

**FIRE PENSION BOARD MEETING**  
**Wednesday, November 16, 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. ELECTION OF OFFICERS**
  - A) Chairman**
  - B) Secretary/Treasurer**
- 4. APPROVAL OF MINUTES**
  - A) August 17, 2016**
- 5. PUBLIC COMMENTS**
- 6. QUARTERLY REPORTS**
  - A) Highland Capital Management**
  - B) Salem Trust**
  - C) Bogdahn Consulting**
- 7. NEW BUSINESS**
  - A) Approval of 2016 Meeting Dates**
- 8. OLD BUSINESS**
- 9. CHAIRMAN'S MATTERS**
- 10. MEMBER'S MATTERS**
- 11. 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, August 17, 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 10:01 a.m.

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

Mr. Zokvic asked that they add the annual budget to the agenda and moved that to quarterly reports item 5-D). He requested that it be discussed first. The Board had no problems with this change to the agenda.

**3. APPROVAL OF MINUTES**

**A) May 18, 2016**

**Mr. Losey made a motion to approve the May 18, 2016 minutes. Mr. Middleton seconded the motion and it passed unanimously.**

\* Item 5-D) was discussed next.

**4. PUBLIC COMMENTS**

None

**5. QUARTERLY REPORTS**

**A) Highland Capital Management**

Mr. Todd Wishnia, with Highland Capital Management, was present for today's meeting. He said that last quarter they saw continued volatility. He talked a little bit about what has been going on in the market. He went through their Investment Review Report for the period ending June 30, 2016 (on file in the City Clerk's office) going over page 5, Total Return Summary. He reported that they finished for the quarter with a cumulative return of 2.09%. He reviewed the strategy that they have been following for the last couple quarters. He said they are about 55% in corporate, which is what is driving the

bond market. He said that internationally, they came in just under the index. He added that right now the portfolio is yielding about 2.8%.

Mr. Dave West, with Bogdahn Consulting, explained it is a non-economic bull market. He said this boom has been largely liquidity driven with low rates. He asked Highland Capital how their model addresses the huge disparity and when they would see the need to change the theme.

Mr. Grant McMurry, with Highland Capital, said that there are a lot of people coming into the marketplace that are looking for and can't find in the fixed income marketplace, a safe consistent return. He said they think people are going to be flocking to higher yielding stocks. He explained how that doesn't show up in their model and they decided to deviate away from the model for the short term, but he does not know how long that will be for.

Mr. Chatam asked how the market can be so high with only little returns. Mr. McMurry explained that corporations are making money, but they are not reinvesting it in a way that is going to help the general economy and workers. He commented that their stocks were up about 10% for the fiscal-year-to-date (FYTD), which is more than they thought it would be. Also the bonds are up about 5% or 6%.

Mr. West referred to the Russell 1000 chart on page 4 in the Bogdahn Investment Performance Review report (on file in the City Clerk's office). He pointed out that Telecom Services are up 23.4% for the year and Utilities are up 31.5%. He said the third highest area is Consumer Staples, which is up 17.2%. He pointed out that everything else is down or marginally up at best.

Mr. Wishnia said that they are about halfway through the quarter and are up 3.1% for the FYTD.

## **B) Salem Trust**

Mr. Brad Rinsem, with Salem Trust, reviewed their Class Action Report for the period April 1, 2016 through June 30, 2016, which had been previously provided to the Board members (on file in the City Clerk's office). He reported that there was one class action filed on behalf of the plan with CVS Caremark and also that the plan did not receive any settlements during that period.

Mr. Rinsem reviewed the foreign tax recapture program with Global Tax that had been previously presented to the Board and approved by them. He said everything has been done with the City and they now just need to get the letter signed by the Chairman.

Mr. Rinsem commented that he wrote an article for the FPPTA newsletter, The Voice, in regards to Globe Tax recoveries. He will send the article to the City Clerk's office to disperse to the Board.

Mr. Zokvic brought up some issues that he has been having getting on the Salem Trust website.

Mr. Rinsem said that he would get a specialist to work with them on the problems they are having.

Mr. Zokvic said one of the problems is they get locked out after three months, but they have quarterly meetings and sometimes don't pull them for three months. He added that the Finance Director has also experienced this issue.

Mr. Rinsem said he is not sure what can be done about that. He added that they are a Financial Institution under attack all the time. He said they would investigate it.

Mr. Zokvic referred to the Confirmation of Statement Recipients form that they were provided with (on file in the City Clerk's office). He said he has not received any electronic copies of any reports from Salem Trust since they switched over. He can go online and get them, but he does not receive them. He referred to the managers and what reports it shows them receiving.

Mr. Rinsem said that the Plan would be the one to authorize their managers to get the reports in one form or another.

Mr. Zokvic went over the master sheet and who received which reports.

The Board agreed that Salem Trust should send all of the reports to Ms. Cindy Lawson, Finance Director, and the City Clerk's office to distribute to the Board.

Mr. Rinsem said that he will have the form updated and email it to the Chairman for his signature.

**Mr. Chatam made a motion that they change their methods of receiving the reports and that they all come to the Clerk's office to be distributed to the Board members. Mr. Middleton seconded the motion and it passed unanimously.**

**C) Bogdahn Consulting**

**1. Money Market Changes for the Retirement Plan**

Mr. Zokvic referred to the email from Bogdahn recommending they replace the Prime Money Market Fund with the Goldman Sachs Financial Square Treasury Obligations

Fund (on file in the City Clerk's office). He said the email indicated that Highland Capital was in agreement with the change.

Mr. Rinsem said he has two forms that need to be signed if the Board is in agreement with the change.

Mr. Losey asked what is the difference between this and where they are now.

Mr. West said they are currently in the Prime Money market fund, which allows the money market fund to invest in corporate short term paper. He said the fund they are recommending they move to is the money market fund that only allows for investment and short term U.S. treasury paper. He said that it is going to be at a lower yield, but the big difference is credit. He discussed the Goldman Sachs Treasury Obligation Fund. From their perspective, they feel they should move the assets over to the new fund.

**Mr. Losey made a motion to go with the recommendation of their consultant and Salem Trust. Mr. Middleton seconded the motion and it passed unanimously.**

The Chairman and the Board members signed the required forms.

Mr. West went over the quarter performance chart on page 2 in their report (on file in the City Clerk's office). He reviewed page 14, Asset Allocation vs. Target Allocation. He said their positioning has been excellent. They are overweight in domestic equity and real estate and they are underweight internationally and in domestic fixed income. He reviewed the bottom line on page 21, Comparative Performing Trialing Returns. He reviewed the numbers for the quarter, FYTD, and 1, 3, 5 and 7 year numbers for the Total Fund (Net) and Total Fund (Gross). He went over the returns shown on page 21 and 22 for Highland Equity and Highland International. He reviewed the numbers shown on page 23 for the Highland Fixed Income, Global Bond Pimco Fund, Templeton Global Bond Fund and Intercontinental. He said they had an excellent quarter and are up around 9% for the FYTD.

Mr. Rinsem went back to the Confirmation of Statement Recipients form discussed previously and the authorization to receive statements. He clarified that if a paper statement is authorized, that would be delivered to the recipient. In the instance of an electronic selection, it would be up to the individual to go into their website and download the reports. They would not be forwarded automatically by Salem Trust.

#### **D) Annual Budget**

\* Note – this item was discussed after Item 3-A).

Mr. Zokvic asked that they discuss Globe Tax along with the annual budget with Ms. Cindy Lawson, Finance Director.

Ms. Lawson reported that the Globe Tax documents were approved at the August 16, 2016 City Council meeting. She said they have already been signed by the City Manager and she has given the originals to Salem Trust. She said they just need to have the letter signed by the Chairman and they are all set to go.

Ms. Lawson handed out a draft budget that included their year-to-date expenditures for fiscal year 2015/2016 (on file in the City Clerk's office). She reminded them that this is something they have to do annually now for State Pension compliance. She went over the budget, pointing out that the actual expenses for fiscal year 2014/2015 were \$45,820 and so far this fiscal year, they have spent \$35,397, which includes all their actuarial services from this past year. She said they could ask the managers if there are any increases planned this year before they adopt this budget.

Ms. Lawson explained that the State has made pension compliance a bit more complicated in terms of what's required to be posted on their website. She has made sure they are in compliance with that and posted a link to all of their requirements. She will continue to monitor that as they go forward.

Mr. Zokvic asked if there are any changes in the budget she sees that are needed.

Ms. Lawson said that it seems like a reasonable budget. She said she doesn't see any changes that she would suggest.

Mr. Zokvic asked the managers in attendance if they foresee any increases in fees coming up. Mr. West answered that he thinks they are, but he will look into it.

Mr. Zokvic asked if they can move money from one line item to another line item if there is money left over. Ms. Lawson said they should be able to make amends to the budget during the year if they need to.

**Mr. Losey made a motion to adopt the same budget as last year as presented by the Finance Director. The motion passed unanimously.**

Mr. West said their original agreement is from June 2011 and had a three year guarantee. He said he would probably be bringing an increase to their next meeting for their approval.

## **6. NEW BUSINESS**

None

## **7. OLD BUSINESS**

**A) Status of Global Tax Fund**

This item was discussed with item 5-D).

**8. CHAIRMAN'S MATTERS**

Mr. Zokvic said that the State School is November 2<sup>nd</sup> through the 4<sup>th</sup> in Orlando. He added that the Klausner conference is in March.

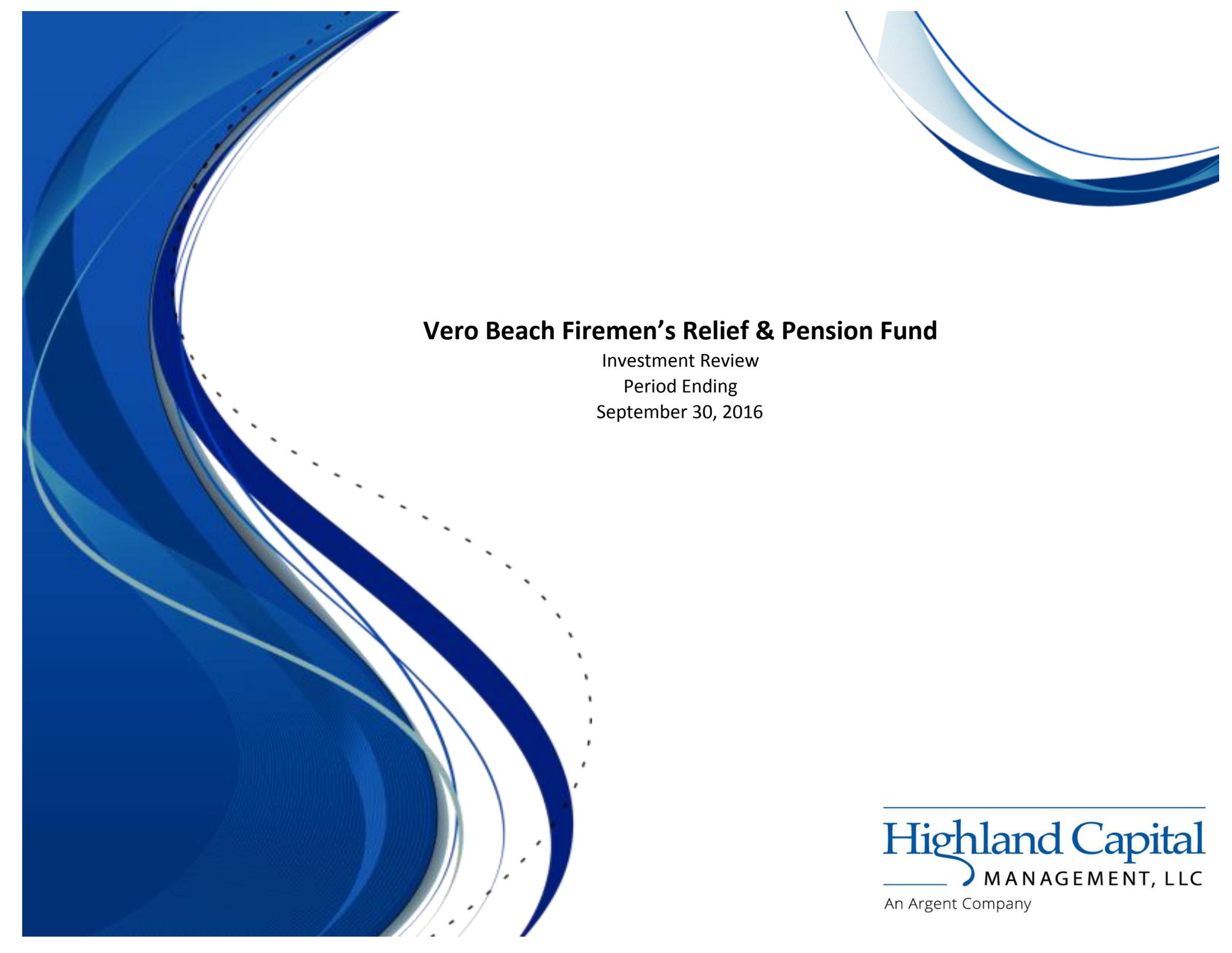
**9. MEMBER'S MATTERS**

None

**10. ADJOURNMENT**

Today's meeting adjourned at 11:15 a.m.

/hm



## **Vero Beach Firemen's Relief & Pension Fund**

Investment Review  
Period Ending  
September 30, 2016

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**Highland Capital**  
MANAGEMENT, LLC  
An Argent Company

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## ***3Q16 Fixed Income Portfolio Manager Commentary***

The story continues to be the same in the bond market; central bankers across the globe remain highly accommodative. At the September meeting, the Federal Reserve decided not to raise interest rates, however three voting members dissented, favoring a hike in short term rates. The big take away from the meeting was the Fed's forecasted interest rate projections for the next several years, were revised lower. In 2017, the median fed funds projection dropped to approximately 1% more in line with market expectations. Additionally, the median estimate for longer-run GDP growth dropped to 1.8% from 2.0% previously. Recent headlines have put US and European banks back in the spotlight. The US Justice Department is seeking \$14 billion from Deutsche Bank to settle a probe tied to mortgage-backed securities issued during 2005 to 2007. Deutsche Bank is under pressure as investors fear the company is not adequately capitalized to settle such a probe. We continue to find opportunities in the corporate bond sector and are cognizant of the overwhelming demand from Asia/Europe based on lower real rates in those markets. Corporate new issuance remains robust and 3Q 2016 was the third largest supply quarter (\$362.3 billion) of all time. The demand outside of the United States has definitely benefited both the primary and secondary bond market.

The Barclays US Gov/Credit index was up 0.4% during the quarter bringing year-to-date performance to 6.7%. The Gov/Credit index continues to outperform the Barclays Aggregate which is up 5.8% year-to-date. The main reason for the benchmark discrepancy is that mortgage-backed securities (+3.72%) have underperformed the broad market and the Gov/Credit does not include mortgages. The Barclays Intermediate Gov/Credit index was up 0.16% during the quarter bringing year-to-date performance to 4.24%. The drivers of performance were almost identical to the previous quarter – namely, long duration bonds and assets perceived to have the most risk did the best. During September, these longer duration securities underperformed, but it was not enough to offset the strong start to the quarter (July/August). The energy sector continues to out-

perform the broad credit market.

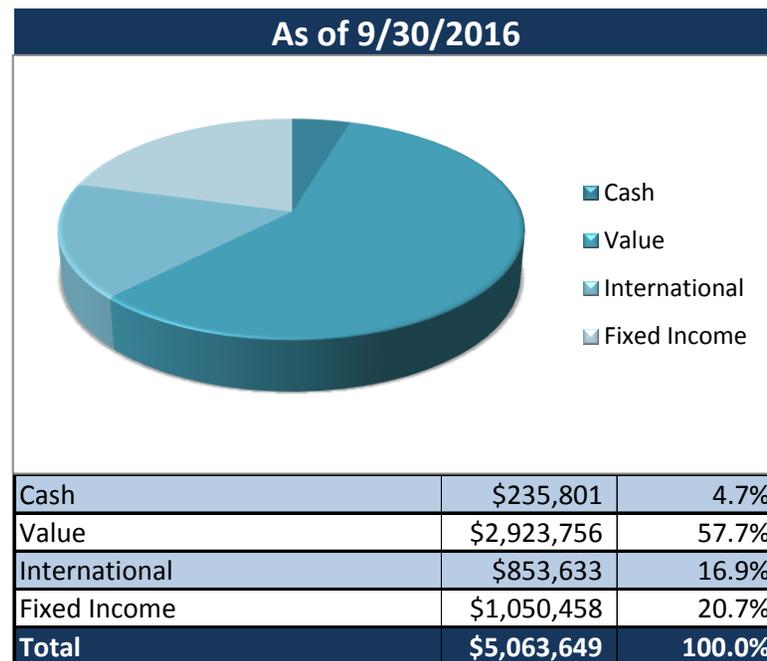
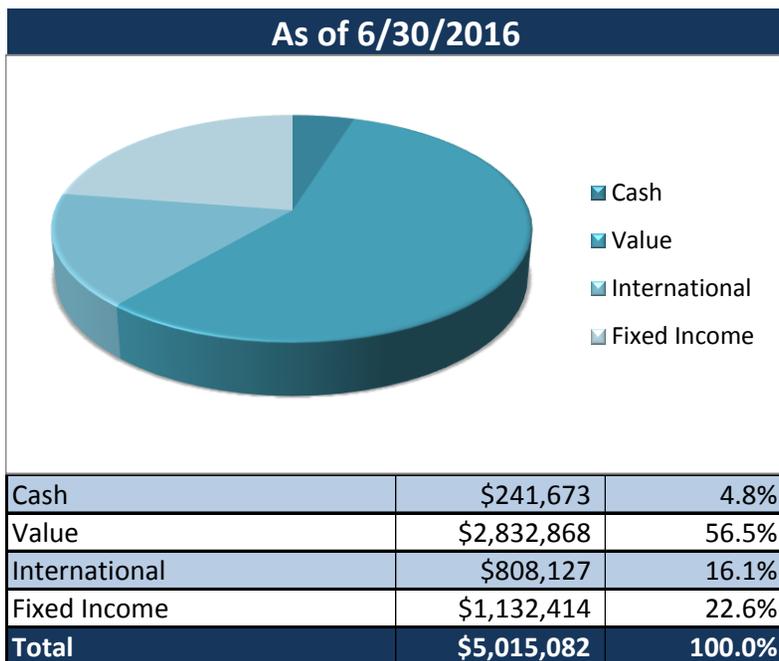
The Federal Reserve raised short term interest rates .25% last December and said that it expected to raise rates four times in 2016. Because of a variety of weak economic news during the first three quarters of 2016, the Fed balked and did nothing. It now is signaling that it will likely raise rates by .25% this December. We believe the Fed will raise rates in December, but will continue their message of caution and patience in bringing interest rates to levels consistent with sustainable growth. It is becoming clear, even to many central bankers, that a low to negative interest rate will not in and of itself create economic growth or inflation. Those effects, like almost everything else in economic and market activity, are driven by the collective psychology of humans behaving as humans. Without the presence of optimism among economic participants, reducing interest rates to extremely low levels in order to produce growth is probably just pushing on a string. As many have seen over the last few years, it can also be counterproductive: desperately low rates can produce a degree of pessimism that may discourage investment and the assumption of risk. On the other hand, lifting interest rates from very low levels may not discourage investing and risk taking when in the context of growing consumer and investor optimism.

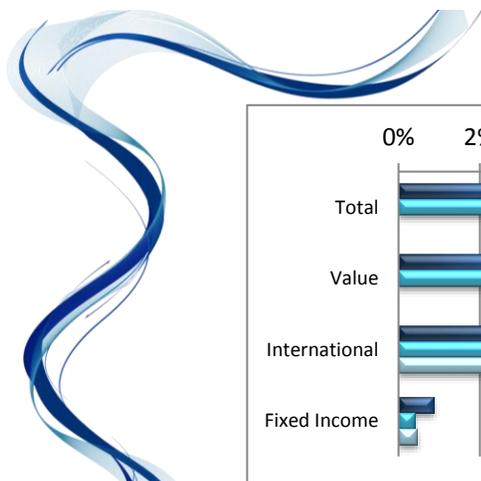
-Highland Capital Investment Team

**Total Return Summary**

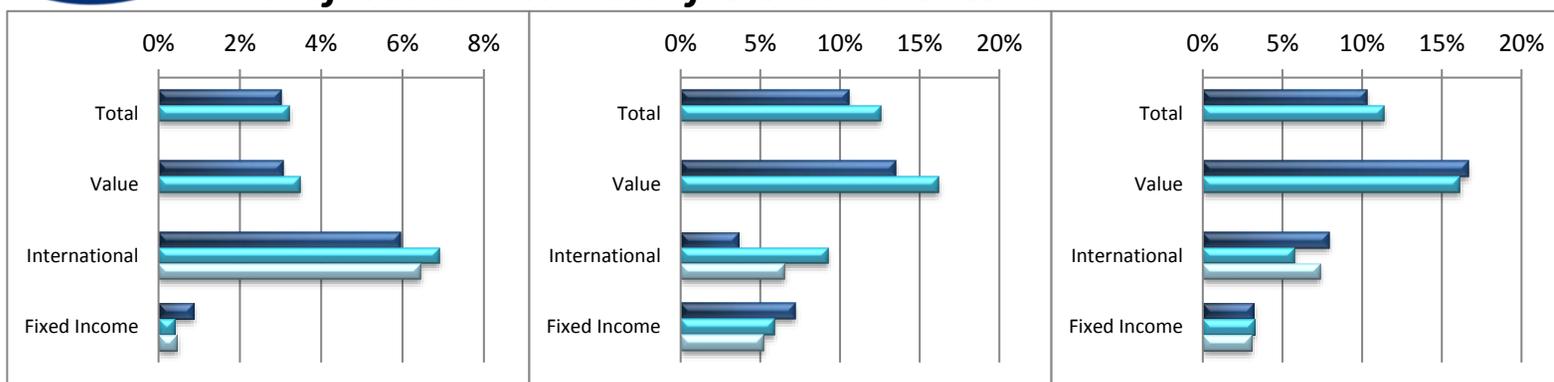
|   | Beginning Market Value | Ending Market Value | Difference | Contributions | Withdrawals  | Gain/Loss   | Cumulative Return | Annualized Return |
|---|------------------------|---------------------|------------|---------------|--------------|-------------|-------------------|-------------------|
| <b>Quarter</b><br>(7/1/16 - 9/30/16)    | \$5,015,082            | \$5,063,649         | \$48,566   | \$0           | -\$101,935   | \$150,501   | <b>3.02%</b>      | -----             |
| <b>One Year</b><br>(10/1/15 - 9/30/16)  | \$4,958,026            | \$5,063,649         | \$105,623  | \$0           | -\$405,686   | \$511,310   | <b>10.58%</b>     | -----             |
| <b>Five Year</b><br>(10/1/11 - 9/30/16) | \$5,220,810            | \$5,063,649         | -\$157,162 | \$1,701,068   | -\$4,543,951 | \$2,685,722 | <b>63.22%</b>     | <b>10.30%</b>     |

**Asset Allocation**



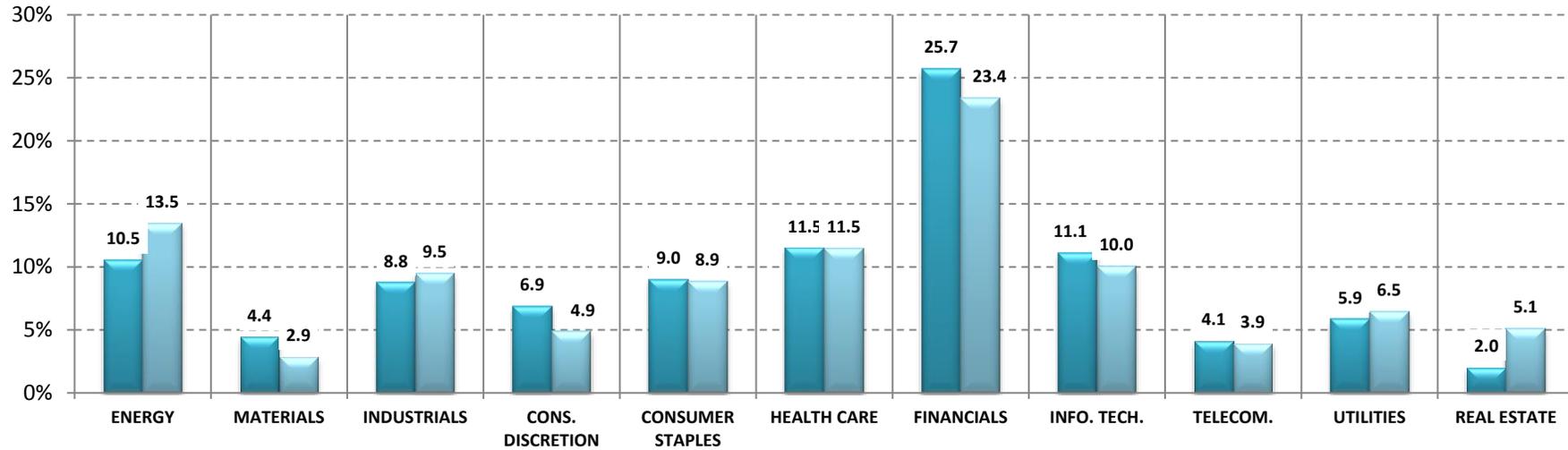


**Performance Returns for Various Periods**

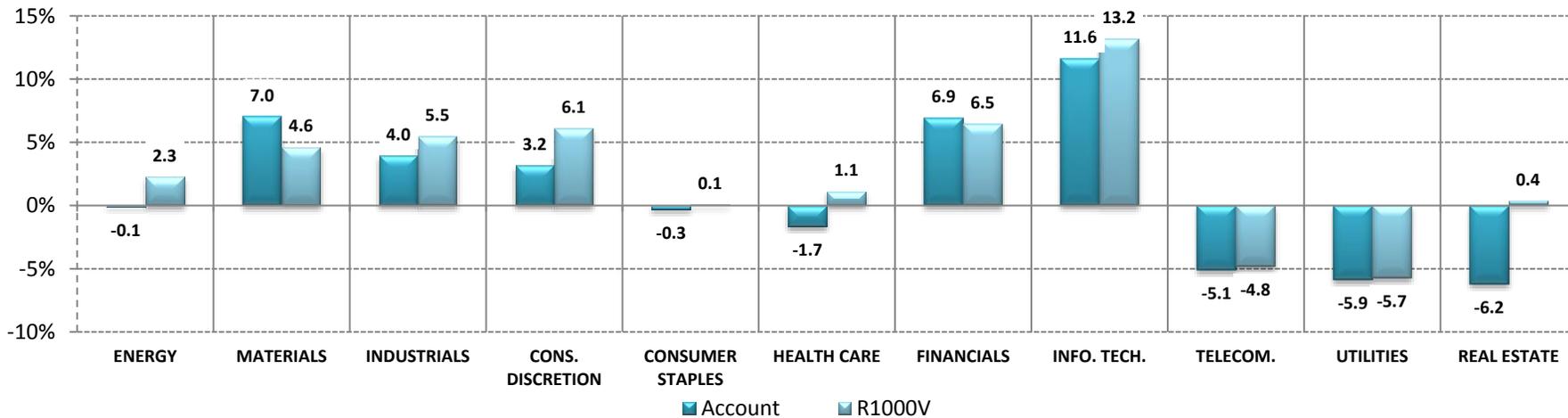


|                            | <b>Quarter</b><br>(7/1/16 - 9/30/16) | <b>One Year</b><br>(10/1/15 - 9/30/16) | <b>Five Year (Annualized)</b><br>(10/1/11 - 9/30/16) |
|----------------------------|--------------------------------------|--|--|
| <b>Total</b>               | 3.02%                                | 10.58%                                 | 10.30%   |
| <b>Total Benchmark</b>     | 3.22%                                | 12.57%                                 | 11.36%   |
| <b>Value</b>               | 3.07%                                | 13.49%                                 | 16.68%   |
| <b>R1000V</b>              | 3.48%                                | 16.20%                                 | 16.15%   |
| <b>International</b>       | 5.96%                                | 3.65%                                  | 7.95%  |
| <b>MSCI ACWI ex US</b>     | 6.91%                                | 9.26%                                  | 5.73%  |
| <b>MSCI EAFE</b>           | 6.43%                                | 6.52%                                  | 7.38%  |
| <b>Fixed Income</b>        | 0.86%                                | 7.17%                                  | 3.23%  |
| <b>BCGC</b>                | 0.40%                                | 5.86%                                  | 3.24%  |
| <b>BCAG</b>                | 0.46%                                | 5.19%                                  | 3.08%  |
| <b>BCGC (A+ or Better)</b> | 0.03%                                | 4.96%                                  | 2.82%  |

**Domestic Equity Sector Allocation vs. R1000V**

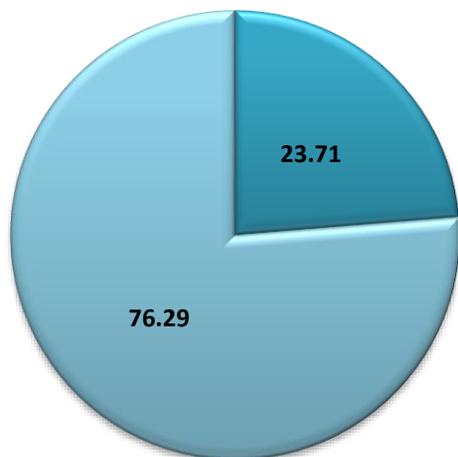


**Domestic Equity Quarterly Sector Returns vs. R1000V**



**Top Ten Domestic Equity Holdings**

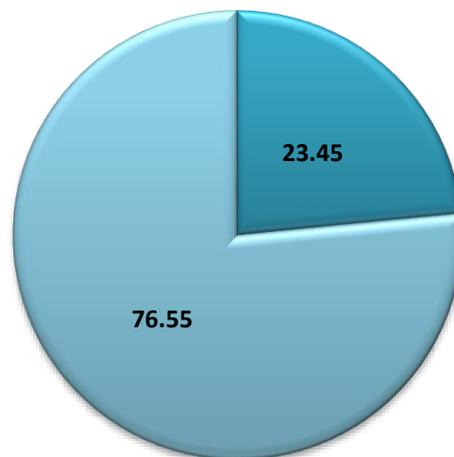
**Account**



■ TOP TEN HOLDINGS ■ OTHER HOLDINGS

| Security                    | Weight % | QTD Return % |
|-----------------------------|----------|--------------|
| JOHNSON & JOHNSON           | 3.19     | -1.96        |
| JP MORGAN CHASE & CO        | 2.47     | 8.00         |
| GENERAL ELECTRIC COMPANY    | 2.46     | -5.91        |
| BERKSHIRE HATHAWAY INC-CL B | 2.44     | -0.22        |
| AT&T INC                    | 2.33     | -5.18        |
| MERCK & COMPANY             | 2.32     | 9.14         |
| INTEL CORPORATION           | 2.17     | 15.97        |
| MICROSOFT CORPORATION       | 2.14     | 13.32        |
| PROCTER & GAMBLE COMPANY    | 2.12     | 6.83         |
| SUNTRUST BANKS INC          | 2.07     | 7.27         |

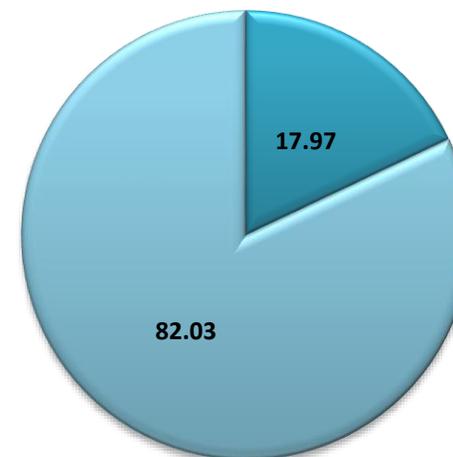
**Russell 1000 Value**



■ TOP TEN HOLDINGS ■ OTHER HOLDINGS

| Security                    | Weight % | QTD Return % |
|-----------------------------|----------|--------------|
| EXXON MOBIL CORP            | 3.49     | -6.08        |
| BERKSHIRE HATHAWAY INC-CL B | 2.62     | -0.22        |
| JOHNSON & JOHNSON           | 2.58     | -1.96        |
| AT&T INC                    | 2.40     | -4.97        |
| JPMORGAN CHASE & CO         | 2.33     | 8.00         |
| PROCTER & GAMBLE CO/THE     | 2.30     | 6.83         |
| GENERAL ELECTRIC CO         | 2.11     | -5.18        |
| WELLS FARGO & CO            | 1.94     | -5.70        |
| CHEVRON CORP                | 1.86     | -0.79        |
| PFIZER INC                  | 1.82     | -2.99        |

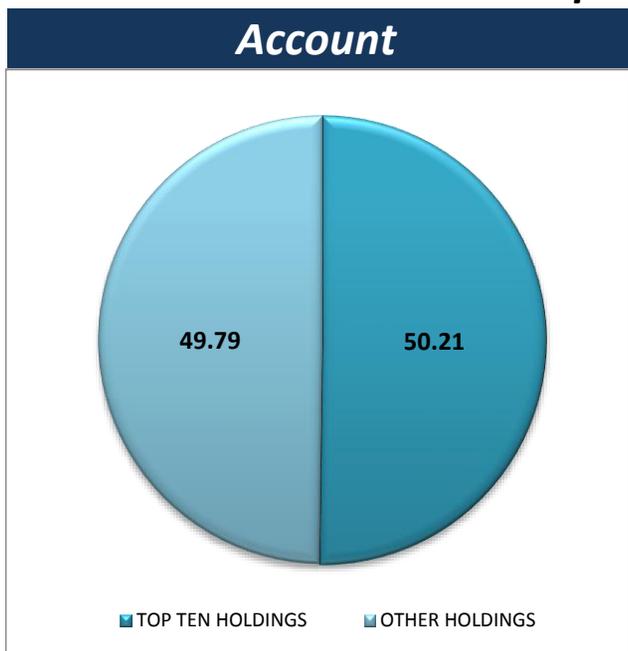
**S&P 500**



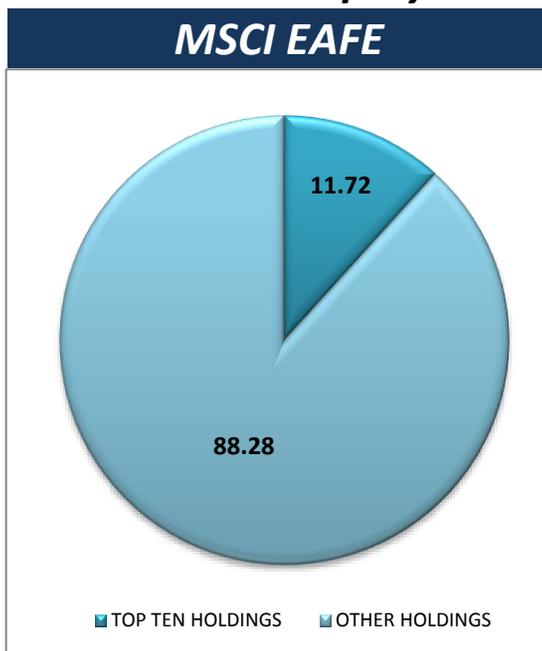
■ TOP TEN HOLDINGS ■ OTHER HOLDINGS

| Security                    | Weight % | QTD Return % |
|-----------------------------|----------|--------------|
| APPLE INC                   | 3.22     | 18.89        |
| MICROSOFT CORP              | 2.37     | 13.27        |
| EXXON MOBIL CORP            | 1.91     | -6.08        |
| AMAZON.COM INC              | 1.74     | 17.00        |
| JOHNSON & JOHNSON           | 1.71     | -1.96        |
| FACEBOOK INC-A              | 1.58     | 12.24        |
| BERKSHIRE HATHAWAY INC-CL B | 1.45     | -0.22        |
| GENERAL ELECTRIC CO         | 1.40     | -5.18        |
| AT&T INC                    | 1.32     | -4.97        |
| PROCTER & GAMBLE CO/THE     | 1.27     | 6.83         |

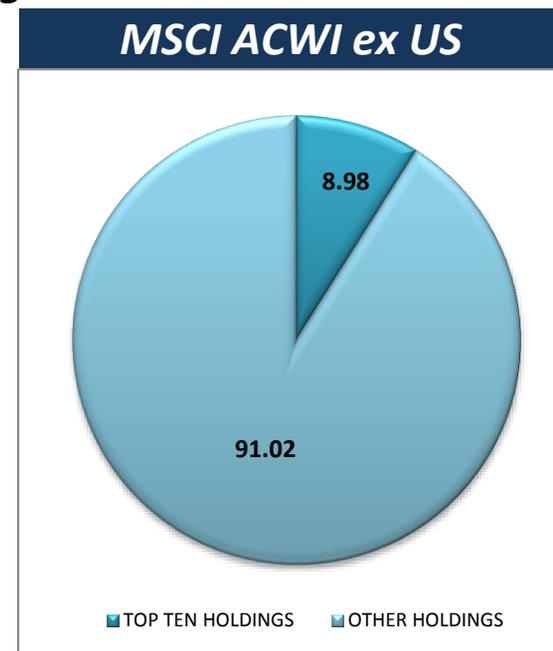
**Top Ten International Equity Holdings**



| Security               | Weight % | QTD Return % |
|------------------------|----------|--------------|
| ANHEUSER-BUSCH INBEV   | 6.44     | -0.21        |
| UNILEVER NV            | 6.21     | -1.15        |
| GLAXO SMITHKLINE PLC   | 5.55     | 0.22         |
| SAP SE                 | 5.09     | 21.85        |
| SONY CORP              | 5.08     | 13.15        |
| KYOCERA CORP ADR       | 4.72     | 0.99         |
| SIEMENS SPONSORED ADR  | 4.67     | 14.36        |
| KONINKLIJKE PHILIPS NV | 4.35     | 18.64        |
| HITACHI LIMITED        | 4.29     | 12.43        |
| HONDA MOTOR CO LTD     | 3.81     | 14.74        |

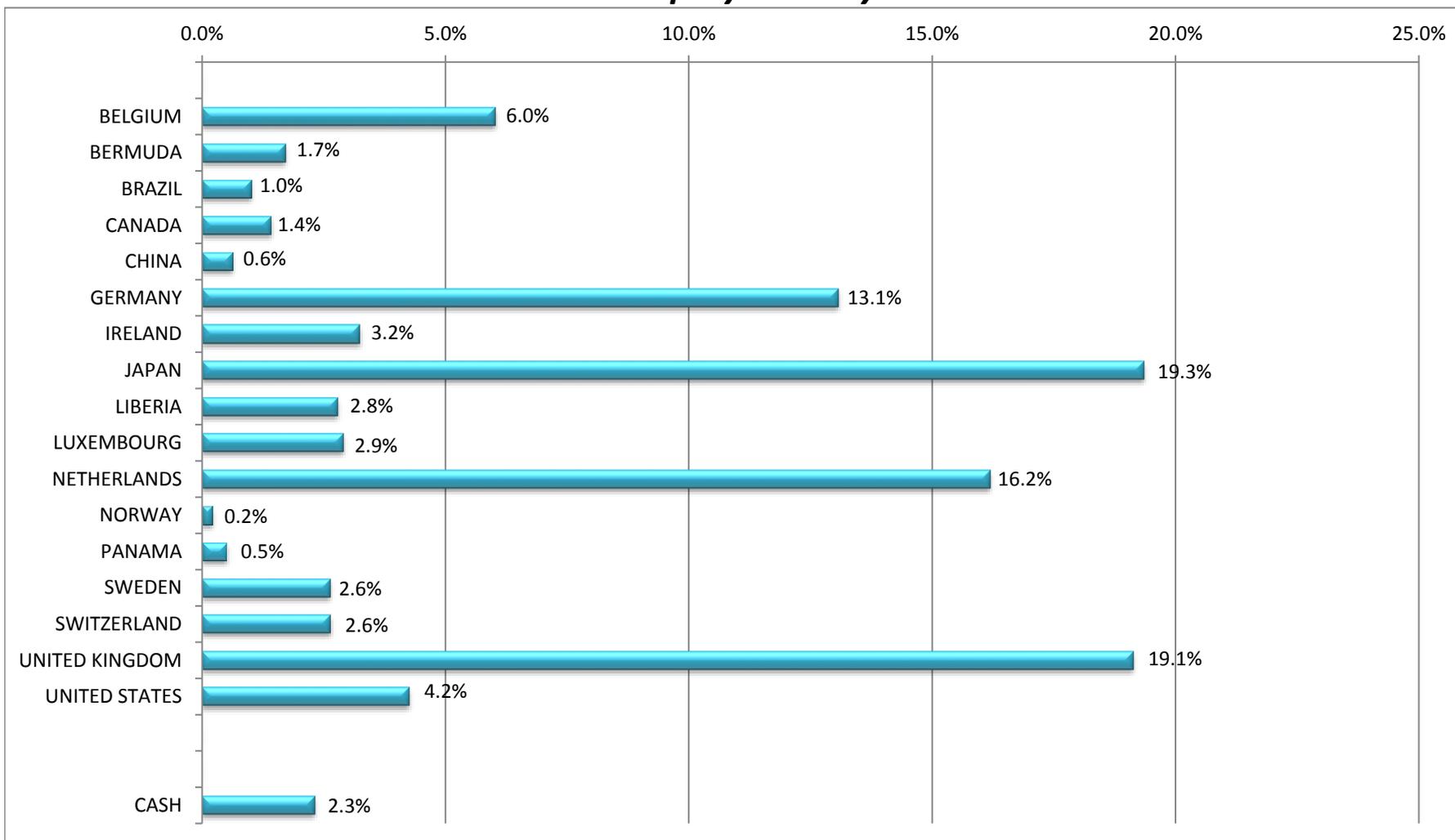


| Security                  | Weight % | QTD Return % |
|---------------------------|----------|--------------|
| NESTLE                    | 2.04     | 1.86         |
| NOVARTIS INTERNATIONAL AG | 1.42     | -4.68        |
| ROCHE HOLDING GENUSS      | 1.41     | -5.90        |
| TOYOTA MOTOR CORP.        | 1.23     | 14.39        |
| HSBC HOLDINGS (GB)        | 1.20     | 25.97        |
| BRITISH AMERICAN TOBACCO  | 0.97     | 2.88         |
| BP                        | 0.88     | 4.57         |
| ROYAL DUTCH SHELL A       | 0.86     | -8.45        |
| TOTAL                     | 0.86     | -1.33        |
| ANHEUSER-BUSCH INBEV      | 0.85     | -0.85        |

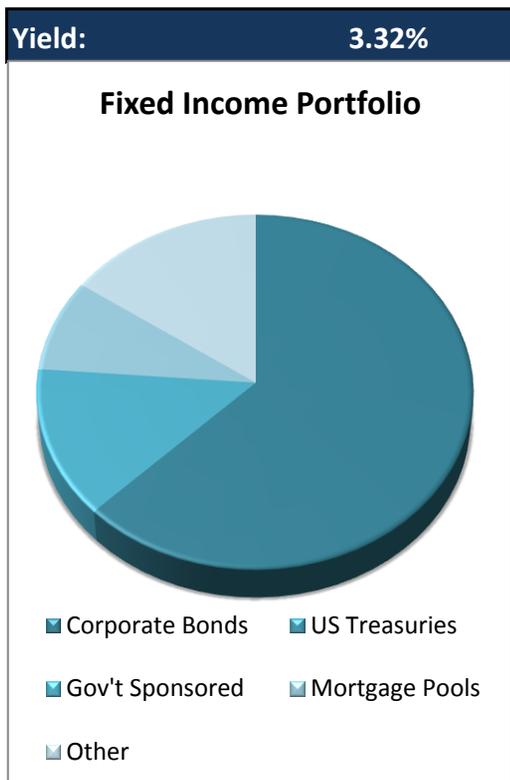


| Security                  | Weight % | QTD Return % |
|---------------------------|----------|--------------|
| NESTLE                    | 1.43     | 1.86         |
| NOVARTIS INTERNATIONAL AG | 1.00     | -4.68        |
| ROCHE HOLDING GENUSS      | 0.99     | -5.90        |
| TENCENT HOLDINGS LI (CN)  | 0.88     | 20.95        |
| TOYOTA MOTOR CORP.        | 0.86     | 14.39        |
| HSBC HOLDINGS (GB)        | 0.84     | 25.97        |
| SAMSUNG ELECTRONICS CO.   | 0.82     | 12.14        |
| TAIWAN SEMICONDUCTOR MF   | 0.81     | 12.31        |
| BRITISH AMERICAN TOBACCO  | 0.68     | 2.88         |
| ALIBABA GROUP HLDG ADR    | 0.67     | 33.02        |

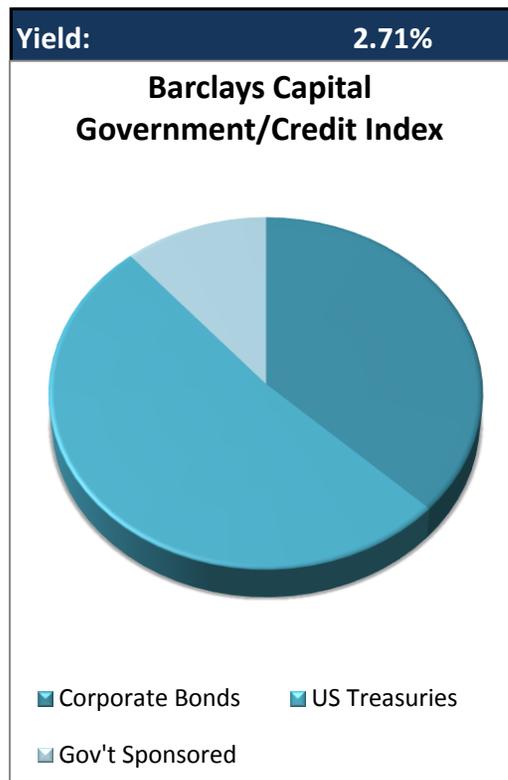
***International Equity Country Allocation***



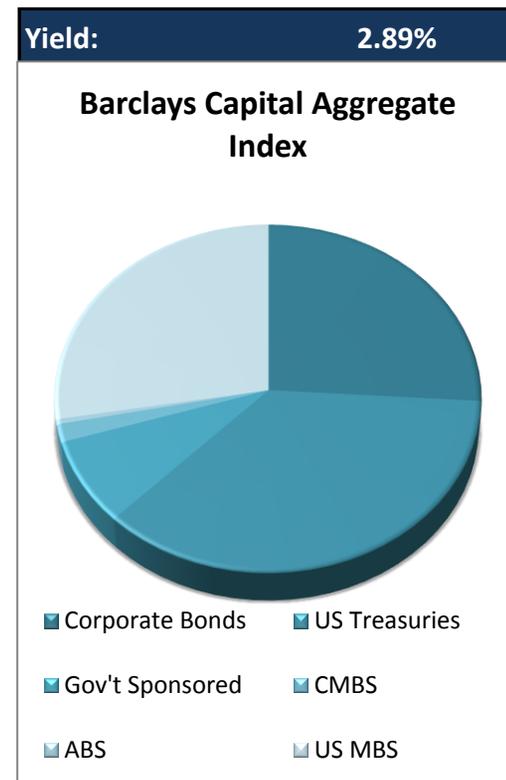
**Fixed Income Sector Allocation**



|                 |             |
|-----------------|-------------|
| Corporate Bonds | 62.6%       |
| US Treasuries   | 0.0%        |
| Gov't Sponsored | 13.6%       |
| Mortgage Pools  | 8.4%        |
| Other           | 15.3%       |
| <b>Total</b>    | <b>100%</b> |

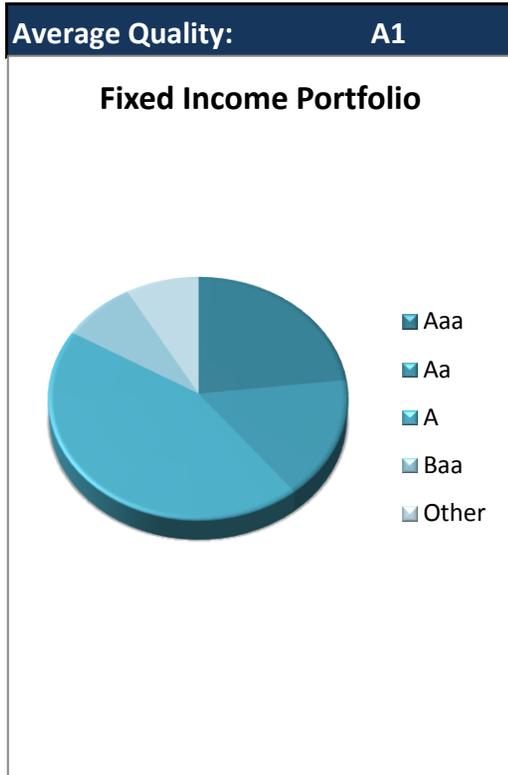


|                 |             |
|-----------------|-------------|
| Corporate Bonds | 37.0%       |
| US Treasuries   | 51.7%       |
| Gov't Sponsored | 11.3%       |
| <b>Total</b>    | <b>100%</b> |

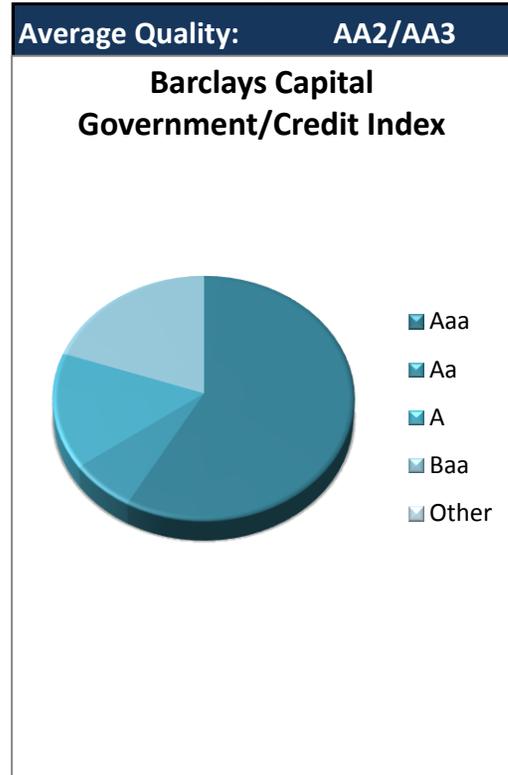


|                 |             |
|-----------------|-------------|
| Corporate Bonds | 26.0%       |
| US Treasuries   | 36.3%       |
| Gov't Sponsored | 7.9%        |
| CMBS            | 1.7%        |
| ABS             | 0.5%        |
| US MBS          | 27.7%       |
| Other           | 0.1%        |
| <b>Total</b>    | <b>100%</b> |

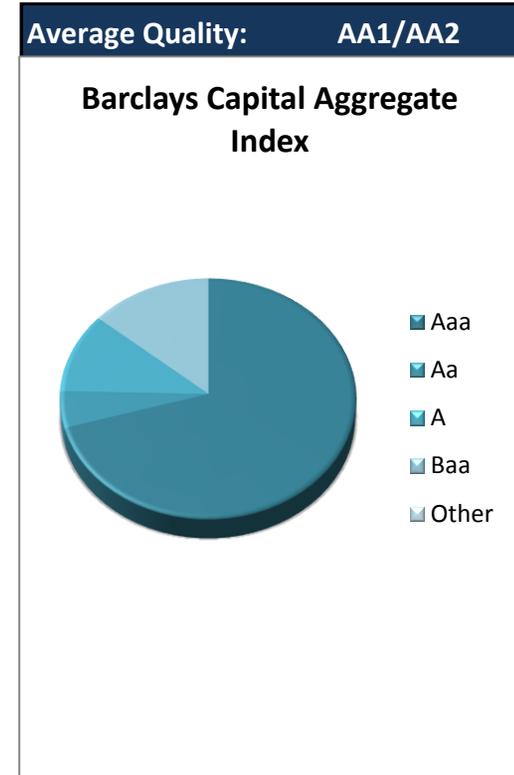
**Bond Quality Allocation**



|              |             |
|--------------|-------------|
| Aaa          | 23.2%       |
| Aa           | 16.1%       |
| A            | 44.2%       |
| Baa          | 8.2%        |
| Other        | 8.2%        |
| <b>Total</b> | <b>100%</b> |

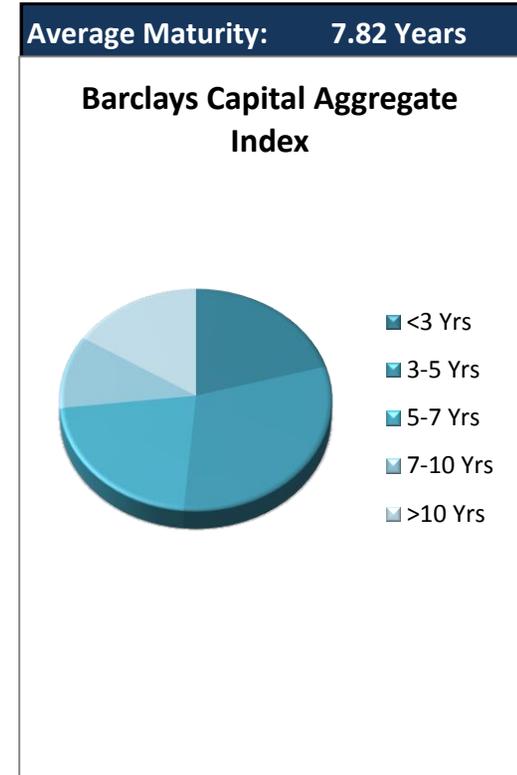
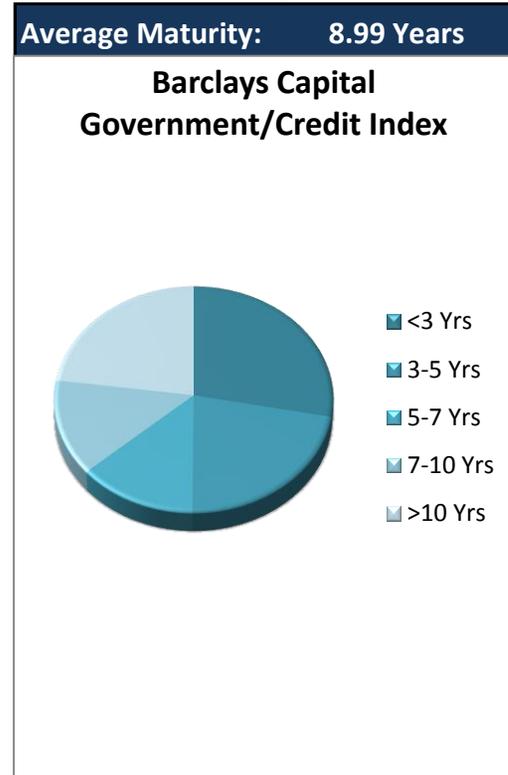
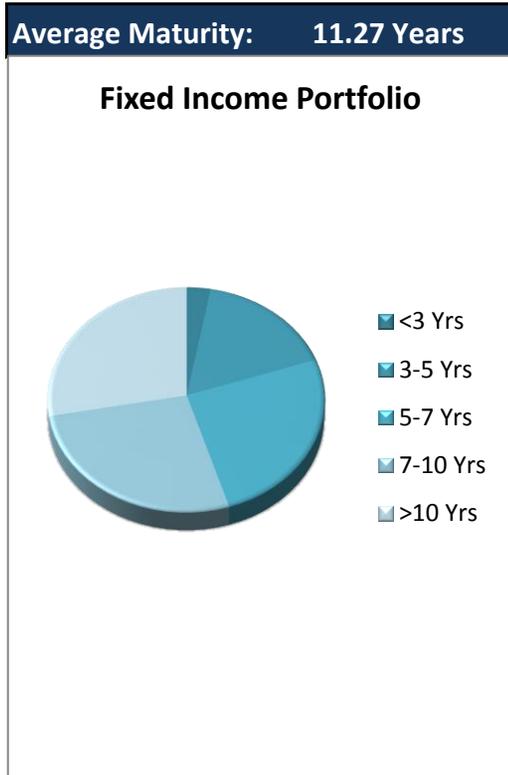


|              |             |
|--------------|-------------|
| Aaa          | 58.2%       |
| Aa           | 6.8%        |
| A            | 15.4%       |
| Baa          | 19.6%       |
| Other        | 0.0%        |
| <b>Total</b> | <b>100%</b> |



|              |             |
|--------------|-------------|
| Aaa          | 70.5%       |
| Aa           | 4.9%        |
| A            | 10.8%       |
| Baa          | 13.8%       |
| Other        | 0.0%        |
| <b>Total</b> | <b>100%</b> |

**Bond Maturity Allocation**

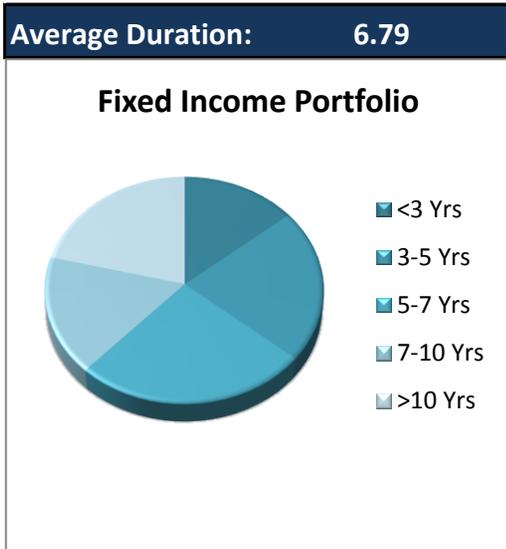


|              |             |
|--------------|-------------|
| <3 Yrs       | 2.9%        |
| 3-5 Yrs      | 16.9%       |
| 5-7 Yrs      | 25.4%       |
| 7-10 Yrs     | 26.8%       |
| >10 Yrs      | 28.0%       |
| <b>Total</b> | <b>100%</b> |

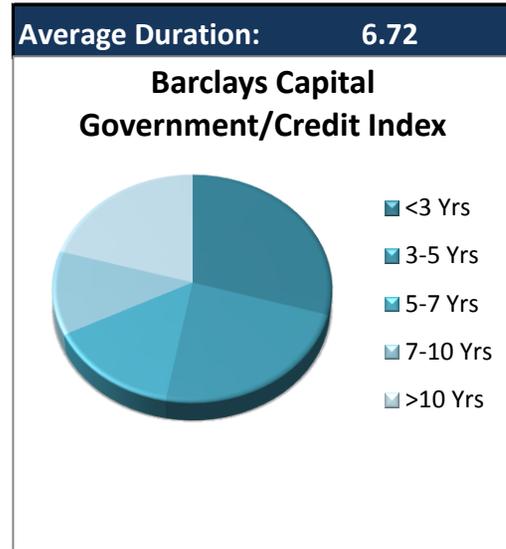
|              |             |
|--------------|-------------|
| <3 Yrs       | 28.1%       |
| 3-5 Yrs      | 22.1%       |
| 5-7 Yrs      | 13.4%       |
| 7-10 Yrs     | 13.6%       |
| >10 Yrs      | 22.9%       |
| <b>Total</b> | <b>100%</b> |

|              |             |
|--------------|-------------|
| <3 Yrs       | 20.7%       |
| 3-5 Yrs      | 30.7%       |
| 5-7 Yrs      | 21.8%       |
| 7-10 Yrs     | 10.7%       |
| >10 Yrs      | 16.1%       |
| <b>Total</b> | <b>100%</b> |

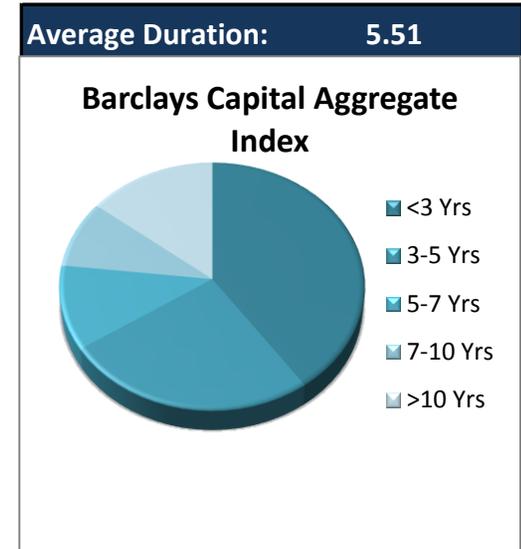
**Duration Allocation**



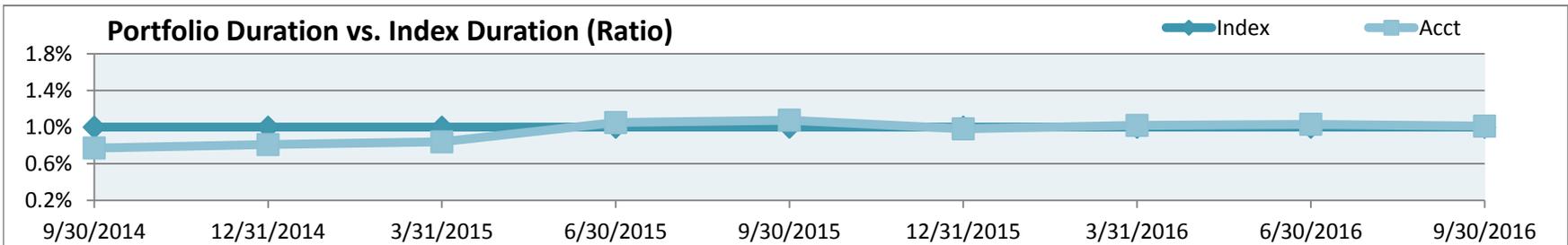
|              |             |
|--------------|-------------|
| <3 Yrs       | 14.1%       |
| 3-5 Yrs      | 21.9%       |
| 5-7 Yrs      | 26.0%       |
| 7-10 Yrs     | 16.9%       |
| >10 Yrs      | 21.2%       |
| <b>Total</b> | <b>100%</b> |



|              |             |
|--------------|-------------|
| <3 Yrs       | 29.6%       |
| 3-5 Yrs      | 23.4%       |
| 5-7 Yrs      | 14.7%       |
| 7-10 Yrs     | 11.9%       |
| >10 Yrs      | 20.5%       |
| <b>Total</b> | <b>100%</b> |



|              |             |
|--------------|-------------|
| <3 Yrs       | 40.2%       |
| 3-5 Yrs      | 25.6%       |
| 5-7 Yrs      | 11.0%       |
| 7-10 Yrs     | 8.8%        |
| >10 Yrs      | 14.4%       |
| <b>Total</b> | <b>100%</b> |



**Portfolio Holdings**

| Quantity                          | Security                     | Unit Cost | Total Cost        | Price  | Market Value      | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|-----------------------------------|------------------------------|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
| <b>CASH AND EQUIVALENTS (USD)</b> |                              |           |                   |        |                   |             |            |                 |          |               |
|                                   | Cash Account                 |           | 231,835.47        |        | 231,835.47        | 4.6         | 0.1        |                 |          |               |
|                                   | Dividend Accrual             |           | 3,965.96          |        | 3,965.96          | 0.1         |            |                 |          |               |
|                                   |                              |           | <b>235,801.43</b> |        | <b>235,801.43</b> | <b>4.7</b>  | <b>0.1</b> |                 |          |               |
| <b>COMMON STOCK (USD)</b>         |                              |           |                   |        |                   |             |            |                 |          |               |
| <b>Energy</b>                     |                              |           |                   |        |                   |             |            |                 |          |               |
| 586                               | CHEVRON CORP                 | 60.95     | 35,717.93         | 102.92 | 60,311.12         | 1.2         | 4.2        |                 |          |               |
| 400                               | CONOCOPHILLIPS               | 75.65     | 30,258.44         | 43.47  | 17,388.00         | 0.3         | 2.3        |                 |          |               |
| 400                               | EOG RESOURCES INC            | 95.49     | 38,194.40         | 96.71  | 38,684.00         | 0.8         | 0.7        |                 |          |               |
| 700                               | EXXON MOBIL CORPORATION      | 87.31     | 61,115.88         | 87.28  | 61,096.00         | 1.2         | 3.4        |                 |          |               |
| 700                               | HOLLYFRONTIER CORP           | 44.45     | 31,111.57         | 24.50  | 17,150.00         | 0.3         | 5.4        |                 |          |               |
| 2000                              | MARATHON OIL CORP            | 32.43     | 64,856.95         | 15.81  | 31,620.00         | 0.6         | 1.3        |                 |          |               |
| 500                               | MURPHY OIL CORP              | 61.44     | 30,718.00         | 30.40  | 15,200.00         | 0.3         | 3.3        |                 |          |               |
| 200                               | OCCIDENTAL PETROLEUM CORP    | 74.22     | 14,843.16         | 72.92  | 14,584.00         | 0.3         | 4.2        |                 |          |               |
| 300                               | PHILLIPS 66                  | 75.62     | 22,685.05         | 80.55  | 24,165.00         | 0.5         | 3.1        |                 |          |               |
| 600                               | VALERO ENERGY CORP           | 57.26     | 34,355.72         | 53.00  | 31,800.00         | 0.6         | 4.5        |                 |          |               |
|                                   |                              |           | <b>363,857.10</b> |        | <b>311,998.12</b> | <b>6.2</b>  | <b>3.2</b> |                 |          |               |
| <b>Materials</b>                  |                              |           |                   |        |                   |             |            |                 |          |               |
| 700                               | BEMIS COMPANY INC            | 39.16     | 27,415.24         | 51.01  | 35,707.00         | 0.7         | 2.3        |                 |          |               |
| 675                               | DOW CHEMICAL CO              | 34.01     | 22,956.50         | 51.83  | 34,985.25         | 0.7         | 3.6        |                 |          |               |
| 2300                              | GRAPHIC PACKAGING HOLDING CO | 13.37     | 30,746.12         | 13.99  | 32,177.00         | 0.6         | 1.4        |                 |          |               |
| 600                               | INTERNATIONAL PAPER          | 49.63     | 29,779.38         | 47.98  | 28,788.00         | 0.6         | 3.7        |                 |          |               |
|                                   |                              |           | <b>110,897.24</b> |        | <b>131,657.25</b> | <b>2.6</b>  | <b>2.7</b> |                 |          |               |
| <b>Industrials</b>                |                              |           |                   |        |                   |             |            |                 |          |               |
| 1100                              | CSX CORPORATION              | 31.40     | 34,536.85         | 30.50  | 33,550.00         | 0.7         | 2.4        |                 |          |               |
| 500                               | EATON CORPORATION PLC        | 60.16     | 30,080.50         | 65.71  | 32,855.00         | 0.6         | 3.5        |                 |          |               |
| 2456                              | GENERAL ELECTRIC COMPANY     | 29.37     | 72,129.53         | 29.62  | 72,746.72         | 1.4         | 3.1        |                 |          |               |
| 1900                              | JETBLUE AIRWAYS CORP         | 17.98     | 34,163.46         | 17.24  | 32,756.00         | 0.6         | 0.0        |                 |          |               |
| 400                               | NORFOLK SOUTHERN CORP        | 73.30     | 29,320.60         | 97.06  | 38,824.00         | 0.8         | 2.4        |                 |          |               |
| 100                               | NORTHROP GRUMMAN CORP        | 122.36    | 12,235.68         | 213.95 | 21,395.00         | 0.4         | 1.7        |                 |          |               |
| 200                               | RAYTHEON COMPANY             | 102.47    | 20,493.72         | 136.13 | 27,226.00         | 0.5         | 2.2        |                 |          |               |
|                                   |                              |           | <b>232,960.34</b> |        | <b>259,352.72</b> | <b>5.1</b>  | <b>2.3</b> |                 |          |               |
| <b>Consumer Discretionary</b>     |                              |           |                   |        |                   |             |            |                 |          |               |

**Portfolio Holdings**

| Quantity                | Security                          | Unit Cost | Total Cost        | Price  | Market Value      | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|-------------------------|-----------------------------------|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
| 900                     | COMCAST CORP CL A                 | 55.32     | 49,791.38         | 66.34  | 59,706.00         | 1.2         | 1.7        |                 |          |               |
| 2200                    | FORD MOTOR COMPANY                | 12.29     | 27,046.65         | 12.07  | 26,554.00         | 0.5         | 5.0        |                 |          |               |
| 1100                    | GENERAL MOTORS CO                 | 38.47     | 42,317.30         | 31.77  | 34,947.00         | 0.7         | 4.8        |                 |          |               |
| 1300                    | GENTEX CORP                       | 14.82     | 19,265.25         | 17.56  | 22,828.00         | 0.5         | 2.1        |                 |          |               |
| 200                     | IDEARC INC                        | 3.83      | 765.64            | 0.00   | 0.02              | 0.0         | 0.0        |                 |          |               |
| 600                     | MACYS INC                         | 50.36     | 30,217.62         | 37.05  | 22,230.00         | 0.4         | 4.1        |                 |          |               |
| 1500                    | TWENTY-FIRST CENTURY FOX - B      | 23.93     | 35,896.18         | 24.74  | 37,110.00         | 0.7         | 1.5        |                 |          |               |
|                         |                                   |           | <b>205,300.02</b> |        | <b>203,375.02</b> | <b>4.0</b>  | <b>2.9</b> |                 |          |               |
| <b>Consumer Staples</b> |                                   |           |                   |        |                   |             |            |                 |          |               |
| 700                     | ARCHER-DANIELS-MIDLAND COMPANY    | 41.77     | 29,238.72         | 42.17  | 29,519.00         | 0.6         | 2.8        |                 |          |               |
| 1100                    | COCA COLA COMPANY                 | 46.65     | 51,311.37         | 42.32  | 46,552.00         | 0.9         | 3.3        |                 |          |               |
| 300                     | CVS CORPORATION                   | 70.60     | 21,181.10         | 88.99  | 26,697.00         | 0.5         | 1.9        |                 |          |               |
| 400                     | INGREDION INC                     | 75.91     | 30,362.56         | 133.06 | 53,224.00         | 1.1         | 1.4        |                 |          |               |
| 500                     | PHILIP MORRIS INTL INC            | 96.97     | 48,485.69         | 97.22  | 48,610.00         | 1.0         | 4.3        |                 |          |               |
| 700                     | PROCTER & GAMBLE COMPANY          | 83.76     | 58,629.90         | 89.75  | 62,825.00         | 1.2         | 3.0        |                 |          |               |
|                         |                                   |           | <b>239,209.34</b> |        | <b>267,427.00</b> | <b>5.3</b>  | <b>2.8</b> |                 |          |               |
| <b>Health Care</b>      |                                   |           |                   |        |                   |             |            |                 |          |               |
| 300                     | AETNA INC                         | 116.38    | 34,913.58         | 115.45 | 34,635.00         | 0.7         | 0.9        |                 |          |               |
| 600                     | AMSURG CORP                       | 80.21     | 48,124.80         | 67.05  | 40,230.00         | 0.8         | 0.0        |                 |          |               |
| 100                     | CIGNA CORPORATION                 | 90.18     | 9,018.00          | 130.32 | 13,032.00         | 0.3         | 0.0        |                 |          |               |
| 200                     | HCA HOLDINGS INC                  | 85.00     | 17,000.70         | 75.63  | 15,126.00         | 0.3         | 0.0        |                 |          |               |
| 800                     | JOHNSON & JOHNSON                 | 103.58    | 82,860.04         | 118.13 | 94,504.00         | 1.9         | 2.7        |                 |          |               |
| 1100                    | MERCK & COMPANY                   | 58.81     | 64,689.68         | 62.41  | 68,651.00         | 1.4         | 2.9        |                 |          |               |
| 1700                    | PFIZER INC                        | 30.85     | 52,453.40         | 33.87  | 57,579.00         | 1.1         | 3.5        |                 |          |               |
| 200                     | QUEST DIAGNOSTIC INC              | 60.38     | 12,076.00         | 84.63  | 16,926.00         | 0.3         | 1.9        |                 |          |               |
|                         |                                   |           | <b>321,136.20</b> |        | <b>340,683.00</b> | <b>6.7</b>  | <b>2.1</b> |                 |          |               |
| <b>Financials</b>       |                                   |           |                   |        |                   |             |            |                 |          |               |
| 800                     | AFLAC INC                         | 52.34     | 41,873.07         | 71.87  | 57,496.00         | 1.1         | 2.3        |                 |          |               |
| 500                     | ALLSTATE CORP                     | 46.40     | 23,200.17         | 69.18  | 34,590.00         | 0.7         | 1.9        |                 |          |               |
| 400                     | AMERICAN FINANCIAL GROUP INC      | 50.09     | 20,037.24         | 75.00  | 30,000.00         | 0.6         | 1.5        |                 |          |               |
| 400                     | AMERIPRISE FINANCIAL INC          | 101.67    | 40,667.95         | 99.77  | 39,908.00         | 0.8         | 3.0        |                 |          |               |
| 2187                    | BANK OF AMERICA CORPORATION       | 14.05     | 30,727.73         | 15.65  | 34,226.55         | 0.7         | 1.9        |                 |          |               |
| 500                     | BERKSHIRE HATHAWAY INC-CL B       | 129.18    | 64,591.07         | 144.47 | 72,235.00         | 1.4         | 0.0        |                 |          |               |
| 700                     | CAPITAL ONE FINANCIAL CORPORATION | 86.87     | 60,806.41         | 71.83  | 50,281.00         | 1.0         | 2.2        |                 |          |               |

**Portfolio Holdings**

| Quantity | Security                          | Unit Cost | Total Cost        | Price  | Market Value      | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|----------|-----------------------------------|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
| 880      | CITIGROUP INC                     | 42.82     | 37,677.92         | 47.23  | 41,562.40         | 0.8         | 1.4        |                 |          |               |
| 1100     | JP MORGAN CHASE & CO              | 49.88     | 54,872.69         | 66.59  | 73,249.00         | 1.4         | 2.9        |                 |          |               |
| 600      | LINCOLN NATIONAL CORP             | 53.51     | 32,107.08         | 46.98  | 28,188.00         | 0.6         | 2.1        |                 |          |               |
| 600      | RAYMOND JAMES FINANCIAL INC       | 57.48     | 34,489.38         | 58.21  | 34,926.00         | 0.7         | 1.4        |                 |          |               |
| 500      | REINSURANCE GROUP OF AMERICA      | 78.22     | 39,107.88         | 107.94 | 53,970.00         | 1.1         | 1.5        |                 |          |               |
| 1400     | SUNTRUST BANKS INC                | 42.89     | 60,052.23         | 43.80  | 61,320.00         | 1.2         | 2.4        |                 |          |               |
| 361      | SYNCHRONY FINANCIAL               | 20.83     | 7,518.97          | 28.00  | 10,108.00         | 0.2         | 1.9        |                 |          |               |
| 750      | TORCHMARK CORP                    | 50.69     | 38,015.84         | 63.89  | 47,917.50         | 0.9         | 0.9        |                 |          |               |
| 900      | US BANCORP                        | 43.08     | 38,773.53         | 42.89  | 38,601.00         | 0.8         | 2.6        |                 |          |               |
| 1200     | WELLS FARGO COMPANY               | 49.40     | 59,277.12         | 44.28  | 53,136.00         | 1.0         | 3.4        |                 |          |               |
|          |                                   |           | <b>683,796.29</b> |        | <b>761,714.45</b> | <b>15.0</b> | <b>2.0</b> |                 |          |               |
|          | <b>Information Technology</b>     |           |                   |        |                   |             |            |                 |          |               |
| 500      | APPLE COMPUTER                    | 93.94     | 46,971.20         | 113.05 | 56,525.00         | 1.1         | 2.0        |                 |          |               |
| 500      | BOOZ ALLEN HAMILTON HOLDINGS      | 29.82     | 14,910.59         | 31.61  | 15,805.00         | 0.3         | 1.9        |                 |          |               |
| 1600     | CISCO SYSTEMS INC                 | 26.88     | 43,012.05         | 31.72  | 50,752.00         | 1.0         | 3.3        |                 |          |               |
| 200.628  | DELL TECHNOLOGIES INC - CL V      | 52.39     | 10,510.17         | 47.80  | 9,590.02          | 0.2         | 0.0        |                 |          |               |
| 1700     | INTEL CORPORATION                 | 18.29     | 31,093.66         | 37.75  | 64,175.00         | 1.3         | 2.8        |                 |          |               |
| 1000     | MICRON TECHNOLOGY INC             | 31.01     | 31,007.00         | 17.78  | 17,780.00         | 0.4         | 0.0        |                 |          |               |
| 1100     | MICROSOFT CORPORATION             | 47.97     | 52,768.57         | 57.60  | 63,360.00         | 1.3         | 2.7        |                 |          |               |
| 1300     | ORACLE CORPORATION                | 42.33     | 55,024.83         | 39.28  | 51,064.00         | 1.0         | 1.5        |                 |          |               |
|          |                                   |           | <b>285,298.07</b> |        | <b>329,051.02</b> | <b>6.5</b>  | <b>2.2</b> |                 |          |               |
|          | <b>Telecommunication Services</b> |           |                   |        |                   |             |            |                 |          |               |
| 1700     | AT&T INC                          | 36.71     | 62,409.95         | 40.61  | 69,037.00         | 1.4         | 4.7        |                 |          |               |
| 800      | CENTURYTEL INC                    | 37.00     | 29,602.24         | 27.43  | 21,944.00         | 0.4         | 7.9        |                 |          |               |
| 600      | VERIZON COMMUNICATIONS            | 53.50     | 32,102.46         | 51.98  | 31,188.00         | 0.6         | 4.4        |                 |          |               |
|          |                                   |           | <b>124,114.65</b> |        | <b>122,169.00</b> | <b>2.4</b>  | <b>5.2</b> |                 |          |               |
|          | <b>Utilities</b>                  |           |                   |        |                   |             |            |                 |          |               |
| 1000     | CMS ENERGY CORP                   | 27.95     | 27,952.80         | 42.01  | 42,010.00         | 0.8         | 3.0        |                 |          |               |
| 900      | EXELON CORP                       | 34.75     | 31,274.46         | 33.29  | 29,961.00         | 0.6         | 3.8        |                 |          |               |
| 600      | PINNACLE WEST CAPITAL             | 56.87     | 34,121.98         | 75.99  | 45,594.00         | 0.9         | 3.3        |                 |          |               |
| 700      | PUBLIC SERVICE ENTERPRISE GP      | 41.89     | 29,325.73         | 41.87  | 29,309.00         | 0.6         | 3.9        |                 |          |               |
| 2100     | THE AES CORPORATION               | 15.25     | 32,023.95         | 12.85  | 26,985.00         | 0.5         | 3.4        |                 |          |               |
|          |                                   |           | <b>154,698.92</b> |        | <b>173,859.00</b> | <b>3.4</b>  | <b>3.4</b> |                 |          |               |

**Portfolio Holdings**

| Quantity                          | Security                       | Unit Cost | Total Cost          | Price  | Market Value        | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|-----------------------------------|--------------------------------|-----------|---------------------|--------|---------------------|-------------|------------|-----------------|----------|---------------|
| Real Estate                       |                                |           |                     |        |                     |             |            |                 |          |               |
| 850                               | OMEGA HEALTHCARE INVESTORS INC | 36.38     | 30,920.61           | 35.45  | 30,132.50           | 0.6         | 6.8        |                 |          |               |
| 550                               | PROLOGIS                       | 53.80     | 29,588.96           | 53.54  | 29,447.00           | 0.6         | 2.8        |                 |          |               |
|                                   |                                |           | <b>60,509.57</b>    |        | <b>59,579.50</b>    | <b>1.2</b>  | <b>4.8</b> |                 |          |               |
|                                   |                                |           | <b>2,781,777.73</b> |        | <b>2,960,866.08</b> | <b>58.5</b> | <b>2.6</b> |                 |          |               |
| <b>INTERNATIONAL EQUITY (USD)</b> |                                |           |                     |        |                     |             |            |                 |          |               |
| Energy                            |                                |           |                     |        |                     |             |            |                 |          |               |
| 450                               | BP PLC                         | 50.69     | 22,808.84           | 35.16  | 15,822.00           | 0.3         | 6.8        |                 |          |               |
| 950                               | PETROLEO BRASILEIRO S.A. ADR   | 18.93     | 17,983.07           | 9.33   | 8,863.50            | 0.2         | 0.0        |                 |          |               |
| 700                               | TENARIS SA-ADR                 | 33.57     | 23,501.48           | 28.40  | 19,880.00           | 0.4         | 4.2        |                 |          |               |
|                                   |                                |           | <b>64,293.39</b>    |        | <b>44,565.50</b>    | <b>0.9</b>  | <b>4.3</b> |                 |          |               |
| Materials                         |                                |           |                     |        |                     |             |            |                 |          |               |
| 900                               | ARCELORMITTAL                  | 4.45      | 4,005.78            | 6.04   | 5,436.00            | 0.1         | 0.0        |                 |          |               |
| 700                               | BARRICK GOLD CORP              | 36.58     | 25,605.44           | 17.72  | 12,404.00           | 0.2         | 0.5        |                 |          |               |
| 345                               | CRH PLC ADR                    | 25.16     | 8,678.78            | 33.27  | 11,478.15           | 0.2         | 1.2        |                 |          |               |
|                                   |                                |           | <b>38,290.00</b>    |        | <b>29,318.15</b>    | <b>0.6</b>  | <b>0.7</b> |                 |          |               |
| Industrials                       |                                |           |                     |        |                     |             |            |                 |          |               |
| 600                               | CHICAGO BRIDGE & IRON          | 37.30     | 22,380.92           | 28.03  | 16,818.00           | 0.3         | 1.0        |                 |          |               |
| 50                                | COPA HOLDINGS SA               | 111.33    | 5,566.53            | 87.93  | 4,396.50            | 0.1         | 2.3        |                 |          |               |
| 1200                              | KONINKLIJKE PHILIPS NV         | 27.31     | 32,768.93           | 29.59  | 35,508.00           | 0.7         | 3.0        |                 |          |               |
| 210                               | SENSATA TECHNOLOGIES HOLDING   | 45.64     | 9,584.43            | 38.78  | 8,143.80            | 0.2         | 0.0        |                 |          |               |
| 325                               | SIEMENS SPONSORED ADR          | 73.51     | 23,890.15           | 117.32 | 38,129.00           | 0.8         | 3.3        |                 |          |               |
|                                   |                                |           | <b>94,190.96</b>    |        | <b>102,995.30</b>   | <b>2.0</b>  | <b>2.5</b> |                 |          |               |
| Consumer Discretionary            |                                |           |                     |        |                     |             |            |                 |          |               |
| 400                               | DAIMLER AG                     | 62.45     | 24,980.00           | 70.63  | 28,252.00           | 0.6         | 4.7        |                 |          |               |
| 1075                              | HONDA MOTOR CO LTD             | 26.44     | 28,418.00           | 28.92  | 31,089.00           | 0.6         | 2.0        |                 |          |               |
| 455                               | INTERCONTINENTAL HOTELS ADR    | 34.03     | 15,482.69           | 41.63  | 18,941.65           | 0.4         | 17.2       |                 |          |               |
| 325                               | ROYAL CARIBBEAN CRUISES LTD    | 45.60     | 14,821.25           | 74.95  | 24,358.75           | 0.5         | 2.0        |                 |          |               |
| 1250                              | SONY CORP                      | 34.97     | 43,715.00           | 33.21  | 41,512.50           | 0.8         | 0.5        |                 |          |               |
|                                   |                                |           | <b>127,416.94</b>   |        | <b>144,153.90</b>   | <b>2.8</b>  | <b>4.1</b> |                 |          |               |
| Consumer Staples                  |                                |           |                     |        |                     |             |            |                 |          |               |
| 400                               | ANHEUSER-BUSCH INBEV           | 76.63     | 30,651.23           | 131.41 | 52,564.00           | 1.0         | 2.8        |                 |          |               |

**Portfolio Holdings**

| Quantity                          | Security                          | Unit Cost | Total Cost        | Price  | Market Value      | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|-----------------------------------|-----------------------------------|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
| 200                               | DIAGEO                            | 80.56     | 16,111.34         | 116.04 | 23,208.00         | 0.5         | 2.9        |                 |          |               |
| 593                               | KONINKLIJKE ADR                   | 21.73     | 12,886.70         | 22.65  | 13,431.45         | 0.3         | 2.7        |                 |          |               |
| 100                               | MARINE HARVEST ASA                | 13.44     | 1,344.33          | 17.92  | 1,792.00          | 0.0         | 8.5        |                 |          |               |
| 1100                              | UNILEVER NV                       | 27.86     | 30,643.97         | 46.10  | 50,710.00         | 1.0         | 3.0        |                 |          |               |
|                                   |                                   |           | <b>91,637.57</b>  |        | <b>141,705.45</b> | <b>2.8</b>  | <b>3.0</b> |                 |          |               |
| <b>Health Care</b>                |                                   |           |                   |        |                   |             |            |                 |          |               |
| 1050                              | GLAXO SMITHKLINE PLC              | 46.80     | 49,141.50         | 43.13  | 45,286.50         | 0.9         | 6.7        |                 |          |               |
| 255                               | SMITH & NEPHEW PLC                | 37.21     | 9,488.55          | 32.78  | 8,358.90          | 0.2         | 1.4        |                 |          |               |
|                                   |                                   |           | <b>58,630.05</b>  |        | <b>53,645.40</b>  | <b>1.1</b>  | <b>5.9</b> |                 |          |               |
| <b>Financials</b>                 |                                   |           |                   |        |                   |             |            |                 |          |               |
| 865                               | AEGON                             | 6.70      | 5,796.18          | 3.86   | 3,338.90          | 0.1         | 7.3        |                 |          |               |
| 717                               | CREDIT SUISSE GROUP               | 43.42     | 31,128.72         | 13.14  | 9,421.38          | 0.2         | 5.5        |                 |          |               |
| 480                               | DEUTSCHE BANK AG                  | 27.43     | 13,165.99         | 13.09  | 6,283.20          | 0.1         | 0.0        |                 |          |               |
| 1100                              | ING GROEP NV ADR                  | 20.76     | 22,834.99         | 12.34  | 13,574.00         | 0.3         | 3.6        |                 |          |               |
| 480                               | INVESCO LTD                       | 25.86     | 12,411.13         | 31.27  | 15,009.60         | 0.3         | 3.5        |                 |          |               |
| 280                               | PRUDENTIAL PLC-ADR                | 47.14     | 13,200.37         | 35.71  | 9,998.80          | 0.2         | 1.9        |                 |          |               |
| 1000                              | UBS GROUP AG                      | 14.52     | 14,516.86         | 13.62  | 13,620.00         | 0.3         | 11.7       |                 |          |               |
| 500                               | XL GROUP LTD                      | 54.60     | 27,298.89         | 33.63  | 16,815.00         | 0.3         | 2.4        |                 |          |               |
|                                   |                                   |           | <b>140,353.12</b> |        | <b>88,060.88</b>  | <b>1.7</b>  | <b>4.5</b> |                 |          |               |
| <b>Information Technology</b>     |                                   |           |                   |        |                   |             |            |                 |          |               |
| 30                                | BAIDU INC                         | 213.10    | 6,392.98          | 182.07 | 5,462.10          | 0.1         | 0.0        |                 |          |               |
| 750                               | HITACHI LIMITED                   | 56.49     | 42,367.00         | 46.72  | 35,043.75         | 0.7         | 2.0        |                 |          |               |
| 800                               | KYOCERA CORP ADR                  | 49.13     | 39,300.50         | 48.13  | 38,504.00         | 0.8         | 1.8        |                 |          |               |
| 455                               | SAP SE                            | 65.32     | 29,718.35         | 91.41  | 41,591.55         | 0.8         | 1.0        |                 |          |               |
| 2820                              | STMICROELECTRONICS NV-NY SHS      | 7.06      | 19,922.97         | 8.15   | 22,983.00         | 0.5         | 2.5        |                 |          |               |
|                                   |                                   |           | <b>137,701.80</b> |        | <b>143,584.40</b> | <b>2.8</b>  | <b>1.7</b> |                 |          |               |
| <b>Telecommunication Services</b> |                                   |           |                   |        |                   |             |            |                 |          |               |
| 1050                              | BRITISH TELECOMMUNICATIONS P      | 21.78     | 22,869.25         | 25.43  | 26,701.50         | 0.5         | 4.9        |                 |          |               |
| 500                               | NIPPON TELEGRAPH AND TELEPHONE CO | 44.98     | 22,487.51         | 45.81  | 22,905.00         | 0.5         | 2.3        |                 |          |               |
| 404                               | VODAFONE GROUP PLC SP ADR         | 27.69     | 11,185.67         | 29.15  | 11,776.60         | 0.2         | 5.7        |                 |          |               |
|                                   |                                   |           | <b>56,542.43</b>  |        | <b>61,383.10</b>  | <b>1.2</b>  | <b>4.1</b> |                 |          |               |
| <b>Utilities</b>                  |                                   |           |                   |        |                   |             |            |                 |          |               |

**Portfolio Holdings**

| Quantity                     | Security                  | Unit Cost | Total Cost        | Price  | Market Value      | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|------------------------------|---------------------------|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
| 100                          | NATIONAL GRID PLC         | 72.41     | 7,240.56          | 71.11  | 7,111.00          | 0.1         | 5.7        |                 |          |               |
|                              |                           |           | <b>816,296.83</b> |        | <b>816,523.08</b> | <b>16.1</b> | <b>3.3</b> |                 |          |               |
| <b>CORPORATE BONDS (USD)</b> |                           |           |                   |        |                   |             |            |                 |          |               |
| 11000                        | TORONTO-DOMINION BANK     | 99.98     | 10,998.02         | 100.01 | 11,000.66         | 0.2         | 1.4        | Aa1             | 1.450%   | 9/6/18        |
| 15000                        | TORONTO DOMINION          | 99.83     | 14,974.50         | 101.23 | 15,184.20         | 0.3         | 2.1        | Aa1             | 2.130%   | 4/7/21        |
| 10000                        | SUMITOMO MITSUI FINL GRP  | 100.00    | 10,000.00         | 99.14  | 9,913.70          | 0.2         | 2.1        | A1              | 2.060%   | 7/14/21       |
| 10000                        | BERKSHIRE HATHAWAY INC    | 107.65    | 10,765.40         | 109.55 | 10,955.20         | 0.2         | 3.4        | Aa2             | 3.750%   | 8/15/21       |
| 12000                        | BANK OF MONTREAL          | 99.81     | 11,977.32         | 99.58  | 11,949.96         | 0.2         | 1.9        | Aa3             | 1.900%   | 8/27/21       |
| 20000                        | THOMAS & BETTS CORP       | 115.91    | 23,183.00         | 117.40 | 23,480.00         | 0.5         | 4.8        | A2              | 5.630%   | 11/15/21      |
| 20000                        | OCCIDENTAL PETROLEUM CORP | 99.06     | 19,812.60         | 104.98 | 20,995.20         | 0.4         | 3.0        | A3              | 3.130%   | 2/15/22       |
| 30000                        | CONOCOPHILLIPS COMPANY    | 98.36     | 29,507.40         | 99.38  | 29,812.80         | 0.6         | 2.4        | Baa2            | 2.400%   | 12/15/22      |
| 40000                        | METLIFE INC               | 99.49     | 39,796.00         | 104.44 | 41,775.20         | 0.8         | 2.9        | A3              | 3.050%   | 12/15/22      |
| 40000                        | GENERAL ELEC CAP CORP     | 99.17     | 39,666.80         | 106.43 | 42,573.60         | 0.8         | 2.9        | A1              | 3.100%   | 1/9/23        |
| 38000                        | JPMORGAN CHASE & CO       | 99.30     | 37,732.86         | 104.53 | 39,720.64         | 0.8         | 3.1        | A3              | 3.200%   | 1/25/23       |
| 15000                        | ENTERGY MISSISSIPPI INC   | 97.82     | 14,672.40         | 103.20 | 15,480.45         | 0.3         | 3.0        | A3              | 3.100%   | 7/1/23        |
| 8000                         | BANK OF NY MELLON CORP    | 99.83     | 7,986.08          | 99.84  | 7,986.96          | 0.2         | 2.2        | A1              | 2.200%   | 8/16/23       |
| 45000                        | DOMINION GAS HLDGS LLC    | 101.73    | 45,780.30         | 105.03 | 47,261.70         | 0.9         | 3.4        | A2              | 3.550%   | 11/1/23       |
| 35000                        | CITIGROUP INC             | 130.67    | 45,736.25         | 131.76 | 46,115.65         | 0.9         | 6.0        | Baa1            | 7.880%   | 5/15/25       |
| 5000                         | EMERSON ELECTRIC CO       | 99.68     | 4,984.20          | 106.24 | 5,312.15          | 0.1         | 3.0        | A2              | 3.150%   | 6/1/25        |
| 5000                         | PRECISION CASTPARTS CORP  | 99.80     | 4,989.80          | 107.64 | 5,381.95          | 0.1         | 3.0        | A2              | 3.250%   | 6/15/25       |
| 35000                        | NORTHERN TRUST CORP       | 104.64    | 36,624.35         | 110.70 | 38,746.40         | 0.8         | 3.6        | A2              | 3.950%   | 10/30/25      |
| 7000                         | LOWE'S COS INC            | 99.54     | 6,968.08          | 100.53 | 7,037.24          | 0.1         | 2.5        | A3              | 2.500%   | 4/15/26       |
| 6000                         | TARGET CORP               | 99.99     | 5,999.46          | 102.23 | 6,134.04          | 0.1         | 2.4        | A2              | 2.500%   | 4/15/26       |
| 40000                        | WELLS FARGO & CO          | 105.20    | 42,080.00         | 106.57 | 42,630.00         | 0.8         | 3.8        | A3              | 4.100%   | 6/3/26        |
| 15000                        | SUMITOMO MITSUI FINL GRP  | 100.00    | 15,000.00         | 98.85  | 14,828.10         | 0.3         | 2.7        | A1              | 2.630%   | 7/14/26       |
| 10000                        | VERIZON COMMUNICATIONS    | 99.74     | 9,974.50          | 98.62  | 9,862.10          | 0.2         | 2.7        | Baa1            | 2.630%   | 8/15/26       |
| 12000                        | MICROSOFT CORP            | 99.61     | 11,953.56         | 101.84 | 12,220.32         | 0.2         | 3.4        | Aaa             | 3.450%   | 8/8/36        |
| 5000                         | SOUTHERN CAL EDISON       | 140.26    | 7,013.25          | 138.68 | 6,934.10          | 0.1         | 4.4        | Aa3             | 6.050%   | 3/15/39       |
| 10000                        | CONSOLIDATED EDISON CO    | 131.75    | 13,174.70         | 131.83 | 13,182.70         | 0.3         | 4.3        | A2              | 5.700%   | 6/15/40       |
| 30000                        | IBM CORP                  | 102.36    | 30,707.40         | 105.50 | 31,649.10         | 0.6         | 3.8        | Aa3             | 4.000%   | 6/20/42       |
| 15000                        | GENERAL ELECTRIC CO       | 115.55    | 17,332.50         | 115.79 | 17,368.80         | 0.3         | 3.9        | A1              | 4.500%   | 3/11/44       |
| 40000                        | DOMINION GAS HLDGS LLC    | 108.64    | 43,456.40         | 107.97 | 43,187.60         | 0.9         | 4.3        | A2              | 4.600%   | 12/15/44      |
| 3000                         | MANULIFE FINANCIAL CORP   | 99.64     | 2,989.35          | 119.60 | 3,588.00          | 0.1         | 4.5        | NR              | 5.380%   | 3/4/46        |
| 2000                         | DUKE ENERGY CAROLINAS     | 99.65     | 1,992.94          | 106.60 | 2,132.04          | 0.0         | 3.6        | Aa2             | 3.880%   | 3/15/46       |
| 11000                        | LOWE'S COS INC            | 99.44     | 10,938.84         | 103.52 | 11,387.75         | 0.2         | 3.6        | A3              | 3.700%   | 4/15/46       |
| 6000                         | TARGET CORP               | 99.42     | 5,965.20          | 103.68 | 6,220.92          | 0.1         | 3.5        | A2              | 3.630%   | 4/15/46       |

**Vero Beach Firemen's Relief & Pension Fund**

**Period Ending 9/30/2016**

***Portfolio Holdings***

| Quantity                               | Security                              | Unit Cost | Total Cost        | Price  | Market Value      | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|--|---------------------------------------|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
|  | Accrued Interest                      |           |                   |        |                   | 6,289.58    | 0.1        |                 |          |               |
|  |                                       |           | <b>634,733.46</b> |        | <b>658,298.81</b> | <b>13.0</b> | <b>3.5</b> |                 |          |               |
| <b>MUNICIPAL BONDS (USD)</b>           |                                       |           |                   |        |                   |             |            |                 |          |               |
| 30000                                  | FLORIDA ST HURRICANE CATASTROPHE FUND | 98.00     | 29,400.00         | 105.01 | 31,504.20         | 0.6         | 2.9        | Aa3             | 3.000%   | 7/1/20        |
| 10000                                  | NEW YORK NY GO                        | 111.97    | 11,196.60         | 111.18 | 11,118.40         | 0.2         | 5.1        | Aa2             | 5.680%   | 10/1/34       |
| 25000                                  | UTAH TRAN AUTH SALES TAX REV          | 100.00    | 25,000.00         | 141.09 | 35,271.75         | 0.7         | 4.2        | Aa2             | 5.940%   | 6/15/39       |
|  | Accrued Interest                      |           |                   |        | 937.26            | 0.0         |            |                 |          |               |
|  |                                       |           | <b>65,596.60</b>  |        | <b>78,831.61</b>  | <b>1.6</b>  | <b>3.8</b> |                 |          |               |
| <b>GOVERNMENT SPONSORED BOND (USD)</b> |                                       |           |                   |        |                   |             |            |                 |          |               |
| 6000                                   | FFCB                                  | 99.96     | 5,997.60          | 99.90  | 5,994.06          | 0.1         | 1.0        | Aaa             | 1.030%   | 7/13/18       |
| 10000                                  | INTER-AMERICAN DEVEL BK               | 99.70     | 9,970.00          | 99.92  | 9,992.30          | 0.2         | 1.0        | Aaa             | 1.000%   | 5/13/19       |
| 18000                                  | FFCB                                  | 99.87     | 17,976.60         | 99.76  | 17,957.16         | 0.4         | 1.6        | Aaa             | 1.620%   | 2/10/22       |
| 25000                                  | FFCB                                  | 100.00    | 25,000.00         | 99.76  | 24,939.50         | 0.5         | 2.1        | Aaa             | 2.070%   | 6/29/23       |
| 10000                                  | INTL FINANCE CORP                     | 104.67    | 10,466.70         | 102.97 | 10,296.70         | 0.2         | 2.1        | Aaa             | 2.130%   | 4/7/26        |
| 15000                                  | PROVINCE DE QUEBEC                    | 99.70     | 14,955.15         | 102.85 | 15,427.05         | 0.3         | 2.4        | Aaa             | 2.500%   | 4/20/26       |
| 20000                                  | MANITOBA (PROVINCE OF)                | 99.23     | 19,846.40         | 100.30 | 20,059.20         | 0.4         | 2.1        | Aaa             | 2.130%   | 6/22/26       |
| 25000                                  | FANNIE MAE                            | 135.66    | 33,914.31         | 148.31 | 37,078.00         | 0.7         | 3.8        | Aaa             | 5.630%   | 7/15/37       |
|  | Accrued Interest                      |           |                   |        | 908.65            | 0.0         |            |                 |          |               |
|  |                                       |           | <b>138,126.76</b> |        | <b>142,652.62</b> | <b>2.8</b>  | <b>2.4</b> |                 |          |               |
| <b>MORTGAGE POOLS (USD)</b>            |                                       |           |                   |        |                   |             |            |                 |          |               |
| 56.99                                  | GNJO M #584322                        | 102.77    | 58.57             | 100.02 | 57.00             | 0.0         | 5.5        | Aaa             | 5.500%   | 4/15/17       |
| 1330.78                                | FNCL M #254371                        | 102.06    | 1,358.14          | 101.11 | 1,345.49          | 0.0         | 5.4        | Aaa             | 5.500%   | 7/1/17        |
| 1287.28                                | FGCI #E01443                          | 105.41    | 1,356.87          | 101.50 | 1,306.54          | 0.0         | 3.4        | Aaa             | 3.500%   | 7/1/18        |
| 167.73                                 | FNCL N #725445                        | 98.43     | 165.09            | 102.91 | 172.61            | 0.0         | 4.4        | Aaa             | 4.500%   | 5/1/19        |
| 8093.93                                | FNCL N #805960                        | 98.43     | 7,966.53          | 103.59 | 8,384.17          | 0.2         | 4.3        | Aaa             | 4.500%   | 12/1/19       |
| 6019.65                                | FGCI N #G12323                        | 95.88     | 5,771.34          | 105.28 | 6,337.56          | 0.1         | 4.3        | Aaa             | 4.500%   | 8/1/21        |
| 9842.49                                | FN AD4398                             | 106.25    | 10,457.65         | 106.23 | 10,455.34         | 0.2         | 3.8        | Aaa             | 4.000%   | 6/1/25        |
| 12625.93                               | FG J34676                             | 105.50    | 13,320.36         | 105.49 | 13,319.37         | 0.3         | 2.8        | Aaa             | 3.000%   | 7/1/31        |
| 5498.88                                | GNSF M #582153                        | 102.88    | 5,657.41          | 115.83 | 6,369.25          | 0.1         | 5.2        | Aaa             | 6.000%   | 6/15/32       |
| 6527.81                                | FNCL #256394                          | 102.00    | 6,658.40          | 115.75 | 7,556.20          | 0.1         | 5.6        | Aaa             | 6.500%   | 9/1/36        |
| 6928.27                                | G2 POOL #4194                         | 106.12    | 7,352.63          | 111.19 | 7,703.64          | 0.2         | 4.9        | Aaa             | 5.500%   | 7/20/38       |
| 3351.47                                | G2 POOL #4195                         | 99.89     | 3,347.80          | 113.75 | 3,812.30          | 0.1         | 5.3        | Aaa             | 6.000%   | 7/20/38       |
| 19118.15                               | G2 POOL #4496                         | 109.58    | 20,949.31         | 109.46 | 20,927.65         | 0.4         | 4.6        | Aaa             | 5.000%   | 7/20/39       |
|  | Accrued Interest                      |           |                   |        | 282.19            | 0.0         |            |                 |          |               |

**Vero Beach Firemen's Relief & Pension Fund**

**Period Ending 9/30/2016**

***Portfolio Holdings***

| Quantity                             | Security                   | Unit Cost | Total Cost          | Price  | Market Value        | Pct. Assets  | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|--------------------------------------|----------------------------|-----------|---------------------|--------|---------------------|--------------|------------|-----------------|----------|---------------|
|                                      |                            |           | 84,420.10           |        | 88,029.31           | 1.7          | 4.4        |                 |          |               |
| <b>CERTIFICATES OF DEPOSIT (USD)</b> |                            |           |                     |        |                     |              |            |                 |          |               |
| 30000                                | GOLDMAN SACHS BANK USA     | 99.81     | 29,942.40           | 101.29 | 30,388.26           | 0.6          | 1.9        |                 | 1.950%   | 10/28/19      |
| 50000                                | AMERICAN EXPRESS CENTURION | 100.00    | 50,000.00           | 102.89 | 51,442.65           | 1.0          | 2.3        |                 | 2.350%   | 10/7/20       |
|                                      | Accrued Interest           |           |                     |        | 815.00              | 0.0          |            |                 |          |               |
|                                      |                            |           | <b>79,942.40</b>    |        | <b>82,645.91</b>    | <b>1.6</b>   | <b>2.2</b> |                 |          |               |
|                                      |                            |           | <b>4,836,695.31</b> |        | <b>5,063,648.84</b> | <b>100.0</b> | <b>2.8</b> |                 |          |               |
| <b>TOTAL PORTFOLIO</b>               |                            |           | <b>4,836,695.31</b> |        | <b>5,063,648.84</b> | <b>100.0</b> | <b>2.8</b> |                 |          |               |

***Purchases***

| <b>Trade Date</b>       | <b>Settle Date</b> | <b>Quantity</b> | <b>Security</b>                                 | <b>Unit Price</b> | <b>Amount</b> | <b>Comm/Share</b> | <b>Commission</b> |
|-------------------------|--------------------|-----------------|---|-------------------|---------------|-------------------|-------------------|
| <b>BAC</b>              |                    |                 |   |                   |               |                   |                   |
| 8/8/16                  | 8/15/16            | 7,000.00        | BERKSHIRE HATHAWAY FIN<br>1.300% Due 08-15-19   | 99.90             | 6,993.21      | 0.00              | 0.00              |
| 7/27/16                 | 8/1/16             | 10,000.00       | VERIZON COMMUNICATIONS<br>2.625% Due 08-15-26   | 99.74             | 9,974.50      | 0.00              | 0.00              |
|                         |                    |                 |   |                   | 16,967.71     | 0.00              | 0.00              |
| <b>BANK OF MONTREAL</b> |                    |                 |   |                   |               |                   |                   |
| 8/24/16                 | 8/29/16            | 12,000.00       | BANK OF MONTREAL<br>1.900% Due 08-27-21         | 99.81             | 11,977.32     | 0.00              | 0.00              |
| <b>CITI BB</b>          |                    |                 |   |                   |               |                   |                   |
| 8/12/16                 | 8/15/16            | 18,000.00       | FFCB<br>1.620% Due 02-10-22                     | 99.87             | 17,976.60     | 0.00              | 0.00              |
| <b>GS</b>               |                    |                 |   |                   |               |                   |                   |
| 8/9/16                  | 8/16/16            | 8,000.00        | BANK OF NY MELLON CORP<br>2.200% Due 08-16-23   | 99.83             | 7,986.08      | 0.00              | 0.00              |
| 9/21/16                 | 9/26/16            | 9,842.49        | FN AD4398<br>4.000% Due 06-01-25                | 106.25            | 10,457.65     | 0.00              | 0.00              |
| 9/22/16                 | 9/27/16            | 80,000.00       | GOLDMAN SACHS GROUP INC<br>2.241% Due 11-15-21  | 100.00            | 80,000.00     | 0.00              | 0.00              |
| 7/7/16                  | 7/14/16            | 10,000.00       | SUMITOMO MITSUI FINL GRP<br>2.058% Due 07-14-21 | 100.00            | 10,000.00     | 0.00              | 0.00              |
| 7/7/16                  | 7/14/16            | 15,000.00       | SUMITOMO MITSUI FINL GRP<br>2.632% Due 07-14-26 | 100.00            | 15,000.00     | 0.00              | 0.00              |
|                         |                    |                 |   |                   | 123,443.73    | 0.00              | 0.00              |
| <b>INSTINET</b>         |                    |                 |   |                   |               |                   |                   |
| 7/20/16                 | 7/25/16            | 300.00          | AETNA INC                                       | 116.38            | 34,913.58     | 0.05              | 15.00             |
| 9/28/16                 | 10/3/16            | 400.00          | OMEGA HEALTHCARE INVESTORS INC                  | 36.53             | 14,613.96     | 0.05              | 20.00             |
|                         |                    |                 |   |                   | 49,527.54     | 0.05              | 35.00             |
| <b>JNK SEC</b>          |                    |                 |   |                   |               |                   |                   |
| 7/12/16                 | 7/15/16            | 600.00          | AMSURG CORP                                     | 80.21             | 48,124.80     | 0.02              | 12.00             |
| <b>Jones Trading</b>    |                    |                 |   |                   |               |                   |                   |

**Purchases**

| Trade Date                       | Settle Date | Quantity  | Security                                      | Unit Price | Amount            | Comm/Share  | Commission   |
|----------------------------------|-------------|-----------|---|------------|-------------------|-------------|--------------|
| 7/1/16                           | 7/7/16      | 500.00    | EATON CORPORATION PLC                         | 60.16      | 30,080.50         | 0.04        | 20.00        |
| 9/8/16                           | 9/13/16     | 400.00    | EOG RESOURCES INC                             | 95.49      | 38,194.40         | 0.04        | 16.00        |
| 9/1/16                           | 9/7/16      | 500.00    | JETBLUE AIRWAYS CORP                          | 15.83      | 7,912.75          | 0.04        | 20.00        |
| 9/23/16                          | 9/28/16     | 450.00    | OMEGA HEALTHCARE INVESTORS INC                | 36.24      | 16,306.65         | 0.04        | 18.00        |
| 9/2/16                           | 9/8/16      | 550.00    | PROLOGIS                                      | 53.80      | 29,588.96         | 0.04        | 22.00        |
|                                  |             |           |   |            | <b>122,083.26</b> | <b>0.04</b> | <b>96.00</b> |
| <b>KNIGHT</b>                    |             |           |   |            |                   |             |              |
| 6/30/16                          | 7/6/16      | 100.00    | ANHEUSER-BUSCH INBEV                          | 131.75     | 13,175.00         | 0.01        | 1.00         |
| 6/30/16                          | 7/6/16      | 200.00    | ARCELORMITTAL                                 | 4.61       | 922.00            | 0.01        | 2.00         |
| 7/5/16                           | 7/8/16      | 300.00    | AT&T INC                                      | 43.68      | 13,103.58         | 0.01        | 3.00         |
| 6/30/16                          | 7/6/16      | 100.00    | BP PLC  | 35.52      | 3,552.00          | 0.01        | 1.00         |
| 6/30/16                          | 7/6/16      | 200.00    | CITIGROUP INC                                 | 42.45      | 8,490.12          | 0.01        | 2.00         |
| 6/30/16                          | 7/6/16      | 100.00    | CREDIT SUISSE GROUP                           | 10.71      | 1,071.00          | 0.01        | 1.00         |
| 6/30/16                          | 7/6/16      | 200.00    | DAIMLER AG                                    | 60.00      | 12,000.00         | 0.01        | 2.00         |
| 6/30/16                          | 7/6/16      | 500.00    | GLAXO SMITHKLINE PLC                          | 43.26      | 21,630.00         | 0.01        | 5.00         |
| 6/30/16                          | 7/6/16      | 300.00    | HITACHI LIMITED                               | 41.64      | 12,492.00         | 0.01        | 3.00         |
| 6/30/16                          | 7/6/16      | 300.00    | HONDA MOTOR CO LTD                            | 25.34      | 7,602.00          | 0.01        | 3.00         |
| 6/30/16                          | 7/6/16      | 500.00    | ING GROEP NV ADR                              | 10.32      | 5,160.00          | 0.01        | 5.00         |
| 6/30/16                          | 7/6/16      | 400.00    | KONINKLIJKE PHILIPS NV                        | 24.89      | 9,956.00          | 0.01        | 4.00         |
| 6/30/16                          | 7/6/16      | 300.00    | KYOCERA CORP ADR                              | 47.60      | 14,280.00         | 0.01        | 3.00         |
| 6/30/16                          | 7/6/16      | 200.00    | NIPPON TELEGRAPH AND TELEPHONE CO             | 47.11      | 9,422.00          | 0.01        | 2.00         |
| 6/30/16                          | 7/6/16      | 300.00    | PETROLEO BRASILEIRO S.A. ADR                  | 7.15       | 2,145.00          | 0.01        | 3.00         |
| 7/12/16                          | 7/15/16     | 200.00    | PFIZER INC                                    | 36.19      | 7,237.56          | 0.01        | 2.00         |
| 6/30/16                          | 7/6/16      | 100.00    | SAP SE  | 74.92      | 7,492.00          | 0.01        | 1.00         |
| 6/30/16                          | 7/6/16      | 100.00    | SIEMENS SPONSORED ADR                         | 102.91     | 10,291.00         | 0.01        | 1.00         |
| 6/30/16                          | 7/6/16      | 500.00    | SONY CORP                                     | 29.31      | 14,654.50         | 0.01        | 5.00         |
| 6/30/16                          | 7/6/16      | 500.00    | STMICROELECTRONICS NV-NY SHS                  | 5.86       | 2,930.00          | 0.01        | 5.00         |
| 6/30/16                          | 7/6/16      | 300.00    | TENARIS SA-ADR                                | 28.83      | 8,649.00          | 0.01        | 3.00         |
| 6/30/16                          | 7/6/16      | 100.00    | UBS GROUP AG                                  | 12.90      | 1,290.00          | 0.01        | 1.00         |
| 6/30/16                          | 7/6/16      | 100.00    | VODAFONE GROUP PLC SP ADR                     | 30.78      | 3,078.00          | 0.01        | 1.00         |
| 6/30/16                          | 7/6/16      | 200.00    | XL GROUP LTD                                  | 33.11      | 6,622.00          | 0.01        | 2.00         |
|                                  |             |           |   |            | <b>197,244.76</b> | <b>0.01</b> | <b>61.00</b> |
| <b>MARKET AXESS MARKET AXESS</b> |             |           |   |            |                   |             |              |
| 7/5/16                           | 7/8/16      | 10,000.00 | CONSOLIDATED EDISON CO<br>5.700% Due 06-15-40 | 131.75     | 13,174.70         | 0.00        | 0.00         |

***Purchases***

| <b>Trade Date</b>               | <b>Settle Date</b> | <b>Quantity</b> | <b>Security</b>                              | <b>Unit Price</b> | <b>Amount</b>     | <b>Comm/Share</b> | <b>Commission</b> |
|---------------------------------|--------------------|-----------------|--|-------------------|-------------------|-------------------|-------------------|
| 8/29/16                         | 9/1/16             | 5,000.00        | SOUTHERN CAL EDISON<br>6.050% Due 03-15-39   | 140.26            | 7,013.25          | 0.00              | 0.00              |
|                                 |                    |                 |  |                   | <b>20,187.95</b>  | <b>0.00</b>       | <b>0.00</b>       |
| <b>MISCHLER FINANCIAL GROUP</b> |                    |                 |  |                   |                   |                   |                   |
| 8/1/16                          | 8/8/16             | 12,000.00       | MICROSOFT CORP<br>3.450% Due 08-08-36        | 99.61             | 11,953.56         | 0.00              | 0.00              |
| <b>TD SECS</b>                  |                    |                 |  |                   |                   |                   |                   |
| 7/6/16                          | 7/13/16            | 10,000.00       | INTL FINANCE CORP<br>2.125% Due 04-07-26     | 104.67            | 10,466.70         | 0.00              | 0.00              |
| 8/29/16                         | 9/6/16             | 11,000.00       | TORONTO-DOMINION BANK<br>1.450% Due 09-06-18 | 99.98             | 10,998.02         | 0.00              | 0.00              |
|                                 |                    |                 |  |                   | <b>21,464.72</b>  | <b>0.00</b>       | <b>0.00</b>       |
| <b>WELLS FARGO</b>              |                    |                 |  |                   |                   |                   |                   |
| 8/26/16                         | 9/19/16            | 12,625.93       | FG J34676<br>3.000% Due 07-01-31             | 105.50            | 13,320.36         | 0.00              | 0.00              |
| <b>PURCHASES SUBTOTAL</b>       |                    |                 |  |                   | <b>654,272.31</b> | <b>0.00</b>       | <b>204.00</b>     |
|                                 |                    |                 |  |                   |                   | <b>0.00</b>       | <b>204.00</b>     |

**Vero Beach Firemen's Relief & Pension Fund**

**Period Ending 9/30/2016**

***Sales***

| Trade Date            | Settle Date | Quantity  | Security  | Unit Price | Amount            | Comm/Share  | Commission   |
|-----------------------|-------------|-----------|---|------------|-------------------|-------------|--------------|
| 9/8/16                | 9/8/16      | 1,800.00  | EMC CORP-MASS   | 24.05      | 43,290.00         |             |              |
| 8/8/16                | 8/8/16      | 40,000.00 | FANNIE MAE<br>1.000% Due 08-08-18                         | 100.00     | 40,000.00         |             |              |
| 7/21/16               | 7/21/16     | 17,000.00 | FFCB<br>2.625% Due 07-21-22                               | 100.00     | 17,000.00         |             |              |
| 9/7/16                | 9/7/16      | 25,000.00 | FHLB<br>1.875% Due 06-07-21                               | 100.00     | 25,000.00         |             |              |
| 9/14/16               | 9/14/16     | 17,000.00 | FNMA - STEP<br>1.500% Due 12-14-21                        | 100.00     | 17,000.00         |             |              |
| 7/1/16                | 7/1/16      | 31,000.00 | MASSACHUSETTS ST EDUCTNL FING AUTH<br>4.700% Due 01-01-33 | 100.00     | 31,000.00         |             |              |
|                       |             |           |   |            | <b>173,290.00</b> | <b>0.00</b> | <b>0.00</b>  |
| 1/0/00                | 8/29/16     | 0.75      | KONINKLIJKE ADR   | 24.01      | 18.01             | 0.00        | 0.00         |
| <b>BAC</b>            | 8/12/16     | 10,000.00 | SOUTHERN CAL EDISON<br>2.400% Due 02-01-22                | 103.35     | 10,334.70         | 0.00        | 0.00         |
| <b>CITI BB</b>        | 8/2/16      | 4,000.00  | US TREASURY<br>3.000% Due 05-15-45                        | 114.89     | 4,595.63          | 0.00        | 0.00         |
|                       | 8/2/16      | 20,000.00 | US TREASURY N/B<br>2.500% Due 02-15-45                    | 104.11     | 20,821.88         | 0.00        | 0.00         |
|                       |             |           |   |            | <b>25,417.51</b>  | <b>0.00</b> | <b>0.00</b>  |
| <b>FBN SECURITIES</b> | 9/2/16      | 600.00    | METLIFE INC   | 43.20      | 25,921.23         | 0.02        | 12.00        |
|                       | 9/2/16      | 100.00    | METLIFE INC   | 43.20      | 4,320.21          | 0.02        | 2.00         |
|                       |             |           |   |            | <b>30,241.44</b>  | <b>0.02</b> | <b>14.00</b> |
| <b>JNK SEC</b>        | 8/8/16      | 200.00    | PINNACLE WEST CAPITAL                                     | 77.77      | 15,554.38         | 0.02        | 4.00         |
| <b>Jones Trading</b>  |             |           |   |            |                   |             |              |

**Sales**

| Trade Date                       | Settle Date | Quantity  | Security   | Unit Price | Amount            | Comm/Share  | Commission   |
|----------------------------------|-------------|-----------|--|------------|-------------------|-------------|--------------|
| 7/19/16                          | 7/22/16     | 200.00    | ANTHEM INC                                       | 130.89     | 26,178.16         | 0.04        | 8.00         |
| 7/28/16                          | 8/2/16      | 300.00    | CVS CORPORATION                                  | 93.13      | 27,937.97         | 0.04        | 12.00        |
| 7/5/16                           | 7/8/16      | 200.00    | DOLLAR GENERAL CORP                              | 93.63      | 18,725.55         | 0.04        | 8.00         |
|                                  |             |           |  |            | <b>72,841.68</b>  | <b>0.04</b> | <b>28.00</b> |
| <b>KNIGHT</b>                    |             |           |  |            |                   |             |              |
| 6/30/16                          | 7/6/16      | 700.00    | AKZO N V SPONSORED ADR                           | 21.03      | 14,720.67         | 0.01        | 7.00         |
| 7/19/16                          | 7/22/16     | 220.00    | ATMOS ENERGY CORP                                | 79.85      | 17,566.15         | 0.01        | 2.20         |
| 6/30/16                          | 7/6/16      | 38.65     | INTERCONTINENTAL HOTELS ADR                      | 37.37      | 1,444.43          | 0.01        | 0.39         |
| 6/30/16                          | 7/6/16      | 61.35     | INTERCONTINENTAL HOTELS ADR                      | 37.37      | 2,292.48          | 0.01        | 0.61         |
| 6/30/16                          | 7/6/16      | 400.00    | iSHARES MSCI EMERGING MKT IN                     | 34.32      | 13,727.70         | 0.01        | 4.00         |
| 6/30/16                          | 7/6/16      | 150.00    | L.M. ERICSSON SPONSORED ADR                      | 7.65       | 1,147.47          | 0.01        | 1.50         |
| 6/30/16                          | 7/6/16      | 300.00    | L.M. ERICSSON SPONSORED ADR                      | 7.65       | 2,294.95          | 0.01        | 3.00         |
| 6/30/16                          | 7/6/16      | 50.00     | L.M. ERICSSON SPONSORED ADR                      | 7.65       | 382.49            | 0.01        | 0.50         |
| 6/30/16                          | 7/6/16      | 500.00    | L.M. ERICSSON SPONSORED ADR                      | 7.65       | 3,824.92          | 0.01        | 5.00         |
| 6/30/16                          | 7/6/16      | 600.00    | MSCI EAFE INDEX                                  | 55.69      | 33,413.27         | 0.01        | 6.00         |
| 6/30/16                          | 7/6/16      | 80.00     | NATIONAL GRID PLC                                | 74.04      | 5,923.06          | 0.01        | 0.80         |
| 6/30/16                          | 7/6/16      | 20.00     | NATIONAL GRID PLC                                | 74.04      | 1,480.77          | 0.01        | 0.20         |
| 6/30/16                          | 7/6/16      | 400.00    | NEWS CORP - CLASS B                              | 11.64      | 4,655.89          | 0.01        | 4.00         |
|                                  |             |           |  |            | <b>102,874.25</b> | <b>0.01</b> | <b>35.20</b> |
| <b>MARKET AXESS MARKET AXESS</b> |             |           |  |            |                   |             |              |
| 8/8/16                           | 8/11/16     | 15,000.00 | GENERAL ELECTRIC CO<br>4.500% Due 03-11-44       | 117.30     | 17,595.30         | 0.00        | 0.00         |
| 9/7/16                           | 9/12/16     | 20,000.00 | OCCIDENTAL PETROLEUM CORP<br>3.125% Due 02-15-22 | 105.52     | 21,104.20         | 0.00        | 0.00         |
|                                  |             |           |  |            | <b>38,699.50</b>  | <b>0.00</b> | <b>0.00</b>  |
| <b>Reynolds Securities</b>       |             |           |  |            |                   |             |              |
| 9/8/16                           | 9/13/16     | 366.00    | KRAFT HEINZ COMPANY                              | 89.07      | 32,601.34         | 0.02        | 7.32         |
| 9/8/16                           | 9/13/16     | 100.00    | KRAFT HEINZ COMPANY                              | 89.07      | 8,907.45          | 0.02        | 2.00         |
|                                  |             |           |  |            | <b>41,508.79</b>  | <b>0.02</b> | <b>9.32</b>  |
| <b>STIFEL</b>                    |             |           |  |            |                   |             |              |
| 9/22/16                          | 9/27/16     | 80,000.00 | GOLDMAN SACHS GROUP INC<br>2.241% Due 11-15-21   | 100.16     | 80,125.60         | 0.00        | 0.00         |

**Sales**

| Trade Date                | Settle Date | Quantity  | Security                                       | Unit Price | Amount     | Comm/Share | Commission |
|---------------------------|-------------|-----------|--|------------|------------|------------|------------|
| <b>STIFEL BB</b>          |             |           |  |            |            |            |            |
| 8/10/16                   | 8/15/16     | 7,000.00  | BERKSHIRE HATHAWAY FIN<br>1.300% Due 08-15-19  | 100.21     | 7,014.98   | 0.00       | 0.00       |
| <b>TD SECS</b>            |             |           |  |            |            |            |            |
| 7/28/16                   | 8/2/16      | 10,000.00 | AMERICAN EXPRESS CREDIT<br>1.125% Due 06-05-17 | 100.07     | 10,006.90  | 0.00       | 0.00       |
| 7/6/16                    | 7/7/16      | 7,000.00  | US TREASURY<br>2.250% Due 11-15-25             | 107.73     | 7,541.41   | 0.00       | 0.00       |
| 7/6/16                    | 7/7/16      | 7,000.00  | US TREASURY<br>2.250% Due 11-15-25             | 107.73     | 7,541.41   | 0.00       | 0.00       |
|                           |             |           |  |            | -----      | -----      | -----      |
|                           |             |           |  |            | 25,089.72  | 0.00       | 0.00       |
| <b>SALES SUBTOTAL</b>     |             |           |  |            | -----      | -----      | -----      |
|                           |             |           |  |            | 623,010.56 | 0.00       | 90.52      |
|                           |             |           |  |            | -----      | -----      | -----      |
|                           |             |           |  |            |            | 0.00       | 90.52      |
| <b>PRINCIPAL PAYDOWNS</b> |             |           |  |            |            |            |            |
| <b>Not Classified</b>     |             |           |  |            |            |            |            |
| 7/15/16                   | 7/15/16     | 66.43     | FGCI #E01443<br>3.500% Due 07-01-18            | 100.00     | 66.43      |            |            |
| 8/15/16                   | 8/15/16     | 65.13     | FGCI #E01443<br>3.500% Due 07-01-18            | 100.00     | 65.13      |            |            |
| 9/15/16                   | 9/15/16     | 65.38     | FGCI #E01443<br>3.500% Due 07-01-18            | 100.00     | 65.38      |            |            |
| 7/15/16                   | 7/15/16     | 208.70    | FGCI N #G12323<br>4.500% Due 08-01-21          | 100.00     | 208.70     |            |            |
| 8/15/16                   | 8/15/16     | 183.06    | FGCI N #G12323<br>4.500% Due 08-01-21          | 100.00     | 183.06     |            |            |
| 9/15/16                   | 9/15/16     | 176.61    | FGCI N #G12323<br>4.500% Due 08-01-21          | 100.00     | 176.61     |            |            |
| 7/25/16                   | 7/25/16     | 181.27    | FNCI M #254371<br>5.500% Due 07-01-17          | 100.00     | 181.27     |            |            |
| 8/25/16                   | 8/25/16     | 214.87    | FNCI M #254371<br>5.500% Due 07-01-17          | 100.00     | 214.87     |            |            |
| 9/25/16                   | 9/25/16     | 177.86    | FNCI M #254371<br>5.500% Due 07-01-17          | 100.00     | 177.86     |            |            |
| 7/25/16                   | 7/25/16     | 9.69      | FNCI N #725445<br>4.500% Due 05-01-19          | 100.00     | 9.69       |            |            |

***Sales***

| Trade Date | Settle Date | Quantity | Security                              | Unit Price | Amount | Comm/Share | Commission |
|------------|-------------|----------|---------------------------------------|------------|--------|------------|------------|
| 8/25/16    | 8/25/16     | 9.76     | FNCI N #725445<br>4.500% Due 05-01-19 | 100.00     | 9.76   |            |            |
| 9/25/16    | 9/25/16     | 10.17    | FNCI N #725445<br>4.500% Due 05-01-19 | 100.00     | 10.17  |            |            |
| 7/25/16    | 7/25/16     | 545.42   | FNCI N #805960<br>4.500% Due 12-01-19 | 100.00     | 545.42 |            |            |
| 8/25/16    | 8/25/16     | 493.47   | FNCI N #805960<br>4.500% Due 12-01-19 | 100.00     | 493.47 |            |            |
| 9/25/16    | 9/25/16     | 273.99   | FNCI N #805960<br>4.500% Due 12-01-19 | 100.00     | 273.99 |            |            |
| 7/25/16    | 7/25/16     | 349.39   | FNCL #256394<br>6.500% Due 09-01-36   | 100.00     | 349.39 |            |            |
| 8/25/16    | 8/25/16     | 104.94   | FNCL #256394<br>6.500% Due 09-01-36   | 100.00     | 104.94 |            |            |
| 9/25/16    | 9/25/16     | 254.80   | FNCL #256394<br>6.500% Due 09-01-36   | 100.00     | 254.80 |            |            |
| 7/20/16    | 7/20/16     | 236.49   | G2 POOL #4194<br>5.500% Due 07-20-38  | 100.00     | 236.49 |            |            |
| 8/20/16    | 8/20/16     | 164.24   | G2 POOL #4194<br>5.500% Due 07-20-38  | 100.00     | 164.24 |            |            |
| 9/20/16    | 9/20/16     | 210.36   | G2 POOL #4194<br>5.500% Due 07-20-38  | 100.00     | 210.36 |            |            |
| 7/20/16    | 7/20/16     | 93.91    | G2 POOL #4195<br>6.000% Due 07-20-38  | 100.00     | 93.91  |            |            |
| 8/20/16    | 8/20/16     | 90.01    | G2 POOL #4195<br>6.000% Due 07-20-38  | 100.00     | 90.01  |            |            |
| 9/20/16    | 9/20/16     | 75.80    | G2 POOL #4195<br>6.000% Due 07-20-38  | 100.00     | 75.80  |            |            |
| 7/20/16    | 7/20/16     | 496.70   | G2 POOL #4496<br>5.000% Due 07-20-39  | 100.00     | 496.70 |            |            |
| 8/20/16    | 8/20/16     | 518.25   | G2 POOL #4496<br>5.000% Due 07-20-39  | 100.00     | 518.25 |            |            |
| 9/20/16    | 9/20/16     | 507.22   | G2 POOL #4496<br>5.000% Due 07-20-39  | 100.00     | 507.22 |            |            |
| 7/15/16    | 7/15/16     | 15.05    | GNJO M #584322<br>5.500% Due 04-15-17 | 100.00     | 15.05  |            |            |
| 8/15/16    | 8/15/16     | 15.12    | GNJO M #584322                        | 100.00     | 15.12  |            |            |

***Sales***

| Trade Date                         | Settle Date | Quantity | Security            | Unit Price | Amount          | Comm/Share  | Commission    |
|------------------------------------|-------------|----------|---------------------|------------|-----------------|-------------|---------------|
|                                    |             |          | 5.500% Due 04-15-17 |            |                 |             |               |
| 9/15/16                            | 9/15/16     | 15.20    | GNJO M #584322      | 100.00     | 15.20           |             |               |
|                                    |             |          | 5.500% Due 04-15-17 |            |                 |             |               |
| 7/15/16                            | 7/15/16     | 28.21    | GNSF M #582153      | 100.00     | 28.21           |             |               |
|                                    |             |          | 6.000% Due 06-15-32 |            |                 |             |               |
| 8/15/16                            | 8/15/16     | 24.62    | GNSF M #582153      | 100.00     | 24.62           |             |               |
|                                    |             |          | 6.000% Due 06-15-32 |            |                 |             |               |
| 9/15/16                            | 9/15/16     | 31.89    | GNSF M #582153      | 100.00     | 31.89           |             |               |
|                                    |             |          | 6.000% Due 06-15-32 |            |                 |             |               |
| <b>PRINCIPAL PAYDOWNS SUBTOTAL</b> |             |          |                     |            | <b>5,914.01</b> | <b>0.00</b> | <b>0.00</b>   |
|                                    |             |          |                     |            | <b>5,914.01</b> | <b>0.00</b> | <b>0.00</b>   |
| <b>TOTAL PORTFOLIO</b>             |             |          |                     |            |                 | <b>0.00</b> | <b>294.52</b> |



# Vero Beach Firefighters' Pension Plan

Investment Performance Review  
3rd Quarter 2016



THE  
**BOGDAHN**  
**GROUP.**

*simplifying your investment and fiduciary decisions*



I am delighted to announce that we will be rebranding our firm early next year to reflect our enduring commitment to true independence and our firm's desire to always put our clients first.

In September of 2000, our founder, Joe Bogdahn, started Bogdahn Consulting, LLC. In an industry dominated by brokerage firms and conflicted service models, he realized early on that only true independence would provide the platform for an institutional consulting firm to offer objective advice and guide clients through an increasingly challenging world. Joe shared his vision with me soon thereafter; I quickly appreciated the power of the independent model and our shared desire to put the client first in every aspect of our business dealings.

As the firm has evolved and grown over the past 16 years, and as we have recruited talented employees and businesses from around the country, this foundation remains the bedrock of what we do and think about every day – always putting our clients' interests first. We are very proud of the service culture we created and continue to foster within our firm.

As an important milestone, we recently transitioned the majority ownership of the firm from our founder to the next generation of leaders. We believe this was a very important step in solidifying our business and ensuring we can continue to serve clients without interruption or disruption in our core servicing philosophy of "clients first". Our employees continue to exemplify a relentless pursuit of serving our clients within an independent structure every day.

The timing of this rebrand corresponds with the expansion of employee ownership and participation, as well as our collective passion of putting clients first in everything we do. While the change will occur early in 2017, we wanted to share this exciting news with you as early as possible. Until then, please contact your consulting team to keep you up to date with developments along the way.

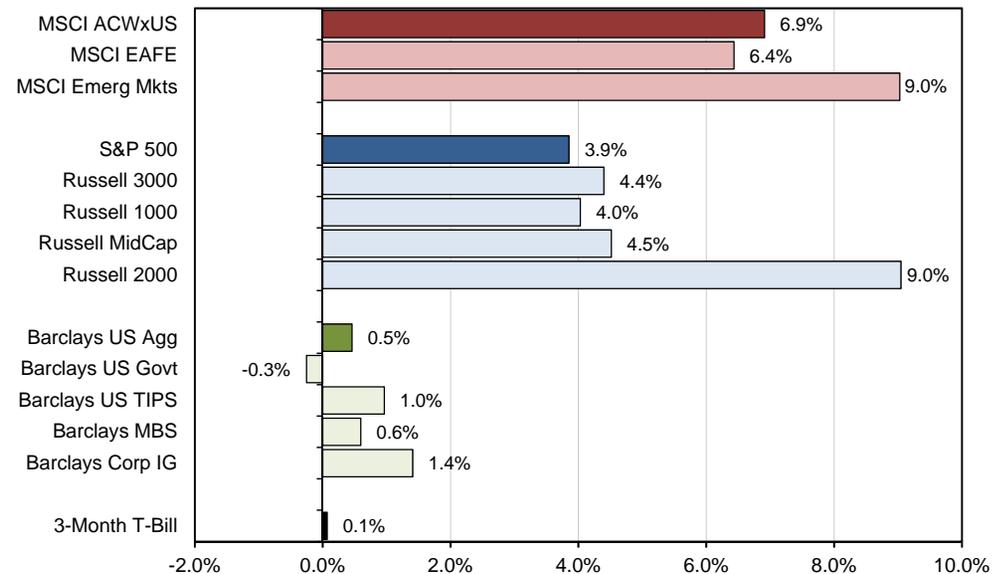
We appreciate your business and the opportunity to serve you. Here, our clients will always be first.

Sincerely,

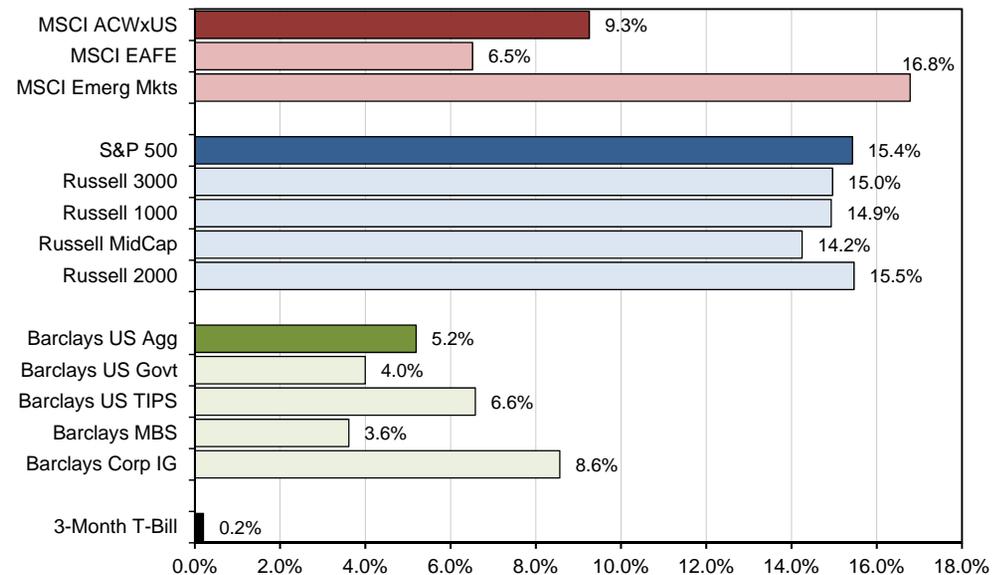
Mike Welker  
President/CEO

- Asset class returns were broadly positive for the 3rd quarter as global markets continued to rebound from the late June shock caused by the U.K.'s decision to leave the European Union. Investment returns also benefited from continued expansionary global central bank policies as well as general improvement in economic data. Domestic and international equity, particularly small cap and emerging markets, easily outperformed bonds as investor sentiment shifted once again to a "risk-on" posture. Returns for the trailing twelve months illustrated a similar pattern with higher risk assets generally outperforming defensive investments.
- Equity market indices were positive for the 3rd quarter and the 1-year period. Domestic stock market returns represented by the Russell 3000 Index have been solid, returning 4.4% for the 3rd quarter and 15.0% over the trailing year. Within domestic stocks, the small cap index doubled the performance of other domestic indices with a return of 9.0% for the quarter. This strong outperformance for the quarter also elevated the small cap benchmark marginally past the return of domestic equity indices for the 1-year period. Similar to domestic equity results, international equity indices also yielded robust performance for the 3rd quarter. In U.S. Dollar (USD) terms, the MSCI ACWI ex U.S. Index (net) appreciated 6.9% for the quarter and 9.3% over the last year. The Emerging market index posted its third straight quarter of outperformance relative to developed market MSCI-EAFE Index (net). The MSCI Emerging Market Index (net) posted returns of 9.0% and 16.8%, respective, for the 3rd quarter and 1-year period versus returns of 6.4% and 6.5% for the MSCI EAFE Index (net).
- Despite a brief drop in yields at the start of the 3rd quarter, the U.S. Treasury yield curve moved higher as interest rates rose moderately across the maturity spectrum. This upward shift in the yield curve caused U.S. Government bonds to post negative returns for the quarter. In contrast, the investment grade corporate and mortgage-backed bond components of the Aggregate benchmark managed to post positive performance for the quarter. Investment grade corporate issues benefited from increased demand for yield, which led to tightening credit spreads throughout the quarter, particularly in lower credit quality issues.

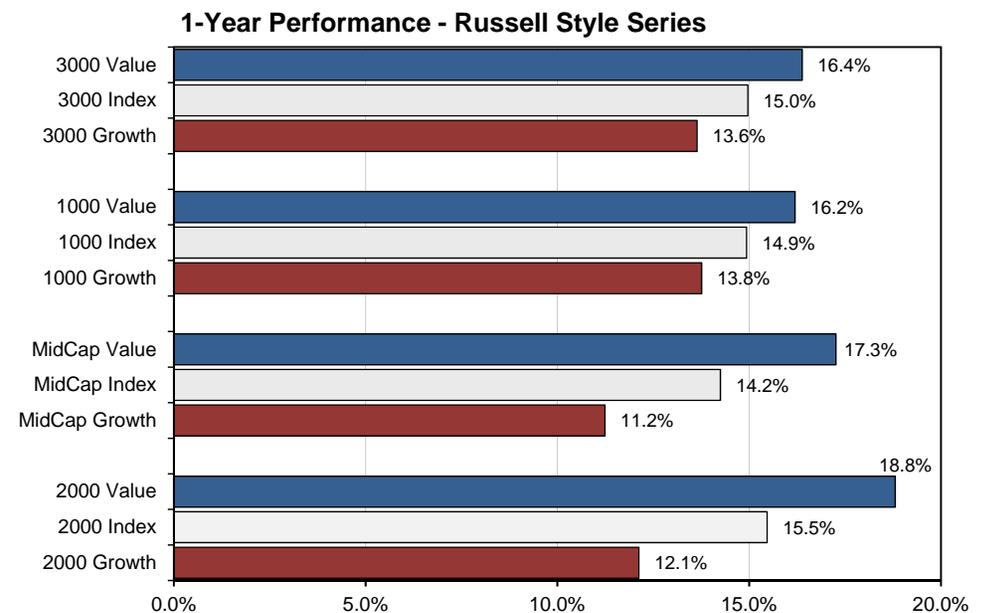
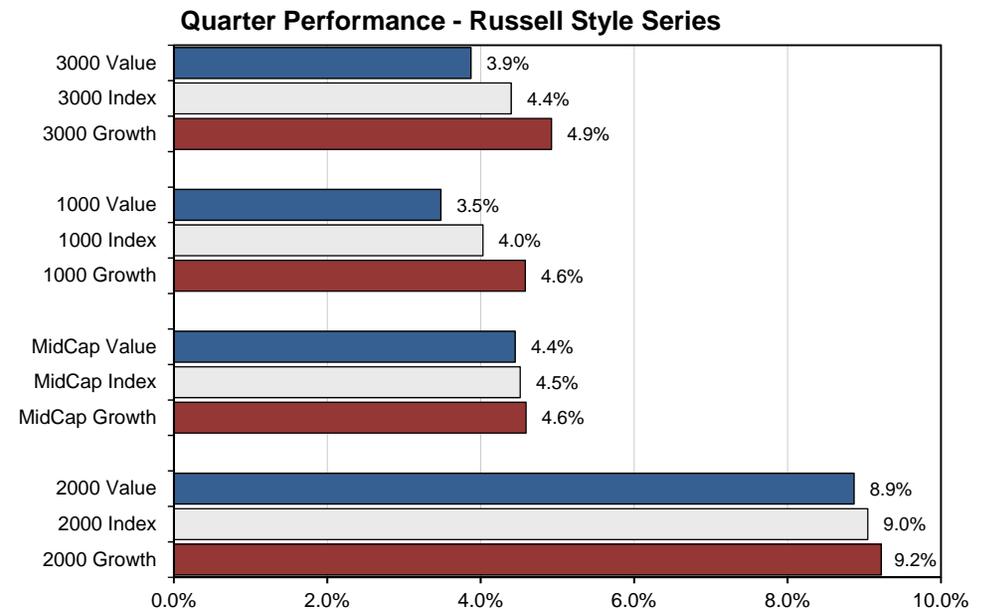
### Quarter Performance



### 1-Year Performance



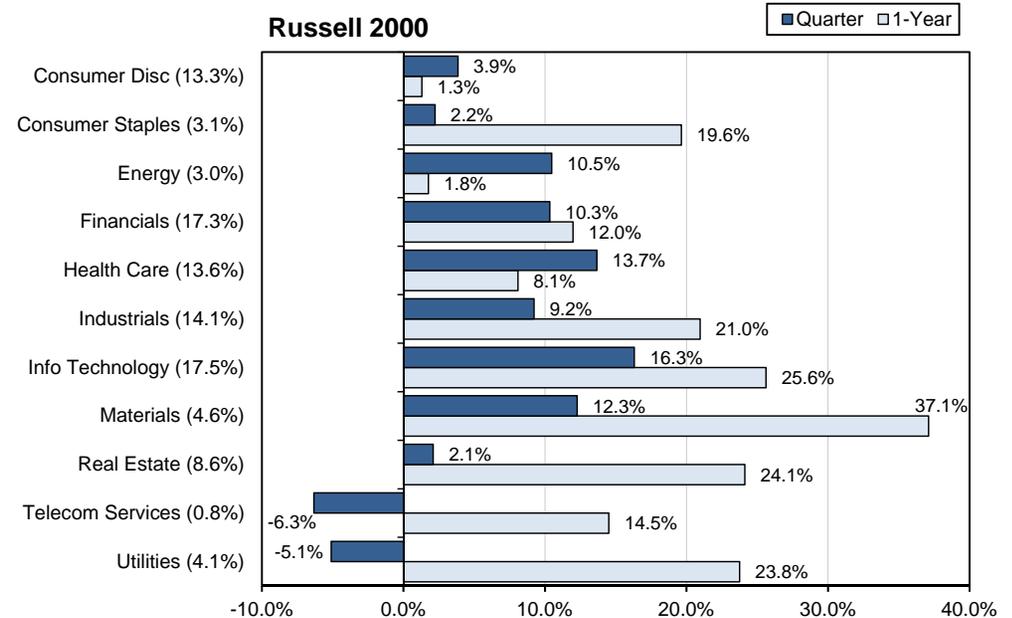
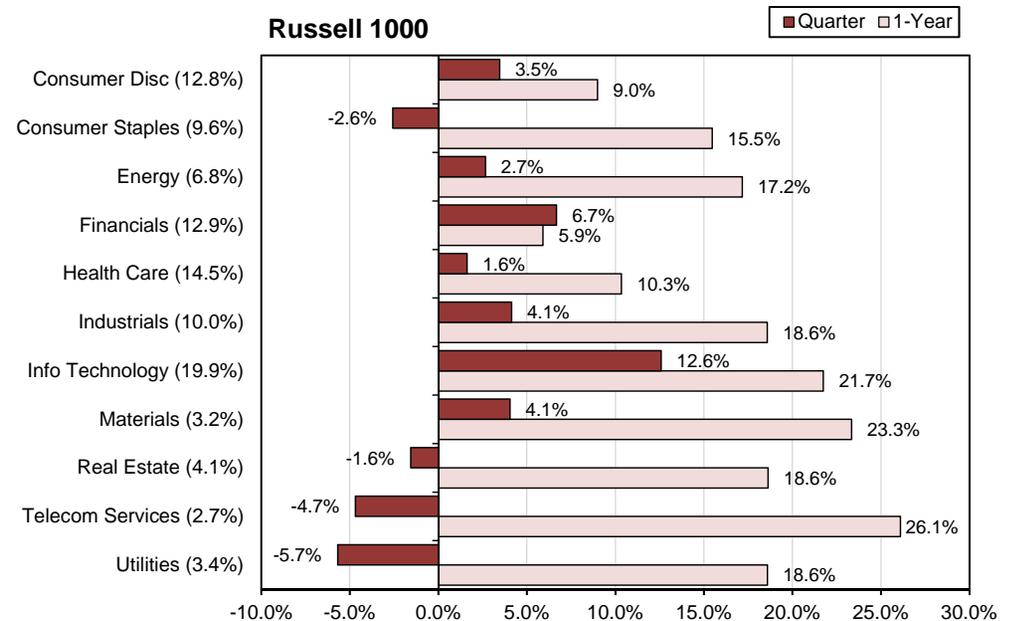
- U.S. equity index returns were positive across the style and capitalization spectrum during the 3rd quarter. The enthusiasm from generally better than expected 2nd quarter earnings and positive macroeconomic data early in the quarter were tempered by rising expectations the U.S. Federal Reserve (Fed) would tighten monetary policy by increasing short-term interest rates in September. While the Fed ultimately decided to leave short-term interest rates unchanged, Fed Chair Janet Yellen provided guidance that the case for a rate increase had been “strengthened”, increasing the odds of a rate hike before the end of the year, but likely not until after the November election cycle.
- Growth stocks marginally outpaced value stocks across the capitalization spectrum for the 3rd quarter, reversing the trend of value outperformance for the first half of 2016. Growth index results were led by investors seeking the potential return premium associated with faster growing companies. Growth index performance also benefited from larger weights to Information Technology, the best performing economic sector for the 3rd quarter. As with the core indices, small cap style benchmarks were the best performers across the capitalization spectrum, doubling their mid and large cap counterparts. Despite a strong 3rd quarter for growth indices, the style-based performance reverses over the 1-year period with the more defensive value indices outpacing growth indices across the capitalization spectrum.
- From a valuation perspective, equity valuations appear stretched relative to historical levels based on their forward Price/Earnings ratios (P/E). Even the most attractively valued indices are trading modestly above their historical valuation averages. The large and mid cap growth indices trade at valuations near their respective historical average, while the remaining indices range between 106% and 114% of their 15-year averages.



- Large cap sector performance was polarizing for the 3rd quarter with a performance span of 18.3% between the best and worst performing sectors. Seven of eleven sectors within the Russell 1000 Index posting gains for the period but only four economic sectors outpaced the 4.0% return of the broad Russell 1000 index. The Information Technology sector was the quarter's best performer. The sector's return of 12.6% was supported by a strong earnings season. Financial securities also performed notably well, returning 6.7%, as market participants considered the heightened possibility of a near-term interest rate hike. The prospect of higher interest rates represented a headwind to more defensive sectors, reversing a trend of outperformance in the Utilities, Real Estate, Telecommunications and Consumers Staples sectors. Utilities were the worst performers, returning -5.7% for the quarter. Sector performance over the 1-year period has been remarkably solid with all eleven economic sectors posting positive results, and nine posting double-digit returns. Despite its negative performance for the 3rd quarter, the Telecommunications sector was the best performer over the 1-year period with a return of 26.1%. Financial stocks have struggled relative to other sectors over the 1-year period as the persistent low interest rate environment continues to inhibit bank profits.

- Small cap sector performance was generally positive for the 3rd quarter with nine of eleven sectors advancing. However, much like large cap sector results, the performance span between the best and worst performing sectors was a large 22.6% for the period. While the trends observable in the large cap index generally persisted in the small cap benchmark, small cap sector performance outpaced the respective large cap sector result in ten of eleven sectors. Also similar to large cap issues, higher yielding, defensive sectors lagged the more cyclical, economically sensitive sectors. Over the 1-year period, higher dividend paying Real Estate, Utilities and Telecommunications sectors posted double-digit performance despite their relatively weak 3rd quarter results. Although positive, the Consumer Discretionary and Energy sectors lagged over the 1-year period returning 1.3% and 1.8% respectively.

- 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 Information Technology and Telecommunications sectors were trading at the largest discount to their long-term average P/E ratios. In contrast, 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 September 30, 2016

| Top 10 Weighted Stocks   |        |              |               |                            |
|--------------------------|--------|--------------|---------------|----------------------------|
| Russell 1000             | Weight | 1-Qtr Return | 1-Year Return | Sector                     |
| Apple Inc                | 2.96%  | 18.9%        | 4.7%          | Information Technology     |
| Microsoft Corp           | 2.08%  | 13.3%        | 33.7%         | Information Technology     |
| Exxon Mobil Corp         | 1.74%  | -6.1%        | 21.6%         | Energy                     |
| Amazon.com Inc           | 1.56%  | 17.0%        | 63.6%         | Consumer Discretionary     |
| Johnson & Johnson        | 1.55%  | -2.0%        | 30.2%         | Health Care                |
| Facebook Inc A           | 1.38%  | 12.2%        | 42.7%         | Information Technology     |
| Berkshire Hathaway Inc B | 1.31%  | -0.2%        | 10.8%         | Financials                 |
| General Electric Co      | 1.30%  | -5.2%        | 21.1%         | Industrials                |
| AT&T Inc                 | 1.20%  | -5.0%        | 31.2%         | Telecommunication Services |
| JPMorgan Chase & Co      | 1.16%  | 8.0%         | 12.5%         | Financials                 |

| Top 10 Performing Stocks (by Quarter) |        |              |               |                        |
|---------------------------------------|--------|--------------|---------------|------------------------|
| Russell 1000                          | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Puma Biotechnology Inc                | 0.00%  | 125.1%       | -11.0%        | Health Care            |
| The Chemours Co                       | 0.00%  | 94.7%        | 151.1%        | Materials              |
| Genworth Financial Inc                | 0.00%  | 92.2%        | 7.4%          | Financials             |
| Lumentum Holdings Inc                 | 0.00%  | 72.6%        | 146.4%        | Information Technology |
| Copa Holdings SA Class A              | 0.01%  | 69.3%        | 118.4%        | Industrials            |
| Groupon Inc                           | 0.01%  | 58.5%        | 58.0%         | Consumer Discretionary |
| Ionis Pharmaceuticals Inc             | 0.02%  | 57.3%        | -9.4%         | Health Care            |
| bluebird bio Inc                      | 0.00%  | 56.6%        | -20.8%        | Health Care            |
| GoPro Inc A                           | 0.00%  | 54.3%        | -46.6%        | Consumer Discretionary |
| Penske Automotive Group Inc           | 0.01%  | 54.2%        | 2.3%          | Consumer Discretionary |

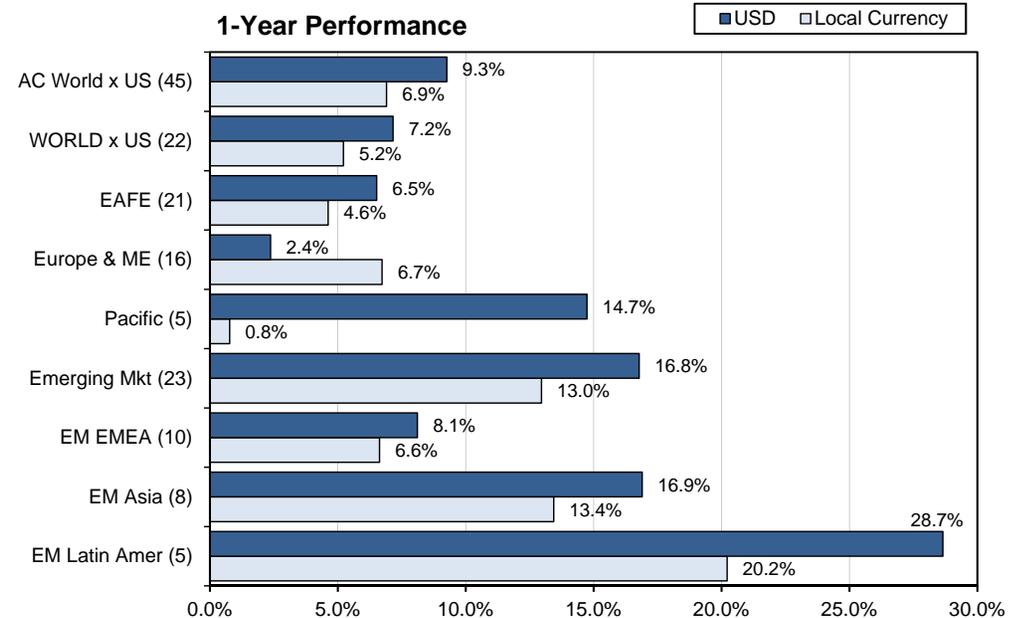
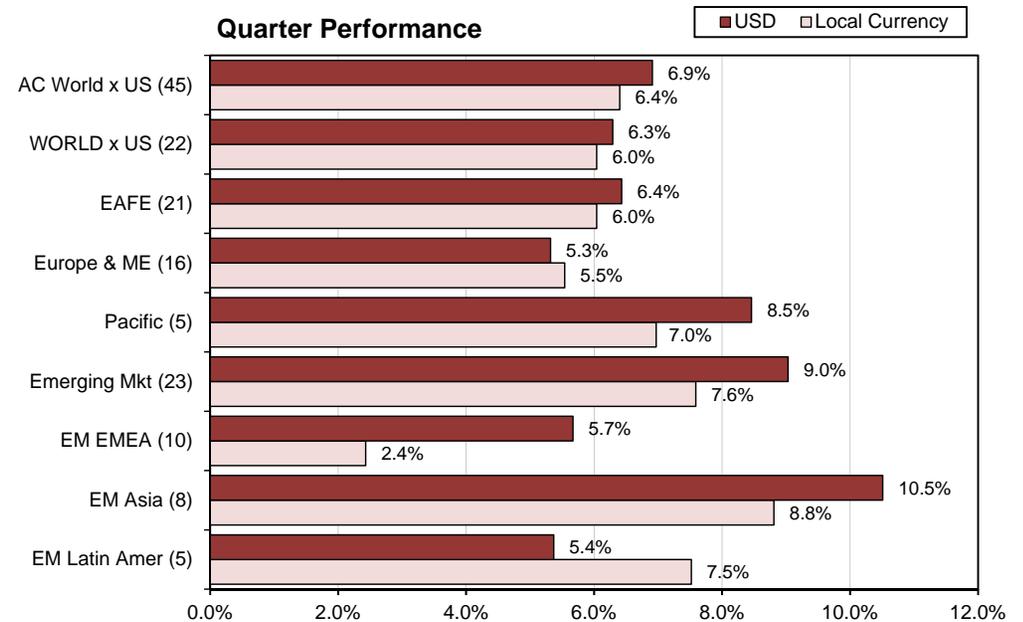
| Bottom 10 Performing Stocks (by Quarter) |        |              |               |                        |
|--|--------|--------------|---------------|------------------------|
| Russell 1000                             | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| SunEdison Inc                            | 0.00%  | -64.5%       | -99.3%        | Information Technology |
| Corrections Corp of America              | 0.01%  | -58.8%       | -48.6%        | Real Estate            |
| SunPower Corp                            | 0.00%  | -42.4%       | -55.5%        | Information Technology |
| Quorum Health Corp                       | 0.00%  | -41.5%       | N/A           | Health Care            |
| The Hain Celestial Group Inc             | 0.02%  | -28.5%       | -31.0%        | Consumer Staples       |
| Diamond Offshore Drilling Inc            | 0.01%  | -27.6%       | 2.4%          | Energy                 |
| Bristol-Myers Squibb Company             | 0.43%  | -26.7%       | -7.4%         | Health Care            |
| Tractor Supply Co                        | 0.04%  | -25.9%       | -19.3%        | Consumer Discretionary |
| Dollar General Corp                      | 0.09%  | -25.3%       | -2.2%         | Consumer Discretionary |
| NRG Energy Inc                           | 0.02%  | -25.1%       | -22.2%        | Utilities              |

| Top 10 Weighted Stocks       |        |              |               |                        |
|------------------------------|--------|--------------|---------------|------------------------|
| Russell 2000                 | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Microsemi Corp               | 0.27%  | 28.5%        | 27.9%         | Information Technology |
| Advanced Micro Devices Inc   | 0.26%  | 34.4%        | 301.7%        | Information Technology |
| Gramercy Ppty Tr             | 0.23%  | 5.7%         | 54.8%         | Real Estate            |
| Curtiss-Wright Corp          | 0.23%  | 8.1%         | 46.7%         | Industrials            |
| Idacorp Inc                  | 0.23%  | -3.2%        | 24.4%         | Utilities              |
| Healthcare Realty Trust Inc  | 0.22%  | -1.8%        | 42.7%         | Real Estate            |
| Aspen Technology Inc         | 0.22%  | 16.3%        | 23.4%         | Information Technology |
| Fair Isaac Corp              | 0.22%  | 10.3%        | 47.6%         | Information Technology |
| Cepheid                      | 0.22%  | 71.3%        | 16.6%         | Health Care            |
| Portland General Electric Co | 0.22%  | -2.8%        | 18.8%         | Utilities              |

| Top 10 Performing Stocks (by Quarter) |        |              |               |                        |
|---------------------------------------|--------|--------------|---------------|------------------------|
| Russell 2000                          | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Seventy Seven Energy Inc              | 0.00%  | 20366.9%     | 1265.9%       | Energy                 |
| Sarepta Therapeutics Inc              | 0.15%  | 222.0%       | 91.2%         | Health Care            |
| Tobira Therapeutics Inc               | 0.02%  | 216.4%       | 311.4%        | Health Care            |
| Clayton Williams Energy Inc           | 0.03%  | 211.1%       | 120.1%        | Energy                 |
| Ultra Petroleum Corp                  | 0.00%  | 184.6%       | -21.6%        | Energy                 |
| Cloud Peak Energy Inc                 | 0.00%  | 164.1%       | 106.8%        | Energy                 |
| Clovis Oncology Inc                   | 0.07%  | 162.8%       | -60.8%        | Health Care            |
| Acacia Communications Inc             | 0.03%  | 158.6%       | N/A           | Information Technology |
| Abeona Therapeutics Inc               | 0.00%  | 154.2%       | 48.1%         | Health Care            |
| Healthways Inc                        | 0.05%  | 129.1%       | 137.9%        | Health Care            |

| Bottom 10 Performing Stocks (by Quarter) |        |              |               |                        |
|--|--------|--------------|---------------|------------------------|
| Russell 2000                             | Weight | 1-Qtr Return | 1-Year Return | Sector                 |
| Horsehead Holding Corp                   | 0.00%  | -93.8%       | -99.4%        | Materials              |
| Fairway Group Holdings Corp A            | 0.00%  | -89.2%       | -99.3%        | Consumer Staples       |
| Key Energy Services Inc                  | 0.00%  | -82.1%       | -91.2%        | Energy                 |
| Violin Memory Inc                        | 0.00%  | -80.2%       | -86.8%        | Information Technology |
| Code Rebel Corp                          | 0.00%  | -80.0%       | -99.9%        | Information Technology |
| CytRx Corp                               | 0.00%  | -73.6%       | -75.2%        | Health Care            |
| Tokai Pharmaceuticals Inc                | 0.00%  | -72.2%       | -85.2%        | Health Care            |
| Novavax Inc                              | 0.03%  | -71.4%       | -70.6%        | Health Care            |
| 6D Global Technologies Inc               | 0.00%  | -66.7%       | -98.3%        | Information Technology |
| Intra-Cellular Therapies Inc             | 0.03%  | -60.7%       | -61.9%        | Health Care            |

- Similar to domestic equity benchmarks, the 3rd quarter was largely positive for international equities with developed and emerging market indices posting solid returns in both USD and local currency terms. The currency impact on returns was mixed during the quarter and the performance differential was more muted than recent quarters. Similar to the 3rd quarter, results for the 1-year period were also broadly positive in both USD and local currency.
- European stocks bounced back during the 3rd quarter as markets recovered from the immediate negative assessment of the U.K.'s vote to leave the European Union. Although the impact of the referendum will likely have economic consequences, they are not near-term in nature. While European Central Bank (ECB) President Mario Draghi signaled that further monetary policy stimulus would be available if needed, the ECB, supported by generally positive economic data in the region, left monetary policy unchanged through the quarter. U.K. economic data also surprised to the upside through the quarter as the Bank of England (BoE) launched a series of expansionary monetary policy measures and Theresa May became prime minister following the resignation of David Cameron.
- Japanese equities rose sharply through the quarter, gaining 8.6%, as elections within Japan's House of Councilors strengthened the position of Prime Minister Abe. The result of the elections made way for the announcement of a \$28 trillion Yen fiscal stimulus package. In addition, the Bank of Japan (BoJ) increased the scale of its ETF purchasing program from \$3.3 trillion Yen to \$6 trillion Yen annually, and while it left interest rates unchanged, the BoJ placed a 0.0% ceiling on 10-year government bond yields and planned to reduce ongoing purchases of ultra-long Government bonds in an effort to influence the shape of their yield curve.
- Broad emerging market indices were positive throughout the quarter, outperforming their developed market counterparts. Asian markets, led by China, South Korea, and Taiwan were the best performers for the 3rd quarter in both USD and local currency terms. Over the trailing 1-year period, Latin America was the best performing region returning 28.7% in USD terms and 20.2% on a local currency basis as the region benefited from political tailwinds in Brazil and rising commodity prices. Russia, Egypt, and Indonesia were also notable positive performers over the period. Emerging European countries were laggards relative to emerging peers in Asia and Latin America.



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

| MSCI - EAFE                | Sector Weight | Quarter Return | 1-Year Return |
|----------------------------|---------------|----------------|---------------|
| Consumer Discretionary     | 12.2%         | 10.9%          | 2.6%          |
| Consumer Staples           | 12.8%         | 1.9%           | 13.9%         |
| Energy                     | 4.8%          | -1.5%          | 15.6%         |
| Financials                 | 19.2%         | 11.0%          | -6.7%         |
| Health Care                | 11.4%         | -2.4%          | 0.8%          |
| Industrials                | 14.1%         | 8.6%           | 15.8%         |
| Information Technology     | 5.5%          | 14.8%          | 18.1%         |
| Materials                  | 7.5%          | 15.8%          | 21.6%         |
| Real Estate                | 4.0%          | 4.9%           | 12.4%         |
| Telecommunication Services | 4.8%          | -0.4%          | 6.0%          |
| Utilities                  | 3.7%          | 0.1%           | 4.3%          |
| <b>Total</b>               | <b>100.0%</b> | <b>6.4%</b>    | <b>6.5%</b>   |

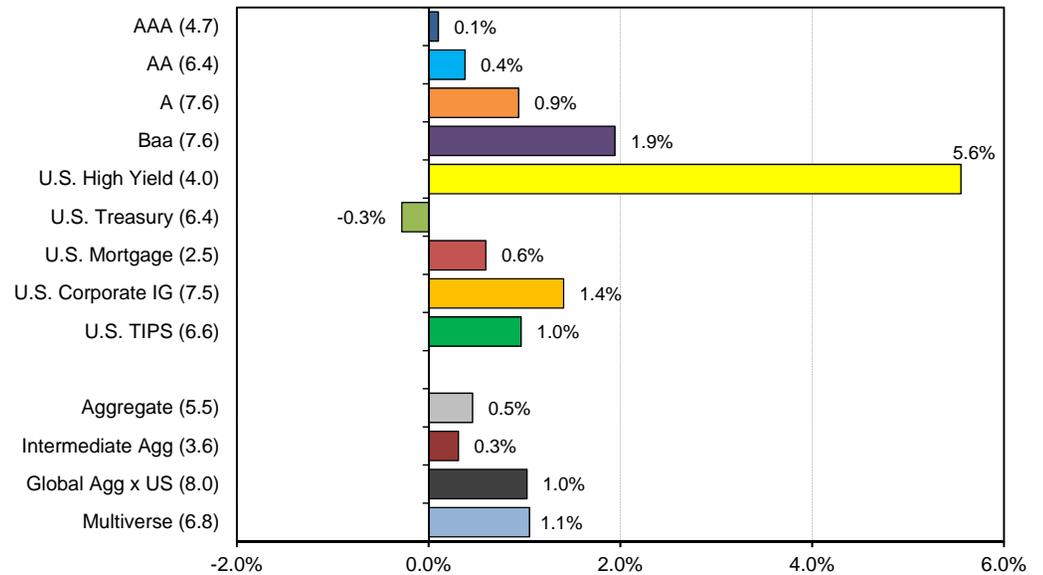
| MSCI - ACWIXUS             | Sector Weight | Quarter Return | 1-Year Return |
|----------------------------|---------------|----------------|---------------|
| Consumer Discretionary     | 11.4%         | 5.8%           | 4.8%          |
| Consumer Staples           | 11.1%         | -0.7%          | 13.2%         |
| Energy                     | 6.6%          | 2.1%           | 20.5%         |
| Financials                 | 21.6%         | 10.1%          | 0.1%          |
| Health Care                | 8.6%          | 0.1%           | -2.2%         |
| Industrials                | 11.7%         | 5.8%           | 13.8%         |
| Information Technology     | 9.6%          | 15.6%          | 26.2%         |
| Materials                  | 7.5%          | 9.1%           | 24.8%         |
| Real Estate                | 3.5%          | 4.9%           | 13.0%         |
| Telecommunication Services | 4.9%          | 2.0%           | 5.3%          |
| Utilities                  | 3.4%          | 2.6%           | 5.5%          |
| <b>Total</b>               | <b>100.0%</b> | <b>6.9%</b>    | <b>9.3%</b>   |

| MSCI - Emerging Mkt        | Sector Weight | Quarter Return | 1-Year Return |
|----------------------------|---------------|----------------|---------------|
| Consumer Discretionary     | 10.6%         | 9.6%           | 13.9%         |
| Consumer Staples           | 7.9%          | 1.2%           | 10.1%         |
| Energy                     | 7.3%          | 8.0%           | 26.2%         |
| Financials                 | 23.7%         | 11.5%          | 14.6%         |
| Health Care                | 2.6%          | 2.3%           | 4.5%          |
| Industrials                | 5.9%          | 4.9%           | 1.2%          |
| Information Technology     | 23.9%         | 16.1%          | 32.7%         |
| Materials                  | 6.4%          | 10.2%          | 23.7%         |
| Real Estate                | 2.7%          | 7.7%           | 15.5%         |
| Telecommunication Services | 6.1%          | 2.2%           | 2.2%          |
| Utilities                  | 2.9%          | 0.9%           | 9.3%          |
| <b>Total</b>               | <b>100.0%</b> | <b>9.0%</b>    | <b>16.8%</b>  |

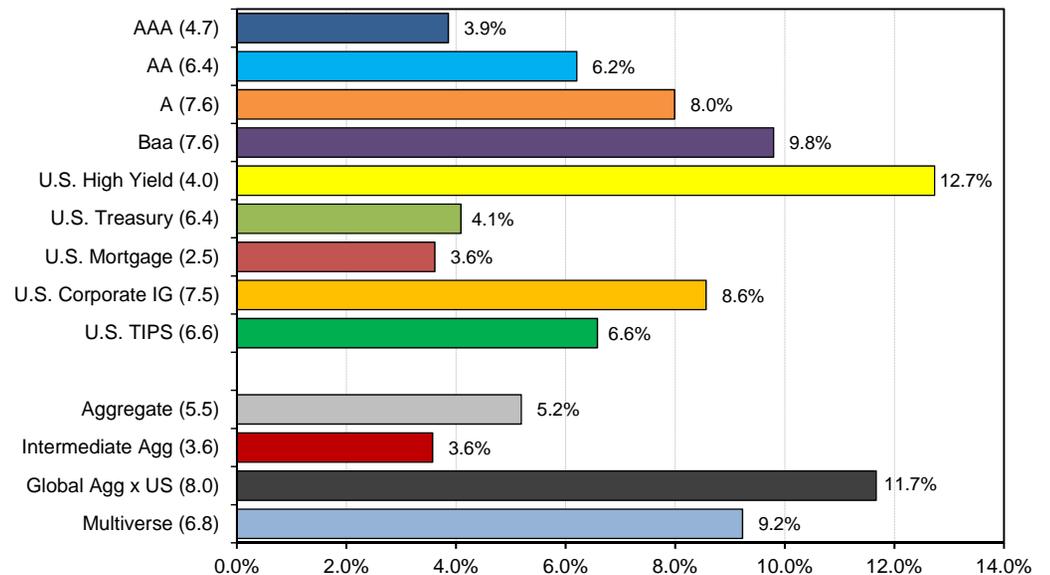
| Country                          | MSCI-EAFE Weight | MSCI-ACWIXUS Weight | Quarter Return | 1-Year Return |
|----------------------------------|------------------|---------------------|----------------|---------------|
| Japan                            | 23.8%            | 16.7%               | 8.6%           | 12.1%         |
| United Kingdom                   | 18.9%            | 13.2%               | 4.0%           | 1.5%          |
| France                           | 9.7%             | 6.8%                | 6.4%           | 3.6%          |
| Germany                          | 9.0%             | 6.3%                | 10.0%          | 9.1%          |
| Switzerland                      | 9.0%             | 6.3%                | 2.6%           | 1.0%          |
| Australia                        | 7.3%             | 5.1%                | 7.9%           | 21.7%         |
| Hong Kong                        | 3.5%             | 2.5%                | 11.9%          | 19.1%         |
| Netherlands                      | 3.4%             | 2.4%                | 9.1%           | 10.4%         |
| Spain                            | 3.0%             | 2.1%                | 9.3%           | -5.7%         |
| Sweden                           | 2.8%             | 2.0%                | 7.5%           | 3.9%          |
| Italy                            | 1.9%             | 1.3%                | 2.2%           | -21.0%        |
| Denmark                          | 1.8%             | 1.2%                | -6.3%          | -1.5%         |
| Belgium                          | 1.4%             | 1.0%                | 5.0%           | 19.1%         |
| Singapore                        | 1.3%             | 0.9%                | -0.2%          | 9.7%          |
| Finland                          | 1.0%             | 0.7%                | 7.4%           | 9.3%          |
| Israel                           | 0.7%             | 0.5%                | -2.0%          | -7.7%         |
| Norway                           | 0.6%             | 0.5%                | 6.3%           | 10.1%         |
| Ireland                          | 0.5%             | 0.3%                | 7.4%           | -0.7%         |
| New Zealand                      | 0.2%             | 0.1%                | 12.4%          | 56.9%         |
| Austria                          | 0.2%             | 0.1%                | 16.7%          | 11.6%         |
| Portugal                         | 0.2%             | 0.1%                | 6.3%           | 11.2%         |
| <b>Total EAFE Countries</b>      | <b>100.0%</b>    | <b>70.1%</b>        | <b>6.4%</b>    | <b>6.5%</b>   |
| Canada                           |                  | 6.7%                | 4.9%           | 14.5%         |
| <b>Total Developed Countries</b> |                  | <b>76.9%</b>        | <b>6.3%</b>    | <b>7.2%</b>   |
| China                            |                  | 6.2%                | 13.9%          | 13.0%         |
| Korea                            |                  | 3.4%                | 11.0%          | 21.5%         |
| Taiwan                           |                  | 2.8%                | 11.7%          | 22.7%         |
| India                            |                  | 2.0%                | 5.9%           | 6.1%          |
| Brazil                           |                  | 1.7%                | 11.3%          | 57.6%         |
| South Africa                     |                  | 1.7%                | 6.3%           | 9.9%          |
| Mexico                           |                  | 0.9%                | -2.2%          | -2.5%         |
| Russia                           |                  | 0.9%                | 8.4%           | 25.2%         |
| Indonesia                        |                  | 0.6%                | 9.5%           | 53.2%         |
| Malaysia                         |                  | 0.6%                | -1.5%          | 13.2%         |
| Thailand                         |                  | 0.5%                | 7.2%           | 20.9%         |
| Philippines                      |                  | 0.3%                | -5.3%          | 6.6%          |
| Turkey                           |                  | 0.3%                | -5.3%          | 5.8%          |
| Chile                            |                  | 0.3%                | -1.7%          | 11.8%         |
| Poland                           |                  | 0.3%                | 3.1%           | -15.7%        |
| Qatar                            |                  | 0.2%                | 6.9%           | -5.2%         |
| United Arab Emirates             |                  | 0.2%                | 6.1%           | 0.7%          |
| Colombia                         |                  | 0.1%                | 2.8%           | 17.3%         |
| Peru                             |                  | 0.1%                | 1.1%           | 39.5%         |
| Greece                           |                  | 0.1%                | 1.0%           | -38.3%        |
| Hungary                          |                  | 0.1%                | 10.8%          | 38.0%         |
| Egypt                            |                  | 0.0%                | 21.6%          | 6.4%          |
| Czech Republic                   |                  | 0.0%                | -0.4%          | -12.8%        |
| <b>Total Emerging Countries</b>  |                  | <b>23.2%</b>        | <b>9.0%</b>    | <b>16.8%</b>  |
| <b>Total ACWIXUS Countries</b>   |                  | <b>100.0%</b>       | <b>6.9%</b>    | <b>9.3%</b>   |

- Despite historically low yields, fixed income indices continued their strong 2016 performance through the 3rd quarter of the year. The initial downward yield shock caused by June's "Brexit" vote wore off quickly and bond market volatility remained relatively low through the remainder of the quarter. Improving economic data in the U.S. led investors to price in greater likelihood of a rate increase at the Fed's September meeting. This expectation caused interest rates to creep up across the yield curve, especially at the short end of the curve. While Fed Chair Janet Yellen relayed a generally positive view of the U.S. economy, the Federal Open Market Committee voted to keep interest rates stable for the time being. However, three of the ten voting committee members were in favor of a rate increase. Although an interest rate hike is not likely until after the November elections, there is certainly a reasonable expectation for a rate hike before year end.
- The yield curve rose over the 3rd quarter with short-term interest rates rising to a greater degree than long-term interest rates. This curve "flattening" represented a headwind to shorter duration market indices. Despite rising interest rates, U.S. investment grade bond indices posted gains for the 3rd quarter. Investment grade corporates benefited from tightening interest rate credit spreads as investors became more comfortable taking on risk for the prospect of greater return. In contrast, the Bloomberg Barclays U.S. Treasury Index finished the quarter in the red due to its relatively high duration and low yield. The broad market Bloomberg Barclays Aggregate Index posted a return between the Treasury and Investment Grade indices with a return of 0.5% for the 3rd quarter. Returns over the 1-year period follow the same general trend as 3rd quarter results with the Bloomberg Barclays U.S. Corporate IG Index returning a strong 8.6% for the period.
- Lower credit quality issues outperformed higher quality securities during the 3rd quarter. Baa rated securities returned 1.9% versus a return of 0.1% for AAA issues due to the compression of interest rate credit spreads throughout the quarter. Spread compression was more prominent, and thus more beneficial, within lower credit qualities. The Bloomberg Barclays U.S. Corporate High Yield Index gained an impressive 5.6% for the quarter and 12.7% for the trailing 1-year period.

**Quarter Performance**

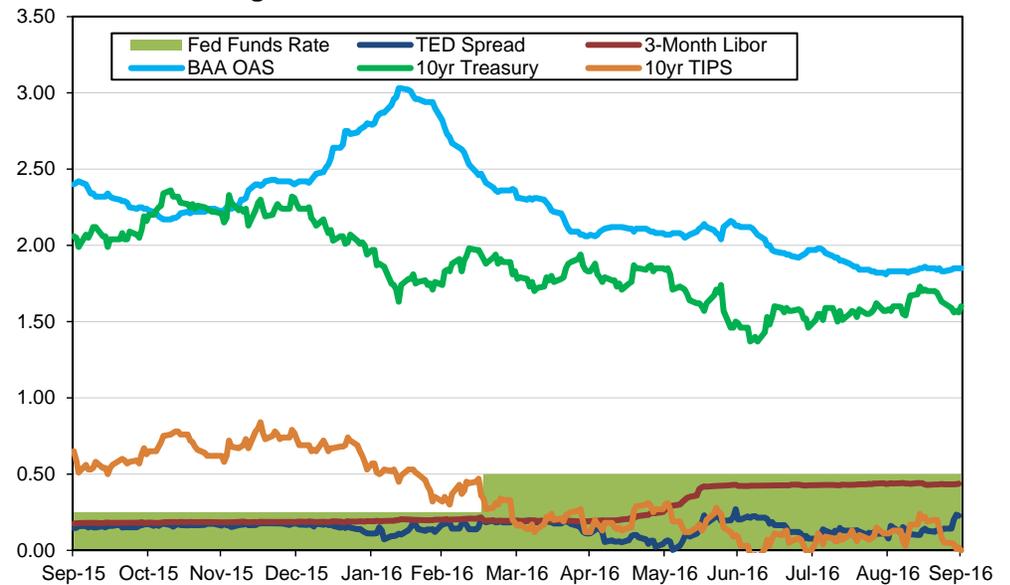


**1-Year Performance**

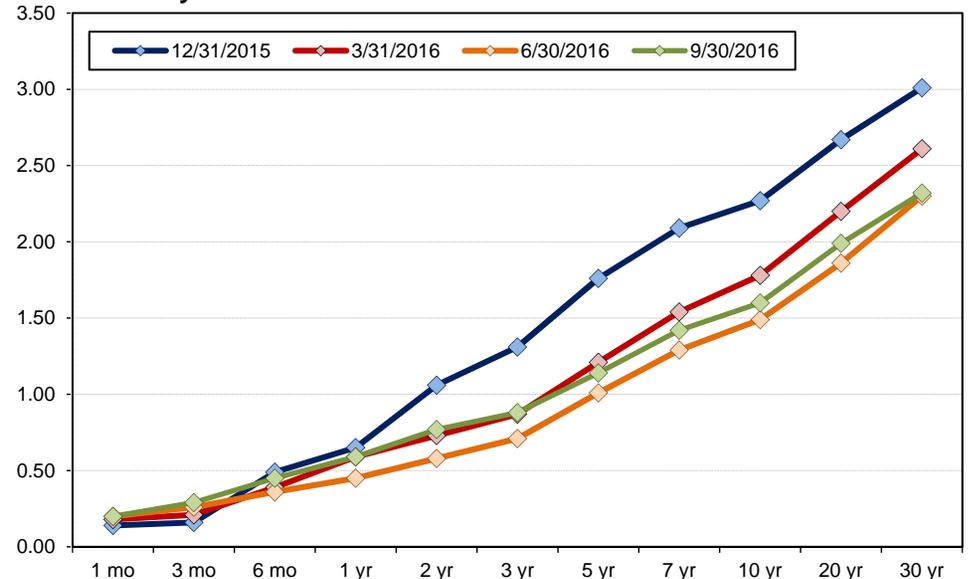


- U.S. TIPS finished the 3rd quarter with a return of 1.0%. The quarter's return can be attributed to a modest decline in yields at the longer end of the TIPS yield curve as well as an increase in the CPI All Urban Index from April to July. The TIPS return for the trailing 1-year period is a solid 6.6%.
- In USD terms, international fixed income indices posted gains for both the 3rd quarter and 1-year period. Despite relatively low interest rates in international markets, with several government issues trading at negative yields, the Bloomberg Barclays Global Aggregate ex U.S. Index returned 1.0% for the quarter and strong 11.7% over the 1-year period. This performance outpaced all domestic indices except the Bloomberg Barclays U.S. Corporate High Yield Index's return of 12.7% over the last twelve months.
- Some of factors supporting the index performance detailed in the bar graphs on the previous page is visible on a time series basis in the line graphs on the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury yield (green line), after initially falling on the "Brexit" vote, rose over the remainder of the quarter. 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 tighten (widen), i.e., the line is falling, it is equivalent to an interest rate decrease (increase) for corporate bonds, which boosts returns. This spread has consistently fallen since the beginning of 2016 and is now near its lowest point of the calendar year. While there was upside momentum in credit spreads early in 2016, they have narrowed by more than 1% since their high on February 11th. The lower graph provides a snapshot of the U.S. Treasury yield curve at each of the last four calendar quarters. While Treasury issues ended the 3rd quarter slightly higher than the prior quarter, long-term rates remain near their lowest levels in the past twelve months while short-term rates are at the high end of their twelve 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 significant downward pressure on how high domestic interest rates will rise in the short-term.

1-Year Trailing Market Rates

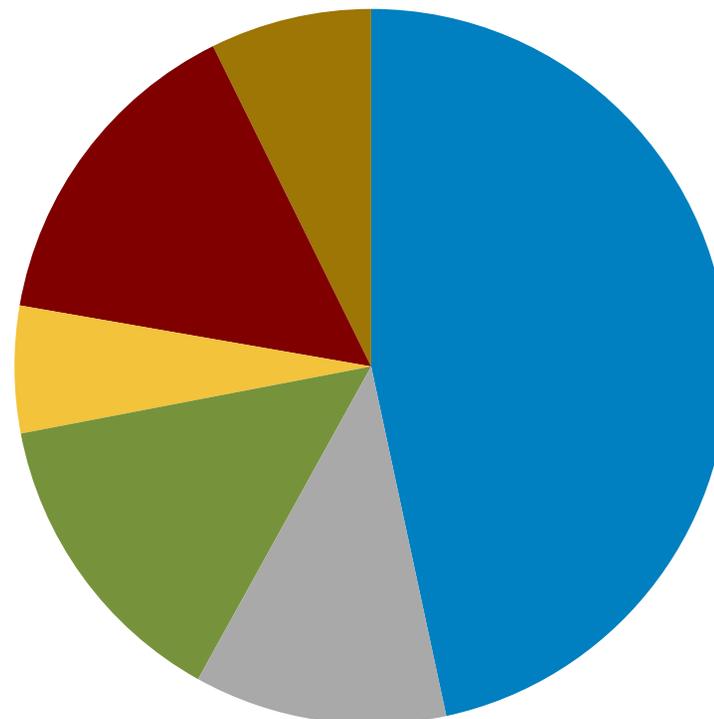
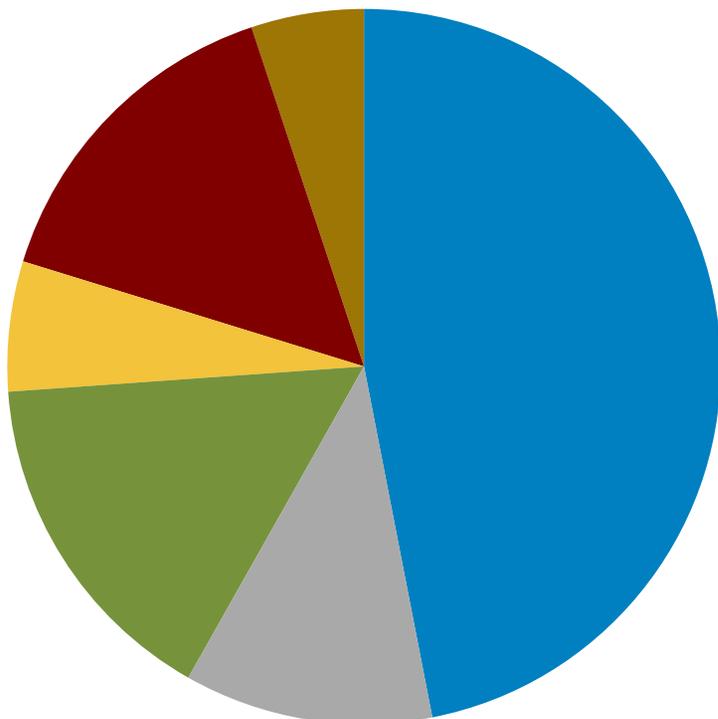


Treasury Yield Curve



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

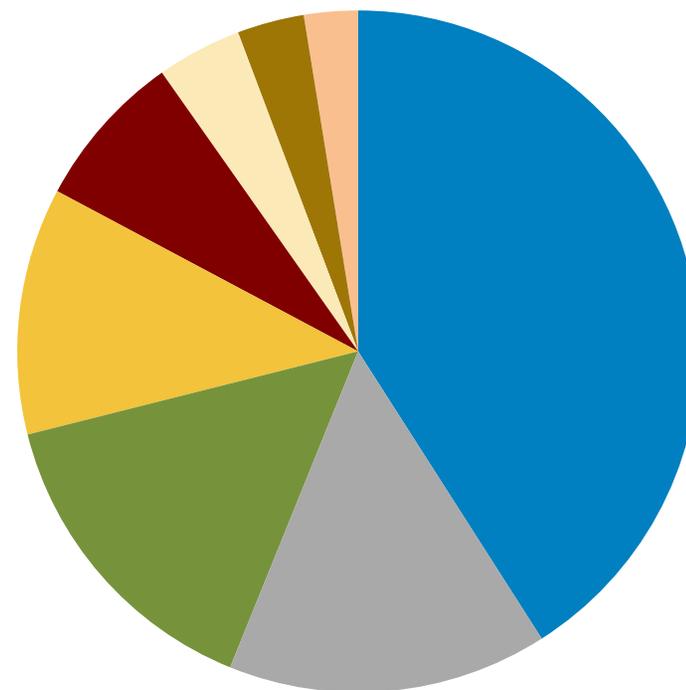
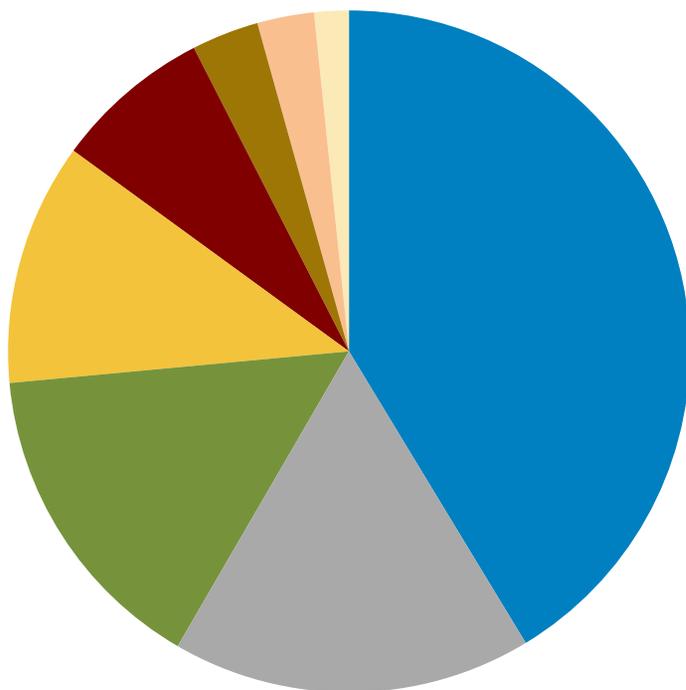
Asset Allocation By Segment as of  
 September 30, 2016 : \$7,463,523



| Allocation            |              |            | Allocation            |              |            |
|-----------------------|--------------|------------|-----------------------|--------------|------------|
| Segments              | Market Value | Allocation | Segments              | Market Value | Allocation |
| Equity                | 3,368,360    | 46.9       | Equity                | 3,479,834    | 46.6       |
| International Equity  | 808,127      | 11.3       | International Equity  | 853,633      | 11.4       |
| Domestic Fixed Income | 1,125,193    | 15.7       | Domestic Fixed Income | 1,039,838    | 13.9       |
| Global Fixed Income   | 421,952      | 5.9        | Global Fixed Income   | 428,281      | 5.7        |
| Real Estate           | 1,086,431    | 15.1       | Real Estate           | 1,115,815    | 15.0       |
| Cash Equivalent       | 366,632      | 5.1        | Cash Equivalent       | 546,122      | 7.3        |

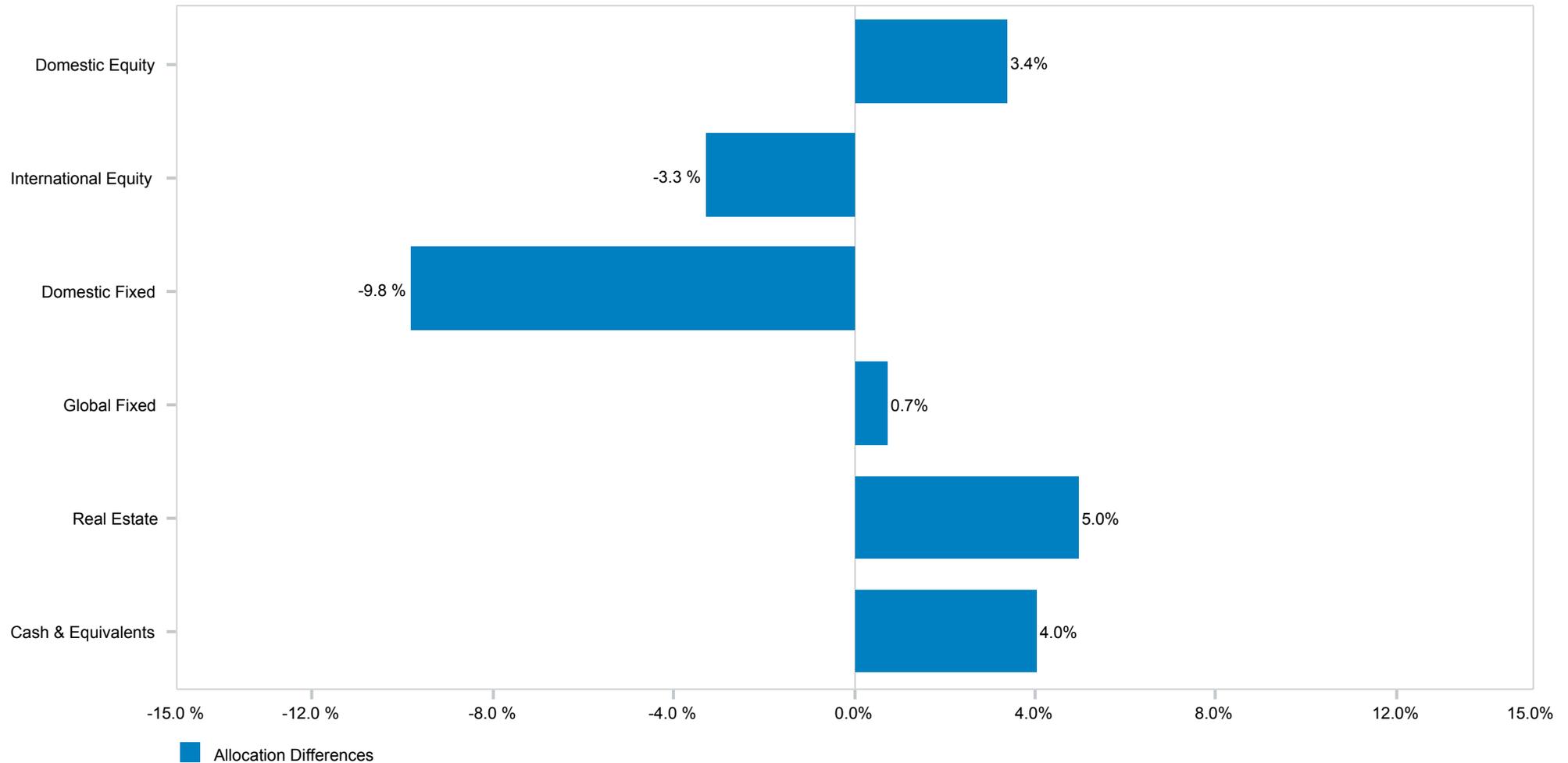
Asset Allocation By Manager as of  
June 30, 2016 : \$7,176,695

Asset Allocation By Manager as of  
September 30, 2016 : \$7,463,523



| Allocation                            | Market Value | Allocation | Allocation                            | Market Value | Allocation |
|---------------------------------------|--------------|------------|---------------------------------------|--------------|------------|
| Highland Equity                       | 2,965,837    | 41.3       | Highland Equity                       | 3,056,313    | 40.9       |
| Highland Fixed                        | 1,223,846    | 17.1       | Highland Fixed                        | 1,132,717    | 15.2       |
| Intercontinental                      | 1,086,431    | 15.1       | Intercontinental                      | 1,115,815    | 15.0       |
| Highland International                | 825,463      | 11.5       | Highland International                | 873,868      | 11.7       |
| Vanguard 500 Index (VFIAX)            | 535,492      | 7.5        | Vanguard 500 Index (VFIAX)            | 556,078      | 7.5        |
| PIMCO Diversified Income Fund (PDIIX) | 228,513      | 3.2        | R&D                                   | 300,452      | 4.0        |
| Templeton Global Bond Fund (FBNRX)    | 193,438      | 2.7        | PIMCO Diversified Income Fund (PDIIX) | 237,221      | 3.2        |
| R&D                                   | 117,673      | 1.6        | Templeton Global Bond Fund (FBNRX)    | 191,059      | 2.6        |

Asset Allocation vs. Target Allocation



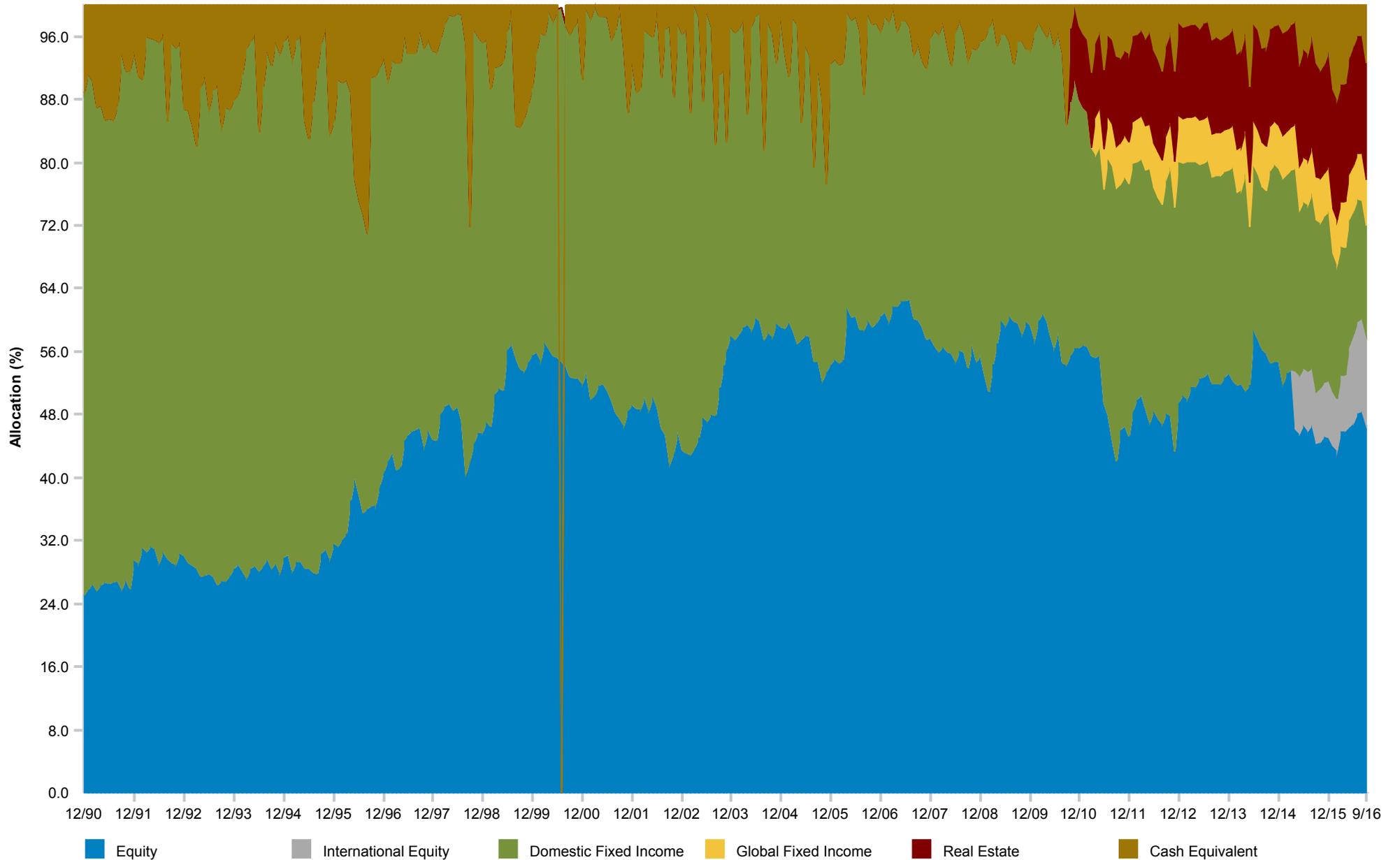
|                      | Market Value \$  | Allocation (%) | Target (%)   |
|----------------------|------------------|----------------|--------------|
| Domestic Equity      | 3,612,391        | 48.4           | 45.0         |
| International Equity | 873,868          | 11.7           | 15.0         |
| Domestic Fixed       | 1,132,717        | 15.2           | 25.0         |
| Global Fixed         | 428,281          | 5.7            | 5.0          |
| Real Estate          | 1,115,815        | 15.0           | 10.0         |
| Cash & Equivalents   | 300,452          | 4.0            | 0.0          |
| <b>Total Fund</b>    | <b>7,463,523</b> | <b>100.0</b>   | <b>100.0</b> |

**Asset Allocation History by Portfolio  
Total Fund**

As of September 30, 2016

| Asset Allocation History by Portfolio  | Sep-2016         |               | Jun-2016         |               | Mar-2016         |               | Dec-2015         |               | Sep-2015         |               |
|--|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|  | (\$)             | %             | (\$)             | %             | (\$)             | %             | (\$)             | %             | (\$)             | %             |
| <b>Total Domestic Equity Composite</b> | <b>3,612,391</b> | <b>48.40</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>  |
| Highland Equity                        | 3,056,313        | 40.95         | 2,965,837        | 41.33         | 2,980,448        | 41.22         | 2,945,254        | 40.16         | 2,788,155        | 38.84         |
| Vanguard 500 Index (VFIAX)             | 556,078          | 7.45          | 535,492          | 7.46          | 522,708          | 7.23          | 515,810          | 7.03          | 481,903          | 6.71          |
| <b>Total International Composite</b>   | <b>873,868</b>   | <b>11.71</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>   |
| Highland International                 | 873,868          | 11.71         | 825,463          | 11.50         | 837,523          | 11.58         | 554,823          | 7.56          | 526,888          | 7.34          |
| <b>Total Domestic Fixed Composite</b>  | <b>1,132,717</b> | <b>15.18</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>  |
| Highland Fixed                         | 1,132,717        | 15.18         | 1,223,846        | 17.05         | 1,290,593        | 17.85         | 1,640,697        | 22.37         | 1,645,242        | 22.92         |
| <b>Total Global Fixed Income</b>       | <b>428,281</b>   | <b>5.74</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>   |
| PIMCO Diversified Income Fund (PDIIX)  | 237,221          | 3.18          | 228,513          | 3.18          | 217,564          | 3.01          | 212,568          | 2.90          | 210,735          | 2.94          |
| Templeton Global Bond Fund (FBNRX)     | 191,059          | 2.56          | 193,438          | 2.70          | 194,078          | 2.68          | 193,824          | 2.64          | 189,475          | 2.64          |
| <b>Total Real Estate</b>               | <b>1,115,815</b> | <b>14.95</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>  |
| Intercontinental                       | 1,115,815        | 14.95         | 1,086,431        | 15.14         | 1,076,709        | 14.89         | 1,073,977        | 14.64         | 1,036,329        | 14.44         |
| <b>R&amp;D</b>                         | <b>300,452</b>   | <b>4.03</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>Total Fund</b>                      | <b>7,463,523</b> | <b>100.00</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> |

Asset Allocation History by Segment



**Financial Reconciliation Quarter to Date  
Total Fund**

**1 Quarter Ending September 30, 2016**

**Financial Reconciliation Quarter to Date**

|  | <b>Market Value<br/>07/01/2016</b> | <b>Net<br/>Transfers</b> | <b>Contributions</b> | <b>Distributions</b> | <b>Management<br/>Fees</b> | <b>Other<br/>Expenses</b> | <b>Income</b> | <b>Apprec./<br/>Deprec.</b> | <b>Market Value<br/>09/30/2016</b> |
|--|------------------------------------|--------------------------|----------------------|----------------------|----------------------------|---------------------------|---------------|-----------------------------|------------------------------------|
| <b>Total Domestic Equity Composite</b> | <b>3,501,330</b>                   | -                        | -                    | -                    | -                          | <b>-785</b>               | <b>21,907</b> | <b>89,939</b>               | <b>3,612,391</b>                   |
| Highland Equity                        | 2,965,837                          | -                        | -                    | -                    | -                          | -785                      | 19,446        | 71,814                      | 3,056,313                          |
| Vanguard 500 Index (VFIAX)             | 535,492                            | -                        | -                    | -                    | -                          | -                         | 2,461         | 18,125                      | 556,078                            |
| <b>Total International Composite</b>   | <b>825,463</b>                     | -                        | -                    | -                    | -                          | <b>-568</b>               | <b>3,449</b>  | <b>45,524</b>               | <b>873,868</b>                     |
| Highland International                 | 825,463                            | -                        | -                    | -                    | -                          | -568                      | 3,449         | 45,524                      | 873,868                            |
| <b>Total Domestic Fixed Composite</b>  | <b>1,223,846</b>                   | <b>-100,000</b>          | -                    | -                    | -                          | <b>-575</b>               | <b>8,687</b>  | <b>759</b>                  | <b>1,132,717</b>                   |
| Highland Fixed                         | 1,223,846                          | -100,000                 | -                    | -                    | -                          | -575                      | 8,687         | 759                         | 1,132,717                          |
| <b>Total Global Fixed Income</b>       | <b>421,952</b>                     | -                        | -                    | -                    | -                          | -                         | <b>3,860</b>  | <b>2,469</b>                | <b>428,281</b>                     |
| PIMCO Diversified Income Fund (PDIIX)  | 228,513                            | -                        | -                    | -                    | -                          | -                         | 2,629         | 6,079                       | 237,221                            |
| Templeton Global Bond Fund (FBNRX)     | 193,438                            | -                        | -                    | -                    | -                          | -                         | 1,231         | -3,610                      | 191,059                            |
| <b>Total Real Estate</b>               | <b>1,086,431</b>                   | <b>-10,701</b>           | -                    | -                    | <b>-1,719</b>              | -                         | <b>12,420</b> | <b>29,384</b>               | <b>1,115,815</b>                   |
| Intercontinental                       | 1,086,431                          | -10,701                  | -                    | -                    | -1,719                     | -                         | 12,420        | 29,384                      | 1,115,815                          |
| <b>R&amp;D</b>                         | <b>117,673</b>                     | <b>110,701</b>           | <b>259,942</b>       | <b>-179,033</b>      | -                          | <b>-8,834</b>             | <b>2</b>      | -                           | <b>300,452</b>                     |
| <b>Total Fund</b>                      | <b>7,176,695</b>                   | -                        | <b>259,942</b>       | <b>-179,033</b>      | <b>-1,719</b>              | <b>-10,763</b>            | <b>50,325</b> | <b>168,075</b>              | <b>7,463,523</b>                   |

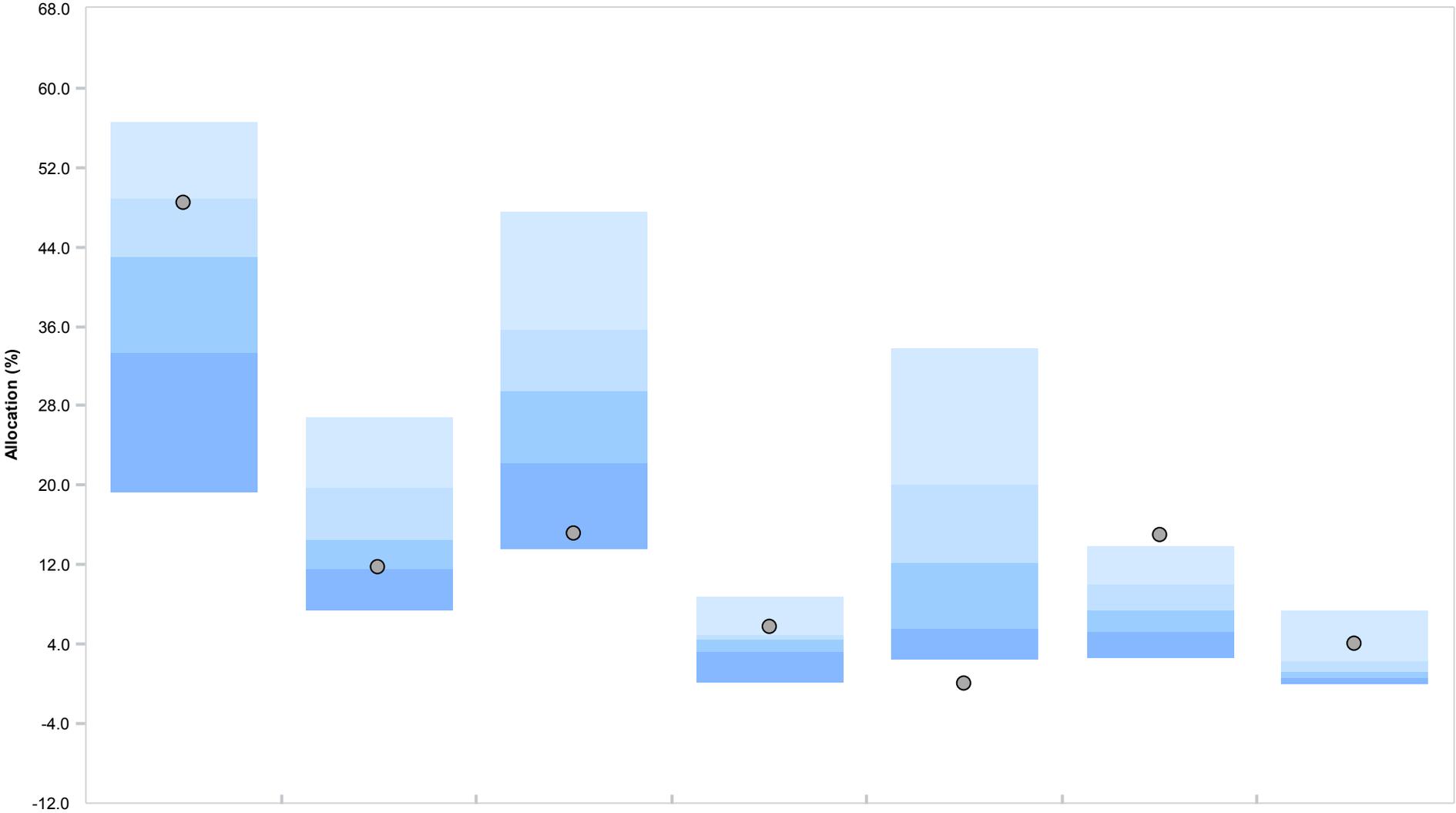
**Financial Reconciliation Fiscal Year to Date  
Total Fund**

October 1, 2015 To September 30, 2016

| <b>Financial Reconciliation Fiscal Year to Date</b> |                                    |                          |                      |                      |                            |                           |                |                             |                                    |
|---|------------------------------------|--------------------------|----------------------|----------------------|----------------------------|---------------------------|----------------|-----------------------------|------------------------------------|
|   | <b>Market Value<br/>10/01/2015</b> | <b>Net<br/>Transfers</b> | <b>Contributions</b> | <b>Distributions</b> | <b>Management<br/>Fees</b> | <b>Other<br/>Expenses</b> | <b>Income</b>  | <b>Apprec./<br/>Deprec.</b> | <b>Market Value<br/>09/30/2016</b> |
| <b>Total Domestic Equity Composite</b>              | <b>3,270,058</b>                   | <b>-96,278</b>           | -                    | -                    | <b>-3,722</b>              | <b>-2,498</b>             | <b>84,180</b>  | <b>360,650</b>              | <b>3,612,391</b>                   |
| Highland Equity                                     | 2,788,155                          | -96,278                  | -                    | -                    | -3,722                     | -2,498                    | 73,305         | 297,350                     | 3,056,313                          |
| Vanguard 500 Index (VFIAX)                          | 481,903                            | -                        | -                    | -                    | -                          | -                         | 10,875         | 63,300                      | 556,078                            |
| <b>Total International Composite</b>                | <b>526,888</b>                     | <b>301,046</b>           | -                    | -                    | <b>-1,046</b>              | <b>-1,213</b>             | <b>19,058</b>  | <b>29,135</b>               | <b>873,868</b>                     |
| Highland International                              | 526,888                            | 301,046                  | -                    | -                    | -1,046                     | -1,213                    | 19,058         | 29,135                      | 873,868                            |
| <b>Total Domestic Fixed Composite</b>               | <b>1,645,242</b>                   | <b>-598,385</b>          | -                    | -                    | <b>-1,615</b>              | <b>-1,953</b>             | <b>40,865</b>  | <b>48,564</b>               | <b>1,132,717</b>                   |
| Highland Fixed                                      | 1,645,242                          | -598,385                 | -                    | -                    | -1,615                     | -1,953                    | 40,865         | 48,564                      | 1,132,717                          |
| <b>Total Global Fixed Income</b>                    | <b>400,210</b>                     | -                        | -                    | -                    | -                          | -                         | <b>21,488</b>  | <b>6,583</b>                | <b>428,281</b>                     |
| PIMCO Diversified Income Fund (PDIIX)               | 210,735                            | -                        | -                    | -                    | -                          | -                         | 15,463         | 11,023                      | 237,221                            |
| Templeton Global Bond Fund (FBNRX)                  | 189,475                            | -                        | -                    | -                    | -                          | -                         | 6,025          | -4,441                      | 191,059                            |
| <b>Total Real Estate</b>                            | <b>1,036,329</b>                   | <b>-36,293</b>           | -                    | -                    | <b>-18,249</b>             | -                         | <b>43,186</b>  | <b>90,842</b>               | <b>1,115,815</b>                   |
| Intercontinental                                    | 1,036,329                          | -36,293                  | -                    | -                    | -18,249                    | -                         | 43,186         | 90,842                      | 1,115,815                          |
| <b>R&amp;D</b>                                      | <b>299,980</b>                     | <b>429,910</b>           | <b>333,696</b>       | <b>-716,665</b>      | <b>-12,627</b>             | <b>-33,864</b>            | <b>22</b>      | -                           | <b>300,452</b>                     |
| <b>Total Fund</b>                                   | <b>7,178,707</b>                   | <b>-</b>                 | <b>333,696</b>       | <b>-716,665</b>      | <b>-37,259</b>             | <b>-39,528</b>            | <b>208,798</b> | <b>535,773</b>              | <b>7,463,523</b>                   |



**Plan Sponsor TF Asset Allocation**  
**Total Fund Vs. All Public Plans-Total Fund**  
 As of September 30, 2016



|                 | <b>US Equity</b> | <b>Intl. Equity</b> | <b>US Fixed Income</b> | <b>Intl. Fixed Income</b> | <b>Alternative Inv.</b> | <b>Real Estate</b> | <b>Cash</b> |
|-----------------|------------------|---------------------|------------------------|---------------------------|-------------------------|--------------------|-------------|
| ● Total Fund    | 48.40 (27)       | 11.71 (75)          | 15.18 (93)             | 5.74 (15)                 | 0.00                    | 14.95 (4)          | 4.03 (12)   |
| 5th Percentile  | 56.58            | 26.87               | 47.46                  | 8.80                      | 33.72                   | 13.90              | 7.39        |
| 1st Quartile    | 48.88            | 19.78               | 35.59                  | 4.95                      | 20.07                   | 10.08              | 2.37        |
| Median          | 43.01            | 14.54               | 29.39                  | 4.46                      | 12.27                   | 7.47               | 1.25        |
| 3rd Quartile    | 33.34            | 11.51               | 22.19                  | 3.27                      | 5.57                    | 5.25               | 0.69        |
| 95th Percentile | 19.36            | 7.49                | 13.59                  | 0.19                      | 2.53                    | 2.65               | 0.05        |

Comparative Performance Trailing Returns

Total Fund

As of September 30, 2016

Comparative Performance Trailing Returns

|  | QTR         |      | FYTD         |      | 1 YR         |      | 3 YR        |      | 5 YR         |      | 7 YR         |      | Inception    |      | Inception Date    |
|--|-------------|------|--------------|------|--------------|------|-------------|------|--------------|------|--------------|------|--------------|------|-------------------|
| <b>Total Fund (Net)</b>                      | <b>3.05</b> |      | <b>10.11</b> |      | <b>10.11</b> |      | <b>7.17</b> |      | <b>10.14</b> |      | <b>8.15</b>  |      | <b>7.72</b>  |      | <b>01/01/1991</b> |
| Total Fund Policy                            | 3.11        |      | 10.89        |      | 10.89        |      | 6.65        |      | 10.20        |      | 8.64         |      | 7.78         |      |                   |
| Difference                                   | -0.06       |      | -0.78        |      | -0.78        |      | 0.52        |      | -0.06        |      | -0.49        |      | -0.06        |      |                   |
| <b>Total Fund (Gross)</b>                    | 3.07        | (68) | 10.72        | (16) | 10.72        | (16) | 7.79        | (3)  | 10.78        | (11) | 8.76         | (29) | 8.26         | (41) | 01/01/1991        |
| Total Fund Policy                            | 3.11        | (66) | 10.89        | (15) | 10.89        | (15) | 6.65        | (32) | 10.20        | (31) | 8.64         | (35) | 7.78         | (88) |                   |
| Difference                                   | -0.04       |      | -0.17        |      | -0.17        |      | 1.14        |      | 0.58         |      | 0.12         |      | 0.48         |      |                   |
| All Public Plans-Total Fund Median           | 3.42        |      | 9.62         |      | 9.62         |      | 6.18        |      | 9.62         |      | 8.40         |      | 8.19         |      |                   |
| <b>Total Equity Composite *</b>              | <b>3.72</b> |      | <b>11.73</b> |      | <b>11.73</b> |      | <b>8.89</b> |      | <b>16.03</b> |      | <b>10.92</b> |      | <b>10.61</b> |      | <b>01/01/1991</b> |
| Total Equity Policy                          | 4.84        |      | 14.09        |      | 14.09        |      | 8.75        |      | 14.67        |      | 11.73        |      | 9.46         |      |                   |
| Difference                                   | -1.12       |      | -2.36        |      | -2.36        |      | 0.14        |      | 1.36         |      | -0.81        |      | 1.15         |      |                   |
| <b>Total Domestic Equity Composite *</b>     | 3.19        | (64) | 13.72        | (44) | 13.72        | (44) | N/A         |      | N/A          |      | N/A          |      | 4.14         | (47) | 04/01/2015        |
| Russell 3000 Index                           | 4.40        | (43) | 14.96        | (27) | 14.96        | (27) | 10.44       | (55) | 16.36        | (47) | 13.18        | (45) | 4.47         | (42) |                   |
| Difference                                   | -1.21       |      | -1.24        |      | -1.24        |      | N/A         |      | N/A          |      | N/A          |      | -0.33        |      |                   |
| IM U.S. Large Cap Core Equity (SA+CF) Median | 4.07        |      | 13.17        |      | 13.17        |      | 10.69       |      | 16.24        |      | 13.05        |      | 3.76         |      |                   |
| <b>Highland Equity *</b>                     | 3.08        | (67) | 13.43        | (48) | 13.43        | (48) | N/A         |      | N/A          |      | N/A          |      | 3.66         | (53) | 04/01/2015        |
| Total Highland Equity Policy                 | 3.48        | (60) | 16.19        | (16) | 16.19        | (16) | 9.23        | (77) | 14.98        | (74) | 11.94        | (77) | 4.32         | (44) |                   |
| Difference                                   | -0.40       |      | -2.76        |      | -2.76        |      | N/A         |      | N/A          |      | N/A          |      | -0.66        |      |                   |
| IM U.S. Large Cap Core Equity (SA+CF) Median | 4.07        |      | 13.17        |      | 13.17        |      | 10.69       |      | 16.24        |      | 13.05        |      | 3.76         |      |                   |
| <b>Vanguard 500 Index (VFIAX)</b>            | 3.84        | (14) | 15.39        | (9)  | 15.39        | (9)  | 11.12       | (4)  | N/A          |      | N/A          |      | 14.16        | (4)  | 01/01/2013        |
| S&P 500 Index                                | 3.85        | (9)  | 15.43        | (3)  | 15.43        | (3)  | 11.16       | (1)  | 16.37        | (1)  | 13.17        | (1)  | 14.20        | (1)  |                   |
| Difference                                   | -0.01       |      | -0.04        |      | -0.04        |      | -0.04       |      | N/A          |      | N/A          |      | -0.04        |      |                   |
| IM S&P 500 Index (MF) Median                 | 3.75        |      | 14.96        |      | 14.96        |      | 10.69       |      | 15.82        |      | 12.64        |      | 13.69        |      |                   |

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 September 30, 2016

|  | QTR         |             | FYTD        |             | 1 YR        |             | 3 YR       |            | 5 YR       |            | 7 YR       |              | Inception   |                   | Inception Date |
|--|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|--------------|-------------|-------------------|----------------|
| <b>Total International Composite *</b> | <b>5.94</b> | <b>(74)</b> | <b>3.80</b> | <b>(91)</b> | <b>3.80</b> | <b>(91)</b> | <b>N/A</b> | <b>N/A</b> | <b>N/A</b> | <b>N/A</b> | <b>N/A</b> | <b>-4.91</b> | <b>(95)</b> | <b>04/01/2015</b> |                |
| MSCI AC World ex USA                   | 7.00        | (54)        | 9.80        | (57)        | 9.80        | (57)        | 0.64       | (73)       | 6.52       | (75)       | 4.12       | (80)         | -1.87       | (71)              |                |
| Difference                             | -1.06       |             | -6.00       |             | -6.00       |             | N/A        |            | N/A        |            | N/A        |              | -3.04       |                   |                |
| IM International Equity (SA+CF) Median | 7.26        |             | 11.24       |             | 11.24       |             | 2.18       |            | 8.45       |            | 5.98       |              | -0.09       |                   |                |
| <b>Highland International *</b>        | <b>5.94</b> | <b>(74)</b> | <b>3.80</b> | <b>(91)</b> | <b>3.80</b> | <b>(91)</b> | <b>N/A</b> | <b>N/A</b> | <b>N/A</b> | <b>N/A</b> | <b>N/A</b> | <b>-4.91</b> | <b>(95)</b> | <b>04/01/2015</b> |                |
| MSCI AC World ex USA                   | 7.00        | (54)        | 9.80        | (57)        | 9.80        | (57)        | 0.64       | (73)       | 6.52       | (75)       | 4.12       | (80)         | -1.87       | (71)              |                |
| Difference                             | -1.06       |             | -6.00       |             | -6.00       |             | N/A        |            | N/A        |            | N/A        |              | -3.04       |                   |                |
| IM International Equity (SA+CF) Median | 7.26        |             | 11.24       |             | 11.24       |             | 2.18       |            | 8.45       |            | 5.98       |              | -0.09       |                   |                |

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 September 30, 2016

|   | QTR         |             | FYTD         |             | 1 YR         |             | 3 YR         |             | 5 YR         |             | 7 YR        |             | Inception    |             | Inception Date    |
|---|-------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------------|
| <b>Total Fixed Income Composite *</b>                 | <b>0.96</b> |             | <b>7.01</b>  |             | <b>7.01</b>  |             | <b>4.13</b>  |             | <b>3.13</b>  |             | <b>4.18</b> |             | <b>6.34</b>  |             | <b>01/01/1991</b> |
| Total Fixed Income Policy                             | 0.49        |             | 5.61         |             | 5.61         |             | 3.83         |             | 2.94         |             | 3.92        |             | 6.17         |             |                   |
| Difference  | 0.47        |             | 1.40         |             | 1.40         |             | 0.30         |             | 0.19         |             | 0.26        |             | 0.17         |             |                   |
| <b>Total Domestic Fixed Composite *</b>               | <b>0.76</b> | <b>(41)</b> | <b>7.00</b>  | <b>(8)</b>  | <b>7.00</b>  | <b>(8)</b>  | <b>4.42</b>  | <b>(44)</b> | <b>3.31</b>  | <b>(76)</b> | <b>4.30</b> | <b>(78)</b> | <b>6.37</b>  | <b>(74)</b> | <b>01/01/1991</b> |
| Bloomberg Barclays U.S. Aggregate Index               | 0.46        | (77)        | 5.19         | (79)        | 5.19         | (79)        | 4.03         | (83)        | 3.08         | (91)        | 4.10        | (89)        | 6.20         | (98)        |                   |
| Difference  | 0.30        |             | 1.81         |             | 1.81         |             | 0.39         |             | 0.23         |             | 0.20        |             | 0.17         |             |                   |
| IM U.S. Broad Market Core Fixed Income (SA+CF) Median | 0.68        |             | 5.62         |             | 5.62         |             | 4.31         |             | 3.66         |             | 4.73        |             | 6.54         |             |                   |
| Highland Fixed *                                      | 0.76        | (41)        | 7.00         | (8)         | 7.00         | (8)         | 4.42         | (44)        | 3.31         | (76)        | 4.30        | (78)        | 6.37         | (74)        | 01/01/1991        |
| Total Highland Fixed Income Policy                    | 0.46        | (77)        | 5.19         | (79)        | 5.19         | (79)        | 4.03         | (83)        | 3.08         | (91)        | 4.06        | (92)        | 6.21         | (98)        |                   |
| Difference  | 0.30        |             | 1.81         |             | 1.81         |             | 0.39         |             | 0.23         |             | 0.24        |             | 0.16         |             |                   |
| IM U.S. Broad Market Core Fixed Income (SA+CF) Median | 0.68        |             | 5.62         |             | 5.62         |             | 4.31         |             | 3.66         |             | 4.73        |             | 6.54         |             |                   |
| <b>Total Global Fixed Income</b>                      | <b>1.50</b> | <b>(48)</b> | <b>7.01</b>  | <b>(52)</b> | <b>7.01</b>  | <b>(52)</b> | <b>2.85</b>  | <b>(39)</b> | <b>4.94</b>  | <b>(10)</b> | <b>N/A</b>  |             | <b>3.45</b>  | <b>(24)</b> | <b>05/01/2011</b> |
| BofA Merrill Lynch Global Broad Market Index          | 0.71        | (86)        | 8.56         | (25)        | 8.56         | (25)        | 2.42         | (47)        | 1.91         | (73)        | 2.84        | (63)        | 2.03         | (51)        |                   |
| Difference  | 0.79        |             | -1.55        |             | -1.55        |             | 0.43         |             | 3.03         |             | N/A         |             | 1.42         |             |                   |
| IM Global Fixed Income (MF) Median                    | 1.48        |             | 7.09         |             | 7.09         |             | 2.34         |             | 2.59         |             | 3.21        |             | 2.09         |             |                   |
| PIMCO Diversified Income Fund (PDIIX)                 | 3.81        | (3)         | 12.57        | (1)         | 12.57        | (1)         | 5.70         | (2)         | 6.62         | (1)         | N/A         |             | 5.49         | (3)         | 05/01/2011        |
| Blmbg. Barc. Global Credit (Hedged)                   | 2.32        | (18)        | 9.19         | (18)        | 9.19         | (18)        | 5.57         | (2)         | 5.91         | (1)         | 6.01        | (6)         | 5.54         | (3)         |                   |
| Difference  | 1.49        |             | 3.38         |             | 3.38         |             | 0.13         |             | 0.71         |             | N/A         |             | -0.05        |             |                   |
| IM Global Fixed Income (MF) Median                    | 1.48        |             | 7.09         |             | 7.09         |             | 2.34         |             | 2.59         |             | 3.21        |             | 2.09         |             |                   |
| Templeton Global Bond Fund (FBNRX)                    | -1.23       | (100)       | 0.84         | (100)       | 0.84         | (100)       | -0.29        | (98)        | 3.05         | (35)        | N/A         |             | 1.23         | (70)        | 05/01/2011        |
| Citigroup World Government Bond Index                 | 0.30        | (95)        | 9.71         | (13)        | 9.71         | (13)        | 1.78         | (65)        | 0.77         | (88)        | 1.90        | (87)        | 1.16         | (71)        |                   |
| Difference  | -1.53       |             | -8.87        |             | -8.87        |             | -2.07        |             | 2.28         |             | N/A         |             | 0.07         |             |                   |
| IM Global Fixed Income (MF) Median                    | 1.48        |             | 7.09         |             | 7.09         |             | 2.34         |             | 2.59         |             | 3.21        |             | 2.09         |             |                   |
| <b>Intercontinental</b>                               | <b>3.87</b> | <b>(1)</b>  | <b>13.29</b> | <b>(17)</b> | <b>13.29</b> | <b>(17)</b> | <b>13.80</b> | <b>(29)</b> | <b>14.56</b> | <b>(28)</b> | <b>N/A</b>  |             | <b>14.86</b> | <b>(30)</b> | <b>10/01/2010</b> |
| NCREIF Property Index                                 | 1.77        | (78)        | 9.22         | (93)        | 9.22         | (93)        | 11.31        | (83)        | 11.18        | (85)        | 11.09       | (82)        | 11.99        | (86)        |                   |
| Difference  | 2.10        |             | 4.07         |             | 4.07         |             | 2.49         |             | 3.38         |             | N/A         |             | 2.87         |             |                   |
| IM U.S. Open End Private Real Estate (SA+CF) Median   | 2.06        |             | 10.89        |             | 10.89        |             | 12.83        |             | 12.79        |             | 12.96       |             | 14.00        |             |                   |

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 September 30, 2016

| Comparative Performance Fiscal Year Returns  |              |                            |                            |                            |                            |                            |                            |                            |                            |                            |
|--|--------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|  | FYTD         | Oct-2014<br>To<br>Sep-2015 | Oct-2013<br>To<br>Sep-2014 | Oct-2012<br>To<br>Sep-2013 | Oct-2011<br>To<br>Sep-2012 | Oct-2010<br>To<br>Sep-2011 | Oct-2009<br>To<br>Sep-2010 | Oct-2008<br>To<br>Sep-2009 | Oct-2007<br>To<br>Sep-2008 | Oct-2006<br>To<br>Sep-2007 |
| <b>Total Fund (Net)</b>                      | <b>10.11</b> | <b>1.27</b>                | <b>10.37</b>               | <b>13.58</b>               | <b>15.92</b>               | <b>-0.23</b>               | <b>7.05</b>                | <b>2.29</b>                | <b>-11.39</b>              | <b>13.73</b>               |
| Total Fund Policy                            | 10.89        | -1.48                      | 11.04                      | 12.89                      | 18.66                      | 0.96                       | 8.85                       | 2.63                       | -10.22                     | 10.74                      |
| Difference                                   | -0.78        | 2.75                       | -0.67                      | 0.69                       | -2.74                      | -1.19                      | -1.80                      | -0.34                      | -1.17                      | 2.99                       |
| Total Fund (Gross)                           | 10.72 (16)   | 1.85 (7)                   | 11.06 (28)                 | 14.24 (21)                 | 16.59 (72)                 | 0.33 (48)                  | 7.59 (94)                  | 2.81 (36)                  | -10.77 (17)                | 14.17 (49)                 |
| Total Fund Policy                            | 10.89 (15)   | -1.48 (73)                 | 11.04 (29)                 | 12.89 (44)                 | 18.66 (33)                 | 0.96 (32)                  | 8.85 (78)                  | 2.63 (39)                  | -10.22 (11)                | 10.74 (95)                 |
| Difference                                   | -0.17        | 3.33                       | 0.02                       | 1.35                       | -2.07                      | -0.63                      | -1.26                      | 0.18                       | -0.55                      | 3.43                       |
| All Public Plans-Total Fund Median           | 9.62         | -0.54                      | 10.17                      | 12.50                      | 17.94                      | 0.22                       | 9.92                       | 1.59                       | -12.96                     | 14.09                      |
| <b>Total Equity Composite *</b>              | <b>11.73</b> | <b>0.69</b>                | <b>14.77</b>               | <b>27.28</b>               | <b>27.94</b>               | <b>-9.11</b>               | <b>8.10</b>                | <b>-4.91</b>               | <b>-19.66</b>              | <b>20.63</b>               |
| Total Equity Policy                          | 14.09        | -2.46                      | 15.56                      | 20.87                      | 27.57                      | -1.37                      | 11.13                      | -6.91                      | -21.98                     | 16.44                      |
| Difference                                   | -2.36        | 3.15                       | -0.79                      | 6.41                       | 0.37                       | -7.74                      | -3.03                      | 2.00                       | 2.32                       | 4.19                       |
| Total ICC Equity (segment level) *           | N/A          | N/A                        | 14.77 (89)                 | 27.28 (6)                  | 27.94 (62)                 | -9.11 (100)                | 8.10 (72)                  | -4.91 (43)                 | -19.66 (44)                | 20.63 (20)                 |
| Total Highland Equity Policy                 | 16.19 (16)   | -2.93 (83)                 | 15.56 (85)                 | 20.87 (47)                 | 27.57 (63)                 | -1.37 (78)                 | 11.13 (28)                 | -6.91 (64)                 | -21.98 (68)                | 16.44 (60)                 |
| 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 | 13.17        | -0.02                      | 19.25                      | 20.66                      | 29.76                      | 1.14                       | 9.46                       | -5.78                      | -20.47                     | 16.97                      |
| Highland Equity *                            | 13.43 (48)   | N/A                        |
| Total Highland Equity Policy                 | 16.19 (16)   | -2.93 (83)                 | 15.56 (85)                 | 20.87 (47)                 | 27.57 (63)                 | -1.37 (78)                 | 11.13 (28)                 | -6.91 (64)                 | -21.98 (68)                | 16.44 (60)                 |
| Difference                                   | -2.76        | N/A                        |
| IM U.S. Large Cap Core Equity (SA+CF) Median | 13.17        | -0.02                      | 19.25                      | 20.66                      | 29.76                      | 1.14                       | 9.46                       | -5.78                      | -20.47                     | 16.97                      |
| Vanguard 500 Index (VFIAX)                   | 15.39 (9)    | -0.63 (4)                  | 19.68 (5)                  | N/A                        |
| S&P 500 Index                                | 15.43 (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                                   | -0.04        | -0.02                      | -0.05                      | N/A                        |
| IM S&P 500 Index (MF) Median                 | 14.96        | -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 September 30, 2016

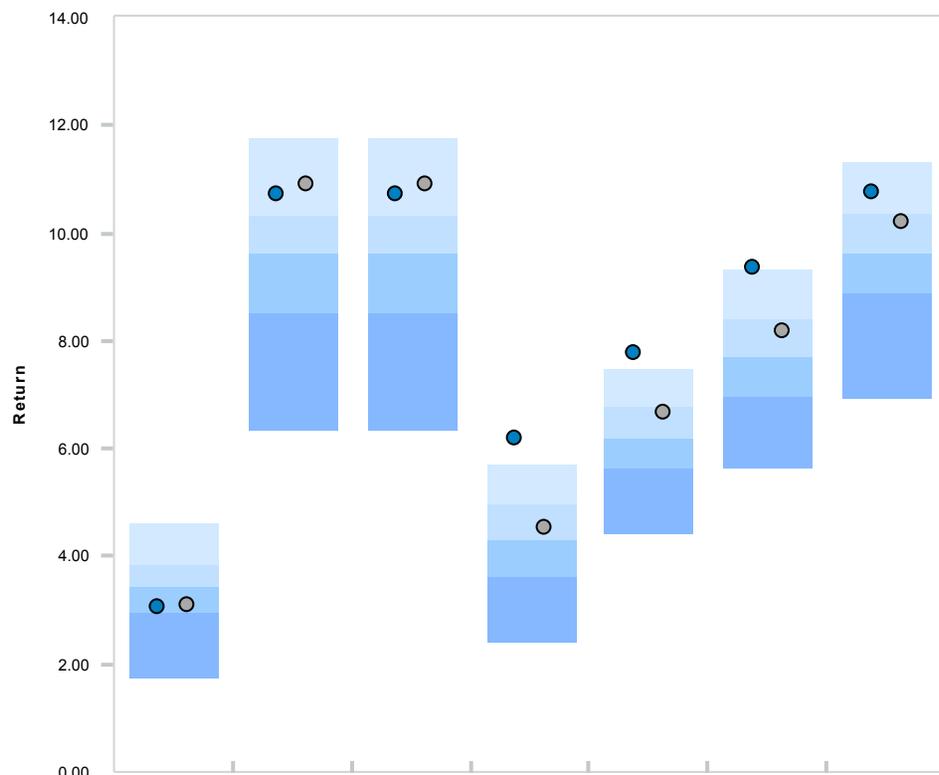
|   | FYTD              | Oct-2014<br>To<br>Sep-2015 | Oct-2013<br>To<br>Sep-2014 | Oct-2012<br>To<br>Sep-2013 | Oct-2011<br>To<br>Sep-2012 | Oct-2010<br>To<br>Sep-2011 | Oct-2009<br>To<br>Sep-2010 | Oct-2008<br>To<br>Sep-2009 | Oct-2007<br>To<br>Sep-2008 | Oct-2006<br>To<br>Sep-2007 |
|---|-------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Total Domestic Fixed Composite *</b>               | <b>7.00 (8)</b>   | <b>2.59 (78)</b>           | <b>3.73 (91)</b>           | <b>-2.84 (100)</b>         | <b>6.36 (61)</b>           | <b>5.97 (14)</b>           | <b>7.72 (94)</b>           | <b>11.28 (70)</b>          | <b>2.11 (55)</b>           | <b>4.93 (74)</b>           |
| Bloomberg Barclays U.S. Aggregate Index               | 5.19 (79)         | 2.94 (59)                  | 3.96 (80)                  | -1.68 (79)                 | 5.16 (91)                  | 5.26 (49)                  | 8.16 (87)                  | 10.56 (82)                 | 3.65 (32)                  | 5.14 (52)                  |
| Difference  | 1.81              | -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 | 5.62              | 3.02                       | 4.49                       | -1.26                      | 6.60                       | 5.25                       | 9.26                       | 12.28                      | 2.55                       | 5.15                       |
| <b>Total ICC Fixed Income (segment level) *</b>       | <b>N/A</b>        | <b>N/A</b>                 | <b>3.73 (91)</b>           | <b>-2.84 (100)</b>         | <b>6.36 (61)</b>           | <b>5.97 (14)</b>           | <b>7.72 (94)</b>           | <b>11.28 (70)</b>          | <b>2.11 (55)</b>           | <b>4.93 (74)</b>           |
| Total Highland Fixed Income Policy                    | 5.19 (79)         | 2.94 (59)                  | 3.96 (80)                  | -1.68 (79)                 | 5.16 (91)                  | 5.26 (49)                  | 7.82 (93)                  | 11.06 (73)                 | 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 | 5.62              | 3.02                       | 4.49                       | -1.26                      | 6.60                       | 5.25                       | 9.26                       | 12.28                      | 2.55                       | 5.15                       |
| <b>Highland Fixed *</b>                               | <b>7.00 (8)</b>   | <b>2.59 (78)</b>           | <b>3.73 (91)</b>           | <b>-2.84 (100)</b>         | <b>6.36 (61)</b>           | <b>5.97 (14)</b>           | <b>7.72 (94)</b>           | <b>11.28 (1)</b>           | <b>2.11 (55)</b>           | <b>4.93 (74)</b>           |
| Total Highland Fixed Income Policy                    | 5.19 (79)         | 2.94 (59)                  | 3.96 (80)                  | -1.68 (79)                 | 5.16 (91)                  | 5.26 (49)                  | 7.82 (93)                  | 11.06 (1)                  | 2.38 (53)                  | 5.12 (56)                  |
| Difference  | 1.81              | -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 | 5.62              | 3.02                       | 4.49                       | -1.26                      | 6.60                       | 5.25                       | 9.26                       | 6.87                       | 2.55                       | 5.15                       |
| <b>Total Global Fixed Income</b>                      | <b>7.01 (52)</b>  | <b>-4.16 (59)</b>          | <b>6.09 (17)</b>           | <b>1.89 (5)</b>            | <b>14.78 (3)</b>           | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 |
| BofA Merrill Lynch Global Broad Market Index          | 8.56 (25)         | -2.44 (34)                 | 1.45 (81)                  | -2.65 (66)                 | 5.10 (88)                  | 4.18 (10)                  | 6.22 (84)                  | 13.36 (57)                 | 2.80 (15)                  | 8.01 (46)                  |
| Difference  | -1.55             | -1.72                      | 4.64                       | 4.54                       | 9.68                       | N/A                        | N/A                        | N/A                        | N/A                        | N/A                        |
| IM Global Fixed Income (MF) Median                    | 7.09              | -3.74                      | 3.62                       | -1.52                      | 7.30                       | 1.67                       | 7.85                       | 13.54                      | -1.60                      | 7.41                       |
| <b>PIMCO Diversified Income Fund (PDIIX)</b>          | <b>12.57 (1)</b>  | <b>-1.10 (27)</b>          | <b>6.09 (17)</b>           | <b>0.37 (26)</b>           | <b>16.25 (3)</b>           | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 |
| Blmbg. Barc. Global Credit (Hedged)                   | 9.19 (18)         | 0.86 (18)                  | 6.83 (9)                   | 1.46 (9)                   | 11.61 (7)                  | 1.69 (50)                  | 11.05 (32)                 | 15.99 (26)                 | -4.40 (78)                 | 3.82 (82)                  |
| Difference  | 3.38              | -1.96                      | -0.74                      | -1.09                      | 4.64                       | N/A                        | N/A                        | N/A                        | N/A                        | N/A                        |
| IM Global Fixed Income (MF) Median                    | 7.09              | -3.74                      | 3.62                       | -1.52                      | 7.30                       | 1.67                       | 7.85                       | 13.54                      | -1.60                      | 7.41                       |
| <b>Templeton Global Bond Fund (FBNRX)</b>             | <b>0.84 (100)</b> | <b>-7.34 (89)</b>          | <b>6.09 (17)</b>           | <b>3.52 (3)</b>            | <b>13.25 (5)</b>           | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 |
| Citigroup World Government Bond Index                 | 9.71 (13)         | -3.83 (53)                 | -0.07 (97)                 | -4.60 (85)                 | 3.29 (97)                  | 4.61 (9)                   | 4.99 (95)                  | 13.78 (49)                 | 5.90 (6)                   | 8.69 (32)                  |
| Difference  | -8.87             | -3.51                      | 6.16                       | 8.12                       | 9.96                       | N/A                        | N/A                        | N/A                        | N/A                        | N/A                        |
| IM Global Fixed Income (MF) Median                    | 7.09              | -3.74                      | 3.62                       | -1.52                      | 7.30                       | 1.67                       | 7.85                       | 13.54                      | -1.60                      | 7.41                       |
| <b>Intercontinental</b>                               | <b>13.29 (17)</b> | <b>13.98 (68)</b>          | <b>14.12 (34)</b>          | <b>18.15 (10)</b>          | <b>13.32 (43)</b>          | <b>16.37 (56)</b>          | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 | <b>N/A</b>                 |
| NCREIF Property Index                                 | 9.22 (93)         | 13.48 (74)                 | 11.26 (89)                 | 11.00 (83)                 | 11.00 (77)                 | 16.10 (76)                 | 5.84 (100)                 | -22.09 (5)                 | 5.27 (28)                  | 17.31 (68)                 |
| Difference  | 4.07              | 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   | 10.89             | 15.93                      | 12.90                      | 13.22                      | 12.90                      | 16.62                      | 20.47                      | -34.80                     | 3.23                       | 18.34                      |

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

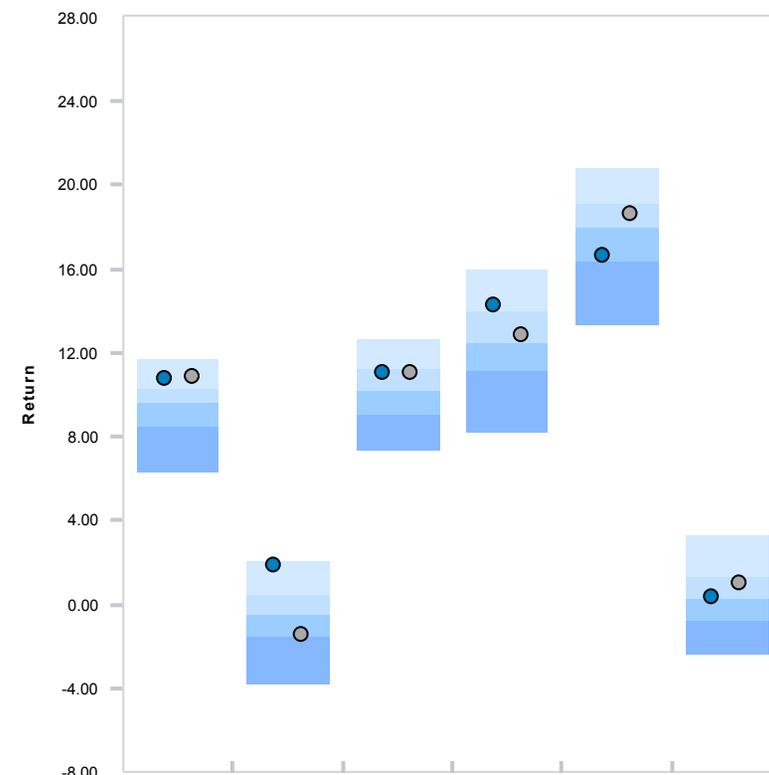
Due to the nature of the ICC balanced account, ICC Equity and ICC Domestic Fixed Income is reported at the segment level. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.

\* 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        | 3.07 (68) | 10.72 (16) | 10.72 (16) | 6.19 (2)  | 7.79 (3)  | 9.37 (5)  | 10.78 (11) |
| ● Total Fund Policy | 3.11 (66) | 10.89 (15) | 10.89 (15) | 4.52 (42) | 6.65 (32) | 8.18 (33) | 10.20 (31) |
| Median              | 3.42      | 9.62       | 9.62       | 4.30      | 6.18      | 7.72      | 9.62       |

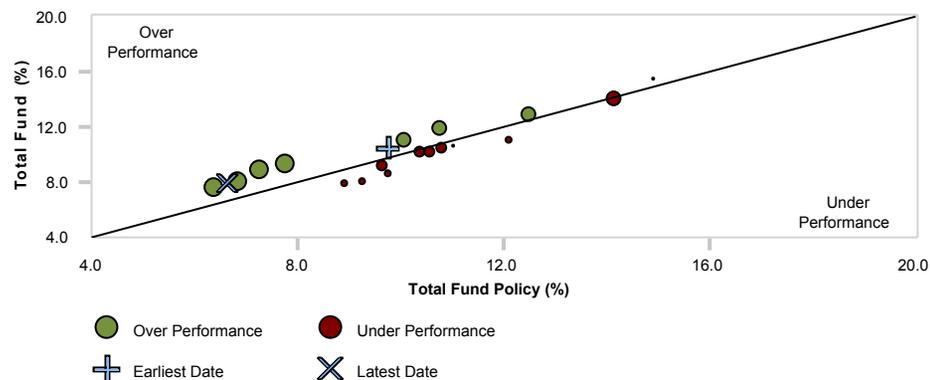


|                     | Oct-2015 To Sep-2016 | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 | Oct-2012 To Sep-2013 | Oct-2011 To Sep-2012 | Oct-2010 To Sep-2011 |
|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Total Fund        | 10.72 (16)           | 1.85 (7)             | 11.06 (28)           | 14.24 (21)           | 16.59 (72)           | 0.33 (48)            |
| ● Total Fund Policy | 10.89 (15)           | -1.48 (73)           | 11.04 (29)           | 12.89 (44)           | 18.66 (33)           | 0.96 (32)            |
| Median              | 9.62                 | -0.54                | 10.17                | 12.50                | 17.94                | 0.22                 |

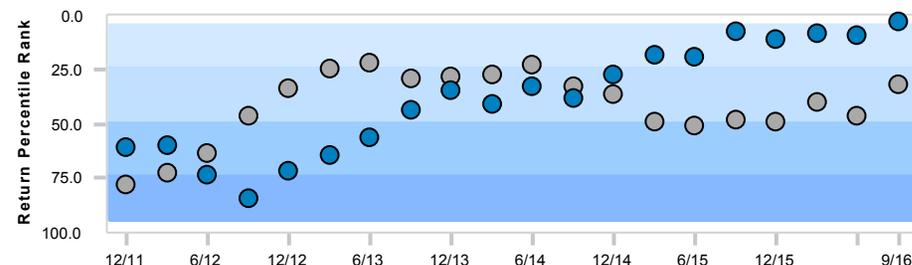
Comparative Performance

|                                    | 1 Qtr Ending Jun-2016 | 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 |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Fund                         | 2.13 (35)             | 1.21 (40)             | 3.92 (8)              | -3.51 (9)             | -0.11 (51)            | 1.95 (86)             |
| Total Fund Policy                  | 1.95 (48)             | 2.08 (7)              | 3.34 (28)             | -4.85 (44)            | 0.02 (39)             | 1.07 (97)             |
| All Public Plans-Total Fund Median | 1.91                  | 1.04                  | 2.88                  | -5.04                 | -0.11                 | 2.43                  |

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

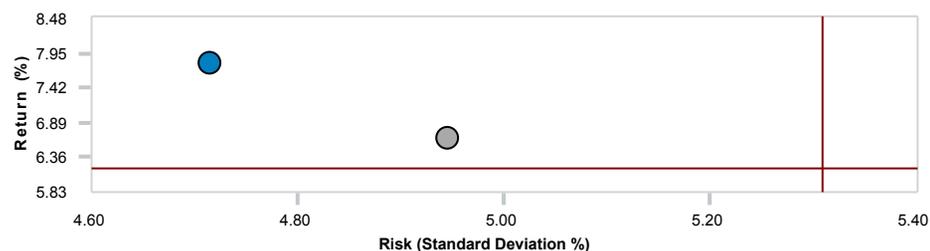


### 3 Yr Rolling Percentile Ranking - 5 Years



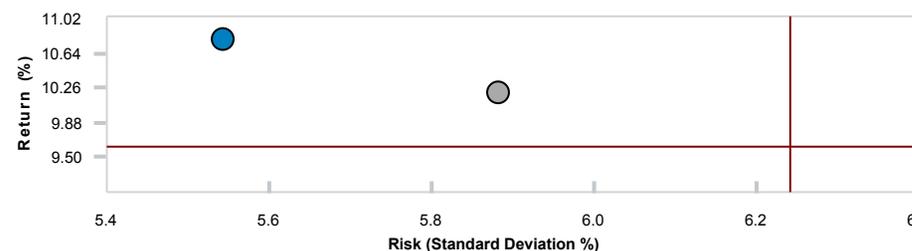
|                     | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|---------------------|--------------|------------|-----------------|-----------------|-------------|
| ● Total Fund        | 20           | 7 (35%)    | 6 (30%)         | 6 (30%)         | 1 (5%)      |
| ● Total Fund Policy | 20           | 3 (15%)    | 13 (65%)        | 3 (15%)         | 1 (5%)      |

### Peer Group Scattergram - 3 Years



|                     | Return | Standard Deviation |
|---------------------|--------|--------------------|
| ● Total Fund        | 7.79   | 4.72               |
| ● Total Fund Policy | 6.65   | 4.95               |
| — Median            | 6.18   | 5.31               |

### Peer Group Scattergram - 5 Years



|                     | Return | Standard Deviation |
|---------------------|--------|--------------------|
| ● Total Fund        | 10.78  | 5.54               |
| ● Total Fund Policy | 10.20  | 5.88               |
| — Median            | 9.62   | 6.24               |

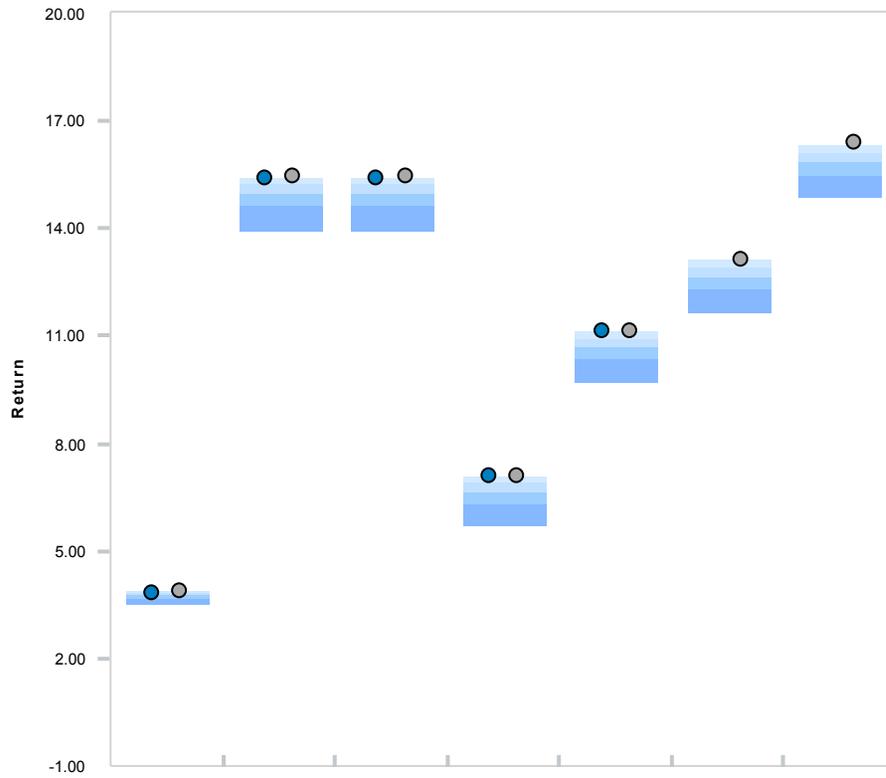
### Historical Statistics - 3 Years

|                   | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|-------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Total Fund        | 1.35           | 107.01            | 72.28               | 1.62  | 0.79              | 1.61         | 0.92 | 2.03          |
| Total Fund Policy | 0.00           | 100.00            | 100.00              | 0.00  | N/A               | 1.32         | 1.00 | 2.81          |

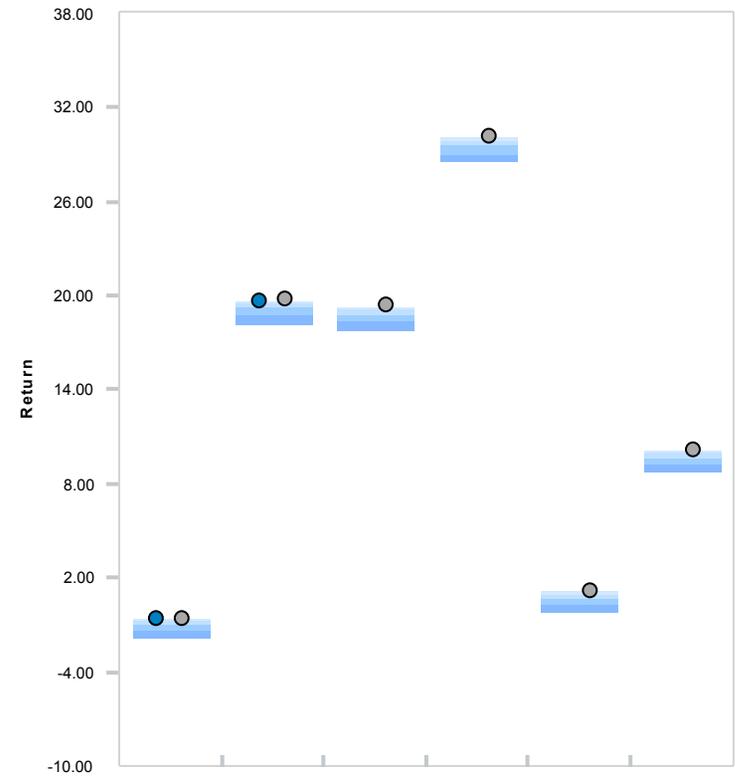
### Historical Statistics - 5 Years

|                   | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|-------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Total Fund        | 1.28           | 102.96            | 87.20               | 1.32  | 0.40              | 1.88         | 0.92 | 1.90          |
| Total Fund Policy | 0.00           | 100.00            | 100.00              | 0.00  | N/A               | 1.69         | 1.00 | 2.32          |

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



|                        | QTR       | FYTD      | 1 YR      | 2 YR     | 3 YR      | 4 YR      | 5 YR      |
|------------------------|-----------|-----------|-----------|----------|-----------|-----------|-----------|
| ● Vanguard 500 (VFIAX) | 3.84 (14) | 15.39 (9) | 15.39 (9) | 7.08 (5) | 11.12 (4) | N/A       | N/A       |
| ● S&P 500 Index        | 3.85 (9)  | 15.43 (3) | 15.43 (3) | 7.11 (2) | 11.16 (1) | 13.15 (1) | 16.37 (1) |
| Median                 | 3.75      | 14.96     | 14.96     | 6.64     | 10.69     | 12.65     | 15.82     |

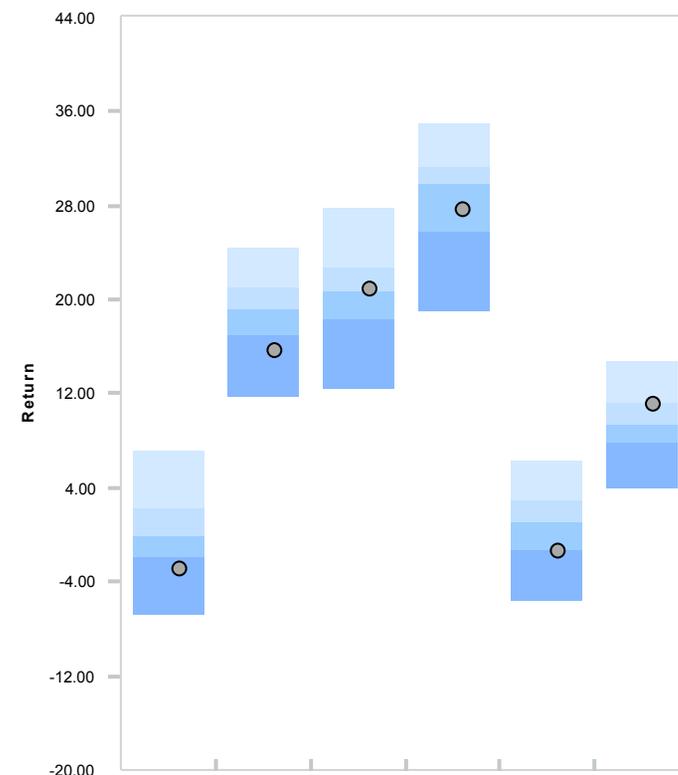
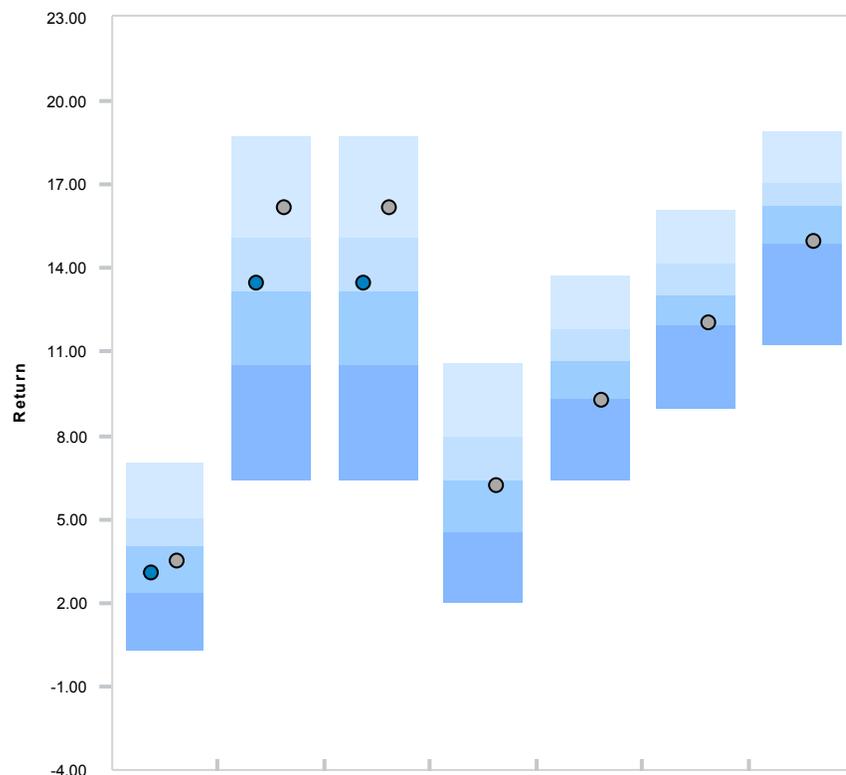


|                        | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 | Oct-2012 To Sep-2013 | Oct-2011 To Sep-2012 | Oct-2010 To Sep-2011 | Oct-2009 To Sep-2010 |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● 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 Jun-2016 | 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 |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Vanguard 500 (VFIAX)         | 2.45 (7)              | 1.34 (10)             | 7.04 (9)              | -6.45 (16)            | 0.28 (6)              | 0.94 (6)              |
| S&P 500 Index                | 2.46 (5)              | 1.35 (5)              | 7.04 (6)              | -6.44 (6)             | 0.28 (10)             | 0.95 (2)              |
| IM S&P 500 Index (MF) Median | 2.34                  | 1.25                  | 6.94                  | -6.55                 | 0.18                  | 0.85                  |

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

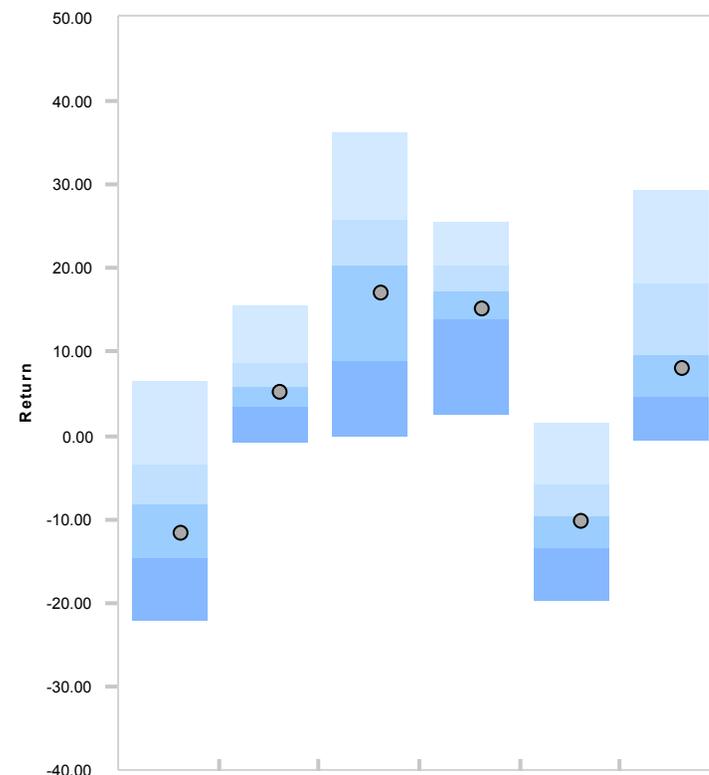
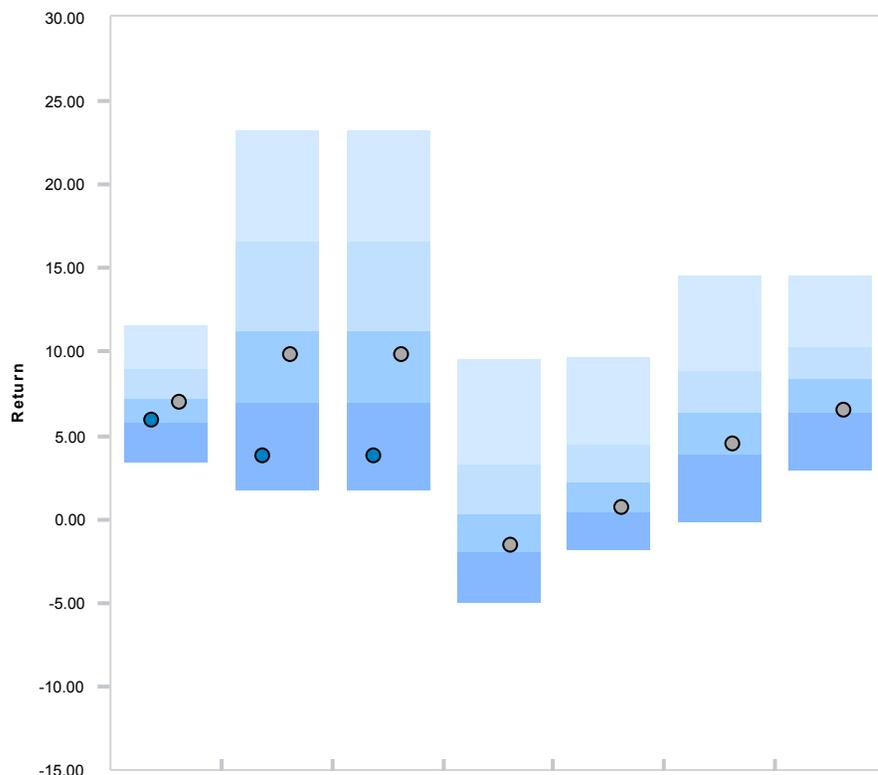


|                                | QTR       | FYTD       | 1 YR       | 2 YR      | 3 YR      | 4 YR       | 5 YR       | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 | Oct-2012 To Sep-2013 | Oct-2011 To Sep-2012 | Oct-2010 To Sep-2011 | Oct-2009 To Sep-2010 |
|--------------------------------|-----------|------------|------------|-----------|-----------|------------|------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Highland Equity              | 3.08 (67) | 13.43 (48) | 13.43 (48) | N/A       | N/A       | N/A        | N/A        | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  | N/A                  |
| ● Total Highland Equity Policy | 3.48 (60) | 16.19 (16) | 16.19 (16) | 6.20 (55) | 9.23 (77) | 12.03 (71) | 14.98 (74) | -2.93 (83)           | 15.56 (85)           | 20.87 (47)           | 27.57 (63)           | -1.37 (78)           | 11.13 (28)           |
| Median                         | 4.07      | 13.17      | 13.17      | 6.40      | 10.69     | 13.01      | 16.24      | -0.02                | 19.25                | 20.66                | 29.76                | 1.14                 | 9.46                 |

Comparative Performance

|  | 1 Qtr Ending Jun-2016 | 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 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Highland Equity                              | 2.90 (29)             | 1.21 (35)             | 5.66 (59)             | -6.74 (55)            | -0.23 (66)            | N/A                   |
| Total Highland Equity Policy                 | 4.58 (6)              | 1.64 (27)             | 5.64 (60)             | -8.40 (84)            | 0.11 (56)             | 2.11 (43)             |
| IM U.S. Large Cap Core Equity (SA+CF) Median | 2.09                  | 0.61                  | 5.96                  | -6.64                 | 0.26                  | 1.82                  |

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

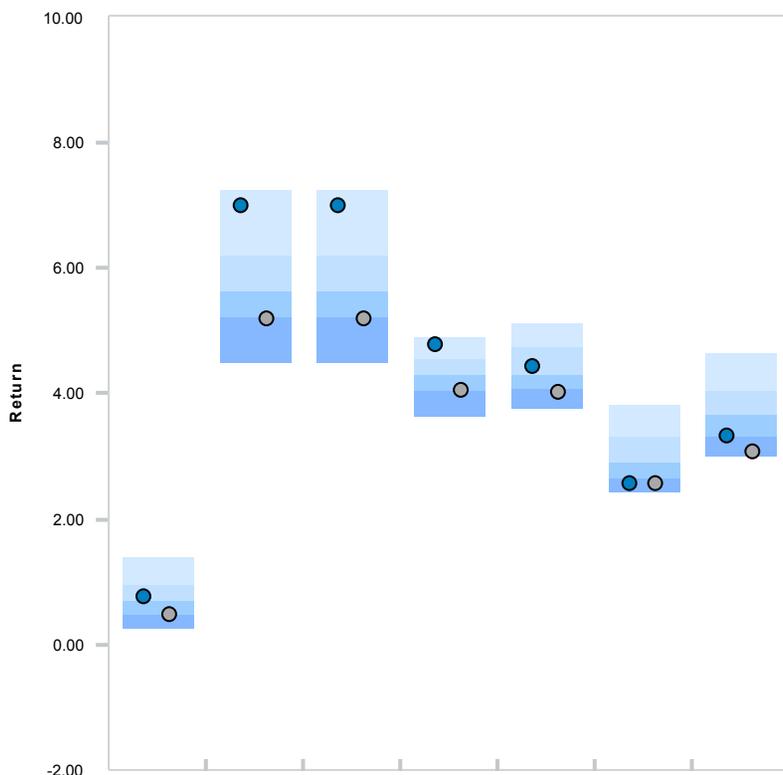


|                          | QTR       | FYTD      | 1 YR      | 2 YR       | 3 YR      | 4 YR      | 5 YR      | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 | Oct-2012 To Sep-2013 | Oct-2011 To Sep-2012 | Oct-2010 To Sep-2011 | Oct-2009 To Sep-2010 |
|--------------------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Highland International | 5.94 (74) | 3.80 (91) | 3.80 (91) | 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   | 7.00 (54) | 9.80 (57) | 9.80 (57) | -1.58 (72) | 0.64 (73) | 4.49 (71) | 6.52 (75) | 11.78 (67)           | 5.22 (57)            | 16.98 (61)           | 15.04 (67)           | 10.42 (57)           | 8.00 (56)            |
| Median                   | 7.26      | 11.24     | 11.24     | 0.37       | 2.18      | 6.33      | 8.45      | -8.11                | 5.79                 | 20.31                | 17.31                | -9.61                | 9.60                 |

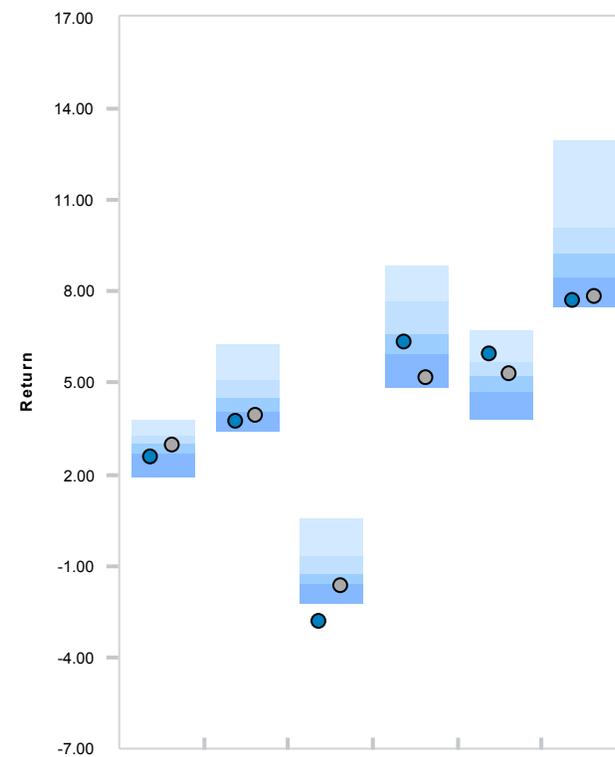
Comparative Performance

|  | 1 Qtr Ending Jun-2016 | 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 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Highland International                 | -1.41 (68)            | -5.66 (97)            | 5.34 (34)             | -10.76 (50)           | 0.12 (78)             | N/A                   |
| MSCI AC World ex USA                   | -0.40 (54)            | -0.26 (48)            | 3.30 (61)             | -12.10 (60)           | 0.72 (66)             | 3.59 (61)             |
| IM International Equity (SA+CF) Median | -0.13                 | -0.42                 | 4.23                  | -10.79                | 1.45                  | 4.24                  |

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                     | 0.76 (41) | 7.00 (8)  | 7.00 (8)  | 4.77 (13) | 4.42 (44) | 2.56 (84) | 3.31 (76) |
| ● Total Highland Fixed Income Policy | 0.46 (77) | 5.19 (79) | 5.19 (79) | 4.06 (76) | 4.03 (83) | 2.57 (83) | 3.08 (91) |
| Median                               | 0.68      | 5.62      | 5.62      | 4.31      | 4.31      | 2.90      | 3.66      |

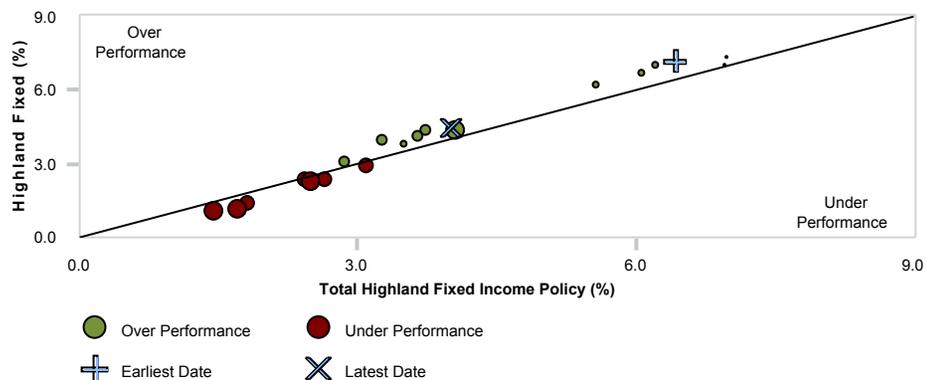


|                                      | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 | Oct-2012 To Sep-2013 | Oct-2011 To Sep-2012 | Oct-2010 To Sep-2011 | Oct-2009 To Sep-2010 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Highland Fixed                     | 2.59 (78)            | 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 (79)            | 5.16 (91)            | 5.26 (49)            | 7.82 (93)            |
| Median                               | 3.02                 | 4.49                 | 1.26                 | 6.60                 | 5.25                 | 9.26                 |

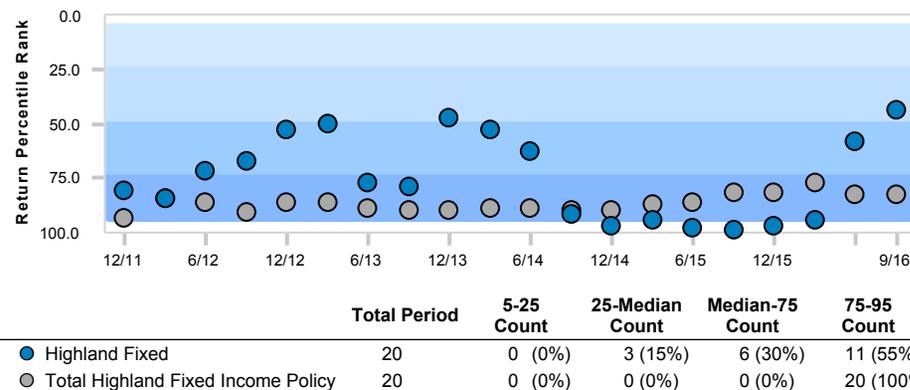
Comparative Performance

|   | 1 Qtr Ending Jun-2016 | 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 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Highland Fixed  | 2.78 (10)             | 3.57 (2)              | -0.24 (12)            | 1.44 (15)             | -2.04 (99)            | 1.81 (35)             |
| Total Highland Fixed Income Policy                    | 2.21 (69)             | 3.03 (50)             | -0.57 (72)            | 1.23 (40)             | -1.68 (72)            | 1.61 (75)             |
| IM U.S. Broad Market Core Fixed Income (SA+CF) Median | 2.33                  | 3.03                  | -0.45                 | 1.13                  | -1.60                 | 1.74                  |

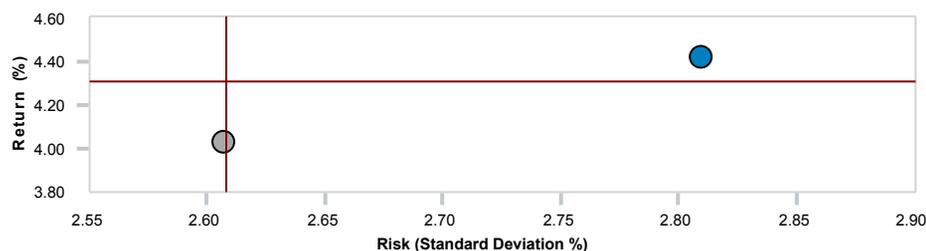
### 3 Yr Rolling Under/Over Performance - 5 Years



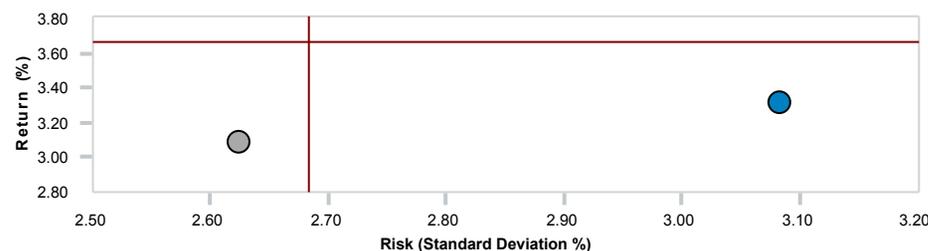
### 3 Yr Rolling Percentile Ranking - 5 Years



### Peer Group Scattergram - 3 Years



### Peer Group Scattergram - 5 Years



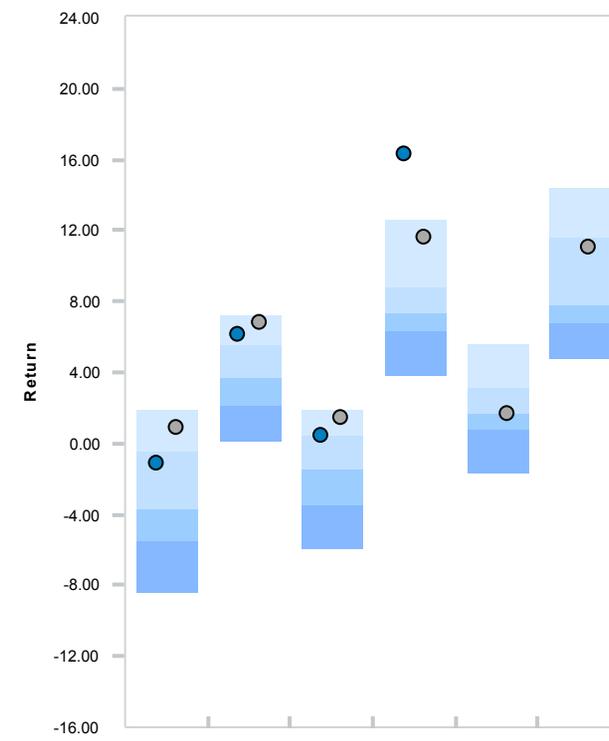
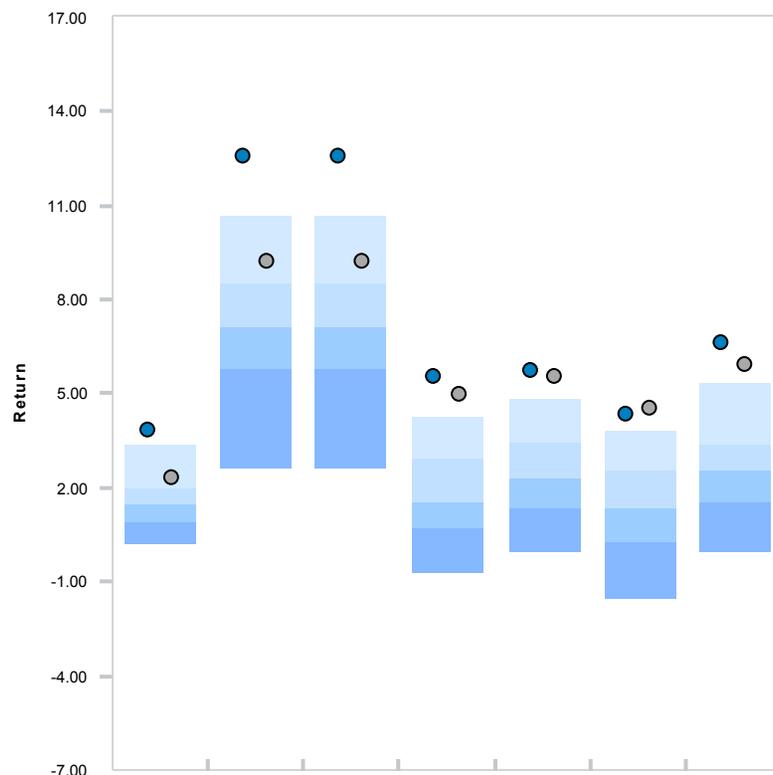
### Historical Statistics - 3 Years

|                                    | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|------------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Highland Fixed                     | 0.83           | 108.24            | 105.04              | 0.25  | 0.47              | 1.54         | 1.04 | 1.33          |
| Total Highland Fixed Income Policy | 0.00           | 100.00            | 100.00              | 0.00  | N/A               | 1.52         | 1.00 | 1.08          |

### Historical Statistics - 5 Years

|                                    | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|------------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Highland Fixed                     | 0.89           | 113.18            | 121.08              | -0.22 | 0.26              | 1.03         | 1.15 | 1.82          |
| Total Highland Fixed Income Policy | 0.00           | 100.00            | 100.00              | 0.00  | N/A               | 1.14         | 1.00 | 1.42          |

Peer Group Analysis - IM Global Fixed Income (MF)

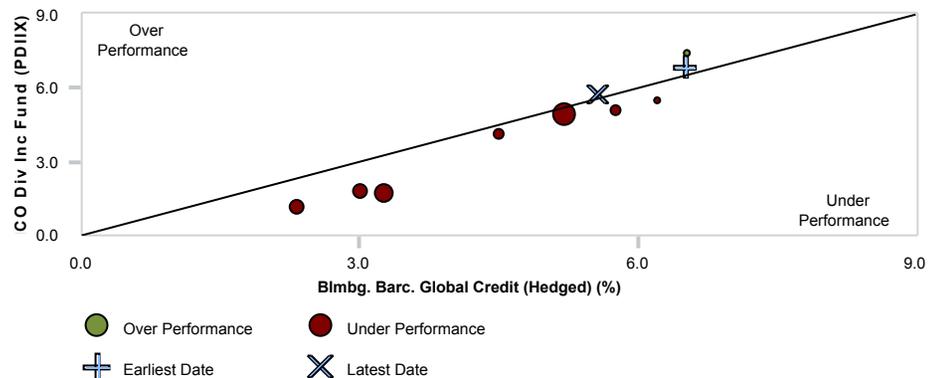


|                                       | QTR       | FYTD      | 1 YR      | 2 YR     | 3 YR     | 4 YR     | 5 YR     |                                       | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 | Oct-2012 To Sep-2013 | Oct-2011 To Sep-2012 | Oct-2010 To Sep-2011 | Oct-2009 To Sep-2010 |
|---------------------------------------|-----------|-----------|-----------|----------|----------|----------|----------|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● PIMCO Div Inc Fund (PDIIX)          | 3.81 (3)  | 12.57 (1) | 12.57 (1) | 5.51 (1) | 5.70 (2) | 4.34 (3) | 6.62 (1) | ● PIMCO Div Inc Fund (PDIIX)          | 1.10 (27)            | 6.09 (17)            | 0.37 (26)            | 6.25 (3)             | N/A                  | N/A                  |
| ● Blmbg. Barc. Global Credit (Hedged) | 2.32 (18) | 9.19 (18) | 9.19 (18) | 4.94 (2) | 5.57 (2) | 4.53 (2) | 5.91 (1) | ● Blmbg. Barc. Global Credit (Hedged) | 0.86 (18)            | 6.83 (9)             | 1.46 (9)             | 1.61 (7)             | 1.69 (50)            | 1.05 (32)            |
| Median                                | 1.48      | 7.09      | 7.09      | 1.55     | 2.34     | 1.34     | 2.59     | Median                                | 3.74                 | 3.62                 | 1.52                 | 7.30                 | 1.67                 | 7.85                 |

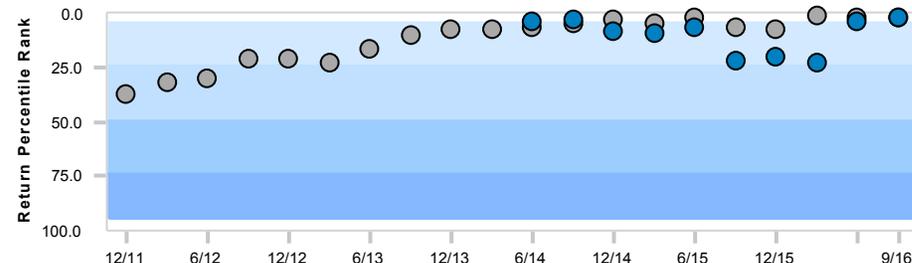
Comparative Performance

|                                     | 1 Qtr Ending Jun-2016 | 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 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| PIMCO Div Inc Fund (PDIIX)          | 5.03 (1)              | 2.35 (72)             | 0.87 (2)              | -2.59 (79)            | -0.30 (11)            | 3.36 (1)              |
| Blmbg. Barc. Global Credit (Hedged) | 3.28 (12)             | 3.33 (48)             | 0.00 (19)             | -0.36 (51)            | -2.02 (54)            | 2.23 (6)              |
| IM Global Fixed Income (MF) Median  | 2.37                  | 3.07                  | -0.73                 | -0.35                 | -1.95                 | 0.12                  |

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

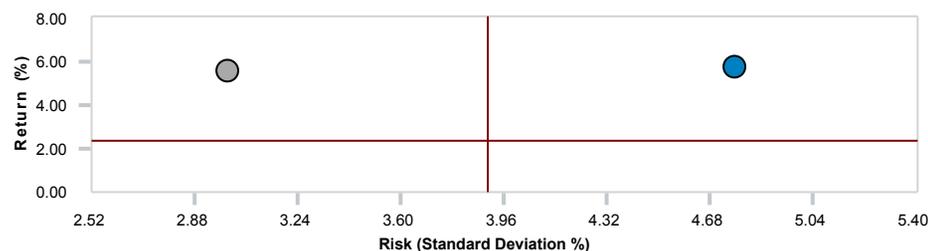


### 3 Yr Rolling Percentile Ranking - 5 Years



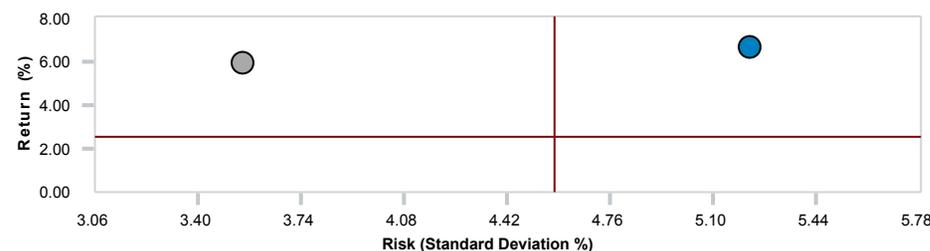
|                                     | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|-------------------------------------|--------------|------------|-----------------|-----------------|-------------|
| PIMCO Div Inc Fund (PDIIIX)         | 10           | 10 (100%)  | 0 (0%)          | 0 (0%)          | 0 (0%)      |
| Blmbg. Barc. Global Credit (Hedged) | 20           | 17 (85%)   | 3 (15%)         | 0 (0%)          | 0 (0%)      |

### Peer Group Scattergram - 3 Years



|                                     | Return | Standard Deviation |
|-------------------------------------|--------|--------------------|
| PIMCO Div Inc Fund (PDIIIX)         | 5.70   | 4.77               |
| Blmbg. Barc. Global Credit (Hedged) | 5.57   | 3.00               |
| Median                              | 2.34   | 3.91               |

### Peer Group Scattergram - 5 Years



|                                     | Return | Standard Deviation |
|-------------------------------------|--------|--------------------|
| PIMCO Div Inc Fund (PDIIIX)         | 6.62   | 5.22               |
| Blmbg. Barc. Global Credit (Hedged) | 5.91   | 3.55               |
| Median                              | 2.59   | 4.58               |

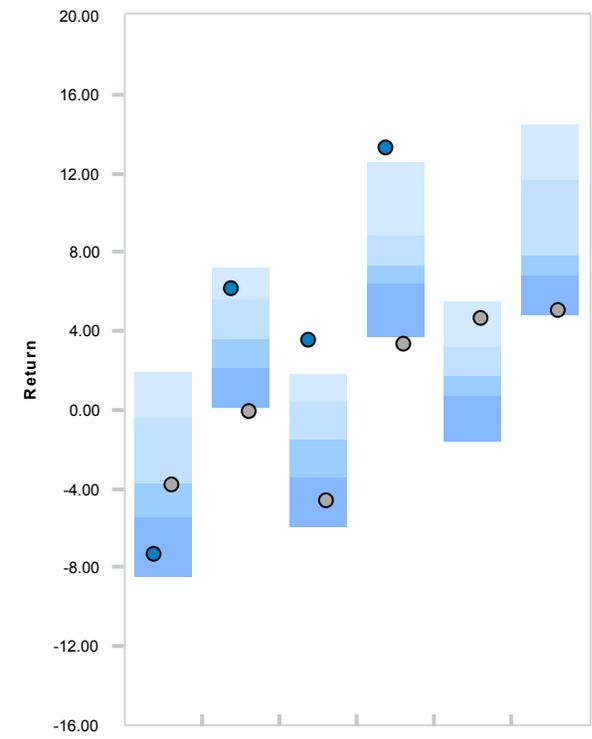
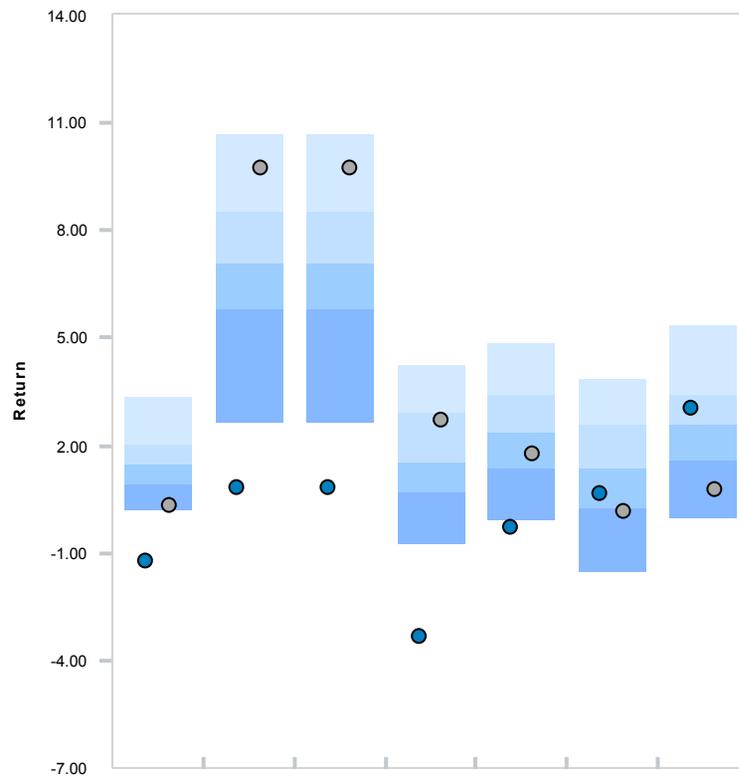
### Historical Statistics - 3 Years

|                                     | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|-------------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| PIMCO Div Inc Fund (PDIIIX)         | 2.89           | 126.36            | 193.43              | -1.45 | 0.07              | 1.17         | 1.30 | 2.70          |
| Blmbg. Barc. Global Credit (Hedged) | 0.00           | 100.00            | 100.00              | 0.00  | N/A               | 1.81         | 1.00 | 1.32          |

### 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)         | 2.70           | 125.92            | 155.59              | -0.95 | 0.28              | 1.24         | 1.29 | 3.12          |
| Blmbg. Barc. Global Credit (Hedged) | 0.00           | 100.00            | 100.00              | 0.00  | N/A               | 1.62         | 1.00 | 1.91          |

Peer Group Analysis - IM Global Fixed Income (MF)

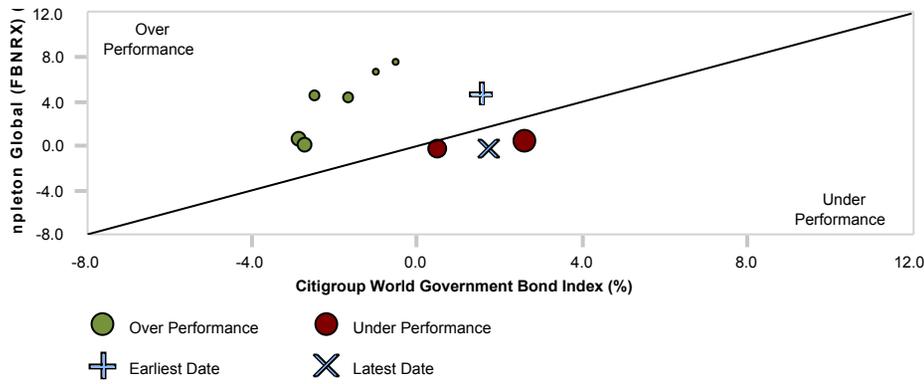


|   | QTR         | FYTD       | 1 YR       | 2 YR        | 3 YR       | 4 YR      | 5 YR      |   | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 | Oct-2012 To Sep-2013 | Oct-2011 To Sep-2012 | Oct-2010 To Sep-2011 | Oct-2009 To Sep-2010 |
|---|-------------|------------|------------|-------------|------------|-----------|-----------|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Templeton Global (FBNRX)              | -1.23 (100) | 0.84 (100) | 0.84 (100) | -3.34 (100) | -0.29 (98) | 0.65 (69) | 3.05 (35) | ● Templeton Global (FBNRX)              | 7.34 (89)            | 6.09 (17)            | 3.52 (3)             | 3.25 (5)             | N/A                  | N/A                  |
| ● Citigroup World Government Bond Index | 0.30 (95)   | 9.71 (13)  | 9.71 (13)  | 2.72 (27)   | 1.78 (65)  | 0.15 (79) | 0.77 (88) | ● Citigroup World Government Bond Index | 3.83 (53)            | 0.07 (97)            | 4.60 (85)            | 3.29 (97)            | 4.61 (9)             | 4.99 (95)            |
| Median                                  | 1.48        | 7.09       | 7.09       | 1.55        | 2.34       | 1.34      | 2.59      | Median                                  | 3.74                 | 3.62                 | 1.52                 | 7.30                 | 1.67                 | 7.85                 |

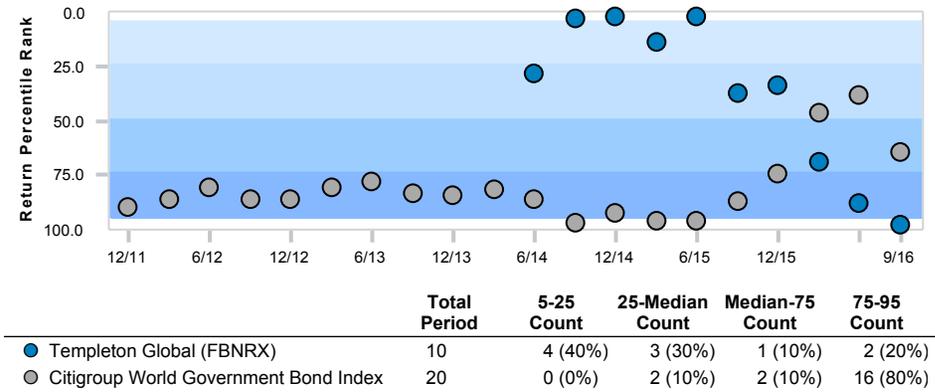
Comparative Performance

|                                       | 1 Qtr Ending Jun-2016 | 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 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Templeton Global (FBNRX)              | -0.33 (100)           | 0.13 (100)            | 2.29 (1)              | -6.08 (100)           | -0.24 (10)            | 0.26 (45)             |
| Citigroup World Government Bond Index | 3.41 (10)             | 7.09 (5)              | -1.23 (76)            | 1.71 (1)              | -1.55 (41)            | -2.51 (100)           |
| IM Global Fixed Income (MF) Median    | 2.37                  | 3.07                  | -0.73                 | -0.35                 | -1.95                 | 0.12                  |

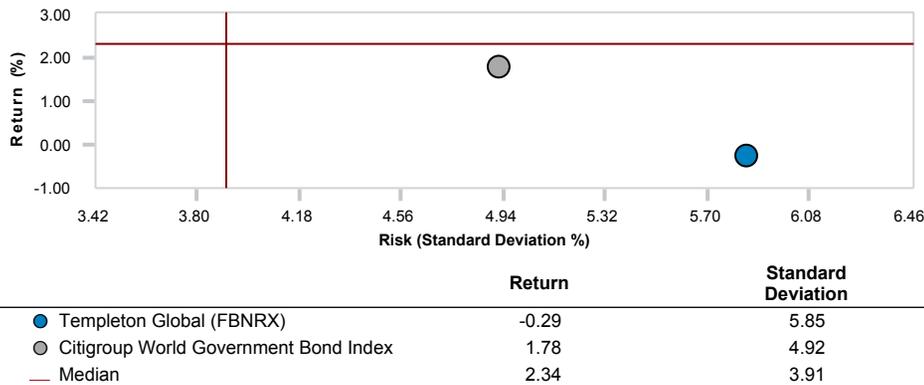
3 Yr Rolling Under/Over Performance - 5 Years



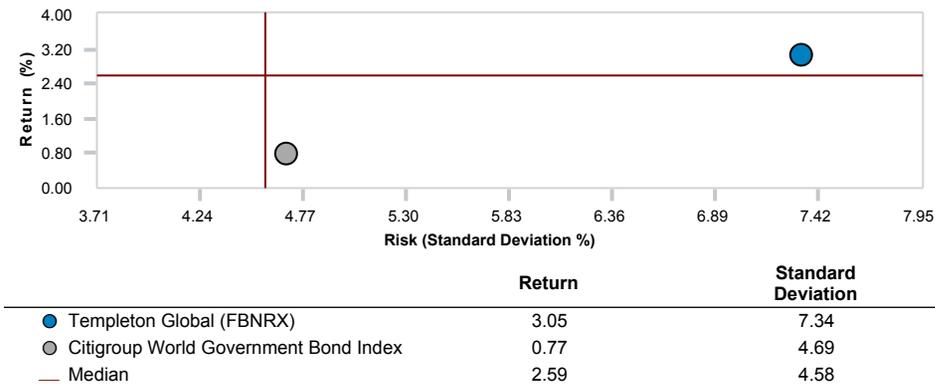
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



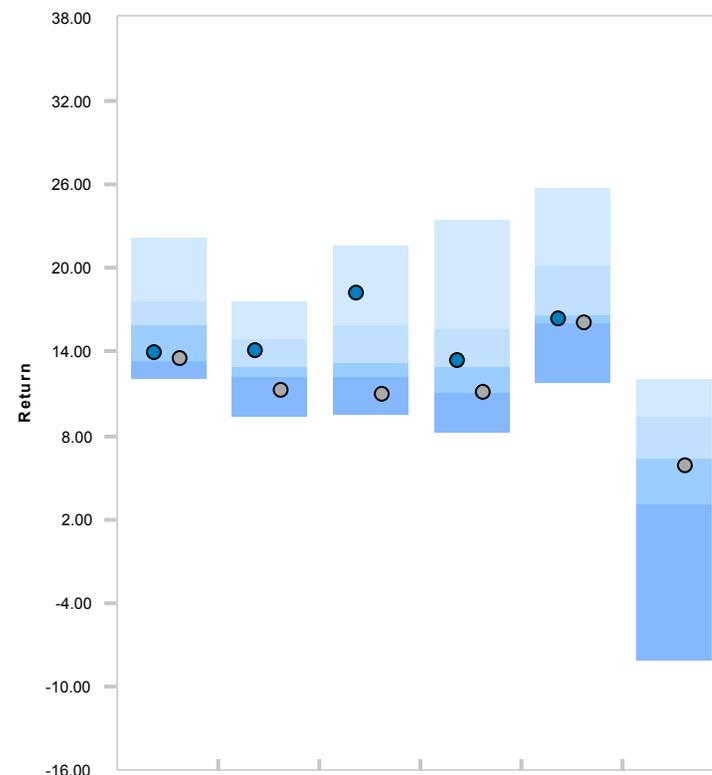
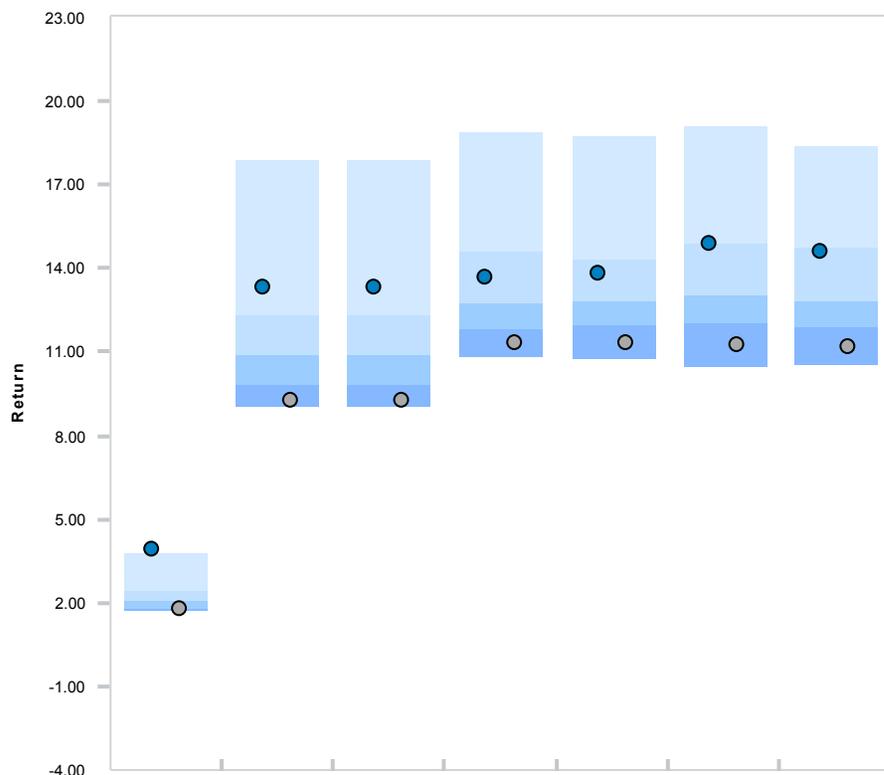
Historical Statistics - 3 Years

|                                       | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta  | Downside Risk |
|---------------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|-------|---------------|
| Templeton Global (FBNRX)              | 7.71           | -21.73            | -26.66              | -0.08 | -0.26             | -0.04        | -0.02 | 4.15          |
| Citigroup World Government Bond Index | 0.00           | 100.00            | 100.00              | 0.00  | N/A               | 0.37         | 1.00  | 3.18          |

Historical Statistics - 5 Years

|                                       | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|---------------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Templeton Global (FBNRX)              | 7.88           | 57.61             | 12.28               | 3.04  | 0.30              | 0.44         | 0.31 | 4.70          |
| Citigroup World Government Bond Index | 0.00           | 100.00            | 100.00              | 0.00  | N/A               | 0.17         | 1.00 | 3.22          |

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



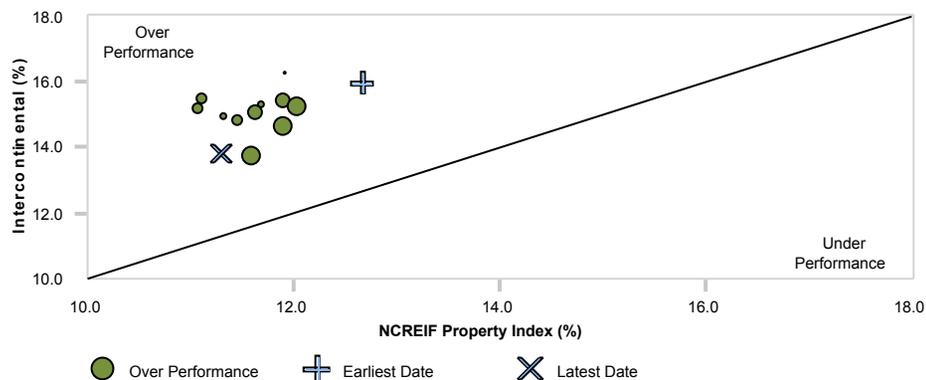
|                         | QTR       | FYTD       | 1 YR       | 2 YR       | 3 YR       | 4 YR       | 5 YR       |
|-------------------------|-----------|------------|------------|------------|------------|------------|------------|
| ● Intercontinental      | 3.87 (1)  | 13.29 (17) | 13.29 (17) | 13.63 (37) | 13.80 (29) | 14.87 (26) | 14.56 (28) |
| ● NCREIF Property Index | 1.77 (78) | 9.22 (93)  | 9.22 (93)  | 11.33 (91) | 11.31 (83) | 11.23 (83) | 11.18 (85) |
| Median                  | 2.06      | 10.89      | 10.89      | 12.77      | 12.83      | 13.01      | 12.79      |

|                         | 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                 |

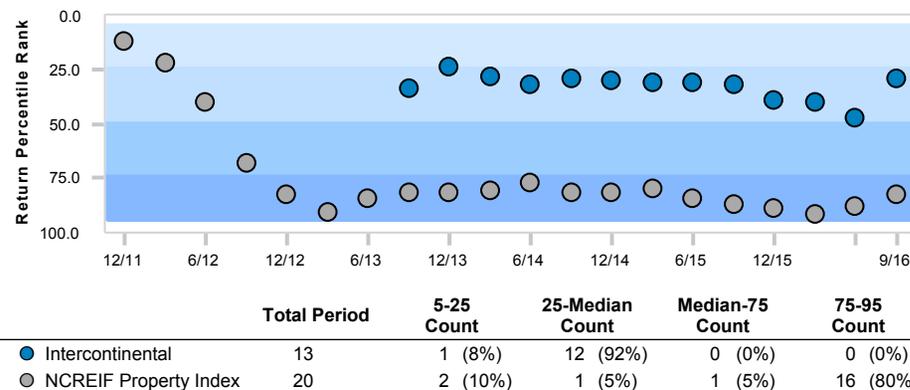
Comparative Performance

|   | 1 Qtr Ending Jun-2016 | 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 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Intercontinental                                    | 1.88 (79)             | 1.14 (97)             | 5.85 (4)              | 3.67 (49)             | 3.38 (64)             | 1.17 (100)            |
| NCREIF Property Index                               | 2.03 (69)             | 2.21 (64)             | 2.91 (92)             | 3.09 (77)             | 3.14 (72)             | 3.57 (49)             |
| IM U.S. Open End Private Real Estate (SA+CF) Median | 2.54                  | 2.64                  | 3.57                  | 3.56                  | 3.72                  | 3.55                  |

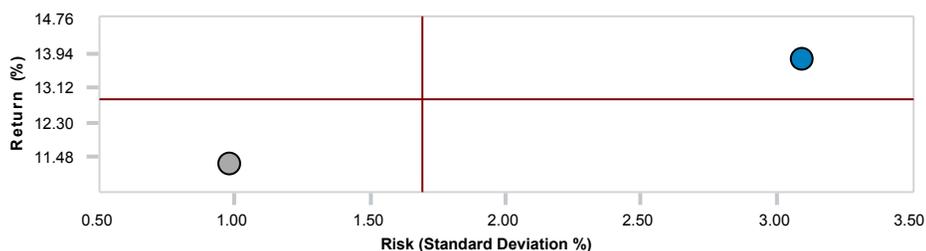
### 3 Yr Rolling Under/Over Performance - 5 Years



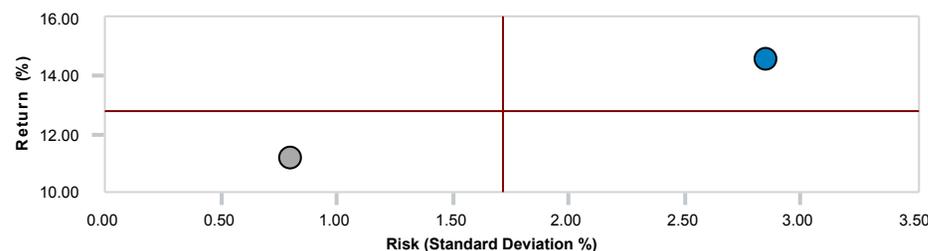
### 3 Yr Rolling Percentile Ranking - 5 Years



### 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 |
|-----------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Intercontinental      | 3.22           | 121.37            | N/A                 | 12.47 | 0.72              | 4.19         | 0.12 | 0.00          |
| NCREIF Property Index | 0.00           | 100.00            | N/A                 | 0.00  | N/A               | 10.53        | 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      | 2.91           | 129.02            | N/A                 | 12.24 | 1.07              | 4.82         | 0.20 | 0.00          |
| NCREIF Property Index | 0.00           | 100.00            | N/A                 | 0.00  | N/A               | 12.84        | 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      |
| Bloomberg Barclays U.S. 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      |
| Bloomberg Barclays U.S. 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      |
| Bloomberg Barclays U.S. Aggregate Index      | 25.00      |
| NCREIF Property Index                        | 10.00      |
| 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 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      |
| Bloomberg Barclays U.S. 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      |
| Bloomberg Barclays U.S. 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      |
| Bloomberg Barclays U.S. Aggregate Index      | 35.00      |
| NCREIF Property Index                        | 0.00       |
| BofA Merrill Lynch Global Broad Market Index | 5.00       |

**Total Fixed Income Policy**

| Allocation Mandate                           | Weight (%) |
|--|------------|
| <b>Oct-1987</b>                              |            |
| BofA Merrill Lynch Gov't/ Corp Master        | 100.00     |
| <b>May-2010</b>                              |            |
| Bloomberg Barclays U.S. Aggregate Index      | 100.00     |
| <b>Apr-2011</b>                              |            |
| Bloomberg Barclays U.S. 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 |    |     | Templeton |    |     | PIMCO |    |     | 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.  | ✓               |    |     | ✓              |    |     |           |    | ✓   |       |    | ✓   | ✓             |    |     |

~ Index fund is N/A

| Manager Compliance:   | Intercontinental |    |     | VG VFIAX ~ |    |     |     |    |     |     |    |     |     |    |     |
|---|------------------|----|-----|------------|----|-----|-----|----|-----|-----|----|-----|-----|----|-----|
|   | 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 September 30, 2016

|                                       | Estimated Annual Fee (%) | Market Value (\$) | Estimated Annual Fee (\$) | Fee Schedule     |
|---------------------------------------|--------------------------|-------------------|---------------------------|------------------|
| Highland Equity                       | 0.50                     | 3,056,313         | 15,282                    | 0.50 % of Assets |
| Vanguard 500 Index (VFIAX)            | 0.05                     | 556,078           | 278                       | 0.05 % of Assets |
| <b>Total Domestic Equity</b>          | <b>0.43</b>              | <b>3,612,391</b>  | <b>15,560</b>             |                  |
| Highland International                | 0.50                     | 873,868           | 4,369                     | 0.50 % of Assets |
| <b>Total International Equity</b>     | <b>0.50</b>              | <b>873,868</b>    | <b>4,369</b>              |                  |
| Highland Fixed                        | 0.50                     | 1,132,717         | 5,664                     | 0.50 % of Assets |
| <b>Total Domestic Fixed Income</b>    | <b>0.50</b>              | <b>1,132,717</b>  | <b>5,664</b>              |                  |
| PIMCO Diversified Income Fund (PDIIX) | 0.75                     | 237,221           | 1,779                     | 0.75 % of Assets |
| Templeton Global Bond Fund (FBNRX)    | 0.51                     | 191,059           | 974                       | 0.51 % of Assets |
| <b>Total Global Fixed Income</b>      | <b>0.64</b>              | <b>428,281</b>    | <b>2,754</b>              |                  |
| Intercontinental                      | 1.10                     | 1,115,815         | 12,274                    | 1.10 % of Assets |
| <b>Total Real Estate</b>              | <b>1.10</b>              | <b>1,115,815</b>  | <b>12,274</b>             |                  |
| R&D                                   |                          | 300,452           | -                         |                  |
| <b>Total Fund</b>                     | <b>0.54</b>              | <b>7,463,523</b>  | <b>40,620</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>Distributed to Paid In (DPI)</b>  | - The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against. |
| <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>Total Value to Paid In (TVPI)</b> | - The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life   |
| <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.   |

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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.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

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.

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**VERO BEACH POLICE AND FIRE PENSION BOARD  
2017 MEETING DATES**

**Fire Pension Board Meetings are held at 10:00 a.m.**

**Police Pension Board Meetings are held at 12:20 p.m.**

**Wednesday, February 15, 2017**

**Wednesday, May 17, 2017**

**Wednesday, August 16, 2017**

**Wednesday, November 14, 2017**