



City of Fort Walton Beach Beal Memorial Cemetery Perpetual Care Fund

Investment Performance Review Quarter Ended December 31, 2016

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Financial Markets Review

QUARTERLY MARKET SUMMARY

Market Index Performance

As of December 31, 2016

	QTD	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
DOMESTIC EQUITY								
S&P 500	3.82%	11.96%	11.96%	6.54%	8.87%	14.66%	12.83%	6.95%
Russell 3000 Index	4.21%	12.74%	12.74%	6.43%	8.43%	14.67%	12.92%	7.07%
Russell 1000 Value Index	6.68%	17.34%	17.34%	6.23%	8.59%	14.80%	12.72%	5.72%
Russell 1000 Growth Index	1.01%	7.08%	7.08%	6.37%	8.55%	14.50%	13.03%	8.33%
Russell Midcap Index	3.21%	13.80%	13.80%	5.37%	7.92%	14.72%	13.68%	7.86%
Russell 2500 Index	6.12%	17.59%	17.59%	6.85%	6.93%	14.54%	13.56%	7.69%
Russell 2000 Index	8.83%	21.31%	21.31%	7.68%	6.74%	14.46%	13.24%	7.07%
Russell 2000 Value Index	14.07%	31.74%	31.74%	10.41%	8.31%	15.07%	13.14%	6.26%
Russell 2000 Growth Index	3.57%	11.32%	11.32%	4.78%	5.05%	13.74%	13.23%	7.76%
INTERNATIONAL EQUITY								
MSCI EAFE (net)	-0.71%	1.00%	1.00%	0.09%	-1.60%	6.53%	3.81%	0.75%
MSCI AC World Index (net)	1.19%	7.86%	7.86%	2.62%	3.13%	9.36%	7.26%	3.56%
MSCI AC World ex USA (Net)	-1.25%	4.50%	4.50%	-0.71%	-1.78%	5.00%	2.93%	0.96%
MSCI AC World ex USA Small Cap (Net)	-3.52%	3.91%	3.91%	3.25%	0.77%	7.74%	5.78%	2.90%
MSCI EM (net)	-4.16%	11.19%	11.19%	-2.74%	-2.55%	1.28%	0.47%	1.84%
ALTERNATIVES								
FTSE NAREIT Equity REIT Index	-2.89%	8.52%	8.52%	5.82%	13.38%	12.01%	13.61%	5.08%
FTSE EPRA/NAREIT Developed Index	-5.39%	4.99%	4.99%	2.49%	6.78%	10.33%	9.22%	2.23%
Bloomberg Commodity Index Total Return	2.66%	11.74%	11.74%	-8.24%	-11.26%	-8.96%	-6.31%	-5.58%
FIXED INCOME								
Barclays Aggregate	-2.98%	2.65%	2.65%	1.59%	3.03%	2.23%	3.63%	4.34%
Barclays U.S. Government/Credit	-3.39%	3.05%	3.05%	1.59%	3.04%	2.29%	3.79%	4.40%
Barclays Intermediate U.S. Gov/Credit	-2.07%	2.08%	2.08%	1.57%	2.09%	1.85%	2.97%	3.84%
Barclays U.S. Treasury: 1-3 Year	-0.46%	0.86%	0.86%	0.71%	0.68%	0.57%	0.97%	2.13%
Barclays US Corp: High Yield	1.75%	17.13%	17.13%	5.78%	4.66%	7.36%	8.09%	7.45%
Credit Suisse Leveraged Loan index	2.25%	9.88%	9.88%	4.62%	3.76%	5.35%	5.48%	4.33%
BofA Merrill Lynch Global HY Constrained (0.46%	14.77%	14.77%	4.87%	3.19%	7.19%	7.43%	7.22%
Barclays Global Aggregate Ex USD	-10.26%	1.49%	1.49%	-2.34%	-2.59%	-1.39%	0.30%	2.44%
JPM EMBI Global Diversified	-4.02%	10.15%	10.15%	5.57%	6.19%	5.91%	7.00%	6.89%
CASH EQUIVALENT								
90 Day U.S. Treasury Bill	0.07%	0.25%	0.25%	0.14%	0.11%	0.09%	0.10%	0.77%

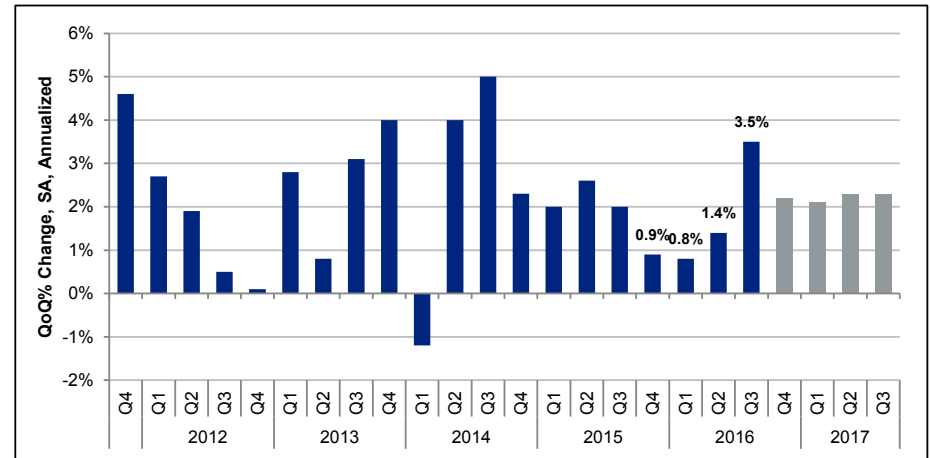
Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.



The Economy

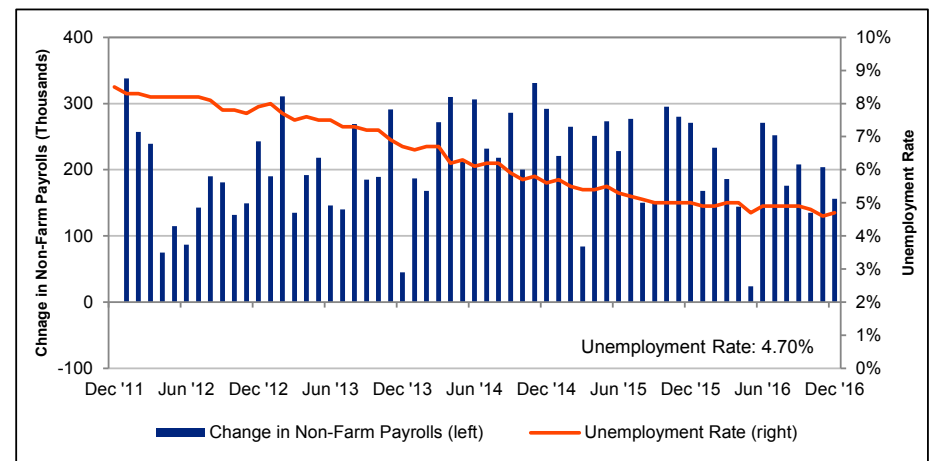
- U.S. gross domestic product (GDP) grew at an annualized rate of 3.5% in the third quarter, according to the Bureau of Economic Analysis' (BEA's) final estimate released in December 2016. (Fourth quarter data is not yet available.) This growth — the strongest in two years — saw positive contributions from both business investment and exports, while the consumer continued to drive the economy. Consumer spending, the largest contributor to GDP, added two percentage points to growth, and, according to the Conference Board, consumer confidence reached its highest level since December 2001.
- After five straight quarters of year-over-year (YoY) negative growth, corporate profitability growth turned positive in the third quarter, according to FactSet's latest release in December. Earnings for companies in the S&P 500 Index grew 3.1% over the third quarter of 2015. Early estimates place earnings growth at 3.2% for the fourth quarter — down from the 5.2% estimate at the start of the quarter.
- Following President-elect Donald Trump's unexpected election victory on November 8, markets reacted strongly to prospects of increased fiscal spending, decreased regulation and favorable tax cuts under the new administration. Despite a drop in equity futures in the hours following the election, equities rallied post-election with Financial, Telecom and Energy sectors particularly benefitting. Domestically-focused small-cap stocks and U.S. Treasury yields also rose following the election.
- A number of central banks made policy decisions during the third quarter. The Federal Reserve (Fed) raised its key interest rate in December by 25 basis points (bps) — its first rate hike in a year — while also signaling as many as three hikes to come in 2017. Meanwhile, the European Central Bank (ECB) announced a continuation of its asset-buying program, which was set to end in March 2017, to at least December 2017. However, the ECB also announced that the asset purchases of €80 billion a month will be reduced to €60 billion a month. ECB President Mario Draghi dismissed the idea of tapering and said that the ECB remains ready to adjust its asset-buying program as needed.
- On November 30, the Organization of the Petroleum Exporting Countries (OPEC) agreed to its first oil production cuts in eight years. The deal is expansive, with all 13 member countries as well as non-OPEC members, including Russia, agreeing. The agreement, which took effect January 1, will reduce crude oil output by approximately 1.2 million barrels a day in an effort to stimulate oil prices, which have fallen by more than half since mid-2014 due to a supply glut. Prices rose sharply following OPEC's announcement and remained steady through December. The efficacy of the deal is in contention given that historically, OPEC nations have not abided by agreements.

U.S. Real GDP Growth
(Seasonally Adjusted)



Source: Bureau of Economic Analysis. Dark blue bars indicate actual numbers; gray bars indicate forecasted estimates.

Change in Non-Farm Payrolls



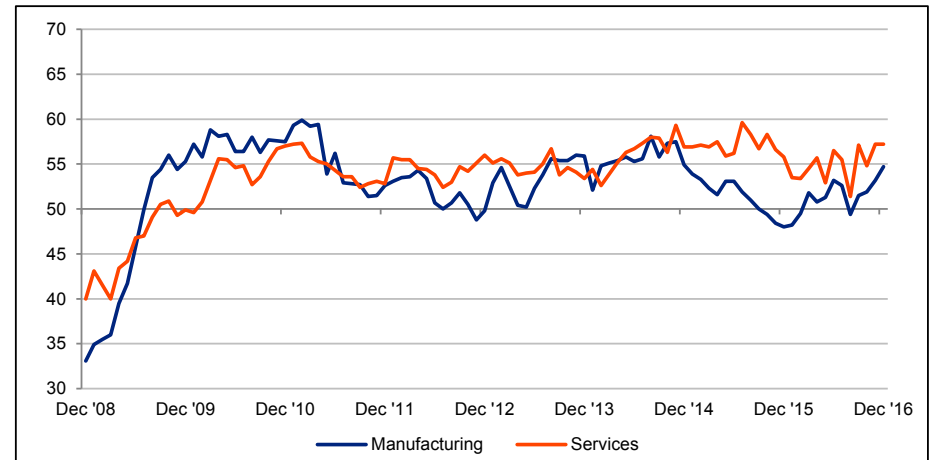
Source: Bureau of Labor Statistics.



What We're Watching

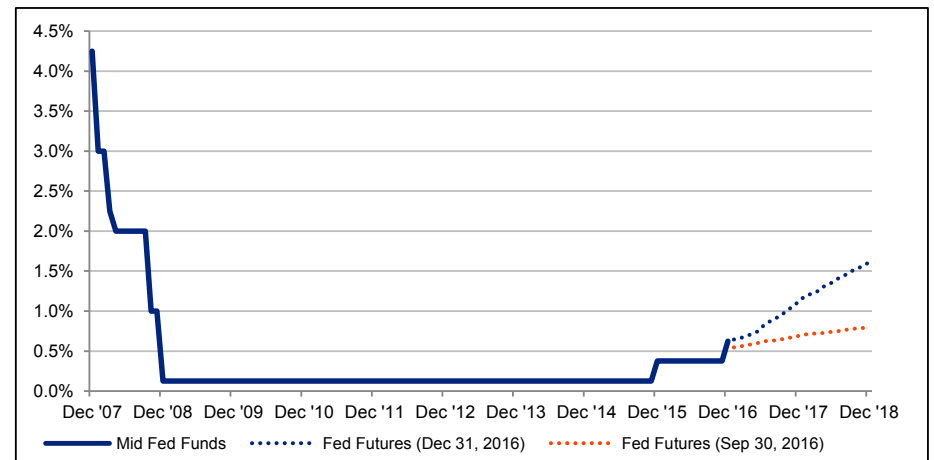
- Although the Fed signaled that it expects two or three interest rate hikes in 2017, as economic data continues to come in and the Trump administration's policies take shape, the Fed's plans could change. Markets are currently on board with the Fed's two or three hikes for 2017, but that could change, just as it did last year. At this time, markets are not pricing in a hike during the first quarter and will instead look for economic forecasts and policy guidance from Fed meetings.
- During the fourth quarter of 2016, the manufacturing sector continued to gain momentum despite headwinds faced by a stronger dollar, while the services sector remained expansionary following a downtick in the third quarter. The sustainability of the manufacturing uptick depends on favorable tax, regulatory and international trade policies under Trump, who has promised to increase jobs within the U.S. manufacturing sector. However, with talks of renegotiating trade deals and a possible trade war, manufacturing may or may not remain expansionary, which will have implications for the level of growth of the aggregate economy.
- Although equity markets have rallied since Trump's election victory, questions remain as to whether the rally will last. The prospect of stronger economic growth resulting from Trump's bevy of proposed policies has given markets a boost. However, following his January 20 inauguration, markets will be closely watching his rhetoric and temperament during his first few months in office. Indications of political uncertainty could have negative effects, while the continued prospect of economically stimulating policies may extend the rally.
- Europe's political environment is set to continue on its current tumultuous path in 2017. Theresa May, the United Kingdom's (UK's) prime minister, won the backing of UK lawmakers to formally initiate Brexit — Britain's exit from the European Union (EU) — in March 2017 provided she gives Parliament an opportunity to review her final plan. While the formal Brexit process may take years to be finalized, the plan will provide insight into how this unprecedented process will take shape. Additionally, the Netherlands is set to hold elections in March, with polls showing a tight race between the ruling party and the far-right, anti-EU party. Similar elections in France and Germany will follow in 2017 with the potential for Italy to possibly follow suit. Further political uncertainty in Europe could prove detrimental to developed international markets, and PFM Asset Management (PFMAM) will keep a close eye on developments.

ISM Manufacturing & Services PMI



Source: Bloomberg.

Fed Funds Target Rate



Source: Bloomberg.

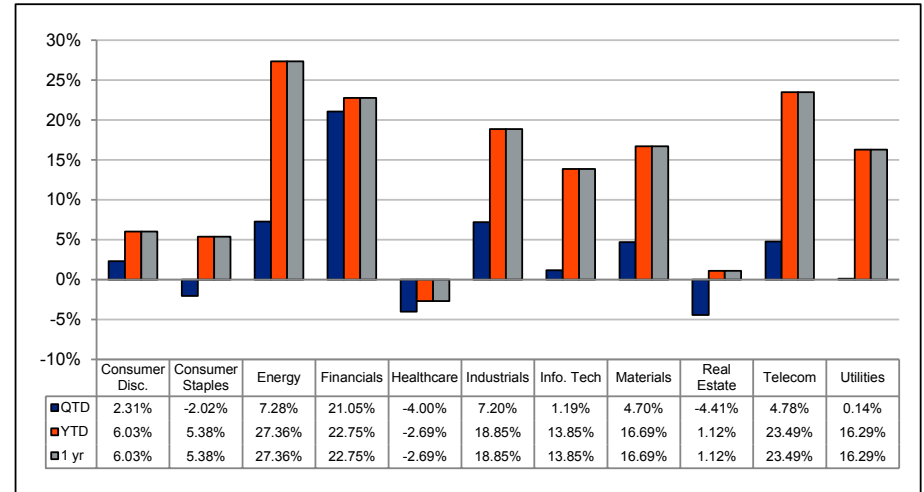


Domestic Equity

- Equity markets — as represented by the S&P 500 Index — rose 3.8% in the fourth quarter. But markets told two different stories, with the inflection point occurring on election night. Leading up to November 8, markets were down -1.1% for the quarter due to uncertainty surrounding the pending election. In the hours immediately following Trump’s surprise victory, equity futures sold off sharply before rebounding overnight. Equity markets rallied for the rest of the fourth quarter, with the S&P 500 rising 5.0% from November 9 to year-end as the market responded favorably to Trump’s promised tax cuts and reform, increased infrastructure spending, and regulatory reform.
- Just two S&P 500 sectors failed to finish the fourth quarter in the black. The Financial sector, the largest beneficiary of the Trump rally, jumped 21.1% during the quarter and ended the year with a strong 22.8% return. The Energy sector had the second-best fourth-quarter performance, rising 7.3% for the quarter, and finished the year as 2016’s top-performing sector, with a return of 27.4%. During its first full quarter as an official GICS® sector, Real Estate declined -4.4%, making it the fourth quarter’s weakest sector. Healthcare was the only sector to fall into the red for the year, dropping -2.7% on the year in part due to Trump’s well-publicized criticisms of the current healthcare system and uncertainty surrounding the pending repeal of Obamacare.
- Small-cap stocks, as represented by the Russell 2000 Index, continued their strong performance in the fourth quarter, outperforming large-caps (Russell 1000 Index) and mid-caps (Russell Mid Cap Index) for the third consecutive quarter. Small-caps rose 8.8% on the quarter, pushing their 2016 return up to 21.3%. Large- and mid-cap stocks also experienced a solid fourth quarter, rising 3.8% and 3.2% respectively. Mid-caps slightly outperformed large-caps for the year.
- Value-oriented stocks outpaced growth-oriented stocks across all market capitalizations in the fourth quarter, reversing course from the third quarter. The difference was greatest within small-caps, as value returned 14.1% while growth returned 3.6%.

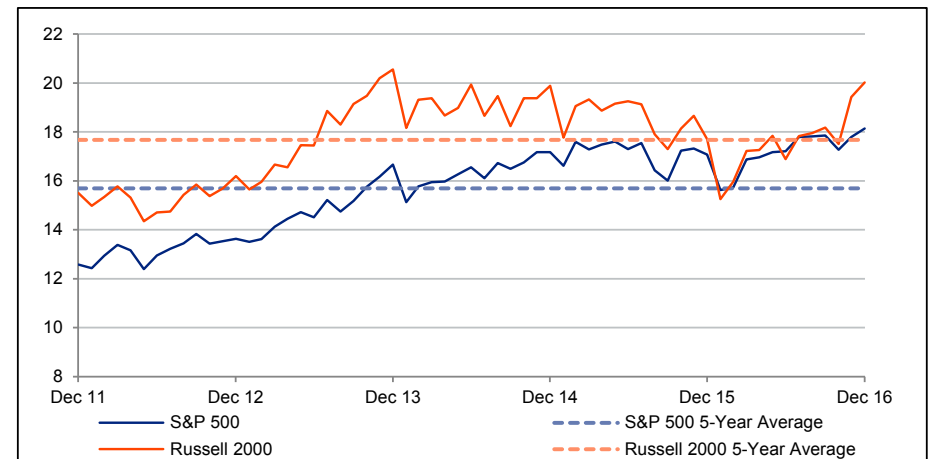
S&P 500 Index Performance by Sector

Periods Ended December 31, 2016



Source: Standard & Poor’s.

P/E Ratios of Major Stock Indices*



Source: Bloomberg.

*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

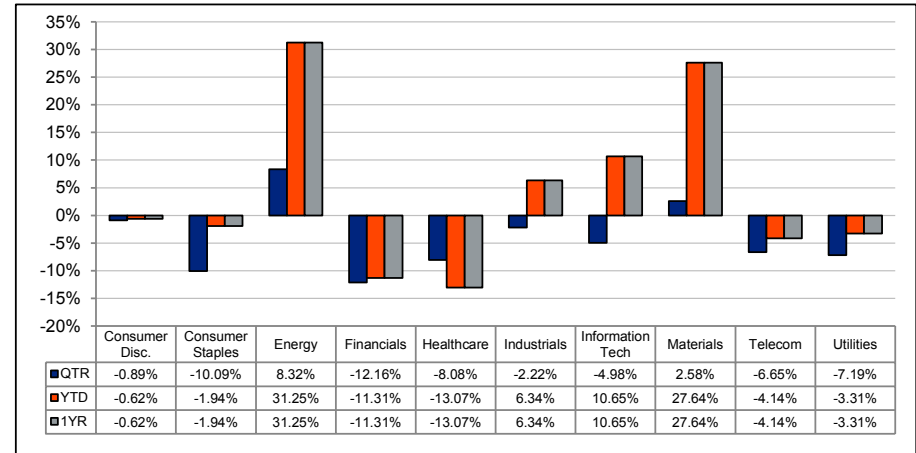


Non-U.S. Equity

- Developed markets outside of North America, as measured by the MSCI EAFE Index, fell -0.7% in the fourth quarter as a strong gain in December could not offset two previous monthly declines. The index ended 2016 up just 1.0%. Performance throughout the fourth quarter and 2016 was mixed, with periods of gains and declines, as investors weighed everything from slowing global growth and geopolitical concerns to increased central bank stimulus and attractive relative valuations. Within developed markets, individual country performance was also mixed. Despite the country’s political uncertainty, Italy led the way on the quarter (10.8%) with a strong December return as investors bought beaten-down stocks following the expected failure of the Italian referendum on constitutional changes. Belgium (-11.8%) had the worst fourth-quarter performance, and Israel (-11.3% for the quarter) was 2016’s biggest laggard (-24.9%).
- Emerging markets (EM) gave back some of the third quarter’s strong gains as investors grew concerned about the stability of the asset class due to a stronger dollar and Trump’s proposed trade policies. The MSCI EM Index fell -4.2% during the fourth quarter but finished the year up 11.2%. EM country performance was mixed. Russia, one of the top performers of 2016, gained the most in the fourth quarter, rising 18.6% amidst the prospects of higher oil prices and better relations with the U.S. Egypt (-23.3%) was the biggest laggard in the fourth quarter, more than offsetting strong third-quarter gains.
- Within the MSCI All Country World Index (ACWI) ex-U.S., which includes both developed and EM countries, sector performance was mostly negative. Consumer staples (-10.1%) saw the biggest fourth-quarter decline, followed by Healthcare (-8.1%), the year’s biggest laggard (-13.1%). Energy was the top performer of the quarter (8.3%) and year (31.3%). Financials also saw strong gains in the fourth quarter (6.8%), followed by Healthcare (2.6%), the year’s second strongest performer (27.6%).
- In both developed and emerging markets, large-cap stocks outperformed small-cap stocks, and value outperformed growth for the fourth quarter.

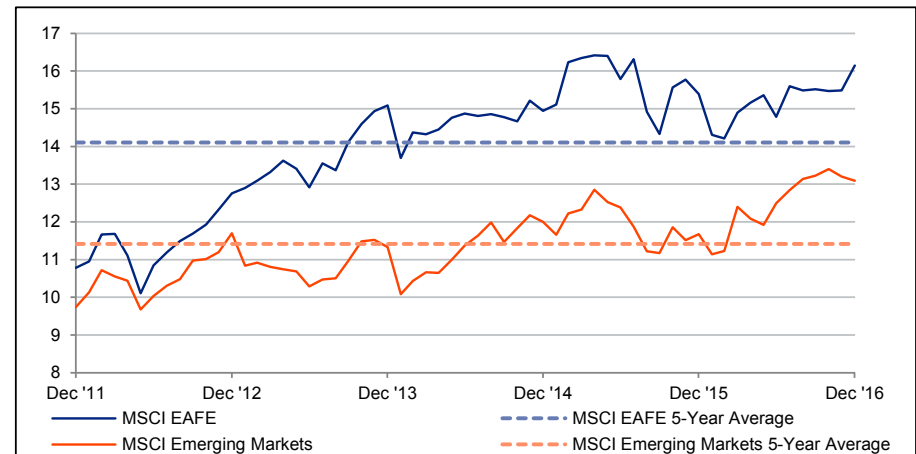
MSCI ACWI ex-U.S. Sectors

Periods Ended December 31, 2016



Source: MSCI.

P/E Ratios of MSCI Equity Indices*



Source: Bloomberg.

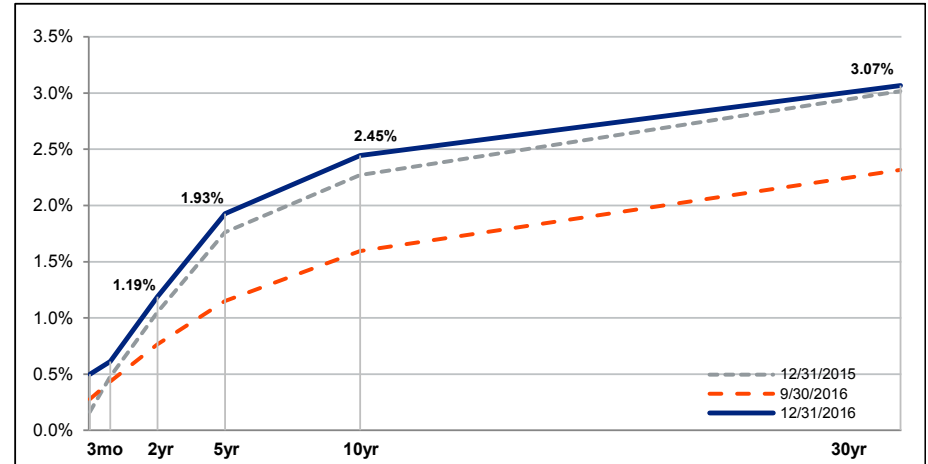
*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.



Fixed Income

- After experiencing declining yields for the first two quarters of the year, yields amongst all U.S. Treasury tenors picked up once again for the second consecutive quarter while the curve also steepened. Although yields rose during all three months of the fourth quarter, most of the sell-off was felt in the weeks following Trump’s election victory. Yield increases were significant in the intermediate portion of the curve, with the 7-year rising 82 bps and the 10-year rising 85 bps. Despite all of 2016’s yield movements, the curve ended the year only slightly higher than at the beginning of the year, with most tenors pushing up a mostly-uniform 15 and 20 bps for the year. The one exception was the 3-month Treasury bill (T-Bill), which rose 34 bps, largely driven by the Fed’s decision to raise its target rate by 25 bps in December.
- Following a strong first half of the year, investment grade fixed income returns were negative for the fourth quarter as interest rates rose. The Bloomberg Barclays U.S. Aggregate Index fell -3.0% on the quarter while the Bloomberg Barclays U.S. Universal Bond Index (which includes high yield and other allocations) fell a slightly lower -2.6%. Investment-grade credit within the Aggregate also fell -3.0%, and there was no discernable tilt among the different credit rating categories within it.
- On the speculative side of the credit spectrum, high yield — represented by the Bloomberg Barclays U.S. Corporate High Yield Index — rose a strong 1.8% during the quarter as high yield credit spreads continued to tighten, reaching low levels from 2014. As this trend continued from February 2016, high yield finished the year with a strong 17.1% return.
- The fixed-rate mortgage market, as measured by the Bloomberg Barclays U.S. Mortgage-Backed Securities (MBS) Index, fell -2.0% in the fourth quarter while the Bloomberg Barclays U.S. CMBS Index (measuring commercial MBS) fell 2.9%.
- U.S. Dollar (USD)-denominated EM debt fell -2.6% on the quarter, as measured by the Bloomberg Barclays EM USD Aggregate Index.

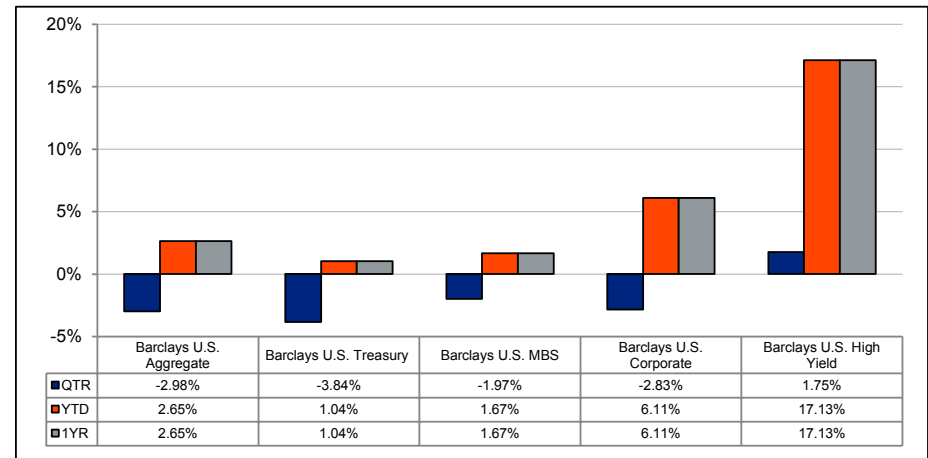
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended December 31, 2016



Source: Bloomberg.

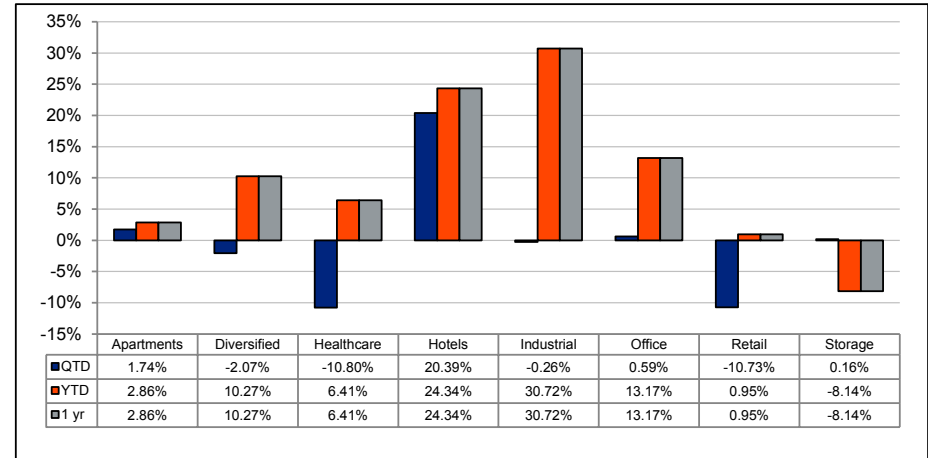


Alternatives

- U.S. Real Estate Investment Trusts (REITs), as measured by the FTSE NAREIT Equity REIT Index, declined for the second consecutive quarter, falling -2.9%. The third-quarter REIT sell-off continued through October and November as concerns over rising interest rates and stretched valuations persisted. But the sell-off ended in December with investors finding opportunities amongst lower valuations. A strong December performance helped REITs finish the year with a solid 8.5% gain. Major property sector performance was mixed. Healthcare (-10.8%) was the biggest fourth-quarter laggard, followed by Retail (-10.7%). After struggling early in the year, Hotel REITs bounced back in the fourth quarter with a gain of 20.4%. All property types ended 2016 in the black with the exception of Self-Storage (-8.1% for the year). The Industrial sector, which pundits are calling the “new retail,” was the year’s top REIT performer, gaining 30.7%.
- Private real estate, as measured by the NCREIF Index of 7,371 commercial properties nationwide, increased 1.77% during the third quarter. (Fourth quarter data is not yet available.) The 2016 trend continued as income growth of 1.2% outpaced a value appreciation of 0.6%.
- Commodities were positive in the fourth quarter, continuing the trend from the first half of the year. Following a negative third quarter, the Bloomberg Commodity Index of 19 raw materials futures increased 2.6% during the last quarter of the year, aided by stabilizing oil prices. Commodities gained 11.4% in 2016, ending a five-year bear market. Commodity-related equities, as measured by the S&P North American Natural Resources Sector Index, rose 5.2% during the quarter. The index ended the year with an outsized 30.9% return.
- Hedge funds rose 1.3% (preliminary) during the fourth quarter. After three consecutive quarters of gains, the HFRI Fund Weighted Composite Index, a global index of more than 2,000 hedge funds, ended the year up 5.6%.
- Private equity fundraising remained strong in 2016. (Individual fourth quarter data is not yet available). According to Preqin, 807 funds closed during the year. While this number is down significantly from previous years, aggregate capital raised grew to \$345 billion. In addition, private equity funds have become more successful in their fundraising efforts, with just 25% of funds that closed in 2016 failing to reach their target size — down from 41% in 2012. Funds in market continued to climb, from 1,630 at the start of the year to a record 1,835 vehicles seeking investment by year’s end. At the same time, dry powder (cash that has yet to be invested) of private capital asset classes (equity, debt, natural resources, etc.) rose during 2016 to reach \$1.47 trillion across the industry.

FTSE NAREIT Sectors

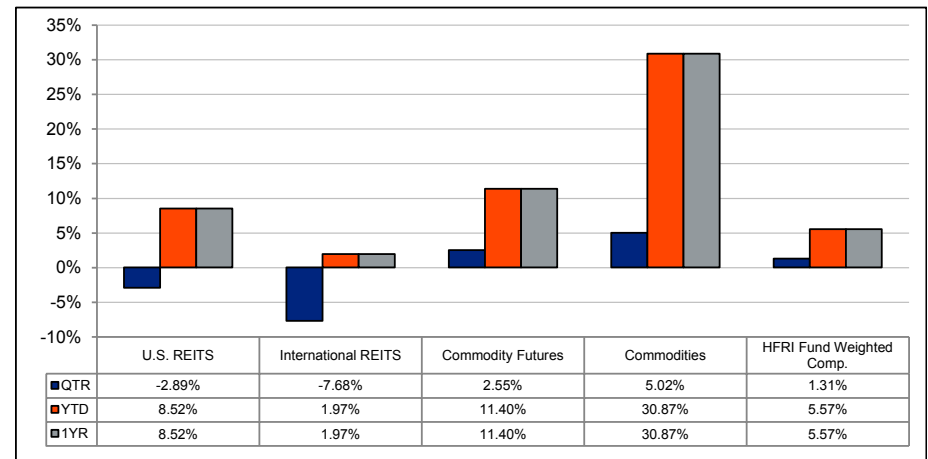
Quarter Ended December 31, 2016



Source: Bloomberg.

Returns for Alternative Assets

Periods Ended December 31, 2016



Sources: Bloomberg and Hedge Fund Research, Inc.



QUARTERLY MARKET SUMMARY

PFMAM Investment Strategy Overview
For the First Quarter 2017

Asset Class	PFMAM Investment Preference	Comments
U.S. Equities	Large Caps	<ul style="list-style-type: none"> • While uncertainties remain, domestic equities should fair well with continued corporate profit growth and improving economic expansion under the new presidential administration. However, expensive valuations are a headwind. • Small cap companies are more insulated from risks abroad and should benefit more from domestic growth.
	Small Caps	
Non-U.S. Equities	Developed Markets	<ul style="list-style-type: none"> • Political uncertainty clouding developed markets will likely persist along with slow growth, putting downward pressure on equity returns. Accommodative central bank activity may offset some of this, however, questions exist about their marginal effectiveness. • Emerging market equities are threatened by deteriorating fundamentals, rising interest rates, and a stronger dollar. However, cheaper valuations as well as a rebound in commodity prices may continue to provide a tailwind.
	Non-U.S. Small Caps	
	Emerging Markets	
Fixed Income	Long Duration, Interest-Rate-Sensitive Sectors	<ul style="list-style-type: none"> • Interest rates are beginning to pick up and Fed tightening may accelerate in 2017. • In a growing economy, credit-sensitive sub-asset classes remains an area to capture extra yield.
	Credit-Sensitive Sectors	
Real Estate		<ul style="list-style-type: none"> • Real estate returns will moderate as valuations and interest rates rise. Still, a healthy economy and modest fundamentals will support growth of net operating income.
Alternatives	Hedge Funds	<ul style="list-style-type: none"> • Due to rising assets under management and the proliferation of hedge funds and private equity funds, alternatives are unlikely to significantly outperform publicly traded markets.
	Private Equity	

Please refer to the last page of this document for important disclosures. Blue bars represent our current outlook, while gray bars reflect our outlook one year ago.

■ Current outlook ■ Outlook one year ago



Disclosures

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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Plan Performance Summary

Asset Allocation & Performance
City of Fort Walton Beach Beal Memorial Cemetery Fund
As of December 31, 2016

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	2016	Jan-2016 To Dec-2016	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Fund	2,448,055	100.00	0.11	6.46	6.46	6.46	N/A	N/A	3.63	02/01/2015
<i>Blended Benchmark</i>			<i>0.20</i>	<i>7.10</i>	<i>7.10</i>	<i>7.10</i>	<i>N/A</i>	<i>N/A</i>	<i>2.99</i>	<i>02/01/2015</i>
Domestic Equity										
Vanguard Total Stock Market Index	857,074	35.01	4.12	12.66	12.66	12.66	8.38	14.62	8.21	02/01/2015
<i>Russell 3000 Index</i>			<i>4.21</i>	<i>12.74</i>	<i>12.74</i>	<i>12.74</i>	<i>8.43</i>	<i>14.67</i>	<i>8.30</i>	<i>02/01/2015</i>
T. Rowe Price Dividend Growth	82,140	3.36	2.20	11.62	11.62	11.62	8.68	13.95	1.28	12/01/2016
<i>S&P 500</i>			<i>3.82</i>	<i>11.96</i>	<i>11.96</i>	<i>11.96</i>	<i>8.87</i>	<i>14.66</i>	<i>1.98</i>	<i>12/01/2016</i>
Vanguard Small Cap Index	109,890	4.49	6.10	18.30	18.30	18.30	7.01	14.83	6.10	10/01/2016
<i>Russell 2000 Index</i>			<i>8.83</i>	<i>21.31</i>	<i>21.31</i>	<i>21.31</i>	<i>6.74</i>	<i>14.46</i>	<i>8.83</i>	<i>10/01/2016</i>
International Equity										
Vanguard Total International Stock Index	110,797	4.53	-1.93	4.67	4.67	4.67	-1.34	5.50	-1.93	10/01/2016
<i>MSCI AC World ex USA (Net)</i>			<i>-1.25</i>	<i>4.50</i>	<i>4.50</i>	<i>4.50</i>	<i>-1.78</i>	<i>5.00</i>	<i>-1.25</i>	<i>10/01/2016</i>
Vanguard International Value	90,066	3.68	-1.11	4.46	4.46	4.46	-3.03	6.01	2.41	05/01/2016
<i>MSCI AC World ex USA (Net)</i>			<i>-1.25</i>	<i>4.50</i>	<i>4.50</i>	<i>4.50</i>	<i>-1.78</i>	<i>5.00</i>	<i>2.20</i>	<i>05/01/2016</i>
J. O. Hambro International Select	109,309	4.47	-6.25	5.20	5.20	5.20	2.07	11.16	5.20	01/01/2016
<i>MSCI AC World ex USA (Net)</i>			<i>-1.25</i>	<i>4.50</i>	<i>4.50</i>	<i>4.50</i>	<i>-1.78</i>	<i>5.00</i>	<i>4.50</i>	<i>01/01/2016</i>
Oppenheimer International Small-Mid Company	52,134	2.13	-5.29	-0.24	-0.24	-0.24	4.86	15.59	4.40	04/01/2015
<i>MSCI AC World ex USA Smid Cap Index (Net)</i>			<i>-3.41</i>	<i>3.57</i>	<i>3.57</i>	<i>3.57</i>	<i>0.29</i>	<i>6.99</i>	<i>0.00</i>	<i>04/01/2015</i>
Real Estate Investment Trusts										
Vanguard REIT Index	98,383	4.02	-2.97	8.50	8.50	8.50	13.13	11.78	2.09	04/01/2016
<i>MSCI US REIT Index</i>			<i>-2.96</i>	<i>8.60</i>	<i>8.60</i>	<i>8.60</i>	<i>13.23</i>	<i>11.87</i>	<i>2.15</i>	<i>04/01/2016</i>

Returns are net of fees.
Returns are expressed as percentages.
Blended Benchmark: See historical hybrid composition page for details.



Asset Allocation & Performance
City of Fort Walton Beach Beal Memorial Cemetery Fund
As of December 31, 2016

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	2016	Jan-2016 To Dec-2016	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income										
Metropolitan West Total Return	230,701	9.42	-2.64	2.46	2.46	2.46	2.88	4.07	0.45	02/01/2015
Baird Core Plus	307,566	12.56	-2.37	4.73	4.73	4.73	3.78	3.55	1.43	02/01/2015
<i>Blmbg. Barc. U.S. Aggregate</i>			-2.98	2.65	2.65	2.65	3.03	2.23	0.57	02/01/2015
Vanguard Interm-Term Invest. Grade	306,710	12.53	-2.96	3.93	3.93	3.93	3.81	3.83	1.53	02/01/2015
<i>Blmbg. Barc. U.S. Credit 5-10 Year Index</i>			-3.28	5.23	5.23	5.23	4.39	4.39	1.53	02/01/2015
Vanguard High Yield Corporate	85,404	3.49	0.78	11.30	11.30	11.30	4.77	6.62	8.78	04/01/2016
<i>Blmbg. Barc. U.S. Corp: High Yield</i>			1.75	17.13	17.13	17.13	4.66	7.36	13.33	04/01/2016
First American Gov't Obligation - Z	7,883	0.32	0.07	0.23	0.23	0.23	0.08	0.05	0.09	09/01/2016

Returns are net of fees.
Returns are expressed as percentages.
Blended Benchmark: See historical hybrid composition page for details.



Comparative Performance
City of Fort Walton Beach Beal Memorial Cemetery Fund
As of December 31, 2016

	2015	2014	2013	2012	2011
Total Fund	N/A	N/A	N/A	N/A	N/A
<i>Blended Benchmark</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>
Domestic Equity					
Vanguard Total Stock Market Index	0.39	12.56	33.52	16.38	1.08
<i>Russell 3000 Index</i>	<i>0.48</i>	<i>12.56</i>	<i>33.55</i>	<i>16.42</i>	<i>1.03</i>
T. Rowe Price Dividend Growth	2.36	12.34	30.35	14.85	3.53
<i>S&P 500</i>	<i>1.38</i>	<i>13.69</i>	<i>32.39</i>	<i>16.00</i>	<i>2.11</i>
Vanguard Small Cap Index	-3.64	7.50	37.81	18.24	-2.69
<i>Russell 2000 Index</i>	<i>-4.41</i>	<i>4.89</i>	<i>38.82</i>	<i>16.35</i>	<i>-4.18</i>
International Equity					
Vanguard Total International Stock Index	-4.26	-4.17	15.14	18.21	-14.52
Vanguard International Value	-6.44	-6.69	22.15	20.18	-14.58
J. O. Hambro International Select	-4.05	5.35	38.21	15.48	-15.24
<i>MSCI AC World ex USA (Net)</i>	<i>-5.66</i>	<i>-3.87</i>	<i>15.29</i>	<i>16.83</i>	<i>-13.71</i>
Oppenheimer International Small-Mid Company	15.15	0.38	45.26	23.17	-20.08
<i>MSCI AC World ex USA Smid Cap Index (Net)</i>	<i>0.44</i>	<i>-3.05</i>	<i>17.79</i>	<i>17.98</i>	<i>-16.90</i>
Real Estate Investment Trusts					
Vanguard REIT Index	2.39	30.32	2.42	17.69	8.62
<i>MSCI US REIT Index</i>	<i>2.52</i>	<i>30.38</i>	<i>2.47</i>	<i>17.78</i>	<i>8.68</i>
Fixed Income					
Metropolitan West Total Return	0.29	5.99	0.50	11.55	5.52
Baird Core Plus	0.14	6.59	-1.32	7.95	7.89
<i>Blmbg. Barc. U.S. Aggregate</i>	<i>0.55</i>	<i>5.97</i>	<i>-2.02</i>	<i>4.21</i>	<i>7.84</i>
Vanguard Interm-Term Invest. Grade	1.63	5.91	-1.27	9.25	7.63
<i>Blmbg. Barc. U.S. Credit 5-10 Year Index</i>	<i>0.69</i>	<i>7.38</i>	<i>-2.05</i>	<i>11.26</i>	<i>8.21</i>
Vanguard High Yield Corporate	-1.30	4.69	4.64	14.47	7.24
<i>Blmbg. Barc. U.S. Corp: High Yield</i>	<i>-4.47</i>	<i>2.45</i>	<i>7.44</i>	<i>15.81</i>	<i>4.98</i>
First American Gov't Obligation - Z	0.01	0.01	0.01	0.01	0.00

Returns are net of fees.

Returns are expressed as percentages.

Blended Benchmark: See historical hybrid composition page for details.



Account Reconciliation
City of Fort Walton Beach Beal Memorial Cemetery Fund
As of December 31, 2016

QTR

	Market Value As of 10/01/2016	Net Flows	Return On Investment	Market Value As of 12/31/2016
Total Fund	2,445,319	-	2,736	2,448,055

YTD

	Market Value As of 01/01/2016	Net Flows	Return On Investment	Market Value As of 12/31/2016
Total Fund	2,299,532	(6,746)	155,270	2,448,055

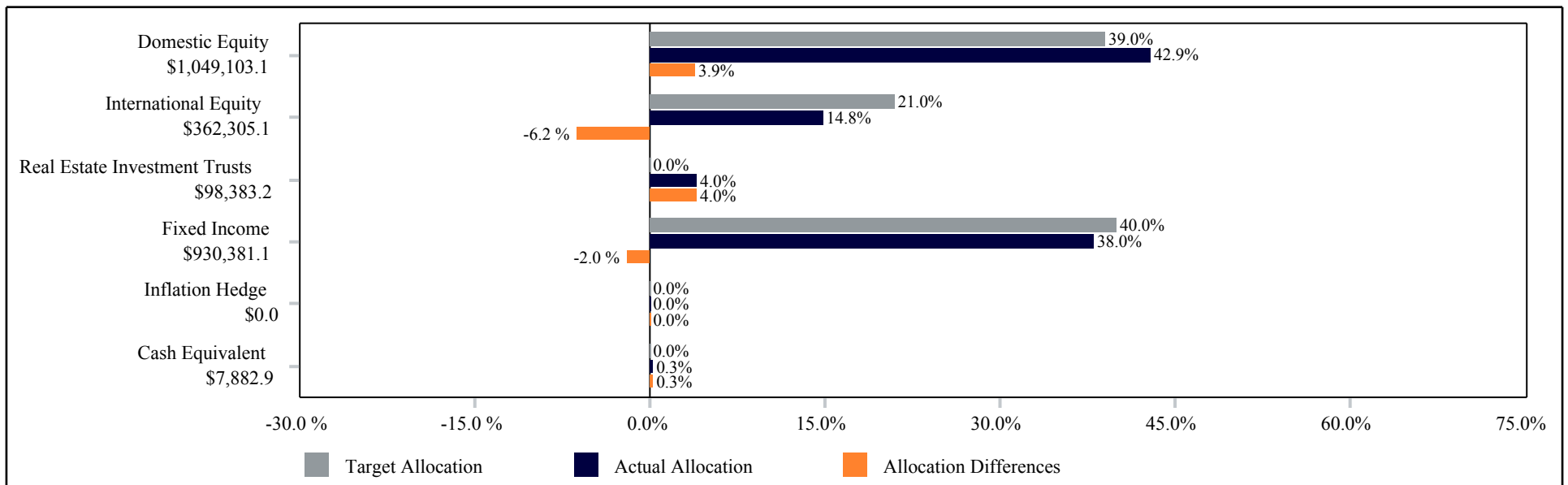
1 Year

	Market Value As of 01/01/2016	Net Flows	Return On Investment	Market Value As of 12/31/2016
Total Fund	2,299,532	(6,746)	155,270	2,448,055



Asset Allocation Summary
City of Fort Walton Beach Beal Memorial Cemetery Fund
As of December 31, 2016

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Fund	100.0	100.0	N/A	N/A	0.0
Domestic Equity	42.9	39.0	19.0	59.0	3.9
International Equity	14.8	21.0	1.0	41.0	-6.2
Real Estate Investment Trusts	4.0	0.0	0.0	10.0	4.0
Fixed Income	38.0	40.0	20.0	60.0	-2.0
Inflation Hedge	0.0	0.0	0.0	10.0	0.0
Cash Equivalent	0.3	0.0	0.0	5.0	0.3



Historical Hybrid Composition
Blended Benchmark
City of Fort Walton Beach Beal Memorial Cemetery Fund
As of December 31, 2016

Allocation Mandate	Weight (%)
Feb-2015	
Russell 3000 Index	42.0
MSCI AC World ex USA (Net)	8.0
FTSE NAREIT Equity REIT Index	5.0
Bloomberg Commodity Index Total Return	3.0
Blmbg. Barc. U.S. Aggregate	40.0
90 Day U.S. Treasury Bill	2.0
Jul-2015	
Russell 3000 Index	39.0
MSCI AC World ex USA (Net)	21.0
Blmbg. Barc. U.S. Aggregate	40.0

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