

**CITY OF POMPANO BEACH  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENT PERFORMANCE ANALYSIS  
FIRST QUARTER 2009**

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GENERAL EMPLOYEES' RETIREMENT SYSTEM**

**INVESTMENT PERFORMANCE ANALYSIS**

**MARCH 31, 2009**

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## Executive Summary

# CITY OF POMPANO BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Quarter Ending March 31, 2009

### I. MARKET ENVIRONMENT

Index	First Quarter	1 Year	3 Year
Standard & Poor's 500 Index	-11.0%	-38.1%	-13.0%
MSCI EAFE Index (Net)	-13.9%	-46.5%	-14.5%
NCREIF Index	-7.3%	-14.7%	4.2%
CSFB Hedge Index	0.9%	-16.7%	-0.3%
Barclays U.S. Aggregate	0.1%	3.1%	5.8%
91 Day Treasury Bills	0.1%	1.2%	3.6%
Consumer Price Index	1.2%	-0.4%	2.1%

As the first quarter of 2009 came to a close, global investors found themselves dealing with a global recession of length and severity still to be determined. As the bad news accumulated, market players began making their bets on which regional economies and market segments would best ride out the worldwide turmoil, spurring a March rally in global stocks that lifted markets off lows not seen in many years. The US Commerce Department reported the US economy contracted in the fourth quarter of 2008 at an annualized growth rate of -6.2%, a dramatically accelerated rate compared to the -0.3% annualized rate of third quarter. The official quarter-end US unemployment rate of 8.1%, as reported by the Bureau of Labor Statistics, was the highest since December 1983 (8.3%).

**Equities:** The broad US stock market fell for the sixth straight quarter (Wilshire 5000 Total Market Index, -10.6%); this marked the longest streak of down quarters for the Wilshire 5000 in its 28-year history. Despite some aggressive bargain-hunting in March, more liquid small-cap stocks could not outperform larger-cap issuance (Wilshire US Small Cap, -12.4%; Wilshire US Large Cap, -10.3%); having said that, the micro-cap sector managed to outperform both of the larger Wilshire 5000 market cap groups (Wilshire US Micro Cap, -10.1%). Investors favored growth over value dramatically (Wilshire US Large Growth, -5.4%, Wilshire US Large Value, -15.3%; Wilshire US Small Growth, -8.9%, Wilshire US Small Value, -15.7%). Unsurprisingly, the worst-performing economic sector of the S&P 500 was Financials, returning a dismal -28.7% as losses mounted from continued write-downs of illiquid and/or worthless assets. Industrials, at -21.0%, were the next-worst performing sector. Surprisingly, Information Technology stocks managed fairly strong gains of 4.3% for the quarter, reflecting these companies' somewhat healthier balance sheets in relation to other market sectors.

**Fixed Income:** US credit markets saw liquidity slowly returning to some downtrodden sectors, and overnight and very-short term rates remained low over the first quarter. The two-year Treasury yield stood at 0.8% as of March 31, a 0.2% rise from year-end 2008. The thirty-year Treasury yield leapt a whopping 1.0% to 3.6% from year-end to March 31. Unsurprisingly, short-term paper outperformed longer-term issuance (Barclays 1-3 Year Treasury, 0.1%; Barclays Long Treasury, -5.2%).

**Alternatives:** Managers of commercial real estate generally accelerated write-downs of their portfolios to more fairly reflect market value amid limited buyers and lower demand. According to a study from Bank of New York Mellon and Casey Quirk, institutional investors generally held on to their hedge fund allocations through the crisis, at least relative to high net worth investors. Among 2008 redemptions, 80% were from high net worth individuals. Institutional assets now represent approximately 43% of the industry's assets under management, up from 33% in 2005. (Financial Times)



## II. Live Universe Comparisons and Reporting

### Wilshire Public Plan Sponsor Universe



Number of Plans	208
Median Size	\$109.1 Million
Total Assets	\$529.9 Billion
Total Plans over \$1 Billion	35
Total Plans between \$100 - \$1,000 Million	71
Total Plans between \$20 Million - \$100 Million	74
Total Plans under \$20 Million	28

### About Wilshire Associates

The Wilshire Cooperative is collaboration between Wilshire Associates and more than 60 independent investment consulting firms. Wilshire provides advanced performance measurement and attribution reporting systems to participating firms while Cooperative members provide asset and performance data for their sponsor clients. These are then pooled into peer groups for comparative purposes. Today, the Wilshire Cooperative is the standard utilized by over 1900 plan sponsors with assets over \$875 billion dollars.

### Our Universe Comparisons

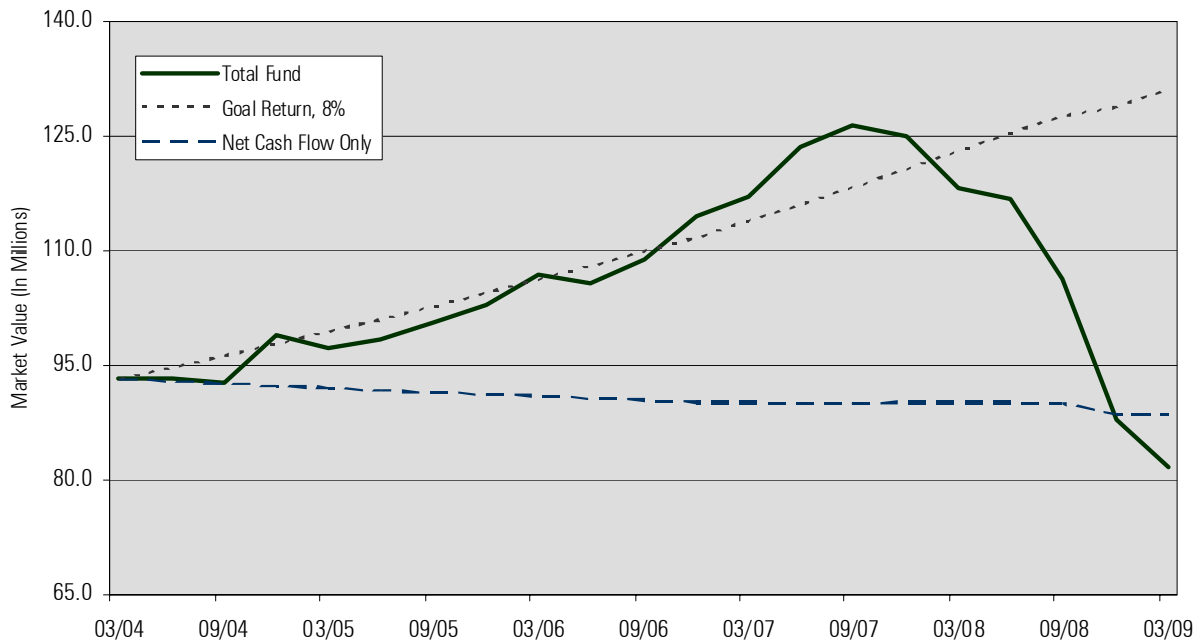
As a Wilshire affiliate, we are granted access to large and diverse peer comparisons, including total fund, portfolio-level, and style-based universes. The Wilshire Public Fund Universe (above) includes the actual, live results of over 200 public pension systems across the country. These are real public funds who face similar investment restrictions and guidelines to your own. These peer-to-peer performance comparisons are critical to the evaluation process.

### Our Reporting

Unique to Southeastern Advisory Services is our customized reporting platform. We have the ability to accurately calculate performance against virtually any benchmark, comparison or metric. These industry-leading tools include sophisticated attribution analyses and holdings-based style and characteristic analysis. Our goal is to deliver a clear, easily-understood picture of performance that fairly assesses the effectiveness of your investment policy, strategy and managers. Each performance report is fully-customized based on your input. We welcome your requests and suggestions.



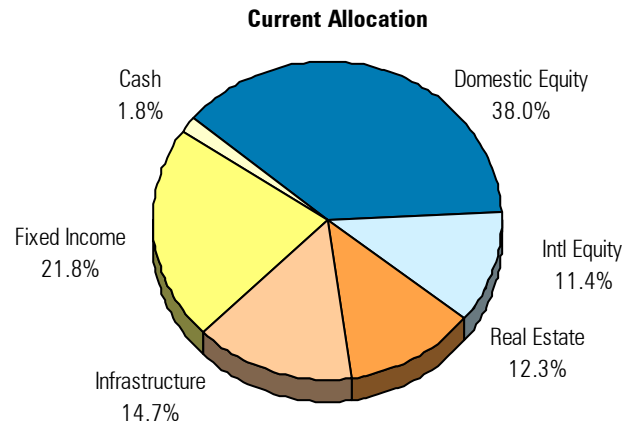
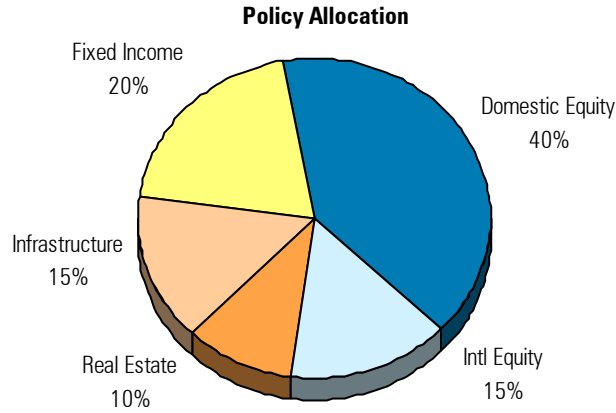
**III. PORTFOLIO GROWTH- PERIOD ENDED MARCH 31, 2009**



Period Ending	Beginning Value \$(000)	Net Cash Flow	Net Gain/Loss	Ending Value \$(000)	Quarterly Return	Fiscal Yr Return
Jun-04	93,115	-316	277	93,076	0.3%	
Sep-04	93,076	-338	-59	92,679	-0.1%	9.3%
Dec-04	92,679	-273	6,453	98,860	7.0%	
Mar-05	98,860	-237	-1,377	97,246	-1.4%	
Jun-05	97,246	-385	1,431	98,291	1.5%	
Sep-05	98,291	-228	2,526	100,589	2.6%	9.8%
Dec-05	100,589	-254	2,428	102,763	2.4%	
Mar-06	102,763	-213	4,248	106,798	4.1%	
Jun-06	106,798	-319	-965	105,513	-0.9%	
Sep-06	105,513	-222	3,590	108,882	3.4%	9.3%
Dec-06	108,882	-288	5,811	114,405	5.3%	
Mar-07	114,405	-2	2,669	117,072	2.3%	
Jun-07	117,072	-39	6,351	123,385	5.4%	
Sep-07	123,385	-32	2,874	126,227	2.4%	16.3%
Dec-07	126,227	104	-1,534	124,797	-1.2%	
Mar-08	124,797	1	-6,647	118,150	-5.3%	
Jun-08	118,150	-12	-1,468	116,671	-1.2%	
Sep-08	116,671	-210	-10,276	106,185	-8.8%	-15.8%
Dec-08	106,185	-1,328	-17,143	87,713	-16.3%	
Mar-09	87,713	-84	-5,993	81,636	-6.8%	-22.0%
<b>Total</b>	<b>93,115</b>	<b>-4,676</b>	<b>-6,803</b>	<b>81,636</b>	<b>-8.1%</b>	
<b>Absolute Return Objective:</b>						<b>8.0%</b>

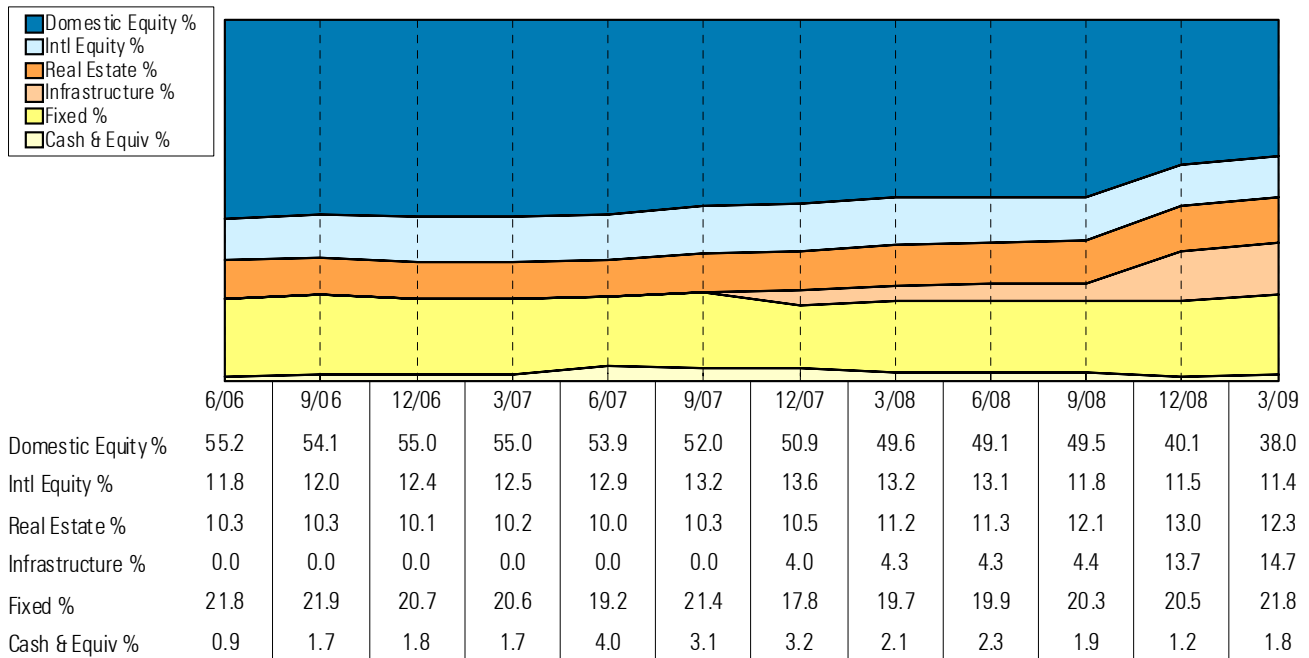


**IV. ALLOCATION OF ASSETS**



Asset Class	Target Range	Quarter End Allocation	Median Public Plan
Domestic Equity Securities	35%-65%	38.0%	37.0%
Intl Equity Securities	10%-25%	11.4%	9.9%
Real Estate	5%-15%	12.3%	2.0%
Fixed Income Securities	15%-30%	21.8%	37.7%
Infrastructure	10%-20%	14.7%	0.0%
Cash Equivalents	N/A	1.8%	13.4%

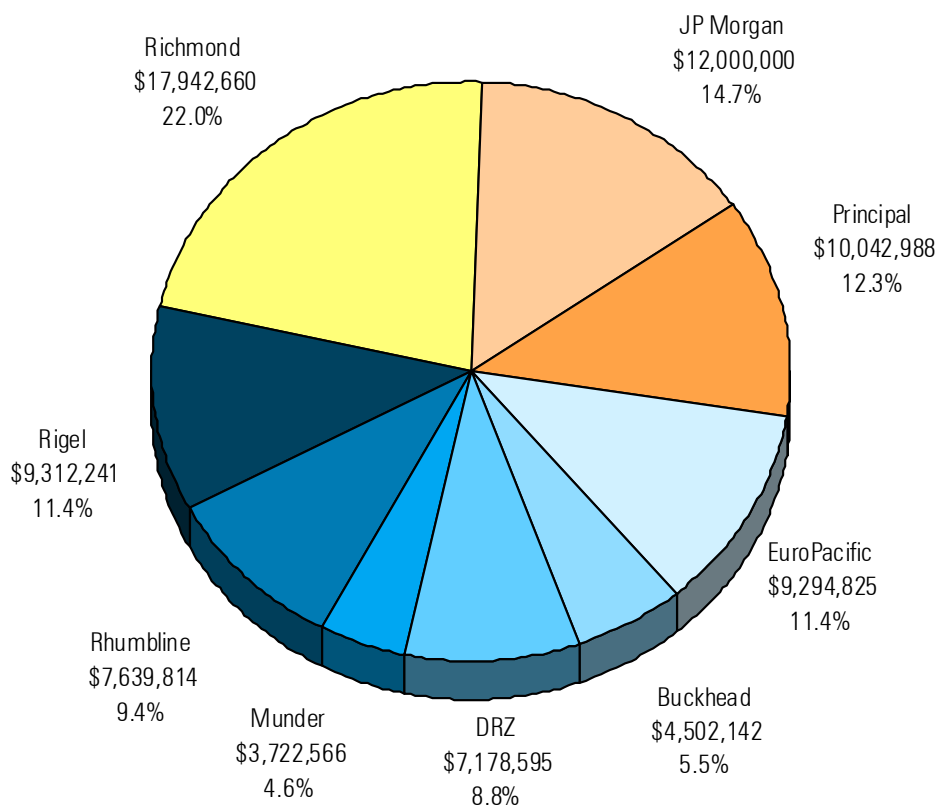
**Historical Asset Allocation**



Manager	Dom. Equity	Intl Equity	Real Estate	Infrastructure	Fixed Inc	Cash
DePrince, Race, and Zollo	95.4%	0.0%	0.0%	0.0%	0.0%	4.6%
Rhumblin	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rigel Capital	93.5%	0.0%	0.0%	0.0%	0.0%	6.5%
Munder Capital	98.3%	0.0%	0.0%	0.0%	0.0%	1.7%
Buckhead Capital	92.3%	0.0%	0.0%	0.0%	0.0%	1.7%
EuroPacific Growth	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Principal U.S. Property	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
JP Morgan Infrastructure	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Richmond Capital	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
<b>Total Fund</b>	<b>38.0%</b>	<b>11.4%</b>	<b>12.3%</b>	<b>14.7%</b>	<b>21.8%</b>	<b>1.8%</b>



**V. MANAGER ALLOCATION AND CASH FLOWS- Quarter ending March 31, 2009**



Manager	Beginning Value	% Alloc	Cash In	Cash Out	Gain/Loss	Ending Value	% Alloc
DePrince, Race, and Zollo	\$8,559,097	9.8%	\$0	\$0	(\$1,380,502)	\$7,178,595	8.8%
Rhumblin	\$8,520,314	9.7%	\$193	\$0	(\$880,693)	\$7,639,814	9.4%
Rigel Capital	\$10,117,894	11.5%	\$0	\$0	(\$805,653)	\$9,312,241	11.4%
Munder Capital	\$3,923,757	4.5%	\$0	\$0	(\$201,191)	\$3,722,566	4.6%
Buckhead Capital	\$5,126,347	5.8%	\$0	\$0	(\$624,205)	\$4,502,142	5.5%
EuroPacific Growth Fund R5	\$10,088,938	11.5%	\$0	\$0	(\$794,113)	\$9,294,825	11.4%
Principal U.S. Property	\$11,429,724	13.0%	\$0	\$0	(\$1,386,736)	\$10,042,988	12.3%
JP Morgan Infrastructure	\$12,000,000	13.7%	\$0	\$0	\$0	\$12,000,000	14.7%
Richmond Capital Fixed	\$17,946,886	20.5%	\$0	(\$84,564)	\$80,338	\$17,942,660	22.0%
<b>Total Fund</b>	<b>\$87,712,957</b>	<b>100%</b>	<b>\$193</b>	<b>(\$84,564)</b>	<b>(\$5,992,755)</b>	<b>\$81,635,831</b>	<b>100%</b>
<i>Receipts &amp; Disbursements Acct.</i>	<i>\$1,277,365</i>		<i>\$1,777,923</i>	<i>(\$1,989,902)</i>	<i>\$677</i>	<i>\$1,066,063</i>	
<b>Total Fund + R&amp;D Acct.</b>	<b>\$88,990,322</b>		<b>\$1,778,116</b>	<b>(\$2,074,466)</b>	<b>(\$5,992,078)</b>	<b>\$82,701,894</b>	

For this report, all performance and asset allocation information for the Total Fund does not include the Receipts & Disbursements Account. The inception date for the JP Morgan account was November 20, 2008.



## VI. TOTAL FUND PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Total Fund - Gross of Fees</b>	<b>-6.8%</b>	<b>-29.7%</b>	<b>-7.8%</b>	<b>-1.7%</b>
<b>Total Fund - Net of Fees</b>	<b>6.9%</b>	<b>-29.9%</b>	<b>-8.0%</b>	<b>-1.8%</b>
Target Index	-12.7%	-22.9%	-2.2%	2.2%
vs. Total Public Fund Sponsors	82	90	78	92
<b>Total Domestic Equities</b>	<b>-11.0%</b>	<b>-42.1%</b>	<b>-15.4%</b>	<b>-5.6%</b>
80% Russell 1000/ 20% Russell 2000	-11.4%	-38.0%	-13.9%	-4.6%
vs. Equity Returns of Public Funds	70	85	78	79
<b>Total International Equities</b>	<b>-7.9%</b>	<b>-40.4%</b>	<b>-9.5%</b>	<b>-2.1%</b>
MSCI EAFE Index (Net)	-13.9%	-46.5%	-14.5%	-2.2%
vs. Intl Equity Returns of Public Funds	19	21	22	42
<b>Total Real Estate</b>	<b>-12.1%</b>	<b>-24.3%</b>	<b>-1.0%</b>	<b>n/a</b>
NCREIF	-7.3%	-14.7%	4.2%	n/a
vs. Real Estate Returns of Total Funds	45	53	56	n/a
<b>Total Infrastructure</b>	<b>0.0%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
CPI + 4.0%	2.2%	3.6%	6.1%	6.6%
<b>Total Fixed Income</b>	<b>0.4%</b>	<b>1.7%</b>	<b>4.8%</b>	<b>3.3%</b>
Barclays U.S. Aggregate	0.1%	3.1%	5.8%	4.1%
vs. Fixed Inc Returns of Public Funds	49	53	57	54

Current Target Index: 30% Russell 1000 /10% Russell 2000/20% Barclays US Aggregate/15% MSCI EAFE (Net)/10% NCREIF/15% CPI+4%. Prior to 4Q08, the Target Index was comprised of 40% Russell 1000 /10% Russell 2000/30% Barclays US Aggregate/10% MSCI EAFE (Net)/10% NCREIF. Prior to September 2007 the Target Index was comprised of 40% Russell 1000/10% Russell 2000/30% ML Govt/Corp Master/10% MSCI EAFE (Net)/10% NCREIF.

## VII. EQUITY MANAGER COMPARISON

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>DePrince, Race, and Zollo</b>	<b>-16.1%</b>	<b>-45.3%</b>	<b>-17.2%</b>	<b>-6.6%</b>
Russell 1000 Value	-16.8%	-42.4%	-15.4%	-4.9%
vs. Large Value Equity Portfolios	85	93	88	94
<b>Rhumblin</b>	<b>-10.3%</b>	<b>-37.8%</b>	<b>-13.0%</b>	<b>-4.4%</b>
Russell 1000	-10.5%	-38.3%	-13.2%	-4.5%
vs. Large Neutral Equity Portfolios	30	37	49	37
<b>Rigel Capital</b>	<b>-8.0%</b>	<b>-43.0%</b>	<b>n/a</b>	<b>n/a</b>
Russell 1000 Growth	-4.1%	-34.3%	n/a	n/a
vs. Large Growth Equity Portfolios	81	94	n/a	n/a
<b>Munder Capital</b>	<b>-5.1%</b>	<b>-40.8%</b>	<b>n/a</b>	<b>n/a</b>
Russell MidCap Growth	-3.4%	-24.1%	n/a	n/a
vs. Midcap Growth Equity Portfolios	62	73	n/a	n/a
<b>Buckhead Capital</b>	<b>-12.2%</b>	<b>-31.1%</b>	<b>-15.4%</b>	<b>-3.5%</b>
Russell 2000 Value	-19.6%	-38.9%	-17.5%	-5.3%
vs. Small Value Equity Portfolios	11	8	38	30



**Equity Portfolio Summary: Total Fund\***

	<b>Portfolio</b>	<b>80% R1000/20% R2000</b>
Total Number Of Securities	245	2,889
Equity Market Value	31,015,286	
Average Capitalization \$(000)	24,370,568	49,103,159
Median Capitalization \$(000)	3,374,073	
Equity Segment Yield	2.4	2.6
Equity Segment P/E - Average	17.3	15.3
Equity Segment P/E - Median	12.7	
Equity Segment Beta	1.1	1.1
Price/Book Ratio	1.4	1.5
Debt/Equity Ratio	43.1	40.6
Five Year Earnings Growth	12.5	12.3

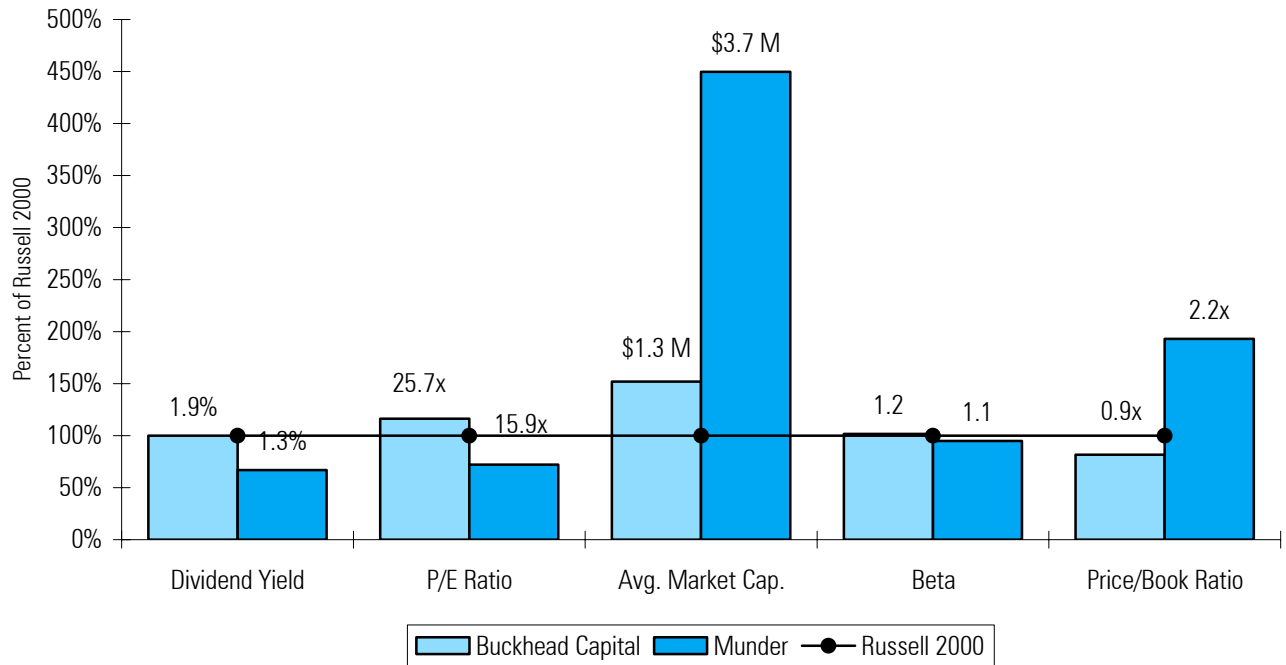
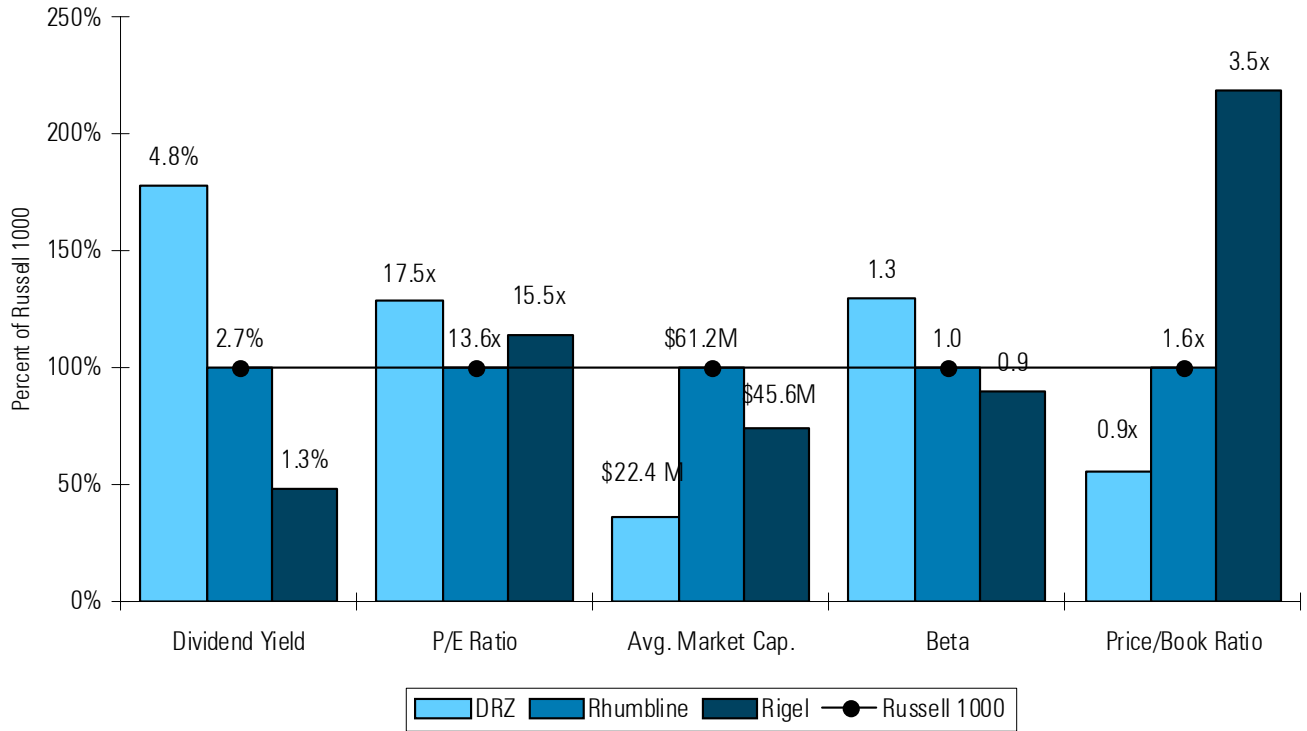
<b>Ten Largest Holdings</b>	<b>Market Value</b>	<b>% of Portfolio</b>	<b>Quarterly Return</b>
Intl Business McHn	448,698	1.9%	15.7%
Bristol Myers Squibb	350,588	1.5%	-5.7%
McDonalds Corp	350,121	1.5%	-11.4%
Wal Mart Stores Inc	338,025	1.4%	-6.5%
Gilead Sciences Inc	323,684	1.4%	-9.4%
RPM Inc Ohio	282,288	1.2%	-2.7%
Oracle Systems Corp	259,015	1.1%	1.9%
Google Inc	247,123	1.1%	13.1%
Southwestern Energy	246,754	1.1%	2.5%
Medco Health Solutio	242,873	1.0%	-1.4%

<b>Ten Best Performers</b>	<b>Quarterly Return</b>	<b>Ten Worst Performers</b>	<b>Quarterly Return</b>
Coinstar Inc	67.9%	United Cmnty Bks Bla	-69.1%
Broadridge Finl Solu	49.0%	Synovus Finl Corp	-60.7%
Cree Inc	48.3%	Suntrust Bks Inc	-60.0%
Brinker Intl Inc	44.7%	Casella Waste Sys In	-58.1%
Morgan Stanley	43.6%	Wilmington Trust Cor	-55.8%
Amazon Com Inc	43.2%	Cbs Corp	-52.4%
Cracker Barrel Old C	40.8%	On Assignment Inc	-52.2%
Guess Inc	38.0%	Greenbrier Cos Inc	-46.4%
Denbury Res Inc	36.1%	Central European Dis	-45.4%
Best Buy Inc	35.7%	Regions Finl Corp	-45.1%

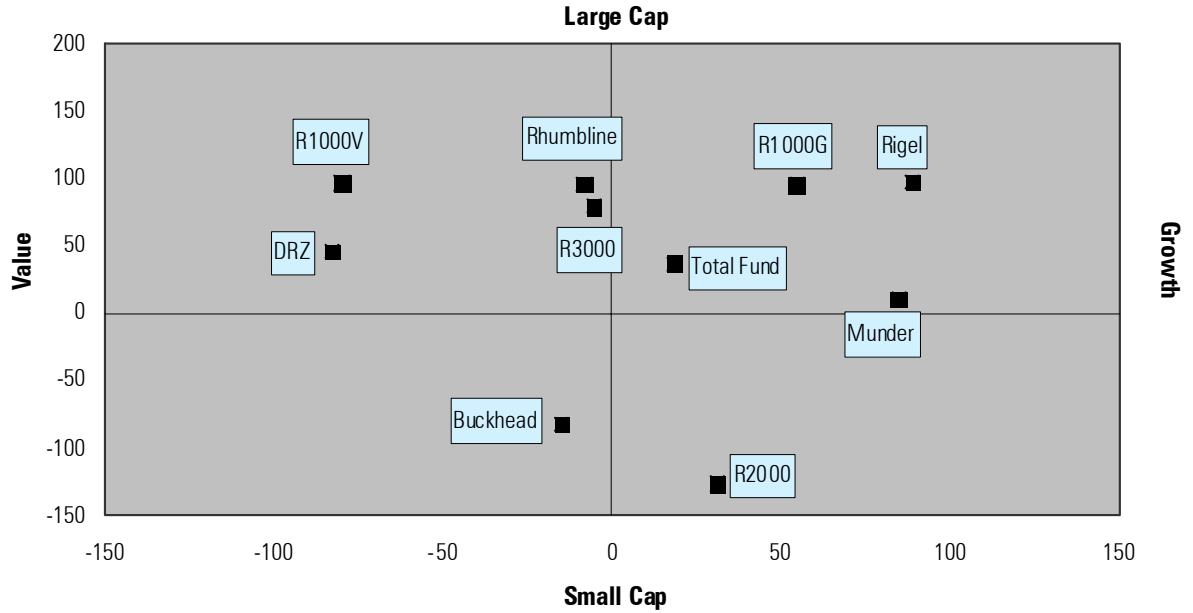
\*Does not include Rhumblin as it is invested in a commingled account.



**Equity Portfolio Characteristics**



## Equity Style Map (Current Quarter)



	Growth-Value	Size		Growth-Value	Size
Buckhead Capital	-14.7	-82.5	Total Fund	18.4	36.8
DePrince Race Zollo	-82.8	46.3	Russell 2000	31.4	-126.8
Munder Capital	84.8	10.5	Russell 3000	-5.1	79.1
Rhumblin	-8.1	95.6	Russell 1000 Growth	54.7	94.9
Rigel Capital	88.7	97.2	Russell 1000 Value	-79.8	96.4

### VIII. INTERNATIONAL EQUITY PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>EuroPacific Growth R5</b>	<b>-7.9%</b>	<b>-40.4%</b>	<b>-9.6%</b>	<b>1.5%</b>
MSCI EAFE (Net)	-13.9%	-46.5%	-14.5%	-2.2%
vs. International Equity Mutual Funds	43	13	21	31



# Amer Funds EuroPac R5

Overall Morningstar Rtg™ **★★★★★**  
 584 Foreign Large Blend (MF)  
 Incept 05-15-02 Type MF Total Assets \$12,555 mil Morningstar Cat Foreign Large Blend (MF)

Performance 03-31-2009					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2007	2.99	8.49	5.29	1.35	19.22
2008	-7.88	-2.26	-17.99	-19.25	-40.38
2009	-7.87	—	—	—	-7.87
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	-40.37	—	1.75	—	4.01
Std Quarterly	-40.37	—	1.75	—	4.01
Total Return	-40.37	-9.41	1.75	3.65	4.01
+/- MSCI Eafe	6.14	5.06	3.93	4.49	—
+/- MSCI AC W	6.09	3.74	2.41	3.13	—
% Rank Cat	6	4	3	4	—
No. in Cat	789	584	455	241	—
7-day Yield	—	—	—	—	—

### Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and ten-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's shares, when redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-421-0180 or visit [www.americanfunds.com](http://www.americanfunds.com).

### Fees and Expenses

Sales Charges	NA
Front-End Load %	NA
Deferred Load %	NA
Fund Expenses	NA
Management Fees %	0.42
12b1 Expense %	NA
Prospectus Gross Exp Ratio %	0.55

### Risk and Return Profile

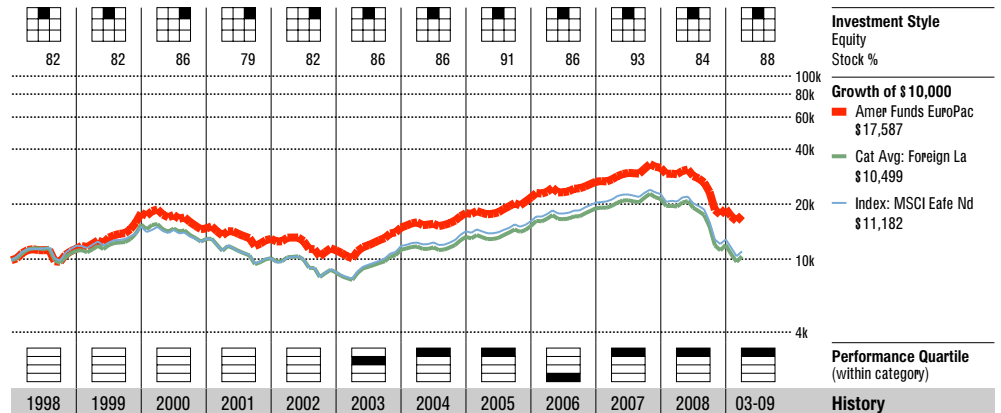
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	5★	5★	5★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	High	High
Standard Deviation	20.05	17.20	16.86
Mean	-9.41	1.75	3.65
Sharpe Ratio	-0.56	0.01	0.11

MPT Statistics	Standard Index	Best Fit Index
	MSCI Eafe Ndt	MSCI Wd x USN
Alpha	4.53	3.99
Beta	0.94	0.94
R-Squared	96.00	96.00

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-38.00% Assets

### Operations

Family:	American Funds	Objective:	Foreign Stock	Minimum IRA Purchase:	\$0
Manager:	Knowles/Lee/Grace/Bepler/Denning	Ticker:	RERFX	Min Auto Investment Plan:	\$250
Tenure:	11.7 Years	Minimum Initial Purchase:	\$250	Purchase Constraints:	A/



1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	03-09	History
23.72	37.24	30.59	26.87	22.96	30.20	35.62	41.09	46.56	50.87	27.95	25.75	NAV
15.54	56.97	-17.84	-12.18	-13.45	33.24	19.98	21.39	22.17	19.22	-40.38	-7.87	Total Return %
-4.46	30.00	-3.67	9.26	2.49	-5.35	-0.27	7.85	-4.17	8.05	3.00	6.07	+/- MSCI Eafe
—	26.34	-2.53	7.55	1.50	-7.59	-0.93	4.77	-4.48	2.57	5.15	2.84	+/- MSCI AC W
—	—	—	—	—	45	17	6	79	8	11	6	% Rank Cat
302	340	396	439	482	504	551	608	657	743	778	855	No. of Funds in Cat

### Portfolio Analysis 12-31-2008

Composition %	Long %	Short %	Net %	Share Chg since 06-30-2008	Share Amount	305 Total Stocks	34 Total Fixed-Income	% Net Assets
Cash	6.7	0.0	6.7	—	—	38%	Turnover Ratio	—
U.S. Stocks	0.2	0.0	0.2	—	18 mil	Roche Holding Ltd	—	3.16
Non-U.S. Stocks	86.9	0.0	86.9	—	37 mil	Bayer	—	3.11
Bonds	6.2	0.0	6.2	—	2 bil	FNMA	—	1.99
Other	0.0	0.0	0.0	—	36 mil	America Movil S.A.B. de C.V.	—	1.92
Total	100.0	0.0	100.0	—	105 mil	Banco Santander	—	1.82
Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat	—	48 mil	Gazprom OAO (EDR)	1.77
Value Blend Growth	P/E Ratio TTM	9.1	1.06	1.21	—	27 mil	Novo-Nordisk A S	1.57
Large Mid Small	P/C Ratio TTM	5.8	1.18	1.05	—	26 mil	Novartis	1.54
—	P/B Ratio TTM	1.9	1.36	1.19	—	40 mil	AXA	1.51
—	Geo Avg Mkt	27059	1.36	1.34	—	30 mil	Nestle	1.50
—	Cap \$ mil	—	—	—	—	505 mil	Vodafone Grp	1.28
Fixed-Income Style	Avg Eff Duration	—	—	—	—	23 mil	Brazilian Petroleum Corporati	1.17
Short Int Long	Avg Eff Maturity	—	—	—	—	17 mil	SAP	1.05
High Mid Low	Avg Credit Quality	—	—	—	—	30 mil	HONDA MOTOR	1.01
—	Avg Wtd Coupon	8.23	—	—	—	10 mil	Schneider Electric	1.01
—	Avg Wtd PPrice	295.70	—	—	—	—	—	—

### Credit Analysis 03-31-2009

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Regional Exposure	Stocks %	Rel MSCI Eafe
Americas	8.6	86.00
Greater Europe	66.7	1.02
Greater Asia	24.7	0.71

### Sector Weightings

	Stocks %	Rel MSCI Eafe
<b>Information Economy</b>	<b>22.4</b>	<b>1.93</b>
Software	1.7	2.13
Hardware	5.6	2.24
Media	1.5	1.07
Telecommunication	13.7	2.01
<b>Service Economy</b>	<b>36.8</b>	<b>0.90</b>
Healthcare Services	13.4	1.49
Consumer Services	5.8	1.21
Business Services	3.5	0.65
Financial Services	14.2	0.66
<b>Manufacturing Economy</b>	<b>40.8</b>	<b>0.86</b>
Consumer Goods	13.0	0.90
Industrial Goods	16.0	0.89
Energy	7.4	0.78
Utilities	4.4	0.76

**IX. REAL ESTATE PERFORMANCE COMPARISONS**

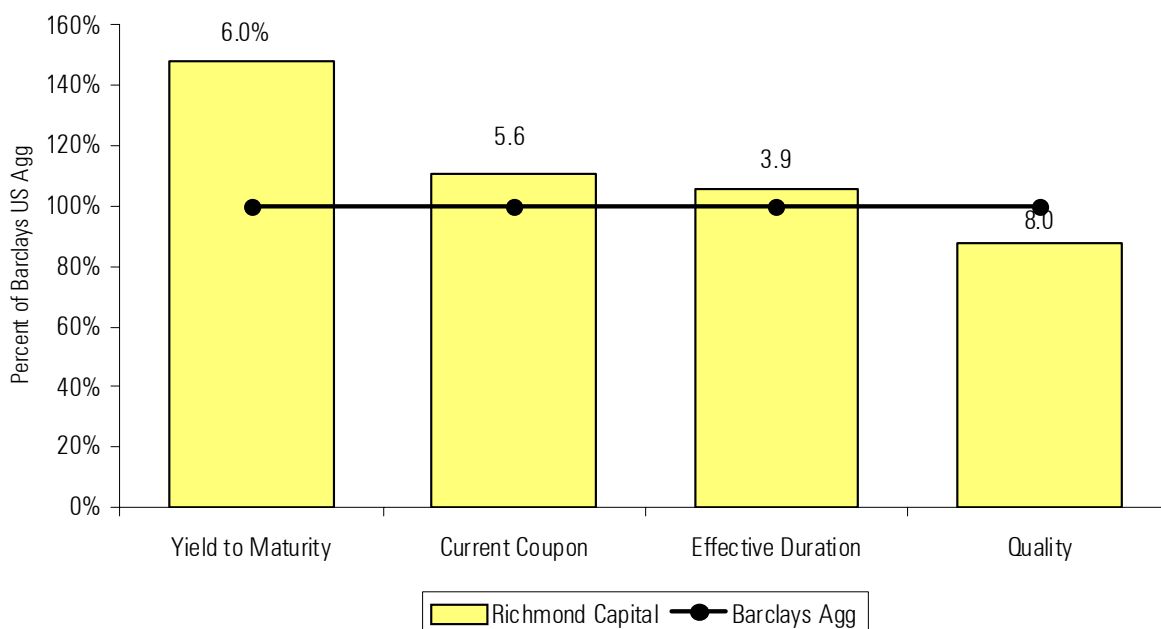
Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Principal U.S. Property</b>	<b>-12.1%</b>	<b>-24.3%</b>	<b>-1.0%</b>	<b>n/a</b>
NCREIF	-7.3%	-14.7%	4.2%	n/a
vs. Real Estate Portfolios	35	61	64	n/a

**X. FIXED INCOME/ABSOLUTE RETURN PERFORMANCE COMPARISONS**

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Richmond Capital</b>	<b>0.5%</b>	<b>1.6%</b>	<b>4.7%</b>	<b>3.3%</b>
Barclays US Aggregate	0.1%	3.1%	5.8%	4.1%
vs. Core Fixed Income Portfolios	48	58	59	65
<b>JP Morgan Infrastructure</b>	<b>0.0%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
CPI + 4.0%	2.2%	3.6%	6.1%	6.6%
vs. Intermediate Fixed Income Funds	n/a	n/a	n/a	n/a

The inception date for the JP Morgan Infrastructure account was November 20, 2008.

**Fixed Income Portfolio Characteristics**



## **XI. POLICY COMPLIANCE - For Discussion Only**

### **A. Investment Guidelines: Total Fund**

<b>Goal</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>
Exceed Target Index	x	x	x
Rank Above 50 <sup>th</sup> Percentile in Public Fund Universe	90 <sup>th</sup>	78 <sup>th</sup>	92 <sup>nd</sup>
Earn Average Annual Return of 8.0%	x	x	x
Standard Deviation Relative to Target Index	N/A	>	>

<b>Guideline</b>	<b>Total Fund</b>
Equity securities limited to less than 70% of Total Fund market value	49.4%
Investment in foreign company stock limited to 25% of value of Total Fund	11.4%
Investment in real estate limited to 15% of value of Total Fund	12.3%
Equity securities with Market Cap of less than \$5 billion limited to 25% of market value of Total Fund	✓
Fixed Income portfolio average credit quality of "A" or better	✓
Fixed Income portfolio duration should be < 135% of the market index duration	✓
< 5% of fixed income portfolio (at cost) shall be invested in single corp. issuer	✓

### **B. Investment Guidelines: DePrince, Race, and Zollo (DRZ)**

<b>DePrince, Race, and Zollo Goal</b>	<b>3 Years</b>	<b>5 Years</b>
Exceed Russell 1000 Value performance	x	x
Rank Above 50 <sup>th</sup> Percentile in Large Cap Value Portfolio Universe	88 <sup>th</sup>	94 <sup>th</sup>
Standard Deviation Relative to Russell 1000 Value	>	>

<b>Guideline</b>	<b>Total Fund</b>
Equity securities: <5% equity portfolio cost/market value per single issuer	✓
Cash securities may not exceed 25% (at market) of portfolio	✓

### **C. Investment Guidelines: Rhumblin**

<b>Rhumblin Goal</b>	<b>3 Years</b>	<b>5 Years</b>
Match Russell 1000 performance	✓	✓
Rank Above 50 <sup>th</sup> Percentile in Large Cap Neutral Universe	✓	✓
Standard Deviation Relative to Russell 1000	<	<



**D. Investment Guidelines: Rigel Capital**

<b>Rigel Capital Goal</b>	<b>3 Years</b>	<b>5 Years</b>
Exceed Russell 1000 Growth performance	N/A	N/A
Rank Above 50 <sup>th</sup> Percentile in Large Cap Growth Universe	N/A	N/A
Standard Deviation Relative to Russell 1000 Growth	N/A	N/A

<b>Guideline</b>	<b>Total Fund</b>
Equity securities: <5% equity portfolio cost/market value per single issuer	✓
Cash securities may not exceed 25% (at market) of portfolio	✓

**E. Investment Guidelines: Munder Capital**

<b>Munder Capital Goal</b>	<b>3 Years</b>	<b>5 Years</b>
Exceed Russell Midcap Growth performance	N/A	N/A
Rank Above 50 <sup>th</sup> Percentile in Mid Cap Growth Universe	N/A	N/A
Standard Deviation Relative to Russell Midcap Growth	N/A	N/A

<b>Guideline</b>	<b>Total Fund</b>
Equity securities: <5% equity portfolio cost/market value per single issuer	✓
Cash securities may not exceed 25% (at market) of portfolio	✓

**F. Investment Guidelines: Buckhead Capital**

<b>Buckhead Capital Goal</b>	<b>3 Years</b>	<b>5 Years</b>
Exceed Russell 2000 Value performance	✓	✓
Rank Above 50 <sup>th</sup> Percentile in Small Cap Value Universe	✓	✓
Standard Deviation Relative to Russell 2000 Value	>	>

<b>Guideline</b>	<b>Total Fund</b>
Equity securities: <5% equity portfolio cost value per single issuer	✓
Cash securities may not exceed 25% (at market) of portfolio	✓



### G. Investment Guidelines: EuroPacific Growth

<b>EuroPacific Growth Goal</b>	<b>3 Years</b>	<b>5 Years</b>
Exceed MSCI EAFE (Net) performance	✓	✓
Rank Above 50 <sup>th</sup> Percentile in Intl Equity Fund Universe	✓	✓
Standard Deviation Relative to MSCI EAFE (Net)	<	<

<b>Guideline</b>	<b>Total Fund</b>
International Equity securities: <15% of Total Fund	11.4%

### H. Investment Guidelines: Principal U.S. Property Separate Account

<b>Principal U.S. Property Goal</b>	<b>3 Years</b>	<b>5 Years</b>
Exceed NCRIEF Index performance	✘	N/A
Rank Above 50 <sup>th</sup> Percentile in Real Estate Portfolio Universe	64 <sup>th</sup>	N/A
Standard Deviation Relative to NCRIEF Index	>	N/A

<b>Guideline</b>	<b>Total Fund</b>
Real Estate securities: <15% of Total Fund	12.3%

### I. Investment Guidelines: Richmond Capital

<b>Richmond Capital Goal</b>	<b>3 Years</b>	<b>5 Years</b>
Exceed Barclays Aggregate Index performance	✘	✘
Rank Above 50 <sup>th</sup> Percentile in Core Fixed Income Universe	59 <sup>th</sup>	65 <sup>th</sup>
Standard Deviation Relative to Barclays Aggregate	>	>

<b>Guideline</b>	<b>Total Fund</b>
Fixed Income portfolio average credit quality of "A" or better	✓
Fixed Inc. portfolio duration should be <135% of the index duration	✓
< 5% of fixed income portfolio (at cost) shall be invested in single corp issuer	✓



## J. Manager Status

Manager	Status	Effective Date
DePrince, Race, and Zollo	Good Standing	
Rhumblin	Good Standing	
Rigel Capital	Good Standing	
Munder Capital	Good Standing	
Buckhead Capital	Good Standing	
EuroPacific Growth	Good Standing	
Principal U.S. Property	Under Review	3Q2008
Richmond Capital	Under Review	3Q2007
JP Morgan Infrastructure	Good Standing	

## XII. COMMISSION RECAPTURE SUMMARY

Period	Commissions Paid	Commissions Received through Recapture/Rebates
4Q2008	\$25,164	\$657
1Q2009	\$14,174	\$399
2Q2009		
3Q2009		
Fiscal YTD 2009	\$39,338	\$1057

Source for commissions paid: Salem Trust custodial statements

## XIII. NOTES

- 1) The prior investment consultant, Merrill Lynch Consulting Services, provided all performance and market value data for periods prior to December 31, 2006.
- 2) Performance data for The Plan is based on market value and transaction information provided in the Salem Trust accounting statements. The statements currently provided by Salem Trust are trade date statements.
- 3) Salem Trust reports the JP Morgan Infrastructure fund values via a "shadow entry" which causes this valuation to generally trail by one quarter. Because Salem Trust is the official record-keeper, SEAS uses only these statements for all performance reporting.

