



February 18, 2016

**City of Fort Pierce**

Fourth Quarter Performance  
Review

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# Fourth Quarter Market Environment

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## U.S. Economy

Markets were nonchalant over the Fed's long-awaited rate hike in December, when it took the Fed Funds target up from 0% to 0.25%. The Fed's decision was helped by strength in employment, residential investment and auto sales, all bright spots in the US economy in 2015. Manufacturing, however, was the weakest since 2009, hurt by weaker global demand, a strong dollar and reduced spending from the battered energy sector. With the first Fed hike out of the way and seemingly slow but steady growth in the US, the price of oil and news out of China remained forefront on investors' minds as of year-end.

- Advance estimate for real GDP growth in the US for 4Q15 was +0.7% (annualized)
  - Slower growth may be explained by seasonality--the US remains a bright spot among global economies
  - Fed GDP forecasts have been declining given global headwinds and US dollar strength (currently 2.3% - 2.5% for 2016)
- Inflation remains below the Fed's 2% target for the PCE
  - Personal Consumption Expenditures Index +0.9% as of December but trended higher over the year
  - Core CPI +2.1% (y-o-y) as of December
  - Headline CPI, including food and energy, far more muted +0.7% y-o-y
- Oil
  - Peaked at \$135 in 7/2008 and closed the year at \$38 (Brent)
  - Bottom not yet in sight
- Unemployment fell to 5%
  - Well below 50-year average of 6.2%
  - But wage growth (+2% y-o-y) also below 50-year average of 4.3%
- Manufacturing
  - ISM Index of factory sector activity fell to weakest level since 2009 in December, and its full year average also weakest since 2009
- Car Sales
  - Low gas prices and a strong labor market drove car sales to 17.5 million in 2015, a 15-year high
- Outside of the US
  - Worries over the slowdown in China continued; recent GDP printed at 6.9% but was the slowest since the 1Q/2009 and off sharply from the 10.9% average from 1989 - 2015
  - Unemployment in Europe, particularly in peripheral countries, remained elevated at 10.5%
  - Accommodative policy continued in developed countries

# Market Environment 4Q15: Global Equity

2015 was year of disappointing returns across asset classes, with plunging commodity and oil prices and uncertainty over the pace of China's slowdown being key forces. Painfully, no year since 1990 has seen more negative returns across equity and fixed income indices, oil and gold prices. While losses in 2008 were sharper, losses in 2015 were more broad-based.

## U.S. Equity

- US equities delivered their worst performance since 2008 in 2015 despite strong 4Q performance
  - S&P 500 up 7.0% in 4Q but only 1.4% for the year
  - Without “FANGs” (Facebook, Amazon, Netflix and Google) the S&P would have been down for the year
  - Corporate profits before taxes fell 1.6% in the 3rd quarter and 5.1% year-over-year
- Sector results were widely divergent for the quarter and the year
  - For the quarter, Materials performed best (+9.7%) and Energy the worst (+0.2%)
  - For the year, Consumer Discretionary (+10.1%) and Health Care (+6.9%) performed best while Energy (-21.1%) and Materials (-8.4%) suffered the most
  - High quality outperformed low quality over the year (+1.9% vs -4.2%), but only modestly in Q4 (+5.9% vs +5.8%)
- Growth strongly outperformed value for the quarter and the year and large outperformed small
  - R1000 Growth: 4Q +7.3%; 2015 +5.7%
  - R1000 Value: 4Q +5.6%; 2015 -3.8%
  - R1000: 4Q +6.5%; 2015 +0.9%
  - R2000: 4Q +3.6%; 2015 -4.4%

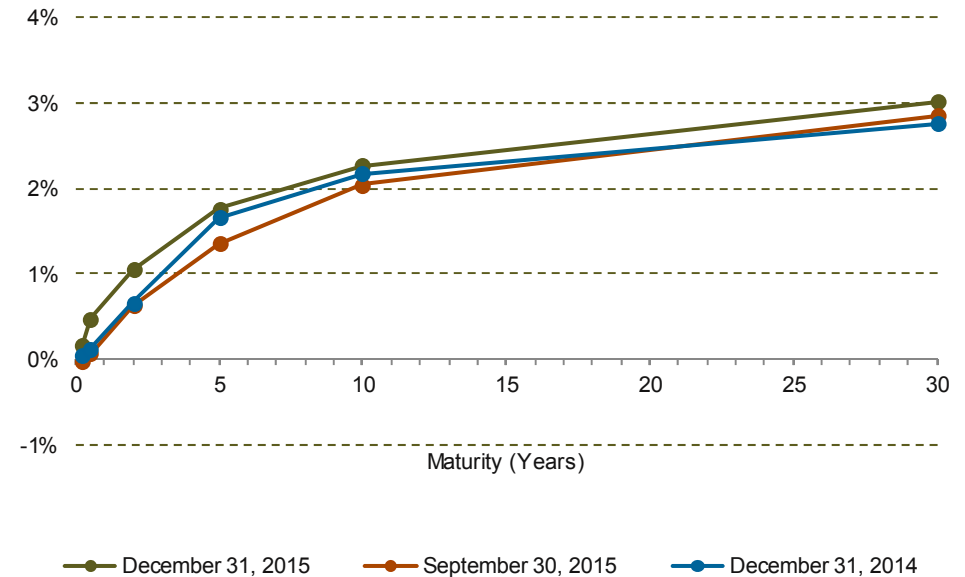
## International Equity

- Developed markets performed well but US dollar strength eroded returns
  - MSCI EAFE Local: 4Q +6.3%; 2015 +5.3%
  - MSCI EAFE US\$: 4Q +4.7%; 2015 -0.8%
  - Growth outperformed value for the quarter and the year (MSCI EAFE Growth: 4Q +6.7%; 2015 +4.1%, Value: 4Q +2.7%; 2015 -5.7%)
  - Small caps were the best performers for the year (MSCI EAFE SC: 4Q +6.8%; 2015 +9.6%)
- Emerging markets were the worst performers for the quarter and the year
  - MSCI EM US\$: 2015 -14.6%; 4Q +0.7%
  - Brazil: 2015 -41.2%
  - Russia: 2015 +5.0%
  - India: 2015 -6.1%
  - China: 2015 -7.6%

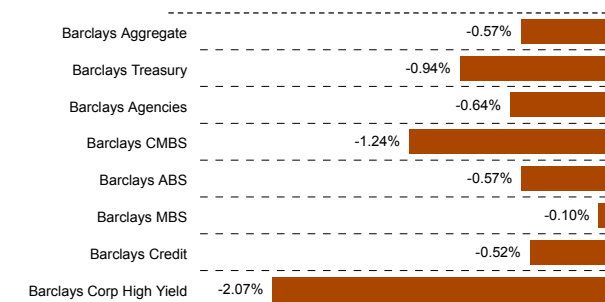
# Market Environment 4Q15: Fixed Income

- Barclays U.S. Aggregate Index was down -0.6% for the quarter but up 0.5% for the year, thanks to coupon payments
  - Investment grade credit and mortgages outperformed like-duration US Treasuries for the quarter but underperformed for the full year
- Declining commodity prices and negative sentiment continued to take a toll on high yield corporates
  - Barclays High Yield Index -2.1% for the quarter and -4.5% for the year
  - Energy, now 11% of the Index, returned -12.9% for the quarter and -23.6% for the year
- Interest rates in developed markets mostly stable and dollar appreciated
  - The US dollar climbed 3% versus the euro and pound and 0.4% vs the yen. Dollar up nearly 10% vs euro for the year and about flat vs yen
  - Yields dropped in Italy, Spain and Japan but were otherwise flat to modestly higher during the quarter
- Emerging markets debt staged a small comeback in the 4th quarter
  - Dollar-denominated JPM EMBI Global Diversified Index up 1.3% and 1.2% for the year
  - Local currency-denominated JPM GBI-EM Global Diversified Index was flat for the quarter but remained down nearly 15% for the year

U.S. Treasury Yield Curves

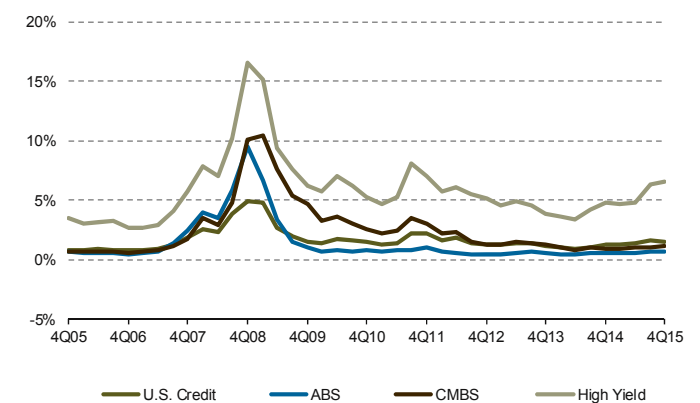


Absolute Returns for Quarter ended December 31, 2015

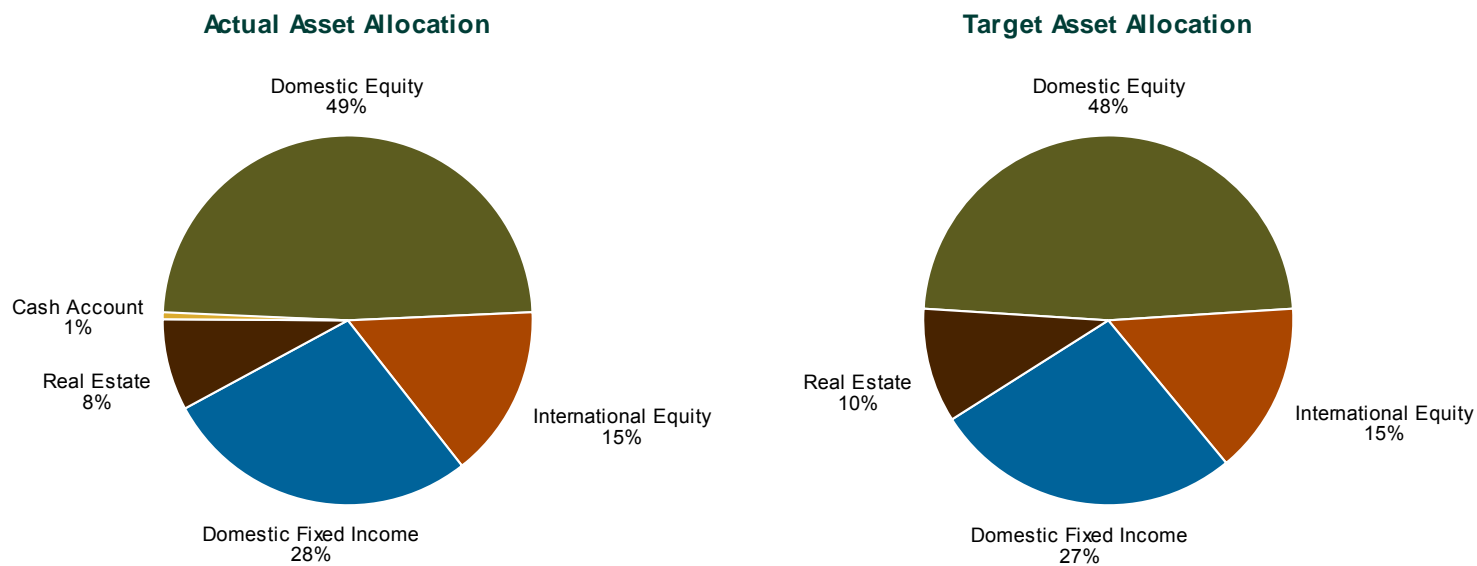


Source: Barclays

Effective Yield Over Treasuries



# Asset Allocation Review



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	86,281	48.7%	48.0%	0.7%	1,183
International Equity	26,749	15.1%	15.0%	0.1%	156
Domestic Fixed Income	49,075	27.7%	27.0%	0.7%	1,207
Real Estate	14,146	8.0%	10.0%	(2.0%)	(3,582)
Cash Account	1,037	0.6%	0.0%	0.6%	1,037
<b>Total</b>	<b>177,288</b>	<b>100.0%</b>	<b>100.0%</b>		

## 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	49%	48%	0.82%	(0.05%)	0.44%	(0.04%)	0.40%
Domestic Fixed Income	27%	27%	1.17%	0.55%	0.17%	(0.06%)	0.11%
Real Estate	7%	10%	14.68%	14.18%	0.03%	(0.35%)	(0.32%)
International Equity	15%	15%	0.15%	(5.25%)	0.84%	(0.06%)	0.78%
Cash Account	1%	0%	0.01%	0.01%	0.00%	(0.00%)	(0.00%)
<b>Total</b>			<b>1.82%</b>	<b>0.85%</b>	<b>1.48%</b>	<b>(0.51%)</b>	<b>0.97%</b>

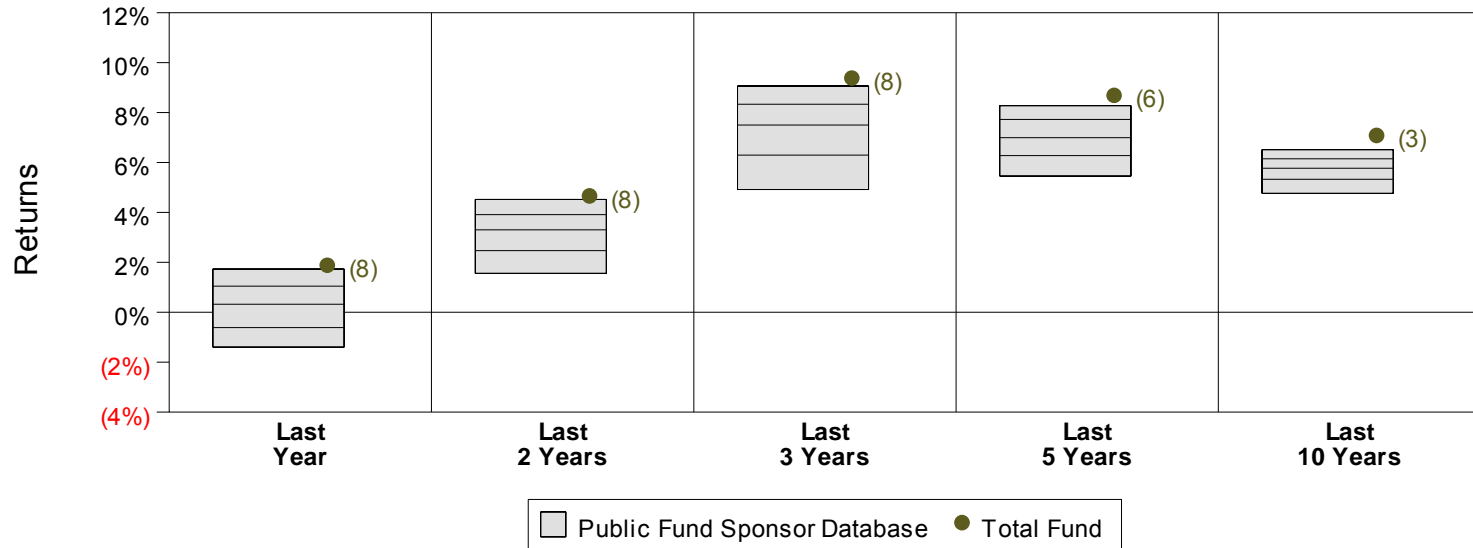
# Asset Distribution Across Investment Managers

	December 31, 2015					September 30, 2015		
	Market Value	Weight	(min)	Target	(max)	Market Value	Weight	Target
<b>Domestic Equity</b>	<b>\$86,281,260</b>	<b>48.67%</b>	<b>40.00%</b>	<b>48.00%</b>	<b>56.00%</b>	<b>\$82,140,424</b>	<b>47.77%</b>	<b>48.00%</b>
Emerald Advisers, Inc.	6,910,636	3.90%	2.75%	3.75%	4.75%	7,003,754	4.07%	3.75%
Ceredex Value Advisors	6,692,158	3.77%	2.75%	3.75%	4.75%	6,736,687	3.92%	3.75%
SSgA S&P 500 Index	60,058,570	33.88%	28.00%	33.00%	38.00%	56,098,348	32.62%	33.00%
SSgA S&P 400 Index	12,619,897	7.12%	6.50%	7.50%	8.50%	12,301,635	7.15%	7.50%
<b>International Equity</b>	<b>\$26,748,683</b>	<b>15.09%</b>	<b>12.00%</b>	<b>15.00%</b>	<b>18.00%</b>	<b>\$25,779,161</b>	<b>14.99%</b>	<b>15.00%</b>
Morgan Stanley Int'l Equity	11,837,934	6.68%	6.00%	7.00%	8.00%	11,496,588	6.69%	7.00%
Morgan Stanley Emerging Mkts.	970,795	0.55%	0.00%	1.00%	2.00%	976,190	0.57%	1.00%
William Blair & Company	13,939,953	7.86%	6.00%	7.00%	8.00%	13,306,384	7.74%	7.00%
<b>Domestic Fixed Income</b>	<b>\$49,074,657</b>	<b>27.68%</b>	<b>22.00%</b>	<b>27.00%</b>	<b>32.00%</b>	<b>\$49,340,750</b>	<b>28.69%</b>	<b>27.00%</b>
Richmond Capital Management	49,074,657	27.68%	22.00%	27.00%	32.00%	49,340,750	28.69%	27.00%
<b>Real Estate</b>	<b>\$14,146,381</b>	<b>7.98%</b>	<b>5.00%</b>	<b>10.00%</b>	<b>12.00%</b>	<b>\$13,657,912</b>	<b>7.94%</b>	<b>10.00%</b>
Heitman	14,146,381	7.98%	5.00%	10.00%	12.00%	13,657,912	7.94%	10.00%
<b>Cash Account</b>	<b>\$1,036,883</b>	<b>0.58%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>1.00%</b>	<b>\$1,036,826</b>	<b>0.60%</b>	<b>0.00%</b>
<b>Total Fund</b>	<b>\$177,287,863</b>	<b>100.0%</b>		<b>100.0%</b>		<b>\$171,955,074</b>	<b>100.0%</b>	<b>100.0%</b>

- The total fund increased by \$5.3 million over the quarter to \$177.3 million as of December 31, 2015.
- Heitman American Real Estate Trust called \$5 million in January 2016.

# City of Fort Pierce Total Fund

## Public Fund Sponsor Database



	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
<b>Total Fund</b>	<b>3.15%</b>	<b>40</b>	<b>1.82%</b>	<b>8</b>	<b>9.31%</b>	<b>8</b>	<b>8.62%</b>	<b>6</b>	<b>11.29%</b>	<b>7</b>
Total Fund Benchmark(1)	3.45%	19	0.85%	32	8.44%	23	7.80%	22	10.66%	18
CPI + 5%	0.45%	99	5.39%	1	5.72%	82	6.41%	70	6.72%	95
Pub PInSponsor DB	2.96%		0.33%		7.50%		6.99%		9.62%	

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

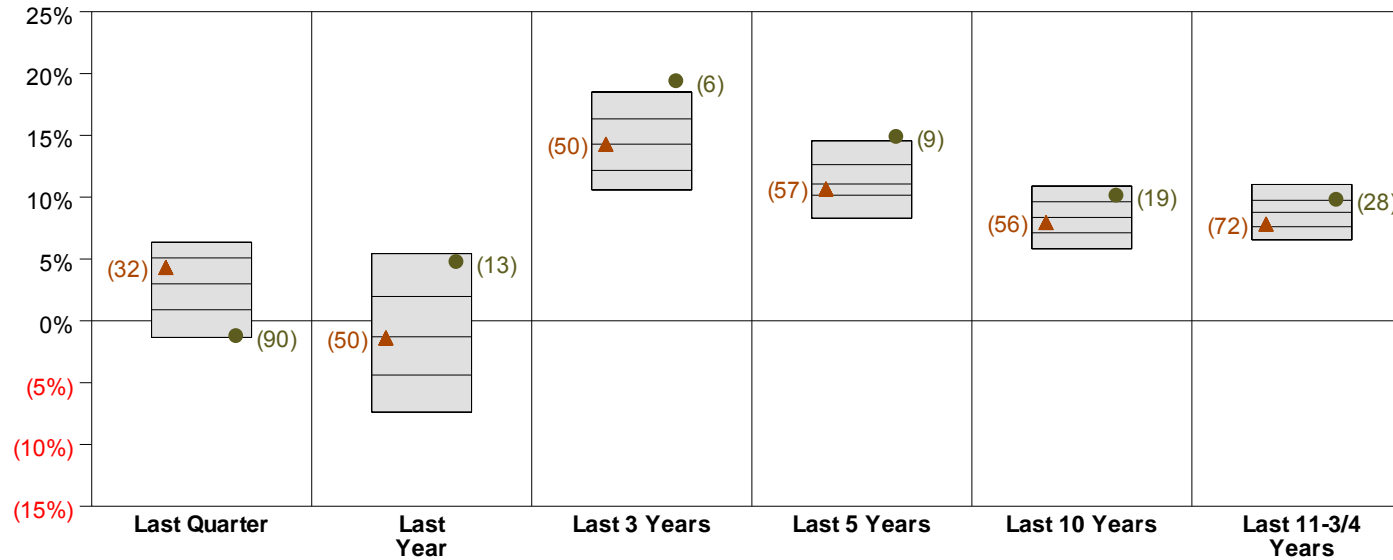
\* Current Quarter Target = 33.0% S&P 500 Index, 27.0% Barclays Aggregate Index, 15.0% MSCI ACWI ex US Index, 10.0% NFI-ODCE Equal Weight Net, 7.5% S&P Mid Cap 400 Index, 3.8% Russell 2000 Growth Index and 3.8% Russell 2000 Value Index.



## Domestic Equity Performance

# Emerald Advisors Small Cap Growth

## Performance vs CAI Small Cap Growth Style (Gross)

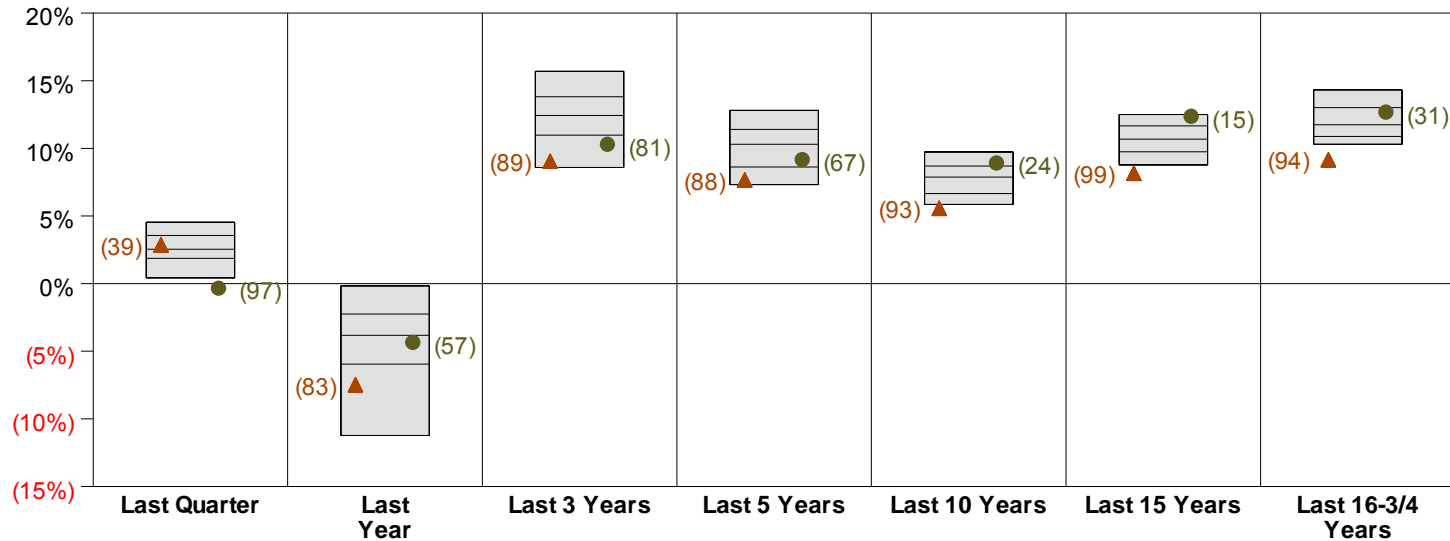


10th Percentile	6.36	5.43	18.52	14.56	10.89	11.03
25th Percentile	5.09	1.96	16.34	12.63	9.63	9.75
Median	3.00	(1.29)	14.29	11.06	8.36	8.78
75th Percentile	0.90	(4.38)	12.16	10.16	7.12	7.61
90th Percentile	(1.35)	(7.38)	10.60	8.30	5.83	6.55
<b>Emerald Advisors, Inc.</b> ●	(1.33)	4.66	19.28	14.80	10.03	9.72
Russell 2000 Growth Index ▲	4.32	(1.38)	14.28	10.67	7.95	7.82

- Emerald underperformed the benchmark by 5.65% during the quarter but outperformed by 6.04% over the last year.
- Emerald has strong long-term returns well above the benchmark for all periods.
- Stock selection in Healthcare, Producer Durables and Technology drove underperformance.

# Ceredex Value Advisors Small Cap Value

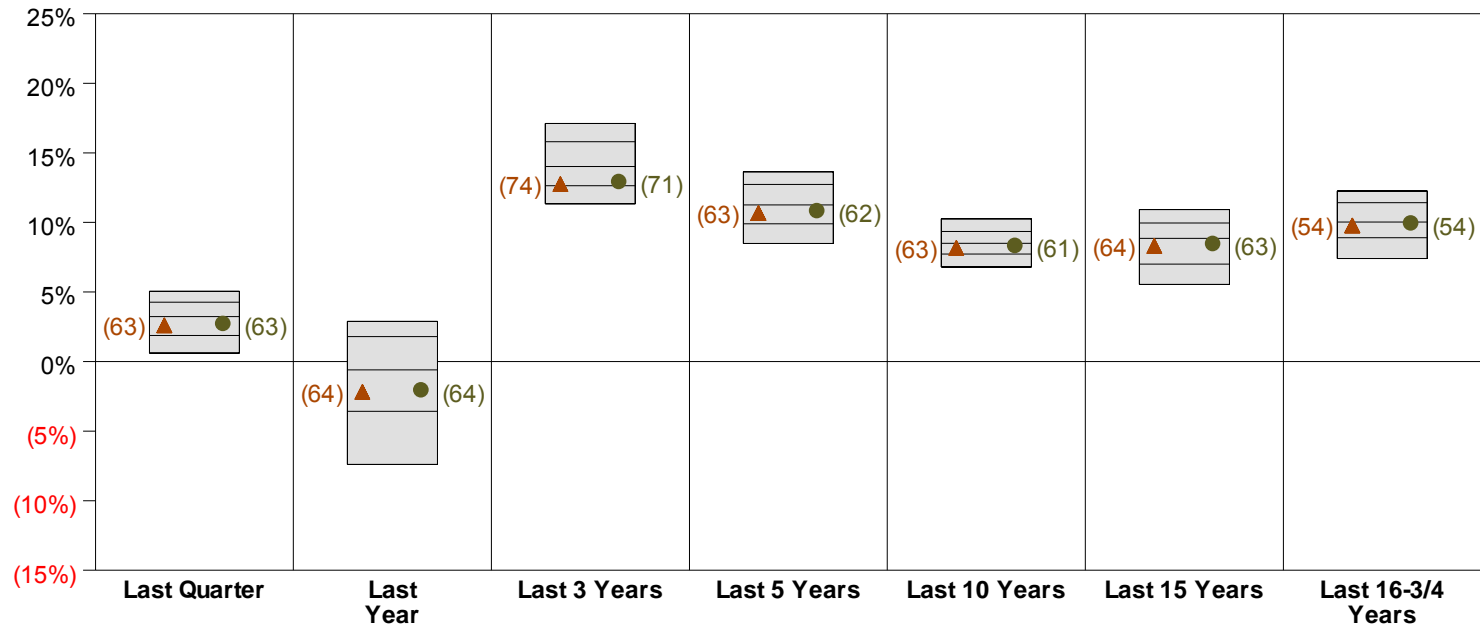
## Performance vs CAI Small Cap Value Style (Gross)



- Ceredex underperformed the benchmark by 3.33% for the quarter but outperformed by 3.00% over the last year.
- Long-term results are strong. The fund has outperformed the benchmark for all trailing periods shown.
- Stock selection in the Consumer Discretionary, Industrials and Health Care sectors challenged performance.

# SSgA S&P Mid Cap 400 Index

## Performance vs CAI Mid Capitalization Style (Gross)

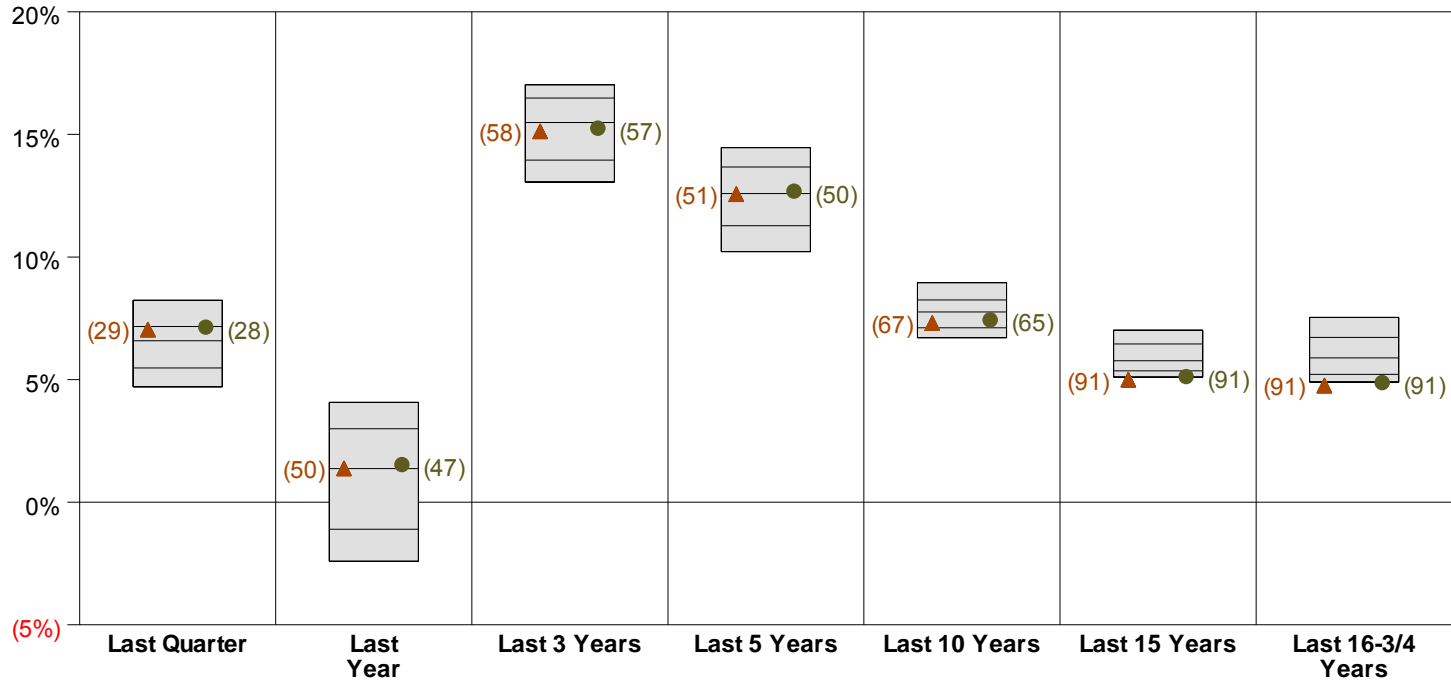


10th Percentile	5.05	2.90	17.12	13.64	10.26	10.93	12.27
25th Percentile	4.26	1.80	15.79	12.73	9.34	9.95	11.42
Median	3.23	(0.59)	14.01	11.26	8.49	8.86	10.03
75th Percentile	1.87	(3.57)	12.63	9.90	7.72	7.00	8.90
90th Percentile	0.61	(7.40)	11.34	8.48	6.79	5.54	7.40
<b>SSgA S&amp;P 400 Index</b> ●	2.61	(2.15)	12.81	10.72	8.21	8.36	9.84
S&P Mid Cap 400 Index ▲	2.60	(2.18)	12.76	10.68	8.18	8.32	9.78

- 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	8.23	4.08	17.02	14.47	8.96	7.01	7.54
25th Percentile	7.17	2.99	16.49	13.67	8.24	6.46	6.72
Median	6.59	1.38	15.48	12.59	7.76	5.77	5.89
75th Percentile	5.47	(1.10)	13.96	11.28	7.12	5.36	5.22
90th Percentile	4.70	(2.41)	13.06	10.22	6.71	5.10	4.90
<b>SSgA S&amp;P 500 Index</b> ●	7.07	1.46	15.18	12.62	7.37	5.05	4.81
<b>S&amp;P 500 Index</b> ▲	7.04	1.38	15.13	12.57	7.31	5.00	4.76

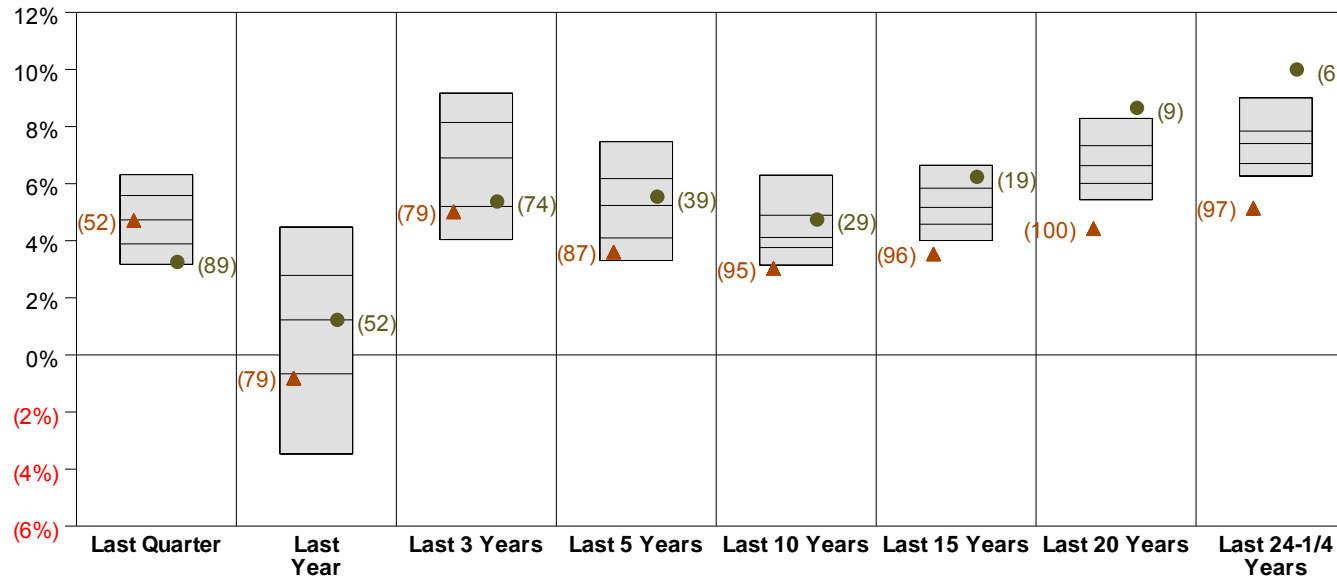
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## International Equity Performance

# Morgan Stanley Developed International Equity

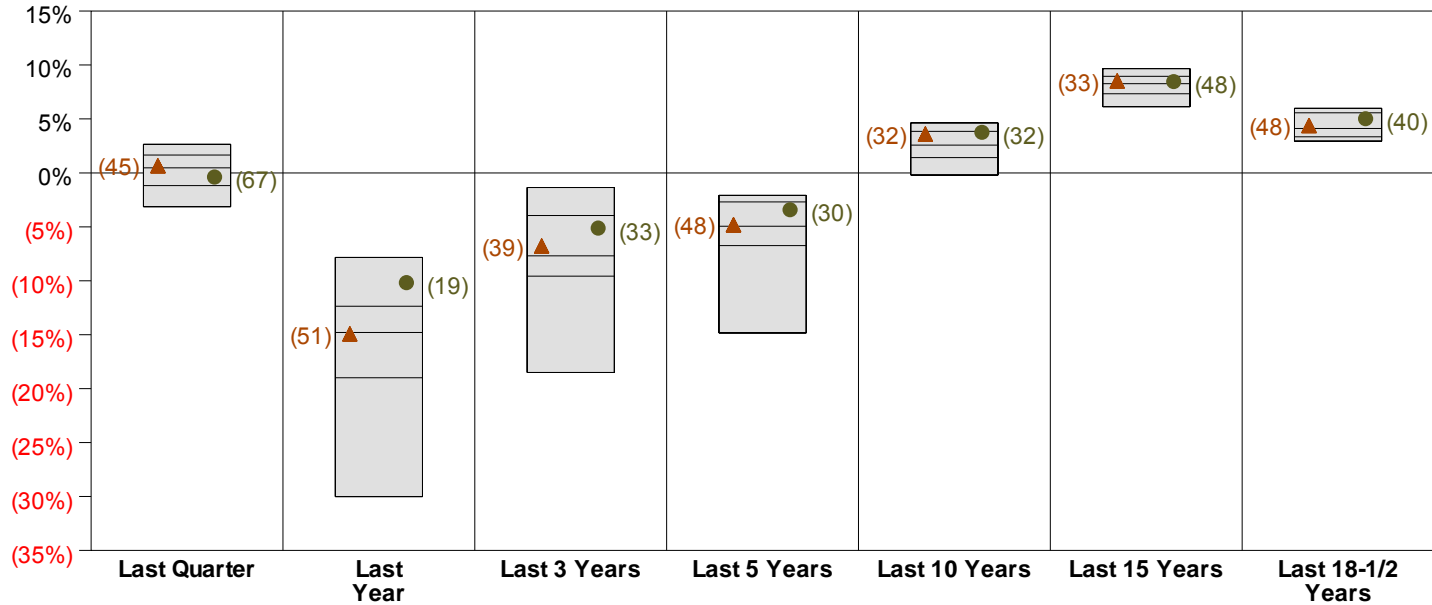
## Performance vs CAI Core International Equity Style (Gross)



- The fund underperformed for the quarter and outperformed the index by 1.98% over the last year.
- Long-term performance remains strong. Underperformance for the quarter was driven by stock selection Industrials and Health Care.
- On 2/1/16, the firm announced that Max Warburton was joining the Morgan Stanley portfolio management team from Sanford Bernstein. He had previous work experience with several other members of the team.

# Morgan Stanley Emerging Markets Equity

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



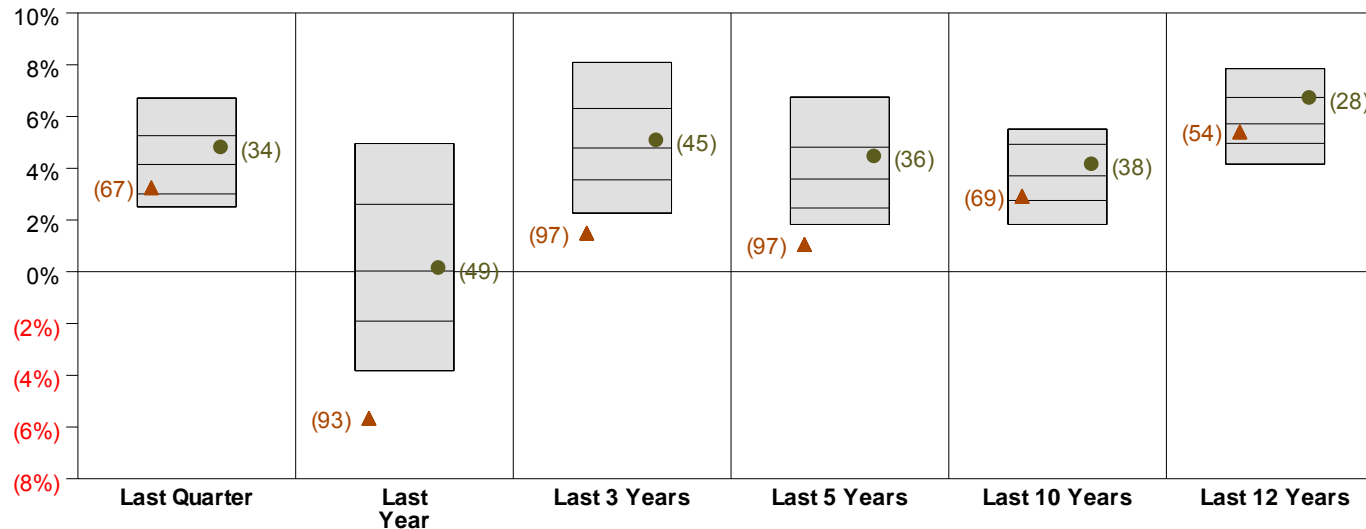
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 18-1/2 Years
10th Percentile	2.66	(7.83)	(1.34)	(2.07)	4.64	9.67	5.99
25th Percentile	1.66	(12.36)	(3.94)	(2.68)	3.85	8.96	5.57
Median	0.48	(14.79)	(7.68)	(4.94)	2.58	8.28	4.12
75th Percentile	(1.17)	(18.99)	(9.57)	(6.73)	1.42	7.34	3.35
90th Percentile	(3.14)	(30.01)	(18.51)	(14.84)	(0.20)	6.14	2.96

<b>Morgan Stanley Emerging Mkts.</b> ●	(0.55)	(10.33)	(5.28)	(3.58)	3.61	8.30	4.87
MSCI EMBM ▲	0.66	(14.92)	(6.76)	(4.80)	3.61	8.54	4.39

- The fund underperformed the index by 1.21% for the quarter but outperformed by 4.59% over the last year.
- Long-term results remain above median, outperforming the index over the past 18 ½ years.
- Stock selection in Taiwan, India and Brazil was the primary driver of underperformance.

# William Blair International Growth Equity

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



10th Percentile	6.71	4.96	8.09	6.75	5.51	7.85
25th Percentile	5.26	2.61	6.31	4.81	4.93	6.74
Median	4.15	0.03	4.78	3.58	3.71	5.71
75th Percentile	3.01	(1.91)	3.56	2.46	2.75	4.96
90th Percentile	2.51	(3.83)	2.27	1.82	1.82	4.16
<b>William Blair &amp; Company</b> ●	4.76	0.09	5.02	4.42	4.11	6.67
MSCI ACWI x US (Net) ▲	3.24	(5.66)	1.50	1.06	2.92	5.40

- The fund outperformed by 1.52% for the quarter and by 5.75% over the last year.
- Long-term performance remains strong. The fund is above median for all time periods.
- Stock selection across most sectors and sector allocation in Healthcare and Financials drove outperformance.
- In May 2015, Stephanie Braming joined Simon Fennel and Jeff Urbina in sharing PM responsibilities for the fund.



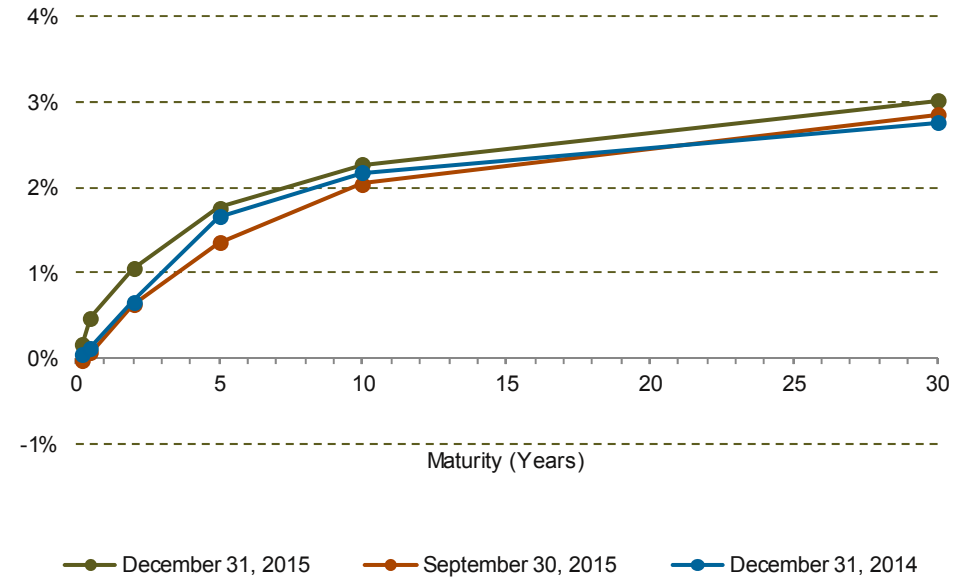
Fixed Income

# Fourth Quarter Market Environment

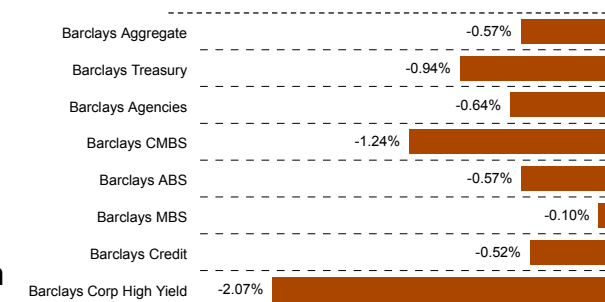
## Fixed Income

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  - Investment grade credit and mortgages outperformed like-duration US Treasuries for the quarter but underperformed for the full year
- Declining commodity prices and negative sentiment continued to take a toll on high yield corporates
  - Barclays High Yield Index -2.1% for the quarter and -4.5% for the year
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- Interest rates in developed markets mostly stable and dollar appreciated
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  - Yields dropped in Italy, Spain and Japan but were otherwise flat to modestly higher during the quarter

U.S. Treasury Yield Curves

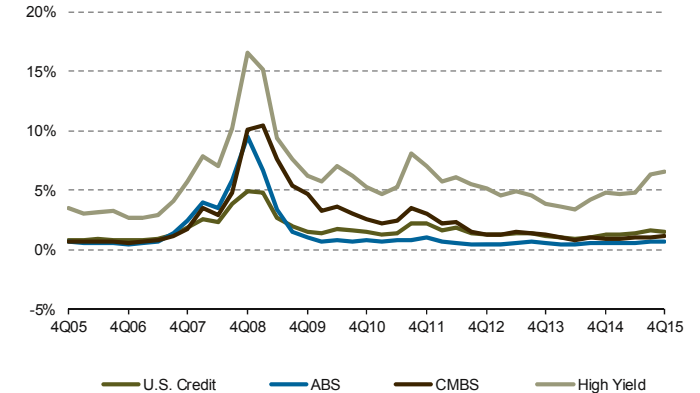


Absolute Returns for Quarter ended December 31, 2015



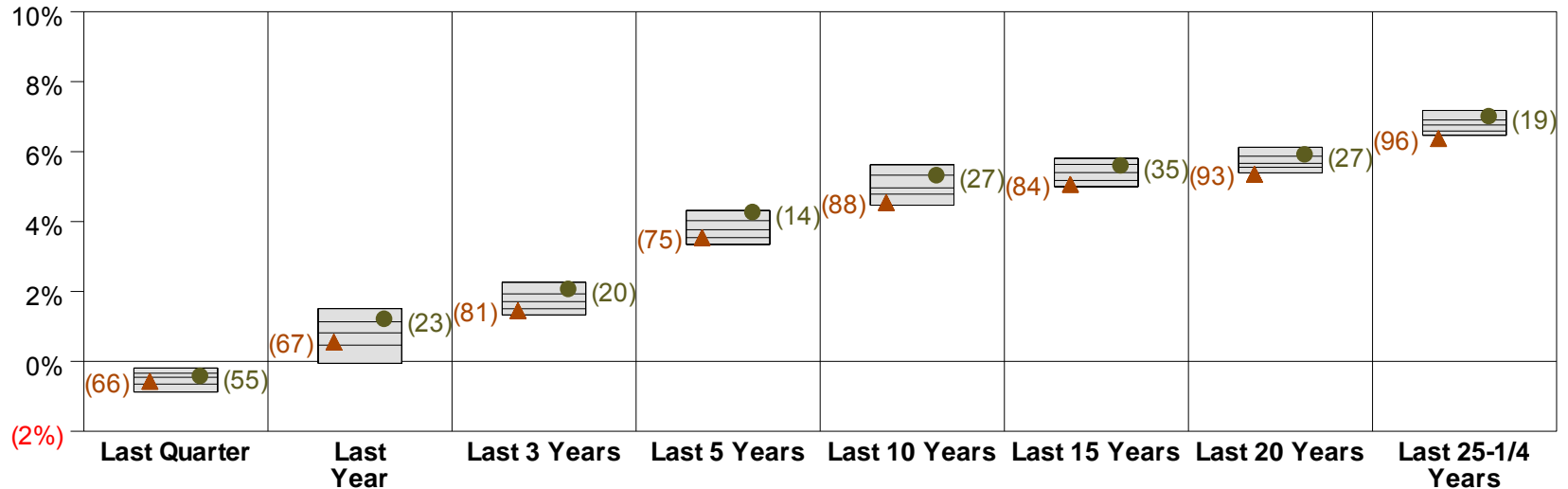
Source: Barclays

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 25-1/4 Years
10th Percentile	(0.19)	1.51	2.26	4.32	5.63	5.81	6.12	7.18
25th Percentile	(0.34)	1.13	1.93	4.02	5.33	5.63	5.87	6.91
Median	(0.45)	0.82	1.71	3.77	4.96	5.40	5.67	6.76
75th Percentile	(0.65)	0.46	1.50	3.54	4.78	5.18	5.56	6.59
90th Percentile	(0.87)	(0.06)	1.33	3.34	4.47	4.99	5.39	6.47
<b>Richmond Capital Management</b>	<b>(0.47)</b>	<b>1.17</b>	<b>2.02</b>	<b>4.21</b>	<b>5.27</b>	<b>5.55</b>	<b>5.87</b>	<b>6.96</b>
<b>Blended Benchmark*</b>	<b>(0.57)</b>	<b>0.55</b>	<b>1.45</b>	<b>3.54</b>	<b>4.54</b>	<b>5.06</b>	<b>5.35</b>	<b>6.38</b>

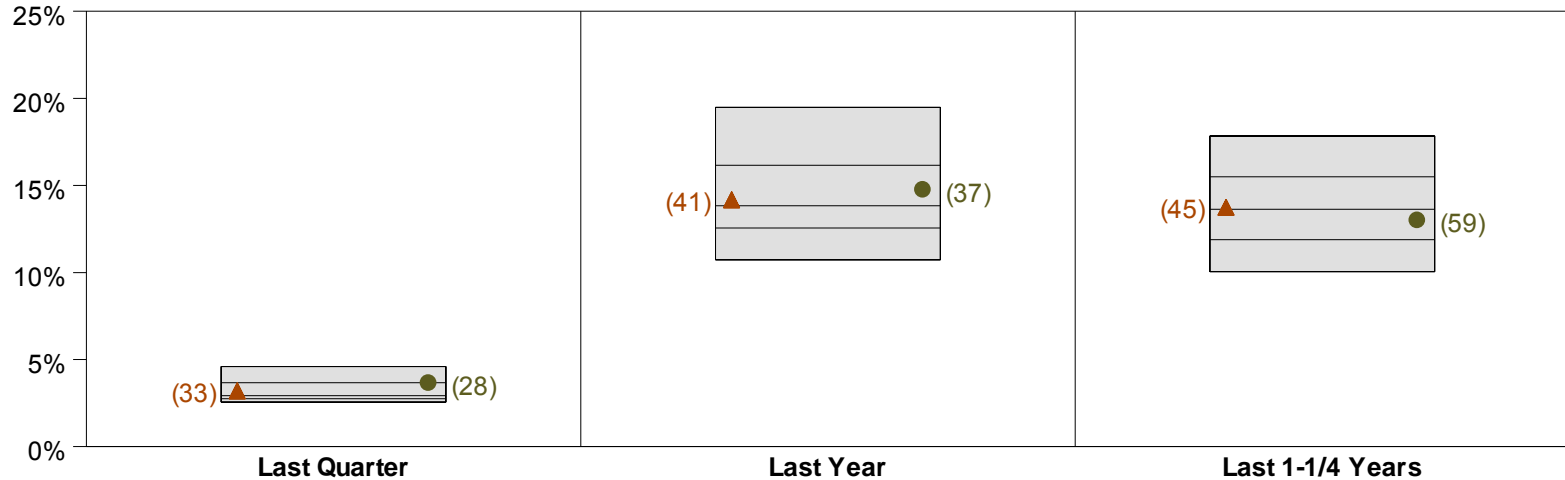
- Richmond outperformed for the quarter and outperformed over the year by 0.62%.
- Long-term performance remains strong. The fund has outperformed by 0.73% over the last 10 years.
- The portfolio's higher quality corporates, yield curve positioning and defensive portfolio duration drove outperformance for the quarter.



Real Estate

# Heitman America Real Estate Trust

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



10th Percentile	4.60	19.49	17.84
25th Percentile	3.66	16.16	15.49
Median	2.93	13.83	13.63
75th Percentile	2.76	12.55	11.88
90th Percentile	2.56	10.73	10.05
<b>Heitman</b> ●	3.58	14.68	12.92
NFI-ODCE Equal Weight Net ▲	3.21	14.18	13.75

- Fifth full quarter of performance for Heitman.
- The portfolio is 95% leased and same-property revenues grew by nearly 6.6% year over year.

# Investment Manager Objectives

Manager	Objective	Comments
<b>Total Fund</b>	CPI + 5% over long term.	Met.
<b>Richmond</b>	Outperform BC Aggregate over rolling 3-year periods by 0.50%.	Met.
	Outperform the median fixed income manager over rolling 3-year periods.	Met.
<b>Morgan Stanley Developed</b>	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.	Met.
<b>Morgan Stanley Emerging</b>	Outperform the MSCI Emerging Markets Index over rolling 3-year periods by 1.00%.	Met.
	Outperform the median emerging markets equity manager over rolling 3-year periods.	Met.
<b>William Blair</b>	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.
<b>Ceredex</b>	Outperform the Russell 2000 Value Index over time.	Met.
<b>Emerald</b>	Outperform the Russell 2000 Growth Index over time.	Met.
<b>SSgA S&amp;P MidCap 400 Index</b>	Replicate the return of the S&P MidCap 400 Index.	Met.
<b>SSgA S&amp;P 500 Index</b>	Replicate the return of the S&P 500 Index.	Met.
<b>Heitman (HART)</b>	Outperform the NFI-ODCE Index by 1% or more over rolling 5-year periods	N/A



## 2016 Capital Market Expectations and Work Plan

# 2016 Capital Market Expectations

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- **Broad market bond returns held at 3.0%.**

- We expect interest rates to rise, especially if the economy continues to expand and the Fed executes on its stated monetary policy. Bonds will suffer capital loss before higher yields kick in. We expect cash yields to move toward 2.5% and 10-year Treasury yields to reach 3.3% over the ten-year projection – a reversion to mean, but lower than the long run averages.
- Project an upward sloping yield curve, but a very slim risk premium for bonds over cash (0.75%).
- Cash returns held at 2.25%, reflecting an expected rise in Fed Funds rate.
- Longer duration returns raised, reflecting sharp reduction in yields in 2014.

- **Domestic Equity reduced to 7.35%, Non-U.S. Equity to 7.55%, both 25 bps reductions.**

- U.S. markets went sideways in 2015, but the U.S. economic outlook is more muted; fundamentals remain reasonable.
- Building equity returns from long-term fundamentals, we can build an expectation to just shy of 7.5%:
  - 2.5-3.0% real GDP growth, which means roughly 4.75-5.25% nominal earnings growth,
  - 2.5 % dividend yield,
  - Expect something more from return on free cash flow, besides dividends (The “buyback yield” has been exceptional, one good use of all that cash), perhaps 50-100 bps,
  - Small premium for Non-U.S. over Domestic, largely due to Emerging Markets.

- **Real Estate return held to 6.0%.**

- Reflects downward pressure on income returns at 4-5% with increased competition for investment.
- Asset class eyed by those hungering for yield.

# 2016 Capital Market Expectations—Return and Risk

## Summary of Callan’s Long-Term Capital Market Projections (2016 – 2025)

Asset Class	Index	PROJECTED RETURN			PROJECTED RISK			2015 - 2024		Geometric* Delta
		1-Year Arithmetic	10-Year Geometric*	Real	Standard Deviation	Sharpe Ratio	Projected Yield	10-Year Geometric*	Standard Deviation	
<b>Equities</b>										
Broad Domestic Equity	Russell 3000	8.85%	7.35%	5.10%	18.70%	0.353	2.40%	7.60%	19.00%	-0.25%
Large Cap	S&P 500	8.60%	7.25%	5.00%	17.75%	0.354	2.50%	7.50%	18.30%	-0.25%
Small/Mid Cap	Russell 2500	9.85%	7.55%	5.30%	22.75%	0.334	1.90%	7.85%	22.95%	-0.30%
Global ex-U.S. Equity	MSCI ACWI ex USA	9.55%	7.55%	5.30%	21.30%	0.343	2.70%	7.80%	21.45%	-0.25%
International Equity	MSCI World ex USA	9.00%	7.25%	5.00%	20.05%	0.337	3.00%	7.50%	20.20%	-0.25%
Emerging Markets Equity	MSCI Emerging Markets	11.15%	7.60%	5.35%	27.85%	0.320	1.70%	7.90%	27.95%	-0.30%
<b>Fixed Income</b>										
Short Duration	Barclays G/C 1-3	2.60%	2.60%	0.35%	2.25%	0.156	2.80%	2.40%	2.25%	0.20%
Domestic Fixed	Barclays Aggregate	3.05%	3.00%	0.75%	3.75%	0.213	4.60%	3.00%	3.75%	0.00%
Long Duration	Barclays Long G/C	4.30%	3.70%	1.65%	11.40%	0.197	5.30%	3.20%	11.40%	0.50%
TIPS	Barclays TIPS	3.10%	3.00%	0.75%	5.30%	0.160	4.20%	3.00%	5.30%	0.00%
High Yield	Barclays High Yield	5.40%	5.00%	2.75%	10.50%	0.300	8.00%	5.00%	11.10%	0.00%
Non-U.S. Fixed	Barclays Global Aggregate ex US	1.80%	1.40%	-0.85%	9.20%	-0.049	4.00%	2.30%	9.40%	-0.90%
Emerging Market Debt	EMBI Global Diversified	5.00%	4.60%	2.35%	9.90%	0.278	6.50%	4.70%	10.00%	-0.10%
<b>Other</b>										
Real Estate	Callan Real Estate	7.20%	6.00%	3.75%	16.45%	0.301	5.00%	6.15%	16.50%	-0.15%
Private Equity	TR Post Venture Cap	13.15%	8.15%	5.90%	32.80%	0.322	0.00%	8.50%	33.05%	-0.35%
Hedge Funds	Callan Hedge FOF Database	5.55%	5.25%	3.00%	9.30%	0.355	2.25%	5.25%	9.30%	0.00%
Commodities	Bloomberg Commodity	4.40%	2.75%	0.50%	18.50%	0.116	2.25%	2.75%	18.50%	0.00%
Cash Equivalents	90-Day T-Bill	2.25%	2.25%	0.00%	0.90%	0.000	2.25%	2.25%	0.90%	0.00%
Inflation	CPI-U		2.25%		1.50%			2.25%	1.50%	0.00%

\* Geometric returns are derived from arithmetic returns and the associated risk (standard deviation).

# Callan's Proposed 2016 Work Plan

City of Fort Pierce

	1st Quarter 2016			2nd Quarter 2016			3rd Quarter 2016			4th Quarter 2016		
<b>Strategic Planning</b>												
Review Capital Market Expectations												
Prepare 2017 Work Plan												
<b>Plan Implementation</b>												
Manager Searches (as needed)												
<b>Monitoring &amp; Evaluation</b>												
Quarterly Performance Reviews												
Quarterly Meeting Attendance												
Present Executive Summary												
Investment Manager Presentations												
Continuous Qualitative Review												
<b>Research &amp; Education</b>												
"Callan College"												
Regional Workshops												
National Client Conference												
Custom Education Session												
Research Papers and Publications												