



November 20, 2014

City of Fort Pierce

Third Quarter Performance
Review

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Third Quarter Market Environment

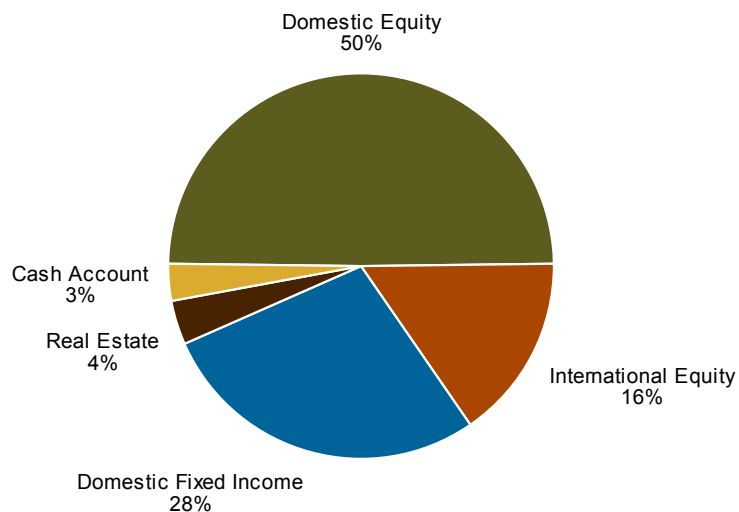
U.S. Economy

The U.S. economy continued to improve with second quarter GDP revised upward to an annualized 4.6% while conditions in Europe and Japan worsened.

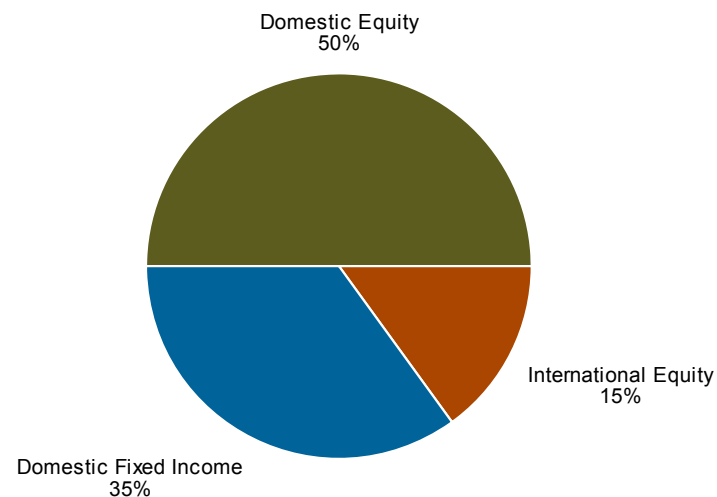
- Second quarter real GDP revised sharply upward:
 - Real GDP revised to +4.6% (annualized) and is up 2.6% year-over-year.
 - This figure represents a large uptick following the cold weather induced -2.1% result in the first quarter.
- Vehicle sales strongest since January 2006:
 - Car sales jumped 5.5% in August as automaker incentives interacted with a stronger economy and rising consumer confidence.
 - Light truck sales surged 7.2% in August to their highest level since December 2005.
- Second quarter profits rise:
 - Corporate profits up 8.4% in second quarter, most since 2010.
 - August retail sales strongest in 4 months.
- Housing results were mixed:
 - S&P/Case-Shiller composite index of 20 metropolitan areas gained 6.7% in July (year-over-year), below expectations for a 7.3% rise.
 - Home prices are still rising, though at a slower rate than what we have seen over the past couple of years.
- Labor market improves:
 - Unemployment rate 6.1% in August, lowest since 2008.
 - Labor force participation rate equaled its cycle low of 62.8%, its lowest level since early 1978.
- Inflation remains benign:
 - Core and headline CPI +1.7% year-over-year as of August.
 - While CPI readings are slightly below the Fed's target of 2%, deflation risks in the U.S. do not appear to be a concern.
 - Meanwhile, euro zone inflation fell to 0.3% in September, the lowest rate since 2009 and well below target.

Asset Allocation Review

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	88,099	49.6%	50.0%	(0.4%)	(759)
International Equity	27,769	15.6%	15.0%	0.6%	1,112
Domestic Fixed Income	49,811	28.0%	35.0%	(7.0%)	(12,389)
Real Estate	6,605	3.7%	0.0%	3.7%	6,605
Cash Account	5,432	3.1%	0.0%	3.1%	5,432
Total	177,716	100.0%	100.0%		

One Year Relative Attribution Effects

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	53%	50%	15.34%	16.11%	(0.39%)	0.18%	(0.21%)
Domestic Fixed Income	28%	35%	4.51%	3.96%	0.16%	0.38%	0.54%
Real Estate	0%	0%	-	-	0.00%	0.03%	0.03%
International Equity	16%	15%	5.85%	5.22%	0.11%	(0.05%)	0.05%
Cash Account	2%	0%	0.01%	0.01%	0.00%	(0.16%)	(0.16%)
Total							10.45% = 10.19% + (0.12%) + 0.38%

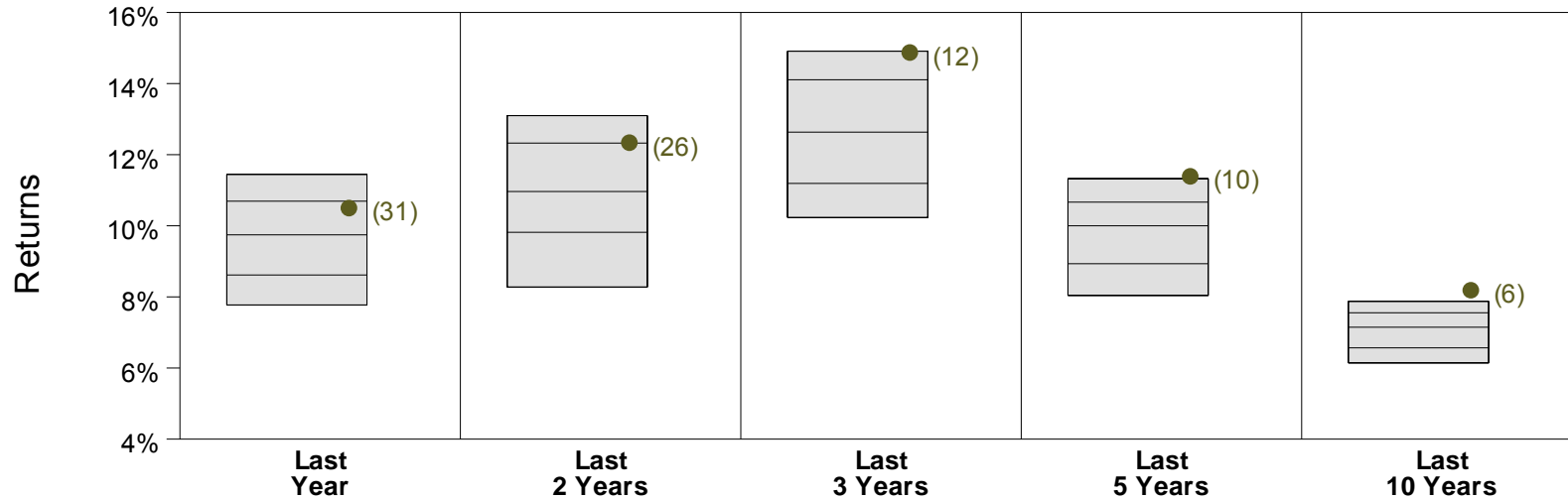
Asset Distribution Across Investment Managers

	September 30, 2014					June 30, 2014		
	Market Value	Weight	Target	Net New Inv.	Inv. Return	Market Value	Weight	Target
Domestic Equity	\$88,099,480	49.57%	50.00%	\$(12,045,501)	\$(1,062,655)	\$101,207,636	55.70%	50.00%
Emerald Advisers, Inc.	7,845,031	4.41%	3.75%	(16,700)	(378,212)	8,239,943	4.53%	3.75%
Ceredex Value Advisors	7,379,904	4.15%	3.75%	(18,469)	(820,542)	8,218,914	4.52%	3.75%
SSgA S&P 500 Index	58,269,172	32.79%	35.00%	(12,007,386)	745,864	69,530,694	38.27%	35.00%
SSgA S&P 400 Index	14,605,373	8.22%	7.50%	(2,946)	(609,766)	15,218,085	8.38%	7.50%
International Equity	\$27,769,031	15.63%	15.00%	\$(29,412)	\$(1,291,491)	\$29,089,934	16.01%	15.00%
Morgan Stanley Int'l Equity	12,462,787	7.01%	6.75%	(29,412)	(624,708)	13,116,907	7.22%	6.75%
Morgan Stanley Emerging Mkts.	1,154,462	0.65%	0.75%	0	(41,835)	1,196,298	0.66%	0.75%
William Blair & Company	14,151,781	7.96%	7.50%	0	(624,948)	14,776,729	8.13%	7.50%
Domestic Fixed Income	\$49,811,282	28.03%	35.00%	\$(36,125)	\$182,266	\$49,665,141	27.33%	35.00%
Richmond Capital Management	49,811,282	28.03%	35.00%	(36,125)	182,266	49,665,141	27.33%	35.00%
Real Estate	\$6,604,787	3.72%	-	\$6,604,787	\$0	-	-	-
Heitman	6,604,787	3.72%	-	6,604,787	0	-	-	-
Cash Account	\$5,431,846	3.06%	-	\$3,695,213	\$163	\$1,736,470	0.96%	-
Total Fund	\$177,716,425	100.0%	100.0%	\$(1,811,038)	\$(2,171,718)	\$181,699,180	100.0%	100.0%

- Investment returns were mostly negative during the quarter, leading to approximately \$2.2 million in investment losses for the quarter.
- Heitman American Real Estate Trust called \$6.6 million on July 7, 2014.

City of Fort Pierce Total Fund

Public Fund Sponsor Database



	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Total Fund	(1.20%)	58	10.45%	31	14.83%	12	11.35%	10	6.02%	8
Total Fund Benchmark(1)	(1.18%)	57	10.19%	39	13.93%	29	10.53%	30	5.59%	23
CPI + 5%	1.01%	1	6.58%	96	6.54%	97	7.08%	95	7.01%	1
Pub PlnSponsor DB	(1.08%)		9.75%		12.64%		10.00%		4.94%	

- The Total Fund slightly trailed the benchmark by 0.02% during the quarter.
- Total Fund performance relative to the benchmark and peers has remained strong over time.

(1) Effective January 1, 1998, the Total Fund Benchmark is 3.75% Russell 2000 Growth, 3.75% Russell 2000 Value, 35% S&P500, 7.50% S&P400 MidCap, 35% Barclays Aggregate and 15% MSCI ACWI ex-US. Previously, the Total Fund Benchmark was 50% S&P500, 5% Citigroup Non-US Govt Bd Index, 30% Barclays Aggregate and 15% MSCI EAFE.



Domestic Equity Performance

Third Quarter Market Environment

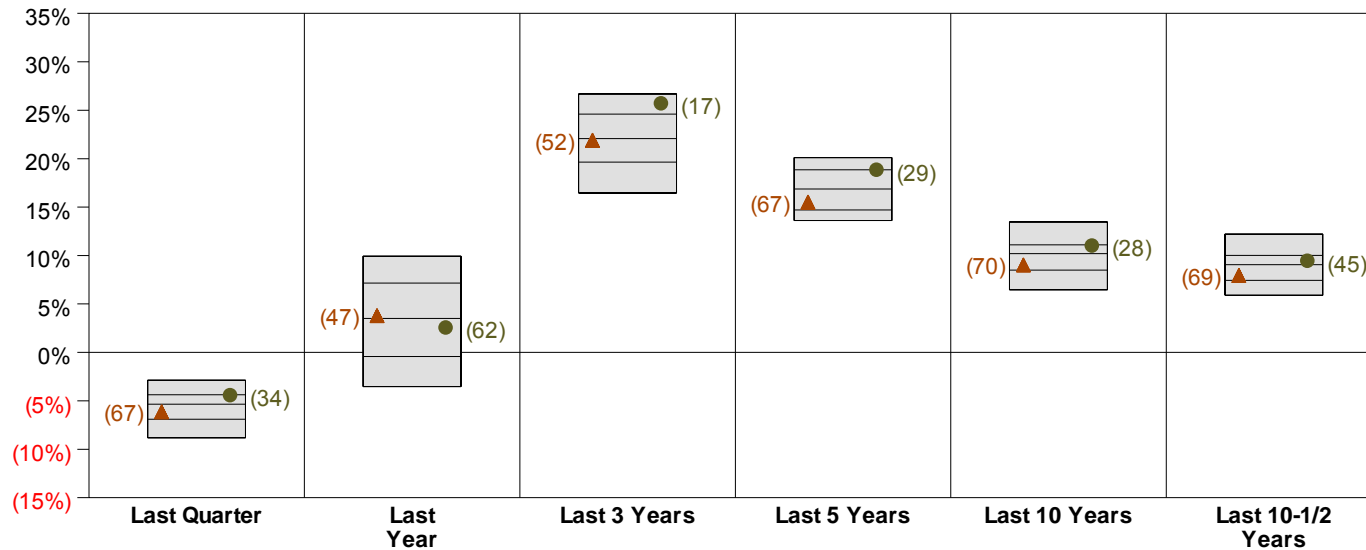
Domestic Equity

The S&P 500 Index hit an all-time closing high on September 18th before trailing off through the end of quarter. For the full quarter, however, returns were muted given declines of 1.4% in both July and September bookending a 4% rally in August. The strength in U.S. large cap stocks masked significant weakness among small caps, which posted sharp declines in what was this sector's worst relative performance versus the S&P 500 since the late 1990's.

- S&P 500 gained 1.1% for the quarter, bringing YTD performance to 8.3%.
- Large caps outperformed, followed closely by midcaps:
 - Russell Top 200: +1.7%, Russell Midcap: -1.7%
- Small caps sank (Russell 2000: -7.4%).
- High quality outperformed low quality for first time in more than two years. Growth outperformed value across the capitalization spectrum.
 - S&P HQ: +1.1%, S&P LQ: -2.0%
 - Russell 1000 Growth: +1.5%, Russell 1000 Value: -0.2%
- Within the S&P 500, the Energy sector performed worst as oil and gas prices fell.
 - Energy returned -8.6%; Utilities also posted a sharply negative return (-4.0%)
 - Health Care (+5.5%) and Technology (+4.8%) were the best performing sectors

Emerald Advisors Small Cap Growth

Performance vs CAI Small Cap Growth Style (Gross)

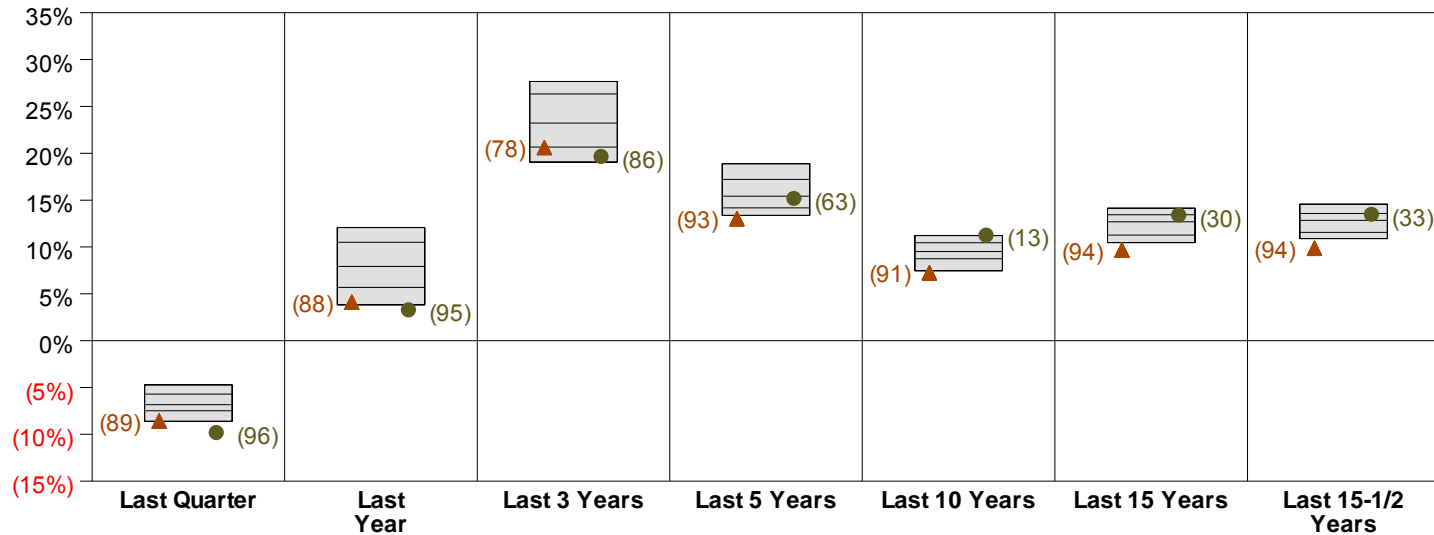


10th Percentile	(2.87)	9.93	26.68	20.11	13.47	12.22
25th Percentile	(4.38)	7.15	24.61	18.85	11.10	10.01
Median	(5.35)	3.51	22.06	16.87	10.19	9.06
75th Percentile	(6.91)	(0.42)	19.65	14.71	8.50	7.45
90th Percentile	(8.81)	(3.52)	16.46	13.61	6.46	5.91
Emerald Advisors, Inc.	● (4.58)	2.40	25.56	18.69	10.88	9.31
Russell 2000 Growth Index	▲ (6.13)	3.79	21.91	15.51	9.03	7.95

- Emerald outperformed the benchmark by 1.55% during the quarter.
- Emerald has strong long-term returns well above the benchmark for all periods greater than 1 year.
- Stock selection in Materials, Health Care, Producer Durables and Consumer Discretionary drove outperformance.

Ceredex Value Advisors Small Cap Value

Performance vs CAI Small Cap Value Style (Gross)



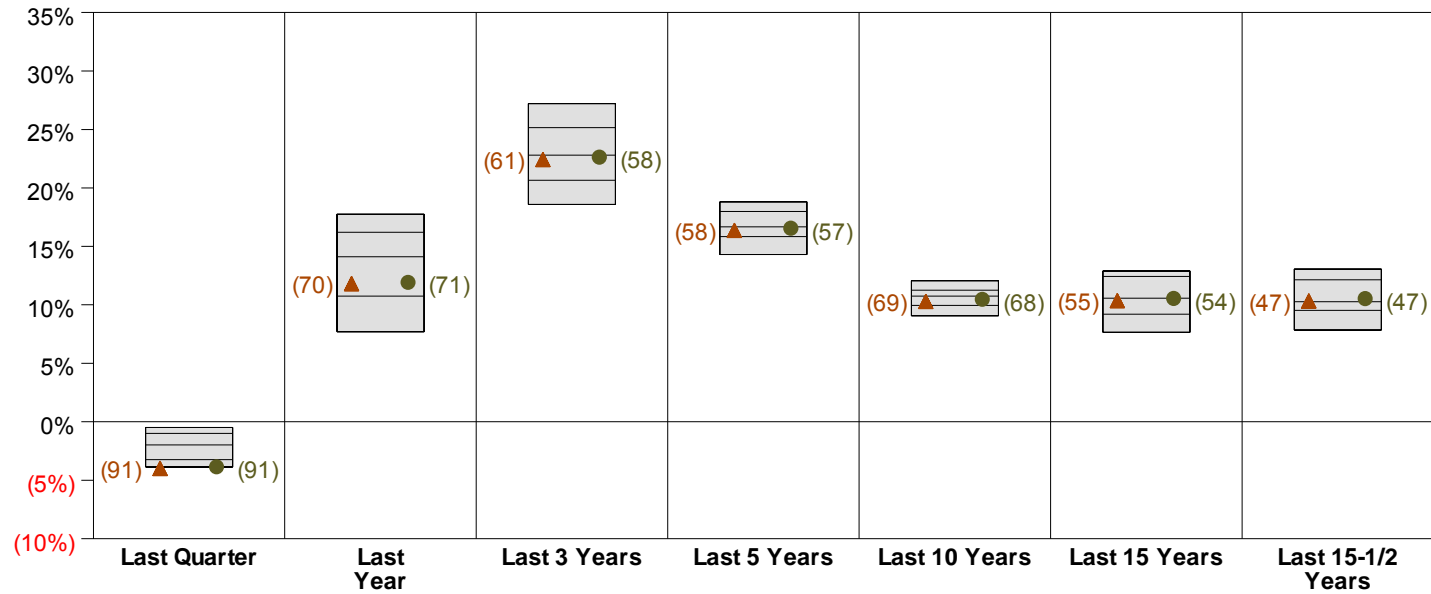
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 15-1/2 Years
10th Percentile	(4.72)	12.06	27.67	18.89	11.22	14.13	14.56
25th Percentile	(5.70)	10.51	26.33	17.22	10.44	13.43	13.58
Median	(6.84)	7.92	23.22	15.42	9.52	12.69	12.83
75th Percentile	(7.49)	5.69	20.66	14.17	8.74	11.27	11.56
90th Percentile	(8.61)	3.83	19.05	13.36	7.46	10.46	10.90

Ceredex Value Advisors ●	(9.99)	3.10	19.48	15.00	11.10	13.21	13.31
Russell 2000 Value Index ▲	(8.58)	4.13	20.61	13.02	7.25	9.68	9.86

- Ceredex underperformed the benchmark by 1.41% for the quarter and 1.03% over the last year.
- Long-term results are strong. The fund ranks well above the peer group median over the last 15 years.
- The most significant drivers of underperformance in the quarter were stock selection in the Energy, Consumer Discretionary and Materials sectors.

SSgA S&P Mid Cap 400 Index

Performance vs CAI Mid Capitalization Style (Gross)

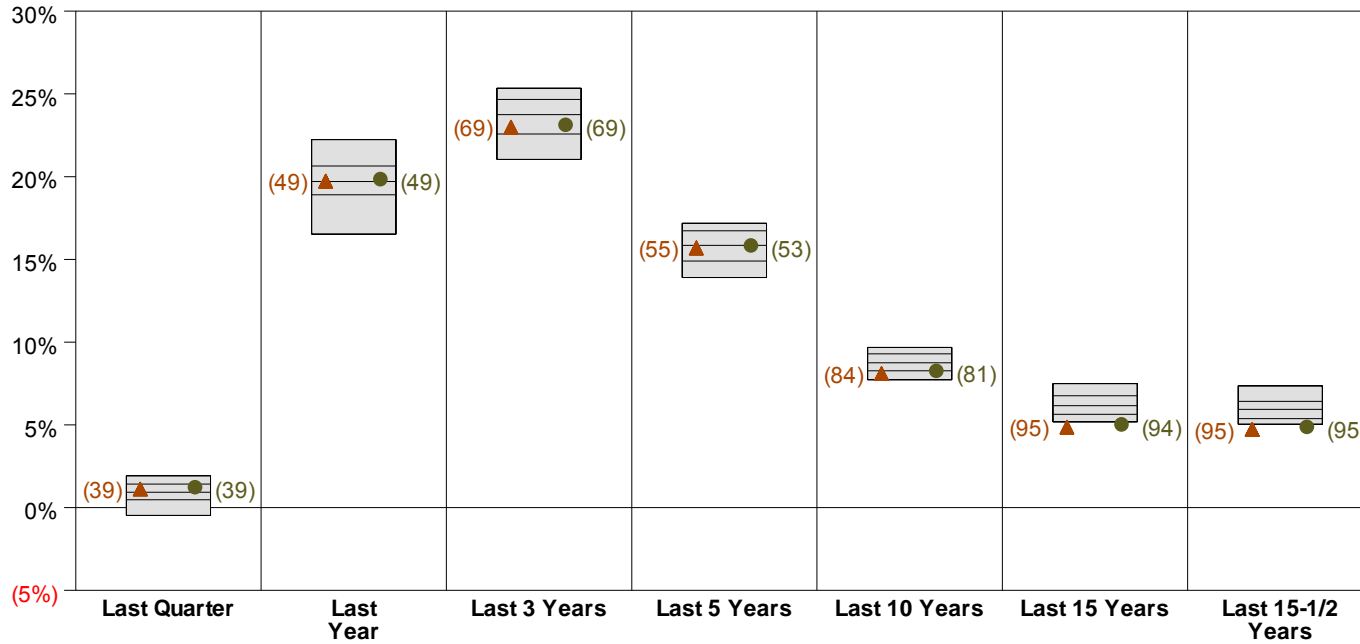


10th Percentile	(0.49)	17.75	27.20	18.81	12.05	12.90	13.06
25th Percentile	(0.99)	16.22	25.16	17.98	11.25	12.43	12.14
Median	(1.99)	14.12	22.81	16.67	10.75	10.56	10.26
75th Percentile	(3.24)	10.75	20.66	15.83	9.94	9.20	9.53
90th Percentile	(3.87)	7.70	18.59	14.30	9.05	7.65	7.84
SSgA S&P 400 Index ●	(4.01)	11.80	22.49	16.41	10.33	10.42	10.39
S&P Mid Cap 400 Index ▲	(3.98)	11.82	22.43	16.37	10.29	10.36	10.33

- The fund continues to track the index closely at a very low fee.

SSgA S&P 500 Index

Performance vs CAI Large Cap Core Style (Gross)



10th Percentile	1.92	22.24	25.34	17.19	9.67	7.50	7.36
25th Percentile	1.42	20.64	24.66	16.72	9.29	6.77	6.42
Median	0.93	19.70	23.75	15.85	8.76	6.15	5.94
75th Percentile	0.48	18.90	22.58	14.90	8.26	5.64	5.38
90th Percentile	(0.47)	16.52	21.04	13.90	7.73	5.19	5.04
SSgA S&P 500 Index ●	1.14	19.75	23.03	15.75	8.16	4.92	4.78
S&P 500 Index ▲	1.13	19.73	22.99	15.70	8.11	4.87	4.74

- The fund continues to track the index closely at a very low fee.



International Equity Performance

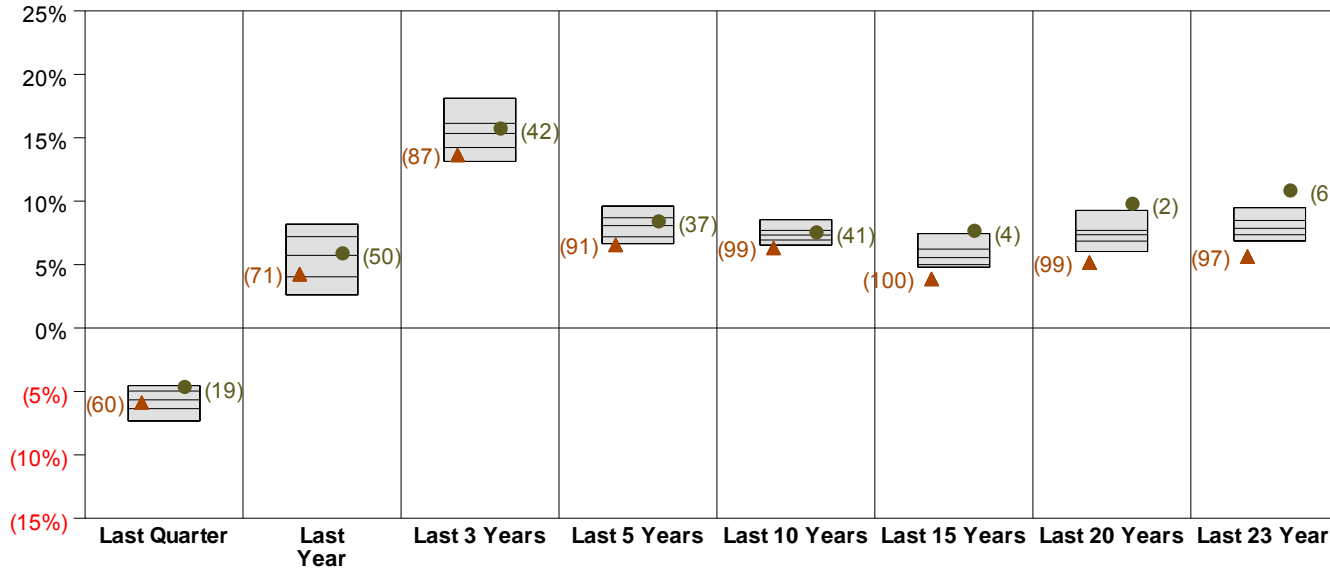
Third Quarter Market Environment

International Equity

- Local currency returns were largely flat, but strength in the U.S. dollar relative to other currencies hurt.
 - MSCI EAFE Local: +0.9%; MSCI EAFE US\$: -5.9%
- U.S. dollar gained 7% vs the euro and 8% vs the yen.
 - Japan's local market did well (+5.9%) but given yen weakness, this translated to -2.2% for U.S. investors
- EM equities lagged developed markets in local terms; however, more muted currency effects allowed EM to outperform developed in U.S. dollar terms.
 - MSCI EM Local: +0.7%, EM US\$: -3.4%
- Growth outperformed value and small caps trailed:
 - EAFE Value: -6.2%, EAFE Growth: -5.5%;
 - EAFE Small Cap: -7.8%
- BRICs posted mixed results:
 - Brazil -8.6%; +1.2% YTD
 - Russia -15.1%; -19.5 YTD
 - India +2.3%; +24.7% YTD
 - China +1.5%; +1.0 YTD

Morgan Stanley Developed International Equity

Performance vs CAI Core International Equity Style (Gross)

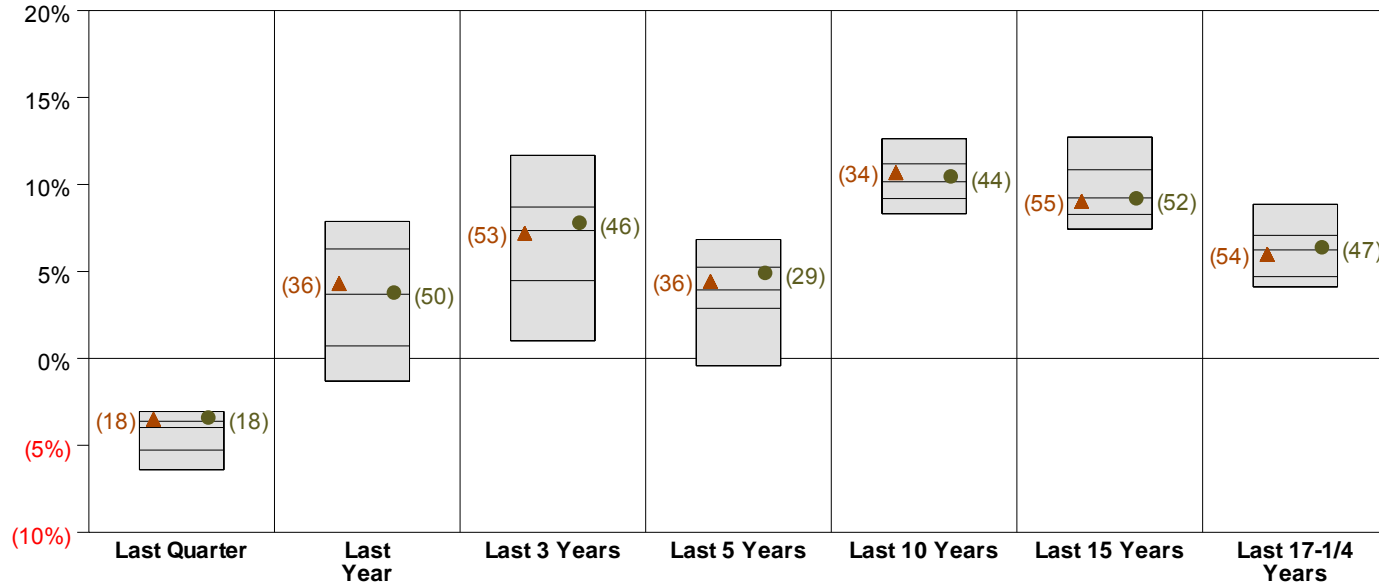


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 23 Years
10th Percentile	(4.54)	8.19	18.12	9.60	8.54	7.44	9.27	9.48
25th Percentile	(4.97)	7.20	16.13	8.69	7.68	6.22	7.69	8.48
Median	(5.66)	5.73	15.34	8.08	7.33	5.55	7.35	7.87
75th Percentile	(6.35)	4.03	14.23	7.19	6.94	5.00	6.85	7.35
90th Percentile	(7.33)	2.61	13.13	6.64	6.53	4.80	6.03	6.87
Morgan Stanley Int'l Equity	● (4.77)	5.75	15.59	8.28	7.40	7.53	9.67	10.70
MSCI EAFE Index	▲ (5.88)	4.25	13.65	6.56	6.32	3.87	5.16	5.63

- The fund outperformed for the quarter and outperformed the index by 1.5% over the last year.
- Long-term performance remains strong. The fund ranks in the 4th percentile over the last 15 years.
- Outperformance was driven by an overweight allocation to Health Care and stock selection in Consumer Staples.
- Personnel changes over the last two years include John Goodacre (Portfolio Manager, left firm) in 2013 and Peter Wright (Portfolio Manager, retiring effective Dec. 17, 2014).

Morgan Stanley Emerging Markets Equity

Performance vs CAI MF - Emerging Markets Style (Net)

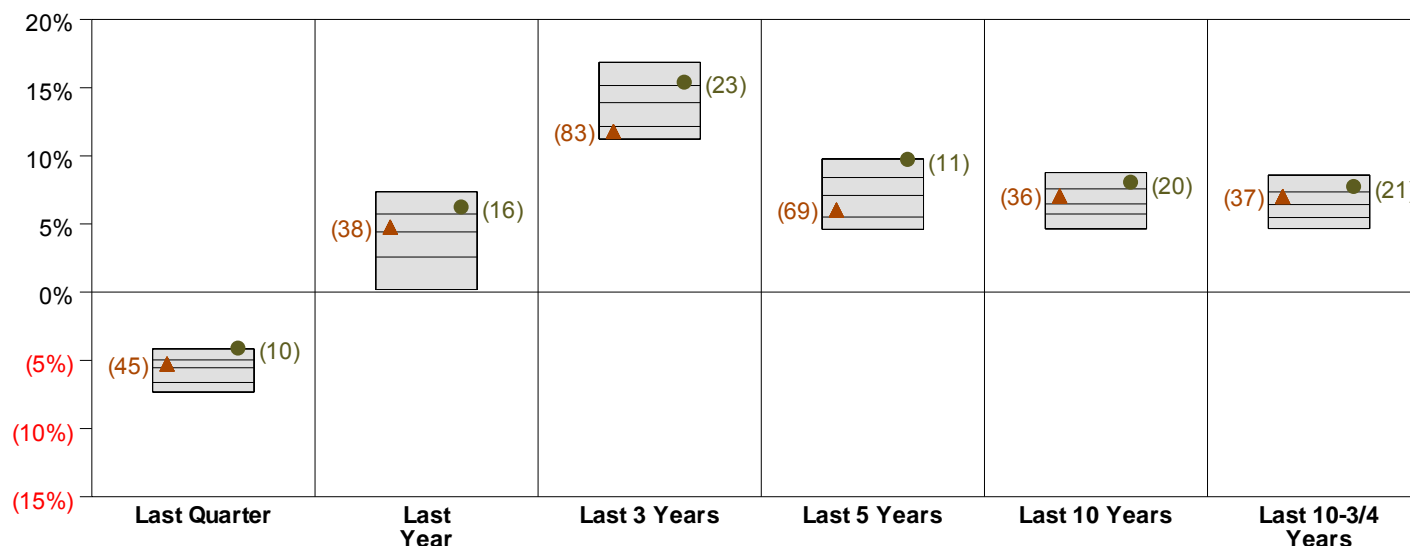


10th Percentile	(3.05)	7.87	11.66	6.84	12.63	12.73	8.85
25th Percentile	(3.62)	6.28	8.70	5.24	11.19	10.85	7.07
Median	(3.97)	3.69	7.35	3.94	10.15	9.23	6.24
75th Percentile	(5.27)	0.72	4.47	2.88	9.19	8.28	4.70
90th Percentile	(6.40)	(1.31)	1.01	(0.42)	8.31	7.43	4.11
Morgan Stanley Emerging Mkts.	(3.50)	3.69	7.71	4.82	10.37	9.11	6.30
MSCI EMBM	(3.50)	4.30	7.19	4.42	10.68	9.03	5.98

- The fund underperformed the index by 0.61% over the last year.
- Long-term results remain mostly above median, outperforming the index over the past 17¼ years.
- An overweight to and stock selection in India and Mexico contributed to performance. Despite an underweight to Russia, the Fund's few positions in the country detracted from performance.

William Blair International Growth Equity

Performance vs CAI MF - Non-US Equity Style (Net)



- The fund outperformed by 1.04% for the quarter and 1.36% over the last year.
- Long-term performance remains strong. The fund ranks in the top quartile over the last 5 and 10 years.
- Stock selection in Consumer Discretionary and Consumer Staples, along with Japan drove performance.
- Longtime PM, George Greig, retired in late 2013, with Simon Fennel and Jeff Urbina assuming co-PM roles.



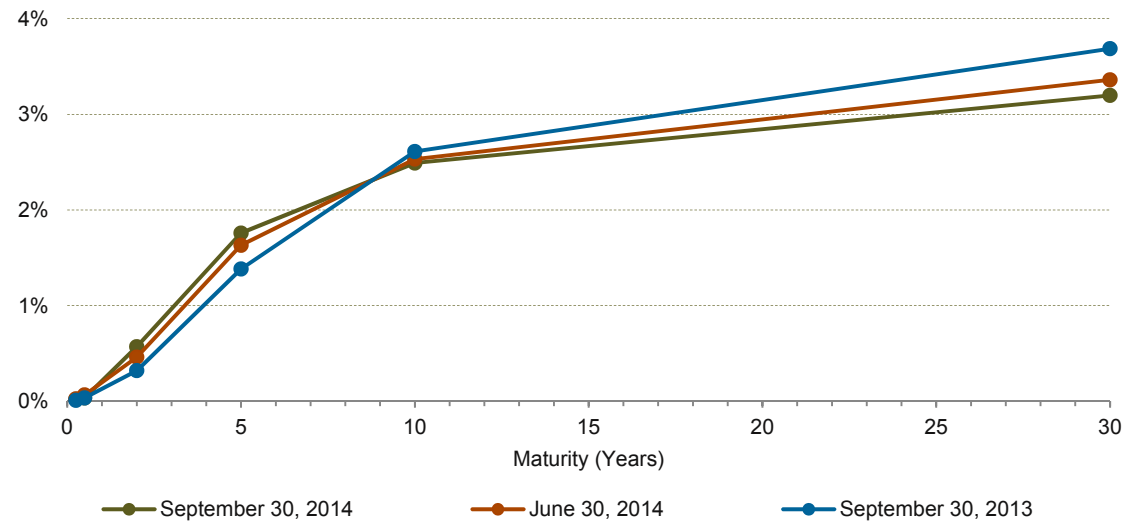
Fixed Income

Third Quarter Market Environment

Fixed Income

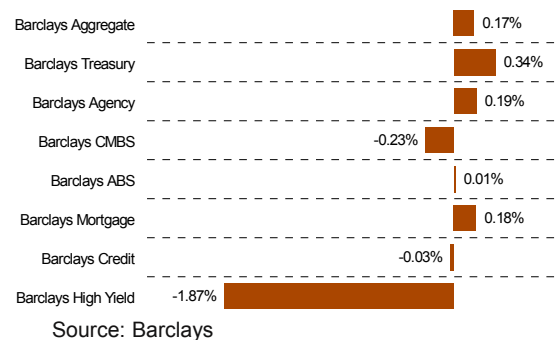
- The Barclays Aggregate Index returned 0.2% and is up 4.1% YTD, a result that has exceeded most expectations for full year returns in 2014
 - The yield curve continued to flatten with the 30-year U.S. Treasury yield dropping 13 bps and the 5-year U.S. Treasury rising 16 bps
 - The yield on the 10-year U.S. Treasury closed at 2.52% and traded in a relatively narrow range throughout the quarter
 - Agency mortgage-backed securities and corporate bonds underperformed like-duration U.S. Treasuries
- High yield underperformed investment grade as the sector was hit by outflows
 - The Barclays High Yield index returned -1.9% with the corporate sector of the Barclays Aggregate down 0.1%
- TIPS underperformed nominal U.S. Treasuries
 - Barclays TIPS Index returned -2.0% for the quarter
 - Barclays U.S. Treasury Index returned +0.3%

U.S. Treasury Yield Curves



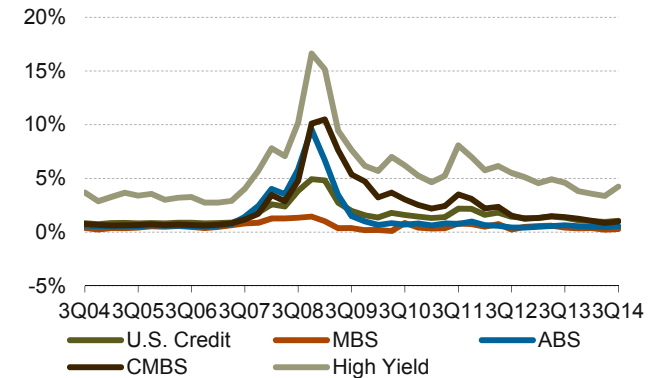
Source: Bloomberg

Absolute Returns for Quarter ended September 30, 2014



Source: Barclays

Effective Yield Over Treasuries



Richmond Capital Core Fixed Income

Performance vs CAI Core Bond Fixed-Inc Style (Gross)



10th Percentile	0.39	5.49	4.35	5.99	5.85	6.52	6.91	7.42
25th Percentile	0.32	5.07	3.91	5.51	5.51	6.29	6.70	7.16
Median	0.19	4.57	3.35	4.80	5.15	6.02	6.51	7.04
75th Percentile	0.12	4.15	2.99	4.54	4.98	5.84	6.40	6.90
90th Percentile	0.03	3.79	2.59	4.36	4.56	5.57	6.16	6.71

Richmond Capital Management	●	0.37	4.51	3.42	5.35	5.28	6.18	6.64	7.20
Blended Benchmark*	▲	0.17	3.96	2.66	4.34	4.63	5.66	6.18	6.62

- Richmond slightly outperformed for the quarter and outperformed for the year by 0.55%.
- Long-term performance remains strong. The fund has outperformed by 0.65% over the last 10 years.
- An overweight allocation to Corporate bonds and CMBS and underweight to Treasuries drove outperformance.

Investment Manager Objectives

Manager	Objective	Comments
Total Fund	CPI + 5% over long term.	Met.
Richmond	Outperform BC Aggregate over rolling 3-year periods by 0.50%.	Met.
	Outperform the median fixed income manager over rolling 3-year periods.	Met.
Morgan Stanley Developed	Outperform the MSCI EAFE over rolling 3-year periods by 0.50%.	Met.
	Outperform the median international equity manager over rolling 3-year periods.	Met.
Morgan Stanley Emerging	Outperform the MSCI Emerging Markets Index over rolling 3-year periods by 1.00%.	Not Met.
	Outperform the median emerging markets equity manager over rolling 3-year periods.	Met.
William Blair	Outperform the MSCI ACWI ex-US Index over rolling 3-year periods.	Met.
	Outperform the median international equity manager over rolling 3-year periods.	Met.
Ceredex	Outperform the Russell 2000 Value Index over time.	Met.
Emerald	Outperform the Russell 2000 Growth Index over time.	Met.
SSgA S&P MidCap 400 Index	Replicate the return of the S&P MidCap 400 Index.	Met.
SSgA S&P 500 Index	Replicate the return of the S&P 500 Index.	Met.