



STARKE POLICE OFFICERS' RETIREMENT SYSTEM

April 29, 2015

PERFORMANCE EVALUATION REPORT



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PERFORMANCE COMPARISONS

Morningstar Category Averages - Morningstar has developed fund category averages on several data points to enable investors to compare the performance of their individual fund holdings with that of a universe of comparable funds.

Morningstar classifies funds into categories according to their actual holdings rather than the objectives stated by the fund management company. They then calculate category average data for several metrics, including performance, expenses, portfolio exposures, and more. Investors can use these category average data points to *see how any individual fund stacks up against the category as a whole.*

As in the Plan's revised IPS, the **CATEGORY AVERAGES** and the **MARKET INDICES** (below) are the **DUAL BENCHMARK COMPARISONS** for Plan Performance. Benchmarks (below) are retained primarily for asset allocation and information purposes.

Disclaimer

The information contained in this report is based upon sources Dover Consulting Group (a division of Dover Partners, Inc.) believes to be reliable, but is not guaranteed by Dover Consulting Group and does not purport to be a complete statement or summary of all the available data.

The portfolio performance calculation does not include checking account assets and is net of investment management fees for the periods beginning September 31, 2003. All performance prior to that date was reproduced from reports of the previous vendor(s) of investment services to the System. All fund return data supplied by: Morningstar, Inc.

The **PLAN'S POLICY INDEX ALLOCATION** is a composite of the following:

| Start On: | Re-Balance Frequency | S&P 500 | Russell 2000 | MSCI EAFE | Barclays Capital US Aggregate Bond Index | Barclays Capital US Government/ Credit Intermediate | Citigroup 3 month T-bill | MSCI Emerging Markets | FTSE Emerging Markets |
|-----------|----------------------|---------|----------------|---------------------|--|---|--------------------------|-----------------------|-----------------------|
| 10/1/03 | Quarterly | 58.0% | 0.0% | 0.0% | 0.0% | 38.0% | 4.0% | | |
| 1/1/07 | Quarterly | 60.0% | 0.0% | 0.0% | 35.0% | 0.0% | 5.0% | | |
| 10/1/09 | Quarterly | 35.0% | 15.0% | 10.0% | 39.0% | 0.0% | 1.0% | | |
| 10/1/10 | Quarterly | 30.0% | 15.0% | 10.0% | 43.0% | 0.0% | 2.0% | | |
| 1/1/11 | Quarterly | 25.0% | 15.0% | 10.0% | 43.0% | 0.0% | 2.0% | 5.0% | |
| 4/1/13 | Quarterly | 25.0% | 15.0% | 10.0% | 43.0% | 0.0% | 2.0% | 0.0% | 5.0% |
| | | S&P 500 | CRSP Small Cap | FTSE Dev Mkts ex US | FTSE Emerging Markets | Barclays Capital US Aggregate Bond Index | Citigroup 3 month T-bill | MSCI US REIT Idx. | |
| 10/1/2013 | Quarterly | 25.0% | 25.0% | 5.0% | 5.0% | 30.0% | 5.0% | 5.0% | |
| 10/1/2014 | Quarterly | 33.0% | 15.0% | 8.0% | 7.0% | 30.0% | 2.0% | 5.0% | |

**Pension Trust
Performance Summary
3/31/2015**

**Fiscal YTD
4.31%**

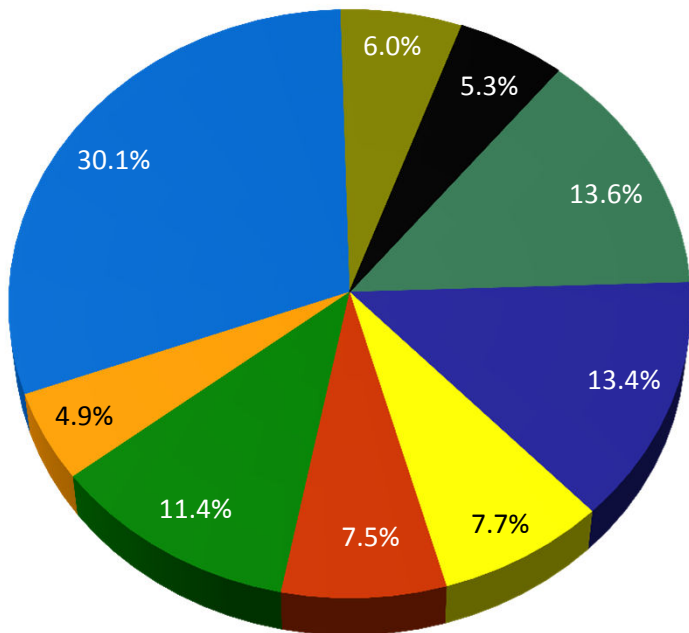
The **Starke Police Officers' Retirement System** investment returns for the period ending March 31, 2015 were as follows:

| | Return | | | | Std. Deviation (Risk) | |
|---|--------------|--------------|--------------|--------------|--------------------------|--------------|
| | Qtr. | 1 Yr. | 3 Yr. | 5 Yr. | 3 Yr. | 5 Yr. |
| Vanguard 500 Idx Admiral | 0.94% | 12.69% | 16.07% | 14.43% | 8.17% | 14.45% |
| S&P 500 Idx. | 0.95% | 12.73% | 16.11% | 14.47% | 8.17% | 14.45% |
| Large Cap Blend* | 1.13% | 10.11% | 14.51% | 12.60% | 8.32% | 14.92% |
| Vang. High Dividend Yld. ETF | -0.27% | 11.00% | 15.46% | 14.89% | 7.94% | 12.51% |
| FTSE High Dividend Yld. Idx. | -0.27% | 11.09% | 15.54% | 15.00% | | |
| Large Cap Value* | 0.20% | 7.91% | 14.29% | 12.08% | 8.25% | 14.89% |
| Vang. Developed Mkts ETF | 5.54% | -0.91% | 8.93% | 6.18% | 11.65% | 17.78% |
| FTSE Developed Mkt Idx. | 5.14% | -0.30% | 9.21% | 6.62% | 11.51% | 17.26% |
| Foreign Blend* | 4.68% | -0.82% | 7.80% | 5.60% | 10.61% | 17.36% |
| Vang. Small Cap ETF | 4.80% | 9.82% | 17.57% | 15.81% | 10.25% | 18.26% |
| CRSP Small Cap Idx. | 4.79% | 9.82% | 17.78% | N/A | 10.52% | N/A |
| Small Cap Blend* | 3.61% | 6.04% | 14.96% | 13.65% | 11.22% | 18.51% |
| Vang. Emerging Mkts ETF | 2.08% | 3.05% | 0.57% | 1.82% | 11.13% | 18.51% |
| FTSE Emerging Mkt. Idx. | 1.92% | 3.60% | 1.17% | 2.22% | 10.98% | 17.37% |
| Diversified Emerg. Mkts.* | 1.14% | -1.10% | 0.42% | 1.31% | 10.78% | 17.74% |
| Baird Core Plus Bond - Inst. | 1.80% | 6.05% | 4.35% | 5.82% | 3.13% | 3.11% |
| Vang. ST Corp. Bond ETF | 1.22% | 2.32% | 2.66% | 3.36% | 1.63% | 1.93% |
| Barclays Universal Idx. | 1.73% | 5.33% | 3.49% | 4.75% | 2.62% | 2.76% |
| Barclays US 1-5Yr Corp. Idx. | 1.24% | 2.50% | 2.83% | 3.57% | | |
| Intermediate-Term Bond* | 1.54% | 4.70% | 3.45% | 4.59% | 2.72% | 2.65% |
| Vang. REIT Idx ETF | 4.73% | 24.08% | 14.10% | 15.83% | 11.06% | 14.66% |
| MSCI US REIT Idx. | 4.75% | 24.17% | 14.17% | 15.89% | 11.07% | 14.66% |
| Real Estate* | 4.42% | 22.50% | 13.04% | 14.71% | 10.08% | 14.22% |
| Total Account | 1.14% | 7.00% | 8.47% | 8.19% | 4.48% | 8.82% |
| Starke Policy Index Allocation | 2.22% | 7.99% | 9.68% | 9.28% | 4.73% | 8.06% |
| Starke Active Mgr Category Comparison* | 2.05% | 6.66% | 9.59% | 9.40% | 5.44% | 10.25% |

*Morningstar Category Average Returns

ASSET ALLOCATION

53.6% Stocks/41.0% Bonds, REITs & Cash*



* May not total to 100% due to rounding

- Money Market Fund(at Salem)
- Vanguard S&P 500 Index Fund Admiral
- Vanguard High Div. Yld. ETF
- Vanguard FTSE Dev. Mkts Idx ETF
- Vanguard FTSE Emerging Mkts Idx ETF
- Vanguard Small Cap Index ETF
- Vanguard REIT Index ETF
- Baird Core Plus Bond Fund Institutional
- Vanguard Short Term Corp. Bond Idx ETF

CORRECTION to Jan Meeting*:

Error - BUY \$520k Vanguard Dividend Growth Fund Investor

*CORRECTION - BUY \$520K VANGUARD HIGH DIVIDEND YIELD ETF – PASSIVE FUND @ 10 bps.

RECOMMENDATION:

Will purchase \$120k (+/-) Vanguard 500 on market weakness

Starke Police Officers' Retirement System Manager Asset Allocation 3/31/2015

| As of | S&P 500 Index | International Equity | Vanguard Small-Cap ETF | Vanguard High Div ETF | Vanguard REIT Index | Vanguard Em. Mkts. Index | Baird Core Plus Fund | Sht Corp Fixed Income | Cash | Total |
|--------------|---------------|----------------------|------------------------|-----------------------|---------------------|--------------------------|----------------------|-----------------------|-----------|--------------------|
| | EQ IDX | INT'L EQ | SC IDX | HI DIV | REIT | EM MKTS | MGD FX | SHT FX | CASH | |
| December '14 | \$1,216,809 | \$173,263 | \$497,788 | - | \$146,124 | \$172,806 | \$1,035,176 | \$248,844 | \$368,148 | \$3,858,958 |
| January | \$1,181,517 | \$174,498 | \$487,121 | - | \$156,136 | \$172,461 | \$1,060,926 | \$251,156 | \$363,844 | \$3,847,659 |
| February | \$509,503 | \$287,064 | \$414,879 | \$507,230 | \$179,829 | \$280,812 | \$1,103,621 | \$220,247 | \$405,946 | \$3,909,131 |
| March | \$501,427 | \$282,315 | \$420,994 | \$494,629 | \$181,857 | \$274,565 | \$1,107,973 | \$220,577 | \$412,327 | \$3,896,664 |
| April | | | | | | | | | | \$0 |
| May | | | | | | | | | | \$0 |
| June | | | | | | | | | | \$0 |
| July | | | | | | | | | | \$0 |
| August | | | | | | | | | | \$0 |
| September | | | | | | | | | | \$0 |
| October | | | | | | | | | | \$0 |
| November | | | | | | | | | | \$0 |
| December | | | | | | | | | | \$0 |

Investment Related Fees as of 3/31/2015

| MUTUAL FUND | EXPENSE RATIO | AVG. FUND* |
|--|---------------|------------|
| Vanguard Developed Markets ETF | 0.09% | 0.37% |
| Vanguard S&P 500 Index – Admiral* | 0.05% | 0.10% |
| Vanguard High Dividend Yield ETF | 0.10% | 0.36% |
| Vanguard Small Cap ETF | 0.09% | 0.35% |
| Vanguard Emerging Markets ETF | 0.15% | 0.57% |
| Baird Core Plus Bond Institutional | 0.30% | 0.89% |
| Vanguard ST Corp Bond Market Index ETF | 0.12% | 0.21% |
| Vanguard REIT Index ETF | 0.10% | 0.41% |
| Dollar Weighted Plan Average | 0.20% | |

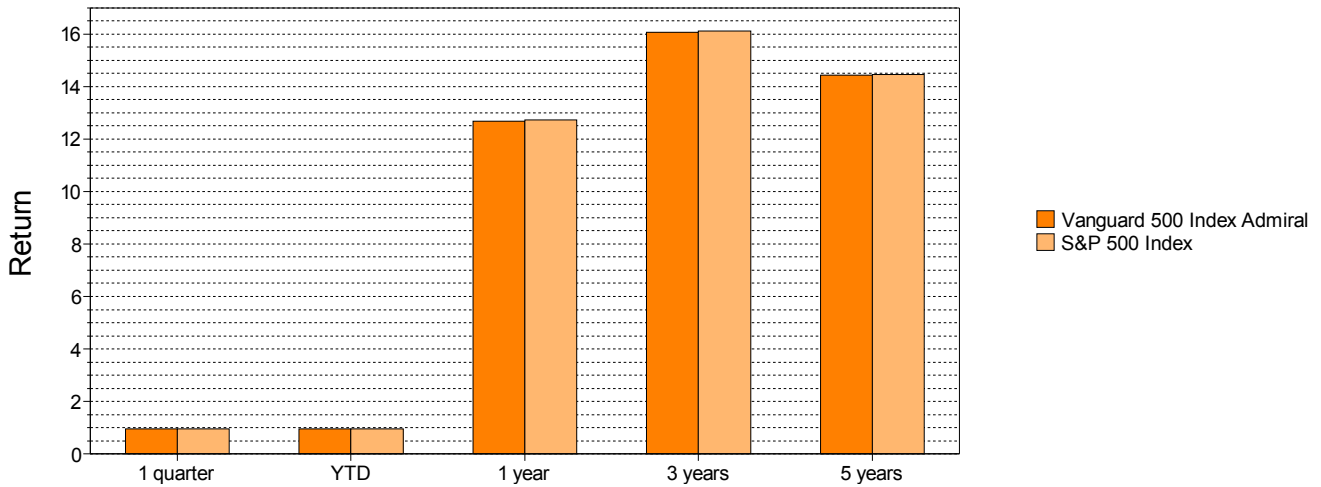
Current Investment Consulting & Custodial Fees: **0.39%**

TOTAL INVESTMENT- RELATED FEES (Excludes legal, accounting & actuary) **0.59%**

*Category Average per Morningstar as of 2014 – ETF Average used for S&P 500 Index Fund

ETF PERFORMANCE

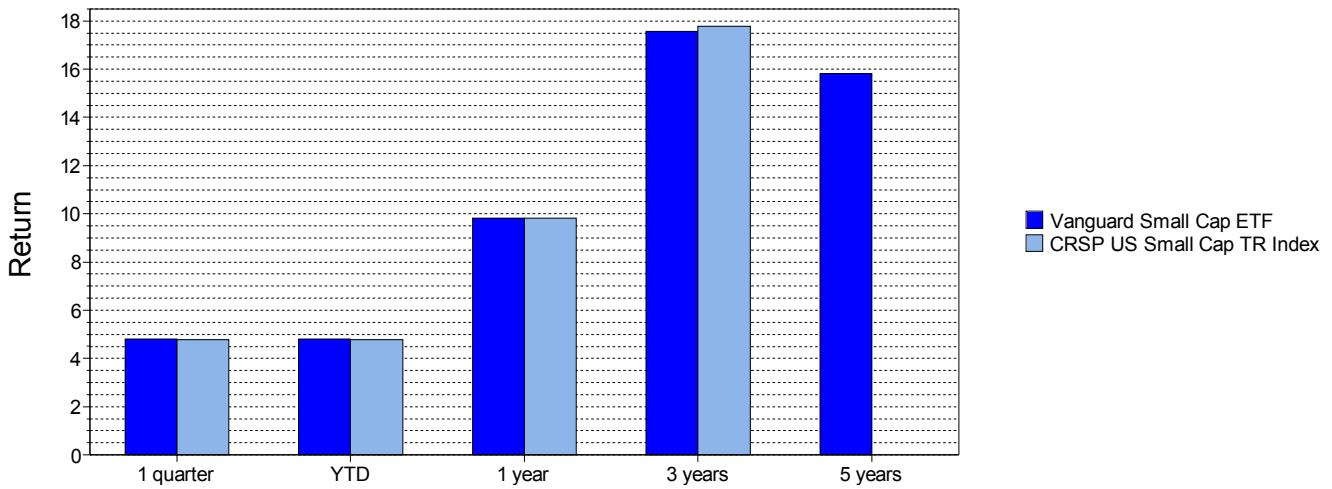
Manager vs Benchmark: Return through March 2015
(not annualized if less than 1 year)



| | 1 quarter | YTD | 1 year | 3 years | 5 years |
|----------------------------|-----------|-------|--------|---------|---------|
| Vanguard 500 Index Admiral | 0.94% | 0.94% | 12.69% | 16.07% | 14.43% |
| S&P 500 Index | 0.95% | 0.95% | 12.73% | 16.11% | 14.47% |

as of March 2015

Manager vs Benchmark: Return through March 2015
(not annualized if less than 1 year)



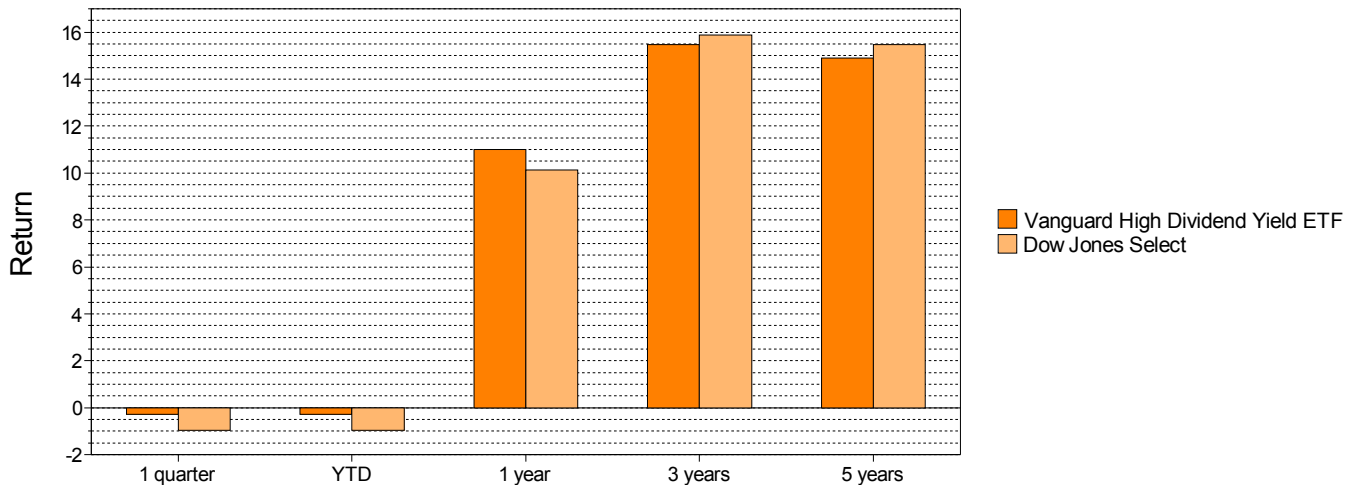
| | 1 quarter | YTD | 1 year | 3 years | 5 years |
|----------------------------|-----------|-------|--------|---------|---------|
| Vanguard Small Cap ETF | 4.80% | 4.80% | 9.82% | 17.57% | 15.81% |
| CRSP US Small Cap TR Index | 4.79% | 4.79% | 9.82% | 17.78% | N/A |

as of March 2015

ETF PERFORMANCE

Manager vs Benchmark: Return through March 2015

(not annualized if less than 1 year)



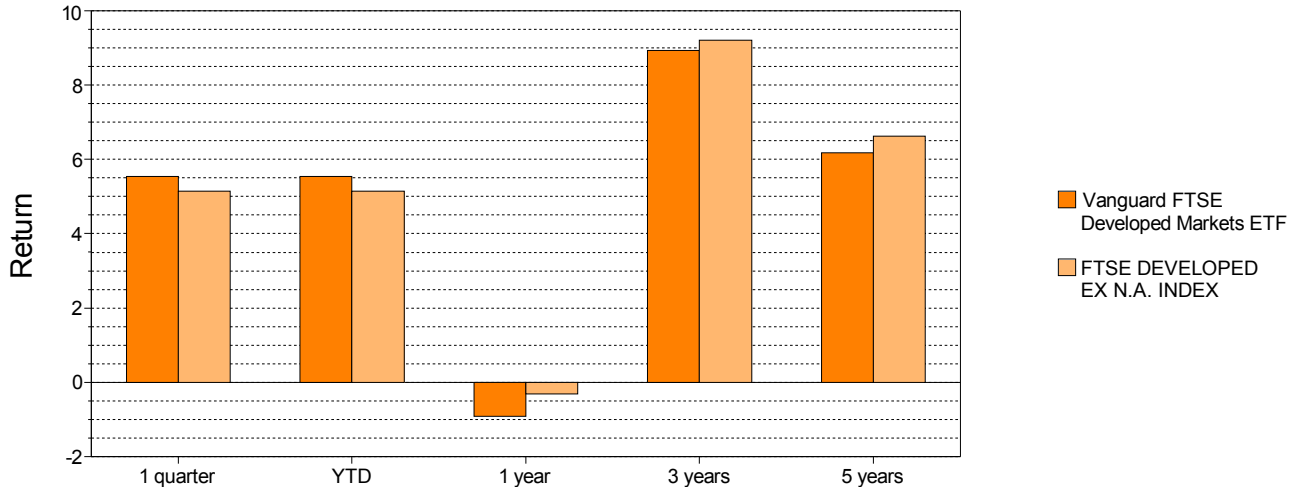
| | 1 quarter | YTD | 1 year | 3 years | 5 years |
|----------------------------------|-----------|--------|--------|---------|---------|
| Vanguard High Dividend Yield ETF | -0.27% | -0.27% | 11.00% | 15.46% | 14.89% |
| FTSE High Dividend Yield Index | | -0.27 | 11.09 | 15.54 | 15.00 |

as of March 2015

ETF PERFORMANCE

Manager vs Benchmark: Return through March 2015

(not annualized if less than 1 year)

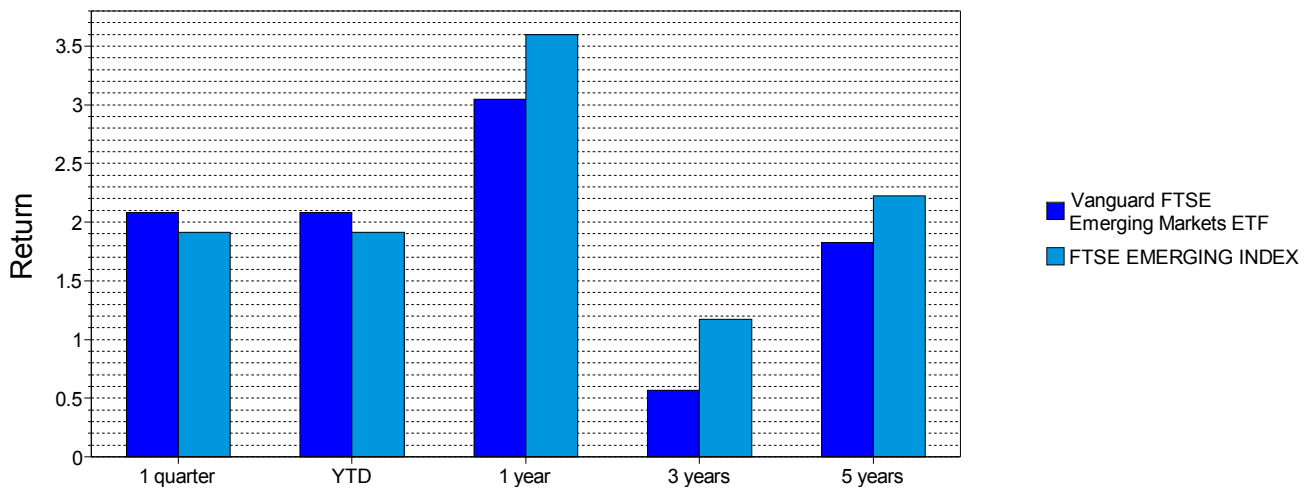


| | 1 quarter | YTD | 1 year | 3 years | 5 years |
|-------------------------------------|-----------|-------|--------|---------|---------|
| Vanguard FTSE Developed Markets ETF | 5.54% | 5.54% | -0.91% | 8.93% | 6.18% |
| FTSE DEVELOPED EX N.A. INDEX | 5.14% | 5.14% | -0.30% | 9.21% | 6.62% |

as of March 2015

Manager vs Benchmark: Return through March 2015

(not annualized if less than 1 year)



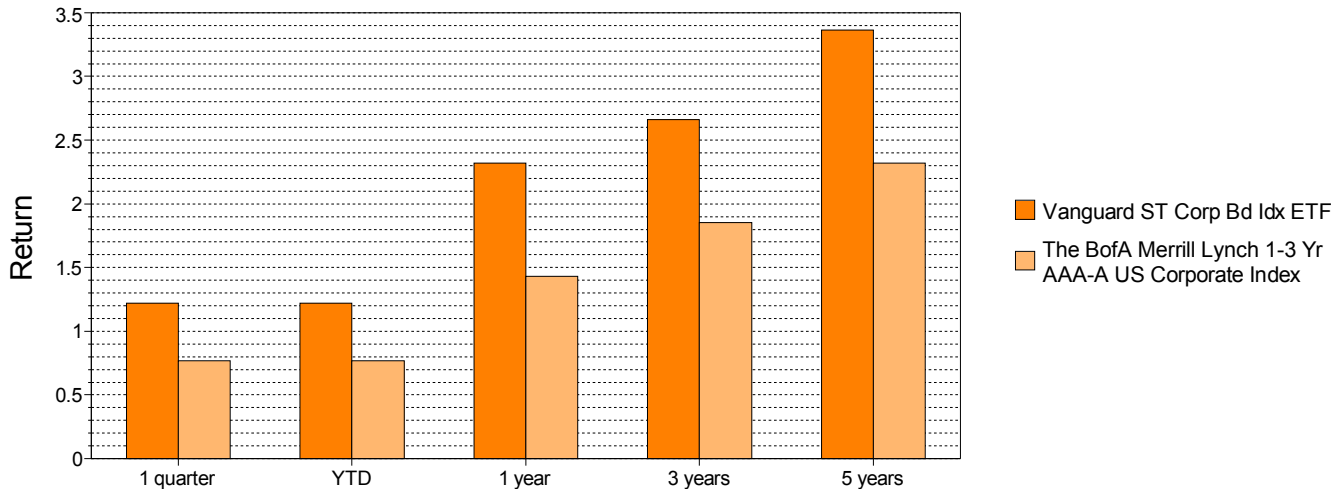
| | 1 quarter | YTD | 1 year | 3 years | 5 years |
|------------------------------------|-----------|-------|--------|---------|---------|
| Vanguard FTSE Emerging Markets ETF | 2.08% | 2.08% | 3.05% | 0.57% | 1.82% |
| FTSE EMERGING INDEX | 1.92% | 1.92% | 3.60% | 1.17% | 2.22% |

as of March 2015

ETF PERFORMANCE

Manager vs Benchmark: Return through March 2015

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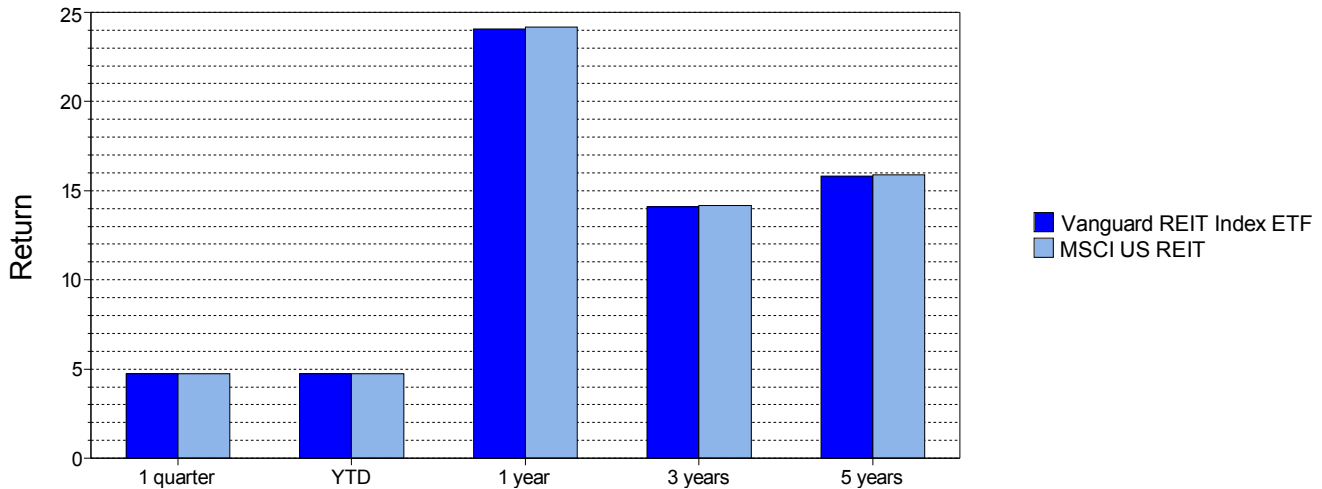


| | 1 quarter | YTD | 1 year | 3 years | 5 years |
|-----------------------------------|-----------|-------|--------|---------|---------|
| Vanguard ST Corp Bd Idx ETF | 1.22% | 1.22% | 2.32% | 2.66% | 3.36% |
| Barclays U.S. 1-5 Yr. Corp. Index | | 1.24 | 2.50 | 2.83 | 3.57 |

as of March 2015

Manager vs Benchmark: Return through March 2015

(not annualized if less than 1 year)



| | 1 quarter | YTD | 1 year | 3 years | 5 years |
|-------------------------|-----------|-------|--------|---------|---------|
| Vanguard REIT Index ETF | 4.73% | 4.73% | 24.08% | 14.10% | 15.83% |
| MSCI US REIT | 4.75% | 4.75% | 24.17% | 14.17% | 15.89% |

as of March 2015