SUMMARY OF RELEVANT FACTS
City of Ormond Beach General Employees' Pension Plan
As of June 30, 2016

Distribution of Assets:	
Equity	
Large Cap Value	$9,211,581
Large Cap Growth	$10,521,133
Small/Mid Cap Value	$2,051,088
Small/Mid Cap Growth	$2,146,166
International Value	$1,942,770
International Growth	$1,854,478
Total Equity	$27,727,216
Fixed Income	$14,210,574
Cash (R&D Account)	$8,513
Total Portfolio	$41,946,302

Distribution by Percentages:	Policy	Current
Equity		
Large Cap Value	22.5%	21.96%
Large Cap Growth	22.5%	25.08%
Small/Mid Cap Value	5.0%	4.89%
Small/Mid Cap Growth	5.0%	5.12%
International Value	5.0%	4.63%
International Growth	5.0%	4.42%
Total Equity	65.0%	66.10%
Fixed Income	35.0%	33.88%
Cash (R&D Account)	0.0%	0.02%
Total	100.0%	100.00%

RECEIPTS & DISBURSEMENT	
Total Assets (Cash)	$8,513
Gain or (Loss)	$29

Other Important Facts:	
Total Portfolio	$41,946,302
Total Gain or (Loss) - Gross	$567,216
Total Gain or (Loss) - Net	$520,470
Total Fees	($46,747)

HGK (Large Cap Value)		
Total Assets	100.00%	$9,211,581
Equity	98.25%	$9,050,083
Cash	1.75%	$161,498
Fees		($8,415)
Gain or (Loss)		$388,574

SAWGRASS (Large Cap Growth)		
Total Assets	100.00%	$5,043,855
Equity	96.42%	$4,863,537
Cash	3.58%	$180,318
Fees		($6,833)
Gain or (Loss)		$69,925

POLEN (Large Cap Growth)		
Total Assets	100.00%	$5,477,278
Equity	98.46%	$5,392,971
Cash	1.54%	$84,306
Fees		($8,468)
Gain or (Loss)		($150,312)

GW CAPITAL / CAMBIAR (Small/Mid Cap Value)		
Total Assets	100.00%	$2,051,088
Equity	92.35%	$1,894,161
Cash	7.65%	$156,927
Fees		($4,349)
Gain or (Loss)		$57,267

APEX (Small/Mid Cap Growth)		
Total Assets	100.00%	$2,146,166
Equity	95.07%	$2,040,302
Cash	4.93%	$105,864
Fees		($3,215)
Gain or (Loss)		$31,148

DELAWARE (International Value)		
Total Assets	100.00%	$1,942,770
Equity	96.85%	$1,881,623
Cash	3.15%	$61,147
Fees		($3,599)
Gain or (Loss)		$26,369

RENAISSANCE (International Growth)		
Total Assets	100.00%	$1,854,478
Equity	96.11%	$1,782,263
Cash	3.89%	$72,215
Fees		($3,107)
Gain or (Loss)		($59,030)

GARCIA HAMILTON (Fixed Income)		
Total Assets	100.00%	$14,210,574
Fixed Income	97.59%	$13,868,667
Cash	2.41%	$341,907
Fees		($8,760)
Gain or (Loss)		$203,246

BREAKDOWN OF RETURNS
City of Ormond Beach General Employees' Pension Plan
As of June 30, 2016

Actuarial Rate of Return = 7.00%

EQUITY HGK	Your Returns (Gross-of-Fees)	Your Returns (Net-of-Fees)	Russ 1000 Value	PSN Money Mgrs.	S&P 500
Quarter	4.38	4.28	4.58	3.59	2.46
1 Year	(3.91)	(4.28)	2.86	1.80	4.01
3 Year	5.83	5.43	9.87	9.41	11.67
5 Year	8.92	8.51	11.35	10.79	12.11
Since 4/30/2009	12.20	11.79	14.99	NA	15.46
Sawgrass			**Russ 1000 Growth**	**PSN Money Mgrs.**	**S&P 500**
Quarter	1.40	1.26	0.62	0.53	2.46
1 Year	6.29	5.72	3.03	(1.13)	4.01
3 Year	13.18	12.57	13.08	11.52	11.67
Since 4/30/2012	13.23	12.58	12.39	NA	12.66
Saw/Ren - 5 Year	11.66	11.03	12.35	11.12	12.11
Saw/Ren - Since 7/31/2007	6.54	5.96	7.96	NA	6.49
Polen			**Russ 1000 Growth**	**PSN Money Mgrs.**	**S&P 500**
Quarter	(2.66)	(2.81)	0.62	0.53	2.46
1 Year	6.48	5.85	3.03	(1.13)	4.01
3 Year	16.53	15.85	13.08	11.52	11.67
Since 4/30/2012	12.41	11.79	12.39	NA	12.66
GW Capital / Cambiar			**Russ 2500 Value**	**PSN Money Mgrs.**	
GW Capital /Cambiar - Quarter	2.86	2.64	4.37	3.37	
GW Capital /Cambiar - 1 Year	(3.65)	(4.40)	0.22	0.62	
GW Capital /Cambiar - 3 Year	3.71	2.92	8.14	9.94	
GW Capital /Cambiar - 5 Year	7.26	6.46	9.59	10.29	
GW Capital /Cambiar - Since 10/31/2008	13.75	12.93	12.87	NA	
APEX			**Russ 2500 Growth**	**PSN Money Mgrs.**	
Quarter	1.44	1.29	2.70	1.75	
1 Year	(11.98)	(12.52)	(7.70)	(5.05)	
Since 1/31/2015	(1.73)	(2.25)	0.93	NA	
APEX/ETF/Perimeter- 3 Year	7.01	6.34	9.05	9.51	
APEX/ETF/Perimeter- 5 Year	7.11	6.40	9.26	9.34	
APEX/ETF/Perimeter- Since 4/30/2009	13.87	13.14	16.02	NA	
Delaware			**MSCI EAFE (Net)**	**MSCI EAFE Val**	
Quarter	1.37	1.19	(1.46)	(2.79)	
1 Year	(3.83)	(4.55)	(10.16)	(15.43)	
3 Year	5.43	4.61	2.07	(0.10)	
5 Year	4.18	3.38	1.68	0.06	
Since 7/31/2005	4.70	3.91	3.37	2.13	

Renaissance			MSCI AC Wd x US	MSCI EAFE Grth	
Quarter	(3.09)	(3.24)	(0.64)	(0.15)	
1 Year	(9.57)	(10.17)	(10.24)	(4.81)	
3 Year	5.18	4.50	1.16	4.16	
5 Year	3.42	2.75	0.10	3.24	
Since 4/30/2009	9.50	8.82	6.93	9.11	
FIXED INCOME					
Garcia Hamilton			BC Int. Govt/Credit	BC Int. Aggregate	90-Day T-Bill
Quarter	1.45	1.39	1.59	1.44	0.06
1 Year	5.34	5.08	4.33	4.36	0.13
3 Year	4.34	4.09	2.95	3.24	0.07
5 Year	4.33	4.07	2.90	2.96	0.07
Since 9/30/2003	5.34	5.05	3.86	4.12	1.25
TOTAL RETURN					
Time-Weighted Return			Policy Index		
Quarter	1.36	1.24	1.98		
1 Year	0.87	0.38	1.63		
3 Year	7.56	7.03	7.35		
5 Year	7.45	6.94	7.56		
Since 3/31/2001	5.92	5.43	5.81		
TOTAL RETURN					
Dollar-Weighted Net			Actuarial Rate	CPI +4	
Quarter		1.24	1.71	1.87	
1 Year		0.34	7.00	5.25	
3 Year		7.06	7.00	5.09	
5 Year		6.93	7.00	5.43	
Since 3/31/2001		5.31	7.00	6.11	

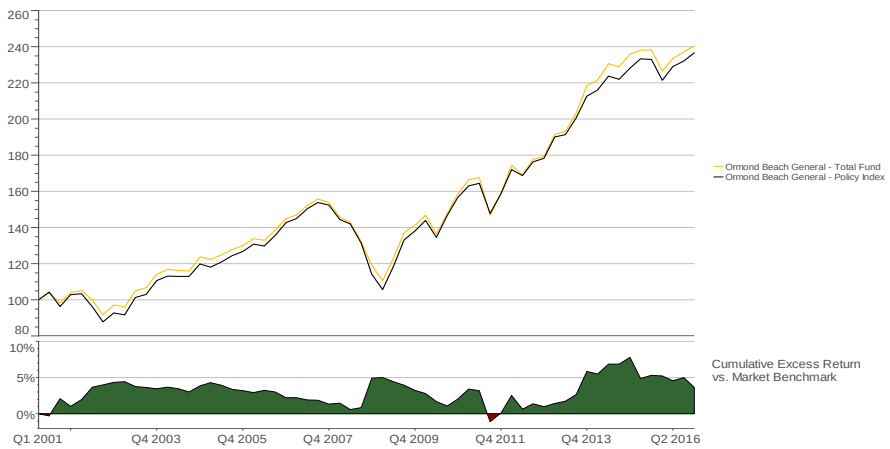
Policy Index = 30% Russell 1000 Value + 30% Russell 1000 Growth + 20% BC Aggregate + 20% BC Intermediate Gov't/Credit Bonds for periods prior to June 30, 2005; 27.5% Russell 1000 Value + 27.5% Russell 1000 Growth + 10% MSCI EAFE (Net) + 17.5% BC Aggregate + 17.5% BC Intermediate Gov't/Credit Bonds for 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

Risk/Return Analysis - Since Inception

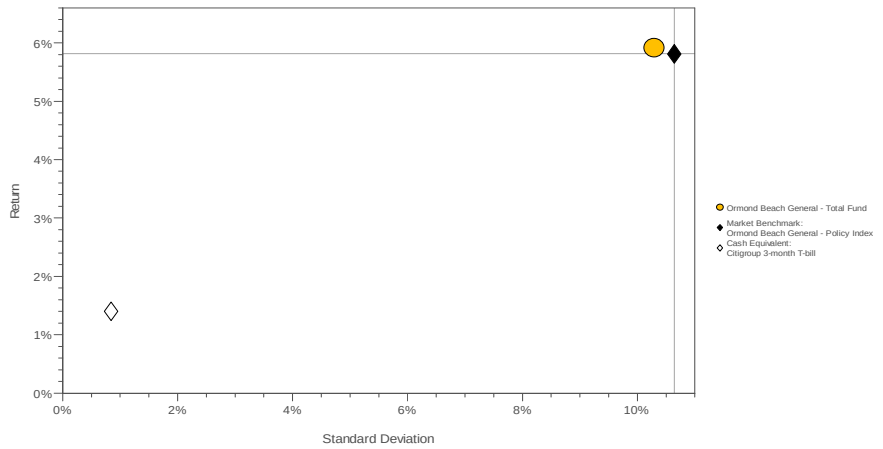
Zephyr StyleADVISOR

Zephyr StyleADVISOR: Graystone Consulting

Manager Performance
April 2001 - June 2016 (Single Computation)



Risk / Return
April 2001 - June 2016 (Single Computation)



Return & Risk Analysis

April 2001 - June 2016: 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 General - Total Fund	5.92%	0.11%	10.29%	0.95	-28.93%	97.89%	95.02%	0.35%	0.44	97.40%
Ormond Beach General - Policy Index	5.81%	0.00%	10.64%	1.00	-31.33%	100.00%	100.00%	0.00%	0.41	100.00%

INVESTMENT POLICY CHECKLIST

Ormond Beach General Employees' Pension Fund ***As of June 30, 2016***

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
Fixed Income Portfolio	
U.S. Government / Agency or U.S. Corporations	Yes
Fixed Income Portfolio < 40% & > 30%	Yes
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

* A couple of securities contain "A" or better rating by another major rating service

OBJECTIVES	Met
Total Portfolio	
Exceed Target Index - Since 3/31/2001	Yes
Exceed actuarial assumption (7.00%) - 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	Yes
Rank in the Top 50% - Since 4/30/2012	Yes
GW Capital / Cambiar	
Equities > Russell 2500 Value - Since 10/31/2008	Yes
Rank in the Top 50% - Since 10/31/2008	Yes
Apex	
Equities > Russell 2500 Growth - Since 1/31/2015	No
Rank in the Top 50% - Since 1/31/2015	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

Graystone Consulting

QUARTERLY PERFORMANCE EVALUATION

Prepared for:

City of Ormond Beach
General Employees' Pension Plan

As of June 30, 2016

Graystone Consulting Tampa

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  - Apex – Small/Mid Cap Growth Equity Reports
  - Delaware – International Value Equity Reports
  - Renaissance – International Growth Equity Reports
  - Garcia Hamilton– Fixed Income Reports

Graystone Consulting

Capital Markets Overview: 2Q 2016

Introduction

As of 2Q 2016

- During the second quarter of 2016, global stocks and bonds generated modestly positive returns despite increased market turbulence. The historic decision by British voters to exit the European Union shocked global capital markets in June. While equity and currency markets were expected to bear the brunt of the surprise outcome, both have taken the decision in stride thus far, trading above the levels reached in the week leading up to the vote. For the quarter, Master Limited Partnerships and Diversified Commodities were the top-performing asset classes, while Japanese and European equities registered the weakest returns. For the one-year period ended June 30, 2016, Global REITs and Investment Grade bonds generated the strongest returns.

- The Dow Jones Industrial Average increased 2.1% in the second quarter. The NASDAQ Composite Index was down 0.2% for the quarter. The S&P 500 Index increased 2.5% for the quarter.

- Eight of the 10 sectors within the S&P 500 generated positive returns in the second quarter of 2016. The top-performing sector was Energy, which was up 11.6%. Telecom rose 7.1% and was also among the top-performing sectors. The biggest laggards were Technology, which decreased 2.8%, and Consumer Discretionary, which fell 0.9%.

- The bond market registered positive returns during the second quarter. The Barclays U.S. Aggregate Bond Index, a general measure of the bond market, increased 2.2% for the quarter.

- Morgan Stanley & Co. economists expect U.S. real GDP will be 1.7% in 2016 and 1.6% in 2017. They forecast global GDP growth to be 3.0% in 2016 and 3.4% in 2017.

- Commodities registered strong returns in the second quarter; the Bloomberg Commodity Index increased 12.8%. For the quarter, gold posted a total return of 6.7%.

- For the second quarter of 2016, global mergers and acquisitions (M&A) deal volume was $835 billion, compared to $1 trillion for the second quarter of 2015. Global M&A activity increased to $4.3 trillion in 2015 from $3.3 trillion in 2014.

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

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Capital Markets Overview: 2Q 2016

The US Economy

As of 2Q 2016

The Department of Commerce estimated that Gross Domestic Product increased at an annual rate of 1.1% in the first quarter of 2016, in comparison to a 1.4% increase in the fourth quarter of 2015. Morgan Stanley & Co. economists forecast U.S. Real GDP will be 1.7% in 2016 and 1.6% in 2017.

The seasonally adjusted unemployment rate for May 2016 was 4.7%, showing a 0.3% decrease from its April level. Employment increased in health care. Mining continued to lose jobs, and employment in information decreased due to a strike.. The number of unemployed declined by 484,000 to 7.4 million. The number of long-term unemployed (those jobless for 27 weeks or more) declined by 178,000 to 1.9 million in May. These individuals accounted for 25.1% of the unemployed.

According to the most recent estimate from the Bureau of Economic Analysis, corporate profits increased 1.8% between the fourth quarter of 2015 and the first quarter of 2016, and fell 4.4% between the first quarter of 2015 and the first quarter of 2016.

Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index was 0.4% in April and increased 0.2% in May. Morgan Stanley & Co. economists forecast a 1.2% inflation rate for 2016 and 1.9% for 2017.

The Census Bureau reported that private-sector housing starts in May 2016 were at a seasonally adjusted annual rate of 1,164,000—10% above May 2016 housing starts. The rise in housing starts over the past several years 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 0.5% between April 2016 and May 2016, and increased 0.2% between May 2015 and May 2017.

In June, the Institute for Supply Management's Purchasing Managers' Index (PMI), a manufacturing sector index, increased as the PMI registered 53.2%, a 1.9-percentage-point uptick from the May reading of 51.3%. This indicates an expansion in manufacturing for the fourth consecutive month, and its highest reading since February 2015 when the PMI registered 53.3%. Overall, PMI has been above 43 for 88 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 decreased 2.8 points to 52.9 between April 2016 and May 2016. The index has now been above 50 for 75 consecutive months.

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

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Capital Markets Overview: 2Q 2016

US Equity Markets

As of 2Q 2016

The Dow Jones Industrial Average increased 2.1% in the second quarter. The NASDAQ Composite Index was down 0.2% for the quarter. The S&P 500 Index increased 2.5% for the quarter.

Eight of the 10 sectors within the S&P 500 generated positive returns in the second quarter of 2016. The top-performing sector was Energy, which was up 11.6%. Telecom rose 7.1% and was also among the top-performing sectors. The biggest laggards were Technology, which decreased 2.8%, and Consumer Discretionary, which fell 0.9%.

Growth-style stocks of large-cap companies increased during the second quarter. The large-cap Russell 1000 Growth Index rose 0.6%. The Russell 1000 Index, a large-cap index, increased2.5% for the quarter.

The Russell 1000 Value Index, also a large-cap index, increased 4.6% for the quarter. The Russell Midcap Growth Index fell 2.0% for the quarter. The Russell Midcap Index also increased 3.2% for the quarter. The Russell Midcap Value Index increased 4.8% for the quarter. The Russell 2000 Growth Index, a small-cap index, increased 3.2% for the quarter. The small-cap Russell 2000 Index rose 3.8% for the quarter. The Russell 2000 Value Index, also a small-cap index, increased 4.3% for the quarter.

Key US Stock Market Index Returns (%) for the Period Ending 6/30/2016

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized
S&P 500	2.5%	4.0%	12.1%	14.9%
Dow Jones	2.1%	4.5%	10.4%	14.3%
Russell 2000	3.8%	-6.7%	8.3%	13.9%
Russell Midcap	3.2%	0.6%	10.9%	16.5%
Russell 1000	2.5%	2.9%	11.9%	15.0%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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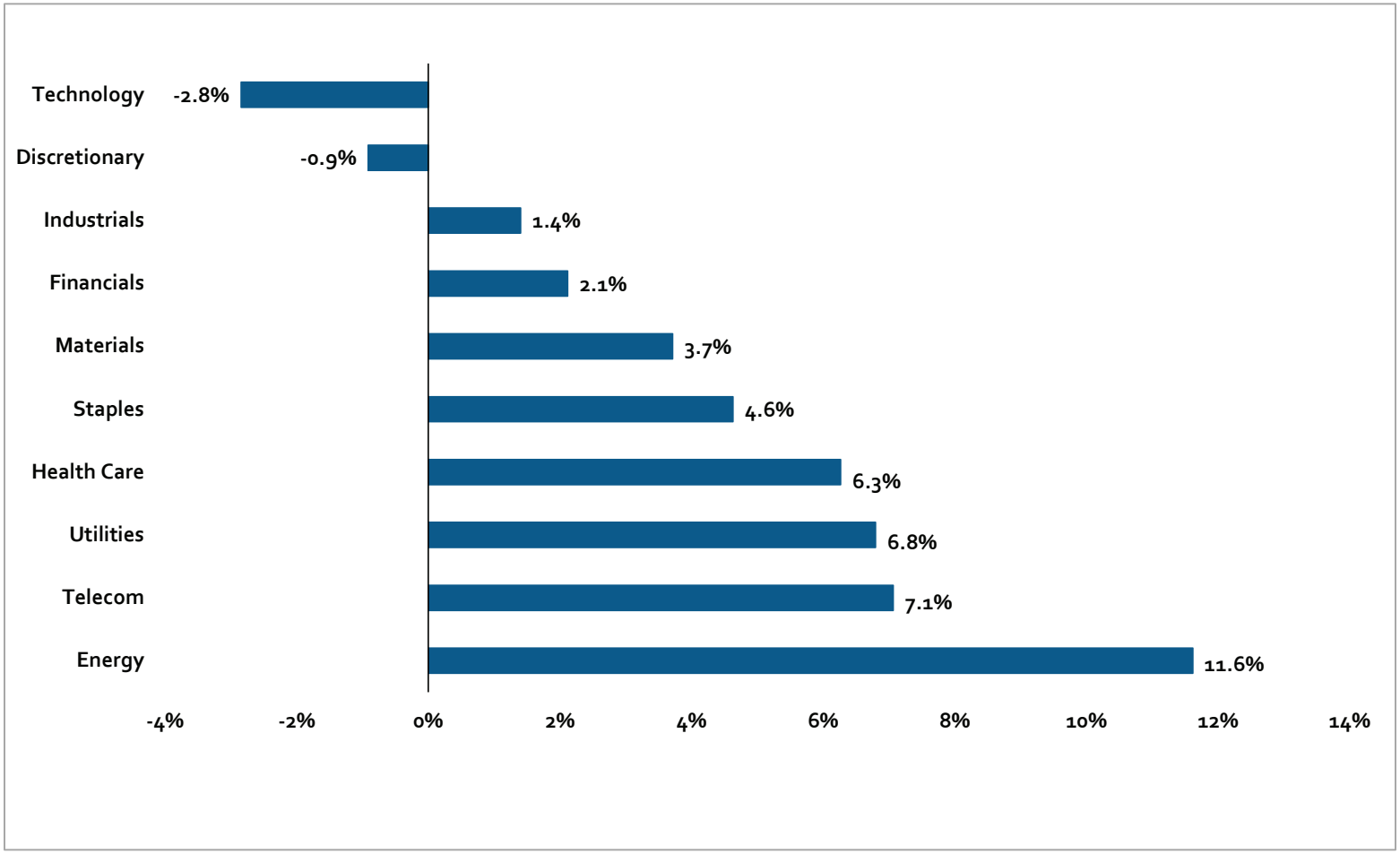
S&P 500 Sectors

2Q 2016 Total Return

As of June 30, 2016



Source: Bloomberg

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Capital Markets Overview: 2Q 2016

Global Equity Markets

As of 2Q 2016

In the second quarter, emerging markets (EM) generated positive returns while international developed regions were negative. The MSCI EAFE Index (a benchmark for international developed markets) decreased 1.2% for U.S.-currency investors and 0.5% for local-currency investors, as the U.S. dollar strengthened in relation to the currencies of many nations in the index.

For the second quarter, the MSCI Emerging Markets Index increased 0.8% for U.S.-currency investors and 0.8% for local-currency investors, as the U.S. dollar maintained parity with emerging market currencies. The MSCI Europe Index decreased 2.3% for U.S.-currency investors and 1.6% for local-currency investors during the second quarter of 2016.

The S&P 500 Index increased 2.5% for the quarter.

Emerging economy equity market indices were also up in the second quarter. The MSCI BRIC (Brazil, Russia, India and China) Index rose 3.2% for the quarter in U.S. dollar terms and 1.7% in terms of local currencies. In comparison, for the second quarter, the MSCI EM Asia Index was up 0.4% in U.S. dollar terms and 1.2% in local terms.

Key Global Equity Market Index Returns (%) for the Period Ending 6/30/2016

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
MSCI EAFE	-1.2%	-9.7%	2.1%	6.4%
MSCI EAFE Growth	0.0%	-4.4%	3.6%	8.0%
MSCI EAFE Value	-2.4%	-14.9%	0.6%	4.8%
MSCI Europe	-2.3%	-10.7%	1.6%	6.7%
MSCI Japan	1.0%	-8.6%	4.4%	5.1%
S&P 500	2.5%	4.0%	12.1%	14.9%
MSCI Emerging Markets	0.8%	-11.7%	-3.4%	4.1%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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Capital Markets Overview: 2Q 2016

The US Bond Market

As of 2Q 2016

The bond market registered positive returns during the second quarter. The Barclays U.S. Aggregate Bond Index, a general measure of the bond market, increased 2.2% for the quarter.

Interest rates declined during the second quarter, as the yield on the 10-year U.S. Treasury note fell to a quarter-end 1.47% from 1.77% at the end of the 1Q 2016.

Riskier parts of the bond market such as U.S. high yield debt increased in the second quarter. The Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, rose 5.5%.

Mortgage-backed securities also posted positive returns during the second quarter. The Barclays Capital Mortgage Backed Index increased 1.1% for the quarter. During the second quarter, the municipal bond market increased. As a result, the Barclays Capital Muni Index generated a 2.6% return for the quarter.

Key US Bond Market Index Returns (%) for the Period Ending 6/30/2016

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
Barclays Capital US Aggregate	2.2%	6.0%	3.8%	4.6%
Barclays Capital High Yield	5.5%	1.6%	5.8%	10.0%
Barclays Capital Government/Credit	2.6%	6.8%	4.1%	4.8%
Barclays Capital Government	2.1%	6.2%	3.5%	3.8%
Barclays Capital Intermediate Govt/Credit	1.6%	4.4%	2.9%	3.8%
Barclays Capital Long Govt/Credit	6.5%	15.7%	9.2%	9.3%
Barclays Capital Mortgage Backed Securities	1.1%	4.3%	3.0%	3.8%
Barclays Capital Muni	2.6%	7.7%	5.3%	5.7%

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

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Asset Allocation Models & Insurance Products Disclosures

GLOBAL INVESTMENT COMMITTEE (GIC) ASSET ALLOCATION MODELS

The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC.

CLIENTS TO CONSIDER THEIR OWN INVESTMENT NEEDS

The GIC Asset Allocation Models are formulated based on general client characteristics such as investable assets and risk tolerance. This report is not intended to be a client-specific suitability analysis or recommendation, or offer to participate in any investment. Therefore, do not use this report as the sole basis for investment decisions.

Clients should consider all relevant information, including their existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. Such a suitability determination may lead to asset allocation(s) results that are materially different from the asset allocation shown in this report. Clients should talk to their Financial Advisor about what would be a suitable asset allocation for them.

HYPOTHETICAL MODEL PERFORMANCE (GROSS)

Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC's strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight.

Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated.

Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products.

Performance of indices may be more or less volatile than any investment product. The risk of loss in value of a specific investment is not the same as the risk of loss in a broad market index. Therefore, the historical returns of an index will not be the same as the historical returns of a particular investment a client selects.

Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date.

Fees reduce the performance of actual accounts None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material.

INSURANCE PRODUCTS AND ETF DISCLOSURES

Morgan Stanley Smith Barney LLC offers **insurance products** in conjunction with its licensed insurance agency affiliates.

An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices.

Variable annuities, mutual funds and ETFs are sold by prospectus only. The prospectus contains the investment objectives, risks, fees, charges and expenses, and other information regarding the variable annuity contract and the underlying investments, or the ETF, which should be considered carefully before investing. Prospectuses for both the variable annuity contract and the underlying investments, or the ETF, are available from your Financial Advisor. Please read the prospectus carefully before you invest.

Variable annuities are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options.

Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract.

If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection.

Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

Asset Class Risk Considerations

For index definitions to the indices referenced in this report please visit the following: http://www.morganstanleyfa.com/public/projectfiles/id.pdf

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment.

Investing in foreign markets entails risks not typically associated with domestic markets, such as currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, and the potential for political instability. These risks may be magnified in countries with **emerging markets and frontier markets**, since these countries may have relatively unstable governments and less established markets and economies.

Investing in small- to medium-sized companies entails special risks, such as limited product lines, markets and financial resources, and greater volatility than securities of larger, more established companies.

The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer.

High yield bonds (bonds rated below investment grade) may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk, price volatility, and limited liquidity in the secondary market. High yield bonds should comprise only a limited portion of a balanced portfolio.

Interest on **municipal bonds** is generally exempt from federal income tax; however, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, if applicable, local tax-exemption applies if securities are issued within one's city of residence.

Treasury Inflation Protection Securities' (TIPS) coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation.

Ultrashort-term fixed income asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

Alternative investments may be either traditional alternative investment vehicles, such as hedge funds, fund of hedge funds, private equity, private real estate and managed futures or, non-traditional products such as mutual funds and exchange-traded funds that also seek alternative-like exposure but have significant differences from traditional alternative investments. The risks of traditional alternative investments may include: can be highly illiquid, speculative and not suitable for all investors, loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized, absence of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than open-end mutual funds, and risks associated with the operations, personnel and processes of the manager. Non-traditional alternative strategy products may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. **Master Limited Partnerships (MLPs)** Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. **Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. **REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions.

Before engaging in the purchase or sale of **options,** potential clients should understand the nature of and extent of their rights and obligations and be aware of the risks involved, including, without limitation, the risks pertaining to the business and financial condition of the issuer of the underlying security or instrument. Options investing, like other forms of investing, involves tax considerations, transaction costs and margin requirements that can significantly affect the profit and loss of buying and writing options. The transaction costs of options investing consist primarily of commissions (which are imposed in opening, closing, exercise and assignment transactions), but may also include margin and interest costs in particular transactions. Transaction costs are especially significant in options strategies calling for multiple purchases and sales of options, such as multiple leg strategies, including spreads, straddles and collars. If you are considering options as part of your investment plan, your Morgan Stanley Financial Advisor or Private Wealth Advisor is required to provide you with the "Characteristics and Risks of Standardized Options" booklet from the Options Clearing Corporation. Clients should not enter into options transactions until they have read and understood the Disclosure Document, as options are not suitable for everyone, and discuss transaction costs with their Financial Advisor or Investment Representative. Please ask your Financial Advisor, Private Wealth Advisor for a copy of the Characteristics and Risks of Standardized Options booklet. A copy of the ODD is also available online at: http://theocc.com/publications/risks/riskchap1.jsp.

Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage.

Principal is returned on a monthly basis over the life of a **mortgage-backed security.** Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds.

Asset Class Risk Considerations (cont'd)

Asset-backed securities generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

Floating-rate securities The initial interest rate on a floating-rate security may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk.

Yields are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision.

Credit ratings are subject to change.

Companies paying **dividends** can reduce or cut payouts at any time.

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.

Nondiversification: For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

The **indices** are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment.

The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time.

Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Rebalancing does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. Investors should consult with their tax advisor before implementing such a strategy.

Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

Duration, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates.

Besides the general risk of holding securities that may decline in value, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance, and potential leverage. Some funds also invest in foreign securities, which may involve currency risk.

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The securities/instruments discussed in this material may not be suitable for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Morgan Stanley Wealth Management recommends that investors independently evaluate specific investments and strategies, and encourages investors to seek the advice of a financial advisor.

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This material should not be viewed as advice or recommendations with respect to asset allocation or any particular investment. This information is not intended to, and should not, form a primary basis for any investment decisions that you may make. Morgan Stanley Wealth Management is not acting as a fiduciary under either the Employee Retirement Income Security Act of 1974, as amended or under section 4975 of the Internal Revenue Code of 1986 as amended in providing this material.

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City of Ormond Beach

Asset Allocation & Time Weighted Performance

as of June 30, 2016

	Allocation		Performance(%)								
	Market Value ($)	%	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Ormond Beach General	**41,946,302**	**100.00**	**1.36**	**6.03**	**0.87**	**7.56**	**7.45**	**10.01**	**6.09**	**5.92**	**04/01/2001**
Ormond Beach Policy Index			1.98	6.91	1.63	7.35	7.56	10.36	6.19	5.81	
Domestic Equity											
HGK - Large Cap Value	9,211,581	21.96	4.38	10.03	-3.91	5.83	8.92	11.36	N/A	12.20	05/01/2009
Russell 1000 VL			4.58	12.29	2.86	9.87	11.35	14.51	N/A	14.99	
Sawgrass - Large Cap Growth	5,043,855	12.02	1.40	10.89	6.29	13.18	N/A	N/A	N/A	13.23	05/01/2012
Russell 1000 Gr			0.62	8.78	3.03	13.08	N/A	N/A	N/A	12.39	
Polen - Large Cap Growth	5,477,278	13.06	-2.66	5.42	6.48	16.53	N/A	N/A	N/A	12.41	05/01/2012
Russell 1000 Gr			0.62	8.78	3.03	13.08	N/A	N/A	N/A	12.39	
GW/Cambiar - Small/Mid Cap Value	2,051,088	4.89	2.86	6.33	-3.65	3.71	7.26	13.09	N/A	13.75	11/01/2008
Russell 2500 VL			4.37	10.84	0.22	8.14	9.59	15.18	N/A	12.87	
Apex - Small/Mid Cap Growth	2,146,166	5.12	1.44	-0.56	-11.98	N/A	N/A	N/A	N/A	-1.73	02/01/2015
Russell 2500 GR			2.70	3.78	-7.70	N/A	N/A	N/A	N/A	0.93	
International Equity											
Delaware - International Value	1,942,770	4.63	1.37	5.93	-3.83	5.43	4.18	7.28	3.10	4.70	08/01/2005
MSCI EAFE Net			-1.46	0.08	-10.16	2.07	1.68	5.97	1.58	3.37	
Renaissance - International Growth	1,854,478	4.42	-3.09	2.30	-9.57	5.18	3.42	7.83	N/A	9.50	05/01/2009
MSCI AC World ex US Net			-0.64	2.20	-10.24	1.16	0.10	5.35	N/A	6.93	
Fixed Income											
Garcia Hamilton - Fixed Income	14,210,574	33.88	1.45	3.63	5.34	4.34	4.33	5.63	6.19	5.34	10/01/2003
BC Gov/Cr Intm			1.59	3.35	4.33	2.95	2.90	3.78	4.48	3.86	

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

Graystone Consulting℠

City of Ormond Beach

Asset Allocation & Net Dollar Weighted Performance (IRR)

as of June 30, 2016

	%	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Ormond Beach General	**100.00**	**1.24**	**5.66**	**0.34**	**7.06**	**6.93**	**9.59**	**5.45**	**5.31**	**03/31/2001**
Domestic Equity										
HGK - Large Cap Value	21.96	4.29	9.73	-4.27	5.98	8.96	11.52	N/A	12.45	04/30/2009
Sawgrass - Large Cap Growth	12.03	1.26	10.48	5.59	13.09	N/A	N/A	N/A	12.95	04/30/2012
Polen - Large Cap Growth	13.06	-2.80	5.10	6.00	16.04	N/A	N/A	N/A	11.88	04/30/2012
GW/Cambiar - Small/Mid Cap Value	4.89	2.65	5.70	-4.41	3.76	7.15	13.73	N/A	14.44	10/31/2008
Apex - Small/Mid Cap Growth	5.12	1.31	-0.90	-12.49	N/A	N/A	N/A	N/A	-1.99	01/31/2015
International Equity										
Delaware - International Value	4.63	1.19	5.34	-4.54	4.60	3.37	6.46	0.81	3.42	07/31/2005
Renaissance - International Growth	4.42	-3.24	1.80	-10.14	4.50	2.75	7.36	N/A	9.29	04/30/2009
Fixed Income										
Garcia Hamilton - Fixed Income	33.88	1.39	3.44	5.07	4.02	4.03	5.27	5.67	5.04	09/30/2003

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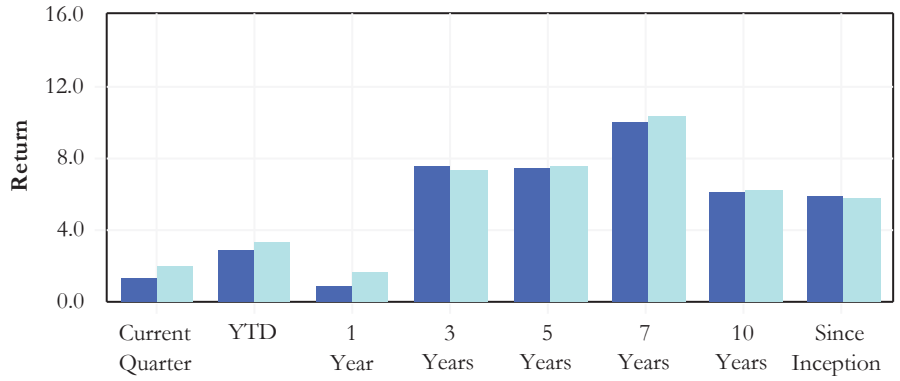
City of Ormond Beach

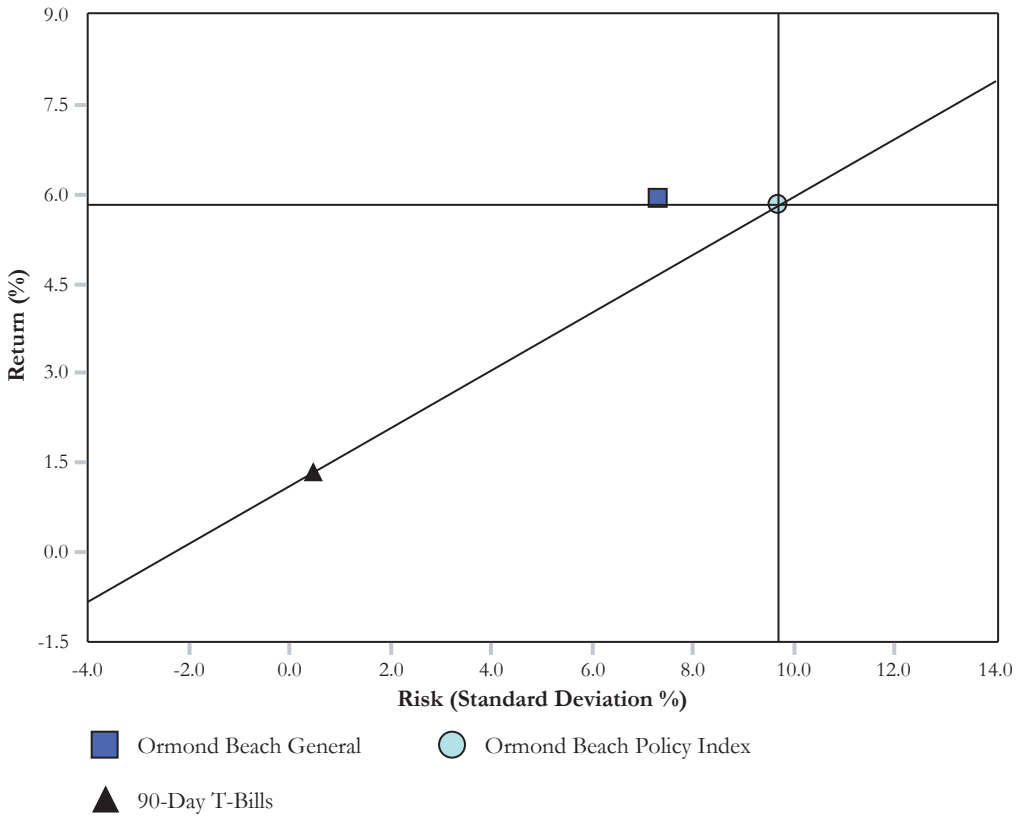
Total Fund - Executive Summary

as of June 30, 2016

Manager Performance Chart



Manager Risk & Return



Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Ormond Beach General	1.36	6.03	0.87	7.56	7.45	10.01	6.09	5.92
Ormond Beach Policy Index	1.98	6.91	1.63	7.35	7.56	10.36	6.19	5.81
Differences	-0.62	-0.88	-0.76	0.21	-0.11	-0.35	-0.10	0.11

Historic Asset Growth

	Current Quarter	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Ormond Beach General								
Beginning Market Value	41,628	41,176	42,584	35,044	31,178	24,470	27,767	21,941
Net Contributions	-197	-321	-782	-1,025	-1,459	-3,068	-4,012	-4,525
Fees/Expenses	-52	-103	-203	-600	-893	-1,137	-1,519	-2,098
Income	279	538	1,043	3,061	4,966	6,610	9,581	13,090
Gain/Loss	288	656	-695	5,466	8,154	15,072	10,129	13,539
Ending Market Value	41,946	41,946	41,946	41,946	41,946	41,946	41,946	41,946

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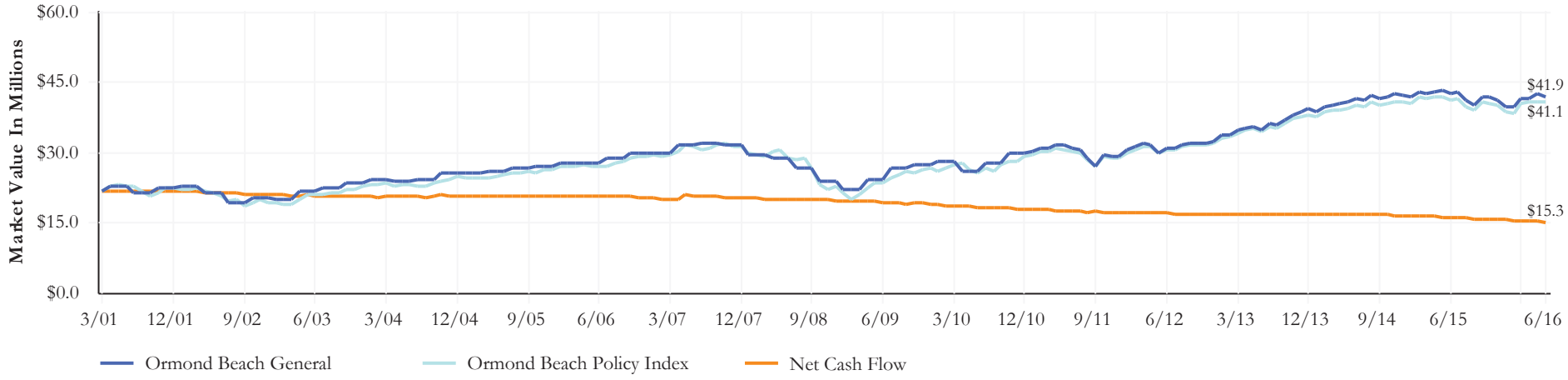
City of Ormond Beach

Total Fund - Change in Assets & Distribution of Returns

as of June 30, 2016

Historic Change in Assets



Quarterly Change in Assets

	Market Value As of 04/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Income	Return On Investment	Market Value As of 06/30/2016
Ormond Beach General	41,628.15	-	9,696.45	-9,893.02	-52.49	-	278.92	567.22	41,946.30

Distribution of Returns

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

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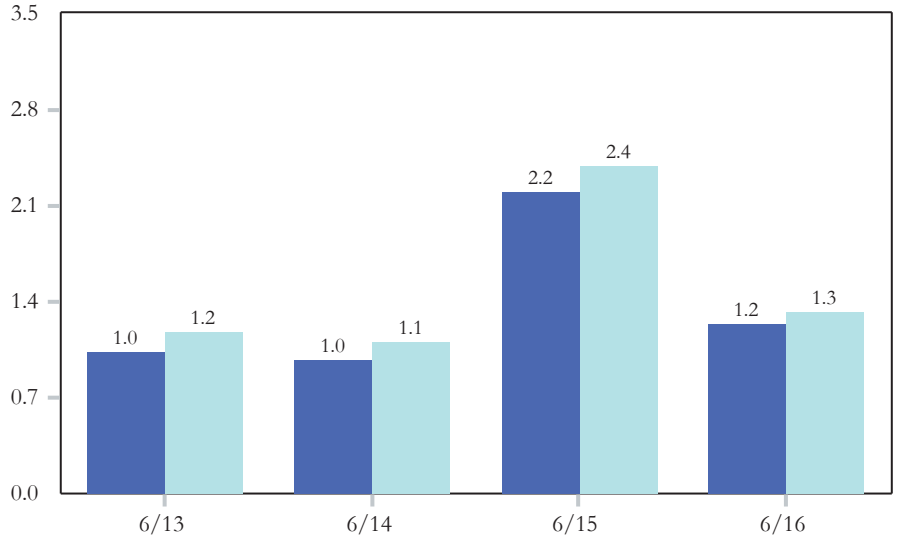
City of Ormond Beach

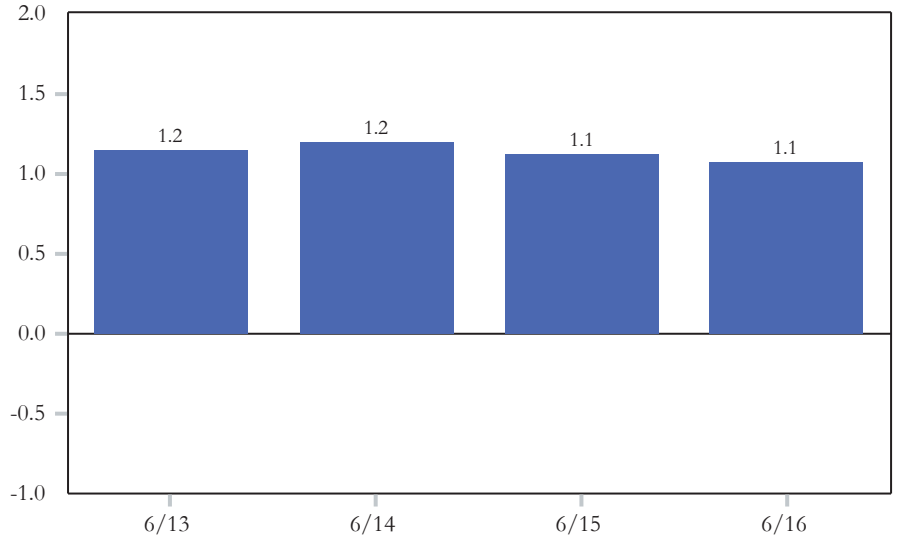
Total Fund - Rolling Three Year MPT Statistics

as of June 30, 2016

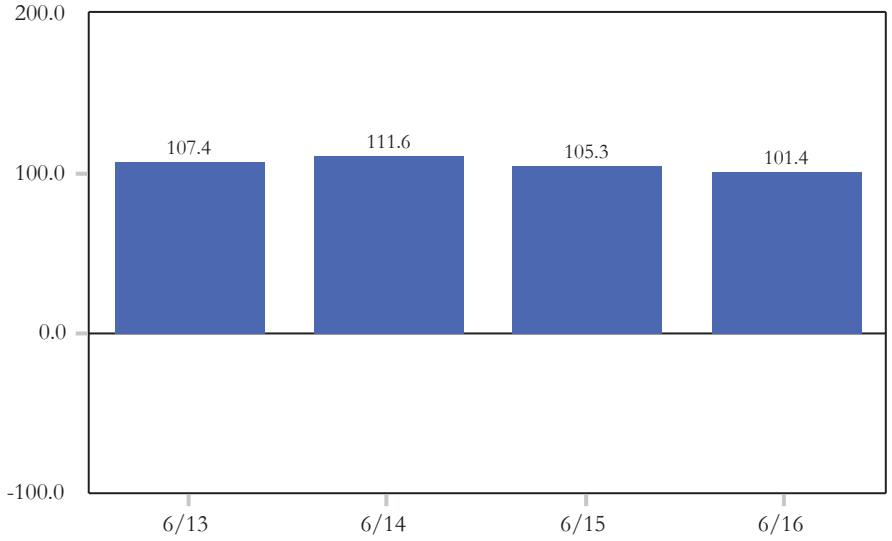
Sharpe Ratio



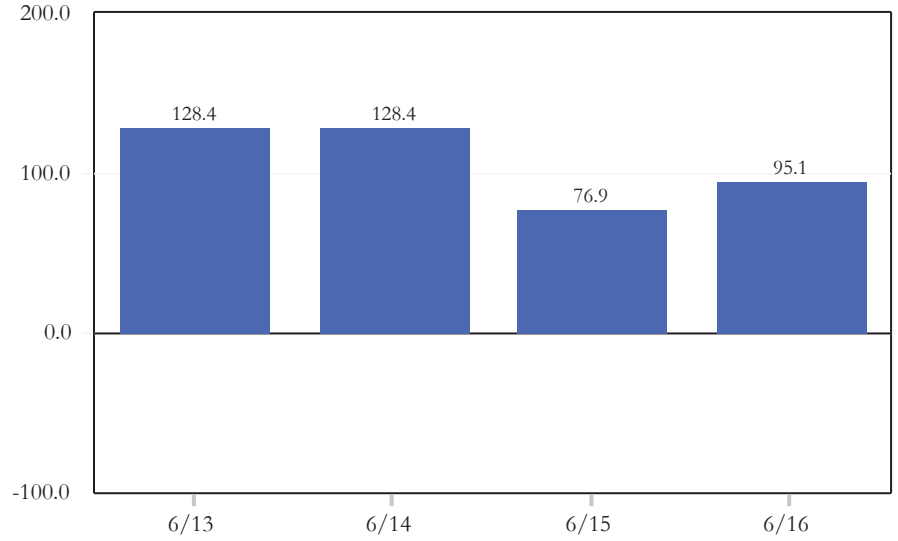
Beta



Up Market Capture



Down Market Capture



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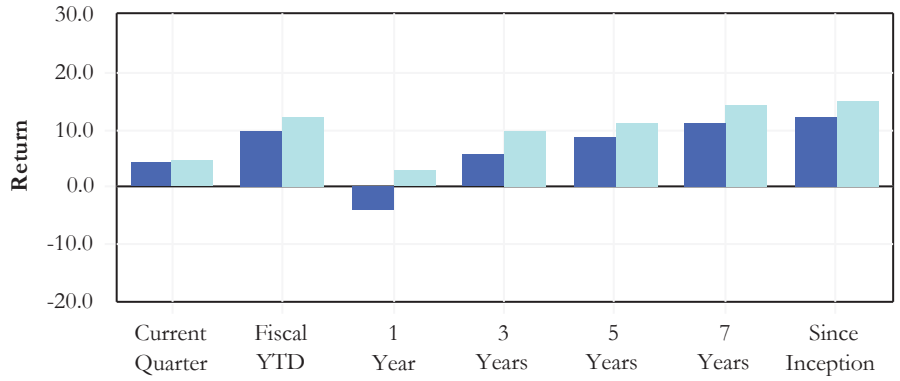
City of Ormond Beach

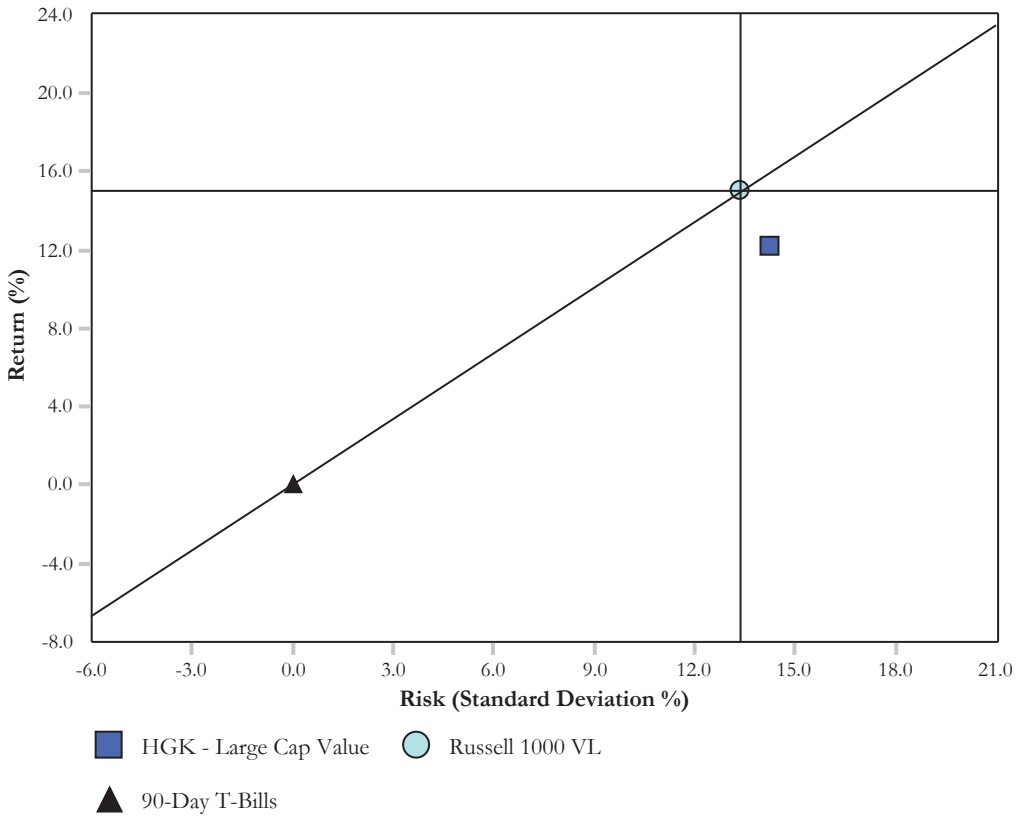
HGK - Large Cap Value - Executive Summary

as of June 30, 2016

Manager Performance Chart



Manager Risk & Return



Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	Since Inception
HGK - Large Cap Value	4.38	10.03	-3.91	5.83	8.92	11.36	12.20
Russell 1000 VL	4.58	12.29	2.86	9.87	11.35	14.51	14.99
Differences	-0.20	-2.26	-6.77	-4.04	-2.43	-3.15	-2.79

Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	Since Inception
HGK - Large Cap Value							
Beginning Market Value	8,872	8,434	9,668	8,775	7,094	5,463	5,080
Net Contributions	-41	-42	-43	-1,098	-1,373	-1,762	-1,755
Fees/Expenses	-8	-25	-34	-109	-164	-211	-211
Income	61	181	243	734	1,142	1,449	1,471
Gain/Loss	327	664	-623	909	2,513	4,271	4,625
Ending Market Value	9,212	9,212	9,212	9,212	9,212	9,212	9,212

Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
HGK - Large Cap Value	12.20	14.24	1.04	-18.91	97.28	113.03	-2.88	0.88	0.95	05/01/2009
Russell 1000 VL	14.99	13.39	1.00	-18.79	100.00	100.00	0.00	1.11	1.00	05/01/2009

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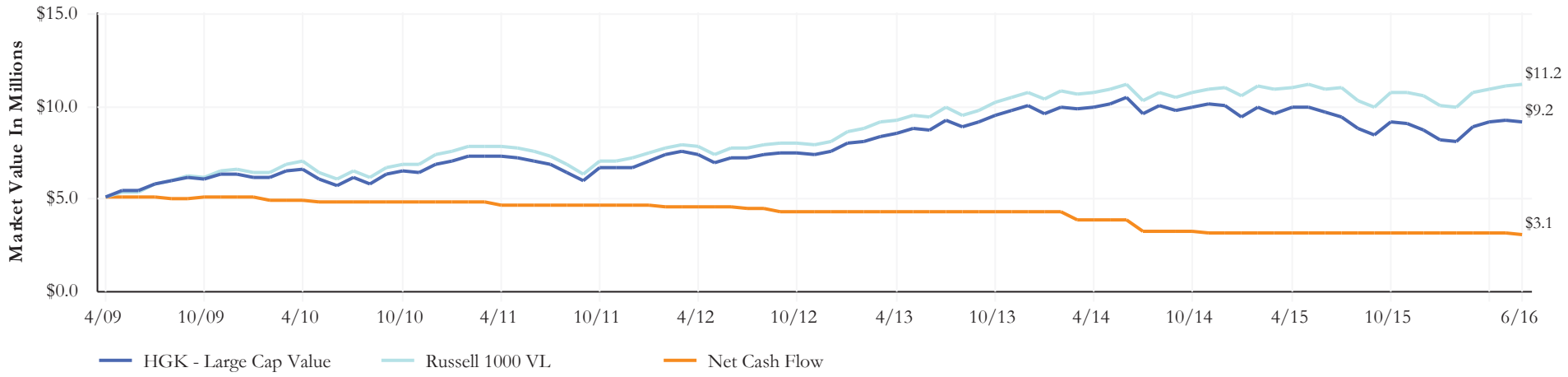
City of Ormond Beach

HGK - Large Cap Value - Change in Assets & Distribution of Returns

as of June 30, 2016

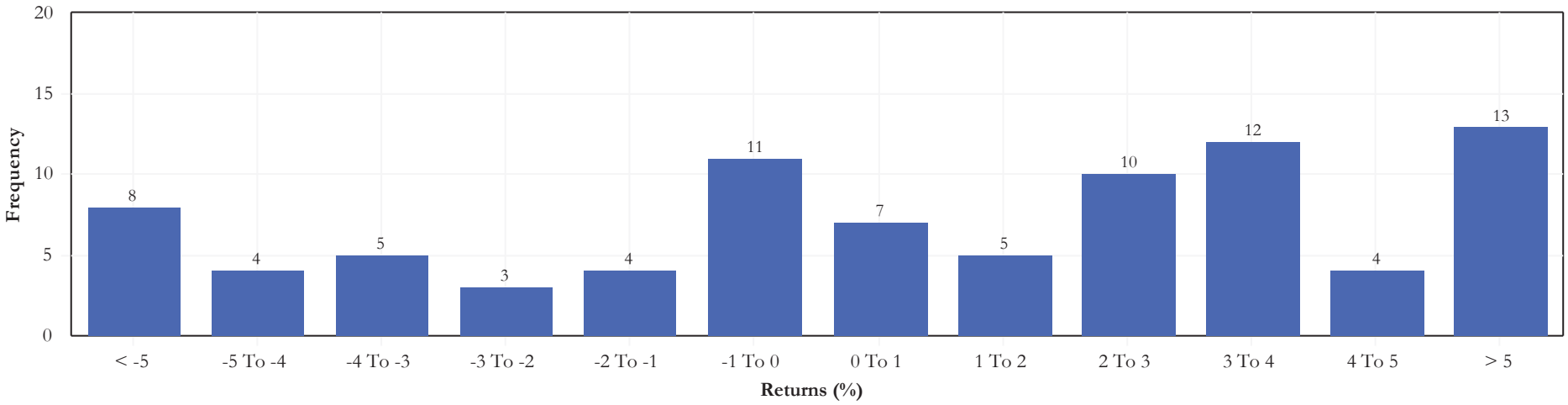
Historic Change in Assets



Quarterly Change in Assets

	Market Value As of 04/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 06/30/2016
HGK - Large Cap Value	8,872,140.83	-	771,311.70	-812,031.38	-8,414.60	-	388,574.40	9,211,580.95

Distribution of Returns



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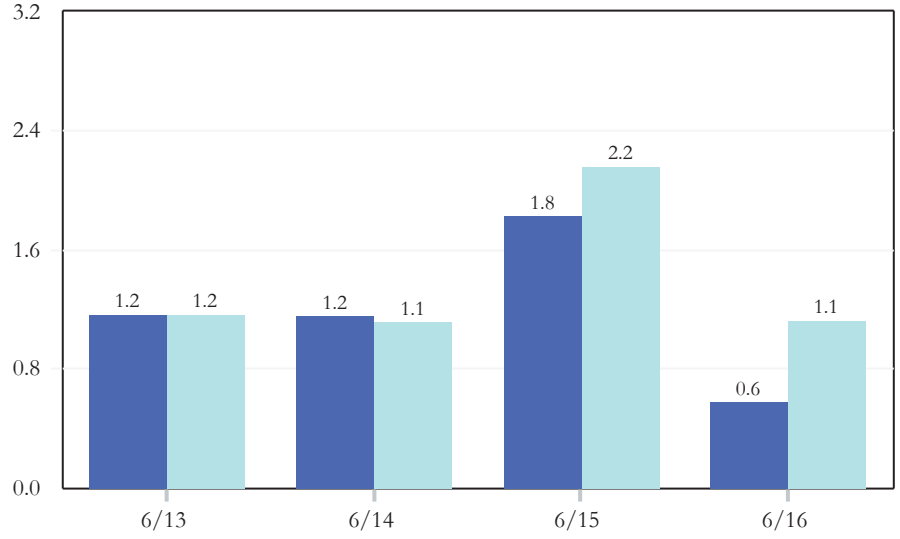
City of Ormond Beach

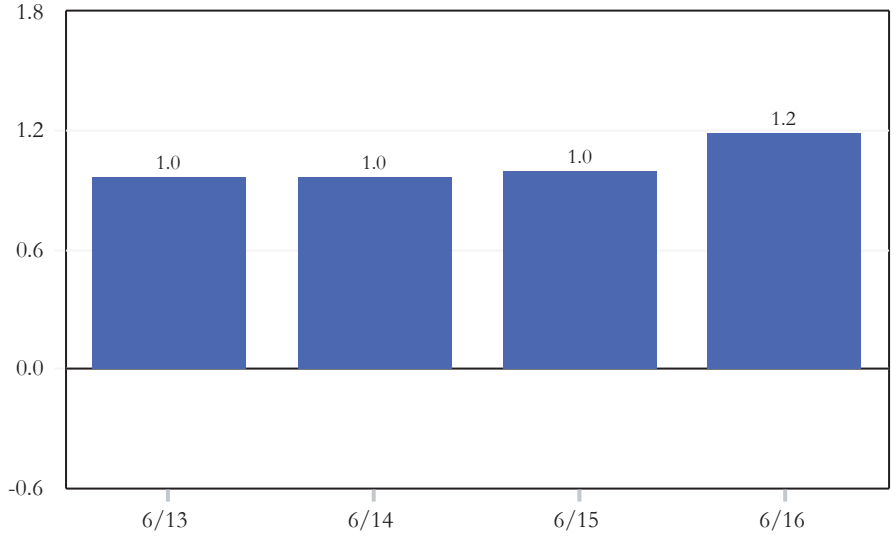
HGK - Large Cap Value - Rolling Three Year MPT Statistics

as of June 30, 2016

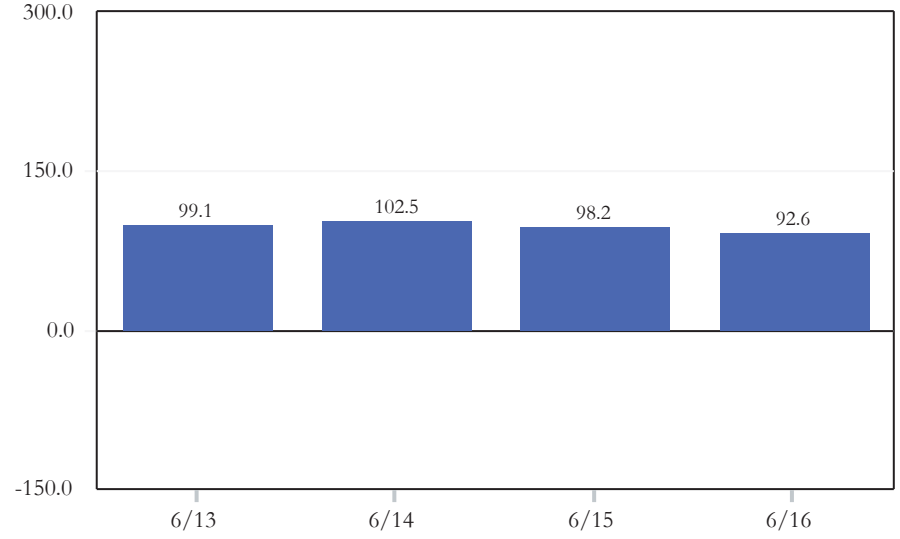
Sharpe Ratio



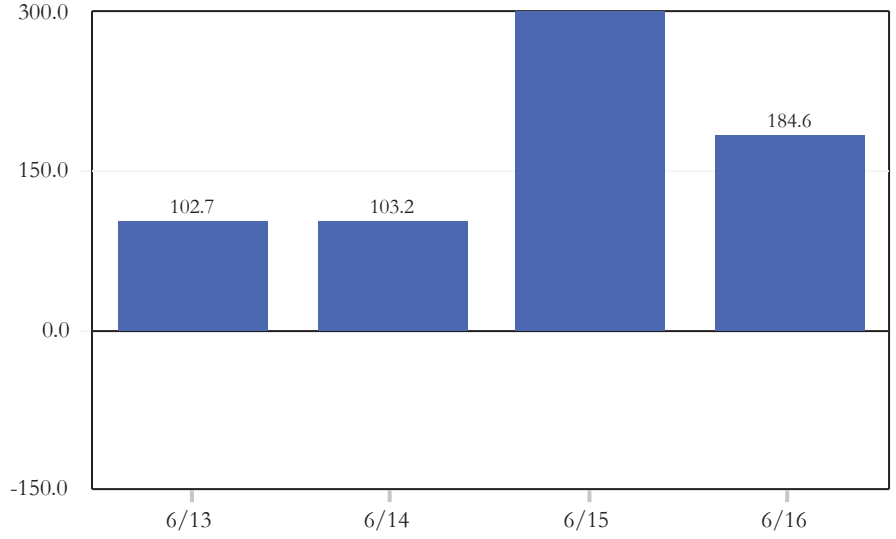
Beta



Up Market Capture



Down Market Capture



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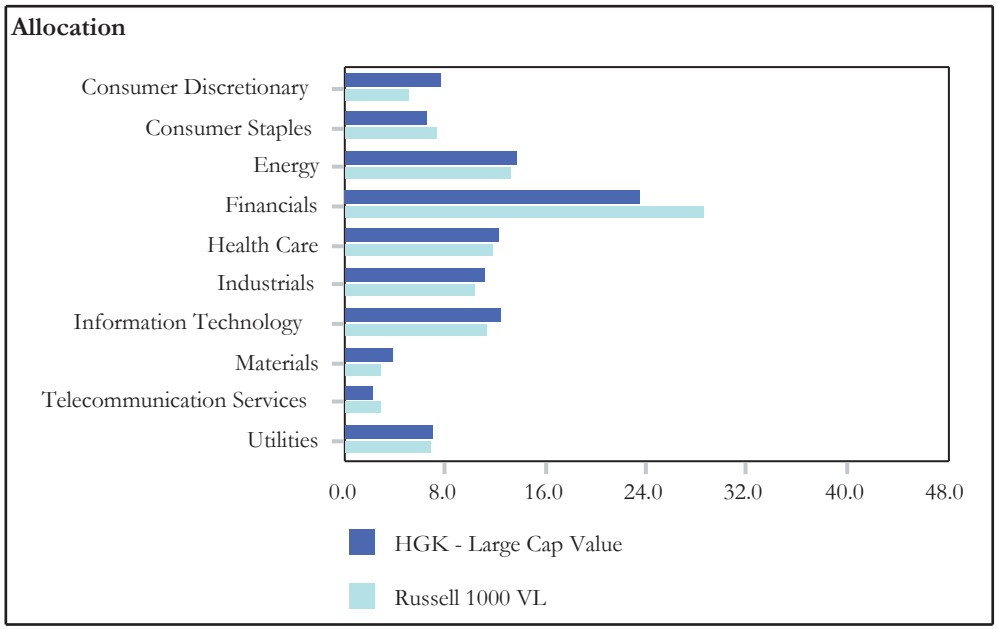
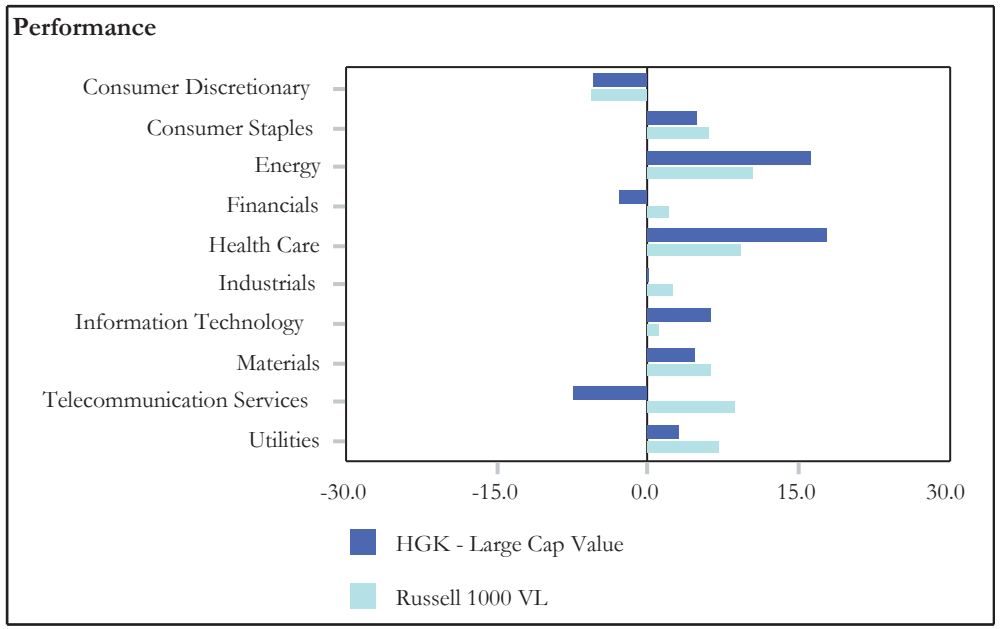
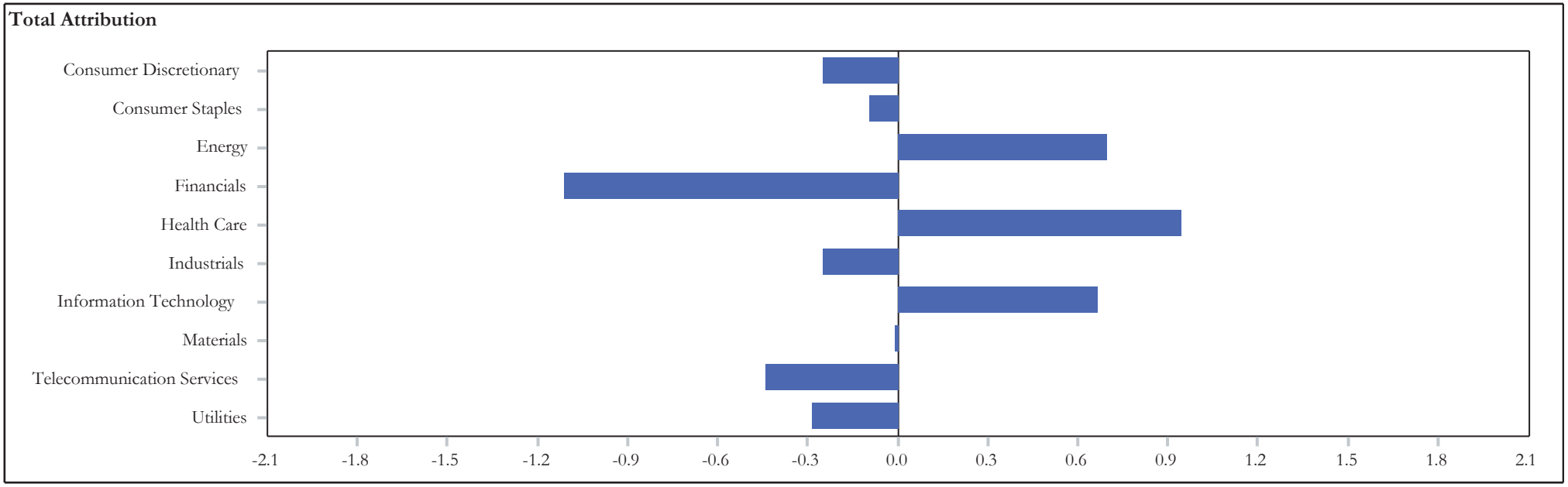
City of Ormond Beach

HGK - Large Cap Value - Quarterly Performance Attributes

as of June 30, 2016







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Graystone Consulting℠

City of Ormond Beach

HGK - Large Cap Value - Quarterly Performance Attributes

as of June 30, 2016

	Allocation-04/01/2016		Performance - Quarter Ending June 30, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	7.66	5.13	-5.37	-5.47	-0.26	0.00	0.01	-0.25
Consumer Staples	6.44	7.25	4.87	6.08	-0.01	-0.09	0.01	-0.09
Energy	13.65	13.23	16.27	10.62	-0.02	0.77	-0.05	0.70
Financials	23.48	28.53	-2.80	2.25	0.10	-1.46	0.25	-1.11
Health Care	12.20	11.81	17.86	9.37	0.03	0.95	-0.03	0.94
Industrials	11.11	10.26	0.09	2.52	-0.02	-0.25	0.02	-0.25
Information Technology	12.41	11.23	6.28	1.18	0.02	0.58	0.06	0.67
Materials	3.79	2.89	4.82	6.27	0.07	-0.04	-0.03	-0.01
Telecommunication Services	2.29	2.79	-7.39	8.80	-0.07	-0.45	0.07	-0.44
Utilities	6.98	6.86	3.18	7.08	-0.02	-0.26	-0.01	-0.29
Total	100.00	100.00	4.44	4.57	-0.19	-0.24	0.31	-0.13

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Graystone Consulting℠

City of Ormond Beach

HGK - Large Cap Value - Portfolio Characteristics

as of June 30, 2016

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($000)	81,315,313.07	114,956,534.74
Median Mkt. Cap ($000)	31,566,492.19	7,566,736.93
Price/Earnings ratio	18.06	17.08
Price/Book ratio	2.13	2.12
5 Yr. EPS Growth Rate (%)	1.09	3.05
Current Yield (%)	2.66	2.65
Beta (5 Years, Monthly)	1.09	1.00
Number of Stocks	50	692
Debt to Equity	2.42	0.92

Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Chevron Corp	3.74	1.93	1.81	11.05
St. Jude Medical Inc.	2.82	0.06	2.76	42.39
Unitedhealth Group Inc	2.69	0.00	2.69	10.04
Johnson & Johnson	2.65	2.70	-0.05	12.90
Archer-Daniels-Midland Co	2.62	0.24	2.38	19.06
Metlife Inc.	2.52	0.36	2.16	-8.51
Public Service Ent. Group	2.51	0.23	2.28	-0.21
American Int'l Group Inc	2.45	0.57	1.88	-1.59
Entergy Corp.	2.44	0.14	2.30	3.76
Citigroup Inc	2.42	1.22	1.20	1.64
% of Portfolio	26.86	7.45		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
St. Jude Medical Inc.	2.82	0.06	2.76	42.39
Marathon Oil Corp	1.57	0.12	1.45	35.27
Devon Energy Corp	1.91	0.17	1.74	32.33
Micron Technology Inc.	2.17	0.14	2.03	31.42
Murphy Oil Corp	2.13	0.05	2.08	27.50
Pfizer Inc	1.77	1.93	-0.16	19.87
Archer-Daniels-Midland Co	2.62	0.24	2.38	19.06
McKesson Corp	1.46	0.00	1.46	18.87
California Resources Corp	0.00	0.00	0.00	18.45
Johnson Controls Inc.	1.09	0.20	0.89	14.31
% of Portfolio	17.54	2.91		

Ten Worst Performers

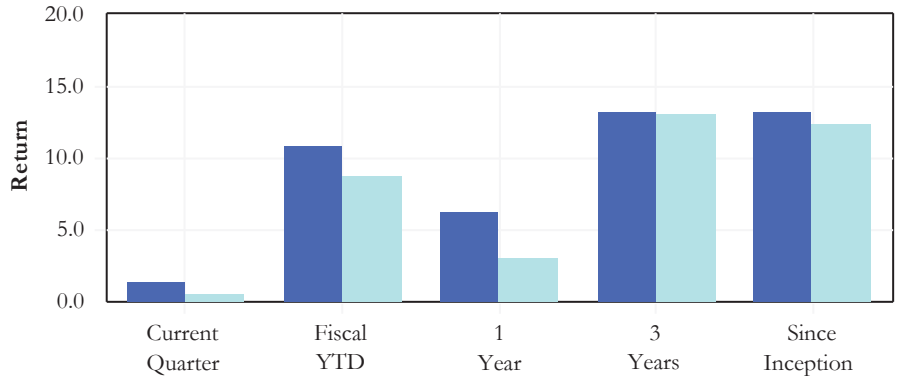
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Kohl's Corp	1.78	0.07	1.71	-17.56
Franklin Resources Inc	1.24	0.12	1.12	-14.05
Metlife Inc.	2.52	0.36	2.16	-8.51
Fluor Corp	2.09	0.07	2.02	-7.86
Capital One Financial Corp.	2.09	0.32	1.77	-7.84
CenturyLink Inc	2.14	0.15	1.99	-7.39
CVS Health Corp	1.92	0.06	1.86	-7.32
State Street Corp	2.02	0.21	1.81	-7.26
Whirlpool Corp	1.87	0.11	1.76	-7.04
Microsoft Corp	1.99	0.00	1.99	-6.69
% of Portfolio	19.66	1.47		

City of Ormond Beach

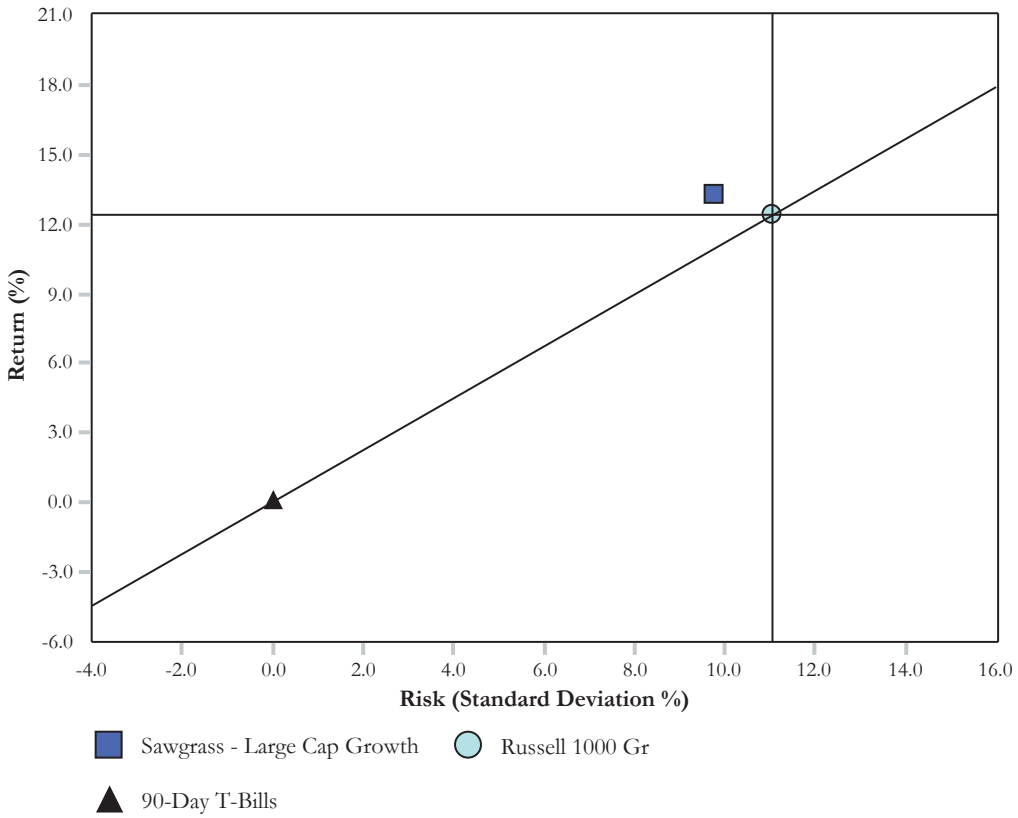
Sawgrass - Large Cap Growth - Executive Summary

as of June 30, 2016

Manager Performance Chart



Manager Risk & Return



Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	Since Inception	Inception Date
Sawgrass - Large Cap Growth	1.40	10.89	6.29	13.18	13.23	05/01/2012
Russell 1000 Gr	0.62	8.78	3.03	13.08	12.39	
Differences	0.78	2.11	3.26	0.10	0.84	

Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	3 Years	Since Inception	Inception Date
Sawgrass - Large Cap Growth						05/01/2012
Beginning Market Value	5,036	4,797	5,011	4,247	3,698	
Net Contributions	-55	-243	-244	-899	-901	
Fees/Expenses	-7	-20	-27	-80	-110	
Income	20	59	78	231	309	
Gain/Loss	50	451	225	1,545	2,047	
Ending Market Value	5,044	5,044	5,044	5,044	5,044	

Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Sawgrass - Large Cap Growth	13.23	9.76	0.85	-7.26	91.72	75.54	2.52	1.32	0.92	05/01/2012
Russell 1000 Gr	12.39	11.07	1.00	-8.39	100.00	100.00	0.00	1.11	1.00	05/01/2012

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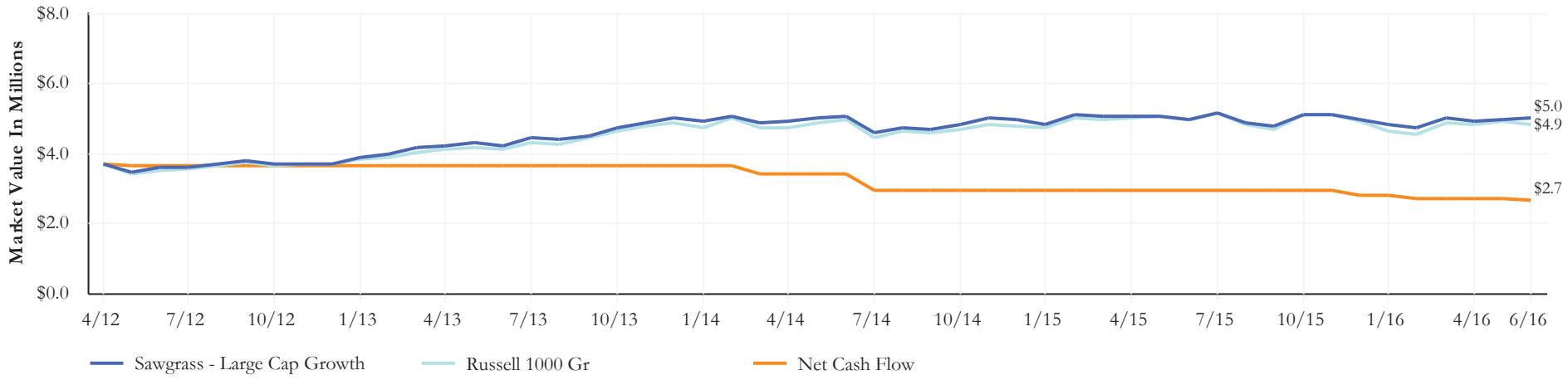
Graystone Consulting

City of Ormond Beach

Sawgrass - Large Cap Growth - Change in Assets & Distribution of Returns

as of June 30, 2016

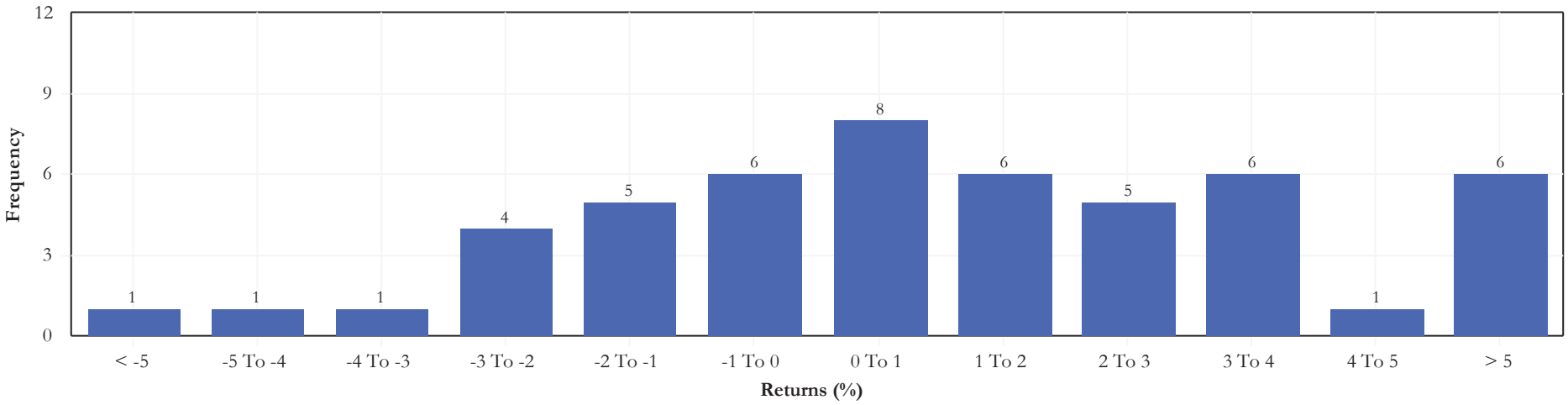
Historic Change in Assets



Quarterly Change in Assets

	Market Value As of 04/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 06/30/2016
Sawgrass - Large Cap Growth	5,036,172.37	-	221,204.10	-276,613.02	-6,832.98	-	69,924.56	5,043,855.03

Distribution of Returns



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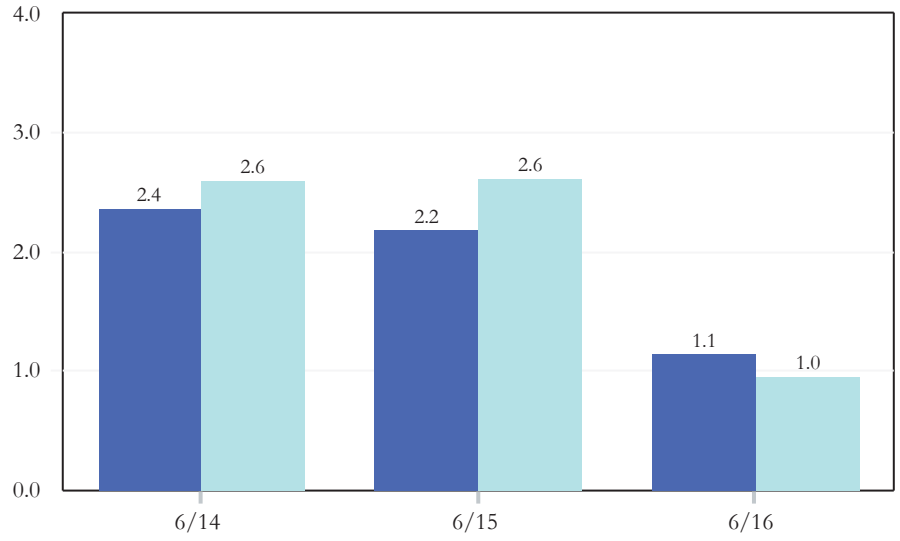
City of Ormond Beach

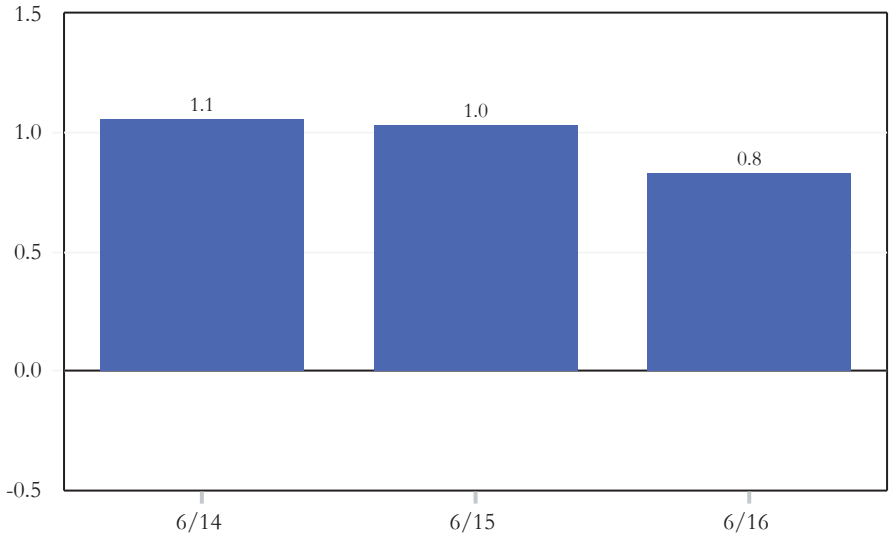
Sawgrass - Large Cap Growth - Rolling Two Year MPT Statistics

as of June 30, 2016

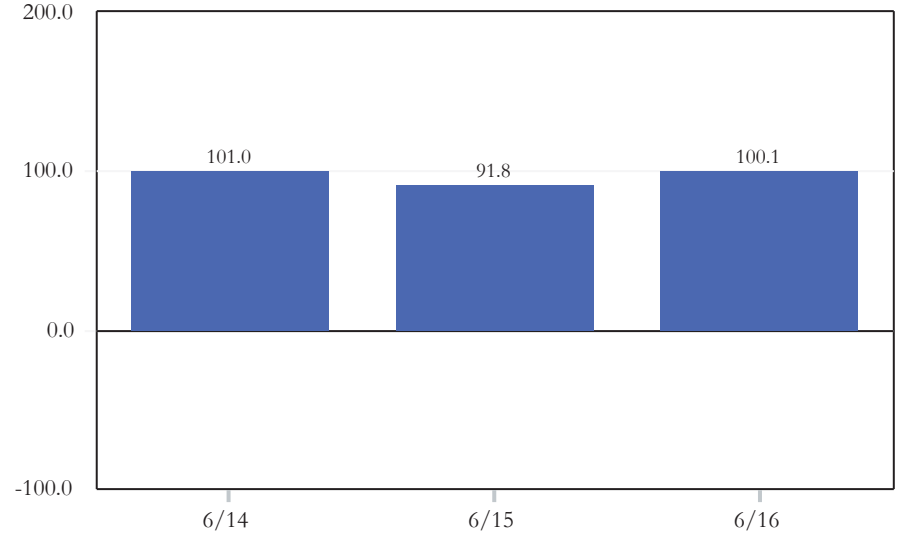
Sharpe Ratio



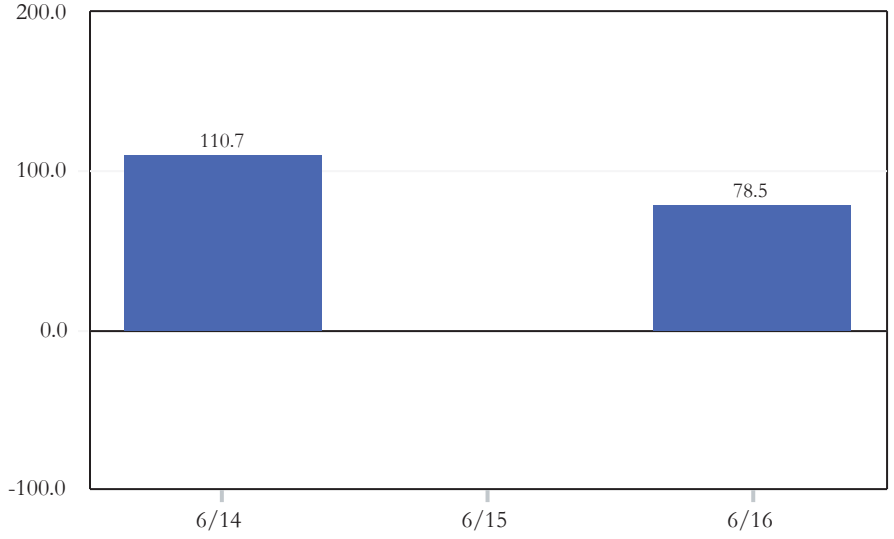
Beta



Up Market Capture



Down Market Capture



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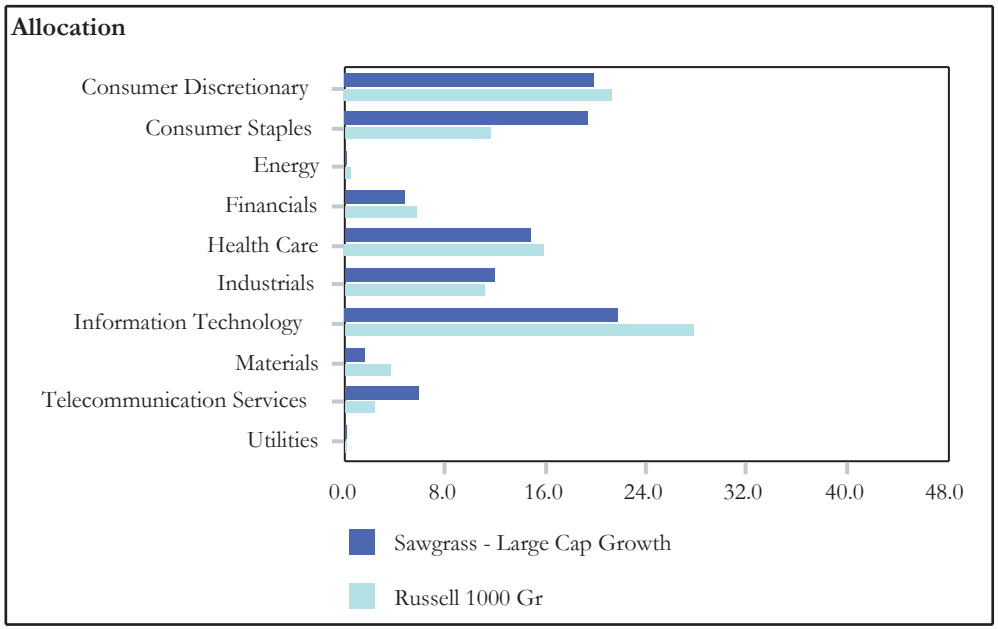
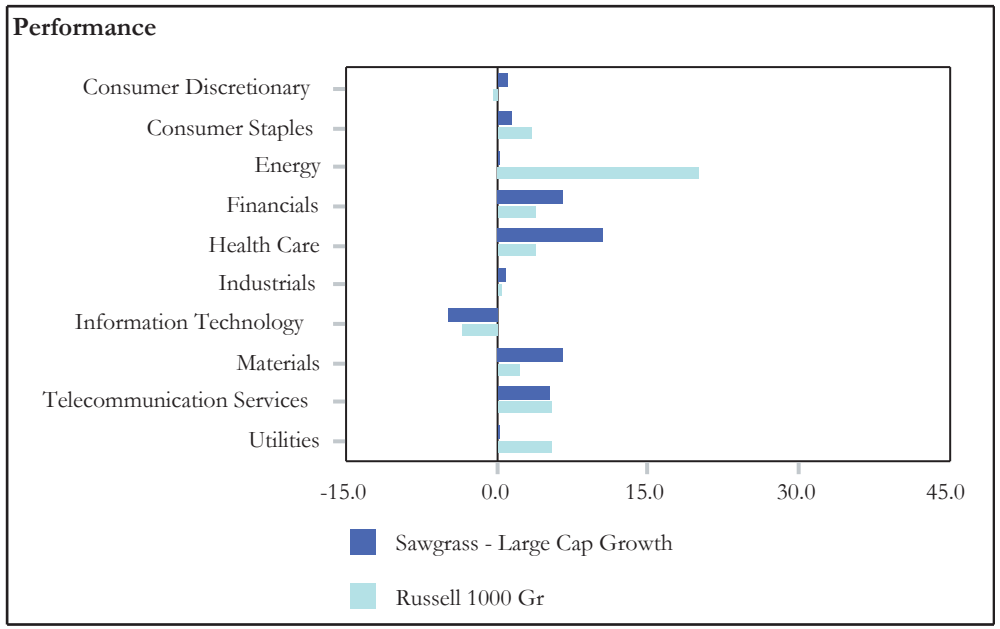
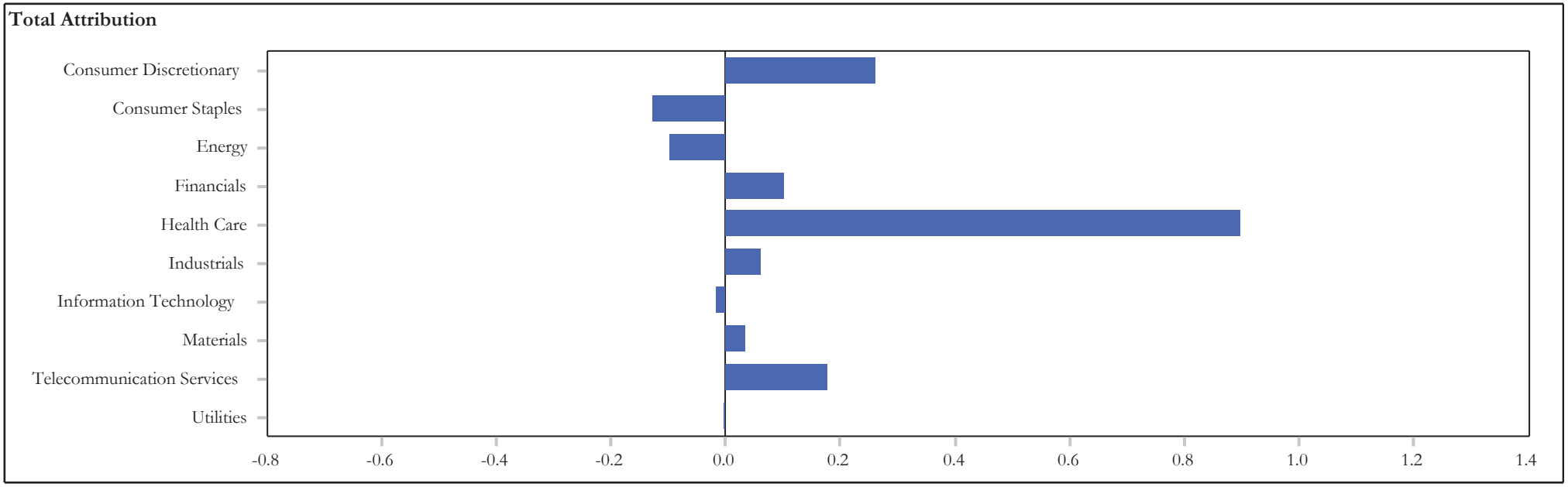
City of Ormond Beach

Sawgrass - Large Cap Growth - Quarterly Performance Attributes

as of June 30, 2016







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City of Ormond Beach

Sawgrass - Large Cap Growth - Quarterly Performance Attributes

as of June 30, 2016

	Allocation-04/01/2016		Performance - Quarter Ending June 30, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	19.84	21.26	1.07	-0.28	0.01	0.28	-0.03	0.26
Consumer Staples	19.39	11.65	1.58	3.48	0.24	-0.22	-0.15	-0.13
Energy	0.00	0.56	0.00	20.22	-0.10	0.00	0.00	-0.10
Financials	4.76	5.71	6.66	3.87	-0.03	0.16	-0.03	0.10
Health Care	14.74	15.97	10.56	3.90	-0.06	1.02	-0.07	0.90
Industrials	11.98	11.09	0.82	0.43	0.00	0.04	0.02	0.06
Information Technology	21.81	27.81	-4.81	-3.58	0.26	-0.35	0.08	-0.02
Materials	1.59	3.59	6.66	2.21	-0.04	0.16	-0.09	0.03
Telecommunication Services	5.89	2.32	5.35	5.53	0.19	0.00	-0.01	0.18
Utilities	0.00	0.05	0.00	5.40	0.00	0.00	0.00	0.00
Total	100.00	100.00	1.82	0.53	0.47	1.08	-0.27	1.29

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City of Ormond Beach

Sawgrass - Large Cap Growth - Portfolio Characteristics

as of June 30, 2016

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($000)	140,114,010.28	129,409,502.62
Median Mkt. Cap ($000)	57,752,365.12	8,880,234.79
Price/Earnings ratio	21.74	23.32
Price/Book ratio	4.76	5.49
5 Yr. EPS Growth Rate (%)	10.55	9.66
Current Yield (%)	1.66	1.58
Beta (5 Years, Monthly)	1.04	1.00
Number of Stocks	45	600
Debt to Equity	1.28	0.98

Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Verizon Communications Inc	4.78	1.13	3.65	4.34
Apple Inc	4.70	4.74	-0.04	-11.75
Microsoft Corp	4.18	3.83	0.35	-6.69
Coca-Cola Co (The)	4.06	1.31	2.75	-1.53
Laboratory Corporation of America Holdings	3.62	0.06	3.56	11.22
Johnson & Johnson	3.47	0.57	2.90	12.90
CVS Health Corp	3.15	0.96	2.19	-7.32
EMC Corp	3.14	0.06	3.08	2.38
McDonald's Corp	3.12	1.04	2.08	-3.55
Comcast Corp	3.07	1.44	1.63	7.21
% of Portfolio	37.29	15.14		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
McKesson Corp	2.15	0.41	1.74	18.87
Dollar Tree Inc	1.57	0.21	1.36	14.29
General Mills Inc.	2.61	0.42	2.19	13.40
Marsh & McLennan Companies Inc.	2.14	0.35	1.79	13.19
Johnson & Johnson	3.47	0.57	2.90	12.90
AT&T Inc	0.91	0.00	0.91	11.68
Laboratory Corporation of America Holdings	3.62	0.06	3.56	11.22
Express Scripts Holding Co	0.78	0.42	0.36	10.35
Unitedhealth Group Inc	2.76	1.31	1.45	10.04
AbbVie Inc	1.26	0.99	0.27	9.43
% of Portfolio	21.27	4.74		

Ten Worst Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Stericycle Inc	1.67	0.08	1.59	-17.49
Apple Inc	4.70	4.74	-0.04	-11.75
Alphabet Inc	3.04	2.04	1.00	-7.78
CVS Health Corp	3.15	0.96	2.19	-7.32
Microsoft Corp	4.18	3.83	0.35	-6.69
MasterCard Inc	1.45	0.84	0.61	-6.63
FedEx Corp.	0.69	0.37	0.32	-6.49
Abbott Laboratories	0.78	0.00	0.78	-5.46
Starbucks Corp	1.26	0.80	0.46	-3.98
Home Depot Inc. (The)	2.26	1.57	0.69	-3.81
% of Portfolio	23.18	15.23		

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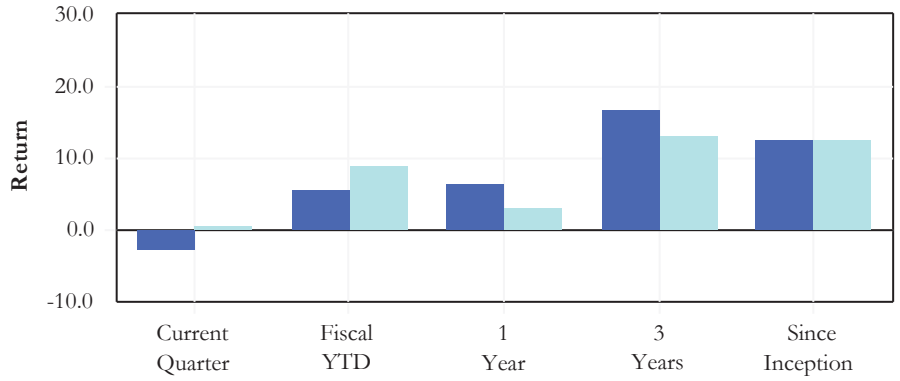
City of Ormond Beach

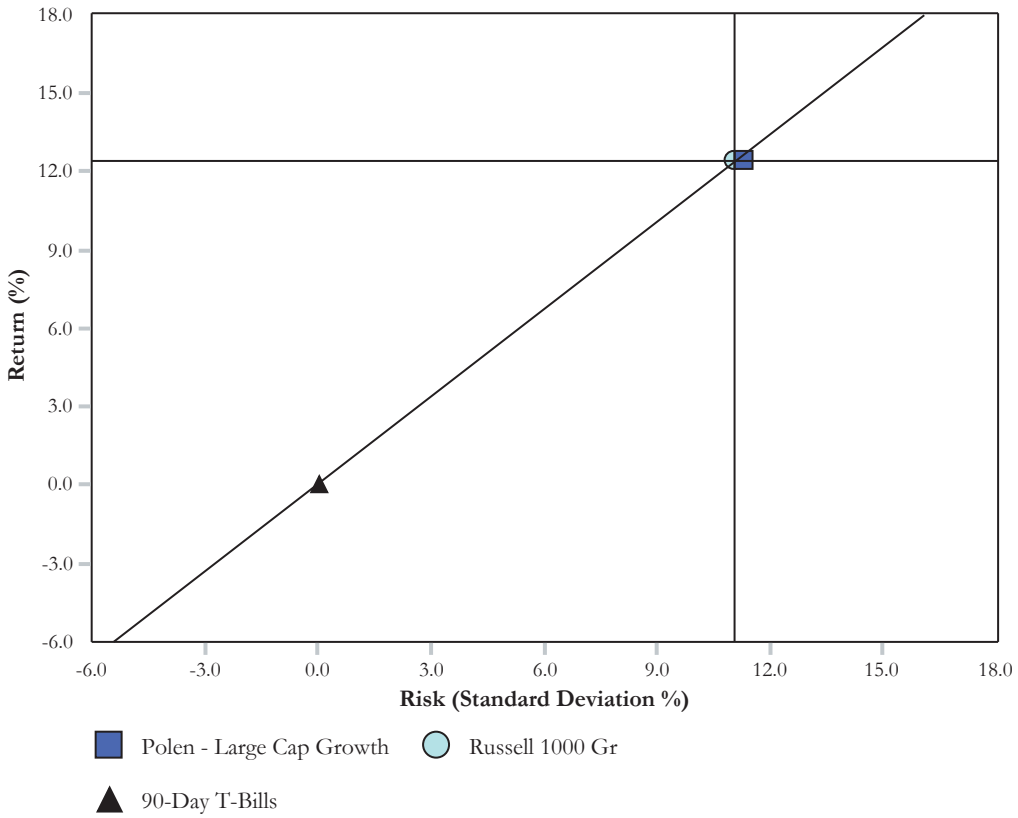
Polen - Large Cap Growth - Executive Summary

as of June 30, 2016

Manager Performance Chart



Manager Risk & Return



Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	Since Inception	Inception Date
Polen - Large Cap Growth	-2.66	5.42	6.48	16.53	12.41	05/01/2012
Russell 1000 Gr	0.62	8.78	3.03	13.08	12.39	
Differences	-3.28	-3.36	3.45	3.45	0.02	

Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	3 Years	Since Inception	Inception Date
Polen - Large Cap Growth						05/01/2012
Beginning Market Value	5,677	5,408	5,530	3,767	3,683	
Net Contributions	-41	-201	-372	-375	-376	
Fees/Expenses	-8	-25	-33	-89	-110	
Income	20	44	55	157	208	
Gain/Loss	-170	252	298	2,017	2,072	
Ending Market Value	5,477	5,477	5,477	5,477	5,477	

Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Polen - Large Cap Growth	12.41	11.30	0.92	-8.16	93.63	85.50	1.01	1.09	0.81	05/01/2012
Russell 1000 Gr	12.39	11.07	1.00	-8.39	100.00	100.00	0.00	1.11	1.00	05/01/2012

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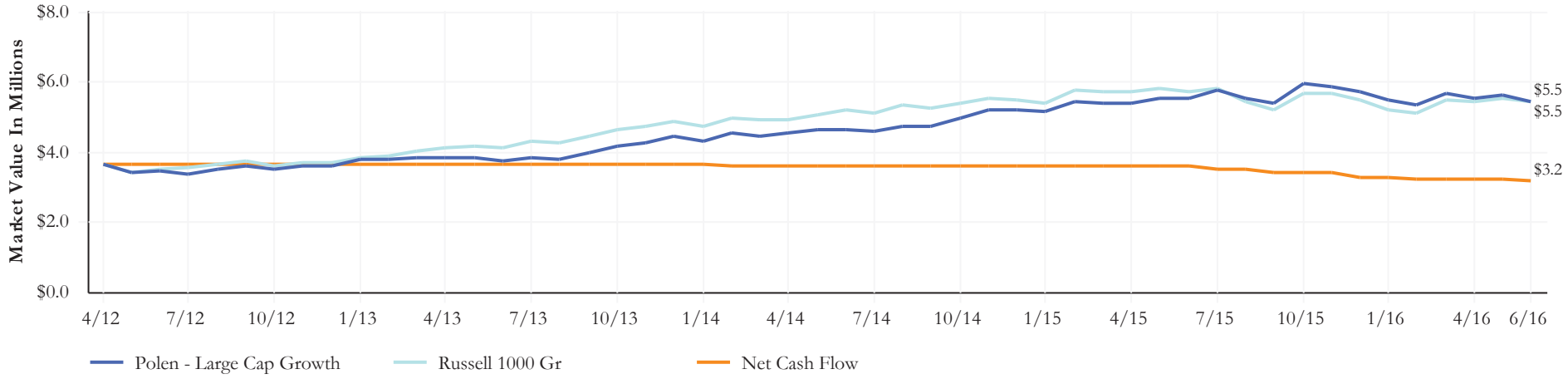
Graystone Consulting

City of Ormond Beach

Polen - Large Cap Growth - Change in Assets & Distribution of Returns

as of June 30, 2016

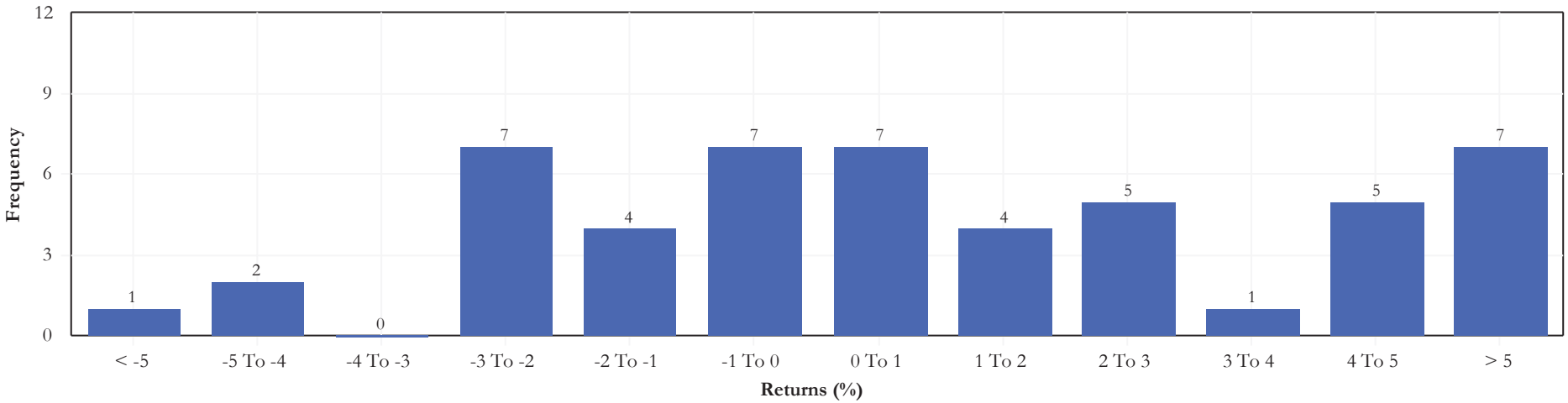
Historic Change in Assets



Quarterly Change in Assets

	Market Value As of 04/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 06/30/2016
Polen - Large Cap Growth	5,676,606.54	-	1,768.09	-42,316.00	-8,468.36	-	-150,312.43	5,477,277.84

Distribution of Returns



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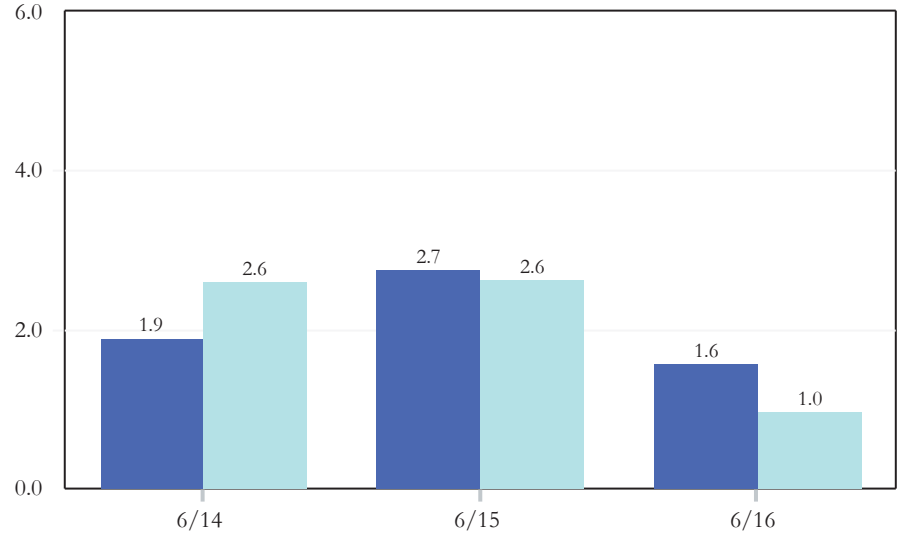
Graystone Consulting

City of Ormond Beach

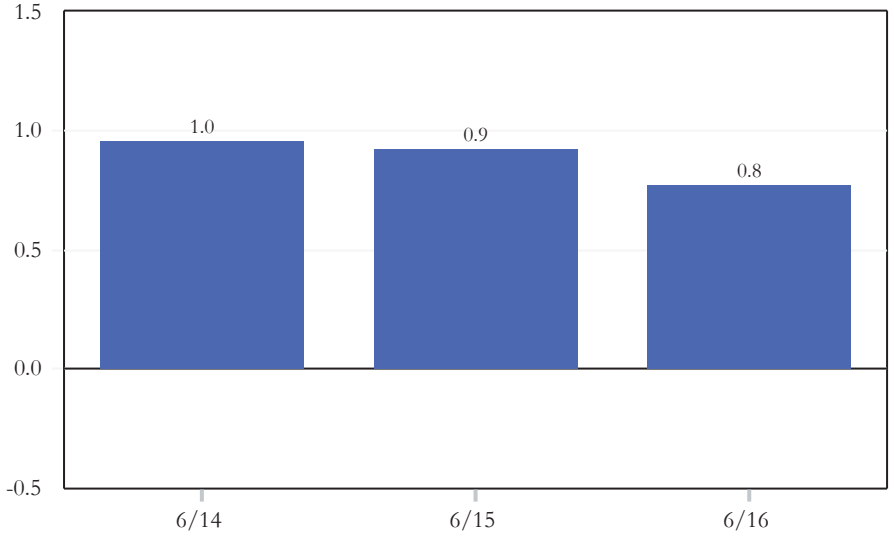
Polen - Large Cap Growth - Rolling Two Year MPT Statistics

as of June 30, 2016

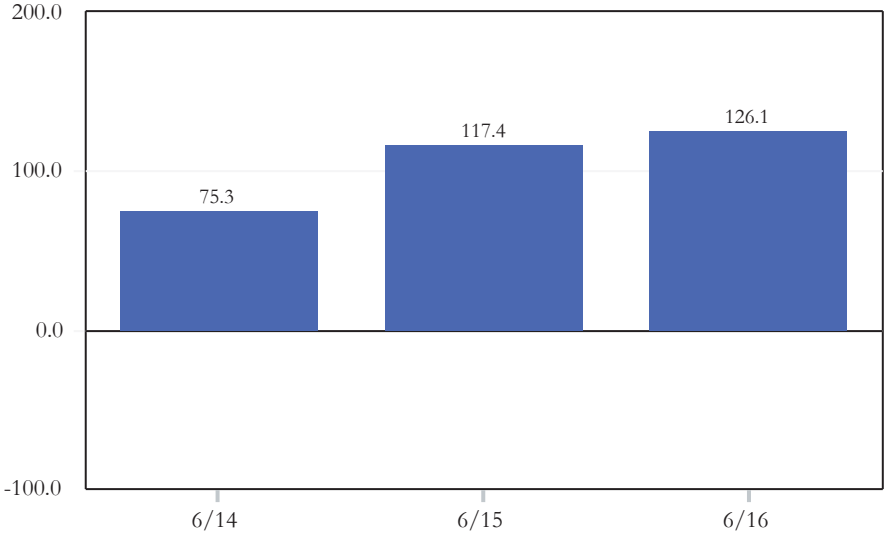
Sharpe Ratio



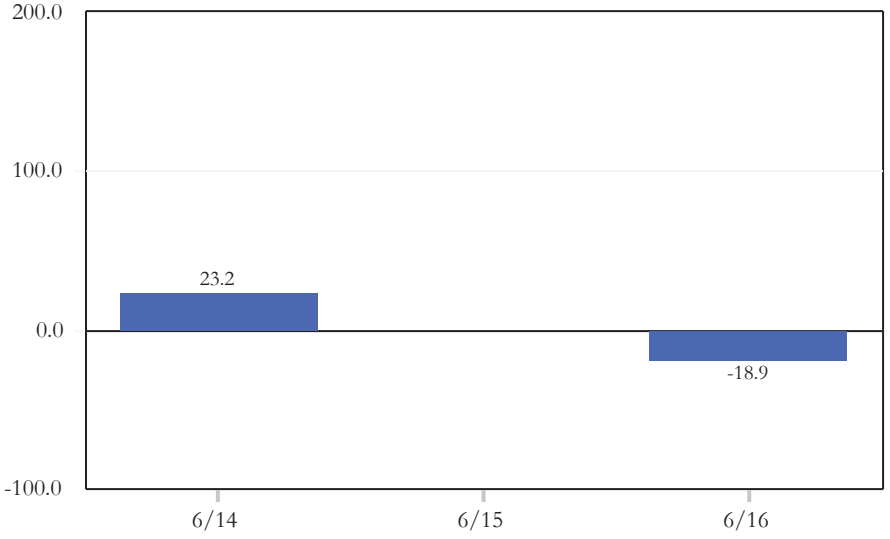
Beta



Up Market Capture



Down Market Capture



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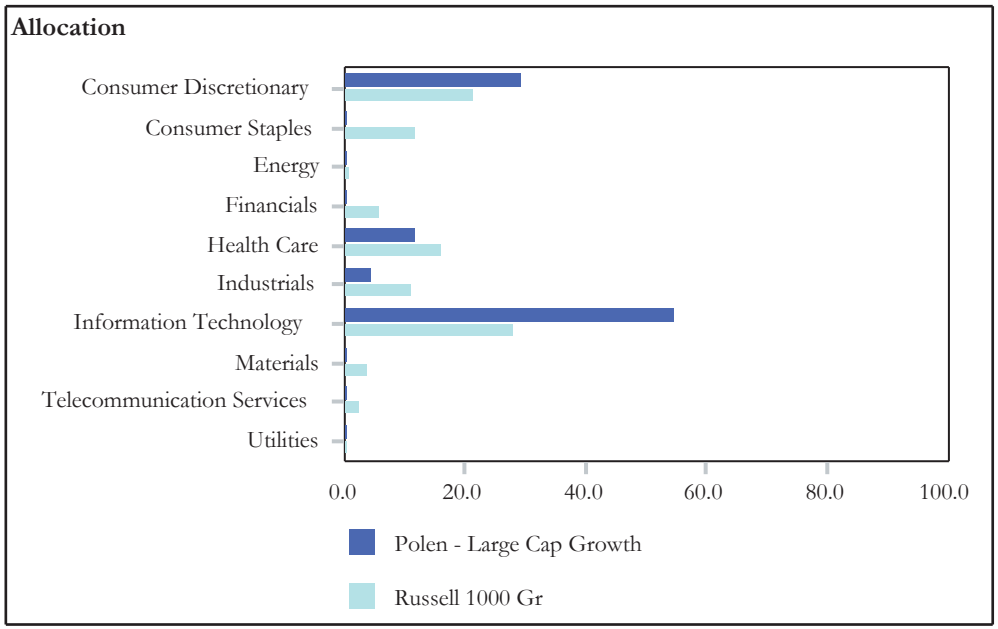
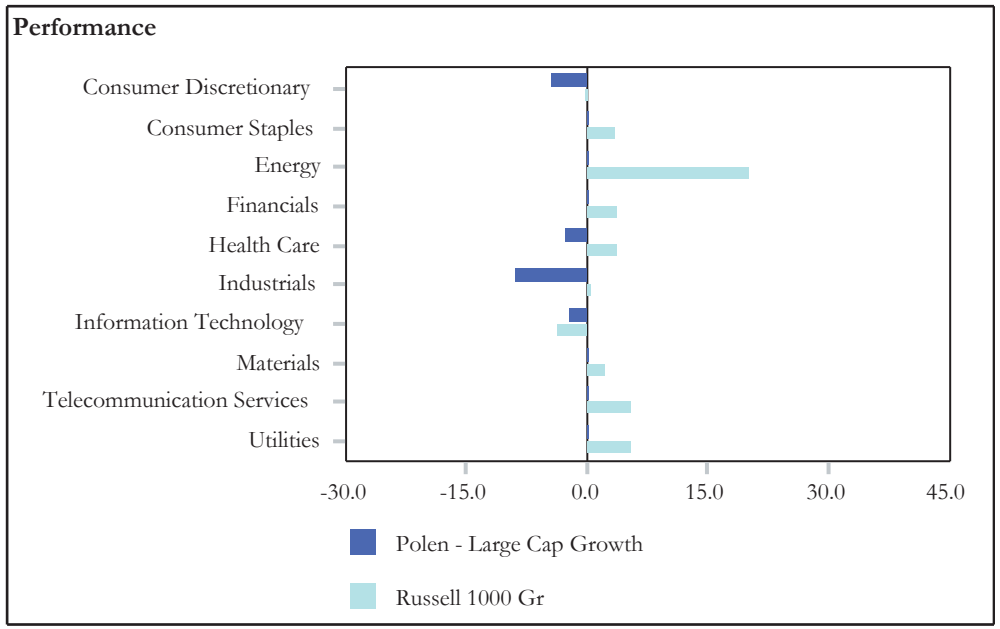
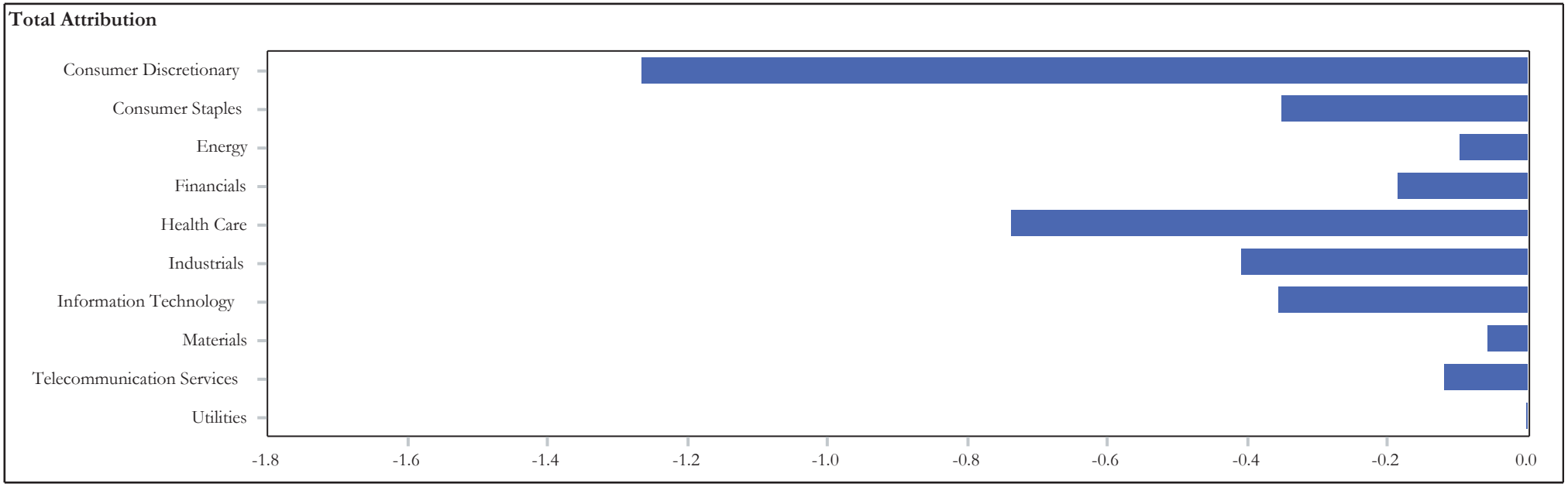
City of Ormond Beach

Polen - Large Cap Growth - Quarterly Performance Attributes

as of June 30, 2016







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City of Ormond Beach

Polen - Large Cap Growth - Quarterly Performance Attributes

as of June 30, 2016

	Allocation-04/01/2016		Performance - Quarter Ending June 30, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	29.18	21.26	-4.34	-0.28	-0.06	-0.86	-0.35	-1.27
Consumer Staples	0.00	11.65	0.00	3.48	-0.35	0.00	0.00	-0.35
Energy	0.00	0.56	0.00	20.22	-0.10	0.00	0.00	-0.10
Financials	0.00	5.71	0.00	3.87	-0.19	0.00	0.00	-0.19
Health Care	11.74	15.97	-2.67	3.90	-0.10	-1.01	0.37	-0.74
Industrials	4.39	11.09	-8.81	0.43	0.01	-1.05	0.63	-0.41
Information Technology	54.68	27.81	-2.13	-3.58	-1.10	0.40	0.34	-0.35
Materials	0.00	3.59	0.00	2.21	-0.06	0.00	0.00	-0.06
Telecommunication Services	0.00	2.32	0.00	5.53	-0.12	0.00	0.00	-0.12
Utilities	0.00	0.05	0.00	5.40	0.00	0.00	0.00	0.00
Total	100.00	100.00	-3.05	0.53	-2.06	-2.52	1.00	-3.58

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Graystone Consulting℠

City of Ormond Beach

Polen - Large Cap Growth - Portfolio Characteristics

as of June 30, 2016

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($000)	140,775,815.52	129,409,502.62
Median Mkt. Cap ($000)	72,012,463.59	8,880,234.79
Price/Earnings ratio	27.79	23.32
Price/Book ratio	6.84	5.49
5 Yr. EPS Growth Rate (%)	17.50	9.66
Current Yield (%)	0.84	1.58
Beta (3 Years, Monthly)	0.92	1.00
Number of Stocks	21	600
Debt to Equity	0.15	0.98

Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Visa Inc	7.94	1.40	6.54	-2.84
Nike Inc	6.97	0.72	6.25	-9.94
Facebook Inc	6.84	2.53	4.31	0.16
Starbucks Corp	6.61	0.80	5.81	-3.98
Alphabet Inc	6.53	2.03	4.50	-7.09
TJX Companies Inc (The)	5.71	0.50	5.21	-1.10
Priceline Group Inc (The)	5.56	0.61	4.95	-3.15
Accenture PLC	5.55	0.70	4.85	-0.89
Oracle Corp	5.37	0.12	5.25	0.42
Automatic Data Processing Inc.	5.36	0.41	4.95	3.03
% of Portfolio	62.44	9.82		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Align Technology Inc	1.82	0.06	1.76	10.81
Gartner Inc	3.95	0.08	3.87	9.02
Automatic Data Processing Inc.	5.36	0.41	4.95	3.03
Adobe Systems Inc	4.92	0.46	4.46	2.12
Oracle Corp	5.37	0.12	5.25	0.42
Facebook Inc	6.84	2.53	4.31	0.16
Accenture PLC	5.55	0.70	4.85	-0.89
O'Reilly Automotive Inc	4.51	0.25	4.26	-0.94
TJX Companies Inc (The)	5.71	0.50	5.21	-1.10
Celgene Corp	4.37	0.75	3.62	-1.46
% of Portfolio	48.40	5.86		

Ten Worst Performers

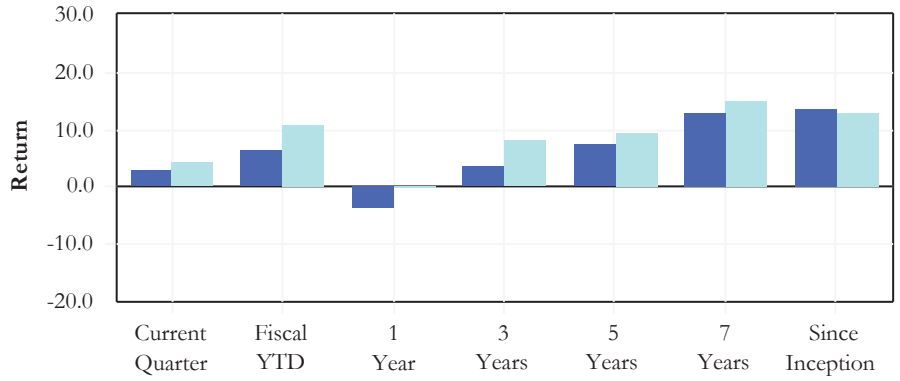
	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Apple Inc	3.68	4.74	-1.06	-11.75
Nike Inc	6.97	0.72	6.25	-9.94
Fastenal Co	4.22	0.13	4.09	-8.81
Alphabet Inc	4.49	2.04	2.45	-7.78
Alphabet Inc	6.53	2.03	4.50	-7.09
MasterCard Inc	1.96	0.84	1.12	-6.63
Starbucks Corp	6.61	0.80	5.81	-3.98
Priceline Group Inc (The)	5.56	0.61	4.95	-3.15
Regeneron Pharma	3.62	0.27	3.35	-3.11
Visa Inc	7.94	1.40	6.54	-2.84
% of Portfolio	51.58	13.58		

City of Ormond Beach

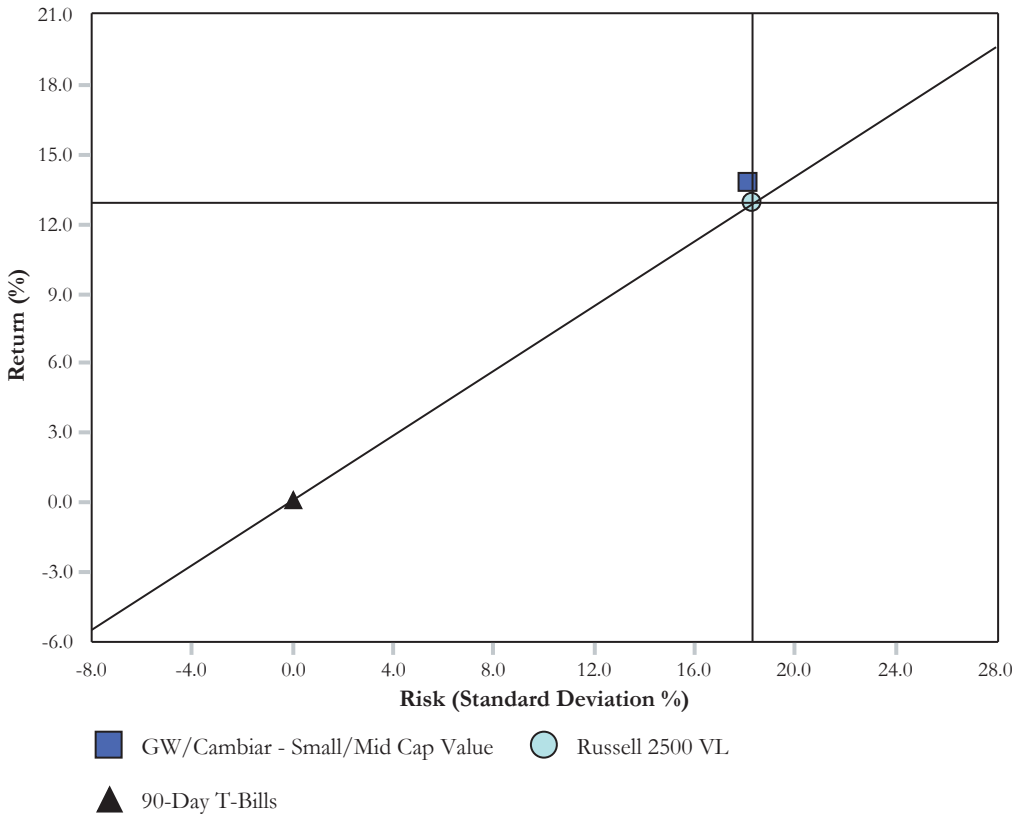
GW/Cambiar - SMID Value - Executive Summary

as of June 30, 2016

Manager Performance Chart



Manager Risk & Return



Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	Since Inception
GW/Cambiar - Small/Mid Cap Value	2.86	6.33	-3.65	3.71	7.26	13.09	13.75
Russell 2500 VL	4.37	10.84	0.22	8.14	9.59	15.18	12.87
Differences	-1.51	-4.51	-3.87	-4.43	-2.33	-2.09	0.88

Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	Since Inception
GW/Cambiar - SMID Cap Value							
Beginning Market Value	2,008	1,950	2,157	2,186	1,824	1,300	1,150
Net Contributions	-10	-10	-11	-362	-438	-679	-679
Fees/Expenses	-4	-12	-16	-51	-78	-101	-104
Income	9	26	34	111	176	241	263
Gain/Loss	49	97	-113	166	567	1,290	1,421
Ending Market Value	2,051	2,051	2,051	2,051	2,051	2,051	2,051

Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
GW/Cambiar - Small/Mid Cap Value	13.75	18.15	0.93	-24.35	96.78	90.57	1.67	0.80	0.89	11/01/2008
Russell 2500 VL	12.87	18.34	1.00	-27.12	100.00	100.00	0.00	0.75	1.00	11/01/2008

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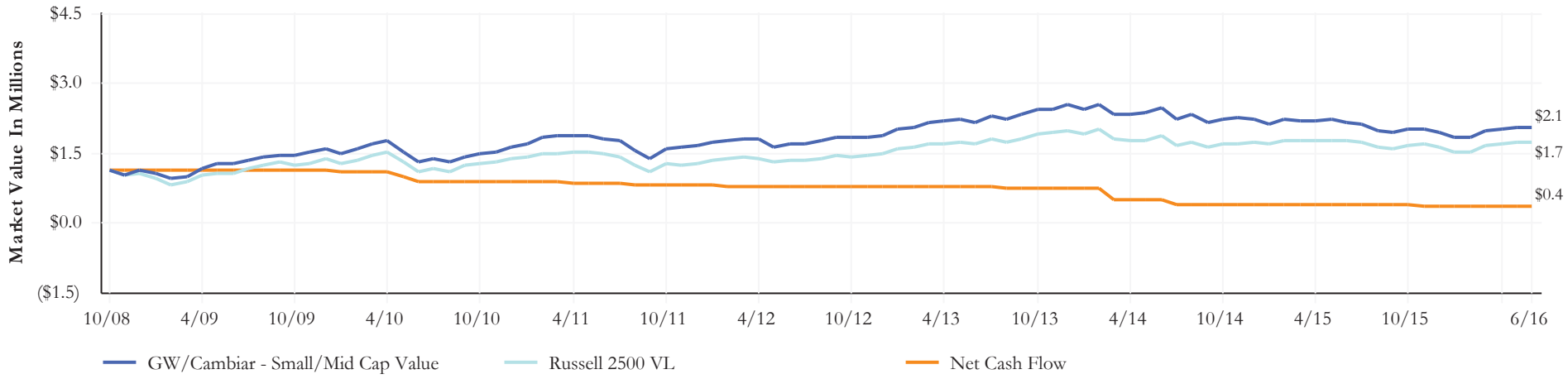
City of Ormond Beach

GW/Cambiar - SMID Value - Change in Assets & Distribution of Returns

as of June 30, 2016

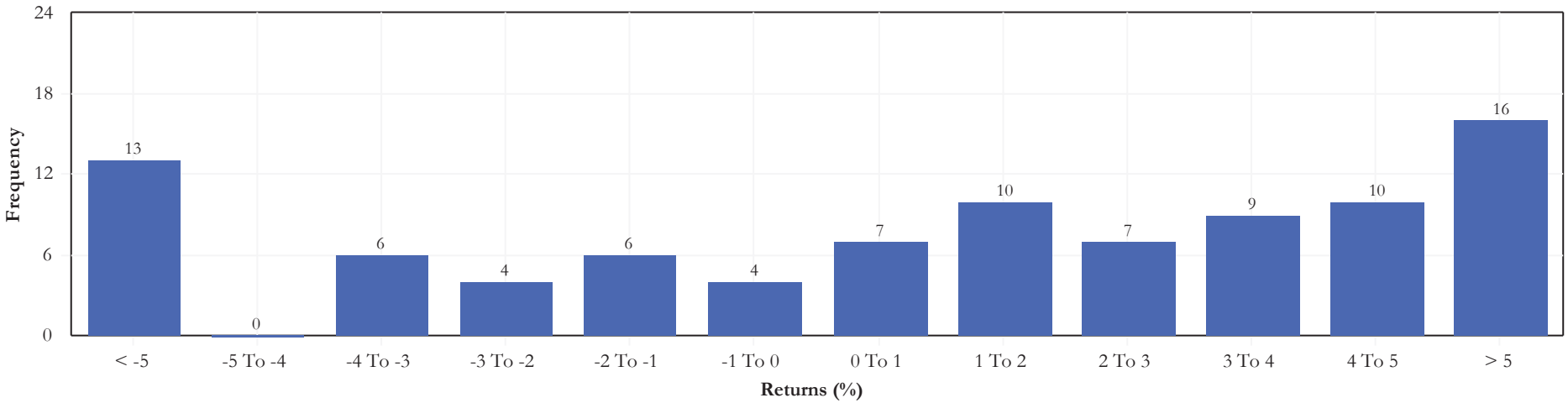
Historic Change in Assets



Quarterly Change in Assets

	Market Value As of 04/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 06/30/2016
GW/Cambiar - Small/Mid Cap Value	2,008,332.73	-	5,468.01	-15,631.10	-4,349.39	-	57,267.33	2,051,087.58

Distribution of Returns



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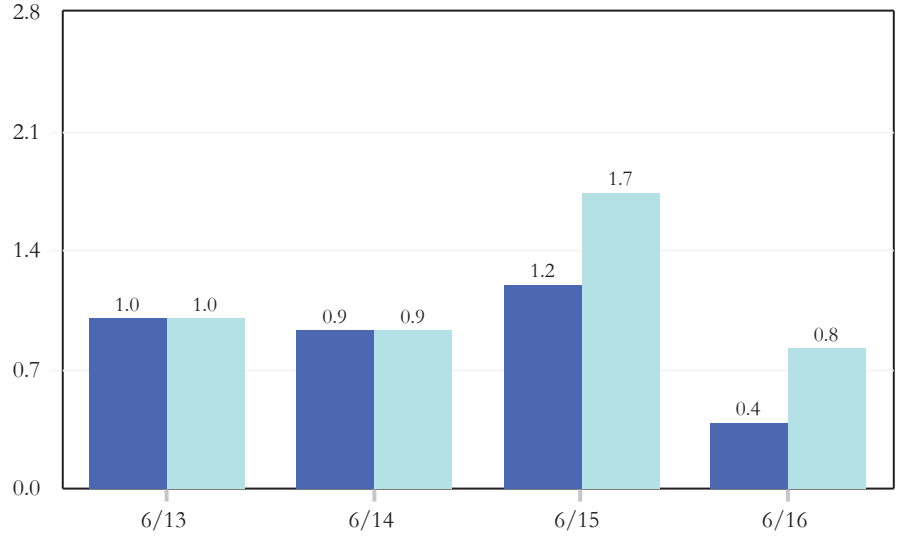
City of Ormond Beach

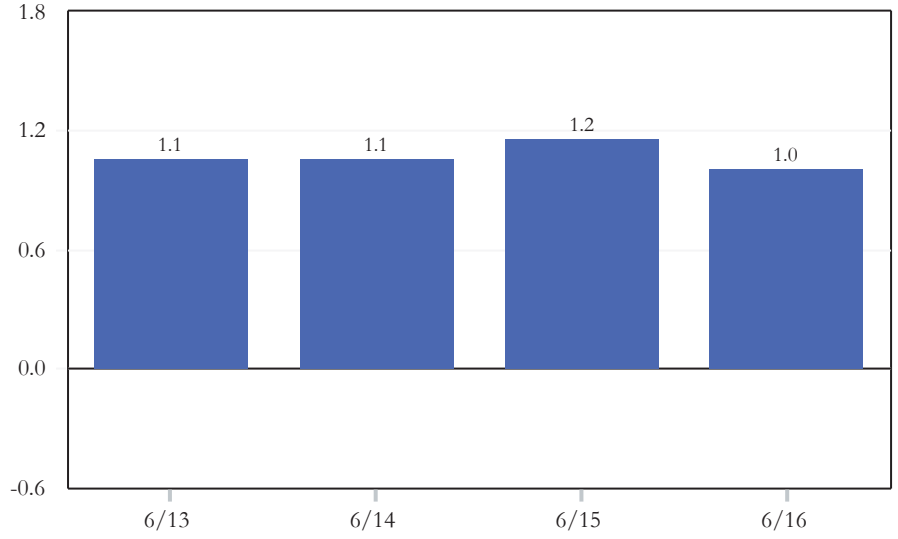
GW/Cambiar - Small/Mid Cap Value - Rolling Three Year MPT Statistics

as of June 30, 2016

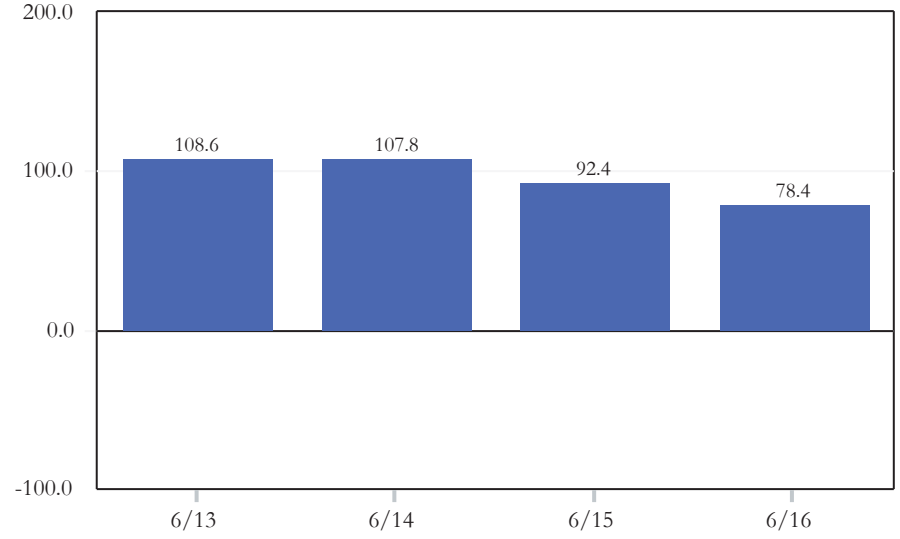
Sharpe Ratio



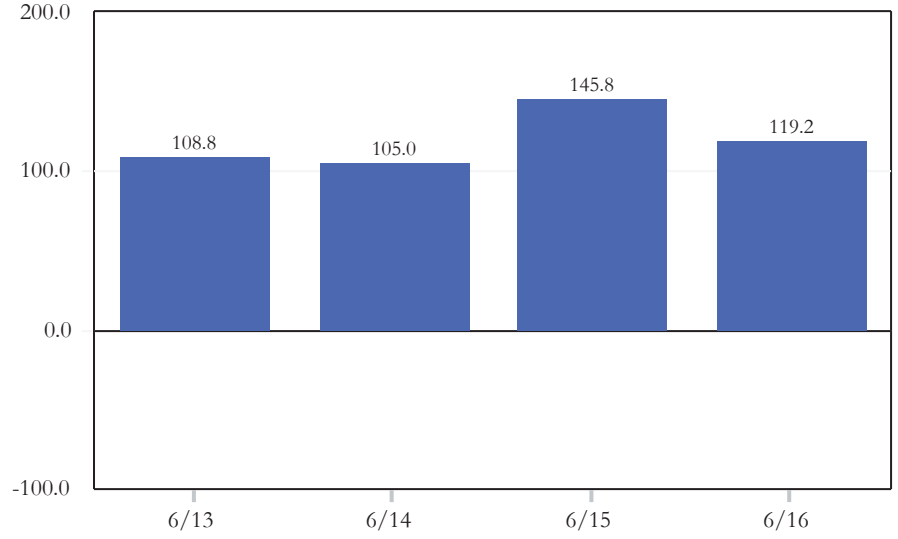
Beta



Up Market Capture



Down Market Capture



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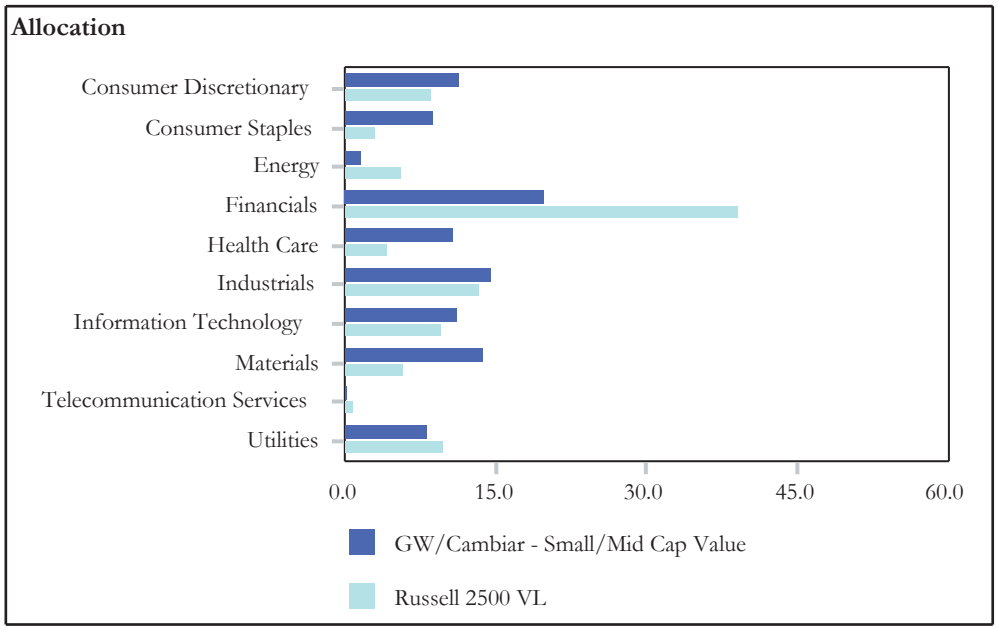
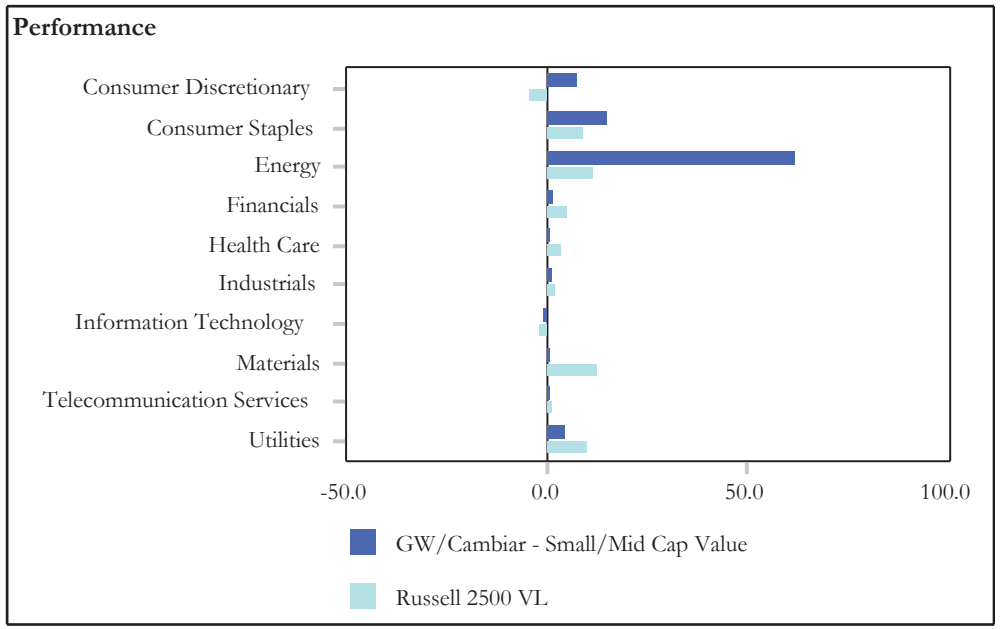
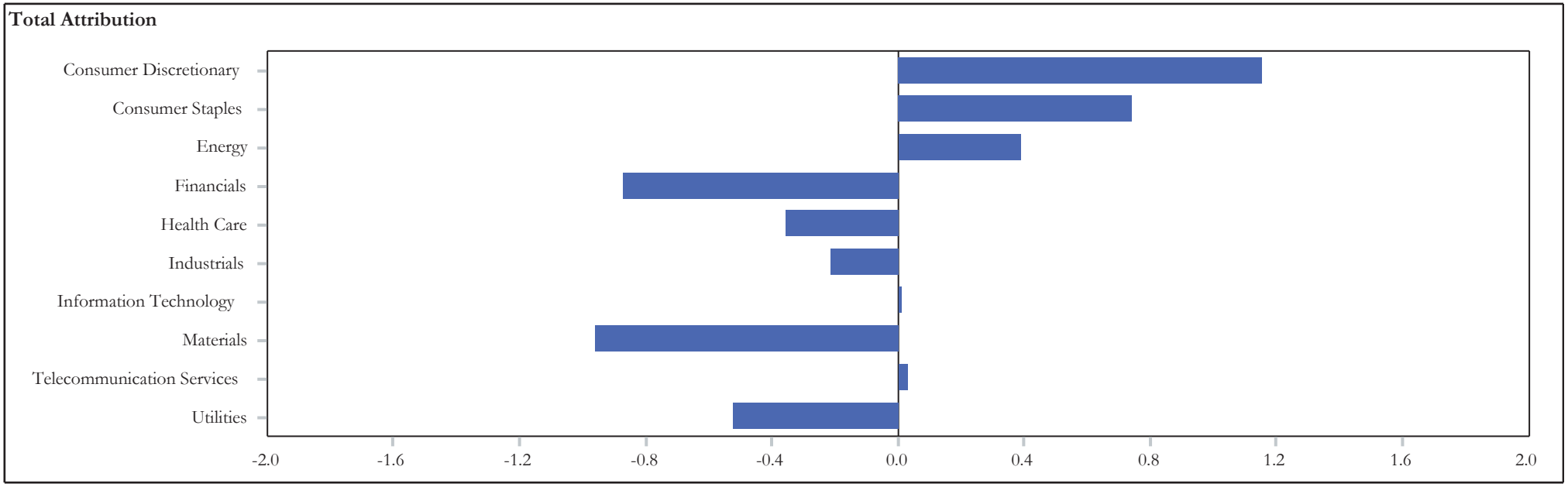
City of Ormond Beach

GW/Cambiar - Small/Mid Cap Value - Quarterly Performance Attributes

as of June 30, 2016







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City of Ormond Beach

GW/Cambiar - Small/Mid Cap Value - Quarterly Performance Attributes

as of June 30, 2016

	Allocation-04/01/2016		Performance - Quarter Ending June 30, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	11.40	8.61	7.77	-4.32	-0.24	1.06	0.33	1.15
Consumer Staples	8.80	3.02	14.89	9.12	0.28	0.16	0.30	0.74
Energy	1.59	5.63	61.66	11.77	-0.27	2.38	-1.72	0.39
Financials	19.84	39.04	1.70	5.36	-0.15	-1.44	0.71	-0.87
Health Care	10.72	4.27	0.69	3.41	-0.07	-0.11	-0.17	-0.36
Industrials	14.52	13.38	0.92	2.13	-0.03	-0.15	-0.03	-0.22
Information Technology	11.18	9.60	-0.79	-1.72	-0.10	0.09	0.02	0.01
Materials	13.74	5.77	0.74	12.54	0.64	-0.67	-0.92	-0.96
Telecommunication Services	0.00	0.88	0.00	0.94	0.03	0.00	0.00	0.03
Utilities	8.22	9.78	4.82	10.05	-0.09	-0.51	0.08	-0.52
Total	100.00	100.00	3.94	4.53	0.00	0.82	-1.41	-0.59

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City of Ormond Beach

GW/Cambiar - Small/Mid Cap Value - Portfolio Characteristics

as of June 30, 2016

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($000)	5,664,863.38	3,755,941.23
Median Mkt. Cap ($000)	4,941,087.80	826,716.68
Price/Earnings ratio	16.49	17.03
Price/Book ratio	2.54	1.74
5 Yr. EPS Growth Rate (%)	15.41	9.82
Current Yield (%)	1.75	2.25
Beta (5 Years, Monthly)	1.03	1.00
Number of Stocks	36	1,716
Debt to Equity	0.81	1.08

Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
MGM Growth Properties LLC	2.98	0.00	2.98	N/A
Resmed Inc	2.96	0.00	2.96	9.93
Scotts Miracle-Gro	2.93	0.01	2.92	-3.28
Colony Starwood Homes	2.91	0.10	2.81	23.81
Cimarex Energy Co.	2.89	0.00	2.89	22.75
Harley-Davidson Inc.	2.89	0.00	2.89	-11.06
Synopsys Inc	2.89	0.38	2.51	11.64
Reinsurance Group of Amer.	2.88	0.32	2.56	1.16
PacWest Bancorp	2.88	0.24	2.64	8.48
Booz Allen Hamilton Holding Corp	2.87	0.01	2.86	-1.61
% of Portfolio	29.08	1.06		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Colony Starwood Homes	2.91	0.10	2.81	23.81
Cimarex Energy Co.	2.89	0.00	2.89	22.75
IAC/InterActiveCorp	2.85	0.04	2.81	19.58
Dun & Bradstreet Corp (The)	2.72	0.14	2.58	18.67
PTC Inc	2.78	0.12	2.66	13.33
Synopsys Inc	2.89	0.38	2.51	11.64
Resmed Inc	2.96	0.00	2.96	9.93
PacWest Bancorp	2.88	0.24	2.64	8.48
PerkinElmer Inc.	2.74	0.23	2.51	6.13
East West Bancorp Inc.	2.70	0.25	2.45	5.79
% of Portfolio	28.32	1.50		

Ten Worst Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Verifone Systems Inc	2.69	0.00	2.69	-34.35
Synaptics Inc	2.40	0.00	2.40	-32.59
First Solar Inc	2.83	0.19	2.64	-29.19
ManpowerGroup	2.44	0.24	2.20	-20.12
Harman International	2.68	0.14	2.54	-18.95
Robert Half Intl	2.75	0.00	2.75	-17.61
Air Lease Corp	2.74	0.07	2.67	-16.48
Microsemi Corp	2.69	0.00	2.69	-14.70
Wabtec Corp	2.64	0.00	2.64	-11.34
News Corp	2.77	0.00	2.77	-11.12
% of Portfolio	26.63	0.64		

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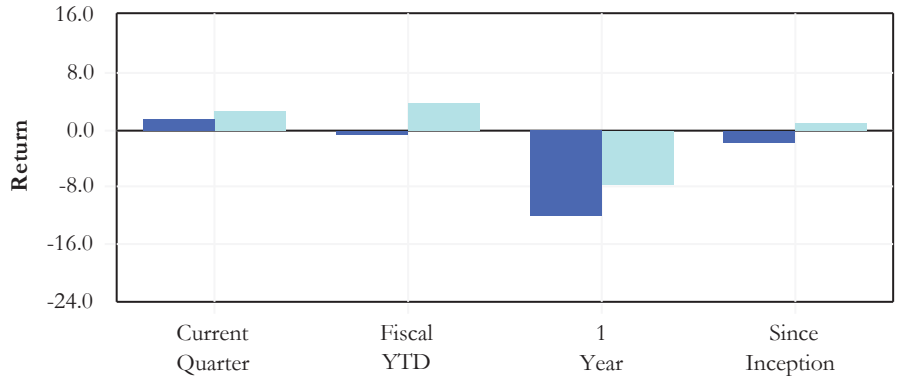
City of Ormond Beach

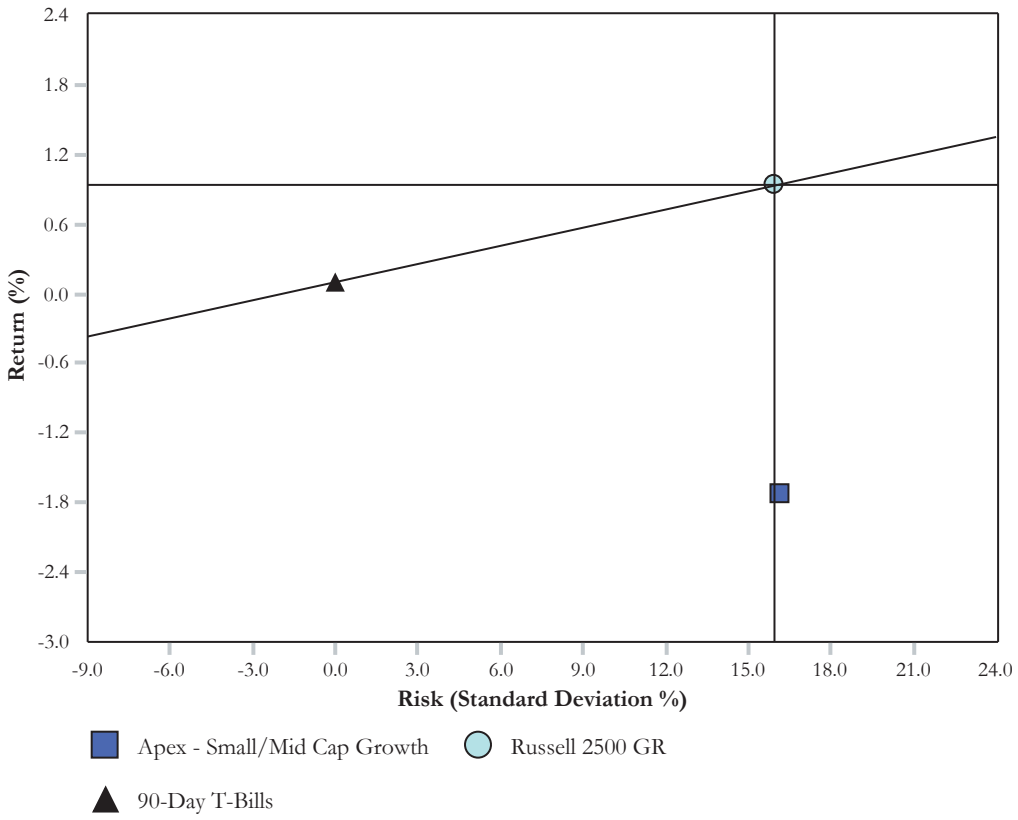
Apex - Small/Mid Cap Growth - Executive Summary

as of June 30, 2016

Manager Performance Chart



Manager Risk & Return



Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	Since Inception	Inception Date
Apex - Small/Mid Cap Growth	1.44	-0.56	-11.98	-1.73	02/01/2015
Russell 2500 GR	2.70	3.78	-7.70	0.93	
Differences	-1.26	-4.34	-4.28	-2.66	

Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	Since Inception	Inception Date
Apex - Small/Mid Cap Growth					02/01/2015
Beginning Market Value	2,143	2,242	2,591	2,341	
Net Contributions	-25	-76	-131	-131	
Fees/Expenses	-3	-10	-14	-17	
Income	3	11	14	20	
Gain/Loss	28	-21	-315	-66	
Ending Market Value	2,146	2,146	2,146	2,146	

Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Apex - Small/Mid Cap Growth	-1.73	16.20	1.00	-20.24	91.05	102.84	-2.58	-0.03	0.97	02/01/2015
Russell 2500 GR	0.93	15.95	1.00	-17.77	100.00	100.00	0.00	0.13	1.00	02/01/2015

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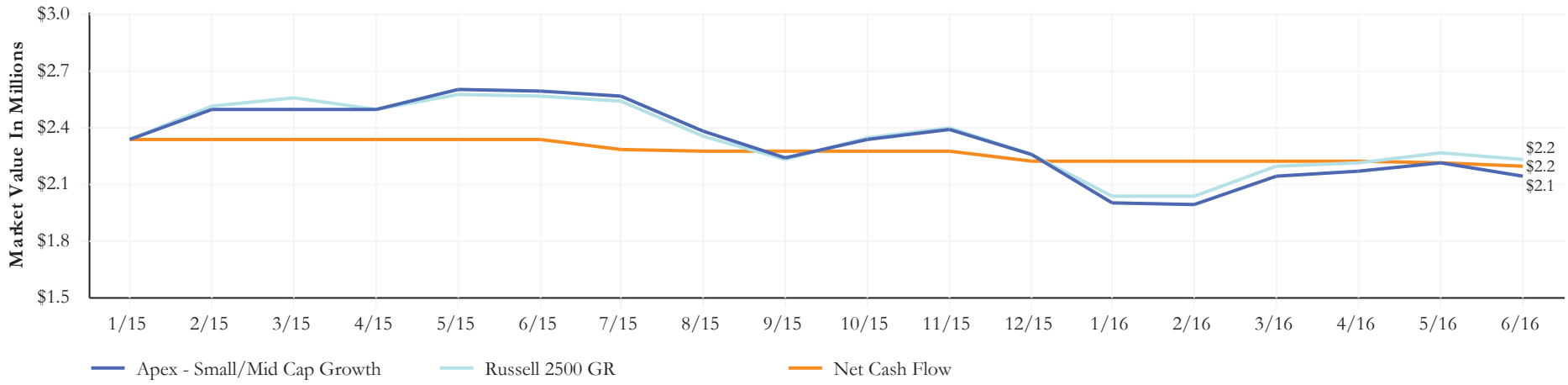
Graystone Consulting

City of Ormond Beach

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

as of June 30, 2016

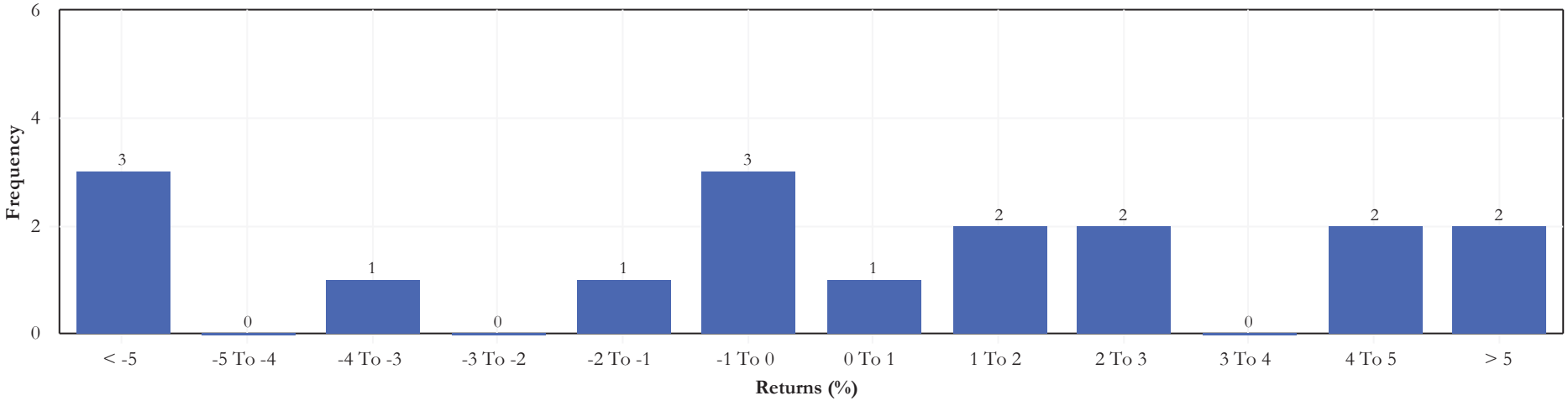
Historic Change in Assets



Quarterly Change in Assets

	Market Value As of 04/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 06/30/2016
Apex - Small/Mid Cap Growth	2,143,407.88	-	72,846.47	-98,020.58	-3,215.11	-	31,147.77	2,146,166.43

Distribution of Returns



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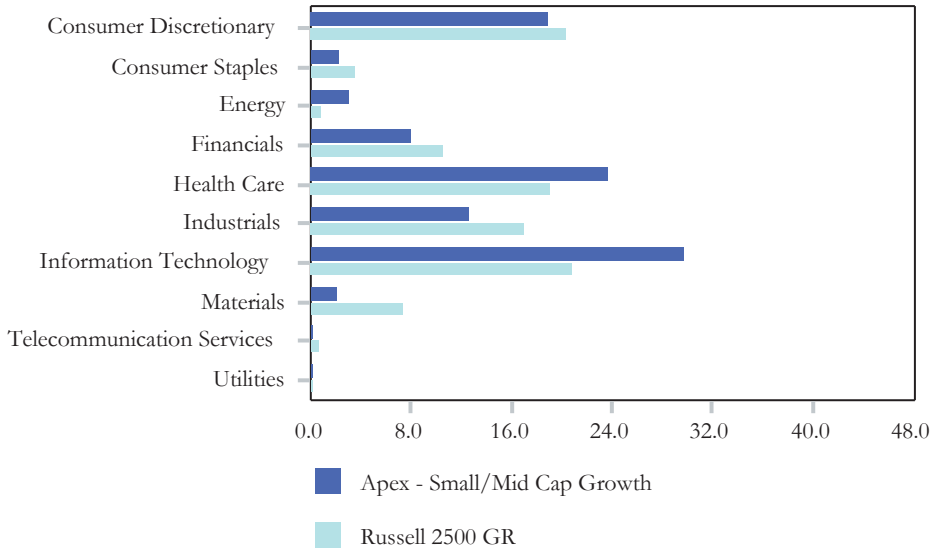
City of Ormond Beach

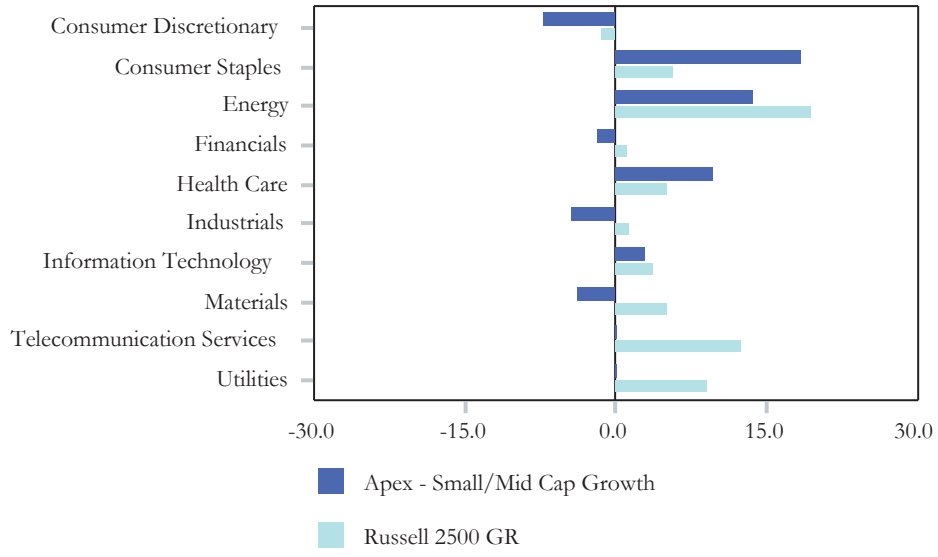
Apex - Small/Mid Cap Growth - Quarterly Performance Attributes

as of June 30, 2016

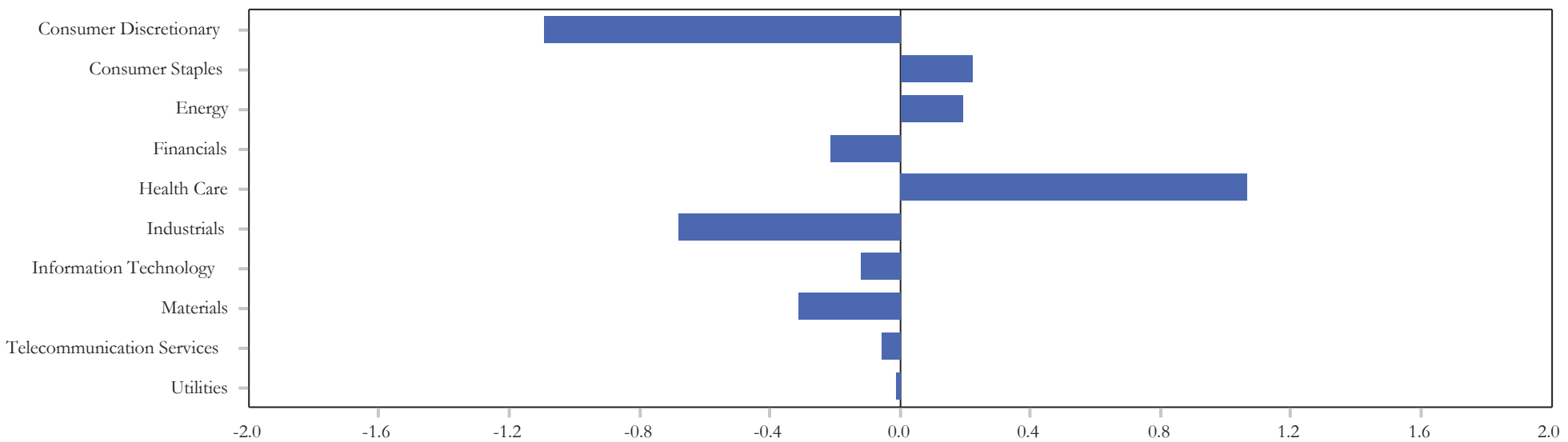
Allocation



Performance



Total Attribution



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City of Ormond Beach

Apex - Small/Mid Cap Growth - Quarterly Performance Attributes

as of June 30, 2016

	Allocation-04/01/2016		Performance - Quarter Ending June 30, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	18.88	20.28	-7.21	-1.33	0.05	-1.23	0.08	-1.09
Consumer Staples	2.17	3.48	18.56	5.73	-0.03	0.43	-0.17	0.22
Energy	3.06	0.78	13.69	19.41	0.35	-0.04	-0.13	0.19
Financials	7.88	10.57	-1.88	1.28	0.04	-0.33	0.08	-0.21
Health Care	23.62	19.13	9.65	5.23	0.09	0.82	0.16	1.07
Industrials	12.56	16.99	-4.33	1.32	0.06	-0.97	0.23	-0.68
Information Technology	29.70	20.74	2.97	3.70	0.07	-0.15	-0.04	-0.12
Materials	2.14	7.25	-3.71	5.15	-0.12	-0.65	0.46	-0.31
Telecommunication Services	0.00	0.58	0.00	12.54	-0.06	0.00	0.00	-0.06
Utilities	0.00	0.19	0.00	9.08	-0.01	0.00	0.00	-0.01
Total	100.00	100.00	1.62	2.62	0.44	-2.12	0.67	-1.00

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City of Ormond Beach

Apex - Small/Mid Cap Growth - Portfolio Characteristics

as of June 30, 2016

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($000)	5,843,469.69	3,943,471.70
Median Mkt. Cap ($000)	4,770,333.17	1,116,810.31
Price/Earnings ratio	22.52	24.28
Price/Book ratio	4.23	4.11
5 Yr. EPS Growth Rate (%)	14.96	11.48
Current Yield (%)	0.52	1.00
Beta (5 Years, Monthly)	0.96	1.00
Number of Stocks	78	1,463
Debt to Equity	0.06	0.32

Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
MercadoLibre Inc	2.48	0.00	2.48	19.50
HD Supply Holdings Inc	2.39	0.40	1.99	5.29
Medivation Inc	2.35	0.00	2.35	31.14
First Republic Bank	2.27	0.00	2.27	5.26
Foot Locker Inc.	2.20	0.38	1.82	-14.57
Burlington Stores Inc	2.08	0.15	1.93	18.62
Align Technology Inc	2.06	0.33	1.73	10.81
Centene Corp	2.02	0.00	2.02	15.92
Total System Services Inc.	1.92	0.00	1.92	11.83
Sabre Corp	1.91	0.31	1.60	-6.92
% of Portfolio	21.68	1.57		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Veeva Systems Inc	0.71	0.19	0.52	36.26
Supernus Pharmaceuticals Inc	0.92	0.05	0.87	33.57
Medivation Inc	2.35	0.00	2.35	31.14
Hain Celestial Group Inc (The)	1.27	0.21	1.06	21.61
Medidata Solutions Inc	1.24	0.14	1.10	21.08
Akorn Inc	1.61	0.14	1.47	21.06
Ophthotech Corp	0.97	0.09	0.88	20.72
Dave & Buster's Entertainment Inc	1.19	0.10	1.09	20.66
IAC/InterActiveCorp	1.25	0.18	1.07	19.58
MercadoLibre Inc	2.48	0.00	2.48	19.50
% of Portfolio	13.99	1.10		

Ten Worst Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
YY Inc	0.70	0.00	0.70	-45.01
Ionis Pharmaceuticals Inc	0.74	0.16	0.58	-42.49
Signet Jewelers Ltd	1.03	0.00	1.03	-33.40
Infinera Corp	0.99	0.06	0.93	-29.76
Norwegian Cruise Line Holdings Ltd	1.30	0.00	1.30	-27.94
Proto Labs Inc	0.97	0.08	0.89	-25.33
Hawaiian Holdings Inc.	1.13	0.11	1.02	-19.56
Foot Locker Inc.	2.20	0.38	1.82	-14.57
Old Dominion Freight Line Inc	1.36	0.14	1.22	-13.37
Affiliated Managers Group Inc.	0.85	0.00	0.85	-13.32
% of Portfolio	11.27	0.93		

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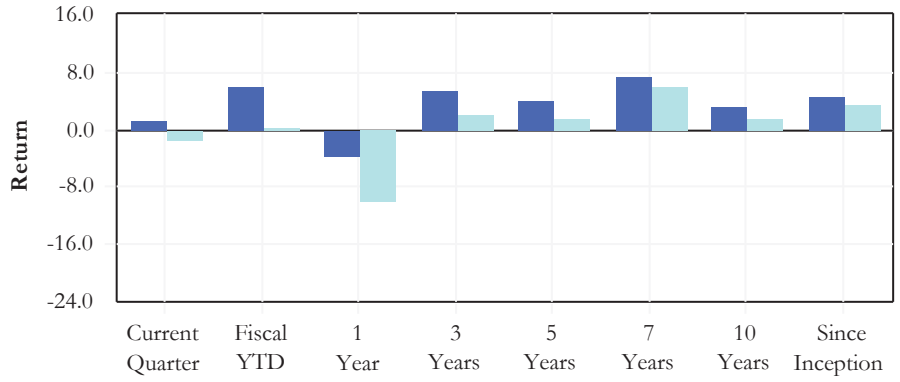
City of Ormond Beach

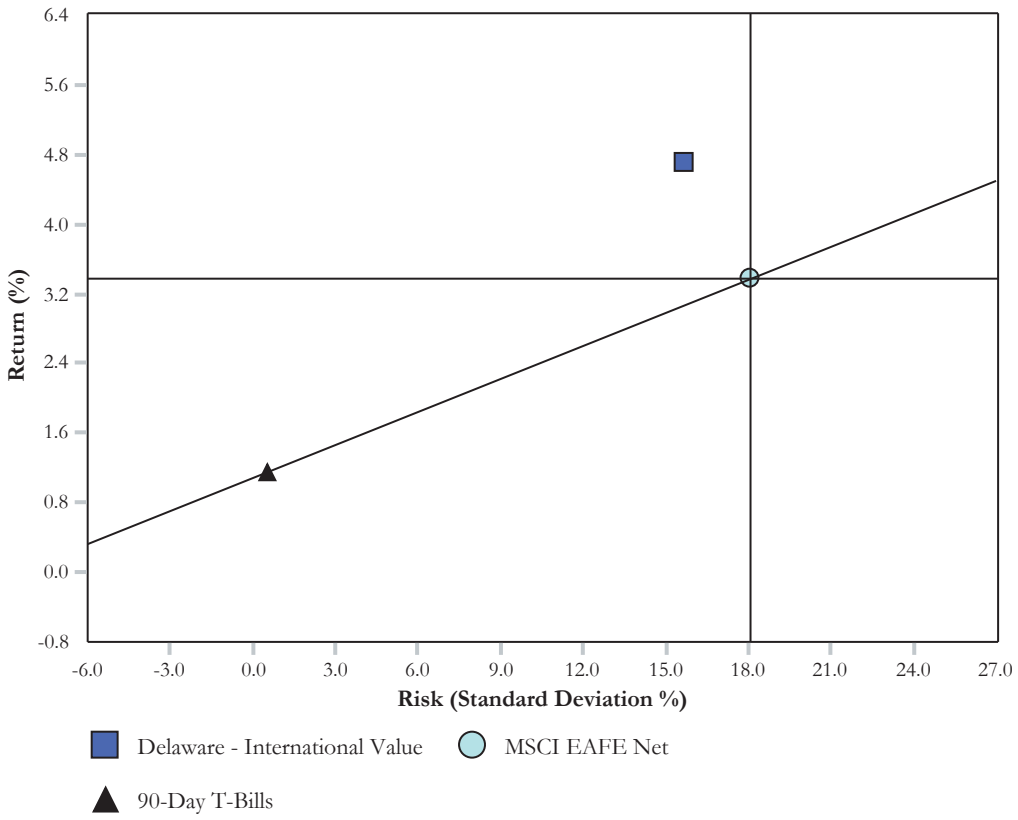
Delaware - International Value - Executive Summary

as of June 30, 2016

Manager Performance Chart



Manager Risk & Return



Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Delaware - International Value	1.37	5.93	-3.83	5.43	4.18	7.28	3.10	4.70
MSCI EAFE Net	-1.46	0.08	-10.16	2.07	1.68	5.97	1.58	3.37
Differences	2.83	5.85	6.33	3.36	2.50	1.31	1.52	1.33

Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Delaware - Intl Value								
Beginning Market Value	1,921	1,845	2,037	1,697	1,647	1,254	2,786	2,675
Net Contributions	-1	-1	-1	-	-2	-	-1,011	-1,434
Fees/Expenses	-4	-11	-14	-46	-70	-92	-160	-170
Income	30	48	64	228	360	474	805	906
Gain/Loss	-4	61	-142	64	7	307	-476	-33
Ending Market Value	1,943	1,943	1,943	1,943	1,943	1,943	1,943	1,943

Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Delaware - International Value	4.70	15.70	0.84	-48.35	88.91	82.33	1.69	0.30	0.92	08/01/2005
MSCI EAFE Net	3.37	18.07	1.00	-56.68	100.00	100.00	0.00	0.21	1.00	08/01/2005

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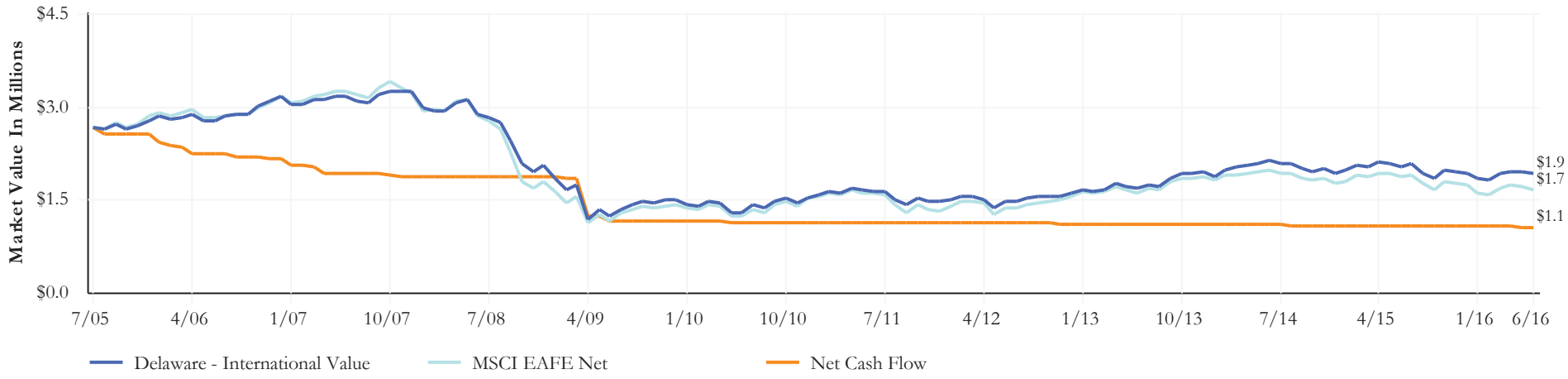
City of Ormond Beach

Delaware - International Value - Change in Assets & Distribution of Returns

as of June 30, 2016

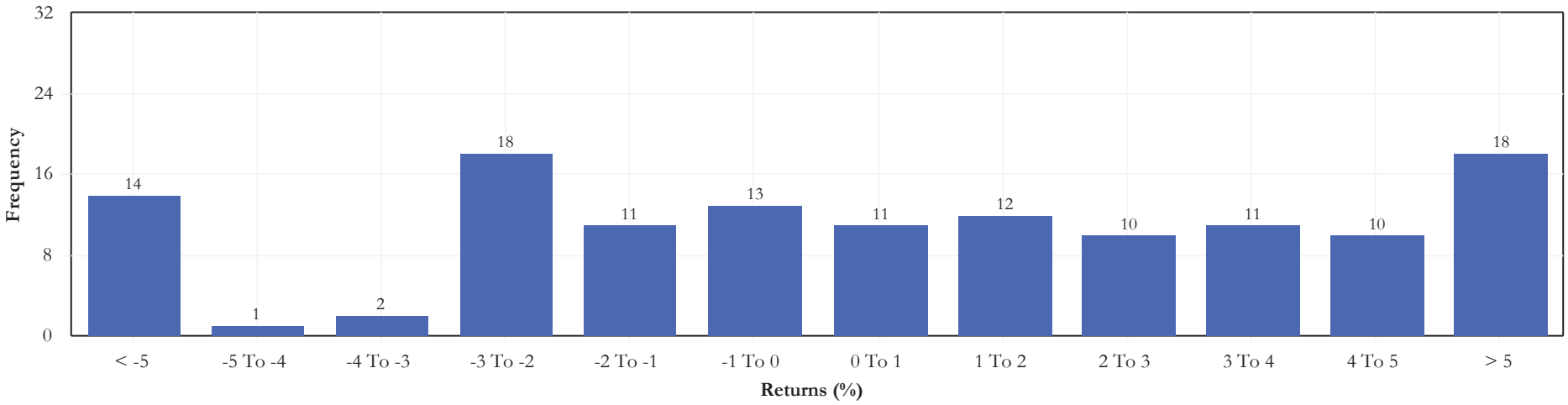
Historic Change in Assets



Quarterly Change in Assets

	Market Value As of 04/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 06/30/2016
Delaware - International Value	1,920,619.82	-	51,983.75	-52,603.94	-3,598.88	-	26,369.42	1,942,770.17

Distribution of Returns



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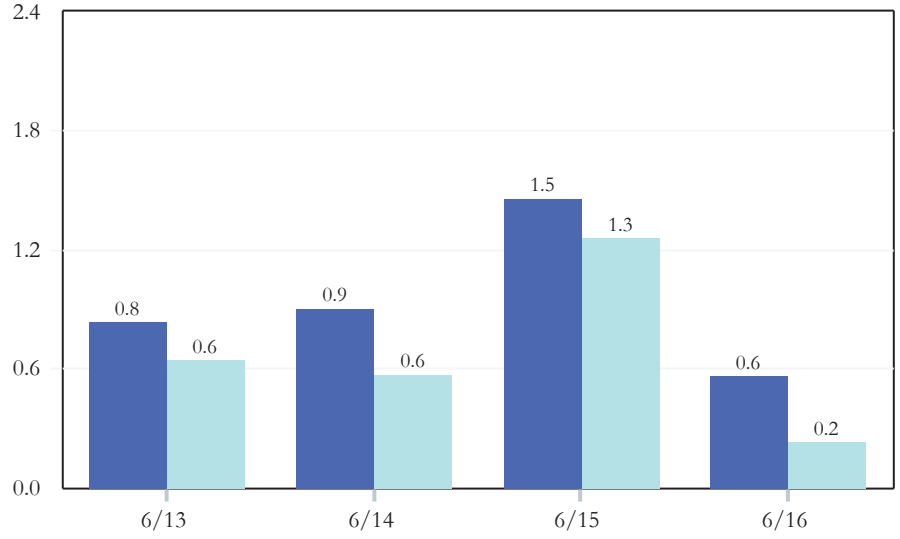
City of Ormond Beach

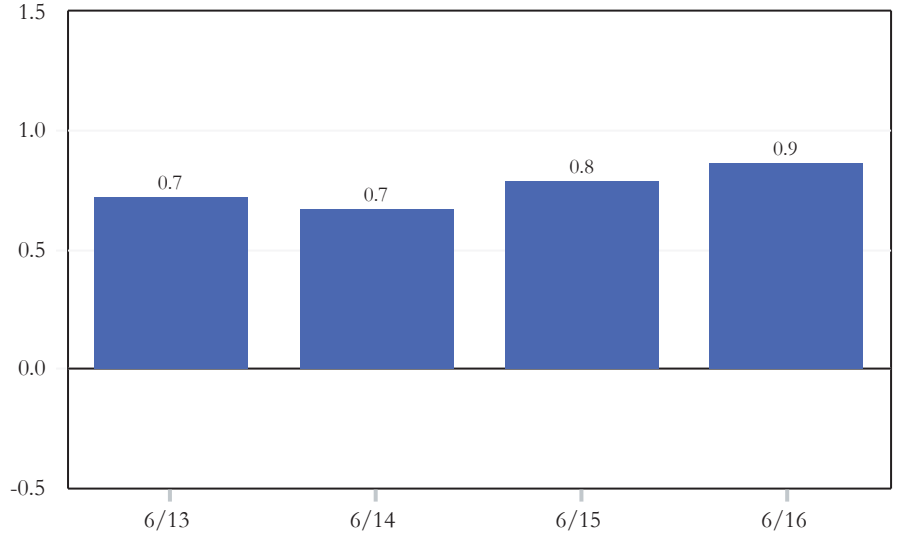
Delaware - International Value - Rolling Three Year MPT Statistics

as of June 30, 2016

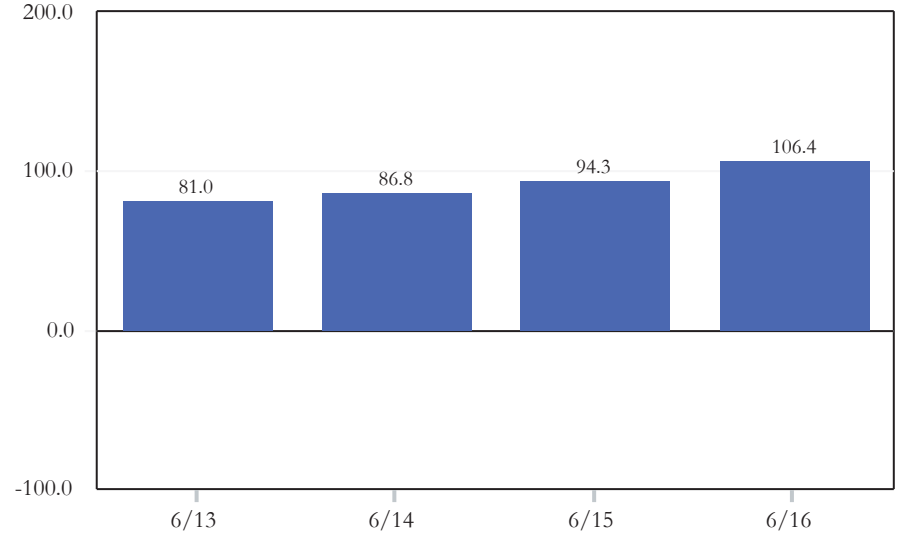
Sharpe Ratio



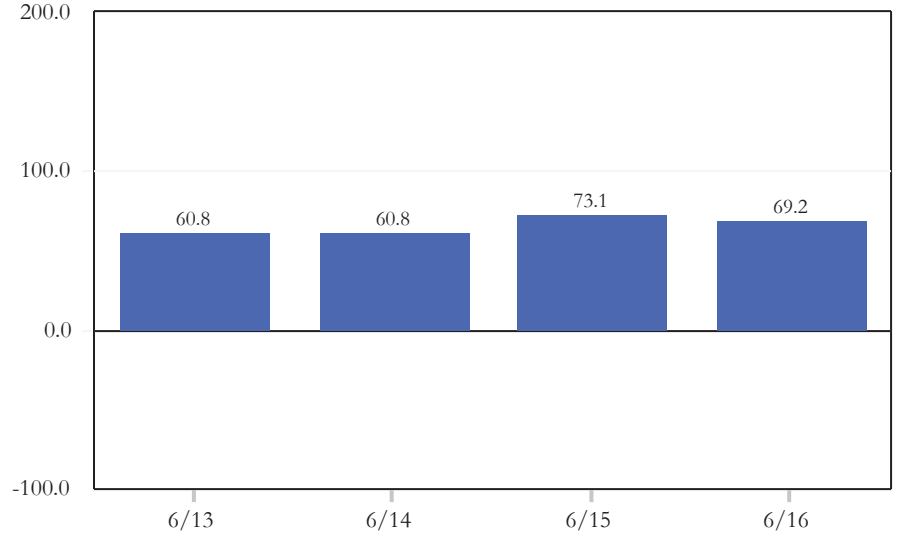
Beta



Up Market Capture



Down Market Capture



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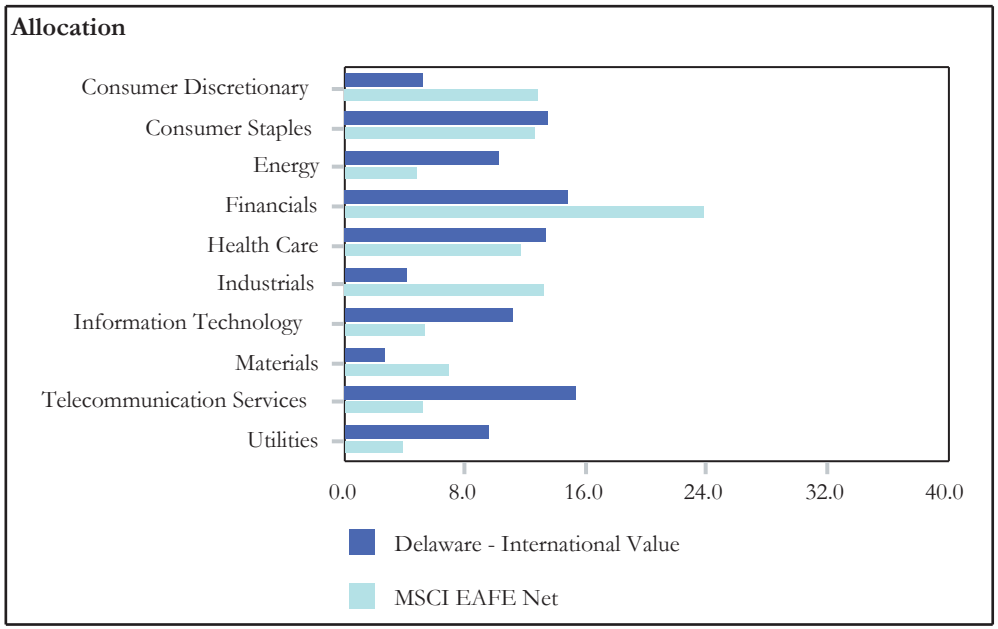
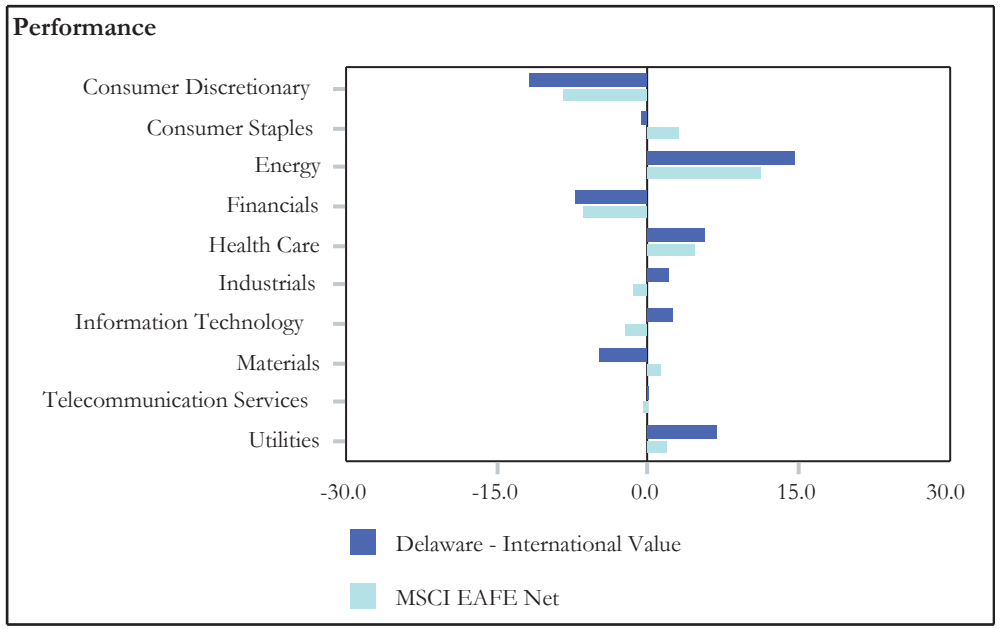
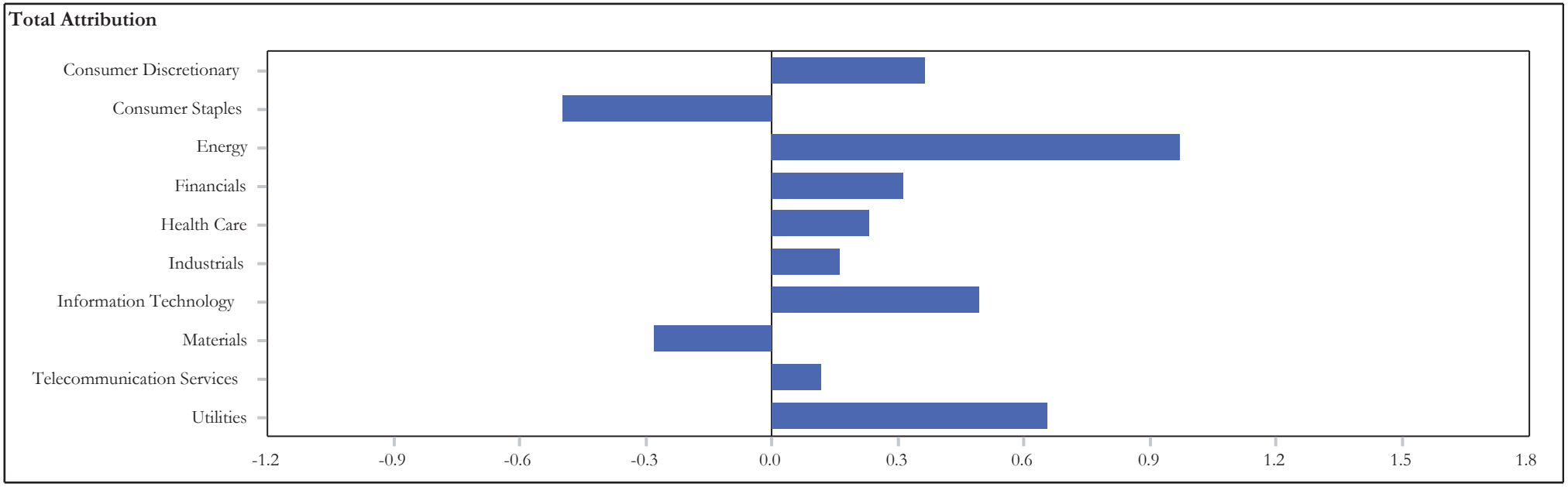
City of Ormond Beach

Delaware - International Value - Quarterly Performance Attributes

as of June 30, 2016







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City of Ormond Beach

Delaware - International Value - Quarterly Performance Attributes

as of June 30, 2016

	Allocation-04/01/2016		Performance - Quarter Ending June 30, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	5.22	12.84	-11.74	-8.33	0.55	-0.44	0.26	0.36
Consumer Staples	13.55	12.54	-0.54	3.10	0.00	-0.44	-0.05	-0.50
Energy	10.18	4.77	14.61	11.41	0.66	0.15	0.17	0.97
Financials	14.79	23.85	-7.22	-6.41	0.41	-0.16	0.06	0.31
Health Care	13.39	11.59	5.84	4.86	0.11	0.11	0.01	0.23
Industrials	4.12	13.27	2.11	-1.48	0.02	0.50	-0.36	0.16
Information Technology	11.11	5.33	2.50	-2.21	-0.06	0.26	0.29	0.49
Materials	2.63	6.86	-4.72	1.46	-0.10	-0.43	0.25	-0.28
Telecommunication Services	15.41	5.11	-0.10	-0.34	0.09	0.02	0.02	0.12
Utilities	9.59	3.85	6.89	1.95	0.18	0.19	0.28	0.66
Total	100.00	100.00	1.25	-1.28	1.85	-0.24	0.93	2.54

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City of Ormond Beach

Delaware - International Value - Portfolio Characteristics

as of June 30, 2016

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($000)	71,117,299.26	54,758,843.58
Median Mkt. Cap ($000)	50,252,017.94	8,615,463.00
Price/Earnings ratio	16.86	15.56
Price/Book ratio	2.19	2.29
5 Yr. EPS Growth Rate (%)	-3.76	5.30
Current Yield (%)	3.75	3.57
Beta (5 Years, Monthly)	0.81	1.00
Number of Stocks	40	930
Debt to Equity	1.15	1.22

Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Unilever PLC	4.35	0.52	3.83	6.90
ABB Ltd	4.02	0.33	3.69	2.11
Koninklijke Ahold Delhaize NV	3.94	0.16	3.78	0.67
Iberdrola SA, Bilbao	3.94	0.31	3.63	1.25
Glaxosmithkline PLC	3.92	0.89	3.03	8.28
National Grid	3.87	0.47	3.40	7.06
SAP AG	3.77	0.63	3.14	-5.15
Royal Dutch Shell PLC	3.56	0.99	2.57	15.98
BP PLC	3.51	0.93	2.58	19.91
Sanofi	3.32	0.84	2.48	8.65
% of Portfolio	38.20	6.07		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Tokyo Electron Ltd	2.08	0.11	1.97	28.05
Rwe AG	1.95	0.07	1.88	21.62
BP PLC	3.51	0.93	2.58	19.91
Ntt Docomo Inc	1.83	0.33	1.50	18.62
Royal Dutch Shell PLC	3.56	0.99	2.57	15.98
Novartis AG	3.19	1.60	1.59	13.90
Eni SpA	2.75	0.35	2.40	10.33
Sanofi	3.32	0.84	2.48	8.65
Glaxosmithkline PLC	3.92	0.89	3.03	8.28
Kao Corp	1.43	0.25	1.18	8.21
% of Portfolio	27.54	6.36		

Ten Worst Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Lloyds Banking Group PLC	2.68	0.40	2.28	-22.62
Daimler AG	1.64	0.49	1.15	-18.70
Tesco PLC	3.08	0.16	2.92	-15.19
Telefonica SA	2.60	0.36	2.24	-11.16
Banco Santander SA	1.17	0.47	0.70	-9.10
Allianz SE	1.88	0.55	1.33	-8.72
Qbe Insurance Group Ltd	1.00	0.09	0.91	-7.47
Honda Motor Co Ltd	3.01	0.35	2.66	-7.35
Telia Company AB	2.64	0.10	2.54	-6.66
Takeda Pharmaceutical Co	3.20	0.26	2.94	-5.63
% of Portfolio	22.90	3.23		

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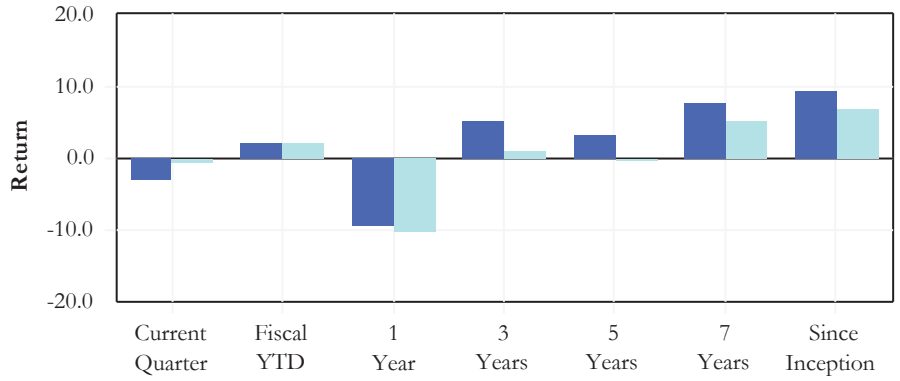
City of Ormond Beach

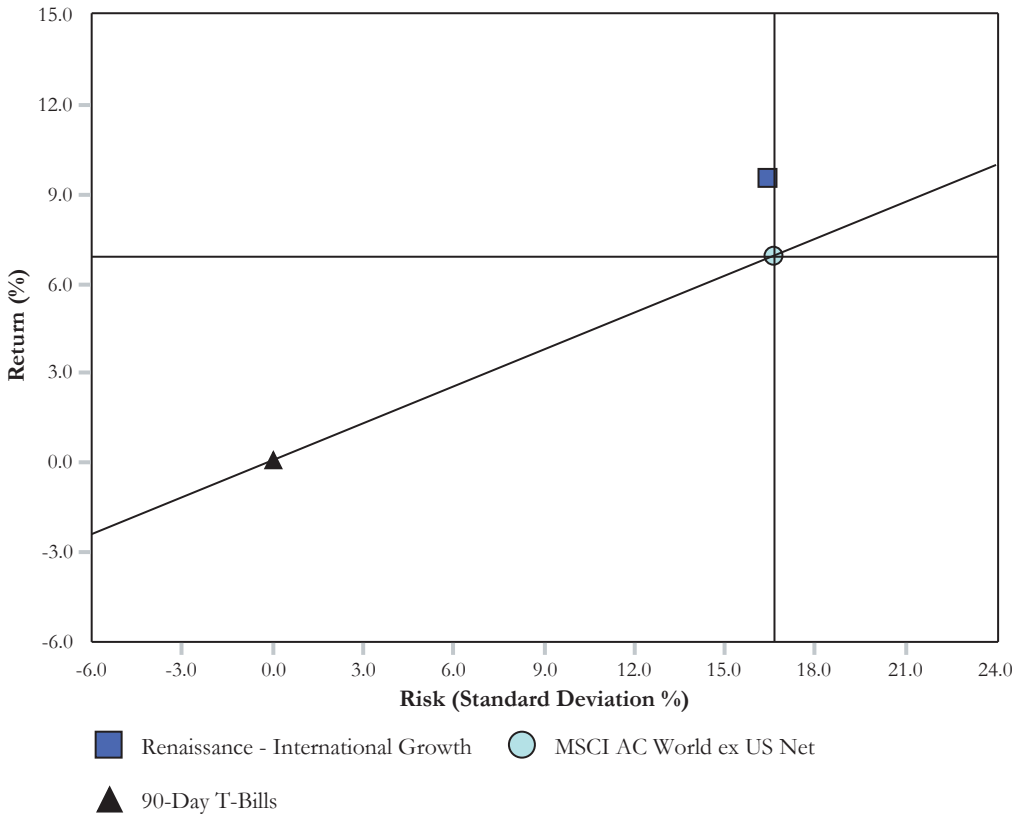
Renaissance - International Growth - Executive Summary

as of June 30, 2016

Manager Performance Chart



Manager Risk & Return



Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	Since Inception
Renaissance - International Growth	-3.09	2.30	-9.57	5.18	3.42	7.83	9.50
MSCI AC World ex US Net	-0.64	2.20	-10.24	1.16	0.10	5.35	6.93
Differences	-2.45	0.10	0.67	4.02	3.32	2.48	2.57

Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	Since Inception
Renaissance - Intl Growth							
Beginning Market Value	1,917	1,823	2,066	1,627	1,622	1,297	1,145
Net Contributions	-1	-1	-1	-2	-3	-172	-171
Fees/Expenses	-3	-9	-13	-38	-58	-75	-75
Income	22	32	42	130	210	270	281
Gain/Loss	-81	10	-240	138	84	535	674
Ending Market Value	1,854	1,854	1,854	1,854	1,854	1,854	1,854

Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Renaissance - International Growth	9.50	16.43	0.94	-22.38	98.78	85.31	2.90	0.63	0.90	05/01/2009
MSCI AC World ex US Net	6.93	16.64	1.00	-23.29	100.00	100.00	0.00	0.48	1.00	05/01/2009

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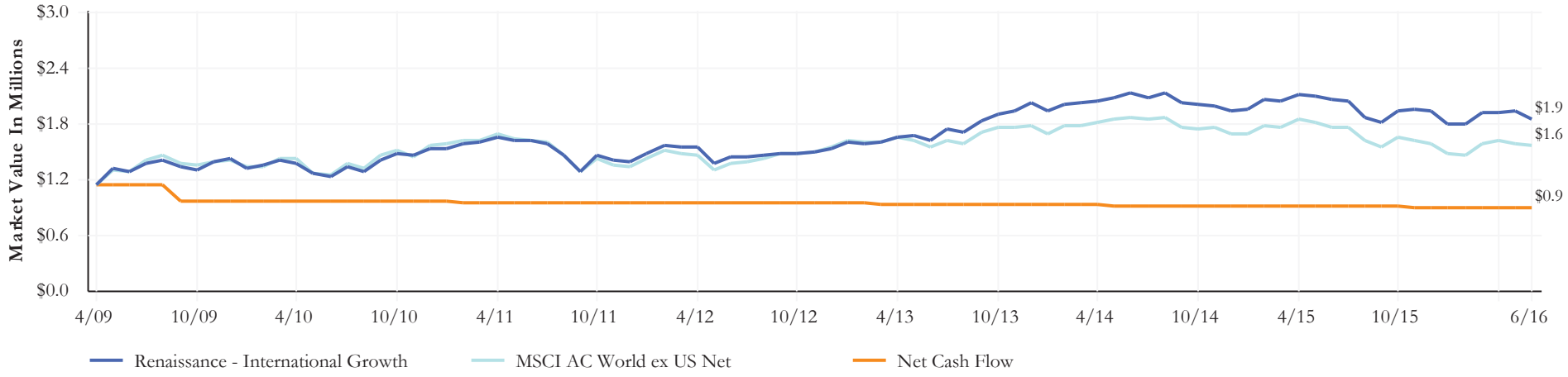
City of Ormond Beach

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

as of June 30, 2016

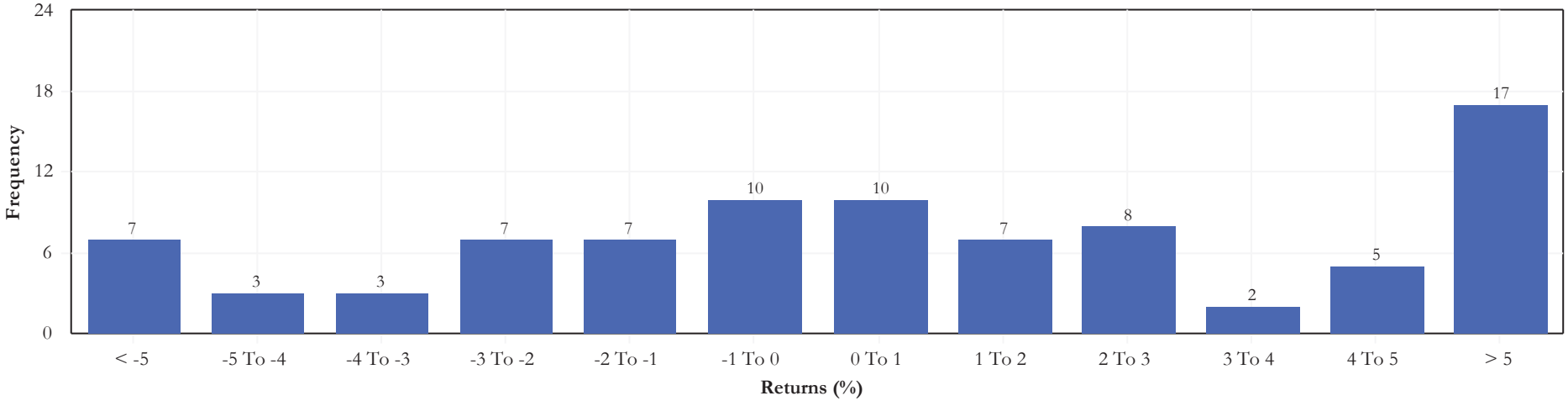
Historic Change in Assets



Quarterly Change in Assets

	Market Value As of 04/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 06/30/2016
Renaissance - International Growth	1,917,359.73	-	106,690.30	-107,435.33	-3,107.08	-	-59,029.57	1,854,478.05

Distribution of Returns



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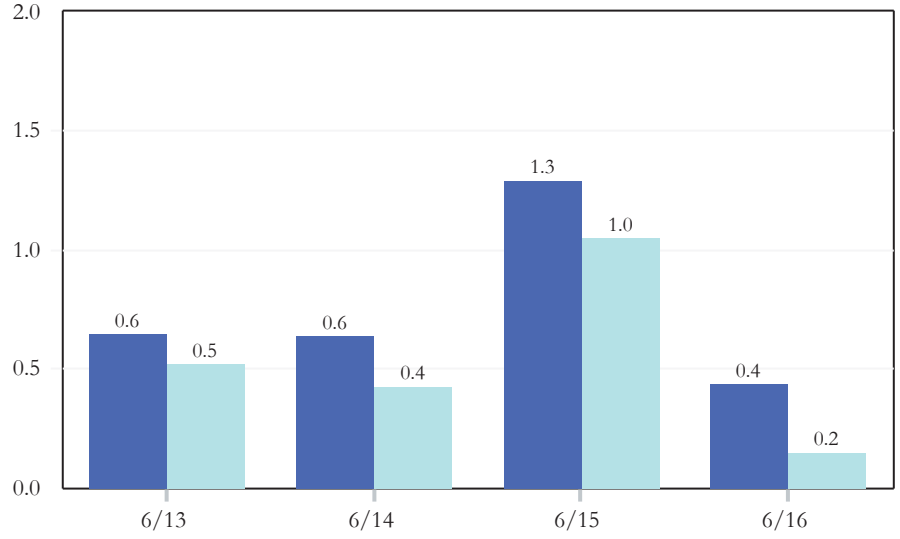
City of Ormond Beach

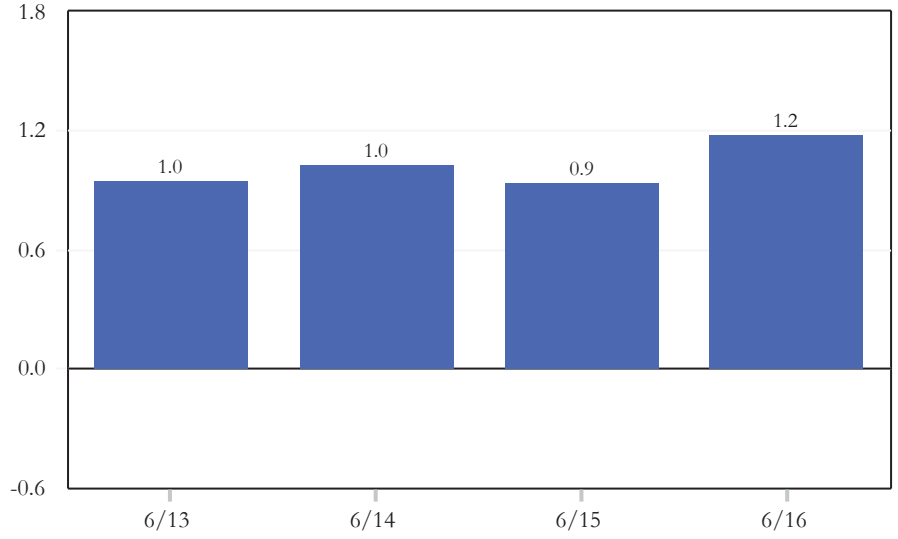
Renaissance - International Growth - Rolling Three Year MPT Statistics

as of June 30, 2016

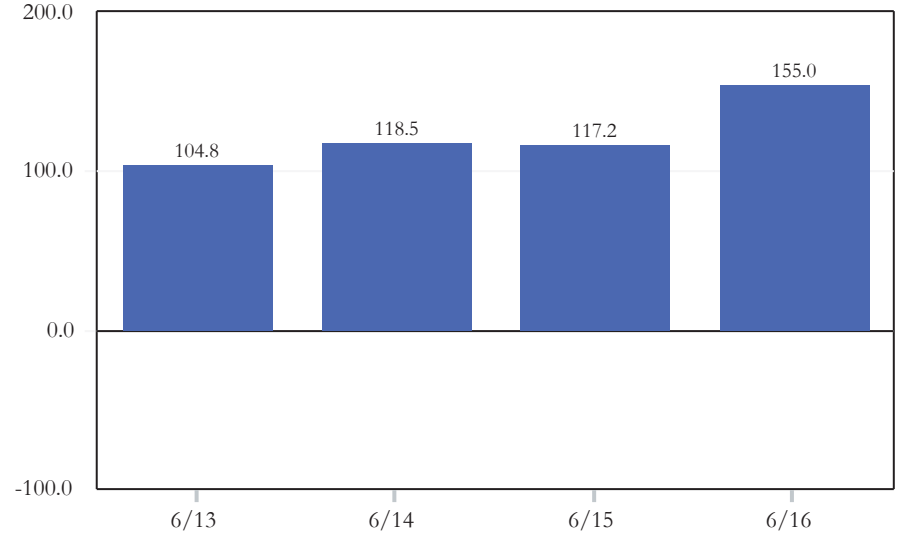
Sharpe Ratio



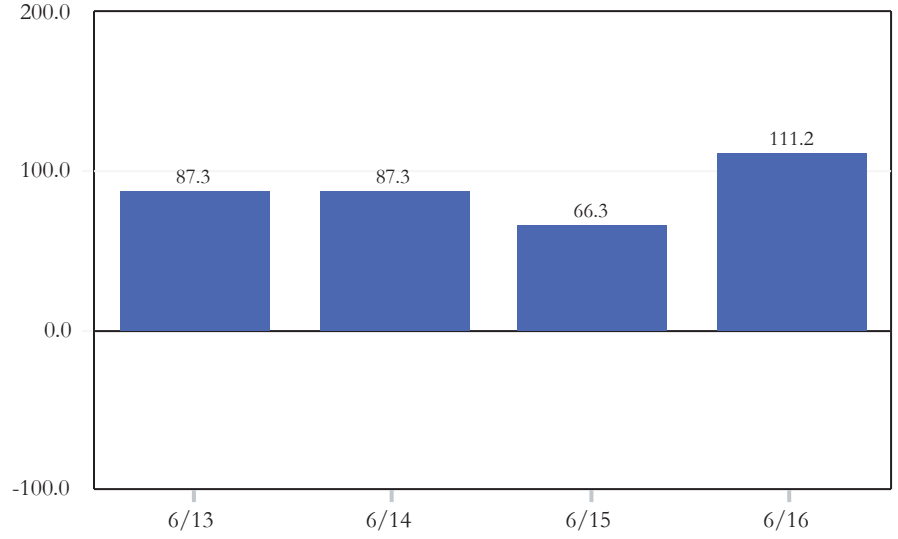
Beta



Up Market Capture



Down Market Capture



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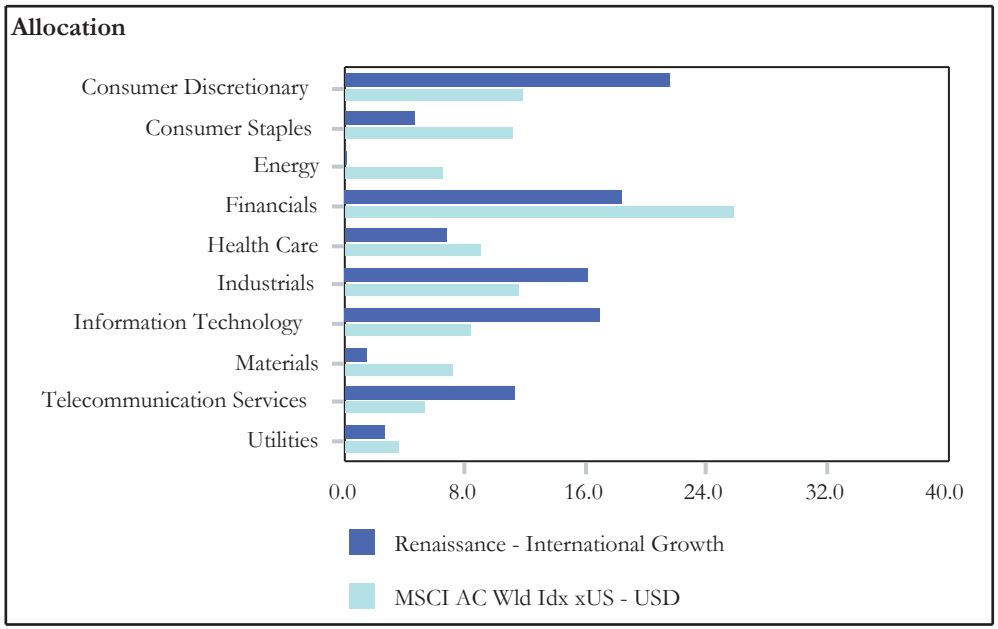
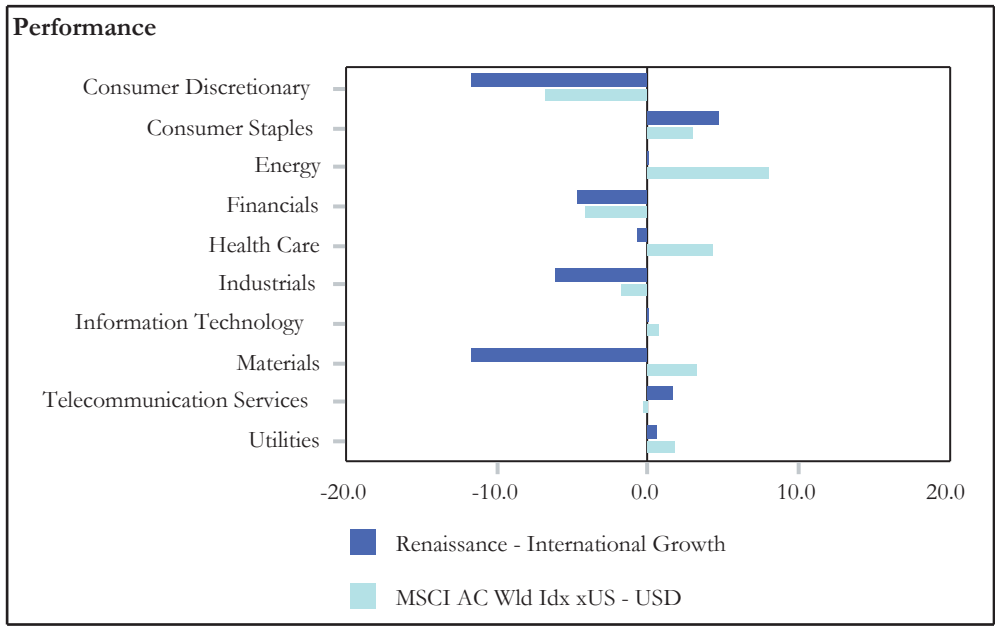
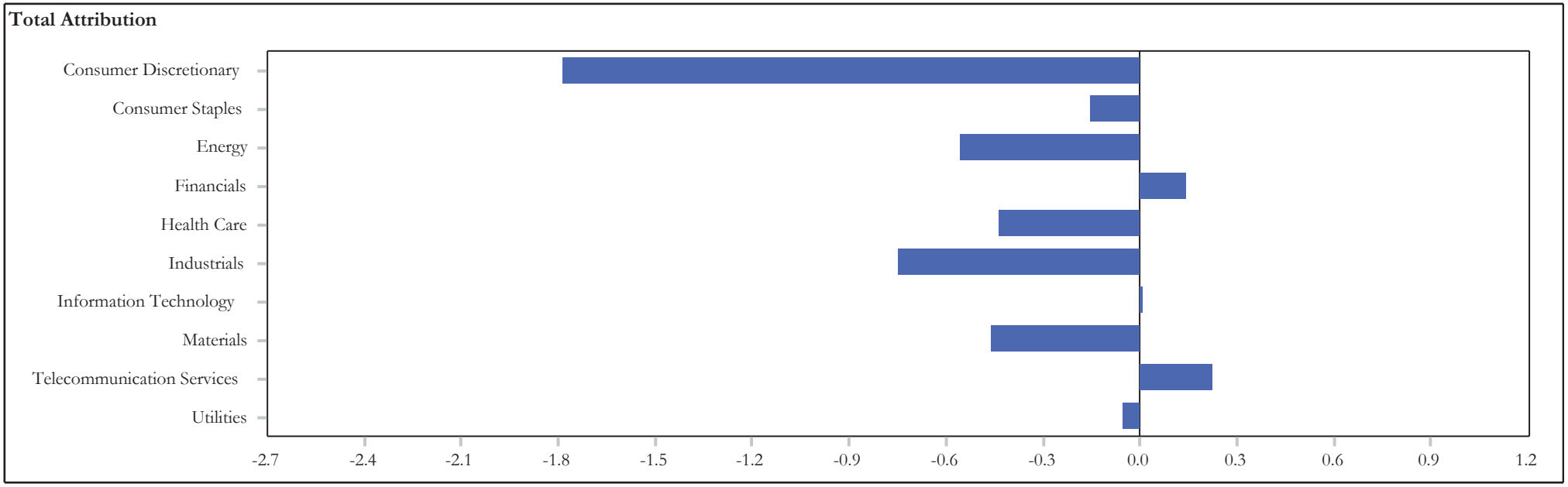
City of Ormond Beach

Renaissance - International Growth - Quarterly Performance Attributes

as of June 30, 2016







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City of Ormond Beach

Renaissance - International Growth - Quarterly Performance Attributes

as of June 30, 2016

	Allocation-04/01/2016		Performance - Quarter Ending June 30, 2016		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	Total
Consumer Discretionary	21.58	11.77	-11.61	-6.77	-0.67	-0.57	-0.55	-1.78
Consumer Staples	4.65	11.16	4.73	3.04	-0.23	0.18	-0.10	-0.15
Energy	0.00	6.55	0.00	8.14	-0.56	0.00	0.00	-0.56
Financials	18.46	25.79	-4.66	-4.06	0.22	-0.16	0.09	0.14
Health Care	6.82	8.96	-0.62	4.42	-0.12	-0.44	0.13	-0.44
Industrials	16.16	11.49	-6.10	-1.75	-0.06	-0.50	-0.19	-0.75
Information Technology	17.01	8.32	0.16	0.75	0.11	-0.05	-0.04	0.01
Materials	1.44	7.11	-11.65	3.31	-0.32	-0.46	0.32	-0.46
Telecommunication Services	11.28	5.31	1.71	-0.20	0.01	0.10	0.11	0.22
Utilities	2.61	3.55	0.70	1.83	-0.02	-0.04	0.01	-0.05
Total	100.00	100.00	-4.26	-0.45	-1.63	-1.94	-0.23	-3.81

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City of Ormond Beach

Renaissance - International Growth - Portfolio Characteristics

as of June 30, 2016

Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($000)	33,510,892.10	51,174,019.39
Median Mkt. Cap ($000)	16,821,191.58	6,713,996.71
Price/Earnings ratio	10.62	14.66
Price/Book ratio	2.26	2.26
5 Yr. EPS Growth Rate (%)	10.69	6.06
Current Yield (%)	2.48	3.36
Beta	N/A	1.00
Number of Stocks	54	1,859
Debt to Equity	0.80	1.15

Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Korea Electric Power Corp	2.65	0.08	2.57	0.70
Unilever PLC	2.64	0.37	2.27	6.90
Wipro Ltd	2.61	0.03	2.58	-1.75
Netease Inc	2.59	0.09	2.50	35.17
Validus Holdings Ltd	2.51	0.00	2.51	3.75
Techtronic Industries	2.51	0.03	2.48	6.00
Mitsubishi Electric Corp	2.51	0.14	2.37	12.20
Pandora AS	2.43	0.09	2.34	3.27
Check Point Software	2.38	0.06	2.32	-8.91
Kddi Corp	2.32	0.34	1.98	13.45
% of Portfolio	25.15	1.23		

Ten Best Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Netease Inc	2.59	0.09	2.50	35.17
Tata Motors Ltd	1.97	0.06	1.91	19.35
Kddi Corp	2.32	0.34	1.98	13.45
Mitsubishi Electric Corp	2.51	0.14	2.37	12.20
Nippon T&T	2.15	0.19	1.96	8.88
Shire PLC	1.74	0.34	1.40	7.09
Unilever PLC	2.64	0.37	2.27	6.90
Techtronic Industries	2.51	0.03	2.48	6.00
China Mobile Ltd	1.87	0.42	1.45	5.86
Arkema	2.05	0.03	2.02	4.67
% of Portfolio	22.35	2.01		

Ten Worst Performers

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Persimmon PLC	1.41	0.04	1.37	-35.45
ITV PLC	1.44	0.05	1.39	-26.59
Renault SA	1.86	0.09	1.77	-21.40
Ryanair Holdings PLC	1.90	0.01	1.89	-18.97
Magna International Inc.	2.15	0.08	2.07	-17.86
Carnival PLC	1.73	0.05	1.68	-16.93
Bridgestone Corp	1.78	0.12	1.66	-14.83
AerCap Holdings NV	1.85	0.03	1.82	-13.34
BT Group PLC	1.57	0.28	1.29	-13.19
Valeo SA	2.08	0.06	2.02	-12.24
% of Portfolio	17.77	0.81		

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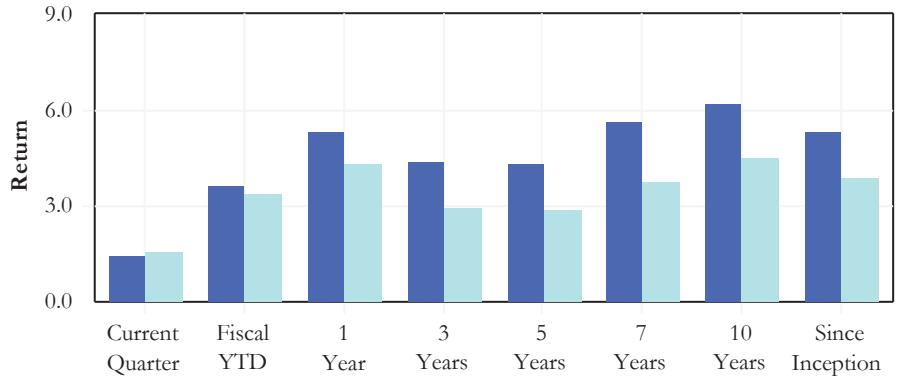
City of Ormond Beach

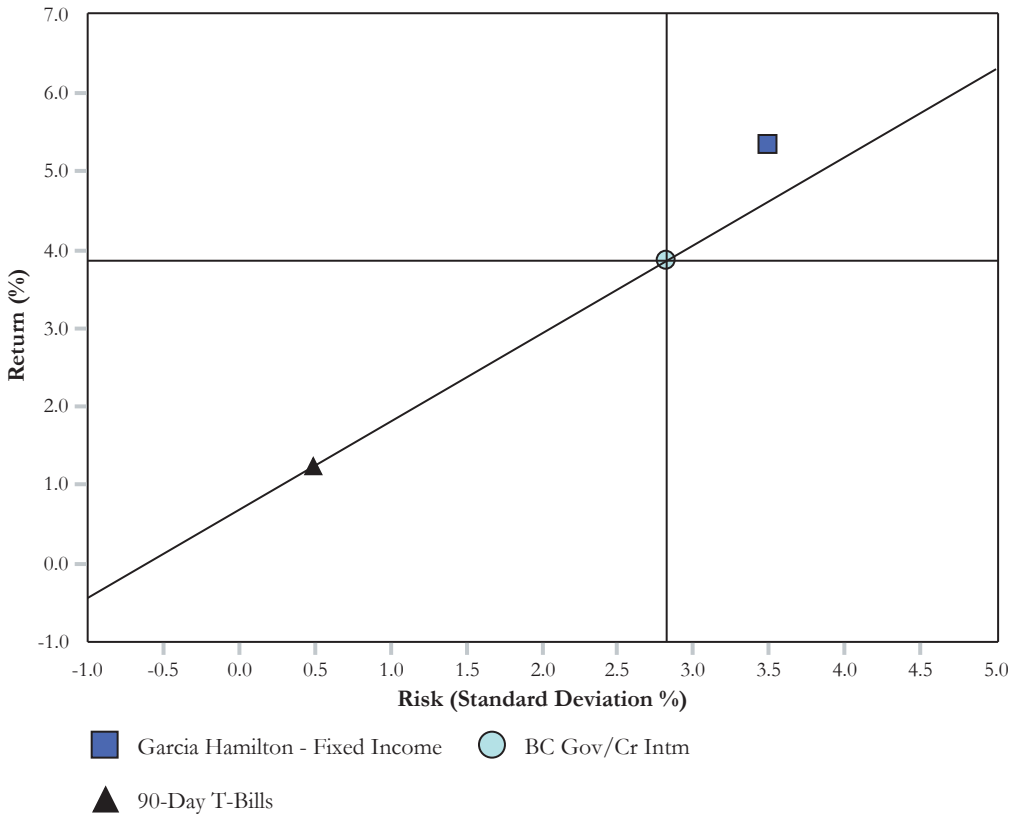
Garcia Hamilton - Fixed Income - Executive Summary

as of June 30, 2016

Manager Performance Chart



Manager Risk & Return



Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Garcia Hamilton - FI	1.45	3.63	5.34	4.34	4.33	5.63	6.19	5.34
BC Gov/Cr Intm	1.59	3.35	4.33	2.95	2.90	3.78	4.48	3.86
Differences	-0.14	0.28	1.01	1.39	1.43	1.85	1.71	1.48

Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception
Garcia Hamilton - FI								
Beginning Market Value	14,017	13,742	13,528	10,372	9,626	8,252	4,834	4,397
Net Contributions	-1	-3	-4	2,332	2,285	2,168	4,395	4,580
Fees/Expenses	-9	-26	-34	-95	-146	-191	-235	-279
Income	114	362	513	1,404	2,403	3,330	4,266	4,897
Gain/Loss	89	136	209	198	41	651	950	616
Ending Market Value	14,211	14,211	14,211	14,211	14,211	14,211	14,211	14,211

Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Market Capture	Down Market Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Garcia Hamilton - Fixed Income	5.34	3.49	0.93	-3.72	113.01	69.52	1.72	1.14	0.57	10/01/2003
BC Gov/Cr Intm	3.86	2.82	1.00	-4.05	100.00	100.00	0.00	0.91	1.00	10/01/2003

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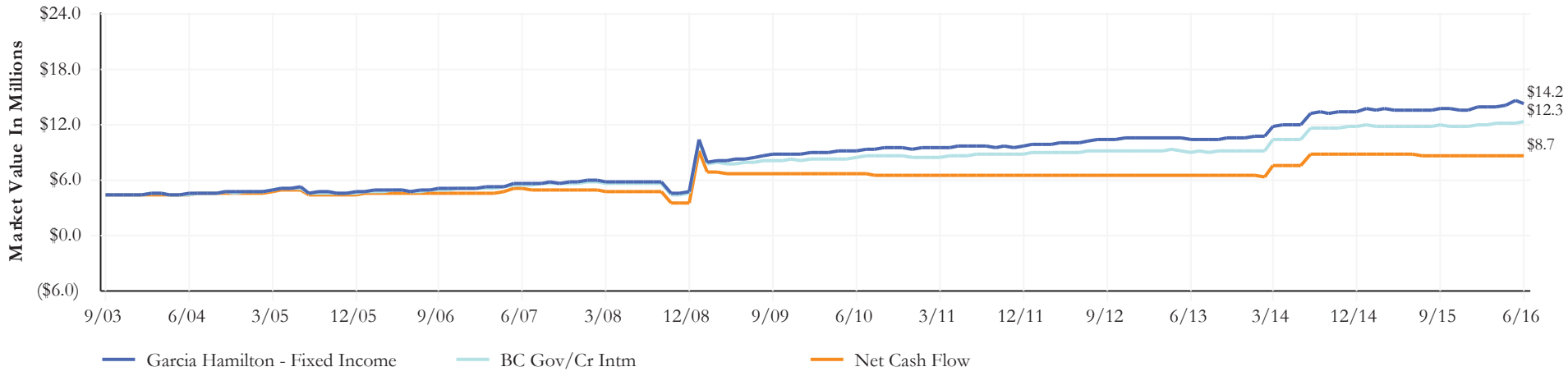
Garcia Hamilton - Fixed Income - Change in Assets & Distribution of Returns

as of June 30, 2016

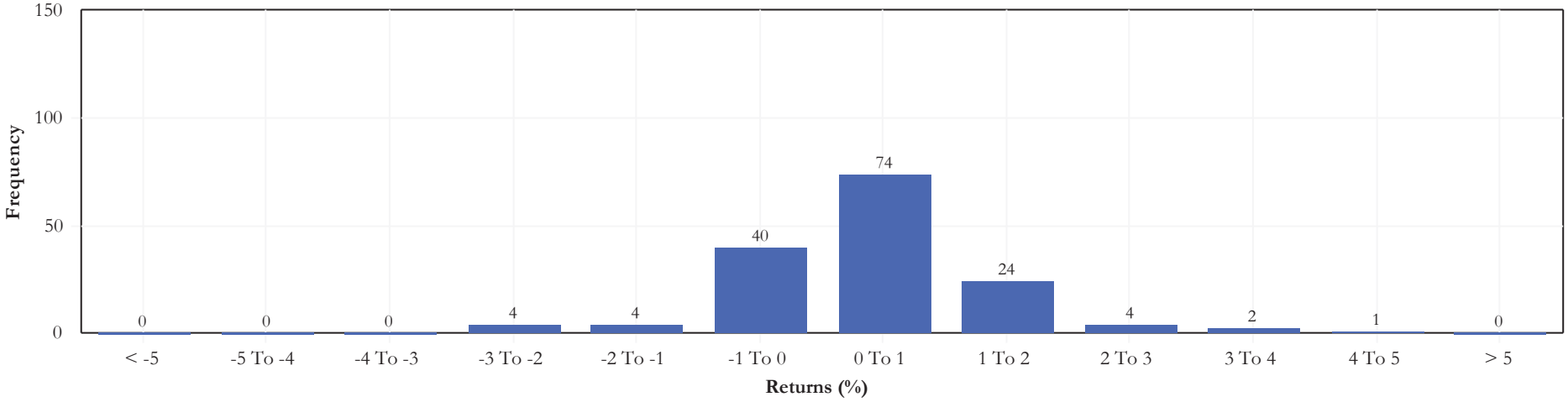
Historic Change in Assets



Quarterly Change in Assets

	Market Value As of 04/01/2016	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 06/30/2016
Garcia Hamilton - Fixed Income	14,017,221.39	-	7,814,484.81	-7,815,618.22	-8,760.27	-	203,245.96	14,210,573.67

Distribution of Returns



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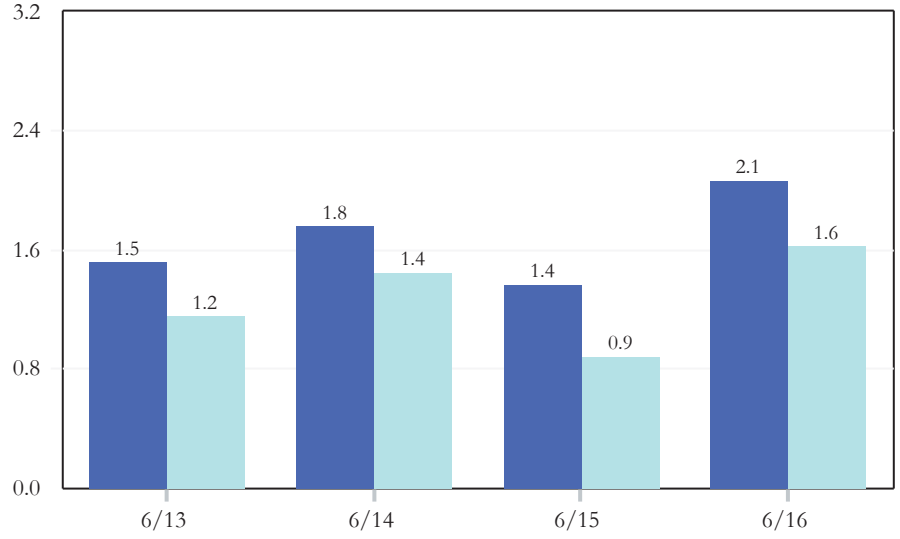
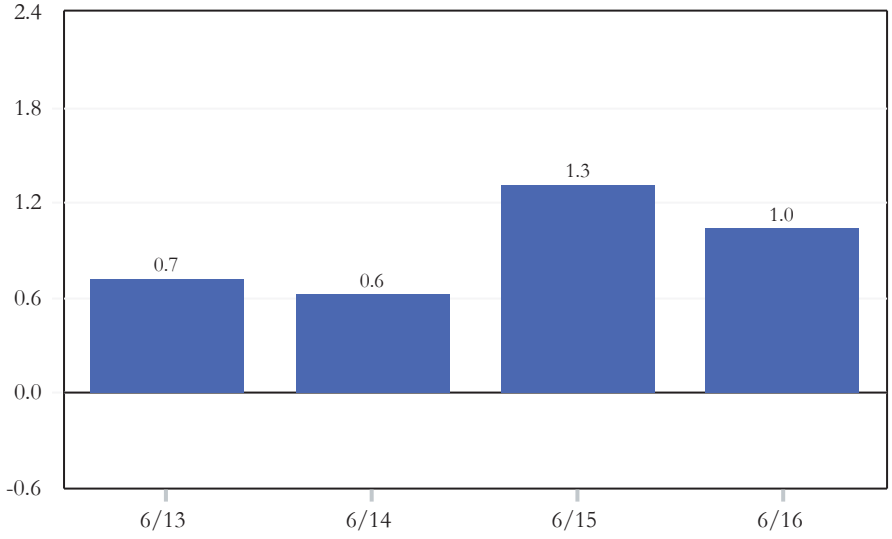
Garcia Hamilton - Fixed Income - Rolling Three Year MPT Statistics

as of June 30, 2016

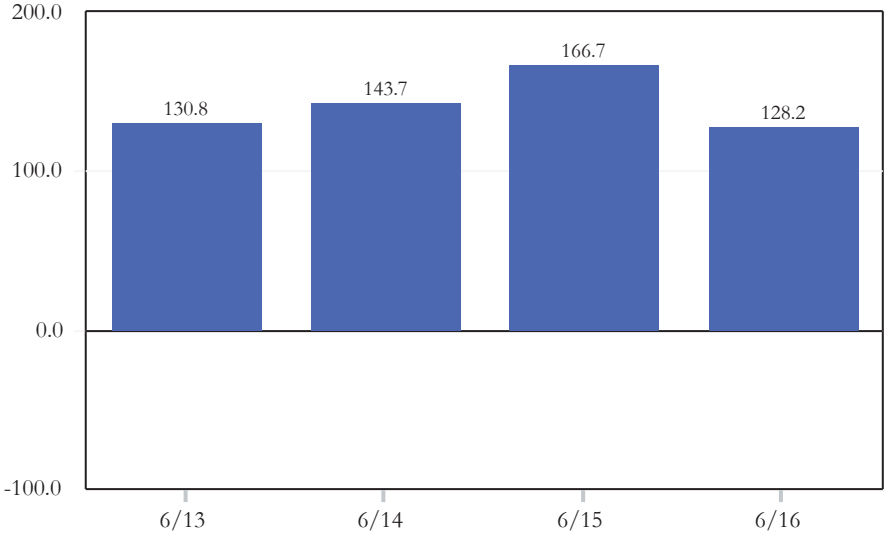
Sharpe Ratio



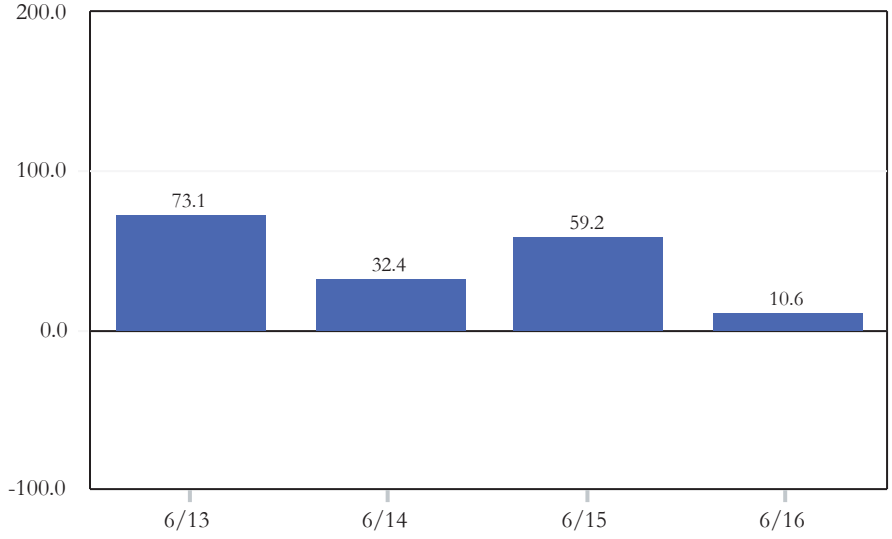
Beta



Up Market Capture



Down Market Capture



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Sources and Intent

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This Performance Report may show the consolidated performance of some, but not necessarily all, of your Morgan Stanley 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.

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 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. 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

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 will 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.

Inflation-protected securities' coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, inflation-protected securities tend to offer a low relative return. Because the return is linked to inflation, inflation-protected securities may significantly underperform versus conventional US Treasuries in times of low inflation.

Commodities

Investing in commodities entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention.

REITs

REITs' investing risks are similar to those associated with direct investments in real estate; lack of liquidity, limited diversification, and sensitivity to economic factors such as interest rate changes and market recessions.

Alternative Investments

Private investment fund performance data is provided for informational purposes only, in many instances based on estimated values. Valuations shown are as of the date indicated and do not include a value for any additional investments in the private investment fund that may have been made following the noted valuation date. These investments are generally illiquid and may not be currently priced, and the assigned values may not be realized upon the sale or ultimate disposition of the securities.
The performance data presented has been prepared by the fund or its sponsor. Graystone Consulting has not independently verified such information and is not responsible or liable for any mistake or miscalculation made by the fund or its sponsor, or for any loss, liability, claim, damage or expense arising out of such mistake or miscalculation.

Presentation of the private investment fund performance data is not an offer to sell or solicitation of an offer to buy any security or other interest in the fund and does not constitute investment advice with respect to investment in any security or other interest in the fund. The information regarding the fund should not be regarded as providing any assurance that the fund will continue to have the features, attributes and qualities described herein as of any subsequent date and may not be predictive of future results.

If you have any questions regarding these investments, please contact your Institutional Consultant.

Bond Average

Please note that all averages calculated are weighted averages meaning that the calculation takes into account the par value of each position. CMOs 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.

Rates of Return

The information contained in this document is subject to, and does not supersede the confirmations and account statements you receive from us. Values shown in your official account statement may differ from the values shown in this document due to, among other things, different reporting methods, delays, market conditions and interruptions. If there are discrepancies between your official account statement and this document, rely on your official account statement.

Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, and dividends, interest and income. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Please contact your Graystone Institutional Consultant for up to date performance information. Past performance is not a guarantee of future results.

Market values used for performance calculation do not include performance ineligible assets (if any) and thus may differ from asset allocation market values. Common examples of performance ineligible assets include life insurance and some annuities.

Unless otherwise indicated, performance is a composite calculation on the entire portfolio and may include assets for different investment advisory accounts included in this report. Performance results may blend the performance of assets and strategies that may not have been available in all of the accounts at all times during the reporting period. Accounts may also have moved from one advisory program to another (including from a discretionary program to a non-discretionary program).

Performance information may cover the full history of the account(s) or just the performance of an account(s) since the inception of the current program(s). Performance results on individual accounts will vary and may differ from the composite returns. Your Graystone Institutional Consultant can provide you with individual account portfolio composition and performance information.

Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 or applicable disclosure brochure for a full disclosure of fees and expenses. Your Graystone Institutional Consultant will provide those documents to you upon request.

The Inception Date shown is the Performance inception date, which does not necessarily correspond to the account opening date. Where multiple accounts are included in performance calculations, the inception date is the oldest performance inception. Performance data may not be available for all periods as some accounts included in performance may have more recent performance inception dates. Consequently, the actual performance for a group of accounts may differ from reported performance. Please ask your Graystone Institutional Consultant for the performance inception date(s) for each account.

Performance results depicted are net of any mutual fund and exchange traded fund internal management and other expenses, but gross of wrap fees and other investment management fees. Any other fees or expenses associated with the account (such as third party custodian or execution fees) may not have been deducted, for purposes of the performance calculation. Actual returns will be reduced by these fees and expenses.

As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, for an account with an initial value of $100,000 and a 2% annual fee, if the gross performance is 10% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 7.81% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately $133,100 without the fees and $125,307 with the fees.

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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