



Burgess Chambers & Associates, Inc.

Institutional Investment Advisors

www.burgesschambers.com

September 30, 2016

Hialeah Elected Officials Retirement Trust

Investment Performance Period Ending September 30, 2016

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Hialeah Elected Officials Retirement Trust
BCA Market Perspective ©
Managing The Recovery

Burgess B. Chambers
October 2016

During past economic recoveries, increased government spending and tax policies (fiscal policies), in conjunction with the Federal Reserve (Fed) reducing borrowing costs, have been effective in stimulating the real economy.

So here is how it is supposed to work. The U.S government agrees to manage both public and private sector policies to promote social stability, full employment, sustained economic growth and increasing federal tax receipts. Across the street, the Fed stands by to stimulate a weakening economy by adding liquidity or lowering borrowing costs. It also has the power to slow down an overly inflated economy by raising borrowing costs. With fiscal policy, the U.S. Government manages spending appropriations and inks the tax code with provisions that direct or promote where the public sector invests or spends capital. Thus, government spending and tax policies steer resources into the economy. For example, oil & gas companies receive handsome accounting write-offs or tax incentives to find energy. Renewable energy companies receive 30% tax credits to promote wind and solar power. Research and development costs among manufacturers are often reimbursed by way of tax credits. The tax code (fiscal policy) encourages companies to purchase equipment by allowing for accelerated depreciation – a means of reducing current income taxes, thus freeing up capital for other purposes that should stimulate the economy.

To put this all together, the federal government spends a lot of money and influences or directs how the private sector spends money. This type of stimulation is known as fiscal policy. Monetary policy involves the Fed coordinating policies designed to promote economic conditions for full employment and to cool the economy when inflation becomes a problem. Monetary policy is most often associated with the Fed raising or lowering interest rates.

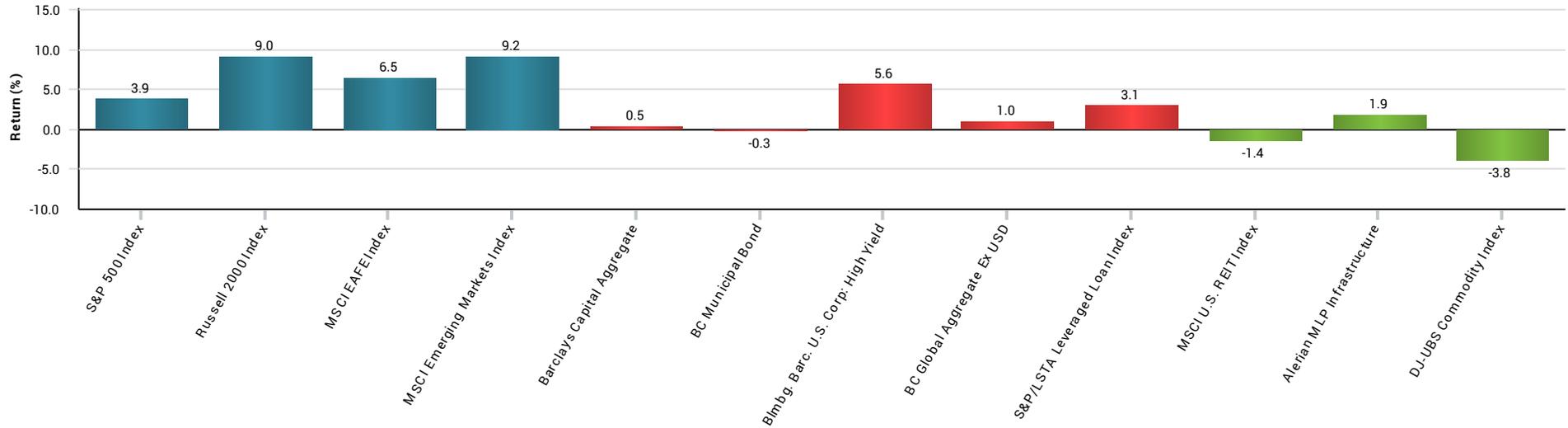
Since 2009, the U.S. economy has not experienced a robust economic recovery. The economy has instead been nursed along by a Fed policy of historically low interest rates and restrictive private lending. At the same time, new banking regulations have been installed – thus tightening lending standards and making it more difficult for the private sector to borrow. Many believe it is this lack of credit that has held back the U.S. recovery since 2009. Sure, the stock market has fully recovered – but not the real economy. Credit availability allows for capital formation and investment. This fundamental economic principle is an essential growth mechanism that leads to increased orders of building materials, chemicals, motor fuel, food, clothing, and just about everything else - which leads to more purchases and the need for new hires. State and federal tax revenues increase and budgets become easier to balance.

Fiscal policy stimulation has been an effective tool – primarily by lowering federal income tax rates. The impact on consumer spending and growth is almost immediate. But in the recent past, lawmakers have been unable to reduce spending in non-essential areas to control growing budget deficits.

Back to the economy: It is possible to return to a real growing economy if the citizens, entrepreneurs, and lawmakers are given the freedom to create and take risks. Allow for credit expansion and tax cuts - then prosperity will soon follow as it has in the past.

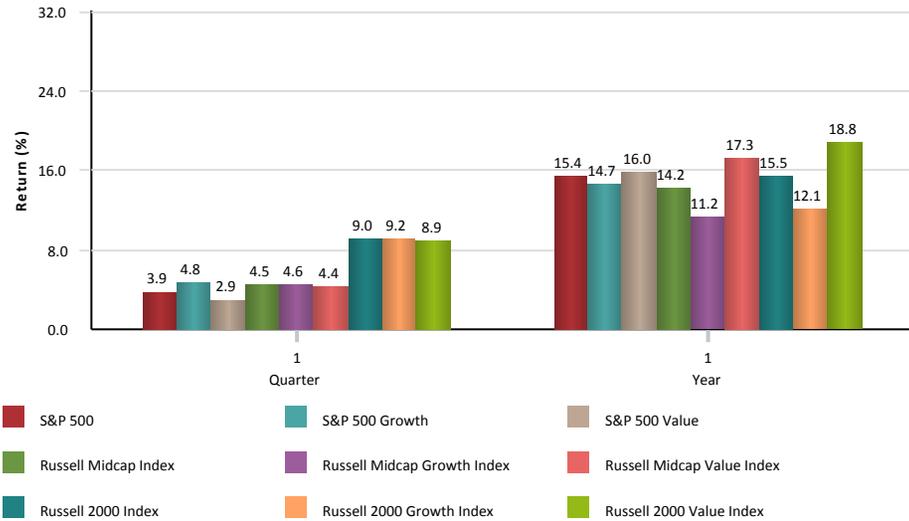


1 Quarter Performance



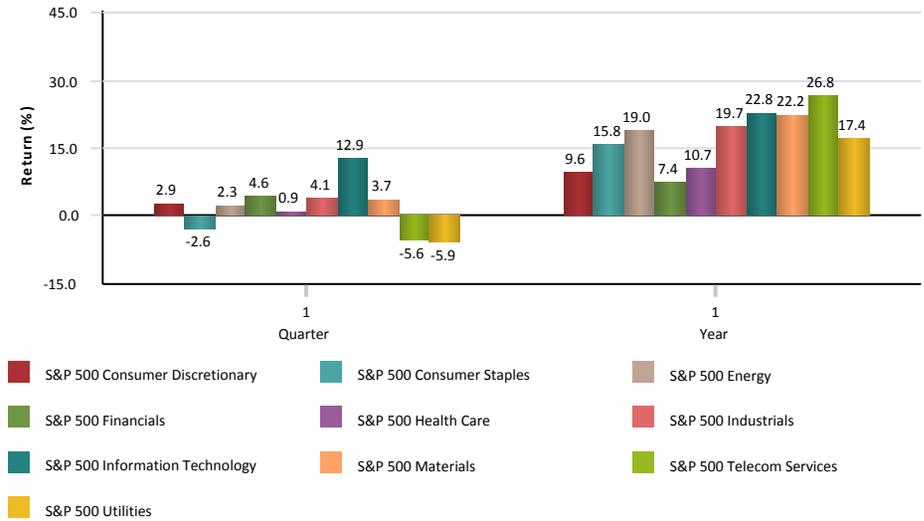
Source: Investment Metrics, LLC

US Market Indices Performance



Source: Investment Metrics, LLC

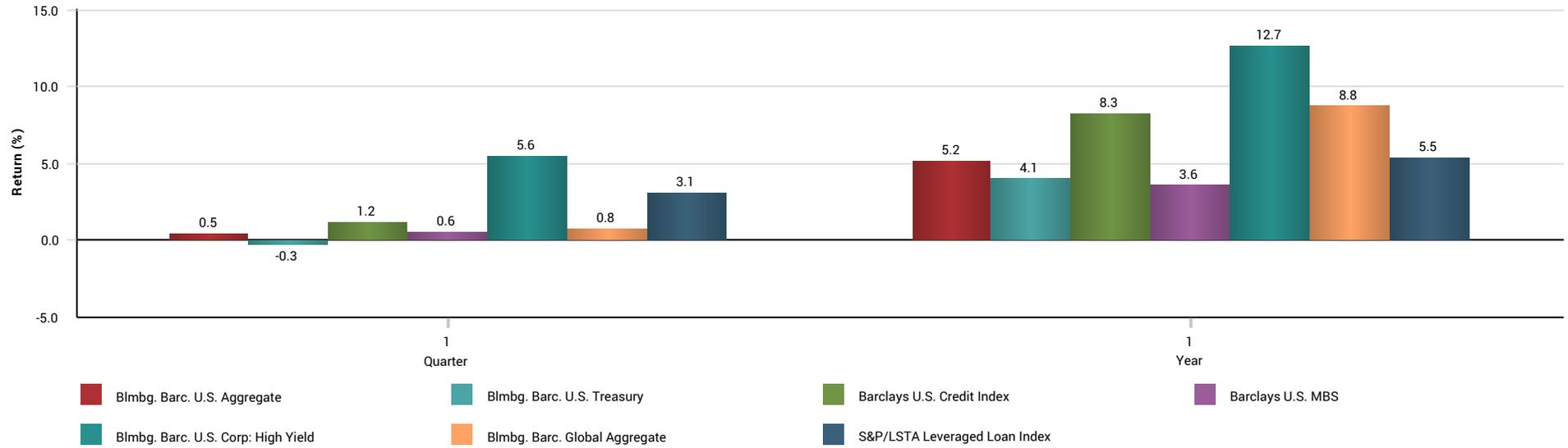
US Market Sector Performance



Source: Investment Metrics, LLC

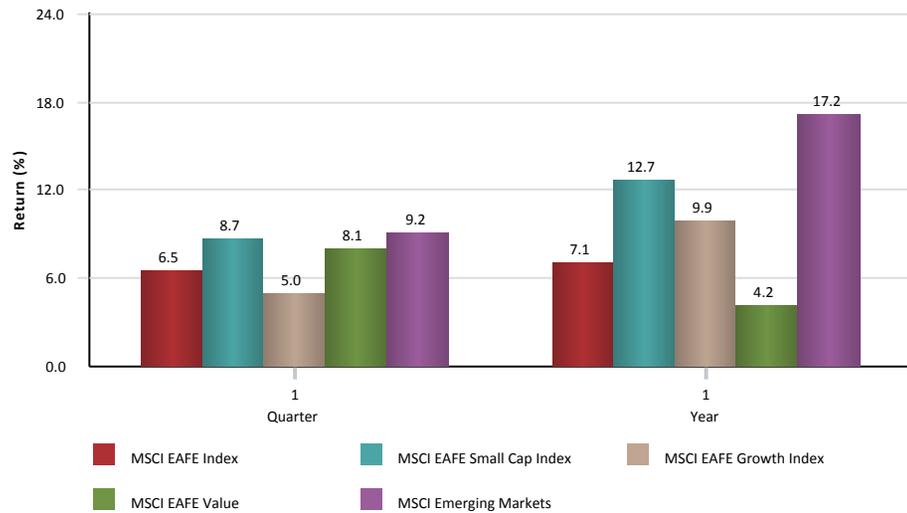


Fixed Income Market Sector Performance



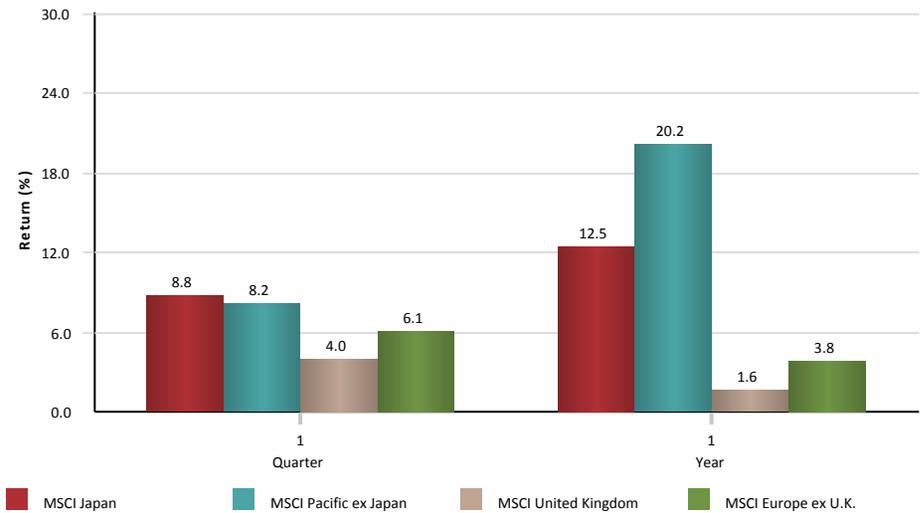
Source: Investment Metrics, LLC

Intl Equity Indices Performance



Source: Investment Metrics, LLC

Intl Equity Region Performance



Source: Investment Metrics, LLC



Hialeah Elected Officials Retirement Trust
Total Fund
Investment Summary
September 30, 2016

- The bull market recently surpassed 7 ½ years, and the S&P 500 index persisted higher (+7.8%) through 2016 in spite of fears and uncertainties. It's hard to reconcile this against the backdrop of weak gross domestic product (GDP) growth and five quarters of decline in corporate earnings. Equity prices (S&P 500) remain elevated at a P/E multiple of 16.8x, compared to 14.3x, which is ten year average. However, this should come as no surprise when the S&P 500 dividend yield is 2.0% and the U.S 10-Year Treasury Yield is 1.7%.
- For the quarter, the Trust earned +3.2% (net), outperforming the target benchmark (+3.0%). The best three performing funds were: emerging markets (+7.8%), developed markets (+6.4%) and small-cap value (+5.8%).
- For the 12-month period, the Fund earned +10.7%, ahead of the target benchmark (+9.4%).
- For the three and five year periods, the annualized returns were +7.0% (net) and +9.4% (net), respectively.
- A distribution, in the amount of \$250,011.69, was made on July 22, 2016. The cash was wired to the City's SunTrust account.



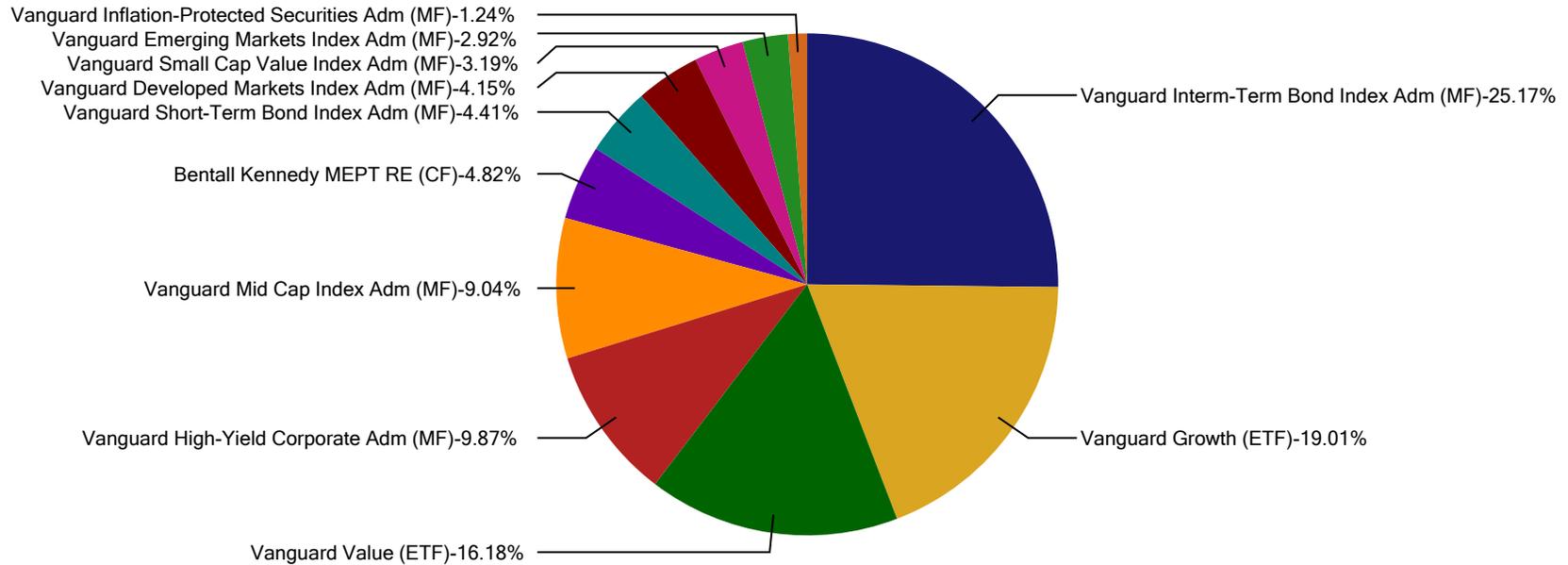
**Hialeah Elected Officials Retirement Trust
Investment Performance - Net
September 30, 2016**

	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
Beginning Market Value	10,667,928	9,951,283	8,995,889	6,814,008
Contributions	-250,012	-250,012	-250,012	-10,012
Gain/Loss	333,161	1,049,806	2,005,200	3,947,081
Ending Market Value	10,751,078	10,751,078	10,751,078	10,751,078
Total Fund (%)	3.2	10.7	7.0	9.4
Target Benchmark	3.0	9.4	5.9	9.0



Hialeah Elected Officials Retirement Trust Asset Allocation

September 30, 2016 : 10,751,078



	<u>Market Value \$</u>	<u>Allocation (%)</u>
■ Vanguard Inter-Term Bond Index Adm (MF)	2,705,668	25.17
■ Vanguard Growth (ETF)	2,043,653	19.01
■ Vanguard Value (ETF)	1,740,055	16.18
■ Vanguard High-Yield Corporate Adm (MF)	1,061,590	9.87
■ Vanguard Mid Cap Index Adm (MF)	971,513	9.04
■ Bentall Kennedy MEPT RE (CF)	518,186	4.82
■ Vanguard Short-Term Bond Index Adm (MF)	474,579	4.41
■ Vanguard Developed Markets Index Adm (MF)	446,044	4.15
■ Vanguard Small Cap Value Index Adm (MF)	342,628	3.19
■ Vanguard Emerging Markets Index Adm (MF)	314,117	2.92
■ Vanguard Inflation-Protected Securities Adm (MF)	133,046	1.24



Hialeah Elected Officials Retirement Trust
Asset Allocation & Performance
September 30, 2016

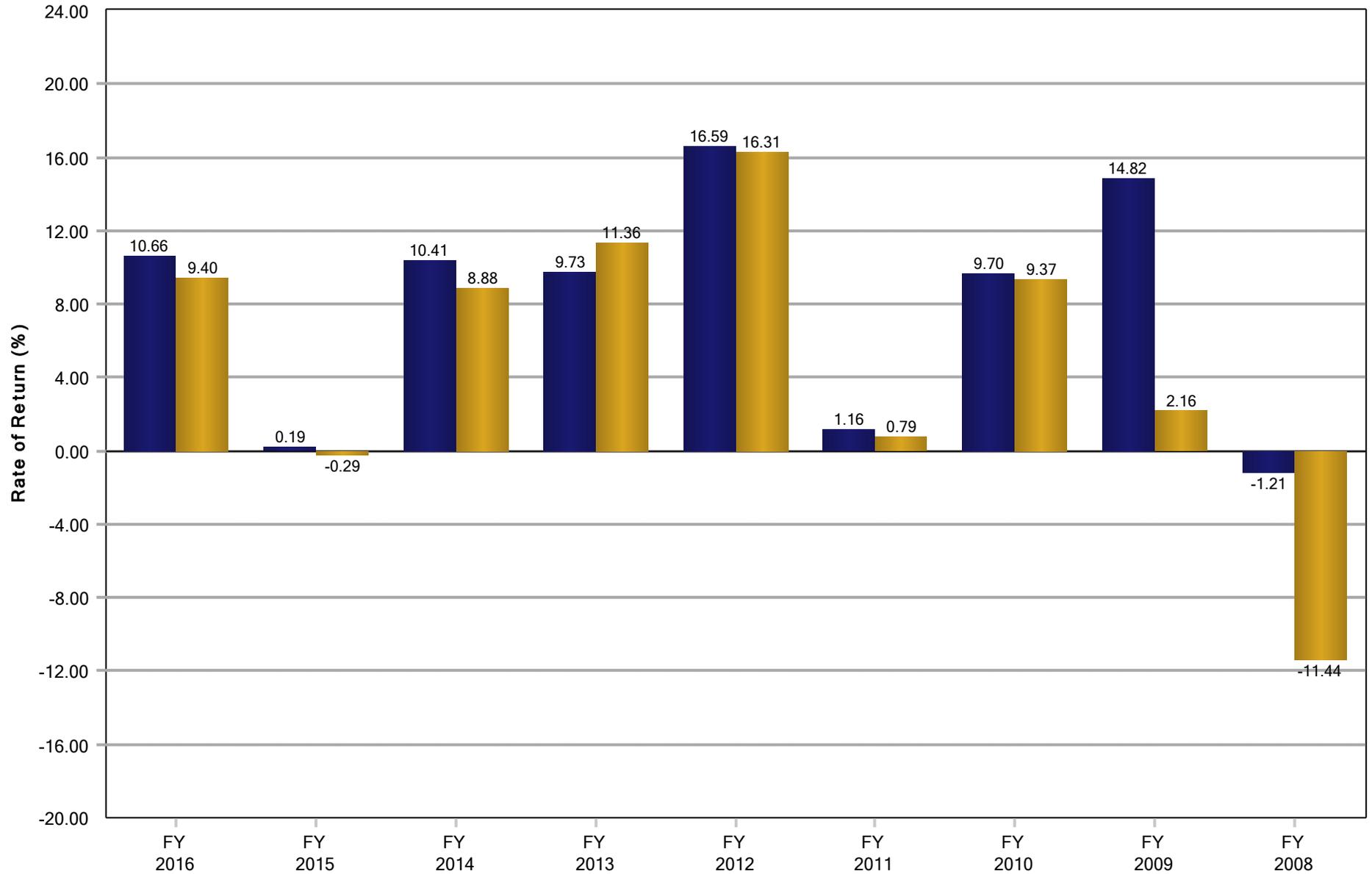
	Market Value	QTD ROR	1 Year ROR	2 Year ROR	3 Year ROR	5 Year ROR
Total Fund	10,751,078	3.2	10.7	5.3	7.0	9.4
55/45 Benchmark		2.3	10.9	5.9	8.1	10.4
Target Benchmark		3.0	9.4	4.4	5.9	9.0
Vanguard Value (ETF)	1,740,055	3.0	16.3	6.2	10.3	16.0
Vanguard Growth (ETF)	2,043,653	5.1	13.5	7.6	11.3	16.5
Vanguard Mid Cap Index Adm (MF)	971,513	5.2	12.6	7.0	9.9	16.5
Vanguard Small Cap Value Index Adm (MF)	342,628	5.8	16.6	8.0	9.5	17.4
Vanguard Developed Markets Index Adm (MF)	446,044	6.4	8.0	-0.2	1.1	8.1
Vanguard Emerging Markets Index Adm (MF)	314,117	7.8	15.8	-2.7	0.2	3.4
Vanguard Interm-Term Bond Index Adm (MF)	2,705,668	0.4	6.3	5.2	4.9	4.1
Vanguard Short-Term Bond Index Adm (MF)	474,579	0.1	2.0	2.0	1.7	1.5
Vanguard Inflation-Protected Securities Adm (MF)	133,046	1.0	6.6	2.9	2.4	1.9
Vanguard High-Yield Corporate Adm (MF)	1,061,590	4.4	9.9	5.0	5.6	N/A
Bentall Kennedy MEPT RE (CF)	518,186	2.1	N/A	N/A	N/A	N/A
Vanguard Prime Money Market (MF)	-	0.0	0.0	0.0	0.0	0.0

1 55/45 Benchmark: 55% S&P 500 index and 45% Barclay's Aggregate Bond Index.

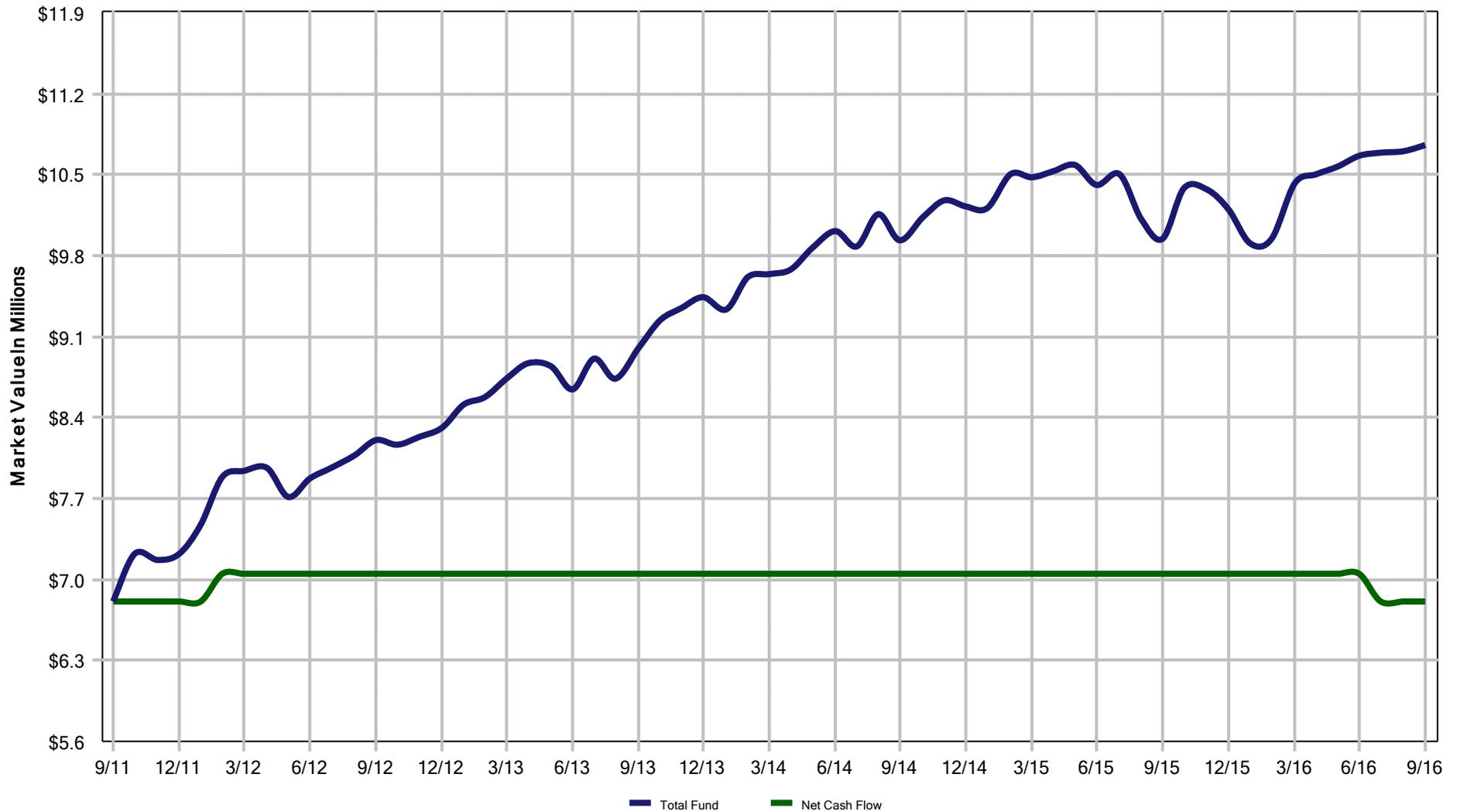
2 Target Benchmark: 30% R1000, 8% Russell MC, 7% R2000, 10% MSCI ACWI ex US, 30% BC Agg, 15% 3M T Bill.



Hialeah Elected Officials Retirement Trust
Fiscal Year Rates of Return
September 30, 2016



Hialeah Elected Officials Retirement Trust
Growth of Investments
October 1, 2011 Through September 30, 2016

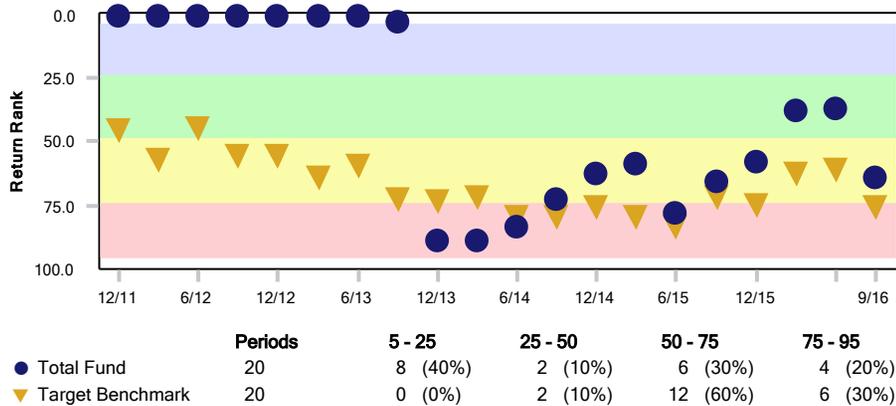


<u>Beginning MV</u>	<u>Ending MV</u>	<u>Annualized ROR</u>
\$6,814,008	\$10,751,078	9.4



Hialeah Elected Officials Retirement Trust Total Fund September 30, 2016

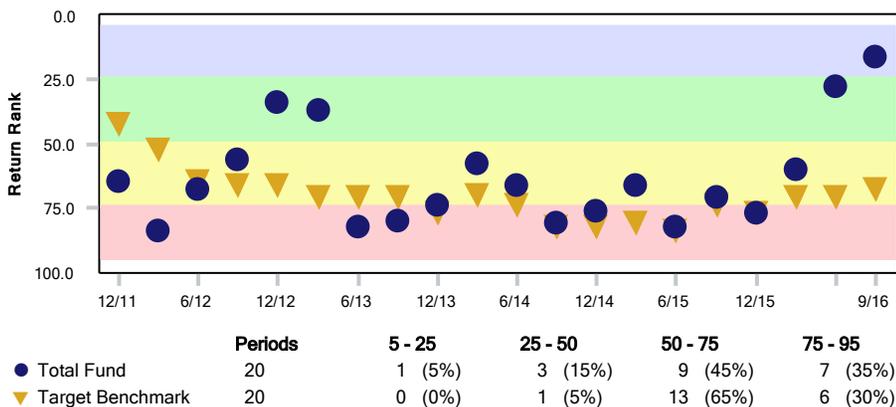
5 Years Rolling Percentile Ranking - 5 Years



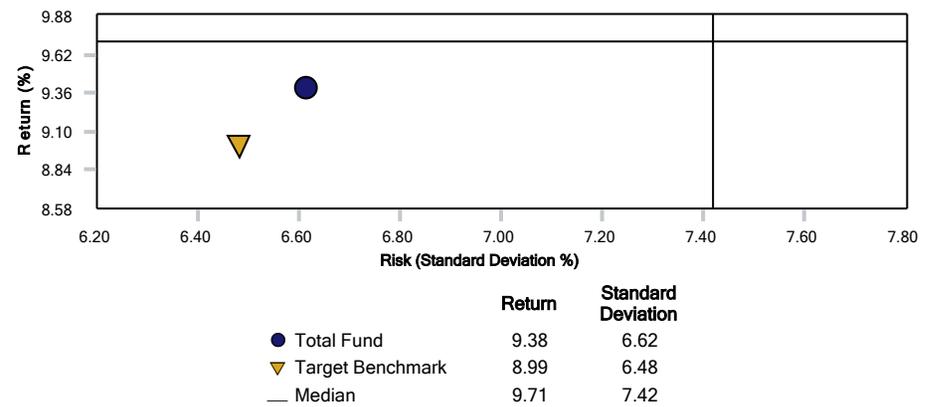
Growth of a Dollar



3 Years Rolling Percentile Ranking - 5 Years



Peer Group Risk/Reward - 5 Years



Historical Statistics - 5 Years

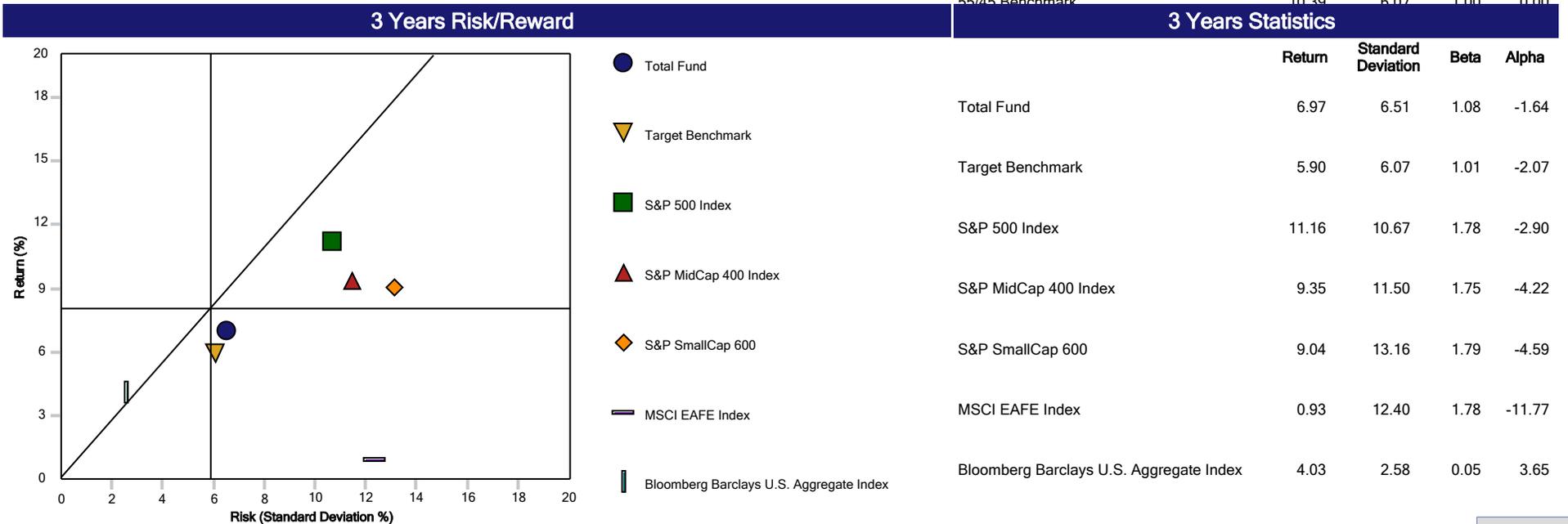
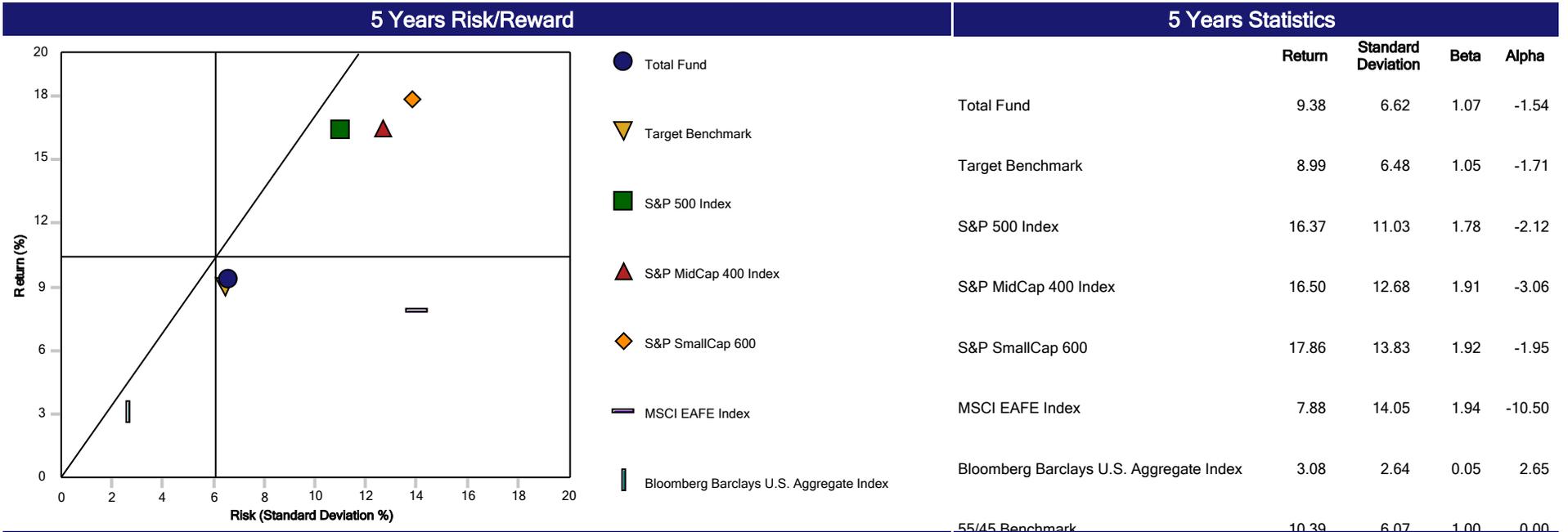
	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	9.38	6.62	0.29	1.01	1.38	102.88	103.70
Target Benchmark	8.99	6.48	0.00	1.00	1.35	100.00	100.00

Historical Statistics - 3 Years

	Return	Standard Deviation	Alpha	Beta	Sharpe Ratio	Down Market Capture	Up Market Capture
Total Fund	6.97	6.51	0.65	1.07	1.06	104.44	111.24
Target Benchmark	5.90	6.07	0.00	1.00	0.96	100.00	100.00

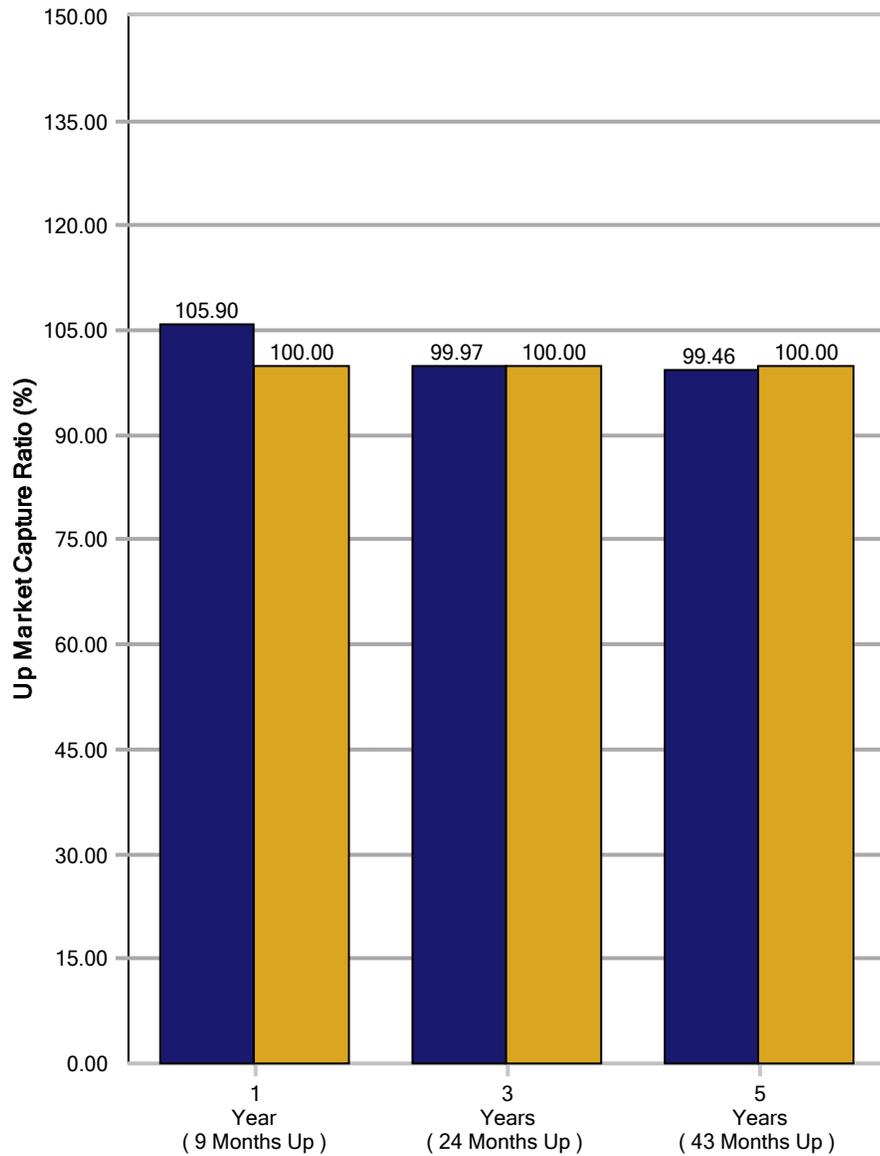


Hialeah Elected Officials Retirement Trust Capital Market Line Period Ending September 30, 2016

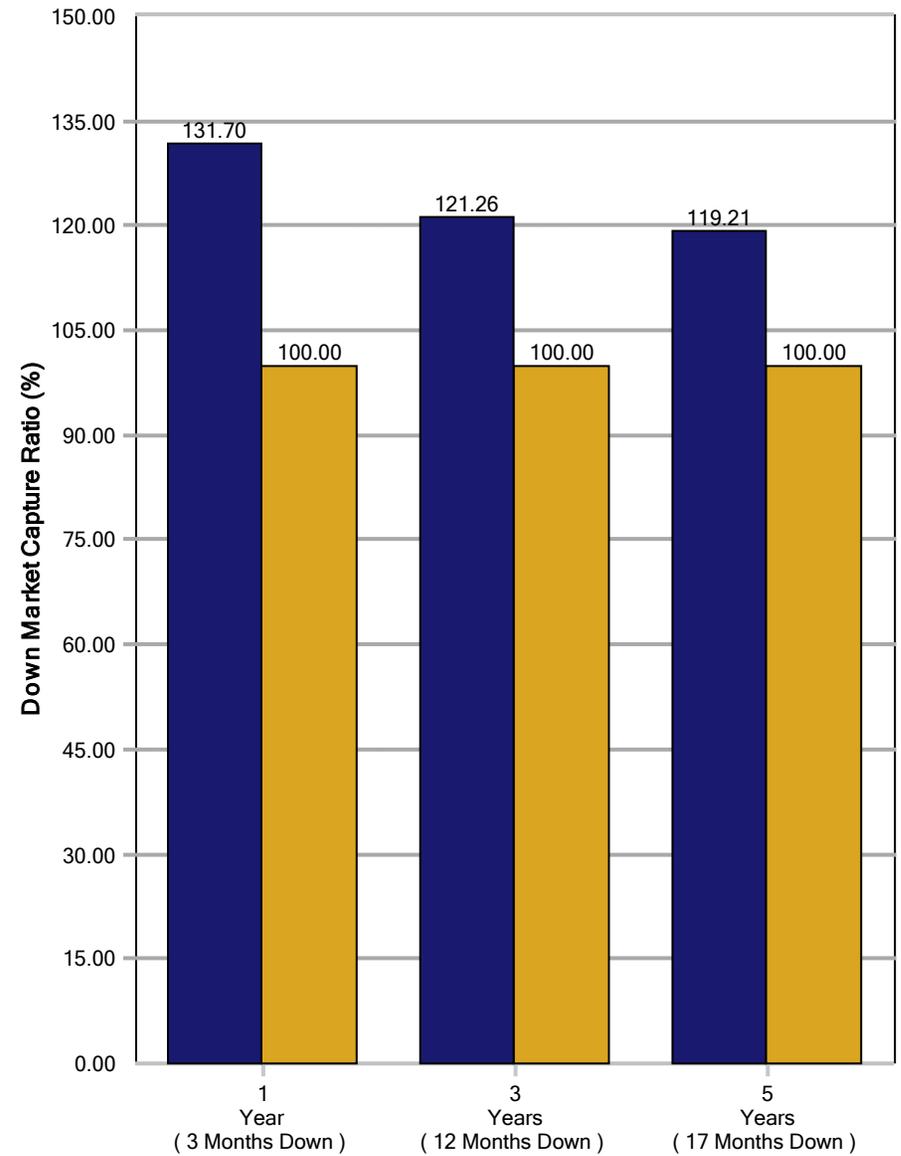


Hialeah Elected Officials Retirement Trust
 Performance in Rising and Declining Markets
 Periods Ending September 30, 2016

Up Market Performance



Down Market Performance



Hialeah Elected Officials Retirement Trust
Glossary
September 30, 2016

- ACCRUED INTEREST- Bond interest earned since the last interest payment, but not yet received.
- ALPHA- A linear regressive constant that measures expected return independent of Beta.
- ASSET ALLOCATION- The division of portfolio asset classes in order to achieve an expected investment objective.
- BALANCED UNIVERSES - Public Funds, Endowments & Foundations, Corporate peer groups, and PSN peer groups.
- BETA- A measure of portfolio sensitivity (volatility) in relation to the market, based upon past experience.
- BOND DURATION- A measure of portfolio sensitivity to interest rate risk.
- COMMINGLED FUND- An investment fund which is similar to a mutual fund in that investors are permitted to purchase and redeem units that represent ownership in a pool of securities.
- CONVERTIBLE BONDS - Hybrid securities' that offer equity returns during rising equity markets and improved down-market protection.
- CORE- An equal weighting in both growth and value stocks.
- CORRELATION COEFFICIENT- A measure of how two assets move together. The measure is bounded by +1 and -1; +1 means that the two assets move together positively, while a measure of -1 means that the assets are perfectly negatively correlated.
- GROWTH MANAGER- Generally invests in companies that have either experienced above-average growth rates and/or are expected to experience above-average growth rates in the future. Growth portfolios tend to have high price/earnings ratios and generally pay little to no dividends.
- INDEXES- Indexes are used as "independent representations of markets" (e.g., S&P 500).
- INFORMATION RATIO- Annualized excess return above the benchmark relative to the annualized tracking error.
- LARGE CAP- Generally, the term refers to a company that has a market capitalization that exceeds \$10 billion.
- MANAGER UNIVERSE- A collection of quarterly investment returns from various investment management firms that may be subdivided by style (e.g. growth, value, core).
- MID CAP- Generally, the term refers to a company that has a market capitalization between \$2 and \$10 billion.
- NCREIF - A quarterly time series composite total rate of return measure of investment performance of a large pool of individual commercial real estate properties acquired in the private market for investment purposes only.
- NCREIF ODCE - Open End Diversified Core Equity index which consists of historical and current returns from 26 open-end commingled funds pursuing core strategy. This index is capitalization weighted, time weighted and gross of fees.
- NET- Investment return accounts only for manager fees.
- PROTECTING FLORIDA INVESTMENT ACT (PFIA) - SBA publishes a list of prohibited investments (scrutinized companies).
- RATE OF RETURN- The percentage change in the value of an investment in a portfolio over a specified time period, excluding contributions.
- RISK MEASURES- Measures of the investment risk level, including beta, credit, duration, standard deviation, and others that are based on current and historical data.
- R-SQUARED- Measures how closely portfolio returns and those of the market are correlated, or how much variation in the portfolio returns may be explained by the market. An R2 of 40 means that 40% of the variation in a fund's price changes could be attributed to changes in the market index over the time period.



Hialeah Elected Officials Retirement Trust
Glossary
September 30, 2016

- SHARPE RATIO- The ratio of the rate of return earned above the risk-free rate to the standard deviation of the portfolio. It measures the number of units of return per unit of risk.
- SMALL CAP- Generally refers to a company with a market capitalization \$300 million to \$2 billion.
- STANDARD DEVIATION- Measure of the variability (dispersion) of historical returns around the mean. It measures how much exposure to volatility was experienced by the implementation of an investment strategy.
- SYSTEMATIC RISK- Measured by beta, it is the risk that cannot be diversified away (market risk).
- TIME WEIGHTED (TW) RETURN - A measure of the investments versus the investor. When there are no flows the TW & DOLLAR weighted (DW) returns are the same and vice versa.
- TRACKING ERROR- A measure of how closely a manager's performance tracks an index; it is the annualized standard deviation of the differences between the quarterly returns for the manager and the benchmark.
- TREYNOR RATIO- A measure of reward per unit of risk. (excess return divided by beta).
- UP AND DOWN-MARKET CAPTURE RATIO- Ratio that illustrates how a manager performed relative to the market during rising and declining market periods.
- VALUE MANAGER- Generally invests in companies that have low price-to-earnings and price-to-book ratios and/or above-average dividend yields.



Hialeah Elected Officials Retirement Trust
Disclosure
September 30, 2016

Advisory services are offered through or by Burgess Chambers and Associates, Inc., a registered SEC investment advisor.

Performance Reporting:

- 1.Changes in portfolio valuations due to capital gains or losses, dividends, interest, income and management fees are included in the calculation of returns. All calculations are made in accordance with generally accepted industry standards.
- 2.Transaction costs, such as commissions, are included in the purchase cost or deducted from the proceeds or sale of a security. Differences in transaction costs may affect comparisons.
- 3.Individual client returns may vary due to a variety of factors, including differences in investment objectives, asset allocating and timing of investment decisions.
- 4.Performance reports are generated from information supplied by the client, custodian, and/or investment managers. BCA relies upon the accuracy of this data when preparing reports.
- 5.The market indexes do not include transaction costs, and an investment in a product similar to the index would have lower performance dependent upon costs, fees, dividend reinvestments, and timing. Benchmarks and indexes are for comparison purposes only, and there is no assurance or guarantee that such performance will be achieved.
- 6.Performance information prepared by third party sources may differ from that shown by BCA. These differences may be due to different methods of analysis, different time periods being evaluated, different pricing sources for securities, treatment of accrued income, treatment of cash, and different accounting procedures.
- 7.Certain valuations, such as alternative assets, ETF, and mutual funds, are prepared based on information from third party sources, the accuracy of such information cannot be guaranteed by BCA. Such data may include estimates and maybe subject to revision.
- 8.BCA has not reviewed the risks of individual security holdings.
- 9.BCA investment reports are not indicative of future results.
10. Performance rankings are time sensitive and subject to change.
11. Mutual Fund (MF) and ETF returns are presented net of fees and ranked in net of fee universes.
12. Separately Managed Account (SMA) and Commingled Fund (CF) returns are presented gross of fees and ranked in gross of fees universes.
13. Composite returns are reported gross of fees and ranked in universes that encompass both gross and net of fee returns.
14. Total Fund returns are presented gross of fees and ranked in a gross of fee universe.
15. For a free copy of Part II (mailed w/i 5 bus. days from request receipt) of Burgess Chambers & Associates, Inc.'s most recent Form ADV which details pertinent business procedures, please contact: 407-644-0111, info@burgesschambers.com, 315 East Robinson Street Suite #690, Orlando, Florida 32801.



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