ATTACHMENT "2"

OPERATING PORTFOLIO

12/31/16

Quarterly Summary

EXECUTIVE SUMMARY

Executive Summary

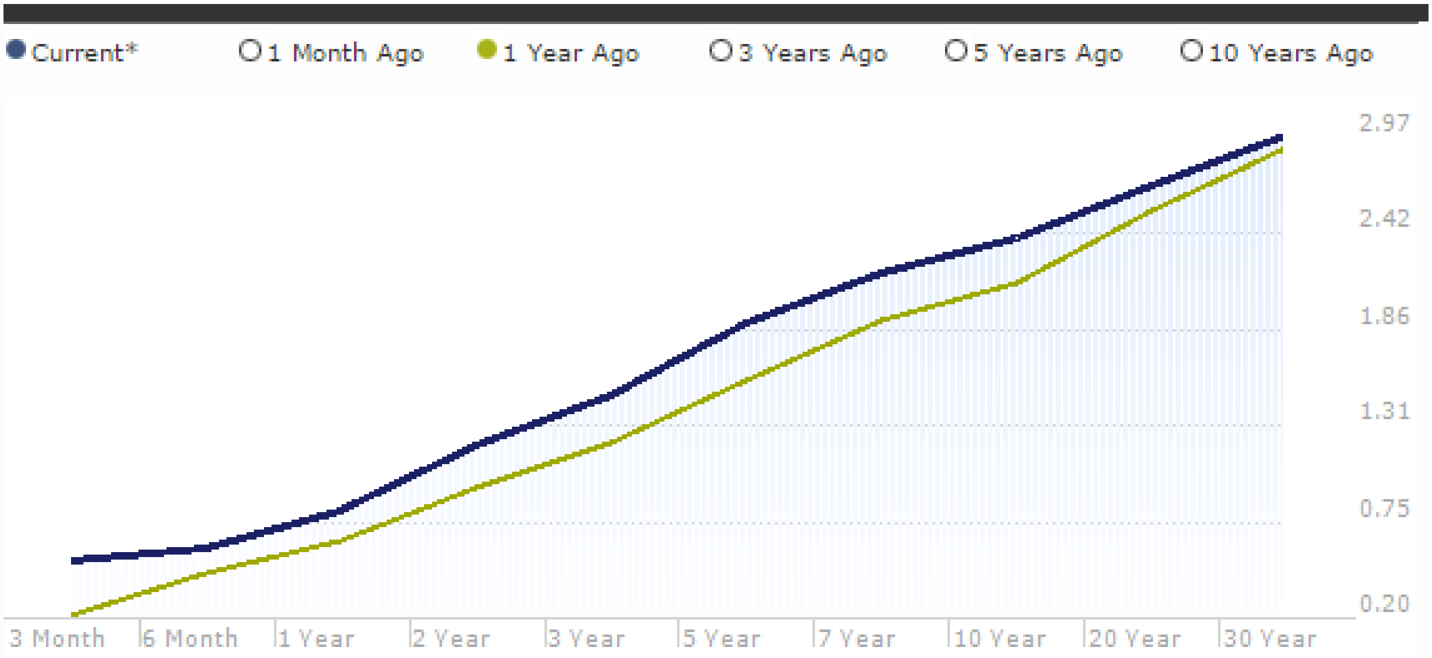
Economic Highlights:

December 2016:

- Unemployment sits at 4.7%, nominally changed from the previous data
- Fed Fund rate moved up to the 0.50%-0.75% range
- CPI rose 0.3% in December as gas and shelter increased
- GDP in the third quarter rose 3.5%, next release is January 27th, 2017

Markets:

- Fed raised interest rates by 25 basis points bringing the new range to 0.50%-0.75%
- Markets rallied through the end of the year
- Domestic markets saw energy, technology, and financials outperform
- Global markets recovered from a dismal November



U.S. Treasury Bond Yields

Maturity	Current*	Yesterday	Last Week	Last Month
3 Month	0.52	0.50	0.53	0.54
6 Month	0.60	0.60	0.65	0.64
2 Year	1.19	1.21	1.22	1.15
3 Year	1.47	1.47	1.50	1.43
5 Year	1.89	1.89	1.94	1.89
10 Year	2.38	2.38	2.45	2.47
20 Year	2.69	2.69	2.78	2.87
30 Year	2.97	2.97	3.04	3.16

*Source: Morningstar Treasury yield

BANK OF NEW YORK / IN HOUSE REPORTS

BNY MELLON

City of Orlando Operating Fund - Performance Summary

Report ID: IPM0005

Reporting Currency: USD

TOTAL GROSS OF FEES

12/31/2016

Account Name Benchmark Name	Market Value	% of Total	Month	3 Months	Fiscal YTD	YTD	1 Year	Annualized 3 Years	5 Years	1/1/2001 - 12/31/2016
Total Operating Fund	**876,751,880.79**	**100.00**	**0.18**	**-1.54**	**-1.54**	**2.70**	**2.70**	**2.40**	**2.35**	**4.32**
Bloomberg Barclays U.S. Aggregate Bond Index			*0.14*	*-2.98*	*-2.98*	*2.65*	*2.65*	*3.03*	*2.23*	*4.82*
Excess Return			**0.04**	**1.44**	**1.44**	**0.05**	**0.05**	**-0.63**	**0.12**	**-0.50**
Externally Managed	**673,240,324.63**	**76.79**	**0.23**	**-1.94**	**-1.94**	**3.63**	**3.63**	**3.03**	**2.86**	**4.85**
Core Plus Fixed Income	**375,672,040.94**	**42.85**	**0.35**	**-2.50**	**-2.50**	**4.43**	**4.43**	**3.80**	**3.54**	
Western Asset	193,091,007.72	22.02	0.43	-2.64	-2.64	5.24	5.24	4.33	4.21	5.58
Bloomberg Barclays U.S. Aggregate Bond Index			*0.14*	*-2.98*	*-2.98*	*2.65*	*2.65*	*3.03*	*2.23*	*4.82*
Excess Return			**0.29**	**0.34**	**0.34**	**2.60**	**2.60**	**1.30**	**1.98**	**0.76**
Pimco	182,581,033.22	20.82	0.27	-2.35	-2.35	3.58	3.58	3.26	2.85	
Bloomberg Barclays U.S. Aggregate Bond Index			*0.14*	*-2.98*	*-2.98*	*2.65*	*2.65*	*3.03*	*2.23*	
Excess Return			**0.13**	**0.63**	**0.63**	**0.94**	**0.94**	**0.23**	**0.61**	
Core Fixed Income	**250,083,458.78**	**28.52**	**0.12**	**-0.98**	**-0.98**	**2.17**	**2.17**	**1.93**	**2.14**	
Payden & Rygel	121,809,443.66	13.89	0.14	-0.01	-0.01	1.86	1.86	1.30	1.54	3.35
BofA Merrill Lynch U.S. Corporate & Government 1-3 Yrs (B1A0			*0.07*	*-0.38*	*-0.38*	*1.29*	*1.29*	*0.91*	*0.98*	*3.06*
Excess Return			**0.07**	**0.38**	**0.38**	**0.58**	**0.58**	**0.38**	**0.55**	**0.28**
Income Research & Mgmt	128,274,015.12	14.63	0.09	-1.88	-1.88	2.45	2.45	2.55	2.74	4.90
Bloomberg Barclays U.S. Gov/Credit Intermediate Index			*0.07*	*-2.07*	*-2.07*	*2.08*	*2.08*	*2.09*	*1.85*	*4.37*
Excess Return			**0.02**	**0.19**	**0.19**	**0.37**	**0.37**	**0.46**	**0.89**	**0.52**
TIPS	**47,484,824.91**	**5.42**	**-0.13**	**-2.51**	**-2.51**	**5.21**	**5.21**	**2.82**	**1.20**	
Brown Brothers	47,484,824.91	5.42	-0.13	-2.51	-2.51	5.21	5.21	2.82	1.20	
BofA Merrill Lynch U.S. Treasuries Inflation-Linked (TIPS)			*-0.15*	*-2.64*	*-2.64*	*4.85*	*4.85*	*2.50*	*0.93*	
Excess Return			**0.01**	**0.13**	**0.13**	**0.36**	**0.36**	**0.32**	**0.27**	
Internally Managed	**203,511,556.16**	**23.21**	**0.04**	**0.08**	**0.08**	**0.26**	**0.26**	**0.10**	**0.07**	**1.79**
Liquidity	203,507,748.67	23.21	0.04	0.08	0.08	0.27	0.27	0.11	0.07	1.66
BofA Merrill Lynch 182 Day US Treasury G0O2			*0.05*	*0.13*	*0.13*	*0.67*	*0.67*	*0.34*	*0.27*	*1.83*
Excess Return			**-0.01**	**-0.05**	**-0.05**	**-0.41**	**-0.41**	**-0.23**	**-0.21**	**-0.17**

BNY MELLON

City of Orlando Operating Fund - Performance Summary

Report ID: IPM0005

Reporting Currency: USD

TOTAL GROSS OF FEES

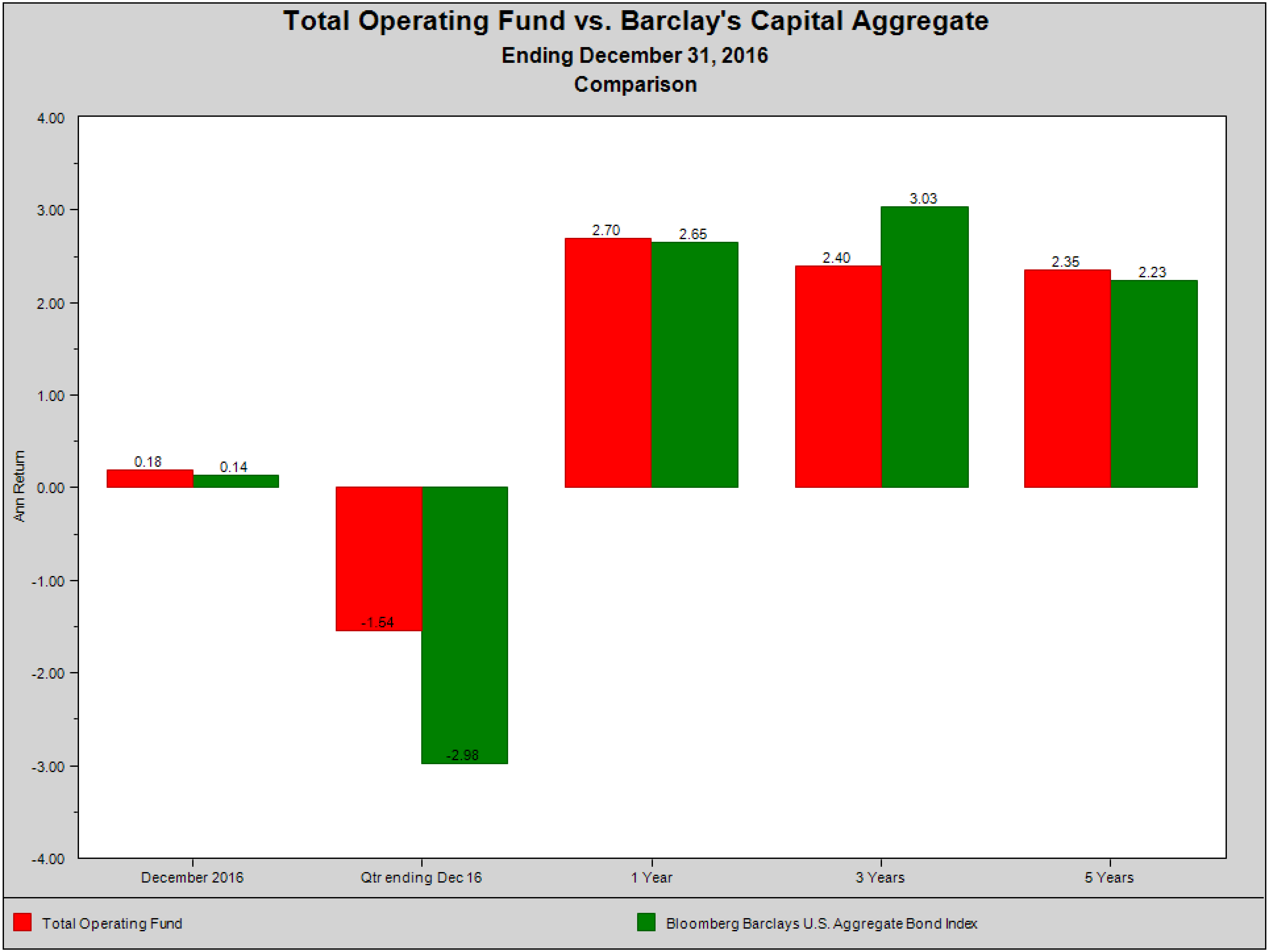
12/31/2016

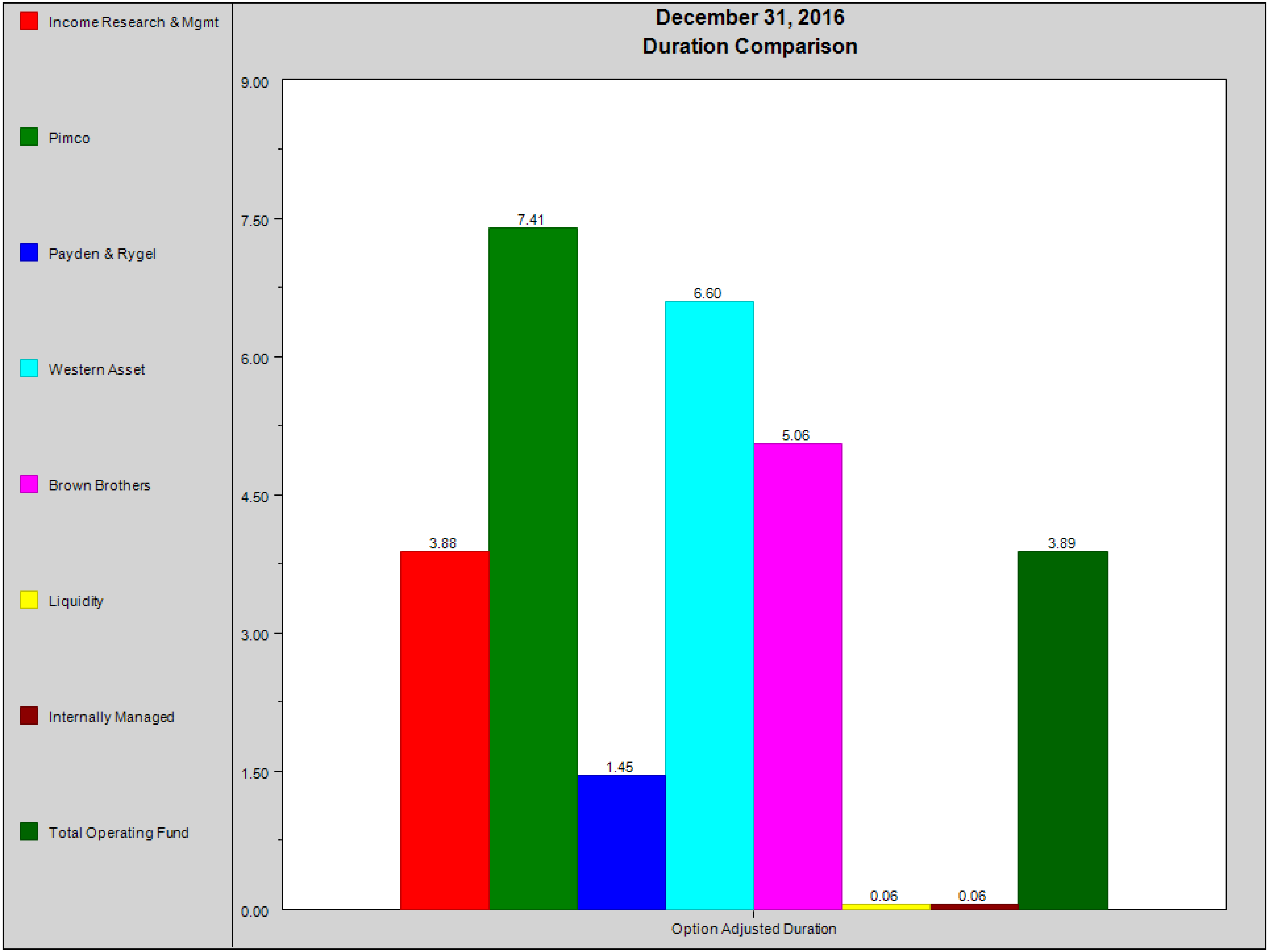
									Annualized		
Account Name Benchmark Name		Market Value	% of Total	Month	3 Months	Fiscal YTD	YTD	1 Year	3 Years	5 Years	1/1/2001 - 12/31/2016
2014A TDT CRA Reserve	[1]	3,807.49	0.00	0.02	0.06	0.06	0.19	0.19			
BofA Merrill Lynch 1 Year US Treasury Note (GC03)				*0.07*	*0.05*	*0.05*	*0.76*	*0.76*			
Excess Return				**-0.04**	**0.01**	**0.01**	**-0.56**	**-0.56**			

END NOTES

12/31/2016

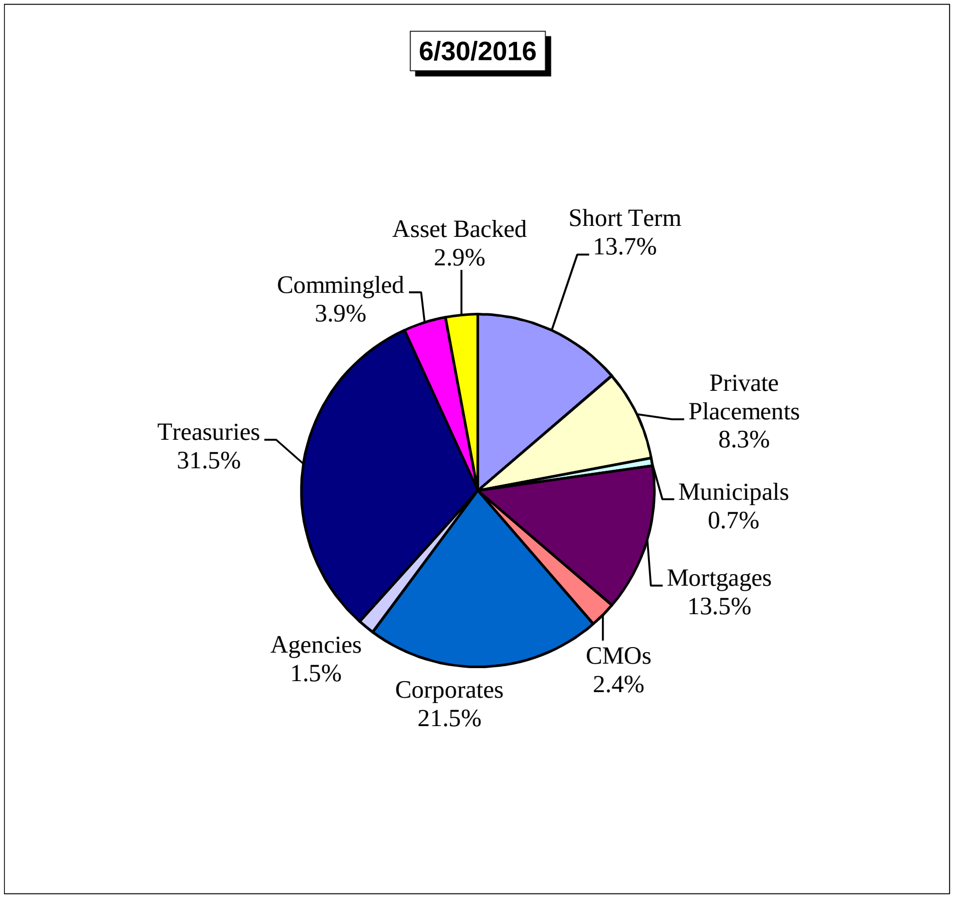
1	OROF20015002	2014A TDT CRA Reserve	The assets for 2014A TDT CRA Reserve were sold on 12/22/16 and account closed.

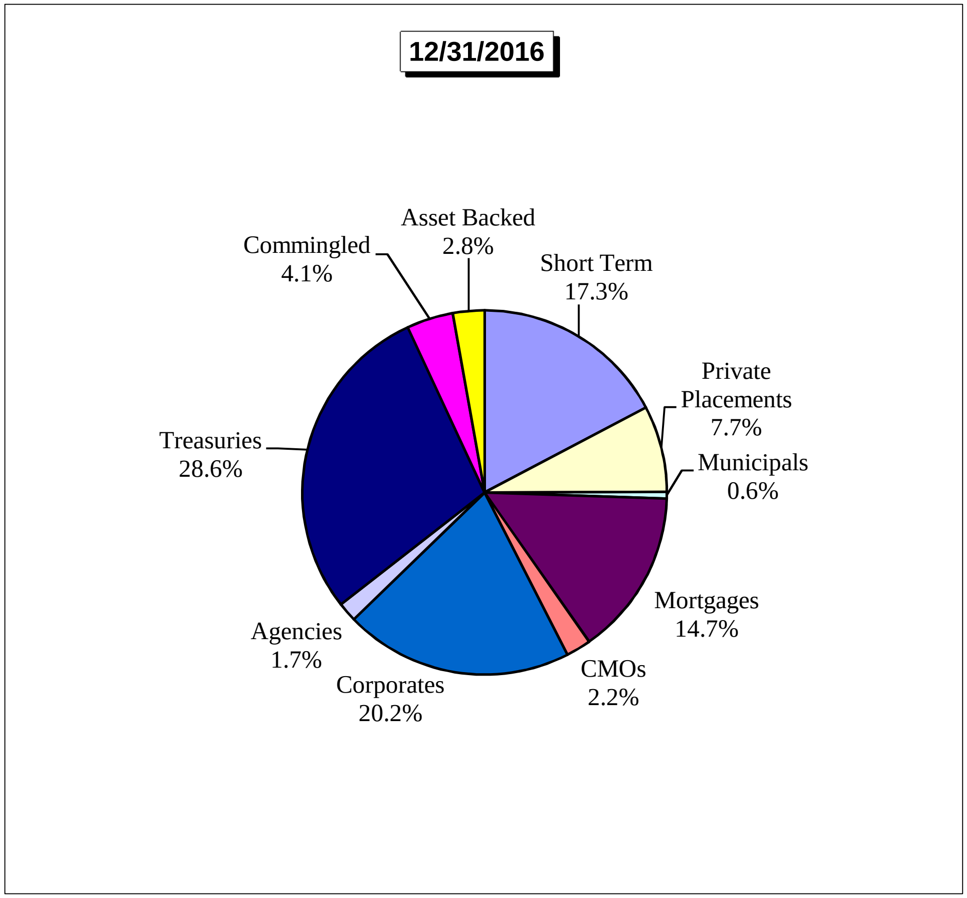

Total Operating Fund vs. Barclay's Capital Aggregate
Ending December 31, 2016
Comparison
Ann Return
4.00
3.00
2.00
1.00
0.00
-1.00
-2.00
-3.00
-4.00
0.18
0.14
-1.54
-2.98
2.70
2.65
2.40
3.03
2.35
2.23
December 2016
Qtr ending Dec 16
1 Year
3 Years
5 Years
Total Operating Fund
Bloomberg Barclays U.S. Aggregate Bond Index


Income Research & Mgmt
Pimco
Payden & Rygel
Western Asset
Brown Brothers
Liquidity
Internally Managed
Total Operating Fund
December 31, 2016
Duration Comparison
9.00
7.50
6.00
4.50
3.00
1.50
0.00
3.88
7.41
1.45
6.60
5.06
0.06
0.06
3.89
Option Adjusted Duration

City of Orlando Operating Fund

Sector Breakdown





WESTERN ASSET

Western Asset Management Company

CITY OF ORLANDO OPERATING FUND

Portfolio Performance as of: December 31,2016

Portfolio Returns

	December 31,2016	Trailing 3 Months	Fiscal YTD (10/1-12/31)	Trailing Year	Since Inception (1/1/01) Annualized
City of Orlando					
Gross	0.42%	-2.68%	-2.68%	5.19%	5.60%
Net	0.40%	-2.74%	-2.74%	4.95%	5.36%
Barclays Cap U.S. Agg USD Bond Index	0.14%	-2.98%	-2.98%	2.65%	4.11%

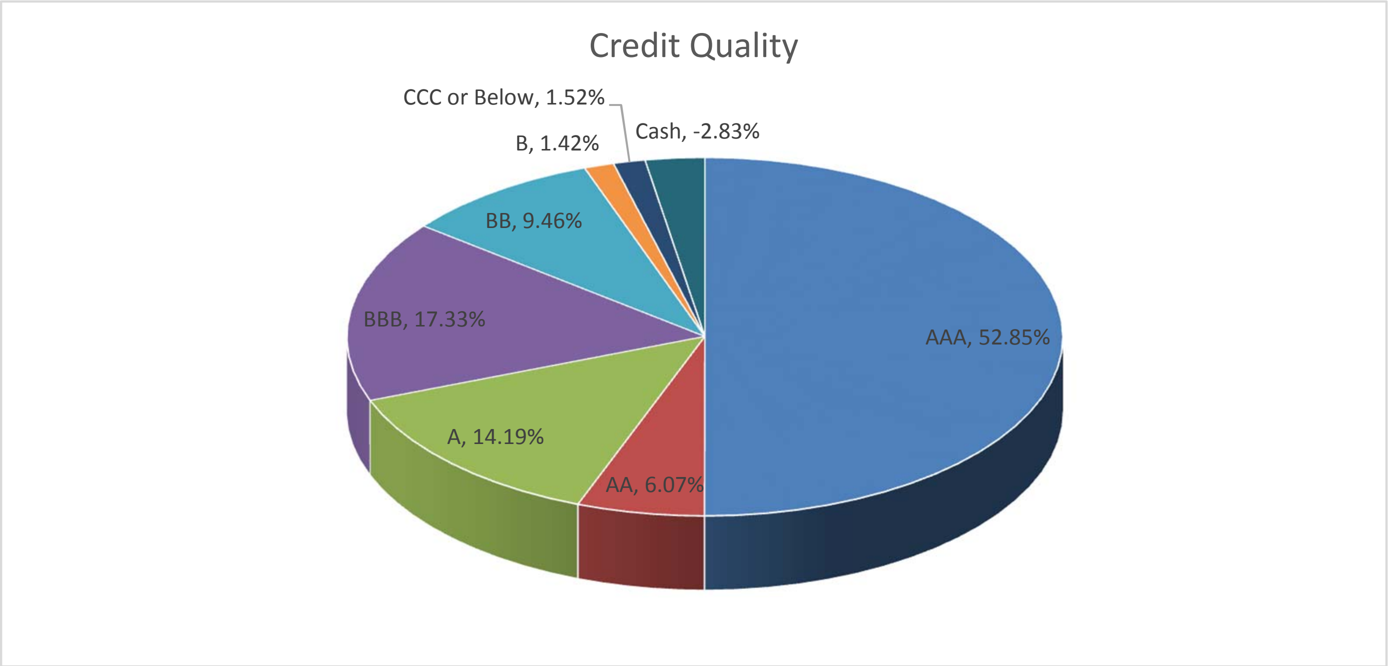
Portfolio Summary

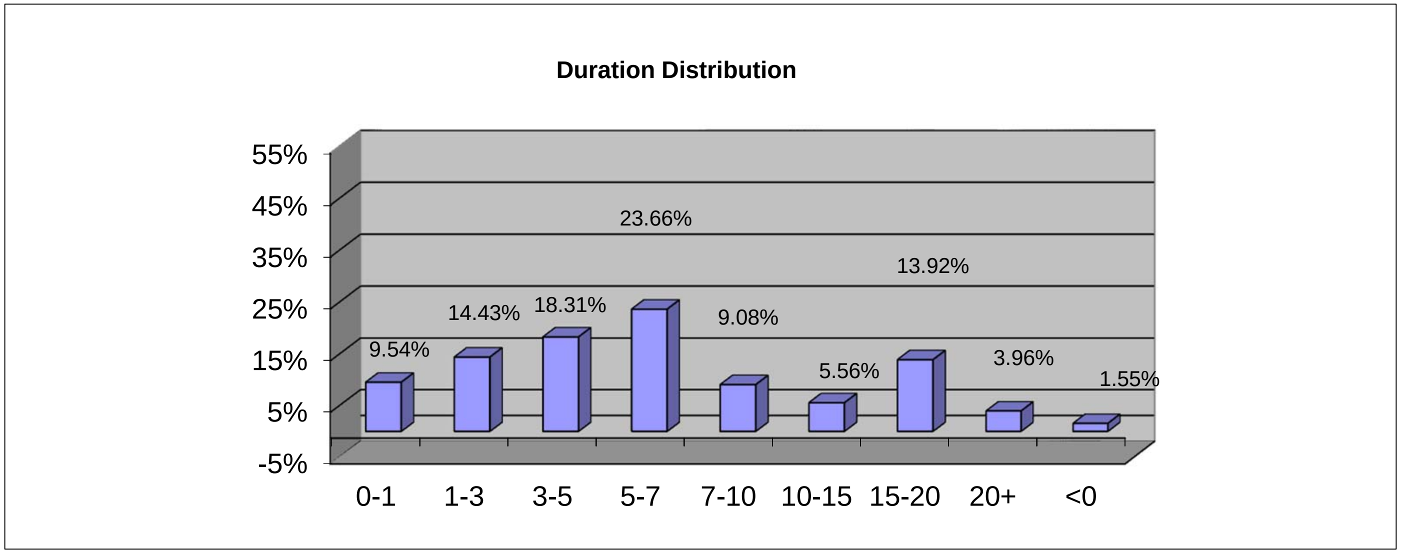
	November	December
Portfolio Market Value (includes accrued interest)	$192,395,450	$193,096,050
Average Credit Quality	AA-	AA-
Duration	6.50	6.63
Yield to Maturity	4.02%	3.96%

Compliance Verification

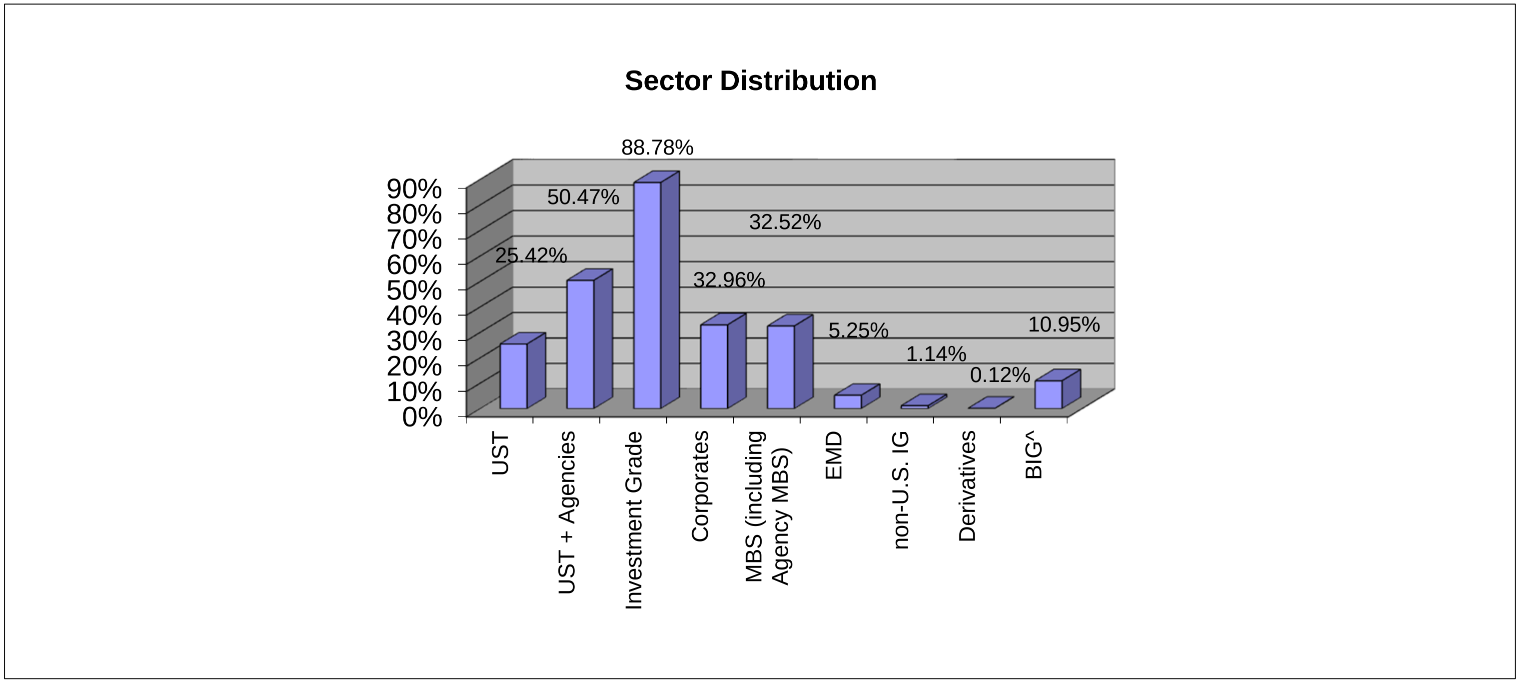
	Max/Min Allowable	Actual	Complies
Sector			
UST	min 15%	25.42%	Yes
UST + Agencies	min 25%	50.47%	Yes
Investment Grade	min 82%	88.78%	Yes
Corporates	up to 60%	32.96%	Yes
MBS (including Agency MBS)	up to 50%	32.52%	Yes
EMD	up to 18%	5.25%	Yes
non-U.S. IG	up to 18%	1.14%	Yes
Derivatives	up to 5%	0.12%	Yes
BIG^	up to 18%	10.95%	Yes
Credit Quality			
Weighted average	min AA-	A+	Yes
Maturity/Duration			
Effective Duration: Barclays +/- 20%	5.89	6.63	Yes
Min	4.71		
Max	7.07		

Western Asset Management Company
City of Orlando Operating Fund
Portfolio Characteristics as of
December 31, 2016





Western Asset Management Company
City of Orlando Operating Fund
Portfolio Characteristics as of
December 31, 2016

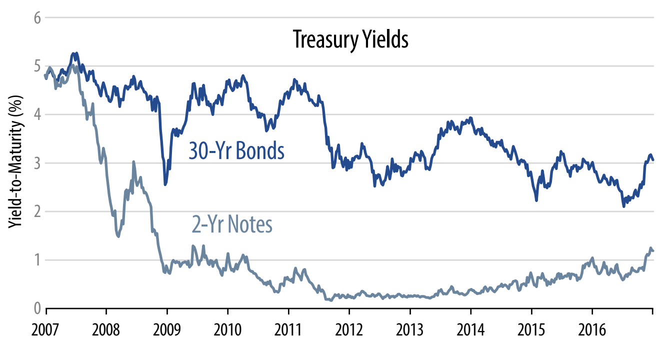


4Q 2016 Investment Report US

WESTERN ASSET

Interest Rate Trends

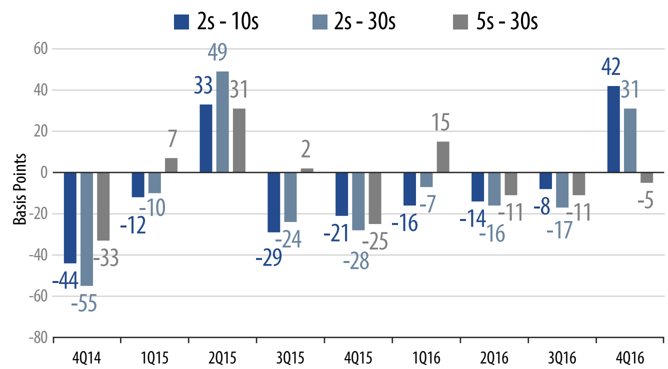
Interest rates surged over the quarter as markets anticipated higher US growth and inflation stemming from fiscal stimulus.



Source: Bloomberg

Yield Curve Slope

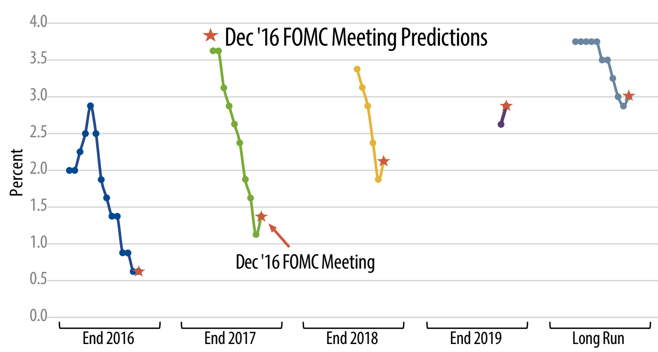
The yield curve ended mixed as the broad swath of the curve steepened while other segments flattened.



Source: U.S. Department of the Treasury

Fed Watch: FOMC Participants' Assessments of Appropriate Monetary Policy

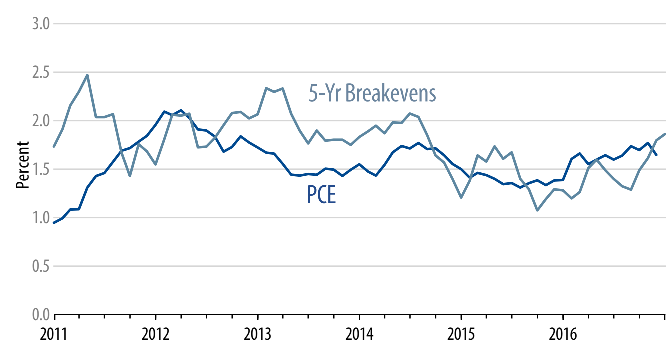
The FOMC raised interest rates during its December meeting and moderately increased its forecast of 2017 rate hikes from two to three.



Source: Federal Reserve. As of 16 Dec 16

Inflation Watch

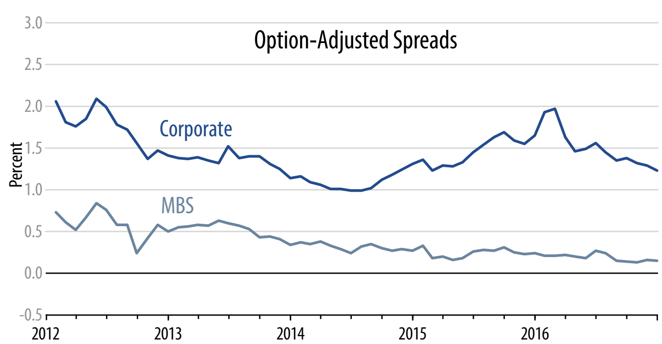
Most inflation measures were relatively unchanged and still below the Fed's 2% target. Headline inflation was up slightly at 1.7% YoY and Core CPI also inched up 2.1% YoY. The core personal consumption expenditures deflator, the Fed's preferred gauge of inflation, ended the period unchanged at 1.7% YoY. 5-year breakeven inflation, a measure of inflation expectations, increased to 1.86%.



Source: Bloomberg

Sector Spreads

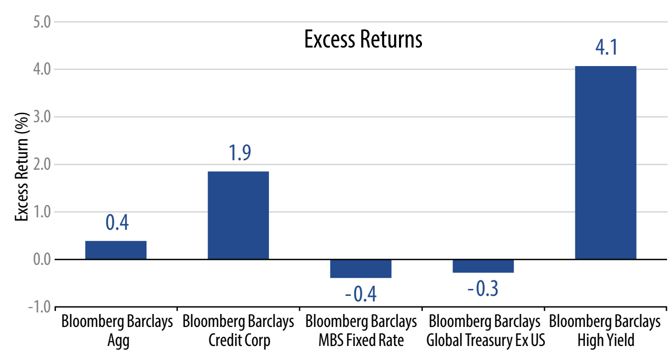
Investor demand for risk assets was strong during most of the quarter. Spreads on most risk sectors tightened over the quarter.



Source: Bloomberg Barclays

4Q16 Fixed-Income Returns

Most spread sectors outperformed USTs.



Source: Bloomberg Barclays

PERFORMANCE SCORECARD

We thought that . . .	Therefore, we . . .		And the results . . .
Central banks would remain highly accommodative and growth and inflation would remain subdued. Therefore, UST rates were likely to remain low. Duration also served as a useful hedge for spread product exposures.	Maintained a long duration stance over the quarter.	–	Duration positioning detracted as UST rates ended the quarter markedly higher across the yield curve.
Longer-dated USTs were apt to be less sensitive upon Fed liftoff and might also provide some protection if volatility increased.	Maintained an overweight to the long end of the yield curve.	+	Yield curve positions contributed to performance as long rates rose less than intermediate rates.
Inflation would likely remain subdued but breakeven inflation rates were low.	Held an exposure to TIPS for diversification and as a hedge against unexpected inflation.	+	TIPS exposure contributed to performance as breakeven inflation rates rose.
Investment-grade corporates would remain attractive relative to USTs.	Held a modest overweight to the corporate sector, particularly in financials.	+	An overweight contributed to performance as the sector outperformed USTs.
High-yield bond and bank loan fundamentals were sound and valuations were attractive. The sector should benefit from a growing US economy.	Where allowed, we held out-of-benchmark exposure to high-yield bonds and bank loans.	+	High-yield exposure contributed to performance as spreads tightened.
Agency MBS spreads were tight on a historical basis. Uncertainty surrounding when the Fed would stop reinvesting MBS principal payments could cause rate volatility.	Maintained an underweight position but reduced the underweight as spreads widened during the quarter. We took advantage of relative value opportunities in coupon swaps and maintained exposure to pools with slower prepayment speeds.	+	An underweight contributed to performance as spreads widened and excess returns were negative.
Fundamentals in the structured product markets were improving and valuations were attractive.	Maintained an overweight exposure to non-agency RMBS, CMBS and ABS.	+	Overweight positions contributed to performance as spreads generally tightened.
The BoJ would continue to take aggressive action to stimulate growth and encourage positive inflation.	Where allowed, we held a short positions in the Japanese yen but reduced the short as the yen weakened during the quarter.	+	A short position in the yen contributed to performance as the yen weakened 13.4% versus the US dollar.
Value opportunities existed in select EM countries where fundamentals still appeared sound. EM corporate spreads remained attractive relative to comparable developed market corporates.	Where allowed, we had a modest exposure to USD-denominated EM sovereigns and corporates as well as exposure to local currency EM sovereigns.	–	While USD-denominated corporates contributed as spreads tightened, EM exposure was a net detractor as local currencies generally weakened versus the dollar.

OUTLOOK

Our thesis since the financial crisis has been that the global recovery would be ongoing but very slow by historical standards. In 2016, our view remained that US and global growth were going to be steady but unspectacular and that it would be sufficient to give us some ongoing forward momentum. Combined with a backdrop of subdued global inflation, central banks would increase accommodative monetary policies and this would help provide the support for an ongoing recovery. Our working premise has been a trend growth rate of roughly 1.5% for the US and just under 3% for the global economy. In order to take advantage of the ongoing global and US recoveries, the preponderant amount of our risk budget was devoted to spread product, in the belief that slow growth, if sustained, would be sufficient to bring down credit spreads. We have also utilized macro strategies, particularly overweights to duration that have helped protect the portfolio during risk-off periods, while also benefiting from the slow pace of interest-rate normalization.

Just like Brexit, the election of Donald Trump was a potential watershed event.

The market's optimistic growth expectation since the election is based on policies that could come over the next 12-18 months. But the bond market has already raised interest rates today. Can the global and US economies remain vibrant? It was not quite a year ago that optimism about US growth led the Federal Reserve (Fed) to forecast four rate hikes in 2016, only to see China fears and global growth concerns lead to a very different outcome.

We think the bond market has moved too far and too fast. The evolution of Trump's economic policies will be crucial. Our view is that the jury is still very much out. Igniting US growth in the context of a very weak global environment has proven exceedingly difficult. Trump's trade policies are potentially negative for global growth. The implications of labeling China a currency manipulator and the erection of trade barriers may reinforce the global risk-off episodes we have seen intermittently over the last five years.

So how do we position portfolios given meaningfully changed circumstances and policy uncertainty? In a disinflationary environment, the benefits of the negative correlation between risk assets and high-quality bonds is a powerful benefit for portfolio construction. In a "taper-tantrum," or rapid switch to an inflationary regime, the correlations would likely turn positive. While this scenario is not a given, the higher probability means we have to reconfigure and potentially trim our duration sails. Similarly, the environment that has been so favorable to emerging markets (EMs) is becoming more vulnerable, and we are reexamining the portfolio's overweights in EMs.

On the yield curve, though, there may be an opportunity developing, as consensus thinking has induced a severe steepening. The thinking goes that higher rates, in conjunction with a very low fed funds rate, could lead to a sharply steeper curve. In the immediate future, this reasoning is plausible. But the yield curve is already very steep by historical standards as short and intermediate US Treasuries (USTs) have benefited disproportionately from expectations of little Fed policy change. Think about the implications of a regime change to either much faster or much slower growth. We have seen that the global growth slowdown fears have led to bull-flatteners. If growth moves up meaningfully, as the Trump position postulates, we suggest not only that interest rates will normalize more quickly than currently expected, but also that the yield curve will have to normalize more quickly.

Over time, the fundamentals of growth and inflation drive interest rates and spreads. We are optimistic that the global and US recoveries will eventually see better growth outcomes, but this improvement is likely to be gradual. We still expect slow but sustainable growth for the foreseeable future. In this environment, spread product figures to do better than Treasury or sovereign bonds. If global and US growth improve more meaningfully, outperformance of spread product should be even more pronounced.

We have discussed the parameters for the potential change in the US growth outlook. Remember, though, this change is completely conjectural at this point. Our base case for US growth remains in the 1.5% trend, and while we are clearly heeding potential policy changes, we need to see more evidence.

On the non-US portion of global growth, we are much more concerned. We worry about the slowdown in Chinese growth, which was attenuated this year by the withdrawal of once massive stimulus. The early improvement in non-China emerging countries may now come under stress from US trade policies and the potential change in Fed policy. European growth, a bright spot so far the last two years, is now faced with the uncertainty of both Brexit and the potential for a continuation of the anti-globalization politics. Italy voted "No" in the referendum to change its constitution which raises questions over whether Italy will remain in the EU.

In short, the current slow growth and low inflation backdrops both in the US and abroad have not changed. Markets have priced in the expectation of an imminent and radical shift in US growth. We don't dismiss this possibility, but we also recognize that disappointment would prove painful. While we intend to modestly reconfigure positions to improve our prospects under a stronger US growth scenario, it is more important to us to remain flexible so that we will be able to react to alternative scenarios.

The initiatives Trump has outlined for his first 100 days constitute a clear break with the pro-globalization policies of the past 30 years. It is far from clear to us, however, how this will play out. There are strong potential risks, and the optimistic scenario being priced into today's markets may be overdone.

INVESTMENT THEMES AND STRATEGIES

Themes	Strategies
While the new administration's agenda includes strong pro-growth policies, we believe the realized stimulus will be more muted than expected and rates have moved too far too fast. Economic data will likely remain mildly positive but the slow growth and low inflation environment will persist. Central banks should remain accommodative and rates should stay low.	Maintain a long-duration position.
Longer-dated USTs are apt to be less sensitive should the Fed continue to raise interest rates and may also serve as a hedge if volatility increases.	Maintain a modest overweight to longer-dated USTs.
Inflation expectations have merely rebounded from the disinflationary scare levels earlier in the year and still remain lower than mid-2014 levels.	Maintain an exposure to TIPS for diversification and as a hedge against unexpected inflation.
Investment-grade corporate fundamentals are generally supportive and valuations are fair and supported by positive technical tailwinds. New fiscal and political developments appear to be supportive of growth and credit friendly.	Continue a slight overweight exposure to investment-grade corporates, especially to financials and certain industrial names.
High-yield bonds remain appealing given the current environment of low default rates, ongoing global central bank monetary accommodation, potential fiscal stimulus, positive economic growth and attractive spreads. Bank loans, a high-yield bond alternative, tend to be much less sensitive to rising rates than intermediate-duration USTs.	Where allowed, hold a moderate exposure to high-yield debt and bank loans.
Agency MBS spreads have widened but risks of higher rate volatility still remain. Market participants believe the Fed will stop reinvesting MBS principal payments in the near future but spreads are currently still supported by the Fed backstop and a yield-driven buyer base.	Maintain an overall short position (although reduced) versus the benchmark while continuing to tactically trade the coupon stack. Overweight specified pools with low loan balances and post-HARP high loan-to-value (LTV) ratios. Own interest-only (IO) and inverse-IO in select accounts where appropriate.
Remain constructive on structured product fundamentals and valuations are still attractive.	Maintain an overweight exposure to non-agency RMBS, CMBS and ABS.
The BoJ is continuing aggressive asset purchase programs to keep yields low, combat the threat of deflation and stimulate exports and growth.	Where allowed, hold a modest short position (although reduced) in the yen.
Headwinds for EM growth have increased following the election results but EM growth should still continue to outpace that of the developed world over the longer term. EM valuations remain attractive versus developed countries. In the short term, we expect EM central banks to maintain a cautious stance with respect to monetary and/or exchange rate policy.	Where allowed, hold EM debt in corporate, sovereign and quasi-sovereign names in US dollar and local currencies. Given policy uncertainties, currently assessing sensitivities to US trade policy.

PIMCO

City of Orlando (Account #7149)
Compliance Verification
As of 12/31/2016

Portfolio Guidelines	Max/Min Allowed	Actual	Complies (Y/N)
Sectors			
US Government (Treasuries, Agencies, Instrumentalities)	Min 25%	104.1%	Y
- US Treasury	Min 12%	64.9%	Y
Mortgage Securities	Max 50%	47.0%	Y
Corporate Securities	Max 60%	29.4%	Y
- Below BBB	Max 18%	4.8%	Y
Non-USD Denominated	Max 30%	0.0%	Y
Emerging Markets	Max 18%	0.1%	Y
Private Placements (excl 144A)	Max 10%	0.0%	Y
Convertible Securities	Max 5%	1.2%	Y
Foreign Currency Exposure (abs value of all positions)	Max 5%	0.0%	Y
Quality			
Individual Security (at purchase)	Min B-	B	Y
Average Portfolio Quality	Min A+	AA	Y
Duration			
Portfolio Duration	Index +/- 2 yrs Portfolio BCAG	-0.19	Y

Pacific Investment Management Company

Account No: 7149

City of Orlando

Flash Report
as of December 31, 2016

Summary Information	
Net Market Value	**182,842,989 USD**
Estimated Income	5,168,892 USD
Effective Duration - PIMCO New (yrs)	5.67 yrs
Effective Duration - PIMCO Previous (yrs)	5.71 yrs
Benchmark Duration - Provider (yrs)	5.89 yrs
Benchmark Duration - PIMCO (yrs)	5.48 yrs
Current Yield	2.80 %
Estimated Yield To Maturity	4.05 %
Effective Maturity [2]	7.43 yrs
Average Coupon [2]	2.98 %
Average Quality	AA

	Portfolio Before Fees	Portfolio After Fees	Benchmark[1]
YTD	3.66%	3.34%	2.65%
1 Month	0.38	0.38	0.14
3 Months	-2.28	-2.36	-2.98
6 Months	-1.32	-1.47	-2.53
9 Months	0.80	0.57	-0.37
12 Months	3.66	3.34	2.65
2 Years*	2.29	1.98	1.59
3 Years*	3.33	3.02	3.03
5 Years*	2.89	2.58	2.23
10 Years*	N/A	N/A	N/A
Since Inception Aug 31, 2010*	3.54%	3.24%	2.78%
Tracking Error (3 Years)	0.68		
Information Ratio (3 Years)	0.43		

** For periods of 12 months or more, the return is annualized*

PIMCO generated performance as of 01/09/2017

1 Bloomberg Barclays U.S. Aggregate Index

2 Portfolio characteristics are calculated using the weighted average characteristics of each individual position. Derivative exposures are integrated into these characteristics at "bond equivalent value", which approximates the delta-adjusted notional exposure. Amortizing assets and those with embedded options (such as mortgage-backed securities and callable bonds) are included in maturity statistics based on the expected life of these instruments. Varying mathematical protocols may be applied across characteristics as needed to best capture the risk profile of each type of exposure. For example, sector allocations will include all positions at bond-equivalent value, whether settled or unsetted, while quality tiers will include only settled positions aggregated at market value. Average quality indicates the portfolio's expected sensitivity to changes in credit spreads; consequently, bond futures and interest rate swaps are included in this calculation at bond equivalent value, rather than market value, to best reflect this sensitivity.

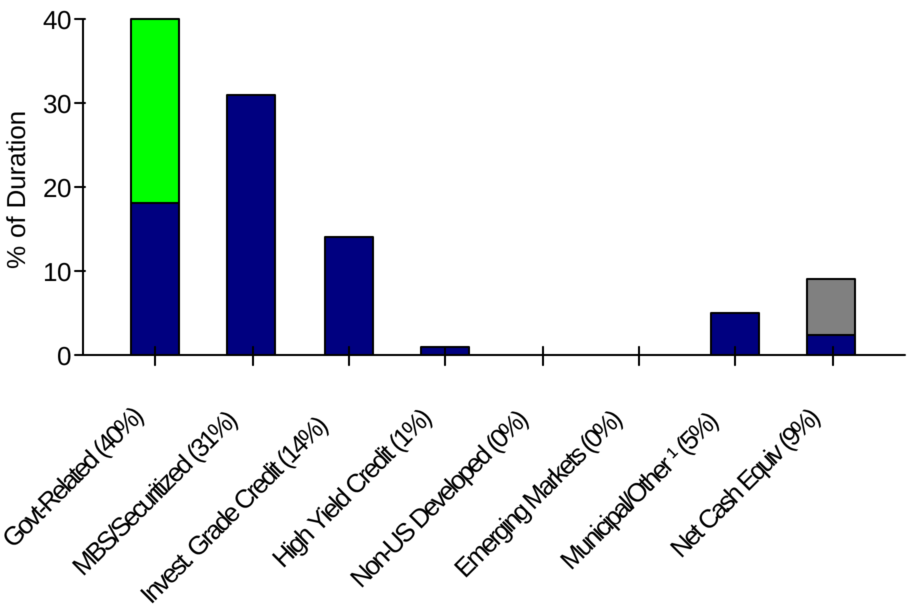
P I M C O

Portfolio Allocation

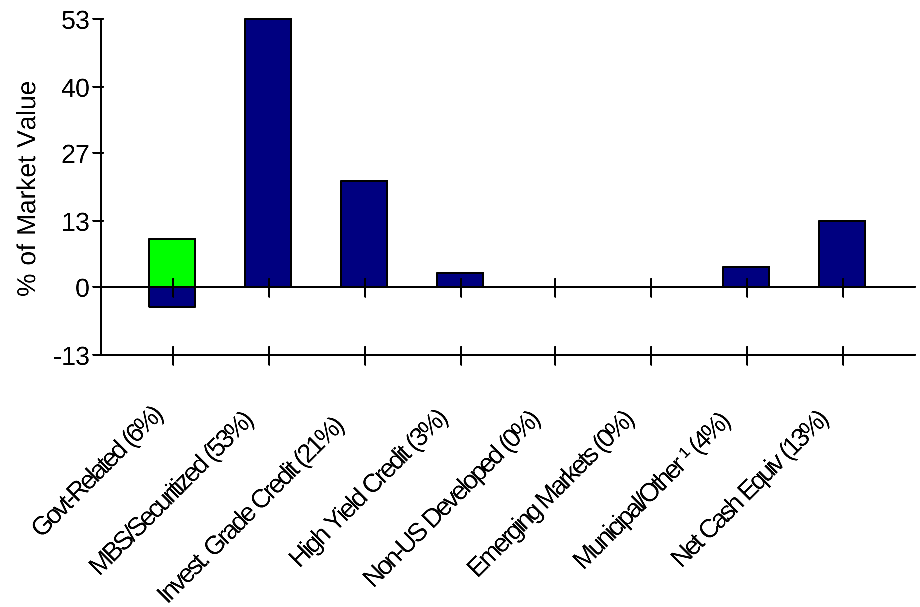
Portfolio Name: City of Orlando

As of Date: 12/31/2016

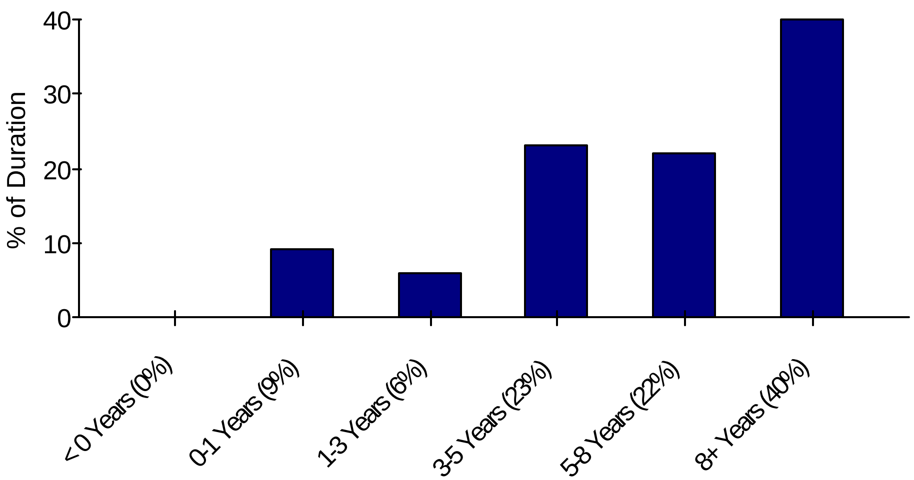
Sector - Duration Weighted



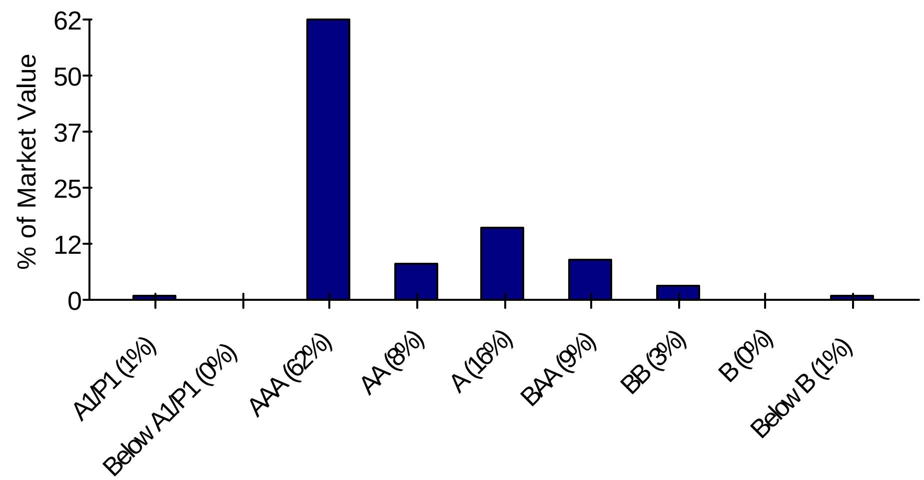
Sector - Market Value Weighted



Maturity - Duration Weighted



Quality ² - Market Value Weighted



Inflation Protected Securities
Money Market Futures

** Derivatives included at bond-equivalent exposure where appropriate*
¹Includes municipals, private placements, preferred stocks, and convertibles
²Credit quality detail statistics are designed to reflect a portfolio's exposure to default risk. Consequently, this calculation includes only settled or funded positions, and incorporates interest rate swaps at market value rather than bond equivalent value.

City of Orlando

Portfolio Summary

As Of Date: 12/31/2016

	% of Duration	% of Mkt Value	Total Mkt Value [1]
Government Related	**40.5%**	**6.1%**	**11,101,729.32**
Treasury	**44.7**	**13.5**	**24,660,241.40**
Nominal Bonds	33.1	23.9	43,647,991
Government Futures - U.S.	11.6	-10.4	-18,987,750
Inflation Protected Bonds	**21.9**	**9.8**	**17,965,337.50**
Inflation Protected Securities	21.9	9.8	17,965,338
Other	**-26.1**	**-17.2**	**-31,523,849.58**
Interest Rate Swaps	-27.2	-17.2	-31,489,562
Option Premiums	1.2	-0.0	-34,287
MBS/Securitized	**30.7%**	**52.4%**	**95,885,146.38**
FNMA	**23.6**	**32.9**	**60,087,126.54**
FHLMC	**0.1**	**0.2**	**314,145.37**
GNMA	**3.5**	**5.8**	**10,674,861.83**
Non-Agency CMO	**0.2**	**0.8**	**1,414,941.10**
Home Equity ABS	**0.1**	**0.2**	**328,341.45**
Non-Agency Hybrid ARM	**0.3**	**1.4**	**2,528,578.07**
Non-Agency Pay Option ARM	**-0.1**	**1.3**	**2,298,533.00**
CMBS	**0.3**	**0.6**	**1,127,727.94**
Other	**0.0**	**0.0**	**15,701.31**
Pooled Funds	**2.6**	**9.3**	**17,095,189.77**
Invest. Grade Credit	**13.8%**	**21.3%**	**39,015,365.59**
Energy & Power	**2.5**	**2.7**	**4,853,610.70**
Communication	**1.2**	**2.3**	**4,136,790.20**
Finance and Real Estate	**5.2**	**9.2**	**16,802,052.41**
Retail & Food	**1.9**	**2.6**	**4,828,373.06**
Medical	**0.5**	**0.7**	**1,219,198.50**
Commodity related	**0.1**	**0.2**	**325,111.19**
Other	**2.4**	**3.7**	**6,850,229.53**
High Yield Credit	**1.0%**	**3.2%**	**5,803,445.85**
Energy & Power	**0.1**	**0.1**	**201,000.00**

[1]Swaps and Futures are reported above at bond equivalent exposure and offset in "Net Cash Equivalents". Refer to the Cash Equivalent Summary at the back of the Portfolio Inventory report for details.

City of Orlando

Portfolio Summary

As Of Date: 12/31/2016

	% of Duration	% of Mkt Value	Total Mkt Value[1]
Communication	0.1	0.5	963,000.00
Finance and Real Estate	0.8	1.4	2,470,007.25
Other	0.0	1.2	2,169,438.60
Emerging Markets	**0.0%**	**0.1%**	**103,800.00**
Latin America	0.0	0.1	103,800.00
Municipal/Other	**5.5%**	**3.7%**	**6,841,339.20**
Yankees	1.2	1.5	2,714,821.20
Municipal	4.3	2.3	4,126,518.00
Net Cash Equivalents	**8.5%**	**13.2%**	**24,092,162.48**
Net Cash Equivalents	8.5	13.2	24,092,162.48
TOTAL	**100.0%**	**100.0%**	**182,842,988.82**

[1]Swaps and Futures are reported above at bond equivalent exposure and offset in "Net Cash Equivalents". Refer to the Cash Equivalent Summary at the back of the Portfolio Inventory report for details.

PIMCO

Quarterly Investment Report | 4Q16

City of Orlando (7149)

A company of Allianz

Executive Summary

Donald Trump stunned in winning the U.S. presidential election, but the market reaction was almost as surprising. Most markets focused on the pro-growth and inflationary potential of fiscal stimulus as many risk assets rallied while inflation expectations and yields rose.

• On the quarter, volatility fell, equities rallied, credit spreads tightened and the dollar strengthened as investors anticipated expansionary fiscal policy, tax cuts, and deregulation.

• U.S. yields moved dramatically higher across the curve and sparked a broad sell-off in rates across most developed markets. Underpinning part of this move was an increase in inflation expectations.

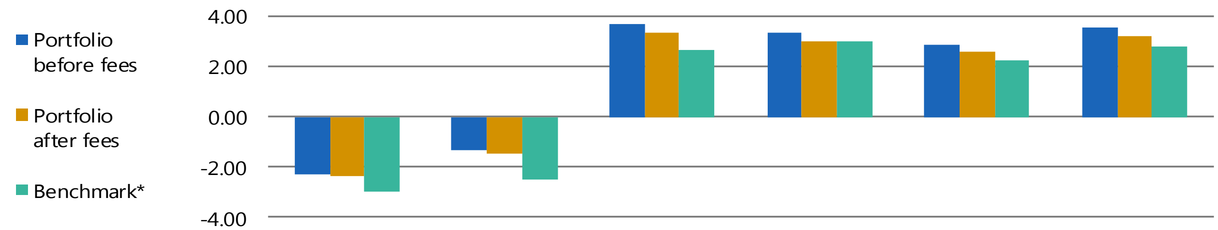
• Inflation expectations also moved higher alongside rising oil prices, which were supported by news of an agreement to cut production by oil producers.

• Despite the generally positive risk sentiment, emerging markets weakened as protectionist rhetoric from the incoming Trump administration weighed on the asset class.

• Central banks appeared to decelerate the extent of policy accommodation: the Fed raised rates for just the second time in a decade (as widely expected), but with a hawkish tilt as the "blue dots" increased for 2017. Meanwhile, the ECB announced an extension to its QE program, but at a tapered rate. The Bank of Japan held to its new framework of yield curve targeting.

• The fundamental backdrop appeared healthy as many economies rebounded from a sluggish first half of 2016. This supported the positive risk sentiment apparent through much of the quarter, despite rising geopolitical tensions.

Performance periods ended 31 Dec '16



	3 mos.	6 mos.	1 yr.	3 yrs.	5 yrs.	SI
Portfolio before fees	-2.28	-1.32	3.66	3.33	2.89	3.54
Portfolio after fees	-2.36	-1.47	3.34	3.02	2.58	3.24
Benchmark*	-2.98	-2.53	2.65	3.03	2.23	2.78

*Bloomberg Barclays U.S. Aggregate Index; Refer to appendix for additional benchmark information

Inception date:	**31 Aug '10**
Market value (in millions):	**$182.84**
Average quality:	**AA**
Yield to maturity (%):	**4.05%**

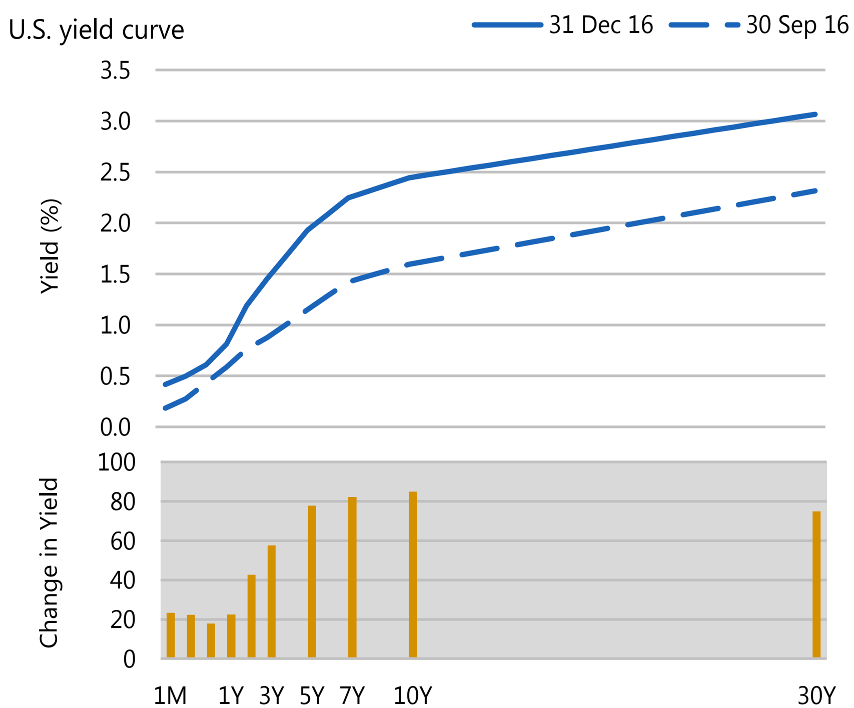
Summary information	**31 Dec '16**
Effective duration (yrs)	5.67
Benchmark duration – provider (yrs)	5.89
Benchmark duration – PIMCO (yrs)	5.48
Effective maturity (yrs)	7.43
Average coupon	2.98%
Net currency exposure	0.00%
Tracking error (5 yrs)	0.99
Information Ratio (5 yrs)	0.66

Sector allocation	**Duration (yrs)**	**Market value**
Government related	2.30	6.07%
Mortgage	1.74	52.44%
Investment grade credit	0.78	21.34%
High yield credit	0.06	3.17%
Non-U.S. developed	0.00	0.00%
Emerging markets	0.00	0.06%
Municipal/Other	0.31	3.74%
Net other short duration instruments	0.48	13.18%
Total	**5.67**	**100%**

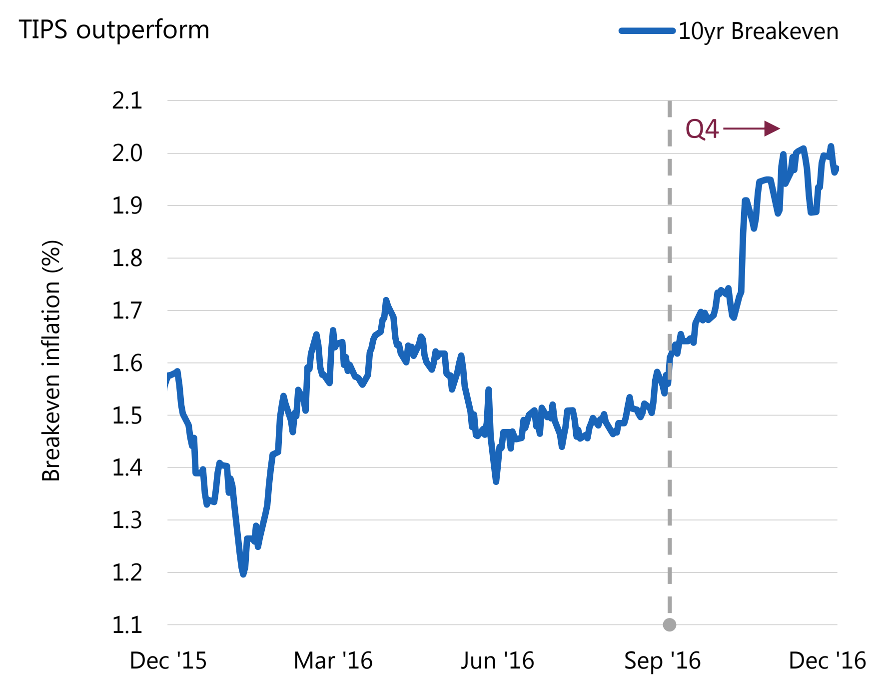
Quarter in Review

Strong quarterly performance for most risk assets following the surprising result of the U.S. election

In the wake of the surprise result of the U.S. election, volatility fell, equities rallied, credit spreads tightened and the dollar strengthened while rates rose dramatically as most markets focused on the pro-growth and inflationary potential of fiscal expansion, tax cuts, and deregulation. Part of the increase in rates also owed to a sharp increase in inflation expectations. Despite the generally positive risk sentiment, emerging markets weakened as protectionist rhetoric from the incoming Trump administration weighed on the asset class.



U.S. yields moved dramatically higher across the curve and sparked a broad sell-off in rates across most developed markets as markets romanced the pro-growth, inflationary potential of fiscal policy, tax cuts and deregulation.



Underpinning part of the move in U.S. yields during 4Q was the increase in inflation expectations. Breakeven rates were also supported by higher oil prices as producers agreed to cut production.

Market Summary

Inflation-linked bonds

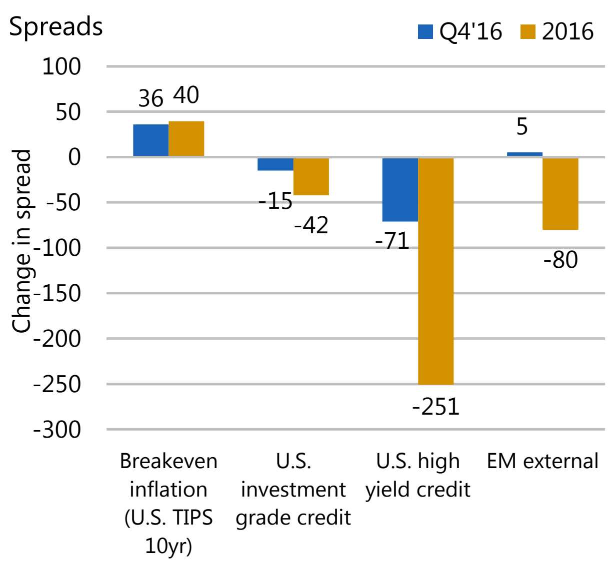
Global inflation-linked bonds posted losses across most major markets for the quarter. Breakeven inflation generally rose across countries as oil prices advanced following OPEC's production cut agreement. In the U.S., rates sharply rose in the wake of the U.S. election. However, real rates outperformed nominal as Trump's proposed policy mix was perceived as inflationary.

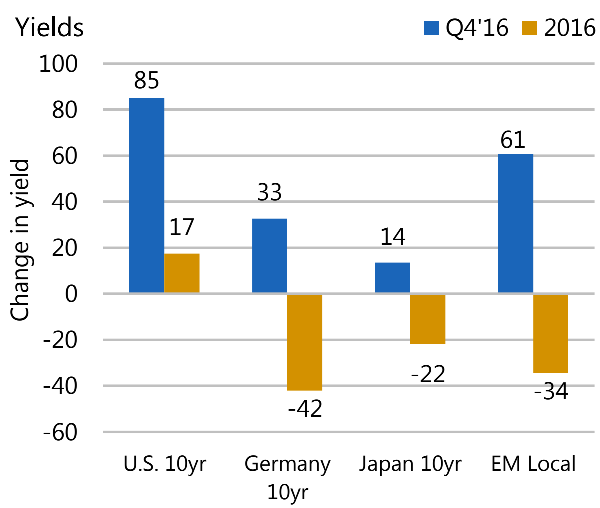
U.S. duration

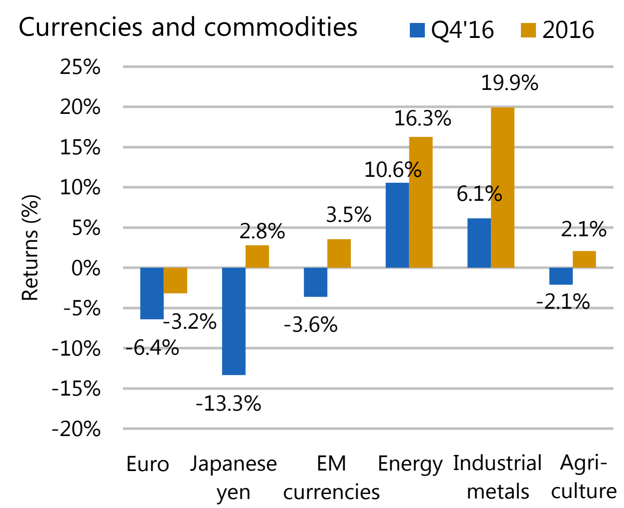
U.S. yields rose across the curve following the surprise result of the U.S. election as markets focused on the pro-growth and inflationary potential of expansionary fiscal policy, tax cuts and deregulation. The Federal Reserve raised rates by 25bps to cap off an eventful fourth quarter.

Currencies

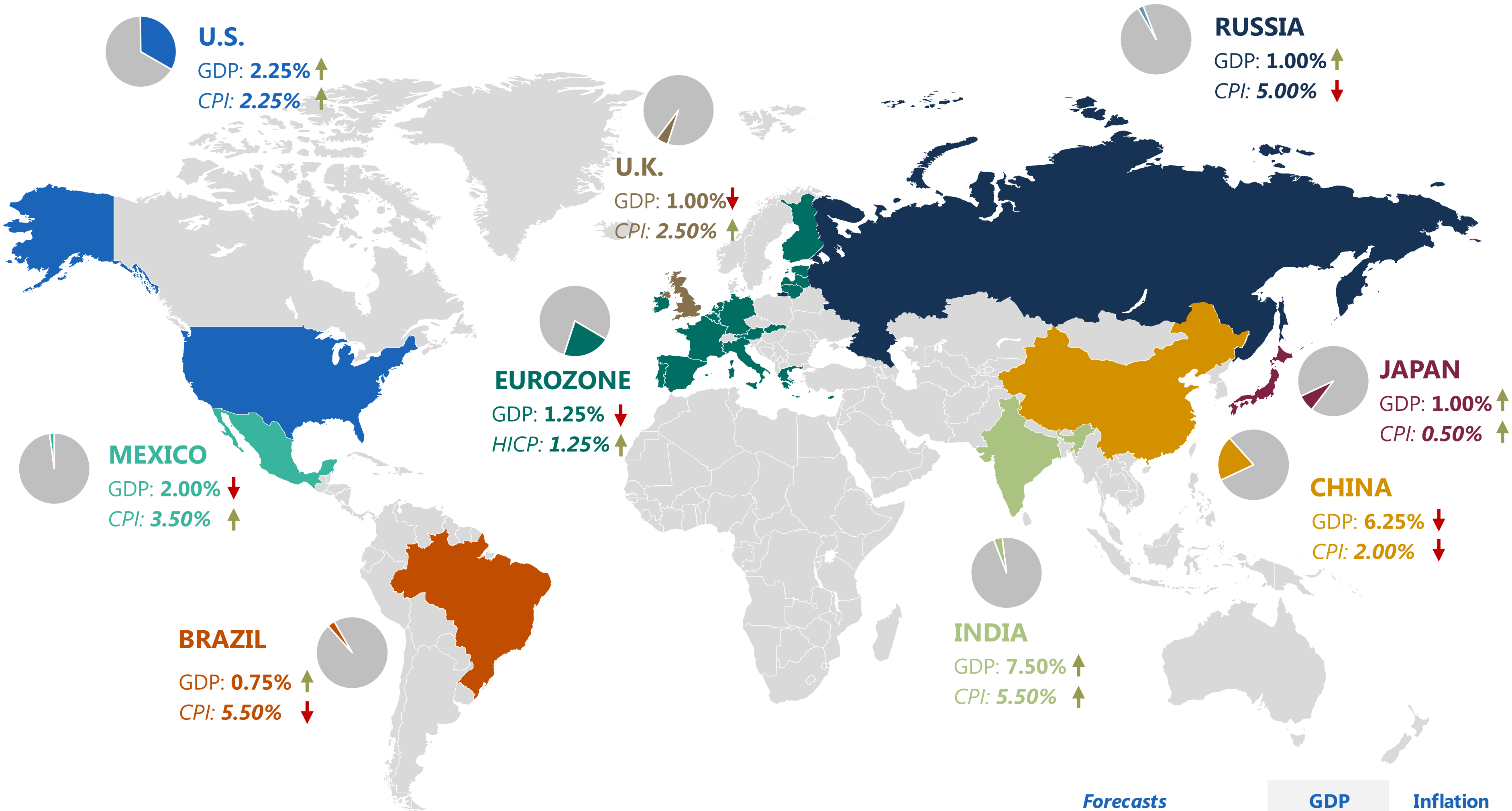
The U.S. dollar strengthened meaningfully against most global currencies in the wake of the surprise result of the U.S. election. Rising rates in the U.S. widened interest rate differentials in among DM currencies, with pronounced weakness in the Japanese yen. EM currencies also weakened as uncertainty surrounding trade and monetary policy in the U.S. weighed on performance.

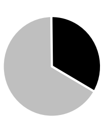






PIMCO's 2017 Cyclical Outlook





Change relative to 2016 forecast

Forecasts	GDP		Inflation	
	2016	**2017**	**2016**	**2017**
Developed Markets	1.50	1.75	0.70	1.75
Emerging Markets	4.90	5.00	3.60	3.00
World	**2.60**	**2.75**	**1.60**	**2.25**

PIMCO forecast ranges as of December 2016.
Real GDP and inflation projections reflect the midpoints of PIMCO's forecast ranges for 2017.

Portfolio Outlook

Strategic outlook

PIMCO's baseline forecast for 2017 calls for real global growth to remain in the 2.5%–3.0% range that has held for the past five years. Headline inflation should pick up in developed market economies while high inflation in emerging economies like Brazil and Russia is likely to ebb. However, in light of significant uncertainties, we recognize that both left- and right-tail risks have increased. Growth in the U.S. and eurozone should remain above trend, but policy and political uncertainty remains. In emerging markets, domestic conditions have improved but the evolution of trade and central bank policy in places like the United States may serve as a headwind.

Key strategies

U.S. interest rate strategies

The intermediate portion continues to offer attractive carry characteristics while rates may rise as term premiums return and inflation expectations rise.

Inflation

Any increase in yields will likely be driven by inflation expectations moving higher and TIPS should outperform. Tightening labor markets and a closing output gap suggest inflation may rise.

Credit selection

We find attractive opportunities in specific credits that benefit from U.S. growth and a resurgent housing sector. We see value in banks and select financial companies, housing-related credits.

Sector Exposure

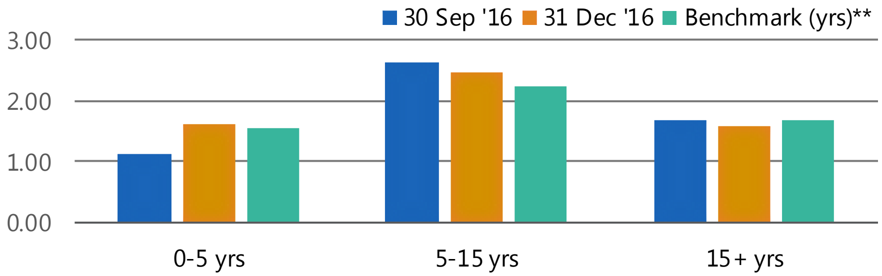
	Portfolio				Benchmark	
	% of Market value		Duration in years		% of Market value	Duration in years
	30 Sep '16	31 Dec '16	30 Sep '16	31 Dec '16	31 Dec '16	31 Dec '16
Government - Related	8.75	6.07	2.86	2.30	41.82	2.42
Government - Treasury	21.27	23.31	4.16	3.78	38.03	2.27
Government - Agency	0.00	0.00	0.00	0.00	3.79	0.14
Swaps and liquid rates	-12.52	-17.24	-1.30	-1.48	0.00	0.00
Mortgage	52.58	52.44	1.37	1.74	30.19	1.40
Investment grade credit	20.53	21.34	0.79	0.78	25.68	1.86
High yield credit	4.25	3.17	0.08	0.06	0.00	0.00
Non-U.S. developed	0.00	0.00	0.00	0.00	0.00	0.00
Emerging markets	0.06	0.06	0.00	0.00	1.45	0.12
Municipal/Other	3.51	3.74	0.31	0.31	0.85	0.09
Net other short duration instruments*	10.33	13.18	0.04	0.48	0.00	0.00
Commingled cash vehicles	2.99	2.87	0.01	0.02	0.00	0.00
Certificate of deposit/Commercial paper/STIF	0.26	0.30	0.00	0.00	0.00	0.00
Government related	15.48	10.27	0.14	0.07	0.00	0.00
MBS/ABS	4.30	4.09	0.02	0.01	0.00	0.00
Credit	3.97	4.05	0.02	0.01	0.00	0.00
Other	1.10	2.33	0.00	0.00	0.00	0.00
EM short duration instruments	0.00	0.00	0.00	0.00	0.00	0.00
Short duration derivatives and derivative offsets	36.84	27.61	-0.15	0.38	0.00	0.00
Net unsettled trades	-54.61	-38.35	0.00	0.00	0.00	0.00
Total	**100**	**100**	**5.45**	**5.67**	**100**	**5.89**

*Net Other Short Duration Instruments includes securities and other instruments with an effective duration less than one year and rated investment grade or higher or, if unrated, determined by PIMCO to be of comparable quality, commingled liquidity funds, uninvested cash, interest receivables, net unsettled trades, broker money and derivatives offset. With respect to certain categories of short duration securities, the Adviser reserves the discretion to require a minimum credit rating higher than investment grade for inclusion in this category.

Benchmark: Bloomberg Barclays U.S. Aggregate Index

Portfolio Characteristics

Key rate duration exposure



	Portfolio (yrs)		Benchmark (yrs)**
	30 Sep '16	**31 Dec '16**	**31 Dec '16**
0-5 yrs	1.12	1.61	1.56
5-15 yrs	2.65	2.47	2.23
15+ yrs	1.68	1.59	1.69
Total	**5.45**	**5.67**	**5.48**

Interest rate exposure

	Portfolio (yrs)		Benchmark (yrs)**
	30 Sep '16	**31 Dec '16**	**31 Dec '16**
Effective duration	5.45	5.67	5.48
Bull market duration	5.47	4.79	5.05
Bear market duration	6.55	5.89	5.37
Spread duration			
Mortgage spread duration	2.20	2.45	1.22
Corporate spread duration	1.21	1.13	1.90
Emerging markets spread duration	0.06	0.09	0.15
Swap spread duration	-1.50	-1.16	0.00
Covered bond spread duration	0.06	0.06	0.00
Sovereign related spread duration	0.00	0.00	0.18

Derivative exposure (% of duration)

	30 Sep '16	31 Dec '16
Government Futures	-0.88	11.58
Interest Rate Swaps	-23.80	-27.24
Credit Default Swaps*	0.00	0.00
Purchased Swaps	0.00	0.00
Written Swaps	0.00	0.00
Options	0.00	1.18
Purchased Options	0.00	0.00
Written Options	0.00	1.18
Mortgage Derivatives	0.00	0.00
Money Market Derivatives	-2.67	6.63
Futures	-2.67	6.63
Interest Rate Swaps	0.00	0.00
Other Derivatives	0.00	0.00

* Shown as a percentage of market value

** Benchmark duration is calculated by PIMCO
Benchmark: Bloomberg Barclays U.S. Aggregate Index

Appendix

Client Benchmark:
Bloomberg Barclays U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. It is not possible to invest directly in an unmanaged index.

PAYDEN

&

RYGEL

Payden & Rygel

City of Orlando Operating Fund (Acct 842)

December 31, 2016

Portfolio Returns

12/31/2016	Month	Trailing 3 Months	Fiscal YTD (10/1/16)	Annualized Trailing 1 Year	Annualized Since Incept (1/1/01)
Portfolio:					
Gross	0.10%	-0.06%	-0.06%	1.79%	3.28%
Net	0.09%	-0.11%	-0.08%	1.61%	3.07%
Benchmark*	0.07%	-0.38%	-0.38%	1.29%	2.97%

***Benchmark History**

3/1/08: Payden & Rygel reinstated to actively manage portfolio versus the Merrill Lynch 1-3 Year Government/Credit Index.
7/12/07: Instructed by the City to discontiue trading of the portfolio; portfolio naturally ages with maturities reinvested 6 months or less. Benchmark not relevant during the period.
9/1/06: Portfolio transition to the Lehman Government/Credit Index.
1/1/01: Inception of the portfolio versus the Merrill Lynch 1-3 Year Treasury Index.

Portfolio Summary

	Begin Month	End Month
Portfolio - Market Value	$ 121,252,597	$ 121,455,395
Mkt Value incl. Accrued Int	$ 121,666,611	$ 121,806,240
Average Credit Quality	AA-	AA-
Duration	1.4 years	1.5 years
Yield to Maturity	1.6%	1.6%
Yield at Cost	1.5%	1.5%

Compliance Verification

PORTFOLIO GUIDELINE	MAX ALLOWED	MBS/ABS Breakout	ACTUAL	COMPLIES
Money Markets	100% Maximum		5%	X
Municipals	10% Maximum		0%	X
Corporates [3]	75% Maximum		39%	X
Non-Mortgage ABS			14%	
Mortgages	35% Maximum		4%	X
CMBS	0% Maximum	0%		*
CMO	0% Maximum	0%		*
Non-Agency	0% Maximum	3%		*
Agency [2]		1%		X
Treasuries [1]	12% Minimum		30%	X
Agencies [2]	13% Minimum		9%	X
TOTAL			100%	

QUALITY	MIN ALLOWED	ACTUAL	COMPLIES
Minimum Security Quality			
Short-term	A1/P1	N/A	X
Long-term (by security)	BBB-	BBB-	X
Portfolio Quality	A+	AA-	X
MATURITY/DURATION	**MAX ALLOWED**	**ACTUAL**	**COMPLIES**
Portfolio	3 years	1.5 years	X

1 Minimum 12% Treasury/GNMA/FDIC paper included.
2 Minimum 25% Treasury & Agency combined.
3 Maximum 75% Corporate & Non-Mortgage Asset-Backed combined.

Payden&Rygel

QUARTERLY PORTFOLIO REVIEW

CITY OF ORLANDO

4th Quarter 2016

PAYDEN.COM

LOS ANGELES | BOSTON | LONDON | PARIS

January 2017

Dear Client,

As we look back on the past year, we note that global financial markets repeatedly made the leap from uncertainty to certainty, each time as if they knew what would happen next. It reminds us of a quote from Sir Winston Churchill—"Fate holds terrible forfeits for those who gamble on certainties."

The outlook in January of 2016, and subsequent market movements, indicated a continuing trend toward lower interest rates and uncertainty over the actual growth of the US and other major global economies. These trends continued during the first half of this year, as global interest rates continued to fall sharply, with negative rates in Germany and Japan. In the US, the Federal Reserve Board continued to be cautious about lower inflation rates and therefore took no action on increasing the Federal Funds rate at that time.

Our view was slightly different, as our assessment of the US economy in the second quarter was positive. Wage growth seemed to be on track, and we were looking for higher inflation rates in the 2% to 2½% range. These trends forecasted an increase in the Federal Funds rate in the second half of the year.

The first surprise came with the Brexit vote and the subsequent assessments of what "might happen" over the near to intermediate term. The second surprise was the election of Donald Trump as the 45th President of the United States. It is difficult at this time to assess the impact of these events on the global economy, but one thing that we feel strongly about is diversification and liquidity in managing portfolios.

As 2017 begins, we remain positive on US economic and wage growth and we believe this will support a continued positive trend in corporate earnings across the board. We are anticipating a modest increase in short-term interest rates in line with the positive outlook for the US economy. Our approach globally is somewhat more cautious, and the uncertainties that exist will take at least 12 to 18 months to work themselves out.

Our very best wishes for health and happiness in 2017!

Sincerely,

Joan A. Payden

President & CEO

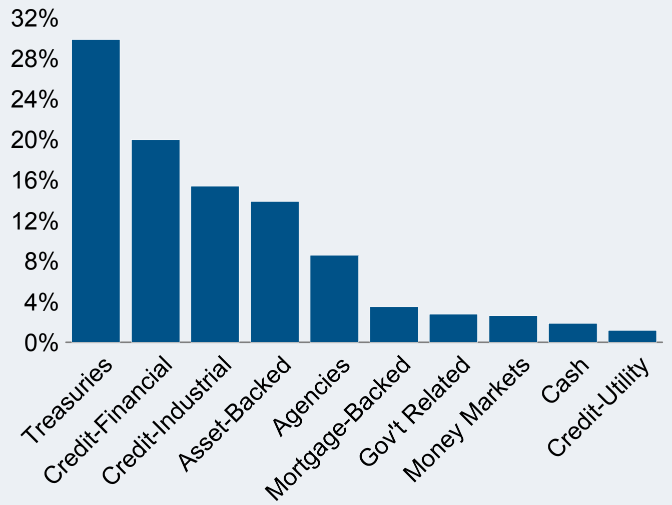
CITY OF ORLANDO OPERATING RESERVE

Portfolio Review and Market Update - 4th Quarter 2016

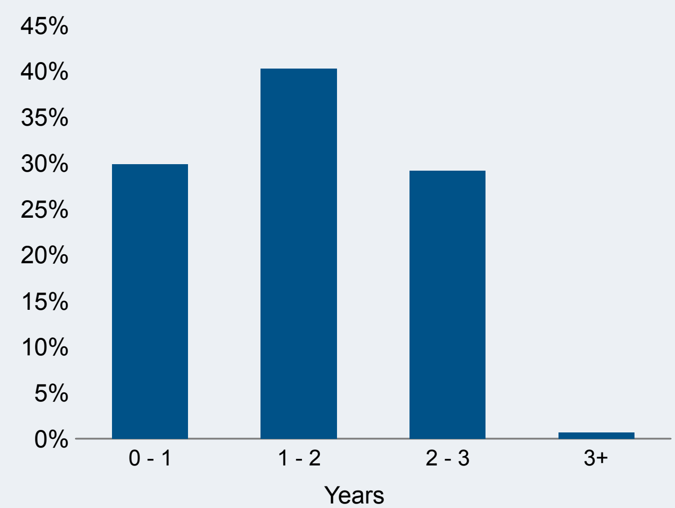
PORTFOLIO CHARACTERISTICS (As of 12/31/2016)

Portfolio Market Value	$121.8 million
Weighted Average Credit Quality	AA
Weighted Average Duration	1.47 years
Weighted Average Yield to Maturity	1.60%

SECTOR ALLOCATION



DURATION DISTRIBUTION



PORTFOLIO RETURNS - Periods Ending 12/31/2016

	4th Quarter	2016	Trailing 3 Yrs	Trailing 5 Yrs	Trailing 10 Yrs	Since Inception (1/1/01)
CITY OF ORLANDO OP. RESERVE (gross)	**-0.06%**	**1.79%**	**1.27%**	**1.53%**	**2.73%**	**3.28%**
CITY OF ORLANDO OP. RESERVE (net)	-0.11%	1.61%	1.08%	1.34%	2.54%	3.10%
BAML 1-3 Gov't/Credit Index*	-0.38%	1.29%	0.91%	0.98%	2.47%	2.97%

Periods over one year annualized

**Lehman Gov't/Credit Index from 9/1/06 to 2/29/08. BAML 1-3 Year Treasury Index prior.*

MARKET THEMES

A year of surprises came to an end with the one thing everyone expected, a rate hike by the Federal Reserve. The election of Donald Trump and Republican control of both chambers of the US Congress led to increased inflation expectations amid prospects for fiscal stimulus under the new Administration. This drove interest rates and US equity prices higher. Credit-related securities posted positive excess returns as improving economic data and the prospect of lower corporate tax rates motivated investors to embrace risk despite rising interest rates.

STRATEGY

- The portfolio holds a diversified mix of credit sectors for income generation.
- Corporate bond yield premiums remain attractive, and we expect to maintain our exposure through the purchase of bonds in the new issue market.
- We maintained our allocation to high-quality asset-backed and mortgage-backed securities (ABS/MBS) with short duration profiles for their yield and diversification benefits.

INTEREST RATES

- Treasury yields were significantly higher across all maturities with the two-year maturity rising 0.43% to end the year at 1.19%. The US Treasury curve steepened with the yield difference between one- and two-year maturities increasing to 0.38%.
- The portfolio's defensive duration positioning was beneficial to performance as interest rates moved higher.
- Floating-rate credit and securitized holdings contributed to outperformance as prices moved minimally.

SECTORS

- The mix of fixed and floating-rate credit securities was additive to outperformance. Yield premiums between credit and government securities were unchanged.
- High-quality ABS continued to add positively to performance while providing reinvestment opportunities.
- The MBS allocation was modestly additive to performance as floating-rate exposure benefited from yields resetting at higher rates.
- CLO exposure positively contributed to performance as spreads tightened during the quarter.

The Year in Review Through the Eyes of the Bond Market: A Tale of Two Halves

The tale of 2016 is really a tale of two halves. The government bond markets in the US, Germany, Japan and the UK tell the story best.

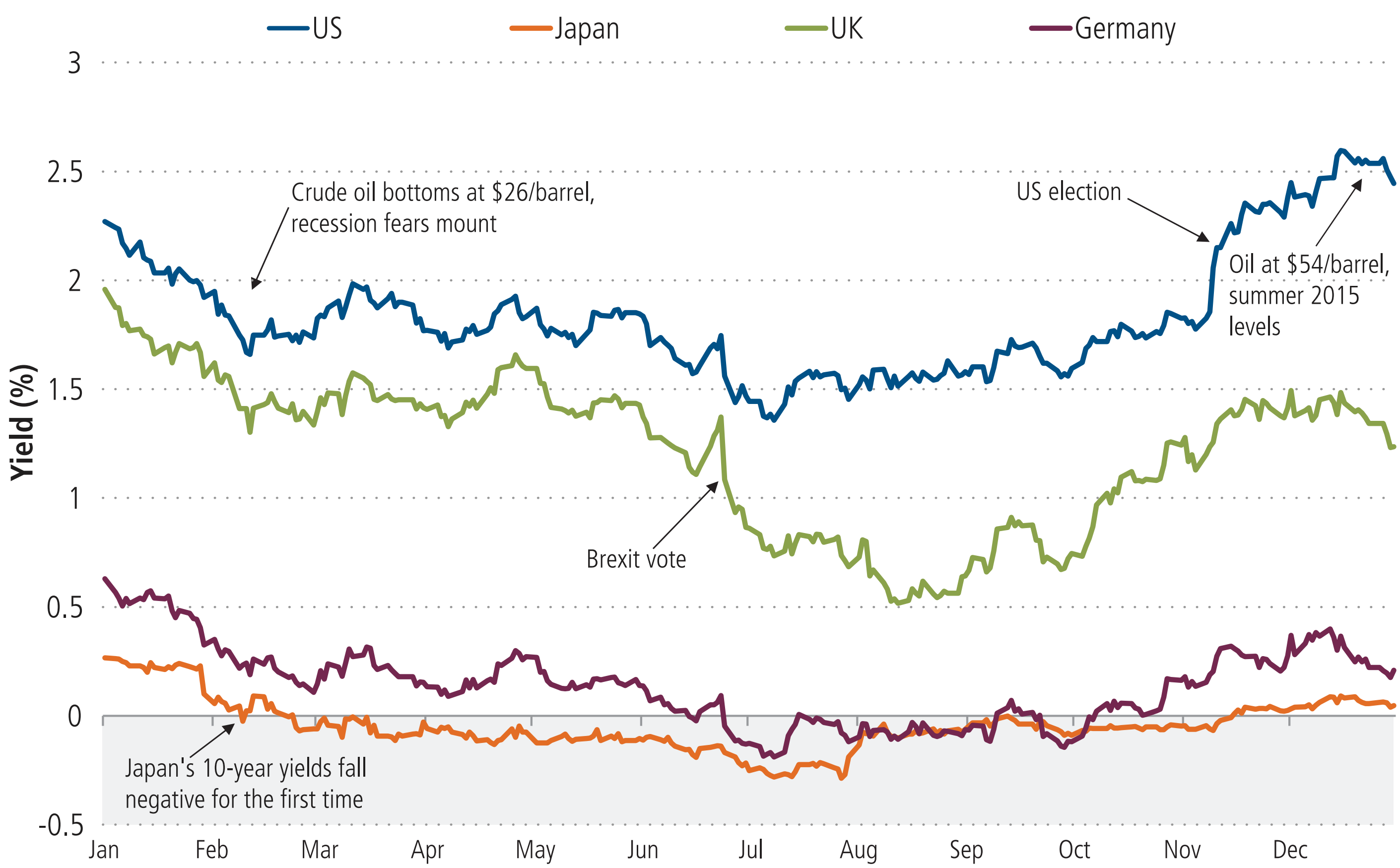
During the first half of the year, all four countries saw their government bond yields fall. After the price of crude oil fell to $26/barrel in February fears of a US and global recession took over. Falling oil prices also renewed fears of falling consumer prices (deflation). Central banks in Europe and Japan enacted additional quantitative easing and negative interest rate policy to combat low inflation, but bond yields fell further. The Japanese ten-year government bond yield dropped below zero in early 2016, and the German ten-year followed Japan's lead, moving negative during the summer.

But during the summer of 2016 interest rates pivoted. The shock Brexit vote seemed to be a key, cathartic moment for the year. While uncertainty originally moved yields lower, resilience in the UK calmed investor fears. After bottoming in early July, US Treasury yields rose steadily until late November as investors began anticipating a Federal Reserve interest rate hike. Yields then moved sharply higher with the election of Donald Trump as the next US President. The rest of the world's bond yields followed suit to varying degrees. By year-end, all bond yields had moved off their summer lows.

As monetary policy diverges, the most notable change is the differential between US and German yields. The ten-year yield differential is at the widest level since the fall of the Berlin Wall.

Ten-Year Government Bond Yields in 2016

Divergence between US, UK, European & Japanese yields reflect differences in growth and inflation trends



Sources: Bloomberg

INCOME

RESEARCH

&

MANAGEMENT

QUARTERLY INSTITUTIONAL MARKET COMMENTARY

December 31, 2016

Index Returns[1]	4Q16	3Q16
Bloomberg Barclays 1-3 Year Treasury	-0.46%	-0.11%
Bloomberg Barclays Intermediate G/C	-2.07%	0.16%
Bloomberg Barclays Aggregate	-2.98%	0.46%
Bloomberg Barclays G/C	-3.39%	0.40%
Bloomberg Barclays Long G/C	-7.84%	1.24%
Bloomberg Barclays TIPS	-2.41%	0.96%
Bloomberg Barclays 1-10 Year Municipal Blend	-2.62%	-0.11%

Excess Returns[1]	4Q16	3Q16
Corporates	1.85%	1.73%
MBS Pass-Throughs	-0.39%	0.64%
MBS Hybrid ARMS	-0.29%	-0.13%
ABS	0.03%	0.26%
CMBS	0.46%	0.91%
Interest Rates[1]	**12/31/2016**	**9/30/2016**
Fed Funds Target Rate	0.50-0.75%	0.25-0.50%
2-Year Treasury Rate	1.19%	0.76%
5-Year Treasury Rate	1.93%	1.15%
10-Year Treasury Rate	2.45%	1.60%
30-Year Treasury Rate	3.07%	2.32%

Economy & Interest Rates

- During the fourth quarter, interest rates drifted higher in the fixed income market as US politics took center stage
- The outcome of the presidential election surprised many investors, as Republican nominee Donald Trump clinched a victory over Democratic favorite Hillary Clinton
- The 10-year Treasury rate closed the year at 2.45%, 85bps higher on the quarter[1]

Corporates

- The prospect of substantial tax reform and greater infrastructure spending under the incoming administration provided a stable backdrop for credit
- The pace of corporate issuance slowed in the fourth quarter, totaling $195 billion, and supply continued to attract strong demand from yield-hungry foreign buyers[2]
- Positive technical conditions drove investment-grade spread levels lower, tightening 15bps to 123bps during the quarter[1]

Securitized

- The Treasury selloff negatively impacted mortgage-backed sectors, as higher mortgage rates triggered a reduction in refinancing and prepayment activity
- The commercial mortgage-backed (CMBS) sector made headlines, as new regulations went into place that require sponsors to retain 5% of new deals[1]

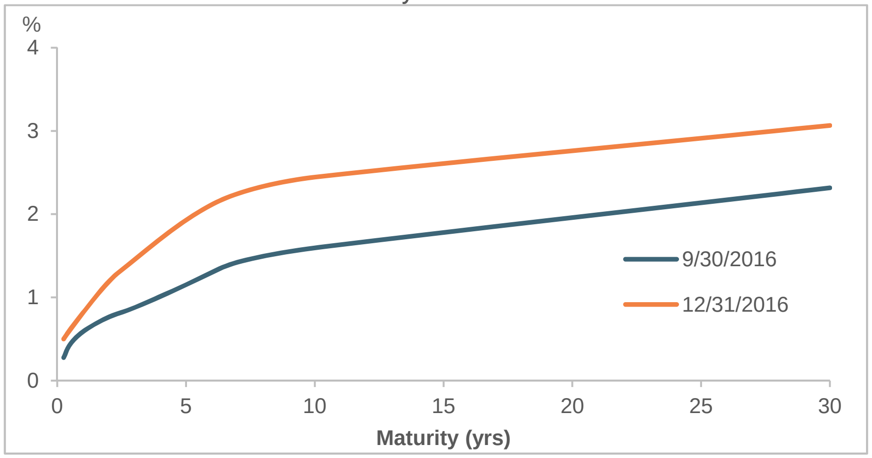
TIPS

- Treasury Inflation-Protected Securities (TIPS) posted negative absolute returns in the fourth quarter, but outperformed nominal Treasuries as inflation expectations increased

Municipals

- In the fourth quarter, the municipal market experienced a wave of new supply as many issuers rushed to complete deals ahead of the presidential election

Treasury Yield Curve[1]



[1]Bloomberg Barclays; [2]JPMorgan;

IR+M INCOME RESEARCH + MANAGEMENT

City of Orlando

PORTFOLIO INVESTMENT REPORT

December 31, 2016

PORTFOLIO SUMMARY

INCEPTION DATE:
12/27/2000

MARKET VALUE:
$128,265,169.72

INDEX:
Bloomberg Barclays Intermediate G/C Index

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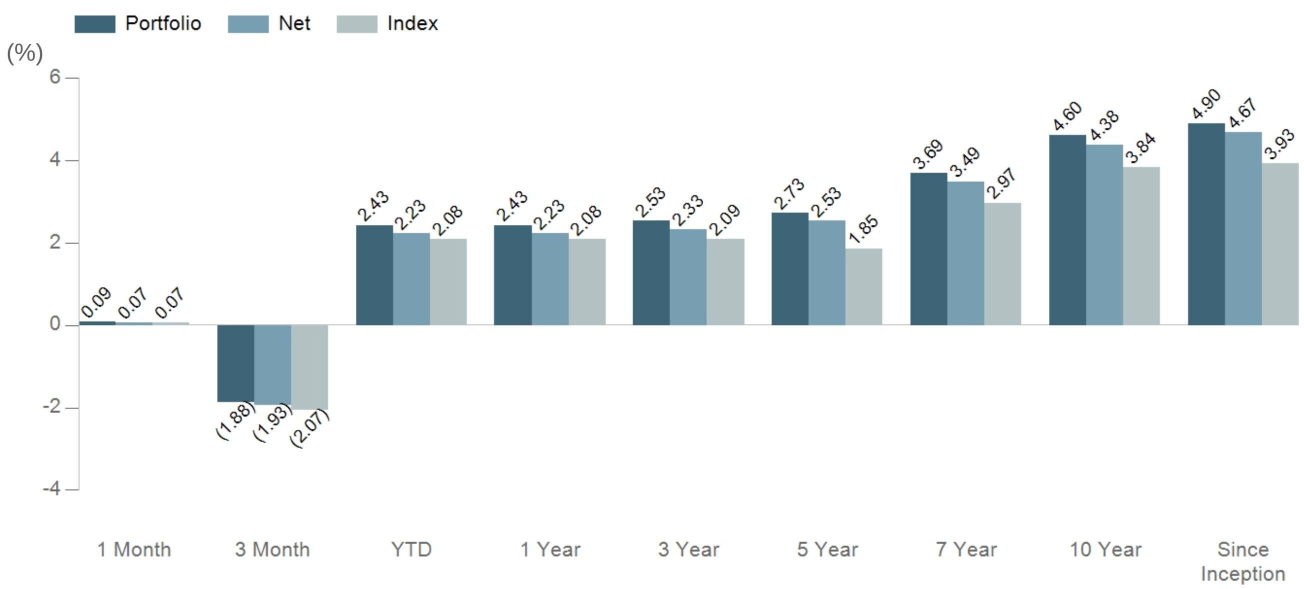
mdrasser@incomeresearch.com

INVESTMENT RESULTS



PORTFOLIO CHARACTERISTICS

Characteristics	Portfolio 12/31/16	Index 12/31/16	Portfolio 12/31/15	Index 12/31/15
Yield (%)	2.34	2.11	2.52	2.06
Duration (yrs)	3.90	4.05	3.82	3.97
Convexity	0.24	0.23	0.23	0.21
Average Quality (Moody's/S&P)	Aa3/AA-	Aa2/AA-	Aa3/AA-	Aa2/AA-

Performance periods over 1 year are annualized.
Net of Fee performance is calculated using the effective fee from the most recent quarterly invoice.
Prior to 8/31/06 Index was BofA Merrill Lynch 1-5 Year Treasury Index.

IR+M INCOME RESEARCH + MANAGEMENT

City of Orlando

PORTFOLIO INVESTMENT REPORT

December 31, 2016

SECTOR DISTRIBUTION (%)

Sector	Portfolio 12/31/16	Index 12/31/16	Portfolio 12/31/15	Index 12/31/15
Government	39.6	59.9	35.5	61.7
Treasury	33.8	56.2	27.5	57.1
Agency	-	3.4	-	4.2
Govt Guaranteed	5.8	0.3	8.0	0.4
Credit	39.2	39.8	39.5	38.0
Finance	11.4	12.4	13.3	11.5
Industrial	22.9	18.6	22.0	18.1
Utility	4.3	1.7	3.6	1.6
Non-corporate	0.6	7.1	0.6	6.8
Securitized	17.6	-	21.4	-
RMBS	0.5	-	1.5	-
ABS	7.1	-	8.3	-
CMBS	10.0	-	11.6	-
Municipal	3.0	0.2	3.3	0.3
Pre-Refund/ETM	-	-	0.4	-
GO	-	0.1	-	0.1
Revenue	3.0	0.1	2.9	0.1
Municipal Other	-	-	-	0.1
Cash & Equiv	0.5	-	0.3	-
Cash & Equiv	0.5	-	0.3	-
Total	*100.0*	*100.0*	*100.0*	*100.0*

QUALITY DISTRIBUTION (%)

Rating	Portfolio 12/31/16	Index 12/31/16	Portfolio 12/31/15	Index 12/31/15
AAA	54.4	63.3	47.5	64.6
AA	5.1	6.3	8.3	5.9
A	18.8	13.5	22.0	13.4
BBB	21.2	16.9	22.0	16.1
Cash & Equiv	0.5	-	0.3	-
Total	*100.0*	*100.0*	*100.0*	*100.0*
Average Quality (Moody's/S&P)	Aa3/AA-	Aa2/AA-	Aa3/AA-	Aa2/AA-

CONTRIBUTION TO DURATION (YRS)

Sector	Portfolio 12/31/16	Index 12/31/16	Portfolio 12/31/15	Index 12/31/15
Government	1.88	2.33	1.82	2.34
Credit	1.63	1.71	1.60	1.61
Securitized	0.31	-	0.31	-
Municipal	0.07	0.01	0.09	0.01
Total	*3.90*	*4.05*	*3.82*	*3.97*

Totals may not sum to 100 due to rounding.

INCOME RESEARCH + MANAGEMENT

City of Orlando
PORTFOLIO SUMMARY
December 31, 2016

Portfolio Returns as of 12/31/2016

	Month	Trailing 3 Months	Fiscal YTD*	Annualized Fiscal Year**	Since Inception Annualized**	Last 12 Months
Portfolio						
Gross	0.09%	(1.88%)	(1.88%)	(7.26%)	4.90%	2.43%
Net	0.07%	(1.93%)	(1.93%)	(7.45%)	4.67%	2.23%
Index****						
Barclays Intermediate G/C Index	0.07%	(2.07%)	(2.07%)	(7.97%)	3.93%	2.08%

*Fiscal Year ends: September 30

**As requested, we have annualized Fiscal YTD return. However, please note this methodology is not GIPS compliant, and there can be no assurances regarding future returns.

***Inception Date: 12/27/00

****Prior to 8/31/06 Index was Merrill Lynch 1-5 Year Treasury Index.

Portfolio Summary

	Begin Month	End Month
Market Value	$127,449,689	$127,439,546
Accrued Interest	$763,675	$825,623
Market Value including Accrued Interest	$128,213,364	$128,265,170
Average Quality	AA-	AA-
Effective Duration	3.93	3.90
Yield to Maturity	2.30	2.34
Yield to Maturity at Book	2.40	2.38
Convexity	0.26	0.24

Compliance Verification

Portfolio Guideline	Max/Min Allowed	Actual	Complies
Sectors			
US Governments	15% Min	39.6%	☑
Treasury	5% Min	33.8%	☑
Agency		0.0%	☑
Govt Guaranteed		5.8%	☑
Securitized	35% Max	17.7%	☑
RMBS****		0.5%	☑
CMBS****	30% Max	10.0%	☑
ABS		7.1%	☑
Credit	85% Max	39.3%	☑
Non-Corporate	20% Max	0.6%	☑
Utility		4.3%	☑
Industrial		22.9%	☑
Finance		11.4%	☑
Municipal	10% Max	3.0%	☑
Cash	5% Max	0.5%	☑

Quality	Max/Min Allowed	Actual	Complies
Minimum Quality			
Individual Security	Ba/BBB	Ba1/BBB-	***
Portfolio	A+	AA-	☑
BBB and below Securities	25% Max	21.2%	☑
Effective Duration**			
Individual Security	NA	8.88	☑
Barclays Int G/C	NA	4.05	NA
Portfolio vs. Barclays Int G/C	+/- 0.5 yrs	(0.15)	☑

**Note: Effective duration is the most accurate measure of duration for the portfolio due to the high weighting of putable bonds.

***Exception request for the temporary holding of Lehman assets is currently under review with the Investment Committee of the City of Orlando.

**** Due to Barclays' inclusion of agency mortgages backed by multifamily collateral to its Aggregate indexes on June 30, 2014, we have reclassified these securities from RMBS to CMBS.

According to the investment objectives provided to Income Research + Management, the City of Orlando portfolio managed by IR+M was in compliance as of 12/31/2016.

Rick Kizik, Chief Compliance Officer

BROWN BROTHERS HARRIMAN

Portfolio Overview

Account No. XXXX432
December 1 through December 31, 2016

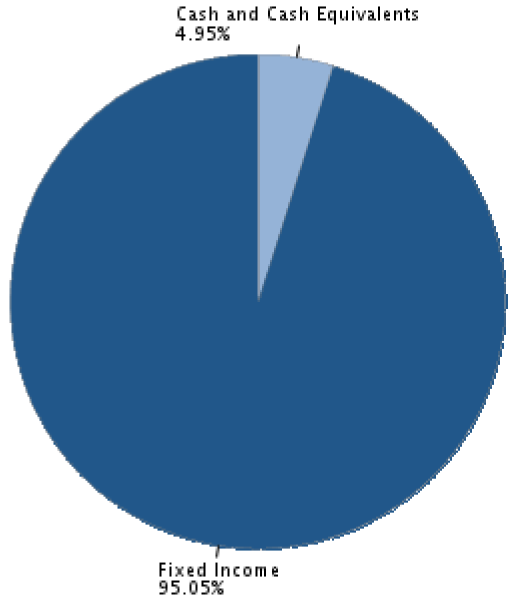
Overview of Investments

Base Currency: USD

	MTD
Beginning Market Value	47,551,930
Net Capital Contribution (withdrawal)	4,304
Net Investment Return:	
Income Received	401
Change in Accrued Income	36,198
Accretion/Amortization	21,320
Realized Gain(Loss)	(78,444)
Change in Unrealized Gain (Loss)	(50,950)
Unrealized Gain (Loss) on Asset Transfer	-
Total Net Investment Return	(71,476)
Ending Market Value	**47,484,758**

Average Investable Assets during Period	**47,554,429**

Asset Class Distribution



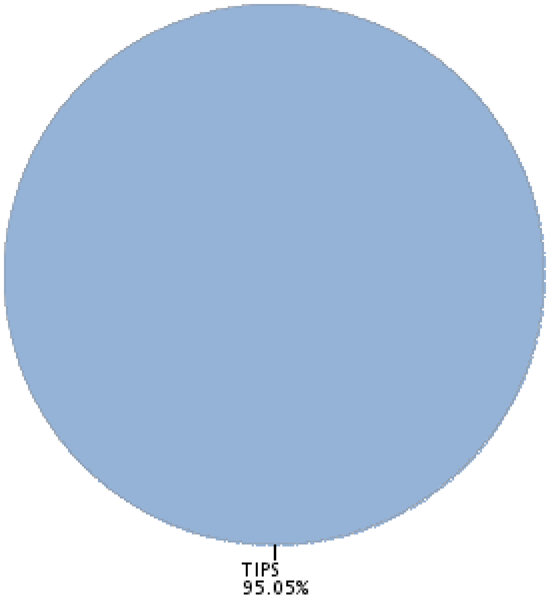
	MARKET VALUE	YIELD	WEIGHT
Cash and Cash Equivalents	2,349,196.33	-	4.95%
Fixed Income	45,135,561.94	2.26%	95.05%
Total Portfolio	**47,484,758.27**		**100.00%**

Fixed Income Overview

Credit Concentration

TOP 10 OBLIGOR CONCENTRATION	PORTFOLIO WEIGHT
US TREASURY	95.05%

Sector Distribution



SECTOR DISTRIBUTION	PORTFOLIO WEIGHT	YIELD	MARKET VALUE
U.S. Inflation-Indexed Securities	95.05%	2.26%	45,135,561.94
Total	**95.05%**		**45,135,561.94**

Portfolio Characteristics

Portfolio Turnover (TTM)	195.07%	Average Yield to Worst	2.15%
Average Credit Quality	AAA	Average Effective Duration (years)	7.90
Average Coupon	1.07%	Average Life (years)	8.82

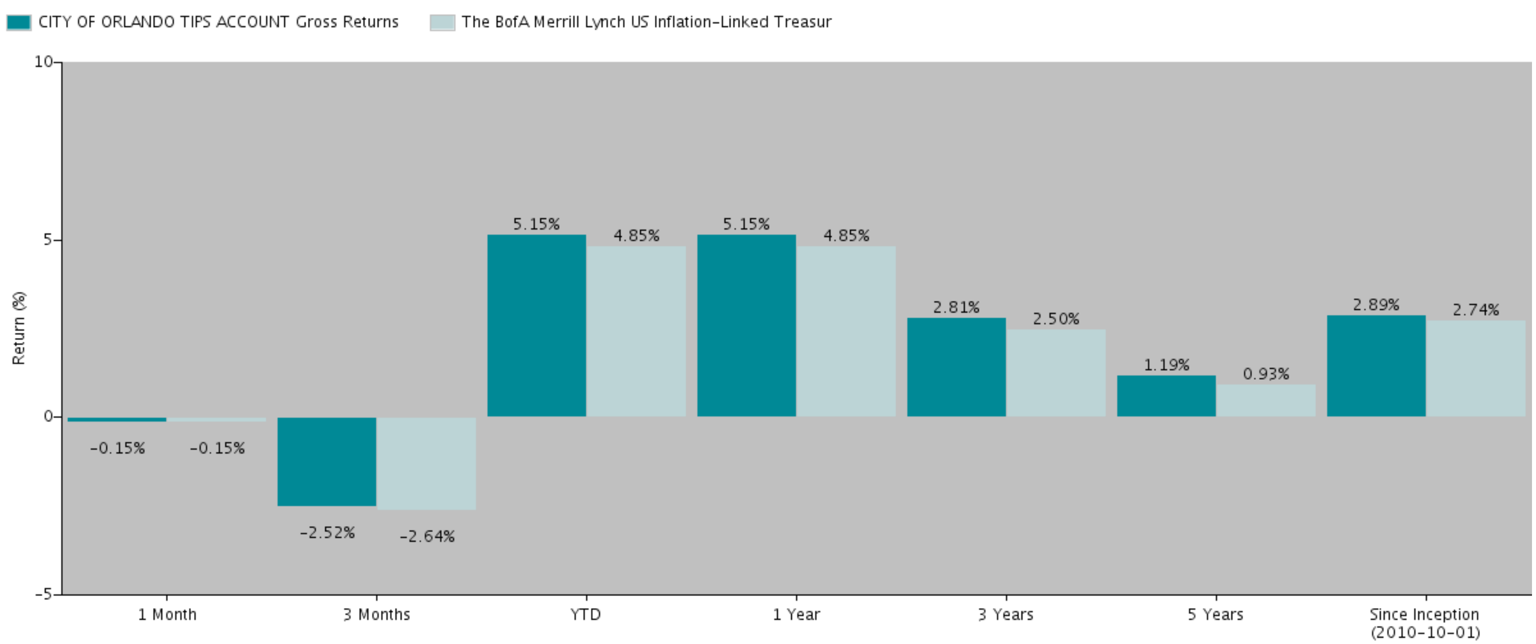
Brown Brothers Harriman

Performance Overview

Account No. XXXX432
December 1 through December 31, 2016

Reporting Currency: USD

	1 Month	3 Months	YTD	Annualized 1 Year	3 Years	5 Years	10 Years	Inception
CITY OF ORLANDO TIPS ACCOUNT Gross Returns	(0.15%)	(2.52%)	5.15%	5.15%	2.81%	1.19%	N/A	2.89%
The BofA Merrill Lynch US Inflation-Linked Treasur	(0.15%)	(2.64%)	4.85%	4.85%	2.50%	0.93%	N/A	2.74%
Variance vs. The BofA Merrill Lynch US Inflation-Linked Treasur	(0.01%)	0.12%	0.30%	0.30%	0.31%	0.26%	N/A	0.15%



Returns for periods less than one year are not annualized.

Past performance does not guarantee future results.

Brown Brothers Harriman & Co. does not provide legal or tax advice. All data above is based on information believed to be correct, but cannot be guaranteed for tax reporting purposes. Please consult your legal or tax advisor when necessary. Please refer to the Terms and Conditions for important disclosures.

BBH Inflation-Indexed Securities

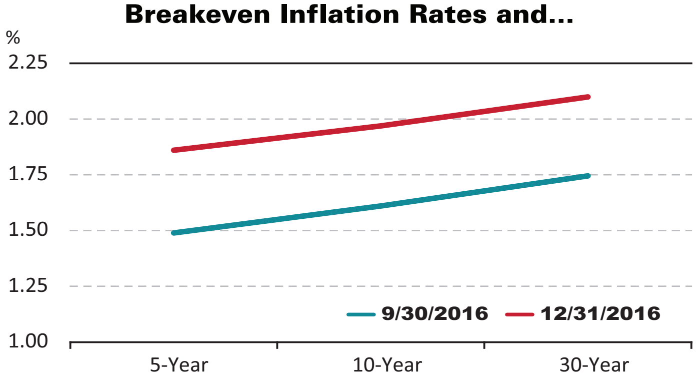
Quarterly Strategy Update / 4Q 2016

Breakevens Ride Trumps Coattails

The U.S. Presidential election results surprised many, and for the fixed income markets, it gave a long awaited jolt that pushed yields higher. While U.S. TIPS, like all other U.S. Treasuries, suffered negative returns due to the rise in yields, breakeven inflation rates increased sharply leading to strong relative returns versus nominal U.S. Treasury securities. For the last several years, we have believed that U.S. TIPS have offered attractive relative value to nominal U.S. Treasury securities. While valuations have improved during the past quarter, we continue to believe that market-implied inflation expectations remain too low as the policies of the incoming administration may provide a friendly backdrop for inflation bulls. Increasing investor interest and sector inflows, both in the market and at BBH, have added momentum to U.S. TIPS. Building upon the rally of breakeven inflation rates, we are once again pleased to deliver our clients strong returns relative to our benchmarks.

The U.S. Treasury market reaction to the U.S. Presidential election was sharp and swift. Donald Trump's surprising victory brought to the forefront policies which investors initially view as favorable to U.S. growth, and potentially inflationary. Ten-year real yields, which began the quarter hovering near 0%, increased 50 basis points[1] (bps). The 10-year breakeven inflation rate, which languished at historically low levels, increased 36 bps to 1.97%, its highest level since September 2014. The rise in real yields led to negative returns across the fixed income markets. U.S. TIPS were no different as the Barclays Capital U.S. TIPS index returned -2.41% in the quarter. However, when compared to equivalent maturity nominal U.S. Treasuries, U.S. TIPS exhibited excess returns (return in excess of U.S. Treasuries of the same duration) of 3%. Absolute returns for the year were strong at 4.68%.

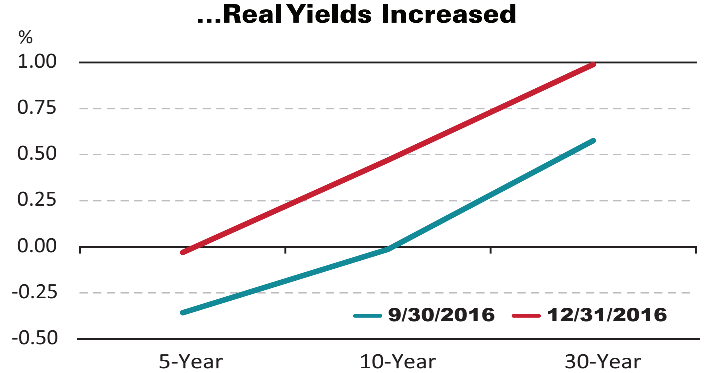
Breakeven Inflation Rates and...



Breakevens	9/30/2016	12/31/2016	Quarterly Change
5-Year	1.49%	1.86%	0.37%
10-Year	1.61%	1.97%	0.36%
30-Year	1.75%	2.10%	0.36%

Sources: Bloomberg and BBH Analysis

...Real Yields Increased



Real Yields	9/30/2016	12/31/2016	Quarterly Change
5-Year	-0.36%	-0.03%	0.34%
10-Year	-0.01%	0.47%	0.50%
30-Year	0.58%	0.99%	0.41%

Sources: Bloomberg and BBH Analysis

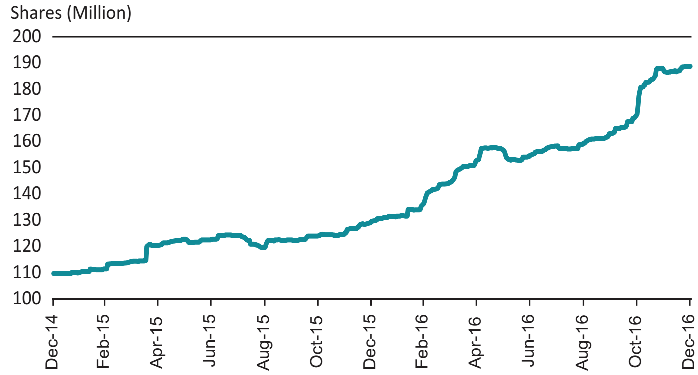
The improving sentiment in U.S. TIPS is logical. The specifics of President-elect Trump's policies are still to be determined, but with Republican victories in both the executive and legislative branches, his administration's path to implementation is generally unencumbered. Many of the administration's proposals, such as infrastructure spending, a build-up in defense, and tax cuts would likely be supportive of higher growth, higher deficits, and therefore risk higher inflation. Trade was also a key focus of the Trump campaign. Protectionist policies that could result in higher labor costs also raise inflation risks. Prospective border tax adjustments could also raise the cost of goods imports, which are heavily weighted in the Consumer Price Index (CPI). Actual inflation was also firmer in the fourth quarter, adding further support to increased inflation expectations. The headline CPI rose to 1.7% year-over-year, as of November. This was an increase from 1.1% three months prior, and 0.5% a year ago. Rising inflation was primarily driven by the waning impact of falling energy prices in 2015. Additionally, the Organization of the Petroleum Exporting Countries (OPEC) agreement to curb production led to firming energy prices, which helped support higher U.S. headline inflation readings. Year-over-year Core CPI, at a 2.1%, has remained steadily above 2%.

[1] A unit that is equal to 1/100th of 1% and is used to denote the change in price or yield of a financial instrument.

This information has been prepared for sophisticated investors

Rising investor interest in the sector has been evidenced by positive asset flows throughout the year, particularly in the fourth quarter. Shares outstanding in the widely followed TIPS Exchange-Traded Fund (ETF) increased 15% in the fourth quarter and 45% for the year. At BBH, we have also seen a meaningful uptick in search activity. We are proud to report that our own assets under management are up nearly $1 billion in new flows or commitments by year-end. The consistency of our strong relative results and the continuity of our investment team and process leave us well-positioned to capture new business as interest in the asset class builds.

TIPS Exchange-Traded Fund (ETF) Shares



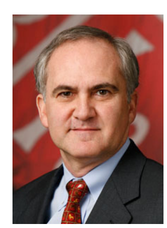
Data reported daily from December 31, 2014 to December 31, 2016
Sources: Bloomberg and BBH Analysis

In a quarter with sharp market moves, we are pleased that our client portfolios outperformed their respective benchmarks by 20 bps in the fourth quarter and 30 to 40 bps for the year. While political events played a large role in market returns in the fourth quarter, our strategy does not rely on predicting such events. Instead, valuations drive our portfolio positioning. We believed throughout much of the year that the strength of the U.S. economy was historically consistent with higher real yields and positioned portfolios to be modestly underweight real yield duration relative to their respective benchmarks. Real yields moved higher during the quarter driven by increased growth and Federal Reserve (Fed) tightening expectations, benefitting the short duration position. We have continued to make the case that inflation expectations are too low. Breakeven inflation rates remain below current levels of core inflation, well under the Fed's inflation target, and well below historical levels of both inflation and inflation expectations. We positioned for this view in an overweight to longer maturity U.S. TIPS which benefitted from the rise in breakeven inflation rates following the election.

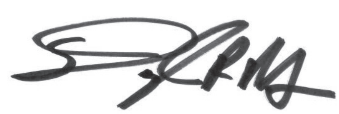
Given the large move in the fourth quarter, how do U.S. TIPS look going forward? We continue to believe they possess good long-term relative value even after their recent strong performance. With Core CPI at 2.1%, breakeven inflation rates in all but the longest maturities trade below current levels of core inflation. Energy prices, a significant headwind in to Headline CPI in 2015, have stabilized with OPEC showing a willingness to reduce production to stem the supply glut. Despite the Fed's decision in December to raise interest rates, inflation continues to fall short of their target (approximately 2.5% on Core CPI). This would argue for a more gradual reversal of Fed policy tightening. If Fed rate hikes were to exceed investor expectations this could be a potential headwind for U.S. TIPS. While monetary policy trends may not be as supportive for U.S. TIPS going forward, newly aggressive fiscal policy stimulus could catalyze new support.

As we enter the new year, we hold many of the same positions that worked well for us in the fourth quarter. Real yields have traded below our estimate of fair value, and even with the recent rise in rates, we are continuing to hold a shorter-than-benchmark duration profile. Seasonal patterns typically call for higher breakeven rates in the first half of the year. With valuations still providing long-term value and an incoming Trump administration indicating inflation-friendly policies, we continue to hold an overweight to breakeven inflation rates in those portfolios with the requisite flexibility. The U.S. TIPS market and the BBH TIPS Strategy enjoyed a strong year in 2016. With more interest in the asset class, long-term value still to be had, and inflation-friendly policies ahead, we are optimistic for continued strong results from the sector in 2017.

Sincerely,



James J. Evans, CFA
Portfolio Co-Mananger



Douglas R. Mark, CFA
Portfolio Co-Manager

Performance As of December 31, 2016							
	Total Returns		Average Annual Total Returns				
Composite/Benchmark	3 Mo.*	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
BBH Inflation-Indexed Securities Composite (Gross of Fees)	-2.31%	5.04%	5.04%	2.62%	1.23%	4.70%	6.04%
BBH Inflation-Indexed Securities Composite (Net of Fees)	-2.35%	4.88%	4.88%	2.47%	1.08%	4.54%	5.89%
Barclays Capital U.S. TIPS Index	-2.41%	4.68%	4.68%	2.26%	0.89%	4.36%	5.57%

* Returns are not annualized.

Sources: BBH & Co. and Barclays Capital

Past performance does not guarantee future results, and current performance may be lower or higher than the past performance data quoted. The investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than the original cost.

For purpose of complying with the GIPS® standards, the firm is defined as Brown Brothers Harriman Investment Management ("IM"). IM is a division of Brown Brothers Harriman & Co. ("BBH"). IM claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of IM and/or a presentation that complies with the GIPS standards, contact John W. Ackler at (212) 493-8247, or via email at john.ackler@bbh.com..

Gross of fee performance results for this composite do not reflect the deduction of investment advisory fees. Actual returns will be reduced by such fees. "Net" of fees performance results reflect the deduction of the maximum investment advisory fees. Performance calculated in U.S. dollars.

The Composite is comprised of fully discretionary, fee-paying domestic accounts over $10 million with an emphasis on U.S. inflation indexed securities. May invest up to approximately 25% outside of U.S. inflation indexed securities, and a duration of approximately 7-9 years. Accounts are benchmarked to the Barclays Capital U.S. TIPS Index or equivalent. The Barclays Capital U.S. TIPS Index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

IM-2017-01-18-3566 Exp. Date 04/30/2017

OPEB

BNY MELLON

City of Orlando OPEB - Performance Summary

Report ID: IPM0005
Reporting Currency: USD

TOTAL GROSS OF FEES

12/31/2016

Account Name / Benchmark Name	Market Value	% of Total	Month	3 Months	Fiscal YTD	YTD	1 Year	2 Years (Annualized)	3 Years (Annualized)	12/1/2009 - 12/31/2016 (Annualized)
OPEB Total Fund	**95,170,931.39**	**100.00**	**0.88**	**-0.69**	**-0.69**	**7.29**	**7.29**	**2.55**	**3.52**	**7.37**
U.S. Equity	**33,108,903.72**	**34.79**	**1.46**	**3.23**	**3.23**	**13.31**	**13.31**	**6.59**	**8.00**	**13.75**
Rhumbline S&P 500	22,010,563.16	23.13	1.97	3.80	3.80	11.92	11.92	6.51	8.84	12.94
S&P 500 - Total Return Index			*1.98*	*3.82*	*3.82*	*11.96*	*11.96*	*6.54*	*8.87*	*12.98*
Excess Return			**-0.01**	**-0.02**	**-0.02**	**-0.04**	**-0.04**	**-0.03**	**-0.03**	**-0.03**
Clarkston Cap Pt	11,098,340.56	11.66	0.48							
Russell 2500 Index			*1.94*							
Excess Return			**-1.46**							
International Equity	**11,792,589.76**	**12.39**	**0.04**	**-8.36**	**-8.36**	**-9.41**	**-9.41**	**-6.57**	**-6.07**	**1.89**
Artisan Intl Eq	11,792,589.76	12.39	0.04	-8.36	-8.36	-9.41	-9.41	-6.51		
MSCI All Country World Ex United States Net Index			*2.56*	*-1.25*	*-1.25*	*4.50*	*4.50*	*-0.71*		
Excess Return			**-2.52**	**-7.11**	**-7.11**	**-13.91**	**-13.91**	**-5.80**		
Fixed Income	**31,141,482.78**	**32.72**	**-0.04**	**-2.38**	**-2.38**	**3.85**	**3.85**	**2.09**	**3.74**	**4.19**
Inc Res & Mgmt Core	26,497,022.22	27.84	0.08	-2.58	-2.58	3.63	3.63	1.99	3.67	4.16
Bloomberg Barclays U.S. Aggregate Bond Index			*0.14*	*-2.98*	*-2.98*	*2.65*	*2.65*	*1.59*	*3.03*	*3.35*
Excess Return			**-0.06**	**0.39**	**0.39**	**0.99**	**0.99**	**0.39**	**0.64**	**0.81**
Manulife	4,644,460.56	4.88	-0.70							
Bloomberg Barclays U.S. Aggregate Bond Index			*0.14*							
Excess Return			**-0.84**							
Cash Account	133,529.77	0.14	0.71	0.79	0.79	1.01	1.01	0.53	0.36	0.20
Multi-Asset Class	**18,994,425.36**	**19.96**	**1.82**	**-0.32**	**-0.32**	**13.34**	**13.34**	**1.72**	**1.42**	**4.82**
PIMCO All Asset Fund	18,994,425.36	19.96	1.82	-0.32	-0.32	13.34	13.34	1.72	1.42	4.82
CPI plus 500 bps			*0.43*	*1.22*	*1.22*	*7.07*	*7.07*	*6.40*	*6.19*	*6.56*
Excess Return			**1.39**	**-1.54**	**-1.54**	**6.26**	**6.26**	**-4.68**	**-4.77**	**-1.74**