%	5.00%	5.00%	5.00%	4.00%	4.00%	3.25%	2.50%	2.50%	1.50%	1.50%	2.25%
Change		-2.00%	0.00%	0.00%	0.00%	-1.00%	0.00%	-0.75%	-0.75%	0.00%	-1.00%	0.00%	0.75%

Treasury Yield Curve



	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
6/30/2016	0.20	0.26	0.36	0.45	0.58	0.71	1.01	1.29	1.49	1.86	2.30
6/30/2017	0.84	1.03	1.14	1.24	1.38	1.55	1.89	2.14	2.31	2.61	2.84
6/20/2018	1.85	1.94	2.14	2.36	2.56	2.67	2.80	2.89	2.93	2.99	3.06
2016/17 Average	0.47	0.56	0.69	0.83	1.07	1.27	1.62	1.91	2.10	2.46	2.76
2017/18 Average	1.30	1.42	1.57	1.73	1.91	2.04	2.28	2.46	2.57	2.77	2.94

5-yr US Treasury Rates



SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2019 PRELIMINARY BUDGET

	2017 ACTUAL	5/2018 YTD ACTUALS	2018 BUDGET	2019 BUDGET	2019 BUDGET CHANGE
REVENUES					
Personnel Services	\$ 19,374.00	\$ 9,080.23	\$ 20,000.00	\$ 20,000.00	\$ -
Investment Interest/Dividends	4,127,973.00	2,281,691.62	5,000,000.00	5,000,000.00	-
Realized Gains/Losses	14,655,057.00	(4,456,872.64)	15,700,000.00	5,000,000.00	(10,700,000.00)
Unrealized Gains/Losses	24,751,391.00	12,666,356.90	1,100,000.00	-	(1,100,000.00)
City Contributions	8,094,268.00	4,339,972.69	8,000,000.00	9,500,000.00	1,500,000.00
Mandatory Contributions Employees	8,094,268.00	4,339,972.69	8,000,000.00	9,500,000.00	1,500,000.00
Voluntary Contributions Employees	-	-	-	-	-
PFD Employer Contributions	19,051.00	10,715.49	18,600.00	22,000.00	3,400.00
PFD Employee Contributions	19,051.00	10,715.49	18,600.00	22,000.00	3,400.00
Immaterial Prior Period Adjustment	988.00	-	-	-	-
TOTAL REVENUES	59,781,421.00	19,201,632.47	37,857,200.00	29,064,000.00	\$ (8,793,200.00)
OPERATING EXPENDITURES					
Departmental Salaries	272,809.13	106,201.17	290,564.00	297,909.00	7,345.00
Departmental Benefits	78,628.12	33,607.49	86,250.00	89,417.00	3,167.00
Reserve for Budget Adjustment	-	-	10,000.00	10,000.00	-
Postage/Supplies/Other	4,680.88	802.10	9,950.00	8,450.00	(1,500.00)
State Audit Charges	10,669.62	1,097.15	15,000.00	15,000.00	-
Contractual Services	139,186.91	76,247.99	175,000.00	175,000.00	-
Travel	10,968.76	810.22	15,000.00	15,000.00	-
Registration/Schooling	15,980.00	7,990.00	15,000.00	16,000.00	1,000.00
Other Dues/Subscriptions/Membership	1,886.00	160.00	2,500.00	2,500.00	-
Other Miscellaneous Charges	708.66	279.48	1,300.00	1,300.00	-
Amortization	17,649.00	-	-	-	-
TOTAL OPERATING EXPENDITURES	553,167.08	227,195.60	620,564.00	630,576.00	10,012.00

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2019 PRELIMINARY BUDGET

INTERFUND EXPENDITURES					
Interfund - Centralized Purchasing	-	189.00	378.00	1,241.00	863.00
Interfund - Centralized Accounting	2,346.92	1,038.80	2,078.00	2,080.00	2.00
Interfund - IT Phones	1,514.36	-	-	-	-
Interfund - Risk Management	760.00	395.00	790.00	584.00	(206.00)
Interfund - Worker's Compensation	104.00	54.50	109.00	122.00	13.00
Interfund - Reprographics	7,596.07	2,560.82	4,500.00	5,000.00	500.00
Interfund - IT	13,756.33	5,407.45	16,171.00	16,124.00	(47.00)
Interfund - IT Replacement	2,772.00	688.68	2,066.00	1,958.00	(108.00)
Interfund - My Spokane	435.90	383.00	1,532.00	643.00	(889.00)
TOTAL INTERFUND EXPENDITURES	<u>29,285.58</u>	<u>10,717.25</u>	<u>27,624.00</u>	<u>27,752.00</u>	<u>128.00</u>
 TOTAL ADMINISTRATIVE EXPENDITURES	 582,452.66	 237,912.85	 648,188.00	 658,328.00	 10,140.00
 PENSIONS					
Pensions-Annuity Benefit Payments	24,852,639.62	10,700,565.55	27,000,000.00	28,000,000.00	1,000,000.00
Pensions-Disability Payments	125,328.48	52,220.20	140,000.00	140,000.00	-
Pensions-Survivor Annuity Benefits Payments	1,913,816.49	796,206.80	2,100,000.00	2,100,000.00	-
TOTAL PENSIONS	<u>26,891,784.59</u>	<u>11,548,992.55</u>	<u>29,240,000.00</u>	<u>30,240,000.00</u>	<u>1,000,000.00</u>
 Refunds	 551,908.36	 131,691.76	 1,000,000.00	 1,000,000.00	 -
 TOTAL EXPENSES	 <u>28,026,145.61</u>	 <u>11,918,597.16</u>	 <u>30,888,188.00</u>	 <u>31,898,328.00</u>	 <u>1,010,140.00</u>
 INVESTMENT EXPENSE*					
Advisory Technical Service	449,836.97	148,402.74	500,000.00	500,000.00	-

* investment expenses are netted against investment income in the statement of changes of plan net assets to arrive at a net investment income amount.