SUMMARY OF RELEVANT FACTS
City of Ormond Beach Firefighters' Pension Plan
As of September 30, 2014

Distribution of Assets:	
Equity	
Large Cap Value	$5,854,605
Large Cap Growth	$5,562,527
Small/Mid Cap Value	$1,281,538
Small/Mid Cap Growth	$1,282,214
International Value	$998,689
International Growth	$1,133,840
Total Equity	$16,113,413
Fixed Income	$7,097,167
Cash (R&D Account)	$829,012
Total Portfolio	$24,039,592

Distribution by Percentages:	Policy	Current
Equity		
Large Cap Value	22.5%	24.35%
Large Cap Growth	22.5%	23.14%
Small/Mid Cap Value	5.0%	5.33%
Small/Mid Cap Growth	5.0%	5.33%
International Value	5.0%	4.15%
International Growth	5.0%	4.72%
Total Equity	65.0%	67.03%
Fixed Income	35.0%	29.52%
Cash (R&D Account)	0.0%	3.45%
Total	100.0%	100.00%

RECEIPTS & DISBURSEMENT	
Total Assets (Cash)	$829,012
Gain or (Loss)	$347

Other Important Facts:	
Total Portfolio	$24,039,592
Total Gain or (Loss) - Gross	($176,171)
Total Gain or (Loss) - Net	($203,128)
Total Fees	($26,956)

HGK (Large Cap Value)		
Total Assets	100.00%	$5,854,605
Equity	97.74%	$5,722,153
Cash	2.26%	$132,452
Fees		($5,673)
Gain or (Loss)		($18,522)

SAWGRASS (Large Cap Growth)		
Total Assets	100.00%	$2,878,329
Equity	97.51%	$2,806,778
Cash	2.49%	$71,551
Fees		($4,052)
Gain or (Loss)		$47,050

POLEN (Large Cap Growth)		
Total Assets	100.00%	$2,684,198
Equity	96.23%	$2,582,883
Cash	3.77%	$101,315
Fees		($3,963)
Gain or (Loss)		$46,929

GW CAPITAL (Small/Mid Cap Value)		
Total Assets	100.00%	$1,281,538
Equity	95.04%	$1,218,038
Cash	4.96%	$63,500
Fees		($2,640)
Gain or (Loss)		($123,540)

PERIMETER (Small/Mid Cap Growth)		
Total Assets	100.00%	$1,282,214
Equity	97.38%	$1,248,589
Cash	2.62%	$33,625
Fees		($2,419)
Gain or (Loss)		($23,428)

DELAWARE (International Value)		
Total Assets	100.00%	$998,689
Equity	98.41%	$982,837
Cash	1.59%	$15,851
Fees		($2,008)
Gain or (Loss)		($65,619)

RENAISSANCE (International Growth)		
Total Assets	100.00%	$1,133,840
Equity	97.63%	$1,106,962
Cash	2.37%	$26,878
Fees		($1,928)
Gain or (Loss)		($53,441)

GARCIA HAMILTON (Fixed Income)		
Total Assets	100.00%	$7,097,167
Fixed Income	99.28%	$7,045,831
Cash	0.72%	$51,336
Fees		($4,273)
Gain or (Loss)		$14,054

BREAKDOWN OF RETURNS
City of Ormond Beach Firefighters' Pension Plan
As of September 30, 2014

Actuarial Rate of Return = 7.25%

EQUITY HGK	Your Returns (Gross-of-Fees)	Your Returns (Net-of-Fees)	Russ 1000 Value	PSN Money Mgrs.	S&P 500
Quarter	(0.30)	(0.39)	(0.18)	0.01	1.13
1 Year	18.70	18.25	18.89	18.36	19.74
3 Year	23.97	23.51	23.94	23.35	23.00
5 Year	14.25	13.82	15.26	15.56	15.70
Since 4/30/2009	17.56	17.14	18.74	NA	18.74
Sawgrass			**Russ 1000 Growth**	**PSN Money Mgrs.**	**S&P 500**
Quarter	1.68	1.54	1.49	1.04	1.13
1 Year	19.07	18.43	19.15	17.94	19.74
Since 4/30/2012	17.27	16.56	16.60	NA	17.85
Saw/Ren - 3 Year	23.46	22.76	22.45	22.13	23.00
Saw/Ren - 5 Year	14.54	13.93	16.50	15.64	15.70
Saw/Ren - Since 7/31/2007	6.22	5.66	8.24	NA	6.64
Polen			**Russ 1000 Growth**	**PSN Money Mgrs.**	**S&P 500**
Quarter	1.78	1.63	1.49	1.04	1.13
1 Year	19.05	18.35	19.15	17.94	19.74
Since 4/30/2012	11.68	11.08	16.60	NA	17.85
GW Capital			**Russ 2500 Value**	**PSN Money Mgrs.**	
Quarter	(8.78)	(8.96)	(6.39)	(2.68)	
1 Year	7.33	6.50	9.90	14.97	
3 Year	22.84	21.94	22.82	22.33	
5 Year	16.80	15.94	15.16	16.62	
Since 10/31/2008	19.03	18.22	15.46	NA	
Perimeter			**Russ 2500 Growth**	**PSN Money Mgrs.**	
Quarter	(1.79)	(1.98)	(4.21)	(1.34)	
1 Year	8.96	8.13	8.04	12.70	
3 Year	21.35	20.47	22.68	21.66	
5 Year	15.45	14.60	16.84	15.85	
Since 4/30/2009	18.03	17.21	20.17	NA	
Delaware			**MSCI EAFE (Net)**	**MSCI EAFE Val**	
Quarter	(6.16)	(6.34)	(5.88)	(6.20)	
1 Year	10.06	9.24	4.25	5.67	
3 Year	12.80	12.03	13.65	13.92	
5 Year	7.12	6.36	6.56	5.53	
Since 7/31/2005	5.96	5.19	5.05	4.55	

Renaissance			MSCI AC Wd x US	MSCI EAFE Grth	
Quarter	(4.50)	(4.66)	(5.26)	(5.55)	
1 Year	11.22	10.51	4.76	2.85	
3 Year	17.02	16.28	11.80	13.33	
5 Year	9.74	9.04	6.03	7.56	
Since 4/30/2009	14.70	14.00	11.48	12.35	
FIXED INCOME					
Garcia Hamilton			**BC Int. Govt/Credit**	**BC Int. Aggregate**	**90-Day T-Bill**
Quarter	0.20	0.14	(0.03)	0.03	0.01
1 Year	4.71	4.46	2.20	2.74	0.04
3 Year	4.97	4.71	2.02	2.09	0.06
5 Year	5.11	4.85	3.42	3.58	0.07
Since 9/30/2003	5.41	5.13	3.92	4.21	1.43
TOTAL RETURN					
Combined Managers			**Policy Index**	**Composite Index**	
Quarter	(0.73)	(0.86)	(0.80)	(0.80)	
1 Year	12.09	11.53	10.56	11.11	
3 Year	15.41	14.86	14.51	14.85	
5 Year	10.40	9.89	10.75	11.02	
Since 3/31/2001	6.13	5.65	6.08	6.54	
TOTAL RETURN					
Dollar-Weighted Net			**Actuarial Rate**	**CPI +4**	
Quarter		(0.85)	1.77	0.96	
1 Year		11.56	7.25	5.60	
3 Year		14.83	7.25	5.54	
5 Year		9.95	7.25	5.90	
Since 3/31/2001		5.85	7.25	6.28	

Policy Index = 30% Russell 1000 Value + 30% Russell 1000 Growth + 20% BC Aggregate + 20% BC Intermediate Gov't/Credit Bonds for periods prior to June 30, 2005; 27.5% Russell 1000 Value + 27.5% Russell 1000 Growth + 10% MSCI EAFE (Net) + 17.5% BC Aggregate + 17.5% BC Intermediate Gov't/Credit Bonds for periods from June 30, 2005 to October 31, 2008; 25% Russell 1000 Value + 25% Russell 1000 Growth + 5% Russell 2500 Value + 10% MSCI EAFE (Net) + 17.5% BC Aggregate + 17.5 BC Intermediate Gov't/Credit Bonds for periods October 31, 2008 to April 30, 2009; & 22.5% Russell 1000 Value + 22.5% Russell 1000 Growth + 5% Russell 2500 Value + 5% Russell 2500 Growth + 5% MSCI EAFE (Net) + 5% MSCI AC World ex US + 35% BC Intermediate Gov't/Credit Bonds for periods since April 30, 2009

INVESTMENT POLICY CHECKLIST

Ormond Beach Firefighters' Pension Fund

As of September 30, 2014

GUIDELINES	In Compliance
Equity Portfolio	
Listed on recognized exchange	Yes
Single issue not to exceed 10% at market value for each equity separately managed portfolio	Yes
Each equity portfolio < 70% & > 60% of total fund at market value	Yes
No scrutinized companies (Sudan/Iran) held per Protecting Florida's Investments Act requirement	Yes
Fixed Income Portfolio	
U.S. Government / Agency or U.S. Corporations	Yes
Fixed Income Portfolio < 40% & > 30%	No (29.52%)
Corporate Bonds rated "A" or better	Yes*
CMOs < 15% of fixed Income portfolio at market	Yes
Single corporate issuer not exceed 5% of bond portfolio	Yes
Single corporate issuer not exceed 5% of total fund	Yes

* There are asset-backed notes that were inherited from AllianceBernstein with ratings below A which are still being worked out of the portfolio as good opportunities arise. A couple of other notes contain split ratings.

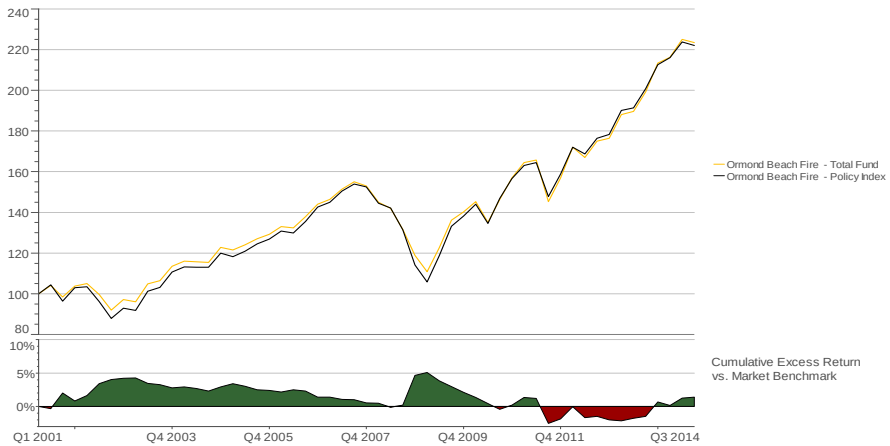
OBJECTIVES	Met
Total Portfolio	
Exceed Target Index - Since 3/31/2001	Yes
Exceed actuarial assumption (7.25%) - Since 3/31/2001	No
HGK	
Equities > Russell 1000 Value - Since 4/30/2009	No
Rank in the Top 50% - Since 4/30/2009	No
Sawgrass	
Equities > Russell 1000 Growth - Since 4/30/2012	Yes
Rank in the Top 50% - Since 4/30/2012	Yes
Polen	
Equities > Russell 1000 Growth - Since 4/30/2012	No
Rank in the Top 50% - Since 4/30/2012	No
GW Capital	
Equities > Russell 2500 Value - Since 10/31/2008	Yes
Rank in the Top 50% - Since 10/31/2008	Yes
Perimeter	
Equities > Russell 2500 Growth - Since 4/30/2009	No
Rank in the Top 50% - Since 4/30/2009	No
Delaware	
Equities > MSCI EAFE (Net) - Since 7/31/2005	Yes
Renaissance	
Equities > MSCI AC World ex US - Since 4/30/2009	Yes
Garcia Hamilton & Associates	
Bonds > BC Intermediate Gov't/Credit - Since 3/31/2001	Yes

Risk/Return Analysis - Since Inception

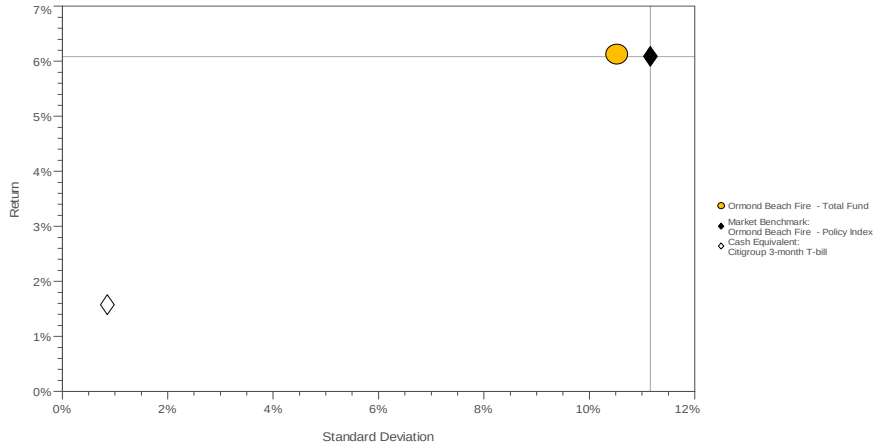
Zephyr StyleADVISOR

Zephyr StyleADVISOR: Graystone Consulting

Manager Performance
April 2001 - September 2014 (Single Computation)



Risk / Return
April 2001 - September 2014 (Single Computation)



Return & Risk Analysis

April 2001 - September 2014: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Ormond Beach Fire - Total Fund	6.13%	0.05%	10.52%	0.93	-28.48%	96.40%	93.52%	0.43%	0.43	97.53%
Ormond Beach Fire - Policy Index	6.09%	0.00%	11.15%	1.00	-31.33%	100.00%	100.00%	0.00%	0.40	100.00%

Graystone Consulting

QUARTERLY PERFORMANCE EVALUATION

Prepared for:

City of Ormond Beach Firefighters' Pension Plan

As of September 30, 2014

Graystone Consulting Tampa

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  - Polen – Large Cap Growth Equity Reports
  - GW Capital – Small/Mid Cap Value Equity Reports
  - Perimeter – Small/Mid Cap Growth Equity Reports
  - Delaware – International Value Equity Reports
  - Renaissance – International Growth Equity Reports
  - Garcia Hamilton– Fixed Income Reports

Graystone Consulting

Graystone Consulting℠

A business of Morgan Stanley

Q3 2014

Capital Markets Overview

Introduction

- In the third quarter, equity performance in the United States was mixed, in part due to an uptick in volatility spurred by geopolitical concerns in Ukraine/Russia and the Middle East. Ongoing monetary stimulus by major central banks throughout the world helped keep equities afloat. Investor confidence was also bolstered by the Federal Reserve's (the "Fed") indication that short-term interest rates could remain in their current low range for some time after Quantitative Ease 3 (QE3) tapering is completed, most likely in October 2014. (QE3 allows the Fed to purchase billions of dollars in mortgage-backed securities to lower long-term interest rates and stimulate housing and other sectors dependent on borrowing.)
- The Dow Jones Industrial Average rose 1.9% in the third quarter. The NASDAQ Composite Index advanced 2.2% for the quarter. The S&P 500 Index rose 1.1% for the quarter, its seventh consecutive quarterly increase.
- Seven of the 10 sectors of the S&P 500 Index advanced in the third quarter. Health Care fared the best, with a 5.5% uptick. Information Technology rose 4.8% and Telecommunication Services advanced 3.1%. The laggards were Utilities, which declined 4.0%, and Energy, which fell 9.2%.
- Morgan Stanley and Co. LLC economists expect that U.S. real GDP will be 2.1% in 2014 and 2.8% in 2015. Morgan Stanley economists forecast global GDP growth to be 3.1% in 2014 and 3.5% in 2015.
- Commodities struggled throughout the third quarter; the Bloomberg Commodity Index declined 11.8%. For the quarter, gold was down 8.4%.
- For the third quarter of 2014, global mergers-and-acquisitions deal volume was $889 billion, compared to $686 billion for the third quarter of 2013. Global M&A activity increased to $2.3 trillion in 2013 from $2.2 trillion in 2012.

Please refer to the Index Descriptions and other important information at the end of this material.

The U.S. Economy

- The Department of Commerce estimated that Gross Domestic Product increased at an annual rate of 4.6% in the second quarter of 2014, in comparison to a 2.1% decrease in the first quarter of 2014. Morgan Stanley and Co. LLC economists forecast that U.S. Real GDP will be 2.1% in 2014 and 2.8% in 2015.
- For the quarter, the seasonally adjusted unemployment rate fell from 6.2% for July to 5.9% for September. Job gains in the quarter took place in retail trade, health care, and professional and business services. The unemployment rate (5.9%) and the number of unemployed persons (9.3 million) decreased in September. The number of long-term unemployed (3.0 million) was unchanged in September.
- According to the most recent estimate from the Bureau of Economic Analysis, corporate profits climbed 8.4% between the first quarter of 2014 and the second quarter of 2014, and rose 0.1% between the second quarter of 2013 and the second quarter of 2014.
- Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index rose 0.1% in July and decreased 0.2% in August. Morgan Stanley & Co. LLC economists forecast a 2.0% inflation rate for 2014 and 1.8% for 2015.
- The Census Bureau reported that private-sector housing starts in August 2014 were at a seasonally adjusted annual rate of 956,000—8.0% above August 2013 housing starts. The rise in housing starts over the past year indicates that despite some intermittent setbacks, the housing market is rebounding.
- The Census Bureau also reported that seasonally adjusted retail and food services sales increased 0.6% between July and August 2014, and increased 5.0% between August 2013 and August 2014.
- In September, the Institute for Supply Management's Purchasing Managers' Index (PMI), a manufacturing-sector index, was 56.6, down 2.4 from August, and down from July's 57.1. The latest PMI data indicates an expansion in the manufacturing sector for 16 consecutive months. Overall, PMI has been above 43 for 64 consecutive months. 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.
- The NMI rose 0.9 points to 59.6 between July and August of 2014, and fell 1.0 to 58.6 between August and September of 2014. The index has now been above 50 for 56 consecutive months.

The U.S. Equity Markets

- The Dow Jones Industrial Average rose 1.9% in the third quarter. The NASDAQ Composite Index advanced 2.2% for the quarter. The S&P 500 Index rose 1.1% for the quarter, its seventh consecutive quarterly increase.
- Seven of the 10 sectors of the S&P 500 Index advanced in the third quarter. Health Care fared the best, with a 5.5% uptick. Information Technology rose 4.8% and Telecommunication Services advanced 3.1%. The laggards were Utilities, which declined 4.0%, and Energy, which fell 9.2%.
- Growth-style stocks of large-cap companies rose during the third quarter. The large-cap Russell 1000 Growth Index advanced 1.5%, with the best quarterly showing of the Russell indices referenced here. The Russell 1000 Index, a large-cap index, rose 0.7% for the quarter. The Russell 1000 Value Index, also a large-cap index, declined 0.2% for the quarter.
- The Russell Midcap Growth Index fell 0.7% for the quarter. The Russell Midcap Index dropped 1.7% for the quarter. The Russell Midcap Value Index fell 2.6% for the quarter. The Russell 2000 Growth Index, a small-cap index, declined 6.1% for the quarter. The small-cap Russell 2000 Index fell 7.4% for the quarter. The Russell 2000 Value Index, also a small-cap index, dropped 8.6% for the quarter, with the weakest showing of the quarter compared to the other Russell indices referenced here.
- Geopolitical tensions in Ukraine/Russia and the Middle East agitated the CBOE Volatility Index (VIX), the so-called “fear index,” in the third quarter. The index climbed to 17.0 by early August in the wake of the downing of a Malaysia Airlines jet over Ukraine and Israel’s invasion of Gaza. Geopolitical uncertainty in Hong Kong and Iraq/Syria, along with investor caution over the winding down of the Fed’s QE3 stimulus and potential interest rate increases, caused the index to rise again in September, ending the quarter at 16.3. Despite the renewed volatility, the VIX has been running below its long-run average of about 20 for most of 2014. The index’s third-quarter performance remains a distinct contrast from its August 8, 2011 high of 48.0.

Key U.S. Stock Market Index Returns (%) for the Period Ending 9/30/14

	Quarter	12 Months	Five Years (Annualized)	Seven Years (Annualized)
S&P 500	1.1	19.7	15.7	6.0
Dow Jones	1.9	15.3	14.8	5.8
Russell 2000	(7.4)	3.9	14.3	6.0
Russell Midcap	(1.7)	15.8	17.2	7.5
Russell 1000	0.7	19.0	15.9	6.3

Source: Morgan Stanley

Past performance is not a guarantee of future results. Investors cannot invest directly in an index. The performance of unmanaged indices reflects no deductions for fees, expenses or taxes that would affect the performance of actively managed assets.

Global Equity Markets

- In the third quarter, emerging markets (EM) and global equities generally declined. The MSCI EAFE Index (a benchmark for developed markets) fell 5.8% for U.S.-currency investors and rose 1.0% for local-currency investors, as the U.S. dollar appreciated in relation to the currencies of many nations in the index. In contrast, in the second quarter of 2014, the MSCI EAFE Index rose 4.3% in U.S. dollar terms and 3.7% in local currency terms.
- For the third quarter, the MSCI Emerging Markets Index declined 3.4% for U.S.-currency investors and rose 0.7% for local-currency investors, as the U.S. dollar appreciated in relation to many emerging-market currencies. This contrasts with the previous quarter, when the MSCI Emerging Markets Index rose 6.7% for U.S.-dollar-based investors and 5.3% for local-currency investors.
- The MSCI Europe Index fell 7.0% for U.S.-currency investors and fell 0.2% for local-currency investors during the third quarter. In comparison, the MSCI Far East Index declined 2.2% for the quarter in terms of the U.S. dollar and rose 4.6% in terms of local currencies.
- More specific emerging economy equity market indices were mixed in the third quarter. The MSCI BRIC (Brazil, Russia, India and China) Index fell 3.1% for the quarter in U.S. dollar terms and advanced 1.4% in terms of local currencies. In comparison, for the third quarter, the MSCI EM Asia Index declined 1.4% in U.S. dollar terms and rose 0.6% in local terms.

Key Global Equity Market Indices Based on the U.S. Dollar (%) for the Period Ending 9/30/14

	Quarter	12 Months	Five Years (Annualized)	Seven Years (Annualized)
MSCI EAFE	(5.8)	4.7	7.0	0.3
MSCI EAFE Growth	(5.5)	3.3	7.9	0.7
MSCI EAFE Value	(6.1)	6.2	6.1	(0.2)
MSCI Europe	(7.0)	6.4	7.5	0.3
MSCI Japan	(2.2)	0.9	5.6	(0.6)
MSCI Emerging Markets	(3.4)	4.7	4.8	0.1

Source: Morgan Stanley

Past performance is not a guarantee of future results. Investors cannot invest directly in an index. The performance of unmanaged indices reflects no deductions for fees, expenses or taxes that would affect the performance of actively managed assets.

The U.S. Bond Market

- In the third quarter, bond market returns increased slightly—the Barclays Capital U.S. Aggregate Bond Index, a general measure of the bond market, rose 0.2% for the quarter. Interest rates declined during the third quarter, as the yield on the 10-Year U.S. Treasury note fell to a quarter-end 2.49% from 2.53% at the end of the second quarter.
- Also in the third quarter, riskier parts of the bond market such as U.S. High Yield debt registered negative returns. As a result, the Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, declined 1.9% for the quarter.
- Investors stepped away from mortgage-backed securities in the third quarter. Consequently, the Barclays Capital Mortgage Backed Securities Index rose just 0.2% for the quarter.
- During the third quarter, investors held steady in the municipal-bond market. As a result, the Barclays Capital Muni Index rose 1.5% for the quarter.

U.S. Bond Market Index Returns (%) for the Period Ending 9/30/14

	Quarter	12 Months	Five Years (Annualized)	Seven Years (Annualized)
Barclays Capital U.S. Aggregate	0.2	4.0	4.1	5.0
Barclays Capital High Yield	(1.9)	7.2	10.6	8.7
Barclays Capital Govt/Credit	0.2	4.1	4.3	5.0
Barclays Capital Government	0.3	2.3	3.1	4.3
Barclays Capital Intermediate Govt/Credit	0.0	2.2	3.4	4.3
Barclays Capital Long Govt/Credit	1.0	12.9	8.0	8.2
Barclays Capital Mortgage Backed Securities	0.2	3.8	3.5	4.9
Barclays Capital Muni	1.5	7.9	4.7	5.1

Source: Morgan Stanley

Past performance is not a guarantee of future results. Investors cannot invest directly in an index. The performance of unmanaged indices reflects no deductions for fees, expenses or taxes that would affect the performance of actively managed assets.

INDEX DESCRIPTIONS:

DOW JONES INDUSTRIAL AVERAGE: The most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue-chip stocks, primarily industrials. The 30 stocks are chosen by the editors of The Wall Street Journal (WSJ) (which is published by Dow Jones & Company), a practice that dates back to the beginning of the century. Charles Dow officially started the Dow in 1896, at which time it consisted of only 11 stocks. The Dow is computed using a price-weighted indexing system, rather than the more common market cap-weighted indexing system. Simply put, the editors at WSJ add up the prices of all the stocks and then divide by the number of stocks in the index. (In actuality, the divisor is much higher today in order to account for stock splits that have occurred in the past.) **BLOOMBERG COMMODITY INDEX:** Composed of futures contracts on physical commodities which are traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME). **NASDAQ COMPOSITE INDEX:** Covers 4,500 stocks traded over the counter. It represents many small company stocks but is heavily influenced by about 100 of the largest NASDAQ stocks. It is a value-weighted index calculated on price change only and does not include income. **S&P 500 INDEX:** Covers 400 industrial, 40 utility, 20 transportation and 40 financial companies in the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market cap and 30% of NYSE issues. It is a capitalization-weighted index calculated on a total-return basis with dividends reinvested. **RUSSELL 1000 INDEX:** Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 89% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution, the average market capitalization was approximately $9.9 billion; the median market capitalization was approximately $3.7 billion. The smallest company in the index had an approximate market capitalization of $1,404.7 million. **RUSSELL 1000 GROWTH INDEX:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 1000 VALUE INDEX:** Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 2000 INDEX:** Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 11% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution, the average market capitalization was approximately $592.0 million; the median market capitalization was approximately $500.0 million. The largest company in the index had an approximate market capitalization of $1,402.7 million. **RUSSELL 2000 GROWTH INDEX:** Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 2000 VALUE INDEX:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 3000 INDEX:** Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. **RUSSELL MIDCAP INDEX:** Measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 35% of the total market capitalization of the Russell 1000 Index. As of the latest reconstitution, the average market capitalization was approximately $3.7 billion; the median market capitalization was approximately $2.9 billion. The largest company in the index had an approximate market capitalization of $10.3 billion. **RUSSELL MIDCAP GROWTH INDEX:** Measures the performance of those Russell mid-cap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index. An investment cannot be made directly in a market index. **RUSSELL MIDCAP VALUE INDEX:** Measures the performance of those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value Index. An investment cannot be made directly in a market index. **VIX INDEX:** (Chicago Board Options Exchange Volatility Index) Estimates volatility in the S&P 500 Index for the next 30 days using a weighted blend of prices for various options on the S&P 500 Index.

THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX: A broad-based benchmark that measures the investment grade, U.S.-dollar-denominated, fixed-rate taxable bond market, including Treasurys, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS and CMBS. **BARCLAYS CAPITAL GOVERNMENT INDEX:** Barclays Capital Treasury bond and agency bond indices (all publicly issued debt of agencies of the U.S. government, quasi-federal corporations and corporate debt guaranteed by the U.S. government, but no mortgage-backed securities) are combined to form the government bond index. **BARCLAYS CAPITAL U.S. INTERMEDIATE GOVERNMENT/CREDIT BOND INDEX:** The Barclays Capital U.S. Intermediate Government/Credit Bond Index is a total return index consisting of investment-grade corporate debt issues as well as debt issues of U.S. government agencies and the U.S. Treasury. The debt issues all maintain maturities within a range of 1 to 10 years. An investment cannot be made directly in a market index. **BARCLAYS CAPITAL HIGH YIELD INDEX:** The Barclays Capital U.S. High Yield Index covers the universe of fixed-rate, noninvestment-grade debt. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Mexico, Venezuela, etc.) are excluded, but Yankee and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes and step-up coupon structures are also included. Liquidity Rules: All bonds included in the High Yield Index must be dollar-denominated and nonconvertible and have at least one year remaining to maturity and an outstanding par value of at least $150 million. Quality Rating Rules: Securities in the index must be rated Ba1 or lower. If both Moody's and S&P provide a rating for a security, the lower of the two ratings is used. A small number of unrated bonds are included in the index; to be eligible they must have previously held a high-yield rating or have been associated with a high-yield issuer, and must trade accordingly. Components: The index has several subcomponents. Intermediate indices include bonds with remaining maturities of less than 10 years; long indices include bonds with remaining maturities of 10 years or more. The index also has subdivisions by credit quality, and subindices are available that exclude securities in default**. BARCLAYS CAPITAL MUNI INDEX:** The composite measure of the total return performance of the muni bond market. The muni market contains over two million bond issues. The market is divided into seven major sectors: state G.O. debt (31%); prerefunded bonds (7.7%); electric-utility revenue bonds (7.79%); hospital revenue bonds (3.4%); state-housing revenue bonds (3.4%); industrial-development and pollution-control revenue bonds (1.8%); and transportation revenue bonds (7.1%). These weightings are reviewed annually. **BARCLAYS CAPITAL GOVT/CREDIT INDEX:** The U.S. Government/Credit Index is the nonsecuritized component of the U.S. Aggregate Index and was the first macro index launched by Barclays Capital. The U.S. Government/Credit Index includes Treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year), government-related issues (i.e., agency, sovereign, supranational and local-authority debt) and U.S. dollar corporates. In order to qualify for inclusion in the U.S. Government/Credit Index, a bond or security must have at least one year to maturity; at least $250 million par amount outstanding; must be rated Baa3 by Moody's, BBB- by Standard & Poor's, and BBB- by Fitch Investor Service; must be fixed-rate, although it can carry a coupon that steps up; and it must be U.S.-dollar-denominated. **BARCLAYS CAPITAL LONG GOVERNMENT/CREDIT INDEX:** Composed of all bonds covered by BARCLAYS CAPITAL GCB Index with maturities of 10 years or greater. Total return comprises price appreciation/depreciation and income as a percent of the original investment. Indices are rebalanced monthly by market capitalization. **BARCLAYS CAPITAL MORTGAGE BACKED SECURITIES INDEX:** Includes all fixed securities issued and backed by mortgage pools of Ginnie Mae (GNMA), Fannie Mae (FNMA), Freddie Mac (FHLMC) and half-coupon securities. The index excludes buydowns, graduated equity mortgages (GEM), project loans, nonagency (whole loans), jumbos, collateralized mortgage obligations (CMOs), graduated payment mortgages (GPMs), adjustable rate mortgages (ARMs), manufactured home mortgages and prepayment-penalty collateral.

Formed by grouping the universes of over one million individual fixed-rate MBS pools into approximately 5,500 generic aggregates. Pool aggregates must be U.S.-dollar-denominated, have at least $250 million current outstanding and average-weighted life of at least one year.

MSCI EUROPE, AUSTRALASIA AND THE FAR EAST ("EAFE") INDEX: A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. **MSCI EUROPE INDEX:** A free-float-adjusted market capitalization-weighted index that is designed to measure developed market equity performance in Europe. As of June 2007, the index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits. **MSCI JAPAN INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Japan. **MSCI EAFE GROWTH INDEX:** A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The MSCI Global Value and Growth Indices cover the full range of developed, emerging and All Country MSCI International Equity Indices across all size segmentations. MSCI Barra uses a two-dimensional framework for style segmentation in which value and growth securities are categorized using a multifactor approach, which uses three variables to define the value investment-style characteristics and five variables to define the growth investment-style characteristics, including forward-looking variables. The objective of the index design is to divide constituents of an underlying MSCI Equity Index into respective value and growth indices, each targeting 50% of the free-float-adjusted market capitalization of the underlying market index. **MSCI EAFE VALUE INDEX:** A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The MSCI Value and Growth Indices cover the full range of developed, emerging and All Country MSCI Equity Indices. As of the close of May 30, 2003, MSCI implemented an enhanced methodology for the MSCI Global Value and Growth Indices, adopting a two-dimensional framework for style segmentation in which value and growth securities are categorized using different attributes: three for value and five for growth including forward-looking variables. The objective of the index design is to divide constituents of an underlying MSCI Standard Country Index into a value index and a growth index, each targeting 50% of the free-float-adjusted market capitalization of the underlying country index. Country Value/Growth indices are then aggregated into regional value/growth indices. Prior to May 30, 2003, the indices used price/book value (P/BV) ratios to divide the standard MSCI country indices into value and growth indices. All securities were classified as either "value" securities (low P/BV securities) or "growth" securities (high P/BV securities), relative to each MSCI country index. **MSCI FAR EAST INDEX:** A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in the Far East. As of March 2010, the index consists of the following three developed country indices: Japan, Hong Kong and Singapore. **MSCI EMERGING MARKETS INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of May 27, 2010, the index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. **MSCI BRIC INDEX:** A free-float-adjusted market capitalization index that measures equity market performance in larger emerging markets. The index consists of the following emerging market country indices: Brazil, Russia, India and China. **MSCI EM ASIA INDEX:** A free-float-adjusted market capitalization index that measures equity market performance in emerging markets in Asia. The index consists of the following emerging market country indices: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand. **MSCI ALL COUNTRY WORLD INDEX:** A free-float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The index consists of 45 country indices comprising 24 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey.

CONSUMER PRICE INDEX (CPI) includes monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

INSTITUTE FOR SUPPLY MANAGEMENT'S PURCHASING MANAGERS' INDEX (PMI): An indicator of the economic health of the manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. A PMI of more than 50 represents expansion of the manufacturing sector, compared to the previous month. A reading under 50 represents a contraction, while a reading at 50 indicates no change. **ISM NON-MANUFACTURING INDEX (NMI):** An index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation.

CBOE VOLATILITY INDEX: The CBOE Volatility Index—more commonly referred to as "VIX"—is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500® Index (SPX) option bid/ask quotes. VIX uses nearby and second nearby options with at least eight days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index.

DISCLOSURES

Although the statements of fact and data in this report have been obtained from, and are based upon, sources the firm believes reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. This report may contain forward-looking statements, and there can be no guarantee that they will come to pass. Past performance is not a guarantee of future results.

The indices are unmanaged, and an investor cannot invest directly in an index. The indices are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns consist of income and capital appreciation (or depreciation) and do not take into account fees, taxes or other charges. Such fees and charges would reduce performance. Index performance is calculated on a total return basis and assumes that dividends and distributions were reinvested. Index returns do not include any expenses, fees or sales charges, which would lower performance.

To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. These risks may be magnified in **emerging markets**. International investing may not be for everyone. **Value investing** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **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. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, 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. **Bonds** are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer. With respect to fixed-income securities, please note that, in general, as prevailing interest rates rise, fixed-income securities prices fall. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. **Commodities** markets may fluctuate widely based on a variety of factors, including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

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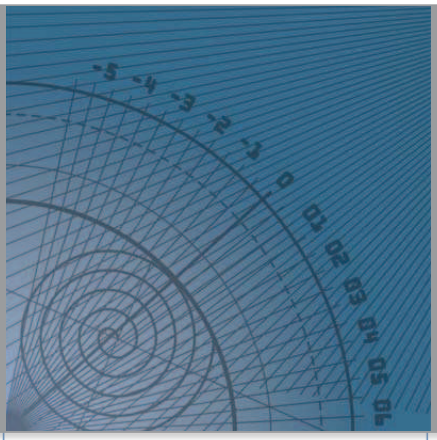


GRAYSTONE CONSULTING

Capital Markets Overview

THIRD QUARTER 2014

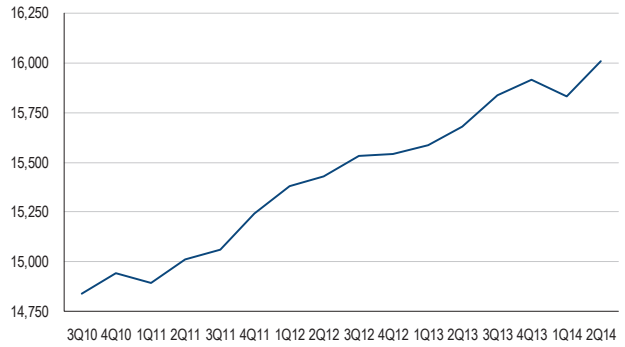
Introduction

- In the third quarter, equity performance in the United States was mixed, in part due to an uptick in volatility spurred by geopolitical concerns in Ukraine/Russia and the Middle East. Ongoing monetary stimulus by major central banks throughout the world helped keep equities afloat. Investor confidence was also bolstered by the Federal Reserve's (the "Fed") indication that short-term interest rates could remain in their current low range for some time after Quantitative Ease 3 (QE3) tapering is completed, most likely in October 2014. (QE3 allows the Fed to purchase billions of dollars in mortgage-backed securities to lower long-term interest rates and stimulate housing and other sectors dependent on borrowing.)
- The Dow Jones Industrial Average rose 1.9% in the third quarter. The NASDAQ Composite Index advanced 2.2% for the quarter. The S&P 500 Index rose 1.1% for the quarter, its seventh consecutive quarterly increase.
- Seven of the 10 sectors of the S&P 500 Index advanced in the third quarter. Health Care fared the best, with a 5.5% uptick. Information Technology rose 4.8% and Telecommunication Services advanced 3.1%. The laggards were Utilities, which declined 4.0%, and Energy, which fell 9.2%.
- Morgan Stanley and Co. LLC economists expect that U.S. real GDP will be 2.1% in 2014 and 2.8% in 2015. Morgan Stanley economists forecast global GDP growth to be 3.1% in 2014 and 3.5% in 2015.
- Commodities struggled throughout the third quarter; the Bloomberg Commodity Index declined 11.8%. For the quarter, gold was down 8.4%.
- For the third quarter of 2014, global mergers-and-acquisitions deal volume was $889 billion, compared to $686 billion for the third quarter of 2013. Global M&A activity increased to $2.3 trillion in 2013 from $2.2 trillion in 2012.

The U.S. Economy

The Department of Commerce estimated that Gross Domestic Product increased at an annual rate of 4.6% in the second quarter of 2014, in comparison to a 2.1% decrease in the first quarter of 2014. Morgan Stanley and Co. LLC economists forecast that U.S. Real GDP will be 2.1% in 2014 and 2.8% in 2015.

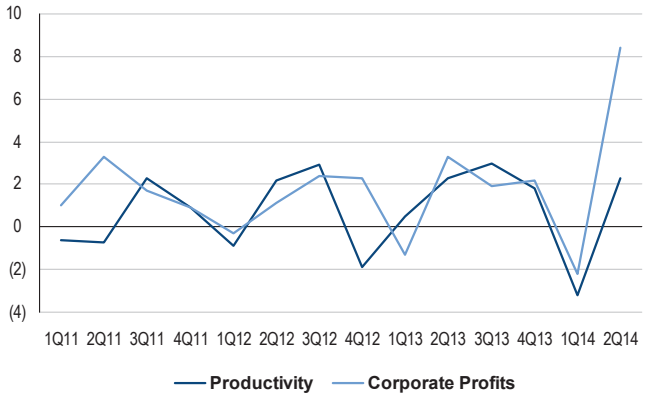
U.S. Real GDP in $USBn



Source: U.S. Bureau of Economic Analysis, Haver Analytics, 13 October 2014

For the quarter, the seasonally adjusted unemployment rate fell from 6.2% for July to 5.9% for September. Job gains in the quarter took place in retail trade, health care, and professional and business services. The unemployment rate (5.9%) and the number of unemployed persons (9.3 million) decreased in September. The number of long-term unemployed (3.0 million) was unchanged in September.

Quarterly % Change in Productivity and Corporate Profits



Source: U.S. Bureau of Labor Statistics and U.S. Dept. of Commerce, 26 September 2014

According to the most recent estimate from the Bureau of Economic Analysis, corporate profits climbed 8.4% between the first quarter of 2014 and the second quarter of 2014, and rose 0.1% between the second quarter of 2013 and the second quarter of 2014.

Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index rose 0.1% in July and decreased 0.2% in August. Morgan Stanley and Co. LLC economists forecast a 2.0% inflation rate for 2014 and 1.8% for 2015.

The Census Bureau reported that private-sector housing starts in August 2014 were at a seasonally adjusted annual rate of 956,000—8.0% above August 2013 housing starts. The rise in housing starts over the past year indicates that despite some intermittent setbacks, the housing market is rebounding.

The Census Bureau also reported that seasonally adjusted retail and food services sales increased 0.6% between July and August 2014, and increased 5.0% between August 2013 and August 2014.

In September, the Institute for Supply Management's Purchasing Managers' Index (PMI), a manufacturing-sector index, was 56.6, down 2.4 from August, and down from July's 57.1. The latest PMI data indicates an expansion in the manufacturing sector for 16 consecutive months. Overall, PMI has been above 43 for 64 consecutive months. 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.

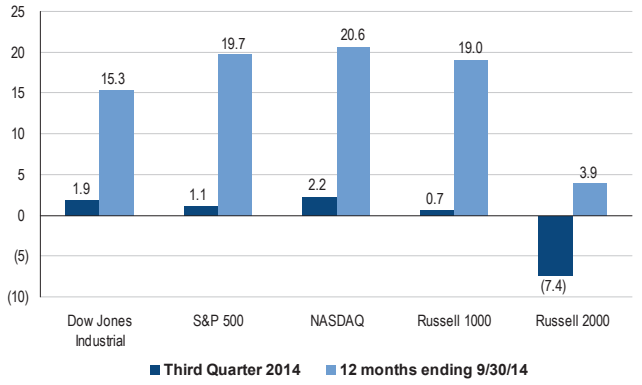
The NMI rose 0.9 points to 59.6 between July and August of 2014, and fell 1.0 to 58.6 between August and September of 2014. The index has now been above 50 for 56 consecutive months.

U.S. Equity Markets

The Dow Jones Industrial Average rose 1.9% in the third quarter. The NASDAQ Composite Index advanced 2.2% for the quarter. The S&P 500 Index rose 1.1% for the quarter, its seventh consecutive quarterly increase.

Seven of the 10 sectors of the S&P 500 Index advanced in the third quarter. Health Care fared the best, with a 5.5% uptick. Information Technology rose 4.8% and Telecommunication Services advanced 3.1%. The laggards were Utilities, which declined 4.0%, and Energy, which fell 9.2%.

% Returns on Major U.S. Stock Market Indices



Source: Morgan Stanley

Growth-style stocks of large-cap companies rose during the third quarter. The large-cap Russell 1000 Growth Index advanced 1.5%, with the best quarterly showing of the Russell indices referenced here. The Russell 1000 Index, a large-cap index, rose 0.7% for the quarter. The Russell 1000 Value Index, also a large-cap index, declined 0.2% for the quarter.

The Russell Midcap Growth Index fell 0.7% for the quarter. The Russell Midcap Index dropped 1.7% for the quarter. The Russell Midcap Value Index fell 2.6% for the quarter. The Russell 2000 Growth Index, a small-cap index, declined 6.1% for the quarter. The small-cap Russell 2000 Index fell 7.4% for the quarter. The Russell 2000 Value Index, also a small-cap index, dropped 8.6% for the quarter, with the weakest showing of the quarter compared to the other Russell indices referenced here.

Geopolitical tensions in Ukraine/Russia and the Middle East agitated the CBOE Volatility Index (VIX), the so-called "fear index," in the third quarter. The index climbed to 17.0 by early August in the wake of the downing of a Malaysia Airlines jet over Ukraine and Israel's invasion of Gaza. Geopolitical uncertainty in Hong Kong and Iraq/Syria, along with investor caution over the winding down of the Fed's QE3 stimulus and potential interest rate increases, caused the index to rise again in September, ending the quarter at 16.3. Despite the renewed volatility, the VIX has been running below its long-run average of about 20 for most of 2014. The index's third-quarter performance remains a distinct contrast from its August 8, 2011 high of 48.0.

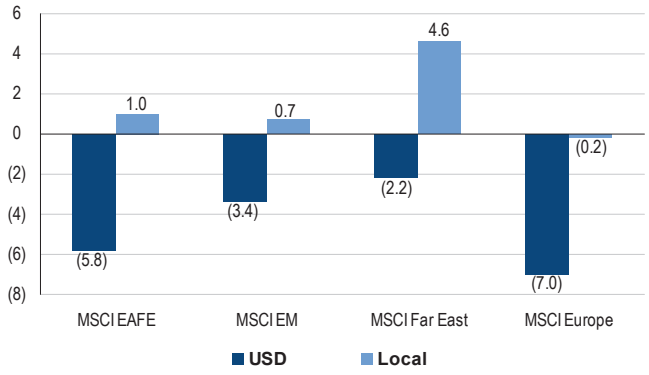
Global Equity Markets

In the third quarter, emerging markets (EM) and global equities generally declined. The MSCI EAFE Index (a benchmark for developed markets) fell 5.8% for U.S.-currency investors and rose 1.0% for local-currency investors, as the U.S. dollar appreciated in relation to the currencies of many nations in the index. In contrast, in the second quarter of 2014, the MSCI EAFE Index rose 4.3% in U.S. dollar terms and 3.7% in local currency terms.

For the third quarter, the MSCI Emerging Markets Index declined 3.4% for U.S.-currency investors and rose 0.7% for local-currency investors, as the U.S. dollar appreciated in relation to many emerging-market currencies. This contrasts with the previous quarter, when the MSCI Emerging Markets Index rose 6.7% for U.S.-dollar-based investors and 5.3% for local-currency investors.

The MSCI Europe Index fell 7.0% for U.S.-currency investors and fell 0.2% for local-currency investors during the third quarter. In comparison, the MSCI Far East Index declined 2.2% for the quarter in terms of the U.S. dollar and rose 4.6% in terms of local currencies.

3Q14 % Returns on Global Stock Market Indices



Source: Morgan Stanley

More specific emerging economy equity market indices were mixed in the third quarter. The MSCI BRIC (Brazil, Russia, India and China) Index fell 3.1% for the quarter in U.S. dollar terms and advanced 1.4% in terms of local currencies. In comparison, for the third quarter, the MSCI EM Asia Index declined 1.4% in U.S. dollar terms and rose 0.6% in local terms.

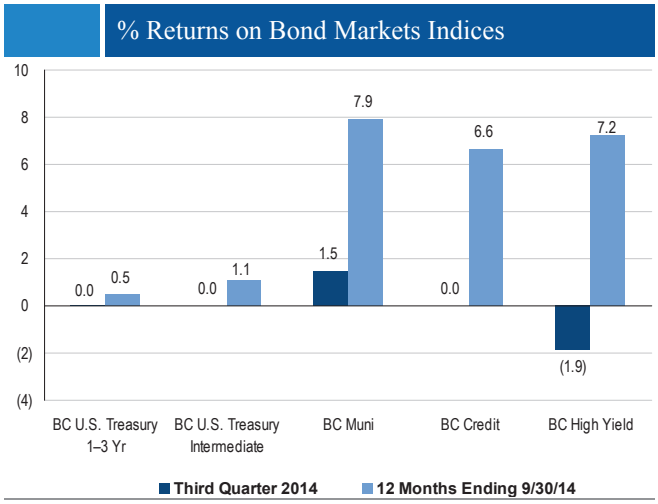
The U.S. Bond Market

In the third quarter, bond market returns increased slightly—the Barclays Capital U.S. Aggregate Bond Index, a general measure of the bond market, rose 0.2% for the quarter. Interest rates declined during the third quarter, as the yield on the 10-Year U.S. Treasury note fell to a quarter-end 2.49% from 2.53% at the end of the second quarter.

Also in the third quarter, riskier parts of the bond market such as U.S. High Yield debt registered negative returns. As a result, the Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, declined 1.9% for the quarter.

Investors stepped away from mortgage-backed securities in the third quarter. Consequently, the Barclays Capital Mortgage Backed Securities Index rose just 0.2% for the quarter.

During the third quarter, investors held steady in the municipal-bond market. As a result, the Barclays Capital Muni Index rose 1.5% for the quarter.



Source: Morgan Stanley

U.S. Equity Market % Returns for the Period Ending 30 September 2014

	Quarter	12 Months	Three Years (annualized)	Five Years (annualized)	Seven Years (annualized)
S&P 500 Index	1.1	19.7	23.0	15.7	6.0
Dow Jones Industrial Average	1.9	15.3	19.0	14.8	5.8
Russell 1000 Index	0.7	19.0	23.2	15.9	6.3
Russell 1000 Growth Index	1.5	19.2	22.5	16.5	7.6
Russell 1000 Value Index	(0.2)	18.9	23.9	15.3	4.8
Russell 3000 Index	0.0	17.8	23.1	15.8	6.3
Russell 3000 Growth Index	0.9	17.9	22.4	16.4	7.5
Russell 3000 Value Index	(0.9)	17.7	23.7	15.1	4.8
Russell Midcap Index	(1.7)	15.8	23.8	17.2	7.5
Russell Midcap Growth Index	(0.7)	14.5	22.7	17.1	7.5
Russell Midcap Value Index	(2.6)	17.5	24.7	17.2	7.3

Past performance is not a guarantee of future results. Indices are not available for direct investment.
Source: Morgan Stanley

S&P 500 Sector % Returns for the Period Ending 30 September 2014

	Quarter
Health Care	5.5
Information Technology	4.8
Telecommunication Services	3.1
Financials	2.3
Consumer Staples	2.0
Consumer Discretionary	0.3
Materials	0.2
Industrials	(1.1)
Utilities	(4.0)
Energy	(9.2)

Past performance is not a guarantee of future results. Indices are not available for direct investment.
Source: Morgan Stanley

Fixed Income % Returns for the Period Ending 30 September 2014

	Quarter	12 Months	Three Years (annualized)	Five Years (annualized)	10 Years (annualized)
U.S. Fixed Income					
90-Day Treasury Bill	0.0	0.0	0.1	0.1	1.5
Barclays Capital Aggregate	0.2	4.0	2.4	4.1	4.6
Barclays Capital Credit	0.0	6.6	4.8	6.1	5.4
Barclays Capital Govt/Credit	0.2	4.1	2.5	4.3	4.6
Barclays Capital Government	0.3	2.3	1.1	3.1	4.2
Barclays Capital High Yield	(1.9)	7.2	11.1	10.6	8.3
Barclays Capital Intermediate Govt/Credit	0.0	2.2	2.0	3.4	4.1
Barclays Capital Long Govt/Credit	1.0	12.9	4.8	8.0	7.0
Barclays Capital Mortgage Backed	0.2	3.8	2.1	3.5	4.7
Barclays Capital Municipal	1.5	7.9	4.6	4.7	4.7
Global Fixed Income					
Merrill Lynch Global High Yield (Hedged)	(3.3)	5.9	11.2	10.4	8.4
Barclays Global Treasury ex-U.S.	(5.3)	(1.1)	(1.1)	1.2	4.0
Barclays Capital Majors ex-U.S.	(5.5)	(1.6)	(1.8)	1.0	4.0

Past performance is not a guarantee of future results. Indices are not available for direct investment.
Source: Morgan Stanley

U.S. Treasury % Yields

	September 2014	June 2014	March 2014	December 2013	September 2013
Three-Month Treasury Bills	0.02	0.04	0.05	0.07	0.02
Six-Month Treasury Bills	0.04	0.06	0.08	0.10	0.04
One-Year Treasury Bills	0.11	0.10	0.13	0.13	0.12
Two-Year Treasury Notes	0.57	0.45	0.40	0.34	0.40
Three-Year Treasury Notes	1.05	0.90	0.82	0.69	0.78
Five-Year Treasury Notes	1.77	1.68	1.64	1.58	1.60
Seven-Year Treasury Notes	2.22	2.19	2.23	2.29	2.22
Ten-Year Treasury Notes	2.53	2.60	2.72	2.90	2.81

Past performance is not a guarantee of future results.
Source: Federal Reserve, 14 October 2014

Developed Markets Equity % Returns for the Period Ending 30 September 2014

	U.S. Dollar		Local Currency	
	Quarter	12 Months	Quarter	12 Months
Regional and Other Multi-Country Indices				
MSCI EAFE	(5.8)	4.7	1.0	11.2
MSCI Europe	(7.0)	6.4	(0.2)	11.5
MSCI Far East	(2.2)	1.6	4.6	11.5
MSCI Pacific ex-Japan	(5.9)	1.5	(0.9)	6.0
MSCI The World	(2.1)	12.8	0.9	15.9
MSCI World ex-U.S.	(5.7)	5.3	0.9	12.1
National Indices				
MSCI Hong Kong	(2.7)	5.2	(2.5)	5.3
MSCI Ireland	(3.1)	12.2	5.0	20.2
MSCI Japan	(2.2)	0.9	5.9	12.8
MSCI Singapore	(1.2)	4.3	1.0	6.0

Past performance is not a guarantee of future results. Indices are not available for direct investment.
Source: Morgan Stanley

Emerging Markets Equity % Returns for the Period Ending 30 September 2014

	U.S. Dollar		Local Currency	
	Quarter	12 Months	Quarter	12 Months
Regional and Other Multi-Country Indices				
MSCI EM	(3.4)	4.7	0.7	8.6
National Indices				
MSCI China	1.5	4.9	1.7	5.0
MSCI Malaysia	(3.2)	5.2	(1.1)	5.9
MSCI Taiwan	(3.0)	12.9	(1.2)	16.2
MSCI Thailand	7.7	11.8	7.6	15.9

Past performance is not a guarantee of future results. Indices are not available for direct investment.
Source: Morgan Stanley

INDEX DESCRIPTIONS

DOW JONES INDUSTRIAL AVERAGE: The most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue-chip stocks, primarily industrials. The 30 stocks are chosen by the editors of The Wall Street Journal (WSJ) (published by Dow Jones & Company), a practice that dates back to the beginning of the century. Charles Dow officially started the Dow in 1896, at which time it consisted of only 11 stocks. The Dow is computed using a price-weighted indexing system, rather than the more common market-cap-weighted indexing system. Simply put, the editors at WSJ add up the prices of all the stocks and then divide by the number of stocks in the index. (In actuality, the divisor is much higher today in order to account for stock splits that have occurred in the past.) **STANDARD & POOR'S 500 Index:** Covers 400 industrial, 40 utility, 20 transportation and 40 financial companies in the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market cap and 30% of NYSE issues. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested. **NASDAQ COMPOSITE Index:** Covers 4,500 stocks traded over the counter. It represents many small company stocks but is heavily influenced by about 100 of the largest NASDAQ stocks. It is a value-weighted index calculated on price change only and does not include income. **BLOOMBERG COMMODITY Index:** Composed of futures contracts on physical commodities which are traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME). **VIX Index** (Chicago Board Options Exchange Volatility Index): Estimates volatility in the S&P 500 Index for the next 30 days using a weighted blend of prices for various options on the S&P 500 Index.

RUSSELL 1000 Index: Measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. **RUSSELL 1000 GROWTH Index:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 1000 VALUE Index:** Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 2000 Index:** Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index and represents approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. **RUSSELL 2000 GROWTH Index:** Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 2000 VALUE Index:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL MIDCAP Index:** Measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000. **RUSSELL MIDCAP GROWTH Index:** Measures the performance of those Russell mid-cap companies with higher price-to-book ratios and higher forecasted growth rates. **RUSSELL MIDCAP VALUE Index:** Measures the performance of those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 3000 Index:** Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. **RUSSELL 3000 GROWTH Index:** Measures the performance of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth rates. **RUSSELL 3000 VALUE Index:** Measures the performance of those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

BARCLAYS CAPITAL U.S. TREASURY Index, 1-3 Years: Includes public obligations of the U.S. Treasury with maturities of one to three years. In addition, certain special issues, such as state and local government series bonds (SLGs), U.S. Treasury TIPS, Bellwethers and STRIPS are excluded. **BARCLAYS CAPITAL U.S. TREASURY Index, 7-10 Years:** Includes public obligations of the U.S. Treasury with maturities of 7 to 10 years. In addition, certain special issues, such as state and local government series bonds (SLGs), U.S. Treasury TIPS, Bellwethers and STRIPS are excluded. **BARCLAYS CAPITAL CREDIT Index:** All public, fixed-rate, nonconvertible investment grade domestic corporate debt (collateralized mortgage obligations are not included). Only bonds rated at least baa by Moody's, BBB by Standard & Poor's, or BBB by Fitch Investor Service for nonrated bonds are included. **BARCLAYS CAPITAL GOVERNMENT Index:** The Treasury bond and agency bond indices (all publicly issued debt of agencies of the U.S. government, quasi-federal corporations and corporate debt guaranteed by the U.S. government, but not mortgage-backed securities) are combined to form the government bond index. **BARCLAYS CAPITAL U.S. AGGREGATE BOND Index:** Covers the U.S. dollar-denominated investment-grade, fixed-rate, taxable bond market, including Treasurys, government-related and corporate securities, MBS pass-through securities, asset-backed securities and commercial mortgage-based securities. **BARCLAYS CAPITAL GOVERNMENT/CREDIT Index:** The government, corporate and Yankee (all U.S. dollar-denominated, SEC-registered, public nonconvertible debt issued or guaranteed by foreign sovereign governments, municipals, government agencies or international agencies) bond indices combine to form the Government/Corporate Bond Index. **BARCLAYS CAPITAL U.S. INTERMEDIATE GOVERNMENT/CREDIT Index:** Mix of SLHGI 75% and SLHCI 25%. Composed of all bonds covered by BARCLAYS CAPITAL GCB Index with maturities between 1 and 9.99 years. Total return comprises price appreciation/depreciation and income as a percent of the original investment. Indices are rebalanced monthly by market capitalization. **BARCLAYS CAPITAL LONG GOVERNMENT/ CREDIT Index:** Composed of all bonds covered by BARCLAYS CAPITAL GCB Index with maturities of 10 years or greater. Total return comprises price appreciation/depreciation and income as a percent of the original investment. Indices are rebalanced monthly by market capitalization. **BARCLAYS CAPITAL MORTGAGE BACKED SECURITIES Index:** Includes all fixed securities issued and backed by mortgage pools of Ginnie Mae (GNMA), Fannie Mae (FNMA), Freddie Mac (FHLMC) and half-coupon securities. The index excludes buydowns, graduated equity mortgages (GEM), project loans, nonagency (whole loans), jumbos, collateralized mortgage obligations (CMOs), graduated payment mortgages (GPMs), adjustable rate mortgages (ARMs), manufactured home mortgages and prepayment-penalty collateral. Formed by grouping the universes of over one million individual fixed-rate MBS pools into approximately 5,500 generic aggregates. Pool aggregates must be U.S. dollar-denominated, have at least $250 million current outstanding and average-weighted life of at least one year. **BARCLAYS CAPITAL HIGH YIELD Index:** Covers the universe of fixed-rate, noninvestment-grade debt. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Mexico, Venezuela, etc.) are excluded, but Yankee and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes and step-up coupon structures are also included. Liquidity Rules: All bonds included in the High Yield Index must be dollar-denominated and nonconvertible, and

have at least one year remaining to maturity and an outstanding par value of at least $150 million. Quality Rating Rules: Securities in the index must be rated Ba1 or lower. If both Moody's and S&P provide a rating for a security, the lower of the two ratings is used. A small number of unrated bonds is included in the index; to be eligible, they must have previously held a high-yield rating or have been associated with a high-yield issuer, and must trade accordingly. **BARCLAYS CAPITAL MUNI Index:** The composite measure of the total return performance of the muni bond market. The muni market contains over two million different bond issues. The market is divided into seven major sectors: state G.O. debt (31%); prerefunded bonds (7.7%); electric utility revenue bonds (7.79%); hospital revenue bonds (3.4%); state housing revenue bonds (3.4%); industrial development and pollution control revenue bonds (1.8%); and transportation revenue bonds (7.1%). These weightings are reviewed annually.

MERRILL LYNCH GLOBAL HIGH YIELD Index: Includes below-investment-grade bonds of corporate issuers domiciled in countries having an investment-grade, long-term debt rating. **BARCLAYS CAPITAL MAJORS EX-U.S. Index:** An unhedged aggregate of the BC Global Treasury indices for Australia, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Spain, Sweden and the United Kingdom. **BARCLAYS CAPITAL GLOBAL TREASURY EX-U.S. Index:** Includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

MSCI EAFE (EUROPE, AUSTRALASIA AND THE FAR EAST) Index: A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. **MSCI EMERGING MARKETS Index:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of May 27, 2010, the index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. **MSCI BRIC Index:** A free-float-adjusted market capitalization index that measures equity market performance in larger emerging markets. The index consists of the following emerging market country indices: Brazil, Russia, India and China. **MSCI EM ASIA Index:** A free-float-adjusted market capitalization index that measures equity market performance in emerging markets in Asia. The index consists of the following emerging market country indices: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand. **MSCI FAR EAST Index:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in the Far East. As of March 2010, the MSCI Far East Index consisted of the following country indices: Hong Kong, Japan and Singapore. **MSCI EUROPE Index:** A free-float-adjusted market capitalization-weighted index that is designed to measure developed market equity performance in Europe. As of June 2007, the index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits.

MSCI THE WORLD Index: A free-float-adjusted market capitalization index that is designed to measure developed equity market performance worldwide. The MSCI The World Index consists of the following 24 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. **MSCI WORLD EX-USA Index:** A free-float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets. As of May 27, 2010, the index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. **MSCI PACIFIC EX-JAPAN Index:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region, excluding Japan. As of June 2007, the index consisted of the following four developed market countries: Australia, Hong Kong, New Zealand and Singapore. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits.

MSCI HONG KONG Index: A free-float-adjusted market capitalization index that is designed to measure equity market performance in Hong Kong. **MSCI IRELAND Index:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Ireland. **MSCI JAPAN Index:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Japan. **MSCI SINGAPORE Index:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Singapore.

MSCI CHINA Index: A free-float-adjusted market capitalization index that is designed to measure equity market performance in China. **MSCI MALAYSIA Index:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Malaysia. **MSCI TAIWAN Index:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Taiwan. **MSCI THAILAND Index:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Thailand.

CONSUMER PRICE Index (CPI): includes monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services.

INSTITUTE FOR SUPPLY MANAGEMENT'S PURCHASING MANAGERS' Index (PMI): An indicator of the economic health of the manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. A PMI of more than 50 represents expansion of the manufacturing sector, compared to the previous month. A reading under 50 represents a contraction, while a reading at 50 indicates no change. **ISM NON-MANUFACTURING Index (NMI):** An index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys that monitors economic conditions of the nation.

CBOE VOLATILITY Index: The CBOE Volatility Index—more commonly referred to as "VIX"—is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500® Index (SPX) option bid/ask quotes. VIX uses nearby and second nearby options with at least eight days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index.

The indices are unmanaged, and an investor cannot invest directly in an index. The indices are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns consist of income and capital appreciation (or depreciation) and do not take into account fees, taxes or other charges. Such fees and charges would reduce performance. Index performance is calculated on a total return basis and assumes that dividends and distributions were reinvested.

DISCLOSURES

Although the statements of fact and data in this report have been obtained from, and are based upon, sources the firm believes reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Past performance is not a guarantee of future results. This report may contain forward-looking statements and there can be no guarantee that they will come to pass.

To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. These risks may be magnified in **emerging markets**. International investing may not be for everyone. **Value investing** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **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. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, 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. **Bonds** are subject to interest rate risk. When interest rates rise, bond prices fall; generally, the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer. With respect to fixed-income securities, please note that, in general, as prevailing interest rates rise, fixed-income securities' prices fall. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. **Commodities** markets may fluctuate widely based on a variety of factors including, but not limited to, changes in supply and demand relationships; governmental programs and policies; national and international political and economic events, war and terrorist events; changes in interest and exchange rates; trading activities in commodities and related contracts; pestilence, technological change and weather; and the price volatility of a commodity.

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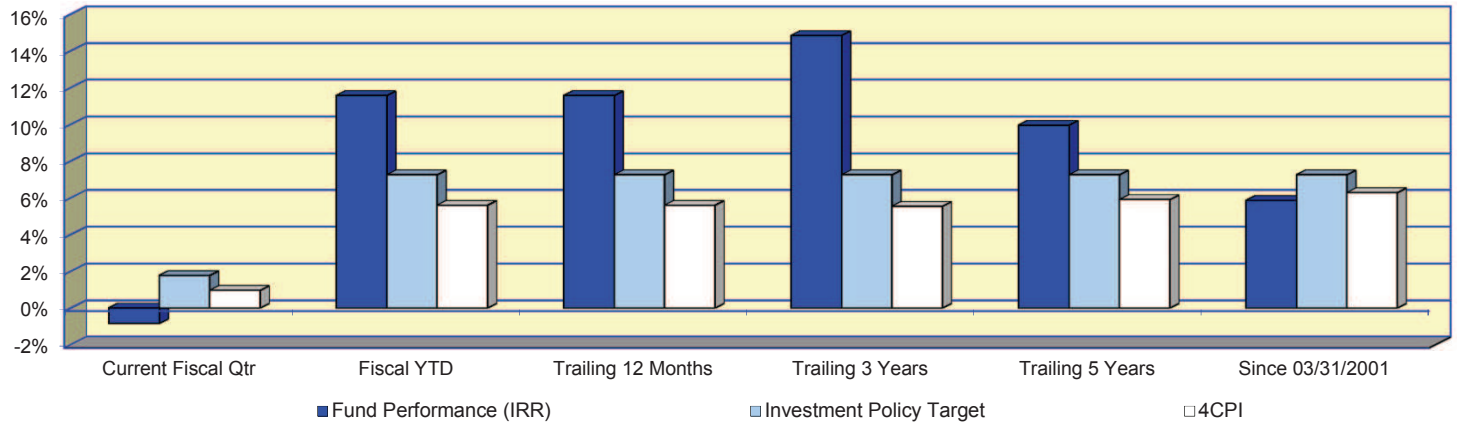
INVESTMENT POLICY MONITOR (DOLLAR WEIGHTED IRR)

Ormond Beach Fire

AS OF 09/30/2014



Asset Class *Investment Manager*	*Current Fiscal Qtr*	*Fiscal YTD*	*Trailing 12 Months*	*Trailing 3 Years*	*Trailing 5 Years*	*Since 03/31/2001*
Fund Performance (IRR)	**-0.85**	**11.56**	**11.56**	**14.83**	**9.95**	**5.85**
Investment Policy Objectives						
Investment Policy Target	1.77	7.25	7.25	7.25	7.25	7.25
4CPI	0.96	5.60	5.60	5.54	5.90	6.28

Investment Policy Objective

Primary investment emphasis must be placed upon the consistent protection of the funds and growth performance.

Dollar–Weighted Returns

(Internal Rate of Return)

The investment policy monitor is calculated on a dollar-weighted basis, accounting for deposits and cash flows upon receipt. The dollar-weighted or "internal rate of return - IRR" is the actual rate earned by the Fund. The dollar–weighted return is the appropriate measurement to evaluate the fund's performance in relation to the statement of investment policy and guidelines.

Report Created: 11/26/2014

INVESTMENT PRODUCTS: NOT FDIC INSURED · NO BANK GUARANTEE · MAY LOSE VALUE

Graystone Consulting℠

INVESTMENT PERFORMANCE SUMMARY (TIME WEIGHTED)

Ormond Beach Fire

AS OF 09/30/2014

Investment Returns are Annualized and Time Weighted (%)	Current Fiscal Qtr	Fiscal YTD	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 03/31/2001	Since Inc Period End	Account Number
TOTAL FUND	***-0.73***	***+12.09***	***+12.09***	***+15.41***	***+10.40***	***+6.13***	***03/31/2001***	
Composite	-0.80	+11.11	+11.11	+14.85	+11.02	+6.54		
Equity Investments								
HGK Asset Management	-0.30	18.70	18.70	23.97	14.25	17.56	04/30/2009	001-063090
Russell 1000 Vl	-0.18	18.89	18.89	23.94	15.26	18.74		
Sawgrass Asset Management	1.68	19.07	19.07	23.46	14.54	6.22	07/31/2007	001-053633
Russell 1000 Gr	1.49	19.15	19.15	22.45	16.50	8.24		
Polen Capital Management	1.78	19.05	19.05	N/A	N/A	11.68	04/30/2012	002-000740
Russell 1000 Gr	1.49	19.15	19.15			16.60		
GW Capital Inc	-8.79	7.33	7.33	22.84	16.80	19.03	10/31/2008	001-060287
Russell 2500 Vl	-6.39	9.90	9.90	22.82	15.16	15.46		
Perimeter - Small Cap Growth (CIC)	-1.79	8.96	8.96	21.35	15.45	18.03	04/30/2009	001-063120
Russell 2500 Gr	-4.22	8.04	8.04	22.68	16.84	20.17		
International Equity								
Delaware Investments	-6.16	10.06	10.06	12.80	7.12	5.96	07/31/2005	001-040253
MSCI EAFE Net	-5.88	4.25	4.25	13.65	6.56	5.05		
Renaissance Investment Management	-4.50	11.22	11.22	17.02	9.74	14.70	04/30/2009	001-063123
MSCI AC Wld xUS Nt	-5.26	4.76	4.76	11.80	6.03	11.48		
Fixed Income Investments								
Garcia Hamilton & Asscs - Houston	0.20	4.71	4.71	4.97	5.11	5.41	09/30/2003	001-029024
BC Gov/Cr Intm	-0.03	2.19	2.19	2.02	3.42	3.92		

Report Created: 10/22/2014

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INVESTMENT PERFORMANCE SUMMARY (DOLLAR WEIGHTED)

Ormond Beach Fire

AS OF 09/30/2014

Investment Returns are Annualized and Dollar Weighted (%)	Current Fiscal Qtr	Fiscal YTD	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 03/31/2001	Since Inc Period End	Account Number
Total Fund	***-0.85***	***11.56***	***11.56***	***14.83***	***9.95***	***5.85***	***03/31/2001***	
Equity Investments								
HGK Asset Management	-0.41	18.34	18.34	23.54	13.78	17.23	04/30/2009	001-063090
Sawgrass Asset Management	1.49	18.53	18.53	28.01	13.22	3.43	07/31/2007	001-053633
Polen Capital Management	1.61	18.35	18.35	N/A	N/A	11.07	04/30/2012	002-000740
GW Capital Inc	-8.89	7.41	7.41	22.69	16.25	18.62	10/31/2008	001-060287
Perimeter - Small Cap Growth (CIC)	-1.96	8.90	8.90	21.04	14.87	17.51	04/30/2009	001-063120
International Equity								
Delaware Investments	-6.29	9.24	9.24	12.02	6.24	4.35	07/31/2005	001-040253
Renaissance Investment Management	-4.62	10.51	10.51	16.27	8.87	14.19	04/30/2009	001-063123
Fixed Income Investments								
Garcia Hamilton & Asscs - Houston	0.14	4.37	4.37	4.67	4.77	5.16	09/30/2003	001-029024

Report Created: 10/22/2014

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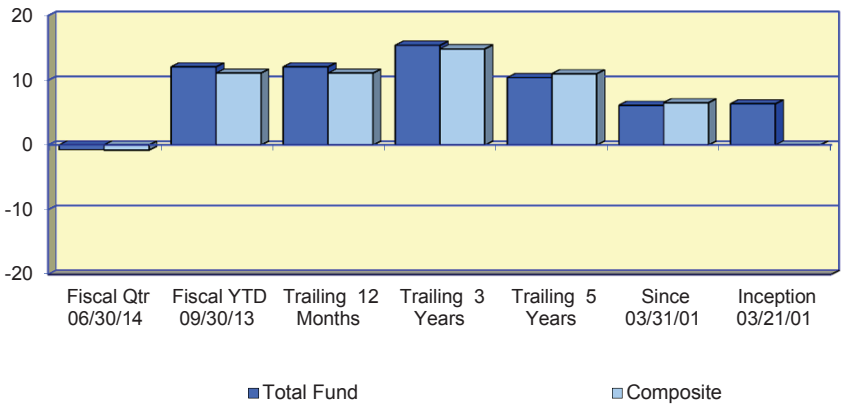
TOTAL FUND

Ormond Beach Fire

AS OF 09/30/2014

Portfolio Performance (%)

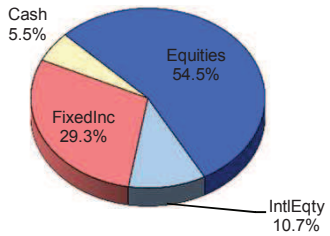


Investment Returns (%) Since:	Fiscal Qtr 06/30/14	Fiscal YTD 09/30/13	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 03/31/01	Inception 03/21/01
Total Fund	**-0.73**	**12.09**	**12.09**	**15.41**	**10.40**	**6.13**	**6.37**
Composite	-0.80	11.11	11.11	14.85	11.02	6.54	N/A
Ormond Beach Total Index	-0.80	10.56	10.56	14.51	10.75	6.08	N/A

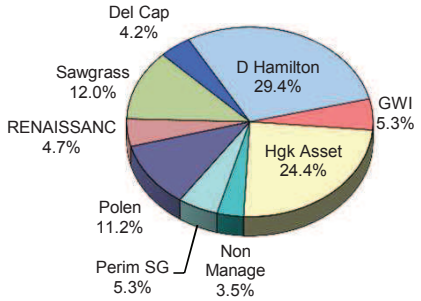
Asset Growth ($000)							
Beginning Market Value	24,000	21,551	21,551	15,374	14,845	9,425	9,130
Net Contributions & Withdrawals	216	-107	-107	313	-177	1,248	1,248
Gain/Loss + Income	-176	2,596	2,596	8,353	9,372	13,367	13,662
Ending Market Value	24,040	24,040	24,040	24,040	24,040	24,040	24,040

Asset Allocation ($000)

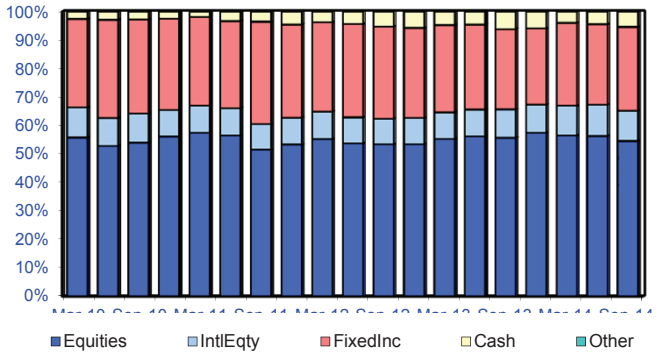
Equities	IntlEqty	FixedInc	Cash	Total
13,094	2,574	7,046	1,326	24,040



Asset Allocation By Manager



Allocation Over Time



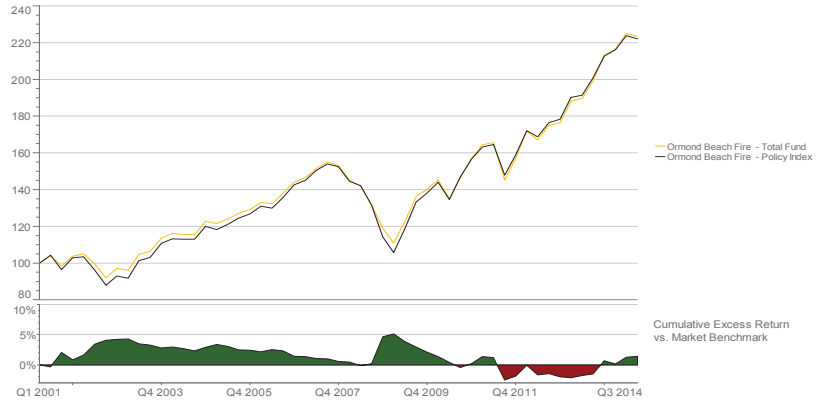
Report Created: 10/22/2014

Risk/Return Analysis - Since Inception

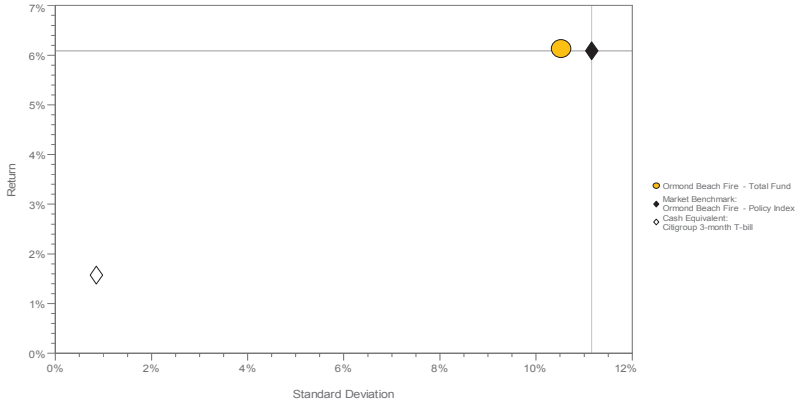
Zephyr StyleADVISOR

Zephyr StyleADVISOR: Graystone Consulting

Manager Performance
April 2001 - September 2014 (Single Computation)



Risk / Return
April 2001 - September 2014 (Single Computation)



Return & Risk Analysis

April 2001 - September 2014: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Ormond Beach Fire - Total Fund	6.13%	0.05%	10.52%	0.93	-28.48%	96.40%	93.52%	0.43%	0.43	97.53%
Ormond Beach Fire - Policy Index	6.09%	0.00%	11.15%	1.00	-31.33%	100.00%	100.00%	0.00%	0.40	100.00%

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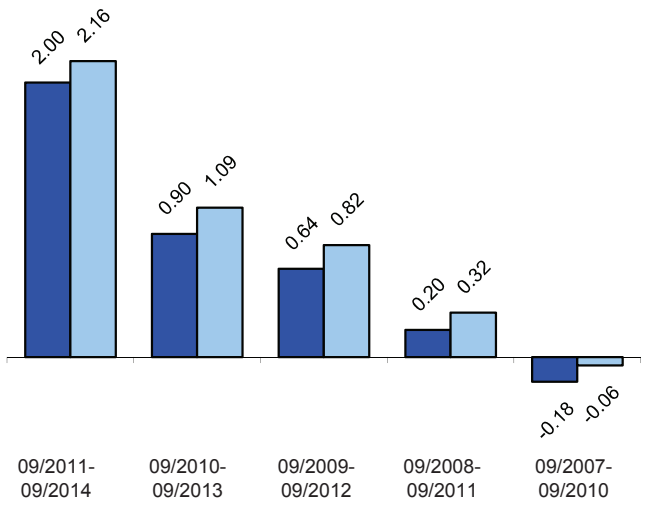
TOTAL FUND RISK ANALYSIS

Ormond Beach Fire

AS OF 09/30/2014



Ormond Beach Fire

Composite Index

Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index.

Loss in Varying Time Periods measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No presentation is made that these amounts represent maximum future loss.*

Down Capture is the measure of the fund`s total return whenever the index returns are negative.

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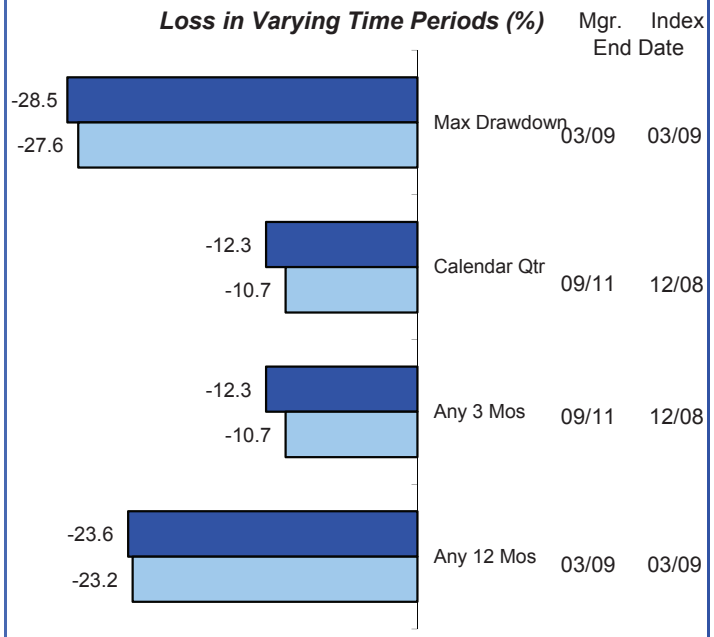

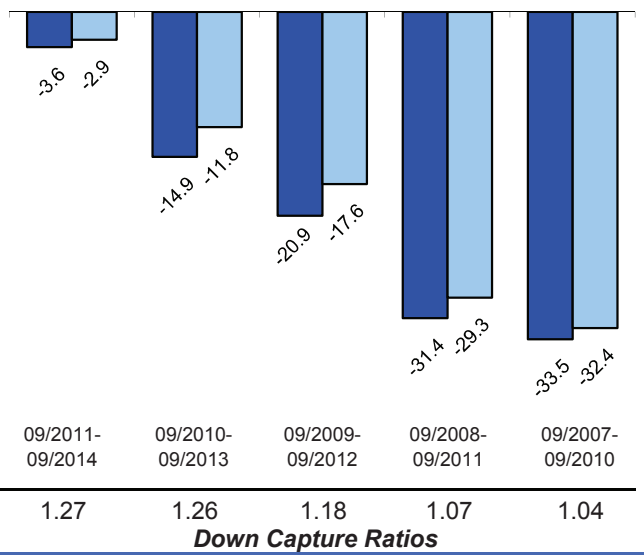

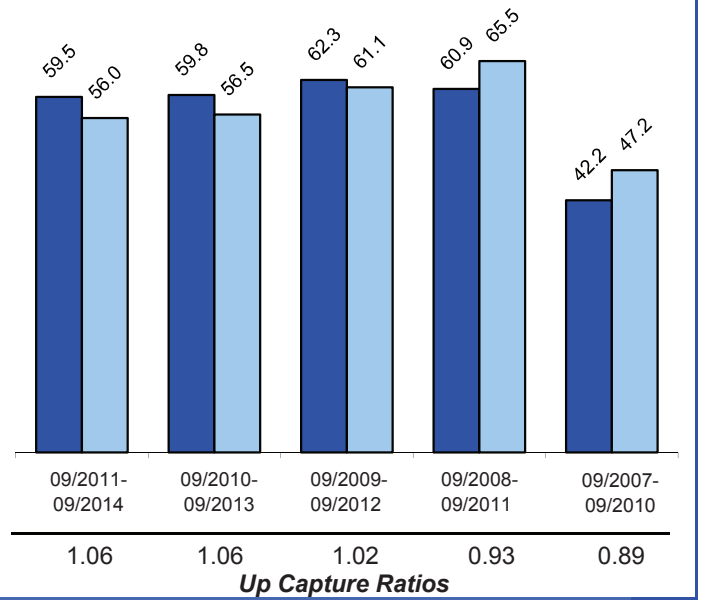

Report Created: 10/22/2014

Please refer to the attached Disclosures for important information.

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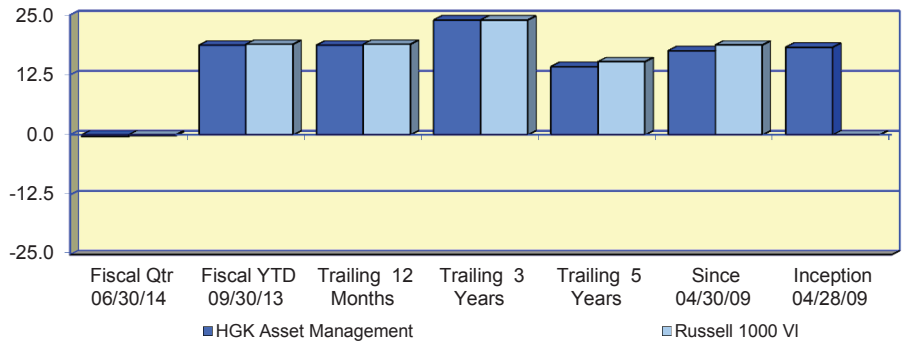
EXECUTIVE SUMMARY

Ormond Beach Firefighters HGK Asset Management AS OF 09/30/2014

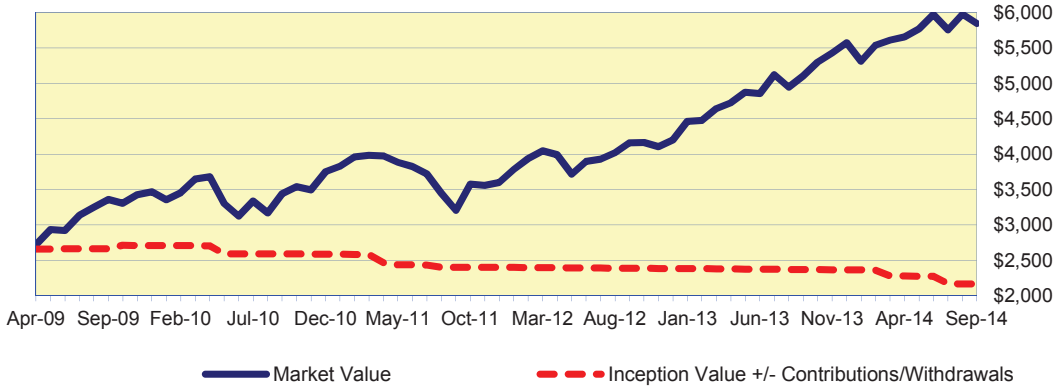
Portfolio Performance(%)



Investment Returns (%) Since:	Fiscal Qtr 06/30/14	Fiscal YTD 09/30/13	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 04/30/09	Inception 04/28/09
HGK Asset Management	***-0.30***	***18.70***	***18.70***	***23.97***	***14.25***	***17.56***	***18.28***
Russell 1000 VI	-0.18	18.89	18.89	23.94	15.26	18.74	N/A

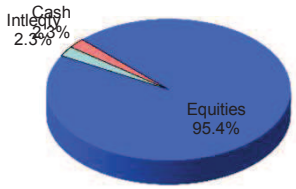
Asset Growth ($000)							
Beginning Market Value	5,979	5,110	5,110	3,209	3,361	2,723	0
Net Contributions & Withdrawals	-106	-203	-203	-237	-495	-494	2,166
Gain/Loss + Income	-18	948	948	2,883	2,989	3,626	3,689
Ending Market Value	5,855	5,855	5,855	5,855	5,855	5,855	5,855

Value-Added Analysis ($000)



Asset Allocation ($000)

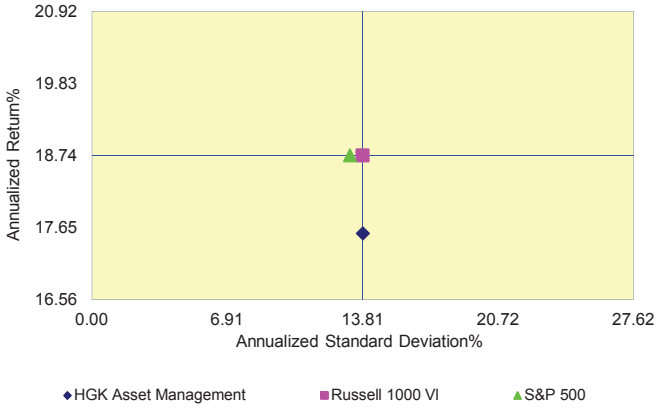
Equities	Intlequ	Cash	Total
5,586	136	132	5,855



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	1.26
Beta	0.98	Index Sharpe Ratio	1.35
Alpha	-0.76%		
R^2	97%		

Risk / Return Analysis Since 04/30/2009

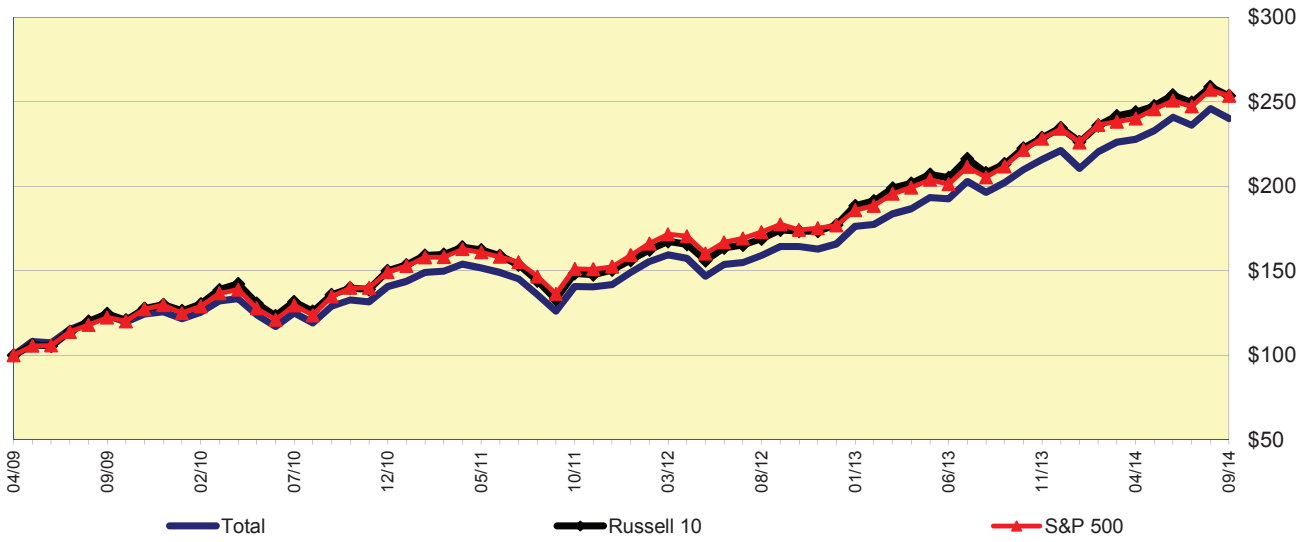


Annualized %	Return	Std. Dev.
HGK Asset Management	***17.56***	***13.83***
Russell 1000 VI	18.74	13.81
S&P 500	18.74	13.17

Report Created: 10/22/2014

Growth of $100 Graph

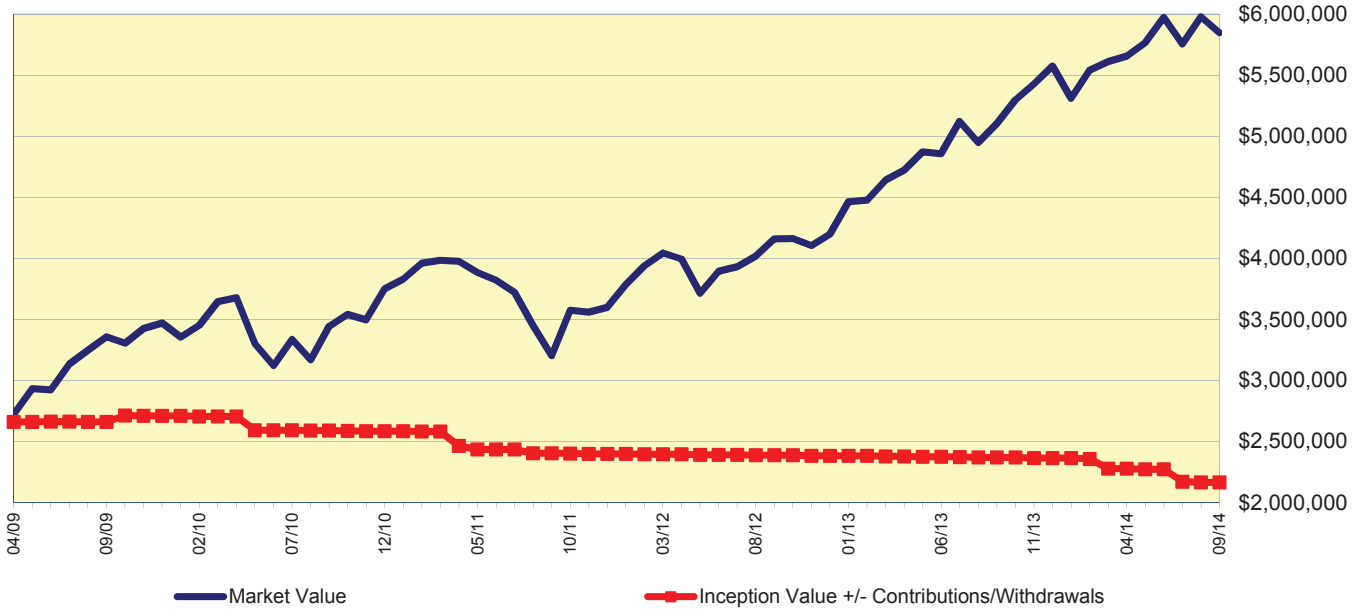
This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

One of the graph lines denotes the period-end market values of the portfolio over time. This is simply a visual representation of the ebb and flow of the portfolio's market value period-to-period. The other line represents the original dollars invested adjusted for contributions or withdrawals.

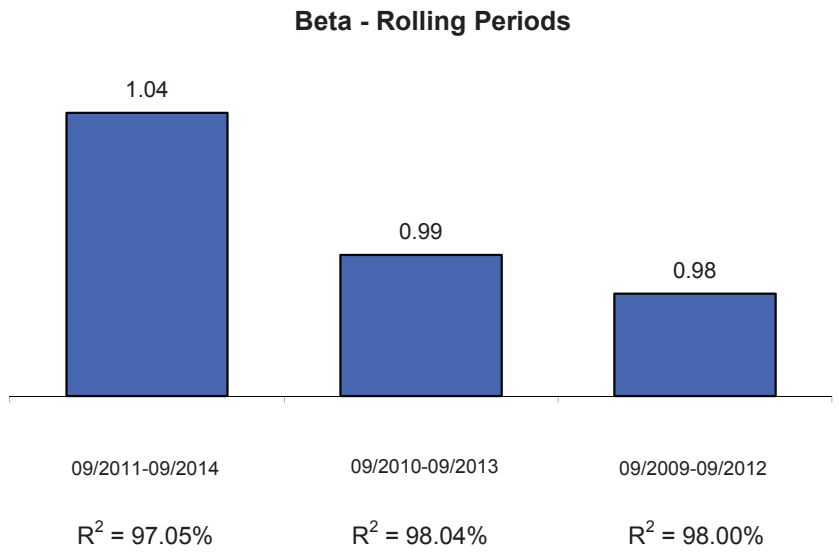


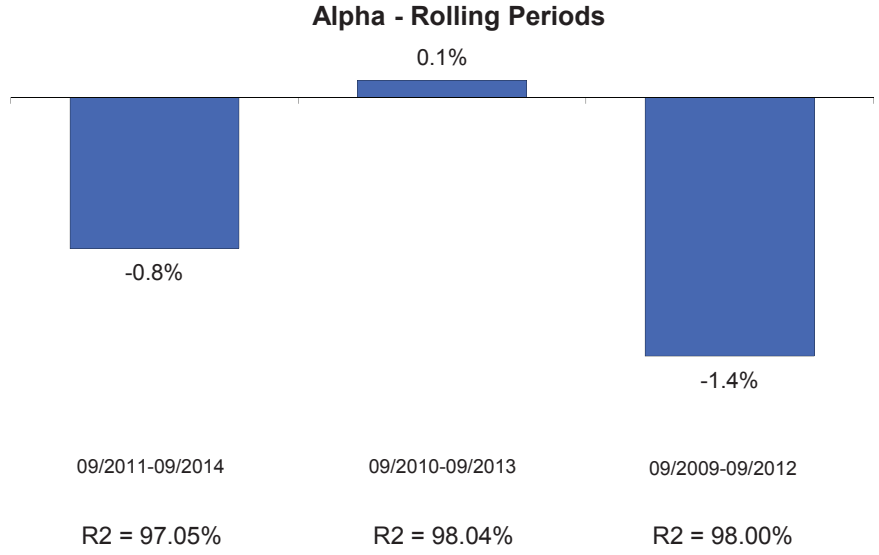
Report Created: 10/22/2014

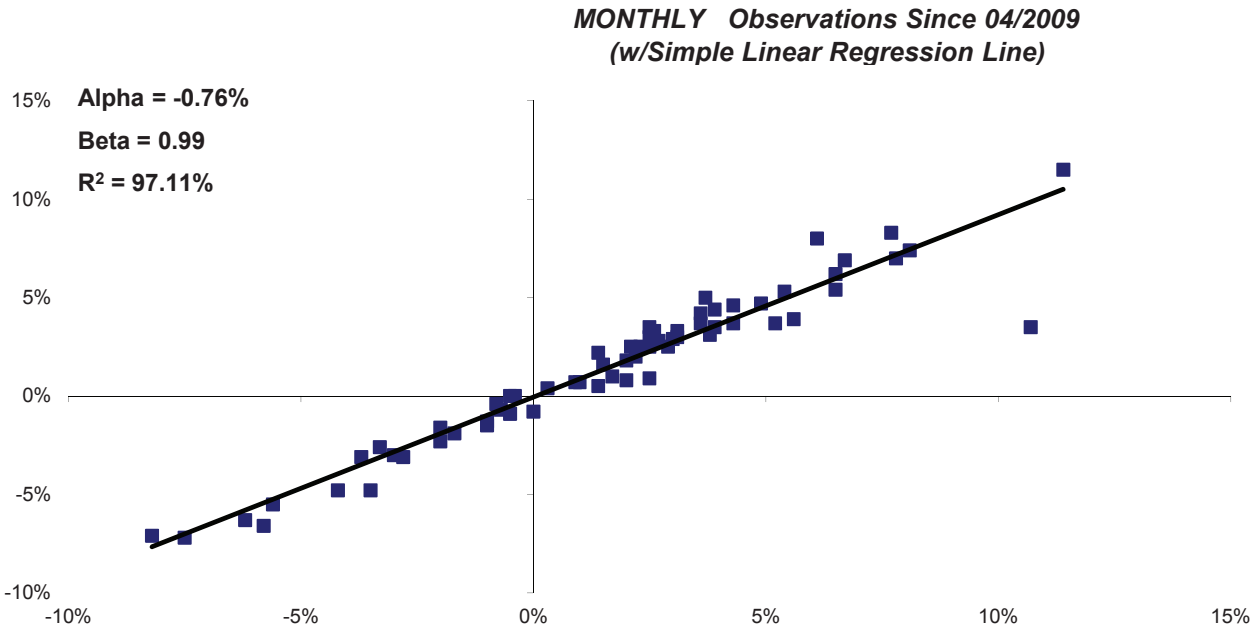
Graystone Consulting℠

MODERN PORTFOLIO THEORY

Ormond Beach Firefighters HGK Asset Management AS OF 09/30/2014







Modern Portfolio Theory seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market 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. **Beta** is a measure of the sensitivity of a portfolio's rate of return against that of the market. A beta greater than 1.00 indicates volatility greater than the market. **R2** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-squared of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 10/22/2014

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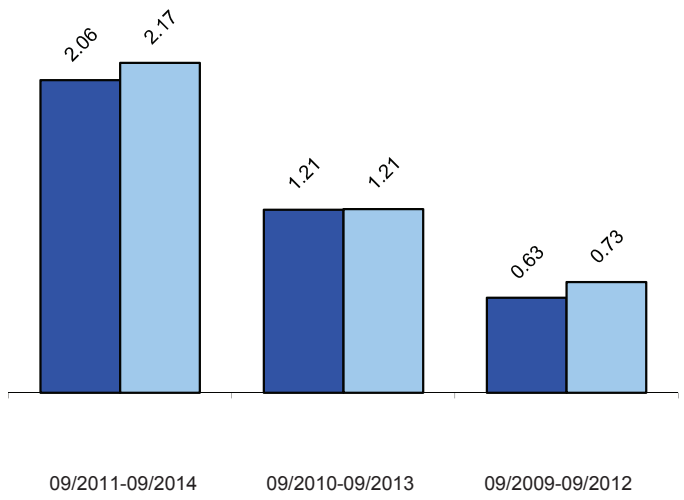
MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2014

Sharpe Ratios 3-Year Rolling Periods



HGK Asset Management

Russell 1000 VI

Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

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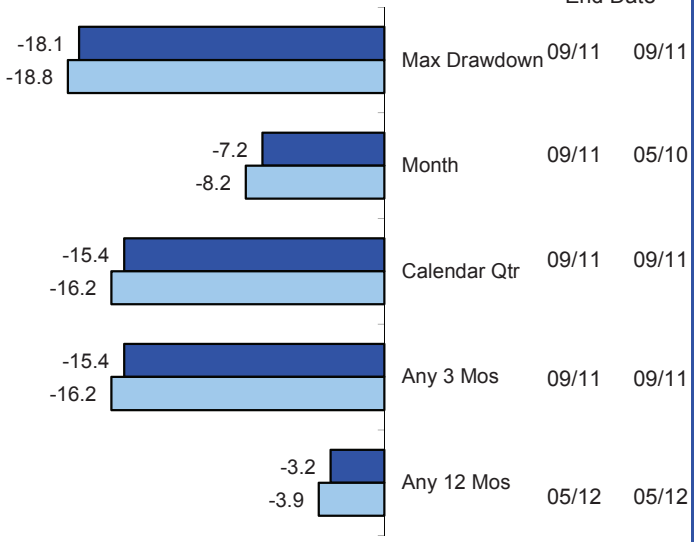
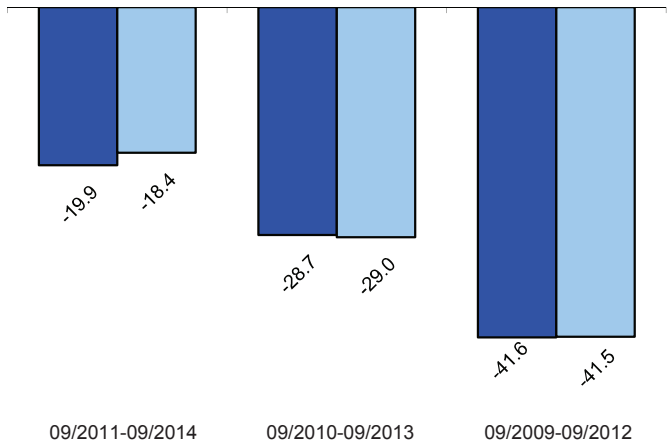
Loss in Varying Time Periods (%)



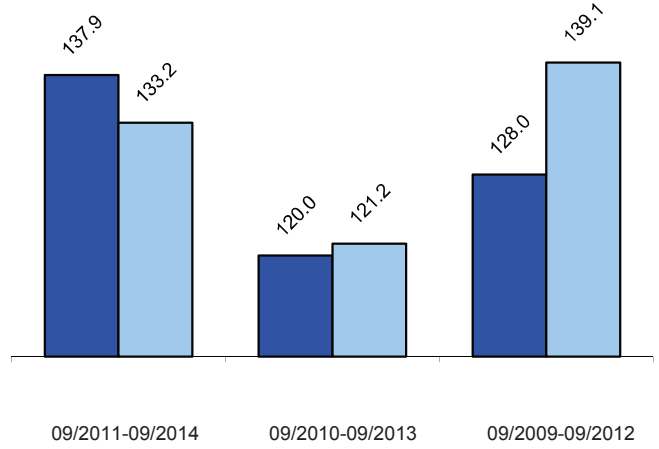
Down Capture Returns (%) 3-Year Rolling Periods



09/2011-09/2014	09/2010-09/2013	09/2009-09/2012
1.08	0.99	1.00

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



09/2011-09/2014	09/2010-09/2013	09/2009-09/2012
1.04	0.99	0.92

Up Capture Ratios

Report Created: 10/22/2014

Ormond Beach Fire - HGK

Composition		
Summary	ORMOND FIRE HGK	RU1000-V
No of Securities	47.00	690.00
% Bmrk Holdings	94.08	100.00
% Active Share	75.66	0.00
% Top 25 Holdings	60.52	41.56
% Top 15 Holdings	38.52	32.59

Characteristics		
Characteristic	ORMOND FIRE HGK	RU1000-V
Market Cap - Weighted Median	34,036,001,112.79	56,845,913,763.17
Price / Book	1.91	1.89
P/E NTM	12.95	14.27
Dividend Yield	2.51	2.37
EPS Growth NTM	6.93	9.41
Ret Eq	14.68	12.81

Sector Allocation		
Sector Name	ORMOND FIRE HGK	RU1000-V
Energy	15.21	12.86
Materials	5.42	3.32
Industrials	8.96	10.18
Consumer Discretionary	9.82	6.24
Consumer Staples	7.38	7.06
Health Care	11.56	13.51
Financials	21.60	29.13
Information Technology	11.39	9.38
Telecomm Service	2.34	2.29
Utilities	6.32	6.03

Top Equity Holdings	
Name	ORMOND FIRE HGK
JPMORGAN CHASE & CO	3.01
CONOCOPHILLIPS	2.82
CHEVRON CORP	2.76
JOHNSON & JOHNSON	2.69
ELI LILLY AND CO	2.62
	Total: 13.90

Disclaimer

This analysis is based upon information supplied by the Client or its custodian and software developed by Thomson Portfolio Analytics. The underlying data is believed to be reliable but accuracy and completeness cannot be assured. While the characteristics described in this report are believed to accurately reflect the overall nature of the portfolio, all of the constituent securities may not have been considered. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services of any money manaFirement organization. Past results are not necessarily indicative of future performance.

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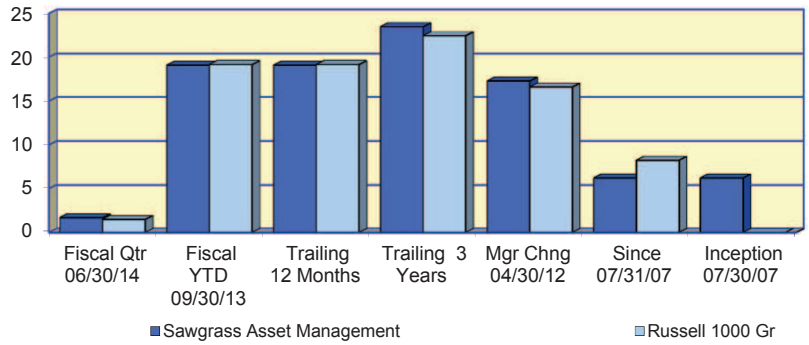
EXECUTIVE SUMMARY

Ormond Beach Firefighters Sawgrass Asset Management AS OF 09/30/2014

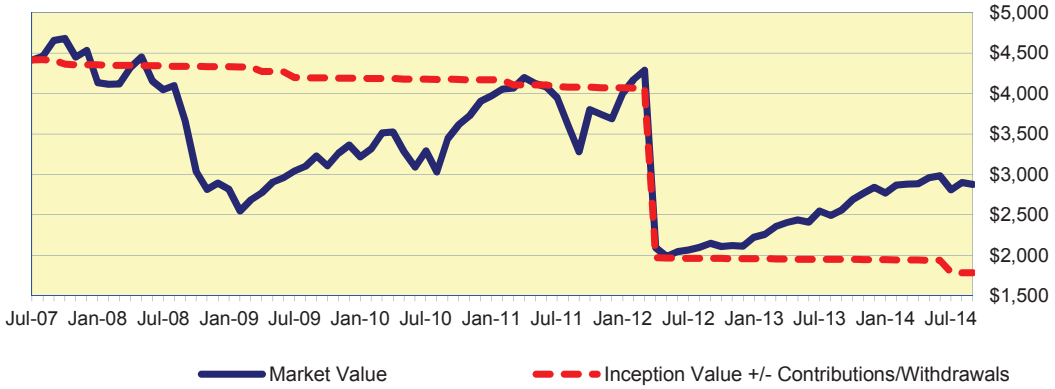
Portfolio Performance(%)



Investment Returns (%) Since:	Fiscal Qtr 06/30/14	Fiscal YTD 09/30/13	Trailing 12 Months	Trailing 3 Years	Mgr Chng 04/30/12	Since 07/31/07	Inception 07/30/07
Sawgrass Asset Management	***1.68***	***19.07***	***19.07***	***23.46***	***17.27***	***6.22***	***6.22***
Russell 1000 Gr	1.49	19.15	19.15	22.45	16.60	8.24	N/A

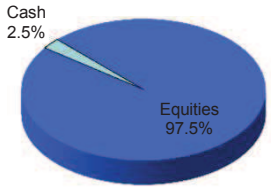
Asset Growth ($000)							
Beginning Market Value	2,986	2,560	2,560	3,282	2,095	4,414	4,414
Net Contributions & Withdrawals	-154	-166	-166	-2,295	-188	-2,633	-2,633
Gain/Loss + Income	46	484	484	1,891	971	1,097	1,097
Ending Market Value	2,878	2,878	2,878	2,878	2,878	2,878	2,878

Value-Added Analysis ($000)



Asset Allocation ($000)

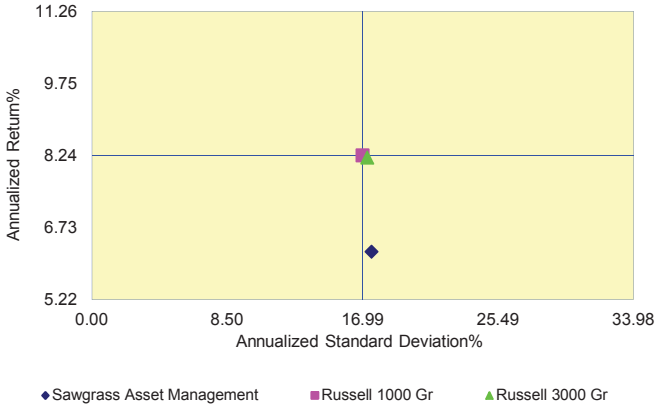
Equities	Cash	Total
2,807	72	2,878



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	0.32
Beta	0.99	Index Sharpe Ratio	0.45
Alpha	-1.73%		
R^2	92%		

Risk / Return Analysis Since 07/31/2007



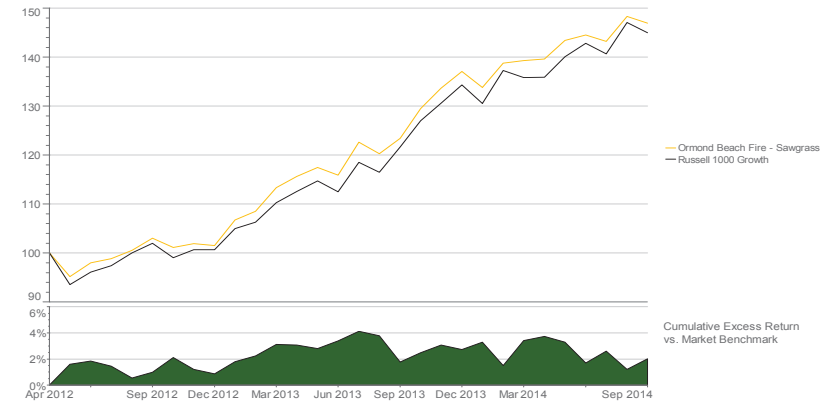
Annualized %	Return	Std. Dev.
Sawgrass Asset Management	***6.22***	***17.55***
Russell 1000 Gr	8.24	16.99
Russell 3000 Gr	8.19	17.29

Report Created: 10/22/2014

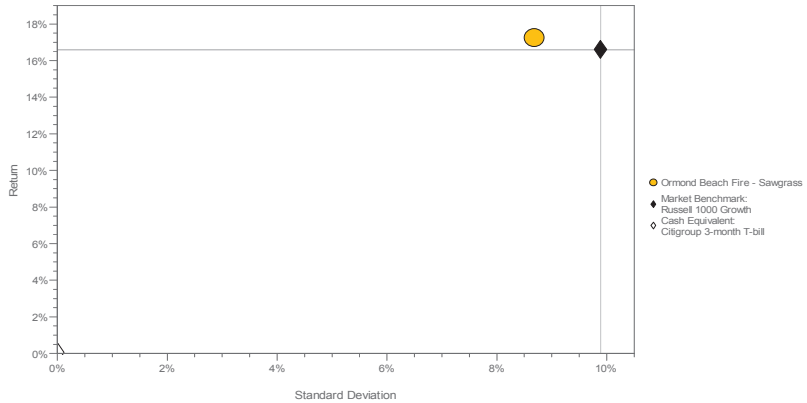
Zephyr StyleADVISOR

Zephyr StyleADVISOR: Graystone Consulting

Manager Performance
May 2012 - September 2014 (Single Computation)



Risk / Return
May 2012 - September 2014 (Single Computation)



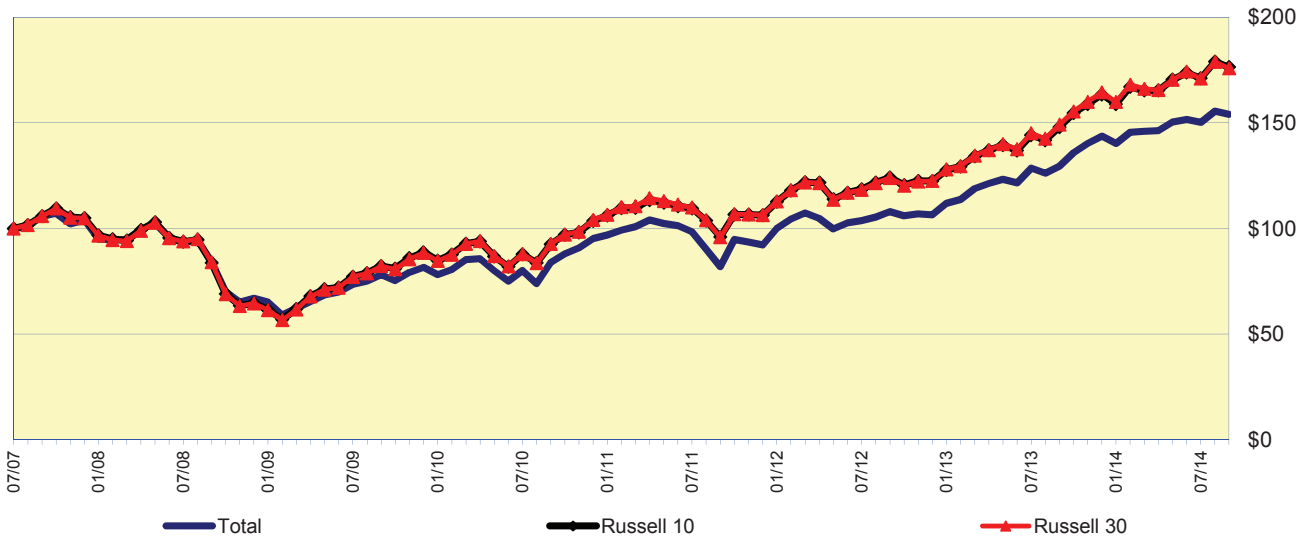
Return & Risk Analysis

May 2012 - September 2014: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Ormond Beach Fire - Sawgrass	17.27%	0.66%	8.67%	0.84	-4.83%	90.72%	72.64%	3.03%	1.98	92.04%
Russell 1000 Growth	16.60%	0.00%	9.89%	1.00	-6.42%	100.00%	100.00%	0.00%	1.67	100.00%

Growth of $100 Graph

This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

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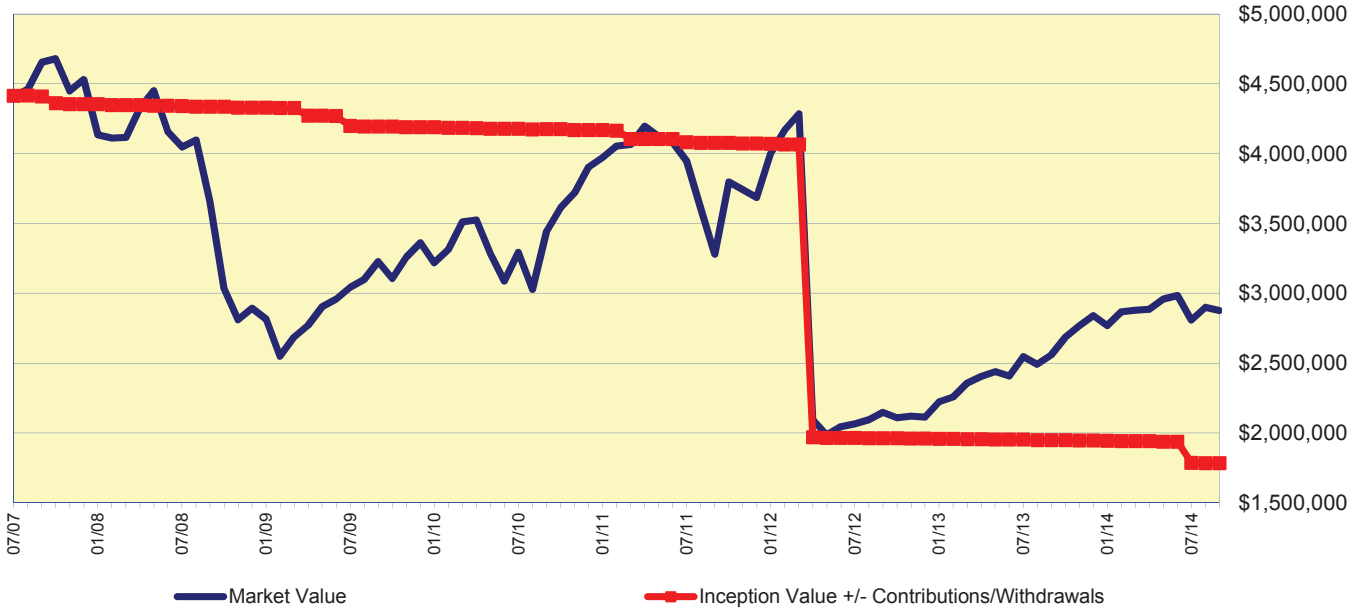


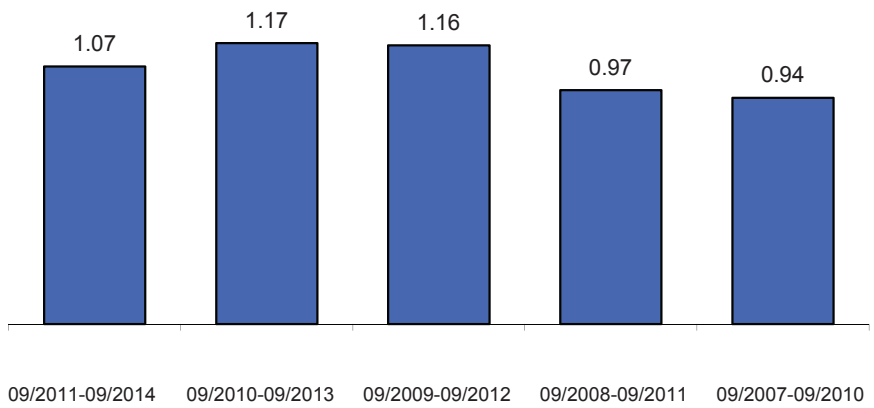
Report Created: 10/22/2014

Graystone Consulting℠

MODERN PORTFOLIO THEORY

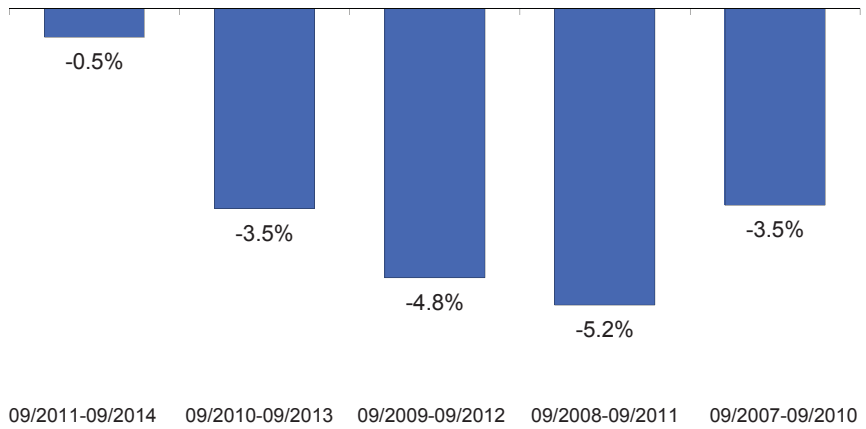
Ormond Beach Firefighters Sawgrass Asset Management AS OF 09/30/2014

Beta - Rolling Periods



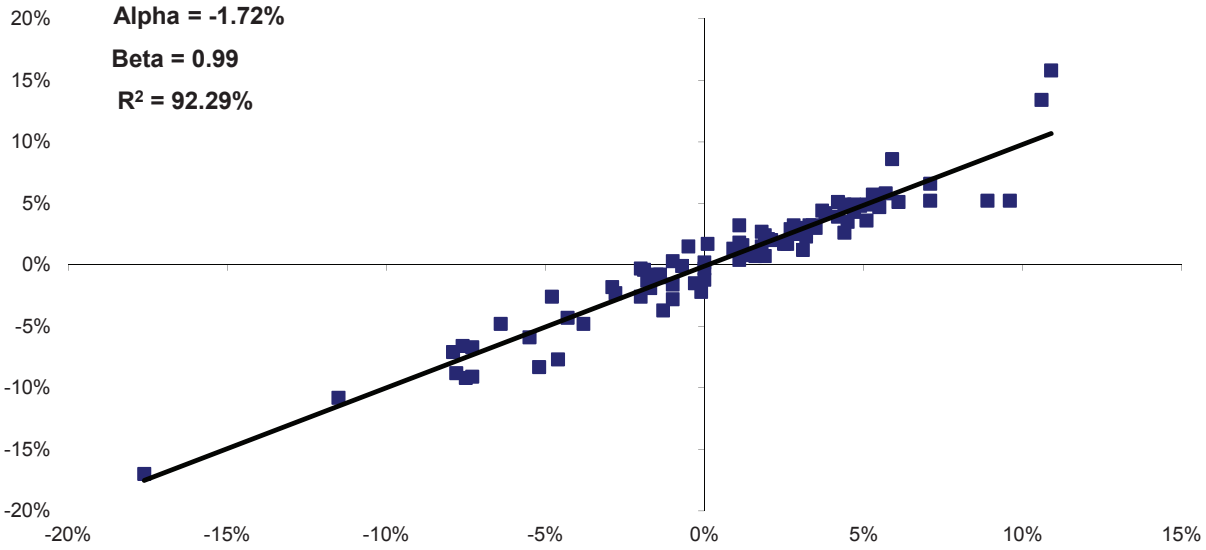
09/2011-09/2014	09/2010-09/2013	09/2009-09/2012	09/2008-09/2011	09/2007-09/2010
R^2 = 88.00%	R^2 = 90.94%	R^2 = 93.26%	R^2 = 93.17%	R^2 = 94.22%

Alpha - Rolling Periods



09/2011-09/2014	09/2010-09/2013	09/2009-09/2012	09/2008-09/2011	09/2007-09/2010
R2 = 88.00%	R2 = 90.94%	R2 = 93.26%	R2 = 93.17%	R2 = 94.22%

MONTHLY Observations Since 07/2007
(w/Simple Linear Regression Line)



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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 10/22/2014

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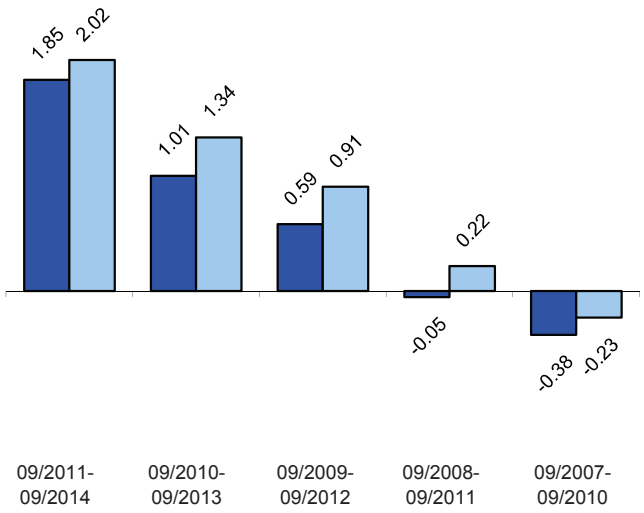
MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2014

Sharpe Ratios 3-Year Rolling Periods



Sawgrass Asset Management

Russell 1000 Gr

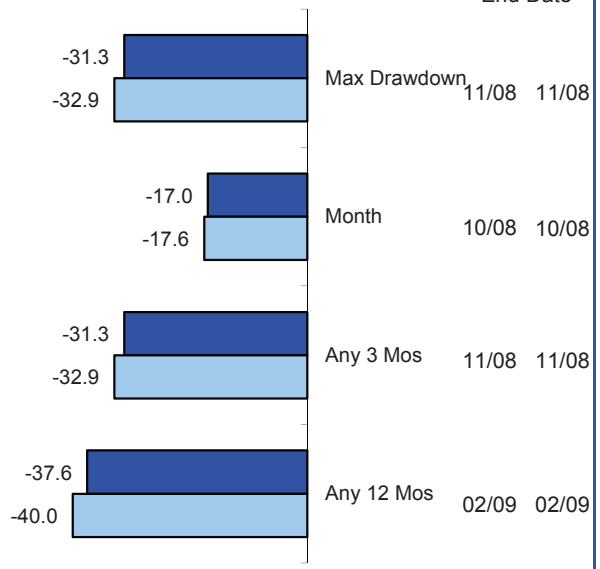
Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

Loss in Varying Time Periods measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*

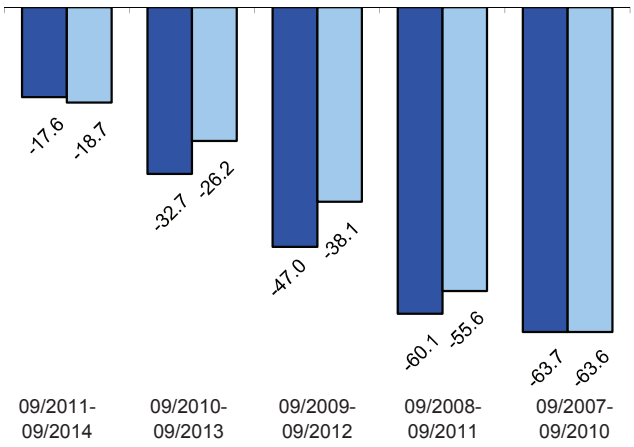
Down Capture is the measure of the fund`s total return whenever the index returns are negative.

Up Capture is the measure of the fund`s total return whenever the

Loss in Varying Time Periods (%)



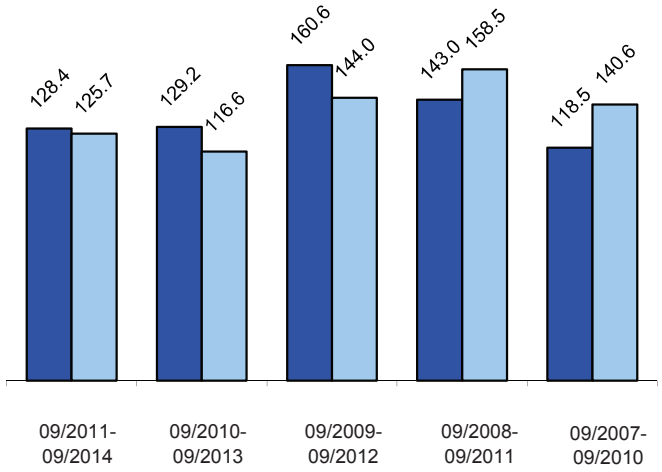
Down Capture Returns (%) 3-Year Rolling Periods



0.95	1.25	1.23	1.08	1.00

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



1.02	1.11	1.12	0.90	0.84

Up Capture Ratios

Report Created: 10/22/2014

Ormond Beach Fire - Sawgrass

Composition		
Summary	ORMOND FIRE - SAW	RU1000-G
No of Securities	44.00	674.00
% Bmrk Holdings	97.58	100.00
% Active Share	67.19	0.00
% Top 25 Holdings	70.17	37.64
% Top 15 Holdings	48.79	27.77

Characteristics		
Characteristic	ORMOND FIRE - SAW	RU1000-G
Market Cap - Weighted Median	92,100,949,066.88	55,999,528,239.19
Price / Book	3.91	4.85
P/E NTM	15.83	17.54
Dividend Yield	1.53	1.49
EPS Growth NTM	11.55	14.82
Ret Eq	23.08	25.57

Sector Allocation		
Sector Name	ORMOND FIRE - SAW	RU1000-G
Energy	4.52	5.68
Materials	5.76	4.23
Industrials	15.96	11.90
Consumer Discretionary	15.12	18.25
Consumer Staples	15.06	10.35
Health Care	12.96	13.64
Financials	1.25	5.08
Information Technology	25.27	28.42
Telecomm Service	4.10	2.37
Utilities		0.09

Top Equity Holdings	
Name	ORMOND FIRE - SAW
APPLE INC	4.96
VERIZON COMMUNICATIONS INC	4.10
COMCAST CORP	4.09
ORACLE CORP	3.74
QUALCOMM INC	3.60
	Total: 20.48

Disclaimer

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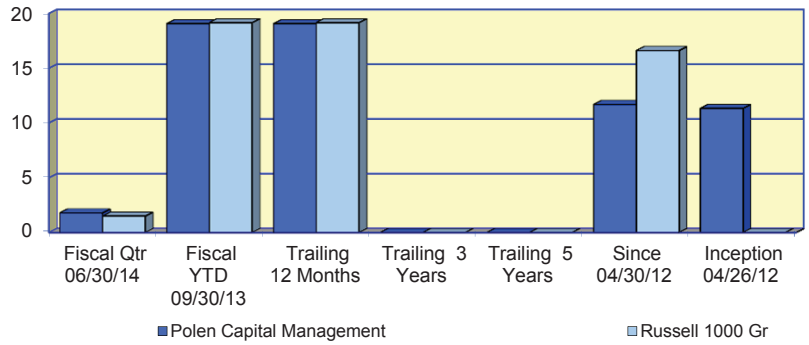
EXECUTIVE SUMMARY

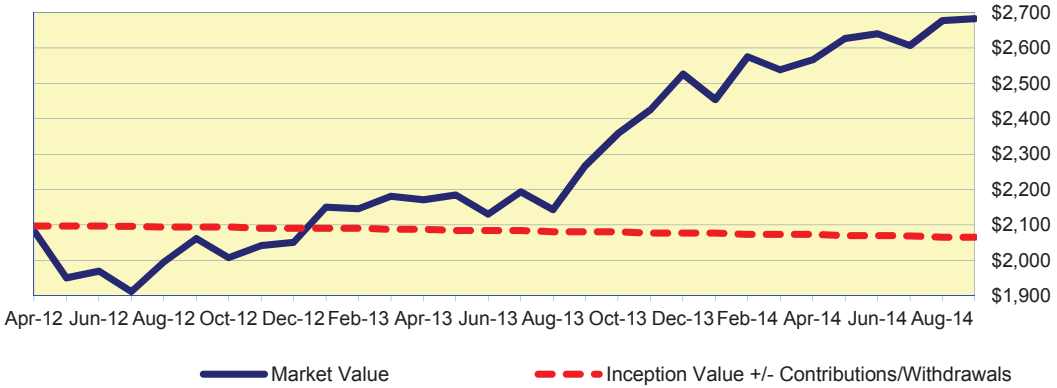
Ormond Beach Firefighters Polen Capital Management AS OF 09/30/2014

Portfolio Performance(%)



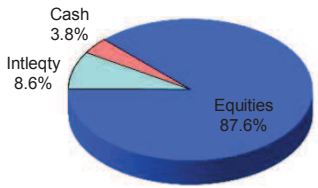
Investment Returns (%) Since:	Fiscal Qtr 06/30/14	Fiscal YTD 09/30/13	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 04/30/12	Inception 04/26/12
Polen Capital Management	**1.78**	**19.05**	**19.05**	N/A	N/A	**11.68**	**11.32**
Russell 1000 Gr	1.49	19.15	19.15			16.60	N/A
Asset Growth ($000)							
Beginning Market Value	2,641	2,269	2,269	N/A	N/A	2,084	1,852
Net Contributions & Withdrawals	-4	-16	-16	N/A	N/A	-31	213
Gain/Loss + Income	47	431	431	N/A	N/A	631	619
Ending Market Value	2,684	2,684	2,684	N/A	N/A	2,684	2,684

Value-Added Analysis ($000)



Asset Allocation ($000)

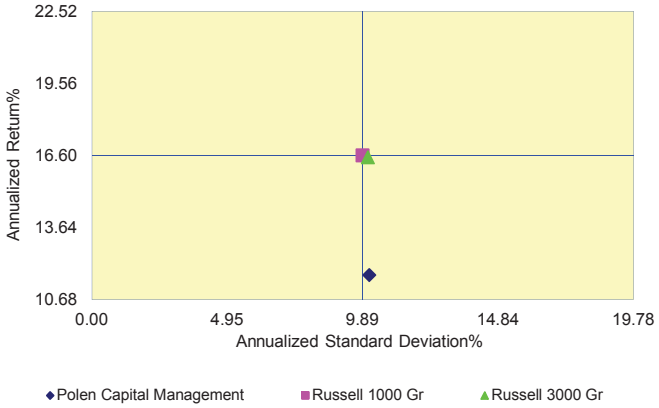
Equities	Intleqty	Cash	Total
2,351	232	101	2,684



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	1.14
Beta	0.90	Index Sharpe Ratio	1.67
Alpha	-2.76%		
R^2	77%		

Risk / Return Analysis Since 04/30/2012



Annualized %	Return	Std. Dev.
Polen Capital Management	**11.68**	**10.14**
Russell 1000 Gr	16.60	9.89
Russell 3000 Gr	16.52	10.09

Report Created: 10/22/2014

INVESTMENT PRODUCTS: NOT FDIC INSURED · NO BANK GUARANTEE · MAY LOSE VALUE

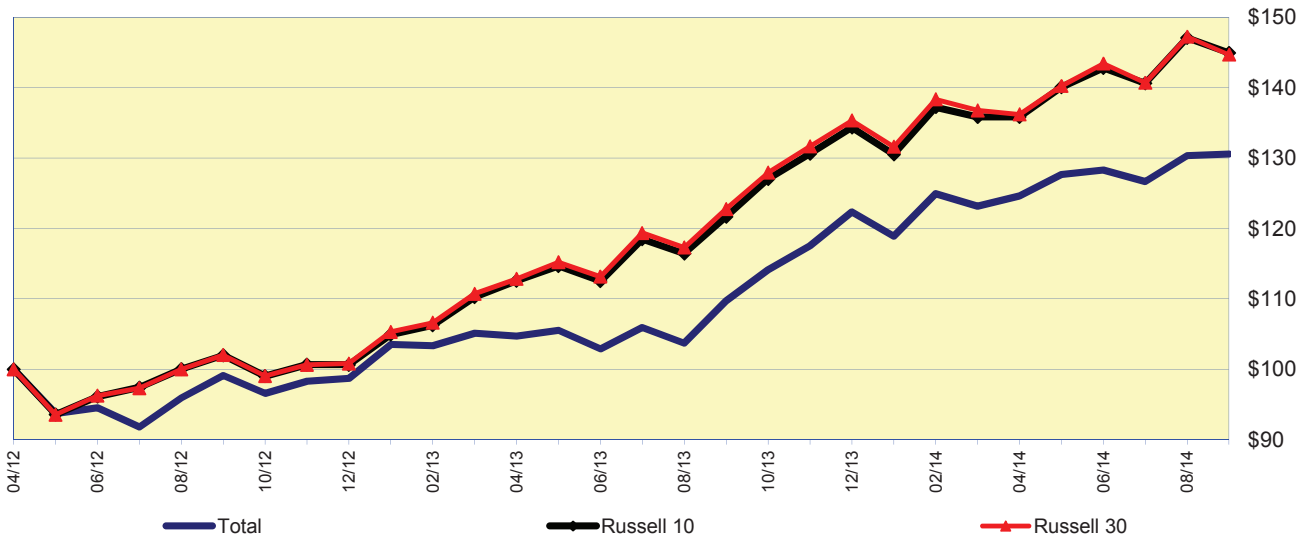
MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters Polen Capital Management

As Of 09/30/2014

Growth of $100 Graph

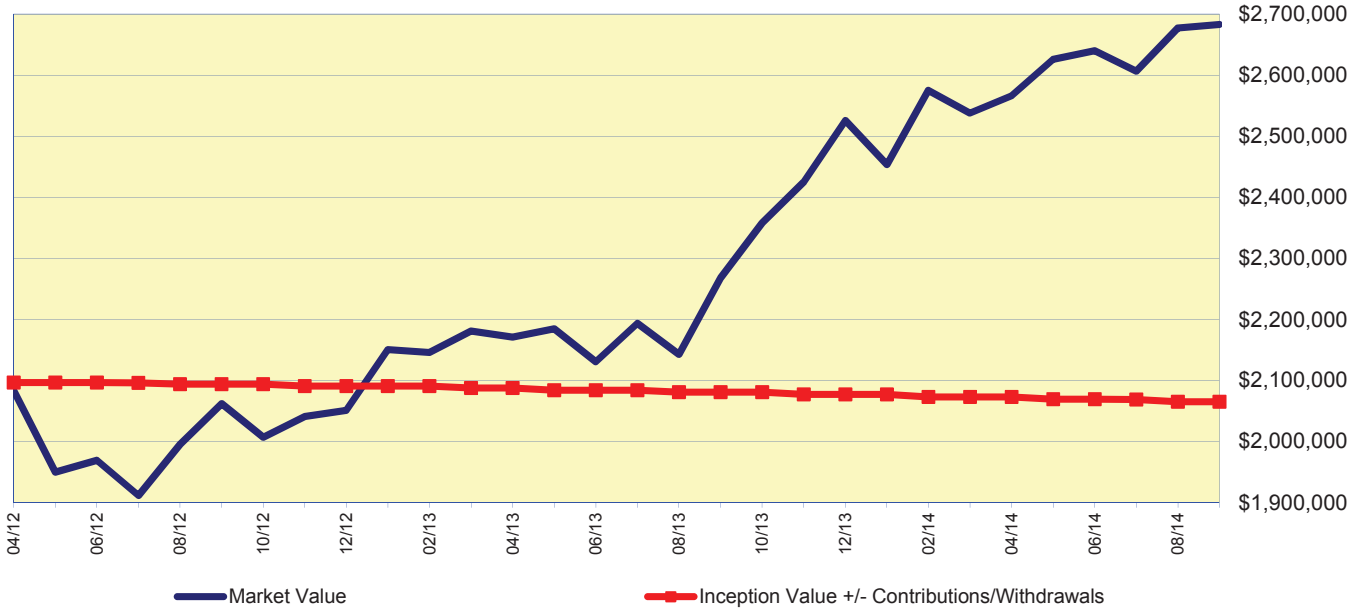
This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

One of the graph lines denotes the period-end market values of the portfolio over time. This is simply a visual representation of the ebb and flow of the portfolio's market value period-to-period. The other line represents the original dollars invested adjusted for contributions or withdrawals.



Report Created: 10/22/2014

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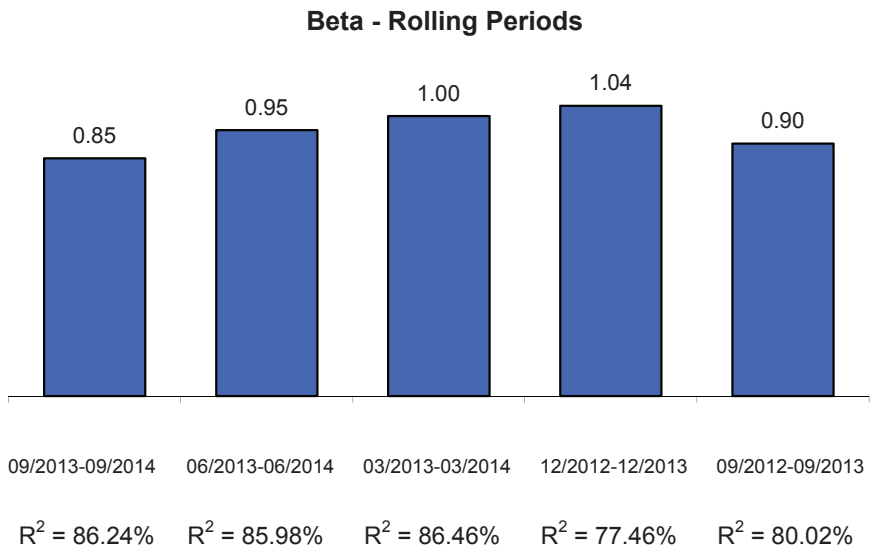
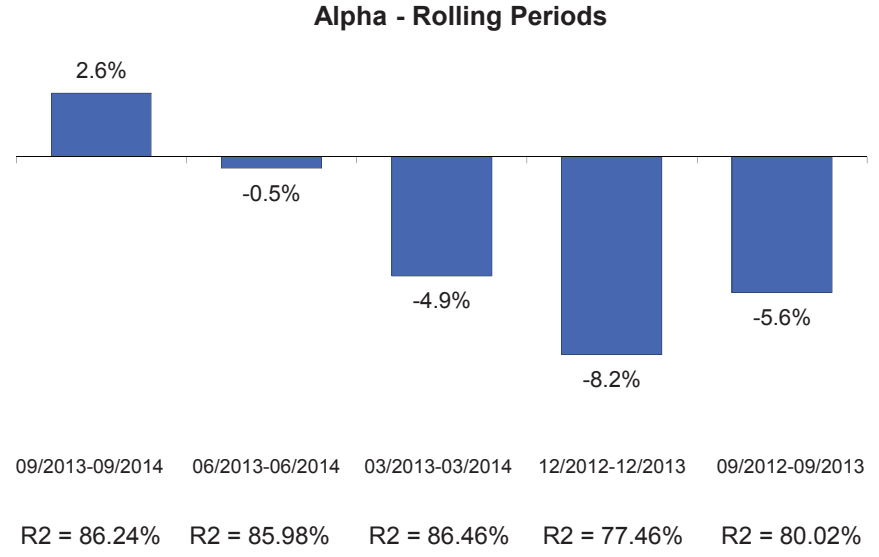
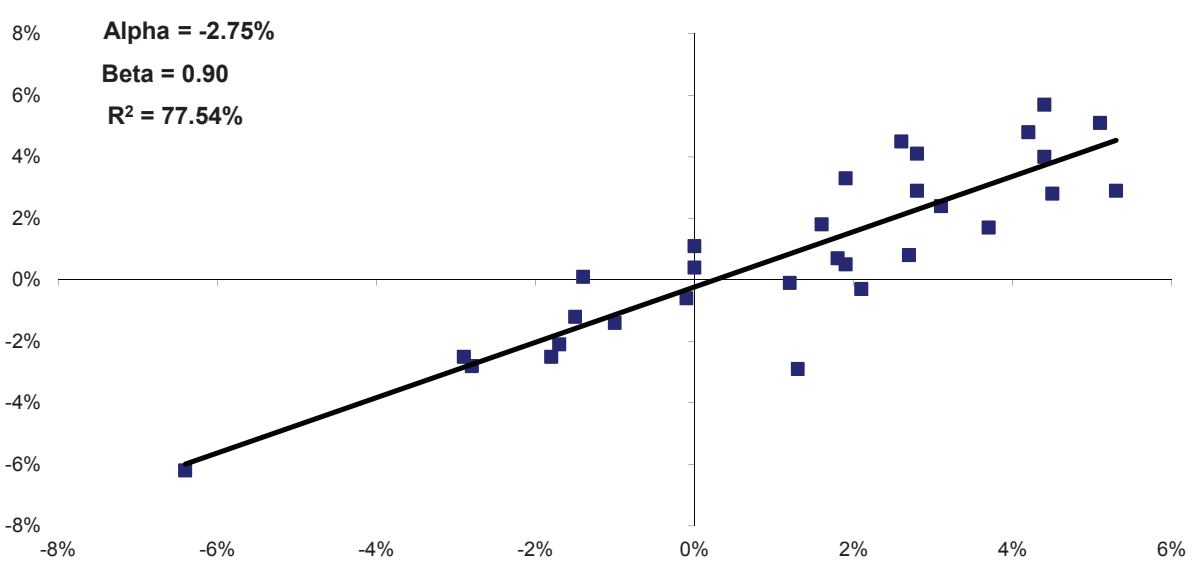
MODERN PORTFOLIO THEORY

Ormond Beach Firefighters Polen Capital Management AS OF 09/30/2014







Modern Portfolio Theory seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market 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. **Beta** is a measure of the sensitivity of a portfolio's rate of return against that of the market. A beta greater than 1.00 indicates volatility greater than the market. **R2** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-squared of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 10/22/2014

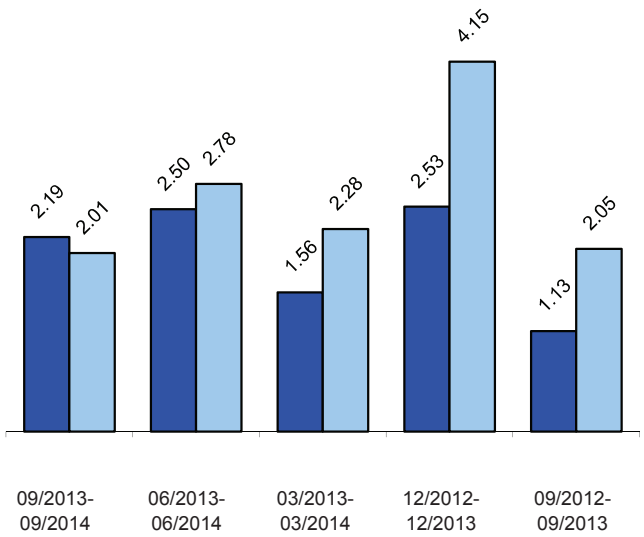
Graystone Consulting℠

MANAGER RISK ANALYSIS

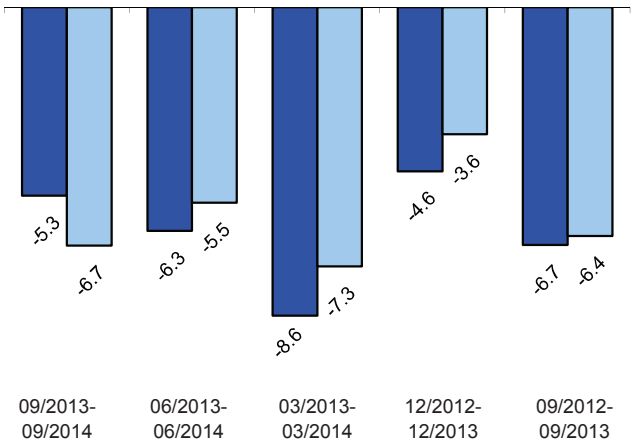
Ormond Beach Firefighters

AS OF 09/30/2014

Sharpe Ratios 1-Year Rolling Periods



Down Capture Returns (%) 1-Year Rolling Periods



09/2013-09/2014	06/2013-06/2014	03/2013-03/2014	12/2012-12/2013	09/2012-09/2013
0.79	1.14	1.19	1.29	1.04

Down Capture Ratios

Polen Capital Management

Russell 1000 Gr

Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

Loss in Varying Time Periods measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*

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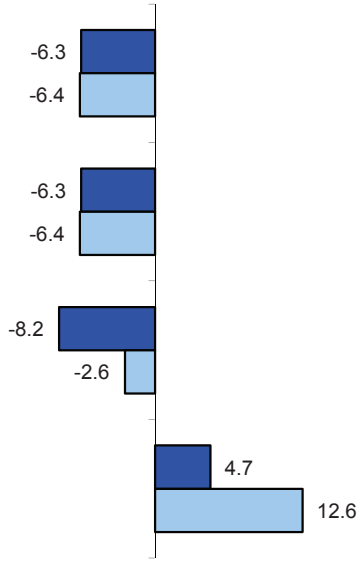
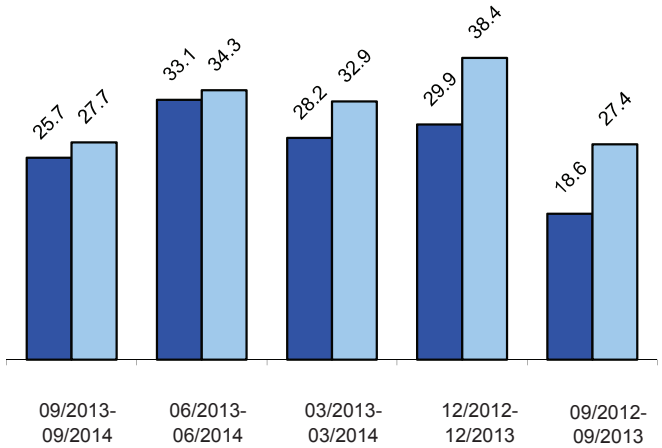
Up Capture is the measure of the fund`s total return whenever the

Loss in Varying Time Periods (%)



	Mgr. End Date	Index End Date
Max Drawdown	05/12	05/12
Month	05/12	05/12
Any 3 Mos	07/12	07/12
Any 12 Mos	04/13	04/13

Up Capture Returns (%) 1-Year Rolling Periods



09/2013-09/2014	06/2013-06/2014	03/2013-03/2014	12/2012-12/2013	09/2012-09/2013
0.93	0.96	0.86	0.78	0.68

Up Capture Ratios

Report Created: 10/22/2014

Ormond Beach Fire - Polen

Composition		
Summary	ORMOND FIRE - POL	RU1000-G
No of Securities	21.00	674.00
% Bmrk Holdings	89.26	100.00
% Active Share	84.72	0.00
% Top 25 Holdings	100.00	37.64
% Top 15 Holdings	81.70	27.77

Characteristics		
Characteristic	ORMOND FIRE - POL	RU1000-G
Market Cap - Weighted Median	55,629,778,766.08	55,999,528,239.19
Price / Book	5.22	4.85
P/E NTM	19.55	17.54
Dividend Yield	1.09	1.49
EPS Growth NTM	15.51	14.82
Ret Eq	24.44	25.57

Sector Allocation		
Sector Name	ORMOND FIRE - POL	RU1000-G
Energy		5.68
Materials		4.23
Industrials	6.25	11.90
Consumer Discretionary	24.32	18.25
Consumer Staples	4.22	10.35
Health Care	20.77	13.64
Financials		5.08
Information Technology	44.43	28.42
Telecomm Service		2.37
Utilities		0.09

Top Equity Holdings	
Name	ORMOND FIRE - POL
ALLERGAN INC	9.73
VISA INC	6.92
NIKE INC	6.76
ABBOTT LABORATORIES	6.52
ORACLE CORP	6.02
	Total: 35.94

Disclaimer

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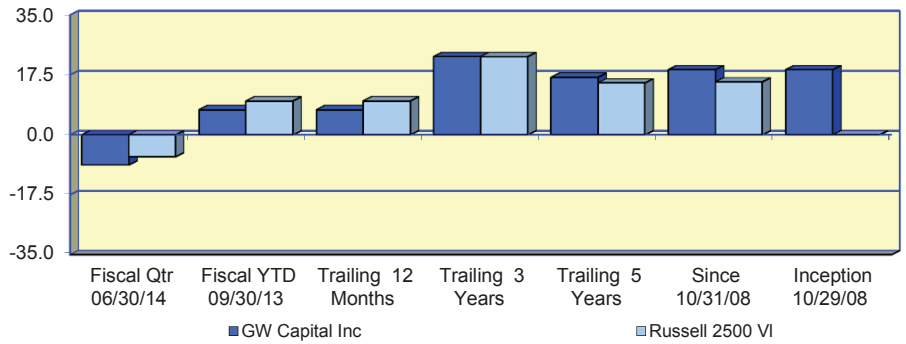
EXECUTIVE SUMMARY

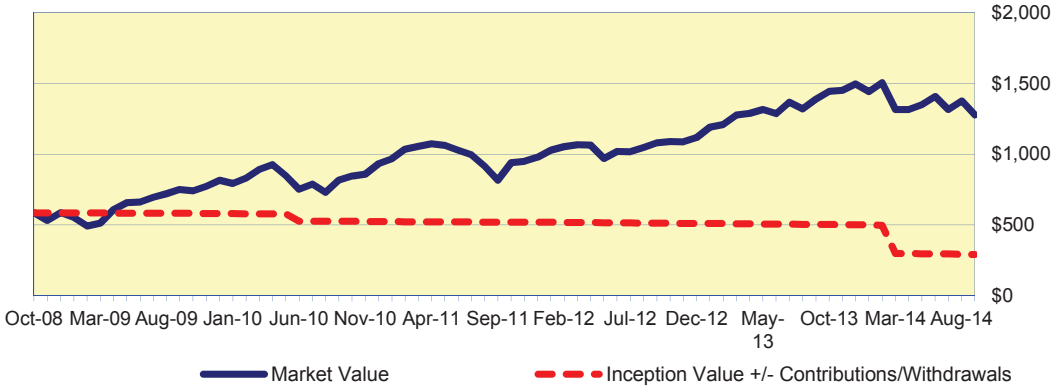
Ormond Beach Firefighters GW Capital Inc AS OF 09/30/2014

Portfolio Performance(%)



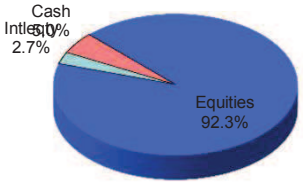
Investment Returns (%) Since:	Fiscal Qtr 06/30/14	Fiscal YTD 09/30/13	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 10/31/08	Inception 10/29/08
GW Capital Inc	***-8.79***	***7.33***	***7.33***	***22.84***	***16.80***	***19.03***	***19.01***
Russell 2500 VI	-6.39	9.90	9.90	22.82	15.16	15.46	N/A
Asset Growth ($000)							
Beginning Market Value	1,408	1,387	1,387	815	750	585	585
Net Contributions & Withdrawals	-3	-211	-211	-228	-290	-293	-293
Gain/Loss + Income	-123	106	106	695	822	990	990
Ending Market Value	1,282	1,282	1,282	1,282	1,282	1,282	1,282

Value-Added Analysis ($000)



Asset Allocation ($000)

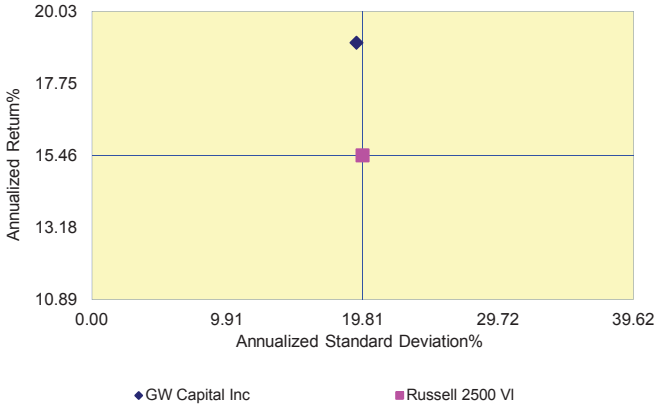
Equities	Intlegty	Cash	Total
1,183	35	64	1,282



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	0.97
Beta	0.92	Index Sharpe Ratio	0.77
Alpha	4.29%		
R^2	89%		

Risk / Return Analysis Since 10/31/2008

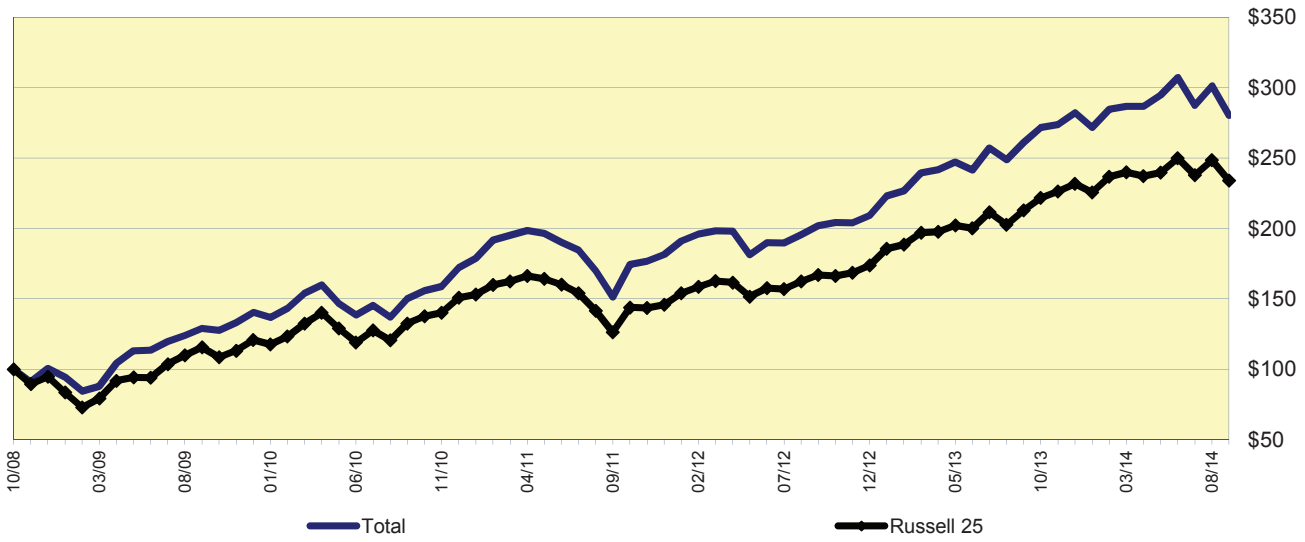


Annualized %	Return	Std. Dev.
GW Capital Inc	***19.03***	***19.37***
Russell 2500 VI	15.46	19.81

Report Created: 10/22/2014

Growth of $100 Graph

This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

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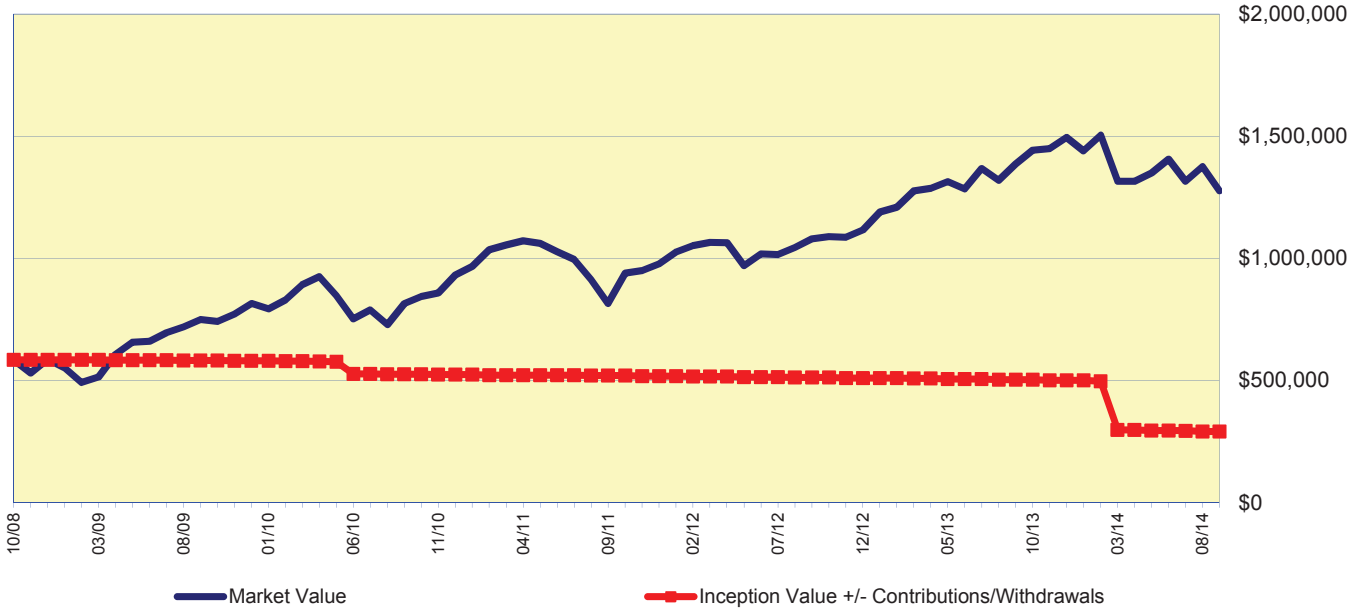


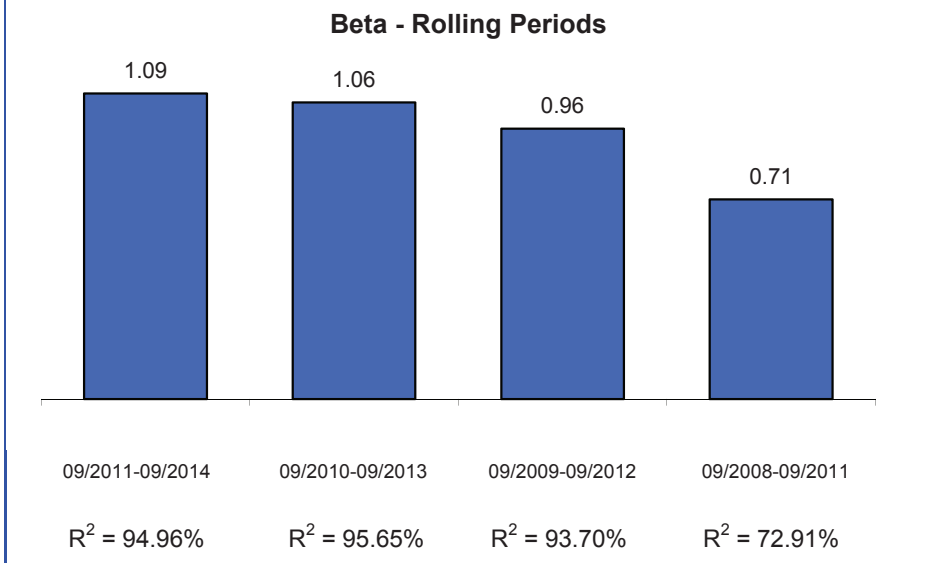
Report Created: 10/22/2014

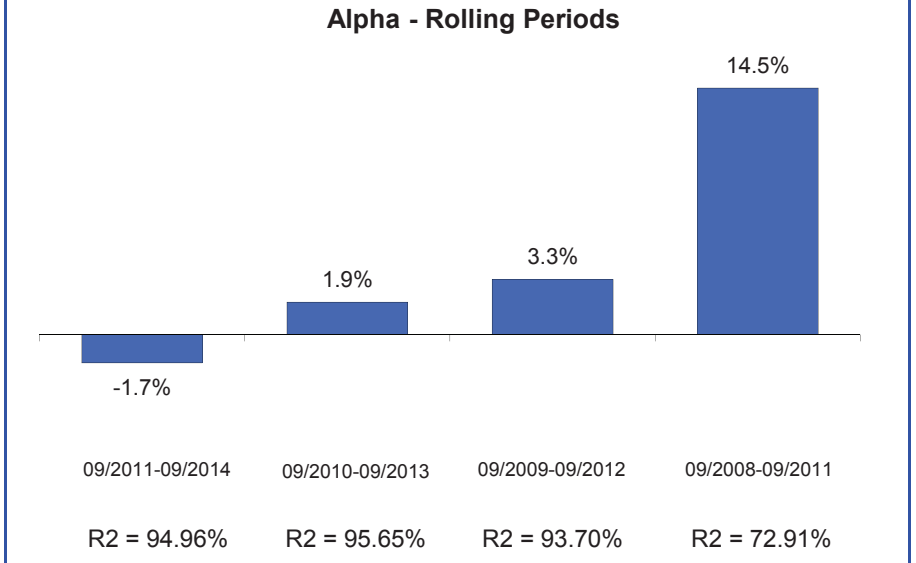
Graystone Consulting℠

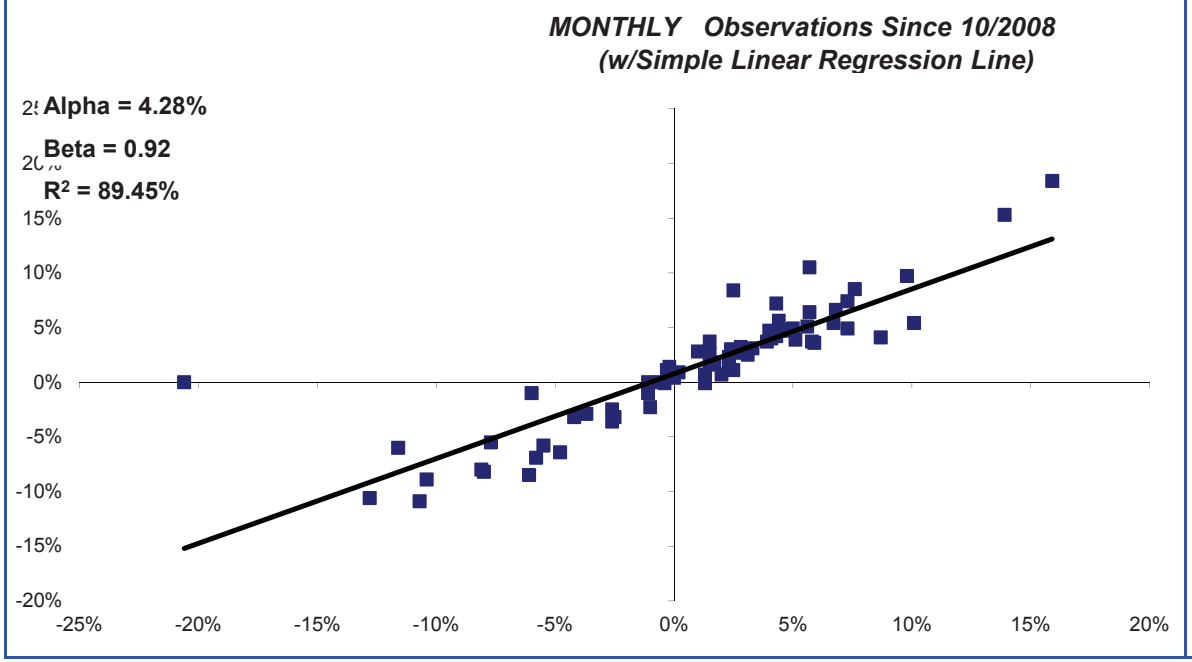
MODERN PORTFOLIO THEORY

Ormond Beach Firefighters GW Capital Inc

AS OF 09/30/2014







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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 10/22/2014

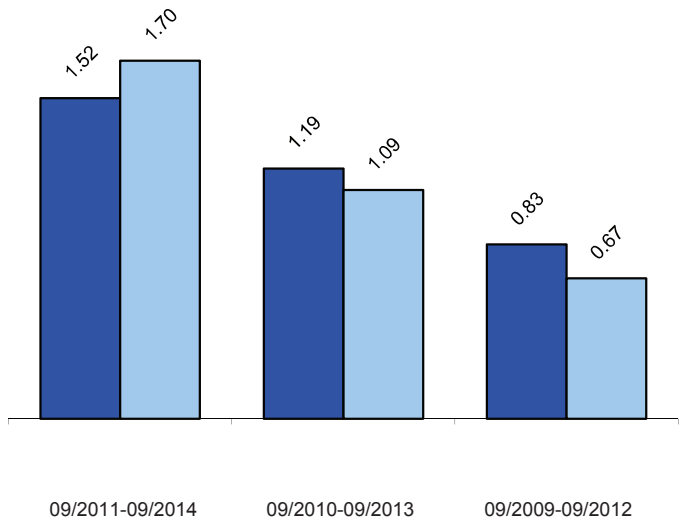
Graystone Consulting℠

MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2014

Sharpe Ratios 3-Year Rolling Periods



GW Capital Inc

Russell 2500 VI

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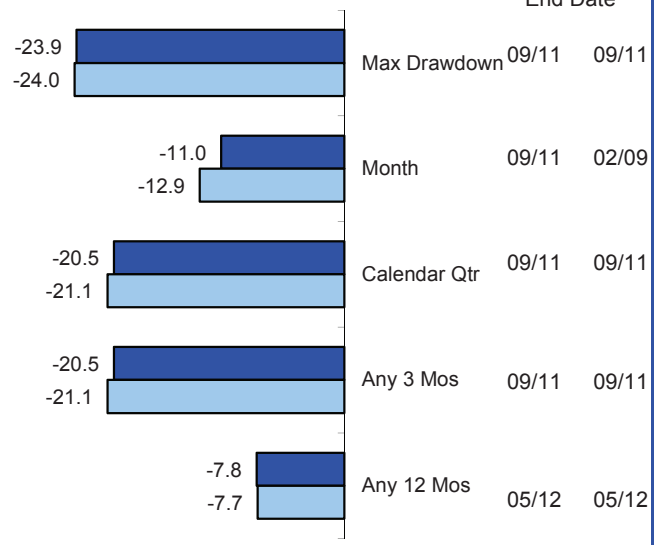
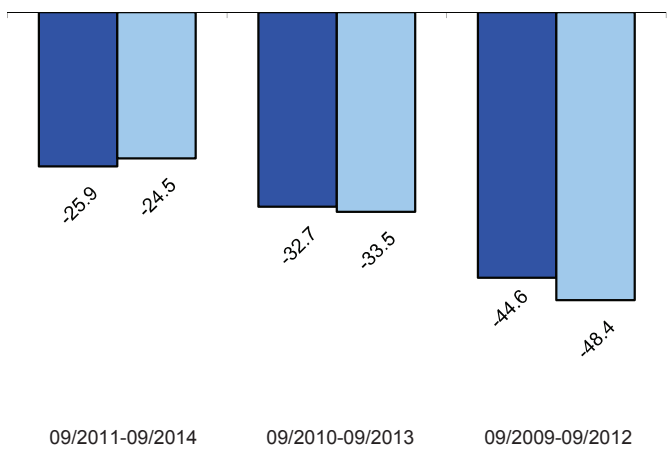
Loss in Varying Time Periods (%)



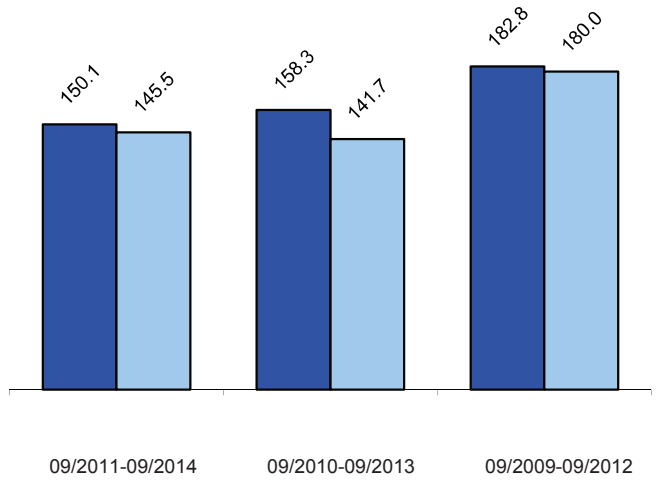
Down Capture Returns (%) 3-Year Rolling Periods



09/2011-09/2014	09/2010-09/2013	09/2009-09/2012
1.05	0.98	0.92

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



09/2011-09/2014	09/2010-09/2013	09/2009-09/2012
1.03	1.12	1.02

Up Capture Ratios

Report Created: 10/22/2014

Ormond Beach Fire - GW

Composition		
Summary	ORMOND FIRE GW	RU2500-V
No of Securities	36.00	1,674.00
% Bmrk Holdings	61.89	100.00
% Active Share	96.76	0.00
% Top 25 Holdings	78.92	9.36
% Top 15 Holdings	52.41	6.00

Characteristics		
Characteristic	ORMOND FIRE GW	RU2500-V
Market Cap - Weighted Median	4,849,308,666.15	3,346,360,827.05
Price / Book	1.85	1.60
P/E NTM	15.34	16.63
Dividend Yield	1.50	2.06
EPS Growth NTM	12.36	17.99
Ret Eq	49.85	5.98

Sector Allocation		
Sector Name	ORMOND FIRE GW	RU2500-V
Energy	12.24	6.13
Materials	15.02	6.11
Industrials	23.89	13.92
Consumer Discretionary	2.21	10.89
Consumer Staples	6.75	2.15
Health Care	6.08	5.85
Financials	22.94	36.87
Information Technology	4.79	9.21
Telecomm Service	2.99	0.80
Utilities	3.08	8.06

Top Equity Holdings	
Name	ORMOND FIRE GW
BROOKDALE SENIOR LIVING INC	4.39
CINTAS CORP	4.36
WPX ENERGY INC	4.01
VERISK ANALYTICS INC	3.81
OWENS-ILLINOIS INC	3.59
	Total: 20.16

Disclaimer

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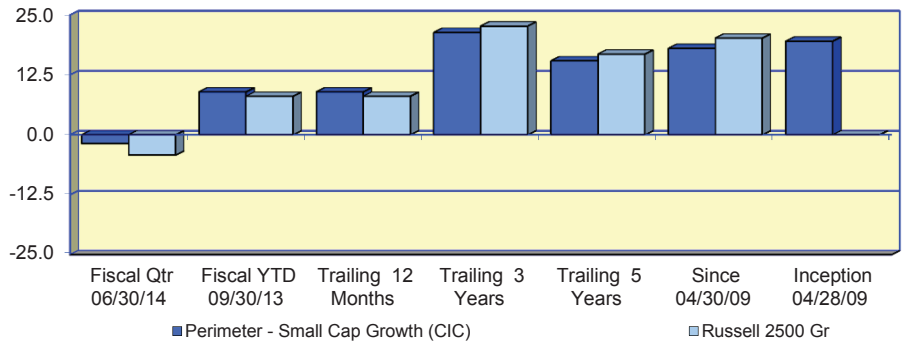
Graystone Consulting℠

EXECUTIVE SUMMARY

Ormond Beach Firefighters Perimeter - Small Cap Growth (CIC) AS OF 09/30/2014

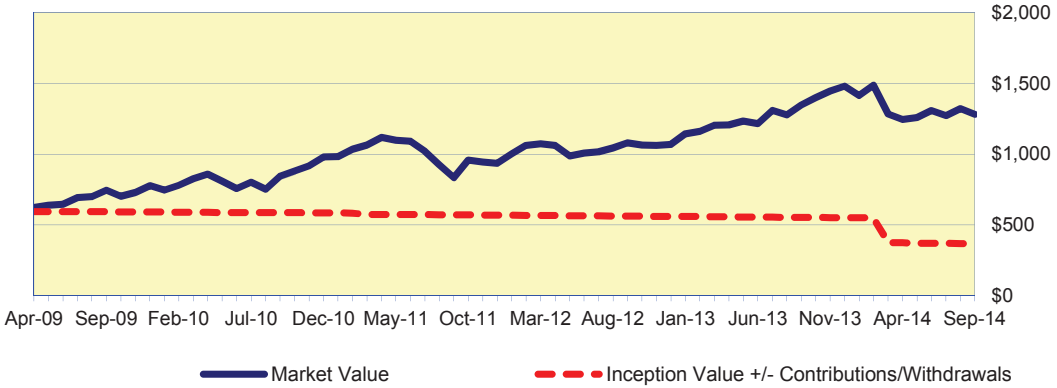
Portfolio Performance(%)



Investment Returns (%) Since:	Fiscal Qtr 06/30/14	Fiscal YTD 09/30/13	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 04/30/09	Inception 04/28/09
Perimeter - Small Cap Growth (CIC)	***-1.79***	***8.96***	***8.96***	***21.35***	***15.45***	***18.03***	***19.52***
Russell 2500 Gr	-4.22	8.04	8.04	22.68	16.84	20.17	N/A

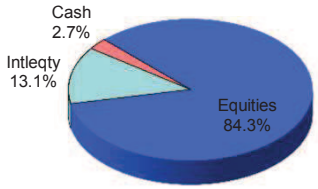
Asset Growth ($000)							
Beginning Market Value	1,308	1,346	1,346	833	745	622	0
Net Contributions & Withdrawals	-3	-186	-186	-202	-225	-225	368
Gain/Loss + Income	-23	122	122	651	762	885	914
Ending Market Value	1,282	1,282	1,282	1,282	1,282	1,282	1,282

Value-Added Analysis ($000)



Asset Allocation ($000)

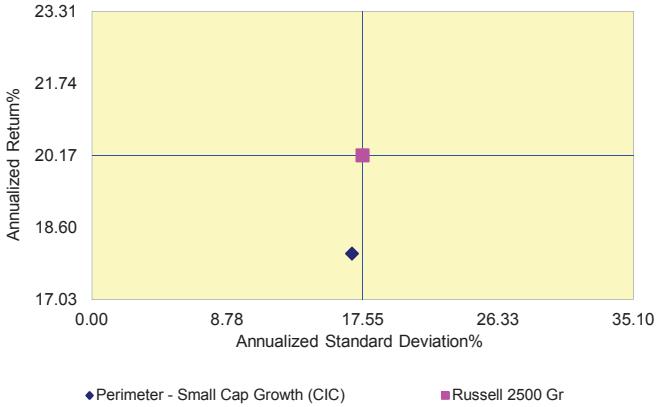
Equities	Intleqty	Cash	Total
1,081	168	34	1,282



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	1.06
Beta	0.94	Index Sharpe Ratio	1.14
Alpha	-0.76%		
R^2	95%		

Risk / Return Analysis Since 04/30/2009



Annualized %	Return	Std. Dev.
Perimeter - Small Cap Growth (CIC)	***18.03***	***16.86***
Russell 2500 Gr	20.17	17.55

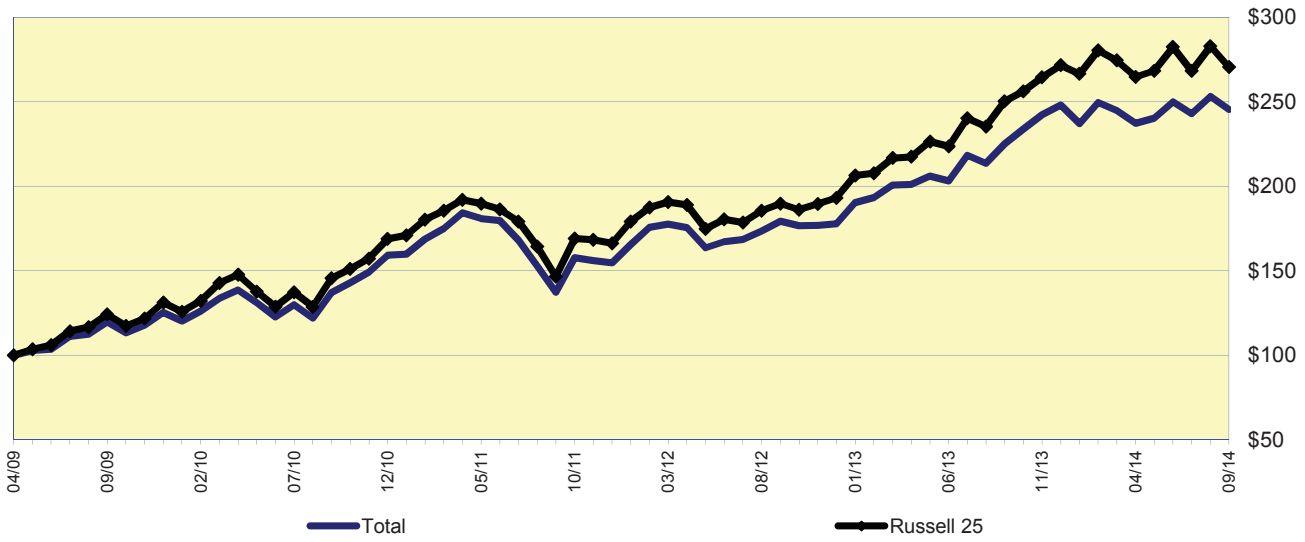
Report Created: 10/22/2014

MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters Perimeter - Small Cap Growth (CIC) As Of 09/30/2014

Growth of $100 Graph

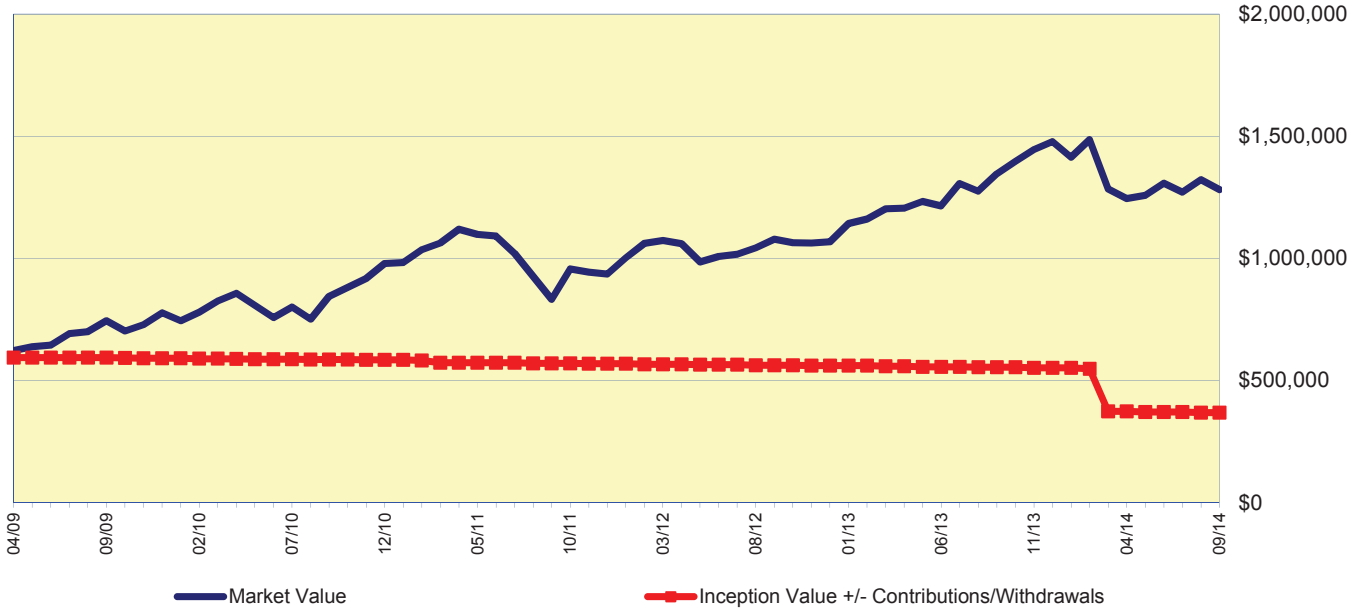
This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

One of the graph lines denotes the period-end market values of the portfolio over time. This is simply a visual representation of the ebb and flow of the portfolio's market value period-to-period. The other line represents the original dollars invested adjusted for contributions or withdrawals.



Report Created: 10/22/2014

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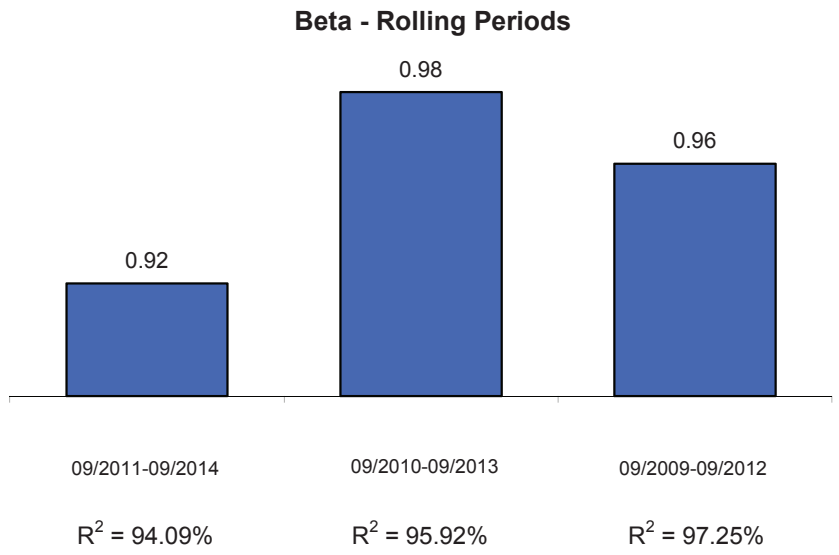
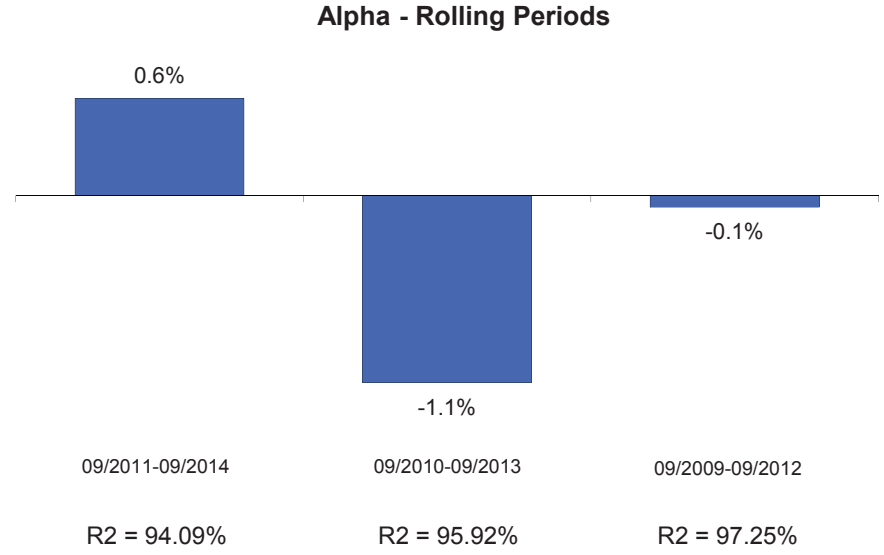
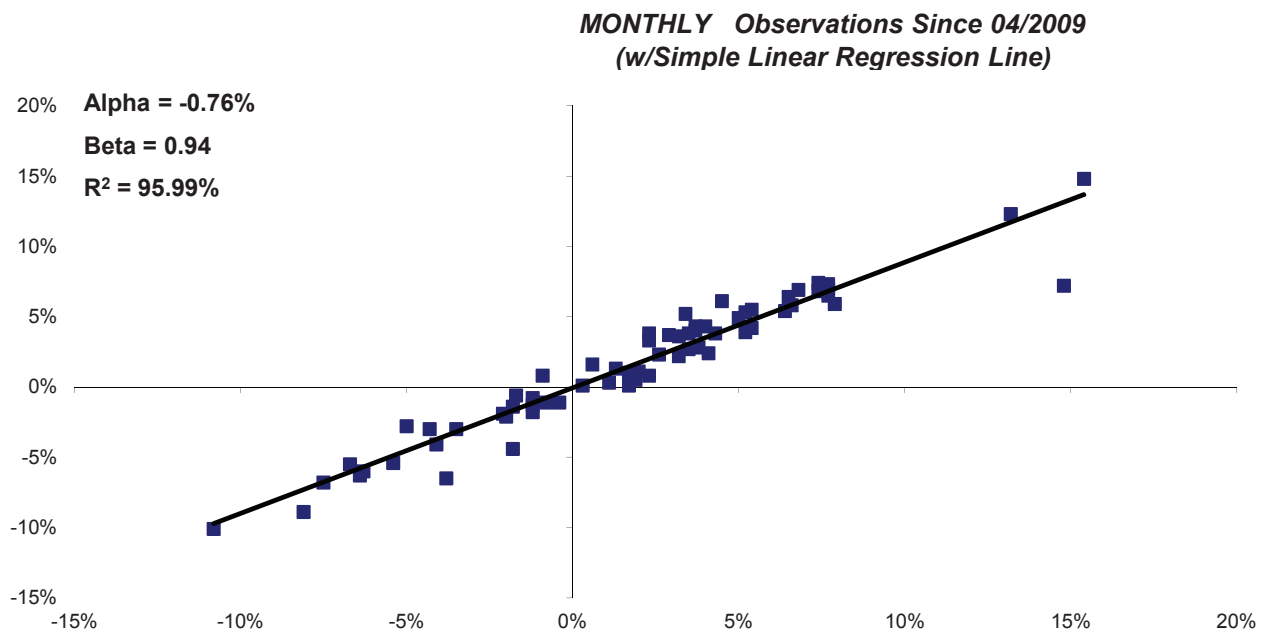
MODERN PORTFOLIO THEORY

Ormond Beach Firefighters Perimeter - Small Cap Growth (CIC) AS OF 09/30/2014







Modern Portfolio Theory seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market 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. **Beta** is a measure of the sensitivity of a portfolio's rate of return against that of the market. A beta greater than 1.00 indicates volatility greater than the market. **R2** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-squared of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 10/22/2014

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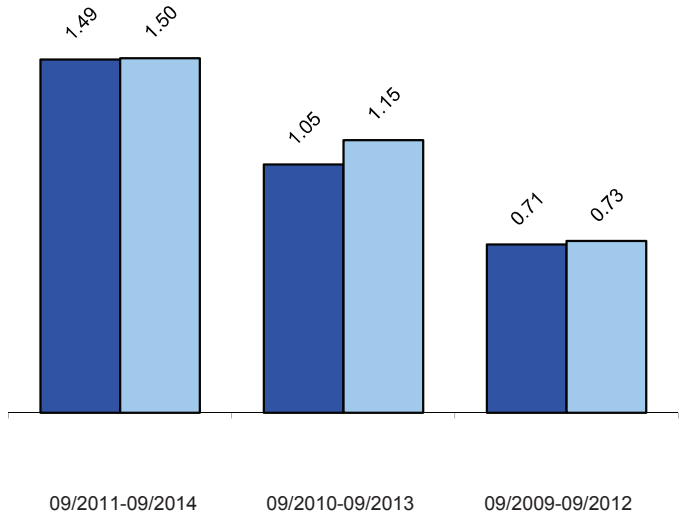
MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2014

Sharpe Ratios 3-Year Rolling Periods



Perimeter - Small Cap Growth

Russell 2500 Gr

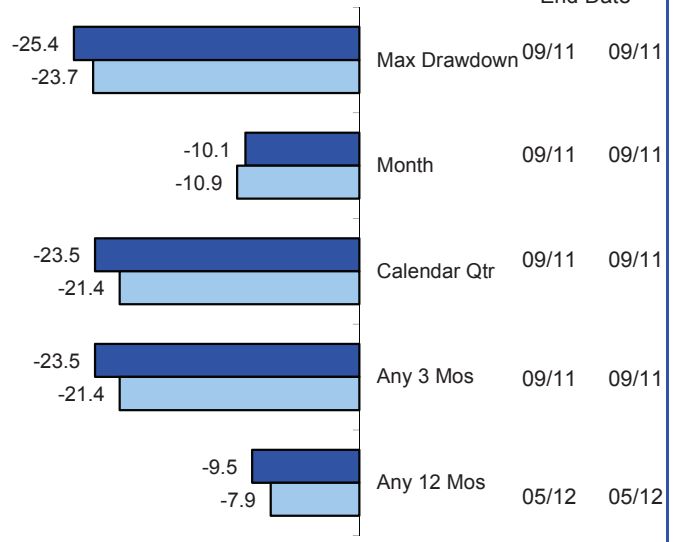
Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

Loss in Varying Time Periods measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*

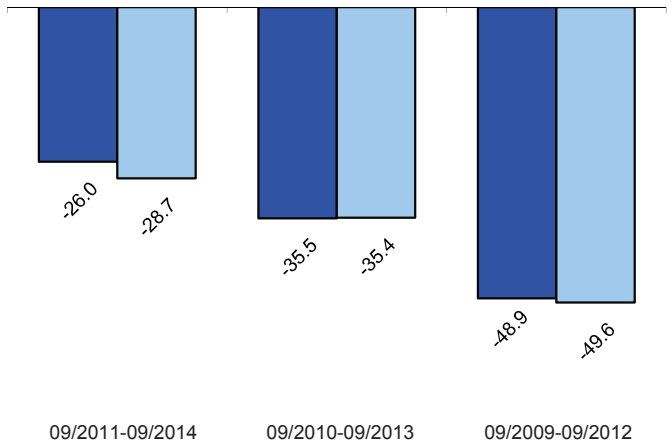
Down Capture is the measure of the fund`s total return whenever the index returns are negative.

Up Capture is the measure of the fund`s total return whenever the

Loss in Varying Time Periods (%)



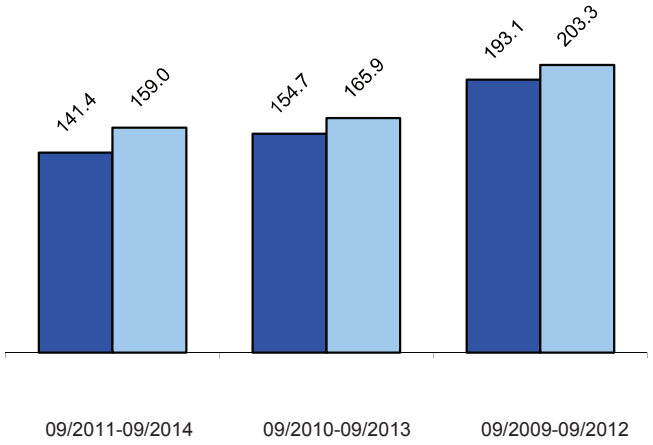
Down Capture Returns (%) 3-Year Rolling Periods



09/2011-09/2014	09/2010-09/2013	09/2009-09/2012
0.90	1.00	0.99

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



09/2011-09/2014	09/2010-09/2013	09/2009-09/2012
0.89	0.93	0.95

Up Capture Ratios

Report Created: 10/22/2014

Ormond Beach Fire - Perimeter

Composition		
Summary	ORMOND FIRE PER	RU2500-G
No of Securities	73.00	1,479.00
% Bmrk Holdings	71.13	100.00
% Active Share	89.81	0.00
% Top 25 Holdings	46.04	10.82
% Top 15 Holdings	29.75	7.01

Characteristics		
Characteristic	ORMOND FIRE PER	RU2500-G
Market Cap - Weighted Median	4,833,005,498.51	3,833,043,158.88
Price / Book	3.60	4.39
P/E NTM	17.96	21.69
Dividend Yield	0.45	0.82
EPS Growth NTM	19.04	26.69
Ret Eq	17.33	12.40

Sector Allocation		
Sector Name	ORMOND FIRE PER	RU2500-G
Energy	4.47	4.85
Materials	6.74	7.30
Industrials	21.25	17.40
Consumer Discretionary	13.03	17.89
Consumer Staples	1.10	3.40
Health Care	22.88	17.84
Financials	6.36	8.20
Information Technology	22.98	21.77
Telecomm Service		0.96
Utilities		0.38
N/A	1.20	

Top Equity Holdings	
Name	ORMOND FIRE PER
JAZZ PHARMACEUTICALS PLC	2.32
ACADIA HEALTHCARE COMPANY INC	2.27
GRAPHIC PACKAGING HOLDING CO	2.19
SALIX PHARMACEUTICALS LTD	2.16
OPENTEXT CORP	2.13
	Total: 11.07

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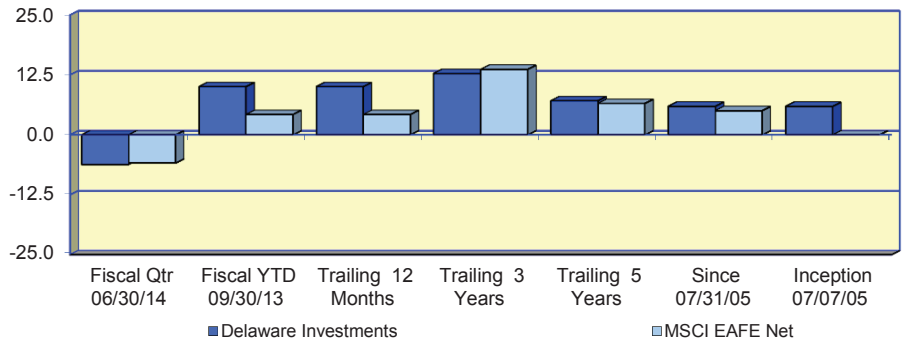
EXECUTIVE SUMMARY

Ormond Beach Firefighters Delaware Investments AS OF 09/30/2014

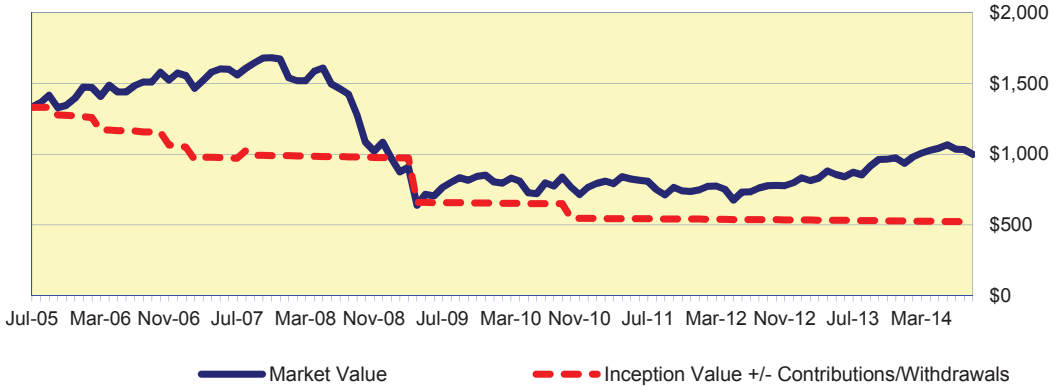
Portfolio Performance(%)



Investment Returns (%) Since:	Fiscal Qtr 06/30/14	Fiscal YTD 09/30/13	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 07/31/05	Inception 07/07/05
Delaware Investments	***-6.16***	***10.06***	***10.06***	***12.80***	***7.12***	***5.96***	***5.94***
MSCI EAFE Net	-5.88	4.25	4.25	13.65	6.56	5.05	N/A

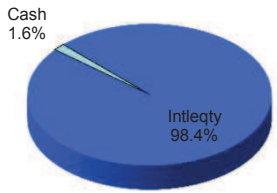
Asset Growth ($000)							
Beginning Market Value	1,066	914	914	712	835	1,335	1,310
Net Contributions & Withdrawals	-2	-8	-8	-20	-134	-809	-788
Gain/Loss + Income	-65	93	93	307	298	473	477
Ending Market Value	999	999	999	999	999	999	999

Value-Added Analysis ($000)



Asset Allocation ($000)

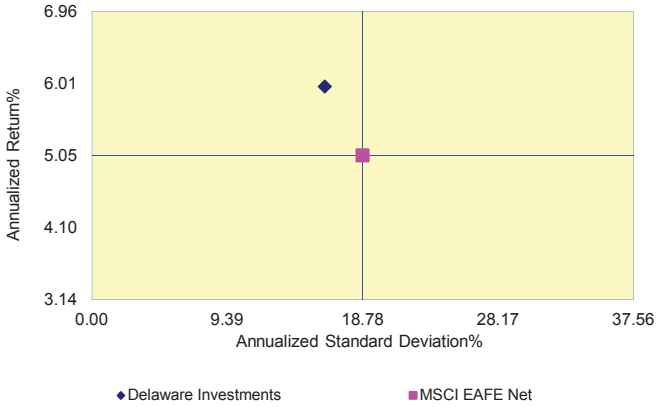
Intleqty	Cash	Total
983	16	999



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	0.28
Beta	0.82	Index Sharpe Ratio	0.19
Alpha	1.32%		
R^2	92%		

Risk / Return Analysis Since 07/31/2005

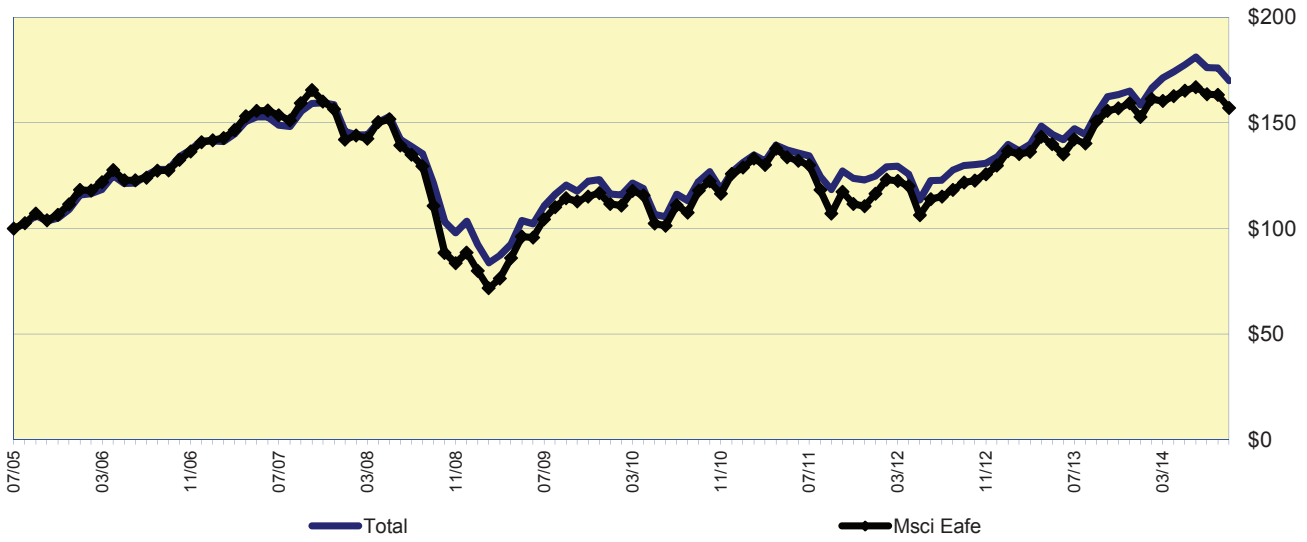


Annualized %	Return	Std. Dev.
Delaware Investments	***5.96***	***16.15***
MSCI EAFE Net	5.05	18.78

Report Created: 10/22/2014

Growth of $100 Graph

This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

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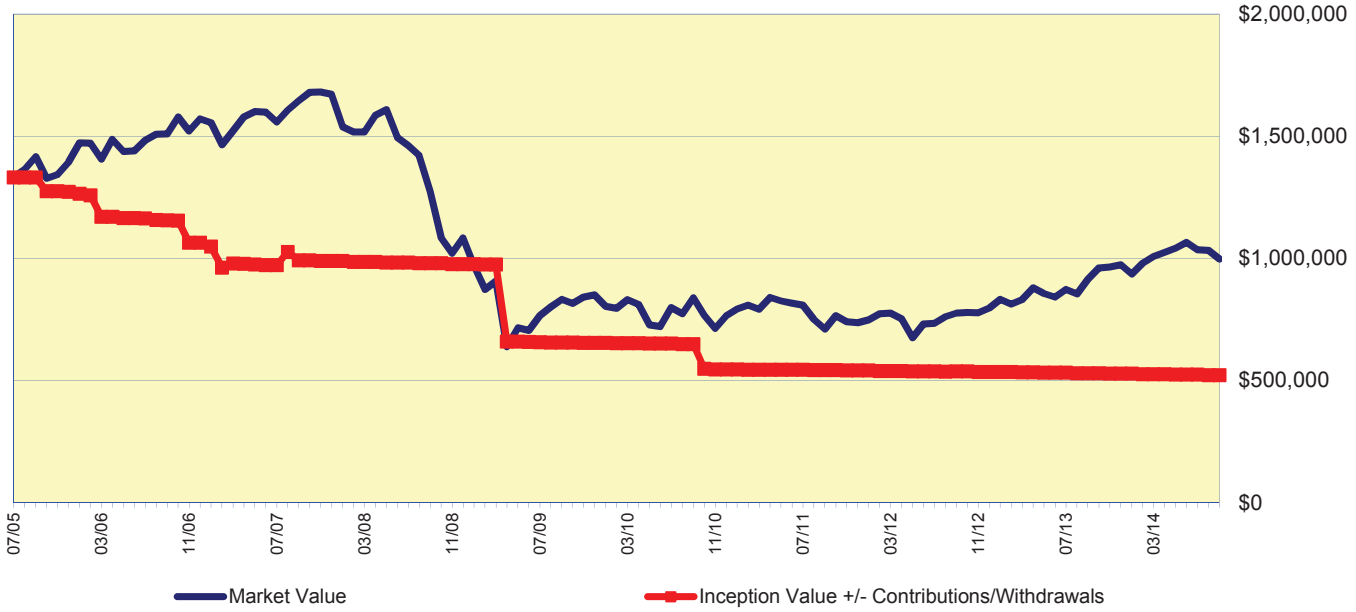

Report Created: 10/22/2014

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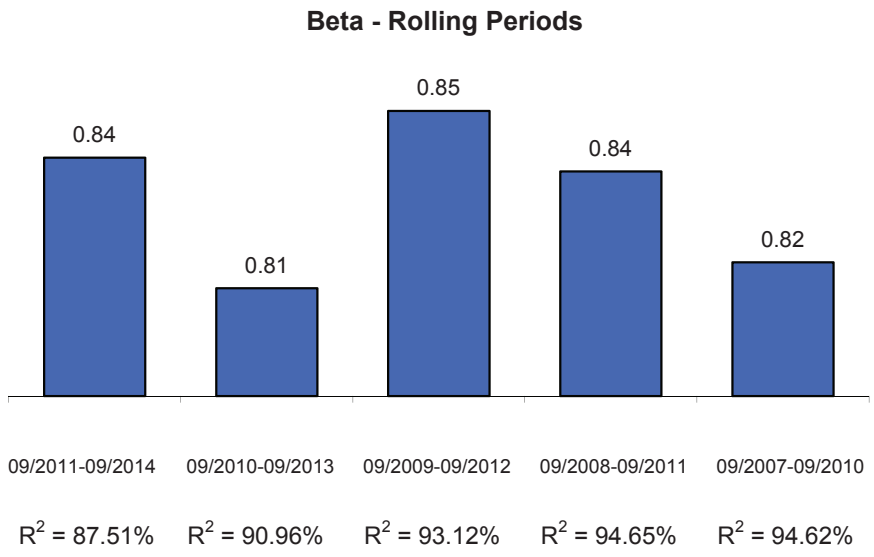
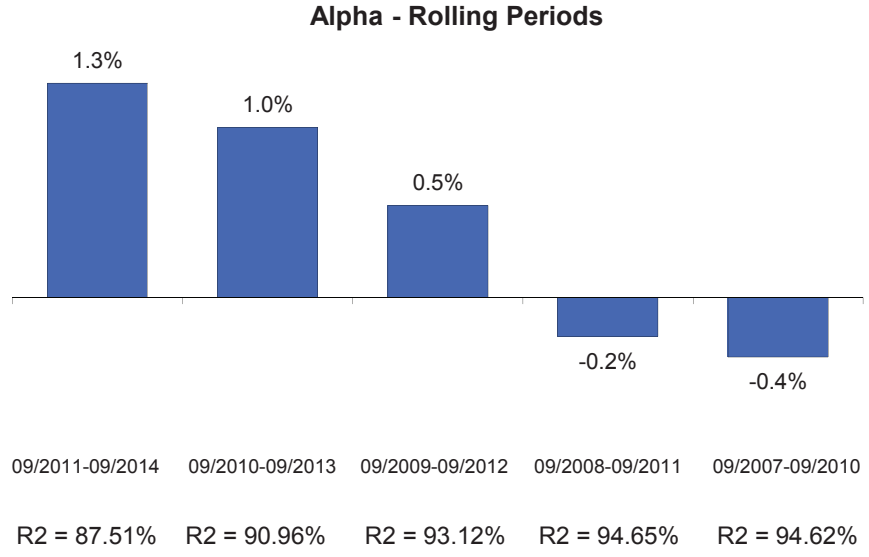
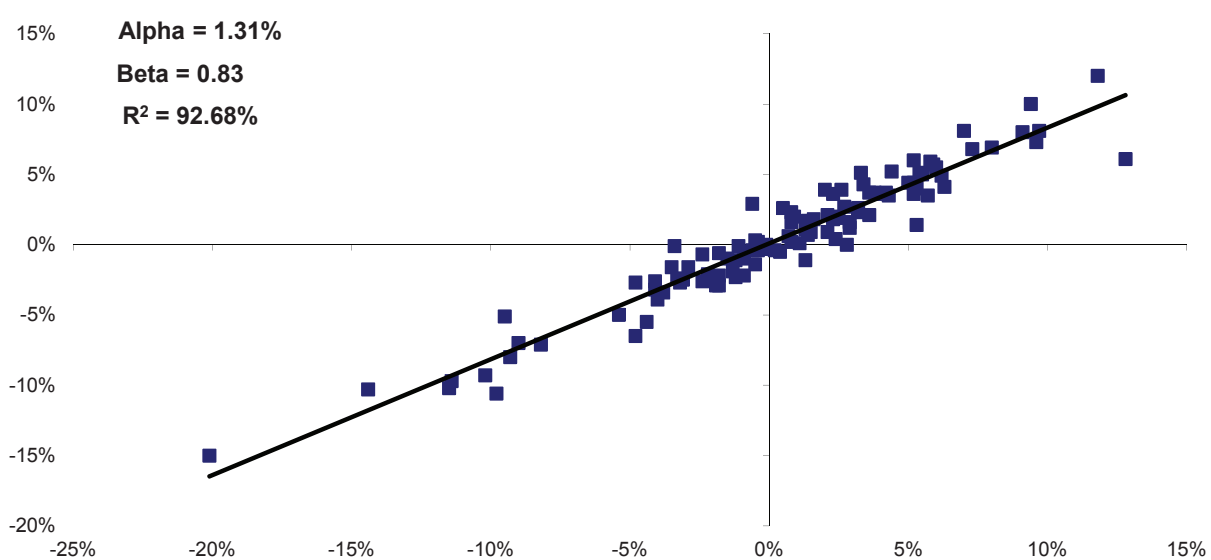
MODERN PORTFOLIO THEORY

Ormond Beach Firefighters Delaware Investments AS OF 09/30/2014







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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 10/22/2014

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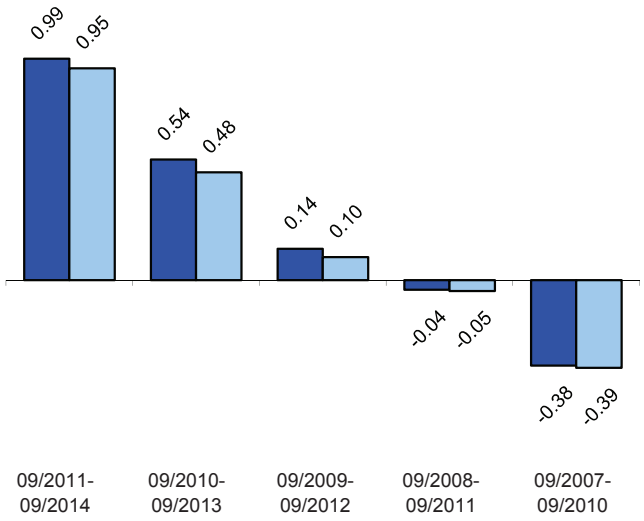
MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2014

Sharpe Ratios 3-Year Rolling Periods



Delaware Investments

MSCI EAFE Net

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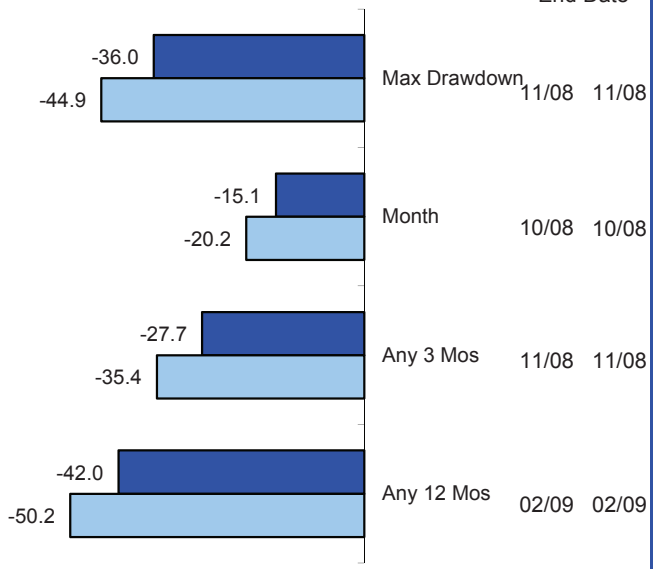
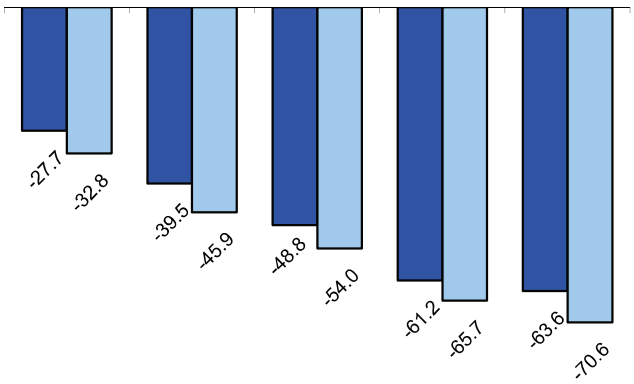
Loss in Varying Time Periods (%)



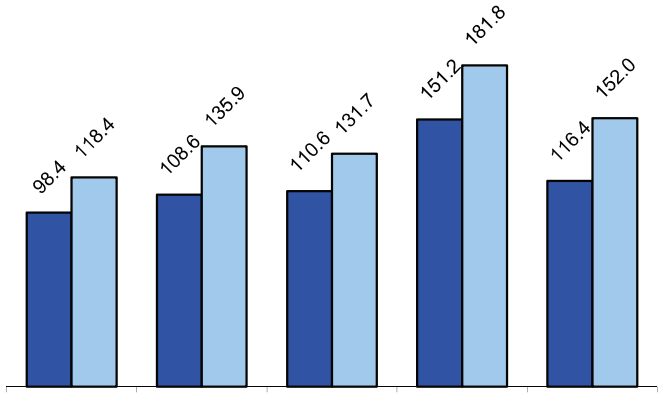
Down Capture Returns (%) 3-Year Rolling Periods



0.84	0.86	0.90	0.93	0.90

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



0.83	0.80	0.84	0.83	0.77

Up Capture Ratios

Report Created: 10/22/2014

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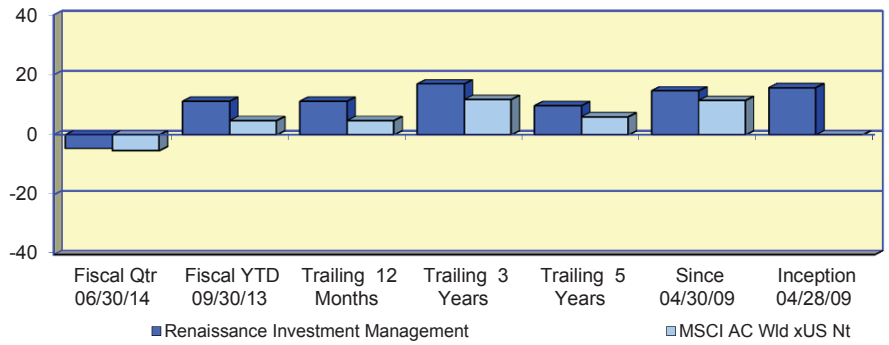
EXECUTIVE SUMMARY

Ormond Beach Firefighters Renaissance Investment Management AS OF 09/30/2014

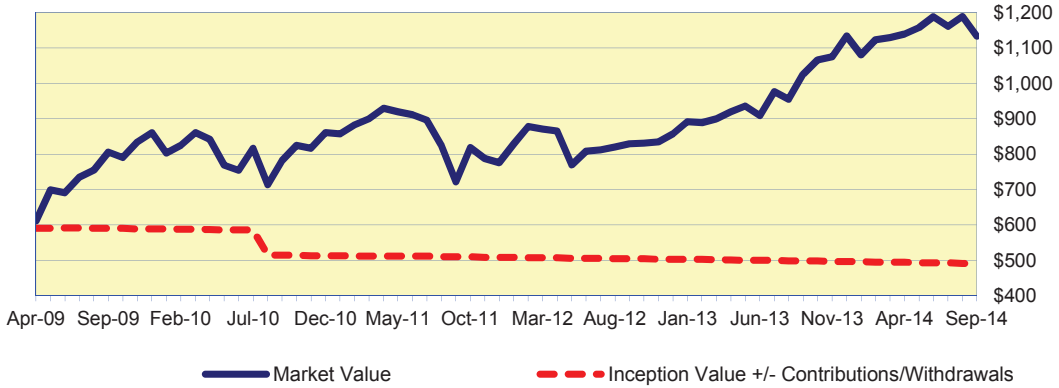
Portfolio Performance(%)



Investment Returns (%) Since:	Fiscal Qtr 06/30/14	Fiscal YTD 09/30/13	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 04/30/09	Inception 04/28/09
Renaissance Investment Managemen	***-4.50***	***11.22***	***11.22***	***17.02***	***9.74***	***14.70***	***15.75***
MSCI AC Wld xUS Nt	-5.26	4.76	4.76	11.80	6.03	11.48	N/A

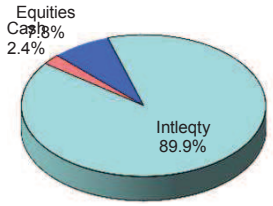
Asset Growth ($000)							
Beginning Market Value	1,189	1,026	1,026	722	807	611	0
Net Contributions & Withdrawals	-2	-8	-8	-19	-100	-100	491
Gain/Loss + Income	-53	116	116	431	427	623	643
Ending Market Value	1,134	1,134	1,134	1,134	1,134	1,134	1,134

Value-Added Analysis ($000)



Asset Allocation ($000)

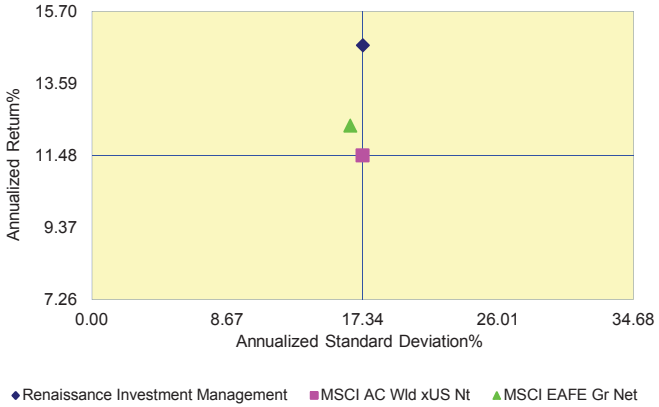
Equities	Intleqty	Cash	Total
88	1,019	27	1,134



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	0.84
Beta	0.94	Index Sharpe Ratio	0.65
Alpha	3.58%		
R^2	89%		

Risk / Return Analysis Since 04/30/2009



Annualized %	Return	Std. Dev.
Renaissance Investment Management	***14.70***	***17.35***
MSCI AC Wld xUS Nt	11.48	17.34
MSCI EAFE Gr Net	12.35	16.57

Report Created: 10/22/2014

INVESTMENT PRODUCTS: NOT FDIC INSURED · NO BANK GUARANTEE · MAY LOSE VALUE

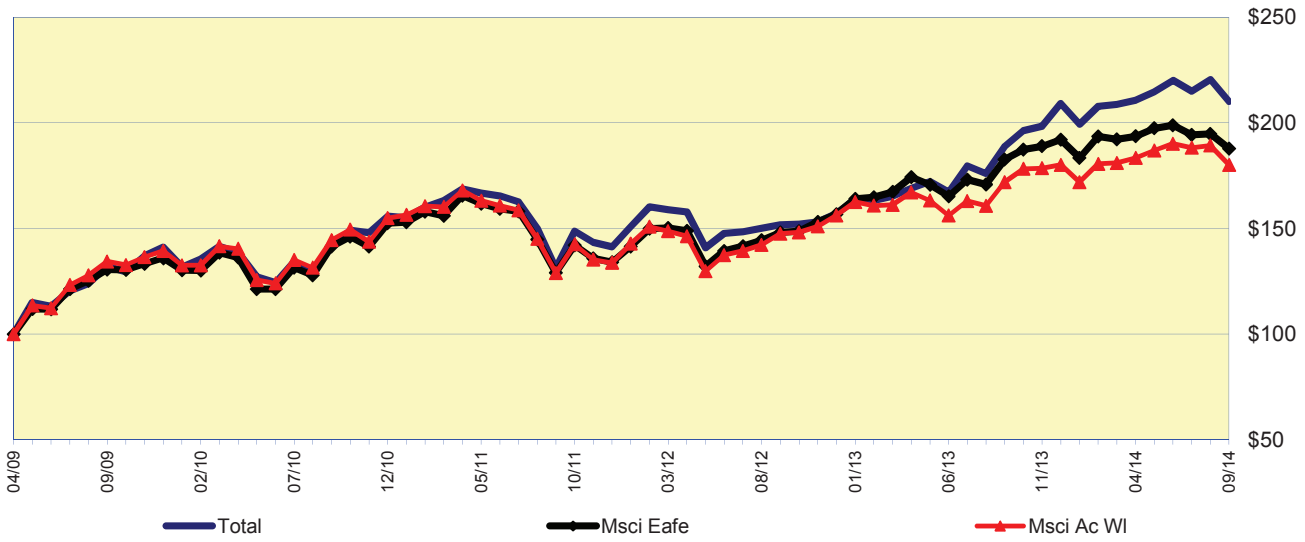
MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters Renaissance Investment Management

As Of 09/30/2014

Growth of $100 Graph

This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

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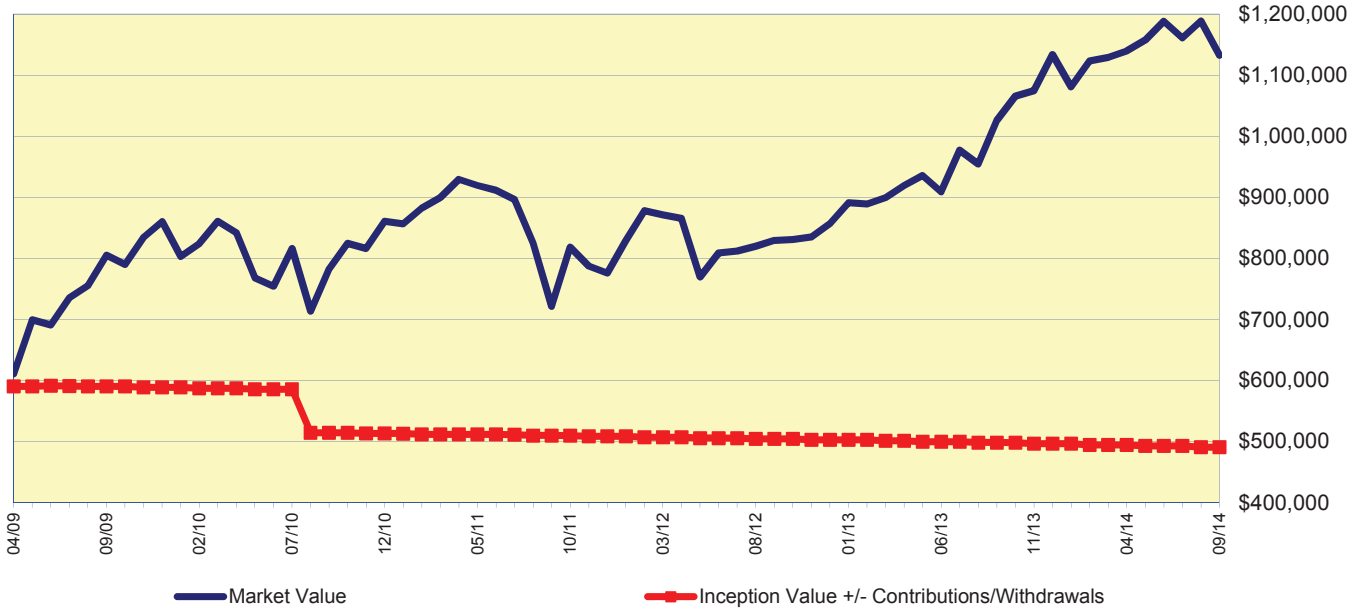

Report Created: 10/22/2014

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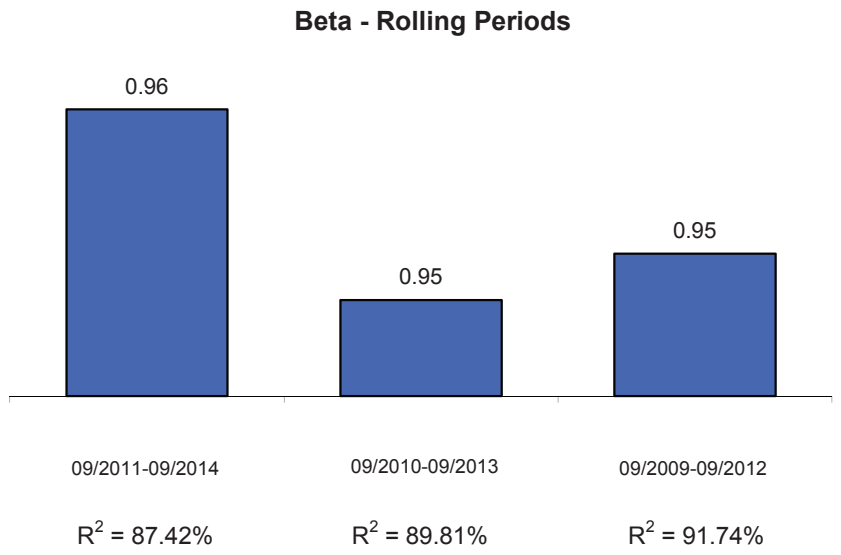
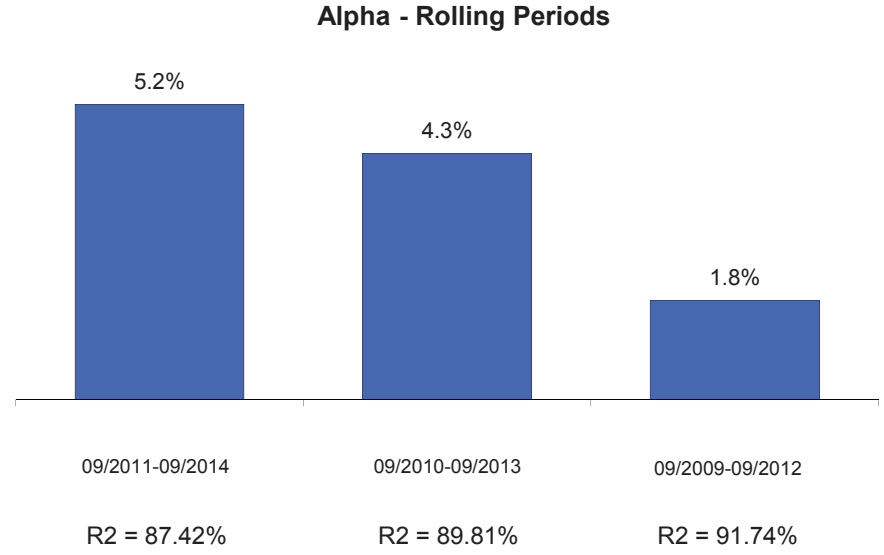
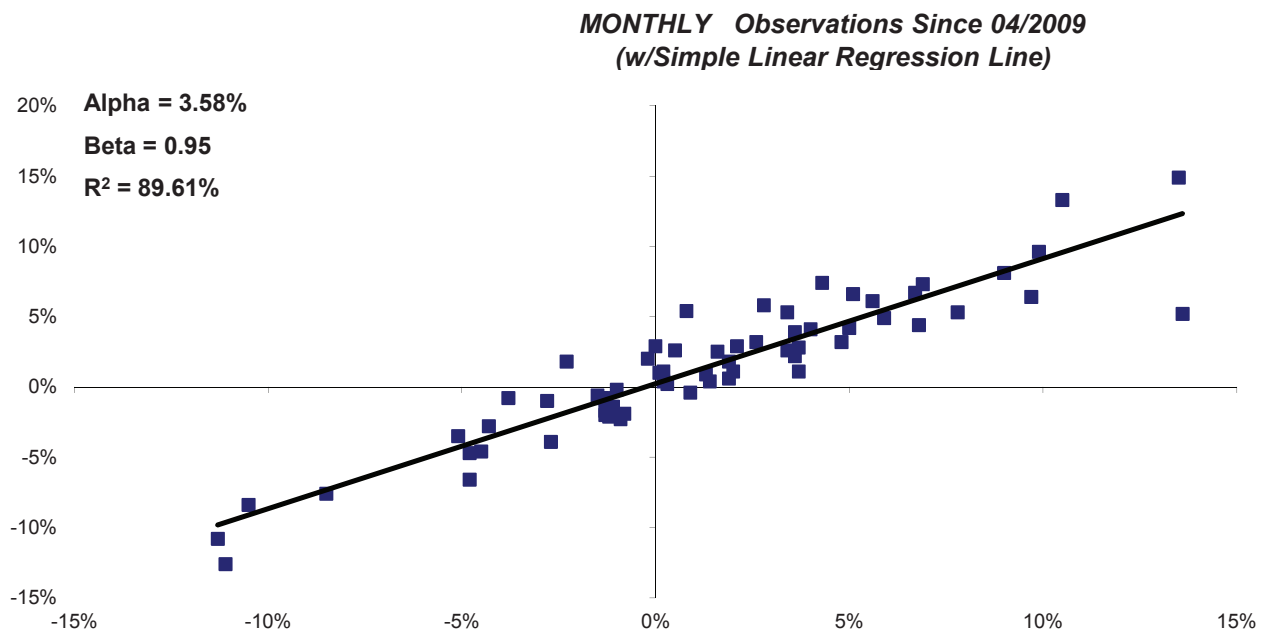
MODERN PORTFOLIO THEORY

Ormond Beach Firefighters Renaissance Investment Management AS OF 09/30/2014







Modern Portfolio Theory seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market 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. **Beta** is a measure of the sensitivity of a portfolio's rate of return against that of the market. A beta greater than 1.00 indicates volatility greater than the market. **R2** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-squared of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 10/22/2014

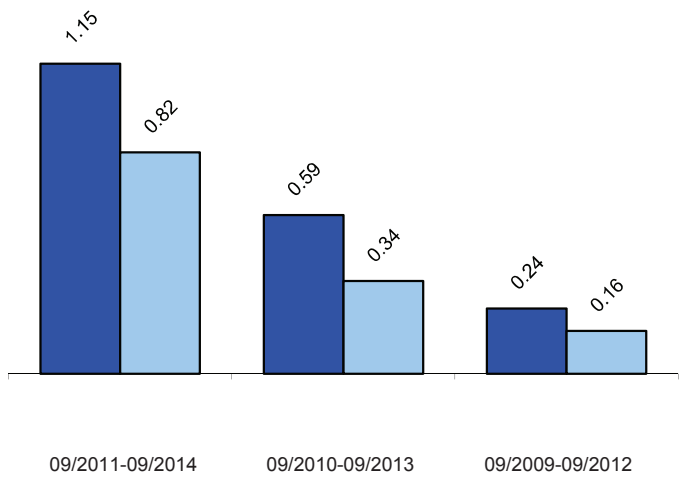
Graystone Consulting℠

MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2014

Sharpe Ratios 3-Year Rolling Periods



Renaissance Investment

MSCI AC Wld xUS Nt

Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

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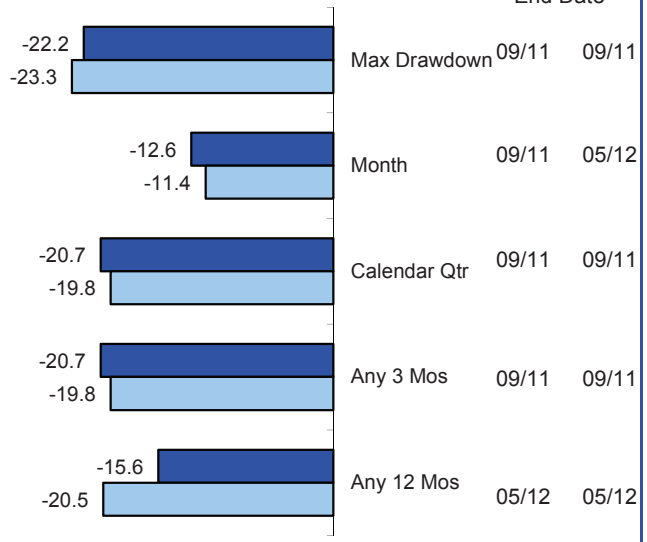
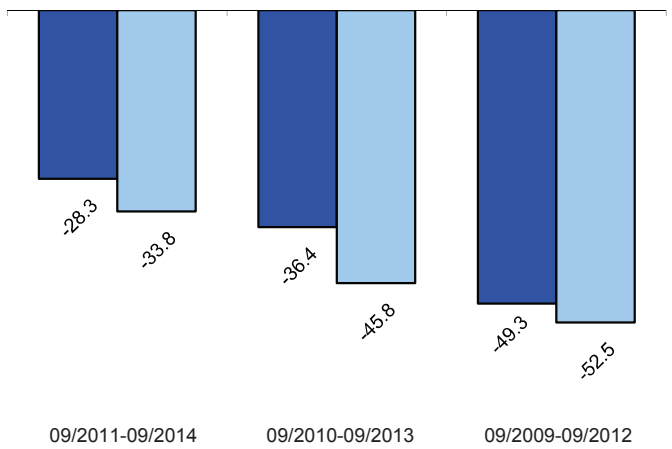
Loss in Varying Time Periods (%)



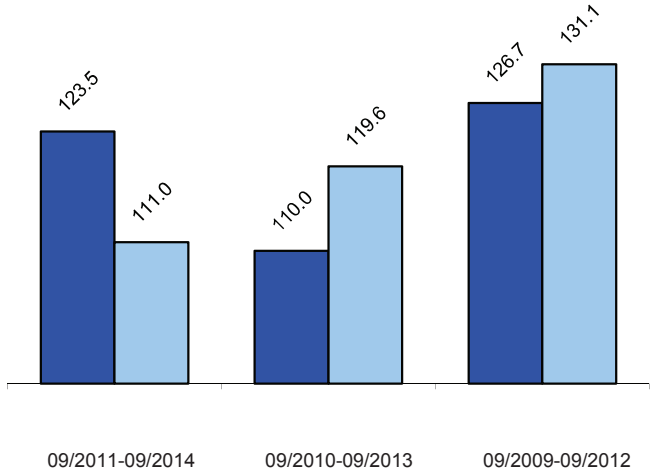
Down Capture Returns (%) 3-Year Rolling Periods



09/2011-09/2014	09/2010-09/2013	09/2009-09/2012
0.84	0.79	0.94

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



09/2011-09/2014	09/2010-09/2013	09/2009-09/2012
1.11	0.92	0.97

Up Capture Ratios

Report Created: 10/22/2014

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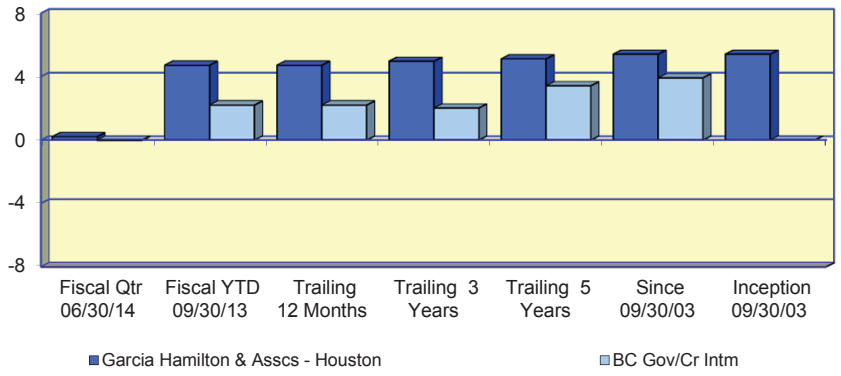
EXECUTIVE SUMMARY

Ormond Beach Firefighters Garcia Hamilton & Asscs - Houston AS OF 09/30/2014

Portfolio Performance (%)

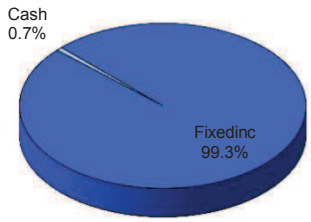


Investment Returns (%) Since:	Fiscal Qtr 06/30/14	Fiscal YTD 09/30/13	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 09/30/03	Inception 09/30/03
Garcia Hamilton & Asscs - Houston	***0.20***	***4.71***	***4.71***	***4.97***	***5.11***	***5.41***	***5.41***
BC Gov/Cr Intm	-0.03	2.20	2.20	2.02	3.42	3.92	N/A

Asset Growth ($000)							
Beginning Market Value	6,838	6,114	6,114	5,542	4,700	2,295	0
Net Contributions & Withdrawals	245	687	687	678	1,004	2,373	4,668
Gain/Loss + Income	14	296	296	877	1,393	2,429	2,429
Ending Market Value	7,097	7,097	7,097	7,097	7,097	7,097	7,097

Asset Allocation ($000)

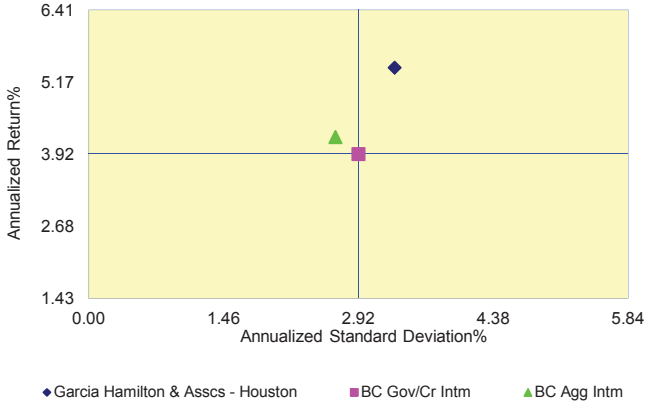
Fixedinc	Cash	Total
7,046	51	7,097



Portfolio Characteristics

	Portfolio	Index
Duration	4.06 years	3.88 years
Yield-to-Maturity	2.23%	1.68%

Risk / Return Analysis Since 09/30/2003



Annualized %	Return	Std. Dev.
Garcia Hamilton & Asscs - Houston	***5.41***	***3.31***
BC Gov/Cr Intm	3.92	2.92
BC Agg Intm	4.21	2.67

Quality Ratings

	Portfolio	Index
AAA/Gov't/Agency	83%	68%
AA	4%	5%
A	8%	12%
BAA	6%	16%
Other	0%	0%

Asset Breakdown

	Portfolio	Index
U.S. Obligations	38%	62%
Government Agencies	14%	7%
Mortgages & Asset Backed	35%	0%
Corporates	14%	30%

Report Created: 10/22/2014

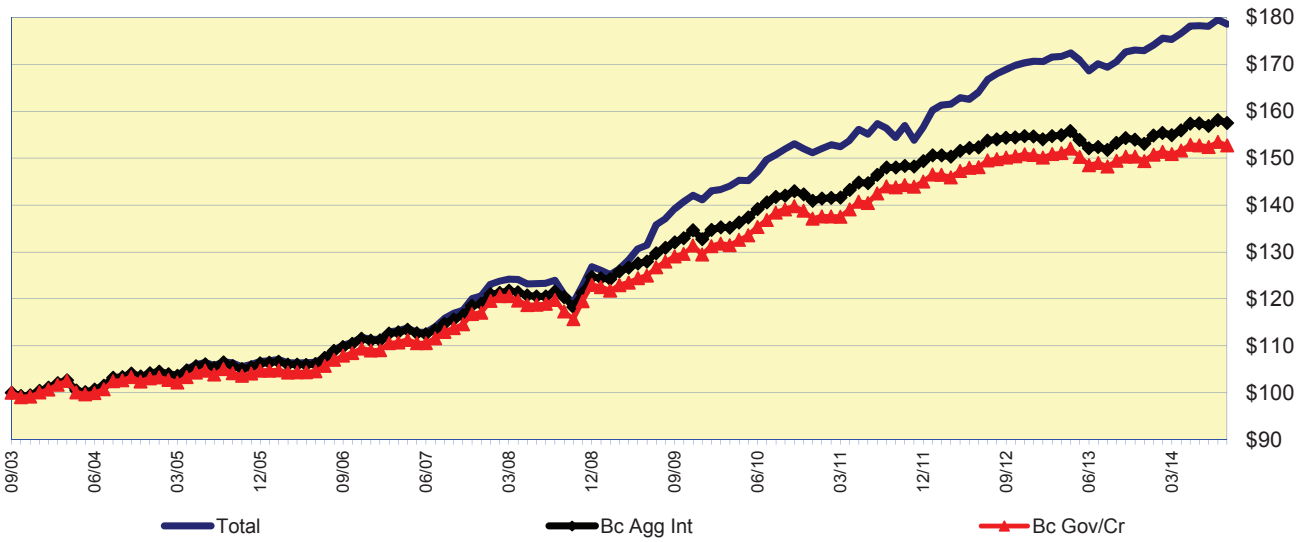
MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters Garcia Hamilton & Asscs - Houston

As Of 09/30/2014

Growth of $100 Graph

This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

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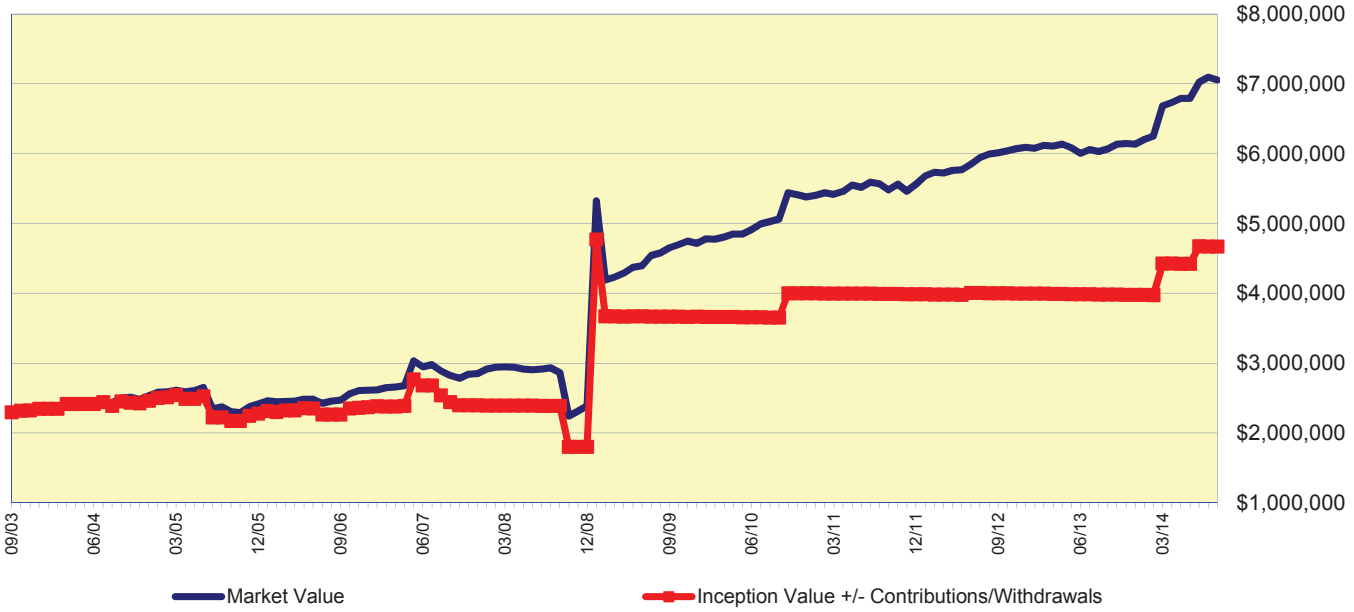


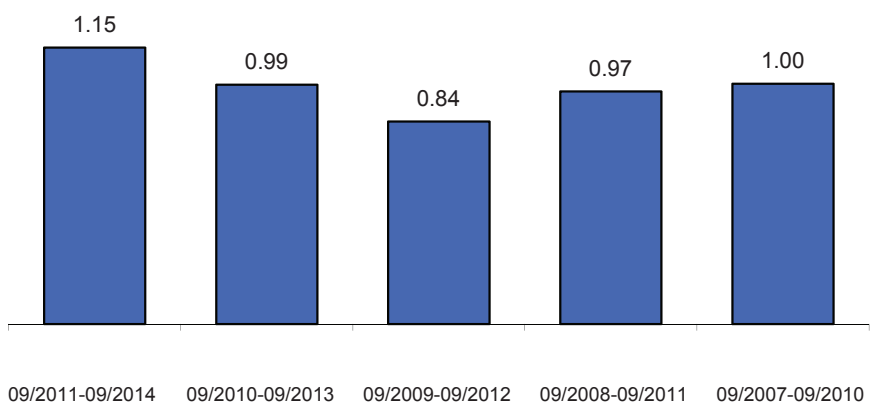
Report Created: 10/22/2014

Graystone Consulting℠

MODERN PORTFOLIO THEORY

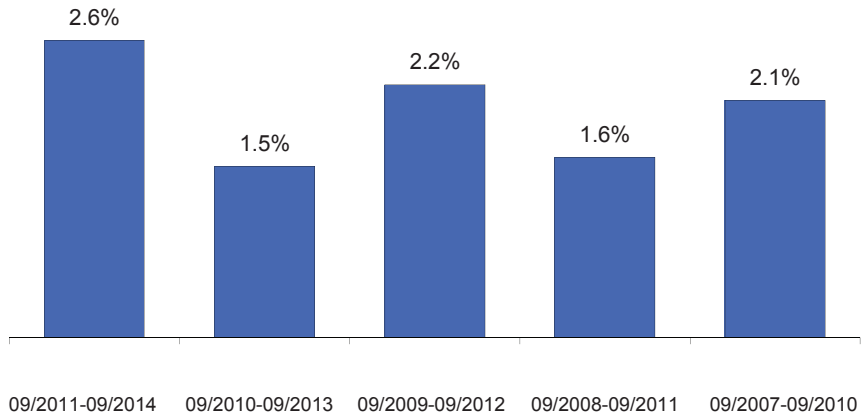
Ormond Beach Firefighters Garcia Hamilton & Asscs - Houston AS OF 09/30/2014

Beta - Rolling Periods



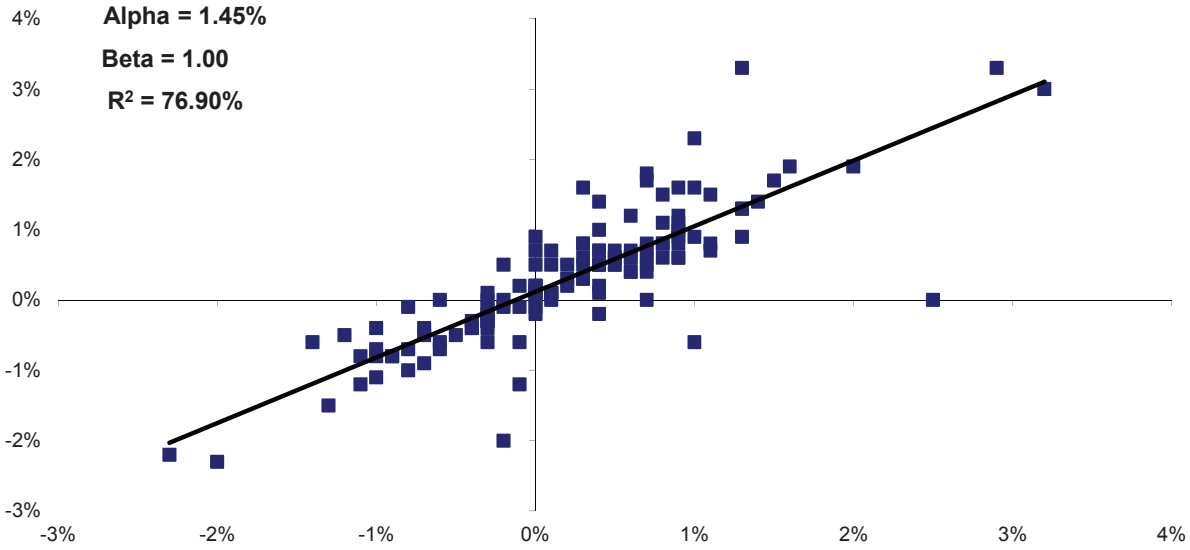
09/2011-09/2014	09/2010-09/2013	09/2009-09/2012	09/2008-09/2011	09/2007-09/2010
R^2 = 59.20%	R^2 = 48.19%	R^2 = 41.04%	R^2 = 68.99%	R^2 = 81.45%

Alpha - Rolling Periods



09/2011-09/2014	09/2010-09/2013	09/2009-09/2012	09/2008-09/2011	09/2007-09/2010
R2 = 59.20%	R2 = 48.19%	R2 = 41.04%	R2 = 68.99%	R2 = 81.45%

MONTHLY Observations Since 09/2003
(w/Simple Linear Regression Line)



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MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2014

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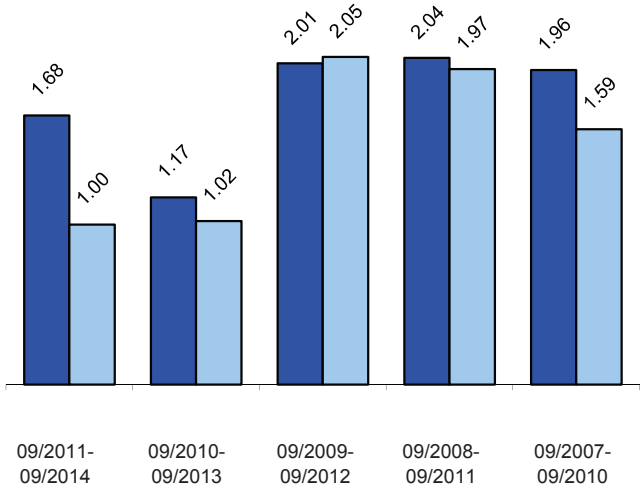

Garcia Hamilton & Asscs - Hous

BC Gov/Cr Intm

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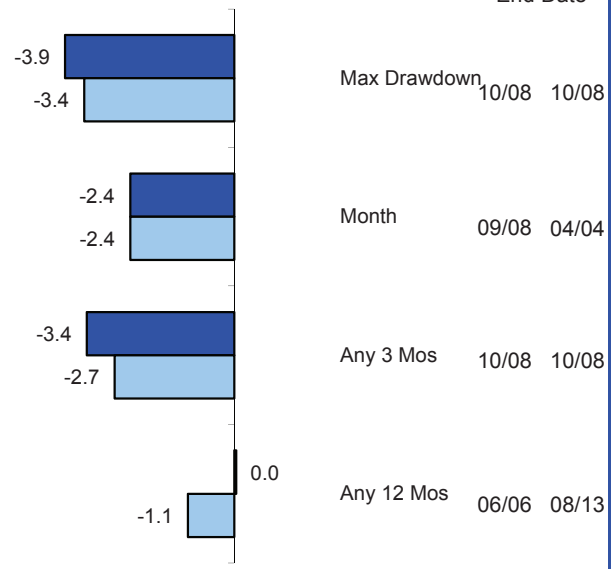
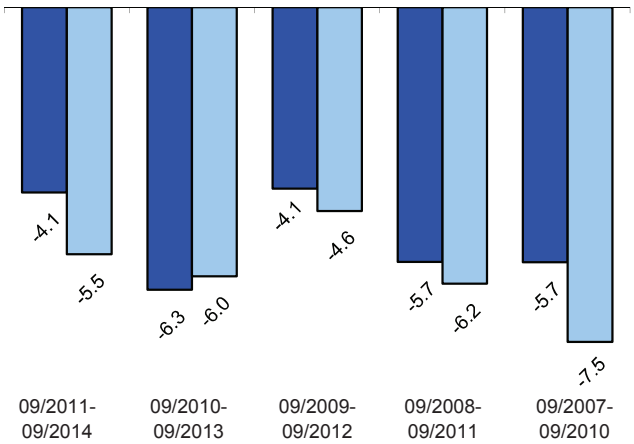


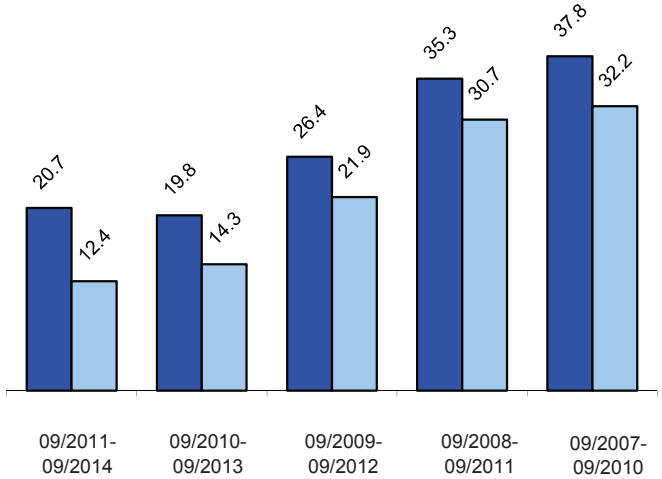
Down Capture Returns (%) 3-Year Rolling Periods



0.75	1.05	0.89	0.92	0.76

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



1.67	1.39	1.21	1.15	1.18

Up Capture Ratios

Report Created: 10/22/2014

Information Disclosures

Please notify your Financial Advisor if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your Investment Advisory accounts, or to reasonably modify existing restrictions.

For a copy of the applicable Form ADV Disclosure Document for Morgan Stanley Smith Barney LLC, or for any Investment Adviser with whom we contract to manage your investment advisory account, please contact your Financial Advisor. These Disclosure Documents contain important information about advisory programs.

Sources and Intent

This investment evaluation is directed only to the client for whom the evaluation was performed. The underlying data has been obtained from sources the Firm believes to be reliable but we do not guarantee their accuracy, and any such information may be incomplete or condensed. This evaluation is for informational purposes only and is not intended to be an offer, solicitation, or recommendation with respect to the purchase or sale of any security or a recommendation of the services supplied by any money management organization. Past performance is not a guarantee of future results. Performance for periods greater than one year is annualized. The information contained herein was prepared by your Financial Advisor and does not represent an official statement of your account at the Firm (or other outside custodians, if applicable.) Please refer to your monthly statement for a complete record of your transactions, holdings and balances.

This Performance Report may show the consolidated performance of some, but not necessarily all, of your Morgan Stanley accounts. In addition, it may show the full performance history of your accounts or just the performance of your accounts since inception in their current Morgan Stanley programs. In some cases, it may show the combined performance of brokerage accounts and advisory accounts. It is important that you understand the combination of accounts and account histories that are included in this Performance Report. Upon your request, performance information can be obtained for other accounts you may have with us, but which are not shown here.

Accounts included in this Performance Report may have had different investment objectives, been subject to different rules and restrictions, and incurred different types of fees, mark-ups, commissions, and other charges. Accordingly, the performance results for this portfolio may blend the performance of assets and strategies that may not have been available in all of your accounts at all times during the reporting period. Please consult your Financial Advisor for more information about the fees and expenses applicable to the accounts included in this Performance Report.

Gross Rates of Return

The investment returns in this report are your gross returns before deducting investment management fees and any Select Retirement fees. For more details on fees, please see your client contract, the applicable Morgan Stanley ADV brochure and any applicable Select Retirement prospectus. Your actual returns are lower, after deducting expenses that may include, for example, investment management fees and trade commissions. As fees are deducted quarterly, the compounding effect increases the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 2% fee, if the gross performance is 10%, the compounding effect of the fees results in a net performance of approximately 7.81%. Returns in excess of one year are annualized.

Advisory Notice

The Fiduciary Services-Affiliated Program and the Fiduciary Services-Unaffiliated Manager Program are separate and distinct advisory programs. Absent your written authorization, assets may only be transferred among managers within the particular program.

List of Composite Accounts
The Composite account presentation includes the following accounts: Total Fund, 001-029024, 001-040253, 001-053633, 001-060287, 001-062126, 001-063120, 001-063090, 001-063123, 002-000740.

Composite Index Definition
The Composite account's benchmark comprises the BC Gov/Cr Intm, MSCI EAFE Net, Russell 1000 Gr, Russell 2500 Vl, 90-Day T-Bills, Russell 2500 Gr, Russell 1000 Vl, MSCI AC Wld xUS Nt, Russell 1000 Gr, indices in the same asset mix as your portfolio. The mix is adjusted monthly based on changes in your portfolio.

International History:
Until 4th quarter 1997, International equities were included within the Domestic equity category for performance presentation. For asset allocation purposes, they are reflected beginning Jan.1, 1998.

Bond Average
Please note that all averages calculated are weighted averages meaning that the calculation takes into account the par value of each position. CMO's and Asset Backed securities are excluded from the calculation. Any bonds that are non-rated by both Moody's and S&P are excluded from the average rating calculation.

Fiscal Year
Total Fund's fiscal year ends on 2014/09
Acct# 001-029024's fiscal year ends on 2014/09
Acct# 001-040253's fiscal year ends on 2014/09
Acct# 001-053633's fiscal year ends on 2014/09
Acct# 001-060287's fiscal year ends on 2014/09
Acct# 001-062126's fiscal year ends on 2014/09
Acct# 001-063120's fiscal year ends on 2014/09
Acct# 001-063090's fiscal year ends on 2014/09
Acct# 001-063123's fiscal year ends on 2014/09
Acct# 002-000740's fiscal year ends on 2014/09

International and Small Capitalization Securities
To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing involving foreign, economic, political, and/or legal factors. International investing may not be for everyone. In addition, small capitalization securities may be more volatile than those of larger companies, but these companies may present greater growth potential.

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Additional Information about your Floating Rate Notes
For floating rate securities, the estimated accrued interest and estimated annual income are based on the current floating coupon rate and may not reflect historic rates within the accrual period.

Alpha
Alpha is the value added by active management of the portfolio's assets, given the risk of that portfolio. In other words, alpha is equal to the incremental return earned by the manager when the market is flat or stationary. An alpha of zero indicates that the manager earned the exact return dictated by the level of market risk (i.e., beta) of the portfolio. A positive alpha indicates that the manager has earned, on average, more than the portfolio's level of market risk would have dictated. A negative alpha indicates that the manager has earned, on average, less than the portfolio's level of market risk would have dictated. Alpha is the Y-intercept of the least squares regression line.

Beta
Beta is the systematic risk of the portfolio. Measured by the slope of the least squares regression, beta is the measure of portfolio risk which cannot be removed through diversification. Beta is also known as market risk. Beta is a statistical estimate of the average change in the portfolio's performance with a corresponding 1.0 percent change in the risk index. A beta of 1.0 indicates that the portfolio moves, on average, lock step with the risk index. A beta in excess of 1.0 indicates that the portfolio is highly sensitive to movements in the risk index. A beta of 1.5, for example, indicates that the portfolio tends to move 1.5 percent with every 1.0 percent movement in the risk index. A beta of less than 1.0 indicates that the portfolio is not as sensitive to movements in the risk index. A beta of 0.5, for example, indicates that the portfolio moves only 0.5 percent for every 1.0 percent movement in the risk index.

R-Squared
R-squared, or the coefficient of determination, measures the strength of the least squares regression relationship between the portfolio (the dependent variable) and the risk index (the independent variable). The statistic reveals the extent to which the variability in the dependent variable is due to the variability in the independent variable. As such, R-squared measures how well the portfolio returns move in tandem with the returns of the risk benchmark. Though it is true that the higher the R-squared the better, an R-squared of less than 0.9 (i.e., 90 percent), indicates that the total fund does not track closely with the risk benchmark. The strength of the R-squared statistic will reflect on the strength of alpha and beta. A weak R-squared, for example, would indicate that alpha and beta cannot be strictly interpreted.

Brokerage Account
In a brokerage relationship, your Financial Advisor will work with you to facilitate the execution of securities transactions on your behalf. Your Financial Advisor also provides investor education and professional, personalized information about financial products and services in connection with these brokerage services. You can choose how you want to pay for these services and you will receive the same services regardless of which pricing option you choose. There are important differences in your relationship with your Financial Advisor and Morgan Stanley in brokerage accounts and in advisory accounts.

Asset classifications and performance calculation methodologies can differ among the various supplemental performance reports available through us. For example, some reports calculate Time Weighted performance using a weighted or Modified Dietz approach while others use a daily approach. In addition, some reports may display Dollar Weighted Returns. These differences can generate meaningful dispersions in the performance numbers displayed on different reports.

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