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Sent: Tuesday, August 02, 2016 11:40 AM
To: Joseph Daisy (jdaisy@comfsm.fm) <jdaisy@comfsm.fm>
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Subject: COM FSM Board Materials from Raymond James

Dear President Daisy,

Please find attached the following materials for review at the upcoming COM FSM Board Meeting on Friday August 5.

Second Quarter 2016 Market Recap – The U.S. economy shows resiliency in the face of uncertainty. While market volatility increased globally, equity markets recover. Fixed income continues to improve, especially with the Federal Reserve's dovish sentiment regarding interest rates. Commodities rebound as exchange rates and oil prices stabilize.

1. **COM FSM Q2 2016 Quarterly Report** – Total market value as of 6/30/16 was \$4,405,178. For QTD, the Total Fund was up 1.69% slightly under the Policy Index of 2.36% and in line with the Strategic Return Index of 7.10%. For Fiscal YTD, the Total Fund was up 6.92% ahead of the Policy Index of 6.53% and the Strategic Return Index of 5.28%. Longer term Inception to Date, the Total Fund was up 6.71% Annualized ahead of the Policy Index of 5.51% Annualized and slightly under the 7.10% Annualized Strategic Return Index. U.S. Large Cap Value, Emerging Markets and U.S. Fixed Income performed well for 2Q16. U.S. Large Cap Growth, International Equity and International Bonds were some of the detractors to performance. Overall, the Total Fund performed well QTD and Fiscal YTD. Asset allocation is within limits of Strategic Allocation in the Investment Policy Statement.
2. **COM FSM July 2016 1 Page Update** – Total market value as of 7/31/16 was \$4,537,000 which is an increase of \$132,000 or 3.00% from June 30. Policy index was up 3.13% accordingly. U.S. Equity and International and Emerging Markets Managers have performed well in the month of July 2016.

3. **COM FSM Reserves Q2 2016 Quarterly Report** - Total market value as of 6/30/16 was \$2,834,370. For QTD, the Total Fund was down -0.29% slightly under the Policy Index of 0.42% and under the Strategic Return Index of 1.39%. For Fiscal YTD, the Total Fund was up 1.10% slightly under the Policy Index of 2.30% and the Strategic Return Index of 4.17%. U.S. Large Cap Value, U.S. Large Cap Growth and Developed International were some of the detractors to performance in QTD and Inception performance. Because the majority of assets are in Cash \$2,022,464, this has been reflected in the lower returns overall in the Reserves Portfolio. Asset allocation is within limits of Strategic Allocation in the Investment Policy Statement. COM FSM Board may want to consider placing all or part of the Cash in a U.S. Fixed Income Manager for greater diversification if Cash will not be used in the next 5+ years.

4. **COM FSM Reserves July 2016 1 Page Update** – Total market value as of 7/31/16 was \$2,864,000, which is an increase of \$29,000 or 1.02% from June 30. Policy index was up 1.10% accordingly. U.S. Equity and International Managers have performed well in the month of July 2016. Cash returns remains low in line with expectations.

5. **July 2016 Market Letter** – July 2016 Update and Market Commentary for review and further discussion.

Please let us know if you have any questions or concerns in the meantime.

I have also cancelled my trip to Palau later this week and will be on Guam so we can execute a Go To Meeting Video/Audio Conference Call if you like with the Board on Friday August 5. If you would like to do this, please let me know a convenient time on Friday August 5 and will have this all set up.

We look forward to hearing back from you soon.

Sincerely,

JASON B. MIYASHITA, CRPS®, AIFA®
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