

**FIRE PENSION BOARD MEETING**  
**Wednesday, August 17, 2016 – 10:00 a.m.**  
**City Hall, Council Chambers, Vero Beach, Florida**

**A G E N D A**

- 1. CALL TO ORDER**
- 2. AGENDA ADDITIONS, DELETIONS AND ADOPTION**
- 3. APPROVAL OF MINUTES**
  - A) May 18, 2016**
- 4. PUBLIC COMMENTS**
- 5. QUARTERLY REPORTS**
  - A) Highland Capital Management**
  - B) Salem Trust**
  - C) Bogdahn Consulting**
    - 1. Money Market Changes for the Retirement Plan**
- 6. NEW BUSINESS**
- 7. OLD BUSINESS**
  - A) Status of Global Tax Fund**
- 8. CHAIRMAN'S MATTERS**
- 9. MEMBER'S MATTERS**
- 10. ADJOURNMENT**

This is a public meeting. Should any interested party seek to appeal any decision made by the Board with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings and that, for such purpose he may need to ensure that a record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Anyone who needs a special accommodation for this meeting may contact the City's Americans with Disabilities Act (ADA) Coordinator at 978-4920 at least 48 hours in advance of the meeting.

**FIRE PENSION BOARD MINUTES**  
**Wednesday, May 18, 2016 – 10:00 a.m.**  
**City Hall, Council Chambers, Vero Beach, Florida**

**PRESENT:** Chairman Terry Zokvic; Members: Kent Middleton, Henry Losey and Kenneth Chatam **Also Present:** Heather McCarty, Records Retention Specialist

**Excused absence:** Duane Bluemke

**1. CALL TO ORDER**

Today's meeting was called to order at 10:00 a.m.

**2. AGENDA ADDITIONS, DELETIONS AND ADOPTION**

None

**3. APPROVAL OF MINUTES**

**A) February 17, 2016**

Mr. Losey made a motion to approve the February 17, 2016 minutes. Mr. Middleton seconded the motion and it passed unanimously.

**4. PUBLIC COMMENTS**

None

**5. QUARTERLY REPORTS**

**A) Highland Capital Management**

Mr. Grant McMurry with Highland Capital Management was present for today's meeting and provided the Board members with a copy of their report for the period ending March 31, 2016 (on file in the City Clerk's office). He briefly went through the report, going over the total return summary and the asset allocation. He talked about some of the current trends going on in the market.

Mr. Zokvic asked about page 6 and the amount of cash that the report showed for the end of March.

Mr. McMurry said that was cash that was pulled out of fixed income to go into the international marketplace, which has happened now.

**B) Salem Trust**

Mrs. Karen Russo went over their Class Action report for the period January 1, 2016 through March 31, 2016 (on file in the City Clerk's office). She reported that they filed one class action on behalf of the plan with Baxter Information and the plan received no class action settlements during the period.

Mrs. Russo said that on an annual basis they like to do a confirmation of the statement recipients. She provided the Board with a list of who receives what type of statements for them to review and update.

Mrs. Russo gave an update on Globe Tax, which they approved at their last meeting. She explained that because their plan uses the same Tax I.D. as the City, the City has to fill out some paperwork and so does their plan. She spoke with the Finance Director and she will be speaking with the City Attorney about the documents they need to sign.

Mr. Zokvic thinks the Board should have the Pension Board's Attorney review the documents so that he is aware of what's going on.

Mrs. Russo explained there is a form 8802, which is an application to show they're in the United States. She said that form needs to be filed every year so if they have a limited power of attorney, Globe Tax can do that for them every year. She said they also need to provide copies of their letter of determination and their plan documents.

Mr. Zokvic made a motion to approve their Attorney reviewing Globe Tax and handling it for the Board. Mr. Losey seconded the motion and it passed unanimously.

Mrs. Russo said she would forward all the documents that need to be signed to Mr. Adam Levinson, Board's Attorney and give him a call.

Mrs. Russo said that at the FPPTA conference in June, Salem Trust would be having a function on Tuesday night and invited them to stop by their booth.

### **C) Bogdahn Consulting**

Mr. West said they did not get their revised Investment Policy Statement (IPS) completed as desired. He said the compliance group at Highland Capital came back and said they need to use a different benchmark for the international equity allocation. So he presented them with a revised policy for their approval. He said there is a master policy and a sub-policy for each of the strategies. He said the only thing he is changing is the international equity benchmark, which is being changed from the MSCI EAFE to the All Country World Ex. U.S. Stock Index. He requested Board approval of the revised IPS. He explained the All Country World Ex. U.S. is a much broader all inclusive benchmark.

Mr. McMurry said they have a lot more opportunities to invest internationally than they did before. He explained this gives them a little more discretion to invest broader. He pointed out that they aren't going to change any strategies. He explained if the index is broader that they are going to be measured against, they want to make sure that they are able to take advantage of those companies that are in that broader index.

Mr. West said they will still fall within all State and local requirements. He said they are comfortable with the change from their perspective.

Mr. Chatam asked what the purpose of going this route was. Mr. West said that that it increases their opportunities.

Mr. Losey made a motion to approve the revised Investment Policy Statement as it is written. Mr. Chatam seconded the motion and it passed unanimously.

Mr. West began going through their Investment Performance Review report for the period ending March 31, 2016 (on file in the City Clerk's office). He reviewed the chart on page 2. He explained that this was one of the worst periods for active managers and very few managers outperformed. He added that they did have a nice bond market rally.

Mr. Zokvic asked about page 10, Asset Allocation Summary. He asked about the difference in the amount of cash. Mr. West said that cash equivalent includes the movement of funds in the R&D accounts that they are using to make pensions or distributions and pay bills. He said the cash equivalent at the beginning of the quarter was \$439,223 and at the end of the quarter, they were at \$724,989.

Mr. Zokvic said in January, he signed an approval for \$400,000 to be transferred. Also at their last meeting they had a discussion about realigning the accounts to meet the investment policy. He asked if that was part of this difference. Mr. West answered yes. He referred him to page 15, Financial Reconciliation Quarter to Date, and the net transfer line which showed the move of \$400,000 out the Highland fixed income. He said that \$300,000 went in to the International and \$100,000 went in to the R&D to help pay for pensions and investments.

Mr. West reviewed the cash flow shown on page 15. He reported that for their total fund, they opened the quarter with \$7,334,181 and ended on March 31, 2016 with \$7,230,480. He reviewed page 16, Financial Reconciliation Fiscal Year To Date and page 19, Comparative Performance Trailing Returns. He pointed out that the total fund (net) was up 1.06%. Their total fiscal year to date (FYTD) is at 4.75%. He reviewed the one, three and five year numbers shown in the chart. He said the total fund growth for the quarter was at 1.21% (36<sup>th</sup> percentile). He pointed out the average total fund median return for all public plans was at 0.96%. He said their asset allocation decision has been the biggest component to drive their return and help them out. He reviewed the performance numbers shown on pages 19 through 21 for each of the different accounts. He pointed out that their most stable investments in the portfolio continue to be real estate investments. He went back to the chart on page 12, Asset Allocation vs. Target Allocation. He said their real estate portfolio has done so well, but they are likely going to have to put in a redemption request to bring some of that real estate money back in to the portfolio. He explained they are set up to follow a 5% rebalancing rule. He said if anything goes over 5%, it will automatically trigger a rebalancing of the portfolio. He said they are at 4.9% so he is not recommending it this quarter, but it is highly likely they will be out of policy ranges by the next quarter. So at their next meeting, it is highly likely that he is going to recommend that they rebalance the real estate portfolio.

Mr. Chatam asked if it would be a penalty to put more into that. Mr. West explained how they set their policy targets and ranges around those targets and they want to make sure that they are maintaining appropriate limits.

Mr. Zokvic explained the 5% was picked because they are a closed and conservative plan.

Mr. West said they have to consider all the scenarios. He talked about 2009 when all of these real estate funds closed their doors to redemptions. Since this is a closed fund and very cash flow intensive, they need to make sure that the vast majority of their assets are liquid.

Mr. Zokvic referred to the compliance checklist on page 38. He said the total fund compliance shows 6.75% and it should be 6.25%. He asked if the computer is basing the managers' check off marks on the 6.75% or on the 6.25% that they are using.

Mr. West said that items one through four are based on 6.75%. He said that needs to be updated and he will get it changed.

**6. NEW BUSINESS**

None

**7. OLD BUSINESS**

None

**8. CHAIRMAN'S MATTERS**

Mr. Zokvic stated at their August meeting they are going to have to come with another budget for the next fiscal year and he will work on getting it prepared.

**9. MEMBER'S MATTERS**

The Board approved a blanket approval for their new member to attend schools.

**10. ADJOURNMENT**

Today's meeting adjourned at 11:33 a.m.

/hm

# Vero Beach Firefighters' Pension Plan

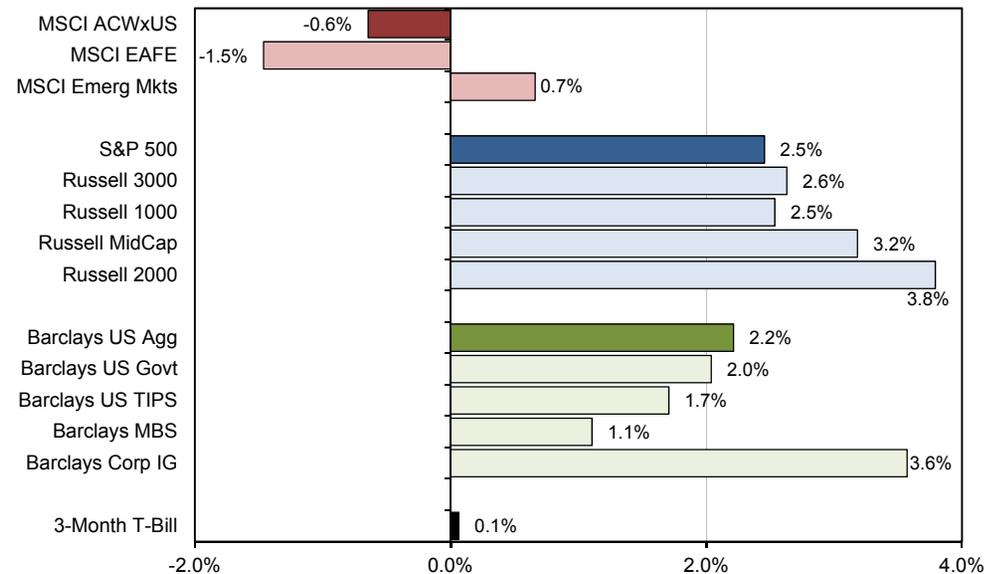
Investment Performance Review  
2nd Quarter 2016



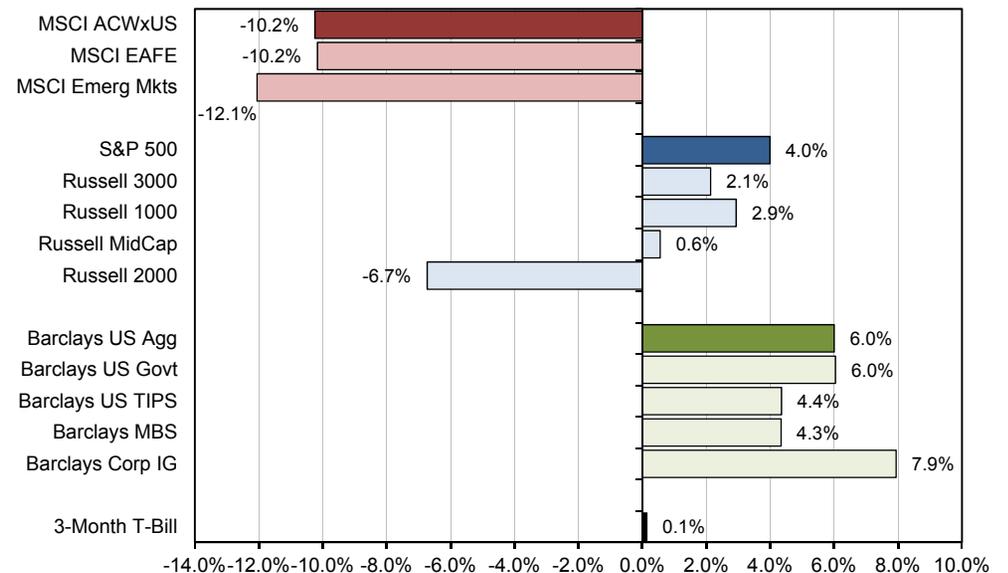
## 2nd Quarter 2016 Market Environment

- The 2<sup>nd</sup> quarter of 2016 was very volatile as financial market returns were influenced by central bank policy expectations, rising commodity prices, mixed economic data, and increased global political and economic uncertainty caused by the U.K.'s June vote to discontinue its membership in the European Union (EU). Despite this volatility, asset class results for the period were broadly positive with the exception of international developed market returns. Higher risk assets, such as small cap equities, emerging market stocks, and investment grade and high yield corporate bonds, posted the strongest returns throughout the quarter.
- Led by the small cap Russell 2000's return of 3.8%, U.S. stock market indices were positive for the 2<sup>nd</sup> quarter. In contrast, for the 1-year period, domestic large cap stock indices were the best performers, posting moderate gains, while domestic small cap indices posted negative returns. Broad international equity indices trailed domestic stock indices through both the quarter and prior year. In U.S. Dollar (USD) terms, returns for the MSCI Emerging Markets Index (net) were marginally positive for the quarter returning 0.7% while developed market equities, represented by the MSCI EAFE Index (net), returned -1.5%. Both indices have experienced double digit losses over the 1-year period, returning -12.1% and -10.2% respectively..
- The U.S. Treasury yield curve flattened throughout the 2<sup>nd</sup> quarter with near-term rates staying relatively flat and rates at the medium to long end of the yield curve falling near all-time lows. Despite their low yields, investment grade bonds have outperformed broad domestic and international equity indices over the past twelve months with the Barclays Aggregate Index returning 2.2% for the 2<sup>nd</sup> quarter and 6.0% for the trailing 1-year period. Investment grade corporate bonds outperformed the remaining investment grade sectors for both the quarter and 1-year period with the Barclays U.S. Corporate Investment Grade Index returning 3.6% and 7.9% respectively. Corporate issues experienced tailwinds from their higher durations relative to other areas of the fixed income market, as well as tightening credit spreads.

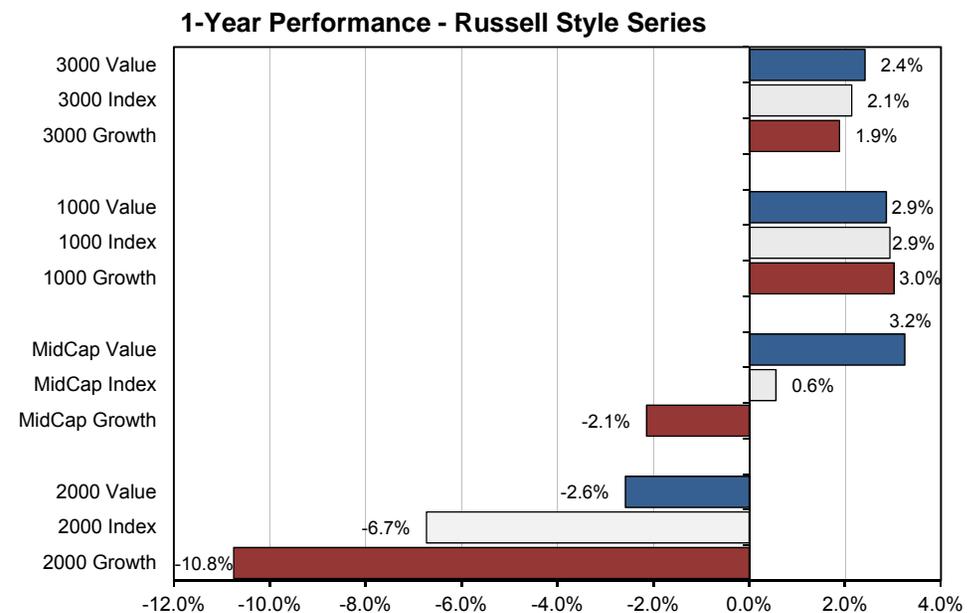
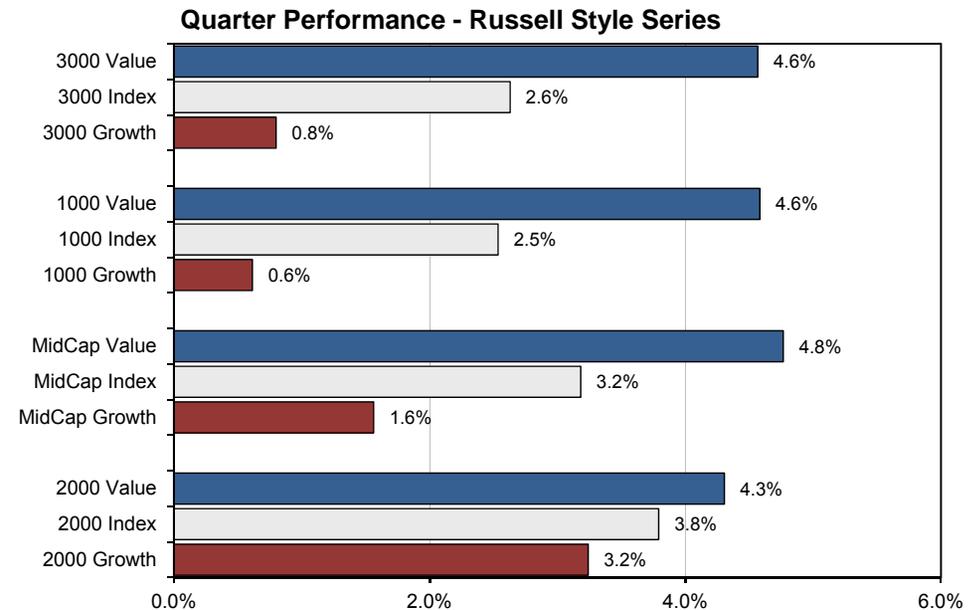
### Quarter Performance



### 1-Year Performance



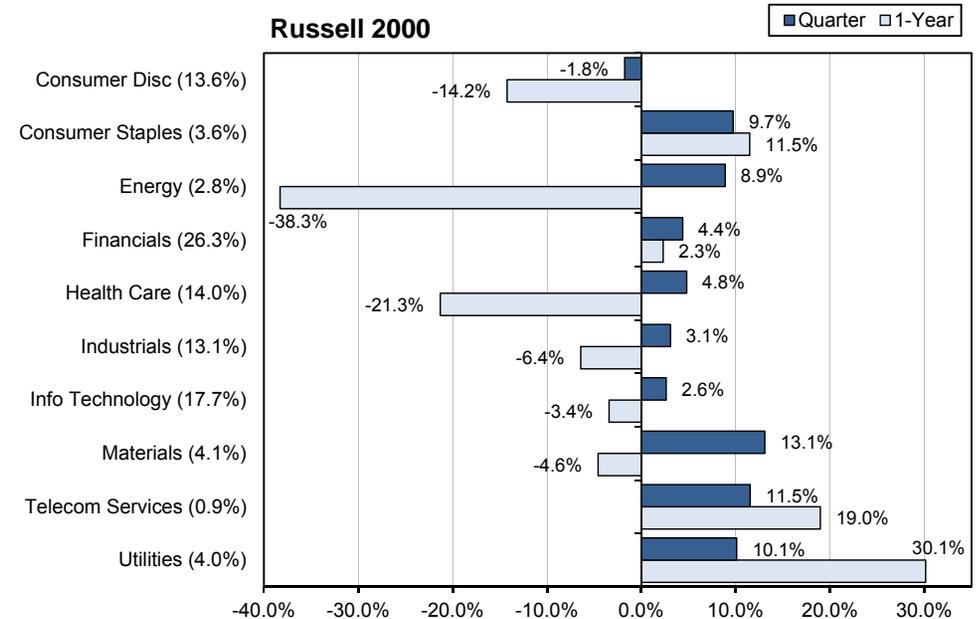
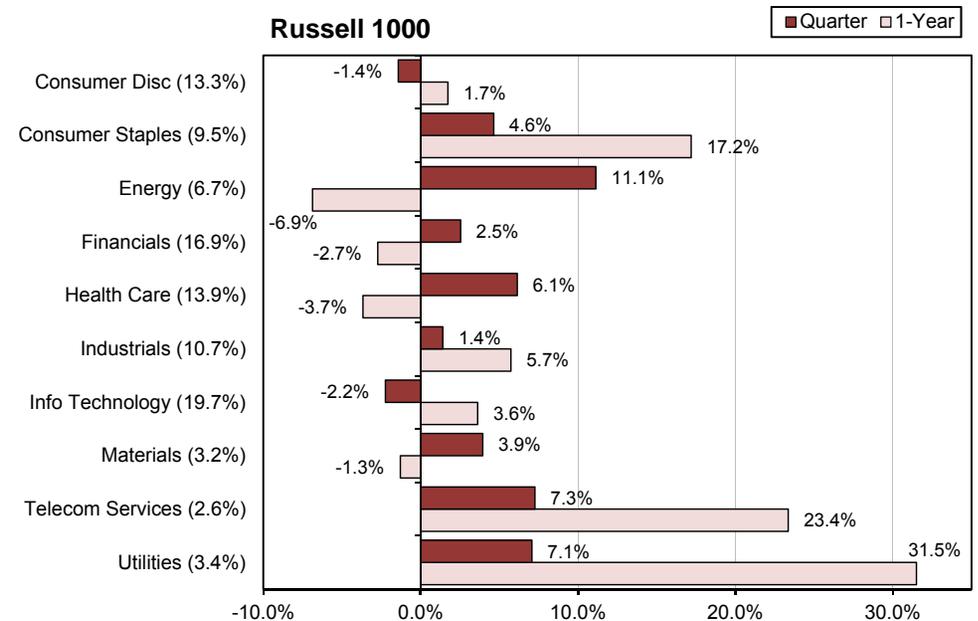
- U.S. equity index returns were positive across the capitalization spectrum during the 2<sup>nd</sup> quarter. Domestic stock prices increased through April and May, fueled by largely supportive macroeconomic data suggesting that the economic weakness experienced at the beginning of the year had been transitory. The strength in economic data led market participants to consider an increased probability for the U.S. Federal Reserve (Fed) to tighten monetary policy by increasing short-term interest rates as early as June. However, forecasts surrounding the timing of future Fed rate hikes were pushed out after the release of May's non-farm payroll report, which came in much weaker than expected. The possibility of a near-term rate increase became even more remote near the end of the quarter when the U.K. unexpectedly voted to exit the EU, creating political and economic uncertainty throughout global financial markets. Demand for equities remains high as investors struggle to find other sources of portfolio return in the current low interest rate environment.
- Value stocks outperformed growth stocks across the capitalization spectrum for the second straight quarter. This value outperformance was generally due to investors seeking the perceived safety of value stocks given valuation levels and the volatility experienced throughout the period. Value indices were also beneficiaries of rising oil and natural gas prices as value-based benchmarks have higher allocations to the Energy sector. Mid cap value stocks were the best performers across the value spectrum, returning 4.8% during the period, followed by large cap value (4.6%) and small cap value (4.3%) stocks respectively. However, across the growth spectrum, small cap growth stocks (3.2%) were the best performers followed by mid cap growth stocks (1.6%). The Russell 1000 Growth Index, representing large cap stocks, had the weakest performance returning 0.6% for the quarter. Style trends are mixed over the 1-year period. The Russell Midcap Value Index was the best performer (3.2%), and the Russell 2000 Growth Index was the worst performer (-10.8%).
- From a valuation perspective, equity valuations appear stretched relative to historical levels based on their forward Price/Earnings ratios (P/E). The large growth, mid growth, and small value indices have valuation levels close to their respective historical average, while the remaining indices fall between 106% and 114% of their 15-year averages.



- Large cap sector performance was generally positive for the 2<sup>nd</sup> quarter with all but two sectors within the Russell 1000 Index posting gains for the period. The Consumer Discretionary and Technology sectors were the quarter's only laggards returning -1.4% and -2.2% respectively. Defensive and interest rate sensitive sectors of the market continue to perform well as investors attempt to proxy dividend income as a substitute for paltry investment grade bond yields due to the persistent low interest rate environment. Utilities, Telecom Services, and Consumer Staples all posted strong quarterly returns. These three sectors are also the only sectors to post double-digit returns over the past year, outperforming all other sectors in the Russell 1000 Index by a considerable margin. The Energy sector was a notable performer during the quarter, returning 11.1% due to increasing oil and natural gas prices. Supply disruptions in Canada and Nigeria, paired with a decrease in production from U.S. shale producers, contributed to reduced global supply, which drove energy prices higher. Despite a favorable quarter, Energy returns over the 1-year period continue to represent the weakest sector with a return of -6.9%. Materials (-1.3%), Health Care (-3.7%) and Financials (-2.7%) also posted negative results over the prior year.

- Similar to large cap sector results, small cap sector performance was largely positive for the quarter. In addition, small cap sector performance generally outpaced corresponding large cap sector results. Performance in large and small cap sectors also had similar observable trends. Higher yielding, defensive sectors and commodity price sensitive industries were the best performers during the 2<sup>nd</sup> quarter. In contrast, over the 1-year period, all Russell 2000 Index sectors underperformed their corresponding Russell 1000 Index sectors with the exception of the Financials sector. The Energy (-38.3%), Health Care (-21.3%), and Consumer Discretionary (-14.2%) sectors were the largest detractors over the 1-year period. Like the large cap index, Consumer Staples (11.5%), Telecom Services (19.0%), and Utilities (30.1%) significantly outperformed other sectors.

- Using the S&P 500 as a proxy, forward P/E ratios for six GICS sectors were below their long-term (20-year) averages at quarter-end. The Technology and Health Care sectors were trading at the largest discount to their long-term average P/E ratios. In contrast, the Energy and Utilities sector valuations were the most extended relative to their historical P/E ratios.



**The Market Environment**  
**Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000**  
As of June 30, 2016

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	2.58%	-11.7%	-22.2%	Information Technology
Exxon Mobil Corp	1.91%	13.1%	16.8%	Energy
Microsoft Corp	1.91%	-6.7%	19.1%	Information Technology
Johnson & Johnson	1.64%	12.9%	28.2%	Health Care
General Electric Co	1.43%	-0.2%	22.3%	Industrials
Amazon.com Inc	1.37%	20.5%	64.9%	Consumer Discretionary
Berkshire Hathaway Inc B	1.35%	2.1%	6.4%	Financials
AT&T Inc	1.31%	11.7%	28.4%	Telecommunication Services
Facebook Inc A	1.26%	0.2%	33.2%	Information Technology
Verizon Communications Inc	1.12%	4.3%	25.6%	Telecommunication Services

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
LinkedIn Corp Class A	0.11%	65.5%	-8.4%	Information Technology
Denbury Resources Inc	0.00%	61.7%	-42.6%	Energy
ONEOK Inc	0.05%	61.7%	29.8%	Energy
Rice Energy Inc	0.01%	59.8%	11.4%	Energy
Memorial Resource Development Corp	0.01%	56.0%	-16.3%	Energy
Southwestern Energy Co	0.02%	55.9%	-44.7%	Energy
Zillow Group Inc C	0.02%	52.9%	N/A	Information Technology
Yelp Inc Class A	0.01%	52.7%	-29.4%	Information Technology
Continental Resources Inc	0.02%	49.1%	6.8%	Energy
Tahoe Resources Inc	0.02%	48.7%	26.1%	Materials

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
SunEdison Inc	0.00%	-73.8%	-99.5%	Information Technology
Cobalt International Energy Inc	0.00%	-54.9%	-86.2%	Energy
Office Depot Inc	0.00%	-53.4%	-61.8%	Consumer Discretionary
LendingClub Corp	0.00%	-48.2%	-70.8%	Financials
Endo International PLC	0.02%	-44.6%	-80.4%	Health Care
Ionis Pharmaceuticals Inc	0.01%	-42.5%	-59.5%	Health Care
Square Inc A	0.00%	-40.8%	N/A	Information Technology
CVR Energy Inc	0.00%	-39.1%	-55.9%	Energy
Fossil Group Inc	0.00%	-35.8%	-58.9%	Consumer Discretionary
VeriFone Systems Inc	0.01%	-34.3%	-45.4%	Information Technology

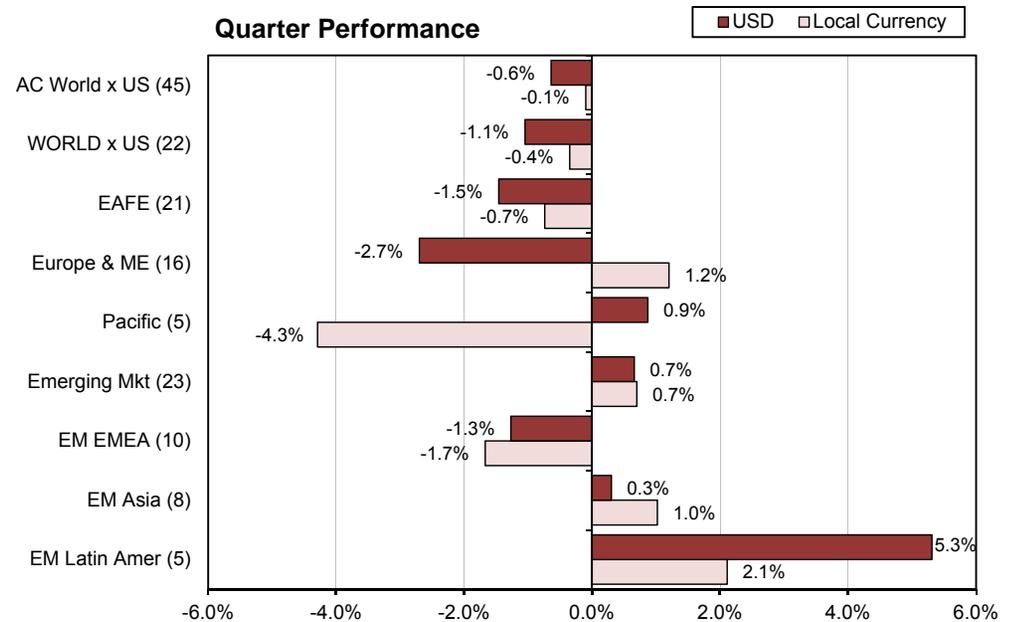
Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Olin Corp	0.25%	44.3%	-3.8%	Materials
Idacorp Inc	0.25%	9.8%	49.2%	Utilities
Portland General Electric Co	0.24%	12.6%	37.4%	Utilities
Gramercy Property Trust	0.24%	9.1%	21.7%	Financials
Curtiss-Wright Corp	0.23%	11.5%	17.1%	Industrials
Southwest Gas Corp	0.23%	20.3%	52.1%	Utilities
Microsemi Corp	0.23%	-14.7%	-6.5%	Information Technology
Healthcare Realty Trust Inc	0.22%	14.4%	57.2%	Financials
Medical Properties Trust Inc	0.22%	19.0%	24.8%	Financials
WGL Holdings Inc	0.22%	-1.5%	34.5%	Utilities

Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Magnum Hunter Resources Corporation	0.00%	309559.2%	628.6%	Energy
Ultra Petroleum Corp	0.00%	253.4%	-85.9%	Energy
Ryerson Holding Corp	0.01%	214.7%	92.3%	Materials
Clayton Williams Energy Inc	0.01%	207.8%	-58.2%	Energy
Fairmount Santrol Holdings Inc	0.03%	207.2%	-5.9%	Energy
Celator Pharmaceuticals Inc	0.06%	173.6%	1247.3%	Health Care
EZCORP Inc	0.02%	154.5%	1.7%	Financials
North Atlantic Drilling Ltd	0.00%	146.0%	-43.4%	Energy
Eclipse Resources Corp	0.01%	131.9%	-36.5%	Energy
Radio One Inc Class D	0.00%	124.6%	0.6%	Consumer Discretionary

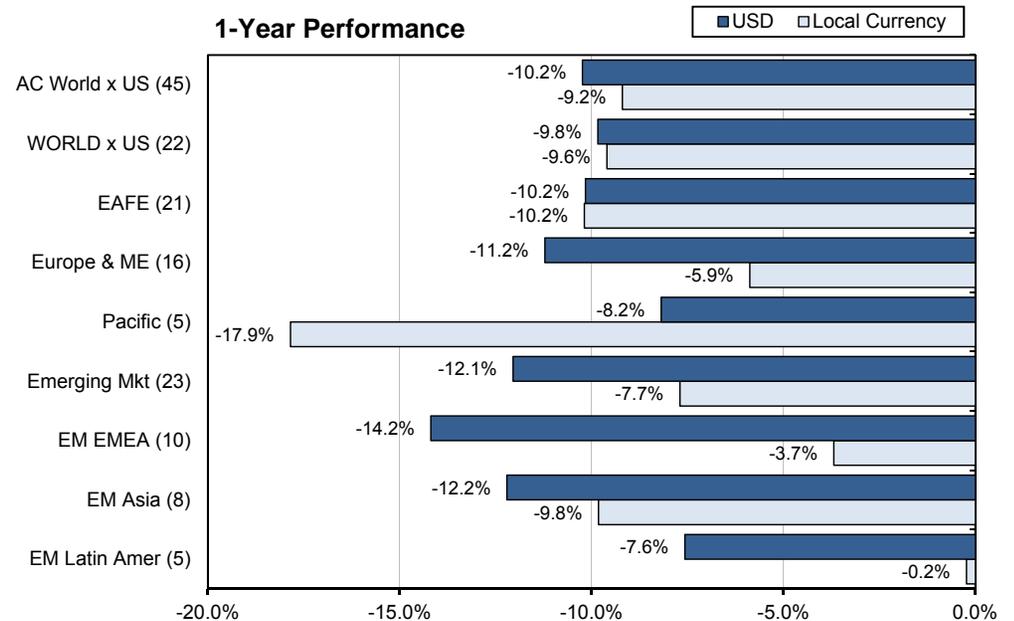
Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Code Rebel Corp	0.00%	-98.9%	-99.8%	Information Technology
Energy XXI Ltd	0.00%	-92.8%	-98.3%	Energy
Seventy Seven Energy Inc	0.00%	-84.1%	-97.9%	Energy
Fairway Group Holdings Corp A	0.00%	-81.5%	-98.2%	Consumer Staples
The JG Wentworth Co Class A	0.00%	-79.1%	-97.2%	Financials
Infinity Pharmaceuticals Inc	0.00%	-74.8%	-87.9%	Health Care
Mirati Therapeutics Inc	0.00%	-74.5%	-82.7%	Health Care
TransEnterix Inc	0.01%	-71.3%	-59.3%	Health Care
Lipocine Inc	0.00%	-70.0%	-64.6%	Health Care
Chiasma Inc	0.00%	-68.4%	N/A	Health Care

- Similar to domestic equity markets, the 2<sup>nd</sup> quarter was volatile for international stocks as broad developed market indices struggled throughout the quarter. Currency impact on returns was mixed during the quarter with the EM Latin America Index benefiting from a weakening USD, and the Europe and Middle East Index suffering from USD strength. For the 1-year period, returns for developed markets were negative in both USD and local currency. While the quarter began positively as markets pushed higher on the back of better than expected economic data and rising commodity prices, the second half of the quarter saw international markets swoon. Much of this was due to uncertainty leading up to the U.K.'s June 23<sup>rd</sup> referendum to remain in or move to leave the EU. British voters surprised investors by voting to discontinue membership in the economic bloc. While the terms and aggregate impact of "Brexit" will remain unknown for some time, the reaction to the vote was immediate. The pound sterling fell sharply (-12%), Standard & Poor's downgraded the U.K.'s AAA credit rating, and U.K. Prime Minister David Cameron resigned. While U.K. equity markets initially suffered sharp losses, markets recovered quickly as investors weighted the benefits of a weakened pound on the country's largely foreign earnings base.
- The U.K.'s decision to leave the EU cast a shadow over European equities for the quarter despite the region's generally positive economic data. While the European Central Bank (ECB) has signaled its intent for continued support, the EU faces concerns surrounding "Brexit's" effect on future growth, as well as a political contagion that could lead other members to leave the economic union. Japanese equities fell sharply through the quarter as the Bank of Japan (BoJ) bucked market expectations when they did not announce an extension to its negative interest rate policy or asset purchase program. The subsequent "Brexit" decision led to a sharp appreciation in the yen, raising additional concerns around future earnings growth potential for Japanese equities.
- Broad emerging market indices were modestly positive throughout the quarter, outperforming developed markets. Latin America was the best performing region on both a USD and local currency basis as the region benefitted from political tailwinds in Brazil and rising commodity prices. Russia, India, and the Philippines were also notable positive performers. Emerging European countries were laggards relative to emerging peers in Asia and Latin America. Performance for the MSCI Emerging Markets Index (net) remains negative in both local (-7.7%) and USD (-12.1%) terms over the trailing 1-year period.

**Quarter Performance**



**1-Year Performance**



**The Market Environment**  
**U.S. Dollar International Index Attribution & Country Detail**  
As of June 30, 2016

MSCI EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	12.1%	-8.4%	-17.7%
Consumer Staples	13.3%	2.9%	10.1%
Energy	5.2%	11.3%	-2.4%
Financials	22.3%	-6.6%	-23.2%
Health Care	12.4%	4.7%	-2.2%
Industrials	13.3%	-1.5%	-5.4%
Information Technology	5.4%	-2.7%	-8.0%
Materials	6.9%	1.2%	-15.7%
Telecommunication Services	5.2%	-0.3%	-3.7%
Utilities	3.9%	1.6%	-0.2%
<b>Total</b>	<b>100.0%</b>	<b>-1.5%</b>	<b>-10.2%</b>

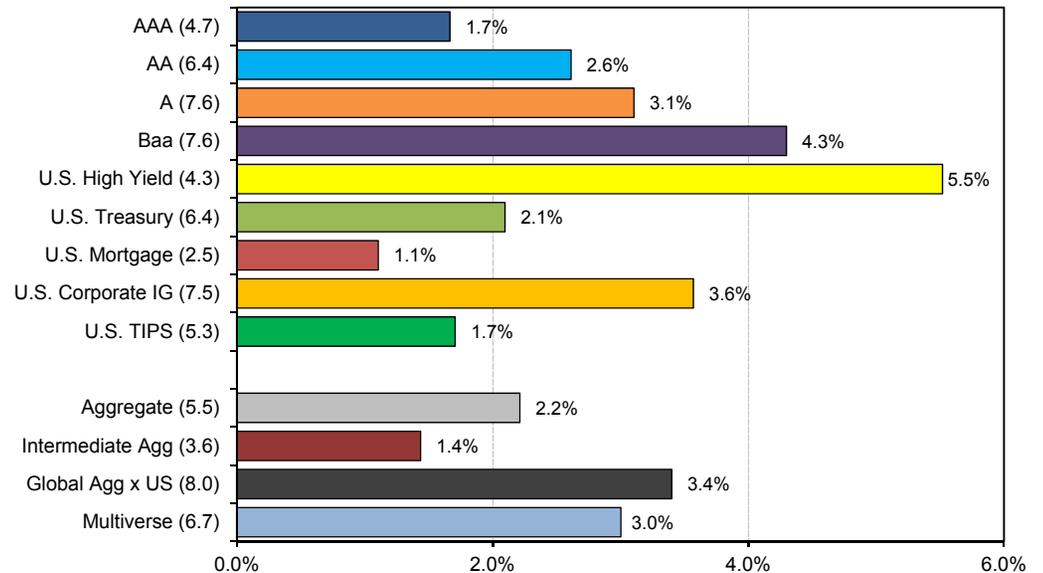
MSCI ACWixUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	11.3%	-6.9%	-15.9%
Consumer Staples	11.6%	2.8%	7.5%
Energy	6.9%	8.1%	-5.7%
Financials	24.4%	-4.3%	-19.9%
Health Care	9.4%	4.3%	-6.5%
Industrials	11.3%	-1.8%	-7.2%
Information Technology	9.0%	0.1%	-5.3%
Materials	7.1%	3.1%	-12.1%
Telecommunication Services	5.3%	-0.2%	-6.9%
Utilities	3.6%	1.5%	-2.0%
<b>Total</b>	<b>100.0%</b>	<b>-0.6%</b>	<b>-10.2%</b>

MSCI Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	10.5%	-1.4%	-10.5%
Consumer Staples	8.5%	4.2%	-3.6%
Energy	7.5%	1.9%	-12.7%
Financials	26.1%	0.3%	-17.8%
Health Care	2.7%	0.4%	-7.5%
Industrials	6.2%	-3.3%	-19.0%
Information Technology	22.5%	2.5%	-4.0%
Materials	6.3%	-0.8%	-9.5%
Telecommunication Services	6.6%	-0.1%	-15.6%
Utilities	3.2%	0.5%	-10.0%
<b>Total</b>	<b>100.0%</b>	<b>0.7%</b>	<b>-12.1%</b>

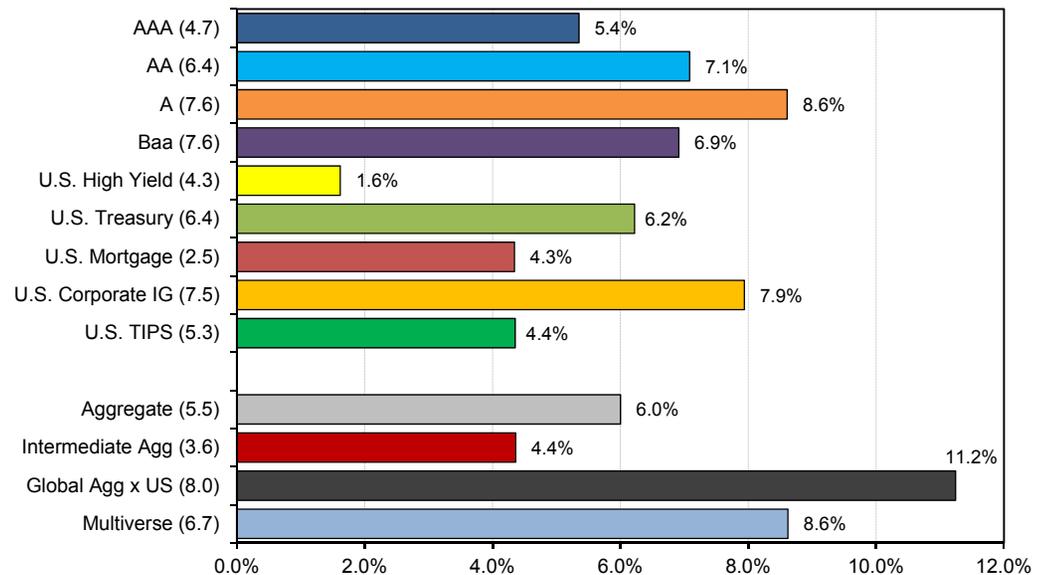
Country	MSCI-EAFE Weight	MSCI-ACWixUS Weight	Quarter Return	1-Year Return
Japan	23.3%	16.4%	1.0%	-8.9%
United Kingdom	19.6%	13.8%	-0.7%	-12.1%
France	9.6%	6.8%	-4.3%	-8.9%
Switzerland	9.3%	6.6%	2.0%	-8.5%
Germany	8.7%	6.1%	-5.6%	-11.6%
Australia	7.3%	5.1%	0.5%	-4.5%
Hong Kong	3.3%	2.3%	0.9%	-10.8%
Netherlands	3.2%	2.2%	-5.1%	-7.8%
Spain	2.9%	2.1%	-7.7%	-23.3%
Sweden	2.8%	2.0%	-5.4%	-12.2%
Denmark	2.0%	1.4%	-0.6%	2.5%
Italy	2.0%	1.4%	-10.5%	-26.1%
Belgium	1.5%	1.1%	2.3%	4.5%
Singapore	1.4%	1.0%	0.4%	-11.5%
Finland	1.0%	0.7%	-2.1%	-3.9%
Israel	0.8%	0.6%	-3.8%	-11.1%
Norway	0.6%	0.5%	2.4%	-16.2%
Ireland	0.5%	0.3%	-9.9%	-10.5%
New Zealand	0.2%	0.1%	5.9%	29.7%
Austria	0.2%	0.1%	-10.0%	-12.9%
Portugal	0.2%	0.1%	-2.8%	-7.5%
<b>Total EAFE Countries</b>	<b>100.0%</b>	<b>70.6%</b>	<b>-1.5%</b>	<b>10.2%</b>
Canada		6.8%	3.4%	-6.3%
<b>Total Developed Countries</b>		<b>77.4%</b>	<b>-1.1%</b>	<b>9.8%</b>
China		5.8%	0.1%	-23.4%
Korea		3.3%	-1.2%	-3.5%
Taiwan		2.7%	0.7%	-8.8%
India		1.9%	3.7%	-6.5%
South Africa		1.7%	1.6%	-15.9%
Brazil		1.6%	13.9%	-6.0%
Mexico		0.9%	-7.0%	-12.2%
Russia		0.9%	4.1%	-1.6%
Malaysia		0.7%	-5.9%	-6.0%
Indonesia		0.6%	4.1%	6.0%
Thailand		0.5%	2.8%	-7.1%
Philippines		0.4%	5.8%	1.0%
Turkey		0.3%	-7.9%	-10.1%
Chile		0.3%	1.9%	-1.7%
Poland		0.3%	-17.5%	-27.0%
Qatar		0.2%	-4.9%	-17.2%
United Arab Emirates		0.2%	0.1%	-14.9%
Colombia		0.1%	2.9%	-12.4%
Peru		0.1%	18.2%	8.3%
Greece		0.1%	-14.0%	-60.8%
Hungary		0.1%	-4.7%	20.5%
Czech Republic		0.0%	-6.1%	-18.3%
Egypt		0.0%	0.9%	-23.8%
<b>Total Emerging Countries</b>		<b>22.6%</b>	<b>0.7%</b>	<b>-12.1%</b>
<b>Total ACWixUS Countries</b>		<b>100.0%</b>	<b>-0.6%</b>	<b>10.2%</b>

- Despite being investors' least favorite asset class for some time, fixed income indices continued their strong 2016 performance through the 2<sup>nd</sup> quarter of the year. Early quarter headwinds triggered by hawkish comments from Federal Reserve Chair Janet Yellen implying a summer interest rate hike dissipated as weaker economic data created doubts that the economy was robust enough to warrant further monetary policy tightening. Expectations for a near-term increase of the Fed Funds Rate shrank further after the U.K.'s vote to leave the EU. This news caused a swift flight to quality, pushing interest rates lower through the second half of the quarter. While near-term rates had little room to move lower, long-term rates fell to near historic lows. This curve flattening helped longer duration indices such as the Barclays U.S. Corporate Investment Grade Index and the Barclays Global Aggregate ex U.S. Index to outperform, returning 3.6% and 3.4% respectively. Fixed income performance for the 1-year period was also positive across the country, credit, and sector spectrums with international bond indices, such as the Barclays Global Aggregate ex U.S. (11.2%) and the Barclays Multiverse (8.6%), generating the highest returns
- U.S. investment grade bond indices posted gains for the quarter with the broad market Barclays Aggregate Index posting a return of 2.2%. Higher duration index sectors within the Aggregate outperformed lower duration sectors with investment grade corporates (3.6%) and Treasury securities (2.1%) posting the largest gains. Hurt by its relatively low duration, the Barclays U.S. Mortgage Index performed the worst for the second quarter in a row, returning 1.1%. Over the 1-year period, the Aggregate has returned an expectation defying 6.0%. Similar to the quarterly results, investment grade corporates and Treasuries outperformed mortgages for the period.
- Lower credit quality issues outperformed higher quality securities during the 2<sup>nd</sup> quarter. Baa rated securities returned 4.3% versus a return of 1.7% for AAA issues due to higher average durations and the compression of interest rate credit spreads throughout the quarter. Driven by this spread compression, high yield bonds were the best performers with the Barclays U.S. High Yield Index returning 5.5%. Despite its strong start to 2016, the Barclays U.S. High Yield Index is only marginally positive over the last 12 months with a return of 1.6%.

**Quarter Performance**

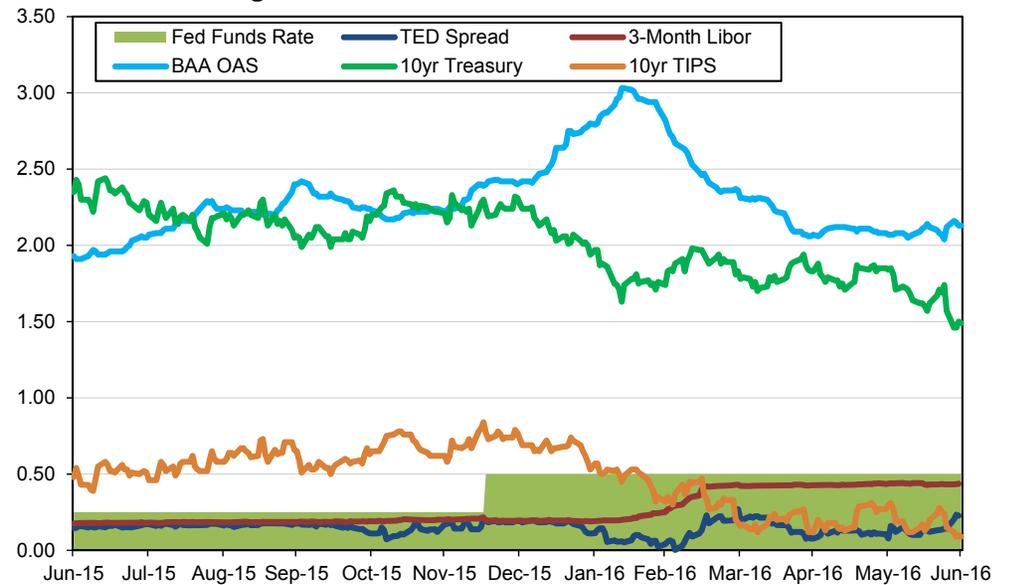


**1-Year Performance**

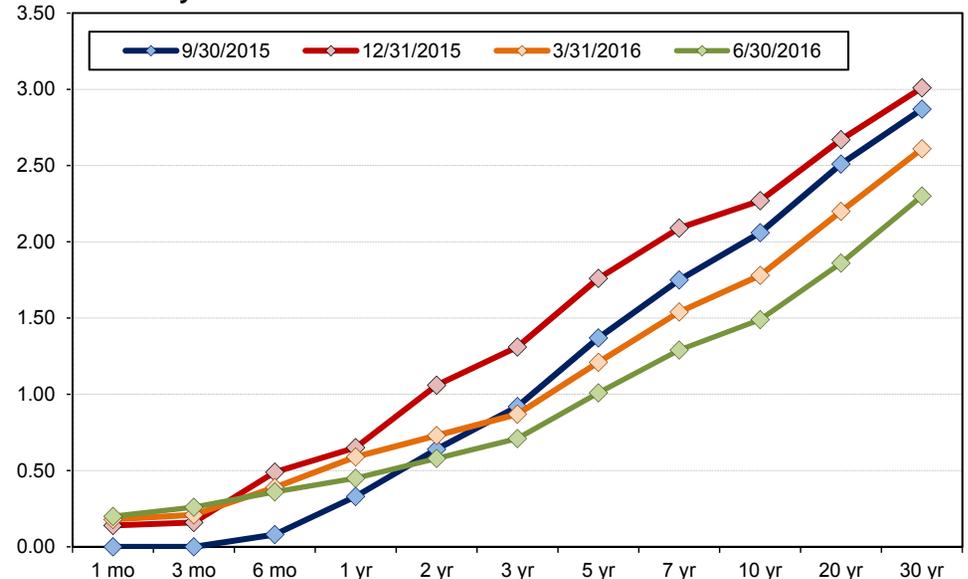


- U.S. TIPS finished the 2<sup>nd</sup> quarter with a 1.7% return. The relatively strong return can be attributed to the longer end of the TIPS yield curve shifting lowering during the period as headline CPI (1.1%) remains largely in check. The TIPS return for the 1-year period is a solid 4.4%.
- In USD terms, international fixed income indices posted the largest gains for both the quarter and 1-year periods. Despite the relatively low interest rates in international markets, with several government issues having negative yields, the Barclays Global Aggregate ex U.S. returned 3.4% for the quarter as the index benefitted from its higher average duration and mixed currency impact. The index's 11.2% return over the 1-year period also outpaced domestic bond returns.
- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury yield (green line) fell over the quarter and is now at a 12-month low. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread), which quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. When credit spreads widen (tighten), it is equivalent to interest rate increases (decreases) on corporate bond returns. After falling below 2.0% early in 2015, this spread rose throughout the remainder of the calendar year. While there was upside momentum in credit spreads early in 2016, they have narrowed by close to 1% since their high on February 11<sup>th</sup>. Despite an uptick from "Brexit" during June, this spread compression has benefited corporate bond returns. The lower graph provides a snapshot of the U.S. Treasury yield curve at each of the last four calendar quarters. Treasury issues greater than two years ended the 2<sup>nd</sup> quarter at their lowest levels in the past 12-months while short-term rates are at the high end of their 12-month range.
- The Fed has stated future rate increases would be implemented at a measured pace and with an ongoing assessment of current economic data. Despite this domestic policy assertion, geopolitical events and non-U.S. stimulus programs are likely to keep demand for U.S. Treasury issues elevated and exert downward pressure on how high domestic interest rates will rise in the short-term.

1-Year Trailing Market Rates



Treasury Yield Curve



### Our Mission

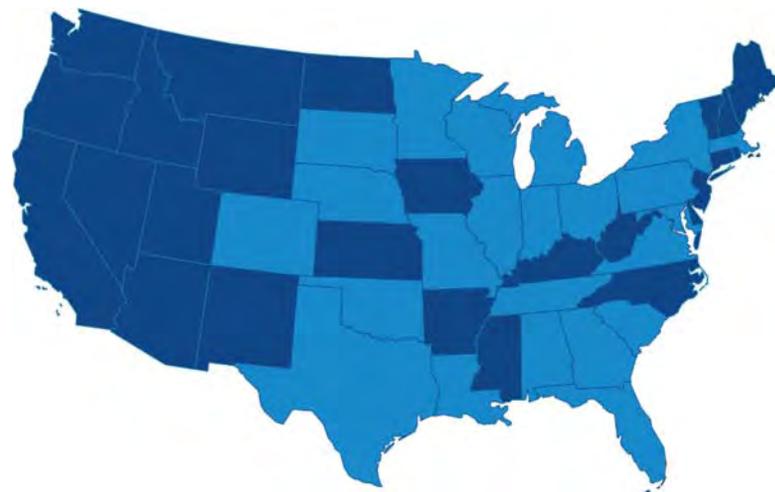
To represent the sole interest of our clients by redefining independence.

### About Us

The Bogdahn Group is an independent investment consulting firm that advises over 530 institutional clients with approximately \$64 billion in assets under advisement. We are an independent firm, employee owned, and serve as a fiduciary to each of our clients. Our firm receives 100% of our revenue through hard-dollar fees for consulting services. We have never engaged in soft-dollar fee arrangements and are not affiliated with any Investment Management firms or other service providers.

Our firm believes that trust, integrity, confidence, and respect are the cornerstones of any successful business relationship. As a result, we work to ensure our client's interests are placed first. Our objective is to serve as our client's advocate and guide in the implementation, maintenance, administration, and fiduciary oversight of their investment and retirement programs. Exceptional service, as defined by each client, is our goal.

The Bogdahn Group, headquartered in Orlando, FL also has offices in Chicago, IL; Pittsburgh, PA; Tulsa, OK; Cleveland, OH; and Detroit, MI.



**71**  
EMPLOYEES

26 ADVANCED DEGREES

15 CFAs

2 CIPMs

3 CAIAs

INSTITUTIONAL FOCUS

**\$64**

billion AUA

### Investment Consulting Services

The Bogdahn Group has one line of business: investment consulting. We strive to simplify investment and fiduciary decisions for our clients by providing governance, monitoring and risk oversight, education, strategic implementation, and superior investment options. The Bogdahn Group delivers customized services to meet each client's unique needs.

Since no two clients' needs are the same and continuously evolve over time, we strive to maintain an ongoing understanding of each client's constraints and objectives to deliver ongoing value-added services. Our core services represent a strong foundation for client relationships.

#### Traditional Consulting Services

- Investment policy statement development
- Strategic asset allocation
- Manager / Strategy Evaluation
- Investment Manager Due Diligence
- Investment Manager Searches
- Performance measurement & reporting
- Quarterly Economic Summary
- Attribution analysis
- Client Education
- Spending policy review and development
- Vendor search & fee negotiations
- Distribution and management of open RFPs where required
- Custodian Evaluation
- Interpretation and assistance in asset/liability reports

#### Defined Contribution Consulting Services

- Design, Distribute, Collect and Evaluate RFP responses for Recordkeeping and Administration Services
- Facilitate the Vendor Selection Process and Interviews
- Assist with provider scope of work definition, negotiation of fees and contracts
- Investment Policy Development and Review
- Manager/Strategy Evaluation
- Plan Level Fee Analysis
- Board/Investment Committee Education
- Fund Evaluation and Recommendations
- Review Employee Education Strategy for fit with Demographics and Plan Goals
- Provide Guidance for Defined Contribution Strategies and Investment Decisions



### Client Service Support

The Bogdahn Group's resources include dedicated teams comprised of:

- 34 Investment Consultants
- 8 Research Analysts
- 7 Internal Consultants
- 11 Performance Measurement Analysts
- 3 Information Technology Experts

The Bogdahn Group also has a dedicated management team consisting of professionals in compliance, finance, operations, and consulting services further supporting each department and ultimately each client.

#### SERVICE MODEL

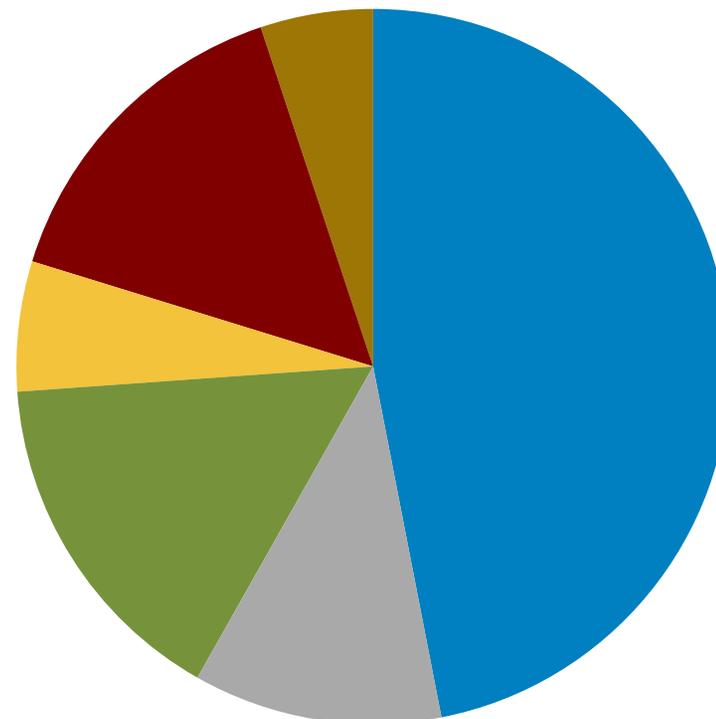
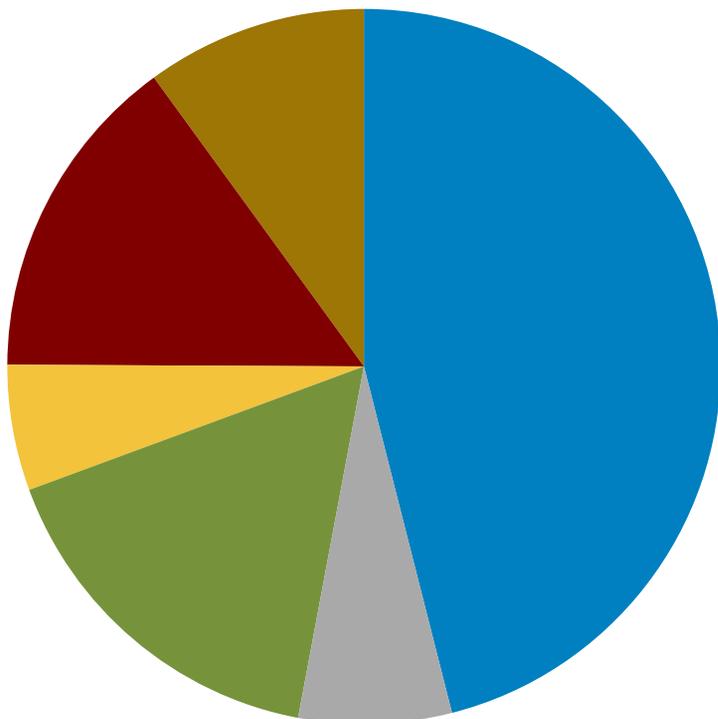


### Investment Databases

Our firm utilizes some of the most robust and deep databases that are available to investment consultants. These include Bloomberg, InvestmentMetrics PARis, eVestment Alliance, Zephyr StyleADVISOR, Morningstar Direct, etc.

Asset Allocation By Segment as of  
 March 31, 2016 : \$7,230,480

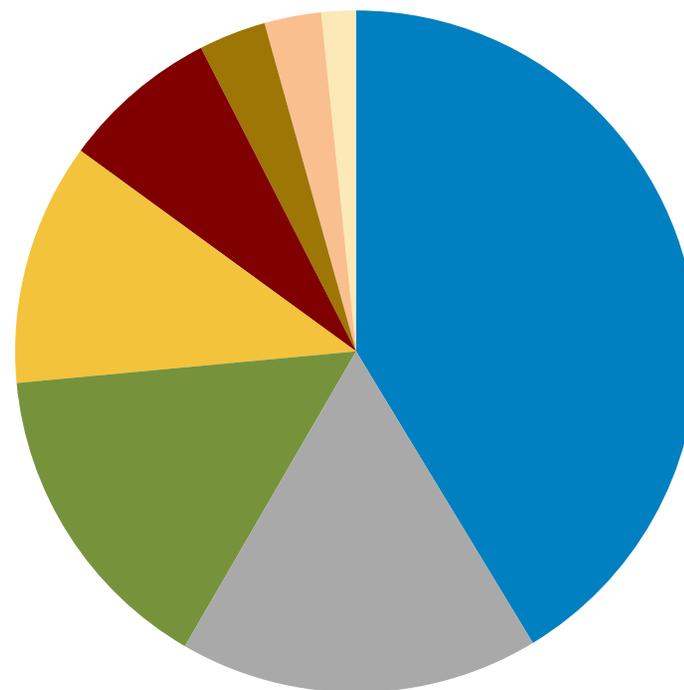
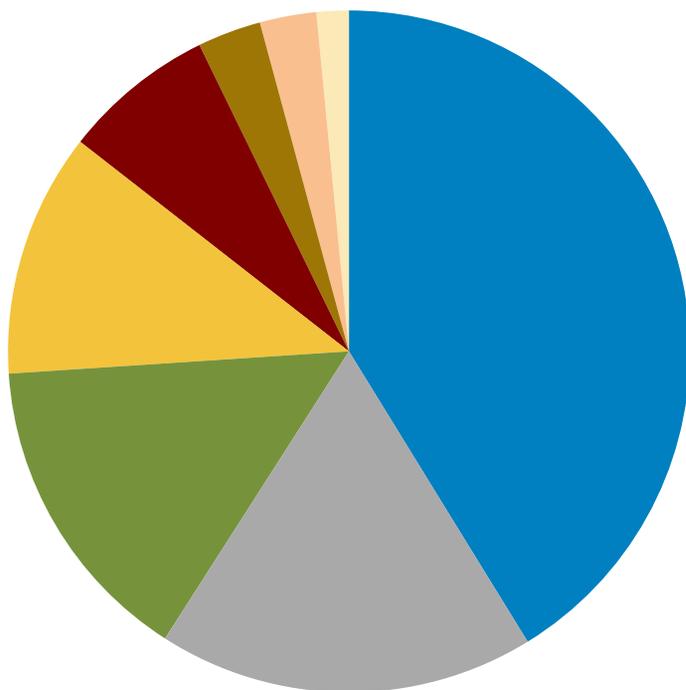
Asset Allocation By Segment as of  
 June 30, 2016 : \$7,176,695



Allocation			Allocation		
Segments	Market Value	Allocation	Segments	Market Value	Allocation
Equity	3,328,239	46.0	Equity	3,368,360	46.9
International Equity	500,885	6.9	International Equity	808,127	11.3
Domestic Fixed Income	1,188,018	16.4	Domestic Fixed Income	1,125,193	15.7
Global Fixed Income	411,641	5.7	Global Fixed Income	421,952	5.9
Real Estate	1,076,709	14.9	Real Estate	1,086,431	15.1
Cash Equivalent	724,989	10.0	Cash Equivalent	366,632	5.1

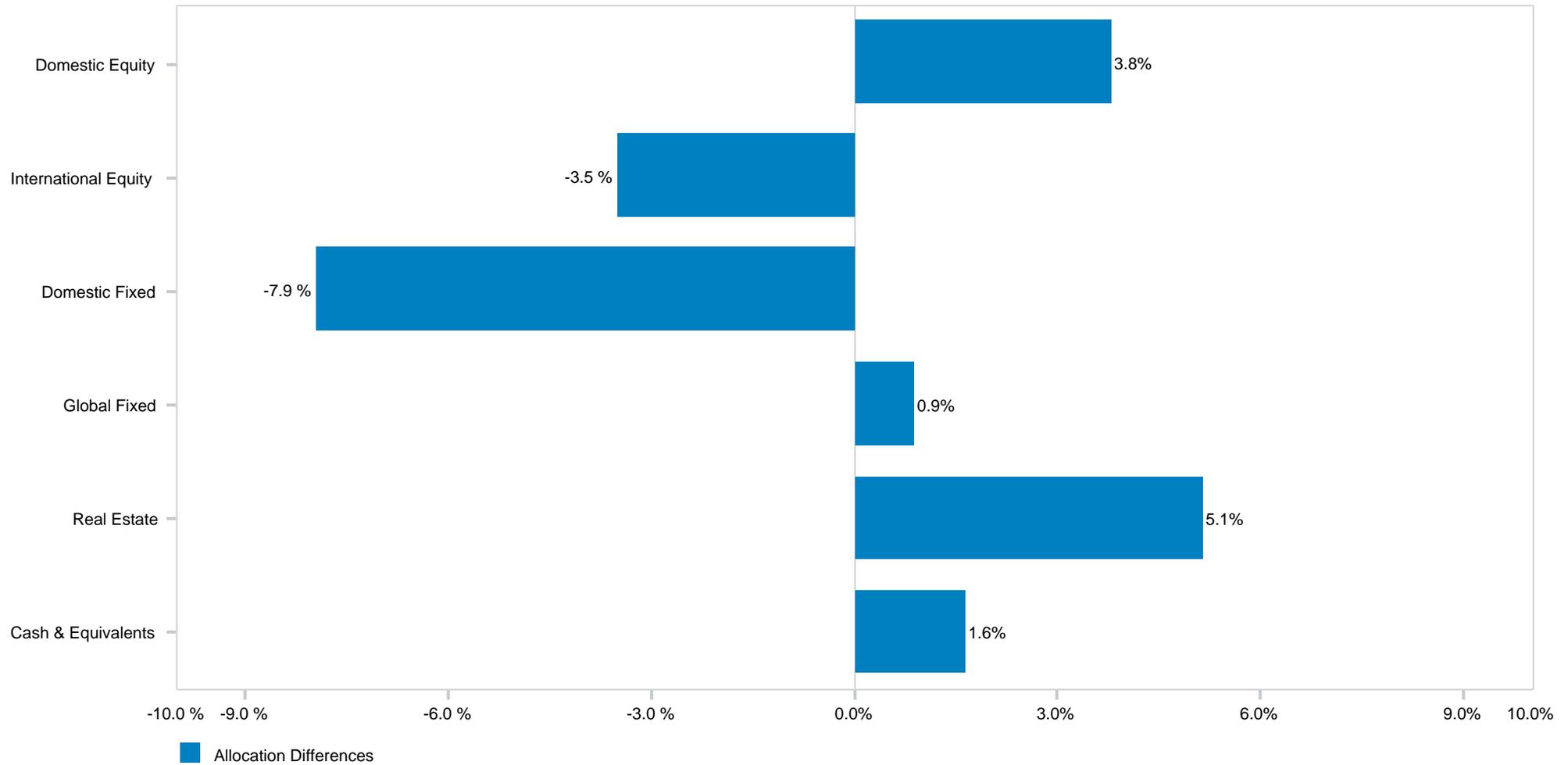
Asset Allocation By Manager as of  
 March 31, 2016 : \$7,230,480

Asset Allocation By Manager as of  
 June 30, 2016 : \$7,176,695



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Highland Equity	2,980,448	41.2	Highland Equity	2,965,837	41.3
Highland Fixed	1,290,593	17.8	Highland Fixed	1,223,846	17.1
Intercontinental	1,076,709	14.9	Intercontinental	1,086,431	15.1
Highland International	837,523	11.6	Highland International	825,463	11.5
Vanguard 500 Index (VFIAX)	522,708	7.2	Vanguard 500 Index (VFIAX)	535,492	7.5
PIMCO Diversified Income Fund (PDIIX)	217,564	3.0	PIMCO Diversified Income Fund (PDIIX)	228,513	3.2
Templeton Global Bond Fund (FBNRX)	194,078	2.7	Templeton Global Bond Fund (FBNRX)	193,438	2.7
R&D	110,859	1.5	R&D	117,673	1.6

Asset Allocation vs. Target Allocation

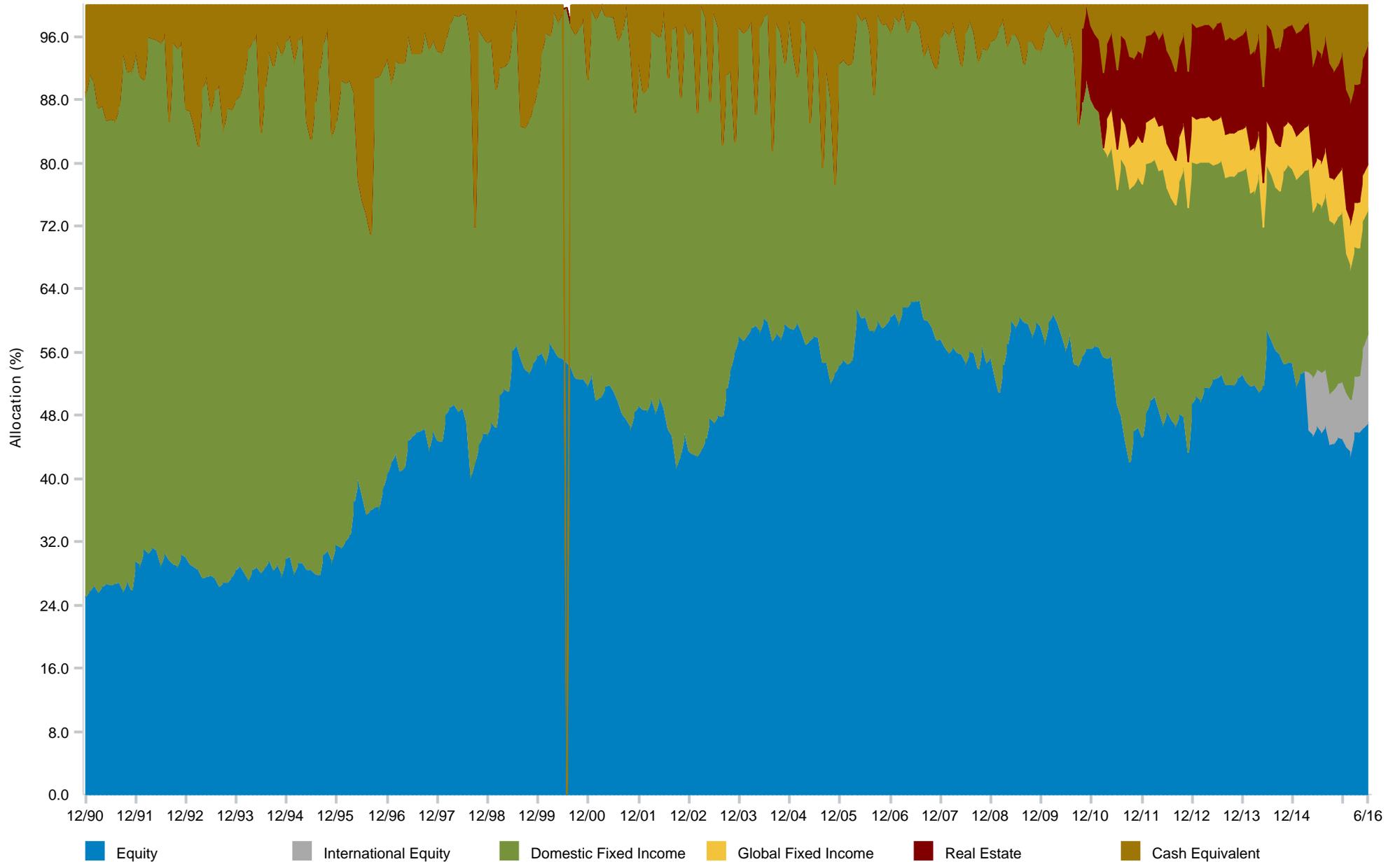


	Market Value \$	Allocation (%)	Target (%)
Domestic Equity	3,501,330	48.8	45.0
International Equity	825,463	11.5	15.0
Domestic Fixed	1,223,846	17.1	25.0
Global Fixed	421,952	5.9	5.0
Real Estate	1,086,431	15.1	10.0
Cash & Equivalents	117,673	1.6	0.0
<b>Total Fund</b>	<b>7,176,695</b>	<b>100.0</b>	<b>100.0</b>

## Asset Allocation History by Portfolio

	Jun-2016		Mar-2016		Dec-2015		Sep-2015		Jun-2015	
	(\$)	%	(\$)	%	(\$)	%	(\$)	%	(\$)	%
<b>Total Domestic Equity Composite</b>	<b>3,501,330</b>	<b>48.79</b>	<b>3,503,155</b>	<b>48.45</b>	<b>3,461,064</b>	<b>47.19</b>	<b>3,270,058</b>	<b>45.55</b>	<b>3,505,398</b>	<b>47.34</b>
Highland Equity	2,965,837	41.33	2,980,448	41.22	2,945,254	40.16	2,788,155	38.84	2,990,266	40.39
Vanguard 500 Index (VFIAX)	535,492	7.46	522,708	7.23	515,810	7.03	481,903	6.71	515,131	6.96
<b>Total International Composite</b>	<b>825,463</b>	<b>11.50</b>	<b>837,523</b>	<b>11.58</b>	<b>554,823</b>	<b>7.56</b>	<b>526,888</b>	<b>7.34</b>	<b>590,649</b>	<b>7.98</b>
Highland International	825,463	11.50	837,523	11.58	554,823	7.56	526,888	7.34	590,649	7.98
<b>Total Domestic Fixed Composite</b>	<b>1,223,846</b>	<b>17.05</b>	<b>1,290,593</b>	<b>17.85</b>	<b>1,640,697</b>	<b>22.37</b>	<b>1,645,242</b>	<b>22.92</b>	<b>1,622,424</b>	<b>21.91</b>
Highland Fixed	1,223,846	17.05	1,290,593	17.85	1,640,697	22.37	1,645,242	22.92	1,622,424	21.91
<b>Total Global Fixed Income</b>	<b>421,952</b>	<b>5.88</b>	<b>411,641</b>	<b>5.69</b>	<b>406,392</b>	<b>5.54</b>	<b>400,210</b>	<b>5.57</b>	<b>418,080</b>	<b>5.65</b>
PIMCO Diversified Income Fund (PDIIX)	228,513	3.18	217,564	3.01	212,568	2.90	210,735	2.94	216,342	2.92
Templeton Global Bond Fund (FBNRX)	193,438	2.70	194,078	2.68	193,824	2.64	189,475	2.64	201,738	2.72
<b>Total Real Estate</b>	<b>1,086,431</b>	<b>15.14</b>	<b>1,076,709</b>	<b>14.89</b>	<b>1,073,977</b>	<b>14.64</b>	<b>1,036,329</b>	<b>14.44</b>	<b>1,011,184</b>	<b>13.66</b>
Intercontinental	1,086,431	15.14	1,076,709	14.89	1,073,977	14.64	1,036,329	14.44	1,011,184	13.66
<b>R&amp;D</b>	<b>117,673</b>	<b>1.64</b>	<b>110,859</b>	<b>1.53</b>	<b>197,228</b>	<b>2.69</b>	<b>299,980</b>	<b>4.18</b>	<b>256,443</b>	<b>3.46</b>
<b>Total Fund</b>	<b>7,176,695</b>	<b>100.00</b>	<b>7,230,480</b>	<b>100.00</b>	<b>7,334,181</b>	<b>100.00</b>	<b>7,178,707</b>	<b>100.00</b>	<b>7,404,179</b>	<b>100.00</b>

Asset Allocation History by Segment

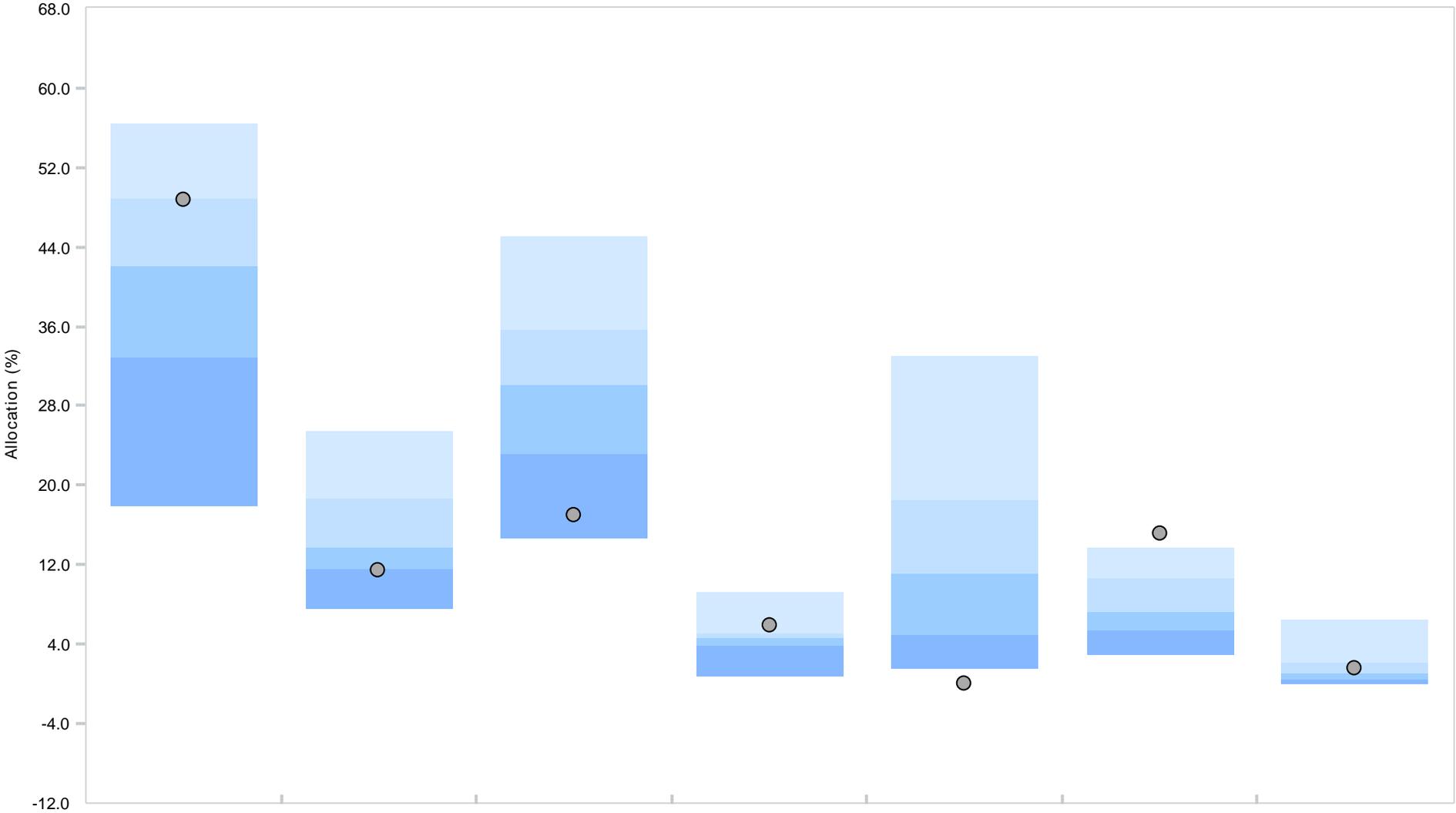


Financial Reconciliation Quarter to Date									
	Market Value 04/01/2016	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 06/30/2016
<b>Total Domestic Equity Composite</b>	3,503,155	-96,278	-	-	-3,722	-627	21,469	77,333	3,501,330
Highland Equity	2,980,448	-96,278	-	-	-3,722	-627	18,830	67,187	2,965,837
Vanguard 500 Index (VFIAX)	522,708	-	-	-	-	-	2,639	10,146	535,492
<b>Total International Composite</b>	837,523	1,046	-	-	-1,046	-260	9,913	-21,713	825,463
Highland International	837,523	1,046	-	-	-1,046	-260	9,913	-21,713	825,463
<b>Total Domestic Fixed Composite</b>	1,290,593	-98,385	-	-	-1,615	-435	9,568	24,121	1,223,846
Highland Fixed	1,290,593	-98,385	-	-	-1,615	-435	9,568	24,121	1,223,846
<b>Total Global Fixed Income</b>	411,641	-	-	-	-	-	3,943	6,367	421,952
PIMCO Diversified Income Fund (PDIIX)	217,564	-	-	-	-	-	2,557	8,392	228,513
Templeton Global Bond Fund (FBNRX)	194,078	-	-	-	-	-	1,386	-2,025	193,438
<b>Total Real Estate</b>	1,076,709	-8,550	-	-	-1,728	-	10,278	9,722	1,086,431
Intercontinental	1,076,709	-8,550	-	-	-1,728	-	10,278	9,722	1,086,431
R&D	110,859	202,167	412	-178,675	-	-17,092	1	-	117,673
<b>Total Fund</b>	<b>7,230,480</b>	<b>-</b>	<b>412</b>	<b>-178,675</b>	<b>-8,111</b>	<b>-18,414</b>	<b>55,171</b>	<b>95,830</b>	<b>7,176,695</b>

Financial Reconciliation Fiscal Year to Date

	Market Value 10/01/2015	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 06/30/2016
<b>Total Domestic Equity Composite</b>	3,270,058	-96,278	-	-	-3,722	-1,713	62,273	270,711	3,501,330
Highland Equity	2,788,155	-96,278	-	-	-3,722	-1,713	53,859	225,536	2,965,837
Vanguard 500 Index (VFIAX)	481,903	-	-	-	-	-	8,414	45,175	535,492
<b>Total International Composite</b>	526,888	301,046	-	-	-1,046	-645	15,609	-16,389	825,463
Highland International	526,888	301,046	-	-	-1,046	-645	15,609	-16,389	825,463
<b>Total Domestic Fixed Composite</b>	1,645,242	-498,385	-	-	-1,615	-1,378	32,177	47,805	1,223,846
Highland Fixed	1,645,242	-498,385	-	-	-1,615	-1,378	32,177	47,805	1,223,846
<b>Total Global Fixed Income</b>	400,210	-	-	-	-	-	17,628	4,113	421,952
PIMCO Diversified Income Fund (PDIIX)	210,735	-	-	-	-	-	12,834	4,944	228,513
Templeton Global Bond Fund (FBNRX)	189,475	-	-	-	-	-	4,794	-831	193,438
<b>Total Real Estate</b>	1,036,329	-25,592	-	-	-16,530	-	30,766	61,458	1,086,431
Intercontinental	1,036,329	-25,592	-	-	-16,530	-	30,766	61,458	1,086,431
R&D	299,980	319,209	73,754	-537,632	-12,627	-25,029	20	-	117,673
<b>Total Fund</b>	<b>7,178,707</b>	<b>-</b>	<b>73,754</b>	<b>-537,632</b>	<b>-35,540</b>	<b>-28,765</b>	<b>158,473</b>	<b>367,698</b>	<b>7,176,695</b>

Page Intentionally Left Blank



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
● Total Fund	48.79 (27)	11.50 (76)	17.05 (91)	5.88 (15)	0.00	15.14 (4)	1.64 (34)
5th Percentile	56.47	25.50	45.01	9.32	33.00	13.77	6.51
1st Quartile	48.87	18.73	35.60	5.09	18.58	10.63	2.19
Median	42.07	13.80	30.07	4.63	11.14	7.27	1.17
3rd Quartile	32.86	11.52	23.09	3.87	4.93	5.40	0.54
95th Percentile	17.88	7.57	14.63	0.72	1.49	2.95	0.07

Comparative Performance Trailing Returns

Total Fund

As of June 30, 2016

Comparative Performance Trailing Returns

	QTR		FYTD		1 YR		3 YR		5 YR		7 YR		Inception		Inception Date
<b>Total Fund (Net)</b>	2.01		6.86		2.99		7.30		7.37		9.48		7.67		01/01/1991
Total Fund Policy	1.95		7.55		2.33		6.85		7.52		9.62		7.73		
Difference	0.06		-0.69		0.66		0.45		-0.15		-0.14		-0.06		
<b>Total Fund (Gross)</b>	2.13 (31)		7.42 (10)		3.65 (3)		7.96 (8)		8.02 (5)		10.12 (21)		8.22 (36)		01/01/1991
Total Fund Policy	1.95 (43)		7.55 (7)		2.33 (11)		6.85 (44)		7.52 (14)		9.62 (44)		7.73 (82)		
Difference	0.18		-0.13		1.32		1.11		0.50		0.50		0.49		
All Public Plans-Total Fund Median	1.85		5.80		0.58		6.72		6.61		9.53		8.11		
<b>Total Equity Composite *</b>	2.00		7.72		-0.12		9.59		9.60		13.09		10.56		01/01/1991
Total Equity Policy	2.12		8.83		0.03		9.49		9.69		13.30		9.35		
Difference	-0.12		-1.11		-0.15		0.10		-0.09		-0.21		1.21		
<b>Total Domestic Equity Composite *</b>	2.83 (32)		10.20 (33)		2.82 (37)		N/A		N/A		N/A		2.38 (39)		04/01/2015
Russell 3000 Index	2.63 (36)		10.12 (35)		2.14 (45)		11.13 (56)		11.60 (54)		14.95 (42)		1.82 (47)		
Difference	0.20		0.08		0.68		N/A		N/A		N/A		0.56		
IM U.S. Large Cap Core Equity (SA+CF) Median	2.13		8.69		1.58		11.35		11.73		14.62		1.46		
<b>Highland Equity *</b>	2.90 (30)		10.04 (36)		2.63 (38)		N/A		N/A		N/A		1.91 (45)		04/01/2015
Total Highland Equity Policy	4.58 (6)		12.29 (17)		2.86 (36)		10.46 (68)		10.27 (78)		13.73 (74)		2.37 (40)		
Difference	-1.68		-2.25		-0.23		N/A		N/A		N/A		-0.46		
IM U.S. Large Cap Core Equity (SA+CF) Median	2.13		8.69		1.58		11.35		11.73		14.62		1.46		
<b>Vanguard 500 Index (VFIAX)</b>	2.45 (7)		11.12 (6)		3.95 (6)		11.61 (5)		N/A		N/A		14.01 (4)		01/01/2013
S&P 500 Index	2.46 (5)		11.15 (3)		3.99 (1)		11.66 (1)		12.10 (1)		14.92 (1)		14.05 (1)		
Difference	-0.01		-0.03		-0.04		-0.05		N/A		N/A		-0.04		
IM S&P 500 Index (MF) Median	2.34		10.79		3.55		11.18		11.58		14.40		13.55		

Returns for periods greater than one year are annualized. Returns are expressed as percentages. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.  
\* Please see disclosures at back of book, concerning breakout of balanced account.

Comparative Performance Trailing Returns

Total Fund

As of June 30, 2016

	QTR		FYTD		1 YR		3 YR		5 YR		7 YR		Inception		Inception Date
Total International Composite *	-1.41	(66)	-2.02	(89)	-12.56	(88)	N/A		N/A		N/A		-10.10	(92)	04/01/2015
MSCI AC World ex USA	-0.40	(52)	2.61	(57)	-9.80	(64)	1.62	(69)	0.56	(74)	5.81	(80)	-7.39	(69)	
Difference	-1.01		-4.63		-2.76		N/A		N/A		N/A		-2.71		
IM International Equity (SA+CF) Median	-0.28		3.59		-8.20		3.08		2.69		7.58		-5.61		
Highland International *	-1.41	(66)	-2.02	(89)	-12.56	(88)	N/A		N/A		N/A		-10.10	(92)	04/01/2015
MSCI AC World ex USA	-0.40	(52)	2.61	(57)	-9.80	(64)	1.62	(69)	0.56	(74)	5.81	(80)	-7.39	(69)	
Difference	-1.01		-4.63		-2.76		N/A		N/A		N/A		-2.71		
IM International Equity (SA+CF) Median	-0.28		3.59		-8.20		3.08		2.69		7.58		-5.61		

Returns for periods greater than one year are annualized. Returns are expressed as percentages. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.  
 \* Please see disclosures at back of book, concerning breakout of balanced account.

## Comparative Performance Trailing Returns

Total Fund

As of June 30, 2016

	QTR		FYTD		1 YR		3 YR		5 YR		7 YR		Inception		Inception Date
<b>Total Fixed Income Composite *</b>	2.70		5.99		6.28		3.94		4.05		4.63		6.36		01/01/1991
Total Fixed Income Policy	2.31		5.10		6.38		3.94		3.55		4.47		6.21		
Difference	0.39		0.89		-0.10		0.00		0.50		0.16		0.15		
<b>Total Domestic Fixed Composite *</b>	2.78	(11)	6.20	(1)	7.72	(2)	4.31	(58)	4.27	(41)	4.79	(78)	6.41	(74)	01/01/1991
Barclays Aggregate Index	2.21	(69)	4.71	(67)	6.00	(62)	4.06	(82)	3.76	(89)	4.58	(90)	6.24	(98)	
Difference	0.57		1.49		1.72		0.25		0.51		0.21		0.17		
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.32		4.98		6.14		4.34		4.14		5.33		6.58		
<b>Highland Fixed *</b>	2.78	(11)	6.20	(1)	7.72	(2)	4.31	(58)	4.27	(41)	4.79	(78)	6.41	(74)	01/01/1991
Total Highland Fixed Income Policy	2.21	(69)	4.71	(67)	6.00	(62)	4.06	(82)	3.76	(89)	4.61	(88)	6.25	(98)	
Difference	0.57		1.49		1.72		0.25		0.51		0.18		0.16		
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.32		4.98		6.14		4.34		4.14		5.33		6.58		
<b>Total Global Fixed Income</b>	2.50	(46)	5.43	(50)	0.93	(86)	2.77	(36)	3.41	(28)	N/A		3.32	(24)	05/01/2011
BofA Merrill Lynch Global Broad Market Index	2.99	(23)	7.80	(11)	9.06	(4)	3.07	(31)	2.03	(51)	3.63	(58)	1.99	(46)	
Difference	-0.49		-2.37		-8.13		-0.30		1.38		N/A		1.33		
IM Global Fixed Income (MF) Median	2.39		5.41		4.71		2.16		2.04		4.04		1.74		
<b>PIMCO Diversified Income Fund (PDIIX)</b>	5.03	(1)	8.44	(7)	5.63	(37)	4.89	(4)	5.05	(3)	N/A		5.00	(3)	05/01/2011
Barclays Global Credit (Hedged)	3.28	(12)	6.71	(25)	6.32	(25)	5.21	(2)	5.46	(3)	6.77	(10)	5.35	(3)	
Difference	1.75		1.73		-0.69		-0.32		-0.41		N/A		-0.35		
IM Global Fixed Income (MF) Median	2.39		5.41		4.71		2.16		2.04		4.04		1.74		
<b>Templeton Global Bond Fund (FBNRX)</b>	-0.33	(100)	2.09	(94)	-4.11	(100)	0.48	(89)	1.66	(60)	N/A		1.53	(57)	05/01/2011
Citigroup World Government Bond Index	3.41	(9)	9.39	(3)	11.26	(1)	2.65	(37)	1.18	(69)	2.73	(81)	1.16	(65)	
Difference	-3.74		-7.30		-15.37		-2.17		0.48		N/A		0.37		
IM Global Fixed Income (MF) Median	2.39		5.41		4.71		2.16		2.04		4.04		1.74		
<b>Intercontinental</b>	1.88	(85)	9.07	(40)	13.07	(35)	13.72	(43)	14.40	(34)	N/A		14.79	(38)	10/01/2010
NCREIF Property Index	2.03	(77)	7.33	(91)	10.64	(99)	11.61	(87)	11.52	(90)	10.28	(85)	12.20	(91)	
Difference	-0.15		1.74		2.43		2.11		2.88		N/A		2.59		
IM U.S. Open End Private Real Estate (SA+CF) Median	2.54		8.24		12.63		13.41		13.35		11.17		13.95		

Returns for periods greater than one year are annualized. Returns are expressed as percentages. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.

\* Please see disclosures at back of book, concerning breakout of balanced account.

Comparative Performance Fiscal Year Returns

Total Fund

As of June 30, 2016

Comparative Performance Fiscal Year Returns											
	FYTD	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010	Oct-2008 To Sep-2009	Oct-2007 To Sep-2008	Oct-2006 To Sep-2007	
<b>Total Fund (Net)</b>	6.86	1.27	10.37	13.58	15.92	-0.23	7.05	2.29	-11.39	13.73	
Total Fund Policy	7.55	-1.48	11.04	12.89	18.66	0.96	8.85	2.63	-10.22	10.74	
Difference	-0.69	2.75	-0.67	0.69	-2.74	-1.19	-1.80	-0.34	-1.17	2.99	
<b>Total Fund (Gross)</b>	7.42 (10)	1.85 (7)	11.06 (28)	14.24 (20)	16.59 (72)	0.33 (47)	7.59 (94)	2.81 (37)	-10.77 (17)	14.17 (49)	
Total Fund Policy	7.55 (7)	-1.48 (72)	11.04 (29)	12.89 (44)	18.66 (32)	0.96 (32)	8.85 (78)	2.63 (39)	-10.22 (11)	10.74 (94)	
Difference	-0.13	3.33	0.02	1.35	-2.07	-0.63	-1.26	0.18	-0.55	3.43	
All Public Plans-Total Fund Median	5.80	-0.53	10.17	12.51	17.97	0.17	9.91	1.62	-12.93	14.05	
<b>Total Equity Composite *</b>	7.72	0.69	14.77	27.28	27.94	-9.11	8.10	-4.91	-19.66	20.63	
Total Equity Policy	8.83	-2.46	15.56	20.87	27.57	-1.37	11.13	-6.91	-21.98	16.44	
Difference	-1.11	3.15	-0.79	6.41	0.37	-7.74	-3.03	2.00	2.32	4.19	
<b>Total ICC Equity (segment level) *</b>	N/A	N/A	14.77 (89)	27.28 (6)	27.94 (63)	-9.11 (100)	8.10 (72)	-4.91 (43)	-19.66 (43)	20.63 (19)	
Total Highland Equity Policy	12.29 (17)	-2.93 (83)	15.56 (86)	20.87 (47)	27.57 (63)	-1.37 (78)	11.13 (28)	-6.91 (64)	-21.98 (68)	16.44 (61)	
Difference	N/A	N/A	-0.79	6.41	0.37	-7.74	-3.03	2.00	2.32	4.19	
IM U.S. Large Cap Core Equity (SA+CF) Median	8.69	-0.02	19.25	20.58	29.76	1.14	9.48	-5.77	-20.44	16.97	
<b>Highland Equity *</b>	10.04 (36)	N/A									
Total Highland Equity Policy	12.29 (17)	-2.93 (83)	15.56 (86)	20.87 (47)	27.57 (63)	-1.37 (78)	11.13 (28)	-6.91 (64)	-21.98 (68)	16.44 (61)	
Difference	-2.25	N/A									
IM U.S. Large Cap Core Equity (SA+CF) Median	8.69	-0.02	19.25	20.58	29.76	1.14	9.48	-5.77	-20.44	16.97	
<b>Vanguard 500 Index (VFIAX)</b>	11.12 (6)	-0.63 (4)	19.68 (5)	N/A							
S&P 500 Index	11.15 (3)	-0.61 (2)	19.73 (1)	19.34 (1)	30.20 (1)	1.14 (2)	10.16 (4)	-6.91 (21)	-21.98 (10)	16.44 (2)	
Difference	-0.03	-0.02	-0.05	N/A							
IM S&P 500 Index (MF) Median	10.79	-1.06	19.19	18.80	29.58	0.68	9.68	-7.24	-22.32	15.91	

Returns for periods greater than one year are annualized. Returns are expressed as percentages.

Due to the nature of the ICC balanced account, ICC Equity and ICC Domestic Fixed Income is reported at the segment level. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.

\* Please see disclosures at back of book.

Comparative Performance Fiscal Year Returns

Total Fund

As of June 30, 2016

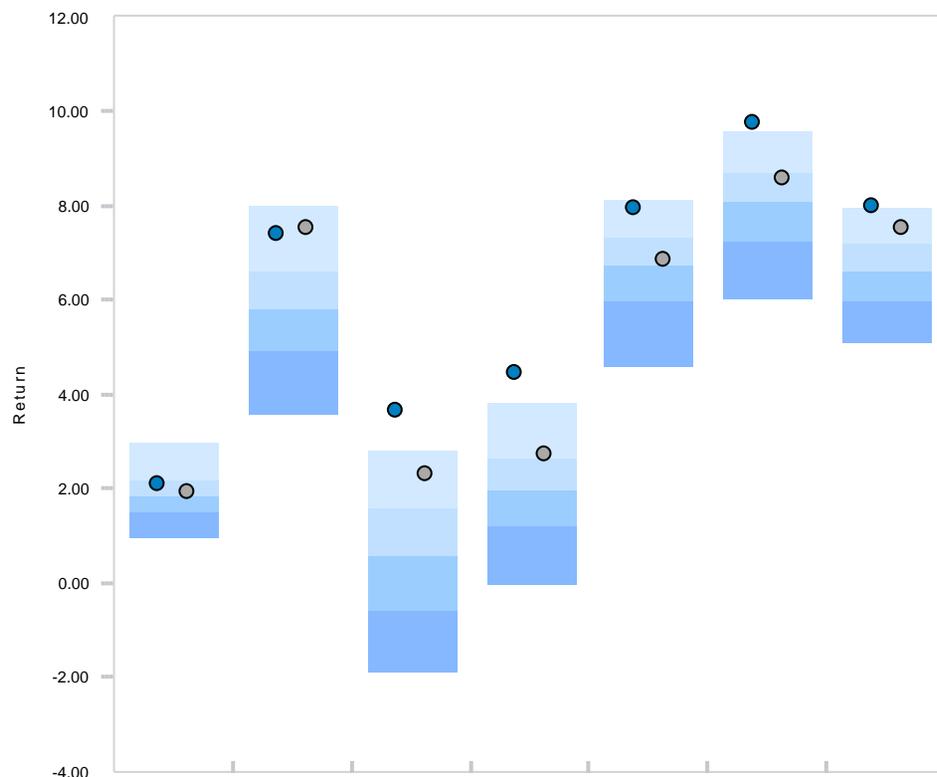
	FYTD	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010	Oct-2008 To Sep-2009	Oct-2007 To Sep-2008	Oct-2006 To Sep-2007
<b>Total Domestic Fixed Composite *</b>	6.20 (1)	2.59 (79)	3.73 (91)	-2.84 (100)	6.36 (61)	5.97 (14)	7.72 (70)	11.28 (70)	2.11 (55)	4.93 (74)
Barclays Aggregate Index	4.71 (67)	2.94 (59)	3.96 (80)	-1.68 (80)	5.16 (91)	5.26 (49)	8.16 (67)	10.56 (82)	3.65 (32)	5.14 (53)
Difference	1.49	-0.35	-0.23	-1.16	1.20	0.71	-0.44	0.72	-1.54	-0.21
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	4.98	3.02	4.50	-1.24	6.60	5.25	9.84	12.28	2.54	5.15
<b>Total ICC Fixed Income (segment level) *</b>	N/A	N/A	3.73 (91)	-2.84 (100)	6.36 (61)	5.97 (14)	7.72 (94)	11.28 (70)	2.11 (55)	4.93 (74)
Total Highland Fixed Income Policy	4.71 (67)	2.94 (59)	3.96 (80)	-1.68 (80)	5.16 (91)	5.26 (49)	7.82 (93)	11.06 (72)	2.38 (53)	5.12 (56)
Difference	N/A	N/A	-0.23	-1.16	1.20	0.71	-0.10	0.22	-0.27	-0.19
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	4.98	3.02	4.50	-1.24	6.60	5.25	9.24	12.28	2.54	5.15
<b>Highland Fixed *</b>	6.20 (1)	2.59 (79)	3.73 (91)	-2.84 (100)	6.36 (61)	5.97 (14)	7.72 (94)	11.28 (70)	2.11 (55)	4.93 (74)
Total Highland Fixed Income Policy	4.71 (67)	2.94 (59)	3.96 (80)	-1.68 (80)	5.16 (91)	5.26 (49)	7.82 (93)	11.06 (72)	2.38 (53)	5.12 (56)
Difference	1.49	-0.35	-0.23	-1.16	1.20	0.71	-0.10	0.22	-0.27	-0.19
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	4.98	3.02	4.50	-1.24	6.60	5.25	9.24	12.28	2.54	5.15
<b>Total Global Fixed Income</b>	5.43 (50)	-4.16 (58)	6.09 (17)	1.89 (5)	14.78 (3)	N/A	N/A	N/A	N/A	N/A
BofA Merrill Lynch Global Broad Market Index	7.80 (11)	-2.44 (34)	1.45 (81)	-2.65 (64)	5.10 (88)	4.18 (9)	6.22 (84)	13.36 (58)	2.80 (14)	8.01 (44)
Difference	-2.37	-1.72	4.64	4.54	9.68	N/A	N/A	N/A	N/A	N/A
IM Global Fixed Income (MF) Median	5.41	-3.75	3.53	-1.52	7.19	1.61	7.82	13.86	-1.53	7.30
<b>PIMCO Diversified Income Fund (PDIIX)</b>	8.44 (7)	-1.10 (27)	6.09 (17)	0.37 (25)	16.25 (3)	N/A	N/A	N/A	N/A	N/A
Barclays Global Credit (Hedged)	6.71 (25)	0.86 (17)	6.83 (9)	1.46 (9)	11.61 (7)	1.69 (49)	11.05 (31)	15.99 (25)	-4.40 (78)	3.82 (82)
Difference	1.73	-1.96	-0.74	-1.09	4.64	N/A	N/A	N/A	N/A	N/A
IM Global Fixed Income (MF) Median	5.41	-3.75	3.53	-1.52	7.19	1.61	7.82	13.86	-1.53	7.30
<b>Templeton Global Bond Fund (FBNRX)</b>	2.09 (94)	-7.34 (88)	6.09 (17)	3.52 (3)	13.25 (5)	N/A	N/A	N/A	N/A	N/A
Citigroup World Government Bond Index	9.39 (3)	-3.83 (52)	-0.07 (97)	-4.60 (85)	3.29 (97)	4.61 (8)	4.99 (95)	13.78 (51)	5.90 (6)	8.69 (31)
Difference	-7.30	-3.51	6.16	8.12	9.96	N/A	N/A	N/A	N/A	N/A
IM Global Fixed Income (MF) Median	5.41	-3.75	3.53	-1.52	7.19	1.61	7.82	13.86	-1.53	7.30
<b>Intercontinental</b>	9.07 (40)	13.98 (68)	14.12 (34)	18.15 (10)	13.32 (43)	16.37 (56)	N/A	N/A	N/A	N/A
NCREIF Property Index	7.33 (91)	13.48 (74)	11.26 (89)	11.00 (83)	11.00 (77)	16.10 (76)	5.84 (53)	-22.09 (5)	5.27 (28)	17.31 (68)
Difference	1.74	0.50	2.86	7.15	2.32	0.27	N/A	N/A	N/A	N/A
IM U.S. Open End Private Real Estate (SA+CF) Median	8.24	15.93	12.90	13.22	12.90	16.62	6.39	-34.80	3.23	18.34

Returns for periods greater than one year are annualized. Returns are expressed as percentages.

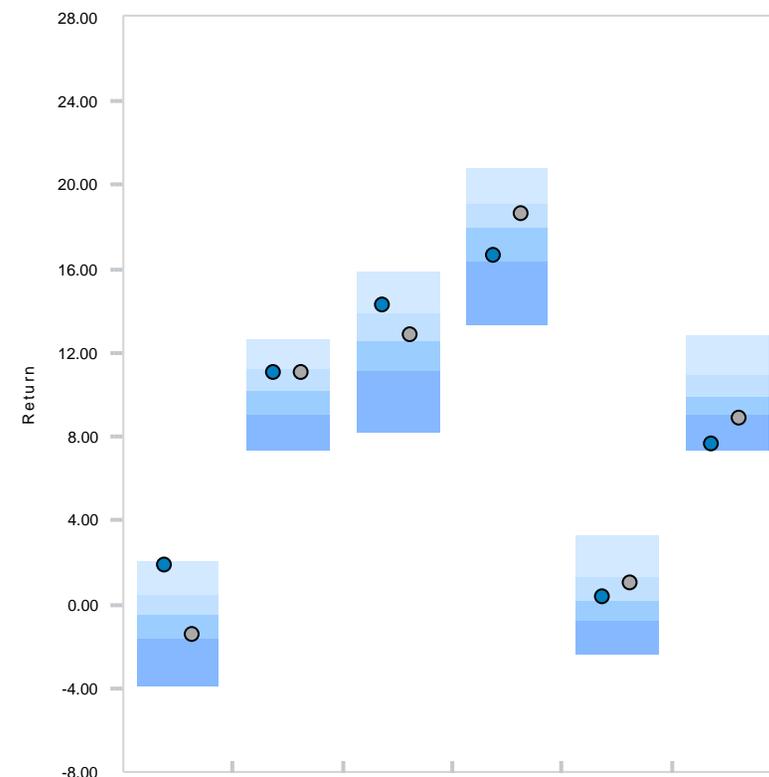
Due to the nature of the ICC balanced account, ICC Equity and ICC Domestic Fixed Income is reported at the segment level. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.

\* Please see disclosures at back of book.

Plan Sponsor Peer Group Analysis - All Public Plans-Total Fund



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Total Fund	2.13 (31)	7.42 (10)	3.65 (3)	4.47 (2)	7.96 (8)	9.76 (4)	8.02 (5)
● Total Fund Policy	1.95 (43)	7.55 (7)	2.33 (11)	2.75 (23)	6.85 (44)	8.58 (30)	7.52 (14)
Median	1.85	5.80	0.58	1.97	6.72	8.06	6.61

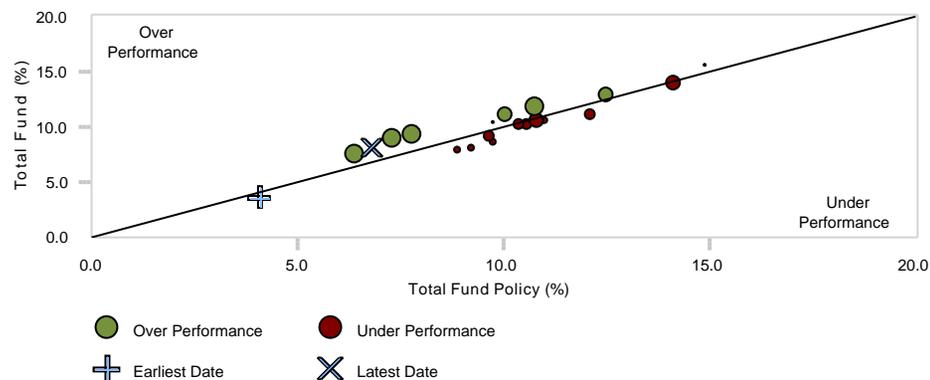


	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Total Fund	1.85 (7)	11.06 (28)	14.24 (20)	16.59 (72)	0.33 (47)	7.59 (94)
● Total Fund Policy	-1.48 (72)	11.04 (29)	12.89 (44)	18.66 (32)	0.96 (32)	8.85 (78)
Median	-0.53	10.17	12.51	17.97	0.17	9.91

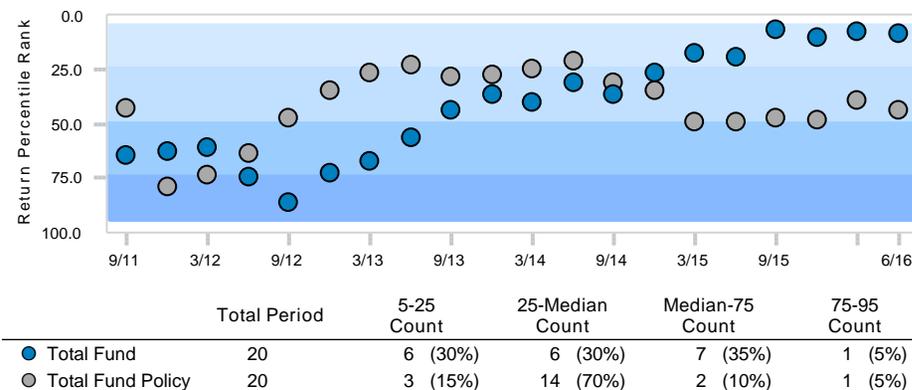
Comparative Performance

	1 Qtr Ending Mar-2016	1 Qtr Ending Dec-2015	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014
Total Fund	1.21 (40)	3.92 (8)	-3.51 (9)	-0.11 (50)	1.95 (86)	3.66 (5)
Total Fund Policy	2.08 (7)	3.34 (28)	-4.85 (44)	0.02 (39)	1.07 (97)	2.42 (43)
All Public Plans-Total Fund Median	1.03	2.87	-5.04	-0.13	2.43	2.28

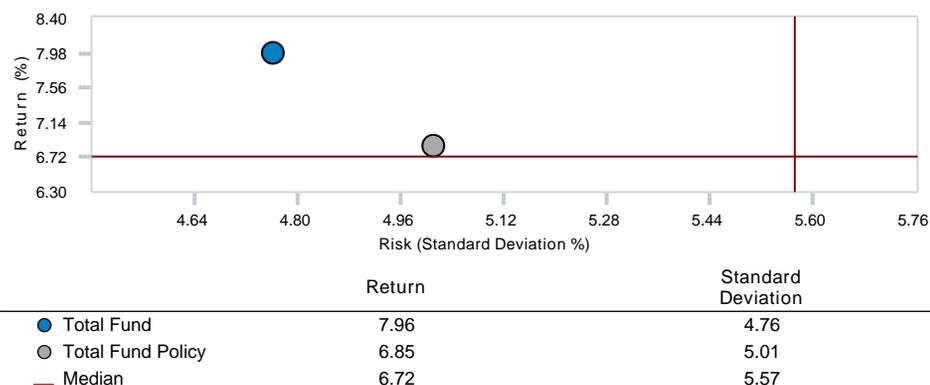
3 Yr Rolling Under/Over Performance - 5 Years



3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



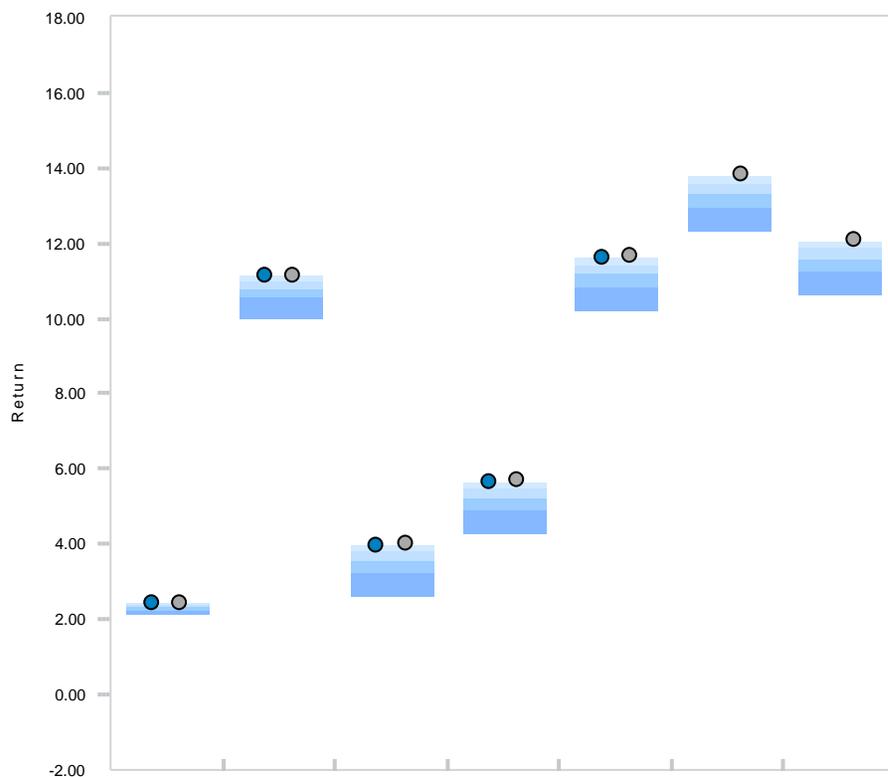
Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	1.35	106.56	72.28	1.63	0.77	1.63	0.92	2.03
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	1.34	1.00	2.81

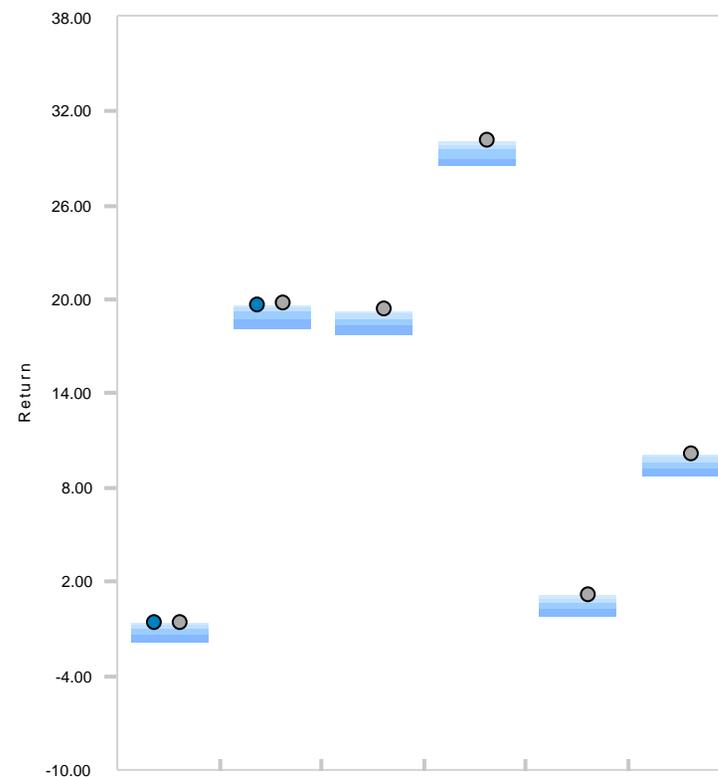
Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	1.30	103.20	96.30	0.69	0.36	1.06	0.97	4.51
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	0.98	1.00	4.58

Peer Group Analysis - IM S&P 500 Index (MF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Vanguard 500 (VFIAX)	2.45 (7)	11.12 (6)	3.95 (6)	5.67 (3)	11.61 (5)	N/A	N/A
● S&P 500 Index	2.46 (5)	11.15 (3)	3.99 (1)	5.69 (1)	11.66 (1)	13.83 (1)	12.10 (1)
Median	2.34	10.79	3.55	5.23	11.18	13.32	11.58

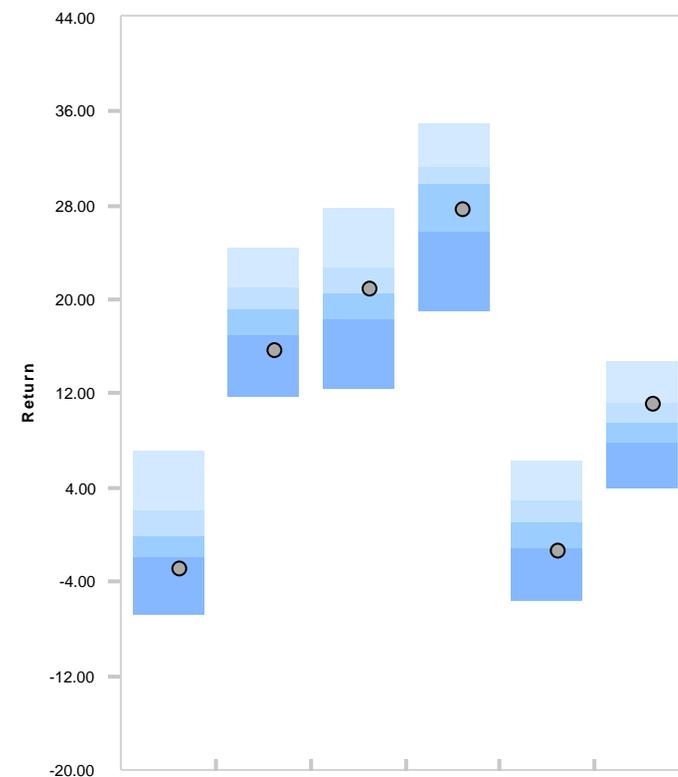
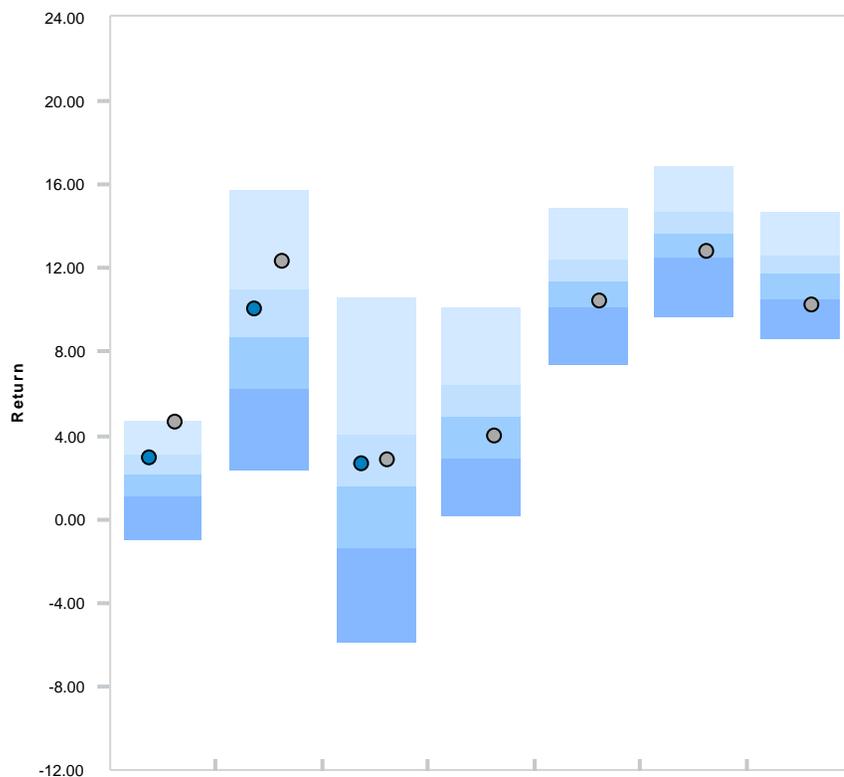


	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Vanguard 500 (VFIAX)	-0.63 (4)	19.68 (5)	N/A	N/A	N/A	N/A
● S&P 500 Index	-0.61 (2)	19.73 (1)	19.34 (1)	30.20 (1)	1.14 (2)	10.16 (4)
Median	-1.06	19.19	18.80	29.58	0.68	9.68

Comparative Performance

	1 Qtr Ending Mar-2016	1 Qtr Ending Dec-2015	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014
Vanguard 500 (VFIAX)	1.34 (9)	7.04 (9)	-6.45 (16)	0.28 (6)	0.94 (6)	4.93 (6)
S&P 500 Index	1.35 (4)	7.04 (6)	-6.44 (6)	0.28 (10)	0.95 (2)	4.93 (4)
IM S&P 500 Index (MF) Median	1.25	6.94	-6.55	0.18	0.85	4.81

Peer Group Analysis - IM U.S. Large Cap Core Equity (SA+CF)



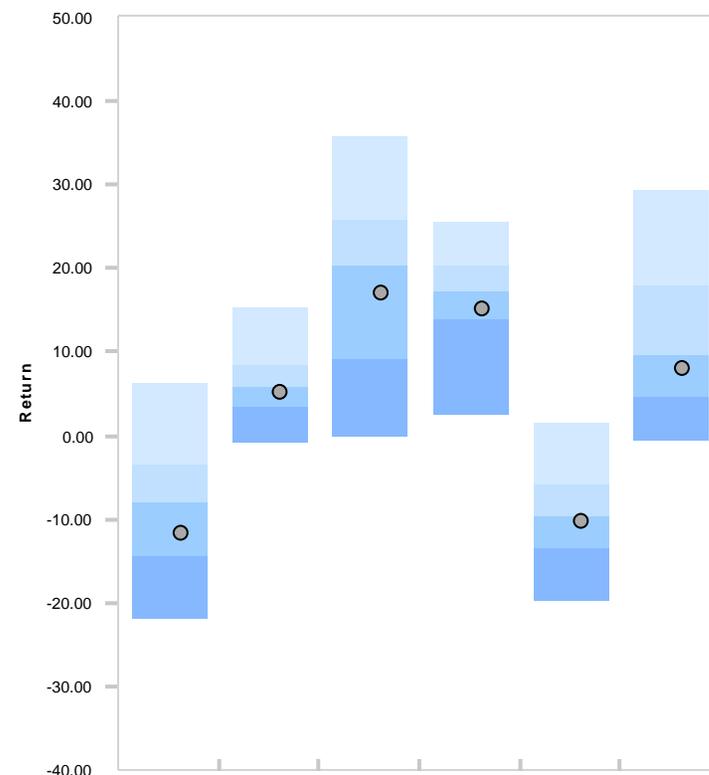
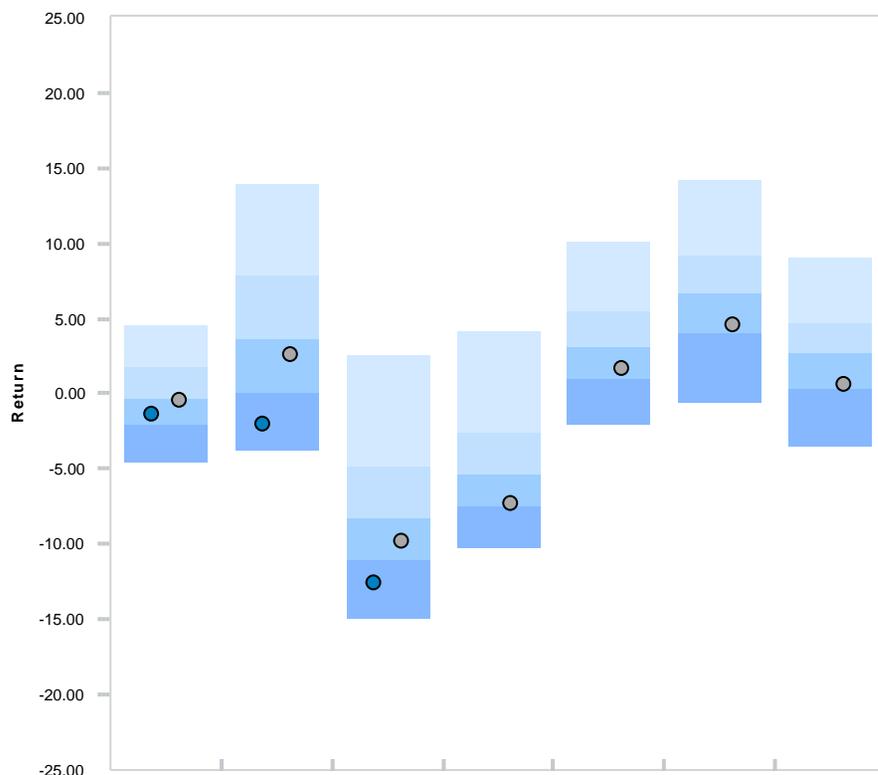
	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Highland Equity	2.90 (30)	10.04 (36)	2.63 (38)	N/A	N/A	N/A	N/A
● Total Highland Equity Policy	4.58 (6)	12.29 (17)	2.86 (36)	3.94 (64)	10.46 (68)	12.83 (69)	10.27 (78)
Median	2.13	8.69	1.58	4.88	11.35	13.65	11.73

	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Highland Equity	N/A	N/A	N/A	N/A	N/A	N/A
● Total Highland Equity Policy	-2.93 (83)	15.56 (86)	20.87 (47)	27.57 (63)	-1.37 (78)	11.13 (28)
Median	-0.02	19.25	20.58	29.76	1.14	9.48

Comparative Performance

	1 Qtr Ending Mar-2016	1 Qtr Ending Dec-2015	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014
Highland Equity	1.21 (35)	5.66 (59)	-6.74 (55)	-0.23 (66)	N/A	N/A
Total Highland Equity Policy	1.64 (27)	5.64 (60)	-8.40 (84)	0.11 (56)	2.11 (43)	3.66 (76)
IM U.S. Large Cap Core Equity (SA+CF) Median	0.61	5.94	-6.63	0.26	1.82	5.02

Peer Group Analysis - IM International Equity (SA+CF)

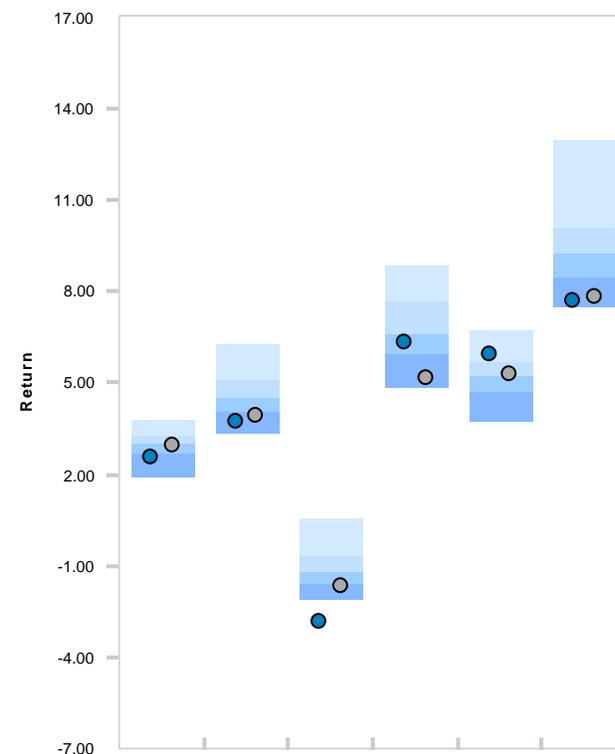
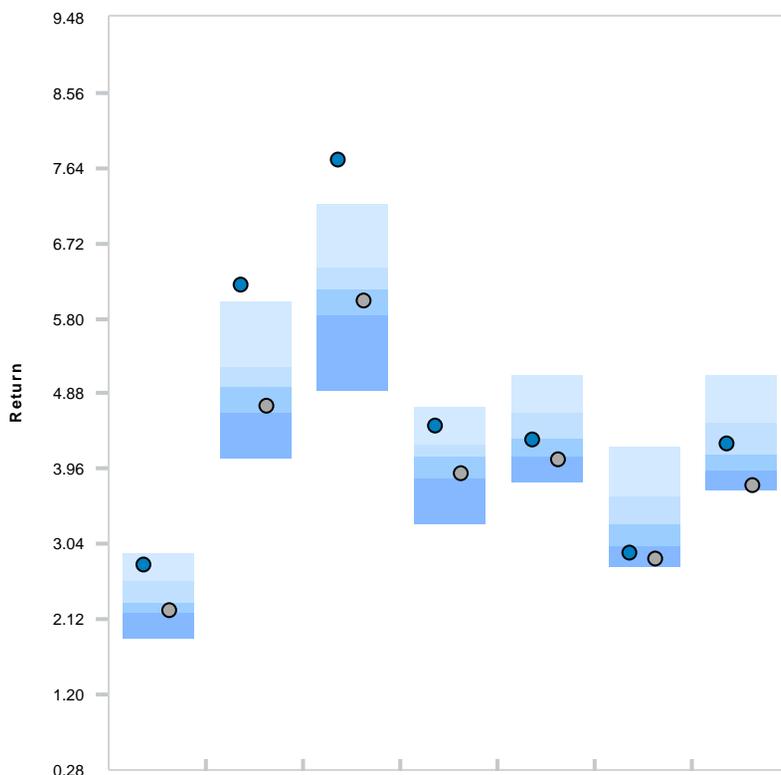


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Highland International	-1.41 (66)	-2.02 (89)	-12.56 (88)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
● MSCI AC World ex USA	-0.40 (52)	2.61 (57)	-9.80 (64)	-7.36 (75)	1.62 (69)	4.61 (71)	0.56 (74)	11.78 (67)	5.22 (57)	16.98 (62)	15.04 (67)	10.42 (57)	8.00 (56)
Median	-0.28	3.59	-8.20	-5.31	3.08	6.64	2.69	-7.99	5.79	20.35	17.30	-9.61	9.60

Comparative Performance

	1 Qtr Ending Mar-2016	1 Qtr Ending Dec-2015	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014
Highland International	-5.66 (96)	5.34 (34)	-10.76 (50)	0.12 (78)	N/A	N/A
MSCI AC World ex USA	-0.26 (47)	3.30 (62)	-12.10 (60)	0.72 (66)	3.59 (62)	-3.81 (66)
IM International Equity (SA+CF) Median	-0.53	4.30	-10.78	1.45	4.24	-2.95

Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (SA+CF)



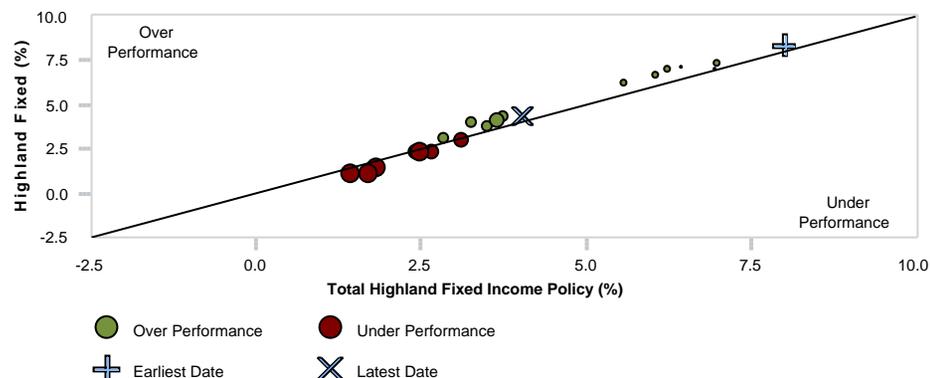
	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Highland Fixed	2.78 (11)	6.20 (1)	7.72 (2)	4.47 (12)	4.31 (58)	2.93 (80)	4.27 (41)
● Total Highland Fixed Income Policy	2.21 (69)	4.71 (67)	6.00 (62)	3.91 (70)	4.06 (82)	2.85 (88)	3.76 (89)
Median	2.32	4.98	6.14	4.11	4.34	3.30	4.14

	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Highland Fixed	2.59 (79)	3.73 (91)	2.84 (100)	6.36 (61)	5.97 (14)	7.72 (94)
● Total Highland Fixed Income Policy	2.94 (59)	3.96 (80)	1.68 (80)	5.16 (91)	5.26 (49)	7.82 (93)
Median	3.02	4.50	1.24	6.60	5.25	9.24

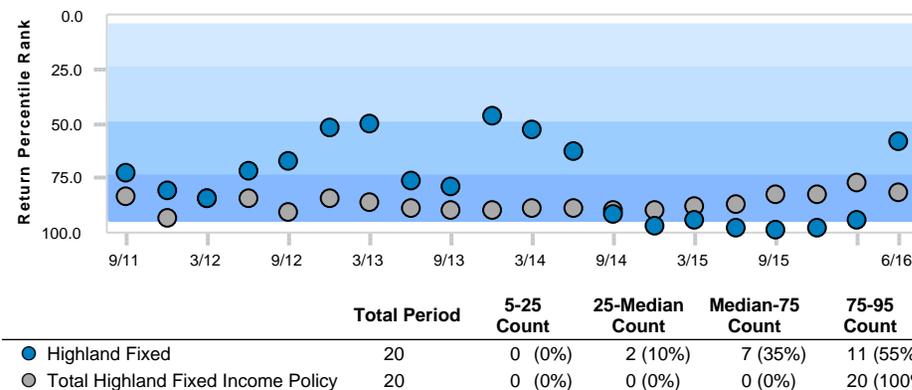
Comparative Performance

	1 Qtr Ending Mar-2016	1 Qtr Ending Dec-2015	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014
Highland Fixed	3.57 (2)	-0.24 (12)	1.44 (15)	-2.04 (99)	1.81 (35)	1.41 (86)
Total Highland Fixed Income Policy	3.03 (51)	-0.57 (72)	1.23 (40)	-1.68 (72)	1.61 (75)	1.79 (39)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	3.03	-0.45	1.14	-1.60	1.74	1.74

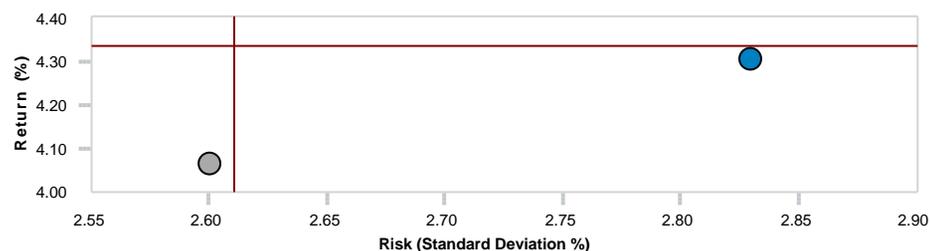
### 3 Yr Rolling Under/Over Performance - 5 Years



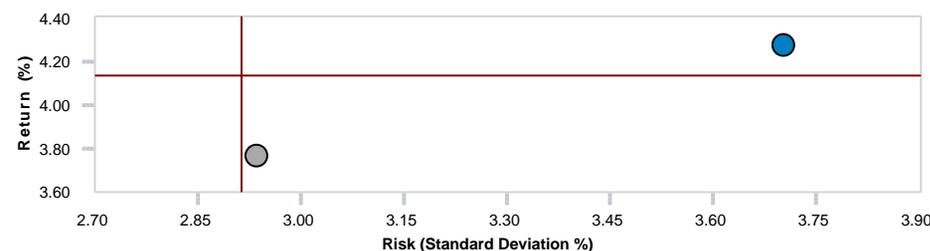
### 3 Yr Rolling Percentile Ranking - 5 Years



### Peer Group Scattergram - 3 Years



### Peer Group Scattergram - 5 Years



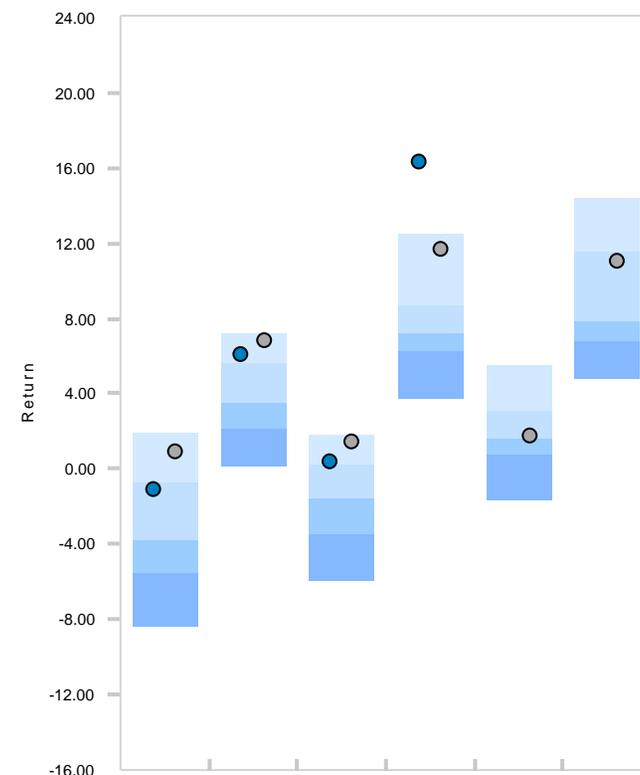
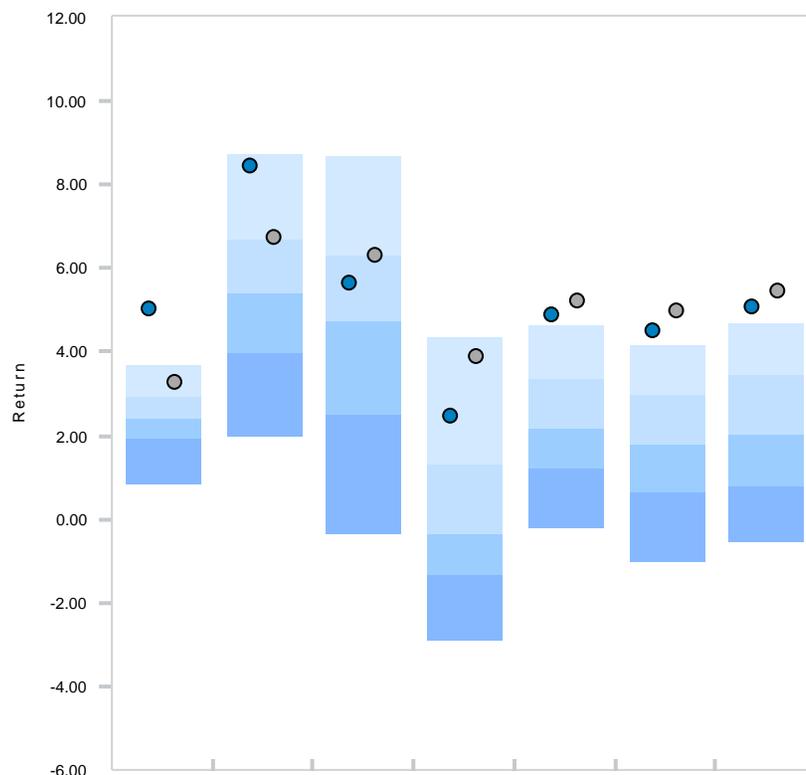
### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Fixed	0.78	105.98	106.05	0.11	0.31	1.50	1.03	1.37
Total Highland Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	1.52	1.00	1.11

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Fixed	0.96	116.14	120.66	-0.12	0.53	1.26	1.17	1.81
Total Highland Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	1.34	1.00	1.42

Peer Group Analysis - IM Global Fixed Income (MF)

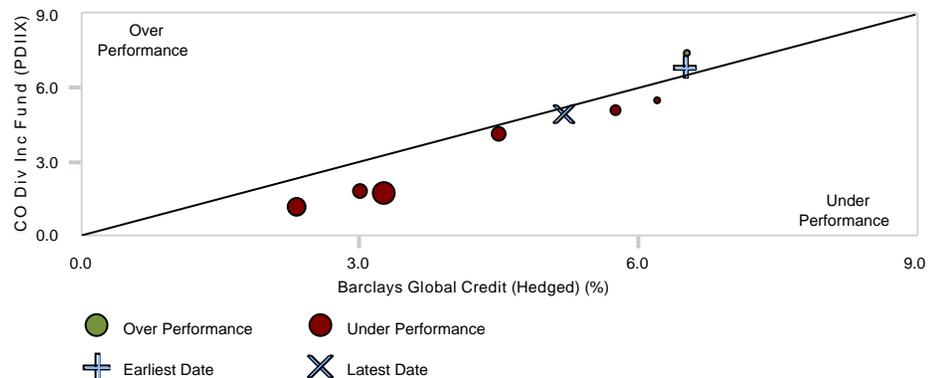


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● PIMCO Div Inc Fund (PDIIX)	5.03 (1)	8.44 (7)	5.63 (37)	2.46 (18)	4.89 (4)	4.49 (3)	5.05 (3)	-1.10 (27)	6.09 (17)	0.37 (25)	6.25 (3)	N/A	N/A
● Barclays Global Credit (Hedged)	3.28 (12)	6.71 (25)	6.32 (25)	3.90 (8)	5.21 (2)	4.96 (1)	5.46 (3)	0.86 (17)	6.83 (9)	1.46 (9)	1.61 (7)	1.69 (49)	1.05 (31)
Median	2.39	5.41	4.71	-0.35	2.16	1.81	2.04	-3.75	3.53	-1.52	7.19	1.61	7.82

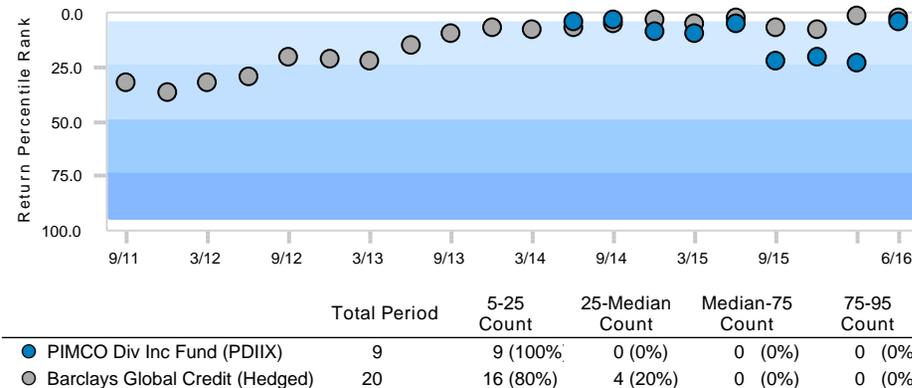
Comparative Performance

	1 Qtr Ending Mar-2016	1 Qtr Ending Dec-2015	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014
PIMCO Div Inc Fund (PDIIX)	2.35 (72)	0.87 (2)	-2.59 (79)	-0.30 (11)	3.36 (1)	-1.48 (71)
Barclays Global Credit (Hedged)	3.33 (49)	0.00 (19)	-0.36 (51)	-2.02 (55)	2.23 (6)	1.07 (12)
IM Global Fixed Income (MF) Median	3.15	-0.75	-0.35	-1.91	0.08	-1.04

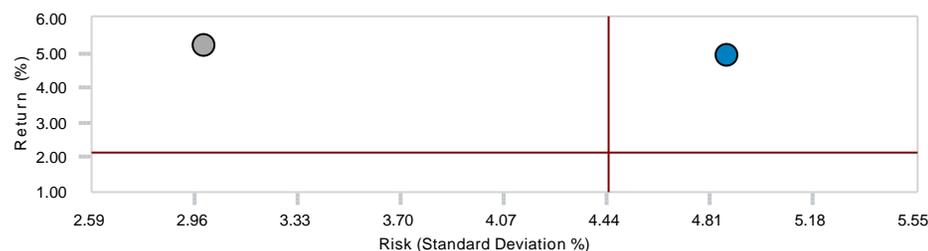
### 3 Yr Rolling Under/Over Performance - 5 Years



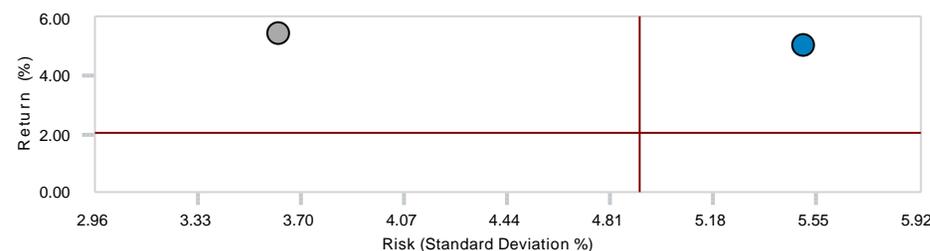
### 3 Yr Rolling Percentile Ranking - 5 Years



### Peer Group Scattergram - 3 Years



### Peer Group Scattergram - 5 Years



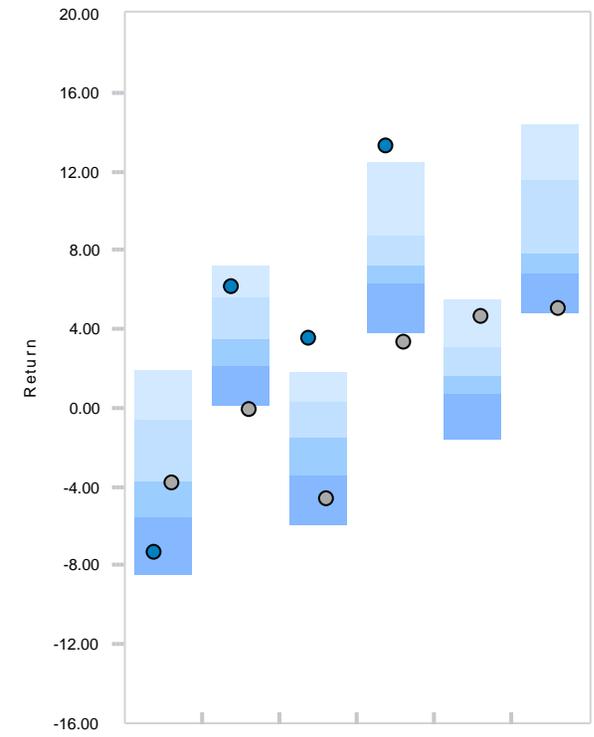
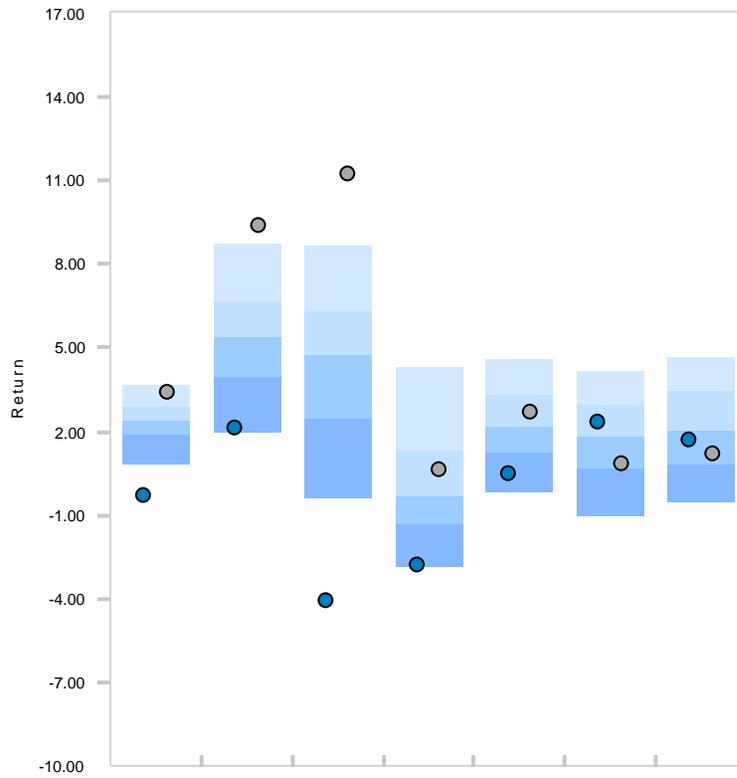
### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
PIMCO Div Inc Fund (PDIIIX)	2.95	126.60	203.75	-1.93	-0.08	0.99	1.34	2.82
Barclays Global Credit (Hedged)	0.00	100.00	100.00	0.00	N/A	1.70	1.00	1.37

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
PIMCO Div Inc Fund (PDIIIX)	2.91	122.91	177.14	-2.08	-0.10	0.91	1.33	3.49
Barclays Global Credit (Hedged)	0.00	100.00	100.00	0.00	N/A	1.47	1.00	1.97

Peer Group Analysis - IM Global Fixed Income (MF)

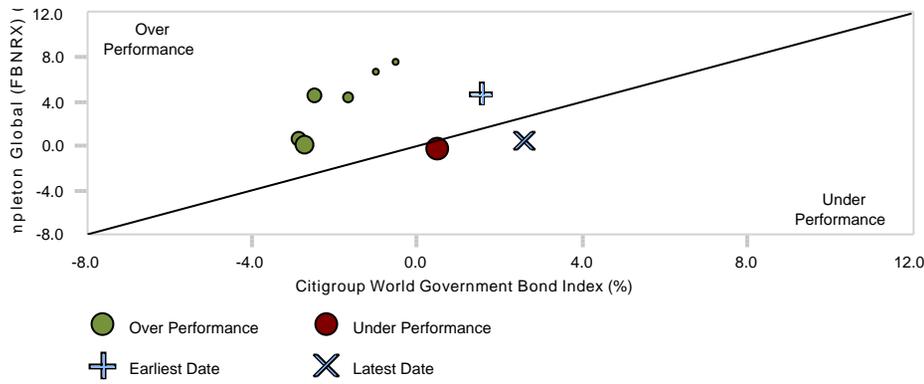


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR		Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Templeton Global (FBNRX)	-0.33 (100)	2.09 (94)	-4.11 (100)	-2.82 (95)	0.48 (89)	2.30 (39)	1.66 (60)	● Templeton Global (FBNRX)	7.34 (88)	6.09 (17)	3.52 (3)	3.25 (5)	N/A	N/A
● Citigroup World Government Bond Index	3.41 (9)	9.39 (3)	11.26 (1)	0.61 (34)	2.65 (37)	0.81 (73)	1.18 (69)	● Citigroup World Government Bond Index	3.83 (52)	0.07 (97)	4.60 (85)	3.29 (97)	4.61 (8)	4.99 (95)
Median	2.39	5.41	4.71	-0.35	2.16	1.81	2.04	Median	3.75	3.53	1.52	7.19	1.61	7.82

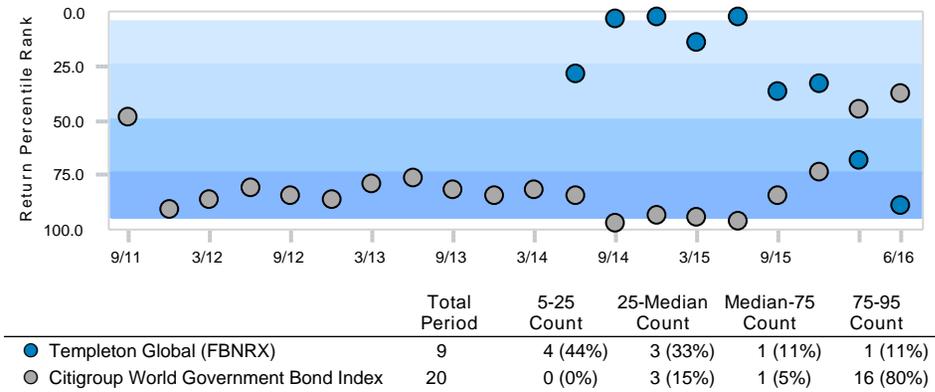
Comparative Performance

	1 Qtr Ending Mar-2016	1 Qtr Ending Dec-2015	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014
Templeton Global (FBNRX)	0.13 (100)	2.29 (1)	-6.08 (100)	-0.24 (10)	0.26 (45)	-1.36 (67)
Citigroup World Government Bond Index	7.09 (4)	-1.23 (77)	1.71 (1)	-1.55 (41)	-2.51 (100)	-1.49 (71)
IM Global Fixed Income (MF) Median	3.15	-0.75	-0.35	-1.91	0.08	-1.04

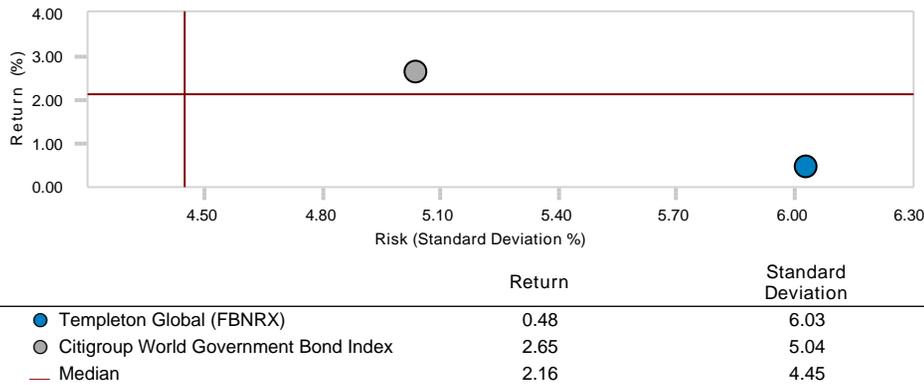
3 Yr Rolling Under/Over Performance - 5 Years



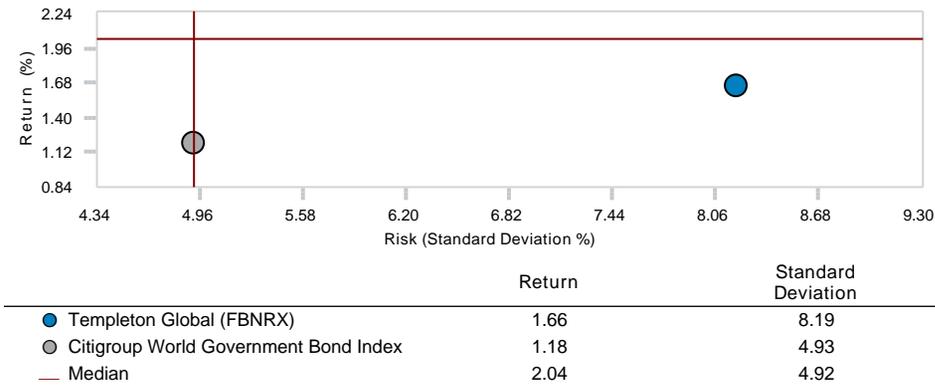
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



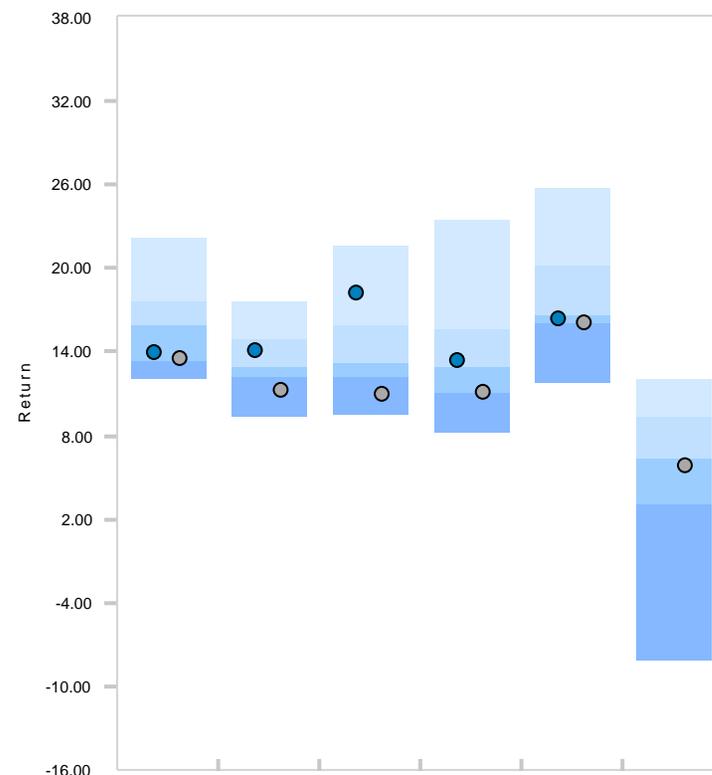
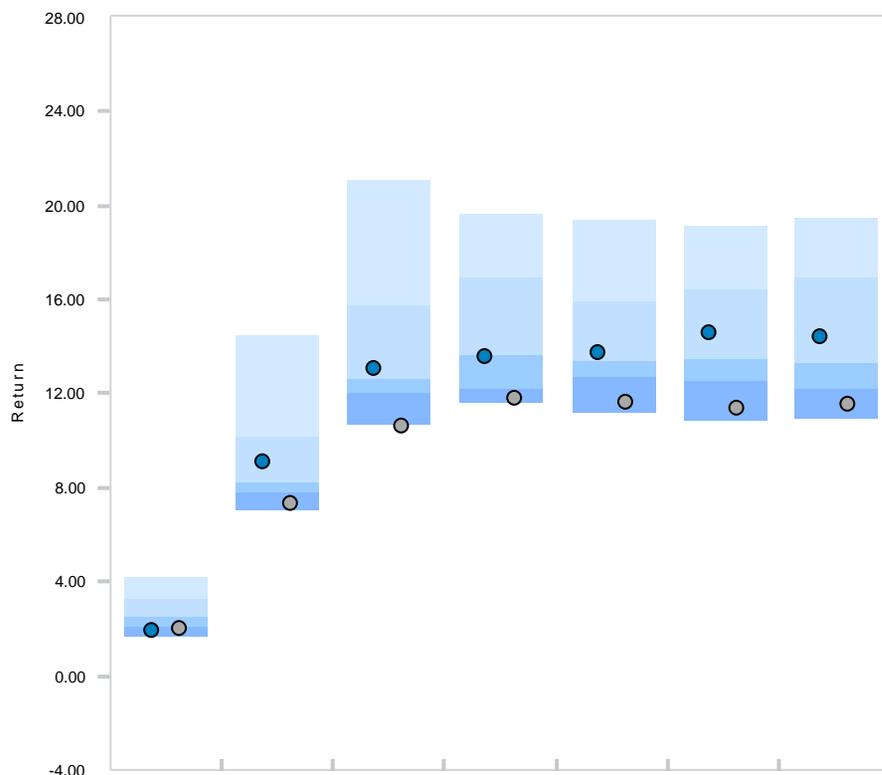
Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Templeton Global (FBNRX)	7.60	-1.00	-13.01	0.44	-0.27	0.10	0.08	4.16
Citigroup World Government Bond Index	0.00	100.00	100.00	0.00	N/A	0.53	1.00	3.15

Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Templeton Global (FBNRX)	8.38	58.92	39.67	1.43	0.08	0.23	0.44	5.88
Citigroup World Government Bond Index	0.00	100.00	100.00	0.00	N/A	0.25	1.00	3.31

Peer Group Analysis - IM U.S. Open End Private Real Estate (SA+CF)



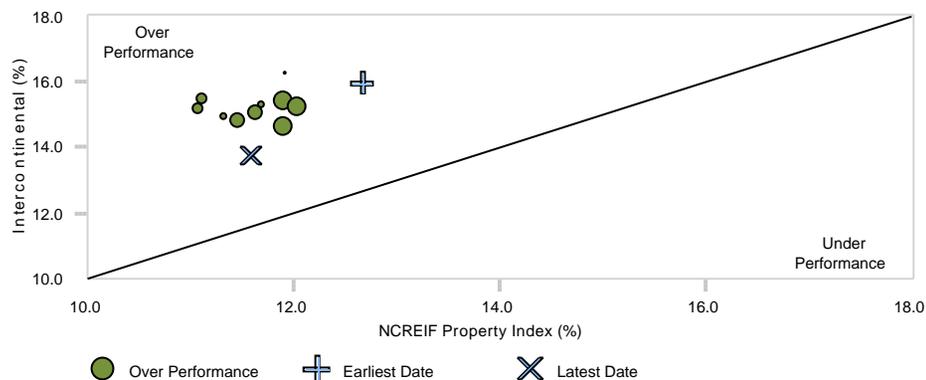
	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Intercontinental	1.88 (85)	9.07 (40)	13.07 (35)	13.59 (52)	13.72 (43)	14.56 (34)	14.40 (34)
● NCREIF Property Index	2.03 (77)	7.33 (91)	10.64 (99)	11.80 (88)	11.61 (87)	11.39 (88)	11.52 (90)
Median	2.54	8.24	12.63	13.65	13.41	13.44	13.35

	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Intercontinental	13.98 (68)	14.12 (34)	18.15 (10)	13.32 (43)	16.37 (56)	N/A
● NCREIF Property Index	13.48 (74)	11.26 (89)	11.00 (83)	11.00 (77)	16.10 (76)	5.84 (53)
Median	15.93	12.90	13.22	12.90	16.62	6.39

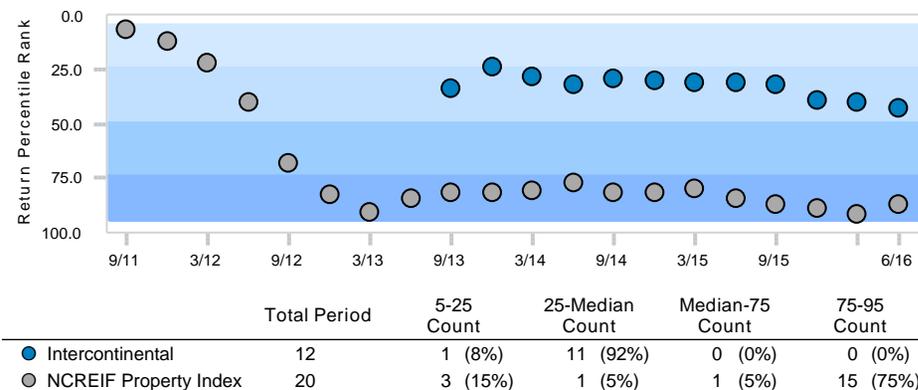
Comparative Performance

	1 Qtr Ending Mar-2016	1 Qtr Ending Dec-2015	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014
Intercontinental	1.14 (97)	5.85 (4)	3.67 (49)	3.38 (64)	1.17 (100)	5.11 (13)
NCREIF Property Index	2.21 (64)	2.91 (92)	3.09 (77)	3.14 (72)	3.57 (49)	3.04 (62)
IM U.S. Open End Private Real Estate (SA+CF) Median	2.64	3.57	3.56	3.72	3.55	3.45

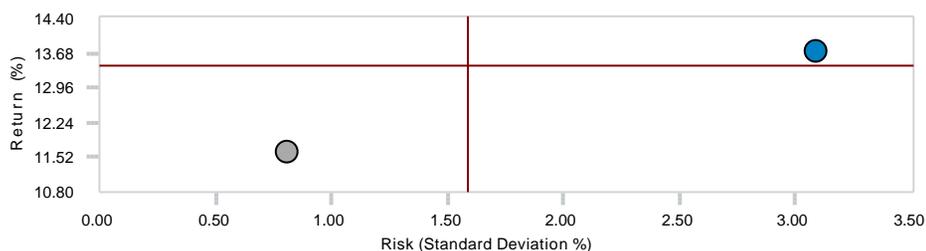
### 3 Yr Rolling Under/Over Performance - 5 Years



### 3 Yr Rolling Percentile Ranking - 5 Years

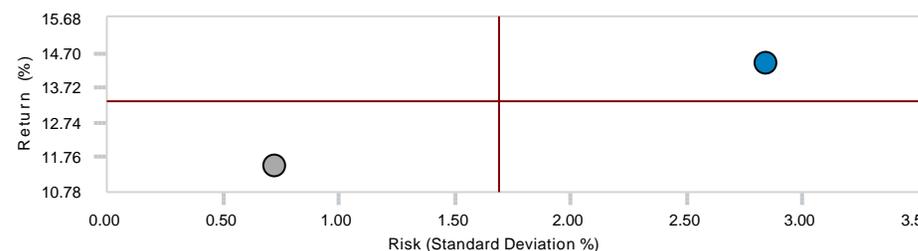


### Peer Group Scattergram - 3 Years



	Return	Standard Deviation
● Intercontinental	13.72	3.09
● NCREIF Property Index	11.61	0.81
— Median	13.41	1.59

### Peer Group Scattergram - 5 Years



	Return	Standard Deviation
● Intercontinental	14.40	2.84
● NCREIF Property Index	11.52	0.72
— Median	13.35	1.69

### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Intercontinental	3.10	117.75	N/A	8.54	0.64	4.19	0.43	0.00
NCREIF Property Index	0.00	100.00	N/A	0.00	N/A	13.23	1.00	0.00

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Intercontinental	2.87	124.16	N/A	10.37	0.93	4.78	0.34	0.00
NCREIF Property Index	0.00	100.00	N/A	0.00	N/A	14.78	1.00	0.00

**Total Fund Policy**

Allocation Mandate	Weight (%)
<b>Oct-1987</b>	
Vero Beach Firefighters Total Fund Policy	100.00
<b>Apr-2008</b>	
S&P 500 Index	50.00
BofA Merrill Lynch Gov't/ Corp Master	50.00
<b>May-2010</b>	
S&P 500 Value	45.00
Barclays Aggregate Index	40.00
MSCI AC World ex USA	15.00
<b>Oct-2010</b>	
S&P 500 Value	45.00
MSCI AC World ex USA	15.00
Barclays Aggregate Index	30.00
NCREIF Property Index	10.00
<b>Apr-2016</b>	
S&P 500 Index	45.00
MSCI AC World ex USA	15.00
Barclays Aggregate Index	25.00
NCREIF Property Index	10.00
BofA Merrill Lynch Global Broad Market Index	5.00

**Total Fund Policy (Ex NCREIF)**

Allocation Mandate	Weight (%)
<b>Oct-1987</b>	
Vero Beach Firefighters Total Fund Policy	100.00
<b>Apr-2008</b>	
S&P 500 Index	50.00
BofA Merrill Lynch Gov't/ Corp Master	50.00
<b>May-2010</b>	
S&P 500 Value	45.00
Barclays Aggregate Index	40.00
MSCI AC World ex USA	15.00
<b>Oct-2010</b>	
S&P 500 Value	45.00
MSCI AC World ex USA	15.00
Barclays Aggregate Index	40.00
NCREIF Property Index	0.00
<b>Apr-2016</b>	
S&P 500 Index	45.00
MSCI AC World ex USA	15.00
Barclays Aggregate Index	35.00
NCREIF Property Index	0.00
BofA Merrill Lynch Global Broad Market Index	5.00

**Total Equity Policy**

Allocation Mandate	Weight (%)
<b>Jan-1926</b>	
S&P 500 Index	100.00
<b>May-2010</b>	
Russell 3000 Index	83.00
MSCI AC World ex USA	17.00

**Total Fixed Income Policy**

Allocation Mandate	Weight (%)
<b>Oct-1987</b>	
BofA Merrill Lynch Gov't/ Corp Master	100.00
<b>May-2010</b>	
Barclays Aggregate Index	100.00
<b>Apr-2011</b>	
Barclays Aggregate Index	87.50
BofA Merrill Lynch Global Broad Market Index	12.50

Vero Beach FF

Total Fund Compliance:	Yes	No	N/A
1. The Total Plan return equaled or exceeded the 6.25%* actuarial earnings assumption over the trailing three and five year periods.	✓		
2. The Total Plan return equaled or exceeded the total plan benchmark over the trailing three and five year periods.	✓		
3. The Total Plan return ranked within the top 40th percentile of its peer group over the trailing three and five year periods.	✓		
4. Total foreign securities were less than 25% of the total plan assets at market.	✓		

\* effective 10/1/2016 Assumption goes to 6.00%

Equity Compliance:	Yes	No	N/A
1. Total equity returns meet or exceed the benchmark over the trailing three and five year periods.		✓	
2. Total equity returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.			✓
3. The total equity allocation was less than 70% of the total plan assets at market.	✓		

Fixed Income Compliance:	Yes	No	N/A
1. Total domestic fixed income returns meet or exceed the benchmark over the trailing three and five year periods.	✓		
2. Total domestic fixed income returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.		✓	
3. Total global fixed income returns meet or exceed the benchmark over the trailing three and five year periods*.		✓	
4. Total global fixed income returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.*	✓		
5. All separately managed fixed income investments rated investment grade or higher.		✓	

As reported by Mgr 1.40% of portfolio is rated below "B".

Manager Compliance:	Highland Equity			Highland Fixed			VG VFIAX~			PIMCO			Templeton		
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
1. Manager outperformed the index over the trailing three and five year periods.			✓	✓					✓		✓			✓	
2. Manager ranked within the top 40th percentile over trailing three and five year periods.			✓		✓				✓	✓				✓	
3. Less than four consecutive quarters of under-performance relative to the benchmark.			✓	✓					✓	✓				✓	
4. Three-year down-market capture ratio less than the index.			✓		✓				✓		✓			✓	
5. Manager reports compliance with PFIA.	✓			✓					✓			✓			✓

~ Index fund is N/A

Manager Compliance:	Intercontinental			Highland Intl											
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
1. Manager outperformed the index over the trailing three and five year periods.	✓					✓									
2. Manager ranked within the top 40th percentile over trailing three and five year periods.		✓				✓									
3. Less than four consecutive quarters of under-performance relative to the benchmark.	✓					✓									
4. Three-year down-market capture ratio less than the index.			✓			✓									
5. Manager reports compliance with PFIA.			✓	✓											

\*3 year data only

Vero Beach Firefighters' Pension Plan  
 Fee Analysis  
 As of June 30, 2016

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Highland Equity	0.50	2,965,837	14,829	0.50 % of Assets
Vanguard 500 Index (VFIAX)	0.05	535,492	268	0.05 % of Assets
<b>Total Domestic Equity</b>	<b>0.43</b>	<b>3,501,330</b>	<b>15,097</b>	
Highland International	0.50	825,463	4,127	0.50 % of Assets
<b>Total International Equity</b>	<b>0.50</b>	<b>825,463</b>	<b>4,127</b>	
Highland Fixed	0.50	1,223,846	6,119	0.50 % of Assets
<b>Total Domestic Fixed Income</b>	<b>0.50</b>	<b>1,223,846</b>	<b>6,119</b>	
PIMCO Diversified Income Fund (PDIIIX)	0.75	228,513	1,714	0.75 % of Assets
Templeton Global Bond Fund (FBNRX)	0.51	193,438	987	0.51 % of Assets
<b>Total Global Fixed Income</b>	<b>0.64</b>	<b>421,952</b>	<b>2,700</b>	
Intercontinental	1.10	1,086,431	11,951	1.10 % of Assets
<b>Total Real Estate</b>	<b>1.10</b>	<b>1,086,431</b>	<b>11,951</b>	
R&D		117,673	-	
<b>Total Fund</b>	<b>0.56</b>	<b>7,176,695</b>	<b>39,995</b>	

- Neither The Bogdahn Group, nor any covered associates have made political contributions to any official associated with the Vero Beach Firefighters' Pension Plan in excess of the permitted amount.

Disclosures as they pertain to the April 2015 Highland Capital FKA ICC balanced account breakout:

- Since Highland domestic and international equity were tracked as one asset (due to the balanced account), both histories will be contained within the Total Equity composite, though performance will not commence independently for each account until April 2015.
- Domestic Fixed performance carried over to the new Highland Fixed separate performance.
- Domestic Fixed, Total Equity and Total Fixed are reported at the segment level from inception until April 2015, upon the breakout of the balanced account. From April 2015 to present, all composites include their respective cash segments.
- Highland Fixed account contains segment level returns only from inception until April 2015, upon the breakout of the balanced account. From April 2015 to present, the account includes its respective cash segment.

<b>Active Return</b>	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
<b>Alpha</b>	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
<b>Beta</b>	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
<b>Consistency</b>	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
<b>Down Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
<b>Downside Risk</b>	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
<b>Excess Return</b>	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
<b>Excess Risk</b>	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
<b>Information Ratio</b>	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
<b>R-Squared</b>	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
<b>Return</b>	- Compounded rate of return for the period.
<b>Sharpe Ratio</b>	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
<b>Standard Deviation</b>	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
<b>Tracking Error</b>	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
<b>Treynor Ratio</b>	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
<b>Up Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

---

The Bogdahn Group compiled this report for the sole use of the client for which it was prepared. The Bogdahn Group is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. The Bogdahn group uses the results from this evaluation to make observations and recommendations to the client.

The Bogdahn Group uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. The Bogdahn Group analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides The Bogdahn Group with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides The Bogdahn Group with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause The Bogdahn Group to believe that the information presented is significantly misstated.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

Additional information included in this document may contain data provided by index databases, public economic sources and the managers themselves.

This document may contain data provided by Barclays. Barclays Index data provided by way of Barclays Live.

This document may contain data provided by Standard and Poor's. Nothing contained within any document, advertisement or presentation from S&P Indices constitutes an offer of services in jurisdictions where S&P Indices does not have the necessary licenses. All information provided by S&P Indices is impersonal and is not tailored to the needs of any person, entity or group of persons. Any returns or performance provided within any document is provided for illustrative purposes only and does not demonstrate actual performance. Past performance is not a guarantee of future investment results.

This document may contain data provided by MSCI, Inc. Copyright MSCI, 2016. Unpublished. All Rights Reserved. This information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. This information is provided on an "as is" basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and MSCI, its affiliates and each such other person hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages.

This document may contain data provided by Russell Investment Group. Russell Investment Group is the source owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a user presentation of the data. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof.

This document may contain data provided by Morningstar. All rights reserved. Use of this content requires expert knowledge. It is to be used by specialist institutions only. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied, adapted or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information, except where such damages or losses cannot be limited or excluded by law in your jurisdiction. Past financial performance is not guarantee of future results.

---



**Orlando**  
4901 Vineland Road, Suite 600  
Orlando, Florida 32811  
866.240.7932

Chicago

Cleveland

Detroit

Pittsburgh

Tulsa