April 26
July 26
OCT 25
April 5- investment interviews

Park Ridge Police Pension Fund

200 South Vine Avenue Park Ridge, Illinois 60068 (847) 318-5252

Quarterly Meeting
January 26th, 2016
10am

Second Floor Conference Room

Approval of Past Minutes
Financial Reports-Graystone Consulting
Sikich Accounting
Expenditures/Warrant Disbursements
Attorney Atwell
Pensionable Salary Patrol and SGT's
Retirements
Police Officer Status
Retiree/Beneficiary Status
Investment Services RFP
Trustee Training
Board Elections
Roll Call Voting

Citizens to be heard 3 minutes each

New Business
Old Business
Adjournment

PARK RIDGE POLICE PENSION FUND
BOARD OF TRUSTEES
October 20th, 2015 REGULAR QUARTERLY MEETING
MINUTES

Pursuant to public notice, a regular quarterly meeting of the Board of Trustees of the Park Ridge Police Pension Fund was held on Tuesday, October 20th, 2015 at 10:00 at City Hall, 505 Butler Place, Park Ridge, Illinois.

Call to Order: President Laura Kappler called the meeting to order at 10:05 a.m. Trustee Kappler took a roll call vote of the trustees. Present were trustees Laura Kappler, Jim Stonebridge, Robert Kristie, Carl Brauweiler and Duane Mellema. Also in attendance was Brian LeFevre from Sikich LLP, Charles Atwell the board attorney, Mary Tomanek from Graystone Consulting, Alderman John Moran, former trustee Tom Ahlbeck and the city finance director Joe Gilmore with the City of Park Ridge.

Approval of Minutes: The Trustees reviewed the minutes from the July 28th, 2015 meeting. Upon a motion made by Carl Brauweiler, seconded by Robert Kristie the minutes of the July 28th, 2015 meeting were unanimously approved.

Investment Report: Mary Tomanek from Graystone Consulting a business of Morgan Stanley presented the quarterly investment report on the new ipads. Mrs Tomanek reviewed the performance of the portfolio and the current equity strategy. Mary asked to have Tim Sharpe prepare an asset liability study going forward. Mary made recommendations to the board on moving investments.

A motion was made by Carl Brauweiler to move $500,000 from Atalanta to Van Guard total stock market index fund due to under performance. Jim Stonebridge seconded the motion. A roll call vote was taken: "Yeas" – Kristie, Kappler, Mellema, Stonebridge, and Brauweiler. "Nays" – none.

A motion was made by Duane Mellema and seconded by Robert Kristie to approve the investment financial report as submitted dated September 30th, 2015. A roll call vote was taken: "Yeas – Kristie, Mellema, Brauweiler, Kappler and Stonebridge. "Nays – none.

Accounting Firm: Brian LeFevre from Sikich LLP presented the financial statement for the 5 months ending September 30th, 2015. He reviewed the report and the various schedules. He reviewed the financial, the mix of investments, and the levy payments. The graph which provided an excellent visual representation of the various issues including the amount of administrative expenses in relation to the pensions paid.

Mary Tomanek left the meeting at 11:15 a.m.

A motion was made by Carl Brauweiler and seconded by Robert Kristie to approve the accounting financial report dated September 30th, 2015. A roll call vote was taken: "Yeas – Kristie, Mellema, Brauweiler, Kappler, and Stonebridge. "Nays" – none. Note: Correction on last page

A motion was made by Jim Stonebridge to accept the new contract with Sikich that reflects a 4% raise from two years ago. It was seconded by Carl Brauweiler. A roll call vote was taken: "Yeas" – Kristie, Mellema, Brauweiler, Kappler, and Stonebridge. "Nays – none.

The warrant disbursement sheet for the past three months totaling $ 808,681.17 was presented to the board by Sikich. A motion was by Robert Kristie and seconded by Duane Mellema to accept the expenditure report ending September 30th, 2015. A roll call vote was taken: "Yeas – Kristie, Mellema, Brauweiler, Kappler, and Stonebridge. "Nays – none.

Brian LeFevre explained that there is a new mortality table as of 2012 that can now be used for the actuary report.

John Moran left the meeting at 11:30 a.m.

The board had been given prior to the meeting the preliminary report by actuary Tim Sharpe. He recommended using an assumption rate of 6.5% with 100% funding level. A motion was made by Carl Brauweiler to request that the city levy in the amount of $2,250,618 and this was seconded by Robert Kristie. A roll call vote was taken: Kristie, Mellema, Brauweiler, Kappler, and Stonebirdge. "Nays" – none.

A letter will be drafted by Laura Kappler along with the final report and given to the Shawn Hamiliton the city Manager along with the current investment policy.

President Kappler brought up that there was a new patrolman's contract and a first ever Sergeant's contract. The information was given to Debbie Crabtree at Sikich and they sent it off to the DOI for a decision on what is and what is not pensionable pay. We should have that decision in the coming weeks. It will then be given the payroll at the City of Park Ridge.

Brian LeFerve left the meeting at 11:40 a.m.

<u>Employment and retiree status update:</u> The board found that Officer Myles Klein resigned as of September 8th, 2015 he had been hired September 15th, 2014. He was Tier 2 and not eligible for portability since he had less than two years on the job. The board will work on getting his contributions back to him.

Due to the new contract for the patrolman retiree Laura Kappler is due an increase in her pension since she was still actively working at the time the contract would have been in effect. A motion was made by Duane Mellema to approve the change to her original benefit based on calculations from Sikich and reviewed by city Finance Director Joe Gilmore. The original benefit was $64,023.00 and the new benefit is $64,947.00 annually and Seconded by Jim Stonebridge. A roll call vote was taken: "Yeas" – Kristie, Mellema, Stonebridge, and Brauweiler. Trustee Kappler Abstained from the vote.

President Kappler advised the board that on October 6th, Officer Vallejo was terminated from the police department. He is in the process of going to an arbitration hearing on the issue.

The board discussed the 5 year requirement of looking into other investment advisor's / consultants. The board would like to put out a request for proposal to 3 or 4 qualified companies to see if they are interested at the beginning of 2016. A special meeting will be held at the time.

Trustee Training: Trustee's Kappler and Kristie attended the Midwest Pension Conference in Lake Geneva October 7-9, 2015. Trustee Carl Brauweiler attended a half day accountant seminar on September 17th. A certificate was placed in the file on his behalf.

Our next board meeting will be January 26th, 2016. A motion was made by Robert Kristie that we hold the meeting January 26th, 2016 at 10:00 a.m at city Hall and seconded by Jim Stonebridge. All were in favor of the meeting date.

Adjournment: On a motion made by Duane Mellema and seconded Jim Stonebridge the meeting was adjourned at 12:20 p.m. Approved unanimously carried in a roll call vote.

Respectfully submitted,

_____ _____

Laura Kappler, President Robert Kristie, Secretary

Approved by the Board of Trustees on January 26th, 2016.
These minutes were prepared by Laura Kappler.

Park Ridge Police Pension Fund, Summary; 4th Quarter 2015

Quarter in Review

Despite currency volatility, oil turbulence, emerging market concerns, and the much anticipated Fed rate hike, all sectors within the S&P 500 generated positive returns for the quarter.
Large capitalization equities outperformed small and mid cap; bonds across the board down for the Quarter,
Census Bureau reported November housing starts were 16% above 2014;
December ISM Purchasing Manager's Index contracted 0.4 Percentage point from Nov reading to 48.6%, (Above 43 and below 50 indicates sector is shrinking while broader economy is expanding)

Looking Ahead

Choppy...Global Fundamental Metrics-GDP, interest rates, and inflation are likely to converge in 2016. Global growth overall to remain slow,
Europe is getting the support from the ECB with QE, potentially paving the way for the end of fiscal austerity. We expect European earnings to finally rebound and equities to outperform again in 2016 (ISM surveys for services and manufacturing at 5 year highs)

Keeping an eye out for stabilization on currencies and oil prices (currently at a 12 year low).

Our "base case"-the U.S. economy will continue to grow, albeit at a slow pace. We expect it to be self-sustaining as evidenced by the Fed tightening monetary policy starting with the exit from QE in 2014 and continuing with the December 2015 rate hike. This is typically a positive signal for further economic growth(+4% expected earnings growth 2016 and 2017)

Interest rates expected to remain low, the yield curve is still positively sloped, good for growth. As of Mon 1/11, S&P dividend yield 2.3% is higher than the 10 year Treasury note2.12% (rarely seen in the past 60 years), a strong argument for stocks.

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Graystone During the Quarter

Updated Asset Liability Analysis and Cash Flow Analysis
Completed Large Cap Core Manager Analysis

Manager/Fund Issues

Director of Investments and Portfolio Manager for Fayez Sarofin Lg Core left the firm at the end of the year(unplanned). We believe this departure is a loss to the firm and has created changes to their leadership and Investment Committee.

Recommendations

Consider replacing Lg Core manager Fayez Sarofin by reallocating assets among existing funds and/or to a new large core fund

Review Asset Liability and Cash Flow Analysis; discuss fixed income investment strategy

Review sample Funding Policies

Discuss determining the duration of the plan liabilities; impact on Pension Fund asset allocation

Review the investment policy for updates.

Consider timing of future board meetings to allow for Trustee preview of material

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A business of Morgan Stanley

Mary L. Tomanek CFP®, CIMA®
Institutional Consulting Director
Institutional Consultant

Supplemental Meeting Information

CITY OF PARK RIDGE POLICE PENSION FUND

January 26, 2016

Graystone Consulting℠

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Mary L. Tomanek CFP®, CIMA®
Institutional Consulting Director
Institutional Consultant

Asset vs. Liability Analysis

Prepared for:

CITY OF PARK RIDGE POLICE PENSION FUND

November 11, 2015

PARK RIDGE POLICE PENSION FUND
ASSET VS. LIABILITY ANALYSIS

As of November 11, 2015

Total Payout

Asset Class	Liability Value* ($)	%	Asset Value **($)	%	Difference ($)	Segment
Cash, Short Fixed Income	8,576,239	14.4%	6,569,793	15.3%	(2,006,446)	0 - 2 yr
Interm. Fixed Income	7,615,201	12.8%	4,613,609	10.7%	(3,001,592)	2 - 5 yr
Fixed Income	11,594,943	19.5%	6,181,417	14.4%	(5,413,526)	5 - 10 yr
Long Fixed Income & Equity	18,289,206	30.8%	12,813,909	29.8%	(5,475,298)	10 - 20 yr
Equity	13,276,004	22.4%	12,813,909	29.8%	(462,096)	20+ yr
TOTAL	**59,351,594**	**100.0%**	**42,992,636**	**100.0%**	**(16,358,957)**	

0-2 Year Segment

Asset Class	Retiree Payout*	%	Active Payout*	%	Assets	Difference ($)
Cash, Short Fixed Income	$ 8,482,937	14.3%	$ 93,302	0.2%	$ 6,569,793	($2,006,446)

2-5 Year Segment

Asset Class	Retiree Payout*	%	Active Payout*	%	Assets	Difference ($)
Interm. Fixed Income	$ 6,954,699	11.7%	$ 660,503	1.1%	$ 4,613,609	($3,001,592)

5-10 Year Segment

Asset Class	Retiree Payout*	%	Active Payout*	%	Assets	Difference ($)
Fixed Income	$ 8,675,776	14.6%	$ 2,919,167	4.9%	$ 6,181,417	($5,413,526)

10-20 Year Segment

Asset Class	Retiree Payout*	%	Active Payout*	%	Assets	Difference ($)
Long Fixed Income & Equity	$ 8,588,932	14.5%	$ 9,700,275	16.3%	$ 12,813,909	($5,475,298)

20+ Year Segment

Asset Class	Retiree Payout*	%	Active Payout*	%	Assets	Difference ($)
Equity	$ 3,305,652	5.6%	$ 9,970,352	16.8%	$ 12,813,909	($462,096)

**Liability Value calculated at Fixed Rate*

***Liabilities as of 05/2015, closed group basis, Future salary increase 4.5%*

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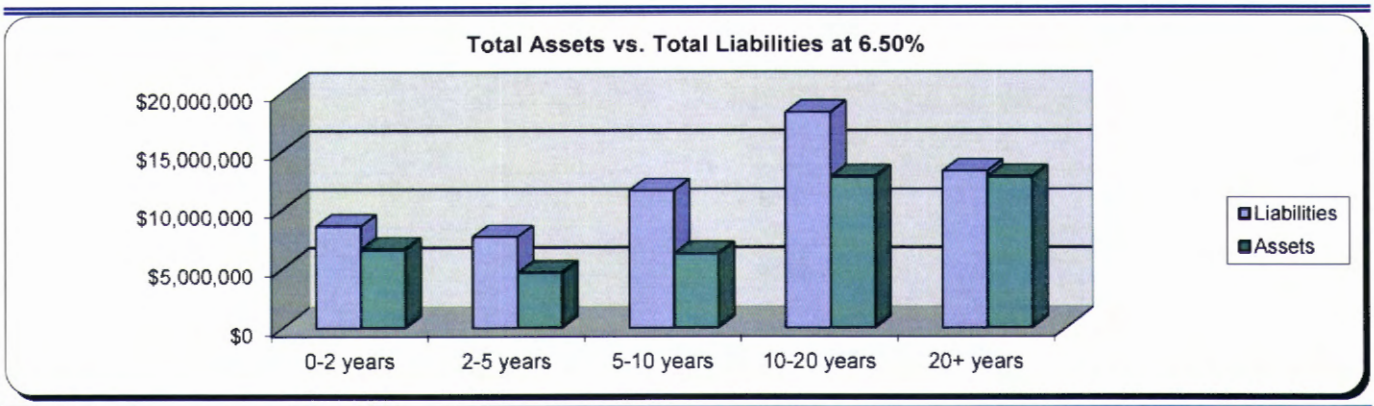
PARK RIDGE POLICE PENSION FUND
TOTAL ASSETS VS. TOTAL LIABILITIES

Actuarial Assumption @ 6.50%

November 11, 2015

Duration	Total Payout**	% Weight	$ Present Value	$ Assets**	% Weight	Difference
0	3,004,752		3,004,752			
1	3,061,931		2,875,053			
2	3,058,363		2,696,434			
0-2 Years	**9,125,046**	**14.45%**	**8,576,239**	**6,569,793**	**15.28%**	**(2,006,446)**
3	3,176,866		2,629,966			
4	3,314,197		2,576,202			
5	3,300,585		2,409,034			
2-5 Years	**9,791,648**	**12.83%**	**7,615,201**	**4,613,609**	**10.73%**	**(3,001,592)**
6	3,425,510		2,347,619			
7	3,626,719		2,333,816			
8	3,950,421		2,386,968			
9	4,002,251		2,270,690			
10	4,234,541		2,255,850			
5-10 Years	**19,239,442**	**19.54%**	**11,594,943**	**6,181,417**	**14.38%**	**(5,413,526)**
11	4,530,573		2,266,248			
12	4,721,366		2,217,545			
13	5,051,010		2,227,580			
14	5,334,737		2,209,116			
15	5,383,097		2,093,091			
16	5,344,803		1,951,363			
17	5,358,847		1,837,080			
18	5,492,529		1,767,988			
19	5,688,109		1,719,196			
10-20 Years	**46,905,071**	**30.82%**	**18,289,206**	**12,813,909**	**29.80%**	**(5,475,298)**
20	5,854,584		1,661,514			
21	5,883,031		1,567,687			
22	5,905,300		1,477,579			
23	5,860,056		1,376,768			
24	5,826,880		1,285,421			
25	5,745,069		1,190,022			
26	5,665,513		1,101,918			
27	5,558,031		1,015,036			
28	5,452,215		934,940			
29	5,393,337		868,398			
30	5,269,799		796,720			
20+ Years	**62,413,815**	**22.37%**	**13,276,004**	**12,813,909**	**29.80%**	**(462,096)**
Total	**147,475,022**	**100.00%**	**59,351,594**	**42,992,636**	**100.00%**	**-16,358,957**

***Liabilities as of 05/2015, closed group basis, Future salary increase 4.5%*



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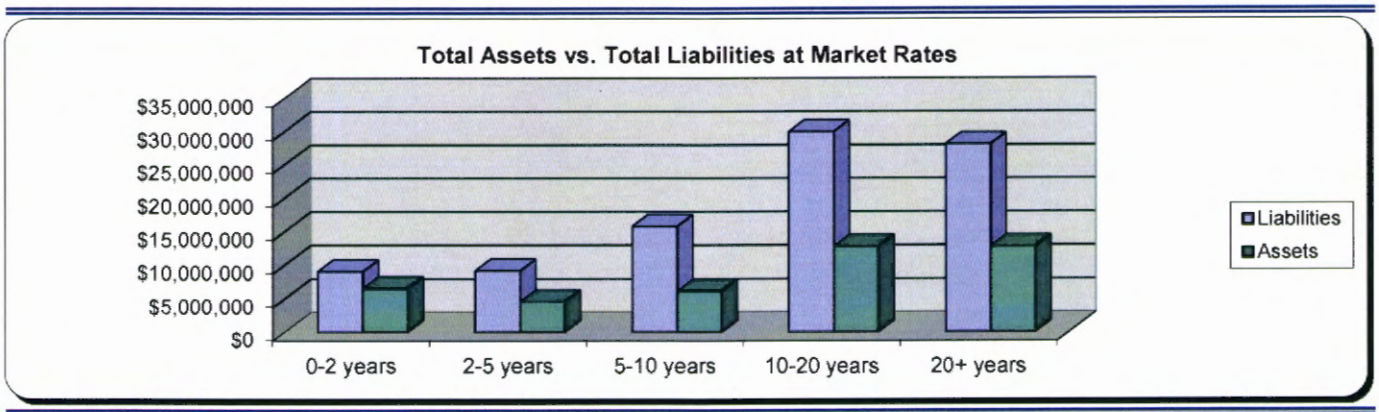
PARK RIDGE POLICE PENSION FUND
TOTAL ASSETS VS. TOTAL LIABILITIES

Actuarial Assumption @ Market Rates

November 11, 2015

Duration	Total Payout**	% Weight	$ Present Value	$ Assets**	% Weight	Difference
0	3,004,752		3,004,752			
1	3,061,931		3,045,122			
2	3,058,363		3,024,876			
0-2 Years	**9,125,046**	**9.84%**	**9,074,750**	**6,569,793**	**15.28%**	**(2,504,957)**
3	3,176,866		3,030,680			
4	3,314,197		3,112,432			
5	3,300,585		3,051,356			
2-5 Years	**9,791,648**	**9.97%**	**9,194,468**	**4,613,609**	**10.73%**	**(4,580,859)**
6	3,425,510		2,961,426			
7	3,626,719		3,060,216			
8	3,950,421		3,253,451			
9	4,002,251		3,217,124			
10	4,234,541		3,322,251			
5-10 Years	**19,239,442**	**17.14%**	**15,814,467**	**6,181,417**	**14.38%**	**(9,633,050)**
11	4,530,573		3,270,886			
12	4,721,366		3,309,157			
13	5,051,010		3,436,888			
14	5,334,737		3,524,015			
15	5,383,097		3,452,187			
16	5,344,803		3,327,602			
17	5,358,847		3,238,982			
18	5,492,529		3,222,901			
19	5,688,109		3,240,261			
10-20 Years	**46,905,071**	**32.54%**	**30,022,878**	**12,813,909**	**29.80%**	**(17,208,970)**
20	5,854,584		3,074,696			
21	5,883,031		2,991,732			
22	5,905,300		2,907,895			
23	5,860,056		2,794,177			
24	5,826,880		2,690,317			
25	5,745,069		2,568,491			
26	5,665,513		2,452,660			
27	5,558,031		2,329,884			
28	5,452,215		2,213,103			
29	5,393,337		2,119,832			
30	5,269,799		2,005,642			
20+ Years	**62,413,815**	**30.51%**	**28,148,429**	**12,813,909**	**29.80%**	**(15,334,520)**
Total	**147,475,022**	**100.00%**	**92,254,992**	**42,992,636**	**100.00%**	**-49,262,356**

***Liabilities as of 05/2015, closed group basis, Future salary increase 4.5%*



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Park Ridge Police Pension Fund
Projected 5 Year Cash Flow Analysis

	Annual Projected Payout	Projected Maturities	Projected Income	Projected Participant Contribution	Projected Tax Levy	Annual Difference
2016	3,004,752	4,025,000	773,751	569,000	1,909,863	4,272,862
2017	3,061,931	1,000,000	520,000	569,000	1,909,863	936,932
2018	3,058,363	1,000,000	446,150	569,000	1,909,863	866,650
2019	3,176,866	1,000,000	401,400	569,000	1,909,863	703,397
2020	3,314,197	1,000,000	380,000	569,000	1,909,863	544,666

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Mary L. Tomanek CFP®, CIMA®
Institutional Consulting Director
Institutional Consultant

Large Cap Core Mutual Fund Analysis

Prepared for:

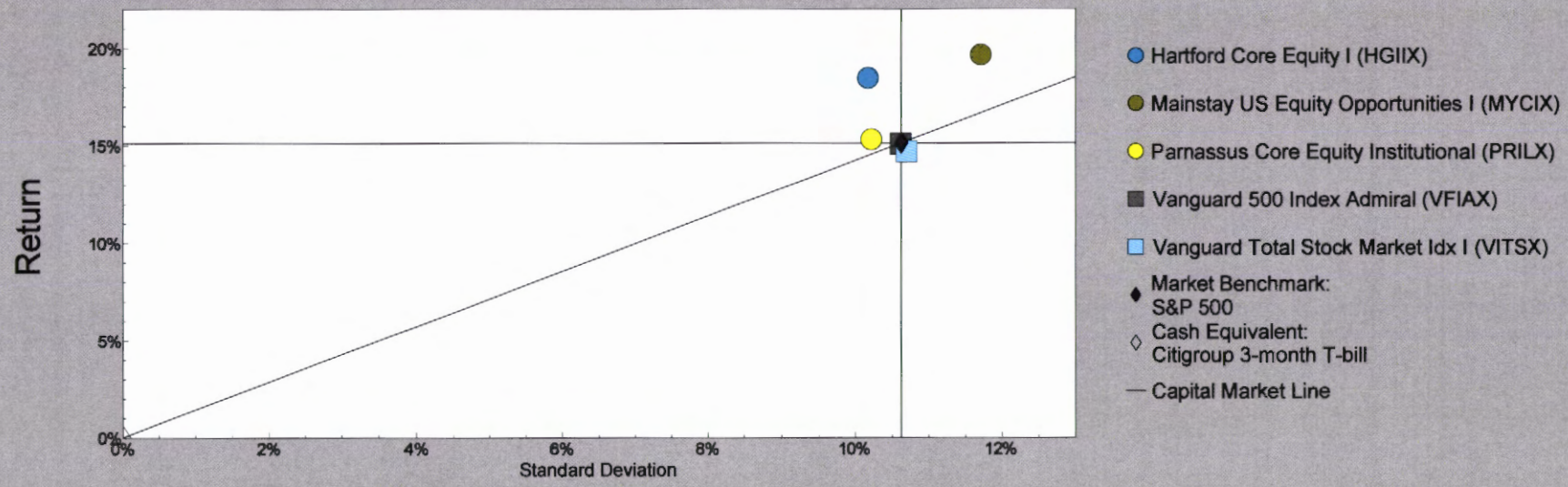
CITY OF PARK RIDGE POLICE PENSION FUND

January 21, 2016

3 Year - Manager Risk/Return

Single Computation

January 2013 - December 2015



Risk-Return Table

January 2013 - December 2015: Annualized Summary Statistics

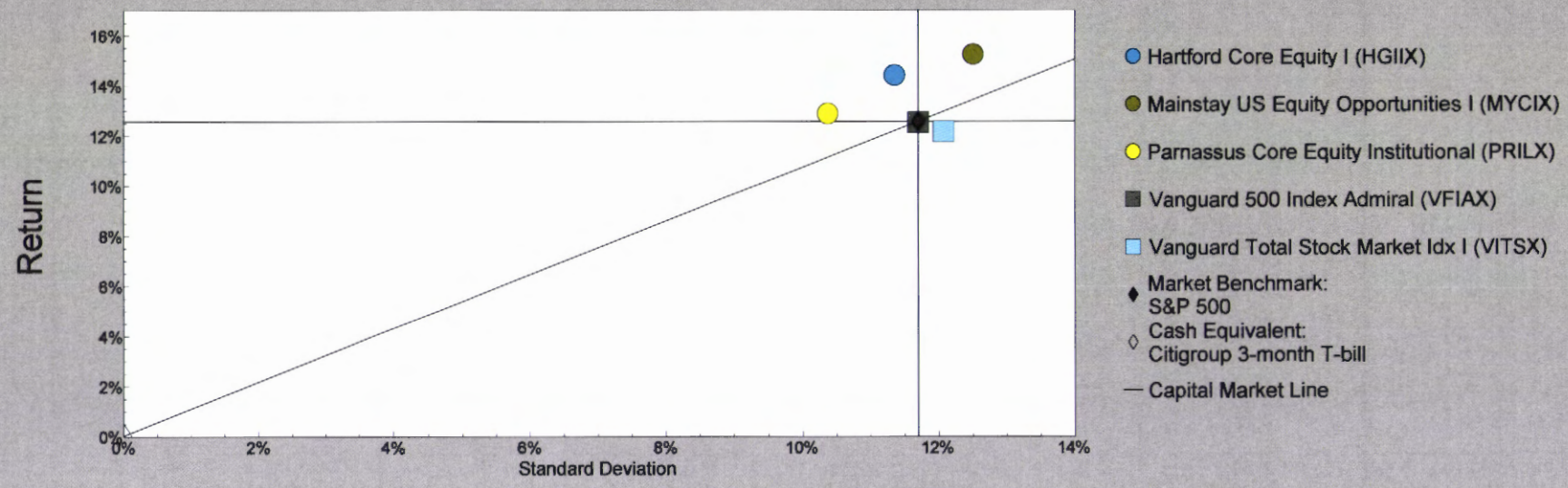
	Return (%)	Std Dev (%)	Downside Risk (%)	Alpha vs. Market (%)	R-Squared vs. Market (%)	Sharpe Ratio	Tracking Error vs. Market (%)	Tracking Error vs. Style (%)	Observs.
Hartford Core Equity I (HGIIX)	18.46	10.17	7.23	3.94	94.33	1.8109	2.5329	1.4676	36
Mainstay US Equity Opportunities I (MYCIX)	19.66	11.71	8.32	3.26	91.67	1.6760	3.4294	2.9020	36
Parnassus Core Equity Institutional (PRILX)	15.32	10.22	7.29	1.31	91.49	1.4954	3.1000	2.1769	36
Vanguard 500 Index Admiral (VFIAX)	15.09	10.62	7.59	-0.03	100.00	1.4174	0.0138	0.1882	36
Vanguard Total Stock Market Idx I (VITSX)	14.70	10.70	7.61	-0.37	98.62	1.3703	1.2561	0.0941	36
S&P 500	15.13	10.62	7.59	0.00	100.00	1.4206	0.0000	0.1904	36

Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.

5 Year - Manager Risk/Return

Single Computation

January 2011 - December 2015



Risk-Return Table

January 2011 - December 2015: Annualized Summary Statistics

	Return (%)	Std Dev (%)	Downside Risk (%)	Alpha vs. Market (%)	R-Squared vs. Market (%)	Sharpe Ratio	Tracking Error vs. Market (%)	Tracking Error vs. Style (%)	Observs.
Hartford Core Equity I (HGIIX)	14.41	11.35	8.23	2.24	96.05	1.2652	2.3274	1.4580	60
Mainstay US Equity Opportunities I (MYCIX)	15.24	12.50	8.92	1.99	94.56	1.2152	2.9517	2.4675	60
Parnassus Core Equity Institutional (PRILX)	12.89	10.36	7.59	2.13	90.62	1.2384	3.6630	2.6477	60
Vanguard 500 Index Admiral (VFIAX)	12.53	11.70	8.37	-0.03	100.00	1.0670	0.0146	0.1875	60
Vanguard Total Stock Market Idx I (VITSX)	12.17	12.07	8.64	-0.66	99.10	1.0039	1.1899	0.0915	60
S&P 500	12.57	11.70	8.37	0.00	100.00	1.0701	0.0000	0.1865	60

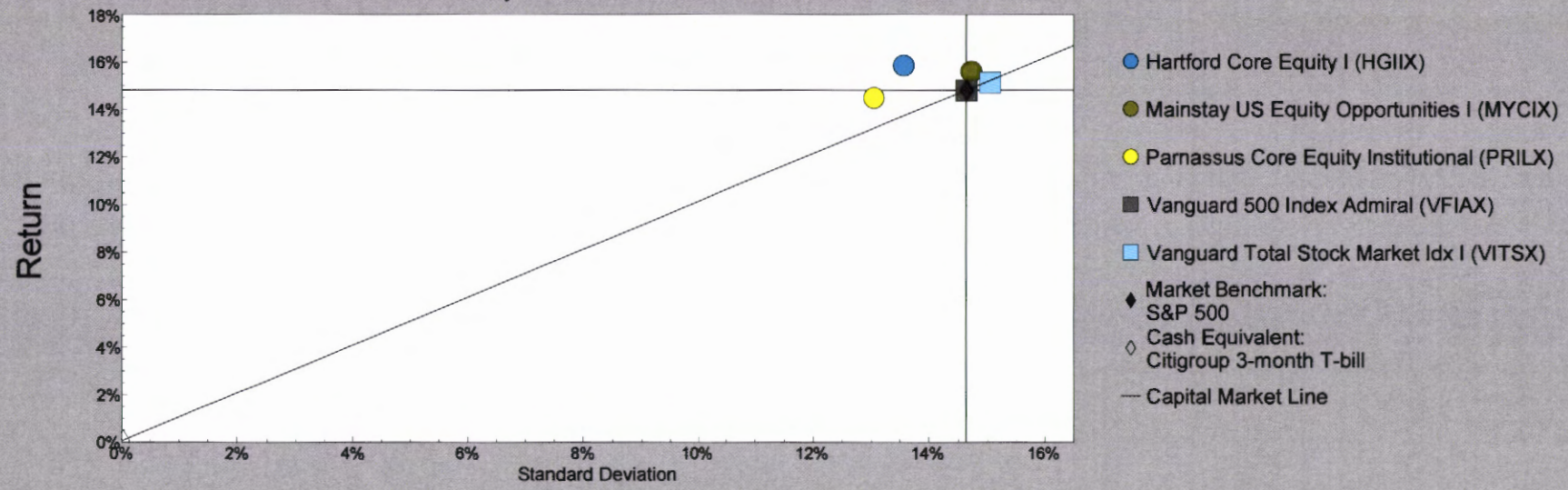
Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.

PARK RIDGE POLICE PENSION FUND - LARGE CAP FUND ANALYSIS

7 Year - Manager Risk/Return

Single Computation

January 2009 - December 2015



Risk-Return Table

January 2009 - December 2015: Annualized Summary Statistics

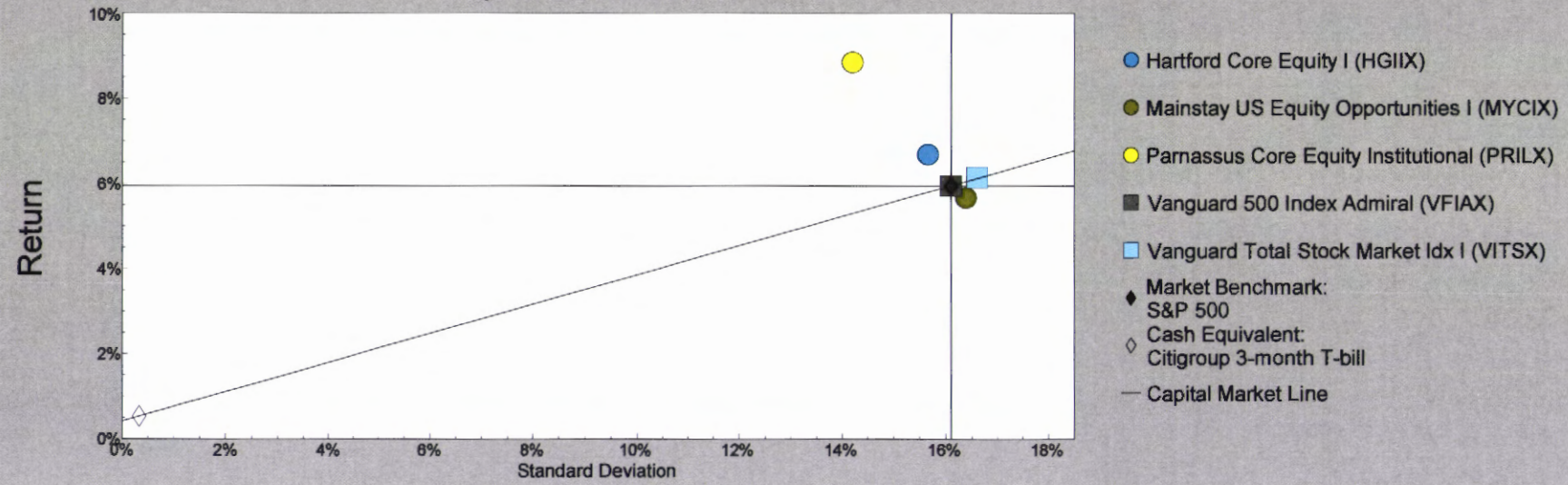
	Return (%)	Std Dev (%)	Downside Risk (%)	Alpha vs. Market (%)	R-Squared vs. Market (%)	Sharpe Ratio	Tracking Error vs. Market (%)	Tracking Error vs. Style (%)	Observs.
Hartford Core Equity I (HGIIX)	15.86	13.57	10.05	2.12	96.46	1.1631	2.8671	1.7812	84
Mainstay US Equity Opportunities I (MYCIX)	15.61	14.71	10.88	1.02	94.94	1.0558	3.3221	2.7395	84
Parnassus Core Equity Institutional (PRILX)	14.49	13.05	9.70	1.66	92.29	1.1050	4.1844	3.0178	84
Vanguard 500 Index Admiral (VFIAX)	14.81	14.63	10.78	-0.01	100.00	1.0066	0.0284	0.1923	84
Vanguard Total Stock Market Idx I (VITSX)	15.13	15.03	11.03	-0.02	99.33	1.0014	1.2824	0.1327	84
S&P 500	14.81	14.63	10.78	0.00	100.00	1.0073	0.0000	0.1918	84

Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.

Manager Risk/Return

Single Computation

July 2007 - December 2015

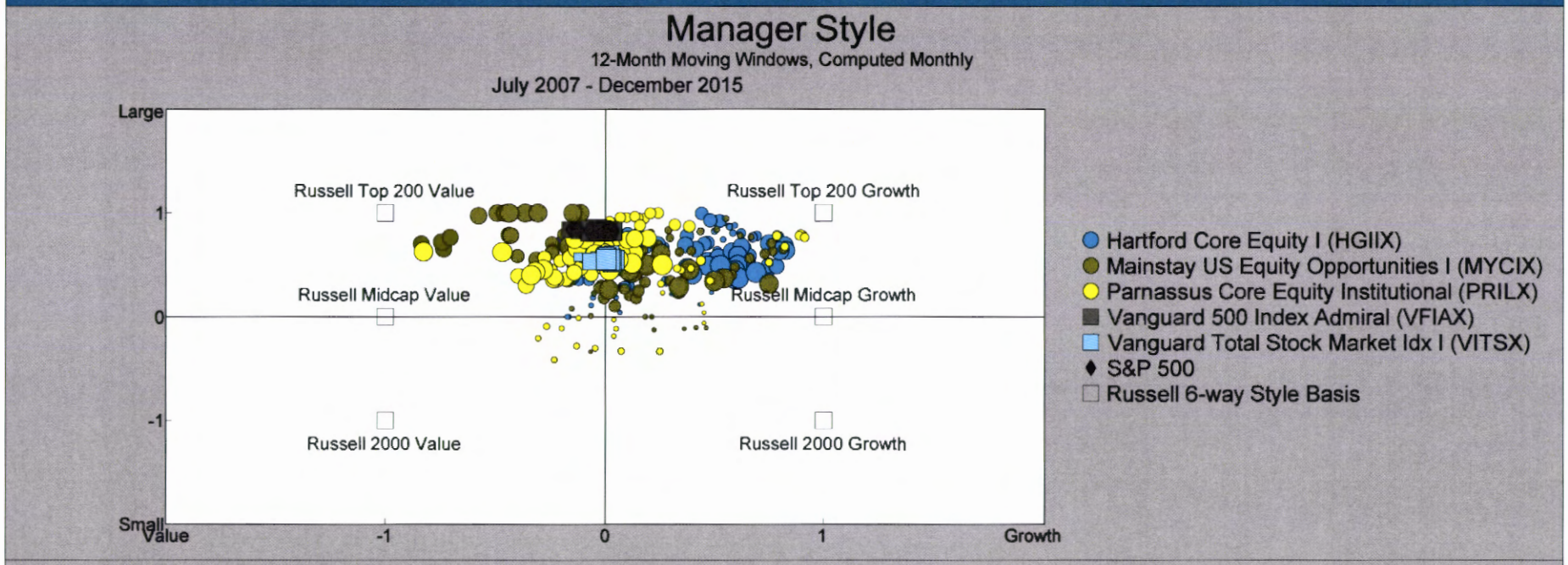


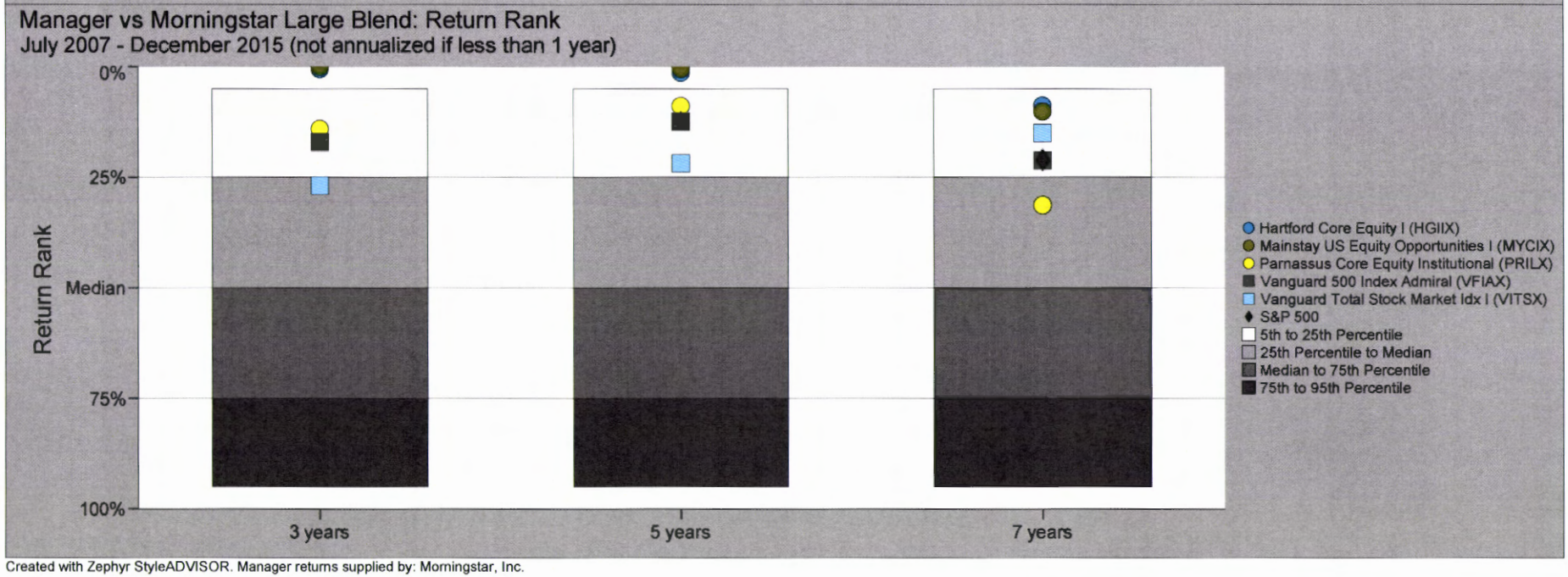
Risk-Return Table

July 2007 - December 2015: Annualized Summary Statistics

	Return (%)	Std Dev (%)	Downside Risk (%)	Alpha vs. Market (%)	R-Squared vs. Market (%)	Sharpe Ratio	Tracking Error vs. Market (%)	Tracking Error vs. Style (%)	Observs.
Hartford Core Equity I (HGIIX)	6.68	15.66	12.19	0.98	95.81	0.3929	3.2960	2.4181	102
Mainstay US Equity Opportunities I (MYCIX)	5.66	16.38	12.53	-0.14	94.38	0.3133	3.8875	3.0133	102
Parnassus Core Equity Institutional (PRILX)	8.85	14.20	10.96	3.56	92.39	0.5858	4.6223	2.9285	102
Vanguard 500 Index Admiral (VFIAX)	5.95	16.10	12.28	0.00	100.00	0.3367	0.0293	0.2325	102
Vanguard Total Stock Market Idx I (VITSX)	6.15	16.60	12.68	0.07	99.45	0.3382	1.3115	0.1140	102
S&P 500	5.95	16.10	12.29	0.00	100.00	0.3366	0.0000	0.2308	102

Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.





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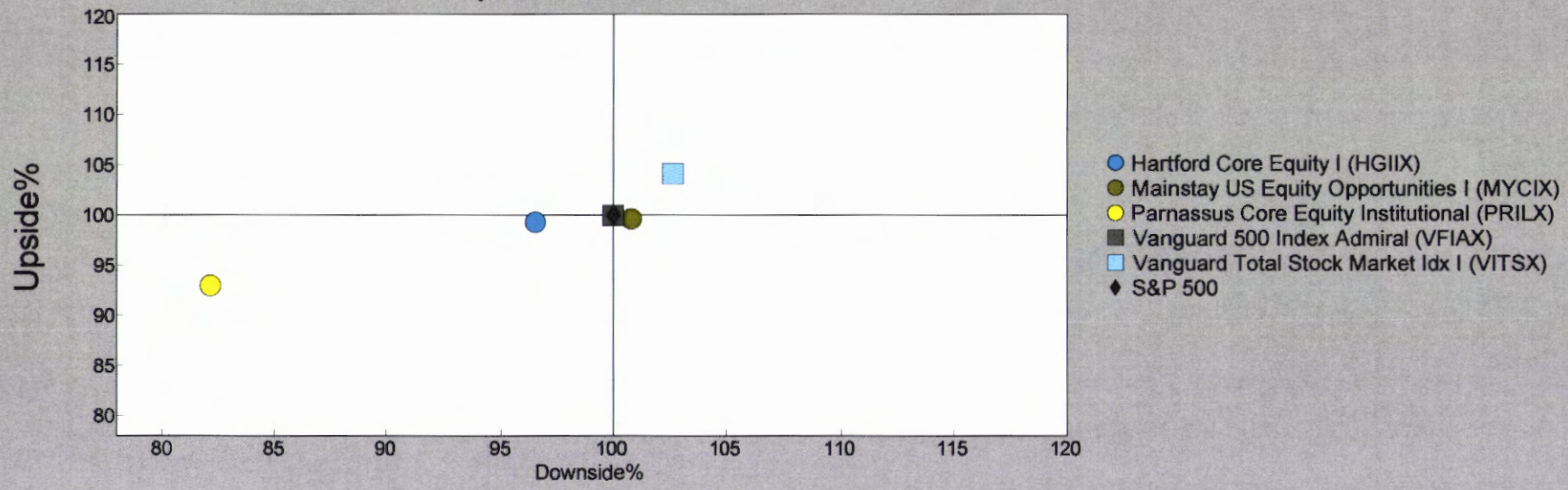
Upside Downside

July 2007 - December 2015



Single Computation

Up/Down Table

July 2007 - December 2015. Single Computation

	# of Months		Average Return (%)		Average Return (%) vs. Market		Month (%)		1-Year (%)		Market Benchmark (%)		
	Up	Down	Up	Down	Up Market	Down Market	Best	Worst	Best	Worst	Up Capture	Down Capture	R-Squared
Hartford Core Equity I (HGIIX)	63	39	3.43	-3.85	3.40	-3.81	9.75	-19.04	45.47	-41.28	99.3	96.5	95.81
Mainstay US Equity Opportunities I (MYCIX)	61	41	3.56	-3.87	3.42	-4.02	11.55	-18.76	43.89	-42.85	99.6	100.8	94.38
Parnassus Core Equity Institutional (PRILX)	66	36	3.19	-3.61	3.22	-3.12	10.75	-15.35	50.32	-29.90	93.0	82.2	92.39
Vanguard 500 Index Admiral (VFIAX)	63	39	3.42	-3.98	3.42	-3.98	10.93	-16.78	53.77	-43.28	100.0	100.0	100.00
Vanguard Total Stock Market Idx I (VITSX)	63	39	3.54	-4.12	3.54	-4.12	11.54	-17.62	56.39	-43.12	104.1	102.6	99.45
S&P 500	63	39	3.42	-3.98	3.42	-3.98	10.93	-16.79	53.62	-43.32	100.0	100.0	100.00

Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.

PARK RIDGE POLICE PENSION FUND - LARGE CAP FUND ANALYSIS

Manager vs Benchmark: Return

36-Month Moving Windows, Computed Monthly

	Dec 2010	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Dec 2015
Hartford Core Equity I (HGIIX)	-3.82%	13.00%	10.37%	16.75%	22.06%	18.46%
Mainstay US Equity Opportunities I (MYCIX)	-4.67%	11.75%	10.48%	18.59%	23.34%	19.66%
Parnassus Core Equity Institutional (PRILX)	2.82%	13.30%	9.26%	17.05%	21.18%	15.32%
Vanguard 500 Index Admiral (VFIAX)	-2.80%	14.14%	10.85%	16.14%	20.37%	15.09%
Vanguard Total Stock Market Idx I (VITSX)	-1.61%	15.15%	11.32%	16.25%	20.49%	14.70%
S&P 500	-2.86%	14.11%	10.87%	16.18%	20.41%	15.13%

Calendar Year Return

As of December 2015

	2015	2014	2013	2012	2011	2010	2009	2008
Hartford Core Equity I (HGIIX)	6.77%	15.39%	34.93%	16.81%	0.97%	13.98%	25.38%	-37.74%
Mainstay US Equity Opportunities I (MYCIX)	5.41%	15.63%	40.57%	15.45%	2.76%	13.67%	19.48%	-36.21%
Parnassus Core Equity Institutional (PRILX)	-0.33%	14.70%	34.15%	15.64%	3.38%	9.10%	28.96%	-22.74%
Vanguard 500 Index Admiral (VFIAX)	1.36%	13.64%	32.33%	15.96%	2.08%	15.05%	26.62%	-36.97%
Vanguard Total Stock Market Idx I (VITSX)	0.42%	12.56%	33.49%	16.42%	1.09%	17.23%	28.83%	-36.94%
S&P 500	1.38%	13.69%	32.39%	16.00%	2.11%	15.06%	26.46%	-37.00%

Search Criteria (as of 12/31/15)

- Morningstar Catergory equals Large Blend
- Morningstar Rating greater than or equal to 4 stars
- Total assets $MM greater than or equal to $500 MM
- Five years of verifiable performance
- Manager Tenure greater than or equal to 5 years
- Total Annualized 5 year returns greater than or equal to S&P 500
- Open to new investors
- 5 Year Sharpe ratio greater than or equal to S&P 500
- 5 Year R-Squared 80% or greater than S&P 500

Manager Fees %:

Hartford:	0.45
Mainstay:	1.00
Parnassus:	0.60
Vanguard 500:	0.04
Vanguard TSM:	0.02

Created with Zephyr StyleADVISOR. Manager returns supplied by: Morningstar, Inc.

Hartford Core Equity I (USD)

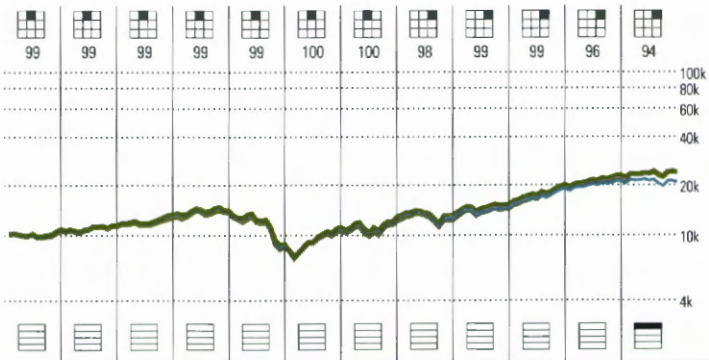
Overall Morningstar Rtg™	Standard Index	Category Index	Morningstar Cat
☆☆☆☆☆ 1,407 US OE Large Blend	S&P 500 TR USD	Russell 1000 TR USD	US OE Large Blend

Performance 12-31-2015

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2013	10.33	3.39	7.03	10.51	34.93
2014	1.97	4.56	1.00	7.16	15.39
2015	3.37	1.07	-3.95	6.39	6.77

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	—	—	—	—	3.28
Std 12-31-2015	—	—	—	—	3.28
Total Return	6.77	18.46	14.41	7.72	3.28
+/- Std Index	5.38	3.33	1.84	0.42	—
+/- Cat Index	5.85	3.45	1.97	0.32	—
% Rank Cat	1	1	2	11	
No. in Cat	1606	1407	1238	889	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield	—	—



Investment Style
Equity
Stock %

Growth of $10,000
- Hartford Core Equity I 24,043
- Category Average 20,766
- Standard Index 23,547

Performance Quartile (within category)

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	12-15	History
—	—	—	—	—	—	—	—	—	—	—	23.56	NAV/Price
7.73	6.07	11.82	7.86	-37.74	25.38	13.98	0.97	16.81	34.93	15.39	6.77	Total Return %
-3.15	1.16	-3.98	2.37	-0.74	-1.08	-1.08	-1.14	0.80	2.54	1.70	5.38	+/- Standard Index
-3.67	-0.20	-3.64	2.09	-0.14	-3.05	-2.11	-0.53	0.38	1.82	2.15	5.85	+/- Category Index
—	—	—	—	—	—	—	—	—	—	—	1	% Rank Cat
—	—	—	—	—	—	—	—	—	—	—	1606	No. of Funds in Cat

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 888-843-7824 or visit www.hartfordfunds.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

Management Fees %	0.45
12b1 Expense %	NA
Gross Expense Ratio %	**0.76**

Risk and Return Profile

	3 Yr 1407 funds	5 Yr 1238 funds	10 Yr 889 funds
Morningstar Rating™	5☆	5☆	5☆
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	High	+Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	10.17	11.35	14.70
Mean	18.46	14.41	7.72
Sharpe Ratio	1.72	1.24	0.50

MPT Statistics	Standard Index	Best Fit Index
Alpha	3.87	—
Beta	0.93	—
R-Squared	94.34	—
Potential Cap Gains Exp		17.85%

Portfolio Analysis 11-30-2015

Asset Allocation %	Net %	Long %	Short %
Cash	6.19	6.19	0.00
US Stocks	85.76	85.76	0.00
Non-US Stocks	8.06	8.06	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

Equity Style

Value	Blend	Growth	
		■	Large
			Med
			Small

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	20.5	1.08	1.11
P/C Ratio TTM	14.3	1.25	1.29
P/B Ratio TTM	3.0	1.12	1.24
Geo Avg Mkt Cap $mil	52766	0.72	0.54

Fixed-Income Style

Ltd	Mod	Ext	
			High
			Avg
			Low

Avg Eff Maturity	—
Avg Eff Duration	—
Avg Wtd Coupon	—
Avg Wtd Price	—

Credit Quality Breakdown —	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stock %	Rel Std Index
Americas	95.9	0.97
Greater Europe	3.1	6.73
Greater Asia	1.0	3.63

Share Chg since 10-2015	Share Amount	Holdings: 68 Total Stocks , 0 Total Fixed-Income, 33% Turnover Ratio	% Net Assets
⊕	13,950	S+p500 Emini Fut Dec15 Xcme 201512	4.37
⊕	307,704	Microsoft Corp	2.52
⊕	126,412	Apple Inc	2.25
⊕	223,885	JPMorgan Chase & Co	2.25
⊕	156,713	CVS Health Corp	2.22
⊕	18,727	Alphabet Inc Class A	2.15
⊕	86,836	Costco Wholesale Corp	2.11
⊕	303,020	Mondelez International Inc Class A	1.99
⊕	110,318	ACE Ltd	1.91
⊕	39,917	Allergan PLC	1.89
⊕	178,928	Bristol-Myers Squibb Company	1.81
⊕	205,373	Altria Group Inc	1.78
⊕	123,410	PNC Financial Services Group Inc	1.78
⊕	60,122	McKesson Corp	1.72
⊕	147,135	Lowe's Companies Inc	1.70

S&P Sector Weightings	Stocks %	Rel Std Index
Energy	2.6	0.39
Utilities	4.3	1.45
Materials	3.6	1.32
Industrials	9.1	0.91
Cons Disc	13.5	1.04
Cons Stpls	15.3	1.52
Health Care	14.8	0.98
Financials	14.7	0.89
Info Tech	22.1	1.07
Telecom	0.0	0.00

Operations

Family:	Hartford Mutual Funds	Ticker:	HGIIX	Incept:	03-31-2015
Manager:	Mammen Chally	Minimum Initial Purchase:	$2,000	Type:	MF
Tenure:	17.8 Years	Min Auto Investment Plan:	$250	Total Assets:	$1,000.43 mil
Objective:	Growth	Minimum IRA Purchase:	$2,000		
Base Currency:	USD	Purchase Constraints:	A		

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MORNINGSTAR®

Mainstay US Equity Opportunities I (USD)

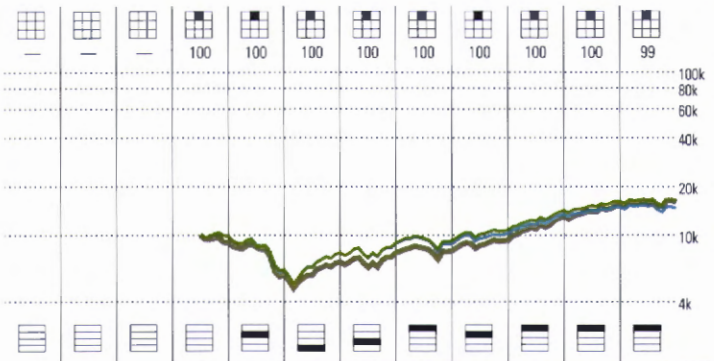
Overall Morningstar Rtg™	Standard Index	Category Index	Morningstar Cat
★★★★★ 1,407 US OE Large Blend	S&P 500 TR USD	Russell 1000 TR USD	US OE Large Blend

Performance 12-31-2015

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2013	14.16	2.35	5.79	13.73	40.57
2014	2.00	4.73	2.21	5.90	15.63
2015	3.11	0.93	-4.83	6.43	5.41

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	5.41	19.66	15.24	—	5.66
Std 12-31-2015	5.41	—	15.24	—	5.66
Total Return	5.41	19.66	15.24	—	5.66
+/- Std Index	4.03	4.53	2.67	—	—
+/- Cat Index	4.50	4.65	2.80	—	—
% Rank Cat	2	1	1	—	
No. in Cat	1606	1407	1238	—	

	Subsidized	Unsubsidized
7-day Yield	—	—
30-day SEC Yield	—	—



Investment Style
Equity
Stock %

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	12-15
—	—	—	100	100	100	100	100	100	100	100	99

Growth of $10,000
- Mainstay US Equity Opportunities I 15,973
- Category Average 14,565
- Standard Index 16,344

Performance Quartile (within category)

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	12-15	History
—	—	—	9.05	5.76	6.85	7.76	7.30	7.84	8.49	8.35	8.62	NAV/Price
—	—	—	—	-36.21	19.48	13.67	2.76	15.45	40.57	15.63	5.41	Total Return %
—	—	—	—	0.79	-6.98	-1.39	0.65	-0.55	8.18	1.94	4.03	+/- Standard Index
—	—	—	—	1.39	-8.95	-2.43	1.26	-0.97	7.45	2.39	4.50	+/- Category Index
—	—	—	—	28	91	54	14	47	3	5	2	% Rank Cat
—	—	—	—	2086	2027	2010	1786	1686	1559	1568	1606	No. of Funds in Cat

Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-624-6782 or visit www.mainstayinvestments.com.

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

Management Fees %	1.00
12b1 Expense %	NA
Gross Expense Ratio %	**2.27**

Risk and Return Profile

	3 Yr 1407 funds	5 Yr 1238 funds	10 Yr 889 funds
Morningstar Rating™	5★	5★	—
Morningstar Risk	High	+Avg	—
Morningstar Return	High	High	—

	3 Yr	5 Yr	10 Yr
Standard Deviation	11.71	12.50	—
Mean	19.66	15.24	—
Sharpe Ratio	1.60	1.20	—

MPT Statistics	Standard Index	Best Fit Index S&P 500 TR USD
Alpha	3.22	3.22
Beta	1.06	1.06
R-Squared	91.68	91.68
Potential Cap Gains Exp		13.78%

Portfolio Analysis 11-30-2015

Asset Allocation %	Net %	Long %	Short %
Cash	1.06	1.06	0.00
US Stocks	100.10	130.56	30.46
Non-US Stocks	-1.21	0.17	1.38
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.05	0.05	0.00
Total	100.00	131.83	31.83

Equity Style

Value	Blend	Growth
	■	

Large / Mid / Small

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	17.0	0.89	0.92
P/C Ratio TTM	8.8	0.77	0.79
P/B Ratio TTM	2.2	0.82	0.91
Geo Avg Mkt Cap $mil	19537	0.26	0.20

Fixed-Income Style

Ltd	Mod	Ext

High / Mod / Low

Avg Eff Maturity	—
Avg Eff Duration	—
Avg Wtd Coupon	—
Avg Wtd Price	—

Credit Quality Breakdown —	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stock %	Rel Std Index
Americas	99.9	1.01
Greater Europe	0.1	0.26
Greater Asia	0.0	0.02

Share Chg since 10-2015	Share Amount	Holdings: 995 Total Stocks , 0 Total Fixed-Income, 152% Turnover Ratio	% Net Assets
⊖	124,252	SPDR® S&P 500 ETF	2.85
⊕	216,170	Apple Inc	2.81
⊕	329,808	Microsoft Corp	1.97
⊕	214,619	JPMorgan Chase & Co	1.57
⊕	170,445	Exxon Mobil Corporation	1.53
⊕	18,723	Amazon.com Inc	1.37
⊕	16,223	Alphabet Inc Class C Capital Stock	1.32
⊕	111,500	Gilead Sciences Inc	1.30
	15,337	Alphabet Inc Class A	1.29
⊕	665,083	Bank of America Corporation	1.27
⊕	123,259	Chevron Corp	1.24
	106,192	Johnson & Johnson	1.18
⊕	175,060	Comcast Corp Class A	1.17
⊕	65,427	Amgen Inc	1.16
	309,669	AT&T Inc	1.15

S&P Sector Weightings	Stocks %	Rel Std Index
Energy	5.7	0.88
Utilities	1.2	0.41
Materials	3.5	1.27
Industrials	11.8	1.17
Cons Disc	15.2	1.18
Cons Stpls	6.0	0.59
Health Care	17.0	1.12
Financials	16.7	1.02
Info Tech	20.0	0.97
Telecom	2.9	1.17

Operations

Family:	MainStay	Base Currency:	USD	Purchase Constraints:	—
Manager:	Multiple	Ticker:	MYCIX	Incept:	06-29-2007
Tenure:	8.6 Years	Minimum Initial Purchase:	$5 mil	Type:	MF
Objective:	Growth	Minimum IRA Purchase:	$5 mil	Total Assets:	$892.17 mil

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MORNINGSTAR®

Parnassus Core Equity Institutional

Ticker	Yield	Total Assets	Mstar Category
PRILX	2.2%	$11,920 mil	Large Blend

Benchmark 1: Russell 1000 TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 11-19-15

Silver

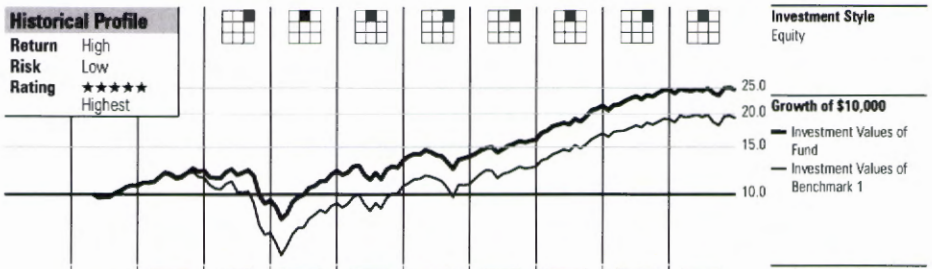
Morningstar Pillars

Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive

Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum
Gold Silver Bronze Neutral Negative

Pillar Spectrum
Positive Negative Neutral



Performance Quartile (within Category)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	12-15	History
—	24.86	25.35	19.34	24.51	26.36	26.41	29.26	36.73	40.75	37.03	NAV
—	—	14.37	-22.74	28.96	9.10	3.38	15.64	34.15	14.70	-0.33	Total Return %
—	—	8.59	14.85	0.52	-7.00	1.88	-0.78	1.04	1.46	-1.25	+/- Bmark 1
—	—	8.87	14.25	2.49	-5.97	1.26	-0.36	1.76	1.01	-1.72	+/- Bmark 2
—	—	5.25	1.12	1.90	1.43	1.44	3.08	1.91	1.85	2.29	Income Return %
—	—	9.12	-23.87	27.06	7.66	1.94	12.56	32.25	12.85	-2.62	Capital Return %
—	—	6	2	38	92	12	43	26	10	47	Total Rtn % Rank Cat
—	1.31	1.22	0.28	0.36	0.35	0.38	0.80	0.54	0.67	0.89	Income $
—	1.34	1.82	0.00	0.00	0.00	0.45	0.44	1.87	0.67	2.75	Capital Gains $
—	0.85	0.82	0.79	0.77	0.75	0.70	0.68	0.69	0.67	0.67	Expense Ratio %
—	1.10	0.95	1.44	1.81	1.54	1.43	1.59	1.44	1.17	2.02	Income Ratio %
—	117	91	70	60	54	63	24	17	14	—	Turnover Rate %
—	46	45	137	192	407	627	1,006	1,804	3,027	3,554	Net Assets $mil

Performance 12-31-15

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	5.27	-0.65	-10.98	11.04	3.38
2012	7.67	-0.91	7.06	1.24	15.64
2013	12.72	1.41	6.81	9.88	34.15
2014	0.85	7.48	-0.49	6.34	14.70
2015	-0.73	-0.36	-3.90	4.84	-0.33

Trailing	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of $10,000
3 Mo	4.84	-1.66	-2.20	75	10,484
6 Mo	0.75	1.53	0.60	9	10,075
1 Yr	-0.33	-1.25	-1.72	47	9,967
3 Yr Avg	15.32	0.31	0.19	14	15,335
5 Yr Avg	12.89	0.45	0.32	9	18,333
10 Yr Avg	—	—	—	—	—
15 Yr Avg	—	—	—	—	—

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	13.58	22	1.51	50
5 Yr (estimated)	11.61	10	1.13	52
10 Yr (estimated)	—	—	—	—

Potential Capital Gain Exposure: 14% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-0.33			
3 Yr	15.32	+Avg	-Avg	★★★★★
5 Yr	12.89	High	Low	★★★★★
10 Yr	—	—	—	—
Incept	9.70			

Other Measures	Standard Index	Best Fit Index
Alpha	1.3	1.4
Beta	0.92	0.92
R-Squared	91	92
Standard Deviation	10.22	
Mean	15.32	
Sharpe Ratio	1.45	

Portfolio Analysis 12-31-15

Total Stocks: 40

Share change since 11-30-15	Sector	YTD Ret %	% Assets
Danaher Corp	Industrl	9.00	4.76
Motorola Solutions Inc	Technology	4.17	4.29
Mondelez International In	Cnsmr Def	25.20	4.03
Procter & Gamble Co	Cnsmr Def	-9.93	3.63
Intel Corp	Technology	-2.42	3.61
United Parcel Service Inc	Industrl	-10.81	3.08
Alphabet Inc Class C Capi	Technology	—	3.06
Xylem Inc	Industrl	-2.64	3.05
VF Corp	Cnsmr Cyc	-15.11	3.00
Gilead Sciences Inc	Hlth Care	8.72	2.97
⊕ Praxair Inc	Basic Mat	-18.76	2.97
CVS Health Corp	Hlth Care	2.97	2.91
⊕ Apple Inc	Technology	-2.80	2.86
Charles Schwab Corp	Finan Svcs	9.87	2.76
PepsiCo Inc	Cnsmr Def	8.59	2.74
Sysco Corp	Cnsmr Def	5.57	2.71
⊕ Pentair PLC	Industrl	-23.50	2.70
Applied Materials Inc	Technology	-23.48	2.54
Verisk Analytics Inc	Industrl	20.03	2.50
⊕ National Oilwell Varco In	Energy	-46.09	2.49

Morningstar's Take by David Kathman, CFA 11-19-15

With more than $10 billion in assets under management, Parnassus Core Equity is the largest U.S. mutual fund in the socially conscious or ESG --environmental, social, governance--investing space, and one of the most attractive overall. Managers Todd Ahlsten and Ben Allen avoid stocks that get more than 10% of their revenue from alcohol, tobacco, gambling, weapons, or nuclear power, or which have financial ties to Sudan. They also prefer firms that score well on various governance, workplace, and environmental criteria, and which have good relations with their community and customers. Unlike some peers, this fund doesn't avoid all fossil-fuel stocks, but the managers will only own those they consider especially strong on ESG criteria, such as National Oilwell Varco NOV.

From the firms that meet the criteria, Ahlsten and Allen look for those with strong competitive advantages, increasingly relevant products or services, quality management, and temporarily depressed valuations. They maintain a fairly concentrated portfolio of about 40 stocks, so that a few holdings can have a significant effect on returns, but various factors help mitigate the risks. For example, the managers make an effort to keep the fund diversified by sectors, so that stock selection is the main driver of returns, and they argue that their ESG criteria help them avoid firms prone to corporate scandals and other risks.

This approach has led to topnotch long-term returns that rank in the large-blend Morningstar Category's top 2% over the past 10 and 15 years (as of November 2015), with much less volatility than the average peer. The fund goes through occasional rough patches in the short term, but it always bounces back. The first half of 2015 was one such stretch, as the fund was hurt by its energy exposure, direct (via National Oilwell Varco) and indirect (via industrial and materials stocks such as Pentair PNR and MDU Resources MDU). But Ahlsten and Allen stuck to their guns, and the fund held up very well in the third-quarter sell-off. Such resilience, alongside the managers' discipline and experience, earns the fund a Morningstar Analyst Rating of Silver.

Current Investment Style

Value Blend Growth	Market Cap	%
Large	Giant	33.4
Mid	Large	36.1
Small	Mid	22.8
	Small	7.7
	Micro	0.0
	Avg $mil: 33,328	

Value Measures		Rel Category
Price/Earnings	18.61	1.07
Price/Book	2.77	1.18
Price/Sales	1.78	1.15
Price/Cash Flow	9.70	0.99
Dividend Yield %	2.25	0.99

Growth Measures	%	Rel Category
Long-Term Erngs	9.17	0.89
Book Value	5.75	0.95
Sales	6.04	1.47
Cash Flow	15.75	2.52
Historical Erngs	10.12	1.66

Profitability	%
Return on Equity	22.95
Return on Assets	8.74
Net Margin	14.62

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	22.50	0.68
BasicMat	7.37	2.58
CnsmrCyc	7.62	0.63
FinanSvcs	7.51	0.50
Real Est	0.00	0.00
Sensitive	44.65	1.13
CommSrvs	1.77	0.44
Energy	2.54	0.41
Industrl	22.12	1.94
Technlgy	18.22	1.02
Defensive	32.85	1.21
CnsmrDef	15.22	1.66
Hlthcare	14.15	0.94
Utilities	3.48	1.16

Composition - Net

Cash	2.1
Stocks	97.9
Bonds	0.0
Other	0.0
Foreign (% of Stock)	5.7

Address:	Parnassus Income Funds San Francisco, CA 94105 800-999-3505	Minimum Purchase:	$100000	Add: $50	IRA: —
Web Address:	www.parnassus.com	Min Auto Inv Plan:	$100000	Add: $50	
Inception:	04-28-06	Sales Fees:	No-load		
Advisor:	Parnassus Investments	Management Fee:	0.75% mx./0.55% mn.		
Subadvisor:	None	Actual Fees:	Mgt:0.60%	Dist:—	
		Expense Projections:	3Yr:$214	5Yr:$373	10Yr:$835
		Income Distribution:	Quarterly		

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Vanguard 500 Index Admiral

Ticker	Yield	Total Assets	Mstar Category
VFIAX	2.1%	$178,832 mil	Large Blend

Benchmark 1: Russell 1000 TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 04-06-15

Gold

Morningstar Pillars

Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive

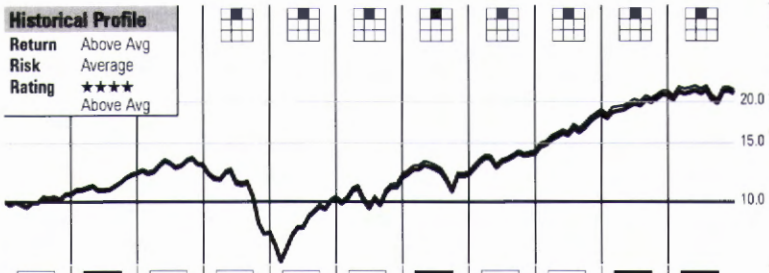
Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum
Gold | Silver | Bronze | Neutral | Negative

Pillar Spectrum
Positive | Negative | Neutral

Historical Profile

Return	Above Avg
Risk	Average
Rating	★★★★ Above Avg



Investment Style
Equity

Performance Quartile (within Category)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	12-15	History
114.92	130.59	135.15	83.09	102.67	115.83	115.80	131.37	170.36	189.89	188.48	NAV
4.87	15.75	5.47	-36.97	26.62	15.05	2.08	15.96	32.33	13.64	1.36	Total Return %
-1.40	0.29	-0.30	0.63	-1.81	-1.05	0.58	-0.46	-0.78	0.40	0.45	+/- Bmark 1
-0.04	-0.05	-0.02	0.03	0.16	-0.01	-0.03	-0.04	-0.06	-0.05	-0.02	+/- Bmark 2
1.88	1.97	2.00	1.94	2.68	2.05	2.08	2.49	2.40	2.08	2.10	Income Return %
2.99	13.77	3.47	-38.90	23.94	13.00	0.01	13.48	29.93	11.56	-0.74	Capital Return %
57	21	49	37	52	29	17	35	42	18	20	Total Rtn % Rank Cat
2.08	2.25	2.60	2.59	2.20	2.08	2.39	2.86	3.13	3.52	3.96	Income $
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains $
0.09	0.09	0.07	0.08	0.07	0.06	0.05	0.05	0.05	0.05	0.04	Expense Ratio %
1.84	1.83	1.89	2.24	2.53	2.05	2.04	2.25	2.07	2.00	2.12	Income Ratio %
7	5	5	6	12	5	4	3	3	3	—	Turnover Rate %
38,028	46,467	37,113	23,009	28,380	51,438	51,925	59,749	82,357	143,043	152,740	Net Assets $mil

Performance 12-31-15

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	5.90	0.10	-13.88	11.82	2.08
2012	12.57	-2.75	6.34	-0.39	15.96
2013	10.60	2.90	5.23	10.50	32.33
2014	1.79	5.22	1.12	4.92	13.64
2015	0.94	0.28	-6.45	7.04	1.36

Trailing	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of $10,000
3 Mo	7.04	0.54	-0.01	14	10,704
6 Mo	0.13	0.91	-0.02	15	10,013
1 Yr	1.36	0.44	-0.02	20	10,136
3 Yr Avg	15.09	0.08	-0.04	17	15,244
5 Yr Avg	12.53	0.09	-0.04	13	18,046
10 Yr Avg	7.30	-0.10	-0.01	20	20,228
15 Yr Avg	4.98	-0.27	2.30	33	20,731

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	14.20	11	0.77	25
5 Yr (estimated)	11.87	7	0.59	23
10 Yr (estimated)	6.81	8	0.45	14

Potential Capital Gain Exposure: 39% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	1.36			
3 Yr	15.09	+Avg	Avg	★★★★
5 Yr	12.53	+Avg	Avg	★★★★
10 Yr	7.30	+Avg	Avg	★★★★
Incept	4.79			

Other Measures	Standard Index	Best Fit Index
Alpha	0.0	0.0
Beta	1.00	1.00
R-Squared	100	100
Standard Deviation	10.62	
Mean	15.09	
Sharpe Ratio	1.38	

Portfolio Analysis 11-30-15

Total Stocks: 504

Share change since 10-31-15	Sector	YTD Ret %	% Assets
⊕ Apple Inc	Technology	-2.80	3.67
⊕ Microsoft Corp	Technology	22.22	2.36
⊕ Exxon Mobil Corporation	Energy	-12.57	1.85
⊖ General Electric Co	Industrl	26.91	1.53
⊕ Johnson & Johnson	Hlth Care	1.05	1.52
⊕ Wells Fargo & Co	Finan Svcs	1.85	1.40
⊕ Amazon.com Inc	Cnsmr Cyc	117.78	1.39
⊕ JPMorgan Chase & Co	Finan Svcs	8.20	1.34
⊕ Facebook Inc Class A	Technology	34.15	1.28
⊕ Berkshire Hathaway Inc Cl	Finan Svcs	-12.06	1.27
⊕ Alphabet Inc Class A	Technology	46.60	1.20
⊕ Alphabet Inc Class C Capi	Technology	—	1.19
⊕ AT&T Inc	Comm Svcs	8.04	1.13
⊕ Pfizer Inc	Hlth Care	7.22	1.10
⊕ Procter & Gamble Co	Cnsmr Def	-9.93	1.10
⊕ Verizon Communications In	Comm Svcs	3.54	1.00
⊕ Bank of America Corporati	Finan Svcs	-4.81	0.99
⊕ Walt Disney Co	Cnsmr Cyc	13.02	0.96
⊕ Chevron Corp	Energy	-15.99	0.93
⊕ Home Depot Inc	Cnsmr Cyc	28.24	0.93

Current Investment Style

Value	Blend	Growth	
	■		Large
			Mid
			Small

Market Cap	%
Giant	50.7
Large	36.4
Mid	12.7
Small	0.2
Micro	0.0
Avg $mil: 74,539	

Value Measures		Rel Category
Price/Earnings	18.54	1.07
Price/Book	2.51	1.06
Price/Sales	1.72	1.12
Price/Cash Flow	10.36	1.06
Dividend Yield %	2.23	0.98

Growth Measures	%	Rel Category
Long-Term Ernngs	9.80	0.95
Book Value	6.36	1.05
Sales	3.96	0.96
Cash Flow	6.00	0.96
Historical Ernngs	5.71	0.94

Profitability	%
Return on Equity	20.47
Return on Assets	7.36
Net Margin	13.34

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	31.64	0.95
BasicMat	2.73	0.95
CnsmrCyc	11.43	0.94
FinanSvcs	15.39	1.03
Real Est	2.09	0.63
Sensitive	40.91	1.03
CommSrvs	4.14	1.04
Energy	7.06	1.14
Industrl	10.90	0.96
Technlgy	18.81	1.05
Defensive	27.45	1.01
CnsmrDef	9.51	1.04
Hlthcare	15.08	1.01
Utilities	2.86	0.96

Composition - Net

Cash	0.3
Stocks	99.7
Bonds	0.0
Other	0.0
Foreign (% of Stock)	0.7

Morningstar's Take by Michael Rawson 04-06-15

Vanguard's at-cost pricing structure and operational expertise give Vanguard 500 Index an edge over other S&P 500 funds. It is an excellent core holding for exposure to large-cap U.S. equities. During the trailing 10 years through March 2015, it lagged the S&P 500 by just 1 basis point. It has experienced minimal tracking error and has excellent tax efficiency. In terms of index fund management, no one has done it better--hence the Morningstar Analyst Rating of Gold.

The S&P 500 has proved to be a difficult benchmark for active managers to beat. In simply tracking this benchmark, the fund has outpaced more than two thirds of its surviving peers in the large-blend Morningstar Category. Its aftertax performance looks even better, owing to the index's low turnover.

As a market-cap-weighted index, the S&P 500 puts most of its emphasis on large-cap companies, though it also includes some mid-caps. Investors looking for comprehensive exposure to the U.S. stock market could pair this fund with a small-cap fund or a completion index fund. Vanguard Total Stock Market Index VTSAX may also be suitable. It charges 0.05% but covers a broader swath of the equities market.

Volatility has averaged about 14.8% in the last decade. While that level of volatility is the same as the index, that fact provides little comfort for risk-averse investors. The fund fell 37% in 2008 and lagged the category slightly in 2009. During the past 10 years, the fund's downside capture was slightly worse than the category average. Investors should not expect better downside protection from index funds, which strive to remain fully invested. However, the fund has provided better risk-adjusted returns than the category average.

Like many of Vanguard's index funds, this fund has an exchange-traded fund share class. This structure may help improve tax efficiency because the management team can transfer low-cost-basis shares out of the portfolio in a tax-free transaction with the ETF's market makers. The fund has not issued a capital gains distribution in more than 10 years.

Address:	Vanguard Index Funds Valley Forge, PA 19482 800-662-7447	Minimum Purchase:	$10000	Add: $1	IRA: —
		Min Auto Inv Plan:	—	Add: —	
		Sales Fees:	No-load		
Web Address:	www.vanguard.com	Management Fee:	0.04%		
Inception:	11-13-00	Actual Fees:	Mgt:0.04%	Dist:—	
Advisor:	Vanguard Group Inc	Expense Projections:	3Yr:$16	5Yr:$28	10Yr:$64
Subadvisor:	None	Income Distribution:	Quarterly		

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Vanguard Total Stock Market Idx I

Ticker	Yield	Total Assets	Mstar Category
VITSX	2.0%	$343,217 mil	Large Blend

Benchmark 1: Russell 1000 TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 11-13-15

Gold

Morningstar Pillars

Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive

Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum
Gold | Silver | Bronze | Neutral | Negative

Pillar Spectrum
Positive | Negative | Neutral

Performance 12-31-15

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2011	6.37	0.01	-15.23	12.10	1.09
2012	12.95	-3.18	6.24	0.21	16.42
2013	11.02	2.77	6.29	10.08	33.49
2014	2.03	4.86	-0.01	5.22	12.56
2015	1.81	0.09	-7.26	6.26	0.42

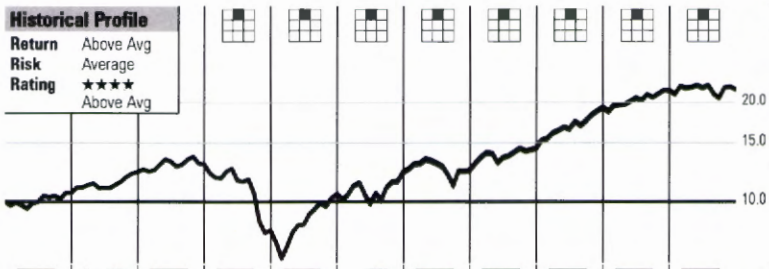
Trailing	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of $10,000
3 Mo	6.26	-0.24	-0.78	41	10,626
6 Mo	-1.46	-0.68	-1.61	45	9,854
1 Yr	0.42	-0.51	-0.97	37	10,042
3 Yr Avg	14.70	-0.31	-0.43	27	15,089
5 Yr Avg	12.17	-0.27	-0.40	21	17,758
10 Yr Avg	7.52	0.12	0.22	13	20,653
15 Yr Avg	5.68	0.43	2.52	18	22,901

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	13.85	17	0.74	23
5 Yr (estimated)	11.54	11	0.56	21
10 Yr (estimated)	7.06	6	0.43	12

Potential Capital Gain Exposure: 54% of assets

Historical Profile

Return	Above Avg
Risk	Average
Rating	★★★★ Above Avg



Investment Style
Equity

Growth of $10,000
— Investment Values of Fund
— Investment Values of Benchmark 1

Performance Quartile (within Category)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	12-15	History
30.00	34.10	35.36	21.81	27.46	31.57	31.30	35.66	46.69	51.60	50.80	NAV
6.12	15.69	5.56	-36.94	28.83	17.23	1.09	16.42	33.49	12.56	0.42	Total Return %
-0.15	0.23	-0.21	0.66	0.39	1.13	-0.41	0.00	0.38	-0.67	-0.50	+/- Bmark 1
1.21	-0.10	0.07	0.06	2.36	2.17	-1.02	0.42	1.10	-1.12	-0.97	+/- Bmark 2
1.79	1.89	1.88	1.76	2.50	2.07	1.92	2.45	2.31	1.97	1.97	Income Return %
4.33	13.80	3.68	-38.70	26.32	15.16	-0.83	13.96	31.19	10.59	-1.55	Capital Return %
44	23	48	36	39	12	31	27	31	36	37	Total Rtn % Rank Cat
0.51	0.56	0.64	0.62	0.54	0.57	0.60	0.76	0.82	0.91	1.01	Income $
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains $
0.06	0.06	0.05	0.05	0.06	0.05	0.04	0.04	0.04	0.04	0.04	Expense Ratio %
1.75	1.79	1.81	2.15	2.34	1.97	1.92	2.24	1.97	1.90	1.94	Income Ratio %
12	4	4	5	5	5	5	3	4	3	—	Turnover Rate %
9,676	12,262	13,396	10,782	16,047	23,785	29,467	39,367	65,738	96,674	57,438	Net Assets $mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	0.42			
3 Yr	14.70	+Avg	Avg	★★★★
5 Yr	12.17	+Avg	Avg	★★★★
10 Yr	7.52	+Avg	Avg	★★★★
Incept	6.85			

Other Measures	Standard Index	Best Fit Index
Alpha	-0.4	0.0
Beta	1.00	1.00
R-Squared	99	100
Standard Deviation	10.70	
Mean	14.70	
Sharpe Ratio	1.34	

Portfolio Analysis 11-30-15

Total Stocks: 3786

Share change since 10-31-15	Sector	YTD Ret %	% Assets
⊕ Apple Inc	Technology	-2.80	3.01
⊕ Microsoft Corp	Technology	22.22	1.75
⊕ Exxon Mobil Corporation	Energy	-12.57	1.52
⊖ General Electric Co	Industrl	26.91	1.26
⊕ Johnson & Johnson	Hlth Care	1.05	1.25
⊕ Wells Fargo & Co	Finan Svcs	1.85	1.14
⊕ Amazon.com Inc	Cnsmr Cyc	117.78	1.11
⊕ Berkshire Hathaway Inc Cl	Finan Svcs	-12.06	1.10
⊕ JPMorgan Chase & Co	Finan Svcs	8.20	1.10
⊕ Facebook Inc Class A	Technology	34.15	1.00
⊕ Alphabet Inc Class A	Technology	46.60	0.98
⊕ Alphabet Inc Class C Capi	Technology	—	0.97
⊕ AT&T Inc	Comm Svcs	8.04	0.92
⊕ Procter & Gamble Co	Cnsmr Def	-9.93	0.91
⊕ Pfizer Inc	Hlth Care	7.22	0.90
⊕ Verizon Communications In	Comm Svcs	3.54	0.83
⊕ Bank of America Corporati	Finan Svcs	-4.81	0.81
⊕ Chevron Corp	Energy	-15.99	0.77
⊕ Home Depot Inc	Cnsmr Cyc	28.24	0.77
⊕ Walt Disney Co	Cnsmr Cyc	13.02	0.77

Current Investment Style

Value	Blend	Growth
	■	

Large / Mid / Small

Market Cap	%
Giant	41.0
Large	30.4
Mid	19.3
Small	6.6
Micro	2.7
Avg $mil: 41,585	

Value Measures		Rel Category
Price/Earnings	18.84	1.09
Price/Book	2.40	1.02
Price/Sales	1.59	1.03
Price/Cash Flow	10.03	1.03
Dividend Yield %	2.14	0.94

Growth Measures	%	Rel Category
Long-Term Ernngs	10.06	0.98
Book Value	6.04	1.00
Sales	1.35	0.33
Cash Flow	5.67	0.91
Historical Ernngs	5.25	0.86

Profitability	%
Return on Equity	18.48
Return on Assets	6.46
Net Margin	12.24

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	34.12	1.02
BasicMat	3.07	1.07
CnsmrCyc	12.06	0.99
FinanSvcs	15.21	1.02
Real Est	3.78	1.13
Sensitive	39.91	1.01
CommSrvs	3.77	0.94
Energy	6.55	1.05
Industrl	11.49	1.01
Technlgy	18.10	1.01
Defensive	25.98	0.96
CnsmrDef	8.45	0.92
Hlthcare	14.59	0.97
Utilities	2.94	0.98

Composition - Net

Cash	0.2
Stocks	99.8
Bonds	0.0
Other	0.0
Foreign (% of Stock)	0.7

Morningstar's Take by Michael Rawson 11-13-15

Vanguard Total Stock Market Index earns a Morningstar Analyst Rating of Gold for its low cost, experienced management, and complete coverage of the U.S. equity market.

This fund is the quintessential passive U.S. stock fund. It holds almost every listed common equity traded on the New York Stock Exchange or Nasdaq in proportion to its market capitalization. That's more than 3,800 holdings and far more wide-ranging than any other fund in the large-blend Morningstar Category. While it dips further down the market cap spectrum to include micro-caps, mega-caps hold the largest sway because the fund is market-cap-weighted. This is a classic buy-and-hold, low-turnover approach that reduces trading costs and improves tax efficiency.

Low costs give the fund an edge. The 0.05% expense ratio provides a nearly 1-percentage-point cost advantage over the average fund. Those fees have stayed competitive as passive fund prices have fallen in recent years because Vanguard's mutual ownership structure compels it to pass economies of scale to fund owners.

Extensive passive investing expertise also is a plus. Gerard O'Reilly has managed the fund since 1994 and is backed by a team of experienced managers in Vanguard's equity index group. Vanguard is a pioneer in index fund management. It launched the first retail index fund in 1976 and currently manages more index fund assets than any other firm. Large scale helps reduce tracking error and lower costs.

The fund does carry risk. It fell 55% during the bear market from October 2007 through March 2009. As a passive index fund, the fund stays fully invested all the time, so it rarely misses a rally. Investors here, however, are exposed to the full brunt of a market downturn. Indeed, the fund historically has captured 100% or more of the broad market's downside and at times has fared worse than peers.

This fund has served investors well over time. It gained 8.1% and beat more than 80% of its peers in the 10 years ending October 2015. Its broad diversification and low cost should keep it in the hunt in the future, too.

Address:	Vanguard Index Funds Valley Forge, PA 19482 800-662-7447	Minimum Purchase:	$5000000	Add: $1 IRA: —
		Min Auto Inv Plan:	—	Add: —
		Sales Fees:	No-load	
Web Address:	www.vanguard.com	Management Fee:	0.02%	
Inception:	07-07-97	Actual Fees:	Mgt:0.02%	Dist:—
Advisor:	Vanguard Group Inc	Expense Projections:	3Yr:$13	5Yr:$23 10Yr:$51
Subadvisor:	None	Income Distribution:	Quarterly	

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Investment Manager Analysis

Prepared for Park Ridge Police Pension Fund

January 21, 2016

This document is to be used only in one-on-one presentations with a MORGAN STANLEY Financial Advisor. It must be accompanied by the applicable disclosure document (e.g. - prospectus) for each investment product that it references. Such disclosure document contains important Information about investment objectives and strategies and fees and expenses. This document has been prepared at your request and is intended for informational purposes only.

It is not sufficient basis on which to make an investment decision. This document is not complete unless it includes all of the pages indicated. Please refer to the "Important Disclosures" and "Performance Information" sections at the end of this document for further information, including information about the impact of fees on performance.

IMPORTANT NOTE: All performance and statistics in this analysis are calculated based on gross performance and do not reflect the deduction of investment management fees and expenses. See the "Important Disclosure" and "Performance Information" sections at the end of this document for further information. Past performance does not guarantee future results. Actual individual account results will differ.

Consulting Group

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Additional Disclosures for Blend Reports

The performance data designated as "Custom Manager Blend" below [and on the following pages] is provided at your specific request, and represents what the return of a portfolio would have been had you been invested in the investment products recommended in this Proposal, in the percentages recommended, over the time periods shown. While this data does not represent the actual performance of any specific portfolio, it has been derived from the actual performance of each investment product as set forth in publicly available disclosure documents prepared by the fund companies or the performance information provided by any investment sub-managers included in this Proposal. This performance is presented for illustrative purposes only. With respect to separately managed accounts, the performance information is based on other accounts of the investment sub-manager that operated with substantially similar investment objectives and policies during the time periods indicated. The data designed as "Custom Index Blend" is derived from the stated benchmark of each investment product included in the weightings set forth in our recommendation. Past performance does not guarantee or predict future results.

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The following analysis is directed only to the client for whom the evaluation was prepared and is based on published investment manager rate of return data, capital market indices, custom (benchmarks, indices and universes), as well as software developed by Zephyr Associates. Investment manager rate of return data includes: Informa Plan Sponsor Network, Morgan Stanley (MSSB) Fiduciary Services, Morgan Stanley Global Investment Solutions, Collective Trust Funds and Consulting Group Capital Market Funds Databases. Capital markets index data includes: Capital market indices (supplied by Zephyr), Canadian indices (supplied by Zephyr), Salomon Brothers Fixed Income indices, Morgan Stanley Capital International indices, and Dow Jones Global indices.

Zephyr StyleADVISOR uses principles of William Sharpe's theory of returns-based style analysis. Returns-based style analysis assists in identifying investment style without examining the individual security holdings of a portfolio. StyleADVISOR regresses the historical returns of the individual manager(s) against different style indices to identify the pattern of returns that the fund is most closely correlated to. MSSB does not recommend the use of returns-based style analysis without the supporting fundamental research of the fund (research attribution reports).

The underlying data is believed to be reliable but accuracy and completeness cannot be assured. While the historical rates of return described in this report are believed to accurately reflect the overall nature of the portfolio, the constituent securities have not been reviewed. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services provided by any money management organization. Past results are not necessarily indicative of future performance.

Gross Rates of Return

The investment results depicted herein represent historical Gross performance before the deduction of investment management fees and are based on settlement date accounting methods. Annual, cumulative and annualized total returns are calculated assuming reinvestment of dividends and income plus capital appreciation. The client is referred applicable Morgan Stanley ADV brochures, available at www.smithbarney.com/adv or from your Financial Advisor. Actual returns will be reduced by expenses that may include management fees and cost of transactions. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 2% fee, if the gross performance is 10%, the compounding effect of the fees will result in a net performance of approximately 7.81%. This Report is for one-on-one client presentations only.

International and Small Capitalization Securities

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing involving foreign, economic, political, and/or legal factors. International investing may not be for everyone. In addition, small capitalization securities may be more volatile than those of larger companies, but these companies may present greater growth potential.

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Performance Information

The investment results depicted herein represent historical Gross performance with no deduction for investment management fees or transaction costs. Such figures reflect the reinvestment of dividends. Actual returns will be reduced by such expenses. You should refer to Morgan Stanley 's ADV brochure for full disclosure of Morgan Stanley 's fees. As fees are deducted from an account on a quarterly basis, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 2% fee, if the gross performance is 10%, the compounding effect of the fees will result in a net performance of approximately 7.81%.

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Moreover, the illustrations set forth in the document benefit from the availability of actual historical returns. Manager or funds that have not performed as well as those illustrated may not have been considered for inclusion in the document. Such hindsight is obviously not available to an investment adviser such as Morgan Stanley when making "real time" investment recommendations.

SOURCE OF PERFORMANCE INFORMATION FOR FUNDS: For any fund shown in this report, the performance data is obtained from databases maintained by parties outside Morgan Stanley . This data has been included for your information, and has not been verified by Morgan Stanley in any way. See "Sources of Information" below.

NET PERFORMANCE

See the attached Morningstar profiles for each fund in the report for standardized fund performance (i.e. returns net of any maximum sales charges that apply if you purchase the fund outside of our investment advisory programs) and also returns net of the maximum annual investment advisory fees that apply if you purchase the fund in one of our investment advisory programs. You should carefully read the manager/fund profiles, which may contain more up-to-date performance information than in this report.

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Alpha: Alpha is a risk (beta adjusted) measurement. Officially, alpha measures the difference between a portfolio's actual returns and what it might be expected to deliver based on its level of risk. Higher risk generally means higher reward. A positive alpha means the fund has beaten expectations. A negative alpha means that the manager failed to match performance with risk. If two managers had the same return but one had a lower beta, that manager would have a higher alpha. StyleADVISOR uses the standard intercept calculation.

Beta: Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark. A portfolio with a beta of one is considered as risky as the benchmark and would therefore provide expected returns equal to those of the market during both up and down periods. A portfolio with a beta of two would move approximately twice as much as the benchmark.
Excess Return - The difference between the returns of two portfolios. Usually excess return is the difference between a manager's return and the return of a benchmark for that manager. In the context of a beta benchmark, excess return refers to the difference between a manager or market benchmark and Tbills.

Down Capture Ratio: the ratio of the manager's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark.

Excess Returns: represent the average quarterly total returns of the manager relative to its benchmark. A manager with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the manager's return.

Manager Style Graph: an attempt to depict how the manager's historical returns (not actual portfolio holdings) "track" a group of benchmarks. For example, Domestic Equity products will be presented versus Large and Small, Growth and Value benchmarks. If the R2 of the Style Benchmark is lower than 80%, then the attempt to measure the manager's style was problematic (this will often happen with non- diversified portfolios, or eclectic investment disciplines.)

Moving Window: multiple data calculations can be done within a single span of time. For example, in a 5 year period you can display five 1-year values with non-overlapping data, or you can display nine 3-year values by moving each 3-year "moving window" one quarter at a time. Each discrete time period, either overlapping or not, is referred to as a "moving window."

Return: A compounded and annualized rate of return.

R-Squared: (Correlation Squared) - A measure of how well two portfolios track each other. R-squared ranges between zero and 100%. An R-squared of 100% indicates perfect tracking, while an R-squared of zero indicates no tracking at all. R-squared is used in style analysis to determine how much information about a return series the style benchmark has been able to capture. The higher the R-squared, the better the benchmark.

Sharpe Ratio: The Sharpe Ratio, developed by Professor William F. Sharpe, is a measure of reward per unit of risk -- the higher the Sharpe Ratio, the better. It is a portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, t-bills).

Standard Deviation: quantifies the volatility associated with a given product. The statistic measures the quarterly variation in returns around the mean return.

Style Benchmark: the blended benchmark that best matches the manager's returns (lowest tracking error.)

Tracking Error: represents the Standard Deviation of the Excess Return and provides a historical measure of the variability of the manager's returns relative to its benchmark. **Up Capture Ratio:** measures the manager's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. **Universe:** a peer group of managed investment products with reasonably similar characteristics.

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Mary L. Tomanek CFP®, CIMA®
Institutional Consulting Director
Institutional Consultant

Historical Performance

Prepared For:

CITY OF PARK RIDGE POLICE PENSION FUND

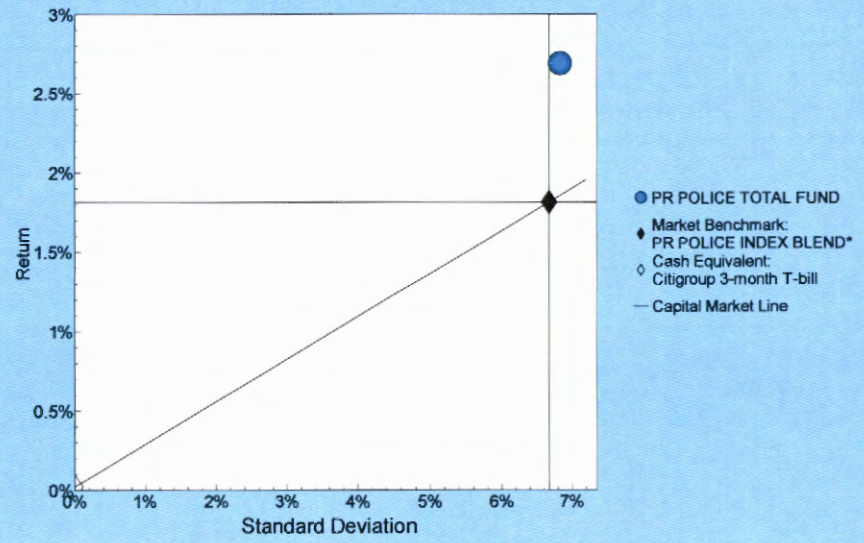
January 2016

PARK RIDGE POLICE PENSION FUND

1 - Year Manager Risk/Return

Single Computation

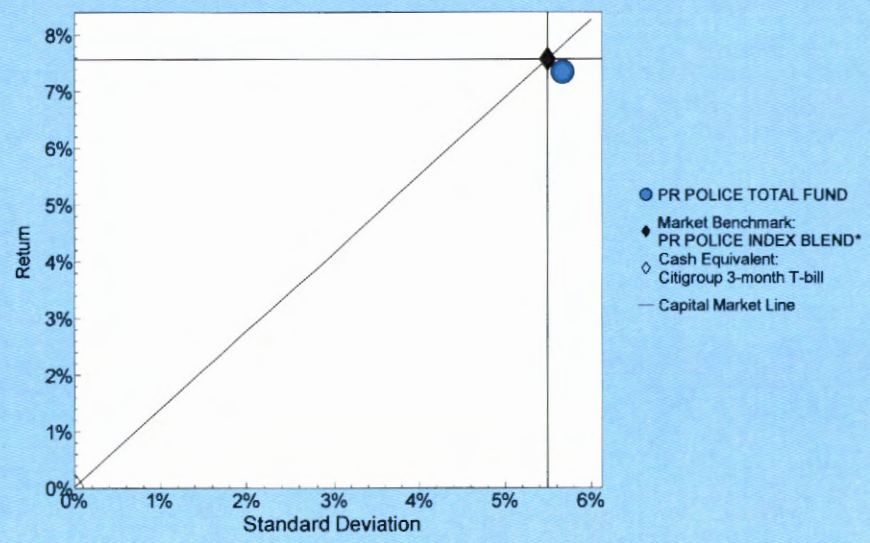
December 2014 - November 2015



3 - Year Manager Risk/Return

Single Computation

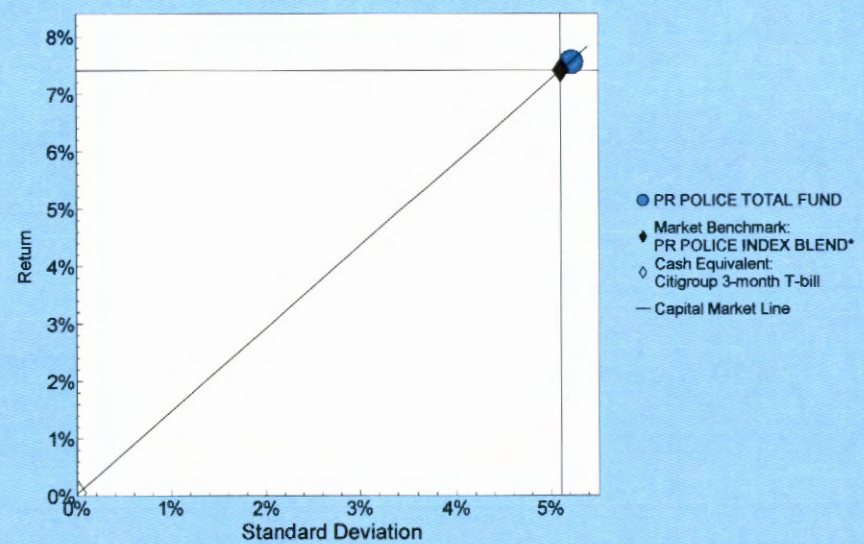
December 2012 - November 2015



5 - Year Manager Risk/Return

Single Computation

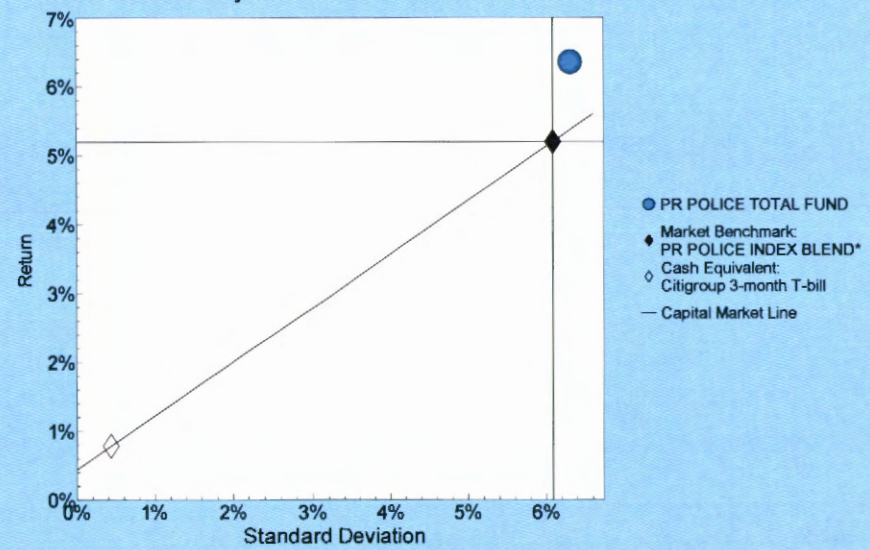
December 2010 - November 2015



Since Inception Manager Risk/Return

Single Computation

January 2007 - November 2015



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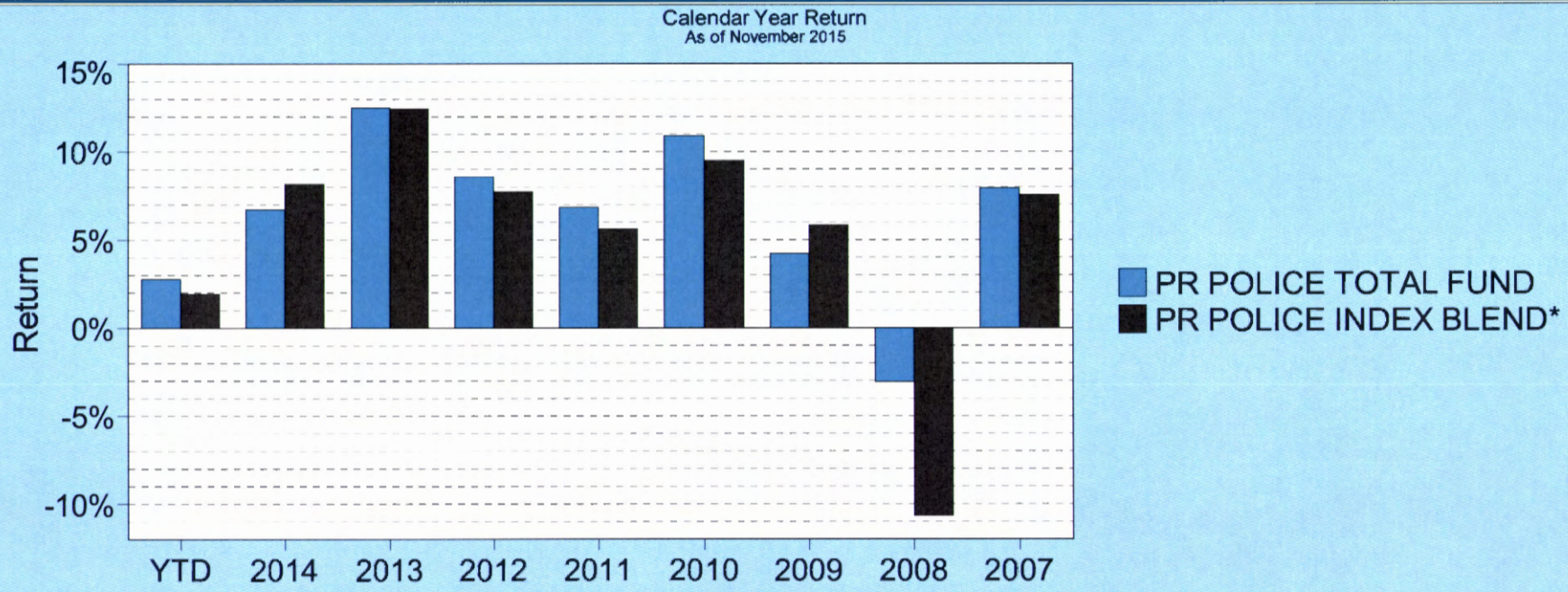
PARK RIDGE POLICE PENSION FUND



Calendar Year Return
As of November 2015

	YTD	2014	2013	2012	2011	2010	2009	2008	2007
PR POLICE TOTAL FUND	2.79%	6.73%	12.52%	8.59%	6.86%	10.91%	4.23%	-3.07%	7.94%
PR POLICE INDEX BLEND*	1.94%	8.17%	12.46%	7.75%	5.63%	9.49%	5.85%	-10.68%	7.56%
PR POLICE INDEX BLEND*:	55% PR POLICE TOTAL EQUITY IDX/ 45% BC GOV	55% PR POLICE TOTAL EQUITY IDX/ 45% BC GOV	46% PR POLICE TOTAL EQUITY IDX/ 54% BC GOV	40% PR POLICE TOTAL EQUITY IDX/ 60% BC GOV	39% PR POLICE TOTAL EQUITY IDX/ 61% BC GOV	34% PR POLICE TOTAL EQUITY IDX/ 66% BC GOV	27% PR POLICE TOTAL EQUITY IDX/ 73% B GOV	40% PR POLICE TOTAL EQUITY IDX/ 60% BC GOV	42% PR POLICE TOTAL EQUITY IDX/ 58% BC GOV

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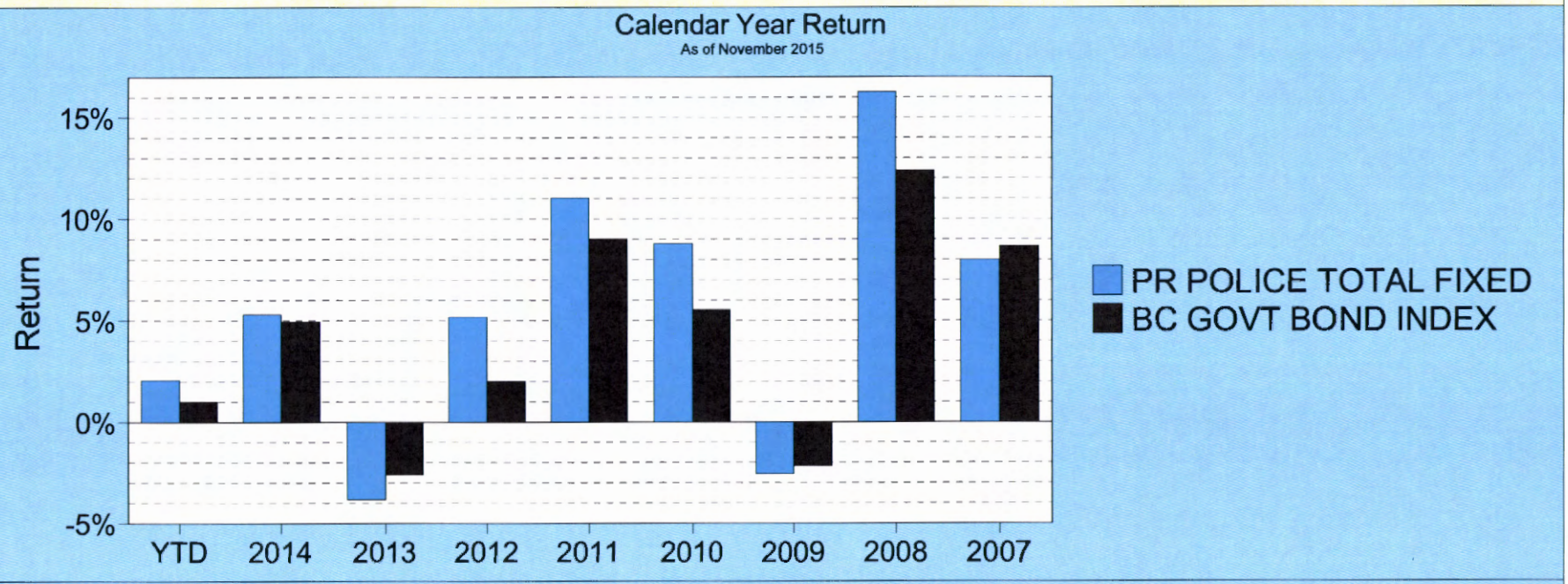
PARK RIDGE POLICE PENSION FUND



Calendar Year Return
As of November 2015

	YTD	2014	2013	2012	2011	2010	2009	2008	2007
PR POLICE TOTAL FIXED	2.07%	5.30%	-3.82%	5.18%	11.04%	8.79%	-2.57%	16.26%	8.00%
BC GOVT BOND INDEX	1.02%	4.94%	-2.61%	2.01%	9.01%	5.53%	-2.19%	12.38%	8.67%

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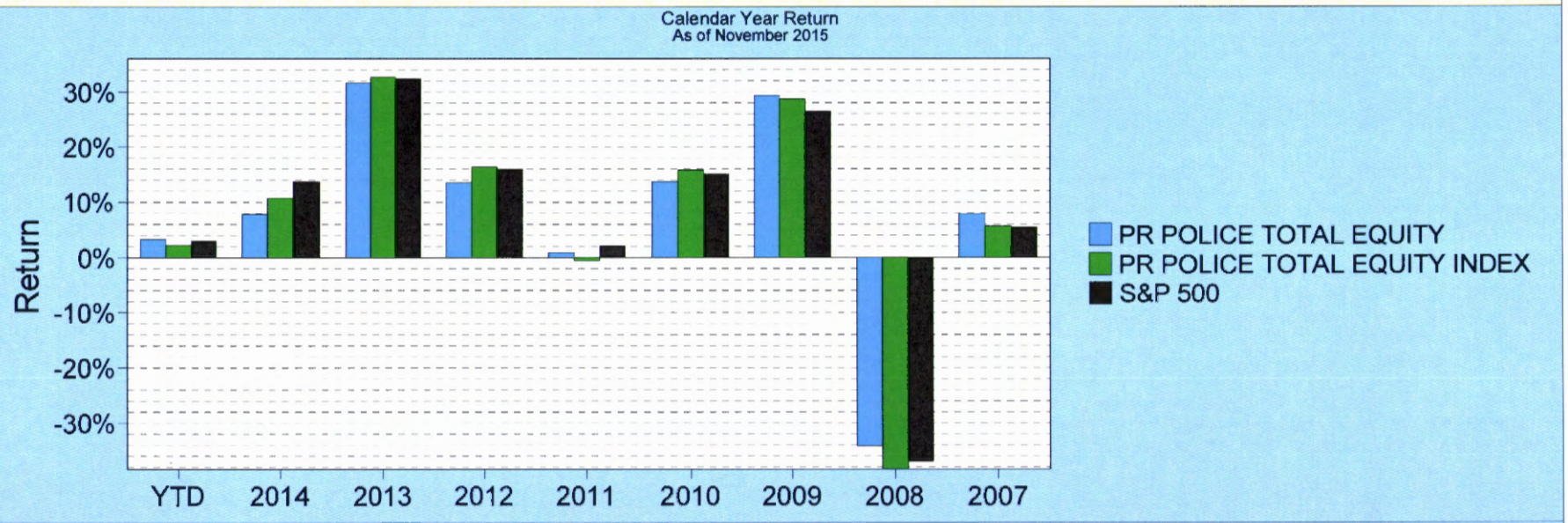
PARK RIDGE POLICE PENSION FUND



Calendar Year Return
As of November 2015

	YTD	2014	2013	2012	2011	2010	2009	2008	2007
PR POLICE TOTAL EQUITY	3.30%	7.83%	31.64%	13.52%	0.90%	13.70%	29.38%	-34.17%	7.92%
PR POLICE TOTAL EQUITY INDEX	2.23%	10.71%	32.66%	16.34%	-0.58%	15.77%	28.72%	-38.39%	5.63%
S&P 500	3.01%	13.69%	32.39%	16.00%	2.11%	15.06%	26.46%	-37.00%	5.49%
PR POLICE TOTAL EQUITY INDEX DEFINITION:	63% S&P 500 19% RU MIDCAP 6% RU 2000 G 12% MSCI EAFE NET*	62% S&P 500 19% RU MIDCAP 7% RU 2000 G 12% MSCI EAFE NET	65% S&P 500 20% RU MIDCAP 6% RU 2000 G 9% MSCI EAFE NET	63% S&P 500 20% RU MIDCAP 7% RU 2000 G 10% MSCI EAFE NET	62% S&P 500 20% RU MIDCAP 7% RU 2000 G 13% MSCI EAFE NET	73% S&P 500 8% RU MIDCAP 6% RU 2000 G 13% MSCI EAFE NET	74% S&P 500 8% RU MIDCAP 5% RU 2000 G 13% MSCI EAFE NET	71% S&P 500 9% RU MIDCAP 5% RU 2000 G 15% MSCI EAFE NET	72% S&P 500 22% RU MIDCAP 6% RU 2000 G

**07/01/15 - Present : 64% S&P 500 / 15% RU Midcap / 10% RU 2000 G / 11% MSCI EAFE (net)*

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SOURCE OF PERFORMANCE INFORMATION FOR FUNDS: For any fund shown in this report, the performance data is obtained from databases maintained by parties outside Morgan Stanley . This data has been included for your information, and has not been verified by Morgan Stanley in any way. See "Sources of Information" below.

NET PERFORMANCE

See the attached Morningstar profiles for each fund in the report for standardized fund performance (i.e. returns net of any maximum sales charges that apply if you purchase the fund outside of our investment advisory programs) and also returns net of the maximum annual investment advisory fees that apply if you purchase the fund in one of our investment advisory programs. You should carefully read the manager/fund profiles, which may contain more up-to-date performance information than in this report.

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This report may include investment options that are managed by or affiliated with Morgan Stanley . Morgan Stanley may have incentive to recommend such investment options to you because we may earn more compensation if you invest in these investment options than if you invest in other investment options.

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Alpha: Alpha is a risk (beta adjusted) measurement. Officially, alpha measures the difference between a portfolio's actual returns and what it might be expected to deliver based on its level of risk. Higher risk generally means higher reward. A positive alpha means the fund has beaten expectations. A negative alpha means that the manager failed to match performance with risk. If two managers had the same return but one had a lower beta, that manager would have a higher alpha. StyleADVISOR uses the standard intercept calculation.

Beta: Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark. A portfolio with a beta of one is considered as risky as the benchmark and would therefore provide expected returns equal to those of the market during both up and down periods. A portfolio with a beta of two would move approximately twice as much as the benchmark.
Excess Return - The difference between the returns of two portfolios. Usually excess return is the difference between a manager's return and the return of a benchmark for that manager. In the context of a beta benchmark, excess return refers to the difference between a manager or market benchmark and Tbills.

Down Capture Ratio: the ratio of the manager's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark.

Excess Returns: represent the average quarterly total returns of the manager relative to its benchmark. A manager with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the manager's return.

Manager Style Graph: an attempt to depict how the manager's historical returns (not actual portfolio holdings) "track" a group of benchmarks. For example, Domestic Equity products will be presented versus Large and Small, Growth and Value benchmarks. If the R2 of the Style Benchmark is lower than 80%, then the attempt to measure the manager's style was problematic (this will often happen with non- diversified portfolios, or eclectic investment disciplines.)

Moving Window: multiple data calculations can be done within a single span of time. For example, in a 5 year period you can display five 1-year values with non-overlapping data, or you can display nine 3-year values by moving each 3-year "moving window" one quarter at a time. Each discrete time period, either overlapping or not, is referred to as a "moving window."

Return: A compounded and annualized rate of return.

R-Squared: (Correlation Squared) - A measure of how well two portfolios track each other. R-squared ranges between zero and 100%. An R-squared of 100% indicates perfect tracking, while an R-squared of zero indicates no tracking at all. R-squared is used in style analysis to determine how much information about a return series the style benchmark has been able to capture. The higher the R-squared, the better the benchmark.

Sharpe Ratio: The Sharpe Ratio, developed by Professor William F. Sharpe, is a measure of reward per unit of risk -- the higher the Sharpe Ratio, the better. It is a portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, t-bills).

Standard Deviation: quantifies the volatility associated with a given product. The statistic measures the quarterly variation in returns around the mean return.

Style Benchmark: the blended benchmark that best matches the manager's returns (lowest tracking error.)

Tracking Error: represents the Standard Deviation of the Excess Return and provides a historical measure of the variability of the manager's returns relative to its benchmark. **Up Capture Ratio:** measures the manager's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. **Universe:** a peer group of managed investment products with reasonably similar characteristics.

Park Ridge Police Pension Fee Analysis

Summary Of Fees & Expenses

Asset Values as of: September 30, 2015

% of Market Value	Type	Fund Name		Total	Non-Negotiated Management Fee (from ADV)	Graystone Negotiated Management Fees	Fee Concession	Estimated Trading Cost Savings	Estimated Custodial Fee Savings	Graystone Consulting Fee - Includes Consulting, Custody and Trading Expenses	Total Net Fees %
2.5%	MF	American Funds EuroPacific	$	1,020,789	0.42%	0.42	0.00	0.00%	0.00%	0.23	0.65%
1.9%	MF	Invesco European Growth	$	792,475	0.88%	0.88	0.00	0.00%	0.00%	0.23	1.11%
2.0%	MF	Mainstay Icap Intl	$	812,220	0.80%	0.80	0.00	0.00%	0.00%	0.23	1.03%
2.2%	MF	Vanguard Small Cap Value Idx	$	929,786	0.07%	0.07	0.00	0.00%	0.00%	0.23	0.30%
17.0%	MF	Vanguard Total Stk Mtk Idx	$	7,057,279	0.02%	0.02	0.00	0.00%	0.00%	0.23	0.25%
25.6%		**MF SUB-TOTAL**	**$**	**10,622,562**	0.19%	**0.19%**	0.00	**0.00%**	**0.00%**	**0.23%**	**0.42%**
5.0%	SMA	Atalanta Large Core	$	2,061,928	1.00%	0.45	-0.55	-0.02%	-0.02%	0.43	0.88%
3.3%	SMA	Cambiar Large Value	$	1,382,221	0.75%	0.45	-0.30	-0.02%	-0.02%	0.43	0.88%
3.7%	SMA	Fayez Sarofim Large Core	$	1,555,694	0.75%	0.45	-0.30	-0.02%	-0.02%	0.43	0.88%
8.6%	SMA	Madison Mid Cap Core	$	3,565,472	0.80%	0.45	-0.35	-0.02%	-0.02%	0.43	0.88%
3.6%	SMA	RBC Global Small Growth	$	1,500,709	1.00%	0.45	-0.55	-0.02%	-0.02%	0.43	0.88%
6.9%	SMA	Ziegler/Red Granite Large Growth	$	2,880,167	1.00%	0.45	-0.55	-0.02%	-0.02%	0.43	0.88%
31.2%		**SMA SUB-TOTAL**	**$**	**12,946,191**	**0.89%**	**0.45%**	**-0.44%**	**-0.02%**	**-0.02%**	**0.43%**	**0.88%**
43.21%		**Internal Fixed Income**	**$**	**17,929,704**	**0.00%**	**0.00**	**0.00**	**n/a**	**-0.02%**	**0%**	**0%**
100%		**TOTAL**	**$**	**41,498,457**	**0.32%**	**0.19%**	**-0.14%**	**-0.02%**	**-0.02%**	**0.19%**	**0.38%**

Seperately managed acccount manager fees as of March 31, 2015.

This spreadsheet is an unaudited "snapshot" or intra-quarter glimpse of asset values. The snapshot is to be used for discussion purposes only and is not to be used for performance measurement or official calculation of asset values. It may or may not include all assets. It may or may not include assets in transfer to or from a manager or custodian. While data is from sources believed reliable, the compilation process is subject to human error. Fund expense ratio data from mutual fund prospectus and investment manager Form ADV.

CITY OF PARK RIDGE, ILLINOIS
POLICE PENSION FUND

ACCOUNTANT'S COMPILATION REPORT

For the Eight Months Ended
December 31, 2015

Sikich.

CITY OF PARK RIDGE, ILLINOIS
POLICE PENSION FUND
TABLE OF CONTENTS

	Page(s)
ACCOUNTANT'S COMPILATION REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
Statement of Fiduciary Net Position	2
Statement of Changes in Fiduciary Net Position	3
SUPPLEMENTARY INFORMATION	
Balance Sheet	4-5
Cash and Investments Chart	6
Revenue Report	7-8
Revenues Chart	9
Expense Report	10
Expenses Chart	11
Member Contributions Report	12-13
Property Tax Revenue Collections Analysis	14

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Members of American Institute of Certified Public Accountants

ACCOUNTANT'S COMPILATION REPORT

The Honorable President
Members of the Board of Trustees
City of Park Ridge Police Pension Fund
Park Ridge, Illinois 60068

Management is responsible for the accompanying statement of fiduciary net position of the City of Park Ridge Police Pension Fund, a pension trust fund of the City of Park Ridge, Illinois, as of December 31, 2015 and the related statement of changes in fiduciary net position for the eight months ended December 31, 2015. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Police Pension Fund's assets, liabilities, net position, additions and deductions. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Sikich LLP

Naperville, Illinois
January 19, 2016

GENERAL PURPOSE FINANCIAL STATEMENTS

Park Ridge Police Pension Fund
Statement of Changes in Fiduciary Net Position
For the Eight Months Ended December 31, 2015

ADDITIONS	
Contributions	
Employer Contributions	$ 1,008,016.47
Employee Contributions	324,211.40
Total Contributions	1,332,227.87
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	
Fixed Income Securities	(383,348.82)
Mutual Funds	(682,825.29)
Stock Equities	(46,106.09)
Interest	
Demand Deposits	126.10
Fixed Income Securities	561,446.95
Stock Equities	122,927.00
Mutual Funds	222,209.70
Total Investment Income	(205,570.45)
Less Investment Expense	(97,143.18)
Net Investment Income (Loss)	(302,713.63)
Total Additions	1,029,514.24
DEDUCTIONS	
Pension Benefits and Refunds	
Pension Benefits	2,023,748.76
Refund of Contributions	68.64
Administrative Expenses	
Professional Services	14,800.00
Other Expenses	11,867.96
Total Deductions	2,050,485.36
Net Increase (Decrease)	(1,020,971.12)
Net Position Held in Trust for Pension Benefits May 1	43,366,398.63
End of Period	$ 42,345,427.51

(See accountant's compilation report.)

SUPPLEMENTARY INFORMATION

Park Ridge Police Pension Fund
Balance Sheet
December 31, 2015

Demand Deposits		
0-0-1102.002	CK - MSSB CHECKING #225-918793	$ 1,175.39
0-0-1104.003	MM - MSSB #225-918766	924,658.76
0-0-1105.001	MM - MSSB #225-918721	206,246.98
0-0-1105.002	MM - MSSB #225-918711	70,267.93
0-0-1105.003	MM - MSSB #225-918730	262,921.13
0-0-1105.004	MM - MSSB #225-918745	122,107.63
0-0-1105.005	MM - MSSB #225-918747	45,409.27
0-0-1105.006	MM - MSSB #225-918746	141,277.99
0-0-1105.007	MM - MSSB #225-918770	10,150.88
	Total Demand Deposits	1,784,215.96
US Treasury Bonds		
0-0-1255.001	US TREAS BOND #DX3 DUE 11/15/16	3,025,000.00
	Total US Treasury Bonds	3,025,000.00
Federal Farm Credit Bank		
0-0-1284.002	FFCB #XT1 DUE 6/5/19	1,000,000.00
0-0-1284.003	FFCB #4P2 DUE 11/6/17	1,000,000.00
0-0-1284.004	FFCB #VR8 DUE 2/27/18	1,000,000.00
	Total Federal Farm Credit Bank	3,000,000.00
Federal Home Loan Bank		
0-0-1286.005	FHLB BONDS #PR1 DUE 6/10/16	1,109,782.23
0-0-1286.006	FHLB BONDS #VS7 DUE 12/11/20	1,000,000.00
0-0-1286.007	FHLB BONDS #KF2 DUE 6/11/21	1,117,632.55
0-0-1286.008	FHLB BONDS #6E9 DUE 6/12/26	1,117,659.16
0-0-1286.009	FHLB BONDS #FY2 DUE 9/30/22	1,100,475.47
0-0-1286.010	FHLB BONDS #4B2 DUE 12/9/22	1,000,000.00
0-0-1286.011	FHLB BONDS #EW8 DUE 8/15/24	2,000,000.00
	Total Federal Home Loan Bank	8,445,549.41
Unrealized Gains (Losses)		
0-0-1300.001	UNREALIZED GAINS (LOSSES)	1,521,649.02
	Total Unrealized Gains (Losses)	1,521,649.02

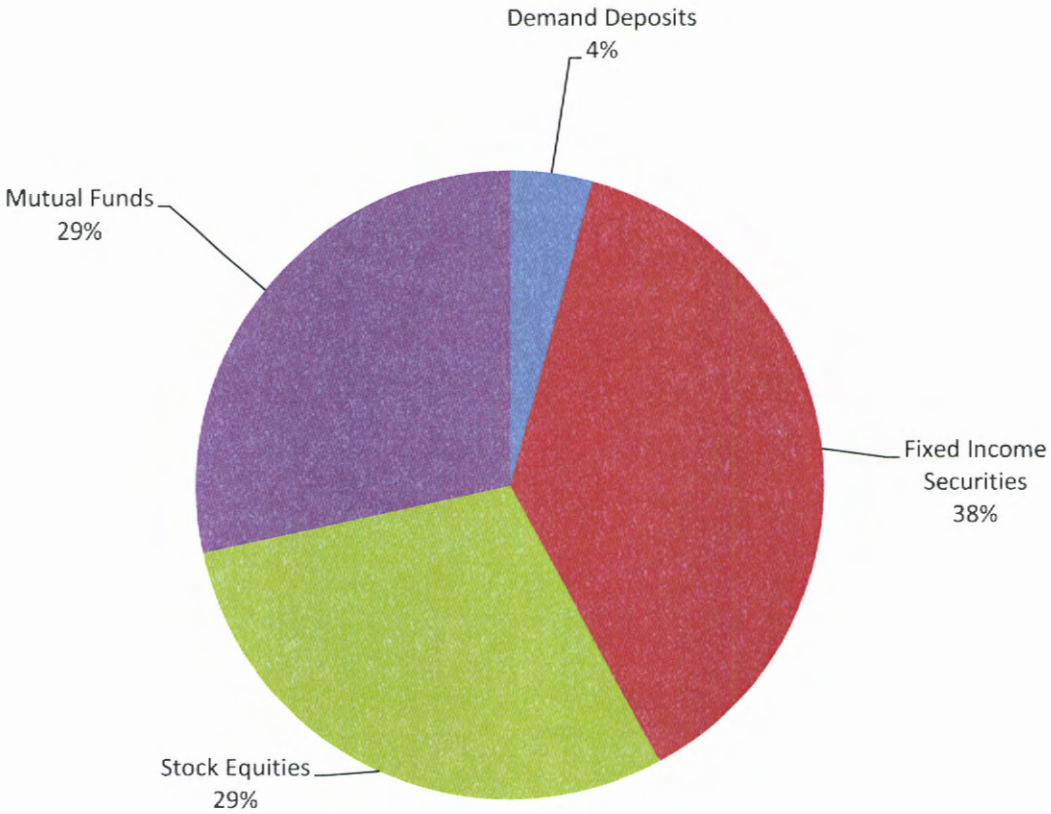
(This statement is continued on the following page.)

Park Ridge Police Pension Fund
Balance Sheet (Continued)
December 31, 2015

Stock Equities		
0-0-1450.001	MSSB #225-918721	$ 3,607,064.26
0-0-1450.002	MSSB #225-918711	1,574,981.49
0-0-1450.003	MSSB #225-918730	2,798,008.37
0-0-1450.004	MSSB #225-918745	1,617,266.98
0-0-1450.005	MSSB #225-918747	1,524,831.97
0-0-1450.006	MSSB #225-918746	1,308,667.75
	Total Stock Equities	12,430,820.82
Mutual Funds		
0-0-1550.004	EUROPACIFIC GROWTH FUND	1,100,102.39
0-0-1550.005	MAINSTAY ICAP INTL FD	893,740.63
0-0-1550.006	VANGUARD TOTAL STK MKT	8,242,159.54
0-0-1550.007	INVESCO EUROPEAN GROWTH	821,694.99
0-0-1550.008	VANGUARD SM CAP IDX INV	955,463.07
	Total Mutual Funds	12,013,160.62
Receivables		
0-0-1900.000	ACCRUED INTEREST RECEIVABLE	125,031.68
	Total Receivables	125,031.68
TOTAL ASSETS		$ 42,345,427.51
LIABILITIES		
	Total Liabilities	$ -
Fund Balance		
0-0-3000.001	FUND BALANCE	$ 42,345,427.51
	Total Fund Balance	42,345,427.51
TOTAL LIABILITIES AND FUND BALANCE		$ 42,345,427.51

(See accountant's compilation report.)

Park Ridge Police Pension Fund
Cash and Investments
December 31, 2015



(See accountant's compilation report.)

Park Ridge Police Pension Fund
Revenue Report
For the Eight Months Ended December 31, 2015

		Current Month	Year to Date
Revenues			
Municipal and Member Contributions			
Employer Contributions			
0-0-4000.000	CURRENT TAX	$ 10,026.00	$ 1,008,016.47
	Total Employer Contributions	10,026.00	1,008,016.47
Employee Contributions			
0-0-4050.000	CONTRIBUTIONS - CURRENT YEAR	35,184.98	324,211.40
	Total Employee Contributions	35,184.98	324,211.40
	Total Employer and Employee Contributions	45,210.98	1,332,227.87
Income Cash and Investments			
Interest Demand Deposits			
0-0-4102.002	CK - MSSB CHECKING #225-918793	-	4.43
0-0-4104.003	MM - MSSB #225-918766	-	32.44
0-0-4105.001	MM - MSSB #225-918721	3.77	15.24
0-0-4105.002	MM - MSSB #225-918711	1.25	6.32
0-0-4105.003	MM - MSSB #225-918730	-	9.80
0-0-4105.004	MM - MSSB #225-918745	2.30	9.12
0-0-4105.005	MM - MSSB #225-918747	0.84	3.35
0-0-4105.006	MM - MSSB #225-918746	2.33	7.15
0-0-4105.007	MM - MSSB #225-918770	0.17	38.25
	Total Interest Demand Deposits	10.66	126.10
Income Fixed Income Securities			
Income US Treasury Bonds			
0-0-4255.001	US TREAS BOND #DX3 DUE 11/15/16	-	226,875.00
	Total Income US Treasury Notes	-	226,875.00
Income Federal Farm Credit Bank			
0-0-4284.002	FFCB #XT1 DUE 6/5/19	21,400.00	42,800.00
0-0-4284.003	FFCB #4P2 DUE 11/6/17	-	50,500.00
0-0-4284.004	FFCB #VR8 DUE 2/27/18	-	23,350.00
	Total Income Federal Farm Credit Bank	21,400.00	116,650.00
Income Federal Home Loan Mortg Corp			
0-0-4285.002	FHLMC NOTE#VG6 DUE 11/17/15	-	47,500.00
	Total Income Federal Home Loan Mortg Corp	-	47,500.00
Income Federal Home Loan Bank			
0-0-4286.005	FHLB BONDS #PR1 DUE 6/10/16	26,875.00	53,750.00
0-0-4286.006	FHLB BONDS #VS7 DUE 12/11/20	26,250.00	52,500.00
0-0-4286.007	FHLB BONDS #KF2 DUE 6/11/21	28,125.00	56,250.00
0-0-4286.008	FHLB BONDS #6E9 DUE 6/12/26	28,750.00	57,500.00
0-0-4286.009	FHLB BONDS #FY2 DUE 9/30/22	-	26,875.00
0-0-4286.010	FHLB BONDS #4B2 DUE 12/9/22	26,250.00	52,500.00
0-0-4286.011	FHLB BONDS #EW8 DUE 8/15/24	-	53,750.00
	Total Income Federal Home Loan Bank	136,250.00	353,125.00
Change in Accrued Interest Receivable			
0-0-4295.001	CHANGE IN ACCR INTEREST REC	(111,973.77)	(182,703.05)
	Total Change in Accrued Interest Receivable	(111,973.77)	(182,703.05)

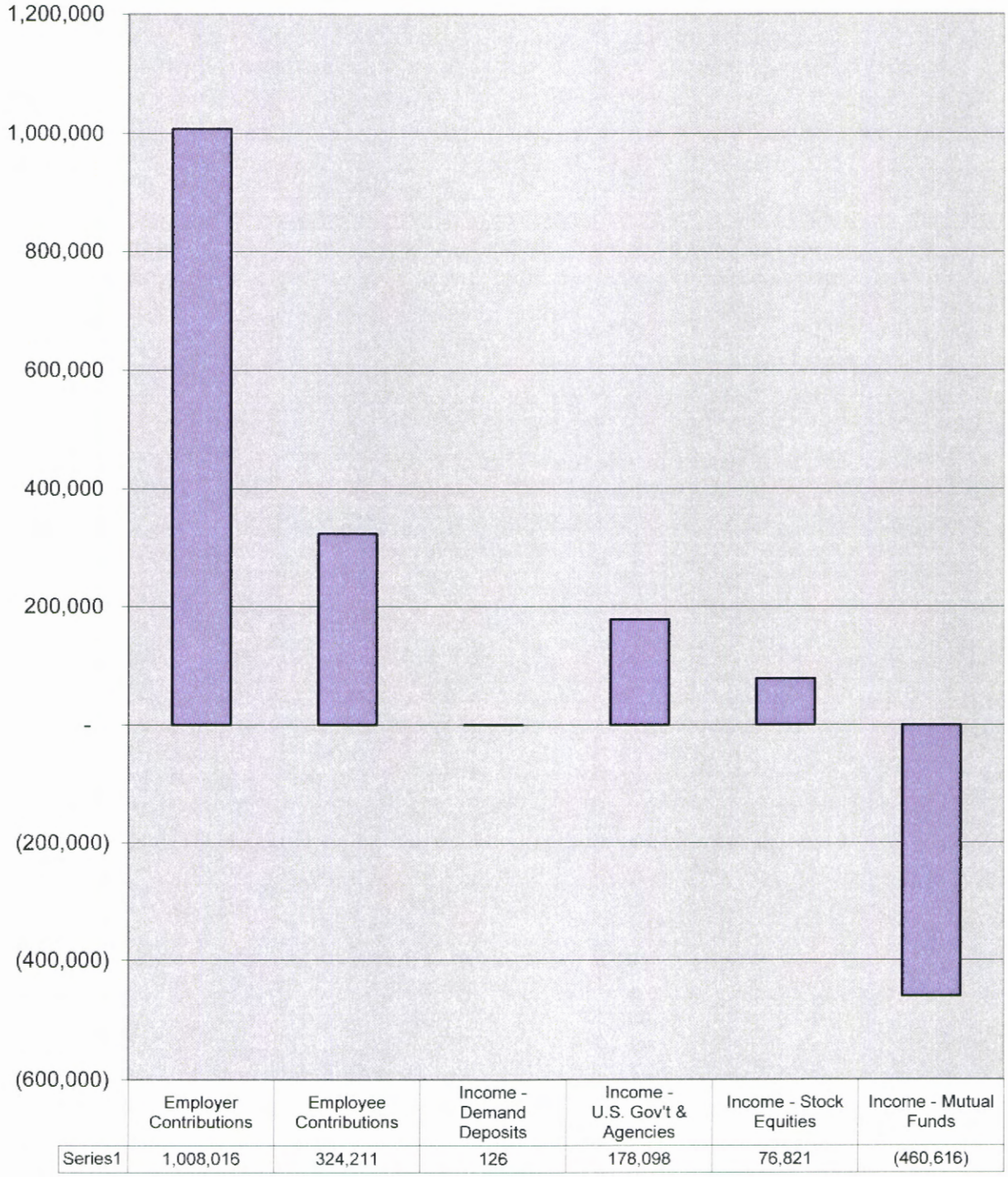
(This statement is continued on the following page.)

Park Ridge Police Pension Fund
Revenue Report (Continued)
For the Eight Months Ended December 31, 2015

		Current Month	Year to Date
Income Fixed Income Securities (Continued)			
Gains (Losses) on Securities			
0-0-4300.001	UNREALIZED GAINS (LOSSES)	$ (366,072.52)	$ (383,348.82)
	Total Gains (Losses) on Securities	(366,072.52)	(383,348.82)
	Total Income Fixed Income Securities	(320,396.29)	178,098.13
Income Equity Securities			
Income Stock Equities			
Income/Dividend Stock Equities			
0-0-4450.001	DVD - MSSB #225-918721	9,552.69	24,632.67
0-0-4450.002	DVD - MSSB #225-918711	4,783.57	30,066.87
0-0-4450.003	DVD - MSSB #225-918730	3,648.72	24,088.74
0-0-4450.004	DVD - MSSB #225-918745	2,237.82	19,680.14
0-0-4450.005	DVD - MSSB #225-918747	1,891.08	4,906.35
0-0-4450.006	DVD - MSSB #225-918746	3,638.37	19,552.23
	Total Income/Dividend Stock Equities	25,752.25	122,927.00
Income/Gain(Loss) Stock Equities			
0-0-4460.001	GL - MSSB #225-918721	244,330.77	19,090.95
0-0-4460.002	GL - MSSB #225-918711	80,808.93	(87,093.92)
0-0-4460.003	GL - MSSB #225-918730	179,637.06	89,420.28
0-0-4460.004	GL - MSSB #225-918745	176,158.18	5,880.16
0-0-4460.005	GL - MSSB #225-918747	70,740.65	(10,788.85)
0-0-4460.006	GL - MSSB #225-918746	65,238.19	(62,614.71)
	Total Income/Gain(Loss) Stock Equities	816,913.78	(46,106.09)
	Total Income Stock Equities	842,666.03	76,820.91
Income Mutual Funds			
Income/Dividend Mutual Funds			
0-0-4550.004	DVD - EUROPACIFIC GROWTH FUND	36,538.71	36,538.71
0-0-4550.005	DVD - MAINSTAY ICAP INTL FD	14,026.97	14,026.97
0-0-4550.006	DVD - VANGUARD TOTAL STK MKT	46,137.90	114,425.46
0-0-4550.007	DVD - INVESCO EUROPEAN GROWTH	39,253.58	39,253.58
0-0-4550.008	DVD - VANGUARD SM CAP VAL IDX INV	7,124.71	17,964.98
	Total Income/Dividend Mutual Funds	143,081.87	222,209.70
Income/Gain(Loss) Mutual Funds			
0-0-4560.004	GL - EUROPACIFIC GROWTH FUND	(7,225.07)	(135,483.74)
0-0-4560.005	GL - MAINSTAY ICAP INTL FD	17,493.89	(137,728.36)
0-0-4560.006	GL - VANGUARD TOTAL STK MKT	388,743.03	(259,358.43)
0-0-4560.007	GL - INVESCO EUROPEAN GROWTH	(10,033.56)	(63,753.03)
0-0-4560.008	GL - VANGUARD SM CAP VAL IDX INV	18,552.79	(86,501.73)
	Total Income/Gain(Loss) Mutual Funds	407,531.08	(682,825.29)
	Total Income Mutual Funds	550,612.95	(460,615.59)
	Total Income Equity Securities	1,393,278.98	(383,794.68)
	Total Income Cash and Investments	1,072,893.35	(205,570.45)
TOTAL REVENUES		$ 1,118,104.33	$ 1,126,657.42

(See accountant's compilation report.)

Park Ridge Police Pension Fund
Revenues
For the Eight Months Ended December 31, 2015



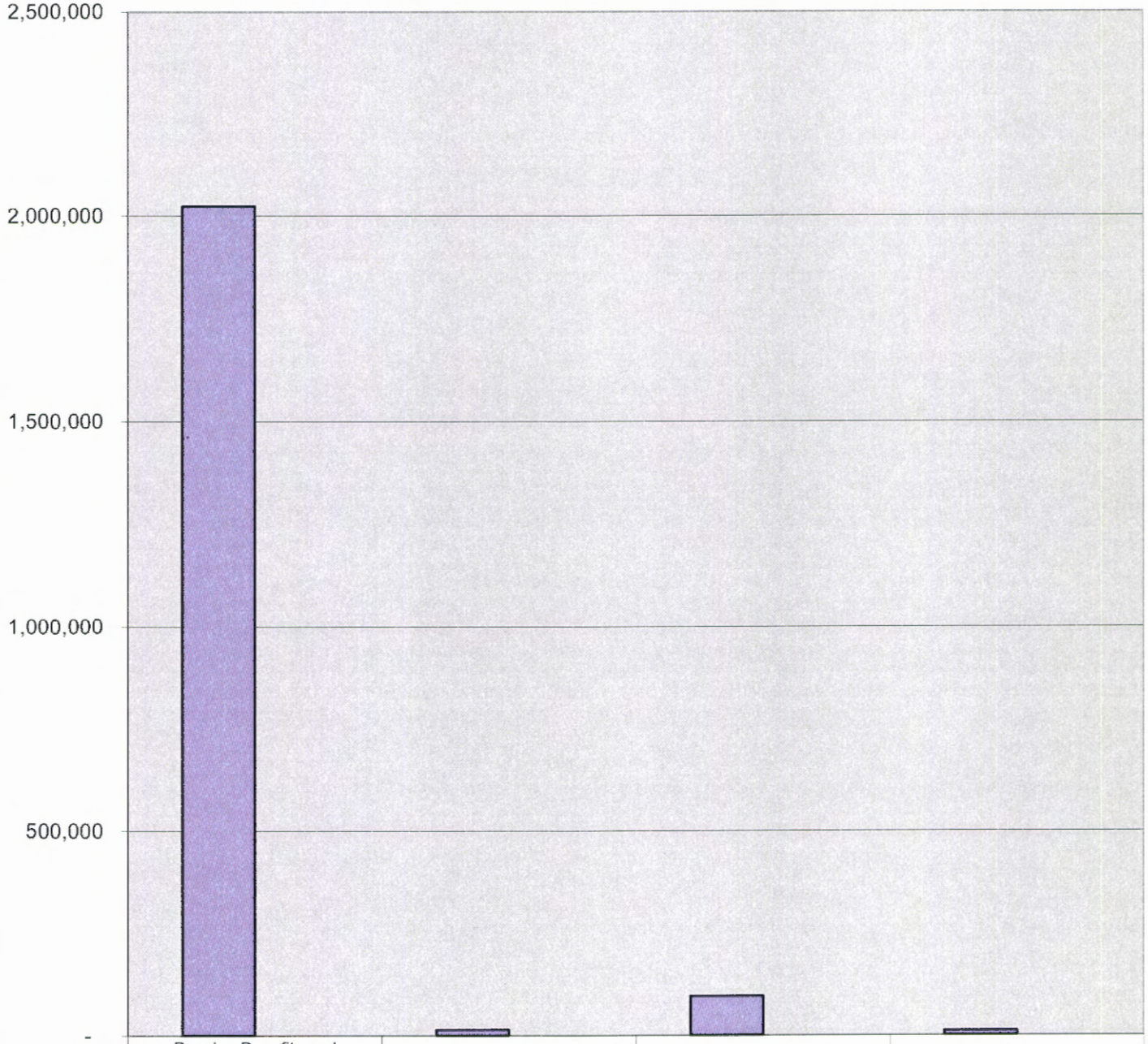
(See accountant's compilation report.)

Park Ridge Police Pension Fund
Expense Report
For the Eight Months Ended December 31, 2015

		Current Month	Year to Date
Expenses			
Pension Benefits and Refunds			
0-0-5020.000	SERVICE PENSIONS	$ 191,145.06	$ 1,535,137.36
0-0-5030.000	NON-DUTY DISABILITY PENSIONS	6,589.67	52,717.36
0-0-5040.000	DUTY DISABILITY PENSIONS	10,532.52	84,260.16
0-0-5060.000	SURVIVING SPOUSE PENSIONS	44,327.93	343,297.00
0-0-5070.000	CHILDREN'S PENSIONS	1,042.11	8,336.88
0-0-5100.000	REFUND OF CONTRIBUTIONS	-	68.64
	Total Pension Benefits and Refunds	253,637.29	2,023,817.40
Administrative			
Professional Services			
0-0-5170.001	ACTUARIAL SERVICES	-	3,500.00
0-0-5170.003	ACCOUNTING & BOOKKEEPING SERV	2,795.00	8,000.00
0-0-5170.005	LEGAL SERVICES	1,650.00	3,300.00
	Total Professional Services	4,445.00	14,800.00
Investment			
0-0-5190.001	INVESTMENT MGR/ADVISOR FEES	-	97,143.18
	Total Investment	-	97,143.18
Other Expenses			
0-0-5290.025	CONFERENCE/SEMINAR FEES	-	1,400.00
0-0-5290.026	ASSOCIATION DUES	-	1,311.67
0-0-5290.027	TRAVEL EXPENSE	-	667.35
0-0-5290.028	POSTAGE EXPENSE	-	13.20
0-0-5290.034	IDOI FILING FEE EXPENSE	-	8,000.00
0-0-5290.035	OTHER EXPENSE	49.00	475.74
	Total Other Expenses	49.00	11,867.96
	Total Administrative	4,494.00	123,811.14
TOTAL EXPENSES		$ 258,131.29	$ 2,147,628.54

(See accountant's compilation report.)

Park Ridge Police Pension Fund
Expenses
For the Eight Months Ended December 31, 2015



	Pension Benefits and Refunds	Professional Services	Investment	Other Expenses
Series1	2,023,817	14,800	97,143	11,868
Series2	93%	1%	5%	1%

(See accountant's compilation report.)

Park Ridge Police Pension Fund
Member Contribution Report
For the Fiscal Year Ended April 30, 2016

Name	Actual Entry Date	Updated Entry Date for Purchase of Service Credit	Term/ Retire Date		Thru Prior Fiscal Year	Current Fiscal Year	Purchase of Military Service	Refunds	Total Contributions	(1) After-Tax Portion	(2) Pre-Tax Portion
Abbinante (Madigan), Kristen L	10/13/89			$	$ 146,711.98	$ 5,811.90	$ -	$ -	$ 152,523.88	$ -	$ 152,523.88
Alonso, Daniel C.	07/09/12			**	18,272.08	5,869.26	-	-	24,141.34	-	24,141.34
Anderson, John C	07/09/01				95,022.63	6,324.61	-	-	101,347.24	-	101,347.24
Ashleman, Kirk A	05/14/90				151,464.09	6,688.60	-	-	158,152.69	-	158,152.69
Broderick, Jodi L	01/11/99				109,863.37	6,512.70	-	-	116,376.07	-	116,376.07
Cacioppo, David M	07/09/01				95,746.85	6,463.11	-	-	102,209.96	-	102,209.96
Cavender, Rodney	10/04/93				132,999.83	6,167.73	-	-	139,167.56	-	139,167.56
Cruz, Hector	07/08/02				89,104.12	6,116.25	-	-	95,220.37	-	95,220.37
Delfosse, Jean P	09/13/99				109,742.24	6,668.33	-	-	116,410.57	-	116,410.57
Dorner, John A	01/11/99				108,490.21	6,147.09	-	-	114,637.30	-	114,637.30
Dorsey, Sean	02/11/11	11/11/09		* &	41,472.98	6,253.33	-	-	47,726.31	400.71	47,325.60
Doucet, Jason J	07/08/02				89,111.06	6,323.90	-	-	95,434.96	-	95,434.96
Evans, Robert T	10/04/93	09/27/90		&	207,823.48	6,156.31	-	-	213,979.79	-	213,979.79
Faso, Mario A	04/07/03				84,512.55	6,117.53	-	-	90,630.08	-	90,630.08
Garcia, Leonardo	01/03/00				103,719.16	6,160.23	-	-	109,879.39	-	109,879.39
Genauldi, Julie A	09/08/98			$$	107,702.59	6,148.09	-	-	113,850.68	-	113,850.68
Hahn, Ruth	01/09/06	01/09/04		&	110,078.91	6,391.11	-	-	116,470.02	5,004.07	111,465.95
Hanson, Robert	01/04/88		01/17/16		177,741.68	7,368.82	-	-	185,110.50	-	185,110.50
Hernandez, Anthony E	07/09/12		11/28/14		-	68.64	-	(68.64)	-	-	-
Hildebrant, Eric S	10/06/97				121,889.74	6,668.11	-	-	128,557.85	-	128,557.85
Jogmen, Louis E	02/21/94				165,243.50	7,779.75	-	-	173,023.25	-	173,023.25
Juarez, Ana	01/03/14			**	7,947.00	4,881.01	-	-	12,828.01	-	12,828.01
Kampwirth, Robert	05/01/94				138,816.71	6,688.75	-	-	145,505.46	-	145,505.46
Kappler, Laura	04/04/84		06/27/14		159,444.33	192.21	-	-	159,636.54	1,414.98	158,221.56
Kearns, Daniel	06/02/08				49,419.90	6,044.57	-	-	55,464.47	-	55,464.47
Keller, David M	07/07/86		07/06/15		186,510.24	2,384.02	-	-	188,894.26	-	188,894.26
King, Kenneth J	04/07/03				84,511.69	6,116.25	-	-	90,627.94	-	90,627.94
Klein, Myles	09/22/14		09/08/15	**	3,373.40	2,691.50	-	-	6,064.90	-	6,064.90
Koller, Jeffrey W	01/05/04				80,432.85	6,463.11	-	-	86,895.96	-	86,895.96
LaFrancis, David P	01/10/05				73,120.35	6,116.65	-	-	79,237.00	-	79,237.00
Lauria, Frank T	01/10/05				73,119.46	6,116.96	-	-	79,236.42	-	79,236.42
Leavitt, Jason A	02/21/94				154,022.17	7,311.06	-	-	161,333.23	-	161,333.23
Luehr, Michael D	09/13/99				105,985.12	6,160.47	-	-	112,145.59	-	112,145.59
McEwen, Timothy J	05/10/04				77,581.53	6,117.53	-	-	83,699.06	-	83,699.06
McGannon, Matthew J	05/06/02				90,159.92	6,116.67	-	-	96,276.59	-	96,276.59
Mellema, Duane	01/28/91				162,218.01	7,214.16	-	-	169,432.17	-	169,432.17
Moehrlin, Jon	09/05/00				99,656.55	6,130.10	-	-	105,786.65	-	105,786.65
Moravet, Andrei	01/05/15			**	1,667.99	4,467.54	-	-	6,135.53	-	6,135.53
Orta, Gregory	10/06/97				116,327.65	6,495.01	-	-	122,822.66	-	122,822.66
Panizo, Juan	08/28/06				62,062.72	6,044.25	-	-	68,106.97	-	68,106.97
Peterson, Benjamin J	06/15/02				90,586.03	6,116.25	-	-	96,702.28	-	96,702.28

(This statement is continued on the following page.)

Park Ridge Police Pension Fund
Member Contribution Report
For the Fiscal Year Ended April 30, 2016

Name	Actual Entry Date	Updated Entry Date for Purchase of Service Credit	Term/ Retire Date		Thru Prior Fiscal Year	Current Fiscal Year	Purchase of Military Service	Refunds	Total Contributions	(1) After-Tax Portion	(2) Pre-Tax Portion
Raitano, Anthony R	09/30/96				119,768.32	6,148.17	-	-	125,916.49	-	125,916.49
Rechlicz, Thomas B	05/04/99	01/18/95		&	135,152.56	6,147.84	-	-	141,300.40	$ 17,313.77	$ 123,986.63
Robert, Remoh R.	04/09/07				$ 58,019.40	$ 6,045.22	$ -	$ -	$ 64,064.62	$ -	$ 64,064.62
Ryan, Kevin P	09/08/98				111,274.40	6,140.61	-	-	117,415.01	-	117,415.01
Ryan, Richard	05/01/95				131,978.69	6,687.77	-	-	138,666.46	-	138,666.46
Sanetra, Arnold J	04/10/92				140,153.02	6,514.59	-	-	146,667.61	-	146,667.61
Shaughnessy, Kathy	07/20/90				163,025.51	7,018.63	-	-	170,044.14	-	170,044.14
Stopka, Steven G	05/10/04				77,582.64	6,117.65	-	-	83,700.29	-	83,700.29
Suarez, Karyn J	10/06/97				114,501.27	6,141.25	-	-	120,642.52	-	120,642.52
Taylor, Gregory	04/11/88	10/14/86		&	158,159.01	6,113.67	-	-	164,272.68	-	164,272.68
Tracy, Steven	01/08/88				153,713.59	6,167.54	-	-	159,881.13	-	159,881.13
Vallejo, Mark A.	07/10/06		09/30/15		62,877.69	4,080.36	-	-	66,958.05	-	66,958.05
Waddell, Jeffrey W	05/04/99	10/22/95		&	130,253.94	6,148.09	-	-	136,402.03	13,783.88	122,618.15
Ware, Eugene A	03/20/00				105,803.87	6,666.54	-	-	112,470.41	-	112,470.41
	TOTALS				$ 5,745,940.58	$ 324,211.40	$ -	$ (68.64)	$ 6,070,083.34	$ 37,917.41	$ 6,032,165.93

(1) Nontaxable Portion of Contribution Refund (Prior to 7/1/84)
(2) Taxable Portion of Contribution Refund
* This member was hired on or after 1/1/11 but this member is a Tier 1 member because this member was a member under the Statute prior to 1/1/11.
** This member was hired on or after 1/1/11 for the first time under the Statute; therefore, this member is a Tier 2 member.
& Contributions and Entry Date reflect transfer of service from IMRF, other Article 3 Funds, repayment of refund or purchase of military service time
Members are removed from report at fiscal-year end if they are receiving a pension benefit payment or have terminated and received a refund of contributions.
$ This member has a break in service of 210 disability days; also, this member has a break in service beginning 10/15/15.
$$ This member has a break in service of 244 disability days

(See accountant's compilation report.)

Park Ridge Police Pension Fund
Summary of Property Tax Receipts through December 31, 2015

Fiscal Year Ended April 30, 2016

	2014 Taxes	2013 Taxes	2012 Taxes
5/28/2015	8,498.77	879.02	(10.34)
6/23/2015		2,275.65	(73.79)
6/29/2015	2.31		
7/10/2015	65,626.31		
7/14/2015	30,539.43		
7/17/2015	60,453.30	(13.97)	(29.58)
7/21/2015	21,822.25		
7/22/2015			
7/23/2015	117,458.99		(40.62)
7/24/2015	76,103.23		
7/28/2015	20,227.35		
8/4/2015	378,309.17		
8/11/2015	57,651.50		
8/13/2015	34,547.34		(680.49)
8/20/2015	74,671.15		
8/25/2015	8.55		
9/2/2015	31,910.83	(114.63)	(550.57)
9/15/2015	(94.10)	3,782.94	(114.48)
9/17/2015		4,578.31	
9/21/2015	3.64		
10/20/2015	5,489.08		
10/27/2015	2.23		
11/19/2015	(1,290.30)	3,829.86	(316.73)
11/30/2015	13,567.48	(604.94)	(146.15)
12/22/2015	11,813.08	(630.51)	(480.95)
	$ 1,007,321.59	$ 13,981.73	$ (2,443.70)

Fiscal Year Ended April 30, 2015

2014 Taxes	2013 Taxes	2012 Taxes
$ 865,470.04	$ 831,169.73	$ 7,104.05

Fiscal Year Ended April 30, 2014

2013 Taxes	2012 Taxes
$ 849,277.61	$ 776,797.10

Fiscal Year Ended April 30, 2013

2012 Taxes
$ 868,687.34

SUMMARY	2014 Taxes	2013 Taxes	2012 Taxes
TOTAL COLLECTED	$ 1,872,791.63	$ 1,694,429.07	$ 1,650,144.79
TAX LEVIED	$ 1,909,023.00	$ 1,667,295.00	$ 1,616,067.00
TAX EXTENDED	$ 1,909,023.00	$ 1,696,129.00	$ 1,644,015.00
% COLLECTED	98.10%	99.90%	100.37%
EXTENDED LESS COLLECTED	$ 36,231.37	$ 1,699.93	$ (6,129.79)
AMOUNT REQUESTED BY FUND	$ -	$ -	$ -

(See accountant's compilation report.)

Graystone Consulting℠
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Mary L. Tomanek CFP®, CIMA®
Institutional Consulting Director
Institutional Consultant

Fixed Income Analysis

CITY OF PARK RIDGE POLICE PENSION FUND

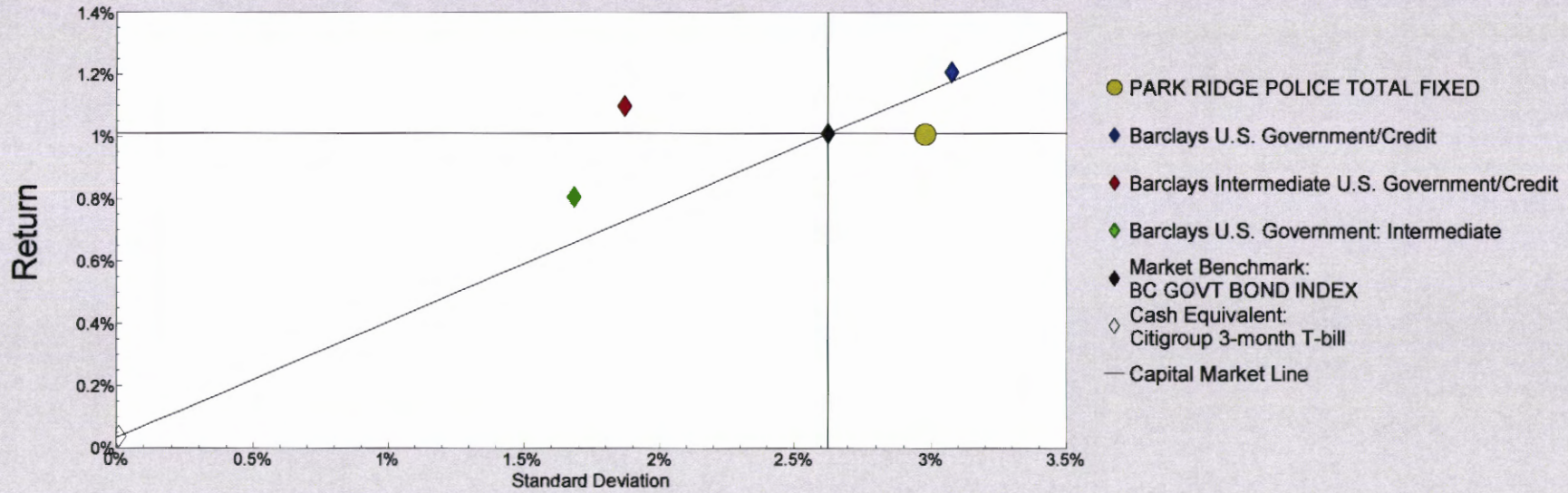
January 26, 2016

FIXED INCOME INDEX ANALYSIS

3 Year Manager Risk/Return

Single Computation

January 2013 - December 2015



Risk-Return Table

January 2013 - December 2015: Annualized Summary Statistics

	Return (%)	Std Dev (%)	Downside Risk (%)	Beta vs. Market	Beta vs. Style	Alpha vs. Market (%)	Alpha vs. Style (%)	R-Squared vs. Market (%)	R-Squared vs. Style (%)	Sharpe Ratio	Tracking Error vs. Market (%)	Tracking Error vs. Style (%)	Observs.
PARK RIDGE POLICE TOTAL FIXED	1.01	2.98	2.26	1.0158	0.9413	-0.01	1.12	80.27	2.05	0.3260	1.3229	2.9462	12
Barclays U.S. Government/Credit	1.21	3.08	2.25	1.1241	0.9330	0.08	1.31	92.09	1.36	0.3808	0.9243	3.0543	12
Barclays Intermediate U.S. Government/Credit	1.10	1.87	1.40	0.6606	0.9213	0.42	1.25	86.11	2.33	0.5678	1.1310	1.8472	12
Barclays U.S. Government: Intermediate	0.81	1.68	1.21	0.6098	-98.8153	0.18	4.57	90.74	26.96	0.4580	1.1449	1.6853	12
BC GOVT BOND INDEX	1.01	2.63	1.84	1.0000	-127.3702	0.00	5.90	100.00	18.36	0.3709	0.0000	2.6291	12

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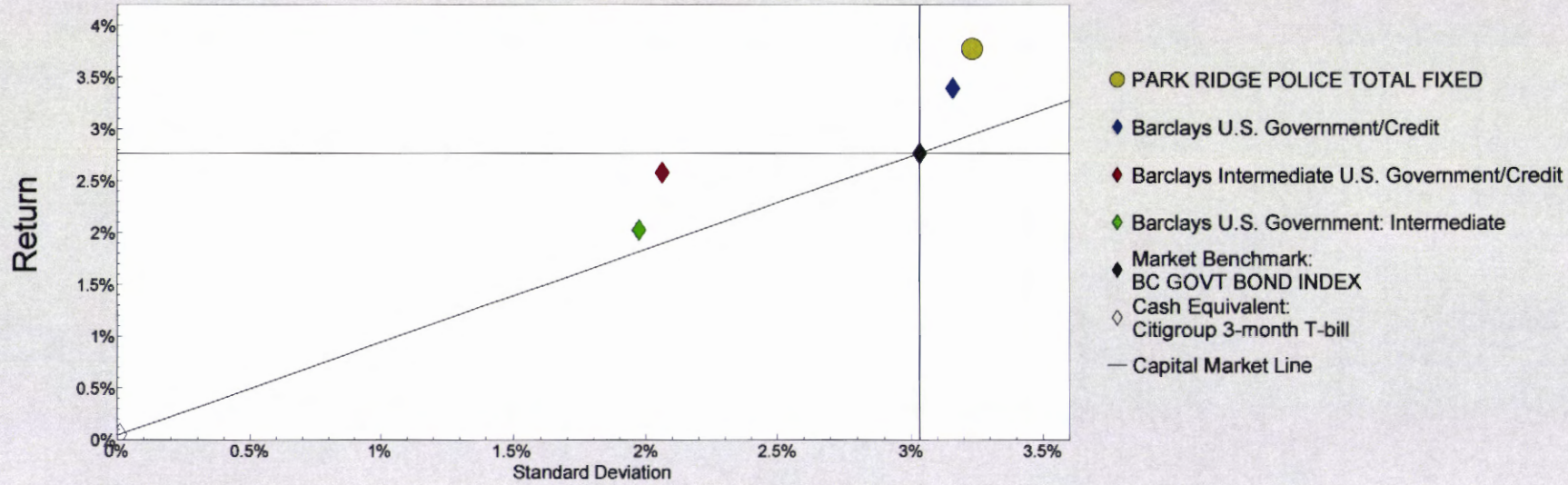
FIXED INCOME INDEX ANALYSIS

5 Year Manager Risk/Return

Single Computation

January 2011 - December 2015



Risk-Return Table

January 2011 - December 2015: Annualized Summary Statistics

	Return (%)	Std Dev (%)	Downside Risk (%)	Beta vs. Market	Beta vs. Style	Alpha vs. Market (%)	Alpha vs. Style (%)	R-Squared vs. Market (%)	R-Squared vs. Style (%)	Sharpe Ratio	Tracking Error vs. Market (%)	Tracking Error vs. Style (%)	Observs.
PARK RIDGE POLICE TOTAL FIXED	3.77	3.23	2.25	0.9909	0.1371	1.02	3.84	86.40	0.03	1.1522	1.1920	3.2487	60
Barclays U.S. Government/Credit	3.39	3.16	2.20	0.9693	0.4522	0.70	3.51	86.51	0.56	1.0579	1.1638	3.1623	60
Barclays Intermediate U.S. Government/Credit	2.58	2.06	1.42	0.5817	0.6599	0.96	2.65	73.17	3.12	1.2265	1.6573	2.0372	60
Barclays U.S. Government: Intermediate	2.03	1.97	1.30	0.6202	-0.0625	0.30	2.04	90.71	0.01	0.9998	1.2987	1.9885	60
BC GOVT BOND INDEX	2.77	3.03	1.99	1.0000	-0.6265	0.00	2.80	100.00	0.21	0.8954	0.0000	3.0486	60

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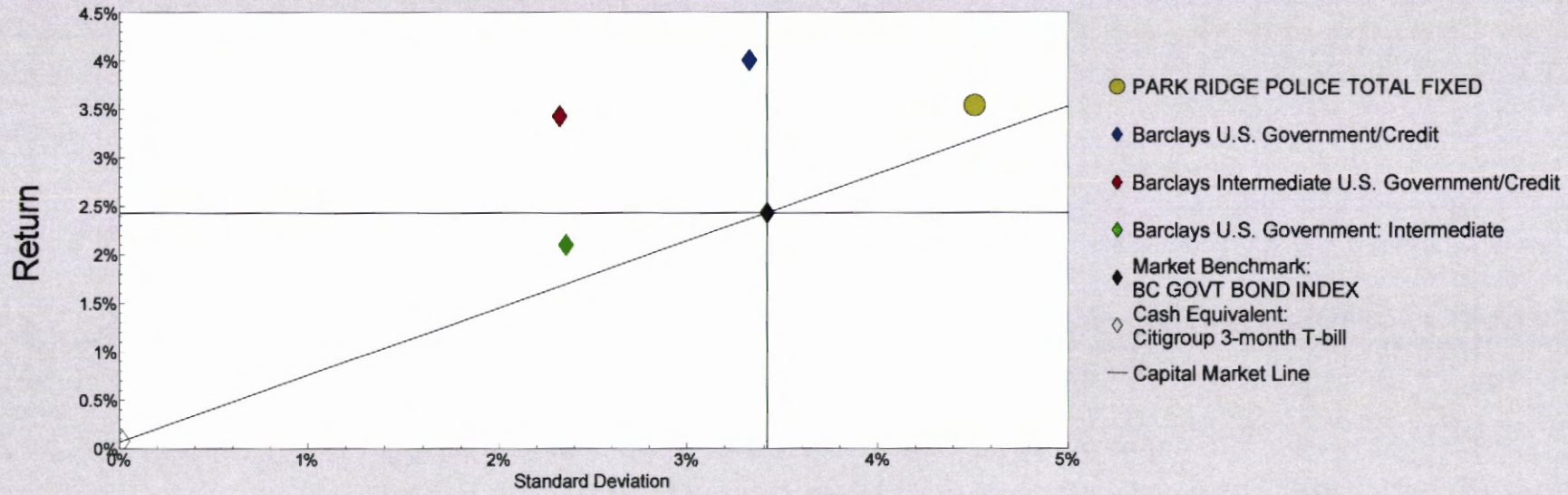
FIXED INCOME INDEX ANALYSIS

7 Year Manager Risk/Return

Single Computation

January 2009 - December 2015



Risk-Return Table

January 2009 - December 2015: Annualized Summary Statistics

	Return (%)	Std Dev (%)	Downside Risk (%)	Beta vs. Market	Beta vs. Style	Alpha vs. Market (%)	Alpha vs. Style (%)	R-Squared vs. Market (%)	R-Squared vs. Style (%)	Sharpe Ratio	Tracking Error vs. Market (%)	Tracking Error vs. Style (%)	Observs.
PARK RIDGE POLICE TOTAL FIXED	3.54	4.51	3.25	1.2237	0.0966	0.57	3.64	85.75	0.01	0.7664	1.8674	4.5242	84
Barclays U.S. Government/Credit	4.01	3.32	2.41	0.8726	0.5807	1.86	4.07	80.41	0.65	1.1812	1.5341	3.3188	84
Barclays Intermediate U.S. Government/Credit	3.42	2.32	1.70	0.5585	0.9647	2.04	3.38	67.38	3.16	1.4395	2.0091	2.2870	84
Barclays U.S. Government: Intermediate	2.10	2.36	1.68	0.6631	-0.0551	0.48	2.13	92.34	0.00	0.8581	1.3227	2.3660	84
BC GOVT BOND INDEX	2.43	3.42	2.41	1.0000	-0.7552	0.00	2.51	100.00	0.17	0.6884	0.0000	3.4287	84

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FIXED INCOME INDEX ANALYSIS

Manager vs Benchmark: Return

12-Quarter Moving Windows, Computed Quarterly

	Dec 2008	Dec 2009	Dec 2010	Dec 2011	Dec 2012	Dec 2013	Dec 2014	Dec 2015
PARK RIDGE POLICE TOTAL FIXED	8.82%	6.95%	7.21%	5.58%	8.31%	3.95%	2.13%	1.01%
Barclays U.S. Government/Credit	5.56%	5.81%	5.60%	6.60%	6.70%	3.63%	2.76%	1.21%
Barclays Intermediate U.S. Government/Credit	5.51%	5.90%	5.40%	5.65%	5.19%	2.91%	2.03%	1.10%
Barclays U.S. Government: Intermediate	7.55%	6.09%	4.94%	3.54%	4.25%	2.14%	0.99%	0.81%
BC GOVT BOND INDEX	8.11%	6.10%	5.07%	4.01%	5.48%	2.69%	1.40%	1.01%

Calendar Year Return

As of December 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
PARK RIDGE POLICE TOTAL FIXED	1.75%	5.30%	-3.82%	5.18%	11.04%	8.79%	-2.57%	16.26%	8.00%	2.63%
Barclays U.S. Government/Credit	0.15%	6.01%	-2.35%	4.82%	8.74%	6.59%	4.52%	5.70%	7.23%	3.78%
Barclays Intermediate U.S. Government/Credit	1.07%	3.13%	-0.86%	3.89%	5.80%	5.89%	5.24%	5.08%	7.39%	4.08%
Barclays U.S. Government: Intermediate	1.18%	2.52%	-1.25%	1.73%	6.08%	4.98%	-0.32%	10.43%	8.47%	3.84%
BC GOVT BOND INDEX	0.85%	4.94%	-2.61%	2.01%	9.01%	5.53%	-2.19%	12.38%	8.67%	3.46%

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Investment Manager Analysis

Prepared for Park Ridge Police Pension Fund

January 26, 2016

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It is not sufficient basis on which to make an investment decision. This document is not complete unless it includes all of the pages indicated. Please refer to the "Important Disclosures" and "Performance Information" sections at the end of this document for further information, including information about the impact of fees on performance.

IMPORTANT NOTE: All performance and statistics in this analysis are calculated based on gross performance and do not reflect the deduction of investment management fees and expenses. See the "Important Disclosure" and "Performance Information" sections at the end of this document for further information. Past performance does not guarantee future results. Actual individual account results will differ.

Consulting Group

Graystone Consulting℠

Additional Disclosures for Blend Reports

The performance data designated as "Custom Manager Blend" below [and on the following pages] is provided at your specific request, and represents what the return of a portfolio would have been had you been invested in the investment products recommended in this Proposal, in the percentages recommended, over the time periods shown. While this data does not represent the actual performance of any specific portfolio, it has been derived from the actual performance of each investment product as set forth in publicly available disclosure documents prepared by the fund companies or the performance information provided by any investment sub-managers included in this Proposal. This performance is presented for illustrative purposes only. With respect to separately managed accounts, the performance information is based on other accounts of the investment sub-manager that operated with substantially similar investment objectives and policies during the time periods indicated. The data designed as "Custom Index Blend" is derived from the stated benchmark of each investment product included in the weightings set forth in our recommendation. Past performance does not guarantee or predict future results.

It is important to note that the performance set forth below does not take into account the fees that would be charged to the account. As illustrated in the Performance Disclosures at the end of this Proposal, if an account had been in existence for the time periods shown, its performance would be lower than that shown by an amount that is directly proportionate to the fee charged. Please see the fee schedule for an illustration of the impact of fees on account performance.

Important Morgan Stanley Disclosures

Graystone Consulting℠

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The following analysis is directed only to the client for whom the evaluation was prepared and is based on published investment manager rate of return data, capital market indices, custom (benchmarks, indices and universes), as well as software developed by Zephyr Associates. Investment manager rate of return data includes: Informa Plan Sponsor Network, Morgan Stanley (MSSB) Fiduciary Services, Morgan Stanley Global Investment Solutions, Collective Trust Funds and Consulting Group Capital Market Funds Databases. Capital markets index data includes: Capital market indices (supplied by Zephyr), Canadian indices (supplied by Zephyr), Salomon Brothers Fixed Income indices, Morgan Stanley Capital International indices, and Dow Jones Global indices.

Zephyr StyleADVISOR uses principles of William Sharpe's theory of returns-based style analysis. Returns-based style analysis assists in identifying investment style without examining the individual security holdings of a portfolio. StyleADVISOR regresses the historical returns of the individual manager(s) against different style indices to identify the pattern of returns that the fund is most closely correlated to. MSSB does not recommend the use of returns-based style analysis without the supporting fundamental research of the fund (research attribution reports).

The underlying data is believed to be reliable but accuracy and completeness cannot be assured. While the historical rates of return described in this report are believed to accurately reflect the overall nature of the portfolio, the constituent securities have not been reviewed. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services provided by any money management organization. Past results are not necessarily indicative of future performance.

Gross Rates of Return

The investment results depicted herein represent historical Gross performance before the deduction of investment management fees and are based on settlement date accounting methods. Annual, cumulative and annualized total returns are calculated assuming reinvestment of dividends and income plus capital appreciation. The client is referred applicable Morgan Stanley ADV brochures, available at www.smithbarney.com/adv or from your Financial Advisor. Actual returns will be reduced by expenses that may include management fees and cost of transactions. As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 2% fee, if the gross performance is 10%, the compounding effect of the fees will result in a net performance of approximately 7.81%. This Report is for one-on-one client presentations only.

International and Small Capitalization Securities

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing involving foreign, economic, political, and/or legal factors. International investing may not be for everyone. In addition, small capitalization securities may be more volatile than those of larger companies, but these companies may present greater growth potential.

Important Morgan Stanley Disclosures

Graystone Consulting℠

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Alpha: Alpha is a risk (beta adjusted) measurement. Officially, alpha measures the difference between a portfolio's actual returns and what it might be expected to deliver based on its level of risk. Higher risk generally means higher reward. A positive alpha means the fund has beaten expectations. A negative alpha means that the manager failed to match performance with risk. If two managers had the same return but one had a lower beta, that manager would have a higher alpha. StyleADVISOR uses the standard intercept calculation.

Beta: Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark. A portfolio with a beta of one is considered as risky as the benchmark and would therefore provide expected returns equal to those of the market during both up and down periods. A portfolio with a beta of two would move approximately twice as much as the benchmark.
Excess Return - The difference between the returns of two portfolios. Usually excess return is the difference between a manager's return and the return of a benchmark for that manager. In the context of a beta benchmark, excess return refers to the difference between a manager or market benchmark and Tbills.

Down Capture Ratio: the ratio of the manager's overall performance to the benchmark's overall performance, considering only periods that are negative in the benchmark.

Excess Returns: represent the average quarterly total returns of the manager relative to its benchmark. A manager with a positive Excess Return has on average outperformed its benchmark on a quarterly basis. This statistic is obtained by subtracting the benchmark return from the manager's return.

Manager Style Graph: an attempt to depict how the manager's historical returns (not actual portfolio holdings) "track" a group of benchmarks. For example, Domestic Equity products will be presented versus Large and Small, Growth and Value benchmarks. If the R2 of the Style Benchmark is lower than 80%, then the attempt to measure the manager's style was problematic (this will often happen with non- diversified portfolios, or eclectic investment disciplines.)

Moving Window: multiple data calculations can be done within a single span of time. For example, in a 5 year period you can display five 1-year values with non-overlapping data, or you can display nine 3-year values by moving each 3-year "moving window" one quarter at a time. Each discrete time period, either overlapping or not, is referred to as a "moving window."

Return: A compounded and annualized rate of return.

R-Squared: (Correlation Squared) - A measure of how well two portfolios track each other. R-squared ranges between zero and 100%. An R-squared of 100% indicates perfect tracking, while an R-squared of zero indicates no tracking at all. R-squared is used in style analysis to determine how much information about a return series the style benchmark has been able to capture. The higher the R-squared, the better the benchmark.

Sharpe Ratio: The Sharpe Ratio, developed by Professor William F. Sharpe, is a measure of reward per unit of risk -- the higher the Sharpe Ratio, the better. It is a portfolio's excess return over the risk-free rate divided by the portfolio's standard deviation. The portfolio's excess return is its geometric mean return minus the geometric mean return of the risk-free instrument (by default, t-bills).

Standard Deviation: quantifies the volatility associated with a given product. The statistic measures the quarterly variation in returns around the mean return.

Style Benchmark: the blended benchmark that best matches the manager's returns (lowest tracking error.)

Tracking Error: represents the Standard Deviation of the Excess Return and provides a historical measure of the variability of the manager's returns relative to its benchmark. **Up Capture Ratio:** measures the manager's overall performance to the benchmark's overall performance, considering only periods that are positive in the benchmark. **Universe:** a peer group of managed investment products with reasonably similar characteristics.