TOWN OF

LAKE PARK

Quarterly Performance Summary and Review

Lake Park Retired Police Officers' Pension Fund

Period Ending September 30, 2015

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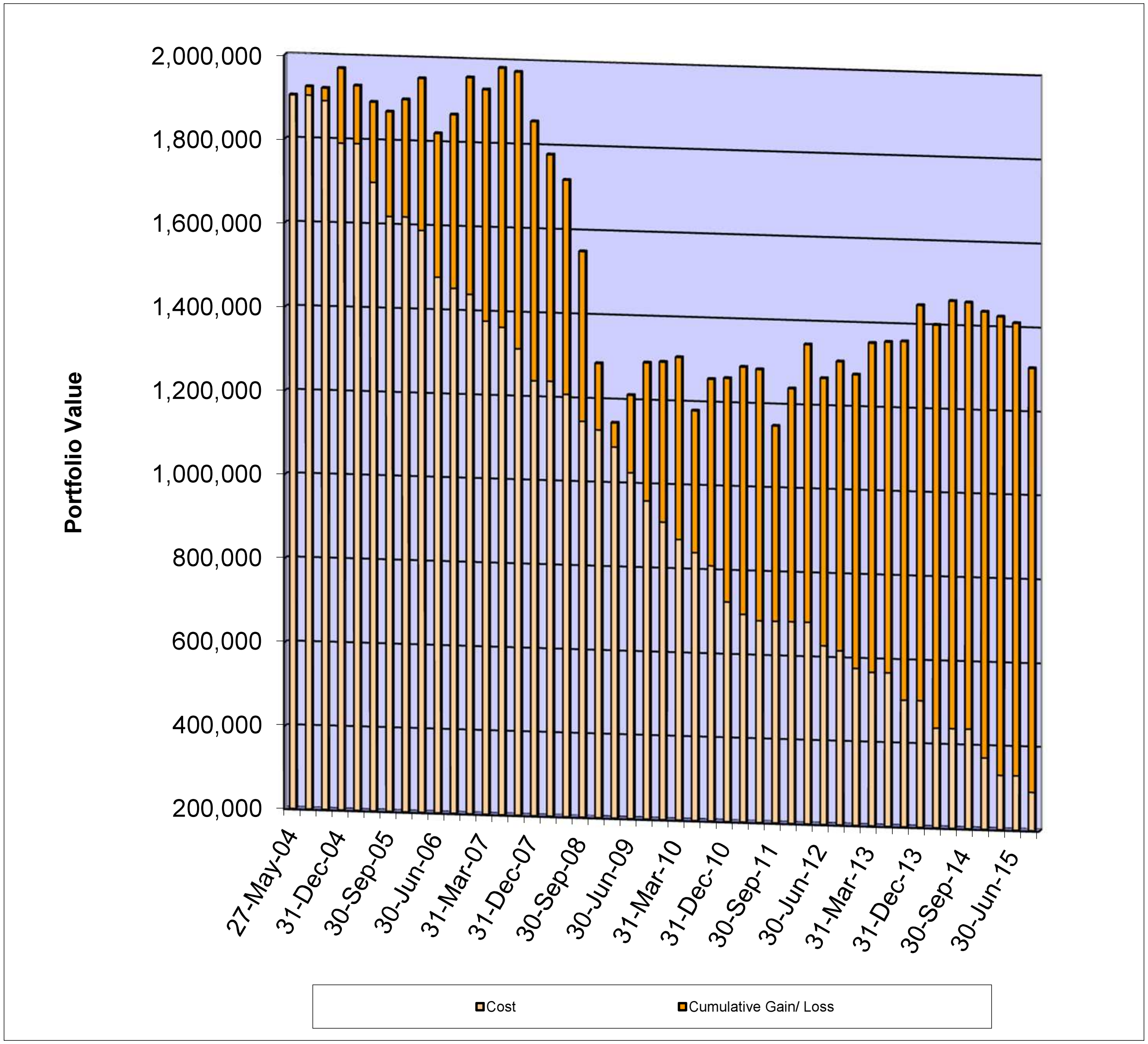
SECTION 1

Assets Compared To Plan Obligations (September 30, 2015)

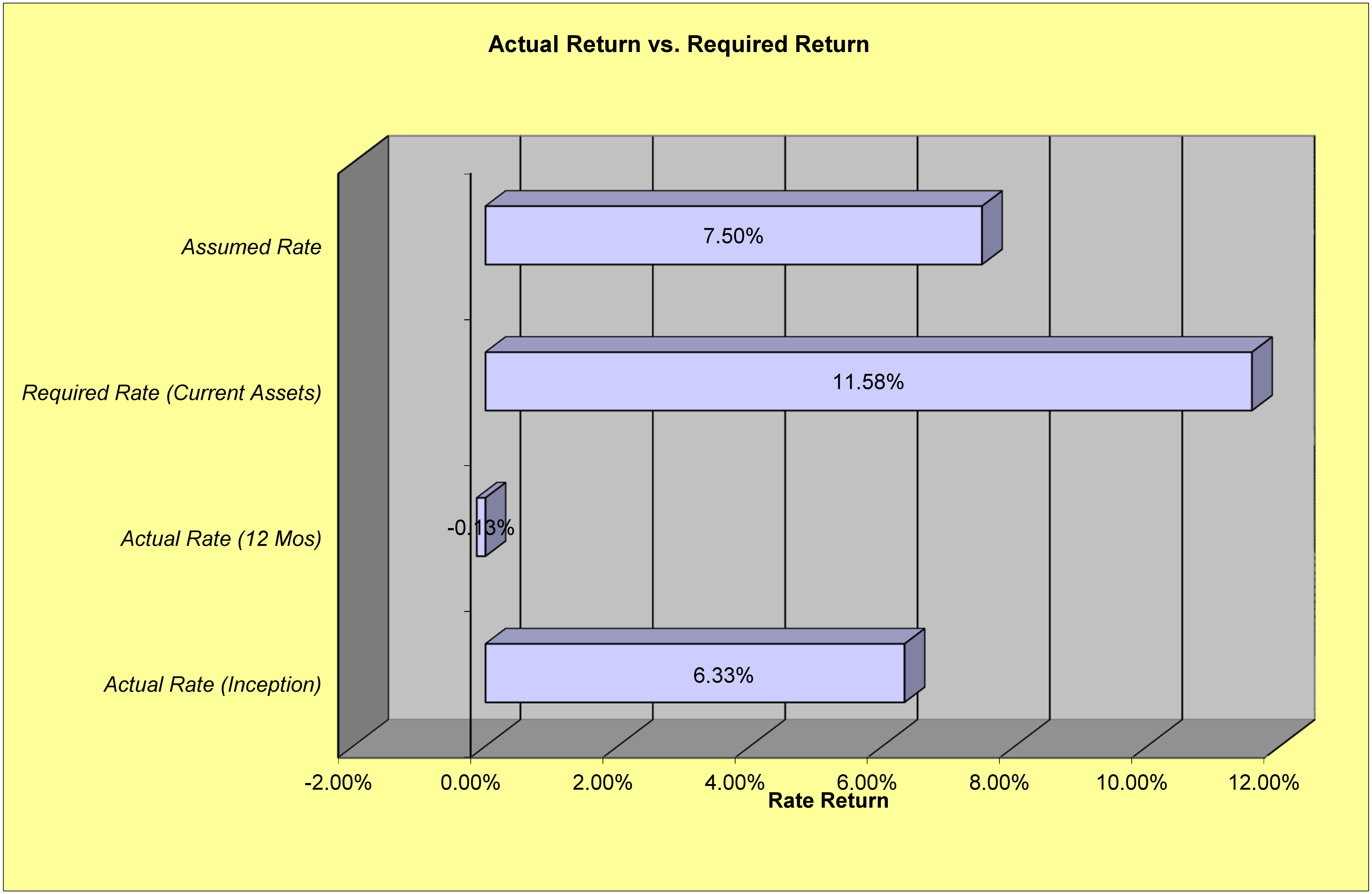
Lake Park Retired Police Officers' Pension Fund



Summary of Values	
Quarterly Earnings	-67,228.33
Fiscal YTD Earnings	-2,732.06
Inception Earnings	1,013,958.96
Inception Cost	293,277.79
Inception Withdrawals	-1,611,639.32

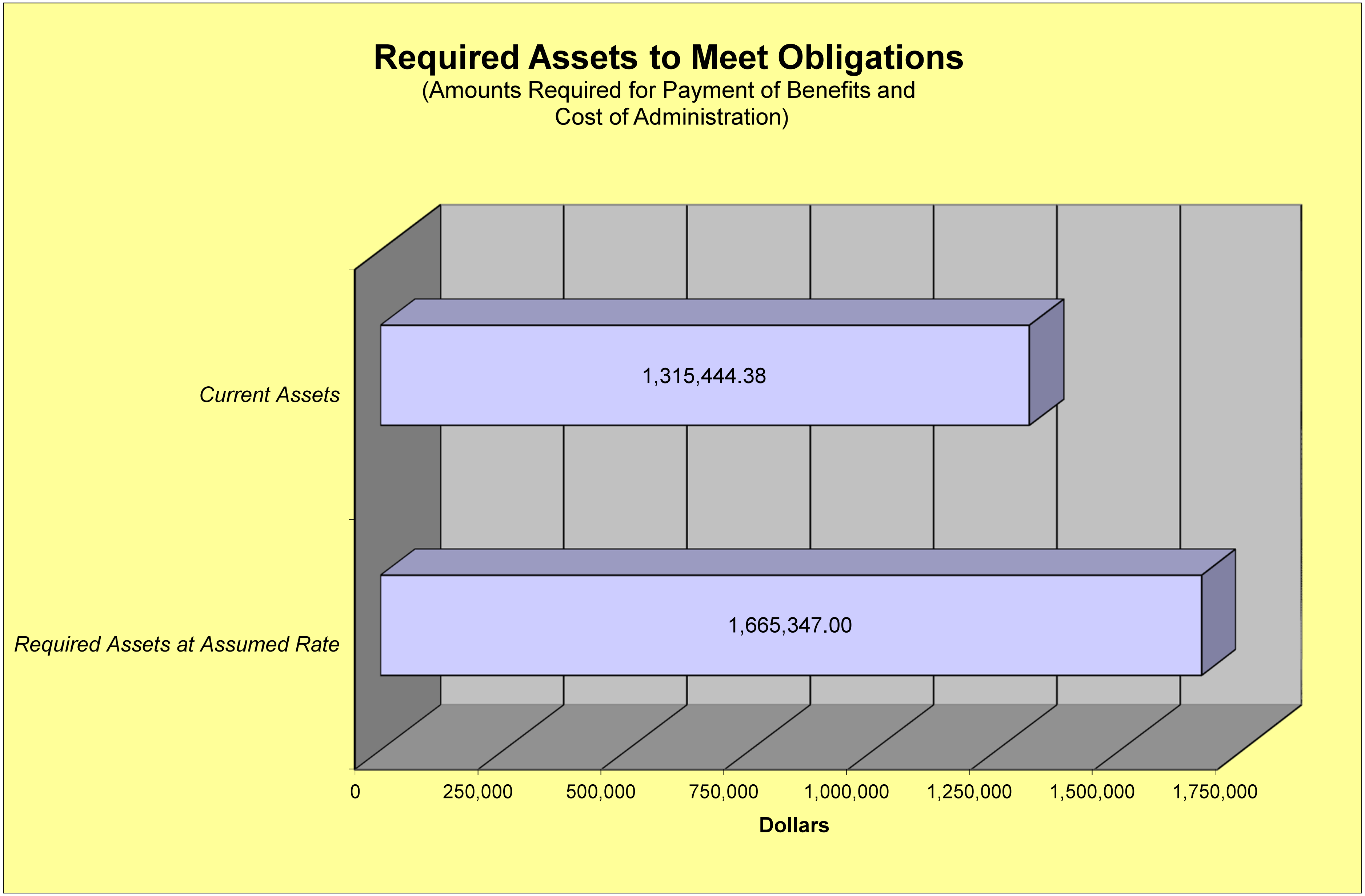
Actual Investment Return Compared To Required Investment Return

Lake Park Retired Police Officers' Pension Fund



Assets Compared To Plan Obligations (September 30, 2015)

Lake Park Retired Police Officers' Pension Fund



QUARTERLY PERFORMANCE SUMMARY

SECTION 2

Assets Compared To Plan Obligations (September 30, 2015)

Lake Park Retired Police Officers' Pension Fund

	Quarter		Fiscal Year		1 Year Average		3 Year Average		5 Year Average		10 Year Average		Inception** Cumulative
Ranked Against Morningstar Balanced Manager Universe:													
Total Fund	**-4.76%**	**(41)**	**-0.13%**	**(14)**	**-0.13%**	**(14)**	**9.34%**	**(1)**	**9.69%**	**(6)**	**6.01%**	**(20)**	**103.40%**
Ranked Against Sample of Large Cap Equity Portfolios:													
Equity Portfolio	**-6.48%**	**(38)**	**-0.79%**	**(24)**	**-0.79%**	**(24)**	**11.49%**	**(20)**	**11.85%**	**(20)**	**6.25%**	**(27)**	**114.38%**
Ranked Against Sample of Intermediate Term Fixed Income Portfolios:													
Total Fixed Income Portfolio	**-0.50%**	**(35)**	**0.43%**	**(36)**	**0.43%**	**(36)**	**1.09%**	**(85)**	**2.33%**	**(90)**	**3.38%**	**(86)**	**46.77%**
Ranked Against Morningstar Balanced Manager Universe:													
Total Benchmark	**-3.76%**	**(20)**	**0.70%**	**(7)**	**0.70%**	**(7)**	**8.68%**	**(8)**	**9.76%**	**(5)**	**5.62%**	**(28)**	**86.62%**
S&P 500	-6.44%	(37)	-0.62%	(22)	-0.62%	(22)	12.40%	(13)	13.06%	(11)	5.55%	(41)	87.29%
Barclay Lehman Aggregate Bond	1.23%	(16)	2.94%	(9)	2.94%	(9)	1.70%	(73)	3.11%	(77)	4.64%	(38)	66.30%

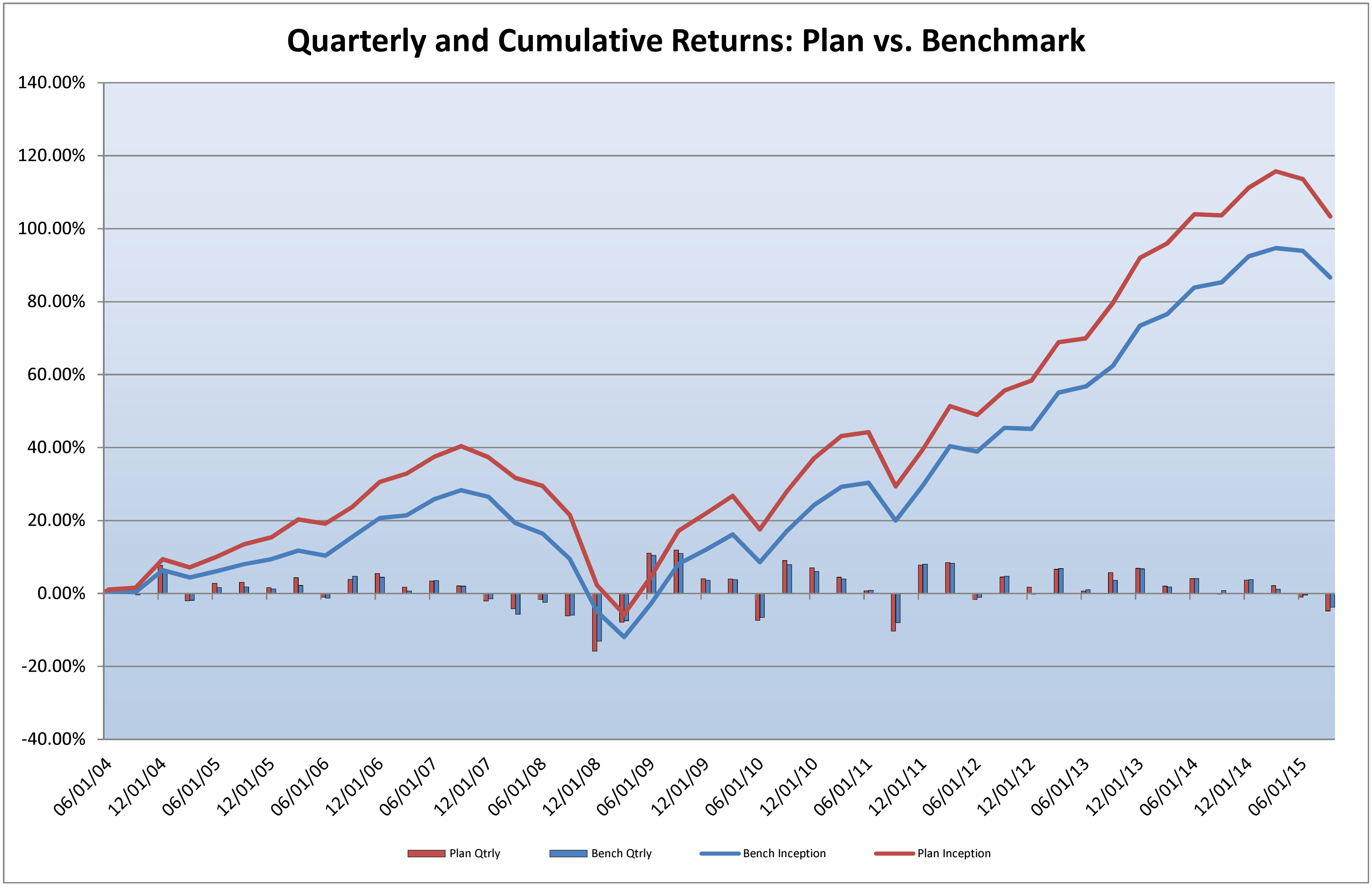
** Inception date 5/27/2004.

Assets Compared To Plan Obligations (September 30, 2015)

Lake Park Retired Police Officers' Pension Fund

Security Name	Category	Beginning Value	Unrealized Gain/ Loss	Dividends/ Distributions	Additions/ Withdrawals	Return (Cash Basis)	Current Market Value	Target Allocation	Current Allocation
iShares DJ Real Estate Index	Specialty-Real Estate	66,736.80	295.76	623.36	0.00	0.44%	66,409.20	5.0%	5.1%
iShares MSCI EAFE	Foreign Large Blend	121,646.84	-9,692.49	2,129.23	0.00	-7.97%	109,825.12	9.0%	8.4%
iShares R2000 Growth	Small Growth	13,757.62	-1,787.34	46.95	0.00	-12.99%	11,923.33	1.0%	0.9%
iShares SP 400 Barra Growth	Mid-Cap Growth	54,748.50	-3,872.22	136.21	0.00	-7.07%	50,740.07	4.0%	3.9%
iShares SP 400 Barra Value	Mid-Cap Value	13,669.76	-1,387.15	55.98	0.00	-10.15%	12,226.63	1.0%	0.9%
iShares SP 500 Barra Growth	Large Growth	341,693.86	-16,806.48	1,379.58	0.00	-4.92%	323,507.80	25.0%	24.7%
iShares SP 500 Barra Value	Large Value	354,731.87	-29,395.52	2,072.94	0.00	-8.29%	323,263.41	26.0%	24.7%
Equity Subtotal		**966,985.25**	**-62,645.44**	**6,444.25**	**0.00**	**-6.48%**	**897,895.56**	**71.0%**	**68.7%**
Dreyfus Global Fixed Income A	World Bond	238,745.71	22.37	0.00	0.00	0.01%	238,768.08	17.0%	18.3%
iShares Barclays TIPS Bond	Long Government	167,850.90	-2,037.28	0.00	0.00	-1.21%	165,813.62	12.0%	12.7%
Fixed Income Subtotal		**406,596.61**	**-2,014.91**	**0.00**	**0.00**	**-0.50%**	**404,581.70**	**29.0%**	**30.9%**
Schwab Money Market Fund	Cash	39,883.22	0.00	0.33	-39,000.00	0.01%	4,759.49	0.0%	0.4%
Total Plan		**1,413,465.08**	**-64,660.35**	**6,444.58**	**-39,000.00**	**-4.76%**	**1,307,236.75**	**100.0%**	**100.0%**

Barclay Aggregate Bond	Total Bond					1.23%		35.0%	
S&P 500	Large Core					-6.44%		65.0%	
Total Benchmark						**-3.76%**		**100.0%**	


Quarterly and Cumulative Returns: Plan vs. Benchmark
140.00%
120.00%
100.00%
80.00%
60.00%
40.00%
20.00%
0.00%
-20.00%
-40.00%
06/01/04
12/01/04
06/01/05
12/01/05
06/01/06
12/01/06
06/01/07
12/01/07
06/01/08
12/01/08
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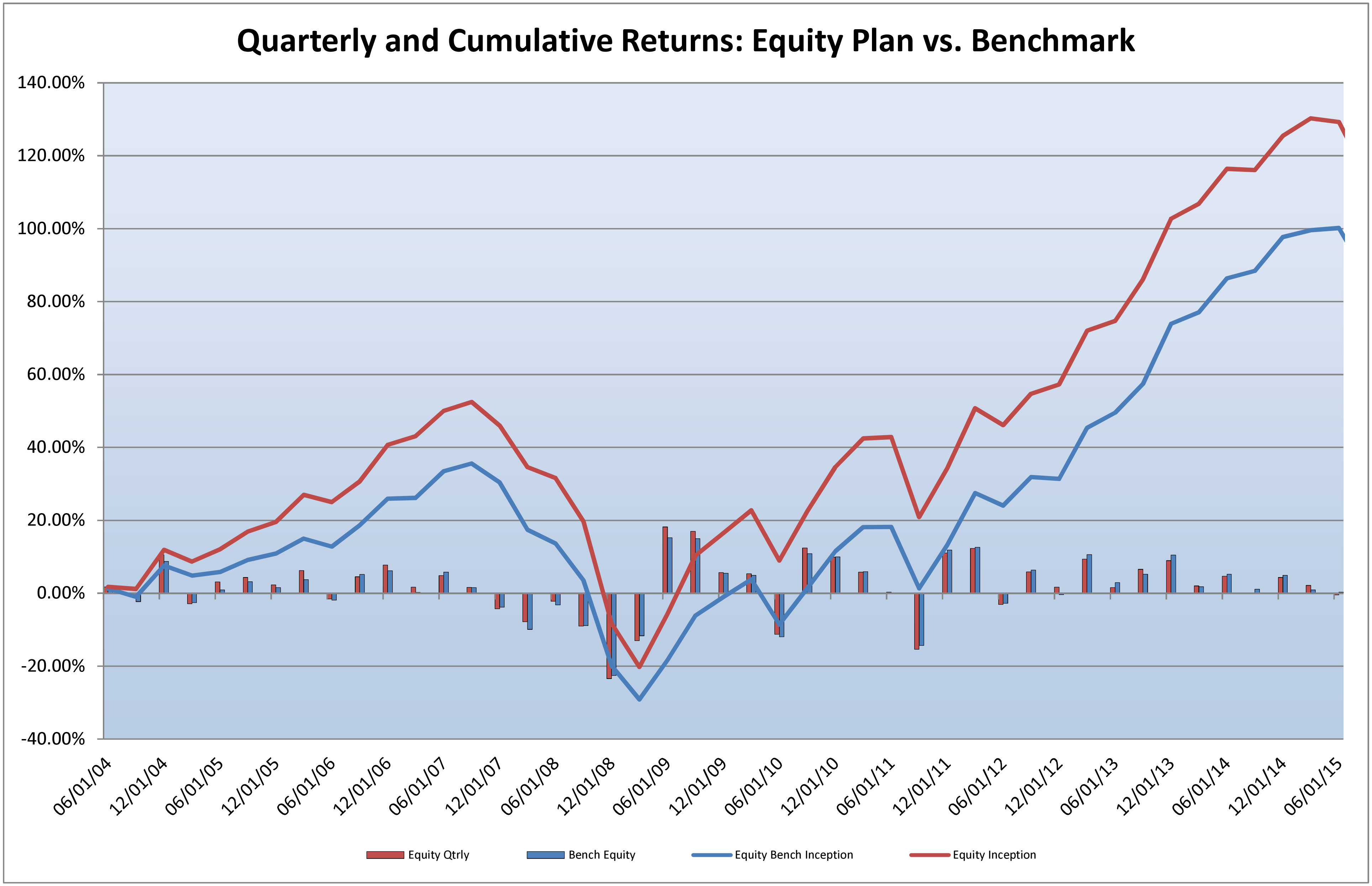
12/01/12
06/01/13
12/01/13
06/01/14
12/01/14
06/01/15
Plan Qtrly
Bench Qtrly
Bench Inception
Plan Inception


Quarterly and Cumulative Returns: Equity Plan vs. Benchmark
140.00%
120.00%
100.00%
80.00%
60.00%
40.00%
20.00%
0.00%
-20.00%
-40.00%
06/01/04
12/01/04
06/01/05
12/01/05
06/01/06
12/01/06
06/01/07
12/01/07
06/01/08
12/01/08
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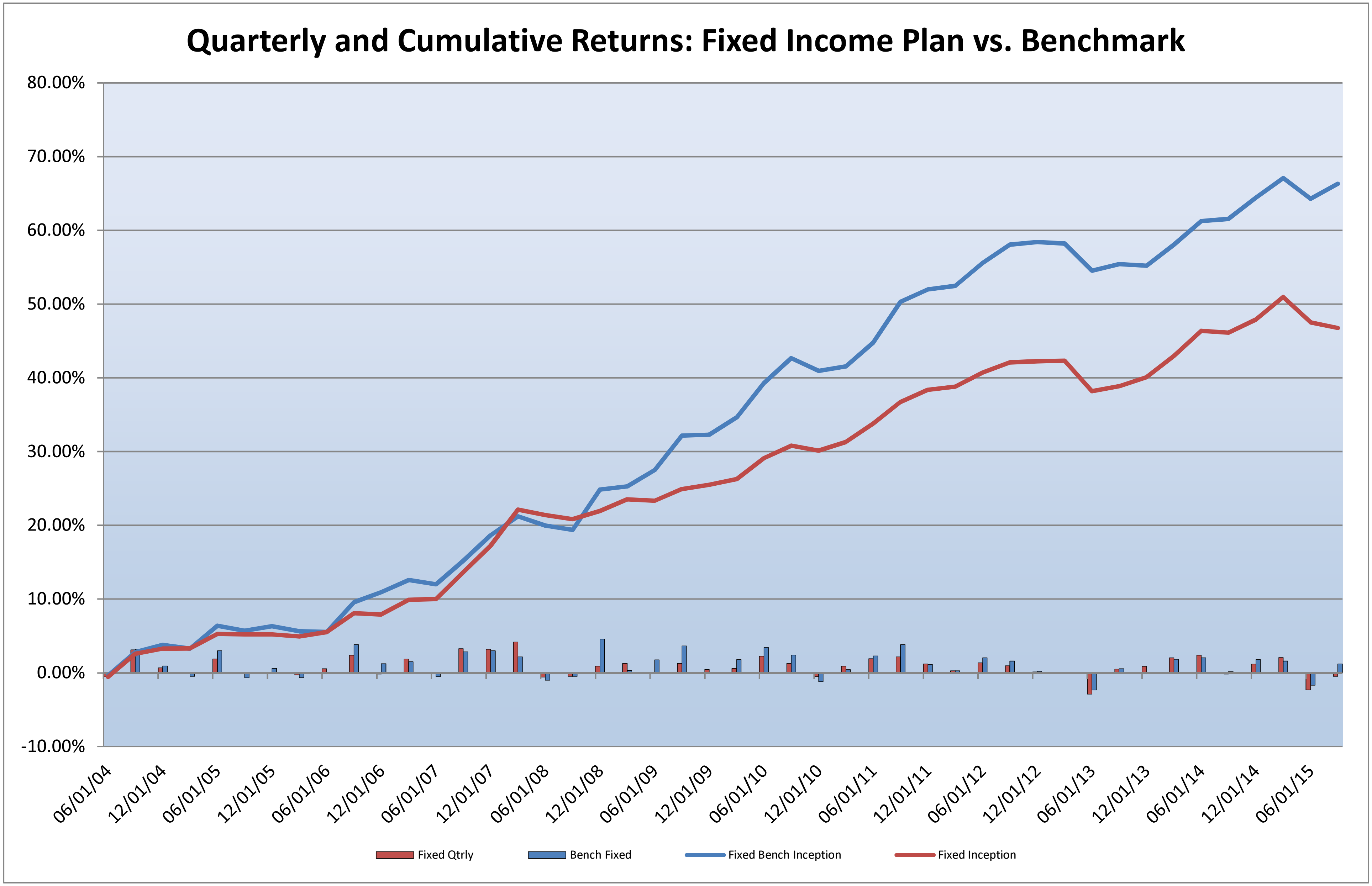
Equity Qtrly
Bench Equity
Equity Bench Inception
Equity Inception



Quarterly and Cumulative Returns: Fixed Income Plan vs. Benchmark
80.00%
70.00%
60.00%
50.00%
40.00%
30.00%
20.00%
10.00%
0.00%
-10.00%
06/01/04
12/01/04
06/01/05
12/01/05
06/01/06
12/01/06
06/01/07
12/01/07
06/01/08
12/01/08
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12/01/12
06/01/13
12/01/13
06/01/14
12/01/14
06/01/15
Fixed Qtrly
Bench Fixed
Fixed Bench Inception
Fixed Inception

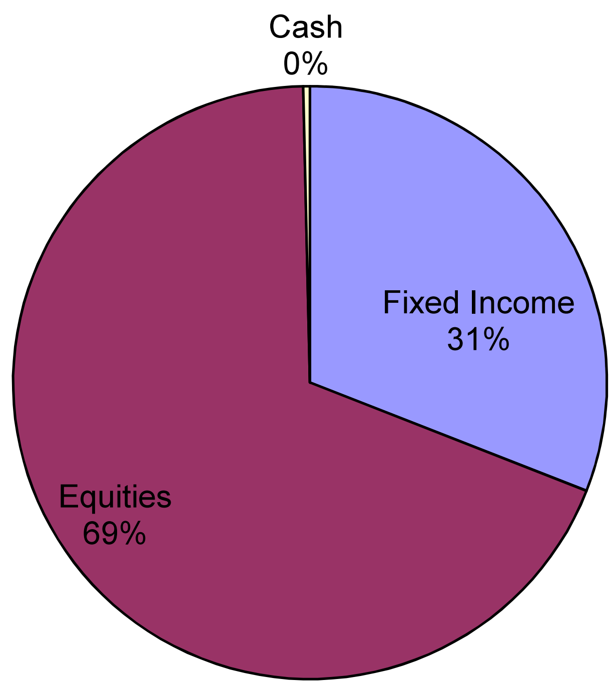
PORTFOLIO CHARACTERISTICS

SECTION 3

Assets Compared To Plan Obligations (September 30, 2015)

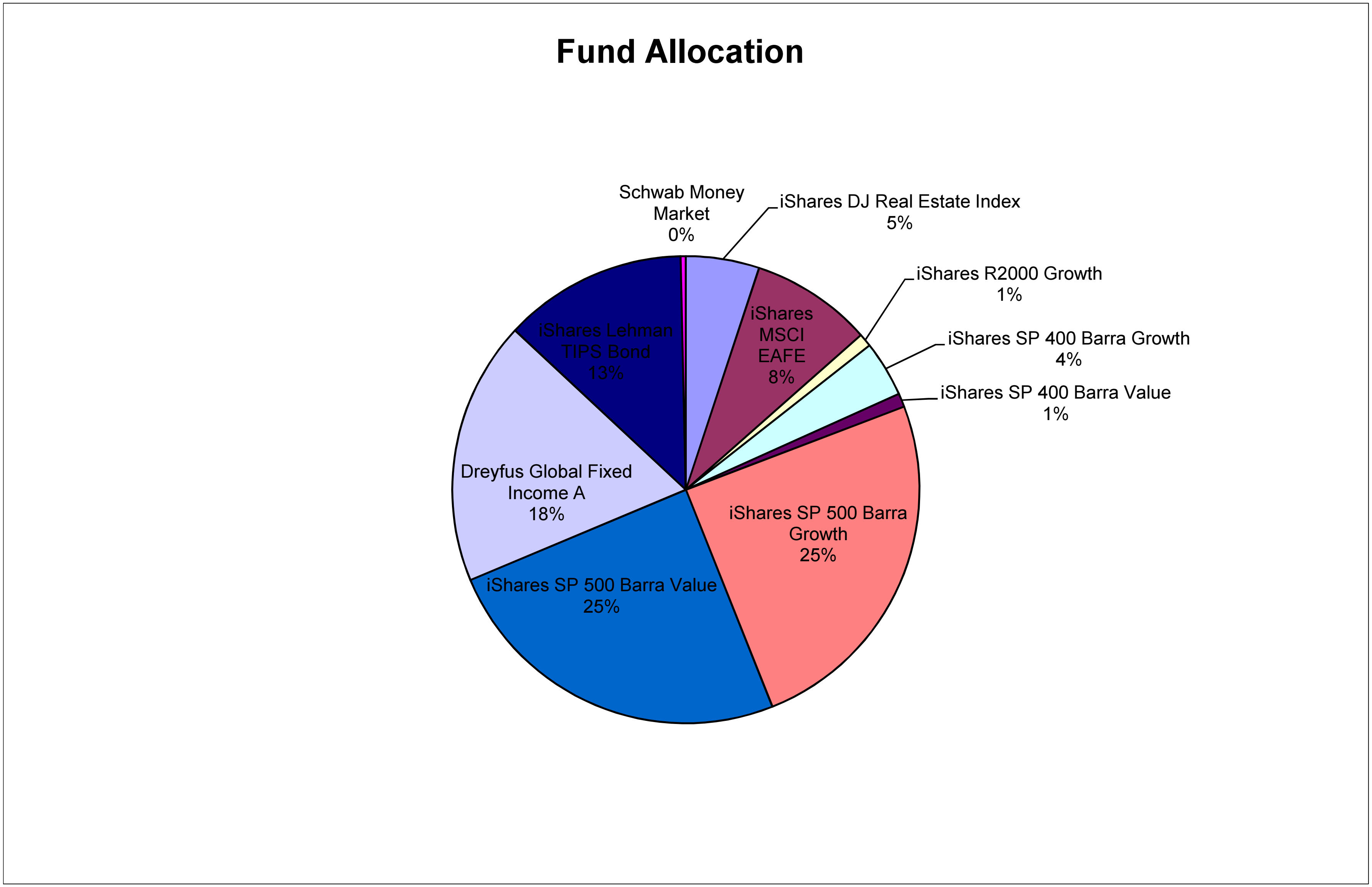
Lake Park Retired Police Officers' Pension Fund

Total Market Value
$1,427,675.05



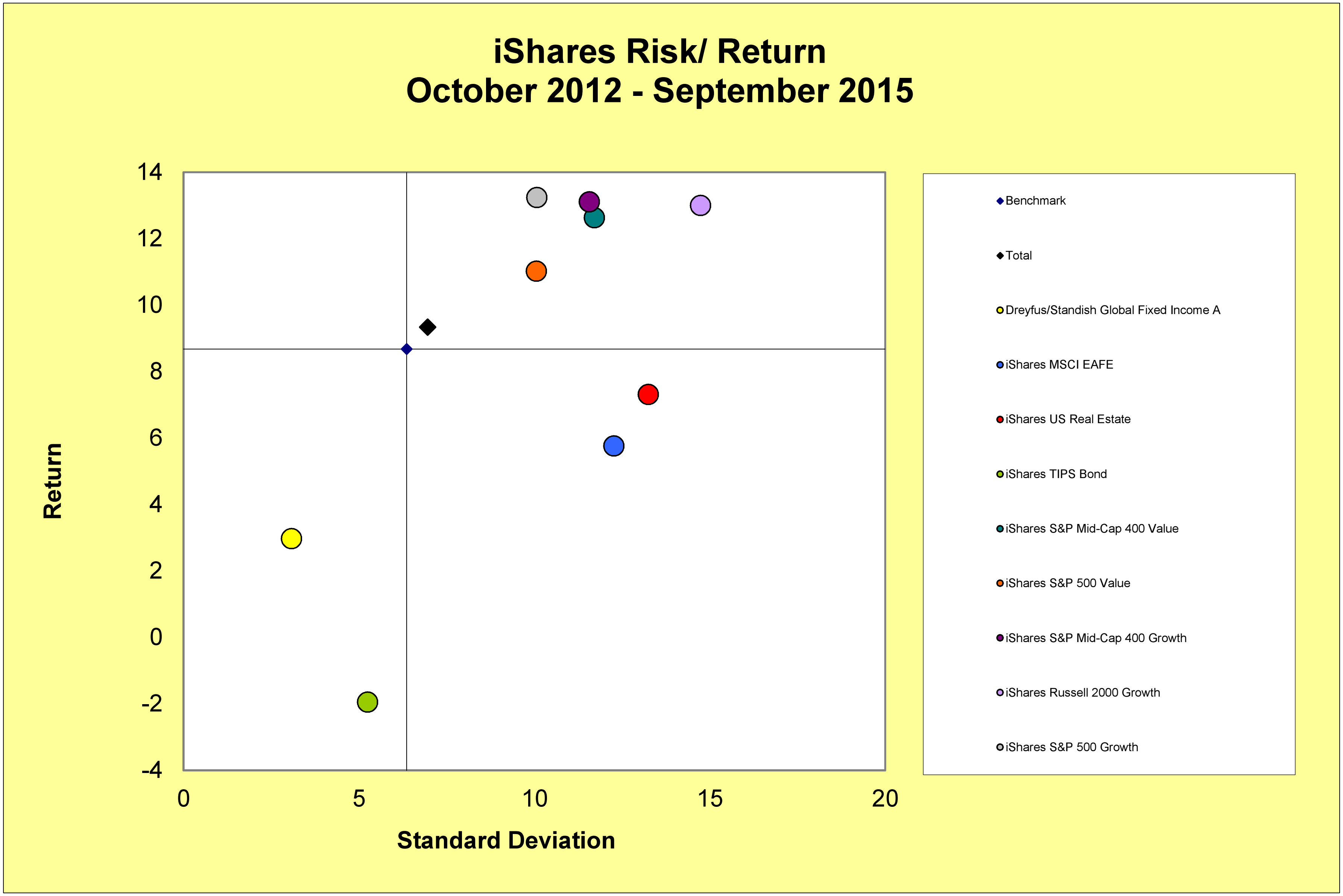
Market Index Fund Allocation (September 30, 2015)

Lake Park Retired Police Officers' Pension Fund



Index Portfolio Manager Risk/ Return Analysis (3 Years)

Lake Park Retired Police Officers' Pension Fund



Assets Compared To Plan Obligations (September 30, 2015)

Lake Park Retired Police Officers' Pension Fund

Degree of Correlation

.70 to 1.0	High
.11 to .69	Moderate
.10 to -.10	None
-.11 to -.69	Moderate Negative
-.70 to -1.0	Highly Negative

		1	2	3	4	5	6	7	8
1	Dreyfus/Standish Global Fixed Income A		0.35	0.27	0.14	0.31	0.19	0.75	0.73
2	iShares MSCI EAFE	0.35		0.75	0.72	0.70	0.67	0.37	0.40
3	iShares S&P 500 Growth	0.27	0.75		0.89	0.86	0.80	0.15	0.38
4	iShares S&P 500 Value	0.14	0.72	0.89		0.79	0.88	-0.00	0.28
5	iShares S&P Mid-Cap 400 Growth	0.31	0.70	0.86	0.79		0.89	0.21	0.48
6	iShares S&P Mid-Cap 400 Value	0.19	0.67	0.80	0.88	0.89		0.15	0.39
7	iShares TIPS Bond	0.75	0.37	0.15	-0.00	0.21	0.15		0.68
8	iShares US Real Estate	0.73	0.40	0.38	0.28	0.48	0.39	0.68	

Assets Compared To Plan Obligations (September 30, 2015)

iShares Information

% Holding Net Assets	Underlying Stocks - Holding	%Portfolio Net Assets	Number of Shares	Market Value $
	Apple Inc	1.72	198.82	22,419.09
6.93	iShares S&P 500 Growth	1.72	198.82	22,419.09
	Exxon Mobil Corporation	0.96	166.27	12,510.29
3.87	iShares S&P 500 Value	0.96	166.27	12,510.29
	Microsoft Corp	0.93	279.5	12,163.89
3.76	iShares S&P 500 Growth	0.93	279.5	12,163.89
	General Electric Co	0.76	401.15	9,956.51
3.08	iShares S&P 500 Value	0.76	401.15	9,956.51
	Berkshire Hathaway Inc Class B	0.75	72.59	9,730.23
3.01	iShares S&P 500 Value	0.75	72.59	9,730.23
	Johnson & Johnson	0.73	101.86	9,572.54
1.61	iShares S&P 500 Growth	0.4	55.42	5,208.48
1.35	iShares S&P 500 Value	0.34	46.44	4,364.06
	JPMorgan Chase & Co	0.73	147.76	9,471.62
2.93	iShares S&P 500 Value	0.73	147.76	9,471.62
	Wells Fargo & Co	0.72	177.05	9,441.90
1.07	iShares S&P 500 Growth	0.27	64.91	3,461.53
1.85	iShares S&P 500 Value	0.46	112.14	5,980.37
	AT&T Inc	0.62	244.39	8,113.91
2.51	iShares S&P 500 Value	0.62	244.39	8,113.91
	Pfizer Inc	0.61	244.81	7,887.63
2.44	iShares S&P 500 Value	0.61	244.81	7,887.63
	Verizon Communications Inc	0.57	162.3	7,467.38
2.31	iShares S&P 500 Value	0.57	162.3	7,467.38
	Procter & Gamble Co	0.55	100.67	7,114.24
1	iShares S&P 500 Growth	0.25	45.78	3,235.08
1.2	iShares S&P 500 Value	0.3	54.89	3,879.16
	Amazon.com Inc	0.52	13.18	6,761.31
2.09	iShares S&P 500 Growth	0.52	13.18	6,761.31
	Bank of America Corporation	0.52	417.43	6,820.86
2.11	iShares S&P 500 Value	0.52	417.43	6,820.86
	Simon Property Group Inc	0.51	37.15	6,662.74
0.6	iShares S&P 500 Growth	0.15	10.82	1,941.05
7.11	iShares US Real Estate	0.36	26.33	4,721.69
	Citigroup Inc	0.5	120.89	6,465.27

% Holding Net Assets	Underlying Stocks - Holding	%Portfolio Net Assets	Number of Shares	Market Value $
2	iShares S&P 500 Value	0.5	120.89	6,465.27
	Facebook Inc Class A	0.5	72.71	6,502.51
2.01	iShares S&P 500 Growth	0.5	72.71	6,502.51
	Google Inc Class A	0.49	9.89	6,405.45
1.98	iShares S&P 500 Growth	0.49	9.89	6,405.45
	Google Inc Class C Capital Stocl	0.47	9.89	6,114.30
1.89	iShares S&P 500 Growth	0.47	9.89	6,114.30
	Chevron Corp	0.46	74.64	6,045.03
1.87	iShares S&P 500 Value	0.46	74.64	6,045.03
	Coca-Cola Co	0.44	144.75	5,691.68
0.92	iShares S&P 500 Growth	0.23	75.69	2,976.27
0.84	iShares S&P 500 Value	0.21	69.06	2,715.41
	Merck & Co Inc	0.43	104.49	5,627.05
0.93	iShares S&P 500 Growth	0.23	55.87	3,008.62
0.81	iShares S&P 500 Value	0.2	48.62	2,618.43
	Walt Disney Co	0.42	53.98	5,499.63
1.7	iShares S&P 500 Growth	0.42	53.98	5,499.63
	Gilead Sciences Inc	0.41	50.8	5,337.88
1.65	iShares S&P 500 Growth	0.41	50.8	5,337.88
	International Business Machines	0.41	36.5	5,398.50
1.67	iShares S&P 500 Value	0.41	36.5	5,398.50
	Home Depot Inc	0.4	44.72	5,208.48
1.61	iShares S&P 500 Growth	0.4	44.72	5,208.48
	Comcast Corp Class A	0.39	91.29	5,142.36
1.01	iShares S&P 500 Growth	0.25	58.01	3,267.43
0.58	iShares S&P 500 Value	0.14	33.28	1,874.93
	PepsiCo Inc	0.39	54.28	5,045.06
0.88	iShares S&P 500 Growth	0.22	30.63	2,846.87
0.68	iShares S&P 500 Value	0.17	23.65	2,198.19
	Cisco Systems Inc	0.37	184.95	4,786.50
0.9	iShares S&P 500 Growth	0.22	112.5	2,911.57
0.58	iShares S&P 500 Value	0.14	72.45	1,874.93
	Visa Inc Class A	0.37	66.7	4,755.56
1.47	iShares S&P 500 Growth	0.37	66.7	4,755.56
	American Tower Corp	0.36	50.54	4,659.27
0.42	iShares S&P 500 Growth	0.1	14.74	1,358.73
4.97	iShares US Real Estate	0.25	35.8	3,300.54

% Holding Net Assets	Underlying Stocks - Holding	%Portfolio Net Assets	Number of Shares	Market Value $
	Intel Corp	0.36	164.36	4,690.86
1.45	iShares S&P 500 Growth	0.36	164.36	4,690.86
	Philip Morris International Inc	0.35	57.14	4,559.80
0.73	iShares S&P 500 Growth	0.18	29.59	2,361.61
0.68	iShares S&P 500 Value	0.17	27.55	2,198.19
	Oracle Corporation	0.33	115.1	4,269.10
0.83	iShares S&P 500 Growth	0.21	72.39	2,685.11
0.49	iShares S&P 500 Value	0.12	42.71	1,583.99
	Allergan PLC	0.32	13.53	4,108.55
1.27	iShares S&P 500 Growth	0.32	13.53	4,108.55
	UnitedHealth Group Inc	0.32	35.5	4,106.87
0.58	iShares S&P 500 Growth	0.14	16.22	1,876.35
0.69	iShares S&P 500 Value	0.17	19.28	2,230.52
	Amgen Inc	0.31	26.22	3,979.15
1.23	iShares S&P 500 Growth	0.31	26.22	3,979.15
	CVS Health Corp	0.31	38.86	3,979.15
1.23	iShares S&P 500 Growth	0.31	38.86	3,979.15
	Wal-Mart Stores Inc	0.31	62.92	4,073.12
1.26	iShares S&P 500 Value	0.31	62.92	4,073.12
	AbbVie Inc	0.29	59.61	3,720.34
1.15	iShares S&P 500 Growth	0.29	59.61	3,720.34
	Altria Group Inc	0.28	67.62	3,623.29
1.12	iShares S&P 500 Growth	0.28	67.62	3,623.29
	Bristol-Myers Squibb Company	0.28	61.44	3,654.24
0.56	iShares S&P 500 Growth	0.14	30.46	1,811.64
0.57	iShares S&P 500 Value	0.14	30.98	1,842.60
	Schlumberger NV	0.28	47.23	3,654.08
0.49	iShares S&P 500 Growth	0.12	20.49	1,585.19
0.64	iShares S&P 500 Value	0.16	26.74	2,068.89
	Medtronic PLC	0.27	49.23	3,558.59
1.1	iShares S&P 500 Growth	0.27	49.23	3,558.59
	Public Storage	0.27	17.29	3,479.93
0.31	iShares S&P 500 Growth	0.08	4.98	1,002.87
3.73	iShares US Real Estate	0.19	12.31	2,477.06
	Crown Castle International Corp	0.26	40.23	3,354.61
0.3	iShares S&P 500 Growth	0.07	11.64	970.52
3.59	iShares US Real Estate	0.18	28.59	2,384.09
	McDonald's Corp	0.26	35.73	3,395.51

% Holding Net Assets	Underlying Stocks - Holding	%Portfolio Net Assets	Number of Shares	Market Value $
0.51	iShares S&P 500 Growth	0.13	17.36	1,649.89
0.54	iShares S&P 500 Value	0.13	18.37	1,745.62
	3M Co	0.25	22.98	3,266.52
0.64	iShares S&P 500 Growth	0.16	14.57	2,070.45
0.37	iShares S&P 500 Value	0.09	8.41	1,196.07
	American International Group Inc	0.25	53.04	3,200.31
0.99	iShares S&P 500 Value	0.25	53.04	3,200.31
	Celgene Corp	0.25	27.4	3,235.08
1	iShares S&P 500 Growth	0.25	27.4	3,235.08
	Top Equity Holdings			**306,687.77**

INVESTMENT POLICY COMPLIANCE CHECKLIST

SECTION 4

Investment Policy Compliance Checklist (September 30, 2015)

Lake Park Retired Police Officers' Pension Fund

Investment Guidelines:	In Compliance?
Equity Portfolio	
No prohibited investments	✓
Single issues does not exceed 5% of equity portfolio at cost	✓
Foreign equities shall not exceed 10% of total portfolio at cost	✓
Real estate shall not exceed 10% of total portfolio at cost	✓
Fixed Income Portfolio	
Single issuer does not exceed 5% of fixed income portfolio at cost	✓
Bonds rated in one of four highest classifications	✓
Asset Allocation	
Equities do not exceed 70% of portfolio at cost	✓
Target allocation objectives met	✓
Index Funds	
Acceptable tracking error	✓
No regulatory breach or ethical failure	✓
Standard deviation less than 120% of benchmark	✓

Performance Objectives:	Objectives Met? 3 Yr	5 Yr
Policy		
Fiscal year return exceed actuarial assumption	✓	✓
Returns exceed benchmark for 3- and 5- year periods	✓	No
Returns in top 40th percentile for 3- and 5- year periods	✓	✓
Returns meet projected cash requirements for future obligations	✓	✓
Performance Since Reinvestment		
Returns exceed benchmark	✓	
Reurns in top 40th percentile	✓	
Returns meet projected cash requirements for future obligations	No	

APPENDIX

MARKET COMMENTARY

APPENDIX: SECTION A

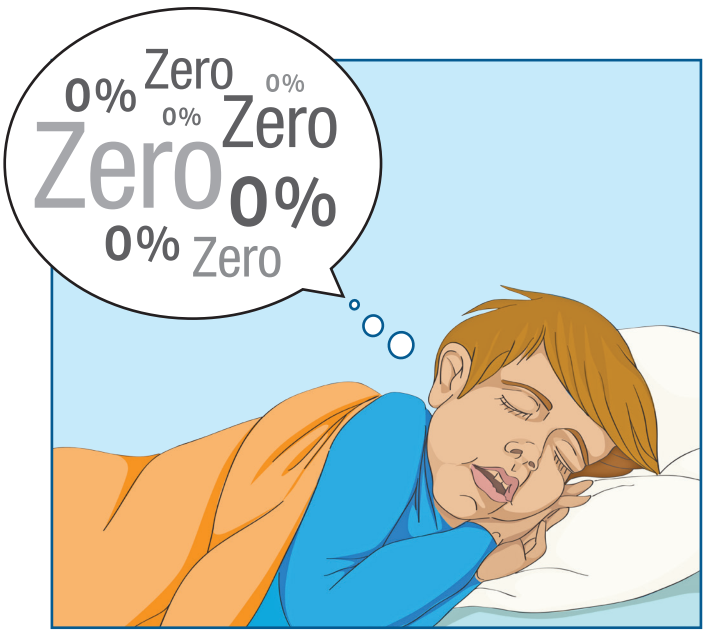
JANUS CAPITAL Group

Investment Outlook

from Bill Gross

October 2015

Saved by Zero?



So the Fed has chosen to hold off on their goal of normalizing interest rates and the ECB has countered with the threat of extending their scheduled QE with more checks and more negative interest rates and the investment community wonders how long can this keep goin' on. For a long time I suppose, as evidenced by history at least. Ken Rogoff and Carmen Reinhart have meticulously documented periods of "financial repression", long stretches of years and in some cases decades where short-term and even long-term yields were capped and suppressed below the level of inflation. In the U.S. the most recent repressive cycle extended from 1930 to 1979, nearly half a century during which investors on average earned 1.5% less than the rate their principal was eroding due to inflation. It was a savers nightmare.

But then Paul Volcker turned the bond market upside down and ever since (until 2009), financial markets enjoyed positive real yields and a kick in the pants boost to other asset prices, as those yields gradually came down and increased the present value of bonds, stocks and real estate. Low or zero interest rates it seems do wonders for asset prices and for a time even stabilize real economies, but they come with baggage and as zero or near zero becomes the expected norm, the luggage increasingly grows heavier. Model driven central banks seem not to notice. Accustomed to Taylor Rules and Phillips Curves, their commentary is almost obsessively focused on employment statistics and their ultimate impact on inflation. Lost in translation however, or perhaps lost in transition to a New Normal financial economy, is the fact that while 0% or .25% or other countries' financially suppressed yields might be appropriate for keeping their economy's head above water, they act as a weight or an economic "sinker" that ultimately lowers economic growth as well.

No Model will lead to this conclusion. Only the Japanese experience of the last several decades seems to give a hint, but the aging demographics of their society is offered as a convenient excuse for their experience. Zero is never mentioned as a complicit accomplice, especially since inflation itself has averaged much the same. But models aside, there should be space in an economic textbook or the minutes of a central bank meeting to acknowledge the destructive influence of 0% interest rates over the intermediate and longer term.

Zero destroys existing business models such as life insurance company balance sheets and pension funds, which in turn are expected to use the proceeds to pay benefits for an aging boomer society.

How so? Because zero bound interest rates destroy the savings function of capitalism, which is a necessary and in fact synchronous component of investment. Why that is true is not immediately apparent. If companies can borrow close to zero, why wouldn't they invest the proceeds in the real economy? The evidence of recent years is that they have not. Instead they have plowed trillions into the financial economy as they buy back their own stock with a seemingly safe tax advantaged arbitrage. But more importantly, zero destroys existing business models such as life insurance company balance sheets and pension funds, which in turn are expected to use the proceeds to pay benefits for an aging boomer society. These assumed liabilities were based on the assumption that a balanced portfolio of stocks and bonds would return 7-8% over the long term. Now with corporate bonds at 2-3%, it is obvious that to pay for future health, retirement and insurance related benefits, stocks must appreciate by 10% a year to meet the targeted assumption. That, of course, is a stretch of some accountant's or actuary's imagination.

Do central bankers not observe that Detroit, Puerto Rico, and soon Chicago, Illinois cannot meet their promised liabilities? Do they simply chalk it up to bad management and inept governance and then return to their Phillips Curves for policy guidance? Do they not know that if zero were to become the long-term norm, that any economic participant that couldn't print its own money (like they can), would soon "run on empty" as Blackstone's Pete Peterson once expressed it in describing our likely future scenario? The developed world is beginning to run on empty because investments discounted at near zero over the intermediate future cannot provide cash flow or necessary capital gains to pay for past promises in an aging society. And don't think that those poor insurance companies and gargantuan pension funds in the hundreds of billions are the only losers. Mainstream America with their 401Ks are in a similar pickle. Expecting 8-10% to pay for education, healthcare, retirement or simply taking an accustomed vacation, they won't be doing much of it as long as short term yields are at zero. They are not so much in a pickle barrel as they are on a revolving spit, being slowly cooked alive while central bankers focus on their Taylor models and fight non-existent inflation.

The developed world is beginning to run on empty because investments discounted at near zero over the intermediate future cannot provide cash flow or necessary capital gains to pay for past promises in an aging society.

My advice to them is this: get off zero and get off quick. Will 2% Fed Funds harm corporate America that has already termed out its debt? A little. Will stock and bond prices go down? Most certainly. But like Volcker recognized in 1979, the time has come for a new thesis that restores the savings function to developed economies that permit liability based business models to survive – if only on a shoestring – and that ultimately leads to rejuvenated private investment, which is the essence of a healthy economy. Near term pain? Yes. Long term gain? Almost certainly. Get off zero now!

-William H. Gross

BLACKROCK®

OCT 2015

Investment Directions

HARVEST TIME FOR THE FED?

To make a good wine, knowing when to pick the ripening grapes is very important. The timing greatly affects the quality and character of the finished wine, and that's why winemakers wait patiently for the moment when the grapes' sugar and acidity levels are in perfect balance. In approaching monetary policy, the Federal Reserve (Fed) is still waiting for economic conditions to be ripe for raising interest rates for the first time in a long time. And, there is a lot to consider when the climate is temperamental.

Crush Season

The slowdown in China's economy and its ramifications globally continued to worry investors in the third quarter, driving selloffs in stocks, high yield bonds and commodities. Stock declines alone amounted to a $10 trillion loss in global equity market capitalization for the quarter. With scarce evidence of global growth, the Fed's wait-and-see stance was taken as confirmation of a world economy in limbo. Once again, investors are looking to central banks—not just in the United States, but also Europe, Japan, China and other emerging markets—for largess and monetary stimulus to help push markets higher.

From Barrel to Bottle

Just how long will the Fed put off the first rate hike? Some believe a pullback from the extraordinary monetary support is overdue, yet others find an interest rate increase hard to justify in the current environment of low growth, hints of deflation and elevated market volatility. Whether the perfect moment to exit zero interest rate policy lies in 2015 remains to be seen, though we think a rate increase before year's end is still possible. Officials' remarks suggest that the Fed is not worried about the U.S. economy; however, we think a disappointing jobs report, multiyear low inflation expectations and uncertainties abroad could give the central bank more pause.

A Vintage Portfolio

Even as many seek shelter in high quality bonds, we still prefer a portfolio that overweights international stocks and underweights government bonds. In recent years, ultralow rates have been supportive of income-producing equities, which could come back into vogue as investors gird for an even longer spell of "low-for-long" rates.

WHAT'S NEW:

- Upgrade South Korea to Overweight – Pg. 4
- Upgrade U.S. Utilities to Neutral – Pg. 5
- Recession Ahead? – Pg. 7

SO WHAT DO I DO WITH MY MONEY?®

▲ OVERWEIGHT

- Stocks
- Japanese & European Equities
- Cyclical Sectors
- Munis & High Yield Bonds

▼ UNDERWEIGHT

- Bonds
- U.S. Equities
- Treasuries

ADDITIONALLY, FOCUS ON

Consider currency hedged exposure, given continued strength in the U.S. dollar could erode returns in foreign markets (such as Europe) for dollar-based investors.

Turning Insight Into Action

Many measures of U.S. economic activity have improved this year, but weakness lingers in some areas. Selectivity is important in the U.S. market, where value will vary by sector and individual company.

Consider blending opportunities for core market exposure with high-conviction active solutions that focus on finding value in the market.

CONSIDER

iShares Core® S&P 500 ETF (IVV), iShares Core S&P Total U.S. Stock Market ETF (ITOT), Basic Value Fund (MABAX)

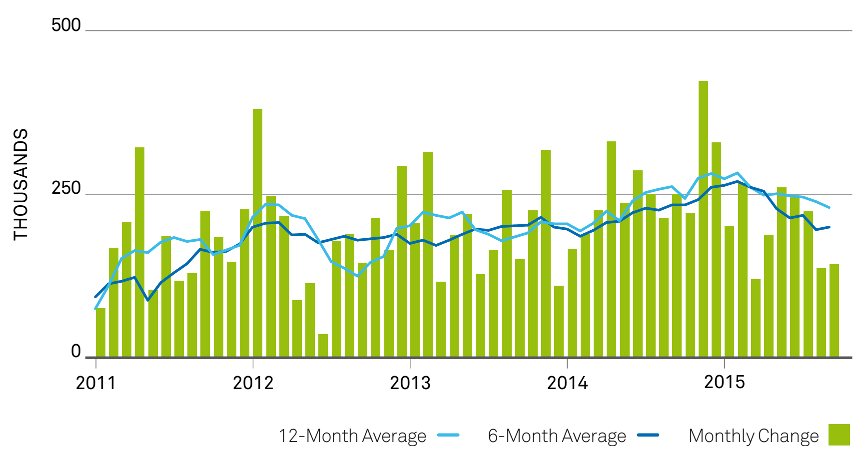
United States

We are underweight in U.S. equities. The outlook for the U.S. economy has taken on a somewhat more pessimistic tone. Despite U.S. resilience against a global economic slowdown thus far, vulnerabilities are emerging in some unexpected places. The labor market recovery, long marked by strong and steady job creation, hit a wall in September. Even after taking into account seasonal weakness typical for this time of the year, job gains were unambiguously weak and numbers from previous months were revised down significantly (see the chart below). Wage growth proved hard to pin down, as labor participation dropped further. In addition, recent manufacturing gauges suggest that the underlying demand for U.S. goods has deteriorated under the weight of a strong U.S. dollar and feeble overseas demand. What's more, inflation expectations have followed commodity prices lower and hit the lowest level since 2009. While we don't believe a U.S. recession is on the horizon, it is becoming clear that the United States is not immune to the global slowdown. In the recent selloffs, U.S. equities declined less than many other major markets, but their expensive valuations could be problematic once the monetary policy environment shifts. We'd rather search for better value and opportunities abroad.

Among U.S. equity factors, we continue to be cautious on momentum stocks—not just biotechnology but also consumer names—given their hefty valuations and vulnerability during times of higher volatility. Investors looking to de-risk their portfolios in the near term may wish to consider low volatility stocks instead, traditionally captured by defensive sectors such as health care and telecommunication services. There is currently less pressure on these high dividend stocks due to the delayed Fed rate hike. Additionally, we like high quality stocks such as information technology (IT). IT stocks, though not always thought of as quality companies, may provide some insulation thanks to their high profitability, stable earnings growth and low financial leverage. For more on our views on U.S. equity factors, please refer to the table on Pg. 8.

A TASTE OF TANNINS

The Fed might have some second thoughts about raising interest rates this year after the job market had such a bad month in September.



Sources: Thomson Reuters Datastream, Bureau of Labor Statistics, BlackRock Investment Institute, as of 10/7/15. Note: Chart shows monthly change in U.S. employment based on nonfarm payrolls.

International Developed Markets

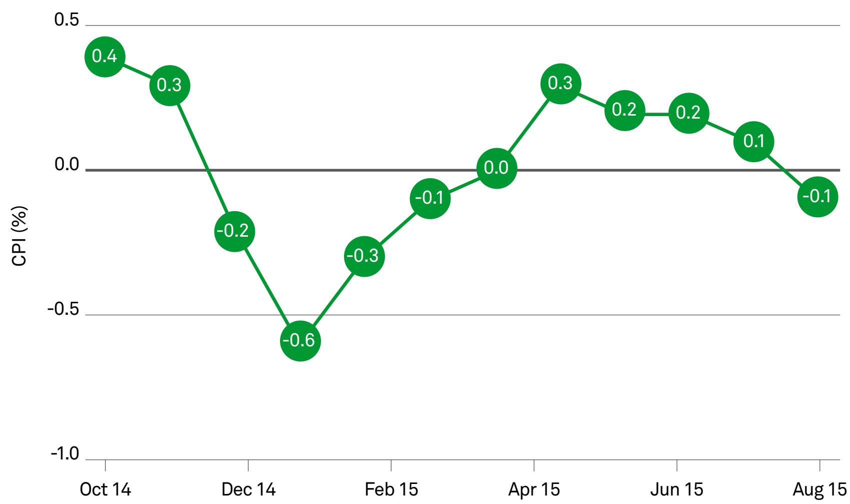
We like eurozone equities, and investors should consider taking advantage of market weakness in recent months to add exposure there. Europe has not been completely unaffected by the global slowdown, though it has shown some resilience lately. Eurozone economic gauges continue to surprise on the upside, in contrast with disappointing U.S. data. However, headline inflation in the single currency bloc fell into negative territory for the first time in six months (see the chart below). Even with rising domestic demand and improved credit dynamics, global deflationary forces on the back of slumping commodity prices and emerging-market growth proved too much to counter. The contractionary inflation reading raised the prospect for an expansion of the European Central Bank's (ECB's) quantitative easing program, which should benefit European equities. In addition, earnings dynamics have turned positive as corporate revenue and profits expectations trend higher.

We are overweight Japanese stocks. To begin with, Japan still has one of the lowest price-to-book valuations in the developed world. Corporate earnings are expected to grow at a robust clip supported by a weak yen, and there are more signs that cash has been put to work to enhance shareholder return. While slowing demand from China presents a key risk to Japanese exports, the likelihood of further stimulus from the government to boost domestic demand is growing. Rising deflationary risk also could push the Bank of Japan to ease further—an act that should support Japanese equities.

We are neutral on Canadian and Australian equities. The global commodity downturn has taken a toll on both economies. Not only did their growth suffer a setback led by resources sectors, but the countries' currencies and stocks were also quick to discount the bad news, underperforming their developed peers significantly year-to-date. Given the degree of price correction, the risk/reward ratios of their equity markets look more or less balanced, in our view.

INFLATION IN PIGEAGE

Eurozone inflation dipped below zero, which could prompt the ECB to increase its already massive bond-buying program.



Source: Eurostat, as of 10/5/15.
Note: Chart shows year-over-year change in eurozone inflation based on the Consumer Price Index (CPI).

Turning Insight Into Action

Earnings growth and valuations of European and Japanese companies are more compelling than for U.S. companies. But renewed strength in the greenback could erode returns in international markets for U.S. dollar-based investors, boosting the allure of currency hedged exposure.

Consider using an active manager with strong stock selection expertise or be selective with index-based exposures.

CONSIDER

Global Long/Short Equity Fund (BDMIX), Global Dividend Fund (BIBDX), Global Allocation Fund (MALOX), iShares MSCI Japan ETF (EWJ), iShares Currency Hedged MSCI Japan ETF (HEWJ), iShares MSCI Eurozone ETF (EZU), iShares Currency Hedged MSCI Eurozone ETF (HEZU), iShares International Select Dividend ETF (IDV)

Emerging Markets

Turning Insight Into Action

It may be time to consider a benchmark exposure in emerging markets, but investors should remain very selective.

Consider accessing specific countries or regions, or use an active manager with expertise to identify potential opportunities.

CONSIDER

iShares MSCI Emerging Markets Asia ETF (EEMA), iShares MSCI Emerging Markets Minimum Volatility ETF (EEMV), Emerging Market Allocation Fund (BEEIX)

We are neutral in emerging markets. Slumping commodity prices continue to pressure emerging-market (EM) economies that count on those exports, while weak growth and dwindling corporate profits prove burdensome. But the diminishing odds of a near-term Fed rate hike seem to provide some temporary relief, as do new stimulus from a number of emerging countries and cheaper currencies. It is still too early to call a bottom in EM stocks, but valuations are now attractive in our view. At their recent lows, EM stocks traded at the largest discount to their developed-market peers in 12 years. For investors with little or no EM exposure, this may be a reasonable time to start slowly reestablishing positions. Particularly, using an active manager could be the way to go for better identifying more granular opportunities in this out-of-favor category.

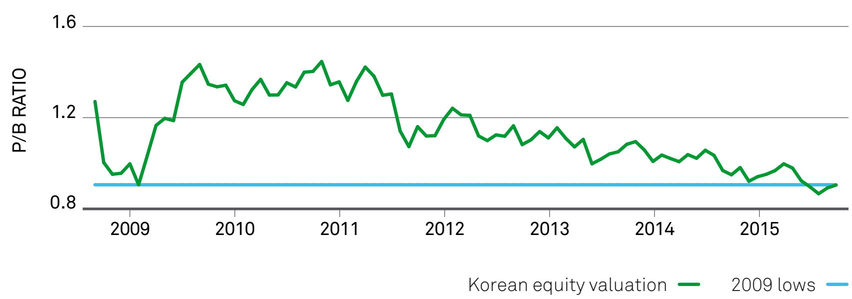
We upgrade South Korea from neutral to overweight. South Korean equities are attractively valued with a price-to-book ratio below the 2009 low (see the chart below). As a major commodity importer, Korea's trade surplus continues to grow thanks to lower energy prices. Accelerating credit growth and fading effects from the MERS outbreak should support the domestic demand recovery. Corporate governance issues are a drag on valuations, but we see signs of improving shareholder returns through rising dividend payouts and share buybacks.

We have a benchmark weight in China with a preference for H-shares.* China's economy continues to languish, but some of the new stimulus measures have helped bring temporary stabilization to the stock market. Meanwhile, there may be catalysts from the party plenum in October: a credible plan on structural reform could lift investor sentiment.

We maintain a neutral view on Brazil. The country faces a number of significant challenges: continued economic contraction, high inflation and possible credit downgrades. Brazilian stocks have sharply retreated from their peak in May, though earnings-based valuation measures do not yet scream bargain because of a fast-deteriorating profit outlook. Although the government is committed to reining in the budget deficit, policy delivery is still being questioned, especially when the political outlook is clouded by the threat of presidential impeachment.

FOR THE CELLAR

Korean equities are no exception to the EM discount; they are at their most attractive pricing level since 2009.



Source: Bloomberg, as of 10/5/15.

Note: Chart shows equity valuation based on the price-to-book (P/B) ratio of companies in the MSCI South Korea Index.

*H-shares broadly reference stocks of Chinese companies listed in Hong Kong, available for trading for all investors globally. A-shares are domestic Chinese stocks traded in Shanghai or Shenzhen, mainly available to domestic Chinese investors, although select qualified foreign institutional investors and Hong Kong retail investors also participate through regulated channels, but with collective ownership in the low single digit percent.

Global Sectors

We are overweight global financials with a preference for European financials. Weakness in recent months has created good entry points for European financials stocks, which are currently trading at a significant discount to their U.S. counterparts. As euro area activity picks up and loan growth improves, we expect local banks to benefit from these trends. Past restructuring efforts are also beginning to have a positive impact on banks' asset quality.

We are underweight U.S. consumer discretionary and global consumer staples. These sectors are trading at a hefty premium, both relative to their own history and to other sectors. For American consumer discretionary companies, the question remains whether or not they can maintain the current double-digit earnings growth if consumption stays soft.

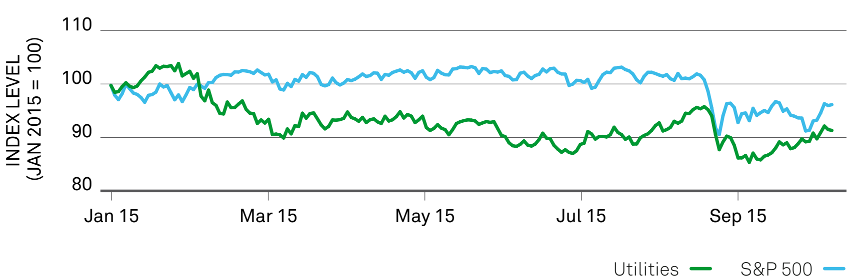
We have a benchmark weight in energy and materials stocks but see relative value in the discounted U.S. drillers, U.S. refiners as well as metals and mining firms. Commodity prices are unlikely to strongly rebound given the subdued global growth outlook, and oil prices should level off without significant reduction in non-U.S. production. We think there may be more opportunities in commodity-related stocks instead.

We hold a neutral weight in health care. Health care had outperformed other sectors by a wide margin this year until recent weeks, when tweets from presidential hopeful Hillary Clinton raised the specter of price controls and increased regulatory scrutiny over the biotechnology industry and triggered a sharp selloff. Rather than a harbinger of bad news for the overall health care sector, we think the correction has more to do with biotech's high valuations after outperformance over the past five years. Health care valuation multiples appear pricey relative to other sectors, but they are reasonable considering robust earnings growth, benign credit conditions, as well as a mergers-and-acquisitions frenzy.

We shift to neutral in U.S. utilities from an underweight. With long-term interest rates stuck at low levels, U.S. utilities stocks seem to be in a less vulnerable position. This is particularly true since this sector has underperformed the rest of the market so far this year (see the chart below).

A LINGERING FINISH

Utilities stocks have lagged the broader U.S. market by a wide margin all year until recently. The Fed's hesitation in normalizing interest rates relieved some of the pressure on the sector.



Source: Bloomberg, as of 10/5/15.

Note: Chart shows the performance of the utilities sector against the overall U.S. market based on the S&P 500.

Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Turning Insight Into Action

Consider cyclical sectors over defensive and dividend-oriented sectors. Consumer staples looks particularly unattractive and vulnerable to rising rates.

Look into potential opportunities in the technology and financials sectors and consider a long/short approach to potentially benefit from any continued market volatility.

CONSIDER

iShares Global Financials ETF (IXG), iShares Global Tech ETF (IXN), iShares U.S. Technology ETF (IYW), Global Long/Short Equity Fund (BDMIX)

Fixed Income

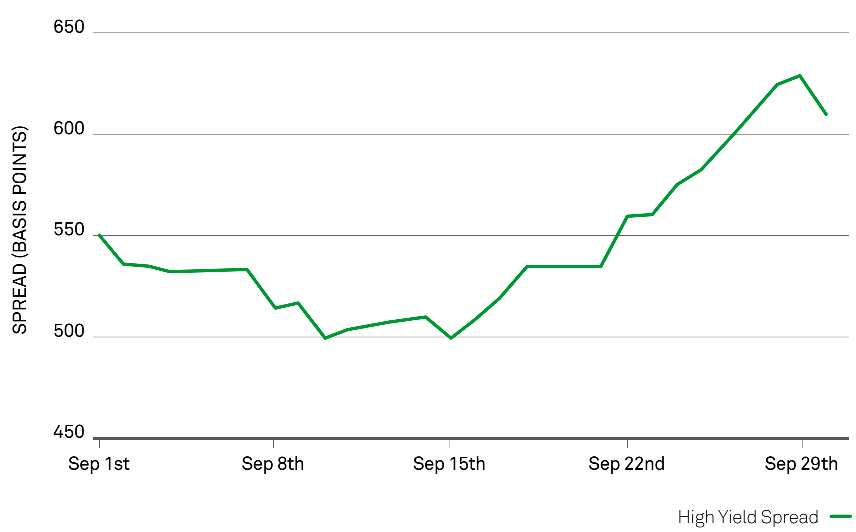
We are underweight Treasuries and benchmark weight Treasury Inflation-Protected Securities (TIPS). During September's volatility, investors sought shelter in U.S. Treasuries. A decidedly weak U.S. employment report, coupled with the Fed leaving short-term interest rates near zero, pushed out expectations of the next Fed rate increase into 2016. Unless the U.S. economy weakens significantly, we still think yields could drift higher over the remainder of the year. The 10-year inflation breakeven rates, which represent the difference between nominal and real rates on Treasuries, are trading near levels not seen since the global financial crisis. Given this, we still prefer duration exposure from TIPS rather than traditional Treasuries.

We favor municipals. Led by longer duration and high yield credits, municipal debt rallied in September despite regular headlines in troubled areas such as Puerto Rico and Chicago. Credit fundamentals are supportive throughout most state and local governments, and municipal bonds remain an attractive source of income for taxable investors. Although a weaker stock market could impede future revenue growth and present challenges for some municipalities, we believe that most issuers are in a good position to weather such an event.

We are overweight high yield. High yield bonds had the worst quarter in four years, and spreads widened alongside the equity selloff in September (see the chart below). With the outlook for the U.S. economy taking on a somewhat more pessimistic tone, we are more cautious on the outlook for high yield bonds. But we still like the asset class as it offers a combination of attractive yields and low volatility relative to equities and has historically performed well during periods of modestly rising interest rates. While some value has returned to investment grade credit, a wait-and-see approach could be prudent until there is a clearer picture on supply later in the fall.

PALATE FOR HIGH YIELD

Against a more dimmed U.S. outlook, high yield spreads over Treasuries significantly widened in September as prices plummeted.



Source: Bloomberg, as of 9/30/15.
Note: Chart shows the spread of high yield debt against Treasuries based on the Markit iBoxx USD Liquid High Yield Index.

Turning Insight Into Action

With interest rates likely to rise in the United States, fixed income investors could face challenges yet again.

Manage Interest Rate Duration
Consider a flexible strategy with the ability to actively manage duration.

CONSIDER
Strategic Income Opportunities Fund (BSIIX), Strategic Municipal Opportunities Fund (MAMTX), Global Long/Short Credit Fund (BGCIX)

Manage Interest Rate Risk
Seek to reduce interest rate risk through time by using a diversified bond ladder and matching term maturity to specific investing needs.

CONSIDER
iBonds® ETFs

Seek Income
Cast a wider net for income while seeking to carefully balance the tradeoffs between yield and risk.

CONSIDER
Multi-Asset Income Fund (BIICX), High Yield Bond Fund (BHYIX), iShares iBoxx $ High Yield Corporate Bond ETF (HYG), iShares iBoxx $ Investment Grade Corporate Bond ETF (LQD)

Build a Diversified Core
Consider using core bonds for potential diversification benefits and possible protection from unforeseen shocks to equity markets.

CONSIDER
Total Return Fund (MAHQX), iShares Core U.S. Aggregate Bond ETF (AGG), iShares Core Total USD Bond Market ETF (IUSB)

Hot Topic: Recession Ahead?

It has become clear lately that the United States isn't immune to the global slowdown. Given plunging inflation expectations, a stalling manufacturing sector, a slowing labor market and the Fed's delay in hiking rates, investors are increasingly asking: "Is the United States on the cusp of another recession?"

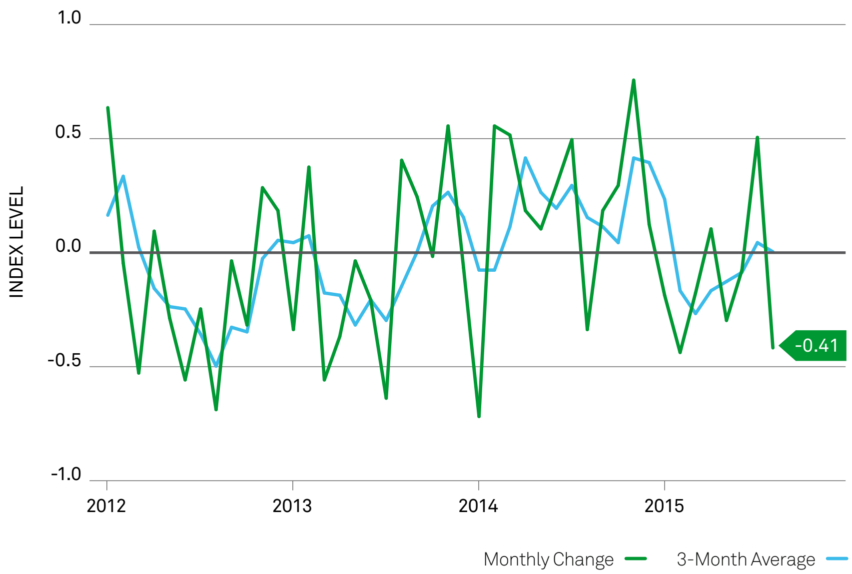
For now, the recent spate of U.S. weakness appears to be a slowdown, not a full-blown recession. However, the risks to the U.S. economy have certainly gone up. In order to assess the odds of an imminent recession, these indicators are key to watch:

1. **Chicago Fed National Activity Index (CFNAI).** If the CFNAI, the strongest leading indicator in our opinion, remains consistently in negative territory for the remainder of 2015, this would be consistent with the data pattern leading into previous recessions.
2. **ISM New Orders.** In the past, the ISM Manufacturing Survey's new orders component has been a useful predictor of economic growth up to six months forward. A prolonged dip below 50 would raise the likelihood of another recession.
3. **Credit Spreads.** While credit spreads are a less reliable indicator than those above, wider spreads indicate rising default risk, which is historically associated with a recession or sharp slowdown.

All three of these indicators currently imply that the U.S. economy is likely to expand, but at a slower pace over the next couple of quarters. That said, no leading indicator has a particularly impressive record spotting recessions more than a year in advance. In addition, while the United States may continue to expand, it wouldn't take much to knock the manufacturing sector into a technical recession; a profit recession (two quarters of negative earnings growth) could still occur and stocks may still struggle.

THE CHICAGO TERROIR

Looking at the Chicago Fed National Activity Index (CFNAI), the U.S. economy will probably continue to expand and a recession is not yet on the horizon.



Sources: Thomson Reuters Datastream, BlackRock Investment Institute, as of 10/7/15.
Note: Chart shows monthly change in national economic activity based on the CFNAI.

DRILLING DOWN: EQUITY AND FIXED INCOME OUTLOOKS

Global Region	Valuations (Current Environment)	Growth	Profitability	Risk/ Sentiment	Price Trend	Our View and Outlook (underweight ◄ neutral ► overweight)
DEVELOPED MARKETS						current neutral outlook
North America						
United States	–	+				slightly underweight outlook
Canada	+	–	–		–	current neutral outlook
Europe						
Eurozone	+	+		–		slightly overweight outlook
Switzerland	–	–	+			slightly underweight outlook
United Kingdom	+		–		–	current neutral outlook
Asia Pacific						
Japan	+	–	+		+	overweight outlook
Australia	+		–	–	–	current neutral outlook
EMERGING MARKETS						current neutral outlook
Asia Pacific						
China	+	–		–	–	current neutral outlook
India	–	+	+		+	current neutral outlook
South Korea	+		–			slightly overweight outlook
Latin America						
Brazil	+	–	–	–	–	current neutral outlook
Mexico					–	current neutral outlook
Emerging EMEA						
Russia	+	–	–	–	–	current neutral outlook
South Africa	–		+	–	+	underweight outlook

Global Sector & Style		Valuations	Growth	Profitability	Risk/ Sentiment	Price Trend	underweight ◄ neutral ► overweight
CYCLICAL SECTORS	Consumer Discretionary	–	+	+		+	current neutral outlook
	Energy	+	–	–	–	–	current neutral outlook
	Financials	+	+				slightly overweight outlook
	Industrials	–	–				current neutral outlook
	Information Technology		+	+		+	slightly overweight outlook
	Materials	+	–	–	–	–	current neutral outlook
DEFENSIVE SECTORS	Consumer Staples	–		+			underweight outlook
	Health Care	–	+	+		+	current neutral outlook
	Telecommunications		–		–		current neutral outlook
	Utilities			–			current neutral outlook

U.S. Equity Factors	Valuations	Growth	Profitability	Risk/ Sentiment	Price Trend	underweight ◄ neutral ► overweight
Value	+	+	–		–	current neutral outlook
Size			–	+		current neutral outlook
Quality		–	+	+		slightly overweight outlook
Momentum	–	+		–	+	slightly underweight outlook
Minimum Volatility				+	+	slightly overweight outlook

Fixed Income Sector	Valuations	Economics	Risk/ Sentiment	Price Trend	underweight ◄ neutral ► overweight
U.S. Treasuries	–	–		+	slightly underweight outlook
U.S. TIPS		–		–	current neutral outlook
U.S. Investment Grade Credit	+	+	–		current neutral outlook
U.S. High Yield Credit	+	+	–	–	slightly overweight outlook
U.S. Municipals	+				slightly overweight outlook
U.S. Mortgage-Backed Securities		+			current neutral outlook
Non-U.S. Developed Markets	–	–	–	–	slightly underweight outlook
Emerging Markets		–	–	–	current neutral outlook

	Supply & Demand	Opportunity Holding Cost	Safe Haven Demand	Inflation Hedge Demand	Price Trend	underweight ◄ neutral ► overweight
Gold*		–	–	–	–	underweight outlook

– unattractive   ☐ neutral   + attractive   ● underweight outlook   ● slightly underweight outlook   ● current neutral outlook   ● slightly overweight outlook   ● overweight outlook

Underweight: Potentially decrease allocation   **Neutral**: Consider benchmark allocation   **Overweight**: Potentially increase allocation

* See the appendix for an explanation of the methodology for our gold views and other outlooks. Note that the time frame for these views is generally three to 12 months. Please note that the views expressed above in the factor table are for time frames of at least three months. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation regarding the iShares Funds or any security in particular. This information is strictly for illustrative and educational purposes and is subject to change. This information does not represent the actual current, past or future holdings or portfolio of any BlackRock client.

Appendix

The analysis behind our equity views:

Our approach in deriving country/sector views is both quantitative and qualitative. In the quantitative framework, we take into account valuation, profitability, growth, risk/sentiment and price trend, among other factors, in deciding how attractive or unattractive a country or sector is. In the qualitative approach, we consider economic/political/policy event catalysts that can have a potential impact on financial market conditions. The variables included in the table are indicative of key considerations behind our investment views, and should not be viewed in isolation.

Valuations: We measure a country's price-to-book ratio premium/discount to its own trading history, and compare the premium/discount to that of other emerging or developed countries. If a country's valuation is at a discount to its own historical average and the discount is greater than that of other countries, we assign "+," and vice versa.

Growth prospects: We assign a "+" to countries that are growing faster (as measured by leading indicators and earnings growth prospects) than their past trends and a "-" to countries growing slower.

Corporate sector profitability: A country with a relatively profitable corporate sector (as measured by ROA) is assigned a "+" and we give a "-" to countries growing more slowly.

Risk/Sentiment: A country that is perceived as relatively safe (according to historical volatilities and credit default swap (CDS) spreads) is assigned a "+"; a risky country is assigned a "-."

Price Trend: An asset with a relatively good return performance within the previous year is assigned a "+"; an asset with relatively poor returns is assigned a "-."

The factors are not equally important in driving returns at a given point in time. As a result, when it comes to formulating our final views, the various factor readings are not additive. For example, a "+" value factor may overshadow negative readings in other factors, leading us to still like the country.

We use a similar methodology for coming up with our sector and style views, focusing on valuations (P/B and P/E), profitability (ROA and ROE), expected profitability (ROA and ROE) improvements as a proxy for future growth, risk/sentiment (historical volatilities and sector spreads) and past price trends. In addition, we consider the global growth outlook for cyclical and defensive sectors.

In addition, our view on gold is similarly based on the macroeconomic factors that historically impact gold returns. These include the opportunity cost of holding gold (real interest rates); supply and demand; inflation (gold as a real asset tends to act as an inflation hedge); safe haven demand (during periods of high financial stress, demand for gold tends to increase) and momentum.

The analysis behind our fixed income views:

In general, when formulating our fixed income views, we put more weight on the Valuations bucket than on either the Economics or Risk/Sentiment buckets.

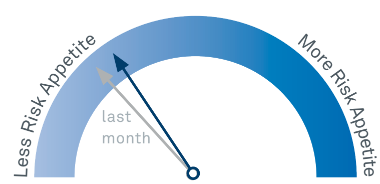
Valuations: We focus on discounted risk-adjusted cash flows relative to market prices. When a sector exhibits market prices well above what our model sees as fair, we assign the sector a "-"; we assign a "+" when the opposite is true.

Economics: In general, when the overall economic environment (as measured by basic economic and/or aggregate balance-sheet fundamentals) is particularly favorable for a given fixed income sector, we assign a "+"; we assign a "-" when the opposite is true.

Risk/Sentiment: When a sector has exhibited strong positive returns/risk appetite (as measured by trailing returns) over the previous several months, we score it a "+"; we assign a "-" when the opposite is true.

Price Trend: An asset with a relatively good return performance within the previous year is assigned a "+"; an asset with relatively poor returns is assigned a "-."

RISK APPETITE DIAL



Risk Appetite Index

Investor risk appetite has recovered somewhat from last month's depressed level, but risk aversion remains elevated as the U.S. labor market recovery hit a wall and growth concerns about China and the world economy linger. The downdraft in global stocks continued, and spreads between low-quality and high-quality U.S. corporate debt drifted further apart.

INVESTMENT POLICY

APPENDIX: SECTION B

TOWN OF LAKE PARK
RETIRED POLICE OFFICERS PENSION FUND

STATEMENT OF INVESTMENT POLICY OBJECTIVES AND GUIDELINES

Revised: November 15, 2005
July 9, 2012

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I. STATEMENT OF POLICY

Purpose

The Town of Lake Park has appointed the Board of Trustees to administer the Town of Lake Park Retired Police Officers' Pension Fund (hereinafter referred to as the "Pension Fund") on behalf of the retired beneficiaries. The Trustees shall discharge their duties with respect to the Pension Fund solely in the interest of these beneficiaries, for the exclusive purpose of providing benefits and defraying the normal and reasonable expense of administration. To meet their fiduciary obligations to the beneficiaries of the plan, the Board has adopted a consistent and systematic approach to the investment of the assets of the Pension Fund. The Statement of Investment Policy provides specific guidelines for the selection and periodic review of the investment vehicles or managers chosen by the Board.

At the adoption of this Statement of Investment Policy, the Pension Fund has only the assets to meet the future obligations of the plan based on reasonable long-term assumptions. The Town of Lake Park started the Town of Lake Park Retired Police Officers' Pension Fund as a closed plan to pay the remaining obligations of the terminated Lake Park Police Pension Fund. The Board does not currently anticipate any additional funding by the Town to meet these obligations. Therefore, the Pension Fund must also appropriately manage the risks associated with investment in order to satisfy the obligations of the plan.

Because the Pension Fund has long-term obligations, the Board must allocate assets and evaluate performance over a number of years. The Pension Fund must manage risk, on the other hand, based on the need to generate immediate income from assets. The Pension Fund has a general investment objective to produce a reasonable total rate of return, defined as interest and dividend income plus realized and unrealized capital gains and/or losses, that consistently exceed the investment return assumption on an annual basis year after year. Finally, the Board must adequately control the costs of administration and investment related expenses to achieve the long-term objectives.

The Board has the power and authority to invest and reinvest the assets of the plan; to hold, purchase, sell, assign, transfer, and dispose of any securities and investment held in the Fund; and the power and authority to employ counseling or investment management services. The Board, the Pension Fund's investment manager(s), and the investment consultant shall comply with the following fiduciary standards:

> A fiduciary shall discharge its duties with respect to the Plan solely in the interest of the participants and beneficiaries and -
>
> a. for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan;
>
> b. with the care, skill, prudence, and diligence under the circumstance 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 aim;
>
> c. by diversifying the investments of the Plan so as to minimize the risk of large loss, unless under the circumstances it is clearly prudent not to do so.

This Statement establishes a clear understanding between the Trustees of the Pension Fund and the Fund's investment consultant and managers regarding the policies and objectives of the plan. The statement outlines an overall philosophy resulting in specific guidelines and expectations for the Pension Fund's investment managers, with sufficient flexibility to allow for changing economic conditions.

Responsibilities

Board of Trustees: The Board of Trustees has the responsibility for administration of the Plan and management of the investment process. In fulfilling this responsibility, the Trustees will establish and maintain investment policies that set clear objectives and criteria for the selection and evaluation of the plan's investments. Within this framework, the Board of Trustees will select, monitor, and evaluate the investment consultant, investment manager(s), bank custodian, and other parties to ensure that actual results meet objectives. The Trustees shall participate in a continuing education program related to investments and the Board's responsibilities as set forth in this policy.

Investment Consultant: The investment consultant assists the Board of Trustees as they manage the investment process. This commitment includes periodic meetings with the Board of Trustees to provide perspective regarding the plan's goals, structure, and investment management team. The consultant will work with the Board of Trustees to develop and maintain a properly diversified portfolio. Furthermore, the consultant will review the asset allocation and performance to make recommendations to the Board as appropriate. The consultant will assist the Board with the selection of managers and notify the Trustees of material changes taking place that impact the investment process for any current manager.

Investment Managers: The investment manager is a named fiduciary of the Retirement System; the manager will construct and manage the investment portfolio consistent with the Statement of Investment Policy adopted by the Board of Trustees. The manager will select specific securities, buy and sell such securities, and modify the asset mix within the guidelines set forth in the Investment Policy. The Trustees believe that investment decisions are best made when not restricted by excessive procedure. Therefore, full discretion is delegated to the investment manager to implement the investment policy according to the stated guidelines. The manager will also use only acceptable investment vehicles as defined in this statement. With regard to allocating brokerage commissions, the manager must make every effort when trading securities to do so on a best execution basis.

Each investment manager shall provide any reasonable information requested by the Board of Trustees. At a minimum, each manager shall give to the Trustees a quarterly report detailing the performance of each investment fund, as well as any changes in philosophy, strategy, or management. The manager may be expected to meet with the Board periodically at the discretion of the Trustees to review performance of the investment options relative to the guidelines set forth in this Policy.

Custodian: The custodian(s) will hold and value all cash and securities and regularly summarize these holdings for the Trustees to review. In addition to the custodian, the Pension Fund will maintain an account with a bank or other depository to accept and hold cash prior to allocating such funds to the investment manager.

II. INVESTMENT OBJECTIVES

The Board will use the following performance measures as objective criteria for evaluating the effectiveness of the money managers and asset allocation:

A. Total Fund Performance

1. The performance of the total Fund will be measured for rolling three and five year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance of this portfolio will be compared to the return of a portfolio comprised 65% of the Standard & Poor's 500 Stock Index and 35% of the Barclay Aggregate Bond Index.

2. On an absolute basis, the total return of the combined equity, fixed income and cash portfolio will equal or exceed the long-term rate of return on investments assumed by the Board. Furthermore, the assets must provide sufficient investment return to meet the obligations of the plan. For each actuarial valuation, the Board will 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.

3. On a relative basis, the total return of the combined equity, fixed income and cash portfolio will be in the top 40th percentile of an appropriate *balanced* universe over three to five-year periods.

B. Index Portfolios

The portion of the total portfolio allocated to an index fund or funds is designed to replicate the performance of the corresponding market index. Furthermore, the diversification of any such index portfolios shall be a function of the actual composition of the appropriate market index that the portfolio seeks to replicate.

C. Actively Managed Investment Funds

Investment managers retained by the Pension Fund shall be evaluated according to the following criteria:

1. Each Investment fund must show superior performance relative to the appropriate benchmarks for the trailing 3-year, 5-year periods, and/ or 10-year periods, if available.

2. Investment funds must also perform in the top third of the manager peer group, defined as the group of open-end funds classified according to similar asset class, investment objective, style of management, and security selection based on market capitalization or duration. The Trustees may accept choices with lower performance, when such performance is justified by lower risk.

3. Investment funds shall exhibit consistent investment performance. To show consistent performance, the total return of the fund in each of the past five years should not deviate substantially above or below the average return for the trailing 5-year period after accounting for broader market trends.

4. The manager for the investment fund shall have a track record of at least five years available for examination. Alternatively, investment funds may employ a team management approach.

5. Funds shall exhibit superior performance relative to the amount of risk, defined as exposure to volatility in the market, taken by the manager. As measures of risk-adjusted performance, funds should have a positive alpha (a measure of the difference between a fund's actual returns and its expected performance, given the level of risk measured by volatility relative to the benchmark).

The aforementioned criteria for selection and evaluation of investment funds are meant to serve only as a general guideline for the Pension Fund. The Board may deviate from the investment selection and evaluation criteria identified herein based on all of the available information as deemed in the best interests of the participants and beneficiaries.

III. ADDITIONAL CRITERIA FOR INVESTMENT MANAGER REVIEW

In addition to performance measures, the Board shall evaluate the investment managers according to the following standards. If a manager breaches any one of these standards, the Board shall automatically review their relationship with the manager.

A. The investment portfolio has four consecutive quarters of total performance below the 50th percentile in performance rankings relative to managers with a similar style mandate.

B. The investment portfolio exhibits a Standard deviation in excess of 120% relative to the appropriate benchmark.

C. The investment company, manager, or management team experiences a loss of any senior investment personnel that impact the management of assets on behalf of the Pension Fund.

D. The manager changes the basic investment philosophy for the investment portfolio or deviates substantially from the style mandate provided by the Board.

E. The manager fails to observe the asset or quality restrictions contained in Section IV. The Board shall evaluate the composition of any commingled fund, index portfolio, or similar market instrument relative to the restrictions set forth in Section IV prior to investing.

F. The manager fails to adequately and promptly disclose all sources of soft dollar revenue or other compensation if requested by the Board.

G. The manager fails to act in the best interests of the participants and beneficiaries of the Pension Fund or any other investor for which the manager or investment company has discretionary authority over assets, regardless of the specific fiduciary obligation that the manager has to those other investors.

H. A regulatory body or agency identifies or reports any other failure or breach of ethical standards by the manager.

Nothing in this section shall limit or diminish the right of the Board to terminate a manager at any time for any reason.

IV. INVESTMENT GUIDELINES

Liquidity: The Pension Fund's investment manager(s) shall be kept informed of the liquidity requirements of the plan. The investment portfolio shall be structured in such a manner as to provide sufficient liquidity to pay obligations of the plan as they come due. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements.

Custodian: The Board will retain a third party to custody the assets of the plan. All securities shall be designated as an asset of the Pension Fund. 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. Security transactions between a broker dealer and a custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the money or security in hand at the conclusion of the transaction.

Bid Requirement: When feasible and appropriate, all securities shall be competitively bid. Except as otherwise required by law, the most economically advantageous bid shall be selected.

Risk and Diversification: The investments held by the Fund shall be diversified to the extent practical to reduce the risk of loss resulting from over-concentration of assets in either a specific maturity, issuer, or instrument, or a dealer or bank through which financial instruments are bought and sold.

A. Authorized Investments

All investments made or held in the fund shall be limited to:

1. Time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or a savings, building, and loan association insured by the Saving Insurance Association Insurance Fund which is administered by the Federal Deposit Insurance Corporation or a state or federal chartered credit union whose share accounts are insured by the National Credit Union Share Insurance Fund.

2. Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government.

3. Stocks, bonds, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia, provided that the corporation is listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market.

4. Foreign securities.

5. Real estate through a security listed on one or more of the recognized national exchanges or other unit investment trust with shares redeemable on demand.

6. Commingled stock, bond, real estate or money market funds whose investments are restricted to securities meeting the above criteria.

B. Limitations

1. Investments in equities shall not exceed 70% of the Pension Fund's total assets at cost.

2. Not more than 5% of the Pension Fund's assets at cost shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed five percent (5%) of the outstanding capital stock of that company.

3. Not more than 5% of the Fund's fixed income portfolio (at cost) shall be invested in the securities of any single corporate issuer. *NOTE: This limitation does not include issues of any U.S. government agency.*

4. Foreign equity investments shall not exceed 20% of the Pension Fund's assets at cost.

5. Real estate holdings shall not exceed 10% of the Pension Fund's assets at cost.

6. Bonds or other evidences of indebtedness not rated in one of the four highest classifications by a major rating service shall not exceed 5% of the Pension Fund's total assets at cost.

C. Prohibited Investments

There will be no investment activity in the following instruments:

1. Short sales, margin purchases, or borrowing.
2. Private placement or other restricted securities (not freely marketable).
3. Commodities.
4. Puts, calls, straddles or hedging.
5. Warrants or other options, except as part of purchase of another security.
6. Tax-exempt bonds.
7. Repurchase Agreements.
8. Venture capital.
9. Illiquid investments, as described in Chapter 215.47, Florida Statutes.
10. Any investment prohibited by State or Federal Law.
11. Any investment not specifically allowed as part of this policy.

D. Brokerage Direction

The Board directs the investment managers to seek lower cost execution of all trades, defined as transaction costs that average 0.03 per share, provided that managers obtain the best possible execution of securities transactions at all times.

V. ASSET ALLOCATION

A. Target Allocation

The Board shall establish the target asset allocation for the Pension Fund as follows:

Asset Class	Benchmark	Target Allocation
Fixed Income	Templeton Global Bond Fund	17%
Fixed Income	Barclay Treasury Inflation Protected Securities Index	12%
Large Cap Growth	S&P 500/BARRA Growth Index	25%
Large Cap Value	S&P 500/BARRA Value Index	26%
Mid Cap Growth	S&P 400/BARRA Growth Index	4%
Mid Cap Value	S&P 400/BARRA Value Index	1%
Small Cap Growth	Russell 2000 Growth Index	1%
Real Estate	Dow Jones US Real Estate Index	5%
International	MSCI EAFE Index	9%
TOTAL ALLOCATION:		100%

B. Rebalancing Procedure

The Pension Fund shall rebalance assets back to the target allocation based on the current market value annually at the beginning of each fiscal year.

VI. COMMUNICATIONS

A. On a monthly basis, the custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets. On a quarterly basis, the manager shall provide a written report affirming compliance with the security restrictions noted in Section IV, along with a summary of common stock diversification and attendant schedules. In addition, the manager shall deliver each quarter a report detailing the Fund's performance, adherence to the investment policy, forecast of the market and economy, portfolio analysis and current assets of the Trust. Written reports shall be delivered to the Trustees within 60 days of the end of the quarter. The Investment Manager will provide immediate written and telephone notice to the Trustees of any significant market related or non-market related event, specifically including, but not limited to, any deviation from the standards set forth in Section III above.

B. The investment manager shall immediately notify the Board of Trustees in writing of any event or regulatory issue described in Section III.

C. The investment manager will disclose any securities that do not comply with Section IV in each quarterly report.

D. If the Fund owns securities which complied with Section IV at time of purchase, but are subsequently down graded while held, the manager will dispose of such securities when it is economically feasible.

E. The Trustees shall retain a monitoring service to evaluate and report on a quarterly basis the rate of return and relative performance of the Fund.

F. The Trustees will meet quarterly with the monitoring service's representative to review the Performance Report. The Trustees will meet with the investment manager and appropriate outside consultants to discuss performance results, economic outlook, investment strategy and tactics and other pertinent matters affecting the Fund on a quarterly basis.

G. The equity manager shall report to the Trustees on an annual basis with respect to proxies, the issues, votes and dates, and if not voted, a written explanation.

VII. COMPLIANCE

A. The Fund shall be governed by a set of written internal controls and operational procedures, which shall be periodically reviewed by the Fund's certified public accountant (CPA). At the time of every financial audit, the CPA shall review the controls that should be designed to prevent loss of funds that might arise from fraud, error, or misrepresentation by third parties or imprudent actions by the Board, employees of the Town of Lake Park, or service providers to the Pension Fund.

B. The Fund acknowledges the importance of continuing education for the Trustees. Education will be provided on an ongoing basis by the Fund's actuary, attorney, custodian, investment manager(s), consultant, and administrator. Trustees are also encouraged to attend educational conferences relating to investments and the Trustee's responsibilities to the fund.

VIII. FLORIDA STATUTES AND APPLICABLE TOWN ORDINANCES

If, at any time, this document is found to be in conflict with Florida Statutes or the applicable Town Ordinances, the Statutes and Ordinances shall prevail.

IX. REVIEW AND AMENDMENTS

It is the Trustees intention to review this document periodically and to amend this statement to reflect any changes in philosophy, objectives or guidelines. In this regard, the money manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If at any time any portfolio manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Trustees should be notified in writing. By initial and continuing acceptance of this Investment Policy Statement, the money manager concurs with the provisions of this document.

Once the Board has adopted the investment policy, the investment policy shall be promptly filed with the Department of Management Services, the plan sponsor, and the consulting actuary.

The effective date of the Investment Policy Statement and any amendment thereto, shall be the 31st calendar day following the filing date with the plan sponsor.

Adopted this 15th day of November, 2005 and updated this 9th day of July, 2012.

Board of Trustees:

Mark Schneider (Chairperson) Dale S. Sugerman (Secretary)