

# **BOYNTON BEACH POLICE PENSION FUND**

## **INVESTMENT PERFORMANCE PERIOD ENDING SEPTEMBER 30, 2012**

NOTE: For a free copy of Part II (mailed w/ 5 bus. days from request receipt) of Burgess Chambers and Associates, Inc.'s most recent Form ADV which details pertinent business procedures, please contact:  
315 East Robinson Street, Orlando, Florida 32801, 407-644-0111, info@burgesschambers.com



# Boynton Beach Police Pension Fund

## BCA Market Perspective ©

### Risk Management of Investment Programs

October 2012

The term risk has many meanings - a familiar list includes:

- Not achieving an expected return or income objective
- Unexpected volatility of securities
- Rising interest rates
- Credit default
- Bond duration
- Liquidity
- Uncompensated risk
- Economic uncertainty
- Inflation and deflation
- Earnings variability
- Seemingly diversified asset classes becoming too correlated

In spite of all the time and money spent on examining capital market risk and how to control its many variables, managing risk remains a significant challenge and may include:

- Asset allocation among low correlating asset types
- Limiting exposure by security and industry sector
- Focusing on quality securities and products (lower beta) during periods of high uncertainty
- Tactical asset tilting – risk on and risk off (beta control)
- Macro driven events

BCA has found that over the past 24 years, a portfolio's sensitivity to equity markets (beta) has been the primary factor in determining gains and losses. BCA has found that tactical asset allocation and the combination of low correlating asset classes have been effective risk management approaches.



**Boynton Beach Police Pension Fund**  
**Total Fund**  
**Investment Summary**  
**September 30, 2012**

- For the quarter, the Fund earned \$2.7 million or +4.8% (+4.6%, net), behind the consultant's benchmark (+4.7%), after management fees.
- For the Fiscal year, the Fund earned \$9.3 million or +18.5% (+17.6% net), trailing the consultant's benchmark (+19.0%), but ranked in the top 21st percentile.
- **For the three-year period, the Fund earned \$13.5 million or +9.1% net, ahead of the actuarial assumption rate (+7.75%).**
- All funds were sold, except the Multi-Manager Bond Fund and Real Estate Equity Fund, to purchase the Multi-Asset Core Fund on August 30, 2012

**Manager Review:**

1. Multi-manager bonds: performance was ahead of the benchmark and ranked within the top 40th percentile for the one, two and three-years.
2. Real-estate fund: five-year results were below the benchmark, and rankings were below the 40th percentile for the three and five-year periods.



**Boynton Beach Police Pension Fund  
Total Fund  
Investment Performance  
September 30, 2012**

Dollars

	<u>Quarter</u>	<u>Fiscal Year</u>	<u>Three Years</u>
<b>Beginning Market Value</b>	58,809,456	51,352,908	41,180,529
<b>Ending Market Value</b>	61,416,117	61,416,117	61,416,117
<b>Net Contributions</b>	-89,844	+783,968	+6,754,650
<b>Investment Gain/(Loss)</b>	+2,696,505	+9,279,241	+13,480,938
<b>Investment Return, Net</b>	+4.6%	+17.6%	+9.1%
<b>Consultant's Benchmark</b>	+4.7%	+19.0%	+10.3%
<b><i>Value Added (pts.)</i></b>	<b><i>-0.1</i></b>	<b><i>-1.4</i></b>	<b><i>-1.2</i></b>

Fiscal Year: October 1st – September 30th



**Boynton Beach Police Pension Fund  
Total Fund  
Investment Policy Review  
September 30, 2012**

**Yes**      **No**

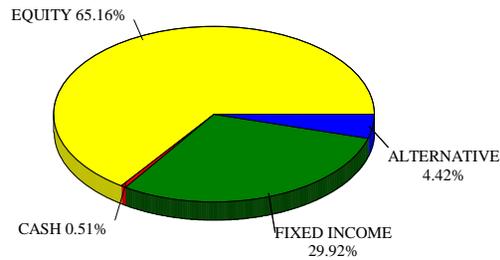
The total Fund's annualized three-year performance achieved the Consultant's Benchmark.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The total Fund's annualized three-year performance ranked in the top 40th percentile of the universe.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The total Fund's annualized five-year performance achieved the Consultant's Benchmark.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The total Fund's annualized five-year performance ranked in the top 40th percentile of the universe.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The total Fund's annualized three-year performance achieved the +7.75% actuarial assumption rate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The total Fund's annualized five-year performance achieved the +7.75% actuarial assumption rate.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Multi Mgr Bonds annualized three-year performance achieved the fixed income benchmark.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Multi Mgr Bonds annualized three-year performance ranked in the top 40th percentile of the universe.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Real Estate Equity's annualized three-year performance achieved the real estate benchmark.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Real Estate Equity's annualized three-year performance ranked in the top 40th percentile of the universe.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Real Estate Equity's annualized five-year performance achieved the real estate benchmark.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Real Estate Equity's annualized five-year performance ranked in the top 40th percentile of the universe.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
PFIA Compliant	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Investments in equity securities were 69.2% which did not exceed 70% of Fund's assets at market value.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Foreign equity investments were 23%* (at market) and did not exceed the 25% of the total Fund's assets at market.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Asset allocation among alternatives was 14.3%** (at market) is within the 20% maximum limitation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

\*Foreign Allocation: Multi Asset Core: 19% + Multi Mgr: 4% + RE: 0% + Cash: 0%.  
\*\*Alternative Allocation: Multi Asset Core: 9.9% + Multi Mgr: 0.0002% + RE: 4.4% + Cash: 0%

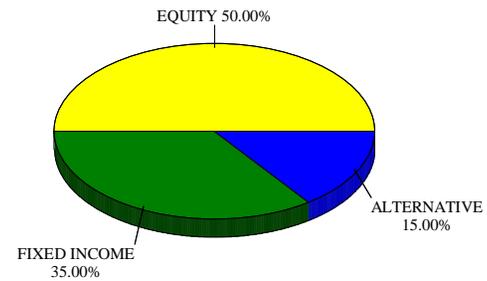


**BOYNTON BEACH POLICE PENSION FUND  
TOTAL FUND  
ACTUAL VS TARGET ASSET ALLOCATION  
SEPTEMBER 30, 2012**

**ACTUAL ASSET ALLOCATION**



**TARGET ASSET ALLOCATION**



	MARKET VALUE ACTUAL	PERCENT ACTUAL	MARKET VALUE TARGET	PERCENT TARGET	MARKET VALUE DIFFERENCE	PERCENT DIFFERENCE
EQUITY	40,015,863.3	65.2%	30,708,058.3	50.0%	9,307,805.0	15.2%
FIXED INCOME	18,375,166.3	29.9%	21,495,640.8	35.0%	(3,120,474.5)	(5.1%)
ALTERNATIVE	2,711,710.9	4.4%	9,212,417.5	15.0%	(6,500,706.5)	(10.6%)
CASH	313,376.0	0.5%	0.0	0.0%	313,376.0	0.5%
<b>TOTAL FUND</b>	<b>\$61,416,116.5</b>	<b>100.0%</b>	<b>\$61,416,116.5</b>	<b>100.0%</b>	<b>\$0.0</b>	<b>0.0%</b>

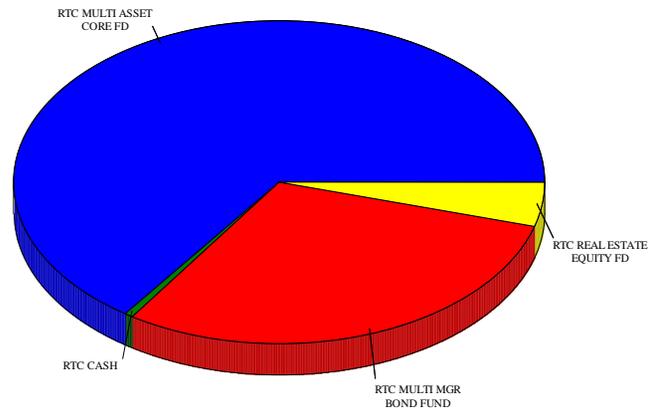


# Boynton Beach Police Pension Fund

## Total Fund

### Asset Allocation

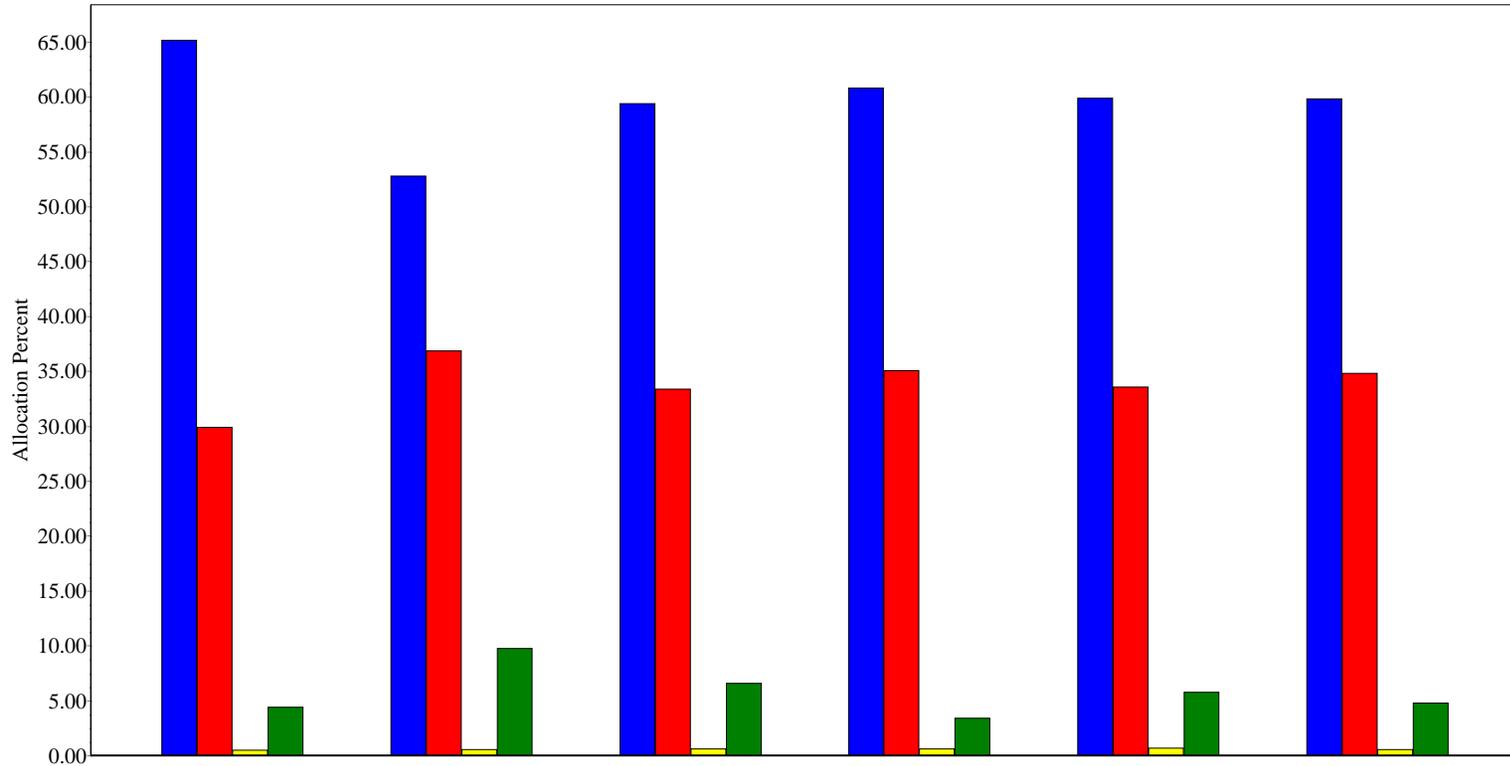
TOTAL MARKET VALUE  
AS OF SEPTEMBER 30, 2012  
\$ 61,416,117



	VALUE	PERCENT
■ RTC MULTI ASSET CORE FD	40,015,863	65.16
■ RTC MULTI MGR BOND FUND	18,375,166	29.92
■ RTC REAL ESTATE EQUITY FD	2,711,711	4.42
■ RTC CASH	313,376	0.50



**Boynton Beach Police Pension Fund**  
**Total Fund**  
**Asset Distribution**  
**September 30, 2012**



	QUARTER TO DATE	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
<b>EQUITY</b>	65.16	52.79	59.41	60.81	59.90	59.82
<b>FIXED INCOME</b>	29.92	36.87	33.41	35.11	33.60	34.83
<b>CASH</b>	0.51	0.56	0.60	0.65	0.69	0.54
<b>ALTERNATIVE</b>	4.42	9.78	6.58	3.44	5.81	4.81



**Boynton Beach Police Pension Fund**  
**Total Fund**  
**September 30, 2012**  
**Gross of Fees**

Name	Market Values	QTR ROR	1 Year ROR	2 Year ROR	3 Year ROR	5 Year ROR
<u>Equity</u>						
RTC Multi Asset Core Fd	40,015,863	N/A	N/A	N/A	N/A	N/A
<b>Total Equity</b>	<b>40,015,863</b>	<b>5.5%</b>	<b>24.9%</b>	<b>9.4%</b>	<b>9.8%</b>	<b>-0.8%</b>
<u>Fixed Income</u>						
RTC Multi Mgr Bond Fund	18,375,166	2.5%	8.4%	6.5%	8.8%	N/A
<b>Total Fixed Income</b>	<b>18,375,166</b>	<b>2.5%</b>	<b>8.4%</b>	<b>6.5%</b>	<b>8.8%</b>	<b>7.8%</b>
<u>Cash</u>						
RTC Cash	313,376	0.0%	0.1%	0.1%	0.1%	1.4%
<u>Alternative</u>						
RTC Real Estate Equity Fd	2,711,711	2.9%	11.7%	15.7%	12.6%	-2.0%
<b>Total Alternative</b>	<b>2,711,711</b>	<b>5.4%</b>	<b>16.9%</b>	<b>10.8%</b>	<b>9.8%</b>	<b>-3.5%</b>
<b>TOTAL: (1, 2, 3, 4)</b>	<b>61,416,117</b>	<b>4.8%</b>	<b>18.5%</b>	<b>9.0%</b>	<b>9.9%</b>	<b>1.8%</b>
Consultant's Bnch		4.7%	19.0%	9.6%	10.3%	3.1%
Russell Custom Bnch		4.6%	18.1%	9.5%	9.5%	N/A
Fixed Income Bnch		1.6%	5.2%	5.2%	6.2%	6.6%
ML 3M TBill		0.0%	0.1%	0.1%	0.1%	0.7%
Real Estate Bnch		2.8%	11.6%	14.9%	12.2%	2.1%

1 Consultant's Bnch (IPS hybrid benchmark objective): Mar'12 is 34% Russell 1000 + 11% Russell Mid-Cap + 11% MSCI Net EAFE + 4% MSCI Net EM + 5% FTSE/NAREIT + 30% BC Aggregate + 5% BC TIPS; from Sep'09 was 34% Russell 1000 + 11% Russell Mid-Cap+ 11% MSCI Net EAFE + 4% MSCI Net EM + 5% Wilshire REIT + 30% BC Aggregate + 5% BC TIPS; from May'05 was 34% Russell 1000 + 16% Russell Mid-Cap+ 10% MSCI Gross EAFE +5% Wilshire REIT + 30% LB Intermediate Aggregate + 5% Lehman Intermediate TIPS; from Jun'02 was 60% S&P 500 + 35 Lehman Gov't/Credit.

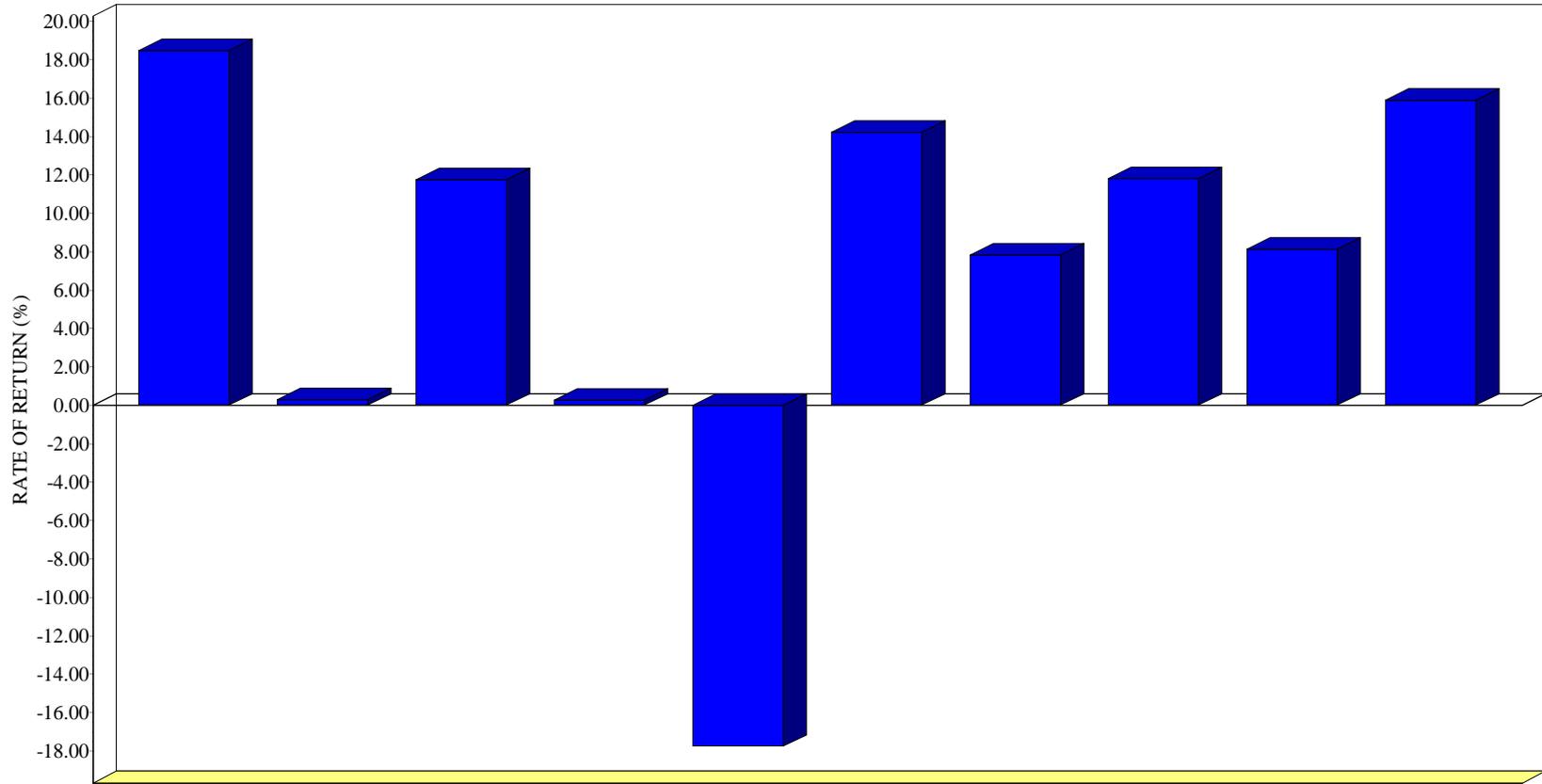
2 Russell Custom Bnch: Mar'12 is 26% Russell 1000 + 8% Russell 2000 + 10% AIM Composite (90% Russell Developed ex-US Large Cap Net + 10% Russell Emerging Markets Large Cap Net) + 10% Russell Developed Large Cap Net + 36% BC Aggregate + 5% NCREIF ODCE +3% FTSE EPRA-NAREIT Dev RE Net + 2% Dow Jones UBS Commodities Net; from Sep'09 was 35% Russell 1000 + 10% Russell 2000 + 15% AIM Composite (90% MSCI NET EAFE + 10% MSCI Net EM) + 35% BC Aggregate + 5% NCREIF ODCE; from Jun'08 was 41% Russell 1000 + 10% Russell 2000 + 9% AIM Composite (90% MSCI NET EAFE + 10% MSCI Net EM) + 5% NCREIF + 35% LB Aggregate.

3 Fixed Income Bnch (IPS fixed income hybrid) Sep'09 is 100% BC Aggregate; from May'05 was 100% LB Intermediate Aggregate; from Jun'02 was 100% Lehman Gov't/Credit.

4 Real Estate Bnch: from Sept'09 is 100% NCREIF ODCE; prior was 100% NCREIF.



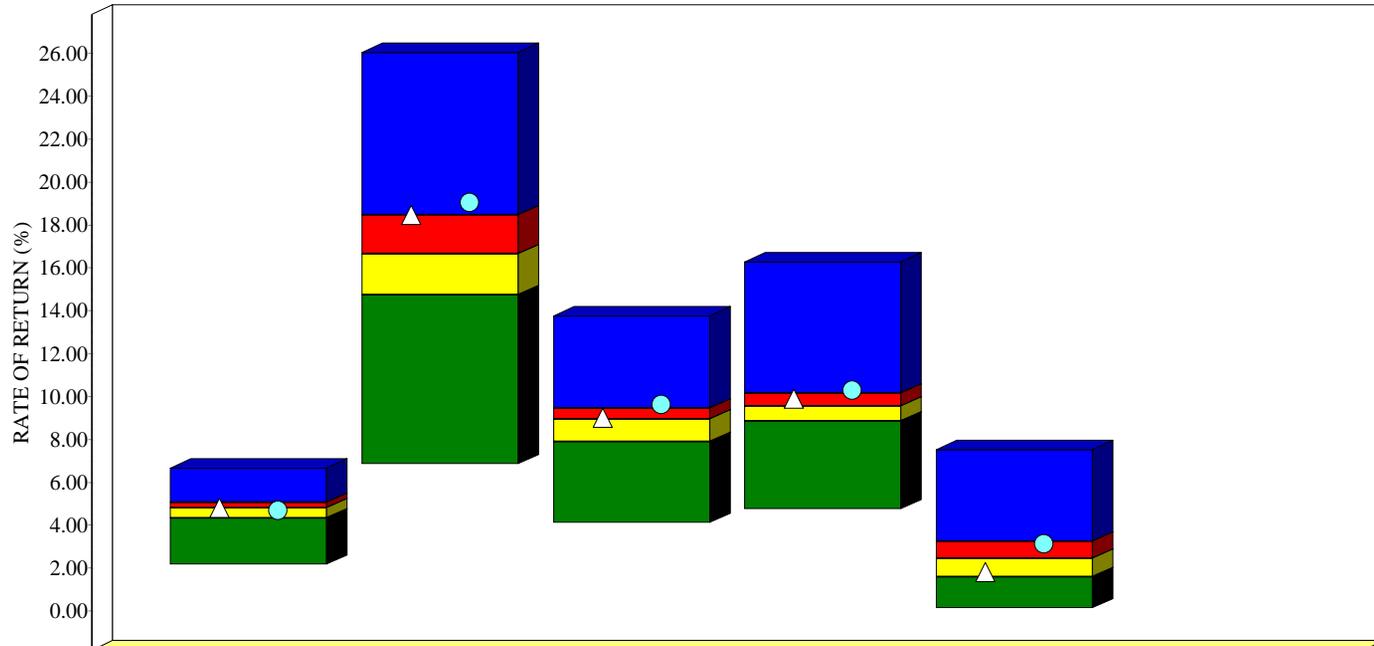
**Boynton Beach Police Pension Fund**  
**Total Fund**  
**Fiscal Year Rates of Return**  
**September 30, 2002 Through September 30, 2012**



FISCAL YTD	2011	2010	2009	2008	2007	2006	2005	2004	2003	
TF	18.47	0.29	11.73	0.25	-17.78	14.22	7.85	11.83	8.14	15.90



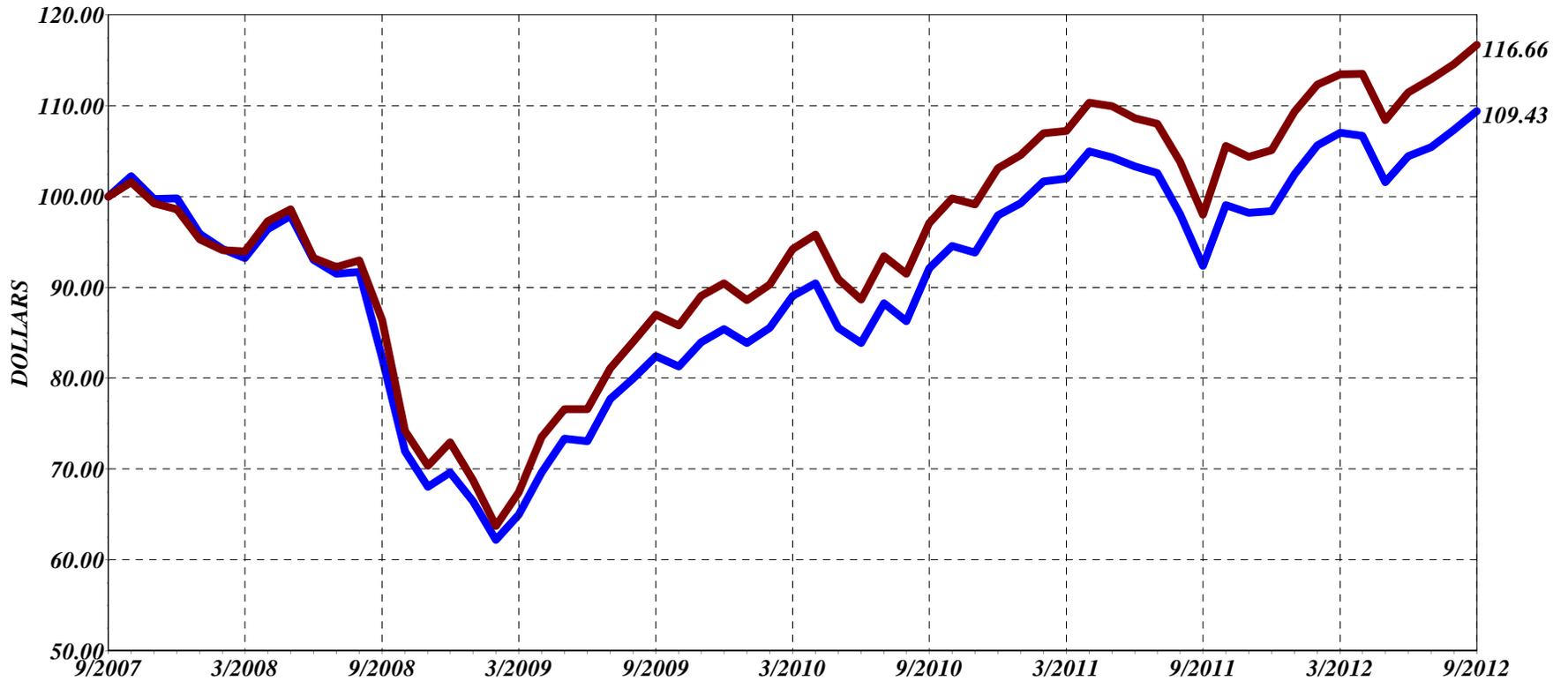
**Boynton Beach Police Pension Fund  
 Quartile Ranking  
 Total Fund Versus BNY Mellon Public Funds Universe  
 September 30, 2007 Through September 30, 2012**



	<u>LATEST QUARTER</u>		<u>ONE YEAR</u>		<u>TWO YEARS</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>	
 HIGHEST VALUE		6.66		26.04		13.76		16.28		7.52
 FIRST QUARTILE		5.06		18.45		9.47		10.14		3.24
 MEDIAN VALUE		4.80		16.66		8.93		9.54		2.44
 THIRD QUARTILE		4.33		14.75		7.90		8.85		1.60
 LOWEST VALUE		2.15		6.85		4.11		4.75		0.13
 MEAN		4.65		16.58		8.82		9.77		2.79
	<u>LATEST QUARTER</u>		<u>ONE YEAR</u>		<u>TWO YEARS</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>	
	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>
 TF	4.80	47	18.47	21	9.00	47	9.90	31	1.82	68
 CONSULTANT'S BNCH	4.68	57	19.03	21	9.61	21	10.27	21	3.13	26



**Boynton Beach Police Pension Fund  
Total Fund  
Growth of a Dollar Analysis  
September 30, 2007 Through September 30, 2012**



	LATEST QUARTER	YEAR TO DATE	ONE YEAR	THREE YEARS	FIVE YEARS
TF	4.80	11.18	18.47	9.90	1.82
CONSULTANT'S BNCH	4.68	11.03	19.03	10.27	3.13



**Boynton Beach Police Pension Fund  
RTC Multi Mgr Bond Fund  
Performance Profile  
Through September 30, 2012**

	ENDED	RETURN
BEST QUARTER	9/2010	3.87
WORST QUARTER	12/2010	-0.60
BEST 4 QUARTERS	9/2010	13.78
WORST 4 QUARTERS	9/2011	4.57

TOTAL # OF PERIODS: 36  
# OF POSITIVE PERIODS: 28  
# OF NEGATIVE PERIODS: 8

	QUARTER TO DATE	ONE YEAR	TWO YEARS	THREE YEARS
TOTAL FUND	2.48	8.39	6.46	8.85
FIXED INCOME BNCH	1.58	5.16	5.21	6.18
EXCESS	0.90	3.23	1.25	2.66
RISKLESS INDEX	0.03	0.07	0.11	0.11
REAL ROR	1.67	6.24	3.37	6.35

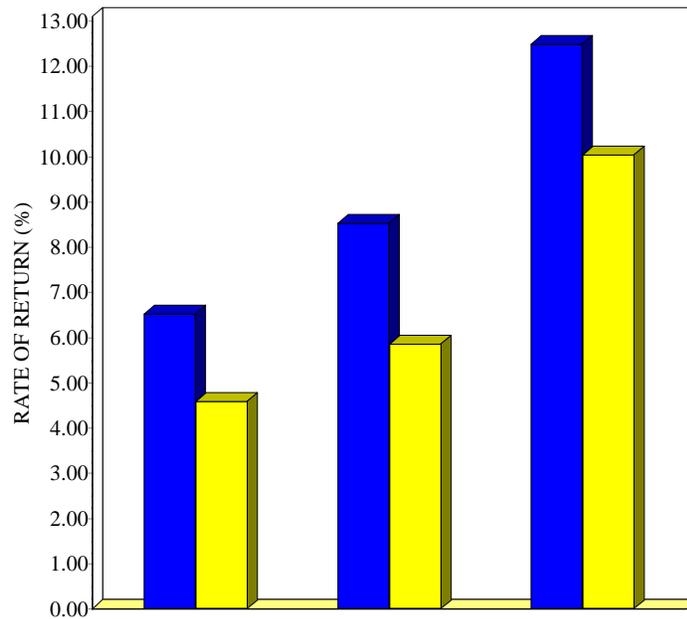
PERIOD	RETURN	UNIVERSE RANKING	STD DEV	SHARPE RATIO	ALPHA	BETA	R-SQUARED	INFO RATIO
ONE YEAR	8.39	33	2.15	3.86	3.40	0.93	76.83	2.93
TWO YEARS	6.46	34	2.42	2.63	2.18	0.80	66.67	0.79
THREE YEARS	8.85	23	2.75	3.18	3.54	0.82	63.62	1.45

*The risk benchmark for this analysis is the Fixed Income Bnch.  
The universe used was the Fixed Income*



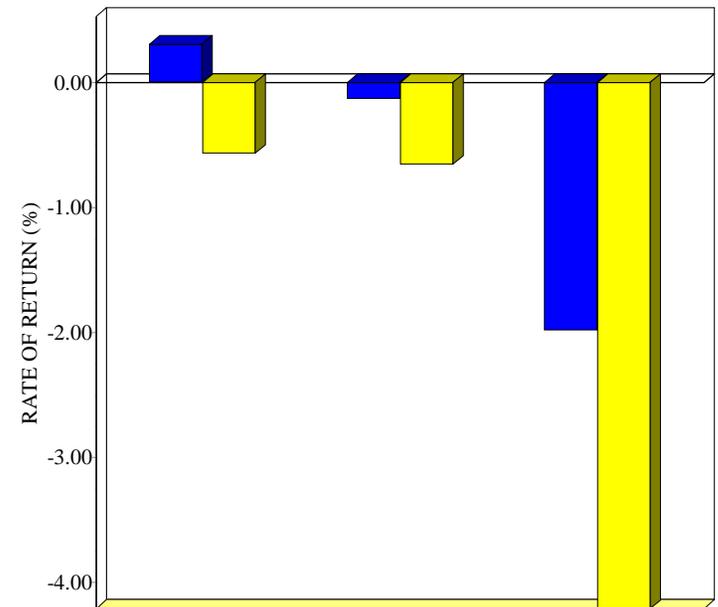
**Boynton Beach Police Pension Fund  
 RTC Multi Mgr Bond Fund  
 Performance in Rising and Declining Markets  
 September 30, 2009 Through September 30, 2012**

UP MARKET PERFORMANCE



	YTD	ONE YEAR	THREE YEARS
TOTAL FUND	6.52	8.53	12.48
FIXED INCOME BNCH	4.59	5.85	10.03
DIFFERENCE	1.93	2.68	2.45
RATIO	1.42	1.46	1.24
UP PERIODS	7	9	28

DOWN MARKET PERFORMANCE



	YTD	ONE YEAR	THREE YEARS
TOTAL FUND	0.30	-0.13	-1.99
FIXED INCOME BNCH	-0.57	-0.66	-4.21
DIFFERENCE	0.88	0.53	2.23
RATIO	-0.53	0.20	0.47
DOWN PERIODS	2	3	8



**Boynton Beach Police Pension Fund  
RTC Real Estate Equity Fd  
Performance Profile  
Through September 30, 2012**

	ENDED	RETURN
BEST QUARTER	12/2010	5.62
WORST QUARTER	3/2009	-14.72
BEST 4 QUARTERS	9/2011	19.85
WORST 4 QUARTERS	9/2009	-39.30

TOTAL # OF PERIODS: 60  
# OF POSITIVE PERIODS: 55  
# OF NEGATIVE PERIODS: 5

	QUARTER TO DATE	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS
RTC REAL ESTATE EQUITY F	2.89	11.74	15.72	12.62	-2.00
REAL ESTATE BNCH	2.78	11.62	14.90	12.19	2.11
EXCESS	0.11	0.11	0.83	0.43	-4.11
RISKLESS INDEX	0.03	0.07	0.11	0.11	0.72
REAL ROR	2.08	9.54	12.39	10.05	-4.04

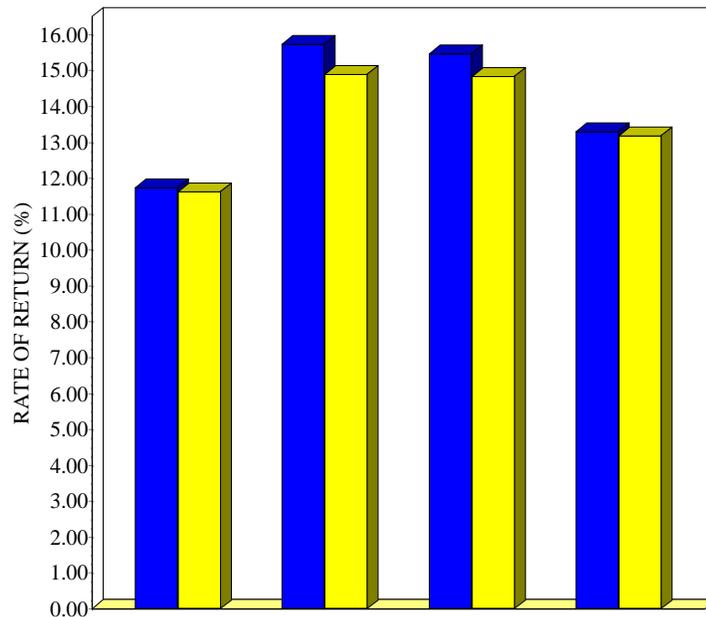
PERIOD	RETURN	UNIVERSE RANKING	STD DEV	SHARPE RATIO	ALPHA	BETA	R-SQUARED	INFO RATIO
ONE YEAR	11.74	99	4.64	2.51	-0.04	1.01	99.21	0.25
TWO YEARS	15.72	20	6.44	2.43	-0.19	1.07	99.51	1.25
THREE YEARS	12.62	99	7.04	1.78	-0.26	1.06	99.61	0.71
FIVE YEARS	-2.00	98	12.31	-0.22	-4.31	1.35	92.10	-0.81

*The risk benchmark for this analysis is the Real Estate Bnch.  
The universe used was the MS Real Estate.*



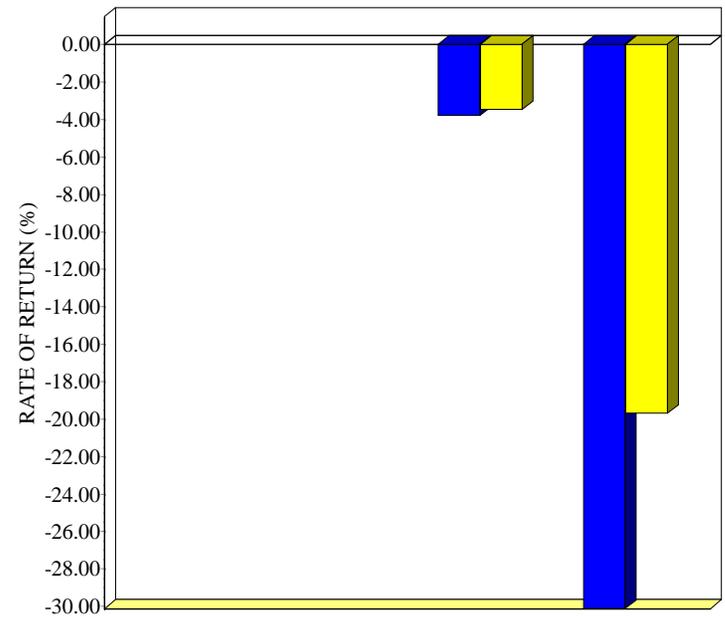
**Boynton Beach Police Pension Fund  
RTC Real Estate Equity Fd  
Performance in Rising and Declining Markets  
September 30, 2007 Through September 30, 2012**

UP MARKET PERFORMANCE



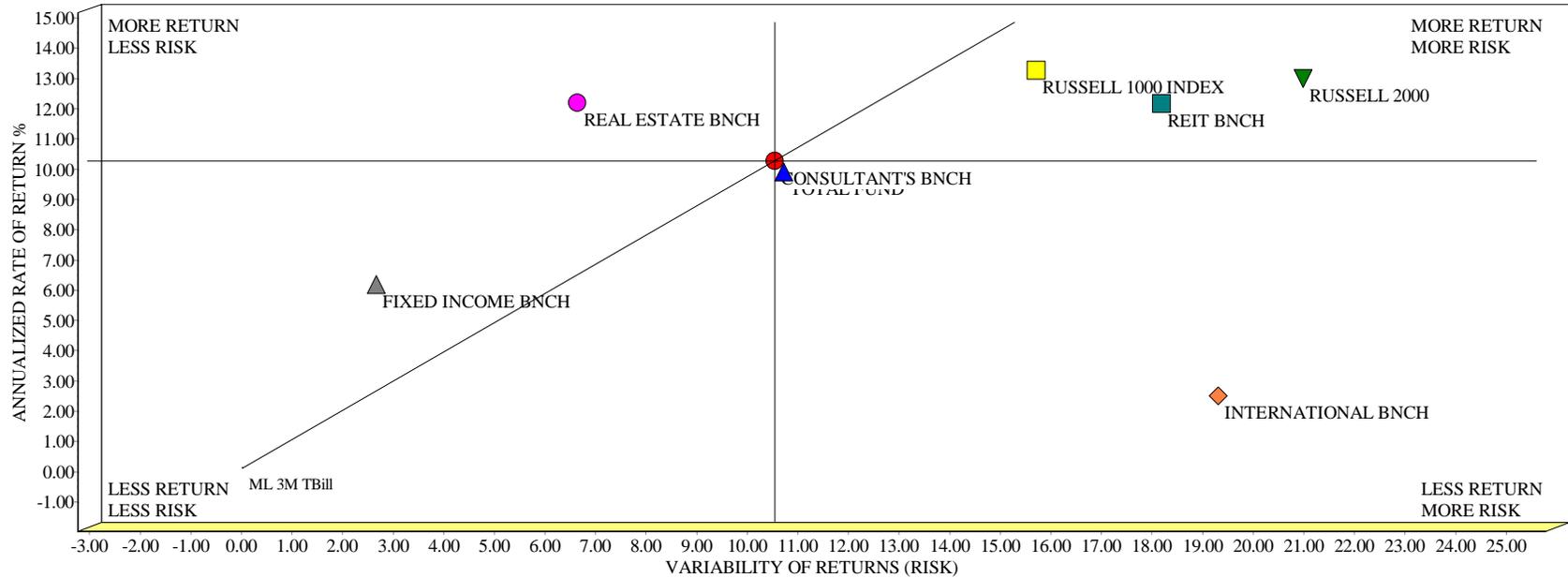
	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS
TOTAL FUND	11.74	15.72	15.46	13.30
REAL ESTATE BNCH	11.62	14.90	14.84	13.19
DIFFERENCE	0.11	0.83	0.62	0.11
RATIO	1.01	1.06	1.04	1.01
UP PERIODS	4	8	11	14

DOWN MARKET PERFORMANCE



	ONE YEAR	TWO YEARS	THREE YEARS	FIVE YEARS
TOTAL FUND	N/A	N/A	-3.80	-30.14
REAL ESTATE BNCH	N/A	N/A	-3.48	-19.71
DIFFERENCE	N/A	N/A	-0.32	-10.43
RATIO	N/A	N/A	1.09	1.53
DOWN PERIODS	0	0	1	6

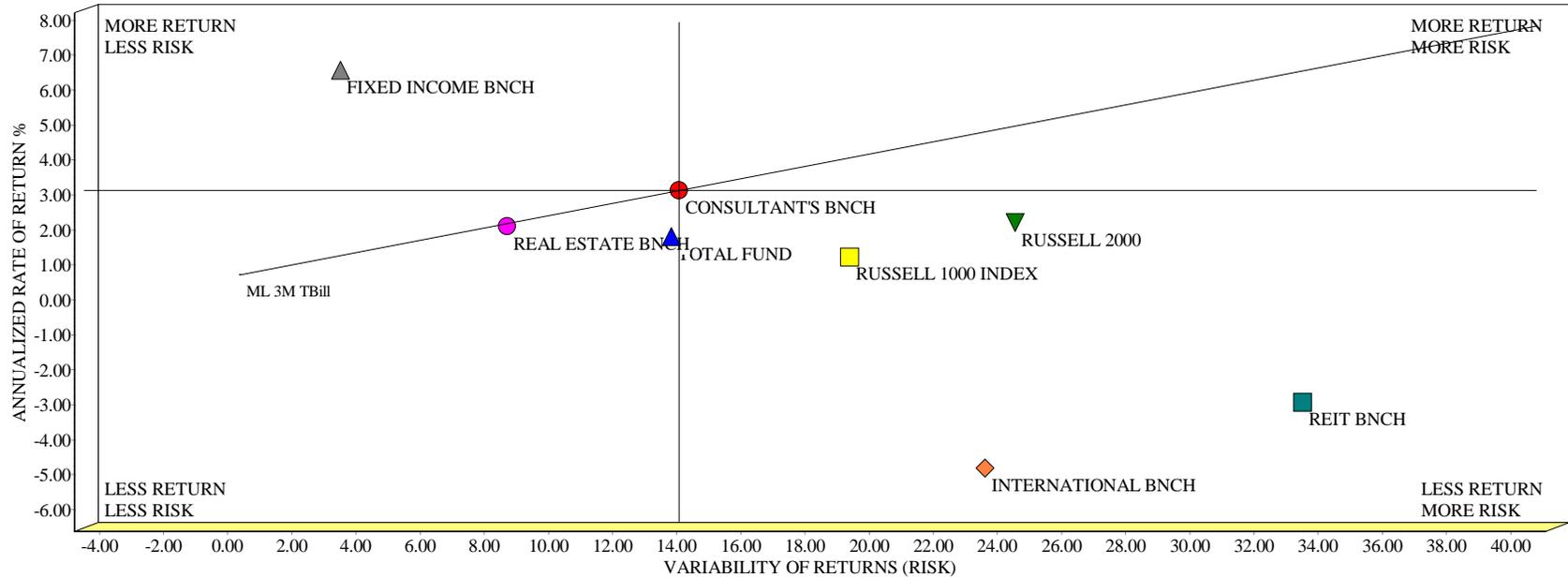
**Boynton Beach Police Pension Fund  
Total Fund  
Capital Market Line  
September 30, 2009 Through September 30, 2012**



	RETURN	STD DEV	BETA	ALPHA	R-SQUARED
▲ TOTAL FUND	9.90	10.72	1.01	-0.45	99.14
● CONSULTANT'S BNCH	10.27	10.54	1.00	0.00	100.00
■ RUSSELL 1000 INDEX	13.27	15.71	1.00	0.00	100.00
▼ RUSSELL 2000	12.99	20.99	1.00	0.00	100.00
◆ INTERNATIONAL BNCH	2.51	19.31	1.00	0.00	100.00
▲ FIXED INCOME BNCH	6.18	2.66	1.00	0.00	100.00
● REAL ESTATE BNCH	12.19	6.64	1.00	0.00	100.00
■ REIT BNCH	12.17	18.18	1.00	0.00	100.00



**Boynton Beach Police Pension Fund  
Total Fund  
Capital Market Line  
September 30, 2007 Through September 30, 2012**

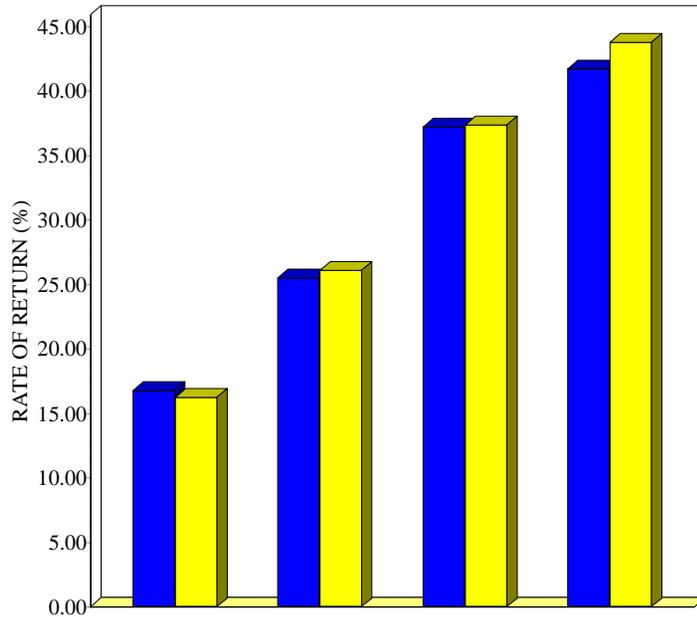


	RETURN	STD DEV	BETA	ALPHA	R-SQUARED
▲ TOTAL FUND	1.82	13.83	0.97	-1.21	96.91
● CONSULTANT'S BNCH	3.13	14.07	1.00	0.00	100.00
■ RUSSELL 1000 INDEX	1.22	19.38	1.00	0.00	100.00
▼ RUSSELL 2000	2.21	24.54	1.00	0.00	100.00
◆ INTERNATIONAL BNCH	-4.82	23.62	1.00	0.00	100.00
▲ FIXED INCOME BNCH	6.57	3.52	1.00	0.00	100.00
● REAL ESTATE BNCH	2.11	8.73	1.00	0.00	100.00
■ REIT BNCH	-2.93	33.52	1.00	0.00	100.00



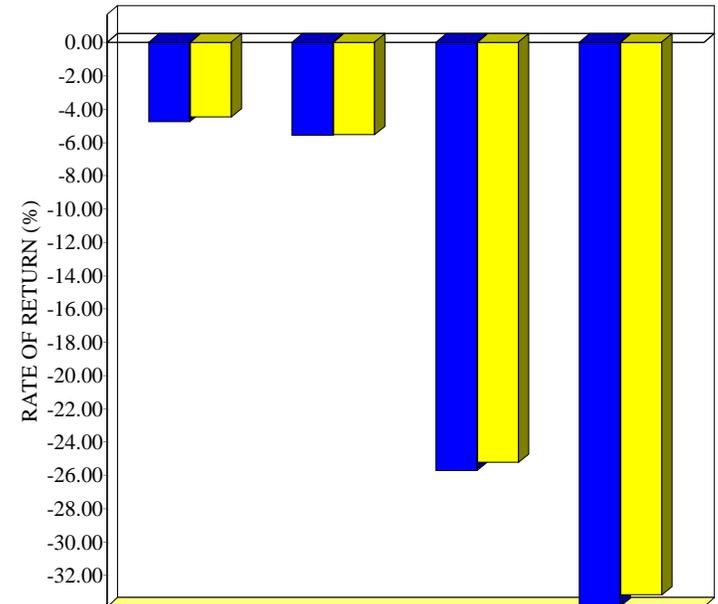
**Boynton Beach Police Pension Fund**  
**Total Fund**  
**Performance in Rising and Declining Markets**  
**September 30, 2007 Through September 30, 2012**

UP MARKET PERFORMANCE



	YTD	ONE YEAR	THREE YEARS	FIVE YEARS
TOTAL FUND	16.79	25.49	37.18	41.69
CONSULTANT'S BNCH	16.27	26.07	37.37	43.75
DIFFERENCE	0.52	-0.58	-0.19	-2.05
RATIO	1.03	0.98	1.00	0.95
UP PERIODS	8	10	23	34

DOWN MARKET PERFORMANCE



	YTD	ONE YEAR	THREE YEARS	FIVE YEARS
TOTAL FUND	-4.80	-5.60	-25.76	-33.91
CONSULTANT'S BNCH	-4.51	-5.58	-25.24	-33.20
DIFFERENCE	-0.29	-0.02	-0.52	-0.71
RATIO	1.07	1.00	1.02	1.02
DOWN PERIODS	1	2	13	26



## **Boynton Beach Police Pension Fund Glossary of Terms**

- ACCRUED INTEREST- Bond interest earned since the last interest payment, but not yet received.
- ALPHA- A linear regressive constant that measures expected return independent of Beta.
- ASSET ALLOCATION- The division of portfolio asset classes in order to achieve an expected investment objective.
- BALANCED UNIVERSES - BNY Mellon Public Funds, Endowments & Foundations, Corporate peer groups, and PSN peer groups.
- BETA- A measure of portfolio sensitivity (volatility) in relation to the market, based upon past experience.
- BOND DURATION- A measure of portfolio sensitivity to interest rate risk.
- COMMINGLED FUND- An investment fund which is similar to a mutual fund in that investors are permitted to purchase and redeem units that represent ownership in a pool of securities.
- CONVERTIBLE BONDS - Hybrid securities' that offer equity returns during rising equity markets and improved down-market protection.
- CORE- An equal weighting in both growth and value stocks.
- CORRELATION COEFFICIENT- A measure of how two assets move together. The measure is bounded by +1 and -1; +1 means that the two assets move together positively, while a measure of -1 means that the assets are perfectly negatively correlated.
- GROWTH MANAGER- Generally invests in companies that have either experienced above-average growth rates and/or are expected to experience above-average growth rates in the future. Growth portfolios tend to have high price/earnings ratios and generally pay little to no dividends.
- INDEXES- Indexes are used as "independent representations of markets" (e.g., S&P 500).
- INFORMATION RATIO- Annualized excess return above the benchmark relative to the annualized tracking error.
- LARGE CAP- Generally, the term refers to a company that has a market capitalization that exceeds \$10 billion.
- MANAGER UNIVERSE- A collection of quarterly investment returns from various investment management firms that may be subdivided by style (e.g. growth, value, core).
- MID CAP- Generally, the term refers to a company that has a market capitalization between \$2 and \$10 billion.
- NCREIF - A quarterly time series composite total rate of return measure of investment performance of a large pool of individual commercial real estate properties acquired in the private market for investment purposes only.
- NCREIF ODCE - Open End Diversified Core Equity index which consists of historical and current returns from 26 open-end commingled funds pursuing core strategy. This index is capitalization weighted, time weighted and gross of fees.



## **Boynton Beach Police Pension Fund**

### **Glossary of Terms**

-NET- Investment return accounts only for manager fees.

-PROTECTING FLORIDA INVESTMENT ACT (PFIA) - SBA publishes a list of prohibited investments (scrutinized companies).

-RATE OF RETURN- The percentage change in the value of an investment in a portfolio over a specified time period, excluding contributions.

-RISK MEASURES- Measures of the investment risk level, including beta, credit, duration, standard deviation, and others that are based on current and historical data.

-R-SQUARED- Measures how closely portfolio returns and those of the market are correlated, or how much variation in the portfolio returns may be explained by the market. An R2 of 40 means that 40% of the variation in a fund's price changes could be attributed to changes in the market index over the time period.

-SHARPE RATIO- The ratio of the rate of return earned above the risk-free rate to the standard deviation of the portfolio. It measures the number of units of return per unit of risk.

-SMALL CAP- Generally refers to a company with a market capitalization \$300 million to \$2 billion.

-STANDARD DEVIATION- Measure of the variability (dispersion) of historical returns around the mean. It measures how much exposure to volatility was experienced by the implementation of an investment strategy.

-SYSTEMATIC RISK- Measured by beta, it is the risk that cannot be diversified away (market risk).

- TIME WEIGHTED (TW) RETURN - A measure of the investments versus the investor. When there are no flows the TW & DOLLAR weighted (DW) returns are the same and vice versa.

-TRACKING ERROR- A measure of how closely a manager's performance tracks an index; it is the annualized standard deviation of the differences between the quarterly returns for the manager and the benchmark.

-TREYNOR RATIO- A measure of reward per unit of risk. (excess return divided by beta)

-UP AND DOWN-MARKET CAPTURE RATIO- Ratio that illustrates how a manager performed relative to the market during rising and declining market periods.

-VALUE MANAGER- Generally invests in companies that have low price-to-earnings and price-to-book ratios and/or above-average dividend yields.



## **Boynton Beach Police Pension Fund Disclosure**

Advisory services are offered through or by Burgess Chambers and Associates, Inc., a registered SEC investment advisor.

### Performance Reporting:

- 1.Changes in portfolio valuations due to capital gains or losses, dividends, interest, income and management fees are included in the calculation of returns. All calculations are made in accordance with generally accepted industry standards.
- 2.Transaction costs, such as commissions, are included in the purchase cost or deducted from the proceeds or sale of a security. Differences in transaction costs may affect comparisons.
- 3.Individual client returns may vary due to a variety of factors, including differences in investment objectives, asset allocating and timing of investment decisions.
- 4.BCA does not have discretion or decision making authority over any investments. All decisions regarding investment manager selection and retention, asset allocation, and other investment policies were made by the client. While BCA provides recommendations and choices regarding suitable investments, not all clients take these recommendations or select from the choices offered.
- 5.Performance reports are generated from information supplied by the client, custodian, and/or investment managers. BCA relies upon the accuracy of this data when preparing reports.
- 6.The market indexes do not include transaction costs, and an investment in a product similar to the index would have lower performance dependent upon costs, fees, dividend reinvestments, and timing. Benchmarks and indexes are for comparison purposes only, and there is no assurance or guarantee that such performance will be achieved.
- 7.Performance information prepared by third party sources may differ from that shown by BCA. These differences may be due to different methods of analysis, different time periods being evaluated, different pricing sources for securities, treatment of accrued income, treatment of cash, and different accounting procedures.
- 8.Certain valuations, such as alternative assets, ETF, and mutual funds, are prepared based on information from third party sources, the accuracy of such information cannot be guaranteed by BCA. Such data may include estimates and maybe subject to revision.
- 9.BCA has not reviewed the risks of individual security holdings. The firm's ADV, Part II, is available upon request.
- 10.BCA investment reports are not indicative of future results.

