



City of Fort Walton Beach Beal Memorial Cemetery Perpetual Care Fund

Investment Performance Review Quarter Ended June 30, 2016

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Financial Markets Review

QUARTERLY MARKET SUMMARY

Market Index Performance

As of June 30, 2016

	QTD	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
DOMESTIC EQUITY								
S&P 500	2.46%	3.84%	3.99%	5.69%	11.66%	12.10%	14.92%	7.42%
Russell 3000 Index	2.63%	3.62%	2.14%	4.68%	11.13%	11.60%	14.95%	7.40%
Russell 1000 Value Index	4.58%	6.30%	2.86%	3.49%	9.87%	11.35%	14.50%	6.13%
Russell 1000 Growth Index	0.61%	1.36%	3.02%	6.72%	13.07%	12.35%	15.52%	8.78%
Russell Midcap Index	3.18%	5.50%	0.56%	3.55%	10.80%	10.90%	16.47%	8.07%
Russell 2500 Index	3.57%	3.98%	-3.67%	1.01%	8.61%	9.48%	15.35%	7.32%
Russell 2000 Value Index	4.31%	6.08%	-2.58%	-0.92%	6.36%	8.15%	13.53%	5.15%
Russell 2000 Index	3.79%	2.22%	-6.73%	-0.34%	7.09%	8.35%	13.94%	6.20%
Russell 2000 Growth Index	3.24%	-1.59%	-10.75%	0.13%	7.74%	8.51%	14.29%	7.14%
INTERNATIONAL EQUITY								
MSCI EAFE (net)	-1.46%	-4.42%	-10.16%	-7.24%	2.06%	1.68%	5.97%	1.58%
MSCI AC World Index (net)	0.99%	1.23%	-3.73%	-1.53%	6.03%	5.38%	9.52%	4.26%
MSCI AC World ex USA (Net)	-0.64%	-1.02%	-10.24%	-7.78%	1.16%	0.10%	5.35%	1.87%
MSCI AC World ex USA Small Cap (Net)	-0.87%	-0.20%	-5.46%	-4.27%	4.93%	2.28%	8.79%	4.09%
MSCI EM (net)	0.66%	6.41%	-12.05%	-8.66%	-1.56%	-3.78%	3.80%	3.54%
ALTERNATIVES								
FTSE NAREIT Equity REIT Index	6.96%	13.38%	24.04%	13.76%	13.58%	12.60%	20.65%	7.45%
FTSE EPRA/NAREIT Developed Index	3.74%	9.38%	12.57%	6.32%	8.94%	8.62%	14.13%	5.00%
Bloomberg Commodity Index Total Return	12.76%	13.23%	-13.34%	-18.69%	-10.56%	-10.83%	-4.41%	-5.59%
FIXED INCOME								
Barclays Aggregate	2.21%	5.31%	6.00%	3.91%	4.06%	3.76%	4.58%	5.13%
Barclays U.S. Government/Credit	2.67%	6.23%	6.70%	4.17%	4.20%	4.11%	4.82%	5.22%
Barclays Intermediate U.S. Gov/Credit	1.59%	4.07%	4.33%	3.00%	2.95%	2.90%	3.78%	4.48%
Barclays U.S. Treasury: 1-3 Year	0.53%	1.44%	1.31%	1.11%	0.99%	0.82%	1.17%	2.48%
Barclays US Corp: High Yield	5.52%	9.06%	1.62%	0.60%	4.18%	5.84%	9.99%	7.56%
Credit Suisse Leveraged Loan index	2.86%	4.23%	0.93%	1.54%	3.04%	4.00%	6.66%	4.16%
BofA Merrill Lynch Global HY Constrained (I	4.45%	8.54%	2.21%	-0.92%	3.71%	5.28%	9.80%	7.48%
Barclays Global Aggregate Ex USD	3.40%	11.94%	11.24%	-1.73%	1.85%	0.35%	2.59%	3.83%
JPM EMBI Global Diversified	5.02%	10.31%	9.79%	5.04%	7.20%	6.46%	8.79%	7.97%
CASH EQUIVALENT								
90 Day U.S. Treasury Bill	0.06%	0.12%	0.13%	0.08%	0.07%	0.07%	0.09%	1.01%

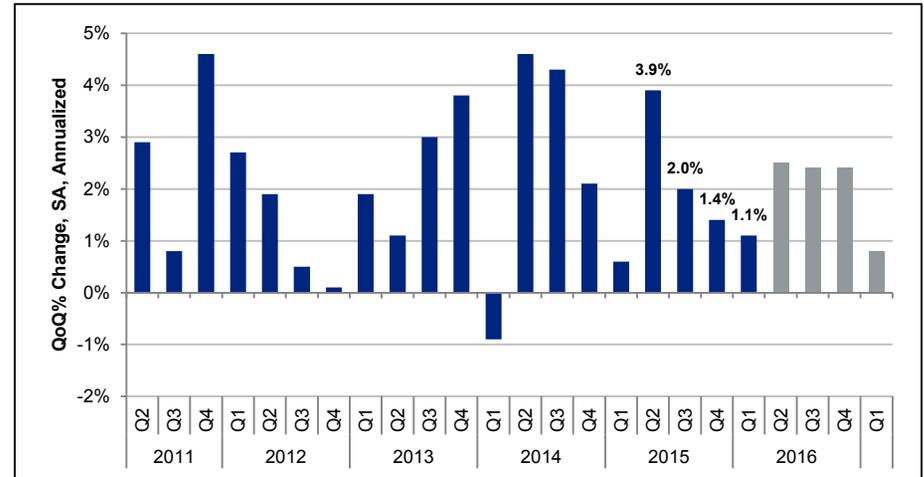
Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.



The Economy

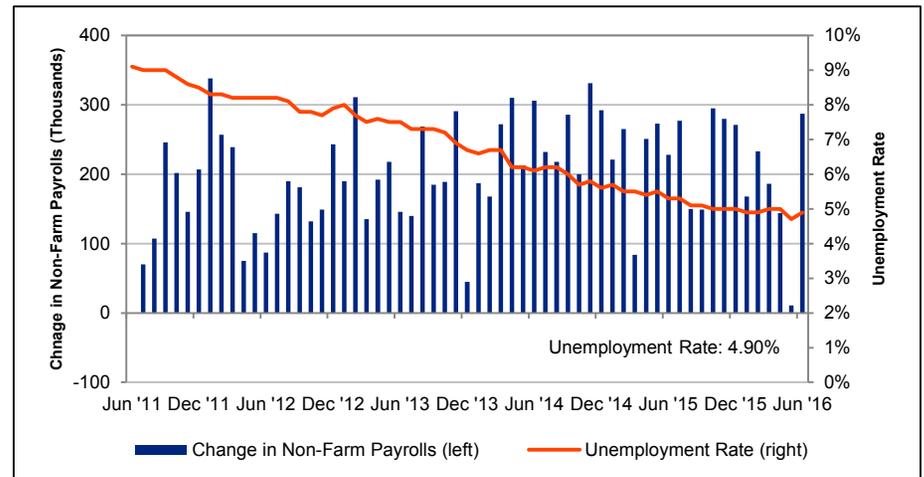
- Economic indicators were mixed during the second quarter, showing some signs of weakness. May's unemployment reading fell to 4.7%, its lowest reading since August 2007. The drop was mainly due to a deteriorating labor force participation rate, evidenced by a lower-than-expected increase of 38,000 jobs (later revised further downward to just 11,000) – the lowest reading since September 2010. Moderate domestic economic indicators in combination with persistent near-zero global rates have held domestic yields down near historic lows. The 10-year U.S. Treasury yield fell to 1.47% on June 30, not far off its all-time low of 1.39%.
- First quarter gross domestic product (GDP) was revised upward to 1.1% from 0.8% as exports of goods and services were higher than originally thought. However, by economists' standards, the number is rather weak for an economy in its eighth year of expansion, especially on the tail of a weak 1.4% in the fourth quarter of 2015. Consumer spending, which on the whole has been relatively weak since the recession, came in soft this quarter at 1.0%, its weakest reading since the first quarter 2014. However, gross private investment was the biggest drag on the economy, declining -0.3% as business investment fell the most since 2009.
- In the first quarter, earnings for S&P 500 Index companies declined approximately -6.7%, less than the 8.8% decline estimated on March 31. Earnings for energy companies were hit the hardest, although five other sectors also saw declines. As earnings reporting season gets underway for the second quarter, analysts are expecting another year-over-year (YoY) decline. As of July 1, earnings are expected to shrink by -5.3%, greater than the -2.8% decline estimated at the start of the second quarter. This would mark the first time the index has recorded five consecutive quarters of YoY declines since 2008 and 2009.
- On June 23, the British public narrowly voted in favor of a British exit (Brexit) from the European Union (EU). Polls fluctuated in the month leading up to the referendum, and given the momentum building for the United Kingdom (UK) to remain in the EU, markets were shocked when the "Leave" side received the majority of votes. Haven assets rallied in the two days following the vote, and stocks fell before rallying to end the quarter as investors looked forward to additional easing from central banks. The euro weakened, and the pound sterling fell dramatically. The pound remained more than 10% weaker against the dollar through the end of the second quarter.

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



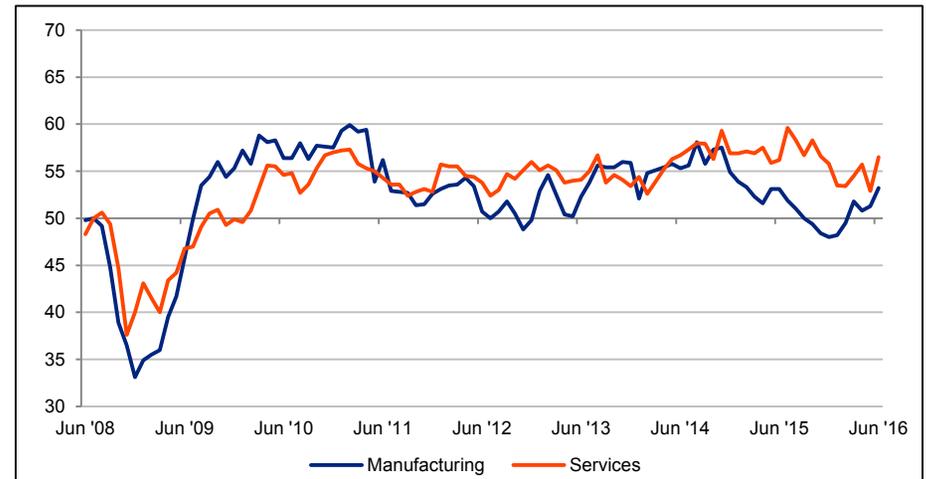
Source: Bureau of Labor Statistics.



What We're Watching

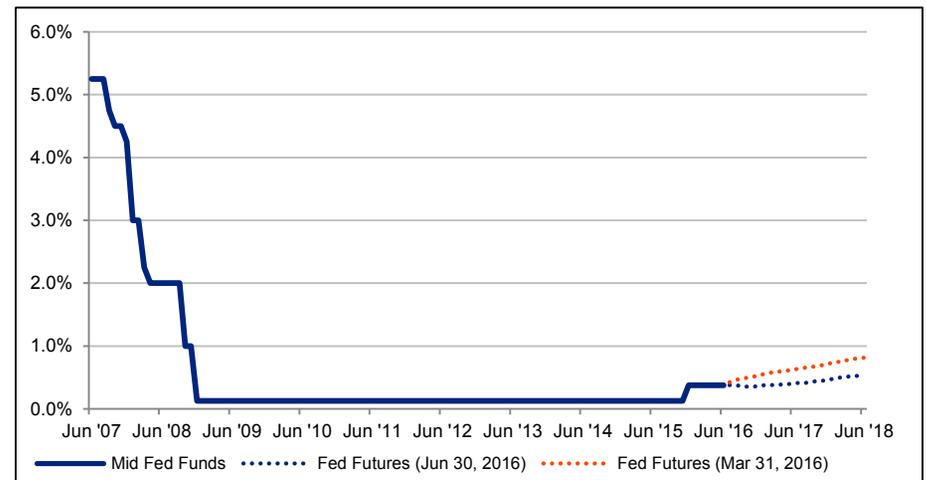
- Despite the Brexit vote being put to rest, debate still remains about the potential future implications of such a historic decision. When negotiations begin, the focus will be on how harshly the EU will deal with the departing UK. Given the current uncertainty regarding their access to the EU, businesses in the UK, specifically financial services firms, may relocate to other EU member nations. Because of this possibility and the potential for hampered trade, growth forecasts have been significantly cut in the UK, and the possibility of a recession looms. In addition, political instability may arise in other EU nations as momentum toward similar votes seems to be building across other nations, further clouding the EU picture.
- As Brexit-related fears and continued worries about slowing growth consumed global economies toward the end of the quarter, eyes turned once again to central banks. Markets do not expect any rate hikes this year or next from the Federal Reserve (Fed) and are even pricing in the possibility of easing. The Bank of England (BOE) stated that monetary policy easing will be necessary this summer, and additional stimulus measures are expected in the EU. With rates already below zero, the Bank of Japan (BOJ) will likely provide further easing measures this year. Many are wondering what the repercussions of these historically low rates will be and, after years of easing, whether central banks will have the tools to stimulate their faltering economies.
- Regardless of magnitude, a second quarter earnings decline for S&P 500 companies seems likely, while the third quarter is more uncertain. Many had thought some of the recent headwinds to earnings (i.e. strong dollar, slump in oil prices, etc.) were beginning to ease. However, Brexit aftermath may spark them up again, and additional headwinds may begin to take a toll as well. In the coming months, analysts will start to look for signs of whether earnings growth will finally resume in the third quarter, as is currently expected.
- With second quarter economic indicators in the U.S. coming in mixed, indicators released in the third quarter will be under scrutiny to determine if some of the weakness will continue. Although some indicators improved following the Brexit vote, it is unclear whether this will last. Second quarter GDP readings will be closely watched, with the first estimate due out in late July. We will be closely monitoring this and other incoming data during the quarter for indications of overall economic health.

ISM Manufacturing & Services PMI



Source: Bloomberg.

Fed Funds Target Rate



Source: Bloomberg.

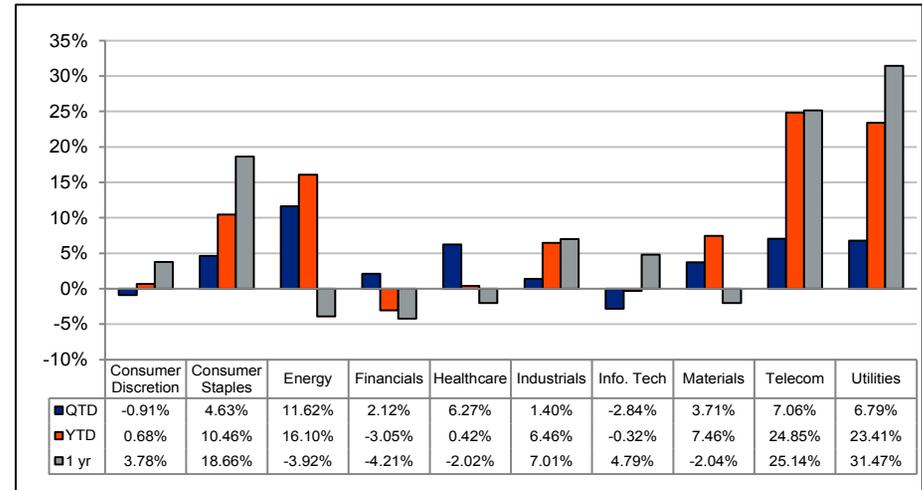


U.S. Equity

- Following a volatile yet respectable first quarter, U.S. equity markets rose 2.5% as measured by the S&P 500 despite heavy volatility in the closing week of the quarter due to the Brexit decision. April and May continued a market rally dating back to mid-February, with a 2.2% total return for the two months, while June told a different story. Markets paid close attention to the latest developments regarding a potential Brexit, swaying on every major indication. In the days following the UK’s surprising referendum result, equity markets across the globe sold off significantly, and the S&P dropped -3.6% and -1.8%. Despite this, markets rallied in the closing days, bringing the post-Brexit (6/24 – 6/30) June return to a reasonable -0.7% drop.
- Despite post-Brexit volatility, only two S&P sectors finished the quarter in the red (Information Technology, -2.8% & Consumer Discretionary, -0.9%). As oil prices continued to stabilize near \$50 per barrel, energy led the way on the quarter, rising 11.6%, while pushing returns up to 16.1% on the year. Defensive sectors Telecom and Utilities also continued their strong year due to falling interest rates. The sectors returned a respective 7.1% and 6.8% on the quarter, pushing year-to-date (YTD) returns up to a strong 24.9% and 23.4%.
- Returns by equity market capitalizations showed little dispersion on the quarter. Contrary to the first quarter, small-cap stocks, measured by the Russell 2000 Index, proved to be the top performer on the quarter, returning 3.8%, followed by mid-cap (Russell Mid Cap Index, 3.2%), and finally large-cap (Russell 1000 Index, 2.5%).
- Value-oriented indices continued to outpace growth as investors continued to favor higher dividend-paying stocks during a period of heightened uncertainty and a mixed economic outlook along with a higher concentration of energy names. Within small-cap stocks, the gap was much closer (4.3% for value vs 3.2% for growth) while the shift was more much pronounced in both mid-cap (4.8% vs 1.6%) and large-cap (4.6% vs 0.6%).

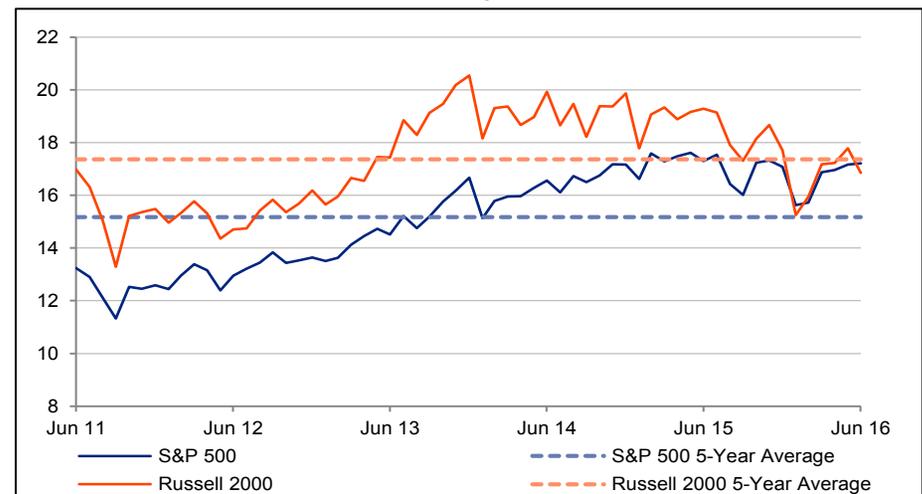
S&P 500 Index Performance by Sector

Periods Ended June 30, 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.

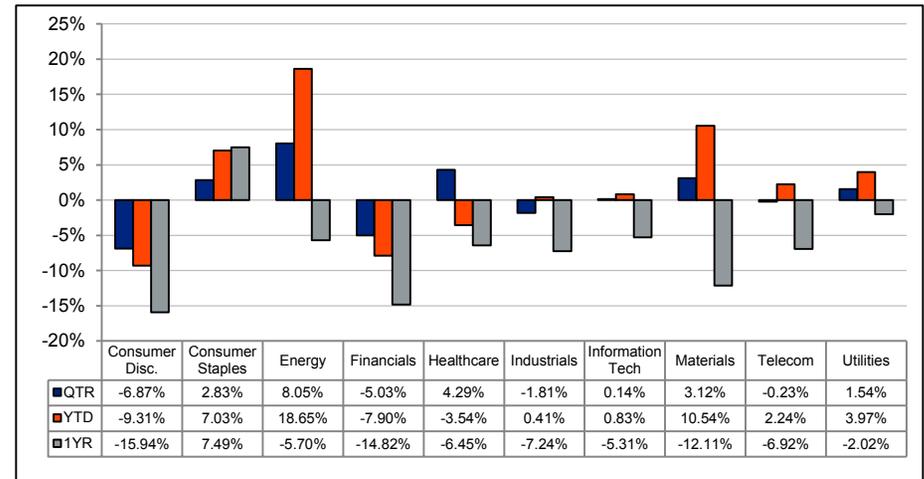


Non-U.S. Equity

- Developed markets outside of North America, as measured by the MSCI EAFE Index, fell -1.5% in the second quarter. After a relatively strong April, concerns over slow global growth and the UK's referendum turned markets negative in May and pushed them deeper into the red in June. Consistent with the first quarter, New Zealand (5.9%) and Canada (3.4%) were the top performers. EU countries took the biggest hits in the second quarter with Italy (-10.5%), Austria (-10.0%) and Ireland (-9.9%) falling the most.
- Emerging markets (EM), as measured by the MSCI EM Index, rose a modest 0.7% in the second quarter due to a strong June. Diminished fears over the Fed tightening and the continued rebound in commodity prices aided the rally during the last month of the quarter. EU countries within EM were the biggest laggards as Poland (-17.5%) and Greece (-14.0%) were hit hardest. Following the first quarter's trend, Peru (18.2%) and Brazil (13.9%) were the best performers again.
- Within the MSCI All Country World Index (ACWI) ex-US, which includes both developed and EM, the Energy sector gained 8.1%, as it continues to be the top performer YTD with a return of 18.6% for the first half of the year. Healthcare (4.3%) was next in line on the quarter following a deeply negative first quarter, while Materials (3.1%) followed and remains the second best performer YTD (10.5%). Consumer Discretionary (-6.9%) and Financials (-5.0%) extended their losses, making them the worst performing sectors for the quarter and year so far.
- In both developed and emerging markets for the second quarter, large-cap stocks outperformed small-cap stocks, and growth stocks outperformed value.

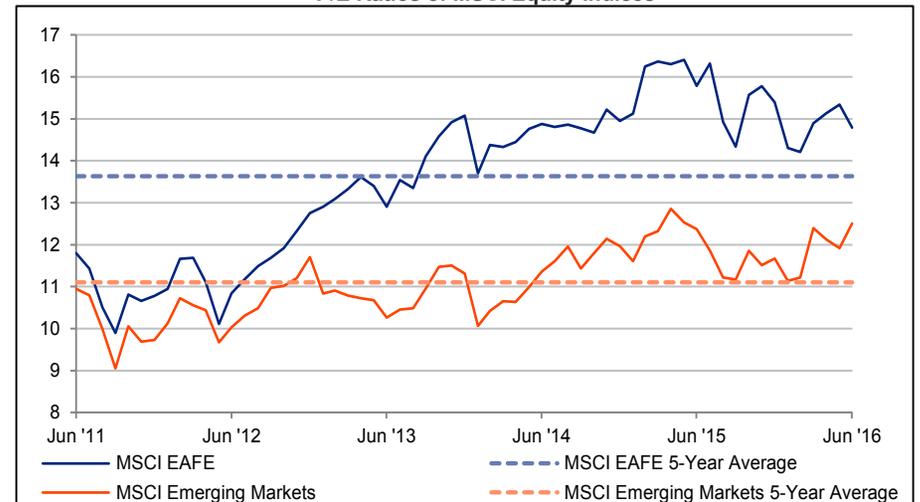
MSCI ACWI ex-US Sectors

Periods Ended June 30, 2016



Source: MSCI.

P/E Ratios of MSCI Equity Indices*



Source: Bloomberg.

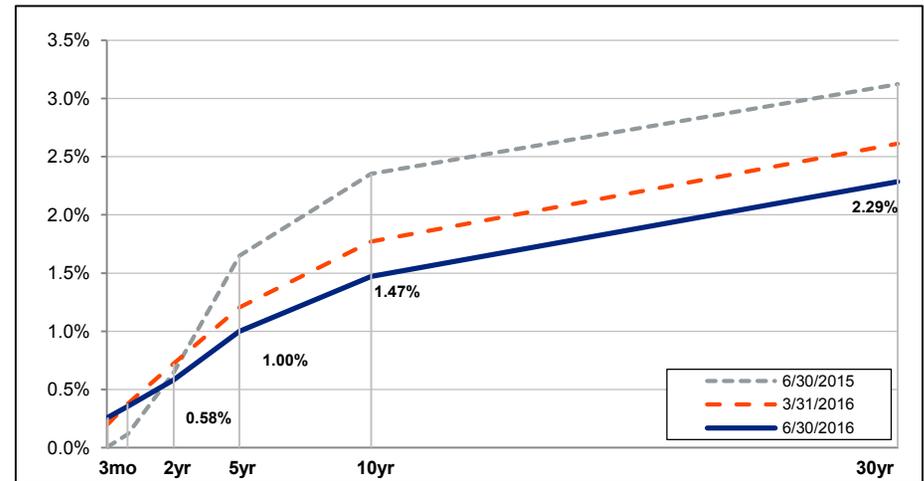
*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.



Fixed Income

- For the second quarter in a row, yields continued to fall among almost all U.S. Treasury maturities with the exception of the three month T-bill. Despite yields falling nearly across the board, the curve itself continued to flatten as longer-term rates were held down by near-zero and negative global interest rates. Short-term rates continue to be held down by an even more dovish Federal Reserve with no rate hike in sight following the Brexit vote. Shorter-term maturities (2-year) fell 14 basis points (bps) while longer-term maturities (10-year) fell 30 bps. The spread between the 10-year and 2-year fell to 89 bps, its lowest reading since early 2008.
- Due to large yield drops, the fixed income market once again had a strong quarter. The Barclays U.S. Aggregate Index gained 2.2% on the quarter while the Barclays U.S. Universal Bond Index (which includes a High Yield portion) rose a slightly higher 2.5%. Both Investment-Grade and High Yield credit performed well on the quarter. Investment-Grade, represented by the Barclays U.S. Corporate Investment Grade Index, rose 3.6% while the latter, represented by the Barclays U.S. Corporate High Yield Index, rose 5.5%. Despite high yield's strong performance, high yield credit spreads began to widen following the Brexit vote, giving concern of possible future continuation.
- Within Investment Grade credit, there was a slight bias toward lower-quality. Among the four credit-composite ratings, BBB (4.3%) was the top performer on the quarter, followed by AAA (3.3%), A (3.0%) and AA (2.6%).
- As mortgage rates continued to fall during the quarter, the fixed-rate mortgage market, as measured by the Barclays U.S. Mortgage-Backed Securities (MBS) Index, gained 1.1% while the Barclays U.S. CMBS Index (measuring commercial MBS) gained 2.2%.
- USD-denominated Emerging Market debt gained 4.7%, as measured by the Barclays EM USD Aggregate Index.

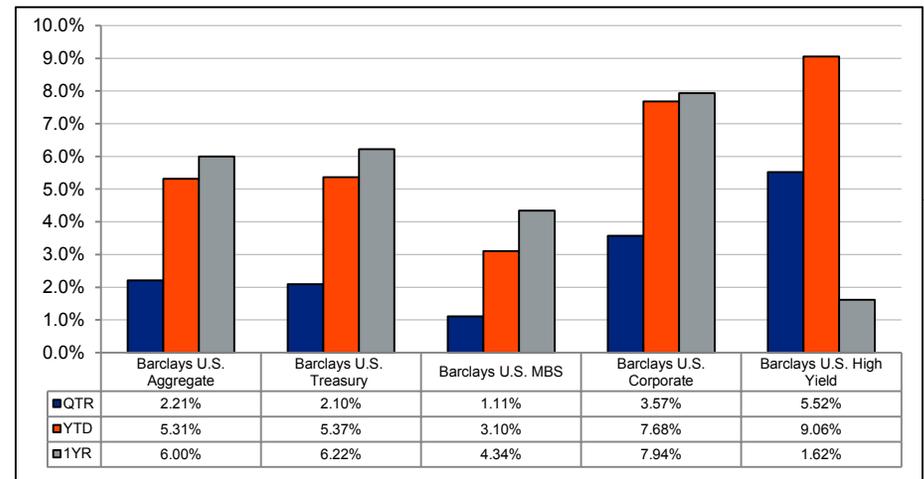
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended June 30, 2016



Source: Bloomberg.

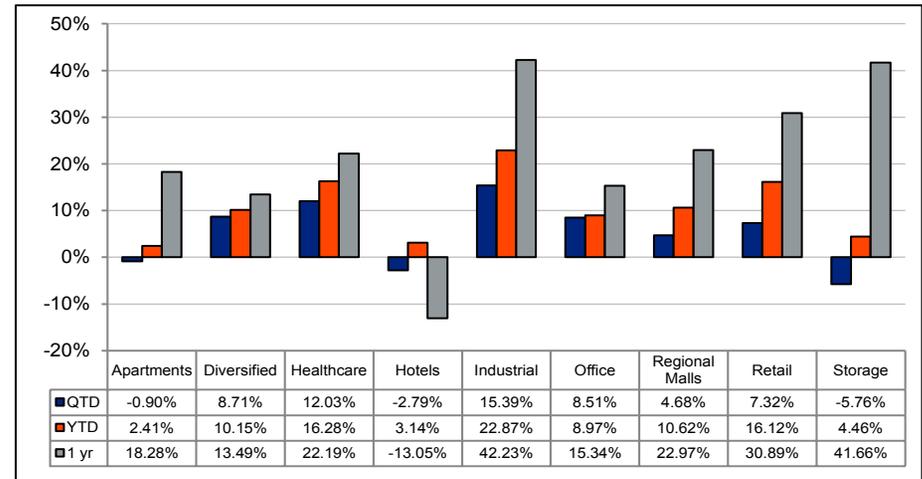


Alternatives

- U.S. Real Estate Investment Trusts (REITs), as measured by the FTSE NAREIT Equity REIT Index, gained 7.0% in the second quarter following a strong first quarter. After a -2.4% April return, REITs progressively picked up during the quarter on the back of lower interest rates with a modest gain of 2.4% in May and a strong 7.0% in June. Every major property sector was positive for the quarter with the exception of Hotels, which fell -2.8%. Hotel and Residential (0.9%) REITs – the worst performers this quarter – continue to display the weakest performance year-to-date (YTD), with returns of 3.1% and 4.4% respectively. Industrial (15.4%) and Health Care (12.0%) were the top performing major property types.
- Private real estate, as measured by the NCREIF Index of 7,225 properties nationwide, increased 2.2% during the first quarter (second quarter data has not yet become available). Income growth of 1.2% slightly outpaced a value appreciation of 1.0%.
- Following a modest gain in the first quarter, commodities rallied to make it the top performing asset class for the second quarter. The Bloomberg Commodity Index of 19 raw materials futures rose 12.7% in the second quarter. Commodity-related equities, as measured by the S&P North American Natural Resources Sector Index, gained 12.5% during the quarter. Following a strong first quarter, the index is now up 19.6% YTD, greater than any other asset class.
- Hedge funds rose 2.3% during the second quarter after falling in the first. The HFRI Fund Weighted Composite Index, a global index of over 2,000 hedge funds, is up 1.6% YTD after four consecutive months of positive performance.
- Private equity fundraising accelerated in the second quarter. According to Preqin, an industry data source, 180 private equity funds held final closings this quarter globally. Though this is slightly down from recent quarters, capital commitments from investors are up as funds raised a total of \$101 billion. Venture and Buyout were the two most active private equity sectors on a global basis, with 89 and 40 funds closing within each sector, respectively. Geographically, North America-focused private equity funds led the way, closing 96 funds representing capital commitments of \$60 billion. Europe followed, with 44 funds closing on \$33 billion of capital.

FTSE NAREIT Sectors

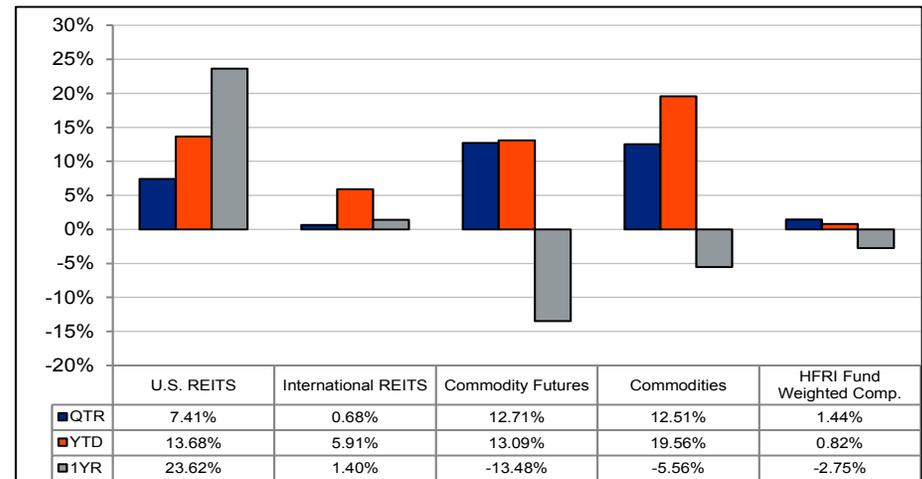
Quarter Ended June 30, 2016



Source: Bloomberg.

Returns for Alternative Assets

Periods Ended June 30, 2016



Sources: Bloomberg and Hedge Fund Research, Inc.



QUARTERLY MARKET SUMMARY

PFMAM Investment Strategy Overview
For Third Quarter 2016

Asset Class	PFMAM Investment Preference	Comments
U.S. Equities	Large Caps	Modest fundamentals should support modest relative returns in U.S. equities. International markets pose spillover risk. Small cap companies, though somewhat insulated from global forces, are less resilient should economic weakness abroad spread to the U.S.
	Small Caps	
Non-U.S. Equities	Developed Markets	Uncertainty clouding developed markets after Brexit will likely persist and weak fundamentals will probably continue, putting downward pressure on equity returns. Potential for recession in United Kingdom and European Union economies. Emerging markets equities are threatened by deteriorating fundamentals and spillover effects from weakness in developed markets.
	Non-US small-caps	
	Emerging Markets	
Fixed Income	Long Duration, Interest-Rate-Sensitive Sectors	Low interest rates will likely persist and the Fed is not expected to tighten further either this year or next.
	Credit-Sensitive Sectors	Though opportunity remains, with uncertainty clouding markets and spreads widening, the credit sector could become challenged.
Real Estate		While property prices have fully recovered and assets are now fairly valued, continued low interest rates along with modest fundamentals should continue to support real estate.
Alternatives	Hedge Funds	Due to rising assets under management and the proliferation of hedge funds and private equity funds, the relative performance from alternatives is 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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Plan Performance Summary



Asset Allocation & Performance
City of Fort Walton Beach Beal Memorial Cemetery Fund
As of June 30, 2016

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Year To Date	Jan-2016 To Jun-2016	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Fund	2,383,188	100.00	2.22	3.64	3.64	1.98	N/A	N/A	2.98	02/01/2015
<i>Blended Benchmark</i>			<i>1.79</i>	<i>3.44</i>	<i>3.44</i>	<i>1.19</i>	<i>N/A</i>	<i>N/A</i>	<i>1.54</i>	<i>02/01/2015</i>
Domestic Equity										
Vanguard Total Stock Market Index	701,337	29.43	2.69	3.65	3.65	2.14	11.07	11.59	4.91	02/01/2015
<i>Russell 3000 Index</i>			<i>2.63</i>	<i>3.62</i>	<i>3.62</i>	<i>2.14</i>	<i>11.13</i>	<i>11.60</i>	<i>4.96</i>	<i>02/01/2015</i>
Vanguard Dividend Growth	269,755	11.32	2.66	5.60	5.60	9.13	11.43	12.22	7.89	02/01/2015
<i>S&P 500</i>			<i>2.46</i>	<i>3.84</i>	<i>3.84</i>	<i>3.99</i>	<i>11.66</i>	<i>12.10</i>	<i>5.95</i>	<i>02/01/2015</i>
International Equity										
Vanguard Developed Markets Index	43,374	1.82	-0.30	-2.31	-2.31	-8.55	2.74	2.05	-2.38	02/01/2015
<i>MSCI EAFE (net)</i>			<i>-1.46</i>	<i>-4.42</i>	<i>-4.42</i>	<i>-10.16</i>	<i>2.06</i>	<i>1.68</i>	<i>-4.03</i>	<i>02/01/2015</i>
J. O. Hambro International Select	88,153	3.70	2.77	4.45	4.45	-7.50	8.57	6.90	4.45	01/01/2016
<i>MSCI AC World ex USA (Net)</i>			<i>-0.64</i>	<i>-1.02</i>	<i>-1.02</i>	<i>-10.24</i>	<i>1.16</i>	<i>0.10</i>	<i>-1.02</i>	<i>01/01/2016</i>
Vanguard International Value	72,868	3.06	0.13	-0.39	-0.39	-11.62	1.32	1.23	-2.33	05/01/2016
<i>MSCI AC World ex USA (Net)</i>			<i>-0.64</i>	<i>-1.02</i>	<i>-1.02</i>	<i>-10.24</i>	<i>1.16</i>	<i>0.10</i>	<i>-3.19</i>	<i>05/01/2016</i>
Oppenheimer International Small-Mid Company	42,627	1.79	0.44	-1.92	-1.92	0.65	13.09	11.37	4.79	04/01/2015
<i>MSCI AC World ex USA Smid Cap Index (Net)</i>			<i>-1.32</i>	<i>-0.31</i>	<i>-0.31</i>	<i>-6.13</i>	<i>4.01</i>	<i>1.76</i>	<i>-3.01</i>	<i>04/01/2015</i>
Real Estate Investment Trusts										
Vanguard REIT Index	166,209	6.97	6.80	13.50	13.50	23.93	13.41	12.44	6.80	04/01/2016
<i>MSCI US REIT Index</i>			<i>6.81</i>	<i>13.56</i>	<i>13.56</i>	<i>24.10</i>	<i>13.51</i>	<i>12.53</i>	<i>6.81</i>	<i>04/01/2016</i>
Fixed Income										
Metropolitan West Total Return	261,905	10.99	1.98	4.47	4.47	4.72	4.17	5.01	1.99	02/01/2015
Baird Core Plus	348,799	14.64	2.96	6.11	6.11	6.03	4.69	4.66	2.89	02/01/2015
<i>Barclays Aggregate</i>			<i>2.21</i>	<i>5.31</i>	<i>5.31</i>	<i>6.00</i>	<i>4.06</i>	<i>3.76</i>	<i>2.61</i>	<i>02/01/2015</i>
Vanguard Interm-Term Invest. Grade	329,682	13.83	2.47	6.12	6.12	7.11	5.12	5.11	3.58	02/01/2015
<i>Barclays U.S. Credit: 5-10 Yr</i>			<i>3.26</i>	<i>7.47</i>	<i>7.47</i>	<i>7.63</i>	<i>5.72</i>	<i>5.66</i>	<i>3.60</i>	<i>02/01/2015</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 June 30, 2016

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Year To Date	Jan-2016 To Jun-2016	1 Year	3 Years	5 Years	Since Inception	Inception Date
Vanguard High Yield Corporate	51,636	2.17	3.40	5.80	5.80	2.48	4.72	6.00	3.40	04/01/2016
<i>Barclays US Corp: High Yield</i>			5.52	9.06	9.06	1.62	4.18	5.84	5.52	04/01/2016
Wells Fargo Short Term High Yield Bond	84	0.00	1.03	2.43	2.43	2.47	2.98	3.40	1.03	04/01/2016
<i>Barclays U.S. High Yield Ba/B 1-5 Year Index</i>			4.04	6.18	6.18	0.67	3.55	5.20	4.04	04/01/2016
Inflation Hedge										
Vanguard Inflation Protected Securities	16	0.00	1.76	6.41	6.41	4.62	2.38	2.65	5.55	10/01/2015
<i>Barclays U.S. Treasury: U.S. TIPS</i>			1.71	6.24	6.24	4.35	2.31	2.63	5.56	10/01/2015
First American Prime Obligation	6,744	0.28	0.07	0.14	0.14	0.17	0.07	0.06	0.13	02/01/2015

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 June 30, 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>
Vanguard Dividend Growth	2.62	11.85	31.53	10.39	9.43
<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>
International Equity					
Vanguard Developed Markets Index	-0.18	-5.66	22.06	18.56	-12.51
<i>MSCI EAFE (net)</i>	<i>-0.81</i>	<i>-4.90</i>	<i>22.78</i>	<i>17.32</i>	<i>-12.14</i>
J. O. Hambro International Select	-4.05	5.35	38.21	15.48	-15.24
Vanguard International Value	-6.44	-6.69	22.15	20.18	-14.58
<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>Barclays Aggregate</i>	<i>0.55</i>	<i>5.97</i>	<i>-2.02</i>	<i>4.21</i>	<i>7.84</i>
Vanguard Inter-Term Invest. Grade	1.63	5.91	-1.27	9.25	7.63
<i>Barclays U.S. Credit: 5-10 Yr</i>	<i>0.69</i>	<i>7.38</i>	<i>-2.05</i>	<i>11.26</i>	<i>8.21</i>

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 June 30, 2016

	2015	2014	2013	2012	2011
Vanguard High Yield Corporate	-1.30	4.69	4.64	14.47	7.24
<i>Barclays US Corp: High Yield</i>	<i>-4.47</i>	<i>2.45</i>	<i>7.44</i>	<i>15.81</i>	<i>4.98</i>
Wells Fargo Short Term High Yield Bond	2.29	0.68	3.75	6.53	3.64
<i>Barclays U.S. High Yield Ba/B 1-5 Year Index</i>	<i>-2.73</i>	<i>1.79</i>	<i>7.18</i>	<i>13.74</i>	<i>4.56</i>
Inflation Hedge					
Vanguard Inflation Protected Securities	-1.69	3.97	-8.86	6.90	13.29
<i>Barclays U.S. Treasury: U.S. TIPS</i>	<i>-1.44</i>	<i>3.64</i>	<i>-8.61</i>	<i>6.98</i>	<i>13.56</i>
First American Prime Obligation	0.04	0.02	0.01	0.07	0.05

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 June 30, 2016

QTR

	Market Value As of 04/01/2016	Net Flows	Return On Investment	Market Value As of 06/30/2016
Total Fund	2,331,478	-	51,710	2,383,188

YTD

	Market Value As of 01/01/2016	Net Flows	Return On Investment	Market Value As of 06/30/2016
Total Fund	2,299,532	-	83,656	2,383,188

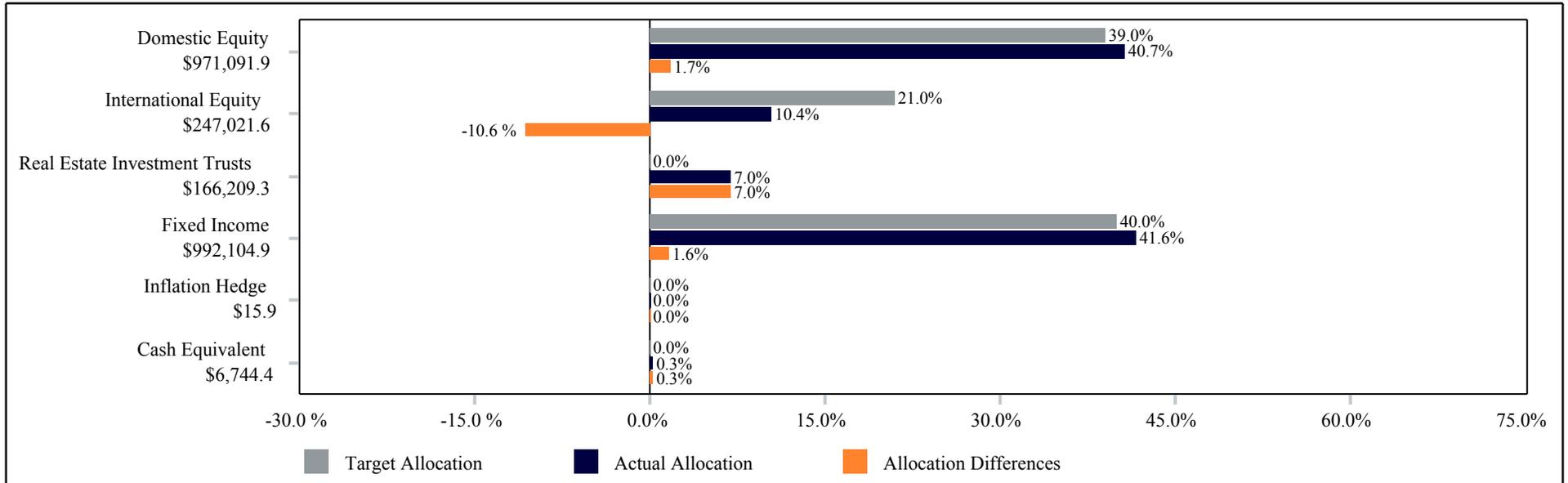
1 Year

	Market Value As of 07/01/2015	Net Flows	Return On Investment	Market Value As of 06/30/2016
Total Fund	2,336,984	-	46,204	2,383,188



Asset Allocation Summary
City of Fort Walton Beach Beal Memorial Cemetery Fund
As of June 30, 2016

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
Total Fund	100.0	100.0	N/A	N/A	0.0
Domestic Equity	40.7	39.0	19.0	59.0	1.7
International Equity	10.4	21.0	1.0	41.0	-10.6
Real Estate Investment Trusts	7.0	0.0	0.0	10.0	7.0
Fixed Income	41.6	40.0	20.0	60.0	1.6
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 June 30, 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
Barclays 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
Barclays Aggregate	40.0

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