

# Boynton Beach Police Pension Fund

## Investment Performance Period Ending September 30, 2016

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BCA reviews transactions provided by the custodian and uses reasonable care to ensure the accuracy of the data contained herein.  
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# Boynton Beach Police Pension Fund

## BCA Market Perspective ©

### Managing The Recovery

Burgess B. Chambers

October 2016

During past economic recoveries, increased government spending and tax policies (fiscal policies), in conjunction with the Federal Reserve (Fed) reducing borrowing costs, have been effective in stimulating the real economy.

So here is how it is supposed to work. The U.S government agrees to manage both public and private sector policies to promote social stability, full employment, sustained economic growth and increasing federal tax receipts. Across the street, the Fed stands by to stimulate a weakening economy by adding liquidity or lowering borrowing costs. It also has the power to slow down an overly inflated economy by raising borrowing costs. With fiscal policy, the U.S. Government manages spending appropriations and inks the tax code with provisions that direct or promote where the public sector invests or spends capital. Thus, government spending and tax policies steer resources into the economy. For example, oil & gas companies receive handsome accounting write-offs or tax incentives to find energy. Renewable energy companies receive 30% tax credits to promote wind and solar power. Research and development costs among manufacturers are often reimbursed by way of tax credits. The tax code (fiscal policy) encourages companies to purchase equipment by allowing for accelerated depreciation – a means of reducing current income taxes, thus freeing up capital for other purposes that should stimulate the economy.

To put this all together, the federal government spends a lot of money and influences or directs how the private sector spends money. This type of stimulation is known as fiscal policy. Monetary policy involves the Fed coordinating policies designed to promote economic conditions for full employment and to cool the economy when inflation becomes a problem. Monetary policy is most often associated with the Fed raising or lowering interest rates.

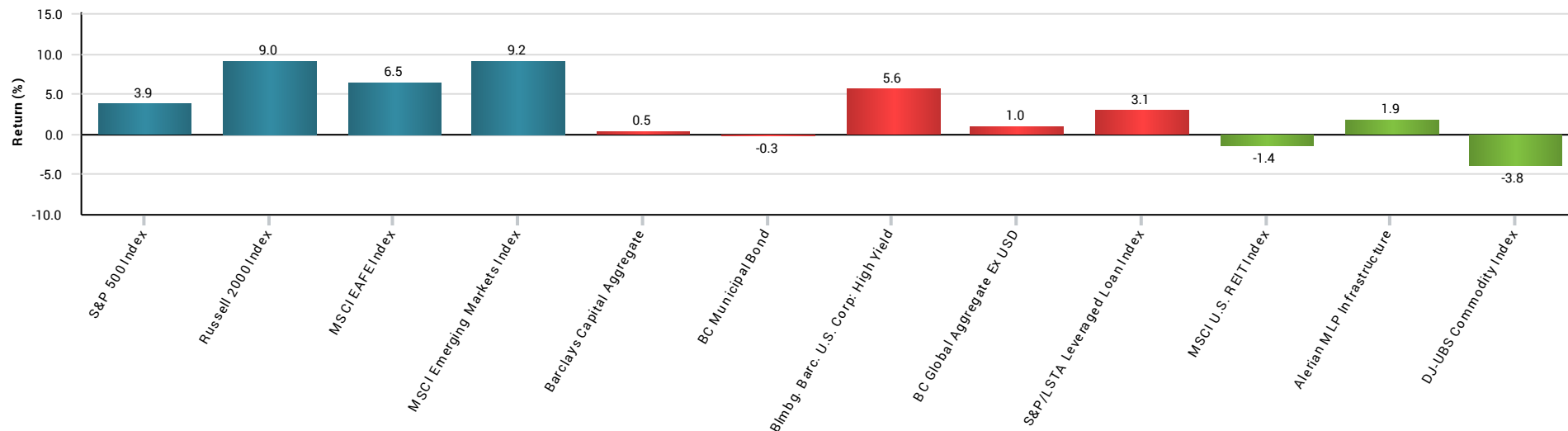
Since 2009, the U.S. economy has not experienced a robust economic recovery. The economy has instead been nursed along by a Fed policy of historically low interest rates and restrictive private lending. At the same time, new banking regulations have been installed – thus tightening lending standards and making it more difficult for the private sector to borrow. Many believe it is this lack of credit that has held back the U.S. recovery since 2009. Sure, the stock market has fully recovered – but not the real economy. Credit availability allows for capital formation and investment. This fundamental economic principle is an essential growth mechanism that leads to increased orders of building materials, chemicals, motor fuel, food, clothing, and just about everything else - which leads to more purchases and the need for new hires. State and federal tax revenues increase and budgets become easier to balance.

Fiscal policy stimulation has been an effective tool – primarily by lowering federal income tax rates. The impact on consumer spending and growth is almost immediate. But in the recent past, lawmakers have been unable to reduce spending in non-essential areas to control growing budget deficits.

Back to the economy: It is possible to return to a real growing economy if the citizens, entrepreneurs, and lawmakers are given the freedom to create and take risks. Allow for credit expansion and tax cuts - then prosperity will soon follow as it has in the past.

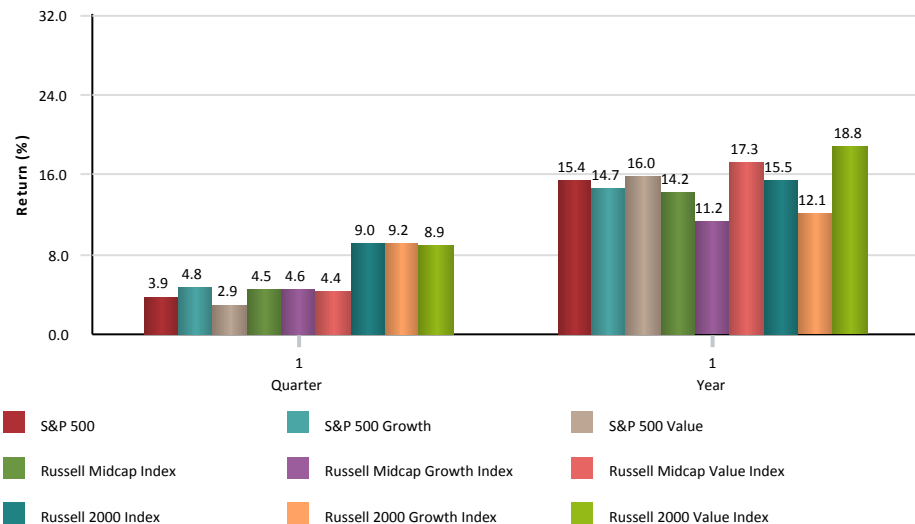
Disclosure: All expressions of opinion reflect the judgment of the author as of the date of publication and are subject to change. Content should not be regarded as a complete analysis of the subjects discussed or as personalized investment advice. All investment strategies have the potential for profit or loss. References to market performance in publications do not represent the returns achieved by Burgess Chambers & Associates or any of its advisory clients.

## 1 Quarter Performance



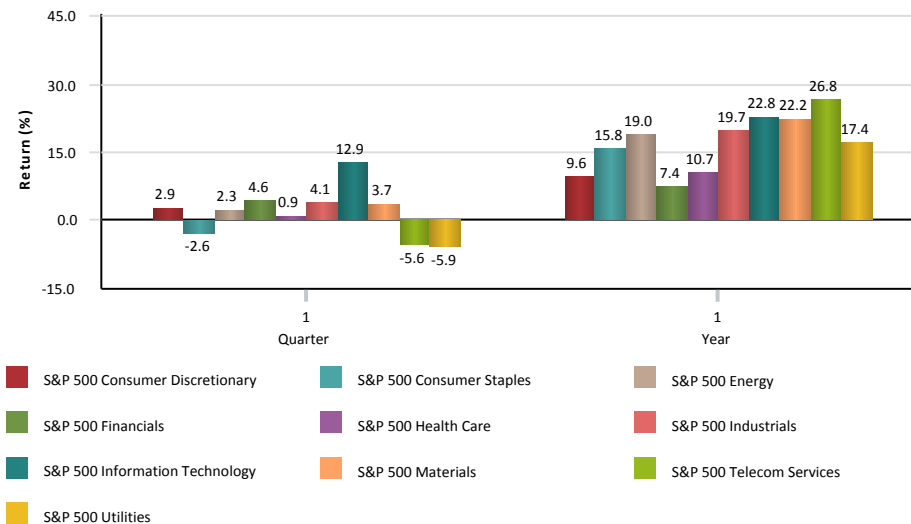
Source: Investment Metrics, LLC

## US Market Indices Performance



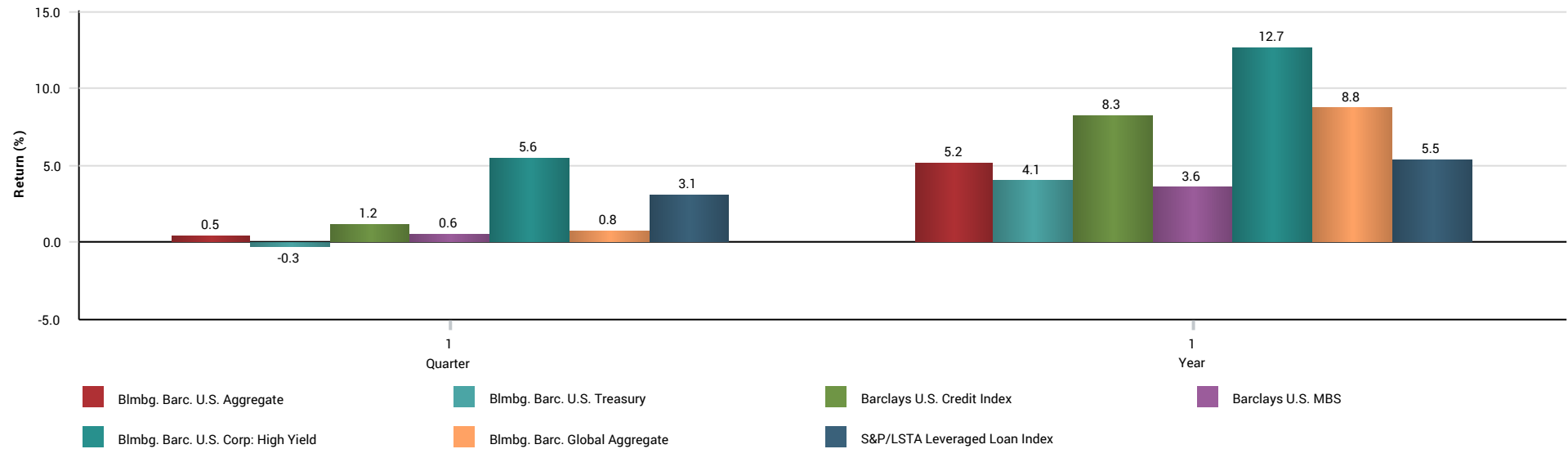
Source: Investment Metrics, LLC

## US Market Sector Performance



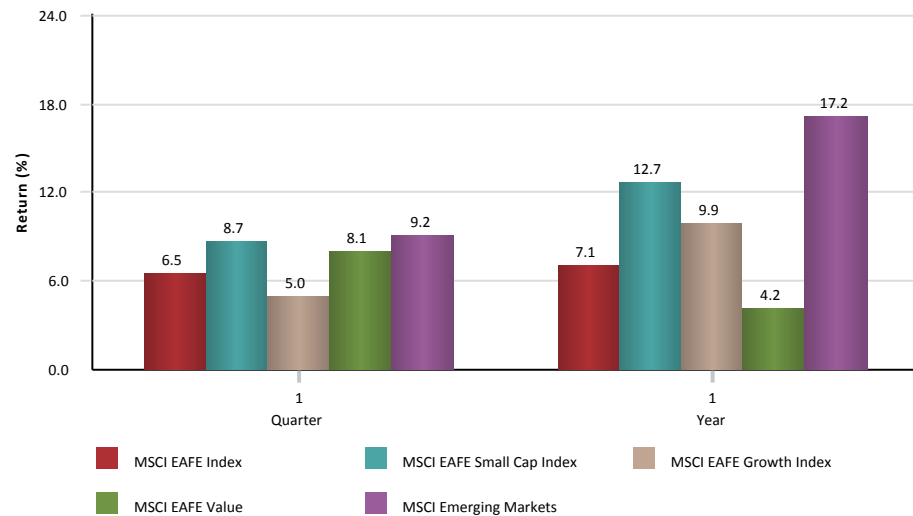
Source: Investment Metrics, LLC

## Fixed Income Market Sector Performance



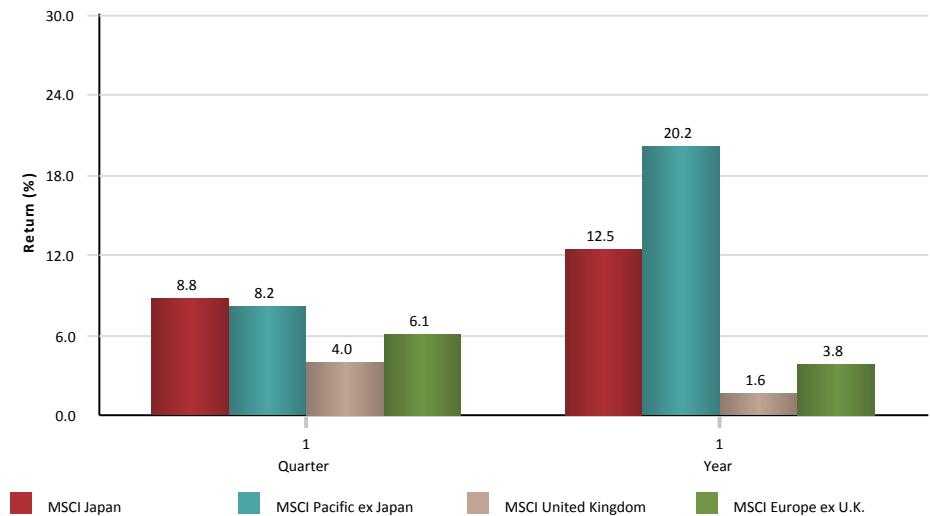
Source: Investment Metrics, LLC

## Intl Equity Indices Performance



Source: Investment Metrics, LLC

## Intl Equity Region Performance



Source: Investment Metrics, LLC

**Boynton Beach Police Pension Fund**  
**Total Fund**  
**Investment Summary**  
**September 30, 2016**

The bull market recently surpassed 7 1/2 years, and the S&P 500 index persisted higher (+7.8%) through 2016 in spite of fears and uncertainties. It's hard to reconcile this against the backdrop of weak gross domestic product (GDP) growth and five quarters of decline in corporate earnings. Equity prices (S&P 500) remain elevated at a P/E multiple of 16.8x, compared to 14.3x, which is the ten year average. However, this should come as no surprise when the S&P 500 dividend yield is 2.0% and the U.S 10-Year Treasury Yield is 1.7%.

- For the quarter, the Fund experienced an investment gain of +2.5% gross (or +2.3% net; +\$2.1 million), behind the Policy Benchmark (+2.9%). The best performing asset category was the Multi-Asset Core fund (+4.4%), while the defensive equity portfolio lagged due to a risk-on environment.
- For the fiscal-year, the Fund earned \$8.5 million or +11.0% gross (+10.2% net). This exceeded the Policy Benchmark by approximately 0.7% and ranked in the top 13th percentile. The best performing asset category for the fiscal-year was the Russell Large Cap Defensive Equity Fund (+14.3%).
- **For the three-year period, the Fund earned \$18.2 million or +8.0% (7.2% net) and ranked in the top 3rd percentile.**
- **For the five-year period, the Fund ranked in the top 22nd percentile and earned \$34.6 million or +10.5% (+9.6% net).**

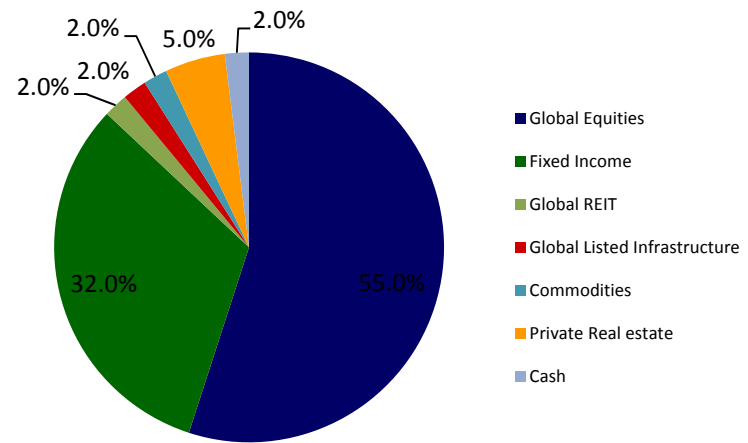
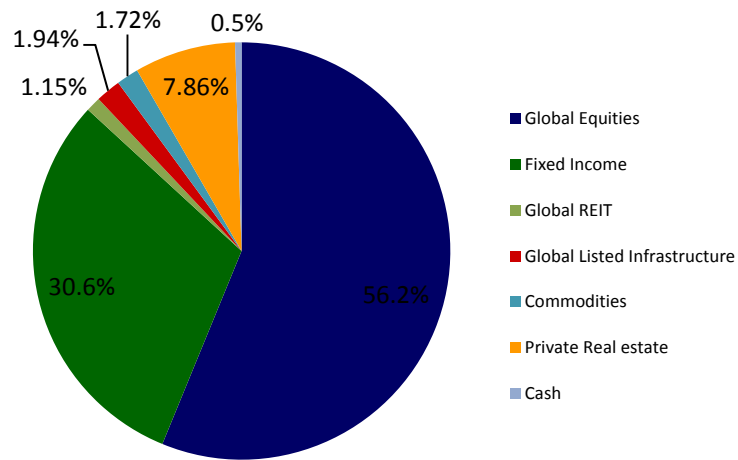
**Boynton Beach Police Pension Fund**  
**Total Fund**  
**Investment Policy Review**  
**September 30, 2016**

	<b><u>Yes</u></b>	<b><u>No</u></b>
The Total Fund's annualized three-year performance achieved the Policy Benchmark.	<input checked="" type="checkbox"/>	<input 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 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 Policy Benchmark.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Total Fund's annualized five-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 +7.75% actuarial assumption rate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Russell Large Cap Defensive Equity annualized three-year performance achieved the multi-asset benchmark.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Multi Asset Core annualized three-year performance achieved the multi-asset benchmark.	<input checked="" type="checkbox"/>	<input 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"/>
Multi Mgr Bonds annualized five-year performance achieved the fixed income benchmark.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Multi Mgr Bonds annualized five-year performance ranked in the top 40th percentile of the universe (Actual: 41st).	<input type="checkbox"/>	<input checked="" type="checkbox"/>
 Real Estate Equity's annualized three-year performance achieved the real estate benchmark (+12.5% vs. +12.6%).	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Real Estate Equity's annualized five-year performance achieved the real estate benchmark.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 PFIA Compliant	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Investments in equity securities were <b>56.2%</b> which did not exceed 70% of Fund's assets at market value.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Foreign equity investments were <b>21.3%</b> (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 fixed income was <b>30.6%</b> (at market) within the 30% minimum limitation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Asset allocation among alternatives was <b>12.7%</b> (at market) within the 20% maximum limitation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Boynton Beach Police Pension Fund**  
**Investment Performance - Net**  
**September 30, 2016**

	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Beginning Market Value	84,668,652	78,037,731	68,964,431	51,352,908
Contributions	-697,206	-501,414	-1,107,302	98,026
Gain/Loss	2,067,678	8,502,808	18,181,995	34,588,190
Ending Market Value	86,039,124	86,039,124	86,039,124	86,039,124
Total Fund (%)	2.3	10.2	7.2	9.6
Policy Benchmark (%)	2.9	10.3	6.0	9.5

**Boynton Beach Police Pension Fund**  
**Total Fund**  
**September 30, 2016**  
**Actual vs. Target Asset Allocation**



		MV (\$)	Current	Target	Difference
Global Equities	\$	48,353,771	56.2%	55.0%	1.2%
Fixed Income	\$	26,358,218	30.6%	32.0%	-1.4%
Global REIT	\$	986,947	1.15%	2.0%	-0.9%
Global Listed Infrastructure	\$	1,669,858	1.94%	2.0%	-0.1%
Commodities	\$	1,481,071	1.72%	2.0%	-0.3%
Private Real estate	\$	6,759,760	7.86%	5.0%	2.9%
Cash	\$	429,499	0.5%	2.0%	-1.5%
<b>Total</b>		<b>86,039,124</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

Total International = 21.3% (This calculation includes foreign equity, REIT, listed infrastructure, and fixed income)

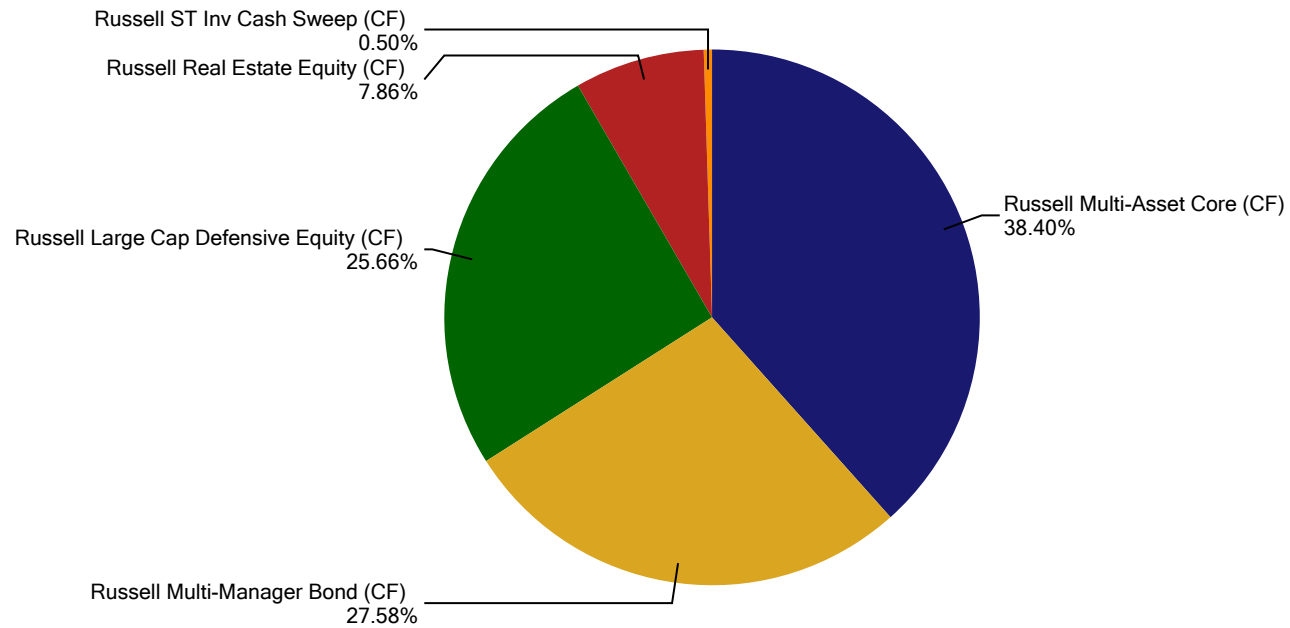
Note: For illustrative purposes only.





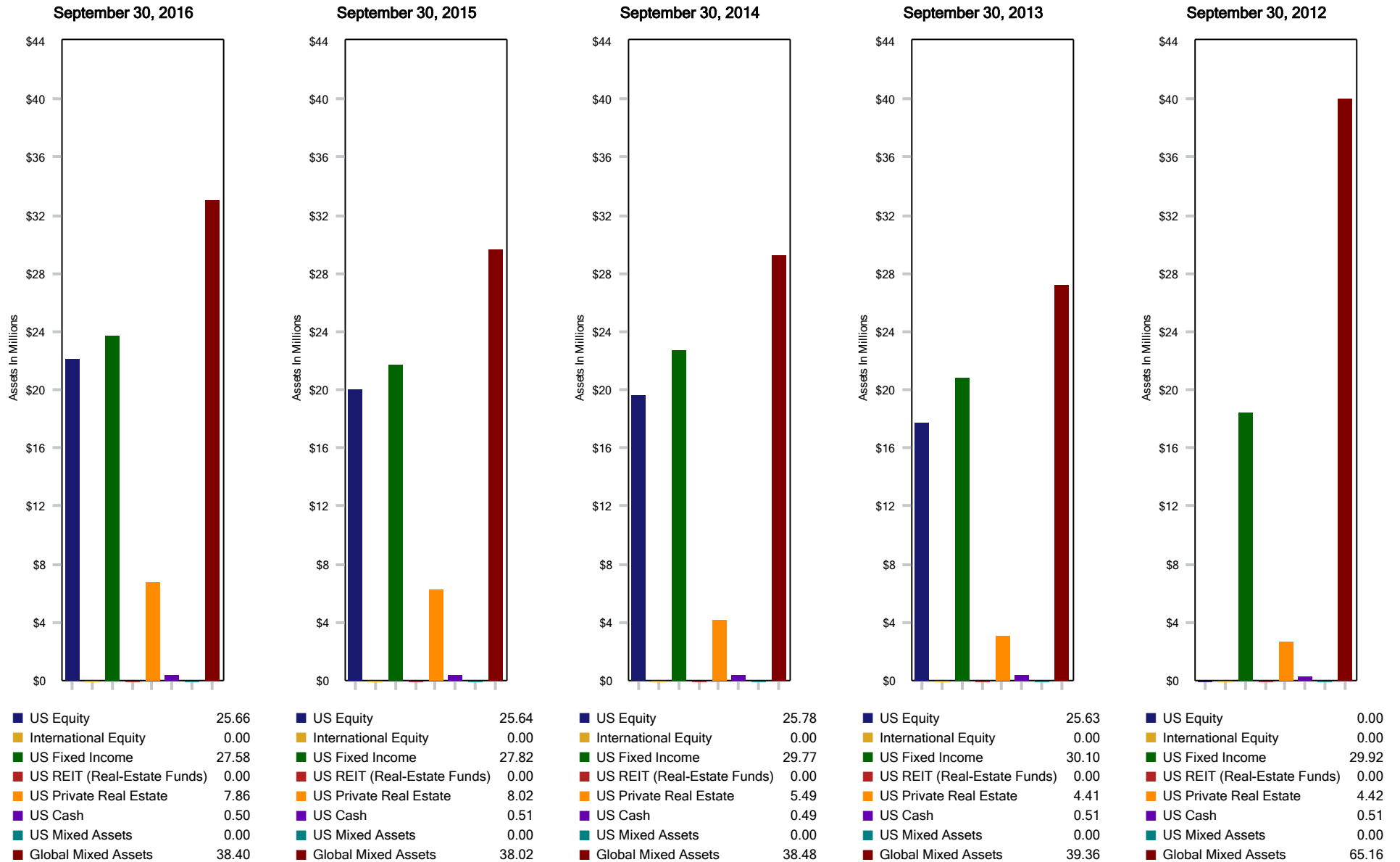
# Boynton Beach Police Pension Fund Asset Allocation

September 30, 2016 : 86,039,124



	<u>Market Value \$</u>	<u>Allocation (%)</u>
■ Russell Multi-Asset Core (CF)	33,038,093	38.40
■ Russell Multi-Manager Bond (CF)	23,733,809	27.58
■ Russell Large Cap Defensive Equity (CF)	22,077,962	25.66
■ Russell Real Estate Equity (CF)	6,759,760	7.86
■ Russell ST Inv Cash Sweep (CF)	429,499	0.50

# Boynton Beach Police Pension Fund Historical Asset Allocation September 30, 2016



**Boynton Beach Police Pension Fund**  
**Asset Allocation & Performance**  
**September 30, 2016**

	Market Value	QTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
<b>Total Fund</b>	<b>86,039,124</b>	<b>2.5 (85)</b>	<b>11.0 (13)</b>	<b>8.0 (3)</b>	<b>10.5 (22)</b>
<b>Policy Benchmark</b>		<b>2.9</b>	<b>10.3</b>	<b>6.0</b>	<b>9.5</b>
<b>Russell Large Cap Defensive Equity (CF)</b>	<b>22,077,962</b>	<b>1.4</b>	<b>14.3</b>	<b>11.5</b>	<b>N/A</b>
Russell 1000 Index		4.0	14.9	10.8	16.4
<b>Russell Multi-Asset Core (CF)</b>	<b>33,038,093</b>	<b>4.4</b>	<b>12.0</b>	<b>7.0</b>	<b>N/A</b>
Multi-Asset Core Composite Index		4.1	10.6	5.2	N/A
<b>Russell Multi-Manager Bond (CF)</b>	<b>23,733,809</b>	<b>1.1 (45)</b>	<b>7.0 (33)</b>	<b>5.1 (28)</b>	<b>4.7 (41)</b>
Fixed Income Benchmark		0.5	5.2	4.0	3.1
<b>Russell Real Estate Equity (CF)</b>	<b>6,759,760</b>	<b>1.9</b>	<b>9.6</b>	<b>12.5</b>	<b>12.7</b>
Real Estate Benchmark		2.2	10.6	12.6	12.4
<b>Russell ST Inv Cash Sweep (CF)</b>	<b>429,499</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>
BofA Merrill Lynch 3 Month U.S. T-Bill		0.1	0.3	0.1	0.1

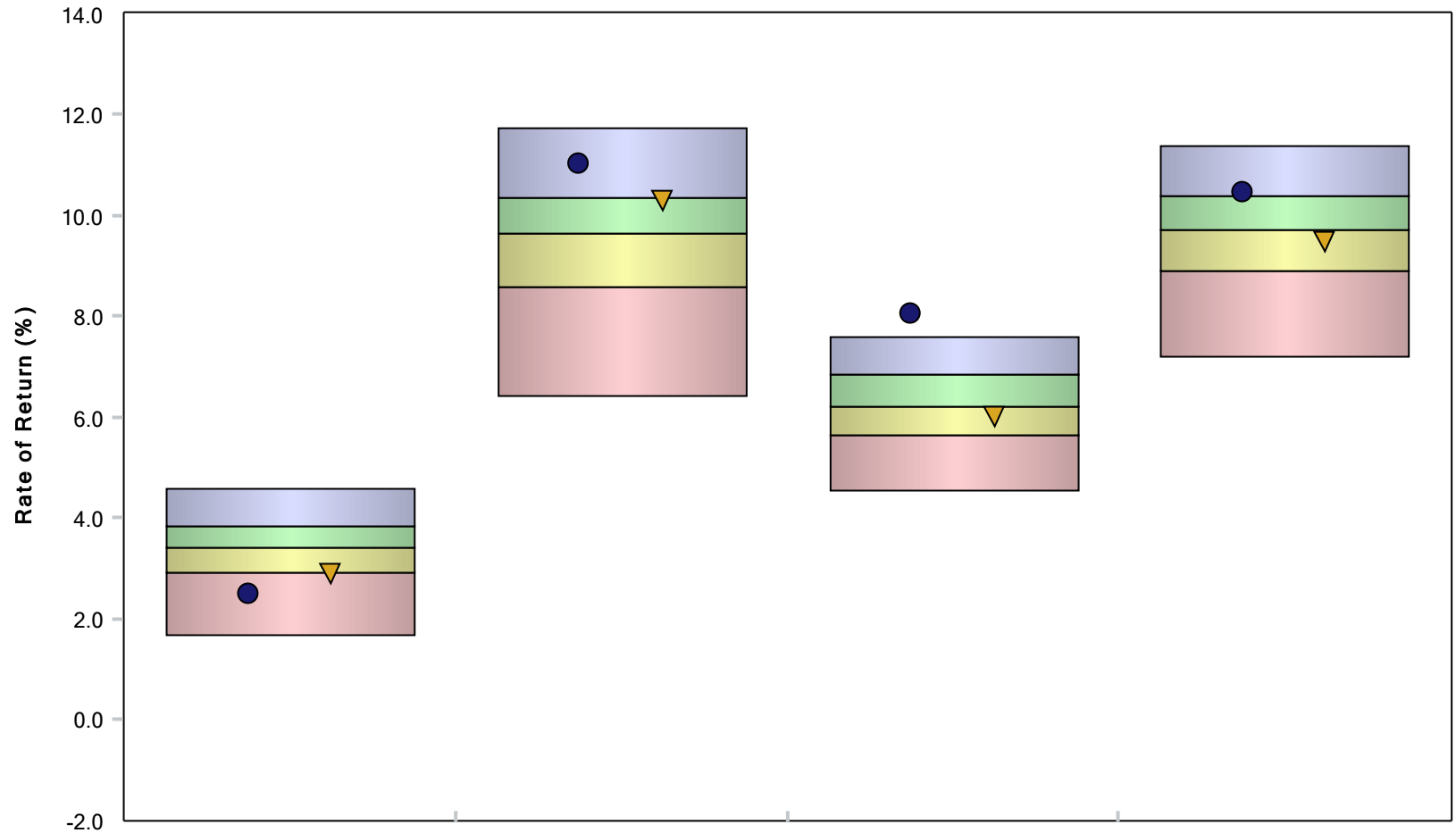
**1 Policy Benchmark (IPS hybrid benchmark objective):** March '14 is 30% MSCI ACWI + 25% Russell 1000 + 32% BC Aggregate + 2% NAREIT + 2% S&P Global Infrastructure Index + 5% NCREIF ODCE EQ (NFI ODCE EQ) + 2% DJ UBS Commodities + 2% ML 3M T-Bills; prior from May'13 48% MSCI ACWI + 35% BC Aggregate + 5% NAREIT + 5% NFI ODCE EQ + 5% DJ UBS Commodities + 2% ML 3M T-Bills; 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 Net EAFE +5% Wilshire REIT + 30% LB Interm Aggregate + 5% Lehman Interm TIPS; from Jul'02 was 60% S&P 500 + 35 LB Gov't/Credit.

**2 The Multi-Asset Core Composite Benchmark:** 75.0% Russell World Cap 50% Hedged Net Index / 5.0% Bloomberg Commodity Index / 5.0% FTSE EPRA/NAREIT Developed Real Estate Index (Net) / 5.0% S&P Global Infrastructure Index Net / 7.0% Barclays U.S. Aggregate Bond Index / 3.0% Barclays U.S. 1-3 Month Treasury Bill Index. This benchmark is appropriate for evaluating the Russell Multi-Asset Core Fund over a 3 to 5 year horizon.

**3 Fixed Income Benchmark (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 Benchmark:** from Sept'09 is 100% NCREIF ODCE EQ (NFI ODCE EQ); prior was 100% NCREIF Index.

**Boynton Beach Police Pension Fund**  
**Peer Universe Quartile Ranking**  
**September 30, 2016**



● Total Fund  
▼ Policy Benchmark

5th Percentile  
1st Quartile  
Median  
3rd Quartile  
95th Percentile

Quarter  
2.5 (85)  
2.9 (76)

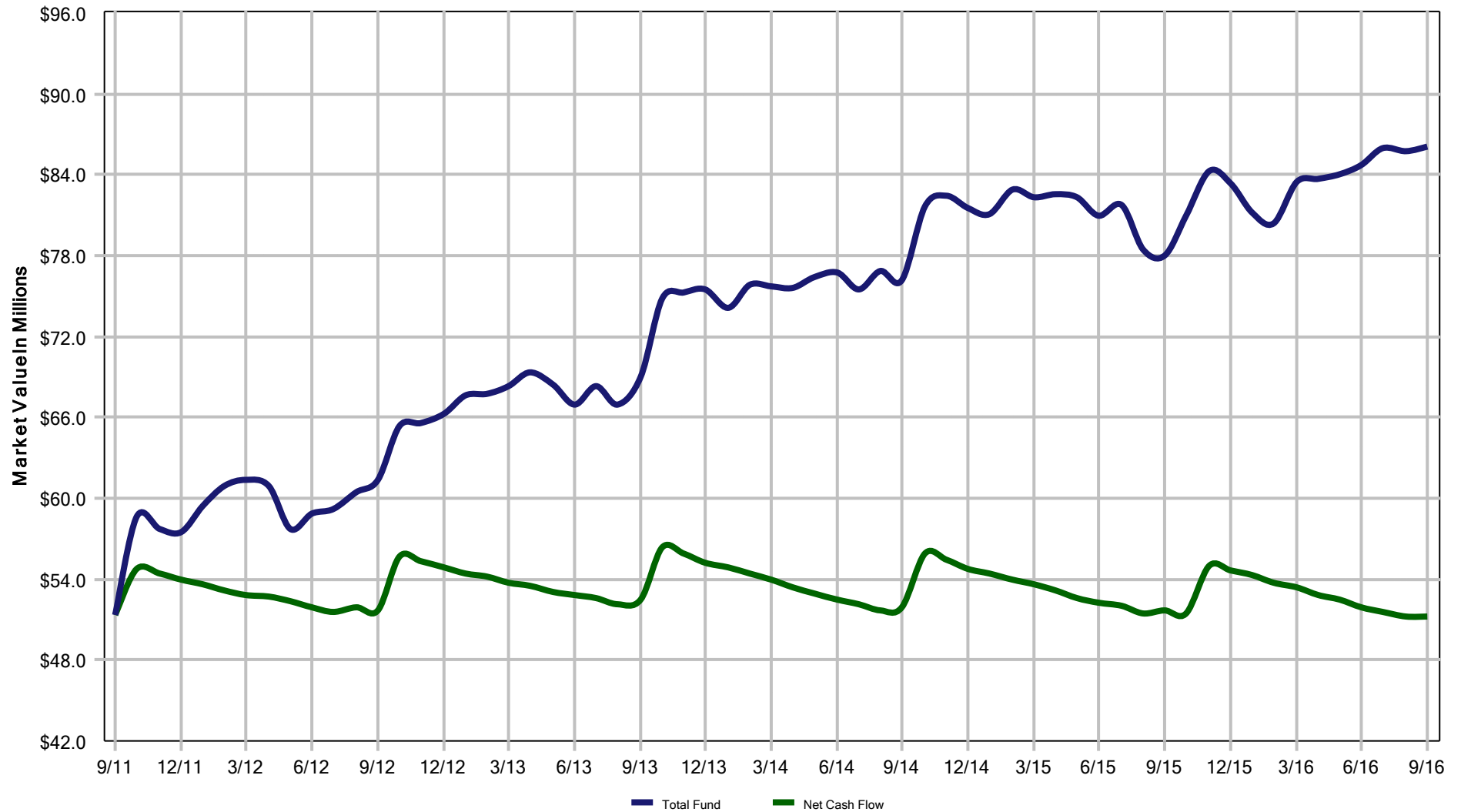
One Year  
11.0 (13)  
10.3 (27)

Three Years  
8.0 (3)  
6.0 (62)

Five Years  
10.5 (22)  
9.5 (59)

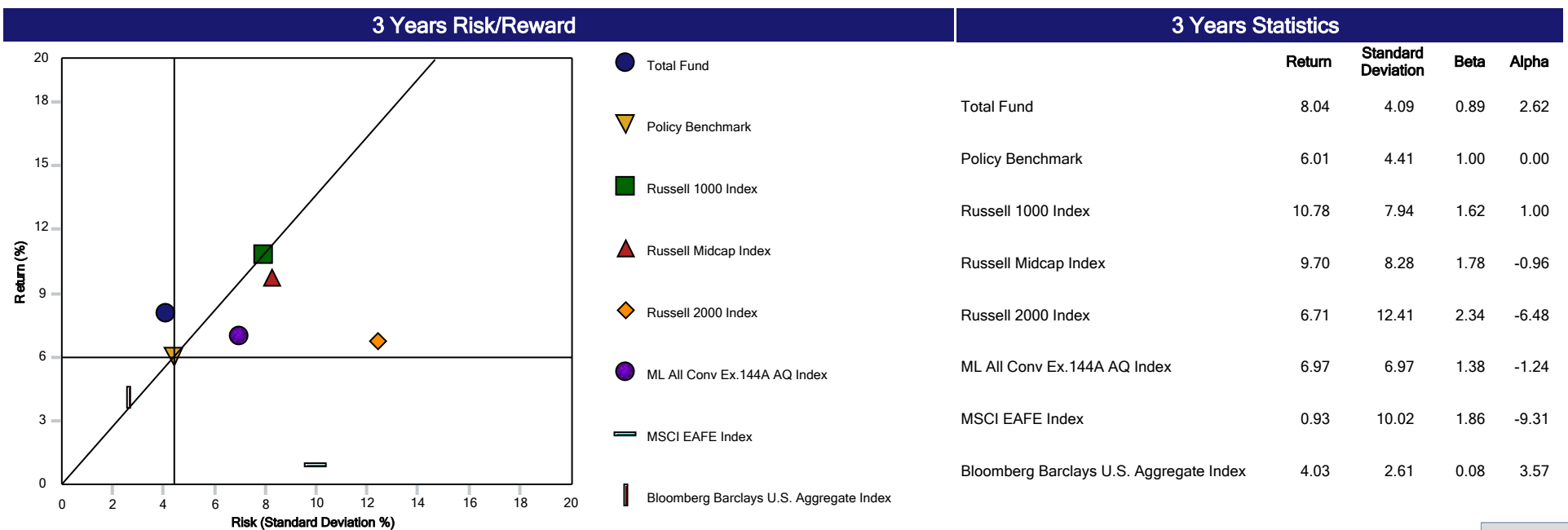
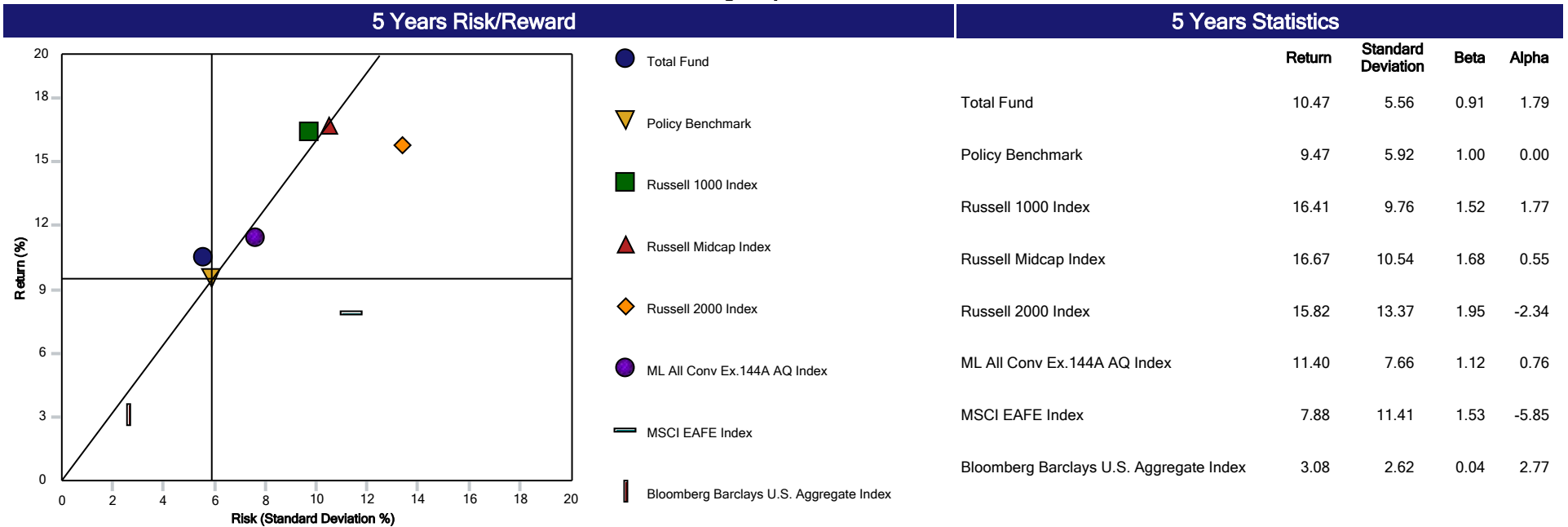
Parentheses contain percentile rankings.  
Calculation based on quarterly data.

**Boynton Beach Police Pension Fund**  
**Growth of Investments**  
**October 1, 2011 Through September 30, 2016**

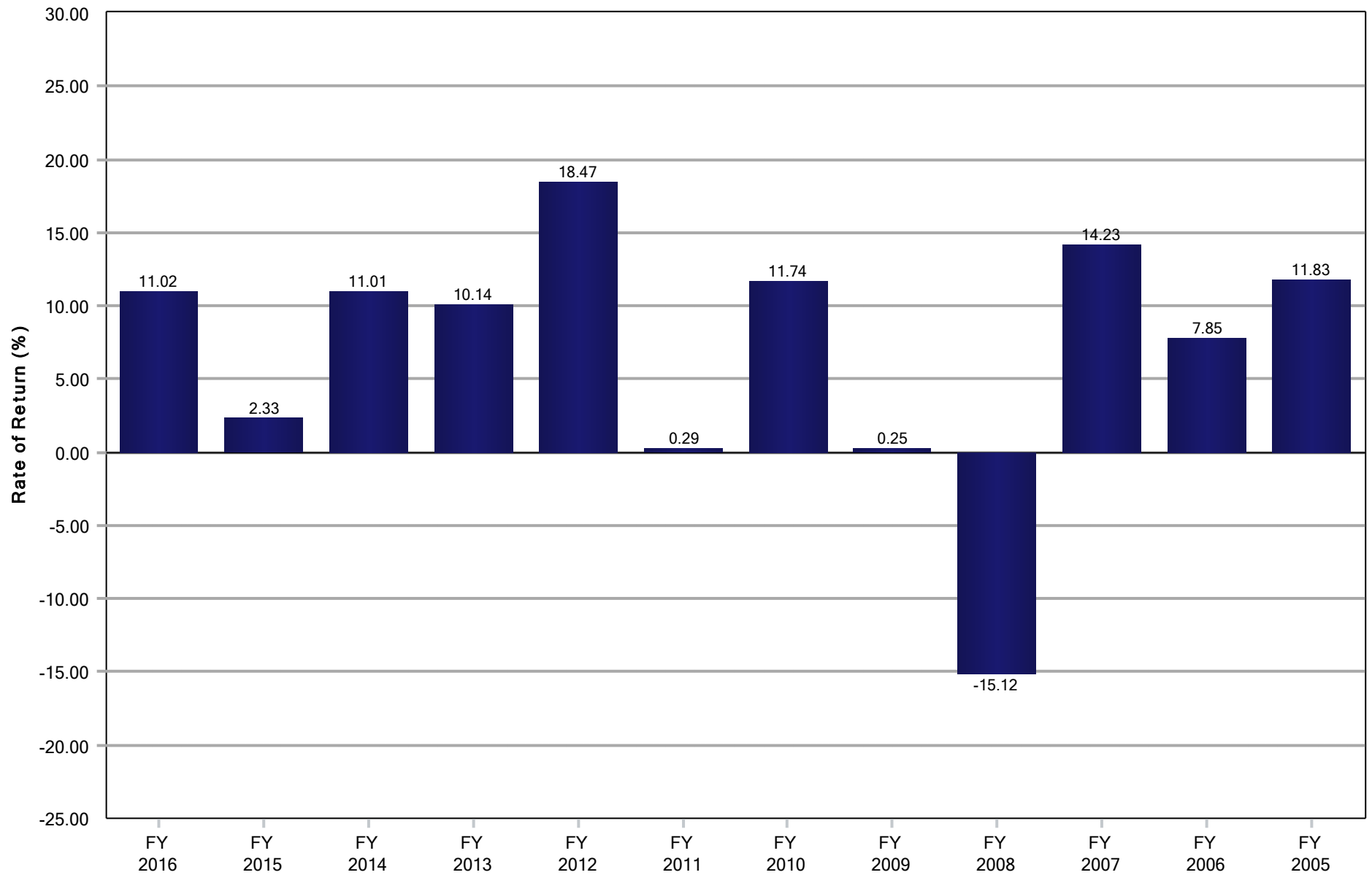


<u>Beginning MV</u>	<u>Ending MV</u>	<u>Annualized ROR</u>
\$51,352,908	\$86,039,124	10.5

**Boynton Beach Police Pension Fund**  
**Capital Market Line**  
**Period Ending September 30, 2016**

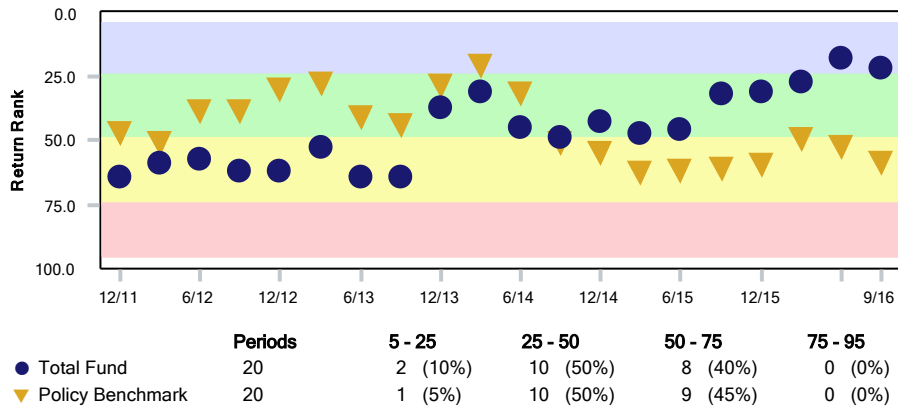


Boynton Beach Police Pension Fund  
Fiscal Year Rates of Return  
September 30, 2016



# Boynton Beach Police Pension Fund Total Fund September 30, 2016

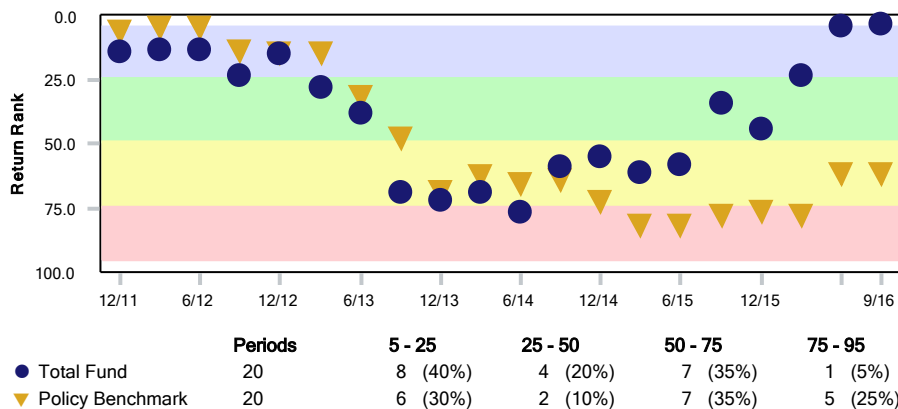
5 Years Rolling Percentile Ranking - 5 Years



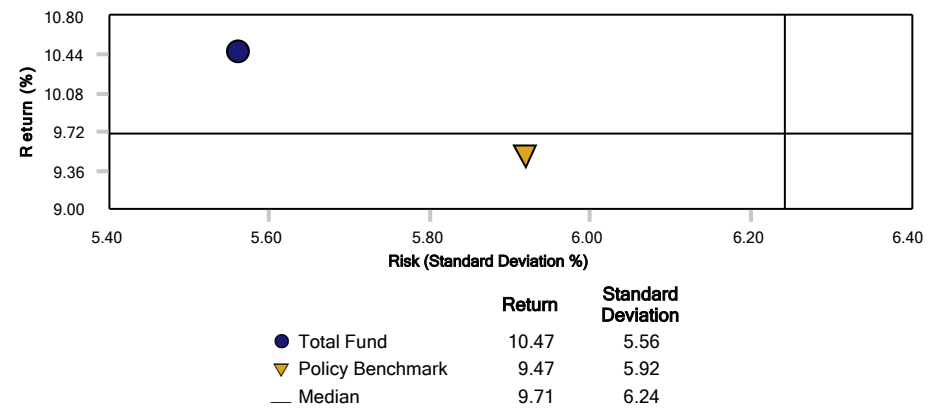
Growth of a Dollar



3 Years Rolling Percentile Ranking - 5 Years



Peer Group Risk/Reward - 5 Years



Historical Statistics - 5 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	10.47	5.56	1.79	0.91	1.83	74.00	104.28
Policy Benchmark	9.47	5.92	0.00	1.00	1.56	100.00	100.00

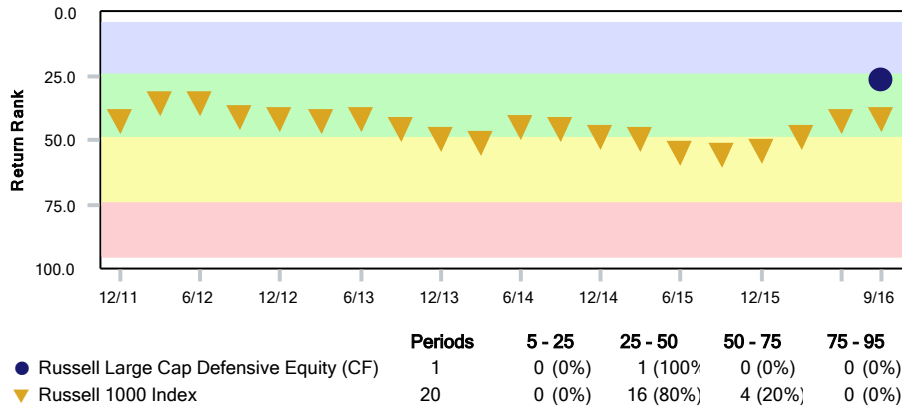
Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	8.04	4.09	2.62	0.89	1.91	58.36	115.13
Policy Benchmark	6.01	4.41	0.00	1.00	1.34	100.00	100.00

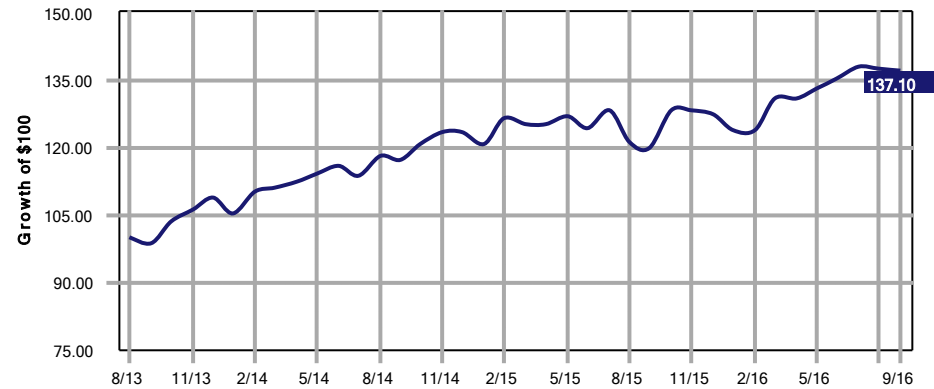


**Boynton Beach Police Pension Fund**  
**Russell Large Cap Defensive Equity (CF)**  
**September 30, 2016**

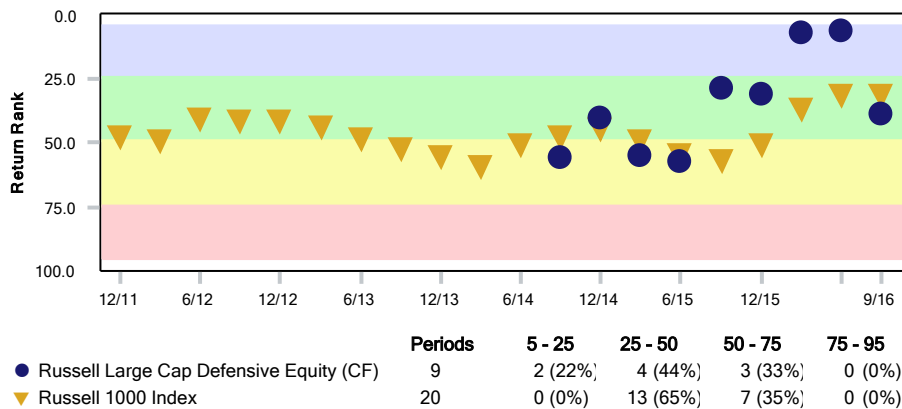
**3 Years Rolling Percentile Ranking - 5 Years**



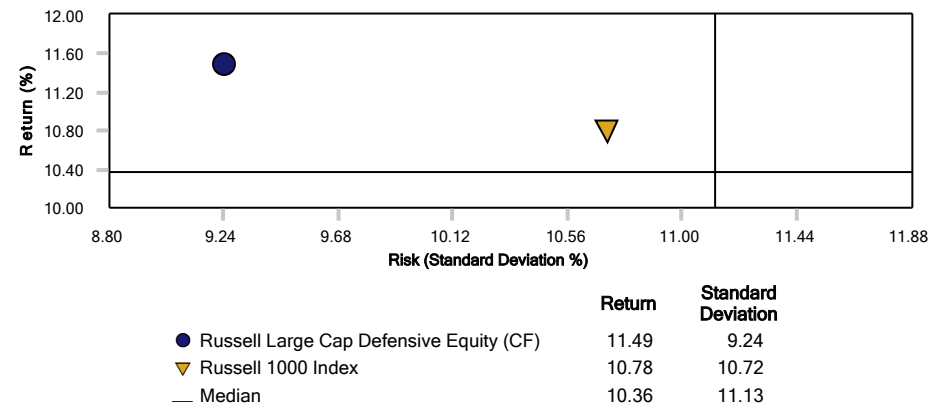
**Growth of a Dollar**



**1 Year Rolling Percentile Ranking - 5 Years**



**Peer Group Risk/Reward - 3 Years**



**Historical Statistics - 3 Years**

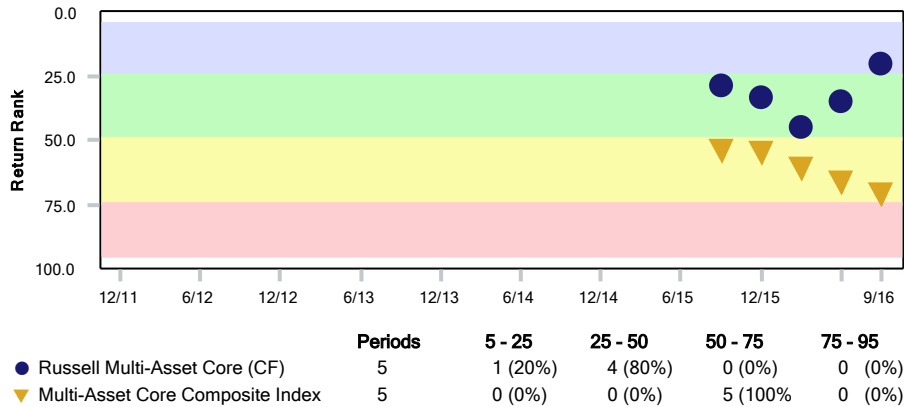
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Large Cap Defensive Equity (CF)	11.49	9.24	2.28	0.84	1.22	76.43	91.43
Russell 1000 Index	10.78	10.72	0.00	1.00	1.00	100.00	100.00

**Historical Statistics - 1 Year**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Large Cap Defensive Equity (CF)	14.31	9.33	2.90	0.75	1.47	51.24	80.14
Russell 1000 Index	14.93	12.09	0.00	1.00	1.20	100.00	100.00

**Boynton Beach Police Pension Fund  
Russell Multi-Asset Core (CF)  
September 30, 2016**

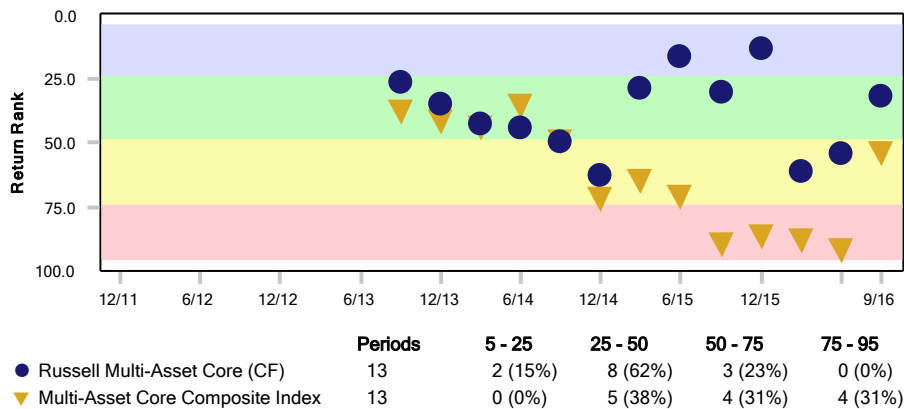
**3 Years Rolling Percentile Ranking - 5 Years**



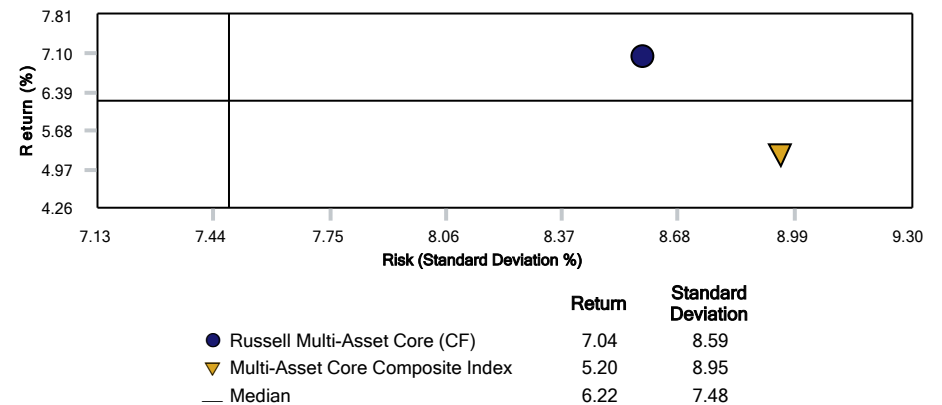
**Growth of a Dollar**



**1 Year Rolling Percentile Ranking - 5 Years**



**Peer Group Risk/Reward - 3 Years**



**Historical Statistics - 3 Years**

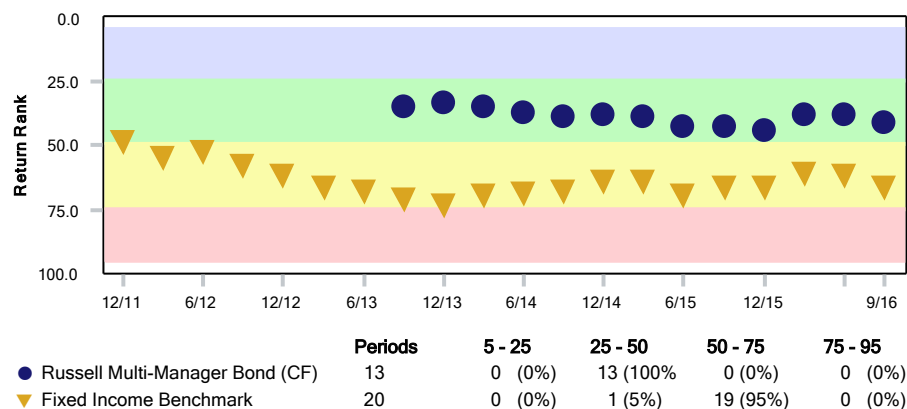
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Multi-Asset Core (CF)	7.04	8.59	2.00	0.95	0.83	91.85	106.40
Multi-Asset Core Composite Index	5.20	8.95	0.00	1.00	0.60	100.00	100.00

**Historical Statistics - 1 Year**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Multi-Asset Core (CF)	12.04	9.78	1.99	0.93	1.20	95.61	105.07
Multi-Asset Core Composite Index	10.56	10.38	0.00	1.00	1.01	100.00	100.00

**Boynton Beach Police Pension Fund  
Russell Multi-Manager Bond (CF)  
September 30, 2016**

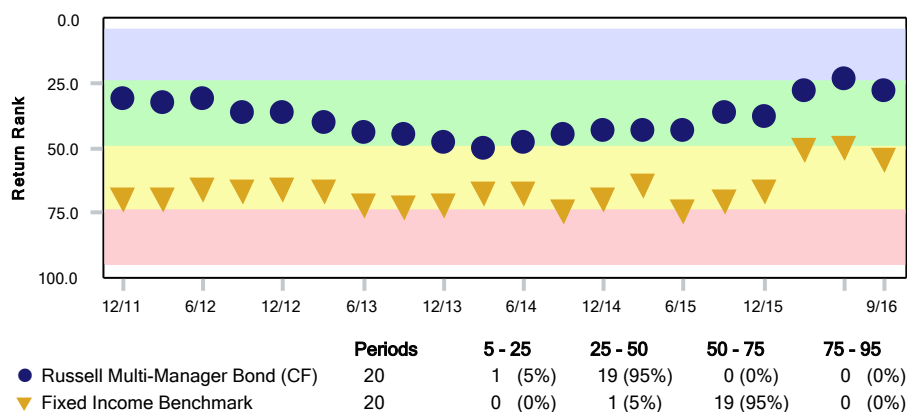
**5 Years Rolling Percentile Ranking - 5 Years**



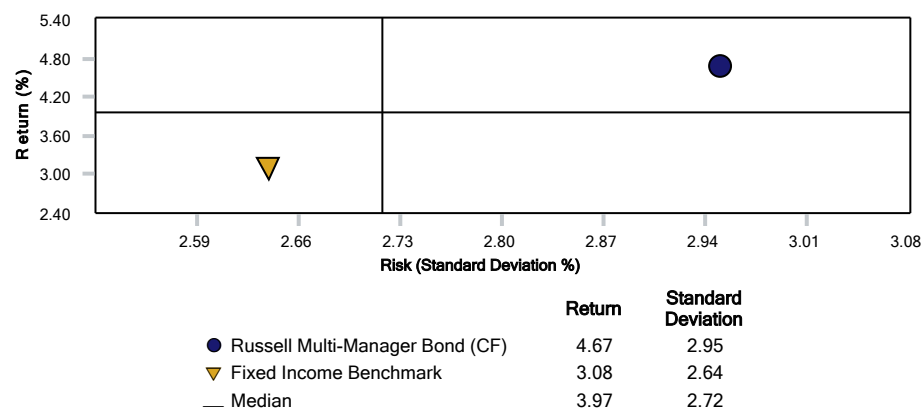
**Growth of a Dollar**



**3 Years Rolling Percentile Ranking - 5 Years**



**Peer Group Risk/Reward - 5 Years**



**Historical Statistics - 5 Years**

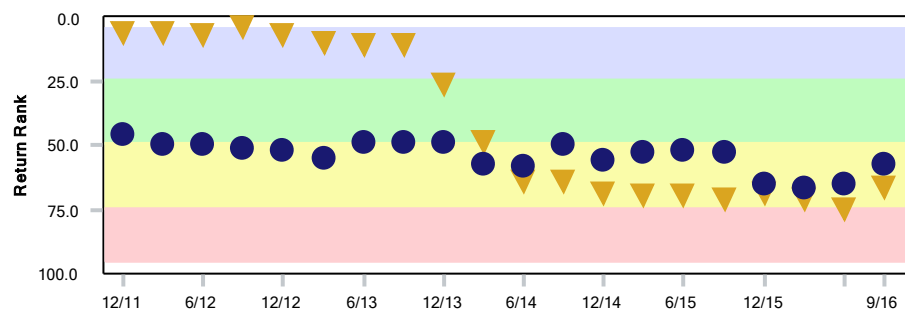
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Multi-Manager Bond (CF)	4.67	2.95	1.34	1.07	1.54	91.19	125.67
Fixed Income Benchmark	3.08	2.64	0.00	1.00	1.14	100.00	100.00

**Historical Statistics - 3 Years**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Multi-Manager Bond (CF)	5.15	2.86	0.84	1.06	1.75	94.62	116.80
Fixed Income Benchmark	4.03	2.58	0.00	1.00	1.52	100.00	100.00

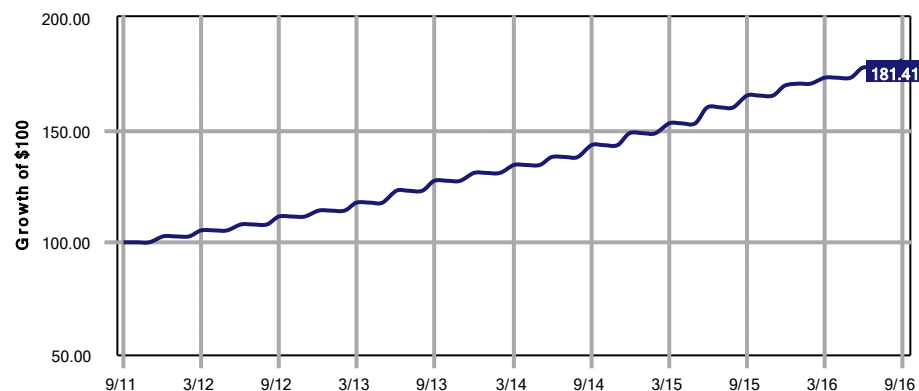
**Boynton Beach Police Pension Fund  
Russell Real Estate Equity (CF)  
September 30, 2016**

**5 Years Rolling Percentile Ranking - 5 Years**

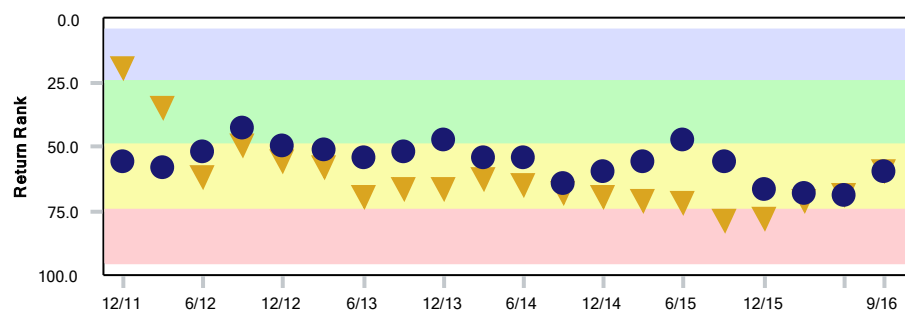


	Periods	5 - 25	25 - 50	50 - 75	75 - 95
● Russell Real Estate Equity (CF)	20	0 (0%)	7 (35%)	13 (65%)	0 (0%)
▼ Real Estate Benchmark	20	8 (40%)	2 (10%)	10 (50%)	0 (0%)

**Growth of a Dollar**

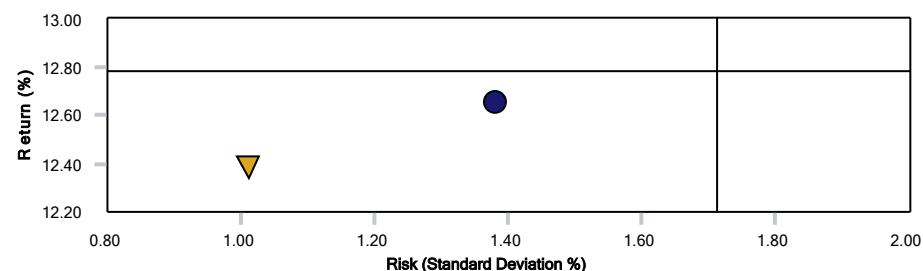


**3 Years Rolling Percentile Ranking - 5 Years**



	Periods	5 - 25	25 - 50	50 - 75	75 - 95
● Russell Real Estate Equity (CF)	20	0 (0%)	4 (20%)	16 (80%)	0 (0%)
▼ Real Estate Benchmark	20	1 (5%)	2 (10%)	15 (75%)	2 (10%)

**Peer Group Risk/Reward - 5 Years**



	Return	Standard Deviation
● Russell Real Estate Equity (CF)	12.65	1.38
▼ Real Estate Benchmark	12.38	1.01
— Median	12.79	1.71

**Historical Statistics - 5 Years**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Real Estate Equity (CF)	12.65	1.38	-1.59	1.16	8.54	N/A	102.09
Real Estate Benchmark	12.38	1.01	0.00	1.00	11.33	N/A	100.00

**Historical Statistics - 3 Years**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Real Estate Equity (CF)	12.54	1.42	-0.82	1.07	8.16	N/A	99.90
Real Estate Benchmark	12.56	1.12	0.00	1.00	10.33	N/A	100.00

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- 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 - 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.
- 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.

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- 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**  
**September 30, 2016**

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.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.
- 5.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.
- 6.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.
- 7.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.
- 8.BCA has not reviewed the risks of individual security holdings.
- 9.BCA investment reports are not indicative of future results.
10. Performance rankings are time sensitive and subject to change.
11. Mutual Fund (MF) and ETF returns are presented net of fees and ranked in net of fee universes.
12. Separately Managed Account (SMA) and Commingled Fund (CF) returns are presented gross of fees and ranked in gross of fees universes.
13. Composite returns are reported gross of fees and ranked in universes that encompass both gross and net of fee returns.
14. Total Fund returns are presented gross of fees and ranked in a gross of fee universe.
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