



November 17, 2016

City of Fort Pierce

Third Quarter Performance Review

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Market Environment 3Q16: Economy

Investor angst over the unexpected vote on Brexit was short-lived with a "risk-on" theme returning to the markets in July and leading to stock market highs for the Dow, NASDAQ and S&P 500 in August. Growth remained slow but steady both in the US and overseas, with continued accommodation from central banks and tepid inflation.

- Real GDP increased to 2.9% for the 3rd quarter, up 1.4% from Q2
 - Consumer spending remained robust at a growth rate of 4.3% while residential investment slowed
 - Fed policymakers now expect growth for all of 2016 to be 1.8%, down from the June expectation of 2.0%
- Fed leaves Fed Funds rate unchanged
 - But sentiment shifts; three dissenting votes at September meeting
 - Market pricing in roughly 50% chance of Fed hike before year-end
- Inflation remained subdued
 - Core PCE Index +1.4% y-o-y as of September; below Fed's 2% target but highest in six months
 - Core CPI +0.2% as of September, matching headline inflation
- Unemployment hangs at 4.9%
 - Job creation remains steady
 - Wage growth increases to 2.4% y-o-y
- Consumer Confidence hits highest level since 2007
 - According to the Conference Board's Index
- House prices continue to climb
 - Average price of single family existing home (\$274,000) approaching high reached in October 2005 (\$275,000)
- Euro zone economies remain weak but positive
 - Euro zone unemployment remains elevated at 10%
 - Euro zone GDP +0.3% in 2nd quarter, down from 1st quarter's 0.5% print
 - Inflation has edged up and is no longer falling; core inflation +0.8% still well short of 2%
 - Talks surfaced late in the quarter of ECB tapering bond purchase program earlier than expected

Market Environment 3Q16: Global Equity

Reduced fears of slowing global growth, particularly in China, optimism about the U.S. economy, and further delays in rate hikes contributed to a rebound in equity prices in the 3rd quarter. The S&P 500, Dow, and NASDAQ hit all-time highs in August. Non-US markets outperformed US and emerging markets' indices posted the best results.

U.S. Equity

- Small capitalization stocks outperformed
 - S&P 500 +3.9%; +7.8% y-t-d
 - Russell Mid Cap gained 4.5%; +10.3% y-t-d
 - Russell 2000 rose 9.1%; +11.5% y-t-d
 - Growth exceeded Value modestly across market capitalizations, helped by Tech and less exposure to Utilities and Telecom
- Low quality outperforms high quality
 - Dynamic (low quality/high volatility) outperformed Defensive (high quality/low volatility) by a wide margin
 - Russell 1000 Dynamic Index up 7.6% versus Russell 1000 Defensive Index up 0.6%
- Investors preferred income so far in 2016
 - High Dividend Yield (+13.2% y-t-d) was the strongest among MSCI's factor-based indices
 - Quality (+6% y-t-d) was the weakest
- Real Estate became the 11th top-line sector in GICS
 - Representing 3.1% of the S&P 500

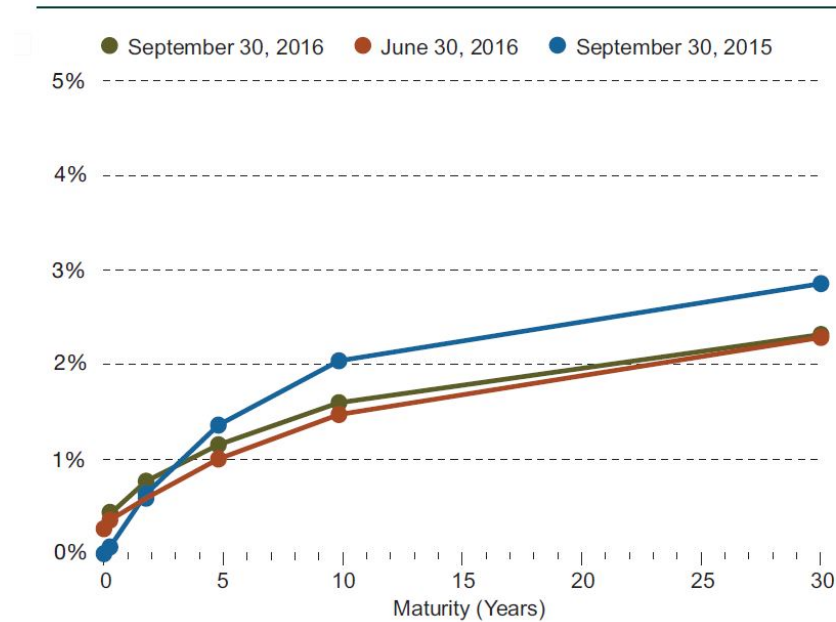
International Equity

- Developed markets outperformed US
 - MSCI EAFE: +6.4%; +1.7% y-t-d
 - Best performers were Germany (+10.0%) and Austria (+16.7%)
 - Worst was Denmark (-6.3%)
- Emerging markets surged for the quarter
 - MSCI EM: +9.0%; +16% y-t-d
 - Brazil continued to rebound: +11.3% for the quarter; +62.9% y-t-d
 - Russia and China were also strong; +8.4% and +13.9% respectively
 - Turkey lagged at -5.3%; +6.1% y-t-d
 - India: +5.9%; +7.1% y-t-d

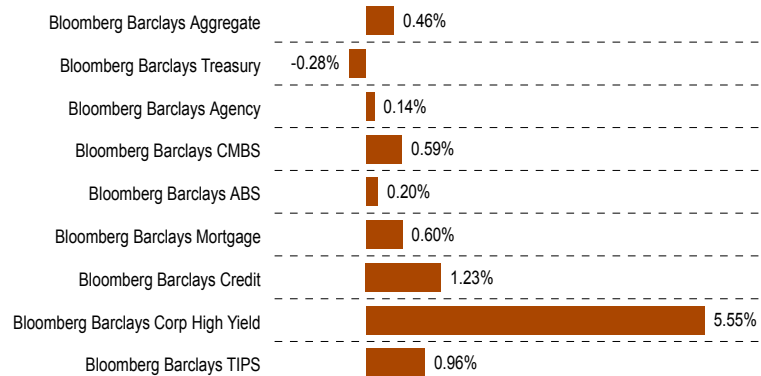
Market Environment 3Q16: Fixed Income

- Bloomberg Barclays U.S. Aggregate Index returned +0.5% for the quarter; +5.8% y-t-d
 - Investment grade corporate bonds outperformed, lower quality performed the best
 - US Credit Index +1.2%; +8.9% y-t-d in spite of robust issuance
- High yield top performer
 - BB Barclays High Yield Index was up 5.6%; 15.1% y-t-d
 - Lower quality performed best
- TIPS outperformed nominal Treasuries
 - BB Barclays TIPS Index +1.0% for the quarter
 - 10-year breakeven spreads widened to 1.60%
- Interest rates in developed markets fell, mostly
 - Mexico and Japan saw rising yields but yields fell elsewhere
 - Negative yielding government debt now exceeds \$12 trillion
 - BB Barclays Global Aggregate ex-US +1.0% (+13.1% y-t-d)
 - Yen and euro gained just over 1% versus the dollar, while pound weakened nearly 3%
 - Hedged indices modestly underperformed unhedged
- Emerging markets debt outperformed
 - Dollar-denominated JPM EMBI Global Diversified Index +4%; +15% y-t-d
 - Local currency-denominated JPM GBI-EM Global Diversified Index +3%; +17% y-t-d

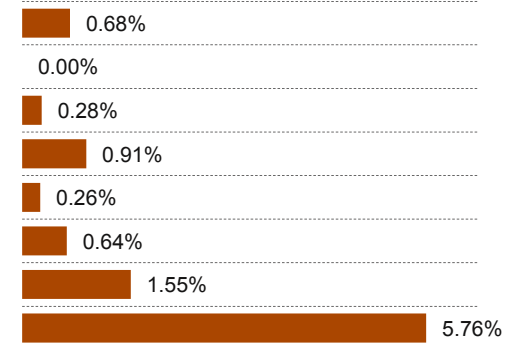
U.S. Treasury Yield Curves



Absolute Returns for Quarter ended September 30, 2016

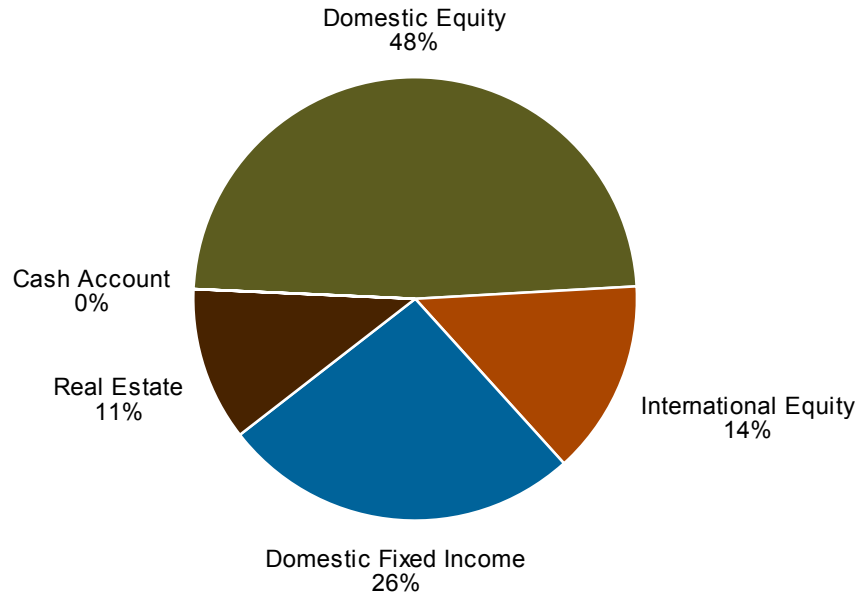


Excess Return versus Like-Duration Treasuries

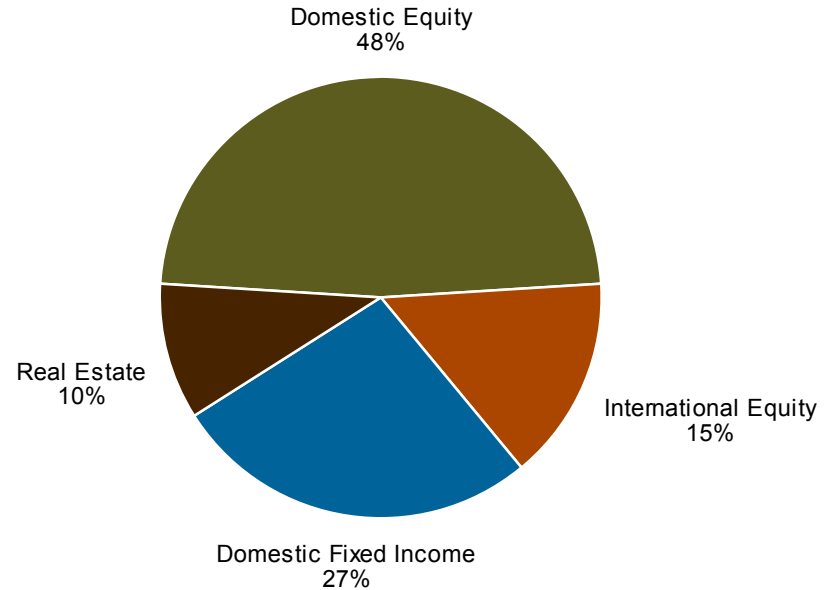


Asset Allocation Review

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	88,112	48.4%	48.0%	0.4%	748
International Equity	25,843	14.2%	15.0%	(0.8%)	(1,458)
Domestic Fixed Income	47,642	26.2%	27.0%	(0.8%)	(1,500)
Real Estate	20,373	11.2%	10.0%	1.2%	2,172
Cash Account	38	0.0%	0.0%	0.0%	38
Total	182,009	100.0%	100.0%		

Relative Attribution Effects for Quarter ended September 30, 2016

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return	
Domestic Equity	48%	48%	4.56%	4.71%	(0.07%)	(0.00%)	(0.07%)	
Domestic Fixed Income	27%	27%	0.58%	0.46%	0.03%	0.00%	0.04%	
Real Estate	11%	10%	2.06%	1.96%	0.01%	(0.02%)	(0.01%)	
International Equity	14%	15%	4.37%	7.00%	(0.37%)	(0.03%)	(0.40%)	
Cash Account	0%	0%	0.05%	0.05%	0.00%	(0.00%)	(0.00%)	
Total			3.18%	3.63%	+	(0.39%)	+	(0.05%)

Asset Distribution Across Investment Managers

September 30, 2016

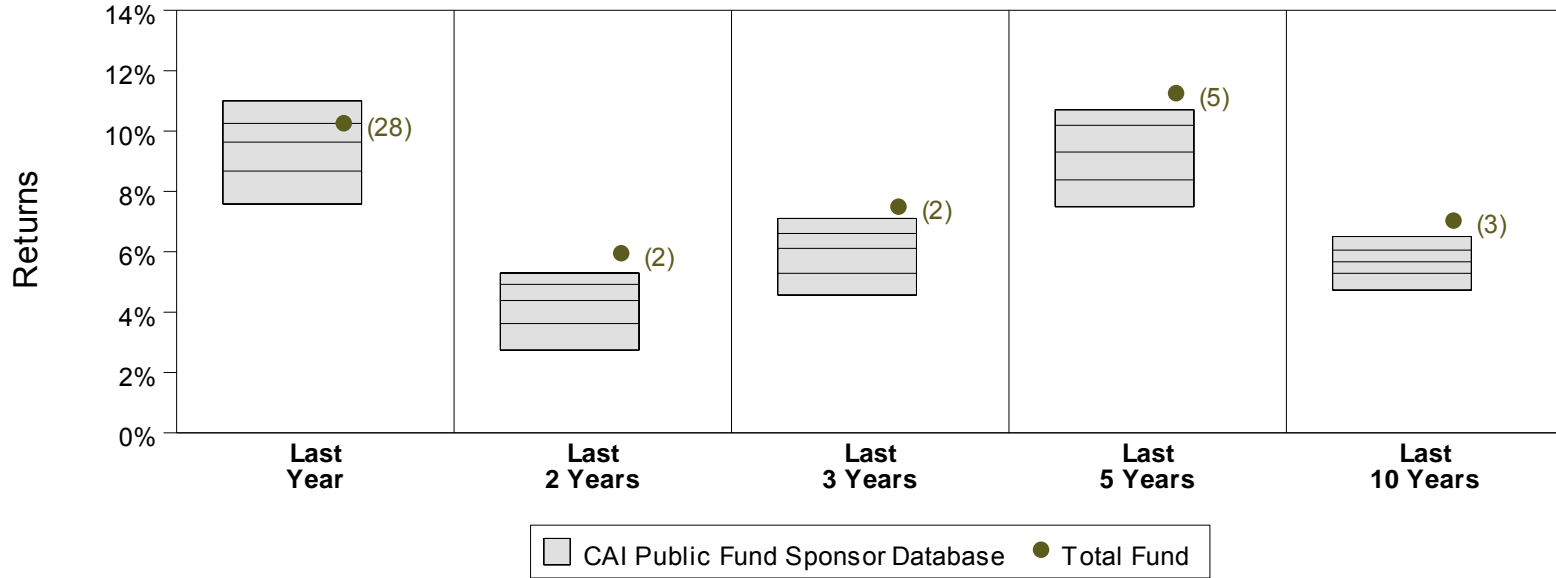
June 30, 2016

	Market Value	Weight	Target	Net New Inv.	Inv. Return	Market Value	Weight	Target
Domestic Equity	\$88,111,971	48.41%	48.00%	\$(36,890)	\$3,846,188	\$84,302,673	47.77%	48.00%
Emerald Advisers, Inc.	6,593,803	3.62%	3.75%	(12,347)	615,658	5,990,493	3.39%	3.75%
Ceredex Value Advisors	7,609,600	4.18%	3.75%	(16,152)	435,841	7,189,911	4.07%	3.75%
SSgA S&P 500 Index	59,731,015	32.82%	33.00%	(5,725)	2,230,941	57,505,799	32.58%	33.00%
SSgA S&P 400 Index	14,177,553	7.79%	7.50%	(2,666)	563,748	13,616,471	7.72%	7.50%
International Equity	\$25,843,455	14.20%	15.00%	\$(26,599)	\$1,083,353	\$24,786,700	14.04%	15.00%
Morgan Stanley Int'l Equity	11,912,995	6.55%	7.00%	(26,599)	317,206	11,622,387	6.59%	7.00%
Morgan Stanley Emerging Mkts.	1,124,840	0.62%	1.00%	0	90,411	1,034,429	0.59%	1.00%
William Blair & Company	12,805,620	7.04%	7.00%	0	675,736	12,129,883	6.87%	7.00%
Domestic Fixed Income	\$47,641,882	26.18%	27.00%	\$(35,274)	\$276,771	\$47,400,385	26.86%	27.00%
Richmond Capital Management	47,641,882	26.18%	27.00%	(35,274)	276,771	47,400,385	26.86%	27.00%
Real Estate	\$20,372,890	11.19%	10.00%	\$0	\$411,970	\$19,960,920	11.31%	10.00%
Heitman	20,372,890	11.19%	10.00%	0	411,970	19,960,920	11.31%	10.00%
Cash Account	\$38,467	0.02%	0.00%	\$0	\$19	\$38,448	0.02%	0.00%
Total Fund	\$182,008,664	100.0%	100.0%	\$(98,763)	\$5,618,302	\$176,489,126	100.0%	100.0%

- The total fund increased by \$5.5 million over the quarter to \$182 million as of September 30, 2016

City of Fort Pierce Total Fund

CAI Public Fund Sponsor Database



	Last Quarter		Last Year		Last 3 Years		Last 5 Years		Last 7 Years	
Total Fund	3.18%	67	10.20%	28	7.43%	2	11.19%	5	9.78%	2
Total Fund Benchmark(1)	3.63%	34	11.26%	8	7.18%	8	10.57%	12	9.13%	14
CPI + 5%	1.31%	98	6.22%	96	5.72%	63	6.04%	97	6.56%	95
CAI Public Fund Spr DB	3.43%		9.63%		6.12%		9.30%		8.13%	

- The Total Fund underperformed the benchmark by 0.45% for the quarter
- Total Fund performance relative to the benchmark and peers has remained strong over time

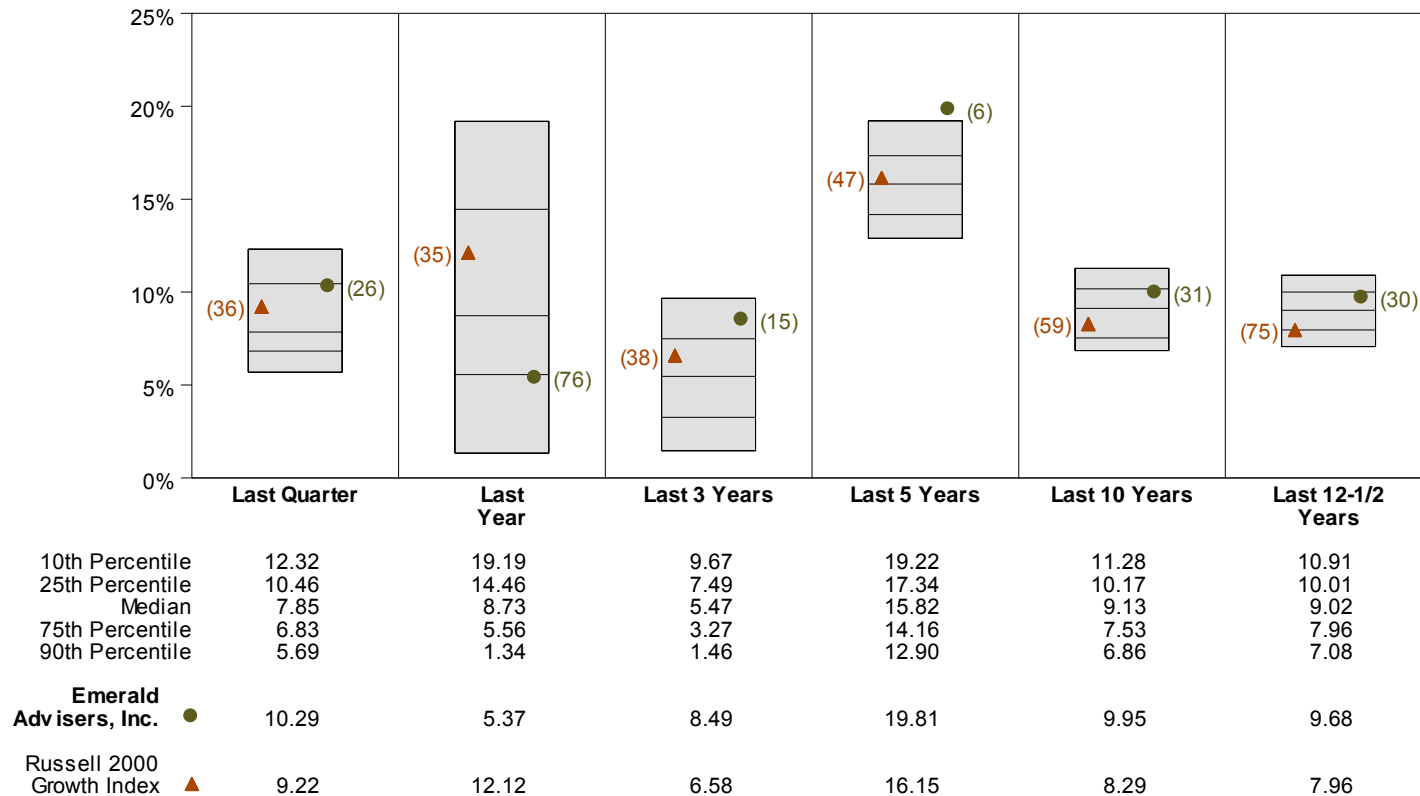
* Current Quarter Target = 33.0% S&P 500 Index, 27.0% Barclays Aggregate Index, 15.0% MSCI ACWI ex US Index, 10.0% NFI-ODCE Equal Weight Net, 7.5% S&P Mid Cap 400 Index, 3.8% Russell 2000 Growth Index and 3.8% Russell 2000 Value Index.



Domestic Equity Performance

Emerald Advisors Small Cap Growth

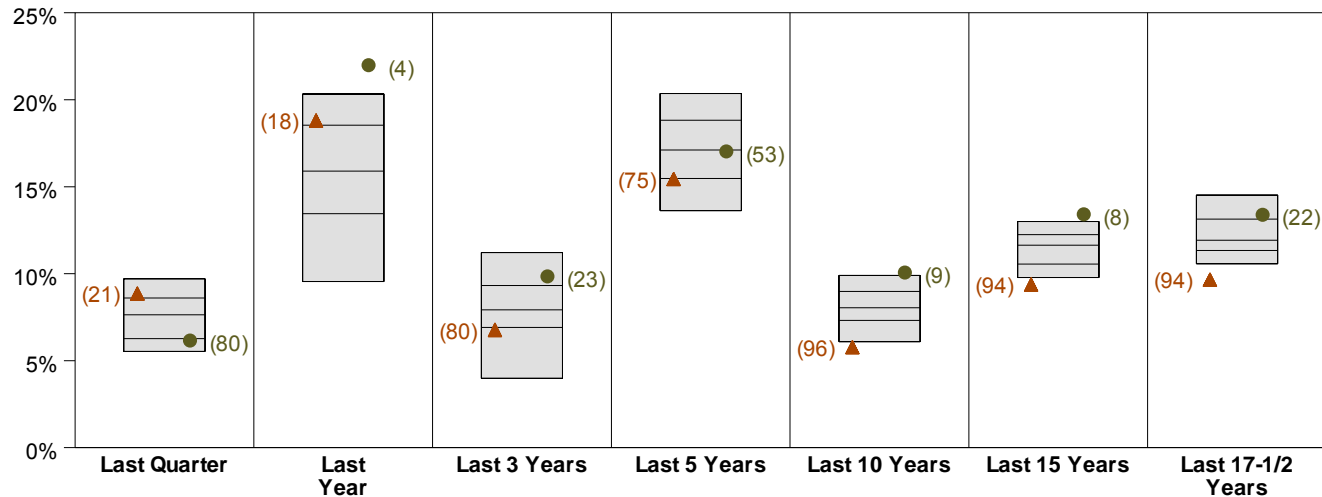
Performance vs CAI Small Cap Growth (Gross)



- Emerald outperformed the benchmark by 1.07% during the quarter and underperformed by 6.75% over the last year
- Emerald has strong long-term returns well above the benchmark over longer time frames
- Positive contributors at the sector level were the Healthcare, Technology, Consumer Discretionary, and Utilities sectors. All posted a positive contribution to return. The primary detractors were Materials and Producer Durables.

Ceredex Value Advisors Small Cap Value

Performance vs CAI Small Cap Value (Gross)



10th Percentile	9.71	20.34	11.21	20.36	9.90	13.00	14.52	
25th Percentile	8.60	18.53	9.33	18.82	8.98	12.24	13.14	
Median	7.64	15.90	7.92	17.11	8.05	11.63	11.93	
75th Percentile	6.26	13.45	6.91	15.48	7.32	10.56	11.34	
90th Percentile	5.52	9.55	3.99	13.62	6.10	9.78	10.57	
Ceredex Value Advisors	●	6.06	21.90	9.75	16.94	9.98	13.32	13.30
Russell 2000 Value Index	▲	8.87	18.81	6.77	15.45	5.78	9.38	9.66

- Ceredex underperformed the benchmark by 2.81% for the quarter and outperformed by 3.09% over the last year
- Long-term results are strong. The fund has outperformed the benchmark for all trailing periods shown.
- Underweight positions in Utilities and Real Estate and an overweight position in Industrials contributed positively to performance. Detractors during the period were stock selection in the Industrials, Financial Services and Information Technology sectors.

SSgA S&P Mid Cap 400 Index

Performance vs CAI Mid Capitalization (Gross)



	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 15 Years	Last 17-1/2 Years
10th Percentile	7.43	17.05	11.28	18.45	10.52	12.19	12.23
25th Percentile	5.87	14.24	10.16	17.30	9.57	11.39	11.61
Median	4.61	10.59	8.66	15.73	8.60	10.70	10.31
75th Percentile	3.40	6.91	6.54	14.43	7.86	9.41	8.68
90th Percentile	2.25	3.68	5.20	12.72	7.00	8.55	7.19

SSgA S&P 400 Index ●	4.14	15.34	9.36	16.54	9.15	10.46	10.13
S&P Mid Cap 400 Index ▲	4.14	15.33	9.35	16.50	9.11	10.42	10.08

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

SSgA S&P 500 Index

Performance vs CAI Large Cap Core (Gross)



10th Percentile	6.62	16.88	11.97	17.52	8.71	8.65	7.61
25th Percentile	5.50	14.82	11.33	16.98	8.08	8.19	6.83
Median	4.55	12.77	10.64	16.13	7.39	7.80	5.91
75th Percentile	3.30	10.67	9.43	15.17	6.82	7.33	5.42
90th Percentile	1.87	9.21	8.38	14.21	6.35	6.90	4.88

SSgA S&P 500 Index ● 3.88 15.50 11.21 16.43 7.30 7.20 5.05

S&P 500 Index ▲ 3.85 15.43 11.16 16.37 7.24 7.15 5.00

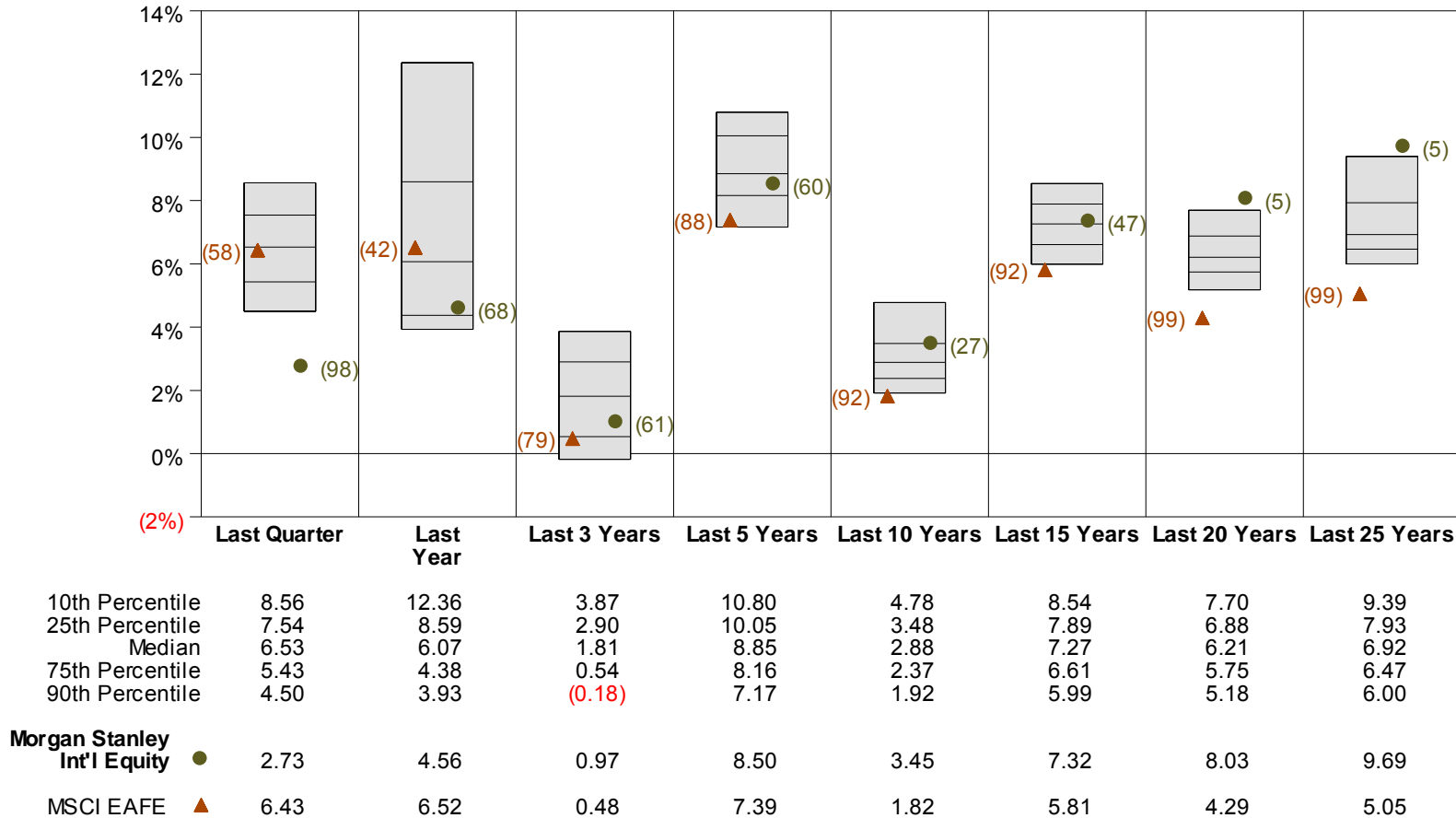
- The fund continues to track the index closely at a very low fee



International Equity Performance

Morgan Stanley Developed International Equity

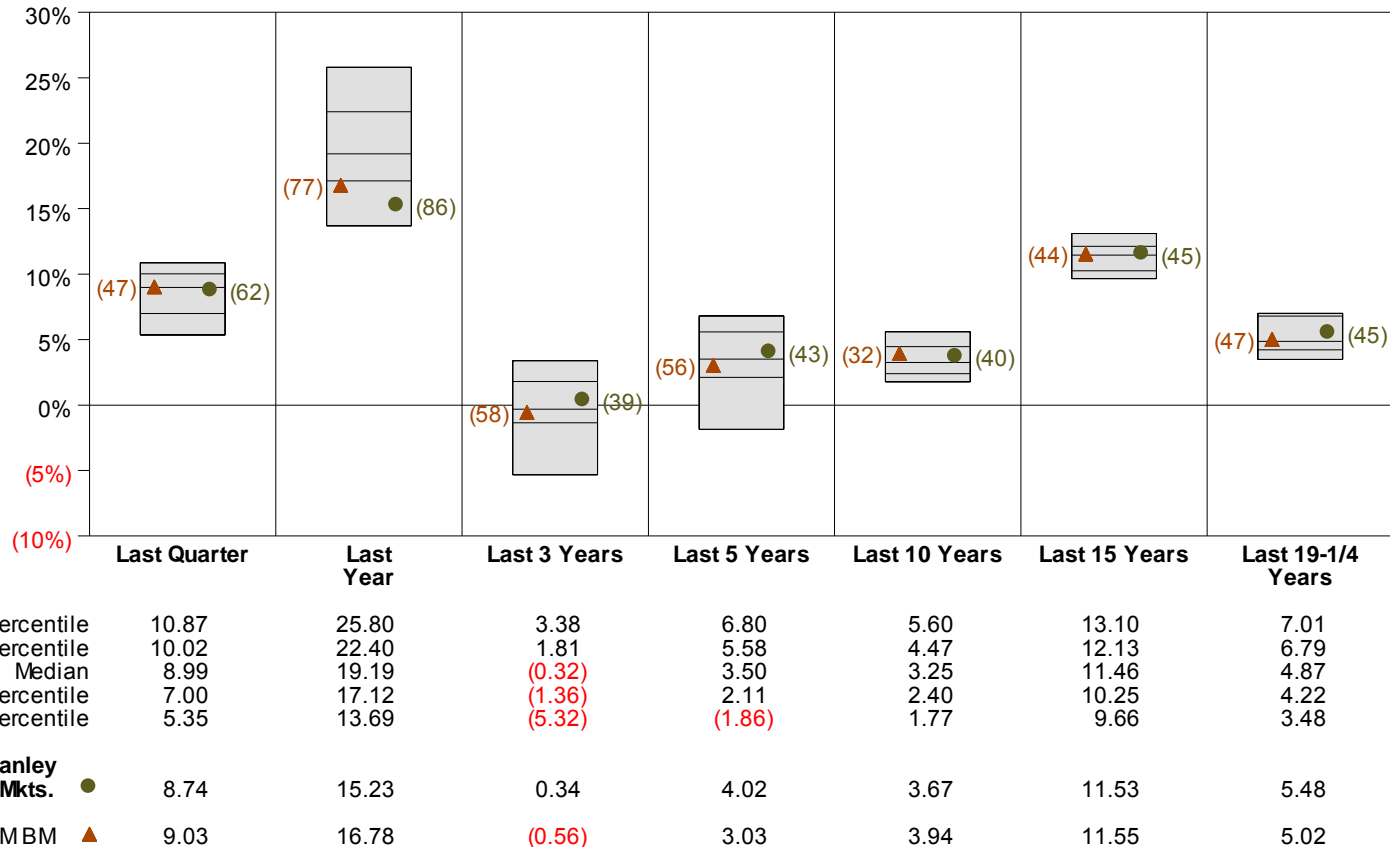
Performance vs CAI Core International Equity Style (Gross)



- The fund underperformed by 3.7% for the quarter and underperformed the index by 1.96% over the last year
- Long-term performance remains strong. Underperformance for the quarter was driven by poor stock selection in Consumer Staples, Materials, Industrials, Financials, and Healthcare.

Morgan Stanley Emerging Markets Equity

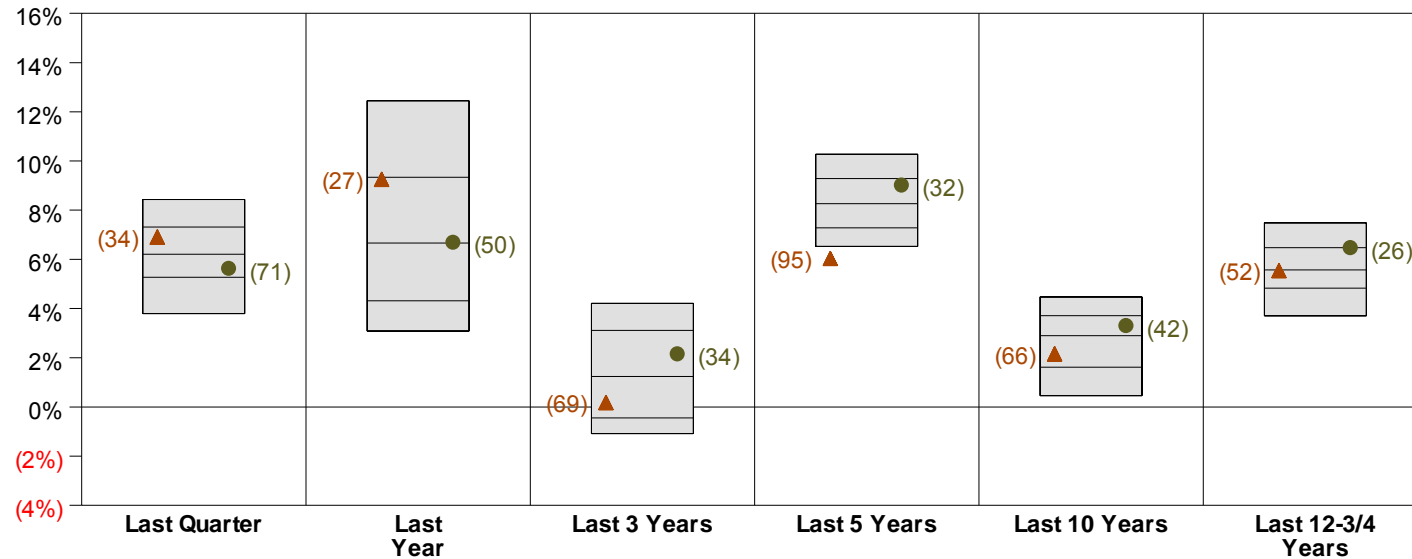
Performance vs CAI Emerging Markets Equity Mut Funds (Cheapest Net)



- The fund underperformed the index by 0.29% for the quarter and underperformed by 1.55% over the last year
- Long-term results remain above median, outperforming the index and peers over the past 19 years
- Stock selection in Consumer Staples, Healthcare, and IT contributed most to returns, while stock selection in Financials detracted

William Blair International Growth Equity

Performance vs CAI Non US Equity Mutual Funds (Cheapest Net)



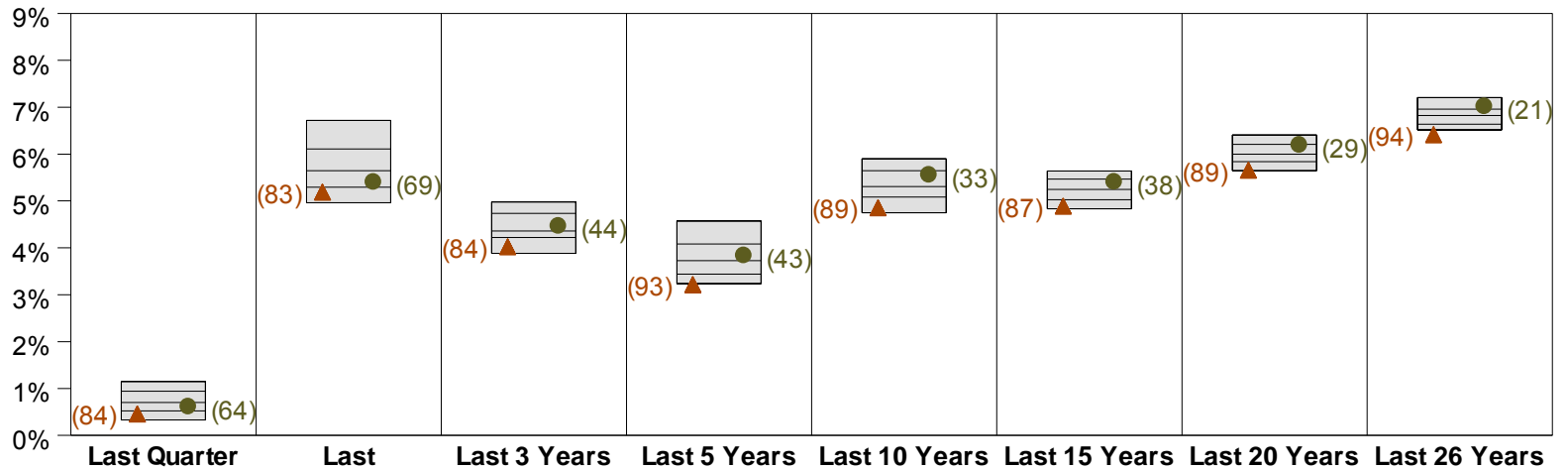
- The fund underperformed by 1.34% for the quarter and underperformed by 2.62% over the last year
- Long-term performance remains strong, as the fund has outperformed for the trailing three and five years
- Stock selection in Consumer Staples and Financials drove underperformance for the quarter



Fixed Income

Richmond Capital Core Fixed Income

Performance vs CAI Core Bond Fixed Income (Gross)



10th Percentile	1.15	6.72	4.98	4.57	5.90	5.64	6.41	7.21
25th Percentile	0.94	6.11	4.74	4.08	5.65	5.47	6.21	6.96
Median	0.70	5.65	4.36	3.73	5.31	5.25	6.00	6.83
75th Percentile	0.52	5.29	4.22	3.44	5.08	5.03	5.84	6.64
90th Percentile	0.33	4.96	3.88	3.24	4.75	4.83	5.65	6.52
Richmond Capital Management ●	0.58	5.38	4.44	3.81	5.53	5.38	6.17	6.99
Blended Benchmark* ▲	0.46	5.19	4.03	3.22	4.85	4.89	5.66	6.42

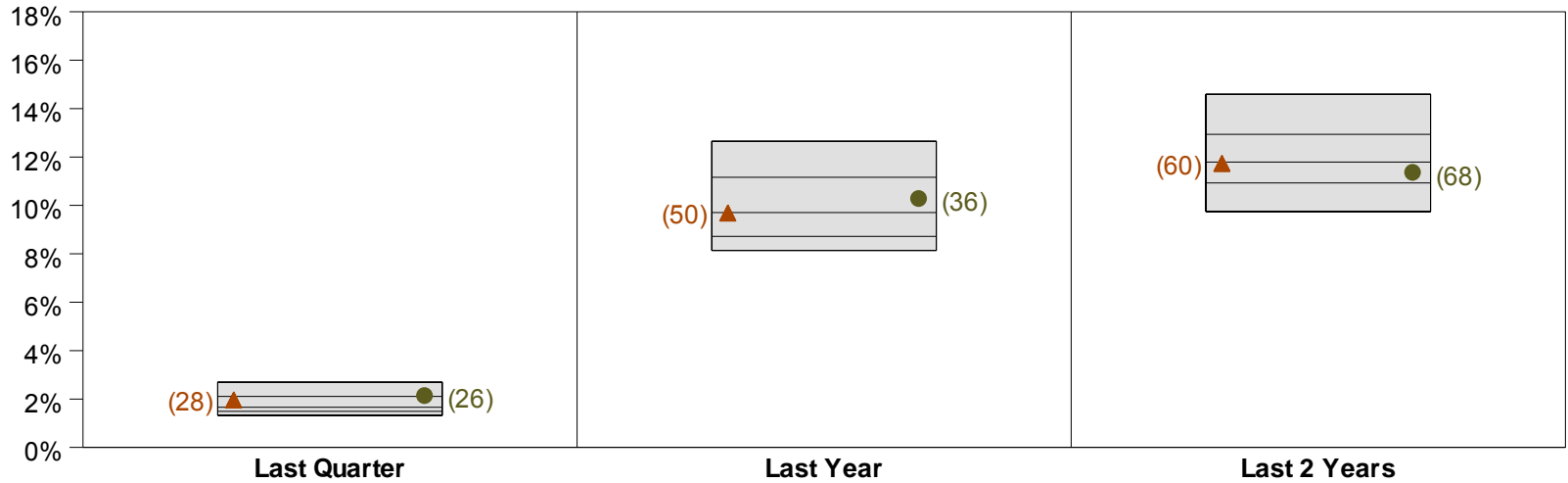
- Richmond slightly outperformed for the quarter and outperformed over the year by 0.19%
- Long-term performance remains strong. The fund has outperformed by 0.68% over the last 10 years.



Real Estate

Heitman America Real Estate Trust

Performance vs CAI Open End Core Commingled Real Estate (Net)



10th Percentile	2.69	12.66	14.60
25th Percentile	2.11	11.16	12.94
Median	1.66	9.70	11.79
75th Percentile	1.49	8.72	10.93
90th Percentile	1.32	8.14	9.74
Heitman ●	2.06	10.21	11.29
NFI-ODCE Equal Weight Net ▲	1.96	9.69	11.74

- Eighth full quarter of performance for Heitman. The fund outperformed the index by 0.52% over the last year.
- The fund benefited from strong appreciation of its Industrial properties

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%.	Not 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.
Heitman (HART)	Outperform the NFI-ODCE Index by 1% or more over rolling 5-year periods	N/A