

# Boynton Beach Police Pension Fund

## Investment Performance Period Ending December 31, 2017

The following investment information was prepared by BCA, relying upon data from statements provided by the plan custodian and/or investment manager(s).  
BCA reviews transactions provided by the custodian and uses reasonable care to ensure the accuracy of the data contained herein.  
However, BCA cannot guarantee the accuracy of the custodian's statement.

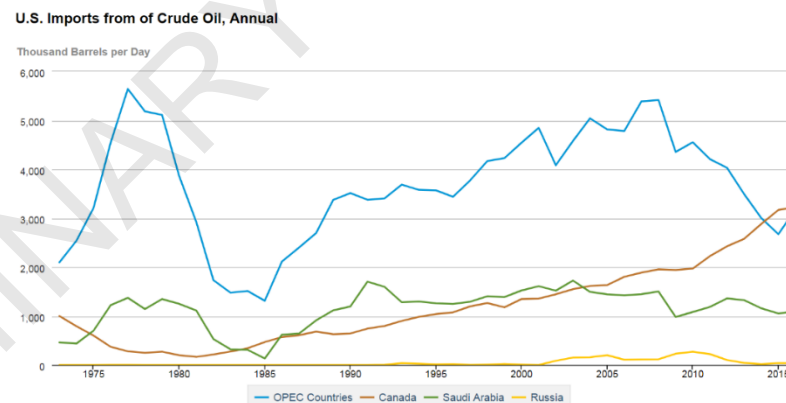


**Boynton Beach Police Pension Fund**  
**BCA Market Perspective ©**  
**How the US is Overtaking OPEC**  
Burgess B. Chambers & Mitchel Brennan  
January 2018

In 1973, the Organization of the Petroleum Exporting Countries (OPEC) established an oil embargo that curtailed shipments to refiners in the US and Caribbean. This was a deliberate act by Saudi Arabia, the largest producer within the oil cartel, to punish the US for its support of Israel, following the Yom Kippur War. This resulted in a severe economic disruption of the US economy that triggered both a recession and inflation. Prior to the embargo, the US imported 35% of crude oil consumption from OPEC. In fact, the economic dislocation caused by Saudi Arabia incumbered the US economy for eight years. The US economy did not reassert itself until 1981 – the beginning of an 18-year bull stock market.

The rise in crude oil prices affected everything and every person. Gasoline prices rose by 42%, from 38.5 cents a gallon to 55 cents. Industry was hit hard – from automobiles to steel producers and agriculture. Gas guzzling domestic cars became obsolete and manufacturers had no quick fix. The government extended Daylight Savings Time, banned gasoline sales on Sundays and instituted a 55 mph speed limit on the interstate highway system in an effort to conserve national gasoline consumption.

Today, OPEC supplies 32.5 million barrels per day of the 98 million total world production. Of the 13 members within OPEC, Saudi Arabia is the largest contributor, supplying 10.1 million barrels per day. By way of comparison, the top three world daily producers today are Russia (10.9 million), Saudi Arabia (10.1 million) and the US (9.3 million).



The US has grown its daily production in the past decade by 86% - from 5 million barrels to 9.3 million. At the same time, Saudi Arabia and Russia have experienced little change. According to the International Energy Agency, US daily production is expected to rise to 11.2 million by the end of 2019 and supply most of the growth in world demand. Also, the US is now exporting light and easy to refine crude oil to Asia – a policy enacted in 2016.

The US will not become oil independent until consumption drops off by a large magnitude. Since this is not likely anytime soon, the US will rely on imports, with increasing emphasis on trading with friendly nations, including the emergence of Canada as the new leading import partner as of 2016, overtaking OPEC's 3.2 million barrels per day.

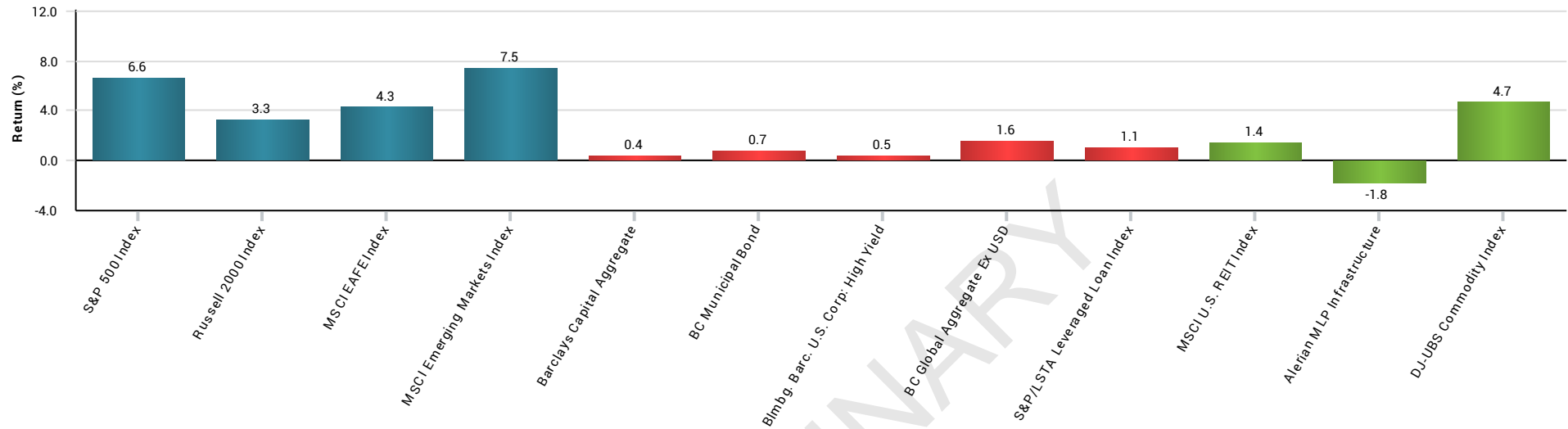
Summary Points:

- US energy policy is shifting from reliance on hostile suppliers.
- US foreign policy in the Middle East since Operation Desert Storm has not made supplies from the region more reliable.
- Since 2008, US imports from OPEC in terms of US total consumption have dropped to 16.8%.
- Canada is the largest source of US oil imports.
- Domestic production supplies 45% of local consumption.
- Advances in drilling technology has enabled domestic production to rise by 86% in the past decade.
- The US began exporting crude oil in 2016, following a ban in response to the 1973 embargo.
- The US has pivoted from natural gas importer to exporter.

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.

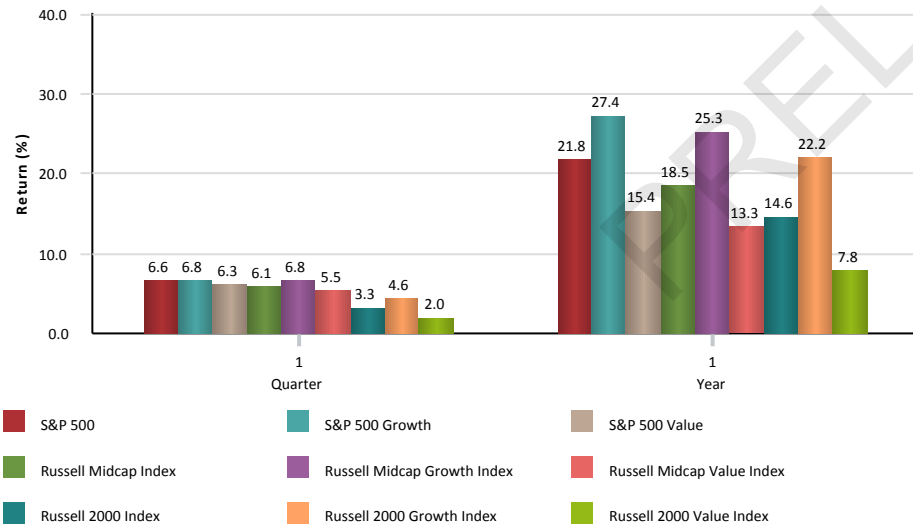


## 1 Quarter Performance



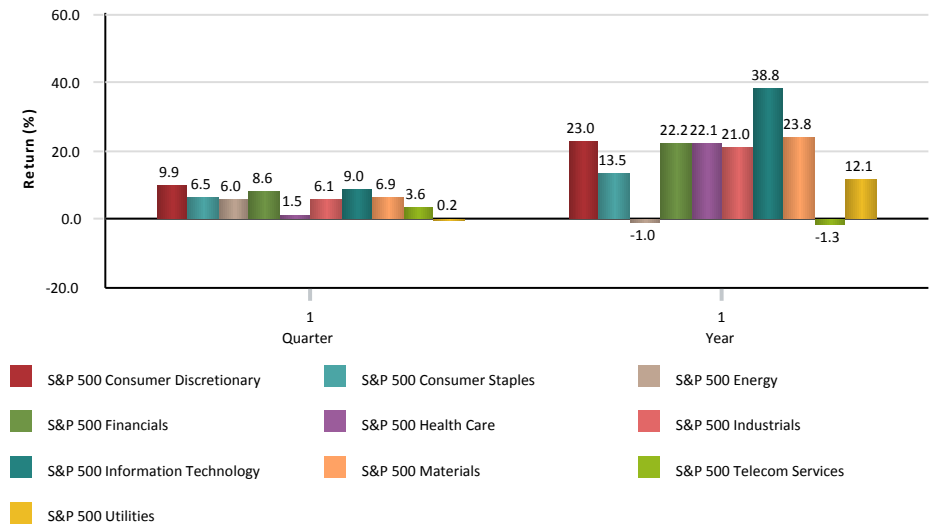
Source: Investment Metrics, LLC

## US Market Indices Performance



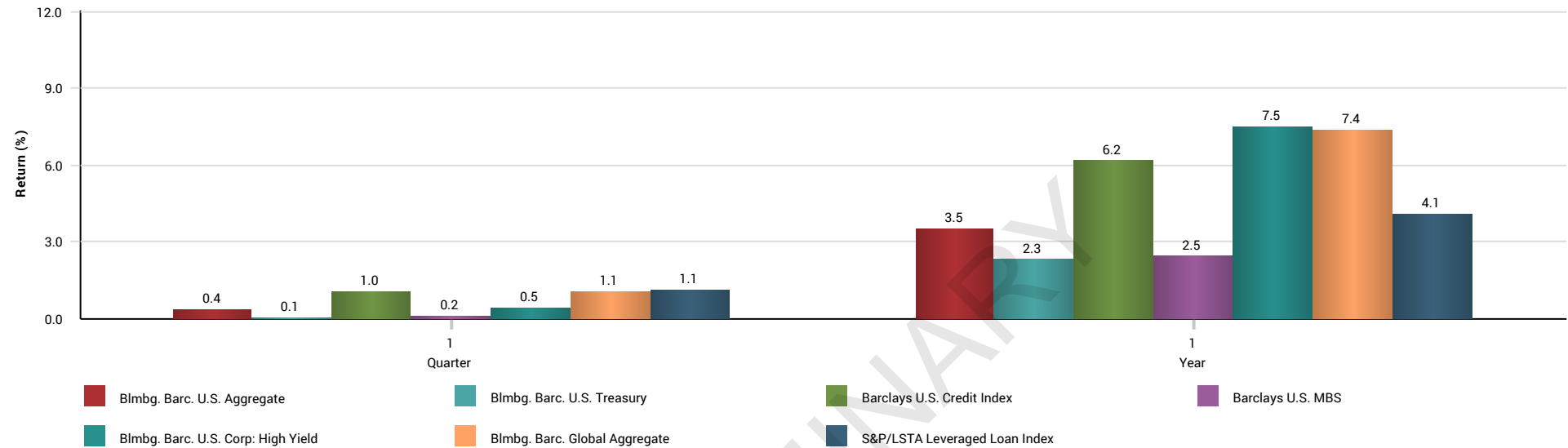
Source: Investment Metrics, LLC

## US Market Sector Performance



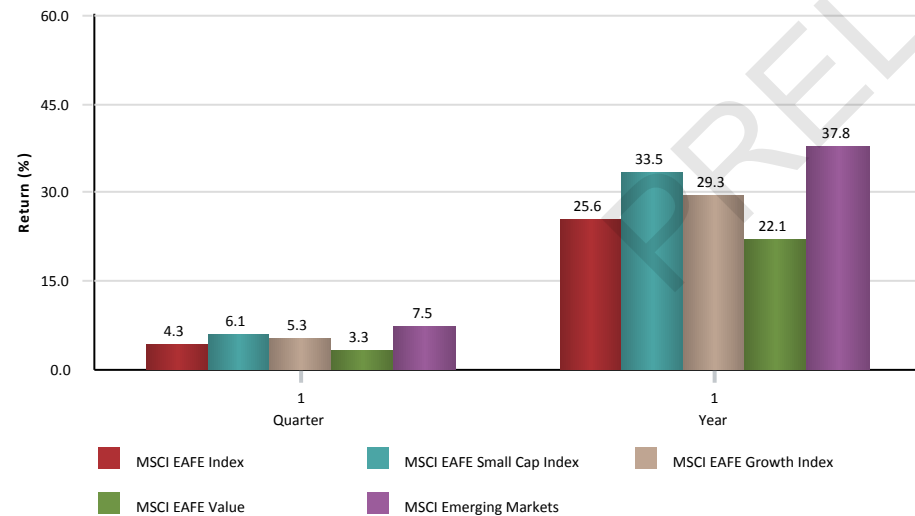
Source: Investment Metrics, LLC

## Fixed Income Market Sector Performance



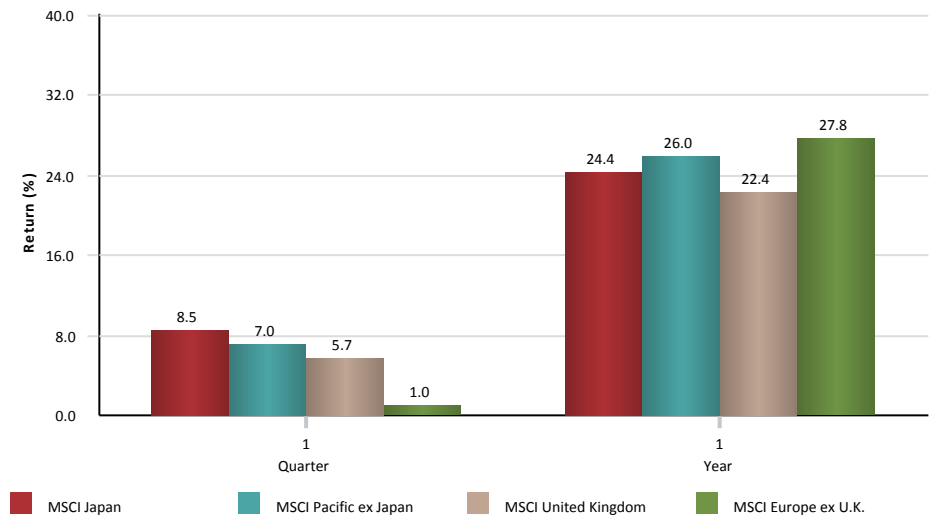
Source: Investment Metrics, LLC

## Intl Equity Indices Performance



Source: Investment Metrics, LLC

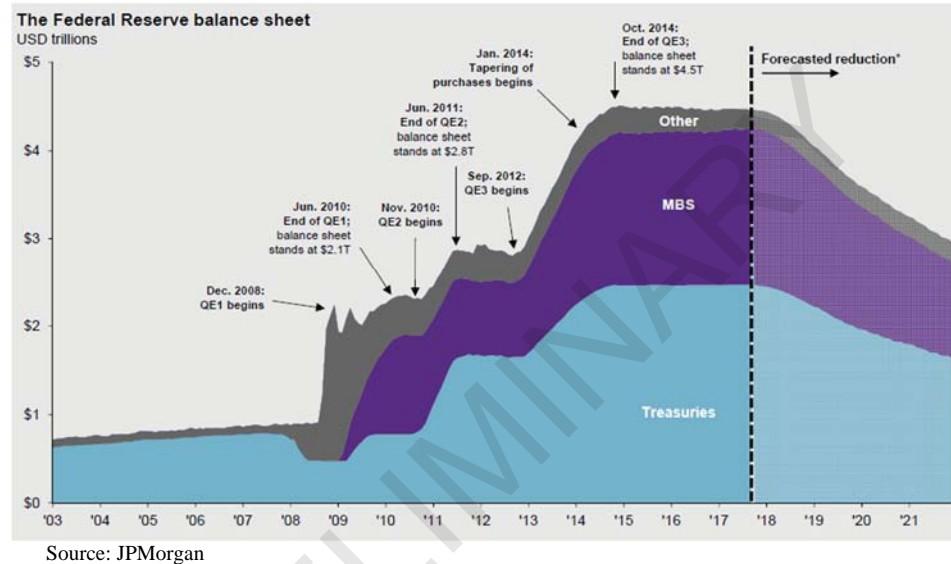
## Intl Equity Region Performance



Source: Investment Metrics, LLC

# Boynton Beach Police Pension Fund Total Fund Investment Summary December 31, 2017

The tax reform has propelled stock prices further upward and 2018 is off to a strong start. However, the spotlight will likely shift toward the Federal Reserve and the bond market, as traders look for clues on the forecasted balance sheet reduction.



- For the quarter, the Fund experienced an investment gain of +3.4% gross (or +3.2% net; +\$3.3 million), trailing the Policy Benchmark (+3.8%). The best performing asset category was the Russell Large-Cap Defensive Fund (+6.6%).
- For the one-year period, the Fund earned \$12.1 million or +13.8% gross (+13.0% net), behind the Policy Benchmark (+14.7%). The best performing asset category was the Russell Large-Cap Defensive Fund (+20.3%).
- **For the three-year period, the Fund earned \$20.9 million or +8.2% (+7.4% net), ahead of the Policy Benchmark (+7.2%) and ranked in the top 19th percentile.**
- **For the five-year period, the Fund ranked in the top 47th percentile and earned \$36.2 million or +9.3% (+8.4% net), ahead of the Policy Benchmark (+8.4%).**

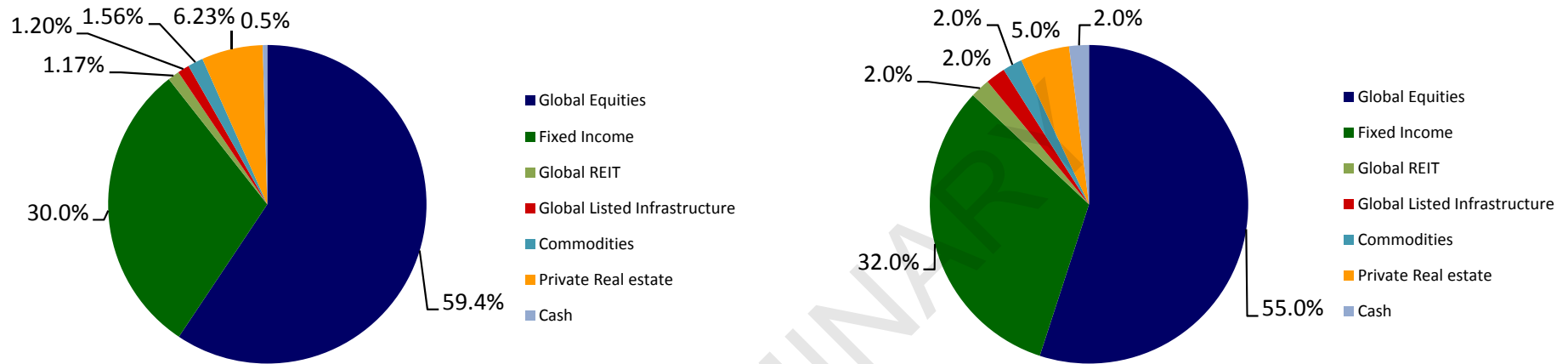
**Boynton Beach Police Pension Fund**  
**Total Fund**  
**Investment Policy Review**  
**December 31, 2017**

	<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 (gross) achieved the +7.5% 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 (Actual: 47th).	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The Total Fund's annualized five-year performance (gross) achieved the +7.5% actuarial assumption rate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Russell Large Cap Defensive Equity annualized three-year performance achieved the Russell 1000 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 Asset Core annualized five-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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Real Estate Equity's annualized three-year performance achieved the real estate benchmark (+10.3% vs. +10.7%).	 <input type="checkbox"/>	 <input checked="" type="checkbox"/>
Real Estate Equity's annualized five-year performance achieved the real estate benchmark (+11.7% vs. +11.5%)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
 PFIA Compliant	 <input checked="" type="checkbox"/>	 <input type="checkbox"/>
Investments in equity securities were <b>59.4%</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>21.6%</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>30.0%</b> (at market) within the 25% minimum limitation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Asset allocation among alternatives was <b>10.2%</b> (at market) within the 20% maximum limitation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Boynton Beach Police Pension Fund**  
**Investment Performance - Net**  
**December 31, 2017**

	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Beginning Market Value	95,020,618	90,060,300	81,540,326	66,282,023
Contributions	3,607,451	-232,213	-507,655	-536,631
Gain/Loss	3,325,257	12,125,239	20,920,656	36,207,934
Ending Market Value	101,953,326	101,953,326	101,953,326	101,953,326
Total Fund (%)	3.2	13.0	7.4	8.4
Policy Benchmark (%)	3.8	14.7	7.2	8.4

**Boynton Beach Police Pension Fund  
Actual vs. Target Asset Allocation  
December 31, 2017**

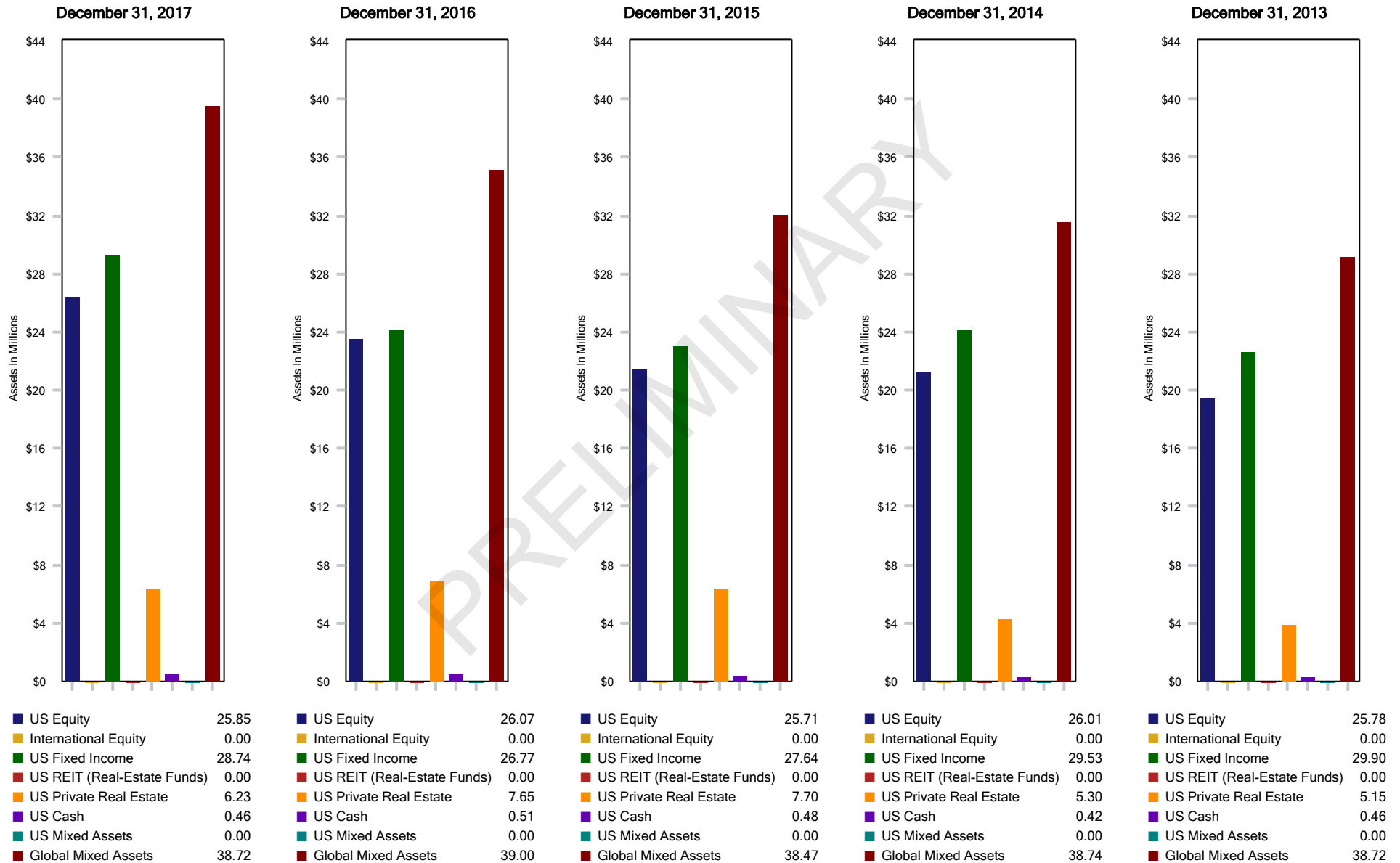


		MV (\$)	Current	Target	Difference
Global Equities	\$	60,526,718	59.4%	55.0%	4.4%
Fixed Income	\$	30,603,309	30.0%	32.0%	-2.0%
Global REIT	\$	1,195,428	1.17%	2.0%	-0.8%
Global Listed Infrastructure	\$	1,220,846	1.20%	2.0%	-0.8%
Commodities	\$	1,586,005	1.56%	2.0%	-0.4%
Private Real estate	\$	6,350,738	6.23%	5.0%	1.2%
Cash	\$	470,282	0.5%	2.0%	-1.5%
<b>Total</b>		<b>101,953,326</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

Total International = 21.6% (This calculation includes foreign equity, REIT, listed infrastructure, and fixed income)



# Boynton Beach Police Pension Fund Historical Asset Allocation December 31, 2017



**Boynton Beach Police Pension Fund**  
**Asset Allocation & Performance - Gross**  
**December 31, 2017**

	Market Value	QTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
<b>Total Fund</b>	<b>101,953,326</b>	<b>3.4 (73)</b>	<b>13.8 (78)</b>	<b>8.2 (19)</b>	<b>9.3 (47)</b>
<b>Policy Benchmark</b>		<b>3.8</b>	<b>14.7</b>	<b>7.2</b>	<b>8.4</b>
<b>Russell Large Cap Defensive Equity (CF)</b>	<b>26,351,649</b>	<b>6.6</b>	<b>20.3</b>	<b>11.1</b>	<b>N/A</b>
Russell 1000 Defensive Index		7.1	20.6	10.8	15.2
Russell 1000 Index		6.6	21.7	11.2	15.7
<b>Russell Multi-Asset Core (CF)</b>	<b>39,479,907</b>	<b>3.9</b>	<b>18.1</b>	<b>9.5</b>	<b>10.7</b>
Multi-Asset Core Composite Index		4.7	17.9	7.7	9.2
<b>Russell Multi-Manager Bond (CF)</b>	<b>29,300,750</b>	<b>0.3 (95)</b>	<b>4.2 (35)</b>	<b>3.0 (26)</b>	<b>3.0 (18)</b>
Fixed Income Benchmark		0.4	3.5	2.2	2.1
<b>Russell Real Estate Equity (CF)</b>	<b>6,350,738</b>	<b>1.5</b>	<b>7.4</b>	<b>10.3</b>	<b>11.7</b>
Real Estate Benchmark		2.2	7.8	10.7	11.5
<b>Russell ST Inv Cash Sweep (CF)</b>	<b>470,283</b>	<b>0.4</b>	<b>0.9</b>	<b>0.4</b>	<b>0.2</b>
BofA Merrill Lynch 3 Month U.S. T-Bill		0.3	0.9	0.4	0.3

**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 May05 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**  
**Asset Allocation & Performance - Net**  
**December 31, 2017**

	Market Value	QTD ROR - Rank	1 Year ROR - Rank	3 Year ROR - Rank	5 Year ROR - Rank
<b>Total Fund</b>	<b>101,953,326</b>	<b>3.2</b>	<b>13.0</b>	<b>7.4</b>	<b>8.4</b>
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BofA Merrill Lynch 3 Month U.S. T-Bill		0.3	0.9	0.4	0.3

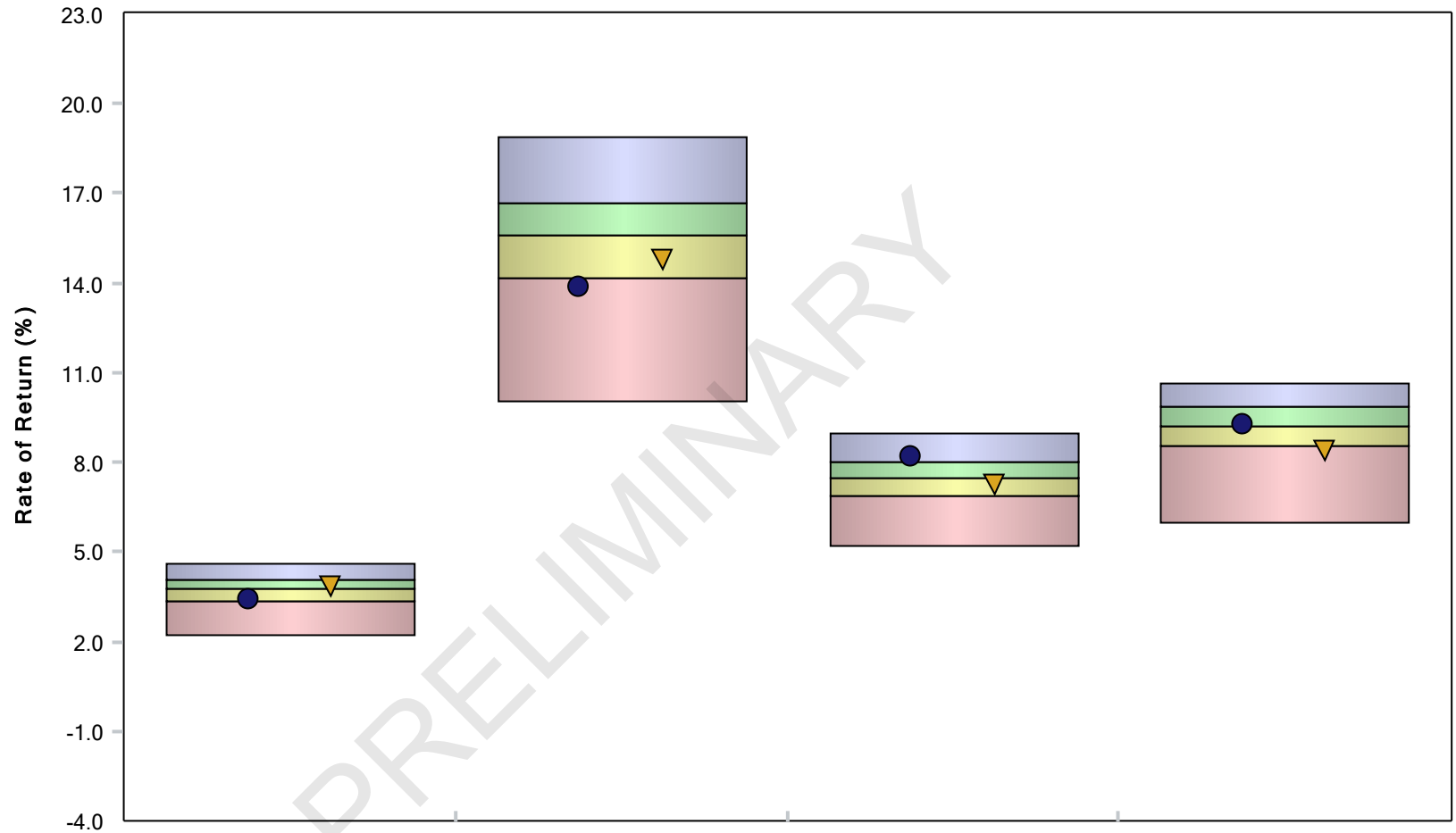
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**3 Fixed Income Benchmark (IPS fixed income hybrid):** Sep'09 is 100% BC Aggregate; from May'05 was 100% LB Intermediate Aggregate; from Jun'02 was 100% Lehman Gov't/Credit.

**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**  
**December 31, 2017**

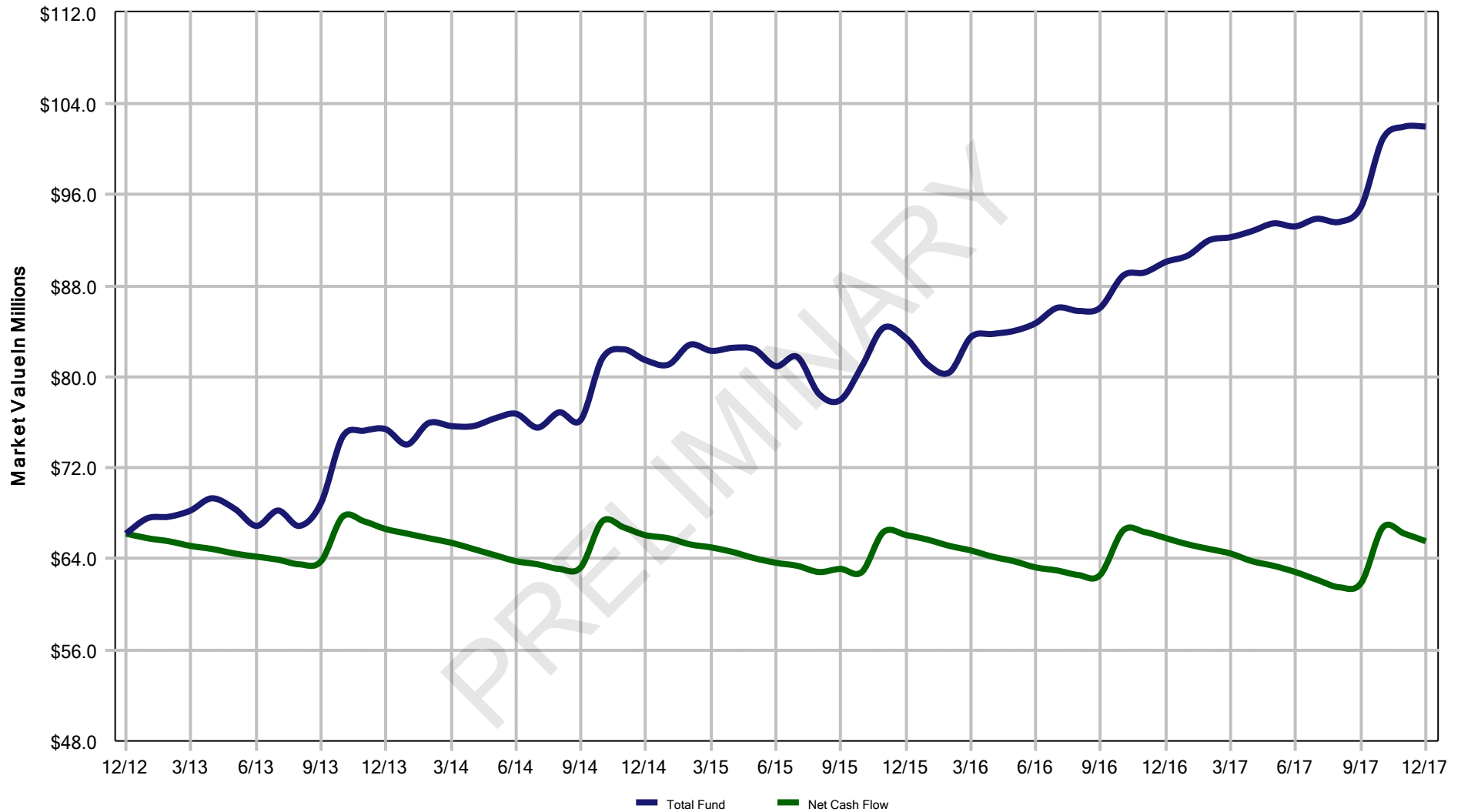


● Total Fund  
 ▼ Policy Benchmark

	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
	3.4 (73)	13.8 (78)	8.2 (19)	9.3 (47)
	3.8 (43)	14.7 (69)	7.2 (58)	8.4 (78)
5th Percentile	4.6	18.9	8.9	10.6
1st Quartile	4.1	16.7	8.0	9.8
Median	3.7	15.6	7.5	9.2
3rd Quartile	3.4	14.1	6.9	8.5
95th Percentile	2.2	10.0	5.2	6.0

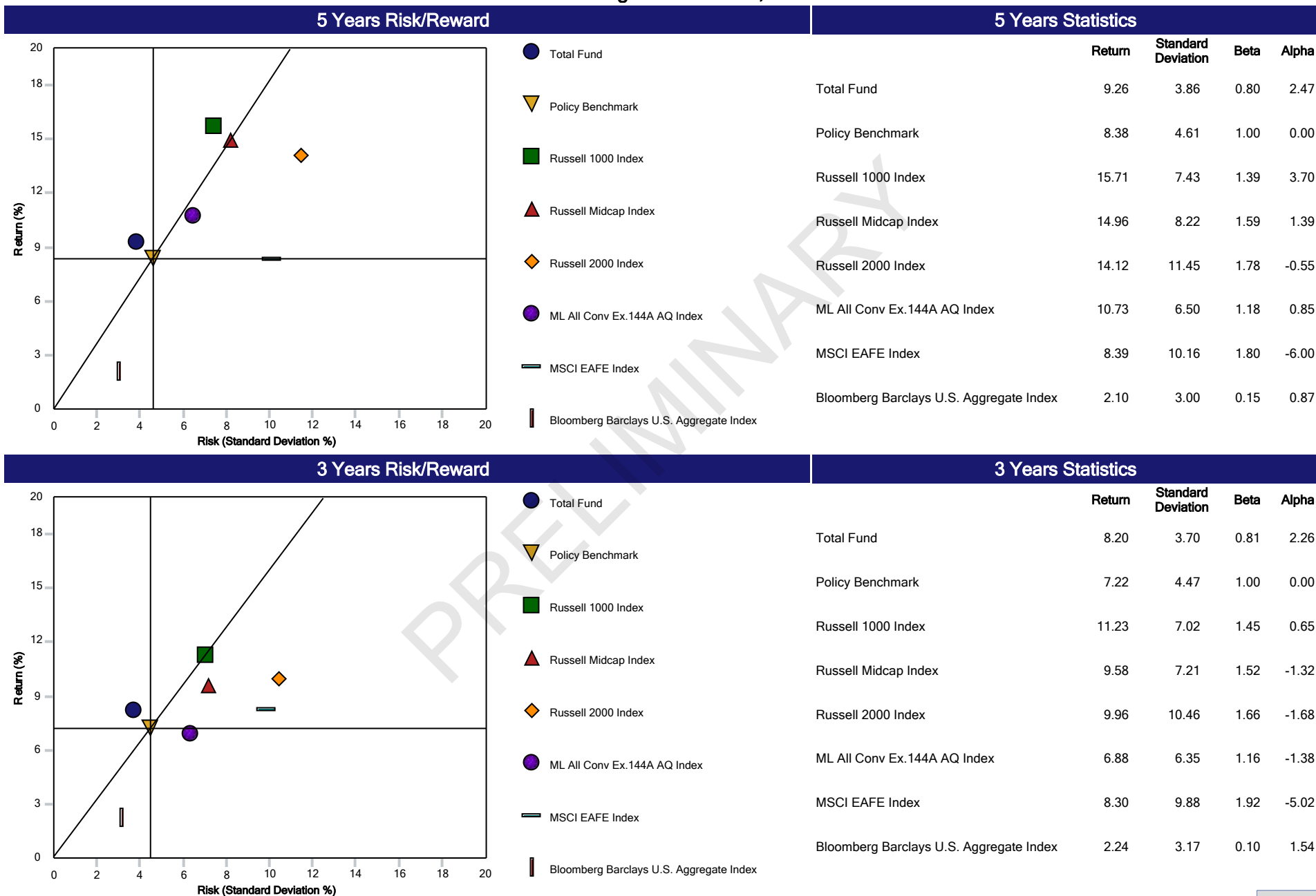
Parentheses contain percentile rankings.  
 Calculation based on quarterly data.

**Boynton Beach Police Pension Fund**  
**Growth of Investments**  
**January 1, 2013 Through December 31, 2017**

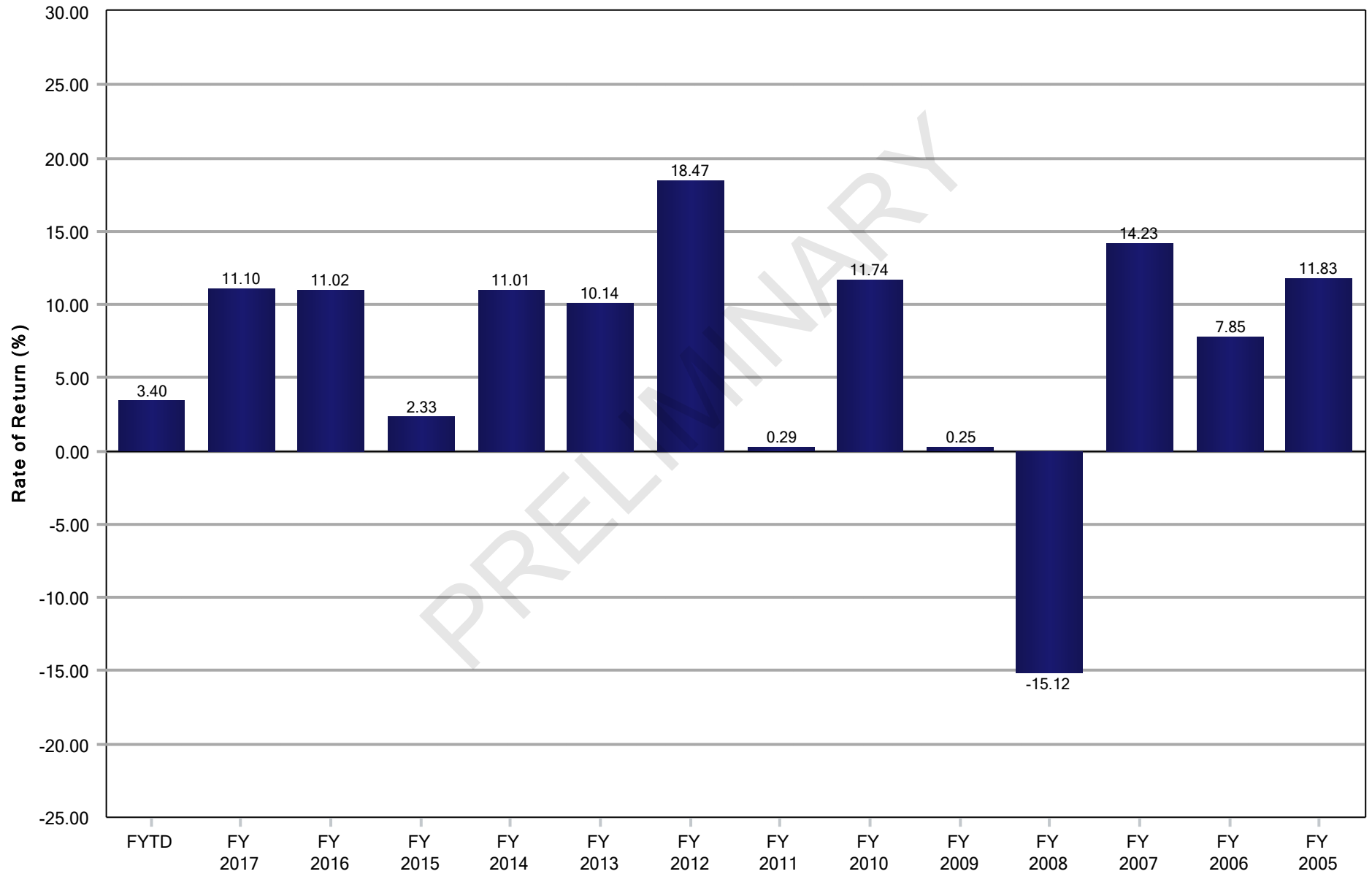


<u>Beginning MV</u>	<u>Ending MV</u>	<u>Annualized ROR</u>
\$66,282,023	\$101,953,326	9.3

**Boynton Beach Police Pension Fund**  
**Capital Market Line**  
**Period Ending December 31, 2017**

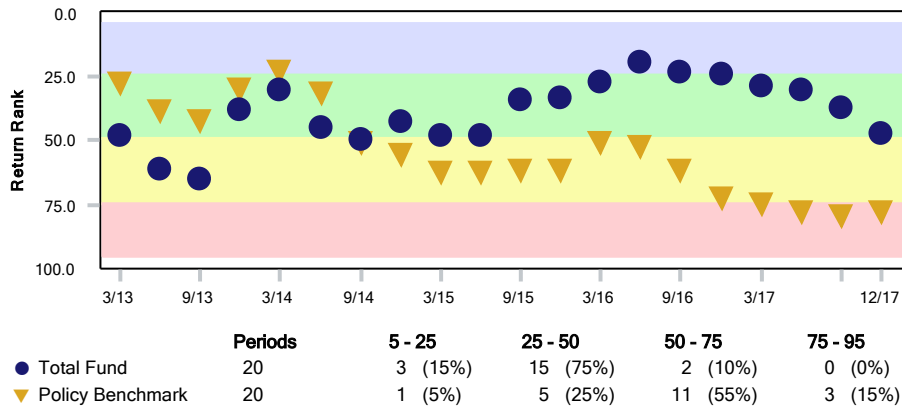


Boynton Beach Police Pension Fund  
Fiscal Year Rates of Return  
December 31, 2017

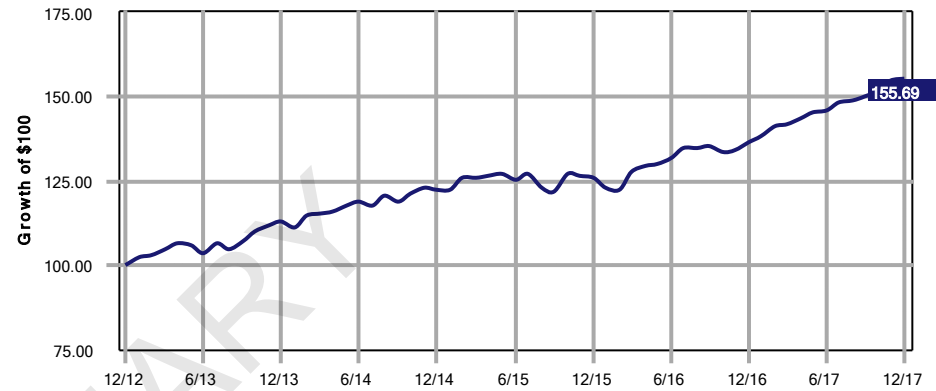


**Boynton Beach Police Pension Fund**  
**Total Fund**  
**December 31, 2017**

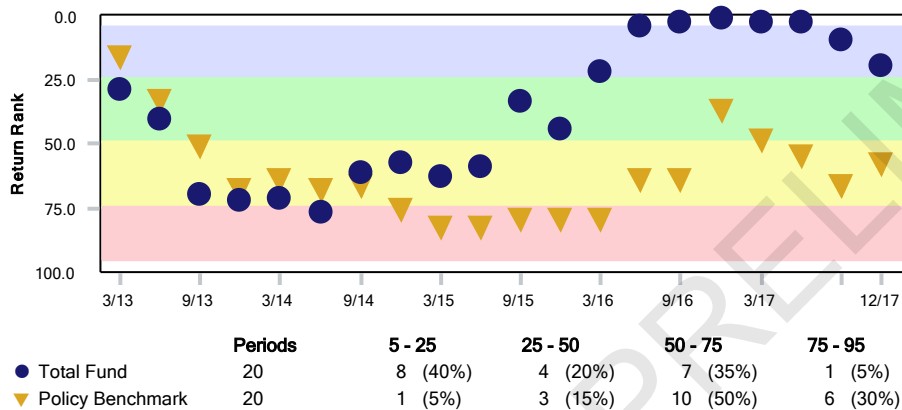
**5 Years Rolling Percentile Ranking - 5 Years**



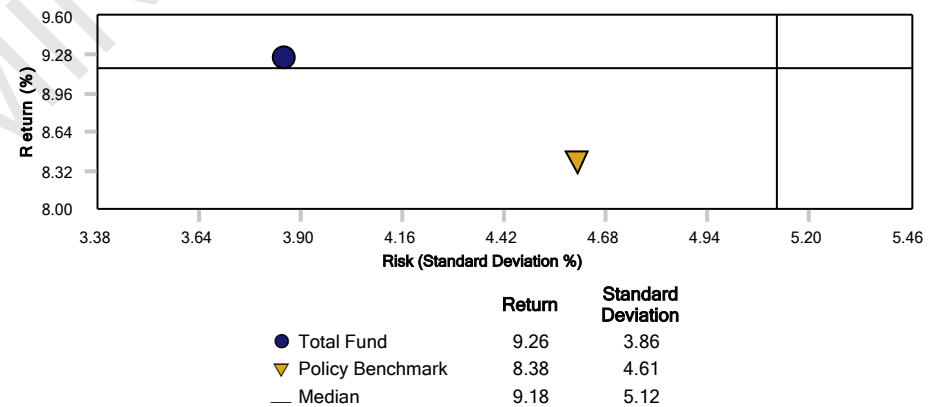
**Growth of a Dollar**



**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	9.26	3.86	2.47	0.80	2.29	56.83	102.21
Policy Benchmark	8.38	4.61	0.00	1.00	1.75	100.00	100.00

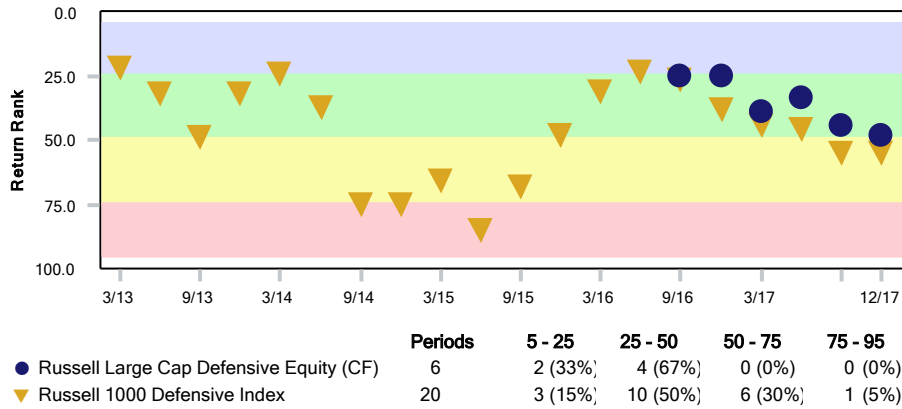
**Historical Statistics - 3 Years**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	8.20	3.70	2.26	0.81	2.11	65.72	104.14
Policy Benchmark	7.22	4.47	0.00	1.00	1.54	100.00	100.00

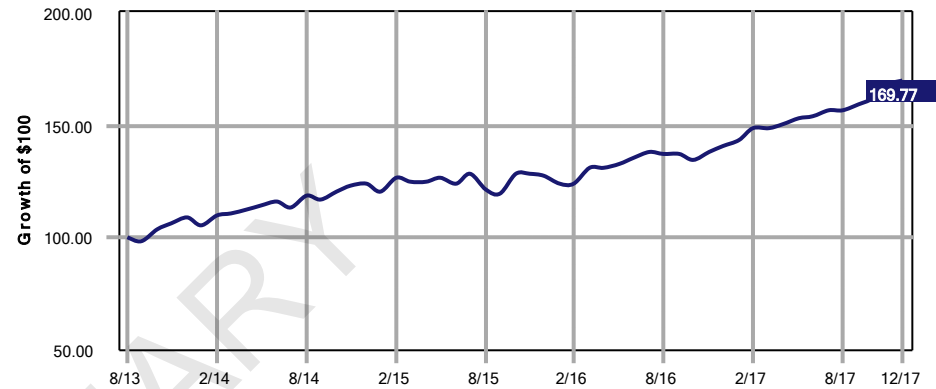


**Boynton Beach Police Pension Fund**  
**Russell Large Cap Defensive Equity (CF)**  
**December 31, 2017**

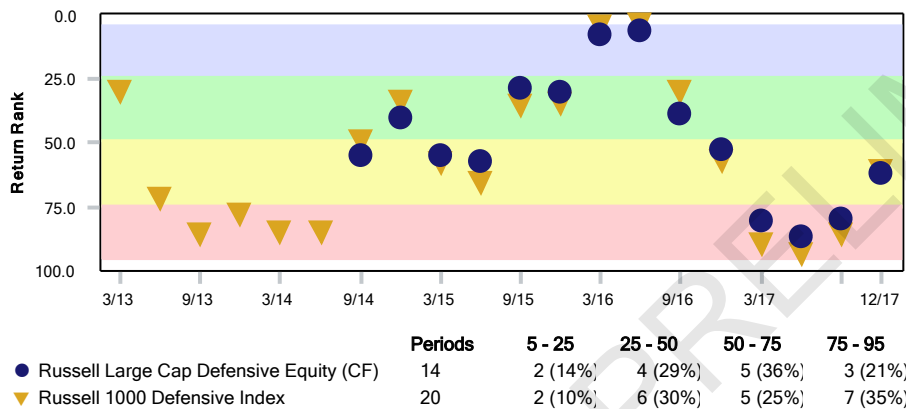
**3 Years Rolling Percentile Ranking - 5 Years**



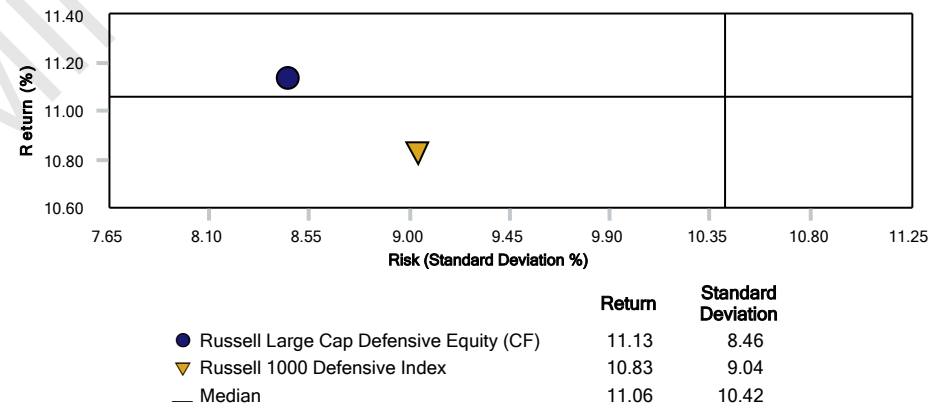
**Growth of a Dollar**



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



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



**Historical Statistics - 3 Years**

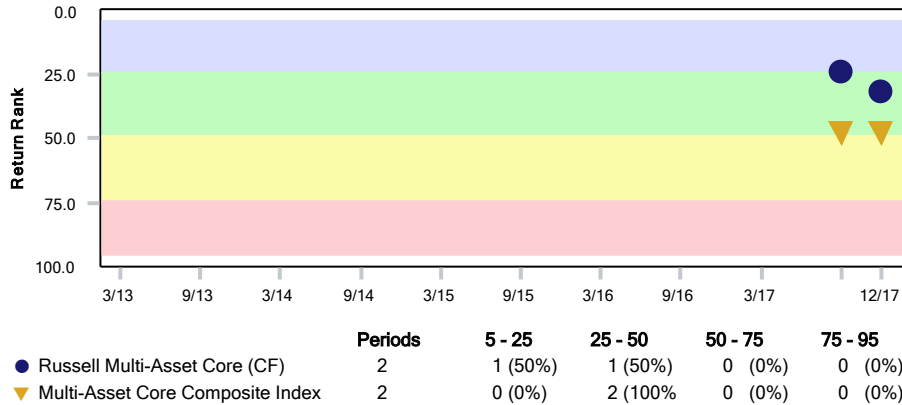
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Large Cap Defensive Equity (CF)	11.13	8.46	1.02	0.93	1.25	83.82	94.75
Russell 1000 Defensive Index	10.83	9.04	0.00	1.00	1.15	100.00	100.00

**Historical Statistics - 1 Year**

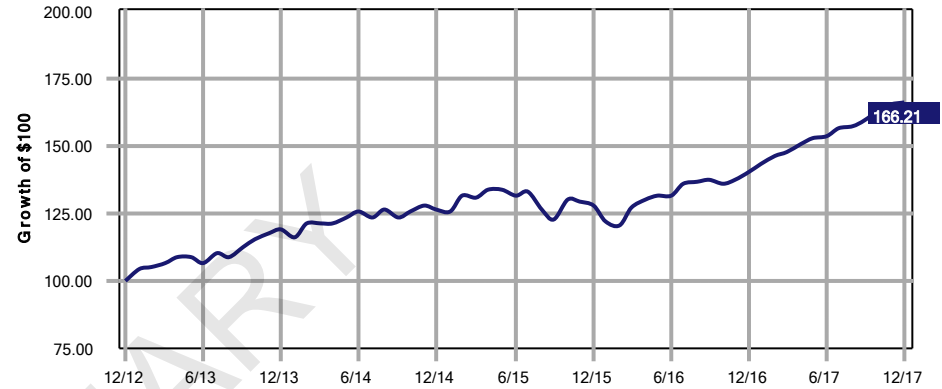
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Large Cap Defensive Equity (CF)	20.26	4.53	0.50	0.96	3.93	-49.66	95.68
Russell 1000 Defensive Index	20.63	4.50	0.00	1.00	4.03	100.00	100.00

**Boynton Beach Police Pension Fund**  
**Russell Multi-Asset Core (CF)**  
**December 31, 2017**

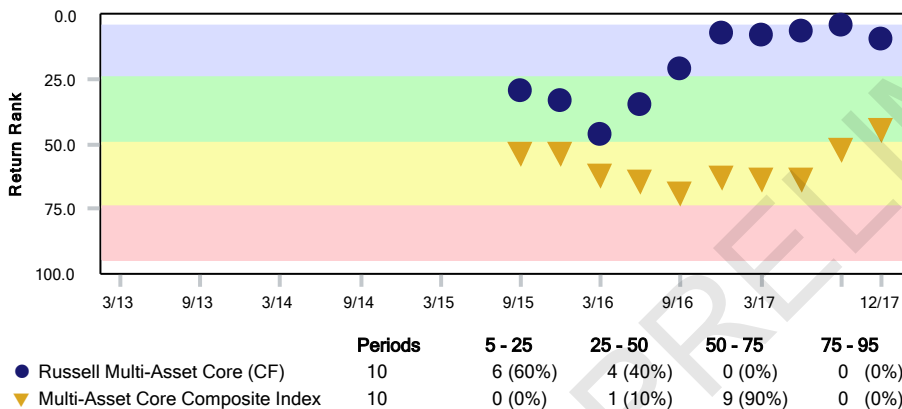
**5 Years Rolling Percentile Ranking - 5 Years**



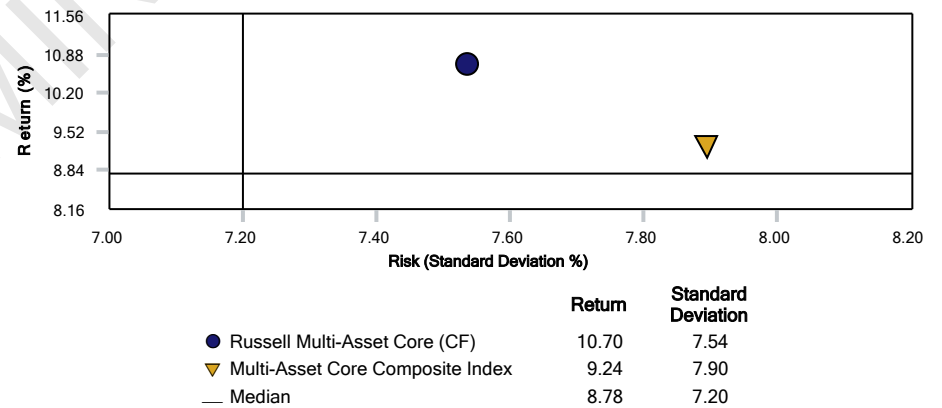
**Growth of a Dollar**



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



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



**Historical Statistics - 5 Years**

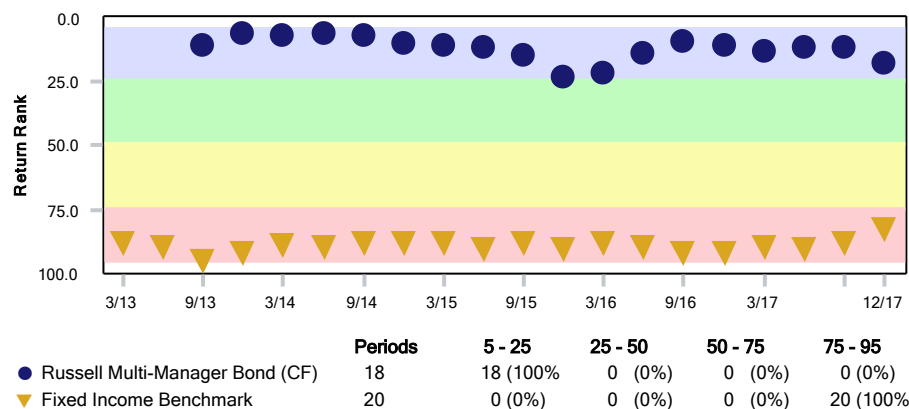
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Multi-Asset Core (CF)	10.70	7.54	1.82	0.95	1.36	91.02	104.30
Multi-Asset Core Composite Index	9.24	7.90	0.00	1.00	1.13	100.00	100.00

**Historical Statistics - 3 Years**

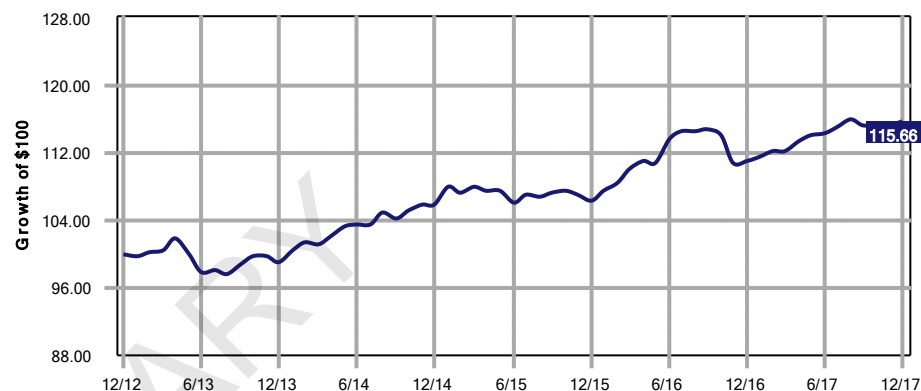
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Multi-Asset Core (CF)	9.54	7.80	2.20	0.94	1.17	89.45	106.13
Multi-Asset Core Composite Index	7.69	8.27	0.00	1.00	0.90	100.00	100.00

**Boynton Beach Police Pension Fund  
Russell Multi-Manager Bond (CF)  
December 31, 2017**

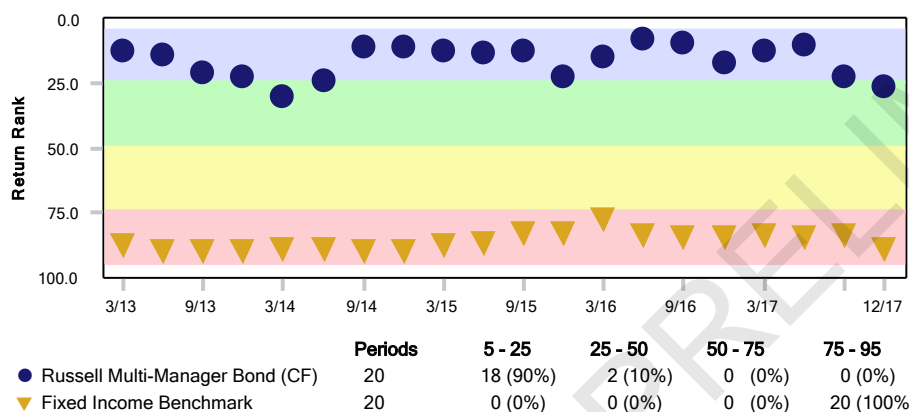
**5 Years Rolling Percentile Ranking - 5 Years**



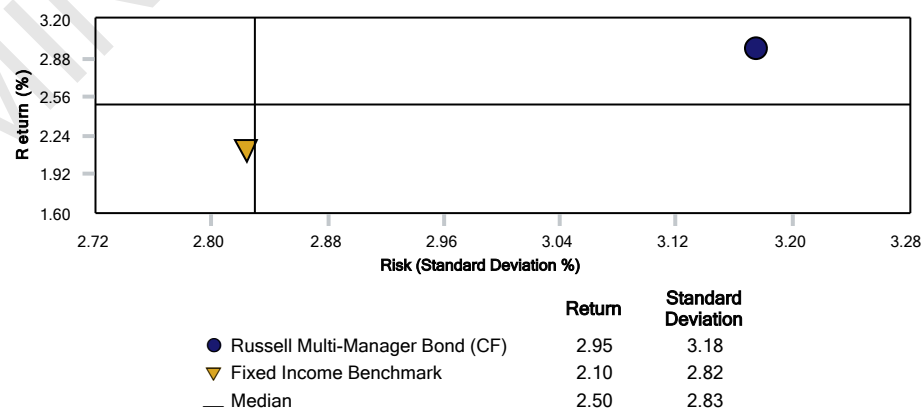
**Growth of a Dollar**



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



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



**Historical Statistics - 5 Years**

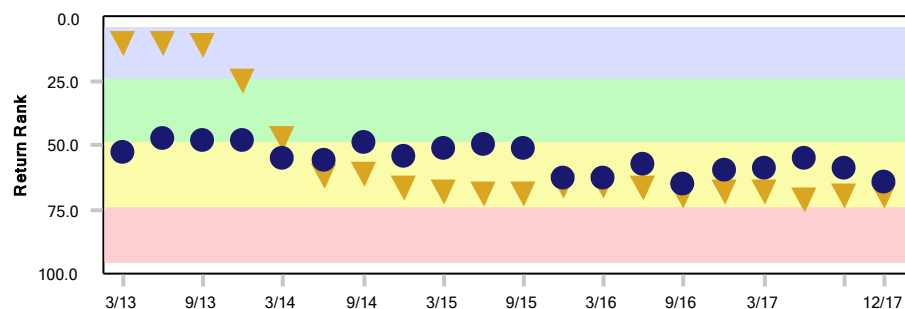
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Multi-Manager Bond (CF)	2.95	3.18	0.66	1.09	0.86	97.32	115.61
Fixed Income Benchmark	2.10	2.82	0.00	1.00	0.67	100.00	100.00

**Historical Statistics - 3 Years**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Multi-Manager Bond (CF)	3.00	3.17	0.53	1.10	0.83	97.52	114.70
Fixed Income Benchmark	2.24	2.78	0.00	1.00	0.68	100.00	100.00

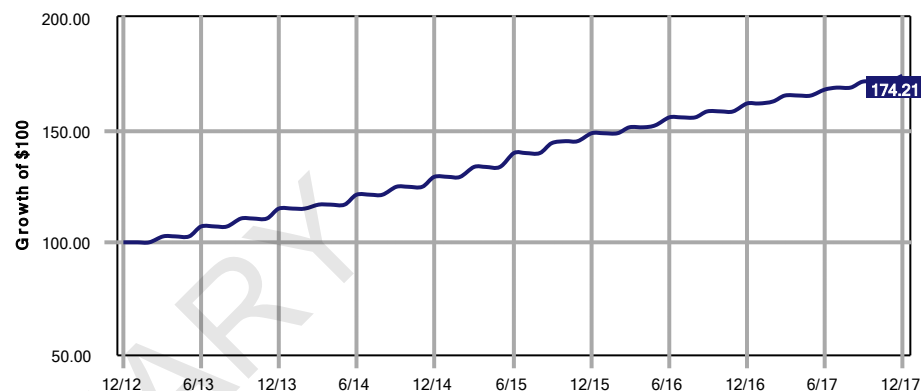
**Boynton Beach Police Pension Fund**  
**Russell Real Estate Equity (CF)**  
**December 31, 2017**

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

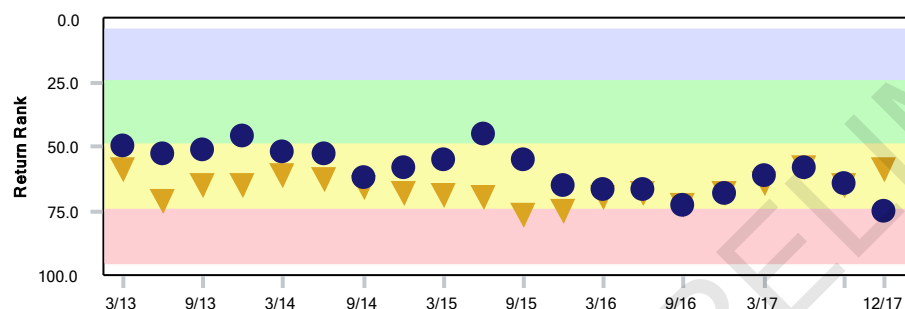


	Periods	5 - 25	25 - 50	50 - 75	75 - 95
● Russell Real Estate Equity (CF)	20	0 (0%)	5 (25%)	15 (75%)	0 (0%)
▼ Real Estate Benchmark	20	4 (20%)	1 (5%)	15 (75%)	0 (0%)

**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%)	3 (15%)	17 (85%)	0 (0%)
▼ Real Estate Benchmark	20	0 (0%)	0 (0%)	19 (95%)	1 (5%)

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



**Historical Statistics - 5 Years**

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Russell Real Estate Equity (CF)	11.74	1.69	-1.02	1.11	6.07	N/A	101.74
Real Estate Benchmark	11.54	1.35	0.00	1.00	7.34	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)	10.31	1.63	-0.07	0.97	5.41	N/A	96.53
Real Estate Benchmark	10.70	1.50	0.00	1.00	6.04	N/A	100.00

**Boynton Beach Police Pension Fund**  
**Glossary**  
**December 31, 2017**

- 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.

**Boynton Beach Police Pension Fund**  
**Glossary**  
**December 31, 2017**

- 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  
December 31, 2017**

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.
15. For a free copy of Part II (mailed w/ 5 bus. days from request receipt) of Burgess Chambers & Associates, Inc.'s most recent Form ADV which details pertinent business procedures, please contact: 407-644-0111, [info@burgesschambers.com](mailto:info@burgesschambers.com), 315 East Robinson Street Suite #690, Orlando, Florida 32801.