

City of Fort Lauderdale Operating Funds

Investment Performance Review

September 30, 2015



Investment Performance Review
City of Fort Lauderdale
As of September 30, 2015

Investment Performance Review

	Market Value	Current Quarter	Trailing 12 Months	Fiscal Year Projected Rate of Return
Total City Operating Funds	\$493,457,152	0.32%	0.99%	0.45%
Benchmark		0.32%	1.17%	
OPEB Trust Fund	\$11,805,650	0.01%	0.04%	
Benchmark		0.00%	0.01%	
Cemetery Trust Funds	\$24,908,977	-2.46%	0.71%	5.00%
Benchmark		-2.62%	1.32%	
General Employee Retirement System (GERS)	\$543,096,188	-9.20%	-4.8%	7.55% *
Benchmark		-7.60%	-2.9%	
Police & Fire Retirement System (PFRS)	\$774,987,848	-3.90%	0.74%	7.50%
Benchmark		-4.30%	0.92%	

*GERS Projected ROR will be 7.5% in 2016

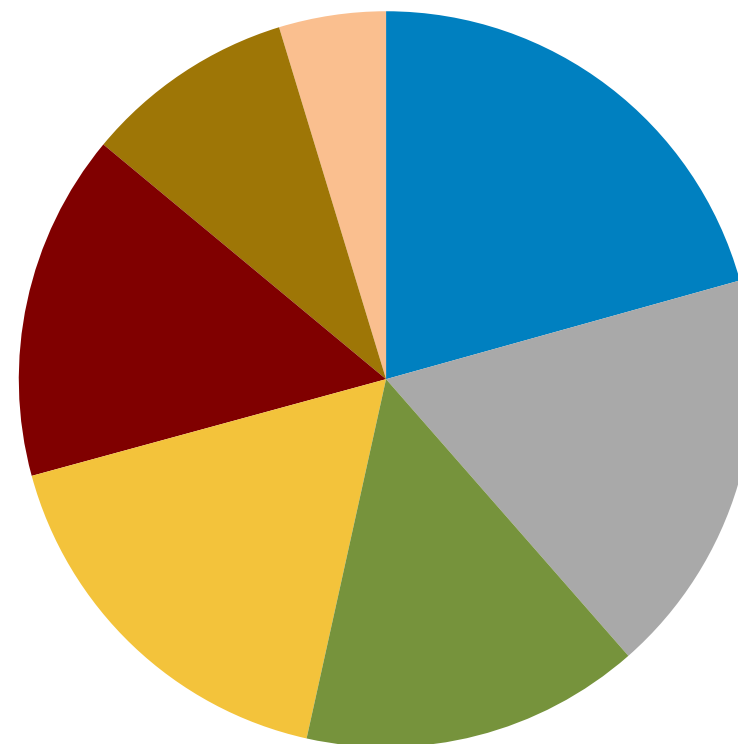
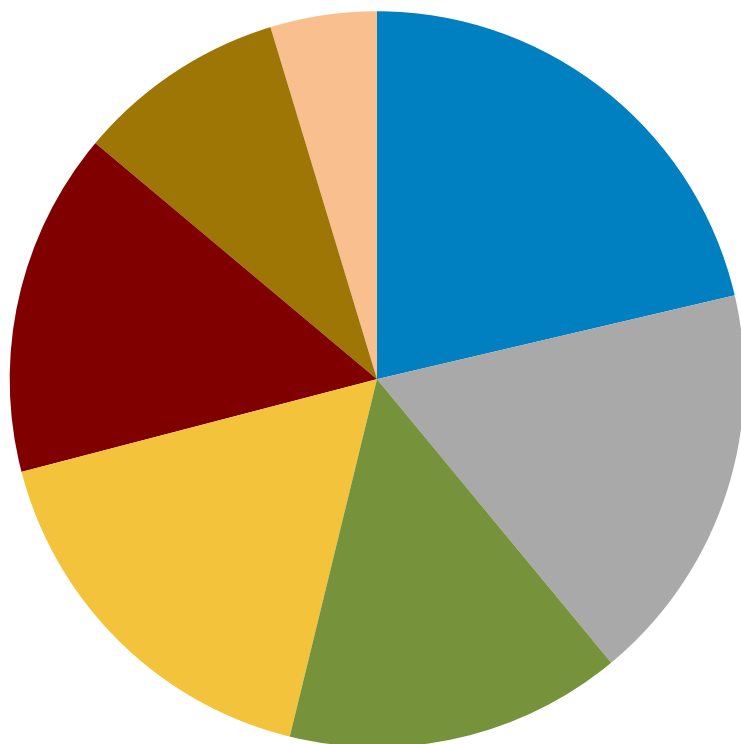
Investment Performance Review							
Authorized Investments	Sterling Enhanced Cash	Wells Fargo S/T Fixed (1-3yr)	Garcia Hamilton S/T Fixed (1-3yr)	Sawgrass Short (1-5yr)	FMIT (1-3) Year	Wells Fargo (Cash Accounts)	Regions (Bond Accounts)
Cash & Money Market Accounts	2.99%	0.13%	0.19%	4.02%	0.00%	100.00%	0.00%
Money Market Funds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Local Govt Investment Pool	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%
US Treasury Bond/ Note	2.01%	29.64%	26.56%	45.28%	0.00%	0.00%	0.00%
Federal Agency Bond/Note	47.95%	24.02%	32.83%	17.43%	0.00%	0.00%	0.00%
Federal Agency MBS/CMO/CMBS	1.45%	2.24%	25.04%	1.55%	0.00%	0.00%	0.00%
Municipal Bond/Note	10.80%	8.92%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate Note	34.80%	35.06%	15.38%	31.71%	0.00%	0.00%	0.00%
Commercial Paper	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average YTM	0.63%	0.85%	1.18%	1.07%	0.74%	0.00%	0.01%
Current Portfolio Yield	1.85%	1.10%	2.85%	1.23%			

**City of Fort Lauderdale
As of September 30, 2015**

Authorized Investments	Max Portfolio	Allocation	Percent of Portfolio
Cash & Money Market Accounts	100.0%	\$103,956,656	16.5%
Money Market Funds	75.0%	\$13,022,942	2.8%
Local Govt Investment Pool	25.0%	\$59,989,719	12.8%
US Treasury Bond/ Note	100.0%	\$85,407,978	18.2%
Federal Agency Bond/Note	100.0%	\$97,590,844	21.0%
Federal Agency MBS/CMO/CMBS	25.0%	\$26,140,530	5.6%
Municipal Bond/Note	25.0%	\$14,697,778	3.2%
Corporate Note	30.0%	\$92,650,705	19.9%
Commercial Paper	25.0%	\$0	0.0%
		\$493,457,152	100.00%

June 30, 2015 : \$495,585,202

September 30, 2015 : \$493,457,152



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ Total Operating and Restricted Funds	105,752,325	21.3	■ Total Operating and Restricted Funds	102,020,312	20.7
■ Garcia Short Duration Opportunistic	87,519,783	17.7	■ Garcia Short Duration Opportunistic	88,164,732	17.9
■ Wells Cap 1-3 yr Short Duration	73,447,900	14.8	■ Wells Cap 1-3 yr Short Duration	73,685,923	14.9
■ Sawgrass 1-5 yr Short Term	84,890,645	17.1	■ Sawgrass 1-5 yr Short Term	85,332,963	17.3
■ Sterling Enhanced Cash	75,048,863	15.1	■ Sterling Enhanced Cash	75,231,425	15.2
■ FMIT Other Bonds & Subsidiary Account	45,686,387	9.2	■ FMIT Other Bonds & Subsidiary Account	45,776,313	9.3
■ Wells Short Term Account	23,239,299	4.7	■ Wells Short Term Account	23,245,484	4.7

Asset Allocation Attributes						
	Domestic Fixed Income		Cash Equivalent		Total Fund	
	(\$)	%	(\$)	%	(\$)	%
Surplus Funds	360,999,917	92.22	30,436,923	7.78	391,436,840	79.33
Garcia Short Duration Opportunistic	87,453,052	99.19	711,680	0.81	88,164,732	17.87
Sawgrass 1-5 yr Short Term	81,687,106	95.73	3,645,857	4.27	85,332,963	17.29
Sterling Enhanced Cash	72,679,995	96.61	2,551,430	3.39	75,231,425	15.25
Wells Cap 1-3 yr Short Duration	73,403,452	99.62	282,472	0.38	73,685,923	14.93
FMIT Other Bonds & Subsidiary Account	45,776,313	100.00	-	-	45,776,313	9.28
Wells Short Term Account	-	-	23,245,484	100.00	23,245,484	4.71
Total Operating and Restricted Funds	14,213,406	13.93	87,806,906	86.07	102,020,312	20.67
Wells Fargo Master Account	-	-	74,783,964	100.00	74,783,964	15.16
FMIT W&S Bonds, Series 2006	4,322,756	100.00	-	-	4,322,756	0.88
FMIT W&S Bonds, Series 2008	4,562,258	100.00	-	-	4,562,258	0.92
FMIT W&S Bonds, Series 2010	5,328,392	100.00	-	-	5,328,392	1.08
Regions Go Bonds 2011A Proceeds	-	-	13,022,942	100.00	13,022,942	2.64
Total Fund Composite	375,213,323	76.04	118,243,829	23.96	493,457,152	100.00

Financial Reconciliation
Total Fund
1 Quarter Ending September 30, 2015

Financial Reconciliation								
	Market Value 07/01/2015	Net Transfers	Contributions	Distributions	Other Expenses	Income	Apprec./ Deprec.	Market Value 09/30/2015
Surplus Funds	389,832,876	-	-	-	-	1,561,149	42,815	391,436,840
Garcia Short Duration Opportunistic	87,519,783	-	-	-	-	766,601	-121,652	88,164,732
Sawgrass 1-5 yr Short Term	84,890,645	-	-	-	-	254,244	188,074	85,332,963
Sterling Enhanced Cash	75,048,863	-	-	-	-	333,163	-150,601	75,231,425
Wells Cap 1-3 yr Short Duration	73,447,900	-	-	-	-	200,956	37,067	73,685,923
FMIT Other Bonds & Subsidiary Account	45,686,387	-	-	-	-	-	89,927	45,776,313
Wells Short Term Account	23,239,299	-	-	-	-	6,185	-	23,245,484
Total Operating and Restricted Funds	105,752,325	-	142,708,977	-146,474,256	-	5,344	27,922	102,020,312
Wells Fargo Master Account	78,401,990	-	142,708,977	-146,332,015	-	5,012	-	74,783,964
FMIT W&S Bonds, Series 2006	4,314,264	-	-	-	-	-	8,492	4,322,756
FMIT W&S Bonds, Series 2008	4,553,295	-	-	-	-	-	8,962	4,562,258
FMIT W&S Bonds, Series 2010	5,317,924	-	-	-	-	-	10,468	5,328,392
Regions Go Bonds 2011A Proceeds	13,164,852	-	-	-142,241	-	332	-	13,022,942
Total Fund Composite	495,585,202	-	142,708,977	-146,474,256	-	1,566,493	70,737	493,457,152

Financial Reconciliation

	Market Value 10/01/2014	Net Transfers	Contributions	Distributions	Other Expenses	Income	Apprec./ Deprec.	Market Value 09/30/2015
Surplus Funds	326,175,034	-	83,767,223	-23,239,299	-	5,690,601	-956,720	391,436,840
Garcia Short Duration Opportunistic	71,545,027	-	15,000,000	-	-	2,718,543	-1,098,838	88,164,732
Sawgrass 1-5 yr Short Term	74,005,889	-	10,000,000	-	-	945,728	381,345	85,332,963
Sterling Enhanced Cash	64,614,735	-	10,000,000	-	-	1,159,665	-542,975	75,231,425
Wells Cap 1-3 yr Short Duration	67,837,926	-	5,000,000	-	-	860,480	-12,483	73,685,923
FMIT Other Bonds & Subsidiary Account	37,812,472	-	7,647,610	-	-	-	316,231	45,776,313
Wells Fargo Operating Account	10,358,985	-	12,880,314	-23,239,299	-	-	-	-
Wells Short Term Account	-	-	23,239,299	-	-	6,185	-	23,245,484
Total Operating and Restricted Funds	144,014,537	-	627,167,516	-669,319,851	-	46,108	112,002	102,020,312
Wells Fargo Master Account	96,093,389	-	627,167,516	-648,519,457	-	42,515	-	74,783,964
FMIT W&S Bonds, Series 2006	5,980,455	-	-	-1,690,887	-	-	33,188	4,322,756
FMIT W&S Bonds, Series 2008	10,478,204	-	-	-5,956,724	-	-	40,777	4,562,258
FMIT W&S Bonds, Series 2010	5,290,356	-	-	-	-	-	38,036	5,328,392
Regions Go Bonds 2011A Proceeds	13,294,020	-	-	-272,400	-	1,322	-	13,022,942
Total Fund Composite	470,189,571	-	710,934,739	-692,559,150	-	5,736,710	-844,718	493,457,152

Comparative Performance

Total Fund

As of September 30, 2015

Comparative Performance

	QTR		YTD		FYTD		1 YR		Inception		Inception Date
Surplus Funds	0.41		1.05		1.32		1.32		0.95		04/01/2013
Barclays 1-3 Govt	0.32		1.01		1.20		1.20		0.76		
Garcia Short Duration Opportunistic	0.74	(1)	1.47	(14)	2.04	(11)	2.04	(11)	1.56	(11)	04/01/2013
BofAML 1-3 Yr. Gov/Corp A Rated & Above	0.33	(51)	1.03	(76)	1.21	(68)	1.21	(68)	0.85	(85)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.33		1.17		1.38		1.38		1.11		
Sawgrass 1-5 yr Short Term	0.52	(13)	1.32	(23)	1.66	(18)	1.66	(18)	1.08	(54)	04/01/2013
BofA Merrill Lynch 1-5 Yr Gov/Corp A Rated & Above	0.68	(5)	1.63	(6)	2.12	(8)	2.12	(8)	1.17	(41)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.33		1.17		1.38		1.38		1.11		
Sterling Enhanced Cash	0.24	(4)	0.76	(13)	0.88	(9)	0.88	(9)	0.72	(39)	04/01/2013
1 Year U.S. Treasury Note	0.04	(73)	0.13	(97)	0.05	(99)	0.05	(99)	0.09	(100)	
IM U.S. Cash Fixed Income (SA+CF) Median	0.08		0.47		0.49		0.49		0.59		
Wells Cap 1-3 yr Short Duration	0.32	(54)	0.99	(78)	1.18	(68)	1.18	(68)	0.82	(88)	04/01/2013
BofAML 1-3 Yr. Gov/Corp A Rated & Above	0.33	(51)	1.03	(76)	1.21	(68)	1.21	(68)	0.85	(85)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.33		1.17		1.38		1.38		1.11		
FMIT Other Bonds & Subsidiary Account	0.20		0.65		0.72		0.72		0.51		07/01/2012
BofA Merrill Lynch 1-3 Year Government	0.32		0.99		1.17		1.17		0.71		
Wells Short Term Account	0.03		N/A		N/A		N/A		0.03		06/01/2015

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 September 30, 2015

	QTR	YTD	FYTD	1 YR	Inception	Inception Date
Total Operating and Restricted Funds	0.03	0.10	0.12	0.12	0.10	07/01/2012
90 Day U.S. Treasury Bill	0.02	0.03	0.03	0.03	0.05	
Wells Fargo Master Account	0.01	0.04	0.05	0.05	0.02	07/01/2012
90 Day U.S. Treasury Bill	0.02	0.03	0.03	0.03	0.05	
FMIT W&S Bonds, Series 2006	0.20	0.65	0.72	0.72	0.51	07/01/2012
BofA Merrill Lynch 1-3 Year Government	0.32	0.99	1.17	1.17	0.71	
FMIT W&S Bonds, Series 2008	0.20	0.65	0.72	0.72	0.51	07/01/2012
BofA Merrill Lynch 1-3 Year Government	0.32	0.99	1.17	1.17	0.71	
FMIT W&S Bonds, Series 2010	0.20	0.65	0.72	0.72	0.51	07/01/2012
BofA Merrill Lynch 1-3 Year Government	0.32	0.99	1.17	1.17	0.71	
Regions Go Bonds 2011A Proceeds	0.00	0.01	0.01	0.01	0.01	07/01/2012
90 Day U.S. Treasury Bill	0.02	0.03	0.03	0.03	0.05	

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 (TFP1)

Allocation Mandate

Weight (%)

Jun-2012

BofA Merrill Lynch 1-3 Year Government

100.00

Donna Sullivan



Department:	Performance Measurement
Title:	Senior Performance Analyst
Direct Phone:	863-904-0856
Email:	DonnaS@bogdahngroup.com

Nick Rowlands



Department:	Consultant Team
Title:	Internal Consultant
Direct Phone:	407-520-5374
Email:	NickR@bogdahngroup.com

Jon Breth



Department:	Consultant Team
Title:	Senior Consultant
Direct:	407-520-5350
Email:	JonB@bogdahngroup.com

Service Team Contact Information

Address:	4901 Vineland Road, Suite 600 Orlando, Florida 32811
Phone:	866-240-7932
Service Team Group Email:	ServiceTeam014@bogdahngroup.com

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.

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

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

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

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

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

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

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

This document may contain data provided by MSCI, Inc. Copyright MSCI, 2012. Unpublished. All Rights Reserved. This information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. This information is provided on an "as is" basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and MSCI, its affiliates and each such other person hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages.

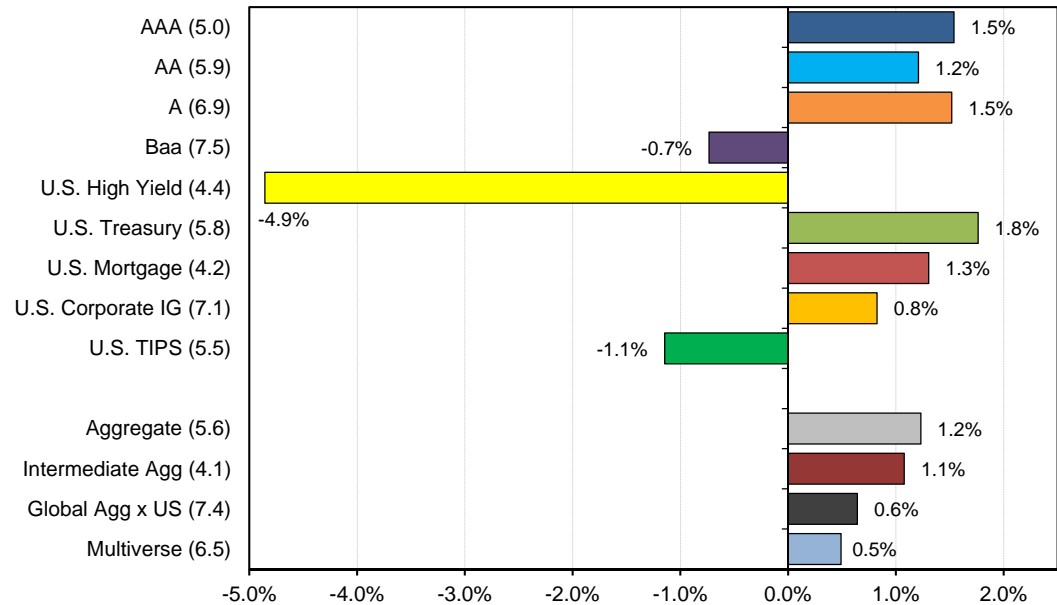
This document may contain data provided by Russell Investment Group. Russell Investment Group is the source owner of the data contained or reflected in this material and all trademarks and copyrights related thereto. The material may contain confidential information and unauthorized use, disclosure,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

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

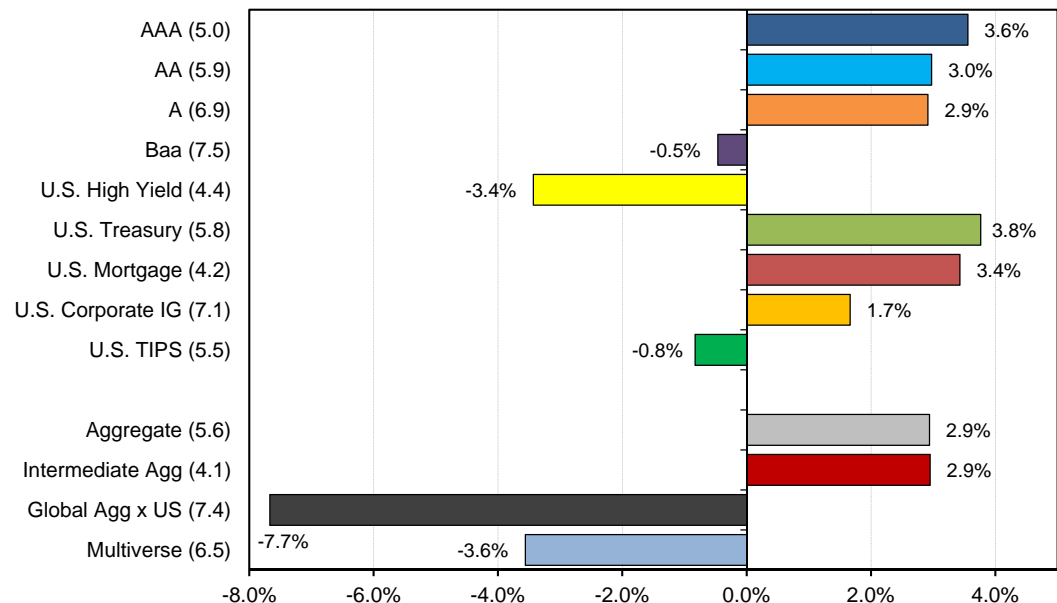
3rd Quarter 2015 Market Environment

- Most fixed income index performance was modestly positive for the third quarter. Much of the quarter's positive fixed income benchmark performance was attributable to macroeconomic and geopolitical uncertainty in the global markets. As it typically does, this volatility resulted in a "flight to quality/safety" benefiting domestic fixed income securities. In contrast to the benefit of perceived safety, bond performance was tempered during the period by the looming specter surrounding the timing of the first expected Fed interest rate hike in nearly ten years.
- The broad market Aggregate benchmark posted a return of 1.2% for the quarter. Within the Aggregate index, Treasury (1.8%) issues outperformed mortgage (1.3%) and corporate (0.8%) issues. In anticipation of higher interest rates, corporate bond issuance remained elevated during the quarter. Coupled with a general "risk-off" market, this excess corporate bond supply drove credit spreads wider (equivalent to interest rates rising) resulting in weaker corporate performance relative to Treasury securities. The spread widening was particularly detrimental to high yield bond returns which actually posted negative returns for the quarter.
- Despite USD strength, international bond indices (0.6% and 0.5%) managed positive results for the quarter but trailed domestic bond index results other than Baa, high yield, and TIPs issues.
- Over the trailing one-year period, domestic fixed income results were largely solid. However, like the third quarter, one-year performance for domestic Baa, high yield, and TIPs issues were negative along with both global benchmarks.

Quarter Performance

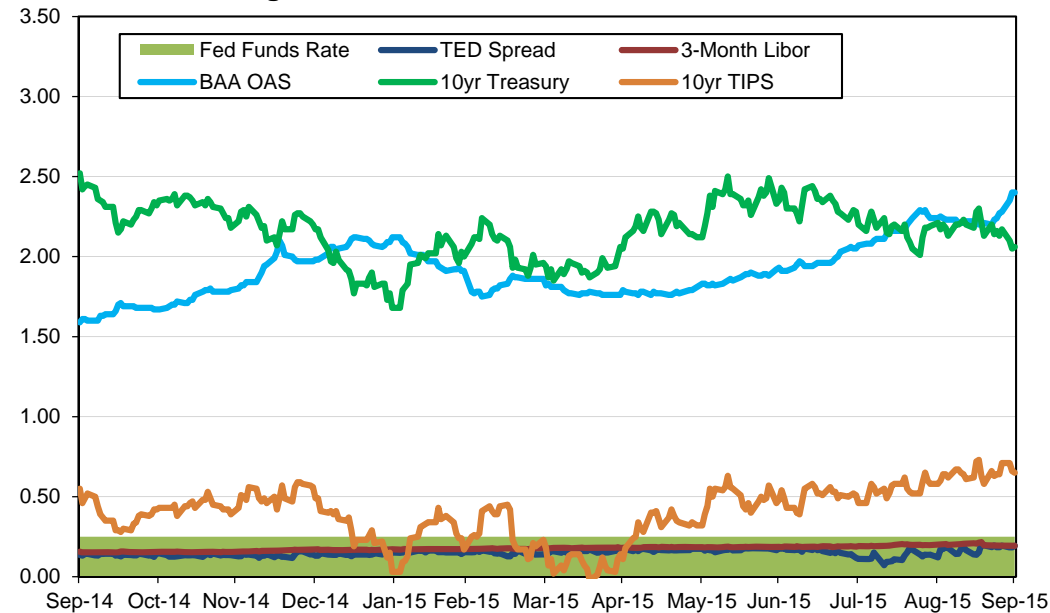


1-Year Performance

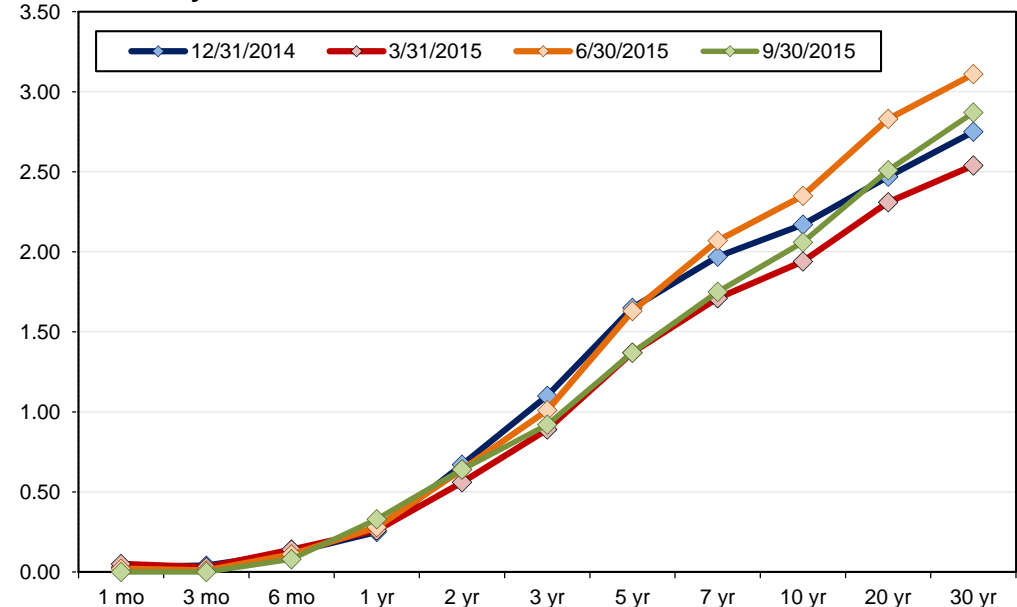


- During the third quarter, following a substantial rise during the second quarter, intermediate and long-term U.S. Treasury yields retrenched to levels last seen at the end of 2014. Yields fell across the Treasury curve for all maturities greater than two years with the yield on the 30-year Treasury falling from 3.11% to 2.87%. Since prices and yields move in opposite directions, longer-dated issues were the best performing Treasury maturity segment. As with recent periods, accommodative Fed policy held yields stable and low at the short end of the yield curve.
- Much of the performance reviewed on the bar graphs is visible in another form in the 1-year trailing market rates chart. The 10-year Treasury (green line) can be seen moving lower (yields falling) throughout the quarter, resulting in a positive Treasury return. While corporate issues benefited from falling Treasury yields, corporate bonds were also impacted by the credit spread (risk premium) investors demand on corporate issues to compensate them for the increased risk associated with corporate bonds versus “riskless” Treasury debt. This credit spread is represented by the BAA OAS (Option Adjusted Spread). The BAA OAS (blue line) can be seen rising throughout the quarter, which created a drag on corporate bond returns.
- Based on moderate U.S. economic growth, stable employment, and below target inflation, it is unlikely the Fed will increase the short-term interest rate it sets (Fed Funds Rate) significantly in the near term. Should the Fed raise the short-term rate before the end of the year, they have stated future increases would be implemented at a measured pace and with an ongoing assessment of current economic data. Geopolitical events, overseas quantitative easing programs, and lower interest rates outside the U.S. should put downward pressure on how high domestic rates can go in the near term.

1-Year Trailing Market Rates

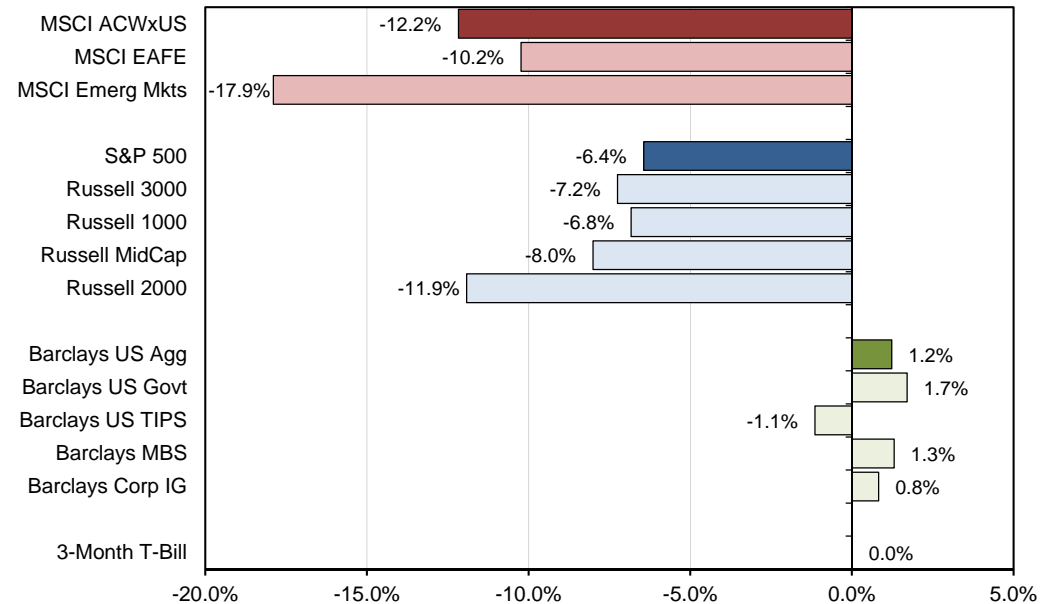


Treasury Yield Curve

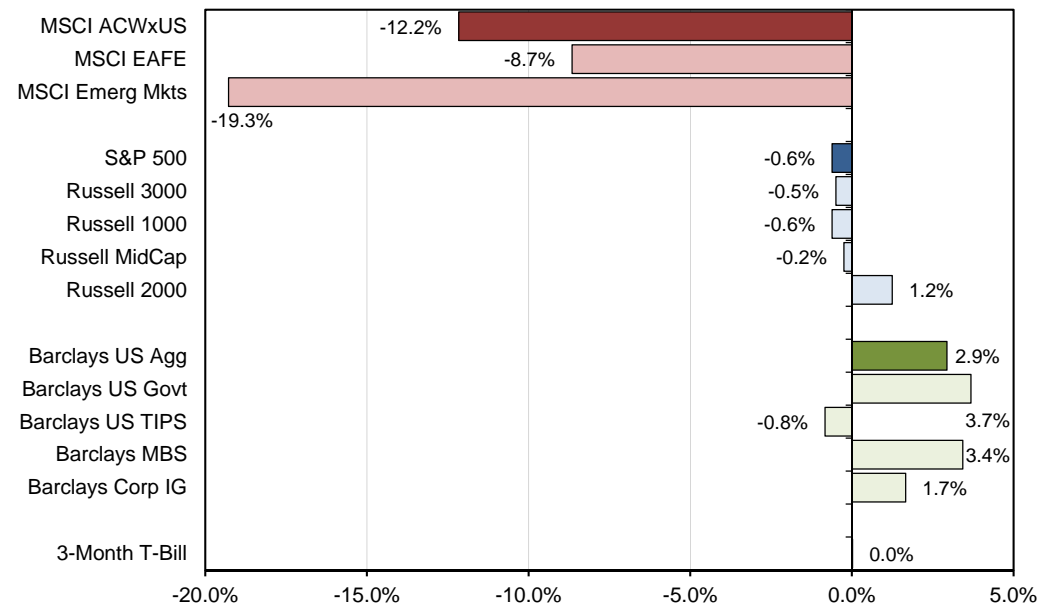


- During the third quarter of 2015, broad equity markets posted their weakest returns since the third quarter of 2011. Macroeconomic and geopolitical news drove the volatility of global equity markets throughout the quarter. Domestic markets fared modestly better than international indices but still posted negative returns for the quarter. Improving domestic economic data was overshadowed by the Federal Open Market Committee's (Fed) decision to leave short-term interest rates unchanged, citing low inflation expectations and a weakening global economy as reasons to maintain an accommodative monetary policy. The uncertainty surrounding the Fed's rate decision caused investors to accelerate sales out of risk assets. As a result, the S&P 500 experienced its first correction since 2011, falling 12.0% from its intra-quarter high.
- Non-U.S. equity indices posted the weakest equity returns during the quarter with all three bellwether benchmarks posting double-digit losses in U.S. dollars (USD) during the third quarter. Export heavy emerging markets were the hardest hit during the quarter with a USD return of -17.9%. Similar to domestic equity markets, the negative results of international equity markets were driven by macroeconomic events. As the world's second largest economy and largest exporter of goods, China's slowing economic growth prospects dominated headlines throughout the quarter. While the potential impact of a Chinese slowdown resonated throughout the financial markets, emerging market and commodity driven economies experienced the greatest negative impact. In addition to China's events, Greece secured its third bailout from the European Union (EU) and Japan, and EU policymakers signaled further quantitative easing may be necessary to combat deflationary concerns.
- U.S. fixed income indices were modestly positive for the third quarter, with high yield securities and TIPs being exceptions. The U.S. Treasury yield curve flattened during the quarter with short-term interest rates remaining relatively unchanged and longer term rates declining. As a result of this flattening, longer dated maturities outperformed short-term issues.

Quarter Performance

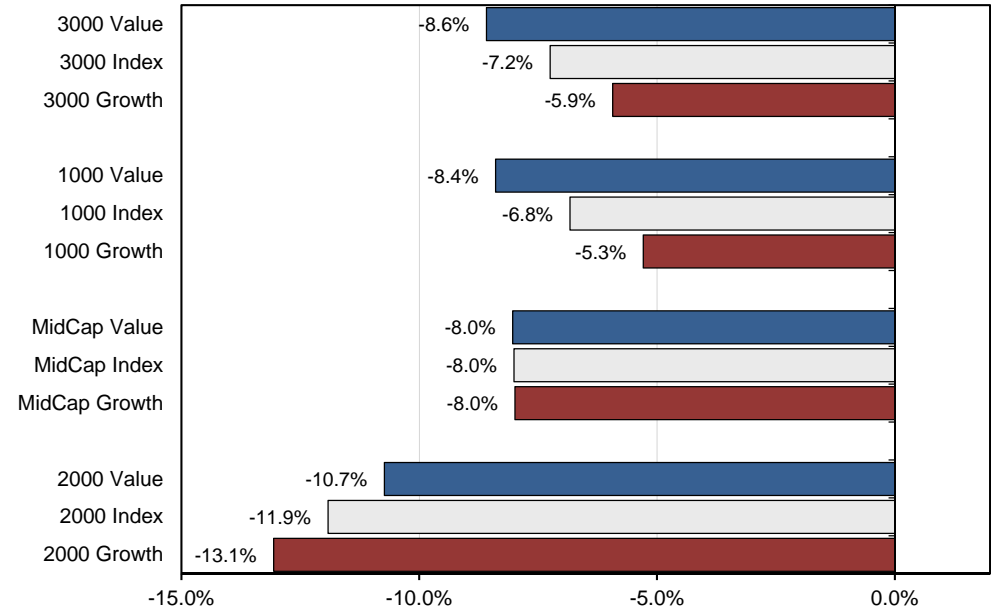


1-Year Performance

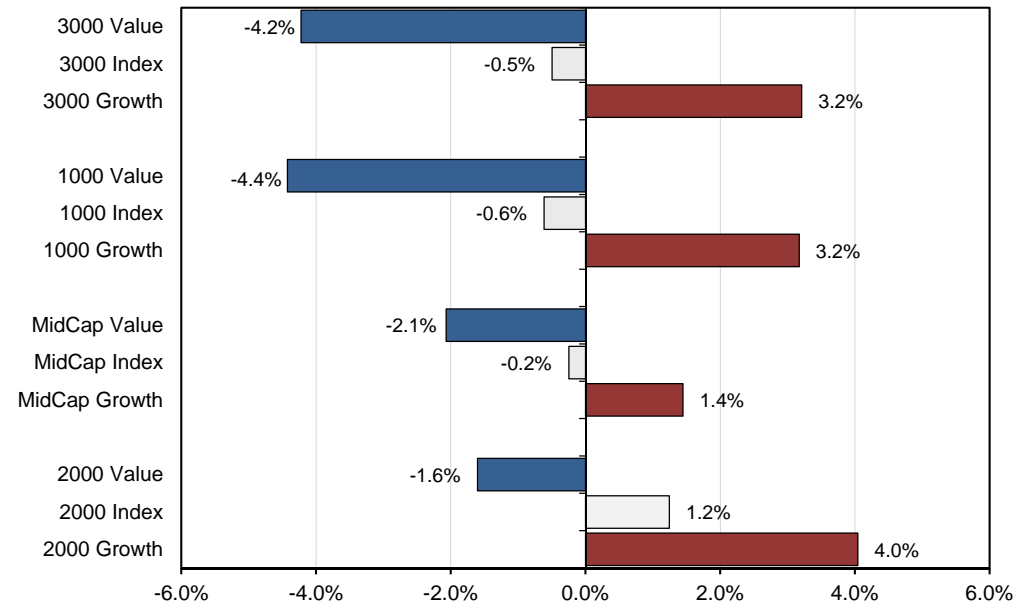


- Regardless of style or size, domestic equity index performance was negative across the style and capitalization spectrum during the third quarter. While most broad corporate fundamentals appeared to be solid and the U.S. consumer benefited from lower oil prices, negative performance during the third quarter was largely driven by the volatility associated with global macroeconomic and geopolitical events. Chief factors driving volatility during the quarter included the “will they – won’t they” uncertainty associated with the Fed’s interest rate decision and attempts to assess the global ramifications of an economic slowdown in China, which was larger than anticipated.
- Outside of macroeconomic and geopolitical factors impacting equity performance, there were two notable trends affecting U.S. domestic equity results during the third quarter of 2015. First, large cap indices generally outperformed their small cap counterparts, with the latter delivering double-digit losses for the quarter. Second, growth stocks were the strongest relative performers in the large cap universe, while in the small cap universe value indices posted moderately better relative results. Within the large cap Russell 1000 Growth Index, the quarter’s relative performance benefited from the annual reconstitution of the index series each June. This year’s reconstitution reduced exposure to the weak performing energy sector in the large cap growth index from more than 5% to less than 1% after reconstitution..
- From a valuation perspective, current P/Es for the value indices were roughly in-line with their long-term averages with the mid-cap value index P/E appearing slightly stretched at 106% of its long-term average. In contrast, current P/E valuations for the growth indices remained well below their long-term averages with P/E valuation levels falling between 80% and 85% of their historical averages.
- On a trailing one-year basis, growth indices illustrated a substantial return premium over value benchmarks across the capitalization spectrum. The performance differentials were largely due to the growth benchmarks’ heavier weights to the strong-performing health care and information technology sectors.

Quarter Performance - Russell Style Series

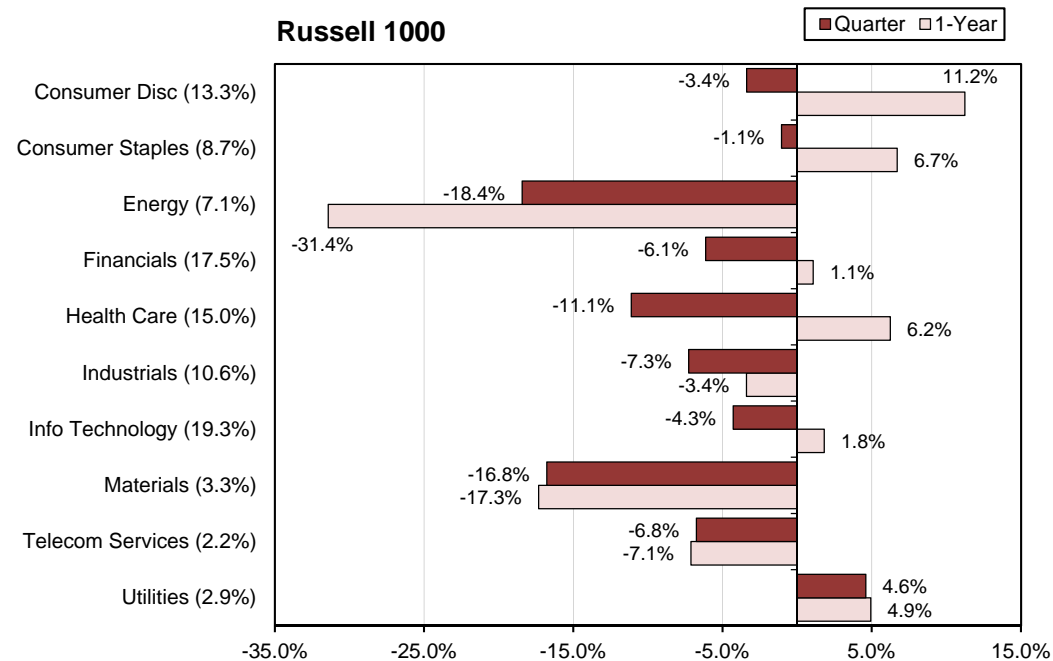


1-Year Performance - Russell Style Series

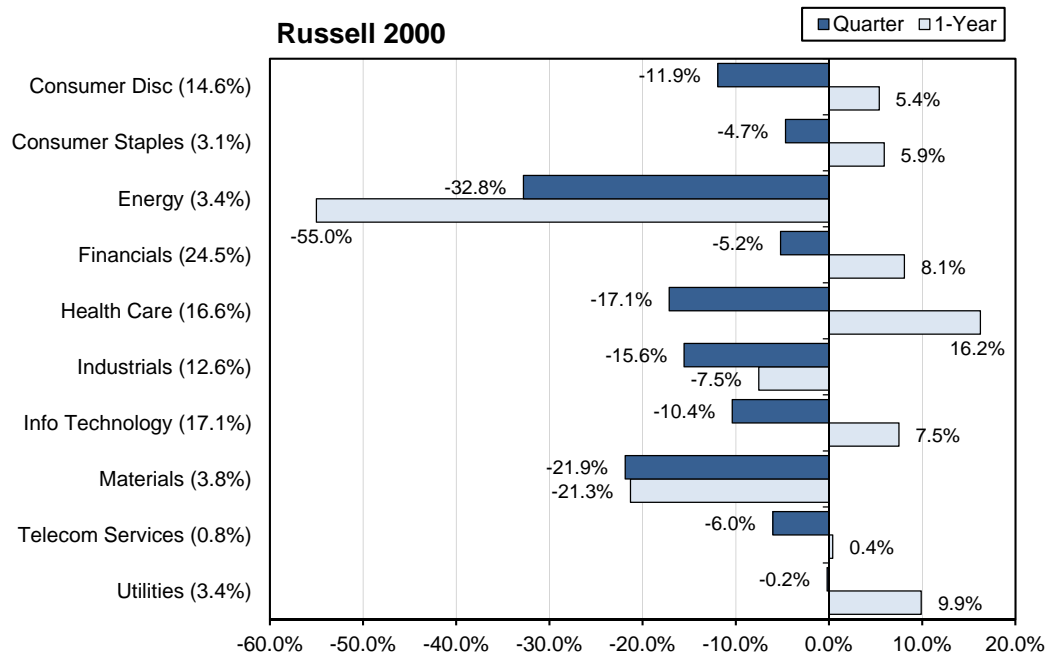


- Sector performance was broadly negative for large cap stocks with nine of the ten GICS sectors posting negative results for the quarter. The utilities sector was the only large cap economic sector that managed a positive result for the quarter with a return of 4.6%. Commodity price driven sectors were the hardest hit during the quarter with the energy and materials sectors returning -18.4% and -16.8% respectively. The large cap health care sector, which had not posted a negative quarterly return since the third quarter of 2011, was also notable with a return of -11.1% for the quarter. Within the health care sector, pharmaceutical and biotech stocks struggled from the general “risk-off” environment permeating the third quarter but sold-off deliberately after Democratic presidential candidate Hillary Clinton alluded to a plan to combat high prescription drug costs. Traditional defensive sectors, such as utilities and consumer staples, posted the strongest relative performance for the quarter. Over the one-year trailing period, six of ten sectors remain positive with commodity driven energy (-31.4%) and materials (-17.3%) sectors representing double-digit negative outliers.
- Similar to large cap indices, small cap index performance was negative for the quarter. Within the small cap index, all ten GICS sectors posted negative results for the quarter with six sectors posting double-digit losses. For the quarter, sector performance followed a similar pattern to large cap sector results with commodity sensitive sectors posting the weakest results and defensive sectors offering the greatest relative safety. Over the one-year trailing period, six of ten small cap index sectors remained positive with commodity driven energy (-55.0%) and materials (-21.3%) sectors representing substantial double-digit negative outliers.
- Using the S&P 500 as a proxy, based on trailing P/E ratios, six GICS sectors show P/E ratios lower than their 20-year averages at quarter end. Within these sectors, the information technology and financials sectors appeared the most undervalued relative to their long-term average P/E ratios. In contrast, the telecommunication services and utilities sector valuations appeared most stretched versus historical P/E ratio data.

Russell 1000



Russell 2000



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of September 30, 2015

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	3.28%	-11.7%	11.3%	Information Technology
Microsoft Corp	1.85%	0.9%	-2.0%	Information Technology
Exxon Mobil Corporation	1.61%	-9.8%	-18.3%	Energy
Johnson & Johnson	1.34%	-3.5%	-9.9%	Health Care
General Electric Co	1.31%	-4.2%	2.0%	Industrials
Berkshire Hathaway Inc Class B	1.25%	-4.2%	-5.6%	Financials
Wells Fargo & Co	1.24%	-8.1%	1.6%	Financials
JPMorgan Chase & Co	1.17%	-9.4%	3.9%	Financials
AT&T Inc	1.02%	-7.0%	-2.3%	Telecommunication Services
Procter & Gamble Co	1.01%	-7.3%	-11.4%	Consumer Staples

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
StanCorp Financial Group Inc	0.02%	51.0%	84.3%	Financials
TECO Energy Inc	0.03%	50.2%	58.0%	Utilities
Pandora Media Inc	0.02%	37.3%	-11.7%	Information Technology
Cablevision Systems Corp Class A	0.03%	36.4%	90.7%	Consumer Discretionary
zulily Inc Class A	0.00%	33.4%	-54.1%	Consumer Discretionary
AGL Resources Inc	0.04%	32.5%	23.7%	Utilities
Chubb Corp	0.15%	29.5%	37.5%	Financials
Activision Blizzard Inc	0.08%	27.6%	50.1%	Information Technology
Con-way Inc	0.00%	24.2%	1.3%	Industrials
JetBlue Airways Corp	0.04%	24.1%	142.7%	Industrials

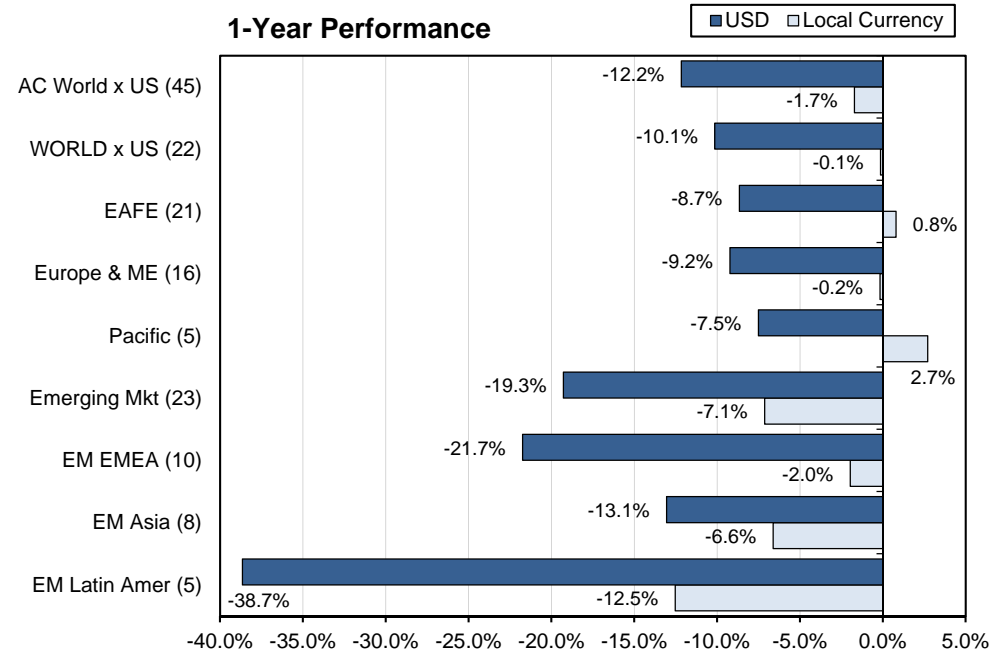
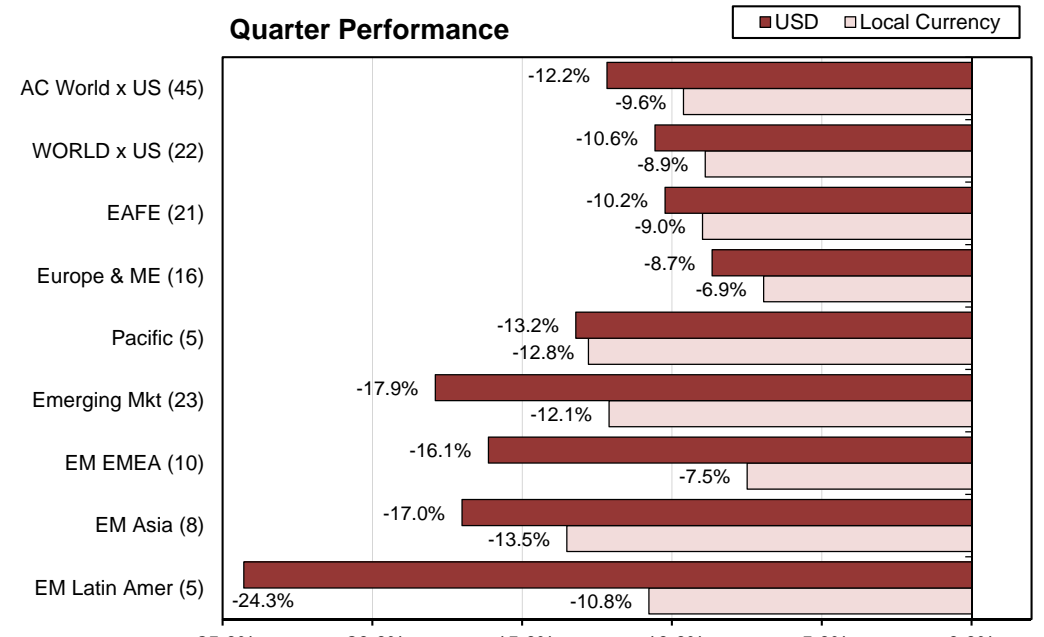
Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
SunEdison Inc	0.01%	-76.0%	-62.0%	Information Technology
SandRidge Energy Inc	0.00%	-69.2%	-93.7%	Energy
Seventy Seven Energy Inc	0.00%	-67.8%	-94.2%	Energy
TimkenSteel Corp	0.00%	-62.2%	-77.7%	Materials
TerraForm Power Inc Class A	0.00%	-62.0%	-48.9%	Utilities
Rayonier Advanced Materials Inc	0.00%	-61.9%	-81.0%	Materials
Denbury Resources Inc	0.00%	-61.0%	-83.1%	Energy
The Chemours Co	0.01%	-59.6%	N/A	Materials
EP Energy Corp Class A	0.00%	-59.5%	-70.5%	Energy
Unit Corp	0.00%	-58.5%	-80.8%	Energy

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Tyler Technologies Inc	0.31%	15.4%	68.9%	Information Technology
Anacor Pharmaceuticals Inc	0.29%	52.0%	381.0%	Health Care
Manhattan Associates Inc	0.28%	4.4%	86.4%	Information Technology
CubeSmart	0.28%	18.2%	55.4%	Financials
Investors Bancorp Inc	0.26%	0.7%	24.4%	Financials
First American Financial Corp	0.26%	5.7%	48.2%	Financials
Casey's General Stores Inc	0.24%	7.7%	44.9%	Consumer Staples
Maximus Inc	0.24%	-9.3%	48.9%	Information Technology
West Pharmaceutical Services Inc	0.24%	-6.7%	21.9%	Health Care
Team Health Holdings Inc	0.24%	-17.3%	-6.8%	Health Care

Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
GT Advanced Technologies Inc	0.00%	135.7%	-96.3%	Information Technology
NTELOS Holdings Corp	0.01%	95.5%	-15.1%	Telecommunication Services
Phoenix Companies Inc	0.00%	80.9%	-41.2%	Financials
Trevena Inc	0.02%	65.3%	61.2%	Health Care
Dot Hill Systems Corp	0.04%	59.0%	157.4%	Information Technology
Anacor Pharmaceuticals Inc	0.29%	52.0%	381.0%	Health Care
Exelixis Inc	0.08%	49.2%	266.7%	Health Care
Merge Healthcare Inc	0.03%	47.9%	222.7%	Health Care
HHGregg Inc	0.00%	45.8%	-22.8%	Consumer Discretionary
Thoratec Corp	0.21%	41.9%	136.7%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Quiksilver Inc	0.00%	-97.0%	-98.9%	Consumer Discretionary
RCS Capital Corp Class A	0.00%	-89.4%	-96.4%	Financials
Alpha Natural Resources Inc	0.00%	-89.1%	-98.7%	Energy
BPZ Resources Inc	0.00%	-88.8%	-99.9%	Energy
SFX Entertainment Inc	0.00%	-88.6%	-89.8%	Consumer Discretionary
Penn Virginia Corp	0.00%	-87.9%	-95.8%	Energy
Vantage Drilling Co	0.00%	-86.5%	-98.0%	Energy
Tetraphase Pharmaceuticals Inc	0.02%	-84.3%	-62.6%	Health Care
Altisource Asset Management Corp	0.00%	-83.4%	-96.5%	Financials
Magnum Hunter Resources Corporation	0.00%	-81.8%	-93.9%	Energy

- With negative macroeconomic and geopolitical events throughout the quarter trumping any consideration of underlying fundamentals or long-term prospects, international equity index performance was broadly negative. As stated previously, uncertainty over events, such as China's economic health and a potential Greek exit of the eurozone, pushed all major international equity indices lower. While developed markets fared modestly better than emerging markets, the majority of foreign market results struggled relative to the perceived safety and stability of U.S. markets. Local currency index returns were marginally less negative than USD returns due to the strengthening of the USD versus most other major currencies.
- Developed markets outperformed emerging markets for the quarter with the MSCI EAFE Index outperforming the MSCI Emerging Market Index by 7.7% and 3.1% in USD and local currency respectively. Improving economic data in the eurozone was encouraging, with GDP growth for the ninth consecutive quarter, but economic data in Japan was mixed. Both European Central Bank Chairman Draghi and Bank of Japan Governor Kuroda reiterated a willingness to support further quantitative easing should it be deemed necessary. Commodity price sensitive economies such as Canada, Australia, and several emerging markets faced particularly strong headwinds due to the headlines surrounding slowing growth in China.
- Emerging markets posted large negative equity results for the quarter. Led by the imposition of capital controls associated with its latest bailout deal with the EU, Greece represented the weakest performance in the MSCI Emerging Markets Index, returning -35.8% for the quarter. Chinese equities fell -22.7% during the quarter after a devaluation of the yuan and mounting evidence of decelerating economic growth. Latin America had the weakest performance as falling commodity prices and a weakened macro outlook in Brazil negatively affected the region. Like developed markets, countries with more diversified economies performed better than economies heavily linked to commodity exports.



The Market Environment
U.S. Dollar International Index Attribution & Country Detail
As of September 30, 2015

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	13.1%	-11.0%	-0.7%
Consumer Staples	12.0%	-1.5%	1.7%
Energy	4.8%	-16.8%	-34.5%
Financials	25.8%	-12.1%	-9.2%
Health Care	11.8%	-5.3%	-3.2%
Industrials	12.5%	-11.2%	-8.9%
Information Technology	4.8%	-10.6%	-5.8%
Materials	6.6%	-19.7%	-22.1%
Telecommunication Services	4.9%	-9.5%	-3.3%
Utilities	3.8%	-4.2%	-11.0%
Total	100.0%	-10.2%	-8.7%

MSCI - ACWIXUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	12.0%	-11.3%	-3.2%
Consumer Staples	10.9%	-3.2%	-0.6%
Energy	6.3%	-20.1%	-37.2%
Financials	27.3%	-14.1%	-12.3%
Health Care	9.6%	-6.2%	-2.3%
Industrials	11.1%	-11.7%	-11.2%
Information Technology	7.4%	-13.3%	-8.6%
Materials	6.7%	-20.8%	-26.2%
Telecommunication Services	5.2%	-11.3%	-8.8%
Utilities	3.6%	-7.0%	-14.2%
Total	100.0%	-12.2%	-12.2%

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	9.4%	-13.9%	-15.6%
Consumer Staples	8.8%	-11.4%	-12.1%
Energy	7.5%	-25.3%	-37.4%
Financials	28.6%	-21.4%	-18.1%
Health Care	2.9%	-9.5%	-8.1%
Industrials	7.5%	-16.0%	-17.8%
Information Technology	18.1%	-16.0%	-11.3%
Materials	6.6%	-19.4%	-30.0%
Telecommunication Services	7.4%	-15.6%	-20.1%
Utilities	3.4%	-16.8%	-24.5%
Total	100.0%	-17.9%	-19.3%

Country	MSCI-EAFE Weight	MSCI-ACWIXUS Weight	Quarter Return	1- Year Return
Japan	22.5%	16.5%	-11.8%	-2.2%
United Kingdom	20.3%	14.8%	-10.0%	-12.1%
France	10.1%	7.4%	-6.5%	-7.7%
Switzerland	9.7%	7.1%	-7.0%	-3.8%
Germany	8.9%	6.5%	-10.9%	-9.3%
Australia	6.4%	4.7%	-15.3%	-21.1%
Spain	3.5%	2.5%	-11.1%	-20.6%
Hong Kong	3.0%	2.2%	-16.2%	-3.3%
Sweden	3.0%	2.2%	-9.2%	-10.5%
Netherlands	2.8%	2.0%	-8.9%	-2.0%
Italy	2.6%	1.9%	-4.4%	-9.3%
Denmark	1.8%	1.3%	-2.4%	6.7%
Belgium	1.3%	1.0%	-7.9%	-0.8%
Singapore	1.3%	0.9%	-19.5%	-21.4%
Finland	0.9%	0.6%	-5.5%	-8.8%
Israel	0.6%	0.5%	-5.6%	2.6%
Norway	0.6%	0.4%	-19.1%	-35.9%
Ireland	0.4%	0.3%	-3.2%	10.9%
Austria	0.2%	0.1%	-9.0%	-10.3%
Portugal	0.2%	0.1%	-11.6%	-25.5%
New Zealand	0.1%	0.1%	-7.1%	-18.7%
Total EAFE Countries	100.0%	73.0%	-10.2%	-8.7%
Canada		6.4%	-14.1%	-23.9%
Total Developed Countries		79.5%	-10.6%	-10.1%
China		4.8%	-22.7%	-5.0%
Korea		3.2%	-11.8%	-18.4%
Taiwan		2.6%	-17.0%	-11.3%
India		1.8%	-6.7%	-5.9%
South Africa		1.6%	-18.6%	-14.2%
Brazil		1.3%	-33.6%	-48.4%
Mexico		1.0%	-12.0%	-24.0%
Russia		0.8%	-14.8%	-27.1%
Malaysia		0.6%	-18.2%	-33.7%
Thailand		0.5%	-17.6%	-23.7%
Indonesia		0.4%	-24.2%	-32.9%
Poland		0.3%	-10.8%	-26.3%
Philippines		0.3%	-10.3%	-5.7%
Turkey		0.3%	-19.5%	-23.8%
Chile		0.3%	-13.6%	-21.2%
Qatar		0.2%	-6.6%	-18.3%
United Arab Emirates		0.2%	-10.4%	-26.4%
Colombia		0.1%	-23.2%	-50.5%
Peru		0.1%	-21.5%	-26.2%
Greece		0.1%	-35.8%	-66.0%
Hungary		0.1%	-3.3%	6.7%
Czech Republic		0.0%	-6.6%	-22.3%
Egypt		0.0%	-12.9%	-24.3%
Total Emerging Countries		20.5%	-17.9%	-19.3%
Total ACWIXUS Countries		100.0%	-12.2%	-12.2%

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



Orlando

4901 Vineland Road, Suite 600
Orlando, Florida 32811

866.240.7932