

**CITY OF NAPLES
PURCHASING DIVISION
CITY HALL, 735 8TH STREET SOUTH
NAPLES, FLORIDA 34102
PH: 239-213-7100 FX: 239-213-7105**

ADDENDUM NUMBER 1

NOTIFICATION DATE:	BID TITLE:	BID NUMBER:	BID OPENING DATE & TIME:
01/26/18	Pension Investment Consultant RFP	18-011	02/23/2018 2:00PM

**THE FOLLOWING INFORMATION IS HEREBY INCORPORATED INTO,
AND MADE AN OFFICIAL PART OF THE ABOVE REFERENCED BID.**

The following are answers to written submitted questions:

1) Why was an RFP for this contract released at this time?

Response: An RFP is being issued to assure that the City of Naples pension boards are receiving the best possible services for the best price.

2) Who is the incumbent consultant, and were they invited to rebid for this contract?

Response: The existing advisor is Charles Mulfinger II, Graystone Consulting.

3) When does the city anticipate that this contract will be awarded?

Response: March 2018.

4) Is there someone in purchasing who is considered a direct contact for questions regarding this RFP, or should all questions be directed to the purchasing email?

Response: Purchasing email please.

5) Is there an existing advisor?

Response: Refer to question 2.

IMPORTANT MESSAGE

PLEASE ACKNOWLEDGE RECEIPT OF THIS ADDENDUM ON THE BID COVER SHEET.

6) Why is an RFP being issued at this time?

Response: Refer to question 1.

7) Please remit a copy of your Investment Policy Statements.

Response: See attachments below.

8) What are the total assets, broken down by investment option?

Response: See attachments below.

9) What are the total Assets?

Response: See attachments below.

ATTACHMENTS

Exhibit A – Consulting Services Agreement (draft)

Exhibit B – Firefighters Retirement Trust Invest Policy 09-02-16

Exhibit C – Police Officers Retirement Trust Invest Policy 09-02-16

Exhibit D – General Employees Retirement Trust Invest Policy 09-02-16

Exhibit E – Naples Summary 3Q 2017

UNDER SEPARATE COVER

Exhibit F – Naples 3Q 2017

IMPORTANT MESSAGE

PLEASE ACKNOWLEDGE RECEIPT OF THIS ADDENDUM ON THE BID COVER SHEET.

Exhibit A – Consulting Services Agreement (draft)

CITY OF NAPLES RETIREMENT SYSTEMS

And

[Name]

CONSULTING SERVICES AGREEMENT

This Agreement, effective _____, between the Board of Trustees of the _____ (hereinafter the "Pension Fund" and "Trustees") and _____ (hereinafter the "Consultant").

WITNESSETH:

WHEREAS, the Trustees are duly designated and appointed as the Trustees of the _____, and

WHEREAS, the Trustees wish to obtain consulting and monitoring services with respect to those assets of the Pension Fund which the Trustees have committed, or may hereafter commit to the management of Investment Managers; and

WHEREAS, the Trustees are authorized to engage such services pursuant to Section _____ of the City of _____ Code of Ordinances.

NOW, THEREFORE, in consideration of the agreements, covenants, and conditions set forth below, the Trustees and Consultant agree as follows:

1. Consulting Services: The Trustees hereby appoint the Consultant, and the Consultant agrees to provide a full range of investment consulting services as the Consultant to the Trustees, with respect to the funds of the Pension Fund. Such full range of service shall include, but is not limited to the following:

- a. Assist in the development and implementation of any appropriate Investment Guidelines, and investment benchmarks including, but not limited to recommendations as to allocations and investment diversification, which would best fulfill the Trustees' fiduciary obligations with respect to investing the assets of the Fund and assuring that such policies and guidelines remain viable; and

- b. Investment performance measurement of investment managers, including quarterly written evaluation reports, including the performance results of the various investment managers, with evaluations of the relative performance of the investment managers against recognized benchmarks, with reference to the investment risk exposures undertaken by each manager for each fund, stating in clear concise terms the investment managers actual performance for the quarter and "trend" performance covering prior periods, stating in writing the Consultant's recommendations for improvements or changes in investment mix, investment process, investment procedures, and investment managers, engaged by the Trustees; and
- c. Attend all meetings of the Board of Trustees and/or of any appropriate subcommittees of the Board of Trustees in Naples, Florida, for presentations concerning the aforementioned performance measurement reports; and
- d. Assist the Trustees in developing proxy voting guidelines in compliance with U.S. Labor Department requirements and the fiduciary obligations of the Trustees; and
- e. Assist the Trustees in the search and selection of investment managers to include advise and recommendations regarding review, search and selection of investment managers to include appropriate due diligence searches in connection therewith; and
- f. Evaluation of Fund overall efficiency and performance; and
- g. An annual Formal Education Seminar.

2. Compensation: In consideration of the Consulting Services to be performed as agreed above, the Trustees agree to pay the Consultant such fees as are provided in Exhibit A of this agreement.

3. Delivery of Form ADV, Part II: The Consultant is a registered investment-consulting firm registered with the SEC under the Investment Advisers Act of 1940. Pursuant to such Act, the Consultant has delivered with this agreement a true and complete copy of Part II of its form ADV to the Trustees. The Trustees acknowledge: (1) receipt of a copy of Part II of the Consultant's Form ADV; (2) that delivery of Part II of Form ADV does not imply that the U. S. Securities and Exchange Commission has made any recommendation of the Consultant; (3) the Trustees has the right to terminate this Agreement, without penalty, within ten (10) days of the date of this Agreement. The Consultant acknowledges that as determined by the SEC, as an investment consultant to

the Trustees, it maintains a fiduciary responsibility to the Fund to the extent that the Trustees may rely upon its recommendations as those recommendations affect the purchase or sale of securities.

4. Liability of Consultant: The Consultant acknowledges that it is a fiduciary with respect to the present appointment, and shall be held to fiduciary duties set forth in Section 112, Part VII, Florida Statutes and Section 404 of the Employee Retirement Income Security Act of 1974, as though the Pension Fund were a covered Plan under the Act, and shall perform under this Agreement in accordance with the fiduciary duties set forth therein.

5. Insurance and Authorization: The Consultant agrees that during the term of this agreement to maintain fiduciary liability insurance in the sum of at least one million dollars (\$1,000,000) and general liability insurance in the sum of at least one million dollars (\$1,000,000). Additionally, the Consultant agrees to annually provide the Trustees with evidence thereof. The Consultant also warrants that it is authorized to do business in the State of Florida.

6. Notice of changes: The Consultant shall immediately inform the Trustees of any changes in ownership or key personnel of the Consultant or changes in the Consultant's employees assigned to service the Trustees. The Consultant shall also immediately notify the client of the commencement and progress of any SEC action, administrative action, or litigation against the Consultant.

Whenever either party desires or is required under this Agreement to give notice to any other party, it must be given by written notice, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended at the following addresses.

Trustees: Board of Trustees

Consultant:

7. Registration: The Consultant warrants that it is registered, as an investment advisor with the Florida Department of Banking and Finance pursuant to Chapter 517 of the Florida Statutes and that it will maintain said registration for as long as this agreement continues in effect.

8. Jurisdiction: This Agreement has been executed in the City of Naples, Florida, and shall be governed and construed in accordance with Florida law. Venue for any litigation concerning this Agreement shall be Collier County, Florida.

9. Effective Date, Termination and Assignment: This Agreement shall be effective on the date indicated above and shall continue in effect for a three (3) year period or until terminated by either party by giving to the other party notice in writing at least thirty (30) days prior to the effective date of termination and shall be renewable on its anniversary date. This Agreement shall not be assignable by either party without the consent of the other party. After the effective date of termination, the parties' respective obligations hereunder shall cease, provided, however, that a termination shall not affect the parties' rights and obligations arising prior to the date of termination. Final billing by the Consultant shall be prorated to the effective date of termination.

10. Indemnification: The Consultant shall indemnify and hold harmless the Trustees, its elected and appointed officials, employees, and agents from any and all claims, suits, actions, damages, liability, and expenses (including attorneys' fees) in connection with loss of life, bodily or personal injury, or property damage, including loss of use thereof, directly caused by, resulting from, arising out of or occurring in connection with the operations of the Consultant or its officers, employees, agents, subcontractors, or independent contractors, excepting only such damage which is attributable, in whole or in part to the negligence, gross negligence, recklessness or willful act or omission of the Trustees or its elected or appointed officials and employees. The above provisions shall survive the termination of this Agreement and shall pertain to any occurrence during the term of this Agreement, even though the claim may be made after the termination hereof.

11. Attorney's Fees: Should the Trustees engage an attorney, accountant or other advisor to enforce the terms of this Agreement, whether by administrative action, legal action, litigation, or otherwise, and should the Trustees prevail or obtain any relief or remedy as a result of such action, then the Consultant shall pay to the Trustees its reasonable attorney's fees, accountants' fees, advisors' fees, and costs.

12. Severability; Waiver of Provisions: Any provision in this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or enforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction. The non-enforcement of any provision by either party shall not constitute a waiver of that provision nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

Pension Fund:

CITY OF _____

By: _____
Chair, Board of Trustees

Date: _____

Consultant:

By: _____

Name: _____

Title: _____

Date: _____

CITY OF _____
and

CONSULTING SERVICES AGREEMENT

EXHIBIT A

FEE SCHEDULE

In consideration of the Consulting Services to be performed as agreed in the foregoing agreement, the Pension Fund shall pay the Consultant an annual retainer fee, to be billed in equal quarterly installments, in arrears. The annual fee includes all expenses incurred by the Consultant in performance of its services, and accordingly, the Trustees shall not be obligated to pay expense reimbursements to the Consultant. Such annual fee shall be as indicated below.

Fee Structure

The above-referenced fee schedule shall be guaranteed for three years. Thereafter, the Consultant shall notify the Trustees ninety (90) days in advance of any proposed changes in fee structure.

**EXHIBIT B
CRIMES AFFIDAVIT**

**SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(a), FLORIDA STATUTES,
ON PUBLIC ENTITY CRIMES**

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted to _____
[print name of the public entity]

By _____
[print individual's name and title]

For _____
[print name of entity submitting sworn statement]

whose business address is _____

and (if applicable) its Federal Employer Identification Number (FEIN) is _____
(if the entity has no FEIN, include the Social Security Number of the individual signing this sworn statement _____.)

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision or any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means: 1. A predecessor or successor of a person convicted of a public entity crime; or 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" included those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate.

The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public

entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. [indicate which statement applies]

_____ Neither the entity submitting this sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. [attached is a copy of the final order].

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES FOR CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

[signature]

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2018, by _____, who is personally known to me and who did _____ did not _____ take an oath.

Print Name: _____

Notary Public, Commission No.:
My Commission Expires:

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

For The

CITY OF NAPLES FIREFIGHTERS' RETIREMENT TRUST FUND
September 2, 2016

I. INTRODUCTION AND BACKGROUND

The City of Naples Firefighters' Retirement Trust Fund is a defined employee pension benefit plan established by Ordinance of the City of Naples to provide retirement benefits for its firefighters. The City of Naples is the "plan sponsor". The Plan is administered by the Firefighters' Retirement Plan Board of Trustees. The Plan is a Retirement Plan maintained to provide retirement, disability, termination and death benefits to participants in accordance with the express provisions of the Plan.

The Plan and the benefits provided thereunder are funded by contributions by the City of Naples, tax rebates from the State of Florida pursuant to Chapter 175, Employees' contributions, interest income and other income in accordance with the underlying Plan documents.

The Board of Trustees is charged by Ordinance and Chapter 112, Florida Statutes with the responsibility of developing a policy for the investment of the assets of the Fund. The trustees are named fiduciaries. The investment of the assets of our retirement plan must be consistent with the written investment policy adopted by the Board of Trustees. The policies are structured to maximize the financial return to the retirement plan consistent with the risks incumbent in each investment and are structured to establish and maintain an appropriate diversification of the retirement system's assets. To assist the Board in this function, they are authorized to engage the services of investment and actuarial consultants to provide expert assistance. The Board periodically undertakes studies to evaluate the potential consequence of alternative investment strategies on the long term well being of the Plan. In the view of its consultants and the Board, the investment program defined in this Statement will produce a result over the long term consistent with the Plan's primary objective of preserving and enhancing the purchasing power of assets.

In the implementation of the investment program, the Plan will employ investment managers who have demonstrated expertise with particular asset classes. Furthermore, the Plan's investment managers utilize a variety of investment approaches. This diversification of managers and investment approach should reduce the risk of loss and contribute to the attainment of a more consistent positive return. Nonetheless, there will

be short term periods when the fund may experience negative returns. Such periods are not inconsistent with achievement of the targeted long term objective.

II. INVESTMENT POLICY AND OBJECTIVES

Based on analysis of the Plan assets and expected investment returns and risks associated with alternative asset mix strategies, the Board adopted the following asset class targets, based on market value:

TRADITIONAL ASSET CLASSES		
EQUITY	<u>% Range</u>	<u>% Target</u>
Large Capitalization Value Manager	27.5 – 17.5%	22.5%
Large Capitalization Growth Manager	27.5 – 17.5%	22.5%
Small/Mid Capitalization Value Manager	7.50 – 2.50%	5.0%
Small/Mid Capitalization Growth Manager	7.50 – 2.50%	5.0%
International Value Manager	7.50 – 2.50%	5.0%
International Growth Manager	7.50 – 2.50%	5.0%
Total Equity	70.0 – 57.5%	65.0%
FIXED INCOME MANAGER	27.5 – 15.0%	20.0%
TOTAL TRADITIONAL		85.0%
ALTERNATIVE ASSET CLASSES		
	<u>% Range</u>	<u>% Target</u>
PRIVATE REAL ESTATE FUND	15.0 – 0.0%	10.0%
HEDGE FUNDS/FUNDS OF HEDGE FUNDS	10.0 – 0.0%	5.0%
TOTAL ALTERNATIVE ASSET CLASSES	17.5 – 0.0%	15.0%
TOTAL TRADITIONAL & ALTERNATIVE		100.0%

These ranges and targets are established as maximum weightings in each respective asset class. If the investment manager determines a percentage of their allocation should be invested in cash, then they are permitted that flexibility and will be evaluated by their decisions accordingly.

Over time, it is the Board's intention to direct cash flows toward the asset class (es) under-represented and away from the class(es) over-represented.

The General investment objectives of the Board are as follows:

1. Establish a Prudent Investment Program

Although the Retirement Plan is not covered by the Employee Retirement Income Security Act of 1974 (ERISA), the assets of this fund shall be invested in a manner consistent with the fiduciary standard set forth in ERISA, as though ERISA applied to the Pension Fund; namely, (1) in accordance with the safeguards and diversity a prudent investor would adhere (2) and all transactions undertaken on behalf of the Fund must be for the sole interest of Plan participants

and their beneficiaries in order to provide benefits and pay the expenses of the Fund. The pension investment program must operate in compliance with all applicable State and Federal laws and regulations concerning the investment of pension assets.

2. Achieve Growth in Purchasing Power

Primary investment emphasis must be placed upon the consistent protection of the funds assets and growth performance, i.e., the achievement of adequate investment growth must not be at the expense of the protection of the assets over the investment horizon.

More specific investment objectives established by the Board include the following:

- The Fund should earn a return over time exceeding the assumed actuarial rate of 7.50%. In addition, the Fund should earn a return greater than inflation, as measured by the Consumer Price Index, by 4.0% per year. Meeting this objective indicates active management of the various portfolio components has added value over a passively managed fund. It is also consistent with the Board's objective to enhance the purchasing power of the Funds.
- Individual investment managers will not be measured against the aggregate fund objective stated above. They will be compared to appropriate market indices, and the performance of other managers who utilize a similar investment style.

III. TRADITIONAL ASSET CLASSES - INVESTMENT GUIDELINES

A. Liquidity Requirements

There is a requirement to maintain liquid reserves for the payment of pension benefits and expenses. The Board will review these projected cash flow requirements at least annually.

B. Monitoring & Compliance

The plan shall comply with the Protecting Florida's Investments Act (PFIA). The investment managers are prohibited from purchases and are required to divest any investments in those companies with certain business operations in the countries of Sudan and Iran designated as "scrutinized companies" under the PFIA.

Each manager shall be responsible for keeping current as to the companies listed as “scrutinized companies” by the Florida State Board of Administration. The consultant shall report quarterly on each manager’s compliance.

C. Equities

The investment managers are permitted to invest in equity securities (including convertible bonds) listed on the New York, American and principal regional and foreign (for foreign securities) exchanges. They may also invest in over-the-counter securities where an active market maker is regulated by the NASD and pink sheet securities not regulated by the NASD. The equity position in any one company shall not exceed 5% of the total portfolio at market. Any investment that does not fall into a category listed above is prohibited.

The equity portion of each portfolio manager shall not:

1. Be more than 10.0% invested in the securities of any one company at market.
2. Make short sales.
3. Use margin or leverage.
4. Be invested in commodities.
5. Be invested in private real estate.
6. Be invested in “investment art objects.”
7. Invest in Options, including the purchase, sale or writing of options unless options are "covered" by the corresponding security.
8. Be invested in warrants, although warrants issued in connection with stocks held by the fund may be sold, held, or converted by the investment manager at its discretion.

The compliance and monitoring of this Section (III.C.) is the responsibility of the consultant and the trustees. The consultant’s responsibility is to report any non-compliance to the trustees each quarter.

a.) Large Capitalization Value & Growth Stocks

Large capitalization stocks are expected to have the greatest weighting in the Retirement Plan. They are expected to provide more consistent returns over time than our other equity styles. The objective is to maximize investment return over a market cycle by investing in large capitalization equities having the potential to generate investment returns exceeding a passively managed large stock index.

Large-capitalization equity manager performance parameters include the following:

- Performance within the top half of a Universe of Large Capitalization Value or Growth Managers.
- Performance comparable to the appropriate Russell Indexes.
- Performance comparable to the S&P 500 Stock Index. (Market & Equal-Weighted).
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle.

b.) Mid/Small Capitalization Value & Growth Stocks

Mid/Small capitalization stocks are expected to improve total portfolio diversification and provide opportunities for higher incremental returns in the long run. The objective is to maximize investment return over a market cycle by investing in mid/small capitalization equities having the potential to generate investment returns exceeding a passively managed mid/small stock index. Mid/Small capitalization stock managers generally purchase companies with a market capitalization of greater than \$500 million.

Mid/Small capitalization equity manager performance parameters include the following:

- Performance within the top half of a Universe of Mid/Small Capitalization Value or Growth Managers
- Performance comparable to the appropriate Russell Indexes.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle for the mid/small capitalization market.

c.) International Stocks

International Stocks are expected to improve total portfolio diversification and provide opportunities for higher incremental returns in the long run. The objective is to maximize investment return over a market cycle. This is to be achieved by investing in developed or emerging markets international securities through American Depository Receipts (ADRs) as well as any foreign company that trades directly in a U.S. equity market. Emerging markets exposure can also be achieved through the purchase of an institutional mutual fund. Emerging markets exposure should not exceed 33% of the total international allocation. These equities should generate investment returns exceeding a passively managed international index.

International equity manager performance parameters include the following:

- Exceed the MSCI All Country World Ex. USA Index.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle of the international market.

C. Fixed Income

Fixed income securities shall be invested entirely in marketable debt securities issued or guaranteed by either (a) the United States Government or its agencies, (b) domestic corporations (including industrial and utilities) or Israel Bonds (c) domestic banks and other US financial institutions, or (d) subject to a 10% maximum limit, foreign corporations or governments. The fixed income securities utilized may also include supranationals, asset-backed securities (ABS), debt issued by Real Estate Investment Trusts (REITs), Rule 144A securities that include registration rights, and mortgage-backed securities, including Collateralized Mortgage Obligations (CMOs) issued by any entity – not just government agencies. All securities must hold at least an investment grade rating by a major rating service. In situations where a security holds a “split-rating” among two rating services, the highest rating shall be utilized in determining credit quality. Such investments shall all be in accordance with the Code of the City of Naples. Any investments that do not fall under the criteria listed above are prohibited from being purchased. Securities ratings reduced beneath investment grade after purchase should be sold by the portfolio manager within a reasonable period of time as determined by the manager. It is the manager’s responsibility to notify the board in writing immediately after a security is downgraded below the policy guidelines. The written explanation should describe the manager’s

intentions regarding the disposition of the security being downgraded. Restrictions on fixed income include the following:

1. Except for Treasury, Agency, and Government Sponsored Entities (GSEs) obligations, the debt portion of the Fund shall contain no more than ten percent (10%), based on the market value, of a given issuer irrespective of the number of differing issues. Mortgage-Backed securities issued by GSEs should also be excluded from the 10% limitation. Other diversification standards may be developed and applied by the Investment Manager(s).
2. If commercial paper is used it must be only of the highest quality (A-1 or P-1).
3. Private placement debt is not permissible.

Fixed income manager(s) performance parameters include the following:

- Performance comparable to the Barclays Capital Intermediate Government/Credit Bond Index (BC Int. G/C).
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the Barclays Capital Intermediate Government/Credit Bond Index without a corresponding increase in performance above the index.
- Achieve the above objectives within a time horizon of a minimum of three to five years or a full market cycle.

IV. ALTERNATIVE ASSET CLASSES - INVESTMENT GUIDELINES

Alternative asset classes historically have low to moderate correlation to market indices. Alternative asset classes are expected to improve total portfolio diversification and provide opportunities for higher incremental returns over the long-term. Many of the asset categories are expected to generate absolute returns (positive returns regardless of market environment) versus relative returns (returns comparative to a given benchmark).

Alternative asset classes guidelines differ from traditional asset classes guidelines. Alternative asset managers may use leverage and derivatives, may short securities, generally have higher fees, typically have reduced liquidity, and performance is dependent primarily on advisor skill.

A. Private Real Estate

Private real estate investments are expected to improve total portfolio diversification and provide income and opportunities for higher incremental returns in the long-term. The objective is to maximize investment return over a market cycle by investment in real estate through private ownership. The investment managers are permitted to invest in private real estate. Private real estate will be purchased through an institutional vehicle. The institutional vehicle provides diversification of property type and geographical location and provides a competitive price structure. These private real estate investments should generate investment returns exceeding a passively managed private real estate index.

Private real estate investment performance parameters include the following:

- Exceed the National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index or Open-End Diversified Core Index .
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the above objectives within a time horizon of five to ten years or a full real estate market cycle.

B. Funds of Hedge Funds (FofHFs)

Hedge Funds (HF) and Fund of Hedge Funds (FofHFs) are private investment funds investing primarily in the global equity and fixed income markets typically employing sophisticated trading strategies using leverage and derivative instruments. FofHFs invests in multiple, single manager hedge funds. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The FofHFs manager has discretion in choosing which strategy to invest in for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiples strategies. The investor has the advantage of diversification among managers and styles with significantly less capital than investing with separate managers.

Low Volatility Funds of Hedge Funds

The manager selects hedge fund investment managers that invest in Relative Value Arbitrage/ Event Driven asset classes. Relative Value Arbitrage/ Event Driven asset class categories consists of hedge fund managers specializing in Convertible Arbitrage, Fixed Income Arbitrage, Distressed, Statistical Arbitrage, and Equity Market Neutral Strategies.

Mid to High Volatility Funds of Hedge Funds

The manager selects hedges fund investment managers that invest in Long/ Short, Global Macro/ Managed Futures, and Manager Futures asset classes.

a.) Low Volatility Funds – Hedge Funds (HFs) & Funds of Hedge Funds

Low volatility funds are expected to improve total portfolio diversification and provide opportunities to achieve higher incremental returns in the long-term. The objective is to provide absolute returns over a market cycle. The standard deviation for the combination of hedge fund managers' strategies are expected to have return volatility in the range of 2-5% over a market cycle.

Low volatility funds manager performance parameters include the following:

- Exceed appropriate Hedge Fund Research, Inc. index.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the appropriate index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle.
- Compare to the Barclays Capital US Aggregate Bond Index for return and risk over a time horizon of three to five years or a full market cycle.

b.) Mid to High Volatility Funds – Hedge Funds (HFs) & Funds of Hedge Funds

Mid to high volatility funds are expected to improve total portfolio diversification and provide opportunities to achieve higher incremental returns in the long-term. The objective is to provide absolute returns over a market cycle. The standard deviation for the combination of hedge fund managers strategies are expected to have return volatility in the range of 5-15% over a market cycle.

Mid to high volatility funds manager performance parameters include the following:

- Exceed appropriate Hedge Fund Research, Inc. index.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the appropriate index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle.

V. STATE MANDATED REQUIREMENTS

1. EXPECTED ANNUAL RATE OF RETURN. For each actuarial valuation, the board shall determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination must be filed promptly with the Department of Management Services and with the plan's sponsor and the consulting actuary.

2. THIRD-PARTY CUSTODIAL AGREEMENTS. The securities should be held with a third party, and all securities purchased by, and all collateral obtained by, the board should be properly designated as an asset of the board. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by an authorized member of the board or the board's designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

3. MASTER REPURCHASE AGREEMENT. All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to requirements of the Master Repurchase Agreement (where applicable).

4. BID REQUIREMENT. The board shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question

when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid must be selected.

5. INTERNAL CONTROLS. The board shall establish a system of internal controls which shall be in writing and made a part of the board's operational procedures. The policy shall provide for review of such controls by independent certified public accountants as part of any financial audit periodically required of the board's unit of local government. The internal controls should be designed to prevent losses of funds which might arise from fraud, error, misrepresentation by third parties, or imprudent actions by the board or employees of the unit of local government.

6. CONTINUING EDUCATION. The continuing education of the board members in matters relating to investments and the board's responsibilities is required.

7. REPORTING. Appropriate annual or more frequent periodic reports of the investment activities shall be prepared for submission to the governing body of the unit of local governments. The reports shall include investments in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be available to the public.

8. FILING OF INVESTMENT POLICY. Upon adoption by the board, the investment policy shall be promptly filed with the Department of Management Services, the "plan sponsor", and consulting actuary. The effective date of the investment policy and any amendment thereto, shall be the 31st calendar day following the filing date with the plan sponsor.

9. VALUATION OF ILLIQUID INVESTMENTS. The investment policy shall provide for the valuation of illiquid investments where a generally recognized market is not available or there is no consistent or generally accepted pricing mechanism. If those investments are utilized, the investment policy must include the criteria set forth in s.215.47(6), except submission to the Investment Advisory Council is not required. The investment policy shall require, for each actuarial valuation, the board must verify the determination of the fair market value for those investments and ascertain the determination complies with all applicable state and federal requirements. The investment policy shall require the board disclose to the Department of Management Services and the plan's sponsor each such investment where the fair market value is not provided.

VI. REVIEW OF INVESTMENT MANAGERS

The Board will meet at least semiannually with the consultants. Additionally, the Board will review investment results quarterly.

These reviews will focus on:

- the managers' adherence to the policy guidelines;
- comparison of managers' results against funds using similar policies (in terms of the diversification, volatility, style, etc.);
- the opportunities available in equity and debt markets; and
- material changes in the managers' organizations, such as philosophical and personnel changes, acquisitions or losses of major accounts, etc.

VII. PERFORMANCE EXPECTATIONS

The most important performance expectation is the achievement of investment results consistent with the Plan's investment policy statement. A 4.0% real return is a reasonable expectation in light of this policy. The Board recognizes this real return objective may not be attainable during some time periods; it is a long term goal. In order to ensure investment opportunities available over a specific time period are fairly evaluated, the Board will use comparative performance statistics to evaluate investment results. Performance of the Plan will be compared to other funds utilizing a similar investment policy.

VIII. FIDUCIARY AND OTHER RESPONSIBILITIES

The Investment Manager shall carry out its duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. The Investment Manager shall discharge its duties hereunder solely in the interest of the Pension Fund's participants and beneficiaries for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Pension Fund's retirement plan. The Investment Manager shall diversify the assets in the account so as to minimize the risk of large losses. The Investment Manager, by execution of this Agreement, acknowledges it is a fiduciary with respect to the Pension Fund and a named fiduciary within the meaning of Section 112.656(2), Florida Statutes.

IX. POLICY REVIEW

Periodic reviews of the Policy Statement will be made by the Board to evaluate its appropriateness. Any modification of policy guidelines shall be approved by the Board of Trustees and acknowledged in writing by the investment managers.

Adopted 9/2/16
Date

Signed Pete Q. M. C.
Chairman

Investment Manager's Acknowledgment

I, the undersigned, acknowledge I have received the policy statement for the City of Naples Firefighters' Retirement Trust Fund, dated_____. I affirm I have read and understand said Policy Statement, and do hereby agree to abide to the guidelines expressed in the Policy Statement.

Name of Firm _____

Signed _____

Date _____

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

For The

CITY OF NAPLES POLICE OFFICERS' RETIREMENT TRUST FUND
September 2, 2016

I. INTRODUCTION AND BACKGROUND

The City of Naples Police Officers' Retirement Trust Fund is a defined employee pension benefit plan established by Ordinance of the City of Naples to provide retirement benefits for its police officers. The City of Naples is the "plan sponsor". The Plan is administered by the Police Officers' Retirement Plan Board of Trustees. The Plan is a pension plan maintained to provide retirement, disability, termination and death benefits to participants in accordance with the express provisions of the Plan.

The Plan and the benefits provided thereunder are funded by contributions by the City of Naples, tax rebates from the State of Florida pursuant to Chapter 185, Employees' contributions, interest income and other income in accordance with the underlying Plan documents.

The Board of Trustees is charged by Ordinance and Chapter 112, Florida Statutes with the responsibility of developing a policy for the investment of the assets of the Fund. The trustees are named fiduciaries. The investment of the assets of our retirement plan must be consistent with the written investment policy adopted by the Board of Trustees. The policies are structured to maximize the financial return to the retirement plan consistent with the risks incumbent in each investment and are structured to establish and maintain an appropriate diversification of the retirement system's assets. To assist the Board in this function, they are authorized to engage the services of investment and actuarial consultants to provide expert assistance. The Board periodically undertakes studies to evaluate the potential consequence of alternative investment strategies on the long term well being of the Plan. In the view of its consultants and the Board, the investment program defined in this Statement will produce a result over the long term consistent with the Plan's primary objective of preserving and enhancing the purchasing power of assets.

In the implementation of the investment program, the Plan will employ investment managers who have demonstrated expertise with particular asset classes. Furthermore, the Plan's investment managers utilize a variety of investment approaches. This diversification of managers and investment approach should reduce the risk of loss and contribute to the attainment of a more consistent positive return. Nonetheless, there will

be short term periods when the fund may experience negative returns. Such periods are not inconsistent with achievement of the targeted long term objective.

II. INVESTMENT POLICY AND OBJECTIVES

Based on analysis of the Plan assets and expected investment returns and risks associated with alternative asset mix strategies, the Board adopted the following asset class targets, based on market value:

TRADITIONAL ASSET CLASSES		
EQUITY	<u>% Range</u>	<u>% Target</u>
Large Capitalization Value Manager	27.5 – 17.5%	22.5%
Large Capitalization Growth Manager	27.5 – 17.5%	22.5%
Small/Mid Capitalization Value Manager	7.50 – 2.50%	5.0%
Small/Mid Capitalization Growth Manager	7.50 – 2.50%	5.0%
International Value Manager	7.50 – 2.50%	5.0%
International Growth Manager	7.50 – 2.50%	5.0%
Total Equity	70.0 – 57.5%	65.0%
FIXED INCOME MANAGER	27.5 – 15.0%	<u>20.0%</u>
TOTAL TRADITIONAL		85.0%
ALTERNATIVE ASSET CLASSES		
PRIVATE REAL ESTATE FUND	<u>% Range</u>	<u>% Target</u>
HEDGE FUNDS/FUNDS OF HEDGE FUNDS	15.0 – 0.0%	10.0%
TOTAL ALTERNATIVE ASSET CLASSES	10.0 – 0.0%	5.0%
TOTAL TRADITIONAL & ALTERNATIVE	17.5 – 0.0%	<u>15.0%</u>
		100.0%

These ranges and targets are established as maximum weightings in each respective asset class. If the investment manager determines a percentage of their allocation should be invested in cash, then they are permitted that flexibility and will be evaluated by their decisions accordingly.

Over time, it is the Board's intention to direct cash flows toward the asset class (es) under-represented and away from the class(es) over-represented.

The General investment objectives of the Board are as follows:

1. Establish a Prudent Investment Program

Although the Retirement Plan is not covered by the Employee Retirement Income Security Act of 1974 (ERISA), the assets of this fund shall be invested in a manner consistent with the fiduciary standard set forth in ERISA, as though ERISA applied to the Pension Fund; namely, (1) in accordance with the safeguards and diversity a prudent investor would adhere (2) and all transactions undertaken on behalf of the Fund must be for the sole interest of Plan participants

and their beneficiaries in order to provide benefits and pay the expenses of the Fund. The pension investment program must operate in compliance with all applicable State and Federal laws and regulations concerning the investment of pension assets.

2. Achieve Growth in Purchasing Power

Primary investment emphasis must be placed upon the consistent protection of the funds assets and growth performance, i.e., the achievement of adequate investment growth must not be at the expense of the protection of the assets over the investment horizon.

More specific investment objectives established by the Board include the following:

- The Fund should earn a return over time exceeding the assumed actuarial rate of 7.50%. In addition, the Fund should earn a return greater than inflation, as measured by the Consumer Price Index, by 4.0% per year. Meeting this objective indicates active management of the various portfolio components has added value over a passively managed fund. It is also consistent with the Board's objective to enhance the purchasing power of the Funds.
- Individual investment managers will not be measured against the aggregate fund objective stated above. They will be compared to appropriate market indices, and the performance of other managers who utilize a similar investment style.

III. TRADITIONAL ASSET CLASSES - INVESTMENT GUIDELINES

A. Liquidity Requirements

There is a requirement to maintain liquid reserves for the payment of pension benefits and expenses. The Board will review these projected cash flow requirements at least annually.

B. Monitoring & Compliance

he plan shall comply with the Protecting Florida's Investments Act (PFIA). The investment managers are prohibited from purchases and are required to divest any investments in those companies with certain business operations in the countries of Sudan and Iran designated as "scrutinized companies" under the PFIA.

Each manager shall be responsible for keeping current as to the companies listed as “scrutinized companies” by the Florida State Board of Administration. The consultant shall report quarterly on each manager’s compliance.

C. Equities

The investment managers are permitted to invest in equity securities (including convertible bonds) listed on the New York, American and principal regional and foreign (for foreign securities) exchanges. They may also invest in over-the-counter securities where an active market maker is regulated by the NASD and pink sheet securities not regulated by the NASD. The equity position in any one company shall not exceed 5% of the total portfolio at market. Any investment that does not fall into a category listed above is prohibited.

The equity portion of each portfolio manager shall not:

1. Be more than 10.0% invested in the securities of any one company at market.
2. Make short sales.
3. Use margin or leverage.
4. Be invested in commodities.
5. Be invested in private real estate.
6. Be invested in “investment art objects.”
7. Invest in Options, including the purchase, sale or writing of options unless options are "covered" by the corresponding security.
8. Be invested in warrants, although warrants issued in connection with stocks held by the fund may be sold, held, or converted by the investment manager at its discretion.

The compliance and monitoring of this Section (III.C.) is the responsibility of the consultant and the trustees. The consultant’s responsibility is to report any non-compliance to the trustees each quarter.

a.) Large Capitalization Value & Growth Stocks

Large capitalization stocks are expected to have the greatest weighting in the Retirement Plan. They are expected to provide more consistent returns over time than our other equity styles. The objective is to maximize investment return over a market cycle by investing in large capitalization equities having the potential to generate investment returns exceeding a passively managed large stock index.

Large-capitalization equity manager performance parameters include the following:

- Performance within the top half of a Universe of Large Capitalization Value or Growth Managers.
- Performance comparable to the appropriate Russell Indexes.
- Performance comparable to the S&P 500 Stock Index. (Market & Equal-Weighted).
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle.

b.) Mid/Small Capitalization Value & Growth Stocks

Mid/Small capitalization stocks are expected to improve total portfolio diversification and provide opportunities for higher incremental returns in the long run. The objective is to maximize investment return over a market cycle by investing in mid/small capitalization equities having the potential to generate investment returns exceeding a passively managed mid/small stock index. Mid/Small capitalization stock managers generally purchase companies with a market capitalization of greater than \$500 million.

Mid/Small capitalization equity manager performance parameters include the following:

- Performance within the top half of a Universe of Mid/Small Capitalization Value or Growth Managers.
- Performance comparable to the appropriate Russell Indexes.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle for the mid/small capitalization market.

c.) International Stocks

International Stocks are expected to improve total portfolio diversification and provide opportunities for higher incremental returns in the long run. The objective is to maximize investment return over a market cycle. This is to be achieved by investing in developed or emerging markets international securities through American Depository Receipts (ADRs) as well as any foreign company that trades directly in a U.S. equity market. Emerging markets exposure can also be achieved through the purchase of an institutional mutual fund. Emerging markets exposure should not exceed 33% of the total international allocation. These equities should generate investment returns exceeding a passively managed international index.

International equity manager performance parameters include the following:

- Exceed the MSCI All Country World Ex. USA Index.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle of the international market.

C. Fixed Income

Fixed income securities shall be invested entirely in marketable debt securities issued or guaranteed by either (a) the United States Government or its agencies, (b) domestic corporations (including industrial and utilities) or Israel Bonds (c) domestic banks and other US financial institutions, or (d) subject to a 10% maximum limit, foreign corporations or governments. The fixed income securities utilized may also include supranationals, asset-backed securities (ABS), debt issued by Real Estate Investment Trusts (REITs), Rule 144A securities that include registration rights, and mortgage-backed securities, including Collateralized Mortgage Obligations (CMOs) issued by any entity – not just government agencies. All securities must hold at least an investment grade rating by a major rating service. In situations where a security holds a “split-rating” among two rating services, the highest rating shall be utilized in determining credit quality. Such investments shall all be in accordance with the Code of the City of Naples. Any investments that do not fall under the criteria listed above are prohibited from being purchased. Securities ratings reduced beneath investment grade after purchase should be sold by the portfolio manager within a reasonable period of time as determined by the manager. It is the manager’s responsibility to notify the board in writing immediately after a security is downgraded below the policy guidelines. The written explanation should describe the manager’s

intentions regarding the disposition of the security being downgraded. Restrictions on fixed income include the following:

1. Except for Treasury, Agency, and Government Sponsored Entities (GSEs) obligations, the debt portion of the Fund shall contain no more than ten percent (10%), based on the market value, of a given issuer irrespective of the number of differing issues. Mortgage-Backed securities issued by GSEs should also be excluded from the 10% limitation. Other diversification standards may be developed and applied by the Investment Manager(s).
2. If commercial paper is used it must be only of the highest quality (A-1 or P-1).
3. Private placement debt is not permissible.

Fixed income manager(s) performance parameters include the following:

- Performance comparable to the Barclays Capital Intermediate Government/Credit Bond Index (BC Int. G/C).
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the Barclays Capital Intermediate Government/Credit Bond Index without a corresponding increase in performance above the index.
- Achieve the above objectives within a time horizon of a minimum of three to five years or a full market cycle.

IV. **ALTERNATIVE ASSET CLASSES - INVESTMENT GUIDELINES**

Alternative asset classes historically have low to moderate correlation to market indices. Alternative asset classes are expected to improve total portfolio diversification and provide opportunities for higher incremental returns over the long-term. Many of the asset categories are expected to generate absolute returns (positive returns regardless of market environment) versus relative returns (returns comparative to a given benchmark).

Alternative asset classes guidelines differ from traditional asset classes guidelines. Alternative asset managers may use leverage and derivatives, may short securities, generally have higher fees, typically have reduced liquidity, and performance is dependent primarily on advisor skill.

A. **Private Real Estate**

Private real estate investments are expected to improve total portfolio diversification and provide income and opportunities for higher incremental returns in the long-term. The objective is to maximize investment return over a market cycle by investment in real estate through private ownership. The investment managers are permitted to invest in private real estate. Private real estate will be purchased through an institutional vehicle. The institutional vehicle provides diversification of property type and geographical location and provides a competitive price structure. These private real estate investments should generate investment returns exceeding a passively managed private real estate index.

Private real estate investment performance parameters include the following:

- Exceed the National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index or Open-End Diversified Core Index .
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the above objectives within a time horizon of five to ten years or a full real estate market cycle.

B. Funds of Hedge Funds (FofHFs)

Hedge Funds (HF) and Fund of Hedge Funds (FofHFs) are private investment funds investing primarily in the global equity and fixed income markets typically employing sophisticated trading strategies using leverage and derivative instruments. FofHFs invests in multiple, single manager hedge funds. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The FofHFs manager has discretion in choosing which strategy to invest in for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiples strategies. The investor has the advantage of diversification among managers and styles with significantly less capital than investing with separate managers.

Low Volatility Funds of Hedge Funds

The manager selects hedge fund investment managers that invest in Relative Value Arbitrage/ Event Driven asset classes. Relative Value Arbitrage/ Event Driven asset class categories consists of hedge fund managers specializing in Convertible Arbitrage, Fixed Income Arbitrage, Distressed, Statistical Arbitrage, and Equity Market Neutral Strategies.

Mid to High Volatility Funds of Hedge Funds

The manager selects hedges fund investment managers that invest in Long/ Short, Global Macro/ Managed Futures, and Manager Futures asset classes.

a.) Low Volatility Funds – Hedge Funds (HFs) & Funds of Hedge Funds

Low volatility funds are expected to improve total portfolio diversification and provide opportunities to achieve higher incremental returns in the long-term. The objective is to provide absolute returns over a market cycle. The standard deviation for the combination of hedge fund managers' strategies are expected to have return volatility in the range of 2-5% over a market cycle.

Low volatility funds manager performance parameters include the following:

- Exceed appropriate Hedge Fund Research, Inc. index.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the appropriate index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle.
- Compare to the Barclays Capital US Aggregate Bond Index for return and risk over a time horizon of three to five years or a full market cycle.

b.) Mid to High Volatility Funds – Hedge Funds (HFs) & Funds of Hedge Funds

Mid to high volatility funds are expected to improve total portfolio diversification and provide opportunities to achieve higher incremental returns in the long-term. The objective is to provide absolute returns over a market cycle. The standard deviation for the combination of hedge fund managers strategies are expected to have return volatility in the range of 5-15% over a market cycle.

Mid to high volatility funds manager performance parameters include the following:

- Exceed appropriate Hedge Fund Research, Inc. index.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the appropriate index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle.

V. STATE MANDATED REQUIREMENTS

1. EXPECTED ANNUAL RATE OF RETURN. For each actuarial valuation, the board shall determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination must be filed promptly with the Department of Management Services and with the plan's sponsor and the consulting actuary.

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7. REPORTING. Appropriate annual or more frequent periodic reports of the investment activities shall be prepared for submission to the governing body of the unit of local governments. The reports shall include investments in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be available to the public.

8. FILING OF INVESTMENT POLICY. Upon adoption by the board, the investment policy shall be promptly filed with the Department of Management Services, the "plan sponsor", and consulting actuary. The effective date of the investment policy and any amendment thereto, shall be the 31st calendar day following the filing date with the plan sponsor.

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The Board will meet at least semiannually with the consultants. Additionally, the Board will review investment results quarterly.

These reviews will focus on:

- the managers' adherence to the policy guidelines;
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VII. PERFORMANCE EXPECTATIONS

The most important performance expectation is the achievement of investment results consistent with the Plan's investment policy statement. A 4.0% real return is a reasonable expectation in light of this policy. The Board recognizes this real return objective may not be attainable during some time periods; it is a long term goal. In order to ensure investment opportunities available over a specific time period are fairly evaluated, the Board will use comparative performance statistics to evaluate investment results. Performance of the Plan will be compared to other funds utilizing a similar investment policy.

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Periodic reviews of the Policy Statement will be made by the Board to evaluate its appropriateness. Any modification of policy guidelines shall be approved by the Board of Trustees and acknowledged in writing by the investment managers.

Adopted _____ Date 9/12/16 Signed _____ Chairman

Investment Manager's Acknowledgment

I, the undersigned, acknowledge that I have received the policy statement for the City of Naples Police Officers' Retirement Trust Fund, dated_____. I affirm that I have read and understand said Policy Statement, and do hereby agree to abide to the guidelines expressed in the Policy Statement.

Name of Firm _____

Signed _____ Date _____

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

For The

***CITY OF NAPLES GENERAL EMPLOYEES' RETIREMENT TRUST
FUND***

September 2, 2016

I. INTRODUCTION AND BACKGROUND

The City of Naples General Employees' Retirement Trust Fund is a defined employee pension benefit plan established by Ordinance of the City of Naples to provide retirement benefits for its employees. The City of Naples is the "plan sponsor". The Plan is administered by the Employees' Pension Plan Board of Trustees. The Plan is a pension plan maintained to provide retirement, disability, termination and death benefits to participants in accordance with the express provisions of the Plan.

The Plan and the benefits provided thereunder are funded by contributions by the City of Naples, Employees' contributions, interest income and other income in accordance with the underlying Plan documents.

The Board of Trustees is charged by Ordinance and Chapter 112, Florida Statutes with the responsibility of developing a policy for the investment of the assets of the Fund. The trustees are named fiduciaries. The investment of the assets of our retirement plan must be consistent with the written investment policy adopted by the board of trustees. The policies are structured to maximize the financial return to the retirement plan consistent with the risks incumbent in each investment and are structured to establish and maintain an appropriate diversification of the retirement system's assets. To assist the Board in this function, they are authorized to engage the services of investment and actuarial consultants to provide expert assistance. The Board periodically undertakes studies to evaluate the potential consequence of alternative investment strategies on the long term well being of the Plan. In the view of its consultants and the Board, the investment program defined in this Statement will produce a result over the long term consistent with the Plan's primary objective of preserving and enhancing the purchasing power of assets.

In the implementation of the investment program, the Plan will employ investment managers who have demonstrated expertise with particular asset classes. Furthermore, the Plan's investment managers utilize a variety of investment approaches. This diversification of managers and investment approach should reduce the risk of loss and contribute to the attainment of a more consistent positive return. Nonetheless, there will

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Total Equity	70.0 – 57.5%	65.0%
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TOTAL TRADITIONAL		85.0%
ALTERNATIVE ASSET CLASSES		
	<u>% Range</u>	<u>% Target</u>
PRIVATE REAL ESTATE FUND	15.0 – 0.0%	10.0%
HEDGE FUNDS/FUNDS OF HEDGE FUNDS	10.0 – 0.0%	5.0%
TOTAL ALTERNATIVE ASSET CLASSES	17.5 – 0.0%	15.0%
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Although the Retirement Plan is not covered by the Employee Retirement Income Security Act of 1974 (ERISA), the assets of this fund shall be invested in a manner consistent with the fiduciary standard set forth in ERISA, as though ERISA applied to the Pension Fund; namely, (1) in accordance with the safeguards and diversity a prudent investor would adhere (2) and all transactions undertaken on behalf of the Fund must be for the sole interest of Plan participants

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Primary investment emphasis must be placed upon the consistent protection of the funds assets and growth performance, i.e., the achievement of adequate investment growth must not be at the expense of the protection of the assets over the investment horizon.

More specific investment objectives established by the Board include the following:

- The Fund should earn a return over time exceeding the assumed actuarial rate of 7.50%. In addition, the Fund should earn a return greater than inflation, as measured by the Consumer Price Index, by 4.0% per year. Meeting this objective indicates active management of the various portfolio components has added value over a passively managed fund. It is also consistent with the Board's objective to enhance the purchasing power of the Funds.
- Individual investment managers will not be measured against the aggregate fund objective stated above. They will be compared to appropriate market indices, and the performance of other managers who utilize a similar investment style.

III. TRADITIONAL ASSET CLASSES - INVESTMENT GUIDELINES

A. Liquidity Requirements

There is a requirement to maintain liquid reserves for the payment of pension benefits and expenses. The Board will review these projected cash flow requirements at least annually.

B. Monitoring & Compliance

The plan shall comply with the Protecting Florida's Investments Act (PFIA). The investment managers are prohibited from purchases and are required to divest any investments in those companies with certain business operations in the countries of Sudan and Iran designated as "scrutinized companies" under the PFIA. Each manager shall be responsible for keeping current as to the companies listed as "scrutinized companies" by the Florida State Board of Administration. The consultant shall report quarterly on each manager's compliance.

C. Equities

The investment managers are permitted to invest in equity securities (including convertible bonds) listed on the New York, American and principal regional and foreign (for foreign securities) exchanges. They may also invest in over-the-counter securities where an active market maker is regulated by the NASD and pink sheet securities not regulated by the NASD. The equity position in any one company shall not exceed 5% of the total portfolio at market. Any investment that does not fall into a category listed above is prohibited.

The equity portion of each portfolio manager shall not:

1. Be more than 10.0% invested in the securities of any one company at market.
2. Make short sales.
3. Use margin or leverage.
4. Be invested in commodities.
5. Be invested in private real estate.
6. Be invested in "investment art objects."
7. Invest in Options, including the purchase, sale or writing of options unless options are "covered" by the corresponding security.
8. Be invested in warrants, although warrants issued in connection with stocks held by the fund may be sold, held, or converted by the investment manager at its discretion.

The compliance and monitoring of this Section (III.C.) is the responsibility of the consultant and the trustees. The consultant's responsibility is to report any non-compliance to the trustees each quarter.

a.) Large Capitalization Value & Growth Stocks

Large capitalization stocks are expected to have the greatest weighting in the Retirement Plan. They are expected to provide more consistent returns over time than our other equity styles. The objective is to maximize investment return over a market cycle by investing in large capitalization equities having the potential to generate investment returns exceeding a passively managed large stock index.

Large-capitalization equity manager performance parameters include the following:

- Performance within the top half of a Universe of Large Capitalization Value or Growth Managers.
- Performance comparable to the appropriate Russell Indexes.
- Performance comparable to the S&P 500 Stock Index. (Market & Equal-Weighted).
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle.

b.) Mid/Small Capitalization Value & Growth Stocks

Mid/Small capitalization stocks are expected to improve total portfolio diversification and provide opportunities for higher incremental returns in the long run. The objective is to maximize investment return over a market cycle by investing in mid/small capitalization equities having the potential to generate investment returns exceeding a passively managed mid/small stock index. Mid/Small capitalization stock managers generally purchase companies with a market capitalization of greater than \$500 million.

Mid/Small capitalization equity manager performance parameters include the following:

- Performance within the top half of a Universe of Mid/Small Capitalization Value or Growth Managers.
- Performance comparable to the appropriate Russell Indexes.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle for the mid/small capitalization market.

c.) International Stocks

International Stocks are expected to improve total portfolio diversification and provide opportunities for higher incremental returns in the long run. The objective is to maximize investment return over a market cycle. This is to be achieved by investing in developed or emerging markets international securities through American Depository Receipts (ADRs) as well as any foreign company that trades directly in a U.S. equity market. Emerging markets exposure can also be achieved through the purchase of an institutional mutual fund. Emerging markets exposure should not exceed 33% of the total international allocation. These equities should generate investment returns exceeding a passively managed international index.

International equity manager performance parameters include the following:

- Exceed the MSCI All Country World Ex. USA Index.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) should not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle of the international market.

C. Fixed Income

Fixed income securities shall be invested entirely in marketable debt securities issued or guaranteed by either (a) the United States Government or its agencies, (b) domestic corporations (including industrial and utilities) or Israel Bonds (c) domestic banks and other US financial institutions, or (d) subject to a 10% maximum limit, foreign corporations or governments. The fixed income securities utilized may also include supranationals, asset-backed securities (ABS), debt issued by Real Estate Investment Trusts (REITs), Rule 144A securities that include registration rights, and mortgage-backed securities, including Collateralized Mortgage Obligations (CMOs) issued by any entity – not just government agencies. All securities must hold at least an investment grade rating by a major rating service. In situations where a security holds a “split-rating” among two rating services, the highest rating shall be utilized in determining credit quality. Such investments shall all be in accordance with the Code of the City of Naples. Any investments that do not fall under the criteria listed above are prohibited from being purchased. Securities ratings reduced beneath investment grade after purchase should be sold by the portfolio manager within a reasonable period of time as determined by the manager. It is the manager’s responsibility to notify the board in writing immediately after a security is downgraded below the policy guidelines. The written explanation should describe the manager’s

intentions regarding the disposition of the security being downgraded. Restrictions on fixed income include the following:

1. Except for Treasury, Agency, and Government Sponsored Entities (GSEs) obligations, the debt portion of the Fund shall contain no more than ten percent (10%), based on the market value, of a given issuer irrespective of the number of differing issues. Mortgage-Backed securities issued by GSEs should also be excluded from the 10% limitation. Other diversification standards may be developed and applied by the Investment Manager(s).
2. If commercial paper is used it must be only of the highest quality (A-1 or P-1).
3. Private placement debt is not permissible.

Fixed income manager(s) performance parameters include the following:

- Performance comparable to the Barclays Capital Intermediate Government/Credit Bond Index (BC Int. G/C).
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the Barclays Capital Intermediate Government/Credit Bond Index without a corresponding increase in performance above the index.
- Achieve the above objectives within a time horizon of a minimum of three to five years or a full market cycle.

IV. ALTERNATIVE ASSET CLASSES - INVESTMENT GUIDELINES

Alternative asset classes historically have low to moderate correlation to market indices. Alternative asset classes are expected to improve total portfolio diversification and provide opportunities for higher incremental returns over the long-term. Many of the asset categories are expected to generate absolute returns (positive returns regardless of market environment) versus relative returns (returns comparative to a given benchmark).

Alternative asset classes guidelines differ from traditional asset classes guidelines. Alternative asset managers may use leverage and derivatives, may short securities, generally have higher fees, typically have reduced liquidity, and performance is dependent primarily on advisor skill.

A. Private Real Estate

Private real estate investments are expected to improve total portfolio diversification and provide income and opportunities for higher incremental returns in the long-term. The objective is to maximize investment return over a market cycle by investment in real estate through private ownership. The investment managers are permitted to invest in private real estate. Private real estate will be purchased through an institutional vehicle. The institutional vehicle provides diversification of property type and geographical location and provides a competitive price structure. These private real estate investments should generate investment returns exceeding a passively managed private real estate index.

Private real estate investment performance parameters include the following:

- Exceed the National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index or Open-End Diversified Core Index .
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the comparison index without a corresponding increase in performance above the index.
- Achieve the above objectives within a time horizon of five to ten years or a full real estate market cycle.

B. Funds of Hedge Funds (FofHFs)

Hedge Funds (HF) and Fund of Hedge Funds (FofHFs) are private investment funds investing primarily in the global equity and fixed income markets typically employing sophisticated trading strategies using leverage and derivative instruments. FofHFs invests in multiple, single manager hedge funds. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The FofHFs manager has discretion in choosing which strategy to invest in for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiples strategies. The investor has the advantage of diversification among managers and styles with significantly less capital than investing with separate managers.

Low Volatility Funds of Hedge Funds

The manager selects hedge fund investment managers that invest in Relative Value Arbitrage/ Event Driven asset classes. Relative Value Arbitrage/ Event Driven asset class categories consists of hedge fund managers specializing in Convertible Arbitrage, Fixed Income Arbitrage, Distressed, Statistical Arbitrage, and Equity Market Neutral Strategies.

Mid to High Volatility Funds of Hedge Funds

The manager selects hedges fund investment managers that invest in Long/ Short, Global Macro/ Managed Futures, and Manager Futures asset classes.

a.) Low Volatility Funds – Hedge Funds (HFs) & Funds of Hedge Funds

Low volatility funds are expected to improve total portfolio diversification and provide opportunities to achieve higher incremental returns in the long-term. The objective is to provide absolute returns over a market cycle. The standard deviation for the combination of hedge fund managers' strategies are expected to have return volatility in the range of 2-5% over a market cycle.

Low volatility funds manager performance parameters include the following:

- Exceed appropriate Hedge Fund Research, Inc. index.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the appropriate index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle.
- Compare to the Barclays Capital US Aggregate Bond Index for return and risk over a time horizon of three to five years or a full market cycle.

b.) Mid to High Volatility Funds – Hedge Funds (HFs) & Funds of Hedge Funds

Mid to high volatility funds are expected to improve total portfolio diversification and provide opportunities to achieve higher incremental returns in the long-term. The objective is to provide absolute returns over a market cycle. The standard deviation for the combination of hedge fund managers strategies are expected to have return volatility in the range of 5-15% over a market cycle.

Mid to high volatility funds manager performance parameters include the following:

- Exceed appropriate Hedge Fund Research, Inc. index.
- The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed the appropriate index without a corresponding increase in performance above the index.
- Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle.

V. **STATE MANDATED REQUIREMENTS**

1. EXPECTED ANNUAL RATE OF RETURN. For each actuarial valuation, the board shall determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination must be filed promptly with the Department of Management Services and with the plan's sponsor and the consulting actuary.

2. THIRD-PARTY CUSTODIAL AGREEMENTS. The securities should be held with a third party, and all securities purchased by, and all collateral obtained by, the board should be properly designated as an asset of the board. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by an authorized member of the board or the board's designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

3. MASTER REPURCHASE AGREEMENT. All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to requirements of the Master Repurchase Agreement (where applicable).

4. BID REQUIREMENT. The board shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid must be selected.

5. INTERNAL CONTROLS. The board shall establish a system of internal controls which shall be in writing and made a part of the board's operational procedures. The policy shall provide for review of such controls by independent certified public accountants as part of any financial audit periodically required of the board's unit of local government. The internal controls should be designed to prevent losses of funds which might arise from fraud, error, misrepresentation by third parties, or imprudent actions by the board or employees of the unit of local government.

6. CONTINUING EDUCATION. The continuing education of the board members in matters relating to investments and the board's responsibilities is required.

7. REPORTING. Appropriate annual or more frequent periodic reports of the investment activities shall be prepared for submission to the governing body of the unit of local governments. The reports shall include investments in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be available to the public.

8. FILING OF INVESTMENT POLICY. Upon adoption by the board, the investment policy shall be promptly filed with the Department of Management Services, the "plan sponsor", and consulting actuary. The effective date of the investment policy and any amendment thereto, shall be the 31st calendar day following the filing date with the plan sponsor.

9. VALUATION OF ILLIQUID INVESTMENTS. The investment policy shall provide for the valuation of illiquid investments where a generally recognized market is not available or there is no consistent or generally accepted pricing mechanism. If those investments are utilized, the investment policy must include the criteria set forth in s.215.47(6), except submission to the Investment Advisory Council is not required. The investment policy shall require, for each actuarial valuation, the board must verify the determination of the fair market value for those investments and ascertain the determination complies with all applicable state and federal requirements. The investment policy shall require the board disclose to the Department of Management Services and the plan's sponsor each such investment where the fair market value is not provided.

VI. REVIEW OF INVESTMENT MANAGERS

The Board will meet at least semiannually with the consultants. Additionally, the Board will review investment results quarterly.

These reviews will focus on:

- the managers' adherence to the policy guidelines;
- comparison of managers' results against funds using similar policies (in terms of the diversification, volatility, style, etc.);
- the opportunities available in equity and debt markets; and
- material changes in the managers' organizations, such as philosophical and personnel changes, acquisitions or losses of major accounts, etc.

VII. PERFORMANCE EXPECTATIONS

The most important performance expectation is the achievement of investment results consistent with the Plan's investment policy statement. A 4.0% real return is a reasonable expectation in light of this policy. The Board recognizes this real return objective may not be attainable during some time periods; it is a long term goal. In order to ensure investment opportunities available over a specific time period are fairly evaluated, the Board will use comparative performance statistics to evaluate investment results. Performance of the Plan will be compared to other funds utilizing a similar investment policy.

VIII. FIDUCIARY AND OTHER RESPONSIBILITIES

The Investment Manager shall carry out its duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. The Investment Manager shall discharge its duties hereunder solely in the interest of the Pension Fund's participants and beneficiaries for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Pension Fund's retirement plan. The Investment Manager shall diversify the assets in the account so as to minimize the risk of large losses. The Investment Manager, by execution of this Agreement, acknowledges it is a fiduciary with respect to the Pension Fund and a named fiduciary within the meaning of Section 112.656(2), Florida Statutes.

IX. POLICY REVIEW

Periodic reviews of the Policy Statement will be made by the Board to evaluate its appropriateness. Any modification of policy guidelines shall be approved by the Board of Trustees and acknowledged in writing by the investment managers.

Adopted _____
Date

Signed *E. Ken Kujala*
Chairman

Investment Manager's Acknowledgment

I, the undersigned, acknowledge I have received the policy statement for the City of Naples General Employees' Retirement Trust Fund, dated _____. I affirm I have read and understand said Policy Statement, and do hereby agree to abide to the guidelines expressed in the Policy Statement.

Name of Firm _____

Signed _____

Date _____

QUARTERLY PERFORMANCE SUMMARY

Prepared for:

City of Naples General Employees', Police Officers',
& Firefighters' Retirement System

As of September 30, 2017

Graystone Consulting Tampa

Charles H. Mulfinger, II, CIMA®
Managing Director, Wealth Management
Institutional Consulting Director
Alternative Investment Director

Scott Owens, CFA®, CIMA®
Institutional Consultant

David A. Wheeler, CFP®, CIMA®
Senior Vice President
Senior Investment Management Consultant

100 North Tampa Street, Suite 3000
Tampa, FL 33602
800-282-0655, ext. 2061 / 813-227-2061

U.S. Equity Market % Returns for the Period Ending September 30, 2017					
	Quarter	12 Months	Three Years (annualized)	Five Years (annualized)	Seven Years (annualized)
S&P 500 Index	4.48	18.61	10.82	14.23	14.38
Dow Jones Industrial Average	5.58	25.45	12.35	13.57	13.87
Russell 1000 Index	4.48	18.54	10.63	14.27	14.35
Russell 1000 Growth Index	5.90	21.94	12.70	15.26	15.41
Russell 1000 Value Index	3.11	15.12	8.53	13.21	13.24
Russell 2000 Index	5.67	20.74	12.17	13.79	13.51
Russell 2000 Growth Index	6.22	20.98	12.17	14.28	14.17
Russell 2000 Value Index	5.11	20.55	12.12	13.26	12.80
Russell 3000 Index	4.57	18.70	10.73	14.23	14.28
Russell 3000 Growth Index	5.93	21.87	12.65	15.18	15.31
Russell 3000 Value Index	3.26	15.53	8.80	13.20	13.20
Russell Midcap Index	3.47	15.32	9.53	14.26	13.80
Russell Midcap Growth Index	5.28	17.82	9.96	14.19	13.85
Russell Midcap Value Index	2.14	13.37	9.19	14.33	13.76

Past Performance is not a guarantee of future results. Indices are not available for direct investment.
Source: MAX

S&P 500 Sector % Returns for the Period Ending September 30, 2017	
	Quarter
Information Technology	8.60
Energy	6.80
Telecommunication Services	6.80
Materials	6.00
Financials	5.20
Industrials	4.20
Health Care	3.70
Utilities	2.90
Consumer Discretionary	0.80
Consumer Staples	(1.30)

Past Performance is not a guarantee of future results.
Source: MAX

Developed Markets Equity % Returns for the Period Ending September 30, 2017				
	U.S. Dollar		Local Currency	
	Quarter	12 Months	Quarter	12 Months
<i>Regional and Other Multi Country Indices</i>				
MSCI EAFE	5.40	19.10	3.42	12.06
MSCI Europe	6.45	22.30	3.49	12.43
MSCI Far East	4.18	14.90	4.28	13.55
MSCI Pacific ex. Japan	3.66	14.44	2.19	10.09
MSCI The World	4.96	18.83	4.06	15.68
MSCI World ex. U.S.	5.62	18.73	3.49	11.69
<i>National Indices</i>				
MSCI Hong Kong	5.11	16.31	5.16	17.06
MSCI Ireland	6.14	14.68	N/A	N/A
MSCI Japan	4.10	14.46	4.29	13.07
MSCI Singapore	3.12	18.72	1.73	12.62
Past Performance is not a guarantee of future results.				
Source: MAX				

Emerging Markets Equity % Returns for the Period Ending September 30, 2017				
	U.S. Dollar		Local Currency	
	Quarter	12 Months	Quarter	12 Months
<i>Regional and Other Multi Country Indices</i>				
MSCI EM	8.04	22.90	7.72	18.74
<i>National Indices</i>				
MSCI China	14.76	33.27	14.81	N/A
MSCI Malaysia	1.84	6.21	0.17	0.40
MSCI Taiwan	1.40	20.86	1.08	14.99
MSCI Thailand	10.62	21.10	N/A	N/A
Past Performance is not a guarantee of future results.				
Source: MAX				

Fixed Income % Returns for the Period Ending September 30, 2017					
	Quarter	12 Months	Three Years (annualized)	Five Years (annualized)	10 Years (annualized)
<i>U.S. Fixed Income</i>					
90-Day Treasury Bill	0.25	0.64	0.29	0.19	0.35
Barclays Capital Aggregate	0.85	0.07	2.71	2.06	4.27
Barclays Capital Credit	1.35	1.96	3.19	2.82	5.33
Barclays Capital Govt/Credit	0.81	(0.01)	2.83	2.10	4.34
Barclays Capital Government	0.38	(1.56)	2.01	1.25	3.61
Barclays Capital High Yield	1.98	8.87	4.98	5.85	6.74
Barclays Capital Intermediate Govt/Credit	0.60	0.23	2.13	1.61	3.64
Barclays Capital Long Govt/Credit	1.53	(0.79)	5.43	3.93	7.36
Barclays Capital Mortgage Backed	0.96	0.30	2.50	2.03	4.45
Barclays Capital Municipal	1.06	0.87	3.19	3.01	4.52
<i>Global Fixed Income</i>					
Merrill Lynch Global High Yield	2.85	9.84	5.49	6.02	7.72
Barclays Global Treasury ex. U.S.	2.73	(1.44)	0.90	(0.87)	2.81
Barclays Capital Majors ex. U.S.	2.04	(5.10)	0.49	(1.44)	2.78
Past Performance is not a guarantee of future results.					
Source: MAX					

SUMMARY OF RELEVANT FACTS
City of Naples General Employees' Retirement System
As of September 30, 2017

Distribution of Assets:

Equity	
Large Cap Value	\$12,450,769.38
Large Cap Growth	\$12,501,558.52
Mid Cap Value	\$3,006,736.73
Mid Cap Growth	\$2,999,616.78
International Value	\$2,996,446.90
International Growth	\$2,928,911.74
Total Equity	\$36,884,040.05
Fixed Income	\$9,614,634.01
Long/Short Credit	\$709,185.50
Hedge Fund of Funds	\$1,751,519.16
Private Real Estate (Core)	\$4,500,316.79
Master Limited Partnerships	\$2,699,098.30
Cash (R&D Account)	\$12,880.43
Total Portfolio	\$56,171,674.24

Distribution by Percentages:

	Policy	Current
Equity		
Large Cap Value	21.25%	22.17%
Large Cap Growth	21.25%	22.26%
Mid Cap Value	5.00%	5.35%
Mid Cap Growth	5.00%	5.34%
International Value	5.00%	5.33%
International Growth	5.00%	5.21%
Total Equity	62.50%	65.66%
Fixed Income	17.50%	17.12%
Long/Short Credit	2.50%	1.26%
Hedge Fund of Funds	2.50%	3.12%
Private Real Estate (Core)	10.00%	8.01%
Master Limited Partnerships	5.00%	4.81%
Cash (R&D Account)		0.02%
Total	100.00%	100.00%

PRIVATE ADVISORS- HFOF

Total Assets	100.00%	\$284,797
Equity	100.00%	\$284,797
Cash	0.00%	\$0
Fees		\$0
Gain or (Loss) - Gross		(\$3,162)
Gain or (Loss) - Net		(\$3,162)

UBS - Private Real Estate

Total Assets	100.00%	\$2,690,610
Private Real Estate	100.00%	\$2,690,610
Fees		(\$6,766)
Gain or (Loss) - Gross		\$39,226
Gain or (Loss) - Net		\$32,460

AMERICAN CORE REALTY - Private Real Estate

Total Assets	100.00%	\$1,809,706
Private Real Estate	100.00%	\$1,809,706
Fees		(\$4,990)
Gain or (Loss) - Gross		\$33,537
Gain or (Loss) - Net		\$28,546

Other Important Facts:

Total Portfolio	\$56,171,674
Total Gain or Loss - Gross	\$1,854,091
Total Gain or Loss - Net	\$1,762,202
Total Fees	(\$91,890)

ROTHSCHILD - Large Cap Value

Total Assets	100.00%	\$12,450,769
Equity	94.16%	\$11,724,259
Cash	5.84%	\$726,510
Fees		(\$36,492)
Gain or (Loss) - Gross		\$560,679
Gain or (Loss) - Net		\$524,187

POLEN - Large Cap Growth

Total Assets	100.00%	\$6,333,560
Equity	93.08%	\$5,895,463
Cash	6.92%	\$438,097
Fees		(\$9,441)
Gain or (Loss) - Gross		\$248,158
Gain or (Loss) - Net		\$238,717

SAWGRASS - Large Cap Growth

Total Assets	100.00%	\$6,167,998
Equity	99.22%	\$6,119,754
Cash	0.78%	\$48,244
Fees		(\$7,670)
Gain or (Loss) - Gross		\$245,363
Gain or (Loss) - Net		\$237,693

CHARTWELL - Mid Cap Value

Total Assets	100.00%	\$3,006,737
Equity	95.69%	\$2,877,027
Cash	4.31%	\$129,709
Fees		(\$5,325)
Gain or (Loss) - Gross		\$161,790
Gain or (Loss) - Net		\$156,465

BLACKROCK GLOBAL L/S CREDIT

Total Assets	100.00%	\$709,186
Equity	100.00%	\$709,186
Cash	0.00%	\$0
Fees		\$0
Gain or (Loss) - Gross		\$7,494
Gain or (Loss) - Net		\$7,494

CUSHING - Master Limited Partnerships

Total Assets	100.00%	\$2,699,098
Equity	98.40%	\$2,655,860
Cash	1.60%	\$43,238
Fees		\$0
Gain or (Loss) - Gross		(\$17,013)
Gain or (Loss) - Net		(\$17,013)

MDT - Mid Cap Growth

Total Assets	100.00%	\$2,999,617
Equity	98.99%	\$2,969,290
Cash	1.01%	\$30,327
Fees		(\$5,709)
Gain or (Loss) - Gross		\$152,192
Gain or (Loss) - Net		\$146,483

LAZARD - International Value

Total Assets	100.00%	\$2,996,447
Equity	95.44%	\$2,859,698
Cash	4.56%	\$136,749
Fees		(\$3,853)
Gain or (Loss) - Gross		\$171,205
Gain or (Loss) - Net		\$167,352

RENAISSANCE - International Growth

Total Assets	100.00%	\$2,928,912
Equity	96.79%	\$2,834,823
Cash	3.21%	\$94,089
Fees		(\$4,596)
Gain or (Loss) - Gross		\$171,542
Gain or (Loss) - Net		\$166,947

LOOMIS SAYLES - Fixed Income

Total Assets	100.00%	\$9,614,634
Fixed Income	99.40%	\$9,557,080
Cash	0.60%	\$57,554
Fees		(\$7,048)
Gain or (Loss) - Gross		\$68,775
Gain or (Loss) - Net		\$61,727

PINE GROVE- HFOF

Total Assets	100.00%	\$1,466,722
Equity	100.00%	\$1,466,722
Cash	0.00%	\$0
Fees		\$0
Gain or (Loss) - Gross		\$14,306
Gain or (Loss) - Net		\$14,306

RECEIPT & DISBURSEMENT ACCOUNT

Cash	\$12,880
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BREAKDOWN OF RETURNS
City of Naples General Employees' Retirement System
As of September 30, 2017

Actuarial Rate of Return = 7.5%

ROTHSCHILD ASSET MANAGEMENT

EQUITY		Your Returns	Your Returns			
Large Cap. Value		(Gross of Fees)	(Net of Fees)	Russ 1000 Value	PSN Money Mgrs	S&P 500
	Quarter	4.68	4.37	3.11	3.81	4.48
	1 year	15.91	15.10	15.12	15.96	18.61
	3 year	8.06	7.34	8.53	8.82	10.82
	5 year	14.02	13.30	13.21	13.13	14.23
	Since 10/31/2007	7.35	6.71	5.97	NA	7.33

POLEN

EQUITY		Your Returns	Your Returns			
Large Cap. Growth		(Gross of Fees)	(Net of Fees)	Russ 1000 Growth	PSN Money Mgrs	Russ 3000 Growth
	Quarter	4.03	3.87	5.90	5.18	5.93
	1 year	20.53	19.82	21.94	20.05	21.87
	3 year	16.28	15.65	12.70	11.10	12.65
	Since 9/30/2012	15.49	14.87	15.26	NA	15.18

SAWGRASS ASSET MANAGEMENT

EQUITY		Your Returns	Your Returns		
Large Cap. Growth		(Gross of Fees)	(Net of Fees)	Russ 1000 Growth	PSN Money Mgrs
	Quarter	4.07	3.95	5.90	5.18
	1 year	16.54	15.95	21.94	20.05
	3 year	9.82	9.24	12.70	11.10
	5 year	13.74	13.15	15.26	14.44
	Since 5/31/2012	14.56	13.99	16.10	NA

CHARTWELL

EQUITY		Your Returns	Your Returns		
Mid Cap. Value		(Gross of Fees)	(Net of Fees)	Russ Mid Value	PSN Money Mgrs
	Quarter	5.68	5.49	2.14	3.72
	1 year	22.96	22.44	13.37	18.00
	Since 3/31/2016	21.88	21.45	15.45	17.45

MDT ADVISERS

EQUITY		Your Returns	Your Returns		
Mid Cap. Growth		(Gross of Fees)	(Net of Fees)	Russ Mid Growth	PSN Money Mgrs
	Quarter	5.34	5.13	5.28	4.58
	1 year	22.68	21.73	17.82	18.87
	3 year	10.32	9.45	9.96	10.63
	5 year	15.57	14.66	14.19	14.09
	Since 1/31/2009	18.95	18.06	18.04	NA

LAZARD ASSET MANAGEMENT

EQUITY		Your Returns	Your Returns	Dynamic Index*		
International Value		(Gross of Fees)	(Net of Fees)	Dynamic Index*	MSCI AC Wd x US	MSCI EAFE - Net
	Quarter	6.05	5.92	6.16	6.16	5.40
	1 year	15.89	15.28	19.61	19.61	19.10
	3 year	5.21	4.65	4.70	4.70	5.04
	5 year	7.28	6.71	6.97	6.97	8.38
	Since 11/30/2000	5.43	4.81	4.75	5.13	4.54

* Dynamic index comprised of 100% MSCI EAFE (Net) for periods prior to March 31, 2007 and 100% MSCI AC World ex. USA for periods thereafter.

RENAISSANCE INVESTMENT MANAGEMENT

EQUITY		Your Returns	Your Returns	MSCI AC Wd x US		MSCI EAFE Growth
International Growth		(Gross of Fees)	(Net of Fees)	MSCI AC Wd x US	MSCI AC Wd x US	MSCI EAFE Growth
	Quarter	6.09	5.92	6.16	6.16	4.94
	1 year	19.47	18.71	19.61	19.61	15.68
	3 year	5.47	4.79	4.70	4.70	6.48
	5 year	10.22	9.55	6.97	6.97	8.89
	Since 4/30/2009	10.93	10.26	9.01	9.01	10.22

LOOMIS SAYLES

FIXED INCOME ONLY		Your Returns	Your Returns	BC Int. G/C Bonds		BC G/C Bonds	T-Bills
		(Gross of Fees)	(Net of Fees)	BC Int. G/C Bonds	BC Int. G/C Bonds	BC G/C Bonds	T-Bills
	Quarter	0.72	0.65	0.60	0.60	0.81	0.25
	1 year	0.93	0.64	0.23	0.23	(0.01)	0.64
	3 year	2.79	2.51	2.13	2.13	2.83	0.29
	5 year	2.38	2.09	1.61	1.61	2.10	0.19
	Since 7/31/2004	4.51	4.22	3.70	3.70	4.32	1.20

BLACKROCK GLOBAL

Long/Short Credit		Your Returns	Your Returns	HFRX	
		(Gross of Fees)	(Net of Fees)	Fixed Income Credit	Fixed Income Credit
	Quarter	1.07	1.07	0.87	0.87
	Since 1/31/2017	1.96	1.96	2.71	2.71

PINE GROVE

Alternative Investments		Your Returns	Your Returns	HFRI FOF Con		BC Agg
		(Gross of Fees)	(Net of Fees)	HFRI FOF Con	HFRI FOF Con	BC Agg
	Quarter	0.98	0.98	1.29	1.29	0.85
	1 year	6.75	6.75	4.56	4.56	0.07
	3 year	0.89	0.89	1.79	1.79	2.71
	Since 11/30/2013	2.10	2.10	2.37	2.37	3.04

PRIVATE ADVISORS

Alternative Investments		Your Returns	Your Returns	HFRI FOF Con		BC Agg
		(Gross of Fees)	(Net of Fees)	HFRI FOF Con	HFRI FOF Con	BC Agg
	Quarter	(1.24)	(1.24)	1.29	1.29	0.85
	1 year	4.32	4.32	4.56	4.56	0.07
	3 year	0.19	0.19	1.79	1.79	2.71
	Since 10/31/2013	1.18	1.18	2.53	2.53	2.87

UBS TRUMBULL PROPERTY FUND

EQUITY		Your Returns	Your Returns			
Private Real Estate		(Gross of Fees)	(Net of Fees)	Russ NCREIF	NCREIF ODCE	BC Agg
	Quarter	1.47	1.22	1.70	1.87	0.85
	1 year	5.35	4.17	6.90	7.66	0.07
	3 year	8.00	6.75	9.83	10.85	2.71
	5 year	8.96	7.70	10.35	11.59	2.06
	Since 4/30/2012	9.20	7.97	10.53	11.74	2.38

AMERICAN CORE REALTY

Private Real Estate		Your Returns	Your Returns			
		(Gross of Fees)	(Net of Fees)	Russ NCREIF	NCREIF ODCE	BC Agg
	Quarter	2.53	2.15	1.70	1.87	0.85
	Since 1/31/2017	6.93	5.94	5.08	5.43	2.94

CUSHING

MLPs		Your Returns	Your Returns		
		(Gross of Fees)	(Net of Fees)	Alerian MLP	BC Agg
	Since 6/30/2017	(0.63)	(0.63)	(3.05)	0.85

TOTAL FUND (All Managers)

TOTAL RETURN		Your Returns	Your Returns	
Time-Weighted (TWR)		(Gross of Fees)	(Net of Fees)	Policy Index
	Quarter	3.40	3.23	3.08
	1 year	12.63	12.02	12.38
	3 year	7.28	6.70	7.36
	5 year	9.83	9.23	9.55
	Since 12/31/1999	5.05	4.55	5.52

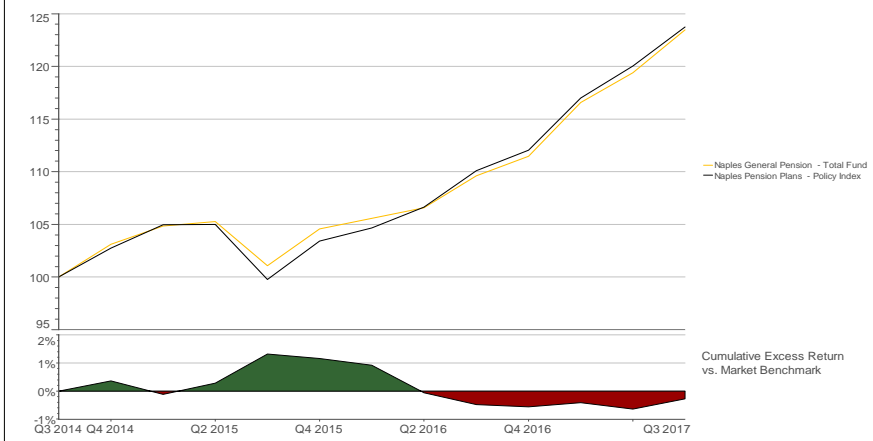
TOTAL FUND (All Managers)

TOTAL RETURN		Your Returns		
Dollar-Weighted Net (IRR)		(Net of Fees)	Actuarial Assumption	CPI +4
	Quarter	3.23	1.82	2.05
	1 year	12.06	7.50	6.11
	3 year	6.67	7.50	5.22
	5 year	9.35	7.50	5.30

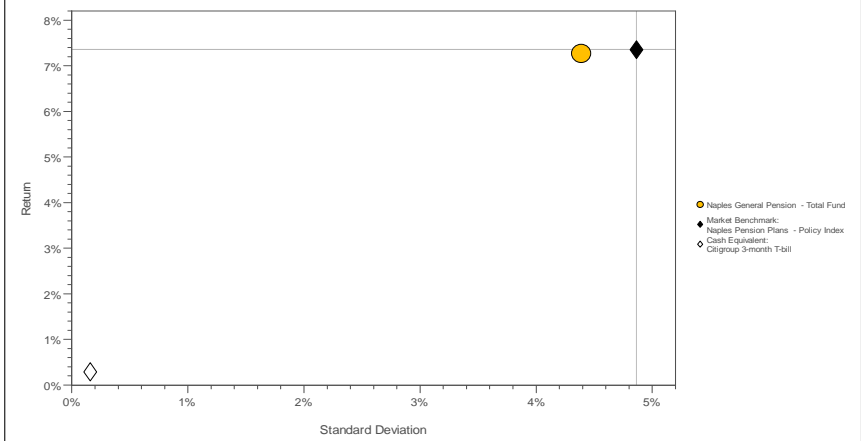
Policy Index = 22.5% Russ 1000 Value/ 22.5% Russ 1000 Growth/ 5% Russ Mid Value/ 5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 20% BC Intern. Gov't/Credit/ 10% HFRI FOF Conservative/ 5% Russ NCREIF Property for periods since 10/31/13; 22.5% Russ 1000 Value/ 22.5% Russ 1000 Growth/ 5% Russ Mid Value/ 5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 25% BC Intern. Gov't/Credit Bond/ 5% HFRI FOF Conservative/ 5% Russ NCREIF Property for periods from 9/30/13 to 10/31/13; 22.5% Russ 1000 Value/ 22.5% Russ 1000 Growth/ 5% Russ Mid Value/ 5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 30% BC Intern. Gov't/Credit Bond/ 5% NCREIF Property for periods from 3/31/2012 to 9/30/2013; 22.5% Russ 1000 Value/ 22.5% Russ 1000 Growth/ 5% Russ Mid Value/ 5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 35% BC Intern. Gov't/Credit Bond for periods from 1/31/09 to 3/31/2012; 27.5% Russ 1000 Value/ 27.5% Russ 1000 Growth/ 10% Lazard Dynamic Index/ 35% BC Intern. Gov't/Credit Bond for periods from 11/30/00 to 1/31/09; and 65% Russ 1000/ 35% BC Intern. Gov't/Credit Bond for periods prior to 11/30/00.

Risk/ Return Analysis- 3 Years

Manager Performance
October 2014 - September 2017 (Single Computation)



Risk / Return
October 2014 - September 2017 (Single Computation)

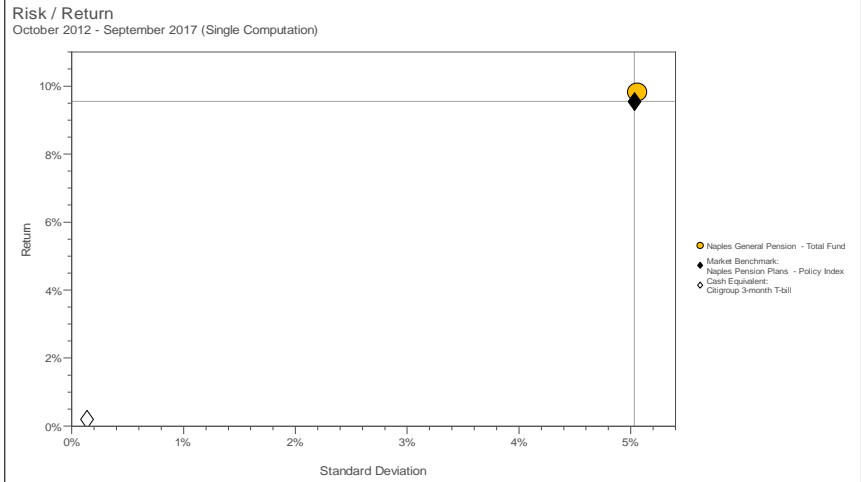
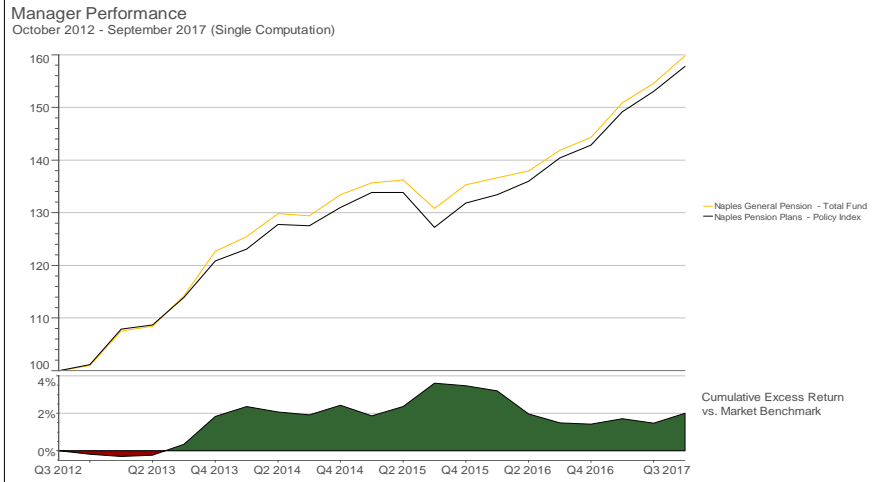


Return & Risk Analysis

October 2014 - September 2017: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples General Pension - Total Fund	7.28%	-0.08%	4.39%	0.89	-3.97%	94.97%	79.92%	0.74%	1.59	96.35%
Naples Pension Plans - Policy Index	7.36%	0.00%	4.86%	1.00	-4.97%	100.00%	100.00%	0.00%	1.45	100.00%

Risk/ Return Analysis- 5 Years



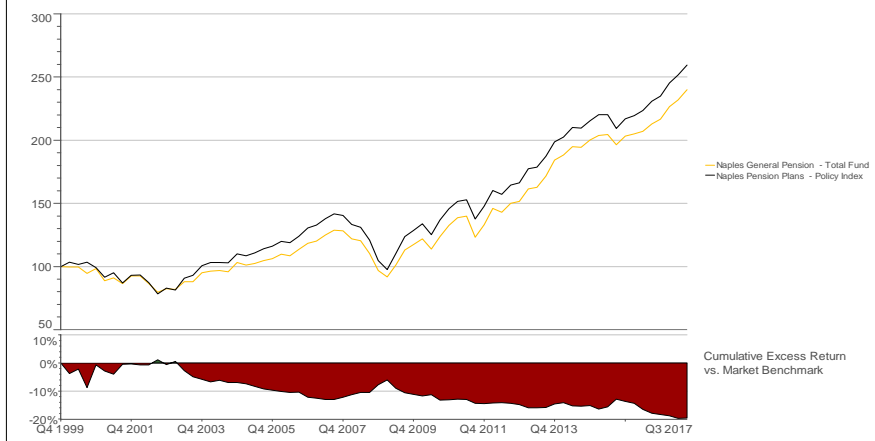
Return & Risk Analysis

October 2012 - September 2017: Summary Statistics

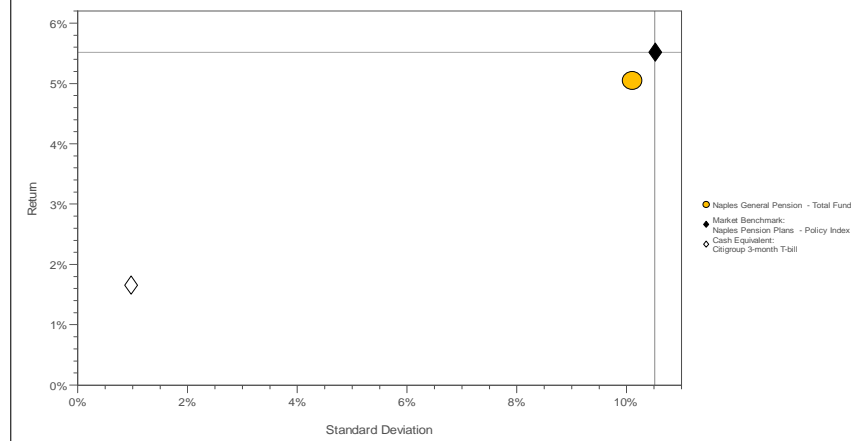
	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples General Pension - Total Fund	9.83%	0.28%	5.06%	0.98	-3.97%	100.71%	82.97%	0.40%	1.90	95.93%
Naples Pension Plans - Policy Index	9.55%	0.00%	5.03%	1.00	-4.97%	100.00%	100.00%	0.00%	1.86	100.00%

Risk/ Return Analysis- Since Inception

Manager Performance
January 2000 - September 2017 (Single Computation)



Risk / Return
January 2000 - September 2017 (Single Computation)



Return & Risk Analysis

January 2000 - September 2017: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples General Pension - Total Fund	5.05%	-0.47%	10.10%	0.91	-28.71%	87.75%	86.91%	0.06%	0.34	89.29%
Naples Pension Plans - Policy Index	5.52%	0.00%	10.52%	1.00	-30.97%	100.00%	100.00%	0.00%	0.37	100.00%

COMPLIANCE CHECKLIST

City of Naples General Employees' Retirement System

As of September 30, 2017

GUIDELINES In Compliance

Equity Portfolio

Listed on recognized exchange	Yes
Single issue not to exceed 7.5% at market value for each equity in each separately managed portfolio	Yes
Total equity portfolio < 70% & > 57.5% of total fund at market value	Yes
Foreign equities < 25% of total portfolio at market value	Yes
Single issue not to exceed 5% at market value for the total portfolio	Yes
No scrutinized companies (Sudan/Iran) held per Protecting Florida's Investments Act requirement	Yes

Rothschild

Large Capitalization Value Equity Portfolio

Market Value < 26.25% & > 16.25% of total fund	Yes	
Performance (Inception 10/2007)	5 years	Since Inception
Rank in the Top 50% of manager universe (3+ years)	Yes	Yes
Return > Russell 1000 Value (3+ years)	Yes	Yes

Polen

Large Capitalization Growth Equity Portfolio

Market Value < 13.12% & > 8.125% of total fund	Yes	
Performance (Inception 9/2012)	3 years	Since Inception
Rank in the Top 50% of manager universe (3+ years)	Yes	Yes
Return > Russell 1000 Growth (3+ years)	Yes	Yes

Sawgrass

Large Capitalization Growth Equity Portfolio

Market Value < 13.12% & > 8.125% of total fund	Yes	
Performance (Inception 5/2012)	3 years	Since Inception
Rank in the Top 50% of manager universe (3+ years)	No	No
Return > Russell 1000 Growth (3+ years)	No	No

Chartwell

Mid Capitalization Growth Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 3/2016)	3 years	Since Inception
Rank in the Top 50% of manager universe (3+ years)	N/A	Yes
Return > Russell Midcap Growth (3+ years)	N/A	Yes

MDT Advisers

Mid Capitalization Growth Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 1/2009)	5 years	Since Inception
Rank in the Top 50% of manager universe (3+ years)	Yes	Yes
Return > Russell Midcap Growth (3+ years)	Yes	Yes

OBJECTIVES In Compliance

Total Portfolio

Exceed Target Index	5 years	Since Inception
Exceed actuarial assumption (7.5%)	Yes	No
Exceed CPI + 4%	Yes	No

Lazard

International Value Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 11/2000)	5 years	Since Inception
Return > Dynamic Index (3+ years)	Yes	Yes

Renaissance

International Growth Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 4/2009)	5 years	Since Inception
Return > MSCI All Country World x US (3+ years)	Yes	Yes

Loomis Sayles & Company

Fixed Income Portfolio

Market Value < 25.0% & > 15.0% of total fund	Yes	
Performance (Inception 7/2004)	5 years	Since Inception
Return > Barclays Cap. Int. Gov't/Credit (3+ years)	Yes	Yes
U.S. Government / Agency or U.S. Corporations		Yes
Bonds rated investment grade		Yes
Single corporate issuer not exceed 10% of bond portfolio (except U.S. Government/Agency)		Yes

Hedge Fund of Funds

Market Value < 10.0% & > 0% of total fund

Yes

Blackrock Global**Long/Short Credit**

Performance (Inception 1/2017)

Return > HFRX Fixed Income Credit

<u>3 years</u>	<u>Since Inception</u>
N/A	No

Pine Grove**Hedge Fund of Funds**

Performance (Inception 11/2013)

Return > HFRI FOF Conservative

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
No	No
No	No

Private Advisors**Hedge Fund of Funds**

Performance (Inception 10/2013)

Return > HFRI FOF Conservative

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
No	No
No	No

Private Real Estate

Market Value < 15.0% & > 0.0% of total fund

Yes

UBS Trumbull Property Fund**Core Private Real Estate**

Performance (Inception 4/2012)

Return > NCREIF Property Index (3+ years)

Return > NCREIF ODCE Index (3+ years)

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
No	No
No	No
Yes	Yes

American Core Realty**Private Real Estate**

Performance (Inception 1/2017)

Return > NCREIF Property Index (3+ years)

Return > NCREIF ODCE Index (3+ years)

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
N/A	Yes
N/A	Yes
N/A	Yes

Cushing**MLPs**

Market Value < 10.0% & > 0% of total fund

Performance (Inception 6/2017)

Return > Alerian MLP Index

Return > BC Aggregate

Yes	
<u>3 years</u>	<u>Since Inception</u>
N/A	Yes
N/A	No

SUMMARY OF RELEVANT FACTS
City of Naples Police Officers' Retirement System
As of September 30, 2017

Distribution of Assets:	
Equity	
Large Cap Value	\$10,705,692.42
Large Cap Growth	\$10,885,556.41
Mid Cap Value	\$2,475,525.14
Mid Cap Growth	\$2,485,847.27
International Value	\$2,725,065.22
International Growth	\$2,659,694.63
Total Equity	\$31,937,381.09
Fixed Income	\$8,337,123.27
Long/Short Credit	\$660,200.89
Hedge Fund of Funds	\$1,505,140.11
Private Real Estate	\$3,677,765
Master Limited Partnerships	\$2,344,589
Cash (R&D Account)	\$387,870.34
Total Portfolio	\$48,850,069.00

Distribution by Percentages:	Policy	Current
Equity		
Large Cap Value	21.25%	21.92%
Large Cap Growth	21.25%	22.28%
Mid Cap Value	5.00%	5.07%
Mid Cap Growth	5.00%	5.09%
International Value	5.00%	5.58%
International Growth	5.00%	5.44%
Total Equity	62.50%	65.38%
Fixed Income	17.50%	17.07%
Long/Short Credit	2.50%	1.35%
Hedge Fund of Funds	2.50%	3.08%
Private Real Estate	10.00%	7.53%
Master Limited Partnerships	5.00%	4.80%
Cash (R&D Account)	0.79%	
Total	100.00%	100.00%

PRIVATE ADVISORS- HFOF		
Total Assets	100.00%	\$229,076
Equity	100.00%	\$229,076
Cash	0.00%	\$0
Fees		\$0
Gain or (Loss) - Gross		\$12,447
Gain or (Loss) - Net		\$12,447

UBS - Private Real Estate		
Total Assets	100.00%	\$2,085,223
Private Real Estate	100.00%	\$2,085,223
Fees		(\$5,243)
Gain or (Loss) - Gross		\$30,400
Gain or (Loss) - Net		\$25,157

AMERICAN CORE REALTY - Private Real Estate		
Total Assets	100.00%	\$1,592,542
Private Real Estate	100.00%	\$1,592,542
Fees		(\$4,392)
Gain or (Loss) - Gross		\$29,512
Gain or (Loss) - Net		\$25,121

Other Important Facts:	
Total Portfolio	\$48,850,069
Total Gain or Loss - Gross	\$1,612,310
Total Gain or Loss - Net	\$1,534,480
Total Fees	(\$77,830)

ROTHSCHILD - Large Cap Value	
Total Assets	100.00%
Equity	95.98%
Cash	4.02%
Fees	(\$31,945)
Gain or (Loss) - Gross	\$485,393
Gain or (Loss) - Net	\$453,448

POLEN - Large Cap Growth	
Total Assets	100.00%
Equity	92.91%
Cash	7.09%
Fees	(\$8,478)
Gain or (Loss) - Gross	\$217,046
Gain or (Loss) - Net	\$208,567

SAWGRASS - Large Cap Growth	
Total Assets	100.00%
Equity	99.33%
Cash	0.67%
Fees	(\$6,724)
Gain or (Loss) - Gross	\$214,306
Gain or (Loss) - Net	\$207,582

CHARTWELL - Mid Cap Value	
Total Assets	100.00%
Equity	95.75%
Cash	4.25%
Fees	(\$2,148)
Gain or (Loss) - Gross	\$135,309
Gain or (Loss) - Net	\$133,160

BLACKROCK GLOBAL L/S CREDIT	
Total Assets	100.00%
Equity	100.00%
Cash	0.00%
Fees	\$0
Gain or (Loss) - Gross	\$6,976
Gain or (Loss) - Net	\$6,976

CUSHING - Master Limited Partnerships	
Total Assets	100.00%
Equity	98.53%
Cash	1.47%
Fees	\$0
Gain or (Loss) - Gross	(\$12,641)
Gain or (Loss) - Net	(\$12,641)

MDT - Mid Cap Growth	
Total Assets	100.00%
Equity	99.21%
Cash	0.79%
Fees	(\$5,003)
Gain or (Loss) - Gross	\$125,462
Gain or (Loss) - Net	\$120,458

LAZARD - International Value	
Total Assets	100.00%
Equity	95.29%
Cash	4.71%
Fees	(\$3,535)
Gain or (Loss) - Gross	\$156,850
Gain or (Loss) - Net	\$153,315

RENAISSANCE - International Growth	
Total Assets	100.00%
Equity	96.95%
Cash	3.05%
Fees	(\$4,200)
Gain or (Loss) - Gross	\$157,009
Gain or (Loss) - Net	\$152,809

LOOMIS SAYLES - Fixed Income	
Total Assets	100.00%
Fixed Income	99.47%
Cash	0.53%
Fees	(\$6,160)
Gain or (Loss) - Gross	\$56,785
Gain or (Loss) - Net	\$50,624

PINE GROVE- HFOF	
Total Assets	100.00%
Equity	100.00%
Cash	0.00%
Fees	\$0
Gain or (Loss) - Gross	(\$2,543)
Gain or (Loss) - Net	(\$2,543)

RECEIPT & DISBURSEMENT ACCOUNT	
Cash	\$387,870

BREAKDOWN OF RETURNS
City of Naples Police Officers' Retirement System
As of September 30, 2017

Actuarial Rate of Return = 7.5%

ROTHSCHILD ASSET MANAGEMENT

EQUITY		Your Returns	Your Returns			
Large Cap. Value		(Gross of Fees)	(Net of Fees)	Russ 1000 Value	PSN Money Mgrs	S&P 500
	Quarter	4.71	4.39	3.11	3.81	4.48
	1 year	15.89	15.08	15.12	15.96	18.61
	3 year	8.14	7.42	8.53	8.82	10.82
	5 year	14.10	13.35	13.21	13.13	14.23
	Since 10/31/2007	7.39	6.73	5.97	NA	7.33

POLEN

EQUITY		Your Returns	Your Returns			
Large Cap. Growth		(Gross of Fees)	(Net of Fees)	Russ 1000 Growth	PSN Money Mgrs	Russ 3000 Growth
	Quarter	4.02	3.86	5.90	5.18	5.93
	1 year	20.47	19.77	21.94	20.05	21.87
	3 year	16.26	15.57	12.70	11.10	12.65
	Since 9/30/2012	15.48	14.83	15.26	NA	15.18

SAWGRASS ASSET MANAGEMENT

EQUITY		Your Returns	Your Returns		
Large Cap. Growth		(Gross of Fees)	(Net of Fees)	Russ 1000 Growth	PSN Money Mgrs
	Quarter	4.09	3.96	5.90	5.18
	1 year	16.51	15.91	21.94	20.05
	3 year	9.77	9.20	12.70	11.10
	5 year	13.68	13.08	15.26	14.44
	Since 5/31/2012	14.50	13.93	16.10	NA

CHARTWELL

EQUITY		Your Returns	Your Returns		
Mid Cap. Value		(Gross of Fees)	(Net of Fees)	Russ Mid Value	PSN Money Mgrs
	Quarter	5.60	5.51	2.14	3.72
	1 year	22.76	22.35	13.37	18.00
	Since 3/31/2016	21.72	21.36	15.45	17.45

MDT ADVISERS

EQUITY		Your Returns	Your Returns		
Mid Cap. Growth		(Gross of Fees)	(Net of Fees)	Russ Mid Growth	PSN Money Mgrs
	Quarter	5.12	4.91	5.28	4.58
	1 year	22.44	21.49	17.82	18.87
	3 year	10.34	9.47	9.96	10.63
	5 year	15.61	14.74	14.19	14.09
	Since 1/31/2009	18.90	18.00	18.04	NA

LAZARD ASSET MANAGEMENT

EQUITY		Your Returns	Your Returns			
International Value		(Gross of Fees)	(Net of Fees)	Dynamic Index*	MSCI AC Wd x US	MSCI EAFE - Net
	Quarter	6.07	5.93	6.16	6.16	5.40
	1 year	15.89	15.30	19.61	19.61	19.10
	3 year	5.23	4.67	4.70	4.70	5.04
	5 year	7.24	6.68	6.97	6.97	8.38
	Since 11/30/2000	5.50	4.88	4.75	5.13	4.54

* Dynamic index comprised of 100% MSCI EAFE (Net) for periods prior to March 31, 2007 and 100% MSCI AC World ex. USA for periods thereafter.

RENAISSANCE INVESTMENT MANAGEMENT

EQUITY		Your Returns	Your Returns		
International Growth		(Gross of Fees)	(Net of Fees)	MSCI AC Wd x US	MSCI EAFE Growth
	Quarter	6.10	5.94	6.16	4.94
	1 year	19.54	18.77	19.61	15.68
	3 year	5.50	4.82	4.70	6.48
	5 year	10.15	9.49	6.97	8.89
	Since 4/30/2009	11.04	10.37	9.01	10.22

LOOMIS SAYLES

FIXED INCOME ONLY		Your Returns	Your Returns			
		(Gross of Fees)	(Net of Fees)	BC Int. G/C Bonds	BC G/C Bonds	T-Bills
	Quarter	0.69	0.61	0.60	0.81	0.25
	1 year	0.92	0.63	0.23	(0.01)	0.64
	3 year	2.77	2.49	2.13	2.83	0.29
	5 year	2.35	2.06	1.61	2.10	0.19
	Since 7/31/2004	4.52	4.23	3.70	4.32	1.20

BLACKROCK GLOBAL

Long/Short Credit		Your Returns	Your Returns	HFRX		
		(Gross of Fees)	(Net of Fees)	Fixed Income Credit		
	Quarter	1.07	1.07	0.87		
	Since 1/31/2017	1.96	1.96	2.71		

PINE GROVE

Alternative Investments		Your Returns	Your Returns		
		(Gross of Fees)	(Net of Fees)	HFRI FOF Con	BC Agg
	Quarter	0.98	0.98	1.29	0.85
	1 year	6.75	6.75	4.56	0.07
	3 year	0.89	0.89	1.79	2.71
	Since 11/30/2013	2.10	2.10	2.37	3.04

PRIVATE ADVISORS

Alternative Investments		Your Returns	Your Returns		
		(Gross of Fees)	(Net of Fees)	HFRI FOF Con	BC Agg
	Quarter	(1.18)	(1.18)	1.29	0.85
	1 year	4.38	4.38	4.56	0.07
	3 year	0.21	0.21	1.79	2.71
	Since 10/31/2013	1.20	1.20	2.53	2.87

UBS TRUMBULL PROPERTY FUND

EQUITY		Your Returns	Your Returns			
Private Real Estate		(Gross of Fees)	(Net of Fees)	Russ NCREIF	NCREIF ODCE	BC Agg
	Quarter	1.47	1.22	1.70	1.87	0.85
	1 year	5.35	4.17	6.90	7.66	0.07
	3 year	8.00	6.75	9.83	10.85	2.71
	5 year	8.96	7.70	10.35	11.59	2.06
	Since 4/30/2012	9.20	7.97	10.53	11.74	2.38

AMERICAN CORE REALTY

Private Real Estate		Your Returns	Your Returns			
		(Gross of Fees)	(Net of Fees)	Russ NCREIF	NCREIF ODCE	BC Agg
	Quarter	2.53	2.15	1.70	1.87	0.85
	Since 1/31/2017	6.93	5.94	5.08	5.43	2.94

CUSHING

MLPs		Your Returns	Your Returns		
		(Gross of Fees)	(Net of Fees)	Alerian MLP	BC Agg
	Since 6/30/2017	(0.54)	(0.54)	(3.05)	0.85

TOTAL FUND (All Managers)

TOTAL RETURN		Your Returns	Your Returns	
Time-Weighted (TWR)		(Gross of Fees)	(Net of Fees)	Policy Index
	Quarter	3.41	3.25	3.08
	1 year	12.63	12.03	12.38
	3 year	7.30	6.73	7.36
	5 year	9.82	9.22	9.55
	Since 12/31/1999	5.12	4.63	5.52

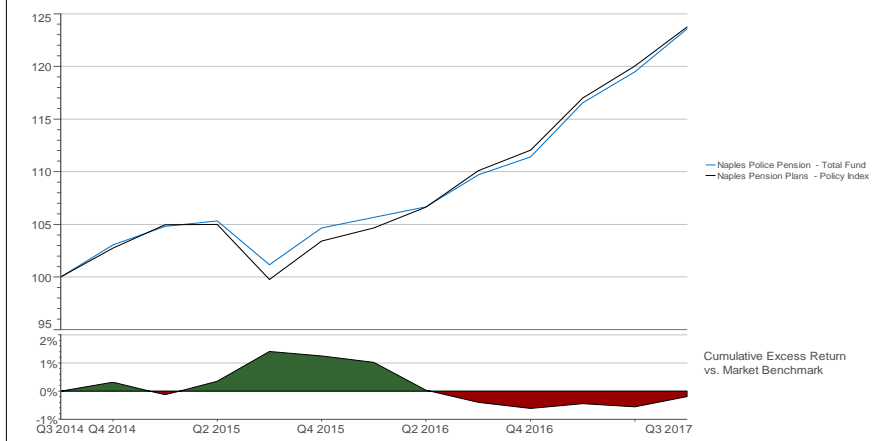
TOTAL FUND (All Managers)

TOTAL RETURN		Your Returns		
Dollar-Weighted Net (IRR)		(Net of Fees)	Actuarial Assumption	CPI +4
	Quarter	3.28	1.82	2.05
	1 year	12.08	7.50	6.11
	3 year	6.74	7.50	5.22
	5 year	9.26	7.50	5.30

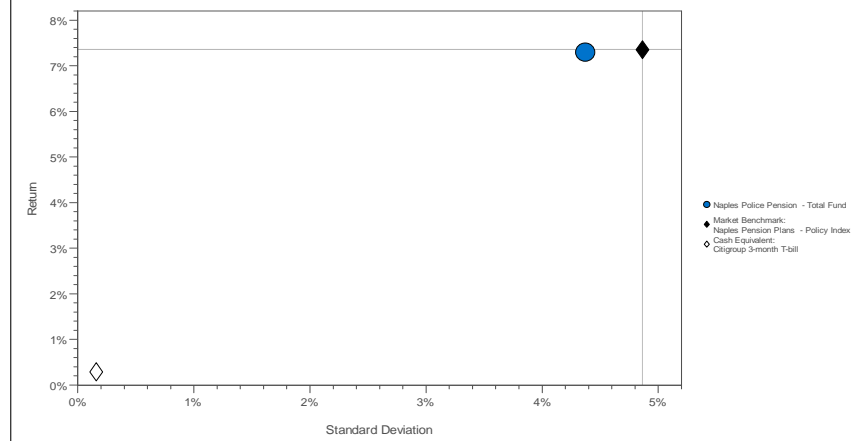
Policy Index = 22.5% Russ 1000 Value/ 22.5% Russ 1000 Growth/ 5% Russ Mid Value/ 5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 20% BC Intern. Gov't/Credit/ 10% HFRI FOF Conservative/ 5% Russ NCREIF Property for periods since 10/31/13; 22.5% Russ 1000 Value/ 22.5% Russ 1000 Growth/ 5% Russ Mid Value/ 5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 25% BC Intern. Gov't/Credit Bond/ 5% HFRI FOF Conservative/ 5% Russ NCREIF Property for periods from 9/30/13 to 10/31/13; 22.5% Russ 1000 Value/ 22.5% Russ 1000 Growth/ 5% Russ Mid Value/ 5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 30% BC Intern. Gov't/Credit Bond/ 5% NCREIF Property for periods from 3/31/2012 to 9/30/2013; 22.5% Russ 1000 Value/ 22.5% Russ 1000 Growth/ 5% Russ Mid Value/ 5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 35% BC Intern. Gov't/Credit Bond for periods from 1/31/09 to 3/31/2012; 27.5% Russ 1000 Value/ 27.5% Russ 1000 Growth/ 10% Lazard Dynamic Index/ 35% BC Intern. Gov't/Credit Bond for periods from 11/30/00 to 1/31/09; and 65% Russ 1000/ 35% BC Intern. Gov't/Credit Bond for periods prior to 11/30/00.

Risk/ Return Analysis- 3 Years

Manager Performance
October 2014 - September 2017 (Single Computation)



Risk / Return
October 2014 - September 2017 (Single Computation)

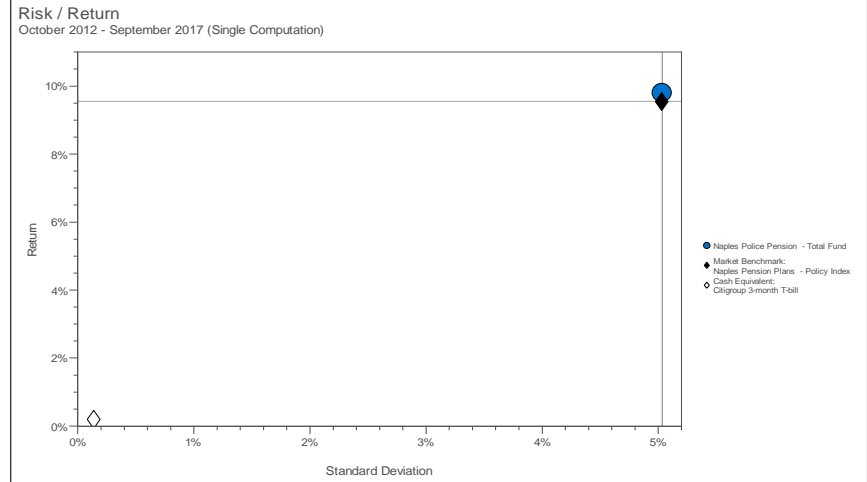
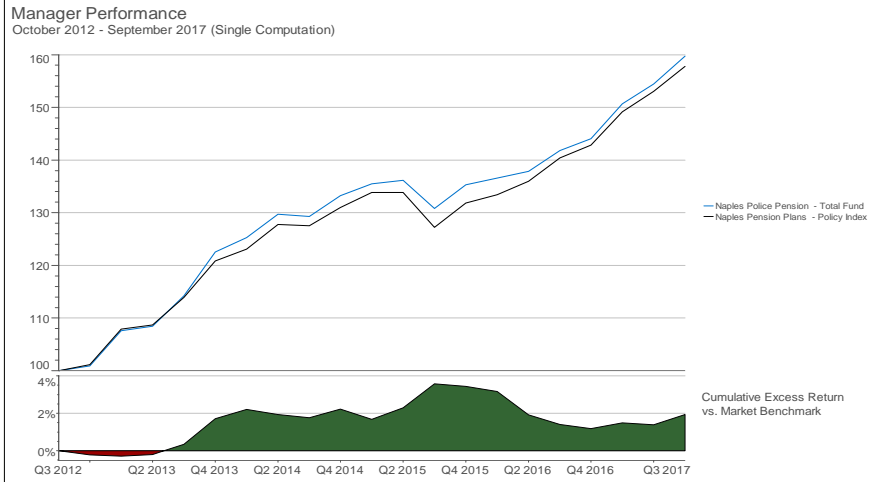


Return & Risk Analysis

October 2014 - September 2017: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples Police Pension - Total Fund	7.30%	-0.06%	4.37%	0.88	-3.94%	95.14%	79.39%	0.79%	1.61	96.21%
Naples Pension Plans - Policy Index	7.36%	0.00%	4.86%	1.00	-4.97%	100.00%	100.00%	0.00%	1.45	100.00%

Risk/ Return Analysis- 5 Years

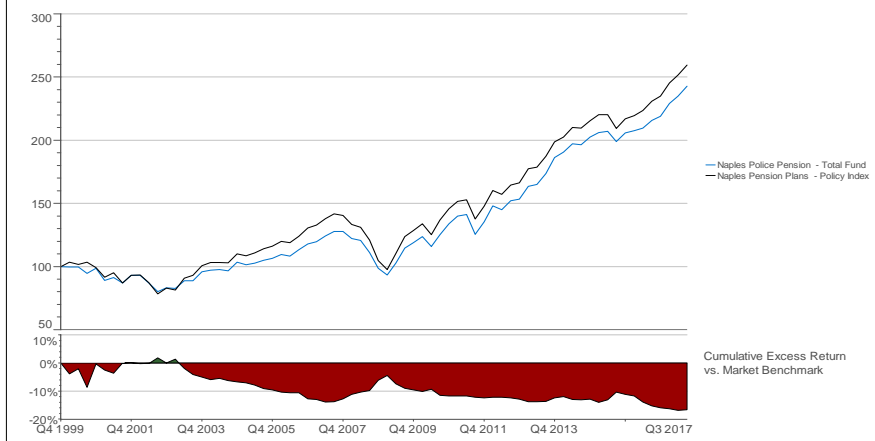


Return & Risk Analysis October 2012 - September 2017: Summary Statistics

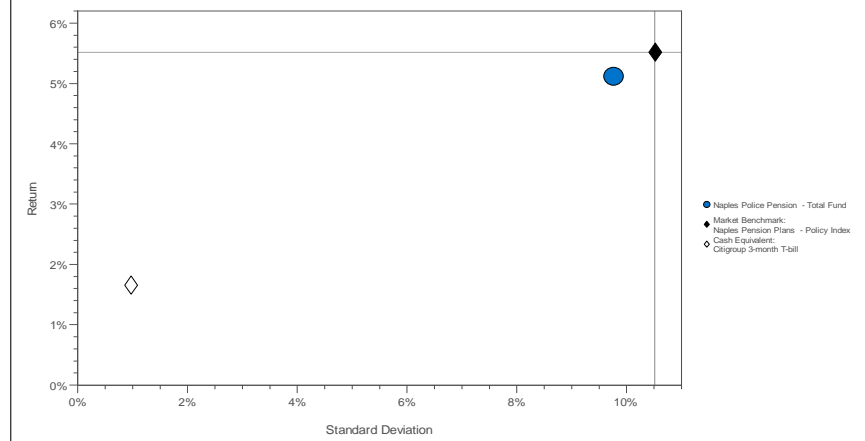
	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples Police Pension - Total Fund	9.82%	0.27%	5.03%	0.98	-3.94%	100.56%	82.61%	0.43%	1.91	96.07%
Naples Pension Plans - Policy Index	9.55%	0.00%	5.03%	1.00	-4.97%	100.00%	100.00%	0.00%	1.86	100.00%

Risk/ Return Analysis- Since Inception

Manager Performance
January 2000 - September 2017 (Single Computation)



Risk / Return
January 2000 - September 2017 (Single Computation)



Return & Risk Analysis

January 2000 - September 2017: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples Police Pension - Total Fund	5.12%	-0.39%	9.76%	0.87	-27.03%	85.82%	82.60%	0.30%	0.36	88.75%
Naples Pension Plans - Policy Index	5.52%	0.00%	10.52%	1.00	-30.97%	100.00%	100.00%	0.00%	0.37	100.00%

COMPLIANCE CHECKLIST

City of Naples Police Officers' Retirement System

As of September 30, 2017

GUIDELINES In Compliance

Equity Portfolio

Listed on recognized exchange	Yes
Single issue not to exceed 7.5% at market value for each equity in each separately managed portfolio	Yes
Total equity portfolio < 70% & > 57.5% of total fund at market value	Yes
Foreign equities < 25% of total portfolio at market value	Yes
Single issue not to exceed 5% at market value for the total portfolio	Yes
No scrutinized companies (Sudan/Iran) held per Protecting Florida's Investments Act requirement	Yes

Rothschild

Large Capitalization Value Equity Portfolio

Market Value < 26.25% & > 16.25% of total fund	Yes	
Performance (Inception 10/2007)	<u>5 years</u>	<u>Since Inception</u>
Rank in the Top 50% of manager universe (3+ years)	Yes	Yes
Return > Russell 1000 Value (3+ years)	Yes	Yes

Polen

Large Capitalization Growth Equity Portfolio

Market Value < 13.12% & > 8.125% of total fund	Yes	
Performance (Inception 9/2012)	<u>3 years</u>	<u>Since Inception</u>
Rank in the Top 50% of manager universe (3+ years)	Yes	Yes
Return > Russell 1000 Growth (3+ years)	Yes	Yes

Sawgrass

Large Capitalization Growth Equity Portfolio

Market Value < 13.12% & > 8.125% of total fund	Yes	
Performance (Inception 5/2012)	<u>3 years</u>	<u>Since Inception</u>
Rank in the Top 50% of manager universe (3+ years)	No	No
Return > Russell 1000 Growth (3+ years)	No	No

Chartwell

Mid Capitalization Growth Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 3/2016)	<u>3 years</u>	<u>Since Inception</u>
Rank in the Top 50% of manager universe (3+ years)	N/A	Yes
Return > Russell Midcap Growth (3+ years)	N/A	Yes

MDT Advisers

Mid Capitalization Growth Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 1/2009)	<u>5 years</u>	<u>Since Inception</u>
Rank in the Top 50% of manager universe (3+ years)	Yes	Yes
Return > Russell Midcap Growth (3+ years)	Yes	Yes

OBJECTIVES In Compliance

Total Portfolio

	<u>5 years</u>	<u>Since Inception</u>
Exceed Target Index	Yes	No
Exceed actuarial assumption (7.5%)	Yes	No
Exceed CPI + 4%	Yes	No

Lazard

International Value Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 11/2000)	<u>5 years</u>	<u>Since Inception</u>
Return > Dynamic Index (3+ years)	Yes	Yes

Renaissance

International Growth Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 4/2009)	<u>5 years</u>	<u>Since Inception</u>
Return > MSCI All Country World x US (3+ years)	Yes	Yes

Loomis Sayles & Company

Fixed Income Portfolio

Market Value < 25.0% & > 15.0% of total fund	Yes	
Performance (Inception 7/2004)	<u>5 years</u>	<u>Since Inception</u>
Return > Barclays Cap. Int. Gov't/Credit (3+ years)	Yes	Yes
U.S. Government / Agency or U.S. Corporations		Yes
Bonds rated investment grade		Yes
Single corporate issuer not exceed 10% of bond portfolio (except U.S. Government/Agency)		Yes

Hedge Fund of Funds

Market Value < 10.0% & > 0% of total fund

Yes

Blackrock Global**Long/Short Credit**

Performance (Inception 1/2017)

Return > HFRX Fixed Income Credit

<u>3 years</u>	<u>Since Inception</u>
N/A	No

Pine Grove**Hedge Fund of Funds**

Performance (Inception 11/2013)

Return > HFRI FOF Conservative

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
No	No
No	No

Private Advisors**Hedge Fund of Funds**

Performance (Inception 10/2013)

Return > HFRI FOF Conservative

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
No	No
No	No

Private Real Estate

Market Value < 15.0% & > 0.0% of total fund

Yes

UBS Trumbull Property Fund**Core Private Real Estate**

Performance (Inception 4/2012)

Return > NCREIF Property Index (3+ years)

Return > NCREIF ODCE Index (3+ years)

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
No	No
No	No
Yes	Yes

American Core Realty**Private Real Estate**

Performance (Inception 1/2017)

Return > NCREIF Property Index (3+ years)

Return > NCREIF ODCE Index (3+ years)

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
N/A	Yes
N/A	Yes
N/A	Yes

Cushing**MLPs**

Market Value < 10.0% & > 0% of total fund

Performance (Inception 6/2017)

Return > Alerian MLP Index

Return > BC Aggregate

Yes	
<u>3 years</u>	<u>Since Inception</u>
N/A	Yes
N/A	No

SUMMARY OF RELEVANT FACTS
City of Naples Firefighters' Retirement System
As of September 30, 2017

Distribution of Assets:	
Equity	
Large Cap Value	\$11,925,938.81
Large Cap Growth	\$12,274,923.56
Mid Cap Value	\$2,762,042.78
Mid Cap Growth	\$2,761,995.35
International Value	\$2,871,800.09
International Growth	\$2,815,366.80
Total Equity	\$35,412,067.39
Fixed Income	\$9,066,921.81
Long/Short Credit	\$716,622.82
Hedge Fund of Funds	\$1,576,403.32
Private Real Estate (Core)	\$3,615,622.50
Master Limited Partnerships	\$2,482,232.99
Cash (R&D Account)	\$313,102.86
Total Portfolio	\$53,182,973.69

Distribution by Percentages:	Policy	Current
Equity		
Large Cap Value	21.25%	22.42%
Large Cap Growth	21.25%	23.08%
Mid Cap Value	5.00%	5.19%
Mid Cap Growth	5.00%	5.19%
International Value	5.00%	5.40%
International Growth	5.00%	5.29%
Total Equity	62.50%	66.59%
Fixed Income	17.50%	17.05%
Long/Short Credit	2.50%	1.35%
Hedge Fund of Funds	2.50%	2.96%
Private Real Estate (Core)	10.00%	6.80%
Master Limited Partnerships	5.00%	4.67%
Cash (R&D Account)		0.59%
Total	100.00%	100.00%

PRIVATE ADVISORS- HFOF		
Total Assets	100.00%	\$235,268
Equity	100.00%	\$235,268
Cash	0.00%	\$0
Fees		\$0
Gain or (Loss) - Gross		(\$2,612)
Gain or (Loss) - Net		(\$2,612)

UBS - Private Real Estate		
Total Assets	100.00%	\$1,950,693
Private Real Estate	100.00%	\$1,950,693
Fees		(\$4,905)
Gain or (Loss) - Gross		\$28,439
Gain or (Loss) - Net		\$23,534

American Core Realty - Private Real Estate		
Total Assets	100.00%	\$1,664,930
Private Real Estate	100.00%	\$1,664,930
Fees		\$0

Other Important Facts:	
Total Portfolio	\$53,182,974
Total Gain or Loss - Gross	\$1,700,583
Total Gain or Loss - Net	\$1,622,496
Total Fees	(\$78,087)

ROTHSCHILD - Large Cap Value	
Total Assets	100.00%
Equity	94.53%
Cash	5.47%
Fees	(\$34,168)
Gain or (Loss) - Gross	\$535,937
Gain or (Loss) - Net	\$501,769

POLEN - Large Cap Growth	
Total Assets	100.00%
Equity	94.26%
Cash	5.74%
Fees	(\$9,323)
Gain or (Loss) - Gross	\$242,962
Gain or (Loss) - Net	\$233,639

SAWGRASS - Large Cap Growth	
Total Assets	100.00%
Equity	99.15%
Cash	0.85%
Fees	(\$7,463)
Gain or (Loss) - Gross	\$241,697
Gain or (Loss) - Net	\$234,234

CHARTWELL- Mid Cap Value	
Total Assets	100.00%
Equity	95.70%
Cash	4.30%
Fees	(\$2,148)
Gain or (Loss) - Gross	\$135,309
Gain or (Loss) - Net	\$133,160

BLACKROCK GLOBAL L/S CREDIT	
Total Assets	100.00%
Equity	100.00%
Cash	0.00%
Fees	\$0
Gain or (Loss) - Gross	\$7,572
Gain or (Loss) - Net	\$7,572

CUSHING - Master Limited Partnerships	
Total Assets	100.00%
Equity	98.46%
Cash	1.54%
Fees	\$0
Gain or (Loss) - Gross	(\$14,792)

MDT - Mid Cap Growth	
Total Assets	100.00%
Equity	99.00%
Cash	1.00%
Fees	(\$5,468)
Gain or (Loss) - Gross	\$127,650
Gain or (Loss) - Net	\$122,182

LAZARD - International Value	
Total Assets	100.00%
Equity	96.03%
Cash	3.97%
Fees	(\$3,691)
Gain or (Loss) - Gross	\$164,143
Gain or (Loss) - Net	\$160,453

RENAISSANCE - International Growth	
Total Assets	100.00%
Equity	96.42%
Cash	3.58%
Fees	(\$4,381)
Gain or (Loss) - Gross	\$164,813
Gain or (Loss) - Net	\$160,433

LOOMIS SAYLES - Fixed Income	
Total Assets	100.00%
Fixed Income	99.84%
Cash	0.16%
Fees	\$14,848
Gain or (Loss) - Gross	\$63,955
Gain or (Loss) - Net	\$57,416

PINE GROVE- HFOF	
Total Assets	100.00%
Equity	100.00%
Cash	0.00%
Fees	\$0
Gain or (Loss) - Gross	\$13,081
Gain or (Loss) - Net	\$13,081

RECEIPT & DISBURSEMENT ACCOUNT	
Cash	\$313,103

BREAKDOWN OF RETURNS
City of Naples Firefighters' Retirement System
As of September 30, 2017

Actuarial Rate of Return = 7.5%

ROTHSCHILD ASSET MANAGEMENT

EQUITY		Your Returns	Your Returns			
Large Cap. Value		(Gross of Fees)	(Net of Fees)	Russ 1000 Value	PSN Money Mgrs	S&P 500
Quarter		4.68	4.38	3.11	3.81	4.48
1 year		15.78	14.98	15.12	15.96	18.61
3 year		8.18	7.46	8.53	8.82	10.82
5 year		14.11	13.40	13.21	13.13	14.23
Since 10/31/2007		7.39	6.77	5.97	NA	7.33

POLEN

EQUITY		Your Returns	Your Returns			
Large Cap. Growth		(Gross of Fees)	(Net of Fees)	Russ 1000 Growth	PSN Money Mgrs	Russ 3000 Growth
Quarter		4.06	3.90	5.90	5.18	5.93
1 year		20.52	19.81	21.94	20.05	21.87
3 year		16.27	15.64	12.70	11.10	12.65
Since 9/30/2012		15.46	14.86	15.26	NA	15.18

SAWGRASS ASSET MANAGEMENT

EQUITY		Your Returns	Your Returns		
Large Cap. Growth		(Gross of Fees)	(Net of Fees)	Russ 1000 Growth	PSN Money Mgrs
Quarter		4.07	3.94	5.90	5.18
1 year		16.49	15.90	21.94	20.05
3 year		9.75	9.17	12.70	11.10
5 year		13.66	13.07	15.26	14.44
Since 5/31/2012		14.49	13.92	16.10	NA

CHARTWELL

EQUITY		Your Returns	Your Returns		
Mid Cap. Value		(Gross of Fees)	(Net of Fees)	Russ Mid Value	PSN Money Mgrs
Quarter		5.54	5.45	2.14	3.72
1 year		22.65	22.15	13.37	18.00
Since 3/31/2016		21.66	21.24	15.45	17.45

MDT ADVISERS

EQUITY		Your Returns	Your Returns		
Mid Cap. Growth		(Gross of Fees)	(Net of Fees)	Russ Mid Growth	PSN Money Mgrs
Quarter		4.74	4.53	5.28	4.58
1 year		20.93	19.99	17.82	18.87
3 year		9.88	9.01	9.96	10.63
5 year		15.23	14.33	14.19	14.09
Since 1/31/2009		18.51	17.61	18.04	NA

LAZARD ASSET MANAGEMENT

EQUITY		Your Returns	Your Returns				
International Value		(Gross of Fees)	(Net of Fees)	Dynamic Index*	MSCI AC Wd x US	MSCI EAFE - Net	
	Quarter	6.06	5.92	6.16	6.16	5.40	
	1 year	15.88	15.29	19.61	19.61	19.10	
	3 year	5.28	4.72	4.70	4.70	5.04	
	5 year	7.21	6.65	6.97	6.97	8.38	
	Since 11/30/2000	5.52	4.90	4.75	5.13	4.54	

* Dynamic index comprised of 100% MSCI EAFE (Net) for periods prior to March 31, 2007 and 100% MSCI AC World ex. USA for periods thereafter.

RENAISSANCE INVESTMENT MANAGEMENT

EQUITY		Your Returns	Your Returns		
International Growth		(Gross of Fees)	(Net of Fees)	MSCI AC Wd x US	MSCI EAFE Growth
	Quarter	6.13	5.96	6.16	4.94
	1 year	19.44	18.68	19.61	15.68
	3 year	5.49	4.81	4.70	6.48
	5 year	10.13	9.40	6.97	8.89
	Since 4/30/2009	11.07	10.35	9.01	10.22

LOOMIS SAYLES

FIXED INCOME ONLY		Your Returns	Your Returns			
		(Gross of Fees)	(Net of Fees)	BC Int. G/C Bonds	BC G/C Bonds	T-Bills
	Quarter	0.71	0.64	0.60	0.81	0.25
	1 year	0.89	0.61	0.23	(0.01)	0.64
	3 year	2.74	2.46	2.13	2.83	0.29
	5 year	2.32	2.03	1.61	2.10	0.19
	Since 7/31/2004	4.45	4.16	3.70	4.32	1.20

BLACKROCK GLOBAL

Long/Short Credit		Your Returns	Your Returns	HFRX		
		(Gross of Fees)	(Net of Fees)	Fixed Income Credit		
	Quarter	1.07	1.07	0.87		
	Since 1/31/2017	1.96	1.96	2.71		

PINE GROVE

Alternative Investments		Your Returns	Your Returns		
		(Gross of Fees)	(Net of Fees)	HFRI FOF Con	BC Agg
	Quarter	0.98	0.98	1.29	0.85
	1 year	6.75	6.75	4.56	0.07
	3 year	0.89	0.89	1.79	2.71
	Since 11/30/2013	2.10	2.10	2.37	3.04

PRIVATE ADVISORS

Alternative Investments		Your Returns	Your Returns		
		(Gross of Fees)	(Net of Fees)	HFRI FOF Con	BC Agg
	Quarter	(1.18)	(1.18)	1.29	0.85
	1 year	4.38	4.38	4.56	0.07
	3 year	0.21	0.21	1.79	2.71
	Since 10/31/2013	1.20	1.20	2.53	2.87

UBS TRUMBULL PROPERTY FUND

EQUITY		Your Returns	Your Returns			
Private Real Estate		(Gross of Fees)	(Net of Fees)	Russ NCREIF	NCREIF ODCE	BC Agg
	Quarter	1.47	1.22	1.70	1.87	0.85
	1 year	5.35	4.17	6.90	7.66	0.07
	3 year	8.00	6.75	9.83	10.85	2.71
	5 year	8.96	7.70	10.35	11.59	2.06
	Since 4/30/2012	9.20	7.97	10.53	11.74	2.38

AMERICAN CORE REALTY

Private Real Estate		Your Returns	Your Returns			
		(Gross of Fees)	(Net of Fees)	Russ NCREIF	NCREIF ODCE	BC Agg
	Quarter	2.53	2.15	1.70	1.87	0.85
	Since 1/31/2017	6.93	5.94	5.08	5.43	2.94

CUSHING

MLPs		Your Returns	Your Returns		
		(Gross of Fees)	(Net of Fees)	Alerian MLP	BC Agg
	Since 6/30/2017	(0.59)	(0.59)	(3.05)	0.85

TOTAL FUND (All Managers)

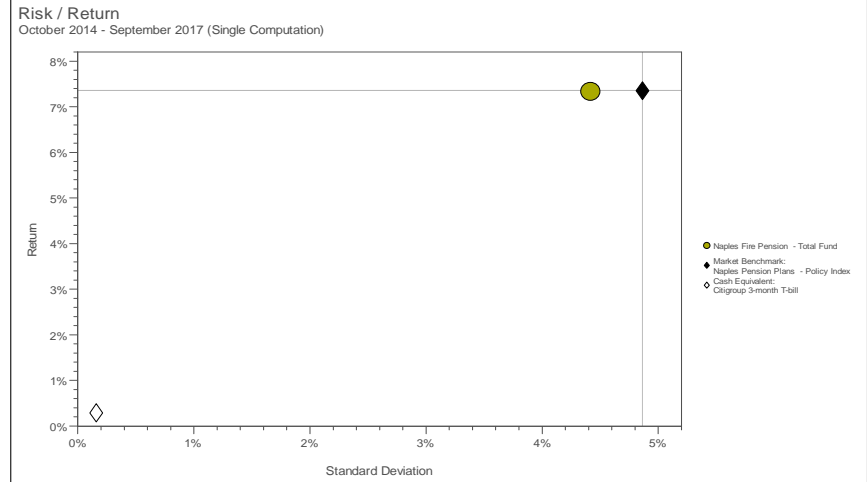
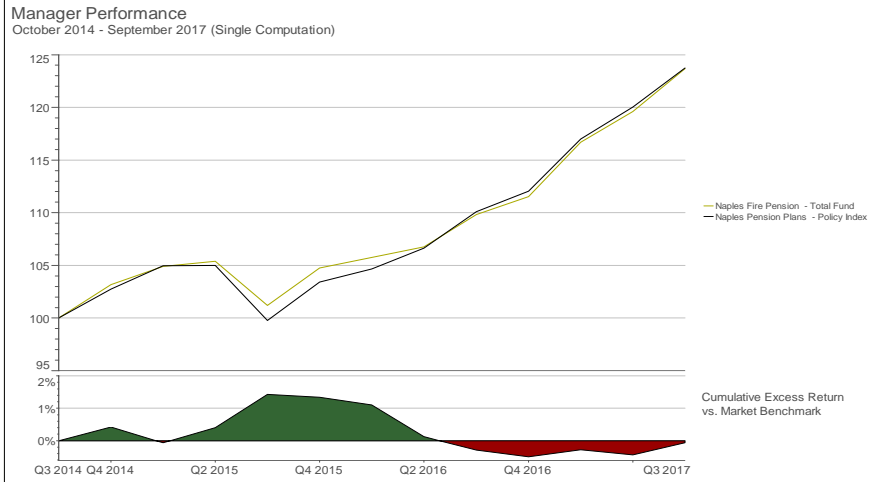
TOTAL RETURN		Your Returns	Your Returns	
Time-Weighted (TWR)		(Gross of Fees)	(Net of Fees)	Policy Index
	Quarter	3.41	3.25	3.08
	1 year	12.63	12.04	12.38
	3 year	7.34	6.77	7.36
	5 year	9.86	9.27	9.55
	Since 12/31/1999	5.09	4.60	5.52

TOTAL FUND (All Managers)

TOTAL RETURN		Your Returns		
Dollar-Weighted Net (IRR)		(Net of Fees)	Actuarial Assumption	CPI +4
	Quarter	3.25	1.82	2.05
	1 year	12.07	7.50	6.11
	3 year	6.80	7.50	5.22
	5 year	9.28	7.50	5.30

Policy Index = 22.5% Russ 1000 Value/22.5% Russ 1000 Growth/5% Russ Mid Value/5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 20% BC Intern. Gov't/Credit/ 10% HFRI FOF Conservative/ 5% Russ NCREIF Property for periods since 10/31/13; 22.5% Russ 1000 Value/22.5% Russ 1000 Growth/5% Russ Mid Value/5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 25% BC Intern. Gov't/Credit Bond/ 5% HFRI FOF Conservative/ 5% Russ NCREIF Property for periods from 9/30/13 to 10/31/13; 22.5% Russ 1000 Value/ 22.5% Russ 1000 Growth/ 5% Russ Mid Value/ 5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 30% BC Intern. Gov't/Credit Bond/ 5% NCREIF Property for periods from 3/31/2012 to 9/30/2013; 22.5% Russ 1000 Value/ 22.5% Russ 1000 Growth/ 5% Russ Mid Value/ 5% Russ Mid Growth/ 10% Lazard Dynamic Index/ 35% BC Intern. Gov't/Credit Bond for periods from 1/31/09 to 3/31/2012; 27.5% Russ 1000 Value/ 27.5% Russ 1000 Growth/ 10% Lazard Dynamic Index/ 35% BC Intern. Gov't/Credit Bond for periods from 11/30/00 to 1/31/09; and 65% Russ 1000/ 35% BC Intern. Gov't/Credit Bond for periods prior to 11/30/00.

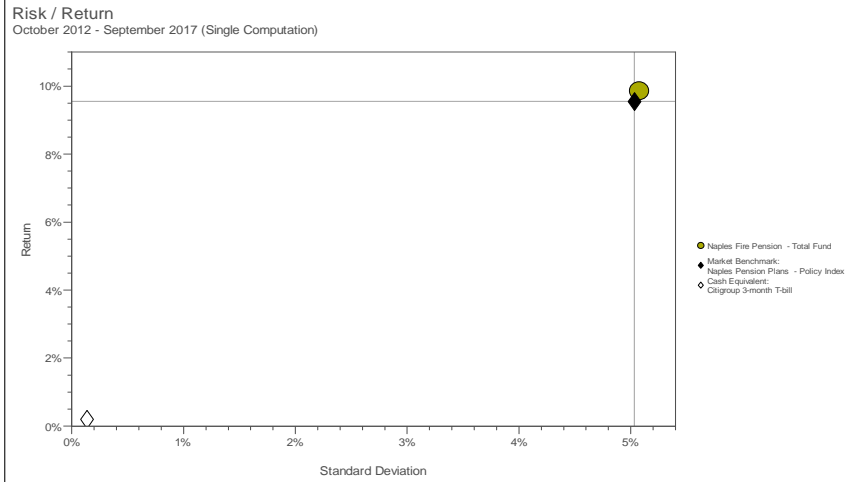
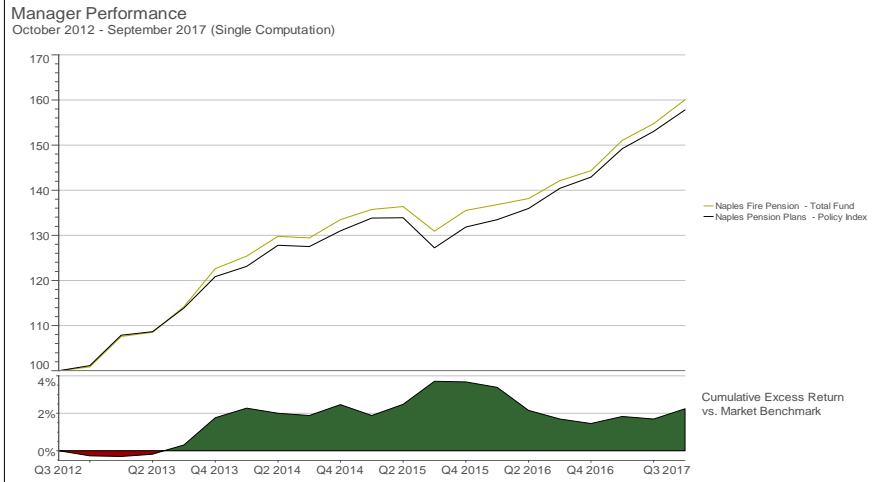
Risk/ Return Analysis- 3 Years



Return & Risk Analysis October 2014 - September 2017: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples Fire Pension - Total Fund	7.34%	-0.02%	4.42%	0.89	-3.98%	95.70%	80.02%	0.77%	1.60	96.05%
Naples Pension Plans - Policy Index	7.36%	0.00%	4.86%	1.00	-4.97%	100.00%	100.00%	0.00%	1.45	100.00%

Risk/ Return Analysis- 5 Years

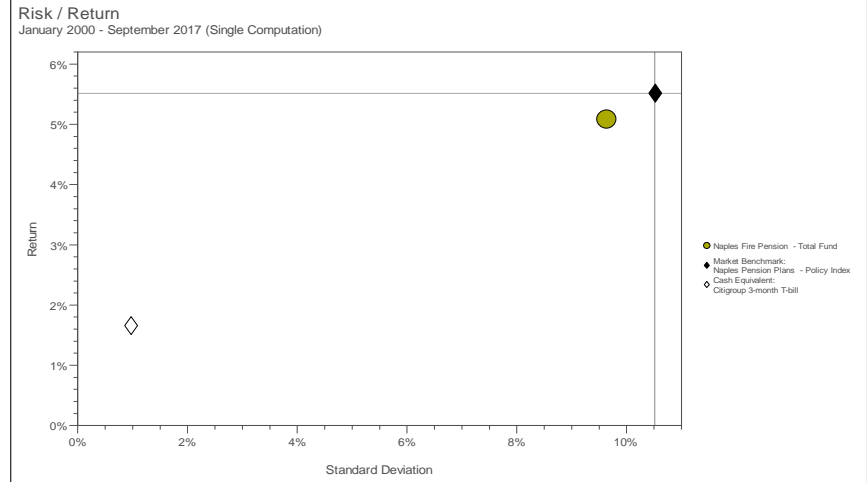
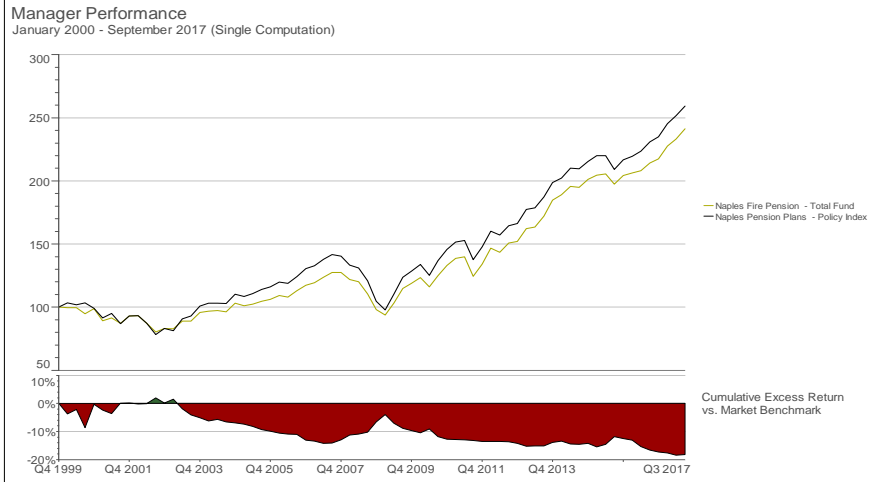


Return & Risk Analysis

October 2012 - September 2017: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples Fire Pension - Total Fund	9.86%	0.31%	5.07%	0.99	-3.98%	100.98%	82.66%	0.41%	1.91	96.00%
Naples Pension Plans - Policy Index	9.55%	0.00%	5.03%	1.00	-4.97%	100.00%	100.00%	0.00%	1.86	100.00%

Risk/ Return Analysis- Since Inception



Return & Risk Analysis

January 2000 - September 2017: Summary Statistics

	Return	Excess Return vs. Market	Standard Deviation	Beta vs. Market	Maximum Drawdown	Up Capture vs. Market	Down Capture vs. Market	Alpha vs. Market	Sharpe Ratio	R-Squared vs. Market
Naples Fire Pension - Total Fund	5.09%	-0.43%	9.63%	0.86	-26.41%	84.78%	81.40%	0.33%	0.36	88.49%
Naples Pension Plans - Policy Index	5.52%	0.00%	10.52%	1.00	-30.97%	100.00%	100.00%	0.00%	0.37	100.00%

COMPLIANCE CHECKLIST

City of Naples Firefighters' Retirement System

As of September 30, 2017

GUIDELINES In Compliance

Equity Portfolio

Listed on recognized exchange	Yes
Single issue not to exceed 7.5% at market value for each equity in each separately managed portfolio	Yes
Total equity portfolio < 70% & > 57.5% of total fund at market value	Yes
Foreign equities < 25% of total portfolio at market value	Yes
Single issue not to exceed 5% at market value for the total portfolio	Yes
No scrutinized companies (Sudan/Iran) held per Protecting Florida's Investments Act requirement	Yes

Rothschild

Large Capitalization Value Equity Portfolio

Market Value < 26.25% & > 16.25% of total fund	Yes	
Performance (Inception 10/2007)	<u>5 years</u>	<u>Since Inception</u>
Rank in the Top 50% of manager universe (3+ years)	Yes	Yes
Return > Russell 1000 Value (3+ years)	Yes	Yes

Polen

Large Capitalization Growth Equity Portfolio

Market Value < 13.12% & > 8.125% of total fund	Yes	
Performance (Inception 9/2012)	<u>3 years</u>	<u>Since Inception</u>
Rank in the Top 50% of manager universe (3+ years)	Yes	Yes
Return > Russell 1000 Growth (3+ years)	Yes	Yes

Sawgrass

Large Capitalization Growth Equity Portfolio

Market Value < 13.12% & > 8.125% of total fund	Yes	
Performance (Inception 5/2012)	<u>3 years</u>	<u>Since Inception</u>
Rank in the Top 50% of manager universe (3+ years)	No	No
Return > Russell 1000 Growth (3+ years)	No	No

Chartwell

Mid Capitalization Growth Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 3/2016)	<u>3 years</u>	<u>Since Inception</u>
Rank in the Top 50% of manager universe (3+ years)	N/A	Yes
Return > Russell Midcap Growth (3+ years)	N/A	Yes

MDT Advisers

Mid Capitalization Growth Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 1/2009)	<u>5 years</u>	<u>Since Inception</u>
Rank in the Top 50% of manager universe (3+ years)	Yes	Yes
Return > Russell Midcap Growth (3+ years)	Yes	Yes

OBJECTIVES In Compliance

Total Portfolio

	<u>5 years</u>	<u>Since Inception</u>
Exceed Target Index	Yes	No
Exceed actuarial assumption (7.5%)	Yes	No
Exceed CPI + 4%	Yes	No

Lazard

International Value Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 11/2000)	<u>5 years</u>	<u>Since Inception</u>
Return > Dynamic Index (3+ years)	Yes	Yes

Renaissance

International Growth Equity Portfolio

Market Value < 7.5% & > 2.5% of total fund	Yes	
Performance (Inception 4/2009)	<u>5 years</u>	<u>Since Inception</u>
Return > MSCI All Country World x US (3+ years)	Yes	Yes

Loomis Sayles & Company

Fixed Income Portfolio

Market Value < 25.0% & > 15.0% of total fund	Yes	
Performance (Inception 7/2004)	<u>5 years</u>	<u>Since Inception</u>
Return > Barclays Cap. Int. Gov't/Credit (3+ years)	Yes	Yes
U.S. Government / Agency or U.S. Corporations		Yes
Bonds rated investment grade		Yes
Single corporate issuer not exceed 10% of bond portfolio (except U.S. Government/Agency)		Yes

Hedge Fund of Funds

Market Value < 10.0% & > 0% of total fund

Yes

Blackrock Global**Long/Short Credit**

Performance (Inception 1/2017)

Return > HFRX Fixed Income Credit

<u>3 years</u>	<u>Since Inception</u>
N/A	No

Pine Grove**Hedge Fund of Funds**

Performance (Inception 11/2013)

Return > HFRI FOF Conservative

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
No	No
No	No

Private Advisors**Hedge Fund of Funds**

Performance (Inception 10/2013)

Return > HFRI FOF Conservative

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
No	No
No	No

Private Real Estate

Market Value < 15.0% & > 0.0% of total fund

Yes

UBS Trumbull Property Fund**Core Private Real Estate**

Performance (Inception 4/2012)

Return > NCREIF Property Index (3+ years)

Return > NCREIF ODCE Index (3+ years)

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
No	No
No	No
Yes	Yes

American Core Realty**Private Real Estate**

Performance (Inception 1/2017)

Return > NCREIF Property Index (3+ years)

Return > NCREIF ODCE Index (3+ years)

Return > BC Aggregate

<u>3 years</u>	<u>Since Inception</u>
N/A	Yes
N/A	Yes
N/A	Yes

Cushing**MLPs**

Market Value < 10.0% & > 0% of total fund

Performance (Inception 6/2017)

Return > Alerian MLP Index

Return > BC Aggregate

Yes

<u>3 years</u>	<u>Since Inception</u>
N/A	Yes
N/A	No

Tactical Asset Allocation Reasoning

Global Equities		Relative Weights
US	Overweight	While US equities have done exceptionally well since the global financial crisis, they are now in the latter stages of a cyclical bull market. This bull market was challenged during the past year by fears of political events and instability. While the Trump/Republican progrowth agenda has been slower to develop than hoped, it has also left us in a bit of a Goldilocks environment in which growth and interest rates are neither too hot nor too cold. This is supportive of our call for higher valuations and 2,700 on the S&P 500.
International Equities (Developed Markets)	Overweight	We maintain a positive bias for Japanese and European equity markets. The populist movements around the world are likely to drive more fiscal policy action in both regions, which is needed to make the extraordinary monetary policy offered more effective. Both are still at record levels of cheapness but we prefer Japan at the moment given the over-exuberance on Europe. We recommend hedging currency risk for 50% of Japanese positions but not Europe.
Emerging Markets	Overweight	Emerging market (EM) equities have been the strongest region over the past 12 months and for the year to date. With the US dollar appearing to have made a cyclical top, global growth and earnings accelerating, and financial conditions remaining loose, we think EM equities will continue to keep up with global equity markets but are unlikely to lead as strongly in the first half of the year.

Global Fixed Income

US Investment Grade	Underweight	We have recommended shorter-duration* (maturities) since March 2013 given the extremely low yields and potential capital losses associated with rising interest rates from such low levels. While interest rates have remained exceptionally low, there is more near-term upward pressure on US economic data to reverse and begin surprising to the upside as the European Central Bank tapers its bond purchases. Within investment grade, we prefer BBB-rated corporates and A-rated municipals to US Treasuries.
International Investment Grade	Underweight	Yields are even lower outside the US, leaving very little value in international fixed income, particularly as the global economy begins to recover more broadly. While interest rates are likely to stay low, the offsetting diversification benefits do not warrant much, if any, position, in our view.
Inflation-Protected Securities	Overweight	With deflationary fears having become extreme in 2015 and early 2016, these securities still offer relative value in the context of our forecasted acceleration in global growth, and expectations for oil prices and the US dollar's year-over-year rate of change to revert back toward 0%. That view played out in 2016 but has not yet run its course.
High Yield	Equal Weight	High yield has performed exceptionally well since early 2016 with the stabilization in oil prices and retrenchment by the weaker players. We recently downgraded high yield to equal weight from overweight on the back of this performance, record-low credit spreads and interest rates and early signs of credit deterioration in commercial real estate and auto financing.

Alternative Investments

REITS	Underweight	Real estate investment trusts (REITs) have underperformed global equities since mid 2016 when interest rates bottomed. We think it is still too early to reconsider our underweight zero allocation given the further rise in rates we expect and deteriorating fundamentals for the industry. Non-US REITs should be favored relative to domestic REITs.
Master Limited Partnerships/Energy Infrastructure	Overweight	Master limited partnerships (MLPs) rebounded sharply from a devastating 2015 but, with oil's slide, have performed poorly in 2017. As long as oil remains above \$40 per barrel, they should provide a reliable and attractive yield and they look exceptionally cheap relative to high yield. A Trump presidency should also be supportive for fracking activity and pipeline construction, both of which should lead to an acceleration in dividend growth.
Hedged Strategies (Hedge Funds and Managed Futures)	Equal Weight	This asset category can provide uncorrelated exposure to traditional risk-asset markets. It tends to outperform when traditional asset categories are challenged by growth scares and/or interest rate volatility spikes. As volatility becomes more persistent in 2017, these strategies should do better than in recent years.