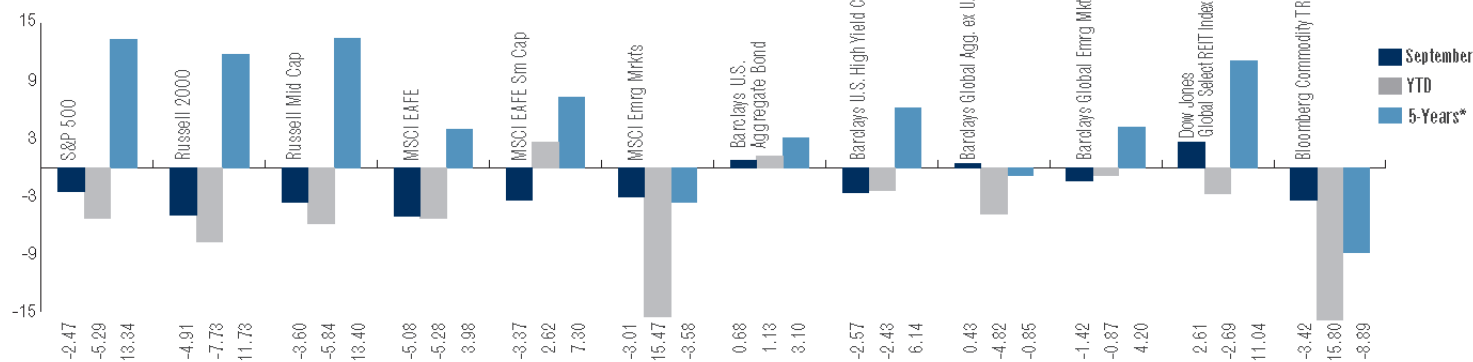


## SEPTEMBER HIGHLIGHTS

- It was another difficult month for equities around the world. Domestic small caps represented by the Russell 2000 Index declined 4.9%, while international developed equities, as per the MSCI EAFE Index, declined 5%. Year-to-date, only international developed small cap equities represented by MSCI EAFE Small Cap posted a positive return of 2.6%. Across market caps, large cap growth held up better but still finished the month in negative territory with a loss of -2.5%. Among S&P sectors, Utilities fared the best and returned 2.9% in September. Consumer Staples were also positive for the month. At the other end of the spectrum were Materials, which lost -7.4%.
  - Fixed income investments tend to do well when equities falter. Investment grade fixed income and municipal bonds represented by the Barclays US Aggregate Bond Index and the Barclays Municipal Index earned a positive return of 0.7% each. Treasuries, which are considered by investors to be “safe havens” during periods of equity markets turbulence, also had a positive month, as per the Barclays US Treasury Index. At the other end of the spectrum, high yield bonds, which are more closely correlated with equity markets, posted a loss of -2.6%.
  - Commodities represented by the Bloomberg Commodity Index fell 3.4% in September. Crude oil continued to show weakness and posted an 8.4% loss for the month. Slower global growth coupled with oversupply has been very challenging for this market, as it is down 32% since April.

## INDEX RETURNS (%)



## FOCUS ITEMS

	9/30/2015	8/31/2015	1-Mth Change	9/30/2014
<b>U.S. Dollar to Japanese Yen</b>	119.88	121.23	-1.11%	109.65
<b>Euro to U.S. Dollar</b>	1.12	1.12	-0.30%	1.26
<b>Gold</b>	1114.00	1135.00	-1.85%	1216.50
<b>10-Year Treasury Yield</b>	2.04	2.22	-8.17%	2.49
<b>Light Crude Oil</b>	45.09	49.20	-8.35%	91.16

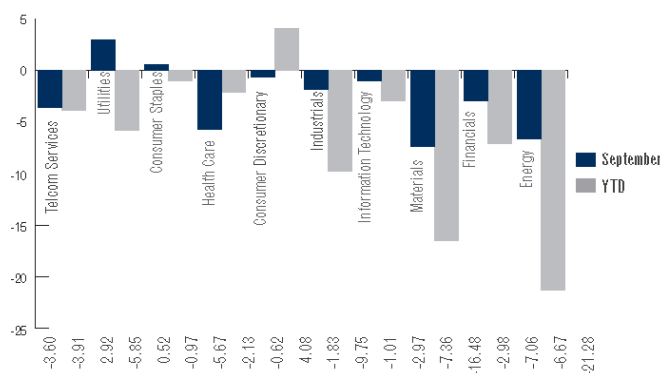
## INTERNATIONAL EQUITY RETURNS (%)

	September	Year to Date	5-Years*
<b>MSCI EAFE Growth</b>	-3.96	-2.41	-4.65
<b>MSCI EAFE</b>	-5.08	-5.28	-8.66
<b>MSCI EAFE Value</b>	-6.23	-8.15	-12.60

## FIXED INCOME SECTORS (%)

	September	Year to Date	5-Years*
<b>Barclays U.S. Aggregate</b>	0.68	1.13	3.10
<b>Barclays U.S. Treasury</b>	0.88	1.80	2.55
<b>Barclays U.S. Corporate</b>	0.75	-0.10	4.32
<b>Barclays U.S. Gov't Related</b>	-0.12	-0.02	2.57
<b>Barclays U.S. Securitized</b>	0.62	1.66	3.11
<b>Barclays U.S. Municipal</b>	0.72	1.77	4.14

## S&P SECTOR RETURNS



## EQUITY STYLE RETURNS (%)

SEPTEMBER	Value			
	Core	Growth		
	Large	-3.02	-2.74	-2.47
	Mid	-3.34	-3.60	-3.86
Small	-3.46	-4.91	-6.32	

YTD	Value			
	Core	Growth		
	Large	-8.96	-5.24	-1.54
	Mid	-7.66	-5.84	-4.15
Small	-10.06	-7.73	-5.47	

\*5-Year performance number is Annualized. Past performance is not a guarantee of future results. Indexes are not available for direct investment. Any investor who attempts to mimic an index will incur fees and expenses which would reduce returns.

**THIS MATERIAL IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE USED OR CONSTRUED AS A RECOMMENDATION REGARDING ANY SECURITY OUTSIDE OF A MANAGED ACCOUNT.**

There is no assurance that any investment strategy will be successful or that any securities transaction, holdings, sectors or allocations discussed will be profitable. It should not be assumed that any investment recommendation or decisions made in the future will be profitable or will equal any investment performance discussed herein. Fixed income securities are subject to interest rate risk. Generally, when interest rates rise, bond prices fall, and vice versa. Specific sector investing can be subject to different and greater risks than more diversified investments. Investing in small-cap and mid-cap stocks generally involves greater risks, and, therefore, may not be appropriate for every investor. International investing also involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. High-yield (below investment-grade) bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio. Commodities trading is generally considered speculative because of the significant potential for investment loss.

Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments

**ASSET CLASS RETURNS:** Source: Russell, Barclays, Dow Jones, JP Morgan, Morningstar Direct

**S&P 500 SECTOR RETURNS:** [Source: Standard & Poor's] Returns are based on the GICS Classification model. Returns are cumulative total return for stated period, including reinvestment of dividends.

**STYLE RETURNS:** [Source: Russell] Style box returns based on the GICS Classification model. All values are cumulative total return for stated period including reinvestment of dividends. The Indices used from L to R, top to bottom are: Russell 1000 Value Index, Russell 1000 Index, Russell 1000 Growth Index, Russell Mid-cap Value Index, Russell Mid-cap Index, Russell Mid-cap Growth Index, Russell 2000 Value Index, Russell 2000 Index, and Russell 2000 Growth Index.

**INTERNATIONAL EQUITY STYLE RETURNS, AND FOCUS ITEMS:** Source: Morningstar Direct

**FIXED INCOME SECTORS:** [Source: Barclays] Returns based on the four sectors of Barclays Global Sector Classification Scheme: Securititized (consisting of U.S. MBS Index, the ERISA-Eligible CMBS Index, and the fixed-rate ABS Index), Government Related (consisting of U.S. Agencies and non-corporate debts with four sub sectors: Agencies, Local Authorities, Sovereign, and Supranational), Corporate (dollar denominated debt from U.S. and non-U.S. industrial, utility, and financial institutions issuers), and Treasuries (includes public obligations of the U.S. Treasury that have remaining maturities of one year or more).

Please note that all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product which attempts to mimic the performance of an index will incur expenses that would reduce returns. Past performance is not indicative of future results.

**INDEX DESCRIPTIONS:**

**Barclays Global Emerging Market Debt:** The Barclays Global Emerging Markets Index represents the union of the USD-denominated U.S. Emerging Markets Index and the predominately EUR-denominated Pan Euro Emerging Markets Index, covering the emerging markets in the following regions: Americas, Europe, Middle East, Africa and Asia.

**Barclays U.S. Aggregate Bond Index:** Measures changes in the fixed rate debt issues rated investment grade or higher by Moody's Investors Service, Standard and Poor's, or Fitch Investor's Service, in that order. The Aggregate Index is comprised of the Government/Corporate, the Mortgage-Backed Securities, and the Asset-Backed Securities indices.

**Barclays U.S. Municipal Bond Index:** The U.S. Municipal Index covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

**Barclays Global Aggregate ex U.S.:** Measures changes in global investment-grade, fixed-rate debt markets. It combines non-U.S. dollar-denominated versions of the (an-European Index and the Japanese, Canadian, Australian and New Zealand components of the Global Treasury Index.

**Barclays U.S. High Yield:** The U.S. Corporate High-Yield Index measures the market of USD-denominated, non-

investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt.

**MSCI EAFE (Europe, Australasia, Far East):** A free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

**The Dow Jones Global Select REIT Index:** intends to measure the performance of publicly traded real estate securities. The indices are designed to serve as proxies for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. This index represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded globally.

**MSCI EAFE Small Cap:** The MSCI Developed Markets Small Cap Indices offer an exhaustive representation of this size segment by targeting companies that are in the Investable Market Index but not in the Standard Index in a particular developed market. The indices include Value and Growth style indices and industry indices based on the Global Industry Classification Standard (GICS).

**MSCI EAFE Value:** Represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the value style.

**MSCI EAFE Growth:** Represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the growth style.

**MSCI Emerging Markets:** A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of June 2, 2014, the index consists of the following 23 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and the United Arab Emirates.

**MSCI Local Currency:** A special currency perspective that approximates the return of an index as if there were no currency valuation changes from one day to the next.

**MSCI EAFE U.S. Dollar:** An unmanaged capitalization-weighted index of companies representing the stock markets of Europe, Australasia and the Far East.

**Russell 1000:** Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the investable U.S. equity market.

**Russell 1000 Value Index:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and lower forecasted growth values.

**Russell 1000 Growth Index:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell Mid-cap:** Measures the performance of the 800 smallest companies of the Russell 1000 Index, which represent approximately 30% of the total market capitalization of the Russell 1000 Index.

**Russell Mid-cap Value Index:** Measures the performance of those Russell Mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

**Russell Mid-cap Growth Index:** Measures the performance of those Russell Mid-cap companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 2000:** Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

**Russell 2000 Value Index:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Growth Index:** Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 3000:** Representing approximately 98% of the investable U.S. equity market, the Russell 3000 index measures the performance of the largest 3,000 U.S. companies

**Standard & Poor's 500 (S&P 500):** Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investable U.S. equity market.

**Bloomberg Commodities Index:** Formerly known as Dow Jones UBS Commodity Index (DJUBS). The Bloomberg Commodity Index is calculated on an excess return basis and composed of futures contracts on 22 physical commodities. It reflects the return of underlying commodity futures price movements.

**Markets went from complacency in July to a panic, risk-off mode in August and September**

- Concerns over a global economic slowdown, low inflation and volatile global stock markets all contributed to Janet Yellen and the Federal Reserve holding off on raising interest rates at their September meeting
  - Many economists still expect the Fed to raise rates before the end of 2015
- U.S. equities, as measured by the S&P 500, ended the quarter down -6.4%
  - The Materials and Energy sectors led the decline, both posting declines of over -16%
  - In the Healthcare sector, Biotechnology shares came under pressure late in the quarter
  - Consumer Staples and Utilities were relatively flat for the third quarter
- The 10-year treasury yield fell during the quarter, ending at the 2.06% level, down from 2.35% where it ended Q2
- Fixed income returns were slightly positive in less credit sensitive areas of fixed income. The Barclays Aggregate Bond Index ended the quarter up +1.2% whereas the Barclays U.S. Corporate High Yield Index was down -4.9% for the third quarter
- Economic data was mixed during the quarter;
  - U.S. GDP for Q2 was recently revised up to +3.9%. The consensus economist forecast expects Q3 GDP around the 2.0% level
  - On a positive note, U.S. consumer spending appeared to grow at a healthy pace in Q3, pointing to solid domestic demand
  - On a negative note, U.S. consumer sentiment declined in September to the lowest level in a year as Americans anticipated a weaker economy in the face of a global slowdown and turbulent financial markets.
    - The University of Michigan Consumer Sentiment Index dropped to 85.7 from an August reading of 91.9
  - Headline unemployment continues to come down, reaching 5.1% in September
    - Despite the headline improvement, the overall labor force participation rate stayed flat at 62.6%, its lowest since October 1977
  - Inflation remains subdued, posting a +0.2% increase over the 12 months ended August
- For Q3 2015, year-over-year earnings for the S&P 500 are projected to decline by -4.5% vs. an estimated -1.0% decline at the start of the quarter
  - The current 12-month forward P/E ratio is 15.2x (vs. a 10-year average of 14.1x)

**Developed international and emerging market equities were also impacted by a strong risk-off mood during the third quarter**

- Performance was weak across all regions with sharp losses in Japan, Europe & the UK
  - The recent problems in Greece were pushed to the back of the news cycle as their government managed to cobble together a last minute deal with their creditors
- Developed international equities ended the quarter down -10.2%
- Emerging market equities were down -17.9% during the quarter, with the continued strength in the U.S. Dollar contributing over 5.0 percentage points of the decline
  - Brazil and China led the decline, falling -33.6% and -22.7% respectively in Q3
  - In addition, many Asian countries with significant trade with China were down sharply
- The U.S. Dollar was relatively flat versus a basket of trade weighted currencies during Q3, but showed continued strength versus many emerging market currencies
  - For example, the Brazilian Real exchange rate (vs. the USD) fell approx. 20% in Q3

**Major risks focus on global instability and central bank policy**

- Continued questions around the timing and magnitude of future Federal Reserve rate increases
- Slowing economic growth in China / continued Chinese equity market correction
- Uncertainty around the geopolitical situation in the Middle East (Syria / Iraq)
- Continued sell-off across the global equity markets

*Footnotes:*

Returns are Index level, computed from Morningstar Direct and include the S&P 500, Barclays Capital Aggregate Bond Indexes, Barclays Capital High Yield Index, MSCI EAFE Index, MSCI Emerging Markets Index

Economic data is taken from The Federal Reserve, Bureau of Labor Statistics, Bureau of Economic Analysis, and Factset

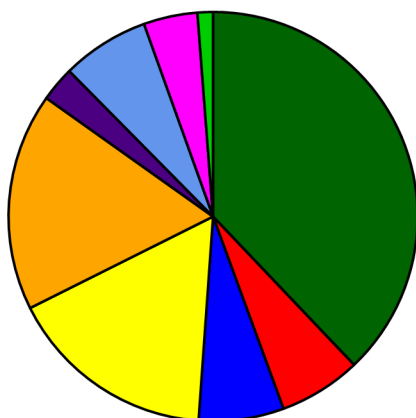
# Harbor Branch Oceanographic Institute Foundation, Inc.

## Total Composite

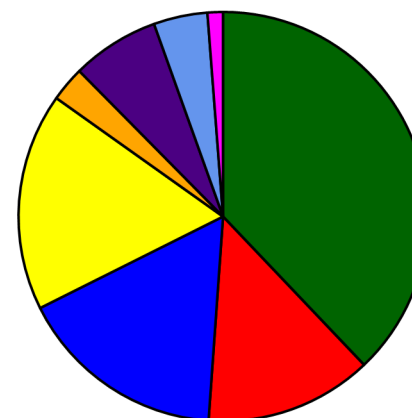
Report Period: 09-30-2015

Fiscal Year Ends: June

### Asset Composition By Account and Style



Account	Market Value	% of Total	Target Alloc %	% Diff
Vanguard 500 Index	22,949,967	37.90	31.80	6.10
iShares Russell 2000	3,942,872	6.51	7.15	(0.64)
Vanguard Russell 2000	4,073,400	6.73	7.15	(0.42)
EuroPacific Growth F-2	9,988,255	16.49	19.30	(2.81)
PIMCO Short Term	10,420,410	17.21	18.60	(1.39)
Legg Mason BW Global Opp Bond Fund	1,673,354	2.76	5.00	(2.24)
Ironwood International Ltd (Class C&D Shares)	4,192,868	6.92	6.00	0.92
PIMCO Short Term	2,578,494	4.26	5.00	(0.74)
Cash	740,588	1.22	0.00	1.22
<b>Total</b>	<b>\$60,560,208</b>	<b>100%</b>	<b>100%</b>	



Manager Style	Market Value	% of Total	Target Alloc %	% Diff
Large Cap Equity	22,949,967	37.90	31.80	6.10
Small Cap Equity	8,016,272	13.24	14.30	(1.06)
International Equity	9,988,255	16.49	19.30	(2.81)
Fixed Income	10,420,410	17.21	18.60	(1.39)
Global Fixed Income	1,673,354	2.76	5.00	(2.24)
Alternative Investments	4,192,868	6.92	6.00	0.92
Cash/Short Term Fixed Income	2,578,494	4.26	5.00	(0.74)
Cash & Equivalents	740,588	1.22	0.00	1.22
<b>Total</b>	<b>\$60,560,208</b>	<b>100%</b>	<b>100%</b>	

# Harbor Branch Oceanographic Institute Foundation, Inc.

Report Period Ending September 30, 2015

Fiscal Year Ends: June

	Market Value	Current Allocation	Latest Month	QTD 06/30/2015 09/30/2015	Fiscal YTD	YTD	Latest Year	Latest 3 Years	Latest 5 Years	Inception to Date	Inception Date
<b>Total Composite Balanced Index</b>	<b>\$60,560,208</b>	<b>100.00%</b>	<b>-2.30%</b>	<b>-6.75%</b>	<b>-6.75%</b>	<b>-4.75%</b>	<b>-3.02%</b>	<b>6.46%</b>	<b>6.92%</b>	<b>4.99%</b>	<b>12/31/2005</b>
<b>Harbor Branch Target Index</b>			<b>-2.48%</b>	<b>-5.87%</b>	<b>-5.87%</b>	<b>-4.05%</b>	<b>-1.55%</b>	<b>6.24%</b>	<b>6.66%</b>	<b>4.94%</b>	
<b>CPI + 5%</b>			<b>-2.42%</b>	<b>-5.67%</b>	<b>-5.67%</b>	<b>-3.46%</b>	<b>-1.00%</b>	<b>6.92%</b>	<b>7.26%</b>	<b>5.05%</b>	
			<b>0.42%</b>	<b>1.12%</b>	<b>1.12%</b>	<b>5.36%</b>	<b>5.24%</b>	<b>6.15%</b>	<b>6.96%</b>	<b>7.19%</b>	
<b>Equity Composite Balanced Index</b>	<b>\$40,954,494</b>	<b>67.63%</b>	<b>-3.10%</b>	<b>-8.96%</b>	<b>-8.96%</b>	<b>-6.00%</b>	<b>-3.32%</b>	<b>9.89%</b>	<b>9.92%</b>	<b>4.97%</b>	<b>12/31/2005</b>
			<b>-3.59%</b>	<b>-8.47%</b>	<b>-8.47%</b>	<b>-5.86%</b>	<b>-2.14%</b>	<b>10.51%</b>	<b>10.86%</b>	<b>5.98%</b>	
<b>Large Cap Equity</b>											
Vanguard 500 Index	\$22,949,967	37.90%	-2.48%	-6.45%	-6.45%	-5.30%	-0.63%	12.32%	N/A	15.41%	08/23/2011
S&P 500			-2.47%	-6.44%	-6.44%	-5.29%	-0.61%	12.40%	N/A	15.46%	
<b>Small Cap Equity</b>											
iShares Russell 2000	\$3,942,872	6.51%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-3.27%	09/24/2015
Russell 2000			N/A	N/A	N/A	N/A	N/A	N/A	N/A	-3.17%	
Vanguard Russell 2000	\$4,073,400	6.73%	-4.84%	-11.94%	-11.94%	-7.67%	1.36%	N/A	N/A	-3.37%	09/12/2014
Russell 2000			-4.91%	-11.92%	-11.92%	-7.73%	1.25%	N/A	N/A	-3.63%	
<b>International Equity</b>											
EuroPacific Growth F-2	\$9,988,255	16.49%	-3.49%	-9.85%	-9.85%	-3.45%	-5.06%	6.25%	4.44%	4.72%	12/31/2005
MSCI EAFE - Net			-5.08%	-10.23%	-10.23%	-5.28%	-8.66%	5.63%	3.98%	2.62%	
<b>Fixed Income Composite Balanced Index</b>	<b>\$14,672,257</b>	<b>24.23%</b>	<b>-0.51%</b>	<b>-1.95%</b>	<b>-1.95%</b>	<b>-2.61%</b>	<b>-2.89%</b>	<b>1.12%</b>	<b>3.19%</b>	<b>5.20%</b>	<b>12/31/2005</b>
			<b>0.05%</b>	<b>0.08%</b>	<b>0.08%</b>	<b>-0.22%</b>	<b>0.02%</b>	<b>0.51%</b>	<b>2.22%</b>	<b>4.38%</b>	
<b>Fixed Income</b>											
PIMCO Short Term	\$10,420,410	17.21%	-0.52%	-0.70%	-0.70%	0.47%	0.09%	N/A	N/A	0.73%	11/15/2013
Citi 3 Month T-Bill			0.00%	0.01%	0.01%	0.02%	0.02%	N/A	N/A	0.03%	
<b>Global Fixed Income</b>											
Legg Mason BW Global Opp Bond Fund	\$1,673,354	2.76%	-1.40%	-4.46%	-4.46%	-8.10%	-8.23%	N/A	N/A	-2.77%	02/01/2013
Citi World Govt Bond			0.76%	1.71%	1.71%	-2.38%	-3.83%	N/A	N/A	-2.04%	
<b>Cash/Short Term Fixed Income</b>											
PIMCO Short Term	\$2,578,494	4.26%	-0.52%	-0.70%	-0.70%	0.47%	0.33%	0.99%	1.26%	1.32%	08/12/2010
Citi 3 Month T-Bill			0.00%	0.01%	0.01%	0.02%	0.02%	0.04%	0.06%	0.06%	
<b>Alternative Investments</b>											
<b>Alternative Composite Balanced Index</b>	<b>\$4,192,868</b>	<b>6.92%</b>	<b>-1.05%</b>	<b>-1.35%</b>	<b>-1.35%</b>	<b>2.11%</b>	<b>2.65%</b>	<b>6.30%</b>	<b>5.24%</b>	<b>3.86%</b>	<b>12/31/2005</b>
			<b>-0.33%</b>	<b>-0.92%</b>	<b>-0.92%</b>	<b>1.26%</b>	<b>1.86%</b>	<b>3.51%</b>	<b>2.58%</b>	<b>2.29%</b>	

## Alternative Investments

# Harbor Branch Oceanographic Institute Foundation, Inc.

Report Period Ending September 30, 2015

Fiscal Year Ends: June

	Market Value	Current Allocation	Latest Month	QTD 06/30/2015 09/30/2015	Fiscal YTD	YTD	Latest Year	Latest 3 Years	Latest 5 Years	Inception to Date	Inception Date
Ironwood International Ltd (Class C&D Shares)	\$4,192,868	6.92%	-1.05%	-1.35%	-1.35%	2.11%	1.85%	7.78%	7.16%	4.54%	12/31/2005
HFRI FOF Conservative			-0.33%	-0.92%	-0.92%	1.26%	1.52%	4.56%	3.01%	2.12%	
<b>Cash &amp; Equivalents</b>											
Cash	\$740,588	1.22%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12/31/2005
Citi 1 Month T-Bill			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Citi 1 Month CD			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

The Balanced Index is calculated using composite market values by asset class, assigning these weights to the appropriate index for comparison. These weights are adjusted historically based on month by month changes in your asset allocation. The Balanced Index weights as of 09/30/15 are: 1% Citi 1 Month T-Bill, 21% Citi 3 Month T-Bill, 3% Citi World Govt Bond, 16% MSCI EAFE - Net, 7% HFRI FOF Conservative, 14% Russell 2000, 38% S&P 500

\*\*\*\*All returns are net of management fees