

**SUMMARY OF RELEVANT FACTS**  
**Town of Longboat Key Police Officers' Retirement System**  
**As of September 30, 2015**

<b>Distribution of Assets:</b>	
<b>Equity</b>	
-Large Cap. Value	\$1,364,848.23
-Large Cap. Growth	\$1,539,712.82
-Small/Mid Cap. Value	\$285,712.18
-Small/Mid Cap. Growth	\$333,624.62
-International Value	\$300,758.60
-International Growth	\$298,471.42
Total Equity	\$4,123,127.87
Fixed	\$2,050,522.35
Cash (Deposit & Disburse. Acc't)	\$311,148.28
<b>Total Portfolio</b>	<b>\$6,484,798.50</b>

<b>Distribution by Percentages:</b>	<b>Policy</b>	<b>Current</b>
<b>Equity Breakdown</b>		
-Large Cap. Value	22.50%	21.05%
-Large Cap. Growth	22.50%	23.74%
-Small/Mid Cap. Value	5.00%	4.41%
-Small/Mid Cap. Growth	5.00%	5.14%
-International Value	5.00%	4.64%
-International Growth	5.00%	4.60%
Total Equity	65.00%	63.58%
Fixed	35.00%	31.62%
Cash (Deposit & Disburse. Acc't)	0.00%	4.80%
<b>Total Portfolio</b>	<b>100.00%</b>	<b>100.00%</b>

**Other Important Facts:**

Total Portfolio	\$6,484,798.50
Total Gain or (Loss) - Gross-of-Fees	(\$433,543.42)
Total Gain or (Loss) - Net-of-Fees	(\$445,201.29)
Total Fees	(\$11,657.87)

**HGK**

Total Assets	100.00%	\$1,364,848.23
Equity	97.47%	\$1,330,290.31
Cash	2.53%	\$34,557.92
Fees		(\$1,522.60)
Gain or (Loss) - Gross-of-Fees		(\$203,498.22)
Gain or (Loss) - Net-of-Fees		(\$205,020.82)

**Congress**

Total Assets	100.00%	\$1,539,712.82
Equity	98.89%	\$1,522,677.11
Cash	1.11%	\$17,035.71
Fees		(\$6,131.25)
Gain or (Loss) - Gross-of-Fees		(\$93,029.75)
Gain or (Loss) - Net-of-Fees		(\$99,161.00)

**GW Capital**

Total Assets	100.00%	\$285,712.18
Equity	95.37%	\$272,478.10
Cash	4.63%	\$13,234.08
Fees		\$0.00
Gain or (Loss) - Gross-of-Fees		(\$30,681.82)
Gain or (Loss) - Net-of-Fees		(\$30,681.82)

**Madison**

Total Assets	100.00%	\$2,050,522.35
Fixed	99.00%	\$2,030,090.06
Cash	1.00%	\$20,432.29
Fees		(\$1,569.04)
Gain or (Loss) - Gross-of-Fees		\$14,465.88
Gain or (Loss) - Net-of-Fees		\$12,896.84

**Oak Ridge**

Total Assets	100.00%	\$333,624.62
Equity	95.20%	\$317,604.59
Cash	4.80%	\$16,020.03
Fees		(\$684.69)
Gain or (Loss) - Gross-of-Fees		(\$49,161.88)
Gain or (Loss) - Net-of-Fees		(\$49,846.57)

**Delaware**

Total Assets	100.00%	\$300,758.60
Equity	99.31%	\$298,682.46
Cash	0.69%	\$2,076.14
Fees		(\$634.56)
Gain or (Loss) - Gross-of-Fees		(\$30,796.74)
Gain or (Loss) - Net-of-Fees		(\$31,431.30)

**Renaissance**

Total Assets	100.00%	\$298,471.42
Equity	99.02%	\$295,533.87
Cash	0.98%	\$2,937.55
Fees		(\$1,115.73)
Gain or (Loss) - Gross-of-Fees		(\$40,842.34)
Gain or (Loss) - Net-of-Fees		(\$41,958.07)

**Deposit & Disbursement**

Total Assets	100.00%	\$311,148.28
Fixed	0.00%	\$0.00
Cash	100.00%	\$311,148.28
Fees		\$0.00
Gain or (Loss) - Gross-of-Fees		\$1.45
Gain or (Loss) - Net-of-Fees		\$1.45

**Breakdown of Returns**  
**Town of Longboat Key Police Officers' Retirement System**  
**As of September 30, 2015**

<b>EQUITY</b>						
<b>HGK (21.05%)</b>		<b>Your Returns</b>	<b>Your Returns</b>			
<b>Large Cap. Value</b>		<b>Gross-of-Fees</b>	<b>Net-of-Fees</b>	<b>Russ 1000 Value</b>	<b>PSN Money Managers</b>	<b>S&amp;P 500</b>
	Quarter	(12.74)	(12.83)	(8.40)	(7.88)	(6.43)
	1 Year	(13.77)	(14.10)	(4.43)	(3.39)	(0.60)
	3 Year	7.88	7.47	11.60	11.55	12.41
	Since 9/30/2011	13.06	12.65	16.14	15.46	16.62
<b>Congress (23.74%)</b>						
<b>Large Cap. Growth</b>				<b>Russ 1000 Growth</b>	<b>PSN Money Managers</b>	
	Quarter	(5.58)	(5.94)	(5.28)	(6.30)	
	1 Year	4.07	3.42	3.19	2.47	
	3 Year	11.60	11.04	13.61	13.53	
	5 Year	13.09	12.52	14.48	13.76	
	Since 4/30/2010	11.05	10.47	13.00	NA	
<b>GW Capital (4.41%)</b>						
<b>Small/Mid Cap. Value</b>				<b>Russ 2500 Value</b>	<b>PSN Money Managers</b>	
	Quarter	(9.46)	(10.03)	(9.59)	(8.90)	
	1 Year	(9.75)	(10.66)	(2.45)	1.61	
	3 Year	7.51	6.61	11.00	11.88	
	5 Year	10.95	10.10	11.49	12.69	
	Since 4/30/2010	8.67	7.84	9.43	NA	
<b>Oak Ridge (5.14%)</b>						
<b>Small/Mid Cap. Growth</b>				<b>Russ 2500 Growth</b>	<b>PSN Money Managers</b>	
	Quarter	(12.64)	(12.81)	(11.06)	(11.45)	
	1 Year	2.62	1.73	3.33	2.96	
	3 Year	12.64	11.85	13.78	13.11	
	5 Year	13.54	12.75	13.92	13.66	
	Since 4/30/2010	12.28	11.53	12.50	NA	
<b>Delaware (4.64%)</b>						
<b>International Value</b>				<b>MSCI EAFE (Net)</b>	<b>MSCI EAFE Value</b>	
	Quarter	(9.12)	(9.30)	(10.24)	(11.77)	
	1 Year	(7.55)	(8.24)	(8.65)	(12.61)	
	3 Year	6.56	5.83	5.64	4.70	
	5 Year	5.20	4.49	3.98	3.07	
	Since 9/30/2009	4.68	4.03	3.86	2.26	
	Since 9/30/2005	3.84		2.97	2.07	

Renaissance (4.6%) International Growth		MSCI AC World Ex US						
Quarter	(11.77)	(12.08)	(12.17)					
1 Year	(10.29)	(10.88)	(12.17)					
3 Year	6.96	6.25	2.34					
5 Year	5.51	4.83	1.82					
Since 4/30/2010	5.23	4.57	2.23					
FIXED INCOME Madison (31.62%)		BC Int. Gov/Credit			BC Gov/Credit		90-Day T-Bill	
Quarter	0.70	0.62	0.95	1.20	0.01			
1 Year	1.93	1.62	2.67	2.72	0.02			
3 Year	1.10	0.79	1.45	1.58	0.04			
5 Year	1.81	1.50	2.42	3.09	0.06			
Since 4/30/2010	2.34	2.02	3.14	3.96	0.06			
TOTAL RETURN Time-Weighted Return (TWR)		Policy Index			Composite Index			
Quarter	(6.31)	(6.50)	(4.94)	(5.04)				
1 Year	(3.07)	(3.56)	(0.25)	(0.24)				
3 Year	6.86	6.37	7.87	8.39				
5 Year	7.93	7.44	8.56	8.93				
Since 9/30/2009	7.88	7.35	8.65	9.05				
TOTAL RETURN Dollar-Weighted Net (IRR)		Actuarial Rate			CPI +5			
Quarter		(6.43)	1.82	1.13				
1 Year		(3.51)	7.50	4.91				
3 Year		6.78	7.50	5.92				
5 Year		7.73	7.50	6.69				
Since 9/30/2009		7.58	7.50	6.58				

Policy Index Composition

- 22.5% Russ 1000 Value / 22.5% Russ 1000 Growth / 5% Russ 2500 Value / 5% Russ 2500 Growth / 5% MSCI EAFE (net) / 5% MSCI AC Wd x US (net) / 35% BC Int G/C for periods since 04/30/2010

- 55% S&P 500 / 10 MSCI EAFE (net) / 35 BC Int. G/C for periods from 8/31/2005 to 4/30/2010

- 65% S&P 500 / 35 BC int. G/C for periods prior to 8/31/2005

# COMPLIANCE CHECKLIST

## Town of Longboat Key Police Officers' Retirement System

As of September 30, 2015

### GUIDELINES In Compliance

#### Equity Portfolio

Listed on recognized exchange	Yes
Single issue not to exceed 10% at market value for each equity in each separately managed portfolio	Yes
Single issue not to exceed 5% at market value for the total portfolio	Yes
Total equity portfolio < 70% & > 60% of total fund at market value	Yes
Foreign equities < 25% of total portfolio at market value	Yes
No scrutinized companies (Sudan/Iran) held per Protecting Florida's Investments Act requirement	Yes

#### HGK (21.05%)

##### Large Capitalization Value Equity Portfolio

Market Value < 25% & > 20% of total fund	Yes
Performance (Inception 9/30/2011)	<u>3 years</u> <u>Since Inception</u>
Rank in the Top 50% of manager universe (3-5 years)	No      No
Return > Russell 1000 Value (3-5 years)	No      No

#### Congress (23.74%)

##### Large Capitalization Growth Equity Portfolio

Market Value < 25% & > 20% of total fund	Yes
Performance (Inception 4/30/2010)	<u>3 years</u> <u>Since Inception</u>
Rank in the Top 50% of manager universe (3-5 years)	No      No
Return > Russell 1000 Growth (3-5 years)	No      No

#### GW Capital (4.41%)

##### Small/Mid Capitalization Value Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes
Performance (Inception 4/30/2010)	<u>3 years</u> <u>Since Inception</u>
Rank in the Top 50% of manager universe (3-5 years)	No      No
Return > Russell 2500 Value (3-5 years)	No      No

#### Oak Ridge (5.14%)

##### Small/Mid Capitalization Growth Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes
Performance (Inception 4/30/2010)	<u>3 years</u> <u>Since Inception</u>
Rank in the Top 50% of manager universe (3-5 years)	No      No
Performance > Russell 2500 Growth (3-5 years)	No      No

### OBJECTIVES In Compliance

#### Total Portfolio

	<u>3 Years</u>	<u>Since Inception</u> 9/30/09	<u>Since Inception</u> 12/31/1999
Exceed Target Index	No	No	N/A
Exceed actuarial assumption (7.5%)*	No	Yes	N/A
Exceed CPI + 5%*	Yes	Yes	N/A

\*Performance based on dollar-weighted net returns.

#### Delaware (4.64%)

##### International Value Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes
Performance (Inception 9/30/2005)	<u>3 years</u> <u>Since Inception</u>
Return > MSCI EAFE (Net) (3-5 years)	Yes      Yes

#### Renaissance (4.6%)

##### International Growth Equity Portfolio

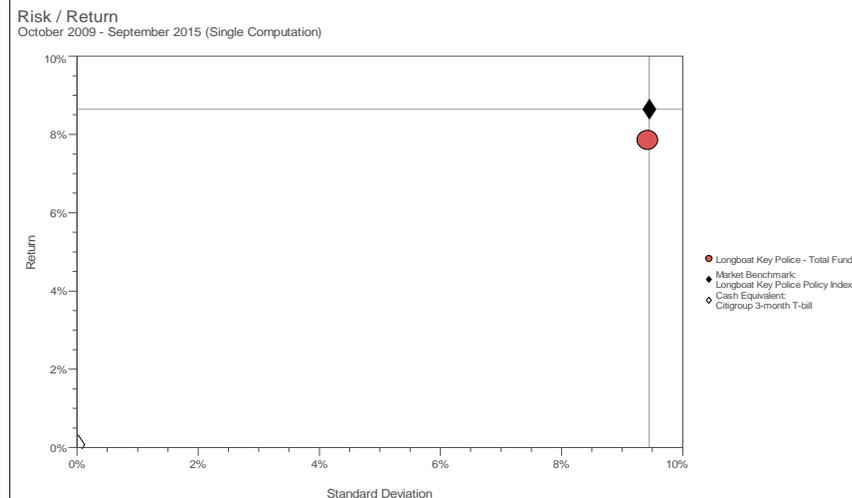
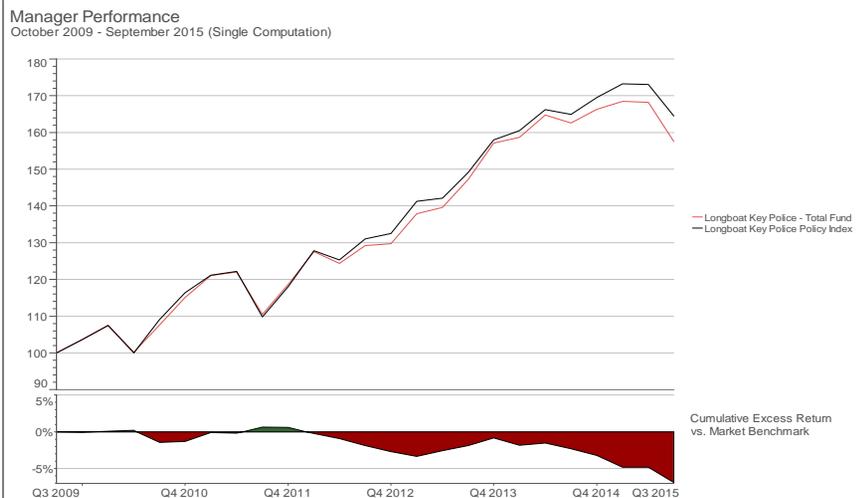
Market Value < 7.5% & > 2.5% of total fund	Yes
Performance (Inception 4/30/2010)	<u>3 years</u> <u>Since Inception</u>
Return > MSCI AC World Ex US	Yes      Yes

#### Madison (31.62%)

##### Fixed Income Portfolio

Market Value < 40.0% & > 30.0% of total fund	Yes
Performance (Inception 4/30/2010)	<u>3 years</u> <u>Since Inception</u>
Return > BC Interm. Gov't/Credit (3-5 years)	No      No
U.S. Government / Agency or U.S. Corporations	Yes
Bonds rated "A" or better	Yes
Single corporate issuer not exceed 10% of bond portfolio (except U.S. Government/Agency)	Yes

# Risk/Return Analysis - Since Inception



## Return & Risk Analysis October 2009 - September 2015: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Longboat Key Police - Total Fund	7.87%	-0.77%	9.41%	0.99	-9.45%	96.23%	105.86%	-0.60%	0.83	97.94%
Longboat Key Police Policy Index	8.65%	0.00%	9.45%	1.00	-10.12%	100.00%	100.00%	0.00%	0.91	100.00%

# QUARTERLY PERFORMANCE EVALUATION

Prepared for:

## Town of Longboat Key Police Officers' Retirement System

As of September 30, 2015

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# Capital Markets Overview: 3Q 2015

## Introduction

As of 3Q 2015

- Global risk markets were highly volatile in the third quarter of 2015. Over just five trading days, the S&P 500 Index fell approximately 11%—the first 10%+ correction in US equities in four years. Investor uncertainty was spurred by the Fed's delay of a much anticipated rate hike in September, global growth concerns, and volatility in emerging market currencies as well as commodities. For the quarter, government-related and investment grade bonds posted the strongest returns, while MLPs and emerging market equities registered the weakest performance among the major asset classes. For the one-year period ended September 30, 2015, US and Japanese equities were the top-performing asset classes.
- The Dow Jones Industrial Average decreased 7.0% in the third quarter. The NASDAQ Composite Index fell 7.1% for the quarter. The S&P 500 Index decreased 6.4% for the quarter, breaking its streak of 10 consecutive quarterly increases.
- The only sector in the S&P 500 Index to generate a positive return in the third quarter was Utilities, which was up 5.4%. Consumer Staples and Consumer Discretionary fell modestly with a -0.2% and -2.6% return, respectively. The biggest laggards were Energy, which declined 17.4%, Materials, which fell 16.9%, and Health Care, which declined 10.7%.
- Morgan Stanley & Co. economists expect U.S. real GDP will be 2.4% in 2015 and 1.9% in 2016. They forecast global GDP growth to be 3.1% in 2015 and 3.4% 2016.
- Commodities registered negative returns in the third quarter; the Bloomberg Commodity Index fell 14.5%. For the quarter, gold was down 5.0%.
- For the third quarter of 2015, global mergers and acquisitions (M&A) deal volume was \$1.1 trillion, compared to \$889 billion for the third quarter of 2014. Global M&A activity increased to \$3.3 trillion in 2014 from \$2.3 trillion in 2013.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research

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# Capital Markets Overview: 3Q 2015

## The US Economy

As of 3Q 2015

The Department of Commerce estimated that Gross Domestic Product increased at an annual rate of 3.9% in the second quarter of 2015, in comparison to a 0.6% increase in the first quarter of 2015. Morgan Stanley & Co. economists forecast U.S. Real GDP will be 2.4% in 2015 and 1.9% in 2016.

The seasonally adjusted unemployment rate for September 2015 was unchanged at 5.1%. Job gains occurred in health care and information, while mining employment fell. The unemployment rate (5.1%) and the number of unemployed persons (7.9 million) changed little in September 2015. The number of long-term unemployed was also little changed at 2.1 million, and accounted for 26.6% of the unemployed.

According to the most recent estimate from the Bureau of Economic Analysis, corporate profits increased 3.5% between the first quarter of 2015 and the second quarter of 2015, and increased 0.6% between the second quarter of 2014 and the second quarter of 2015.

Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index increased 0.1% in July and decreased 0.1% in August. Morgan Stanley & Co. economists forecast a 0.1% inflation rate for 2015 and 1.5% for 2016.

The Census Bureau reported that private-sector housing starts in August 2015 were at a seasonally adjusted annual rate of 1,126,000—17% above August 2014 housing starts. The rise in housing starts over the past several years indicates that despite some intermittent setbacks, the housing market is rebounding.

The Census Bureau also reported that seasonally adjusted retail and food services sales increased 0.2% between July 2015 and August 2015, and increased 2.2% between August 2014 and August 2015.

In September, the Institute for Supply Management's Purchasing Managers' Index (PMI), a manufacturing sector index, was 50.2, down 0.9 from August, and down from July's 52.7. The latest PMI data indicates an expansion in the manufacturing sector for 30 consecutive months. Overall, PMI has been above 43 for 78 consecutive months. Generally speaking, a PMI or NMI (ISM Non-Manufacturing Index) over 50 indicates that the sector is expanding and a PMI below 50 but over 43 indicates that the sector is shrinking but the overall economy is expanding.

The NMI increased 4.3 points to 60.3 between June 2015 and July 2015, and fell 1.3 to 59.0 between July and August 2015. The index has now been above 50 for 66 consecutive months.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research

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# Capital Markets Overview: 3Q 2015

## US Equity Markets

As of 3Q 2015

The Dow Jones Industrial Average decreased 7.0% in the third quarter. The NASDAQ Composite Index fell 7.1% for the quarter. The S&P 500 Index decreased 6.4% for the quarter, breaking its streak of 10 consecutive quarterly increases.

The only sector in the S&P 500 Index to generate a positive return in the third quarter was Utilities, which was up 5.4%. Consumer Staples and Consumer Discretionary fell modestly with a -0.2% and -2.6% return, respectively. The biggest laggards were Energy, which declined 17.4%, Materials, which fell 16.9%, and Health Care, which declined 10.7%.

Growth-style stocks of large-cap companies declined during the third quarter. The large-cap Russell 1000 Growth Index fell 5.3%. The Russell 1000 Index, a large-cap index, declined 6.8% for the quarter.

The Russell 1000 Value Index, also a large-cap index, decreased 8.4% for the quarter. The Russell Midcap Growth Index fell 8.0% for the quarter. The Russell Midcap Index also decreased 8.0% for the quarter. The Russell Midcap Value Index decreased 8.0% for the quarter. The Russell 2000 Growth Index, a small-cap index, declined 13.1% for the quarter. The small-cap Russell 2000 Index fell 11.9% for the quarter. The Russell 2000 Value Index, also a small-cap index, declined 10.7% for the quarter.

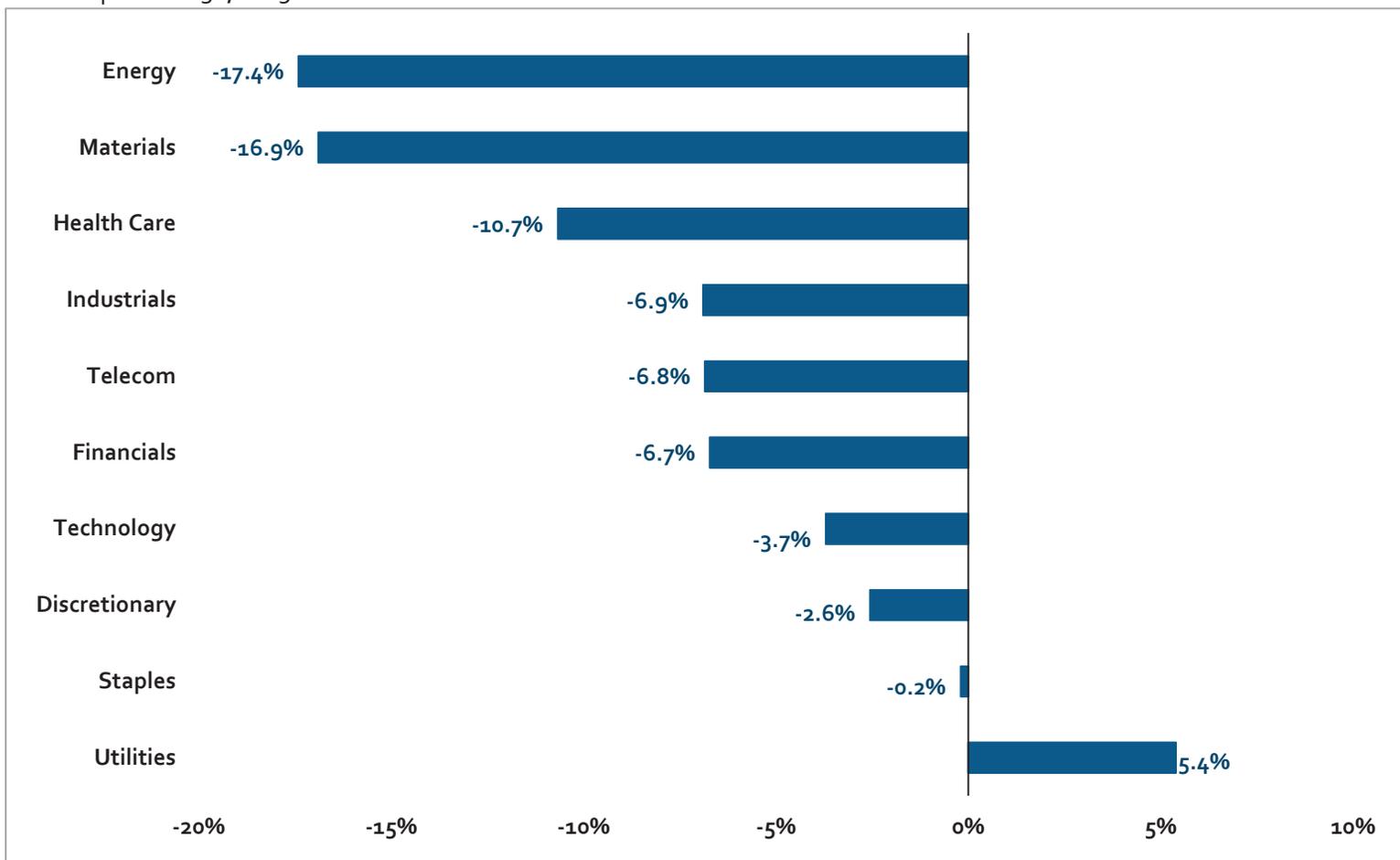
Key US Stock Market Index Returns (%) for the Period Ending 9/30/2015				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
S&P 500	-6.4%	-0.6%	13.3%	9.7%
Dow Jones	-7.0%	-2.1%	11.4%	8.9%
Russell 2000	-11.9%	1.2%	11.7%	8.6%
Russell Midcap	-8.0%	-0.2%	13.4%	11.4%
Russell 1000	-6.8%	-0.6%	13.4%	10.0%

Source: FactSet, Bloomberg

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# S&P 500 Sectors

3Q 2015 Total Return  
As of September 30, 2015



Source: Bloomberg

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# Capital Markets Overview: 3Q 2015

## Global Equity Markets

As of 3Q 2015

In the third quarter, emerging markets (EM) and global equities struggled. The MSCI EAFE Index (a benchmark for developed markets) declined 10.2% for U.S.-currency investors and fell 8.9% for local-currency investors, as the U.S. dollar strengthened in relation to the currencies of many nations in the index. In the second quarter of 2015, the MSCI EAFE Index rose 0.8% in U.S. dollar terms and decreased 1.6% in local currency terms.

For the third quarter, the MSCI Emerging Markets Index decreased 17.8% for U.S.-currency investors and fell 12.0% for local-currency investors, as the U.S. dollar strengthened in relation to emerging-market currencies. In the previous quarter, the MSCI Emerging Markets Index increased 0.8% for U.S.-dollar-based investors and also rose 0.8% for local-currency investors.

The MSCI Europe Index declined 8.7% for U.S.-currency investors and fell 7.0% for local-currency investors during the third quarter of 2015. In the previous quarter, the MSCI Europe Index increased 0.7% for U.S.-dollar-based investors and decreased 3.6% for local-currency investors.

The S&P 500 Index decreased 6.4% for the quarter, breaking its streak of 10 consecutive quarterly increases.

More specific emerging economy equity market indices were also down in the third quarter. The MSCI BRIC (Brazil, Russia, India and China) Index fell 21.0% for the quarter in U.S. dollar terms and declined 16.4% in terms of local currencies. In comparison, for the third quarter, the MSCI EM Asia Index was down 17.0% in U.S. dollar terms and fell 13.4% in local terms.

Key Global Equity Market Index Returns (%) for the Period Ending 9/30/2015				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
MSCI EAFE	-10.2%	-8.3%	4.4%	4.2%
MSCI EAFE Growth	-8.7%	-4.3%	5.2%	4.9%
MSCI EAFE Value	-11.7%	-12.2%	3.6%	3.6%
MSCI Europe	-8.7%	-8.8%	4.9%	4.3%
MSCI Japan	-11.7%	-1.9%	5.1%	3.6%
S&P 500	-6.4%	-0.6%	13.3%	9.7%
MSCI Emerging Markets	-17.8%	-19.0%	-3.2%	2.9%

Source: FactSet, Bloomberg

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# Capital Markets Overview: 3Q 2015

## The US Bond Market

As of 3Q 2015

In the third quarter, bond market returns were mixed. The Barclays U.S. Aggregate Bond Index, a general measure of the bond market, rose 1.2% for the quarter. Interest rates decreased during the third quarter, as the yield on the 10-Year U.S. Treasury note fell to a quarter-end 2.04% from 2.35% at the end of the second quarter of 2015.

Riskier parts of the bond market such as U.S. High Yield debt declined in the third quarter. The Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, fell 4.9%.

Mortgage-backed securities increased modestly in the third quarter. The Barclays Capital Mortgage Backed Index rose 1.3% for the quarter. During the third quarter, the municipal bond market also increased. As a result, the Barclays Capital Muni Index generated a 1.7% return for the quarter.

Key US Bond Market Index Returns (%) for the Period Ending 9/30/2015				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
Barclays Capital US Aggregate	1.2%	2.9%	3.1%	4.8%
Barclays Capital High Yield	-4.9%	-3.4%	6.1%	10.0%
Barclays Capital Government/Credit	1.4%	2.9%	3.1%	5.0%
Barclays Capital Government	1.8%	3.8%	2.5%	3.7%
Barclays Capital Intermediate Govt/Credit	1.0%	2.8%	2.4%	4.2%
Barclays Capital Long Govt/Credit	2.2%	3.1%	6.0%	8.7%
Barclays Capital Mortgage Backed Securities	1.3%	3.4%	3.0%	4.4%
Barclays Capital Muni	1.7%	3.2%	4.1%	5.8%

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research

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# Asset Allocation Models & Insurance Products Disclosures

## GLOBAL INVESTMENT COMMITTEE (GIC) ASSET ALLOCATION MODELS

The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC.

### CLIENTS TO CONSIDER THEIR OWN INVESTMENT NEEDS

The GIC Asset Allocation Models are formulated based on general client characteristics such as investable assets and risk tolerance. This report is not intended to be a client-specific suitability analysis or recommendation, or offer to participate in any investment. Therefore, do not use this report as the sole basis for investment decisions.

Clients should consider all relevant information, including their existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. Such a suitability determination may lead to asset allocation(s) results that are materially different from the asset allocation shown in this report. Clients should talk to their Financial Advisor about what would be a suitable asset allocation for them.

### HYPOTHETICAL MODEL PERFORMANCE (GROSS)

Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC's strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight.

Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated.

Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment a client selects.

Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date.

**Fees reduce the performance of actual accounts** None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at [www.morganstanley.com/adv](http://www.morganstanley.com/adv). The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material.

### INSURANCE PRODUCTS AND ETF DISCLOSURES

Morgan Stanley Smith Barney LLC offers **insurance products** in conjunction with its licensed insurance agency affiliates.

An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices.

**Variable annuities, mutual funds and ETFs are sold by prospectus only. The prospectus contains the investment objectives, risks, fees, charges and expenses, and other information regarding the variable annuity contract and the underlying investments, or the ETF, which should be considered carefully before investing. Prospectuses for both the variable annuity contract and the underlying investments, or the ETF, are available from your Financial Advisor. Please read the prospectus carefully before you invest.**

**Variable annuities** are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options.

Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract.

If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection.

Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

## Asset Class Risk Considerations

*For index definitions to the indices referenced in this report please visit the following: <http://www.morganstanleyfa.com/public/projectfiles/id.pdf>*

**Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment.

**Investing in foreign markets** entails risks not typically associated with domestic markets, such as currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, and the potential for political instability. These risks may be magnified in countries with **emerging markets and frontier markets**, since these countries may have relatively unstable governments and less established markets and economies.

**Investing in small- to medium-sized companies** entails special risks, such as limited product lines, markets and financial resources, and greater volatility than securities of larger, more established companies.

The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer.

**High yield bonds (bonds rated below investment grade)** may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk, price volatility, and limited liquidity in the secondary market. High yield bonds should comprise only a limited portion of a balanced portfolio.

Interest on **municipal bonds** is generally exempt from federal income tax; however, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, if applicable, local tax-exemption applies if securities are issued within one's city of residence.

**Treasury Inflation Protection Securities' (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation.

**Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

**Alternative investments** may be either traditional alternative investment vehicles, such as hedge funds, fund of hedge funds, private equity, private real estate and managed futures or, non-traditional products such as mutual funds and exchange-traded funds that also seek alternative-like exposure but have significant differences from traditional alternative investments. The risks of traditional alternative investments may include: can be highly illiquid, speculative and not suitable for all investors, loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized, absence of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than open-end mutual funds, and risks associated with the operations, personnel and processes of the manager. Non-traditional alternative strategy products may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. **Master Limited Partnerships (MLPs)** Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. **Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. **REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions.

Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage.

Principal is returned on a monthly basis over the life of a **mortgage-backed security**. Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds.

**Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

## Asset Class Risk Considerations (cont'd)

**Floating-rate securities** The initial interest rate on a floating-rate security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk.

**Yields** are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision.

**Credit ratings** are subject to change.

Companies paying **dividends** can reduce or cut payouts at any time.

**Asset allocation and diversification** do not assure a profit or protect against loss in declining financial markets.

The **indices** are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment.

The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time.

Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

**Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

**Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

**Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. Investors should consult with their tax advisor before implementing such a strategy.

Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

**Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates.

Besides the general risk of holding securities that may decline in value, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance, and potential leverage. Some funds also invest in foreign securities, which may involve currency risk.

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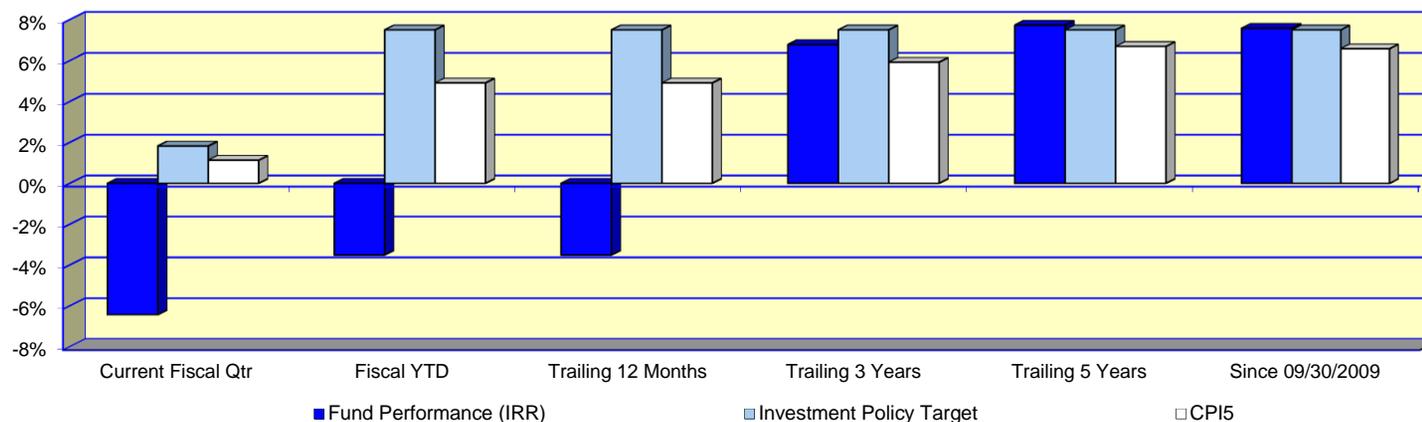
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# INVESTMENT POLICY MONITOR (DOLLAR WEIGHTED IRR)

Longboat Key Police

AS OF 09/30/2015



Asset Class Investment Manager	Current Fiscal Qtr	Fiscal YTD	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 09/30/2009
<b>Fund Performance (IRR)</b>	<b>-6.43</b>	<b>-3.51</b>	<b>-3.51</b>	<b>6.78</b>	<b>7.73</b>	<b>7.58</b>
<u>Investment Policy Objectives</u>						
Investment Policy Target	1.82	7.50	7.50	7.50	7.50	7.50
CPI5	1.13	4.91	4.91	5.92	6.69	6.58

**Investment Policy Objective**

Primary investment emphasis must be placed upon the consistent protection of the funds and growth performance.

**Dollar-Weighted Returns**

(Internal Rate of Return)

The investment policy monitor is calculated on a dollar-weighted basis, accounting for deposits and cash flows upon receipt. The dollar-weighted or "internal rate of return - IRR" is the actual rate earned by the Fund. The dollar-weighted return is the appropriate measurement to evaluate the fund's performance in relation to the statement of investment policy and guidelines.

## INVESTMENT PERFORMANCE SUMMARY (TIME WEIGHTED)

Longboat Key Police

AS OF 09/30/2015

Investment Returns are Annualized and Time Weighted (%)	Current Fiscal Qtr	Fiscal YTD	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 09/30/2009	Since Inc Period End	Account Number
<b>TOTAL FUND</b>	<b>-6.31</b>	<b>-3.07</b>	<b>-3.07</b>	<b>+6.86</b>	<b>+7.93</b>	<b>+7.88</b>	<b>09/30/2009</b>	
Composite	-5.04	-0.24	-0.24	+8.39	+8.93	+9.05		
<b>Equity Investments</b>								
HGK - Large Cap Value	-12.74	-13.77	-13.77	7.88	N/A	13.06	09/30/2011	001-073439
Russell 1000 VI	-8.40	-4.43	-4.43	11.60		16.14		
Congress Asset Management	-5.58	4.07	4.07	11.60	13.09	12.36	09/30/2009	001-068204
Russell 1000 Gr	-5.29	3.19	3.19	13.61	14.48	14.17		
GW Capital Inc	-9.46	-9.75	-9.75	7.51	10.95	10.64	09/30/2009	001-068198
Russell 2500 VI	-9.59	-2.45	-2.45	11.00	11.49	12.02		
Oak Ridge Investment Inc	-12.64	2.62	2.62	12.64	13.54	12.28	04/30/2010	001-068264
Russell 2500 Gr	-11.06	3.33	3.33	13.78	13.92	12.50		
<b>International Equity Investments</b>								
Delaware Investments	-9.12	-7.55	-7.55	6.56	5.20	4.68	09/30/2009	001-068200
MSCI EAFE Net	-10.24	-8.65	-8.65	5.64	3.98	3.86		
Renaissance Investment Management	-11.77	-10.29	-10.29	6.96	5.51	5.23	04/30/2010	001-068263
MSCI AC Wid xUS Nt	-12.17	-12.17	-12.17	2.34	1.82	2.23		
<b>Fixed Income Investments</b>								
Madison Investment Advisors LLC	0.70	1.93	1.93	1.10	1.81	2.60	09/30/2009	001-068205
BC Gov/Cr Intm	0.95	2.68	2.68	1.45	2.42	3.30		
<b>Cash &amp; Cash Equivalents</b>								
Non-Managed Account	0.00	0.00	0.00	0.00	0.00	0.00	09/30/2009	001-068239
90-Day T-Bills	0.00	0.02	0.02	0.04	0.06	0.07		

## INVESTMENT PERFORMANCE SUMMARY (DOLLAR WEIGHTED)

Longboat Key Police

AS OF 09/30/2015

Investment Returns are Annualized and Dollar Weighted (%)	Current Fiscal Qtr	Fiscal YTD	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 09/30/2009	Since Inc Period End	Account Number
<b>Total Fund</b>	<b>-6.43</b>	<b>-3.51</b>	<b>-3.51</b>	<b>6.78</b>	<b>7.73</b>	<b>7.58</b>	<b>09/30/2009</b>	
<b>Equity Investments</b>								
GW Capital Inc	-9.95	-10.58	-10.58	9.11	11.45	12.52	09/30/2009	001-068198
Delaware Investments	-9.21	-8.18	-8.18	6.55	4.98	4.07	09/30/2009	001-068200
Congress Asset Management	-5.90	3.47	3.47	11.68	13.09	12.56	09/30/2009	001-068204
Renaissance Investment Management	-12.00	-10.85	-10.85	6.98	5.21	5.00	04/30/2010	001-068263
Oak Ridge Investment Inc	-12.69	1.89	1.89	12.97	13.29	11.54	04/30/2010	001-068264
HGK - Large Cap Value	-12.73	-14.01	-14.01	9.29	N/A	14.13	09/30/2011	001-073439
<b>Fixed Income Investments</b>								
Madison Investment Advisors LLC	0.61	1.63	1.63	0.84	1.45	2.18	09/30/2009	001-068205
<b>Cash &amp; Cash Equivalents</b>								
Non-Managed Account	0.00	-0.74	-0.74	-0.28	-0.17	-2.65	09/30/2009	001-068239

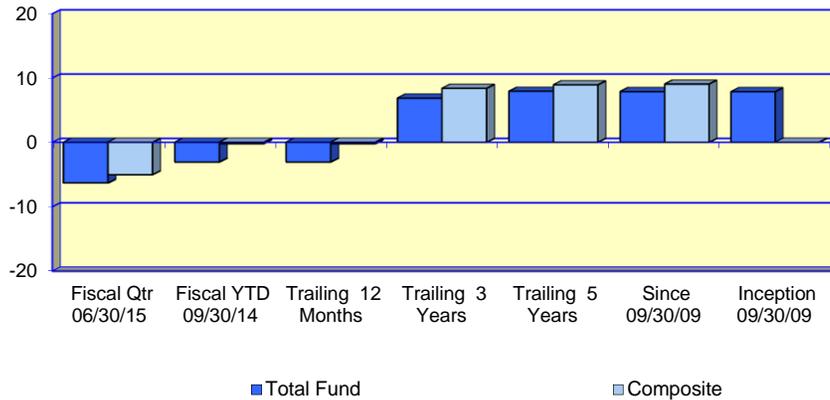
Report Created: 11/15/2015

# TOTAL FUND

Longboat Key Police

AS OF 09/30/2015

**Portfolio Performance (%)**

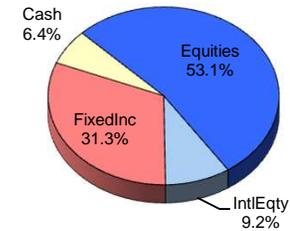


<b>Investment Returns (%)</b>	Since:	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 09/30/09	Inception 09/30/09
<b>Total Fund</b>		<b>-6.31</b>	<b>-3.07</b>	<b>-3.07</b>	<b>6.86</b>	<b>7.93</b>	<b>7.88</b>	<b>7.88</b>
Composite		-5.04	-0.24	-0.24	8.39	8.93	9.05	N/A
Longboat Policy Index		-4.94	-0.25	-0.25	7.87	8.56	8.65	N/A

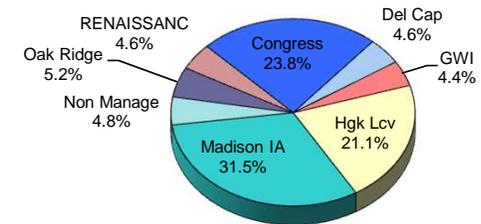
<b>Asset Growth (\$000)</b>							
Beginning Market Value	6,970	6,790	6,790	5,847	4,764	4,474	4,474
Net Contributions & Withdrawals	-52	-104	-104	-686	-533	-577	-577
Gain/Loss + Income	-433	-201	-201	1,324	2,254	2,588	2,588
Ending Market Value	6,485	6,485	6,485	6,485	6,485	6,485	6,485

**Asset Allocation (\$000)**

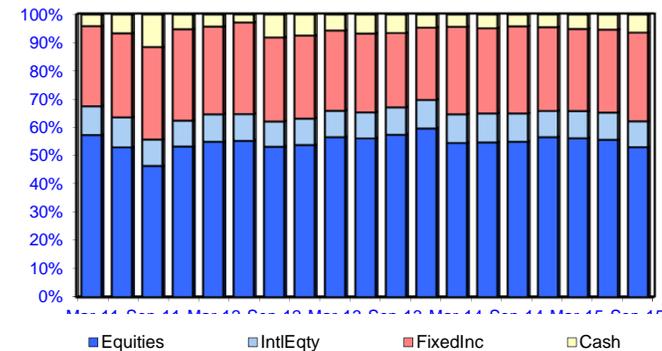
<u>Equities</u>	<u>IntlEqty</u>	<u>FixedInc</u>	<u>Cash</u>	<u>Total</u>
3,443	594	2,030	417	6,485



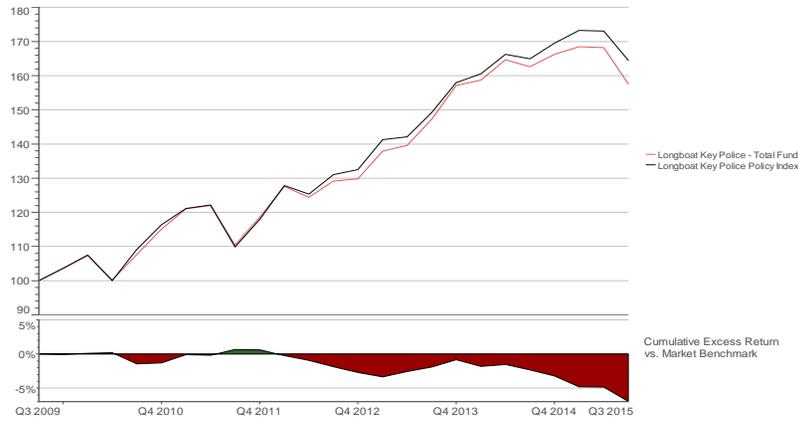
**Asset Allocation By Manager**



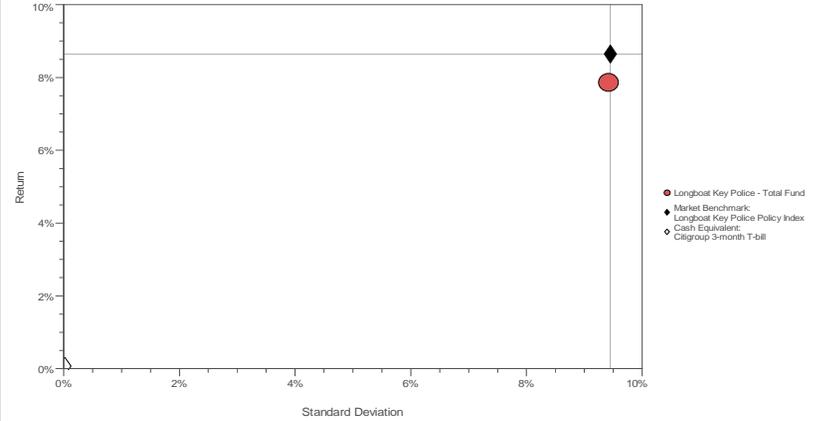
**Allocation Over Time**



**Manager Performance**  
October 2009 - September 2015 (Single Computation)



**Risk / Return**  
October 2009 - September 2015 (Single Computation)



**Return & Risk Analysis**

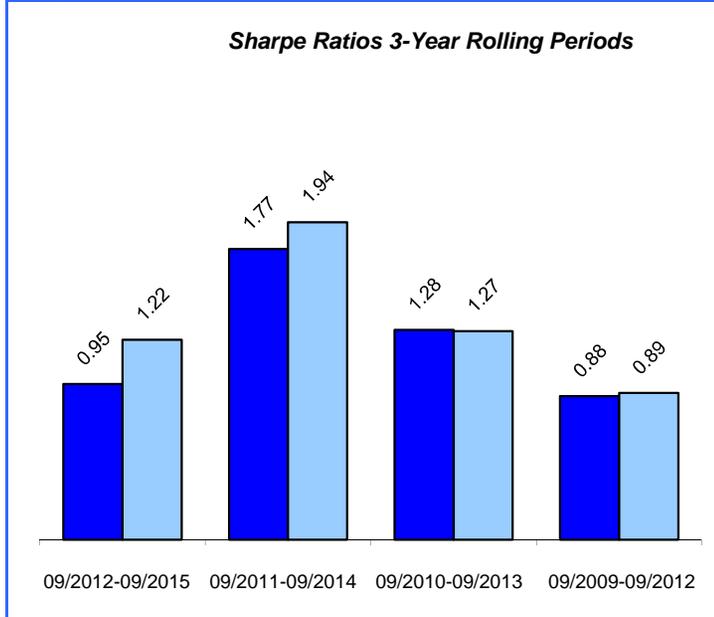
October 2009 - September 2015: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Longboat Key Police - Total Fund	7.87%	-0.77%	9.41%	0.99	-9.45%	96.23%	105.86%	-0.60%	0.83	97.94%
Longboat Key Police Policy Index	8.65%	0.00%	9.45%	1.00	-10.12%	100.00%	100.00%	0.00%	0.91	100.00%

# TOTAL FUND RISK ANALYSIS

Longboat Key Police

AS OF 09/30/2015



■ Longboat Key Police

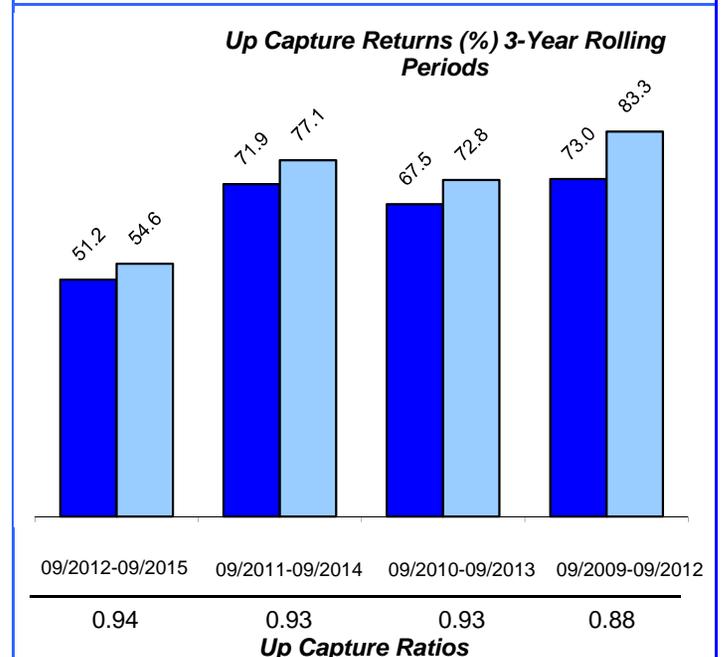
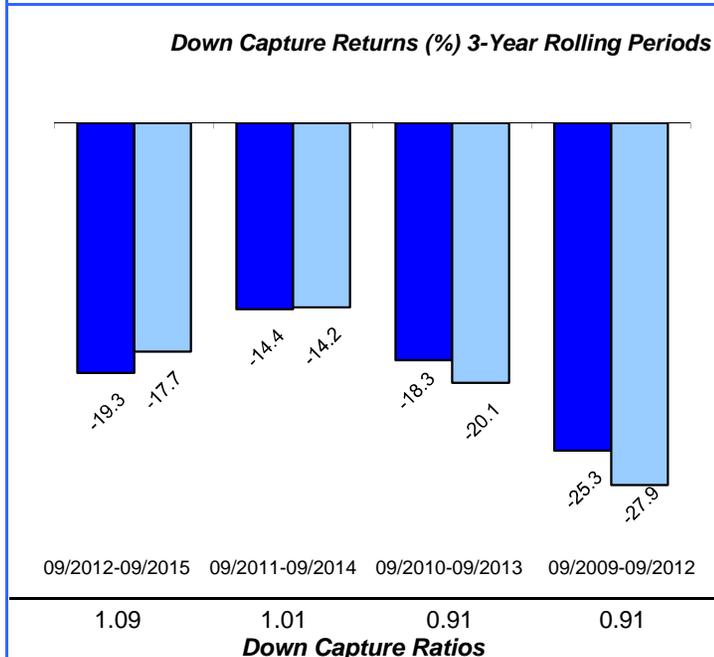
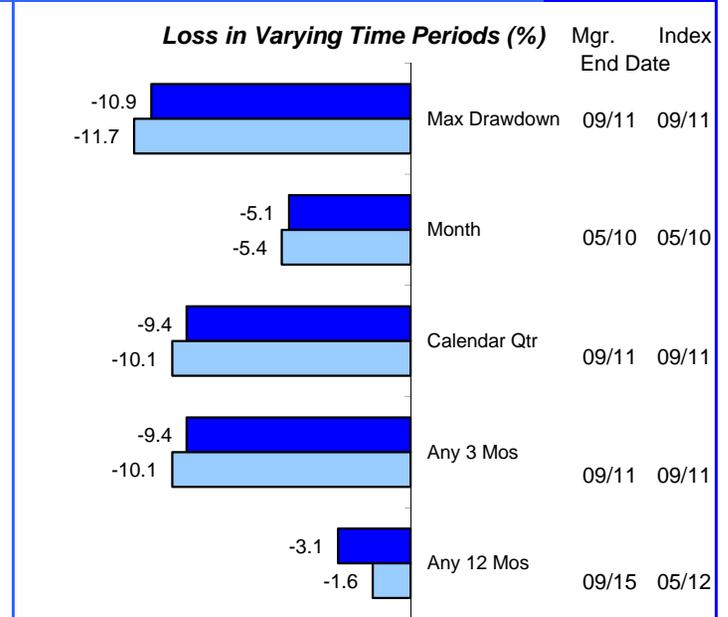
■ Composite Index

**Sharpe Ratio** divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index.

**Loss in Varying Time Periods** measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No presentation is made that these amounts represent maximum future loss.*

**Down Capture** is the measure of the fund's total return whenever the index returns are negative.

**Up Capture** is the measure of the fund's total return whenever the index returns are positive.



Report Created: 11/15/2015

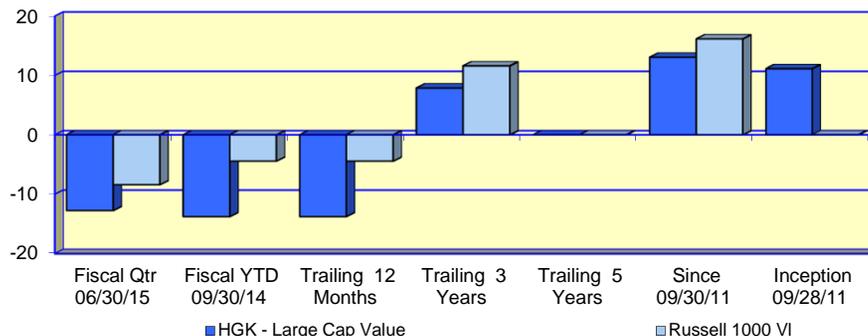
Please refer to the attached Disclosures for important information.

# EXECUTIVE SUMMARY

Longboat Key Police HGK - Large Cap Value

AS OF 09/30/2015

**Portfolio Performance(%)**

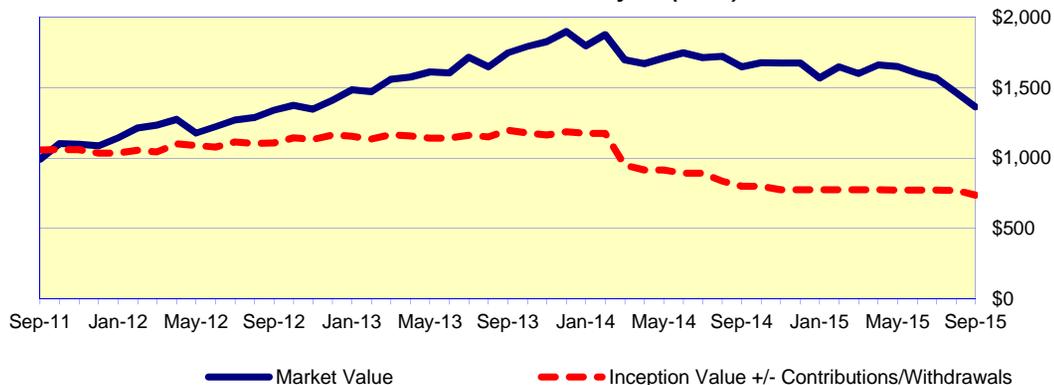


Investment Returns (%)	Since: 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 09/30/11	Inception 09/28/11
<b>HGK - Large Cap Value</b>	<b>-12.74</b>	<b>-13.77</b>	<b>-13.77</b>	<b>7.88</b>	N/A	<b>13.06</b>	<b>11.13</b>
Russell 1000 VI	-8.40	-4.43	-4.43	11.60	16.14	N/A	N/A

**Asset Growth (\$000)**

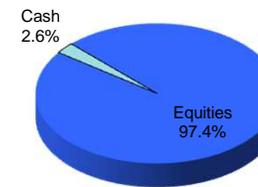
	06/30/15	09/30/14	12 Months	3 Years	5 Years	09/30/11	09/28/11
Beginning Market Value	1,605	1,650	1,650	1,341	N/A	992	875
Net Contributions & Withdrawals	-37	-63	-63	-372	N/A	-322	-139
Gain/Loss + Income	-203	-222	-222	396	N/A	695	629
Ending Market Value	1,365	1,365	1,365	1,365	N/A	1,365	1,365

**Value-Added Analysis (\$000)**



**Asset Allocation (\$000)**

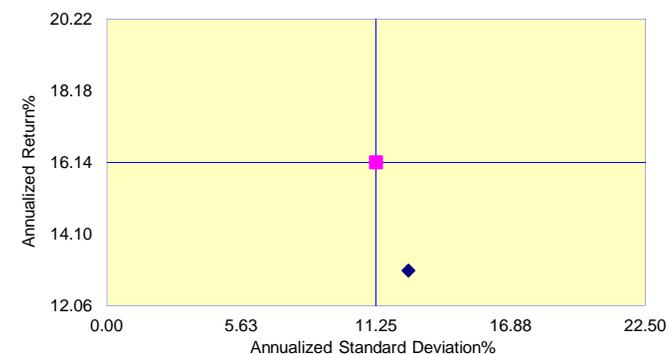
Equities	Cash	Total
1,330	35	1,365



**Portfolio Characteristics**

Yield	N/A	Account Sharpe Ratio	1.03
Beta	1.08	Index Sharpe Ratio	1.43
Alpha	-3.80%		
R <sup>2</sup>	93%		

**Risk / Return Analysis Since 09/30/2011**



Annualized %	Return	Std. Dev.
<b>HGK - Large Cap Value</b>	<b>13.06</b>	<b>12.60</b>
Russell 1000 VI	16.14	11.25

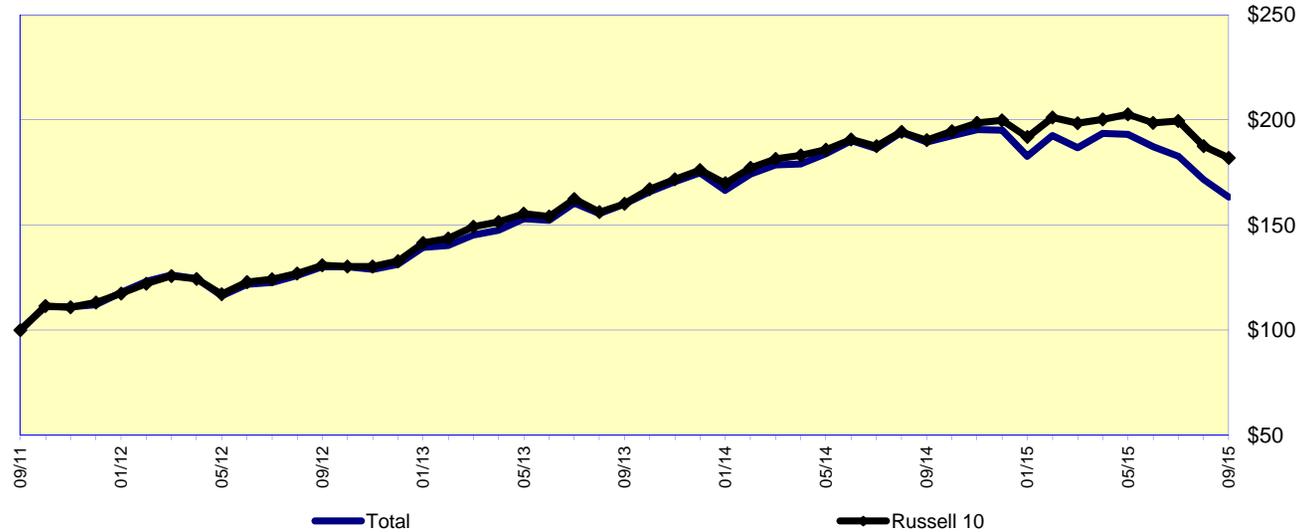
# MANAGER PERFORMANCE ANALYSIS

Longboat Key Police HGK - Large Cap Value

As Of 09/30/2015

## Growth of \$100 Graph

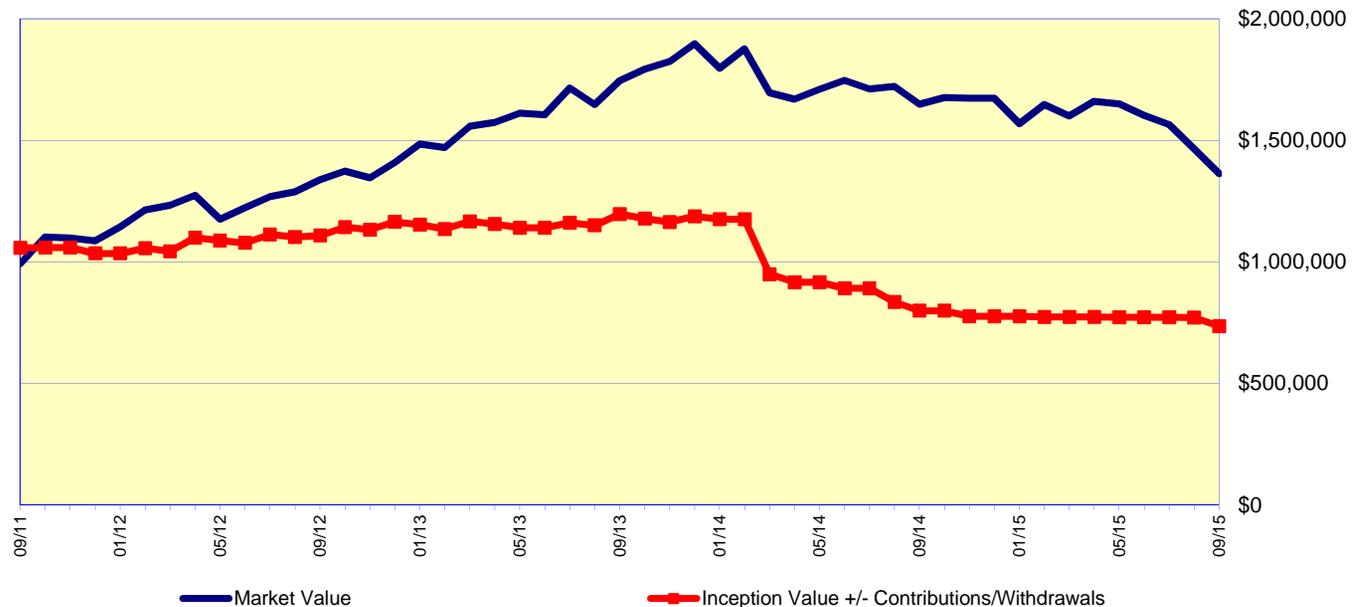
This graph depicts how \$100, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



## Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

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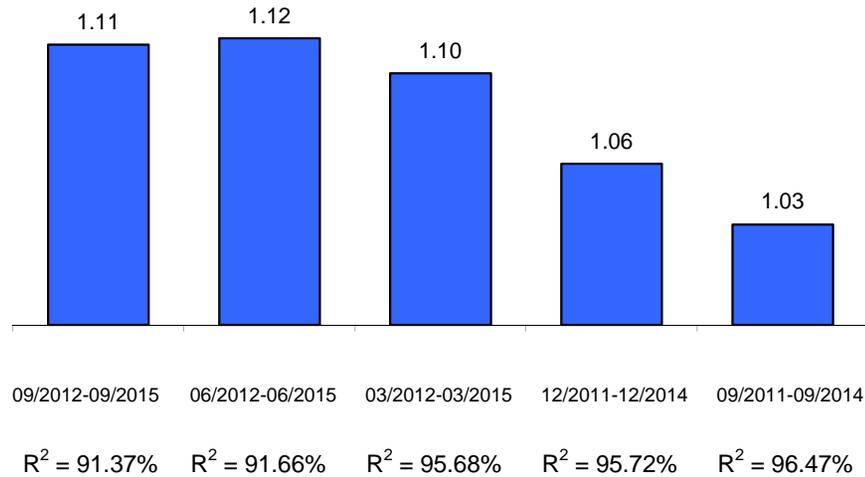


# MODERN PORTFOLIO THEORY

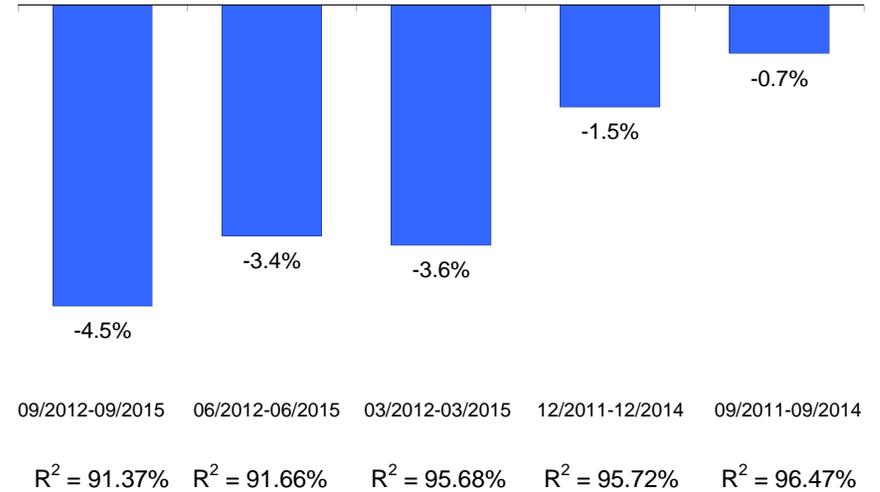
Longboat Key Police HGK - Large Cap Value

AS OF 09/30/2015

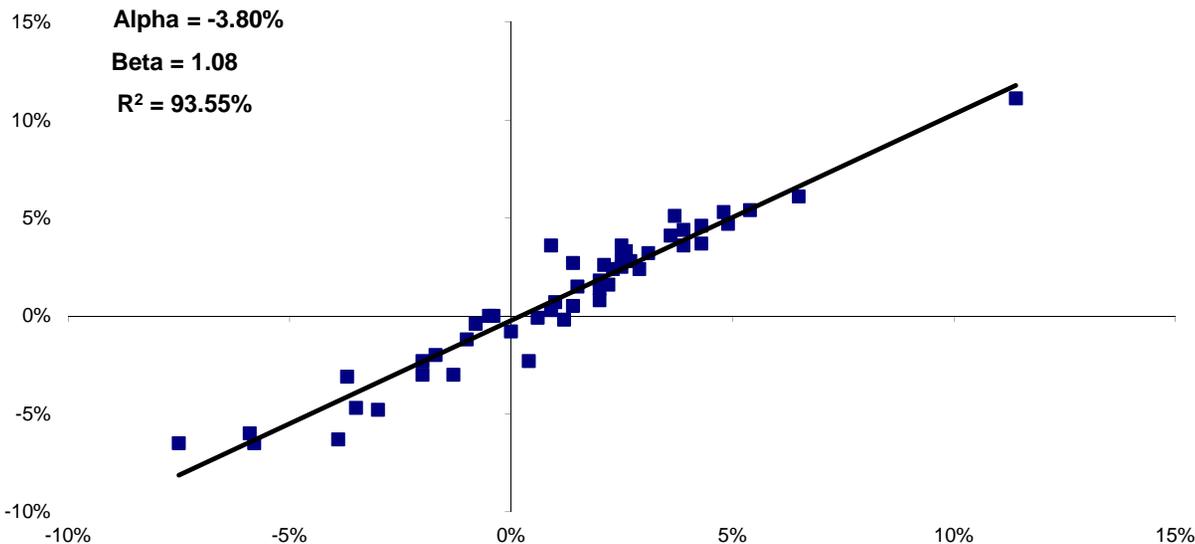
**Beta - Rolling Periods**



**Alpha - Rolling Periods**



**MONTHLY Observations Since 09/2011 (w/Simple Linear Regression Line)**



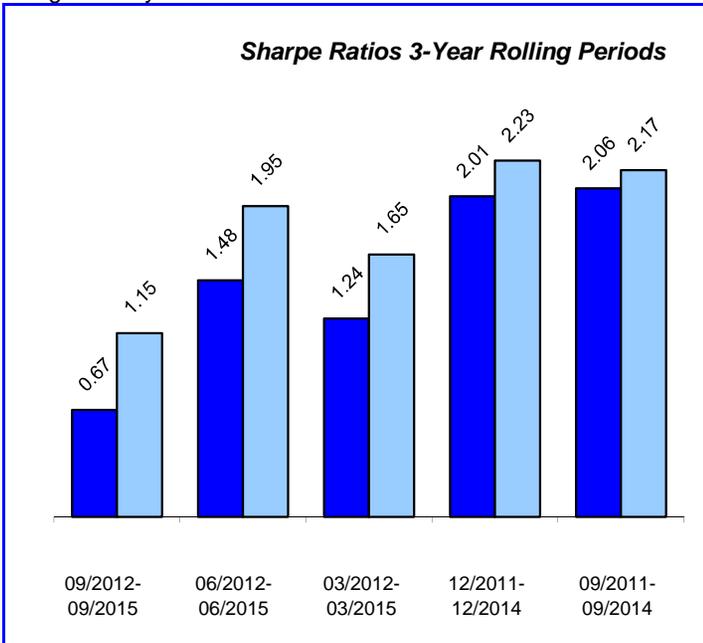
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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

Longboat Key Police

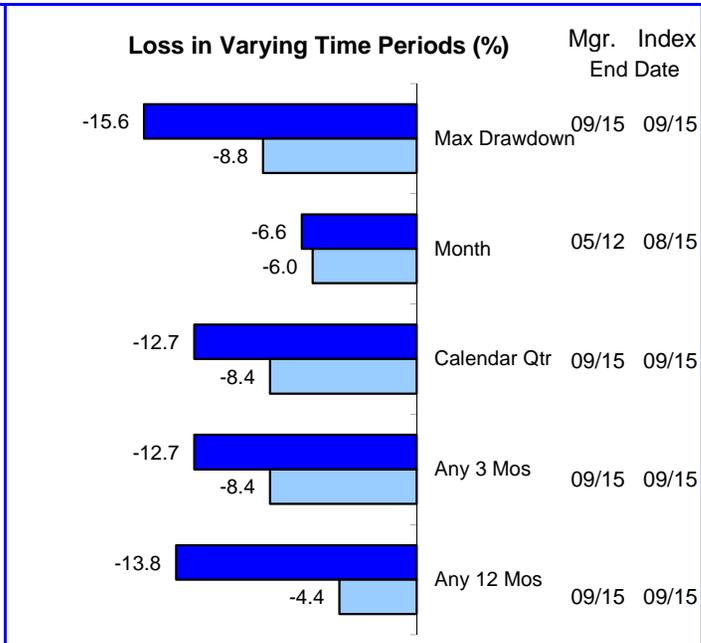
AS OF 09/30/2015



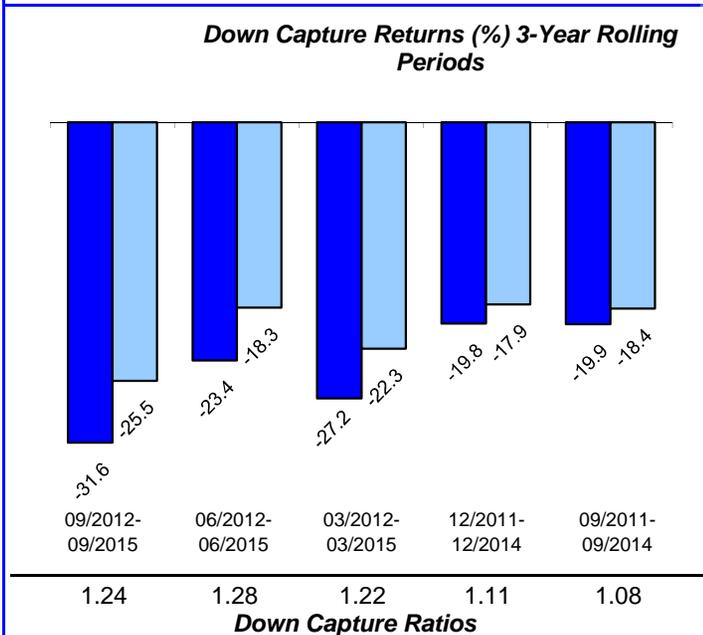
**HGK - Large Cap Value**  
**Russell 1000 VI**

**Sharpe Ratio** divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

**Loss in Varying Time Periods** measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*

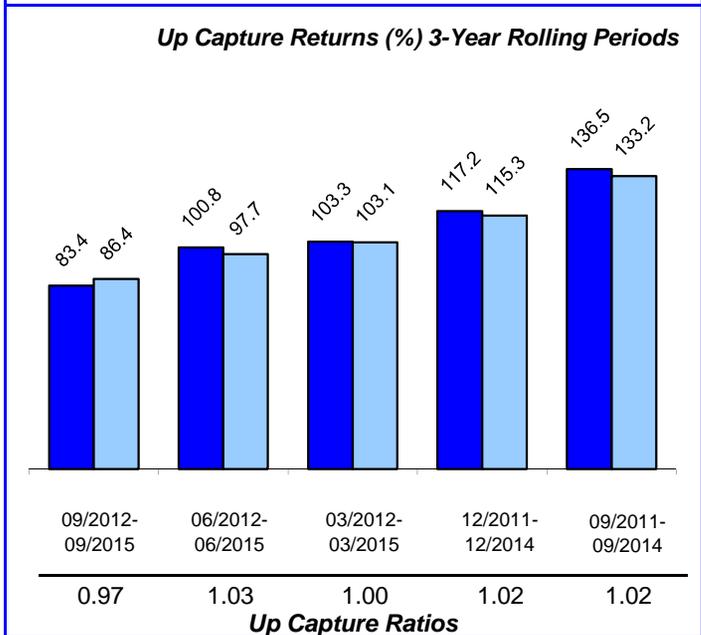


Mgr. Index End Date



**Down Capture** is the measure of the fund's total return whenever the index returns are negative.

**Up Capture** is the measure of the fund's total return whenever the



## Town of Longboat Key Police - HGK

Composition		
Summary	LONGBOAT KEY P - HGK	RU1000-V
No of Securities	48.00	689.00
% Bmrk Holdings	95.32	100.00
% Active Share	75.52	0.00
% Top 25 Holdings	60.70	39.73
% Top 15 Holdings	38.35	30.93

Sector Allocation		
Sector Name	LONGBOAT KEY P - HGK	RU1000-V
Energy	13.97	12.86
Materials	3.55	2.70
Industrials	12.00	10.04
Consumer Discretionary	8.65	5.39
Consumer Staples	6.57	6.96
Health Care	8.42	11.58
Financials	23.00	30.30
Information Technology	12.66	11.27
Telecomm Service	2.44	2.50
Utilities	6.17	6.39
N/A	2.56	

Characteristics		
Characteristic	LONGBOAT KEY P - HGK	RU1000-V
Market Cap - Weighted Median	31,634,005,271.58	48,926,164,595.84
Price / Book	1.40	1.71
P/E NTM	13.48	14.31
Dividend Yield	3.14	2.77
EPS Growth NTM	-1.49	4.78
Ret Eq	11.99	11.91

Top Equity Holdings	
Name	LONGBOAT KEY P - HGK
AMERICAN INTERNATIONAL GROUP INC	2.77
CHEVRON CORP	2.72
GENERAL ELECTRIC CO	2.68
JOHNSON & JOHNSON	2.67
CISCO SYSTEMS INC	2.56
Total: 13.41	

### Disclaimer

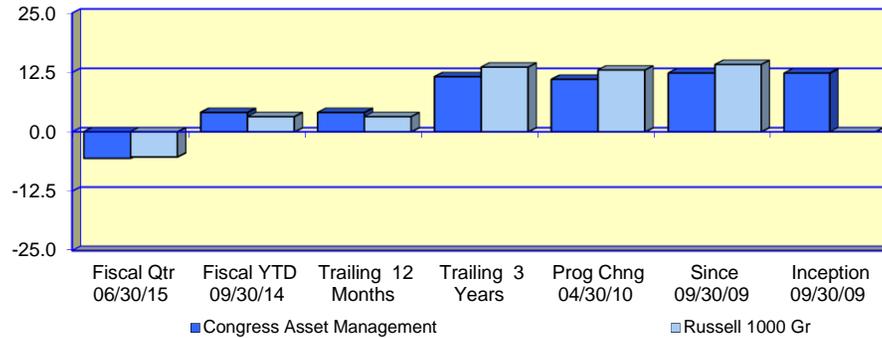
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# EXECUTIVE SUMMARY

Longboat Key Police Congress Asset Management

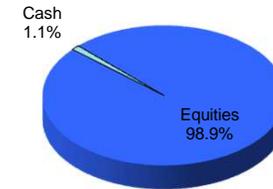
AS OF 09/30/2015

**Portfolio Performance(%)**



**Asset Allocation (\$000)**

Equities	Cash	Total
1,523	17	1,540

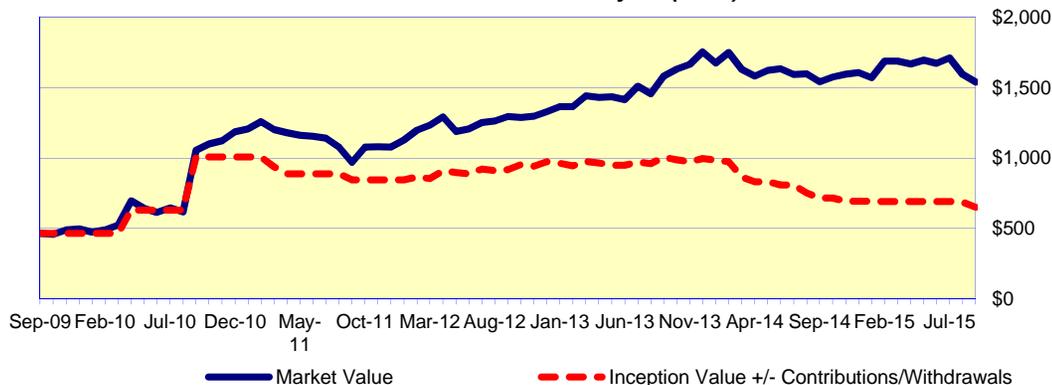


Investment Returns (%)	Since: 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Prog Chng 04/30/10	Since 09/30/09	Inception 09/30/09
Congress Asset Management	-5.58	4.07	4.07	11.60	11.05	12.36	12.36
Russell 1000 Gr	-5.29	3.19	3.19	13.61	13.00	14.17	N/A

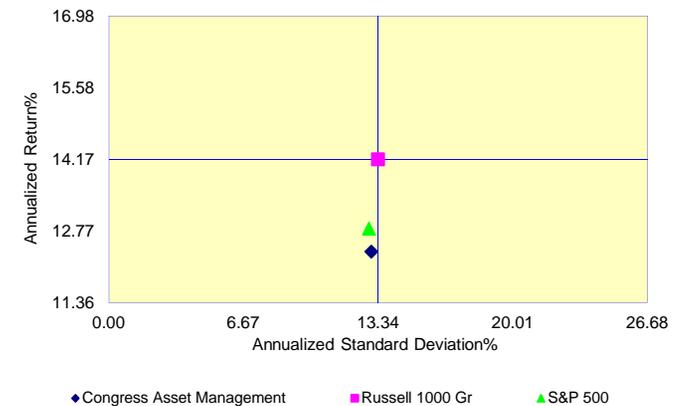
**Asset Growth (\$000)**

Beginning Market Value	1,674	1,542	1,542	1,295	695	465	465
Net Contributions & Withdrawals	-41	-65	-65	-267	21	186	186
Gain/Loss + Income	-93	63	63	512	824	889	889
Ending Market Value	1,540	1,540	1,540	1,540	1,540	1,540	1,540

**Value-Added Analysis (\$000)**

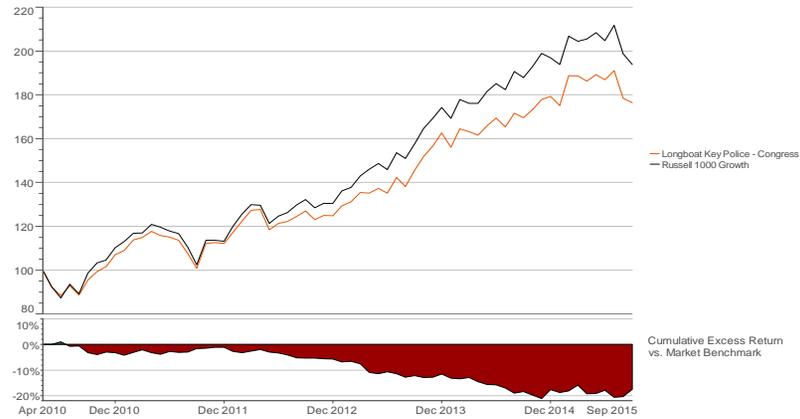


**Risk / Return Analysis Since 09/30/2009**

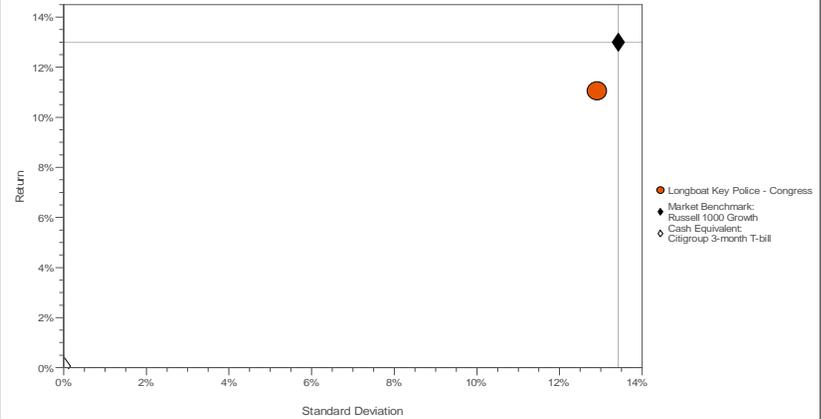


Annualized %	Return	Std. Dev.
Congress Asset Management	12.36	13.01
Russell 1000 Gr	14.17	13.34
S&P 500	12.81	12.90

Manager Performance  
May 2010 - September 2015 (Single Computation)



Risk / Return  
May 2010 - September 2015 (Single Computation)



Return & Risk Analysis

May 2010 - September 2015: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Longboat Key Police - Congress	11.05%	-1.95%	12.90%	0.93	-14.31%	88.78%	95.98%	-0.96%	0.85	94.57%
Russell 1000 Growth	13.00%	0.00%	13.42%	1.00	-15.31%	100.00%	100.00%	0.00%	0.96	100.00%

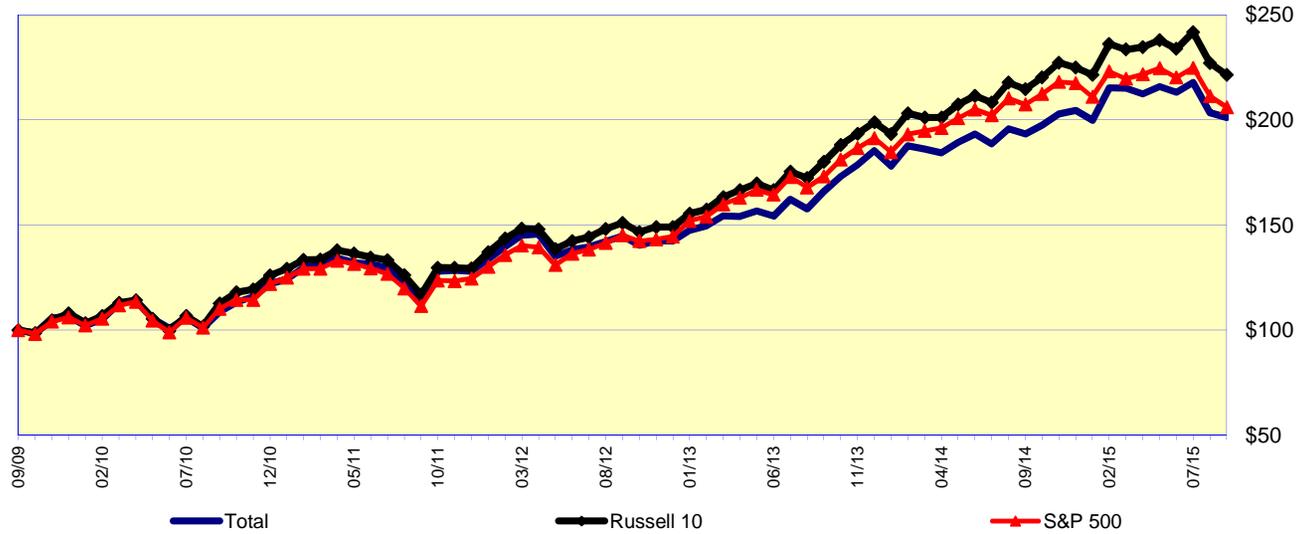
# MANAGER PERFORMANCE ANALYSIS

Longboat Key Police Congress Asset Management

As Of 09/30/2015

## Growth of \$100 Graph

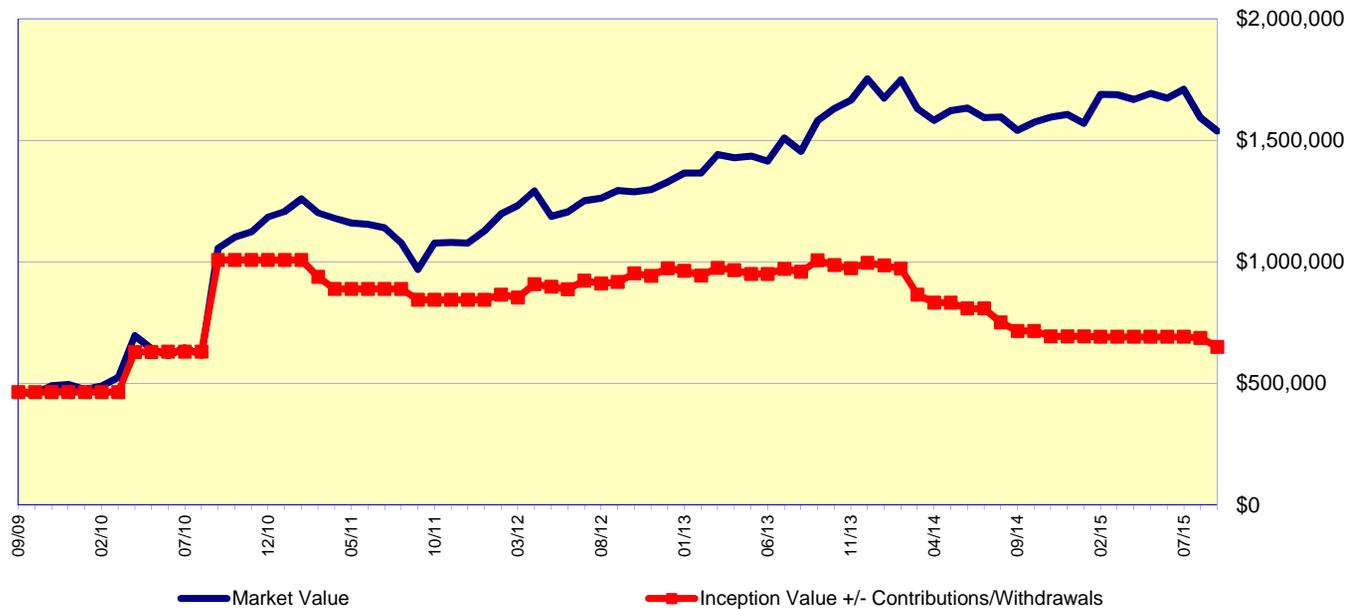
This graph depicts how \$100, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



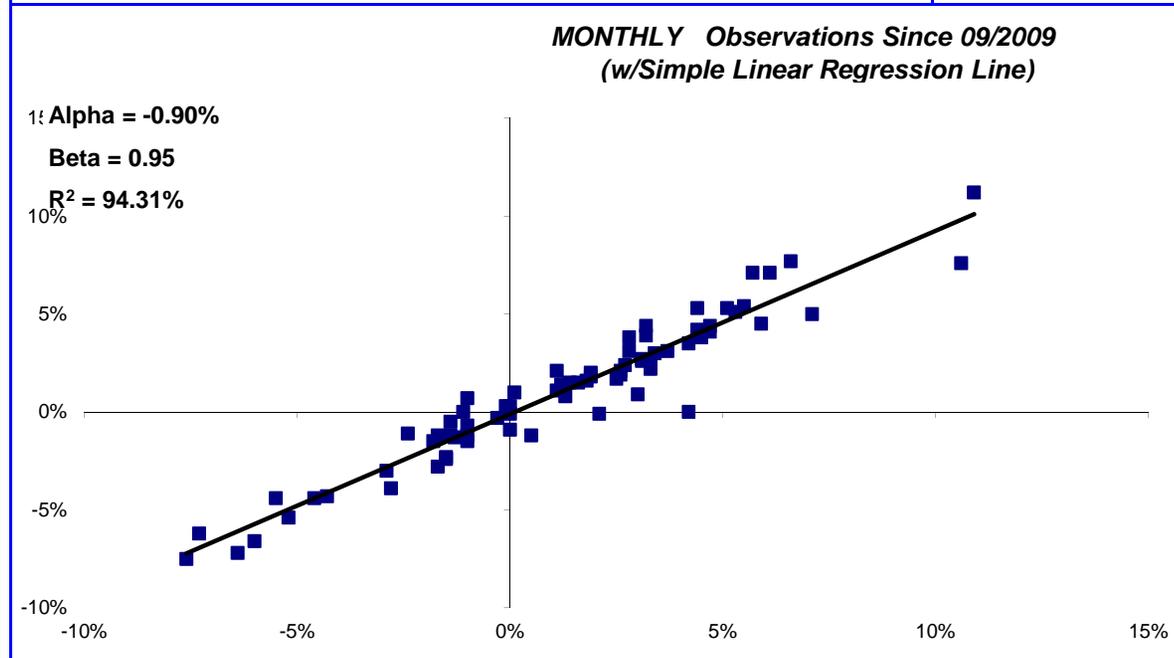
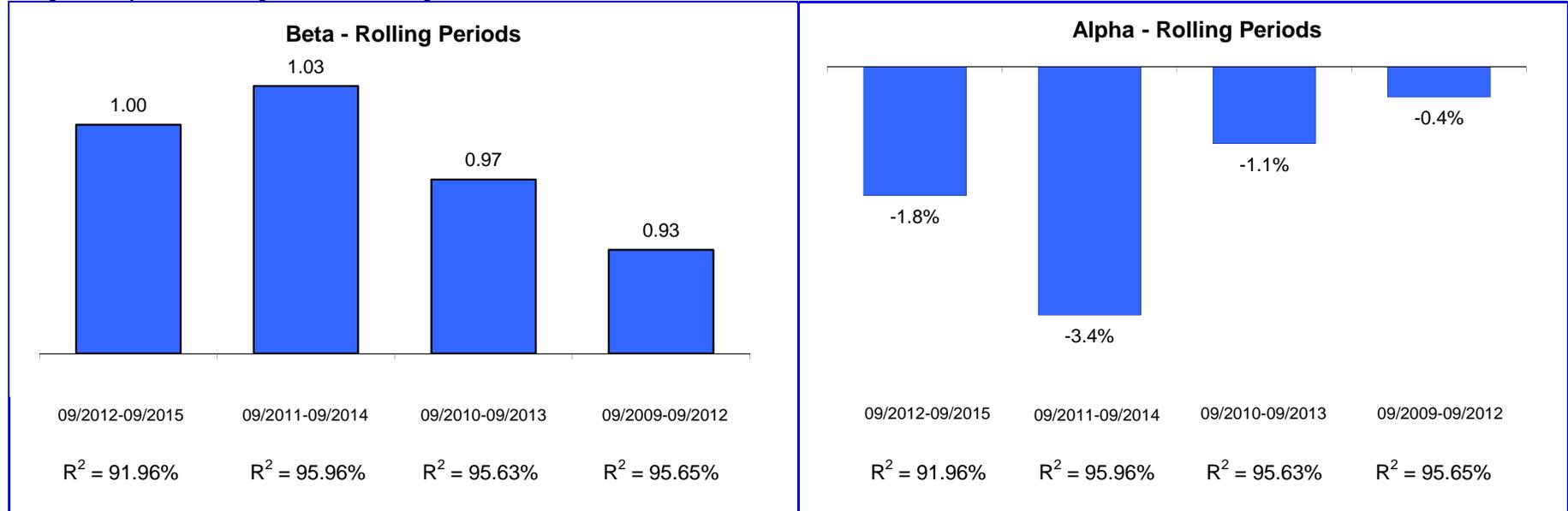
## Value Added Graph

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# MODERN PORTFOLIO THEORY



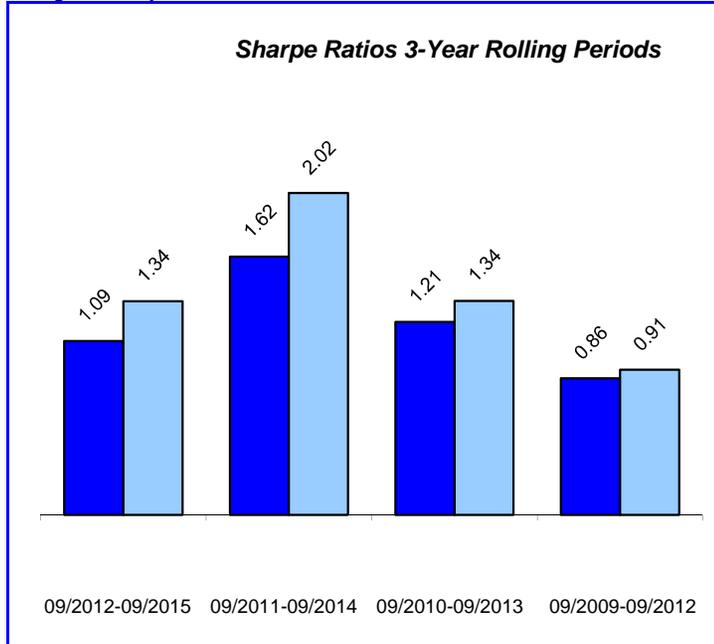
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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

Longboat Key Police

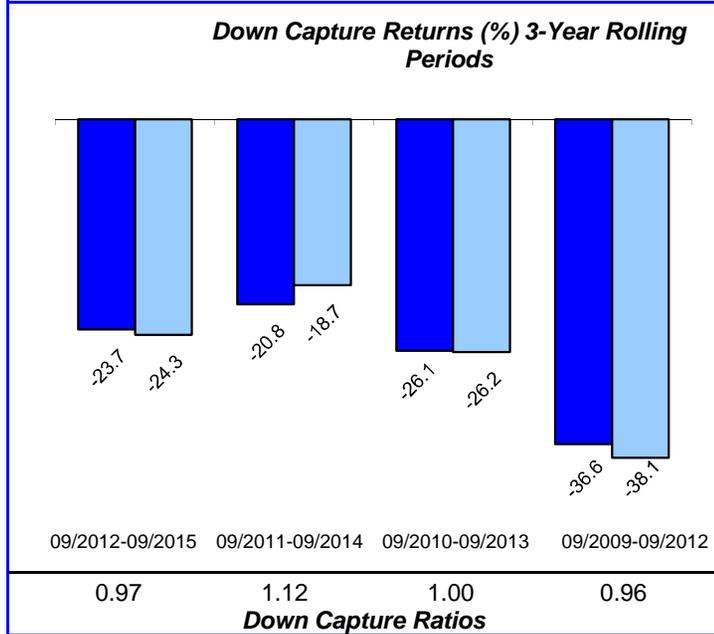
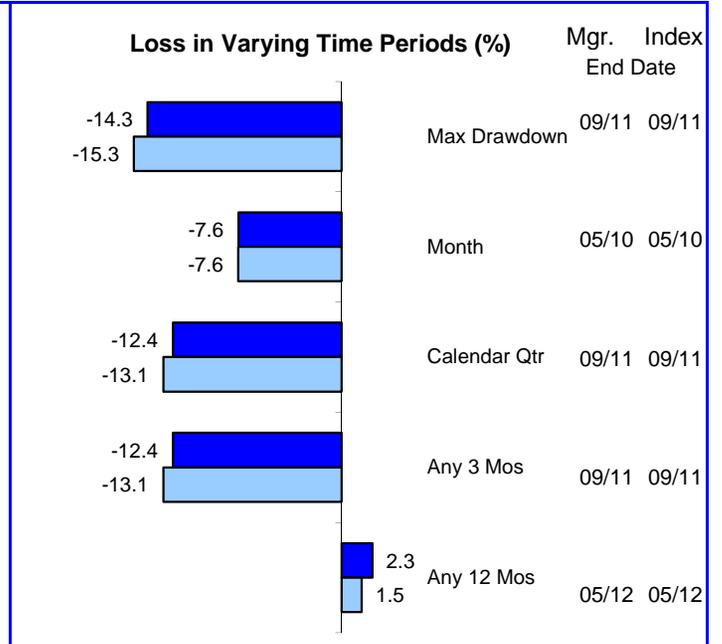
AS OF 09/30/2015



**Congress Asset Management**  
**Russell 1000 Gr**

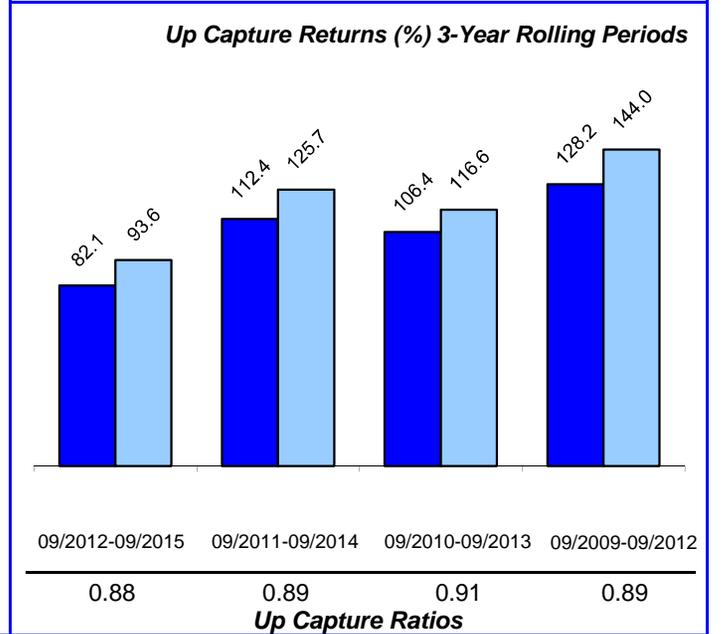
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**Down Capture** is the measure of the fund's total return whenever the index returns are negative.

**Up Capture** is the measure of the fund's total return whenever the



## Town of Longboat Key Police - Congress

Composition		
Summary	LONGBOAT KEY P - CON	RU1000-G
No of Securities	39.00	642.00
% Bmrk Holdings	89.10	100.00
% Active Share	78.96	0.00
% Top 25 Holdings	71.62	38.51
% Top 15 Holdings	45.65	28.96

Sector Allocation		
Sector Name	LONGBOAT KEY P - CON	RU1000-G
Energy	1.87	0.69
Materials	2.63	3.48
Industrials	9.25	11.08
Consumer Discretionary	20.68	21.47
Consumer Staples	11.30	11.20
Health Care	18.28	16.79
Financials	8.30	5.43
Information Technology	26.48	27.74
Telecomm Service		2.07
Utilities		0.05
N/A	1.21	

Characteristics		
Characteristic	LONGBOAT KEY P - CON	RU1000-G
Market Cap - Weighted Median	45,394,654,649.24	63,510,074,750.57
Price / Book	4.61	5.40
P/E NTM	19.03	17.21
Dividend Yield	1.51	1.65
EPS Growth NTM	11.86	11.17
Ret Eq	43.67	37.91

Top Equity Holdings	
Name	LONGBOAT KEY P - CON
STARBUCKS CORP	3.89
INTERCONTINENTAL EXCHANGE INC	3.22
UNITEDHEALTH GROUP INC	3.18
HOME DEPOT INC	3.16
WALT DISNEY CO	3.15
	Total: 16.60

### Disclaimer

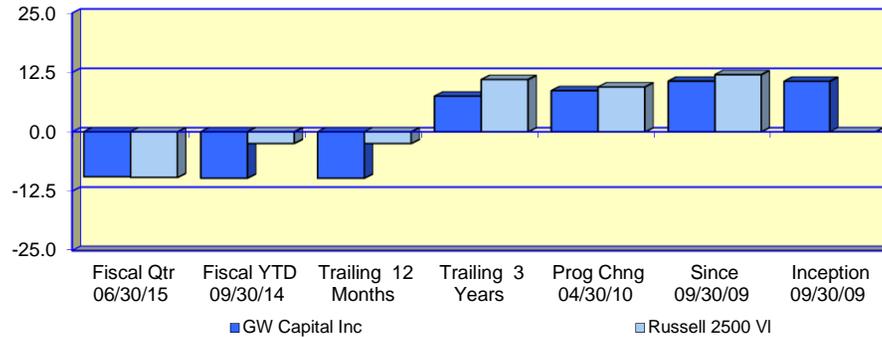
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# EXECUTIVE SUMMARY

Longboat Key Police GW Capital Inc

AS OF 09/30/2015

**Portfolio Performance(%)**

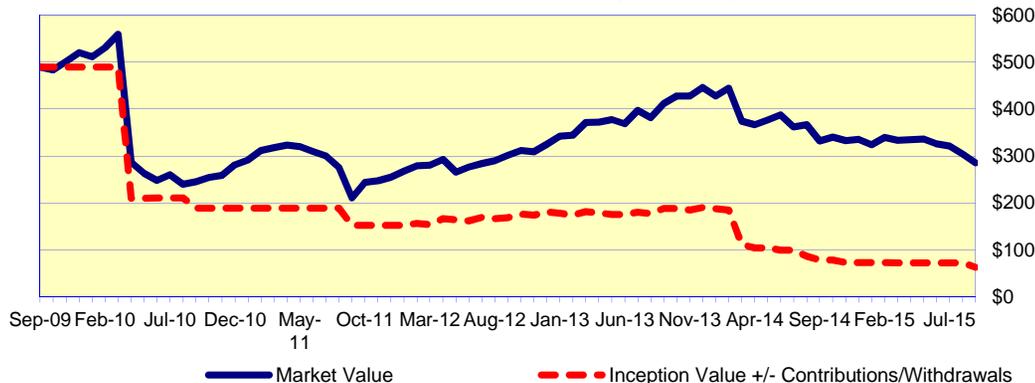


Investment Returns (%)	Since: 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Prog Chng 04/30/10	Since 09/30/09	Inception 09/30/09
<b>GW Capital Inc</b>	<b>-9.46</b>	<b>-9.75</b>	<b>-9.75</b>	<b>7.51</b>	<b>8.67</b>	<b>10.64</b>	<b>10.63</b>
Russell 2500 VI	-9.59	-2.45	-2.45	11.00	9.43	12.02	N/A

**Asset Growth (\$000)**

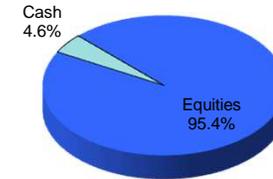
Beginning Market Value	326	333	333	302	287	489	489
Net Contributions & Withdrawals	-10	-16	-16	-106	-147	-426	-426
Gain/Loss + Income	-30	-31	-31	90	146	223	223
Ending Market Value	286	286	286	286	286	286	286

**Value-Added Analysis (\$000)**



**Asset Allocation (\$000)**

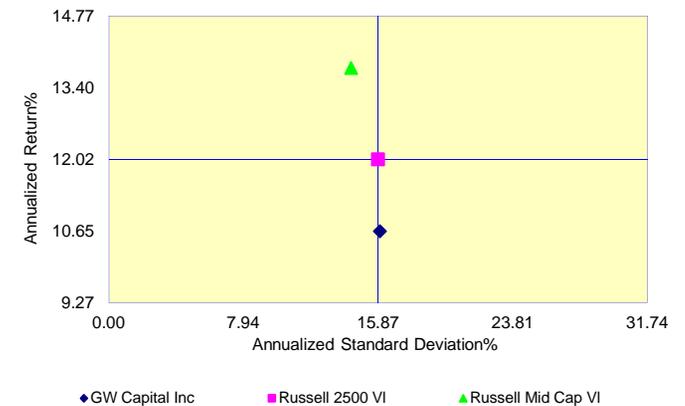
Equities	Cash	Total
272	13	286



**Portfolio Characteristics**

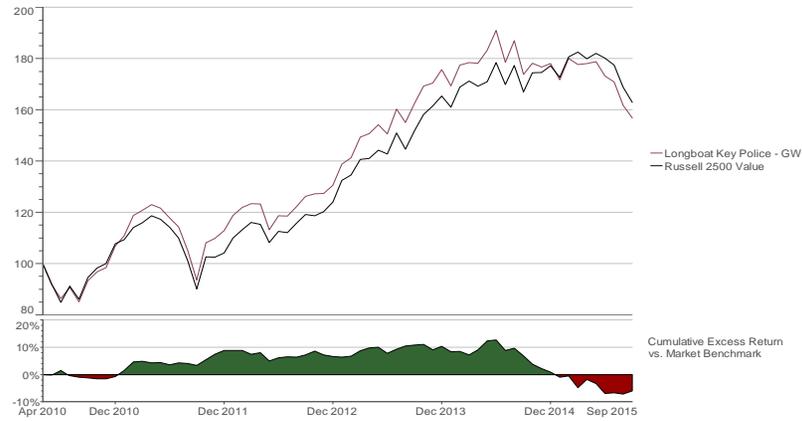
Yield	N/A	Account Sharpe Ratio	0.66
Beta	0.96	Index Sharpe Ratio	0.75
Alpha	-0.78%		
R <sup>2</sup>	91%		

**Risk / Return Analysis Since 09/30/2009**

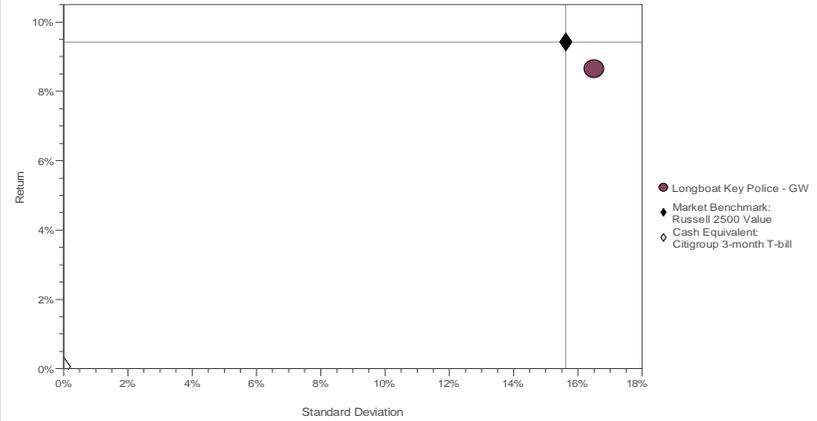


Annualized %	Return	Std. Dev.
<b>GW Capital Inc</b>	<b>10.64</b>	<b>15.98</b>
Russell 2500 VI	12.02	15.87
Russell Mid Cap VI	13.77	14.30

Manager Performance  
May 2010 - September 2015 (Single Computation)



Risk / Return  
May 2010 - September 2015 (Single Computation)



Return & Risk Analysis

May 2010 - September 2015: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Longboat Key Police - GW	8.67%	-0.76%	16.50%	1.03	-23.95%	98.47%	101.70%	-0.84%	0.52	94.60%
Russell 2500 Value	9.43%	0.00%	15.63%	1.00	-24.03%	100.00%	100.00%	0.00%	0.60	100.00%

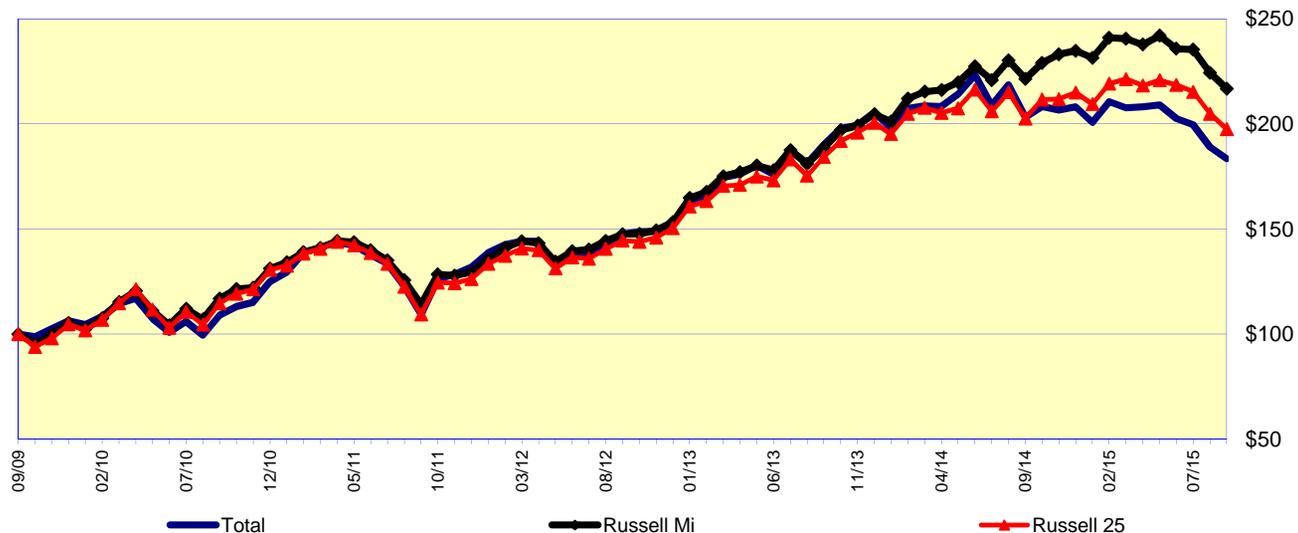
# MANAGER PERFORMANCE ANALYSIS

Longboat Key Police GW Capital Inc

As Of 09/30/2015

## Growth of \$100 Graph

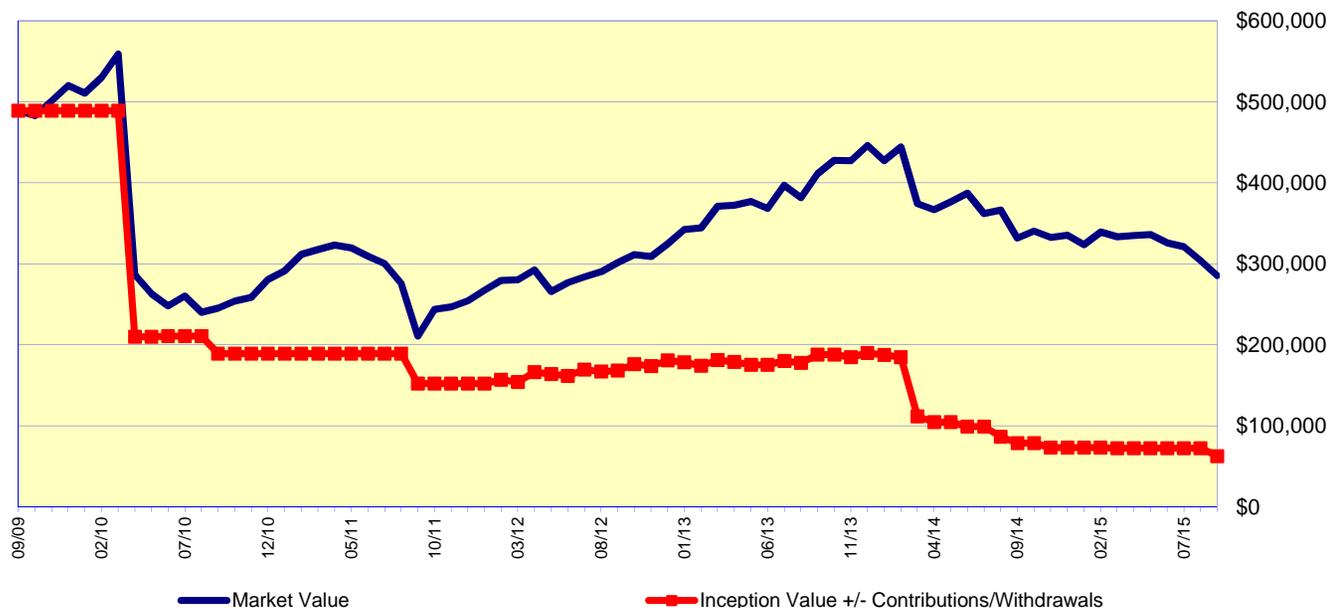
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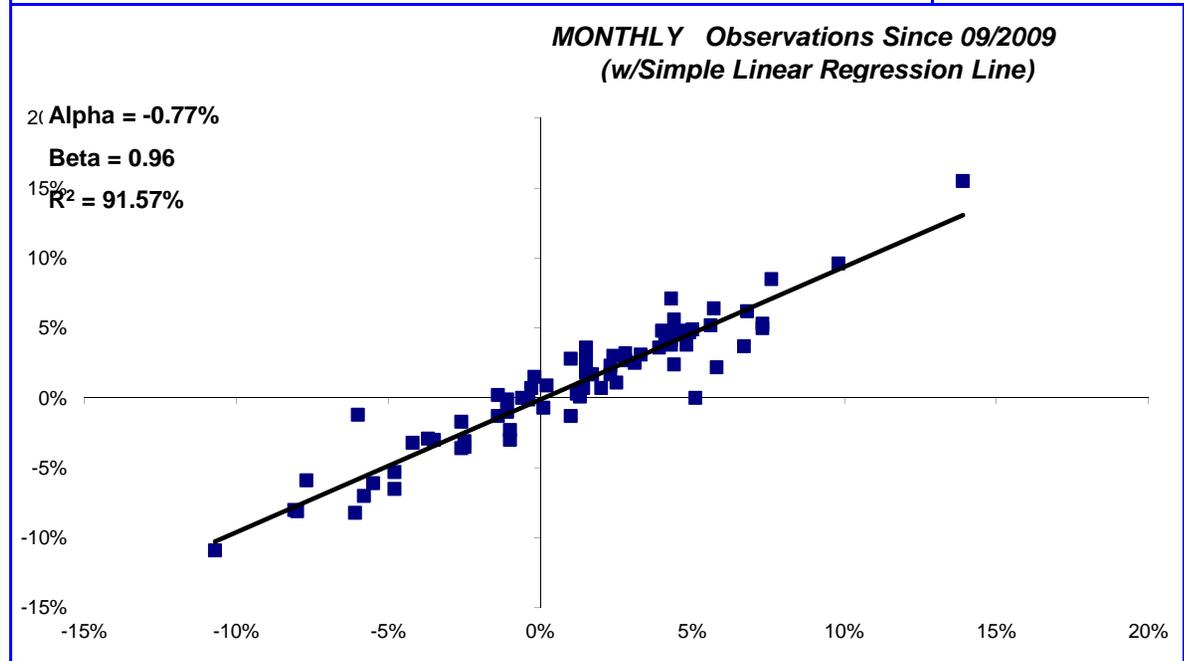
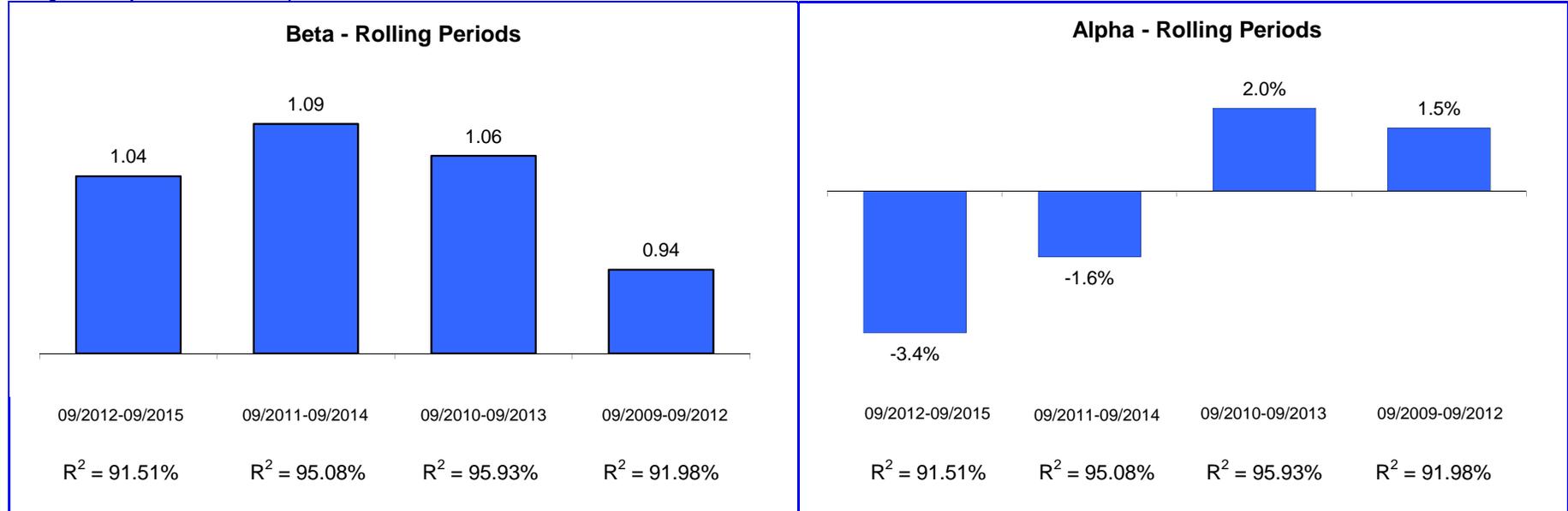
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# MODERN PORTFOLIO THEORY



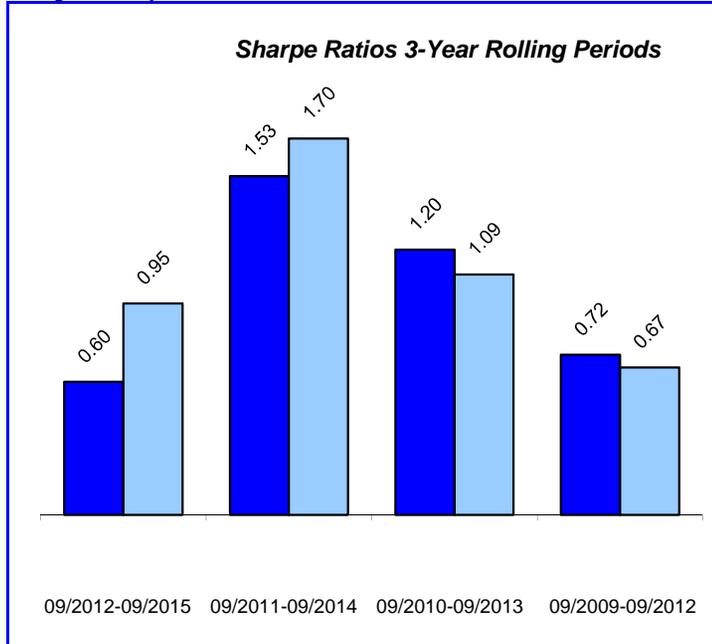
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# MANAGER RISK ANALYSIS

Longboat Key Police

AS OF 09/30/2015



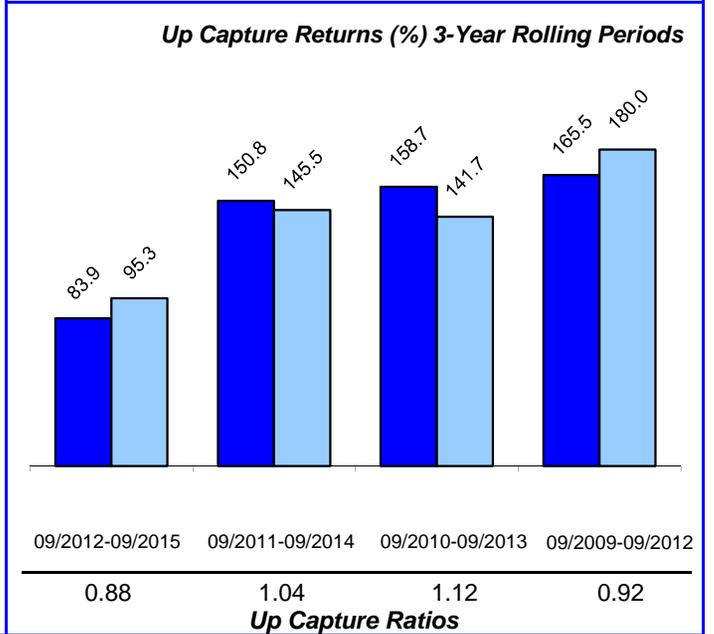
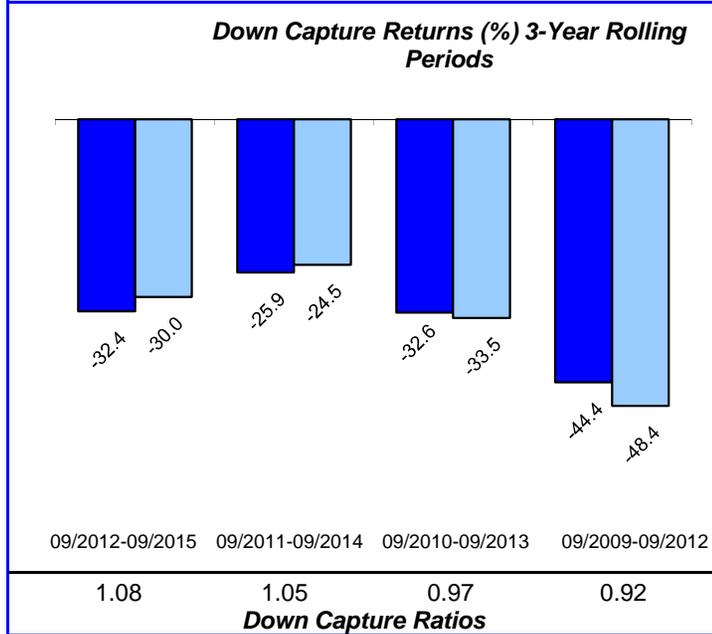
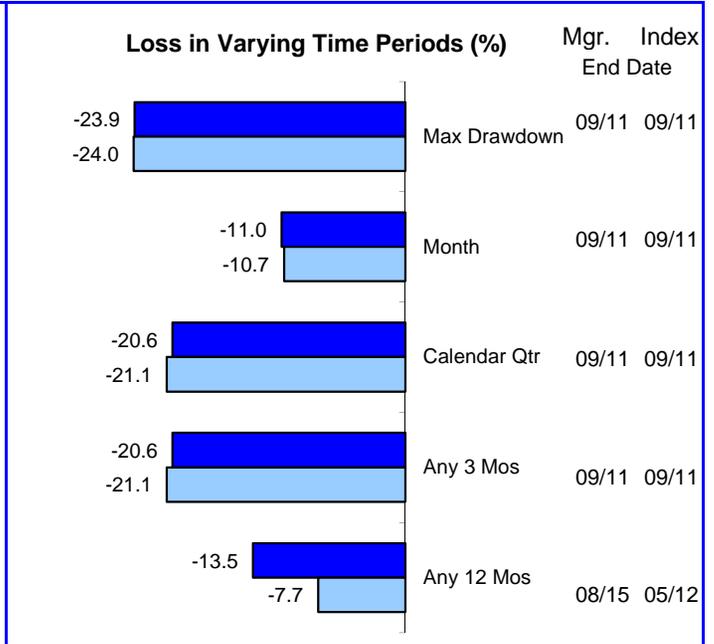
**GW Capital Inc**  
**Russell 2500 VI**

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**Up Capture** is the measure of the fund's total return whenever the



Report Created: 11/15/2015

## Town of Longboat Key Police - GW

Composition		
Summary	LONGBOAT KEY P - GW	RU2500-V
No of Securities	36.00	1,661.00
% Bmrk Holdings	63.59	100.00
% Active Share	96.07	0.00
% Top 25 Holdings	81.05	9.94
% Top 15 Holdings	54.20	6.54

Sector Allocation		
Sector Name	LONGBOAT KEY P - GW	RU2500-V
Energy	2.66	5.52
Materials	13.21	5.29
Industrials	16.68	13.03
Consumer Discretionary	7.52	9.14
Consumer Staples	7.36	2.69
Health Care	9.02	4.53
Financials	25.14	40.64
Information Technology	9.35	9.35
Telecomm Service		0.83
Utilities	4.31	8.96
N/A	4.74	

Characteristics		
Characteristic	LONGBOAT KEY P - GW	RU2500-V
Market Cap - Weighted Median	3,909,816,953.71	3,215,846,623.32
Price / Book	1.65	1.46
P/E NTM	13.56	16.59
Dividend Yield	2.03	2.49
EPS Growth NTM	10.08	6.91
Ret Eq	36.20	8.58

Top Equity Holdings	
Name	LONGBOAT KEY P - GW
VERISK ANALYTICS INC	5.32
FINANCIAL SQUARE PRIME OBLIGATIONS FUND	4.74
CASEYS GENERAL STORES INC	4.24
CROWN HOLDINGS INC	4.08
BANKUNITED INC	4.01
	Total: 22.40

### Disclaimer

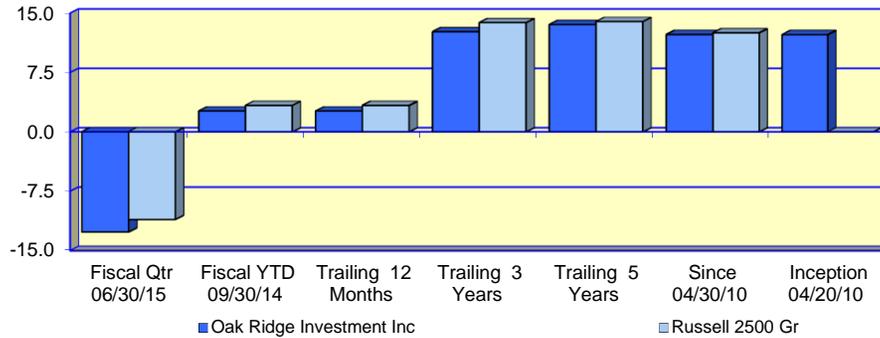
This analysis is based upon information supplied by the Client or its custodian and software developed by Thomson Portfolio Analytics. The underlying data is believed to be reliable but accuracy and completeness cannot be assured. While the characteristics described in this report are believed to accurately reflect the overall nature of the portfolio, all of the constituent securities may not have been considered. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services of any money management organization. Past results are not necessarily indicative of future performance.

# EXECUTIVE SUMMARY

Longboat Key Police Oak Ridge Investment Inc

AS OF 09/30/2015

**Portfolio Performance(%)**

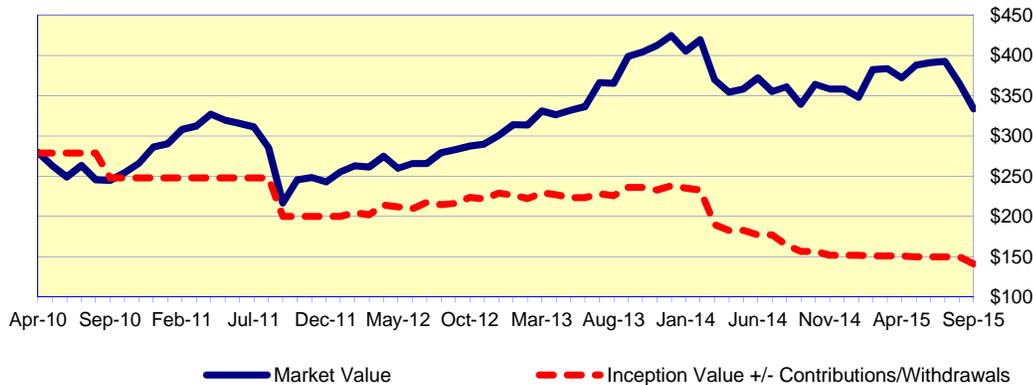


Investment Returns (%)	Since:	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 04/30/10	Inception 04/20/10
Oak Ridge Investment Inc		-12.64	2.62	2.62	12.64	13.54	12.28	12.27
Russell 2500 Gr		-11.06	3.33	3.33	13.78	13.92	12.50	N/A

**Asset Growth (\$000)**

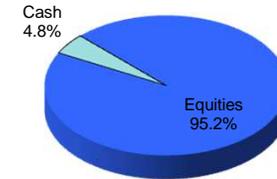
Beginning Market Value	391	339	339	283	245	279	279
Net Contributions & Withdrawals	-8	-15	-15	-75	-107	-137	-138
Gain/Loss + Income	-49	10	10	126	196	192	193
Ending Market Value	334	334	334	334	334	334	334

**Value-Added Analysis (\$000)**



**Asset Allocation (\$000)**

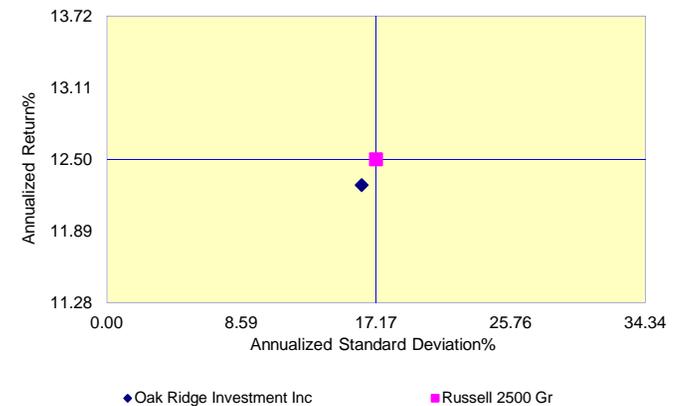
Equities	Cash	Total
318	16	334



**Portfolio Characteristics**

Yield	N/A	Account Sharpe Ratio	0.75
Beta	0.90	Index Sharpe Ratio	0.72
Alpha	0.91%		
R <sup>2</sup>	91%		

**Risk / Return Analysis Since 04/30/2010**



Annualized %	Return	Std. Dev.
Oak Ridge Investment Inc	12.28	16.25
Russell 2500 Gr	12.50	17.17

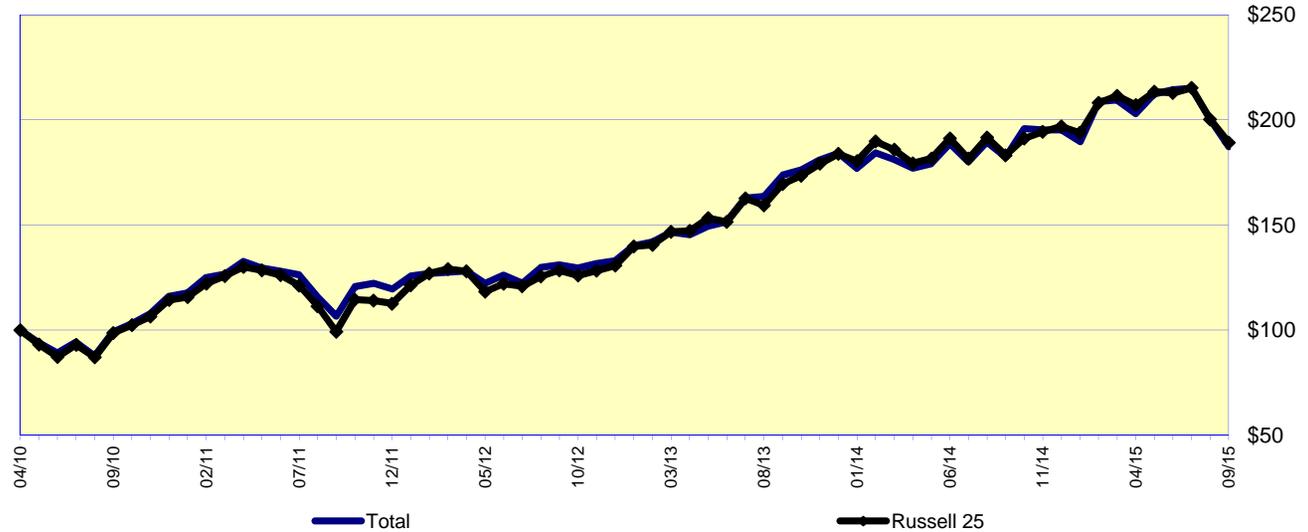
# MANAGER PERFORMANCE ANALYSIS

Longboat Key Police Oak Ridge Investment Inc

As Of 09/30/2015

## Growth of \$100 Graph

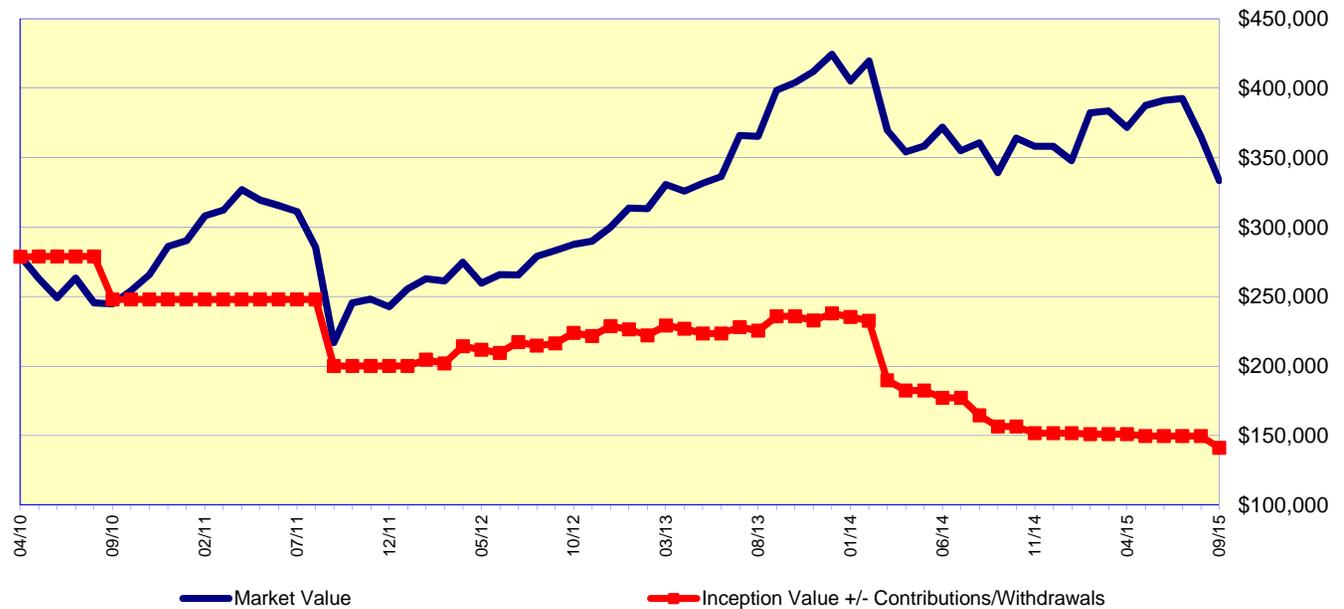
This graph depicts how \$100, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



## Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

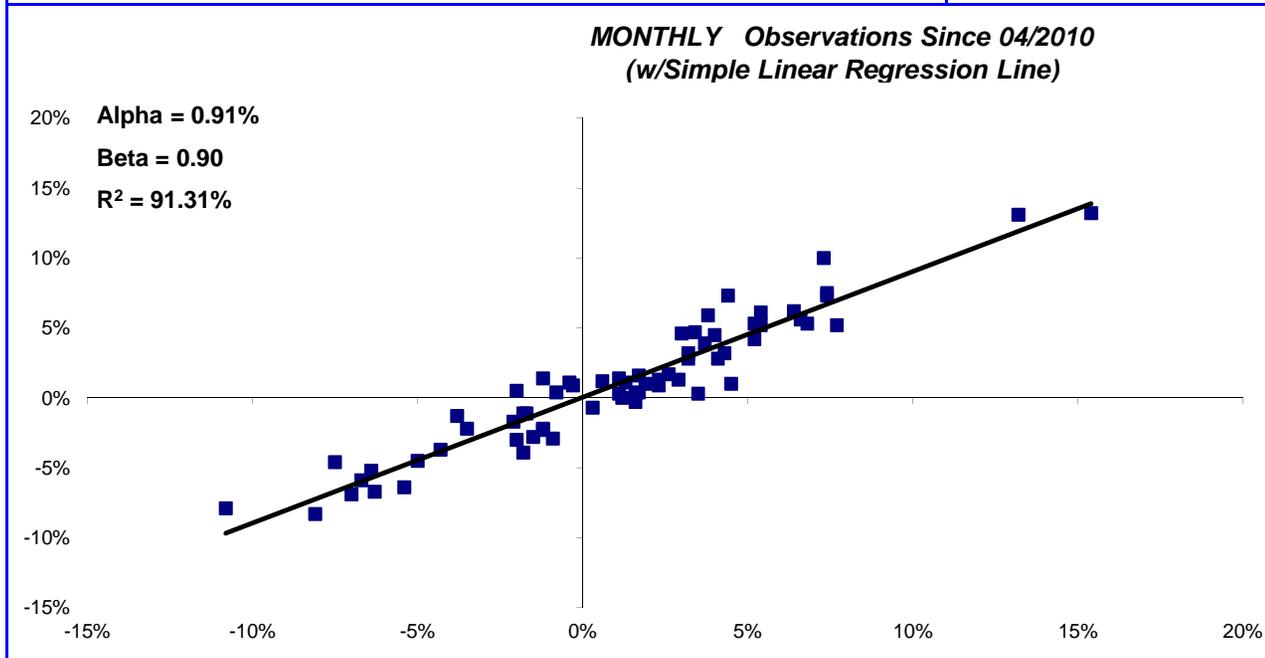
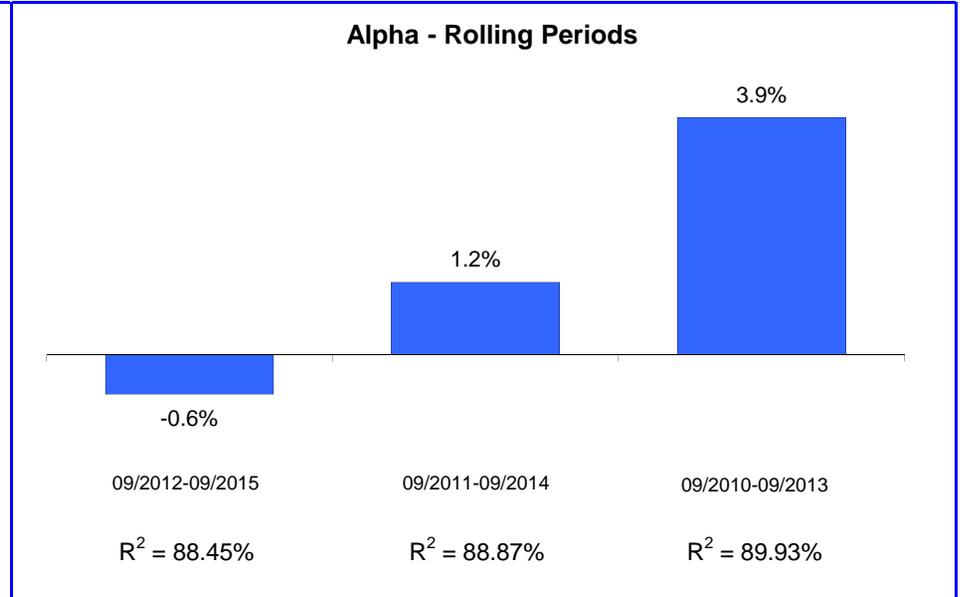
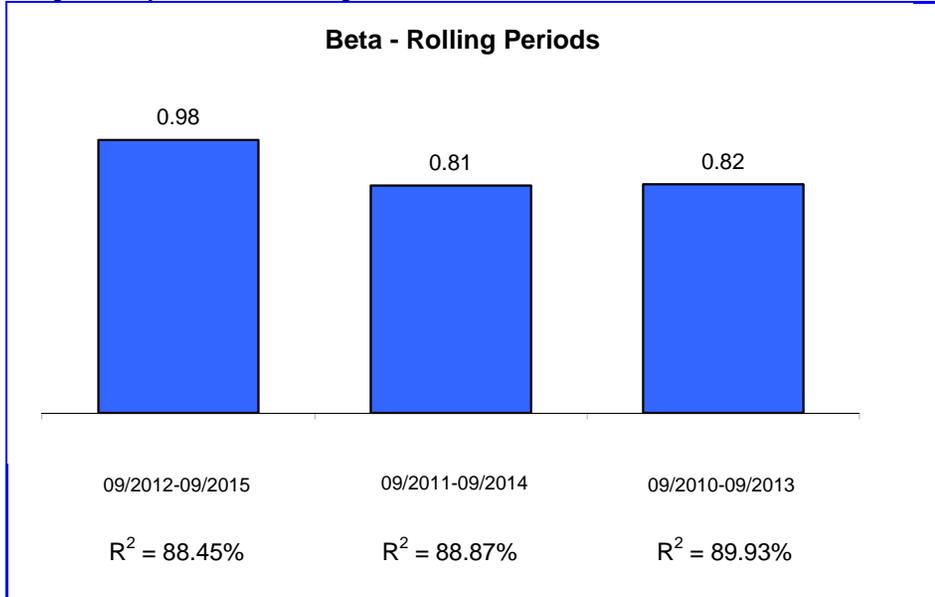
One of the graph lines denotes the period-end market values of the portfolio over time. This is simply a visual representation of the ebb and flow of the portfolio's market value period-to-period. The other line represents the original dollars invested adjusted for contributions or withdrawals.



# MODERN PORTFOLIO THEORY

Longboat Key Police Oak Ridge Investment Inc

AS OF 09/30/2015



**Modern Portfolio Theory** seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market. **Beta** is a measure of the sensitivity of a portfolio's rate of return against that of the market. A beta greater than 1.00 indicates volatility greater than the market. **R<sup>2</sup>** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-squared of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

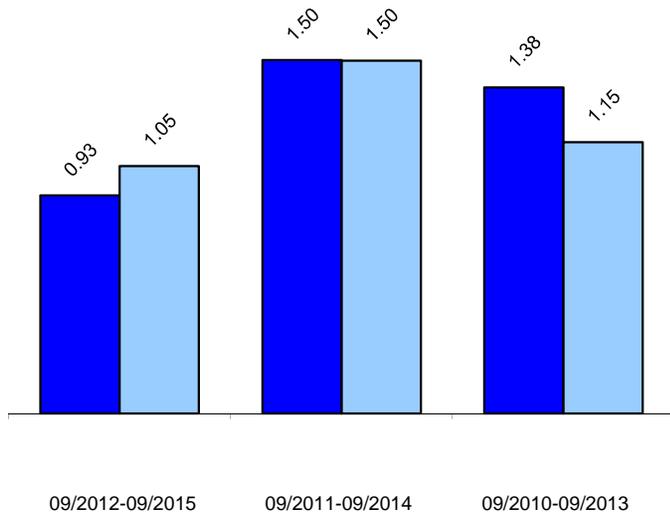
Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

Longboat Key Police

AS OF 09/30/2015

**Sharpe Ratios 3-Year Rolling Periods**



**Oak Ridge Investment Inc**  
**Russell 2500 Gr**

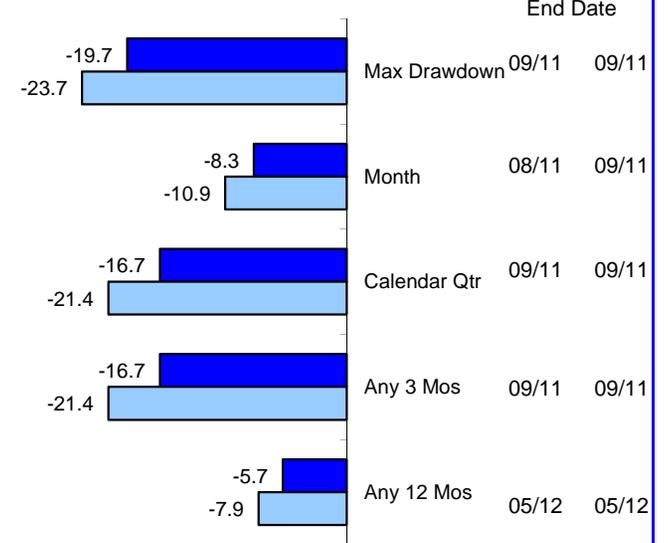
**Sharpe Ratio** divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

**Loss in Varying Time Periods** measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*

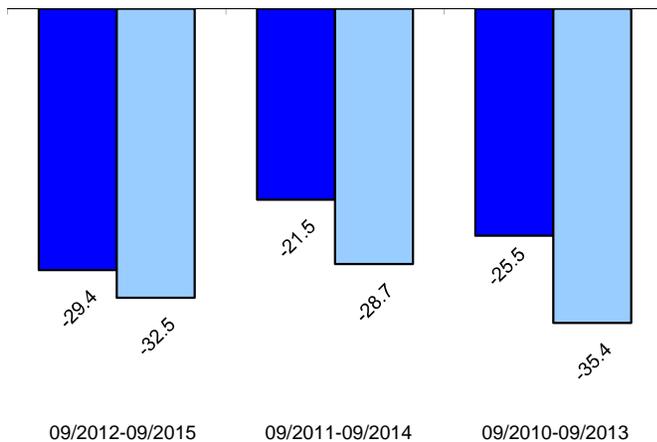
**Down Capture** is the measure of the fund's total return whenever the index returns are negative.

**Up Capture** is the measure of the fund's total return whenever the

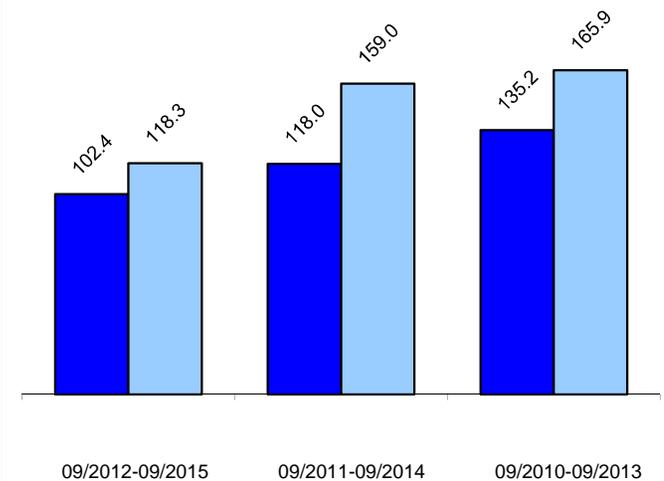
**Loss in Varying Time Periods (%)**



**Down Capture Returns (%) 3-Year Rolling Periods**



**Up Capture Returns (%) 3-Year Rolling Periods**



0.90

0.75

0.72

**Down Capture Ratios**

0.87

0.74

0.81

**Up Capture Ratios**

## Town of Longboat Key Police - Oak Ridge

Composition		
Summary	LONGBOAT KEY P - OAK	RU2500-G
No of Securities	58.00	1,461.00
% Bmrk Holdings	88.26	100.00
% Active Share	93.42	0.00
% Top 25 Holdings	66.33	11.58
% Top 15 Holdings	46.50	7.52

Sector Allocation		
Sector Name	LONGBOAT KEY P - OAK	RU2500-G
Energy	1.42	0.83
Materials		6.43
Industrials	15.92	15.90
Consumer Discretionary	15.38	21.28
Consumer Staples	1.54	3.34
Health Care	23.59	20.39
Financials	4.85	9.89
Information Technology	32.49	21.25
Telecomm Service		0.53
Utilities		0.16
N/A	4.80	

Characteristics		
Characteristic	LONGBOAT KEY P - OAK	RU2500-G
Market Cap - Weighted Median	3,236,798,366.54	3,766,373,319.38
Price / Book	3.99	4.55
P/E NTM	26.59	23.08
Dividend Yield	0.61	0.91
EPS Growth NTM	26.82	21.30
Ret Eq	25.03	19.78

Top Equity Holdings	
Name	LONGBOAT KEY P - OAK
GOLDMAN SACHS FS TREASURY OBLIGATIONS FD	4.80
EPAM SYSTEMS INC	4.71
MIDDLEBY CORP	3.82
AKORN INC	3.49
FORTINET INC	3.25
	Total: 20.07

### Disclaimer

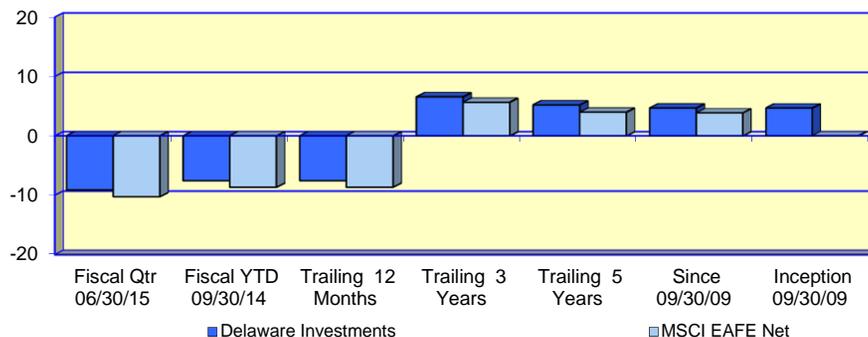
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# EXECUTIVE SUMMARY

Longboat Key Police Delaware Investments

AS OF 09/30/2015

**Portfolio Performance(%)**

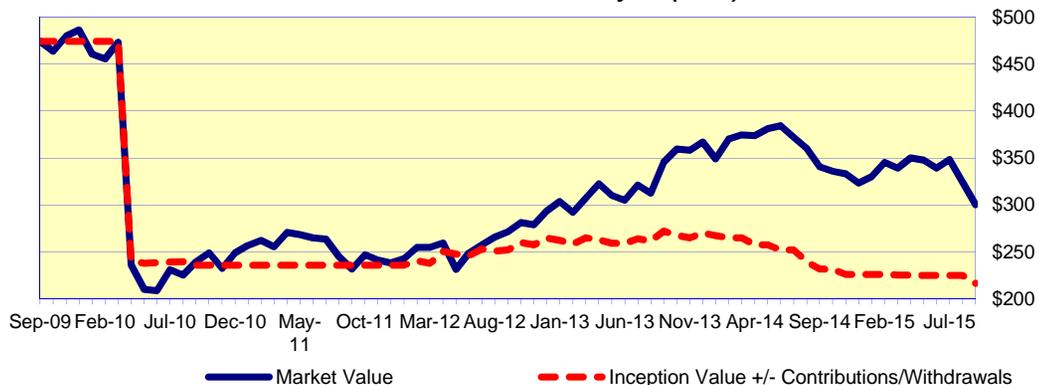


Investment Returns (%)	Since: 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 09/30/09	Inception 09/30/09
Delaware Investments	-9.12	-7.55	-7.55	6.56	5.20	4.68	4.67
MSCI EAFE Net	-10.24	-8.65	-8.65	5.64	3.98	3.86	N/A

**Asset Growth (\$000)**

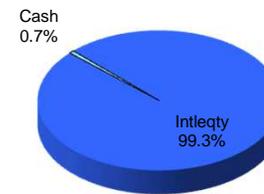
	06/30/15	09/30/14	12 Months	3 Years	5 Years	09/30/09	09/30/09
Beginning Market Value	340	341	341	272	240	474	474
Net Contributions & Withdrawals	-8	-15	-15	-36	-20	-258	-258
Gain/Loss + Income	-31	-25	-25	65	81	85	85
Ending Market Value	301	301	301	301	301	301	301

**Value-Added Analysis (\$000)**



**Asset Allocation (\$000)**

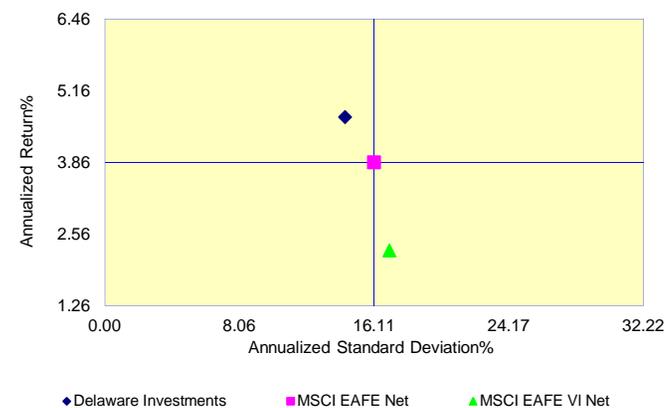
Intleqty	Cash	Total
299	2	301



**Portfolio Characteristics**

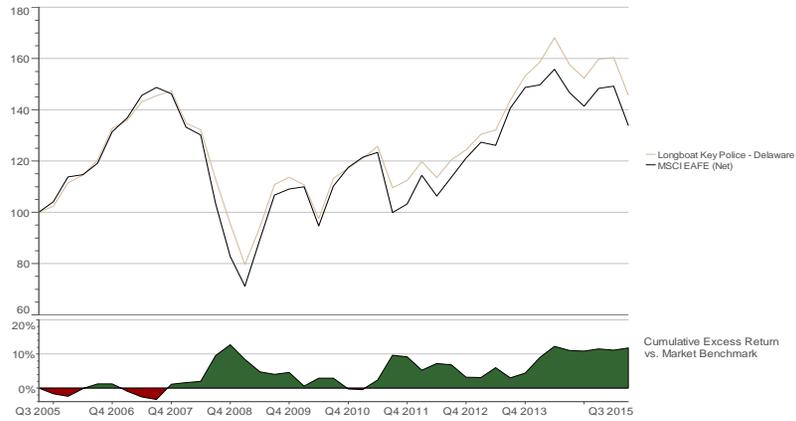
Yield	N/A	Account Sharpe Ratio	0.32
Beta	0.85	Index Sharpe Ratio	0.23
Alpha	1.26%		
R <sup>2</sup>	91%		

**Risk / Return Analysis Since 09/30/2009**

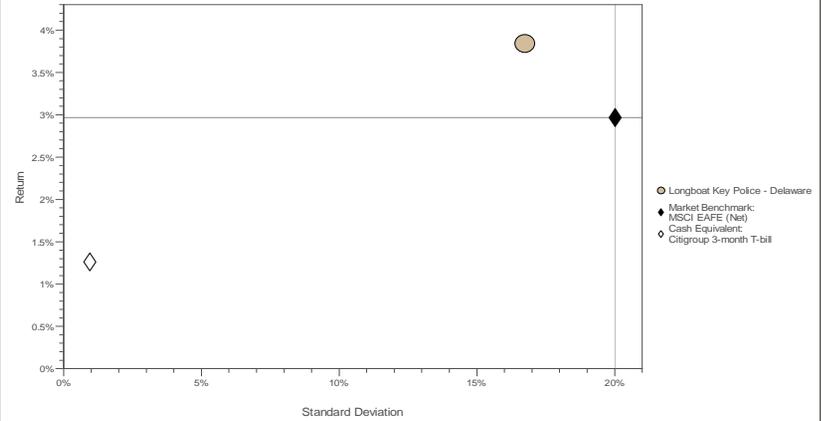


Annualized %	Return	Std. Dev.
Delaware Investments	4.68	14.37
MSCI EAFE Net	3.86	16.11
MSCI EAFE VI Net	2.26	17.05

**Manager Performance**  
October 2005 - September 2015 (Single Computation)



**Risk / Return**  
October 2005 - September 2015 (Single Computation)



**Return & Risk Analysis**

October 2005 - September 2015: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Longboat Key Police - Delaware	3.84%	0.87%	16.74%	0.81	-45.93%	86.69%	82.76%	1.16%	0.15	94.94%
MSCI EAFE (Net)	2.97%	0.00%	20.02%	1.00	-52.12%	100.00%	100.00%	0.00%	0.09	100.00%

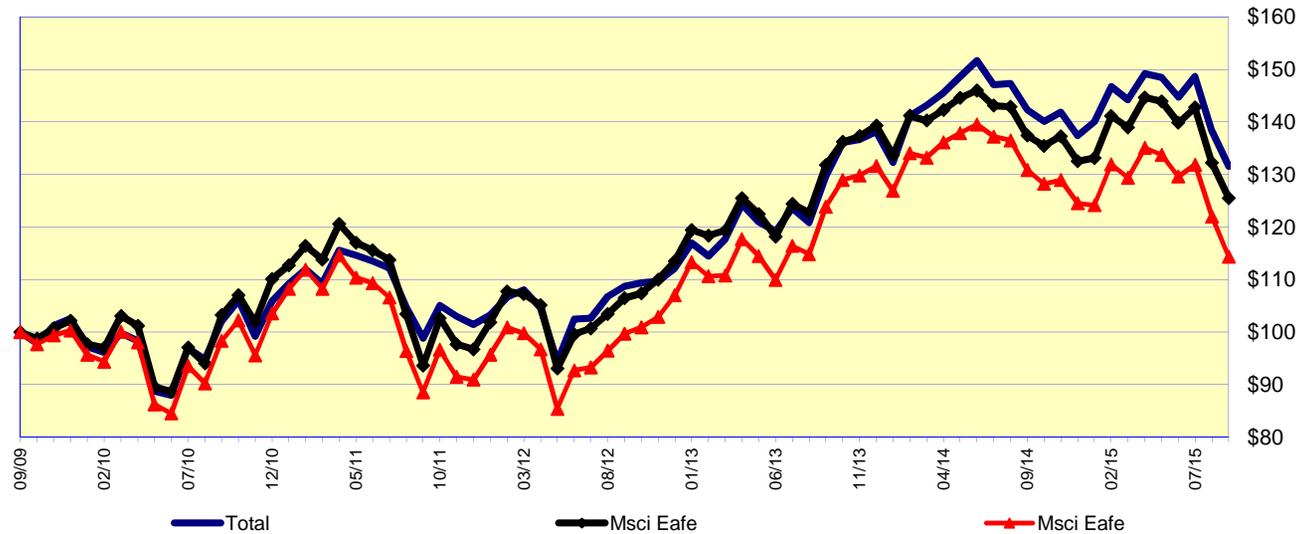
# MANAGER PERFORMANCE ANALYSIS

Longboat Key Police Delaware Investments

As Of 09/30/2015

## Growth of \$100 Graph

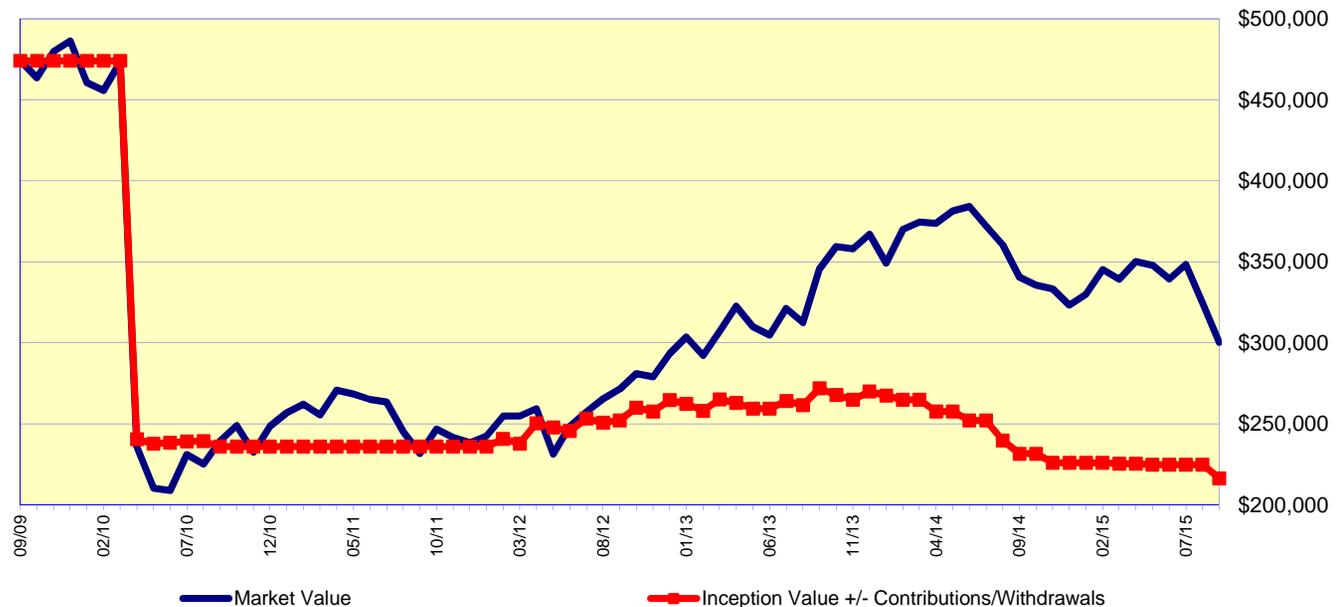
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## Value Added Graph

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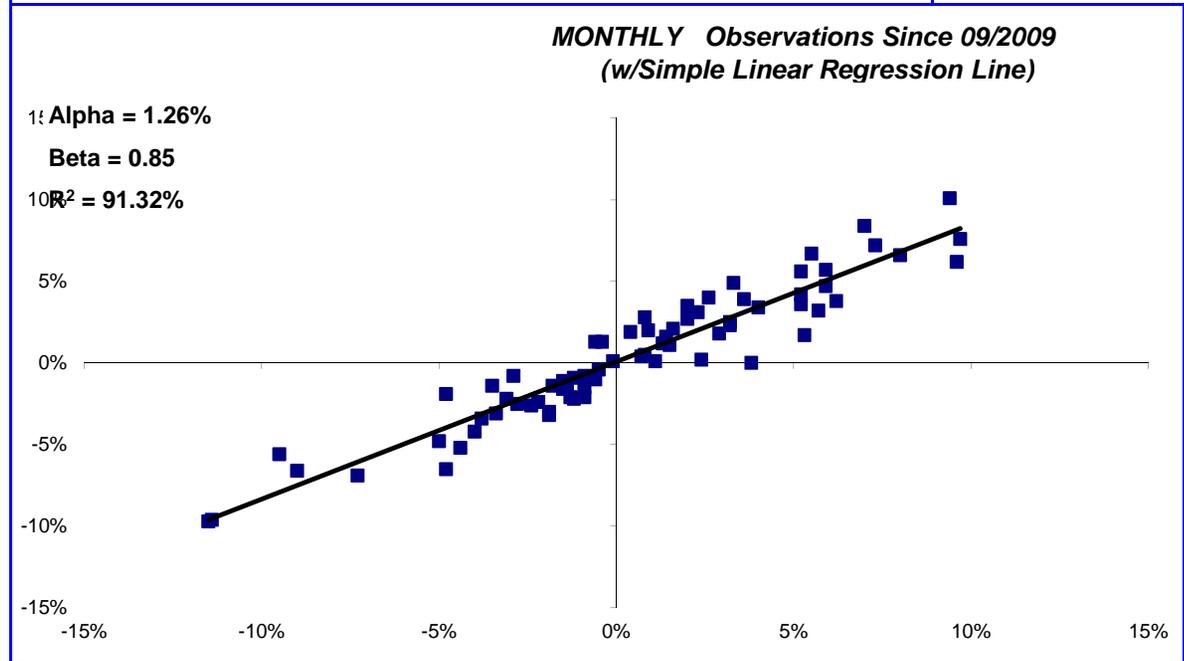
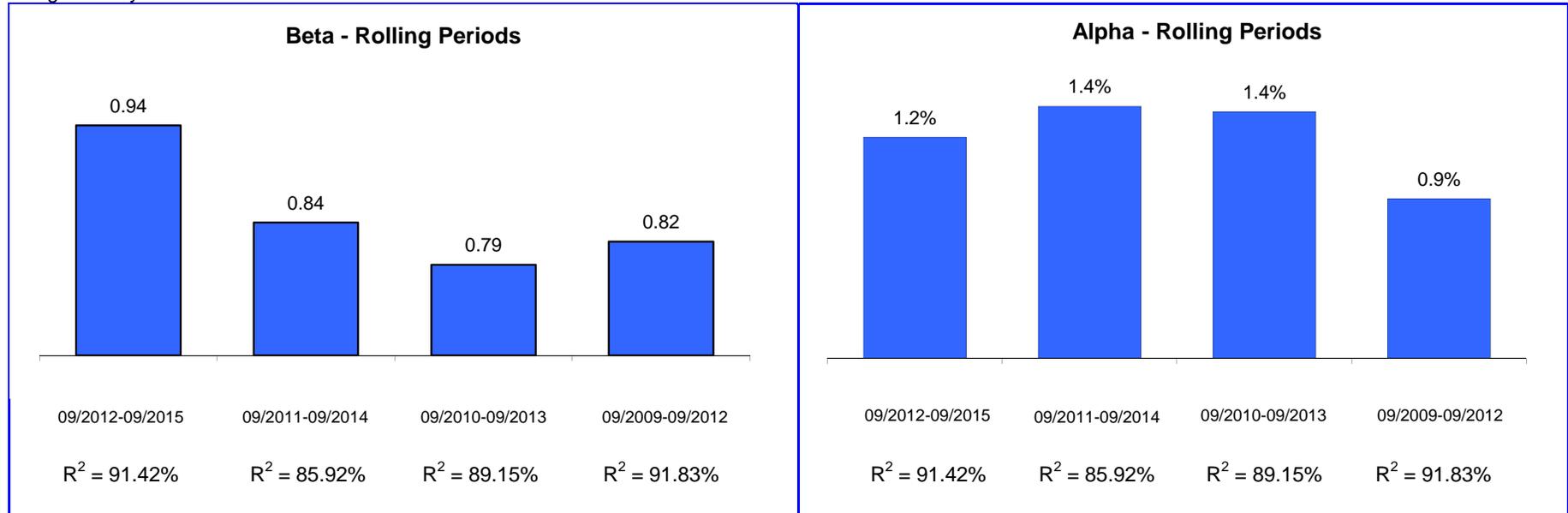
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# MODERN PORTFOLIO THEORY

Longboat Key Police Delaware Investments

AS OF 09/30/2015



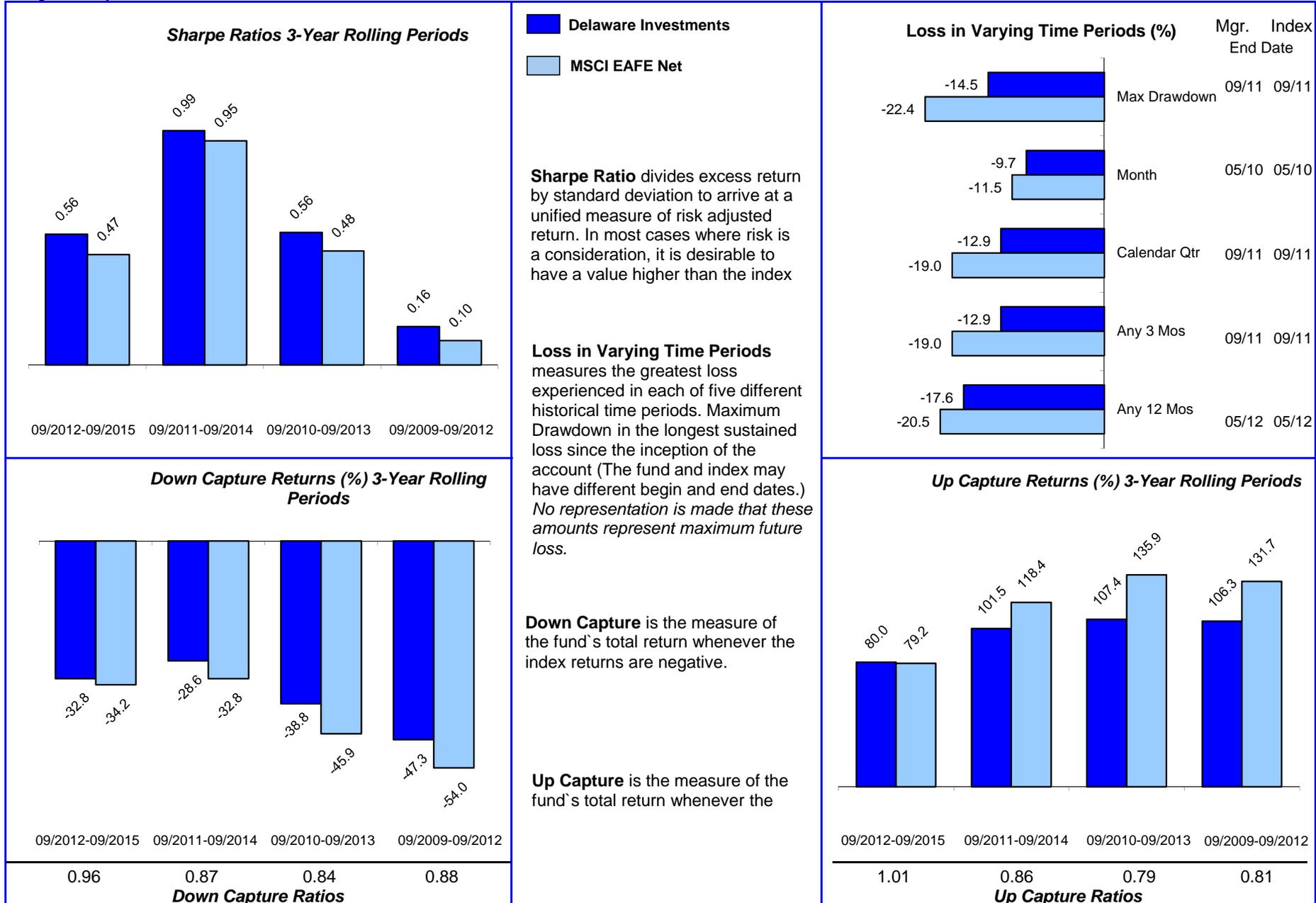
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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

Longboat Key Police

AS OF 09/30/2015



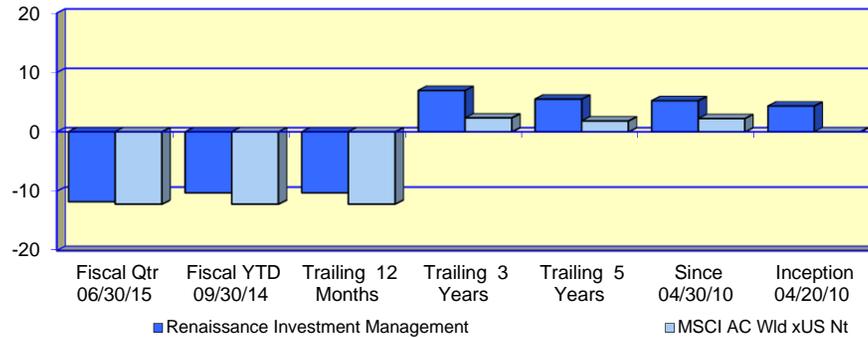
Report Created: 11/15/2015

# EXECUTIVE SUMMARY

Longboat Key Police Renaissance Investment Management

AS OF 09/30/2015

**Portfolio Performance(%)**

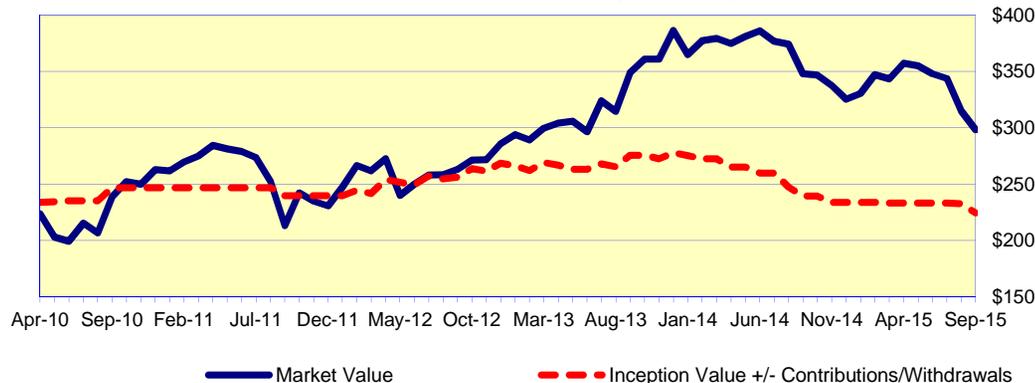


Investment Returns (%)	Since: 06/30/15	Fiscal Qtr 09/30/14	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 04/30/10	Inception 04/20/10
Renaissance Investment Management	-11.77	-10.29	-10.29	-10.29	6.96	5.51	5.23	4.34
MSCI AC Wld xUS Nt	-12.17	-12.17	-12.17	-12.17	2.34	1.82	2.23	N/A

**Asset Growth (\$000)**

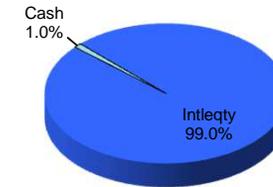
Asset Growth (\$000)	06/30/15	09/30/14	12 Months	3 Years	5 Years	04/30/10	04/20/10
Beginning Market Value	348	348	348	264	239	224	234
Net Contributions & Withdrawals	-9	-15	-15	-32	-22	-9	-10
Gain/Loss + Income	-41	-35	-35	66	81	83	74
Ending Market Value	298	298	298	298	298	298	298

**Value-Added Analysis (\$000)**



**Asset Allocation (\$000)**

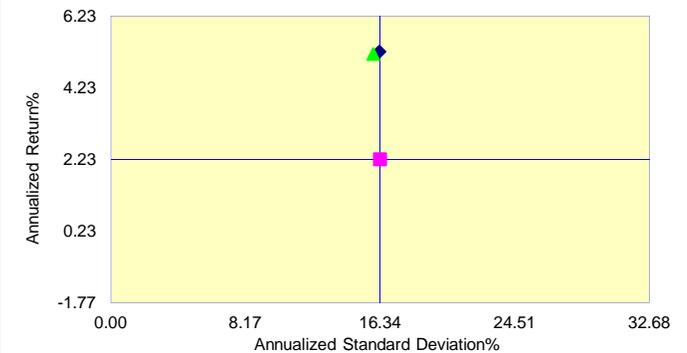
Intleqty	Cash	Total
296	3	298



**Portfolio Characteristics**

Yield	N/A	Account Sharpe Ratio	0.31
Beta	0.94	Index Sharpe Ratio	0.13
Alpha	3.12%		
R <sup>2</sup>	90%		

**Risk / Return Analysis Since 04/30/2010**



Annualized %	Return	Std. Dev.
Renaissance Investment Management	5.23	16.30
MSCI AC Wld xUS Nt	2.23	16.34
MSCI EAFE Gr Net	5.17	15.94

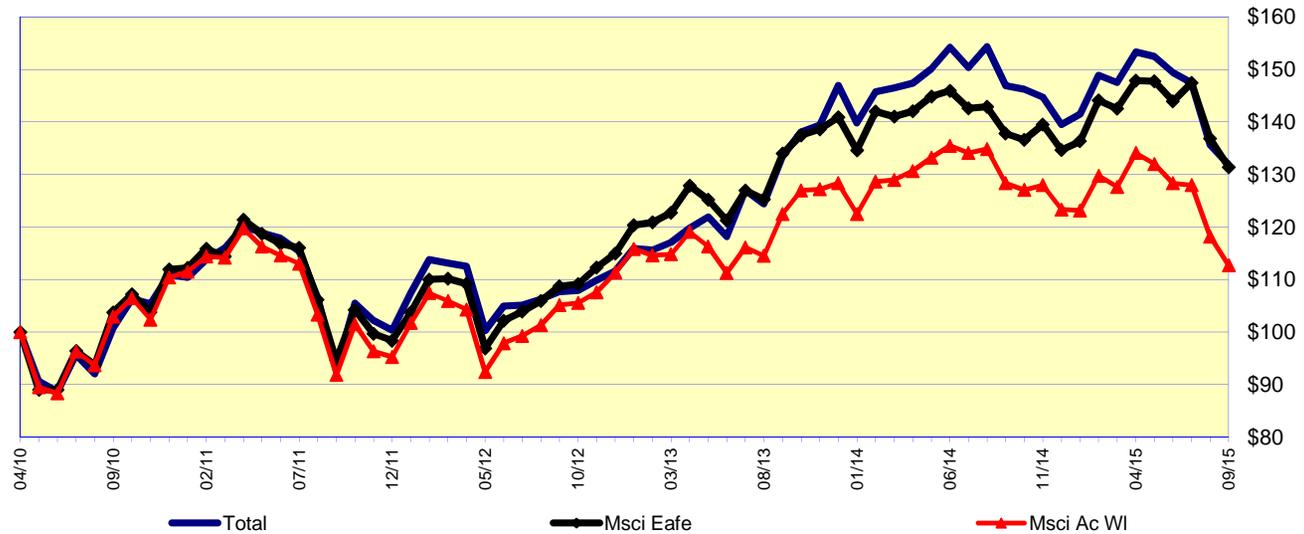
# MANAGER PERFORMANCE ANALYSIS

Longboat Key Police Renaissance Investment Management

As Of 09/30/2015

## Growth of \$100 Graph

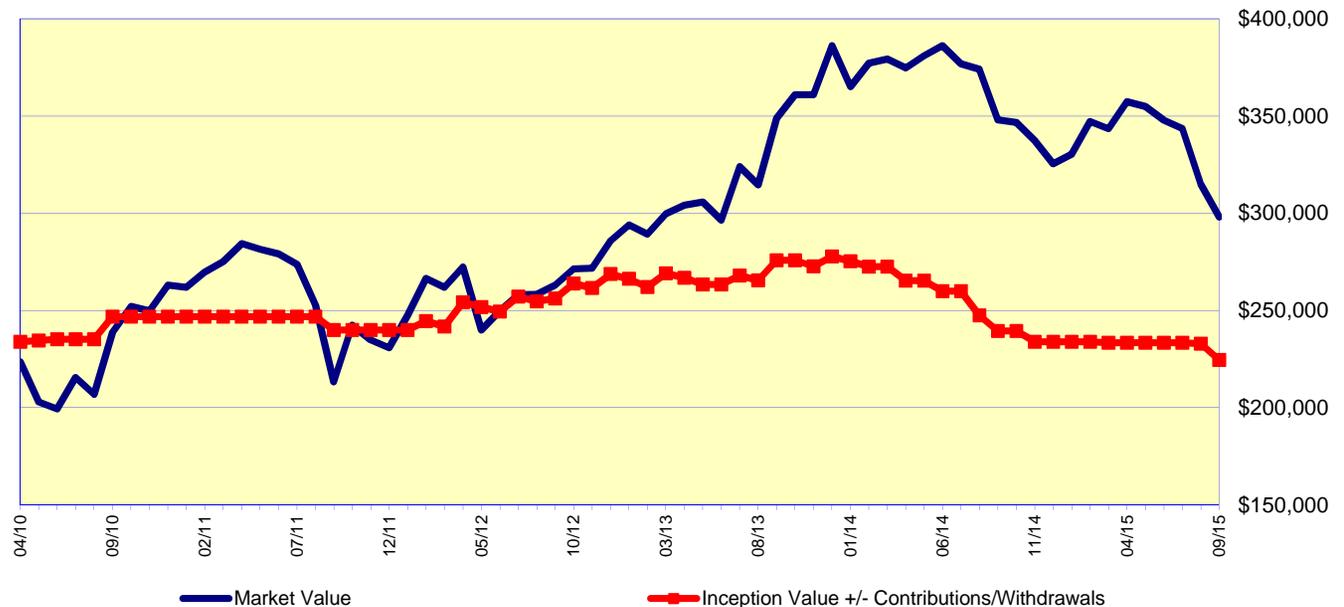
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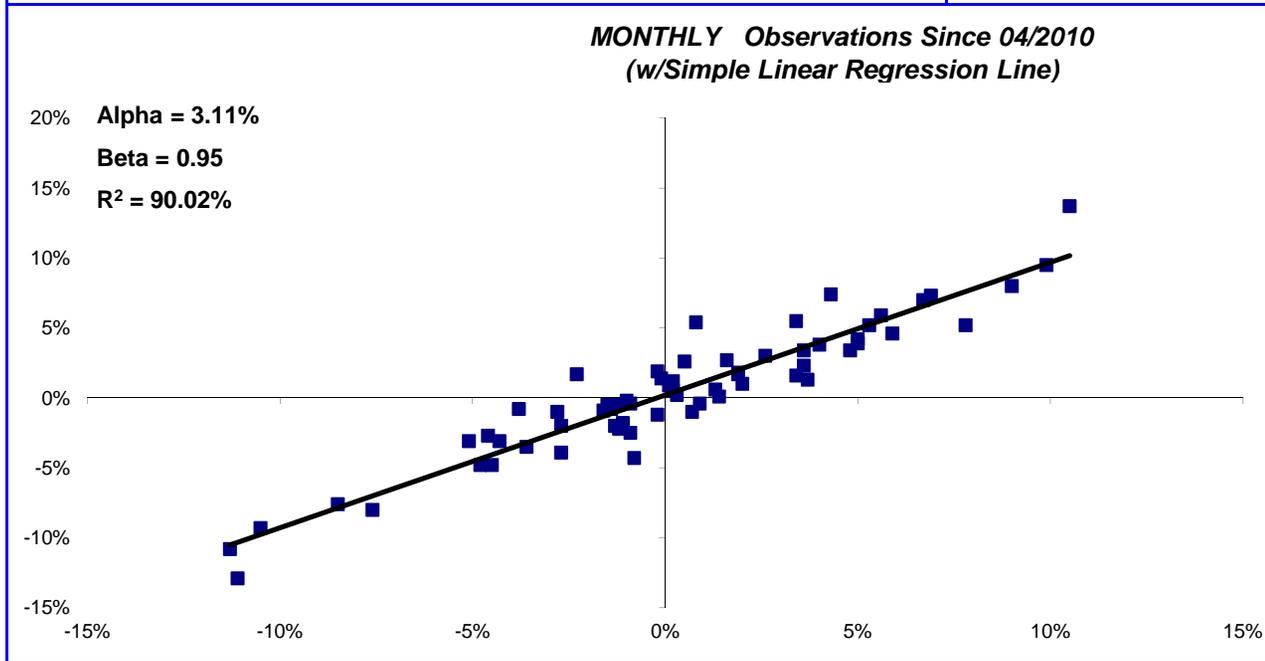
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# MODERN PORTFOLIO THEORY



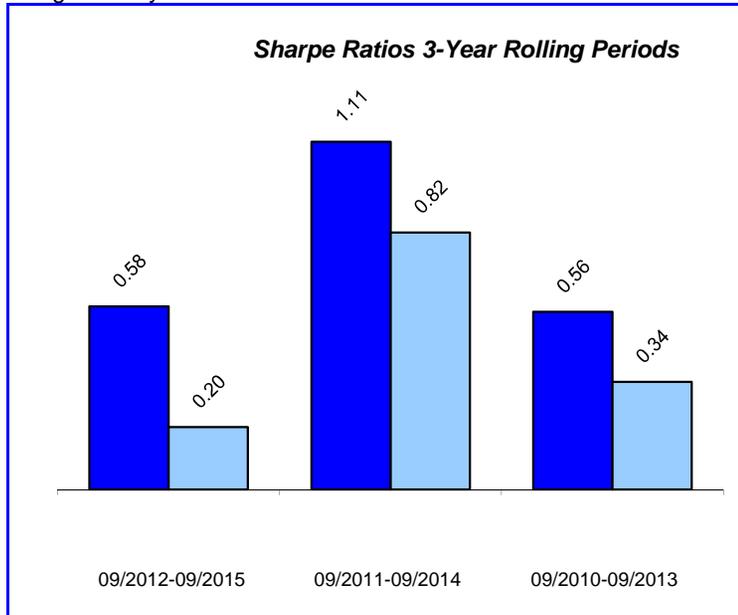
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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

Longboat Key Police

AS OF 09/30/2015



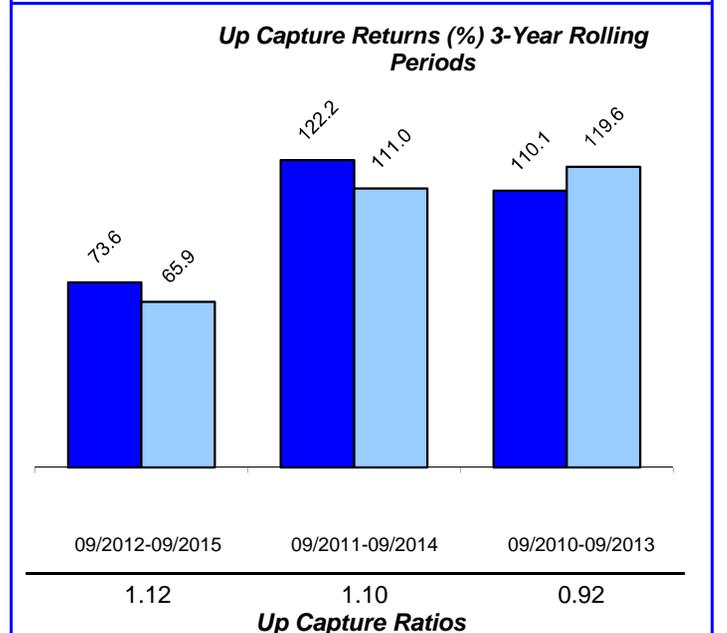
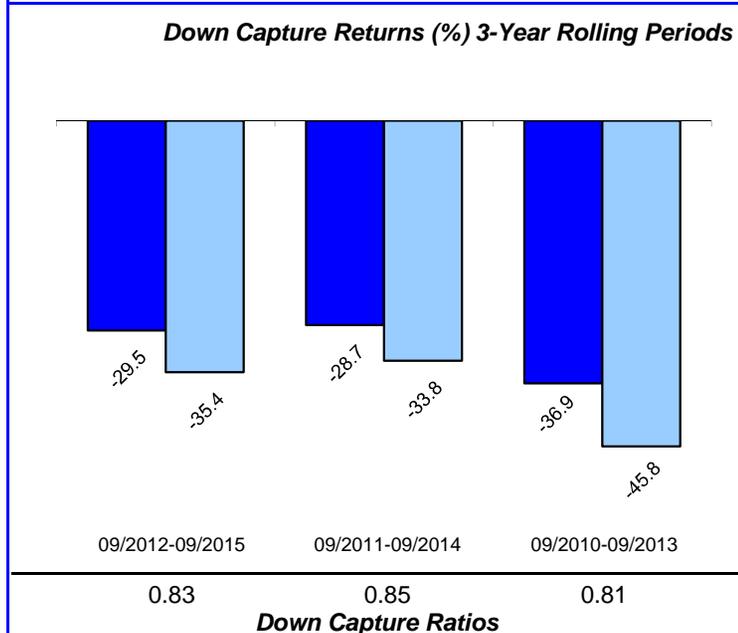
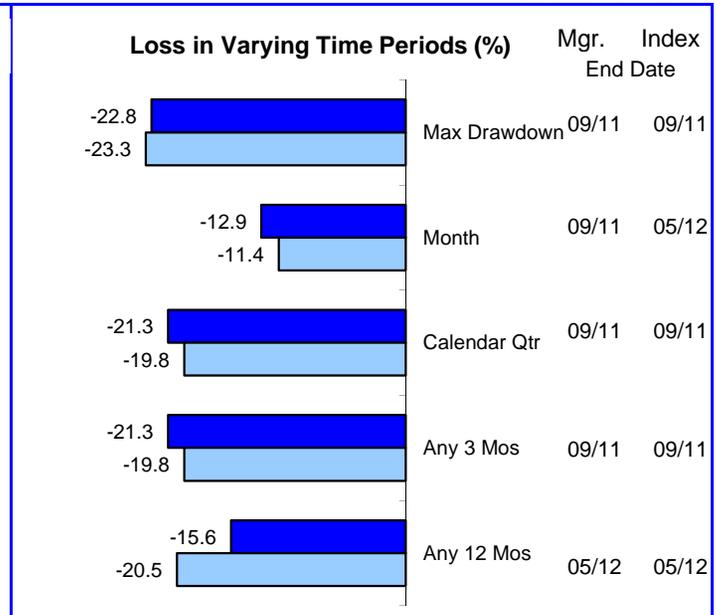
**Renaissance Investment**  
**MSCI AC Wid xUS Nt**

**Sharpe Ratio** divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

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**Down Capture** is the measure of the fund's total return whenever the index returns are negative.

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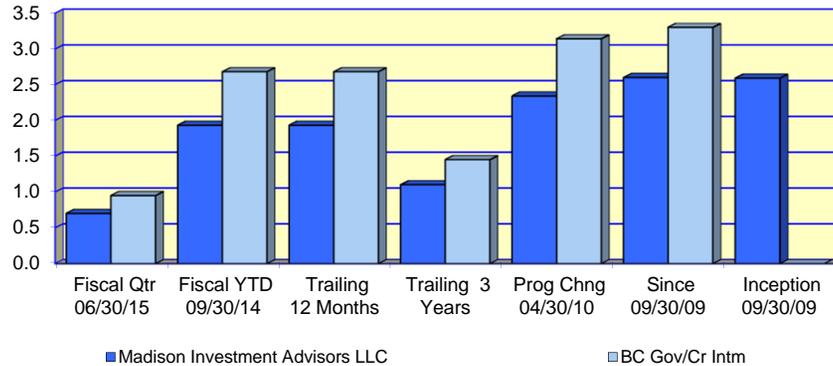
Report Created: 11/15/2015

# EXECUTIVE SUMMARY

Longboat Key Police Madison Investment Advisors LLC

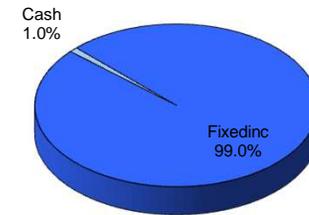
AS OF 09/30/2015

**Portfolio Performance (%)**



**Asset Allocation (\$000)**

Fixedinc	Cash	Total
2,030	20	2,051



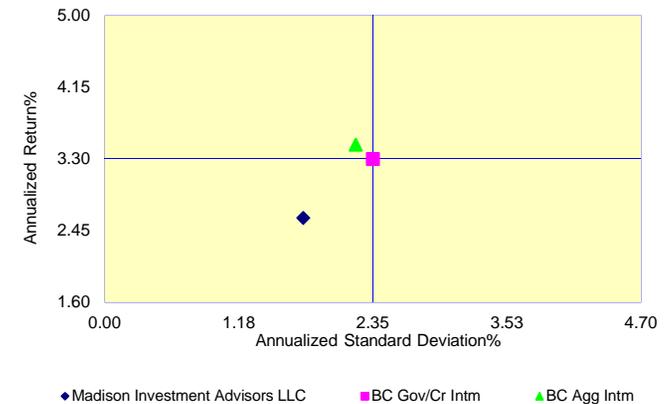
Investment Returns (%)	Since:	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Prog Chng 04/30/10	Since 09/30/09	Inception 09/30/09
Madison Investment Advisors LLC		0.70	1.93	1.93	1.10	2.34	2.60	2.59
BC Gov/Cr Intm		0.95	2.68	2.68	1.45	3.14	3.30	N/A

	Portfolio	BC Int G/C
Duration	2.65 years	3.8 years
Yield-to-Maturity	1.12%	1.66%

**Asset Growth (\$000)**

	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Prog Chng 04/30/10	Since 09/30/09	Inception 09/30/09
Beginning Market Value	2,092	2,106	2,106	1,784	1,452	1,624	1,624
Net Contributions & Withdrawals	-56	-95	-95	198	385	169	169
Gain/Loss + Income	15	40	40	69	214	258	258
Ending Market Value	2,051	2,051	2,051	2,051	2,051	2,051	2,051

**Risk / Return Analysis Since 09/30/2009**



Annualized %	Return	Std. Dev.
Madison Investment Advisors LLC	2.60	1.74
BC Gov/Cr Intm	3.30	2.35
BC Agg Intm	3.47	2.20

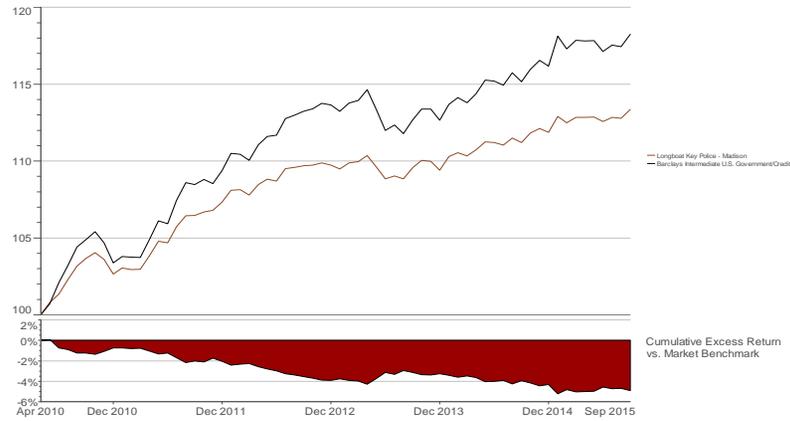
**Quality Ratings**

	Portfolio	BC Int G/C
AAA/Gov't/Agency	66%	67%
AA	8%	4%
A	26%	13%
BAA	0%	15%
Other	0%	1%

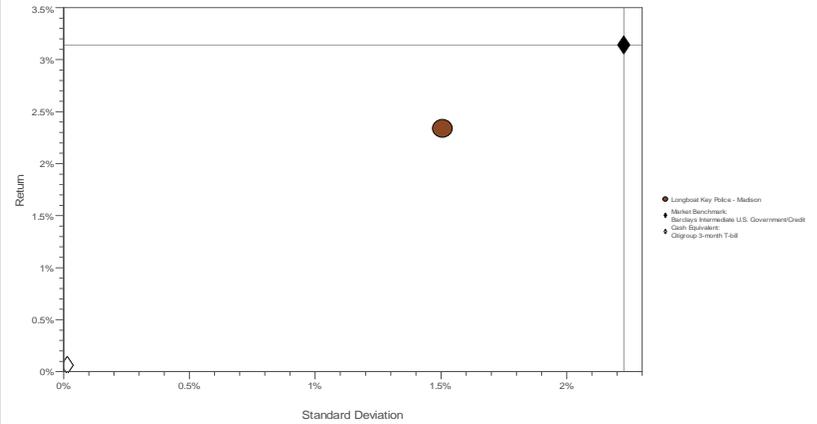
**Asset Breakdown**

	Portfolio	BC Int G/C
U.S. Obligations	55%	62%
Government Agencies	9%	7%
Mortgages & Asset Backed	0%	0%
Corporates	36%	31%

Manager Performance  
May 2010 - September 2015 (Single Computation)



Risk / Return  
May 2010 - September 2015 (Single Computation)



Return & Risk Analysis

May 2010 - September 2015: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Longboat Key Police - Madison	2.34%	-0.80%	1.51%	0.66	-1.38%	68.11%	59.44%	0.28%	1.51	94.22%
Barclays Intermediate U.S. Government/Credit	3.14%	0.00%	2.23%	1.00	-2.50%	100.00%	100.00%	0.00%	1.38	100.00%

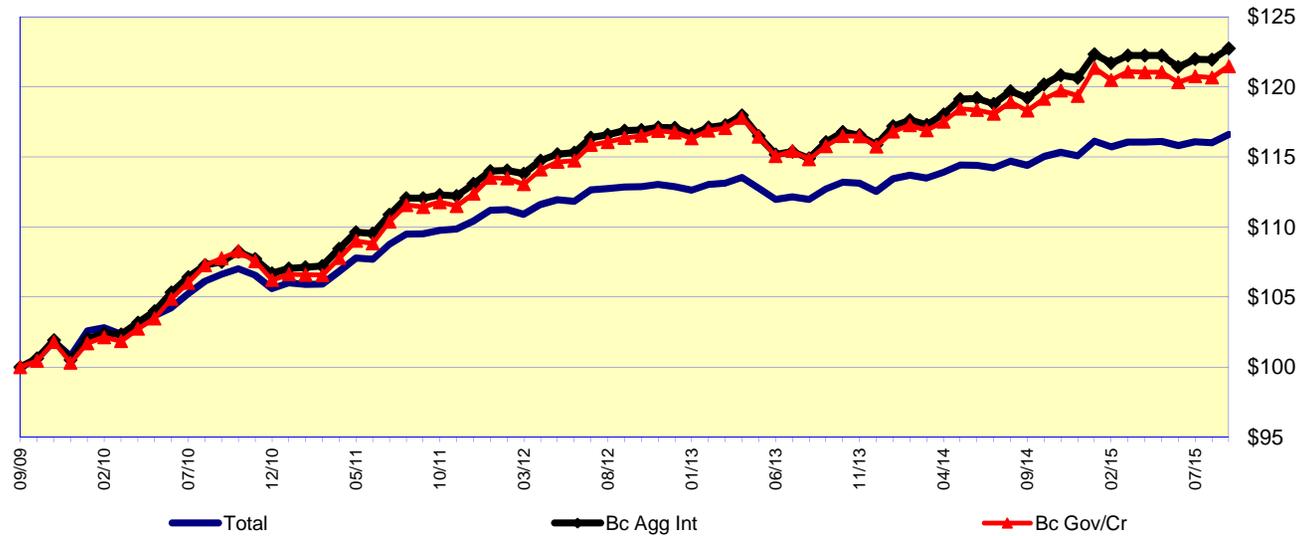
# MANAGER PERFORMANCE ANALYSIS

Longboat Key Police Madison Investment Advisors LLC

As Of 09/30/2015

## Growth of \$100 Graph

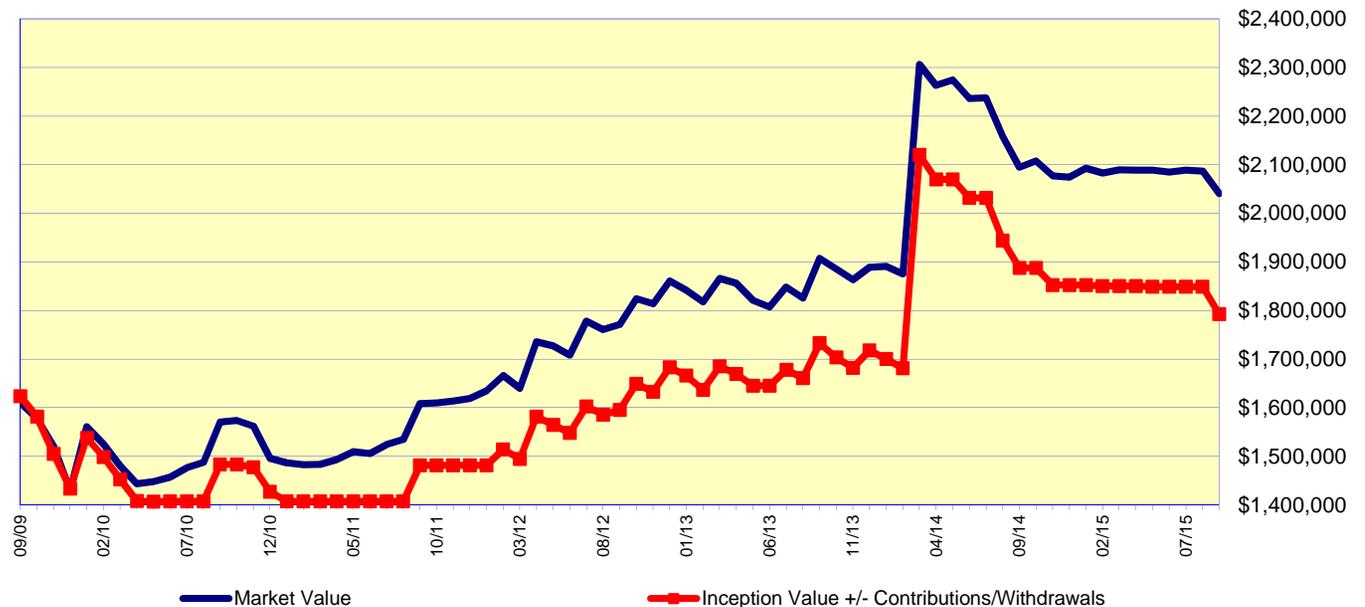
This graph depicts how \$100, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



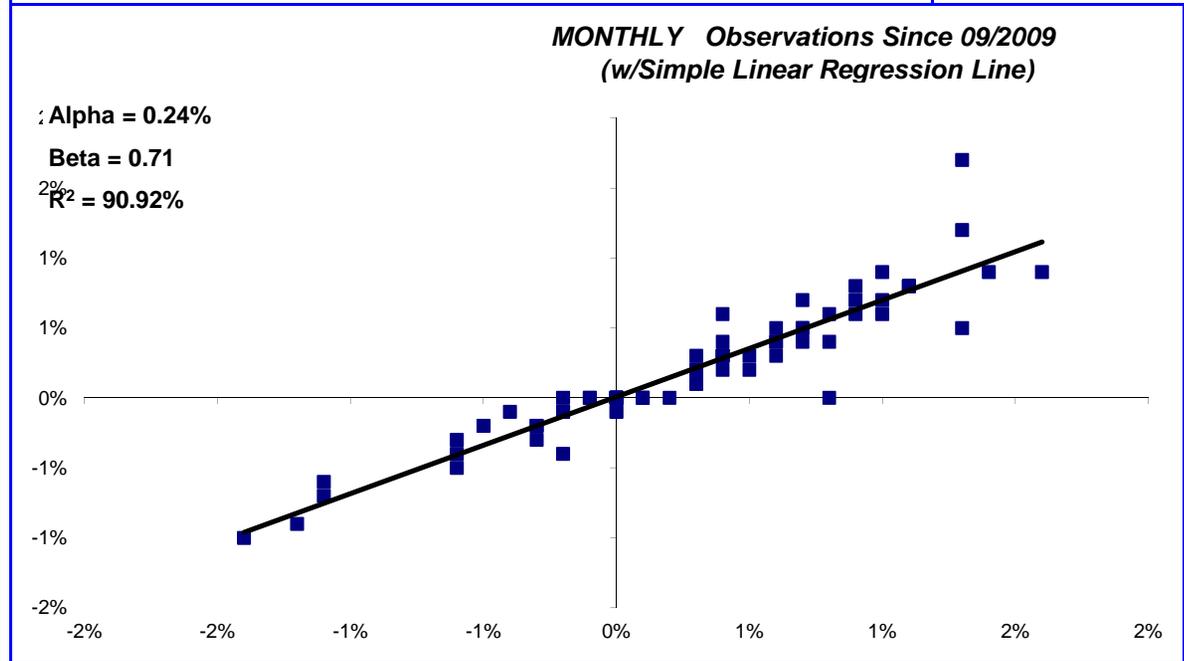
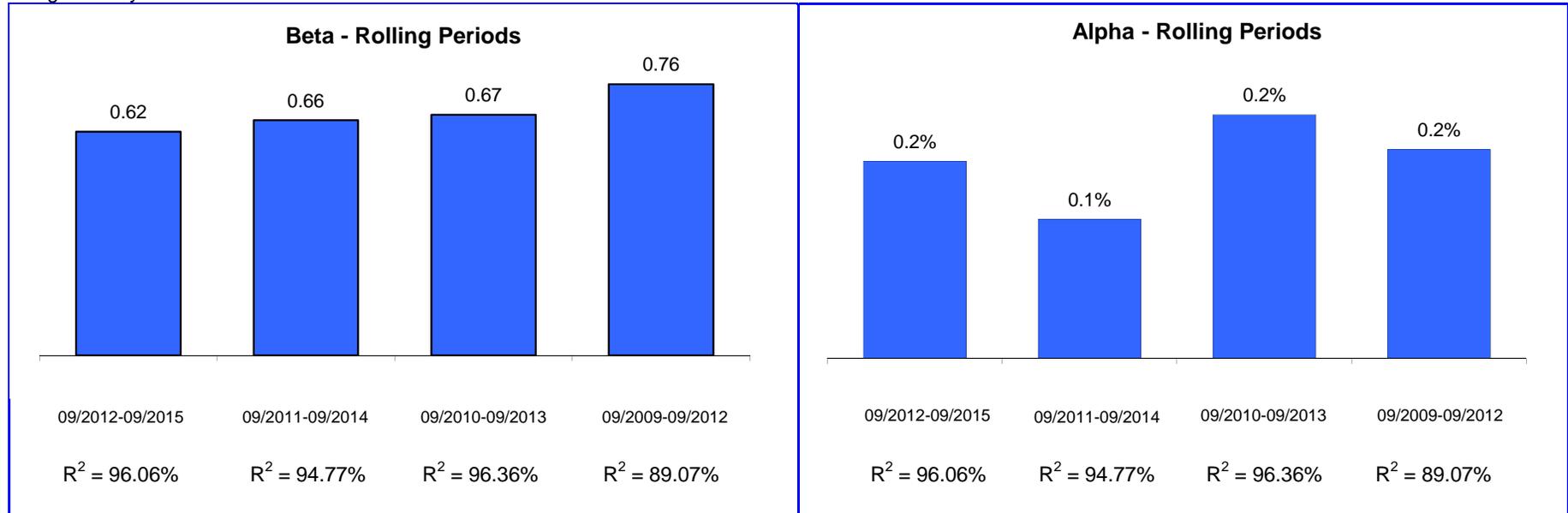
## Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

One of the graph lines denotes the period-end market values of the portfolio over time. This is simply a visual representation of the ebb and flow of the portfolio's market value period-to-period. The other line represents the original dollars invested adjusted for contributions or withdrawals.



# MODERN PORTFOLIO THEORY



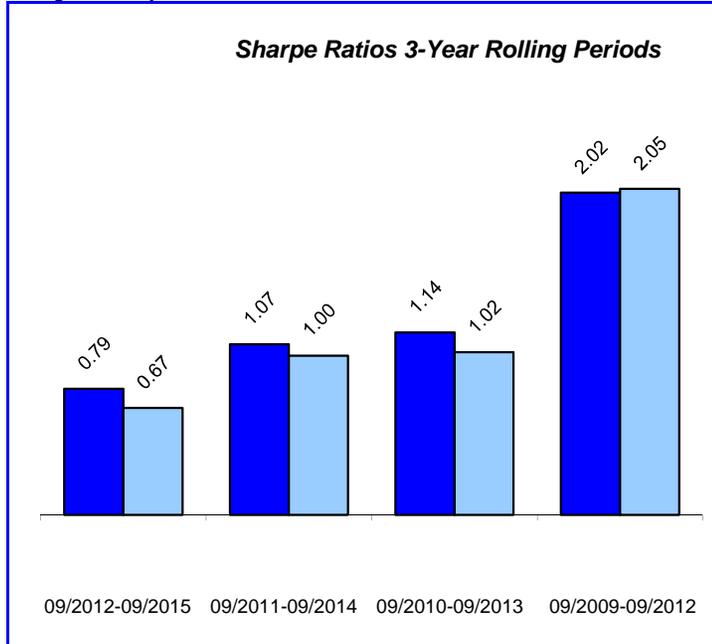
**Modern Portfolio Theory** seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market. **Beta** is a measure of the sensitivity of a portfolio's rate of return against that of the market. A beta greater than 1.00 indicates volatility greater than the market. **R<sup>2</sup>** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-squared of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

Longboat Key Police

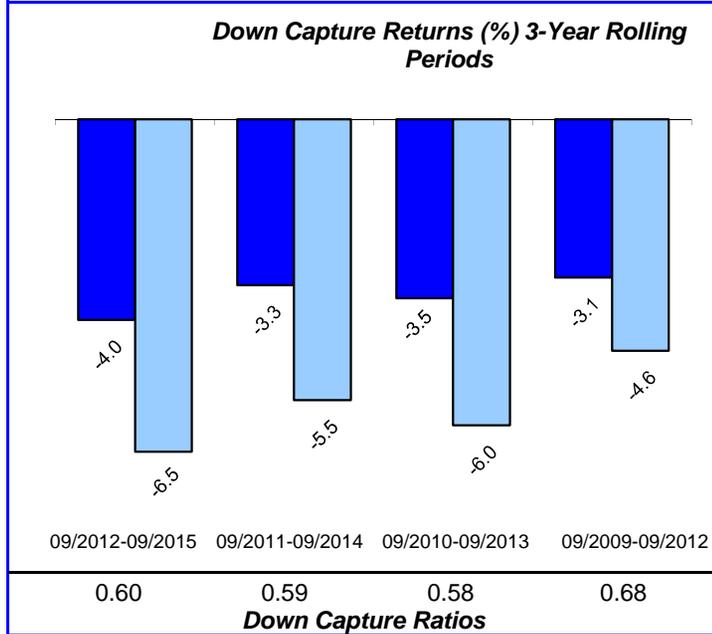
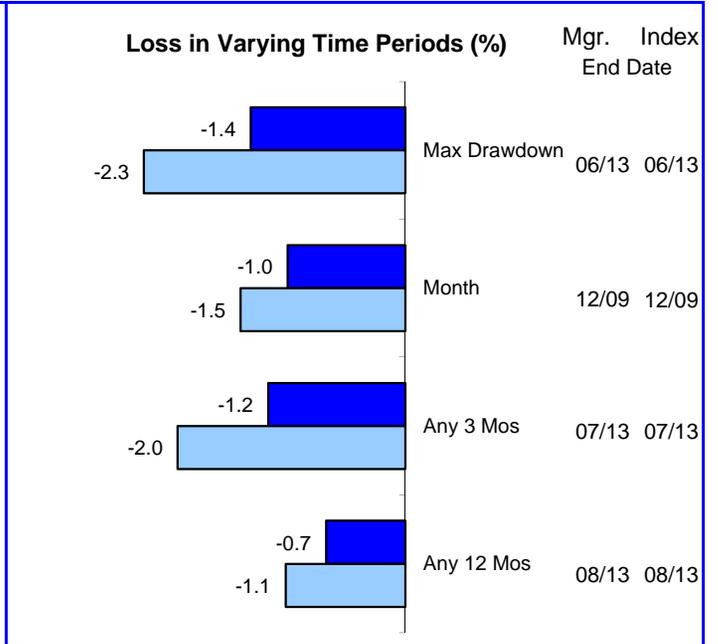
AS OF 09/30/2015



**Madison Investment Advisors LL**  
**BC Gov/Cr Intm**

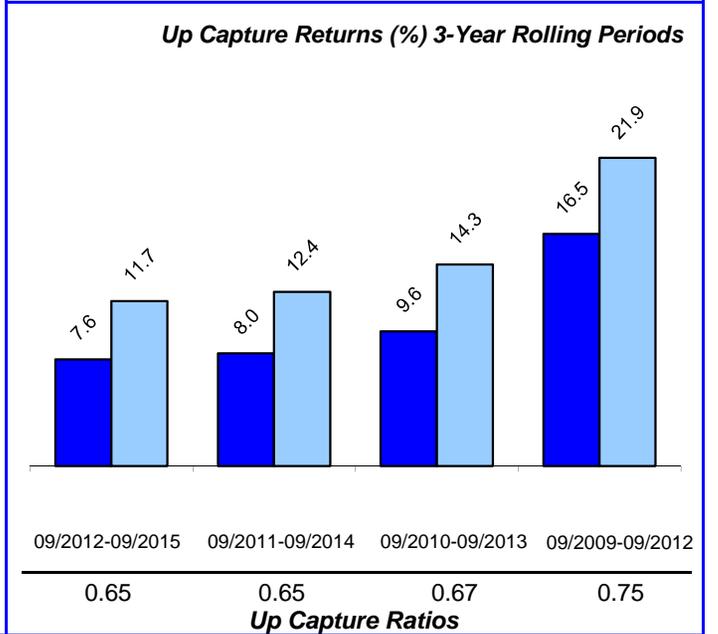
**Sharpe Ratio** divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

**Loss in Varying Time Periods** measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*



**Down Capture** is the measure of the fund's total return whenever the index returns are negative.

**Up Capture** is the measure of the fund's total return whenever the



Report Created: 11/15/2015

## Information Disclosures

Please notify your Financial Advisor if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your Investment Advisory accounts, or to reasonably modify existing restrictions.

For a copy of the applicable Form ADV Disclosure Document for Morgan Stanley Smith Barney LLC, or for any Investment Adviser with whom we contract to manage your investment advisory account, please contact your Financial Advisor. These Disclosure Documents contain important information about advisory programs.

### Sources and Intent

This investment evaluation is directed only to the client for whom the evaluation was performed. The underlying data has been obtained from sources the Firm believes to be reliable but we do not guarantee their accuracy, and any such information may be incomplete or condensed. This evaluation is for informational purposes only and is not intended to be an offer, solicitation, or recommendation with respect to the purchase or sale of any security or a recommendation of the services supplied by any money management organization. Past performance is not a guarantee of future results. Performance for periods greater than one year is annualized. The information contained herein was prepared by your Financial Advisor and does not represent an official statement of your account at the Firm (or other outside custodians, if applicable.) Please refer to your monthly statement for a complete record of your transactions, holdings and balances.

This Performance Report may show the consolidated performance of some, but not necessarily all, of your Morgan Stanley accounts. In addition, it may show the full performance history of your accounts or just the performance of your accounts since inception in their current Morgan Stanley programs. In some cases, it may show the combined performance of brokerage accounts and advisory accounts. It is important that you understand the combination of accounts and account histories that are included in this Performance Report. Upon your request, performance information can be obtained for other accounts you may have with us, but which are not shown here.

Accounts included in this Performance Report may have had different investment objectives, been subject to different rules and restrictions, and incurred different types of fees, mark-ups, commissions, and other charges. Accordingly, the performance results for this portfolio may blend the performance of assets and strategies that may not have been available in all of your accounts at all times during the reporting period. Please consult your Financial Advisor for more information about the fees and expenses applicable to the accounts included in this Performance Report.

### Gross Rates of Return

The investment returns in this report are your gross returns before deducting investment management fees and any Select Retirement fees. For more details on fees, please see your client contract, the applicable Morgan Stanley ADV brochure and any applicable Select Retirement prospectus. Your actual returns are lower, after deducting expenses that may include, for example, investment management fees and trade commissions. As fees are deducted quarterly, the compounding effect increases the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 2% fee, if the gross performance is 10%, the compounding effect of the fees results in a net performance of approximately 7.81%. Returns in excess of one year are annualized.

### Advisory Notice

The Fiduciary Services-Affiliated Program and the Fiduciary Services-Unaffiliated Manager Program are separate and distinct advisory programs. Absent your written authorization, assets may only be transferred among managers within the particular program.



### List of Composite Accounts

The Composite account presentation includes the following accounts: Total Fund, 001-068239, 001-068205, 001-068204, 001-068200, 001-068198, 001-068263, 001-068264, 001-073439.

### Composite Index Definition

The Composite account's benchmark comprises the 90-Day T-Bills, BC Gov/Cr Intm, Russell 1000 Gr, MSCI EAFE Net, Russell 2500 VI, MSCI AC Wld xUS Nt, Russell 2500 Gr, Russell 1000 VI, indices in the same asset mix as your portfolio. The mix is adjusted monthly based on changes in your portfolio.

### International History:

Until 4th quarter 1997, International equities were included within the Domestic equity category for performance presentation. For asset allocation purposes, they are reflected beginning Jan.1, 1998.

### Bond Average

Please note that all averages calculated are weighted averages meaning that the calculation takes into account the par value of each position. CMO's and Asset Backed securities are excluded from the calculation. Any bonds that are non-rated by both Moody's and S&P are excluded from the average rating calculation.

### Fiscal Year

Total Fund's fiscal year ends on 2015/09

Acct# 001-068239's fiscal year ends on 2015/09

Acct# 001-068205's fiscal year ends on 2015/09

Acct# 001-068204's fiscal year ends on 2015/09

Acct# 001-068200's fiscal year ends on 2015/09

Acct# 001-068198's fiscal year ends on 2015/09

Acct# 001-068263's fiscal year ends on 2015/09

Acct# 001-068264's fiscal year ends on 2015/09

Acct# 001-073439's fiscal year ends on 2015/09

### International and Small Capitalization Securities

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing involving foreign, economic, political, and/or legal factors. International investing may not be for everyone. In addition, small capitalization securities may be more volatile than those of larger companies, but these companies may present greater growth potential.

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### Additional Information about your Floating Rate Notes

For floating rate securities, the estimated accrued interest and estimated annual income are based on the current floating coupon rate and may not reflect historic rates within the accrual period.

### **Alpha**

Alpha is the value added by active management of the portfolio's assets, given the risk of that portfolio. In other words, alpha is equal to the incremental return earned by the manager when the market is flat or stationary. An alpha of zero indicates that the manager earned the exact return dictated by the level of market risk (i.e., beta) of the portfolio. A positive alpha indicates that the manager has earned, on average, more than the portfolio's level of market risk would have dictated. A negative alpha indicates that the manager has earned, on average, less than the portfolio's level of market risk would have dictated. Alpha is the Y-intercept of the least squares regression line.

### **Beta**

Beta is the systematic risk of the portfolio. Measured by the slope of the least squares regression, beta is the measure of portfolio risk which cannot be removed through diversification. Beta is also known as market risk. Beta is a statistical estimate of the average change in the portfolio's performance with a corresponding 1.0 percent change in the risk index. A beta of 1.0 indicates that the portfolio moves, on average, lock step with the risk index. A beta in excess of 1.0 indicates that the portfolio is highly sensitive to movements in the risk index. A beta of 1.5, for example, indicates that the portfolio tends to move 1.5 percent with every 1.0 percent movement in the risk index. A beta of less than 1.0 indicates that the portfolio is not as sensitive to movements in the risk index. A beta of 0.5, for example, indicates that the portfolio moves only 0.5 percent for every 1.0 percent movement in the risk index.

### **R-Squared**

R-squared, or the coefficient of determination, measures the strength of the least squares regression relationship between the portfolio (the dependent variable) and the risk index (the independent variable). The statistic reveals the extent to which the variability in the dependent variable is due to the variability in the independent variable. As such, R-squared measures how well the portfolio returns move in tandem with the returns of the risk benchmark. Though it is true that the higher the R-squared the better, an R-squared of less than 0.9 (i.e., 90 percent), indicates that the total fund does not track closely with the risk benchmark. The strength of the R-squared statistic will reflect on the strength of alpha and beta. A weak R-squared, for example, would indicate that alpha and beta cannot be strictly interpreted.

### **Brokerage Account**

In a brokerage relationship, your Financial Advisor will work with you to facilitate the execution of securities transactions on your behalf. Your Financial Advisor also provides investor education and professional, personalized information about financial products and services in connection with these brokerage services. You can choose how you want to pay for these services and you will receive the same services regardless of which pricing option you choose. There are important differences in your relationship with your Financial Advisor and Morgan Stanley in brokerage accounts and in advisory accounts.

Asset classifications and performance calculation methodologies can differ among the various supplemental performance reports available through us. For example, some reports calculate Time Weighted performance using a weighted or Modified Dietz approach while others use a daily approach. In addition, some reports may display Dollar Weighted Returns. These differences can generate meaningful dispersions in the performance numbers displayed on different reports.