

City of Fort Lauderdale Operating Funds

Investment Performance Review

December 31, 2014



Investment Performance Review
City of Fort Lauderdale
As of December 31, 2014

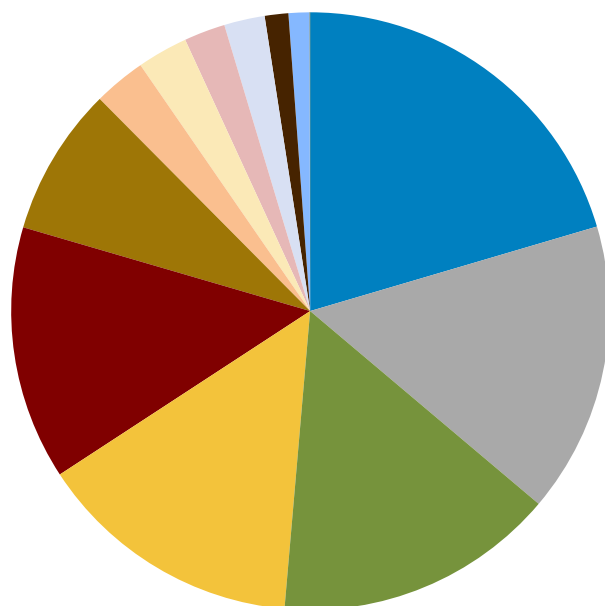
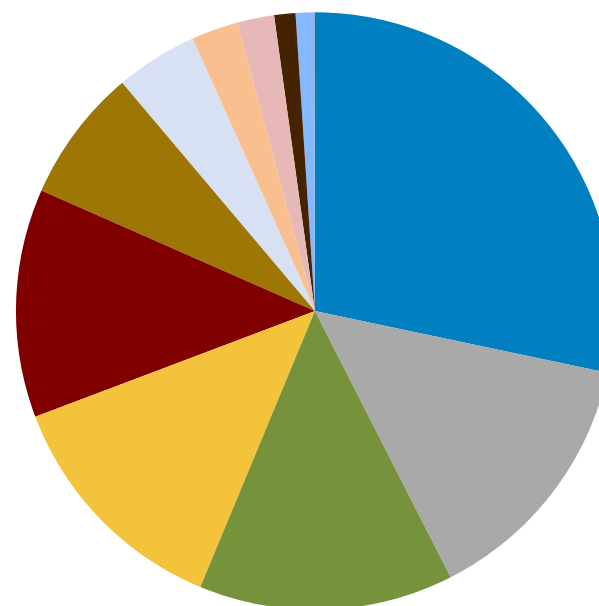
Investment Performance Review

	Market Value	Current Quarter	Trailing 12 Months	Fiscal Year Projected Rate of Return
Total City Operating, Capital and Bond Reserve Funds	\$523,180,620	0.04%	0.51%	0.45%
Benchmark		0.18%	0.62%	
Cemetery Trust Funds	\$25,924,003	2.54%	7.41%	5.00%
Benchmark		3.36%	9.85%	
General Employee Retirement System (GERS)	\$603,622,160	1.5%	4.8%	7.65%
Benchmark		2.4%	6.9%	
Police & Fire Pension (P&F)	\$795,422,000	1.91%	5.95%	7.50%
Benchmark		3.01%	7.46%	
OPEB	\$8,578,352	0.00%	N/A	
Benchmark		0.00%		

Investment Performance Review							
Authorized Investments	Sterling Enhanced Cash	Wells Fargo S/T Fixed (1-3yr)	Garcia Hamilton S/T Fixed (1-3yr)	Sawgrass Short (1-5yr)	FMIT (1-3) Year	Wells Fargo (Cash Accounts)	Regions (Bond Accounts)
Cash & Money Market Accounts	0.0%	0.2%	0.0%	4.3%	0.0%	100.0%	0.0%
Money Market Funds	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Local Govt Investment Pool	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
US Treasury Bond/ Note	2.3%	44.1%	18.7%	32.0%	0.0%	0.0%	0.0%
Federal Agency Bond/Note	52.1%	18.1%	42.2%	32.1%	0.0%	0.0%	0.0%
Federal Agency MBS/CMO/CMBS	2.3%	3.4%	15.2%	2.2%	0.0%	0.0%	0.0%
Municipal Bond/Note	13.7%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Corporate Note	29.7%	29.8%	23.9%	29.4%	0.0%	0.0%	0.0%
Commercial Paper	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average YTM	0.63%	0.73%	1.34%	1.10%	0.77%		
Current Portfolio Yield	1.41%	1.18%	2.93%	1.16%			

**City of Fort Lauderdale
As of December 31, 2014**

Authorized Investments	Max Portfolio	Allocation	Percent of Portfolio
Cash & Money Market Accounts	100.0%	\$174,690,880	25.8%
Money Market Funds	75.0%	\$13,208,275	2.8%
Local Govt Investment Pool	25.0%	\$59,603,605	12.7%
US Treasury Bond/ Note	100.0%	\$68,682,951	15.6%
Federal Agency Bond/Note	100.0%	\$100,219,059	19.8%
Federal Agency MBS/CMO/CMBS	25.0%	\$16,341,868	3.4%
Municipal Bond/Note	25.0%	\$11,875,651	3.0%
Corporate Note	30.0%	\$78,412,184	17.0%
Corporate ABS		\$0	0.0%
Commercial Paper	25.0%	\$0	0.0%
Fuel Hedging		\$146,147	0.0%
		\$523,180,620	100.00%

Asset Allocation By Manager as of
September 30, 2014 : \$470,390,146Asset Allocation By Manager as of
December 31, 2014 : \$523,180,620

Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Wells Fargo Master Account	96,093,389	20.4	Wells Fargo Master Account	148,124,245	28.3
Sawgrass 1-5 yr Short Term	74,005,889	15.7	Sawgrass 1-5 yr Short Term	74,251,549	14.2
Garcia Short Duration Opportunistic	71,545,027	15.2	Garcia Short Duration Opportunistic	71,945,880	13.8
Wells Cap 1-3 yr Short Duration	67,837,926	14.4	Wells Cap 1-3 yr Short Duration	67,967,839	13.0
Sterling Enhanced Cash	64,614,735	13.7	Sterling Enhanced Cash	64,693,710	12.4
FMIT Other Bonds & Subsidiary Account	37,812,472	8.0	FMIT Other Bonds & Subsidiary Account	37,839,211	7.2
Regions Go Bonds 2011A Proceeds	13,294,020	2.8	Wells Fargo Operating Account	23,238,751	4.4
Wells Fargo W&S Bond, Proceeds	12,878,113	2.7	Regions Go Bonds 2011A Proceeds	13,208,275	2.5
FMIT W&S Bonds, Series 2008	10,478,204	2.2	FMIT W&S Bonds, Series 2008	10,485,614	2.0
Wells Fargo Operating Account	10,358,985	2.2	FMIT W&S Bonds, Series 2006	5,984,684	1.1
FMIT W&S Bonds, Series 2006	5,980,455	1.3	FMIT W&S Bonds, Series 2010	5,294,097	1.0
FMIT W&S Bonds, Series 2010	5,290,356	1.1	Fuel Hedging	146,147	0.0
Fuel Hedging	200,575	0.0	Wells Fargo W&S Bond, Proceeds	619	0.0

Asset Allocation Attributes								
	Domestic Fixed Income		Real Return		Cash Equivalent		Total Fund	
	(\$)	%	(\$)	%	(\$)	%	(\$)	%
Total Regions Composite	-	-	-	-	13,208,275	100.00	13,208,275	2.52
Regions Go Bonds 2011A Proceeds	-	-	-	-	13,208,275	100.00	13,208,275	2.52
Total FL Municipal Investment Trust Composite	59,603,605	100.00	-	-	-	-	59,603,605	11.39
FMIT W&S Bonds, Series 2008	10,485,614	100.00	-	-	-	-	10,485,614	2.00
FMIT W&S Bonds, Series 2010	5,294,097	100.00	-	-	-	-	5,294,097	1.01
FMIT W&S Bonds, Series 2006	5,984,684	100.00	-	-	-	-	5,984,684	1.14
FMIT Other Bonds & Subsidiary Account	37,839,211	100.00	-	-	-	-	37,839,211	7.23
Total Wells Fargo Composite	-	-	-	-	171,363,615	100.00	171,363,615	32.75
Wells Fargo Master Account	-	-	-	-	148,124,245	100.00	148,124,245	28.31
Wells Fargo Operating Account	-	-	-	-	23,238,751	100.00	23,238,751	4.44
Wells Fargo W&S Bond, Proceeds	-	-	-	-	619	100.00	619	0.00
Total Managed Accounts Composite	273,870,126	98.21	-	-	4,988,852	1.79	278,858,978	53.30
Garcia Short Duration Opportunistic	71,123,260	98.86	-	-	822,620	1.14	71,945,880	13.75
Sawgrass 1-5 yr Short Term	70,926,719	95.52	-	-	3,324,831	4.48	74,251,549	14.19
Sterling Enhanced Cash	64,207,123	99.25	-	-	486,587	0.75	64,693,710	12.37
Wells Cap 1-3 yr Short Duration	67,613,024	99.48	-	-	354,814	0.52	67,967,839	12.99
Fuel Hedging	-	-	-839,425	-574.37	985,572	674.37	146,147	0.03
Total Fund Composite	333,473,731	63.74	-839,425	-0.16	190,546,313	36.42	523,180,620	100.00

Financial Reconciliation
Total Fund
1 Quarter Ending December 31, 2014

Financial Reconciliation								
	Market Value 10/01/2014	Net Transfers	Contributions	Distributions	Other Expenses	Income	Apprec./ Deprec.	Market Value 12/31/2014
Total Regions Composite	13,294,020	-	-	-86,080	-	335	-	13,208,275
Regions Go Bonds 2011A Proceeds	13,294,020	-	-	-86,080	-	335	-	13,208,275
Regions Go Bonds 2011A Paying Agent	-	-	-	-	-	-	-	-
Regions Go Bonds 2011B Paying Agent	-	-	-	-	-	-	-	-
Total FL Municipal Investment Trust Composite	59,561,487	-	-	-	-	-	42,119	59,603,605
FMIT W&S Bonds, Series 2008	10,478,204	-	-	-	-	-	7,410	10,485,614
FMIT W&S Bonds, Series 2010	5,290,356	-	-	-	-	-	3,741	5,294,097
FMIT W&S Bonds, Series 2006	5,980,455	-	-	-	-	-	4,229	5,984,684
FMIT Other Bonds & Subsidiary Account	37,812,472	-	-	-	-	-	26,739	37,839,211
Total Wells Fargo Composite	119,330,487	-	245,479,271	-193,455,773	-	9,629	-	171,363,615
Wells Fargo Master Account	96,093,389	-	232,599,506	-180,576,007	-	7,358	-	148,124,245
Wells Fargo Operating Account	10,358,985	-	12,879,766	-	-	-	-	23,238,751
Wells Fargo W&S Bond, Proceeds	12,878,113	-	-	-12,879,766	-	2,272	-	619
Total Managed Accounts Composite	278,003,577	-	-	-	-	1,200,483	-345,082	278,858,978
Garcia Short Duration Opportunistic	71,545,027	-	-	-	-	562,348	-161,495	71,945,880
Sawgrass 1-5 yr Short Term	74,005,889	-	-	-	-	194,002	51,658	74,251,549
Sterling Enhanced Cash	64,614,735	-	-	-	-	235,512	-156,537	64,693,710
Wells Cap 1-3 yr Short Duration	67,837,926	-	-	-	-	208,621	-78,709	67,967,839
Fuel Hedging	200,575	-	750,000	-	-640	-107,142	-696,646	146,147
Total Fund Composite	470,390,146	-	246,229,271	-193,541,853	-640	1,103,306	-999,609	523,180,620

Financial Reconciliation
Total Fund
October 1, 2014 To December 31, 2014

Financial Reconciliation								
	Market Value 10/01/2014	Net Transfers	Contributions	Distributions	Other Expenses	Income	Apprec./ Deprec.	Market Value 12/31/2014
Total Regions Composite	13,294,020	-	-	-86,080	-	335	-	13,208,275
Regions Go Bonds 2011A Proceeds	13,294,020	-	-	-86,080	-	335	-	13,208,275
Regions Go Bonds 2011A Paying Agent	-	-	-	-	-	-	-	-
Regions Go Bonds 2011B Paying Agent	-	-	-	-	-	-	-	-
Total FL Municipal Investment Trust Composite	59,561,487	-	-	-	-	-	42,119	59,603,605
FMIT W&S Bonds, Series 2008	10,478,204	-	-	-	-	-	7,410	10,485,614
FMIT W&S Bonds, Series 2010	5,290,356	-	-	-	-	-	3,741	5,294,097
FMIT W&S Bonds, Series 2006	5,980,455	-	-	-	-	-	4,229	5,984,684
FMIT Other Bonds & Subsidiary Account	37,812,472	-	-	-	-	-	26,739	37,839,211
Total Wells Fargo Composite	119,330,487	-	245,479,271	-193,455,773	-	9,629	-	171,363,615
Wells Fargo Master Account	96,093,389	-	232,599,506	-180,576,007	-	7,358	-	148,124,245
Wells Fargo Operating Account	10,358,985	-	12,879,766	-	-	-	-	23,238,751
Wells Fargo W&S Bond, Proceeds	12,878,113	-	-	-12,879,766	-	2,272	-	619
Total Managed Accounts Composite	278,003,577	-	-	-	-	1,200,483	-345,082	278,858,978
Garcia Short Duration Opportunistic	71,545,027	-	-	-	-	562,348	-161,495	71,945,880
Sawgrass 1-5 yr Short Term	74,005,889	-	-	-	-	194,002	51,658	74,251,549
Sterling Enhanced Cash	64,614,735	-	-	-	-	235,512	-156,537	64,693,710
Wells Cap 1-3 yr Short Duration	67,837,926	-	-	-	-	208,621	-78,709	67,967,839
Fuel Hedging	200,575	-	750,000	-	-640	-107,142	-696,646	146,147
Total Fund Composite	470,390,146	-	246,229,271	-193,541,853	-640	1,103,306	-999,609	523,180,620

Comparative Performance

Total Fund

As of December 31, 2014

Comparative Performance						
	QTR	YTD	FYTD	1 YR	Inception	Inception Date
Total Fund Composite	0.04	0.51	0.04	0.51	0.46	07/01/2012
Total Fund Policy	0.18	0.62	0.18	0.62	0.53	
Total Regions Composite	0.00	0.01	0.00	0.01	0.04	07/01/2012
Lipper Money Mkt Fd IX	0.00	0.01	0.00	0.01	0.01	
Regions Go Bonds 2011A Proceeds	0.00	0.01	0.00	0.01	0.01	07/01/2012
Total FL Municipal Investment Trust Composite	0.07	0.43	0.07	0.43	0.40	07/01/2012
Total Florida Municipal Investment Trust Policy	0.18	0.62	0.18	0.62	0.53	
FMIT W&S Bonds, Series 2008	0.07	0.43	0.07	0.43	0.40	07/01/2012
BofA Merrill Lynch 1-3 Year Government	0.18	0.62	0.18	0.62	0.53	
FMIT W&S Bonds, Series 2010	0.07	0.43	0.07	0.43	0.40	07/01/2012
BofA Merrill Lynch 1-3 Year Government	0.18	0.62	0.18	0.62	0.53	
FMIT W&S Bonds, Series 2006	0.07	0.43	0.07	0.43	0.40	07/01/2012
BofA Merrill Lynch 1-3 Year Government	0.18	0.62	0.18	0.62	0.53	
FMIT Other Bonds & Subsidiary Account	0.07	0.43	0.07	0.43	0.40	07/01/2012
BofA Merrill Lynch 1-3 Year Government	0.18	0.62	0.18	0.62	0.53	
Total Wells Fargo Composite	0.01	0.04	0.01	0.04	0.02	07/01/2012
Lipper Money Mkt Fd IX	0.00	0.01	0.00	0.01	0.01	
Wells Fargo Master Account	0.01	0.04	0.01	0.04	0.02	07/01/2012
Wells Fargo Operating Account	0.00	0.00	0.00	0.00	0.00	07/01/2012
Wells Fargo W&S Bond, Proceeds	0.01	0.07	0.01	0.07	0.04	07/01/2012

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.
New account managers inception for performance will be reflected as 4/1/2013.

Comparative Performance

Total Fund

As of December 31, 2014

	QTR	YTD	FYTD	1 YR	Inception	Inception Date
Total Managed Accounts Composite	0.31	1.16	0.31	1.16	0.92	07/01/2012
Total Managed Accounts Policy	0.18	0.62	0.18	0.62	0.53	
Garcia Short Duration Opportunistic	0.56	1.94	0.56	1.94	1.39	04/01/2013
BofAML 1-3 Yr. Gov/Corp A Rated & Above	0.18	0.72	0.18	0.72	0.63	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.22	1.25	0.22	1.25	0.93	
Sawgrass 1-5 yr Short Term	0.33	1.23	0.33	1.23	0.79	04/01/2013
BofA Merrill Lynch 1-5 Yr Gov/Corp A Rated & Above	0.48	1.42	0.48	1.42	0.73	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.22	1.25	0.22	1.25	0.93	
Sterling Enhanced Cash	0.12	0.66	0.12	0.66	0.60	04/01/2013
1 Year U.S. Treasury Note	-0.08	0.01	-0.08	0.01	0.06	
IM U.S. Cash Fixed Income (SA+CF) Median	0.04	0.58	0.04	0.58	0.51	
Wells Cap 1-3 yr Short Duration	0.19	0.75	0.19	0.75	0.61	04/01/2013
BofAML 1-3 Yr. Gov/Corp A Rated & Above	0.18	0.72	0.18	0.72	0.63	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.22	1.25	0.22	1.25	0.93	
Fuel Hedging	-99.97	-99.98	-99.97	-99.98	-99.76	08/01/2013

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.
New account managers inception for performance will be reflected as 4/1/2013.

Total Fund Policy	
Allocation Mandate	Weight (%)
Jun-2012	
BofA Merrill Lynch 1-3 Year Government	100.00

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

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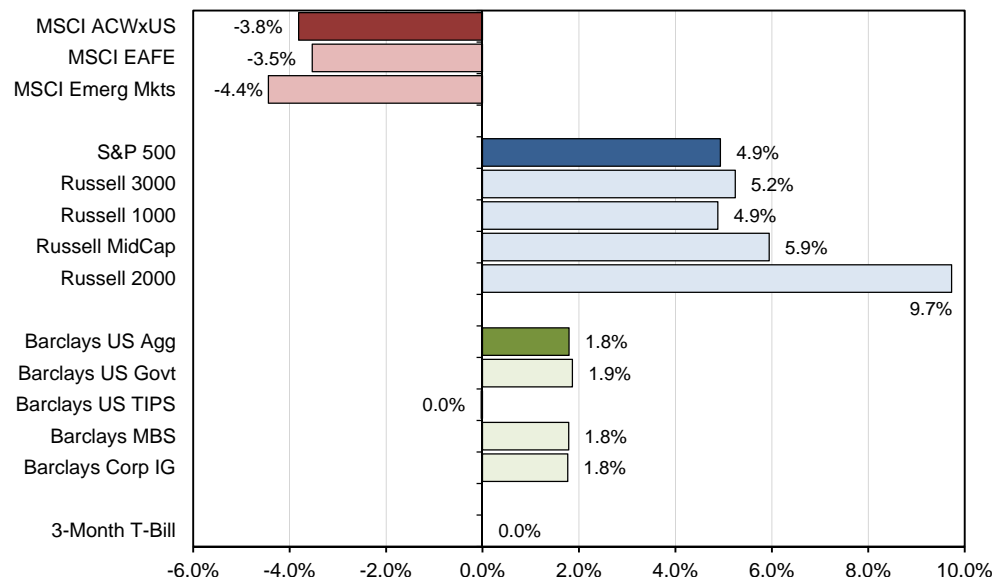
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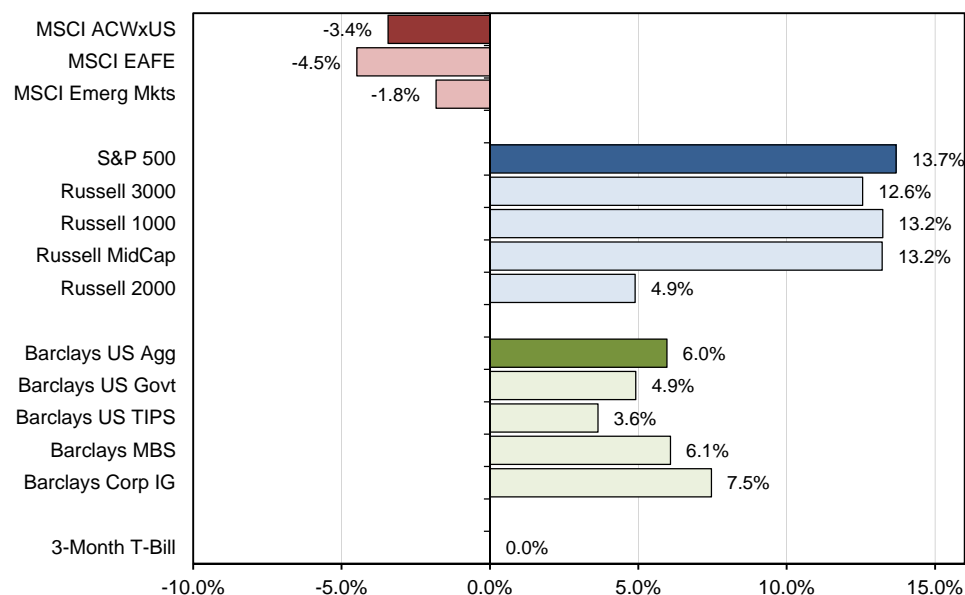
4th Quarter 2014 Market Environment

- The fourth quarter of 2014 provided a polar opposite experience to what was seen in the third quarter. While large cap stocks greatly outperformed their small cap brethren last quarter, the reversal this period was pronounced and swift. Small caps returned between +9.4% and +10.1% during the period, which was significantly better than the +4.8% to +5.0% return within the large cap realm. However, for the year, large caps (as measured by the S&P 500 Index) remained on top, exceeding mid and small caps by approximately 50 and 880 basis points (bps), respectively.
- The third quarter ended a streak of eight consecutive positive quarters for small cap equities, but the hiccup was short-lived. Small caps, while not “cheap” by relative standards, were more reasonably valued at the beginning of the period relative to recent history. The decline allowed many managers to reinvest heavily in the fourth quarter, lifting the Russell 2000 Index +9.7% higher. Unlike the previous two quarters, which were characterized by fits and starts, all three months of the fourth quarter were positive for the major equity indexes. Only the Russell 1000 Index, with a -0.2% return in December, experienced a down month during the period.
- Non-US equity markets underperformed domestic equity returns significantly during the fourth quarter and ended in negative territory. Currency effects worked against US investors during the period as the USD appreciated strongly against almost every other country's currency except China. Emerging market equities lagged developed markets by 0.9%. For the calendar year 2014, non-US equities drastically underperformed domestic equities. This disparity is the largest on record since 1997, when the MSCI EAFE Index underperformed the S&P 500 Index by over 30%—after two consecutive double-digit underperforming years in 1995 and 1996.
- Against all expectations, with lower credit quality and the ultra short-term segments being the sole exceptions, domestic bond yields continued to fall during the fourth quarter. The trailing, one-year return for the Barclays Aggregate Index was strongly positive (+6.0%). Higher quality dominated benchmarks (Treasuries, IG Corporates, Agency Mortgages) posted healthy returns. Performance dispersion across sectors was low, as Government Bonds returned +1.9% followed by Mortgages and IG Corporates at +1.8%. In contrast, TIPS lagged, essentially remaining flat (-0.03%) for the period.

Quarter Performance

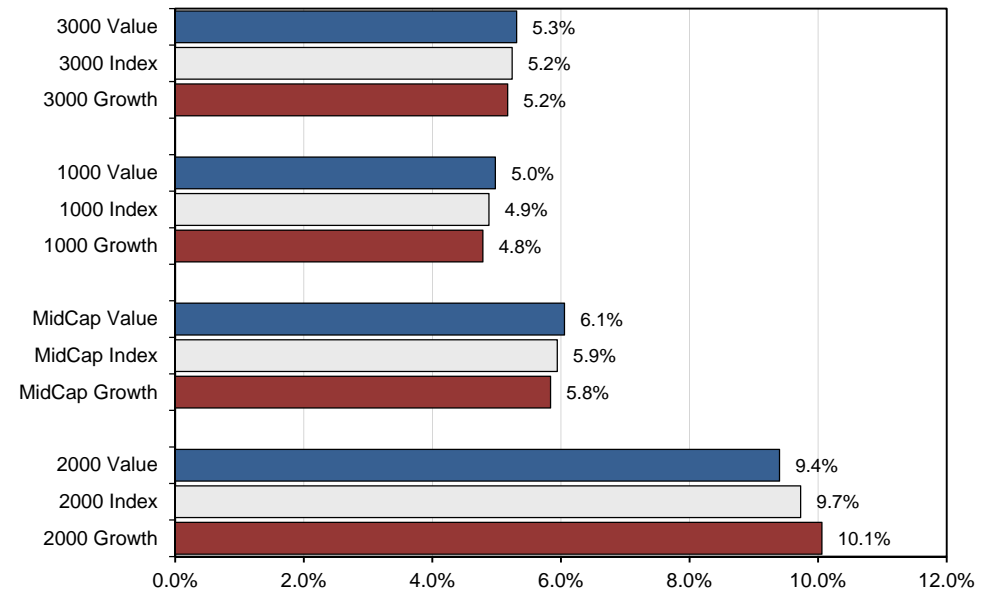


1-Year Performance

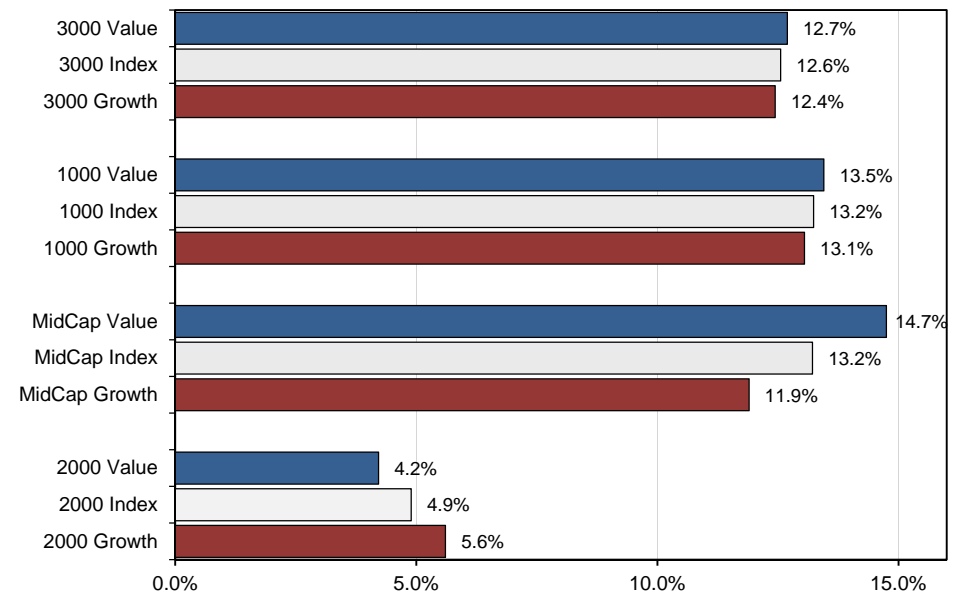


- After treading water in the third quarter, domestic equities experienced a strong last quarter to close out 2014 with double digit returns in large and mid capitalization stocks. Large caps duplicated a strong second quarter with returns in a range of +4.8% to +5.0% (value, core, growth) to end the year with a return above 13%. The Russell 1000 Index and Russell MidCap Index both finished with a +13.2% return for the 2014 calendar year. Both core indices had a similar quarterly result as well, gaining 4.9% and 5.9%, respectively. Small caps experienced a dramatic resurgence, as the Russell 2000 Index gained 9.7% in the fourth quarter after having dropped 7.4% in the third quarter. However, small caps still underperformed their larger cap peers on the year by a fairly wide margin, as the core index gained 4.9%.
- Following the largest performance gap between large and small caps in a quarter since the first quarter of 1999, small caps doubled the performance of large caps during the fourth quarter, finishing the year with a positive return for the fifth time out of the past six years.
- Following a quarter where value underperformed growth indices across the spectrum of domestic equity benchmarks, there was little discrepancy between style-specific indices during the fourth quarter. This is best reflected by the Russell 3000 Value Index (+5.3%) and the Russell 3000 Growth Index (+5.2%) quarterly result. The range between growth and value was fairly narrow for the entire year as well. When factoring in the seven GICS sectors that comprise more than 5% of the Russell 1000 Index, only the Energy sector performed outside of a narrow range for the fourth quarter. Despite brief periods of spiked activity, the year has been marked by low trading volume and low volatility.
- Small caps continue to support a slightly higher valuation than large caps on a forward P/E basis (18.1 vs. 16.2), but are now below mid caps in relative valuation (18.6). All three categories are above their 20-year average P/E ratios, led by mid cap (18.6 vs. 16.5) and followed by small cap (18.1 vs. 17.3). The current valuation on large caps is modestly above its long-term average (16.2 vs. 16.1). When comparing growth versus value averages, the P/E multiples is narrowing between the two style categories, as small, mid, and large cap value P/E multiples are all now above 20-year averages while the growth equivalents are below.

Quarter Performance - Russell Style Series

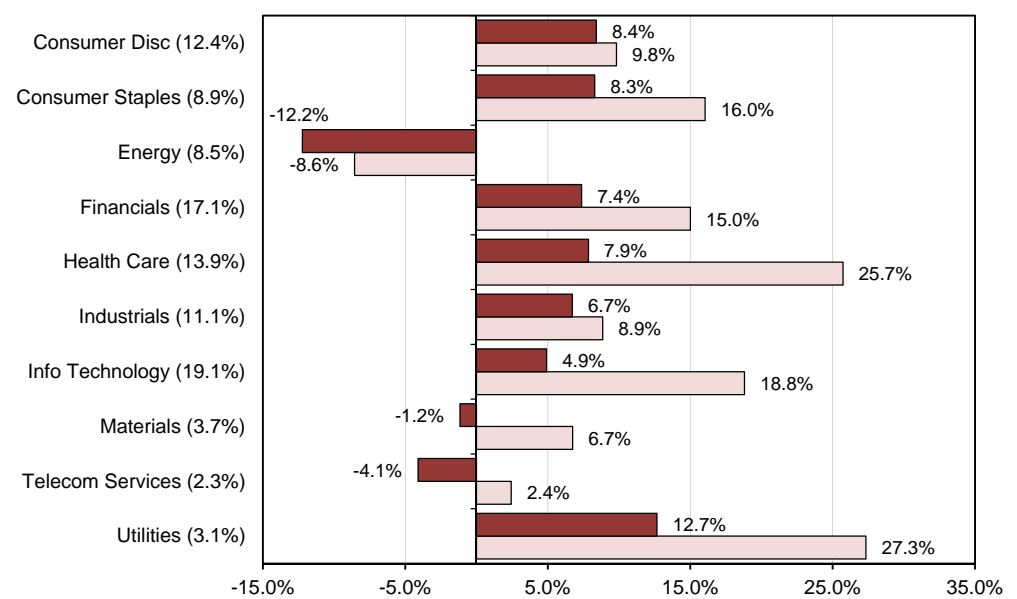


1-Year Performance - Russell Style Series

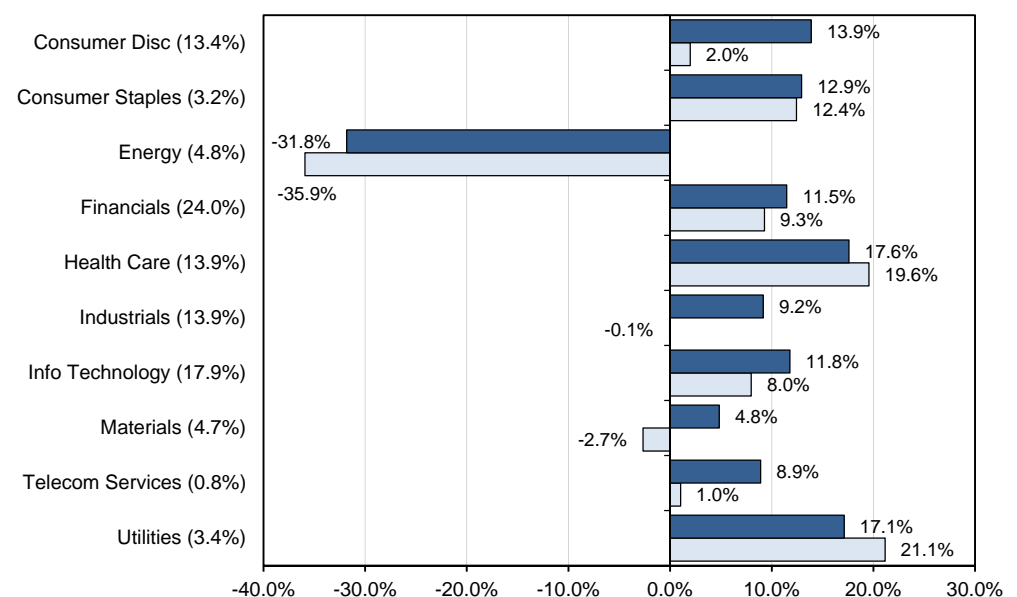


- There was wide economic sector performance dispersion during the fourth quarter. Within large caps, Utilities, Consumer Discretionary, and Consumer Staples posted the strongest results. On a one year basis, the strongest performers were Utilities, Health Care, Technology, and Consumer Staples, three of four of which are traditionally considered defensive sectors. Energy, Telecom, and Materials were the only sectors with negative returns for the fourth quarter, with only Energy posting a negative return for 2014 as a whole due to a sharp drop in oil prices that began in the third quarter.
- Compared to large caps, small caps posted a strong quarter, but still trailed in all sectors over calendar year 2014. Performance for the fourth quarter as well as calendar year 2014 was strongest in defensive sectors with particularly strong results in Utilities and Health Care. Three sectors underperformed during 2014 with the Energy sector being the largest outlier, returning a disproportionate -35.9% for the year.
- As the broad US stock market rebounded from near-term lows, valuations tended to remain elevated as compared to recent years. On a trailing P/E basis, as expected, the Russell 1000 is relatively cheaper than the Russell 2000. In both large and small caps, Health Care, Financial, and Technology sectors look relatively overvalued, whereas Utility, Telecom, and Energy sectors appear to be among the most undervalued.
- By far the most drastic underperformance of all sectors occurred in Energy. As mentioned above, oil prices (Brent Crude Spot Price) have plunged since the beginning of the third quarter, falling from a June high near \$115/barrel and closing the year around \$56/barrel. The cause of this drastic price change centers around an expanding world oil supply with lower forecasts of world oil consumption growth due to a weaker outlook for the global economy.

Russell 1000



Russell 2000



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of December 31, 2014

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	3.16%	10.0%	40.6%	Information Technology
Exxon Mobil Corporation	1.89%	-1.0%	-6.1%	Energy
Microsoft Corp	1.82%	0.8%	27.5%	Information Technology
Johnson & Johnson	1.41%	-1.3%	17.3%	Health Care
Berkshire Hathaway Inc Class B	1.31%	8.7%	26.6%	Financials
Wells Fargo & Co	1.24%	6.4%	24.1%	Financials
General Electric Co	1.20%	-0.5%	-6.7%	Industrials
Procter & Gamble Co	1.17%	9.6%	15.4%	Consumer Staples
JPMorgan Chase & Co	1.13%	4.6%	9.9%	Financials
Chevron Corp	1.01%	-5.1%	-7.0%	Energy

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Clear Channel Outdoor Holdings Inc	0.00%	57.1%	11.6%	Consumer Discretionary
Rite Aid Corp	0.03%	55.4%	48.6%	Consumer Staples
Cubist Pharmaceuticals Inc	0.04%	51.7%	46.1%	Health Care
American Airlines Group Inc	0.18%	51.5%	113.5%	Industrials
Staples Inc	0.06%	50.8%	18.4%	Consumer Discretionary
Incyte Corp Ltd	0.05%	49.1%	44.4%	Health Care
Dean Foods Co	0.00%	46.9%	14.7%	Consumer Staples
Rackspace Hosting Inc	0.03%	43.8%	19.6%	Information Technology
CarMax Inc	0.07%	43.3%	41.6%	Consumer Discretionary
United Continental Holdings Inc	0.12%	43.0%	76.8%	Industrials

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Seventy Seven Energy Inc	0.00%	-77.2%	N/A	Energy
Oasis Petroleum Inc	0.01%	-60.4%	-64.8%	Energy
SandRidge Energy Inc	0.00%	-57.6%	-70.0%	Energy
Whiting Petroleum Corp	0.03%	-57.4%	-46.7%	Energy
Seadrill Ltd	0.02%	-57.0%	-70.6%	Energy
Laredo Petroleum Inc	0.00%	-53.8%	-62.6%	Energy
WPX Energy Inc Class A	0.01%	-51.7%	-42.9%	Energy
SM Energy Co	0.01%	-50.5%	-53.5%	Energy
McDermott International Inc	0.00%	-49.1%	-68.2%	Energy
Patterson-UTI Energy Inc	0.01%	-48.7%	-33.4%	Energy

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Isis Pharmaceuticals	0.41%	59.0%	55.0%	Health Care
Brunswick Corp	0.27%	22.0%	12.4%	Consumer Discretionary
RF Micro Devices Inc	0.27%	43.8%	221.5%	Information Technology
Triquint Semiconductor	0.27%	44.5%	230.3%	Information Technology
Office Depot Inc	0.26%	66.8%	62.1%	Consumer Discretionary
LaSalle Hotel Properties	0.26%	19.3%	36.4%	Financials
Graphic Packaging Holding Co	0.25%	9.6%	41.9%	Materials
Puma Biotechnology Inc	0.25%	-20.7%	82.8%	Health Care
RLJ Lodging Trust	0.25%	18.8%	42.8%	Financials
Ultimate Software Group Inc	0.24%	3.7%	-4.2%	Information Technology

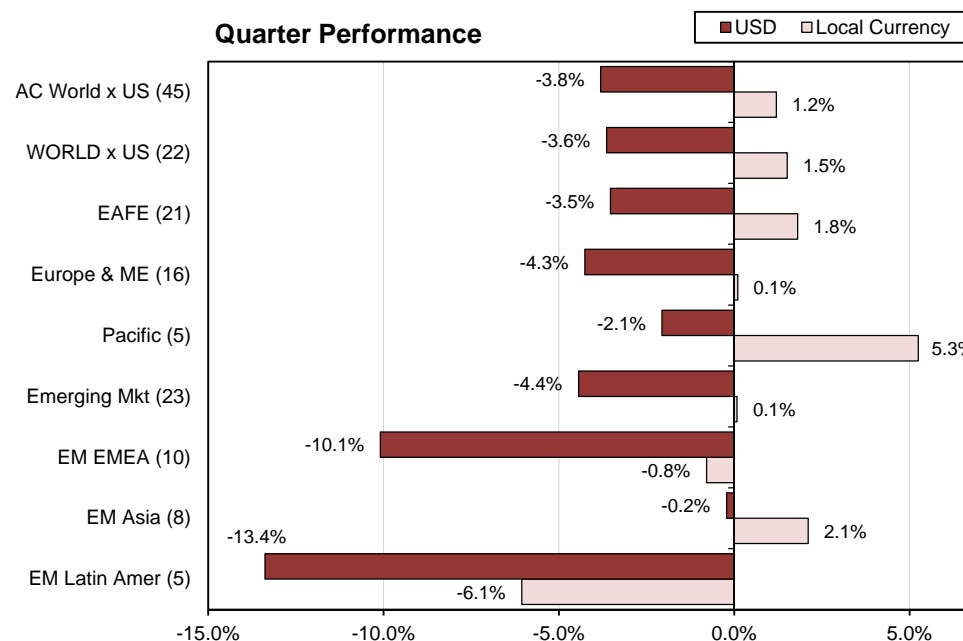
Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
OvaScience Inc	0.04%	166.4%	383.8%	Health Care
bluebird bio Inc	0.11%	155.6%	337.2%	Health Care
Regulus Therapeutics Inc	0.01%	134.8%	117.1%	Health Care
Five Prime Therapeutics Inc	0.03%	130.2%	60.8%	Health Care
Alder BioPharmaceuticals Inc	0.01%	129.4%	N/A	Health Care
Cytokinetics Inc	0.02%	127.6%	23.2%	Health Care
ITT Educational Services, Inc.	0.01%	124.0%	-71.4%	Consumer Discretionary
Sucampo Pharmaceuticals Inc Class A	0.01%	119.7%	51.9%	Health Care
Vitae Pharmaceuticals Inc	0.01%	118.1%	N/A	Health Care
Cempra Inc	0.03%	114.5%	89.7%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
GT Advanced Technologies Inc	0.00%	-96.9%	-96.2%	Information Technology
Endeavour International Corp	0.00%	-95.1%	-99.7%	Energy
Dendreon Corp	0.00%	-94.9%	-97.6%	Health Care
KIOR Inc	0.00%	-94.3%	-99.6%	Energy
Cal Dive International Inc	0.00%	-92.8%	-96.5%	Energy
Wet Seal Inc Class A	0.00%	-87.6%	-97.6%	Consumer Discretionary
BPZ Resources Inc	0.00%	-84.9%	-84.1%	Energy
Education Management Corp	0.00%	-84.9%	-98.4%	Consumer Discretionary
American Eagle Energy Corp	0.00%	-84.7%	-92.4%	Energy
Forest Oil Corp	0.00%	-80.8%	-93.8%	Energy

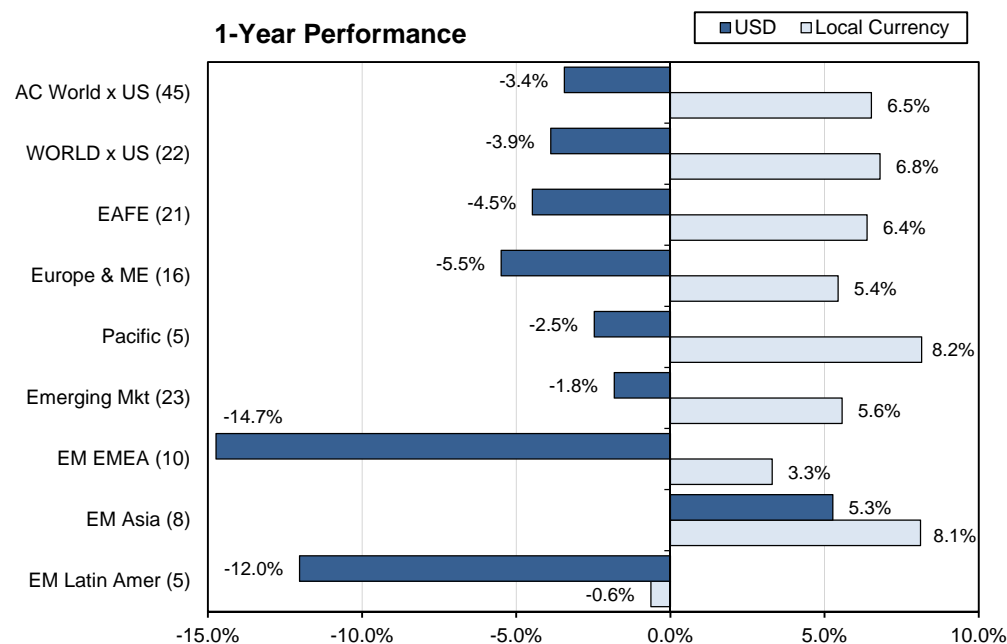
Source: Morningstar Direct

- The pattern of returns during the fourth quarter was similar to the prior quarter, in that a moderately positive middle month was book-ended by negative months. Volatility continued to be above average during the period.
- On a regional basis, equities in Latin America turned in the worst quarterly performance in both local and USD terms. In addition, Latin America was one of two regions to turn in negative performance in local currency terms for the 2014 calendar year, with EM EMEA being the other.
- The range of returns for individual non-US countries was tighter this period, but with several negative outliers. Hong Kong (+3.1%) was the best developed market performer and Turkey (+11.6%) was the best emerging market performer. The worst-performing developed country was Norway (-24.9%) followed by Portugal (-23.0%). Russia was the worst-performing equity market within the EM universe with a return of -32.8% for the quarter.
- During the fourth quarter, USD appreciation once again created a significant drag on returns for US investors in overseas markets. All four of the broad, non-US equity indices shown to the right ended the quarter in positive territory when measured in local currency terms, but turned negative when converted to USD. The biggest exchange difference came with the MSCI EAFE Index, which returned +1.8% in local terms and -3.5% in USD terms.
- USD strength again weighed on the Energy sector during the fourth quarter, as it posted the weakest sector return (-19.8%) by far in the MSCI-ACWIxUS Index. The Materials sector, which is also negatively impacted by USD strength, was the second worst performing sector within the MSCI ACWIxUS Index, returning -7.5% for the quarter. In the developed market MSCI EAFE Index, Consumer Discretionary was the only sector to end the quarter in positive territory (+3.1%). Financials (+1.7%) and Information Technology (+1.5%) were the only positive sectors in the MSCI EM Index for the quarter.
- Growth widely outperformed value across the board. Small caps slightly outperformed large caps within developed markets and vice versa in emerging markets.

Quarter Performance



1-Year Performance



The Market Environment
U.S. Dollar International Index Attribution & Country Detail
As of December 31, 2014

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	12.4%	3.1%	-4.1%
Consumer Staples	11.1%	-1.6%	-2.0%
Energy	5.7%	-19.0%	-18.2%
Financials	25.9%	-3.1%	-5.4%
Health Care	11.0%	-5.3%	6.7%
Industrials	12.6%	-3.4%	-7.3%
Information Technology	4.8%	-0.5%	-0.3%
Materials	7.6%	-5.3%	-10.4%
Telecommunication Services	5.0%	-0.4%	-3.9%
Utilities	3.9%	-3.9%	4.4%
Total	100.0%	-3.5%	-4.5%

MSCI - ACWIXUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	11.2%	2.4%	-2.7%
Consumer Staples	9.9%	-1.7%	-1.6%
Energy	7.5%	-19.8%	-18.7%
Financials	27.6%	-1.9%	-2.1%
Health Care	8.6%	-4.5%	7.8%
Industrials	11.0%	-3.6%	-5.6%
Information Technology	7.5%	0.7%	5.4%
Materials	7.7%	-7.5%	-12.7%
Telecommunication Services	5.4%	-2.2%	-2.8%
Utilities	3.6%	-4.1%	4.0%
Total	100.0%	-3.8%	-3.4%

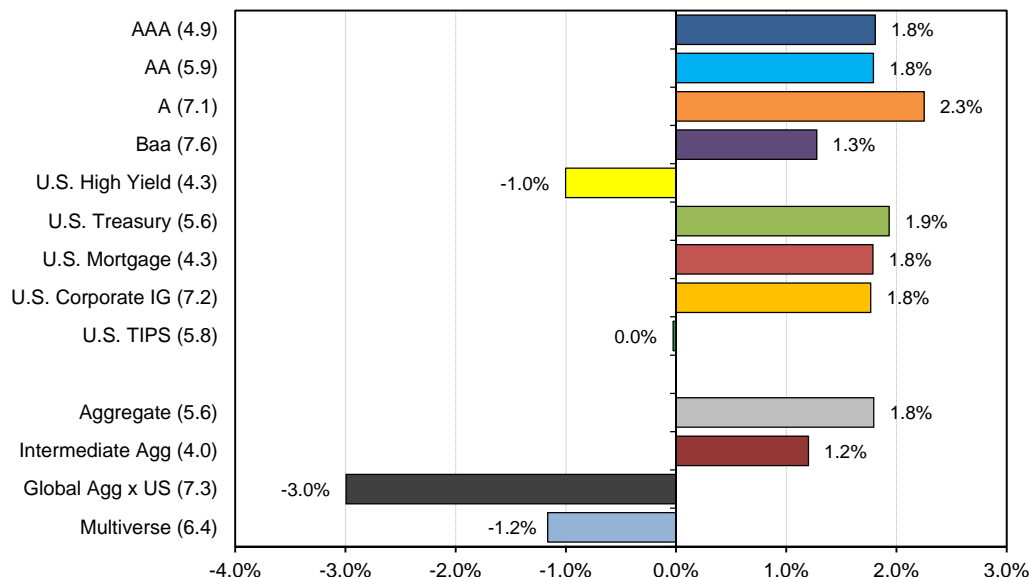
MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	9.2%	-2.6%	-1.3%
Consumer Staples	8.2%	-4.9%	-4.7%
Energy	8.0%	-24.5%	-26.4%
Financials	29.3%	1.7%	5.6%
Health Care	2.3%	-0.9%	19.6%
Industrials	6.7%	-4.3%	-2.6%
Information Technology	18.0%	1.5%	10.3%
Materials	7.4%	-12.2%	-19.2%
Telecommunication Services	7.5%	-6.7%	-1.3%
Utilities	3.5%	-5.9%	2.8%
Total	100.0%	-4.4%	-1.8%

Country	MSCI-EAFE Weight	MSCI-ACWIXUS Weight	Quarter Return	1- Year Return
Japan	21.2%	15.0%	-2.4%	-3.7%
United Kingdom	21.1%	14.9%	-4.2%	-5.4%
France	9.7%	6.9%	-5.8%	-9.0%
Switzerland	9.3%	6.6%	-2.2%	0.7%
Germany	9.2%	6.5%	-0.4%	-9.8%
Australia	7.5%	5.3%	-3.6%	-3.2%
Spain	3.5%	2.5%	-8.2%	-4.4%
Hong Kong	3.1%	2.2%	3.1%	5.1%
Sweden	3.1%	2.2%	-3.4%	-6.6%
Netherlands	2.8%	2.0%	-0.2%	-3.2%
Italy	2.3%	1.6%	-13.4%	-9.0%
Singapore	1.6%	1.1%	-0.5%	3.1%
Denmark	1.5%	1.1%	-7.8%	6.8%
Belgium	1.3%	0.9%	0.8%	4.9%
Finland	0.9%	0.6%	-2.0%	0.8%
Norway	0.7%	0.5%	-24.9%	-21.2%
Israel	0.6%	0.4%	1.4%	23.7%
Ireland	0.3%	0.2%	1.9%	2.6%
Austria	0.2%	0.1%	-7.3%	-29.4%
New Zealand	0.2%	0.1%	2.6%	8.2%
Portugal	0.2%	0.1%	-23.0%	-37.7%
Total EAFE Countries	100.0%	70.8%	-3.5%	-4.5%
Canada		7.5%	-4.6%	2.2%
Total Developed Countries		78.3%	-3.6%	-3.9%
China		4.7%	7.2%	8.3%
Korea		3.2%	-7.7%	-10.7%
Taiwan		2.7%	1.7%	10.1%
Brazil		1.9%	-14.8%	-13.7%
South Africa		1.7%	3.0%	5.7%
India		1.6%	-0.7%	23.9%
Mexico		1.1%	-12.2%	-9.2%
Malaysia		0.8%	-10.5%	-10.7%
Russia		0.7%	-32.8%	-45.9%
Indonesia		0.6%	0.7%	27.2%
Thailand		0.5%	-6.4%	16.8%
Turkey		0.4%	11.6%	19.1%
Poland		0.3%	-13.9%	-13.6%
Chile		0.3%	-5.2%	-12.2%
Philippines		0.3%	0.7%	26.4%
Qatar		0.2%	-8.9%	16.6%
Colombia		0.2%	-22.9%	-19.8%
United Arab Emirates		0.1%	-21.6%	13.7%
Peru		0.1%	-0.8%	10.5%
Greece		0.1%	-28.8%	-39.9%
Czech Republic		0.1%	-15.4%	-2.4%
Egypt		0.1%	-8.6%	29.4%
Hungary		0.0%	-12.8%	-27.4%
Total Emerging Countries		21.6%	-4.4%	-1.8%
Total ACWIXUS Countries		100.0%	-3.8%	-3.4%

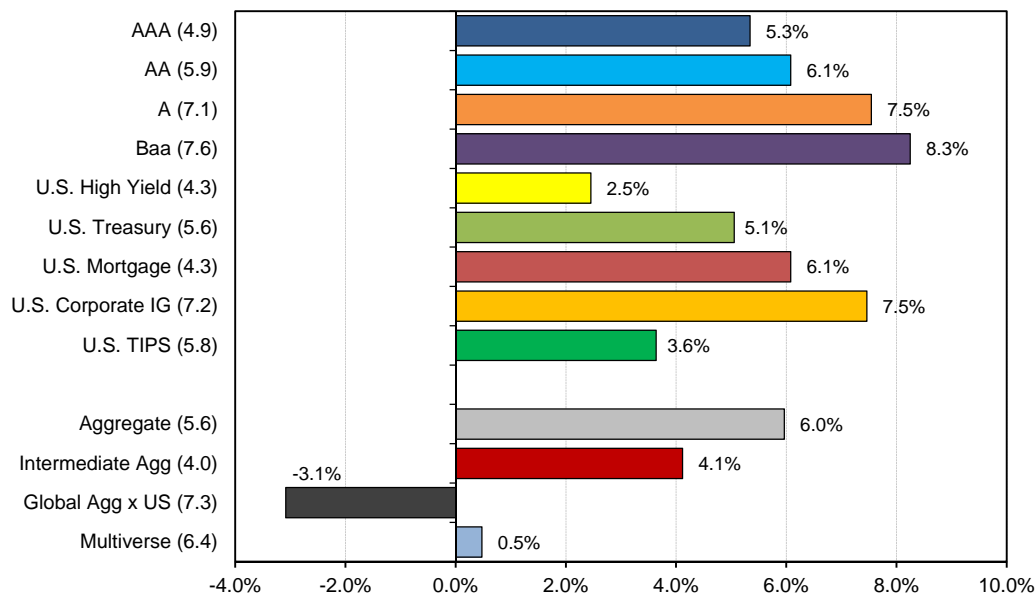
Source: MSCI Global Index Monitor (Returns are Gross in USD)

- With the exception of credit sensitive segments, domestic bond markets were mostly positive in the fourth quarter, as concerns about foreign growth and overseas inflation trumped the effects of strong economic data. The Fed's dovish comments in the fourth quarter seemed to indicate no rate hikes are imminent. Given low yields abroad, foreign investor interest in domestic paper remains robust and led to lower yields during the period.
- In contrast to the third quarter, in which sector performance was mixed, most sectors posted positive returns during the period. Treasuries and mortgages rose +1.9% and +1.8%, respectively. These strong gains were partially off-set by weakness in high yield (-1.0%) and in overseas markets as the Global Aggregate x US and Multiverse indices returned -3.0% and -1.2%, respectively.
- For the second consecutive quarter, lower rated bonds lagged their higher quality peers. Baa-rated bonds lagged higher quality credits by 50 to 100 bps during the period. However, on a one-year basis, Baa-rated bonds outpaced higher-rated credits by a moderate margin.
- Longer-dated securities drastically outperformed short and intermediate maturities despite the end of the Federal Reserve's QE program. The rally pushed the broad-based Barclays Aggregate Index ahead of the Barclays Intermediate Aggregate Index by +0.6% for the quarter and +1.9% for the 2014 calendar year.
- High yield bonds fell 1.0%, marking back-to-back negative quarterly returns for the asset class. After exceeding investment grade bonds for seven consecutive quarters up until March 31, 2014, high yield bonds trailed investment grade securities for the last nine months and were the worst performing domestic sector in 2014.
- The US bond market easily outpaced international bonds by 480 bps, represented by the Barclays Global Aggregate ex US Index, which was negatively impacted by USD strength. The fourth quarter's weak performance by global bonds exacerbated an already wide performance disparity as the one-year trailing domestic bond performance remained ahead by a wide margin.

Quarter Performance

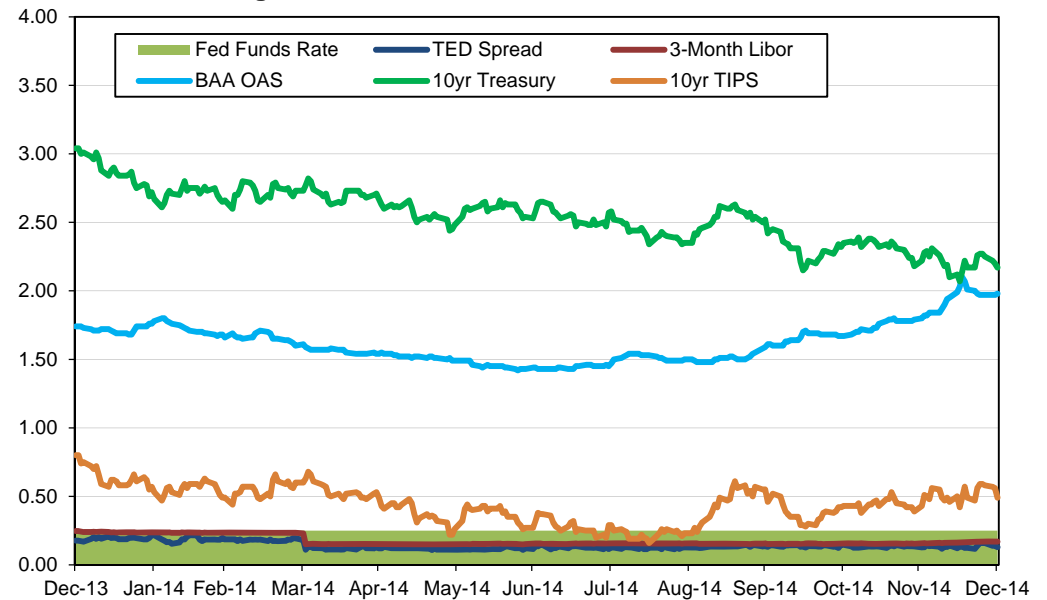


1-Year Performance

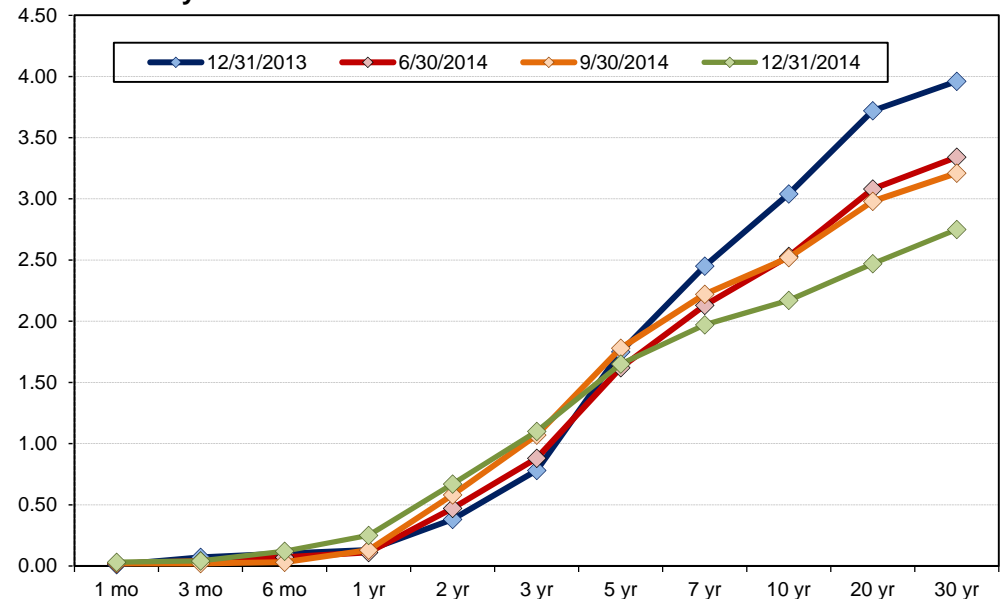


- Despite the Fed's bond buying program drawing to a close in October, investors continue to wonder if rising rates will ever occur. This is due to domestic economic strength exceeding the rest of the developed world and the resulting strength of the USD. As a result, while domestic yields remain low, they exceed those of overseas sovereign bonds, especially on a real return basis. This has led to a demand for longer-term US paper and a flattening of the yield curve.
- After moving wider in the third quarter, option adjusted spreads on Baa-rated bonds continued to broaden relative to Treasuries, widening by an additional 39 bps during the fourth quarter. This spread widening negatively impacts bond prices (which move in the opposite direction) and performance of lower quality credits. This quarter's rise in spreads erased the rally that occurred earlier in the year. Spreads are now at their widest point in over a year.
- The yield curve in the US continued to flatten during the fourth quarter. Since prices and performance move in the opposite direction of yields, the long-end of the curve was the best performing maturity segment as 30-year Treasuries returned +10.1% during the period. The yield on the 10-year Treasury fell from 2.52% to 2.17% and dropped below 2.0% early in 2015. At the short end of the curve, 2-year Treasuries rose from 0.58% to 0.67%.
- Since rising to more attractive yields in mid-to-late 2013, the yield curve has gradually flattened and interest rates have declined, particularly in longer-dated maturities. This resulted in positive returns over the past twelve months, especially in investment grade or better, intermediate term or longer securities. The expectation is that given strong economic growth, lower unemployment, the end of the Fed's QE program, and better housing numbers, interest rates will soon rise. However, the impact of foreign purchases and generally benign inflation has been a natural headwind to rising rates. Investment professionals have migrated to a more neutral position when forecasting when and if rates will rise from here.

1-Year Trailing Market Rates



Treasury Yield Curve





Orlando

4901 Vineland Road, Suite 600

Orlando, Florida 32811

866.240.7932

Chicago

Cleveland

Milwaukee

Pittsburgh

EXHIBIT 1
B-038
Page 24 of 24