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# Employees' Retirement System of the City of Norfolk

Investment Review
3rd Quarter 2015

# Table Of Contents

# Executive Summary

## HIGHLIGHTS

- **Winners for the recent quarter**
  - Barclays Long Treasury +5.1%
  - MSCI US REIT +2.1%
  - Barclays Aggregate +1.2%
  - Barclays Global Aggregate ex USD +0.6%
- **Losers for the recent quarter**
  - Alerian MLP -22.1%
  - MSCI Emerging Markets -17.9%
  - Bloomberg Commodities -14.5%
  - Russell 3000 -7.2%
- **Areas of strength for the recent quarter**
  - Real Estate
  - U.S. Fixed Income (Barclays Aggregate beta)

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- **Winners for the trailing year**
  - MSCI US REIT +9.5%
  - Barclays Long Treasury +8.8%
  - Russell 2000 Growth U.S. Equity +4.0%
  - Russell 1000 Growth U.S. Equity +3.2%
  - Barclays Aggregate +2.9%
- **Losers for the trailing year**
  - Alerian MLP -39.2%
  - Bloomberg Commodities -26.0%
  - MSCI Emerging Markets -19.3%
  - MSCI EAFE -8.7%
- **Areas of strength for the trailing year**
  - Real Estate
  - U.S. Fixed Income (Barclays Aggregate beta)

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- **Areas of future focus**
  - Continued diversification of the portfolio

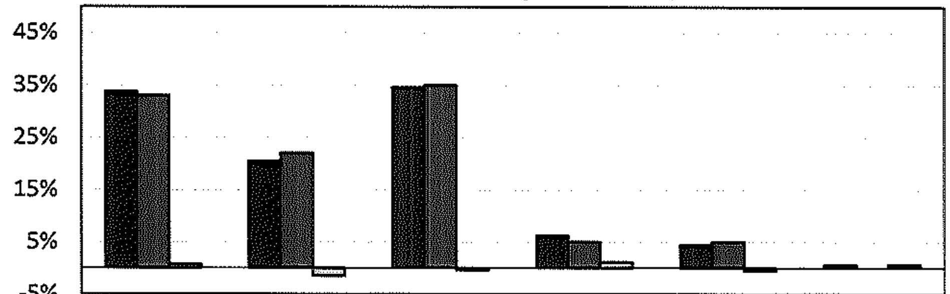
## COMMENTARY

- Allocation to equities ended the quarter at 54.2%, inside the targeted range of 50%-60%.
- Market value for the **Total Fund** was down to $941 million by quarter-end from $1.01 billion in the previous quarter. The Total Fund posted a -6.1% return for the trailing quarter and -3.2% for the trailing 12 months. The Total Fund trailed its Policy Index by 96 basis points for the quarter and 1.3% over the trailing year. Over the trailing three- and five-year periods, the Total Fund outperformed its Policy Index by 58 and 49 basis points, respectively.
- The **Total Fund** ranked in the 85th percentile of the peer universe for the quarter and in the 90th percentile over the last 12 months.
- The **US Equity Composite** continues to closely track the performance of the Russell 3000 Index. For the quarter and year, the portfolio returned -7.2% and -0.4%, respectively, versus -7.3% and -0.5% for the benchmark. Peer universe rankings for the trailing quarter and year are 40th percentile and 46th percentile, respectively.
- The **International Equity Composite** is tracking the performance of the MSCI AC World ex-US Index closely, returning -12.1% for the quarter and -12.0% for the trailing year, versus the benchmark at -12.2% for both the quarter and trailing year. The composite ranked in the 70th and 85th percentile over these periods, respectively.
- The **Fixed Income Composite** returned 0.6% for the quarter, trailing the benchmark by 66 basis points. Over the trailing 12 months, the composite returned 3.0% and outperformed the Barclays Aggregate by two basis points. For the past quarter, the composite ranked in 49th percentile of the peer universe, and for the trailing 12 months, it ranked 26th.
- The **Real Estate Composite** returned 3.1% for the quarter and ranked in the 51st percentile versus other real estate portfolios. For the trailing year, the composite returned 12.7%, ranking in the 60th percentile of the peer universe.
- The **MLP Composite** was down 24.1% for the quarter, underperforming the index by 2.0% and ranking in the 75th percentile versus peers. For the trailing year, the portfolio posted a return of -33.3%, while significantly outperforming the benchmark by 5.9% and ranking in the 40th percentile versus peers.

## REBALANCING ACTIVITY FOR THE QUARTER

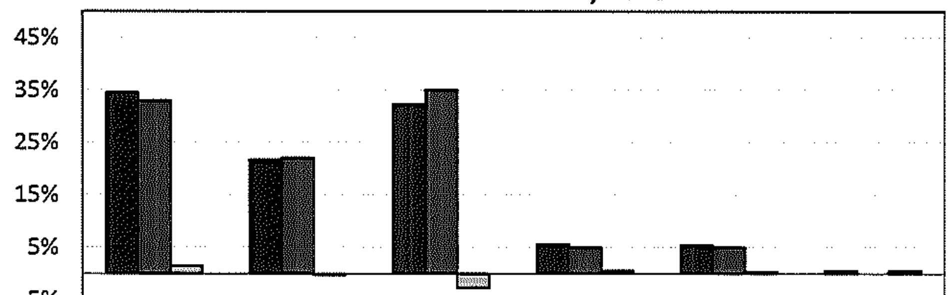
- **Raise cash for benefit payments:**
  - **PIMCO**
    To cash $1,120,000
    07/17/2015 (standing monthly order)
  - **SSgA Russell 3000 Index**
    Non-Lending to cash $4,000,000
    07/21/2015
  - **PIMCO**
    To cash $1,120,000
    08/17/2015 (standing monthly order)
  - **SSgA Russell 3000 Index**
    Non-Lending to cash $3,000,000
    08/25/2015
  - **PIMCO**
    To cash $1,120,000
    09/17/2015 (standing monthly order)
- Total quarterly transfer from cash to checking account: $10,360,000.

**Asset Allocation September 30, 2015**




| | US Equity | Intl Equity | Fixed Income | Real Estate | MLPs | Cash Holding Account |
|---|---|---|---|---|---|---|
| Actual Allocation | 33.7% | 20.5% | 34.6% | 6.2% | 4.4% | 0.7% |
| Target Allocation | 33.0% | 22.0% | 35.0% | 5.0% | 5.0% | 0.0% |
| Difference vs. Target | 0.7% | -1.5% | -0.4% | 1.2% | -0.6% | 0.7% |

**Asset Allocation June 30, 2015**




| | US Equity | Intl Equity | Fixed Income | Real Estate | MLPs | Cash Holding Account |
|---|---|---|---|---|---|---|
| Actual Allocation | 34.5% | 21.7% | 32.3% | 5.6% | 5.4% | 0.5% |
| Target Allocation | 33.0% | 22.0% | 35.0% | 5.0% | 5.0% | 0.0% |
| Difference vs. Target | 1.5% | -0.3% | -2.7% | 0.6% | 0.4% | 0.5% |

# Economic Review

# Economic & Capital Market Highlights

September 30, 2015

## Economy

The most-anticipated economic event of the third quarter, the Federal Reserve's September meeting, came and went with no change in interest rate policy by the Federal Open Market Committee (FOMC). Short-term interest rates have been near zero since 2008 and many believed the FOMC would begin to raise rates in September as a result of an improving US economy. However, interest rates were kept unchanged as the Fed cited global economic weakness and potential near-term downward pressures on US inflation.

Looking more closely at the US, during the third quarter the economy appears to have continued along its path of moderate growth. The unemployment rate fell from 5.3% in June to 5.1% in September and is now at its lowest level since April 2008. Consumer spending and the real estate sector have been strong in recent months, driven by the job market recovery.

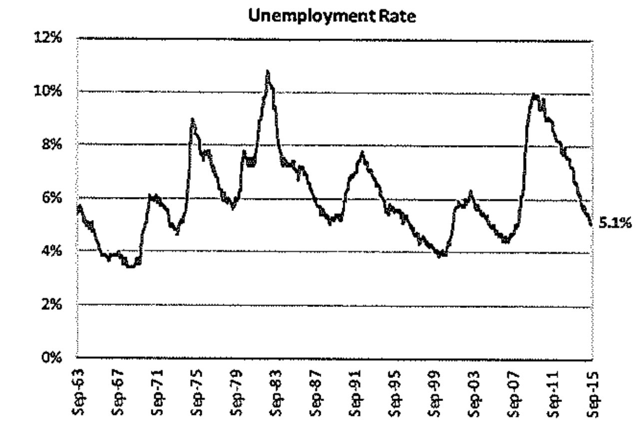
Growth outside the US has generally moderated, due in part to less demand from the Chinese economy. China is in the process of transitioning from a rapidly-growing, manufacturing-led economy to a consumer-based economy in order to create more sustainable growth going forward.

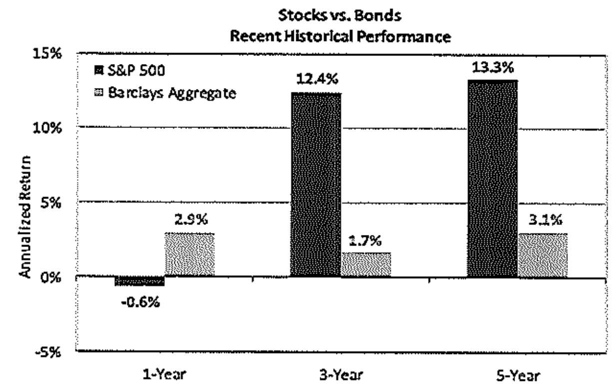
## Capital Markets

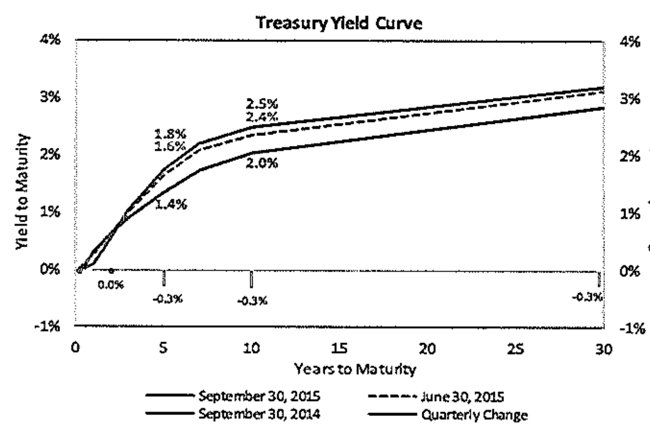
The global equity market turned in its worst quarterly performance since 2011, with MSCI ACWI IMI returning -9.6%. Fears over a global economic slowdown and heightened valuations that had resulted from an extended equity run contributed to the downturn. The flight to quality from stocks to bonds lifted fixed income assets higher, with the Barclays US Treasury Index returning 1.8% for the quarter.

### Market Performance (Returns in USD)

| | | Quarter | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|---|
| MSCI ACWI IMI | Global Equity | -9.6% | -6.2% | 7.2% | 7.0% |
| Russell 3000 | US Equity | -7.2% | -0.5% | 12.5% | 13.3% |
| S&P 500 | US Large Cap Equity | -6.4% | -0.6% | 12.4% | 13.3% |
| Russell 1000 | US Large Cap Equity | -6.8% | -0.6% | 12.7% | 13.4% |
| Russell 1000 Value | US Large Cap Value Equity | -8.4% | -4.4% | 11.6% | 12.3% |
| Russell 1000 Growth | US Large Cap Growth Equity | -5.3% | 3.2% | 13.6% | 14.5% |
| Russell 2000 | US Small Cap Core Equity | -11.9% | 1.2% | 11.0% | 11.7% |
| Russell 2000 Value | US Small Cap Value Equity | -10.7% | -1.6% | 9.2% | 10.2% |
| Russell 2000 Growth | US Small Cap Growth Equity | -13.1% | 4.0% | 12.8% | 13.3% |
| MSCI EAFE | Int'l Developed Large Cap Equity | -10.2% | -8.7% | 5.6% | 4.0% |
| MSCI EAFE Small Cap | Int'l Developed Small Cap Equity | -6.8% | 0.3% | 10.2% | 7.3% |
| MSCI Emerging Markets | Emerging Market Equity | -17.9% | -19.3% | -5.3% | -3.6% |
| Alerian MLP | Master Limited Partnerships | -23.0% | -39.9% | -4.0% | 3.6% |
| Barclays Aggregate | US Core Fixed Income | 1.2% | 2.9% | 1.7% | 3.1% |
| Barclays US Treasury | US Treasuries | 1.8% | 3.8% | 1.3% | 2.5% |
| Barclays US Credit | US Corporate Bonds | 0.5% | 1.5% | 2.0% | 4.1% |
| Barclays US MBS | US Mortgage Backed Securities | 1.3% | 3.4% | 2.0% | 3.0% |
| Barclays US Corp: High Yield | US High Yield Bonds | -4.9% | -3.4% | 3.5% | 6.1% |
| NCREIF ODCE | Core Real Estate | 3.8% | 14.4% | 13.1% | 14.4% |



## STYLE PERFORMANCE RANKING: ONE-YEAR TIME PERIODS

Best Performing ↕ Worst Performing

| 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Q3 2015 | 10 Yr ROR | 20 Yr ROR |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EM 74.8% | EAFE 8.1% | Large Value 38.4% | Large Growth 23.1% | Large Value 35.2% | Large Growth 38.7% | EM 66.4% | Small Value 22.8% | Small Value 14.0% | Core Bonds 10.3% | EM 55.8% | EM 25.6% | EM 34.1% | EM 32.2% | EM 39.4% | Int. Treas. 11.4% | EM 78.5% | Small Growth 29.1% | Core Bonds 7.8% | EM 18.2% | Small Growth 43.3% | S&P 500 13.7% | Int. Treas. 2.1% | Int. Treas. 1.2% | Large Growth 8.1% | Small Value 9.3% |
| EAFE 32.9% | Large Growth 2.7% | S&P 500 37.6% | S&P 500 23.0% | S&P 500 33.4% | S&P 500 28.6% | Small Growth 43.1% | Core Bonds 11.6% | Core Bonds 8.4% | Int. Treas. 9.6% | Small Growth 48.5% | Small Value 22.3% | EAFE 14.0% | EAFE 26.9% | Large Growth 11.8% | Core Bonds 5.2% | HY Bonds 58.2% | Small Cap 26.9% | Int. Treas. 6.6% | Small Value 18.1% | Small Cap 38.8% | Large Value 13.5% | Core Bonds 1.1% | Core Bonds 1.2% | Small Growth 7.7% | Large Value 8.6% |
| Small Value 23.8% | S&P 500 1.3% | Large Growth 37.2% | Large Value 21.6% | Small Value 31.8% | EAFE 20.3% | Large Growth 33.2% | Int. Treas. 10.3% | Int. Treas. 8.2% | HY Bonds -1.4% | Small Cap 47.3% | EAFE 20.7% | Large Value 7.1% | Small Value 23.5% | EAFE 11.6% | HY Bonds -26.2% | Large Growth 37.2% | Small Value 24.5% | HY Bonds 5.0% | Large Value 17.5% | Small Value 34.5% | Large Growth 13.1% | Large Growth -1.5% | HY Bonds -4.9% | HY Bonds 7.3% | S&P 500 8.1% |
| Small Cap 18.9% | HY Bonds -1.0% | Small Growth 31.0% | Small Value 21.4% | Large Growth 30.5% | Large Value 15.6% | EAFE 27.3% | Large Value 7.0% | HY Bonds 5.3% | EM -6.0% | Small Value 46.0% | Small Cap 18.3% | Large Growth 5.3% | Large Value 22.2% | Int. Treas. 8.8% | Small Value -28.9% | Small Growth 34.5% | EM 18.9% | Large Growth 2.6% | EAFE 17.3% | Large Growth 33.5% | Core Bonds 6.0% | HY Bonds -2.5% | Large Growth -5.3% | S&P 500 6.8% | Small Cap 8.0% |
| Large Value 18.1% | Small Value -1.5% | Small Cap 28.4% | Small Cap 16.5% | Small Cap 22.4% | Core Bonds 8.7% | Small Cap 21.3% | Small Cap -3.0% | Small Cap 2.5% | Small Value -11.4% | EAFE 39.2% | Large Value 16.5% | S&P 500 4.9% | Small Cap 18.4% | Small Growth 7.1% | Small Cap -33.8% | EAFE 31.9% | Large Growth 16.7% | S&P 500 2.1% | Small Cap 16.3% | Large Value 32.5% | Small Growth 5.6% | EAFE -5.3% | S&P 500 -6.4% | Small Cap 6.5% | Large Growth 7.5% |
| HY Bonds 17.1% | Small Cap -1.8% | Small Value 25.8% | HY Bonds 11.4% | Small Growth 12.9% | Int. Treas. 8.6% | S&P 500 21.0% | HY Bonds -5.9% | EM -2.4% | Large Value -15.5% | Large Value 30.0% | Small Growth 14.3% | Small Value 4.7% | S&P 500 15.8% | Core Bonds 7.0% | Large Value -36.9% | Small Cap 27.2% | Large Value 15.5% | Large Value 0.4% | S&P 500 16.0% | S&P 500 32.4% | Small Cap 4.9% | S&P 500 -5.3% | Large Value -8.4% | Large Value 5.7% | HY Bonds 7.0% |
| Small Growth 13.4% | Int. Treas. -1.8% | HY Bonds 19.2% | Small Growth 11.3% | HY Bonds 12.7% | HY Bonds 1.9% | Large Value 7.4% | S&P 500 -9.1% | Large Value -5.6% | EAFE -15.7% | Large Growth 29.8% | HY Bonds 11.1% | Small Cap 4.6% | Small Growth 13.4% | S&P 500 5.5% | S&P 500 -37.0% | S&P 500 26.5% | HY Bonds 15.1% | Small Growth -2.9% | HY Bonds 15.3% | EAFE 22.8% | Small Value 4.2% | Small Growth -5.5% | EAFE -10.2% | Small Value 5.3% | Small Growth 6.2% |
| S&P 500 10.1% | Large Value -2.0% | Core Bonds 18.5% | EAFE 6.4% | Core Bonds 9.7% | Small Growth 1.2% | HY Bonds 2.4% | EAFE -14.0% | Small Growth -9.2% | Small Cap -20.5% | HY Bonds 29.0% | S&P 500 10.9% | Small Growth 4.1% | HY Bonds 11.9% | HY Bonds 1.9% | Large Growth -38.4% | Small Value 20.6% | S&P 500 15.1% | Small Cap -4.2% | Large Growth 15.3% | HY Bonds 7.4% | Int. Treas. 2.6% | Small Cap -7.7% | Small Value -10.7% | Core Bonds 4.6% | Core Bonds 5.6% |
| Core Bonds 9.8% | Small Growth -2.4% | Int. Treas. 14.4% | EM 6.0% | Int. Treas. 7.7% | Small Cap -2.5% | Int. Treas. 0.4% | Large Growth -22.4% | S&P 500 -11.9% | S&P 500 -22.1% | S&P 500 28.7% | Large Growth 6.3% | HY Bonds 2.7% | Large Growth 9.1% | Large Value -0.2% | Small Growth -38.5% | Large Value 19.7% | EAFE 7.8% | Small Value -5.5% | Small Growth 14.6% | Int. Treas. -1.3% | HY Bonds 2.5% | Large Value -9.0% | Small Cap -11.9% | EM 4.3% | EM 5.1% |
| Int. Treas. 8.2% | Core Bonds -2.9% | EAFE 11.6% | Int. Treas. 4.0% | EAFE 2.1% | Small Value -6.5% | Core Bonds -0.8% | Small Growth -22.4% | Large Growth -20.4% | Large Growth -27.9% | Core Bonds 4.1% | Core Bonds 4.3% | Core Bonds 2.4% | Core Bonds 4.3% | Small Cap -1.6% | EAFE -43.4% | Core Bonds 5.9% | Core Bonds 6.5% | EAFE -12.1% | Core Bonds 4.2% | Core Bonds -2.0% | EM -2.2% | Small Value -10.1% | Small Growth -13.1% | Int. Treas. 3.9% | Int. Treas. 4.8% |
| Large Growth 2.9% | EM -7.3% | EM -5.2% | Core Bonds 3.6% | EM -11.6% | EM -25.3% | Small Value -1.5% | EM -30.6% | EAFE -21.2% | Small Growth -30.3% | Int. Treas. 2.1% | Int. Treas. 2.0% | Int. Treas. 1.6% | Int. Treas. 3.5% | Small Value -9.8% | EM -53.3% | Int. Treas. -1.4% | Int. Treas. 5.3% | EM -18.4% | Int. Treas. 1.7% | EM -2.6% | EAFE -4.9% | EM -15.5% | EM -17.9% | EAFE 3.0% | EAFE 4.4% |

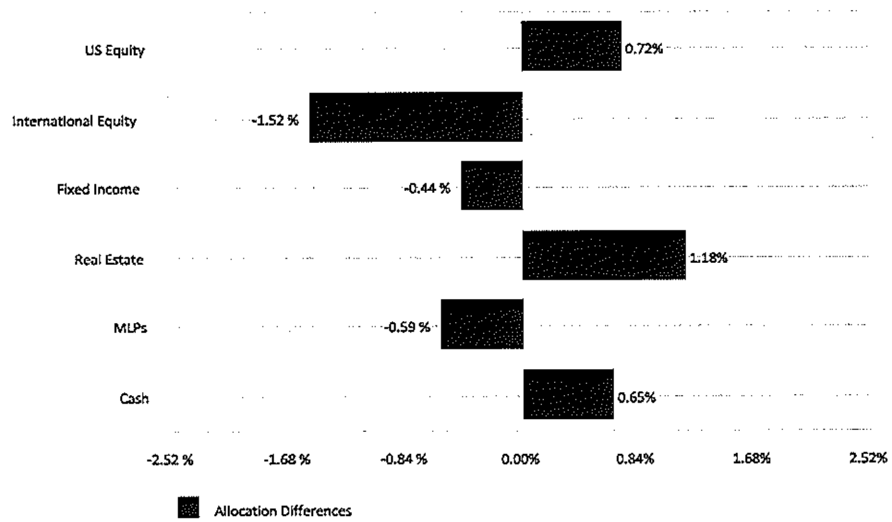
# Total Fund

# Employees' Retirement System of the City of Norfolk

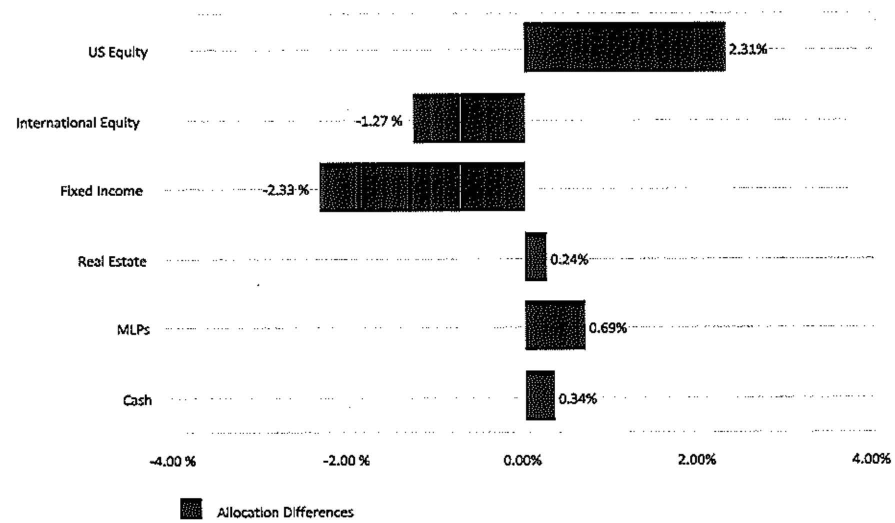
Asset Allocation vs. Target Allocation

September 30, 2015

## September 30, 2015




## December 31, 2014




## September 30, 2015

| | Market Value ($) | Allocation (%) | Target (%) |
|---|---|---|---|
| US Equity | 317,317,982 | 33.72 | 33.00 |
| International Equity | 192,696,262 | 20.48 | 22.00 |
| Fixed Income | 325,202,522 | 34.56 | 35.00 |
| Real Estate | 58,145,133 | 6.18 | 5.00 |
| MLPs | 41,486,524 | 4.41 | 5.00 |
| Cash | 6,106,916 | 0.65 | 0.00 |
| Total Fund | 940,955,340 | 100.00 | 100.00 |

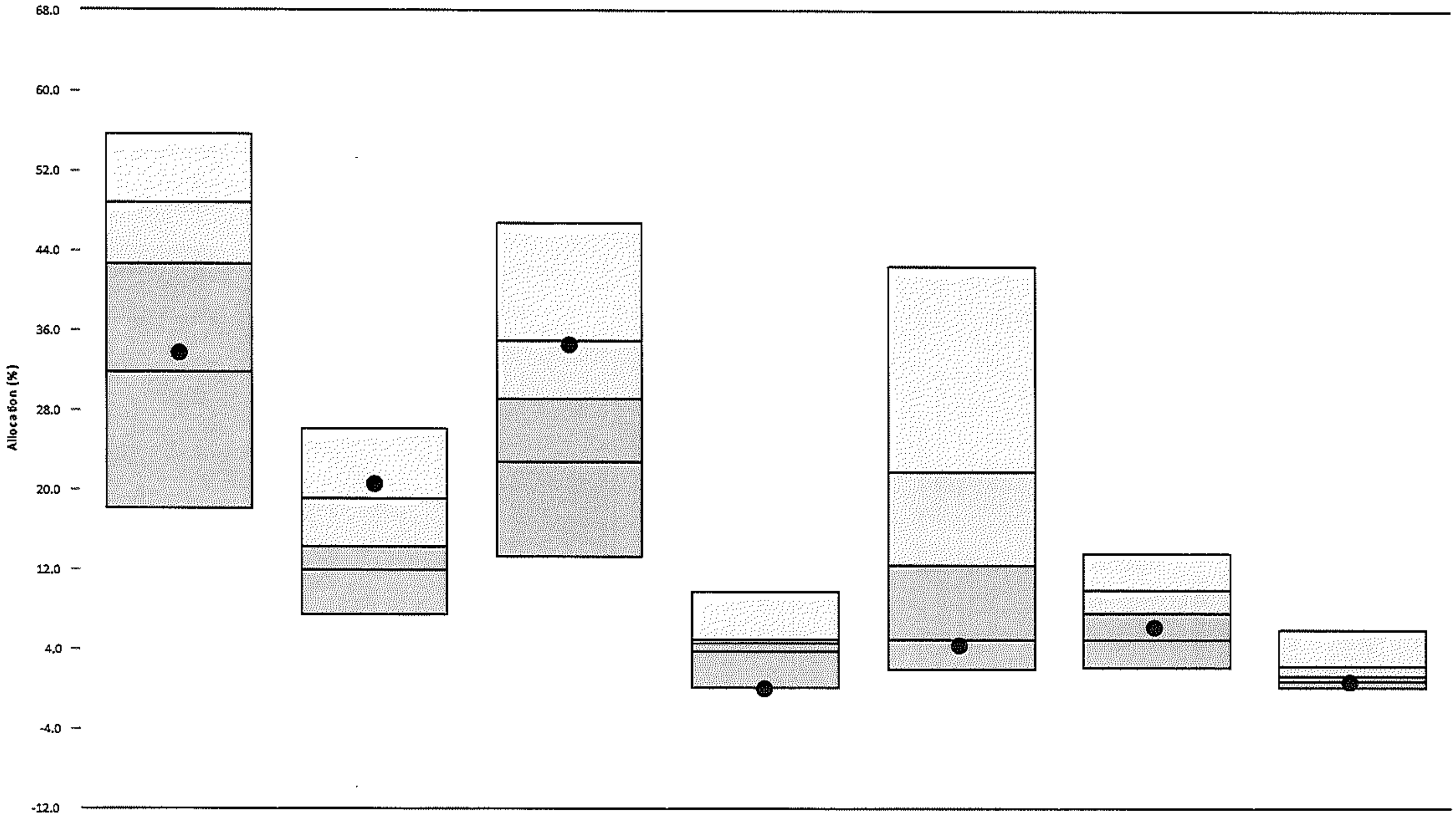
## December 31, 2014

| | Market Value ($) | Allocation (%) | Target (%) |
|---|---|---|---|
| US Equity | 358,629,773 | 35.31 | 33.00 |
| International Equity | 210,575,842 | 20.73 | 22.00 |
| Fixed Income | 331,788,398 | 32.67 | 35.00 |
| Real Estate | 53,265,661 | 5.24 | 5.00 |
| MLPs | 57,820,743 | 5.69 | 5.00 |
| Cash | 3,478,516 | 0.34 | 0.00 |
| Total Fund | 1,015,558,933 | 100.00 | 100.00 |

# Employees' Retirement System of the City of Norfolk

Plan Sponsor TF Asset Allocation: Total Fund Composite vs. All Public Plans-Total Fund

September 30, 2015



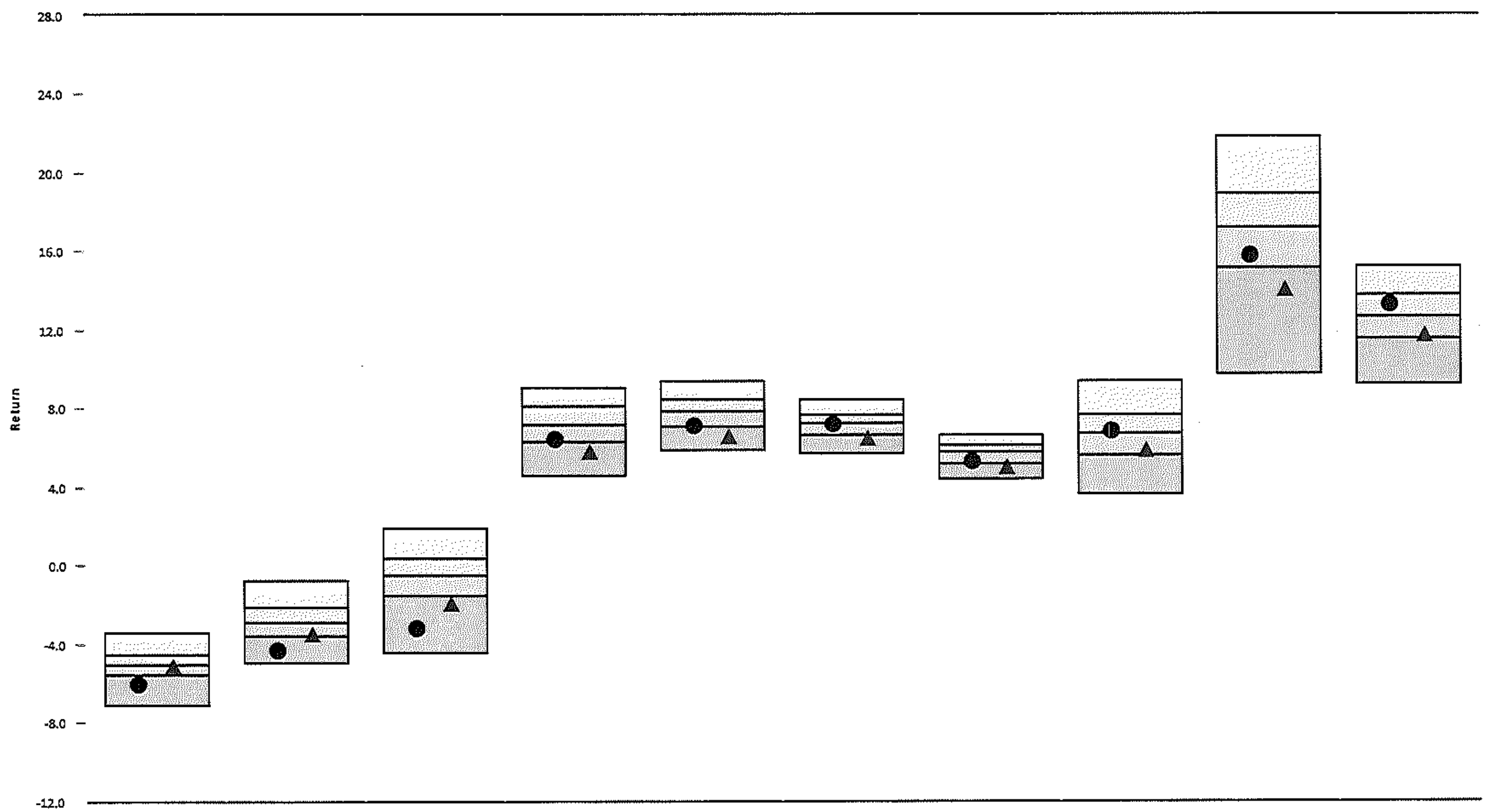

| | US Equity | Intl. Equity | US Fixed Income | Intl. Fixed Income | Alternative Inv. | Real Estate | Cash |
|---|---|---|---|---|---|---|---|
| ● Total Fund Composite | 33.72 (74) | 20.48 (21) | 34.56 (27) | 0.00 | 4.41 (78) | 6.18 (61) | 0.65 (80) |
| 5th Percentile | 55.73 | 26.13 | 46.81 | 9.76 | 42.43 | 13.69 | 6.04 |
| 1st Quartile | 48.83 | 19.20 | 35.02 | 5.03 | 21.89 | 9.99 | 2.29 |
| **Median** | **42.68** | **14.36** | **29.19** | **4.63** | **12.43** | **7.66** | **1.29** |
| 3rd Quartile | 31.79 | 12.03 | 22.89 | 3.75 | 5.06 | 5.07 | 0.75 |
| 95th Percentile | 18.20 | 7.52 | 13.25 | 0.20 | 1.93 | 2.22 | 0.12 |

Parentheses contain percentile rankings.

# Employees' Retirement System of the City of Norfolk

Plan Sponsor Peer Group Analysis - All Public Plans-Total Fund Plan Sponsor Peer Group Analysis

September 30, 2015



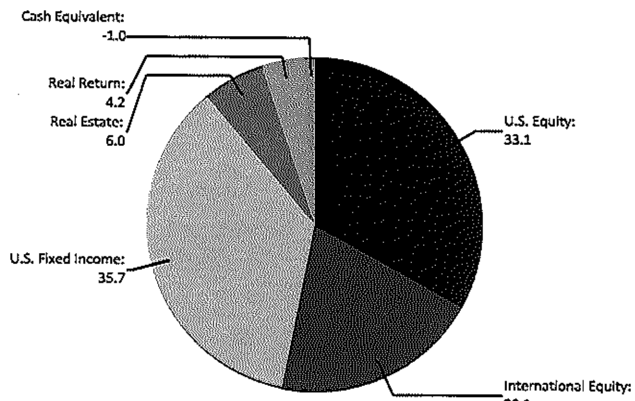

| | 3 Month | CYTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| ● Total Fund Composite | -6.07 (85) | -4.39 (90) | -3.21 (90) | 6.40 (72) | 7.11 (74) | 7.22 (52) | 5.28 (72) | 6.80 (49) | 15.82 (70) | 13.27 (38) |
| ▲ Total Fund Policy | -5.11 (54) | -3.48 (74) | -1.90 (80) | 5.82 (83) | 6.62 (86) | 6.51 (80) | 5.02 (83) | 5.92 (70) | 14.11 (85) | 11.77 (72) |
| 5th Percentile | -3.42 | -0.77 | 1.92 | 9.11 | 9.46 | 8.43 | 6.69 | 9.42 | 21.90 | 15.25 |
| 1st Quartile | -4.51 | -2.09 | 0.40 | 8.09 | 8.52 | 7.73 | 6.13 | 7.70 | 18.98 | 13.80 |
| **Median** | **-5.03** | **-2.91** | **-0.47** | **7.18** | **7.83** | **7.25** | **5.80** | **6.75** | **17.28** | **12.73** |
| 3rd Quartile | -5.57 | -3.56 | -1.54 | 6.29 | 7.06 | 6.67 | 5.24 | 5.65 | 15.19 | 11.54 |
| 95th Percentile | -7.06 | -4.93 | -4.45 | 4.56 | 5.90 | 5.70 | 4.41 | 3.64 | 9.74 | 9.23 |

# Employees' Retirement System of the City of Norfolk

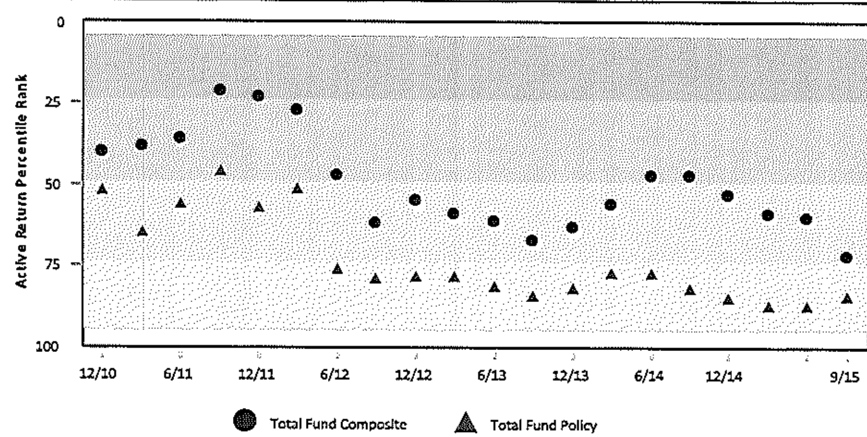
Total Fund Composite

As of September 30, 2015

## Asset Allocation by Segment

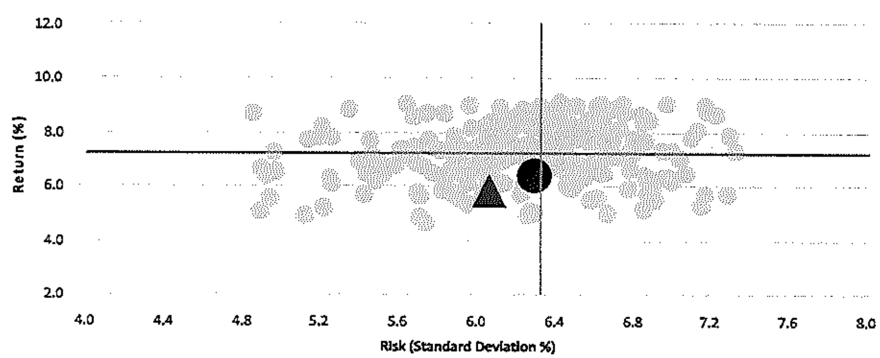



## 3 Year Rolling Return Rank



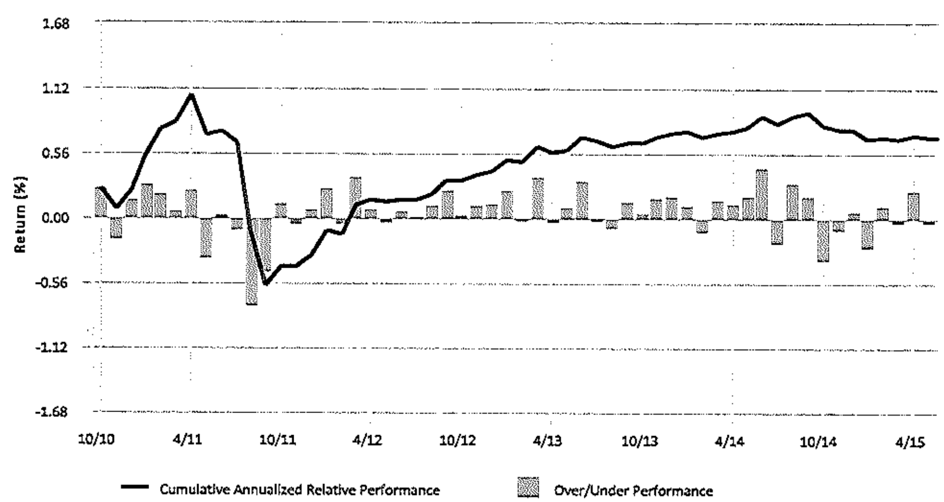

| | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|---|---|---|---|---|---|
| ● Total Fund Composite | 20 | 2 (10%) | 7 (35%) | 11 (55%) | 0 (0%) |
| ▲ Total Fund Policy | 20 | 0 (0%) | 1 (5%) | 5 (25%) | 14 (70%) |

## Risk vs. Return (10/01/12 - 09/30/15)




| | Return | Standard Deviation |
|---|---|---|
| ● Total Fund Composite | 6.40 | 6.30 |
| ▲ Total Fund Policy | 5.82 | 6.06 |
| — Median | 7.18 | 6.32 |

## Relative Performance vs. Total Fund Policy




**Note: Cash Equivalent allocation includes manager cash.**

# US Equity

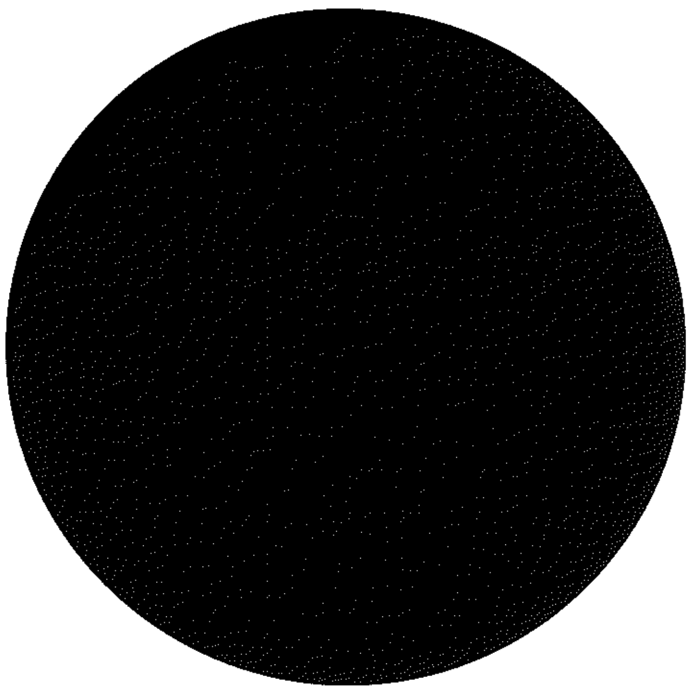
# Employees' Retirement System of the City of Norfolk

US Equity Composite vs. Russell 3000 Index

September 30, 2015

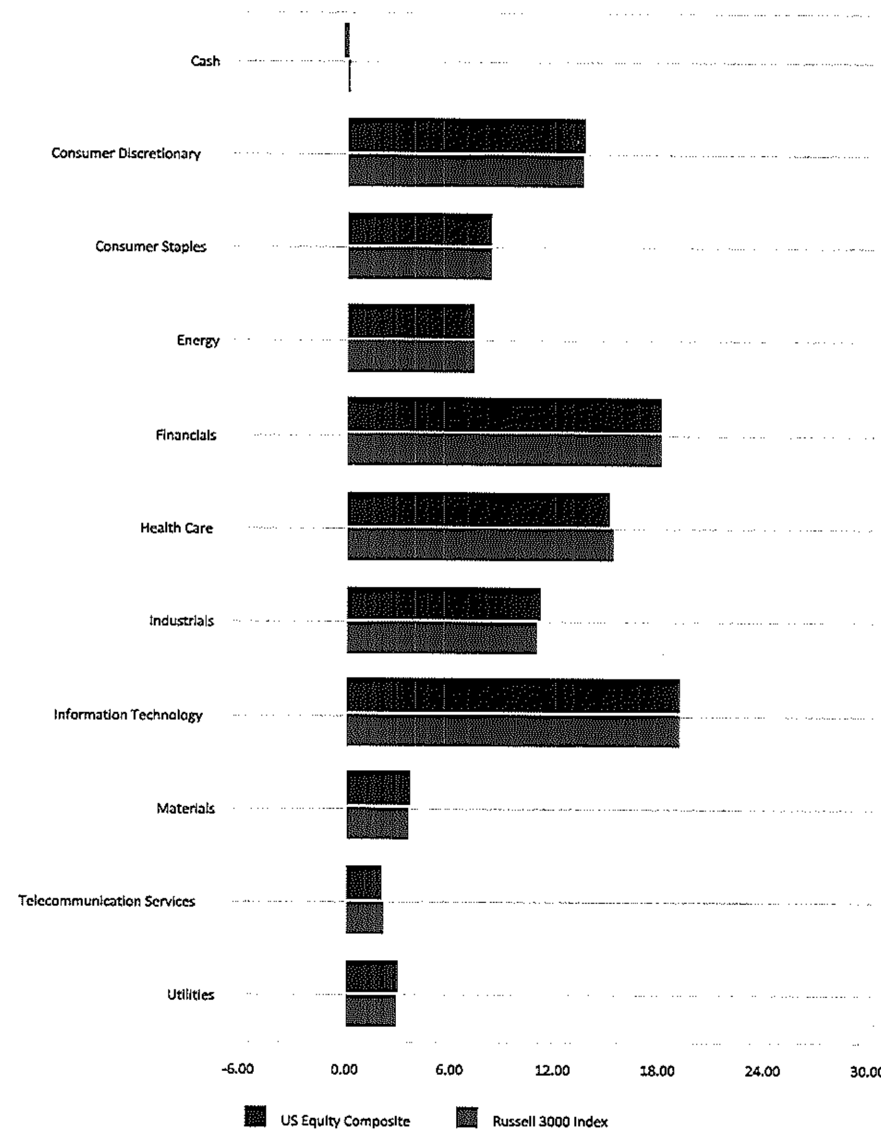
## Manager Allocation

September 30, 2015 : $317,317,982



| | Market Value ($) | Allocation (%) |
|---|---|---|
| SSGA Russell 3000 | 317,317,982 | 100.00 |

## Sector Allocation - Holdings Based

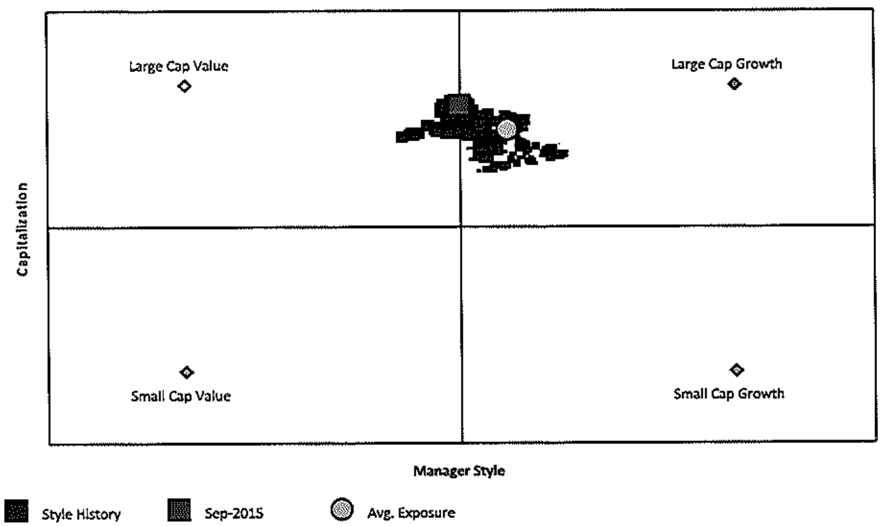


# Employees' Retirement System of the City of Norfolk

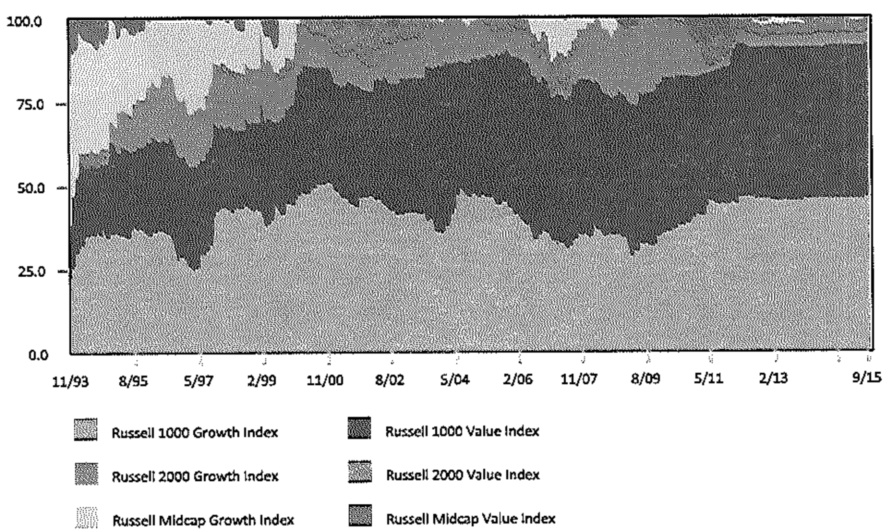
US Equity Composite vs. Russell 3000 Index

September 30, 2015

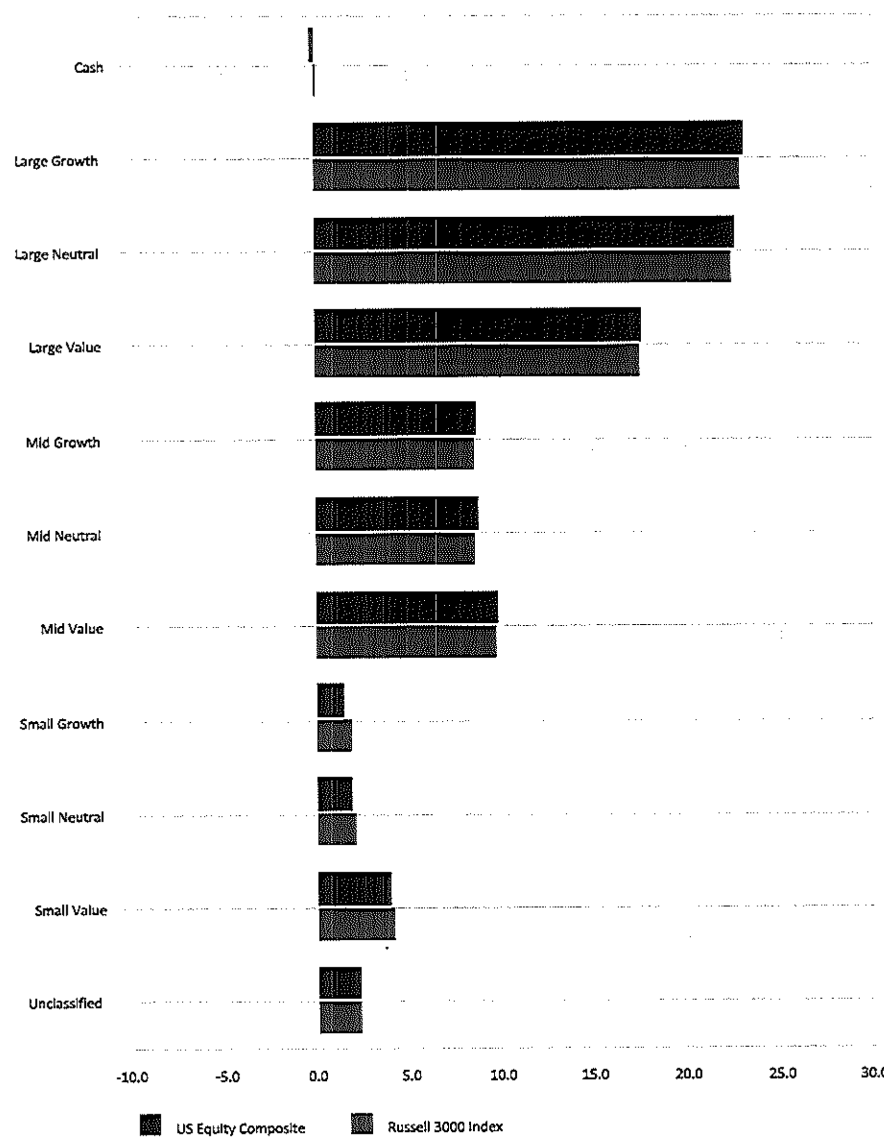
## Style Analysis - Returns Based




## 3 Year Style Analysis



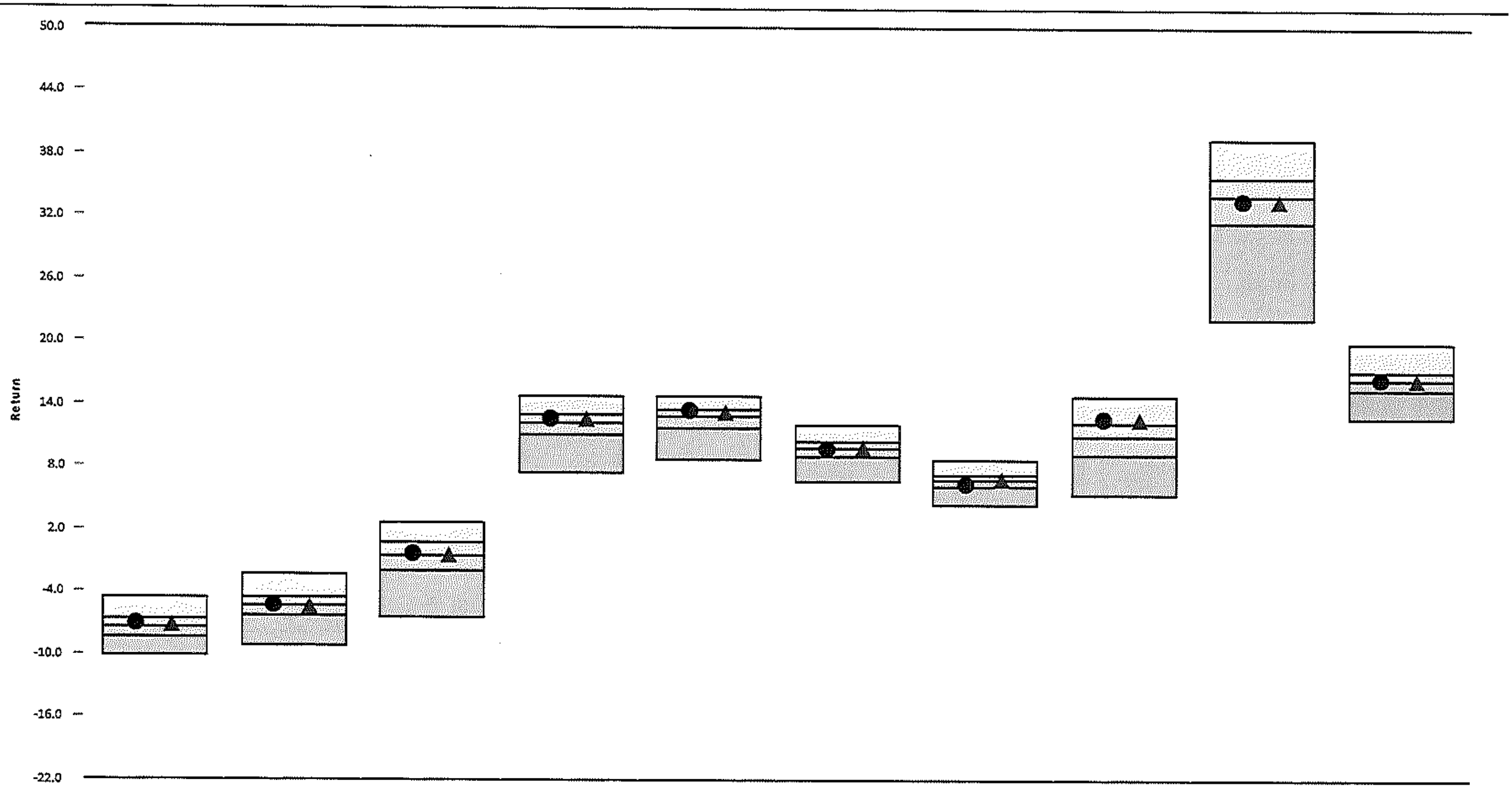

## Style Allocation - Holdings Based



# Employees' Retirement System of the City of Norfolk

Plan Sponsor Peer Group Analysis - All Master Trust-US Equity Segment

September 30, 2015




| | 3 Month | CYTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| ● US Equity Composite | -7.17 (40) | -5.37 (51) | -0.40 (46) | 12.57 (40) | 13.32 (32) | 9.61 (60) | 6.36 (69) | 12.60 (20) | 33.52 (57) | 16.45 (51) |
| ▲ US Equity Policy | -7.25 (43) | -5.45 (54) | -0.49 (49) | 12.53 (42) | 13.28 (34) | 9.91 (46) | 6.87 (47) | 12.56 (20) | 33.55 (56) | 16.42 (52) |
| 5th Percentile | -4.51 | -2.25 | 2.58 | 14.75 | 14.79 | 12.11 | 8.79 | 14.87 | 39.45 | 19.88 |
| 1st Quartile | -6.67 | -4.60 | 0.66 | 13.04 | 13.47 | 10.42 | 7.35 | 12.24 | 35.84 | 17.26 |
| **Median** | **-7.49** | **-5.37** | **-0.52** | **12.31** | **12.87** | **9.81** | **6.79** | **10.90** | **33.93** | **16.45** |
| 3rd Quartile | -8.32 | -6.32 | -1.98 | 11.09 | 11.73 | 9.02 | 6.11 | 9.14 | 31.50 | 15.40 |
| 95th Percentile | -10.17 | -9.24 | -6.43 | 7.50 | 8.70 | 6.69 | 4.39 | 5.42 | 22.23 | 12.72 |

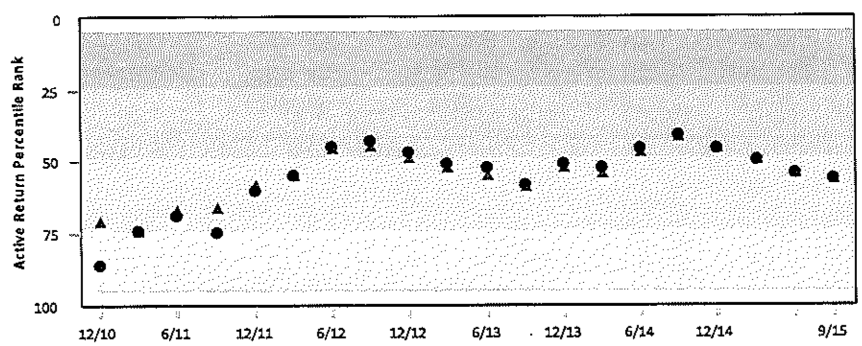
**gross of fees**

# Employees' Retirement System of the City of Norfolk

US Equity Composite

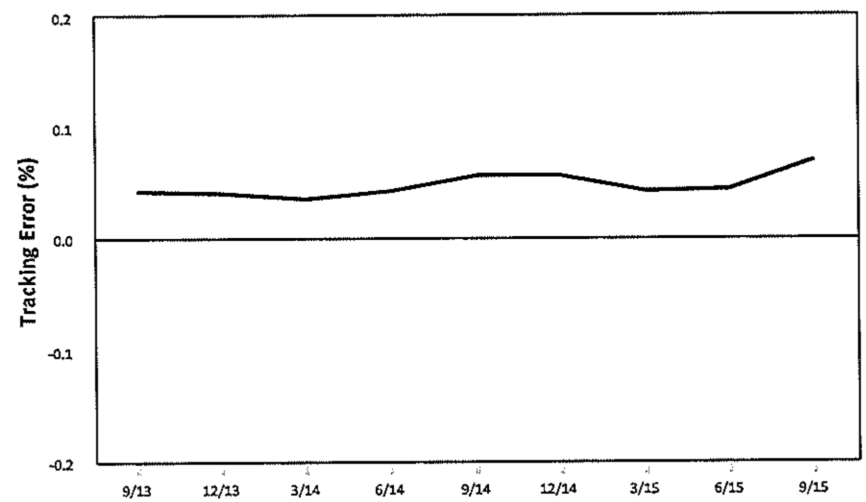
As of September 30, 2015

## 3 Year Rolling Return Rank

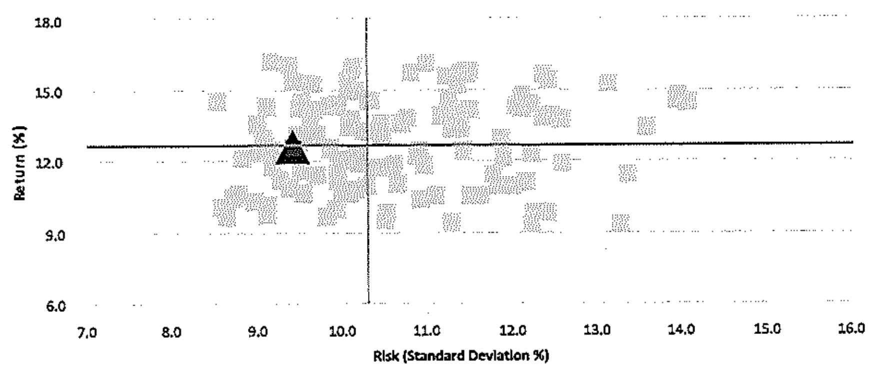



| | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|---|---|---|---|---|---|
| ● US Equity Composite | 20 | 0 (0%) | 7 (35%) | 12 (60%) | 1 (5%) |
| ▲ US Equity Policy | 20 | 0 (0%) | 7 (35%) | 13 (65%) | 0 (0%) |

## 3 Years Rolling Tracking Error




## Risk vs. Return (10/01/12 - 09/30/15)




| | Return | Standard Deviation |
|---|---|---|
| ▲ US Equity Composite | 12.57 | 9.42 |
| ■ US Equity Policy | 12.53 | 9.44 |
| — Median | 12.67 | 10.29 |

## Equity Characteristics vs. Benchmark

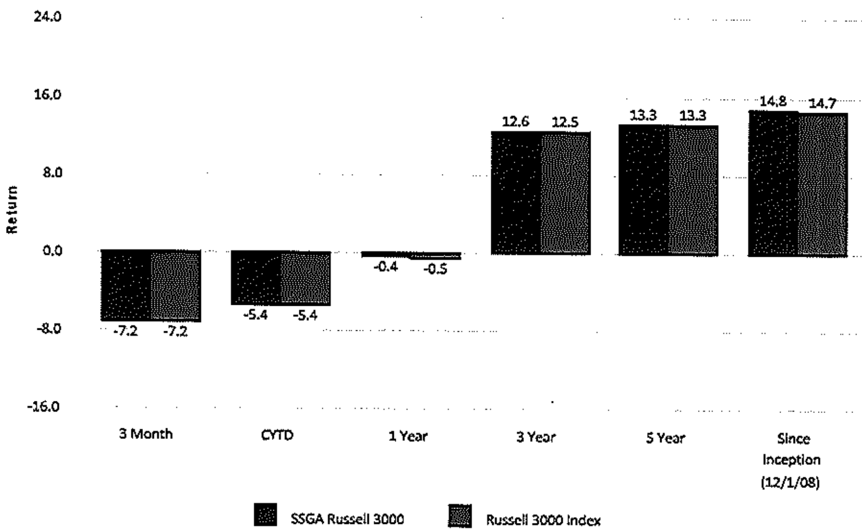
| | US Equity Composite | US Equity Policy |
|---|---|---|
| Weighted Averages | | |
| Wtd. Avg. Mkt. Cap ($M) | 103,364 | 103,379 |
| Median Mkt. Cap ($M) | 1,751 | 1,389 |
| Price/Earnings ratio | 18.18 | 18.19 |
| Price/Book ratio | 2.87 | 2.87 |
| 5 Yr. EPS Growth Rate | 11.58 | 11.59 |
| Current Yield | 2.15 | 2.14 |
| Beta | 0.00 | 0.00 |
| Number of Stocks | 2,654 | 2,986 |
| Debt to Equity | 0.97 | 0.97 |

# Employees' Retirement System of the City of Norfolk

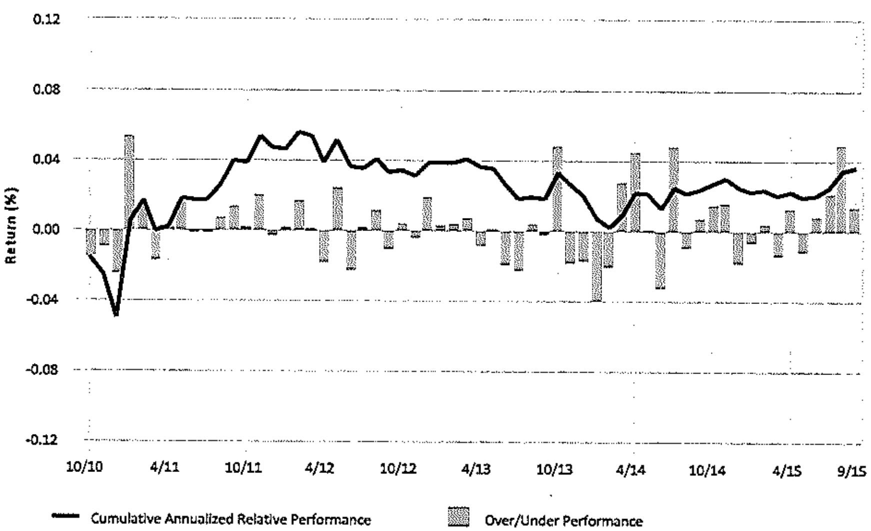
SSGA Russell 3000 vs. IM U.S. All Cap Equity (SA+CF)

September 30, 2015

## Comparative Performance

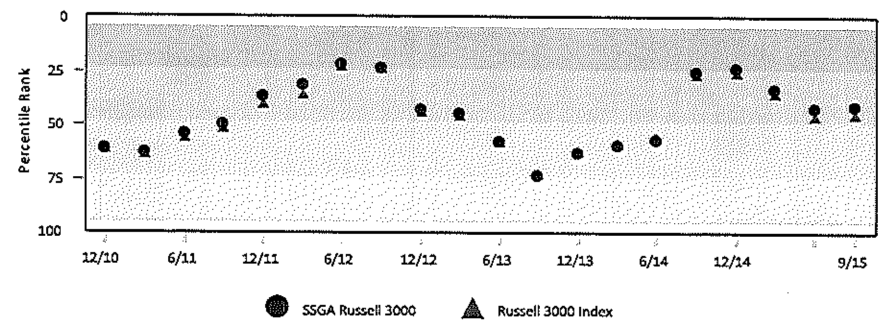



## Relative Performance vs Russell 3000 Index

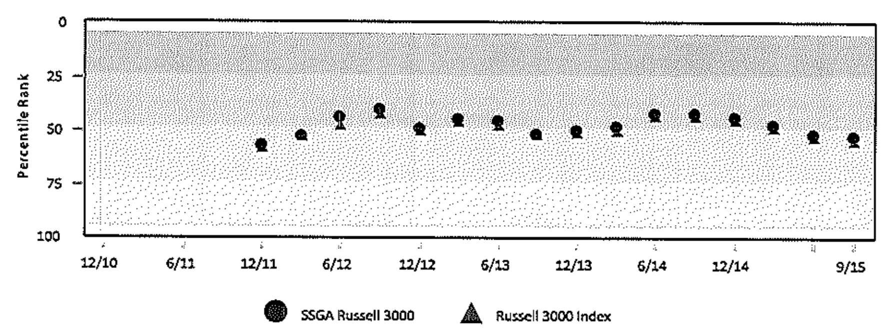



gross of fees

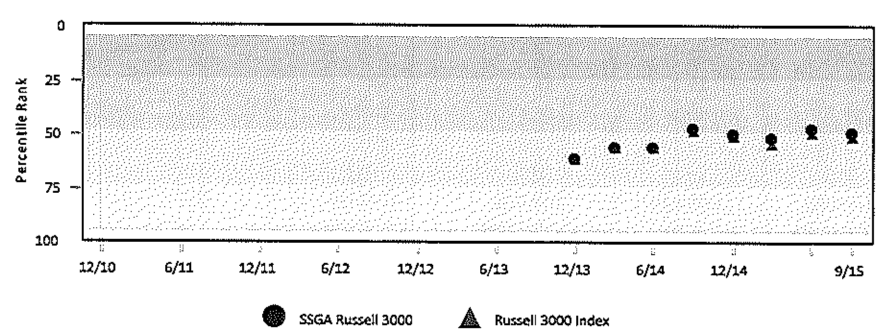
## 1 Year Rolling Percentile Ranking




## 3 Year Rolling Percentile Ranking




## 5 Year Rolling Percentile Ranking



# Employees' Retirement System of the City of Norfolk

SSGA Russell 3000 vs. Russell 3000 Index

September 30, 2015

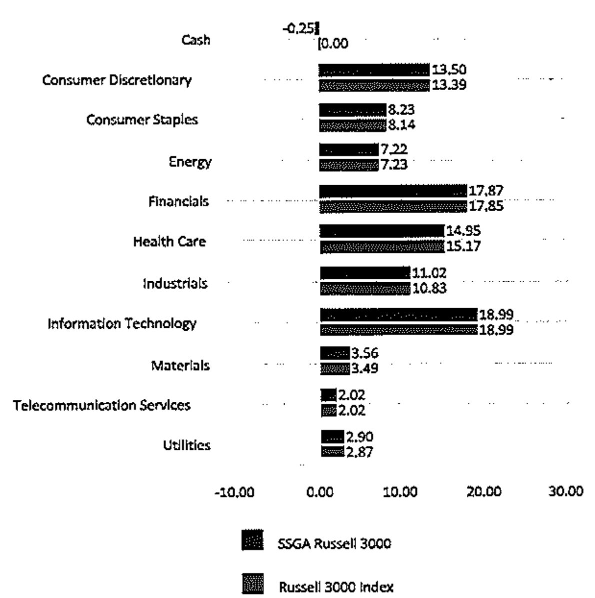
## Portfolio Characteristics

| | Portfolio | Benchmark |
|---|---|---|
| Wtd. Avg. Mkt. Cap ($000) | 103,364,192 | 103,378,890 |
| Median Mkt. Cap ($000) | 1,750,773 | 1,389,406 |
| Price/Earnings ratio | 18.18 | 18.19 |
| Price/Book ratio | 2.87 | 2.87 |
| 5 Yr. EPS Growth Rate (%) | 11.58 | 11.59 |
| Current Yield (%) | 2.15 | 2.14 |
| Beta (5 Years, Monthly) | 1.00 | 1.00 |
| Number of Stocks | 2,654 | 2,986 |

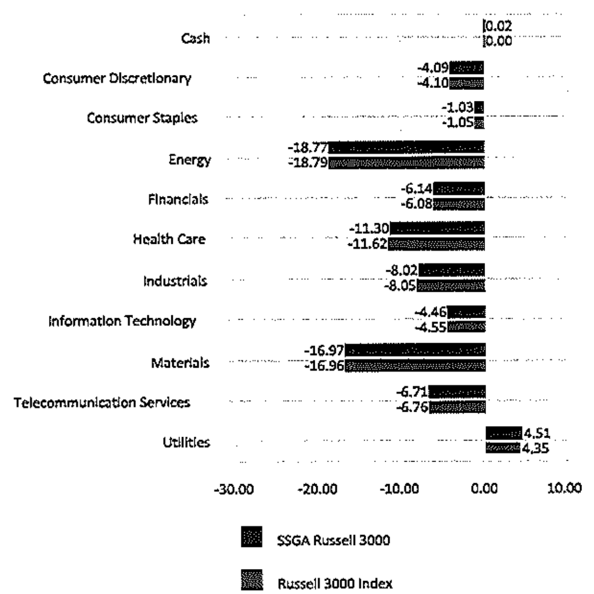
## Top Ten Equity Holdings

| | Portfolio Weight (%) | Benchmark Weight (%) | Active Weight (%) | Quarterly Return (%) |
|---|---|---|---|---|
| Apple Inc | 3.02 | 3.02 | 0.00 | -11.66 |
| Microsoft Corp | 1.70 | 1.70 | 0.00 | 0.91 |
| Exxon Mobil Corp | 1.48 | 1.48 | 0.00 | -9.80 |
| Johnson & Johnson | 1.23 | 1.23 | 0.00 | -3.46 |
| General Electric Co | 1.21 | 1.21 | 0.00 | -4.22 |
| Berkshire Hathaway Inc | 1.15 | 1.15 | 0.00 | -4.20 |
| Wells Fargo & Co | 1.14 | 1.14 | 0.00 | -8.10 |
| JPMorgan Chase & Co | 1.08 | 1.08 | 0.00 | -9.44 |
| AT&T Inc | 0.94 | 0.94 | 0.00 | -7.04 |
| Procter & Gamble Co (The) | 0.93 | 0.93 | 0.00 | -7.30 |
| % of Portfolio | 13.88 | 13.88 | | |

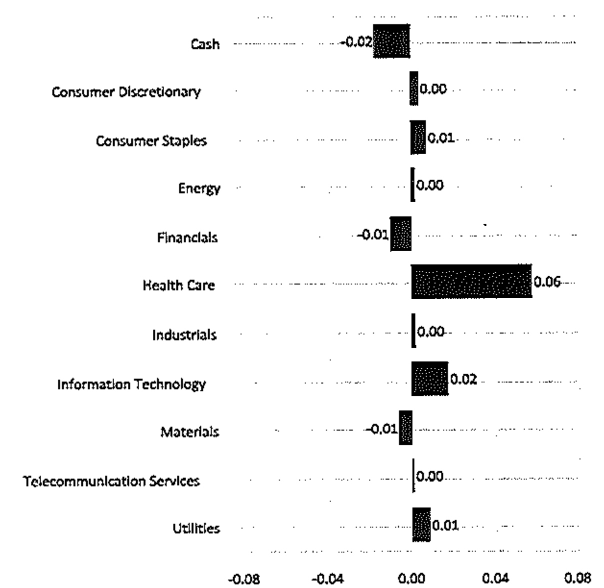
## Sector Allocation




## Sector Performance




## Total Sector Attribution



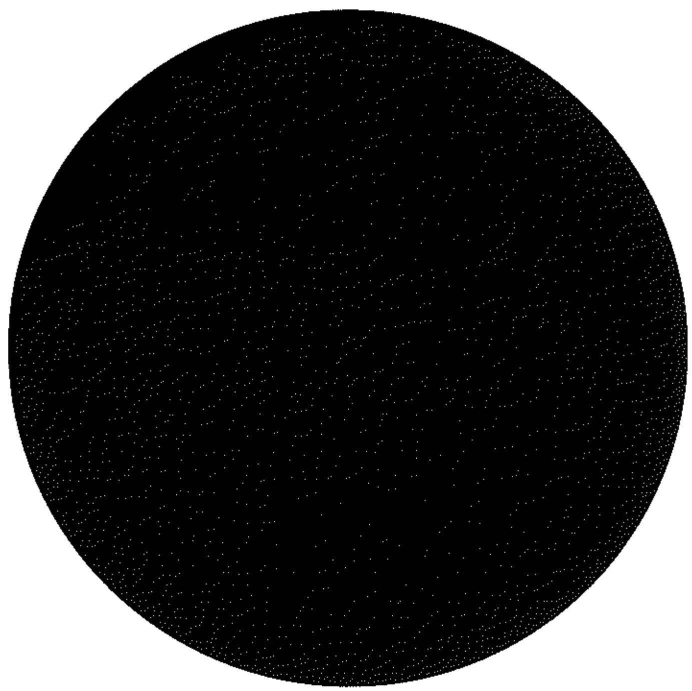



Summit Strategies Group

# International Equity

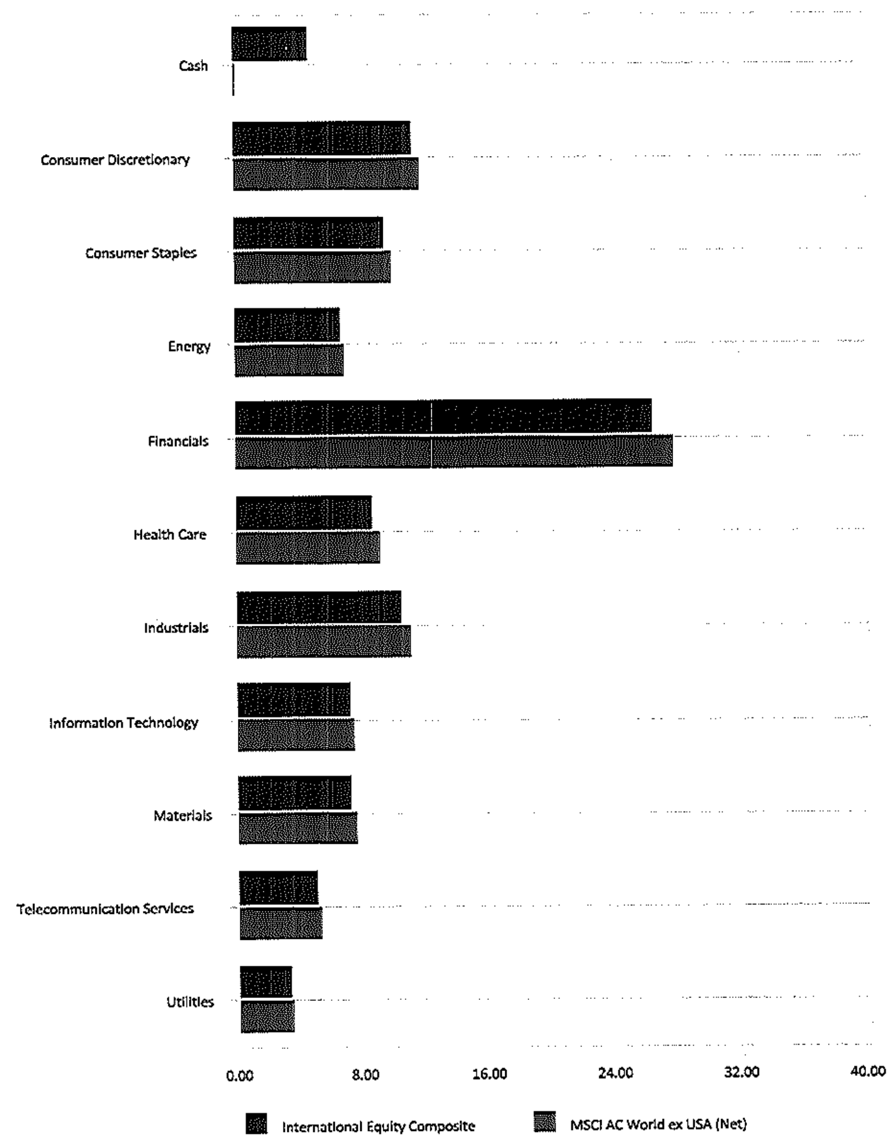
## Manager Allocation

September 30, 2015 : $192,696,262



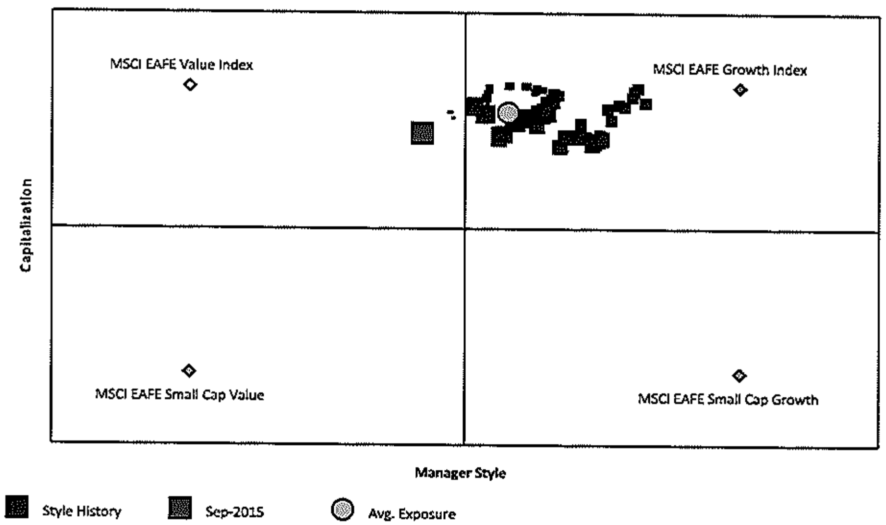
| | Market Value ($) | Allocation (%) |
|---|---|---|
| SSGA MSCI ACWI-ex US Index | 192,696,262 | 100.00 |

## Sector Allocation - Holdings Based

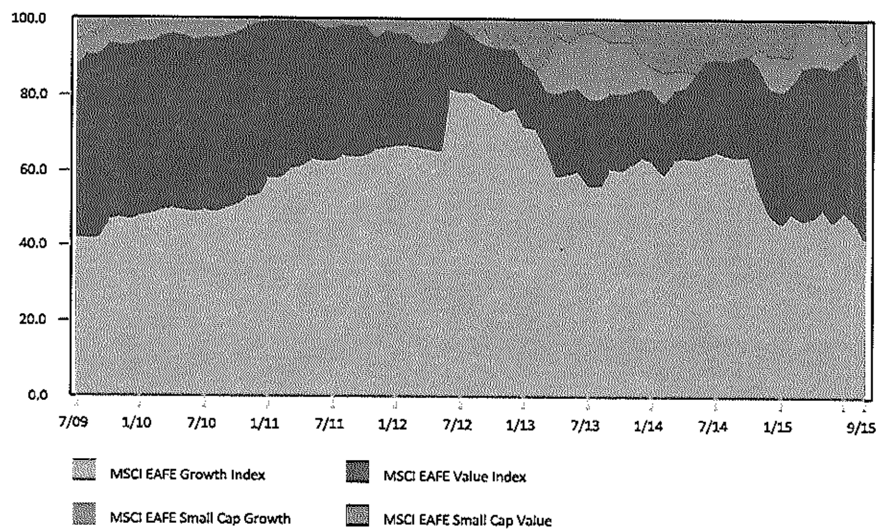


# Employees' Retirement System of the City of Norfolk
International Equity Composite vs. MSCI AC World ex USA (Net)
September 30, 2015

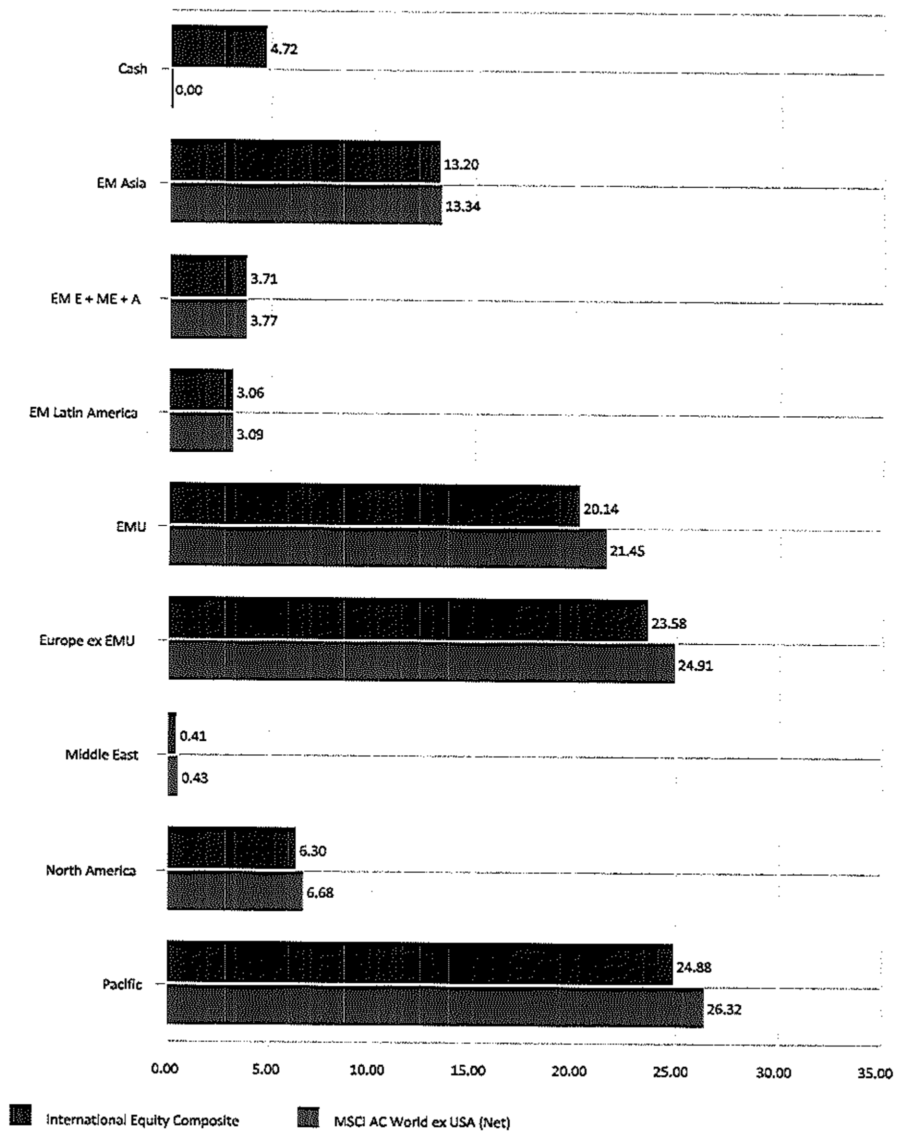
## Style Analysis - Returns Based




## 3 Year Style Analysis



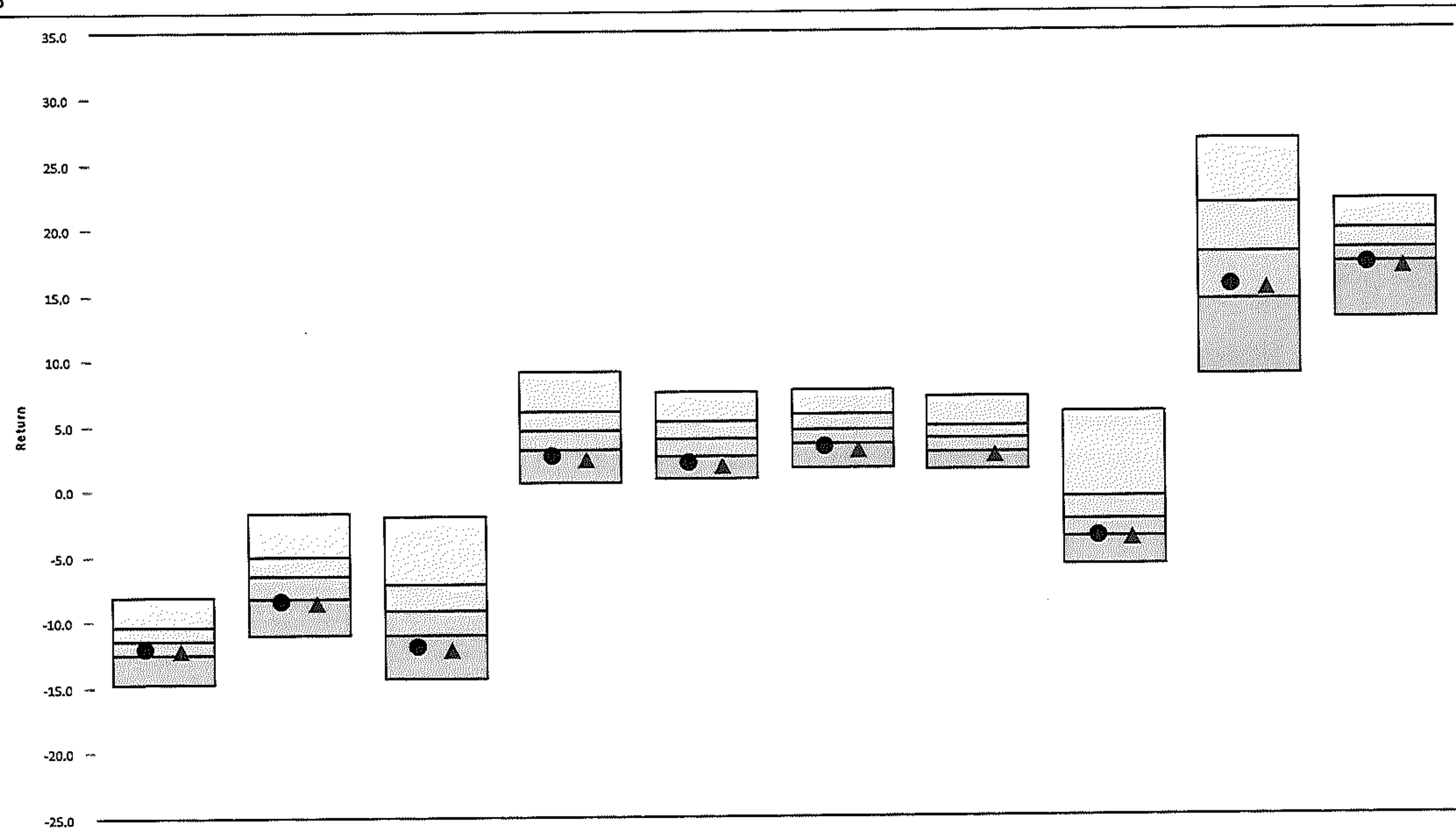

## Region Allocation - Holdings Based



# Employees' Retirement System of the City of Norfolk

Plan Sponsor Peer Group Analysis - All Master Trust-Intl. Equity Segment

September 30, 2015




| | 3 Month | CYTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| ● International Equity Composite | -12.12 (70) | -8.45 (79) | -11.97 (85) | 2.58 (82) | 2.05 (85) | 3.32 (79) | - | -3.62 (74) | 15.50 (70) | 17.10 (77) |
| ▲ International Equity Policy | -12.17 (71) | -8.63 (82) | -12.16 (87) | 2.34 (86) | 1.82 (87) | 3.04 (83) | 2.60 (81) | -3.87 (78) | 15.29 (71) | 16.83 (79) |
| 5th Percentile | -8.02 | -1.65 | -1.99 | 9.17 | 7.53 | 7.66 | 7.07 | 6.00 | 26.77 | 22.07 |
| 1st Quartile | -10.37 | -5.01 | -7.10 | 6.11 | 5.30 | 5.82 | 4.92 | -0.56 | 21.74 | 19.80 |
| **Median** | **-11.41** | **-6.48** | **-9.16** | **4.58** | **3.98** | **4.60** | **3.97** | **-2.34** | **18.03** | **18.37** |
| 3rd Quartile | -12.40 | -8.16 | -11.01 | 3.14 | 2.65 | 3.55 | 2.89 | -3.69 | 14.40 | 17.21 |
| 95th Percentile | -14.72 | -10.99 | -14.29 | 0.59 | 0.90 | 1.71 | 1.51 | -5.80 | 8.69 | 12.96 |

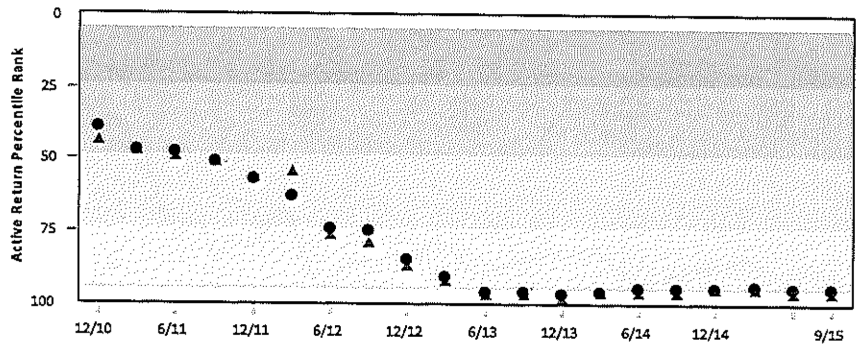
**gross of fees**

# Employees' Retirement System of the City of Norfolk

International Equity Composite

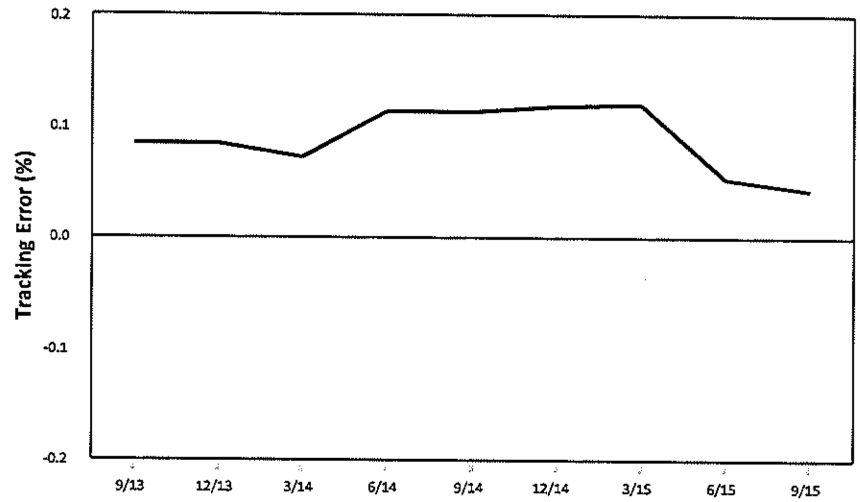
As of September 30, 2015

## 3 Year Rolling Return Rank

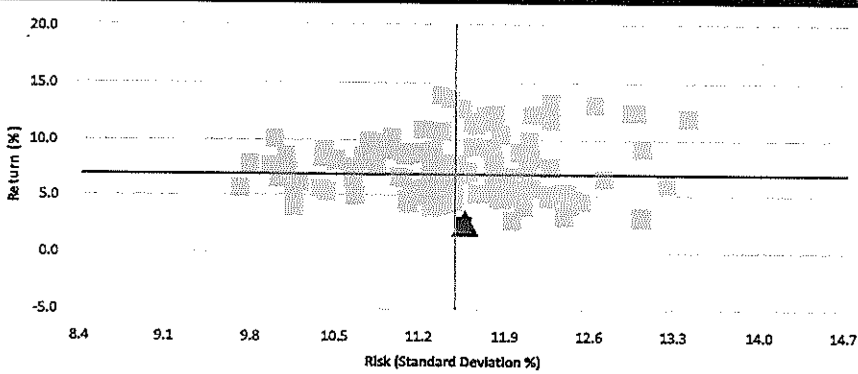



| | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|---|---|---|---|---|---|
| ● International Equity Composite | 20 | 0 (0%) | 3 (15%) | 5 (25%) | 12 (60%) |
| ▲ International Equity Policy | 20 | 0 (0%) | 3 (15%) | 3 (15%) | 14 (70%) |

## 3 Years Rolling Tracking Error




## Risk vs. Return (10/01/12 - 09/30/15)

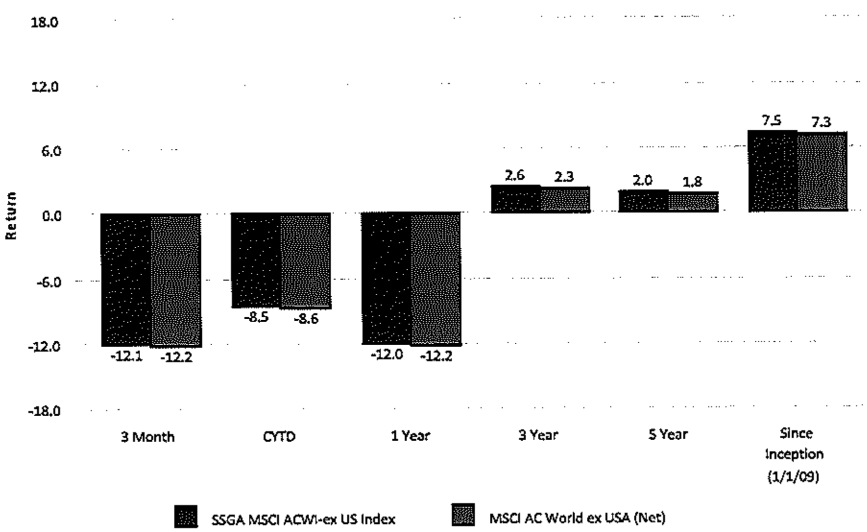



| | Return | Standard Deviation |
|---|---|---|
| ▲ International Equity Composite | 2.58 | 11.56 |
| ■ International Equity Policy | 2.34 | 11.55 |
| — Median | 6.98 | 11.48 |

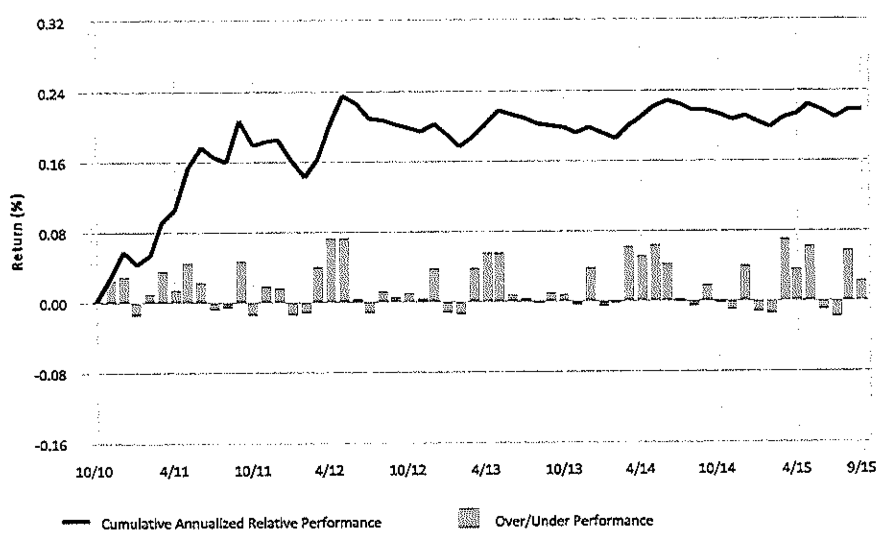
## Equity Characteristics vs. Benchmark

| | International Equity Composite | International Equity Policy |
|---|---|---|
| Weighted Averages | | |
| Wtd. Avg. Mkt. Cap ($M) | 49,733 | 49,876 |
| Median Mkt. Cap ($M) | 6,537 | 6,508 |
| Price/Earnings ratio | 14.09 | 14.06 |
| Price/Book ratio | 2.20 | 2.19 |
| 5 Yr. EPS Growth Rate | 9.33 | 9.34 |
| Current Yield | 3.36 | 3.35 |
| Beta | 0.00 | 0.00 |
| Number of Stocks | 1,884 | 1,843 |
| Debt to Equity | 1.36 | 1.37 |

## Comparative Performance

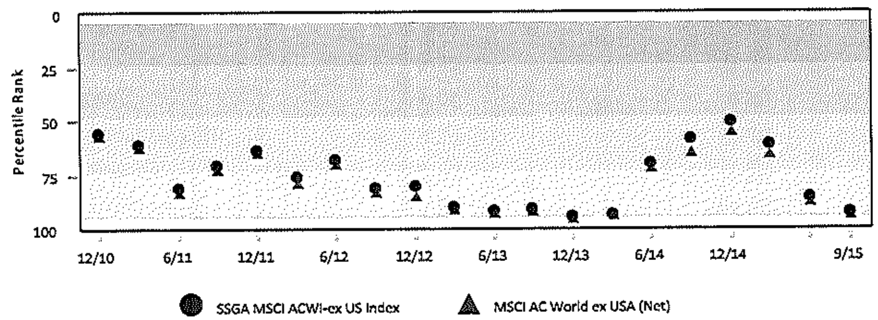



## Relative Performance vs MSCI AC World ex USA (Net)

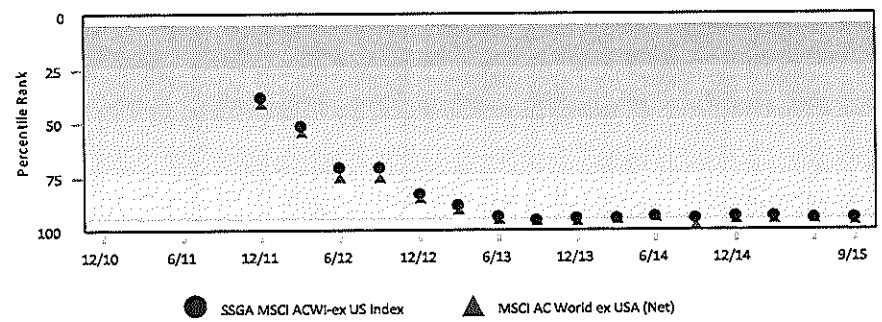



gross of fees

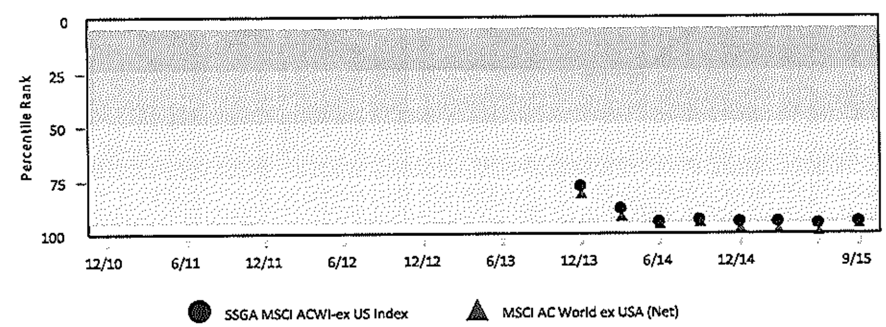
## 1 Year Rolling Percentile Ranking




## 3 Year Rolling Percentile Ranking




## 5 Year Rolling Percentile Ranking



# Employees' Retirement System of the City of Norfolk

SSGA MSCI ACWI-ex US Index vs. MSCI AC World ex USA (Net)

September 30, 2015

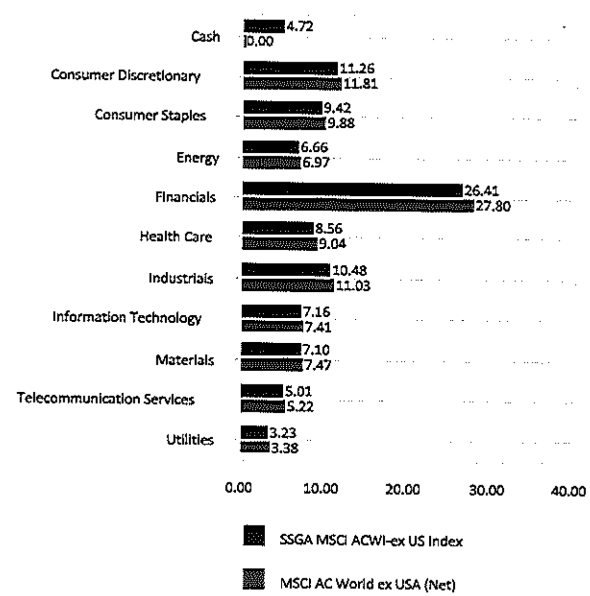
## Portfolio Characteristics

| | Portfolio | Benchmark |
|---|---|---|
| Wtd. Avg. Mkt. Cap ($000) | 49,733,353 | 49,876,124 |
| Median Mkt. Cap ($000) | 6,537,289 | 6,508,115 |
| Price/Earnings ratio | 14.09 | 14.06 |
| Price/Book ratio | 2.20 | 2.19 |
| 5 Yr. EPS Growth Rate (%) | 9.33 | 9.34 |
| Current Yield (%) | 3.36 | 3.35 |
| Beta (5 Years, Monthly) | 1.00 | 1.00 |
| Number of Stocks | 1,884 | 1,843 |

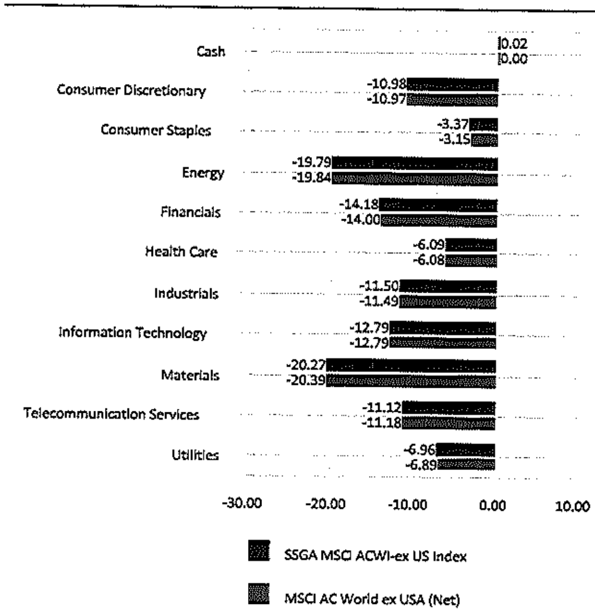
## Top Ten Equity Holdings

| | Portfolio Weight (%) | Benchmark Weight (%) | Active Weight (%) | Quarterly Return (%) |
|---|---|---|---|---|
| Nestle SA, Cham Und Vevey | 1.46 | 1.51 | -0.05 | 3.76 |
| Novartis AG | 1.26 | 1.30 | -0.04 | -7.24 |
| Roche Holding AG | 1.12 | 1.15 | -0.03 | -6.21 |
| Toyota Motor Corp | 0.99 | 0.99 | 0.00 | -12.13 |
| HSBC Holdings PLC | 0.94 | 0.92 | 0.02 | -14.79 |
| Sanofi | 0.68 | 0.70 | -0.02 | -3.70 |
| Samsung Electronics Co Ltd | 0.67 | 0.66 | 0.01 | -15.67 |
| Bayer AG | 0.66 | 0.66 | 0.00 | -8.75 |
| British American Tobacco PLC | 0.66 | 0.64 | 0.02 | 4.15 |
| Novo Nordisk A/S | 0.66 | 0.66 | 0.00 | -1.62 |
| % of Portfolio | 9.10 | 9.19 | | |

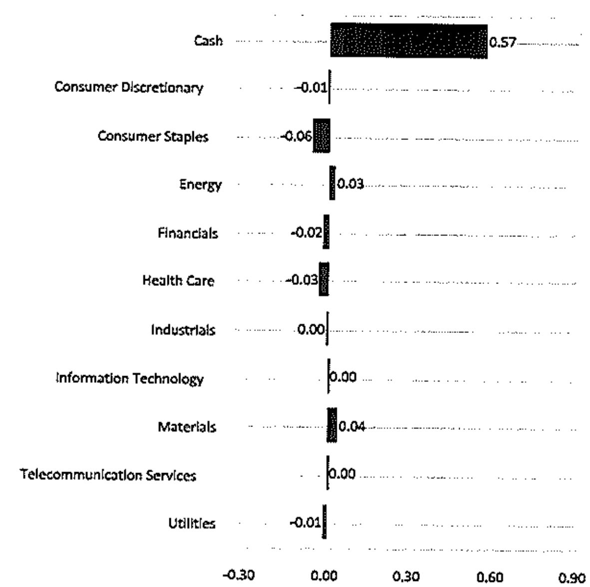
## Sector Allocation




## Sector Performance




## Total Sector Attribution

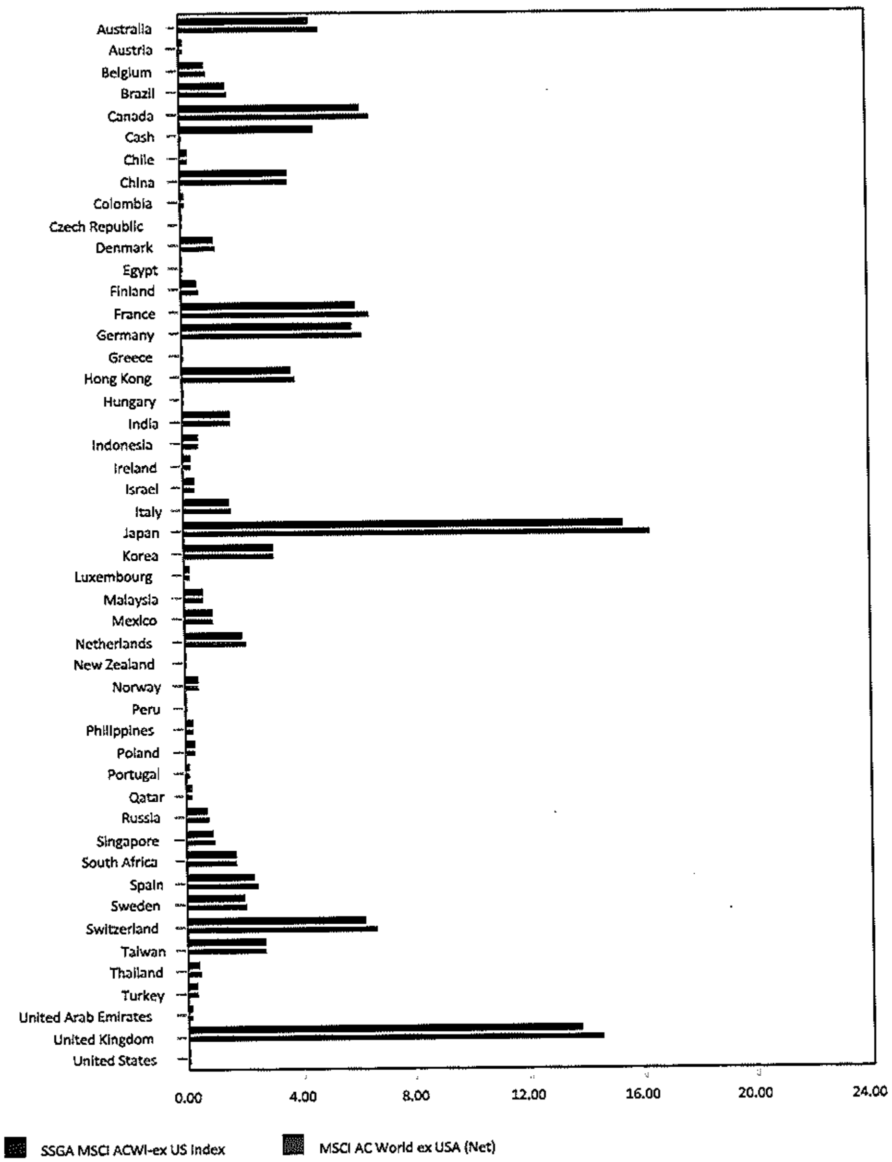


## Employees' Retirement System of the City of Norfolk

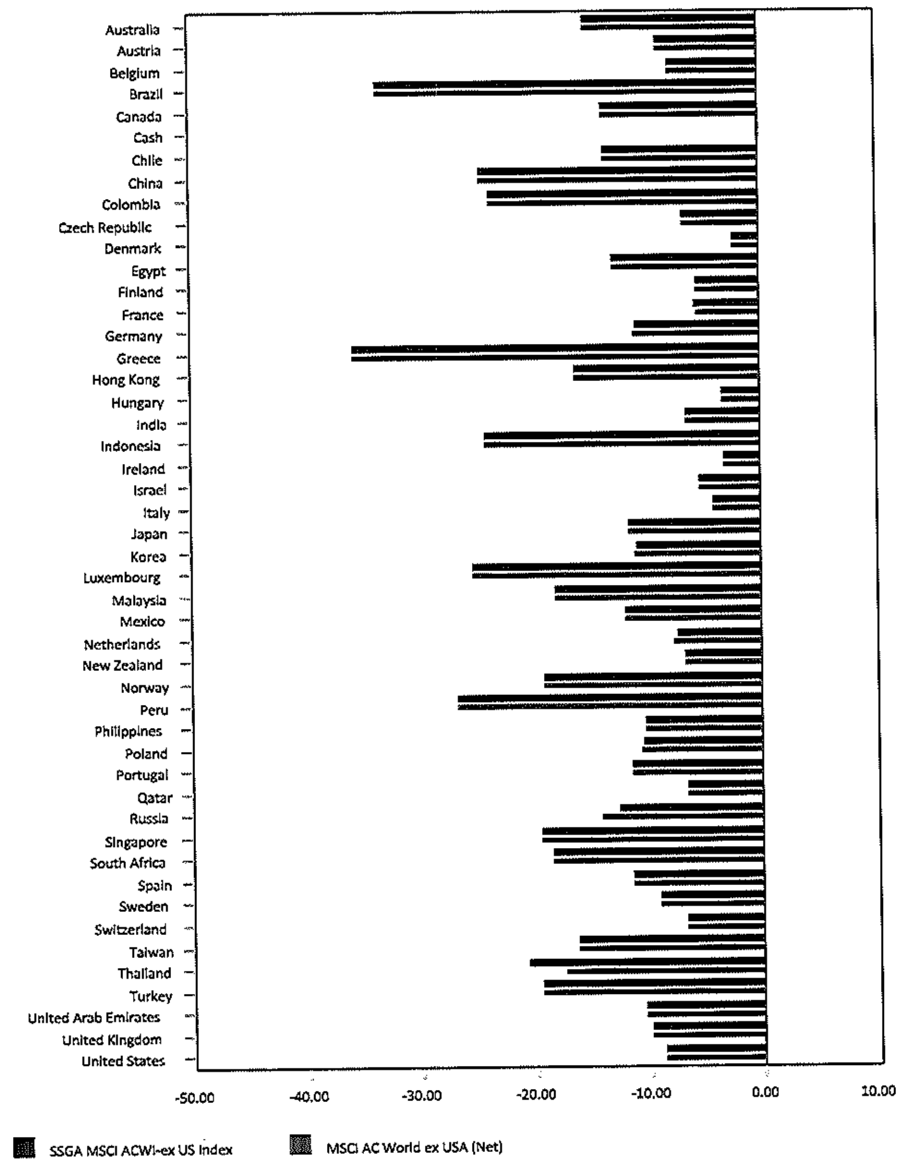
SSGA MSCI ACWI-ex US Index vs. MSCI AC World ex USA (Net)

September 30, 2015

### Country Allocation




### Country Performance



# Fixed Income

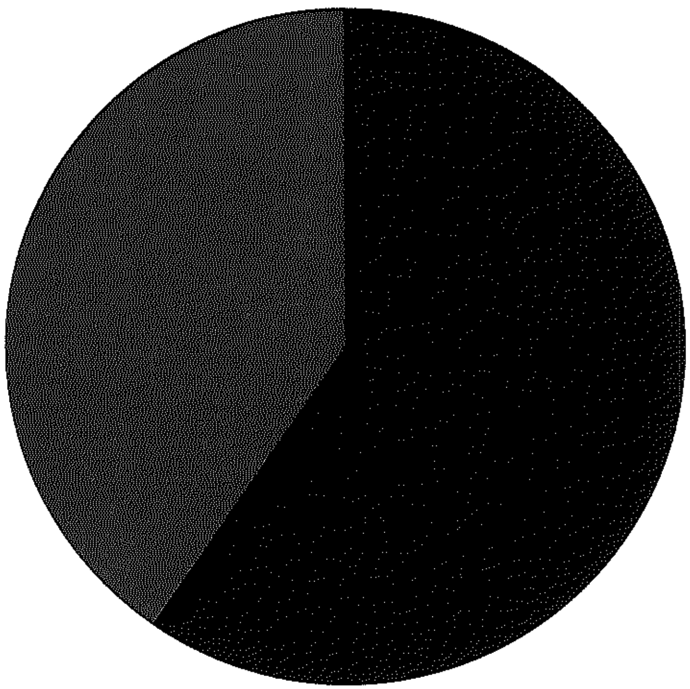
# Employees' Retirement System of the City of Norfolk

Total Fixed Income Composite

September 30, 2015

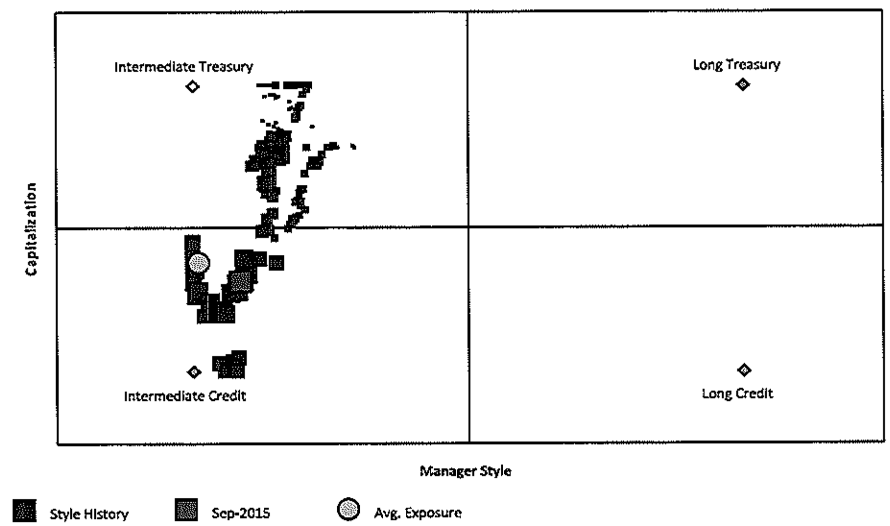
## Manager Allocation

September 30, 2015 : $325,202,522

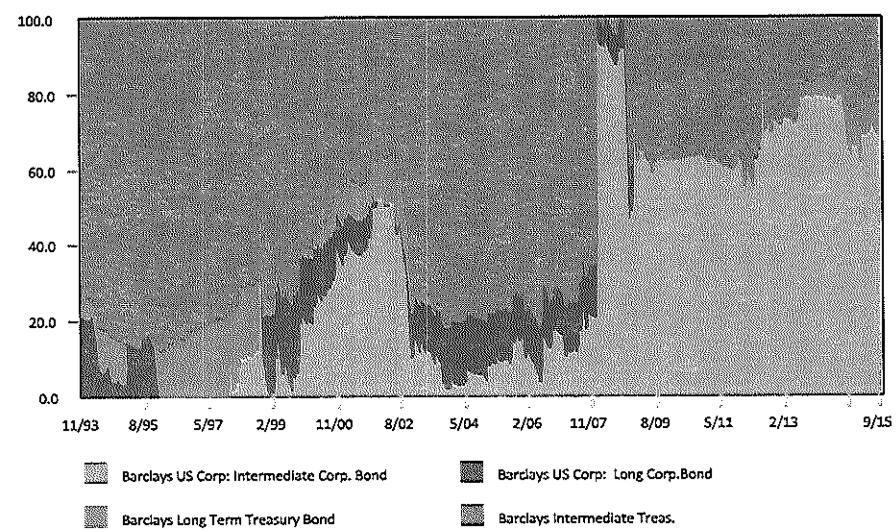


| | Market Value ($) | Allocation (%) |
|---|---|---|
| PIMCO Total Return | 194,248,486 | 59.73 |
| SSGA Bond Market Index | 130,954,036 | 40.27 |

## Style Analysis - Returns Based



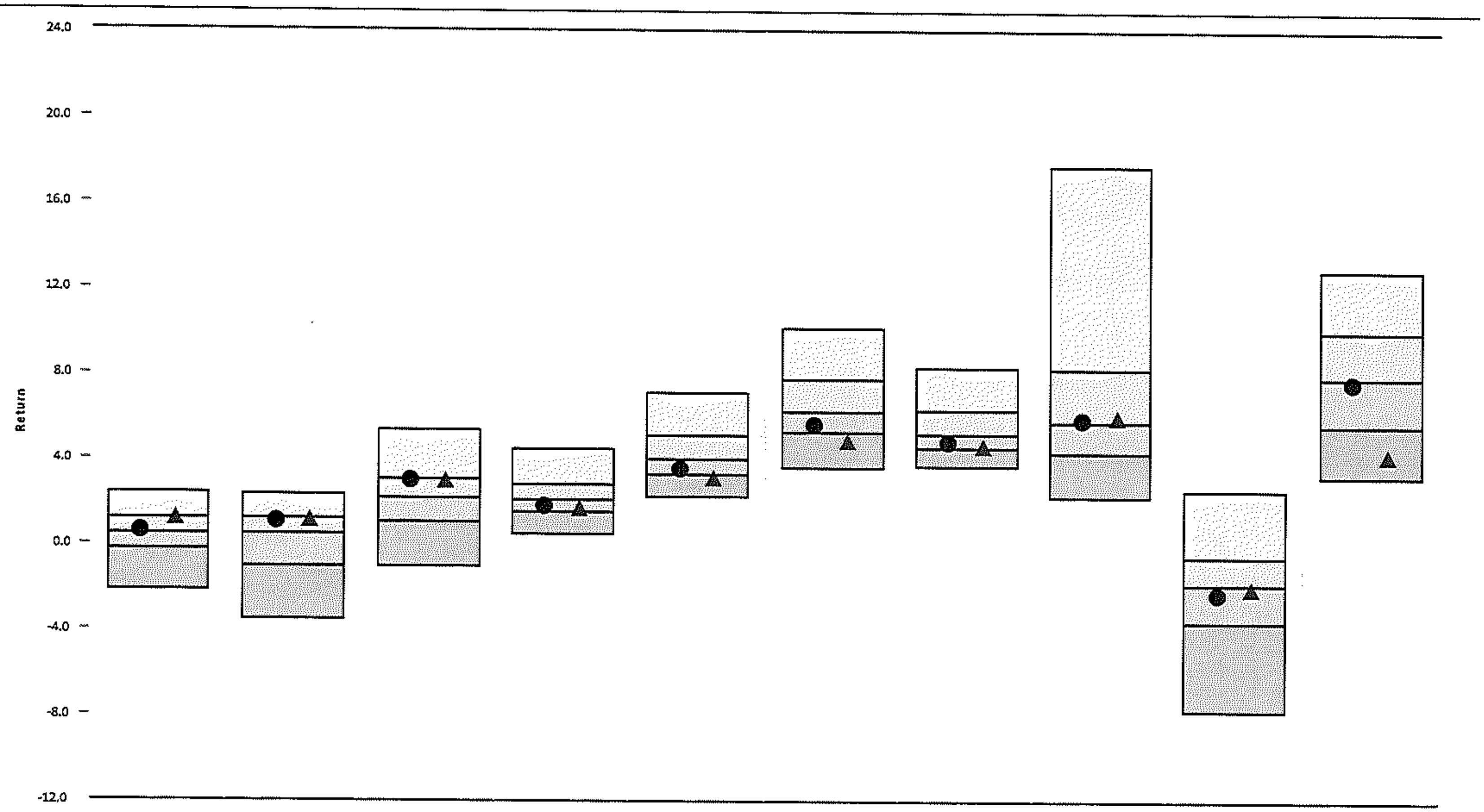

## 3 Year Style Analysis



# Employees' Retirement System of the City of Norfolk

Plan Sponsor Peer Group Analysis - All Master Trust-US Fixed Income Segment

September 30, 2015




| | 3 Month | CYTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| ● Total Fixed Income Composite | 0.57 (49) | 1.05 (31) | 2.96 (26) | 1.73 (66) | 3.54 (64) | 5.59 (66) | 4.77 (67) | 5.84 (49) | -2.32 (63) | 7.61 (55) |
| ▲ Barclays Aggregate | 1.23 (24) | 1.13 (29) | 2.94 (27) | 1.71 (68) | 3.10 (81) | 4.85 (83) | 4.64 (74) | 5.97 (47) | -2.02 (56) | 4.21 (91) |
| 5th Percentile | 2.43 | 2.32 | 5.32 | 4.51 | 7.13 | 10.12 | 8.35 | 17.78 | 2.57 | 12.87 |
| 1st Quartile | 1.16 | 1.21 | 3.00 | 2.80 | 5.15 | 7.75 | 6.34 | 8.24 | -0.57 | 9.97 |
| **Median** | **0.51** | **0.48** | **2.14** | **2.09** | **4.02** | **6.21** | **5.19** | **5.76** | **-1.80** | **7.87** |
| 3rd Quartile | -0.24 | -1.07 | 1.07 | 1.53 | 3.26 | 5.25 | 4.59 | 4.32 | -3.62 | 5.59 |
| 95th Percentile | -2.20 | -3.55 | -1.01 | 0.45 | 2.25 | 3.63 | 3.64 | 2.21 | -7.76 | 3.23 |

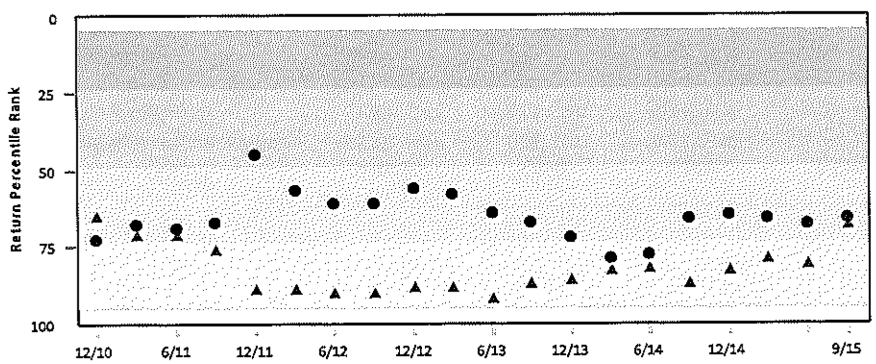
**gross of fees**

# Employees' Retirement System of the City of Norfolk

Total Fixed Income Composite

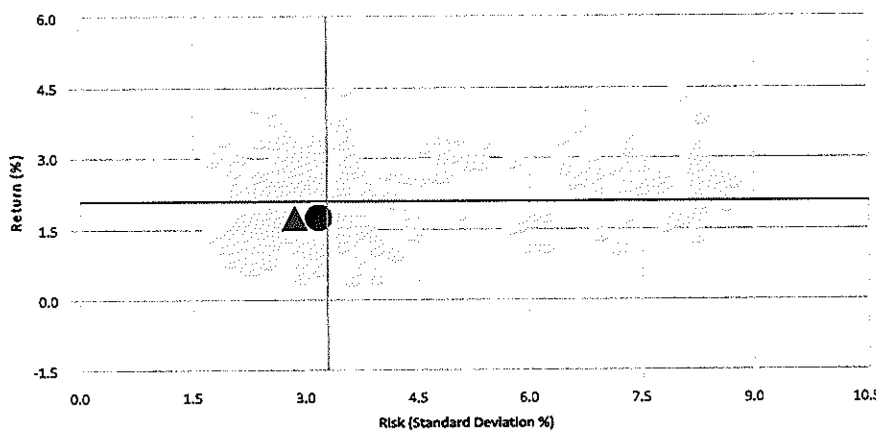
September 30, 2015

### 3 Year Rolling Return Rank



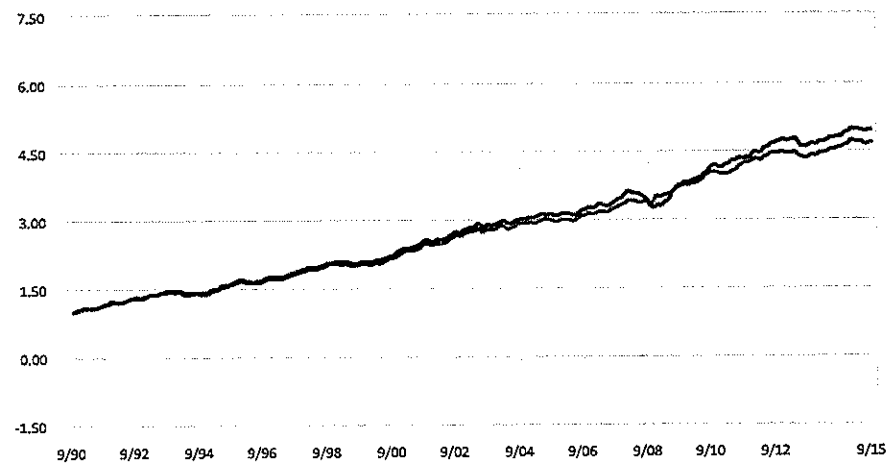

| | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|---|---|---|---|---|---|
| ● Total Fixed Income Composite | 20 | 0 (0%) | 1 (5%) | 17 (85%) | 2 (10%) |
| ▲ Barclays Aggregate | 20 | 0 (0%) | 0 (0%) | 4 (20%) | 16 (80%) |

### Risk vs. Return (10/01/12 - 09/30/15)

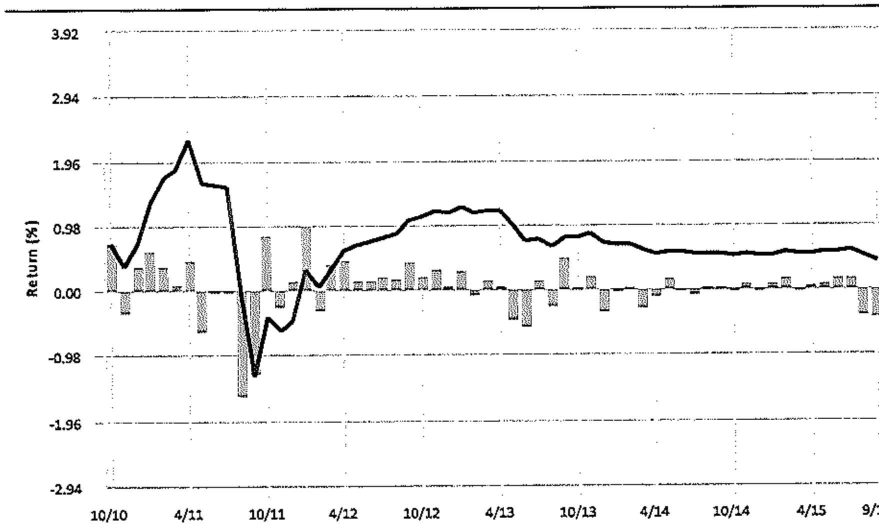



| | Return | Standard Deviation |
|---|---|---|
| ● Total Fixed Income Composite | 1.73 | 3.20 |
| ▲ Barclays Aggregate | 1.71 | 2.86 |
| — Median | 2.09 | 3.29 |

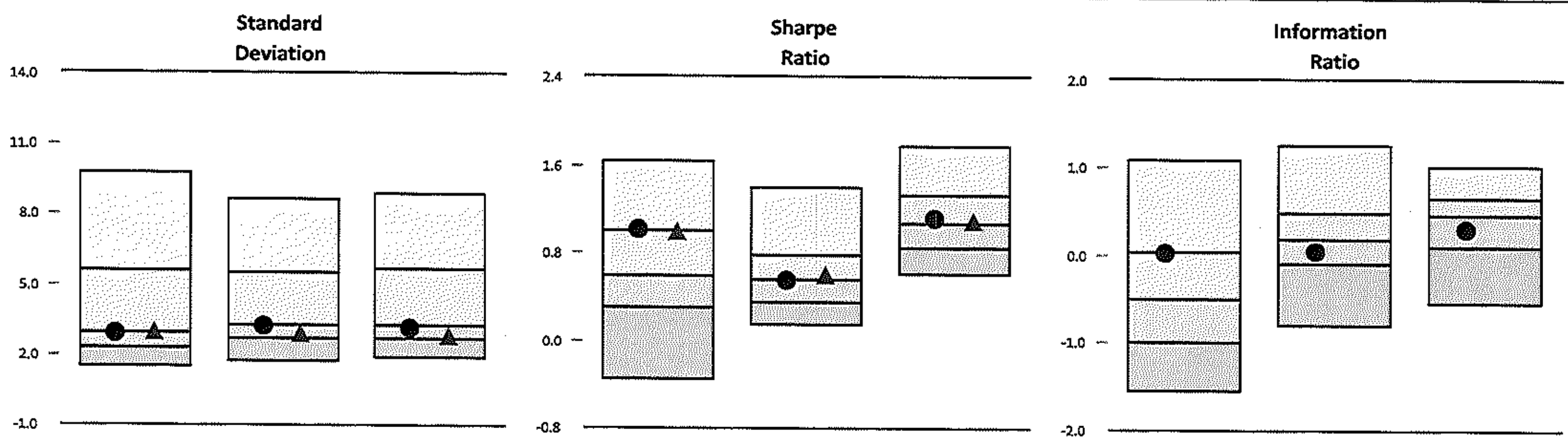
### Growth of $1 - Since Inception (10/01/90)




### Relative Performance vs. Barclays Aggregate

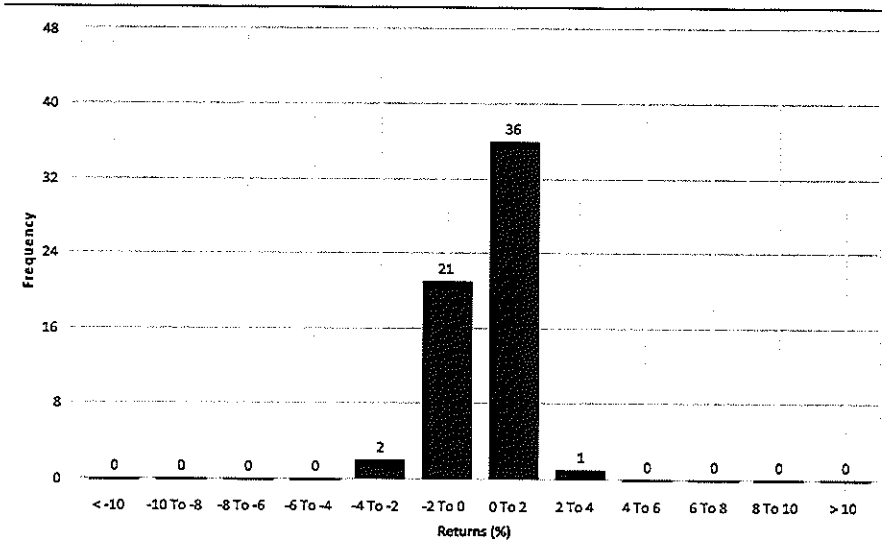


## Peer Group Analysis: All Master Trust-US Fixed Income Segment

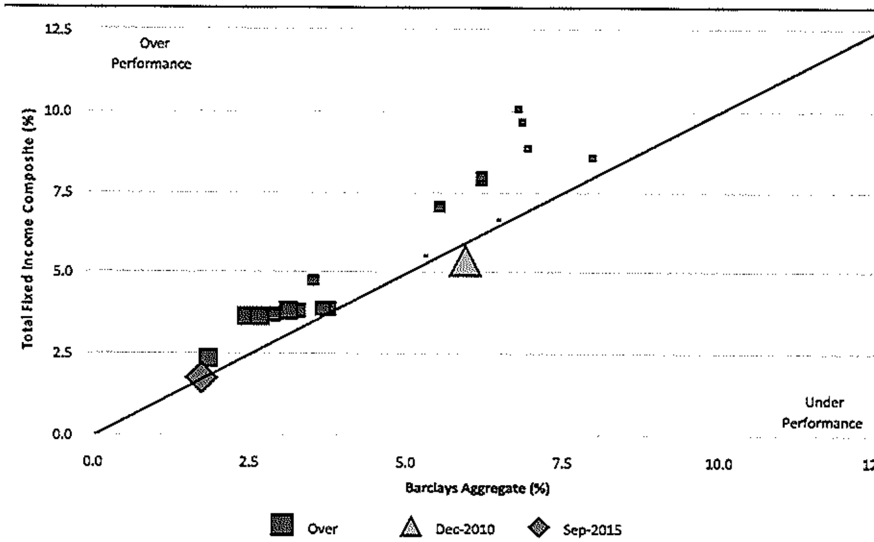



| | Standard Deviation 1 Year | 3 Year | 5 Year | Sharpe Ratio 1 Year | 3 Year | 5 Year | Information Ratio 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|---|---|---|---|---|
| ● Total Fixed Income Composite | 2.90 (52) | 3.20 (54) | 3.12 (55) | 1.01 (25) | 0.54 (53) | 1.11 (44) | 0.02 (28) | 0.04 (65) | 0.31 (62) |
| ▲ Barclays Aggregate | 2.93 (51) | 2.86 (70) | 2.75 (74) | 0.99 (26) | 0.59 (45) | 1.10 (46) | - | - | - |
| **Median** | **2.94** | **3.29** | **3.26** | **0.60** | **0.56** | **1.08** | **-0.49** | **0.20** | **0.47** |

## Monthly Distribution of Returns




## 3 Year Rolling Under/Over Performance

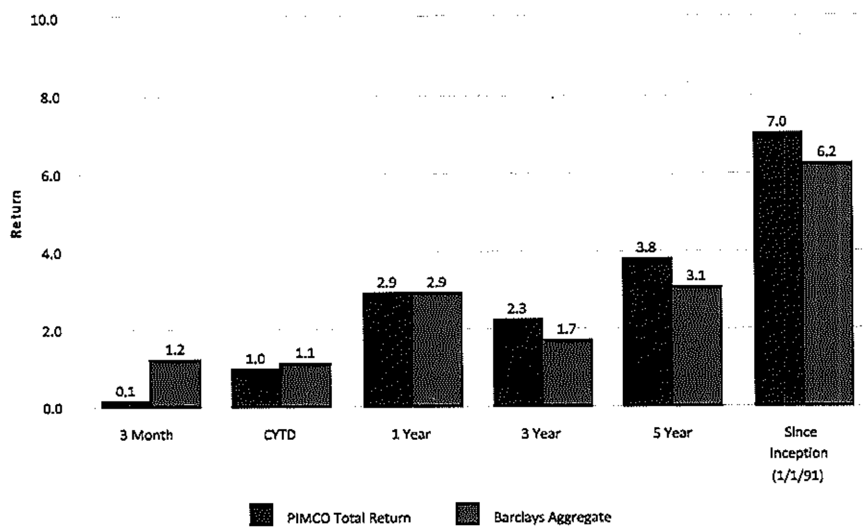


# Employees' Retirement System of the City of Norfolk

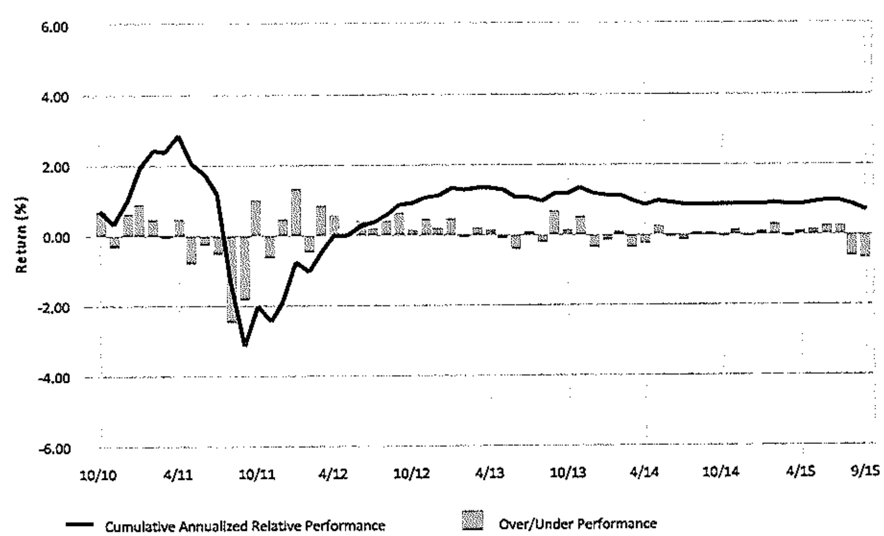
PIMCO Total Return vs. IM U.S. Broad Market Core Fixed Income (SA+CF)

September 30, 2015

### Comparative Performance

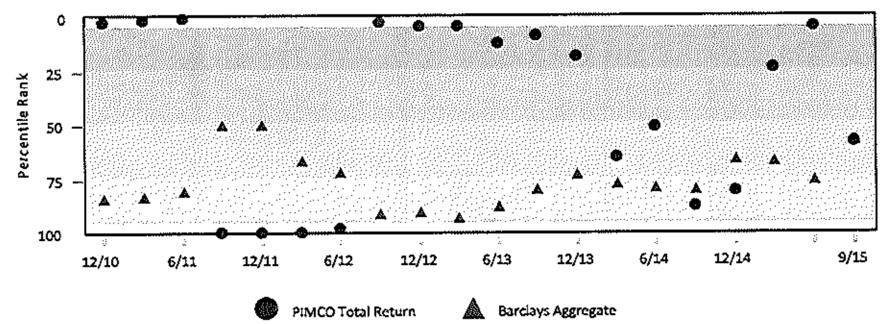



### Relative Performance vs Barclays Aggregate

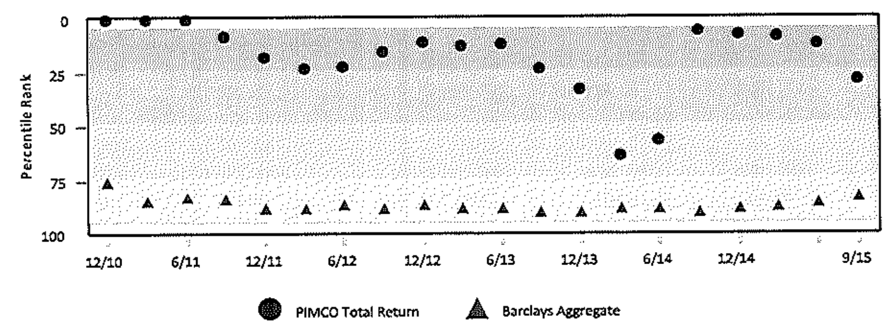



gross of fees

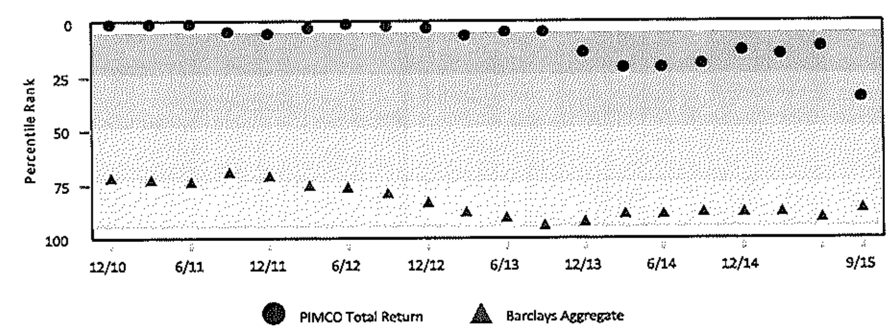
### 1 Year Rolling Percentile Ranking




### 3 Year Rolling Percentile Ranking




### 5 Year Rolling Percentile Ranking



# Employees' Retirement System of the City of Norfolk

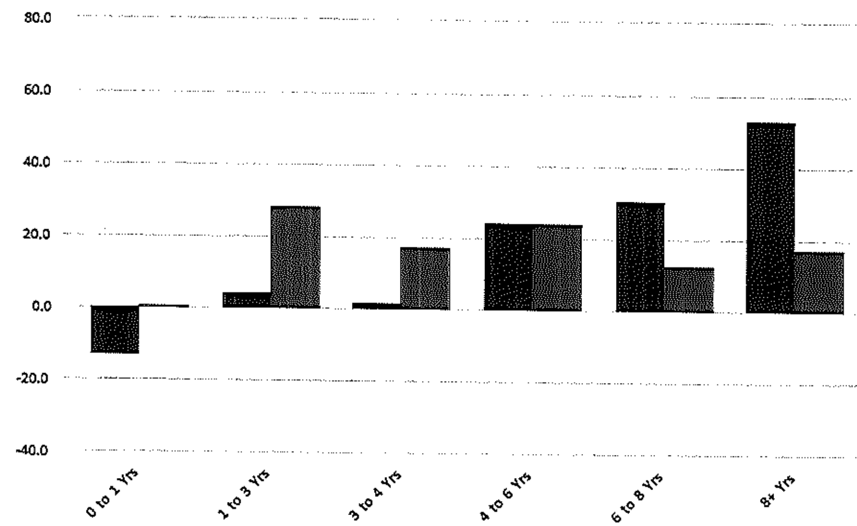
PIMCO Total Return vs. Barclays Aggregate

September 30, 2015

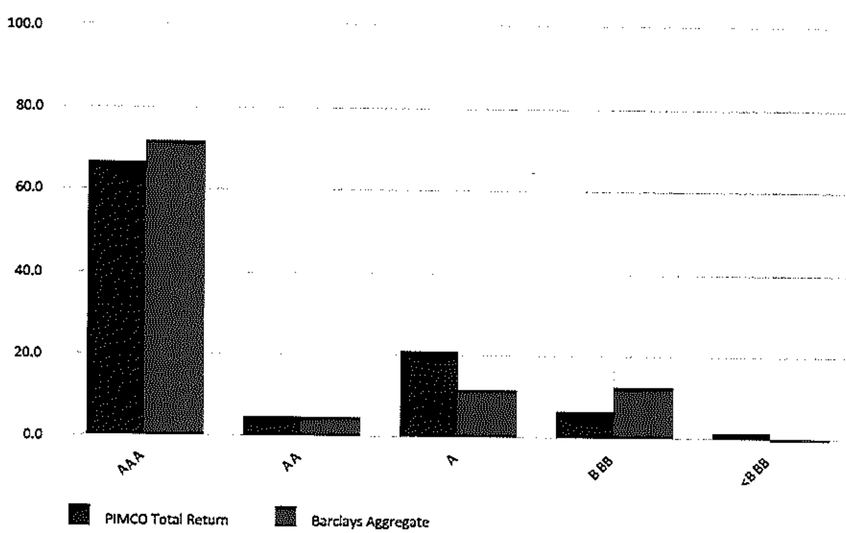
### Portfolio Characteristics

| | Portfolio | Benchmark |
|---|---|---|
| Avg. Maturity | 7.65 | 7.86 |
| Avg. Quality | AA | AA1/AA2 |
| Coupon Rate (%) | 2.74 | 3.20 |
| Convexity | 0.20 | 0.01 |
| Effective Duration | 4.53 | 5.49 |

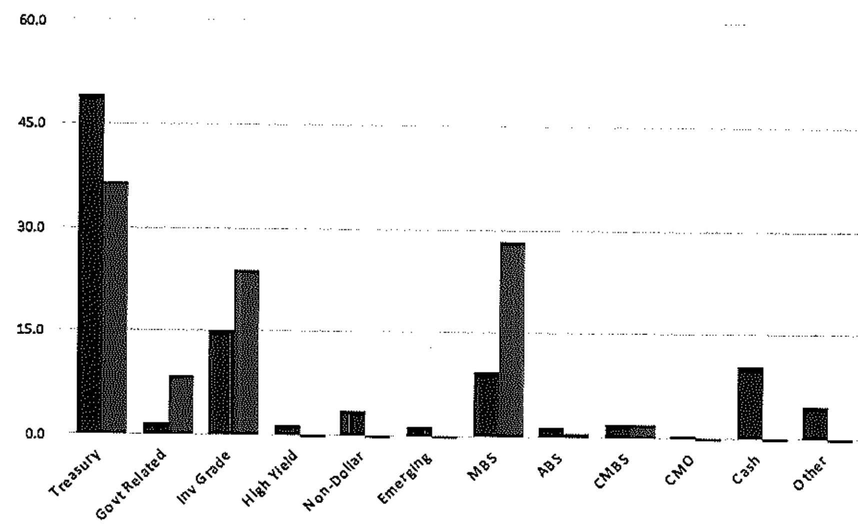
### Duration Distribution (%)




### Credit Quality Distribution (%)




### Sector Distribution (%)

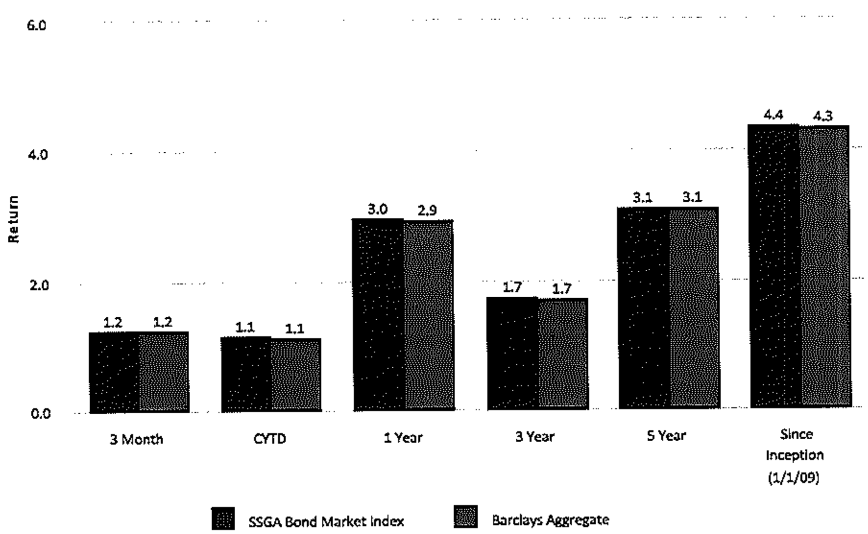


# Employees' Retirement System of the City of Norfolk

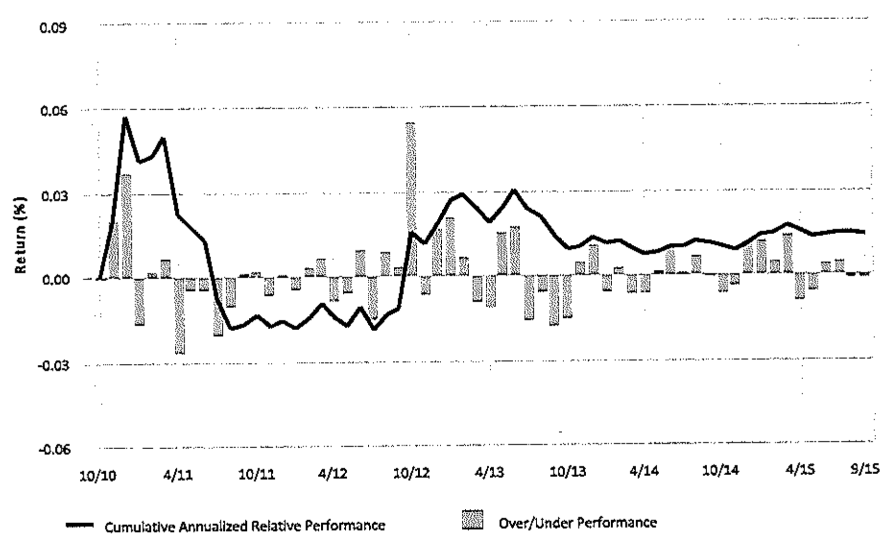
SSGA Bond Market Index vs. IM U.S. Broad Market Core Fixed Income (SA+CF)

September 30, 2015

## Comparative Performance

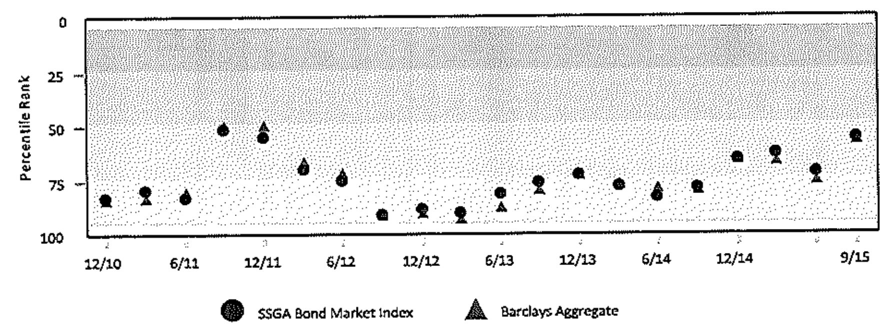



## Relative Performance vs Barclays Aggregate

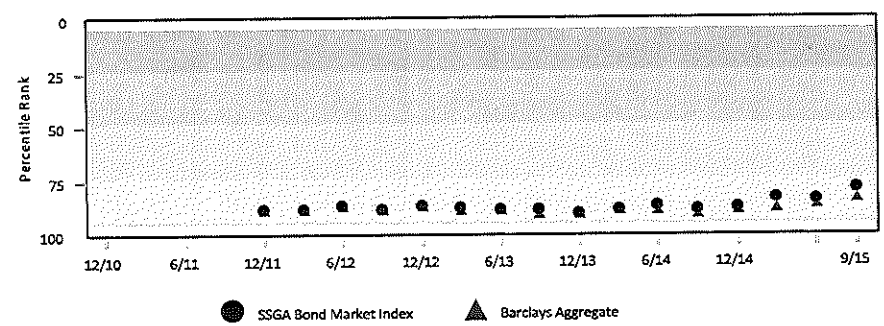



gross of fees

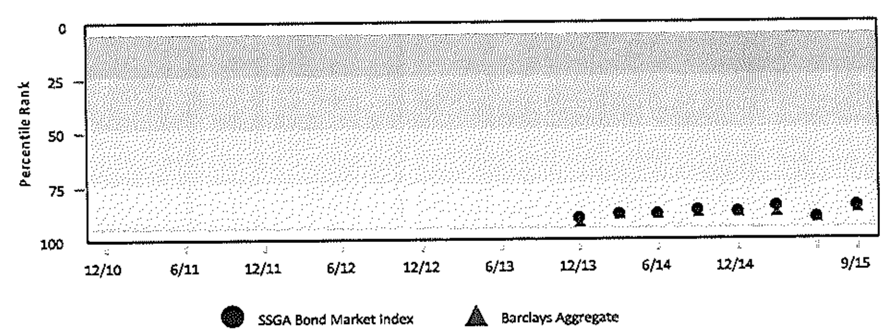
## 1 Year Rolling Percentile Ranking




## 3 Year Rolling Percentile Ranking




## 5 Year Rolling Percentile Ranking




Summit Strategies Group

# Employees' Retirement System of the City of Norfolk

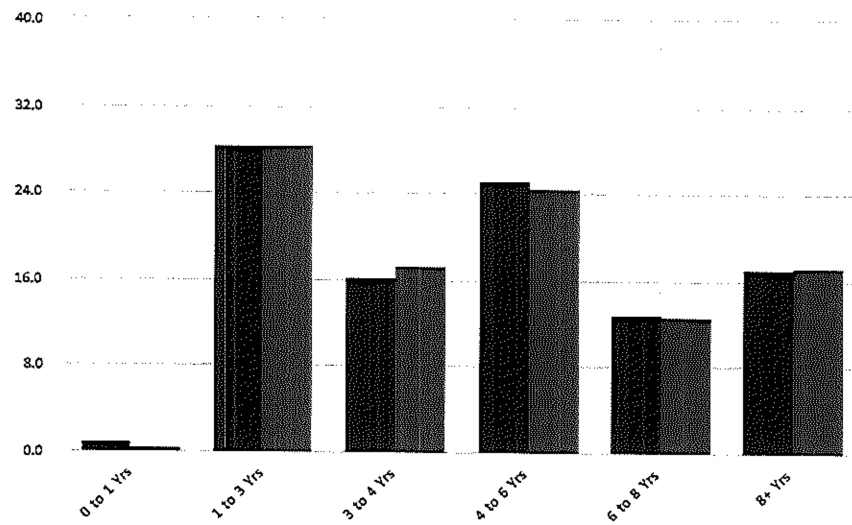
SSGA Bond Market Index vs. Barclays Aggregate

September 30, 2015

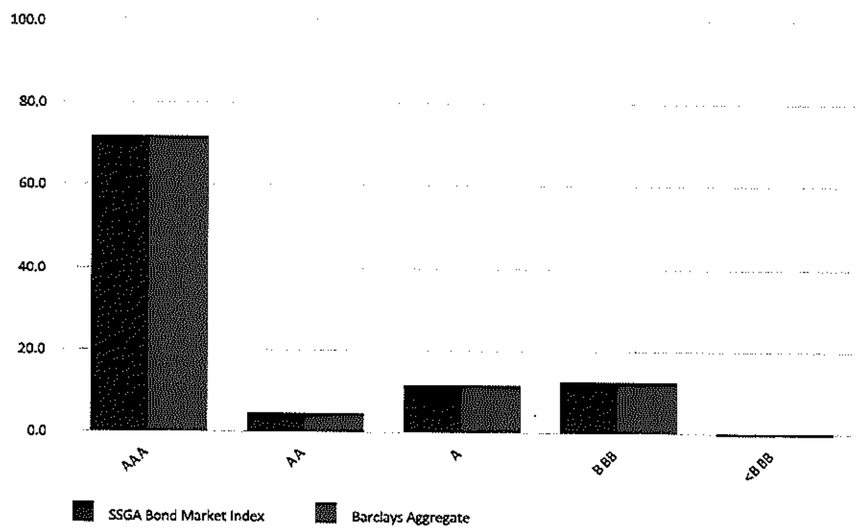
## Portfolio Characteristics

| | Portfolio | Benchmark |
|---|---|---|
| Avg. Maturity | 7.83 | 7.86 |
| Avg. Quality | AA2 | AA1/AA2 |
| Yield To Maturity (%) | 2.30 | 2.31 |
| Modified Duration | 5.44 | 5.60 |
| Convexity | 0.03 | 0.01 |

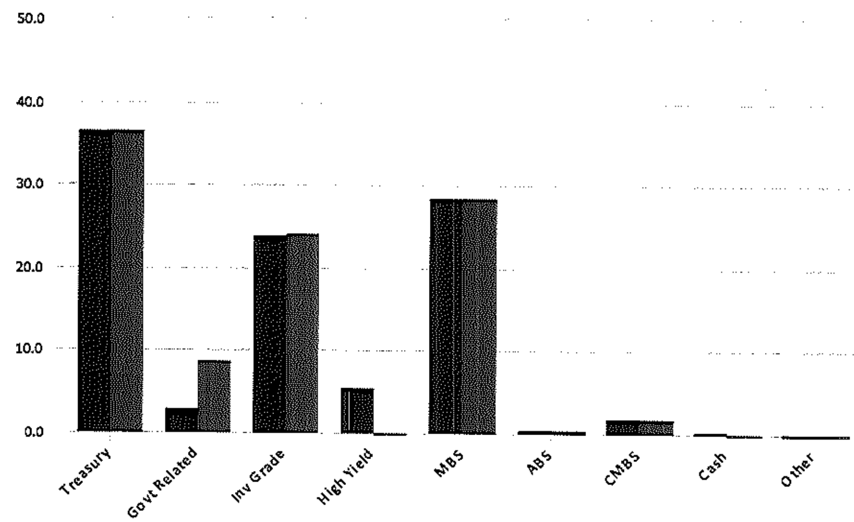
## Duration Distribution (%)




## Credit Quality Distribution (%)




## Sector Distribution (%)



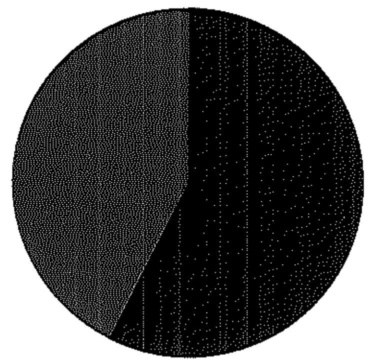
# Real Estate

# Employees' Retirement System of the City of Norfolk

Asset Allocation Chart - Real Estate Manager Allocation

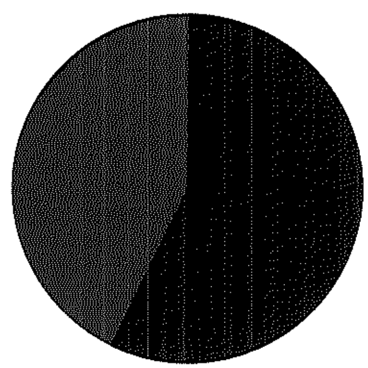
September 30, 2015

## September 30, 2015 : $58,145,133



| | Market Value ($) | Allocation (%) |
|---|---|---|
| JP Morgan Asset Management Strategic Property Fund | 33,323,846 | 57.31 |
| UBS Trumbull Property Fund | 24,821,287 | 42.69 |
| Real Estate Cash | - | 0.00 |

## June 30, 2015 : $56,551,181

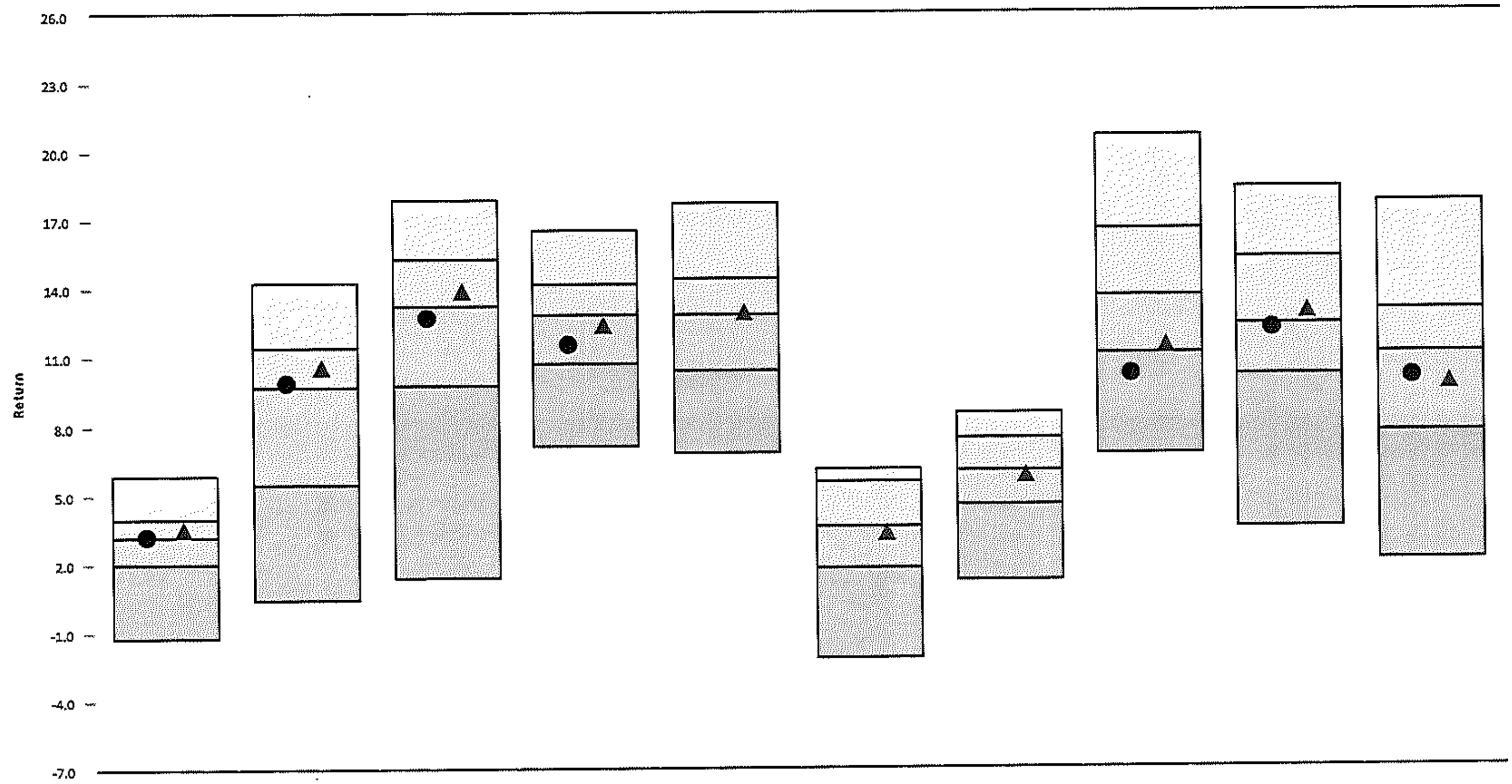


| | Market Value ($) | Allocation (%) |
|---|---|---|
| JP Morgan Asset Management Strategic Property Fund | 32,306,773 | 57.13 |
| UBS Trumbull Property Fund | 24,244,408 | 42.87 |
| Real Estate Cash | - | 0.00 |

# Employees' Retirement System of the City of Norfolk

Plan Sponsor Peer Group Analysis - All Master Trust-Real Estate Segment

September 30, 2015




| | 3 Month | CYTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| ● Real Estate Composite | 3.13 (51) | 9.85 (49) | 12.68 (60) | 11.51 (69) | - | - | - | 10.19 (88) | 12.17 (58) | 10.00 (60) |
| ▲ NCREIF Fund Index-ODCE (Net) | 3.44 (39) | 10.53 (42) | 13.87 (46) | 12.40 (58) | 12.95 (50) | 3.27 (54) | 5.72 (60) | 11.46 (73) | 12.90 (45) | 9.79 (61) |
| 5th Percentile | 5.81 | 14.28 | 17.87 | 16.52 | 17.72 | 6.07 | 8.50 | 20.65 | 18.32 | 17.69 |
| 1st Quartile | 3.92 | 11.40 | 15.26 | 14.17 | 14.43 | 5.54 | 7.42 | 16.52 | 15.28 | 13.01 |
| **Median** | **3.14** | **9.71** | **13.25** | **12.82** | **12.84** | **3.55** | **6.02** | **13.61** | **12.39** | **11.14** |
| 3rd Quartile | 2.01 | 5.47 | 9.80 | 10.74 | 10.44 | 1.76 | 4.49 | 11.14 | 10.20 | 7.62 |
| 95th Percentile | -1.26 | 0.42 | 1.37 | 7.08 | 6.82 | -2.17 | 1.22 | 6.72 | 3.51 | 2.09 |
| Population | 143 | 110 | 104 | 72 | 59 | 45 | 27 | 82 | 91 | 74 |

net of fees

## Employees' Retirement System of the City of Norfolk
### Real Estate Manager Summary
September 30, 2015

**JP MORGAN FLEMING: Strategic Property Fund** — **Quarter Ending: September 30, 2015**

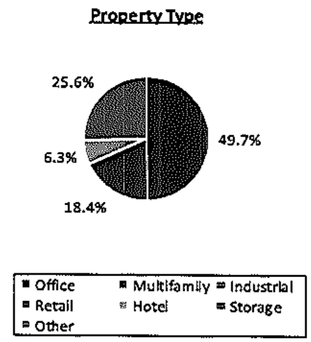
| General Fund Information | |
|---|---|
| Structure | Commingled Pension Fund |
| Inception Date | 1/1/1998 |
| Termination Date | Infinite Life |
| L/T Return Objective | 1.0% over NCREIF |
| Eligible Property Types | Office, Residential, Industrial, Retail, Land |
| # of Investors | 339 |
| Maximum Leverage | Portfolio 35%; Asset Specific 65% |

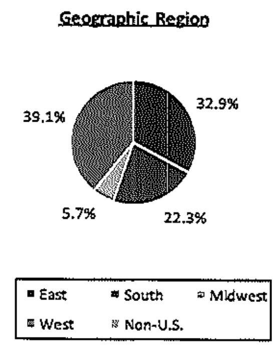
| Fund Characteristics | |
|---|---|
| # of Investments / Assets | 167 |
| Fund NAV ($) | $27.6 billion |
| Fund GAV ($) | $37.7 billion |
| Cash & Equivalents (% of NAV) | 2% |
| Portfolio Leverage (%) | 26% |
| Occupancy % | 92% |
| # of Metro Areas Invested | 61 |
| Wtd Avg Cost of Debt | 4.2% |
| % Debt that is Fixed | 88% |
| Net Investor Flows this Qtr ($) | $22.5 million |
| Size of Contribution Queue ($) | $2.2 billion |

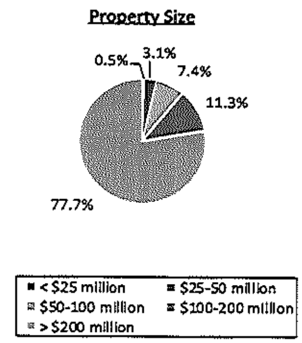
| Contact Information | |
|---|---|
| Portfolio Manager | Kimberly Adams |
| PM Tenure | July 2012 |
| Address | 270 Park Avenue, 7th Floor |
| | New York, NY 10017 |
| Phone | 212-648-2176 |
| Email | kimberly.a.adams@jpmorgan.com |

| General Firm Information | |
|---|---|
| Year Founded | 1871 (Firm); 1970 (Real Estate) |
| AUM ($) | $1.7 trillion |

#### Fund Diversification




| Performance (%, gross of fees) | Fund | | | NFI ODCE | | |
|---|---|---|---|---|---|---|
| | Income | Apprec | Total | Income | Apprec | Total |
| Quarter | 1.2% | 2.2% | **3.4%** | 1.2% | 2.5% | **3.7%** |
| YTD | 3.7% | 7.5% | **11.5%** | 3.6% | 7.5% | **11.3%** |
| 1-Year | 5.1% | 9.1% | **14.5%** | 4.8% | 9.7% | **14.9%** |
| 3-Years | 5.1% | 8.4% | **13.9%** | 5.1% | 8.1% | **13.5%** |
| 5-Years | 5.3% | 8.7% | **14.4%** | 5.3% | 8.4% | **14.0%** |

| Top Six MSAs | |
|---|---|
| MSA | % of GMV |
| New York-No. NJ | 17.4% |
| Los Angeles, CA | 10.9% |
| Dallas-Fort Worth, TX | 8.3% |
| Boston, MA | 7.3% |
| San Francisco, CA | 6.4% |
| Washington, D.C. | 4.4% |

**Ten Largest Investments (GMV)**

| Investment Name | GMV ($) | MSA | Type | % |
|---|---|---|---|---|
| Edens | $1,710,250,289 | Various | Retail | 4.5% |
| Donahue Schriber | $1,471,580,197 | Various | Retail | 3.9% |
| 1345 Ave. Americas | $1,072,182,059 | New York-No. NJ | Office | 2.9% |
| 200 Fifth Avenue | $952,442,791 | New York-No. NJ | Office | 2.5% |
| Century Plaza Towers | $861,343,265 | Los Angeles, CA | Office | 2.3% |
| Boston Office Port. | $852,703,562 | Boston, MA | Office | 2.3% |
| 1285 Ave. Americas | $827,598,526 | New York-No. NJ | Office | 2.2% |
| Alliance Texas | $810,062,488 | Dallas, TX | Industrial | 2.2% |
| North Park Ctr. | $775,609,292 | Dallas, TX | Retail | 2.1% |
| Valley Fair Mall | $770,929,093 | San Jose, CA | Retail | 2.1% |

| Quarterly Fund Activity | |
|---|---|
| Acquisitions | |
| # of Investments | 6 |
| Total GMV ($) | $653.8 million |
| Dispositions | |
| # of Investments | 3 |
| Total GMV ($) | $266.4 million |
| Marked to Market | |
| # Written Up | 56 |
| # Written Down | 8 |

## UBS REALTY INVESTORS: Trumbull Property Fund

**Quarter Ending: September 30, 2015**

### General Fund Information

| | |
|---|---|
| Structure | Limited Partnership |
| Inception Date | 1/13/1978 |
| Termination Date | Infinite Life |
| L/T Return Objective | 5% Real Return |
| Eligible Property Types | Office, Residential, Retail, Hotel, Multi-Family |
| # of Investors | 419 |
| Maximum Leverage | 20% |

### Fund Characteristics

| | |
|---|---|
| # of Investments / Assets | 214 |
| Fund NAV ($) | $17.8 billion |
| Fund GAV ($) | $21.0 billion |
| Cash & Equivalents (% of NAV) | 2% |
| Portfolio Leverage (%) | 14% |
| Occupancy % | 95% |
| # of Metro Areas Invested | 96 |
| Wtd Avg Cost of Debt | 4.2% |
| % Debt that is Fixed | 99% |
| Net Investor Flows this Qtr ($) | $278.2 million |
| Size of Contribution Queue ($) | $880.0 million |

### Contact Information

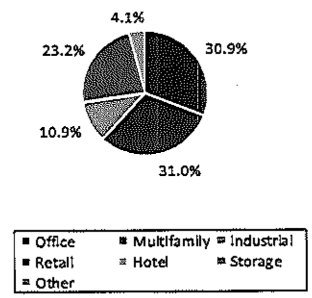
| | |
|---|---|
| Portfolio Manager | Kevin Crean |
| PM Tenure | February 1984 |
| Address | 10 State House Square, 15th Floor |
| | Hartford, CT 06103 |
| Phone | 860-616-9039 |
| Email | kevin.crean@ubs.com |

### General Firm Information

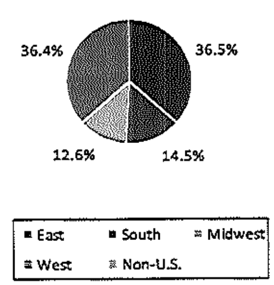
| | |
|---|---|
| Year Founded | 1978 |
| AUM ($) | $28.8 billion |

### Fund Diversification

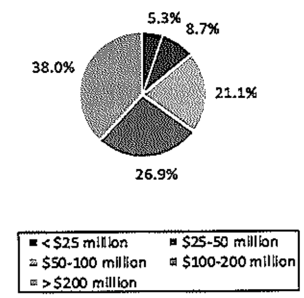
**Property Type**




**Geographic Region**




**Property Size**




### Performance (%, gross of fees)

| | Fund | | | NFI ODCE | | |
|---|---|---|---|---|---|---|
| | Income | Apprec | Total | Income | Apprec | Total |
| Quarter | 1.2% | 2.2% | **3.4%** | 1.2% | 2.5% | **3.7%** |
| YTD | 3.7% | 5.8% | **9.6%** | 3.6% | 7.5% | **11.3%** |
| 1-Year | 5.0% | 7.6% | **12.9%** | 4.8% | 9.7% | **14.9%** |
| 3-Years | 5.1% | 6.0% | **11.3%** | 5.1% | 8.1% | **13.5%** |
| 5-Years | 5.3% | 6.3% | **11.8%** | 5.3% | 8.4% | **14.0%** |

### Top Six MSAs

| MSA | % of GMV |
|---|---|
| New York, NY | 11.8% |
| Chicago, IL | 9.6% |
| Boston, MA | 8.3% |
| Los Angeles, CA | 7.8% |
| Washington, D.C. | 7.1% |
| Dallas, TX | 5.4% |

### Ten Largest Investments (GMV)

| Investment Name | GMV ($) | MSA | Type | % |
|---|---|---|---|---|
| 53 State Street | $735,000,000 | Boston, MA | Office | 3.6% |
| 135 West 50th St. | $674,000,000 | New York, NY | Office | 3.3% |
| Cambridge Side | $575,100,000 | Boston, MA | Retail | 2.8% |
| Galleria Dallas | $526,000,000 | Dallas, TX | Retail | 2.6% |
| Liberty Green-Luxe | $510,000,000 | New York, NY | Apt. | 2.5% |
| 120 Broadway | $494,400,000 | New York, NY | Office | 2.4% |
| 35 West Wacker | $488,900,000 | Chicago, IL | Office | 2.4% |
| 1177 Ave. Americas | $470,100,000 | New York, NY | Office | 2.3% |
| Water Tower Place | $46,880,000 | Chicago, IL | Retail | 2.3% |
| US Bancorp Tower | $365,800,000 | Portland, OR | Office | 1.8% |

### Quarterly Fund Activity

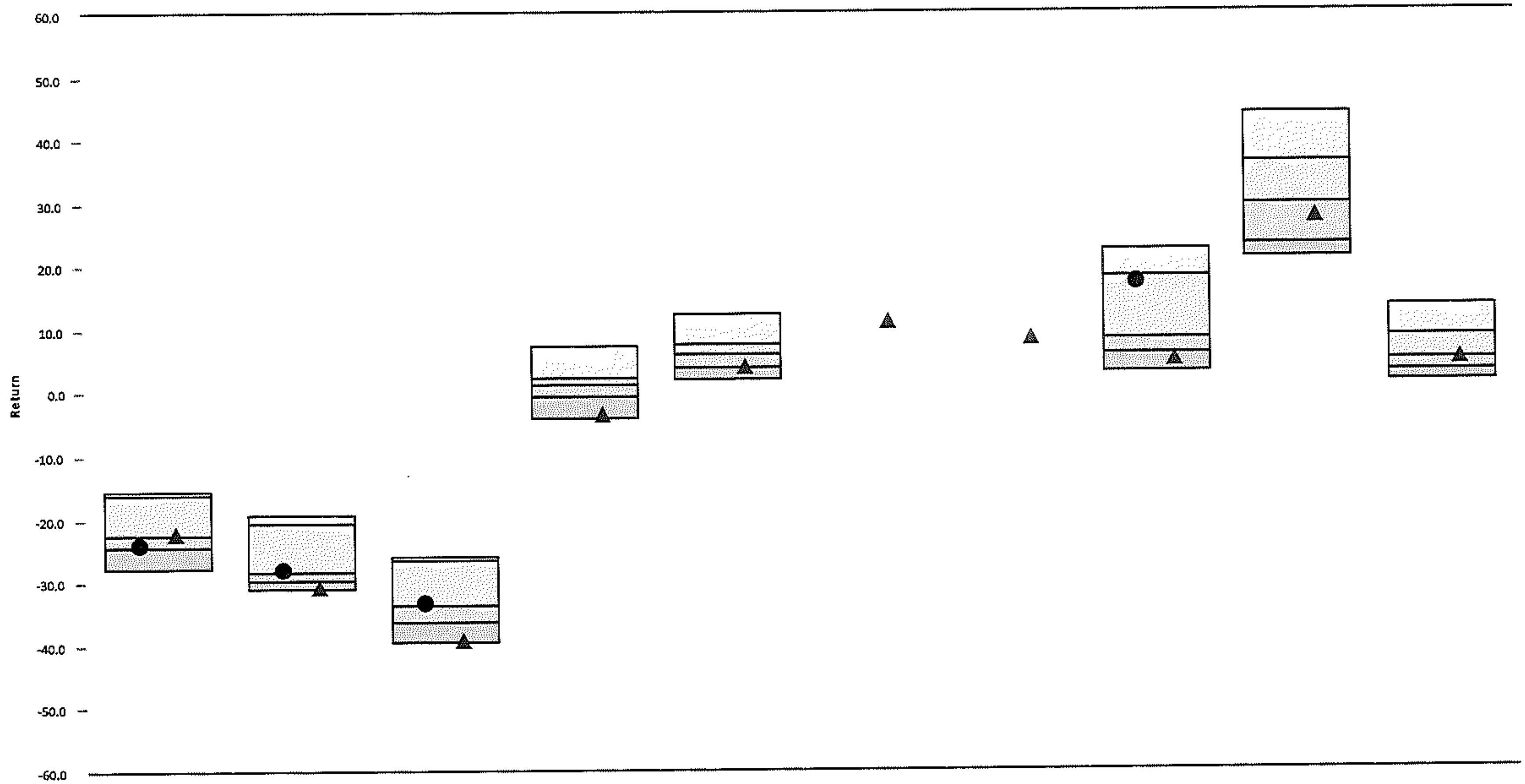
| | |
|---|---|
| Acquisitions | |
| # of Investments | 20 |
| Total GMV ($) | $873.4 million |
| Dispositions | |
| # of Investments | 2 |
| Total GMV ($) | $276.1 million |
| Marked to Market | |
| # Written Up | 214 |
| # Written Down | 90 |

# Master Limited Partnerships

## Employees' Retirement System of the City of Norfolk

MLP Composite vs. Master Limited Partnerships (SA+CF+MF)

September 30, 2015

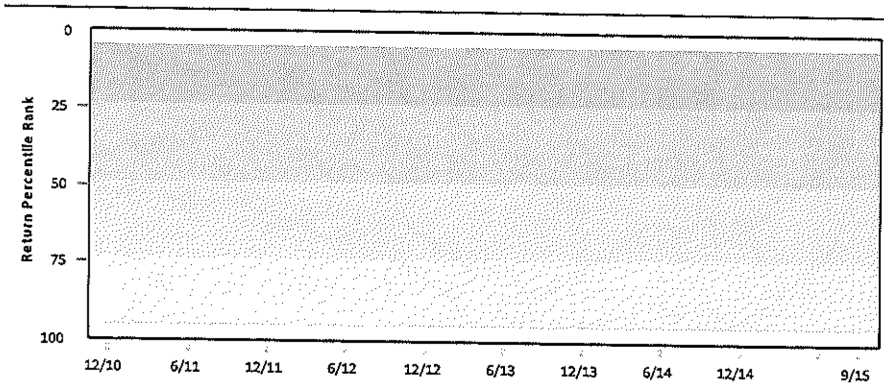



| | 3 Month | CYTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| ● MLP Composite | -24.14 (75) | -27.97 (43) | -33.27 (40) | - | - | - | - | 17.15 (29) | - | - |
| ▲ Alerian MLP | -22.10 (47) | -30.67 (92) | -39.19 (95) | -3.62 (94) | 3.87 (78) | 11.16 (-) | 8.32 (-) | 4.80 (85) | 27.58 (61) | 4.80 (56) |
| 5th Percentile | -15.52 | -19.41 | -26.03 | 7.21 | 12.36 | - | - | 22.40 | 44.15 | 13.41 |
| 1st Quartile | -16.11 | -20.53 | -26.49 | 2.29 | 7.62 | - | - | 18.32 | 36.39 | 8.75 |
| **Median** | **-22.37** | **-28.40** | **-33.79** | **1.14** | **5.99** | - | - | **8.50** | **29.76** | **5.00** |
| 3rd Quartile | -24.31 | -29.69 | -36.44 | -0.69 | 3.98 | - | - | 5.96 | 23.38 | 3.10 |
| 95th Percentile | -27.79 | -30.95 | -39.42 | -4.23 | 2.11 | - | - | 3.07 | 21.21 | 1.40 |

gross of fees

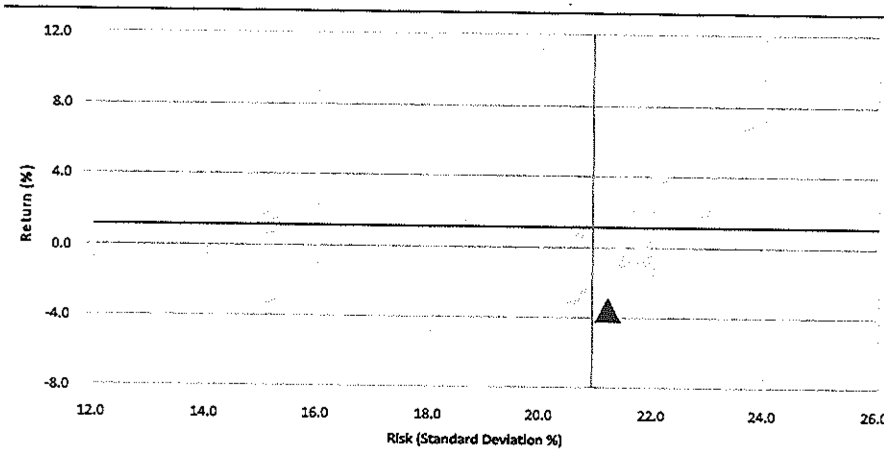
# Employees' Retirement System of the City of Norfolk
MLP Composite
September 30, 2015

## 3 Year Rolling Return Rank



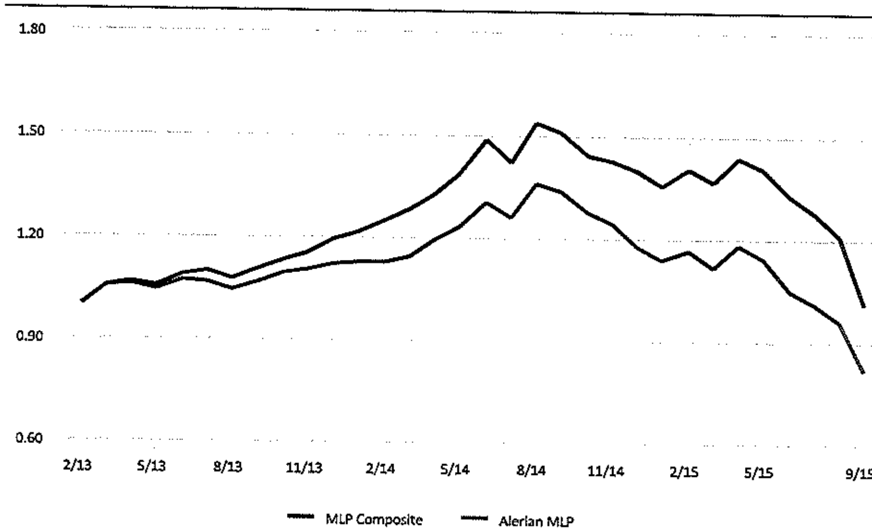

| | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|---|---|---|---|---|---|
| ● MLP Composite | 0 | 0 | 0 | 0 | 0 |
| ▲ Alerian MLP | 0 | 0 | 0 | 0 | 0 |

## Risk vs. Return (10/01/12 - 09/30/15)

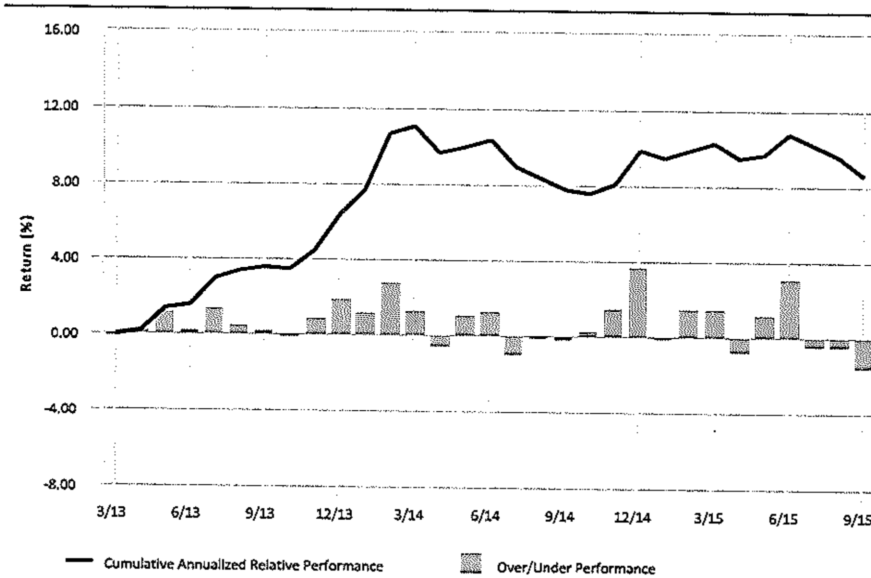



| | Return | Standard Deviation |
|---|---|---|
| ● MLP Composite | - | - |
| ▲ Alerian MLP | -3.62 | 21.20 |
| — Median | 1.14 | 20.90 |

## Growth of $1 - Since Inception (03/01/13)




## Relative Performance vs. Alerian MLP

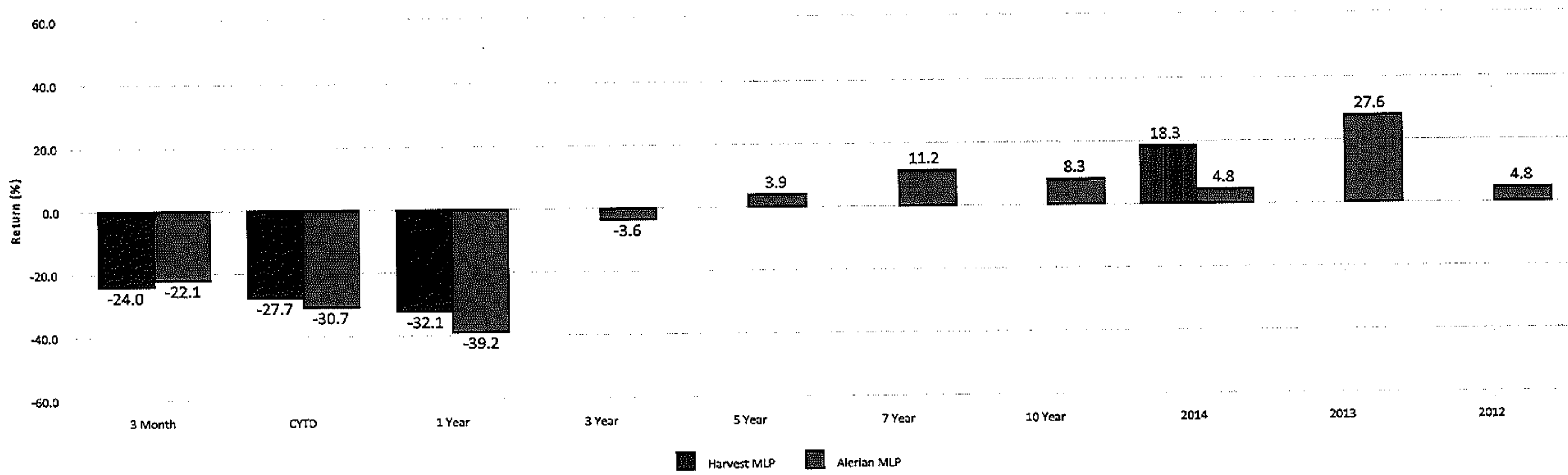


# Employees' Retirement System of the City of Norfolk

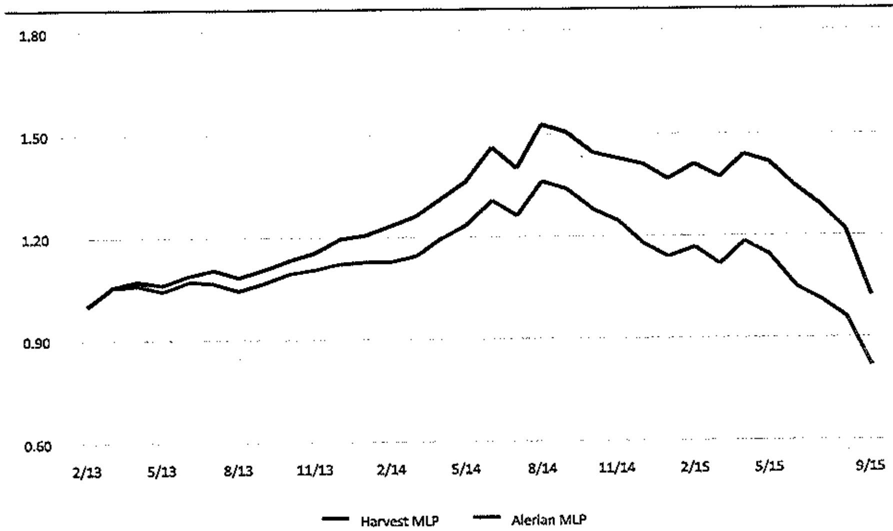
Harvest MLP

September 30, 2015

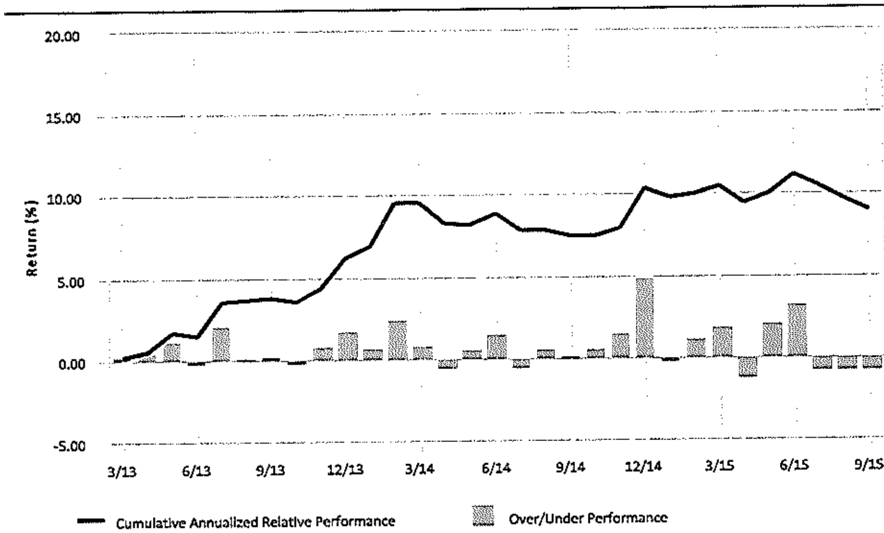
## Comparative Performance




## Growth of $1 - Since Inception (03/01/13)



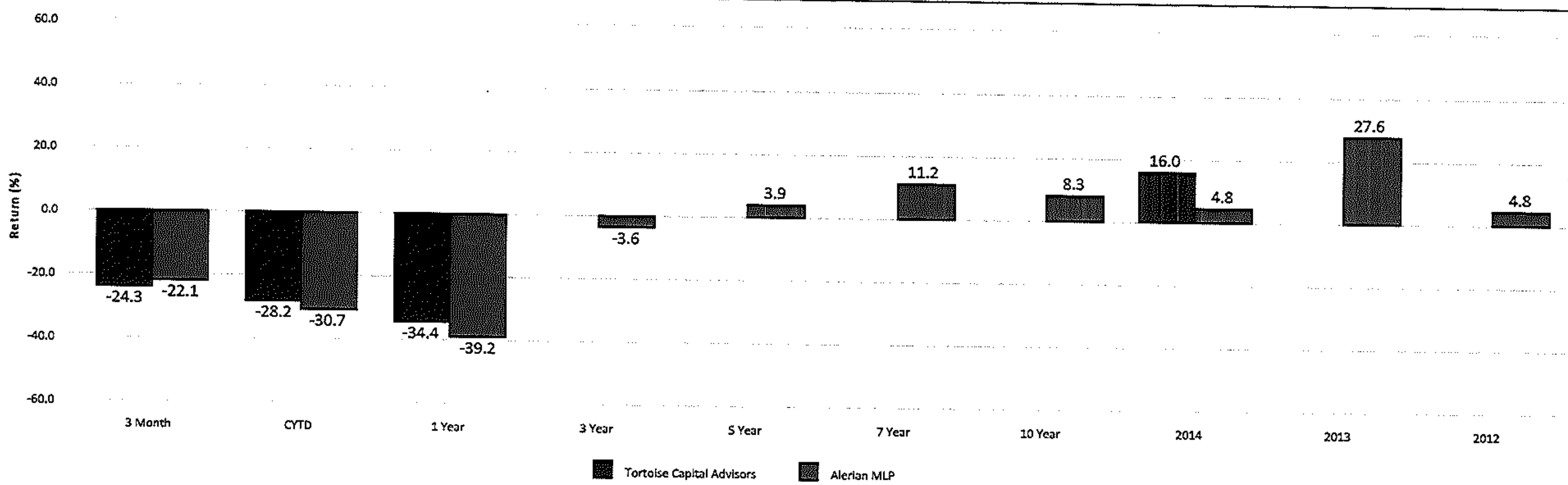

## Relative Performance vs. Alerian MLP



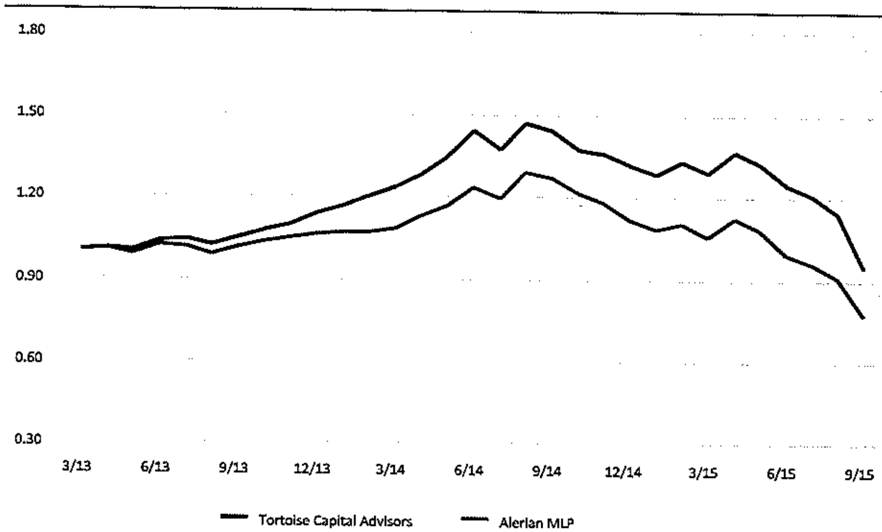

gross of fees

# Employees' Retirement System of the City of Norfolk
Tortoise Capital Advisors
September 30, 2015

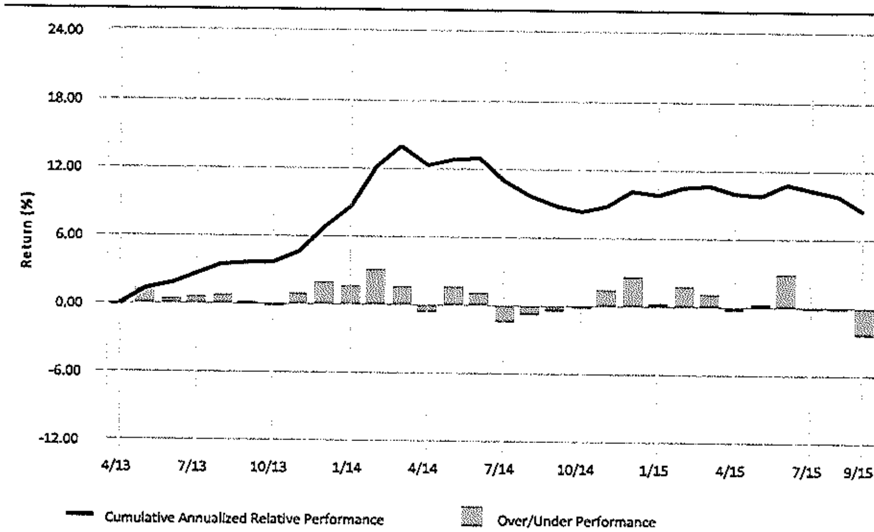
## Comparative Performance




## Growth of $1 - Since Inception (04/01/13)




## Relative Performance vs. Alerian MLP




gross of fees

# Appendix

## Employees' Retirement System of the City of Norfolk - Performance Gross of Fees

Asset Allocation & Performance (gross of fees)
September 30, 2015

| | | | Performance(%) and Percentile Rank | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Asset $ | Asset % | 3 Month | | CYTD | | 1 Year | | 2 Year | | 3 Year | | 5 Year | | Since Inception | | Inception Date |
| Total Fund Composite | 940,955,340 | 100.00 | -6.07 | 85 | -4.39 | 90 | -3.21 | 90 | 3.61 | 80 | 6.40 | 72 | 7.11 | 74 | 8.21 | 73 | Oct-1990 |
| *Total Fund Policy* | | | *-5.11* | | *-3.48* | | *-1.90* | | *3.44* | | *5.82* | | *6.62* | | *8.13* | | |
| Excess Return | | | -0.96 | | -0.91 | | -1.31 | | 0.17 | | 0.58 | | 0.49 | | 0.08 | | |
| Total Fund Composite | 940,955,340 | 100.00 | -6.07 | | -4.39 | | -3.21 | | 3.61 | | 6.40 | | 7.11 | | 8.21 | | Oct-1990 |
| *Total Fund Strategy Index* | | | *-5.68* | | *-4.40* | | *-3.46* | | *3.09* | | *5.76* | | *6.71* | | *8.15* | | |
| Excess Return | | | -0.39 | | 0.01 | | 0.25 | | 0.52 | | 0.64 | | 0.40 | | 0.06 | | |
| Total Equity Composite | 510,014,244 | 54.20 | -9.13 | | -6.61 | | -5.03 | | 3.42 | | 8.57 | | 8.79 | | 8.84 | | Oct-1990 |
| *Total Equity Policy* | | | *-9.24* | | *-6.68* | | *-5.25* | | *3.21* | | *8.42* | | *8.64* | | *9.04* | | |
| Excess Return | | | 0.11 | | 0.07 | | 0.22 | | 0.21 | | 0.15 | | 0.15 | | -0.20 | | |
| US Equity Composite | 317,317,982 | 33.72 | -7.17 | 40 | -5.37 | 51 | -0.40 | 46 | 8.32 | 24 | 12.57 | 40 | 13.32 | 32 | 9.82 | 78 | Oct-1990 |
| *US Equity Policy* | | | *-7.25* | | *-5.45* | | *-0.49* | | *8.25* | | *12.53* | | *13.28* | | *9.93* | | |
| Excess Return | | | 0.08 | | 0.08 | | 0.09 | | 0.07 | | 0.04 | | 0.04 | | -0.11 | | |
| International Equity Composite | 192,696,262 | 20.48 | -12.12 | 70 | -8.45 | 79 | -11.97 | 85 | -3.83 | 87 | 2.58 | 82 | 2.05 | 85 | 1.58 | 79 | Jun-2006 |
| *International Equity Policy* | | | *-12.17* | | *-8.63* | | *-12.16* | | *-4.07* | | *2.34* | | *1.82* | | *1.26* | | |
| Excess Return | | | 0.05 | | 0.18 | | 0.19 | | 0.24 | | 0.24 | | 0.23 | | 0.32 | | |
| Total Fixed Income Composite | 325,202,522 | 34.56 | 0.57 | 49 | 1.05 | 31 | 2.96 | 26 | 3.31 | 60 | 1.73 | 66 | 3.54 | 64 | 6.61 | 72 | Oct-1990 |
| *Barclays Aggregate* | | | *1.23* | | *1.13* | | *2.94* | | *3.45* | | *1.71* | | *3.10* | | *6.39* | | |
| Excess Return | | | -0.66 | | -0.08 | | 0.02 | | -0.14 | | 0.02 | | 0.44 | | 0.22 | | |
| Real Estate Composite* | 58,145,133 | 6.18 | 3.13 | 51 | 9.85 | 49 | 12.68 | 60 | 11.53 | 70 | 11.51 | 69 | - | | 11.99 | 53 | Apr-2011 |
| *NCREIF Fund Index-ODCE (Net)* | | | *3.44* | | *10.53* | | *13.87* | | *12.61* | | *12.40* | | - | | *12.39* | | |
| Excess Return | | | -0.31 | | -0.68 | | -1.19 | | -1.08 | | -0.89 | | - | | -0.40 | | |
| MLP Composite | 41,486,524 | 4.41 | -24.14 | 75 | -27.97 | 43 | -33.27 | 40 | -4.47 | 19 | - | | - | | 0.33 | 17 | Mar-2013 |
| *Alerian MLP* | | | *-22.10* | | *-30.67* | | *-39.19* | | *-12.54* | | - | | - | | *-7.58* | | |
| Excess Return | | | -2.04 | | 2.70 | | 5.92 | | 8.07 | | - | | - | | 7.91 | | |
| Cash | 6,106,916 | 0.65 | 0.03 | | 0.08 | | 0.09 | | 0.12 | | 0.15 | | 0.19 | | 1.56 | | Jul-2003 |
| *90 Day US Treasury Bill* | | | *0.02* | | *0.03* | | *0.03* | | *0.04* | | *0.05* | | *0.07* | | *1.36* | | |
| Excess Return | | | 0.01 | | 0.05 | | 0.06 | | 0.08 | | 0.10 | | 0.12 | | 0.20 | | |

***Returns are Net of Fees.**

## Employees' Retirement System of the City of Norfolk - Performance Gross of Fees

Asset Allocation & Performance (gross of fees)

September 30, 2015

| | | | Performance(%) and Percentile Rank | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Asset $ | Asset % | 3 Month | | CYTD | | 1 Year | | 2 Year | | 3 Year | | 5 Year | | Since Inception | | Inception Date |
| **US Equity** | | | | | | | | | | | | | | | | | |
| SSGA Russell 3000 | 317,317,982 | 33.72 | -7.17 | 36 | -5.37 | 47 | -0.40 | 41 | 8.32 | 32 | 12.57 | 53 | 13.32 | 49 | 14.78 | 65 | Dec-2008 |
| *Russell 3000 Index* | | | *-7.25* | | *-5.45* | | *-0.49* | | *8.25* | | *12.53* | | *13.28* | | *14.72* | | |
| Excess Return | | | 0.08 | | 0.08 | | 0.09 | | 0.07 | | 0.04 | | 0.04 | | 0.06 | | |
| **International Equity** | | | | | | | | | | | | | | | | | |
| SSGA MSCI ACWI-ex US Index | 192,696,262 | 20.48 | -12.12 | 85 | -8.45 | 95 | -11.97 | 93 | -3.83 | 92 | 2.58 | 95 | 2.05 | 95 | 7.48 | 87 | Jan-2009 |
| *MSCI AC World ex USA (Net)* | | | *-12.17* | | *-8.63* | | *-12.16* | | *-4.07* | | *2.34* | | *1.82* | | *7.26* | | |
| Excess Return | | | 0.05 | | 0.18 | | 0.19 | | 0.24 | | 0.24 | | 0.23 | | 0.22 | | |
| **Fixed Income** | | | | | | | | | | | | | | | | | |
| PIMCO Total Return | 194,248,486 | 20.64 | 0.13 | 96 | 0.97 | 76 | 2.94 | 58 | 3.38 | 84 | 2.27 | 29 | 3.80 | 35 | 7.01 | 9 | Jan-1991 |
| *Barclays Aggregate* | | | *1.23* | | *1.13* | | *2.94* | | *3.45* | | *1.71* | | *3.10* | | *6.24* | | |
| Excess Return | | | -1.10 | | -0.16 | | 0.00 | | -0.07 | | 0.56 | | 0.70 | | 0.77 | | |
| SSGA Bond Market Index | 130,954,036 | 13.92 | 1.23 | 40 | 1.15 | 63 | 2.96 | 56 | 3.46 | 79 | 1.74 | 79 | 3.11 | 85 | 4.35 | 91 | Jan-2009 |
| *Barclays Aggregate* | | | *1.23* | | *1.13* | | *2.94* | | *3.45* | | *1.71* | | *3.10* | | *4.34* | | |
| Excess Return | | | 0.00 | | 0.02 | | 0.02 | | 0.01 | | 0.03 | | 0.01 | | 0.01 | | |
| **Total Real Assets** | | | | | | | | | | | | | | | | | |
| JP Morgan Asset Management Strategic Property Fund* | 33,323,846 | 3.54 | 3.15 | 76 | 10.67 | 63 | 13.42 | 77 | 12.22 | 83 | 12.76 | 77 | - | | 13.00 | 72 | Apr-2011 |
| *NCREIF Fund Index-ODCE (Net)* | | | *3.44* | | *10.53* | | *13.87* | | *12.61* | | *12.40* | | - | | *12.39* | | |
| Excess Return | | | -0.29 | | 0.14 | | -0.45 | | -0.39 | | 0.36 | | - | | 0.61 | | |
| UBS Trumbull Property Fund* | 24,821,287 | 2.64 | 3.12 | 77 | 8.69 | 79 | 11.63 | 97 | 10.59 | 98 | 9.99 | 99 | - | | 9.68 | - | Dec-2011 |
| *NCREIF Fund Index-ODCE (Net)* | | | *3.44* | | *10.53* | | *13.87* | | *12.61* | | *12.40* | | - | | *11.91* | | |
| Excess Return | | | -0.32 | | -1.84 | | -2.24 | | -2.02 | | -2.41 | | - | | -2.23 | | |
| **MLP's** | | | | | | | | | | | | | | | | | |
| Harvest MLP | 20,693,741 | 2.20 | -23.99 | 71 | -27.69 | 42 | -32.14 | 38 | -4.01 | 13 | - | | - | | 0.79 | 14 | Mar-2013 |
| *Alerian MLP* | | | *-22.10* | | *-30.67* | | *-39.19* | | *-12.54* | | - | | - | | *-7.58* | | |
| Excess Return | | | -1.89 | | 2.98 | | 7.05 | | 8.53 | | - | | - | | 8.37 | | |
| Tortoise Capital Advisors | 20,792,783 | 2.21 | -24.29 | 75 | -28.24 | 44 | -34.36 | 58 | -4.93 | 22 | - | | - | | -2.10 | 19 | Apr-2013 |
| *Alerian MLP* | | | *-22.10* | | *-30.67* | | *-39.19* | | *-12.54* | | - | | - | | *-9.73* | | |
| Excess Return | | | -2.19 | | 2.43 | | 4.83 | | 7.61 | | - | | - | | 7.63 | | |

***Returns are Net of Fees.**

## Employees' Retirement System of the City of Norfolk

Benchmark Composition

September 30, 2015

| Total Fund Policy: | Weight (%) |
|---|---|
| Russell 3000 Index | 36.00% |
| MSCI AC World ex US Index (Net) | 24.00% |
| Barclays Aggregate | 40.00% |

| Total Equity Policy: | Weight (%) |
|---|---|
| Russell 3000 Index | 60.00% |
| MSCI AC World ex US Index (Net) | 40.00% |

| Domestic Equity Policy: | Weight (%) |
|---|---|
| Russell 3000 Index | 100.00% |

| International Equity Policy: | Weight (%) |
|---|---|
| MSCI AC World ex US Index (Net) | 100.00% |

| Total Fund Strategy Index: | Weight (%) |
|---|---|
| Russell 3000 Index | 33.00% |
| MSCI AC World ex US Index (Net) | 22.00% |
| Barclays Aggregate | 35.00% |
| Alerian MLP | 5.00% |
| NCREIF - ODCE (Net) | 5.00% |

Strategy Index is comprised of the returns of the various broad market benchmarks assigned to each manager and weighted to reflect the System's target asset allocation.

# Glossary

| Term | Description |
|---|---|
| Simple Alpha (Excess or Relative Return) | The arithmetic difference between the portfolio's return and the benchmark's return. |
| Alpha | A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the portfolio's historical performance not explained by movements of the market, or a portfolio's non-systematic return. |
| Asset Allocation Effect | In attribution analysis, the incremental return attibutable to diverging from the target weights of the policy benchmark holding all other factors constant. |
| Beta | Also called systematic risk or non-diversifiable risk, beta measures the sensitivity of asset returns to the market (benchmark). In isolation a lower beta is considered less risky but does not distinguish between upside and downside risk. |
| Consistency | The percentage of periods that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance. |
| Down Market Capture | The ratio of average portfolio return over the benchmark during periods of negative benchmark return. Lower values indicate better product performance. |
| Excess Risk | A measure of the standard deviation of a portfolio's performance relative to the risk free return. |
| Information Ratio | Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager. Negative Information Ratios are difficult to interpret. |
| Manager Value-Added (Selection Effect) | In attribution analysis, the incremental return attributable to active management; the result of diverging from the benchmark allocation within a given asset class. |
| Market Timing / Other | In attribution analysis, represents the impact of intra-period shifts in asset allocation. For example a rapidly appreciating asset could have markedly different weights throughout the analysis period (which looks at fixed points in time). |

# Glossary

| | |
|---|---|
| R-Squared | The percentage of portfolio performance explained by the performance of its benchmark; measured on a scale of 0 to 100, with 100 indicating that the portfolio's performance is entirely determined by the benchmark. |
| Sharpe Ratio | Also called the reward-to-variability ratio, Sharpe Ratio measures the absolute rate of return per unit of risk and is calculated as the Excess Return vs. the Risk Free Rate divided by the standard deviation of the Excess Return. Investors prefer higher Sharpe Ratios (more return per unit of risk). |
| Standard Deviation | Typically referred to as Volatility or Risk, standard deviation measures the dispersion of actual returns around their average. |
| Tracking Error | A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark. |
| Treynor Ratio | Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Represents the excess rate of return over the risk free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance. |
| Up Market Capture | The ratio of average portfolio return over the benchmark during periods of positive benchmark return. Higher values indicate better product performance. |

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