

**AGENDA - BOARD OF TRUSTEES MEETING  
GOLDEN BEACH POLICE OFFICERS' PENSION PLAN  
SPECIAL MEETING**

**February 22, 2021 @ 1:00 PM**

**ZOOM 1-646-558- 8656**

**Meeting ID: 839 3301 9930**

**Passcode: 615779**

**I. CALL TO ORDER:**

**II. ROLL CALL:**

Leila Perez, Chairperson  
Arlyne Cassuto

David Carrazana

**III. PUBLIC COMMENTS**

**IV. AUDIT REPORT – Enrique Llerena, Caballero Fierman Llerena + Garcia**

**V. CONSENT AGENDA**

**Ratification of Warrant No. 80**

Benefits USA (Administration Fee; November 2020)	\$ 500.00
Benefits USA (Administration Fee; December 2020)	\$ 500.00
Benefits USA (Administration Fee; January 2021)	\$ 500.00
Benefits USA (End of Year Audit)	\$ 212.50
Caballero Fierman Llerena + Garcia, LLP (Inv #: 30109)	\$ 5,000.00
Sugarman and Susskind (Legal Fees; Nov, Dec & Jan 2021)	\$ 750.00

**Approval of Warrant No. 81**

Benefits USA (Administration Fee; February 2021)	\$ 500.00
Sugarman and Susskind (Legal Fees; February 2021)	\$ 750.00

**VI. INVESTMENT REPORTS – Scott Owens, Graystone Consulting**

**VII. UNFINISHED BUSINESS**

- a. Termination of the Share Plan

**VIII. NEW BUSINESS**

**IX. LUMP SUM DISTRIBUTIONS**

**X. ATTORNEY REPORT – Pedro Herrera, Sugarman & Susskind**

**XI. NEXT MEETING DATE: TBD**

**XII. ADJOURN**

If any person decides to appeal any decision made by the Board with respect to any matter considered at such a meeting, we will need a proceedings of that meeting. And that, for such purpose, he may need to insure a verbatim record of the proceedings, the record is to include the testimony and evidence upon which that appeal is to be based. F.S.S. 286.0105.

Any individual who believes he or she has a disability which requires a reasonable accommodation in order to participate fully and effectively in a meeting of the Pension Board must so notify the Town Clerk at (305) 936-2444 at least 24 hours prior to the date of the meeting.

## Lauri Patterson

---

**From:** Lauri Patterson <lauri@benefits-usa.org>  
**Sent:** Friday, February 12, 2021 12:54 PM  
**To:** 'Leila Perez'; 'Pension'; 'argelica@yahoo.ocm'; 'David.Carrazana@ci.irs.gov';  
pete@benefits-usa.org; Owens, Scott; Haugaard, Timothy P; 'Enrique Llerena'; 'Jose E.  
Llerena'  
**Subject:** FW: ZOOM GBP

Good afternoon all,

Please find the ZOOM information for the upcoming meeting on February 22, 2021 @ 1:00 p.m.

*Lauri K. Patterson*  
Benefits USA, INC.  
3810 Inverrary Blvd. Suite 303  
Lauderhill, FL 33319  
Phone: 954-730-2068 Ext 213  
Fax: 954-730-0738  
Email: [Lauri@benefits-usa.org](mailto:Lauri@benefits-usa.org)

**From:** Jessica De la Torre Vila <jess@sugarmansusskind.com>  
**Sent:** Friday, February 12, 2021 12:43 PM  
**To:** Lauri Patterson <lauri@benefits-usa.org>  
**Subject:** RE: ZOOM GBP

Sugarman & Susskind, P.A. is inviting you to a scheduled Zoom meeting.

Topic: Town of Golden Beach Police Officers 185 Plan  
Time: Feb 22, 2021 01:00 PM Eastern Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/83933019930?pwd=cmFjd3VSeFNMdWJzM1k0aFczWGpLdz09>

Meeting ID: 839 3301 9930

Passcode: 615779

One tap mobile

+13017158592,,83933019930#,,,,\*615779# US (Washington DC)

+13126266799,,83933019930#,,,,\*615779# US (Chicago)

Dial by your location

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 646 558 8656 US (New York)

+1 253 215 8782 US (Tacoma)

**WARRANT NO. 80**

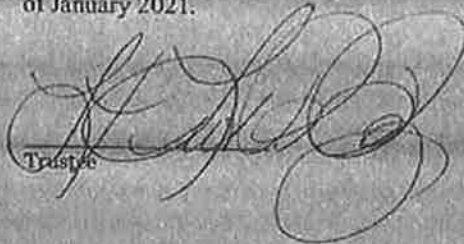
For payment from the GOLDEN BEACH POLICE OFFICER'S PENSION FUND,  
Account #70003434

TO: FIRST STATE

You are hereby authorized by the Board of Trustees of the Town of Golden Beach Police Officer's Pension Fund to pay the amounts listed below for services rendered to the said Board of Trustees, and to pay the persons named below, hereby certified by the Board of Trustees:

<u>NAME &amp; ADDRESS</u>	<u>AMOUNT</u>
Benefits USA (Administration Fee; November 2020)	\$ 500.00
Benefits USA (Administration Fee; December 2020)	\$ 500.00
Benefits USA (Administration Fee; January 2021)	\$ 500.00
Benefits USA (End of Year Audit)	\$ 212.50
Caballero Fierman Llerena + Garcia, LLP (Inv #: 30109)	\$ 5,000.00
Sugarman and Susskind (Legal Fees; Nov, Dec & Jan 2021)	\$ 750.00

Approved by the following members of the Board of Trustees this 22<sup>nd</sup> day  
of January 2021.

  
Trustee

## WARRANT NO. 80

For payment from the GOLDEN BEACH POLICE OFFICER'S PENSION FUND,  
Account #70003434

TO:            FIRST STATE

You are hereby authorized by the Board of Trustees of the Town of Golden Beach Police Officer's Pension Fund to pay the amounts listed below for services rendered to the said Board of Trustees, and to pay the persons named below, hereby certified by the Board of Trustees:

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Benefits USA (End of Year Audit)	\$ 212.50
Caballero Fierman Llerena + Garcia, LLP (Inv #: 30109)	\$ 5,000.00
Sugarman and Susskind (Legal Fees; Nov, Dec & Jan 2021)	\$ 750.00

Approved by the following members of the Board of Trustees this 22<sup>nd</sup> day  
of January 2021.

\_\_\_\_\_  
Trustee



BENEFITS USA, INC.  
3810 Inverrary Blvd., Ste. 303  
Lauderhill, FL 33319  
(800)452-2454 / (954)730-2068

# INVOICE

<b>Bill To:</b>
Town of Golden Beach Police Pension Plan

Date	Hours	Description	Unit Pr	Total
November 2020		Administrative Fee		\$500.00
December 2020		Administrative Fee		\$500.00
January 2021		Administrative Fee		\$500.00

<b>Fees</b>	\$ 1,500.00
<b>Postage Etc.</b>	\$
<b>Bal Due</b>	\$1,500.00



BENEFITS USA, INC.  
3810 Inverrary Blvd., Ste. 303  
Lauderhill, FL 33319  
(800)452-2454 / (954)730-2068

# INVOICE

**Bill To:**  
Town of Golden Beach Police Pension  
Plan

Date	Hours	Description	Unit Pr	Total
11/09/2020		End of Year audit fees 2020		\$ 212.50

Fees	\$ 212.50
Postage Etc.	\$
Bal Due	\$ 212.50



3025 N.W. 44th Ave  
 #2256  
 Coral Springs, FL 33075

Date Invoice #

**Bill To**

BENEFITS USA  
 ATTN: PETE PRIOR  
 3810 JIVEBERRY BLVD  
 SUITE 313  
 SAUNDERVILLE, SC 29683

Description	Amount
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END OF YEAR AUDIT FOR: FY2020 GOLDEN BEACH POLICE	212.50
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SENT 123 FILES TO ELIAS AT CFLG 11/9/2020 @ 10:43PM.

QUICKBOOKS AUDIT FILE; BALANCE SHEET; P&L; TB; A/R; A/P; GENERAL LEDGER; JOURNAL; EMPLOYEE CONTRIBUTION; SHAREPLAN (185) PAYMENT; STATE OF FLORIDA (185); MONTHLY CUSTODIAN STATEMENT INCLUDING ANNUALS; PAYROLL REPORTS PWE 10/4/19 - 9/18/20 INCLUDING HAZARD PAY; SHAREPLAN REGISTER; AND WARRANTS #77 (2) - #79.

INDIVIDUAL FILE SENT: OSCAR SANTANA 185 DISTRIBUTION. 2019 STATE OF FLORIDA FUNDS.

NOTE TO AUDITOR: MISSING 2019-2020 SHARE PLAN ROLL-FORWARD SPREADSHEET; NEED TO REQUEST FROM PLAN ADMINISTRATOR, LETICIA PEREZ. FIRST STATE YEAR-END REPORTS; EMAIL SENT TO JIM ROBINSON.

Thank you for your continued business and support. Payment is due upon receipt.

**Total** \$212.50



Ingrid Gooden

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**From:** Hightail <delivery@spaces.hightailmail.com>  
**Sent:** Monday, November 09, 2020 10:43 PM  
**To:** Ingrid Gooden  
**Subject:** File Delivered: Golden Beach Police FY2020 audit files



You have shared 1 file.

1 file

•

157.4 MB total

•

Shared on 11/10/2020

Your files have been delivered to the following recipients:

ellerena@cflgcpa.com , erodriguez@cflgcpa.com , pete@benefits-usa.org and +2

"Good Night Elias:

Attached is Golden Beach Police FY2020 audit files; the user name and password for QuickBooks is the same. The file is password protected, in a separate email I will forward the information. Please download the files on or before the expiration date.

Missing from the audit file is: 2019-2020 Share Plan Roll Forward, you will need to request the information directly from the plan administrator, Leticia Perez of Benefits USA. Also missing is, First State SOC 1; Bridge Letter; and GASB 40 reports - email sent to Jim Robinson of First State.

Any questions, let me know."

Golden Beach Police Officers Retirement Fund (Backup Nov  
09,2020 10 18 PM) 2020 audit file.zip

ZIP

157.4 MB

[VIEW ALL FILES](#)

Caballero Fierman Llerena + Garcia, LLP

8950 SW 74 Court

■ Suite 1210

■ Miami, FL 33156

Phone: (305) 680-5135

E-mail: grodriguez@cflgcpa.com

Web: www.cflgcpa.com

Town of Golden Beach Police  
Officers Retirement Fund

Ms. Perez  
1 Golden Beach Drive  
Golden Beach, FL 33160

Invoice: 30109

Date: 01/08/2021

Due Date: Upon Receipt

For professional service rendered as follows:

For the 9.30.2020 Audit

	500.00
<b>Fees &amp; Expenses</b>	<u>\$500.00</u>
<b>Invoice Total</b>	<u><u>\$500.00</u></u>
Beginning Balance	\$4,500.00
Invoices	500.00
Receipts	0.00
Adjustments	0.00
Service Charges	0.00
<b>Amount Due</b>	<u><u>\$5,000.00</u></u>

<u>01/08/2021</u>	<u>12/31/2020</u>	<u>09/30/2020</u>	<u>06/30/2020</u>	<u>03/31/2020+</u>	<u>Total</u>
500.00	4,500.00	0.00	0.00	0.00	\$5,000.00

MAKE CHECK PAYABLE TO : CABALLERO FIERMAN LLERENA + GARCIA, LLP (CFLG)

OR PAY ONLINE AT WWW.CFLGCPA.COM ( We accept all major credit cards)

ID: 30109  
Town of Golden Beach Police Officers  
Retirement Fund

Invoice: 43202  
Date: 01/08/2021  
Due Date: Upon Receipt

Card Type: \_\_\_\_\_ CVC # (3 numbers) \_\_\_\_\_

Amount Due: \$5,000.00

Card #: \_\_\_\_\_ Exp Date: \_\_\_\_\_

Amount Enclosed: \$ \_\_\_\_\_

Signature: \_\_\_\_\_

Amounts past due over 31 days may be assessed a 12% service charge.

# SUGARMAN & SUSSKIND

PROFESSIONAL ASSOCIATION  
ATTORNEYS AT LAW

Robert A. Sugarman  
Howard S. Susskind  
Kenneth R. Harrison, Sr.  
D. Marcus Braswell, Jr.  
Pedro A. Herrera  
David E. Robinson

100 Miracle Mile  
Suite 300  
Coral Gables, Florida 33134  
(305) 529-2801  
Broward 763-2566  
Facsimile (305) 447-8115

January 11, 2021  
Invoice No. 154802

Board of Trustees  
Town of Golden Beach Police Share Plan  
c/o Benefits USA, Inc.  
3810 Inverrary Boulevard, Suite 303  
Lauderhill, FL 33319

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## RETAINER STATEMENT

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Retainer for the month of January, 2021	\$250.00 ✓
Previous Balance: (November and December, 2020)	\$500.00 ✓
Payment Received:	\$ 0.00
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<b>TOTAL AMOUNT DUE:</b>	<b>\$750.00</b>

# SUGARMAN & SUSSKIND

100 Miracle Mile  
Suite 300  
Coral Gables, Florida 33134  
Telephone: 305-529-2801  
Fax: 305-447-8115  
www.sugarmansusskind.com

Town of Golden Beach Police Share Plan  
c/o Benefits USA, Inc.  
3810 Inverrary Boulevard  
Suite 302  
Lauderhill, FL 33319

January 11, 2021  
Invoice # 154853

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Client:Matter GBPS:MEET

In Reference To: Meetings

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## Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
12/28/2020 Attend meeting, Receipt and review of agenda packet, Draft meeting report	1.20 \$225.00/hr	NO CHARGE
For professional services rendered	1.20	\$0.00
Balance due		\$0.00

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Client:Matter GBPS:PLAN

In Reference To: Plan and Ordinance

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## Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
12/10/2020 Telephone conference with auditor	0.25 \$275.00/hr	NO CHARGE
12/15/2020 Telephone conference with auditor	0.25 \$275.00/hr	NO CHARGE
Telephone conference with client, status of termination.	0.25 \$275.00/hr	NO CHARGE

# SUGARMAN & SUSSKIND

PROFESSIONAL ASSOCIATION  
ATTORNEYS AT LAW

Robert A. Sugarman  
Howard S. Susskind  
Kenneth R. Harrison, Sr.  
D. Marcus Braswell, Jr.  
Pedro A. Herrera  
David E. Robinson

100 Miracle Mile  
Suite 300  
Coral Gables, Florida 33134  
(305) 529-2801  
Broward 763-2566  
Facsimile (305) 447-8115

December 7, 2020  
Invoice No. 154254

Board of Trustees  
Town of Golden Beach Police Share Plan  
c/o Benefits USA, Inc.  
3810 Inverrary Boulevard, Suite 303  
Lauderhill, FL 33319

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## RETAINER STATEMENT

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Retainer for the month of December, 2020	\$250.00
Previous Balance: (September, October & November)	\$750.00
Payment Received:	\$500.00-ck#87796
<b>TOTAL AMOUNT DUE:</b>	<b>\$500.00</b>

# SUGARMAN & SUSSKIND

PROFESSIONAL ASSOCIATION  
ATTORNEYS AT LAW

Robert A. Sugarman  
Howard S. Susskind  
Kenneth R. Harrison, Sr.  
D. Marcus Braswell, Jr.  
Pedro A. Herrera  
David E. Robinson

100 Miracle Mile  
Suite 300  
Coral Gables, Florida 33134  
(305) 529-2801  
Broward 763-2566  
Facsimile (305) 447-8115

November 4, 2020  
Invoice No. 153277

Board of Trustees  
Town of Golden Beach Police Share Plan  
c/o Benefits USA, Inc.  
3810 Inverrary Boulevard, Suite 303  
Lauderhill, FL 33319

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## RETAINER STATEMENT

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Retainer for the month of November, 2020	\$250.00
Previous Balance: Retainer for September & October, 2020	\$500.00
Payment Received:	\$ 0.00
	-----
<b>TOTAL AMOUNT DUE:</b>	<b>\$750.00</b>

# SUGARMAN & SUSSKIND

100 Miracle Mile  
Suite 300  
Coral Gables, Florida 33134  
Telephone: 305-529-2801  
Fax: 305-447-8115  
www.sugarmansusskind.com

Town of Golden Beach Police Share Plan  
c/o Benefits USA, Inc.  
3810 Inverrary Boulevard  
Suite 302  
Lauderhill, FL 33319

November 4, 2020

Invoice # 153277

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Client:Matter GBPS:MISC

In Reference To: Miscellaneous

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## Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
10/16/2020 Telephone conference with client regarding appointment of trustee.	0.25 \$275.00/hr	NO CHARGE
For professional services rendered	0.25	\$0.00
Balance due		\$0.00

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Client:Matter GBPS:PLAN

In Reference To: Plan and Ordinance

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## Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
10/9/2020 Email to Town regarding dissolution of plan.	0.25 \$275.00/hr	NO CHARGE
10/12/2020 Telephone conference with attorneys of union and of town regarding dissolution of plan.	0.50 \$275.00/hr	NO CHARGE
10/14/2020 Telephone conference with administrator, regarding final audit.	0.25 \$275.00/hr	NO CHARGE

	<u>Hrs/Rate</u>	<u>Amount</u>
10/14/2020 Telephone conference with attorneys of Town and union regarding plan dissolution.	0.50 \$275.00/hr	NO CHARGE
Telephone conference with Town Manger, attorneys of Town and union regarding plan dissolution.	1.00 \$275.00/hr	NO CHARGE
10/15/2020 Telephone conference with accountant, regarding final audit.	0.50 \$275.00/hr	NO CHARGE
Review and edit ordinance for dissolution of plan.	3.00 \$275.00/hr	NO CHARGE
For professional services rendered	<u>6.00</u>	<u>\$0.00</u>
Balance due		<u><u>\$0.00</u></u>



## WARRANT NO. 81

For payment from the GOLDEN BEACH POLICE OFFICER'S PENSION FUND,  
Account #70003434

TO:           FIRST STATE

You are hereby authorized by the Board of Trustees of the Town of Golden Beach Police Officer's Pension Fund to pay the amounts listed below for services rendered to the said Board of Trustees, and to pay the persons named below, hereby certified by the Board of Trustees:

<u>NAME &amp; ADDRESS</u>	<u>AMOUNT</u>
Benefits USA (Administration Fee; February 2021)	\$ 500.00
Sugarman and Susskind (Legal Fees; February 2021)	\$ 750.00

Approved by the following members of the Board of Trustees this 22nd day of February 2021.

\_\_\_\_\_  
Trustee

# SUGARMAN & SUSSKIND

PROFESSIONAL ASSOCIATION  
ATTORNEYS AT LAW

Robert A. Sugarman  
Howard S. Susskind  
Kenneth R. Harrison, Sr.  
D. Marcus Braswell, Jr.  
Pedro A. Herrera  
David E. Robinson

100 Miracle Mile  
Suite 300  
Coral Gables, Florida 33134  
(305) 529-2801  
Broward 763-2566  
Facsimile (305) 447-8115

February 3, 2021  
Invoice No. 155807

Board of Trustees  
Town of Golden Beach Police Share Plan  
c/o Benefits USA, Inc.  
3810 Inverrary Boulevard, Suite 303  
Lauderhill, FL 33319

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## RETAINER STATEMENT

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Retainer for the month of February, 2021	\$250.00
Previous Balance: (November, December, 2020 & January, 2021)	\$750.00
Payment Received:	\$ 0.00
<b>TOTAL AMOUNT DUE:</b>	<b>\$1,000.00</b>

*epd #80*

# SUGARMAN & SUSSKIND

100 Miracle Mile  
Suite 300  
Coral Gables, Florida 33134  
Telephone: 305-529-2801  
Fax: 305-447-8115  
www.sugarmansusskind.com

Town of Golden Beach Police Share Plan  
c/o Benefits USA, Inc.  
3810 Inverrary Boulevard  
Suite 302  
Lauderhill, FL 33319

February 3, 2021

Invoice # 155807

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Client:Matter GBPS:PLAN

In Reference To: Plan and Ordinance

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## Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
1/5/2021 Telephone conference with client, termination of plan.	0.25 \$275.00/hr	NO CHARGE
Telephone conference with auditor	0.25 \$275.00/hr	NO CHARGE
1/11/2021 Telephone conference with Town attorney regarding status of termination ordinance.	0.25 \$275.00/hr	NO CHARGE
Email to Client regarding MOU voting procedures.	0.25 \$275.00/hr	NO CHARGE
Email to Client regarding update on plan termination steps.	0.25 \$275.00/hr	NO CHARGE
Email to Town Attorney regarding status of Division of Retirement notification of termination.	0.25 \$275.00/hr	NO CHARGE
1/13/2021 Email to Client, update on remaining termination steps.	0.25 \$275.00/hr	NO CHARGE
1/19/2021 Telephone conference with client regarding remaining steps of plan termination.	0.50 \$275.00/hr	NO CHARGE
Telephone conference with auditor regarding remaining steps of plan termination.	0.25 \$275.00/hr	NO CHARGE
1/20/2021 Email to auditors responding to questions regarding termination.	0.50 \$275.00/hr	NO CHARGE

	<u>Hrs/Rate</u>	<u>Amount</u>
1/25/2021 Telephone conference with attorneys for town and union regarding termination of plan.	0.25 \$275.00/hr	NO CHARGE
1/26/2021 Email to auditors confirming interest allocation to employees upon termination of plan.	0.25 \$275.00/hr	NO CHARGE
For professional services rendered	<u>3.50</u>	<u>\$0.00</u>
Balance due		<u>\$0.00</u>



BENEFITS USA, INC.  
3810 Inverrary Blvd., Ste. 303  
Lauderhill, FL 33319  
(800)452-2454 / (954)730-2068

# INVOICE

**Bill To:**  
Town of Golden Beach Police Pension  
Plan  
2-2021

Date	Hours	Description	Unit Pr	Total
February 2021		Administrative Fee		\$500.00

<b>Fees</b>	\$ 500.00
<b>Postage Etc.</b>	\$
<b>Bal Due</b>	\$ 500.00



February 1, 2021

Board of Trustees  
Town of Golden Beach Police Officers' Retirement Trust Fund  
Golden Beach, Florida

We have audited the financial statements of the Town of Golden Beach Police Officers' Retirement Trust Fund (the "Fund" or the "Plan") for the fiscal year ended September 30, 2020 and have issued our report thereon dated February 1, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 15, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Fund are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year ended September 30, 2020. We noted no transactions entered into by the Fund during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Fund's financial statements was:

Management's estimate of the fair value of investments is based on the last reported sales price or current charge rates. We evaluated the key factors and assumptions used to develop the fair value of investments.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive affecting the financial statements was

The disclosure of the fair value measurements in Note 4 to the financial statements.

The disclosure of the Plan termination in Note 5 to the financial statements.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 1, 2021.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Fund's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fund's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As a result of this year's audit there was one (1) material noncompliance reported in the schedule of findings and responses.

In connection with our audit we identified a recommendation to improve financial management that did not rise to the level of a significant deficiency or material weakness. This item is presented as item ML2019-02 Contribution Form on the attached schedule of recommendations and responses.

Restrictions on Use

This information is intended solely for the use of Board of Trustees and management of the Fund and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Caballero Fierman Llerena & Garcia, LLP*

**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
**SCHEDULE OF RECOMMENDATIONS AND RESPONSES**  
**SEPTEMBER 30, 2020**

**RECOMMENDATION**

**ML2019-02 Contribution From**

**Observation**

During the performance of our audit procedures, we performed testing of contributions to the Fund. We selected two participants and requested the contribution forms as evidence that they acknowledge they will contribute the required contribution to the Fund. The two participants did not have this form. We further inquired of the plan administrator and it was noted that this Fund does not distribute forms for participants to sign and acknowledge that contributions must be made at the rate required by the Fund.

**Recommendation**

We recommend the Fund implement internal controls and a policy to require participants to complete a contribution form for this Fund.

**Management's response**

We will work closely with the Town of Golden Beach to make sure that all necessary documentation for the Fund is filed in a timely fashion and kept updated.



**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
**TABLE OF CONTENTS**  
**SEPTEMBER 30, 2020**

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-4
FINANCIAL STATEMENTS:	
STATEMENT OF FIDUCIARY NET POSITION	5
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	6
NOTES TO THE FINANCIAL STATEMENTS	7-11
REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED:	
SCHEDULE OF INVESTMENT RETURNS	12
COMPLIANCE SECTION:	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	13
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	14

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INDEPENDENT AUDITORS' REPORT

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Trustees  
Town of Golden Beach Police Officers' Retirement Fund  
Town of Golden Beach, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Golden Beach Police Officers' Retirement Fund (the Fund), as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Fund, as of September 30, 2020, and the changes in fiduciary net position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Report on Comparative Information*

We have previously audited the Plan's 2019 financial statements, and our report dated September 14, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the comparative information presented herein as of and for the fiscal year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Emphasis of a Matter**

### *Fund Termination*

As per Ordinance NO. 595.20 the board of trustees approved the termination of the Fund. Section 24-63 of the Code and Florida Statutes §185.37 Note 5 includes required disclosures regarding termination of the Fund and the distribution of Fund assets. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedule of investment returns on pages 3 - 4 and 12 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2021 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

*Caballero Fierman Llerena & Garcia, LLP*

Caballero Fierman Llerena & Garcia, LLP  
Miami, Florida  
February 1, 2021

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Required Supplementary Information)**

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**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

Our discussion and analysis of the Town of Golden Beach Police Officers Retirement Fund's (the "Fund") financial performance provides an overview of the Fund's financial activities for the year ended September 30, 2020. Please read it in conjunction with the Fund's financial statements which follow this discussion.

**Financial Highlights**

- Net position restricted for pensions of the fund at the end of fiscal year 2020 was \$372,972, which was an increase of \$12,506 from 2019. Net position restricted for pensions is held to meet future benefit payments.
- Contributions from employees to the Fund for 2020 were \$15,420.
- State of Florida contributions were \$15,654 for fiscal year 2020.
- Net investment income for 2020 from interest and dividends on invested assets was \$16,689 compared to \$12,064 in 2019.

**Fund Highlights**

The Fund's portfolio increased approximately \$16,689 during fiscal year 2020.

**Using the Audited Financial Statements**

The financial statements are presented on a full accrual basis, and reflect the activities of the Fund as reported in the statement of fiduciary net position at September 30, 2020, and the statement of changes in fiduciary net position for the fiscal year ended September 30, 2020.

**Statement of Fiduciary Net Position**

The following condensed statement of fiduciary net position reflects the investment position of the Fund for the fiscal year ended September 30, 2020 as compared to 2019:

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 19,868	\$ 9,820
Investments	346,806	333,684
Contributions and other receivable	<u>17,127</u>	<u>18,962</u>
Total assets	<u>383,801</u>	<u>362,466</u>
<b>Liabilities:</b>	<u>10,829</u>	<u>2,000</u>
<b>Net Position Restricted for Pensions</b>	<u>\$ 372,972</u>	<u>\$ 360,466</u>

**Statement of Changes in Fiduciary Net Position**

The statement of changes in fiduciary net position available for benefits displays the effect of pension fund transactions that occurred during the fiscal year where additions less deductions equal net increase in plan net position. The table below reflects the activities of the Plan for the fiscal years ended September 30, 2019 and 2020:

**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Statement of Changes in Fiduciary Net Position (continued)**

	<u>2020</u>	<u>2019</u>
<b>Additions:</b>		
Contributions:		
State of Florida	\$ 15,654	\$ 17,351
Employee (less refunds)	<u>15,420</u>	<u>15,508</u>
Total contributions	<u>31,074</u>	<u>32,859</u>
Investment income (loss)	<u>16,689</u>	<u>12,064</u>
Total additions	47,763	44,923
<b>Deductions:</b>		
Administrative expenses and other	<u>35,257</u>	<u>40,398</u>
Total deductions	<u>35,257</u>	<u>40,398</u>
Change in plan net position	12,506	4,525
<b>Net Position Restricted for</b>		
<b>Pension Benefits, beginning of year</b>	<u>360,466</u>	<u>355,941</u>
<b>Net Position Restricted for</b>		
<b>Pension Benefits, end of year</b>	<u>\$ 372,972</u>	<u>\$ 360,466</u>

**Contacting the Fund's Financial Management**

This financial report is designed to provide the Board of Trustees, our participants, taxpayers, investors, and creditors with a general overview of the Fund's finances and to demonstrate the Plan's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Town of Golden Beach Police Officers' Retirement Fund, One Golden Beach Drive, Golden Beach, Florida 33160.



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## FINANCIAL STATEMENTS

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**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2020**  
(WITH COMPARATIVE INFORMATION AS OF SEPTEMBER 30, 2019)

	<u>2020</u>	<u>2019</u>
		<u>ASSETS</u>
Cash and cash equivalents	\$ 19,868	\$ 9,820
Receivables		
Employee	667	911
State of Florida	15,654	17,351
Interest & Dividends	<u>806</u>	<u>700</u>
Total receivables	<u>17,127</u>	<u>\$ 18,962</u>
Investments		
Common stock	231,759	235,198
Government bonds	50,993	63,999
Corporate bonds	<u>64,054</u>	<u>34,487</u>
Total investments, at fair value	<u>346,806</u>	<u>333,684</u>
Total assets	<u>383,801</u>	<u>362,466</u>
		<u>LIABILITIES</u>
Accounts payable	\$ 6,250	\$ 2,000
Due to broker	<u>4,579</u>	<u>-</u>
Total liabilities	<u>10,829</u>	<u>2,000</u>
		<u>NET POSITION</u>
Net position restricted for plan benefits	<u>\$ 372,972</u>	<u>\$ 360,466</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**  
(WITH COMPARATIVE INFORMATION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>ADDITIONS</b>		
Contributions:		
State of Florida	\$ 15,654	\$ 17,351
Employee	<u>15,420</u>	<u>15,508</u>
Total contributions	<u>31,074</u>	<u>32,859</u>
Investment income:		
Dividends and capital gains	7,917	7,366
Increase in fair value investments	<u>8,772</u>	<u>4,698</u>
Total investment income	<u>16,689</u>	<u>12,064</u>
Total additions	<u>47,763</u>	<u>44,923</u>
<b>DEDUCTIONS</b>		
Expenses:		
Benefit payments, including refunds of member contributions	18,212	21,839
Administrative expenses	13,999	15,729
Professional fees	<u>3,046</u>	<u>2,830</u>
Total expenses	<u>35,257</u>	<u>40,398</u>
Net increase	12,506	4,525
Net position restricted for pension benefits		
Beginning of year	<u>360,466</u>	<u>355,941</u>
End of year	<u>\$ 372,972</u>	<u>\$ 360,466</u>

The accompanying notes are an integral part of these financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS

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**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

**NOTE 1 – FUND DESCRIPTION**

**Fund Description**

The following brief description of the Town of Golden Beach Police Officers Retirement Fund (the "Fund") is provided for general information purposes only. Participants should refer to the Town of Golden Beach ordinances for more complete information.

The Fund is a defined contribution retirement plan covering all police officers employed in the police department of the Town of Golden Beach (the "Town"). As of September 30, 2020, there were 19 plan members. It is governed by a Board of Trustees made up of representatives of the police officers and the Town.

**Participant accounts**

Two accounts shall be maintained for each participant. One account, called accumulated contributions, shall include the participant's own contributions plus any interest credited thereto by the Board. The other account, called the Share Account, shall include the participant's share of contributions received pursuant to Florida Statute, Ch. 185, net investment earnings of the Fund and forfeitures.

As of each September 30, each participant's accumulated contributions shall be computed as the total of each participant's accumulated contributions as of the previous September 30 plus their contributions made during the year plus interest, if any, credited by the Board.

As of each September 30, each participant's Share Account shall be computed as the total of:

- (1) The balance of the Share Account as of the previous September 30,
- (2) The portion of net investment earnings allocable to the Share Account, and
- (3) The product of the number of each participant shares multiplied by the value of each new share.

**Vesting**

Participants are immediately vested in their contributions. Should a participant separate from service prior to having completed ten years of service, all amounts credited to their share account will be forfeited and reallocated among the remaining participants.

**Benefits**

*Early Retirement:* Participants may elect early retirement upon attaining fifty years of age and completing ten years of service

*Normal Retirement:* The normal retirement of a participant is defined as the earlier of; the attainment of their fifty-fifth birthday and completion of ten years of service or the attainment of their fifty-second birthday and the completion of twenty-five years of service.

*Disability:* A participant's total and permanent disability would be determined by the Board of Trustees pursuant to Florida Statutes Ch. 185.18 (2), (3), and (4).

*Death:* A participant may designate a beneficiary that will be entitled to receive their vested benefits in the Fund upon their death. If no such individual has been designated, the beneficiary will be the estate of the participant.

**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

**NOTE 1 – FUND DESCRIPTION (continued)**

**Benefits (continued)**

*Distributions:* A participant will be eligible to receive their vested interest in both their accumulated contributions account plus their share account upon; reaching their early or normal retirement date, determination if permanently disability or death. Should a participant separate from the Fund prior to any of these event s, the balance in their share account will be forfeited and reallocated to remaining participants.

*Funding:* Each participant is required to contribute one percent of their compensation to the Fund through payroll deductions. Additionally, Pursuant to Chapter 185, Florida Statutes, the Town imposes a .85% tax on casualty insurance premiums paid to insure property within its corporate limits. The proceeds of this tax are contributed to the Fund.

*Termination:* In the event that the Fund is terminated by the Town, each Participant shall become fully vested in their Share Account regardless of his length of service.

*Fund administration:* The general administration, management and investment decisions of the Fund and the responsibility for carrying out its provisions are vested in the Board of Trustees. The Fund may only be amended by an Ordinance of the Town Council.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements for the Fund are prepared using the accrual basis of accounting. Fund member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Fund. The Fund utilizes the financial reporting requirements of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and related pronouncements.

**Investments**

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. Net appreciation or depreciation in the fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost.

Within certain limitations as specified in the Fund, the investment policy is determined by the Board of Trustees and is implemented by the Fund's investment managers. The investment managers are monitored by the Board of Trustees.

Purchases and sales of securities are recorded on the trade-date basis. Interest and dividends are recorded as earned.

**Cash and cash equivalents**

Cash and short-term investments include money market mutual funds and investments with maturity dates of less than three months when purchased.

**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Fund to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Risks and uncertainties**

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment will occur in the near term and that such changes could materially affect Fund account balances and the amounts reported on the Statement of Plan Net Position.

**NOTE 3 – INVESTMENTS**

The term "interest rate risk" refers to the portfolio's exposure to fair value losses arising from increasing interest rates. Interest rate risk disclosures are required for all debt investments, as well as investments in mutual funds, external investment pools and other pooled investments that do not meet the definition of a 2a7-like pool.

The term "credit risk" is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Fund's investment policy utilizes portfolio diversification in order to control this risk.

As of September 30, 2020, the Fund's investment maturities for bonds were as follows:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>			
	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
Corporate Bonds Variable	\$ 2,094	\$ -	\$ -	\$ 2,094
Corporate & Foreign	58,920	12,085	35,831	11,004
US Government Agencies	7,433	-	4,157	3,276
US Treasury Obligations	46,600	2,003	29,568	15,029
Sub-total	<u>\$ 115,047</u>	<u>\$ 14,088</u>	<u>\$ 69,556</u>	<u>\$ 31,403</u>

As of September 30, 2020, the Fund's investment credit rating for bonds were as follows:

	2020	
	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	19,846	17.25%
Quality rating of credit risk debt securities		
AAA	34,268	29.79%
AA+	11,309	9.83%
AA-	5,530	4.81%
A+	17,959	15.61%
A	14,535	12.63%
A-	9,506	8.26%
BBB+	2,094	1.82%
Total credit risk debt securities	95,201	82.75%
Total fixed income securities	\$ 115,047	100.00%

\*Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**NOTE 3 – INVESTMENTS (continued)**

Concentration of credit risk: The Plan's investment policy limits investments in the stock of anyone issuing company to 10% of the Plan's assets at market value. Furthermore, investments in foreign equities shall not exceed 25% of the Plan's assets at market value, and total equity investments shall range between 60% - 70% and not exceed 70% of the Plan's assets at market value. For fixed income securities, the Plan's investment policy limits investments in the fixed income securities to range between 30% - 40% and no more than 40% of the Plan's assets at market value.

Custodial credit risk: This is the risk that, upon failure of a counterparty or collateral securities held by the Fund, it would not be able to recover the value thereof. The Fund assets are held by their custodial bank and registered in the Fund's name.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Various inputs are used in determining the fair value of investments reported in the accompanying statement of Plan net position. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Plan has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included with Level 1 that are observable for the investments, either directly or indirectly. (e.g., quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices.)

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table sets forth, by level within the fair value hierarchy, the Plan investments at fair value as of September 30, 2020:

	Fair Value Measurements Using		
	<u>9/30/2020</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Common stock	\$ 231,759	\$ 231,759	\$ -
Government bonds	50,993	-	50,993
Corporate bonds	<u>64,054</u>	<u>-</u>	<u>64,054</u>
	<u>\$ 346,806</u>	<u>\$ 231,759</u>	<u>\$ 115,047</u>



**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**NOTE 5 – FUND TERMINATION**

On November 24th, 2020, Pursuant to Ordinance NO. 595.20 the board of trustees approved the termination of the Fund. Section 24-63 of the Code and Florida Statutes §185.37 both provide that the accrued benefits of the Members are nonforfeitable in the event the Fund is terminated the Town Council desires to amend and clarify the provisions of the Fund related to its termination as provided for in this Ordinance, but only if such amendments will take effect in a way that includes the distribution of nonforfeitable accrued benefits to the Members and any Beneficiaries. The Board of Trustees shall determine the date of distribution and the asset value required to fund all the nonforfeitable benefits to be distributed, after taking into account the expenses of such distribution. The Board shall inform the City if additional assets are required, in which event the City shall continue to financially support the Fund until all nonforfeitable benefits have been funded.

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REQUIRED SUPPLEMENTARY INFORMATION  
(Other Than MD&A)

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TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF INVESTMENTS RETURNS

September 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual money-weighted rate of return, net of investment expense	3.80%	2.70%	9.66%	9.99%	8.19%	-8.86%	10.04%	10.48%	14.86%	0.08%

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## COMPLIANCE SECTION

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CABALLERO FIERMAN  
LLERENA GARCIA LLP  
accountants | advisors

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the Board of Trustees  
Town of Golden Beach Police Officers' Retirement Fund  
Town of Golden Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Golden Beach Police Officers' Retirement Fund (the Fund) as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated February 1, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Caballero Fierman Llerena & Garcia, LLP*

Caballero Fierman Llerena & Garcia, LLP  
Miami, Florida  
February 1, 2021

**TOWN OF GOLDEN BEACH POLICE OFFICERS' RETIREMENT FUND**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**SEPTEMBER 30, 2020**

**PRIOR YEAR FINDINGS AND STATUS**

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2019 schedule of findings and responses:

Matters that are repeated in the accompanying schedule of findings and responses:

- **None**

Matters that are not repeated in the accompanying schedule of findings and responses:

- **2019-01 Annual Financial Audit Requirement**

# Town of Golden Beach Police Officers' Pension Plan

Quarterly Performance Report

As of December 31, 2020

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# Capital Markets Overview: 4Q 2020

## Introduction

Quarterly Update as of December 31, 2020 and Forecasts as of December 21, 2020

- The S&P 500 saw continued gains in the fourth quarter, following a moderate third quarter and a sharp rally in the second quarter. Equities rallied 12.1% on the quarter, following a quarter in which they gained 8.5%. Equities continued to rally as investors cheered the much-anticipated \$900 billion stimulus package and the start of vaccine distribution, as well as robust economic data and easy monetary policy. Both international developed and emerging market equities outperformed the US in the fourth quarter. Morgan Stanley & Co. U.S. Equity Strategy has a 3,900 price target on the S&P 500 to December 2021.
- After the S&P 500 sectors finished the third quarter posting moderate returns, the sectors finished the fourth quarter with stronger performance. While Consumer Discretionary, Materials, and Industrials were the top-performing sectors in 3Q20, returning 15.06%, 13.31%, and 12.48%, respectively, Energy, Financials and Industrials were the top-performing sectors in 4Q20, returning 27.8%, 23.2%, and 15.7%, respectively. Laggards included Utilities, Consumer Staples, and Real Estate despite still increasing by 6.5%, 6.3%, and 5.0%, respectively. Other major US indices were also up for the quarter: The Dow Jones Industrial Average rose 10.7% and the NASDAQ Composite rose 15.7%.
- The MSCI EAFE Index (a benchmark for international developed markets) rose 16.1% while the MSCI Emerging Markets Index rose 19.6% for the quarter. Both international developed markets and emerging markets outperformed US equities by 400 and 750 basis points, respectively.
- The US aggregate bond market was positive for a consecutive quarter and outperformed on an absolute but not on a relative basis as investors took on more risk within pro-recovery trades. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, rose 0.67%.
- Morgan Stanley & Co. economists expect US real GDP will be -2.2% in Q4 2020, but forecast positive GDP growth for 2021 as economic recovery continues.
- Commodities were up in the third quarter; the Bloomberg Commodity Index rose by 10.2% and Gold rose by 0.7%.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material. This slide sourced from Mark



# Capital Markets Overview: 4Q 2020

The US Economy

Quarterly Update as of December 31, 2020 and Forecasts as of December 22, 2020

Awaiting finalized Q4 data, the Bureau of Economic Analysis estimated that real Gross Domestic Product increased at an annualized rate of 33.4% in 3Q20, in comparison to a 31.4% decrease in 2Q20. Morgan Stanley & Co. economists forecast US Real GDP growth to grow at a 4.8% annualized pace in 4Q20, up from 3.5% expected previously, owing to the fact that exit momentum from the third quarter was strong enough that base effects alone have set a solid foundation for 4Q20 growth in the event of a sharp slowdown. Having expected a deceleration of growth in late Q4 into 1Q21, MS & Co. projects 0.0% year-on-year average growth for 1Q21, with a ramp-up to 12.2% in 2Q21.

The seasonally adjusted unemployment rate for November 2020 was 6.7%, steadily decreasing each month after peaking in April at 14.7%. In November, total nonfarm payrolls were +245K. The improvements in the labor market reflect the continued end-of-year resumption in economic activity to curtail effects of the pandemic. The number of long-term unemployed (those jobless for 27 weeks or more) was 3.9 million, an increase of 385,000 MoM.

According to the most recent data from the Federal Reserve Bank of St. Louis, corporate profits increased 36% quarter over quarter and increased 10.3% year over year.

The Bureau of Labor Statistics has reported a +.2% MoM price increase, and a 1.2% price increase for the year ending November 2020. Morgan Stanley & Co. economists forecast a 1.5% inflation rate for 1Q21, with a steady increase persisting into the new year.

The Census Bureau reported that the number of new private-sector housing starts in November was at a seasonally adjusted annual rate of 1,639,000—up 8.5% from November of last year.

The Census Bureau also reported that seasonally adjusted retail and food services sales declined 1.1% from the previous month, but increased 4.1% above November 2019. Consumer confidence decreased in December, with Conference Board Consumer Confidence Index reading 88.6, after reading 92.9 in November. Despite the decline, the US National Economy Expectations Diffusion Index increased from 84.3 in November to 87.5 in December.

In September, the Institute for Supply Management's (ISM) Purchasing Managers Index (PMI), a manufacturing sector index, registered 57.5% in November, down 1.8% from October. Overall, this figure indicates expansion in the overall economy for the seventh month in a row after a contraction in April, which had been the lowest since 2008. Generally speaking, a PMI or NMI (ISM Non-Manufacturing Index) over 50 indicates that the sector is expanding, and a PMI below 50 indicates that the sector is shrinking.

The ISM's Non-Manufacturing Index (NMI) for November was 55.9%—this represents the sixth straight month of growth in the services sector after the April and May contraction.

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Federal Reserve Bank of St. Louis, Morgan Stanley Wealth Management GIC

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# Capital Markets Overview: 4Q 2020

## US Equity Markets

As of 4Q 2020

The Dow Jones Industrial Average gained 10.7% in the fourth quarter of 2020, while the NASDAQ Composite Index gained 15.7%. The S&P 500 Index climbed 12.1% over the same time period.

All 11 sectors of the S&P 500 gained in the fourth quarter with Energy the top performer, having gained 27.8%, and Real Estate the laggard, with a return of 5.0%. In addition, Financials outperformed amid news that the Fed will allow large-cap banks to restart buybacks, leading to a gain of 23.2%. Energy, Financials and Industrials were the top-performing sectors in 4Q20, returning 27.8%, 23.2%, and 15.7%, respectively. Laggards included Utilities, Consumer Staples, and Real Estate despite still increasing by 6.5%, 6.3%, and 5.0%, respectively.

The Russell Midcap gained 19.9% on the quarter, with mid-cap value (20.4%) outperforming mid-cap growth (19.0%).

The Russell 2000, a small-cap index, gained 31.4% for the quarter, with small-cap value (33.3%) outperforming small-cap growth (29.6%).

### Key US Stock Market Index Returns (%) for the Period Ending 12/31/2020

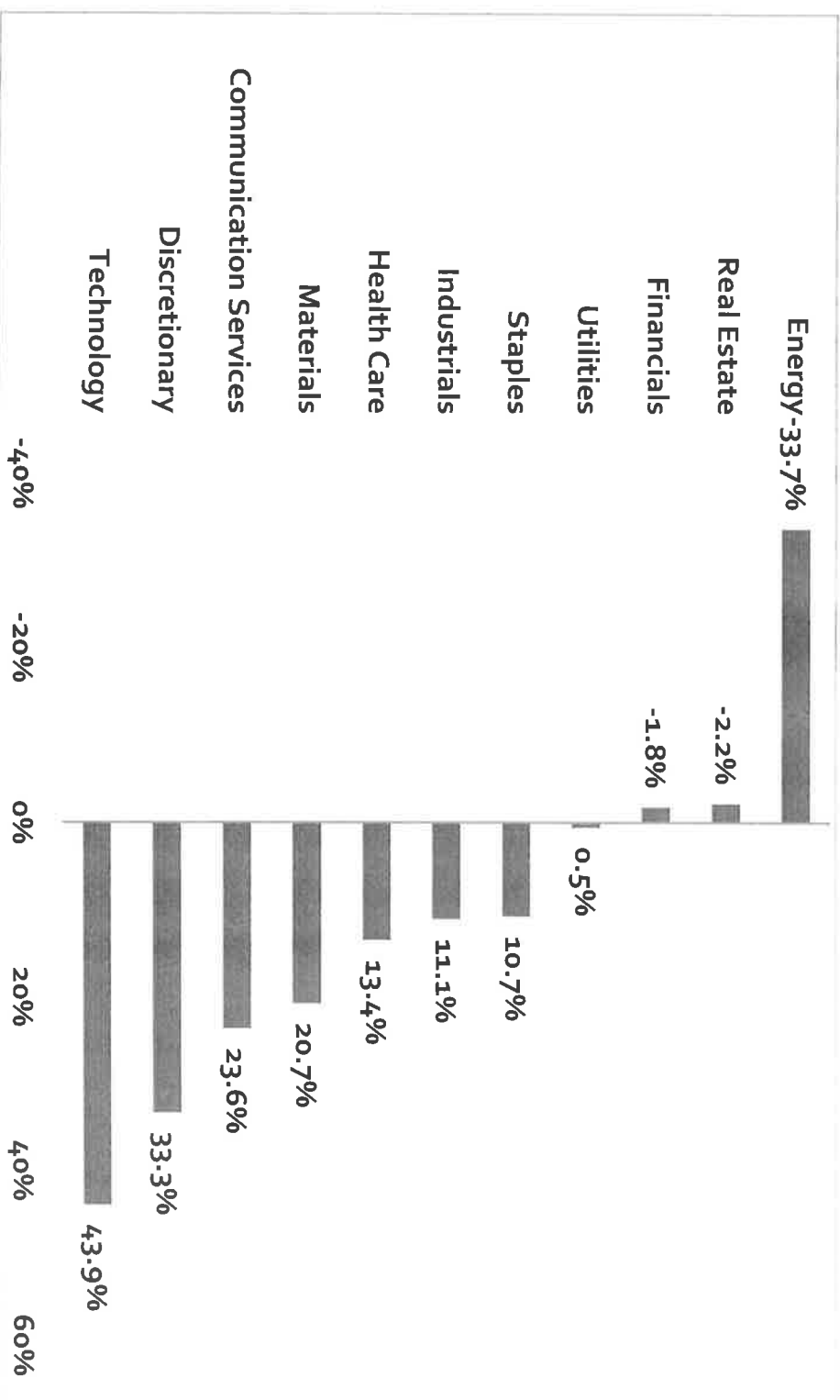
INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
S&P 500	12.15%	18.40%	15.20%	12.90%
Dow Jones	10.73%	9.72%	14.64%	11.80%
Russell 2000	31.37%	19.96%	13.24%	9.33%
Russell Midcap	19.91%	17.10%	13.38%	10.95%
Russell 1000	13.69%	20.96%	15.58%	13.03%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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# S&P 500 Sectors

YTD Total Return  
As of December 31, 2020



Source: Bloomberg

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# Capital Markets Overview: 4Q 2020

## Global Equity Markets

As of 4Q 2020

International outperformed US equities in the fourth quarter of 2020 despite still gaining on the back of global stimulus and amid choppy progress on the fight against the COVID pandemic. The MSCI EAFE Index (a benchmark for international developed markets) advanced 16.1% for US-currency investors.

In the fourth quarter, the MSCI Emerging Markets Index also rallied by 19.8% for US-currency investors. The MSCI Europe Index advanced 15.7% for US-currency investors, while the MSCI Japan outperformed, gaining 15.2%.

The S&P 500 Index rallied 12.1% for the quarter.

Emerging economy equity market indices also rallied in the third quarter. The MSCI BRIC (Brazil, Russia, India and China) Index gained 15.3% in US dollar terms, while the MSCI EM Asia Index rose 18.6%.

**Key Global Stock Market Index Returns (%) for the Period Ending 12/31/2020**

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
MSCI EAFE	16.09%	8.28%	7.96%	4.88%
MSCI EAFE Growth	13.13%	18.68%	10.91%	7.72%
MSCI EAFE Value	19.26%	-2.10%	4.82%	1.89%
MSCI Europe	15.66%	5.93%	7.41%	4.02%
MSCI Japan	15.24%	15.13%	9.08%	7.23%
S&P 500	12.15%	18.40%	15.20%	12.90%
MSCI Emerging Markets	19.77%	18.69%	13.20%	6.55%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

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# Capital Markets Overview: 4Q 2020

## The US Bond Market

As of 4Q 2020

The bond market was positive for a third consecutive quarter, outperforming on an absolute but not relative basis, as investors continued to take on risk in 4Q. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, rose 0.67%.

Interest rates remained zero-bound, as the yield on the 10-year US Treasury note remained range-bound, closing the quarter at 0.91%, up from the third quarter but still down from 1.92% at the end of 2019. The shortest end of the curve fell in 1Q as the Fed cut its Fed funds target rate, with the yield on 3-month Treasury bills falling to 0.06% as of Q4, from 1.54% at the start of the year.

Riskier parts of the bond market, such as US high yield debt, gained the most in the fourth quarter, buoyed by the market's risk-on sentiment. The Bloomberg Barclays High Yield Index, a measure of lower-rated corporate bonds, rallied 6.45%.

Mortgage-backed securities continued to show slight gains in the fourth quarter. The Bloomberg Barclays Mortgage-Backed Securities Index rose 2.4%. Municipal bonds rallied slightly more; the Bloomberg Barclays Municipal Index gained 1.82%.

### Key US Bond Market Index Returns (%) for the Period Ending 12/31/2020

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
Bloomberg Barclays US Aggregate	0.67%	7.51%	4.43%	4.08%
Bloomberg Barclays High Yield	6.45%	7.11%	8.58%	5.73%
Bloomberg Barclays Government/Credit	0.79%	9.11%	4.98%	4.42%
Bloomberg Barclays Government	-0.83%	8.00%	3.77%	3.53%
Bloomberg Barclays Intermediate Govt/Credit	0.48%	6.53%	3.65%	3.21%
Bloomberg Barclays Long Govt/Credit	1.68%	16.12%	9.34%	8.78%
Bloomberg Barclays Mortgage Backed Securities	0.24%	3.87%	3.05%	3.26%
Bloomberg Barclays Muni	1.82%	5.21%	3.91%	4.54%

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

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appropriate for all investors.

The proprietary **Value Score** methodology considers an active investment strategies' value proposition relative to its costs. From a historical quantitative study of several quantitative markers, Value Score measures perceived forward-looking benefit and computes (1) "fair value" expense ratios for most traditional investment managers across 40 categories and (2) managers' perceived "excess value" by comparing the fair value expense ratios to actual expense ratios. Managers are then ranked within each category by their excess value to assign a Value Score. Our analysis suggests that greater levels of excess value have historically corresponded to attractive subsequent performance.

For more information on the ranking models, please see *Adverse Active AlphaSM 2.0: Scoring Active Managers According to Potential Alpha and Value Score: Scoring Fee Efficiency by Comparing Managers' "Fair Value" and Actual Expense Ratios*. The whitepapers are available from your Financial Advisor or Private Wealth Advisor. ADVERSE ACTIVE ALPHA is a registered service mark of Morgan Stanley and/or its affiliates. U.S. Pat. No. 8,756,098 applies to the Adverse Active Alpha system and/or methodology.

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Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds ("ETFs"), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in **emerging markets and frontier markets**. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities' (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments ("ESG")** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein. **Options** and margin trading involve substantial risk and are not appropriate for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Shares of closed-end funds frequently trade at a discount from their NAV which may increase investors' risk of loss. The risk of loss due to this discount may be greater for investors expecting to sell their shares in a relatively short period after completion of the public offering. This characteristic is a risk separate and distinct from the risk that a closed-end fund's net asset value may decrease as a result of investment activities. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases shares of a closed-end fund, shares may have a market price that is above or below NAV. Portfolios that invest a large percentage of assets in only one industry **sector** (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors.

**Alternative investments** often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are appropriate only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; Lack of liquidity in that there may be no secondary market for a fund; Volatility of returns; Restrictions on transferring interests in a fund; Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; Absence of information regarding valuations and pricing; Complex tax structures and delays in tax reporting; Less regulation and higher fees than mutual funds; Risks associated with the operations, personnel, and processes of the manager, and Risks associated with cybersecurity. As a diversified global financial services firm,

Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results. Further, opinions expressed herein may differ from the opinions expressed by Morgan Stanley Wealth Management and/or other businesses/affiliates of Morgan Stanley Wealth Management. This is not a "research report" as defined by FINRA Rule 2241 or a "debt research report" as defined by FINRA Rule 2242 and was not prepared by the Research Departments of Morgan Stanley Smith Barney LLC or Morgan Stanley & Co. LLC or its affiliates. Certain information contained herein may constitute forward-looking statements. Due to various risks and uncertainties, actual events, results or the performance of a fund may differ materially from those reflected or contemplated in such forward-looking statements. Clients should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown). The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFRI Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Individual funds have specific tax risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Wealth Management and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley Wealth Management or any of its affiliates, (3) are not guaranteed by Morgan Stanley Wealth Management and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Wealth Management is a registered broker-dealer, not a bank. 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Investment products in this category may employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives and options, which can increase volatility and the risk of investment loss. Alternative investments are not appropriate for all investors. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund. Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

A majority of Alternative Investment managers reviewed and selected by GIMA pay or cause to be paid an ongoing fee for distribution from their management fees to Morgan Stanley Wealth Management in connection with Morgan Stanley Wealth Management clients that purchase an interest in an Alternative Investment and in some instances pay these fees on the investments held by advisory clients. Morgan Stanley Wealth Management rebates such fees that are received and attributable to an investment held by an advisory client and retains the fees paid in connection with investments held by brokerage clients. Morgan Stanley Wealth Management has a conflict of interest in offering alternative investments because Morgan Stanley Wealth Management or our affiliates, in most instances, earn more money in your account from your investments in alternative investments than from other investment options.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper.

Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements,

hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that choose to stop reporting in order to retain secrecy, which may cause a downward bias in returns.

Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, "blow ups," or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial "lift" or upwards bias.

**Hedge Funds of Funds** and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. A target date portfolio is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor's goals by the pre-established year or "target date." A target date portfolio will transition its invested assets from a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are appropriate only for the risk capital portion of an investor's portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy.

**Asset allocation and diversification** do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

**Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley and/or as described at [www.morganstanley.com/disclosures/dol](http://www.morganstanley.com/disclosures/dol). Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.**

Annuities and insurance products are offered in conjunction with Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates.

Indices are unmanaged and investors cannot directly invest in them. They are not subject to expenses or fees and are often comprised of securities and other investment instruments the liquidity of which is not restricted. A particular investment product may consist of securities significantly different than those in any index referred to herein. Composite index results are shown for illustrative purposes only, generally do not represent the performance of a specific investment, may not, for a variety of reasons, be an appropriate comparison or benchmark for a particular investment and may not necessarily reflect the actual investment strategy or objective of a particular investment. Consequently, comparing an investment to a particular index may be of limited use.

This material is not a financial plan and does not create an investment advisory relationship between you and your Morgan Stanley Financial Advisor. We are not your fiduciary either under the Employee Retirement Income Security Act of 1974 (ERISA) or the Internal Revenue Code of 1986, and any information in this report is not intended to form the primary basis for any investment decision by you, or an investment advice or recommendation for either ERISA or Internal Revenue Code purposes. Morgan Stanley Private Wealth Management will only prepare a financial plan at your specific request using Private Wealth Management approved financial planning signature.

We may act in the capacity of a broker or that of an advisor. As your broker, we are not your fiduciary and our interests may not always be identical to yours. Please consult with your Private Wealth Advisor to discuss our obligations to disclose to you any conflicts we may from time to time have and our duty to act in your best interest. We may be paid both by you and by others who compensate us based on what you buy. Our compensation, including that of your Private Wealth Advisor, may vary by product and over time.

Investment and services offered through Morgan Stanley Private Wealth Management, a division of Morgan Stanley Smith Barney LLC, Member SIPC.

*For index, indicator and survey definitions referenced in this report please visit the following: <https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions>*

**GLOBAL INVESTMENT COMMITTEE (GIC) ASSET ALLOCATION MODELS:** The Asset Allocation Models are created by Morgan Stanley Wealth Management's GIC.

**HYPOTHETICAL MODEL PERFORMANCE (GROSS):** Hypothetical model performance results do not reflect the investment or performance of an actual portfolio following a GIC Strategy, but simply reflect actual historical performance of selected indices on a real-time basis over the specified period of time representing the GIC's strategic and tactical allocations as of the date of this report. The past performance shown here is simulated performance based on benchmark indices, not investment results from an actual portfolio or actual trading. There can be large differences between hypothetical and actual performance results achieved by a particular asset allocation or trading strategy. Hypothetical performance results do not represent actual trading and are generally designed with the benefit of hindsight. Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk/return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date.

**FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS:** None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at [www.morganstanley.com/adv](http://www.morganstanley.com/adv). The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material.

**Variable annuities** are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

**Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income asset class** is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

**Master Limited Partnerships (MLPs)** are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. Individual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. MLP funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments; this deferred tax liability is reflected in the daily NAV, and, as a result, the MLP Fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely

tracked.

**Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be appropriate for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor.

**REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security**. Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. **Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments.

**Yields** are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. **Duration**, the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. The majority of \$25 and \$1000 par **preferred securities** are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per \$25 or \$1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some \$25 or \$1000 par **preferred securities** are ODI (Qualified Dividend Income) eligible. Information on ODI eligibility is obtained from third party sources. The dividend income on ODI eligible preferreds qualifies for a reduced tax rate. Many traditional 'dividend paying' perpetual preferred securities (traditional preferreds with no maturity date) are ODI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date. Companies paying **dividends** can reduce or cut payouts at any time.

**Nondiversification:** For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

**Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

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**Town of Golden Beach Police Officers' Pension Plan**  
**Asset Allocation & Time Weighted Performance**  
**as of December 31, 2020**

	Allocation		Performance(%)							Inception Date	
	Market Value (\$)	%	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years		Since Inception
<b>Total Fund</b>	<b>409,234</b>	<b>100.00</b>	<b>10.49</b>	<b>10.49</b>	<b>9.43</b>	<b>8.26</b>	<b>9.52</b>	<b>6.46</b>	<b>7.36</b>	<b>5.46</b>	<b>02/01/2002</b>
Total Fund (net)	10.26		10.26		8.50	7.35	8.60	5.55	6.44	4.85	
Allocation Index	13.05		13.05		8.15	7.12	8.79	7.22	7.90	5.61	
<b>Domestic Equity</b>											
HGK - Large Cap Value	178,236	43.55	15.92	15.92	-1.14	4.13	9.50	6.21	9.14	7.25	09/01/2008
HGK - Large Cap Value (net)			15.68	15.68	-1.97	3.25	8.57	5.27	8.15	6.26	
Russell 1000 Value			16.25	16.25	2.80	6.07	9.74	8.20	10.50	8.40	
Kayne Anderson	92,539	22.61	16.17	16.17	36.86	21.87	N/A	N/A	N/A	20.44	05/01/2016
Kayne Anderson (net)			15.90	15.90	35.60	20.73	N/A	N/A	N/A	19.35	
Russell 2500			27.41	27.41	19.99	11.33	N/A	N/A	N/A	14.19	
<b>Fixed Income</b>											
Madison - Intermediate Fixed Income	121,172	29.61	0.20	0.20	4.79	3.65	2.68	2.36	2.33	2.93	09/01/2008
Madison - Intermediate Fixed Income (net)			0.00	0.00	3.92	2.79	1.82	1.50	1.44	2.01	
BC Gov/Cr Intm			0.48	0.48	6.44	4.67	3.64	3.19	3.11	3.63	

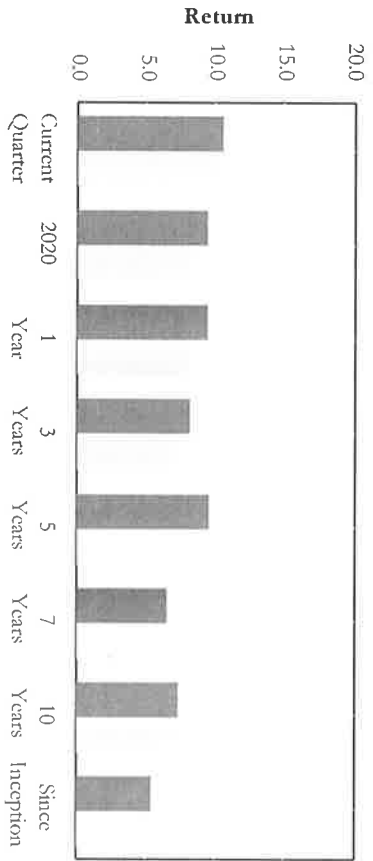
The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy, or not be guaranteed. Past performance is not a guarantee of future results.

# Town of Golden Beach Police Officers' Pension Plan

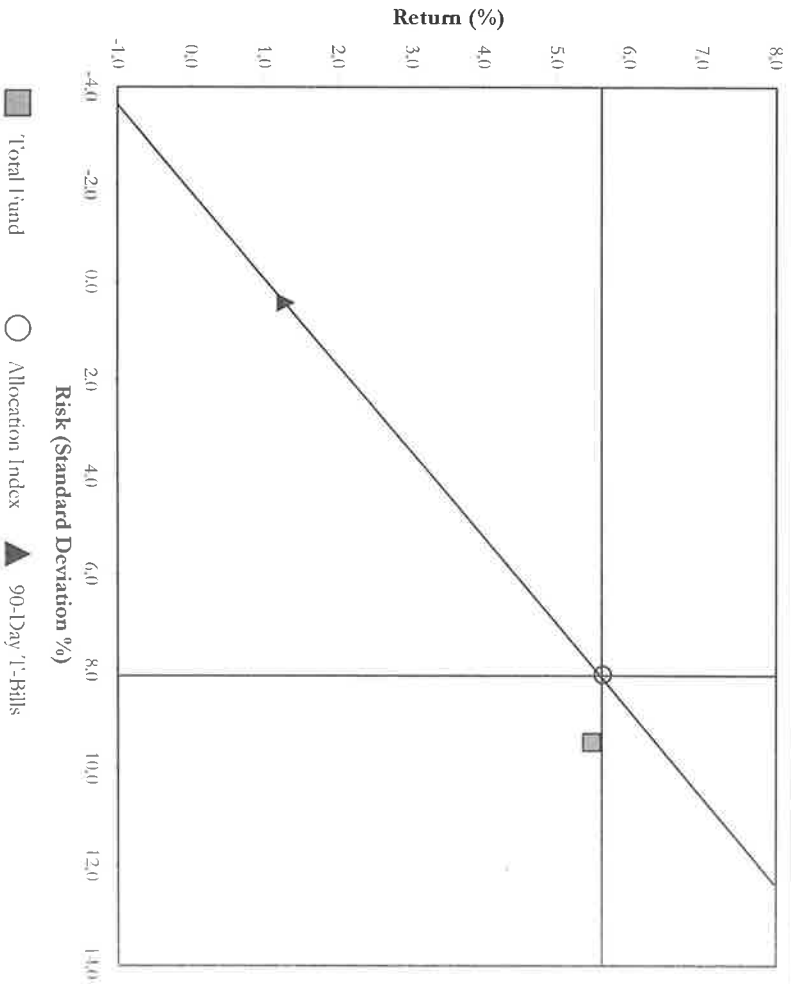
## Golden Beach Police Total Fund - Executive Summary

### as of December 31, 2020

#### Manager Performance Chart



#### Manager Risk & Return



#### Manager Annualized Performance

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Inception 02/01/2002
Total Fund	10.49	10.49	9.43	8.26	9.52	6.46	7.36	5.46
Allocation Index	13.05	13.05	8.15	7.12	8.79	7.22	7.90	5.61
Differences	-2.56	-2.56	1.28	1.14	0.73	-0.76	-0.54	-0.15

#### Historic Asset Growth

	Current Quarter	Fiscal YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Inception 02/01/2002
Total Fund	362	362	384	317	248	244	171	25
Beginning Market Value	10	10	-4	16	29	40	64	192
Net Contributions	-1	-1	-3	-9	-13	-18	-23	-26
Fees/Expenses	2	2	8	22	34	46	61	74
Income	36	36	25	62	112	97	137	144
Gain/Loss	409	409	409	409	409	409	409	409
Liquid Market Value	409	409	409	409	409	409	409	409

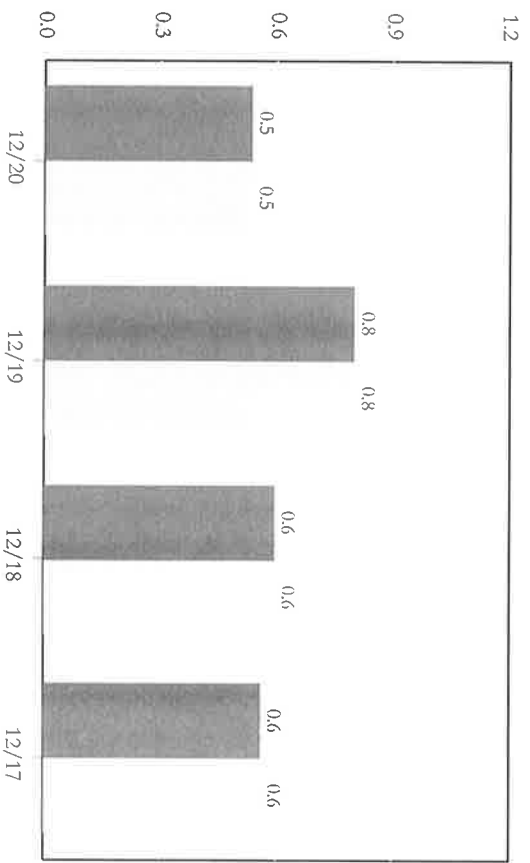
#### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Capture	Down Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Total Fund	5.46	9.47	0.99	-33.02	103.79	107.72	0.01	0.47	0.73	02/01/2002
Allocation Index	5.61	8.12	1.00	-22.45	100.00	100.00	0.00	0.55	1.00	02/01/2002

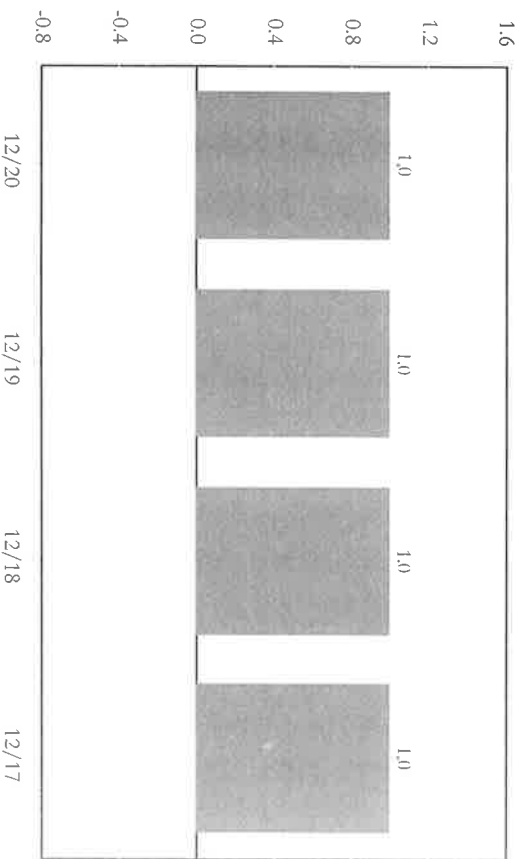
The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

# Town of Golden Beach Police Officers' Pension Plan Total Fund - Rolling Three Year MPT Statistics as of December 31, 2020

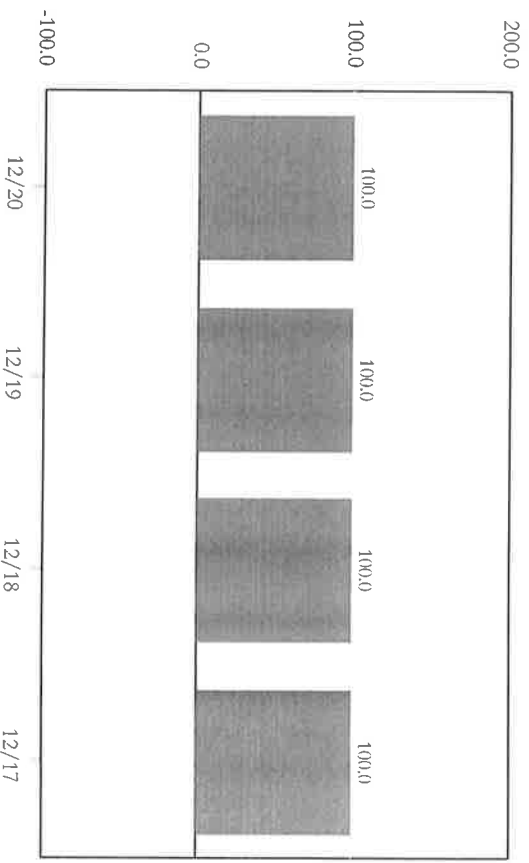
**Sharpe Ratio**



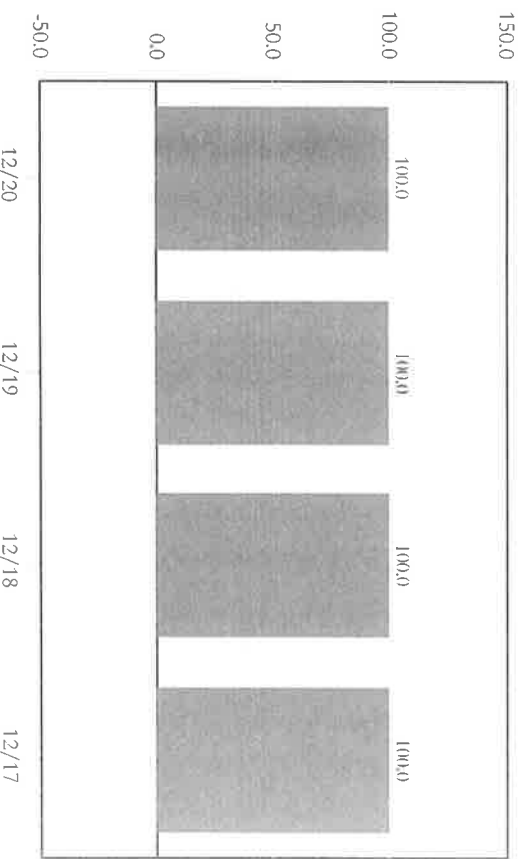
**Beta**



**Up Capture**



**Down Capture**



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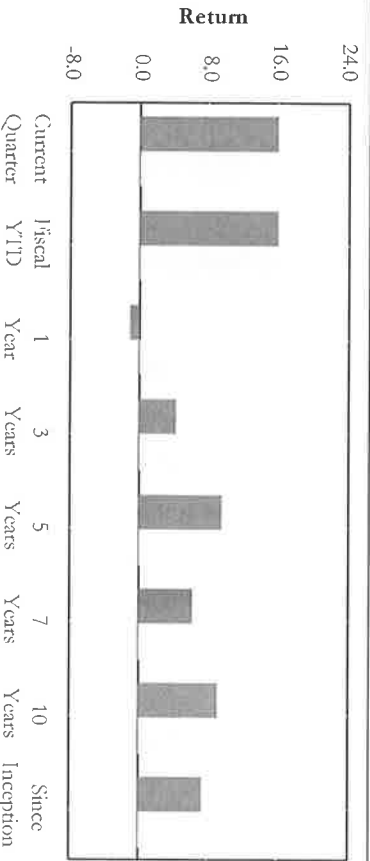


# Town of Golden Beach Police Officers' Pension Plan

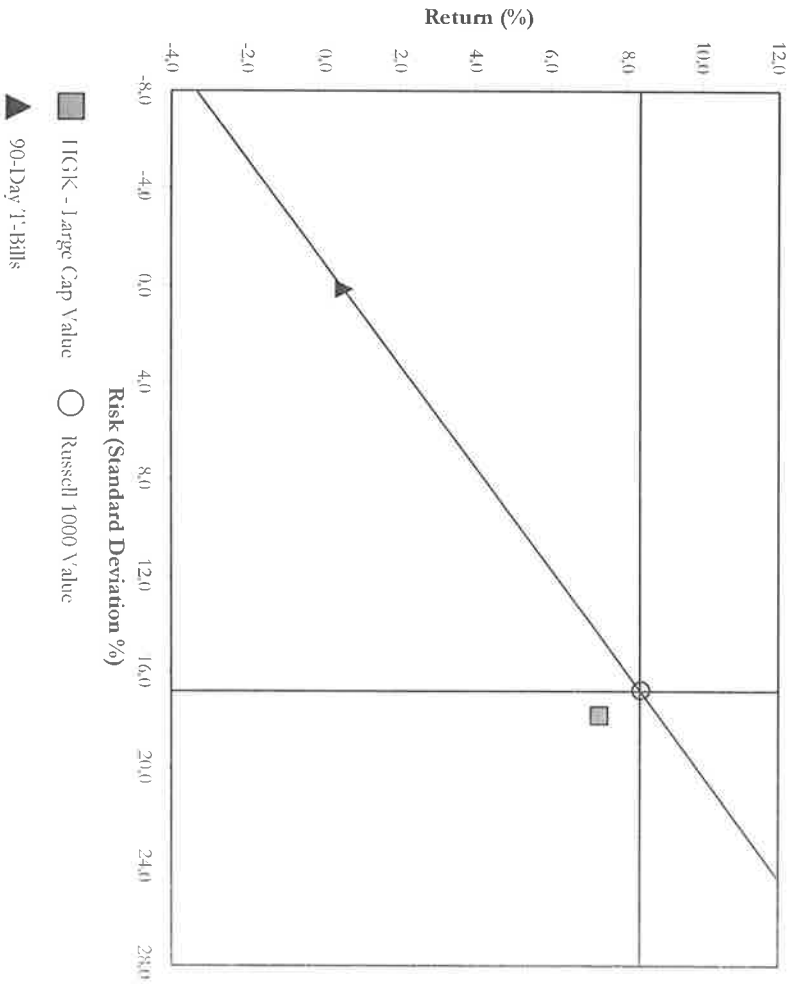
## HGK Large Cap Value - Executive Summary

as of December 31, 2020

### Manager Performance Chart



### Manager Risk & Return



### Manager Annualized Performance

Current Quarter	Fiscal Year	1 Year	3 Years	5 Years	7 Years	10 Years	Inception 09/01/2008
HGK - Large Cap Value	15.92	-1.14	4.13	9.50	6.21	9.14	7.25
Russell 1000 Value	16.25	2.80	6.07	9.74	8.20	10.50	8.41
Differences	-0.33	-3.94	-1.94	-0.24	-1.99	-1.36	-1.16

### Historic Asset Growth

Current Quarter	Fiscal Year	1 Year	3 Years	5 Years	7 Years	10 Years	Inception 09/01/2008
HGK - Large Cap Value	155	155	174	150	146	144	101
Beginning Market Value	-1	-1	7	11	-27	-16	-20
Net Contributions	-	-	-1	-4	-6	-9	-12
Fees/Expenses	1	1	5	13	19	27	35
Income	23	23	-5	9	46	33	75
Gain/Loss	178	178	178	178	178	178	178
Ending Market Value	178	178	178	178	178	178	178

### Modern Portfolio Statistics

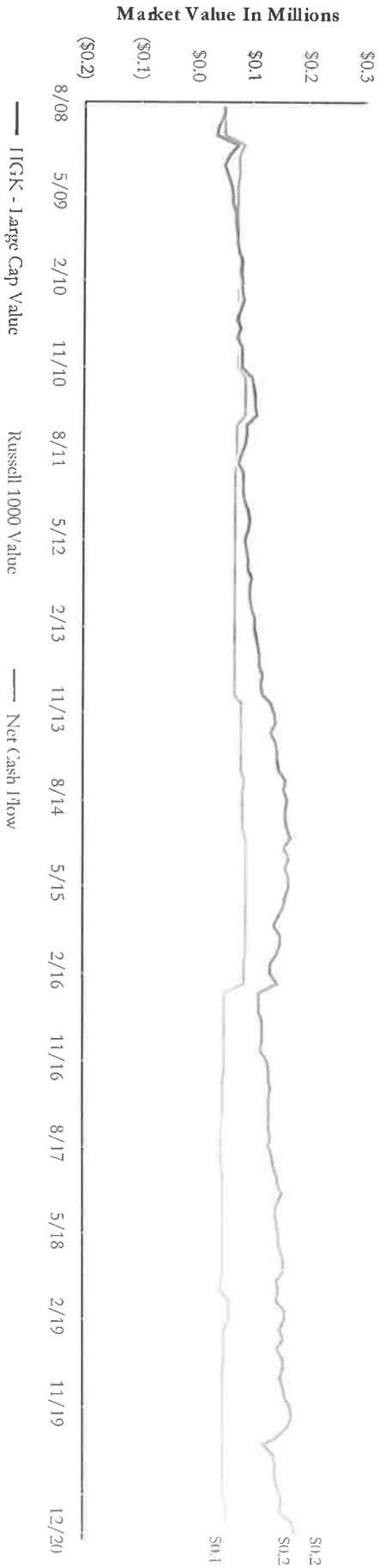
	Return	Standard Deviation	Beta	Maximum Drawdown	Up Capture	Down Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
HGK - Large Cap Value	7.25	17.80	1.04	-42.19	101.75	107.99	-1.25	0.45	0.96	09/01/2008
Russell 1000 Value	8.41	16.83	1.00	-44.71	100.00	100.00	0.00	0.53	1.00	09/01/2008

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# Town of Golden Beach Police Officers' Pension Plan

## HGK Large Cap Value - Change in Assets & Distribution of Returns as of December 31, 2020

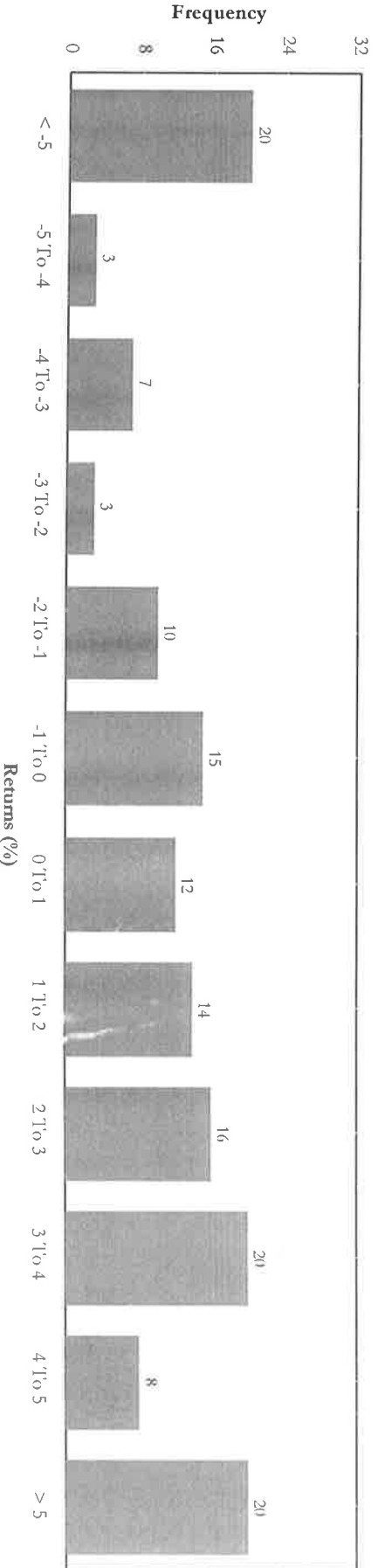
### Historic Change in Assets



### Quarterly Change in Assets

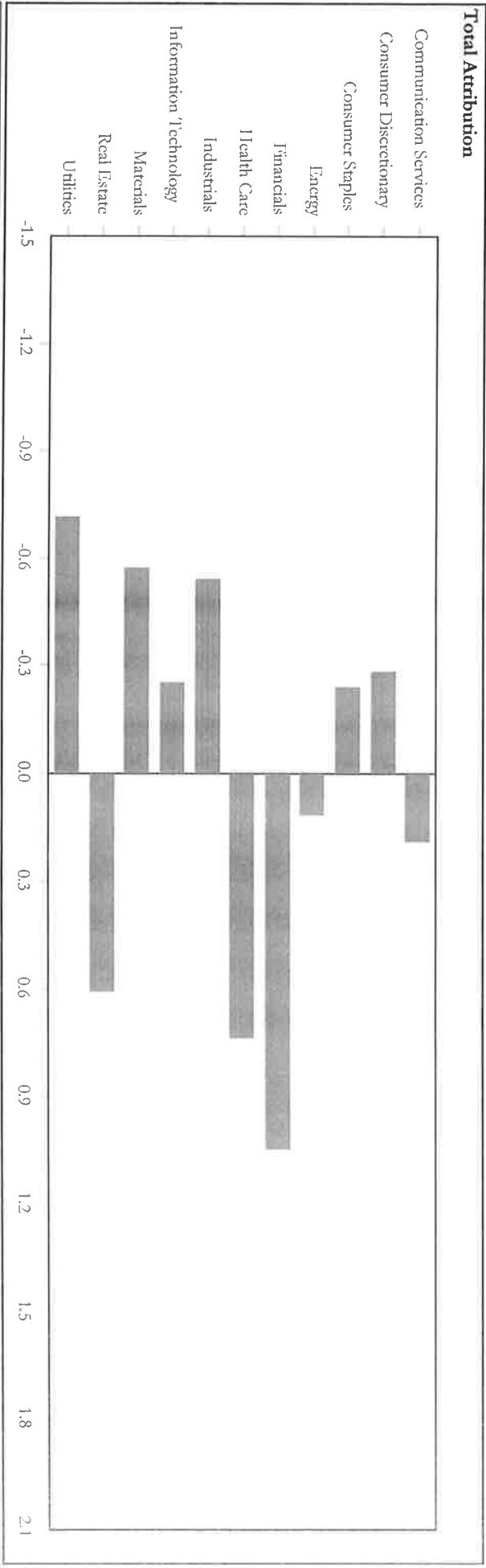
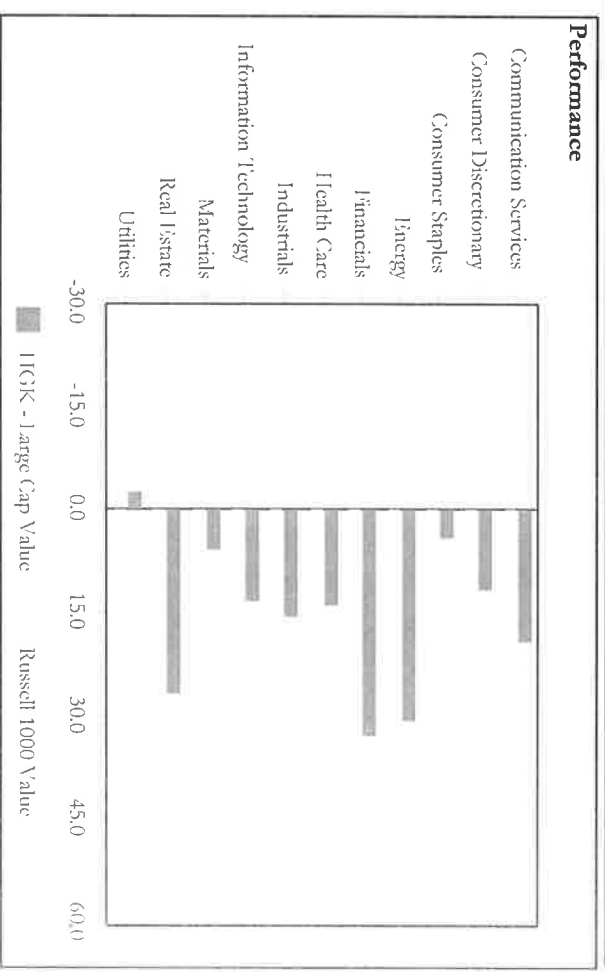
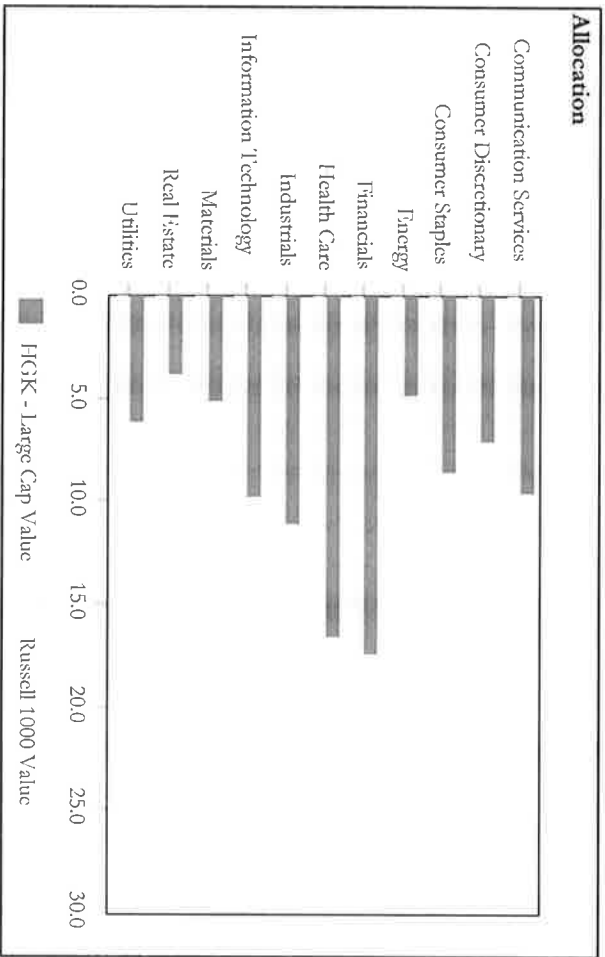
	Market Value As of 10/01/2020	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2020
HGK - Large Cap Value	135,079.58	-	0.26	-1,000.26	-337.54	-	24,493.81	178,235.85

### Distribution of Returns



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# Town of Golden Beach Police Officers' Pension Plan HGK - Large Cap Value - Quarterly Performance Attributes as of December 31, 2020



The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed. Past performance is not a guarantee of future results.

# Town of Golden Beach Police Officers' Pension Plan

## HGK - Large Cap Value - Quarterly Performance Attributes

as of December 31, 2020

	Allocation -10/01/2020		Performance - 1 Quarter Ending December 31, 2020		Attribution			Total
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	
Communication Services	9.59	9.57	19.06	16.94	-0.01	0.22	-0.02	0.19
Consumer Discretionary	7.08	7.70	11.60	15.19	-0.01	-0.28	0.00	-0.29
Consumer Staples	8.61	8.19	4.02	6.06	-0.04	-0.19	-0.02	-0.24
Energy	4.86	4.07	30.72	28.25	-0.01	0.10	0.03	0.12
Financials	17.38	18.56	32.98	25.85	-0.11	1.23	-0.08	1.05
Health Care	16.54	14.09	14.01	8.54	-0.18	0.79	0.13	0.74
Industrials	11.07	13.39	15.47	19.88	-0.06	-0.59	0.11	-0.54
Information Technology	9.81	9.55	13.34	15.95	0.02	-0.26	-0.02	-0.26
Materials	5.08	4.81	5.76	16.78	0.00	-0.55	-0.03	-0.57
Real Estate	3.83	4.52	26.74	11.83	0.03	0.68	-0.10	0.61
Utilities	6.14	5.54	-2.63	6.49	-0.11	-0.54	-0.06	-0.71
Total	100.00	100.00	16.37	16.28	-0.47	0.61	-0.05	0.09

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**Town of Golden Beach Police Officers' Pension Plan**  
**HGK - Large Cap Value - Portfolio Characteristics**  
**as of December 31, 2020**

Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$000)	85,230,311.11	133,777,387.17
Median Mkt. Cap (\$000)	35,695,365.24	11,447,923.75
Price/Earnings ratio	17.23	22.53
Price/Book ratio	2.60	2.63
5 Yr. EPS Growth Rate (%)	6.26	5.72
Beta (5 Years, Monthly)	1.11	1.00
Number of Stocks	52	855
Debt to Equity (%)	172.56	130.38

Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
JPMorgan Chase & Co	2.54	2.25	0.29	33.19
Citigroup Inc	2.46	0.75	1.71	44.79
Allstate Corp (The)	2.38	0.19	2.19	17.38
Citizens Financial Group Inc	2.35	0.09	2.26	43.53
State Street Corporation	2.32	0.15	2.17	23.55
Discover Financial Services	2.32	0.16	2.16	57.59
Comcast Corp	2.30	1.39	0.91	13.86
Mettlfe Inc.	2.28	0.21	2.07	27.81
Constellation Brands Inc	2.25	0.20	2.05	16.06
Dover Corp	2.23	0.11	2.12	17.00
% of Portfolio	23.43	5.50	17.93	

Ten Best Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Discover Financial Services	2.32	0.16	2.16	57.59
Lear Corp	2.09	0.06	2.03	46.06
Citigroup Inc	2.46	0.75	1.71	44.79
Citizens Financial Group Inc	2.35	0.09	2.26	43.53
Marathon Petroleum Corp	1.53	0.16	1.37	42.98
Discovery Communications	2.20	0.03	2.17	38.22
Simon Property Group Inc.	1.70	0.03	1.67	36.38
ViacomCBS Inc	2.19	0.12	2.07	33.94
JPMorgan Chase & Co	2.54	2.25	0.29	33.19
HCA Healthcare Inc	2.16	0.12	2.04	31.91
% of Portfolio	21.54	3.77	17.77	

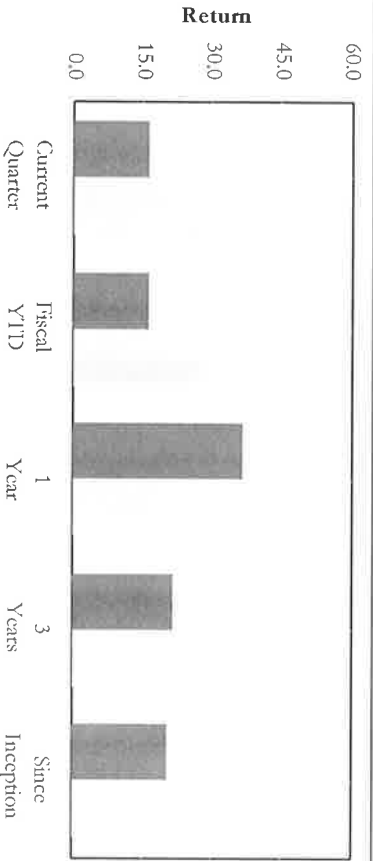
Ten Worst Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
International Flavors & Fragrances Inc	1.43	0.07	1.36	-10.49
Kimberly-Clark Corp	1.92	0.27	1.65	-7.98
Consolidated Edison Inc.	1.73	0.14	1.59	-6.21
Boston Scientific Corp	1.89	0.30	1.59	-5.91
Dominion Energy Inc	1.97	0.37	1.60	-3.96
Home Depot Inc. (The)	1.97	0.83	1.14	-3.82
Inrd Corp	1.88	1.19	0.69	-3.09
Juunen Technologies Inc	0.69	0.06	0.63	-1.06
Verizon Communications Inc	2.04	1.42	0.62	-0.20
Dollar General Corporation	1.92	0.00	1.92	0.49
% of Portfolio	17.44	4.65	12.79	

# Town of Golden Beach Police Officers' Pension Plan

Kayne Anderson - SMID Cap. Core - Executive Summary

as of December 31, 2020

## Manager Performance Chart



## Manager Annualized Performance

	Current Quarter	Fiscal YTD	Year 1	Year 3	Inception 05/01/2016
Kayne Anderson	16.17	16.17	36.86	21.87	20.44
Russell 2500	27.41	27.41	19.99	11.33	14.23
Differences	-11.24	-11.24	16.87	10.54	6.21

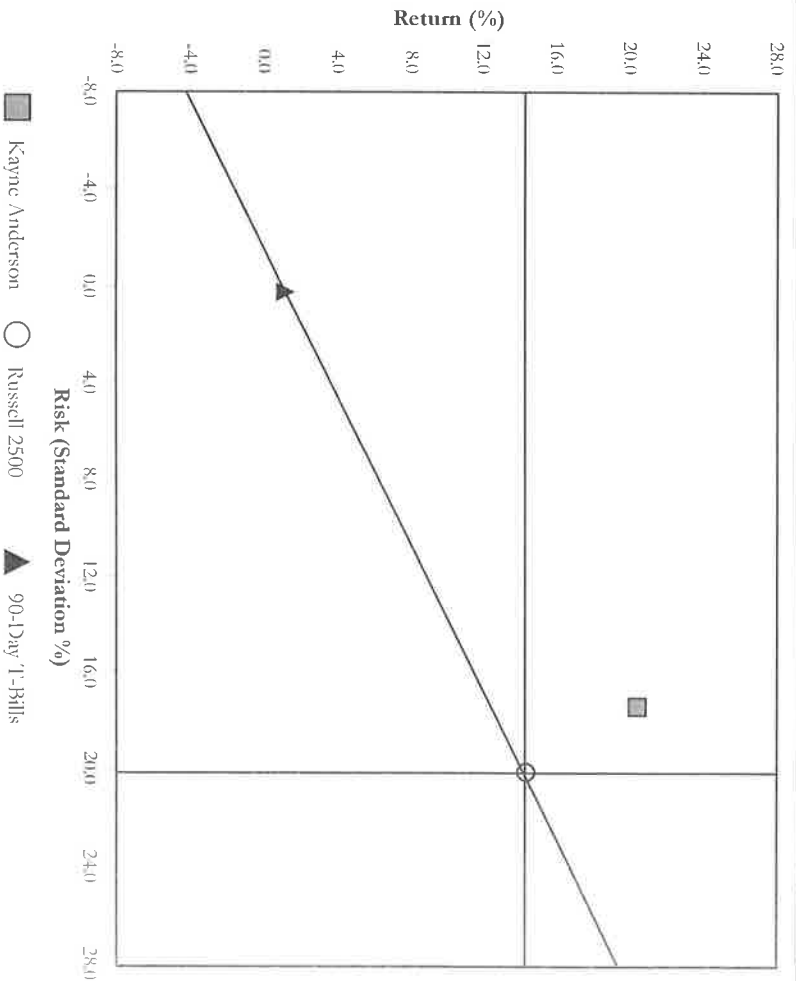
## Historic Asset Growth

	Current Quarter	Fiscal YTD	Year 1	Year 3	Inception 05/01/2016
Kayne Anderson	83	83	87	69	50
Beginning Market Value	-3	-3	-22	-25	-20
Net Contributions	-	-	-1	-2	-3
Fees/Expenses	-	-	1	2	3
Income	13	13	27	48	63
Gain/Loss	93	93	93	93	93
Ending Market Value					

## Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Capture	Down Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Kayne Anderson	20.44	17.46	0.81	-18.51	101.07	73.76	8.06	1.09	0.87	05/01/2016
Russell 2500	14.23	20.12	1.00	-29.72	100.00	100.00	0.00	0.71	1.00	05/01/2016

## Manager Risk & Return

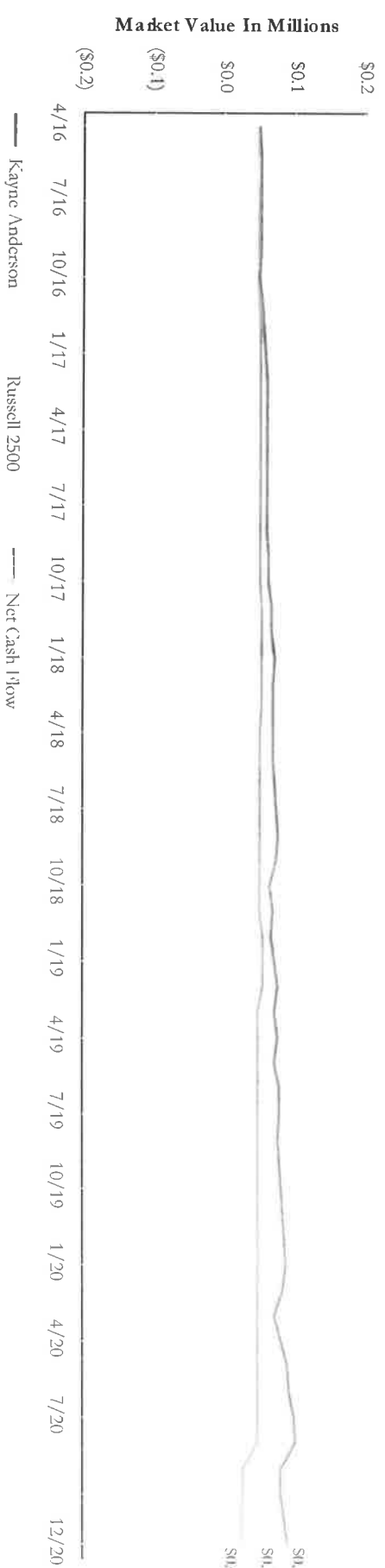


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# Town of Golden Beach Police Officers' Pension Plan

## Kayne Anderson - SMID Cap. Core - Change in Assets & Distribution of Returns as of December 31, 2020

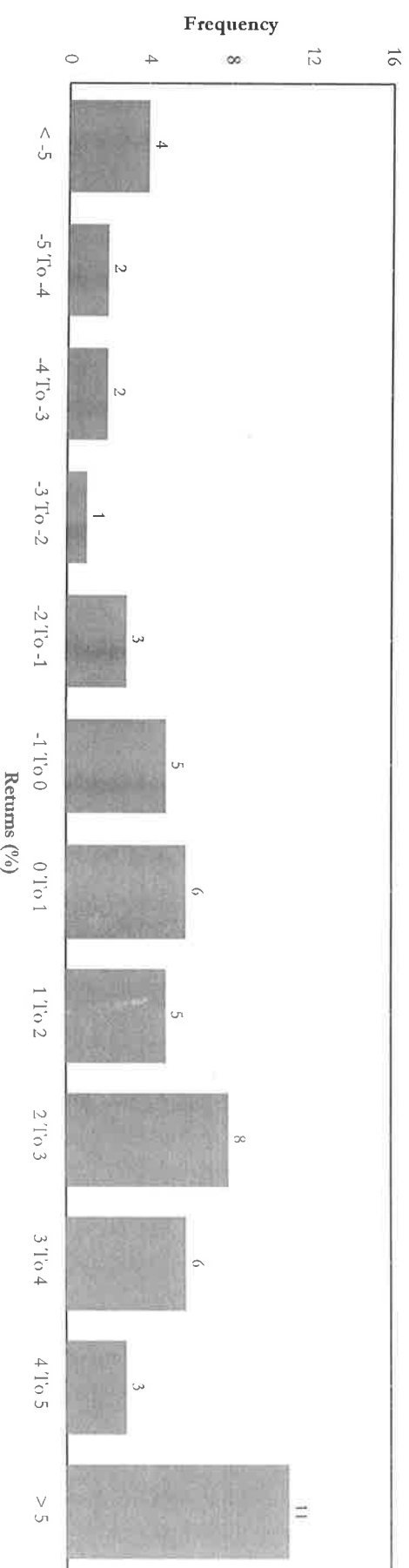
### Historic Change in Assets



### Quarterly Change in Assets

Market Value As of 10/01/2020	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2020
82,600.02	-	0.32	-3,000.32	-198.03	-	13,137.03	92,539.02

### Distribution of Returns

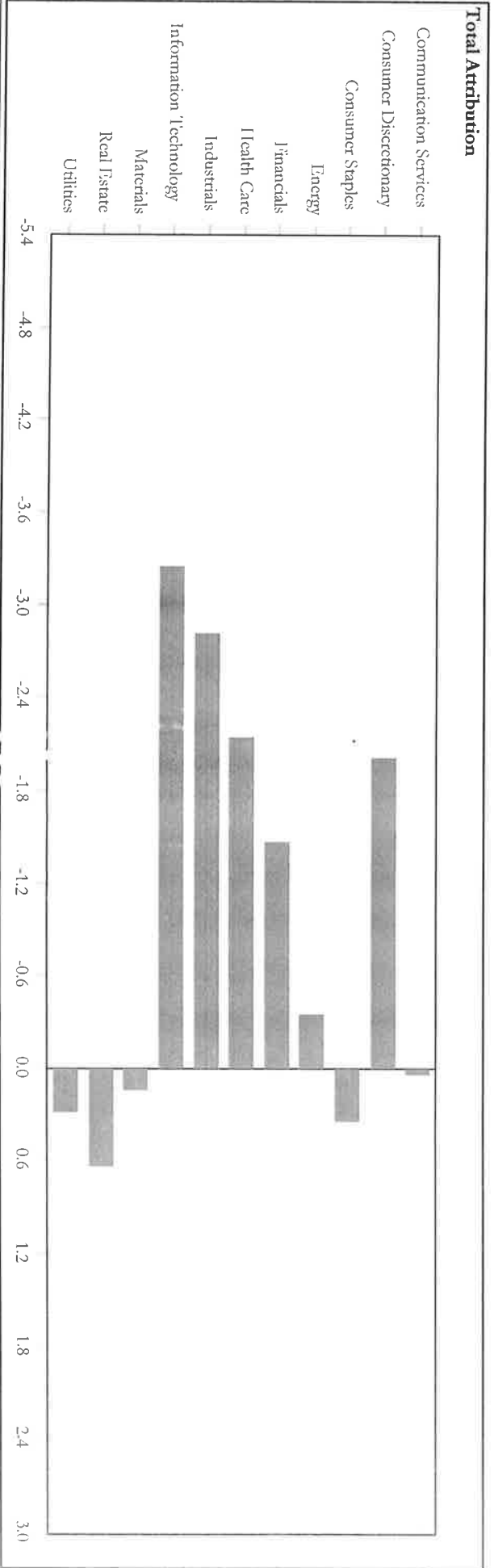
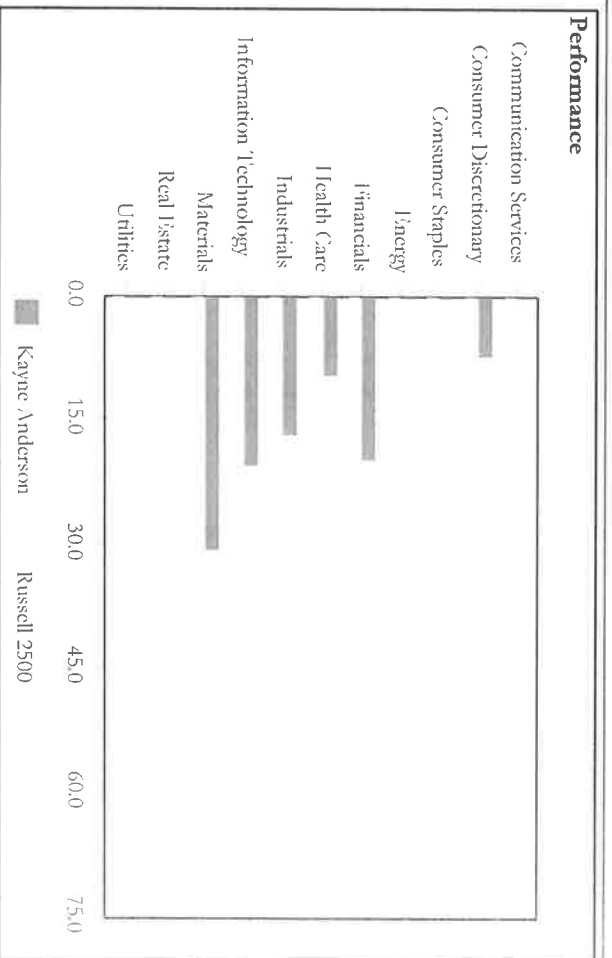
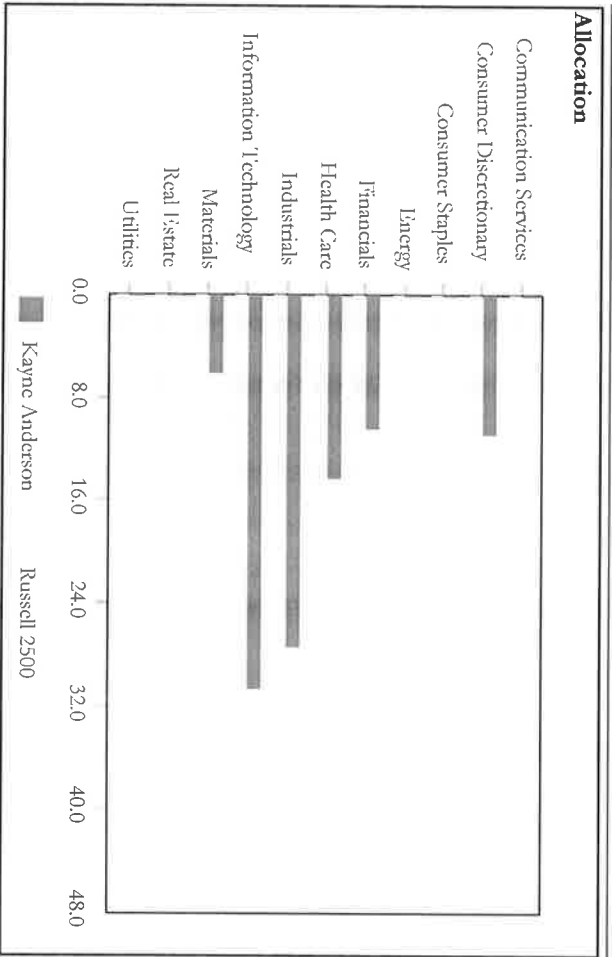


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# Town of Golden Beach Police Officers' Pension Plan

## Kayne Anderson - Quarterly Performance Attributes

as of December 31, 2020



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# Town of Golden Beach Police Officers' Pension Plan

## Kayne Anderson - Quarterly Performance Attributions

as of December 31, 2020

	Allocation - 10/01/2020		Performance - Quarter Ending December 31, 2020		Attribution			Total
	Portfolio	Benchmark	Portfolio	Benchmark	Sector	Stock	Interaction	
Communication Services	0.00	2.98	0.00	26.12	0.04	0.00	0.00	0.04
Consumer Discretionary	10.83	12.85	7.14	25.43	0.04	-2.43	0.37	-2.01
Consumer Staples	0.00	3.32	0.00	16.96	0.35	0.00	0.00	0.35
Energy	0.00	1.89	0.00	47.29	-0.35	0.00	0.00	-0.35
Financials	10.40	13.70	19.78	32.87	-0.14	-1.72	0.40	-1.46
Health Care	14.36	16.19	9.44	23.88	0.03	-2.37	0.20	-2.14
Industrials	27.45	15.31	16.87	26.76	-0.07	-1.51	-1.23	-2.81
Information Technology	30.78	17.39	20.43	33.98	0.87	-2.30	-1.82	-3.25
Materials	6.18	5.37	30.70	29.19	0.01	0.10	0.02	0.14
Real Estate	0.00	7.95	0.00	19.41	0.64	0.00	0.00	0.64
Utilities	0.00	3.05	0.00	18.02	0.28	0.00	0.00	0.28
Total	100.00	100.00	16.88	27.46	1.71	-10.23	-2.06	-10.58

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# Town of Golden Beach Police Officers' Pension Plan

## Kayne Anderson - Portfolio Characteristics

as of December 31, 2020

Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap (\$000)	16,870,133.39	6,879,334.73
Median Mkt. Cap (\$000)	12,398,255.40	1,295,912.83
Price/Earnings ratio	40.71	23.71
Price/Book ratio	6.74	3.17
5 Yr. EPS Growth Rate (%)	19.99	10.97
Beta (3 Years, Monthly)	0.82	1.00
Number of Stocks	29	2,547
Debt to Equity (%)	13.63	60.77

Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Scotts Miracle-Gro	6.81	0.15	6.66	30.70
Teradyne Inc.	5.95	0.36	5.59	51.02
MSCI Inc	5.42	0.00	5.42	25.41
SiteOne Landscape Supply Inc	4.90	0.12	4.78	30.08
Zebra Technologies Corp.	4.66	0.00	4.66	52.23
DocuSign Inc.	4.66	0.00	4.66	3.28
Charles River Laboratories International Inc	4.41	0.22	4.19	10.34
Pool Corp	4.11	0.26	3.85	11.54
Cooper Cos Inc (The)	4.01	0.00	4.01	7.77
Copart Inc	3.79	0.00	3.79	21.01
% of Portfolio	48.72	1.11	47.61	

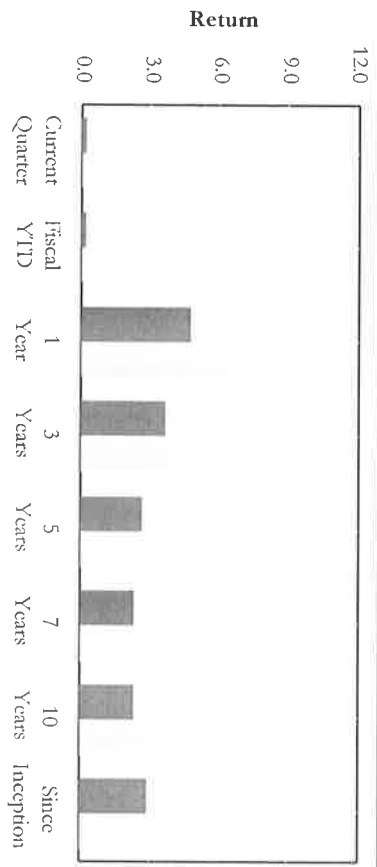
Ten Best Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Zebra Technologies Corp.	4.66	0.00	4.66	52.23
Teradyne Inc.	5.95	0.36	5.59	51.02
Scotts Miracle-Gro	6.81	0.15	6.66	30.70
SiteOne Landscape Supply Inc	4.90	0.12	4.78	30.08
Interactive Brokers Group Inc	2.02	0.00	2.02	26.29
MSCI Inc	5.42	0.00	5.42	25.41
Exponent Inc	2.08	0.08	2.00	25.28
Equifax Inc.	3.40	0.00	3.40	23.18
H1 IR Systems Inc	2.27	0.10	2.17	22.81
Copart Inc	3.79	0.00	3.79	21.01
% of Portfolio	41.30	0.81	40.49	

Ten Worst Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Thor Industries Inc.	3.59	0.09	3.50	-1.51
Henry (Jack) & Associates Inc	2.32	0.00	2.32	-0.10
Jennox International Inc.	3.02	0.17	2.85	0.78
Aspen Technology Inc	2.73	0.16	2.57	2.89
DocuSign Inc.	4.66	0.00	4.66	3.28
Nordson Corp	3.77	0.21	3.56	4.97
Cooper Cos Inc (The)	4.01	0.00	4.01	7.77
Rollins Inc.	2.46	0.00	2.46	8.55
Berkley (W.R.) Corp	3.44	0.17	3.27	8.82
Lilanco Animal Health Inc	2.74	0.00	2.74	9.81
% of Portfolio	32.74	0.80	31.94	

# Town of Golden Beach Police Officers' Pension Plan

## Madison Investment Advisors Fixed Income - Executive Summary as of December 31, 2020

### Manager Performance Chart



### Manager Annualized Performance

	Current Quarter	Fiscal YTD	Year 1	Year 3	Year 5	Year 7	Year 10	Inception 09/01/2008
Madison - Fixed Income	0.20	0.20	4.79	3.65	2.68	2.36	2.33	2.93
BC Gov/Cr Intm	0.48	0.48	6.44	4.67	3.64	3.19	3.11	3.64
Differences	-0.28	-0.28	-1.65	-1.02	-0.96	-0.83	-0.78	-0.71

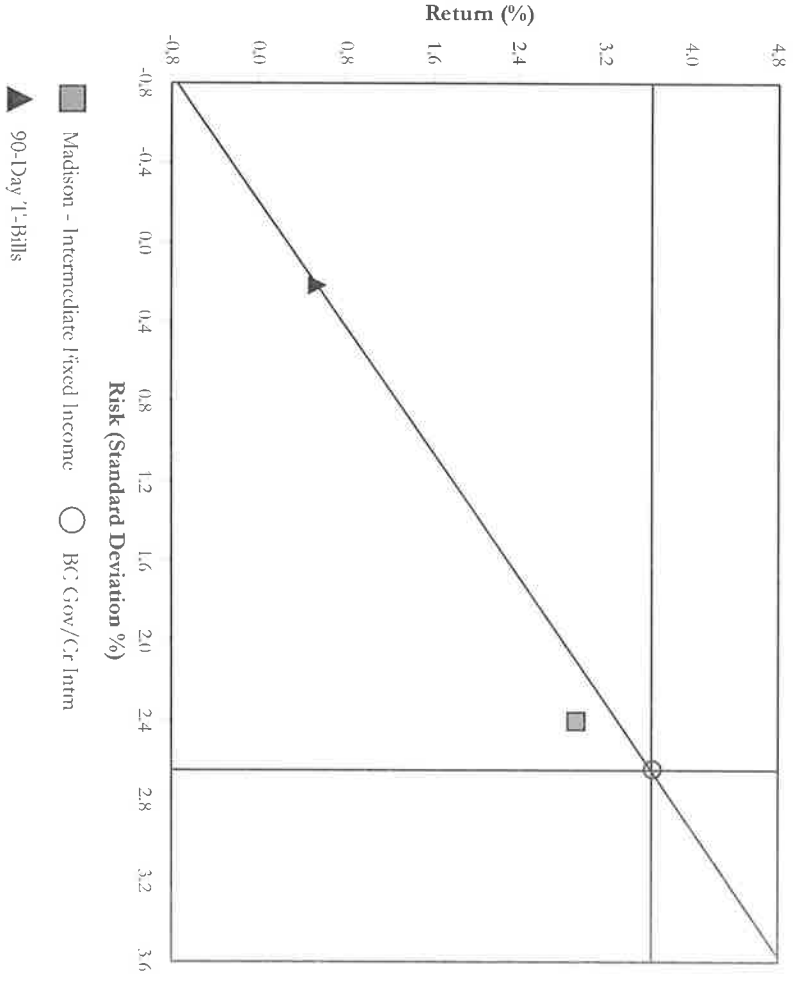
### Historic Asset Growth

	Current Quarter	Fiscal YTD	Year 1	Year 3	Year 5	Year 7	Year 10	Inception 09/01/2008
Madison - Fixed Income	121	121	118	93	88	81	68	80
Beginning Market Value	-	-	-2	19	24	30	40	23
Net Contributions	-	-	-1	-3	-4	-6	-8	-9
Fees/Expenses	1	1	3	7	11	15	22	28
Income	-	-	3	5	3	1	-1	-1
Gain/Loss	121	121	121	121	121	121	121	121

### Modern Portfolio Statistics

	Return	Standard Deviation	Beta	Maximum Drawdown	Up Capture	Down Capture	Alpha	Sharpe Ratio	R-Squared	Inception Date
Madison - Intermediate Fixed Income	2.93	2.41	0.84	-4.84	77.18	70.59	-0.12	0.98	0.86	09/01/2008
BC Gov/Cr Intra	3.64	2.66	1.00	-3.42	100.00	100.00	0.00	1.16	1.00	09/01/2008

### Manager Risk & Return

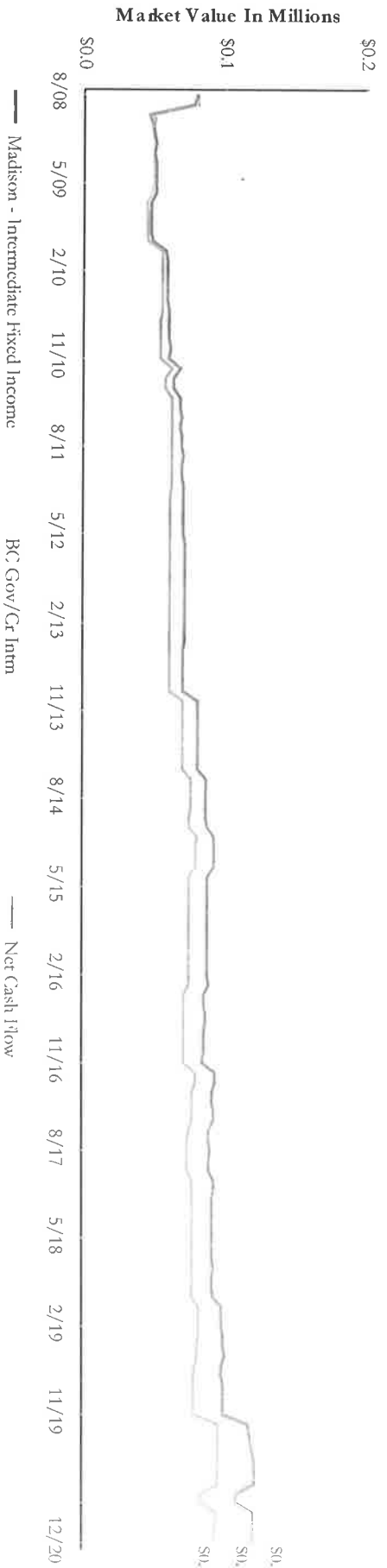


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# Town of Golden Beach Police Officers' Pension Plan

Madison Investment Advisors Fixed Income - Change in Assets & Distribution of Returns as of December 31, 2020

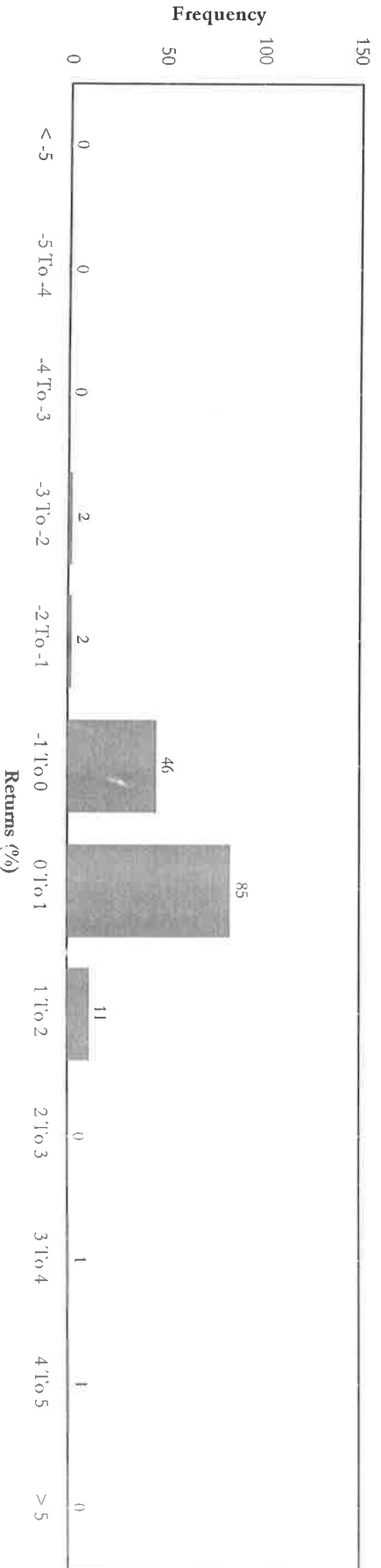
## Historic Change in Assets



## Quarterly Change in Assets

	Market Value As of 10/01/2020	Net Transfers	Contributions	Distributions	Fees	Expenses	Return On Investment	Market Value As of 12/31/2020
Madison - Intermediate Fixed Income	121,178.55	-	3,000.27	-3,000.27	-252.23	-	245.31	121,171.63

## Distribution of Returns



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# Town of Golden Beach Police Officers' Pension Plan

## Policy Index History

As of December 31, 2020

Allocation Index	Weight (%)
<b>Jan-2002</b>	
90-Day T-Bills	100.00
<b>Sep-2008</b>	
Russell 1000 Value	60.00
BC Gov/Cr Intm	40.00
90-Day T-Bills	0.00
<b>Apr-2016</b>	
Russell 1000 Value	45.00
BC Gov/Cr Intm	35.00
90-Day T-Bills	0.00
Russell 2500	20.00

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# Performance Appendix

Performance Data below is net of fees. Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.

Account Name	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
HGK - Large Cap Value	15.68	-1.97	-1.97	3.25	8.57	8.15	6.19	08/21/2008
Kayne Anderson	15.90	35.60	35.60	20.73	--	--	18.76	04/20/2016
Madison - Intermediate Fixed Income	0.00	3.92	3.92	2.79	1.82	1.44	2.00	08/21/2008

All performance above are Time Weighted (TWR) performance

## Glossary of Terms

**Active Contribution Return:** The gain or loss percentage of an investment relative to the performance of the investment benchmark.

**Active Exposure:** The percentage difference in weight of the portfolio compared to its policy benchmark.

**Active Return:** Arithmetic difference between the manager's return and the benchmark's return over a specified time period.

**Actual Correlation:** A measure of the correlation (linear dependence) between two variables X and Y, with a value between +1 and -1 inclusive. This is also referred to as coefficient of correlation.

**Alpha:** A measure of a portfolio's time weighted return in excess of the market's return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

**Best Quarter:** The highest quarterly return for a certain time period.

**Beta:** A measure of the sensitivity of a portfolio's time weighted return (net of fees) against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

**Consistency:** The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

**Core:** Refers to an investment strategy mandate that is blend of growth and value styles without a pronounced tilt toward either style.

**Cumulative Selection Return (Cumulative Return):** Cumulative investment performance over a specified period of time.

**Distribution Rate:** The most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains,

and/or return of capital.

**Down Market Capture:** The ratio of average portfolio returns over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

**Downside Risk:** A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the value, the more risk the product has.

**Downside Semi Deviation:** A statistical calculation that measures the volatility of returns below a minimum acceptable return. This return measure isolates the negative portion of volatility; the larger the number, the greater the volatility.

**Drawdown:** A drawdown is the peak-to-trough decline during a specific period of an investment, fund or commodity.

**Excess over Benchmark:** The percentage gain or loss of an investment relative to the investment's benchmark.

**Excess Return:** Arithmetic difference between the manager's return and the risk-free return over a specified time period.

**Growth:** A diversified investment strategy which includes investment selections that have capital appreciation as the primary goal, with little or no dividend payouts. These strategies can include reinvestments in expansion, acquisitions, and/or research and development opportunities.

**Growth of Dollar:** The aggregate amount an investment has gained or lost over a certain time period, also referred to as Cumulative Return, stated in terms of the amount to which an initial dollar investment would have grown over the given time period.

**Investment Decision Process (IDP):** A model for structuring the investment process and implementing the correct attribution methodologies. The IDP includes every decision made concerning the division of the assets under management over the various asset categories. To analyze each decision's contribution to the

total return, a modeling approach must measure the marginal value of every individual decision. In this respect, the hierarchy of the decisions becomes very important. We therefore use the IDP model, which serves as a proper foundation for registering the decisions and relating them to each other.

**Information Ratio:** Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

**Jensen's Alpha:** The Jensen's alpha measure is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. This metric is also commonly referred to as alpha.

**Kurtosis:** A statistical measure that is used to describe the distribution, or skewness, of observed data around the mean, sometimes referred to as the volatility of volatility.

**Maximum Drawdown:** The drawdown is defined as the percent retracement from a fund's peak to the fund's trough value. It is in effect from the time the fund's retracement begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.

**Modern Portfolio Theory (MPT):** An investment analysis theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

**Mutual Fund (MF):** An investment program funded by shareholders that trade in diversified holdings and is professionally managed.

**Peer Group:** A combination of funds that share the same investment style combined as a group for comparison purposes.

**Peer/ Plan Sponsor Universe:** A combination of asset pools of total plan investments by specific sponsor and plan types for comparison purposes.

**Performance Ineligible Assets:** Performance returns are not calculated for certain assets because accurate valuations and transaction data for these assets are not processed or maintained by us. Common examples of these include life insurance, some annuities and some assets held externally.

**Performance Statistics:** A generic term for various measures of investment performance measurement terms.

**Portfolio Characteristics:** A generic term for various measures of investment portfolio characteristics.

**Preferred Return:** A term used in the private equity (PE) world, and also referred to as a "Hurdle Rate." It refers to the threshold return that the limited partners of a private equity fund must receive, prior to the PE firm receiving its carried interest or "carry."

**Ratio of Cumulative Wealth:** A defined ratio of the Cumulative Return of the portfolio divided by the Cumulative Return of the benchmark for a certain time period.

**Regression Based Analysis:** A statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

**Residual Correlation:** Within returns-based style analysis, residual correlation refers to the portion of a strategy's return pattern that cannot be explained by its correlation to the asset-class benchmarks to which it is being compared.

**Return:** A rate of investment performance for the specified period.

**Rolling Percentile Ranking:** A measure of an investment portfolio's ranking versus a peer group for a specific rolling time period (i.e. Last 3 Years, Last 5 Years, etc.)

**R-Squared:** The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

**SA/CF (Separate Account/Commingled Fund):** Represents an acronym for Separate Account and Commingled Fund investment vehicles.

**Sector Benchmark:** A market index that serves as a proxy for a sector within an asset class.

**Sharpe Ratio:** Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance results in.

**Standard Deviation:** A statistical measure of the range of a portfolio's performance; the variability of a return around its average return over a specified time period.

**Total Fund Benchmark:** The policy benchmark for a complete asset pool that could consist of multiple investment mandates.

**Total Fund Composite:** The aggregate of multiple portfolios within an asset pool or household.

**Tracking Error:** A measure of standard deviation for a portfolio's investment performance, relative to the performance of an appropriate market benchmark.

**Treynor Ratio:** A ratio that divides the excess return (above the risk free rate) by the portfolio's beta to arrive at a unified measure of risk-adjusted return. It is generally used to rank portfolios, funds and benchmarks. A higher ratio is indicative of higher returns per unit of market risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing market risk.

**Up Market Capture:** The ratio of average portfolio returns over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.

**Upside Semi Deviation:** A statistical calculation that measures the volatility of returns above an acceptable return. This return measure isolates the positive portion of volatility; the larger the number, the greater the volatility.

**Value:** A diversified investment strategy that includes investment selections which tend to trade at a lower price relative to its dividends, earnings, and sales. Common attributes are stocks that include high dividend, low price-to-book ratio, and/or low price-to-earnings ratio.

**Worst Quarter:** The lowest rolling quarterly return for a certain time period.

## Information Disclosures

*Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, and dividends, interest and income. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Past performance is not a guarantee of future*

results.

*Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.*

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*The performance data shown reflects past performance, which does not guarantee future results. Investment return and principal will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Please note, current performance may be higher or lower than the performance data shown. For up to date month-end performance information, please contact your Financial Advisor or visit the fund's company website.*

*Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus and, if available, the summary prospectus, contains this and other information that should be read carefully before investing. Investors should review the information in the prospectus carefully. To obtain a prospectus, please contact your Financial Advisor or visit the fund's company website.*

Past performance is no guarantee of future results.

Investing involves market risk, including possible loss of principal. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Small and mid-capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than those of larger, more established companies. Bond funds and bond holdings have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the funds. The return of principal in bond funds, and in funds with significant bond holdings, is not guaranteed. International securities' prices may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets. Alternative investments, including private equity funds, real estate funds, hedge funds, managed futures funds, and funds of hedge funds, private equity, and managed futures funds, are speculative and entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and risks associated with the operations, personnel and processes of the advisor. Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the

energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk, and MLP interests in the real estate sector are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. Because of their narrow focus, MLPs maintain exposure to price volatility of commodities and/or underlying assets and tend to be more volatile than investments that diversify across many sectors and companies. MLPs are also subject to additional risks including: investors having limited control and rights to vote on matters affecting the MLP, limited access to capital, cash flow risk, lack of liquidity, dilution risk, conflict of interests, and limited call rights related to acquisitions.

Mortgage backed securities also involve prepayment risk, in that faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield-to-maturity of a mortgage-backed security and prepayment risk includes the possibility that a fund may invest the proceeds at generally lower interest rates.

Tax managed funds may not meet their objective of being tax-efficient.

Real estate investments are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. High yield fixed income securities, also known as "junk bonds", are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Credit quality is a measure of a bond issuer's creditworthiness, or ability to repay interest and principal to bondholders in a timely manner. The credit ratings shown are based on security rating as provided by Standard & Poor's, Moody's and/or Fitch, as applicable. Credit ratings are issued by the rating agencies for the underlying securities in the fund and not the fund itself, and the credit quality of the securities in the fund does not represent the stability or safety of the fund. Credit ratings shown range from AAA, being the highest to D, being the lowest based on S&P and Fitch's classification (the equivalent of Aaa and C, respectively, by Moody's). Ratings of BBB or higher by S&P and Fitch (Baa or higher by Moody's) are considered to be investment grade-quality securities. If two or more of the agencies have assigned different ratings to a security, the highest rating is applied. Securities that are not rated by all three agencies are listed as "NR".

Alpha tilt strategies comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance."

Custom Account Index: The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account Index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

#### Peer Groups

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a client's investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the acute investment can be ranked versus its peer across various quantitative metrics.



All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups

<https://www.invmetrics.com/style-peer-groups>

### Peer Group Ranking Methodology

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.

The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

### Alternatives

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Traditional alternative investment vehicles often are speculative and include a high degree of risk. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: • Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; • Lack of liquidity in that there may be no secondary market for a fund; • Volatility of returns; • Restrictions on transferring interests in a fund; • Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; • Absence of information regarding valuations and pricing; • Complex tax structures and delays in tax reporting; • Less regulation and higher fees than mutual funds; and • Risks associated with the operations, personnel, and processes of the manager. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund.

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For most investment advisory clients, the program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services and reporting. In addition to the Fee, clients will pay the fees and expenses of any funds in which their account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and impact the valuations. Clients must understand that these fees and expenses are an additional cost and will not be included in the Fee amount in the account statements.

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, for an account with an initial value of \$100,000 and a 2.5% annual fee, if the gross performance is 5% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 2.40% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately \$115,762.50 without the fees and \$107,372.63 with the fees. Please see the applicable Morgan Stanley Smith Barney LLC Form ADV Part 2A for more information including a description of the fee schedule. It is available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) <<http://www.morganstanley.com/ADV>> or from your Financial Advisor/Private Wealth Advisor.

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#### Money Market Funds

You could lose money in Money Market Funds. Although MMFs classified as government funds (i.e., MMFs that invest 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (i.e., MMFs open to natural person investors only) seek to preserve value at \$1.00 per share, they cannot guarantee they will do so. The price of other MMFs will fluctuate and when you sell shares they may be worth more or less than originally paid. MMFs may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A MMF investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency.