



August 20, 2015

City of Fort Pierce

Second Quarter Performance
Review

Weston Lewis, CFA
Vice President

Cody Chapman, CFA
Vice President

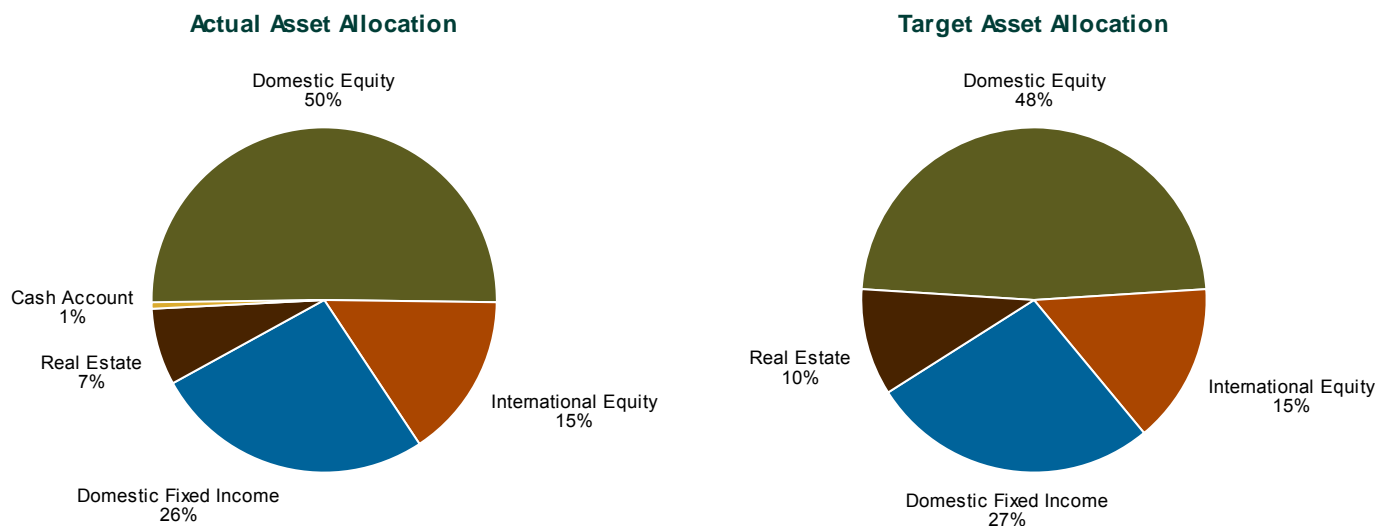
Second Quarter Market Environment

U.S. Economy

Mixed economic data kept the Fed on hold in the second quarter. More notably, signs of recovery emerged in Europe putting pressure on interest rates both abroad and in the U.S. In the final weeks of the quarter, investor focus was directed away from domestic issues and largely on China, Greece and Puerto Rico.

- First quarter real GDP growth was -0.2% (annualized)
 - First quarter results were hurt by harsh weather and west coast port delays as well as the impact of a stronger dollar
 - The Fed's estimate for 2015 GDP growth was trimmed to 1.8-2.0% from its December estimate of 2.5-3.0%
- Fed kept rates on hold while acknowledging signs of strength
 - Fed notes from the June meeting noted stronger consumer spending, corporate hiring and housing market activity
 - However, concerns over the slowdown in China and the debacle in Greece have tempered its outlook
- Inflation remained below the Fed's 2% target
 - Core CPI (excludes food and energy) was +1.7% in May
 - Headline CPI was flat due to the impact of sharply falling energy prices in the latter half of 2014
 - Energy price declines masked rising prices in Health Care and Housing
- The U.S. dollar gave back some of its gains
 - Against a basket of major trading partner's currencies, the dollar lost roughly 3% over the quarter
- Unemployment fell from 5.5% to 5.3%
 - Much of the improvement was the result of discouraged workers exiting the labor force
 - Labor force participation fell to a 38-year low of 62.6% at the end of June
 - Wage growth, which had shown signs of positive momentum earlier in the year, was flat in June and rose just 2% year over year
- Consumer confidence continued to climb
 - The Conference Board's Consumer Confidence Index increased 7.2% in June
 - This marked the second best reading during the economic expansion and is consistent with recent increases in consumer spending
 - Personal consumption expenditures jumped 0.9% in May; the largest monthly increase since August 2009
- In Europe, some encouraging economic data signaled that QE programs may be starting to work
 - EMU inflation had an annual gain for the first time in six months
 - An index of euro zone factory and services rose to the highest in more than four years in May as growth gained momentum in Germany and France

Asset Allocation Review



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	93,369	50.5%	48.0%	2.5%	4,615
International Equity	28,587	15.5%	15.0%	0.5%	851
Domestic Fixed Income	48,664	26.3%	27.0%	(0.7%)	(1,260)
Real Estate	13,248	7.2%	10.0%	(2.8%)	(5,243)
Cash Account	1,037	0.6%	0.0%	0.6%	1,037
Total	184,905	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	50%	49%	8.27%	7.29%	0.48%	0.04%	0.52%
Domestic Fixed Income	27%	29%	2.31%	1.86%	0.13%	(0.09%)	0.03%
Real Estate	6%	7%	12.15%	13.24%	(0.05%)	0.04%	(0.00%)
International Equity	16%	15%	(1.33%)	(4.85%)	0.58%	(0.09%)	0.49%
Cash Account	1%	0%	0.01%	0.01%	0.00%	(0.03%)	(0.03%)
Total			5.27%	4.26%	+ 1.14%	+ (0.13%)	1.02%

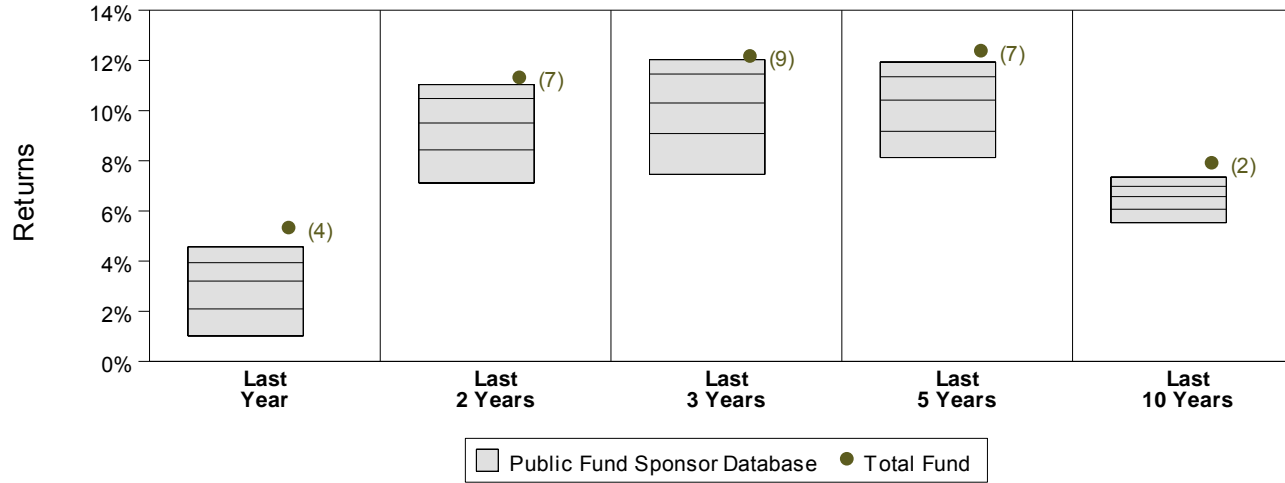
Asset Distribution Across Investment Managers

	June 30, 2015					March 31, 2015		
	Market Value	Weight	(min)	Target	(max)	Market Value	Weight	Target
Domestic Equity	\$93,369,118	50.50%	40.00%	48.00%	56.00%	\$92,702,889	50.34%	48.00%
Emerald Advisers, Inc.	9,048,563	4.89%	2.75%	3.75%	4.75%	8,461,430	4.59%	3.75%
Ceredex Value Advisors	7,317,635	3.96%	2.75%	3.75%	4.75%	7,238,105	3.93%	3.75%
SSgA S&P 500 Index	61,881,428	33.47%	28.00%	33.00%	38.00%	61,717,948	33.51%	33.00%
SSgA S&P 400 Index	15,121,492	8.18%	6.50%	7.50%	8.50%	15,285,406	8.30%	7.50%
International Equity	\$28,586,652	15.46%	12.00%	15.00%	18.00%	\$28,224,883	15.33%	15.00%
Morgan Stanley Int'l Equity	12,667,303	6.85%	6.00%	7.00%	8.00%	12,396,157	6.73%	7.00%
Morgan Stanley Emerging Mkts.	1,134,478	0.61%	0.00%	1.00%	2.00%	1,116,867	0.61%	1.00%
William Blair & Company	14,784,871	8.00%	6.00%	7.00%	8.00%	14,711,859	7.99%	7.00%
Domestic Fixed Income	\$48,664,033	26.32%	22.00%	27.00%	32.00%	\$49,433,650	26.84%	27.00%
Richmond Capital Management	48,664,033	26.32%	22.00%	27.00%	32.00%	49,433,650	26.84%	27.00%
Real Estate	\$13,247,948	7.16%	5.00%	10.00%	12.00%	\$12,753,168	6.93%	10.00%
Heitman	13,247,948	7.16%	5.00%	10.00%	12.00%	12,753,168	6.93%	10.00%
Cash Account	\$1,036,783	0.56%	0.00%	0.00%	1.00%	\$1,036,757	0.56%	0.00%
Total Fund	\$184,904,534	100.0%		100.0%		\$184,151,347	100.0%	100.0%

- The total fund grew by \$0.75 million over the quarter to \$184.9 million as of June 30, 2015
- Heitman American Real Estate Trust had its third full quarter of performance.

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	0.47%	18	5.27%	4	12.12%	9	12.33%	7	8.18%	3
Total Fund Benchmark(1)	0.07%	52	4.26%	17	11.13%	35	11.46%	22	7.50%	12
CPI + 5%	2.38%	1	4.62%	9	6.14%	96	6.80%	97	6.20%	61
Pub PlnSponsor DB	0.10%		3.21%		10.30%		10.42%		6.44%	

- The Total Fund outperformed the benchmark for the quarter and for the year.
- Total Fund performance relative to the benchmark and peers has remained strong over time.

* Current Quarter Target = 33.0% S&P 500 Index, 27.0% Barclays Aggregate Index, 15.0% MSCI ACWI ex US Index, 10.0% NFI-ODCE Equal Weight Net, 7.5% S&P Mid Cap 400 Index, 3.8% Russell 2000 Growth Index and 3.8% Russell 2000 Value Index.



Domestic Equity Performance

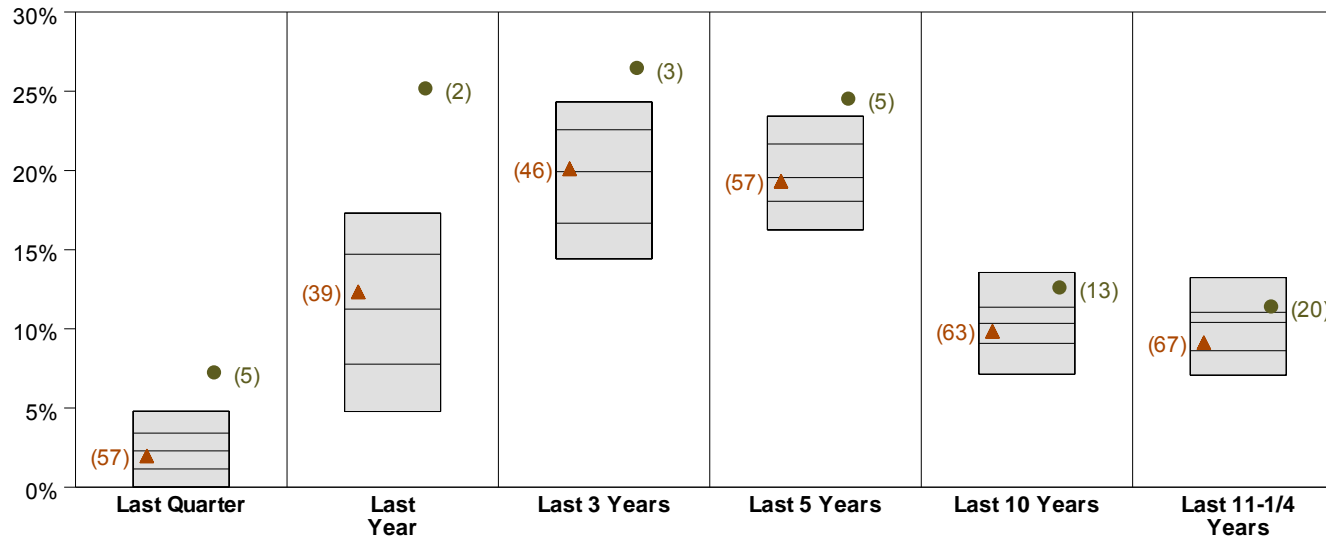
Second Quarter Market Environment

Domestic Equity

- Worries over Greece, China, Puerto Rico and rising interest rates contributed to negative sentiment in late June, when broad markets fell sharply offsetting positive returns from April and May
- Large and small caps were barely positive for the quarter
 - Russell 1000: +0.1%, Russell 2000: +0.4%
- Extremes of the capitalization spectrum performed best
 - Russell Top 50: +1.5%, Russell Microcap: +2.8%
- Sector performance was mixed
 - Health Care (+2.8%) and Consumer Discretionary (+1.9%) topped the list

Emerald Advisors Small Cap Growth

Performance vs CAI Small Cap Growth Style (Gross)



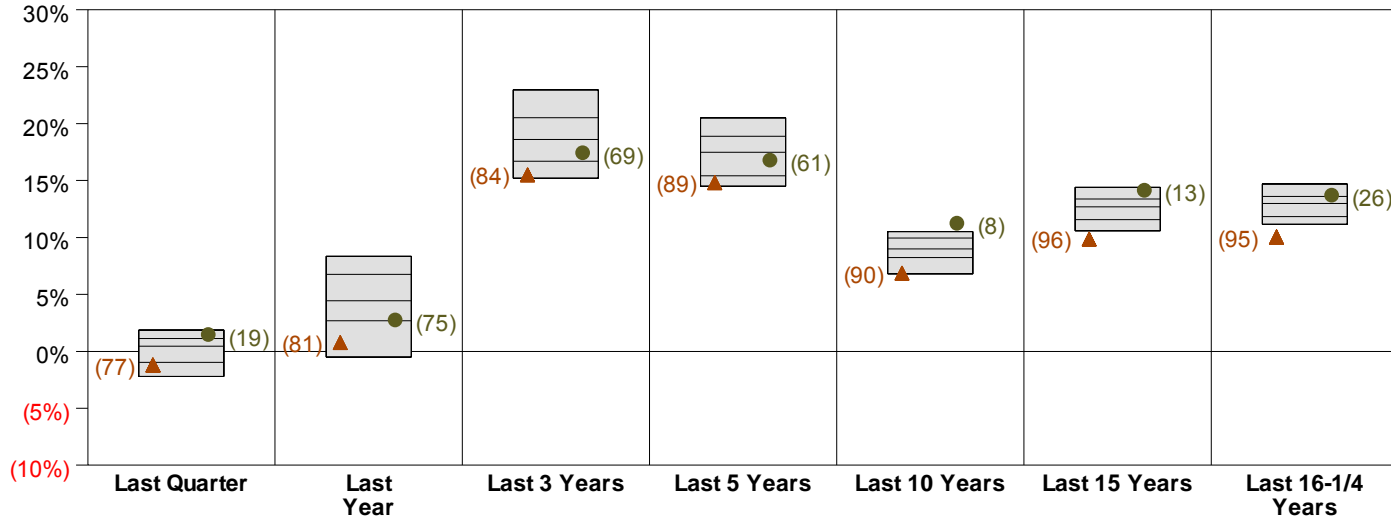
10th Percentile	4.80	17.32	24.33	23.43	13.56	13.24
25th Percentile	3.42	14.71	22.57	21.67	11.38	11.04
Median	2.30	11.25	19.92	19.56	10.35	10.41
75th Percentile	1.16	7.77	16.67	18.05	9.09	8.61
90th Percentile	0.01	4.78	14.42	16.25	7.14	7.08

Emerald Advisors, Inc.	●	7.15	25.10	26.38	24.43	12.51	11.31
Russell 2000 Growth Index	▲	1.98	12.34	20.11	19.33	9.86	9.13

- Emerald outperformed the benchmark by 5.17% during the quarter.
- Emerald has strong long-term returns well above the benchmark for all periods.
- Stock selection in Health Care, Technology and Financials drove outperformance.

Ceredex Value Advisors Small Cap Value

Performance vs CAI Small Cap Value Style (Gross)



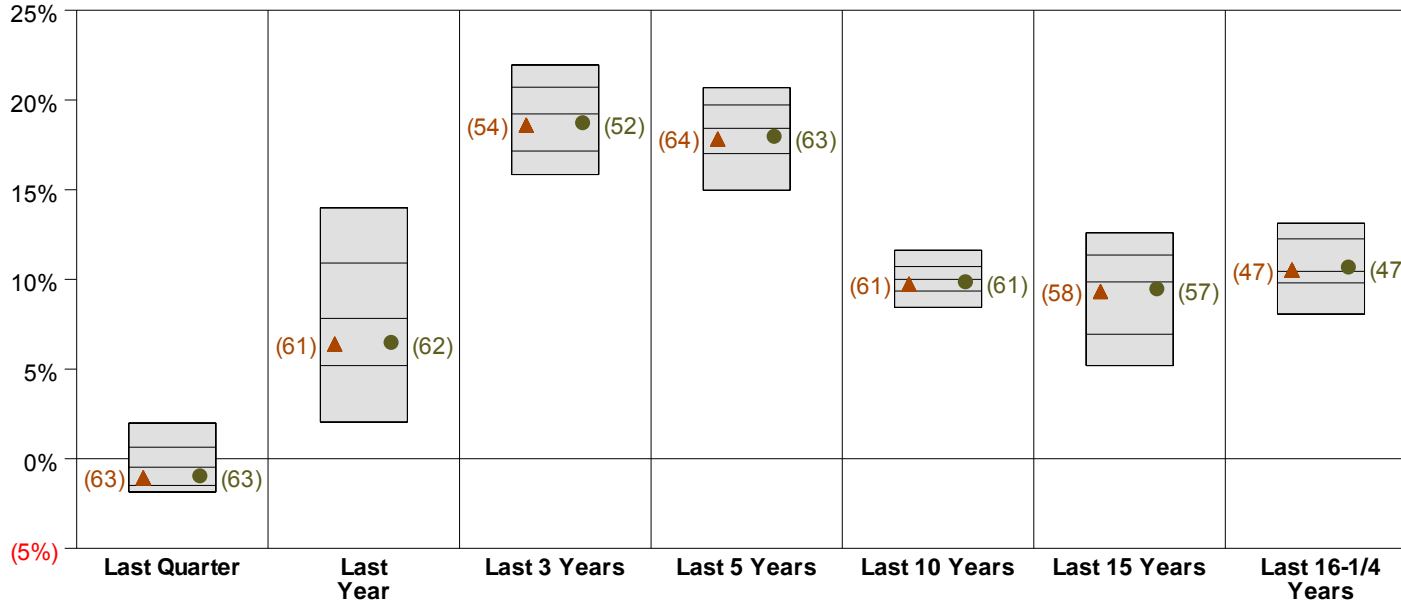
10th Percentile	1.87	8.34	22.97	20.51	10.52	14.39	14.70
25th Percentile	1.14	6.76	20.52	18.88	9.95	13.38	13.60
Median	0.45	4.44	18.61	17.48	8.99	12.68	12.98
75th Percentile	(0.97)	2.68	16.69	15.41	8.24	11.57	11.83
90th Percentile	(2.20)	(0.51)	15.21	14.51	6.80	10.59	11.16

Ceredex Value Advisors	●	1.33	2.61	17.29	16.65	11.11	14.00	13.57
Russell 2000 Value Index	▲	(1.20)	0.78	15.50	14.81	6.87	9.87	10.05

- Ceredex outperformed the benchmark by 2.53% for the quarter and outperformed by 1.83% over the last year.
- Long-term results are strong. The fund has outperformed the benchmark for all trailing periods shown.
- Stock selection in the Industrials, Financials and Energy sectors drove performance.

SSgA S&P Mid Cap 400 Index

Performance vs CAI Mid Capitalization Style (Gross)

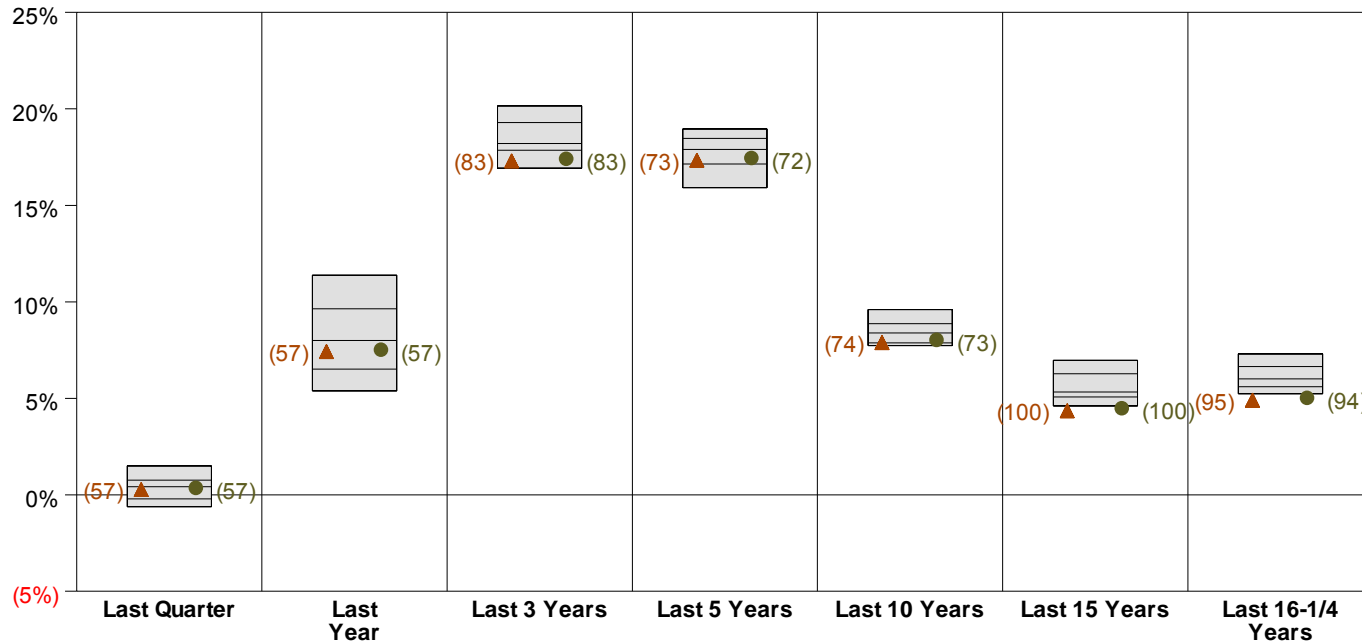


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 16-1/4 Years
10th Percentile	1.99	13.99	21.96	20.69	11.63	12.59	13.13
25th Percentile	0.65	10.92	20.72	19.72	10.71	11.35	12.26
Median	(0.47)	7.82	19.23	18.42	9.99	9.86	10.45
75th Percentile	(1.49)	5.19	17.16	17.01	9.35	6.95	9.80
90th Percentile	(1.86)	2.05	15.85	14.97	8.44	5.20	8.06
SSgA S&P 400 Index ●	(1.05)	6.39	18.64	17.88	9.78	9.37	10.58
S&P Mid Cap 400 Index ▲	(1.06)	6.40	18.60	17.82	9.74	9.32	10.53

- 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)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 16-1/4 Years
10th Percentile	1.50	11.38	20.15	18.96	9.59	6.97	7.30
25th Percentile	0.76	9.64	19.29	18.47	8.87	6.28	6.65
Median	0.42	8.00	18.21	17.89	8.39	5.32	6.01
75th Percentile	(0.21)	6.51	17.86	17.15	7.88	5.08	5.61
90th Percentile	(0.62)	5.39	16.93	15.92	7.73	4.61	5.23
SSgA S&P 500 Index ●	0.27	7.44	17.34	17.38	7.94	4.40	4.94
S&P 500 Index ▲	0.28	7.42	17.31	17.34	7.89	4.36	4.90

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



International Equity Performance

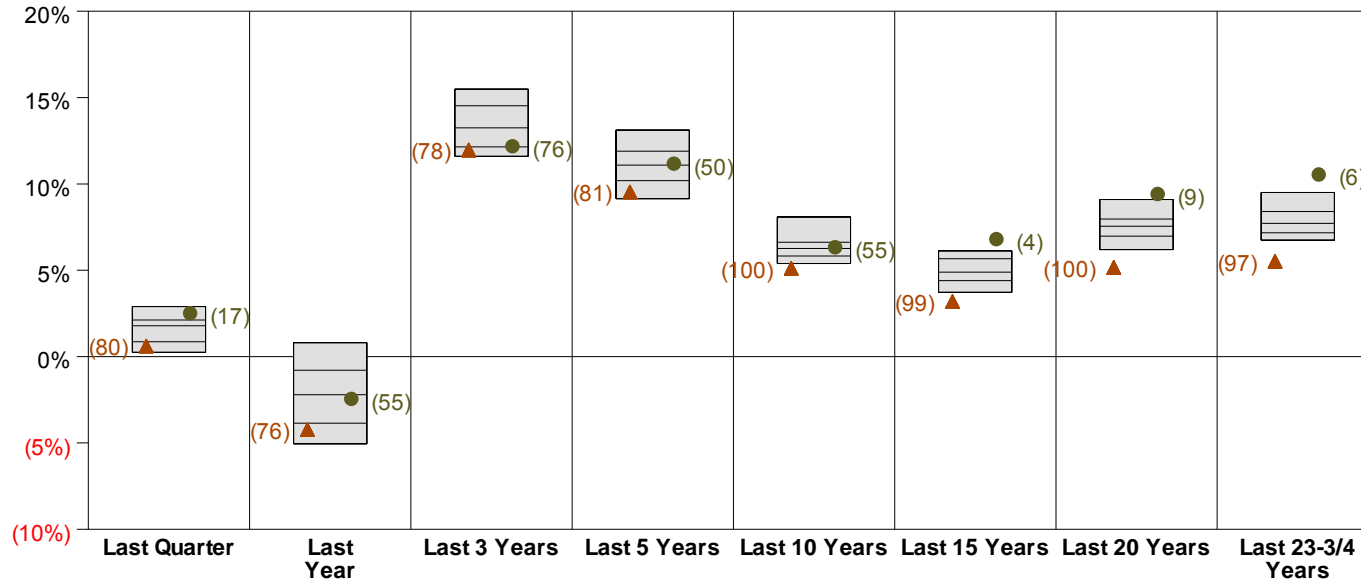
Second Quarter Market Environment

International Equity

- Developed foreign equities performed in line with domestic indices
 - MSCI EAFE U.S.\$: +0.6%
 - Foreign small caps outperformed (EAFE SC: +4.3%)
- Emerging market equities also delivered muted results
 - MSCI EM U.S.\$: +0.8%
 - The BRIC countries did well as a whole with Brazil (MSCI Brazil: +7.0%), Russia (MSCI Russia: +7.7%) and China (MSCI China: +6.2%) posting solid results while India (MSCI India: -3.6%) struggled
 - China dropped precipitously in the last two weeks of the quarter and continued to drop into July
 - The Shanghai Composite Index, which includes China's largest companies, fell nearly 20% between June 12 and June 30

Morgan Stanley Developed International Equity

Performance vs CAI Core International Equity Style (Gross)

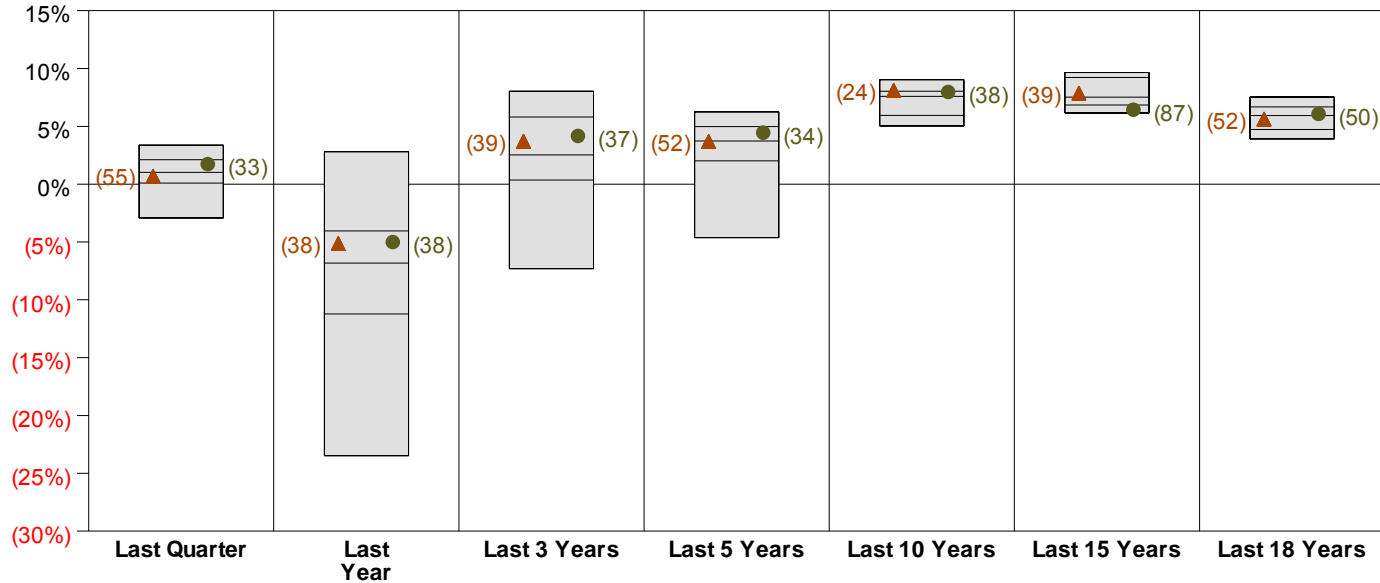


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 23-3/4 Years
10th Percentile	2.90	0.80	15.49	13.12	8.09	6.12	9.09	9.50
25th Percentile	2.12	(0.79)	14.52	11.89	6.62	5.67	7.97	8.39
Median	1.78	(2.20)	13.25	11.09	6.26	4.90	7.55	7.72
75th Percentile	0.86	(3.86)	12.14	10.19	5.83	4.40	6.98	7.17
90th Percentile	0.25	(5.05)	11.60	9.14	5.39	3.73	6.20	6.74
Morgan Stanley Int'l Equity ●	2.42	(2.55)	12.09	11.08	6.23	6.69	9.32	10.45
MSCI EAFE Index ▲	0.62	(4.22)	11.97	9.54	5.12	3.20	5.17	5.53

- The fund outperformed for the quarter and outperformed the index by 1.67% over the last year.
- Long-term performance remains strong. The fund has outperformed for all time periods shown.
- Outperformance for the quarter was driven by stock selection in Consumer Staples, Financials and Energy.
- On July 27th Nic Sochovsky joined the team as a portfolio manager. He joined from Credit Suisse.

Morgan Stanley Emerging Markets Equity

Performance vs CAI MF - Emerging Markets Style (Cheapest Net)



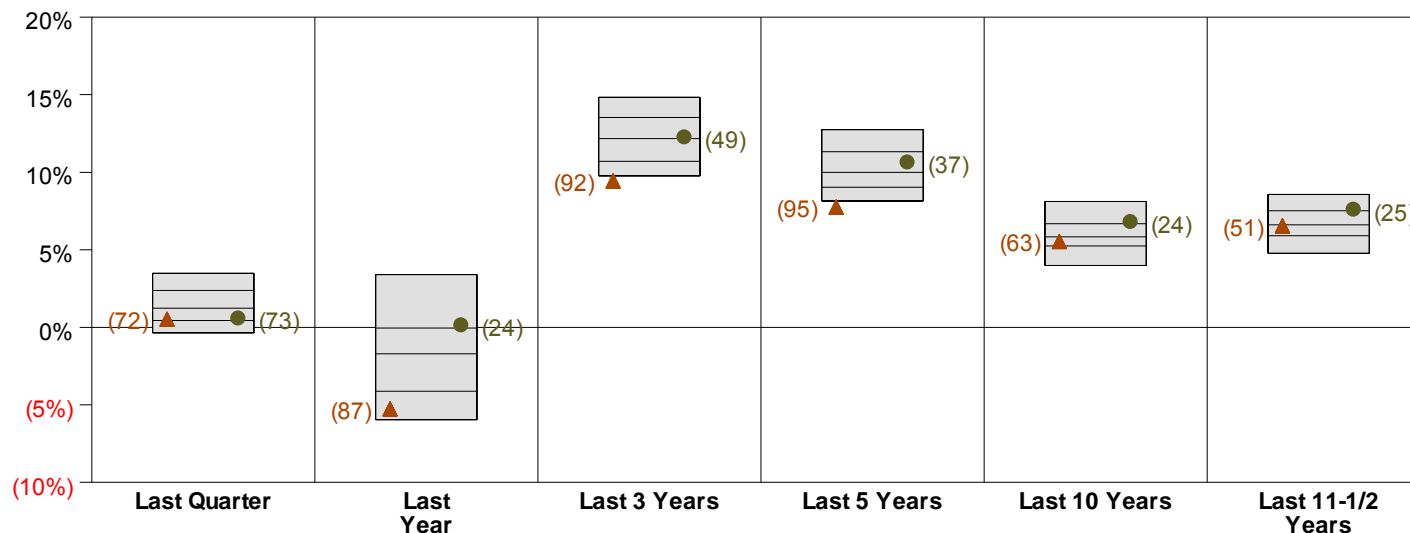
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 18 Years
10th Percentile	3.37	2.81	8.04	6.24	9.03	9.64	7.53
25th Percentile	2.11	(4.04)	5.80	4.98	8.04	9.22	6.67
Median	1.01	(6.82)	2.54	3.73	7.60	7.52	5.94
75th Percentile	0.10	(11.22)	0.37	2.01	5.95	6.84	4.74
90th Percentile	(2.92)	(23.47)	(7.30)	(4.64)	5.05	6.15	3.92

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 18 Years
Morgan Stanley Emerging Mkts. ●	1.58	(5.17)	4.02	4.29	7.81	6.30	5.93
MSCI EMBM ▲	0.69	(5.12)	3.71	3.69	8.11	7.87	5.63

- The fund outperformed the index by 0.89% for the quarter but underperformed by 0.05% over the last year.
- Long-term results remain near median, outperforming the index over the past 18 years.
- Stock selection and an underweight allocation to China was the primary driver of performance.

William Blair International Growth Equity

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



- The fund underperformed by 0.03% for the quarter and outperformed by 5.32% over the last year.
- Long-term performance remains strong. The fund is above median for all time periods.
- Stock selection in Industrials and Resources drove the slight underperformance.
- As of May 2015, Stephanie Braming will join Simon Fennel and Jeff Urbina in sharing PM responsibilities for the fund.



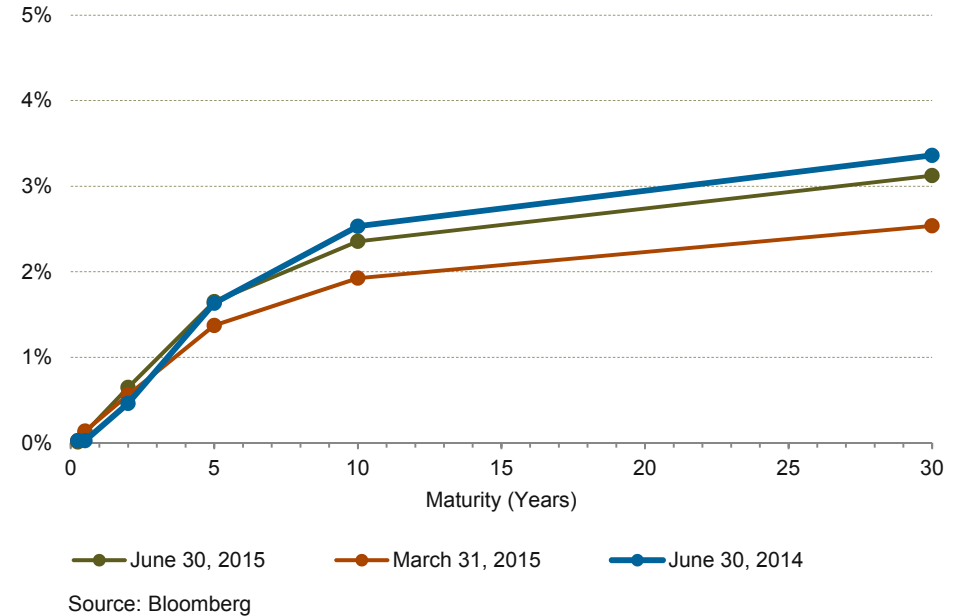
Fixed Income

Second Quarter Market Environment

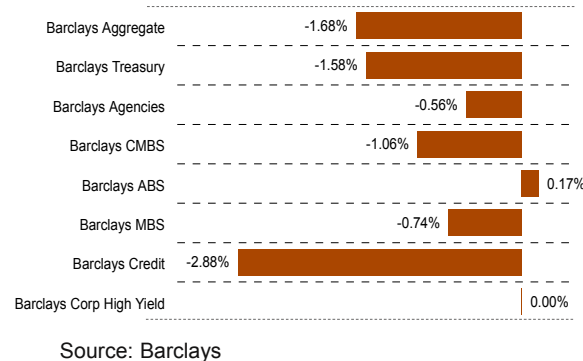
Fixed Income

- Barclays U.S. Aggregate Index fell 1.7% in the 2nd quarter, erasing all of its 1st quarter gains
 - Corporates underperformed U.S. Treasuries by 90 bps as spreads widened
 - Issuance remained robust and rising rates, worries over Greece, and poor liquidity also weighed on the sector
- Yield curve steepened
 - The 30-year Treasury yield climbed roughly 60 bps, resulting in a 10.4% loss for the long bond
 - The yield on the 10-year Treasury rose 40 bps and the note posted a -3.0% return
 - Two-year Treasury rates increased a modest 8 bps and eked out a 0.1% return
- Interest rates in developed markets rose during the quarter from record low levels, in many cases
 - Rate increases were spurred by brighter economic news in Europe
 - Barclays Global Aggregate ex-U.S. Index (unhedged) returned -0.8% with the hedged version -2.7% as the dollar lost ground vs most currencies
 - Italy and Spain were especially hard-hit on worries over contagion from a potential Greek exit

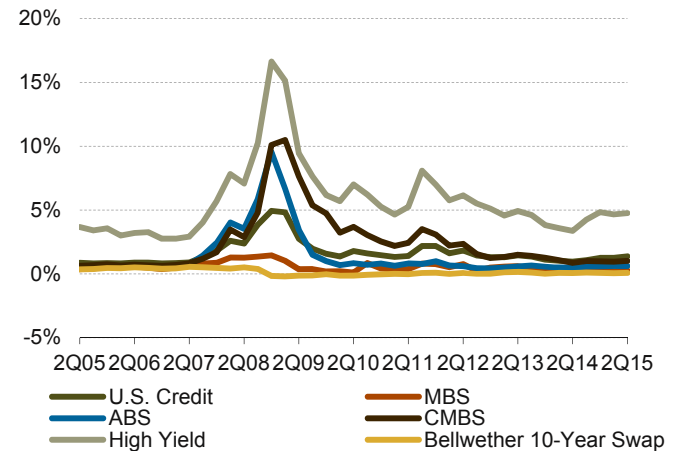
U.S. Treasury Yield Curves



Absolute Returns for Quarter ended June 30, 2015

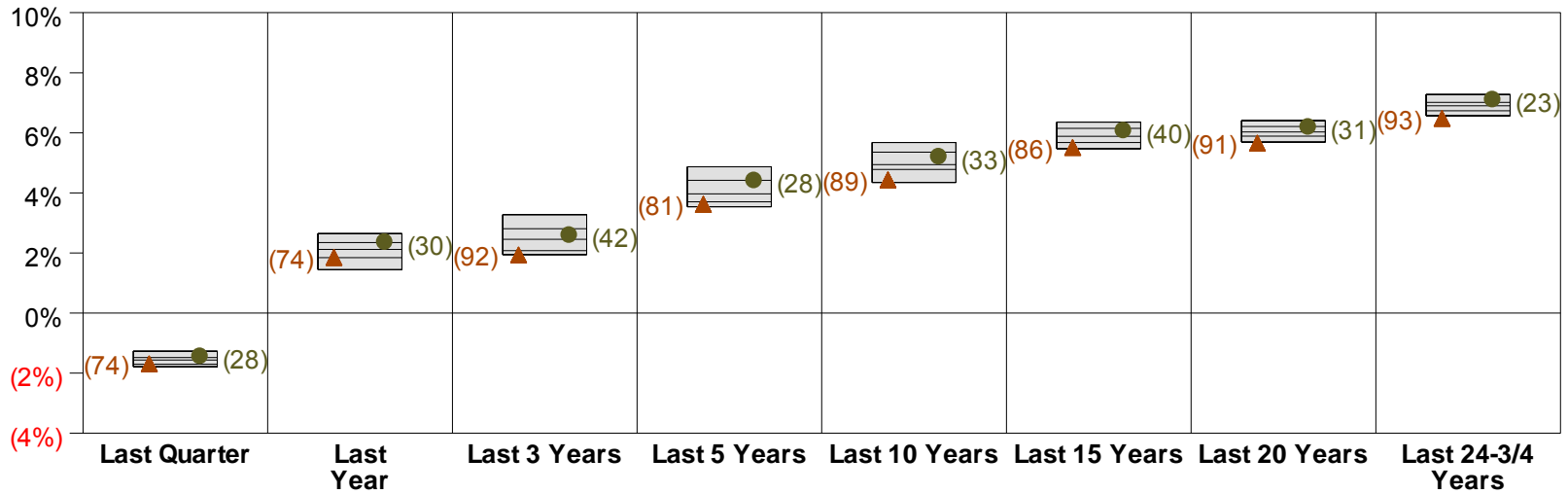


Effective Yield Over Treasuries



Richmond Capital Core Fixed Income

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



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years	Last 24-3/4 Years
10th Percentile	(1.26)	2.65	3.27	4.87	5.68	6.36	6.41	7.28
25th Percentile	(1.48)	2.35	2.81	4.42	5.35	6.15	6.21	7.02
Median	(1.56)	2.12	2.46	3.97	4.94	5.89	6.03	6.90
75th Percentile	(1.70)	1.85	2.08	3.70	4.79	5.68	5.89	6.73
90th Percentile	(1.78)	1.45	1.95	3.54	4.34	5.47	5.69	6.57
Richmond Capital Management	● (1.49)	2.31	2.56	4.37	5.16	6.03	6.15	7.06
Blended Benchmark*	▲ (1.68)	1.86	1.94	3.62	4.44	5.52	5.66	6.48

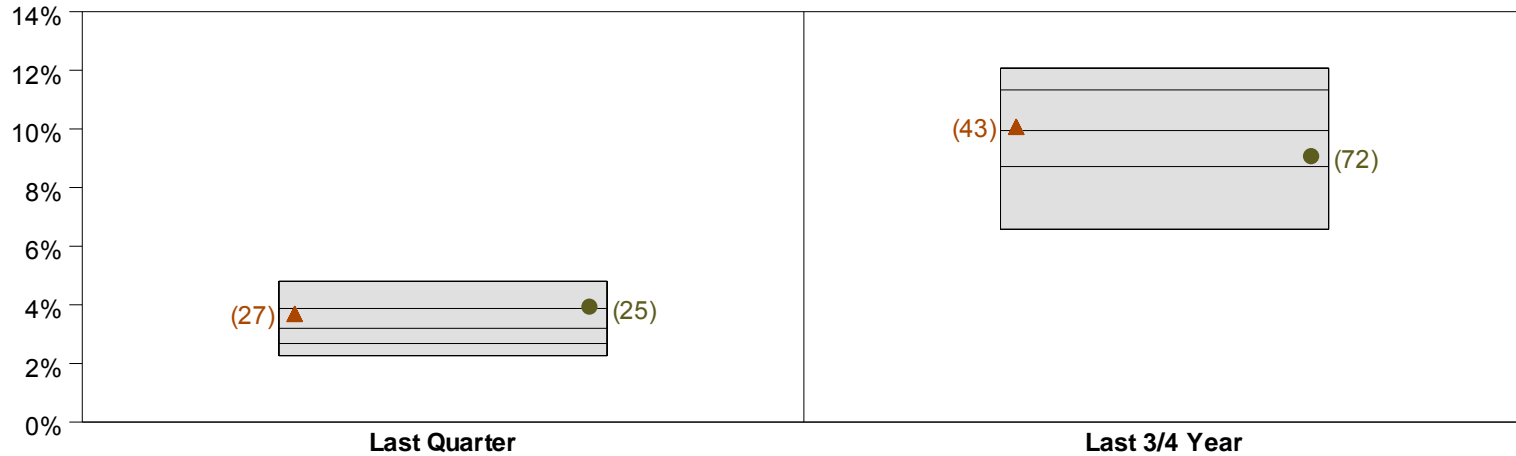
- Richmond outperformed for the quarter and outperformed over the year by 0.45%.
- Long-term performance remains strong. The fund has outperformed by 0.72% over the last 10 years.
- The portfolio's shorter than benchmark duration added value as interest rates rose during the quarter.



Real Estate

Heitman America Real Estate Trust

Performance vs CAI Open-End Real Estate Funds (Net)



	Last Quarter	Last 3/4 Year
10th Percentile	4.81	12.07
25th Percentile	3.88	11.33
Median	3.20	9.95
75th Percentile	2.69	8.72
90th Percentile	2.26	6.58
Heitman ●	3.88	9.01
NFI-ODCE Equal Weight Net ▲	3.70	10.08

- Third full quarter of performance for Heitman.

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%.	Not Met.
	Outperform the median international equity manager over rolling 3-year periods.	Not 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.