

Lackawanna County Employees' Retirement Fund

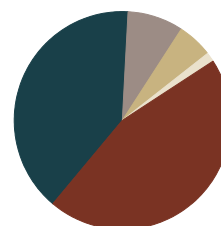
Account Statement - at 6/30/2016

94300

Portfolio Summary

	<i>QTD</i> 3/31/16 - 6/30/16	<i>YTD</i> 12/31/15 - 6/30/16
Beginning market value	\$152,838,988	\$153,684,630
Net additions and disbursements	-1,537,344	-2,608,989
Investment income	775,159	1,497,869
Portfolio appreciation / depreciation	325,823	-170,884
Ending market value	\$152,402,626	\$152,402,626

Allocation



Actual

	<i>Actual</i>	<i>Target</i>	<i>Diff</i>
Large-Cap Core Equity	45.4%	45.0%	+0.4%
Small-Cap Core Equity	5.3%	5.0%	+0.3%
International Equity	8.4%	10.0%	(-1.6%)
Fixed Income	39.5%	40.0%	(-0.5%)
Cash	1.3%	0.0%	+1.3%

Performance

	<i>QTD</i>	<i>YTD</i>	<i>1 yr</i>	<i>3 yr</i>	<i>5 yr</i>	<i>ITD</i>
Large-Cap Core Equity (4/1/2002)*	0.68%	-0.43%	-3.80%	8.95%	9.50%	7.45%
S&P 500	2.46%	3.84%	3.99%	11.64%	12.09%	6.47%
Small-Cap Core Equity (4/1/2002)*	0.69%	-1.46%	-16.14%	0.04%	2.20%	8.16%
Russell 2000	3.79%	2.22%	-6.73%	7.08%	8.34%	7.35%
International Mutual Fund (3/1/1995)*	-1.50%	-3.71%	-11.23%	0.92%	0.44%	5.73%
EAFE	-1.46%	-4.42%	-10.16%	2.06%	1.68%	4.64%
Fixed Income (1/1/1987)*	1.26%	3.97%	4.78%	3.39%	3.75%	6.69%
Blend Index	1.44%	3.78%	4.36%	3.17%	3.23%	6.44%
Total Portfolio (12/31/1978)*	0.73%	0.90%	-2.12%	5.74%	6.28%	8.95%
Blend Index	1.78%	2.96%	2.30%	7.20%	7.62%	9.40%

Benchmark History

Total Portfolio Blend Index

01/01/2014	SP500 45%	BCIAGG 40%
	EAFE 9%	R2000 6%
04/01/2002	SP500 45%	BCAGG 40%
	EAFE 9%	R2000 6%

Fixed Income Blend Index

01/01/2014	BCIAGG 100%
04/01/1999	BCAGG 100%

Periods greater than 1 year are annualized

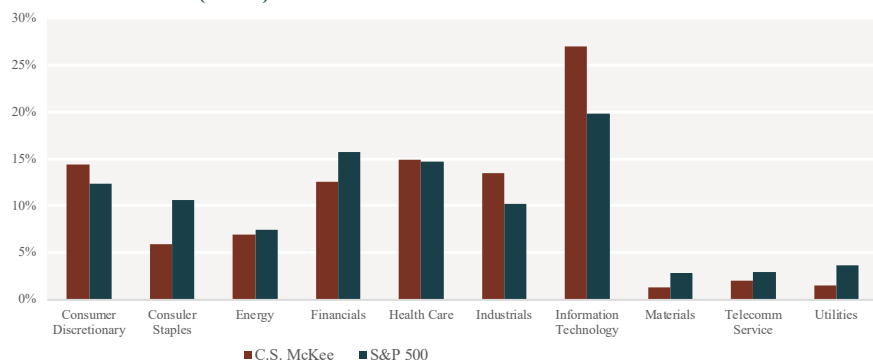
* Performance Start Date

Large-Cap Core Equity

Portfolio Characteristics – at June 30, 2016

Benchmark Comparisons	C.S. McKee	S&P 500	Variance
Number of Holdings	48	505	-457
Weighted Average Capitalization (\$Mil)	127,039	129,445	-2,406
Mean Capitalization (\$Mil)	99,451	37,794	61,657
Median Capitalization (\$Mil)	57,708	18,128	39,580
Yield (%)	1.93	2.15	-0.22
Beta (Volatility)	1.07	1.00	0.07
R-Squared (Risk due to Market)	0.96	1.00	-0.04
5-Year Standard Deviation (Variability)	13.55	12.00	1.55
Price-to-Book	2.63	2.88	-0.25
Turnover (Trailing 12 Months)	14.6		
Price-to-Earnings Ratios:			
Trailing 12-Month P/E Ratio	18.9	19.5	-0.6
2016 Forecast P/E Ratio	17.1	17.9	-0.8
2017 Forecast P/E Ratio	14.8	15.7	-0.9
EPS Growth - Next 5 Years (%)	12.3	11.0	1.3

Sector Allocation (GICS)



Best & Worst Contributors to Performance * / Top Holdings / Transactions

Top 5 Contributors		% Contribution % of Portfolio		Btm 5 Contributors		% Contribution % of Portfolio	
Express Scripts		0.32	3.41	Apple		-0.47	4.70
EOG Resources		0.27	2.05	BorgWarner		-0.36	1.19
MEDNAX		0.26	2.02	Microsoft		-0.29	4.17
AT&T		0.21	1.96	Alphabet (GOOGL)		-0.20	2.36
Monsanto		0.20	1.27	Alphabet (GOOG)		-0.17	2.32
Top 10 Holdings		% of Portfolio		Transactions			
Apple	AAPL	4.70		Buys New: Humana (HUM)			
Alphabet-GOOG/GOOGL	GOOG	4.68		Add: Apple (AAPL)			
Microsoft	MSFT	4.17		Walmart (WBA)			
Honeywell	HON	3.61		Sales Full: Western Digital (WDC)			
Express Scripts	ESRX	3.41		Trim: MEDNAX (MD)			
Intel	INTC	3.24					
Walt Disney	DIS	3.22					
Walgreens	WVA	3.12					
Celgene	CELG	2.87					
Wal-Mart Stores	WMT	2.61					

Market Capitalization

	C.S. McKee		S&P 500	
	Stocks	% of Portfolio	Stocks	% of Portfolio
Less than \$5 Billion	1	1.1	23	0.4
\$5 to \$10 Billion	4	7.9	100	4.1
\$10 to \$25 Billion	9	13.2	191	16.1
\$25 to \$50 Billion	8	14.5	101	17.9
Over \$50 Billion	26	63.3	90	61.5
Total	48	100.0	505	100.0

The above information is shown as supplemental information and complements the composite disclosure presentation. Please see full disclosure information at the end of this presentation.

Model accounts are used to produce characteristics and performance attribution for the C. S. McKee products. Adjustments are made to account for timing differences in the transactions and to balance to the actual time-weighted composite figure. Past security contributions to performance are not indicative of future results and client results may vary significantly.

* For information on the contribution calculation methodology and a list of every holding's contribution to the overall account's performance during the measurement period, please contact C. S. McKee at 412-566-1234.

Small-Cap Core Equity

Portfolio Characteristics – at June 30, 2016

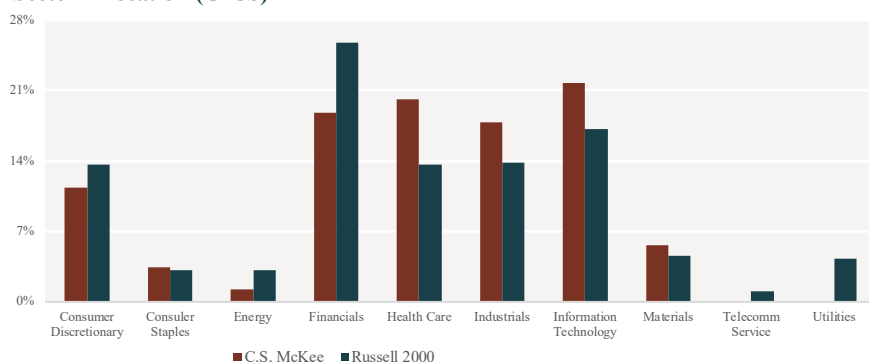
Benchmark Comparisons

	<i>C.S. McKee</i>	<i>Russell 2000</i>	<i>Variance</i>
Number of Holdings	35	2,006	-1,971
Weighted Average Capitalization (\$Mil)	2,147	1,722	425
Mean Capitalization (\$Mil)	1,812	967	845
Median Capitalization (\$Mil)	1,358	679	679
Yield (%)	1.09	1.38	-0.29
Beta (Volatility)	0.83	1.00	-0.17
R-Squared (Risk due to Market)	0.89	1.00	-0.11
5-Year Standard Deviation (Variability)	13.59	12.45	1.14
Price-to-Book	2.16	1.95	0.21
Turnover (Trailing 12 Months)	13.2		

Price-to-Earnings Ratios:

Trailing 12-Month P/E Ratio	21.2	28.2	-7.0
2016 Forecast P/E Ratio	17.9	25.2	-7.3
2017 Forecast P/E Ratio	15.6	20.2	-4.6
EPS Growth - Next 5 Years (%)	14.5	13.8	0.7

Sector Allocation (GICS)



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Best & Worst Contributors to Performance * / Top Holdings / Transactions

<i>Top 5 Contributors</i>		<i>% Contribution % of Portfolio</i>		<i>Btm 5 Contributors</i>		<i>% Contribution % of Portfolio</i>	
VCA		1.02	6.25	Synaptics		-1.51	3.16
United Natural Foods		0.57	3.26	EPAM Systems		-0.50	3.17
Neenah Paper		0.36	2.91	PRA Group		-0.46	2.13
Navigators Group		0.36	4.04	Myriad Genetics		-0.39	1.80
Prestige Brands Holdings		0.34	5.82	Cheesecake Factory		-0.37	3.59

<i>Top 10 Holdings</i>		<i>% of Portfolio</i>	
Toro	TTC	6.34	
VCA	WOOF	6.25	
Prestige Brands	PBH	5.82	
Navigators Group	NAV	4.04	
Forward Air	FWRD	4.01	
Semtech	SMT	4.00	
Cheesecake Factory	CAKE	3.59	
Lindsay	LNN	3.34	
United Natural Foods	UNFI	3.26	
EPAM Systems	EPAM	3.17	

<i>Transactions</i>	
Buys	New: Navios Maritime Midstream (NAP) Supernus Pharmaceutical (SUPN)
	Add: Federated Investors (FII) Mentor (MENT)
Sales	Full: C&J Energy (CJES)
	Trim: Prestige Brand (PBH) VCA (WOOF)

Market Capitalization

	<i>C.S. McKee</i>		<i>Russell 2000</i>	
	<i>Stocks</i>	<i>% of Portfolio</i>	<i>Stocks</i>	<i>% of Portfolio</i>
Less than \$500 Million	2	2.0	816	10.9
\$500 Million to \$1 Billion	10	21.6	439	15.8
\$1 Billion and Over	23	76.4	751	73.3
Total	35	100.0	2,006	100.0

International Equity

Portfolio Characteristics – at June 30, 2016

Benchmark Comparisons

	C.S. McKee	MSCI EAFE
Price-to-Book Value Ratio	1.30	1.49
Price-to-Earnings Ratios:		
Trailing 12-Month P/E Ratio	17.2	22.4
Forward 12-Month P/E Ratio**	12.9	14.0
Earnings Per Share Growth Rate		
5 Year EPS Forecast**	10.0%	8.4%
Holdings	49	930
Markets	14	21
Market Cap Range	\$1.7 to \$216.2 Bill.	\$1.7 to \$240.1 Bill.
Weighted Avg. Market Cap	\$45.6 Billion	\$51.5 Billion
Median Market Cap	\$36.1 Billion	\$8.4 Billion
ADRs	7.2%	0.0%

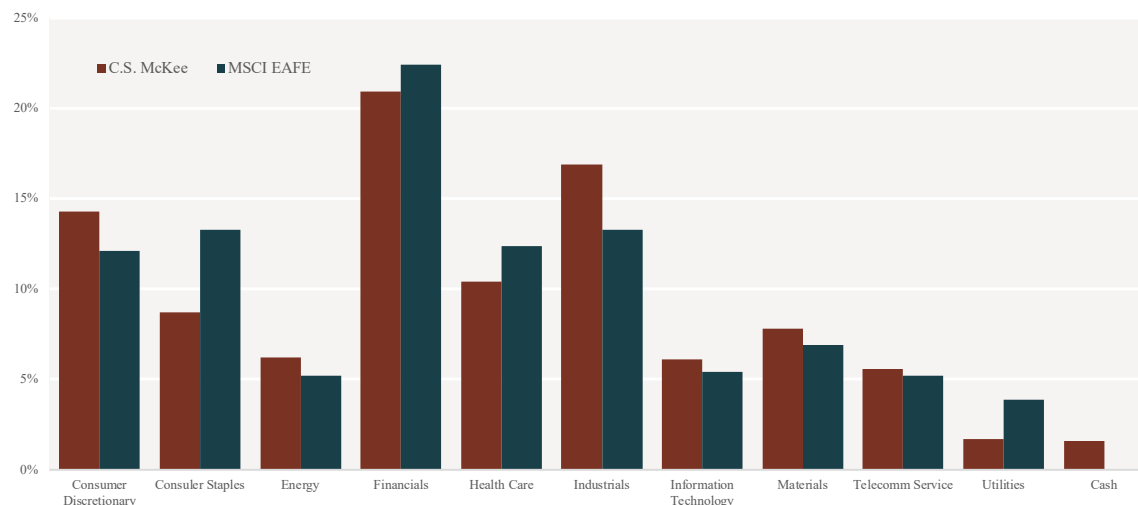
Country Allocations

Country	C.S. McKee* (%)	MSCI EAFE (%)	Variance
AUSTRALIA	7.38	7.26	0.12
AUSTRIA	0.00	0.16	-0.16
BELGIUM	0.00	1.48	-1.48
DENMARK	0.00	1.98	-1.98
FINLAND	0.00	0.98	-0.98
FRANCE	10.09	9.62	0.47
GERMANY	6.68	8.65	-1.97
HONG KONG	2.96	3.31	-0.35
IRELAND	0.00	0.46	-0.46
ISRAEL	0.95	0.77	0.18
ITALY	3.41	1.96	1.45
JAPAN	26.10	23.28	2.82
NETHERLANDS	0.00	3.17	-3.17
NEW ZEALAND	0.00	0.19	-0.19
NORWAY	1.31	0.64	0.67
PORTUGAL	0.00	0.15	-0.15
SINGAPORE	2.29	1.36	0.93
SPAIN	4.68	2.94	1.74
SWEDEN	3.86	2.76	1.10
SWITZERLAND	8.06	9.28	-1.22
TAIWAN	3.47	0.00	3.47
UNITED KINGDOM	17.17	19.60	-2.43
CASH	1.59	0.00	1.59
Total	100.00	100.00	

Allocations

Top 10 Countries*	% of Portfolio	Top 10 Holdings*	% of Portfolio	Geographic Distribution*	
Japan	26.10	Seven & i Holdings	3.55	Europe	57%
United Kingdom	17.17	East Japan Railway	3.36	Japan	26%
France	10.09	SABMiller	3.31	Non-Japanese Asia	5%
Switzerland	8.06	Newcrest Mining	3.23	Australia	7%
Australia	7.38	Astellas Pharma	2.87	Israel	1%
Germany	6.68	KDDI	2.86	Dev. Markets (10% Max.)	4%
Spain	4.68	Kubota	2.80		
Sweden	3.86	Vodafone Group	2.75		
Taiwan	3.47	WPP	2.73		
Italy	3.41	Capgemini	2.57		
Total	90.90	Total	30.02		

Weighting by Economic Sector* (Period-ending weights using GICS sectors)



* Holdings subject to risk. Holdings and allocations subject to change. For information, please contact C. S. McKee at 412-566-1234.

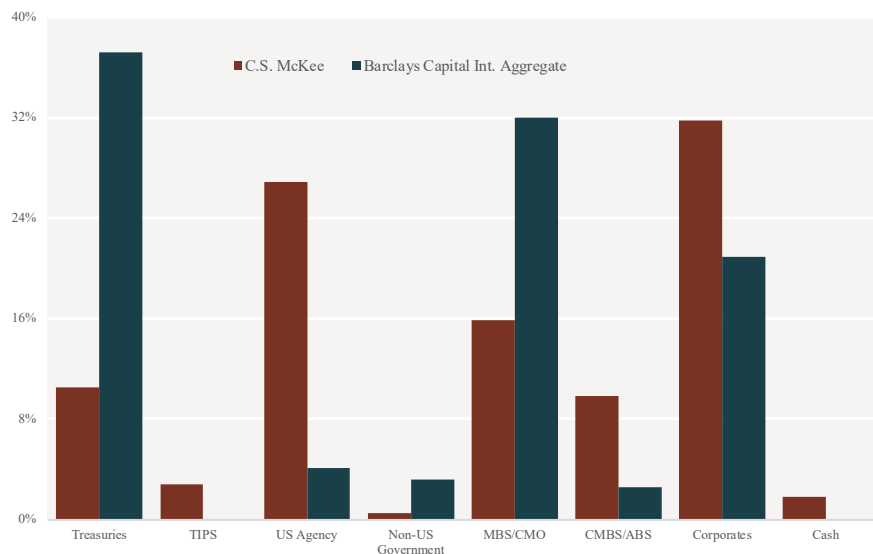
** Forward P/E Ratio divides a stock's current price by its estimate future earnings per share; it is calculated using consensus earnings estimates for the upcoming quarters. 5 Year Earnings Growth provides an estimate of how much analysts believe earnings will grow over the next 5 year period. Forward P/E Ratio and 5 Year Earnings Growth are not a forecast of the product's future performance.

Intermediate Aggregate Fixed Income

Portfolio Characteristics – at June 30, 2016

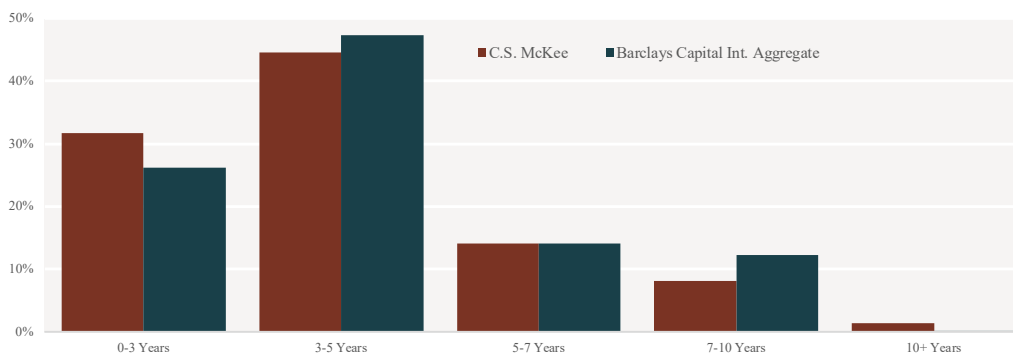
Benchmark Comparisons	C.S. McKee	Barclays Capital Int. Aggregate	Variance
Effective Duration	3.64 yrs	3.56 yrs	0.08 yrs
Average Convexity	-0.20	-0.20	0.00
Average Maturity	4.06 yrs	4.34 yrs	-0.28 yrs
Yield to Maturity	1.86 %	1.53 %	0.33 %
Average Coupon	2.73 %	2.87 %	-0.14 %
Average Quality	Aa1	Aa1	N/A

Sector Allocation



Top 10 Largest Holdings (Active Exposures)*	Coupon	Maturity	Sector	% of Portfolio
FEDERAL HOME LOAN BANKS(U)	1.000	05/26/2021	Agency	3.10
UNITED STATES TREAS NTS	1.750	04/30/2022	Treasury	2.73
FEDERAL NATL MTG ASSN(U)	0.750	01/29/2019	Agency	2.60
GOLDMAN SACHS BK USA NY	2.250	09/30/2020	FDIC CD	2.37
UNITED STATES TREAS NTS	1.500	12/31/2018	Treasury	2.03
AMERICAN EXPRESS CENTRN	2.350	10/07/2020	FDIC CD	1.86
UNITED STATES TREAS NTS	1.625	12/31/2019	Treasury	1.77
UNITED STATES TREAS NTS	1.375	08/31/2020	Treasury	1.69
FEDERAL HOME LN MTG CORP(U)	1.125	06/15/2021	Agency	1.45
UNITED STATES TREAS NTS	1.750	12/31/2020	Treasury	1.41

Term Structure



* Holdings subject to risk. Holdings and allocations subject to change. The securities identified and described do not represent all of the securities purchased, sold, or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable. For information on the contribution calculation methodology and a list of every holding's contribution to the overall account's performance during the measurement period, please contact C. S. McKee at 412-566-1234.

The above information is supplemental and complements the composite disclosure presentation at the end of this document, which includes net-of-fee returns for all periods presented. For additional information, contact C. S. McKee at 412-566-1234.

Large-Cap Core Equity, Second Quarter, 2016

The C.S. McKee Large Cap Core Equity composite's return of 0.52% underperformed the S&P 500's return of 2.46% by 194 basis points in the quarter. The underperformance is attributed to both stock selection and sector allocation as stocks with bond like characteristics price off record low interest rates.

- **What worked for the strategy over the quarter?**

A positive note in the portfolio came from the Industrials sector which contributed 26 basis points to relative performance. Shares of industrial conglomerate, Dover Corp., rose 8.4% as rebounding oil prices drove investors back into this stock. The stock struggled in 2015 as energy prices declined and is now recovering in tandem with the increases. Interestingly, only 21% of the company's revenue is leveraged to oil prices so it appears this would be yet another example of macro-trends overriding company fundamentals. The stock added 8 basis points to performance.

- **What didn't work for the strategy over the quarter?**

Headwinds in the quarter came primarily from the Consumer Discretionary and Health Care sectors. The two combined to detract 113 basis points from performance. Within the Consumer Discretionary sector, shares of automotive systems provider, BorgWarner, fell nearly 23% in the quarter on concerns over a slowdown in European growth. The underlying theme keeping us in the stock is the continued push, both domestically and overseas, to increase fuel efficiency and decrease emissions. Their systems are instrumental in accomplishing both goals. The stock detracted 33 basis points from relative performance.

Within the Health Care sector, bio-pharmaceutical firm Gilead Sciences saw its shares fall by 8.7% in the quarter as investors expressed concerns over pricing pressure in the industry. The company has the premier franchise in in both HIV and Hepatitis C treatments, a strong balance sheet and a pipeline drug representing a potential \$10 billion opportunity. All three factors we feel warrant holding this stock for the long-term. The stock cost the portfolio 19 basis points. Abbott Laboratories cost the portfolio 16 basis points after the stock fell 5.5% in the second quarter. Investors are tentative about this stock as the company works through the process of completing two major acquisitions.

Finally, our overweight to the Technology sector cost the portfolio 41 basis points as Tech was the worst performing sector in the index. Technology continues to screen as the most attractive sector in terms of relative value and our overweight position remains in place.

- **For the first half of the year:**

The C.S. McKee Large Cap Core Equity composite's return of -0.64% underperformed the S&P 500's return of 3.84% by 448 basis points. As mentioned above, the Healthcare sector was the primary laggard, costing the portfolio 183 basis points. Celgene, a developer of cancer treatment therapies, saw its shares fall 17.6% in the first six months of the year as investors gave more weight to the future beyond the company's four blockbuster drugs. With more than 20 candidate drugs in various clinical research stages, we continue to believe in management's ability to wisely invest R&D dollars. The stock cost the portfolio 52 basis points. Pharmacy Benefit Manager, Express Scripts, had its shares reverse by 13% as news flow surrounding pending contract renewals has weighed on the stock. The stock cost the portfolio 50 basis points.

(continued)

Sector Positions

- ↑ **Overweight Consumer Discretionary:** Historically low energy prices will put money back into consumers' pockets that will in-turn be spent (i.e. put back into the economy).
- ↓ **Underweight Consumer Staples:** We believe the sector is overvalued given the low growth expectations relative to valuations.
- ↓ **Underweight Energy:** Even though we remain slightly underweight the sector, our overweight to Exploration and Production companies should allow us to participate on the upside if oil prices continue to rise.
- ↓ **Underweight Financials:** Regulatory burdens outweigh benefits from the inevitable rising of interest rates.
- ↑ **Overweight Info Tech:** The most attractive sector in terms of relative value.
- ↔ **Equal-weight Health Care:** Look for health care services companies and established biotech companies to outperform large pharmaceutical drug companies.
- ↑ **Overweight Industrials:** After years of subpar investment, corporate capex should accelerate, as companies need to expand capacity (Industrials and IT are typically the biggest beneficiaries).
- ↓ **Underweight Materials:** We have not seen enough evidence to change our stance on the materials sector. The recent rebound in prices, while welcome, may prove to be short-lived given global economic weakness and a rising dollar.
- ↓ **Underweight Utilities:** Trading at valuations well above historical norms.
- ↓ **Underweight Telecomm:** We will remain underweight, as low growth expectations make this interest rate sensitive sector unattractive.

Large-Cap Core Equity, Second Quarter, 2016

Stock selection in the Energy sector cost the portfolio 81 basis points. The majority of this underperformance was the direct result of the 25% decline in Marathon Petroleum, which detracted 61 basis points from performance. After performing strongly in 2015, since mid-February crude oil prices have risen and refiners' margins have not managed to keep pace. We still consider this holding attractive as its balanced exposure to retail, refining and infrastructure should allow it to outperform during periods of volatile crude oil prices.

- ***How is the portfolio positioned?***

A fifth of developed world government debt trades at negative yields. For the 40 years pre-2007 U.S. Government debt investors demanded roughly 200bp of return over inflation, which in our opinion is a reasonable level of compensation for the associated risk. Even if demographics and global growth deterioration call for a reduction to the 150bp level, a 10 year yield of 3.5% makes sense to us given the Fed's resolve to raising and maintaining inflation at the targeted 2% level. It is irrational that investors are willing to pay the government for the privilege of holding their money on a real basis.

Given this backdrop, it is not surprising that the best performing sectors have been the high-yielding telecom and utilities sectors, up 25% and 23% respectively year-to-date with consumer staples also outperforming (up 10% this year) vs. the S&P 500's return of 3.84%. These sectors continue to screen as extremely overvalued in our quantitative model, as the current, low interest rate environment has made near-term cash flows (dividend yield) more valuable and the growth in cash flows over time less so. Our underweight to these sectors has hampered performance year-to-date. We continue to believe that the value of a stock is the discounted value of a company's future cash flow streams and our strategy of buying the expected growth of those cash flows at an attractive price will add value over time. Thus, we are maintaining our overweight positions in higher growth sectors such as consumer discretionary, technology, and industrials and underweight positions in low volatility and low growth sectors, including consumer staples, telecom, and utilities.

Small-Cap Core Equity, Second Quarter, 2016

The C.S. McKee Small Cap Core Equity composite's return of 0.77% underperformed the Russell 2000's return of 3.79% by 302 basis points in the quarter. Stock selection and sector allocation negatively impacted the portfolio.

- ***What worked for the strategy over the quarter?***

Strong performance came from the Health Care sector which added 99 basis points to performance. Two holdings in particular stood out meaningfully from the crowd. VCA, Inc., operates the largest network of veterinary diagnostic laboratories and freestanding, full-service veterinary hospitals in the country. Shares in the company rose 17% during the quarter on improving margins, earnings and organic growth. They are capitalizing on the secular trend of growth in pet adoptions, while pet euthanasia is decreasing and veterinary prescriptions are increasing. The stock added 59 basis points to performance. The other contributor was Supernus Pharmaceuticals, which focuses on the development of drugs targeting central nervous system disorders such as epilepsy and ADHD. The stock rose 33.5% in the quarter and added 37 basis points to performance.

- ***What didn't work for the strategy over the quarter?***

All 302 basis points of underperformance was attributed to the Technology sector (-234 basis points) and the Industrials sector (-74 basis points). Shares of Synaptics, a manufacturer of touch screen interfaces for smart phones and tablets, saw its shares plummet by nearly a third as a result of muted demand for high-end smartphones (specifically Apple, as they are a supplier). That said, the company confirmed that it has not lost market share in the space. We remain confident in the key growth drivers of the business including increased demand for their fingerprint and TDDI (Touch and Display Driver Integration) product solutions. The stock cost the portfolio 155 basis points.

Shares of EPAM, a software engineering and IT consulting firm with exposure to the UK and Europe, fell 14% after the Brexit vote. We believe that any pause caused by Britain's decision to exit the EU would be followed by a more significant increase in spending to modify the enterprise IT infrastructure to accommodate the new environment. The stock cost the portfolio 56 basis points.

Within the Industrials sector, shares of Sun Hydraulics Corp., a manufacturer of screw-in hydraulic valves, were under pressure over fears of an economic slowdown. As a result, the stock fell 10%, costing the portfolio 33 basis points.

- ***For the first half of the year:***

The C.S. McKee Small Cap Core Equity composite's return of -1.79% underperformed the Russell 2000's return of 2.22% by 401 basis points in the quarter. Stock selection and sector allocation negatively impacted the portfolio.

The primary headwind came from stock selection in the Technology, Energy and Financial sectors, which collectively encompassed all of the underperformance. Within the Technology sector, shares of Synaptics Inc., (mentioned above) fell by 33%, detracting 146 basis points from relative performance.

(continued)

Sector Positions

- ⬇ ***Underweight Consumer Discretionary:*** We are underweight retail and overweight the auto components industry, as we believe light truck/SUV sales will remain strong.
- ↔ ***Equal-weight Consumer Staples:*** While valuations make the large-cap segment of the consumer staples unattractive, we feel there are pockets of growth in the small cap consumer staples space.
- ⬇ ***Underweight Energy:*** Although oil prices have rebounded off the lows, they are still well below their peak and we believe the weakness will persist in the near-term.
- ⬇ ***Underweight Financials:*** Regulatory burdens outweigh benefits from the inevitable rising of interest rates.
- ⬆ ***Overweight Info Tech:*** Overweight the more established small cap technology companies while avoiding the speculative, high P/E (or negative P/E) companies.
- ⬆ ***Overweight Health Care:*** Overweight healthcare services and small-cap pharmaceutical companies, while underweighting speculative biotech companies.
- ⬆ ***Overweight Industrials:*** After years of subpar investment, corporate capex should accelerate as companies need to expand capacity (Industrials and IT are typically the biggest beneficiaries).
- ⬆ ***Overweight Materials:*** We are overweight the paper and chemicals industries, while underweighting the metals and mining industry. We believe the recent rebound in metals prices may prove to be short-lived given global economic weakness and the strong dollar.
- ⬇ ***Underweight Utilities:*** Trading at expensive valuations given the growth prospects.
- ⬇ ***Underweight Telecom:*** We will remain underweight, as low growth expectations make this interest rate sensitive sector unattractive.

Small-Cap Core Equity, Second Quarter, 2016 - continued

Within the Energy sector, shares of C&J Energy Services suffered mightily from the downturn in energy prices as the stock fell 85% in the first half of the year. The stock cost the portfolio 103 basis points

Finally, PRAA, a purchaser of distressed debt, was hit by global uncertainty and a sloppy first quarter earnings report. Delays by the Consumer Financial Protection Bureau in finalizing the rules regarding the legal collections channel weighed on the stock. The stock slid 30% in the first six months of the year resulting in a 100 basis point drag on the portfolio. Trading at just seven times this year's earnings, the stock appears to be oversold. Furthermore, the industry is consolidating and the company should benefit as a new supply of receivables emerges from the leading banks.

- ***How is the portfolio positioned?***

It simply does not make sense to us that over a fifth of developed world government debt trades at negative yields. For the 40 years pre-2007 U.S. Government debt investors demanded roughly 200bp of return over inflation, which in our opinion is a reasonable level of compensation for the associated risk. Even if demographics and global growth deterioration call for a reduction to the 150bp level, a 10 year yield of 3.5% makes sense to us given the Fed's resolve to raising and maintaining inflation at the targeted 2% level. It is irrational that investors are willing to pay the government for the privilege of holding their money on a real basis.

Given this backdrop, it is not surprising that the best performing sectors have been the high-yielding utilities and telecom sectors, up 24% and 20% respectively year-to-date, significantly outperforming the Russell 2000's return of 2.22%. These sectors continue to screen as extremely overvalued in our quantitative model, as the current, low interest rate environment has made near-term cash flows (dividend yield) more valuable and the growth in cash flows over time less so. Our underweight to these sectors has hampered performance year-to-date, but we are going to adhere to our discipline. We continue to believe that the value of a stock is the discounted value of a company's future cash flow streams and our strategy of buying the expected growth of those cash flows at an attractive price will add value over time. Thus, we are maintaining our overweight positions in higher growth sectors such as technology, healthcare, and industrials and underweight positions in low volatility and low growth sectors, including telecom and utilities.

International Equity Second Quarter, 2016

The C.S. McKee International Equity Fund's return of -1.50% performed in line with the Morgan Stanley EAFE's loss of -1.46% in the quarter. For the first 6 months the Portfolio has outperformed the index by .72%.

- ***What worked for the strategy over the quarter:***

Holdings in Australia contributed to a positive absolute return. As a group our Australian holdings, led by Newcrest Mining, added to relative performance. In the UK, (17% of assets), the portfolio performed well from an allocation perspective. As noted in the First Quarter overview we foresaw the challenges that dollar-based investors would have should the UK decide to leave the EU. Accordingly, our underweight in this market (which fell by 4% in dollar terms in the quarter) aided relative performance. In Europe, stocks in Spain and Switzerland outperformed their respective markets. In Asia, holdings in Japan overall benefitted from the flight to safety that helped the yen appreciate by 9%. Our overweight position profited from this currency move. Many of our domestic Japanese holdings outperformed a market that fell 7.5% in yen terms in the quarter. To a lesser extent holdings in Singapore and Taiwan also aided relative performance.

- ***What didn't work for the strategy over the quarter:***

The weakest markets in the quarter on a relative basis were Germany and France. Companies involved in the auto industry and financial services in both markets tended to fare the worst and contribute to absolute and relative weakness. While an underweight in Germany offset weak relative performance, a slight overweight in France exacerbated the loss. In Asia, the portfolio's holding with the most direct exposure to China, China Eastern Airlines, cost the portfolio on an absolute and relative basis, despite the opening of Shanghai Disneyland.

- ***How is the portfolio positioned?***

The portfolio is globally diversified, with approximately 43% in Asia (EAFE 35%), 55% in Europe/Mideast (EAFE 65%) and 2% in cash. Within Asia, Japan has a 26% weighting, which is about 3% more than the EAFE index. Within Europe, the UK represents the largest percentage of holdings at 17% (EAFE 19%), followed by France and Germany at 10% and 7%, respectively (EAFE 10% and 9%, respectively). The Brexit vote has introduced risk and reward potential to both the UK and the EU portions of the portfolio. We are monitoring the situation closely to search for value should the market discount worst-case scenarios with little chance of materializing.

Market Positions



Overweight Asia: Asia continues to benefit from strong trade with the US, aiding the overall regional economy.



Underweight Europe: The Brexit vote highlights the fact that Europe continues to meander from crisis to crisis in the post-Global Financial Crisis era. The continuum of multiple Greek bailouts and British political paralysis unfortunately signals that weak economic growth and currency volatility will remain the order of the day.

Intermediate Aggregate Fixed Income, Second Quarter, 2016

An otherwise quiet and trendless quarter in the bond market was defibrillated by the global political and economic event best known by its portmanteau “Brexit”. The landmark decision that has significant and long lasting implications for the U.K., Europe, and to a lesser degree the U.S., caught financial markets by surprise. The resulting spike in financial market volatility saw a historic move in the value of the British pound, 4% to 8% selloffs in global stock markets, and ultimately led to a new low in yield for the U.S. 10-year and 30-year Treasuries. Equity markets quickly recovered as the reality of a long period of negotiation between the U.K. and the EU, uncertainty over the eventual impact, and global central bank pledges of support, came into play.

The vote to leave the European Union caught us somewhat off-guard. The 10-year Treasury yield, which traded as high as 1.75% the day of the vote, fell as much as 35 basis points as the election results were announced. While our portfolio’s benchmark-neutral duration, higher quality bias, and underweight to long-maturity credit worked in our favor, our holdings in callable agency debentures and TIPS did not.

The credit sector was remarkably stable through the Brexit event, with investment grade yield spreads only 8 basis points wider than pre-referendum levels. The relative value of dollar-denominated securities continues to prompt significant foreign buying of our market. All told, our overweight to credit cost the portfolio 2 basis points in performance in June, but added 7 basis points for the quarter. Security selection cost the portfolio 1 basis point in June, 13 for the quarter.

The continued rally in the Treasury market, joined by the spike in volatility in late June, clipped agency security selection by 18 basis points in June and 9 for the second quarter. While callable securities have become more attractive with the strength in Treasuries, we will be cautious in adding to these holdings as global events unfold.

Intermediate maturity TIPS cost the portfolio 2 basis points for the month of June and the quarter, with positive inflation data nearly offsetting the drag from tighter breakeven spreads. The continued rise in energy prices boosted consumer inflation more than 1% during the quarter.

While the outcome of the Brexit vote and resulting market volatility was not our base case view, we believe we are near the low end in rates for the next several months. While a “blow-off” move below 1.35% on the 10-year Treasury should be allowed for, we don’t see the revised pace of U.S. and global growth and inflation justifying a further decrease in yields. In our view, the drag on the GDP and inflation from the British referendum is likely to be somewhere in the neighborhood of 1/4% on both, and the extended timeframe of the U.K.’s transition to non-EU status, probably results in a single Fed Funds rate increase in 2016.

Portfolio Positions

- ↔ **Duration:** *With the U.S. economy entering the second quarter on a weak note, we elected to continue our neutral to slightly long duration strategy. Though the domestic fundamental picture improved over the past three months, global events kept a lid on rates and our duration at market-neutral levels.*
- ↓ **U.S. Treasuries:** *The allocation to this sector was largely unchanged during the quarter, though several tactical trades occurred in TIPS, where holdings were ultimately reduced versus the previous quarter.*
- ↑ **Agency Debt:** *Callable agencies underperformed Treasuries during the quarter, thanks to the trend towards lower market interest rates and further exacerbated by the spike in volatility following the Brexit vote. We find callable securities more attractive at current levels, though we will be cautious with any additions to the sector.*
- ↓ **Mortgage-backed Securities:** *This sector registered better than expected performance during the second quarter against a backdrop of falling interest rates. We continue our underweight here versus callable agency debentures.*
- ↑ **Credit:** *This sector (both investment grade and high yield) outperformed Treasuries in the second quarter, continuing the rebound that began in February. Consistent with gains in oil prices, performance was especially strong in energy names, where we maintained an overweight allocation.*

Economic Perspective – Second Quarter, 2016

The third estimate of first quarter GDP showed that the US economy expanded at 1.1% - significantly better than the advanced reading of 0.5% published in late April. Recent reports from the Atlanta Fed's GDPNow and the NY Fed's Nowcast show second quarter growth between 2.1% and 2.4%. Personal Consumption Expenditures were the largest contributor to 1Q growth contributing 1.02% to the percent change in overall growth. We expect expenditures to grow as consumers benefit from improving labor markets, relatively low energy prices, and continued low interest rates.

Weaker non-farm payroll reports for the three months show a slow down in non-farm payroll growth from a warm first quarter. Despite June's strong reading, May caused concern among FOMC members that labor market strength was waning. Planned summer rate hikes were quickly shelved following these reports and the surprise vote for the UK to exit the EU. June's rebound of +287K jobs allayed fears of employment deterioration, but wage growth of only 2.6% will keep the pressure off of the Fed from hiking until at least later this year.

Global interest rates continued to decline towards historic lows with \$12 trillion of sovereign yielding below 0%. German 10-year Bunds fell into negative territory to an all-time low of -0.186%, concomitantly dragging US yields lower towards their all-time lows near 1.38%. The relative attractiveness of US yields versus other safe havens, such as Japan, Germany, and Switzerland will keep foreign demand high for treasuries.

Consumer Strength, Not Brexit, Will Drive US Economy

The UK's vote to exit the European Union surprised many, as the betting odds favored a 'Remain' win in the days leading up to the referendum. Markets reacted negatively to the result sending global equity markets and bond yields tumbling. In the subsequent hours following the referendum, central banks, including the Bank of England, Federal Reserve, and the ECB, pledged to step up support, if needed, to soothe the market's angst regarding tighter financial conditions. The current consensus opinion forecasts that the UK economy will now experience a mild recession over the next 24 months, while continental Europe will have slightly lower growth projections. Initial market reactions to the negative effects of Brexit foreshadowed, perhaps, another Lehman Brothers type event, with US 10-year treasury yields falling to their all-time low and German 10-year Bunds turning deeper into negative yielding territory. Uncertainty levels, as measured by the Baker, Bloom, and Davis Economic Policy Uncertainty Index, spiked to levels near the 2011 European crisis and the 2008 collapse of Lehman Brothers. From our perspective, the impact of Brexit is more akin to a drawn-out divorce battle that weighs on the financial health of both sides, whereas the consequences of the Lehman Brothers bank-run posed a large and immediate fallout to the global economy. The outcome of the UK exit negotiations over the next year has the potential to spur secession talks in other countries such as Italy and Spain. If the damage to the UK economy from exiting the EU proves less harmful than anticipated, the impetus for In or Out referendums may grow in countries questioning the authority of Brussels. Further referendums regarding membership across the EU will add to market anxiety regarding the long-term future of the Union, which could lead to slower than expected growth and other unseen detrimental effects. The exit of the relatively strong UK weakens the European Union, the exit of Portugal, Italy, Greece, or Spain would strengthen the EU given their deficits.

While there certainly will be ill effects on the economies of the UK and the closely linked European countries, the severity of the negative effects will be dependent on future negotiations of trade agreements between the UK and EU and will likely be contained to the region. It is possible that the UK might benefit from an ability to negotiate separate agreements with old nations of the British Commonwealth such as Australia and India – something they were handcuffed from doing through the EU. All of these negotiations, plus the resolution of any separation discussions between Ireland, Scotland and England - will affect the future path for Europe, but are unlikely to upset the expansion in the United States and the improving health of the US consumer. Continued elevated levels of uncertainty have the potential to weigh on confidence over the long run, but as of now, the adverse impacts on the US economy remain low.

Trade between the US and UK in 2015 totaled over \$115 billion, making the UK the seventh largest trading partner for the US. The weakening of the British Pound from \$1.50 to \$1.30 will likely lead to a readjustment of the nearly balanced trade relationship, as US exports have become more expensive to purchase for UK residents. Continental European economies will also be a beneficiary of a weakening euro at the expense of US exporters. While the strengthening of the US dollar versus our trade partners will likely lead to a worsening of the overall US trade deficit, slowing export growth will have a minimal impact on overall US GDP growth as consumption far outweighs the contributions from trading.

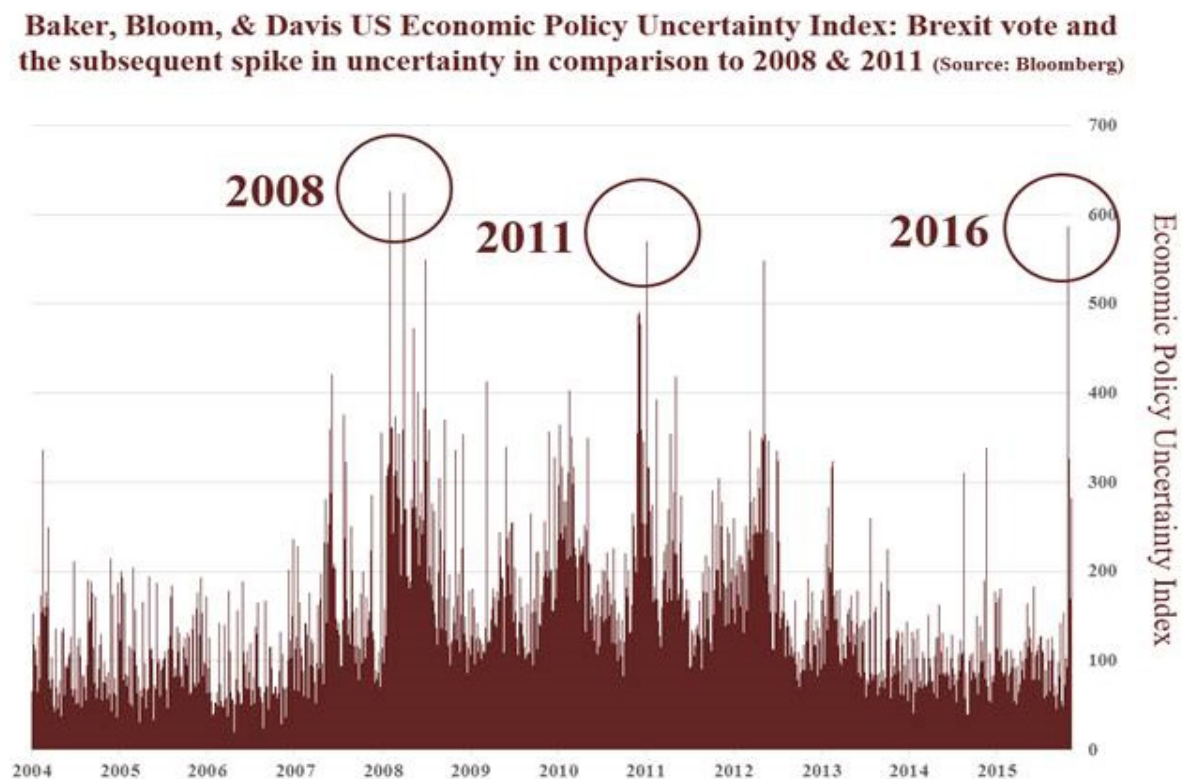
While talk of 'Brexit' and its potential impact has dominated the headlines over the past quarter, the US consumer more importantly, has continued to strengthen as the unemployment rate dipped to 4.9% and wages expanded 2.5% annually. Personal Consumption Expenditures, which account for nearly 70% of US GDP, grew at 3.1% in 2015 and will look to grow further in 2016 as energy prices remain relatively low and average hourly earnings grow around 2.5%. In contrast, total trade with the UK makes up less than 1% of overall US GDP. Rising Consumer Confidence, as measured by the Conference Board, has nearly regained pre-financial crisis levels at a reading of 98.0 in June, as individuals feel more optimistic about their financial situation. Consumers will also continue to benefit from historically low interest rates as the relative attractiveness of US yields versus other sovereign safe havens remains high, effectively limiting the amount rates can rise. Low interest rates should also be supportive of continued expansion in the housing market making mortgages more affordable and allowing current borrowers to refinance.

(continued)

Economic Perspective – Second Quarter, 2016

Core PCE inflation grew by 1.6% on an annual basis in both April and May. Inflationary pressures remain benign and well below the Fed's 2.0% target, which will allow the FOMC to remain cautious regarding future rate hikes as they assess the labor market and the UK exit negotiations. Services were the main driver of inflation over the first half of 2016, while core goods prices declined. Owner's-equivalent-rent, which makes up nearly 13% of the core index, grew at an annualized rate of 3.3% in May and continues to be the main driver of services inflation.

Baker, Bloom, & Davis US Economic Policy Uncertainty Index: Brexit vote and the subsequent spike in uncertainty in comparison to 2008 & 2011



Upcoming divorce negotiations between the UK and the EU have the possibility to add further uncertainty to the market and will set the course for the future of the EU, as discussed in our 'Five Minutes with McKee' commentary. Trade relations between the US and the UK will change slightly to reflect the decline in value of the GBP and the independent status of the UK. Congress has already taken the initial steps to keep current trade agreements in place by proposing the United Kingdom Trade Continuity Act, which looks to mitigate any disruptions to the status quo. Tightening financial conditions, heightened uncertainty, and a stronger US dollar will pose the largest threats to financial markets and the US economy. An insulated US consumer, however, will likely withstand these ill effects and continue to be the main driver of the US economy over the long-term.

Lackawanna County Employees' Retirement Fund

Investment Summary - at 6/30/2016

94300

<i>Asset Class</i>	<i>Total Cost</i>	<i>Weight at Cost</i>	<i>Market Value</i>	<i>Accrued Income</i>	<i>Total Value</i>	<i>Weight at Market</i>
<i>Domestic Equity</i>	\$56,764,036.65	43.19%	\$77,292,103.00	\$40,825.50	\$77,332,928.50	50.74%
<i>International Mutual Funds</i>	\$13,723,042.40	10.44%	\$12,848,905.01	\$0.00	\$12,848,905.01	8.43%
<i>Fixed Income</i>	\$58,943,644.87	44.85%	\$59,958,117.23	\$274,891.37	\$60,233,008.60	39.52%
<i>Cash</i>	\$1,987,784.38	1.51%	\$1,987,784.38	\$0.00	\$1,987,784.38	1.30%
<i>Total Portfolio</i>	\$131,418,508.30	100.00%	\$152,086,909.62	\$315,716.87	\$152,402,626.49	100.00%

Lackawanna County Employees' Retirement Fund

Position Detail - at 6/30/2016

94300

Description	Issue	Rating	Shares	Unit Cost	Total Cost	Weight at Cost	Market Price	Market Value	Accrued Income	Total Value	Weight at Market
Domestic Equity											
Consumer Discretionary											
BORG WARNER INC	COMMON		29,700.00	39.01	1,158,739.29	0.88%	29.52	876,744.00	0.00	876,744.00	0.58%
CHEESECAKE FACTORY	COMMON		6,200.00	43.54	269,925.35	0.21%	48.14	298,468.00	0.00	298,468.00	0.20%
COOPER-STANDARD HLDS	COMMON STOCK		3,200.00	60.47	193,500.80	0.15%	78.99	252,768.00	0.00	252,768.00	0.17%
DICKS SPORTING GOODS	COMMON		41,600.00	49.75	2,069,512.54	1.57%	45.06	1,874,496.00	0.00	1,874,496.00	1.23%
WALT DISNEY CO	COMMON		23,260.00	22.39	520,803.12	0.40%	97.82	2,275,293.20	0.00	2,275,293.20	1.49%
EXPEDIA INC	COMMON		8,200.00	107.35	880,288.04	0.67%	106.30	871,660.00	0.00	871,660.00	0.57%
STEVEN MADDEN LTD	COMMON		5,250.00	30.25	158,829.65	0.12%	34.18	179,445.00	0.00	179,445.00	0.12%
MARRIOTT INTL INC	CLASS A		16,200.00	72.04	1,167,023.70	0.89%	66.46	1,076,652.00	0.00	1,076,652.00	0.71%
OUTERWALL INC	COMMON		4,400.00	49.26	216,756.24	0.16%	42.00	184,800.00	0.00	184,800.00	0.12%
STARBUCKS CORP	COMMON		29,900.00	13.20	394,693.46	0.30%	57.12	1,707,888.00	0.00	1,707,888.00	1.12%
TIME WARNER INC	COMMON		18,100.00	74.72	1,352,413.90	1.03%	73.54	1,331,074.00	0.00	1,331,074.00	0.87%
Consumer Staples											
UNITED NAT FOODS INC	COMMON		5,800.00	32.26	187,089.77	0.14%	46.80	271,440.00	0.00	271,440.00	0.18%
WAL MART STORES INC	COMMON		25,300.00	51.03	1,291,150.21	0.98%	73.02	1,847,406.00	0.00	1,847,406.00	1.21%
WALGREENS BOOTS ALNC	COMMON		26,500.00	47.81	1,267,015.77	0.96%	83.27	2,206,655.00	0.00	2,206,655.00	1.45%
Energy											
BAKER HUGHES INC	COMMON		16,700.00	65.67	1,096,647.25	0.83%	45.13	753,671.00	0.00	753,671.00	0.49%
CHEVRON CORP	COMMON		8,700.00	58.24	506,687.34	0.39%	104.83	912,021.00	0.00	912,021.00	0.60%
EOG RESOURCES INC	COMMON		17,400.00	99.66	1,734,015.86	1.32%	83.42	1,451,508.00	0.00	1,451,508.00	0.95%
MARATHON PETROLEUM	COMMON		24,500.00	42.70	1,046,092.43	0.80%	37.96	930,020.00	0.00	930,020.00	0.61%
OCCIDENTAL PETE CORP	COMMON		10,600.00	84.36	894,219.61	0.68%	75.56	800,936.00	7,950.00	808,886.00	0.53%
NAVIOS MARITIME MIDS	LP COM UNIT LTD		8,500.00	12.26	104,183.65	0.08%	11.77	100,045.00	0.00	100,045.00	0.07%

Lackawanna County Employees' Retirement Fund

Position Detail - at 6/30/2016

94300

<i>Description</i>	<i>Issue</i>	<i>Rating</i>	<i>Shares</i>	<i>Unit Cost</i>	<i>Total Cost</i>	<i>Weight at Cost</i>	<i>Market Price</i>	<i>Market Value</i>	<i>Accrued Income</i>	<i>Total Value</i>	<i>Weight at Market</i>
<i>Financials</i>											
AMERN INTL GROUP INC	COMMON		26,800.00	38.49	1,031,408.72	0.78%	52.89	1,417,452.00	0.00	1,417,452.00	0.93%
BANCFIRST CORP	COMMON		2,000.00	20.02	40,030.00	0.03%	60.32	120,640.00	720.00	121,360.00	0.08%
BANK OF NEW YORK MEL	COMMON		32,300.00	27.33	882,708.41	0.67%	38.85	1,254,855.00	0.00	1,254,855.00	0.82%
DISCOVER FINL SVCS	COMMON		23,500.00	58.38	1,372,014.60	1.04%	53.59	1,259,365.00	0.00	1,259,365.00	0.83%
FEDERATED INVS INC	CLASS B		6,100.00	29.58	180,465.66	0.14%	28.78	175,558.00	0.00	175,558.00	0.12%
GOLDMAN SACHS GROUP	COMMON		6,900.00	133.91	923,982.45	0.70%	148.58	1,025,202.00	0.00	1,025,202.00	0.67%
HANCOCK HLDG CO	COMMON		5,114.00	33.97	173,746.93	0.13%	26.11	133,526.54	0.00	133,526.54	0.09%
JPMORGAN CHASE & CO	COMMON		21,500.00	34.65	744,929.52	0.57%	62.14	1,336,010.00	0.00	1,336,010.00	0.88%
LAKELAND FINL CORP	COMMON		5,600.00	13.26	74,251.98	0.06%	47.01	263,256.00	0.00	263,256.00	0.17%
MVC CAPITAL	COMMON		8,000.00	12.16	97,293.91	0.07%	8.04	64,320.00	0.00	64,320.00	0.04%
NAVIGATORS GROUP INC	COMMON		3,600.00	49.01	176,452.52	0.13%	91.97	331,092.00	324.00	331,416.00	0.22%
PRA GROUP INC	COMMON		7,300.00	15.95	116,460.82	0.09%	24.14	176,222.00	0.00	176,222.00	0.12%
PRICE T ROWE GRP	COMMON		16,600.00	82.28	1,365,909.42	1.04%	72.97	1,211,302.00	0.00	1,211,302.00	0.79%
WELLS FARGO & CO	COMMON		25,700.00	29.14	748,931.41	0.57%	47.33	1,216,381.00	0.00	1,216,381.00	0.80%
ENDURANCE SPECIALTY	ORDINARY		3,800.00	40.77	154,920.30	0.12%	67.16	255,208.00	0.00	255,208.00	0.17%
<i>Health Care</i>											
ABBOTT LABS	COMMON		29,200.00	31.05	906,661.77	0.69%	39.31	1,147,852.00	0.00	1,147,852.00	0.75%
ANIKA THERAPEUTICS	COMMON		3,100.00	37.47	116,163.51	0.09%	53.65	166,315.00	0.00	166,315.00	0.11%
CELGENE CORP	COMMON		20,300.00	28.77	584,024.91	0.44%	98.63	2,002,189.00	0.00	2,002,189.00	1.31%
CENTENE CORP DEL	COMMON		14,600.00	75.94	1,108,707.94	0.84%	71.37	1,042,002.00	0.00	1,042,002.00	0.68%
EXPRESS SCRIPTS HLDG	COMMON		31,816.00	61.49	1,956,327.45	1.49%	75.80	2,411,652.80	0.00	2,411,652.80	1.58%
GILEAD SCIENCES INC	COMMON		15,800.00	66.26	1,046,865.34	0.80%	83.42	1,318,036.00	0.00	1,318,036.00	0.86%
HUMANA INC	COMMON		5,500.00	179.37	986,527.30	0.75%	179.88	989,340.00	1,595.00	990,935.00	0.65%
LANNETT CO INC	COM		4,000.00	44.72	178,890.00	0.14%	23.79	95,160.00	0.00	95,160.00	0.06%
MEDNAX INC	COMMON		17,500.00	59.98	1,049,637.27	0.80%	72.43	1,267,525.00	0.00	1,267,525.00	0.83%

Lackawanna County Employees' Retirement Fund

Position Detail - at 6/30/2016

94300

<i>Description</i>	<i>Issue</i>	<i>Rating</i>	<i>Shares</i>	<i>Unit Cost</i>	<i>Total Cost</i>	<i>Weight at Cost</i>	<i>Market Price</i>	<i>Market Value</i>	<i>Accrued Income</i>	<i>Total Value</i>	<i>Weight at Market</i>
<i>Health Care</i>											
MYRIAD GENETICS INC	COMMON		5,100.00	24.54	125,154.28	0.10%	30.60	156,060.00	0.00	156,060.00	0.10%
PRESTIGE BRANDS HLDG	COMMON		8,700.00	9.51	82,775.10	0.06%	55.40	481,980.00	0.00	481,980.00	0.32%
SUPERNUS PHARMACEU	COMMON		9,900.00	17.78	176,013.09	0.13%	20.37	201,663.00	0.00	201,663.00	0.13%
VCA INC	COMMON		7,700.00	21.30	164,027.29	0.12%	67.61	520,597.00	0.00	520,597.00	0.34%
<i>Industrials</i>											
CHART INDS INC	COMMON		4,600.00	37.30	171,601.08	0.13%	24.13	110,998.00	0.00	110,998.00	0.07%
DEERE & CO	COMMON		13,300.00	84.27	1,120,823.35	0.85%	81.04	1,077,832.00	7,980.00	1,085,812.00	0.71%
DOVER CORP	COMMON		13,300.00	33.12	440,543.12	0.34%	69.32	921,956.00	0.00	921,956.00	0.60%
FORWARD AIR CORP	COMMON		7,450.00	20.48	152,564.36	0.12%	44.53	331,748.50	0.00	331,748.50	0.22%
GENERAL ELECTRIC CO	COMMON		54,900.00	13.42	736,982.74	0.56%	31.48	1,728,252.00	12,627.00	1,740,879.00	1.14%
HONEYWELL INTL INC	COMMON		22,000.00	51.21	1,126,715.52	0.86%	116.32	2,559,040.00	0.00	2,559,040.00	1.68%
KENNAMETAL INC	COMMON		35,500.00	37.22	1,321,304.73	1.01%	22.11	784,905.00	0.00	784,905.00	0.52%
LINDSAY CORP	COMMON		4,100.00	56.06	229,848.63	0.17%	67.86	278,226.00	0.00	278,226.00	0.18%
NORFOLK SOUTHERN	COMMON		11,600.00	39.67	460,226.81	0.35%	85.13	987,508.00	0.00	987,508.00	0.65%
SUN HYDRAULICS CORP	COMMON		6,750.00	12.14	81,917.58	0.06%	29.69	200,407.50	607.50	201,015.00	0.13%
3M COMPANY	COMMON		7,500.00	80.95	607,131.31	0.46%	175.12	1,313,400.00	0.00	1,313,400.00	0.86%
TORO CO	COMMON		6,000.00	20.35	122,072.97	0.09%	88.20	529,200.00	1,800.00	531,000.00	0.35%
<i>Information Technology</i>											
ALPHABET INC	CLASS C		2,407.00	566.99	1,364,756.19	1.04%	692.10	1,665,884.70	0.00	1,665,884.70	1.09%
ALPHABET INC	CLASS A		2,400.00	439.89	1,055,745.15	0.80%	703.53	1,688,472.00	0.00	1,688,472.00	1.11%
APPLE INC	COMMON		34,600.00	69.84	2,416,599.98	1.84%	95.60	3,307,760.00	0.00	3,307,760.00	2.17%
BENCHMARK ELECTRS	COMMON		9,400.00	21.00	197,438.83	0.15%	21.15	198,810.00	0.00	198,810.00	0.13%
CISCO SYSTEMS INC	COMMON		55,900.00	17.44	975,047.98	0.74%	28.69	1,603,771.00	0.00	1,603,771.00	1.05%
EMC CORP MASS	COMMON		62,800.00	22.74	1,428,374.92	1.09%	27.17	1,706,276.00	7,222.00	1,713,498.00	1.12%

Lackawanna County Employees' Retirement Fund

Position Detail - at 6/30/2016

94300

Description	Issue	Rating	Shares	Unit Cost	Total Cost	Weight at Cost	Market Price	Market Value	Accrued Income	Total Value	Weight at Market
Information Technology											
EPAM SYS INC	COMMON		4,100.00	40.08	164,322.62	0.13%	64.31	263,671.00	0.00	263,671.00	0.17%
F5 NETWORKS INC	COMMON		11,800.00	114.11	1,346,515.73	1.02%	113.84	1,343,312.00	0.00	1,343,312.00	0.88%
INTEL CORP	COMMON		70,800.00	22.48	1,591,353.21	1.21%	32.80	2,322,240.00	0.00	2,322,240.00	1.52%
MENTOR GRAPHICS CORP	COMMON		10,250.00	22.64	232,057.22	0.18%	21.26	217,915.00	0.00	217,915.00	0.14%
MICROSOFT CORP	COMMON		57,700.00	21.35	1,232,061.67	0.94%	51.17	2,952,509.00	0.00	2,952,509.00	1.94%
NETSCOUT SYS INC	COMMON		6,000.00	36.11	216,642.61	0.16%	22.25	133,500.00	0.00	133,500.00	0.09%
ORACLE CORP	COMMON		28,400.00	28.89	820,422.81	0.62%	40.93	1,162,412.00	0.00	1,162,412.00	0.76%
PAYPAL HLDGS INC	COM USD0.0001		26,800.00	18.93	507,447.71	0.39%	36.51	978,468.00	0.00	978,468.00	0.64%
SEMTECH CORP	COMMON		14,000.00	21.66	303,203.82	0.23%	23.86	334,040.00	0.00	334,040.00	0.22%
SYNAPTICS INC	COMMON		4,900.00	26.91	131,851.21	0.10%	53.75	263,375.00	0.00	263,375.00	0.17%
TTM TECHNOLOGIES IN	COMMON		16,300.00	10.17	165,714.00	0.13%	7.53	122,739.00	0.00	122,739.00	0.08%
VERINT SYS INC	COMMON		6,800.00	39.83	270,813.74	0.21%	33.13	225,284.00	0.00	225,284.00	0.15%
Materials											
CALGON CARBON	COMMON		15,900.00	15.29	243,105.18	0.18%	13.15	209,085.00	0.00	209,085.00	0.14%
MONSANTO CO	COMMON		9,200.00	71.35	656,379.52	0.50%	103.41	951,372.00	0.00	951,372.00	0.62%
NEENAH PAPER	COMMON		3,300.00	61.72	203,661.45	0.15%	72.37	238,821.00	0.00	238,821.00	0.16%
Telecommunication Services											
AT&T INC	COMMON		29,556.00	34.32	1,014,361.92	0.77%	43.21	1,277,114.76	0.00	1,277,114.76	0.84%
Utilities											
PUBLIC SVC ENTERPR	COMMON		22,700.00	25.53	579,557.10	0.44%	46.61	1,058,047.00	0.00	1,058,047.00	0.69%
Total Domestic Equity					\$56,764,036.65	43.19%		\$77,292,103.00	\$40,825.50	\$77,332,928.50	50.74%

International Mutual Funds

Lackawanna County Employees' Retirement Fund

Position Detail - at 6/30/2016

94300

Description	Issue	Rating	Shares	Unit Cost	Total Cost	Weight at Cost	Market Price	Market Value	Accrued Income	Total Value	Weight at Market
INTERNATIONAL EQUITY FUNDS											
ADVISORS INNER CIRCL	MCKEE INTL EQT		1,150,304.84	11.93	13,723,042.40	10.44%	11.17	12,848,905.01	0.00	12,848,905.01	8.43%
Total International Mutual Funds					\$13,723,042.40	10.44%		\$12,848,905.01	\$0.00	\$12,848,905.01	8.43%

Fixed Income

Asset Backed Securities

AMERICREDIT AUTO REC	1.270 JAN 08 20	AAA	420,000.00	1.00	419,913.98	0.32%	100.12	420,505.26	340.78	420,846.04	0.28%
CAPITAL AUTO RECV AB	1.620 MAR 20 19	AAA	170,000.00	1.00	169,994.78	0.13%	100.28	170,481.44	84.15	170,565.59	0.11%
CAPITAL AUTO RECV AB	1.320 JUN 20 18	AAA	127,538.69	1.00	127,513.91	0.10%	100.06	127,612.28	51.44	127,663.72	0.08%
CAPITAL ONE CC TR	0.931 FEB 15 22	AAA	245,000.00	1.00	245,000.00	0.19%	100.23	245,572.08	0.00	245,572.08	0.16%
FIFTH THIRD AUTO TR	1.420 MAR 16 20	Aaa	453,000.00	1.00	452,926.21	0.34%	100.45	455,019.02	285.89	455,304.91	0.30%
FORD CREDIT FLRPLN T	0.881 FEB 15 19	AAA	250,000.00	1.00	250,156.25	0.19%	99.97	249,934.00	81.87	250,015.87	0.16%
HYUNDAI AUTO LEASE T	1.000 OCT 16 17	AAA	213,649.10	1.00	213,646.58	0.16%	100.00	213,643.76	94.96	213,738.71	0.14%
NISSAN AUTO LEASE TR	1.290 MAR 16 20	Aaa	362,000.00	1.00	362,480.78	0.28%	100.23	362,842.37	207.55	363,049.92	0.24%
VOLKSWAGEN AUTO ENH	1.160 MAR 20 20	AAA	445,000.00	1.00	443,470.31	0.34%	99.82	444,195.00	157.73	444,352.72	0.29%

CMO

FNMA REMIC TRUST	4.000 FEB 25 40	AA+	99,910.41	1.04	104,177.63	0.08%	105.10	105,006.84	333.03	105,339.87	0.07%
FNMA REMIC TRUST	3.000 MAR 25 39	AA+	184,343.98	1.03	189,759.08	0.14%	102.04	188,110.13	460.86	188,570.99	0.12%
FHLMC REMIC SERIES	4.000 NOV 15 39	AA+	391,330.14	1.07	419,820.29	0.32%	107.71	421,518.52	1,304.43	422,822.95	0.28%
FHLMC REMIC SERIES	2.750 APR 15 41	AA+	207,443.38	1.02	211,592.25	0.16%	103.49	214,676.10	475.39	215,151.49	0.14%
FHLMC REMIC SERIES	1.500 MAY 15 27	AA+	595,574.26	0.99	589,246.28	0.45%	100.45	598,222.78	744.47	598,967.25	0.39%
FHLMC REMIC SERIES	3.000 NOV 15 32	AA+	150,474.33	1.04	156,822.47	0.12%	104.37	157,052.32	376.19	157,428.50	0.10%
FNMA REMIC TRUST	4.000 NOV 25 40	AA+	111,412.00	1.06	117,853.01	0.09%	106.37	118,503.93	371.37	118,875.30	0.08%
GNMA REMIC TRUST	3.500 JAN 20 38	AA+	99,290.03	1.04	103,692.14	0.08%	102.79	102,063.50	289.60	102,353.09	0.07%

Lackawanna County Employees' Retirement Fund

Position Detail - at 6/30/2016

94300

<i>Description</i>	<i>Issue</i>	<i>Rating</i>	<i>Shares</i>	<i>Unit Cost</i>	<i>Total Cost</i>	<i>Weight at Cost</i>	<i>Market Price</i>	<i>Market Value</i>	<i>Accrued Income</i>	<i>Total Value</i>	<i>Weight at Market</i>
CMO											
GNMA REMIC TRUST	3.000 OCT 20 39	AA+	329,519.45	1.03	339,765.45	0.26%	103.04	339,521.35	823.80	340,345.15	0.22%
GNMA REMIC TRUST	5.000 AUG 16 39	AA+	243,544.48	1.09	264,360.23	0.20%	106.63	259,699.52	1,014.77	260,714.28	0.17%
GNMA REMIC TRUST	2.750 JAN 20 38	AA+	173,470.06	1.02	177,427.35	0.14%	102.83	178,386.03	397.54	178,783.56	0.12%
GNMA REMIC TRUST	3.500 APR 16 43	AA+	252,686.42	1.05	264,096.80	0.20%	105.80	267,328.84	737.00	268,065.84	0.18%
Commercial MBS											
COMM MTG TR	2.928 FEB 12 47	Aaa	285,000.00	1.03	293,546.81	0.22%	103.43	294,783.20	695.40	295,478.60	0.19%
COMM MTG TR	2.976 JUL 10 48	Aaa	309,000.00	1.03	318,259.20	0.24%	105.36	325,555.60	766.32	326,321.92	0.21%
COMM MTG TR 2015-PC1	3.902 JUL 12 50	Aaa	271,000.00	1.03	279,129.35	0.21%	110.24	298,738.21	881.20	299,619.41	0.20%
COMM MTG TR	4.233 JUL 12 45	AAA	532,000.00	1.06	561,457.29	0.43%	113.47	603,683.28	1,932.68	605,615.95	0.40%
GNMA REMIC TRUST	2.170 APR 16 41	AA+	170,660.90	1.00	171,034.22	0.13%	100.90	172,188.14	308.61	172,496.76	0.11%
MS CAPITAL I TR	3.809 DEC 17 48	Aaa	119,000.00	1.03	122,565.20	0.09%	110.82	131,876.99	377.73	132,254.72	0.09%
MS CAP I TR	3.594 MAR 17 49	Aaa	173,000.00	1.03	178,177.53	0.14%	109.25	189,007.00	518.14	189,525.13	0.12%
TIMBERSTAR TRUST	5.668 OCT 15 36	AA-	520,000.00	1.10	570,386.88	0.43%	100.48	522,517.32	2,456.13	524,973.45	0.34%
UBS-BARCLY COML MTG	3.525 MAY 11 63	Aaa	180,000.00	1.03	185,876.04	0.14%	108.58	195,437.16	528.75	195,965.91	0.13%
UBS COML MTG TR	2.180 MAY 12 45	Aaa	31,206.91	1.01	31,674.99	0.02%	100.23	31,277.50	56.69	31,334.19	0.02%
UBS-BARCLY COML MTG	2.533 DEC 12 45	AAA	99,000.00	1.02	101,474.77	0.08%	103.20	102,164.14	208.96	102,373.10	0.07%
VNDO MTG TR	2.996 NOV 15 30	AAA	125,000.00	1.02	128,124.48	0.10%	105.19	131,487.63	312.04	131,799.67	0.09%
WF-RBS COML MTG TR	4.869 FEB 18 44	Aaa	420,000.00	1.11	466,810.31	0.36%	112.47	472,380.30	1,704.15	474,084.45	0.31%
WFRBS COML MTG TR	3.198 MAR 17 48	AAA	143,000.00	1.03	147,287.14	0.11%	106.56	152,380.94	381.10	152,762.04	0.10%
Corporates											
AT&T INC	3.400 MAY 15 25	BBB+	240,000.00	1.00	238,874.40	0.18%	102.53	246,070.80	1,042.67	247,113.47	0.16%
ABBVIE INC	2.500 MAY 14 20	A-	246,000.00	1.00	244,991.40	0.19%	102.46	252,051.35	802.92	252,854.27	0.17%
ANHEUSER BUSCH INBEV	3.300 FEB 01 23	A-	371,000.00	1.01	373,010.42	0.28%	105.36	390,883.75	5,305.30	396,189.05	0.26%
APPLE INC	2.400 MAY 03 23	AA+	589,000.00	0.95	560,733.89	0.43%	101.92	600,315.28	2,277.47	602,592.75	0.40%

Lackawanna County Employees' Retirement Fund

Position Detail - at 6/30/2016

94300

<i>Description</i>	<i>Issue</i>	<i>Rating</i>	<i>Shares</i>	<i>Unit Cost</i>	<i>Total Cost</i>	<i>Weight at Cost</i>	<i>Market Price</i>	<i>Market Value</i>	<i>Accrued Income</i>	<i>Total Value</i>	<i>Weight at Market</i>
Corporates											
BP CAP MKTS P L C	3.062 MAR 17 22	A-	245,000.00	1.00	245,000.00	0.19%	103.42	253,379.00	2,167.22	255,546.22	0.17%
BNSF RAILWAY CO 2006	5.720 JAN 15 24	AA	108,280.19	1.20	129,445.78	0.10%	113.57	122,973.81	2,855.95	125,829.76	0.08%
BANK AMER CORP	5.650 MAY 01 18	BBB+	425,000.00	1.11	471,240.00	0.36%	107.21	455,649.30	4,002.08	459,651.38	0.30%
BANK NEW YORK MTN BK	2.100 JAN 15 19	A	214,000.00	1.00	214,257.98	0.16%	102.27	218,857.37	2,072.23	220,929.61	0.14%
BANK OF NOVA SCOTIA	1.650 JUN 14 19	A+	281,000.00	1.00	280,983.14	0.21%	100.64	282,806.83	218.95	283,025.78	0.19%
BERKSHIRE HATHAWAY I	2.750 MAR 15 23	AA	191,000.00	1.00	190,748.88	0.15%	103.46	197,598.86	1,546.57	199,145.43	0.13%
CSX TRANS INC 2007-1	6.251 JAN 15 23	A+	266,477.01	1.00	266,477.01	0.20%	116.70	310,978.67	7,680.95	318,659.62	0.21%
CATERPILLAR INC DEL	7.900 DEC 15 18	A	555,000.00	1.23	685,203.97	0.52%	115.79	642,656.70	1,948.67	644,605.37	0.42%
CHEVRON CORP NEW	2.355 DEC 05 22	AA-	551,000.00	0.98	539,762.72	0.41%	101.79	560,881.08	937.16	561,818.24	0.37%
CHEVRON CORP NEW	2.100 MAY 16 21	AA-	278,000.00	1.00	278,000.00	0.21%	102.05	283,707.62	729.75	284,437.37	0.19%
CISCO SYS INC	2.200 FEB 28 21	AA-	186,000.00	1.00	185,642.88	0.14%	103.10	191,761.54	1,386.73	193,148.27	0.13%
CITIGROUP INC	1.800 FEB 05 18	BBB+	482,000.00	1.00	481,633.68	0.37%	100.48	484,313.12	3,518.60	487,831.72	0.32%
COMCAST CORP NEW	6.300 NOV 15 17	A-	237,000.00	1.14	270,636.93	0.21%	107.49	254,743.95	1,907.85	256,651.80	0.17%
COMCAST CORP NEW	2.750 MAR 01 23	A-	325,000.00	1.00	324,502.75	0.25%	104.84	340,713.43	3,177.78	343,891.20	0.23%
CONOCOPHILLIPS CO	2.400 DEC 15 22	A-	176,000.00	0.96	168,190.88	0.13%	99.20	174,594.46	187.73	174,782.20	0.11%
DISNEY WALT CO MTNS	3.750 JUN 01 21	A	182,000.00	1.00	181,878.06	0.14%	110.92	201,871.12	568.75	202,439.87	0.13%
DISNEY WALT CO MTNS	2.350 DEC 01 22	A	153,000.00	0.94	143,884.26	0.11%	103.49	158,341.38	299.63	158,641.01	0.10%
DU PONT E I DE NEMOU	6.000 JUL 15 18	A-	172,000.00	1.11	190,629.32	0.15%	109.59	188,489.64	4,758.67	193,248.31	0.13%
FEDERAL EXPRESS PASS	6.720 JUL 15 23	BBB+	331,118.52	1.15	379,947.15	0.29%	112.75	373,336.13	10,404.98	383,741.11	0.25%
FEDERAL EXPRESS PASS	7.650 JUL 15 24	BBB+	90,507.34	1.22	110,418.95	0.08%	117.25	106,119.86	3,461.91	109,581.76	0.07%
FORD MOTOR CREDIT CO	4.250 SEP 20 22	BBB	265,000.00	1.03	273,620.45	0.21%	108.00	286,205.57	3,159.76	289,365.32	0.19%
GE CAPITAL INTERNATI	2.342 NOV 15 20	AA+	474,000.00	0.97	458,120.81	0.35%	103.43	490,250.14	1,418.47	491,668.61	0.32%
GENERAL ELECTRIC CO	2.700 OCT 09 22	AA+	238,000.00	0.98	233,445.91	0.18%	105.06	250,031.38	1,463.70	251,495.08	0.17%
GENERAL MTRS FINL CO	3.700 NOV 24 20	BBB-	267,000.00	1.00	266,850.08	0.20%	102.85	274,615.91	1,015.34	275,631.25	0.18%
GENERAL MTRS FINL CO	3.200 JUL 06 21	BA1	86,000.00	1.00	85,842.62	0.07%	100.16	86,134.42	0.00	86,134.42	0.06%

Lackawanna County Employees' Retirement Fund

Position Detail - at 6/30/2016

94300

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Corporates											
GEORGE WASHINGTON UN	3.485 SEP 15 22	A+	229,000.00	1.00	229,340.89	0.17%	107.47	246,104.24	2,349.86	248,454.10	0.16%
GLAXOSMITHKLINE CAP	5.650 MAY 15 18	A+	295,000.00	1.18	347,963.90	0.26%	108.55	320,213.36	2,129.74	322,343.09	0.21%
GOLDMAN SACHS GRP IN	7.500 FEB 15 19	BBB+	149,000.00	1.19	177,920.90	0.14%	114.35	170,375.99	4,221.67	174,597.65	0.11%
HOME DEPOT INC	2.625 JUN 01 22	A	264,000.00	1.01	267,413.52	0.20%	104.75	276,545.81	577.50	277,123.31	0.18%
JPMORGAN CHASE & CO	4.400 JUL 22 20	A-	521,000.00	1.09	569,600.18	0.43%	109.20	568,926.79	10,124.77	579,051.56	0.38%
JPMORGAN CHASE & CO	3.250 SEP 23 22	A-	375,000.00	1.02	383,925.00	0.29%	104.65	392,418.38	3,317.71	395,736.08	0.26%
KEYBANK NATIONAL ASS	2.350 MAR 08 19	A-	298,000.00	1.00	297,853.98	0.23%	102.19	304,525.01	2,198.16	306,723.17	0.20%
LOCKHEED MARTIN CORP	3.550 JAN 15 26	BBB+	124,000.00	1.00	123,449.44	0.09%	109.32	135,551.10	2,665.66	138,216.75	0.09%
MICROSOFT CORP	4.200 JUN 01 19	AAA	328,000.00	1.07	352,060.00	0.27%	109.31	358,543.69	1,148.00	359,691.69	0.24%
MICROSOFT CORP	3.125 NOV 03 25	AAA	385,000.00	1.00	384,899.90	0.29%	107.19	412,698.06	1,938.37	414,636.42	0.27%
MORGAN STANLEY	2.125 APR 25 18	BBB+	254,000.00	1.01	255,388.80	0.19%	101.09	256,771.65	989.54	257,761.19	0.17%
MORGAN STANLEY	3.875 APR 29 24	BBB+	239,000.00	1.02	244,621.28	0.19%	107.27	256,372.67	1,594.99	257,967.66	0.17%
NATIONAL RURAL UTILS	2.300 NOV 15 19	A	195,000.00	1.00	194,734.80	0.15%	103.14	201,123.20	573.08	201,696.28	0.13%
NISSAN MTR ACCEP COR	FLTG MAR 08 19	A-	352,000.00	1.00	352,000.00	0.27%	100.47	353,669.18	375.71	354,044.89	0.23%
ORACLE CORP	2.500 MAY 15 22	AA-	150,000.00	1.00	150,651.00	0.11%	102.27	153,397.50	479.17	153,876.67	0.10%
ORACLE CORP	2.400 SEP 15 23	AA-	238,000.00	1.00	237,959.54	0.18%	100.36	238,855.37	0.00	238,855.37	0.16%
PNC FUNDING CORP	3.300 MAR 08 22	A-	451,000.00	1.03	462,821.05	0.35%	106.45	480,067.40	4,671.61	484,739.01	0.32%
PACIFICORP	3.850 JUN 15 21	A+	458,000.00	1.02	467,065.37	0.36%	109.99	503,741.83	783.69	504,525.52	0.33%
PEPSICO INC	7.900 NOV 01 18	A	175,000.00	1.17	204,249.50	0.16%	115.70	202,471.68	2,304.17	204,775.84	0.13%
PETROLEOS MEXICANOS	6.875 AUG 04 26	BBB+	435,000.00	1.07	464,362.50	0.35%	112.05	487,417.50	12,211.72	499,629.22	0.33%
PHILIP MORRIS INTL I	5.650 MAY 16 18	A	83,000.00	1.07	89,088.67	0.07%	108.66	90,189.29	586.19	90,775.48	0.06%
PROCTER & GAMBLE CO	1.900 NOV 01 19	AA-	150,000.00	1.00	149,772.00	0.11%	102.86	154,294.35	475.00	154,769.35	0.10%
ROYAL BANK OF CANADA	1.875 FEB 05 21	Aaa	502,000.00	1.00	501,929.72	0.38%	101.39	508,976.29	3,817.29	512,793.59	0.34%
SBA TOWER TR 2010	5.101 APR 15 42	A2	264,000.00	1.06	278,847.36	0.21%	100.40	265,048.34	0.00	265,048.34	0.17%
SHELL INTERNATIONAL	2.250 JAN 06 23	A+	354,000.00	0.96	339,739.91	0.26%	100.58	356,052.49	3,871.88	359,924.37	0.24%

Lackawanna County Employees' Retirement Fund

Position Detail - at 6/30/2016

94300

<i>Description</i>	<i>Issue</i>	<i>Rating</i>	<i>Shares</i>	<i>Unit Cost</i>	<i>Total Cost</i>	<i>Weight at Cost</i>	<i>Market Price</i>	<i>Market Value</i>	<i>Accrued Income</i>	<i>Total Value</i>	<i>Weight at Market</i>
<i>Corporates</i>											
STATE STR CORP	3.300 DEC 16 24	A	105,000.00	1.04	108,979.50	0.08%	107.10	112,451.75	144.38	112,596.12	0.07%
TIME WARNER INC	3.600 JUL 15 25	BBB	256,000.00	1.00	255,385.60	0.19%	106.07	271,525.89	4,249.60	275,775.49	0.18%
TORONTO DOMINION BAN	2.250 NOV 05 19	AA-	249,000.00	1.00	248,554.29	0.19%	102.67	255,642.08	871.50	256,513.58	0.17%
TOTAL CAPITAL	2.750 JUN 19 21	A+	243,000.00	1.00	242,540.73	0.18%	104.04	252,806.99	222.75	253,029.74	0.17%
TOYOTA MOTOR CRED	2.125 JUL 18 19	AA-	339,000.00	1.00	338,074.53	0.26%	102.72	348,219.44	3,261.70	351,481.14	0.23%
TOYOTA MOTOR CRED	1.900 APR 08 21	AA-	227,000.00	1.00	226,317.94	0.17%	101.72	230,906.44	994.39	231,900.83	0.15%
UNITED AIRLINES PT C	3.100 JAN 07 30	Aa3	223,000.00	1.00	223,318.75	0.17%	102.75	229,132.50	345.65	229,478.15	0.15%
U S BANCORP MTNS BK	3.600 SEP 11 24	A-	201,000.00	1.00	200,210.07	0.15%	107.88	216,838.20	2,211.00	219,049.20	0.14%
U S BANCORP MTNS BK	2.350 JAN 29 21	A+	377,000.00	1.00	376,947.22	0.29%	103.30	389,447.03	3,740.68	393,187.71	0.26%
VERIZON COMMUNICATIO	5.150 SEP 15 23	BBB+	140,000.00	1.16	162,992.20	0.12%	116.69	163,360.82	2,122.94	165,483.76	0.11%
WELLS FARGO & CO NEW	5.625 DEC 11 17	A	144,000.00	1.14	164,128.03	0.12%	106.33	153,117.50	450.00	153,567.50	0.10%
WELLS FARGO CO MTN B	2.150 JAN 30 20	A	372,000.00	1.00	371,494.08	0.28%	101.76	378,536.41	3,354.72	381,891.13	0.25%
<i>Mortgage Backed Securities</i>											
FHLMC PC GOL D98711	4.500 JUL 01 31	AA+	349,813.39	1.07	373,425.79	0.28%	109.92	384,513.83	1,311.80	385,825.63	0.25%
FHLMC PC GOL G04632	5.000 NOV 01 36	AA+	157,260.68	1.08	170,332.97	0.13%	111.07	174,672.43	655.25	175,327.68	0.12%
FHLMC PC GOL G04714	5.000 SEP 01 38	AA+	29,200.29	0.99	28,793.08	0.02%	110.35	32,221.85	64.89	32,286.74	0.02%
FHLMC PC GOL G06933	5.000 JUL 01 41	AA+	159,046.22	1.11	177,137.73	0.13%	112.52	178,951.81	353.44	179,305.24	0.12%
FHLMC PC GOL G15191	4.000 NOV 01 28	AA+	184,976.78	1.07	198,040.77	0.15%	106.42	196,857.65	616.59	197,474.24	0.13%
FHLMC PC GOL C91370	4.500 MAY 01 31	AA+	87,182.62	1.08	93,775.81	0.07%	109.88	95,793.12	326.93	96,120.06	0.06%
FHLMC PC GOL A96413	4.000 JAN 01 41	AA+	281,250.10	1.03	289,051.60	0.22%	107.55	302,474.36	937.50	303,411.86	0.20%
FHLMC PC GOL C35867	8.500 JAN 01 30	AA+	813.14	1.02	832.71	0.00%	101.78	827.61	5.76	833.37	0.00%
FHLMC PC GOL Q13086	3.000 NOV 01 42	AA+	55,455.86	1.05	58,133.34	0.04%	103.92	57,627.46	138.64	57,766.10	0.04%
FNMA PASSTHRU 252571	7.000 JUL 01 29	AA+	1,213.67	0.99	1,195.84	0.00%	120.93	1,467.67	7.08	1,474.75	0.00%
FNMA PASSTHRU 491066	7.000 OCT 01 28	AA+	471.57	1.02	479.23	0.00%	100.29	472.96	2.75	475.71	0.00%
FNMA PASSTHRU 503915	7.000 JUL 01 29	AA+	1,032.54	0.99	1,021.09	0.00%	109.42	1,129.85	6.02	1,135.87	0.00%

Lackawanna County Employees' Retirement Fund

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94300

Description	Issue	Rating	Shares	Unit Cost	Total Cost	Weight at Cost	Market Price	Market Value	Accrued Income	Total Value	Weight at Market
<i>Mortgage Backed Securities</i>											
FNMA PASSTHRU 521015	2.521 DEC 01 29	AA+	196.14	0.98	192.58	0.00%	100.51	197.15	0.41	197.56	0.00%
FNMA PASSTHRU AH0257	4.000 DEC 01 40	AA+	39,207.31	0.97	38,181.18	0.03%	107.62	42,193.73	130.69	42,324.42	0.03%
FNMA PASSTHRU AH0942	4.000 DEC 01 40	AA+	76,861.86	1.10	84,500.01	0.06%	109.70	84,313.23	256.21	84,569.44	0.06%
FNMA PASSTHRU AH1030	4.500 DEC 01 40	AA+	92,628.42	1.03	95,334.91	0.07%	109.15	101,105.96	347.36	101,453.31	0.07%
FNMA PASSTHRU AH3586	4.000 JAN 01 41	AA+	110,301.69	1.01	111,482.26	0.08%	107.61	118,698.19	367.67	119,065.86	0.08%
FNMA PASSTHRU AH3394	4.000 JAN 01 41	AA+	54,317.97	1.03	56,023.89	0.04%	107.56	58,425.55	181.06	58,606.61	0.04%
FNMA PASSTHRU AH3986	4.000 FEB 01 41	AA+	115,498.59	1.03	119,252.29	0.09%	107.51	124,171.03	385.00	124,556.03	0.08%
FNMA PASSTHRU AH7284	4.000 MAR 01 41	AA+	426,883.71	1.04	445,358.84	0.34%	107.55	459,107.03	1,422.95	460,529.97	0.30%
FNMA PASSTHRU AH8954	4.000 APR 01 41	AA+	121,010.17	1.02	123,052.22	0.09%	107.53	130,117.76	403.37	130,521.13	0.09%
FNMA PASSTHRU AJ5336	3.000 NOV 01 26	AA+	105,509.78	1.04	109,664.23	0.08%	105.04	110,828.74	263.77	111,092.51	0.07%
FNMA PASSTHRU AK4940	3.500 MAR 01 42	AA+	89,858.75	1.03	92,859.89	0.07%	105.92	95,178.21	262.09	95,440.30	0.06%
FNMA PASSTHRU AL0957	4.000 JUL 01 21	AA+	184,937.89	1.07	197,767.96	0.15%	103.92	192,181.17	616.46	192,797.63	0.13%
FNMA PASSTHRU AL5521	4.500 JAN 01 40	AA+	396,682.66	1.09	430,648.61	0.33%	109.59	434,720.16	1,487.56	436,207.72	0.29%
FNMA PASSTHRU AL6345	4.000 NOV 01 28	AA+	204,473.80	1.07	218,786.97	0.17%	106.62	218,014.06	681.58	218,695.63	0.14%
FNMA PASSTHRU AO8044	3.500 JUL 01 42	AA+	35,049.86	1.07	37,590.97	0.03%	106.95	37,487.23	102.23	37,589.46	0.02%
FNMA PASSTHRU AP3108	3.500 OCT 01 42	AA+	102,792.57	1.07	109,779.25	0.08%	105.84	108,794.94	299.81	109,094.75	0.07%
FNMA PASSTHRU AP6752	3.000 SEP 01 27	AA+	56,319.95	1.02	57,215.61	0.04%	104.94	59,101.03	140.80	59,241.83	0.04%
FNMA PASSTHRU AP7553	3.000 SEP 01 42	AA+	97,019.41	1.05	101,430.76	0.08%	104.04	100,935.99	242.55	101,178.54	0.07%
FNMA PASSTHRU AR7391	3.000 JUN 01 43	AA+	86,290.43	1.03	88,784.77	0.07%	104.02	89,755.34	215.73	89,971.06	0.06%
FNMA PASSTHRU AS0765	3.500 OCT 01 28	AA+	197,680.29	1.05	207,162.77	0.16%	106.88	211,275.16	576.57	211,851.73	0.14%
FNMA PASS-THRU ADJ	FLTG JAN 01 33	AA+	950.02	1.02	972.73	0.00%	106.63	1,012.98	1.98	1,014.95	0.00%
FNMA PASSTHRU 686004	2.605 JAN 01 33	AA+	4,249.31	1.03	4,362.18	0.00%	101.84	4,327.63	9.22	4,336.86	0.00%
FNMA PASSTHRU 754755	2.795 JAN 01 34	AA+	14,066.01	1.00	14,026.45	0.01%	105.97	14,906.26	32.76	14,939.02	0.01%
FNMA PASSTHRU 765675	2.687 FEB 01 34	AA+	16,019.42	0.99	15,921.80	0.01%	106.08	16,992.78	35.87	17,028.65	0.01%
FNMA PASSTHRU 832254	2.635 AUG 01 35	AA+	5,765.05	1.00	5,740.73	0.00%	105.20	6,064.87	12.11	6,076.98	0.00%

Lackawanna County Employees' Retirement Fund

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<i>Mortgage Backed Securities</i>											
FNMA PASSTHRU 932389	4.500 JAN 01 40	AA+	87,945.63	1.01	88,399.10	0.07%	109.57	96,359.65	329.80	96,689.45	0.06%
FNMA PASSTHRU 968528	2.726 JAN 01 38	AA+	29,364.18	1.01	29,777.11	0.02%	105.28	30,914.46	66.71	30,981.17	0.02%
FNMA PASSTHRU AA5223	4.000 MAR 01 39	AA+	46,760.88	1.04	48,448.66	0.04%	107.91	50,458.08	155.87	50,613.95	0.03%
FNMA PASSTHRU AB1475	4.500 SEP 01 40	AA+	41,752.15	1.04	43,536.40	0.03%	109.64	45,774.89	156.57	45,931.46	0.03%
FNMA PASSTHRU AB3865	3.500 NOV 01 41	AA+	89,206.10	1.02	91,324.74	0.07%	106.99	95,445.17	260.18	95,705.36	0.06%
FNMA PASSTHRU MA0203	4.000 OCT 01 19	AA+	119,043.81	1.06	126,446.85	0.10%	103.68	123,421.05	396.81	123,817.86	0.08%
FNMA PASSTHRU MA0514	4.000 SEP 01 40	AA+	44,746.92	1.05	46,785.00	0.04%	107.66	48,173.24	149.16	48,322.39	0.03%
FNMA PASSTHRU MA0575	4.500 NOV 01 30	AA+	95,769.57	1.10	105,226.82	0.08%	109.81	105,165.33	359.14	105,524.47	0.07%
FNMA PASSTHRU MA0706	4.500 APR 01 31	AA+	204,811.56	1.08	221,164.48	0.17%	109.80	224,883.50	768.04	225,651.55	0.15%
FNMA PASSTHRU MA1029	3.500 APR 01 32	AA+	70,240.85	1.06	74,784.55	0.06%	106.52	74,822.59	204.87	75,027.46	0.05%
FNMA PASSTHRU MA1080	3.000 JUN 01 22	AA+	175,357.19	1.04	182,919.47	0.14%	105.00	184,132.94	438.39	184,571.33	0.12%
FNMA PASSTHRU MA1982	3.500 AUG 01 34	AA+	176,597.51	1.06	186,558.71	0.14%	106.33	187,777.72	515.08	188,292.80	0.12%
FNMA PASSTHRU AD6960	4.500 JUL 01 40	AA+	65,719.14	1.03	67,526.42	0.05%	109.62	72,037.77	246.45	72,284.22	0.05%
FNMA PASSTHRU AD8268	4.500 SEP 01 40	AA+	214,167.40	1.05	225,844.18	0.17%	109.68	234,891.52	803.13	235,694.65	0.15%
FNMA PASSTHRU AE7582	4.500 NOV 01 40	AA+	154,603.63	1.05	161,715.24	0.12%	109.66	169,540.51	579.76	170,120.27	0.11%
GNMA PASSTHRU 005228	3.500 NOV 20 26	AA+	127,990.72	1.06	135,790.15	0.10%	106.29	136,038.01	373.31	136,411.31	0.09%
GNMA PASSTHRU 457874	6.500 FEB 15 29	AA+	8,937.95	1.00	8,908.62	0.01%	115.69	10,339.89	48.41	10,388.30	0.01%
GNMA PASSTHRU 470162	7.500 MAR 15 29	AA+	734.51	0.98	721.89	0.00%	100.73	739.85	4.59	744.44	0.00%
GNMA PASSTHRU 478975	8.500 DEC 15 29	AA+	1,486.52	1.03	1,527.86	0.00%	105.92	1,574.47	10.53	1,585.00	0.00%
GNMA PASSTHRU 494029	7.500 JUL 15 29	AA+	474.78	1.01	481.59	0.00%	100.90	479.06	2.97	482.03	0.00%
GNMA PASSTHRU 780742	7.000 SEP 15 24	AA+	14,788.08	1.02	15,046.87	0.01%	115.22	17,038.97	86.26	17,125.24	0.01%
GNMA PASSTHRU 782973	5.500 NOV 15 35	AA+	240,768.70	1.11	266,764.20	0.20%	113.93	274,318.61	1,103.52	275,422.14	0.18%
GNMA PASSTHRU 696467	6.500 AUG 15 38	AA+	6,711.65	1.02	6,860.56	0.01%	114.12	7,659.46	36.35	7,695.82	0.01%
<i>Other Government</i>											
FLORIDA HURRICANE CA	2.107 JUL 01 18	AA	375,000.00	1.01	378,960.00	0.29%	101.85	381,952.50	3,950.63	385,903.13	0.25%

Lackawanna County Employees' Retirement Fund

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<i>US Agencies</i>											
AMERICAN EXPRESS CEN	2.350 OCT 07 20	AA+	1,500,000.00	0.99	1,490,625.00	1.13%	104.00	1,559,959.50	8,208.90	1,568,168.40	1.03%
CAPITAL ONE NATL ASS	2.000 OCT 07 19	AA+	248,000.00	1.00	246,760.00	0.19%	102.71	254,723.28	1,155.07	255,878.35	0.17%
FEDERAL HOME LOAN BA	1.000 MAY 26 21 SI	AA+	2,935,000.00	1.00	2,935,000.00	2.23%	100.02	2,935,663.31	2,853.47	2,938,516.78	1.93%
FEDERAL HOME LOAN BA	2.470 JUN 23 26	AA+	360,000.00	1.00	359,550.00	0.27%	100.06	360,213.84	197.60	360,411.44	0.24%
FEDERAL FARM CR BKS	2.950 JUL 13 23	AA+	300,000.00	1.01	302,065.05	0.23%	100.07	300,218.70	4,130.00	304,348.70	0.20%
FEDERAL FARM CR BKS	3.170 JUL 21 25	AA+	408,000.00	1.00	408,127.50	0.31%	100.11	408,430.03	5,748.27	414,178.30	0.27%
FEDERAL FARM CR BKS	2.950 SEP 30 24	AA+	235,000.00	1.00	235,500.67	0.18%	100.33	235,768.45	1,752.38	237,520.83	0.16%
FEDERAL FARM CR BKS	2.820 JAN 27 25	AA+	810,000.00	1.01	814,698.00	0.62%	100.91	817,370.19	9,771.30	827,141.49	0.54%
FEDERAL FARM CR BKS	1.950 MAR 01 22	AA+	725,000.00	1.00	725,942.50	0.55%	100.03	725,230.55	1,178.13	726,408.68	0.48%
FEDERAL FARM CR BKS	2.320 JUN 23 25	AA+	508,000.00	1.00	508,000.00	0.39%	100.22	509,109.98	261.90	509,371.88	0.33%
FEDERAL FARM CR BKS	2.540 OCT 05 26	AA+	745,000.00	1.00	744,627.50	0.57%	99.69	742,667.41	0.00	742,667.41	0.49%
FEDERAL HOME LN MTG	1.000 APR 29 21 SU	AA+	692,000.00	1.00	692,000.00	0.53%	100.01	692,069.20	1,191.78	693,260.98	0.45%
FEDERAL HOME LN MTG	1.875 MAY 24 21	AA+	753,000.00	1.00	753,592.80	0.57%	100.06	753,414.15	1,451.09	754,865.24	0.50%
FEDERAL HOME LN MTG	1.000 JUN 28 19 SU	AA+	361,000.00	1.00	361,000.00	0.27%	100.06	361,228.87	30.08	361,258.96	0.24%
FEDERAL NTL MTG ASSN	6.210 JUN 05 36	AA+	867,000.00	1.06	917,390.04	0.70%	104.76	908,226.72	3,888.50	912,115.21	0.60%
FEDERAL NTL MTG ASSN	0.750 JAN 29 19 SU	AA+	1,198,000.00	1.00	1,198,209.10	0.91%	99.99	1,197,900.57	3,793.67	1,201,694.23	0.79%
FEDERAL NTL MTG ASSN	5.600 MAY 15 37	AA+	599,000.00	1.04	625,026.55	0.48%	104.21	624,210.11	4,286.18	628,496.29	0.41%
GOLDMAN SACHS BK USA	2.250 SEP 30 20	AA+	1,580,000.00	0.99	1,570,125.00	1.19%	103.59	1,636,655.64	9,057.95	1,645,713.59	1.08%
HSBC BANK USA NA	1.625 DEC 09 20	AA+	246,000.00	1.00	245,170.22	0.19%	100.21	246,518.08	240.95	246,759.02	0.16%
JPM CHAS BK 00628 CD	1.000 FEB 19 20	AA+	527,000.00	1.00	524,365.00	0.40%	100.04	527,225.03	1,920.30	529,145.33	0.35%
WELLS FARGO BK N A	1.750 JUN 17 21	AA+	600,000.00	1.00	597,750.00	0.45%	100.39	602,341.80	402.74	602,744.54	0.40%
<i>US Treasuries</i>											
UNITED STATES TREAS	1.500 DEC 31 18	AA+	1,217,000.00	1.01	1,231,490.44	0.94%	102.09	1,242,409.74	49.61	1,242,459.35	0.82%
UNITED STATES TREAS	1.625 DEC 31 19	AA+	1,055,000.00	1.01	1,068,651.93	0.81%	102.79	1,084,425.01	46.59	1,084,471.59	0.71%
UNITED STATES TREAS	0.125 APR 15 20	AA+	705,877.23	1.00	703,137.82	0.54%	102.36	722,517.58	185.63	722,703.21	0.47%

Lackawanna County Employees' Retirement Fund

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<i>US Treasuries</i>											
UNITED STATES TREAS	2.000 AUG 15 25	AA+	216,000.00	1.00	215,330.13	0.16%	104.61	225,956.30	1,625.93	227,582.24	0.15%
UNITED STATES TREAS	1.375 AUG 31 20	AA+	1,009,000.00	0.99	995,023.75	0.76%	101.86	1,027,800.70	4,637.15	1,032,437.85	0.68%
UNITED STATES TREAS	1.750 DEC 31 20	AA+	835,000.00	1.02	849,056.91	0.65%	103.46	863,898.52	39.71	863,938.22	0.57%
UNITED STATES TREAS	0.625 JAN 15 26	AA+	367,474.70	1.05	384,857.89	0.29%	105.40	387,334.14	1,060.02	388,394.16	0.25%
UNITED STATES TREAS	1.625 MAY 15 26	AA+	121,000.00	1.01	122,692.11	0.09%	101.29	122,555.09	251.12	122,806.22	0.08%
UNITED STATES TREAS	2.125 AUG 15 21	AA+	147,000.00	1.02	149,244.94	0.11%	105.43	154,975.93	1,175.70	156,151.62	0.10%
UNITED STATES TREAS	0.125 APR 15 18	AA+	595,056.00	1.02	605,950.90	0.46%	101.53	604,152.03	156.49	604,308.51	0.40%
UNITED STATES TREAS	1.750 APR 30 22	AA+	1,608,000.00	0.99	1,588,753.37	1.21%	103.36	1,662,049.70	4,740.98	1,666,790.68	1.09%
Total Fixed Income					\$58,943,644.87	44.85%		\$59,958,117.23	\$274,891.37	\$60,233,008.60	39.52%
CASH	CASH		1,987,784.38	1.00	1,987,784.38	1.51%	1.00	\$1,987,784.38	\$0.00	\$1,987,784.38	1.30%
Total Portfolio					\$131,418,508.30	100.00%		\$152,086,909.62	\$315,716.87	\$152,402,626.49	100.00%

Lackawanna County Employees' Retirement Fund

Transaction Detail - 4/1/2016 through 6/30/2016

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Sales

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Trade Date</i>	<i>Shares</i>	<i>Average Price</i>	<i>Total Proceeds</i>	<i>Gain/Loss</i>
<i>Sales</i>							
WALT DISNEY CO	COMMON	254687106	04/04/2016	500	99.14	49,553.21	38,357.96
TIME WARNER INC	COMMON	887317303	04/04/2016	1,000	73.29	73,259.40	-1,459.60
WAL MART STORES INC	COMMON	931142103	04/04/2016	600	69.17	41,483.09	10,862.93
WALGREENS BOOTS ALNC	COMMON	931427108	04/04/2016	500	86.32	43,146.05	22,531.31
CHEVRON CORP	COMMON	166764100	04/04/2016	200	93.89	18,771.93	7,123.95
EOG RESOURCES INC	COMMON	26875P101	04/04/2016	400	71.93	28,760.17	-11,102.26
MARATHON PETROLEUM	COMMON	56585A102	04/04/2016	500	36.20	18,082.10	-3,266.73
WELLS FARGO & CO	COMMON	949746101	04/04/2016	1,200	48.36	57,993.65	23,024.09
PRICE T ROWE GRP	COMMON	74144T108	04/04/2016	1,000	73.52	73,491.39	-8,792.31
AMERN INTL GROUP INC	COMMON	026874784	04/04/2016	1,300	54.80	71,202.69	21,171.67
CENTENE CORP DEL	COMMON	15135B101	04/04/2016	700	61.68	43,155.52	-10,001.71
MEDNAX INC	COMMON	58502B106	04/04/2016	800	64.33	51,434.87	3,451.45
ABBOTT LABS	COMMON	002824100	04/04/2016	1,600	42.20	67,462.52	17,782.42
EXPRESS SCRIPTS HLDG	COMMON	30219G108	04/04/2016	700	69.85	48,872.93	5,830.77
GENERAL ELECTRIC CO	COMMON	369604103	04/04/2016	1,800	31.48	56,604.62	32,441.25
3M COMPANY	COMMON	88579Y101	04/04/2016	300	166.61	49,973.39	25,688.14
DOVER CORP	COMMON	260003108	04/04/2016	600	63.61	38,148.36	18,274.23
KENNAMETAL INC	COMMON	489170100	04/04/2016	1,700	22.19	37,674.23	-25,599.52
NORFOLK SOUTHERN	COMMON	655844108	04/04/2016	500	83.20	41,581.59	21,744.23
PAYPAL HLDGS INC	COM USD0.0001	70450Y103	04/04/2016	1,800	38.97	70,096.05	36,013.74
MICROSOFT CORP	COMMON	594918104	04/04/2016	1,300	55.46	72,062.62	44,303.86
ORACLE CORP	COMMON	68389X105	04/04/2016	1,300	41.10	53,395.42	15,840.85

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Sales							
CISCO SYSTEMS INC	COMMON	17275R102	04/04/2016	2,600	28.37	73,684.99	28,333.92
F5 NETWORKS INC	COMMON	315616102	04/04/2016	800	105.23	84,158.16	-7,131.04
EMC CORP MASS	COMMON	268648102	04/04/2016	2,000	26.78	53,495.83	8,006.18
SANDISK CORP	COMMON	80004C101	04/04/2016	500	76.13	38,049.17	12,190.72
PUBLIC SVC ENTERPR	COMMON	744573106	04/04/2016	700	47.36	33,131.67	15,259.87
VCA INC	COMMON	918194101	04/13/2016	1,500	59.58	89,323.35	57,369.98
PRESTIGE BRANDS HLDG	COMMON	74112D101	04/13/2016	1,500	56.25	84,330.56	70,058.99
FEDERAL FARM CR BKS	2.690 JAN 22 24	3133EFVX2	04/14/2016	1,197,000	100.00	1,197,000.00	-837.90
BANK OF NOVA SCOTIA	2.450 MAR 22 21	064159HM1	04/18/2016	104,000	100.95	104,986.96	1,201.20
AMERICAN HONDA FIN C	2.450 SEP 24 20	02665WAZ4	04/21/2016	112,000	102.91	115,255.84	3,328.64
VCA INC	COMMON	918194101	04/22/2016	1,400	60.59	84,783.83	54,960.69
PRESTIGE BRANDS HLDG	COMMON	74112D101	04/22/2016	1,500	56.99	85,436.18	71,164.61
BMW BK NORTH AMER SA	2.200 OCT 16 20	05580ADB7	04/25/2016	1,000,000	101.58	1,015,810.00	24,560.00
AMERICAN HONDA FIN C	2.450 SEP 24 20	02665WAZ4	04/26/2016	115,000	102.71	118,113.03	3,187.78
UNITED STATES TREAS	2.625 AUG 15 20	912828NT3	04/27/2016	1,000,000	105.64	1,056,445.31	898.44
UNITED STATES TREAS	0.250 JAN 15 25	912828H45	04/28/2016	231,238	101.14	233,875.49	3,116.29
UNITED STATES TREAS	2.125 AUG 15 21	912828RC6	05/09/2016	14,000	104.40	14,616.33	402.52
C&J ENERGY SVCS INC	COMMON	G3164Q101	05/13/2016	23,750	0.46	10,326.25	-333,836.96
WESTERN DIGITAL CORP	COMMON	958102105	05/17/2016	4,797	36.96	177,152.70	-862,356.99
UNITED STATES TREAS	1.625 FEB 15 26	912828P46	05/18/2016	256,000	98.13	251,218.98	1,116.42
AMERICAN EXP FED SVG	1.650 JUL 09 18	02587CDK3	05/18/2016	245,000	100.40	245,967.75	1,764.00
FEDERAL FARM CR BKS	2.950 JUL 13 23	3133EE3G3	05/18/2016	221,000	100.29	221,640.90	-880.35

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<i>Sales</i>							
FHLMC PC GOL J17228	3.000 NOV 01 21	3128PXA55	05/18/2016	102,082	104.25	106,420.33	255.20
UNITED STATES TREAS	1.500 FEB 28 23	912828P79	05/19/2016	180,000	99.09	178,368.75	1,701.56
UNITED STATES TREAS	1.500 FEB 28 23	912828P79	05/19/2016	123,000	99.13	121,923.75	1,201.17
UNITED STATES TREAS	2.000 FEB 15 25	912828J27	05/19/2016	145,000	101.55	147,254.30	4,282.16
FEDERAL FARM CR BKS	2.820 JAN 27 25	3133EFVJ3	05/19/2016	379,000	100.68	381,577.20	379.00
JPM CHAS BK 00628 CD	1.000 FEB 19 20	48125TW43	05/20/2016	58,000	100.00	58,000.00	290.00
UNITED STATES TREAS	1.500 NOV 30 19	912828G61	05/20/2016	890,000	101.17	900,429.69	2,430.32
UNITED STATES TREAS	1.625 FEB 15 26	912828P46	05/24/2016	362,000	97.70	353,671.17	10.53
UNITED STATES TREAS	2.000 FEB 15 25	912828J27	05/24/2016	378,000	101.40	383,299.35	10,585.77
PRICELINE GRP INC	3.600 JUN 01 26	741503AZ9	05/25/2016	202,000	99.94	201,878.80	268.66
CATERPILLAR INC DEL	3.400 MAY 15 24	149123CC3	05/25/2016	98,000	105.73	103,612.46	2,683.24
UNITED STATES TREAS	0.625 JAN 15 26	912828N71	05/26/2016	143,293	103.75	148,672.24	515.33
GOLDMAN SACHS BK USA	2.250 SEP 30 20	38148JP88	05/26/2016	195,000	101.76	198,427.13	4,645.87
BANK NOVA SCOTIA	2.800 JUL 21 21	064159FL5	06/02/2016	52,000	103.07	53,594.84	394.68
MEDNAX INC	COMMON	58502B106	06/02/2016	12,900	67.69	872,773.03	99,040.42
BANK NOVA SCOTIA	2.800 JUL 21 21	064159FL5	06/03/2016	52,000	103.58	53,862.64	662.48
UNITED STATES TREAS	2.000 AUG 15 25	912828K74	06/06/2016	141,000	102.53	144,569.06	6,049.23
UNITED STATES TREAS	2.000 AUG 15 25	912828K74	06/07/2016	84,000	102.65	86,227.97	3,705.52
UNITED STATES TREAS	1.375 MAY 31 21	912828R77	06/09/2016	160,000	100.76	161,218.75	1,248.37
HSBC BANK USA NA	1.625 DEC 09 20	40434AE62	06/10/2016	249,000	100.00	249,000.00	839.90
UNITED STATES TREAS	0.250 JAN 15 25	912828H45	06/13/2016	216,604	101.10	218,981.47	2,826.00
UNITED STATES TREAS	2.000 AUG 15 25	912828K74	06/14/2016	126,000	103.73	130,700.39	5,091.15

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Sales							
UNITED STATES TREAS	1.500 DEC 31 18	912828A75	06/15/2016	361,000	101.90	367,853.36	2,555.05
UNITED STATES TREAS	2.000 AUG 15 25	912828K74	06/15/2016	216,000	103.66	223,914.38	8,584.24
UNITED STATES TREAS	1.625 DEC 31 19	912828G95	06/16/2016	725,000	102.54	743,408.20	9,026.54
UNITED STATES TREAS	2.000 MAY 31 21	912828WN6	06/16/2016	584,000	104.33	609,299.06	7,915.94
UNITED STATES TREAS	1.375 MAY 31 21	912828R77	06/16/2016	356,000	101.45	361,173.13	5,239.03
UNITED STATES TREAS	0.625 JAN 15 26	912828N71	06/23/2016	219,271	104.05	228,153.13	-562.96
HSBC BANK USA NA	1.625 DEC 09 20	40434AE62	06/23/2016	100,000	99.97	99,970.00	307.31
VERIZON COMMUNICATIO	5.150 SEP 15 23	92343VBR4	06/23/2016	140,000	115.32	161,448.00	7.00
UNITED STATES TREAS	2.500 AUG 15 23	912828VS6	06/27/2016	136,000	108.52	147,591.88	2,496.88
UNITED STATES TREAS	2.000 AUG 15 25	912828K74	06/27/2016	218,000	104.66	228,167.66	10,843.72
UNITED STATES TREAS	1.625 FEB 15 26	912828P46	06/30/2016	601,000	101.22	608,324.69	14,845.23
UNITED STATES TREAS	0.250 JAN 15 25	912828H45	06/30/2016	147,561	101.75	150,137.29	2,882.05
Total Sales						15,678,913.17	-350,655.66

Principal Payments

FHLMC PC GOL D98711	4.500 JUL 01 31	3128E5VC0	04/01/2016	2,773	100.00	2,772.66	-187.15
GNMA PASSTHRU 696467	6.500 AUG 15 38	36296NW44	04/01/2016	33	100.00	32.67	-0.72
GNMA PASSTHRU 782973	5.500 NOV 15 35	36241LJS6	04/01/2016	10,515	100.00	10,515.27	-1,135.32
GNMA PASSTHRU 780742	7.000 SEP 15 24	36225AZF0	04/01/2016	1,043	100.00	1,042.65	-18.25
GNMA PASSTHRU 494029	7.500 JUL 15 29	36210JY28	04/01/2016	2	100.00	1.83	-0.03
GNMA PASSTHRU 478975	8.500 DEC 15 29	36209RCL5	04/01/2016	5	100.00	4.91	-0.14

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<i>Principal Payments</i>							
GNMA PASSTHRU 470162	7.500 MAR 15 29	36209FJF7	04/01/2016	3	100.00	3.03	0.05
GNMA PASSTHRU 457874	6.500 FEB 15 29	36208QT71	04/01/2016	61	100.00	60.72	0.20
GNMA PASSTHRU 005228	3.500 NOV 20 26	36202FYZ3	04/01/2016	3,700	100.00	3,700.18	-225.48
FNMA PASSTHRU AE7582	4.500 NOV 01 40	31419JM88	04/01/2016	2,817	100.00	2,817.15	-129.59
FNMA PASSTHRU AD8268	4.500 SEP 01 40	31418WFJ4	04/01/2016	5,078	100.00	5,078.10	-276.87
FNMA PASSTHRU AD6960	4.500 JUL 01 40	31418UWW0	04/01/2016	1,157	100.00	1,156.91	-31.82
FNMA PASSTHRU MA1982	3.500 AUG 01 34	31418BFY7	04/01/2016	3,768	100.00	3,767.72	-212.52
FNMA PASSTHRU MA1080	3.000 JUN 01 22	31418AFW3	04/01/2016	4,619	100.00	4,618.58	-199.18
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	04/01/2016	1,298	100.00	1,298.44	-83.99
FNMA PASSTHRU MA0706	4.500 APR 01 31	31417YYC5	04/01/2016	4,700	100.00	4,699.75	-375.25
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	04/01/2016	660	100.00	660.19	-30.07
FNMA PASSTHRU MA0203	4.000 OCT 01 19	31417YGM3	04/01/2016	5,641	100.00	5,640.76	-350.78
FNMA PASSTHRU AB3865	3.500 NOV 01 41	31417AJK6	04/01/2016	906	100.00	905.64	-21.51
FNMA PASSTHRU AB1475	4.500 SEP 01 40	31416WT93	04/01/2016	931	100.00	931.32	-39.80
FNMA PASSTHRU AA5223	4.000 MAR 01 39	31416NYV8	04/01/2016	136	100.00	135.85	-4.90
FNMA PASSTHRU 932389	4.500 JAN 01 40	31412Q2W8	04/01/2016	1,470	100.00	1,469.81	-7.58
FNMA PASSTHRU AS0765	3.500 OCT 01 28	3138W9Z78	04/01/2016	5,991	100.00	5,990.58	-287.36
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	04/01/2016	464	100.00	464.07	-13.41
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	04/01/2016	1,136	100.00	1,136.48	-51.67
FNMA PASSTHRU AP6752	3.000 SEP 01 27	3138MAQE1	04/01/2016	478	100.00	478.28	-7.61
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	04/01/2016	238	100.00	237.56	-16.15
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	04/01/2016	390	100.00	389.92	-28.27

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Principal Payments							
FNMA PASSTHRU AL6345	4.000 NOV 01 28	3138EPBP8	04/01/2016	3,854	100.00	3,853.57	-269.75
FNMA PASSTHRU AL5521	4.500 JAN 01 40	3138END30	04/01/2016	12,622	100.00	12,622.09	-1,080.77
FNMA PASSTHRU AL0957	4.000 JUL 01 21	3138EHB35	04/01/2016	6,082	100.00	6,081.66	-421.92
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	04/01/2016	728	100.00	727.66	-24.30
FNMA PASSTHRU AJ5336	3.000 NOV 01 26	3138AW4W0	04/01/2016	1,994	100.00	1,993.88	-78.51
FNMA PASSTHRU AH8954	4.000 APR 01 41	3138AA5Q0	04/01/2016	1,461	100.00	1,461.46	-24.66
FNMA PASSTHRU AH7284	4.000 MAR 01 41	3138A9CW2	04/01/2016	11,768	100.00	11,767.95	0.00
FNMA PASSTHRU AH3986	4.000 FEB 01 41	3138A5NC2	04/01/2016	749	100.00	749.46	-24.36
FNMA PASSTHRU AH3394	4.000 JAN 01 41	3138A4XY6	04/01/2016	806	100.00	805.54	-25.30
FNMA PASSTHRU AH3586	4.000 JAN 01 41	3138A46Y6	04/01/2016	1,500	100.00	1,500.37	-16.06
FNMA PASSTHRU AH1030	4.500 DEC 01 40	3138A2EC9	04/01/2016	4,312	100.00	4,312.27	-126.00
FNMA PASSTHRU AH0942	4.000 DEC 01 40	3138A2BL2	04/01/2016	989	100.00	989.33	-98.31
FNMA PASSTHRU AH0257	4.000 DEC 01 40	3138A1JB8	04/01/2016	94	100.00	93.91	2.46
FNMA PASSTHRU 503915	7.000 JUL 01 29	31383HYL2	04/01/2016	8	100.00	8.10	0.09
FNMA PASSTHRU 491066	7.000 OCT 01 28	31382SQT1	04/01/2016	2	100.00	2.01	-0.03
FNMA PASSTHRU 252571	7.000 JUL 01 29	31371HQY7	04/01/2016	32	100.00	31.83	0.47
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	04/01/2016	881	100.00	880.96	-42.53
FHLMC PC GOL C35867	8.500 JAN 01 30	31294CQU0	04/01/2016	7	100.00	6.69	-0.16
FHLMC PC GOL A96413	4.000 JAN 01 41	312945DS4	04/01/2016	5,483	100.00	5,482.81	-152.09
FHLMC PC GOL J17228	3.000 NOV 01 21	3128PXA55	04/01/2016	2,516	100.00	2,516.03	-100.64
FHLMC PC GOL C91370	4.500 MAY 01 31	3128P7QX4	04/01/2016	1,840	100.00	1,839.62	-139.12
FHLMC PC GOL G15191	4.000 NOV 01 28	3128MD7C1	04/01/2016	8,216	100.00	8,216.02	-580.26

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Principal Payments							
FHLMC PC GOL G06933	5.000 JUL 01 41	3128M9BA9	04/01/2016	3,925	100.00	3,924.84	-446.45
FHLMC PC GOL G04714	5.000 SEP 01 38	3128M6SB5	04/01/2016	320	100.00	319.66	4.46
FHLMC PC GOL G04632	5.000 NOV 01 36	3128M6PR3	04/01/2016	4,586	100.00	4,585.68	-381.18
FNMA PASSTHRU 521015	2.521 DEC 01 29	31384DYL0	04/01/2016	1	100.00	1.03	0.02
FNMA PASSTHRU 968528	2.726 JAN 01 38	31414KPM6	04/01/2016	6	100.00	6.02	-0.08
FNMA PASSTHRU 832254	2.635 AUG 01 35	31407JTK8	04/01/2016	26	100.00	25.50	0.11
FNMA PASSTHRU 765675	2.687 FEB 01 34	31404DT81	04/01/2016	56	100.00	56.13	0.34
FNMA PASSTHRU 754755	2.795 JAN 01 34	31403QQG8	04/01/2016	61	100.00	60.84	0.17
FNMA PASSTHRU 686004	2.605 JAN 01 33	31400FDH7	04/01/2016	17	100.00	16.76	-0.45
FNMA PASS-THRU ADJ	FLTG JAN 01 33	31400CN42	04/01/2016	4	100.00	3.77	-0.09
GNMA REMIC TRUST	2.170 APR 16 41	38378BRT8	04/01/2016	10,682	100.00	10,681.95	-23.37
BANC AMER CMBS 2006-	5.634 JUL 10 46	05950WAF5	04/01/2016	89,359	100.00	89,358.78	-4,370.20
UBS COML MTG TR	2.180 MAY 12 45	90269GAB7	04/01/2016	757	100.00	757.28	-11.36
EXTENDED STAY AMER T	2.295 DEC 05 31	30225ABG7	04/01/2016	250,000	100.00	250,000.00	625.75
FNMA REMIC TRUST	4.000 FEB 25 40	3136A0P27	04/01/2016	1,207	100.00	1,207.25	-59.99
GNMA REMIC TRUST	3.500 APR 16 43	38378YYK9	04/01/2016	8,162	100.00	8,162.39	-368.58
GNMA REMIC TRUST	2.750 JAN 20 38	38378CQF7	04/01/2016	6,741	100.00	6,740.88	-153.78
GNMA REMIC TRUST	5.000 AUG 16 39	38377UR34	04/01/2016	14,790	100.00	14,789.68	-1,264.07
GNMA REMIC TRUST	3.000 OCT 20 39	38377JZ48	04/01/2016	10,609	100.00	10,609.04	-329.87
GNMA REMIC TRUST	3.500 JAN 20 38	38374YWD1	04/01/2016	4,899	100.00	4,898.91	-217.20
FNMA REMIC TRUST	4.000 NOV 25 40	31397SZ23	04/01/2016	3,234	100.00	3,234.08	-186.97
FHLMC REMIC SERIES	3.000 NOV 15 32	3137B9BY0	04/01/2016	1,521	100.00	1,520.77	-64.16

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<i>Principal Payments</i>							
FHLMC REMIC SERIES	2.750 APR 15 41	3137ANQF5	04/01/2016	8,076	100.00	8,076.48	-161.53
FHLMC REMIC SERIES	4.000 NOV 15 39	3137A3ZF9	04/01/2016	8,183	100.00	8,183.17	-595.76
FNMA REMIC TRUST	3.000 MAR 25 39	3136A1JT3	04/01/2016	9,499	100.00	9,498.94	-279.03
HYUNDAI AUTO LEASE T	1.000 OCT 16 17	44890XAB4	04/15/2016	36,077	100.00	36,076.78	0.43
NLY COML MTG TR	1.636 NOV 18 30	629166AA7	04/15/2016	125,421	100.00	125,421.38	0.00
CAPITAL AUTO RECV AB	1.320 JUN 20 18	13975GAC2	04/20/2016	25,230	100.00	25,229.98	4.90
FNMA PASSTHRU AH7284	4.000 MAR 01 41	3138A9CW2	04/25/2016	11,768	100.00	11,767.95	-509.31
FHLMC PC GOL D98711	4.500 JUL 01 31	3128E5VC0	05/01/2016	10,401	100.00	10,401.01	-702.07
GNMA PASSTHRU 696467	6.500 AUG 15 38	36296NW44	05/01/2016	1,243	100.00	1,243.23	-27.58
GNMA PASSTHRU 782973	5.500 NOV 15 35	36241LJS6	05/01/2016	5,797	100.00	5,797.12	-625.91
GNMA PASSTHRU 780742	7.000 SEP 15 24	36225AZF0	05/01/2016	200	100.00	200.16	-3.50
GNMA PASSTHRU 494029	7.500 JUL 15 29	36210JY28	05/01/2016	2	100.00	1.85	-0.03
GNMA PASSTHRU 478975	8.500 DEC 15 29	36209RCL5	05/01/2016	5	100.00	4.95	-0.14
GNMA PASSTHRU 470162	7.500 MAR 15 29	36209FJF7	05/01/2016	3	100.00	3.05	0.05
GNMA PASSTHRU 457874	6.500 FEB 15 29	36208QT71	05/01/2016	247	100.00	247.13	0.81
GNMA PASSTHRU 005228	3.500 NOV 20 26	36202FYZ3	05/01/2016	2,151	100.00	2,150.55	-131.05
FNMA PASSTHRU AE7582	4.500 NOV 01 40	31419JM88	05/01/2016	299	100.00	299.38	-13.77
FNMA PASSTHRU AD8268	4.500 SEP 01 40	31418WFJ4	05/01/2016	4,639	100.00	4,639.12	-252.93
FNMA PASSTHRU AD6960	4.500 JUL 01 40	31418UWW0	05/01/2016	868	100.00	867.74	-23.86
FNMA PASSTHRU MA1982	3.500 AUG 01 34	31418BFY7	05/01/2016	3,337	100.00	3,337.44	-188.25
FNMA PASSTHRU MA1080	3.000 JUN 01 22	31418AFW3	05/01/2016	5,533	100.00	5,533.16	-238.62
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	05/01/2016	1,175	100.00	1,174.99	-76.01

Lackawanna County Employees' Retirement Fund

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Sales

Description	Issue	CUSIP	Trade Date	Shares	Average Price	Total Proceeds	Gain/Loss
<i>Principal Payments</i>							
FNMA PASSTHRU MA0706	4.500 APR 01 31	31417YYC5	05/01/2016	4,956	100.00	4,956.23	-395.72
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	05/01/2016	562	100.00	561.95	-25.60
FNMA PASSTHRU MA0203	4.000 OCT 01 19	31417YGM3	05/01/2016	6,499	100.00	6,498.52	-404.13
FNMA PASSTHRU AB3865	3.500 NOV 01 41	31417AJK6	05/01/2016	694	100.00	694.29	-16.49
FNMA PASSTHRU AB1475	4.500 SEP 01 40	31416WT93	05/01/2016	749	100.00	748.94	-32.01
FNMA PASSTHRU AA5223	4.000 MAR 01 39	31416NYV8	05/01/2016	143	100.00	143.03	-5.16
FNMA PASSTHRU 932389	4.500 JAN 01 40	31412Q2W8	05/01/2016	2,413	100.00	2,412.61	-12.44
FNMA PASSTHRU AS0765	3.500 OCT 01 28	3138W9Z78	05/01/2016	5,052	100.00	5,051.74	-242.33
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	05/01/2016	1,150	100.00	1,149.63	-33.23
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	05/01/2016	906	100.00	905.54	-41.17
FNMA PASSTHRU AP6752	3.000 SEP 01 27	3138MAQE1	05/01/2016	460	100.00	460.35	-7.32
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	05/01/2016	235	100.00	235.39	-16.00
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	05/01/2016	486	100.00	486.03	-35.24
FNMA PASSTHRU AL6345	4.000 NOV 01 28	3138EPBP8	05/01/2016	4,036	100.00	4,036.22	-282.54
FNMA PASSTHRU AL5521	4.500 JAN 01 40	3138END30	05/01/2016	11,188	100.00	11,187.65	-957.94
FNMA PASSTHRU AL0957	4.000 JUL 01 21	3138EHB35	05/01/2016	7,307	100.00	7,306.50	-506.89
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	05/01/2016	1,578	100.00	1,577.61	-52.69
FNMA PASSTHRU AJ5336	3.000 NOV 01 26	3138AW4W0	05/01/2016	2,200	100.00	2,200.48	-86.64
FNMA PASSTHRU AH8954	4.000 APR 01 41	3138AA5Q0	05/01/2016	2,438	100.00	2,438.20	-41.14
FNMA PASSTHRU AH3986	4.000 FEB 01 41	3138A5NC2	05/01/2016	1,268	100.00	1,268.45	-41.22
FNMA PASSTHRU AH3394	4.000 JAN 01 41	3138A4XY6	05/01/2016	1,103	100.00	1,102.96	-34.64
FNMA PASSTHRU AH3586	4.000 JAN 01 41	3138A46Y6	05/01/2016	1,917	100.00	1,916.71	-20.51

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Sales

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Trade Date</i>	<i>Shares</i>	<i>Average Price</i>	<i>Total Proceeds</i>	<i>Gain/Loss</i>
Principal Payments							
FNMA PASSTHRU AH1030	4.500 DEC 01 40	3138A2EC9	05/01/2016	9,071	100.00	9,071.20	-265.05
FNMA PASSTHRU AH0942	4.000 DEC 01 40	3138A2BL2	05/01/2016	694	100.00	693.97	-68.96
FNMA PASSTHRU AH0257	4.000 DEC 01 40	3138A1JB8	05/01/2016	106	100.00	106.48	2.79
FNMA PASSTHRU 503915	7.000 JUL 01 29	31383HYL2	05/01/2016	14	100.00	13.82	0.15
FNMA PASSTHRU 491066	7.000 OCT 01 28	31382SQT1	05/01/2016	2	100.00	2.03	-0.03
FNMA PASSTHRU 252571	7.000 JUL 01 29	31371HQY7	05/01/2016	7	100.00	7.40	0.11
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	05/01/2016	717	100.00	717.49	-34.64
FHLMC PC GOL C35867	8.500 JAN 01 30	31294CQU0	05/01/2016	7	100.00	6.74	-0.16
FHLMC PC GOL A96413	4.000 JAN 01 41	312945DS4	05/01/2016	4,798	100.00	4,797.53	-133.08
FHLMC PC GOL J17228	3.000 NOV 01 21	3128PXA55	05/01/2016	3,046	100.00	3,046.38	-121.86
FHLMC PC GOL C91370	4.500 MAY 01 31	3128P7QX4	05/01/2016	2,347	100.00	2,347.45	-177.53
FHLMC PC GOL G15191	4.000 NOV 01 28	3128MD7C1	05/01/2016	3,005	100.00	3,004.86	-212.22
FHLMC PC GOL G06933	5.000 JUL 01 41	3128M9BA9	05/01/2016	5,198	100.00	5,197.93	-591.26
FHLMC PC GOL G04714	5.000 SEP 01 38	3128M6SB5	05/01/2016	634	100.00	634.01	8.84
FHLMC PC GOL G04632	5.000 NOV 01 36	3128M6PR3	05/01/2016	3,626	100.00	3,626.34	-301.44
FNMA PASSTHRU 521015	2.521 DEC 01 29	31384DYL0	05/01/2016	1	100.00	1.10	0.02
FNMA PASSTHRU 968528	2.726 JAN 01 38	31414KPM6	05/01/2016	10	100.00	10.12	-0.14
FNMA PASSTHRU 832254	2.635 AUG 01 35	31407JTK8	05/01/2016	26	100.00	25.57	0.11
FNMA PASSTHRU 765675	2.687 FEB 01 34	31404DT81	05/01/2016	56	100.00	55.94	0.34
FNMA PASSTHRU 754755	2.795 JAN 01 34	31403QQG8	05/01/2016	67	100.00	66.66	0.19
FNMA PASSTHRU 686004	2.605 JAN 01 33	31400FDH7	05/01/2016	24	100.00	24.36	-0.65
FNMA PASS-THRU ADJ	FLTG JAN 01 33	31400CN42	05/01/2016	4	100.00	4.00	-0.10

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Sales

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Trade Date</i>	<i>Shares</i>	<i>Average Price</i>	<i>Total Proceeds</i>	<i>Gain/Loss</i>
Principal Payments							
GNMA REMIC TRUST	2.170 APR 16 41	38378BRT8	05/01/2016	526	100.00	526.38	-1.15
BANC AMER CMBS 2006-	5.634 JUL 10 46	05950WAF5	05/01/2016	97,984	100.00	97,983.77	-4,792.02
UBS COML MTG TR	2.180 MAY 12 45	90269GAB7	05/01/2016	3,824	100.00	3,823.58	-57.35
FNMA REMIC TRUST	4.000 FEB 25 40	3136A0P27	05/01/2016	3,595	100.00	3,595.41	-153.56
GNMA REMIC TRUST	3.500 APR 16 43	38378YYK9	05/01/2016	6,840	100.00	6,840.35	-308.88
GNMA REMIC TRUST	2.750 JAN 20 38	38378CQF7	05/01/2016	6,819	100.00	6,818.95	-155.56
GNMA REMIC TRUST	5.000 AUG 16 39	38377UR34	05/01/2016	6,492	100.00	6,492.15	-554.88
GNMA REMIC TRUST	3.000 OCT 20 39	38377JZ48	05/01/2016	10,071	100.00	10,071.29	-313.15
GNMA REMIC TRUST	3.500 JAN 20 38	38374YWD1	05/01/2016	4,220	100.00	4,220.34	-187.11
FNMA REMIC TRUST	4.000 NOV 25 40	31397SZ23	05/01/2016	2,787	100.00	2,786.58	-161.10
FHLMC REMIC SERIES	3.000 NOV 15 32	3137B9BY0	05/01/2016	3,683	100.00	3,683.19	-155.38
FHLMC REMIC SERIES	2.750 APR 15 41	3137ANQF5	05/01/2016	3,289	100.00	3,289.03	-65.78
FHLMC REMIC SERIES	4.000 NOV 15 39	3137A3ZF9	05/01/2016	7,508	100.00	7,508.40	-546.64
FNMA REMIC TRUST	3.000 MAR 25 39	3136A1JT3	05/01/2016	9,778	100.00	9,778.26	-287.24
HYUNDAI AUTO LEASE T	1.000 OCT 16 17	44890XAB4	05/15/2016	34,672	100.00	34,671.87	0.41
CAPITAL AUTO RECV AB	1.320 JUN 20 18	13975GAC2	05/20/2016	22,466	100.00	22,466.49	4.37
FHLMC PC GOL D98711	4.500 JUL 01 31	3128E5VC0	06/01/2016	1,824	100.00	1,823.69	-123.10
GNMA PASSTHRU 696467	6.500 AUG 15 38	36296NW44	06/01/2016	30	100.00	30.30	-0.67
GNMA PASSTHRU 782973	5.500 NOV 15 35	36241LJS6	06/01/2016	3,399	100.00	3,399.01	-366.99
GNMA PASSTHRU 780742	7.000 SEP 15 24	36225AZF0	06/01/2016	172	100.00	172.16	-3.01
GNMA PASSTHRU 494029	7.500 JUL 15 29	36210JY28	06/01/2016	2	100.00	1.85	-0.03
GNMA PASSTHRU 478975	8.500 DEC 15 29	36209RCL5	06/01/2016	5	100.00	4.98	-0.14

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Sales

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Trade Date</i>	<i>Shares</i>	<i>Average Price</i>	<i>Total Proceeds</i>	<i>Gain/Loss</i>
<i>Principal Payments</i>							
GNMA PASSTHRU 470162	7.500 MAR 15 29	36209FJF7	06/01/2016	3	100.00	3.14	0.05
GNMA PASSTHRU 457874	6.500 FEB 15 29	36208QT71	06/01/2016	263	100.00	262.71	0.86
GNMA PASSTHRU 005228	3.500 NOV 20 26	36202FYZ3	06/01/2016	3,217	100.00	3,216.73	-196.02
FNMA PASSTHRU AE7582	4.500 NOV 01 40	31419JM88	06/01/2016	4,622	100.00	4,621.53	-212.59
FNMA PASSTHRU AD8268	4.500 SEP 01 40	31418WFJ4	06/01/2016	3,500	100.00	3,499.99	-190.83
FNMA PASSTHRU AD6960	4.500 JUL 01 40	31418UWW0	06/01/2016	1,982	100.00	1,981.95	-54.50
FNMA PASSTHRU MA1982	3.500 AUG 01 34	31418BFY7	06/01/2016	2,566	100.00	2,566.30	-144.76
FNMA PASSTHRU MA1080	3.000 JUN 01 22	31418AFW3	06/01/2016	4,628	100.00	4,628.27	-199.59
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	06/01/2016	1,256	100.00	1,255.86	-81.24
FNMA PASSTHRU MA0706	4.500 APR 01 31	31417YYC5	06/01/2016	4,598	100.00	4,597.52	-367.08
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	06/01/2016	994	100.00	993.97	-45.27
FNMA PASSTHRU MA0203	4.000 OCT 01 19	31417YGM3	06/01/2016	4,640	100.00	4,640.20	-288.56
FNMA PASSTHRU AB3865	3.500 NOV 01 41	31417AJK6	06/01/2016	2,036	100.00	2,035.70	-48.35
FNMA PASSTHRU AB1475	4.500 SEP 01 40	31416WT93	06/01/2016	1,238	100.00	1,237.82	-52.90
FNMA PASSTHRU AA5223	4.000 MAR 01 39	31416NYV8	06/01/2016	138	100.00	138.17	-4.99
FNMA PASSTHRU 932389	4.500 JAN 01 40	31412Q2W8	06/01/2016	1,493	100.00	1,493.25	-7.70
FNMA PASSTHRU AS0765	3.500 OCT 01 28	3138W9Z78	06/01/2016	2,762	100.00	2,761.55	-132.47
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	06/01/2016	1,463	100.00	1,462.93	-42.29
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	06/01/2016	1,077	100.00	1,076.87	-48.96
FNMA PASSTHRU AP6752	3.000 SEP 01 27	3138MAQE1	06/01/2016	10,136	100.00	10,136.21	-161.20
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	06/01/2016	1,747	100.00	1,747.07	-118.75
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	06/01/2016	542	100.00	542.11	-39.30

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Sales

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Trade Date</i>	<i>Shares</i>	<i>Average Price</i>	<i>Total Proceeds</i>	<i>Gain/Loss</i>
Principal Payments							
FNMA PASSTHRU AL6345	4.000 NOV 01 28	3138EPBP8	06/01/2016	4,075	100.00	4,075.30	-285.27
FNMA PASSTHRU AL5521	4.500 JAN 01 40	3138END30	06/01/2016	8,872	100.00	8,872.43	-759.70
FNMA PASSTHRU AL0957	4.000 JUL 01 21	3138EHB35	06/01/2016	7,689	100.00	7,689.48	-533.46
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	06/01/2016	1,371	100.00	1,370.70	-45.78
FNMA PASSTHRU AJ5336	3.000 NOV 01 26	3138AW4W0	06/01/2016	2,178	100.00	2,178.25	-85.77
FNMA PASSTHRU AH8954	4.000 APR 01 41	3138AA5Q0	06/01/2016	3,151	100.00	3,150.53	-53.17
FNMA PASSTHRU AH3986	4.000 FEB 01 41	3138A5NC2	06/01/2016	295	100.00	294.53	-9.57
FNMA PASSTHRU AH3394	4.000 JAN 01 41	3138A4XY6	06/01/2016	1,167	100.00	1,167.45	-36.67
FNMA PASSTHRU AH3586	4.000 JAN 01 41	3138A46Y6	06/01/2016	1,728	100.00	1,728.24	-18.50
FNMA PASSTHRU AH1030	4.500 DEC 01 40	3138A2EC9	06/01/2016	283	100.00	283.02	-8.27
FNMA PASSTHRU AH0942	4.000 DEC 01 40	3138A2BL2	06/01/2016	752	100.00	752.45	-74.77
FNMA PASSTHRU AH0257	4.000 DEC 01 40	3138A1JB8	06/01/2016	1,310	100.00	1,309.96	34.28
FNMA PASSTHRU 503915	7.000 JUL 01 29	31383HYL2	06/01/2016	12	100.00	11.96	0.13
FNMA PASSTHRU 491066	7.000 OCT 01 28	31382SQT1	06/01/2016	2	100.00	2.04	-0.03
FNMA PASSTHRU 252571	7.000 JUL 01 29	31371HQY7	06/01/2016	8	100.00	7.60	0.11
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	06/01/2016	891	100.00	890.63	-43.00
FHLMC PC GOL C35867	8.500 JAN 01 30	31294CQU0	06/01/2016	7	100.00	6.80	-0.16
FHLMC PC GOL A96413	4.000 JAN 01 41	312945DS4	06/01/2016	6,624	100.00	6,623.83	-183.74
FHLMC PC GOL C91370	4.500 MAY 01 31	3128P7QX4	06/01/2016	2,097	100.00	2,097.27	-158.61
FHLMC PC GOL G15191	4.000 NOV 01 28	3128MD7C1	06/01/2016	5,781	100.00	5,781.16	-408.29
FHLMC PC GOL G04632	5.000 NOV 01 36	3128M6PR3	06/01/2016	3,686	100.00	3,686.00	-306.40
FNMA PASSTHRU 521015	2.521 DEC 01 29	31384DYL0	06/01/2016	1	100.00	1.04	0.02

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Sales

Description	Issue	CUSIP	Trade Date	Shares	Average Price	Total Proceeds	Gain/Loss
<i>Principal Payments</i>							
FNMA PASSTHRU 968528	2.726 JAN 01 38	31414KPM6	06/01/2016	1	100.00	0.99	-0.01
FNMA PASSTHRU 832254	2.635 AUG 01 35	31407JTK8	06/01/2016	2,303	100.00	2,302.80	9.71
FNMA PASSTHRU 765675	2.687 FEB 01 34	31404DT81	06/01/2016	57	100.00	56.62	0.35
FNMA PASSTHRU 754755	2.795 JAN 01 34	31403QQG8	06/01/2016	61	100.00	61.19	0.17
FNMA PASSTHRU 686004	2.605 JAN 01 33	31400FDH7	06/01/2016	17	100.00	16.87	-0.45
FNMA PASS-THRU ADJ	FLTG JAN 01 33	31400CN42	06/01/2016	5	100.00	5.19	-0.12
GNMA REMIC TRUST	2.170 APR 16 41	38378BRT8	06/01/2016	528	100.00	527.97	-1.15
UBS COML MTG TR	2.180 MAY 12 45	90269GAB7	06/01/2016	762	100.00	762.01	-11.43
GNMA REMIC TRUST	3.500 APR 16 43	38378YYK9	06/01/2016	8,750	100.00	8,750.32	-395.13
GNMA REMIC TRUST	2.750 JAN 20 38	38378CQF7	06/01/2016	7,224	100.00	7,224.28	-164.80
GNMA REMIC TRUST	5.000 AUG 16 39	38377UR34	06/01/2016	16,735	100.00	16,735.23	-1,430.36
GNMA REMIC TRUST	3.000 OCT 20 39	38377JZ48	06/01/2016	9,959	100.00	9,959.33	-309.67
GNMA REMIC TRUST	3.500 JAN 20 38	38374YWD1	06/01/2016	4,364	100.00	4,364.20	-193.49
FNMA REMIC TRUST	4.000 NOV 25 40	31397SZ23	06/01/2016	2,445	100.00	2,445.15	-141.36
FHLMC REMIC SERIES	3.000 NOV 15 32	3137B9BY0	06/01/2016	1,893	100.00	1,892.57	-79.84
FHLMC REMIC SERIES	2.750 APR 15 41	3137ANQF5	06/01/2016	5,507	100.00	5,507.08	-110.14
FHLMC REMIC SERIES	1.500 MAY 15 27	3137AQPV4	06/01/2016	10,918	100.00	10,917.72	116.00
FHLMC REMIC SERIES	4.000 NOV 15 39	3137A3ZF9	06/01/2016	9,816	100.00	9,815.73	-714.62
FNMA REMIC TRUST	3.000 MAR 25 39	3136A1JT3	06/01/2016	10,214	100.00	10,213.65	-300.03
FNMA REMIC TRUST	4.000 FEB 25 40	3136A0P27	06/01/2016	3,608	100.00	3,608.04	-154.10
FHLMC PC GOL G06933	5.000 JUL 01 41	3128M9BA9	06/15/2016	1,561	100.00	1,560.50	-177.51
FHLMC PC GOL G04714	5.000 SEP 01 38	3128M6SB5	06/15/2016	945	100.00	945.32	13.18

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Sales

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Trade Date</i>	<i>Shares</i>	<i>Average Price</i>	<i>Total Proceeds</i>	<i>Gain/Loss</i>
Principal Payments							
HYUNDAI AUTO LEASE T	1.000 OCT 16 17	44890XAB4	06/15/2016	36,070	100.00	36,069.80	0.43
CAPITAL AUTO RECV AB	1.320 JUN 20 18	13975GAC2	06/20/2016	22,765	100.00	22,764.55	4.42
Total Principal Payments						1,381,247.12	-40,874.62
Total Sales and Principal Payments						17,060,160.29	-391,530.28

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Purchases

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Trade Date</i>	<i>Shares</i>	<i>Average Price</i>	<i>Total Cost</i>
<i>Purchases</i>						
FNMA REMIC TRUST	4.000 FEB 25 40	3136A0P27	04/07/2016	74,734	103.97	-77,699.60
FEDERATED INVS INC	CLASS B	314211103	04/13/2016	2,700	30.43	-82,254.96
MENTOR GRAPHICS CORP	COMMON	587200106	04/13/2016	4,000	20.51	-82,159.60
FEDERAL NTL MTG ASSN	6.210 JUN 05 36	3136F7E78	04/14/2016	867,000	105.81	-917,390.04
FEDERAL FARM CR BKS	2.750 SEP 24 25	3133EFS32	04/14/2016	834,000	100.00	-833,958.30
BANK NOVA SCOTIA	2.800 JUL 21 21	064159FL5	04/18/2016	104,000	102.31	-106,400.32
TOYOTA MOTOR CRED	1.900 APR 08 21	89236TCZ6	04/21/2016	112,000	99.81	-111,789.44
SUPERNUS PHARMACEU	COMMON	868459108	04/22/2016	9,900	17.75	-176,013.09
UNITED STATES TREAS	2.625 AUG 15 20	912828NT3	04/25/2016	1,000,000	105.55	-1,055,546.88
TOYOTA MOTOR CRED	1.900 APR 08 21	89236TCZ6	04/26/2016	115,000	99.59	-114,528.50
FEDERAL HOME LOAN BA	1.000 MAY 26 21 SU	3130A7X91	04/27/2016	2,935,000	100.00	-2,935,000.00
UNITED STATES TREAS	1.625 FEB 15 26	912828P46	04/28/2016	259,000	97.96	-253,708.71
FEDERAL HOME LN MTG	1.875 MAY 24 21	3134G9FT9	04/29/2016	441,000	100.00	-441,000.00
CHEVRON CORP NEW	2.100 MAY 16 21	166764BG4	05/09/2016	278,000	100.00	-278,000.00
CAPITAL ONE CC TR	0.931 FEB 15 22	14041NFC0	05/11/2016	245,000	100.00	-245,000.00
WALGREENS BOOTS ALNC	COMMON	931427108	05/17/2016	4,800	77.54	-372,336.00
APPLE INC	COMMON	037833100	05/17/2016	7,300	93.85	-685,316.70
UNITED STATES TREAS	1.625 DEC 31 19	912828G95	05/18/2016	818,000	101.55	-830,685.39
PRICELINE GRP INC	3.600 JUN 01 26	741503AZ9	05/18/2016	202,000	99.81	-201,610.14
UNITED STATES TREAS	0.625 JAN 15 26	912828N71	05/19/2016	146,299	103.32	-151,159.04
UNITED STATES TREAS	0.625 JAN 15 26	912828N71	05/19/2016	146,299	103.47	-151,371.15

Lackawanna County Employees' Retirement Fund

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94300

Purchases

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Trade Date</i>	<i>Shares</i>	<i>Average Price</i>	<i>Total Cost</i>
Purchases						
UNITED STATES TREAS	1.500 DEC 31 18	912828A75	05/20/2016	1,343,000	101.30	-1,360,521.95
UNITED STATES TREAS	1.625 DEC 31 19	912828G95	05/20/2016	593,000	101.62	-602,613.09
UNITED STATES TREAS	2.000 MAY 31 21	912828WN6	05/20/2016	584,000	102.98	-601,383.13
FHLMC REMIC SERIES	1.500 MAY 15 27	3137AQP4	05/23/2016	606,492	98.94	-600,048.00
UNITED STATES TREAS	1.375 MAY 31 21	912828R77	05/25/2016	356,000	99.84	-355,417.61
ANHEUSER BUSCH INBEV	3.300 FEB 01 23	035242AL0	05/25/2016	107,000	102.81	-110,010.98
UNITED STATES TREAS	1.625 FEB 15 26	912828P46	05/26/2016	145,000	97.93	-141,998.05
UNITED STATES TREAS	1.625 FEB 15 26	912828P46	05/31/2016	93,000	97.66	-90,827.58
NISSAN AUTO LEASE TR	1.290 MAR 16 20	65490BAE5	06/01/2016	362,000	100.13	-362,480.78
UNITED STATES TREAS	1.375 MAY 31 21	912828R77	06/02/2016	106,000	100.13	-106,132.50
HUMANA INC	COMMON	444859102	06/02/2016	5,500	179.34	-986,527.30
UNITED STATES TREAS	1.375 MAY 31 21	912828R77	06/03/2016	54,000	100.66	-54,354.38
FEDERAL NTL MTG ASSN	5.600 MAY 15 37	31398ABP6	06/03/2016	599,000	104.35	-625,026.55
FEDERAL HOME LN MTG	1.875 MAY 24 21	3134G9FT9	06/03/2016	312,000	100.19	-312,592.80
UNITED AIRLINES PT C	3.100 JAN 07 30	90931LAA6	06/06/2016	138,000	100.00	-138,000.00
UNITED AIRLINES PT C	3.100 JAN 07 30	90931LAA6	06/07/2016	85,000	100.38	-85,318.75
BANK OF NOVA SCOTIA	1.650 JUN 14 19	064159HT6	06/09/2016	281,000	99.99	-280,983.14
WELLS FARGO BK N A	1.750 JUN 17 21	9497485W3	06/10/2016	600,000	99.63	-597,750.00
UNITED STATES TREAS	2.000 AUG 15 25	912828K74	06/13/2016	218,000	103.40	-225,408.59
VERIZON COMMUNICATIO	5.150 SEP 15 23	92343VBR4	06/14/2016	140,000	115.32	-161,441.00
UNITED STATES TREAS	0.625 JAN 15 26	912828N71	06/15/2016	216,987	104.94	-227,700.86

Lackawanna County Employees' Retirement Fund

Transaction Detail - 4/1/2016 through 6/30/2016

94300

Purchases

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Trade Date</i>	<i>Shares</i>	<i>Average Price</i>	<i>Total Cost</i>
Purchases						
FEDERAL HOME LN MTG	1.000 JUN 28 19 SU	3134G9VN4	06/15/2016	361,000	100.00	-361,000.00
FEDERAL HOME LOAN BA	2.470 JUN 23 26	3130A8GZ0	06/16/2016	360,000	99.88	-359,550.00
FEDERAL FARM CR BKS	1.950 MAR 01 22	3133EGCW3	06/16/2016	725,000	100.13	-725,942.50
FEDERAL FARM CR BKS	2.320 JUN 23 25	3133EGHF5	06/16/2016	508,000	100.00	-508,000.00
FNMA PASSTHRU MA0575	4.500 NOV 01 30	31417YT98	06/16/2016	95,770	109.88	-105,226.82
UNITED STATES TREAS	1.625 FEB 15 26	912828P46	06/20/2016	145,000	99.61	-144,433.59
UNITED STATES TREAS	2.500 AUG 15 23	912828VS6	06/23/2016	136,000	106.69	-145,095.00
UNITED STATES TREAS	1.625 FEB 15 26	912828P46	06/23/2016	218,000	99.18	-216,220.23
NAVIOS MARITIME MIDS	LP COM UNIT LTD	Y62134104	06/23/2016	8,500	12.23	-104,183.65
UNITED STATES TREAS	0.625 JAN 15 26	912828N71	06/27/2016	219,410	105.02	-230,415.27
VERIZON COMMUNICATIO	5.150 SEP 15 23	92343VBR4	06/27/2016	140,000	116.42	-162,992.20
FEDERAL FARM CR BKS	2.540 OCT 05 26	3133EGJJ5	06/28/2016	745,000	99.95	-744,627.50
ORACLE CORP	2.400 SEP 15 23	68389XBL8	06/29/2016	238,000	99.98	-237,959.54
GENERAL MTRS FINL CO	3.200 JUL 06 21	37045XBM7	06/29/2016	86,000	99.82	-85,842.62
UNITED STATES TREAS	1.625 MAY 15 26	912828R36	06/30/2016	121,000	101.40	-122,692.11
Total Purchases						-\$22,383,645.92
Total Purchases and Principal Payups						-\$22,383,645.92

Lackawanna County Employees' Retirement Fund

Transaction Detail - 4/1/2016 through 6/30/2016

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
FHLMC PC GOL D98711	4.500 JUL 01 31	3128E5VC0	04/01/2016	1,368.04
GNMA PASSTHRU 696467	6.500 AUG 15 38	36296NW44	04/01/2016	43.43
GNMA PASSTHRU 782973	5.500 NOV 15 35	36241LJS6	04/01/2016	1,193.87
GNMA PASSTHRU 780742	7.000 SEP 15 24	36225AZF0	04/01/2016	94.52
GNMA PASSTHRU 494029	7.500 JUL 15 29	36210JY28	04/01/2016	3.00
GNMA PASSTHRU 478975	8.500 DEC 15 29	36209RCL5	04/01/2016	10.63
GNMA PASSTHRU 470162	7.500 MAR 15 29	36209FJF7	04/01/2016	4.65
GNMA PASSTHRU 457874	6.500 FEB 15 29	36208QT71	04/01/2016	51.50
GNMA PASSTHRU 005228	3.500 NOV 20 26	36202FYZ3	04/01/2016	399.75
FNMA PASSTHRU AE7582	4.500 NOV 01 40	31419JM88	04/01/2016	608.78
FNMA PASSTHRU AD8268	4.500 SEP 01 40	31418WFJ4	04/01/2016	852.69
FNMA PASSTHRU AD6960	4.500 JUL 01 40	31418UWW0	04/01/2016	261.47
FNMA PASSTHRU MA1982	3.500 AUG 01 34	31418BFY7	04/01/2016	543.28
FNMA PASSTHRU MA1080	3.000 JUN 01 22	31418AFW3	04/01/2016	475.34
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	04/01/2016	215.75
FNMA PASSTHRU MA0706	4.500 APR 01 31	31417YYC5	04/01/2016	821.49
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	04/01/2016	156.54
FNMA PASSTHRU MA0203	4.000 OCT 01 19	31417YGM3	04/01/2016	452.74
FNMA PASSTHRU AB3865	3.500 NOV 01 41	31417AJK6	04/01/2016	270.79
FNMA PASSTHRU AB1475	4.500 SEP 01 40	31416WT93	04/01/2016	167.51
FNMA PASSTHRU AA5223	4.000 MAR 01 39	31416NYV8	04/01/2016	157.26
FNMA PASSTHRU 932389	4.500 JAN 01 40	31412Q2W8	04/01/2016	349.95
FNMA PASSTHRU AS0765	3.500 OCT 01 28	3138W9Z78	04/01/2016	616.83
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	04/01/2016	223.42
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	04/01/2016	250.35
FNMA PASSTHRU AP6752	3.000 SEP 01 27	3138MAQE1	04/01/2016	168.49

Lackawanna County Employees' Retirement Fund

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	04/01/2016	306.29
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	04/01/2016	106.36
FNMA PASSTHRU AL6345	4.000 NOV 01 28	3138EPBP8	04/01/2016	721.46
FNMA PASSTHRU AL5521	4.500 JAN 01 40	3138END30	04/01/2016	1,610.12
FNMA PASSTHRU AL0957	4.000 JUL 01 21	3138EHB35	04/01/2016	686.72
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	04/01/2016	272.81
FNMA PASSTHRU AJ5336	3.000 NOV 01 26	3138AW4W0	04/01/2016	279.71
FNMA PASSTHRU AH8954	4.000 APR 01 41	3138AA5Q0	04/01/2016	426.87
FNMA PASSTHRU AH7284	4.000 MAR 01 41	3138A9CW2	04/01/2016	1,501.40
FNMA PASSTHRU AH3986	4.000 FEB 01 41	3138A5NC2	04/01/2016	392.70
FNMA PASSTHRU AH3394	4.000 JAN 01 41	3138A4XY6	04/01/2016	191.31
FNMA PASSTHRU AH3586	4.000 JAN 01 41	3138A46Y6	04/01/2016	384.82
FNMA PASSTHRU AH1030	4.500 DEC 01 40	3138A2EC9	04/01/2016	398.61
FNMA PASSTHRU AH0942	4.000 DEC 01 40	3138A2BL2	04/01/2016	264.33
FNMA PASSTHRU AH0257	4.000 DEC 01 40	3138A1JB8	04/01/2016	135.73
FNMA PASSTHRU 503915	7.000 JUL 01 29	31383HYL2	04/01/2016	6.22
FNMA PASSTHRU 491066	7.000 OCT 01 28	31382SQT1	04/01/2016	2.79
FNMA PASSTHRU 252571	7.000 JUL 01 29	31371HQY7	04/01/2016	7.35
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	04/01/2016	144.86
FHLMC PC GOL C35867	8.500 JAN 01 30	31294CQU0	04/01/2016	5.90
FHLMC PC GOL J17228	3.000 NOV 01 21	3128PXA55	04/01/2016	269.11
FHLMC PC GOL A96413	4.000 JAN 01 41	312945DS4	04/01/2016	993.85
FHLMC PC GOL C91370	4.500 MAY 01 31	3128P7QX4	04/01/2016	350.50
FHLMC PC GOL G15191	4.000 NOV 01 28	3128MD7C1	04/01/2016	673.26
FHLMC PC GOL G06933	5.000 JUL 01 41	3128M9BA9	04/01/2016	707.21
FHLMC PC GOL G04714	5.000 SEP 01 38	3128M6SB5	04/01/2016	129.58

Lackawanna County Employees' Retirement Fund

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
FHLMC PC GOL G04632	5.000 NOV 01 36	3128M6PR3	04/01/2016	704.83
FNMA PASSTHRU 521015	2.521 DEC 01 29	31384DYL0	04/01/2016	0.42
FNMA PASSTHRU 968528	2.726 JAN 01 38	31414KPM6	04/01/2016	66.75
FNMA PASSTHRU 832254	2.635 AUG 01 35	31407JTK8	04/01/2016	16.56
FNMA PASSTHRU 765675	2.687 FEB 01 34	31404DT81	04/01/2016	36.25
FNMA PASSTHRU 754755	2.795 JAN 01 34	31403QQG8	04/01/2016	33.20
FNMA PASSTHRU 686004	2.605 JAN 01 33	31400FDH7	04/01/2016	9.35
FNMA PASS-THRU ADJ	FLTG JAN 01 33	31400CN42	04/01/2016	2.00
GNMA REMIC TRUST	2.170 APR 16 41	38378BRT8	04/01/2016	329.83
BANC AMER CMBS 2006-	5.634 JUL 10 46	05950WAF5	04/01/2016	879.57
COMM MTG TR	2.928 FEB 12 47	12591RAX8	04/01/2016	695.40
WFRBS COML MTG TR	3.198 MAR 17 48	92937FAD3	04/01/2016	381.10
VNDO MTG TR	2.996 NOV 15 30	91830CAA6	04/01/2016	312.04
WF-RBS COML MTG TR	4.869 FEB 18 44	92935JBC8	04/01/2016	1,704.15
UBS-BARCLY COML MTG	2.533 DEC 12 45	90270RBC7	04/01/2016	208.96
UBS-BARCLY COML MTG	3.525 MAY 11 63	90269CAD2	04/01/2016	528.75
UBS COML MTG TR	2.180 MAY 12 45	90269GAB7	04/01/2016	66.40
TIMBERSTAR TRUST	5.668 OCT 15 36	88713UAA4	04/01/2016	2,456.13
EXTENDED STAY AMER T	2.295 DEC 05 31	30225ABG7	04/01/2016	478.17
MS CAPITAL I TR	3.809 DEC 17 48	61691ABL6	04/01/2016	377.73
MS CAP I TR	3.594 MAR 17 49	61766CAE9	04/01/2016	518.14
COMM MTG TR	4.233 JUL 12 45	12625UBF9	04/01/2016	1,915.80
COMM MTG TR	2.976 JUL 10 48	12593FBA1	04/01/2016	766.32
COMM MTG TR 2015-PC1	3.902 JUL 12 50	12593GAF9	04/01/2016	881.20
FNMA REMIC TRUST	4.000 FEB 25 40	3136A0P27	04/01/2016	111.96
GNMA REMIC TRUST	3.500 APR 16 43	38378YYK9	04/01/2016	806.28

Lackawanna County Employees' Retirement Fund

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
GNMA REMIC TRUST	2.750 JAN 20 38	38378CQF7	04/01/2016	445.17
GNMA REMIC TRUST	5.000 AUG 16 39	38377UR34	04/01/2016	1,173.17
GNMA REMIC TRUST	3.000 OCT 20 39	38377JZ48	04/01/2016	900.40
GNMA REMIC TRUST	3.500 JAN 20 38	38374YWD1	04/01/2016	328.92
FNMA REMIC TRUST	4.000 NOV 25 40	31397SZ23	04/01/2016	399.59
FHLMC REMIC SERIES	3.000 NOV 15 32	3137B9BY0	04/01/2016	393.93
FHLMC REMIC SERIES	2.750 APR 15 41	3137ANQF5	04/01/2016	514.06
FHLMC REMIC SERIES	4.000 NOV 15 39	3137A3ZF9	04/01/2016	1,389.46
FNMA REMIC TRUST	3.000 MAR 25 39	3136A1JT3	04/01/2016	534.59
WAL MART STORES INC	COMMON	931142103	04/04/2016	12,950.00
CASH	CASH	CASH	04/06/2016	10.39
CASH	CASH	CASH	04/06/2016	71.46
COMM MTG TR	4.233 JUL 12 45	12625UBF9	04/06/2016	-23.20
AMERICAN EXPRESS CEN	2.350 OCT 07 20	02587DC89	04/07/2016	17,673.29
CAPITAL ONE NATL ASS	2.000 OCT 07 19	14042RAN1	04/07/2016	2,486.79
AMERICREDIT AUTO REC	1.270 JAN 08 20	03065LAD1	04/08/2016	444.50
GENERAL ELECTRIC CO	2.700 OCT 09 22	369604BD4	04/09/2016	3,213.00
TORO CO	COMMON	891092108	04/12/2016	1,800.00
UNITED STATES TREAS	0.125 APR 15 20	912828K33	04/15/2016	437.09
UNITED STATES TREAS	0.125 APR 15 18	912828UX6	04/15/2016	368.46
SBA TOWER TR 2010	5.101 APR 15 42	78403DAB6	04/15/2016	1,122.22
HYUNDAI AUTO LEASE T	1.000 OCT 16 17	44890XAB4	04/15/2016	267.06
FIFTH THIRD AUTO TR	1.420 MAR 16 20	31680GAD8	04/15/2016	536.05
NLY COML MTG TR	1.636 NOV 18 30	629166AA7	04/15/2016	170.04
OCCIDENTAL PETE CORP	COMMON	674599105	04/15/2016	7,950.00
BANCFIRST CORP	COMMON	05945F103	04/15/2016	720.00

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
SUN HYDRAULICS CORP	COMMON	866942105	04/15/2016	607.50
BMW BK NORTH AMER SA	2.200 OCT 16 20	05580ADB7	04/16/2016	11,030.14
FORD CREDIT FLRPLN T	0.881 FEB 15 19	34528QDF8	04/17/2016	180.02
CAPITAL AUTO RECV AB	1.620 MAR 20 19	13974LAB4	04/20/2016	229.50
VOLKSWAGEN AUTO ENH	1.160 MAR 20 20	92867PAD5	04/20/2016	430.17
CAPITAL AUTO RECV AB	1.320 JUN 20 18	13975GAC2	04/20/2016	217.80
CASH	CASH	CASH	04/22/2016	363.91
EMC CORP MASS	COMMON	268648102	04/22/2016	7,452.00
FNMA PASSTHRU AH7284	4.000 MAR 01 41	3138A9CW2	04/25/2016	1,501.40
MORGAN STANLEY	2.125 APR 25 18	6174467U7	04/25/2016	2,698.75
GENERAL ELECTRIC CO	COMMON	369604103	04/25/2016	13,041.00
CISCO SYSTEMS INC	COMMON	17275R102	04/27/2016	15,210.00
ORACLE CORP	COMMON	68389X105	04/28/2016	4,260.00
FEDERAL HOME LN MTG	1.000 JAN 29 21 SU	3134G8GP8	04/29/2016	4,835.00
MORGAN STANLEY	3.875 APR 29 24	61746BDQ6	04/29/2016	4,630.63
EOG RESOURCES INC	COMMON	26875P101	04/29/2016	2,914.50
MVC CAPITAL	COMMON	553829102	04/29/2016	1,080.00
MONSANTO CO	COMMON	61166W101	04/29/2016	4,968.00
UNITED STATES TREAS	1.750 APR 30 22	912828WZ9	04/30/2016	14,070.00
JPMORGAN CHASE & CO	COMMON	46625H100	04/30/2016	9,460.00
FHLMC PC GOL D98711	4.500 JUL 01 31	3128E5VC0	05/01/2016	1,357.64
GNMA PASSTHRU 696467	6.500 AUG 15 38	36296NW44	05/01/2016	43.25
GNMA PASSTHRU 782973	5.500 NOV 15 35	36241LJS6	05/01/2016	1,145.67
GNMA PASSTHRU 780742	7.000 SEP 15 24	36225AZF0	05/01/2016	88.44
GNMA PASSTHRU 494029	7.500 JUL 15 29	36210JY28	05/01/2016	2.99
GNMA PASSTHRU 478975	8.500 DEC 15 29	36209RCL5	05/01/2016	10.60

Lackawanna County Employees' Retirement Fund

Transaction Detail - 4/1/2016 through 6/30/2016

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
GNMA PASSTHRU 470162	7.500 MAR 15 29	36209FJF7	05/01/2016	4.63
GNMA PASSTHRU 457874	6.500 FEB 15 29	36208QT71	05/01/2016	51.18
GNMA PASSTHRU 005228	3.500 NOV 20 26	36202FYZ3	05/01/2016	388.96
FNMA PASSTHRU AE7582	4.500 NOV 01 40	31419JM88	05/01/2016	598.22
FNMA PASSTHRU AD8268	4.500 SEP 01 40	31418WFJ4	05/01/2016	833.65
FNMA PASSTHRU AD6960	4.500 JUL 01 40	31418UWW0	05/01/2016	257.13
FNMA PASSTHRU MA1982	3.500 AUG 01 34	31418BFY7	05/01/2016	532.30
FNMA PASSTHRU MA1080	3.000 JUN 01 22	31418AFW3	05/01/2016	463.80
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	05/01/2016	211.96
FNMA PASSTHRU MA0706	4.500 APR 01 31	31417YYC5	05/01/2016	803.87
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	05/01/2016	154.34
FNMA PASSTHRU MA0203	4.000 OCT 01 19	31417YGM3	05/01/2016	433.94
FNMA PASSTHRU AB3865	3.500 NOV 01 41	31417AJK6	05/01/2016	268.15
FNMA PASSTHRU AB1475	4.500 SEP 01 40	31416WT93	05/01/2016	164.02
FNMA PASSTHRU AA5223	4.000 MAR 01 39	31416NYV8	05/01/2016	156.81
FNMA PASSTHRU 932389	4.500 JAN 01 40	31412Q2W8	05/01/2016	344.44
FNMA PASSTHRU AS0765	3.500 OCT 01 28	3138W9Z78	05/01/2016	599.36
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	05/01/2016	222.26
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	05/01/2016	247.50
FNMA PASSTHRU AP6752	3.000 SEP 01 27	3138MAQE1	05/01/2016	167.29
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	05/01/2016	305.59
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	05/01/2016	105.23
FNMA PASSTHRU AL6345	4.000 NOV 01 28	3138EPBP8	05/01/2016	708.62
FNMA PASSTHRU AL5521	4.500 JAN 01 40	3138END30	05/01/2016	1,562.79
FNMA PASSTHRU AL0957	4.000 JUL 01 21	3138EHB35	05/01/2016	666.45
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	05/01/2016	270.69

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
FNMA PASSTHRU AJ5336	3.000 NOV 01 26	3138AW4W0	05/01/2016	274.72
FNMA PASSTHRU AH8954	4.000 APR 01 41	3138AA5Q0	05/01/2016	422.00
FNMA PASSTHRU AH3986	4.000 FEB 01 41	3138A5NC2	05/01/2016	390.21
FNMA PASSTHRU AH3394	4.000 JAN 01 41	3138A4XY6	05/01/2016	188.63
FNMA PASSTHRU AH3586	4.000 JAN 01 41	3138A46Y6	05/01/2016	379.82
FNMA PASSTHRU AH1030	4.500 DEC 01 40	3138A2EC9	05/01/2016	382.43
FNMA PASSTHRU AH0942	4.000 DEC 01 40	3138A2BL2	05/01/2016	261.03
FNMA PASSTHRU AH0257	4.000 DEC 01 40	3138A1JB8	05/01/2016	135.41
FNMA PASSTHRU 503915	7.000 JUL 01 29	31383HYL2	05/01/2016	6.17
FNMA PASSTHRU 491066	7.000 OCT 01 28	31382SQT1	05/01/2016	2.77
FNMA PASSTHRU 252571	7.000 JUL 01 29	31371HQY7	05/01/2016	7.17
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	05/01/2016	142.66
FHLMC PC GOL C35867	8.500 JAN 01 30	31294CQU0	05/01/2016	5.86
FHLMC PC GOL A96413	4.000 JAN 01 41	312945DS4	05/01/2016	975.57
FHLMC PC GOL J17228	3.000 NOV 01 21	3128PXA55	05/01/2016	262.82
FHLMC PC GOL C91370	4.500 MAY 01 31	3128P7QX4	05/01/2016	343.60
FHLMC PC GOL G15191	4.000 NOV 01 28	3128MD7C1	05/01/2016	645.88
FHLMC PC GOL G06933	5.000 JUL 01 41	3128M9BA9	05/01/2016	690.85
FHLMC PC GOL G04714	5.000 SEP 01 38	3128M6SB5	05/01/2016	128.25
FHLMC PC GOL G04632	5.000 NOV 01 36	3128M6PR3	05/01/2016	685.72
FNMA PASSTHRU 521015	2.521 DEC 01 29	31384DYL0	05/01/2016	0.42
FNMA PASSTHRU 968528	2.726 JAN 01 38	31414KPM6	05/01/2016	66.74
FNMA PASSTHRU 832254	2.635 AUG 01 35	31407JTK8	05/01/2016	16.50
FNMA PASSTHRU 765675	2.687 FEB 01 34	31404DT81	05/01/2016	36.12
FNMA PASSTHRU 754755	2.795 JAN 01 34	31403QQG8	05/01/2016	33.06
FNMA PASSTHRU 686004	2.605 JAN 01 33	31400FDH7	05/01/2016	9.31

Lackawanna County Employees' Retirement Fund

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
FNMA PASS-THRU ADJ	FLTG JAN 01 33	31400CN42	05/01/2016	2.00
PROCTER & GAMBLE CO	1.900 NOV 01 19	742718EG0	05/01/2016	1,425.00
PEPSICO INC	7.900 NOV 01 18	713448BJ6	05/01/2016	6,912.50
BANK AMER CORP	5.650 MAY 01 18	06051GDX4	05/01/2016	12,006.25
GNMA REMIC TRUST	2.170 APR 16 41	38378BRT8	05/01/2016	310.52
BANC AMER CMBS 2006-	5.634 JUL 10 46	05950WAF5	05/01/2016	460.03
COMM MTG TR	2.928 FEB 12 47	12591RAX8	05/01/2016	695.40
WFRBS COML MTG TR	3.198 MAR 17 48	92937FAD3	05/01/2016	381.10
VNDO MTG TR	2.996 NOV 15 30	91830CAA6	05/01/2016	312.04
WF-RBS COML MTG TR	4.869 FEB 18 44	92935JBC8	05/01/2016	1,704.15
UBS COML MTG TR	2.180 MAY 12 45	90269GAB7	05/01/2016	170.61
UBS-BARCLY COML MTG	2.533 DEC 12 45	90270RBC7	05/01/2016	208.96
UBS-BARCLY COML MTG	3.525 MAY 11 63	90269CAD2	05/01/2016	528.75
MS CAP I TR	3.594 MAR 17 49	61766CAE9	05/01/2016	518.14
TIMBERSTAR TRUST	5.668 OCT 15 36	88713UAA4	05/01/2016	2,456.13
MS CAPITAL I TR	3.809 DEC 17 48	61691ABL6	05/01/2016	377.73
COMM MTG TR	4.233 JUL 12 45	12625UBF9	05/01/2016	1,889.45
COMM MTG TR	2.976 JUL 10 48	12593FBA1	05/01/2016	766.32
COMM MTG TR 2015-PC1	3.902 JUL 12 50	12593GAF9	05/01/2016	881.20
FNMA REMIC TRUST	4.000 FEB 25 40	3136A0P27	05/01/2016	357.05
GNMA REMIC TRUST	3.500 APR 16 43	38378YYK9	05/01/2016	782.47
GNMA REMIC TRUST	2.750 JAN 20 38	38378CQF7	05/01/2016	429.72
GNMA REMIC TRUST	5.000 AUG 16 39	38377UR34	05/01/2016	1,111.55
GNMA REMIC TRUST	3.000 OCT 20 39	38377JZ48	05/01/2016	873.88
GNMA REMIC TRUST	3.500 JAN 20 38	38374YWD1	05/01/2016	314.63
FNMA REMIC TRUST	4.000 NOV 25 40	31397SZ23	05/01/2016	388.81

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
FHLMC REMIC SERIES	3.000 NOV 15 32	3137B9BY0	05/01/2016	390.13
FHLMC REMIC SERIES	2.750 APR 15 41	3137ANQF5	05/01/2016	495.55
FHLMC REMIC SERIES	4.000 NOV 15 39	3137A3ZF9	05/01/2016	1,362.18
FNMA REMIC TRUST	3.000 MAR 25 39	3136A1JT3	05/01/2016	510.84
DEERE & CO	COMMON	244199105	05/02/2016	7,980.00
AT&T INC	COMMON	00206R102	05/02/2016	14,186.88
APPLE INC	2.400 MAY 03 23	037833AK6	05/03/2016	7,068.00
MICROSOFT CORP	3.125 NOV 03 25	594918BJ2	05/03/2016	6,015.63
FEDERAL EXPRESS PASS	6.720 JUL 15 23	31331FAX9	05/04/2016	827.80
FEDERAL EXPRESS PASS	7.650 JUL 15 24	31331FBA8	05/04/2016	226.27
TORONTO DOMINION BAN	2.250 NOV 05 19	89114QAV0	05/05/2016	2,801.25
COMM MTG TR	4.233 JUL 12 45	12625UBF9	05/05/2016	24.12
LAKELAND FINL CORP	COMMON	511656100	05/05/2016	1,568.00
AMERICREDIT AUTO REC	1.270 JAN 08 20	03065LAD1	05/08/2016	444.50
APPLE INC	COMMON	037833100	05/12/2016	15,561.00
CASH	CASH	CASH	05/13/2016	193.27
BANK OF NEW YORK MEL	COMMON	064058100	05/13/2016	5,491.00
FEDERATED INVS INC	CLASS B	314211103	05/13/2016	1,525.00
ABBVIE INC	2.500 MAY 14 20	00287YAT6	05/14/2016	3,075.00
AT&T INC	3.400 MAY 15 25	00206RCN0	05/15/2016	4,080.00
SBA TOWER TR 2010	5.101 APR 15 42	78403DAB6	05/15/2016	1,159.40
ORACLE CORP	2.500 MAY 15 22	68389XBB0	05/15/2016	1,875.00
GLAXOSMITHKLINE CAP	5.650 MAY 15 18	377372AD9	05/15/2016	8,333.75
CATERPILLAR INC DEL	3.400 MAY 15 24	149123CC3	05/15/2016	1,666.00
COMCAST CORP NEW	6.300 NOV 15 17	20030NAU5	05/15/2016	7,465.50
GE CAPITAL INTERNATI	2.342 NOV 15 20	36164NFF7	05/15/2016	6,136.45

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<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
NATIONAL RURAL UTILS	2.300 NOV 15 19	637432NB7	05/15/2016	2,242.50
HYUNDAI AUTO LEASE T	1.000 OCT 16 17	44890XAB4	05/15/2016	236.99
FIFTH THIRD AUTO TR	1.420 MAR 16 20	31680GAD8	05/15/2016	536.05
PHILIP MORRIS INTL I	5.650 MAY 16 18	718172AA7	05/16/2016	2,344.75
ABBOTT LABS	COMMON	002824100	05/16/2016	7,592.00
FEDERAL HOME LOAN BA	2.920 DEC 18 24	3130A6WE3	05/17/2016	10,816.61
FORD CREDIT FLRPLN T	0.881 FEB 15 19	34528QDF8	05/17/2016	179.27
DISCOVER FINL SVCS	COMMON	254709108	05/19/2016	6,580.00
CAPITAL AUTO RECV AB	1.620 MAR 20 19	13974LAB4	05/20/2016	229.50
VOLKSWAGEN AUTO ENH	1.160 MAR 20 20	92867PAD5	05/20/2016	430.17
CAPITAL AUTO RECV AB	1.320 JUN 20 18	13975GAC2	05/20/2016	190.05
STARBUCKS CORP	COMMON	855244109	05/20/2016	5,980.00
GENERAL MTRS FINL CO	3.700 NOV 24 20	37045XBD7	05/24/2016	4,939.50
CHEESECAKE FACTORY	COMMON	163072101	05/24/2016	1,240.00
FEDERAL HOME LN MTG	1.000 FEB 26 21 SU	3134G8KM0	05/26/2016	850.00
CASH	CASH	CASH	05/27/2016	58.60
CASH	CASH	CASH	05/27/2016	45.18
FEDERAL HOME LN MTG	1.250 MAY 27 20 SU	3134G6N41	05/27/2016	625.00
KENNAMETAL INC	COMMON	489170100	05/27/2016	7,100.00
UNITED STATES TREAS	2.000 MAY 31 21	912828WN6	05/31/2016	5,840.00
LINDSAY CORP	COMMON	535555106	05/31/2016	1,148.00
FHLMC PC GOL D98711	4.500 JUL 01 31	3128E5VC0	06/01/2016	1,318.64
GNMA PASSTHRU 696467	6.500 AUG 15 38	36296NW44	06/01/2016	36.52
GNMA PASSTHRU 782973	5.500 NOV 15 35	36241LJS6	06/01/2016	1,119.10
GNMA PASSTHRU 780742	7.000 SEP 15 24	36225AZF0	06/01/2016	87.27
GNMA PASSTHRU 494029	7.500 JUL 15 29	36210JY28	06/01/2016	2.98

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<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
GNMA PASSTHRU 478975	8.500 DEC 15 29	36209RCL5	06/01/2016	10.56
GNMA PASSTHRU 470162	7.500 MAR 15 29	36209FJF7	06/01/2016	4.61
GNMA PASSTHRU 457874	6.500 FEB 15 29	36208QT71	06/01/2016	49.84
GNMA PASSTHRU 005228	3.500 NOV 20 26	36202FYZ3	06/01/2016	382.69
FNMA PASSTHRU AE7582	4.500 NOV 01 40	31419JM88	06/01/2016	597.09
FNMA PASSTHRU AD8268	4.500 SEP 01 40	31418WFJ4	06/01/2016	816.25
FNMA PASSTHRU AD6960	4.500 JUL 01 40	31418UWW0	06/01/2016	253.88
FNMA PASSTHRU MA1982	3.500 AUG 01 34	31418BFY7	06/01/2016	522.56
FNMA PASSTHRU MA1080	3.000 JUN 01 22	31418AFW3	06/01/2016	449.96
FNMA PASSTHRU MA1029	3.500 APR 01 32	31418AEB0	06/01/2016	208.53
FNMA PASSTHRU MA0706	4.500 APR 01 31	31417YYC5	06/01/2016	785.28
FNMA PASSTHRU MA0514	4.000 SEP 01 40	31417YSC2	06/01/2016	152.47
FNMA PASSTHRU MA0203	4.000 OCT 01 19	31417YGM3	06/01/2016	412.28
FNMA PASSTHRU AB3865	3.500 NOV 01 41	31417AJK6	06/01/2016	266.12
FNMA PASSTHRU AB1475	4.500 SEP 01 40	31416WT93	06/01/2016	161.21
FNMA PASSTHRU AA5223	4.000 MAR 01 39	31416NYV8	06/01/2016	156.33
FNMA PASSTHRU 932389	4.500 JAN 01 40	31412Q2W8	06/01/2016	335.40
FNMA PASSTHRU AS0765	3.500 OCT 01 28	3138W9Z78	06/01/2016	584.62
FNMA PASSTHRU AR7391	3.000 JUN 01 43	3138W5F94	06/01/2016	219.38
FNMA PASSTHRU AP7553	3.000 SEP 01 42	3138MBMB9	06/01/2016	245.24
FNMA PASSTHRU AP6752	3.000 SEP 01 27	3138MAQE1	06/01/2016	166.14
FNMA PASSTHRU AP3108	3.500 OCT 01 42	3138M6N29	06/01/2016	304.91
FNMA PASSTHRU AO8044	3.500 JUL 01 42	3138LY5E3	06/01/2016	103.81
FNMA PASSTHRU AL6345	4.000 NOV 01 28	3138EPBP8	06/01/2016	695.16
FNMA PASSTHRU AL5521	4.500 JAN 01 40	3138END30	06/01/2016	1,520.83
FNMA PASSTHRU AL0957	4.000 JUL 01 21	3138EHB35	06/01/2016	642.09

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
FNMA PASSTHRU AK4940	3.500 MAR 01 42	3138E9P20	06/01/2016	266.09
FNMA PASSTHRU AJ5336	3.000 NOV 01 26	3138AW4W0	06/01/2016	269.22
FNMA PASSTHRU AH8954	4.000 APR 01 41	3138AA5Q0	06/01/2016	413.87
FNMA PASSTHRU AH7284	4.000 MAR 01 41	3138A9CW2	06/01/2016	1,422.95
FNMA PASSTHRU AH3986	4.000 FEB 01 41	3138A5NC2	06/01/2016	385.98
FNMA PASSTHRU AH3394	4.000 JAN 01 41	3138A4XY6	06/01/2016	184.95
FNMA PASSTHRU AH3586	4.000 JAN 01 41	3138A46Y6	06/01/2016	373.43
FNMA PASSTHRU AH1030	4.500 DEC 01 40	3138A2EC9	06/01/2016	348.42
FNMA PASSTHRU AH0942	4.000 DEC 01 40	3138A2BL2	06/01/2016	258.71
FNMA PASSTHRU AH0257	4.000 DEC 01 40	3138A1JB8	06/01/2016	135.06
FNMA PASSTHRU 503915	7.000 JUL 01 29	31383HYL2	06/01/2016	6.09
FNMA PASSTHRU 491066	7.000 OCT 01 28	31382SQT1	06/01/2016	2.76
FNMA PASSTHRU 252571	7.000 JUL 01 29	31371HQY7	06/01/2016	7.12
FHLMC PC GOL Q13086	3.000 NOV 01 42	3132HPNB6	06/01/2016	140.87
FHLMC PC GOL C35867	8.500 JAN 01 30	31294CQU0	06/01/2016	5.81
FHLMC PC GOL A96413	4.000 JAN 01 41	312945DS4	06/01/2016	959.58
FHLMC PC GOL C91370	4.500 MAY 01 31	3128P7QX4	06/01/2016	334.80
FHLMC PC GOL G15191	4.000 NOV 01 28	3128MD7C1	06/01/2016	635.86
FHLMC PC GOL G04632	5.000 NOV 01 36	3128M6PR3	06/01/2016	670.61
FNMA PASSTHRU 521015	2.521 DEC 01 29	31384DYL0	06/01/2016	0.41
FNMA PASSTHRU 968528	2.726 JAN 01 38	31414KPM6	06/01/2016	66.71
FNMA PASSTHRU 832254	2.635 AUG 01 35	31407JTK8	06/01/2016	16.45
FNMA PASSTHRU 765675	2.687 FEB 01 34	31404DT81	06/01/2016	36.00
FNMA PASSTHRU 754755	2.795 JAN 01 34	31403QQG8	06/01/2016	32.90
FNMA PASSTHRU 686004	2.605 JAN 01 33	31400FDH7	06/01/2016	9.26
FNMA PASS-THRU ADJ	FLTG JAN 01 33	31400CN42	06/01/2016	1.99

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Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
HOME DEPOT INC	2.625 JUN 01 22	437076BG6	06/01/2016	3,465.00
MICROSOFT CORP	4.200 JUN 01 19	594918AC8	06/01/2016	6,888.00
DISNEY WALT CO MTNS	3.750 JUN 01 21	25468PCL8	06/01/2016	3,412.50
DISNEY WALT CO MTNS	2.350 DEC 01 22	25468PCW4	06/01/2016	1,797.75
GNMA REMIC TRUST	2.170 APR 16 41	38378BRT8	06/01/2016	309.57
WF-RBS COML MTG TR	4.869 FEB 18 44	92935JBC8	06/01/2016	1,704.15
WFRBS COML MTG TR	3.198 MAR 17 48	92937FAD3	06/01/2016	381.10
UBS-BARCLY COML MTG	2.533 DEC 12 45	90270RBC7	06/01/2016	208.96
VNDO MTG TR	2.996 NOV 15 30	91830CAA6	06/01/2016	312.04
UBS COML MTG TR	2.180 MAY 12 45	90269GAB7	06/01/2016	58.08
TIMBERSTAR TRUST	5.668 OCT 15 36	88713UAA4	06/01/2016	2,456.13
UBS-BARCLY COML MTG	3.525 MAY 11 63	90269CAD2	06/01/2016	528.75
MS CAP I TR	3.594 MAR 17 49	61766CAE9	06/01/2016	518.14
MS CAPITAL I TR	3.809 DEC 17 48	61691ABL6	06/01/2016	377.73
COMM MTG TR 2015-PC1	3.902 JUL 12 50	12593GAF9	06/01/2016	881.20
COMM MTG TR	4.233 JUL 12 45	12625UBF9	06/01/2016	1,924.83
COMM MTG TR	2.928 FEB 12 47	12591RAX8	06/01/2016	695.40
COMM MTG TR	2.976 JUL 10 48	12593FBA1	06/01/2016	766.32
FNMA REMIC TRUST	4.000 FEB 25 40	3136A0P27	06/01/2016	345.06
GNMA REMIC TRUST	3.500 APR 16 43	38378YYK9	06/01/2016	762.52
GNMA REMIC TRUST	2.750 JAN 20 38	38378CQF7	06/01/2016	414.09
GNMA REMIC TRUST	5.000 AUG 16 39	38377UR34	06/01/2016	1,084.50
GNMA REMIC TRUST	3.000 OCT 20 39	38377JZ48	06/01/2016	848.70
GNMA REMIC TRUST	3.500 JAN 20 38	38374YWD1	06/01/2016	302.32
FNMA REMIC TRUST	4.000 NOV 25 40	31397SZ23	06/01/2016	379.52
FHLMC REMIC SERIES	3.000 NOV 15 32	3137B9BY0	06/01/2016	380.92

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<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
FHLMC REMIC SERIES	1.500 MAY 15 27	3137AQPV4	06/01/2016	758.11
FHLMC REMIC SERIES	2.750 APR 15 41	3137ANQF5	06/01/2016	488.01
FHLMC REMIC SERIES	4.000 NOV 15 39	3137A3ZF9	06/01/2016	1,337.15
FNMA REMIC TRUST	3.000 MAR 25 39	3136A1JT3	06/01/2016	486.39
WELLS FARGO & CO	COMMON	949746101	06/01/2016	9,766.00
INTEL CORP	COMMON	458140100	06/01/2016	18,408.00
NEENAH PAPER	COMMON	640079109	06/02/2016	1,089.00
FEDERAL NTL MTG ASSN	6.210 JUN 05 36	3136F7E78	06/05/2016	26,920.35
CHEVRON CORP NEW	2.355 DEC 05 22	166764AB6	06/05/2016	6,488.03
FNMA PASSTHRU AH7284	4.000 MAR 01 41	3138A9CW2	06/06/2016	-39.23
WAL MART STORES INC	COMMON	931142103	06/06/2016	12,650.00
CASH	CASH	CASH	06/07/2016	69.97
CASH	CASH	CASH	06/07/2016	89.26
NISSAN MTR ACCEP COR	FLTG MAR 08 19	654740AM1	06/08/2016	1,464.66
AMERICREDIT AUTO REC	1.270 JAN 08 20	03065LAD1	06/08/2016	444.50
HSBC BANK USA NA	1.625 DEC 09 20	40434AE62	06/09/2016	4,847.62
FEDERAL HOME LN MTG	1.000 DEC 09 20 SU	3134G86V6	06/09/2016	2,995.00
MICROSOFT CORP	COMMON	594918104	06/09/2016	20,772.00
WALGREENS BOOTS ALNC	COMMON	931427108	06/10/2016	7,812.00
CHEVRON CORP	COMMON	166764100	06/10/2016	9,309.00
MARATHON PETROLEUM	COMMON	56585A102	06/10/2016	7,840.00
HONEYWELL INTL INC	COMMON	438516106	06/10/2016	13,090.00
NORFOLK SOUTHERN	COMMON	655844108	06/10/2016	6,844.00
WELLS FARGO & CO NEW	5.625 DEC 11 17	949746NX5	06/11/2016	4,050.00
3M COMPANY	COMMON	88579Y101	06/12/2016	8,325.00
FORWARD AIR CORP	COMMON	349853101	06/13/2016	894.00

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<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
FHLMC PC GOL G06933	5.000 JUL 01 41	3128M9BA9	06/15/2016	669.19
FHLMC PC GOL G04714	5.000 SEP 01 38	3128M6SB5	06/15/2016	125.61
SBA TOWER TR 2010	5.101 APR 15 42	78403DAB6	06/15/2016	1,084.60
CONOCOPHILLIPS CO	2.400 DEC 15 22	20826FAA4	06/15/2016	2,112.00
CATERPILLAR INC DEL	7.900 DEC 15 18	149123BQ3	06/15/2016	21,922.50
PACIFICORP	3.850 JUN 15 21	695114CM8	06/15/2016	8,816.50
NISSAN AUTO LEASE TR	1.290 MAR 16 20	65490BAE5	06/15/2016	389.15
HYUNDAI AUTO LEASE T	1.000 OCT 16 17	44890XAB4	06/15/2016	208.10
FIFTH THIRD AUTO TR	1.420 MAR 16 20	31680GAD8	06/15/2016	536.05
BORG WARNER INC	COMMON	099724106	06/15/2016	3,861.00
TIME WARNER INC	COMMON	887317303	06/15/2016	7,285.25
HANCOCK HLDG CO	COMMON	410120109	06/15/2016	1,227.36
DOVER CORP	COMMON	260003108	06/15/2016	5,586.00
CALGON CARBON	COMMON	129603106	06/15/2016	795.00
STATE STR CORP	3.300 DEC 16 24	857477AN3	06/16/2016	1,732.50
EXPEDIA INC	COMMON	30212P303	06/16/2016	1,968.00
FORD CREDIT FLRPLN T	0.881 FEB 15 19	34528QDF8	06/17/2016	173.84
TOTAL CAPITAL	2.750 JUN 19 21	89153VAP4	06/19/2016	3,341.25
CAPITAL AUTO RECV AB	1.620 MAR 20 19	13974LAB4	06/20/2016	229.50
VOLKSWAGEN AUTO ENH	1.160 MAR 20 20	92867PAD5	06/20/2016	430.17
CAPITAL AUTO RECV AB	1.320 JUN 20 18	13975GAC2	06/20/2016	165.33
OUTERWALL INC	COMMON	690070107	06/21/2016	2,640.00
BAKER HUGHES INC	COMMON	057224107	06/22/2016	2,839.00
CASH	CASH	CASH	06/24/2016	311.93
FEDERAL FARM CR BKS	2.750 SEP 24 25	3133EFS32	06/24/2016	5,733.75
AMERN INTL GROUP INC	COMMON	026874784	06/27/2016	8,576.00

Lackawanna County Employees' Retirement Fund

Transaction Detail - 4/1/2016 through 6/30/2016

94300

Income

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Pay Date</i>	<i>Proceeds</i>
GOLDMAN SACHS GROUP	COMMON	38141G104	06/29/2016	4,485.00
PRICE T ROWE GRP	COMMON	74144T108	06/29/2016	8,964.00
GILEAD SCIENCES INC	COMMON	375558103	06/29/2016	7,426.00
UNITED STATES TREAS	1.500 DEC 31 18	912828A75	06/30/2016	9,127.50
UNITED STATES TREAS	1.750 DEC 31 20	912828N48	06/30/2016	7,286.21
UNITED STATES TREAS	1.625 DEC 31 19	912828G95	06/30/2016	8,571.88
DICKS SPORTING GOODS	COMMON	253393102	06/30/2016	6,292.00
MARRIOTT INTL INC	CLASS A	571903202	06/30/2016	4,860.00
ENDURANCE SPECIALTY	ORDINARY	G30397106	06/30/2016	1,444.00
MENTOR GRAPHICS CORP	COMMON	587200106	06/30/2016	563.75
PUBLIC SVC ENTERPR	COMMON	744573106	06/30/2016	9,307.00
<i>Total Income</i>				\$775,159.23

Lackawanna County Employees' Retirement Fund

Transaction Detail - 4/1/2016 through 6/30/2016

94300

Other

<i>Description</i>	<i>Issue</i>	<i>CUSIP</i>	<i>Transaction Type</i>	<i>Trade Date</i>	<i>Shares</i>	<i>Average Price</i>	<i>Proceeds/ Distributions</i>	<i>Gain/Loss</i>
CASH	CASH	CASH	Cash Withdrawal	04/01/2016	582,238	1.00	-582,238.36	0.00
FEDERAL HOME LN MTG	1.000 JAN 29 21 SU	3134G8GP8	Maturity	04/29/2016	1,934,000	100.00	1,934,000.00	0.00
CASH	CASH	CASH	Cash Withdrawal	04/30/2016	500,288	1.00	-500,287.54	0.00
CASH	CASH	CASH	Cash Deposit	05/13/2016	1	36.36	31.63	0.00
SANDISK CORP	COMMON	80004C101	Share Exchange	05/13/2016	20,100	119.22	2,396,259.69	1,356,750.00
WESTERN DIGITAL CORP	COMMON	958102105	Share Exchange	05/13/2016	4,797	216.70	-1,039,509.69	0.00
FEDERAL HOME LOAN BA	2.920 DEC 18 24	3130A6WE3	Maturity	05/17/2016	895,000	100.00	895,000.00	-895.00
FEDERAL HOME LN MTG	1.000 FEB 26 21 SU	3134G8KM0	Maturity	05/26/2016	340,000	100.00	340,000.00	0.00
FEDERAL HOME LN MTG	1.250 MAY 27 20 SU	3134G6N41	Maturity	05/27/2016	100,000	100.00	100,000.00	-230.00
CASH	CASH	CASH	Cash Withdrawal	05/31/2016	533,646	1.00	-533,645.89	0.00
CASH	CASH	CASH	Cash Deposit	06/03/2016	159,524	1.00	159,523.51	0.00
FEDERAL HOME LN MTG	1.000 DEC 09 20 SU	3134G86V6	Maturity	06/09/2016	599,000	100.00	599,000.00	299.50
CASH	CASH	CASH	Cash Deposit	06/17/2016	157,011	1.00	157,010.74	0.00
FEDERAL FARM CR BKS	2.750 SEP 24 25	3133EFS32	Maturity	06/24/2016	834,000	100.00	834,000.00	41.70
CASH	CASH	CASH	Cash Withdrawal	06/30/2016	237,738	1.00	-237,738.10	0.00
Total Other							4,521,405.99	1,355,966.20

FIVE MINUTES *with* C.S. McKEE

CS McKee

INVESTMENT
MANAGERS

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Brexit decision aftermath LARGE STAKES, MANY UNCERTAINTIES

The UK's vote to leave the European Union seems like a hike with a group, at night, in a forest. At a fork in the path, uncertainty reigns as the group chooses a way many of their number think wrong. The decision has consequences.

The Brexit vote was a triumph for those who view it as a blow to the bureaucracy imposing rules from Brussels affecting British sovereignty (immigration) and the British economy. Assuming that the UK follows through on the referendum, much remains uncertain.

ECONOMIC RISKS

We foresee a number of macro-economic risks. These include an inadequately financed UK current account deficit. Foreign capital flow—both portfolio and direct investment—will likely slow. Without adequate financing, the UK will have to draw upon reserves. Investors are already anticipating that, beating a path to the exit. Hence the weakness in the pound.

The Bank of England (BOE) has highlighted the risk to commercial real estate. With strong inflows of overseas capital, valuations are strained in some segments, making the market vulnerable to out-sized declines.

Some businesses face relocation decisions. Vodafone, the world's second largest telecom company, and Diageo, a global spirits maker, have hinted that they are considering a move from London. That would affect both employees and UK tax revenue. If relocation also signals exits from the UK stock market, the value and

importance of one of Europe's leading exchanges would be diminished. Given these and other economic risks, the BOE says, "the current outlook for UK financial stability is challenging."

POLITICAL RISKS

If little from the political perspective seems clear about the chosen path, the challenges are certain.

For starters, the UK has perhaps lost the upper hand with Europe. In February, amid much fanfare, outgoing Prime Minister David Cameron secured a modest negotiated deal in which the EU acceded to the UK's demands on workers' benefits and bailout policy. Now, after the Brexit vote, EU leaders seem eager to negotiate the "Leave" quickly, wary that other EU states might seek similar concessions. The UK position vis-à-vis the EU has gone from strength to uncertainty.

What ifs:

Scotland . . . and maybe Northern Ireland?

And once more the dissolution of the UK as we know it is a possibility. Scottish

leaders, favoring the position in the EU, intend to push for an independence referendum. This is both a political and an economic risk to the UK. Politically, the UK without Scotland would be a weakened power, perhaps completing its century-long demise as a global hegemon. The makeup of the UK Parliament, where the Scottish National Party is the third largest, would face change.

Economically, while Scotland's 8% portion of the UK's GDP may seem modest, consider that in 2009 the Great Recession in the US entailed a loss of only 2.8% of GDP for the year. A divided UK could experience a GDP decline nearly three times that amount in fewer than three years. Furthermore, the rest of the UK enjoys a trade surplus with Scotland of £17 billion per year. A portion of that surplus could be lost to other EU nations. A decline in UK GDP is a significant hazard demanding deft navigation.

MARKET SIGNALS AND LEADERSHIP

Businesses and political leaders come and go. Why the extreme reaction in the financial markets? Technology permits quick and decisive responses to unexpected events—and the Brexit vote was unexpected. The initial response, to invoke the hiking analogy again, signaled that many in the group (market participants) believed Brexit was a wrong turn and those who chose this path are unsure where they are going.

Indeed, the UK experienced a crisis in leadership unlike any in recent memory. Two leaders of major parties resigned. Another leader refused to resign, though many of his deputies want him out. And one of the main advocates for leaving the EU, Boris Johnson, removed himself from consideration for Prime Minister. Instead, Theresa May, who had been on the “Remain” side of the Brexit issue, is the new PM. Potential leaders ready to steer the UK out of the EU are few. Given the turmoil, the financial markets’ volatile (and confusing) response is unsurprising.

A crisis in leadership

MANY QUESTIONS

More volatility is likely, and it might well be justified. Numerous economic and political questions remain. How will Britain fare in its trade negotiations with Europe, and can it negotiate trade agreements elsewhere? What form of immigration policy will it adopt, and what are the implications for the expatriate workforce and labor supply in general? How would its energy policy evolve with the potential loss of North Sea oil and gas reserves to a devolved Scotland? The answers to these and other questions carry major implications for the future of the UK economy.

With an independent Scotland (and potentially Northern Ireland), the UK would be a diminished entity. Will the UK exercise the same influence in global affairs in 20 years as it has in the post-war era? What would be the effect on the pound as a global currency? Can Britain continue to be a voice in European affairs? Or might it be limited to an off-stage presence should the continent remain otherwise consolidated and prosper? The answer to these questions will affect Britain’s standing and influence in the world.

One thing was clear early on: investors voted with their feet. A post-referendum devaluation of the British pound has been quick. Financial markets are correctly discounting several scenarios. The BOE stands ready to intervene with interest rate cuts should the economy slide towards recession. Should rates in the UK approach 0%, it stands to reason that the US dollar will appreciate relative to the pound, given the attractive interest-rate differential. A collapse in longer-term gilt yields indicates a flight to quality and hints at the potential for a BOE intervention. Finally, the risk remains that foreign nationals could divest UK assets.

CONFLICTING MARKET SIGNALS

Compounding uncertainty are confusing signals from the financial markets. To believe the bond markets, the globe is facing a probable economic downturn with an accompanying level of deflation. Yet since the Brexit vote gold has appreciated markedly, traditionally a signal of the onset of inflation. While most commodities were selling off, given the stronger dollar, precious metals did not follow their historical pattern.

Bonds reflect the confusion. If the loss of Britain signals that the EU is headed for a breakup, then the credit-worthiness of the peripheral markets, notably Italy and Spain, must be questioned. But as of this writing, Italian 7-year yields are lower than they were before the Brexit vote. And the UK’s credit rating has been downgraded, yet its bonds have increased substantially in value.

Imagine starting down the uncertain path with half the group questioning the route; the trail map shows no details; and a short distance into the trek all the leaders, so sure of their course just moments ago, decide to move to the rear or leave the group. The anxiety felt by many in Britain is understandable.

We can now recognize that the Brexit vote was not a short detour for

A monumental shift

Britain. It was a monumental shift. Nearly half a century after Britain joined the European Economic Community (predecessor to the EU), the UK elected to change paths. The vote was close, but not so in Scotland, providing impetus to divide the UK. Markets are witnessing a radical change in direction, and the future of the UK in its current form is not clear. Fifty-two percent of the UK electorate chose the Brexit path. The success or failure of the UK and the EU to manage their respective destinies will determine the merits of that choice.



*by Michael J. Donnelly,
Vice President and Portfolio
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