

**SUMMARY OF RELEVANT FACTS**  
**Town of Longboat Key Combined Retirement Plans**  
**As of December 31, 2016**

Distribution of Assets:		
<b>Equity</b>		
-Large Cap. Value	\$5,404,810.73	
-Large Cap. Growth	\$4,986,708.20	
-Large Cap. Core	\$1,628,703.41	
-Mid Cap. Value	\$878,704.59	
-Mid Cap. Growth	\$843,854.48	
-Small Cap. Value	\$865,856.50	
-Small Cap. Growth	\$830,019.52	
-International Value	\$2,312,313.14	
-International Growth	\$2,357,104.79	
<b>Total Equity</b>		\$20,108,075.36
-Fixed Income	\$9,852,009.60	
<b>Total Traditional Assets</b>		\$29,960,084.96
<b>Alternative Investments</b>		
-Core Private Real Estate	\$0.00	
-Master Limited Partnerships	\$1,691,315.99	
<b>Total Alternative Investments</b>		\$1,691,315.99
Cash (Deposit & Disbursement Acc't)	\$3,902.60	
<b>Total Portfolio</b>		\$31,655,303.55

Distribution by Percentages:		
	Policy	Current
<b>Equity</b>		
-Large Cap. Value	15.00%	17.07%
-Large Cap. Growth	15.00%	15.75%
-Large Cap. Core	5.00%	5.15%
-Mid Cap. Value	2.50%	2.78%
-Mid Cap. Growth	2.50%	2.67%
-Small Cap. Value	2.50%	2.74%
-Small Cap. Growth	2.50%	2.62%
-International Value	7.50%	7.30%
-International Growth	7.50%	7.45%
<b>Total Equity</b>	<u>60.00%</u>	<u>63.52%</u>
-Fixed Income	25.00%	31.12%
<b>Total Traditional Assets</b>	<u>85.00%</u>	<u>94.64%</u>
<b>Alternative Investments</b>		
-Core Private Real Estate	10.00%	0.00%
-Master Limited Partnerships	5.00%	5.34%
<b>Total Alternative Investments</b>	15.00%	5.34%
Cash (Deposit & Disbursement Acc't)	0.00%	0.01%
<b>Total Portfolio</b>	100.00%	100.00%

Deposit & Disbursement		
<b>Total Assets</b>	100.00%	\$3,903
Equity	0.00%	\$0
Cash	<u>100.00%</u>	<u>\$3,903</u>
Fees		\$0
Gain or (Loss) - Gross-of-Fees		\$9
Gain or (Loss) - Net-of-Fees		\$9

**Other Important Facts:**

Total Portfolio	\$31,655,304
Fees	(\$36,309)
Total Gain or (Loss) - Gross-of-Fees	\$355,193
Total Gain or (Loss) - Net-of-Fees	\$318,884

**Vanguard - Large Cap Value ETF**

Total Assets	100.00%	\$5,404,811
Equity	99.26%	\$5,364,724
Cash	<u>0.74%</u>	<u>\$40,087</u>
Fees		(\$3,431)
Gain or (Loss) - Gross-of-Fees		\$386,738
Gain or (Loss) - Net-of-Fees		\$383,306

**Vanguard - Large Cap Growth ETF**

Total Assets	100.00%	\$4,986,708
Equity	99.53%	\$4,963,201
Cash	<u>0.47%</u>	<u>\$23,507</u>
Fees		(\$3,419)
Gain or (Loss) - Gross-of-Fees		(\$12,555)
Gain or (Loss) - Net-of-Fees		(\$15,974)

**Connors - Large Cap Core**

Total Assets	100.00%	\$1,628,703
Equity	99.61%	\$1,622,292
Cash	<u>0.39%</u>	<u>\$6,412</u>
Fees		(\$1,034)
Gain or (Loss) - Gross-of-Fees		\$124,453
Gain or (Loss) - Net-of-Fees		\$123,419

**Kennedy - Mid Cap Value**

Total Assets	100.00%	\$878,705
Equity	98.96%	\$869,551
Cash	<u>1.04%</u>	<u>\$9,154</u>
Fees		(\$1,310)
Gain or (Loss) - Gross-of-Fees		\$63,366
Gain or (Loss) - Net-of-Fees		\$62,056

**Congress - Mid Cap Growth**

Total Assets	100.00%	\$843,854
Equity	99.71%	\$841,446
Cash	<u>0.29%</u>	<u>\$2,408</u>
Fees		(\$1,162)
Gain or (Loss) - Gross-of-Fees		\$39,470
Gain or (Loss) - Net-of-Fees		\$38,308

**AEW - Private Real Estate**

Total Assets	0.00%	\$0
Equity	0.00%	\$0
Cash	<u>0.00%</u>	<u>\$0</u>
Fees		\$0
Gain or (Loss) - Gross-of-Fees		\$0
Gain or (Loss) - Net-of-Fees		\$0

**Kayne Anderson - Small Cap Value**

Total Assets	100.00%	\$865,857
Equity	98.10%	\$849,428
Cash	<u>1.90%</u>	<u>\$16,428</u>
Fees		(\$1,288)
Gain or (Loss) - Gross-of-Fees		\$74,474
Gain or (Loss) - Net-of-Fees		\$73,185

**Apex - Small Cap Growth**

Total Assets	100.00%	\$830,020
Equity	99.07%	\$822,331
Cash	<u>0.93%</u>	<u>\$7,689</u>
Fees		(\$1,275)
Gain or (Loss) - Gross-of-Fees		\$30,668
Gain or (Loss) - Net-of-Fees		\$29,393

**Lazard - International Value**

Total Assets	100.00%	\$2,312,313
Equity	99.25%	\$2,294,923
Cash	<u>0.75%</u>	<u>\$17,390</u>
Fees		(\$3,515)
Gain or (Loss) - Gross-of-Fees		(\$113,482)
Gain or (Loss) - Net-of-Fees		(\$116,996)

**Renaissance - International Growth**

Total Assets	100.00%	\$2,357,105
Equity	97.55%	\$2,299,332
Cash	<u>2.45%</u>	<u>\$57,773</u>
Fees		(\$3,549)
Gain or (Loss) - Gross-of-Fees		(\$101,097)
Gain or (Loss) - Net-of-Fees		(\$104,646)

**Pacific - Fixed Income**

Total Assets	100.00%	\$9,852,010
Equity	99.23%	\$9,776,197
Cash	<u>0.77%</u>	<u>\$75,812</u>
Fees		(\$13,509)
Gain or (Loss) - Gross-of-Fees		(\$194,485)
Gain or (Loss) - Net-of-Fees		(\$207,994)

**Center Coast - MLP**

Total Assets	100.00%	\$1,691,316
Equity	98.82%	\$1,671,429
Cash	<u>1.18%</u>	<u>\$19,887</u>
Fees		(\$2,818)
Gain or (Loss) - Gross-of-Fees		\$57,635
Gain or (Loss) - Net-of-Fees		\$54,817

**Breakdown of Returns**  
**Town of Longboat Key Combined Retirement Plans**  
**As of December 31, 2016**

<b>EQUITY</b>		<b>Gross-of-Fees</b>	<b>Net-of-Fees</b>		
<b>Vanguard ETF (17.07%)</b>		<b>Return</b>	<b>Return</b>	<b>CRSP Large Value</b>	<b>Russell 1000 Value</b>
<b>Large Cap. Value</b>					
	Quarter	7.71	7.63	7.53	6.68
	Since 6/30/2016	10.98	10.83	10.80	10.39
<b>Vanguard ETF (15.75%)</b>				<b>CRSP Large Growth</b>	<b>Russell 1000 Growth</b>
<b>Large Cap. Growth</b>					
	Quarter	(0.25)	(0.32)	(0.42)	1.01
	Since 6/30/2016	4.81	4.66	4.70	5.64
<b>Future Connors (5.15%)</b>				<b>S&amp;P 500</b>	
<b>Large Cap. Core</b>					
	Quarter	8.22	8.15	3.82	
	Since 6/30/2016	10.39	10.26	7.82	
<b>Kennedy (2.78%)</b>				<b>Russell Mid Cap Value</b>	
<b>Mid Cap. Value</b>					
	Quarter	7.53	7.36	5.52	
	Since 6/30/2016	15.33	14.98	10.22	
<b>Congress (2.67%)</b>				<b>Russell Mid Cap Growth</b>	
<b>Mid Cap. Growth</b>					
	Quarter	4.89	4.74	0.45	
	Since 6/30/2016	6.49	6.19	5.07	
<b>Kayne Anderson (2.74%)</b>				<b>Russell 2000 Value</b>	
<b>Small Cap. Value</b>					
	Quarter	8.83	8.66	14.07	
	Since 6/30/2016	13.35	13.00	24.19	
<b>Apex (2.62%)</b>				<b>Russell 2000 Growth</b>	
<b>Small Cap. Growth</b>					
	Quarter	3.73	3.56	3.57	
	Since 6/30/2016	8.76	8.43	13.12	
<b>Lazard (7.30%)</b>				<b>MSCI EAFE (Net)</b>	
<b>International Value</b>					
	Quarter	(4.63)	(4.78)	(0.71)	
	Since 6/30/2016	(2.05)	(2.33)	5.67	
<b>Renaissance (7.45%)</b>				<b>MSCI ACWI ex US (Net)</b>	
<b>International Growth</b>					
	Quarter	(4.09)	(4.23)	(1.25)	
	Since 6/30/2016	2.85	2.56	5.57	
<b>FIXED INCOME</b>					
<b>Pacific Income Advisors (31.12%)</b>				<b>BC Gov/Credit Intm</b>	
	Quarter	(1.87)	(2.00)	(2.07)	
	Since 6/30/2016	(1.63)	(1.89)	(1.91)	
<b>Alternatives</b>				<b>Alerian MPL</b>	
<b>Center Coast (5.34%)</b>					
	Quarter	3.49	3.31	2.04	
	Since 6/30/2016	4.31	3.96	3.13	
<b>Time-Weighted Returns (TWR)</b>				<b>Policy Index</b>	
	Quarter	1.14	1.02	1.09	
	Since 6/30/2016	3.90	3.67	4.33	

The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

**Consulting & Management Fee Billing Summary**  
**Town of Longboat Key Firefighters' Retirement Plan**  
**As of December 31, 2016**

<b>Vanguard Value ETF*</b>		<b>745-054093</b>							
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>
10/14/2016	\$5,018,193.86	10/1/2016	12/31/2016	\$3,431.25	0.27%	\$0.00	0.00%	\$3,431.25	0.27%

\*Vanguard does not charge a separate fee for management. Returns are net of fees.

<b>Vanguard Growth ETF*</b>		<b>745-054092</b>							
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>
10/14/2016	\$4,999,784.51	10/1/2016	12/31/2016	\$3,418.67	0.27%	\$0.00	0.00%	\$3,418.67	0.27%

\*Vanguard does not charge a separate fee for management. Returns are net of fees.

<b>Connors</b>		<b>745-054091</b>							
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>
11/25/2016	\$15,049.14	11/23/2016	12/31/2016	(\$4.01)	-0.25%	\$0.00	0.00%	(\$4.01)	-0.25%
10/14/2016	\$1,517,656.23	10/1/2016	12/31/2016	\$1,037.71	0.27%	\$0.00	0.00%	\$1,037.71	0.27%

<b>Kennedy</b>		<b>745-054090</b>							
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>
12/27/2016	\$15,000.00	12/23/2016	12/31/2016	(\$0.92)	-0.25%	(\$1.29)	-0.35%	(\$2.21)	-0.60%
11/25/2016	\$15,000.00	11/23/2016	12/31/2016	(\$4.00)	-0.25%	(\$5.59)	-0.35%	(\$9.59)	-0.60%
10/14/2016	\$845,390.69	10/1/2016	12/31/2016	\$578.05	0.27%	\$743.76	0.35%	\$1,321.81	0.62%

<b>Congress</b>		<b>745-054089</b>							
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>
10/14/2016	\$808,095.52	10/1/2016	12/31/2016	\$552.54	0.27%	\$609.38	0.30%	\$1,161.92	0.57%

Kayne Anderson		745-054088			% Annl. GC		% Annl. Mgr.		% Annl. Total
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>Fee</u>	<u>\$ Mgr. Fee</u>	<u>Fee</u>	<u>\$ Total Fee</u>	<u>Fee</u>
12/27/2016	\$35,000.00	12/23/2016	12/31/2016	(\$2.15)	-0.25%	(\$3.01)	-0.35%	(\$5.16)	-0.60%
12/21/2016	\$8,000.00	12/20/2016	12/31/2016	(\$0.65)	-0.25%	(\$0.92)	-0.35%	(\$1.57)	-0.60%
11/25/2016	\$10,000.00	11/23/2016	12/31/2016	(\$2.66)	-0.25%	(\$3.73)	-0.35%	(\$6.39)	-0.60%
10/14/2016	\$832,442.77	10/1/2016	12/31/2016	\$569.19	0.27%	\$732.37	0.35%	\$1,301.56	0.62%

Apex		745-054087			% Annl. GC		% Annl. Mgr.		% Annl. Total
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>Fee</u>	<u>\$ Mgr. Fee</u>	<u>Fee</u>	<u>\$ Total Fee</u>	<u>Fee</u>
12/27/2016	\$10,000.00	12/23/2016	12/31/2016	(\$0.61)	-0.25%	(\$0.86)	-0.35%	(\$1.47)	-0.60%
11/25/2016	\$10,000.00	11/23/2016	12/31/2016	(\$2.66)	-0.25%	(\$3.73)	-0.35%	(\$6.39)	-0.60%
10/14/2016	\$820,330.13	10/1/2016	12/31/2016	\$560.91	0.27%	\$721.71	0.35%	\$1,282.62	0.62%

Lazard		745-054086			% Annl. GC		% Annl. Mgr.		% Annl. Total
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>Fee</u>	<u>\$ Mgr. Fee</u>	<u>Fee</u>	<u>\$ Total Fee</u>	<u>Fee</u>
12/27/2016	\$20,000.00	12/23/2016	12/31/2016	(\$1.23)	-0.25%	(\$1.48)	-0.30%	(\$2.71)	-0.55%
10/14/2016	\$2,446,370.08	10/1/2016	12/31/2016	\$1,672.74	0.27%	\$1,844.80	0.30%	\$3,517.54	0.57%

Renaissance		745-054085			% Annl. GC		% Annl. Mgr.		% Annl. Total
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>Fee</u>	<u>\$ Mgr. Fee</u>	<u>Fee</u>	<u>\$ Total Fee</u>	<u>Fee</u>
12/27/2016	\$5,000.00	12/23/2016	12/31/2016	(\$0.31)	-0.25%	(\$0.37)	-0.30%	(\$0.68)	-0.55%
12/21/2016	\$5,000.00	12/20/2016	12/31/2016	(\$0.41)	-0.25%	(\$0.49)	-0.30%	(\$0.90)	-0.55%
10/14/2016	\$2,469,502.57	10/1/2016	12/31/2016	\$1,688.55	0.27%	\$1,862.25	0.30%	\$3,550.80	0.57%

Pacific		745-054084			% Annl. GC		% Annl. Mgr.		% Annl. Total
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>Fee</u>	<u>\$ Mgr. Fee</u>	<u>Fee</u>	<u>\$ Total Fee</u>	<u>Fee</u>
12/27/2016	\$187,000.00	12/23/2016	12/31/2016	(\$11.50)	-0.25%	(\$11.50)	-0.25%	(\$23.00)	-0.50%
11/25/2016	\$110,000.00	11/23/2016	12/31/2016	(\$29.30)	-0.25%	(\$29.30)	-0.25%	(\$58.60)	-0.50%
10/14/2016	\$10,357,003.71	10/1/2016	12/31/2016	\$7,081.73	0.27%	\$6,508.50	0.25%	\$13,590.23	0.52%

Total - Traditional Managers					% Annl. GC		% Annl. Mgr.		% Annl. Total
<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>Fee</u>	<u>\$ Mgr. Fee</u>	<u>Fee</u>	<u>\$ Total Fee</u>	<u>Fee</u>
12/27/2016	\$272,000.00	12/23/2016	12/31/2016	(\$16.72)	-0.25%	(\$18.51)	-0.28%	(\$35.23)	-0.53%
12/21/2016	\$13,000.00	12/20/2016	12/31/2016	(\$1.06)	-0.25%	(\$1.41)	-0.33%	(\$2.47)	-0.58%
11/25/2016	\$160,049.14	11/23/2016	12/31/2016	(\$42.63)	-0.25%	(\$42.35)	-0.25%	(\$84.98)	-0.50%
10/14/2016	\$30,114,770.07	10/1/2016	12/31/2016	\$20,591.34	0.27%	\$13,022.77	0.17%	\$33,614.11	0.44%

## Center Coast

745-054082

<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>
12/27/2016	\$25,000.00	12/23/2016	12/31/2016	(\$1.54)	-0.25%	(\$2.46)	-0.40%	(\$4.00)	-0.65%
11/25/2016	\$15,000.00	11/23/2016	12/31/2016	(\$4.00)	-0.25%	(\$6.39)	-0.40%	(\$10.39)	-0.65%
10/14/2016	\$1,676,498.72	10/1/2016	12/31/2016	\$1,146.33	0.27%	\$1,685.66	0.40%	\$2,831.99	0.67%

## Total - All Manager Fees

<u>Date Billed</u>	<u>Market Value</u>	<u>From</u>	<u>To</u>	<u>\$ GC Fee</u>	<u>% Annl. GC Fee</u>	<u>\$ Mgr. Fee</u>	<u>% Annl. Mgr. Fee</u>	<u>\$ Total Fee</u>	<u>% Annl. Total Fee</u>
12/27/2016	\$297,000.00	12/23/2016	12/31/2016	(\$18.26)	-0.25%	(\$20.97)	-0.29%	(\$39.23)	-0.54%
12/21/2016	\$13,000.00	12/20/2016	12/31/2016	(\$1.06)	-0.25%	(\$1.41)	-0.33%	(\$2.47)	-0.58%
11/25/2016	\$175,049.14	11/23/2016	12/31/2016	(\$46.63)	-0.25%	(\$48.74)	-0.26%	(\$95.37)	-0.51%
10/14/2016	\$31,791,268.79	10/1/2016	12/31/2016	\$21,737.67	0.27%	\$14,708.43	0.18%	\$36,446.10	0.46%

# QUARTERLY PERFORMANCE SUMMARY

Prepared for:

## Town of Longboat Key Retirement Plans

As of December 31, 2016

**Graystone Consulting Tampa**

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# Capital Markets Overview: 4Q 2016

## Introduction

As of 4Q 2016

- The election of Donald Trump as the next U.S. President sent markets surging to new highs during the 4th quarter of 2016. Trump's pro-growth agenda focusing on infrastructure spending, tax reform, and deregulation fueled markets into the so-called "Trump Rally." Along with the election, all eyes were on the Federal Open Market Committee as the US reported improving inflation expectations and employment numbers, giving the Fed a green light to hike in December. With expectations fully priced in, markets reacted calmly when the Fed raised their target rate by 25 basis points and signaled three further hikes in 2017.
- For the quarter, US equities posted strong performance, especially the Financials sector of the S&P 500, which returned 21.1%. REITs and long-term US Treasuries lagged on the back of increasing inflation expectations and rising real interest rates. For the one-year period ending December 31, 2016, MLPs, US high yield corporate bonds, US equities and emerging market equities led the pack with double-digit returns. Managed futures and munis were the laggards for the year.
- The Dow Jones Industrial Average increased 8.7% in the fourth quarter. The NASDAQ Composite Index was up 1.7% for the quarter. The S&P 500 Index increased 3.8% for the quarter.
- Eight of the 11 sectors within the S&P 500 generated positive returns in the fourth quarter of 2016. The top-performing sector was Financials, which was up 21.1%. Energy and Industrials rose 7.3% and 7.2%, respectively, and were also among the top-performing sectors. The biggest laggards were Real Estate, which decreased 4.4%, and HealthCare, which fell 4.0%.
- The bond market registered negative returns during the fourth quarter. The Bloomberg U.S. Aggregate Bond Index, a general measure of the bond market, decreased 3.0% for the quarter.
- Morgan Stanley & Co. economists expect U.S. real GDP will be 1.6% in 2016 and 2.0% in 2017. They forecast global GDP growth to be 3.0% in 2016 and 3.4% in 2017.
- After posting negative third quarter returns, commodities registered positive returns in the fourth quarter; the Bloomberg Commodity Index increased 2.7%.
- For the fourth quarter of 2016, global mergers and acquisitions (M&A) deal volume was \$1,200 billion, compared to \$813 billion for the third quarter of 2016. Global M&A activity decreased to \$3.6 trillion in 2016 from \$4.3 trillion in 2015.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

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# Capital Markets Overview: 4Q 2016

## The US Economy

As of 4Q 2016

The Department of Commerce estimated that Gross Domestic Product increased at an annual rate of 1.7% in the third quarter of 2016, in comparison to a 1.3% increase in the second quarter of 2016. Morgan Stanley & Co. economists forecast U.S. Real GDP growth will be 2.0% in 2017.

The seasonally adjusted unemployment rate for November 2016 was 4.6%, down from 4.9% in August. Employment increased most in professional and business services and in health care. The number of unemployed declined to 7.4 million from 7.9 million last quarter. The number of long-term unemployed (those jobless for 27 weeks or more) was little changed at 1.9 million. These individuals accounted for 24.8% of the unemployed.

According to the most recent estimate from the Bureau of Economic Analysis, corporate profits increased 5.8% between the second and third quarters of 2016, and rose 2.0% between the third quarter of 2015 and the third quarter of 2016.

Inflation increased in the US. according to the Bureau of Labor Statistics. The year-over-year Consumer Price Index was 1.1% in August and increased to 1.7% in November, a level last recorded in 2014. Morgan Stanley & Co. economists forecast a 2.4% inflation rate for 2017.

The Census Bureau reported that private-sector housing starts in November 2016 were at a seasonally adjusted annual rate of 1,090,000—6.9% below November 2015 housing starts.

The Census Bureau also reported that seasonally adjusted retail and food services sales increased 1.7% between August 2016 and November 2016, the majority of the 2.2% increase between November 2015 and November 2016. Consumer confidence spiked the fourth quarter, with Conference Board Consumer Confidence reading 113.70, the highest level since August 2001.

In December, the Institute for Supply Management's Purchasing Managers' Index (PMI), a manufacturing sector index, increased as the PMI registered 54.7%, a 3.2-percentage-point uptick from the September reading of 51.5%. Generally speaking, a PMI or NMI (ISM Non-Manufacturing Index) over 50 indicates that the sector is expanding and a PMI below 50 but over 43 indicates that the sector is shrinking but the overall economy is expanding. PMI has registered above 50 for 9 out of the 10 last months, indicating an expansion in manufacturing since March 2016. Overall, PMI has been above 43 for 91 consecutive months, indicating overall economic recovery and expansion since June 2009.

The NMI is up 0.1 points to 57.2 since Q3. The index has now been above 50 for 83 consecutive months, indicating non-manufacturing expansion since February 2010.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

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# Capital Markets Overview: 4Q 2016

## US Equity Markets

As of 4Q 2016

The Dow Jones Industrial Average increased 8.7% in the fourth quarter. The NASDAQ Composite Index was up 1.7% for the quarter. The S&P 500 Index increased 3.8% for the quarter.

Eight of the 11 sectors within the S&P 500 generated positive returns in the fourth quarter of 2016. The top-performing sector was Financials, which was up 21.1%. Energy and Industrials rose 7.3% and 7.2%, respectively, and were also among the top-performing sectors. The biggest laggards were Real Estate, which decreased 4.4%, and Health Care, which fell 4.0%.

Growth-style stocks of large-cap companies increased during the fourth quarter. The large-cap Russell 1000 Growth Index rose 1.0%. The Russell 1000 Index, a large-cap index, increased 3.8% for the quarter. The Russell 1000 Value Index, also a large-cap index, increased 6.7% for the quarter.

The Russell Midcap Growth Index rose 0.5% for the quarter. The Russell Midcap Index increased 3.2% for the quarter. The Russell Midcap Value Index increased 5.5% for the quarter. The Russell 2000 Growth Index, a small-cap index, increased 3.6% for the quarter. The small-cap Russell 2000 Index rose 8.8% for the quarter. The Russell 2000 Value Index, also a small-cap index, increased 14.1% for the quarter.

Key US Stock Market Index Returns (%) for the Period Ending 12/31/2016				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
S&P 500	3.8%	12.0%	14.7%	12.8%
Dow Jones	8.7%	16.5%	12.9%	12.4%
Russell 2000	8.8%	21.3%	14.5%	13.2%
Russell Midcap	3.2%	13.8%	14.7%	13.7%
Russell 1000	3.8%	12.1%	14.7%	12.9%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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# Capital Markets Overview: 4Q 2016

## Global Equity Markets

As of 4Q 2016

In the fourth quarter, emerging markets (EM) and international developed regions both delivered negative returns (in USD). The MSCI EAFE Index (a benchmark for international developed markets) decreased 0.7% for U.S.-currency investors and increased 7.1% for local-currency investors, as the U.S. dollar significantly appreciated in relation to the currencies of many nations in the index.

For the fourth quarter, the MSCI Emerging Markets Index decreased 4.1% for US-currency investors and 1.4% for local-currency investors, as the US dollar appreciated in relation to the currencies of the nations in the index. The MSCI Europe Index decreased 0.4% for US-currency investors and increased 5.5% for local-currency investors during the fourth quarter of 2016.

The S&P 500 Index increased 3.8% for the quarter.

Emerging economy equity market indices were down in the fourth quarter. The MSCI BRIC (Brazil, Russia, India and China) Index fell 3.8% for the quarter in US dollar terms and 3.7% in terms of local currencies. For the fourth quarter, the MSCI EM Asia Index was down 6.0% in US dollar terms and 3.0% in local terms.

Key Global Equity Market Index Returns (%) for the Period Ending 12/31/2016				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
MSCI EAFE	-0.7%	1.5%	6.9%	4.3%
MSCI EAFE Growth	-5.5%	-2.7%	6.9%	4.9%
MSCI EAFE Value	4.2%	5.7%	6.7%	3.6%
MSCI Europe	-0.4%	0.2%	6.7%	3.9%
MSCI Japan	-0.1%	2.7%	8.4%	5.8%
S&P 500	3.8%	12.0%	14.7%	12.8%
MSCI Emerging Markets	-4.1%	11.6%	1.6%	0.8%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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# Capital Markets Overview: 4Q 2016

## The US Bond Market

As of 4Q 2016

The bond market registered negative returns during the fourth quarter. The Bloomberg U.S. Aggregate Bond Index, a general measure of the bond market, decreased 3.0% for the quarter.

Interest rates increased during the fourth quarter, as the yield on the 10-year U.S. Treasury note rose to a quarter-end 2.44% from 1.59% at the end of the 3Q 2016. This came out to a dramatic 53.3% increase in rates for the quarter.

Riskier parts of the bond market such as US high yield debt increased in the fourth quarter. The Bloomberg Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, rose 1.8%.

Mortgage-backed securities posted negative returns during the fourth quarter. The Bloomberg Barclays Capital Mortgage Backed Index decreased 2.0% for the quarter. During the fourth quarter, the municipal bond market also decreased. As a result, the Bloomberg Barclays Capital Muni Index generated a negative 3.6% return for the quarter.

Key US Bond Market Index Returns (%) for the Period Ending 12/31/2016				
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
Barclays Capital US Aggregate	-3.0%	2.6%	2.2%	3.6%
Barclays Capital High Yield	1.8%	17.1%	7.4%	8.1%
Barclays Capital Government/Credit	-3.4%	3.0%	2.3%	3.8%
Barclays Capital Government	-3.8%	1.0%	1.2%	3.1%
Barclays Capital Intermediate Govt/Credit	-2.1%	2.1%	1.8%	3.0%
Barclays Capital Long Govt/Credit	-7.8%	6.7%	4.1%	7.4%
Barclays Capital Mortgage Backed Securities	-2.0%	1.7%	2.1%	3.1%
Barclays Capital Muni	-3.6%	0.2%	3.3%	4.2%

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

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its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown). The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper.

Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns.

Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, "blow ups," or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial "lift" or upwards bias.

**Hedge Funds of Funds** and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor's goals by the pre-established year or "target date." A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are suitable only for the risk capital portion of an investor's portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. **Asset allocation and diversification** do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

**Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.**

Insurance products are offered in conjunction with Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates.

**Indices** are unmanaged. An investor cannot invest directly in an index. They are shown for illustration purposes only and do not show the performance of any specific investment. Reference to an index does not imply that the portfolio will achieve return, volatility or other results similar to the index. The composition of an index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility, or tracking error target, all of which are subject to change over time.

This material is not a financial plan and does not create an investment advisory relationship between you and your Morgan Stanley Financial Advisor. We are not your fiduciary either under the



Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, and any information in this report is not intended to form the primary basis for any investment decision by you, or an investment advice or recommendation for either ERISA or Internal Revenue Code purposes. Morgan Stanley Private Wealth Management will only prepare a financial plan at your specific request using Private Wealth Management approved financial planning signature.

We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your Private Wealth Advisor to discuss our obligations to disclose to you any conflicts we may from time to time have and our duty to act in your best interest. We may be paid both by you and by others who compensate us based on what you buy. Our compensation, including that of your Private Wealth Advisor, may vary by product and over time.

Investment and services offered through Morgan Stanley Private Wealth Management, a division of Morgan Stanley Smith Barney LLC, Member SIPC.

**Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY**

**For index, indicator and survey definitions referenced in this report please visit the following: <http://www.morganstanleyfa.com/public/projectfiles/id.pdf>**

**Global Investment Committee (GIC) Asset Allocation Models:** The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC. **HYPOTHETICAL MODEL PERFORMANCE (GROSS):** Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC's strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date. **FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS:** None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at [www.morganstanley.com/adv](http://www.morganstanley.com/adv). The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material. **insurance products disclosures: Variable annuities** are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value. **Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk. **Master Limited Partnerships (MLPs):** Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. **Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products.

Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. **REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security**. Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds.

**Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments. **Yields** are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. **Floating-rate securities**. The initial interest rate on a floating-rate security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. Companies paying **dividends** can reduce or cut payouts at any time. **Nondiversification**: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected. Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. This material is disseminated in the United States of America by Morgan Stanley Smith Barney LLC. Morgan Stanley Wealth Management is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. This material, or any portion thereof, may not be reprinted, sold or redistributed without the written consent of Morgan Stanley Smith Barney LLC. © 2017 Morgan Stanley Smith Barney LLC. Member SIPC.

# Town of Longboat Key Combined Retirement Plan

## Asset Allocation & Time Weighted Performance

as of December 31, 2016

	Allocation		Performance(%)			
	Market Value (\$)	%	Current Quarter	Fiscal YTD	Since Inception	Inception Date
<b>Total Fund</b>	<b>31,655,304</b>	<b>100.00</b>	<b>1.14</b>	<b>1.14</b>	<b>3.90</b>	<b>07/01/2016</b>
Policy Index			1.09	1.09	4.33	
<b>Domestic Equity</b>						
Vanguard - Large Cap Value	5,404,811	17.07	7.71	7.71	10.98	07/01/2016
CRSP Lg VL			7.53	7.53	10.80	
Vanguard - Large Cap Growth	4,986,708	15.75	-0.25	-0.25	4.81	07/01/2016
CRSP Lg Cap Gr			-0.42	-0.42	4.70	
Connors - Covered Calls	1,628,703	5.15	8.22	8.22	10.39	07/01/2016
S&P 500 Total Return			3.82	3.82	7.82	
Kennedy - Mid Cap Value	878,705	2.78	7.53	7.53	15.33	07/01/2016
Russell Midcap Value			5.52	5.52	10.22	
Congress - Mid Cap Growth	843,854	2.67	4.89	4.89	6.49	07/01/2016
Russell Midcap Growth			0.45	0.45	5.07	
Kayne Anderson - Small Cap Value	865,857	2.74	8.83	8.83	13.35	07/01/2016
Russell 2000 VL			14.07	14.07	24.19	
Apex - Small Cap Growth	830,020	2.62	3.73	3.73	8.76	07/01/2016
Russell 2000 Gr			3.57	3.57	13.12	
<b>International Equity</b>						
Lazard - International Value	2,312,313	7.30	-4.63	-4.63	-2.05	07/01/2016
MSCI EAFE Net			-0.71	-0.71	5.67	
Renaissance - International Growth	2,357,105	7.45	-4.09	-4.09	2.85	07/01/2016
MSCI AC World ex US Net			-1.25	-1.25	5.57	

The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

# Town of Longboat Key Combined Retirement Plan

## Asset Allocation & Time Weighted Performance

as of December 31, 2016

	Allocation		Performance(%)			
	Market Value (\$)	%	Current Quarter	Fiscal YTD	Since Inception	Inception Date
<b>Fixed Income</b>						
Pacific Income - Fixed Income	9,852,010	31.12	-1.87	-1.87	-1.63	07/01/2016
BC Gov/Cr Intm			-2.07	-2.07	-1.91	
<b>Alternatives</b>						
Center Coast - MLPs	1,691,316	5.34	3.49	3.49	4.31	07/01/2016
Alerian MLP Index			2.04	2.04	3.13	
<b>Cash &amp; Equivalents</b>						
Cash	3,903	0.01	0.15	0.15	0.16	07/01/2016
90-Day T-Bills			0.08	0.08	0.15	

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**Town of Longboat Key Combined Retirement Plan**  
**Asset Allocation & Net Dollar Weighted Performance (IRR)**  
**as of December 31, 2016**

	<b>%</b>	<b>Current Quarter</b>	<b>Fiscal YTD</b>	<b>Since Inception</b>	<b>Inception Date</b>
<b>Total Fund</b>	<b>100.00</b>	<b>1.00</b>	<b>1.00</b>	<b>3.62</b>	<b>06/30/2016</b>
<b>Domestic Equity</b>					
Vanguard - Large Cap Value	17.07	7.63	7.63	10.84	06/30/2016
Vanguard - Large Cap Growth	15.75	-0.32	-0.32	4.26	06/30/2016
Connors - Covered Calls	5.15	8.16	8.16	10.16	06/30/2016
Kennedy - Mid Cap Value	2.78	7.42	7.42	15.11	06/30/2016
Congress - Mid Cap Growth	2.67	4.74	4.74	6.28	06/30/2016
Kayne Anderson - Small Cap Value	2.74	8.78	8.78	13.04	06/30/2016
Apex - Small Cap Growth	2.62	3.61	3.61	8.68	06/30/2016
<b>International Equity</b>					
Lazard - International Value	7.31	-4.78	-4.78	-2.19	06/30/2016
Renaissance - International Growth	7.45	-4.24	-4.24	3.05	06/30/2016
<b>Fixed Income</b>					
Pacific Income - Fixed Income	31.12	-2.03	-2.03	-1.90	06/30/2016
<b>Alternatives</b>					
Center Coast - MLPs	5.34	3.29	3.29	3.90	06/30/2016
<b>Cash &amp; Equivalents</b>					
Cash	0.01	0.01	0.01	0.01	06/30/2016

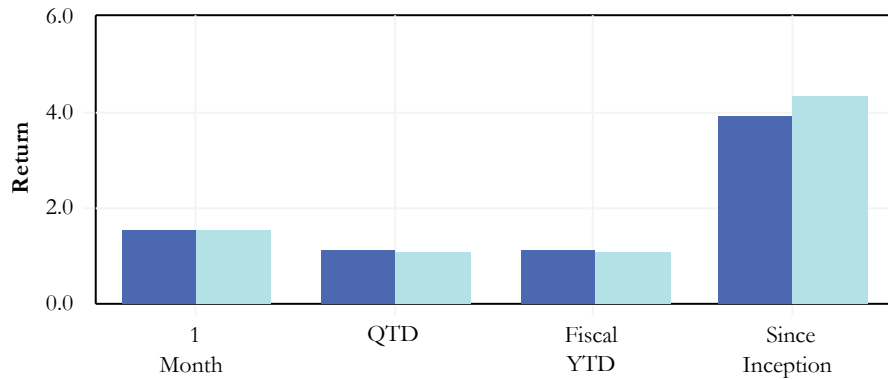
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# Town of Longboat Key Combined Retirement Plan

## Total Fund - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Annualized Performance

	1 Month	QTD	Fiscal YTD	Since Inception
Total Fund	1.53	1.14	1.14	3.90
Policy Index	1.54	1.09	1.09	4.33
Differences	-0.01	0.05	0.05	-0.43

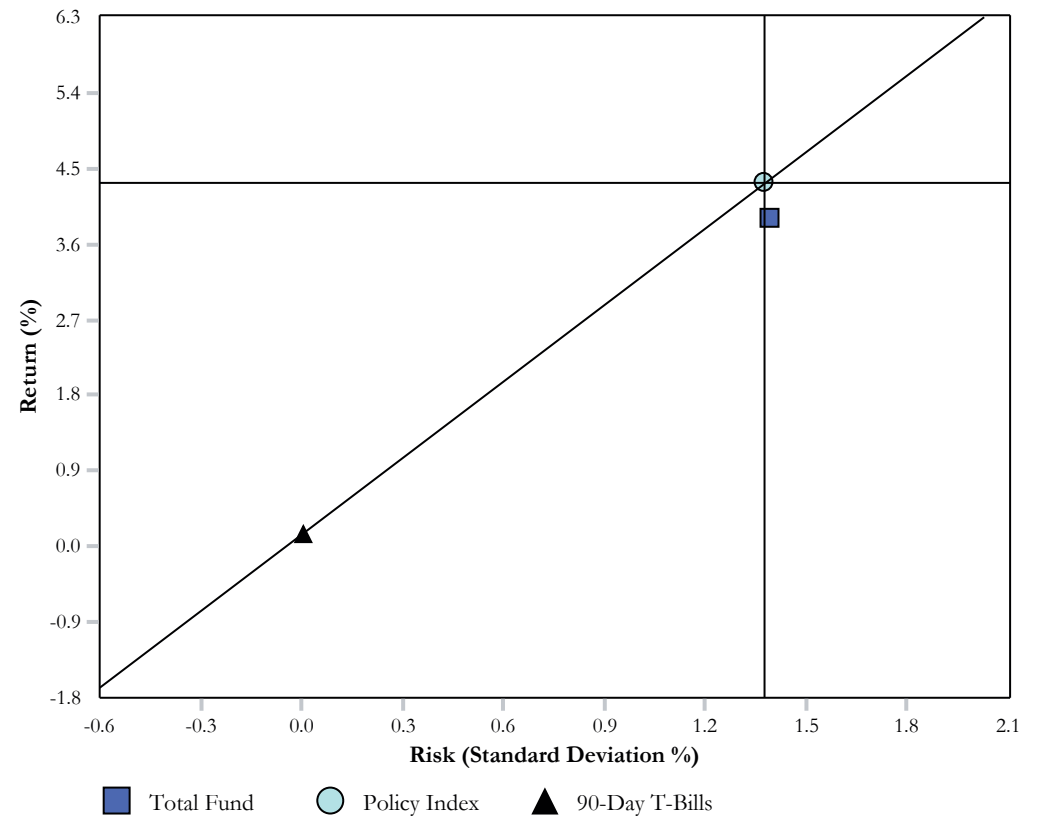
### Historic Asset Growth

	1 Month	QTD	Fiscal YTD	Since Inception
Total Fund				
Beginning Market Value	31,483	32,324	32,324	32,898
Net Contributions	-310	-987	-987	-2,381
Fees/Expenses	-	-36	-36	-73
Income	97	195	195	354
Gain/Loss	386	160	160	858
Ending Market Value	31,655	31,655	31,655	31,655

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Total Fund	3.90	1.40	1.00	-1.92	97.09	114.00	-0.07	0.45	0.98	07/01/2016
Policy Index	4.33	1.38	1.00	-1.69	100.00	100.00	0.00	0.50	1.00	07/01/2016

### Manager Risk & Return



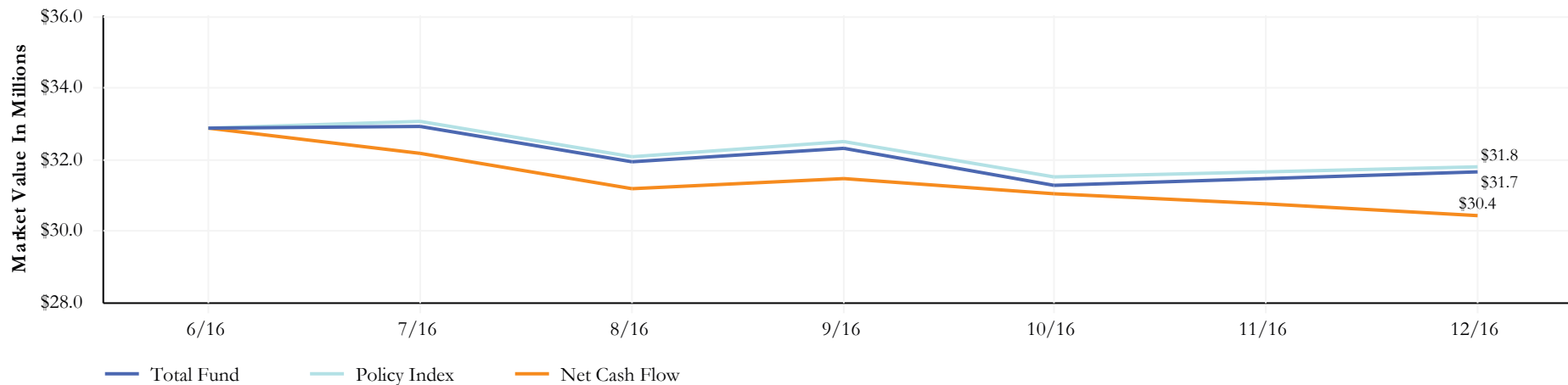
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# Town of Longboat Key Combined Retirement Plan

## Total Fund - Change in Assets & Distribution of Returns

as of December 31, 2016

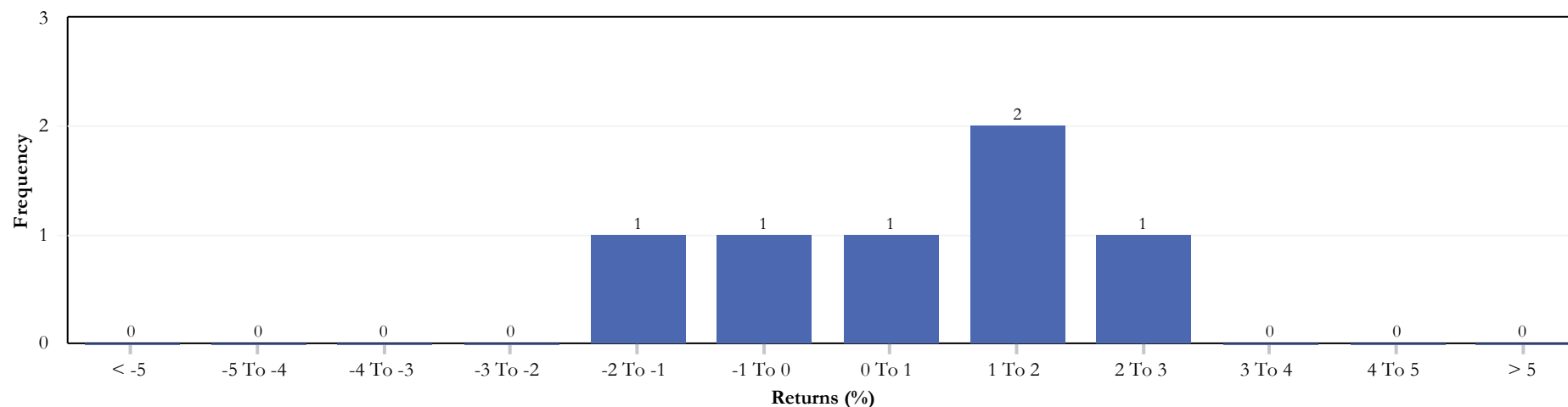
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Income	Return On Investment	Market Value As of 12/31/2016
Total Fund	32,323.72	-	621.80	-1,609.11	-36.31	-	195.43	355.19	31,655.30

### Distribution of Returns



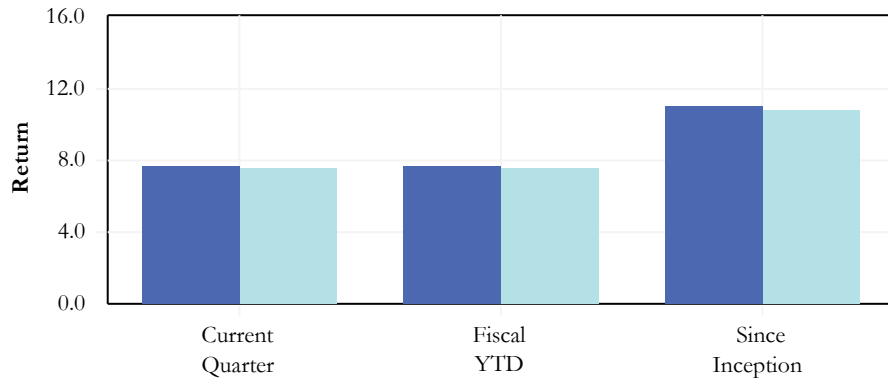
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# Town of Longboat Key Combined Retirement Plan

## Vanguard Large Cap Value - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Vanguard - Large Cap Value	7.71	7.71	10.98	07/01/2016
CRSP Lg VL	7.53	7.53	10.80	
Differences	0.18	0.18	0.18	

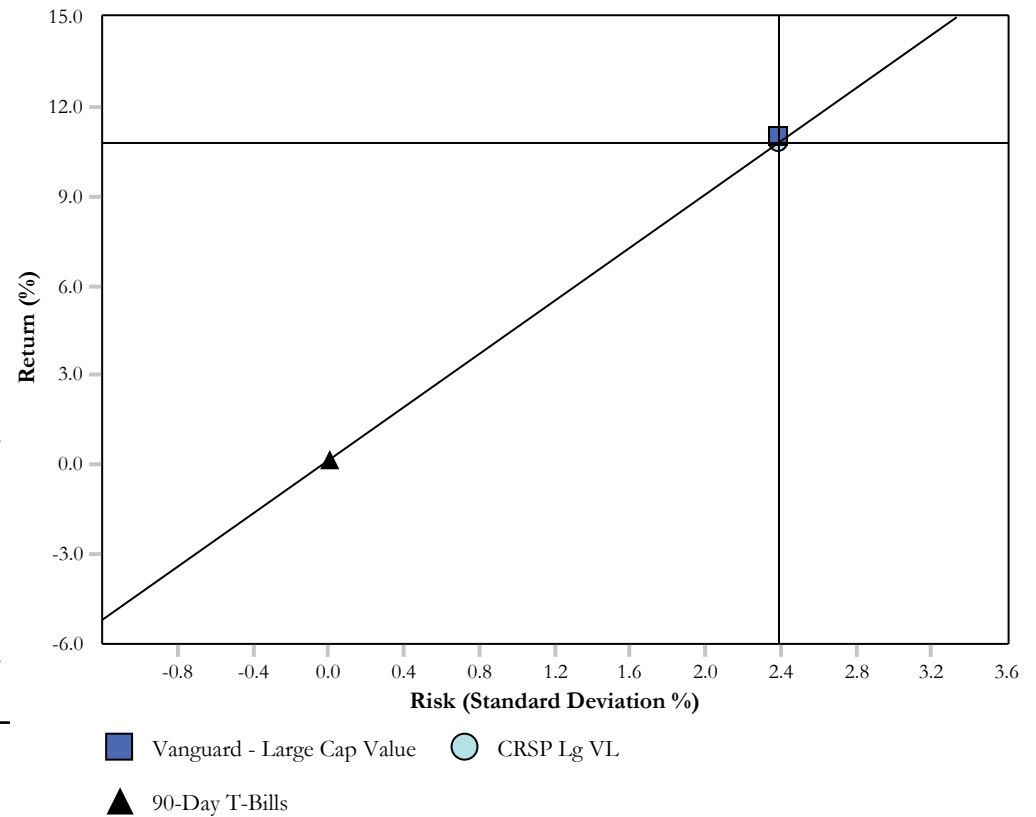
### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Vanguard - Large Cap Value				07/01/2016
Beginning Market Value	5,018	5,018	4,180	
Net Contributions	3	3	717	
Fees/Expenses	-3	-3	-6	
Income	40	40	72	
Gain/Loss	347	347	442	
Ending Market Value	5,405	5,405	5,405	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Vanguard - Large Cap Value	10.98	2.39	1.00	-1.57	101.27	99.24	0.03	0.73	1.00	07/01/2016
CRSP Lg VL	10.80	2.39	1.00	-1.58	100.00	100.00	0.00	0.72	1.00	07/01/2016

### Manager Risk & Return



The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

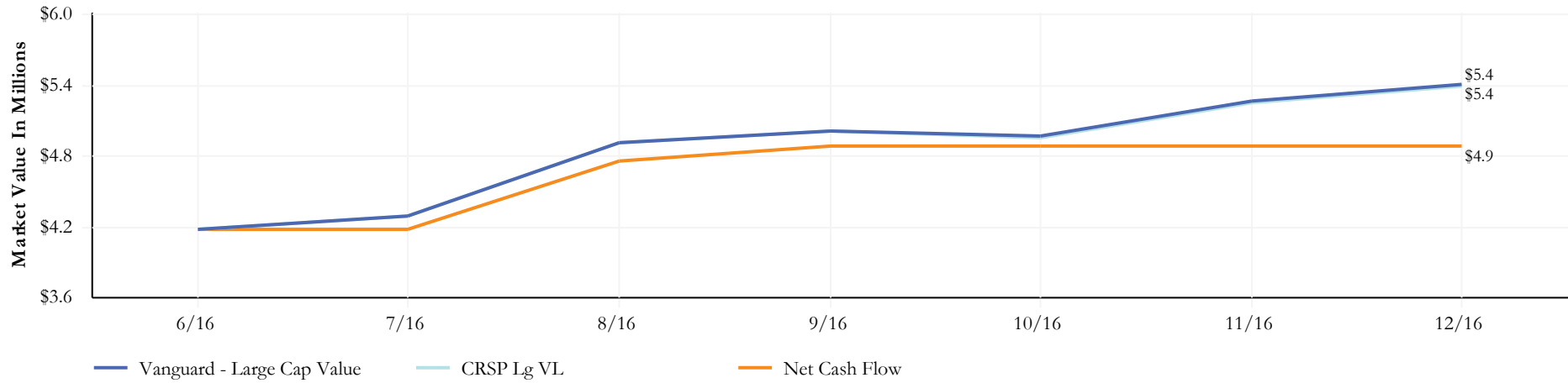


# Town of Longboat Key Combined Retirement Plan

## Vanguard Large Cap Value - Change in Assets & Distribution of Returns

as of December 31, 2016

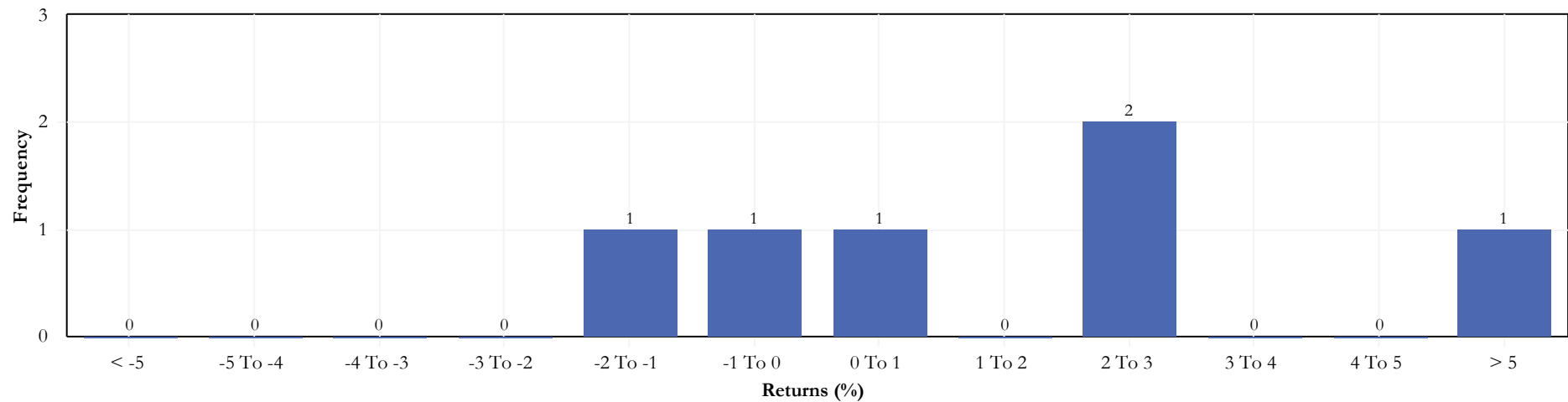
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Vanguard - Large Cap Value	5,018,193.86	-	3,431.25	-120.86	-3,431.25	-	386,737.73	5,404,810.73

### Distribution of Returns



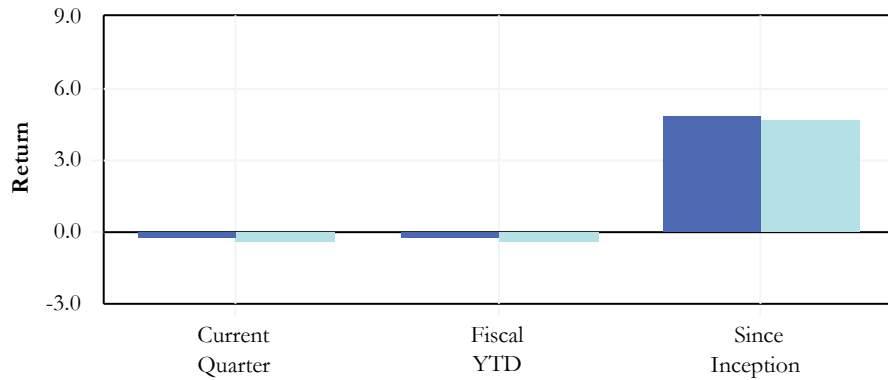
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# Town of Longboat Key Combined Retirement Plan

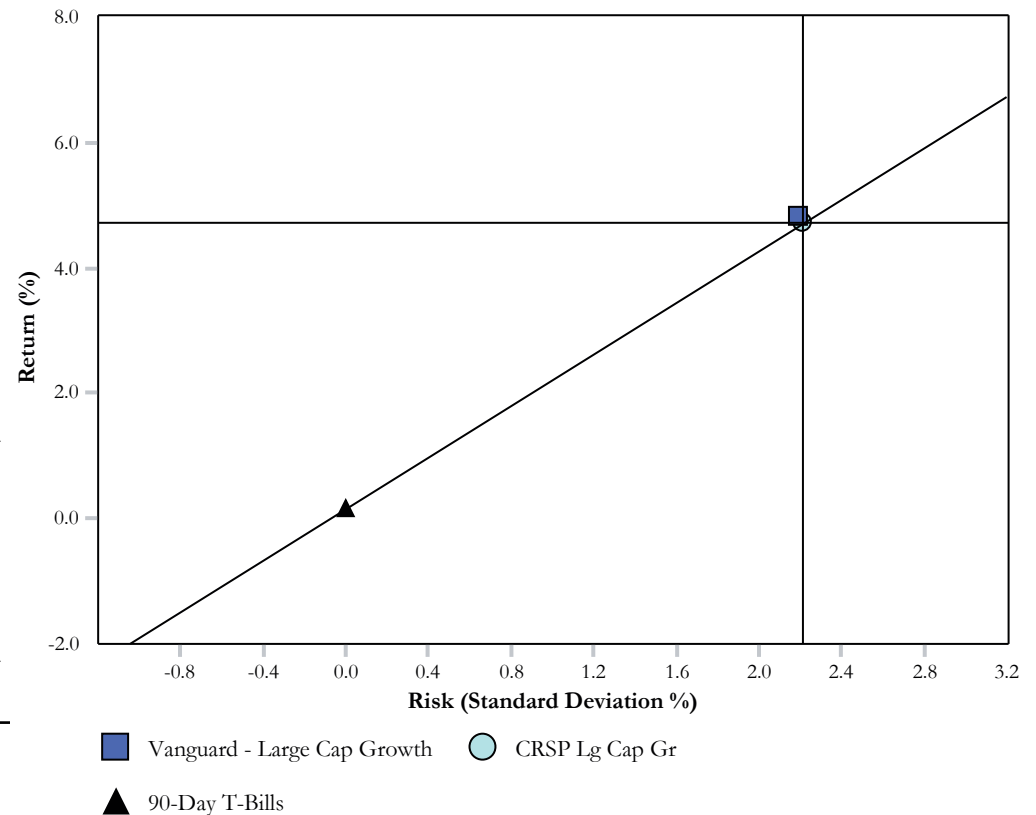
## Vanguard Large Cap Growth - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Risk & Return



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Vanguard - Large Cap Growth	-0.25	-0.25	4.81	07/01/2016
CRSP Lg Cap Gr	-0.42	-0.42	4.70	
Differences	0.17	0.17	0.11	

### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Vanguard - Large Cap Growth				07/01/2016
Beginning Market Value	5,000	5,000	4,145	
Net Contributions	3	3	645	
Fees/Expenses	-3	-3	-6	
Income	24	24	40	
Gain/Loss	-36	-36	163	
Ending Market Value	4,987	4,987	4,987	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Vanguard - Large Cap Growth	4.81	2.20	0.99	-2.59	100.53	98.18	0.02	0.36	1.00	07/01/2016
CRSP Lg Cap Gr	4.70	2.21	1.00	-2.65	100.00	100.00	0.00	0.35	1.00	07/01/2016

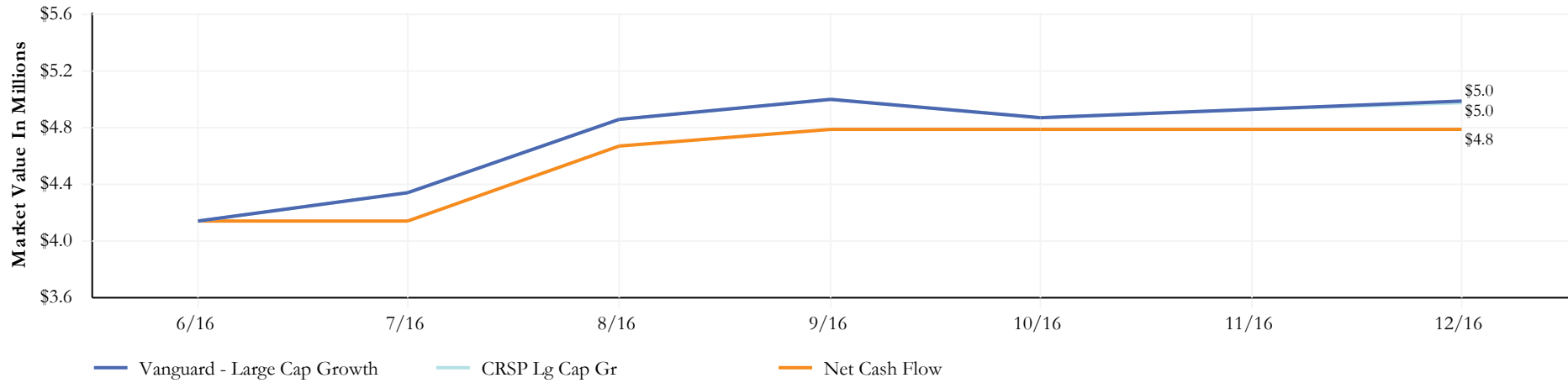
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# Town of Longboat Key Combined Retirement Plan

## Vanguard Large Cap Growth - Change in Assets & Distribution of Returns

as of December 31, 2016

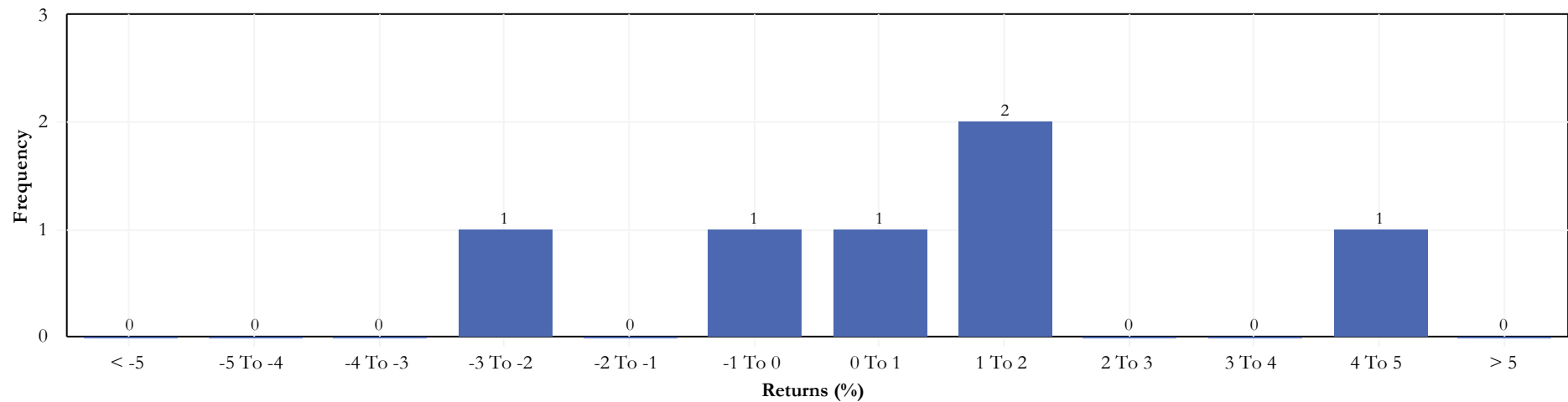
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Vanguard - Large Cap Growth	4,999,784.51	-	3,418.67	-521.42	-3,418.67	-	-12,554.89	4,986,708.20

### Distribution of Returns



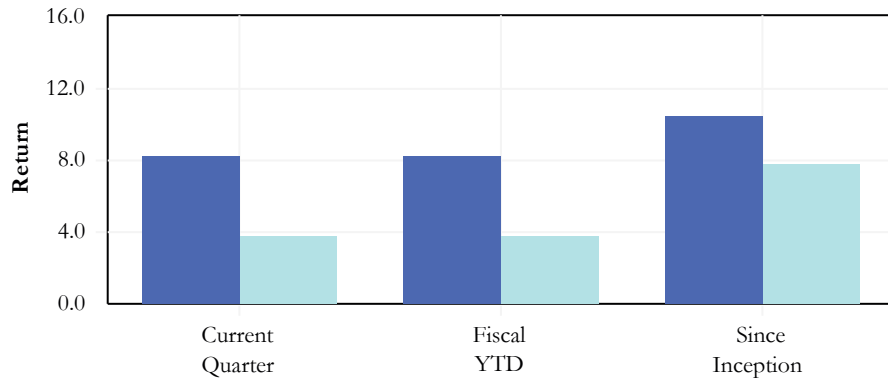
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# Town of Longboat Key Combined Retirement Plan

## Connors Covered Call Strategy - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Connors - Covered Calls	8.22	8.22	10.39	07/01/2016
S&P 500 Total Return	3.82	3.82	7.82	
Differences	4.40	4.40	2.57	

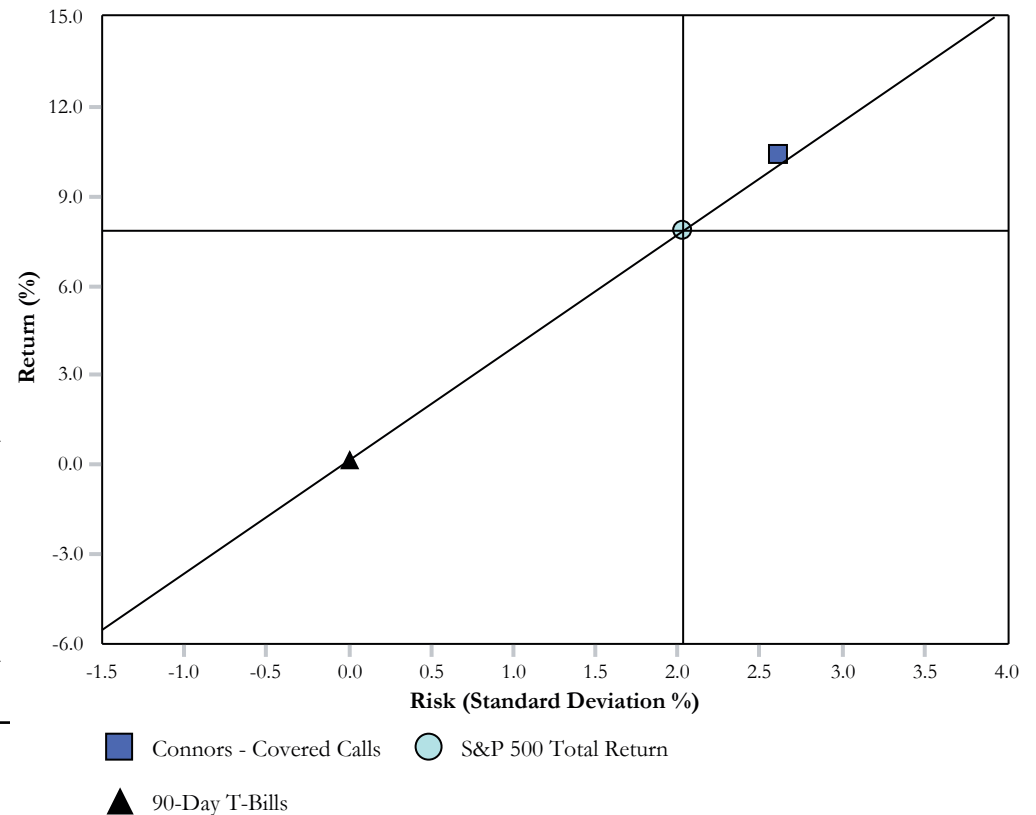
### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Connors - Covered Calls				07/01/2016
Beginning Market Value	1,520	1,520	3,314	
Net Contributions	-15	-15	-1,886	
Fees/Expenses	-1	-1	-3	
Income	11	11	21	
Gain/Loss	113	113	182	
Ending Market Value	1,629	1,629	1,629	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Connors - Covered Calls	10.39	2.61	1.13	-1.83	114.88	42.38	0.25	0.64	0.76	07/01/2016
S&P 500 Total Return	7.82	2.03	1.00	-1.82	100.00	100.00	0.00	0.62	1.00	07/01/2016

### Manager Risk & Return



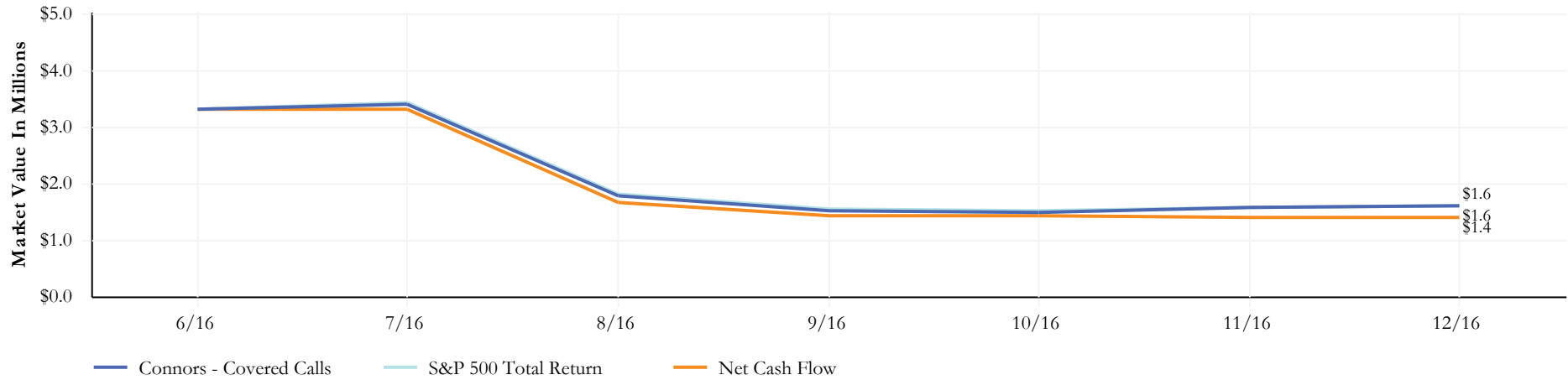
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# Town of Longboat Key Combined Retirement Plan

## Connors Covered Call Strategy - Change in Assets & Distribution of Returns

as of December 31, 2016

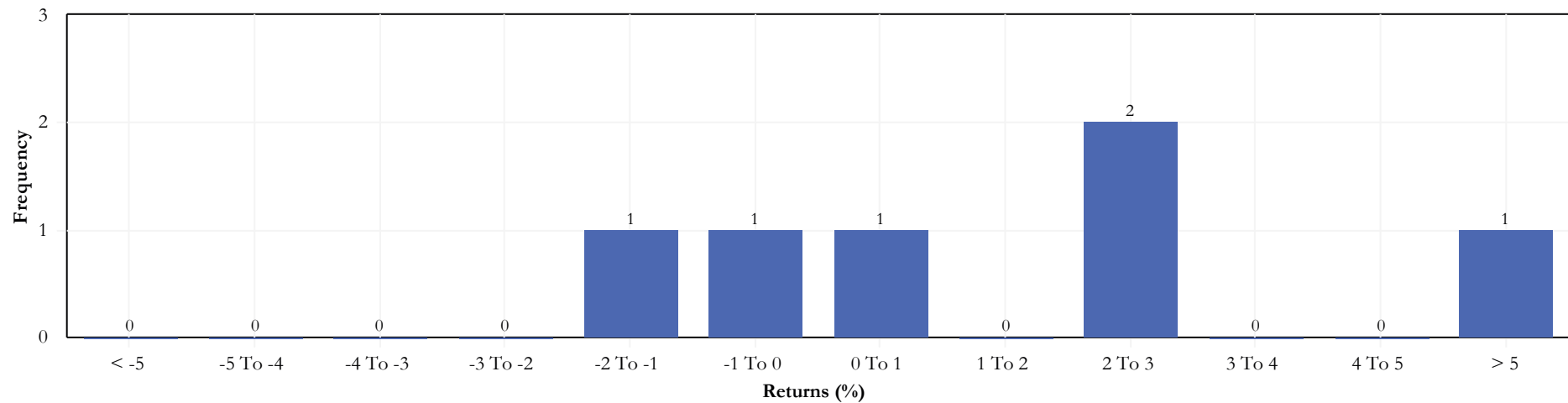
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Connors - Covered Calls	1,520,333.50	-	-	-15,049.14	-1,033.70	-	124,452.75	1,628,703.41

### Distribution of Returns

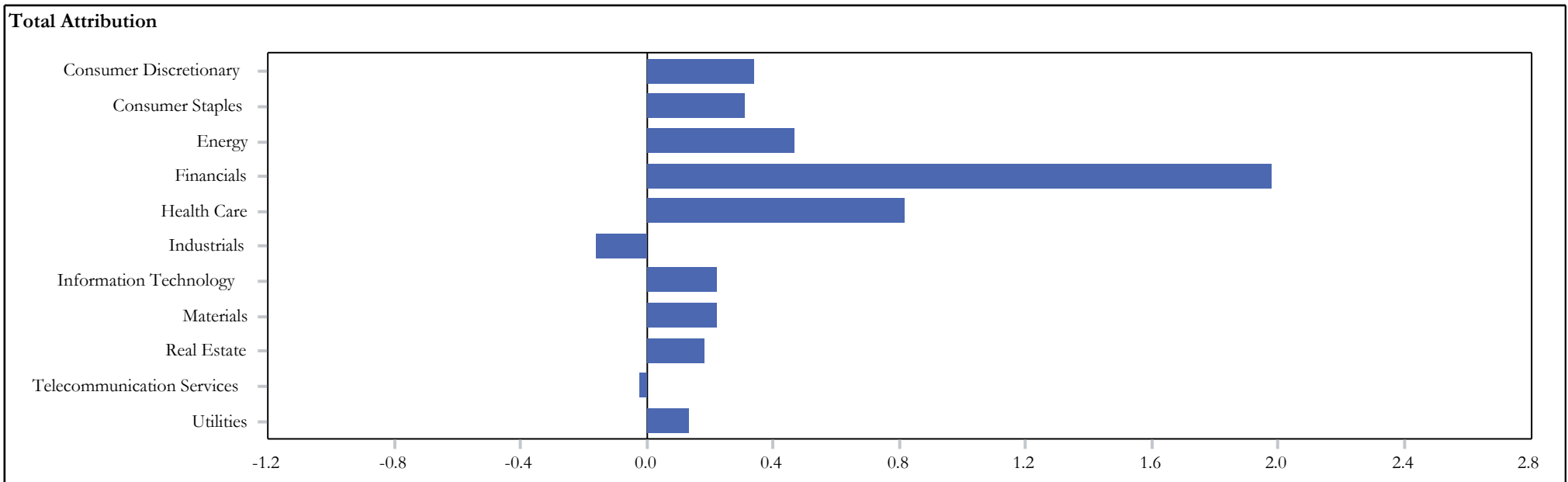
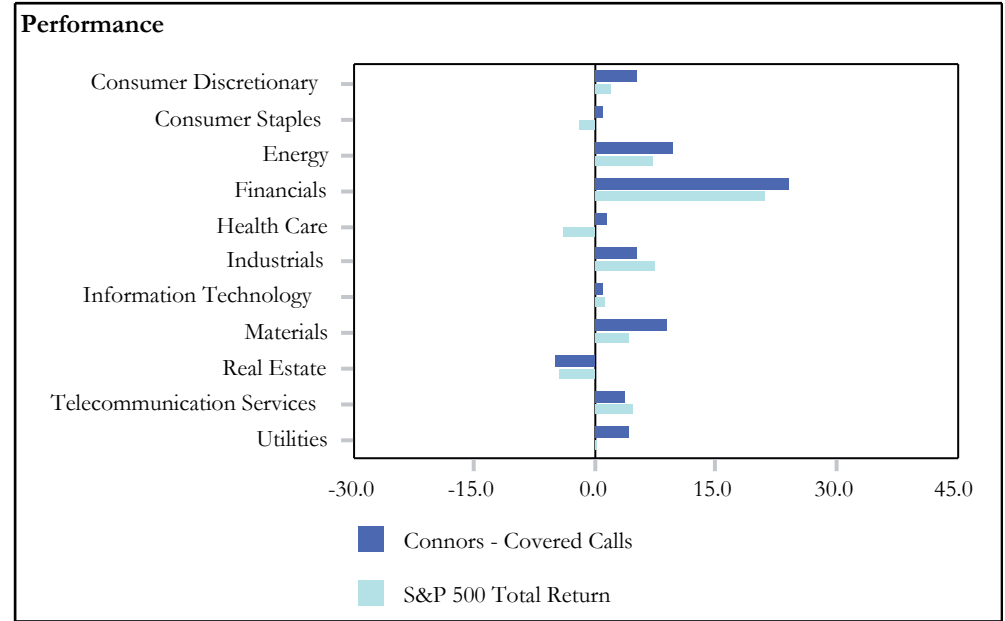
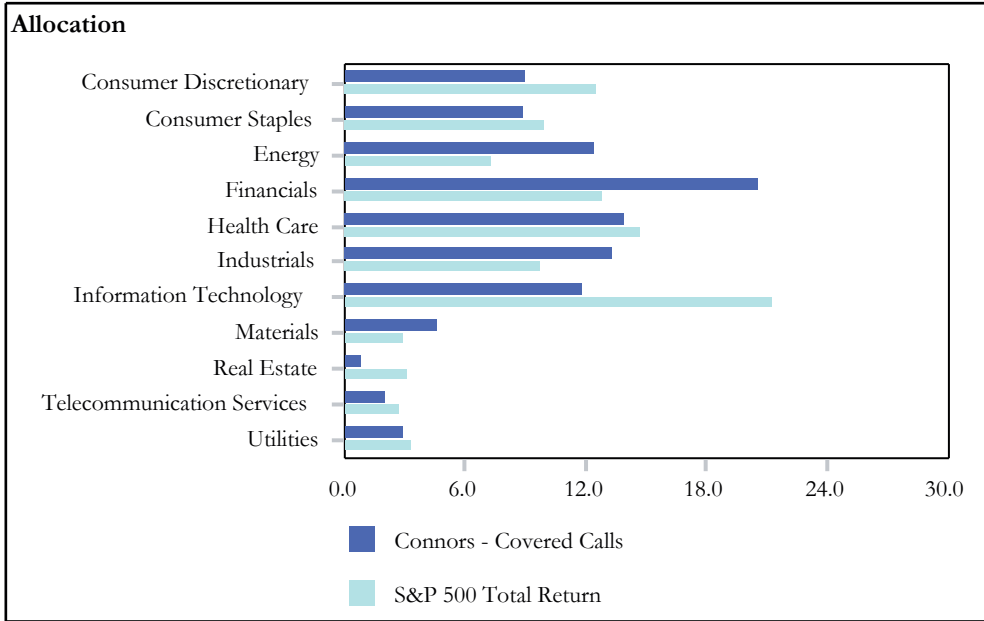


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# Town of Longboat Key Combined Retirement Plan

## Connors - Covered Calls - Quarterly Performance Attributes

### as of December 31, 2016



The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

**Town of Longboat Key Combined Retirement Plan**  
**Connors - Covered Calls - Quarterly Performance Attributes**  
**as of December 31, 2016**

	Allocation - 10/01/2016		Performance - Quarter Ending December 31, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	8.90	12.53	5.17	2.05	0.06	0.39	-0.11	0.34
Consumer Staples	8.84	9.88	1.02	-1.85	0.06	0.28	-0.03	0.31
Energy	12.37	7.28	9.64	7.26	0.18	0.17	0.12	0.47
Financials	20.55	12.78	24.20	21.10	1.34	0.40	0.24	1.98
Health Care	13.94	14.68	1.48	-3.96	0.06	0.80	-0.04	0.82
Industrials	13.31	9.73	5.23	7.39	0.13	-0.21	-0.08	-0.16
Information Technology	11.81	21.24	1.01	1.20	0.25	-0.04	0.02	0.22
Materials	4.61	2.90	9.03	4.34	0.01	0.14	0.08	0.23
Real Estate	0.83	3.06	-4.83	-4.51	0.19	-0.01	0.01	0.18
Telecommunication Services	1.96	2.64	3.87	4.77	-0.01	-0.02	0.01	-0.02
Utilities	2.87	3.28	4.23	0.14	0.02	0.13	-0.02	0.13
Total	100.00	100.00	8.31	3.81	2.28	2.03	0.20	4.50

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# Town of Longboat Key Combined Retirement Plan

## Connors - Covered Calls - Portfolio Characteristics

as of December 31, 2016

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$000)	146,401,699.91	148,473,591.85
Median Mkt. Cap (\$000)	70,406,731.68	18,956,227.20
Price/Earnings ratio	19.37	20.49
Price/Book ratio	2.62	3.14
5 Yr. EPS Growth Rate (%)	8.39	9.66
Current Yield (%)	2.69	2.11
Beta	N/A	1.00
Number of Stocks	64	505
Debt to Equity	1.03	0.97

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
JPMorgan Chase & Co	5.98	1.60	4.38	30.52
Wells Fargo & Co	3.90	1.29	2.61	25.50
Pfizer Inc	3.83	1.02	2.81	-3.14
General Electric Co	3.70	1.45	2.25	7.49
Intel Corp	3.36	0.89	2.47	-3.18
SunTrust Banks Inc.	3.13	0.14	2.99	25.86
Microsoft Corp	3.07	2.51	0.56	8.60
Exxon Mobil Corp	2.93	1.94	0.99	4.32
Occidental Petroleum Corp	2.49	0.28	2.21	-1.24
Home Depot Inc. (The)	2.47	0.85	1.62	4.75
% of Portfolio	34.86	11.97		

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Goldman Sachs Group Inc	1.38	0.46	0.92	48.93
AdvanSix Inc	0.01	0.00	0.01	33.45
JPMorgan Chase & Co	5.98	1.60	4.38	30.52
Prudential Financial Inc	1.95	0.23	1.72	28.35
SunTrust Banks Inc.	3.13	0.14	2.99	25.86
Wells Fargo & Co	3.90	1.29	2.61	25.50
Marathon Petroleum Corp	1.49	0.14	1.35	25.07
Metlife Inc.	1.34	0.31	1.03	22.32
U.S. Bancorp	2.19	0.43	1.76	20.42
Reynolds American Inc	1.03	0.24	0.79	19.85
% of Portfolio	22.40	4.84		

Ten Worst Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Diageo PLC	0.69	0.00	0.69	-10.43
Unilever NV	0.31	0.00	0.31	-10.18
Procter & Gamble Co (The)	1.92	1.17	0.75	-5.58
Merck & Co Inc.	2.38	0.84	1.54	-4.96
Weyerhaeuser Co	0.73	0.12	0.61	-4.83
Philip Morris International Inc	0.80	0.74	0.06	-4.81
QUALCOMM Inc.	1.68	0.50	1.18	-4.07
Intel Corp	3.36	0.89	2.47	-3.18
Pfizer Inc	3.83	1.02	2.81	-3.14
Praxair Inc.	0.55	0.17	0.38	-2.40
% of Portfolio	16.25	5.45		

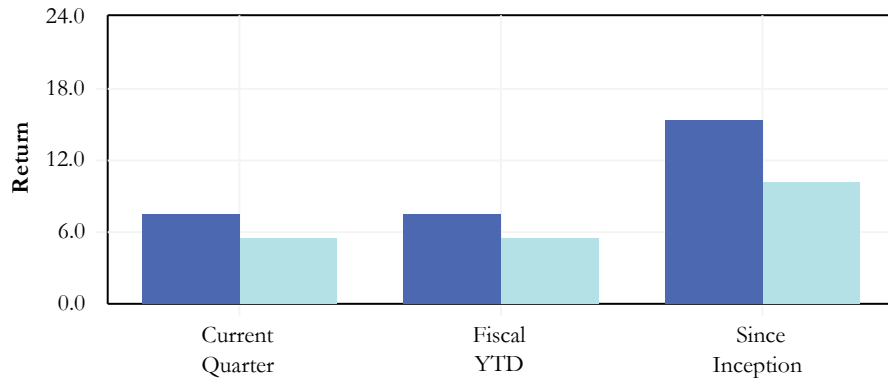


# Town of Longboat Key Combined Retirement Plan

## Kennedy Mid Cap Value - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Kennedy - Mid Cap Value	7.53	7.53	15.33	07/01/2016
Russell Midcap Value	5.52	5.52	10.22	
Differences	2.01	2.01	5.11	

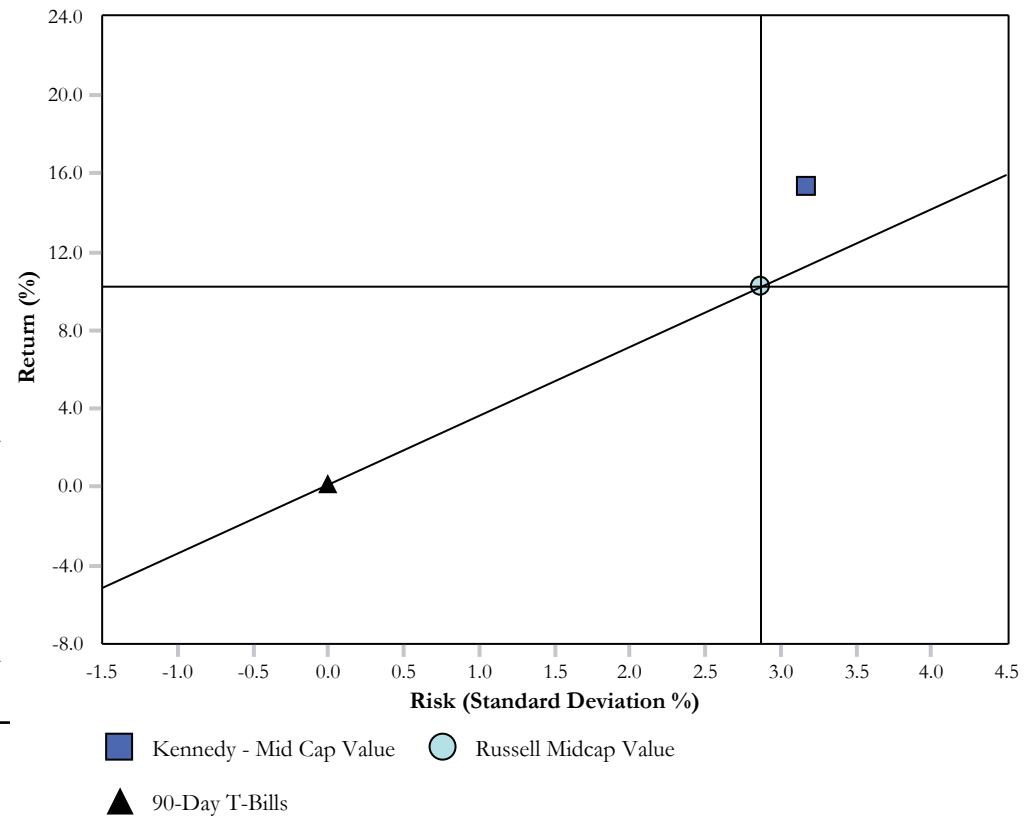
### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Kennedy - Mid Cap Value				07/01/2016
Beginning Market Value	847	847	843	
Net Contributions	-30	-30	-85	
Fees/Expenses	-1	-1	-3	
Income	4	4	7	
Gain/Loss	60	60	116	
Ending Market Value	879	879	879	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Kennedy - Mid Cap Value	15.33	3.17	1.10	-2.38	129.33	63.68	0.62	0.77	0.99	07/01/2016
Russell Midcap Value	10.22	2.87	1.00	-2.42	100.00	100.00	0.00	0.57	1.00	07/01/2016

### Manager Risk & Return



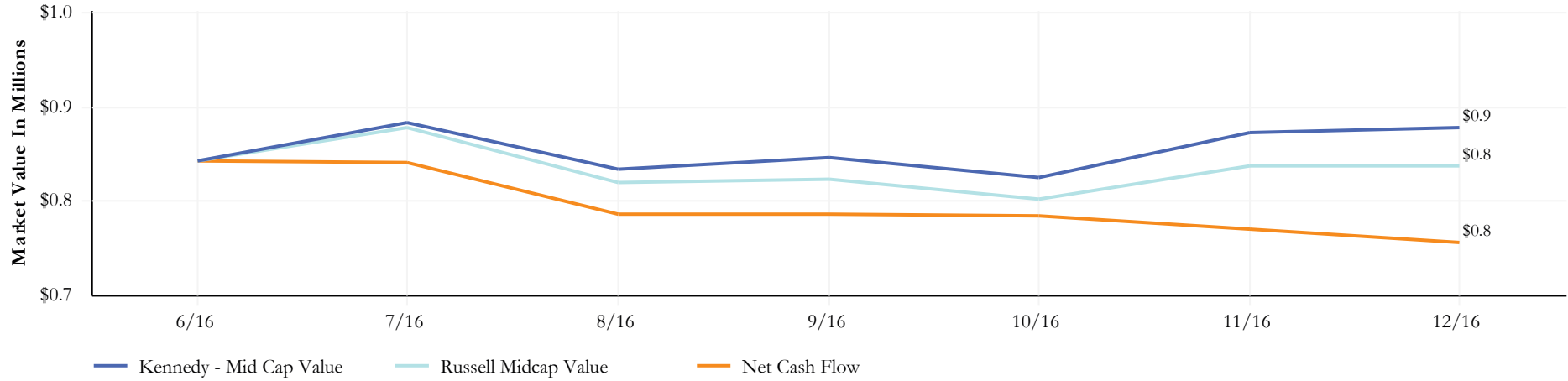
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# Town of Longboat Key Combined Retirement Plan

## Kennedy Mid Cap Value - Change in Assets & Distribution of Returns

as of December 31, 2016

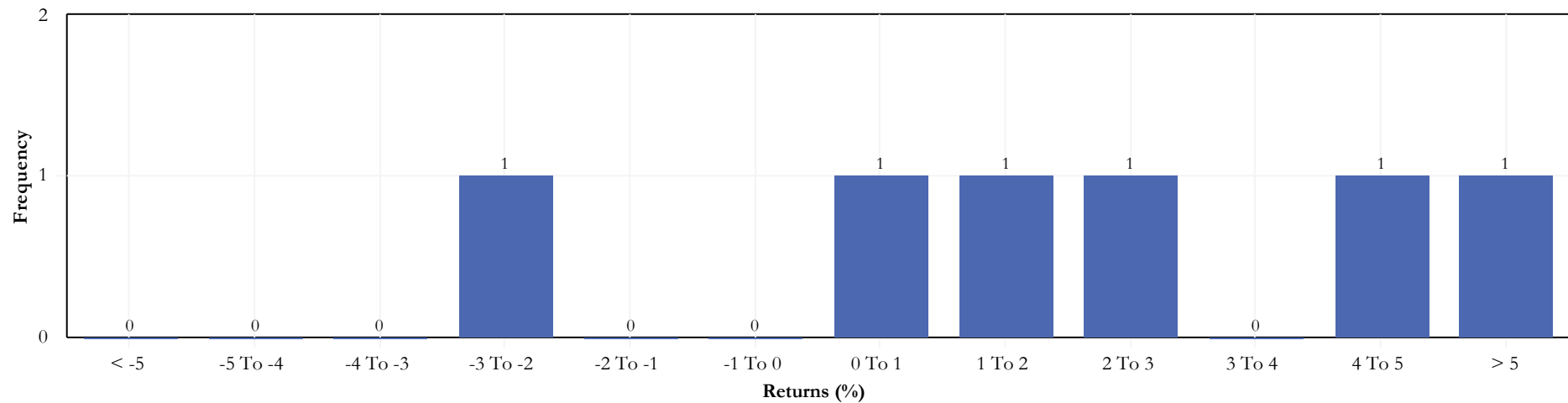
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Kennedy - Mid Cap Value	846,648.15	-	-	-30,000.00	-1,310.01	-	63,366.45	878,704.59

### Distribution of Returns

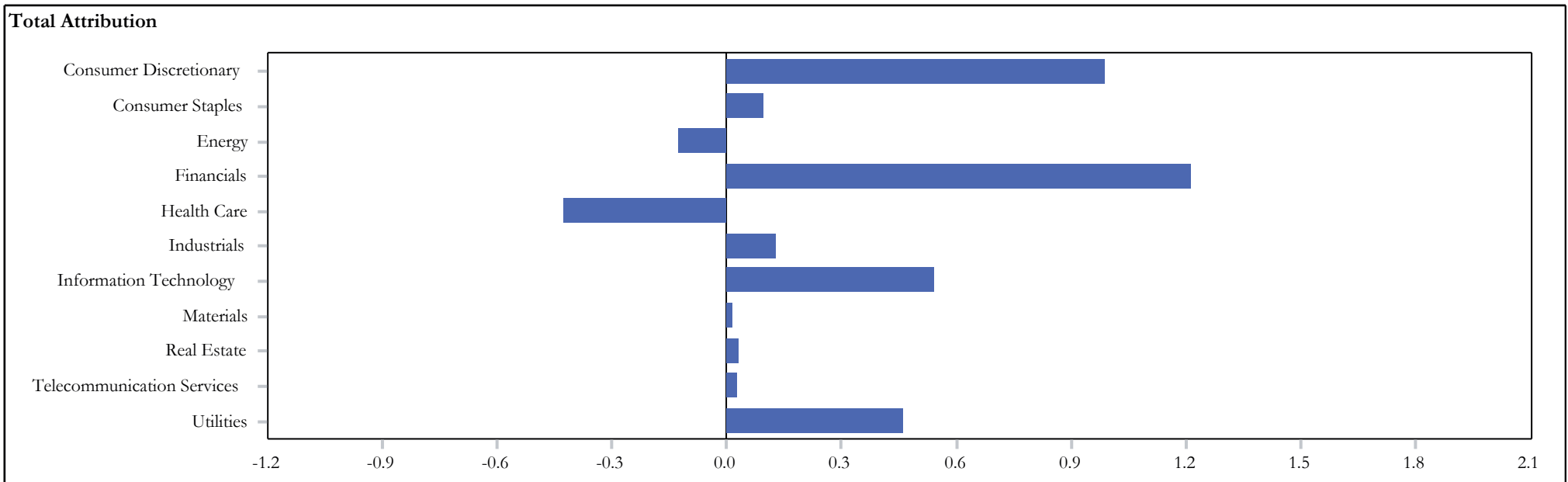
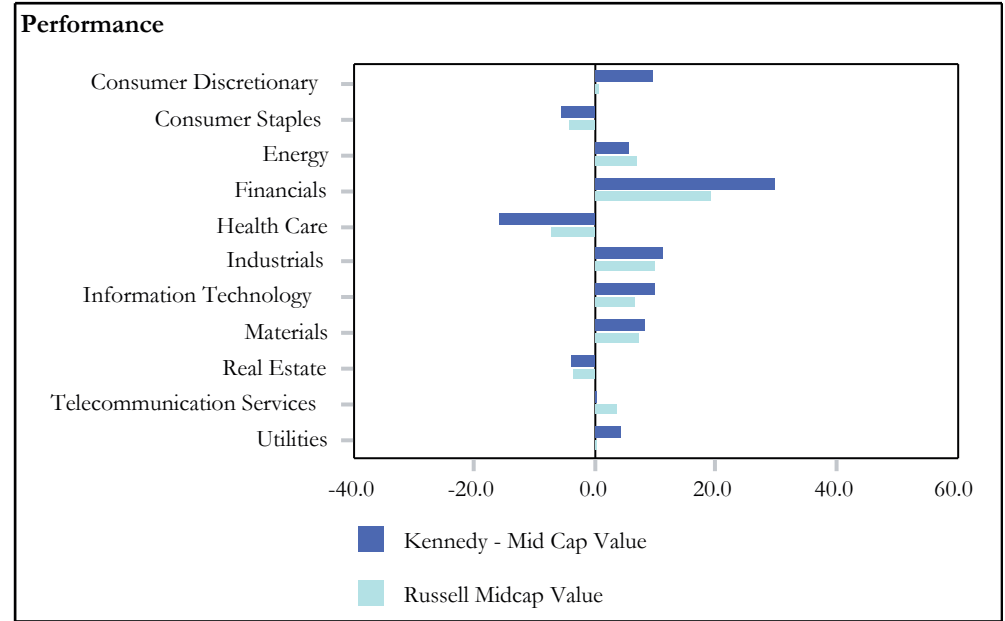
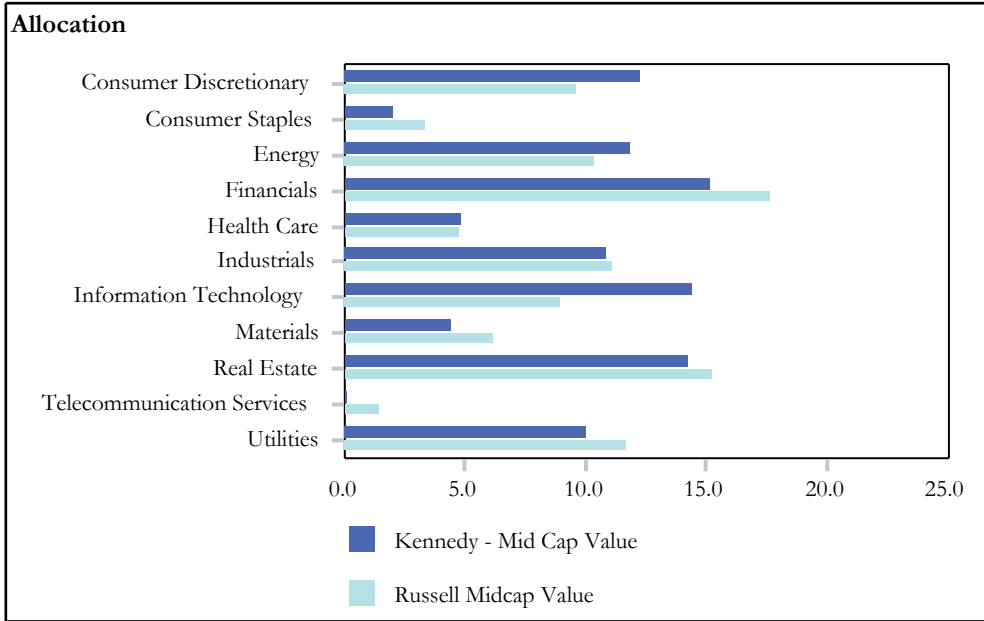


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# Town of Longboat Key Combined Retirement Plan

## Kennedy - Mid Cap Value - Quarterly Performance Attributes

### as of December 31, 2016



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**Town of Longboat Key Combined Retirement Plan**  
**Kennedy - Mid Cap Value - Quarterly Performance Attributes**  
**as of December 31, 2016**

	Allocation - 10/01/2016		Performance - Quarter Ending December 31, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	12.27	9.64	9.80	0.78	-0.12	0.87	0.24	0.99
Consumer Staples	1.99	3.27	-5.71	-4.29	0.12	-0.05	0.02	0.10
Energy	11.84	10.34	5.80	7.10	0.03	-0.13	-0.02	-0.13
Financials	15.13	17.60	29.72	19.41	-0.35	1.81	-0.25	1.21
Health Care	4.84	4.74	-15.70	-7.19	-0.01	-0.40	-0.01	-0.42
Industrials	10.80	11.08	11.16	9.86	-0.01	0.14	0.00	0.13
Information Technology	14.42	8.92	10.03	6.79	0.08	0.29	0.18	0.54
Materials	4.38	6.12	8.24	7.21	-0.03	0.06	-0.02	0.01
Real Estate	14.26	15.24	-4.07	-3.67	0.09	-0.06	0.00	0.03
Telecommunication Services	0.00	1.41	0.00	3.61	0.03	0.00	0.00	0.03
Utilities	10.06	11.64	4.25	0.47	0.08	0.44	-0.06	0.46
Total	100.00	100.00	8.37	5.43	-0.11	2.98	0.07	2.94

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# Town of Longboat Key Combined Retirement Plan

## Kennedy - Mid Cap Value - Portfolio Characteristics

as of December 31, 2016

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$000)	9,974,733.05	13,299,451.10
Median Mkt. Cap (\$000)	8,068,999.38	6,365,229.73
Price/Earnings ratio	21.94	19.26
Price/Book ratio	2.27	2.04
5 Yr. EPS Growth Rate (%)	12.45	8.76
Current Yield (%)	1.84	2.22
Beta	N/A	1.00
Number of Stocks	57	568
Debt to Equity	1.68	0.94

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Reinsurance Group of Amer.	3.22	0.23	2.99	17.01
ON Semiconductor Corp	2.65	0.14	2.51	3.57
East West Bancorp Inc.	2.52	0.21	2.31	39.17
Helmerich & Payne Inc.	2.50	0.22	2.28	16.30
Huntington Bancshares Inc	2.46	0.41	2.05	34.90
Old Dominion Freight Line Inc	2.45	0.06	2.39	25.04
Harman International	2.41	0.12	2.29	32.17
PacWest Bancorp	2.38	0.19	2.19	28.19
Lincoln National Corp	2.37	0.36	2.01	41.78
Reliance Steel & Aluminum Co	2.30	0.16	2.14	11.02
% of Portfolio	25.26	2.10		

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Lincoln National Corp	2.37	0.36	2.01	41.78
East West Bancorp Inc.	2.52	0.21	2.31	39.17
Zions Bancorporation	2.11	0.25	1.86	39.04
Huntington Bancshares Inc	2.46	0.41	2.05	34.90
Harman International	2.41	0.12	2.29	32.17
PacWest Bancorp	2.38	0.19	2.19	28.19
Old Dominion Freight Line Inc	2.45	0.06	2.39	25.04
CSRA Inc	1.58	0.00	1.58	18.73
RPC Inc.	1.12	0.03	1.09	18.27
Western Digital Corp	2.15	0.56	1.59	17.05
% of Portfolio	21.55	2.19		

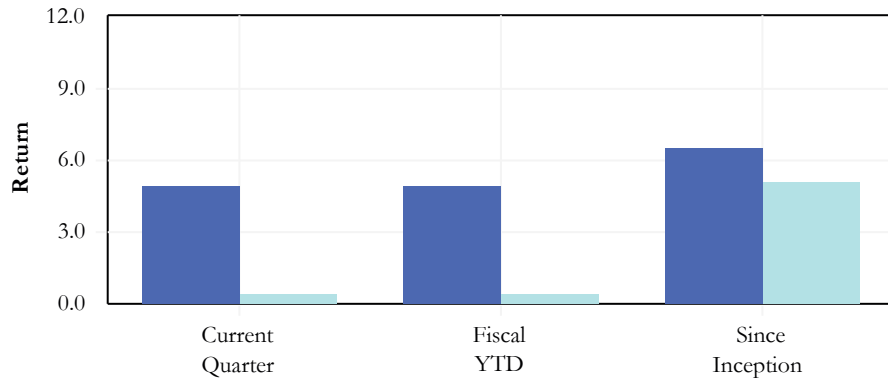
Ten Worst Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Centene Corp	1.96	0.07	1.89	-15.61
Brixmor Property Group Inc	1.70	0.14	1.56	-11.33
DDR Corp	0.82	0.14	0.68	-11.32
Newfield Exploration Co	1.49	0.17	1.32	-6.81
Gaming and Leisure Properties Inc	1.66	0.00	1.66	-6.60
Ingredion Inc	1.78	0.08	1.70	-5.71
CyrusOne Inc	1.64	0.01	1.63	-5.16
Goodyear Tire & Rubber Co	1.85	0.24	1.61	-4.09
Concho Resources Inc	2.02	0.54	1.48	-3.46
Duke Realty Corp	1.25	0.27	0.98	-2.04
% of Portfolio	16.17	1.66		

# Town of Longboat Key Combined Retirement Plan

## Congress Mid Cap Growth - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Congress - Mid Cap Growth	4.89	4.89	6.49	07/01/2016
Russell Midcap Growth	0.45	0.45	5.07	
Differences	4.44	4.44	1.42	

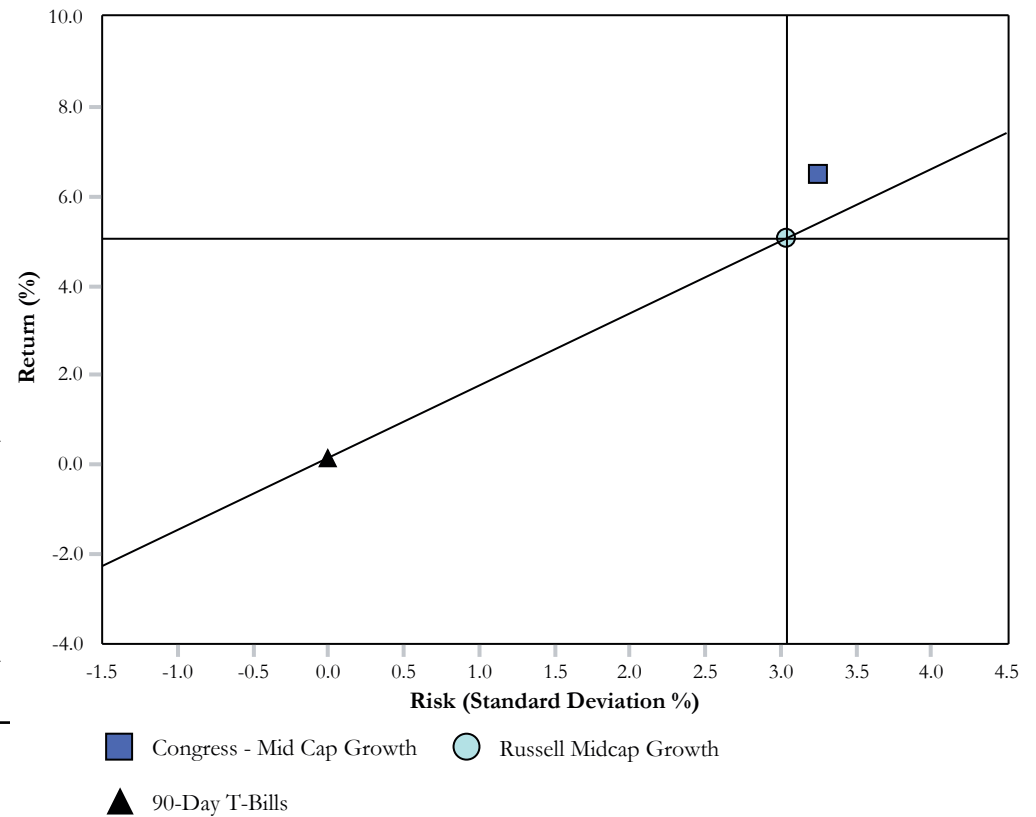
### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Congress - Mid Cap Growth				07/01/2016
Beginning Market Value	809	809	846	
Net Contributions	-3	-3	-53	
Fees/Expenses	-1	-1	-2	
Income	2	2	5	
Gain/Loss	37	37	48	
Ending Market Value	844	844	844	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Congress - Mid Cap Growth	6.49	3.26	0.99	-5.32	124.80	122.67	0.24	0.33	0.85	07/01/2016
Russell Midcap Growth	5.07	3.04	1.00	-4.39	100.00	100.00	0.00	0.28	1.00	07/01/2016

### Manager Risk & Return



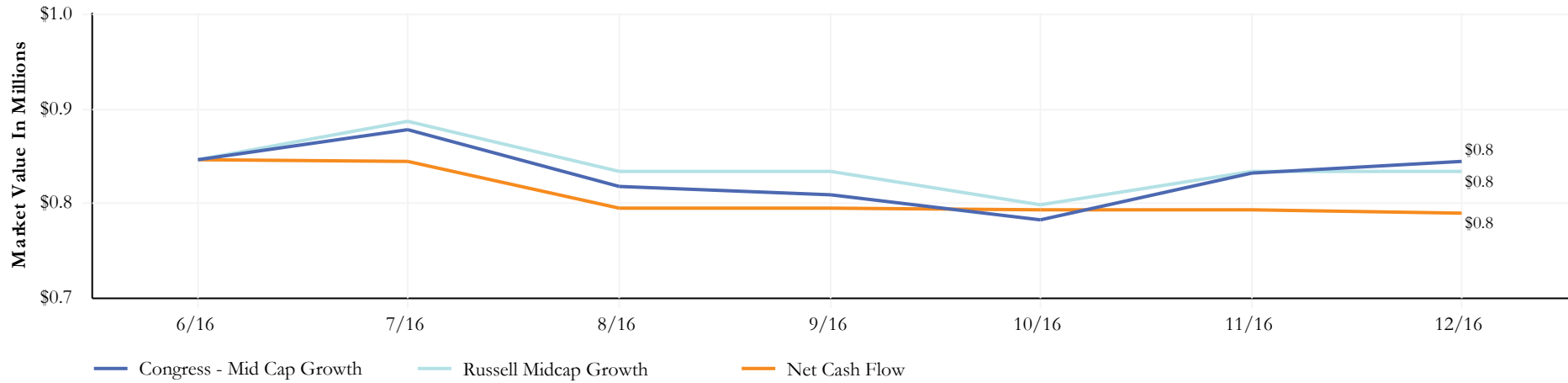
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# Town of Longboat Key Combined Retirement Plan

## Congress Mid Cap Growth - Change in Assets & Distribution of Returns

as of December 31, 2016

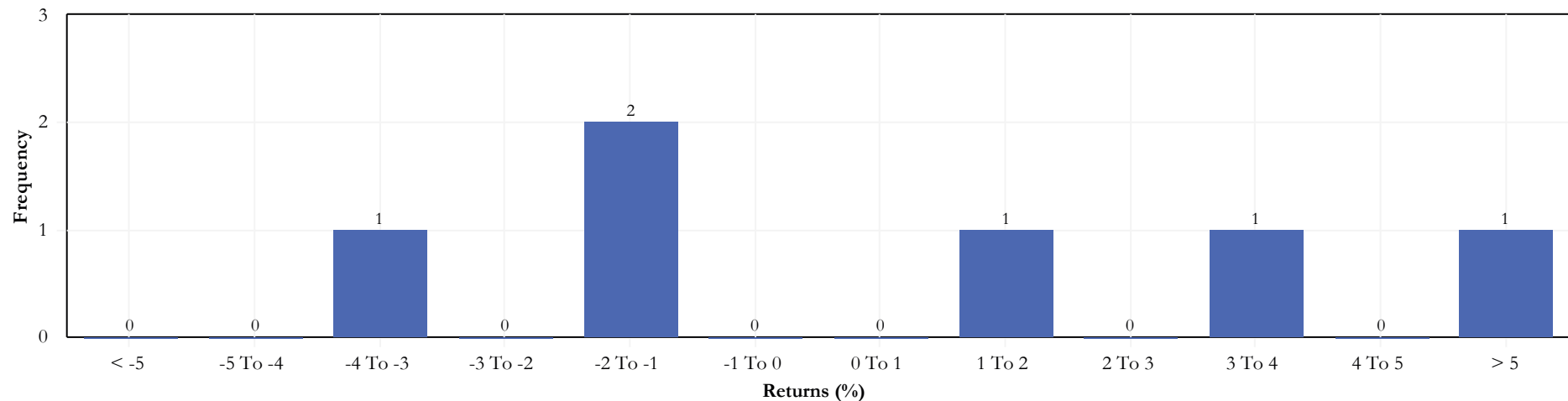
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Congress - Mid Cap Growth	808,546.06	-	-	-3,000.00	-1,161.92	-	39,470.34	843,854.48

### Distribution of Returns

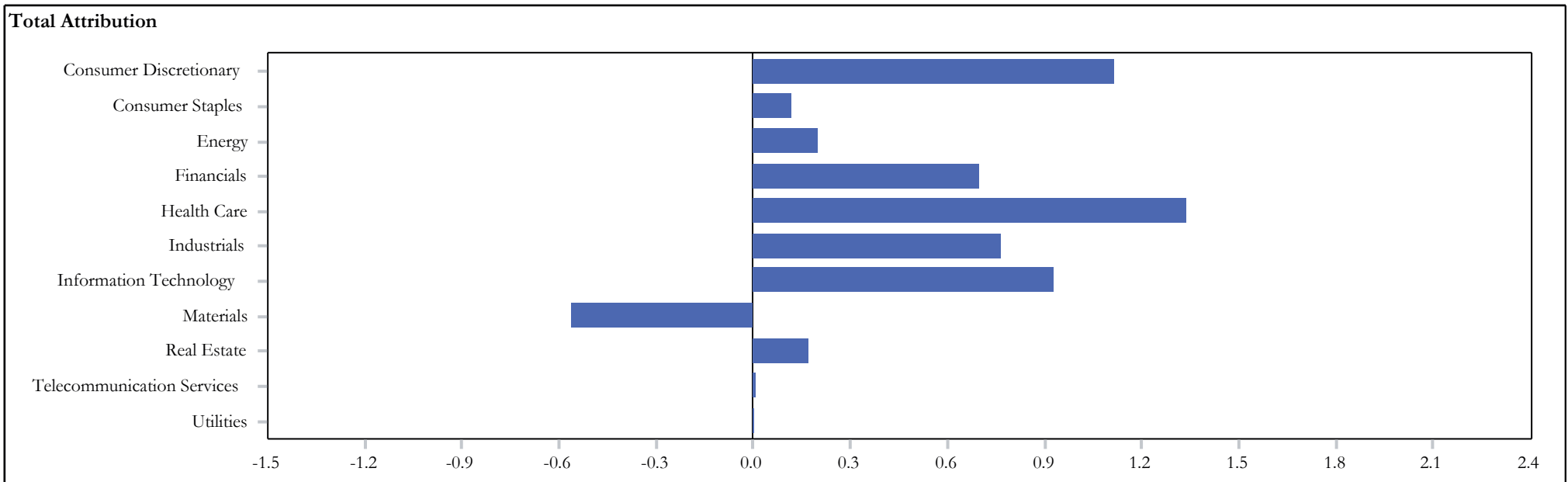
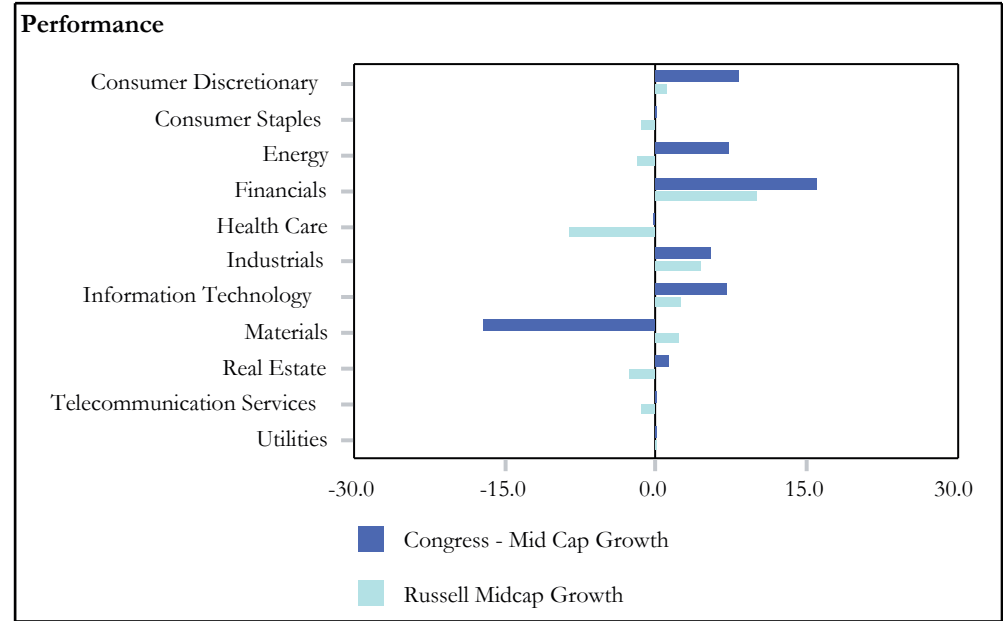
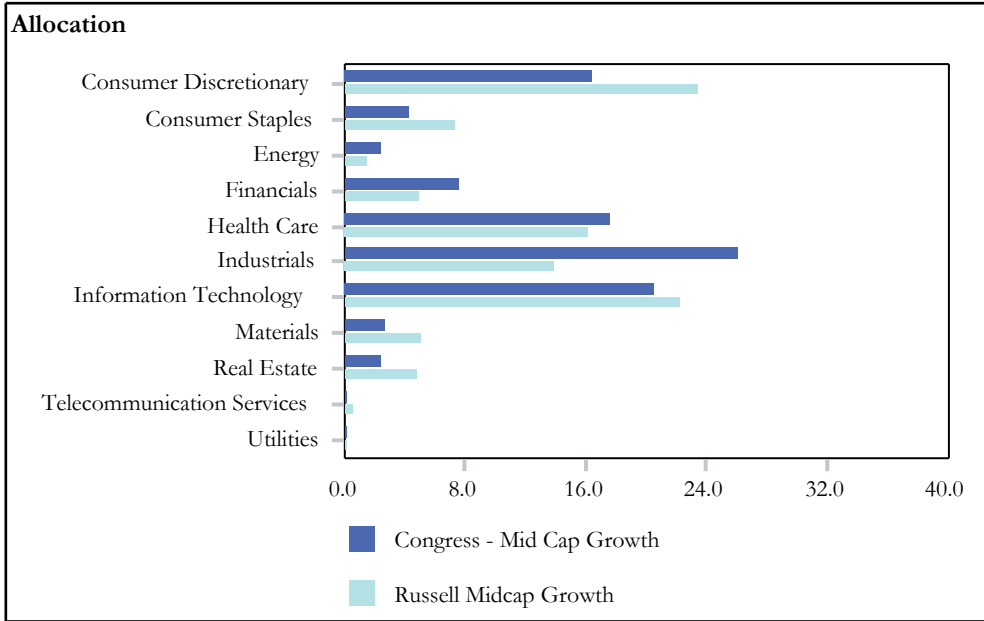


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# Town of Longboat Key Combined Retirement Plan

## Congress - Mid Cap Growth - Quarterly Performance Attributes

### as of December 31, 2016



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**Town of Longboat Key Combined Retirement Plan**  
**Congress - Mid Cap Growth - Quarterly Performance Attributes**  
**as of December 31, 2016**

	Allocation - 10/01/2016		Performance - Quarter Ending December 31, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	16.42	23.44	8.34	1.23	-0.06	1.67	-0.50	1.11
Consumer Staples	4.26	7.35	-0.01	-1.41	0.06	0.10	-0.04	0.12
Energy	2.38	1.45	7.38	-1.74	-0.02	0.13	0.08	0.20
Financials	7.52	4.91	16.04	10.13	0.25	0.29	0.15	0.70
Health Care	17.68	16.22	-0.26	-8.57	-0.13	1.35	0.12	1.34
Industrials	26.10	13.92	5.59	4.61	0.51	0.14	0.12	0.76
Information Technology	20.51	22.22	7.17	2.50	-0.03	1.04	-0.08	0.92
Materials	2.68	5.05	-17.14	2.29	-0.04	-0.98	0.46	-0.56
Real Estate	2.45	4.80	1.34	-2.61	0.07	0.19	-0.09	0.17
Telecommunication Services	0.00	0.49	0.00	-1.40	0.01	0.00	0.00	0.01
Utilities	0.00	0.14	0.00	0.00	0.00	0.00	0.00	0.00
Total	100.00	100.00	5.21	0.45	0.61	3.92	0.23	4.76

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# Town of Longboat Key Combined Retirement Plan

## Congress - Mid Cap Growth - Portfolio Characteristics

as of December 31, 2016

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$000)	7,341,338.48	13,388,456.97
Median Mkt. Cap (\$000)	7,144,169.58	6,936,477.86
Price/Earnings ratio	23.45	25.04
Price/Book ratio	4.73	4.85
5 Yr. EPS Growth Rate (%)	21.23	14.13
Current Yield (%)	0.89	1.16
Beta	N/A	1.00
Number of Stocks	41	468
Debt to Equity	1.21	1.01

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
B/E Aerospace Inc	3.29	0.22	3.07	16.92
Robert Half Intl	3.22	0.23	2.99	29.48
Cognex Corp	3.10	0.19	2.91	20.50
IPG Photonics Corp	3.05	0.11	2.94	19.87
Raymond James Fin. Inc.	3.01	0.00	3.01	19.38
Signature Bank	3.00	0.17	2.83	26.80
Foot Locker Inc.	2.95	0.31	2.64	5.10
JB Hunt Transport	2.94	0.31	2.63	19.96
Scripps Networks	2.84	0.21	2.63	12.82
Dorman Products Inc	2.82	0.00	2.82	14.33
% of Portfolio	30.22	1.75		

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Robert Half Intl	3.22	0.23	2.99	29.48
Signature Bank	3.00	0.17	2.83	26.80
Texas Roadhouse Inc	2.58	0.00	2.58	24.07
Cambrex Corp	2.53	0.00	2.53	21.35
Cognex Corp	3.10	0.19	2.91	20.50
JB Hunt Transport	2.94	0.31	2.63	19.96
IPG Photonics Corp	3.05	0.11	2.94	19.87
Raymond James Fin. Inc.	3.01	0.00	3.01	19.38
B/E Aerospace Inc	3.29	0.22	3.07	16.92
F5 Networks Inc	2.79	0.35	2.44	16.11
% of Portfolio	29.51	1.58		

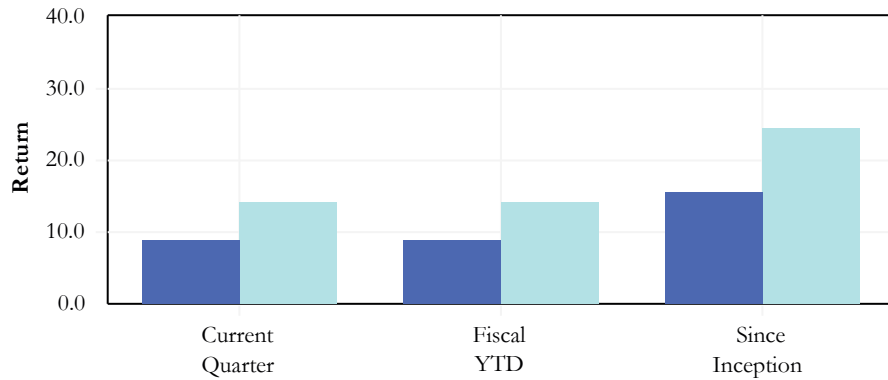
Ten Worst Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
International Flavors & Fragrances Inc	2.10	0.34	1.76	-17.14
Acuity Brands Inc.	2.06	0.37	1.69	-12.71
Equifax Inc.	2.28	0.51	1.77	-11.91
Manhattan Associates Inc	2.08	0.14	1.94	-7.97
Masco Corp	2.11	0.25	1.86	-7.57
Church & Dwight Co. Inc.	2.12	0.41	1.71	-7.41
Henry Schein Inc	2.13	0.45	1.68	-6.92
PAREXEL International Corp	2.34	0.00	2.34	-5.37
Resmed Inc	2.14	0.31	1.83	-3.68
Cooper Companies Inc. (The)	2.45	0.24	2.21	-2.42
% of Portfolio	21.81	3.02		

# Town of Longboat Key Combined Retirement Plan

## Kayne Anderson Small Cap Value - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Kayne Anderson - Small Cap Value	8.83	8.83	13.35	07/01/2016
Russell 2000 VL	14.07	14.07	24.19	
Differences	-5.24	-5.24	-10.84	

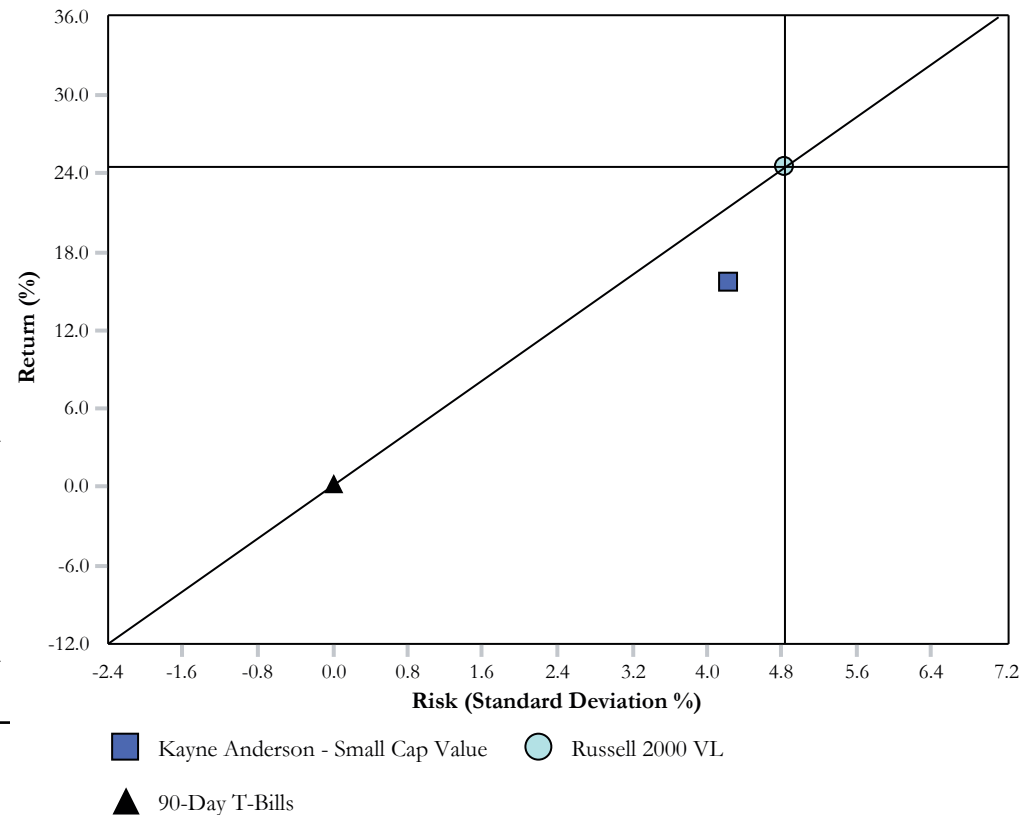
### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Kayne Anderson - Small Cap Value				07/01/2016
Beginning Market Value	846	846	847	
Net Contributions	-53	-53	-88	
Fees/Expenses	-1	-1	-3	
Income	17	17	20	
Gain/Loss	57	57	89	
Ending Market Value	866	866	866	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Kayne Anderson - Small Cap Value	13.35	4.58	0.86	-5.09	70.43	154.70	-1.06	0.48	0.90	07/01/2016
Russell 2000 VL	24.19	5.06	1.00	-3.29	100.00	100.00	0.00	0.75	1.00	07/01/2016

### Manager Risk & Return



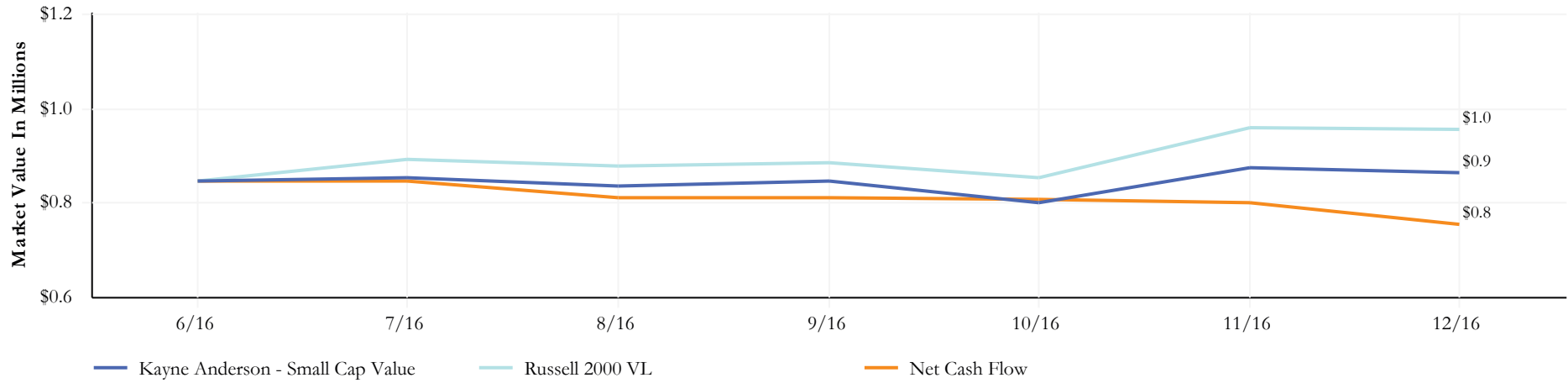
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# Town of Longboat Key Combined Retirement Plan

## Kayne Anderson Small Cap Value - Change in Assets & Distribution of Returns

as of December 31, 2016

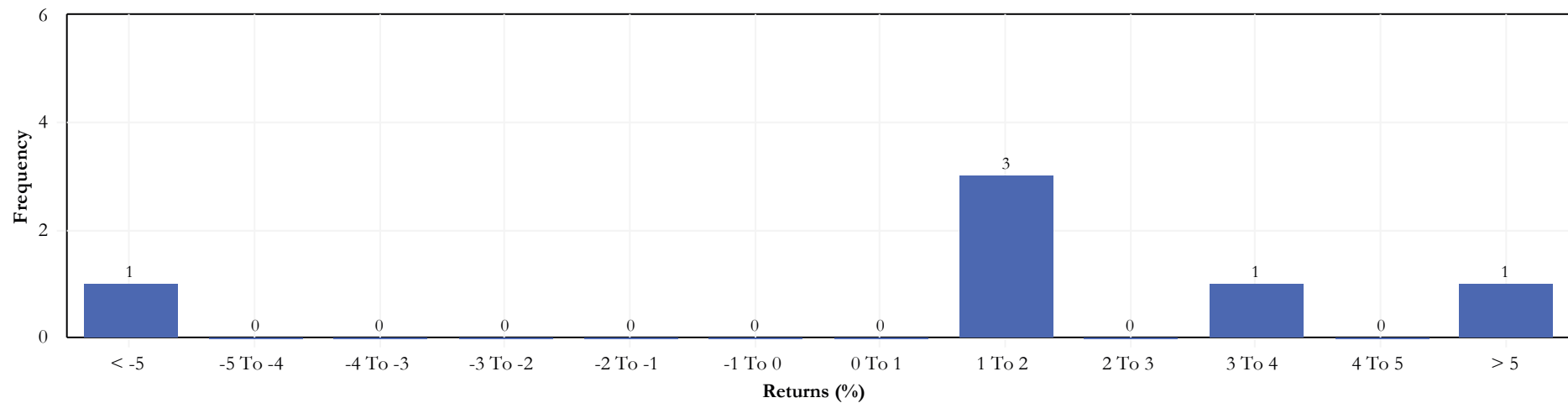
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Kayne Anderson - Small Cap Value	845,671.22	-	-	-53,000.00	-1,288.44	-	74,473.72	865,856.50

### Distribution of Returns

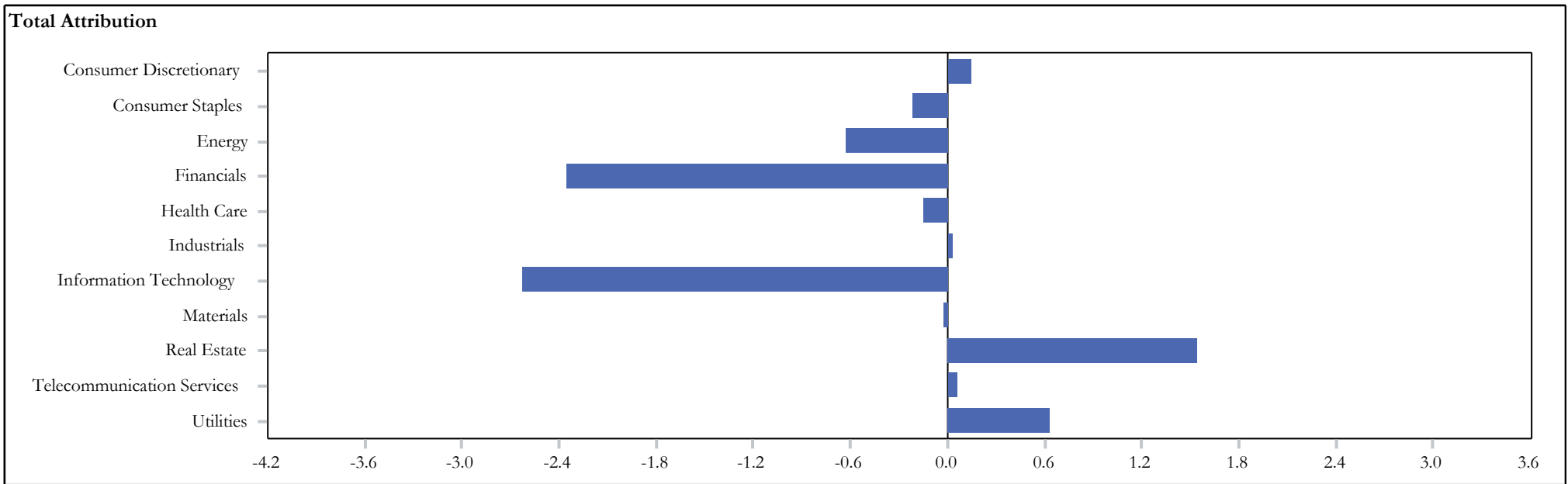
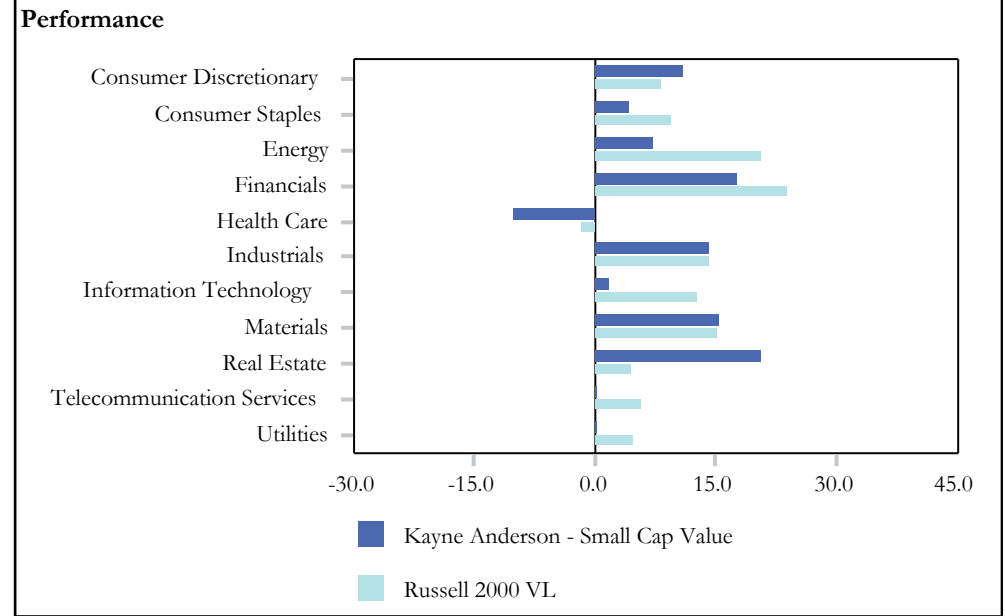
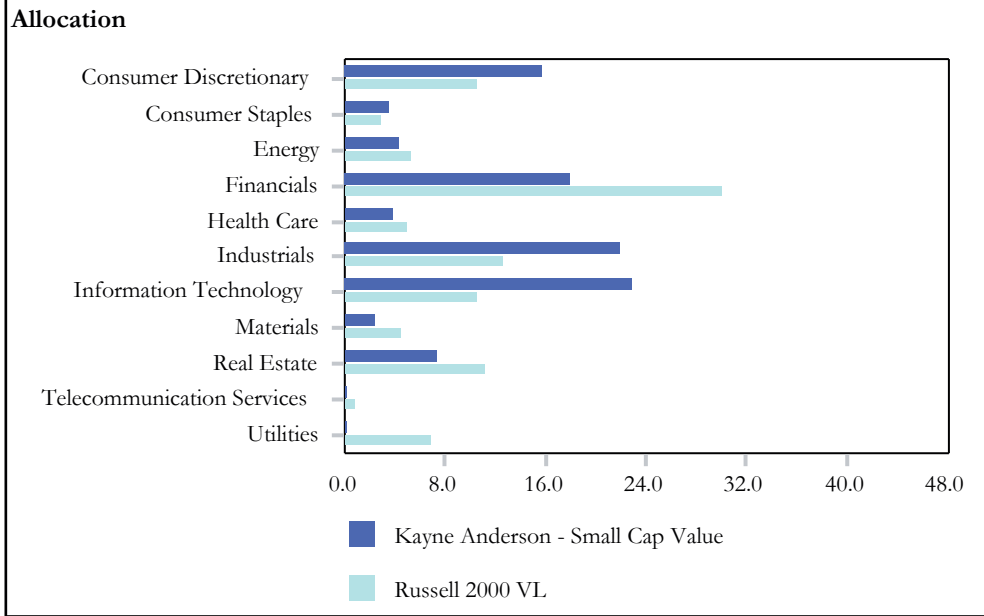


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# Town of Longboat Key Combined Retirement Plan

## Kayne Anderson - Small Cap Value - Quarterly Performance Attributes

### as of December 31, 2016



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**Town of Longboat Key Combined Retirement Plan**  
**Kayne Anderson - Small Cap Value - Quarterly Performance Attributes**  
**as of December 31, 2016**

	Allocation - 10/01/2016		Performance - Quarter Ending December 31, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	15.81	10.56	11.02	8.20	-0.31	0.30	0.15	0.14
Consumer Staples	3.56	2.90	4.39	9.61	-0.03	-0.15	-0.03	-0.21
Energy	4.31	5.19	7.38	20.65	-0.06	-0.69	0.12	-0.63
Financials	18.03	30.09	17.59	23.97	-1.20	-1.92	0.77	-2.35
Health Care	3.83	4.89	-10.22	-1.79	0.17	-0.41	0.09	-0.15
Industrials	21.94	12.63	14.22	14.11	0.01	0.01	0.01	0.03
Information Technology	22.96	10.55	1.90	12.63	-0.17	-1.13	-1.33	-2.63
Materials	2.33	4.53	15.38	15.32	-0.03	0.00	0.00	-0.03
Real Estate	7.23	11.06	20.77	4.52	0.36	1.80	-0.62	1.54
Telecommunication Services	0.00	0.73	0.00	5.67	0.06	0.00	0.00	0.06
Utilities	0.00	6.85	0.00	4.80	0.63	0.00	0.00	0.63
Total	100.00	100.00	10.41	14.02	-0.56	-2.19	-0.85	-3.61

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**Town of Longboat Key Combined Retirement Plan**  
**Kayne Anderson - Small Cap Value - Portfolio Characteristics**  
as of December 31, 2016

<b>Portfolio Characteristics</b>		
	<b>Portfolio</b>	<b>Benchmark</b>
Wtd. Avg. Mkt. Cap (\$000)	3,633,135.45	2,040,201.64
Median Mkt. Cap (\$000)	3,167,139.15	708,412.25
Price/Earnings ratio	25.59	19.75
Price/Book ratio	4.22	1.75
5 Yr. EPS Growth Rate (%)	8.61	8.80
Current Yield (%)	1.92	1.87
Beta	N/A	1.00
Number of Stocks	30	1,369
Debt to Equity	0.23	0.79

<b>Top Ten Equity Holdings</b>				
	<b>Portfolio Weight (%)</b>	<b>Benchmark Weight (%)</b>	<b>Active Weight (%)</b>	<b>Quarterly Return (%)</b>
Bank of Hawaii Corp	5.64	0.00	5.64	22.84
RE/MAX Holdings Inc	5.41	0.10	5.31	28.32
Cheesecake Factory Inc. (The)	4.87	0.00	4.87	20.16
Thor Industries Inc.	4.66	0.00	4.66	18.98
Cinemark Holdings Inc	4.56	0.00	4.56	0.87
Core Laboratories NV	4.45	0.00	4.45	7.38
Graco Inc.	4.31	0.00	4.31	12.80
RBC Bearings Inc	4.21	0.00	4.21	21.35
Badger Meter Inc.	3.79	0.00	3.79	10.61
Henry (Jack) & Associates Inc.	3.76	0.00	3.76	4.10
% of Portfolio	45.66	0.10		

<b>Ten Best Performers</b>				
	<b>Portfolio Weight (%)</b>	<b>Benchmark Weight (%)</b>	<b>Active Weight (%)</b>	<b>Quarterly Return (%)</b>
Primerica Inc	3.02	0.00	3.02	30.74
RE/MAX Holdings Inc	5.41	0.10	5.31	28.32
CLARCOR Inc.	2.29	0.00	2.29	27.39
Landstar System Inc	3.24	0.00	3.24	25.45
First Financial Bankshares Inc	2.15	0.11	2.04	24.54
Sun Hydraulics Corp	2.00	0.01	1.99	24.14
Bank of Hawaii Corp	5.64	0.00	5.64	22.84
RBC Bearings Inc	4.21	0.00	4.21	21.35
Cognex Corp	3.11	0.00	3.11	20.50
Cheesecake Factory Inc. (The)	4.87	0.00	4.87	20.16
% of Portfolio	35.94	0.22		

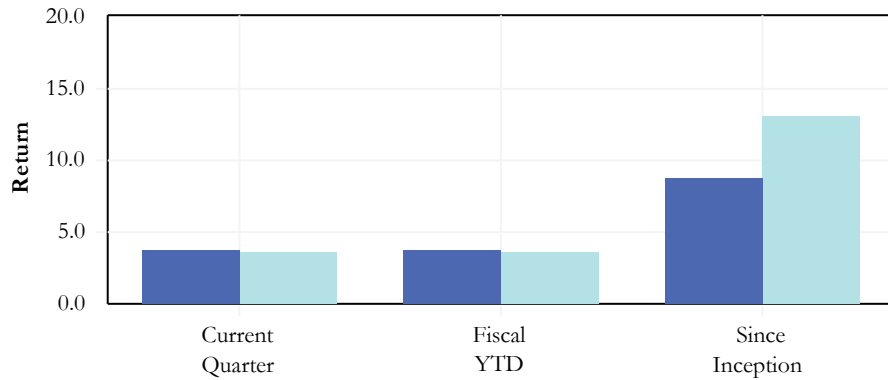
<b>Ten Worst Performers</b>				
	<b>Portfolio Weight (%)</b>	<b>Benchmark Weight (%)</b>	<b>Active Weight (%)</b>	<b>Quarterly Return (%)</b>
Equifax Inc.	3.20	0.00	3.20	-11.91
Patterson Companies Inc	3.31	0.00	3.31	-10.22
Monotype Imaging Holdings Inc	3.34	0.00	3.34	-9.71
RLI Corp	3.16	0.04	3.12	-4.33
SiteOne Landscape Supply Inc	1.51	0.00	1.51	-3.34
Cinemark Holdings Inc	4.56	0.00	4.56	0.87
Sally Beauty Holdings Inc	2.82	0.00	2.82	2.88
Henry (Jack) & Associates Inc.	3.76	0.00	3.76	4.10
WD-40 Co	3.58	0.00	3.58	4.39
Core Laboratories NV	4.45	0.00	4.45	7.38
% of Portfolio	33.69	0.04		

# Town of Longboat Key Combined Retirement Plan

## Apex Small Cap Growth - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Apex - Small Cap Growth	3.73	3.73	8.76	07/01/2016
Russell 2000 Gr	3.57	3.57	13.12	
Differences	0.16	0.16	-4.36	

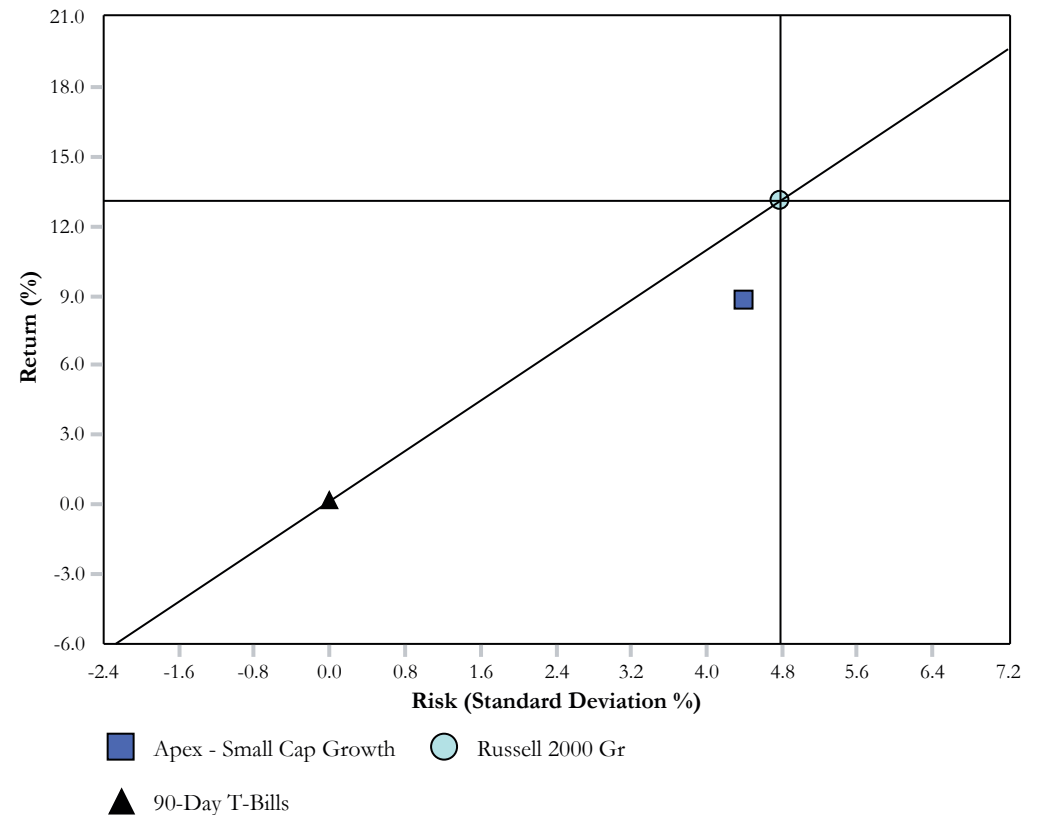
### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Apex - Small Cap Growth				07/01/2016
Beginning Market Value	821	821	836	
Net Contributions	-20	-20	-75	
Fees/Expenses	-1	-1	-3	
Income	1	1	2	
Gain/Loss	29	29	69	
Ending Market Value	830	830	830	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Apex - Small Cap Growth	8.76	4.41	0.90	-6.23	75.85	90.89	-0.47	0.34	0.96	07/01/2016
Russell 2000 Gr	13.12	4.79	1.00	-6.21	100.00	100.00	0.00	0.45	1.00	07/01/2016

### Manager Risk & Return



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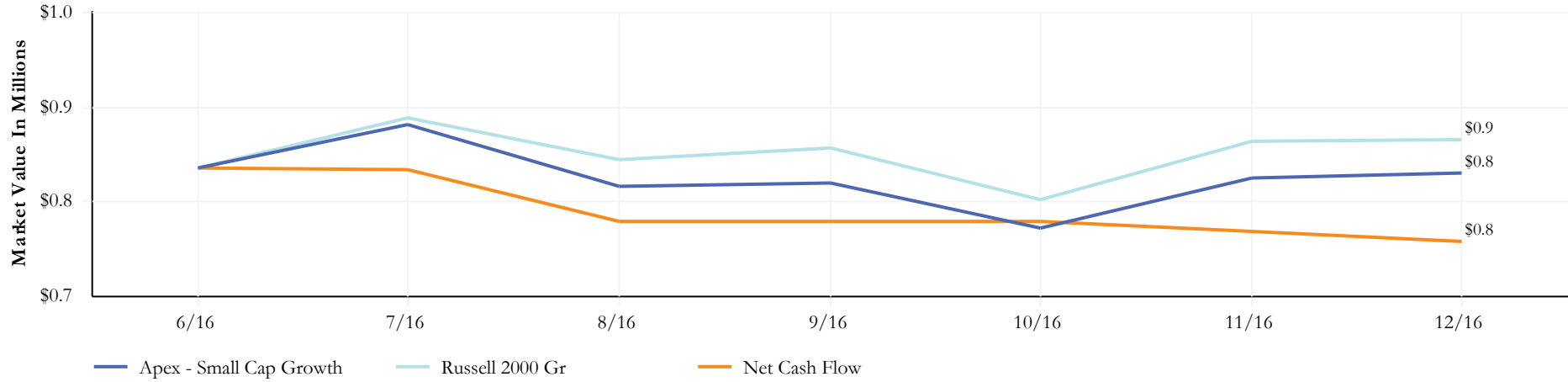


# Town of Longboat Key Combined Retirement Plan

## Apex Small Cap Growth - Change in Assets & Distribution of Returns

as of December 31, 2016

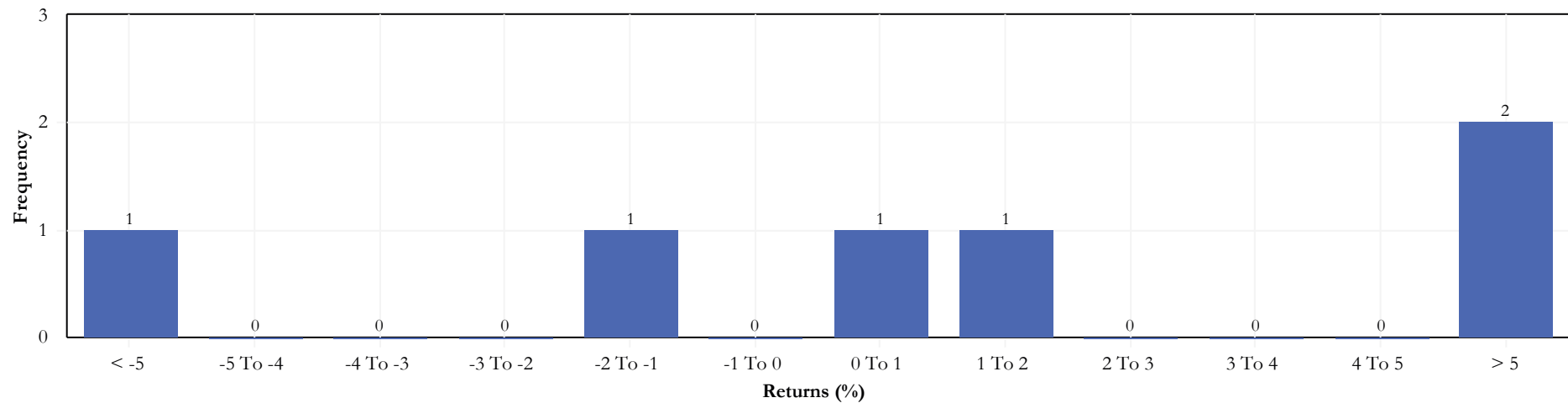
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Apex - Small Cap Growth	820,626.65	-	7,938.60	-27,938.60	-1,274.76	-	30,667.63	830,019.52

### Distribution of Returns

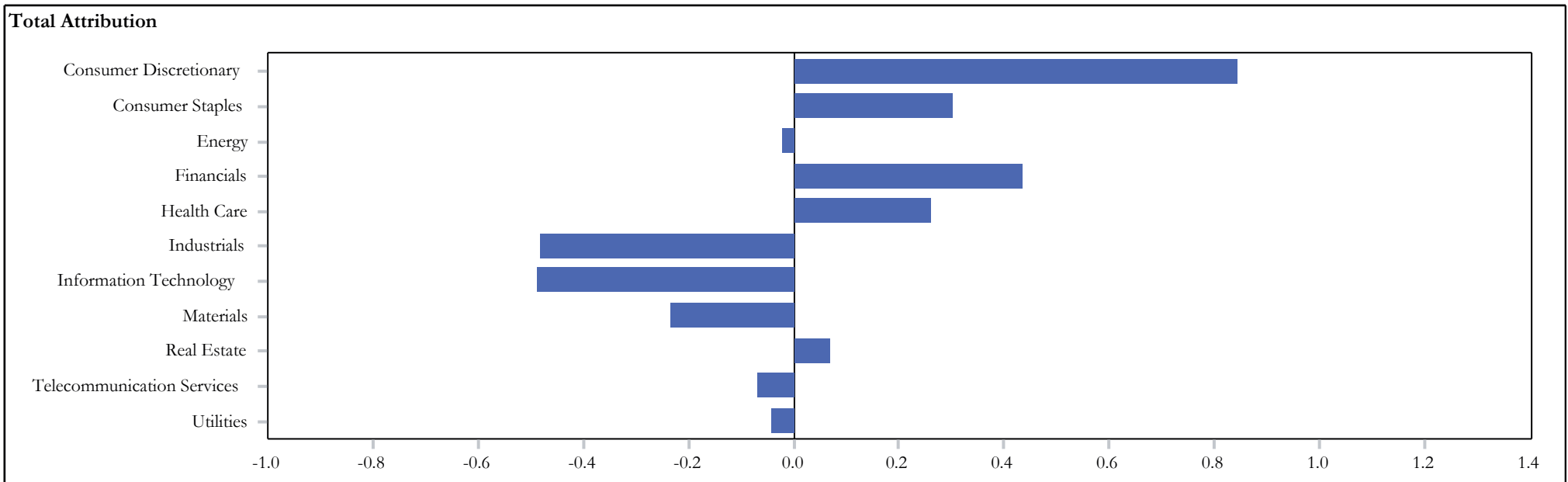
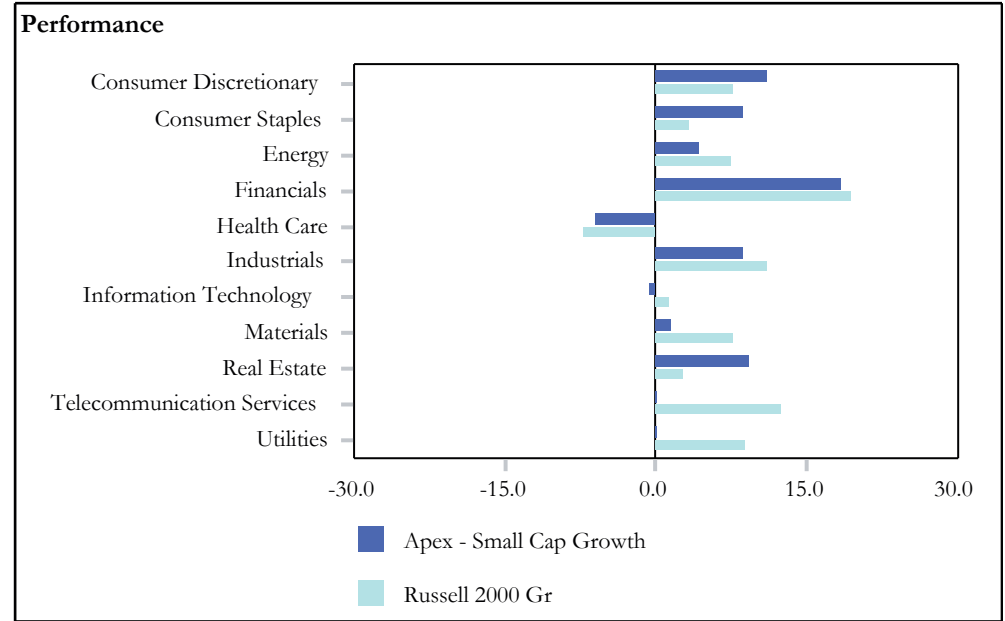
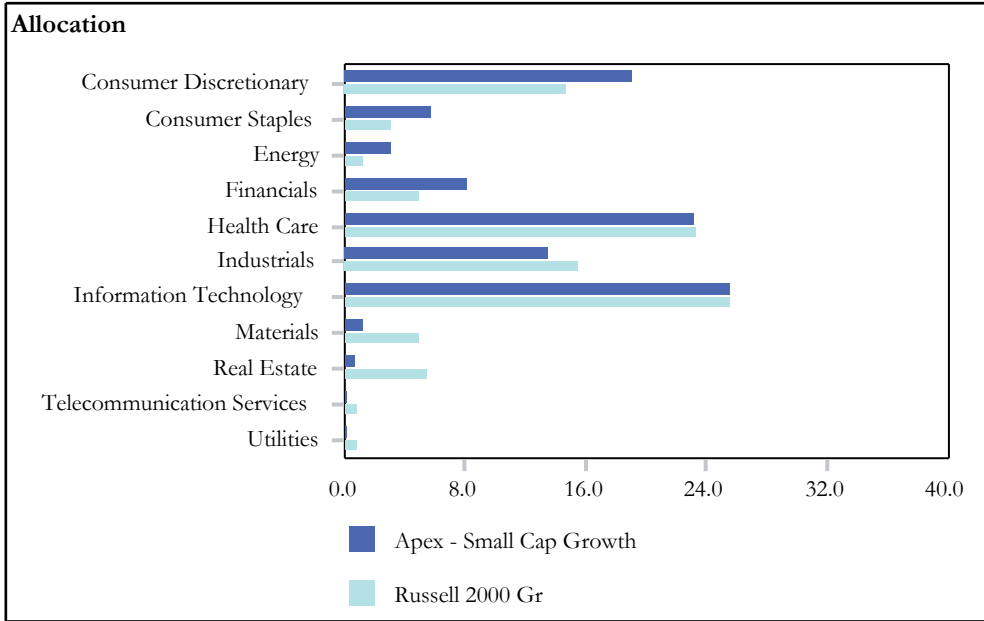


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# Town of Longboat Key Combined Retirement Plan

## Apex - Small Cap Growth - Quarterly Performance Attributes

### as of December 31, 2016



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**Town of Longboat Key Combined Retirement Plan**  
**Apex - Small Cap Growth - Quarterly Performance Attributes**  
**as of December 31, 2016**

	Allocation - 10/01/2016		Performance - Quarter Ending December 31, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	19.08	14.66	11.15	7.73	0.19	0.50	0.15	0.84
Consumer Staples	5.66	3.07	8.71	3.34	0.00	0.16	0.14	0.30
Energy	3.05	1.20	4.29	7.49	0.08	-0.04	-0.06	-0.02
Financials	8.03	4.85	18.56	19.55	0.51	-0.05	-0.03	0.43
Health Care	23.23	23.37	-6.00	-7.06	0.01	0.25	0.00	0.26
Industrials	13.49	15.54	8.80	11.18	-0.16	-0.37	0.05	-0.48
Information Technology	25.56	25.50	-0.58	1.32	0.00	-0.48	0.00	-0.49
Materials	1.21	4.86	1.51	7.74	-0.16	-0.30	0.23	-0.23
Real Estate	0.69	5.42	9.25	2.87	0.02	0.35	-0.30	0.07
Telecommunication Services	0.00	0.76	0.00	12.45	-0.07	0.00	0.00	-0.07
Utilities	0.00	0.78	0.00	9.01	-0.04	0.00	0.00	-0.04
Total	100.00	100.00	3.97	3.39	0.39	0.02	0.17	0.58

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# Town of Longboat Key Combined Retirement Plan

## Apex - Small Cap Growth - Portfolio Characteristics

as of December 31, 2016

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$000)	2,618,003.19	2,168,500.88
Median Mkt. Cap (\$000)	2,200,584.64	879,044.40
Price/Earnings ratio	24.27	26.40
Price/Book ratio	3.68	3.75
5 Yr. EPS Growth Rate (%)	16.19	13.47
Current Yield (%)	0.75	0.84
Beta	N/A	1.00
Number of Stocks	89	1,177
Debt to Equity	0.58	0.75

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Euronet Worldwide Inc	2.51	0.00	2.51	-11.49
Burlington Stores Inc	2.19	0.00	2.19	4.60
Cambrex Corp	2.10	0.19	1.91	21.35
Chemed Corp	1.99	0.29	1.70	13.92
Western Alliance Bancorporation	1.81	0.00	1.81	29.76
Science Applications International Corp	1.73	0.40	1.33	22.79
Icon PLC	1.68	0.00	1.68	-2.81
Cracker Barrel Old Country Store Inc	1.60	0.34	1.26	27.39
La-Z-Boy Inc	1.59	0.07	1.52	26.87
Marriott Vacations Worldwide Corp	1.59	0.01	1.58	16.19
% of Portfolio	18.79	1.30		

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Dave & Buster's Entertainment Inc	1.41	0.24	1.17	43.70
Bank of the Ozarks	1.37	0.52	0.85	37.54
Evercore Partners Inc	1.32	0.30	1.02	34.05
Ruth's Hospitality Group Inc	0.77	0.07	0.70	30.19
Western Alliance Bancorporation	1.81	0.00	1.81	29.76
Momenta Pharmaceuticals Inc	0.92	0.03	0.89	28.74
Cracker Barrel Old Country Store Inc	1.60	0.34	1.26	27.39
Central Garden & Pet Co	1.03	0.00	1.03	27.27
La-Z-Boy Inc	1.59	0.07	1.52	26.87
Financial Engines Inc	1.16	0.22	0.94	23.93
% of Portfolio	12.98	1.79		

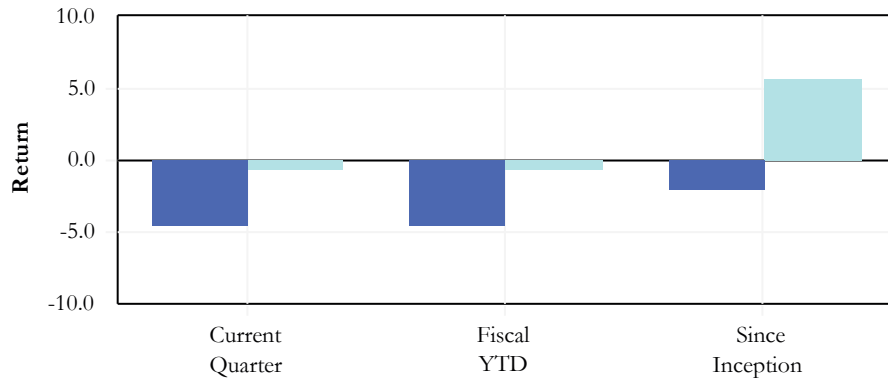
Ten Worst Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Ophthotech Corp	0.09	0.02	0.07	-89.53
Alder BioPharmaceuticals Inc	0.41	0.11	0.30	-36.53
Radius Health Inc	0.29	0.13	0.16	-29.69
Shutterstock Inc	0.73	0.10	0.63	-25.40
Agios Pharmaceuticals Inc	0.29	0.00	0.29	-21.00
Akorn Inc	1.04	0.00	1.04	-19.92
Qualys Inc	0.81	0.10	0.71	-17.12
Gigamon Inc	0.99	0.17	0.82	-16.88
Proto Labs Inc	0.84	0.14	0.70	-14.29
China Biologic Products Inc	0.73	0.00	0.73	-13.62
% of Portfolio	6.22	0.77		

# Town of Longboat Key Combined Retirement Plan

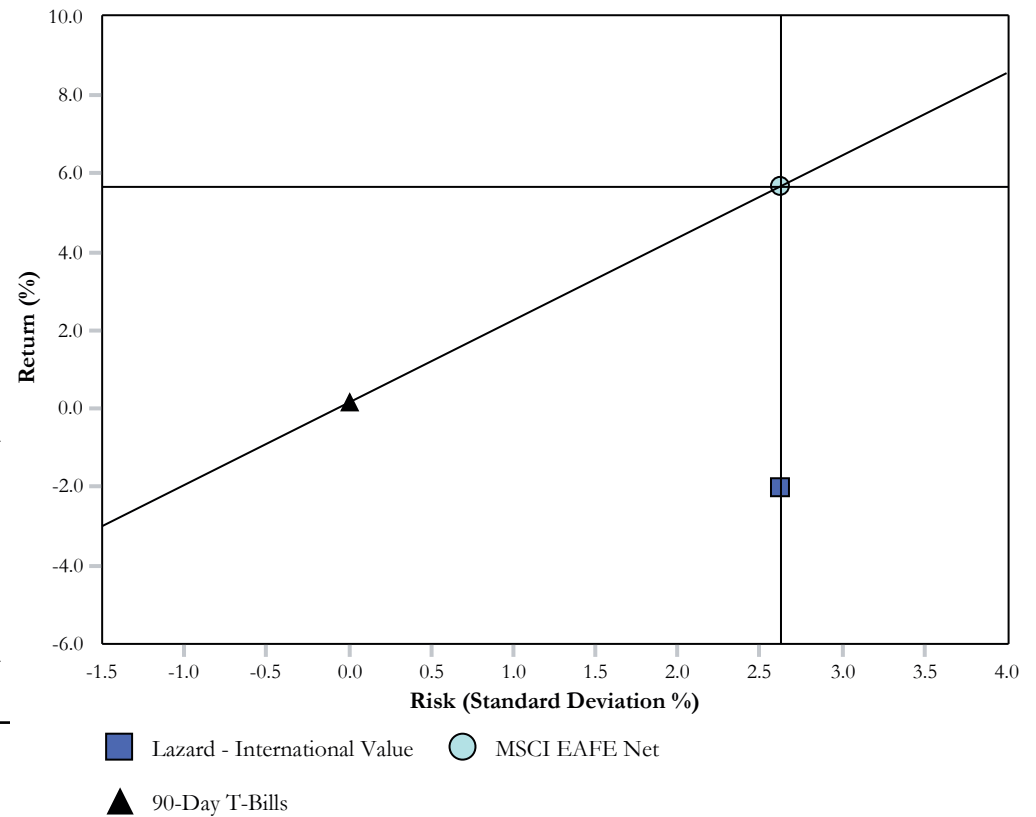
## Lazard International Value - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Risk & Return



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Lazard - International Value	-4.63	-4.63	-2.05	07/01/2016
MSCI EAFE Net	-0.71	-0.71	5.67	
Differences	-3.92	-3.92	-7.72	

### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Lazard - International Value				07/01/2016
Beginning Market Value	2,449	2,449	2,499	
Net Contributions	-20	-20	-134	
Fees/Expenses	-4	-4	-7	
Income	14	14	20	
Gain/Loss	-128	-128	-66	
Ending Market Value	2,312	2,312	2,312	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Lazard - International Value	-2.05	2.63	0.84	-6.65	49.86	166.73	-1.11	-0.13	0.70	07/01/2016
MSCI EAFE Net	5.67	2.63	1.00	-4.00	100.00	100.00	0.00	0.35	1.00	07/01/2016

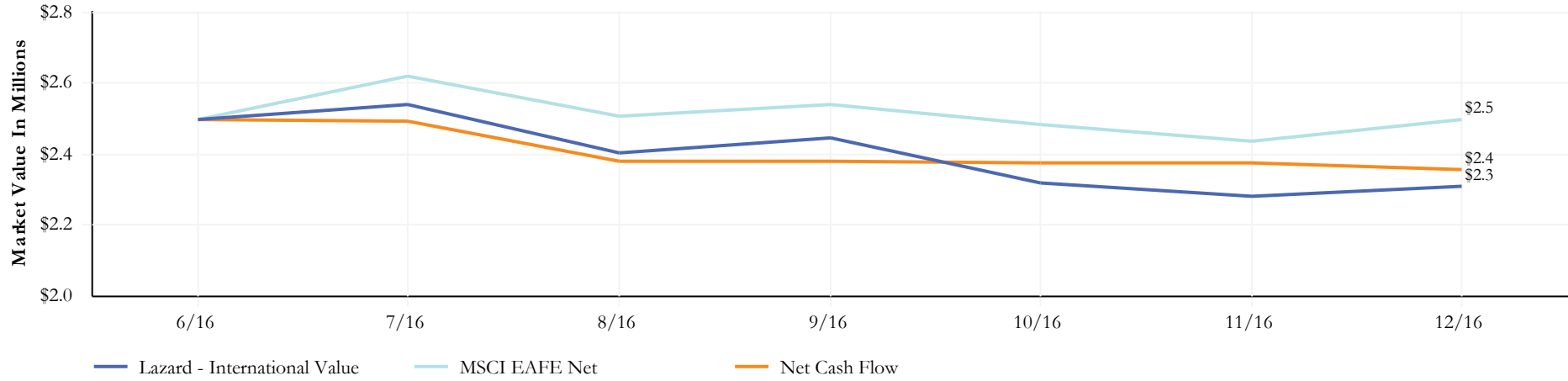
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# Town of Longboat Key Combined Retirement Plan

## Lazard International Value - Change in Assets & Distribution of Returns

as of December 31, 2016

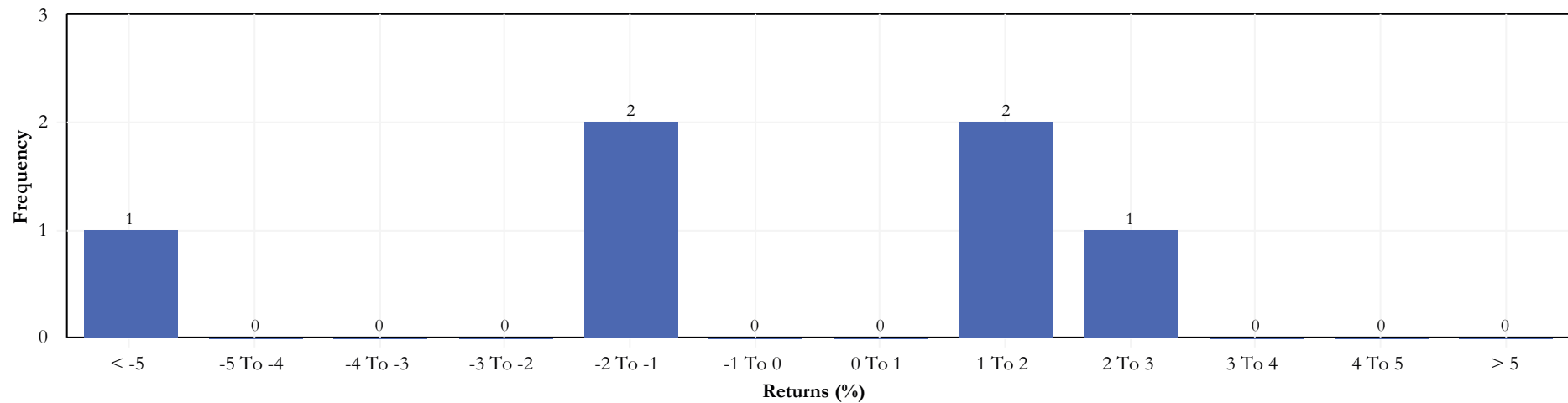
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Lazard - International Value	2,449,309.54	-	-	-20,000.00	-3,514.83	-	-113,481.57	2,312,313.14

### Distribution of Returns

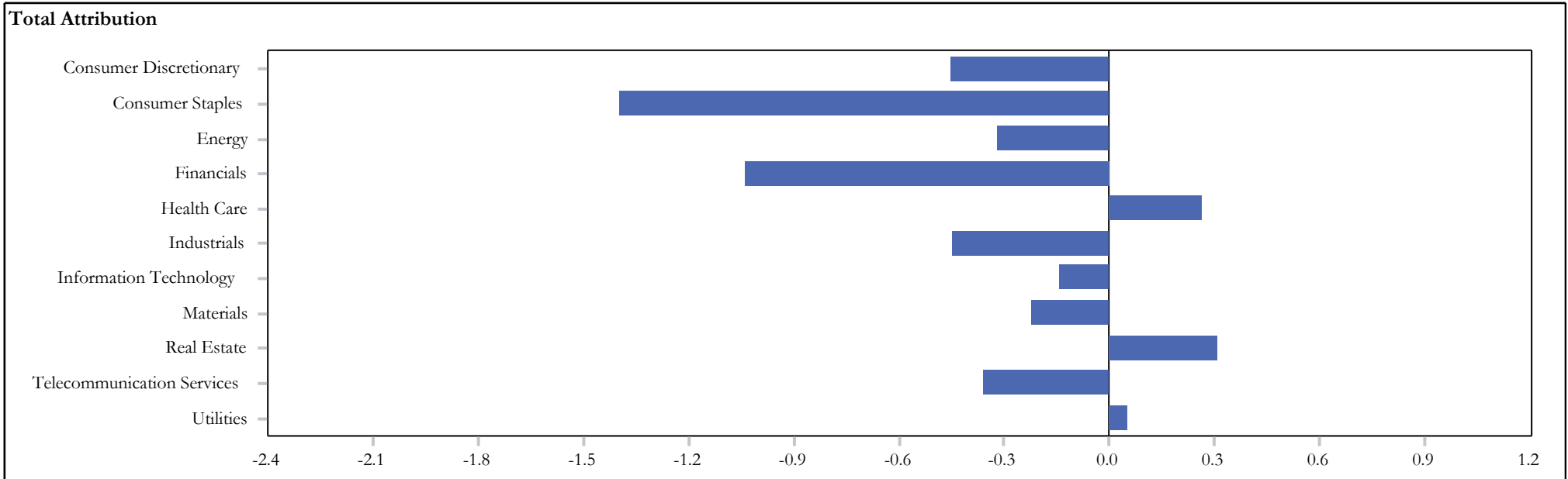
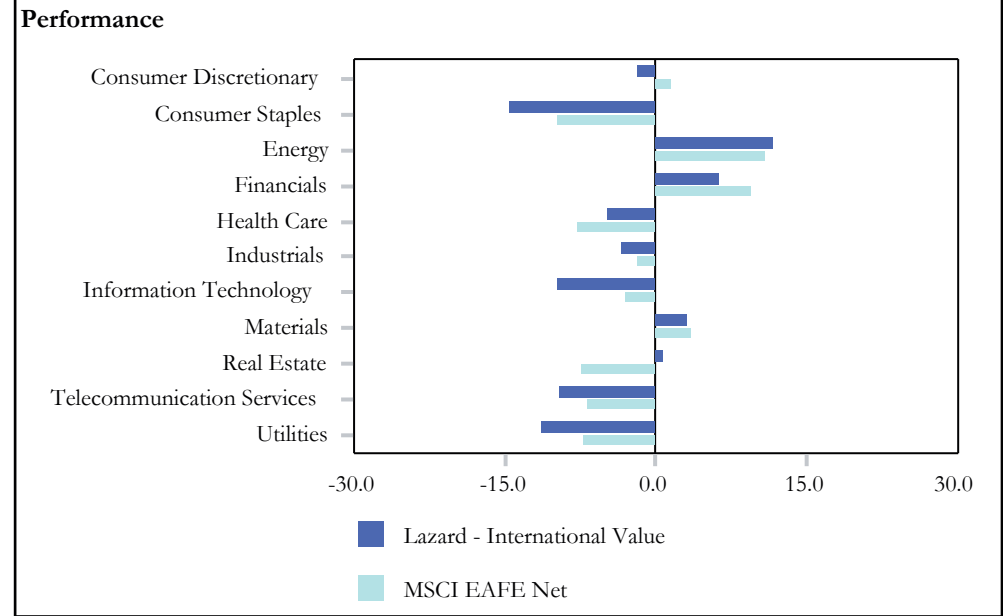
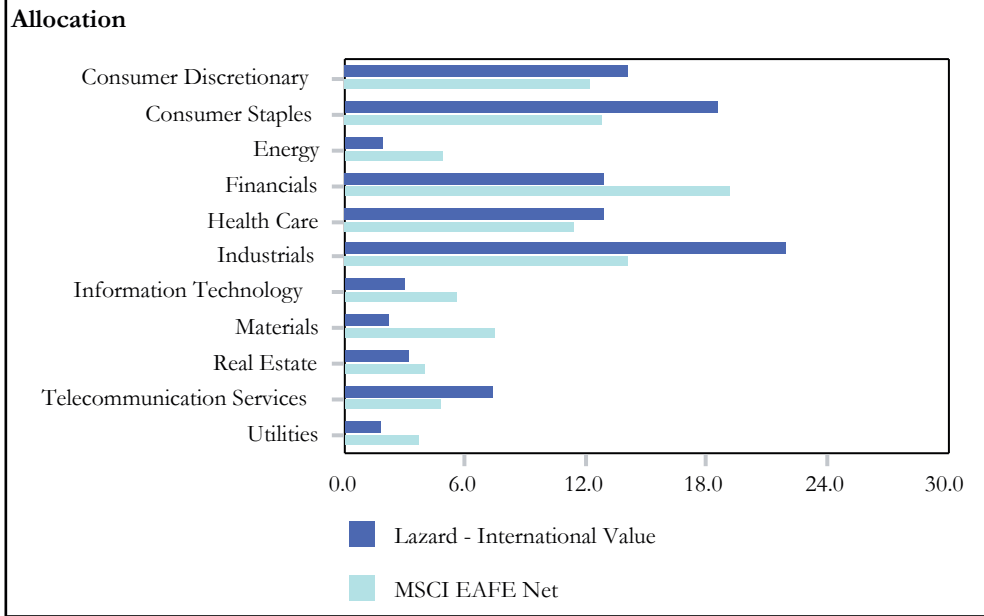


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# Town of Longboat Key Combined Retirement Plan

## Lazard - International Value - Quarterly Performance Attributes

### as of December 31, 2016



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**Town of Longboat Key Combined Retirement Plan**  
**Lazard - International Value - Quarterly Performance Attributes**  
as of December 31, 2016

	Allocation - 10/01/2016		Performance - Quarter Ending December 31, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	14.14	12.22	-1.88	1.63	0.04	-0.43	-0.07	-0.45
Consumer Staples	18.59	12.82	-14.41	-9.74	-0.53	-0.60	-0.27	-1.40
Energy	1.92	4.83	11.67	10.84	-0.33	0.04	-0.02	-0.32
Financials	12.91	19.16	6.37	9.52	-0.63	-0.60	0.20	-1.04
Health Care	12.93	11.39	-4.78	-7.68	-0.11	0.33	0.04	0.27
Industrials	21.97	14.08	-3.41	-1.78	-0.09	-0.23	-0.13	-0.45
Information Technology	2.99	5.54	-9.78	-3.02	0.06	-0.37	0.17	-0.14
Materials	2.20	7.50	3.26	3.51	-0.22	-0.02	0.01	-0.22
Real Estate	3.21	3.99	0.70	-7.28	0.05	0.32	-0.06	0.31
Telecommunication Services	7.36	4.80	-9.54	-6.77	-0.16	-0.13	-0.07	-0.36
Utilities	1.79	3.68	-11.24	-7.20	0.12	-0.15	0.08	0.05
Total	100.00	100.00	-4.37	-0.61	-1.79	-1.85	-0.12	-3.76

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# Town of Longboat Key Combined Retirement Plan

## Lazard - International Value - Portfolio Characteristics

as of December 31, 2016

Portfolio Characteristics		
	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$000)	52,004,541.66	53,714,413.14
Median Mkt. Cap (\$000)	32,167,413.02	8,882,222.27
Price/Earnings ratio	20.10	18.05
Price/Book ratio	2.59	2.15
5 Yr. EPS Growth Rate (%)	5.41	4.01
Current Yield (%)	2.78	3.21
Beta	N/A	1.00
Number of Stocks	54	930
Debt to Equity	0.98	2.24

Top Ten Equity Holdings				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Novartis AG	4.00	1.33	2.67	-7.75
Anheuser-Busch InBev SA/NV	3.61	0.66	2.95	-18.39
British American Tobacco	3.44	0.87	2.57	-11.74
Prudential PLC	3.40	0.42	2.98	11.43
Daiwa House Industry Co Ltd	3.18	0.13	3.05	0.70
Sumitomo Mitsui Fin Gp	2.97	0.42	2.55	13.19
Sampo PLC	2.78	0.16	2.62	0.94
Valeo SA	2.74	0.11	2.63	-1.30
olseley PLC	2.64	0.13	2.51	10.10
SAP AG	2.63	0.70	1.93	-5.45
% of Portfolio	31.39	4.93		

Ten Best Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Signet Jewelers Ltd	1.40	0.00	1.40	26.87
Actelion Ltd., Allschwil	1.49	0.17	1.32	25.04
Suncor Energy Inc.	1.74	0.00	1.74	18.52
Ashtead Group PLC	1.19	0.08	1.11	18.25
Sumitomo Mitsui Fin Gp	2.97	0.42	2.55	13.19
Prudential PLC	3.40	0.42	2.98	11.43
Ryanair Holdings PLC	1.73	0.02	1.71	10.97
olseley PLC	2.64	0.13	2.51	10.10
Statoil ASA	1.40	0.17	1.23	10.05
Cie Financiere Richemont AG, Zug	1.07	0.28	0.79	8.68
% of Portfolio	19.03	1.69		

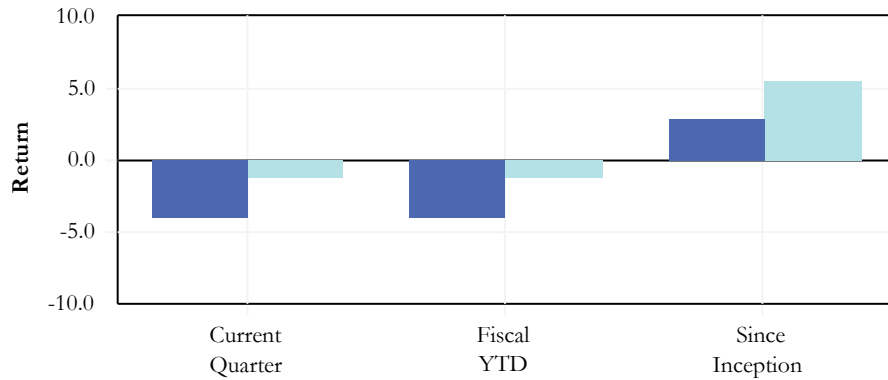
Ten Worst Performers				
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
GEA Group AG	0.95	0.06	0.89	-27.38
Teva Pharmaceutical	1.69	0.27	1.42	-20.48
Japan Tobacco Inc	1.43	0.30	1.13	-18.97
Seven & I Holdings Co Ltd	1.81	0.24	1.57	-18.72
Anheuser-Busch InBev SA/NV	3.61	0.66	2.95	-18.39
Kddi Corp	1.53	0.38	1.15	-17.51
Sony Corp	1.55	0.29	1.26	-15.60
Wolters Kluwer NV	2.09	0.09	2.00	-15.20
Cap Gemini SA, Paris	1.41	0.11	1.30	-13.71
Unilever PLC	2.30	0.43	1.87	-13.41
% of Portfolio	18.37	2.83		

# Town of Longboat Key Combined Retirement Plan

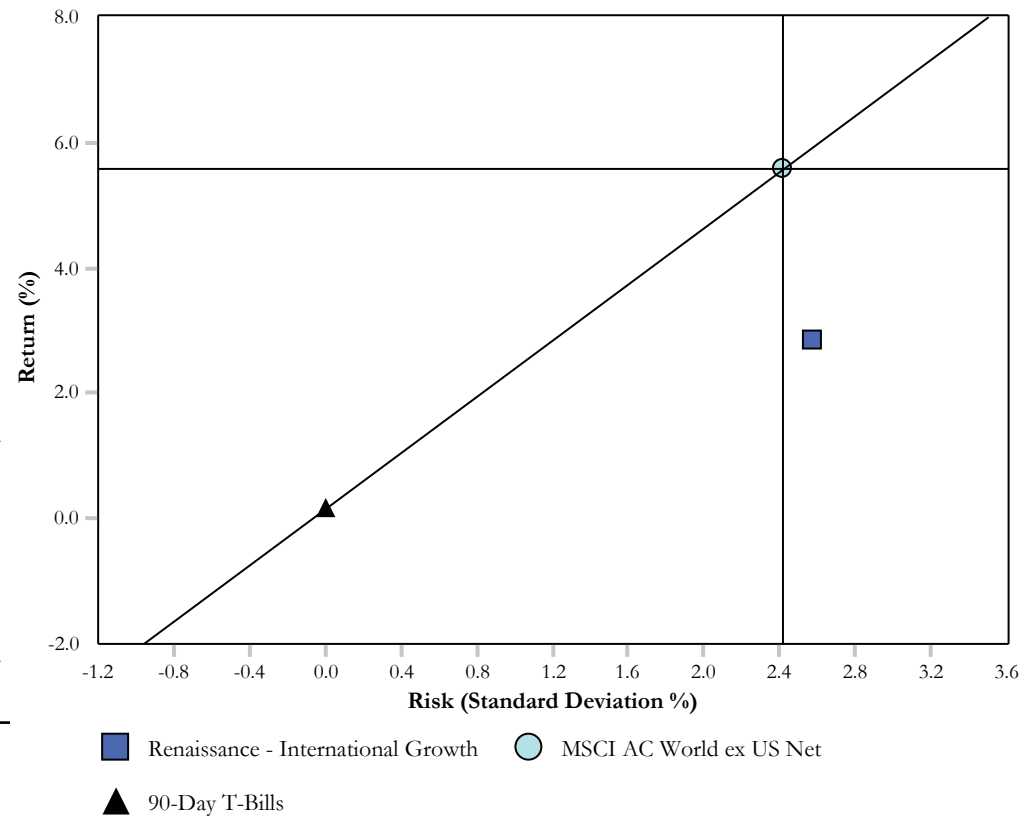
## Renaissance International Growth - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Risk & Return



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Renaissance - International Growth	-4.09	-4.09	2.85	07/01/2016
MSCI AC World ex US Net	-1.25	-1.25	5.57	
Differences	-2.84	-2.84	-2.72	

### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Renaissance - International Growth				07/01/2016
Beginning Market Value	2,472	2,472	2,485	
Net Contributions	-10	-10	-199	
Fees/Expenses	-4	-4	-7	
Income	8	8	15	
Gain/Loss	-109	-109	64	
Ending Market Value	2,357	2,357	2,357	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Renaissance - International Growth	2.85	2.58	1.01	-4.62	82.06	124.55	-0.44	0.18	0.90	07/01/2016
MSCI AC World ex US Net	5.57	2.42	1.00	-3.72	100.00	100.00	0.00	0.38	1.00	07/01/2016

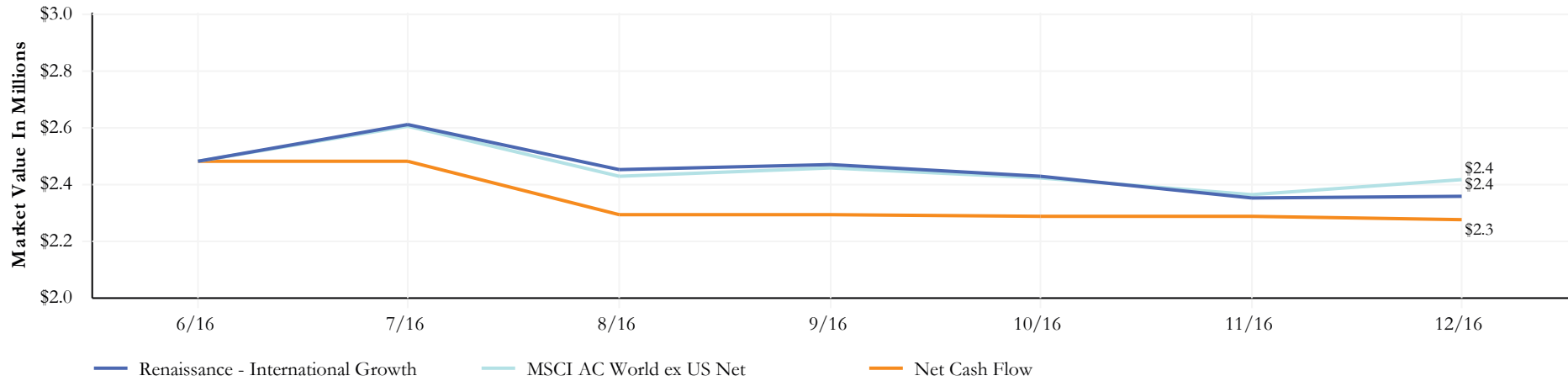
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# Town of Longboat Key Combined Retirement Plan

## Renaissance International Growth - Change in Assets & Distribution of Returns

as of December 31, 2016

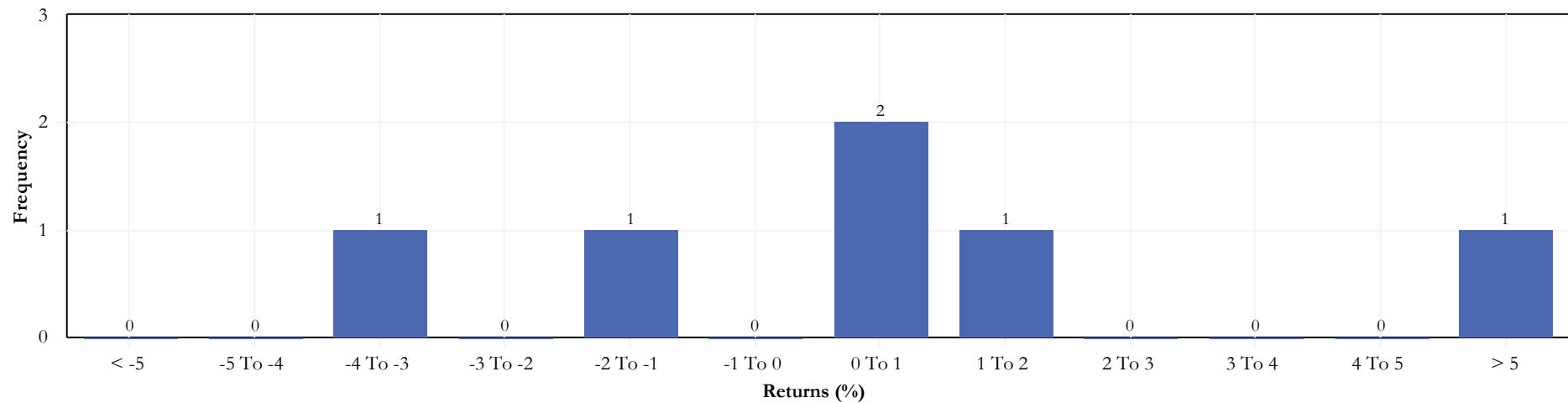
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Renaissance - International Growth	2,471,695.73	-	55.04	-10,000.00	-3,549.22	-	-101,096.76	2,357,104.79

### Distribution of Returns

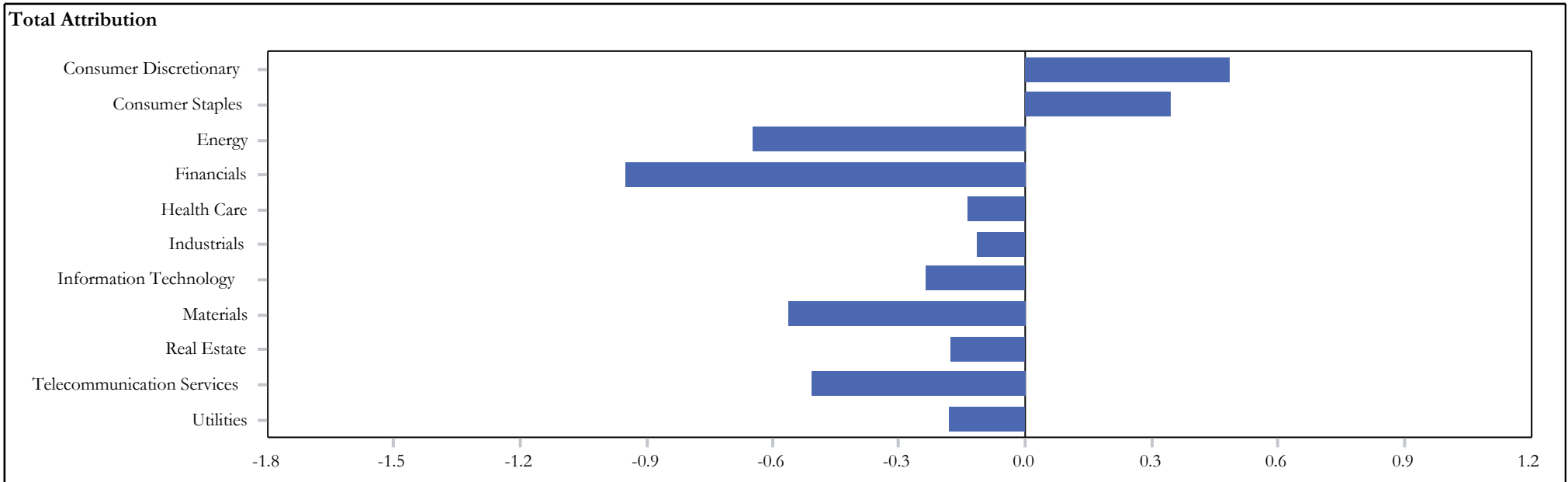
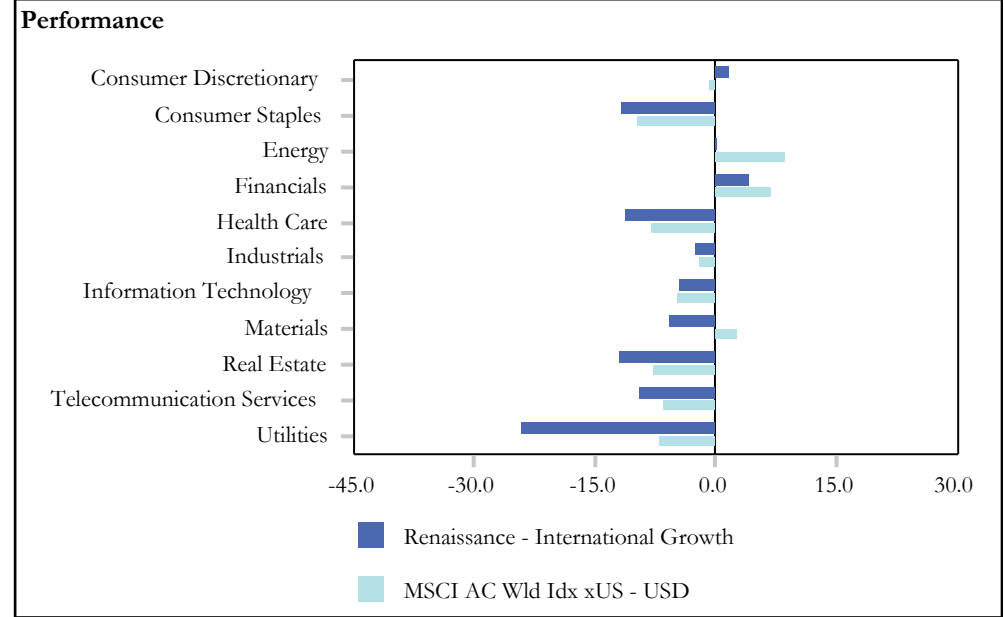
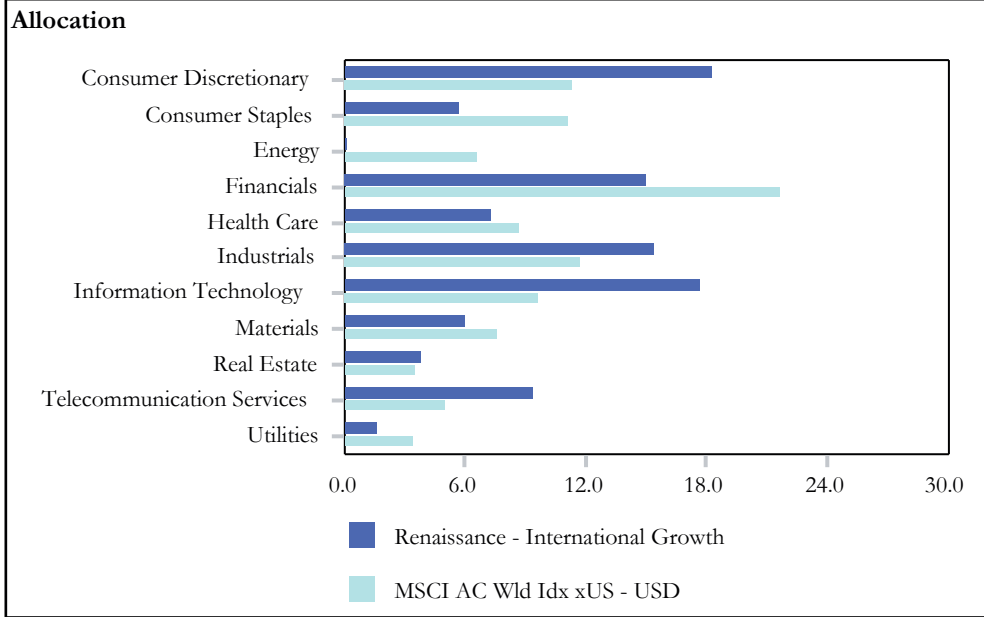


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# Town of Longboat Key Combined Retirement Plan

## Renaissance - International Growth - Quarterly Performance Attributes

as of December 31, 2016



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**Town of Longboat Key Combined Retirement Plan**  
**Renaissance - International Growth - Quarterly Performance Attributes**  
as of December 31, 2016

	Allocation - 10/01/2016		Performance - Quarter Ending December 31, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	18.28	11.36	1.73	-0.79	0.02	0.29	0.17	0.48
Consumer Staples	5.66	11.13	-11.77	-9.66	0.47	-0.23	0.12	0.35
Energy	0.00	6.60	0.00	8.66	-0.65	0.00	0.00	-0.65
Financials	15.03	21.64	4.06	6.85	-0.53	-0.60	0.18	-0.95
Health Care	7.24	8.62	-11.18	-7.99	0.09	-0.27	0.04	-0.14
Industrials	15.35	11.75	-2.63	-2.12	-0.04	-0.06	-0.02	-0.11
Information Technology	17.70	9.61	-4.49	-4.85	-0.30	0.03	0.03	-0.24
Materials	6.01	7.52	-5.87	2.60	-0.06	-0.64	0.13	-0.56
Real Estate	3.76	3.47	-11.90	-7.72	-0.02	-0.15	-0.01	-0.18
Telecommunication Services	9.33	4.94	-9.44	-6.56	-0.24	-0.14	-0.13	-0.51
Utilities	1.63	3.36	-24.20	-6.96	0.10	-0.58	0.30	-0.18
Total	100.00	100.00	-3.83	-1.15	-1.14	-2.36	0.82	-2.68

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**Town of Longboat Key Combined Retirement Plan**  
**Renaissance - International Growth - Portfolio Characteristics**  
as of December 31, 2016

<b>Portfolio Characteristics</b>		
	<b>Portfolio</b>	<b>Benchmark</b>
Wtd. Avg. Mkt. Cap (\$000)	29,102,981.15	51,612,511.78
Median Mkt. Cap (\$000)	19,725,621.43	6,856,043.61
Price/Earnings ratio	12.57	16.73
Price/Book ratio	2.53	2.17
5 Yr. EPS Growth Rate (%)	14.62	5.28
Current Yield (%)	2.28	3.03
Beta	N/A	1.00
Number of Stocks	54	1,856
Debt to Equity	0.67	1.86

<b>Top Ten Equity Holdings</b>				
	<b>Portfolio Weight (%)</b>	<b>Benchmark Weight (%)</b>	<b>Active Weight (%)</b>	<b>Quarterly Return (%)</b>
Manulife Financial Corp	2.74	0.20	2.54	27.31
Ryanair Holdings PLC	2.40	0.01	2.39	10.97
NXP Semiconductors NV	2.32	0.17	2.15	-3.92
Netease Inc	2.31	0.10	2.21	-10.27
Carnival PLC	2.26	0.06	2.20	5.01
Bridgestone Corp	2.24	0.14	2.10	-1.28
Arkema	2.23	0.04	2.19	5.86
Orix Corp	2.21	0.12	2.09	4.95
Allianz SE	2.20	0.44	1.76	11.55
AerCap Holdings NV	2.18	0.04	2.14	8.11
% of Portfolio	23.09	1.32		

<b>Ten Best Performers</b>				
	<b>Portfolio Weight (%)</b>	<b>Benchmark Weight (%)</b>	<b>Active Weight (%)</b>	<b>Quarterly Return (%)</b>
Manulife Financial Corp	2.74	0.20	2.54	27.31
Oil Co LUKOIL PJSC	1.97	0.14	1.83	18.56
China Lodging Group Ltd	2.17	0.00	2.17	14.97
Allianz SE	2.20	0.44	1.76	11.55
Validus Holdings Ltd	1.93	0.00	1.93	11.14
Ryanair Holdings PLC	2.40	0.01	2.39	10.97
Mitsubishi Electric Corp	1.93	0.16	1.77	10.31
Check Point Software	2.11	0.06	2.05	8.83
Renault SA	2.12	0.10	2.02	8.44
Pandora AS	1.98	0.08	1.90	8.42
% of Portfolio	21.55	1.19		

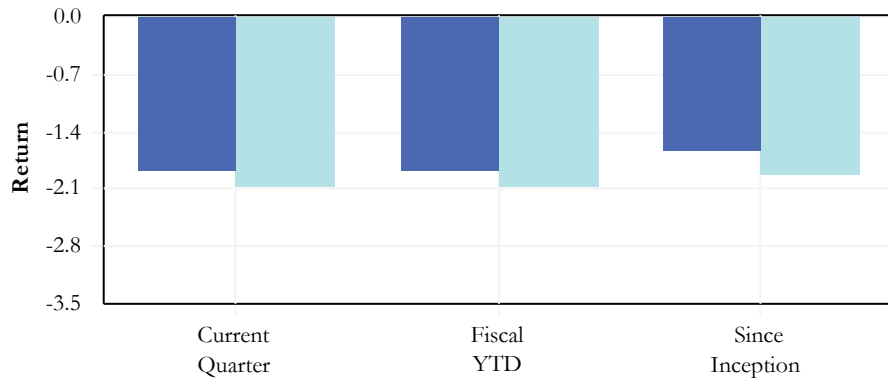
<b>Ten Worst Performers</b>				
	<b>Portfolio Weight (%)</b>	<b>Benchmark Weight (%)</b>	<b>Active Weight (%)</b>	<b>Quarterly Return (%)</b>
Korea Electric Power Corp	1.31	0.05	1.26	-24.20
Vestas Wind Systems A/S	1.81	0.08	1.73	-20.91
Kddi Corp	1.65	0.27	1.38	-17.51
Smc Corp	1.74	0.08	1.66	-16.14
Toray Industries Inc	1.84	0.07	1.77	-16.08
China Mobile Ltd	1.87	0.37	1.50	-14.78
Advanced Semiconductor Eng	1.92	0.04	1.88	-14.72
Heineken NV	1.66	0.10	1.56	-14.59
Tata Motors Ltd	1.83	0.06	1.77	-13.98
Cap Gemini SA, Paris	1.76	0.08	1.68	-13.71
% of Portfolio	17.39	1.20		

# Town of Longboat Key Combined Retirement Plan

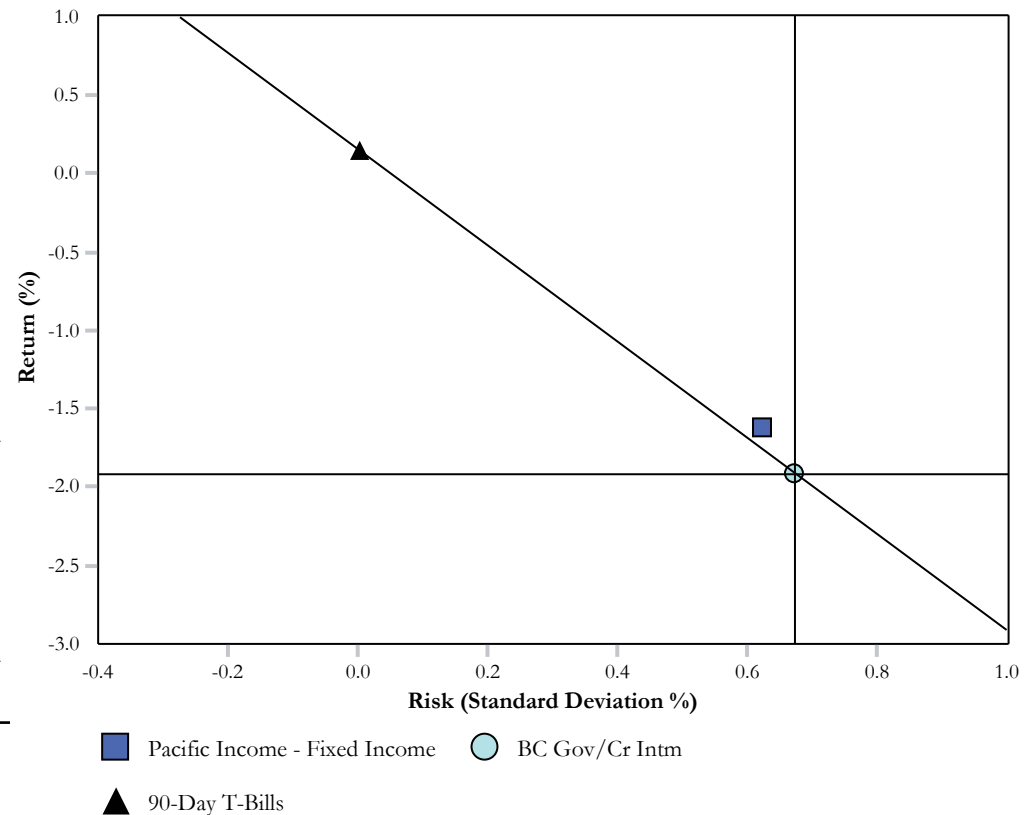
## Pacific Income Advisors - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Risk & Return



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Pacific Income - Fixed Income	-1.87	-1.87	-1.63	07/01/2016
BC Gov/Cr Intm	-2.07	-2.07	-1.91	
Differences	0.20	0.20	0.28	

### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Pacific Income - Fixed Income				07/01/2016
Beginning Market Value	10,357	10,357	10,409	
Net Contributions	-297	-297	-361	
Fees/Expenses	-14	-14	-27	
Income	49	49	102	
Gain/Loss	-244	-244	-270	
Ending Market Value	9,852	9,852	9,852	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Pacific Income - Fixed Income	-1.63	0.63	0.92	-2.13	111.91	90.46	0.02	-0.47	0.99	07/01/2016
BC Gov/Cr Intm	-1.91	0.67	1.00	-2.26	100.00	100.00	0.00	-0.51	1.00	07/01/2016

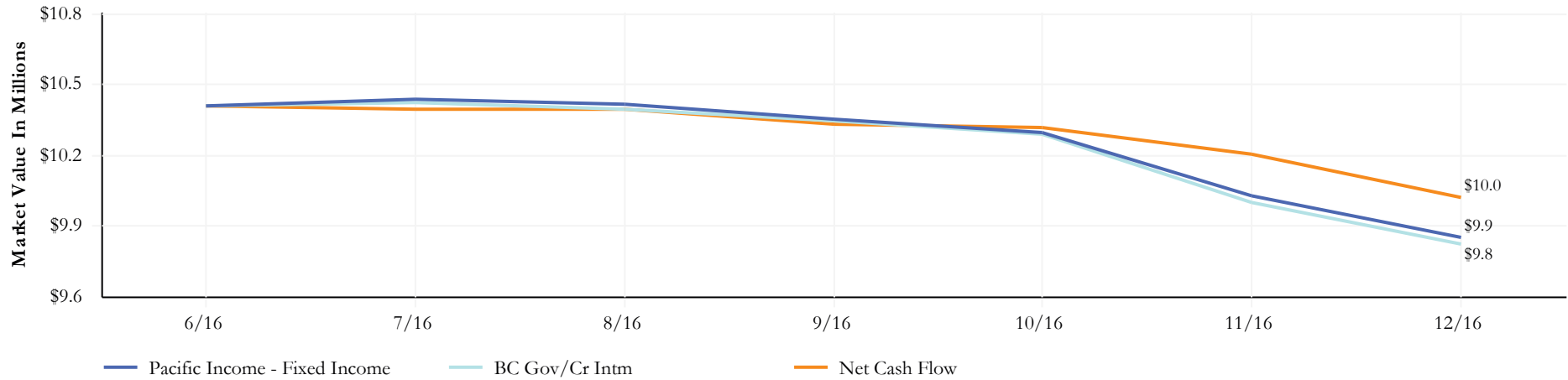
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# Town of Longboat Key Combined Retirement Plan

## Pacific Income Advisors - Change in Assets & Distribution of Returns

as of December 31, 2016

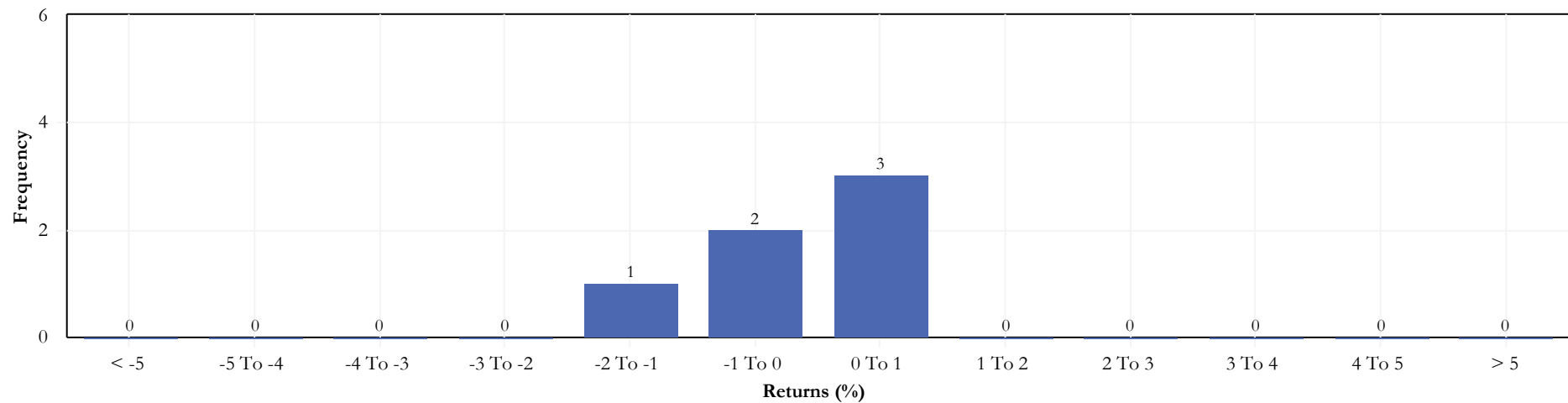
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Pacific Income - Fixed Income	10,357,003.65	-	118,182.50	-415,182.50	-13,508.63	-	-194,485.42	9,852,009.60

### Distribution of Returns



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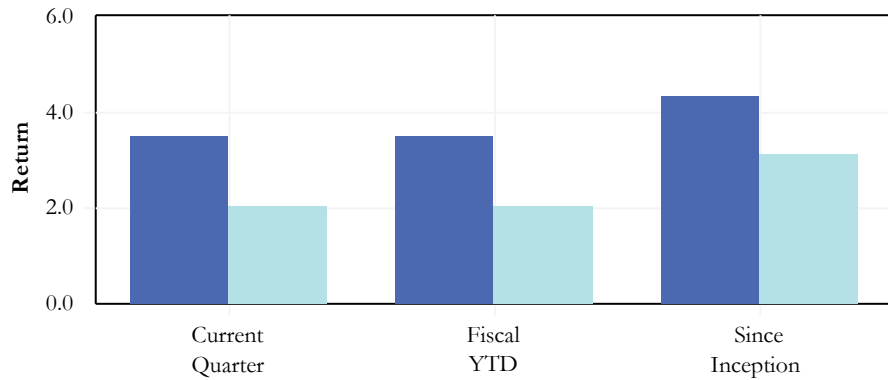


# Town of Longboat Key Combined Retirement Plan

## Center Coast MLP - Executive Summary

as of December 31, 2016

### Manager Performance Chart



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Center Coast - MLPs	3.49	3.49	4.31	07/01/2016
Alerian MLP Index	2.04	2.04	3.13	
Differences	1.45	1.45	1.18	

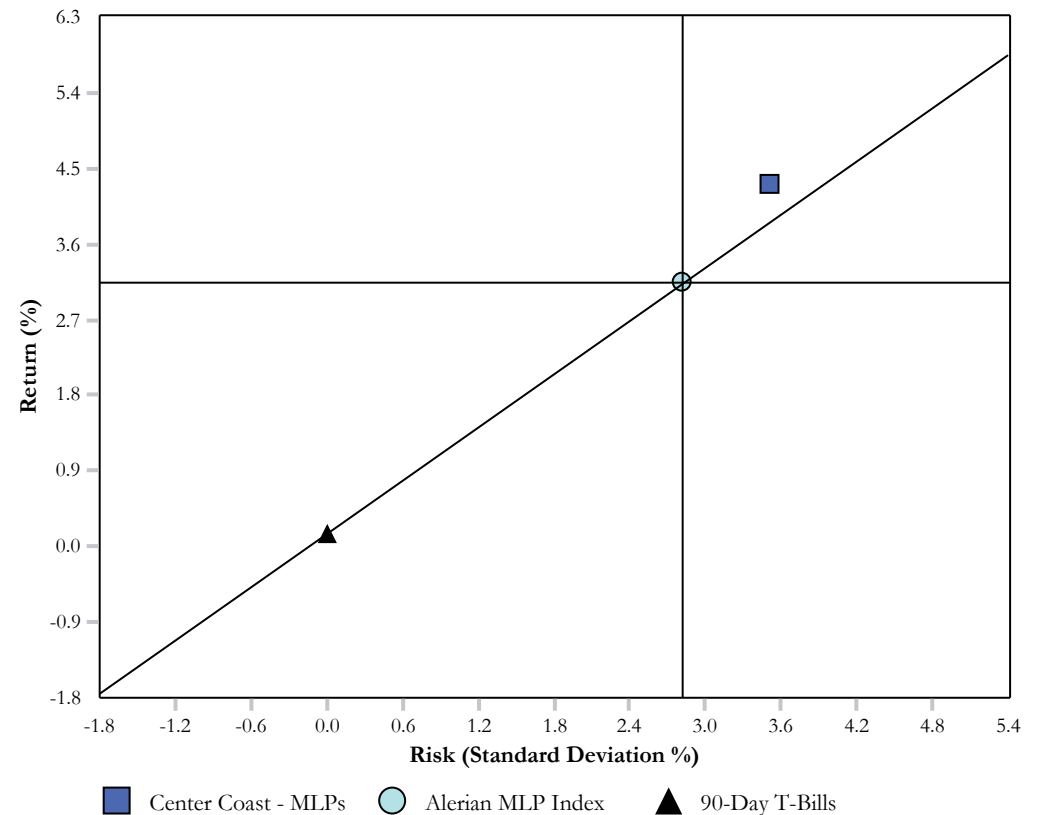
### Historic Asset Growth

	Current Quarter	Fiscal YTD	Since Inception	Inception Date
Center Coast - MLPs				07/01/2016
Beginning Market Value	1,676	1,676	1,686	
Net Contributions	-40	-40	-60	
Fees/Expenses	-3	-3	-6	
Income	25	25	50	
Gain/Loss	33	33	21	
Ending Market Value	1,691	1,691	1,691	

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Center Coast - MLPs	4.31	3.52	1.19	-4.77	118.64	107.32	0.10	0.21	0.92	07/01/2016
Alerian MLP Index	3.13	2.83	1.00	-4.45	100.00	100.00	0.00	0.19	1.00	07/01/2016

### Manager Risk & Return



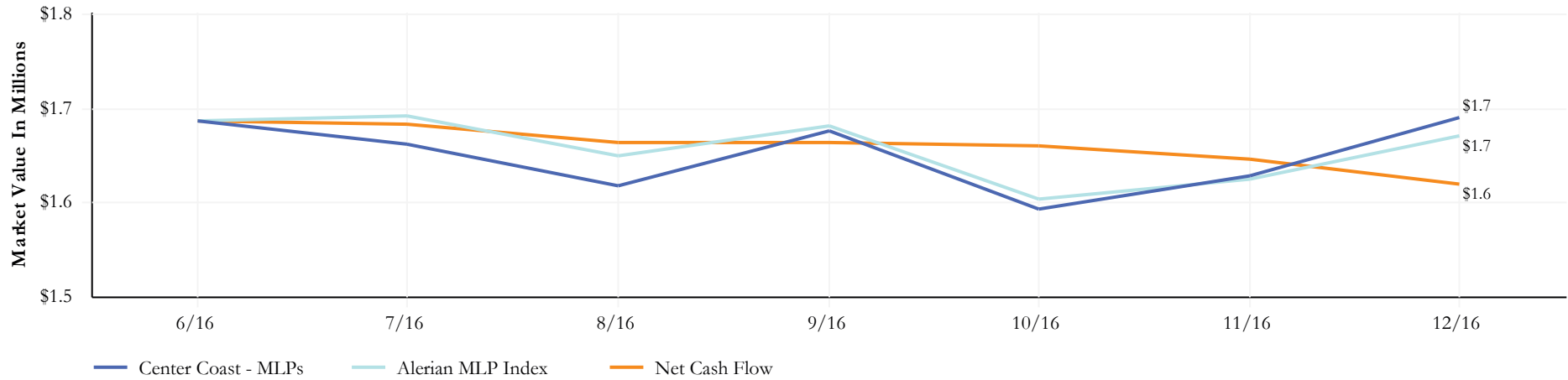
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# Town of Longboat Key Combined Retirement Plan

## Center Coast MLP - Change in Assets & Distribution of Returns

as of December 31, 2016

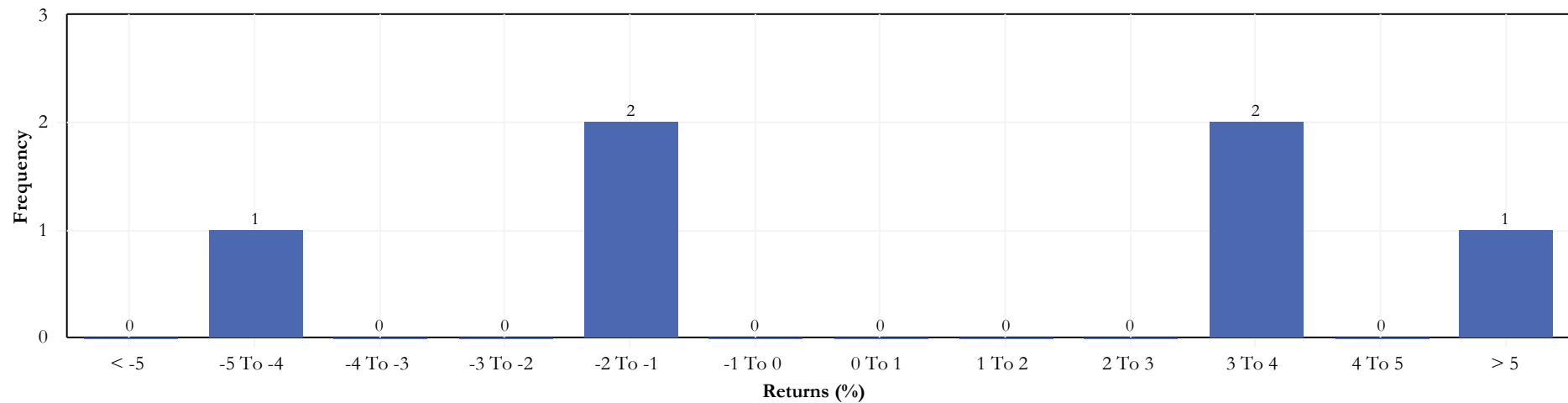
### Historic Change in Assets



### Quarterly Change in Assets

	Market Value As of 10/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2016
Center Coast - MLPs	1,676,498.72	-	-	-40,000.00	-2,817.60	-	57,634.87	1,691,315.99

### Distribution of Returns



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## Glossary of Terms

**Active Contribution Return:** The gain or loss percentage of an investment relative to the performance of the investment benchmark.

**Active Exposure:** The percentage difference in weight of the portfolio compared to its policy benchmark.

**Active Return:** Arithmetic difference between the manager's return and the benchmark's return over a specified time period.

**Actual Correlation:** A measure of the correlation (linear dependence) between two variables X and Y, with a value between +1 and -1 inclusive. This is also referred to as coefficient of correlation.

**Alpha:** A measure of a portfolio's time weighted return in excess of the market's return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

**Best Quarter:** The highest quarterly return for a certain time period.

**Beta:** A measure of the sensitivity of a portfolio's time weighted return (net of fees) against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

**Consistency:** The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

**Core:** Refers to an investment strategy mandate that is blend of growth and value styles without a pronounced tilt toward either style.

**Cumulative Selection Return (*Cumulative Return*):** Cumulative investment performance over a specified period of time.

**Distribution Rate:** The most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and/or return of capital.

**Down Market Capture:** The ratio of average portfolio returns over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

**Downside Risk:** A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the value, the more risk the product has.

**Downside Semi Deviation:** A statistical calculation that measures the volatility of returns below a minimum acceptable return. This return measure isolates the negative portion of volatility: the larger the number, the greater the volatility.

**Drawdown:** A drawdown is the peak-to-trough decline during a specific period of an investment, fund or commodity.

**Excess over Benchmark:** The percentage gain or loss of an investment relative to the investment's benchmark.

**Excess Return:** Arithmetic difference between the manager's return and the risk-free return over a specified time period.

**Growth:** A diversified investment strategy which includes investment selections that have capital appreciation as the primary goal, with little or no dividend payouts. These strategies can include reinvestment in expansion, acquisitions, and/or research and development opportunities.

**Growth of Dollar:** The aggregate amount an investment has gained or lost over a certain time period, also referred to as Cumulative Return, stated in terms of the amount to which an initial dollar investment would have grown over the given time period.

**Investment Decision Process (IDP):** A model for structuring the investment process and implementing the correct attribution methodologies. The IDP includes every decision made concerning the division of the assets under management over the various asset categories. To analyze each decision's contribution to the total return, a modeling approach must measure the marginal value of every individual decision. In this respect, the hierarchy of the decisions becomes very important. We therefore use the IDP model, which serves as a proper foundation for registering the decisions and relating them to each other.

**Information Ratio:** Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

**Jensen's Alpha:** The Jensen's alpha measure is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. This metric is also commonly referred to as alpha..

**Kurtosis:** A statistical measure that is used to describe the distribution, or skewness, of observed data around the mean, sometimes referred to as the volatility of volatility.

**Maximum Drawdown:** The drawdown is defined as the percent retrenchment from a fund's peak to the fund's trough value. It is in effect from the time the fund's retrenchment begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.

**Modern Portfolio Theory (MPT):** An investment analysis theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

**Mutual Fund (MF):** An investment program funded by shareholders that trade in diversified holdings and is professionally managed.

**Peer Group:** A combination of funds that share the same investment style combined as a group for comparison purposes.

**Peer/ Plan Sponsor Universe:** A combination of asset pools of total plan investments by specific sponsor and plan types for comparison purposes.

**Performance Ineligible Assets:** Performance returns are not calculated for certain assets because accurate valuations and transaction data for these assets are not processed or maintained by us. Common examples of these include life insurance, some annuities and some assets held externally.

**Performance Statistics:** A generic term for various measures of investment performance measurement terms.

**Portfolio Characteristics:** A generic term for various measures of investment portfolio characteristics.

**Preferred Return:** A term used in the private equity (PE) world, and also referred to as a “Hurdle Rate.” It refers to the threshold return that the limited partners of a private equity fund must receive, prior to the PE firm receiving its carried interest or "carry."

**Ratio of Cumulative Wealth:** A defined ratio of the Cumulative Return of the portfolio divided by the Cumulative Return of the benchmark for a certain time period.

**Regression Based Analysis:** A statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables

**Residual Correlation:** Within returns-based style analysis, residual correlation refers to the portion of a strategy’s return pattern that cannot be explained by its correlation to the asset-class benchmarks to which it is being compared.

**Return:** A rate of investment performance for the specified period.

**Rolling Percentile Ranking:** A measure of an investment portfolio’s ranking versus a peer group for a specific rolling time period (i.e. Last 3 Years, Last 5 years, etc.).

**R-Squared:** The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

**SA/CF (Separate Account/Comingled Fund):** Represents an acronym for Separate Account and Commingled Fund investment vehicles.

**Sector Benchmark:** A market index that serves as a proxy for a sector within an asset class.

**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 the absolute rate of return per unit of risk. The higher the value, the better the product’s historical risk-adjusted performance results in.

**Standard Deviation:** A statistical measure of the range of a portfolio's performance; the variability of a return around its average return over a specified time period.

**Total Fund Benchmark:** The policy benchmark for a complete asset pool that could consist of multiple investment mandates.

**Total Fund Composite:** The aggregate of multiple portfolios within an asset pool or household.

**Tracking Error:** A measure of standard deviation for a portfolio's investment performance, relative to the performance of an appropriate market benchmark.

**Treynor Ratio:** A ratio that divides the excess return (above the risk free rate) by the portfolio’s beta to arrive at a unified measure of risk adjusted return. It is generally used to rank portfolios, funds and benchmarks. A higher ratio is indicative of higher returns per unit of market risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing market risk.

**Up Market Capture:** The ratio of average portfolio returns over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.

**Upside Semi Deviation:** A statistical calculation that measures the volatility of returns above an acceptable return. This return measure isolates the positive portion of volatility: the larger the number, the greater the volatility.

**Value:** A diversified investment strategy that includes investment selections which tend to trade at a lower price relative to its dividends, earnings, and sales. Common attributes are stocks that include high dividend, low price-to-book ratio, and/or low price-to-earnings ratio.

**Worst Quarter:** The lowest rolling quarterly return for a certain time period.

*The performance data shown reflects past performance, which does not guarantee future results. Investment return and principal will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Please note, current performance may be higher or lower than the performance data shown. For up to date month-end performance information, please contact your Financial Advisor or visit the funds' company website.*

*Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus and, if available the summary prospectus, contains this and other information that should be read carefully before investing. Investors should review the information in the prospectus carefully. To obtain a prospectus, please contact your Financial Advisor or visit the funds' company website.*

Past performance is no guarantee of future results.

Investing involves market risk, including possible loss of principal. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **Small and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than those of larger, more established companies. **Bond funds** and bond holdings have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the funds. The return of principal in bond funds, and in funds with significant bond holdings, is not guaranteed. **International securities'** prices may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets. **Alternative investments**, including private equity funds, real estate funds, hedge funds, managed futures funds, and funds of hedge funds, private equity, and managed futures funds, are speculative and entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and risks associated with the operations, personnel and processes of the advisor. **Master Limited Partnerships** (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk; and MLP interests in the real estate sector are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. Because of their narrow focus, MLPs maintain exposure to price volatility of commodities and/or underlying assets and tend to be more volatile than investments that diversify across many sectors and companies. MLPs are also subject to additional risks including: investors having limited control and rights to vote on matters affecting the MLP, limited access to capital, cash flow risk, lack of liquidity, dilution risk, conflict of interests, and limited call rights related to acquisitions.

**Mortgage backed securities** also involve prepayment risk, in that faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield-to-maturity of a mortgage-backed security and prepayment risk includes the possibility that a fund may invest the proceeds at generally lower interest rates.

**Tax managed funds** may not meet their objective of being tax-efficient.

**Real estate** investments are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. **High yield** fixed income securities, also known as “junk bonds”, are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Credit quality is a measure of a bond issuer’s creditworthiness, or ability to repay interest and principal to bondholders in a timely manner. The credit ratings shown are based on security rating as provided by Standard & Poor’s, Moody’s and/or Fitch, as applicable. Credit ratings are issued by the rating agencies for the underlying securities in the fund and not the fund itself, and the credit quality of the securities in the fund does not represent the stability or safety of the fund. Credit ratings shown range from AAA, being the highest, to D, being the lowest based on S&P and Fitch’s classification (the equivalent of Aaa and C, respectively, by Moody(s)). Ratings of BBB or higher by S&P and Fitch (Baa or higher by Moody’s) are considered to be investment grade-quality securities. If two or more of the agencies have assigned different ratings to a security, the highest rating is applied. Securities that are not rated by all three agencies are listed as “NR”.

“**Alpha tilt strategies** comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance.”

**Custom Account Index:** The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

## **Peer Groups**

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a client’s investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the actual investment can be ranked versus its peer across various quantitative metrics.

All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups

<https://www.invmetrics.com/style-peer-groups>

## **Peer Group Ranking Methodology**

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.



The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

### **Alternatives**

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Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: • Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; • Lack of liquidity in that there may be no secondary market for a fund; • Volatility of returns; • Restrictions on transferring interests in a fund; • Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; • Absence of information regarding valuations and pricing; • Complex tax structures and delays in tax reporting; • Less regulation and higher fees than mutual funds; and • Risks associated with the operations, personnel, and processes of the manager. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund.

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Any performance or related information presented has not been adjusted to reflect the impact of the additional fees paid to a placement agent by an investor (for Morgan Stanley placement clients, a one-time upfront Placement Fee of up to 3%, and for Morgan Stanley investment advisory clients, an annual advisory fee of up to 2.5%), which would result in a substantial reduction in the returns if such fees were incorporated.

For most investment advisory clients, the program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services and reporting. In addition to the Fee, clients will pay the fees and expenses of any funds in which their account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and impact the valuations. Clients must understand that these fees and expenses are an additional cost and will not be included in the Fee amount in the account statements.

As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, for an account with an initial value of \$100,000 and a 2.5% annual fee, if the gross performance is 5% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 2.40% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately \$115,762.50 without the fees and \$107,372.63 with the fees.

Please see the applicable Morgan Stanley Smith Barney LLC Form ADV Part 2A for more information including a description of the fee schedule. It is available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) <<http://www.morganstanley.com/ADV>> or from your Financial Advisor/Private Wealth Advisor.

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