BATAVIA POLICE PENSION BOARD
Wednesday, February 17, 2016
8:00 a.m. - Police Department Conference Room (2nd Floor)

1. MEETING CALLED TO ORDER
2. ROLL CALL
3. APPROVE PREVIOUS MEETING MINUTES
   A. Regular Meeting - November 18, 2016
4. INVESTMENT ACTIVITIES
   A. Review/Approve Quarterly Investment Report
      Documents: 4Q15 BATAVIA POLICE BOARD MEETING PACKET.PDF
   B. Discussion/Action - Update Investment Policy Statement (If Needed)
5. OLD BUSINESS - PREVIOUS ITEMS REVIEWED ON THE AGENDA
   A. Discussion/Approval - 2016 COLA's
   B. Discussion/Action - Transfer Of Service - Thrun
6. ACCOUNTANT'S REPORT/PRESENTATION AND APPROVAL OF BILLS FOR DISBURSEMENT
   A. Approve Monthly Financial Reports For Months Of October 2015, November 2015 And December 2015
   B. Review/Approve Invoices For Payment
   C. Discussion/Action - Trustee Training Expenses
7. APPLICATIONS FOR MEMBERSHIP
8. APPLICATIONS FOR BENEFITS
   A. Discussion/Action - Fauble Disability Application
9. ATTORNEY'S REPORT
10. NEW BUSINESS - ITEMS ADDED/CHANGED ON THE AGENDA
    A. Discussion/Action - Fiduciary Liability Insurance
    B. Discussion/Action - QILDRO - LaBarbera
    C. Discussion/Action - Trustee Elections & Appointments
    D. Discussion/Action - Statement Of Economic Interest Forms
    E. Discussion/Action - Issuance Of Tax Forms 1099R, 1099-Misc, 1096 & 945
11. PUBLIC COMMENTS
12. ADJOURNMENT

UBS

4Q15 Investment Review

Presented to Batavia Police Pension Fund

February 17th, 2016

Jon Willhite, CIMA
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Investment Committee Agenda 4Q15

Batavia Police Pension Fund
February 17th 2016

Pension Governance

- Investment Policy Statement updated February 2015, review as needed or by February 2016
- Asset Allocation Study completed 2Q13, review allocation as needed or by 2Q16
- Cash Flow Policy updated January 2016, review as needed or by January 2017
- Rebalancing Policy updated January 2016, review as needed or by January 2017

Review of Changes Made in 3Q15

No changes requested

Items to be addressed at 4Q15 board meeting

1. **Review Informa performance report & current market environment**

2. **Sign revised "Electronic Funds Transfer Service" Form – Raising the cap to $165K**

3. **Rebalance portfolio as:**
   - ☐ Proposed
   - ☐ Do nothing
   - ☐ Other: _____

4. **Other**_____

5. **Other**_____

Trustee Signature:_____ Date:_____

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Investment Review

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Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Batavia Composite Portfolio

Please contact your UBS Institutional Consultant if you have any questions regarding this report, if your financial situation, individual needs or investment objectives have changed, or if you would like to initiate or modify any investment restrictions on this account. Please note that you are also required to inform your Institutional Consultant, directly, of any changes in your financial condition, investment objectives or investment restrictions on your account.

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Batavia Police Pension Fund
December 31, 2015

Accounts Included in this Report

UBS account statements represent the only official record of holdings, balances, transactions and security values of assets in your UBS Financial Services Inc. account and are not replaced, amended or superseded by any information presented in this report. As an accommodation to you, values of accounts that you hold at other financial institutions may be included as part of your UBS IC Consulting Services Agreement based on information, including pricing information, provided to us. UBS does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS Financial Services Inc. Please see the 'Important Information' section at the end of this report for detailed pricing information.

Account Name	Account Number	Custodian Name
Bradford Marzec	EMxxx19	UBS Financial Services
UBS Cash Account	EMxxx33	UBS Financial Services
BlackRock Strategic Income Opportunities	EMxxx32	UBS Financial Services
First Trust Energy EMLP	EMxxx25	UBS Financial Services
Chilton	EMxxx16	UBS Financial Services
Miller Convertible Fund	EMxxx12	UBS Financial Services
Stonebridge Preferred Secs	EMxxx06	UBS Financial Services
Wells Fargo Absolute Return	EMxxx33	UBS Financial Services
Invesco Equally-Weighted S&P 500	EMxxx29	UBS Financial Services
PIA Fixed Income	EMxxx42	UBS Financial Services
MFS Intl New Discovery	EMxxx11	UBS Financial Services
iShares Core MSCI EAFE	EMxxx99	UBS Financial Services
Lazard Emerging Markets Fund	EMxxx34	UBS Financial Services
Glovista Investments	EMxxx88	UBS Financial Services
Vanguard Extended Mkt	EMxxx67	UBS Financial Services
Riverbridge SMID Growth	EMxxx43	UBS Financial Services

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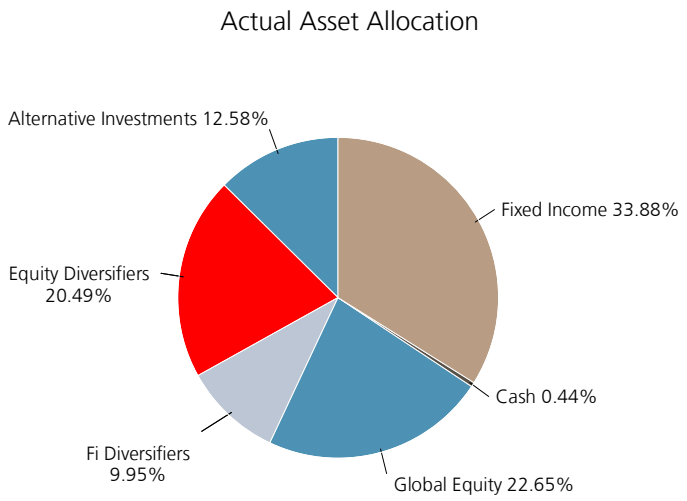
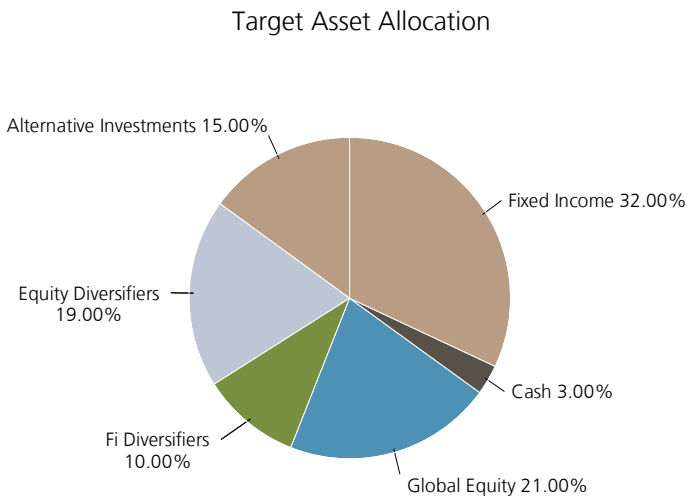
Actual vs Target Asset Allocation
As of December 31, 2015





	Market Value Actual	Percent Actual	Market Value Target	Percent Target	Market Value Difference	Percent Difference
Fixed Income	8,655.8	33.9%	8,174.8	32.0%	481.0	1.9%
Global Equity	5,786.1	22.6%	5,364.7	21.0%	421.4	1.6%
Equity Diversifiers	5,233.9	20.5%	4,853.8	19.0%	380.1	1.5%
Alternative Investments	3,214.9	12.6%	3,831.9	15.0%	(617.0)	(2.4%)
FI Diversifiers	2,542.3	10.0%	2,554.6	10.0%	(12.3)	0.0%
Cash	113.2	0.4%	766.4	3.0%	(653.2)	(2.6%)
Total Portfolio	**$25,546.2**	**100.0%**	**$25,546.2**	**100.0%**	**$0.0**	**0.0%**

Account Values

	Latest Quarter	Fiscal YTD	Year to Date	One Year	Three Years	Five Years	Since Inception
Beginning Mkt Value	$25,679,720.68	$26,417,389.40	$26,417,389.40	$26,417,389.40	$23,229,548.67	$20,714,129.35	$16,320,249.59
Contributions	$6,182,783.96	$18,758,571.54	$18,758,571.54	$18,758,571.54	$52,630,756.60	$67,731,185.60	$73,346,772.24
Withdrawals	$6,516,502.89	$18,711,724.12	$18,711,724.12	$18,711,724.12	$52,172,471.06	$66,575,846.78	$71,491,400.93
Investment Earnings	$200,212.73	($918,022.34)	($918,022.34)	($918,022.34)	$1,858,380.27	$3,676,746.31	$7,370,593.58
Ending Mkt Value	$25,546,214.48	$25,546,214.48	$25,546,214.48	$25,546,214.48	$25,546,214.48	$25,546,214.48	$25,546,214.48
Market Experience	$25,781,577.48	$28,306,392.65	$28,306,392.65	$28,306,392.65	$28,967,818.33	$30,469,761.23	$27,755,998.70
Surplus/Deficit	($235,363.00)	($2,760,178.17)	($2,760,178.17)	($2,760,178.17)	($3,421,603.85)	($4,923,546.75)	($2,209,784.22)

*Market Experience reflects Actuarial ROR 7.0% Hurdle Rate

Returns

	Latest Quarter	Fiscal YTD	Year to Date	One Year	Three Years	Five Years	Ten Years	06/30/2009 Since Inception
Account	0.94%	-2.77%	-2.77%	-2.77%	3.14%	3.84%		6.05%
Dynamic Index	1.01%	-2.33%	-2.33%	-2.33%	3.73%	4.50%		6.76%
Difference	-0.08%	-0.44%	-0.44%	-0.44%	-0.59%	-0.66%		-0.71%
7.0% Hurdle Rate	1.71%	7.00%	7.00%	7.00%	7.00%	7.00%		7.00%
Difference	-0.77%	-9.77%	-9.77%	-9.77%	-3.86%	-3.16%		-0.95%

Calendar Year Returns

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Account	5.52%	6.95%	8.83%	1.08%	10.06%							
Dynamic Index	6.80%	7.01%	9.69%	1.78%	10.50%							
Difference	-1.28%	-0.06%	-0.86%	-0.70%	-0.43%							
7.0% Hurdle Rate	7.00%	7.00%	7.00%	7.00%	7.00%							
Difference	-1.48%	-0.05%	1.83%	-5.92%	3.06%							

Dynamic Index: 0.70% UBS Cash Account (Barclays Treasury Bill), 2.26% Lazard Emerging Markets Fund (MSCI Emerg Mkts), 0.00% Riazzi SMID-Cap Value (Russell 2500 Value), 0.00% Allegiance Capital Fixed Income (Barclays Aggregate), 16.87% PIA Fixed Income (Pacific Income Hybrid Index), 5.44% Stonebridge Preferred Secs (ML Pref Stk Fix Rt), 2.33% Glovista Investments (MSCI Emerg Mkts), 3.26% Riverbridge SMID Growth (Russell 2500), 0.00% Roosevelt (S&P 500 Index), 3.12% iShares Core MSCI EAFE (MSCI Net EAFE), 3.87% Vanguard Extended Mkt (Russell 2500), 2.05% MFS Intl New Discovery (MSCI Net EAFE), 5.14% Miller Convertible Fund (ML

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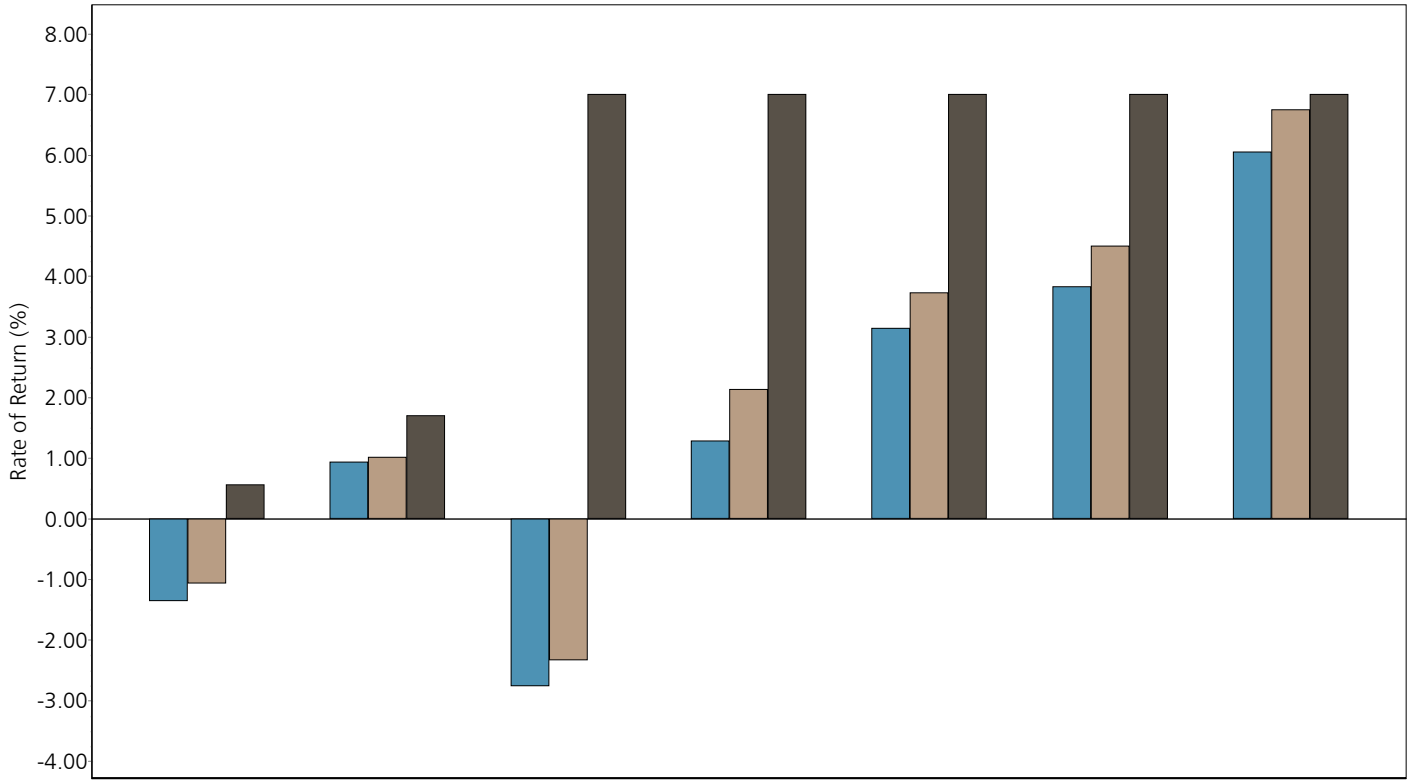
Time Weighted Rates of Return
June 30, 2009 Through December 31, 2015



	Latest Month	Latest Quarter	One Year	Two Years	Three Years	Five Years	Since Inception
Batavia Composite Portfolio	-1.36	0.94	-2.77	1.29	3.14	3.84	6.05
Dynamic Index	-1.06	1.01	-2.33	2.13	3.73	4.50	6.76
7.0% Hurdle Rate	0.57	1.71	7.00	7.00	7.00	7.00	7.00

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Batavia Police Pension Fund
Performance Profile
June 30, 2009 Through December 31, 2015

	Ended	Return
Best Quarter	9/2009	7.68
Worst Quarter	9/2011	-5.96
Best 4 Quarters	12/2010	10.06
Worst 4 Quarters	12/2015	-2.77

Total # of Periods:	78
# of Positive Periods:	51
# of Negative Periods:	27

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Three Years	Five Years	Since Inception
Total Portfolio	-1.36	0.94	-2.77	-2.77	1.29	3.14	3.84	6.05
Dynamic Index	-1.06	1.01	-2.33	-2.33	2.13	3.73	4.50	6.76
Excess	-0.29	-0.08	-0.44	-0.44	-0.84	-0.59	-0.66	-0.71
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08	0.10	0.12
Real ROR	-1.06	1.45	-3.55	-3.55	0.54	2.15	2.25	4.57

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	-2.77	4.83	-0.60	-0.46	0.99	95.77	1.02	1.00	-2.89	-0.45
One Year	-2.77	4.83	-0.60	-0.46	0.99	95.77	1.02	1.00	-2.89	-0.45
Two Years	1.29	4.94	0.25	-0.92	1.05	95.35	1.08	1.09	1.15	-0.74
Three Years	3.14	4.90	0.63	-0.74	1.05	95.45	1.08	1.07	2.92	-0.52
Five Years	3.84	5.12	0.73	-0.59	0.99	96.07	1.01	1.02	3.78	-0.63
Since Inception	6.05	5.61	1.06	-0.35	0.95	96.64	0.97	1.07	6.24	-0.64

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Opportunity Gains & Losses
June 30, 2009 Through December 31, 2015

	Latest Quarter	Fiscal Ytd	Year To Date	One Year	Three Years	Five Years	Since Inception
Beginning Mkt Value	25,679,720.68	26,417,389.40	26,417,389.40	26,417,389.40	23,229,548.67	20,714,129.35	16,320,249.59
Contributions	6,182,783.96	18,758,571.54	18,758,571.54	18,758,571.54	52,630,756.60	67,731,185.60	73,346,772.24
Withdrawals	6,516,502.89	18,711,724.12	18,711,724.12	18,711,724.12	52,172,471.06	66,575,846.78	71,491,400.93
Interest And Dividend Income	284,928.65	671,888.10	671,888.10	671,888.10	2,204,977.94	3,641,970.28	4,554,056.43
Investment Earnings	200,212.73	(918,022.34)	(918,022.34)	(918,022.34)	1,858,380.27	3,676,746.31	7,370,593.58
Ending Mkt Value	25,546,214.48	25,546,214.48	25,546,214.48	25,546,214.48	25,546,214.48	25,546,214.48	25,546,214.48
Market Experience	25,781,577.48	28,306,392.65	28,306,392.65	28,306,392.65	28,967,818.33	30,469,761.23	27,755,998.70
Surplus/Deficit	(235,363.00)	(2,760,178.17)	(2,760,178.17)	(2,760,178.17)	(3,421,603.85)	(4,923,546.75)	(2,209,784.22)
Gross Time Weighted Return	0.94	(2.77)	(2.77)	(2.77)	3.14	3.84	6.05
Net Dollar Weighted Return	0.78	(3.49)	(3.49)	(3.49)	2.58	3.23	5.61

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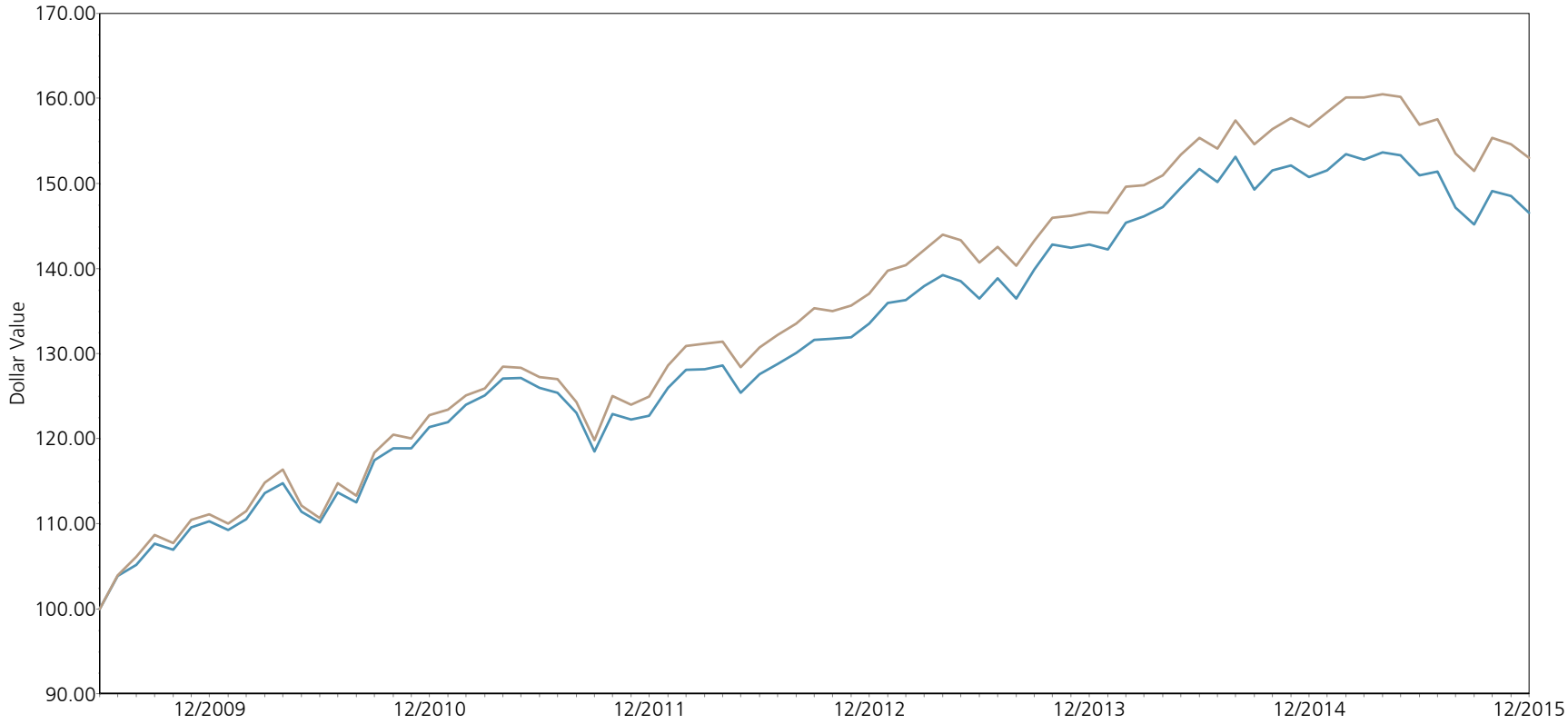
Growth of a Dollar Analysis
June 30, 2009 Through December 31, 2015



	Latest Month	Latest Quarter	One Year	Two Years	Three Years	Five Years	Since Inception
Composite Portfolio	$ 99	$ 101	$ 97	$ 103	$ 110	$ 121	$ 147
Dynamic Index	$ 99	$ 101	$ 98	$ 104	$ 112	$ 125	$ 153

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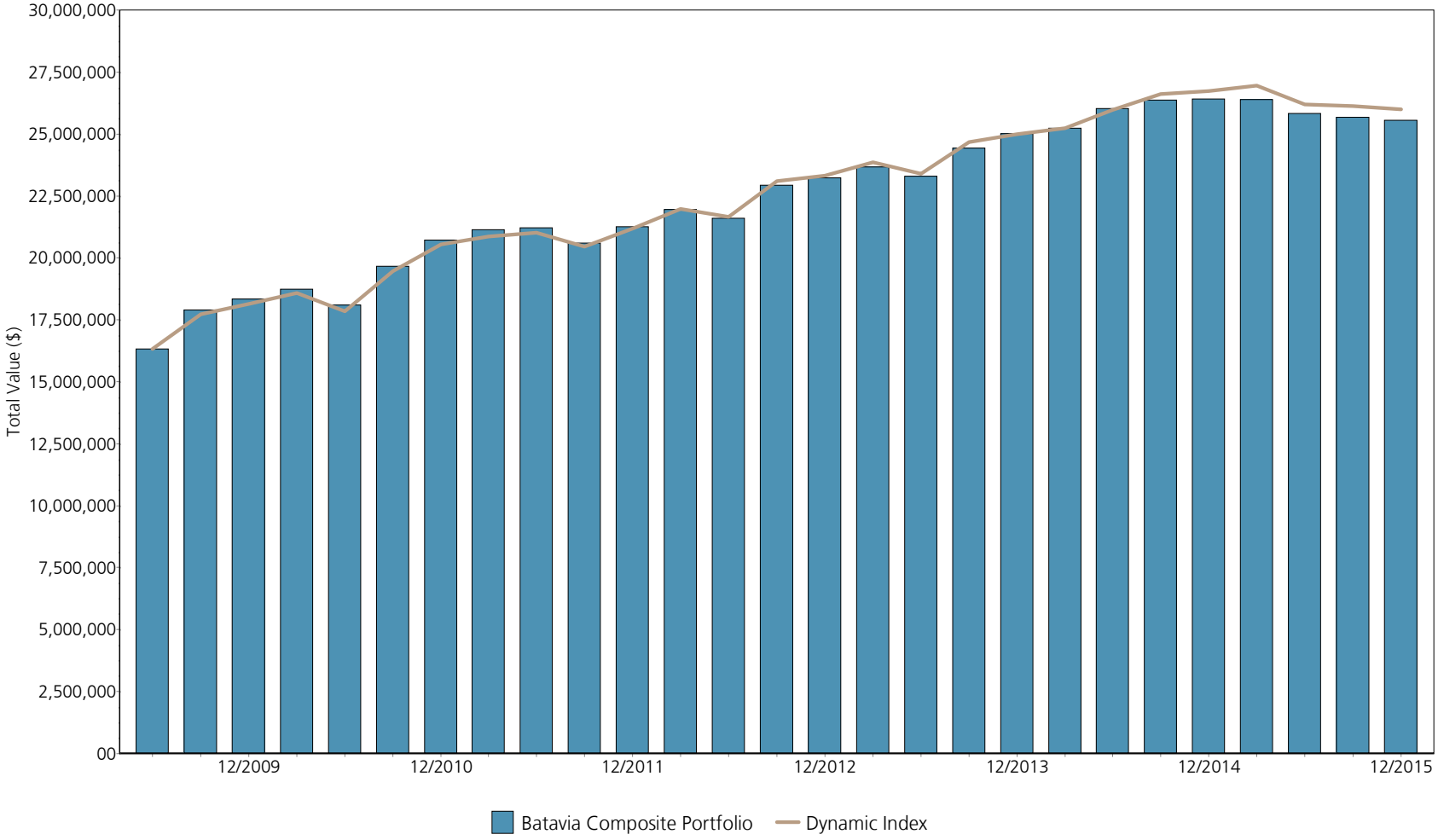
Objective Comparison
June 30, 2009 Through December 31, 2015



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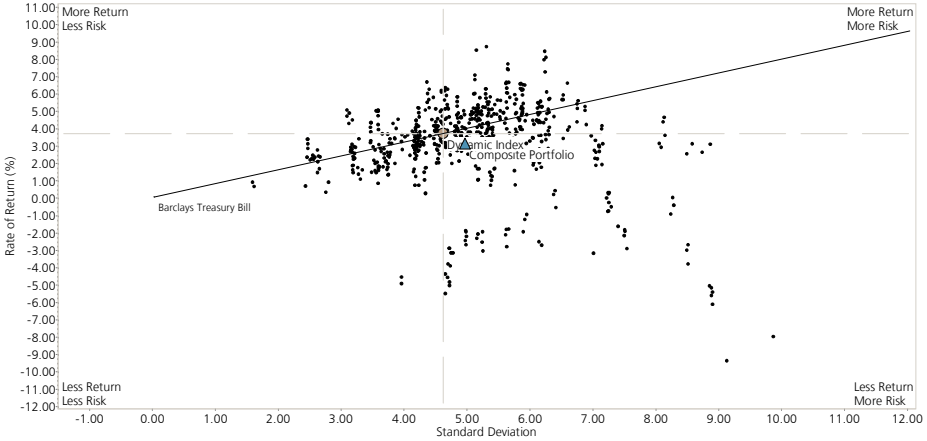
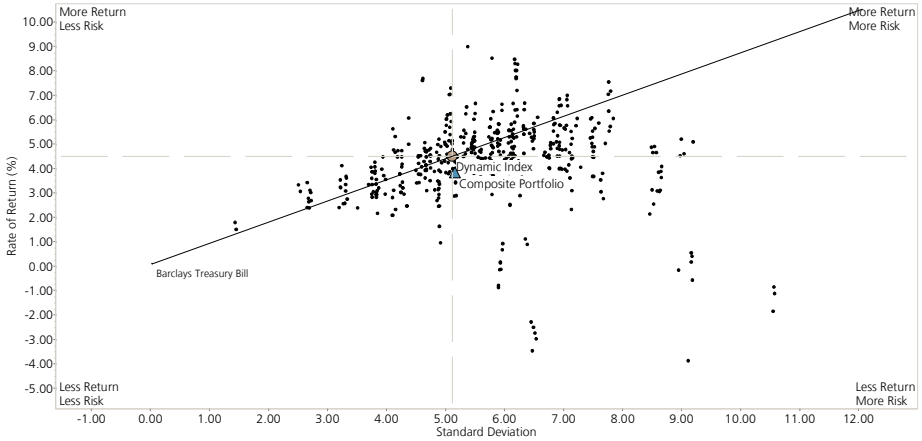
Risk vs Reward

Three Years



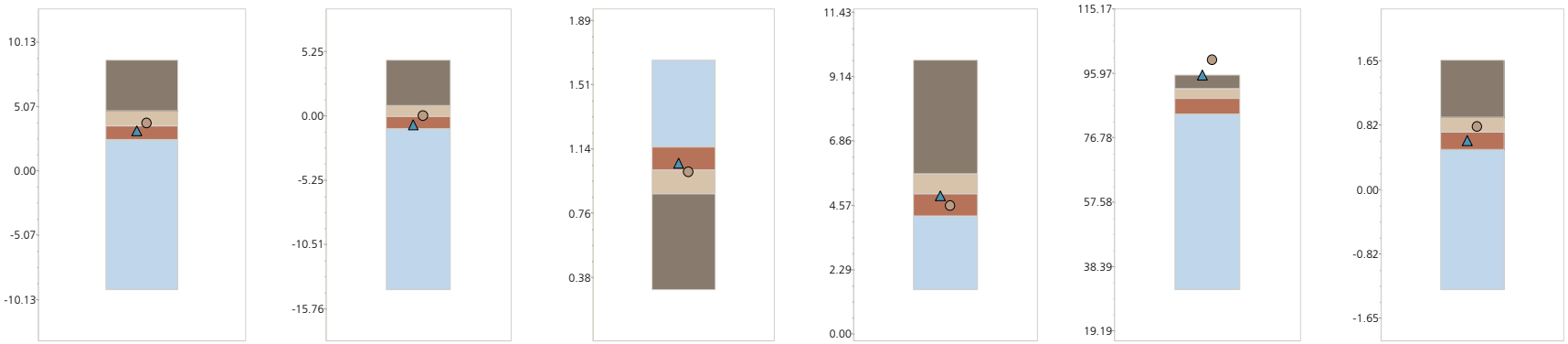
	Return	Std Dev	Alpha	Beta	Info Ratio	Sharpe Ratio	R-Squared
Composite Portfolio	3.14	4.97	-0.74	1.05	-0.52	0.62	95.45
Dynamic Index	3.73	4.62	0.00	1.00	0.00	0.79	100.00

Five Years



	Return	Std Dev	Alpha	Beta	Info Ratio	Sharpe Ratio	R-Squared
Composite Portfolio	3.84	5.16	-0.59	0.99	-0.62	0.72	96.07
Dynamic Index	4.50	5.11	0.00	1.00	0.00	0.86	100.00

Multi-Statistic Quartile Chart - Three Years



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	8.72	4.56	0.31	9.73	95.55	1.66
First Quartile	4.71	0.84	0.87	5.69	91.37	0.92
Median Value	3.53	-0.08	1.01	4.98	88.58	0.74
Third Quartile	2.43	-1.07	1.15	4.20	83.84	0.51
Lowest Value	-9.37	-14.20	1.66	1.57	31.45	-1.28
Mean	3.18	-0.57	1.01	5.00	85.89	0.66

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
Composite Portfolio	3.14	58	-0.74	68	1.05	42	4.90	52	95.45	1	0.63	63
Dynamic Index	3.73	45	0.00	47	1.00	52	4.56	65	100.00	1	0.80	42

Comparison Universe: Conservative Allocation

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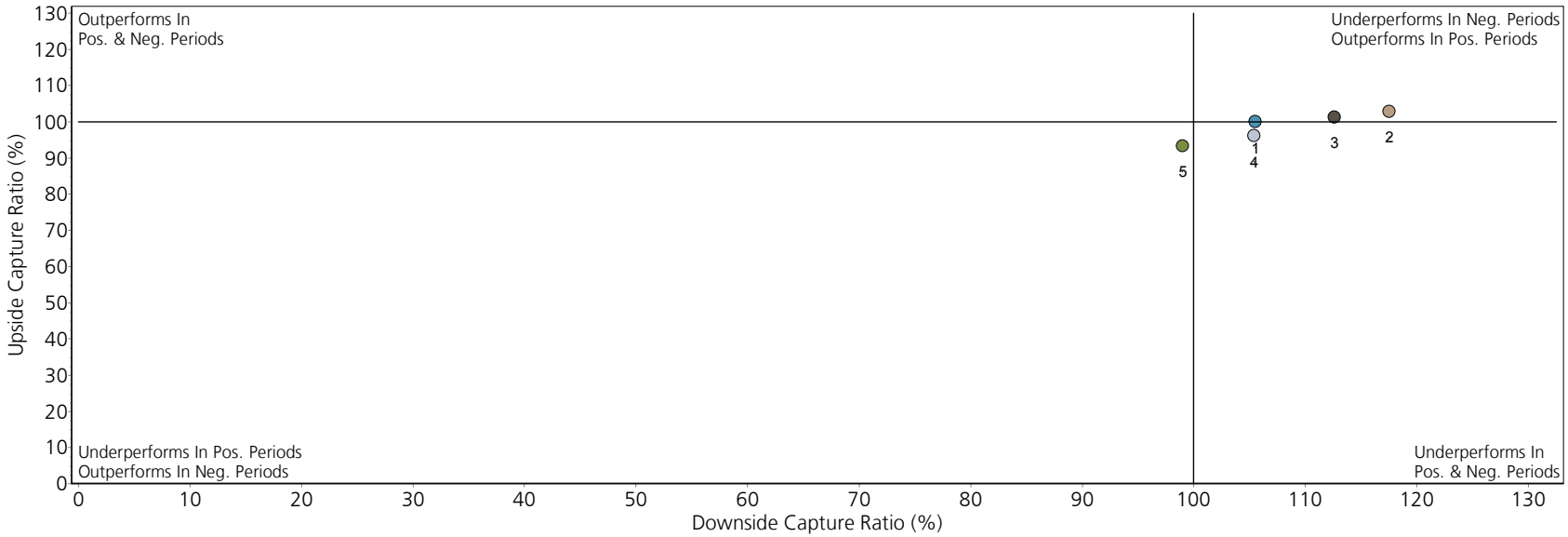
Capture Ratio Trend
June 30, 2009 Through December 31, 2015



	1 12/2014-12/2015	2 12/2013-12/2015	3 12/2012-12/2015	4 12/2010-12/2015	5 6/2009-12/2015
Up Periods	5.00	13.00	22.00	38.00	50.00
Upside Capture ROR	5.52	15.57	15.36	15.51	18.81
Dynamic Index	5.53	15.13	15.17	16.14	20.15
% Of Capture	99.94	102.92	101.29	96.11	93.36
Down Periods	7.00	11.00	14.00	22.00	28.00
Downside Capture ROR	-7.86	-12.28	-13.50	-13.61	-13.41
Dynamic Index	-7.44	-10.45	-11.98	-12.92	-13.55
% Of Capture	105.54	117.52	112.63	105.39	99.02

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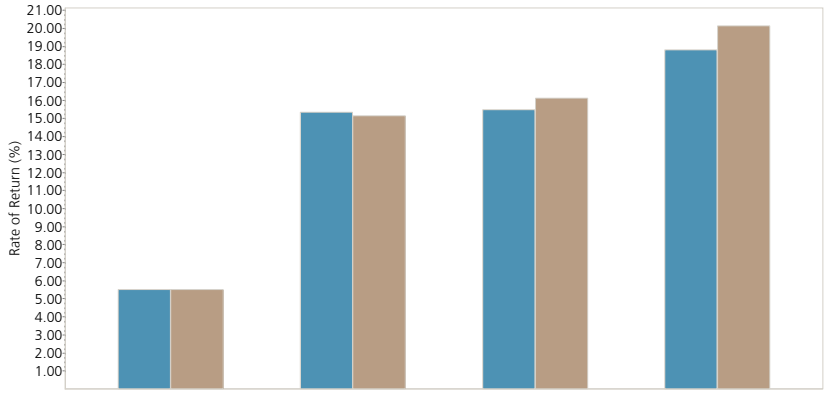
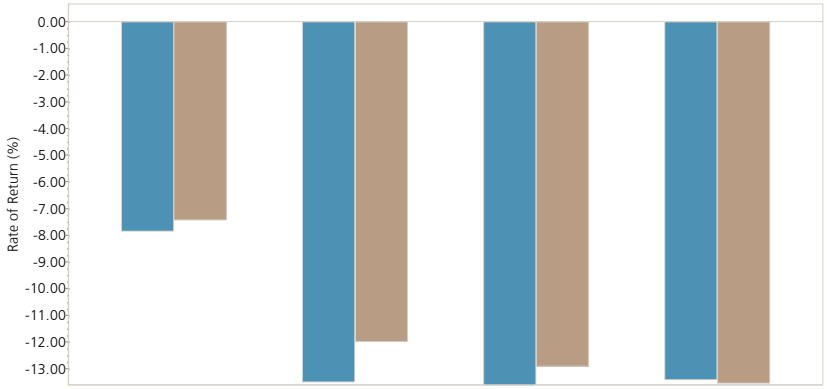
Market Cycle Analysis

Up Market Performance



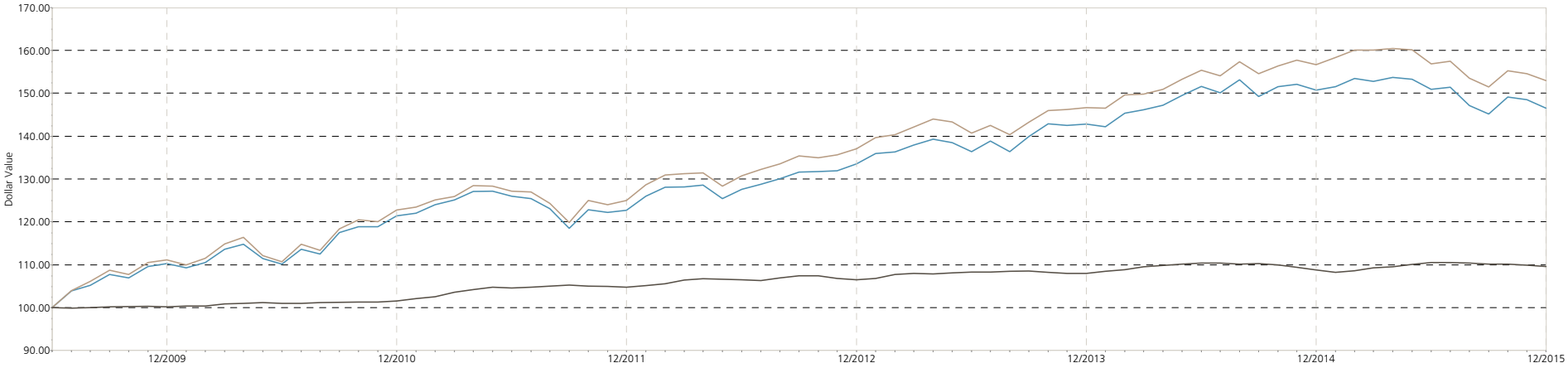
	One Year	Three Years	Five Years	Since Inception
Total Portfolio	5.52	15.36	15.51	18.81
Dynamic Index	5.53	15.17	16.14	20.15
Difference	0.00	0.20	-0.63	-1.34
Ratio	1.00	1.01	0.96	0.93
Up Periods	5	22	38	50

Down Market Performance



	One Year	Three Years	Five Years	Since Inception
Total Portfolio	-7.86	-13.50	-13.61	-13.41
Dynamic Index	-7.44	-11.98	-12.92	-13.55
Difference	-0.41	-1.51	-0.70	0.13
Ratio	1.06	1.13	1.05	0.99
Down Periods	7	14	22	28

Growth of $100 Dollars



	Latest Month	Latest Quarter	One Year	Three Years	Five Years	Since Inception
Total Portfolio	$ 99	$ 101	$ 97	$ 110	$ 121	$ 147
Dynamic Index	$ 99	$ 101	$ 98	$ 112	$ 125	$ 153
CPI	$ 100	$ 100	$ 101	$ 103	$ 108	$ 110

*While the CPI measures changes in the prices for goods and services, movements in the CPI that have occurred in the past are not necessarily indicative of changes that may occur in the future.

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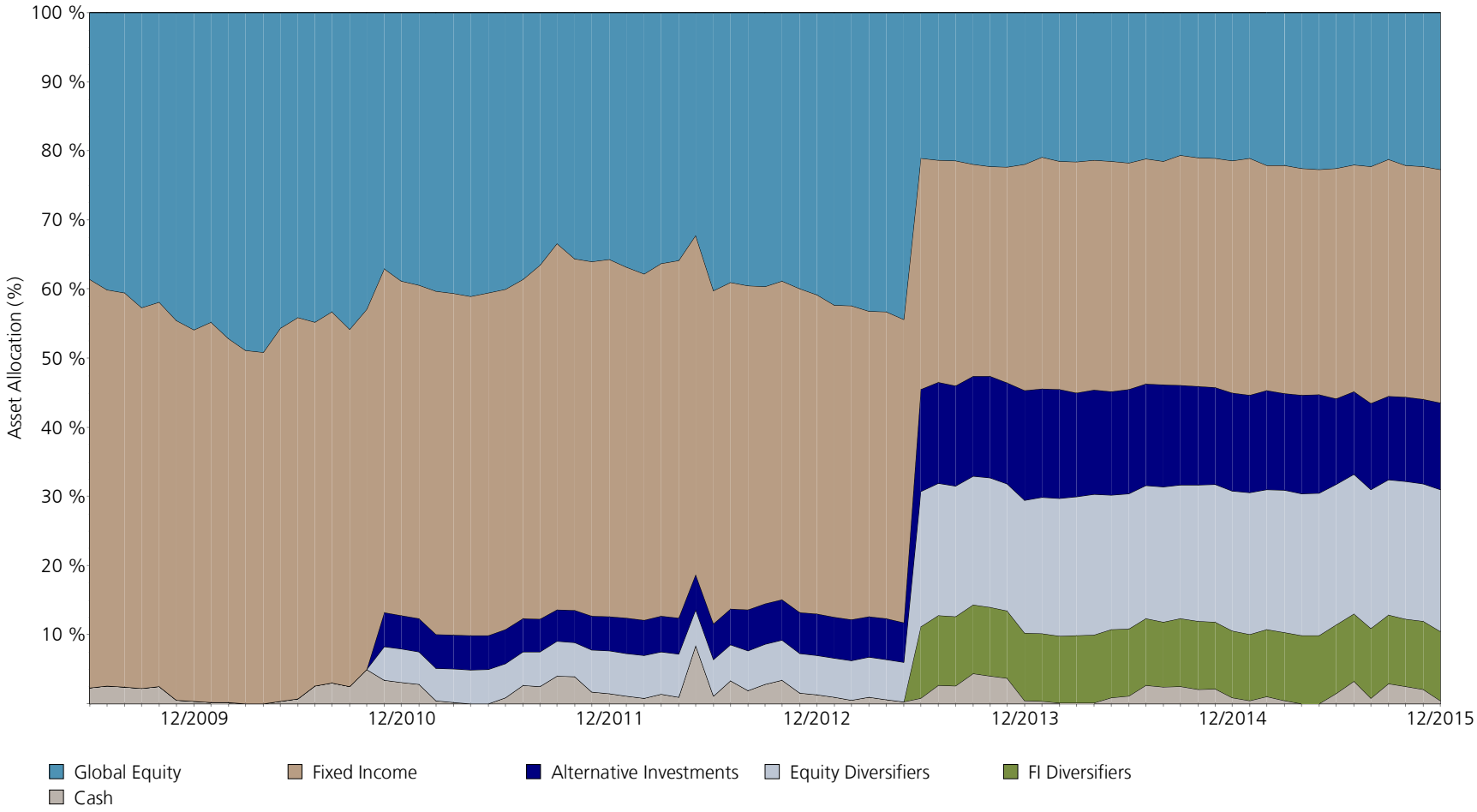
Historical Asset Allocation
June 30, 2009 Through December 31, 2015



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Investment Earnings
September 30, 2015 Through December 31, 2015

Manager And Asset Class	Beginning Market Value	New Money	Interest And Dividends	Net Capital Appreciation	Ending Market Value	Total Investment Earnings	Rate Of Return
Invesco Equally-Weighted S&P 500	1,452,118	0	44,044	26,662	1,522,824	70,706	4.99
Riverbridge SMID Growth	796,485	0	1,158	24,938	822,582	26,097	3.53
Vanguard Extended Mkt	785,085	170,000	4,581	11,062	970,728	15,643	3.12
Glovista Investments	584,277	0	9,187	-5,935	587,529	3,252	0.86
Lazard Emerging Markets Fund	563,127	0	9,465	-11,842	560,751	-2,377	-0.30
iShares Core MSCI EAFE	767,583	0	6,233	21,763	795,579	27,996	3.77
MFS Intl New Discovery	503,961	0	5,844	16,273	526,078	22,117	4.51
Stonebridge Preferred Secs	1,373,136	0	21,116	31,579	1,425,831	52,695	4.07
Miller Convertible Fund	1,259,657	0	8,808	21,815	1,290,279	30,622	2.49
Chilton	1,204,030	0	11,080	77,196	1,292,307	88,277	7.59
First Trust Energy EMLP	1,169,234	140,000	0	-83,730	1,225,504	-83,730	-6.46
PIA Fixed Income	4,399,556	0	36,584	-89,745	4,346,395	-53,161	-1.02
Bradford Marzec	4,429,702	-90,000	29,396	-59,708	4,309,390	-30,312	-0.49
BlackRock Strategic Income Opportunities	2,548,021	0	38,677	-44,396	2,542,302	-5,719	-0.10
Wells Fargo Absolute Return	3,101,841	75,000	58,735	-20,648	3,214,929	38,087	1.38
UBS Cash Account	741,541	-628,354	20	0	113,208	20	0.01
Pimco	366	-365	0	0	N/A	0	N/A
Batavia Composite Portfolio	25,679,721	-333,719	284,929	-84,716	25,546,214	200,213	0.94

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Asset Allocation

Name	Incept. Date	Benchmark	Market Value	% Portfolio	$ Target	$ Difference	% Allocation Target
Total Portfolio	**06/30/2009**	**Dynamic Index**	**$25,546,214**	**100.0%**	**$25,546,214**	**$0**	**100.0%**
Global Equity							
US Large Cap							
US Large Cap Core							
Invesco Equally-Weighted S&P 500	03/23/2015	S&P 500 Index	$1,522,824	6.0%	$1,532,773	($9,949)	6.0%
Total US Large Cap	**06/30/2009**	**S&P 500 Index**	**$1,522,824**	**6.0%**	**$1,532,773**	**($9,949)**	**6.0%**
US SMID							
US SMID Growth							
Riverbridge SMID Growth	10/04/2011	Russell 2500	$822,582	3.2%	$766,386	$56,195	3.0%
US SMID Core							
Vanguard Extended Mkt	06/20/2013	Russell 2500	$970,728	3.8%	$766,386	$204,341	3.0%
Total US SMID	**06/30/2009**	**Russell 2500**	**$1,793,309**	**7.0%**	**$1,532,773**	**$260,537**	**6.0%**
International							
International Emerging Markets							
Glovista Investments	09/14/2011	MSCI Emerg Mkts	$587,529	2.3%	$638,655	($51,126)	2.5%
Lazard Emerging Markets Fund	06/30/2009	MSCI Emerg Mkts	$560,751	2.2%	$638,655	($77,905)	2.5%
Total International Emerging Markets	**06/30/2009**		**$1,148,280**	**4.5%**	**$1,277,311**	**($129,031)**	**5.0%**
International Developed Markets							
iShares Core MSCI EAFE	11/27/2012	MSCI Net EAFE	$795,579	3.1%	$510,924	$284,655	2.0%
MFS Intl New Discovery	12/05/2013	MSCI Net EAFE	$526,078	2.1%	$510,924	$15,153	2.0%
Total International Developed Markets	**06/30/2009**		**$1,321,657**	**5.2%**	**$1,021,849**	**$299,808**	**4.0%**
Total International	**06/30/2009**	**MSCI Gross EAFE**	**$2,469,937**	**9.7%**	**$2,299,159**	**$170,777**	**9.0%**
Total Global Equity	06/30/2009	Dynamic Index for Category Levels	$5,786,070	22.6%	$5,364,705	$421,365	21.0%
Fixed Income							
US Fixed Income							
US Fixed Income							
PIA Fixed Income	06/30/2009	Pacific Income Hybrid Index	$4,346,395	17.0%	$4,087,394	$259,000	16.0%
Bradford Marzec	12/05/2013	Barclays Govt/Credit	$4,309,390	16.9%	$4,087,394	$221,996	16.0%
Total US Fixed Income	**06/30/2009**		**$8,655,785**	**33.9%**	**$8,174,789**	**$480,996**	**32.0%**
Total US Fixed Income	**06/30/2009**	**Barclays Aggregate**	**$8,655,785**	**33.9%**	**$8,174,789**	**$480,996**	**32.0%**
Total Fixed Income	06/30/2009	Barclays Aggregate	$8,655,785	33.9%	$8,174,789	$480,996	32.0%

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Asset Allocation

Name	Incept. Date	Benchmark	Market Value	% Portfolio	$ Target	$ Difference	% Allocation Target
Alternative Investments							
Tactical Multi Asset							
All Asset							
Wells Fargo Absolute Return	03/23/2015	HFRI Macro (Total)	$3,214,929	12.6%	$3,831,932	($617,004)	15.0%
Total Tactical Multi Asset	**11/30/2010**	**HFRI Macro (Total)**	**$3,214,929**	**12.6%**	**$3,831,932**	**($617,004)**	**15.0%**
Total Alternative Investments	11/30/2010	HFRI Macro (Total)	$3,214,929	12.6%	$3,831,932	($617,004)	15.0%
Equity Diversifiers							
Hybrid Securities							
Hyrbid							
Stonebridge Preferred Secs	10/29/2010	ML Pref Stk Fix Rt	$1,425,831	5.6%	$1,277,311	$148,520	5.0%
Miller Convertible Fund	12/10/2013	ML All Conv Ex Mand	$1,290,279	5.1%	$1,277,311	$12,969	5.0%
Total Hyrbid	**11/30/2010**		**$2,716,110**	**10.6%**	**$2,554,621**	**$161,489**	**10.0%**
Total Hybrid Securities	**11/30/2010**	**Hybrid Securities Index**	**$2,716,110**	**10.6%**	**$2,554,621**	**$161,489**	**10.0%**
Real Asset/Infra							
Real Asset							
Chilton	12/10/2013	NAREIT	$1,292,307	5.1%	$1,021,849	$270,458	4.0%
First Trust Energy EMLP	10/09/2014	Alerian MLP	$1,225,504	4.8%	$1,277,311	($51,807)	5.0%
Total Real Asset	**06/20/2013**		**$2,517,811**	**9.9%**	**$2,299,159**	**$218,651**	**9.0%**
Total Real Asset/Infra	**06/20/2013**	**Real Estate/Infra Index**	**$2,517,811**	**9.9%**	**$2,299,159**	**$218,651**	**9.0%**
Total Equity Diversifiers	11/30/2010	Equity Diversifiers Index	$5,233,921	20.5%	$4,853,781	$380,140	19.0%
FI Diversifiers							
Fixed Income: Strategic Bond							
Fixed Income							
BlackRock Strategic Income Opportunities	03/23/2015	Barclays Aggregate	$2,542,302	10.0%	$2,554,621	($12,319)	10.0%
Total Fixed Income	**03/23/2015**		**$2,542,302**	**10.0%**	**$2,554,621**	**($12,319)**	**10.0%**
Total Fixed Income: Strategic Bond	**03/23/2015**		**$2,542,302**	**10.0%**	**$2,554,621**	**($12,319)**	**10.0%**
Total FI Diversifiers	06/20/2013	FI Diversifiers Index	$2,542,302	10.0%	$2,554,621	($12,319)	10.0%
Cash							
US Cash							
Cash							
UBS Cash Account	06/30/2009	Barclays Treasury Bill	$113,208	0.4%	$766,386	($653,179)	3.0%
Total US Cash	**06/30/2009**	**Barclays Treasury Bill**	**$113,208**	**0.4%**	**$766,386**	**($653,179)**	**3.0%**
Total Cash	06/30/2009	Barclays Treasury Bill	$113,208	0.4%	$766,386	($653,179)	3.0%

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Investment Performance Summary

Name	Latest Month	Latest Quarter	One Year	Three Years	Five Years	Since Inception	Inception Date
Total Portfolio	-1.36%	0.94%	-2.77%	3.14%	3.84%	6.05%	06/30/2009
Dynamic Index	*-1.06%*	*1.01%*	*-2.33%*	*3.73%*	*4.50%*	*6.76%*	
Invesco Equally-Weighted S&P 500	-2.33%	4.99%				-4.07%	03/23/2015
S&P 500 Index	*-1.58%*	*7.04%*				*0.43%*	
Riverbridge SMID Growth	-2.88%	3.53%	0.20%	11.80%		12.38%	10/04/2011
Russell 2500	*-4.07%*	*3.28%*	*-2.90%*	*12.46%*		*13.17%*	
Vanguard Extended Mkt	-3.83%	3.12%	-3.31%			9.09%	06/20/2013
Russell 2500	*-4.07%*	*3.28%*	*-2.90%*			*8.71%*	
Glovista Investments	-3.02%	0.86%	-13.35%	-6.59%		1.00%	09/14/2011
MSCI Emerg Mkts Free	*-2.17%*	*0.73%*	*-14.60%*	*-6.42%*		*0.36%*	
Lazard Emerging Markets Fund	-4.47%	-0.30%	-20.26%	-8.86%	-5.36%	2.90%	06/30/2009
MSCI Emerg Mkts Free	*-2.17%*	*0.73%*	*-14.60%*	*-6.42%*	*-4.47%*	*3.44%*	
iShares Core MSCI EAFE	-1.84%	3.77%	1.97%	4.88%		5.93%	11/27/2012
MSCI Net EAFE	*-1.35%*	*4.71%*	*-0.81%*	*5.01%*		*5.95%*	
MFS Intl New Discovery	-1.03%	4.51%	2.60%			-0.06%	12/05/2013
MSCI Net EAFE	*-1.35%*	*4.71%*	*-0.81%*			*-2.88%*	
PIA Fixed Income	-0.77%	-1.02%	0.19%	1.60%	2.95%	3.48%	06/30/2009
Pacific Income Hybrid Index	*-0.32%*	*-0.57%*	*0.55%*	*1.44%*	*3.12%*	*3.35%*	
Bradford Marzec	-0.25%	-0.49%	0.82%			3.45%	12/05/2013
Barclays Govt/Credit	*-0.43%*	*-0.74%*	*0.15%*			*3.04%*	
Wells Fargo Absolute Return	-1.42%	1.38%				-6.21%	03/23/2015
HFRI Macro (Total)	*-1.25%*	*-0.04%*				*-4.30%*	
Stonebridge Preferred Secs	1.02%	4.07%	8.43%	5.26%	7.35%	7.03%	10/29/2010
ML Pref Stk Fix Rt	*0.57%*	*3.46%*	*7.58%*	*6.16%*	*7.19%*	*6.97%*	
Miller Convertible Fund	-3.28%	2.49%	-0.14%			2.12%	12/10/2013
ML All Conv Ex Mand	*-2.18%*	*0.89%*	*-2.89%*			*3.04%*	
Chilton	0.94%	7.59%	6.37%			19.25%	12/10/2013
NAREIT	*1.31%*	*7.68%*	*2.82%*			*14.73%*	
First Trust Energy EMLP	-5.08%	-6.46%	-25.22%			-20.53%	10/09/2014
Alerian MLP	*-3.57%*	*-2.77%*	*-32.60%*			*-33.65%*	
BlackRock Strategic Income Opportunities	-0.57%	-0.10%				-1.79%	03/23/2015
Barclays Aggregate	*-0.32%*	*-0.57%*				*-1.04%*	
UBS Cash Account	0.00%	0.01%	0.03%	0.04%	0.06%	0.07%	06/30/2009
Barclays Treasury Bill	*0.02%*	*0.00%*	*0.10%*	*0.08%*	*0.10%*	*0.12%*	

The inception date may or may not be coincident with the date that the UBS Institutional Consulting Group commenced providing performance reporting services to you.
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Benchmark Comparisons Used In This Report

The primary index comparison for your portfolio and each of its asset classes is listed below.

TOTAL PORTFOLIO BENCHMARK
6/30/2009 - Present
100% Dynamic Index

GLOBAL EQUITY BENCHMARK
6/30/2009 - Present
100% Dynamic Index for Category Levels

FIXED INCOME BENCHMARK
6/30/2009 - Present
100% Barclays Aggregate

ALTERNATIVE INVESTMENTS BENCHMARK
11/30/2010 - Present
100% HFRI Macro (Total) Index

EQUITY DIVERSIFIERS BENCHMARK
11/30/2010 - Present
100% Equity Diversifiers Index

FI DIVERSIFIERS BENCHMARK
6/20/2013 - Present
100% FI Diversifiers Index

CASH BENCHMARK
6/30/2009 - Present
100% Barclays 3 Month T-Bill

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Benchmark Comparisons Used In This Report

ALTERNATIVE BENCHMARK

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Invesco Equally-Weighted S&P 500

Please contact your UBS Institutional Consultant if you have any questions regarding this report, if your financial situation, individual needs or investment objectives have changed, or if you would like to initiate or modify any investment restrictions on this account. Please note that you are also required to inform your Institutional Consultant, directly, of any changes in your financial condition, investment objectives or investment restrictions on your account.

Rule 204-3 under the Investment Advisers Act of 1940 requires that we make an annual offer to clients to send to them, without charge, a written disclosure statement meeting the requirements of such rule. We will be glad to send you a copy of such statement to you upon your written request.

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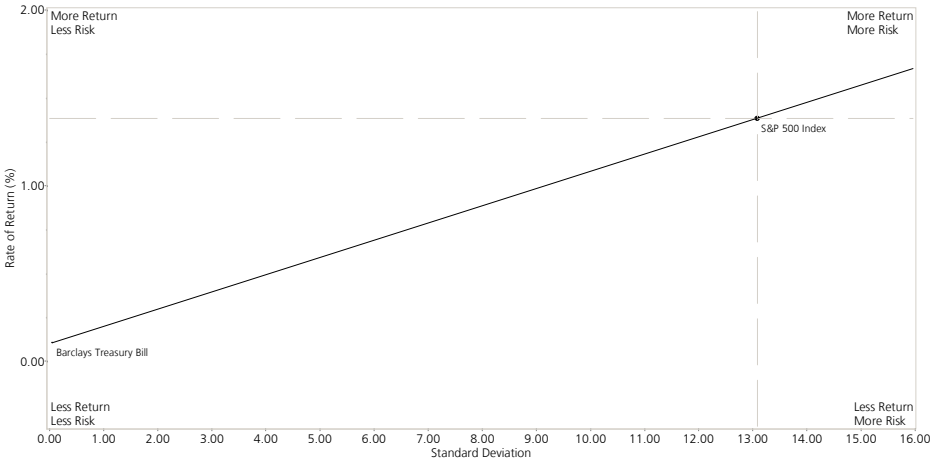
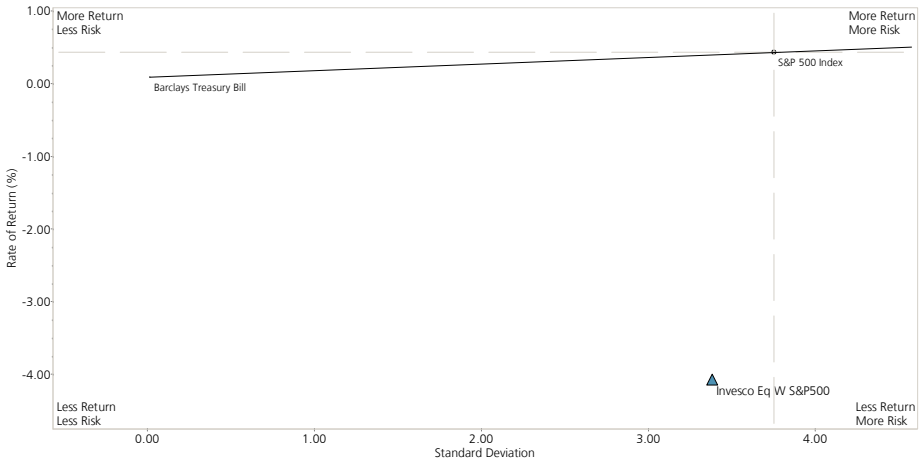
Risk vs Reward

One Year



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Invesco Eq W S&P500	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Invesco Eq W S&P500	-4.07	N/A	3.38	N/A	N/A	N/A	N/A

Multi-Statistic Quartile Chart - One Year

Comparison Universe: Large Cap Core

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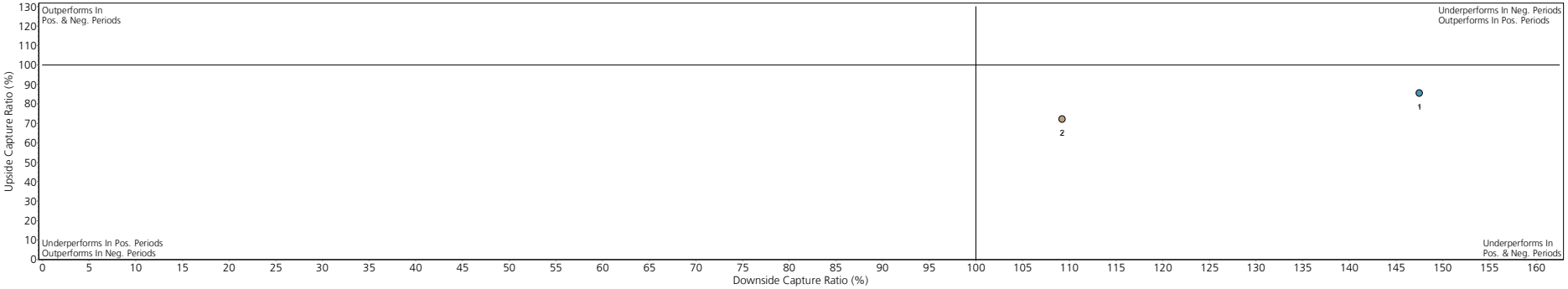
Capture Ratio Trend



	1	2
	9/2015-12/2015	3/2015-12/2015
Up Periods	2.00	5.00
Upside Capture ROR	7.50	9.78
S&P 500 Index	8.76	13.54
% Of Capture	85.59	72.21
Down Periods	1.00	4.00
Downside Capture ROR	-2.33	-12.62
S&P 500 Index	-1.58	-11.55
% Of Capture	147.51	109.23

Three Years Rolling Alpha

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Batavia Police Pension Fund
Performance Profile
March 31, 2015 Through December 31, 2015

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Riverbridge SMID Growth

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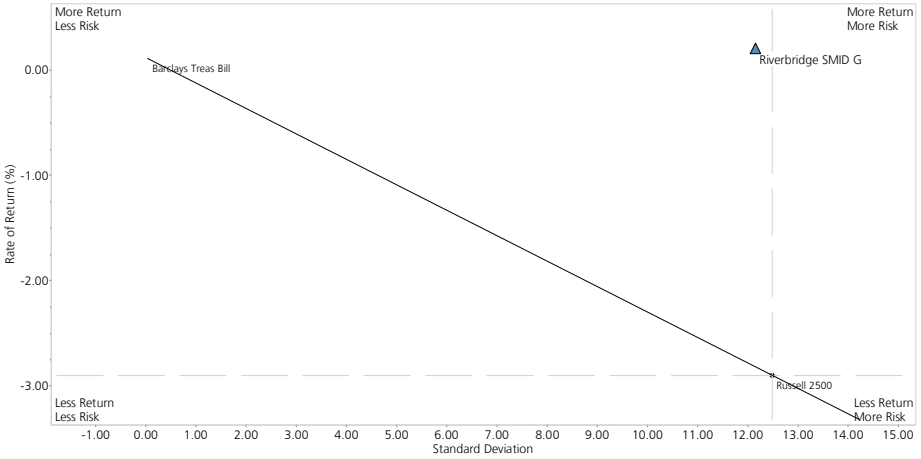
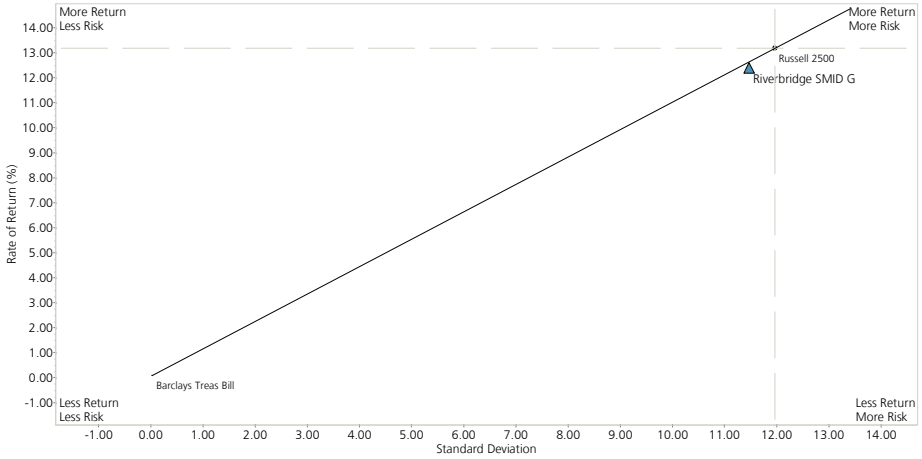
Risk vs Reward

One Year



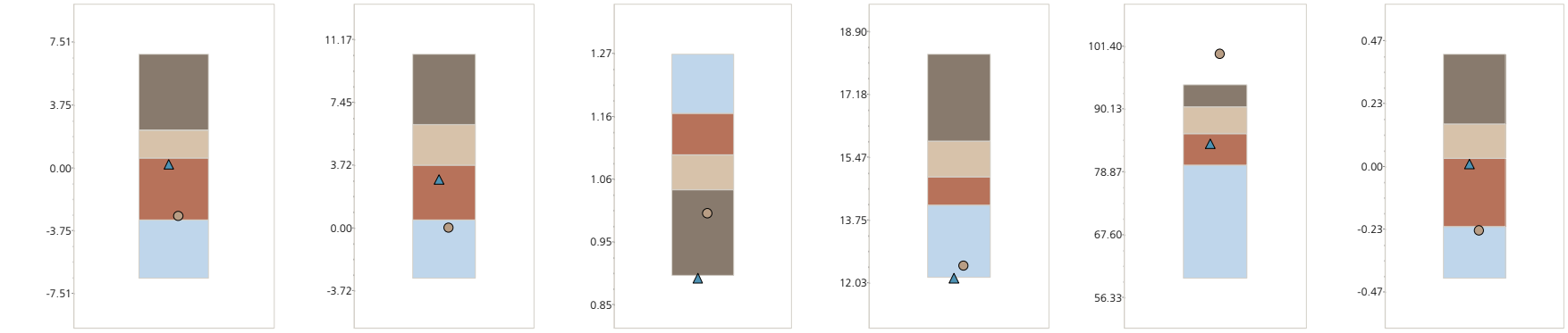
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Riverbridge SMID G	0.20	0.01	12.15	2.86	0.89	83.86	0.59

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Riverbridge SMID G	12.38	1.07	11.47	1.09	0.86	80.04	-0.17

Multi-Statistic Quartile Chart - One Year



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	6.80	10.31	0.90	18.29	94.50	0.42
First Quartile	2.25	6.12	1.04	15.90	90.54	0.16
Median Value	0.59	3.72	1.10	14.93	85.72	0.03
Third Quartile	-3.11	0.46	1.17	14.15	80.05	-0.22
Lowest Value	-6.61	-2.99	1.27	12.17	59.76	-0.42
Mean	-0.09	3.39	1.10	15.04	84.64	-0.01

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
Riverbridge SMID G	0.20	52	2.86	57	0.89	99	12.15	99	83.86	64	0.01	52
Russell 2500	-2.90	73	0.00	78	1.00	83	12.49	95	100.00	1	-0.24	78

Comparison Universe: Small-Mid Growth

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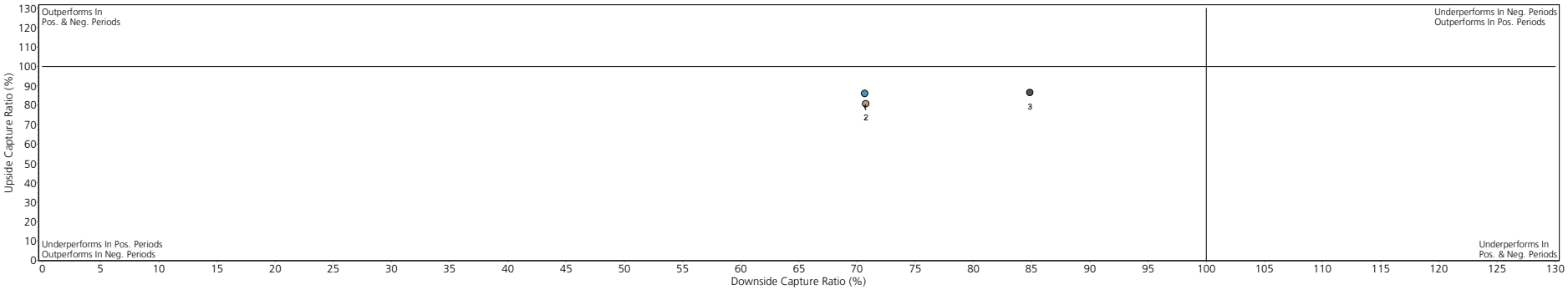
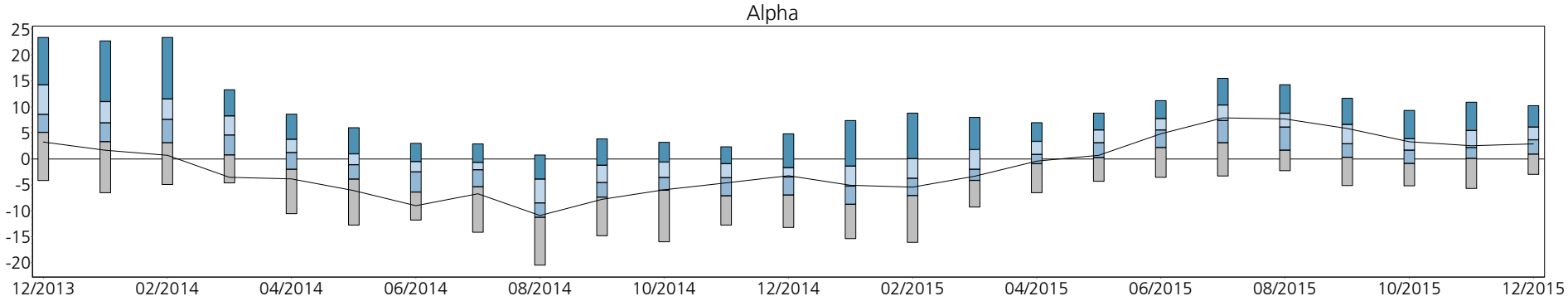
Capture Ratio Trend



	1 9/2015-12/2015	2 12/2014-12/2015	3 10/2011-12/2015
Up Periods	2.00	5.00	31.00
Upside Capture ROR	6.60	14.60	41.26
Russell 2500	7.66	18.07	47.63
% Of Capture	86.07	80.81	86.62
Down Periods	1.00	7.00	19.00
Downside Capture ROR	-2.88	-12.57	-22.62
Russell 2500	-4.07	-17.76	-26.66
% Of Capture	70.65	70.74	84.85

Three Years Rolling Alpha



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Batavia Police Pension Fund
Performance Profile
October 4, 2011 Through December 31, 2015

	Ended	Return
Best Quarter	3/2013	13.41
Worst Quarter	9/2015	-7.55
Best 4 Quarters	12/2013	34.91
Worst 4 Quarters	12/2015	0.20

Total # of Periods:	50
# of Positive Periods:	33
# of Negative Periods:	17

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Three Years	Since Inception
TOTAL FUND	-2.88	3.53	0.20	0.20	1.78	11.80	12.38
Russell 2500	-4.07	3.28	-2.90	-2.90	1.96	12.46	13.17
Excess	1.20	0.25	3.10	3.10	-0.18	-0.65	-0.79
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08	0.09
Real ROR	-2.58	4.05	-0.52	-0.52	1.02	10.74	11.25

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	0.20	12.15	0.01	2.86	0.89	83.86	0.97	5.08	0.11	0.59
One Year	0.20	12.15	0.01	2.86	0.89	83.86	0.97	5.08	0.11	0.59
Two Years	1.78	12.58	0.14	0.03	0.92	84.39	1.01	5.07	1.84	-0.06
Three Years	11.80	12.29	0.95	0.49	0.91	84.93	0.99	4.90	12.85	-0.15
Since Inception	12.38	11.47	1.07	1.09	0.86	80.04	0.96	5.40	14.32	-0.17

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Vanguard Extended Mkt

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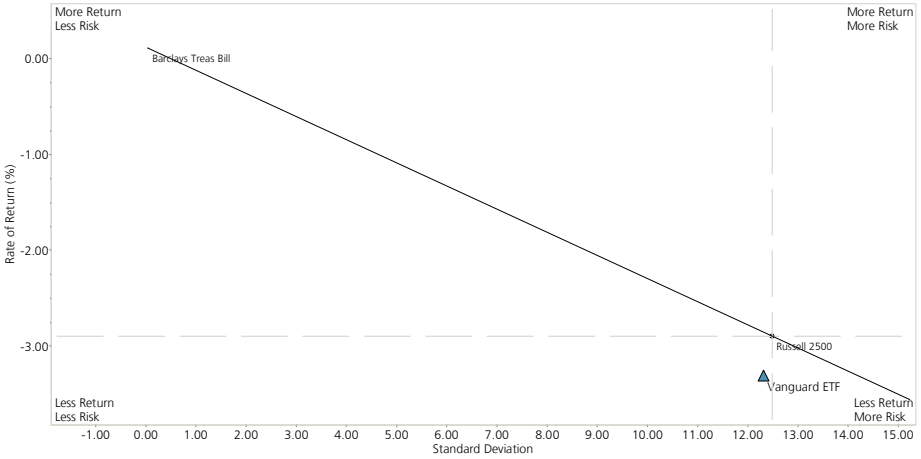
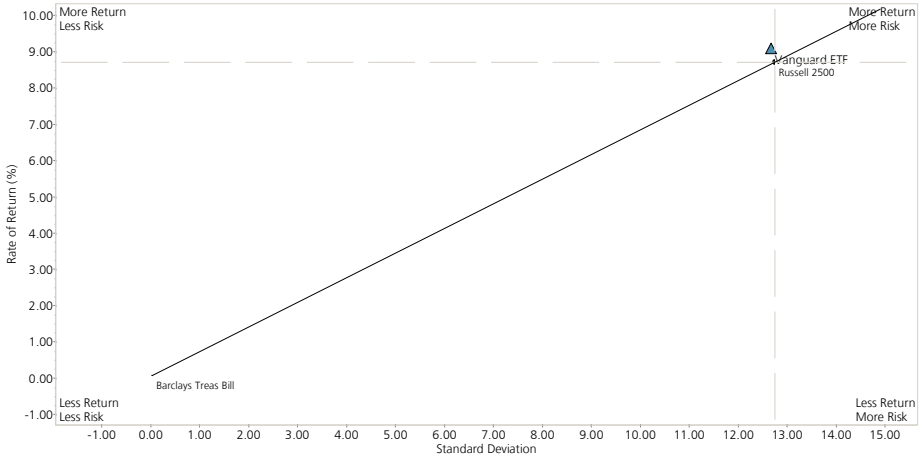
Risk vs Reward

One Year



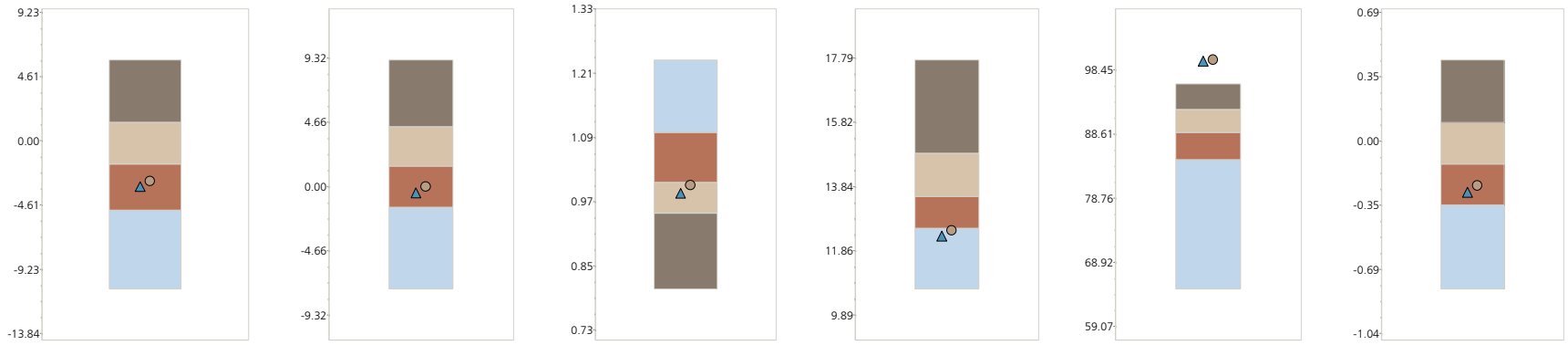
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Vanguard ETF	-3.31	-0.28	12.31	-0.48	0.98	99.76	-0.70

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Vanguard ETF	9.09	0.71	12.67	0.43	0.99	99.21	0.29

Multi-Statistic Quartile Chart - One Year



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	5.82	9.20	0.80	17.74	96.34	0.44
First Quartile	1.34	4.34	0.95	14.86	92.37	0.10
Median Value	-1.66	1.49	1.01	13.54	88.85	-0.12
Third Quartile	-4.98	-1.52	1.10	12.56	84.68	-0.34
Lowest Value	-10.65	-7.44	1.24	10.68	64.84	-0.80
Mean	-1.75	1.34	1.02	13.71	87.76	-0.14

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
Vanguard ETF	-3.31	65	-0.48	67	0.98	60	12.31	81	99.76	1	-0.28	67
Russell 2500	-2.90	64	0.00	63	1.00	53	12.49	75	100.00	1	-0.24	63

Comparison Universe: Small-Mid Cap

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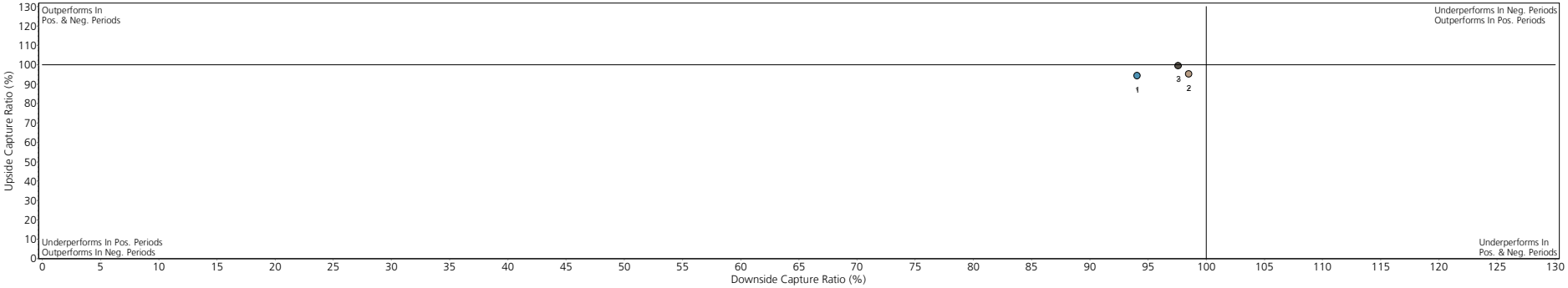
Capture Ratio Trend



	1	2	3
	9/2015-12/2015	12/2014-12/2015	6/2013-12/2015
Up Periods	2.00	5.00	17.00
Upside Capture ROR	7.23	17.20	51.40
Russell 2500	7.66	18.07	51.63
% Of Capture	94.37	95.18	99.54
Down Periods	1.00	7.00	13.00
Downside Capture ROR	-3.83	-17.50	-28.93
Russell 2500	-4.07	-17.76	-29.64
% Of Capture	94.05	98.51	97.60

Three Years Rolling Alpha

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Batavia Police Pension Fund
Performance Profile
June 20, 2013 Through December 31, 2015

	Ended	Return
Best Quarter	9/2013	10.43
Worst Quarter	9/2015	-10.51
Best 4 Quarters	12/2014	7.50
Worst 4 Quarters	12/2015	-3.31

Total # of Periods:	30
# of Positive Periods:	17
# of Negative Periods:	13

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Since Inception
TOTAL FUND	-3.83	3.12	-3.31	-3.31	1.95	9.09
Russell 2500	-4.07	3.28	-2.90	-2.90	1.96	8.71
Excess	0.24	-0.15	-0.41	-0.41	-0.01	0.38
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08
Real ROR	-3.53	3.65	-4.02	-4.02	1.21	8.58

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	-3.31	12.31	-0.28	-0.48	0.98	99.76	0.99	0.63	-3.47	-0.70
One Year	-3.31	12.31	-0.28	-0.48	0.98	99.76	0.99	0.63	-3.47	-0.70
Two Years	1.95	12.24	0.15	0.02	0.98	99.36	0.98	1.03	1.92	-0.04
Since Inception	9.09	12.67	0.71	0.43	0.99	99.21	0.99	1.13	9.10	0.29

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Glovista Investments

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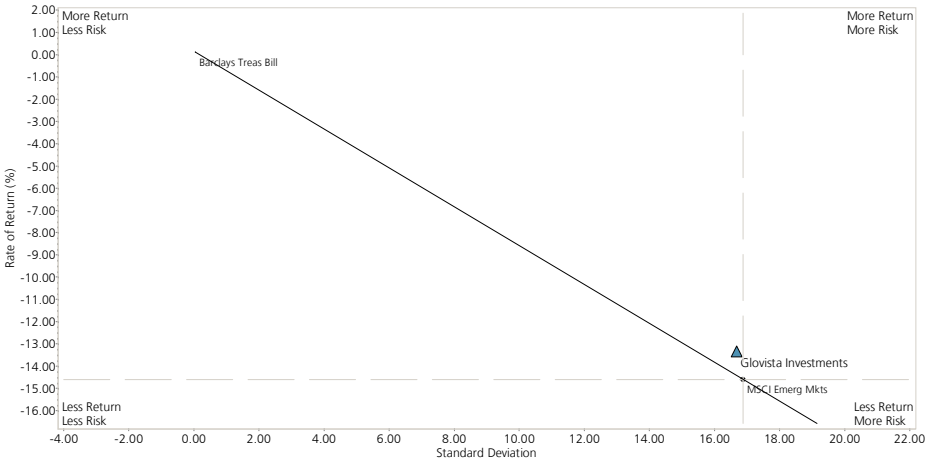
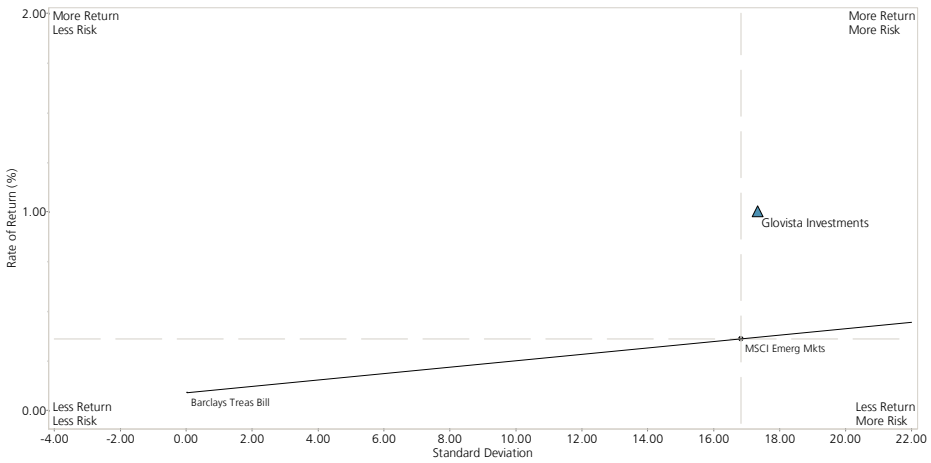
Risk vs Reward

One Year



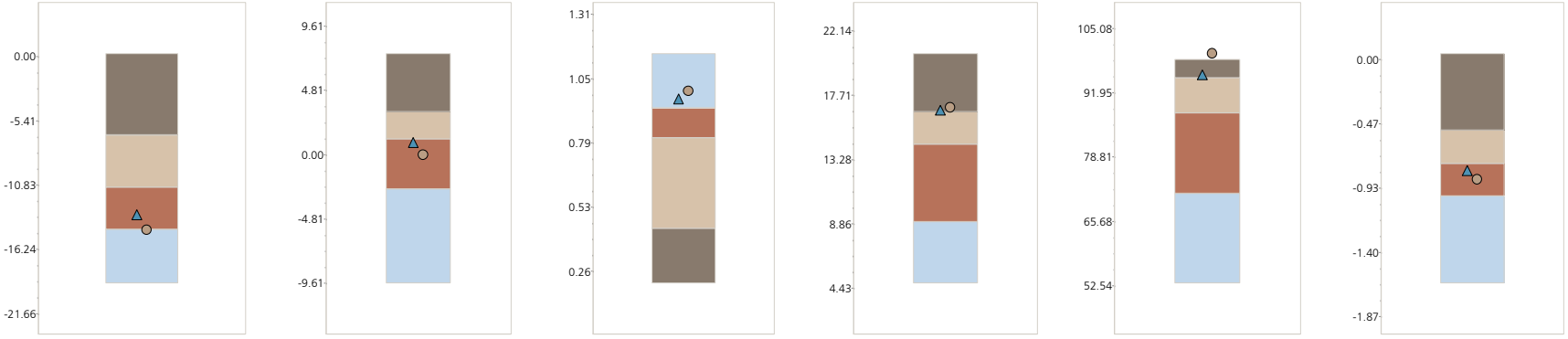
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Glovista Investments	-13.35	-0.81	16.68	0.91	0.97	95.64	0.38

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Glovista Investments	1.00	0.05	17.33	0.73	0.99	92.78	0.13

Multi-Statistic Quartile Chart - One Year



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	0.26	7.58	0.22	20.60	98.80	0.04
First Quartile	-6.60	3.22	0.44	16.59	95.04	-0.51
Median Value	-11.00	1.19	0.81	14.37	87.87	-0.75
Third Quartile	-14.55	-2.56	0.93	9.01	71.44	-0.99
Lowest Value	-19.07	-9.59	1.15	4.79	53.09	-1.62
Mean	-10.10	0.27	0.72	13.09	82.71	-0.75

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
Glovista Investments	-13.35	66	0.91	51	0.97	20	16.68	22	95.64	20	-0.81	55
MSCI Emerg Mkts	-14.60	75	0.00	56	1.00	12	16.88	17	100.00	1	-0.87	61

Comparison Universe: Emerging Markets

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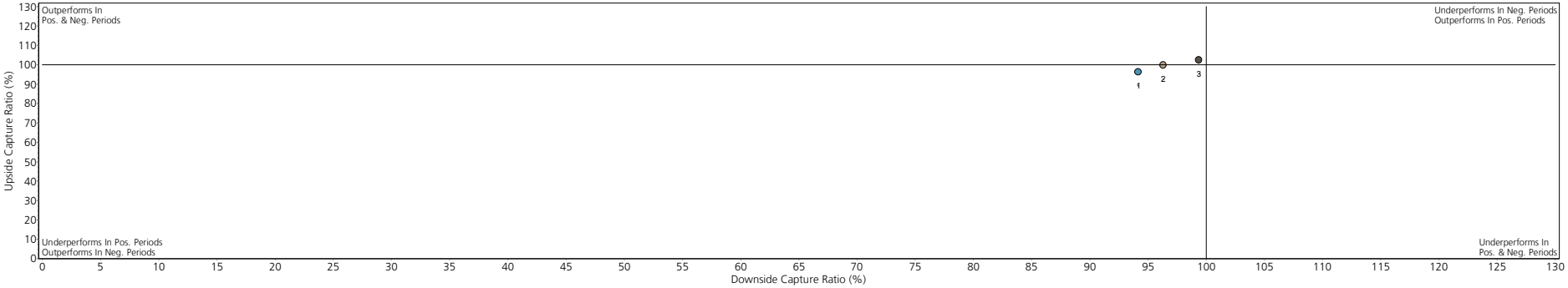
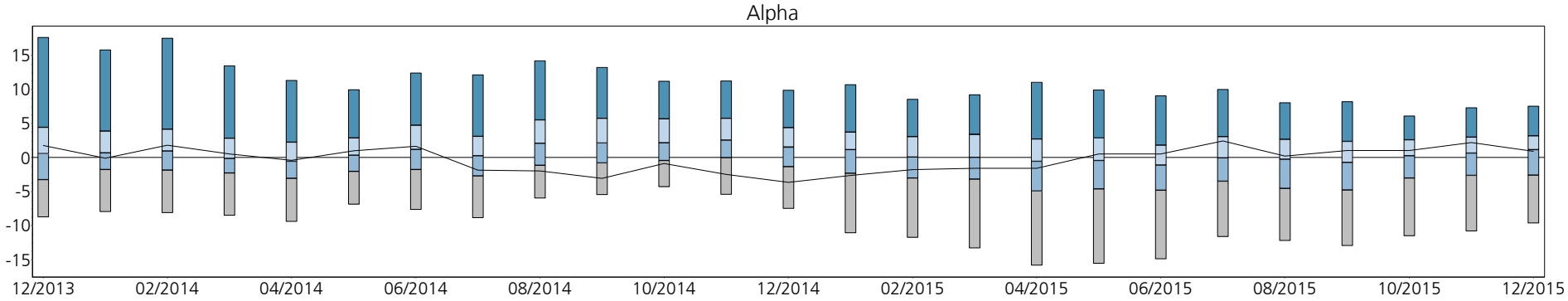
Capture Ratio Trend



	1	2	3
	9/2015-12/2015	12/2014-12/2015	9/2011-12/2015
Up Periods	1.00	4.00	25.00
Upside Capture ROR	6.88	19.69	61.11
MSCI Emerg Mkts	7.14	19.72	59.62
% Of Capture	96.34	99.86	102.49
Down Periods	2.00	8.00	26.00
Downside Capture ROR	-5.63	-27.60	-35.53
MSCI Emerg Mkts	-5.98	-28.66	-35.76
% Of Capture	94.16	96.29	99.35

Three Years Rolling Alpha



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Batavia Police Pension Fund
Performance Profile
September 14, 2011 Through December 31, 2015

	Ended	Return
Best Quarter	3/2012	15.40
Worst Quarter	9/2015	-15.77
Best 4 Quarters	12/2012	20.99
Worst 4 Quarters	12/2015	-13.35

Total # of Periods:	51
# of Positive Periods:	25
# of Negative Periods:	26

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Three Years	Since Inception
TOTAL FUND	-3.02	0.86	-13.35	-13.35	-9.54	-6.59	1.00
MSCI Emerg Mkts	-2.17	0.73	-14.60	-14.60	-8.43	-6.42	0.36
Excess	-0.84	0.13	1.25	1.25	-1.11	-0.17	0.64
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08	0.09
Real ROR	-2.72	1.38	-14.03	-14.03	-10.21	-7.51	0.02

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	-13.35	16.68	-0.81	0.91	0.97	95.64	0.99	3.53	-13.92	0.38
One Year	-13.35	16.68	-0.81	0.91	0.97	95.64	0.99	3.53	-13.92	0.38
Two Years	-9.54	15.48	-0.62	-1.23	0.99	94.82	1.02	3.52	-9.70	-0.35
Three Years	-6.59	14.37	-0.46	-0.28	0.97	90.59	1.02	4.42	-6.85	-0.05
Since Inception	1.00	17.33	0.05	0.73	0.99	92.78	1.03	4.66	0.92	0.13

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Lazard Emerging Markets Fund

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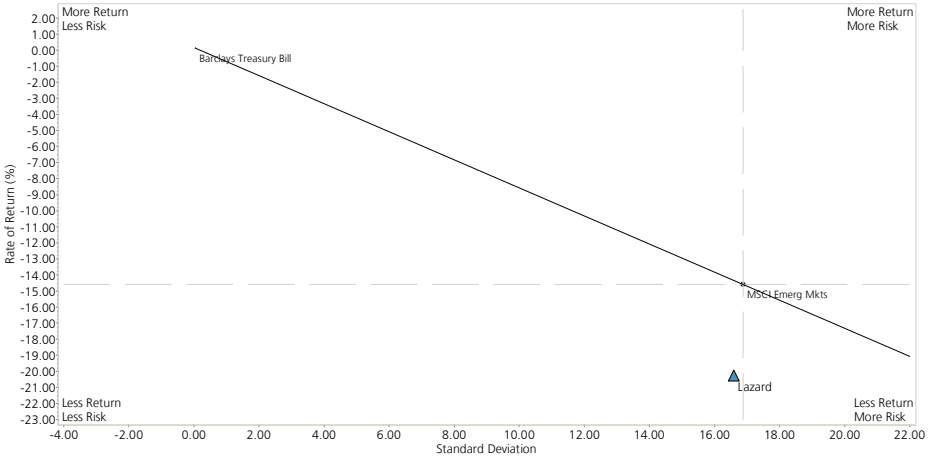
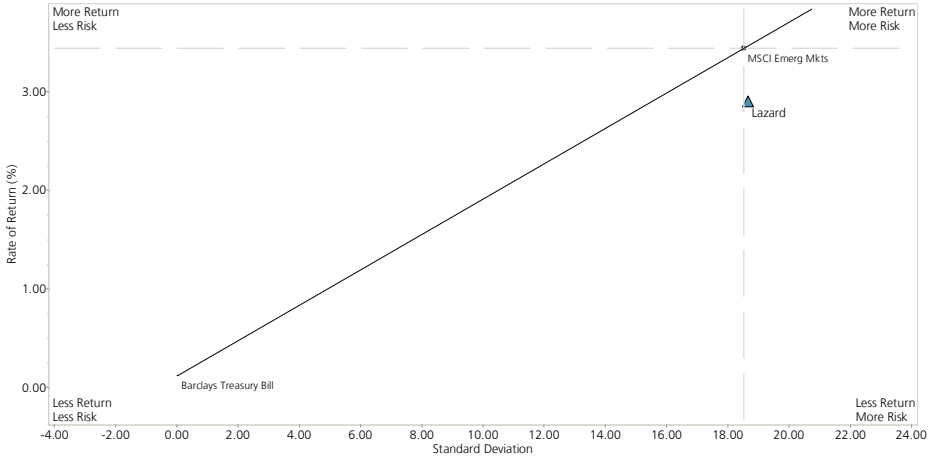
Risk vs Reward

One Year



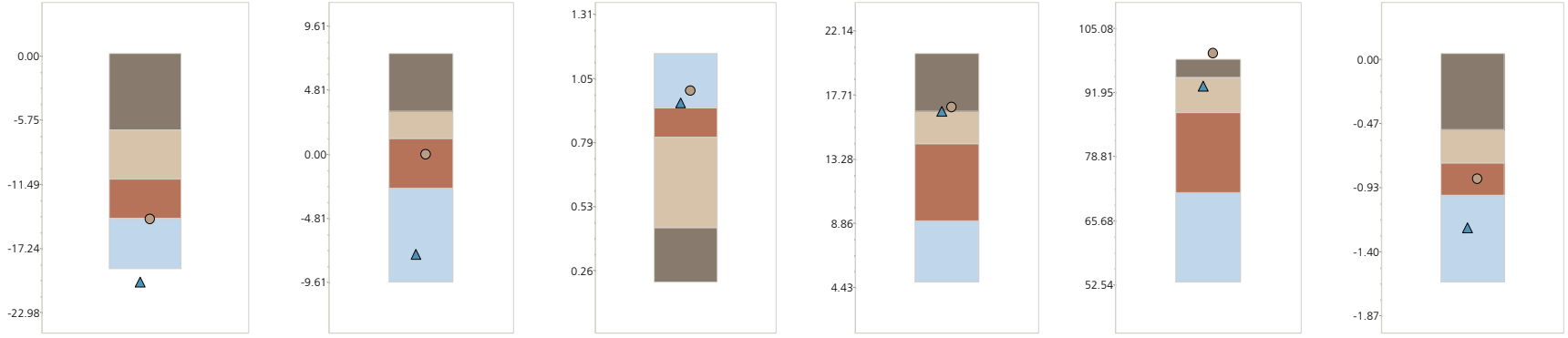
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Lazard	-20.26	-1.23	16.59	-7.51	0.95	93.26	-1.52

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Lazard	2.90	0.15	18.65	-0.02	0.90	80.51	-0.10

Multi-Statistic Quartile Chart - One Year



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	0.26	7.58	0.22	20.60	98.80	0.04
First Quartile	-6.60	3.22	0.44	16.59	95.04	-0.51
Median Value	-11.00	1.19	0.81	14.37	87.87	-0.75
Third Quartile	-14.55	-2.56	0.93	9.01	71.44	-0.99
Lowest Value	-19.07	-9.59	1.15	4.79	53.09	-1.62
Mean	-10.10	0.27	0.72	13.09	82.71	-0.75

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
Lazard	-20.26	99	-7.51	93	0.95	22	16.59	24	93.26	34	-1.23	89
MSCI Emerg Mkts	-14.60	75	0.00	56	1.00	12	16.88	17	100.00	1	-0.87	61

Comparison Universe: Emerging Markets

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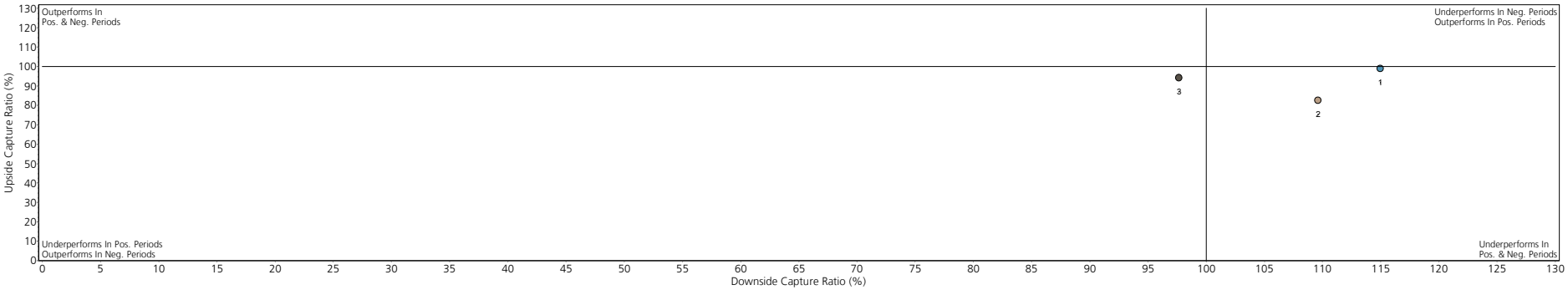
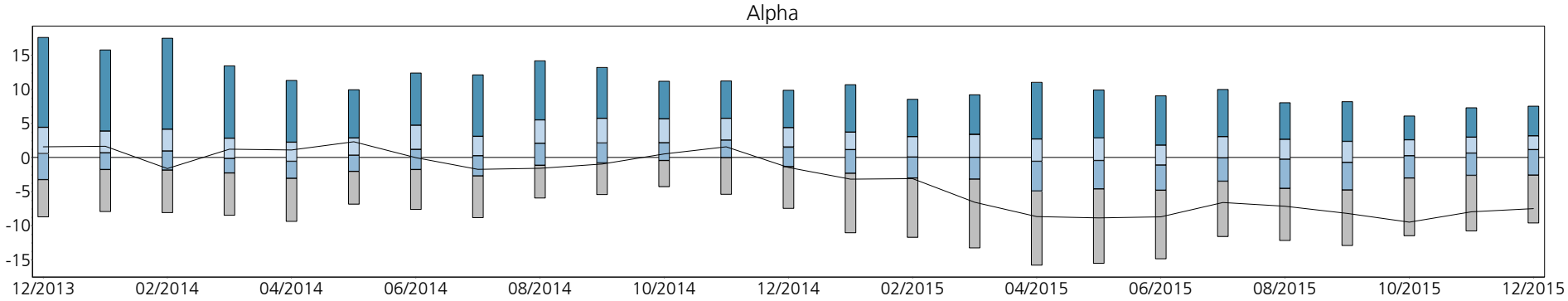
Capture Ratio Trend



	1 9/2015-12/2015	2 12/2014-12/2015	3 6/2009-12/2015
Up Periods	1.00	4.00	39.00
Upside Capture ROR	7.06	16.28	65.54
MSCI Emerg Mkts	7.14	19.72	69.57
% Of Capture	98.87	82.56	94.20
Down Periods	2.00	8.00	39.00
Downside Capture ROR	-6.88	-31.42	-36.03
MSCI Emerg Mkts	-5.98	-28.66	-36.90
% Of Capture	114.96	109.61	97.65

Three Years Rolling Alpha



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Batavia Police Pension Fund
Performance Profile
June 30, 2009 Through December 31, 2015

	Ended	Return
Best Quarter	9/2009	22.36
Worst Quarter	9/2015	-19.08
Best 4 Quarters	12/2010	22.50
Worst 4 Quarters	12/2015	-20.26

Total # of Periods:	78
# of Positive Periods:	40
# of Negative Periods:	38

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Three Years	Five Years	Since Inception
TOTAL FUND	-4.47	-0.30	-20.26	-20.26	-12.58	-8.86	-5.36	2.90
MSCI Emerg Mkts	-2.17	0.73	-14.60	-14.60	-8.43	-6.42	-4.47	3.44
Excess	-2.30	-1.03	-5.66	-5.66	-4.15	-2.44	-0.89	-0.54
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08	0.10	0.12
Real ROR	-4.17	0.22	-20.88	-20.88	-13.20	-9.73	-6.80	1.47

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	-20.26	16.59	-1.23	-7.51	0.95	93.26	0.98	4.39	-21.43	-1.52
One Year	-20.26	16.59	-1.23	-7.51	0.95	93.26	0.98	4.39	-21.43	-1.52
Two Years	-12.58	17.11	-0.74	-3.66	1.08	92.01	1.13	4.99	-11.72	-0.87
Three Years	-8.86	15.79	-0.57	-1.90	1.08	92.34	1.12	4.52	-8.27	-0.54
Five Years	-5.36	17.43	-0.31	-1.43	0.85	73.60	0.99	9.35	-6.44	-0.15
Since Inception	2.90	18.65	0.15	-0.02	0.90	80.51	1.01	8.42	3.08	-0.10

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

iShares Core MSCI EAFE

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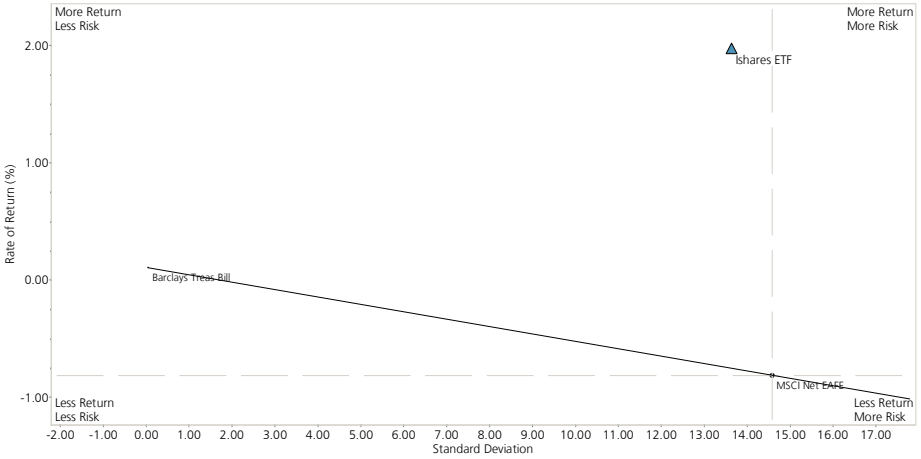
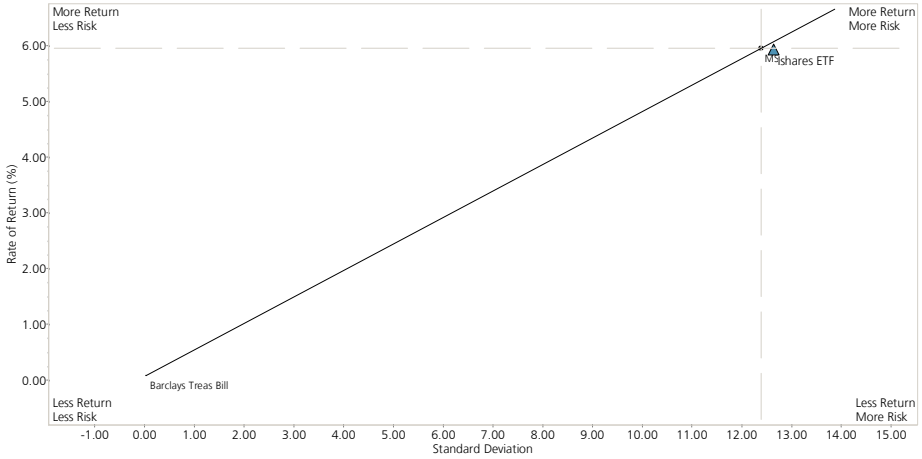
Risk vs Reward

One Year



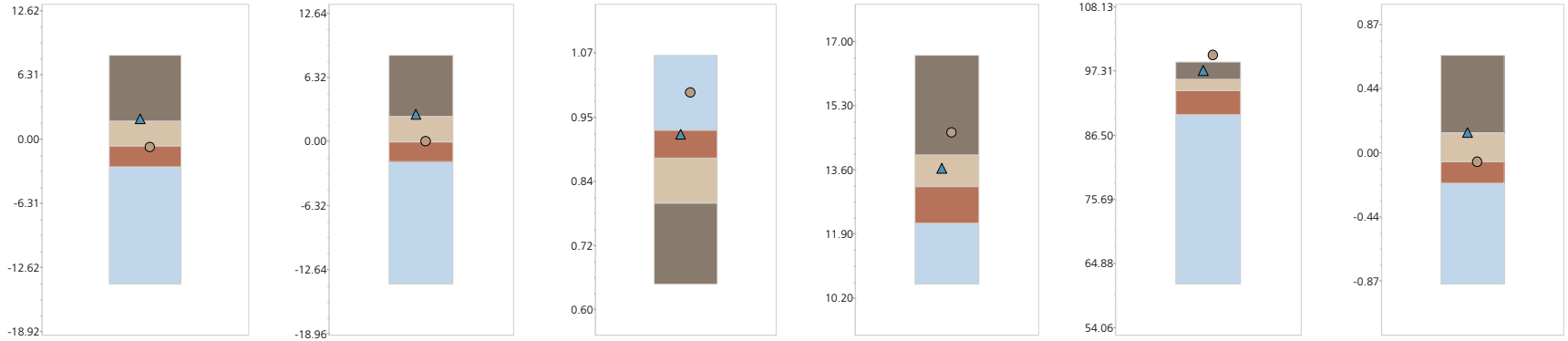
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Ishares ETF	1.97	0.14	13.63	2.65	0.92	97.41	1.07

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Ishares ETF	5.93	0.46	12.64	0.03	1.00	95.63	-0.01

Multi-Statistic Quartile Chart - One Year



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	8.25	8.49	0.64	16.63	98.88	0.66
First Quartile	1.77	2.43	0.79	13.99	95.90	0.13
Median Value	-0.66	-0.05	0.88	13.16	94.05	-0.06
Third Quartile	-2.74	-2.02	0.93	12.18	89.98	-0.21
Lowest Value	-14.28	-14.08	1.07	10.56	61.38	-0.89
Mean	-0.67	-0.06	0.87	13.23	92.17	-0.04

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
Ishares ETF	1.97	22	2.65	22	0.92	31	13.63	38	97.41	10	0.14	24
MSCI Net EAFE	-0.81	52	0.00	49	1.00	6	14.59	15	100.00	1	-0.06	50

Comparison Universe: International Equity

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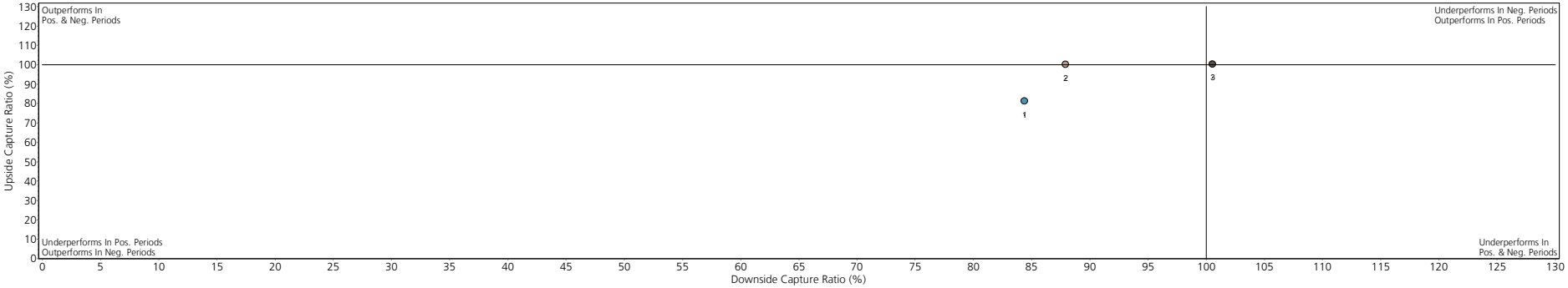
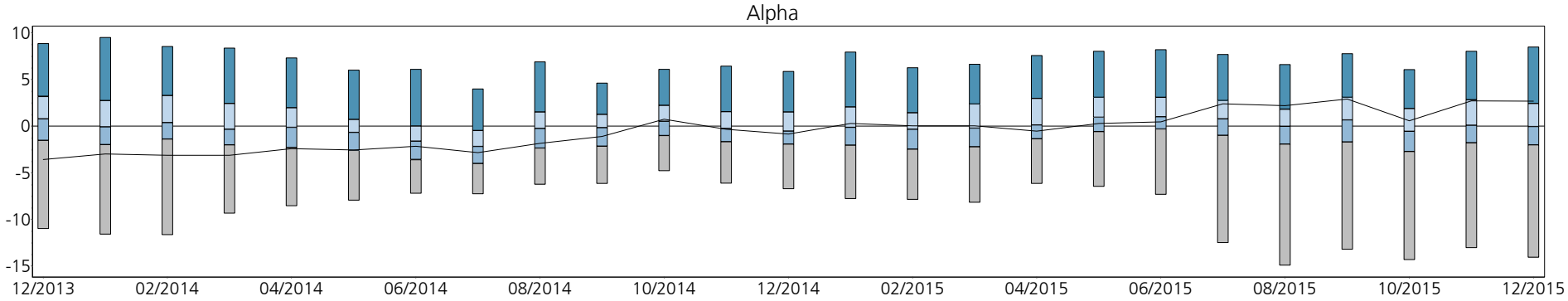
Capture Ratio Trend



	1 9/2015-12/2015	2 12/2014-12/2015	3 11/2012-12/2015
Up Periods	1.00	5.00	19.00
Upside Capture ROR	6.36	22.03	48.75
MSCI Net EAFE	7.82	21.99	48.55
% Of Capture	81.34	100.18	100.42
Down Periods	2.00	7.00	18.00
Downside Capture ROR	-2.43	-16.44	-25.97
MSCI Net EAFE	-2.88	-18.69	-25.84
% Of Capture	84.37	87.92	100.53

Three Years Rolling Alpha



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Batavia Police Pension Fund
Performance Profile
November 27, 2012 Through December 31, 2015

	Ended	Return
Best Quarter	9/2013	13.24
Worst Quarter	9/2015	-8.16
Best 4 Quarters	12/2013	20.46
Worst 4 Quarters	12/2014	-6.07

Total # of Periods:	37
# of Positive Periods:	20
# of Negative Periods:	17

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Three Years	Since Inception
TOTAL FUND	-1.84	3.77	1.97	1.97	-2.13	4.88	5.93
MSCI Net EAFE	-1.35	4.71	-0.81	-0.81	-2.88	5.01	5.95
Excess	-0.49	-0.94	2.79	2.79	0.75	-0.13	-0.02
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08	0.08
Real ROR	-1.54	4.30	1.19	1.19	-2.84	3.88	5.04

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	1.97	13.63	0.14	2.65	0.92	97.41	0.93	2.47	2.03	1.07
One Year	1.97	13.63	0.14	2.65	0.92	97.41	0.93	2.47	2.03	1.07
Two Years	-2.13	12.07	-0.18	0.67	0.97	96.05	0.99	2.44	-2.29	0.29
Three Years	4.88	12.69	0.38	-0.07	1.00	95.57	1.02	2.67	4.82	-0.05
Since Inception	5.93	12.64	0.46	0.03	1.00	95.63	1.02	2.64	5.86	-0.01

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

MFS Intl New Discovery

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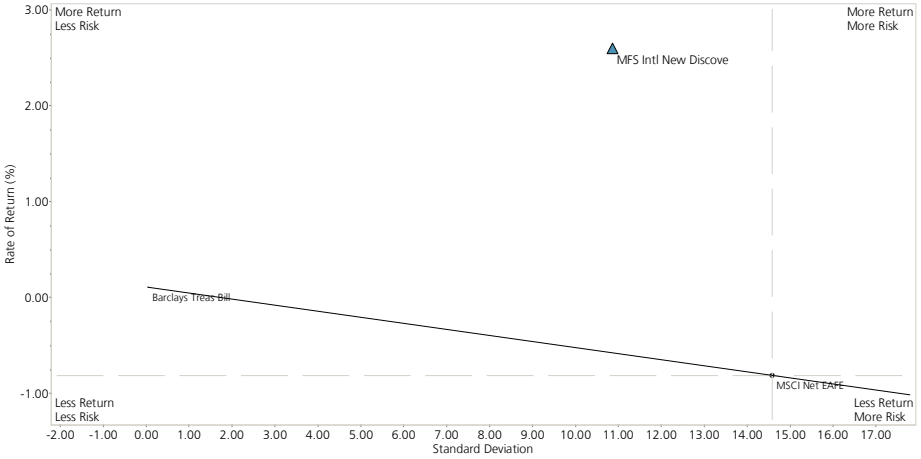
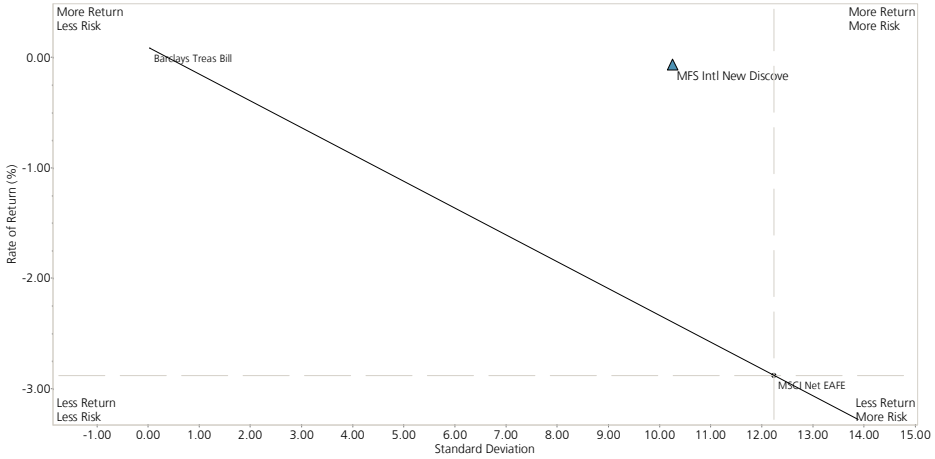
Risk vs Reward

One Year



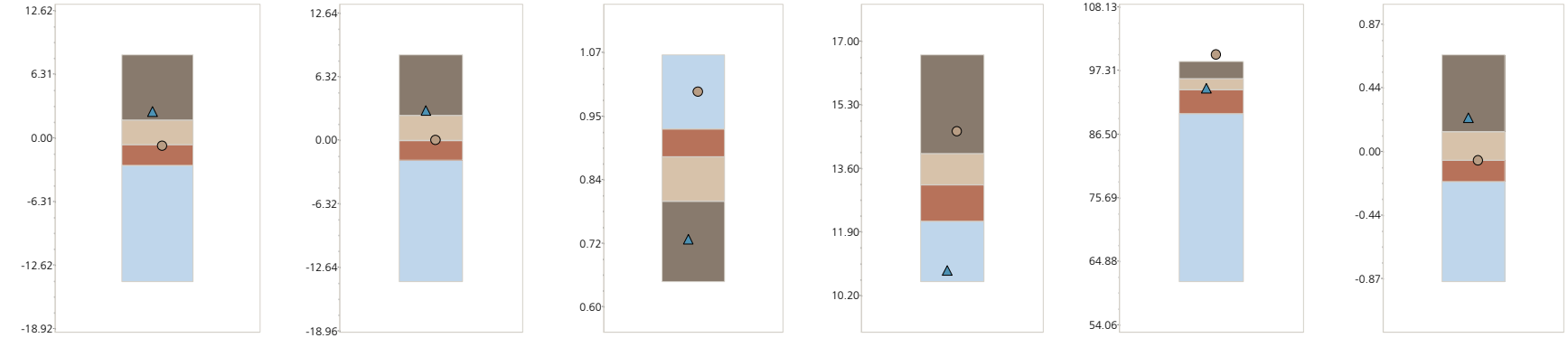
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
MFS Intl New Discove	2.60	0.23	10.86	2.95	0.72	94.27	0.59

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
MFS Intl New Discove	-0.06	-0.01	10.26	2.14	0.78	87.24	0.56

Multi-Statistic Quartile Chart - One Year



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	8.25	8.49	0.64	16.63	98.88	0.66
First Quartile	1.77	2.43	0.79	13.99	95.90	0.13
Median Value	-0.66	-0.05	0.88	13.16	94.05	-0.06
Third Quartile	-2.74	-2.02	0.93	12.18	89.98	-0.21
Lowest Value	-14.28	-14.08	1.07	10.56	61.38	-0.89
Mean	-0.67	-0.06	0.87	13.23	92.17	-0.04

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
MFS Intl New Discove	2.60	17	2.95	19	0.72	91	10.86	97	94.27	46	0.23	14
MSCI Net EAFE	-0.81	52	0.00	49	1.00	6	14.59	15	100.00	1	-0.06	50

Comparison Universe: International Equity

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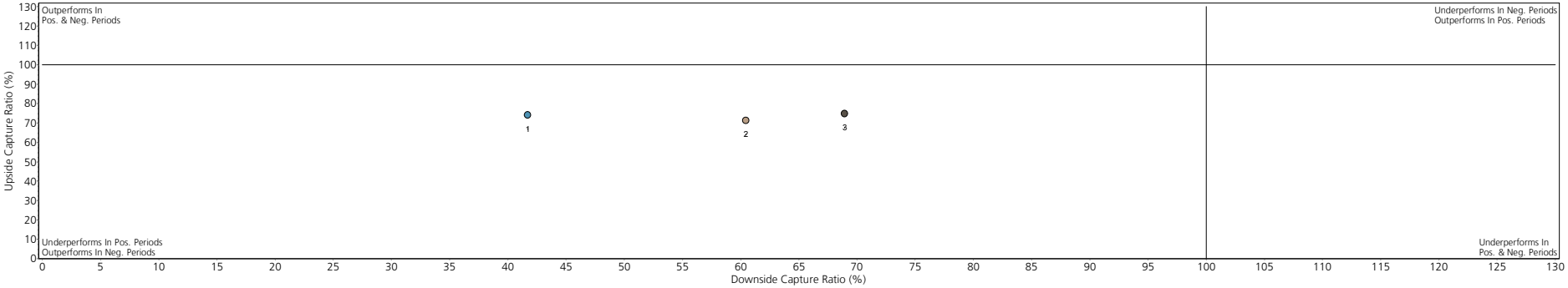

	1 9/2015-12/2015	2 12/2014-12/2015	3 12/2013-12/2015
Up Periods	1.00	5.00	10.00
Upside Capture ROR	5.79	15.67	26.82
MSCI Net EAFE	7.82	21.99	35.86
% Of Capture	74.03	71.25	74.78
Down Periods	2.00	7.00	14.00
Downside Capture ROR	-1.20	-11.30	-18.51
MSCI Net EAFE	-2.88	-18.69	-26.86
% Of Capture	41.72	60.45	68.94

Three Years Rolling Alpha

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Batavia Police Pension Fund
Performance Profile
December 5, 2013 Through December 31, 2015

	Ended	Return
Best Quarter	12/2015	4.51
Worst Quarter	9/2014	-7.09
Best 4 Quarters	12/2015	2.60
Worst 4 Quarters	12/2014	-2.66

Total # of Periods:	24
# of Positive Periods:	12
# of Negative Periods:	12

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Since Inception
TOTAL FUND	-1.03	4.51	2.60	2.60	-0.06	-0.06
MSCI Net EAFE	-1.35	4.71	-0.81	-0.81	-2.88	-2.88
Excess	0.32	-0.19	3.41	3.41	2.81	2.81
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08
Real ROR	-0.73	5.04	1.80	1.80	-0.80	-0.80

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	2.60	10.86	0.23	2.95	0.72	94.27	0.74	4.81	3.45	0.59
One Year	2.60	10.86	0.23	2.95	0.72	94.27	0.74	4.81	3.45	0.59
Two Years	-0.06	10.26	-0.01	2.14	0.78	87.24	0.84	4.54	-0.18	0.56
Since Inception	-0.06	10.26	-0.01	2.14	0.78	87.24	0.84	4.54	-0.18	0.56

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Stonebridge Preferred Secs

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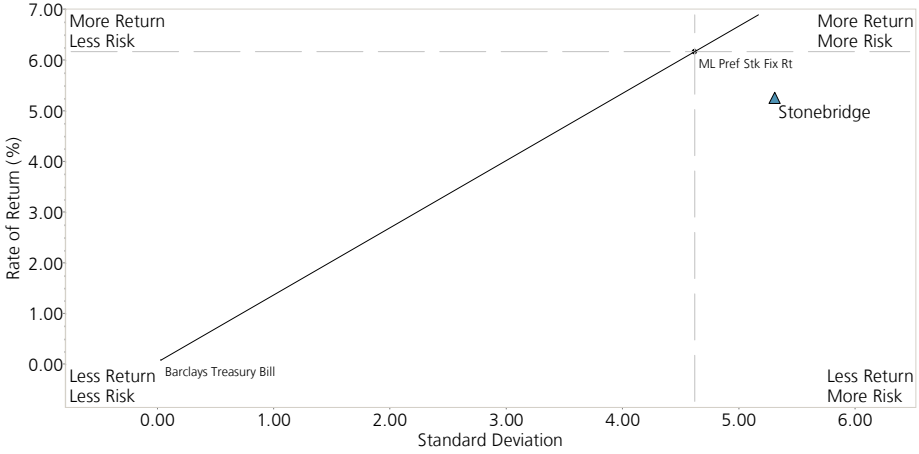
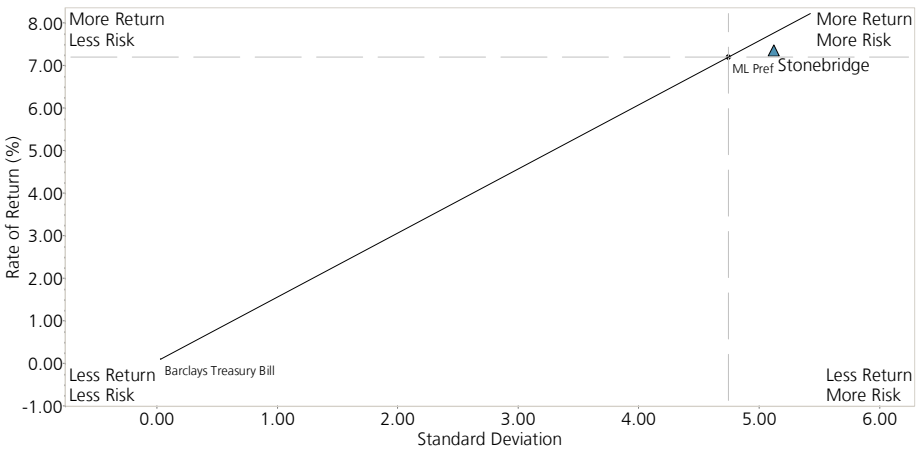
Risk vs Reward

Three Years



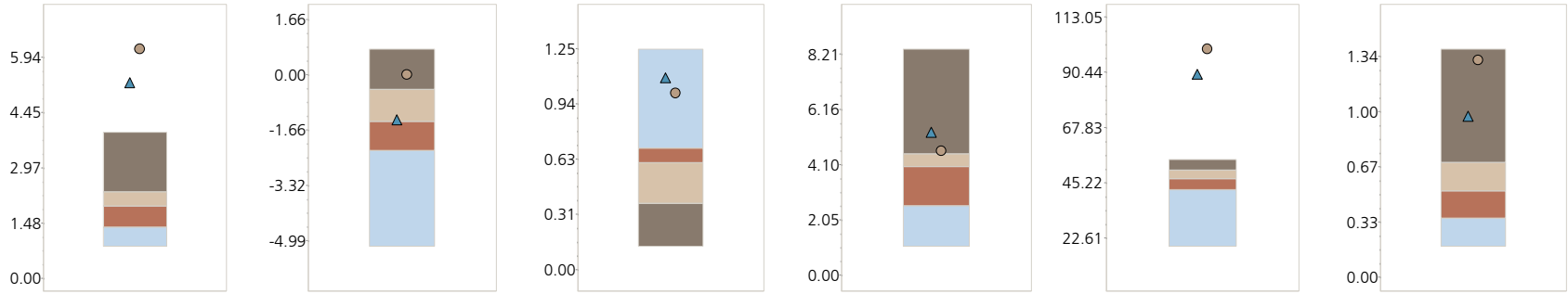
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
▲ Stonebridge	5.26	0.98	5.31	-1.36	1.09	89.71	-0.48

Five Years



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
▲ Stonebridge	7.35	1.42	5.12	0.92	0.89	68.48	0.04

Multi-Statistic Quartile Chart - Three Years



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	3.94	0.77	0.13	8.40	54.81	1.38
First Quartile	2.32	-0.44	0.38	4.51	50.45	0.70
Median Value	1.94	-1.41	0.61	4.04	46.88	0.52
Third Quartile	1.38	-2.28	0.69	2.58	42.36	0.36
Lowest Value	0.86	-5.16	1.25	1.07	19.25	0.19
Mean	1.95	-1.69	0.61	4.14	45.30	0.54

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
▲ Stonebridge	5.26	1	-1.36	48	1.09	17	5.31	18	89.71	1	0.98	5
● ML Pref Stk Fix Rt	6.16	1	0.00	9	1.00	17	4.62	22	100.00	1	1.32	2

Comparison Universe: Corporate Bond

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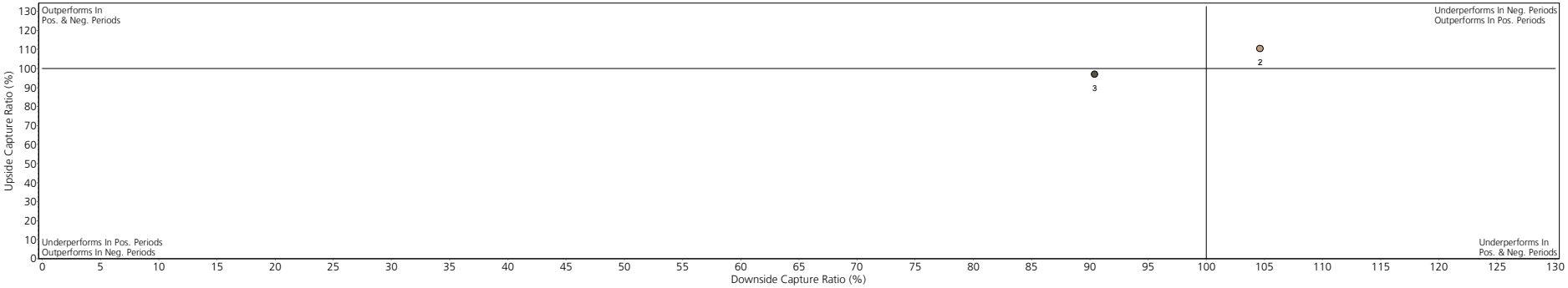
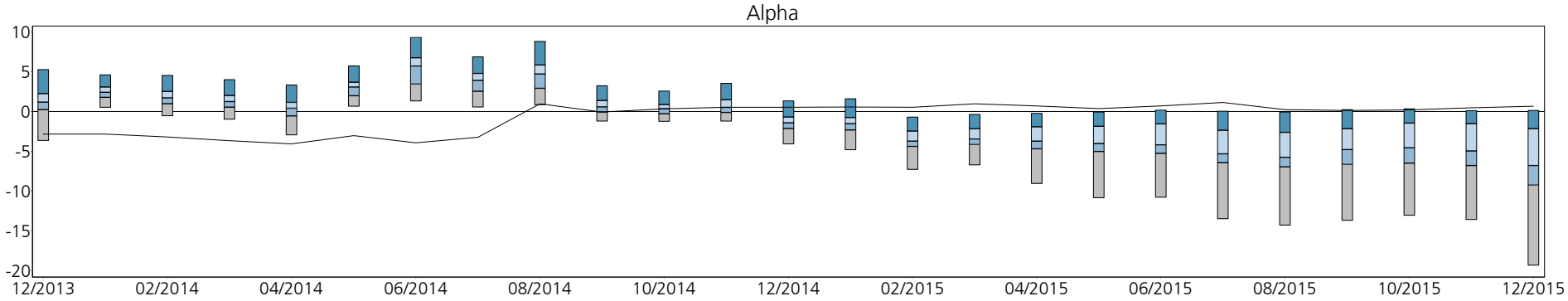
Capture Ratio Trend



	1 9/2015-12/2015	2 12/2014-12/2015	3 10/2010-12/2015
Up Periods	3.00	9.00	43.00
Upside Capture ROR	4.07	9.73	15.48
ML Pref Stk Fix Rt	3.46	8.81	15.98
% Of Capture	117.53	110.46	96.86
Down Periods	0.00	3.00	19.00
Downside Capture ROR	N/A	-1.19	-9.88
ML Pref Stk Fix Rt	N/A	-1.13	-10.93
% Of Capture	N/A	104.64	90.41

Three Years Rolling Alpha



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Batavia Police Pension Fund
Performance Profile
October 29, 2010 Through December 31, 2015

	Ended	Return
Best Quarter	3/2014	7.85
Worst Quarter	9/2013	-6.12
Best 4 Quarters	12/2014	15.50
Worst 4 Quarters	12/2013	-6.88

Total # of Periods:	62
# of Positive Periods:	41
# of Negative Periods:	21

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Three Years	Five Years	Since Inception
TOTAL FUND	1.02	4.07	8.43	8.43	11.91	5.26	7.35	7.03
ML Pref Stk Fix Rt	0.57	3.46	7.58	7.58	11.44	6.16	7.19	6.97
Excess	0.45	0.61	0.85	0.85	0.47	-0.91	0.16	0.06
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08	0.10	0.10
Real ROR	1.32	4.59	7.55	7.55	11.08	4.24	5.71	5.41

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	8.43	3.41	2.44	0.65	1.02	90.87	1.07	1.04	8.16	0.77
One Year	8.43	3.41	2.44	0.65	1.02	90.87	1.07	1.04	8.16	0.77
Two Years	11.91	3.82	3.10	0.62	0.98	94.93	1.01	0.86	12.05	0.49
Three Years	5.26	5.31	0.98	-1.36	1.09	89.71	1.15	1.75	4.76	-0.48
Five Years	7.35	5.12	1.42	0.92	0.89	68.48	1.08	2.92	8.12	0.04
Since Inception	7.03	5.07	1.37	0.79	0.90	68.45	1.08	2.89	7.73	0.01

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Miller Convertible Fund

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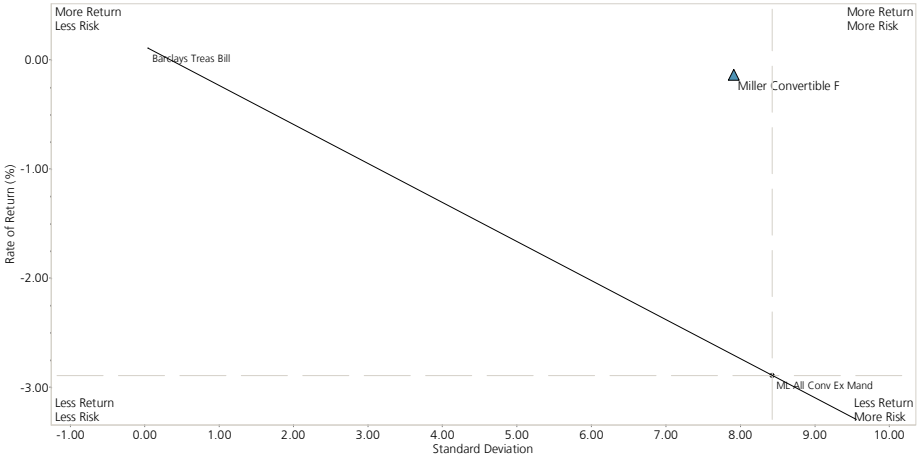
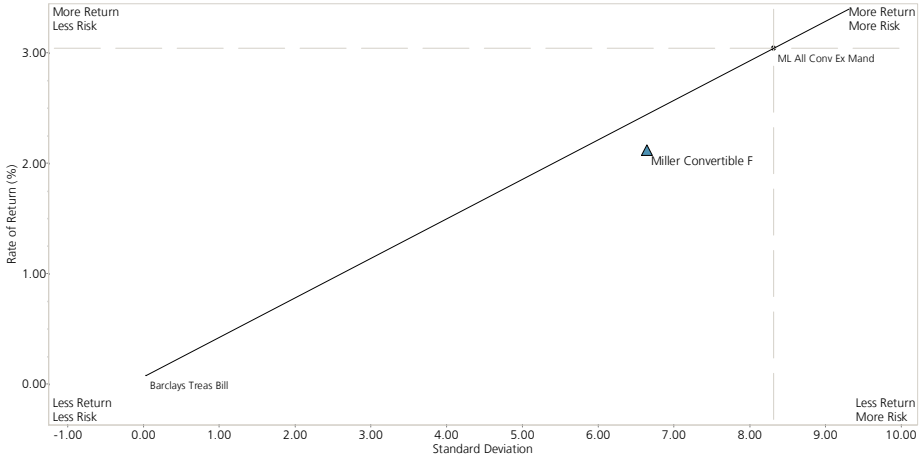
Risk vs Reward

One Year



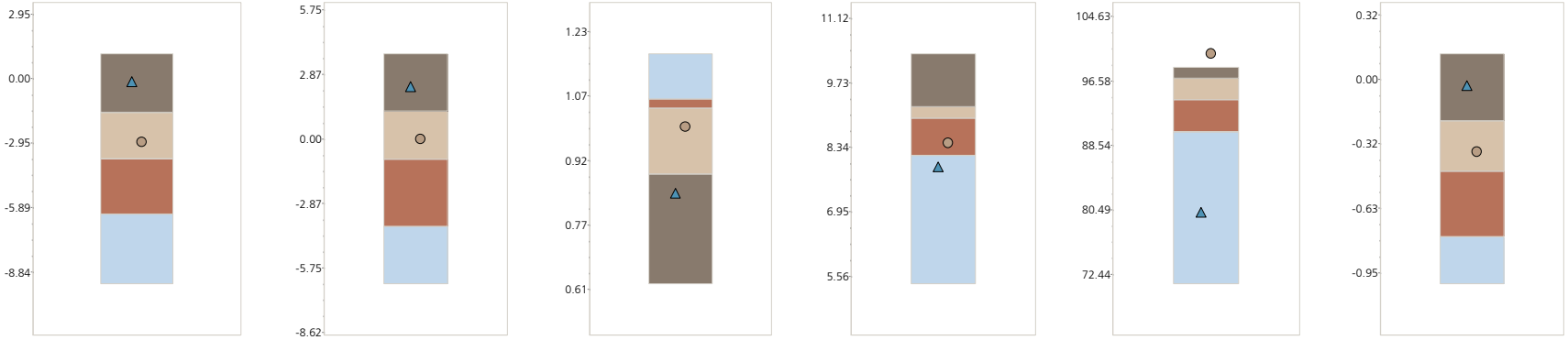
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
▲ Miller Convertible F	-0.14	-0.03	7.91	2.33	0.84	80.16	0.72

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
▲ Miller Convertible F	2.12	0.31	6.64	-0.07	0.71	78.09	-0.28

Multi-Statistic Quartile Chart - One Year



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	1.15	3.81	0.63	10.36	98.31	0.13
First Quartile	-1.55	1.25	0.89	9.22	96.92	-0.20
Median Value	-3.64	-0.91	1.04	8.97	94.22	-0.45
Third Quartile	-6.19	-3.90	1.07	8.16	90.23	-0.77
Lowest Value	-9.38	-6.46	1.17	5.40	71.25	-1.00
Mean	-3.83	-1.15	0.98	8.58	92.02	-0.45

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
▲ Miller Convertible F	-0.14	8	2.33	6	0.84	81	7.91	79	80.16	91	-0.03	8
● ML All Conv Ex Mand	-2.89	41	0.00	39	1.00	58	8.43	62	100.00	1	-0.36	40

Comparison Universe: Convertibles

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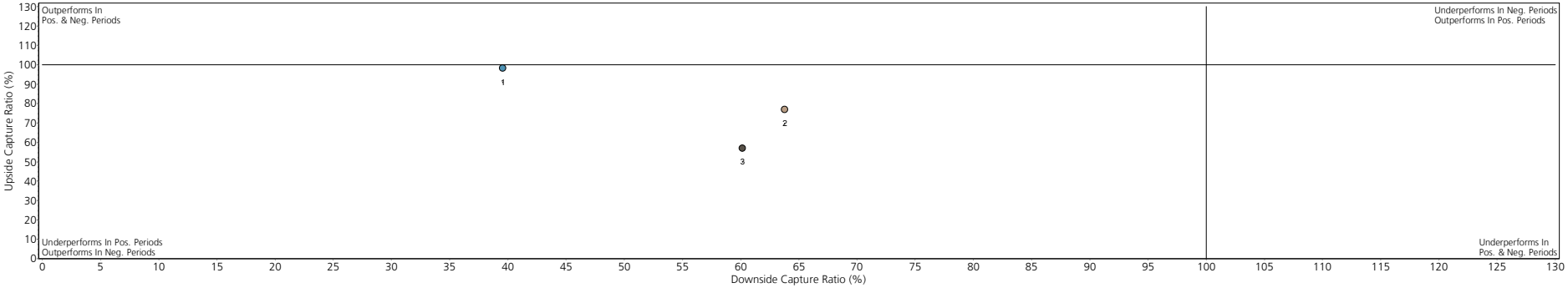
Capture Ratio Trend



	1 9/2015-12/2015	2 12/2014-12/2015	3 12/2013-12/2015
Up Periods	1.00	4.00	11.00
Upside Capture ROR	3.58	8.78	18.24
ML All Conv Ex Mand	3.65	11.42	31.98
% Of Capture	98.24	76.86	57.03
Down Periods	2.00	8.00	13.00
Downside Capture ROR	-1.05	-8.20	-10.95
ML All Conv Ex Mand	-2.66	-12.85	-18.20
% Of Capture	39.56	63.79	60.15

Three Years Rolling Alpha

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Batavia Police Pension Fund
Performance Profile
December 10, 2013 Through December 31, 2015

	Ended	Return
Best Quarter	3/2014	4.29
Worst Quarter	9/2015	-6.48
Best 4 Quarters	12/2014	4.42
Worst 4 Quarters	12/2015	-0.14

Total # of Periods:	24
# of Positive Periods:	13
# of Negative Periods:	11

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Since Inception
TOTAL FUND	-3.28	2.49	-0.14	-0.14	2.12	2.12
ML All Conv Ex Mand	-2.18	0.89	-2.89	-2.89	3.04	3.04
Excess	-1.10	1.60	2.76	2.76	-0.92	-0.92
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08
Real ROR	-2.98	3.01	-0.90	-0.90	1.38	1.38

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	-0.14	7.91	-0.03	2.33	0.84	80.16	0.94	3.79	-0.29	0.72
One Year	-0.14	7.91	-0.03	2.33	0.84	80.16	0.94	3.79	-0.29	0.72
Two Years	2.12	6.64	0.31	-0.07	0.71	78.09	0.80	3.96	2.88	-0.28
Since Inception	2.12	6.64	0.31	-0.07	0.71	78.09	0.80	3.96	2.88	-0.28

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Chilton

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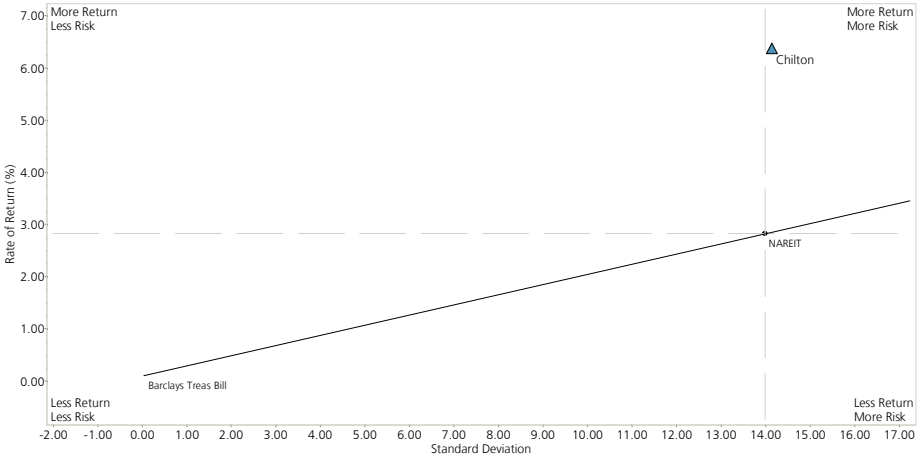
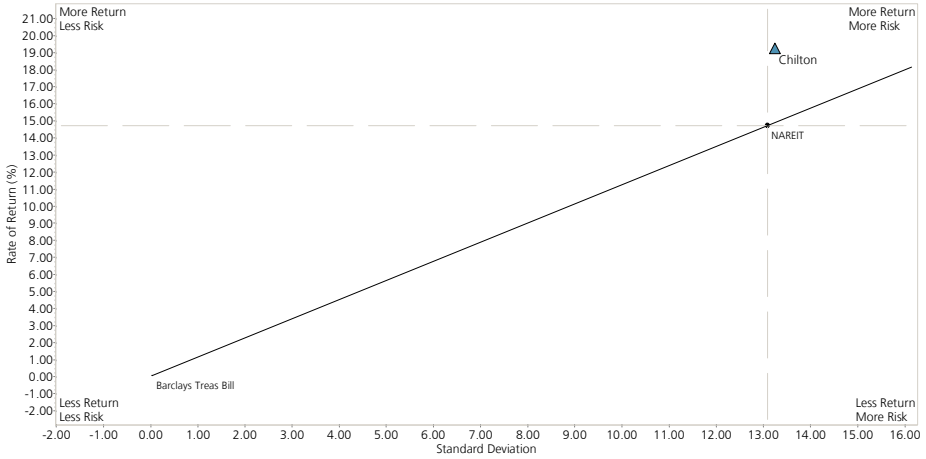
Risk vs Reward

One Year



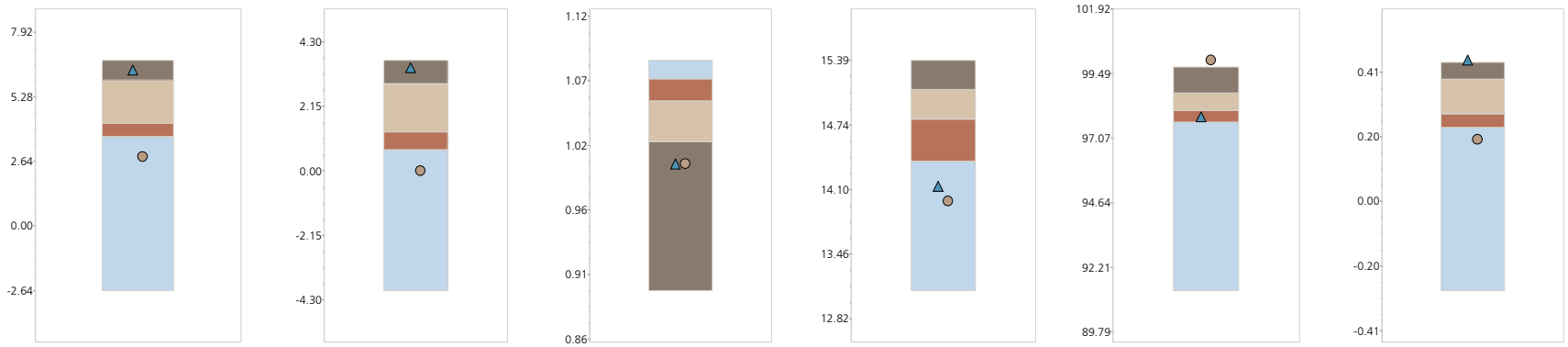
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Chilton	6.37	0.44	14.13	3.43	1.00	97.86	1.67

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Chilton	19.25	1.45	13.24	3.93	1.00	97.74	2.00

Multi-Statistic Quartile Chart - One Year



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	6.78	3.69	0.90	15.39	99.74	0.44
First Quartile	5.95	2.90	1.02	15.10	98.76	0.38
Median Value	4.20	1.31	1.05	14.80	98.11	0.27
Third Quartile	3.66	0.71	1.07	14.38	97.66	0.23
Lowest Value	-2.65	-3.99	1.09	13.10	91.33	-0.28
Mean	4.22	1.34	1.04	14.64	98.01	0.27

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
Chilton	6.37	3	3.43	3	1.00	84	14.13	84	97.86	61	0.44	1
NAREIT	2.82	80	0.00	80	1.00	84	13.99	84	100.00	1	0.19	80

Comparison Universe: REIT/Real Estate

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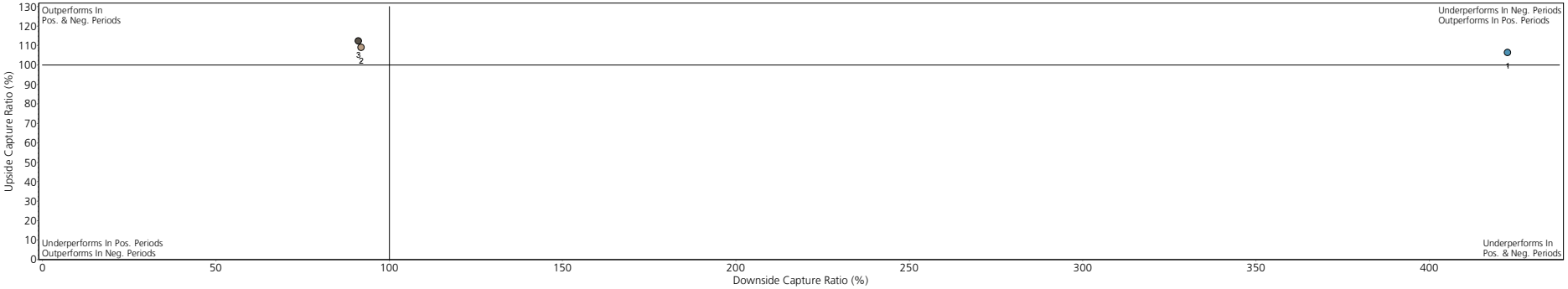
Capture Ratio Trend



	1 9/2015-12/2015	2 12/2014-12/2015	3 12/2013-12/2015
Up Periods	2.00	6.00	17.00
Upside Capture ROR	8.37	26.21	49.87
NAREIT	7.87	24.04	44.36
% Of Capture	106.43	109.05	112.41
Down Periods	1.00	6.00	7.00
Downside Capture ROR	-0.72	-15.72	-19.83
NAREIT	-0.17	-17.10	-21.75
% Of Capture	422.52	91.90	91.16

Three Years Rolling Alpha

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Batavia Police Pension Fund
Performance Profile
December 10, 2013 Through December 31, 2015

	Ended	Return
Best Quarter	12/2014	13.59
Worst Quarter	6/2015	-7.79
Best 4 Quarters	12/2014	33.68
Worst 4 Quarters	12/2015	6.37

Total # of Periods:	24
# of Positive Periods:	17
# of Negative Periods:	7

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Since Inception
TOTAL FUND	0.94	7.59	6.37	6.37	19.25	19.25
NAREIT	1.31	7.68	2.82	2.82	14.73	14.73
Excess	-0.37	-0.09	3.55	3.55	4.52	4.52
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08
Real ROR	1.24	8.13	5.47	5.47	18.32	18.32

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	6.37	14.13	0.44	3.43	1.00	97.86	1.01	2.07	6.27	1.67
One Year	6.37	14.13	0.44	3.43	1.00	97.86	1.01	2.07	6.27	1.67
Two Years	19.25	13.24	1.45	3.93	1.00	97.74	1.01	1.99	19.17	2.00
Since Inception	19.25	13.24	1.45	3.93	1.00	97.74	1.01	1.99	19.17	2.00

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

First Trust Energy EMLP

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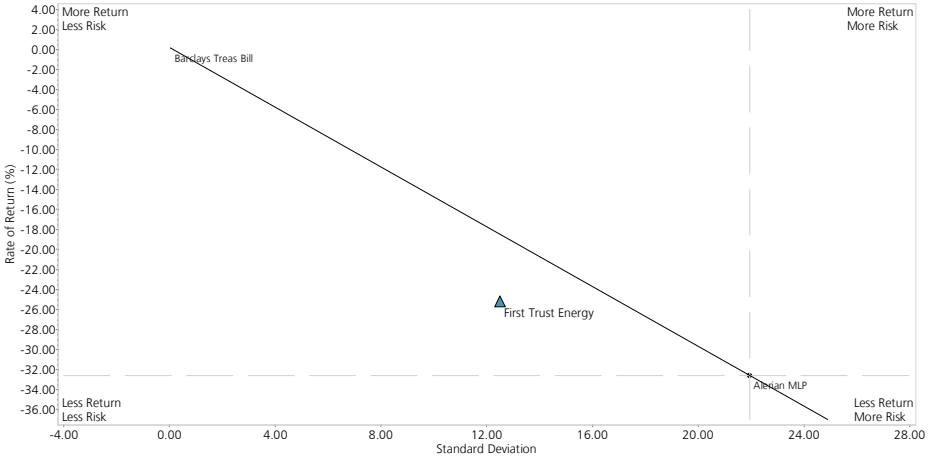
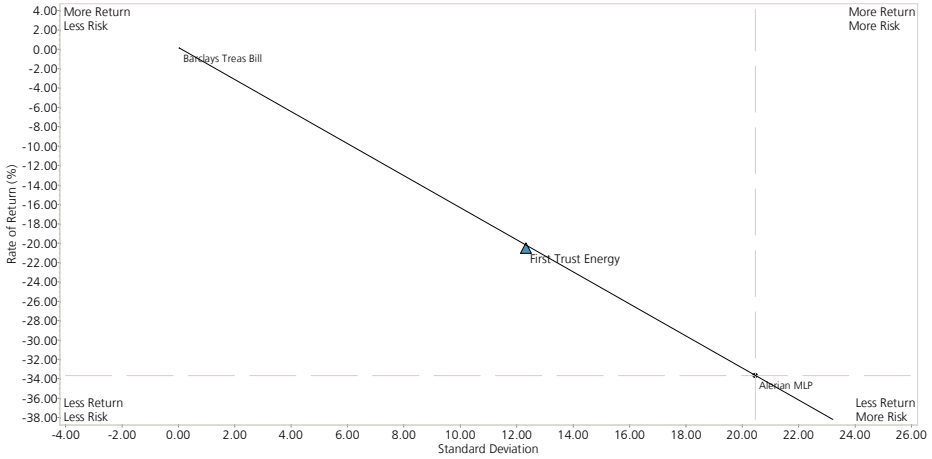
Risk vs Reward

One Year



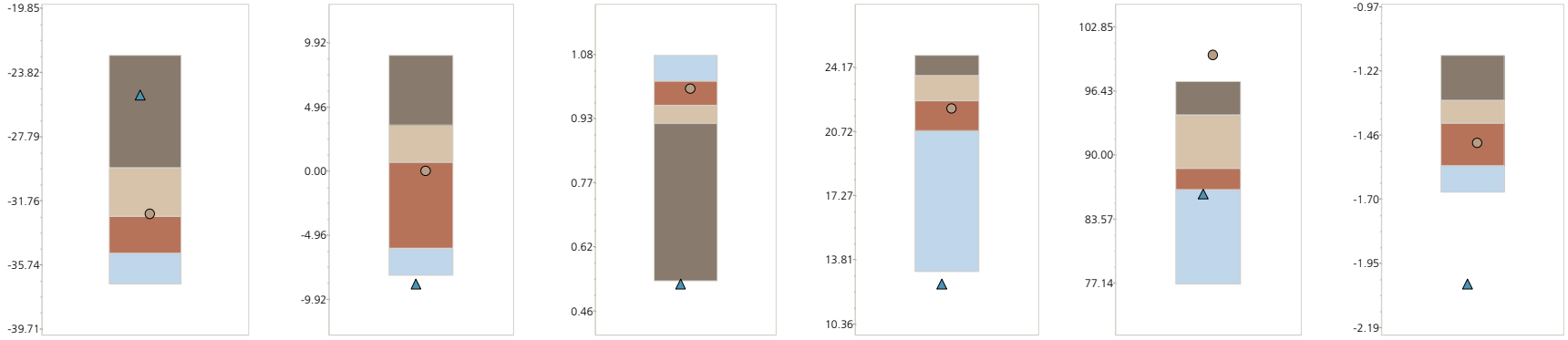
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
First Trust Energy	-25.22	-2.03	12.50	-8.76	0.53	86.08	0.71

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
First Trust Energy	-20.53	-1.67	12.33	-2.74	0.51	70.24	1.37

Multi-Statistic Quartile Chart - One Year



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	-22.75	8.96	0.54	24.83	97.36	-1.16
First Quartile	-29.73	3.53	0.92	23.73	94.00	-1.33
Median Value	-32.72	0.68	0.96	22.38	88.65	-1.41
Third Quartile	-35.02	-5.98	1.02	20.76	86.53	-1.58
Lowest Value	-36.93	-8.08	1.08	13.18	77.04	-1.68
Mean	-32.06	0.18	0.94	21.82	89.34	-1.42

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
First Trust Energy	-25.22	5	-8.76	99	0.53	99	12.50	99	86.08	77	-2.03	99
Alerian MLP	-32.60	50	0.00	50	1.00	33	21.95	55	100.00	1	-1.49	61

Comparison Universe: Master Limited Partnership

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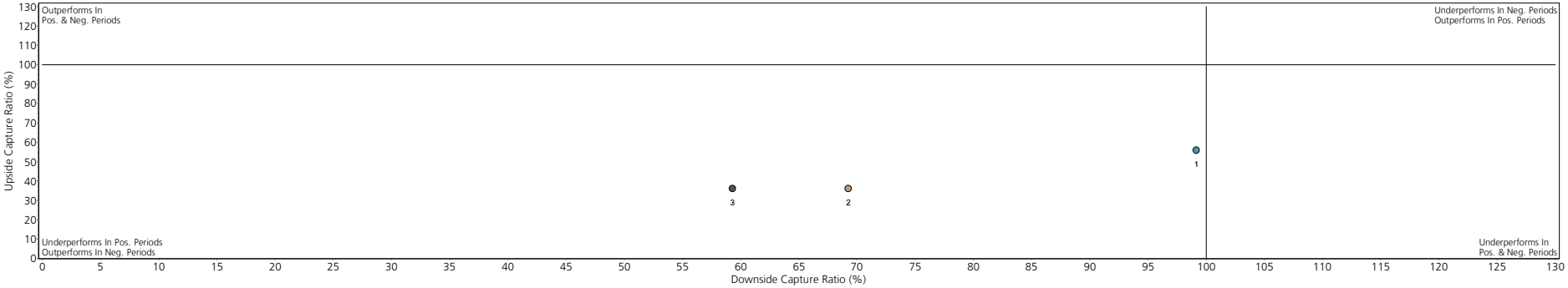
Capture Ratio Trend



	1	2	3
	9/2015-12/2015	12/2014-12/2015	10/2014-12/2015
Up Periods	1.00	3.00	3.00
Upside Capture ROR	5.42	6.83	6.83
Alerian MLP	9.69	18.89	18.89
% Of Capture	55.91	36.14	36.14
Down Periods	2.00	9.00	11.00
Downside Capture ROR	-11.27	-30.00	-28.40
Alerian MLP	-11.36	-43.31	-47.88
% Of Capture	99.16	69.25	59.32

Three Years Rolling Alpha

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Batavia Police Pension Fund
Performance Profile
October 9, 2014 Through December 31, 2015

	Ended	Return
Best Quarter	3/2015	-3.80
Worst Quarter	9/2015	-12.78
Best 4 Quarters	12/2015	-25.22
Worst 4 Quarters	12/2015	-25.22

Total # of Periods:	14
# of Positive Periods:	4
# of Negative Periods:	10

	Latest Month	Latest Quarter	Year To Date	One Year	Since Inception
TOTAL FUND	-5.08	-6.46	-25.22	-25.22	-20.53
Alerian MLP	-3.57	-2.77	-32.60	-32.60	-33.65
Excess	-1.51	-3.69	7.39	7.39	13.12
Riskless Index	0.02	0.00	0.10	0.10	0.09
Real ROR	-4.78	-5.96	-25.81	-25.81	-20.33

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	-25.22	12.50	-2.03	-8.76	0.53	86.08	0.57	11.36	-47.91	0.71
One Year	-25.22	12.50	-2.03	-8.76	0.53	86.08	0.57	11.36	-47.91	0.71
Since Inception	-20.53	12.33	-1.67	-2.74	0.51	70.24	0.60	12.17	-40.80	1.37

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

PIA Fixed Income

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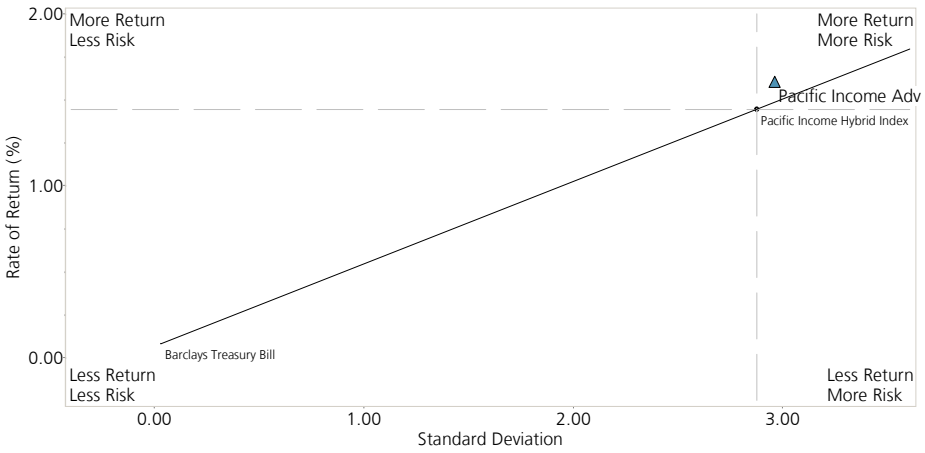
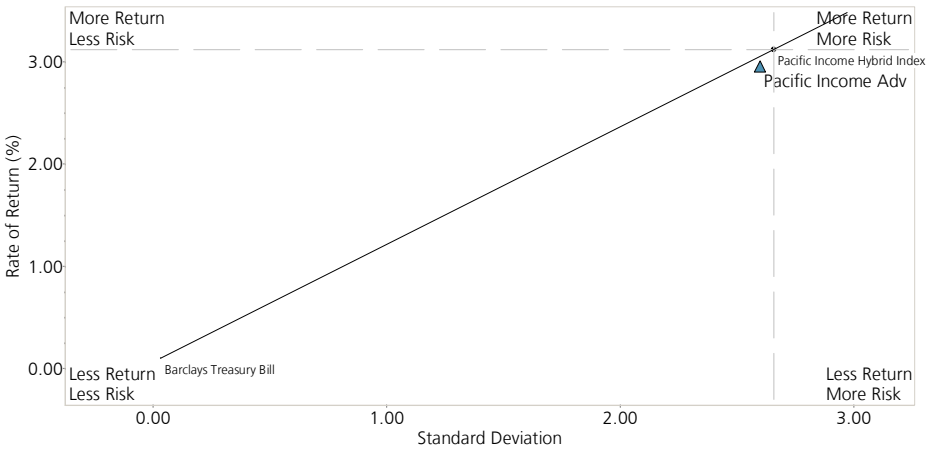
Risk vs Reward

Three Years



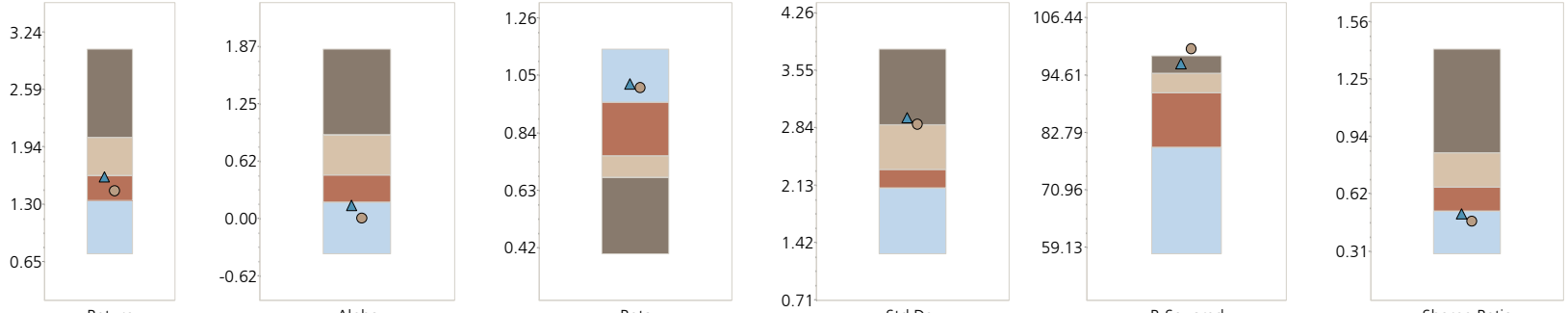
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
▲ Pacific Income Adv	1.60	0.51	2.96	0.14	1.01	96.94	0.31

Five Years



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
▲ Pacific Income Adv	2.95	1.10	2.60	0.00	0.95	93.71	-0.25

Multi-Statistic Quartile Chart - Three Years



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	3.05	1.85	0.40	3.81	98.65	1.41
First Quartile	2.05	0.91	0.67	2.88	94.93	0.85
Median Value	1.62	0.47	0.75	2.32	90.96	0.66
Third Quartile	1.34	0.18	0.95	2.09	79.73	0.53
Lowest Value	0.73	-0.39	1.14	1.28	57.76	0.30
Mean	1.71	0.55	0.79	2.45	87.10	0.70

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
▲ Pacific Income Adv	1.60	50	0.14	77	1.01	13	2.96	15	96.94	12	0.51	78
● Pacific Income Hybrid Index	1.44	64	0.00	88	1.00	17	2.88	24	100.00	1	0.47	84

Comparison Universe: Intermediate Investment Grade

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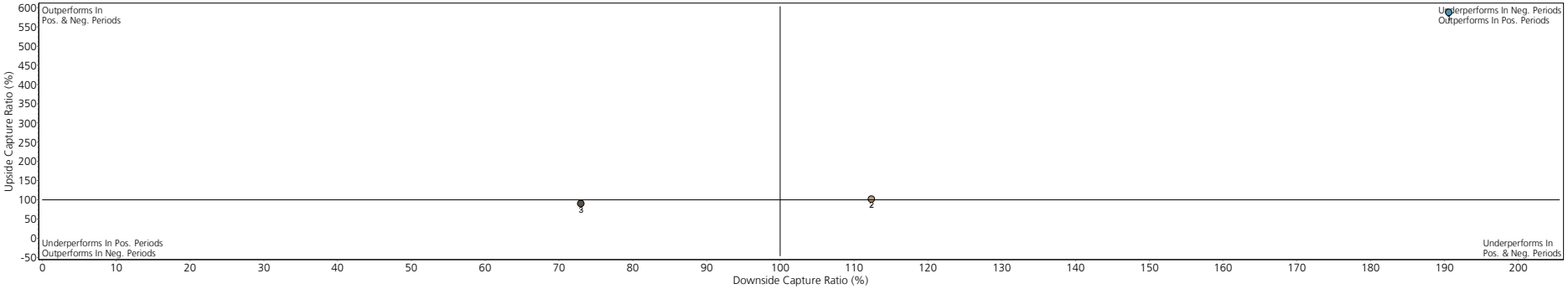
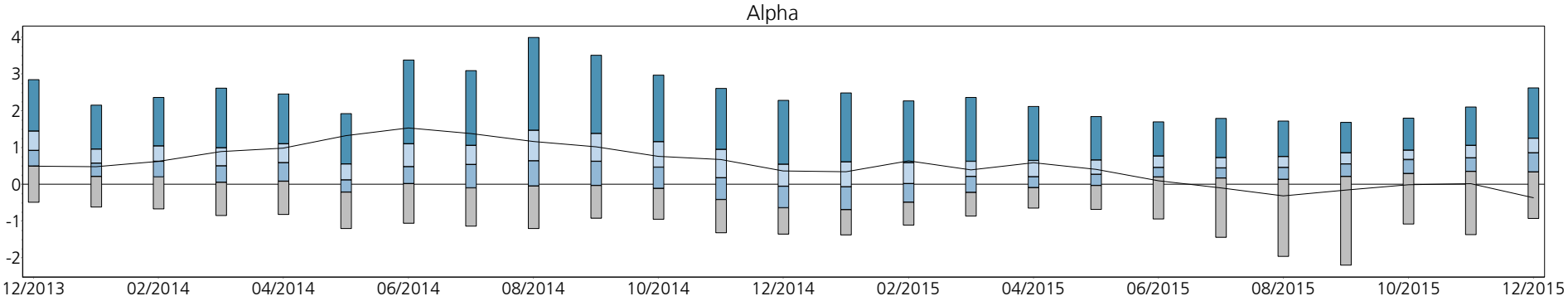
Capture Ratio Trend



	1 9/2015-12/2015	2 12/2014-12/2015	3 6/2009-12/2015
Up Periods	1.00	5.00	51.00
Upside Capture ROR	0.10	4.07	8.18
Pacific Income Hybrid Index	0.02	4.00	9.08
% Of Capture	587.77	101.64	90.13
Down Periods	2.00	7.00	27.00
Downside Capture ROR	-1.12	-3.73	-4.86
Pacific Income Hybrid Index	-0.59	-3.32	-6.67
% Of Capture	190.59	112.35	72.96

Three Years Rolling Alpha



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Batavia Police Pension Fund
Performance Profile
June 30, 2009 Through December 31, 2015

	Ended	Return
Best Quarter	6/2010	3.40
Worst Quarter	6/2013	-2.46
Best 4 Quarters	12/2014	6.38
Worst 4 Quarters	12/2013	-1.58

Total # of Periods:	78
# of Positive Periods:	52
# of Negative Periods:	26

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Three Years	Five Years	Since Inception
TOTAL FUND	-0.77	-1.02	0.19	0.19	3.24	1.60	2.95	3.48
Risk Index	-0.32	-0.57	0.55	0.55	3.22	1.44	3.12	3.35
Excess	-0.45	-0.45	-0.36	-0.36	0.01	0.16	-0.17	0.13
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08	0.10	0.12
Real ROR	-0.47	-0.52	-0.63	-0.63	2.45	0.61	1.37	2.02

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	0.19	2.93	0.03	-0.37	1.02	95.54	1.04	0.62	0.08	-0.58
One Year	0.19	2.93	0.03	-0.37	1.02	95.54	1.04	0.62	0.08	-0.58
Two Years	3.24	2.76	1.14	-0.05	1.02	96.22	1.04	0.54	3.09	0.03
Three Years	1.60	2.96	0.51	0.14	1.01	96.94	1.03	0.52	1.50	0.31
Five Years	2.95	2.60	1.10	0.00	0.95	93.71	0.98	0.67	3.02	-0.25
Since Inception	3.48	2.74	1.22	0.53	0.87	76.96	1.00	1.36	3.84	0.08

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Bradford Marzec

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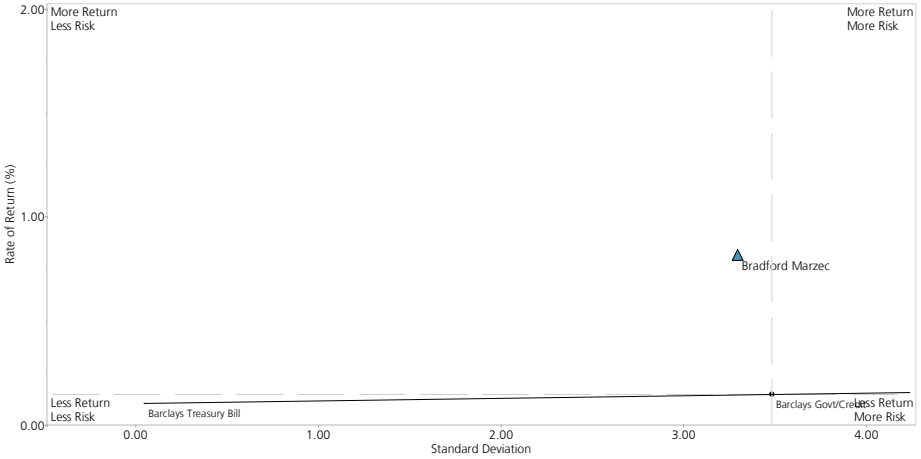
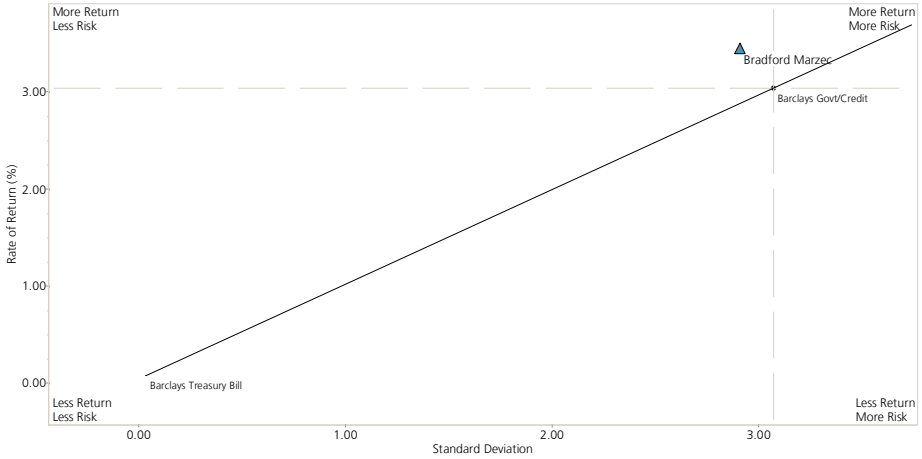
Risk vs Reward

One Year



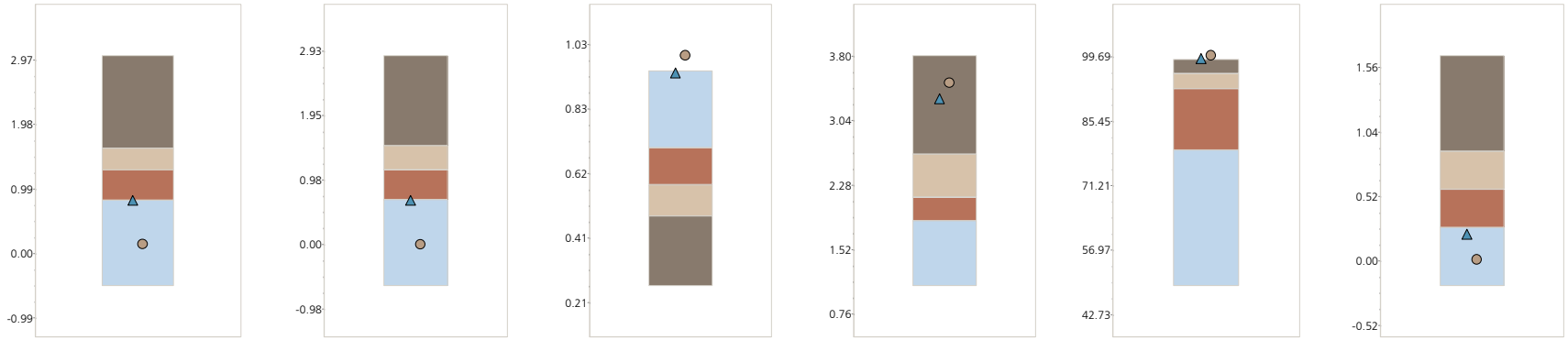
	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Bradford Marzec	0.82	0.22	3.30	0.67	0.94	99.33	1.98

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Bradford Marzec	3.45	1.16	2.91	0.56	0.94	99.06	1.19

Multi-Statistic Quartile Chart - One Year



	Return	Alpha	Beta	Std Dev	R-Squared	Sharpe Ratio
Highest Value	3.04	2.86	0.26	3.81	99.12	1.66
First Quartile	1.62	1.50	0.48	2.64	96.03	0.89
Median Value	1.29	1.14	0.59	2.14	92.72	0.58
Third Quartile	0.82	0.69	0.70	1.86	79.16	0.27
Lowest Value	-0.49	-0.62	0.95	1.09	49.14	-0.20
Mean	1.27	1.12	0.59	2.23	87.65	0.62

	Return Value	Return Rank	Alpha Value	Alpha Rank	Beta Value	Beta Rank	Std Dev Value	Std Dev Rank	R-Squared Value	R-Squared Rank	Sharpe Ratio Value	Sharpe Ratio Rank
Bradford Marzec	0.82	75	0.67	76	0.94	1	3.30	2	99.33	1	0.22	81
Barclays Govt/Credit	0.15	92	0.00	92	1.00	1	3.48	1	100.00	1	0.01	92

Comparison Universe: Intermediate Investment Grade

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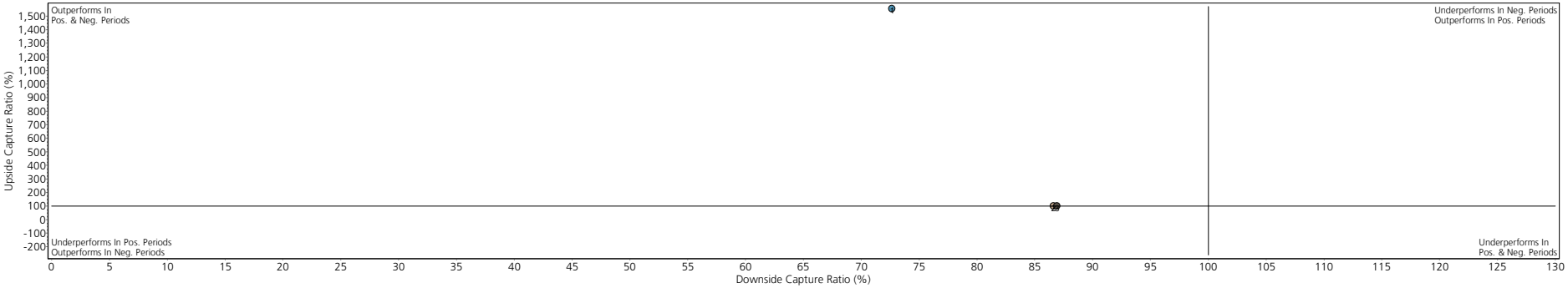
Capture Ratio Trend



	1 9/2015-12/2015	2 12/2014-12/2015	3 12/2013-12/2015
Up Periods	1.00	5.00	13.00
Upside Capture ROR	0.06	4.71	11.28
Barclays Govt/Credit	0.00	4.63	11.23
% Of Capture	1555.97	101.57	100.47
Down Periods	2.00	7.00	11.00
Downside Capture ROR	-0.54	-3.71	-4.69
Barclays Govt/Credit	-0.75	-4.29	-5.40
% Of Capture	72.64	86.62	86.92

Three Years Rolling Alpha

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Batavia Police Pension Fund
Performance Profile
December 5, 2013 Through December 31, 2015

	Ended	Return
Best Quarter	6/2014	2.19
Worst Quarter	6/2015	-2.02
Best 4 Quarters	12/2014	6.14
Worst 4 Quarters	12/2015	0.82

Total # of Periods:	24
# of Positive Periods:	14
# of Negative Periods:	10

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Since Inception
TOTAL FUND	-0.25	-0.49	0.82	0.82	3.45	3.45
Barclays Govt/Credit	-0.43	-0.74	0.15	0.15	3.04	3.04
Excess	0.18	0.26	0.67	0.67	0.41	0.41
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08
Real ROR	0.05	0.01	-0.01	-0.01	2.66	2.66

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	0.82	3.30	0.22	0.67	0.94	99.33	0.95	0.33	0.76	1.98
One Year	0.82	3.30	0.22	0.67	0.94	99.33	0.95	0.33	0.76	1.98
Two Years	3.45	2.91	1.16	0.56	0.94	99.06	0.95	0.33	3.57	1.19
Since Inception	3.45	2.91	1.16	0.56	0.94	99.06	0.95	0.33	3.57	1.19

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

BlackRock Strategic Income Opportunities

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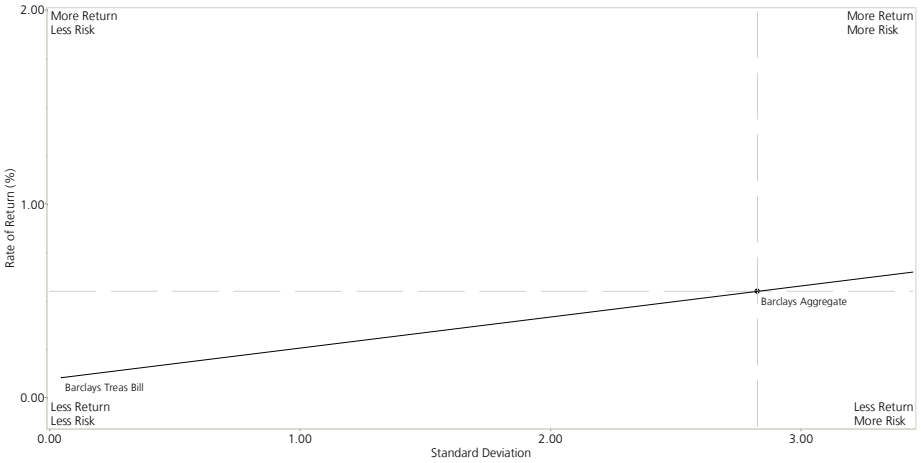
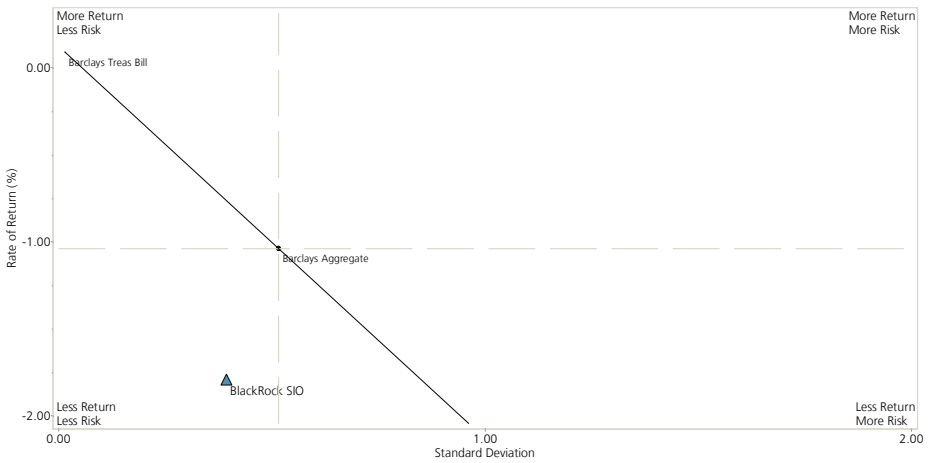
Risk vs Reward

One Year



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
BlackRock SIO	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
BlackRock SIO	-1.79	N/A	0.39	N/A	N/A	N/A	N/A

Multi-Statistic Quartile Chart - One Year

Comparison Universe: Bond

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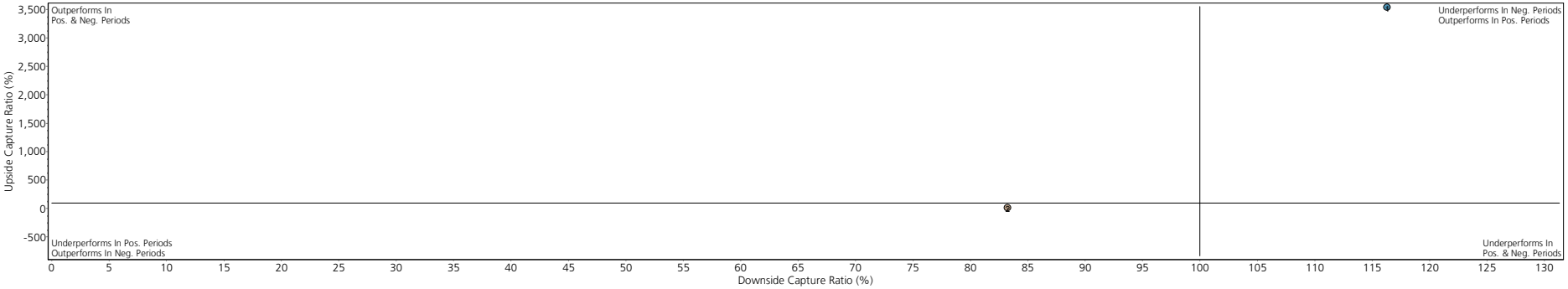
Capture Ratio Trend



	1 9/2015-12/2015	2 3/2015-12/2015
Up Periods	1.00	3.00
Upside Capture ROR	0.59	0.21
Barclays Aggregate	0.02	1.39
% Of Capture	3533.91	15.02
Down Periods	2.00	6.00
Downside Capture ROR	-0.68	-2.00
Barclays Aggregate	-0.59	-2.40
% Of Capture	116.30	83.22

Three Years Rolling Alpha

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Batavia Police Pension Fund
Performance Profile
March 31, 2015 Through December 31, 2015

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

Wells Fargo Absolute Return

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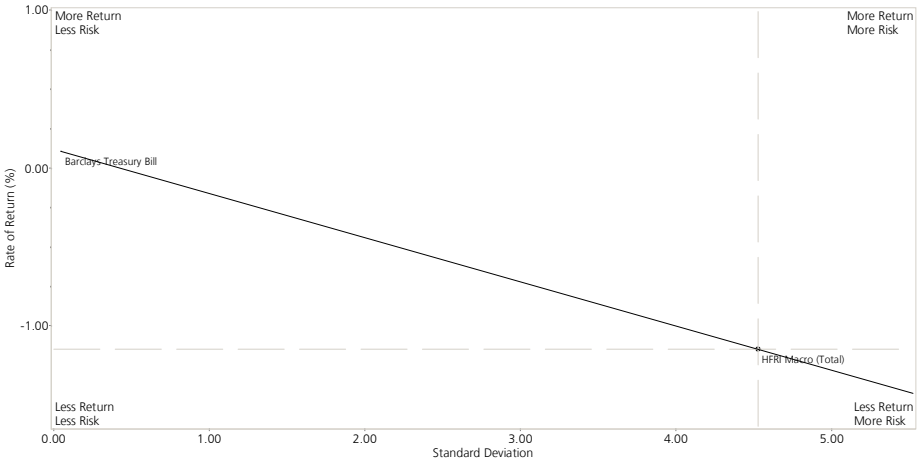
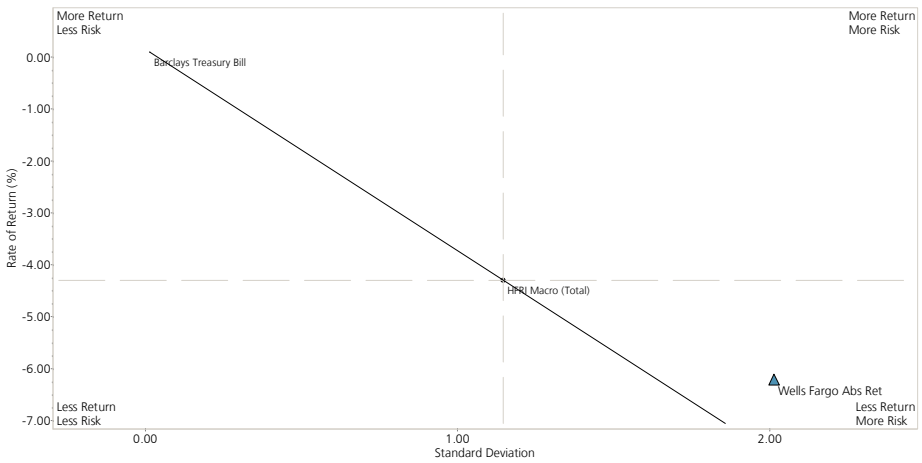
Risk vs Reward

One Year



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Wells Fargo Abs Ret	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Since Inception



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Wells Fargo Abs Ret	-6.21	N/A	2.01	N/A	N/A	N/A	N/A

Multi-Statistic Quartile Chart - One Year

Comparison Universe: Tactical Allocation Universe

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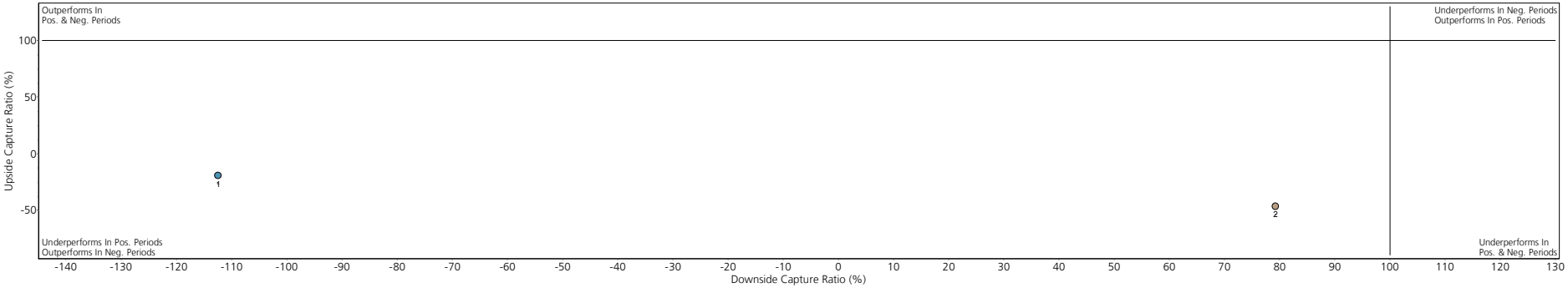
Capture Ratio Trend



	1 9/2015-12/2015	2 3/2015-12/2015
Up Periods	1.00	2.00
Upside Capture ROR	-0.28	-1.10
HFRI Macro (Total)	1.47	2.37
% Of Capture	-19.44	-46.53
Down Periods	2.00	7.00
Downside Capture ROR	1.67	-5.16
HFRI Macro (Total)	-1.48	-6.51
% Of Capture	-112.45	79.24

Three Years Rolling Alpha

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Batavia Police Pension Fund
Performance Profile
March 31, 2015 Through December 31, 2015

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UBS

Investment Performance

Period Ending December 31, 2015

Prepared for:
Batavia Police Pension Fund
February 2, 2016

Prepared by:
Willhite Institutional Consulting Group

UBS Cash Account

Please contact your UBS Institutional Consultant if you have any questions regarding this report, if your financial situation, individual needs or investment objectives have changed, or if you would like to initiate or modify any investment restrictions on this account. Please note that you are also required to inform your Institutional Consultant, directly, of any changes in your financial condition, investment objectives or investment restrictions on your account.

Rule 204-3 under the Investment Advisers Act of 1940 requires that we make an annual offer to clients to send to them, without charge, a written disclosure statement meeting the requirements of such rule. We will be glad to send you a copy of such statement to you upon your written request.

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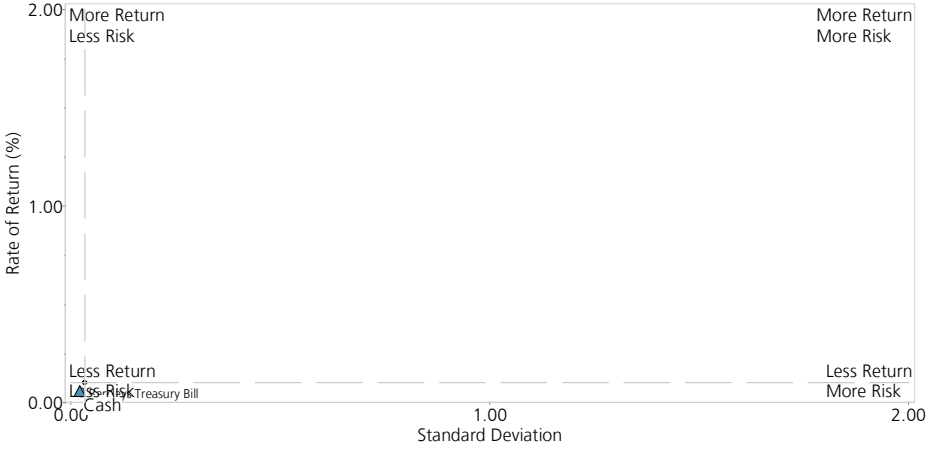
Risk vs Reward

Three Years

	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Cash	0.04	-5.31	0.01	N/A	N/A	N/A	-1.32

Five Years



	Return	Sharpe Ratio	Std Dev	Alpha	Beta	R-Squared	Info Ratio
Cash	0.06	-2.01	0.02	N/A	N/A	N/A	-1.21

Multi-Statistic Quartile Chart - Three Years

Comparison Universe:

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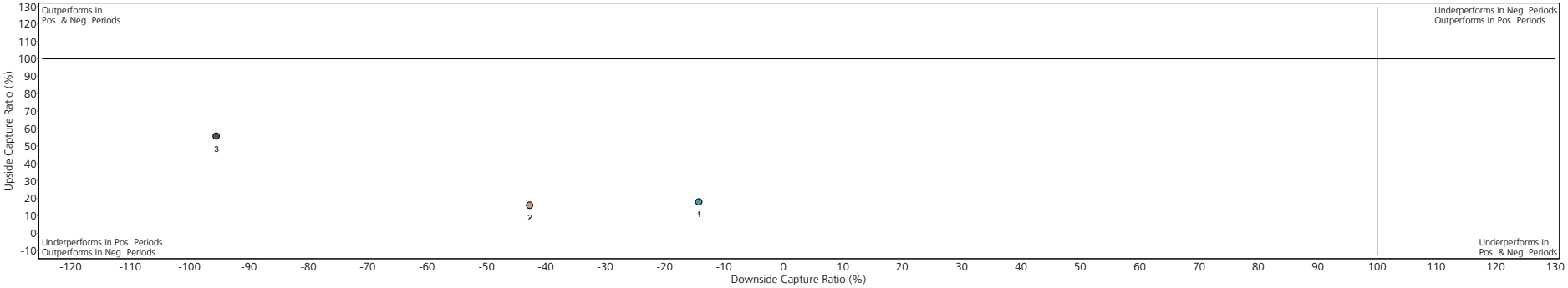
Capture Ratio Trend



	1	2	3
	9/2015-12/2015	12/2014-12/2015	6/2009-12/2015
Up Periods	1.00	7.00	67.00
Upside Capture ROR	0.00	0.02	0.08
Barclays Treasury Bill	0.02	0.13	0.14
% Of Capture	18.13	16.03	55.72
Down Periods	2.00	5.00	11.00
Downside Capture ROR	0.00	0.01	0.04
Barclays Treasury Bill	-0.02	-0.02	-0.04
% Of Capture	-14.20	-42.72	-95.49

Three Years Rolling Alpha

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Batavia Police Pension Fund
Performance Profile
June 30, 2009 Through December 31, 2015

	Ended	Return
Best Quarter	6/2011	0.07
Worst Quarter	9/2015	0.00
Best 4 Quarters	12/2010	0.16
Worst 4 Quarters	12/2015	0.03

Total # of Periods:	78
# of Positive Periods:	77
# of Negative Periods:	1

	Latest Month	Latest Quarter	Year To Date	One Year	Two Years	Three Years	Five Years	Since Inception
TOTAL FUND	0.00	0.01	0.03	0.03	0.04	0.04	0.06	0.07
Barclays Treasury Bill	0.02	0.00	0.10	0.10	0.08	0.08	0.10	0.12
Excess	-0.02	0.00	-0.07	-0.07	-0.04	-0.04	-0.04	-0.04
Riskless Index	0.02	0.00	0.10	0.10	0.08	0.08	0.10	0.12
Real ROR	0.30	0.51	-0.77	-0.77	-0.72	-0.93	-1.48	-1.34

Period	Return	Std Dev	Sharpe Ratio	Alpha	Beta	R-Squared	Relative Risk	Track Error	Treynor Ratio	Info Ratio
Year To Date	0.03	0.01	-10.88	0.00	0.00	0.00	0.14	0.05	0.00	-1.56
One Year	0.03	0.01	-10.88	0.00	0.00	0.00	0.14	0.05	0.00	-1.56
Two Years	0.04	0.01	-5.33	0.00	0.00	0.00	0.23	0.04	0.00	-1.15
Three Years	0.04	0.01	-5.31	0.00	0.00	0.00	0.26	0.03	0.00	-1.32
Five Years	0.06	0.02	-2.01	0.00	0.00	0.00	0.64	0.03	0.00	-1.21
Since Inception	0.07	0.03	-1.56	0.00	0.00	0.00	0.83	0.04	0.00	-1.10

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Performance Reconciliation Adjustments

This section provides a record of differences between information reported by your custodian and information used to create this performance report, whether at your direction or as prescribed by your Institutional Consultant on your behalf.

Scenario	Description	Net Adjustment (+/-)

No differences in information were used in the creation of this performance report.

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IMPORTANT INFORMATION

This report is provided for informational purposes only, does not constitute an offer to buy or sell securities or investment products and is current as of the date shown. It may include information regarding your Institutional Consulting accounts held at various UBS entities including UBS Financial Services Inc., UBS Securities LLC and UBS AG (collectively, "UBS" or "UBS entities"), as well as accounts you hold at other financial institutions. Accounts included in this report are identified at the beginning of the report. Also, information may be shown for individual accounts or as one or more combined portfolios; the accounts included in each portfolio are also identified at the beginning of the report.

ACCOUNTS AND ASSETS INCLUDED
UBS account statements provide the official records of holdings, balances, transactions, and security values of assets held in UBS accounts and are not replaced, amended or superseded by any of the information presented in this report. Note that various factors, including unpriced securities and certain holdings, adjustments or activity may cause the results shown in this report to differ from actual performance (see the *Performance Reconciliation Adjustments* section for detail on differences between your Custodial statement and information used to create this performance report). Note that these results may differ from other performance reports provided to you by UBS. Performance information may be impacted by the different ways each UBS entity or third party financial institution respectively records trade executions. Past performance is no guarantee of future results. Neither the UBS entities nor any of their respective representatives provide tax or legal advice. You must consult with your legal or tax advisors regarding your personal circumstances.

If assets that you hold at other financial institutions are included in this report, they are being provided as part of your UBS IC Consulting Services Agreement based on information, including pricing and transactional information, furnished to UBS. You should review the account statements and other documentation provided by other financial institutions for their record of holdings, balances, transactions, and security values of assets held in those accounts, as well as notices, disclosures and other information important to you, and may also serve as a reference should questions arise regarding the accuracy of the information in this report. UBS Financial Services Inc. SIPC coverage would only apply to those assets respectively held at UBS Financial Services Inc. You should contact your financial representative at any other financial institution where you hold an account to determine the availability of SIPC coverage, if any. In addition, this report may include additional financial assets that you have asked us to include as an accommodation, but are not included as part of your UBS IC Consulting Services Agreement with us. UBS has not verified and is not responsible for the accuracy or completeness of information regarding assets held at other financial institutions.

Pricing of Securities: All securities held in UBS accounts are priced as of the end of the period shown unless otherwise noted and reflect the last recorded transaction of all listed securities, options and OTC NASDAQ securities, when available. Less actively traded securities may be priced using a computerized valuation model and may not reflect an actual market price or value. To obtain current quotations, when available, contact your Institutional Consultant. CD prices may be derived using a computerized valuation model and therefore represent an estimated market value. Deposits or securities denominated in currencies other than U.S. dollars may be reflected at the exchange rate as of the date of these reports. To obtain precise U.S. dollar values for these deposits or securities at a time before the date of these reports, contact your Institutional Consultant. Prices may or may not represent current or future market value. Every reasonable attempt has been made to accurately price securities; however, no warranty is made with respect to any security's price. Securities that have no readily available market value are displayed at the most recently obtainable price. Such pricing may affect the performance information provided in these reports.

The services UBS provides to you may be based on and/or include information obtained from third-party sources. Assets held at other financial institutions reflect the price provided by the respective institution or you. UBS will not independently verify pricing information obtained from third-party sources and cannot guarantee the accuracy of such third-party information. If pricing is indicated as "NA", the required data for that field was not provided by the other financial institution or you; this will affect the performance information provided in these reports.

Certain Assets: Certain assets may not be held by or within the possession and control of the UBS entities are displayed on these reports for informational purposes only. Positions and values of these assets (e.g., insurance, annuities and 529 plans) and certain other securities (e.g. thinly traded securities, structured products and alternative investments) are provided by the outside sources and are believed to be reliable, but are not guaranteed as to their accuracy.

Structured products and alternative investments: these investments may not have been registered with the Securities and Exchange Commission or under any state securities laws. The market for such securities and alternative investments may be highly illiquid and subjectively valued, and these reports provide values for informational purposes only. Accuracy is not guaranteed. These values may differ substantially from prices, if any, at which a unit may be bought or sold and do not necessarily represent the value you would receive from the issuer upon liquidation. Issuer estimated values, if any, are generally updated on a regular (annual or semi-annual) basis and are supplied to us by the issuer (general partner), but may be calculated based on different information from that used by third parties to derive their estimated values

Investment Policy Statements: UBS will not track or monitor specific investments to determine whether they complement the Investment Policy Statement, unless the client has entered into a written contract with UBS for such services through UBS Institutional Consulting.

Until such time as an IPS or other investment guideline document is developed and/or provided to UBS, UBS will use the asset allocation as stated in the initial UBS performance report provided to you as indicative of your intended asset allocation targets.

Retirement Assets: Unless you enter into a separate written contractual arrangement with UBS providing otherwise, you control the investment and reinvestment of the assets in any retirement account held with UBS and neither UBS nor your Financial Advisor has the authority or responsibility to act as a fiduciary or provide "investment advice" (as that term is defined in ERISA or the Internal Revenue Code) with respect to your retirement assets. This analysis is provided to you individually and not in your capacity as a participant in any retirement plan.

Performance Analytics: Unless otherwise noted, performance shown is based on Time Weighted Rate of Return. Periods greater than one year have been annualized, but annual performance may not represent a full calendar year depending on the inception date of the first account included in these reports. Standard deviations are shown only for periods of 12 months or longer. This report may reflect performance before the deduction of fees. The payment of fees and expenses will reduce the performance of the account and the reduction in performance will have a cumulative effect over time. The net effect of the payment of fees on the annualized performance, and the compounded or cumulative effect over time, is dependent on the amount of the fee and the account's investment performance. For example, an account that experiences an annual gross performance of 10% but incurs a 2.8% annual fee that is deducted quarterly on a prorated basis, will experience net annual performance of 7.1%, a reduction of 2.9% per year.

Performance information incorporates data as of the date your accounts became available for these reports, not as of your initial acquisition of a particular investment unless performance history is imported at client's request. For reports that reflect combined account information, the Performance Start Date will be the earliest performance start date of any of the individual accounts selected for the consolidation time period. If an individual account's performance information is not available for a full reporting time period (month to date, quarter to date, year to date or performance to date), that account's information will only be included for the period when available. For consolidated accounts that include different account Performance Start Dates, the consolidated Additions/Withdrawals, Income Earned and Investment Appreciation/ Depreciation will include all activity that occurred during the consolidated reporting time period. Accounts that hold or held insurance products will be reported on from the month end date of when insurance and annuity activity could be obtained from the carrier.

Benchmark Index Information: For comparison purposes, these reports may contain a number of general broad market indices, which were selected to demonstrate the performance of broad market indicators that are readily recognized, rather than for direct performance comparisons, and do not reflect the performance of actual investments. Depending on your accounts' holdings and your investment objectives, these indices may not be an appropriate measure for comparison purposes, and are therefore presented for illustrative purposes only. The selection and use of benchmarks is not a promise or guarantee that your accounts will meet or exceed the stated benchmarks. All indices are unmanaged, cannot be invested in directly, assume no management, custody, transaction or the expenses that would lower the performance results, and assume reinvestment of dividends and capital gains. Information about indices is based on information obtained from sources believed to be reliable, but no independent verification has been made. UBS does not guarantee the accuracy or completeness of any index information presented. Market index data is subject to review and revision, and UBS reserves the right to substitute indices or display only those indices for which current updated information is available. Information regarding the indexes shown in this report can be found at the end of this report.

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Policy Index: A point of reference for evaluating a portfolio's investment performance. A policy Index can be comprised of single or multiple benchmarks (weighted blend). Portfolios with multiple benchmarks will be depicted with a description of benchmarks and weights that comprise the policy.

Gain/(Loss) Information: When data is available from UBS, estimated unrealized gains/losses are calculated for individual security lots. For assets transferred from another financial institution, gain/loss information will be reflected only for the period of time the assets have been held at UBS entities. For assets held at other financial institutions, information provided by that entity, if any, is reflected. Total realized gain/loss information may include calculations based upon non-UBS entities cost basis information. UBS Financial Services Inc. does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS Financial Services Inc. When original cost information is unavailable, gain/loss amounts gain/loss amounts will represent current market value and total gains/losses may be inaccurate. Date information for when a particular security was acquired, when available, appears on these reports. When no acquisition date is provided for a security, these reports reflect "N/A" and omit this information. As a result, these figures may not be accurate and are provided for informational purposes only.

Interest and Dividend Income: When shown on this report, information does not reflect your account's tax status or reporting requirements. You should use only official IRS forms for tax reporting purposes. The classification of private investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

Contributions and Withdrawals: When shown on a report, information regarding contributions and withdrawals may represent the net value of all cash and securities contributions and withdrawals, and may include program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period covered by these reports. Program fees may be separately identified or included in withdrawals except when paid via an invoice or through a separate account billing arrangement.

Cash Flow: Cash Flow analysis is based on the historical dividend, coupon and interest payments you have received as of the Record Date in connection with the securities listed and assumes that you will continue to hold the securities for the periods for which cash flows are projected. This may or may not include principal paybacks for the securities listed. These potential cash flows are subject to change due to a variety of reasons, including but not limited to, contractual provisions, changes in corporate policies, changes in the value of the underlying securities and interest rate fluctuations. The effect of a call on any security(s) and the consequential impact on its potential cash flow(s) is not reflected in this report. Payments that occur in the same month in which the report is generated -- but prior to the report run ("As of") date -- are not reflected in this report. In determining the potential cash flows, UBS relies on information obtained from third party services it believes to be reliable but does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Cash flows for mortgage-backed, asset-backed, factored, and other pass-through securities are based on the assumptions that the current face amount, principal pay-down, interest payment and payment frequency remain constant. Calculations may include principal payments, are intended to be an estimate of future projected interest cash flows and do not in any way guarantee accuracy.

Notice

Certain mutual fund investments within your portfolio may have undergone a share class conversion beginning on October, 1, 2015. As a result, your historical performance for those impacted investments will contain blended historical performance for both the prior and current share class.

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Calculation Definitions

Alpha: Alpha measures the difference between an investment's actual performance, and its expected performance as indicated by the returns of a selected market index. A positive Alpha indicates the risk-adjusted performance is above that index. In calculating Alpha, Standard Deviation (total risk) is used as risk measure. Alpha is often used to judge the value added or subtracted by a manager.

Appreciation/Depreciation: Appreciation or Depreciation is the change in market value minus net cash flows. The value indicates by how much the portfolio value has changed due to changes in asset values. Appreciation would be an increase, Depreciation would be a decrease.

Average Exposure: Average Exposure is generally, the average allocation to a segment or an asset. Calculated as the beginning market value plus the weighted net cash flows as a percentage of the total portfolio market value.

Beta: Beta is defined as a Manager's sensitivity to market movements and is used to evaluate market related, or systematic risk. Beta is a measure of the linear relationship, over time, of the Manager's returns and those of the Benchmark. Beta is computed by regressing the Manager's excess returns over the risk free rate (cash proxy) against the excess returns of the Benchmark over the risk free rate. An investment that is as equally volatile as the market will have a Beta of 1.0; an investment half as volatile as the market will have a Beta of 0.5; and so on. Thus, Betas higher than 1.0 indicate that the fund is more volatile than the market.

Composite Benchmark: The Composite Benchmark is a weighted average benchmark based on the allocation of funds within each of the portfolios in the composite and the risk index assigned to each portfolio.

Correlation (R): The Correlation represents the degree to which investments move in tandem with one another and is a critical component of diversified portfolio construction. The Correlation varies between a minimum of -1 (move in opposite direction) and a maximum of 1 (completely correlated). Lower Correlations enhance diversification and lead to better risk-adjusted returns within diversified portfolios. An R of less than 0.3 is often considered low Correlation.

Current Yield: This measure looks at the current price of a bond instead of its face value and represents the return an investor would expect if he or she purchased the bond and held it for a year. This measure is not an accurate reflection of the actual return that an investor will receive in all cases because bond and stock prices are constantly changing due to market factors.

Distribution of Excess Returns: Distribution of Excess Returns displays an arrangement of statistical data that exhibits the frequency of occurrence of the investment's returns in excess of the selected Market Index.

Down Market (Mkt) Capture Ratio: Down Market Capture Ratio is a measure of an investment's performance in down markets relative to the market itself. A down market is one in which the market's return is less than zero. The lower the investment's Down Market Capture Ratio, the better the investment protected capital during a market decline. A negative Down Market Capture Ratio indicates that an investment's returns rose while the market declined.

Downside Capture Return: The downside capture return is the cumulative performance of the portfolio in all periods during which the risk benchmark posted a negative return.

Downside Probability: The downside probability is the ratio of the number of periods during which the portfolio posted a negative return to the total number of periods under study. If, for example, during a 12 month span, the portfolio realized 5 months of negative returns, the downside probability would be equal to 5/12 or 42 percent. The sum of the downside and upside probabilities must equal 1.0. The downside probability does not consider the extent to which the portfolio will fail to exceed the target index. It merely considers the likelihood that the target will not be exceeded. It is important to bear in mind this point when comparing the downside probabilities of more than one portfolio. It is not necessarily correct, for example, to deem portfolio A riskier than portfolio B simply because A has a higher downside probability.

Downside Risk (Semi Standard Deviation, Semi Std Dev, or Downside Deviation): Downside Risk only identifies volatility on the down side. Downside Risk measures the variability of returns below zero, whereas Standard Deviation attributes volatility in either direction to risk. The Downside Risk method calculates the deviations below zero for each observed return. Each time a return falls below zero, the sum is divided by the number of observations and the square root is taken. This result is then shown on an annualized basis.

Dynamic Index: A weighted average blended benchmark of the risk indices assigned to each asset class, based on the asset allocation of the portfolio for a given period. The benchmark index weighting adjusts with changes to the asset allocation. A Dynamic Index should not be used when measuring against the client's *Investment Policy Statement*.

Effective Duration: A duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

Excess: Denotes that a statistic is being measured relative to the Market Index selected. The data set analyzed consists of the periodic differences between the investment's measure and the selected Market Index's definition.

Expense Ratio: Often referred to as the Net Expense Ratio, Morningstar pulls the net annual expense ratio from the fund's audited annual report. Annual-report expense ratios reflect the actual fees charged during a particular fiscal year. The annual report expense ratio for a fund of funds is the wrap or sponsor fee only. The expense ratio expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as initial or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. If the fund's assets are small, its expense ratio can be quite high because the fund must meet its expenses from a restricted asset base. Conversely, as the net assets of the fund grow, the expense percentage should ideally diminish as expenses are spread across the wider base. Funds may also opt to waive all or a portion of the expenses that make up their overall expense ratio.

Gross Dollar Weighted Return: Gross Dollar Weighted Return is the internal rate of return, excluding money manager fees.

The Gross Expense Ratio: Represents the total gross expenses (net expenses with waivers added back in) divided by the fund's average net assets. If it is not equal to the net expense ratio, the gross expense ratio portrays the fund's expenses had the fund not waived a portion, or all, of its fees. Thus, to some degree, it is an indication of fee contracts. Some fee waivers have an expiration date; other waivers are in place indefinitely.

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Gross Time Weighted Return: Gross Time Weighted Return is the Modified Dietz return, excluding money manager fees.

Index Value: Index Value is the unit value series based on the return stream. It can be used to calculate rates of return between any two dates in the report.

Information Ratio: The Information Ratio is a measure of value added by an investment manager. It is the ratio of (annualized) excess return above the selected Market Index to (annualized) Tracking Error. Excess return is calculated by linking the difference of the manager's return for each period minus the selected Market Index return for each period, then annualizing the result.

Manager Capture Ratio: The Manager Capture Ratio is manager return divided by the selected Market Index return. It shows what portion of the market performance was captured by the manager under certain market conditions: up market, down market, or both.

Market Experience: Market Experience is the presumable market value of the portfolio if it and its cash flows had grown at the policy index rate of return. It lets the reader know if active management has aided or hurt the portfolio.

Net Cash Flow: For the total portfolio, net cash flow is aggregate contributions minus aggregate withdrawals. At the asset class level, net cash flow is aggregate purchases minus aggregate sales minus aggregate income. It is used in the numerator of the Modified Dietz return calculation. It is the same as "New Money" and "Flow".

Net Dollar Weighted Return: Net Dollar Weighted Returns is the internal rate of return, including money manager fees.

Net Time Weighted Return: Net Time Weighted Return is the Modified Dietz return, including money manager fees.

New Money: For the total portfolio, New Money is aggregate contributions minus aggregate withdrawals. At the asset class level, New Money is aggregate purchases minus aggregate sales minus aggregate income. It is used in the numerator of the Modified Dietz return calculation. It is the same as "Net Cash Flow" and "Flow".

Policy Index: A point of reference for evaluating a portfolio's investment performance. A policy Index can be comprised of single or multiple benchmarks (weighted blend). Portfolios with multiple benchmarks will be depicted with a description of benchmarks and weights that comprise the policy.

Rate of Return, ROR, Return %, ROI: All Return terms refer to the Modified Dietz return.

Relative Risk: Relative risk is simply the ratio of the standard deviation of the portfolio to the standard deviation of the risk index. The statistic reveals how much of the variation of the risk index is "shared" by the portfolio. A relative risk of 1.0 indicates that the portfolio has the same level of return variability as the risk index. A relative risk of less than 1.0 indicates that the portfolio has shown a lower dispersion of returns than the index. A relative risk in excess of 1.0 indicates that the portfolio returns have been more dispersed than those of the index.

Riskless Index: The theoretical rate of return of an investment with zero risk. The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time. The 3 month T-Bill is the usual index used for riskless.

R-Squared (R2): The diversification measure R2 indicates the percentage of volatility in portfolio returns which can be "explained" by market volatility. This statistic indicates the degree to which the observed values of one variable, such as the returns of a managed portfolio, can be explained by, or are associated with the values of another variable, such as a Market Index. It is especially helpful in assessing how likely it is that Alpha and Beta are statistically significant. The R2 values generally range from 0.0 to 1.0. An investment with an R2 of 1.0 is perfectly correlated with the market whereas an investment with an R2 of 0.0 will behave independently of the market. An R2 of 0.95, for example, implies that 95% of the fluctuations in a portfolio are explained by fluctuations in the market.

Sector Allocations: The percentage a manager has allocated to specific economic sectors.

Sharpe Ratio: The Sharpe Ratio indicates the excess return per unit of total risk as measured by Standard Deviation. It is a ratio of the arithmetic average of excess returns over the risk free rate to the Standard Deviation. The Sharpe Ratio is a measure of the premium earned for the risk incurred by the portfolio.

Sortino Ratio: The Sortino Ratio is a measure of reward per unit of risk. With Sortino, the numerator (i.e., reward) is defined as the incremental compounded average return over the minimum acceptable return (MAR). The denominator (i.e., risk) is defined as the downside deviation of the returns below the MAR. Since the downside deviation is the standard deviation of those returns which fail to exceed the MAR, the result of the Sortino Ratio is a measure of the average reward per unit of loss. As with Sharpe and Treynor, the Sortino Ratio only has value when it is used as the basis of comparison between portfolios. The higher the Sortino Ratio, the better.

Standard Deviation: A measure of the extent to which observations in a series vary from the arithmetic mean of the series. The Standard Deviation of a series of asset returns is a measure of volatility or risk of the asset.

Target Allocation: The Target Allocation is the allocation goal of the portfolio.

Tracking Error (Excess Standard Deviation): Tracking Error is a measure of how closely an investment's returns track the returns of the selected Market Index. It is the annualized Standard Deviation of the differences between the investment's and the associated index's returns. If an investment tracks its associated index closely, then Tracking Error will be low. If an investment tracks its associated index perfectly, then Tracking Error will be zero.

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Treynor Ratio: The Treynor Ratio is defined as the ratio of the manager's excess geometrically annualized return over the portfolio Beta. Excess returns are computed versus the cash index.

Up Market (Mkt) Capture Ratio: Up Market Capture Ratio is a measure of a product's performance in up markets relative to the market itself. An up market is one in which the market's return is greater than or equal to zero. The higher the investment's Up Market Capture Ratio, the better the investment capitalized on a rising market.

Upside Capture Return: The upside capture return is the cumulative performance of the portfolio in all periods during which the risk benchmark posted a positive return.

Upside Probability: The upside probability is the ratio of the number of periods during which the portfolio posted a positive return to the total number of periods under study. If, for example, during a 12 month span, the portfolio realized 7 months of positive returns, the upside probability would be equal to 7/12 or 58 percent. The sum of upside and downside probabilities must equal 1.0.

Upside Uncertainty: Upside uncertainty measures the variability of portfolio returns that exceed a minimum acceptable return (MAR). Risk, in this instance, is defined as the likelihood that the MAR will not be achieved. Since the statistic is defined as the variability of returns greater than the MAR, risk is not an issue. Thus, variability on the upside is referred to as uncertainty, not risk. The upside uncertainty is simply the standard deviation of those portfolio returns that exceed the MAR. The larger the upside uncertainty, the better.

Weighted Average: This is a calculation that looks at the average for the statistic for each security weighted by the allocation by market value for each security.

Weighted Flow: The net cash flows weighted for the duration of the month during which the money manager had access to the funds. It is used in the denominator of the Modified Dietz rate of return calculation.

Yield: Yield refers to the yield to maturity.

YTD: Year to Date.

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Index Definitions

10-Year U.S. Treasury Index: A debt obligation issued by the U.S. Treasury with a term of 10 years.
Barclays Capital Global Aggregate X U.S.: An index consisting of all investment grade securities issued in different currencies and combining the Barclays Aggregate, Barclays Pan-European Aggregate and Barclays Global Treasury indexes. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities and U.S. dollar investment grade, 144A securities.

Barclays Capital Global Emerging Markets: Tracks total returns of external-currency-denominated debt instruments of the emerging markets: Brady bonds, loans, Eurobonds, and U.S. dollar-denominated local market instruments. The index covers five regions: Americas, Europe, Asia, Middle East and Africa.

Barclays Capital Muni Bond Index: A capitalization-weighted bond index created by Barclays intended to be a representative of major municipal bonds of all quality ratings.

Barclays Capital U.S. Aggregate Index: Covers the U.S. dollar-denominated, investment grade, fixed rate, taxable bond market segment of SEC-registered securities and includes bonds from the U.S. Treasury, government-related, corporate, mortgage- and asset-backed and commercial mortgage-backed securities.

Barclays Capital U.S. Aggregate Government: Composed of the Barclays U.S. Treasury Bond Index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues) and the Agency Bond Index (all publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate debt guaranteed by the U.S. government).

Barclays Capital U.S. Aggregate High Yield: Covers the universe of fixed-rate, dollar-denominated, non-convertible, publicly issued, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded but Canadian bonds and SEC-registered global bonds of issuers in non-emerging countries are included. Original issue zeroes, step-up coupon structures and 144As are also included. Bonds must have at least one year to final maturity, at least $150 million par amount outstanding and be rated Ba1 or lower.

Barclays Capital U.S. Aggregate Investment Grade: Covers all publicly issued, fixed-rate, nonconvertible, investment grade corporate debt. Issues are rated at least Baa by Moody's Investors Service or BBB by Standard & Poor's. Total return comprises price appreciation / depreciation and income as a percentage of the original investment.

Barclays Capital U.S. Convertibles Composite: The Barclays Capital U.S. Convertible Bond Index represents the market of U.S. convertible bonds. Convertible bonds are bonds that can be exchanged, at the option of the holder, for a specific number of shares of the issuer's preferred stock or common stock.

Barclays Capital U.S. Treasury - Bills (1-3 months): Is a market value-weighted index of investment-grade fixed-rate public obligations of the U.S. Treasury with maturities of three months, excluding zero coupon strips.

Cambridge U.S. Private Equity: Based on returns data compiled on funds representing more than 70% of the total dollars raised by U.S. leveraged buyout funds, subordinated debt and special situation managers between 1986-2008.

Cambridge U.S. Venture Capital Index: Based on returns data compiled for more than 75% of U.S., institutional venture capital assets between 1990-2008.

Dow Jones AIG Commodity Index: Composed of futures contracts on 20 physical commodities. It is composed of commodities traded on U.S. exchanges with the exception of nickel, aluminum and zinc. The Index relies primarily on liquidity data or the relative amount of trading activity to determine its weightings. All data used for both liquidity and production calculations are averaged for a five-year period.

HFRI Distressed & Restructuring: Equally weighted index of investment managers who employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near-term proceedings. Distressed strategies employ primarily debt (greater than 60%) but also may maintain related equity exposure.

HFRI Equity Hedge: Equally weighted index of investment managers who employ equity hedge strategies, maintaining both long and short positions primarily in equity and equity derivative securities. Equity hedge managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities both long and short.

HFRI Event Driven: Equally weighted index of investment managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities.

HFRI Fund of Funds Index: Fund of funds invested with multiple managers through funds or managed accounts. The strategy accesses a diversified pool of managers with the objective of lowering the risk of investing in one single manager. The fund of funds manager has discretion in choosing which strategies and managers to invest in the fund.

HFRI Fund Weighted Composite: An equally weighted return of all funds net of fees in the HFRI monthly indexes. Fund strategies include, but are not limited to: convertible arbitrage, distressed securities, emerging markets, equity hedge, equity market neutral, statistical arbitrage, event driven, macro, market timing, merger and risk arbitrage, relative value, short selling and sector funds.

HFRI Macro: Equally weighted index of investment managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long- and short-term holding periods.

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HFRI Relative Value: Equally weighted index of investment managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types.

JP Morgan Global Ex-U.S. Bond Index: Consists of regularly traded, fixed-rate domestic government debt instruments from 12 international bond markets. Countries included are Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden and the United Kingdom.

MSCI AC World Index ex USA: Consists of approximately 2,000 securities across 47 markets, with emerging markets representing approximately 18%. MSCI attempts to capture approximately 85% of the market capitalization in each country.

MSCI EAFE Index (Europe, Australasia, Far East): A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. As of June 2007, the MSCI EAFE Index consisted of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

MSCI Emerging Markets Index: A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of November 2008, the MSCI Emerging Markets Index consisted of the following 24 emerging market country indexes: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey.

MSCI Europe Index: A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, the MSCI Europe Index consisted of the following 16 developed market country indexes: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

MSCI Japan Index: A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of Japan.

NAREIT Index: Benchmarks the performance of the REIT industry since its inception in 1972. It was designed to provide a comprehensive assessment of overall industry performance. Some REITs available from over-the-counter markets are not included due to the lack of real-time pricing.

NCREIF Property Index (NPI): A quarterly time series composite total rate of return measure of investment performance of a large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment.

Russell 1000® Index: Measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

Russell 1000® Growth Index: Measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Value Index: Measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

Russell 2000® Growth Index: Measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000® Value Index: Measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell Mid-Cap® Growth Index: Measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell mid-cap companies with higher price-to-book ratios and higher forecasted growth values.

Russell Mid-Cap® Value Index: Measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

S&P 500 Index: Covers 500 large cap industrial, utility, transportation, and financial companies of the US markets. The index represents about 75% of NYSE market capitalization and 30% of NYSE issues. It is a capitalization weighted index calculated on a total return basis with dividends reinvested.

TASS Index of CTAs: Is a dollar-weighted index based on historical managed futures performance of CTAs with established track records.

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Current Managers

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Batavia Police Pension - Annualized Returns

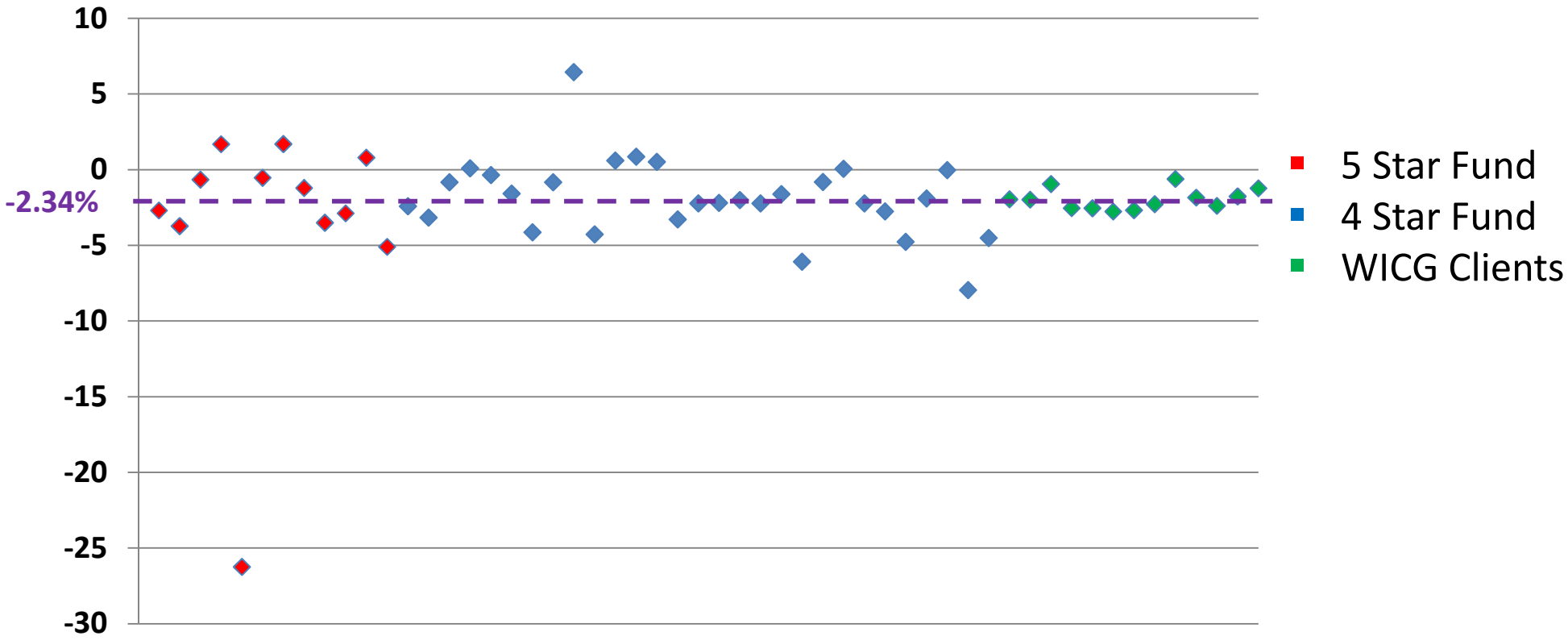
Fund Managers	QTD	1 Year	3 Years	5 Years	7 Years	10 Years
Invesco Equally-Wtd S&P 500 Y	4.99	-2.49	14.7	12	17.54	8.06
S&P 500 Index	7.04	1.38	15.13	12.57	14.81	7.31
Difference	**(2.05)**	**(3.87)**	**(0.43)**	**(0.57)**	**2.73**	**0.75**
Vanguard Extended Market ETF	3.16	-3.26	12.91	10.45	16.35	7.8
S&P Completion TR USD	3.1	-3.35	12.83	10.37	16.28	7.68
Difference	**0.06**	**0.09**	**0.08**	**0.08**	**0.07**	**0.12**
Riverbridge: SMID Growth	3.43	0.37	12.36	12.84	17.79	
Russell 2500 Growth TR USD	3.81	-0.19	14.54	11.43	17.74	
Difference	**(0.38)**	**0.56**	**(2.18)**	**1.41**	**0.05**	**-**
iShares Core MSCI EAFE	4.95	0.53	5.79			
MSCI EAFE ND USD	4.71	-0.81	5.01			
Difference	**0.24**	**1.34**	**0.78**			
MFS International New Discovery I	4.52	2.72	6.19	6.19	13.57	6.65
MSCI EAFE ND USD	4.71	-0.81	5.01	3.6	7.83	3.03
Difference	**(0.19)**	**3.53**	**1.18**	**2.59**	**5.74**	**3.62**
Lazard Emerging Markets Equity Instl	-0.3	-20.16	-8.78	-5.24	6.88	3.71
MSCI EM (Emerging Markets) ND USD	0.66	-14.92	-6.76	-4.81	7.5	3.61
Difference	**(0.96)**	**(5.24)**	**(2.02)**	**(0.43)**	**(0.62)**	**0.10**
Glovista: Emerging Markets	0.77	-15.14	-6.46	-4.48	11.45	11.18
MSCI EM (Emerging Markets) ND USD	0.66	-14.92	-6.76	-4.81	7.5	3.61
Difference	**0.11**	**(0.22)**	**0.30**	**0.33**	**3.95**	**7.57**
First Trust North Amer Engy InfrasETF	-6.47	-25.18	2.64			
Alerian MLP TR USD	-2.76	-32.59	-3.4			
Difference	**(3.71)**	**7.41**	**6.04**			
Stonebridge Advisors: Taxable Preferreds	3.63	7.84	5.62	7.59	11.28	7.05
BofAML Preferred Stock Fixed Rate TR USD	3.46	7.58	6.16	7.19	9.86	3.3
Difference	**0.17**	**0.26**	**(0.54)**	**0.40**	**1.42**	**3.75**
Miller Convertible Bond A LW	2.41	-0.22	7.85	5.42	10.13	
BofAML All Convertible All Qualities	0.85	-2.99	9.87	7.65	14.1	
Difference	**1.56**	**2.77**	**(2.02)**	**(2.23)**	**(3.97)**	**-**
Chilton Capital Mgmt: Chilton REIT	7.85	6.78	14.51	15.58	19.36	
FTSE NAREIT Composite TR	7.13	2.05	9.94	11.29	15.75	
Difference	**0.72**	**4.73**	**4.57**	**4.29**	**3.61**	
BlackRock Strategic Income Opps Instl	-0.1	-0.3	2.27	3.14	7.48	
BC Aggregate Bond	-0.57	0.55	1.44	3.25	4.09	
Difference	**0.47**	**(0.85)**	**0.83**	**(0.11)**	**3.39**	**-**
Wells Fargo Absolute Return Inst	1.37	-4.61	2.01	3.9	6.28	5.49
HFRI Fund of Funds Composite Index	0.65	-0.34	3.92	2.09	3.89	2.26
Difference	**0.72**	**(4.27)**	**(1.91)**	**1.81**	**2.39**	**3.23**

Batavia Police Pension - Annualized Alpha

Fund Managers	1 Year	3 Years	5 Years	7 Years	10 Years
Invesco Equally-Wtd S&P 500 Y	(3.83)	(0.47)	(1.38)	0.76	0.12
Vanguard Extended Market ETF	0.10	0.05	0.06	0.03	0.11
Riverbridge: SMID Growth	0.46	(0.07)	4.21	4.17	4.05
iShares Core MSCI EAFE	1.28	0.82			
MFS International New Discovery I	2.25	2.05	2.71	2.48	2.08
Lazard Emerging Markets Equity Instl	(7.03)	(1.42)	(0.34)	(0.46)	0.26
Glovista: Emerging Markets	(0.74)	0.22	0.46	4.11	7.85
First Trust North Amer Engy InfrasETF	(8.96)	4.49			
Stonebridge Advisors: Taxable Preferreds	0.85	(0.53)	1.16	4.38	4.00
Miller Convertible Bond A LW	2.28	0.47	(0.75)	(0.50)	
Chilton Capital Mgmt: Chilton REIT	4.56	4.54	3.62	2.17	
BlackRock Strategic Income Opps Instl	(0.47)	1.71	2.30	5.31	
Wells Fargo Absolute Return Inst	(4.04)	(2.84)	1.61	1.29	3.35

Alpha represents the performance of a portfolio relative to a benchmark, and is often considered to represent the value that a portfolio manager adds to or subtracts from a fund's return. In other words, alpha is the return on an investment that is not a result of general movement in the greater market. As such, an alpha of 0 would indicate that the portfolio or fund is tracking perfectly with the benchmark index and that the manager has not added or lost any value. (http://www.investopedia.com/terms/a/alpha.asp)

2015 Returns for World Allocation Funds



- Some managers of allocation portfolios have explained their poor 2015 performance with the statement that diversification simply didn't work well in 2015 and that it was a tough market for any allocation manager to succeed in.
- We decided to test this statement by comparing the "best in breed" allocation managers to see whether it truly was the entire peer group that struggled. We also wanted to test ourselves and see how our clients faired compared to the allocation funds.
- The scatter chart shows the 2015 calendar year returns for each of the 4 & 5 star rated mutual funds in Morningstar's World Allocation category, along with the returns for clients of the Willhite Institutional Consulting Group. The purple line is the average of the 4 and 5 star funds.
- We conclude that 2015 was in fact a tough year for allocation managers. Only one fund manager had significantly positive performance, while a number had significantly negative performance. Our clients realized returns mostly around or slightly above the average of the best in breed. While we never like negative performance, we are pleased that our clients avoided a lot of the downside that these other managers suffered.

Historical Review of Market Leadership

20 years of the best and worst – a case for asset allocation diversification

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average
REITs 35.75%	Large Cap Value 35.18%	Large Cap Growth 38.71%	Large Cap Growth 33.16%	Commodities 31.84%	REITs 15.50%	Commodities 25.91%	Small/ Mid Cap 45.51%	REITs 30.41%	Commodities 21.36%	REITs 34.35%	Commodities 16.23%	Global Bonds 12.00%	Large Cap Growth 37.21%	REITs 27.58%	Bonds 7.84%	REITs 20.14%	Small/ Mid Cap 36.80%	REITs 27.15%	Large Cap Growth 5.67%	REITs 10.32%
Commodities 23.16%	Large Cap Growth 30.49%	International 20.33%	International 27.30%	REITs 25.89%	Bonds 8.44%	Global Bonds 19.37%	International 39.17%	International 20.70%	International 14.02%	International 26.86%	Large Cap Growth 11.81%	Bonds 5.24%	Small/ Mid Cap 34.39%	Small/ Mid Cap 26.71%	REITs 7.28%	International 17.90%	Large Cap Growth 33.48%	Large Cap Value 13.45%	REITs 2.29%	Small/ Mid Cap 9.53%
Large Cap Growth 23.12%	Small/ Mid Cap 24.36%	Large Cap Value 15.63%	Commodities 24.35%	Bonds 11.63%	Cash 4.09%	Bonds 10.25%	REITs 38.47%	Small/ Mid Cap 18.29%	REITs 8.29%	Large Cap Value 22.25%	International 11.63%	Cash 1.80%	International 32.46%	Commodities 16.83%	Global Bonds 7.22%	Small/ Mid Cap 17.88%	Large Cap Value 32.53%	Large Cap Growth 13.05%	Bonds 0.55%	Large Cap Value 8.52%
Large Cap Value 21.64%	REITs 18.86%	Global Bonds 15.31%	Small/ Mid Cap 24.14%	Large Cap Value 7.01%	Small/ Mid Cap 1.22%	REITs 5.22%	Large Cap Value 30.03%	Large Cap Value 16.49%	Small/ Mid Cap 8.11%	Small/ Mid Cap 16.17%	Global Bonds 10.81%	Diversified Portfolio –26.72%	REITs 27.45%	Large Cap Growth 16.71%	Large Cap Growth 2.64%	Large Cap Value 17.51%	International 23.29%	Small/ Mid Cap 7.07%	Cash 0.03%	Large Cap Growth 7.63%
Small/ Mid Cap 19.03%	Diversified Portfolio 14.55%	Bonds 8.69%	Diversified Portfolio 13.07%	Cash 5.96%	Global Bonds –0.79%	Cash 1.70%	Large Cap Growth 29.75%	Diversified Portfolio 14.64%	Diversified Portfolio 7.69%	Diversified Portfolio 15.00%	Bonds 6.97%	Commodities –35.65%	Diversified Portfolio 23.08%	Diversified Portfolio 15.93%	Large Cap Value 0.39%	Large Cap Growth 15.26%	Diversified Portfolio 13.21%	Bonds 5.97%	International –0.39%	Diversified portfolio 7.23%
Diversified Portfolio 16.89%	Bonds 9.65%	Diversified Portfolio 6.19%	Large Cap Value 7.35%	Diversified Portfolio 5.23%	Diversified Portfolio –4.98%	Diversified Portfolio –2.53%	Diversified Portfolio 28.09%	Global Bonds 10.10%	Large Cap Value 7.05%	Large Cap Growth 9.07%	Diversified Portfolio 4.92%	Small/ Mid Cap –36.79%	Large Cap Value 19.69%	Large Cap Value 15.51%	Diversified Portfolio 0.13%	Diversified Portfolio 11.70%	REITs 3.21%	Diversified Portfolio 5.39%	Global Bonds –2.61%	Bonds 5.34%
International 6.36%	Cash 5.25%	Cash 5.06%	Cash 4.74%	Small/ Mid Cap 4.27%	Large Cap Value –5.59%	Large Cap Value –15.52%	Commodities 23.93%	Commodities 9.15%	Large Cap Growth 5.26%	Global Bonds 5.94%	Cash 4.74%	Large Cap Value –36.85%	Commodities 18.91%	International 8.21%	Cash 0.08%	Bonds 4.21%	Cash 0.05%	Global Bonds 0.67%	Small/ Mid Cap –2.90%	International 4.83%
Cash 5.25%	International 2.06%	Small/ Mid Cap 0.38%	Bonds –0.82%	Global Bonds 2.34%	Commodities –19.51%	International –15.66%	Global Bonds 14.51%	Large Cap Growth 6.30%	Cash 3.00%	Cash 4.76%	Small/ Mid Cap 1.38%	REITs –37.34%	Bonds 5.93%	Bonds 6.54%	Small/ Mid Cap –2.51%	Global Bonds 1.30%	Bonds –2.02%	Cash 0.03%	Diversified portfolio –3.20%	Global Bonds 4.47%
Global Bonds 4.40%	Global Bonds 1.40%	REITs –18.82%	Global Bonds –5.08%	International –13.96%	Large Cap Growth –20.42%	Small/ Mid Cap –17.80%	Bonds 4.10%	Bonds 4.34%	Bonds 2.43%	Bonds 4.33%	Large Cap Value –0.17%	Large Cap Growth –38.44%	Global Bonds 1.90%	Global Bonds 6.42%	International –11.73%	Cash 0.07%	Global Bonds –4.50%	International –4.48%	Large Cap Value –3.83%	Cash 2.44%
Bonds 3.63%	Commodities –3.39%	Commodities –27.03%	REITs –6.48%	Large Cap Growth –22.42%	International –21.21%	Large Cap Growth –27.88%	Cash 1.07%	Cash 1.24%	Global Bonds –6.53%	Commodities 2.07%	REITs –17.83%	International –43.06%	Cash 0.16%	Cash 0.13%	Commodities –13.32%	Commodities –1.06%	Commodities –9.52%	Commodities –17.01%	Commodities –24.66%	Commodities 0.99%

BEST ↑ ↓ WORST

Source: SPAR, FactSet Research Systems Inc.

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Rebalancing

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Rebalancing Worksheet
2/11/2016
Batavia Police Pension Fund

Manager/Fund	2/10/2016 Balance	IPS Target %	IPS Range + or -	Current % of Managed	IPS Violation?	Rebalance Needed	Proposed Correction	Cash Balance	New Balance	New %
Invesco Equally-Weighted S&P 500 (VADDX)	*$1,369,173*			*5.6%*				*$7*		***5.6%***
Total US Large Cap	**$1,369,173**	**6.0%**	3.5%	**5.6%**	**NO**	$92,000	$0	**$7**	**$1,369,173**	**5.6%**
Riverbridge SMID Growth	*$701,682*			*2.9%*				*$12,828*		***2.9%***
Vanguard Extended Mkt ETF (VXF)	*$825,658*			*3.4%*			*$175,000*	*$5,067*		***4.1%***
Total US Small/Mid Cap	**$1,527,340**	**6.0%**	2.5%	**6.3%**	**NO**	($66,000)	$175,000	**$17,895**	**$1,702,340**	**7.0%**
iShares Core MSCI EAFE ETF (IEFA)	*$705,116*	*2.0%*		*2.9%*				*$7,276*		***2.9%***
MFS Int'l New Discovery (MWNIX)	*$478,937*	*2.0%*		*2.0%*				*$1*		***2.0%***
Lazard Emerging Markets (LZEMX)	*$528,385*			*2.2%*				*$20*		***2.2%***
Glovista Emerging Markets	*$526,864*	*5.0%*		*2.2%*				*$8,114*		***2.2%***
Total International Mkts	**$2,239,302**	**9.0%**	4.5%	**9.2%**	**NO**	($47,000)	$0	**$15,411**	**$2,239,302**	**9.2%**
Stonebridge Advisors Preferred Sec	*$1,387,112*	*5.0%*		*5.7%*				*$16,238*		***5.7%***
Miller Convertible Sec Fund	*$1,201,253*	*5.0%*		*4.9%*				*$0*		***4.9%***
FT NA Energy Infrastructure (EMLP)	*$1,160,555*	*5.0%*		*4.8%*				*$2,519*		***4.8%***
Chilton REIT SMA	*$1,182,459*	*4.0%*		*4.9%*				*$7,442*		***4.9%***
Total Equity Diversifiers	**$4,931,379**	**19.0%**	7.0%	**20.2%**	**NO**	($304,000)	$0	**$26,199**	**$4,931,379**	**20.2%**
BlackRock Strategic Income Opps (BSIIX)	*$2,510,793*	*5.0%*		*10.3%*				*$1*		***10.3%***
Total Fixed Income Diversifiers	**$2,510,793**	**10.0%**	2.5%	**10.3%**	**NO**	($75,000)	$0	**$1**	**$2,510,793**	**10.3%**
Wells Fargo Absolute Return (WABIX)	*$3,002,340*			*12.3%*				*$3*		***12.3%***
Total Opportunistic TAA	**$3,002,340**	**15.0%**	2.5%	**12.3%**	**NO**	$651,000	$0	**$3**	**$3,002,340**	**12.3%**
Pacific Income Advisors	*$4,354,094*			*17.9%*			*($225,000)*			***17.0%***
Bradford & Marzec Core FI	*$4,358,726*			*17.9%*			*($235,000)*			***16.9%***
UBS Cash Account	*$60,668*			*0.2%*			*$285,000*			***1.4%***
Total Core Fixed Income	**$8,773,488**	**35.0%**	55.0%	**36.0%**	**NO**	($250,000)	($175,000)	**$0**	**$8,598,488**	**35.3%**
		100.0%		**100.0%**			**$0**	*0.24%*	**$24,353,817**	100.0%
									New FI/Cash:	**35.6%**

Total Managed Portfolio Value:	**$24,353,817**
Cash Surplus/(Deficit):	**($272,632)**
Statutory Fixed Income/Cash:	**36.3%**

Notes:

Key:
Neutral Weight
Tactical Overweight
Tactical Underweight
Manager Change

Cash flow policy: Updated January 2016

Monthly Contributions are approx: *$36,900*

Monthly Pension payouts are approx: *$148,000* *This number includes 2016 COLA adjustments*

Transfer amount is Capped at $150,000

The information and statistical data contained herein have been obtained from sources we believe reliable but are in no way warranted by us as to accuracy or completeness. This report is intended to be an analysis and should not be relied upon for accuracy unless it conforms with the official records of the firm. Accordingly, you should rely on the monthly statement as the official record of your valued UBS Financial Services, Inc. account.

UBS

Investment strategy insights

What it will take | 21 January 2016

CIO WM Research
Michael Ryan, CFA, Chief Investment Strategist, mike.ryan@ubs.com

- It remains our view that the bull market that began in March 2009 remains intact.
- However, the steep sell-off in risk assets that started the new year has clearly shaken investor confidence and prompted many to question that view.
- Against this unsettled backdrop, the burden of proof has now shifted away from those who hold a negative market view to those who have a more constructive outlook for risk assets.

So what will it take for markets to begin to stabilize and validate this more constructive view? It is our view that we will likely need to see some combination of the following to arrest the decline in risk assets:

- clearer evidence that the deceleration in US economic momentum in the fourth quarter was indeed temporary;
- indications that commodity prices and the US dollar have begun to stabilize;
- confirmation that corporate profit growth has not peaked and that the collapse in energy sector earnings is not spilling over to remaining sectors;
- commitment on the part of global policymakers to remain pragmatic and responsive in their decision-making.

Keep in mind, of course, that these developments are highly interdependent. So it's important to consider the dynamics as not only fluid, but linked as well. For example, the level of growth will influence monetary policy which will, in turn, impact the strength of the dollar. Likewise, energy prices and the level of the dollar will affect corporate profitability, which heavily influences investor sentiment.

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With that in mind, consider the following:

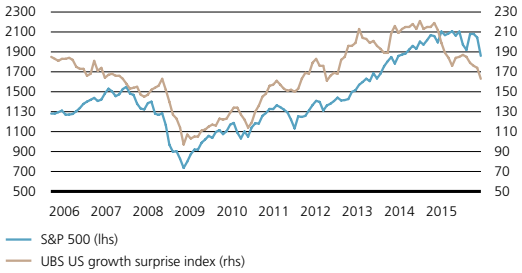
Improvement in the economic data – This most recent sell-off in risk assets shares at least one characteristic in common with each of the prior pullbacks we have seen since the crisis: it has been prompted in large part by a global growth scare. It is therefore necessary that upcoming economic data releases provide validation that the global economic expansion remains intact and that the weakness in the fourth quarter represents just another episodic "soft patch." Of particular interest will be evidence that consumers in the US remain fully engaged, signs that the normalization of credit conditions in the Eurozone has created a more durable expansion, and validation that growth in China is not collapsing under the weight of both heavy debt burdens and a series of poorly planned policy moves.

It is our view that upcoming data releases will confirm that the economic expansion endures – uneven and substandard though it may be. There is a whole host of data that can be scrutinized to help gauge the current pace of economic activity – PMIs, payrolls, industrial production, and retail sales among them. Keep in mind, however, that markets typically react not only to the economic data releases themselves, but also by how far they deviate from consensus expectations. So a helpful way for market participants to gain confirmation is through a rise in the economic surprise indicator (see Fig. 1). Given the most recent downgrade of growth expectations, the bar is now set pretty low. We will therefore look for an upswing in the economic surprise indicator as a signal that recessionary fears are overdone.

Stabilization in commodity prices and the dollar – The ongoing slide in oil prices and strengthening of the dollar are especially burdensome for commodity-producing emerging market economies with heavy external debt burdens (i.e., dollar-denominated debt). But the decline in crude is also adding to the deflationary headwinds for developed market countries as well. Although falling oil prices are positive for energy importers such as Japan and the Eurozone in the long term, for now at least the focus is clearly centered upon financial market stress.

Given the heavy supply overhang, crude prices are unlikely to recover in the very near term. However, with most of these "supply shocks" – sustained North American production, breakdown of discipline within OPEC, reintroduction of Iranian supply – being already well known, further oil price declines from here should be more limited. Meanwhile, the combination of softer growth and increased market volatility reduces the prospects for aggressive Fed rate hikes. This, in turn, will help take some of the edge off the dollar's appreciation. The combination of more stable energy prices and a steadier dollar should help ease the stress on emerging markets and soften deflationary forces in the developed world.

Fig. 1: A rise in the economic surprise indicator would provide a signal that recessionary fears are overdone
UBS US growth surprise index and the S&P 500, indexed to 100

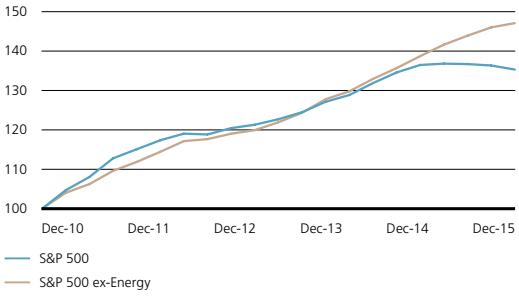


Source: Bloomberg, UBS, as of 19 January 2016

Continued corporate profit growth – The stronger dollar and lower oil prices have also taken a heavy toll on US corporate profitability. Overall earnings growth stalled in 2015, with the energy sector posting year-over-year declines of 60% and companies with significant currency exposure representing another 3% drag on profits. Keep in mind that with US stocks trading at valuations close to historical norms and the Fed in the early stages of policy normalization, further equity market gains from here will depend mostly upon the level of corporate profits.

With the fourth-quarter earnings season now upon us, we should begin to get a bit more clarity on the all-important profit picture. As has been the case for each of the three previous quarters last year, analysts have been active in cutting their earnings forecasts in the weeks leading up to the reporting season. As such, earnings in aggregate should handily beat currently depressed forecasts. More important, earnings outside of the energy sector are likely to have risen between 4% and 6% during the quarter and 7% for the full year (see Fig. 2). This should help ease concerns over an earnings recession and help stabilize the market.

Fig. 2: Earnings trends ex-energy remain healthy
S&P 500 and S&P 500 ex-Energy trailing 12-months earnings, indexed



Source: FactSet, UBS, as of 31 December 2015

Pragmatic policy response – The combination of China's move to devalue its currency in August and the decision by the Fed to raise rates in December served to unsettle markets accustomed to a more benign policy backdrop. Although China's move toward greater currency flexibility was prompted more by efforts to have the yuan added to the basket of central bank reserve currencies than to engage in a competitive devaluation, the impact on emerging markets was immediate and harsh. Meanwhile, the Fed's decision to raise rates despite a near complete absence of price pressures only added to the overall tightening of financial conditions.

Following a second surprise devaluation in January that contributed to the New Year sell-off, China has gone to great lengths to defend the yuan. This suggests that Chinese officials will be more cautious and deliberate in allowing for further currency depreciation. Likewise, recent comments by senior Fed officials indicate that weakness in the economy and volatility in financial markets could materially influence the Fed's decision-making. So in the absence of a reacceleration of growth and stabilization of risk assets, the odds of a Fed rate hike in March have diminished. Chances for the European Central Bank to boost the size of its quantitative easing in March also seem to be rising given comments made during Mario Draghi's press conference. These more pragmatic approaches should ease concerns over a significant policy misstep.

Burden of proof

It remains our view that markets are currently oversold and that the risks of an economic recession, policy mistake, and earnings collapse are greatly overstated. However, sentiment remains poor and the burden of proof now lies with the bulls rather than the bears. This suggests that markets are apt to remain volatile, and any recovery in risk assets will be limited in the near term until we get further clarity on

the macro, policy, commodity, currency, and profit front. We believe this will begin to materialize as the year progresses, but investors may need to be patient.

In the meantime, we recommend that clients refrain from actively selling out of equity positions, maintain "normal" levels of risk in their portfolios, and, assuming a sufficiently long time horizon, consider putting large cash positions to work.

Appendix

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