

City of Fort Lauderdale Operating Funds

Investment Performance Review

June 30, 2016



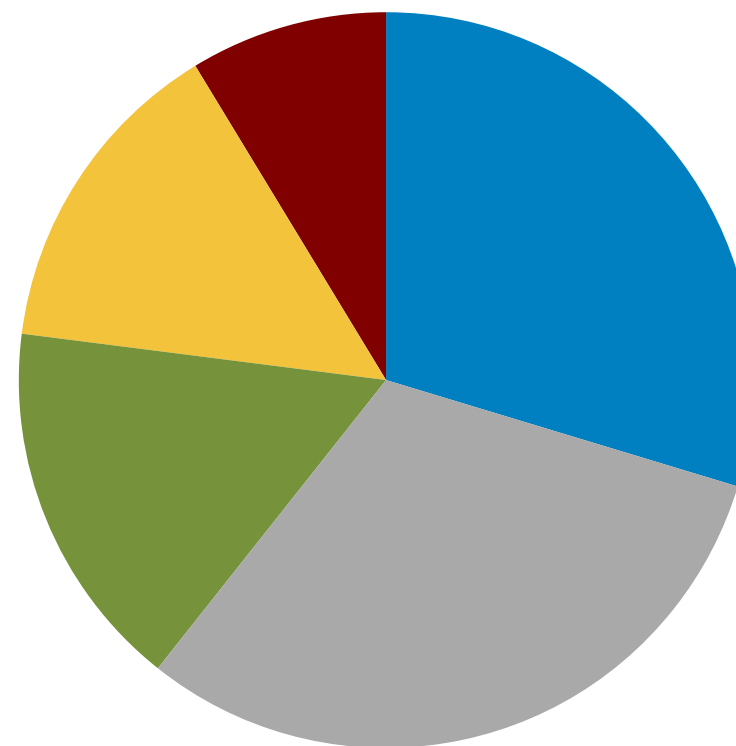
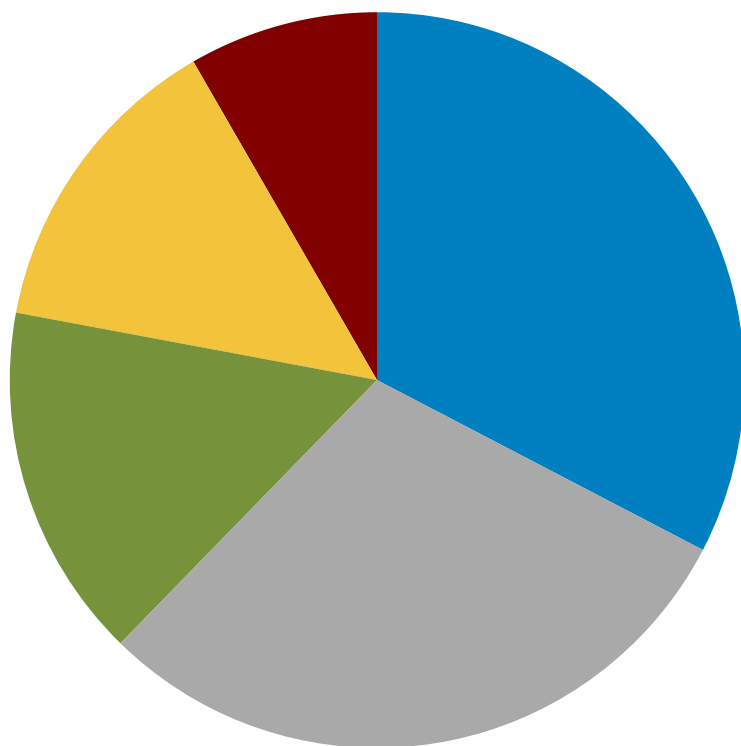
Investment Performance Review					
	Market Value	Current Quarter	Fiscal YTD	Trailing 12 Months	Fiscal Year Projected Rate of Return
City Operating Funds	\$461,964,716	0.48%	1.00%	1.33%	
CRA Fund	\$68,655,102	0.32%	N/A	N/A	
Benchmark		0.59%	1.16%	1.49%	
Total City of Fort Lauderdale Funds	\$530,619,818	0.46%	0.98%	1.30%	1.10%
Benchmark		0.52%	0.98%	1.30%	
OPEB Trust Fund	\$12,806,467	0.00%	0.00%	0.02%	7.00%
Benchmark		0.02%	0.02%	0.04%	
Cemetery Trust Funds	\$26,574,769	1.48%	6.02%	4.81%	5.00%
Benchmark		2.34%	5.94%	5.25%	
General Employee Retirement System (GERS)	\$569,480,343	1.90%	5.40%	-4.2%	7.50%
Benchmark		1.70%	7.40%	-0.8%	
Police & Fire Retirement System (PFRS)	\$798,301,055	1.57%	5.28%	1.18%	7.50%
Benchmark		1.89%	6.66%	2.07%	

Investment Performance Review							
Authorized Investments	Sterling Enhanced Cash	Garcia Hamilton S/T Fixed (1-3yr)	Sawgrass Short (1-5yr)	FMIT (1-3) Year	Wells Fargo (Cash Accounts)	Regions (Bond Accounts)	Sterling CRA Account
Cash & Money Market Accounts	0.00%	0.00%	2.16%	0.00%	100.00%	0.00%	24.51%
Money Market Funds	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
Local Govt Investment Pool	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%
US Treasury Bond/ Note	11.00%	12.68%	57.32%	0.00%	0.00%	0.00%	39.44%
Federal Agency Bond/Note	41.61%	50.36%	4.31%	0.00%	0.00%	0.00%	15.50%
Federal Agency MBS/CMO/CMBS	1.06%	21.73%	1.30%	0.00%	0.00%	0.00%	0.00%
Municipal Bond/Note	10.67%	0.00%	0.00%	0.00%	0.00%	0.00%	2.62%
Corporate Note	35.66%	15.23%	34.92%	0.00%	0.00%	0.00%	17.93%
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	0.76%	0.81%	0.94%	0.85%	0.00%	0.01%	0.19%
Current Portfolio Yield	1.71%	1.00%	1.29%				2.07%

Authorized Investments	Allowable Range	Allocation	Percent of Portfolio
Cash & Money Market Accounts	0% - 100%	\$94,807,413	17.9%
Money Market Funds	0% - 75%	\$12,653,514	2.4%
Local Govt Investment Pool	0% - 25%	\$46,119,386	8.7%
US Treasury Bond/ Note	0% - 100%	\$105,988,642	20.0%
Federal Agency Bond/Note	0% - 100%	\$128,785,527	24.3%
Federal Agency MBS/CMO/CMBS	0% - 25%	\$37,678,655	7.1%
Municipal Bond/Note	0% - 25%	\$9,891,860	1.9%
Corporate Note	0% - 30%	\$94,694,821	17.8%
Commercial Paper	0% - 25%	\$0	0.0%
		\$530,619,818	100.00%

March 31, 2016 : \$550,770,488

June 30, 2016 : \$530,619,818



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Total Operating and Restricted Funds	179,765,614	32.6	Total Operating and Restricted Funds	157,424,171	29.7
Garcia Short Duration Opportunistic	163,409,023	29.7	Garcia Short Duration Opportunistic	164,506,614	31.0
Sawgrass 1-5 yr Short Term	86,093,492	15.6	Sawgrass 1-5 yr Short Term	86,720,575	16.3
Sterling Enhanced Cash	75,584,328	13.7	Sterling Enhanced Cash	75,849,072	14.3
FMIT Other Bonds & Subsidiary Account	45,918,032	8.3	FMIT Other Bonds & Subsidiary Account	46,119,386	8.7

Asset Allocation Attributes

	Domestic Fixed Income		Cash Equivalent		Total Fund	
	(\$)	%	(\$)	%	(\$)	%
Surplus Funds	368,338,719	98.70	4,856,928	1.30	373,195,647	70.33
Garcia Short Duration Opportunistic	163,645,766	99.48	860,848	0.52	164,506,614	31.00
Sawgrass 1-5 yr Short Term	84,611,967	97.57	2,108,608	2.43	86,720,575	16.34
Sterling Enhanced Cash	73,961,600	97.51	1,887,472	2.49	75,849,072	14.29
FMIT Other Bonds & Subsidiary Account	46,119,386	100.00	-	-	46,119,386	8.69
Total Operating and Restricted Funds	51,626,819	32.79	105,797,352	67.21	157,424,171	29.67
Wells Fargo Master Account	-	-	76,115,555	100.00	76,115,555	14.34
Regions All G.O. Bonds	-	-	12,653,514	100.00	12,653,514	2.38
Sterling - CRA	51,626,819	75.20	17,028,283	24.80	68,655,102	12.94
Total Fund Composite	419,965,538	79.15	110,654,280	20.85	530,619,818	100.00

Financial Reconciliation
Total Fund
1 Quarter Ending June 30, 2016

Financial Reconciliation								
	Market Value 04/01/2016	Net Transfers	Contributions	Distributions	Other Expenses	Income	Apprec./ Deprec.	Market Value 06/30/2016
Surplus Funds	371,004,875	-	644	-	-	1,453,507	736,621	373,195,647
Garcia Short Duration Opportunistic	163,409,023	-	-	-	-	836,551	261,040	164,506,614
Sawgrass 1-5 yr Short Term	86,093,492	-	-	-	-	285,595	341,488	86,720,575
Sterling Enhanced Cash	75,584,328	-	644	-	-	331,361	-67,261	75,849,072
FMIT Other Bonds & Subsidiary Account	45,918,032	-	-	-	-	-	201,354	46,119,386
Total Operating and Restricted Funds	179,765,614	-	135,986,968	-158,589,750	-	223,172	38,167	157,424,171
Wells Fargo Master Account	82,885,103	-	135,985,802	-142,783,578	-	28,227	-	76,115,555
FMIT W&S Bonds, Series 2006	4,336,139	-	-	-4,339,873	-	-	3,734	-
FMIT W&S Bonds, Series 2008	4,576,382	-	-	-4,580,323	-	-	3,941	-
FMIT W&S Bonds, Series 2010	5,344,888	-	-	-5,349,491	-	-	4,603	-
Regions All G.O. Bonds	12,727,530	-	-	-74,355	-	340	-	12,653,514
Sterling - CRA	69,895,572	-	1,166	-1,462,129	-	194,605	25,888	68,655,102
Total Fund Composite	550,770,488	-	135,987,612	-158,589,750	-	1,676,679	774,789	530,619,818

Financial Reconciliation
Total Fund
October 1, 2015 To June 30, 2016

Financial Reconciliation								
	Market Value 10/01/2015	Net Transfers	Contributions	Distributions	Other Expenses	Income	Apprec./ Deprec.	Market Value 06/30/2016
Surplus Funds	391,436,840	-	644	-23,249,900	-	4,551,864	456,199	373,195,647
Garcia Short Duration Opportunistic	88,164,732	73,798,443	-	-13	-	2,463,673	79,780	164,506,614
Sawgrass 1-5 yr Short Term	85,332,963	-	-	-	-	853,716	533,896	86,720,575
Sterling Enhanced Cash	75,231,425	-	644	-	-	1,015,918	-398,914	75,849,072
Wells Cap 1-3 yr Short Duration	73,685,923	-73,798,443	-	-	-	214,154	-101,634	-
FMIT Other Bonds & Subsidiary Account	45,776,313	-	-	-	-	-	343,072	46,119,386
Wells Short Term Account	23,245,484	-	-	-23,249,887	-	4,403	-1	-
Total Operating and Restricted Funds	102,020,312	-	594,775,072	-539,871,181	-	354,130	145,838	157,424,171
Wells Fargo Master Account	74,783,964	-	523,094,901	-521,854,308	-	90,998	-	76,115,555
FMIT W&S Bonds, Series 2006	4,322,756	-	-	-4,339,873	-	-	17,117	-
FMIT W&S Bonds, Series 2008	4,562,258	-	-	-4,580,323	-	-	18,066	-
FMIT W&S Bonds, Series 2010	5,328,392	-	-	-5,349,491	-	-	21,099	-
Regions All G.O. Bonds	13,022,942	-	1,616,850	-1,987,266	-	988	-	12,653,514
Sterling - CRA	-	-	70,063,321	-1,759,919	-	262,144	89,556	68,655,102
Total Fund Composite	493,457,152	-	594,775,716	-563,121,082	-	4,905,994	602,038	530,619,818

Comparative Performance

Total Fund

As of June 30, 2016

Comparative Performance											
	QTR		YTD		FYTD		1 YR		Inception		Inception Date
Total Fund Composite	0.46		1.19		0.98		1.30		0.77		07/01/2012
Surplus Funds	0.59		1.63		1.37		1.79		1.15		04/01/2013
Barclays 1-3 Govt	0.52		1.42		0.99		1.31		0.89		
Garcia Short Duration Opportunistic	0.67	(67)	2.28	(23)	1.95	(28)	2.70	(12)	1.81	(13)	04/01/2013
BofAML 1-3 Yr. Gov/Corp A Rated & Above	0.59	(83)	1.53	(78)	1.16	(86)	1.49	(85)	1.01	(88)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.77		1.82		1.65		2.00		1.35		
Sawgrass 1-5 yr Short Term	0.73	(58)	1.99	(35)	1.63	(52)	2.16	(32)	1.33	(53)	04/01/2013
BofA Merrill Lynch 1-5 Yr Gov/Corp A Rated & Above	0.87	(37)	2.45	(17)	1.88	(32)	2.57	(14)	1.48	(33)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	0.77		1.82		1.65		2.00		1.35		
Sterling Enhanced Cash	0.35	(64)	0.95	(34)	0.82	(56)	1.07	(33)	0.81	(46)	04/01/2013
1 Year U.S. Treasury Note	0.28	(69)	0.48	(70)	0.29	(95)	0.33	(95)	0.16	(100)	
IM U.S. Cash Fixed Income (SA+CF) Median	0.45		0.85		0.91		0.95		0.75		
FMIT Other Bonds & Subsidiary Account	0.44		1.02		0.75		0.95		0.60		07/01/2012
BofA Merrill Lynch 1-3 Year Government	0.52		1.42		0.98		1.30		0.82		

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 June 30, 2016

	QTR	YTD	FYTD	1 YR	Inception	Inception Date
Total Operating and Restricted Funds	0.16	0.31	0.26	0.29	0.15	07/01/2012
Lipper Money Mkt Fd IX	0.02	0.04	0.04	0.04	0.02	
Wells Fargo Master Account	0.04	0.08	0.08	0.09	0.04	07/01/2012
Lipper Money Mkt Fd IX	0.02	0.04	0.04	0.04	0.02	
Regions All G.O. Bonds	0.00	0.01	0.01	0.01	0.01	07/01/2012
Lipper Money Mkt Fd IX	0.02	0.04	0.04	0.04	0.02	
Sterling - CRA	0.32	N/A	N/A	N/A	0.54	03/01/2016
BofAML 1-3 Yr. Gov/Corp A Rated & Above	0.59	1.53	1.16	1.49	0.85	

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

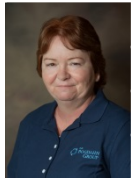
Weight (%)

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

Jon Breth



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

John Rodak, CIPM



Department:	Consultant Team
Title:	Internal Consultant
Direct Phone:	407-520-5352
Email:	JohnR@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.
Distributed to Paid In (DPI)	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
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.
Total Value to Paid In (TVPI)	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
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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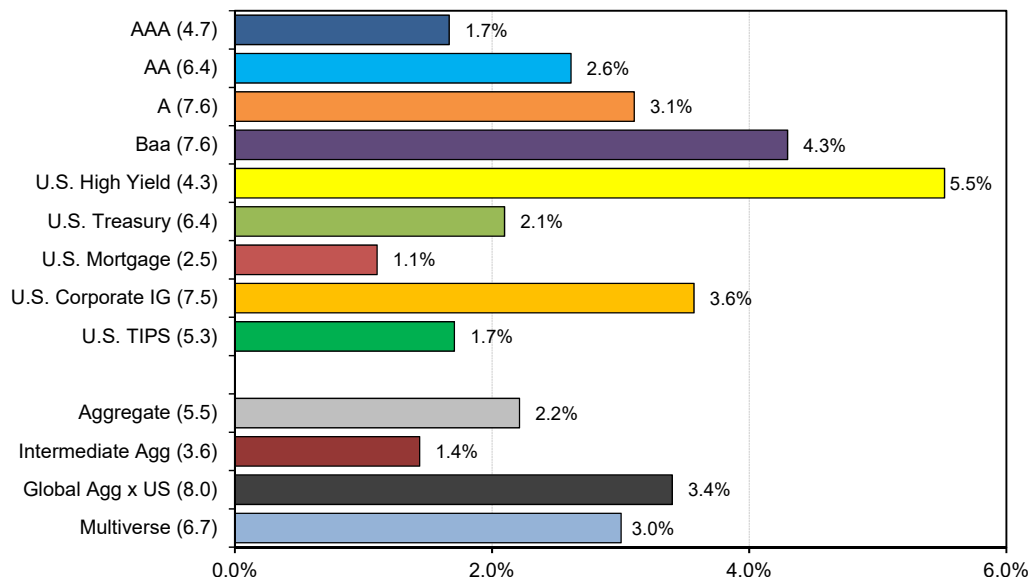
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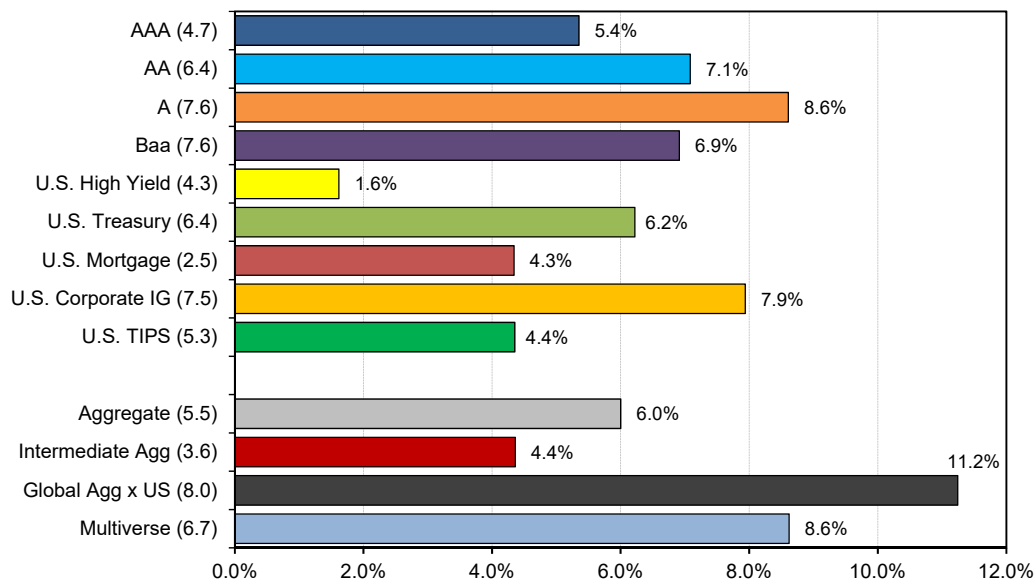
2nd Quarter 2016 Market Environment

- Despite being investors' least favorite asset class for some time, fixed income indices continued their strong 2016 performance through the 2nd quarter of the year. Early quarter headwinds triggered by hawkish comments from Federal Reserve Chair Janet Yellen implying a summer interest rate hike dissipated as weaker economic data created doubts that the economy was robust enough to warrant further monetary policy tightening. Expectations for a near-term increase of the Fed Funds Rate shrank further after the U.K.'s vote to leave the EU. This news caused a swift flight to quality, pushing interest rates lower through the second half of the quarter. While near-term rates had little room to move lower, long-term rates fell to near historic lows. This curve flattening helped longer duration indices such as the Barclays U.S. Corporate Investment Grade Index and the Barclays Global Aggregate ex U.S. Index to outperform, returning 3.6% and 3.4% respectively. Fixed income performance for the 1-year period was also positive across the country, credit, and sector spectrums with international bond indices, such as the Barclays Global Aggregate ex U.S. (11.2%) and the Barclays Multiverse (8.6%), generating the highest returns
- U.S. investment grade bond indices posted gains for the quarter with the broad market Barclays Aggregate Index posting a return of 2.2%. Higher duration index sectors within the Aggregate outperformed lower duration sectors with investment grade corporates (3.6%) and Treasury securities (2.1%) posting the largest gains. Hurt by its relatively low duration, the Barclays U.S. Mortgage Index performed the worst for the second quarter in a row, returning 1.1%. Over the 1-year period, the Aggregate has returned an expectation defying 6.0%. Similar to the quarterly results, investment grade corporates and Treasuries outperformed mortgages for the period.
- Lower credit quality issues outperformed higher quality securities during the 2nd quarter. Baa rated securities returned 4.3% versus a return of 1.7% for AAA issues due to higher average durations and the compression of interest rate credit spreads throughout the quarter. Driven by this spread compression, high yield bonds were the best performers with the Barclays U.S. High Yield Index returning 5.5%. Despite its strong start to 2016, the Barclays U.S. High Yield Index is only marginally positive over the last 12 months with a return of 1.6%.

Quarter Performance

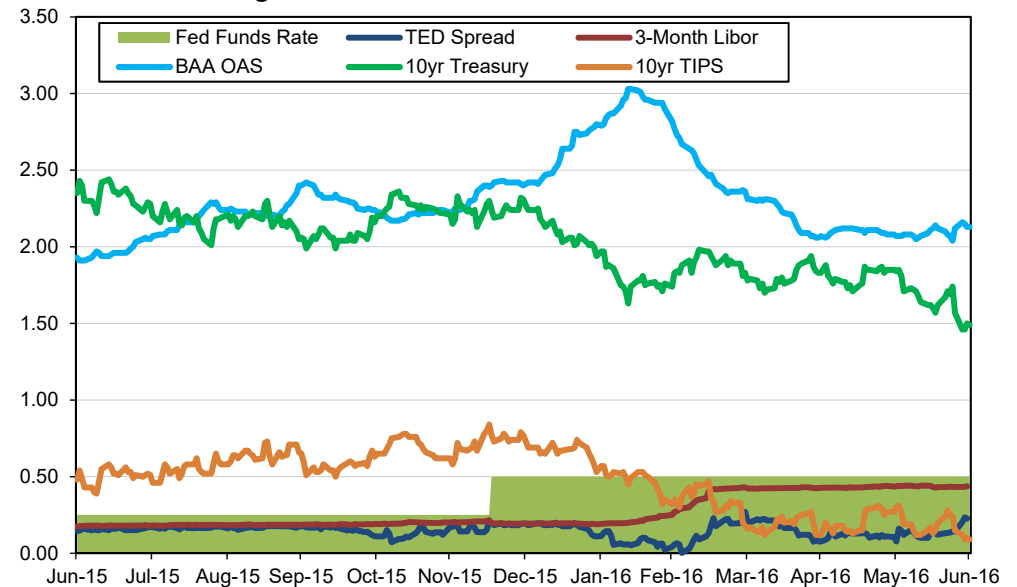


1-Year Performance

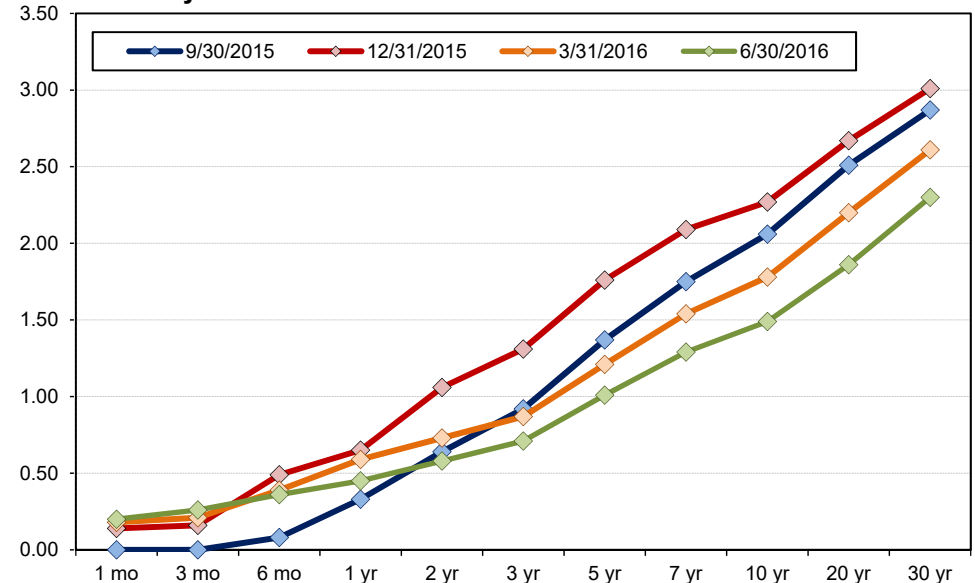


- U.S. TIPS finished the 2nd quarter with a 1.7% return. The relatively strong return can be attributed to the longer end of the TIPS yield curve shifting lowering during the period as headline CPI (1.1%) remains largely in check. The TIPS return for the 1-year period is a solid 4.4%.
- In USD terms, international fixed income indices posted the largest gains for both the quarter and 1-year periods. Despite the relatively low interest rates in international markets, with several government issues having negative yields, the Barclays Global Aggregate ex U.S. returned 3.4% for the quarter as the index benefitted from its higher average duration and mixed currency impact. The index's 11.2% return over the 1-year period also outpaced domestic bond returns.
- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury yield (green line) fell over the quarter and is now at a 12-month low. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread), which quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. When credit spreads widen (tighten), it is equivalent to interest rate increases (decreases) on corporate bond returns. After falling below 2.0% early in 2015, this spread rose throughout the remainder of the calendar year. While there was upside momentum in credit spreads early in 2016, they have narrowed by close to 1% since their high on February 11th. Despite an uptick from "Brexit" during June, this spread compression has benefited corporate bond returns. The lower graph provides a snapshot of the U.S. Treasury yield curve at each of the last four calendar quarters. Treasury issues greater than two years ended the 2nd quarter at their lowest levels in the past 12-months while short-term rates are at the high end of their 12-month range.
- The Fed has stated future rate increases would be implemented at a measured pace and with an ongoing assessment of current economic data. Despite this domestic policy assertion, geopolitical events and non-U.S. stimulus programs are likely to keep demand for U.S. Treasury issues elevated and exert downward pressure on how high domestic interest rates will rise in the short-term.

1-Year Trailing Market Rates

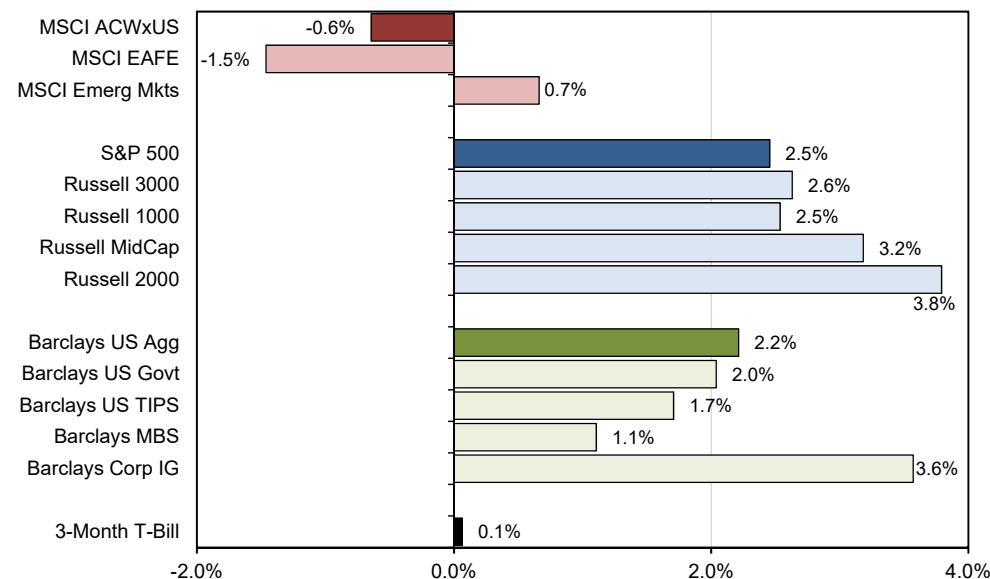


Treasury Yield Curve

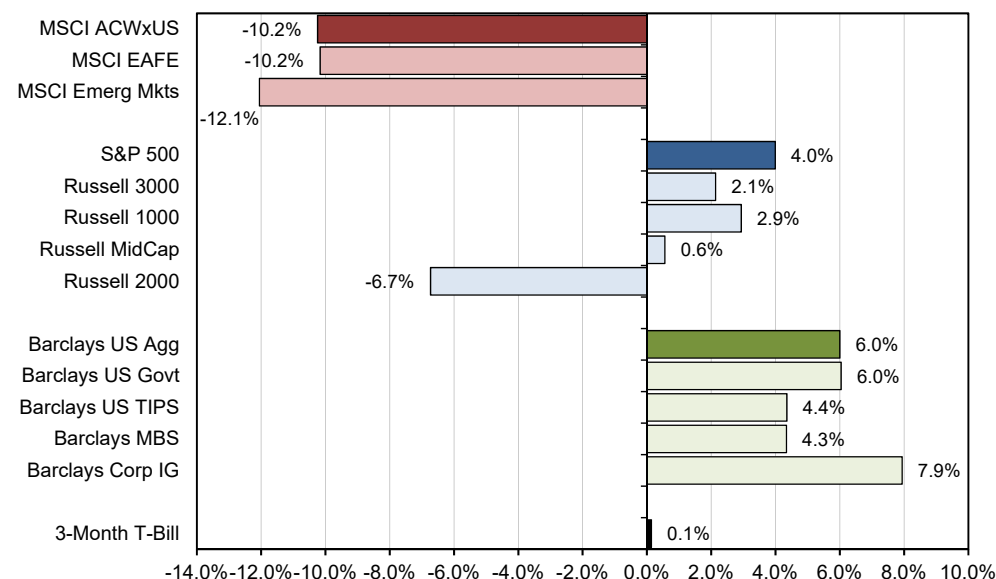


- The 2nd quarter of 2016 was very volatile as financial market returns were influenced by central bank policy expectations, rising commodity prices, mixed economic data, and increased global political and economic uncertainty caused by the U.K.'s June vote to discontinue its membership in the European Union (EU). Despite this volatility, asset class results for the period were broadly positive with the exception of international developed market returns. Higher risk assets, such as small cap equities, emerging market stocks, and investment grade and high yield corporate bonds, posted the strongest returns throughout the quarter.
- Led by the small cap Russell 2000's return of 3.8%, U.S. stock market indices were positive for the 2nd quarter. In contrast, for the 1-year period, domestic large cap stock indices were the best performers, posting moderate gains, while domestic small cap indices posted negative returns. Broad international equity indices trailed domestic stock indices through both the quarter and prior year. In U.S. Dollar (USD) terms, returns for the MSCI Emerging Markets Index (net) were marginally positive for the quarter returning 0.7% while developed market equities, represented by the MSCI EAFE Index (net), returned -1.5%. Both indices have experienced double digit losses over the 1-year period, returning -12.1% and -10.2% respectively..
- The U.S. Treasury yield curve flattened throughout the 2nd quarter with near-term rates staying relatively flat and rates at the medium to long end of the yield curve falling near all-time lows. Despite their low yields, investment grade bonds have outperformed broad domestic and international equity indices over the past twelve months with the Barclays Aggregate Index returning 2.2% for the 2nd quarter and 6.0% for the trailing 1-year period. Investment grade corporate bonds outperformed the remaining investment grade sectors for both the quarter and 1-year period with the Barclays U.S. Corporate Investment Grade Index returning 3.6% and 7.9% respectively. Corporate issues experienced tailwinds from their higher durations relative to other areas of the fixed income market, as well as tightening credit spreads.

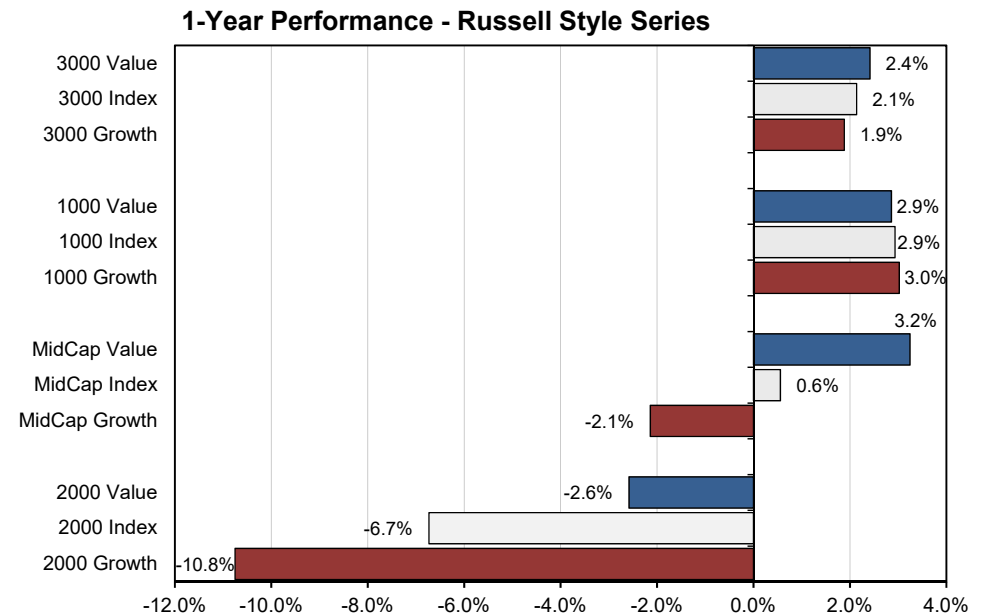
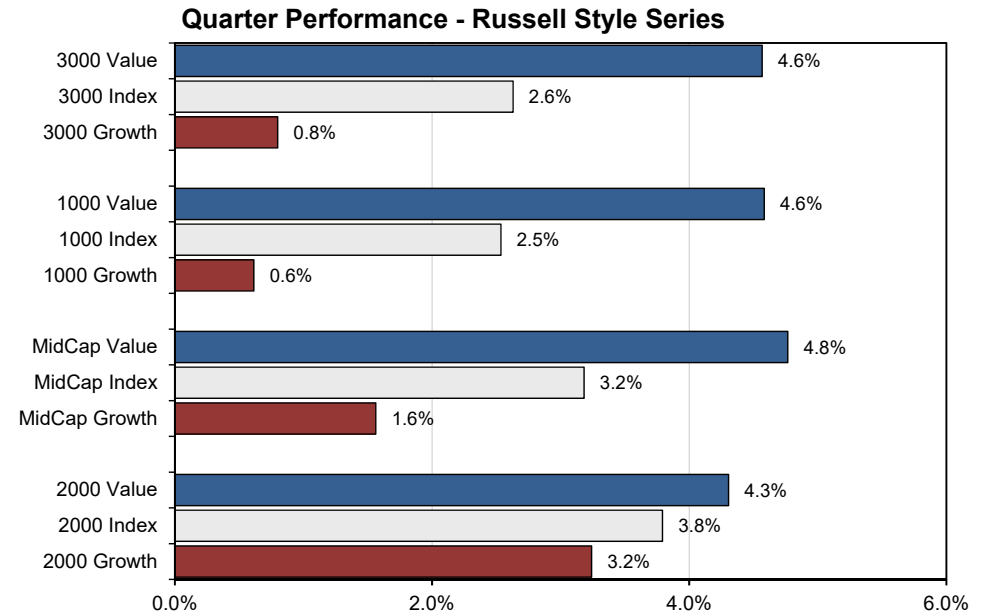
Quarter Performance



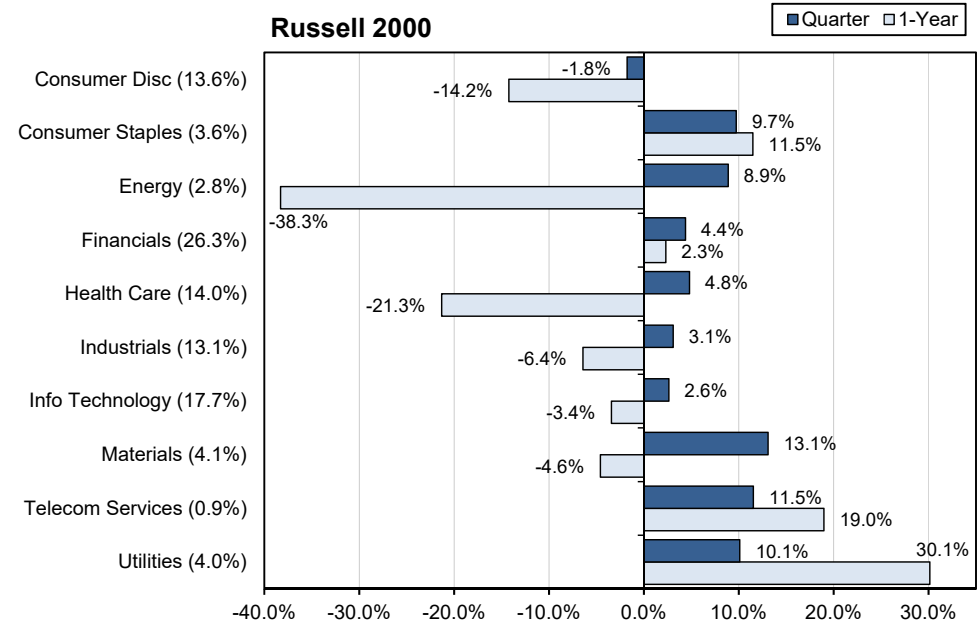
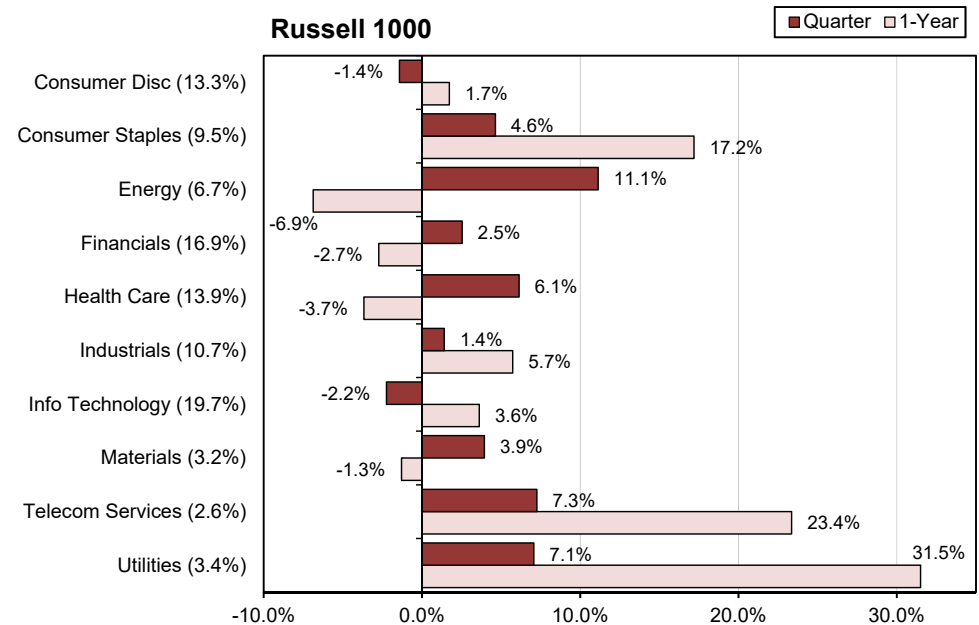
1-Year Performance



- U.S. equity index returns were positive across the capitalization spectrum during the 2nd quarter. Domestic stock prices increased through April and May, fueled by largely supportive macroeconomic data suggesting that the economic weakness experienced at the beginning of the year had been transitory. The strength in economic data led market participants to consider an increased probability for the U.S. Federal Reserve (Fed) to tighten monetary policy by increasing short-term interest rates as early as June. However, forecasts surrounding the timing of future Fed rate hikes were pushed out after the release of May's non-farm payroll report, which came in much weaker than expected. The possibility of a near-term rate increase became even more remote near the end of the quarter when the U.K. unexpectedly voted to exit the EU, creating political and economic uncertainty throughout global financial markets. Demand for equities remains high as investors struggle to find other sources of portfolio return in the current low interest rate environment.
- Value stocks outperformed growth stocks across the capitalization spectrum for the second straight quarter. This value outperformance was generally due to investors seeking the perceived safety of value stocks given valuation levels and the volatility experienced throughout the period. Value indices were also beneficiaries of rising oil and natural gas prices as value-based benchmarks have higher allocations to the Energy sector. Mid cap value stocks were the best performers across the value spectrum, returning 4.8% during the period, followed by large cap value (4.6%) and small cap value (4.3%) stocks respectively. However, across the growth spectrum, small cap growth stocks (3.2%) were the best performers followed by mid cap growth stocks (1.6%). The Russell 1000 Growth Index, representing large cap stocks, had the weakest performance returning 0.6% for the quarter. Style trends are mixed over the 1-year period. The Russell Midcap Value Index was the best performer (3.2%), and the Russell 2000 Growth Index was the worst performer (-10.8%).
- From a valuation perspective, equity valuations appear stretched relative to historical levels based on their forward Price/Earnings ratios (P/E). The large growth, mid growth, and small value indices have valuation levels close to their respective historical average, while the remaining indices fall between 106% and 114% of their 15-year averages.



- Large cap sector performance was generally positive for the 2nd quarter with all but two sectors within the Russell 1000 Index posting gains for the period. The Consumer Discretionary and Technology sectors were the quarter's only laggards returning -1.4% and -2.2% respectively. Defensive and interest rate sensitive sectors of the market continue to perform well as investors attempt to proxy dividend income as a substitute for paltry investment grade bond yields due to the persistent low interest rate environment. Utilities, Telecom Services, and Consumer Staples all posted strong quarterly returns. These three sectors are also the only sectors to post double-digit returns over the past year, outperforming all other sectors in the Russell 1000 Index by a considerable margin. The Energy sector was a notable performer during the quarter, returning 11.1% due to increasing oil and natural gas prices. Supply disruptions in Canada and Nigeria, paired with a decrease in production from U.S. shale producers, contributed to reduced global supply, which drove energy prices higher. Despite a favorable quarter, Energy returns over the 1-year period continue to represent the weakest sector with a return of -6.9%. Materials (-1.3%), Health Care (-3.7%) and Financials (-2.7%) also posted negative results over the prior year.
- Similar to large cap sector results, small cap sector performance was largely positive for the quarter. In addition, small cap sector performance generally outpaced corresponding large cap sector results. Performance in large and small cap sectors also had similar observable trends. Higher yielding, defensive sectors and commodity price sensitive industries were the best performers during the 2nd quarter. In contrast, over the 1-year period, all Russell 2000 Index sectors underperformed their corresponding Russell 1000 Index sectors with the exception of the Financials sector. The Energy (-38.3%), Health Care (-21.3%), and Consumer Discretionary (-14.2%) sectors were the largest detractors over the 1-year period. Like the large cap index, Consumer Staples (11.5%), Telecom Services (19.0%), and Utilities (30.1%) significantly outperformed other sectors.
- Using the S&P 500 as a proxy, forward P/E ratios for six GICS sectors were below their long-term (20-year) averages at quarter-end. The Technology and Health Care sectors were trading at the largest discount to their long-term average P/E ratios. In contrast, the Energy and Utilities sector valuations were the most extended relative to their historical P/E ratios.



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of June 30, 2016

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	2.58%	-11.7%	-22.2%	Information Technology
Exxon Mobil Corp	1.91%	13.1%	16.8%	Energy
Microsoft Corp	1.91%	-6.7%	19.1%	Information Technology
Johnson & Johnson	1.64%	12.9%	28.2%	Health Care
General Electric Co	1.43%	-0.2%	22.3%	Industrials
Amazon.com Inc	1.37%	20.5%	64.9%	Consumer Discretionary
Berkshire Hathaway Inc B	1.35%	2.1%	6.4%	Financials
AT&T Inc	1.31%	11.7%	28.4%	Telecommunication Services
Facebook Inc A	1.26%	0.2%	33.2%	Information Technology
Verizon Communications Inc	1.12%	4.3%	25.6%	Telecommunication Services

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
LinkedIn Corp Class A	0.11%	65.5%	-8.4%	Information Technology
Denbury Resources Inc	0.00%	61.7%	-42.6%	Energy
ONEOK Inc	0.05%	61.7%	29.8%	Energy
Rice Energy Inc	0.01%	59.8%	11.4%	Energy
Memorial Resource Development Corp	0.01%	56.0%	-16.3%	Energy
Southwestern Energy Co	0.02%	55.9%	-44.7%	Energy
Zillow Group Inc C	0.02%	52.9%	N/A	Information Technology
Yelp Inc Class A	0.01%	52.7%	-29.4%	Information Technology
Continental Resources Inc	0.02%	49.1%	6.8%	Energy
Tahoe Resources Inc	0.02%	48.7%	26.1%	Materials

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
SunEdison Inc	0.00%	-73.8%	-99.5%	Information Technology
Cobalt International Energy Inc	0.00%	-54.9%	-86.2%	Energy
Office Depot Inc	0.00%	-53.4%	-61.8%	Consumer Discretionary
LendingClub Corp	0.00%	-48.2%	-70.8%	Financials
Endo International PLC	0.02%	-44.6%	-80.4%	Health Care
Ionis Pharmaceuticals Inc	0.01%	-42.5%	-59.5%	Health Care
Square Inc A	0.00%	-40.8%	N/A	Information Technology
CVR Energy Inc	0.00%	-39.1%	-55.9%	Energy
Fossil Group Inc	0.00%	-35.8%	-58.9%	Consumer Discretionary
VeriFone Systems Inc	0.01%	-34.3%	-45.4%	Information Technology

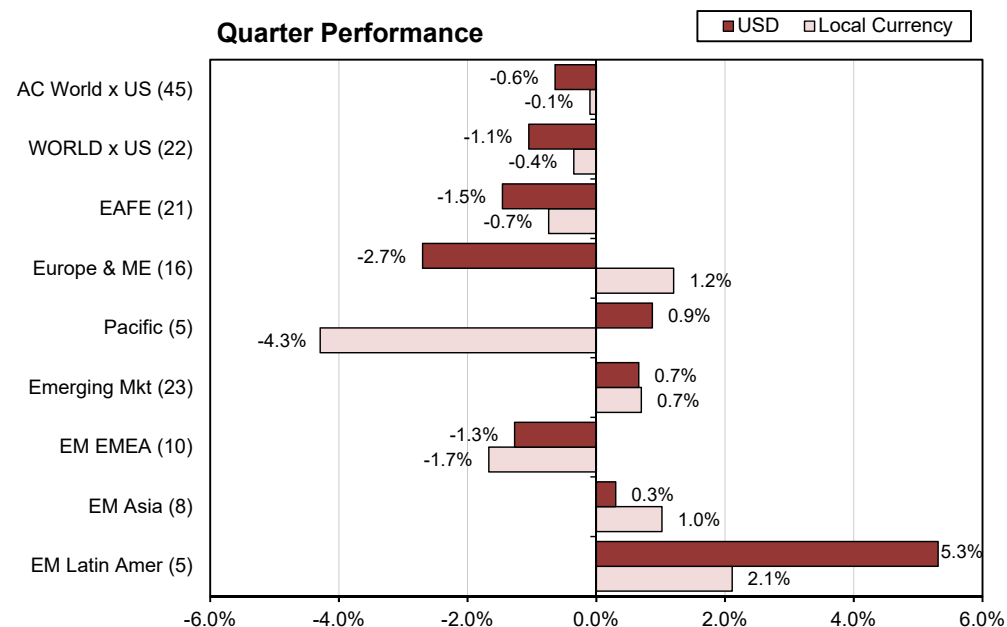
Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Olin Corp	0.25%	44.3%	-3.8%	Materials
Idacorp Inc	0.25%	9.8%	49.2%	Utilities
Portland General Electric Co	0.24%	12.6%	37.4%	Utilities
Gramercy Property Trust	0.24%	9.1%	21.7%	Financials
Curtiss-Wright Corp	0.23%	11.5%	17.1%	Industrials
Southwest Gas Corp	0.23%	20.3%	52.1%	Utilities
Microsemi Corp	0.23%	-14.7%	-6.5%	Information Technology
Healthcare Realty Trust Inc	0.22%	14.4%	57.2%	Financials
Medical Properties Trust Inc	0.22%	19.0%	24.8%	Financials
WGL Holdings Inc	0.22%	-1.5%	34.5%	Utilities

Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Magnum Hunter Resources Corporation	0.00%	309559.2%	628.6%	Energy
Ultra Petroleum Corp	0.00%	253.4%	-85.9%	Energy
Ryerson Holding Corp	0.01%	214.7%	92.3%	Materials
Clayton Williams Energy Inc	0.01%	207.8%	-58.2%	Energy
Fairmount Santrol Holdings Inc	0.03%	207.2%	-5.9%	Energy
Celator Pharmaceuticals Inc	0.06%	173.6%	1247.3%	Health Care
EZCORP Inc	0.02%	154.5%	1.7%	Financials
North Atlantic Drilling Ltd	0.00%	146.0%	-43.4%	Energy
Eclipse Resources Corp	0.01%	131.9%	-36.5%	Energy
Radio One Inc Class D	0.00%	124.6%	0.6%	Consumer Discretionary

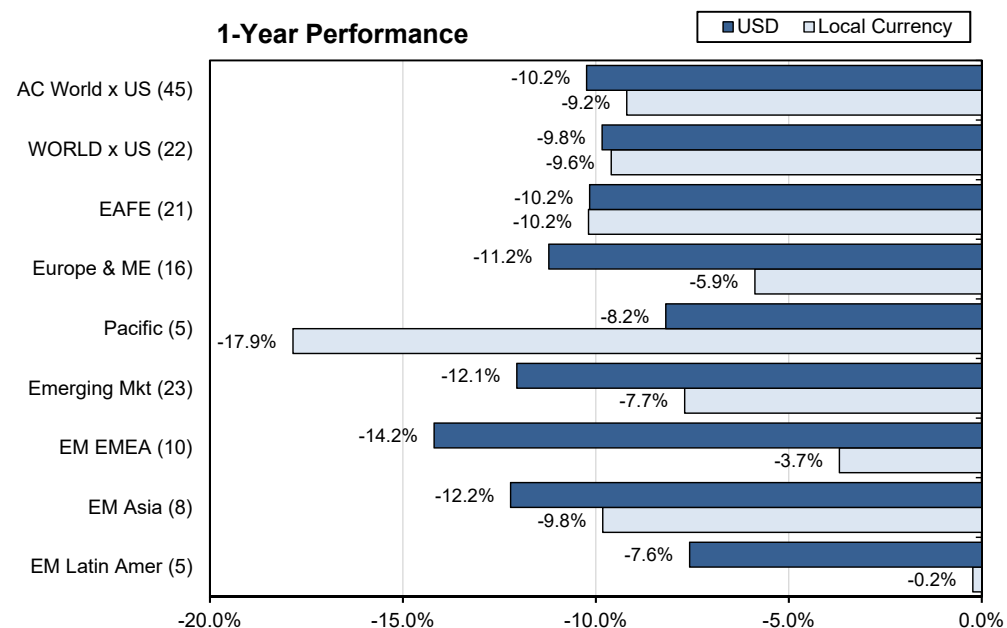
Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Code Rebel Corp	0.00%	-98.9%	-99.8%	Information Technology
Energy XXI Ltd	0.00%	-92.8%	-98.3%	Energy
Seventy Seven Energy Inc	0.00%	-84.1%	-97.9%	Energy
Fairway Group Holdings Corp A	0.00%	-81.5%	-98.2%	Consumer Staples
The JG Wentworth Co Class A	0.00%	-79.1%	-97.2%	Financials
Infinity Pharmaceuticals Inc	0.00%	-74.8%	-87.9%	Health Care
Mirati Therapeutics Inc	0.00%	-74.5%	-82.7%	Health Care
TransEnterix Inc	0.01%	-71.3%	-59.3%	Health Care
Lipocine Inc	0.00%	-70.0%	-64.6%	Health Care
Chiasma Inc	0.00%	-68.4%	N/A	Health Care

- Similar to domestic equity markets, the 2nd quarter was volatile for international stocks as broad developed market indices struggled throughout the quarter. Currency impact on returns was mixed during the quarter with the EM Latin America Index benefiting from a weakening USD, and the Europe and Middle East Index suffering from USD strength. For the 1-year period, returns for developed markets were negative in both USD and local currency. While the quarter began positively as markets pushed higher on the back of better than expected economic data and rising commodity prices, the second half of the quarter saw international markets swoon. Much of this was due to uncertainty leading up to the U.K.'s June 23rd referendum to remain in or move to leave the EU. British voters surprised investors by voting to discontinue membership in the economic bloc. While the terms and aggregate impact of "Brexit" will remain unknown for some time, the reaction to the vote was immediate. The pound sterling fell sharply (-12%), Standard & Poor's downgraded the U.K.'s AAA credit rating, and U.K. Prime Minister David Cameron resigned. While U.K. equity markets initially suffered sharp losses, markets recovered quickly as investors weighted the benefits of a weakened pound on the country's largely foreign earnings base.
- The U.K.'s decision to leave the EU cast a shadow over European equities for the quarter despite the region's generally positive economic data. While the European Central Bank (ECB) has signaled its intent for continued support, the EU faces concerns surrounding "Brexit's" effect on future growth, as well as a political contagion that could lead other members to leave the economic union. Japanese equities fell sharply through the quarter as the Bank of Japan (BoJ) bucked market expectations when they did not announce an extension to its negative interest rate policy or asset purchase program. The subsequent "Brexit" decision led to a sharp appreciation in the yen, raising additional concerns around future earnings growth potential for Japanese equities.
- Broad emerging market indices were modestly positive throughout the quarter, outperforming developed markets. Latin America was the best performing region on both a USD and local currency basis as the region benefitted from political tailwinds in Brazil and rising commodity prices. Russia, India, and the Philippines were also notable positive performers. Emerging European countries were laggards relative to emerging peers in Asia and Latin America. Performance for the MSCI Emerging Markets Index (net) remains negative in both local (-7.7%) and USD (-12.1%) terms over the trailing 1-year period.

Quarter Performance



1-Year Performance



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

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	12.1%	-8.4%	-17.7%
Consumer Staples	13.3%	2.9%	10.1%
Energy	5.2%	11.3%	-2.4%
Financials	22.3%	-6.6%	-23.2%
Health Care	12.4%	4.7%	-2.2%
Industrials	13.3%	-1.5%	-5.4%
Information Technology	5.4%	-2.7%	-8.0%
Materials	6.9%	1.2%	-15.7%
Telecommunication Services	5.2%	-0.3%	-3.7%
Utilities	3.9%	1.6%	-0.2%
Total	100.0%	-1.5%	-10.2%

MSCI - ACWIXUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	11.3%	-6.9%	-15.9%
Consumer Staples	11.6%	2.8%	7.5%
Energy	6.9%	8.1%	-5.7%
Financials	24.4%	-4.3%	-19.9%
Health Care	9.4%	4.3%	-6.5%
Industrials	11.3%	-1.8%	-7.2%
Information Technology	9.0%	0.1%	-5.3%
Materials	7.1%	3.1%	-12.1%
Telecommunication Services	5.3%	-0.2%	-6.9%
Utilities	3.6%	1.5%	-2.0%
Total	100.0%	-0.6%	-10.2%

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	10.5%	-1.4%	-10.5%
Consumer Staples	8.5%	4.2%	-3.6%
Energy	7.5%	1.9%	-12.7%
Financials	26.1%	0.3%	-17.8%
Health Care	2.7%	0.4%	-7.5%
Industrials	6.2%	-3.3%	-19.0%
Information Technology	22.5%	2.5%	-4.0%
Materials	6.3%	-0.8%	-9.5%
Telecommunication Services	6.6%	-0.1%	-15.6%
Utilities	3.2%	0.5%	-10.0%
Total	100.0%	0.7%	-12.1%

Country	MSCI-EAFE Weight	MSCI-ACWIXUS Weight	Quarter Return	1- Year Return
Japan	23.3%	16.4%	1.0%	-8.9%
United Kingdom	19.6%	13.8%	-0.7%	-12.1%
France	9.6%	6.8%	-4.3%	-8.9%
Switzerland	9.3%	6.6%	2.0%	-8.5%
Germany	8.7%	6.1%	-5.6%	-11.6%
Australia	7.3%	5.1%	0.5%	-4.5%
Hong Kong	3.3%	2.3%	0.9%	-10.8%
Netherlands	3.2%	2.2%	-5.1%	-7.8%
Spain	2.9%	2.1%	-7.7%	-23.3%
Sweden	2.8%	2.0%	-5.4%	-12.2%
Denmark	2.0%	1.4%	-0.6%	2.5%
Italy	2.0%	1.4%	-10.5%	-26.1%
Belgium	1.5%	1.1%	2.3%	4.5%
Singapore	1.4%	1.0%	0.4%	-11.5%
Finland	1.0%	0.7%	-2.1%	-3.9%
Israel	0.8%	0.6%	-3.8%	-11.1%
Norway	0.6%	0.5%	2.4%	-16.2%
Ireland	0.5%	0.3%	-9.9%	-10.5%
New Zealand	0.2%	0.1%	5.9%	29.7%
Austria	0.2%	0.1%	-10.0%	-12.9%
Portugal	0.2%	0.1%	-2.8%	-7.5%
Total EAFE Countries	100.0%	70.6%	-1.5%	-10.2%
Canada		6.8%	3.4%	-6.3%
Total Developed Countries		77.4%	-1.1%	-9.8%
China		5.8%	0.1%	-23.4%
Korea		3.3%	-1.2%	-3.5%
Taiwan		2.7%	0.7%	-8.8%
India		1.9%	3.7%	-6.5%
South Africa		1.7%	1.6%	-15.9%
Brazil		1.6%	13.9%	-6.0%
Mexico		0.9%	-7.0%	-12.2%
Russia		0.9%	4.1%	-1.6%
Malaysia		0.7%	-5.9%	-6.0%
Indonesia		0.6%	4.1%	6.0%
Thailand		0.5%	2.8%	-7.1%
Philippines		0.4%	5.8%	1.0%
Turkey		0.3%	-7.9%	-10.1%
Chile		0.3%	1.9%	-1.7%
Poland		0.3%	-17.5%	-27.0%
Qatar		0.2%	-4.9%	-17.2%
United Arab Emirates		0.2%	0.1%	-14.9%
Colombia		0.1%	2.9%	-12.4%
Peru		0.1%	18.2%	8.3%
Greece		0.1%	-14.0%	-60.8%
Hungary		0.1%	-4.7%	20.5%
Czech Republic		0.0%	-6.1%	-18.3%
Egypt		0.0%	0.9%	-23.8%
Total Emerging Countries		22.6%	0.7%	-12.1%
Total ACWIXUS Countries		100.0%	-0.6%	-10.2%



Orlando

4901 Vineland Road, Suite 600
Orlando, Florida 32811

866.240.7932

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CAM 16-0939
EXHIBIT 1
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Pittsburgh

Tulsa