

**SUMMARY OF RELEVANT FACTS**  
**Town of Longboat Key Firefighters' Retirement Plan**  
**As of September 30, 2015**

<b>Distribution of Assets:</b>	
Equity	
-Large Cap. Value	\$3,499,479.16
-Large Cap. Growth	\$2,923,391.16
-Mid Cap. Value	\$1,705,683.19
-International Value	\$703,727.53
-International Growth	\$911,759.32
<b>Total Equity</b>	<b>\$9,744,040.36</b>
Fixed	\$4,704,243.22
Cash (Deposit & Disbursement Acc't)	\$37,606.89
<b>Total Portfolio</b>	<b>\$14,485,890.47</b>

<b>Distribution by Percentages:</b>	<b>Policy</b>	<b>Current</b>
<b>Equity Breakdown</b>		
-Large Cap. Value	20.00%	24.16%
-Large Cap. Growth	20.00%	20.18%
-Small/Mid Cap. Value	10.00%	11.77%
-International Value	7.50%	4.86%
-International Growth	7.50%	6.29%
<b>Total Equity</b>	<b>65.00%</b>	<b>67.27%</b>
Fixed	35.00%	32.47%
Cash (Deposit & Disbursement Acc't)	0.00%	0.26%
<b>Total Portfolio</b>	<b>100.00%</b>	<b>100.00%</b>

**Other Important Facts:**

Total Portfolio	\$14,485,890
Fees	(\$32,717)
Total Gain or (Loss) - Gross-of-Fees	(\$833,645)
Total Gain or (Loss) - Net-of-Fees	(\$866,362)

**MFS**

Total Assets	100.00%
Equity	98.16%
Cash	1.84%
Fees	
Gain or (Loss) - Gross-of-Fees	
Gain or (Loss) - Net-of-Fees	

**BlackRock**

Total Assets	100.00%
Equity	96.27%
Cash	3.73%
Fees	
Gain or (Loss) - Gross-of-Fees	
Gain or (Loss) - Net-of-Fees	

**Wedgewood**

Total Assets	100.00%
Equity	96.60%
Cash	3.40%
Fees	
Gain or (Loss) - Gross-of-Fees	
Gain or (Loss) - Net-of-Fees	

**Pacific Income Advisors**

Total Assets	100.00%
Fixed Income	97.17%
Cash	2.83%
Fees	
Gain or (Loss) - Gross-of-Fees	
Gain or (Loss) - Net-of-Fees	

**Kennedy**

Total Assets	100.00%	\$1,705,683
Equity	97.97%	\$1,670,998
Cash	2.03%	\$34,685
Fees		(\$4,459)
Gain or (Loss) - Gross-of-Fees		(\$219,143)
Gain or (Loss) - Net-of-Fees		(\$223,601)

**Delaware**

Total Assets	100.00%	\$703,728
Equity	98.03%	\$689,849
Cash	1.97%	\$13,879
Fees		(\$1,630)
Gain or (Loss) - Gross-of-Fees		(\$67,632)
Gain or (Loss) - Net-of-Fees		(\$69,262)

**Harding Loevner**

Total Assets	100.00%	\$911,759
Equity	98.13%	\$894,675
Cash	1.87%	\$17,084
Fees		(\$2,336)
Gain or (Loss) - Gross-of-Fees		(\$123,592)
Gain or (Loss) - Net-of-Fees		(\$125,928)

**Deposit & Disbursement**

Total Assets	100.00%	\$37,607
Fixed Income	0.00%	\$0
Cash	100.00%	\$37,607
Fees		\$0
Gain or (Loss) - Gross-of-Fees		\$14
Gain or (Loss) - Net-of-Fees		\$14

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**Breakdown of Returns**  
**Town of Longboat Key Firefighters' Retirement Plan**  
**As of September 30, 2015**

<b>EQUITY</b>		<b>Gross-of-Fees</b>	<b>Net-of-Fees</b>			
<b>MFS (12.75%)</b>		<b>Return</b>	<b>Return</b>	<b>Russ 1000 Value</b>	<b>PSN Money Managers</b>	<b>S&amp;P 500</b>
<b>Large Cap. Value</b>						
	Quarter	(7.36)	(7.55)	(8.40)	(7.88)	(6.43)
	1 Year	0.55	(0.31)	(4.43)	(3.39)	(0.60)
	3 Year	13.60	12.80	11.60	11.55	12.41
	5 Year	13.52	12.69	12.29	12.26	13.35
	Since 3/31/2010	11.73	10.92	10.67	13.40	11.77
<b>BlackRock (11.41%)</b>				<b>Russ 1000 Value</b>	<b>PSN Money Managers</b>	<b>S&amp;P 500</b>
<b>Large Cap. Value</b>						
	Quarter	(6.18)	(6.37)	(8.40)	(7.88)	(6.43)
	1 Year	(2.93)	(3.76)	(4.43)	(3.39)	(0.60)
	Since 8/31/2013	6.94	10.78	7.59	NA	10.35
	BlackRock/Eaton Vance 3 Year	10.03	9.26	11.60	11.55	12.41
	BlackRock/Eaton Vance 5 Year	10.71	10.03	12.29	12.26	13.35
	BlackRock/Eaton Vance Since 4/30/2010	8.50	7.84	10.32	NA	11.77
<b>Wedgewood (20.18%)</b>				<b>Russ 1000 Growth</b>	<b>PSN Money Managers</b>	
<b>Large Cap. Growth</b>						
	Quarter	(7.00)	(7.20)	(5.28)	(6.30)	
	1 Year	(2.62)	(3.46)	3.19	2.47	
	Since 8/31/2013	6.96	6.05	12.76	NA	
	Wedgewood/NB 3 Year	8.62	7.86	13.61	13.53	
	Wedgewood/NB Since 2/28/2011	6.65	5.98	11.69	NA	
<b>Kennedy (11.77%)</b>				<b>Russ Midcap Value</b>	<b>PSN Money Managers</b>	
<b>Mid Cap. Value</b>						
	Quarter	(11.35)	(11.56)	(8.04)	(7.96)	
	1 Year	(7.47)	(8.34)	(2.07)	(0.91)	
	3 Year	12.14	11.29	13.69	12.53	
	Since 8/31/2011	13.00	12.17	14.28	NA	
<b>Delaware (4.86%)</b>				<b>MSCI EAFE</b>		
<b>International Value</b>				<b>Net</b>		
	Quarter	(9.16)	(9.37)	(10.24)		
	Since 5/31/2015	(11.76)	(11.96)	(12.78)		
	WHV/ Delaware 1 Year	(20.51)	(21.24)	(7.92)		
	WHV/ Delaware 3 Year	(0.16)	(0.90)	6.48		
	WHV/ Delaware 5 Year	1.54	0.64	6.54		
	WHV/ Delaware Since 7/31/2010	2.95	2.07	7.47		

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Harding Loevner (6.29%) International Growth				MSCI AC Wrl d x US Net	
	Quarter	(11.94)	(12.14)	(12.17)	
	1 Year	(8.05)	(8.87)	(12.17)	
	Since 9/30/2012	3.99	3.16	2.34	
FIXED INCOME Pacific Income Advisors (32.47%)				BC Int. G/C Bond	
	Quarter	1.16	0.96	0.95	
	1 Year	2.54	1.74	2.67	
	3 Year	1.29	0.63	1.45	
	Since 8/31/2011	1.72	1.09	2.11	
Time-Weighted Returns (TWR)				Policy Index	Composite Index
	Quarter	(5.39)	(5.59)	(4.93)	(5.07)
	1 Year	(2.53)	(3.34)	(0.97)	(0.83)
	3 Year	6.36	5.63	7.61	7.91
	5 Year	6.19	5.95	8.30	8.54
	Since 10/31/1999	3.91		4.29	
Dollar-Weighted Returns (IRR)				Actuarial Rate	CPI +4
	Quarter		(5.55)	1.82	0.89
	1 Year		(3.32)	7.50	3.91
	3 Year		5.73	7.50	4.92
	5 Year		6.00	7.50	5.67
	Since 10/31/1999		4.12	7.50	6.24

#### Policy Index Composition

- 5/31/15 to Present: 20% Russ 1000 Value/ 20% Russ 1000 Growth/ 10% Russ Mid Value/ 7.55% MSCI EAFE (Net)/ 7.5% MSCI ACWI x US (Net)/ 35% Barclays Gov't/Credit Intermediate
- 9/30/12 to Present: 20% Russ 1000 Value/ 20% Russ 1000 Growth/ 10% Russ Mid Value/ 7.55% MSCI ACWI (Net)/ 7.5% MSCI ACWI x US (Net)/ 35% Barclays Gov't/Credit Intermediate
- 6/30/10 to 9/30/12: 20% Russ 1000 Value/ 20% Russ 1000 Growth/ 10% Russ Mid Value/ 15% MSCI ACWI (Net)/ 35% Barclays Gov't/Credit Intermediate
- 12/31/05 to 6/30/10: 50% S&P 500/ 10% MSCI EAFE (Net)/ 40% Barclays Gov't/Credit Intermediate
- 9/30/02 to 12/31/05: 55% S&P 500/ 5% MSCI EAFE (Net)/ 40% Barclays Gov't/Credit Intermediate
- 10/31/99 to 9/30/02: 65% S&P 500/ 30% Barclays Gov't/Credit Intermediate/ 5% 90-Day T-Bill

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# COMPLIANCE CHECKLIST

## Town of Longboat Key Firefighters' Retirement Plan

As of September 30, 2015

GUIDELINES		In Compliance		OBJECTIVES		In Compliance	
<b>Equity Portfolio</b>				<b>Total Portfolio</b>			
Listed on recognized exchange		Yes		Exceed Target Index	3 years	Since Inception	No
Single issue not to exceed 10% at market value for each equity in each separately managed portfolio		Yes		Exceed Target Rate of Return (7.5%)*			No
Total equity portfolio < 75.0% & > 55.0% of total fund at market value		Yes		Exceed CPI + 4%*			No
				<i>*Performance compared to dollar-weighted net returns</i>			
<b>MFS (12.75%)</b>				<b>Delaware (4.86%)</b>			
<u>Large Capitalization Value Equity Portfolio</u>				<u>International Value Equity Portfolio</u>			
Market Value < 12.5% & > 7.5% of total fund		No (12.8%)		Market Value < 12.5% & > 5.0 of total fund		No (4.9%)	
Performance (Inception 3/2010)	3 years		Since Inception	Performance (Inception 5/2015)	3 years		Since Inception
Rank in the Top 50% of manager universe		Yes	No	Return > MSCI EAFE (Net)		N/A	Yes
Return > Russell 1000 Value		Yes	Yes				
<b>BlackRock (11.41%)</b>				<b>Harding Loevner (6.29%)</b>			
<u>Large Capitalization Value Equity Portfolio</u>				<u>International Growth Equity Portfolio</u>			
Market Value < 12.5% & > 7.5% of total fund		Yes		Market Value < 12.5% & > 5.0 of total fund			Yes
Performance (Inception 8/2013)	3 years		Since Inception	Performance (Inception 9/2012)	3 years		Since Inception
Rank in the Top 50% of manager universe		N/A	No	Return > MSCI All Country World ex USA (Net)		Yes	Yes
Return > Russell 1000 Value		N/A	No				
<b>Wedgewood (20.18%)</b>				<b>Pacific Income Advisors (32.47%)</b>			
<u>Large Capitalization Growth Equity Portfolio</u>				<u>Fixed Income Portfolio</u>			
Market Value < 25.0% & > 15.0% of total fund		Yes		Market Value < 45.0% & > 25.0% of total fund			Yes
Performance (Inception 8/2013)	3 years		Since Inception	Performance (Inception 8/2011)	3 years		Since Inception
Rank in the Top 50% of manager universe		N/A	No	Return > Barclays Cap Intern. Gov't/Credit		No	No
Return > Russell 1000 Growth		N/A	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
<b>Kennedy (11.77%)</b>							
<u>Mid Capitalization Value Equity Portfolio</u>							
Market Value < 15.0% & > 5.0% of total fund		Yes					
Performance (Inception 8/2011)	3 years		Since Inception				
Rank in the Top 50% of manager universe		No	No				
Return > Russell Midcap Value		No	No				

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**Consulting & Management Fee Billing Summary**  
**Town of Longboat Key Firefighters' Retirement Plan**  
**As of 9/30/2015**

MFS		745-039479									
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>	<u>Fee</u>	<u>Fee</u>
8/31/2015	\$35,000.00	8/28/2015	9/30/2015	(\$14.67)	-0.45%	(\$22.33)	-0.68%	(\$25.75)	-0.79%		
7/15/2015	\$2,030,827.90	7/1/2015	9/30/2015	\$2,623.36	0.51%	\$3,968.06	0.78%	\$4,378.42	0.86%		
BlackRock		745-039474									
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>	<u>Fee</u>	<u>Fee</u>
7/15/2015	\$1,762,612.36	7/1/2015	9/30/2015	\$2,289.62	0.52%	\$3,443.99	0.78%	\$3,800.15	0.86%		
Wedgewood		745-039475									
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>	<u>Fee</u>	<u>Fee</u>
8/31/2015	\$30,000.00	8/28/2015	9/30/2015	(\$12.58)	-0.45%	(\$19.14)	-0.68%	(\$22.08)	-0.79%		
7/15/2015	\$3,179,309.01	7/1/2015	9/30/2015	\$4,129.90	0.52%	\$6,212.09	0.78%	\$6,854.52	0.86%		
Kennedy		745-039484									
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>	<u>Fee</u>	<u>Fee</u>
8/31/2015	\$10,000.00	8/28/2015	9/30/2015	(\$4.19)	-0.45%	(\$6.94)	-0.75%	(\$7.92)	-0.85%		
7/15/2015	\$1,935,866.60	7/1/2015	9/30/2015	\$2,514.68	0.52%	\$4,075.29	0.84%	\$4,466.46	0.92%		
Delaware		745-039478									
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>	<u>Fee</u>	<u>Fee</u>
8/31/2015	\$75,000.00	8/28/2015	9/30/2015	\$31.44	0.45%	\$50.65	0.72%	\$57.99	0.83%		
7/15/2015	\$696,621.01	7/1/2015	9/30/2015	\$904.91	0.52%	\$1,431.37	0.82%	\$1,572.14	0.90%		

<b>Harding Loevner</b>		<b>745-039485</b>							
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>
7/15/2015	\$1,034,921.81	7/1/2015	9/30/2015	\$1,344.36	0.52%	\$2,126.50	0.82%	\$2,335.62	0.90%

<b>Pacific</b>		<b>745-039473</b>							
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>
7/15/2015	\$4,659,354.70	7/1/2015	9/30/2015	\$6,019.20	0.51%	\$3,288.36	0.28%	\$9,307.56	0.79%

<b>Total Traditional Managers</b>									
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>
8/31/2015	\$75,000.00	8/28/2015	9/30/2015	(\$31.44)	-0.45%	(\$48.41)	-0.69%	(\$55.75)	-0.80%
8/31/2015	\$75,000.00	8/28/2015	9/30/2015	\$31.44	0.45%	\$50.65	0.72%	\$57.99	0.83%
7/15/2015	\$15,299,513.39	7/1/2015	9/30/2015	\$19,826.03	0.51%	\$24,545.66	0.64%	\$32,714.87	0.85%

# QUARTERLY PERFORMANCE EVALUATION

Prepared for:

## Town of Longboat Key Firefighters' Retirement System

As of September 30, 2015

**Graystone Consulting Tampa**

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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.

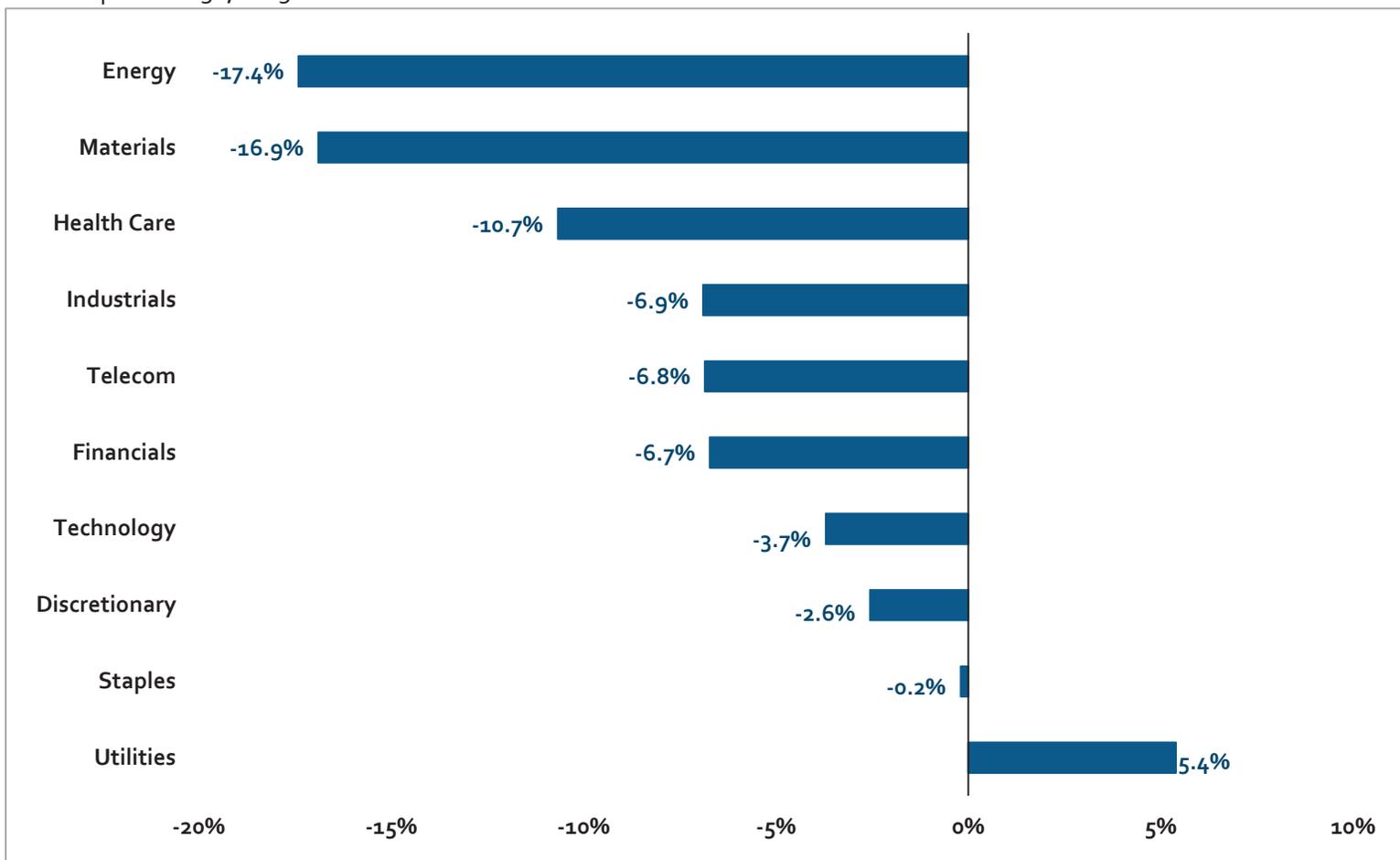
Key US Stock Market Index Returns (%) for the Period Ending 9/30/2015				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
S&P 500	-6.4%	-0.6%	13.3%	9.7%
Dow Jones	-7.0%	-2.1%	11.4%	8.9%
Russell 2000	-11.9%	1.2%	11.7%	8.6%
Russell Midcap	-8.0%	-0.2%	13.4%	11.4%
Russell 1000	-6.8%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

Source: FactSet, Bloomberg

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material.

# 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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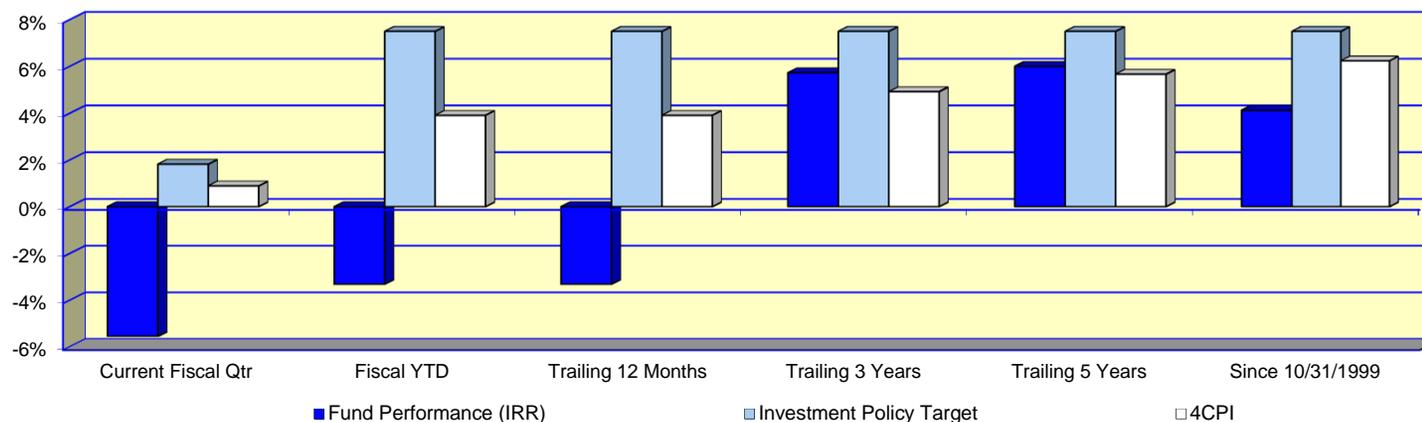
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# INVESTMENT POLICY MONITOR (DOLLAR WEIGHTED IRR)

TOWN OF LONGBOAT KEY FIREFIGHT

AS OF 09/30/2015



Asset Class	Current Fiscal Qtr	Fiscal YTD	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 10/31/1999
<i>Investment Manager</i>						
<b>Fund Performance (IRR)</b>	<b>-5.55</b>	<b>-3.32</b>	<b>-3.32</b>	<b>5.73</b>	<b>6.00</b>	<b>4.12</b>
<i>Investment Policy Objectives</i>						
Investment Policy Target	1.82	7.50	7.50	7.50	7.50	7.50
4CPI	0.89	3.91	3.91	4.92	5.67	6.24

**Investment Policy Objective**

The overall investment objective is to achieve a total return balanced between capital appreciation and current income preservation of the purchasing power of the Fund.

**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)

TOWN OF LONGBOAT KEY FIREFIGHT

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 10/31/1999	Since Inc Period End	Account Number
<b>TOTAL FUND</b>	<b>-5.39</b>	<b>-2.53</b>	<b>-2.53</b>	<b>+6.36</b>	<b>+6.19</b>	<b>+3.91</b>	<b>10/31/1999</b>	
Composite	-5.07	-0.83	-0.83	+7.91	+8.54	+7.71		
<b>Equity Investments</b>								
MFS Investment Mgmt - Large Cap Value	-7.36	0.55	0.55	13.60	13.52	11.73	03/31/2010	745-039479
Russell 1000 VI	-8.40	-4.43	-4.43	11.60	12.29	10.67		
BlackRock - Eq Div SMA	-6.18	-2.93	-2.93	10.03	10.71	8.50	04/30/2010	745-039474
Russell 1000 VI	-8.40	-4.43	-4.43	11.60	12.29	10.32		
Wedgewood Partners - Focus Growth	-7.00	-2.62	-2.62	8.62	N/A	6.65	02/28/2011	745-039475
Russell 1000 Gr	-5.29	3.19	3.19	13.61		11.69		
Kennedy Capital Mgmt - MC Value	-11.35	-7.48	-7.48	12.14	N/A	13.00	08/31/2011	745-039484
Russell Mid Cap VI	-8.04	-2.07	-2.07	13.69		14.28		
<b>International Equity</b>								
Delaware Investments - International	-9.16	-20.51	-20.51	-0.16	1.54	2.96	07/31/2010	745-039478
MSCI EAFE,ACWI ex US Idx	-10.24	-7.92	-7.92	6.48	6.54	7.47		
Harding Loevner - Intl ADR	-11.94	-8.05	-8.05	3.99	N/A	3.99	09/30/2012	745-039485
MSCI AC Wld xUS Nt	-12.17	-12.17	-12.17	2.34		2.34		
<b>Fixed Income Investments</b>								
Pacific Income - Limited Duration	1.16	2.54	2.54	1.29	N/A	1.72	08/31/2011	745-039473
BC Gov/Cr Intm	0.95	2.68	2.68	1.45		2.11		

## INVESTMENT PERFORMANCE SUMMARY (DOLLAR WEIGHTED)

TOWN OF LONGBOAT KEY FIREFIGHT

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 10/31/1999	Since Inc Period End	Account Number
<b>Total Fund</b>	<b>-5.55</b>	<b>-3.32</b>	<b>-3.32</b>	<b>5.73</b>	<b>6.00</b>	<b>4.12</b>	<b>10/31/1999</b>	
<b>Equity Investments</b>								
MFS Investment Mgmt - Large Cap Value	-7.49	-0.24	-0.24	12.91	13.05	10.33	03/31/2010	745-039479
BlackRock - Eq Div SMA	-6.33	-3.66	-3.66	9.54	10.47	7.08	04/30/2010	745-039474
Wedgewood Partners - Focus Growth	-7.13	-3.28	-3.28	8.15	N/A	6.14	02/28/2011	745-039475
Kennedy Capital Mgmt - MC Value	-11.47	-8.11	-8.11	11.67	N/A	12.47	08/31/2011	745-039484
<b>International Equity</b>								
Delaware Investments - International	-9.33	-21.44	-21.44	-0.83	1.74	3.52	07/31/2010	745-039478
Harding Loevner - Intl ADR	-12.04	-8.87	-8.87	3.24	N/A	3.24	09/30/2012	745-039485
<b>Fixed Income Investments</b>								
Pacific Income - Limited Duration	0.96	1.75	1.75	0.63	N/A	1.07	08/31/2011	745-039473

# TOTAL FUND

TOWN OF LONGBOAT KEY FIREFIGHT

AS OF 09/30/2015

## Portfolio Performance (%)



■ Total Fund      ■ Composite

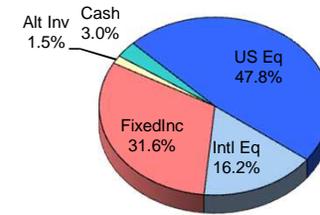
Investment Returns (%)	Since:	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 10/31/99	Inception 10/31/99
<b>Total Fund</b>		<b>-5.39</b>	<b>-2.53</b>	<b>-2.53</b>	<b>6.36</b>	<b>6.19</b>	<b>3.91</b>	<b>3.91</b>
Composite		-5.07	-0.83	-0.83	7.91	8.54	7.71	N/A
LBK Fire Policy Index		-4.93	-0.97	-0.97	7.61	8.30	4.29	N/A

## Asset Growth (\$000)

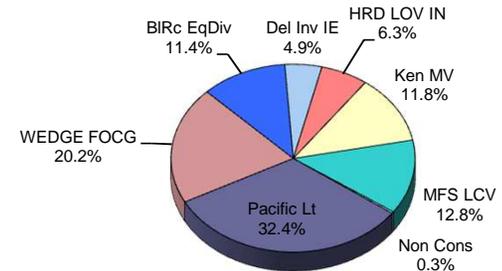
Beginning Market Value	15,340	15,441	15,441	12,401	10,743	5,479	5,479
Net Contributions & Withdrawals	-20	-580	-580	-512	-167	2,326	2,326
Gain/Loss + Income	-834	-375	-375	2,597	3,910	6,681	6,681
Ending Market Value	14,486	14,486	14,486	14,486	14,486	14,486	14,486

## Asset Allocation (\$000)

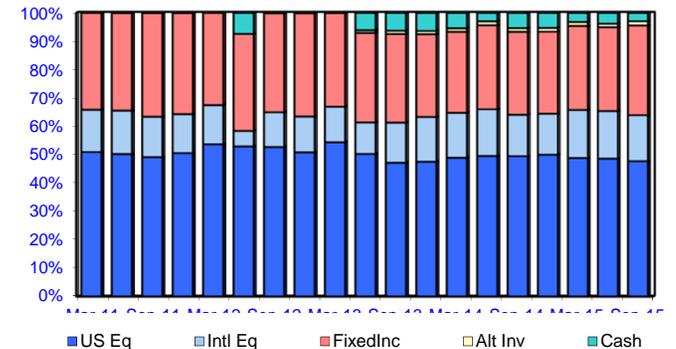
US Eq	Intl Eq	FixedInc	Alt Inv	Cash
6,921	2,349	4,571	213	432
<b>Total</b>				
14,486				



## Asset Allocation By Manager



## Allocation Over Time



## Risk/Return Analysis - Since Inception

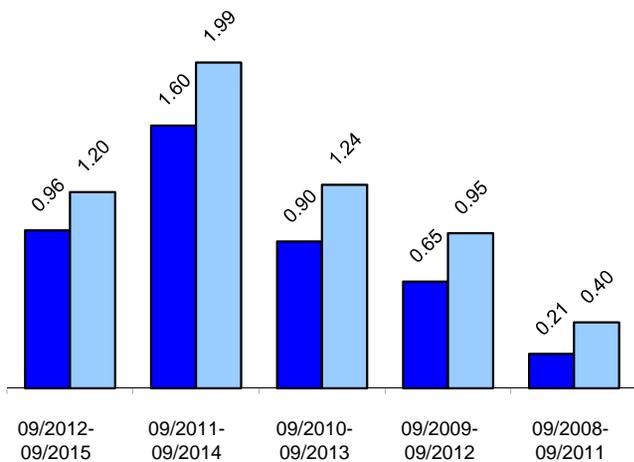


# TOTAL FUND RISK ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #400000141611

AS OF 09/30/2015

**Sharpe Ratios 3-Year Rolling Periods**

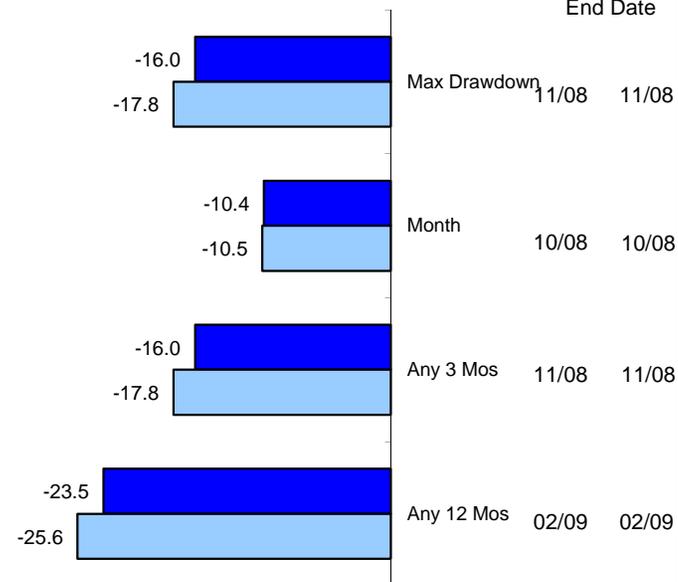


**TOWN OF LONGBOAT KEY**  
**Composite Index**

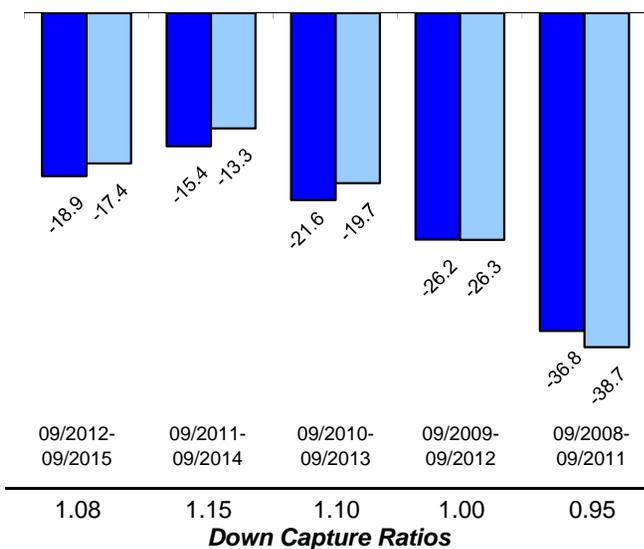
**Sharpe Ratio** divides excess return by standard deviation of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index.

**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.*

**Loss in Varying Time Periods (%)** Mgr. Index End Date



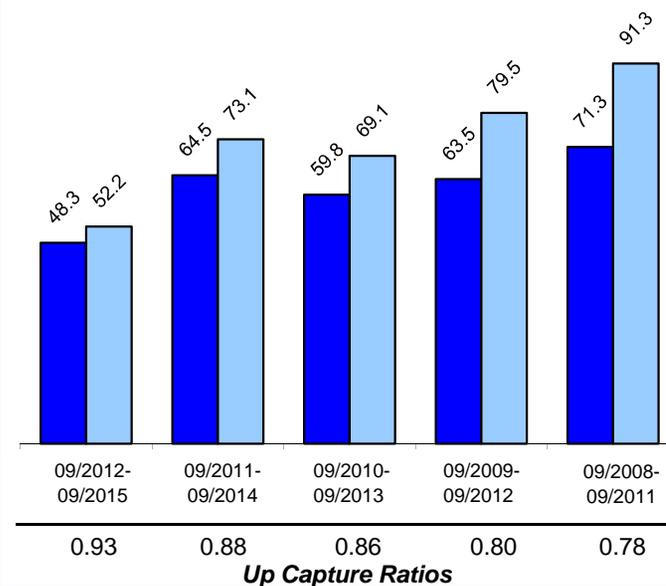
**Down Capture Returns (%) 3-Year Rolling Periods**



**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.

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

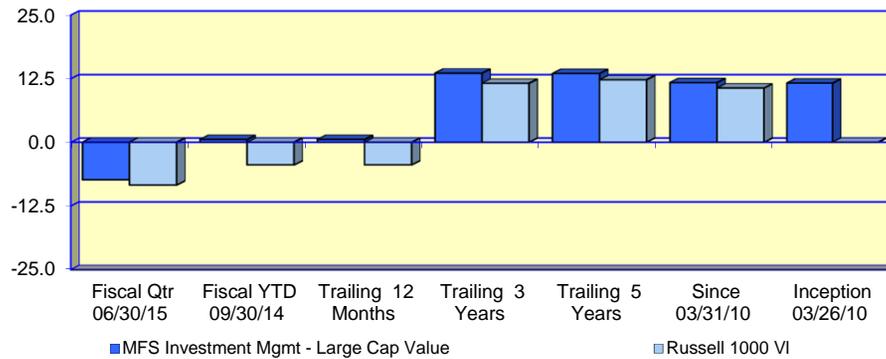


# ACCOUNT - EXECUTIVE SUMMARY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039479 MFS Investment Mgmt - Large Cap Value

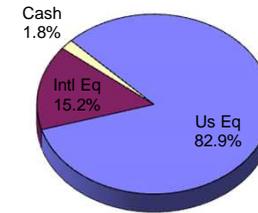
AS OF 09/30/2015

**Portfolio Performance (%)**



**Asset Allocation (\$000)**

Us Eq	Intl Eq	Cash	Total
1,532	281	34	1,847



**Portfolio Characteristics**

Yield	2.56%	Account Sharpe Ratio	0.88
Beta	0.98	Index Sharpe Ratio	0.80
Alpha	1.18%	# Equity Positions	51
R <sup>2</sup>	97%		

Investment Returns (%)	Since	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 03/31/10	Inception 03/26/10
MFS Investment Mgmt - Large Cap Value		-7.36	0.55	0.55	13.60	13.52	11.73	11.63
Russell 1000 VI		-8.40	-4.43	-4.43	11.60	12.29	10.67	N/A

**Asset Growth (\$000)**

	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 03/31/10	Inception 03/26/10
Beginning Market Value	2,034	1,887	1,887	1,335	1,130	1,596	1,600
Net Contributions & Withdrawals	-39	-52	-52	-104	-177	-576	-575
Gain/Loss + Income	-148	12	12	616	894	827	822
Ending Market Value	1,847	1,847	1,847	1,847	1,847	1,847	1,847

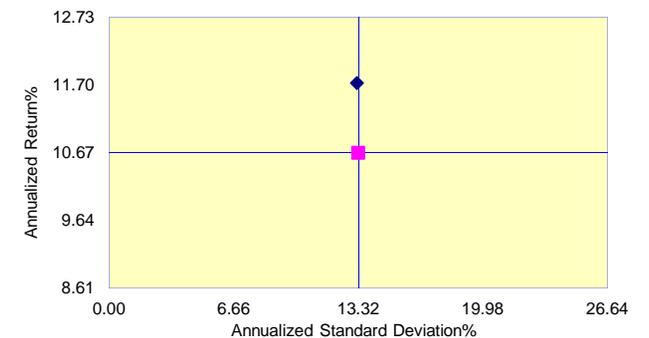
**Top Equity Holdings**

Security	Sector	% Port
Wells Fargo & Co New	Financials	4.8
Jpmorgan Chase & Co	Financials	4.8
Accenture Plc Ireland CI A	Information Technolo	4.2
Philip Morris Intl Inc	Consumer Staples	3.9
Travelers Companies Inc Com	Financials	3.2
Cvs Health Corp Com	Consumer Staples	3.1
Goldman Sachs Grp Inc	Financials	2.9
Johnson & Johnson	Health Care	2.9
Ppg Industries Inc	Materials	2.8
Northrop Grumman Cp(hldg Co)	Industrials	2.7

**Economic Sector Allocation**

Sector	% Port
Financials	28.0
Industrials	14.8
Consumer Staples	13.6
Health Care	13.3
Consumer Discretionary	9.2
Information Technolo	8.1
Energy	4.5
Materials	4.2
Telecommunication Se	2.3
Other	1.8

**Risk / Return Analysis Since 03/31/2010**



Annualized %	Return	Std. Dev.
MFS Investment Mgmt - Large Cap Value	11.73	13.25
Russell 1000 VI	10.67	13.32

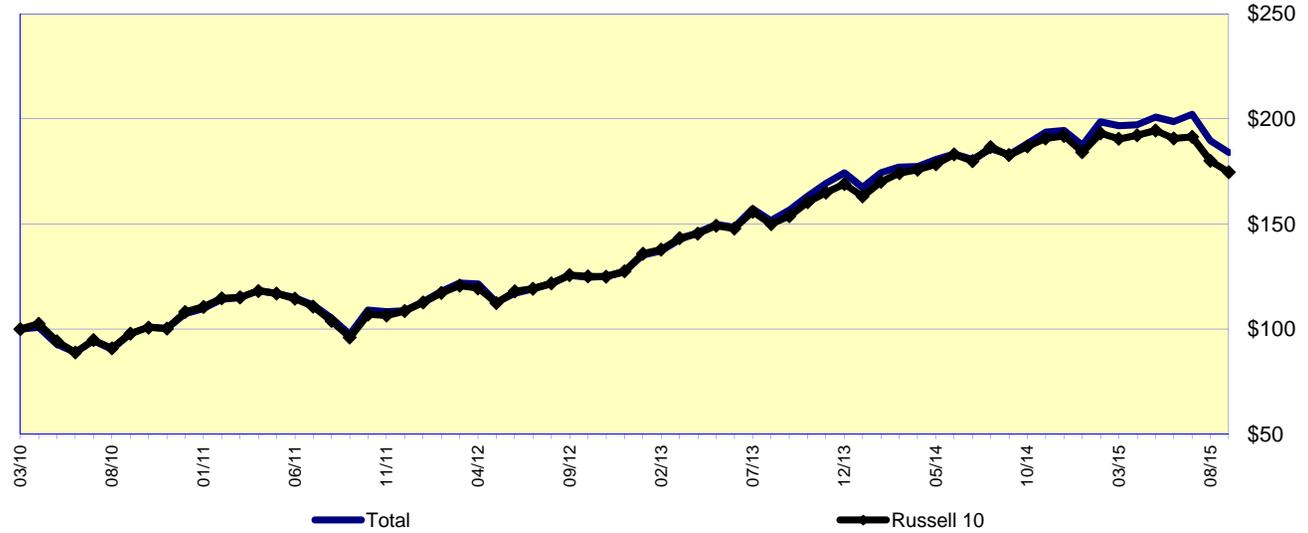
# MANAGER PERFORMANCE ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039479 MFS Investment Mgmt - Large Cap Value

As Of 09/30/2015

## Growth of \$100 Graph

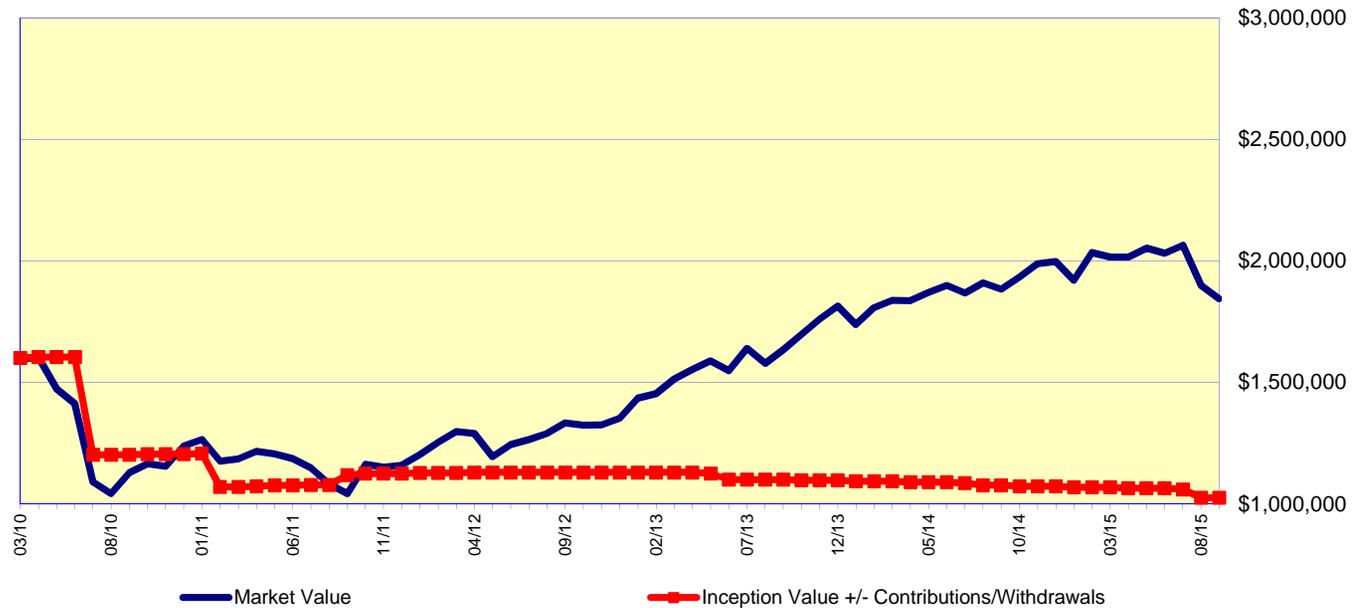
This graph depicts how \$100, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



## Value Added Graph

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

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.



# PERFORMANCE ATTRIBUTION

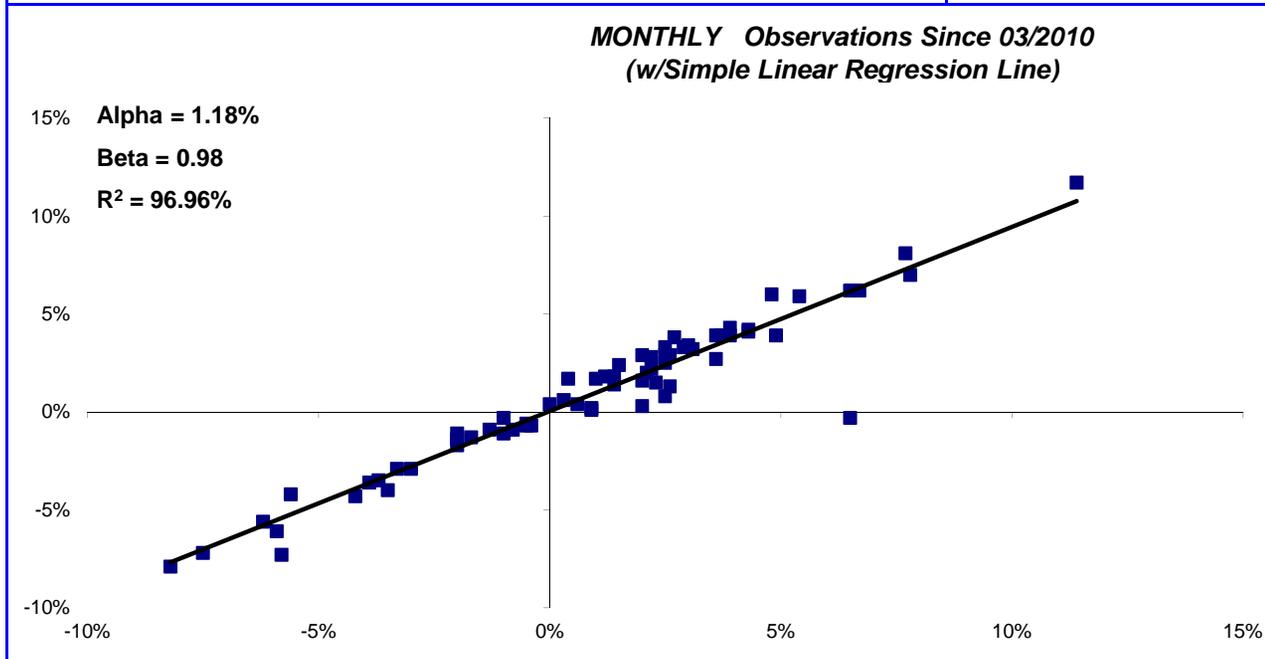
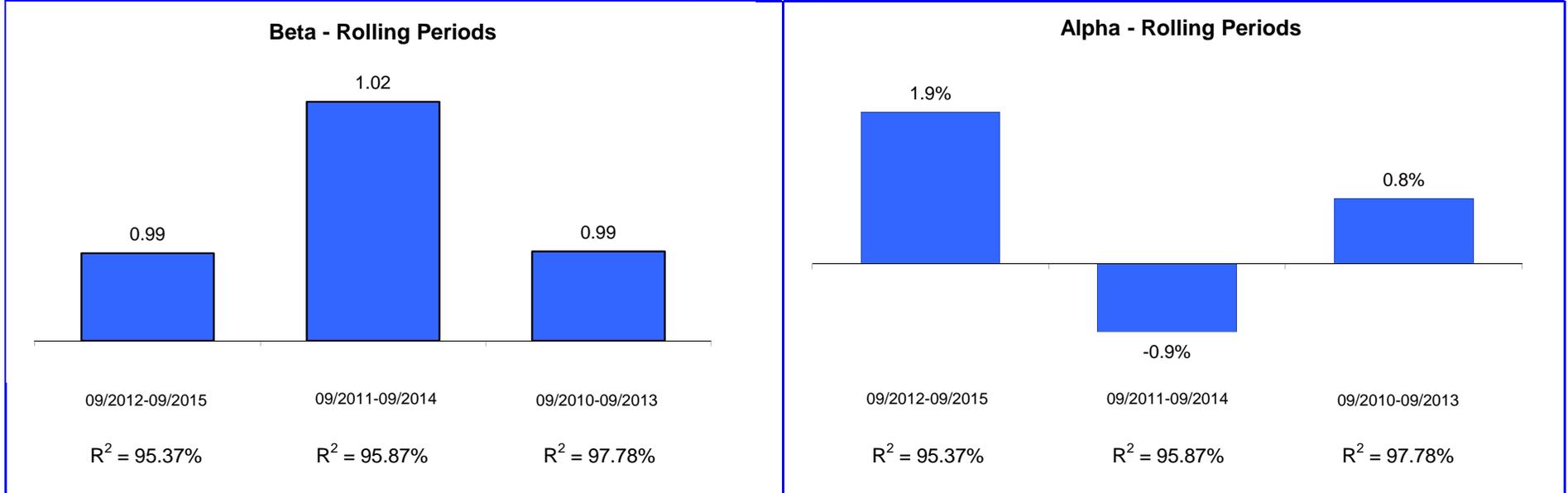
TOWN OF LONGBOAT KEY FIREFIGHT #745-039479 MFS Investment Mgmt - Large Cap Value

As Of 09/30/2015

Economic Sector	% Allocation by Sector		% Return by Sector		% Contribution to Excess Return by Sector	
	MFS Investment Mgmt - Large Cap Value	Russell 1000 VI	MFS Investment Mgmt - Large Cap Value	Russell 1000 VI	MFS Investment Mgmt - Large Cap Value	Russell 1000 VI
Business Equip. & Service	6.3	2.0	3.5	-8.0	0.71	
Capital Goods	7.0	3.2	-16.7	-16.2	-0.58	
Consumer Durables	4.4	2.2	-8.4	-9.4	0	
Consumer Non-Durables	10.7	5.4	3.2	-4.2	1.18	
Consumer Services	4.4	1.8	-11.9	-7.6	-0.15	
Energy	4.8	12.4	-14.8	-16.9	-0.32	
Financial Services	28.3	25.3	-8.4	-7.6	0.02	
Health Care	12.8	11.4	-9.3	-9.5	-0.09	
Multi-industry	1.1	2.6	-7.5	-4.5	0.01	
Raw Materials	0.7	2.3	-16.2	-20.1	-0.13	
Retail	5.0	3.0	-6.0	-6.4	0.12	
Shelter	0.5	5.0	-25.4	-0.6	-0.1	
Technology	11.2	12.9	-6.8	-6.3	0.18	
Transportation	0.4	1.2	5.6	-14.0	0.05	
Utilities	2.4	9.1	-5.6	-1.7	0.06	

Report Created: 11/12/2015

# 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.

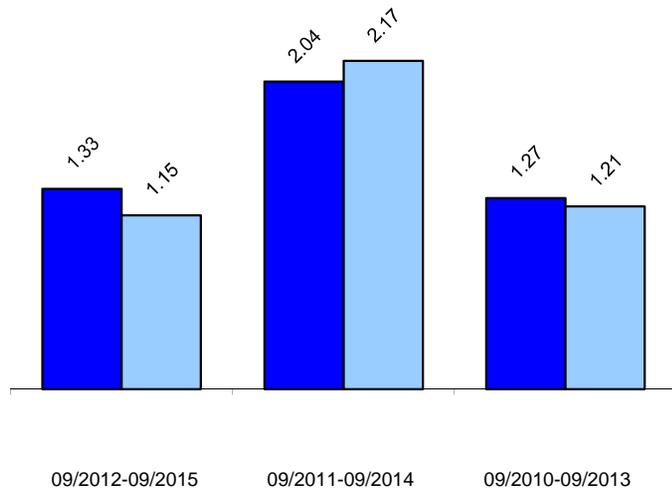
Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039479

AS OF 09/30/2015

**Sharpe Ratios 3-Year Rolling Periods**



■ MFS Investment Mgmt - Large Ca  
■ Russell 1000 VI

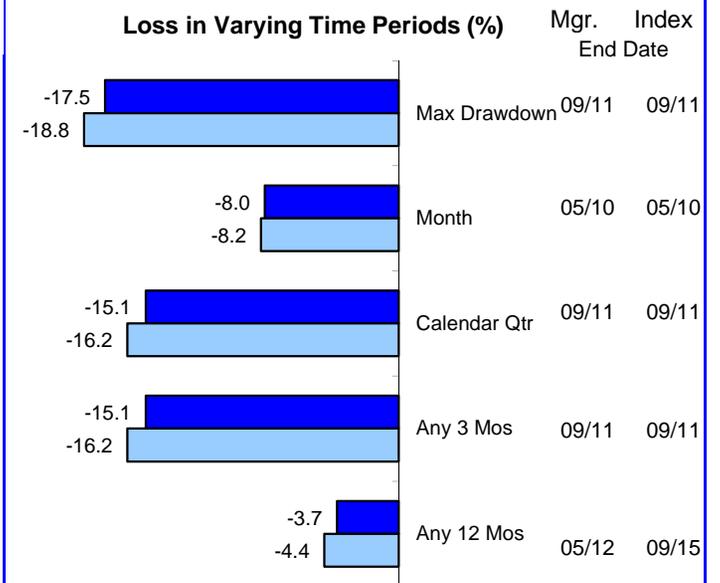
**Sharpe Ratio** divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

**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.*

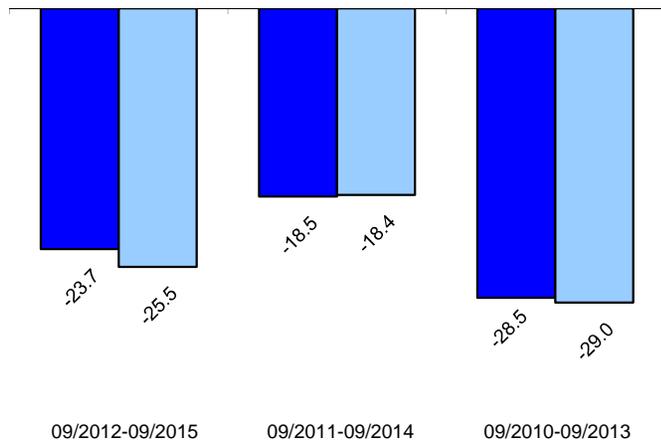
**Down Capture** is the measure of the fund's total return whenever the index returns are negative.

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

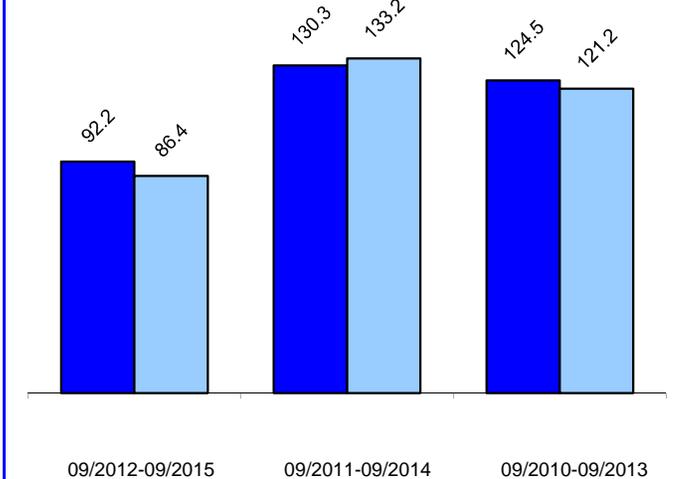
**Loss in Varying Time Periods (%)**



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



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



0.93                      1.01                      0.98

**Down Capture Ratios**

1.07                      0.98                      1.03

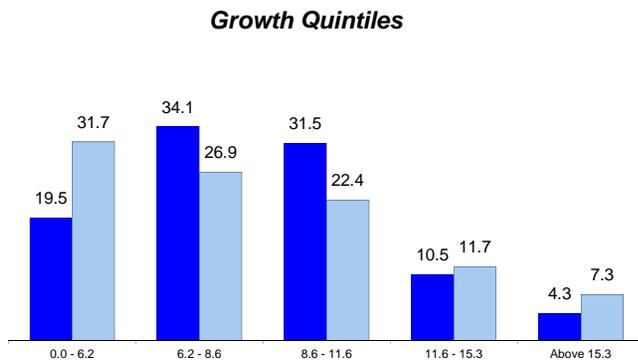
**Up Capture Ratios**

# SECTOR ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039479 MFS Investment Mgmt - Large Cap Value

As Of 09/30/2015

**Growth Quintiles**

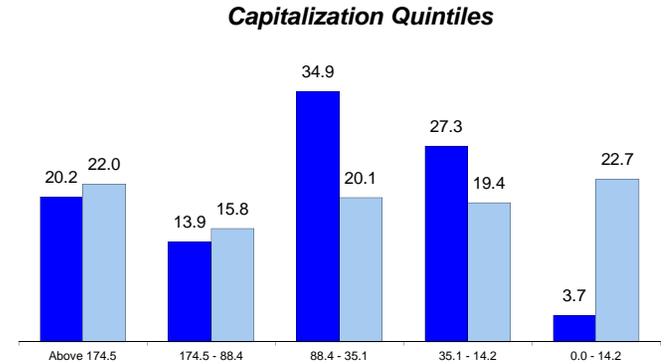


**MFS Investment Mgmt - Large Cap Value (%)**  
**Russell 1000 VI (%)**

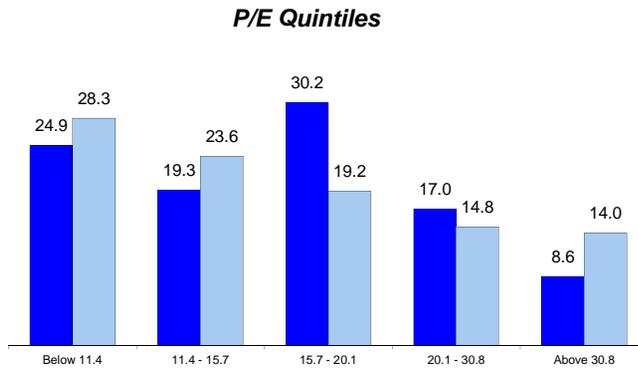
**Growth.** Forecast growth rate in earnings per share for the next five years, compounded annually. This is calculated using the I/B/E/S Year 1, Year 2, and long-term forecasts.

**Capitalization.** The current market value of a company's common stock (closing price times shares outstandings).

**Capitalization Quintiles**



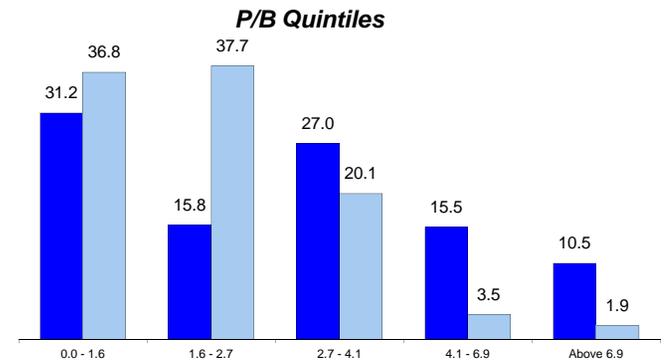
**P/E Quintiles**



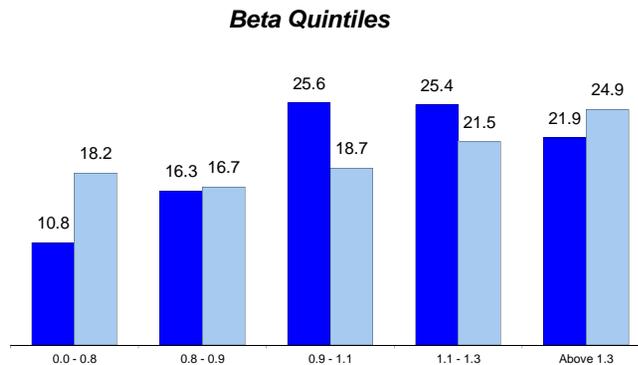
**P/E. Price-to-Earnings Ratio.** Closing price divided by trailing 12 month's reported earnings, as they are reported.

**P/B. Price-to-Book Ratio.** Closing price divided by the most recently reported book value (asset minus liabilities) per share for the prior fiscal year.

**P/B Quintiles**



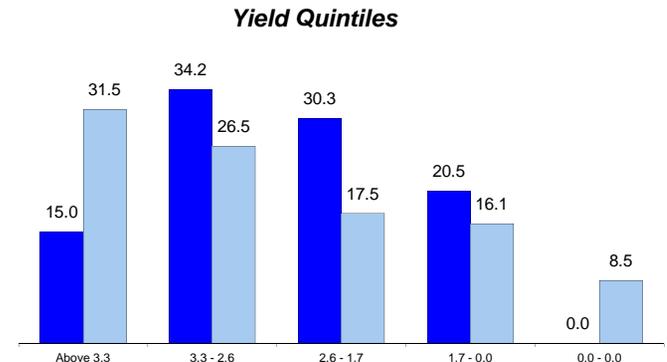
**Beta Quintiles**



**Beta.** Coefficient measuring stock's relative volatility. The beta is the covariance of a stock in relation to the rest of the stock market represented by the index.

**Yield.** The indicated annual dividend divided by the current price.

**Yield Quintiles**

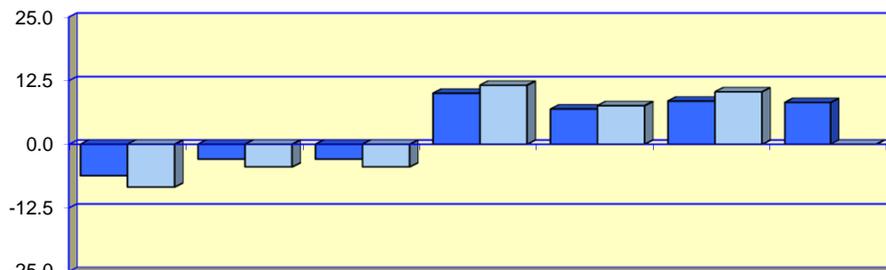


# ACCOUNT - EXECUTIVE SUMMARY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039474 BlackRock - Eq Div SMA

AS OF 09/30/2015

**Portfolio Performance (%)**



■ BlackRock - Eq Div SMA      ■ Russell 1000 VI

Investment Returns (%)	Since:	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Mgr Chng 08/31/13	Since 04/30/10	Inception 04/09/10
<b>BlackRock - Eq Div SMA</b>		<b>-6.18</b>	<b>-2.93</b>	<b>-2.93</b>	<b>10.03</b>	<b>6.94</b>	<b>8.50</b>	<b>8.21</b>
Russell 1000 VI		-8.40	-4.43	-4.43	11.60	7.59	10.32	N/A

**Asset Growth (\$000)**

	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Mgr Chng 08/31/13	Since 04/30/10	Inception 04/09/10
Beginning Market Value	1,765	1,756	1,756	1,350	1,532	1,804	1,821
Net Contributions & Withdrawals	-4	-55	-55	-145	-113	-727	-727
Gain/Loss + Income	-109	-49	-49	447	233	575	558
Ending Market Value	1,652	1,652	1,652	1,652	1,652	1,652	1,652

**Top Equity Holdings**

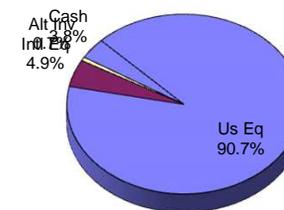
Security	Sector	% Port
Jpmorgan Chase & Co	Financials	4.0
Bank Deposit Program	Other	3.7
Wells Fargo & Co New	Financials	3.3
General Electric Co	Industrials	3.1
Citigroup Inc New	Financials	3.1
Pfizer Inc	Health Care	2.7
Home Depot Inc	Consumer Discretionary	2.5
Exxon Mobil Corp	Energy	2.4
Raytheon Co (new)	Industrials	2.3
Unitedhealth Gp Inc	Health Care	2.3

**Economic Sector Allocation**

Sector	% Port
Financials	25.0
Industrials	14.4
Health Care	12.6
Energy	9.0
Information Technology	7.9
Consumer Discretionary	7.6
Consumer Staples	7.5
Utilities	6.0
Materials	4.3
Other	3.7
Telecommunication Services	1.9

**Asset Allocation (\$000)**

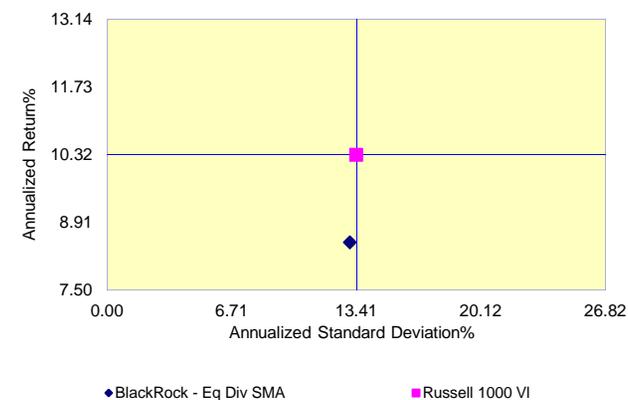
Us Eq	Intl Eq	Alt Inv	Cash	Total
1,499	81	11	62	1,652



**Portfolio Characteristics**

Yield	2.82%	Account Sharpe Ratio	0.65
Beta	0.96	Index Sharpe Ratio	0.77
Alpha	-1.34%	# Equity Positions	74
R <sup>2</sup>	98%		

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

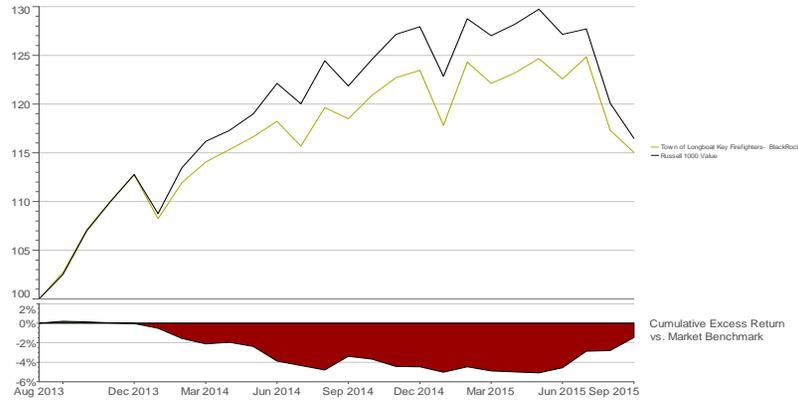


Annualized %	Return	Std. Dev.
<b>BlackRock - Eq Div SMA</b>	<b>8.50</b>	<b>13.06</b>
Russell 1000 VI	10.32	13.41

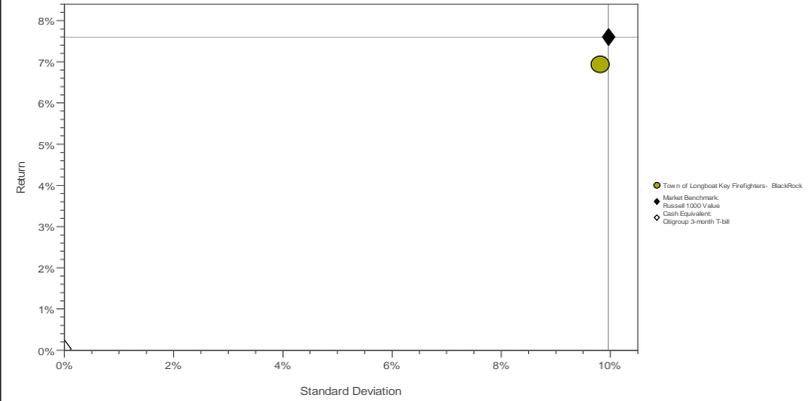
# Zephyr StyleADVISOR

Zephyr StyleADVISOR: Graystone Consulting

**Manager Performance**  
September 2013 - September 2015 (Single Computation)



**Risk / Return**  
September 2013 - September 2015 (Single Computation)



## Return & Risk Analysis

September 2013 - 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
Town of Longboat Key Firefighters- BlackRock	6.94%	-0.65%	9.81%	0.96	-7.86%	94.75%	97.98%	-0.33%	0.70	95.52%
Russell 1000 Value	7.59%	0.00%	9.96%	1.00	-10.22%	100.00%	100.00%	0.00%	0.76	100.00%

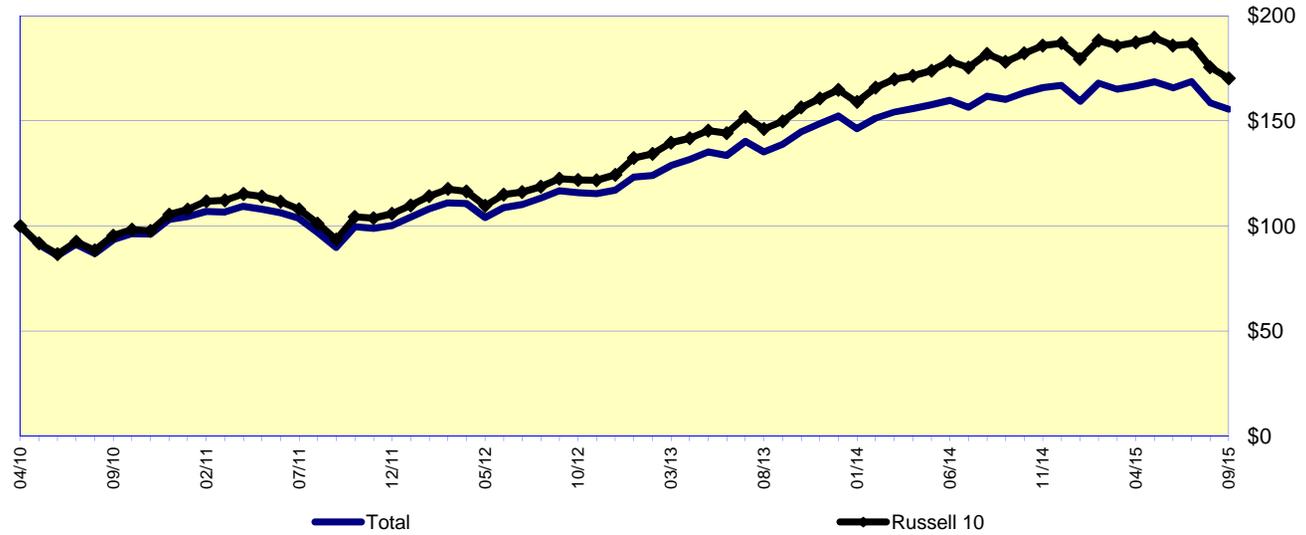
# MANAGER PERFORMANCE ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039474 BlackRock - Eq Div SMA

As Of 09/30/2015

## Growth of \$100 Graph

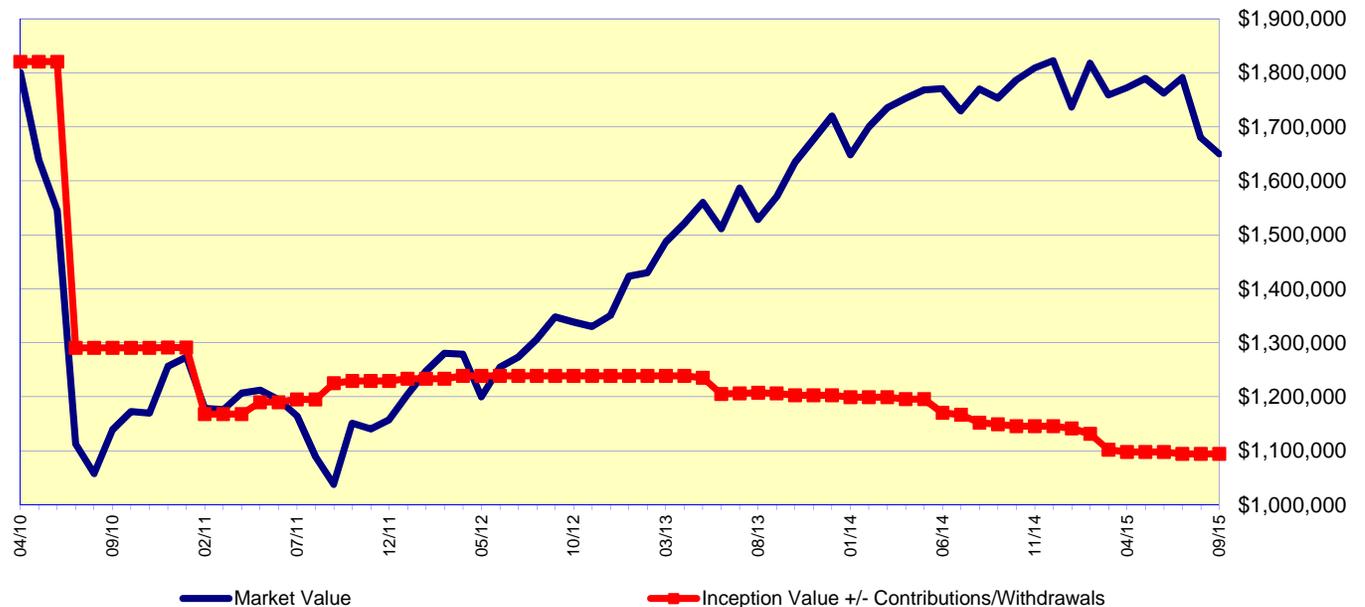
This graph depicts how \$100, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



## 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.



# PERFORMANCE ATTRIBUTION

TOWN OF LONGBOAT KEY FIREFIGHT #745-039474 BlackRock - Eq Div SMA

As Of 09/30/2015

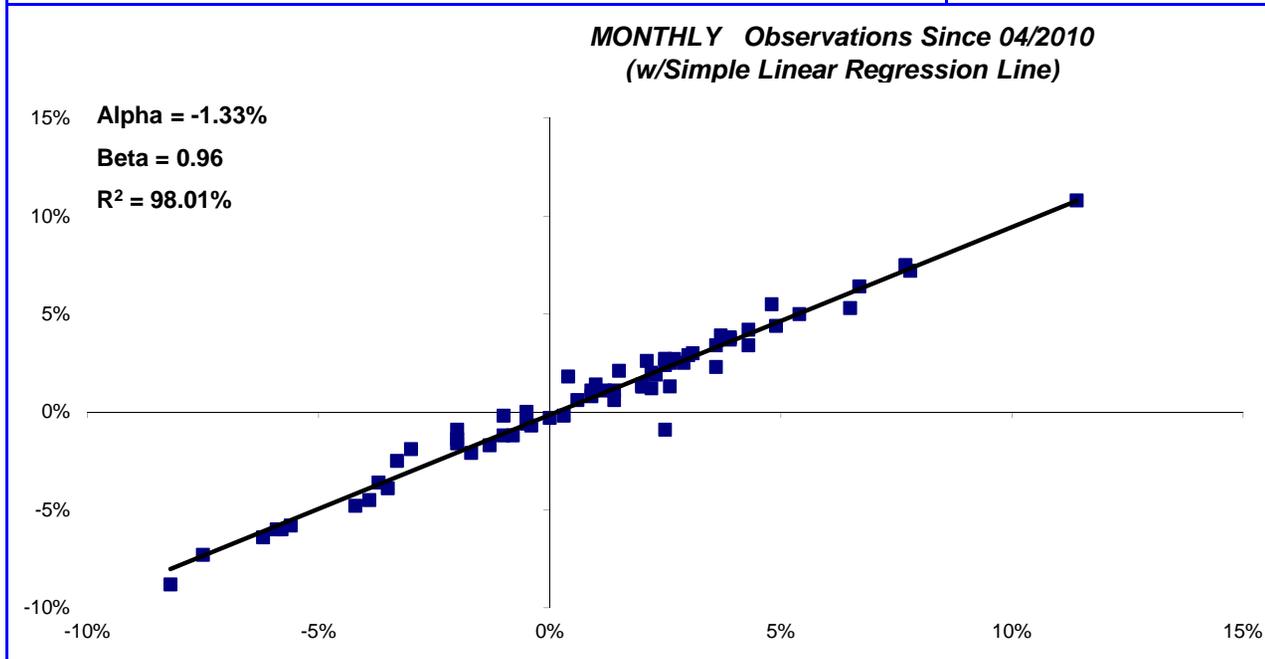
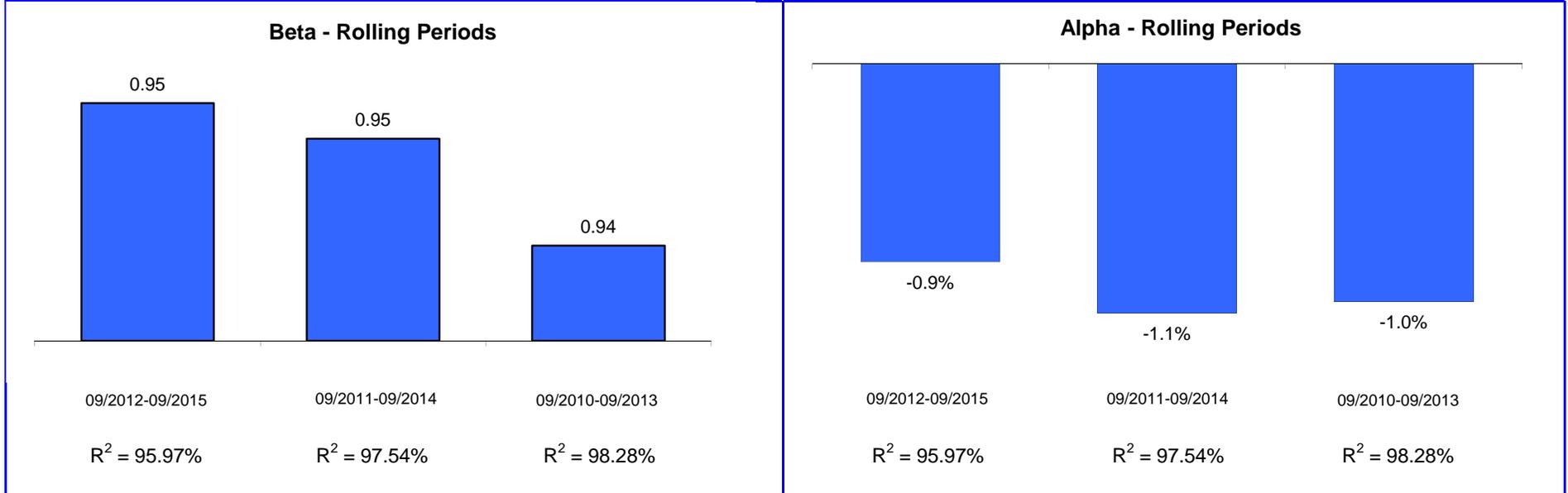
Economic Sector	% Allocation by Sector		% Return by Sector		% Contribution to Excess Return by Sector	
	BlackRock - Eq Div SMA	Russell 1000 VI	BlackRock - Eq Div SMA	Russell 1000 VI	BlackRock - Eq Div SMA	Russell 1000 VI
Business Equip. & Service	0.0	2.0	-8.0	0.0	0	0
Capital Goods	0.7	3.2	-12.6	-16.2	-0.03	
Consumer Durables	0.0	2.2	-9.4	0.0	0	
Consumer Non-Durables	5.9	5.4	-2.3	-4.2	0.35	
Consumer Services	1.5	1.8	-4.5	-7.6	0.06	
Energy	9.2	12.4	-14.4	-16.9	-0.58	
Financial Services	26.4	25.3	-8.9	-7.6	-0.1	
Health Care	14.2	11.4	-9.8	-9.5	-0.18	
Multi-industry	3.7	2.6	-4.9	-4.5	0.14	
Raw Materials	4.0	2.3	-18.2	-20.1	-0.41	
Retail	7.4	3.0	-0.8	-6.4	0.54	
Shelter	1.7	5.0	-16.7	-0.6	-0.14	
Technology	16.0	12.9	0.5	-6.3	1.36	
Transportation	1.9	1.2	-1.8	-14.0	0.12	
Utilities	7.4	9.1	1.9	-1.7	0.73	

Report Created: 11/12/2015

# MODERN PORTFOLIO THEORY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039474 BlackRock - Eq Div SMA

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.

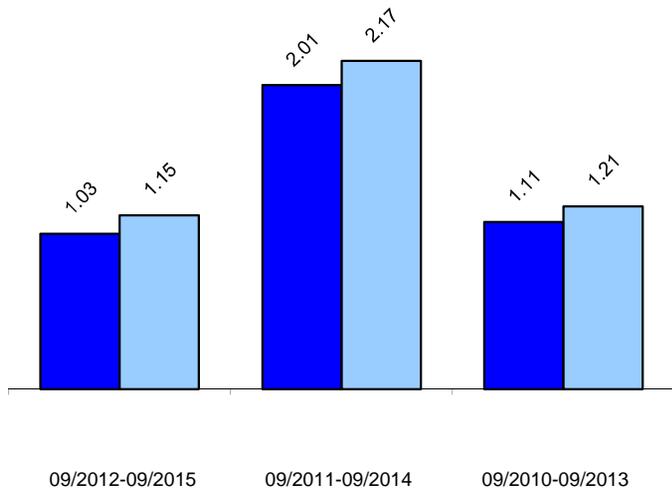
Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039474

AS OF 09/30/2015

**Sharpe Ratios 3-Year Rolling Periods**



■ BlackRock - Eq Div SMA  
■ Russell 1000 VI

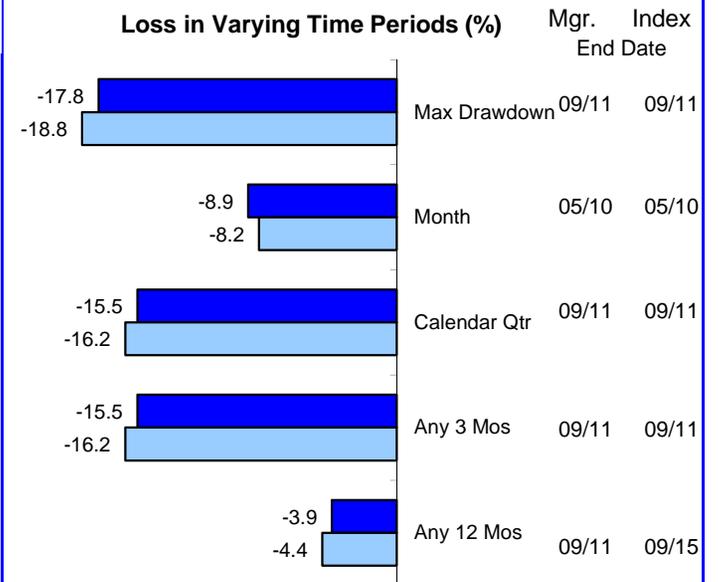
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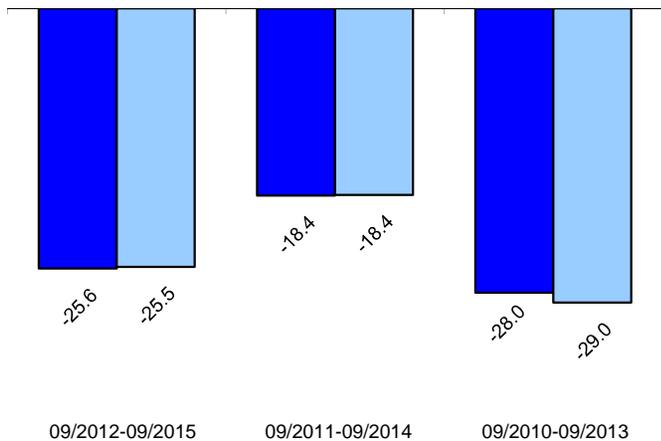
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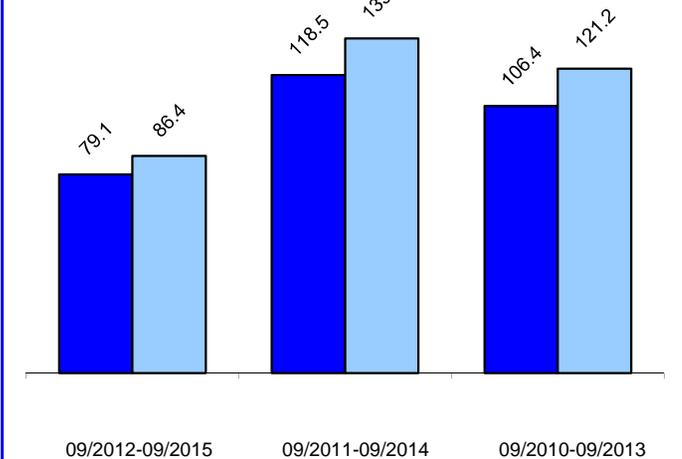
**Loss in Varying Time Periods (%)**



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



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



1.01                      1.00                      0.97

**Down Capture Ratios**

0.92                      0.89                      0.88

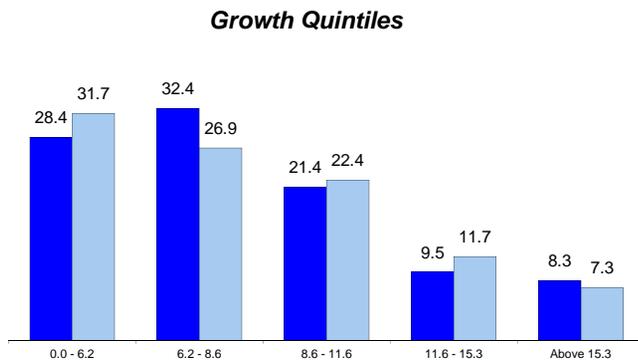
**Up Capture Ratios**

# SECTOR ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039474 BlackRock - Eq Div SMA

As Of 09/30/2015

**Growth Quintiles**



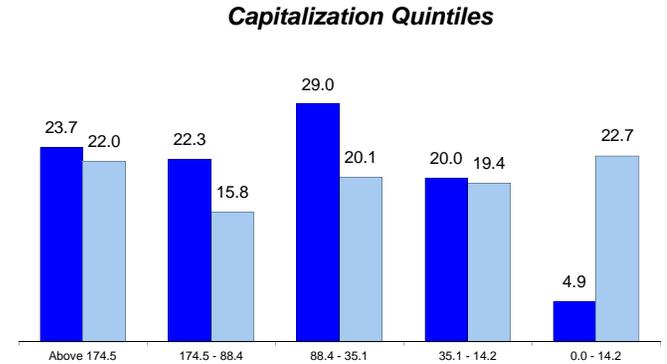
**BlackRock - Eq Div SMA (%)**

**Russell 1000 VI (%)**

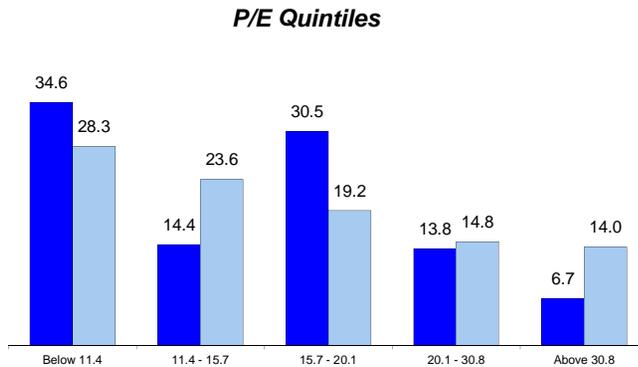
**Growth.** Forecast growth rate in earnings per share for the next five years, compounded annually. This is calculated using the I/B/E/S Year 1, Year 2, and long-term forecasts.

**Capitalization.** The current market value of a company's common stock (closing price times shares outstandings).

**Capitalization Quintiles**



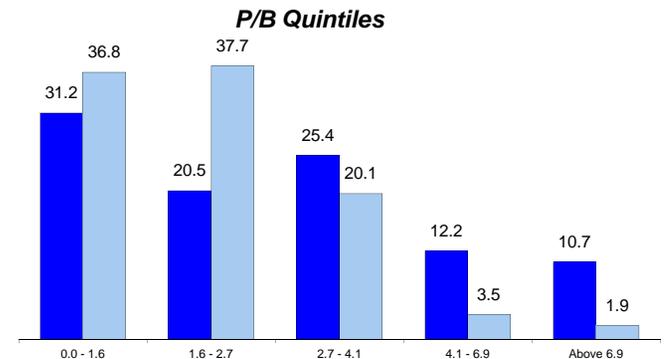
**P/E Quintiles**



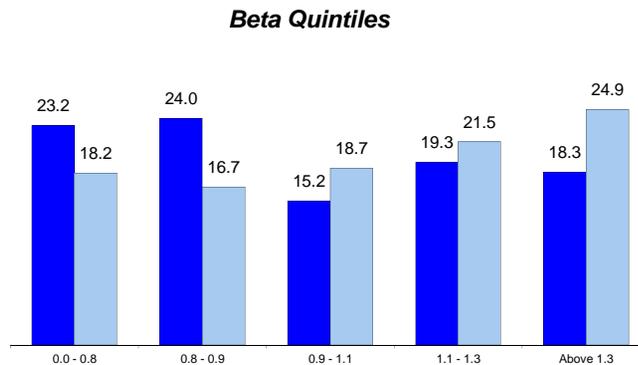
**P/E. Price-to-Earnings Ratio.** Closing price divided by trailing 12 month's reported earnings, as they are reported.

**P/B. Price-to-Book Ratio.** Closing price divided by the most recently reported book value (asset minus liabilities) per share for the prior fiscal year.

**P/B Quintiles**



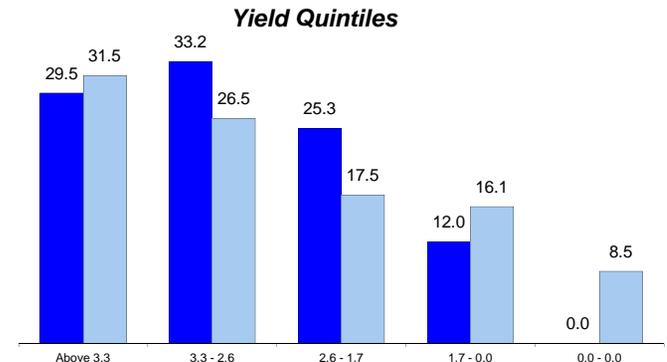
**Beta Quintiles**



**Beta.** Coefficient measuring stock's relative volatility. The beta is the covariance of a stock in relation to the rest of the stock market represented by the index.

**Yield.** The indicated annual dividend divided by the current price.

**Yield Quintiles**

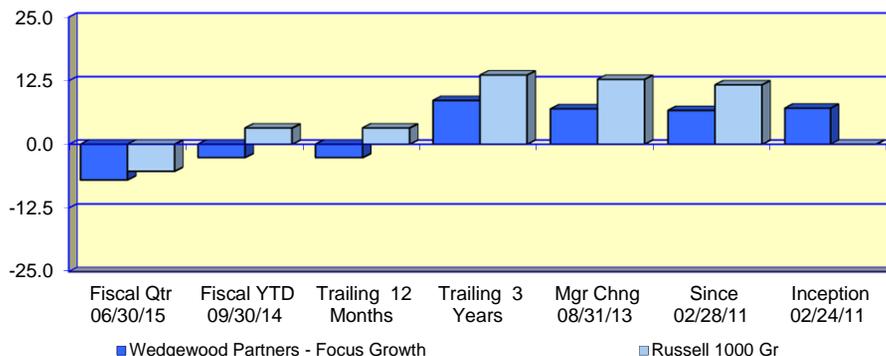


# ACCOUNT - EXECUTIVE SUMMARY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039475 Wedgewood Partners - Focus Growth

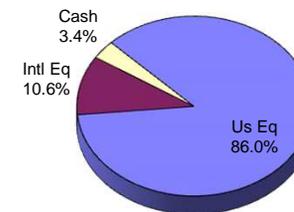
AS OF 09/30/2015

**Portfolio Performance (%)**



**Asset Allocation (\$000)**

Us Eq	Intl Eq	Cash	Total
2,514	310	99	2,923

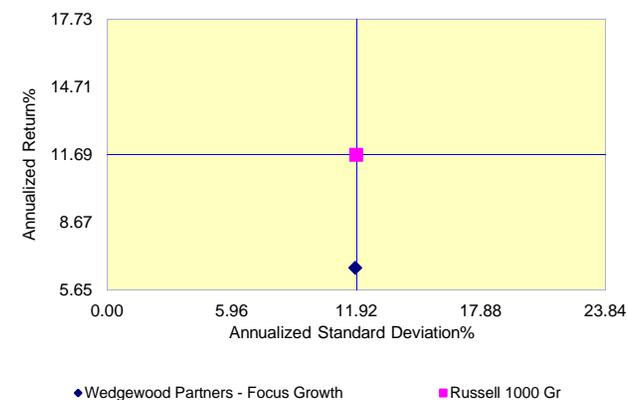


Investment Returns (%)	Since	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Mgr Chng 08/31/13	Since 02/28/11	Inception 02/24/11
Wedgewood Partners - Focus Growth		-7.00	-2.62	-2.62	8.62	6.96	6.65	7.10
Russell 1000 Gr		-5.29	3.19	3.19	13.61	12.76	11.69	N/A

Asset Growth (\$000)	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Mgr Chng 08/31/13	Since 02/28/11	Inception 02/24/11
Beginning Market Value	3,181	3,125	3,125	2,544	2,737	2,368	2,417
Net Contributions & Withdrawals	-37	-127	-127	-332	-235	-236	-329
Gain/Loss + Income	-221	-75	-75	711	421	791	835
Ending Market Value	2,923	2,923	2,923	2,923	2,923	2,923	2,923

Portfolio Characteristics	Value
Yield	1.42%
Beta	0.96
Alpha	-4.06%
R <sup>2</sup>	92%
Account Sharpe Ratio	0.56
Index Sharpe Ratio	0.98
# Equity Positions	23

**Risk / Return Analysis Since 02/28/2011**



Annualized %	Return	Std. Dev.
Wedgewood Partners - Focus Growth	6.65	11.88
Russell 1000 Gr	11.69	11.92

**Top Equity Holdings**

Security	Sector	% Port
Berkshire Hathaway Cl-b New	Financials	8.7
Apple Inc	Information Technolo	8.0
Qualcomm Inc	Information Technolo	7.2
Express Scripts Hldg Co Com	Health Care	6.6
M&t Bank Corp	Financials	6.2
Cognizant Tech Solutions Cl A	Information Technolo	5.7
Schlumberger Ltd	Energy	5.4
Priceline Grp Inc Com New	Consumer Discretionary	4.7
Coach Inc	Consumer Discretionary	4.0
Lkq Corporation	Consumer Discretionary	3.9

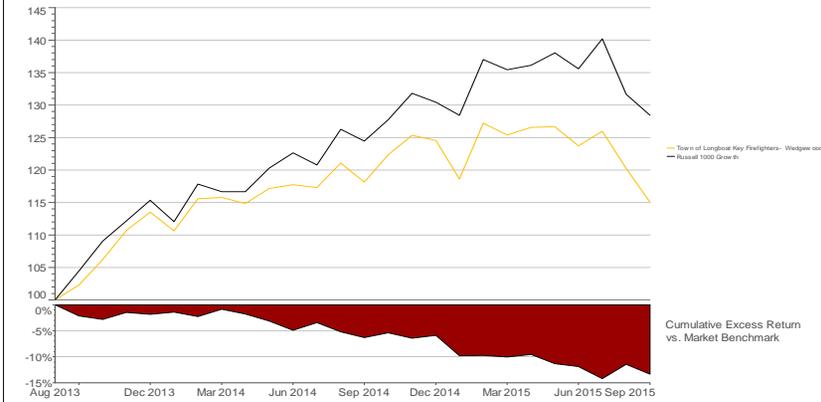
**Economic Sector Allocation**

Sector	% Port
Information Technolo	26.6
Financials	14.9
Consumer Discretionary	12.5
Energy	12.2
Health Care	10.7
Industrials	9.1
Other	8.0
Consumer Staples	6.0

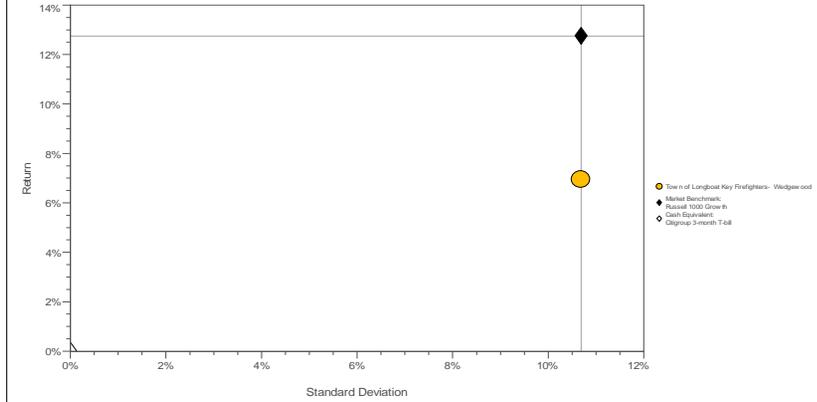
# Zephyr StyleADVISOR

Zephyr StyleADVISOR: Graystone Consulting

**Manager Performance**  
September 2013 - September 2015 (Single Computation)



**Risk / Return**  
September 2013 - September 2015 (Single Computation)



## Return & Risk Analysis

September 2013 - 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
Town of Longboat Key Firefighters- Wedgewood	6.96%	-5.79%	10.67%	0.92	-9.56%	78.55%	110.09%	-4.25%	0.65	85.30%
Russell 1000 Growth	12.75%	0.00%	10.69%	1.00	-8.40%	100.00%	100.00%	0.00%	1.19	100.00%

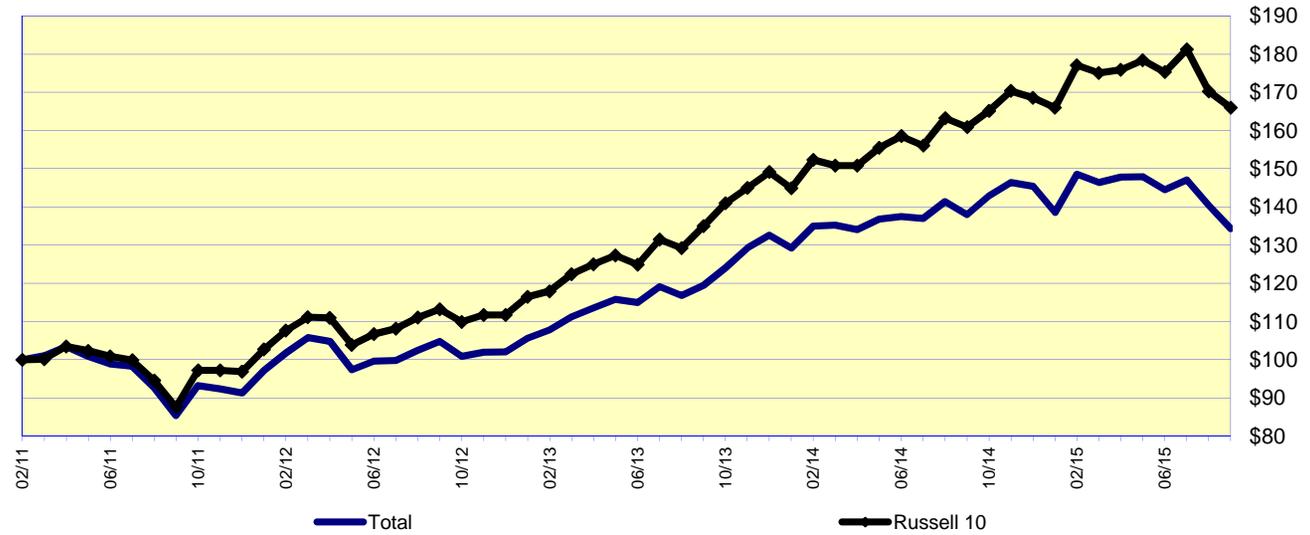
# MANAGER PERFORMANCE ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039475 Wedgewood Partners - Focus Growth

As Of 09/30/2015

## Growth of \$100 Graph

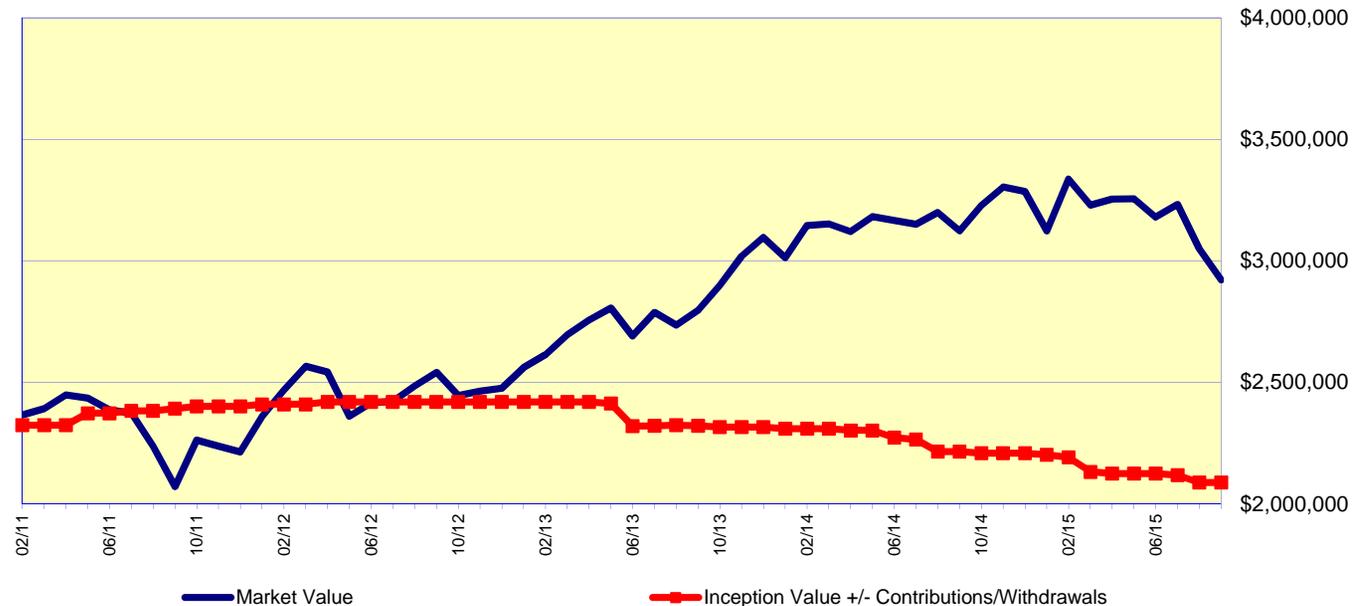
This graph depicts how \$100, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



## 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.



# PERFORMANCE ATTRIBUTION

TOWN OF LONGBOAT KEY FIREFIGHT #745-039475 Wedgewood Partners - Focus Growth

As Of 09/30/2015

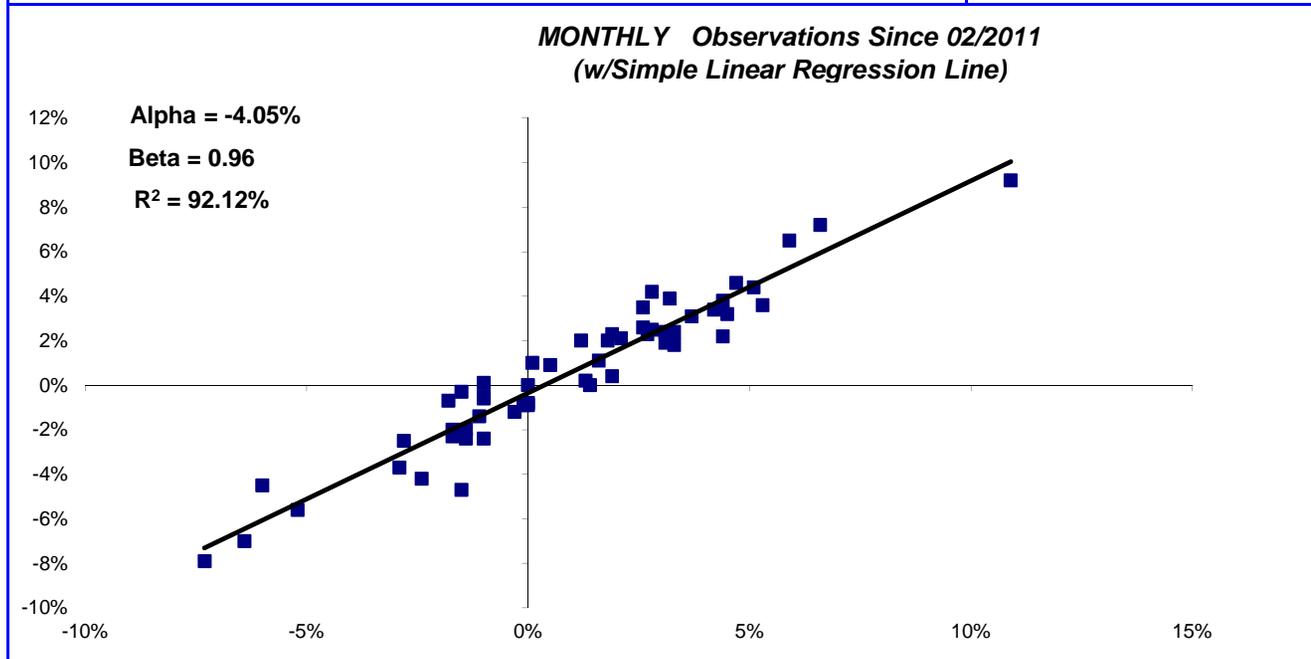
Economic Sector	% Allocation by Sector		% Return by Sector		% Contribution to Excess Return by Sector	
	Wedgewood Partners - Focus Growth	Russell 1000 Gr	Wedgewood Partners - Focus Growth	Russell 1000 Gr	Wedgewood Partners - Focus Growth	Russell 1000 Gr
Business Equip. & Service	26.2	14.8	5.9	5.6	2.78	
Capital Goods	2.7	2.7	-16.6	-14.5	-0.31	
Consumer Durables	4.2	1.8	-6.2	-9.6	-0.04	
Consumer Non-Durables	4.4	10.3	-15.5	3.1	-0.5	
Consumer Services	0.0	7.3	0.0	-10.3	0	
Energy	13.4	0.4	-17.9	-20.9	-1.84	
Financial Services	14.7	3.6	-3.4	-8.4	0.3	
Health Care	13.8	17.7	-13.3	-12.3	-1.11	
Multi-industry	0.0	1.2	0.0	-10.7	0	
Raw Materials	0.0	2.7	0.0	-15.1	0	
Retail	0.0	9.9	0.0	-0.6	0	
Shelter	0.0	2.2	0.0	1.5	0	
Technology	20.6	18.7	-12.1	-8.2	-1.43	
Transportation	0.0	3.4	0.0	-0.8	0	
Utilities	0.0	3.2	0.0	-8.3	0	

Report Created: 11/12/2015

# MODERN PORTFOLIO THEORY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039475 Wedgewood Partners - Focus Growth

AS OF 09/30/2015



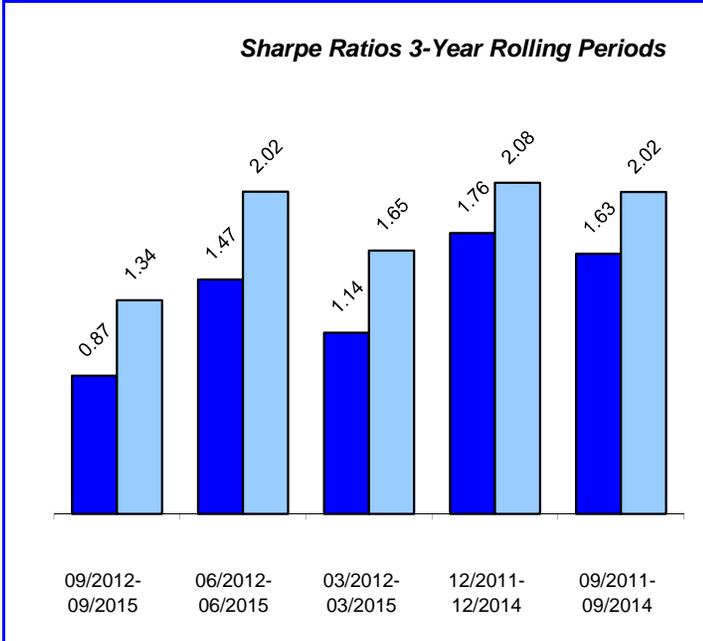
**Modern Portfolio Theory** seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market return, both adjusted for risk. A positive alpha indicates 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

TOWN OF LONGBOAT KEY FIREFIGHT #745-039475

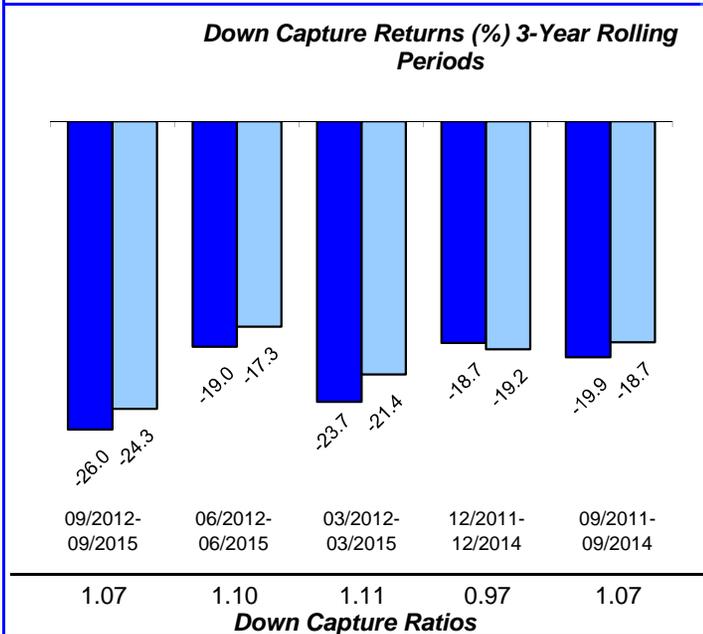
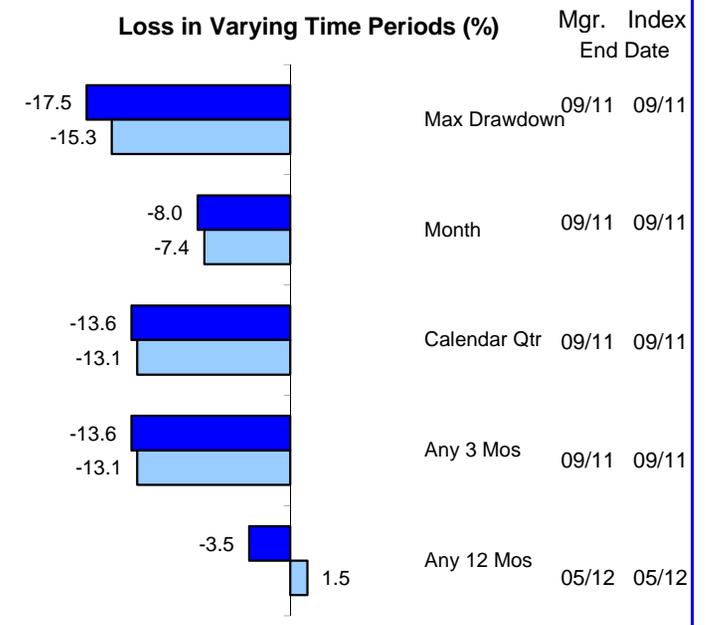
AS OF 09/30/2015



**■** Wedgewood Partners - Focus Gro  
**■** Russell 1000 Gr

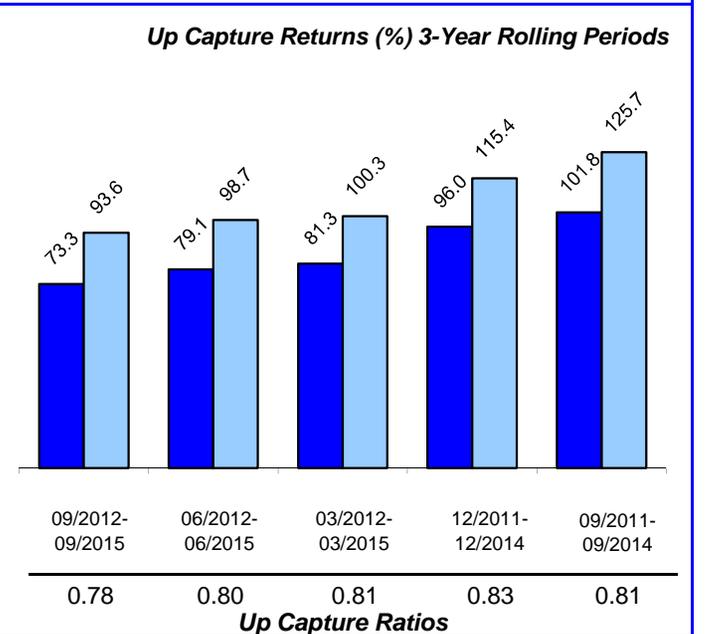
**Sharpe Ratio** divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

**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.

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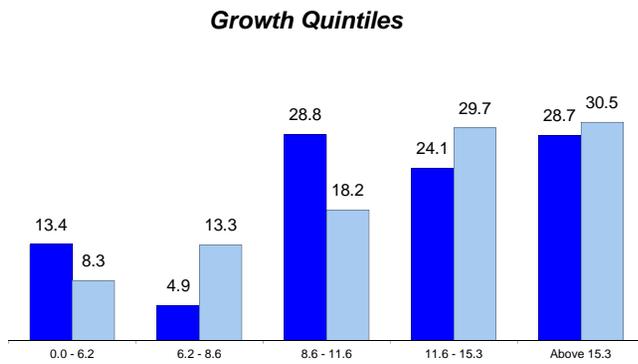


# SECTOR ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039475 Wedgewood Partners - Focus Growth

As Of 09/30/2015

**Growth Quintiles**

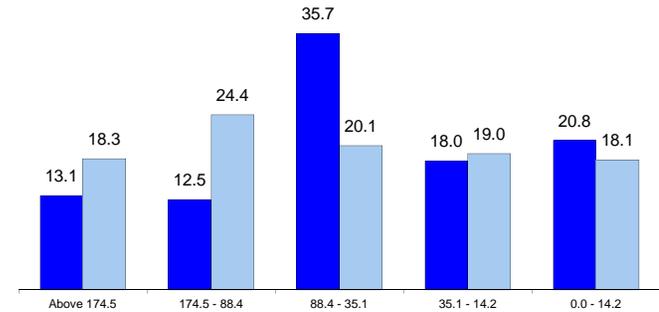


**Wedgewood Partners - Focus Growth (%)**  
**Russell 1000 Gr (%)**

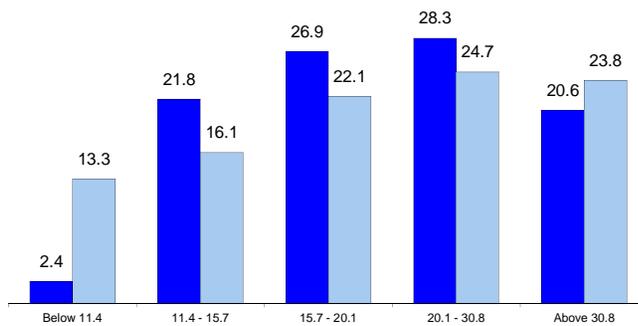
**Growth.** Forecast growth rate in earnings per share for the next five years, compounded annually. This is calculated using the I/B/E/S Year 1, Year 2, and long-term forecasts.

**Capitalization.** The current market value of a company's common stock (closing price times shares outstandings).

**Capitalization Quintiles**



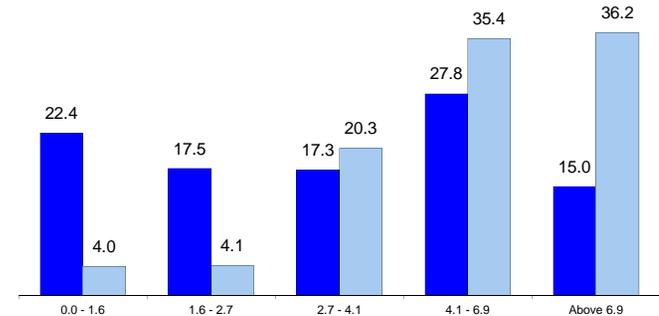
**P/E Quintiles**



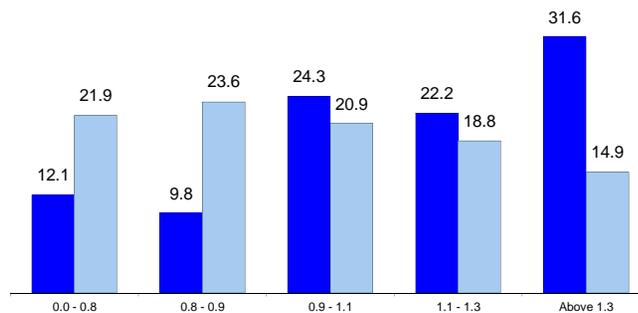
**P/E. Price-to-Earnings Ratio.** Closing price divided by trailing 12 month's reported earnings, as they are reported.

**P/B. Price-to-Book Ratio.** Closing price divided by the most recently reported book value (asset minus liabilities) per share for the prior fiscal year.

**P/B Quintiles**



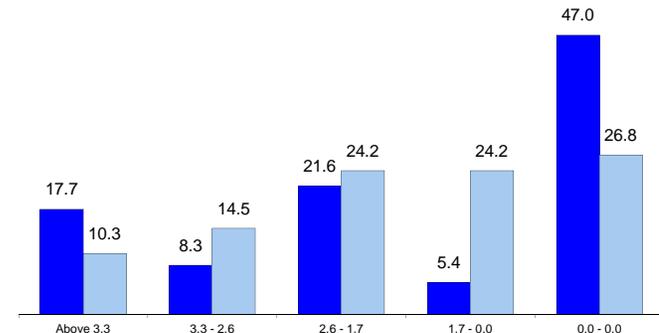
**Beta Quintiles**



**Beta.** Coefficient measuring stock's relative volatility. The beta is the covariance of a stock in relation to the rest of the stock market represented by the index.

**Yield.** The indicated annual dividend divided by the current price.

**Yield Quintiles**

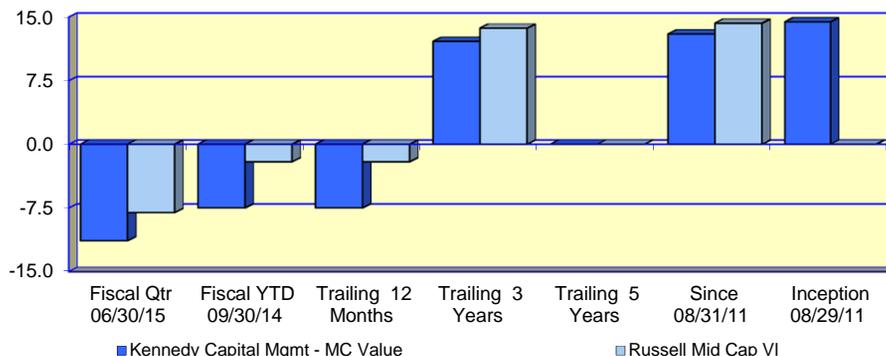


# ACCOUNT - EXECUTIVE SUMMARY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039484 Kennedy Capital Mgmt - MC Value

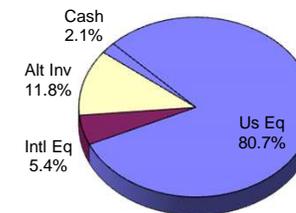
AS OF 09/30/2015

**Portfolio Performance (%)**



**Asset Allocation (\$000)**

<u>Us Eq</u>	<u>Intl Eq</u>	<u>Alt Inv</u>	<u>Cash</u>	<u>Total</u>
1,376	92	202	35	1,706



<b>Investment Returns (%)</b>	<i>Since:</i>	<i>Fiscal Qtr 06/30/15</i>	<i>Fiscal YTD 09/30/14</i>	<i>Trailing 12 Months</i>	<i>Trailing 3 Years</i>	<i>Trailing 5 Years</i>	<i>Since 08/31/11</i>	<i>Inception 08/29/11</i>
<b>Kennedy Capital Mgmt - MC Value</b>		<b>-11.35</b>	<b>-7.48</b>	<b>-7.48</b>	<b>12.14</b>	N/A	<b>13.00</b>	<b>14.44</b>
Russell Mid Cap VI		-8.04	-2.07	-2.07	13.69		14.28	N/A

**Portfolio Characteristics**

Yield	2.08%	Account Sharpe Ratio	0.90
Beta	1.12	Index Sharpe Ratio	1.13
Alpha	-2.53%	# Equity Positions	58
R <sup>2</sup>	96%		

**Asset Growth (\$000)**

	<i>Fiscal Qtr 06/30/15</i>	<i>Fiscal YTD 09/30/14</i>	<i>Trailing 12 Months</i>	<i>Trailing 3 Years</i>	<i>Trailing 5 Years</i>	<i>Since 08/31/11</i>	<i>Inception 08/29/11</i>
Beginning Market Value	1,939	1,914	1,914	1,311	N/A	1,057	1,005
Net Contributions & Withdrawals	-14	-73	-73	-146	N/A	-63	-66
Gain/Loss + Income	-219	-135	-135	541	N/A	712	767
Ending Market Value	1,706	1,706	1,706	1,706	N/A	1,706	1,706

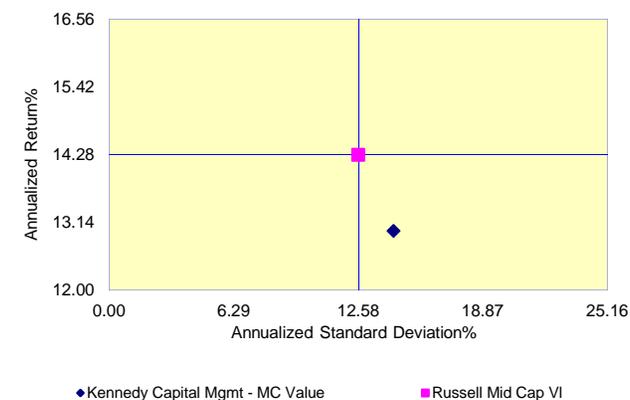
**Top Equity Holdings**

<b>Security</b>	<b>Sector</b>	<b>% Port</b>
Reinsurance Group Of America	Financials	2.7
Best Buy Co	Consumer Discretionary	2.5
Ingredion Inc Com	Consumer Staples	2.5
Tyson Foods Inc Cl A	Consumer Staples	2.3
Ugi Corporation New Com	Utilities	2.3
Westar Energy Inc	Utilities	2.2
Torchmark Corp	Financials	2.1
Maximus Inc	Information Technology	2.1
Roper Technologies, Inc.	Industrials	2.1
Regions Financial Corp New	Financials	2.1

**Economic Sector Allocation**

	<b>% Port</b>
Financials	29.8
Information Technology	13.7
Consumer Discretionary	13.4
Industrials	12.4
Utilities	9.1
Energy	6.1
Consumer Staples	4.8
Materials	4.2
Health Care	4.2
Other	2.0

**Risk / Return Analysis Since 08/31/2011**



<b>Annualized %</b>	<b>Return</b>	<b>Std. Dev.</b>
<b>Kennedy Capital Mgmt - MC Value</b>	<b>13.00</b>	<b>14.36</b>
Russell Mid Cap VI	14.28	12.58

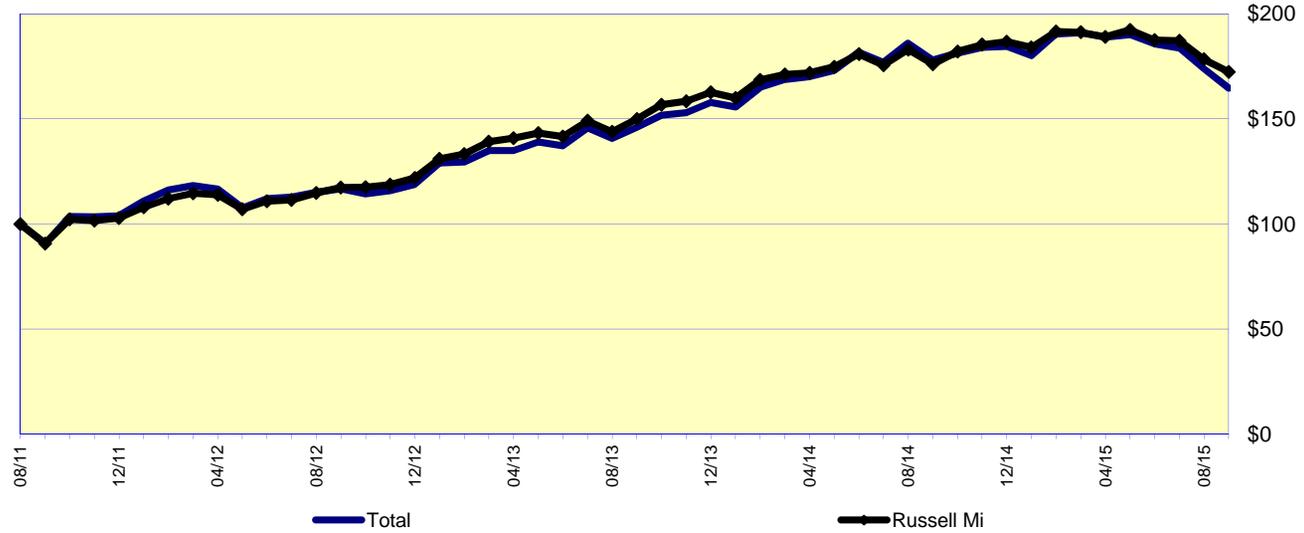
# MANAGER PERFORMANCE ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039484 Kennedy Capital Mgmt - MC Value

As Of 09/30/2015

## Growth of \$100 Graph

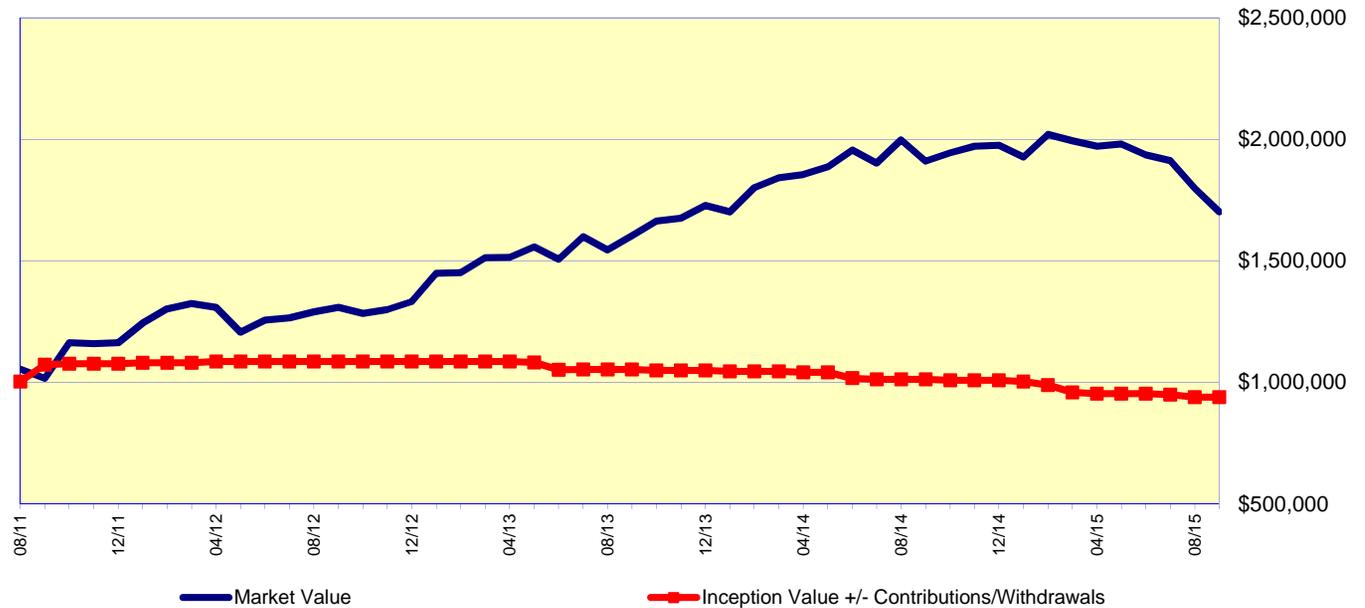
This graph depicts how \$100, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



## Value Added Graph

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

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.



# PERFORMANCE ATTRIBUTION

TOWN OF LONGBOAT KEY FIREFIGHT #745-039484 Kennedy Capital Mgmt - MC Value

As Of 09/30/2015

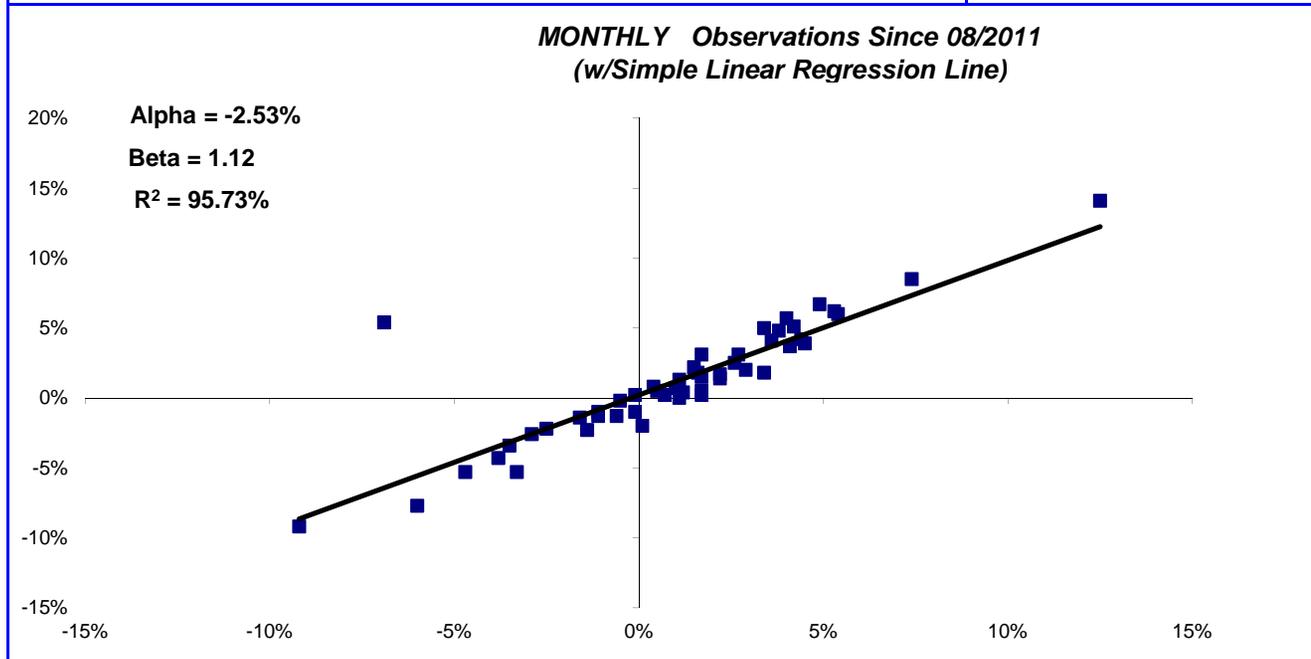
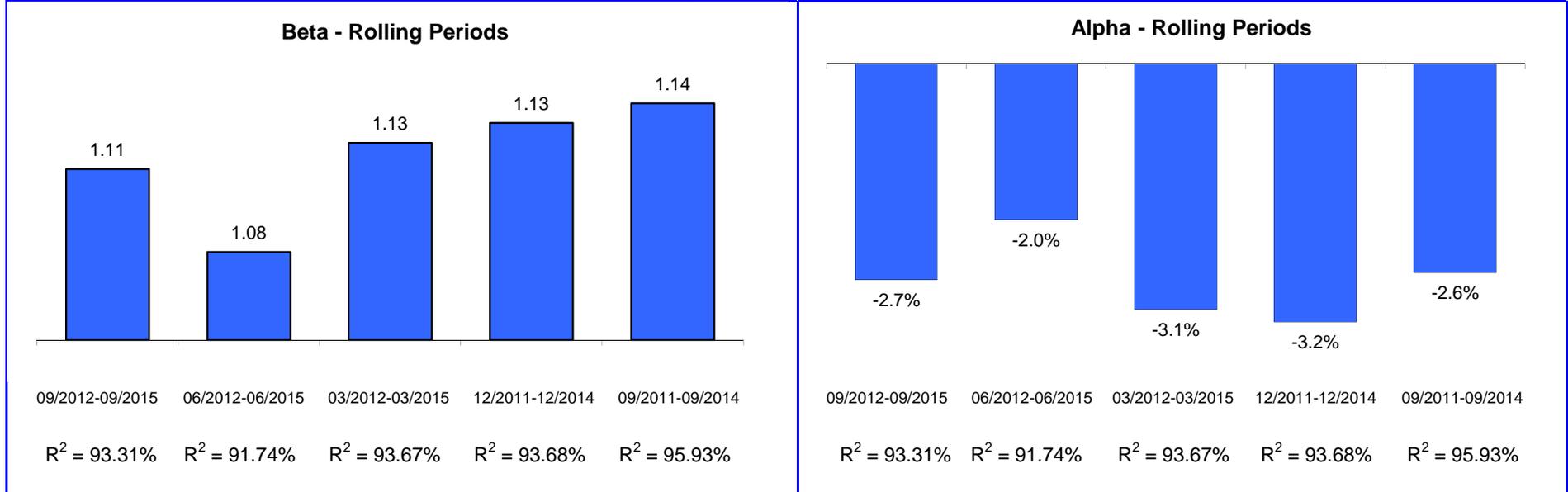
Economic Sector	% Allocation by Sector		% Return by Sector		% Contribution to Excess Return by Sector	
	Kennedy Capital Mgmt - MC Value	Russell Mid Cap VI	Kennedy Capital Mgmt - MC Value	Russell Mid Cap VI	Kennedy Capital Mgmt - MC Value	Russell Mid Cap VI
Business Equip. & Service	5.5	4.6	-9.7	-5.9	-0.08	
Capital Goods	8.8	5.8	-19.9	-17.1	-1.06	
Consumer Durables	7.3	1.4	-13.2	-9.8	-0.37	
Consumer Non-Durables	8.4	5.3	-1.7	-3.8		0.5
Consumer Services	0.3	2.8	-3.3	-5.0		0
Energy	5.0	8.7	-41.0	-24.3	-2.1	
Financial Services	17.4	18.5	-9.8	-5.0	-0.31	
Health Care	6.8	6.0	-25.1	-13.8	-1.14	
Multi-industry	1.7	0.2	-12.7	-8.5	-0.13	
Raw Materials	3.4	4.7	-29.9	-21.9	-0.85	
Retail	4.1	2.5		-10.1		0.21
Shelter	9.8	15.3		-1.1		0.94
Technology	13.0	9.9	-9.3	-8.1	-0.17	
Transportation	0.0	1.4		-12.5		0
Utilities	8.5	13.0				0.93

Report Created: 11/12/2015

# MODERN PORTFOLIO THEORY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039484 Kennedy Capital Mgmt - MC Value

AS OF 09/30/2015



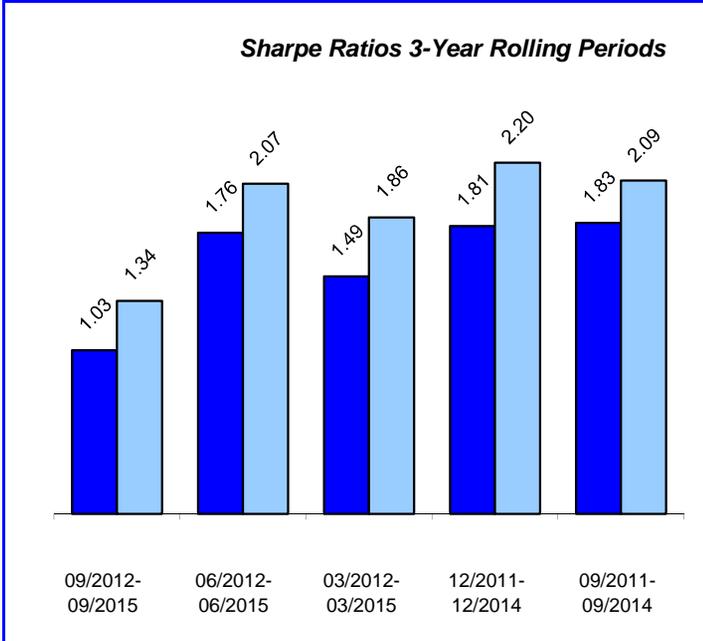
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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039484

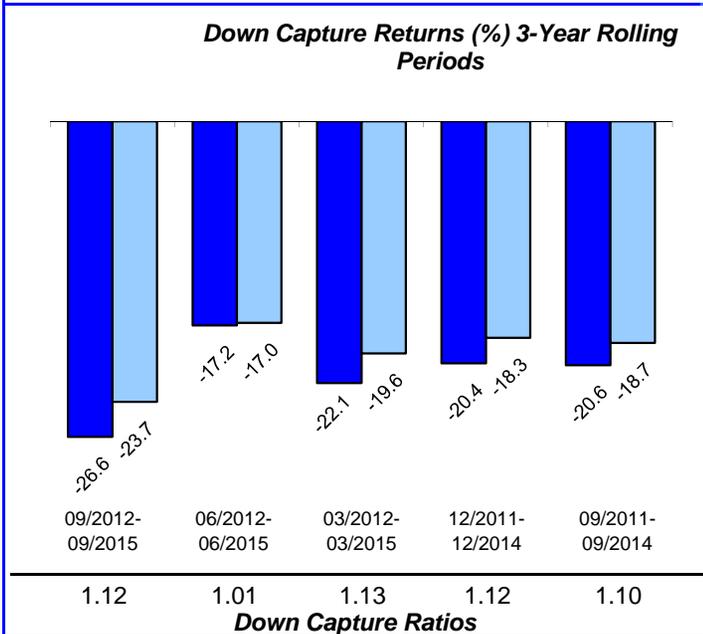
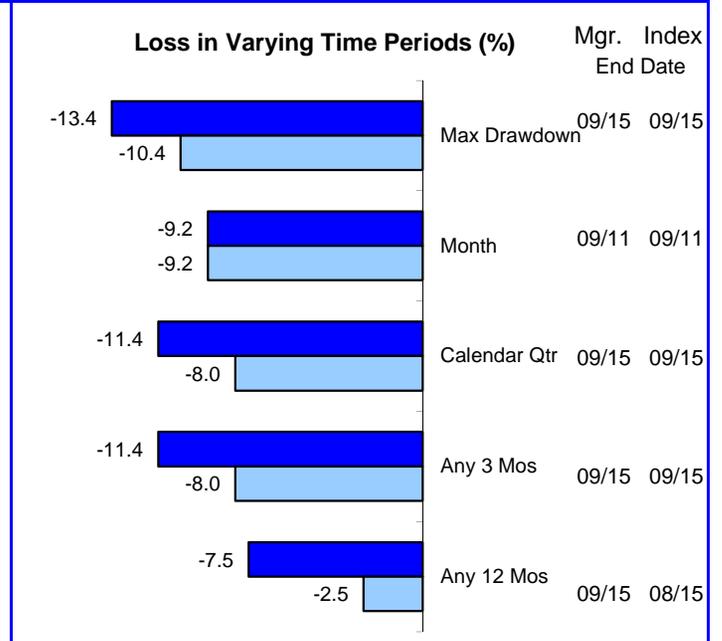
AS OF 09/30/2015



**Kennedy Capital Mgmt - MC Valu**  
**Russell Mid Cap VI**

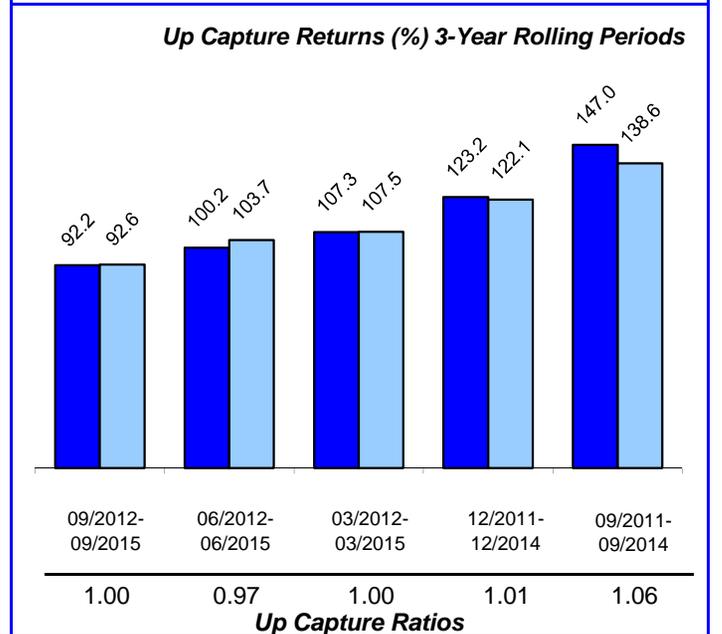
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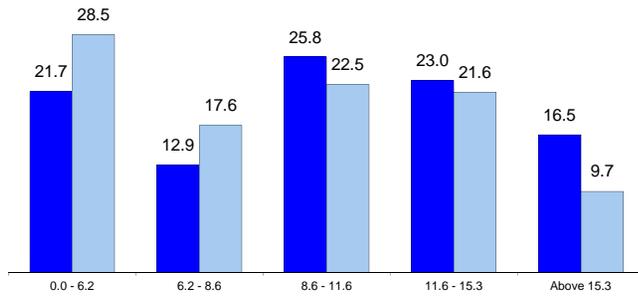


# SECTOR ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039484 Kennedy Capital Mgmt - MC Value

As Of 09/30/2015

**Growth Quintiles**

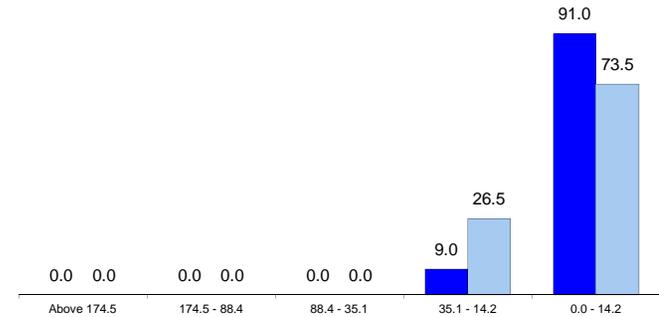


**Kennedy Capital Mgmt - MC Value (%)**  
**Russell Mid Cap VI (%)**

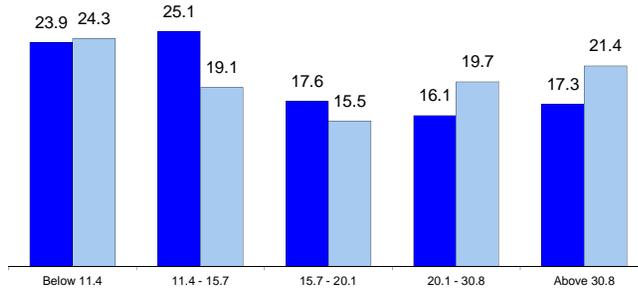
**Growth.** Forecast growth rate in earnings per share for the next five years, compounded annually. This is calculated using the I/B/E/S Year 1, Year 2, and long-term forecasts.

**Capitalization.** The current market value of a company's common stock (closing price times shares outstandings).

**Capitalization Quintiles**



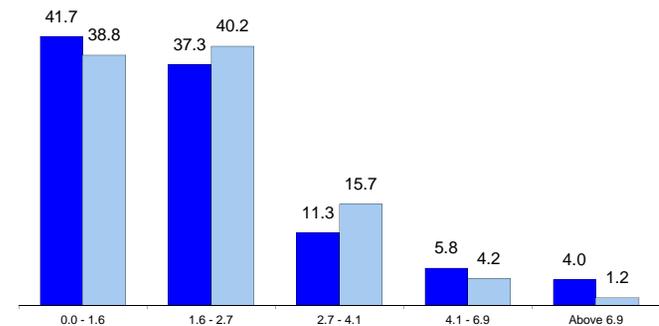
**P/E Quintiles**



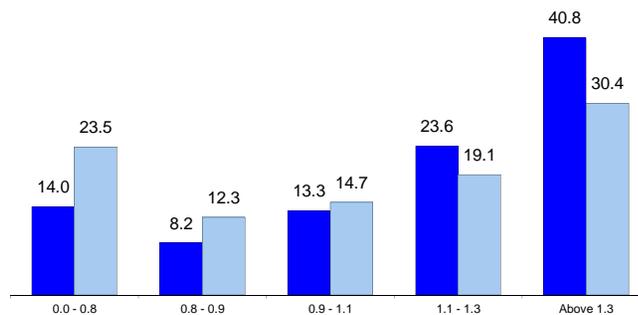
**P/E. Price-to-Earnings Ratio.** Closing price divided by trailing 12 month's reported earnings, as they are reported.

**P/B. Price-to-Book Ratio.** Closing price divided by the most recently reported book value (asset minus liabilities) per share for the prior fiscal year.

**P/B Quintiles**



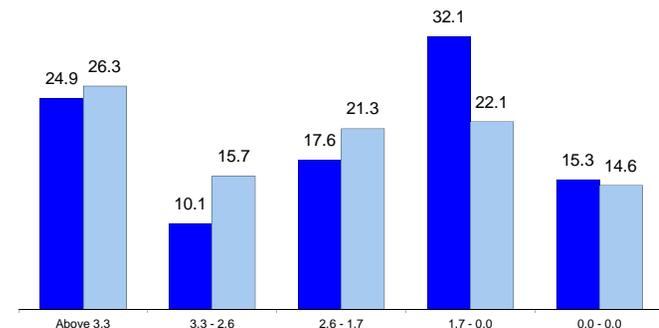
**Beta Quintiles**



**Beta.** Coefficient measuring stock's relative volatility. The beta is the covariance of a stock in relation to the rest of the stock market represented by the index.

**Yield.** The indicated annual dividend divided by the current price.

**Yield Quintiles**

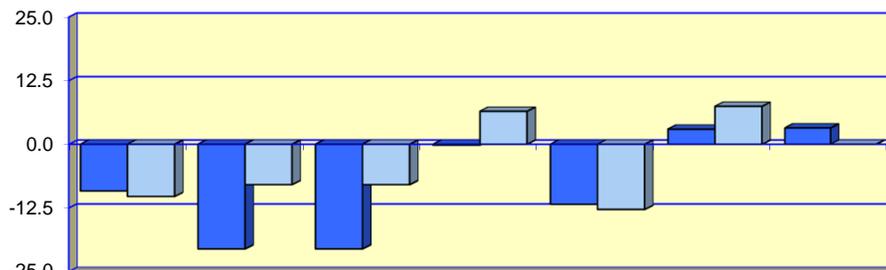


# ACCOUNT - EXECUTIVE SUMMARY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039478 Delaware Investments - International

AS OF 09/30/2015

**Portfolio Performance (%)**



Fiscal Qtr	Fiscal YTD	Trailing 12 Months	Trailing 3 Years	Mgr Chng	Since	Inception
06/30/15	09/30/14			05/31/15	07/31/10	07/22/10
■ Delaware Investments - International						
■ MSCI EAFE, ACWI ex US Idx						

<b>Investment Returns (%)</b>	Since:	Fiscal Qtr	Fiscal YTD	Trailing	Trailing	Mgr Chng	Since	Inception
		06/30/15	09/30/14	12 Months	3 Years	05/31/15	07/31/10	07/22/10
<b>Delaware Investments - International</b>		<b>-9.16</b>	<b>-20.51</b>	<b>-20.51</b>	<b>-0.16</b>	<b>-11.76</b>	<b>2.96</b>	<b>3.22</b>
MSCI EAFE, ACWI ex US Idx		-10.24	-7.92	-7.92	6.48	-12.78	7.47	N/A

**Asset Growth (\$000)**

	Fiscal Qtr	Fiscal YTD	Trailing	Trailing	Mgr Chng	Since	Inception
	06/30/15	09/30/14	12 Months	3 Years	05/31/15	07/31/10	07/22/10
Beginning Market Value	698	803	803	676	719	708	696
Net Contributions & Withdrawals	73	68	68	27	73	-113	-111
Gain/Loss + Income	-67	-167	-167	1	-88	109	119
Ending Market Value	704	704	704	704	704	704	704

**Top Equity Holdings**

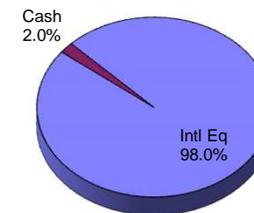
<b>Security</b>	<b>Sector</b>	<b>% Port</b>
Iberdrola Sa Spon Adr	Utilities	4.4
Natl Grid Transco Plc Ads	Utilities	4.2
Koninklijke Ahold Nv	Consumer Staples	4.0
Novartis Ag Adr	Health Care	3.9
Sanofi Adr	Health Care	3.9
Honda Motor Company Ltd Adr	Consumer Discretionary	3.7
Abb Ltd	Industrials	3.7
Glaxosmithkline Plc Ads	Health Care	3.6
Unilever Plc (new) Ads	Consumer Staples	3.5
Nestle Spon Adr Rep Reg Shr	Consumer Staples	3.5

**Economic Sector Allocation**

	<b>% Port</b>
Health Care	17.4
Consumer Staples	16.6
Telecommunication Se	14.7
Financials	11.2
Utilities	9.8
Information Technolo	9.2
Energy	8.6
Consumer Discretionary	5.0
Industrials	3.7
Other	2.0
Materials	1.8

**Asset Allocation (\$000)**

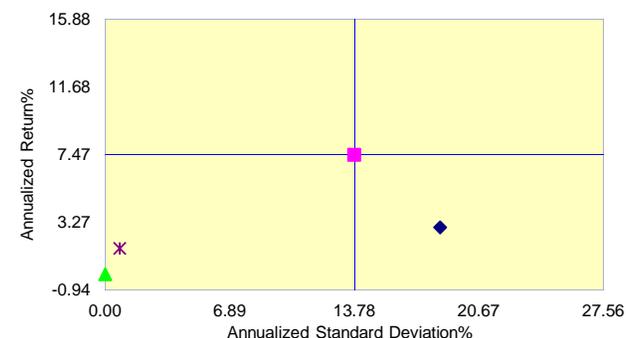
<u>Intl Eq</u>	<u>Cash</u>	<u>Total</u>
690	14	704



**Portfolio Characteristics**

Yield	3.47%	Account Sharpe Ratio	0.16
Beta	1.23	Index Sharpe Ratio	0.54
Alpha	-5.25%	# Equity Positions	40
R <sup>2</sup>	83%		

**Risk / Return Analysis Since 07/31/2010**



◆ Delaware Investments - International    ■ MSCI EAFE, ACWI ex US Idx    ▲ 90-Day T-Bills    ✕ CPI

<b>Annualized %</b>	<b>Return</b>	<b>Std. Dev.</b>
<b>Delaware Investments - International</b>	<b>2.96</b>	<b>18.53</b>
MSCI EAFE, ACWI ex US Idx	7.47	13.78
90-Day T-Bills	0.06	0.01
CPI	1.67	0.82

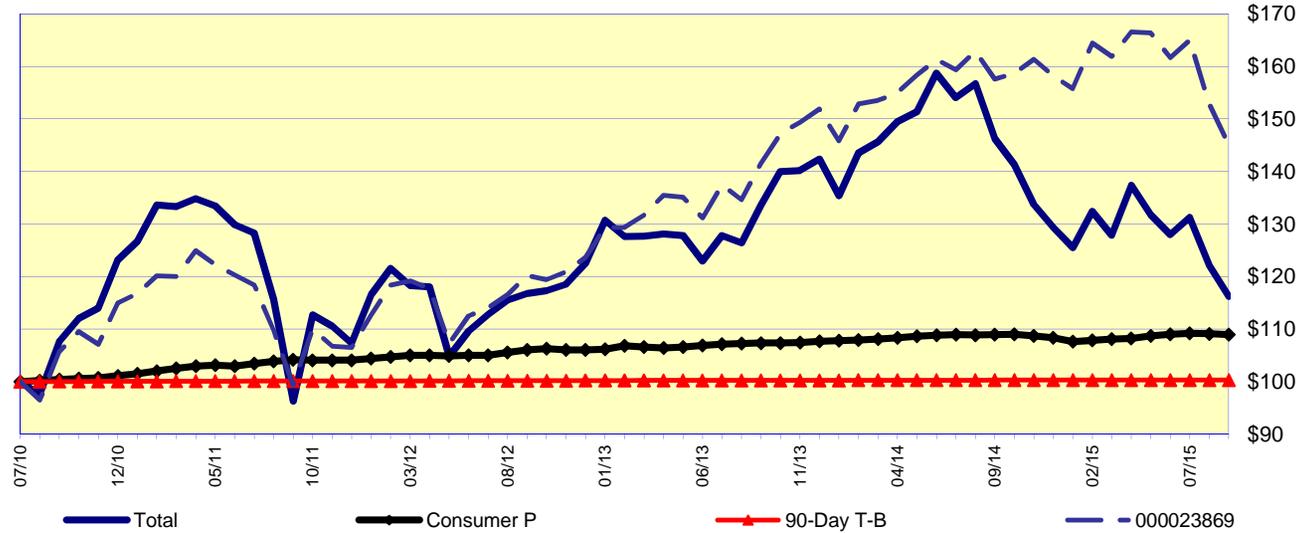
# MANAGER PERFORMANCE ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039478 Delaware Investments - International

As Of 09/30/2015

## Growth of \$100 Graph

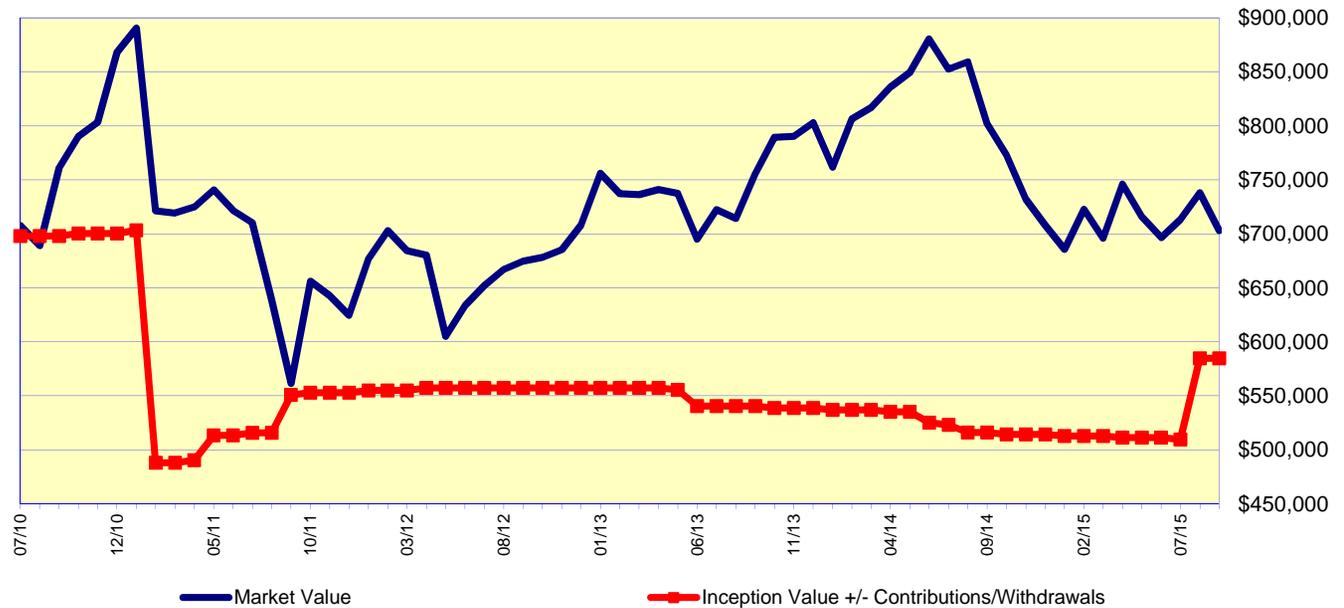
This graph depicts how \$100, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



## Value Added Graph

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

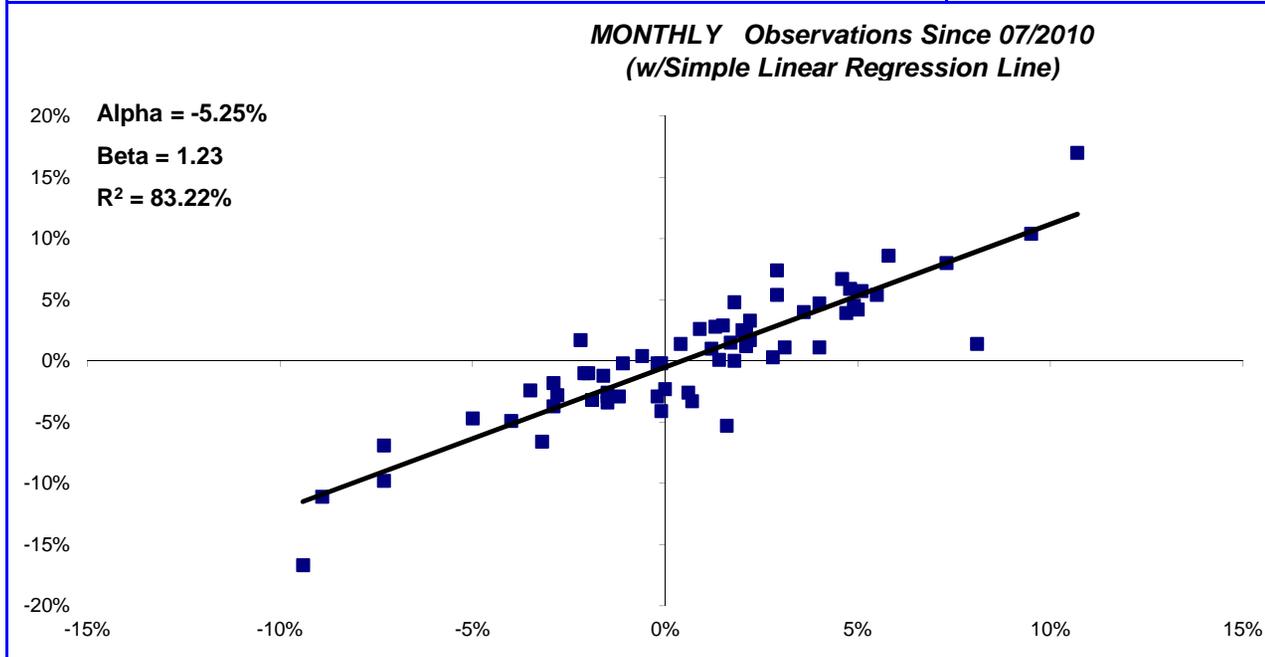
One of the graph lines denotes the period-end market values of the portfolio over time. This is simply a visual representation of the ebb and flow of the portfolio's market value period-to-period. The other line represents the original dollars invested adjusted for contributions or withdrawals.



# MODERN PORTFOLIO THEORY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039478 Delaware Investments - International

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.

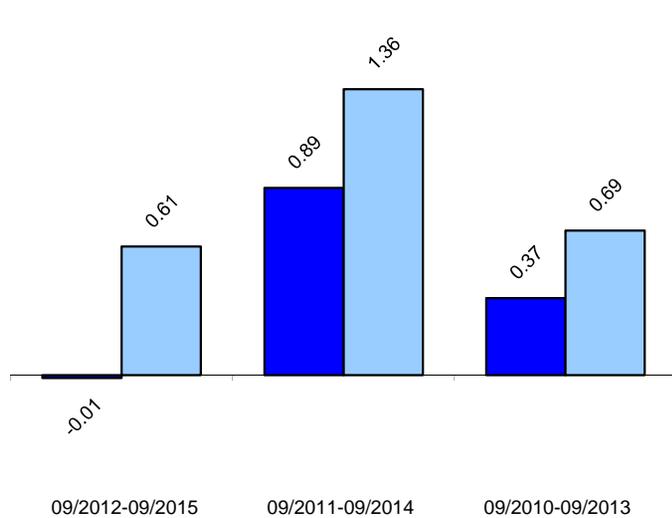
Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039478

AS OF 09/30/2015

**Sharpe Ratios 3-Year Rolling Periods**



**Delaware Investments - Interna**  
**MSCI EAFE, ACWI ex US Idx**

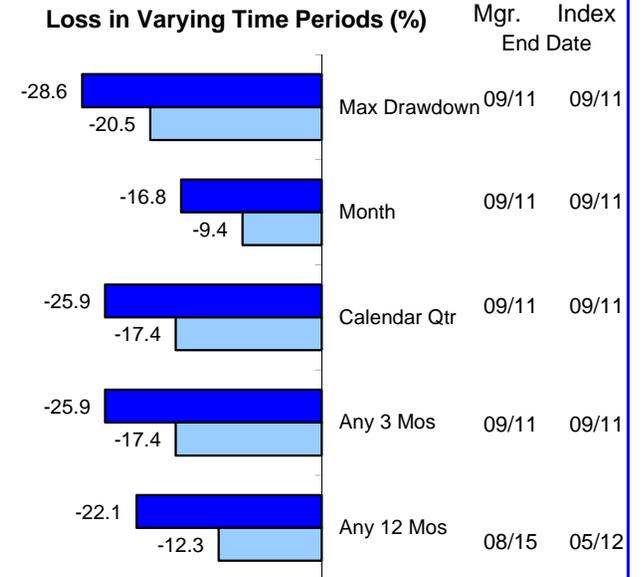
**Sharpe Ratio** divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

**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.*

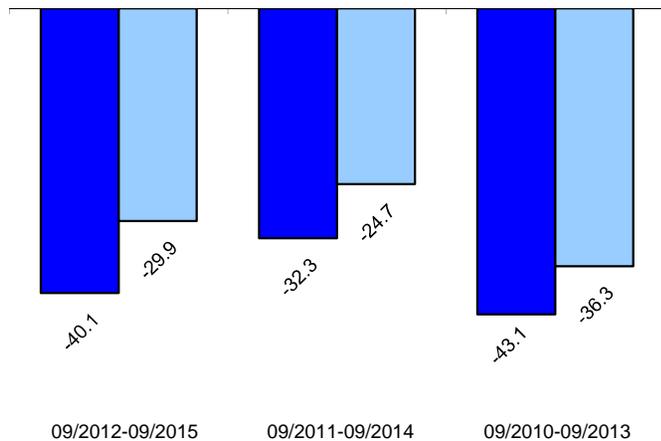
**Down Capture** is the measure of the fund's total return whenever the index returns are negative.

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

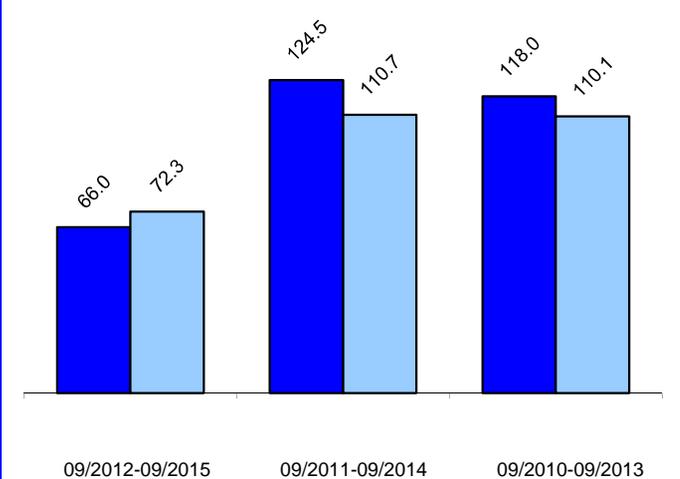
**Loss in Varying Time Periods (%)**



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



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



1.34      1.31      1.19

**Down Capture Ratios**

0.91      1.12      1.07

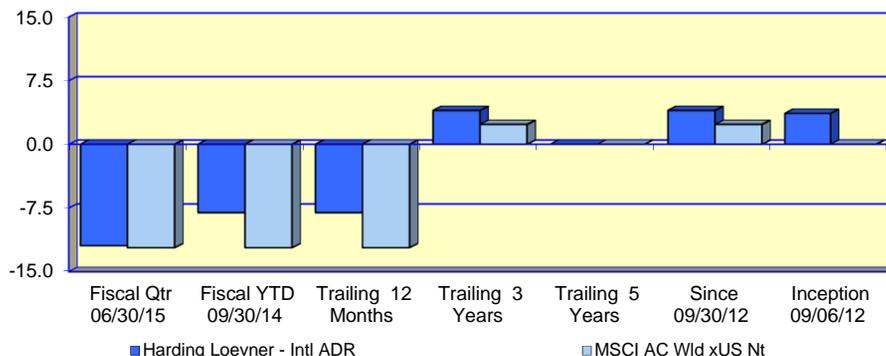
**Up Capture Ratios**

# ACCOUNT - EXECUTIVE SUMMARY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039485 Harding Loevner - Intl ADR

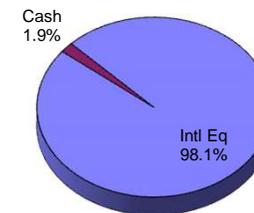
AS OF 09/30/2015

**Portfolio Performance (%)**



**Asset Allocation (\$000)**

Intl Eq	Cash	Total
895	17	912



**Portfolio Characteristics**

Yield	1.93%	Account Sharpe Ratio	0.34
Beta	0.96	Index Sharpe Ratio	0.20
Alpha	1.74%	# Equity Positions	49
R <sup>2</sup>	92%		

Investment Returns (%)	Since:	Fiscal Qtr 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 09/30/12	Inception 09/06/12
Harding Loevner - Intl ADR		-11.94	-8.05	-8.05	3.99	N/A	3.99	3.64
MSCI AC Wld xUS Nt		-12.17	-12.17	-12.17	2.34		2.34	N/A

**Asset Growth (\$000)**

Beginning Market Value	1,038	1,000	1,000	844	N/A	844	848
Net Contributions & Withdrawals	-2	-9	-9	-36	N/A	-36	-34
Gain/Loss + Income	-124	-79	-79	104	N/A	104	98
Ending Market Value	912	912	912	912	N/A	912	912

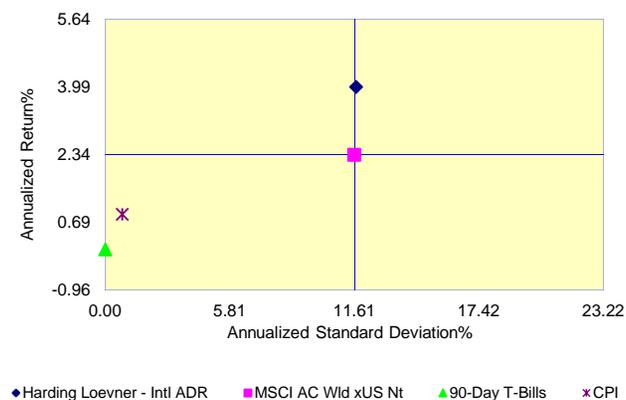
**Top Equity Holdings**

Security	Sector	% Port
Dassault Systems Sa Ads	Information Technolo	4.3
Nestle Spon Adr Rep Reg Shr	Consumer Staples	4.1
Taiwan Smcndctr Mfg Co Ltd Adr	Information Technolo	4.1
Roche Holdings Adr	Health Care	3.8
Aia Group Ltd Spon Adr	Financials	3.6
Wpp Plc Spon New Adr	Consumer Discretionary	3.4
Allianz Se Ads	Financials	3.2
Air Liquide Adr	Materials	3.1
Novo Nordisk A/s Adr	Health Care	3.1
Fanuc Corporation Unsp Adr	Industrials	3.0

**Economic Sector Allocation**

Sector	% Port
Financials	16.3
Information Technolo	15.7
Health Care	15.4
Consumer Staples	14.6
Industrials	9.5
Consumer Discretionary	8.8
Other	7.5
Energy	6.8
Materials	4.2
Telecommunication Se	1.3

**Risk / Return Analysis Since 09/30/2012**



Annualized %	Return	Std. Dev.
Harding Loevner - Intl ADR	3.99	11.70
MSCI AC Wld xUS Nt	2.34	11.61
90-Day T-Bills	0.04	0.01
CPI	0.89	0.81

Report Created: 11/12/2015

Please refer to the attached Disclosures for important information.

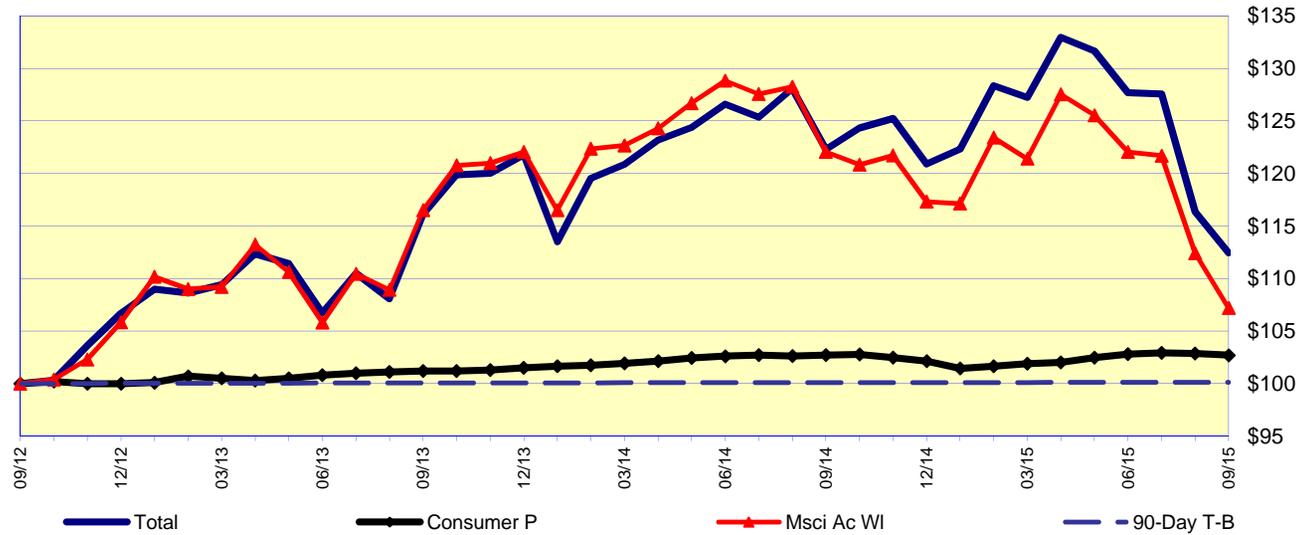
# MANAGER PERFORMANCE ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039485 Harding Loevner - Intl ADR

As Of 09/30/2015

## Growth of \$100 Graph

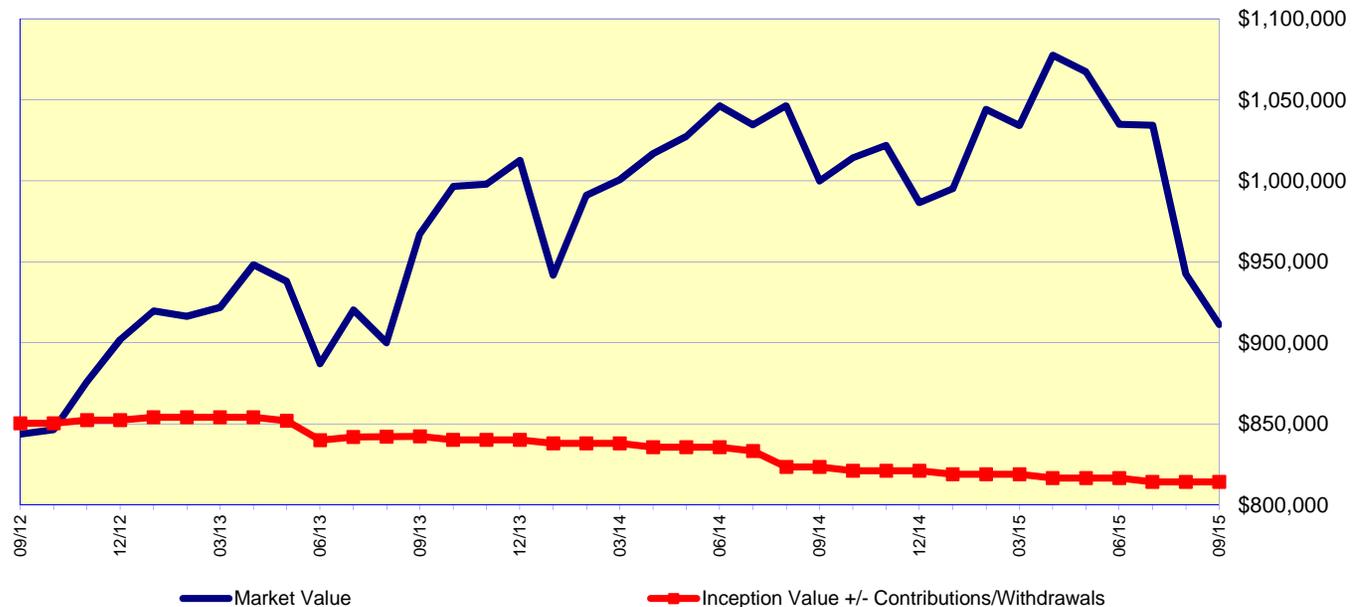
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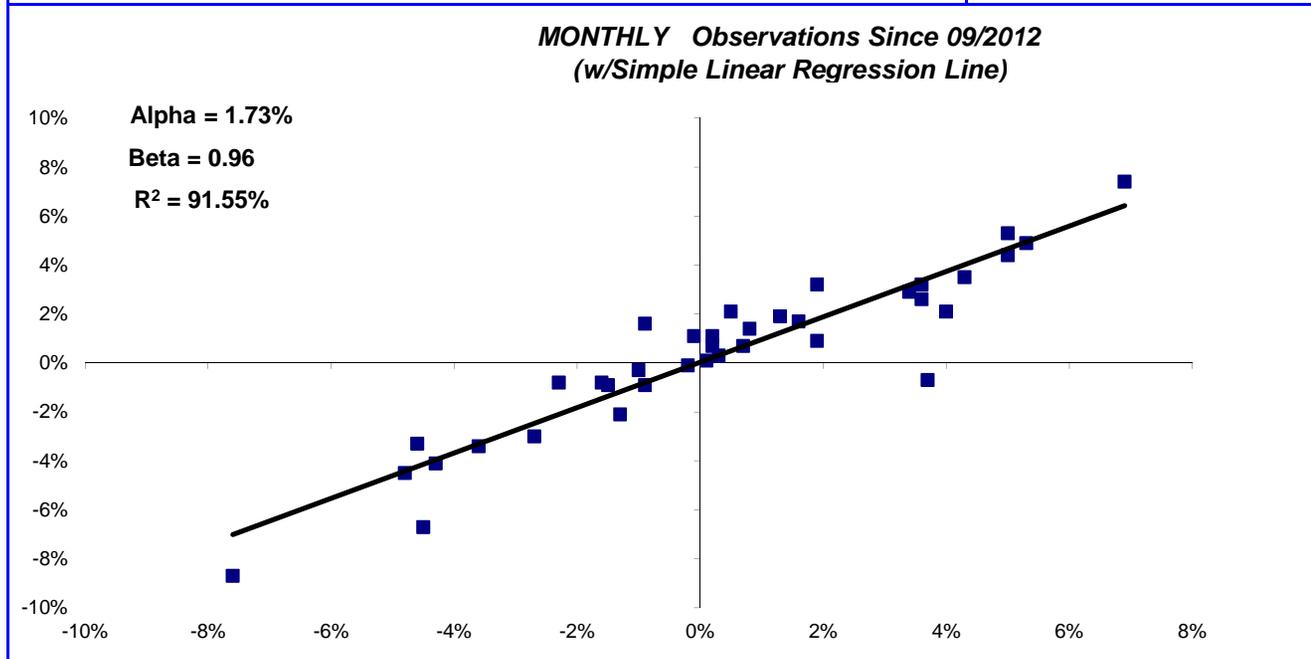
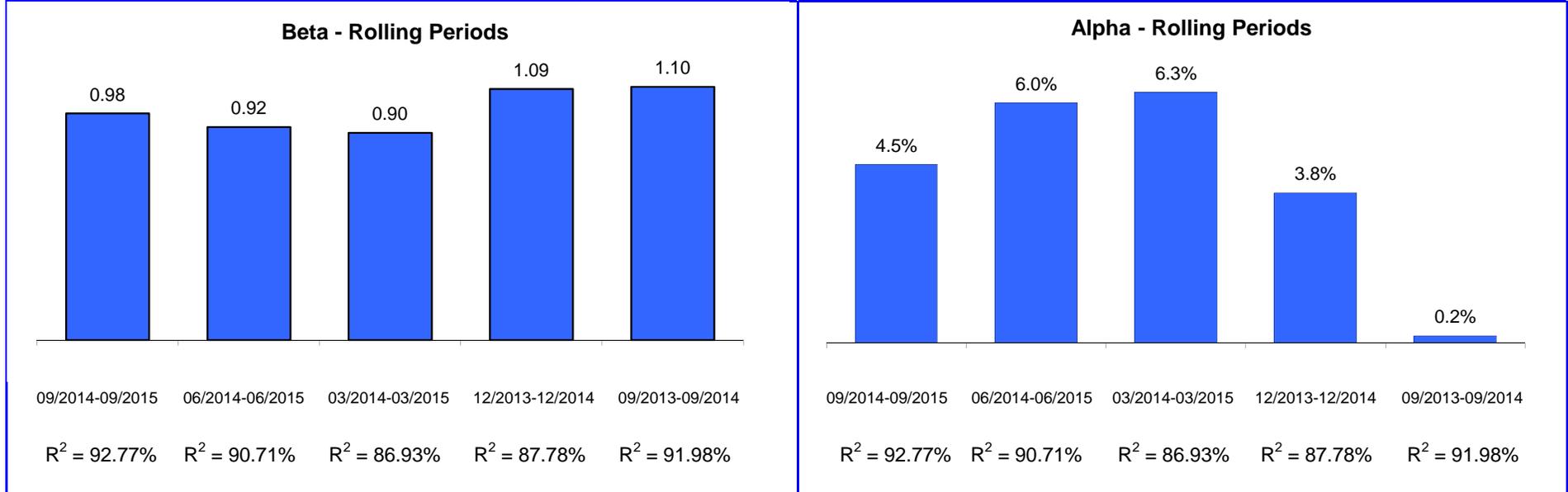
## Value Added Graph

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# MODERN PORTFOLIO THEORY



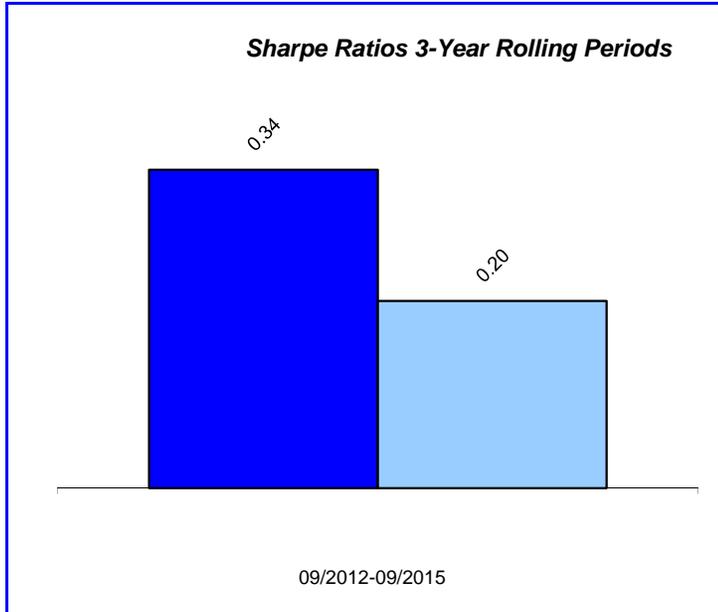
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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039485

AS OF 09/30/2015



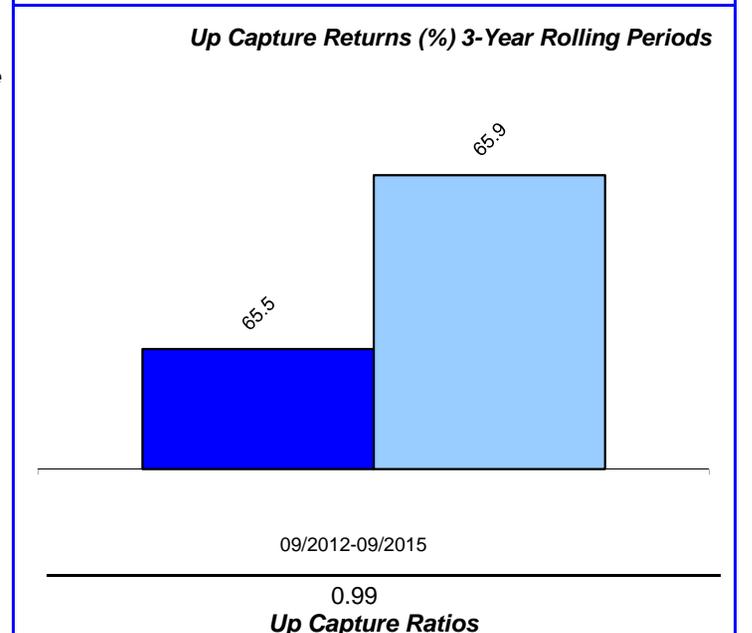
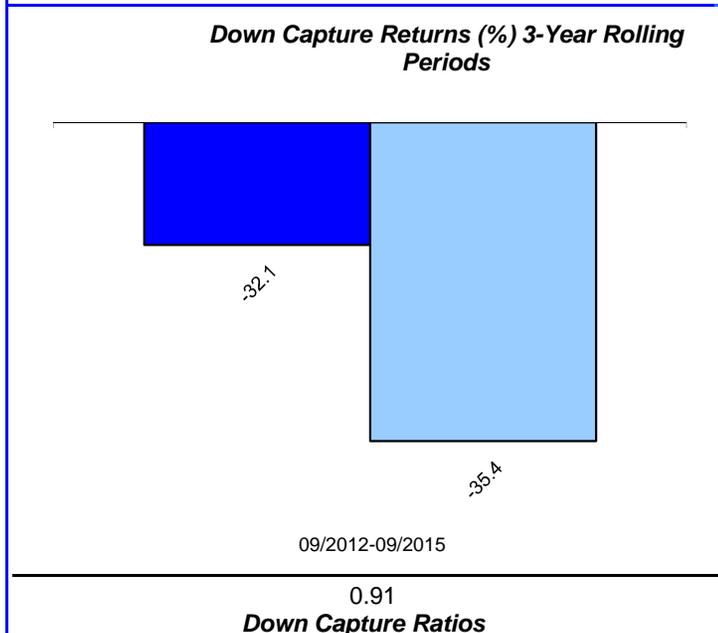
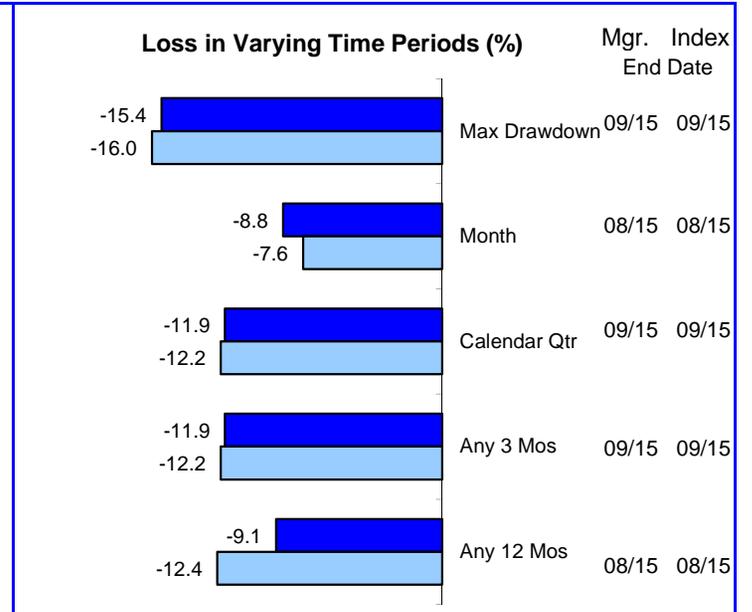
**Harding Loevner - Intl ADR**  
**MSCI AC Wid xUS Nt**

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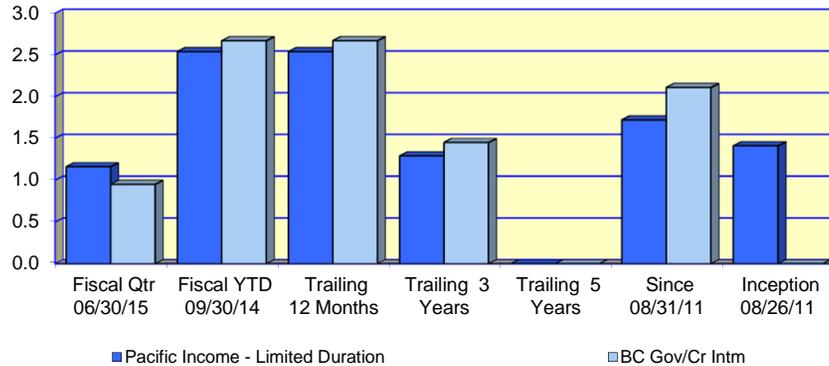


# ACCOUNT - EXECUTIVE SUMMARY

TOWN OF LONGBOAT KEY FIREFIGHT #745-039473 Pacific Income - Limited Duration

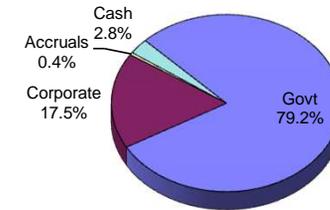
AS OF 09/30/2015

**Portfolio Performance (%)**



**Asset Allocation (\$000)**

Govt	Corporate	Accruals	Cash	Total
3,727	823	21	133	4,704



**Portfolio Characteristics**

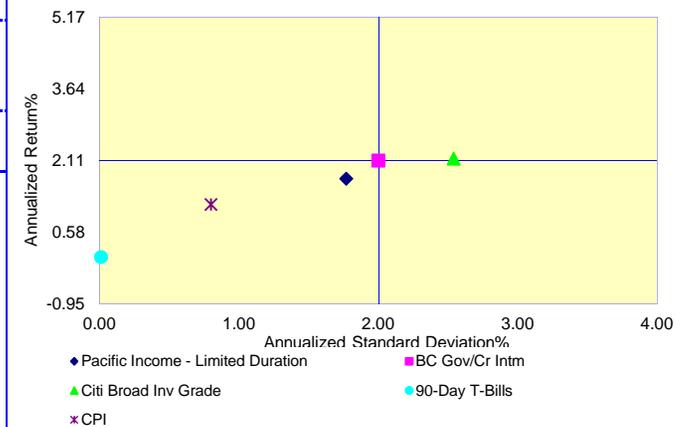
Current Yield	2.16%	Avg. Maturity	4.02 yrs
Yield to Mat.	1.60%	Duration	3.63 yrs
Avg. Coupon	2.31%	Avg. Yrs. to Call	4.00 yrs
# of Bonds	19		

Investment Returns (%)	Since: 06/30/15	Fiscal YTD 09/30/14	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 08/31/11	Inception 08/26/11
<b>Pacific Income - Limited Duration</b>	<b>1.16</b>	<b>2.54</b>	<b>2.54</b>	<b>1.29</b>	N/A	<b>1.72</b>	<b>1.41</b>
BC Gov/Cr Intm	0.95	2.67	2.67	1.45		2.11	N/A

**Asset Growth (\$000)**

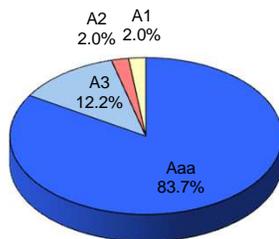
Beginning Market Value	4,659	4,638	4,638	4,322	N/A	3,861	3,907
Net Contributions & Withdrawals	-9	-52	-52	205	N/A	585	588
Gain/Loss + Income	54	118	118	177	N/A	258	209
Ending Market Value	4,704	4,704	4,704	4,704	N/A	4,704	4,704

**Risk / Return Analysis Since 08/31/2011**

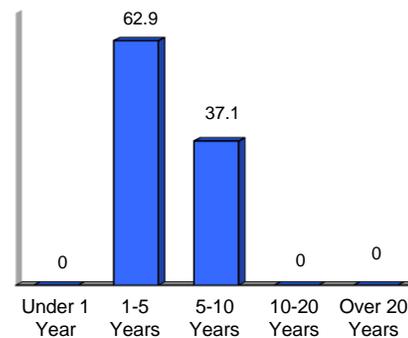


Annualized %	Return	Std. Dev.
<b>Pacific Income - Limited Duration</b>	<b>1.72</b>	<b>1.77</b>
BC Gov/Cr Intm	2.11	2.00
Citi Broad Inv Grade	2.15	2.54
90-Day T-Bills	0.05	0.01
CPI	1.17	0.80

**Bond Quality**



**Bond Maturity Distribution**



Report Created: 11/12/2015

Please refer to the attached Disclosures for important information.

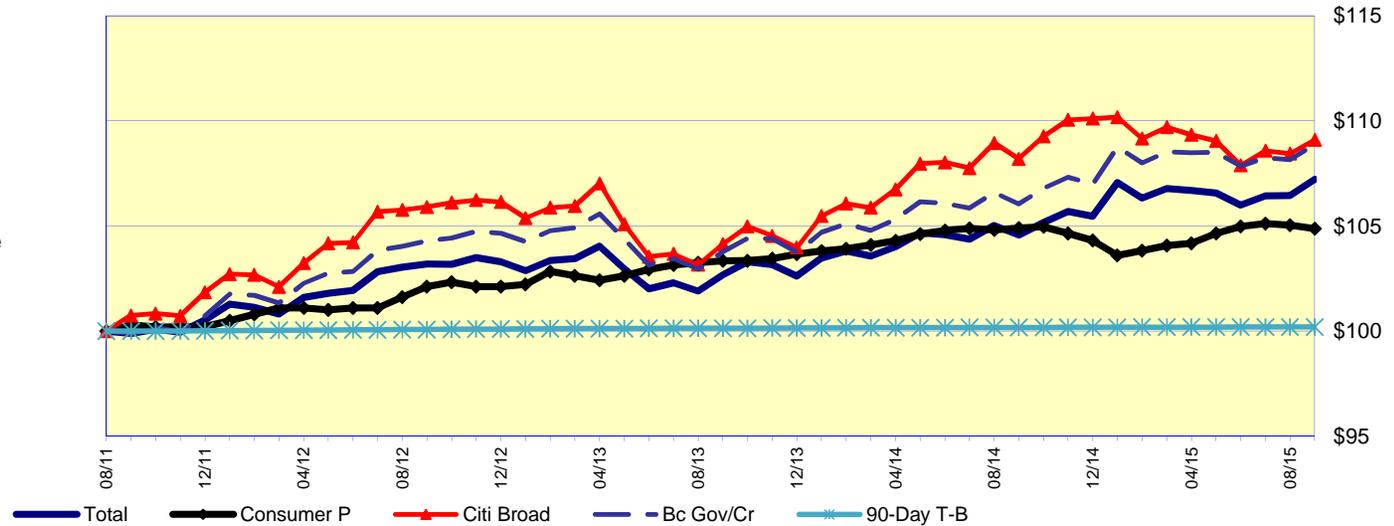
# MANAGER PERFORMANCE ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039473 Pacific Income - Limited Duration

As Of 09/30/2015

## Growth of \$100 Graph

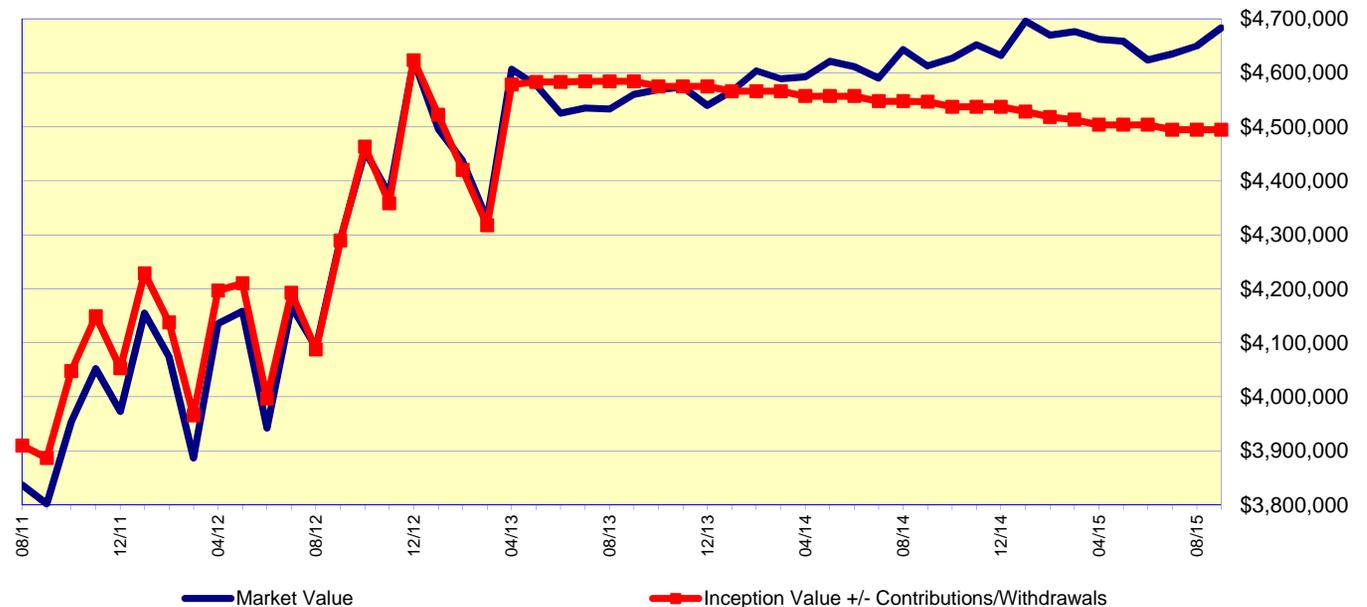
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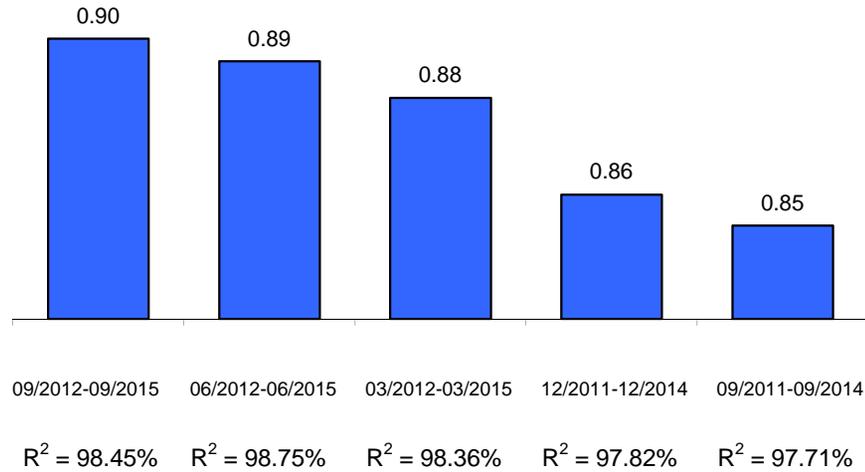


# MODERN PORTFOLIO THEORY

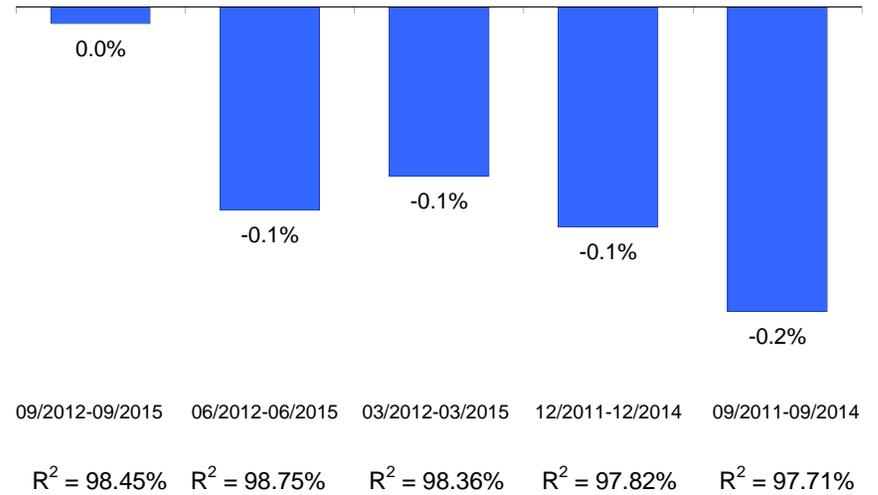
TOWN OF LONGBOAT KEY FIREFIGHT #745-039473 Pacific Income - Limited Duration

AS OF 09/30/2015

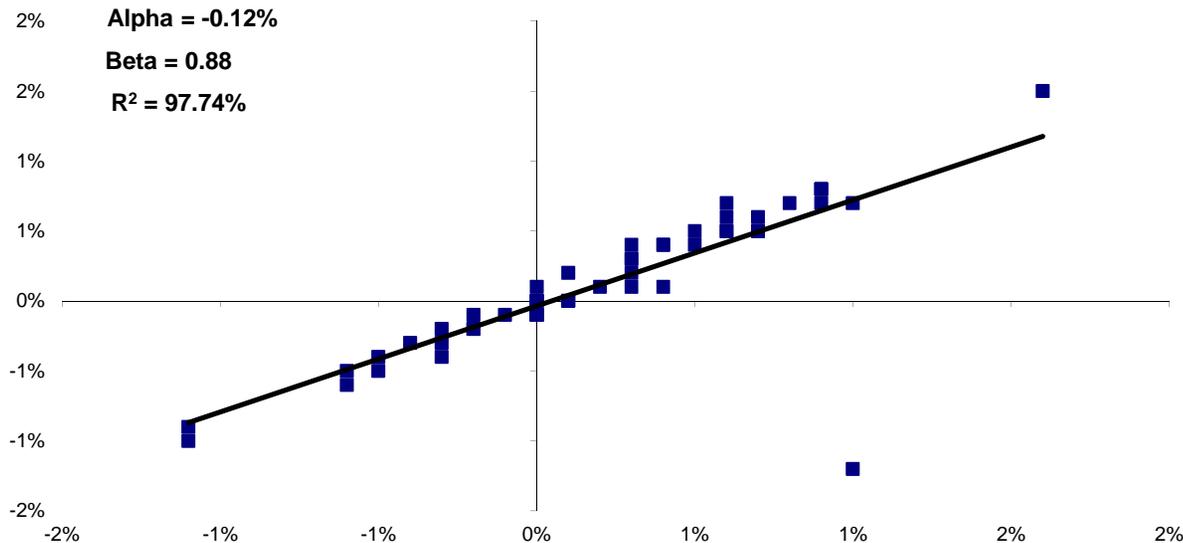
**Beta - Rolling Periods**



**Alpha - Rolling Periods**



**MONTHLY Observations Since 08/2011 (w/Simple Linear Regression Line)**



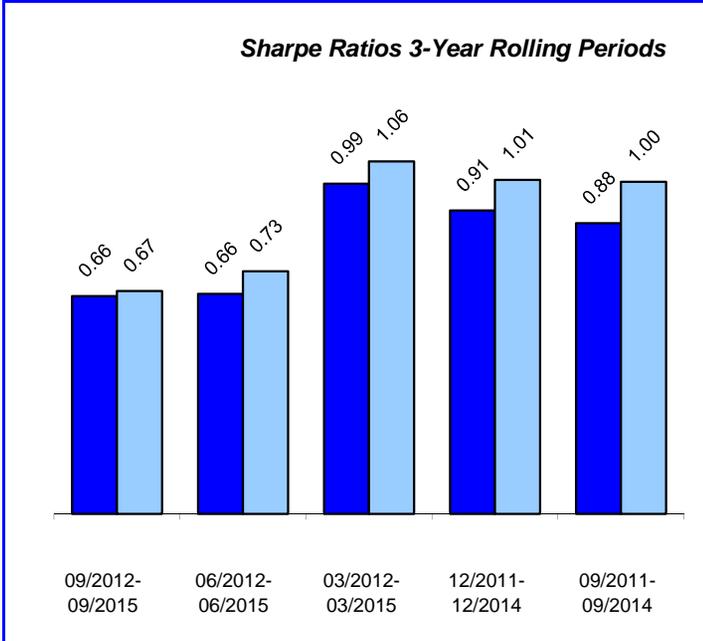
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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

# MANAGER RISK ANALYSIS

TOWN OF LONGBOAT KEY FIREFIGHT #745-039473

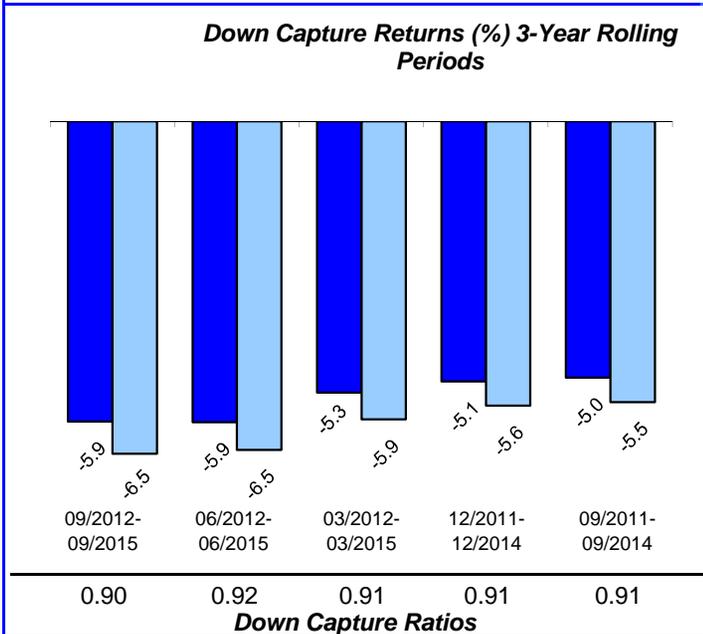
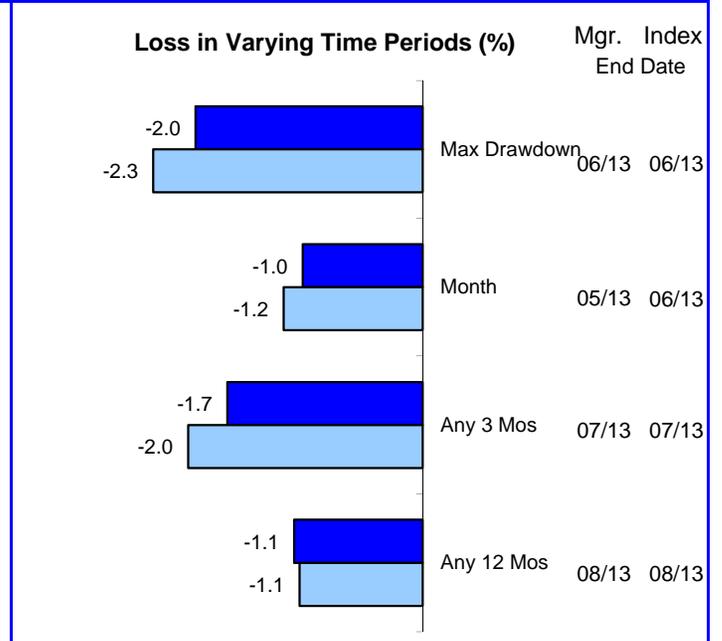
AS OF 09/30/2015



**Pacific Income - Limited Durat**  
**BC Gov/Cr Intm**

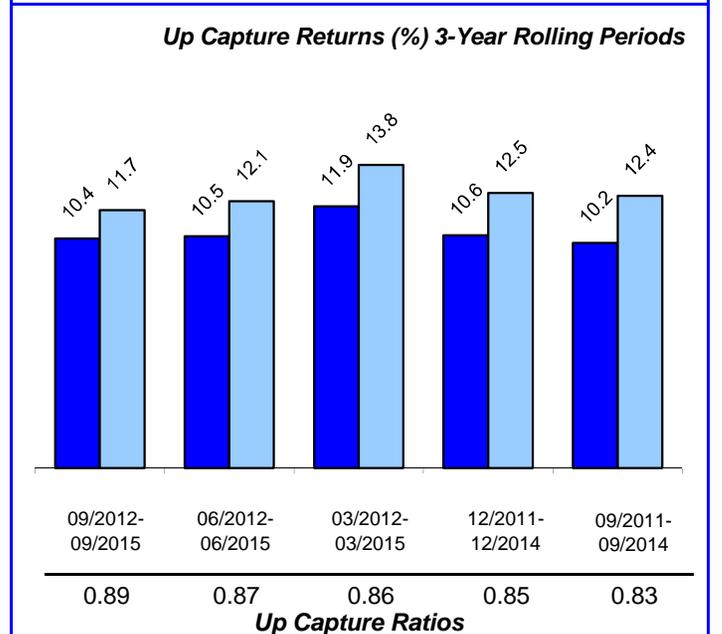
**Sharpe Ratio** divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

**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



## 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, 745-039473, 745-039474, 745-039475, 745-039477, 745-039478, 745-039479, 745-039484, 745-039485.

### Composite Index Definition

The Composite account's benchmark comprises the BC Gov/Cr Intm, Russell 1000 VI, Russell 1000 Gr, BC Gov/Cr, MSCI EAFE, ACWI ex US Idx, Russell 1000 VI, Russell Mid Cap VI, MSCI AC Wld xUS Nt, 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# 745-039473's fiscal year ends on 2015/09

Acct# 745-039474's fiscal year ends on 2015/09

Acct# 745-039475's fiscal year ends on 2015/09

Acct# 745-039477's fiscal year ends on 2015/09

Acct# 745-039478's fiscal year ends on 2015/09

Acct# 745-039479's fiscal year ends on 2015/09

Acct# 745-039484's fiscal year ends on 2015/09

Acct# 745-039485'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.