

**CITY OF POMPANO BEACH  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENT PERFORMANCE ANALYSIS  
THIRD QUARTER 2008  
MEETING DATE: NOVEMBER 13, 2008**

Note: For a copy of Part II of Southeastern Advisory Services, Inc.'s most recent Form ADV please write: Southeastern Advisory Services, Inc., 12 Piedmont Center, Suite 202, Atlanta, GA 30305, or e-mail your request to [kit@seadvisory.com](mailto:kit@seadvisory.com). Part II of Form ADV will be mailed within seven (7) days upon receipt of the request.

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**CITY OF POMPANO BEACH  
GENERAL EMPLOYEES' RETIREMENT SYSTEM**

**INVESTMENT PERFORMANCE ANALYSIS**

**SEPTEMBER 30, 2008**

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## Executive Summary

# CITY OF POMPANO BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Quarter Ending September 30, 2008

### I. MARKET ENVIRONMENT

Index	Third Quarter	1 Year	3 Year
Standard & Poor's 500 Index	-8.4%	-22.0%	0.2%
MSCI EAFE Index (Net)	-20.6%	-30.5%	1.1%
NCREIF Index	-0.2%	5.3%	13.2%
CSFB Hedge Index	-10.3%	-7.7%	5.5%
Lehman Brothers Aggregate	-0.5%	3.7%	4.2%
91 Day Treasury Bills	0.6%	2.9%	4.2%
Consumer Price Index	-0.0%	4.9%	3.3%

The third quarter of 2008 began with a whimper as the US stock market officially slid into "bear market" territory. The unwinding crisis in global credit markets accompanying the dramatic deflation of the US real estate bubble took an increasingly heavier toll on all world stock markets. September ushered in a chain of stunning events whose effects will be felt in global politics as well as economies. On September 7, the US Government announced its takeover of troubled mortgage underwriters Fannie Mae and Freddie Mac. September 15 saw Bank of America finalize a fire-sale purchase of Merrill Lynch. That news was overshadowed by the announcement of the bankruptcy of Lehman Brothers, the largest in US history. Also on September 16, AIG declared itself unable to attain financing for collateral demands. On September 26, Washington Mutual declared bankruptcy, the largest bank failure in US history. And on a busy September 29, Citigroup announced their FDIC-assisted acquisition of Wachovia Corp (a deal that has since soured, with Wells Fargo outbidding Citi mere days later), and an initial financial company bailout package failed to pass the US House of Representatives.

**Stocks:** The US stock markets yielded widespread pain and few winners. The S&P 500 returned -8.4% in the third quarter; the broader Dow Jones Wilshire 5000 returned -8.7%. Interestingly, large-cap stocks were outdistanced by small- and micro-cap issues (DJW Large Cap, -9.0%; DJW Small Cap, -6.0%; DJW Microcap, -7.2%). As oil prices plummeted and the bear market asserted itself, value-oriented stocks earned clear favor with investors looking for relatively safe, less-volatile equity; the earning of smaller-scale banks without large sub-prime mortgage portfolios or notable investment banking operations were actually quite good, cementing the win for value stocks (DJW Large Value, -5.4%; DJW Small Value, -0.2%; DJW Large Growth, -12.0%; DJW Small Growth, -11.0%).

**Bonds:** The Fed Funds rate remained stable at 2% over the third quarter (despite two Federal Reserve Board meetings), but as the roller-coaster ride became wilder, US Treasury yields were nudged lower. The yield on two-year Treasuries fell 0.7% to 1.9%, while the yield on thirty-year bonds drifted down 0.2% to 4.2%. As befits a falling interest-rate scenario, long-term Treasuries outperformed shorter-term paper (Lehman Long Treasury, 2.8%; Lehman 1-3 Year Treasury, 1.7%). Despite the turmoil in Freddie Mac and Fannie Mae, the broad Government (Treasury + Agency) sector and Agency Mortgage sector yielded solid returns (Lehman Government, 1.9%; Lehman Mortgage, 1.9%).

**Alternatives:** Alternatives provided limited protection with prices declines across hedge funds, commodities, and core real estate. Hedge funds managers boosted cash holdings to bring down leverage, meet redemption requests and to take advantage of future market dislocations. It is now reported that cash and equivalents in hedge funds has increased to the highest point ever, estimated over \$600bn or 30% of assets. Core real estate, impacted by both credit and valuation, saw many managers initiate exit queues and write down their portfolios values. Positive long-term fundamentals appear intact for infrastructure with global investment required to support world population growth estimated at US\$53T in the next 25 years.



## II. Live Universe Comparisons and Reporting

### Wilshire Public Plan Sponsor Universe



Number of Plans	211
Median Size	\$111.2 Million
Total Assets	\$573.8 Billion
Total Plans over \$1 Billion	36
Total Plans between \$100 - \$1,000 Million	73
Total Plans between \$20 Million - \$100 Million	69
Total Plans under \$20 Million	33

### 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 2000 plan sponsors with assets over \$900 billion dollars.

### Our Universe Comparisons

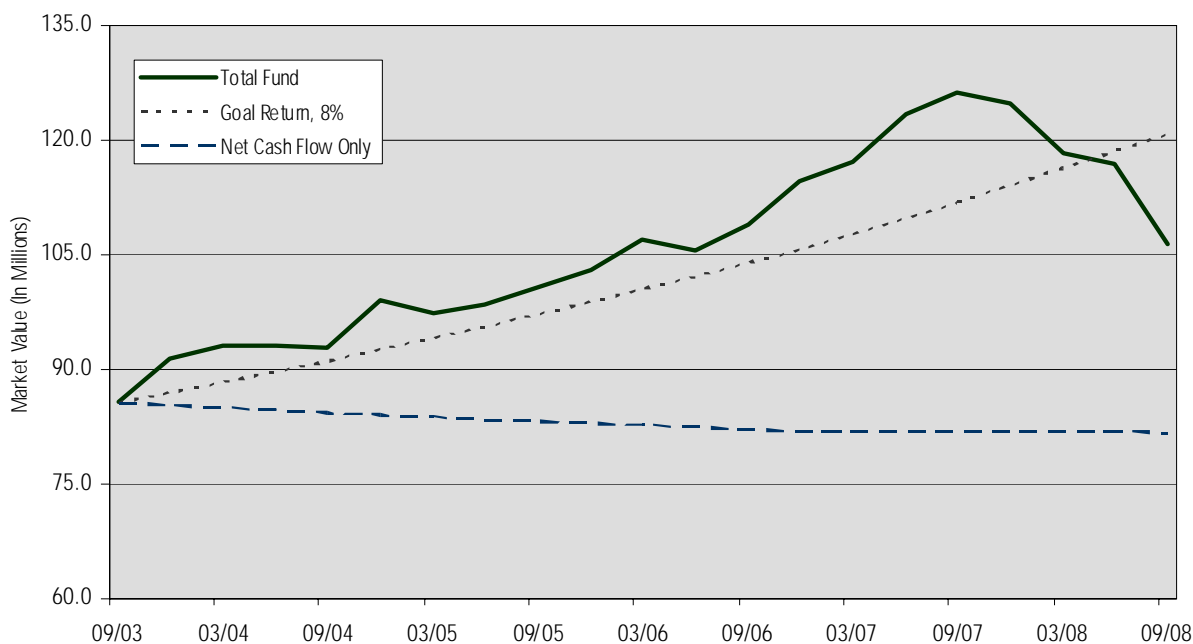
As a Wilshire affiliate, we are granted access to large and diverse peer comparisons, including total fund, portfolio-level, and style-based universes. The Wilshire Public Fund Universe (above) includes the actual, live results of over 200 public pension systems across the country. These are real public 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.



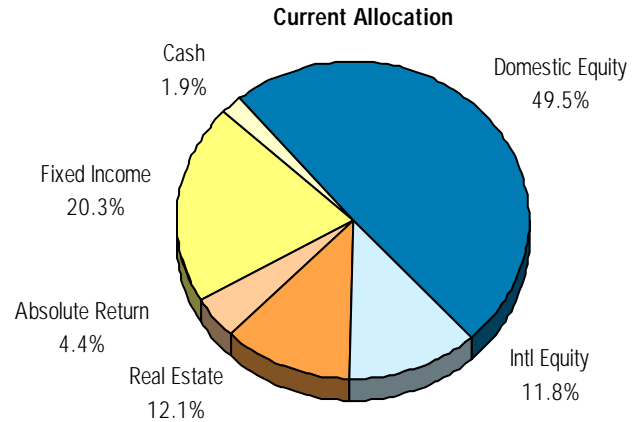
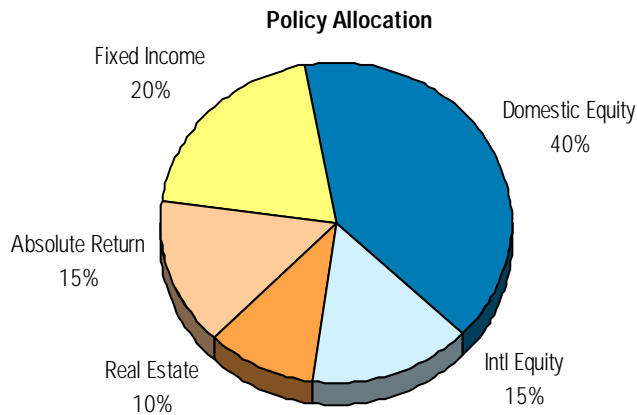
### III. PORTFOLIO GROWTH- PERIOD ENDED SEPTEMBER 30, 2008



Period Ending	Beginning Value \$(000)	Net Cash Flow	Net Gain/Loss	Ending Value \$(000)	Quarterly Return	Fiscal Yr Return
Dec-03	85,535	-371	6,184	91,348	6.6%	
Mar-04	91,348	-317	2,083	93,115	2.3%	
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%
<b>Total</b>	<b>85,535</b>	<b>-3,951</b>	<b>24,601</b>	<b>106,185</b>	<b>28.5%</b>	
<b>Absolute Return Objective:</b>						<b>8.0%</b>

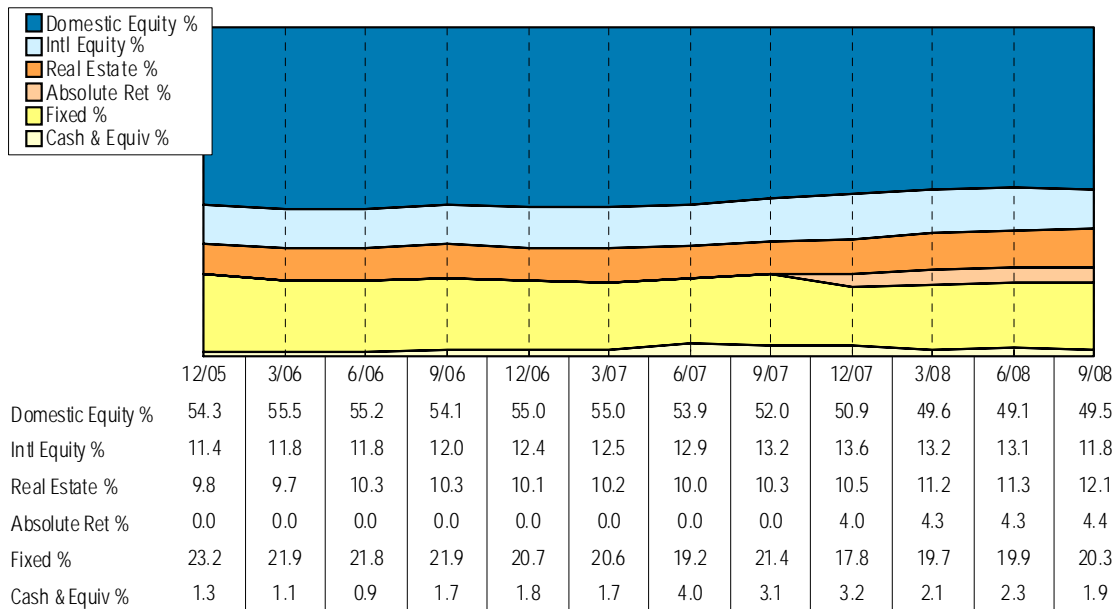


#### IV. ALLOCATION OF ASSETS



Asset Class	Target Range	Quarter End Allocation	Median Public Plan
Domestic Equity Securities	35%-65%	49.5%	41.3%
Intl Equity Securities	10%-25%	11.8%	11.4%
Real Estate	5%-15%	12.1%	2.0%
Fixed Income Securities	15%-30%	20.3%	32.4%
Absolute Return	10%-20%	4.4%	0.0%
Cash Equivalents	N/A	1.9%	12.9%

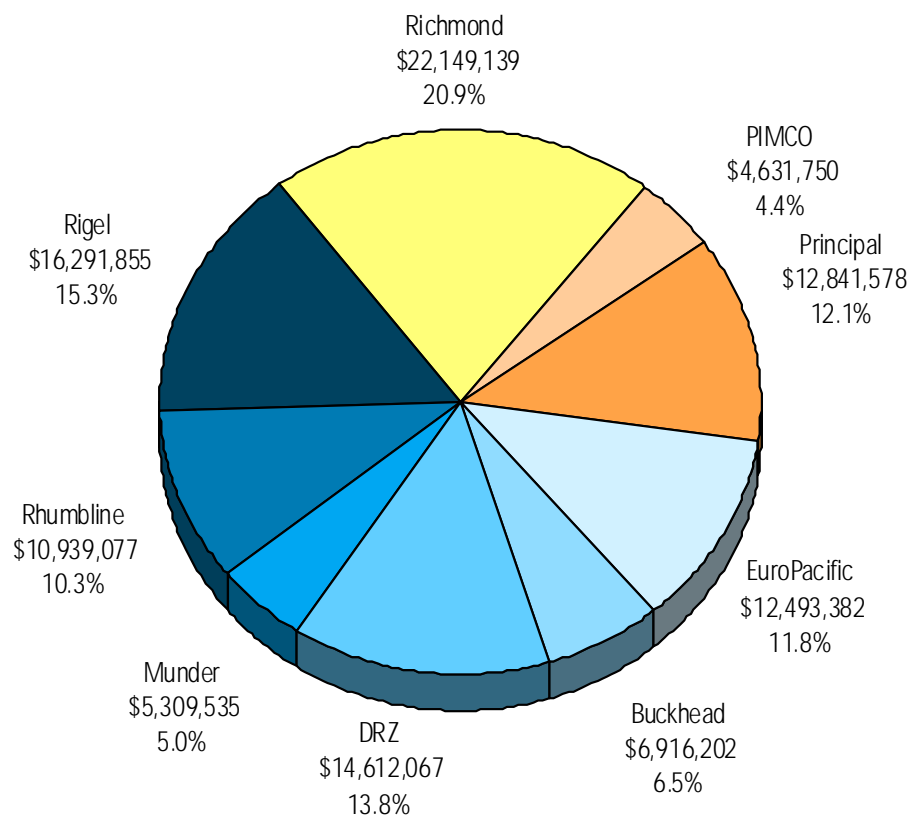
#### Historical Asset Allocation



Manager	Dom. Equity	Intl Equity	Real Estate	Absolute Ret	Fixed Inc	Cash
DePrince, Race, and Zollo	98.9%	0.0%	0.0%	0.0%	0.0%	1.1%
Rhumblin	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rigel Capital	93.4%	0.0%	0.0%	0.0%	0.0%	6.6%
Munder Capital	99.0%	0.0%	0.0%	0.0%	0.0%	1.0%
Buckhead Capital	96.8%	0.0%	0.0%	0.0%	0.0%	3.2%
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%
PIMCO All Asset	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%
Richmond Capital	0.0%	0.0%	0.0%	0.0%	97.1%	2.9%
<b>Total Fund</b>	<b>49.5%</b>	<b>11.8%</b>	<b>12.1%</b>	<b>4.4%</b>	<b>20.3%</b>	<b>1.9%</b>



**V. MANAGER ALLOCATION AND CASH FLOWS- Quarter ending September 30, 2008**



Manager	Beginning Value	% Alloc	Cash In	Cash Out	Gain/Loss	Ending Value	% Alloc
DePrince, Race, and Zollo	\$14,885,619	12.8%	\$0	\$0	(\$273,552)	\$14,612,067	13.8%
Rhumblin	\$12,062,402	10.3%	\$0	\$0	(\$1,123,325)	\$10,939,077	10.3%
Rigel Capital	\$19,874,044	17.0%	\$677	\$0	(\$3,582,866)	\$16,291,855	15.3%
Munder Capital	\$6,386,206	5.5%	\$0	\$0	(\$1,076,671)	\$5,309,535	5.0%
Buckhead Capital	\$6,726,610	5.8%	\$0	\$0	\$189,592	\$6,916,202	6.5%
EuroPacific Growth Fund R5	\$15,234,209	13.1%	\$0	\$0	(\$2,740,827)	\$12,493,382	11.8%
Principal U.S. Property	\$13,129,048	11.3%	\$0	\$0	(\$287,470)	\$12,841,578	12.1%
PIMCO All Asset	\$5,016,439	4.3%	\$0	\$0	(\$384,689)	\$4,631,750	4.4%
Richmond Capital Fixed	\$23,356,346	20.0%	\$0	(\$210,805)	(\$996,402)	\$22,149,139	20.9%
<b>Total Fund</b>	<b>\$116,670,923</b>	<b>100%</b>	<b>\$677</b>	<b>(\$210,805)</b>	<b>(\$10,276,210)</b>	<b>\$106,184,585</b>	<b>100%</b>
<i>Receipts &amp; Disbursements Acct.</i>	<i>\$1,154,254</i>		<i>\$1,743,488</i>	<i>(\$2,780,908)</i>	<i>\$2,296</i>	<i>\$119,130</i>	
<b>Total Fund + R&amp;D Acct.</b>	<b>\$117,825,177</b>		<b>\$1,744,165</b>	<b>(\$2,991,713)</b>	<b>(\$10,273,914)</b>	<b>\$106,303,715</b>	

For this report, all performance and asset allocation information for the Total Fund does not include the Receipts & Disbursements Account.



## VI. TOTAL FUND PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Total Fund - Gross of Fees</b>	<b>-8.8%</b>	<b>-15.8%</b>	<b>2.3%</b>	<b>5.1%</b>
<b>Total Fund - Net of Fees</b>	<b>-8.9%</b>	<b>-16.0%</b>	<b>2.1%</b>	<b>5.0%</b>
Target Index	-6.1%	-12.3%	3.1%	6.7%
vs. Total Public Fund Sponsors	72	76	56	79
<b>Total Domestic Equities</b>	<b>-10.3%</b>	<b>-22.7%</b>	<b>0.3%</b>	<b>5.1%</b>
80% Russell 1000/ 20% Russell 2000	-7.7%	-20.6%	0.5%	6.1%
vs. Equity Returns of Public Funds	69	68	49	78
<b>Total International Equities</b>	<b>-18.0%</b>	<b>-25.2%</b>	<b>3.6%</b>	<b>9.7%</b>
MSCI EAFE Index (Net)	-20.6%	-30.5%	1.1%	9.7%
vs. Intl Equity Returns of Public Funds	24	23	46	63
<b>Total Real Estate</b>	<b>-2.2%</b>	<b>-1.1%</b>	<b>n/a</b>	<b>n/a</b>
NCREIF	-0.2%	5.3%	n/a	n/a
vs. Real Estate Returns of Total Funds	70	59	n/a	n/a
<b>Total Absolute Return</b>	<b>-7.7%</b>	<b>-7.4%</b>	<b>n/a</b>	<b>n/a</b>
CPI + 4.0%	1.0%	8.9%	n/a	n/a
<b>Total Fixed Income</b>	<b>-4.4%</b>	<b>-1.4%</b>	<b>2.3%</b>	<b>2.6%</b>
LB Aggregate	-0.5%	3.7%	4.2%	3.8%
vs. Fixed Inc Returns of Public Funds	90	80	82	87

Current Target Index: 40% Russell 1000 /10% Russell 2000/30% LB 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>-1.8%</b>	<b>-21.2%</b>	<b>1.6%</b>	<b>6.1%</b>
Russell 1000 Value	-6.1%	-23.6%	0.1%	7.1%
vs. Large Value Equity Portfolios	7	37	35	76
<b>Rhumblin</b>	<b>-9.3%</b>	<b>-22.0%</b>	<b>0.2%</b>	<b>4.3%</b>
Russell 1000	-9.3%	-22.1%	0.1%	5.5%
vs. Large Neutral Equity Portfolios	67	59	64	94
<b>Rigel Capital</b>	<b>-18.0%</b>	<b>-23.0%</b>	<b>n/a</b>	<b>n/a</b>
Russell 1000 Growth	-12.3%	-20.9%	n/a	n/a
vs. Large Growth Equity Portfolios	87	70	n/a	n/a
<b>Munder Capital</b>	<b>-16.9%</b>	<b>-26.6%</b>	<b>n/a</b>	<b>n/a</b>
Russell MidCap Growth	-17.7%	-24.6%	n/a	n/a
vs. Midcap Growth Equity Portfolios	58	78	n/a	n/a
<b>Buckhead Capital</b>	<b>2.8%</b>	<b>-14.3%</b>	<b>2.4%</b>	<b>9.8%</b>
Russell 2000 Value	5.0%	-12.3%	2.0%	9.4%
vs. Small Value Equity Portfolios	26	39	41	43



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

	<u>Portfolio</u>	<u>80% R1000/20% R2000</u>
Total Number Of Securities	260	2,964
Equity Market Value	52,566,030	
Average Capitalization \$(000)	26,191,546	62,091,084
Median Capitalization \$(000)	4,264,143	
Equity Segment Yield	2.1	2.2
Equity Segment P/E - Average	17.7	18.3
Equity Segment P/E - Median	15.8	
Equity Segment Beta	1.1	1.1
Price/Book Ratio	1.8	2.0
Debt/Equity Ratio	43.1	39.4
Five Year Earnings Growth	14.2	14.1

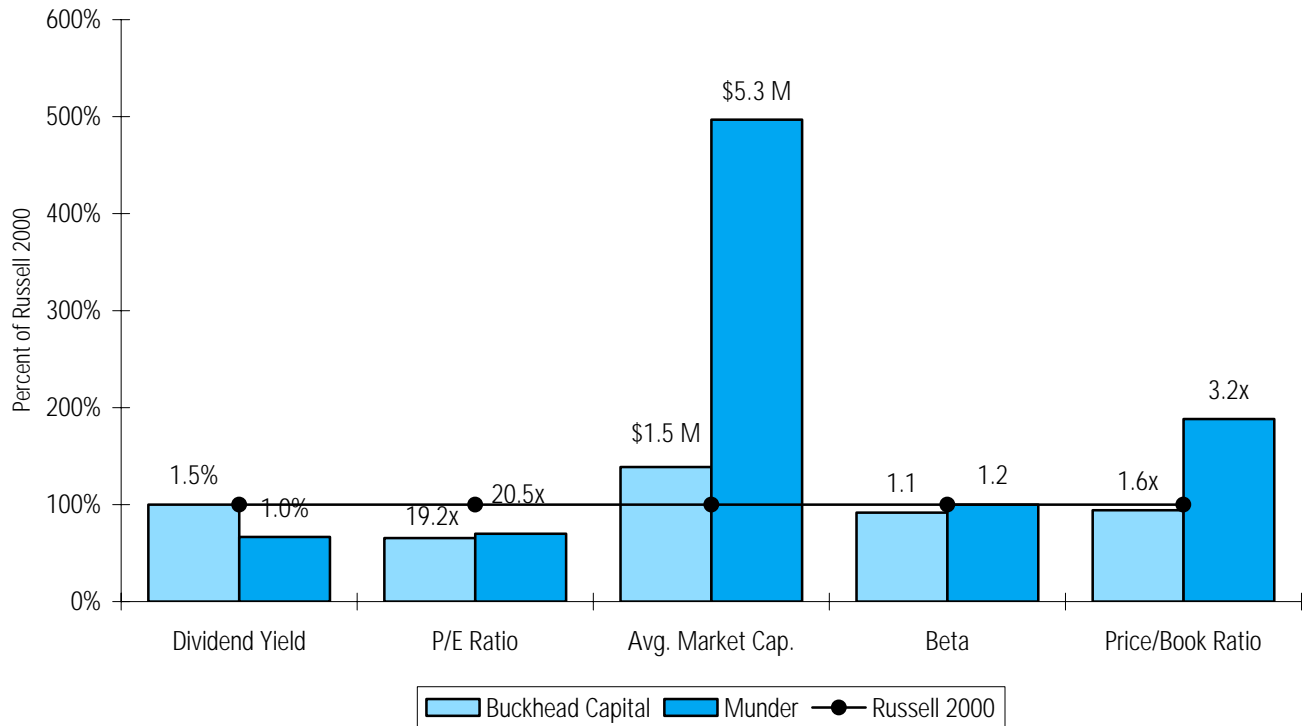
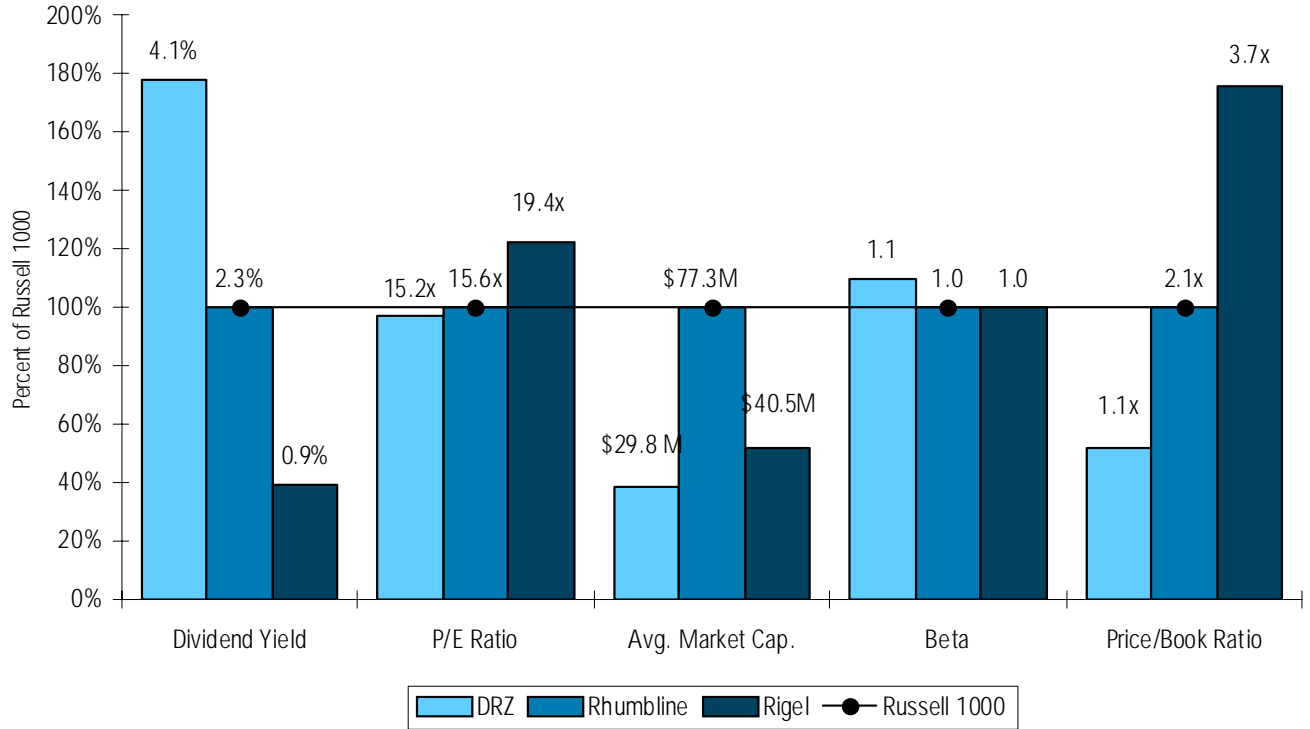
<u>Ten Largest Holdings</u>	<u>Market Value</u>	<u>% of Portfolio</u>	<u>Quarterly Return</u>
Occidental Pete Corp	640,813	1.6%	-21.3%
Wilmington Trust Cor	570,113	1.4%	10.6%
Celgene Corp	549,334	1.3%	-0.9%
Baxter Intl Inc	538,888	1.3%	3.0%
Intl Business McHn	526,203	1.3%	-0.9%
Cameron Internationa	502,138	1.2%	-30.4%
Mosaic Co	468,930	1.1%	-53.0%
Medtronic Inc	458,966	1.1%	-2.8%
Hess Corp	455,134	1.1%	-34.9%
Hewlett Packard Co	445,476	1.1%	4.8%

<u>Ten Best Performers</u>	<u>Quarterly Return</u>	<u>Ten Worst Performers</u>	<u>Quarterly Return</u>
Pantry Inc	98.8%	Foundation Coal Hldg	-59.8%
Colonial Bancgroup I	80.3%	Arch Coal Inc	-56.1%
Bb&T Corp	69.6%	Memc Electr Matls In	-54.1%
Crawford & Co	61.0%	Mosaic Co	-53.0%
United Cmnty Bks Bla	56.6%	Cepheid Inc	-50.8%
Bank Amer Corp	49.5%	Akamai Technologies	-49.9%
J P Morgan Chase & C	37.6%	Weatherford Internat	-49.3%
Signature Bk New Yor	35.4%	Denbury Res Inc	-47.8%
Marshall & Ilsley Co	34.2%	Equitable Res Inc	-46.7%
Jefferies Group Inc	33.2%	Novatel Wireless Inc	-45.6%

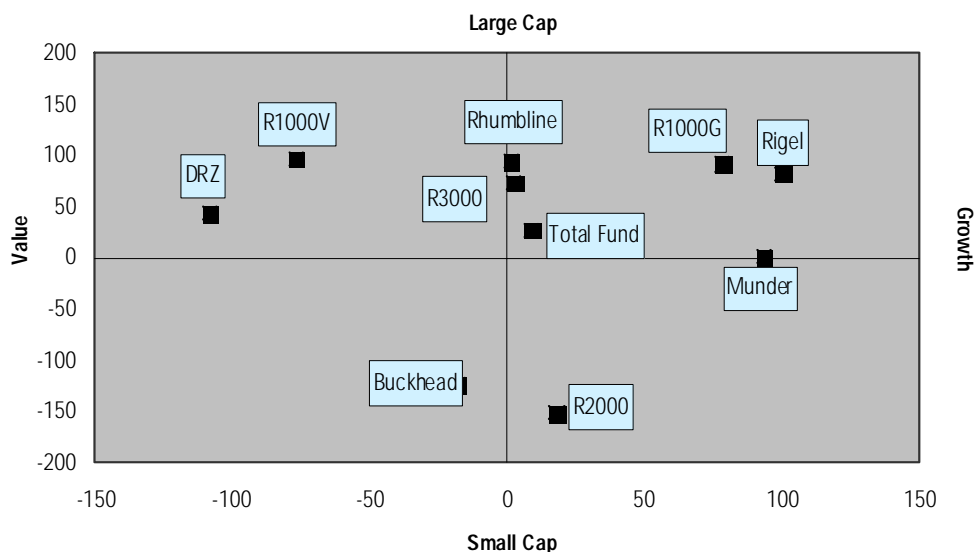
\*Does not include Rhumblin account equity securities.



**Equity Portfolio Characteristics**



## Equity Style Map (Current Quarter)



	Growth-Value	Size		Growth-Value	Size
Buckhead Capital	-17.8	-124.6	Total Fund	7.9	26.5
DePrince Race Zollo	-108.2	43	Russell 2000	18.0	-151.7
Munder Capital	93.6	0.6	Russell 3000	2.6	73.9
Rhumblin	1.2	93.9	Russell 1000 Growth	78.5	91.5
Rigel Capital	100.2	82.7	Russell 1000 Value	-76.9	96.4

### VIII. INTERNATIONAL EQUITY PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>EuroPacific Growth R5</b>	<b>-18.0%</b>	<b>-25.2%</b>	<b>4.6%</b>	<b>11.0%</b>
MSCI EAFE (Net)	-20.6%	-30.5%	1.1%	9.7%
vs. International Equity Mutual Funds	17	8	32	45



# Amer Funds EuroPac R5

**Overall Morningstar Rtg™**  
**★★★★★**  
 557 Foreign Large Blend

**Incept** 05-15-02 **Type** MF **Total Assets** \$17,453 mil **Morningstar Cat** Foreign Large Blend

Performance 09-30-2008					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2006	7.62	-0.61	5.05	8.73	22.17
2007	2.99	8.49	5.29	1.35	19.22
2008	-7.88	-2.26	-17.99	—	-26.17
Trailing Returns					
	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	-25.17	—	12.33	—	9.28
Std Quarterly	-25.17	—	12.33	—	9.28
Total Return	-25.17	4.83	12.33	9.20	9.28
+/- MSCI Eafe	5.33	3.71	2.64	4.18	—
+/- MSCI Wld	4.41	3.14	2.05	3.64	—
% Rank Cat	6	5	6	5	—
No. in Cat	775	557	453	239	—
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.

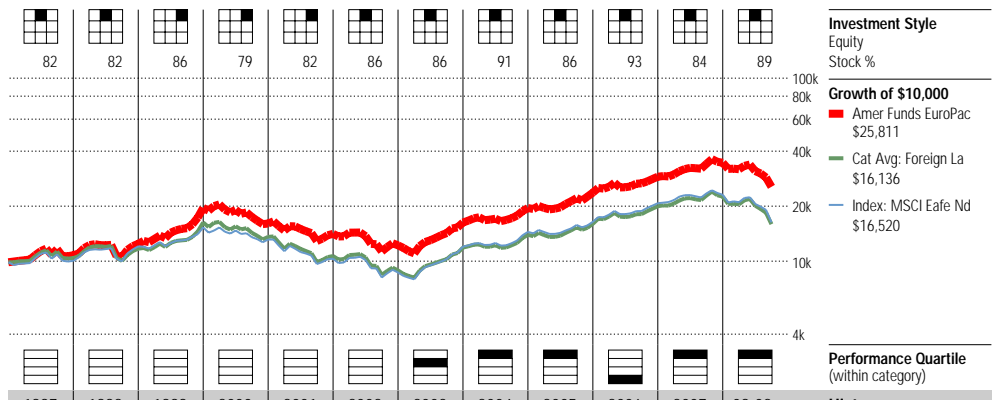
Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-421-0180 or visit [www.americanfunds.com](http://www.americanfunds.com).

Fees and Expenses	
<b>Sales Charges</b>	
Front-End Load %	NA
Deferred Load %	NA
<b>Fund Expenses</b>	
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
	557 funds	453 funds	239 funds
	3 Yr	5 Yr	10 Yr
Standard Deviation	14.54	12.92	15.04
Mean	4.83	12.33	9.20
Sharpe Ratio	0.12	0.72	0.44
MPT Statistics	Standard Index	Best Fit Index	
	MSCI Eafe Ndt	MSCI Wd x USN	
Alpha	3.34	2.81	
Beta	0.92	0.92	
R-Squared	94.00	94.00	

12-Month Yield	
30-day SEC Yield	—
Potential Cap Gains Exp	4.00% Assets

Operations			
Family:	American Funds	Objective:	Foreign Stock
Manager:	Knowles/Lee/Grace/Bepler/Denning	Ticker:	RERFX
Tenure:	11.2 Years	Minimum Initial Purchase:	\$250
		Minimum IRA Purchase:	\$0
		Min Auto Investment Plan:	\$250
		Purchase Constraints:	A/



History	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	09-08
NAV	20.53	23.72	37.24	30.59	26.87	22.96	30.20	35.62	41.09	46.56	50.87	37.56
Total Return %	9.19	15.54	56.97	-17.84	-12.18	-13.45	33.24	19.98	21.39	22.17	19.22	-26.17
+/- MSCI Eafe	7.41	-4.46	30.00	-3.67	9.26	2.49	-5.35	-0.27	7.85	-4.17	8.05	3.10
+/- MSCI Wld	6.92	-3.15	28.99	-4.49	9.22	2.35	-6.18	-0.40	6.92	-3.54	6.78	2.25
% Rank Cat	—	—	—	—	—	—	45	17	6	79	8	10
No. of Funds in Cat	235	302	340	396	439	482	504	551	608	657	743	803

## Portfolio Analysis 06-30-2008

Composition %	Share Chg since 12-31-2007	Share Amount	297 Total Stocks	34 Total Fixed-Income	38% Turnover Ratio	% Net Assets
○ Cash	7.44	—	—	—	—	—
● U.S. Stocks	0.17	—	—	—	—	—
● Non-U.S. Stocks	90.31	18 mil	Roche Holding Ltd	—	—	3.18
● Bonds	2.01	35 mil	Bayer	—	—	2.65
● Other	0.06	31 mil	Novo-Nordisk A S	—	—	1.98
		88 mil	Banco Santander	—	—	1.64
		34 mil	Gazprom OAO (EDR)	—	—	1.61
		27 mil	America Mobile ADR	—	—	1.58
		256 mil	Hon Hai Precision Industry	—	—	1.37
		40 mil	AXA	—	—	1.36
		3 mil	Nestle	—	—	1.35
		427 mil	Vodafone Grp	—	—	1.19
		21 mil	Inditex Grp	—	—	1.10
		23 mil	Novartis	—	—	1.09
		11 mil	Brazilian Petroleum Corporati	—	—	1.06
		2 mil	Samsung Electronics	—	—	1.03
		8 mil	Schneider Electric	—	—	0.92

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	12.6	1.13	1.04
	P/C Ratio TTM	8.0	1.11	1.00
	P/B Ratio TTM	2.7	1.29	1.08
	Geo Avg Mkt Cap \$mil	35981	1.13	1.20

Fixed-Income Style	Short Int	Long	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
			—	—	—	—	—

Credit Analysis 09-30-2008		Bond %
AAA		—
AA		—
A		—
BBB		—
BB		—
B		—
Below B		—
NR/NA		—

Regional Exposure		Stocks %	Rel MSCI Eafe
Americas		10.4	—
Greater Europe		66.2	0.97
Greater Asia		23.4	0.75

Sector Weightings	Stocks %	Rel MSCI Eafe
<b>Information Economy</b>	<b>18.6</b>	<b>1.66</b>
Software	1.0	1.25
Hardware	6.1	2.10
Media	1.2	0.86
Telecommunication	10.4	1.73
<b>Service Economy</b>	<b>35.0</b>	<b>0.81</b>
Healthcare Services	10.4	1.39
Consumer Services	5.0	1.14
Business Services	2.8	0.50
Financial Services	16.9	0.66
<b>Manufacturing Economy</b>	<b>46.4</b>	<b>1.01</b>
Consumer Goods	13.9	1.04
Industrial Goods	18.3	0.95
Energy	10.2	1.27
Utilities	3.9	0.75

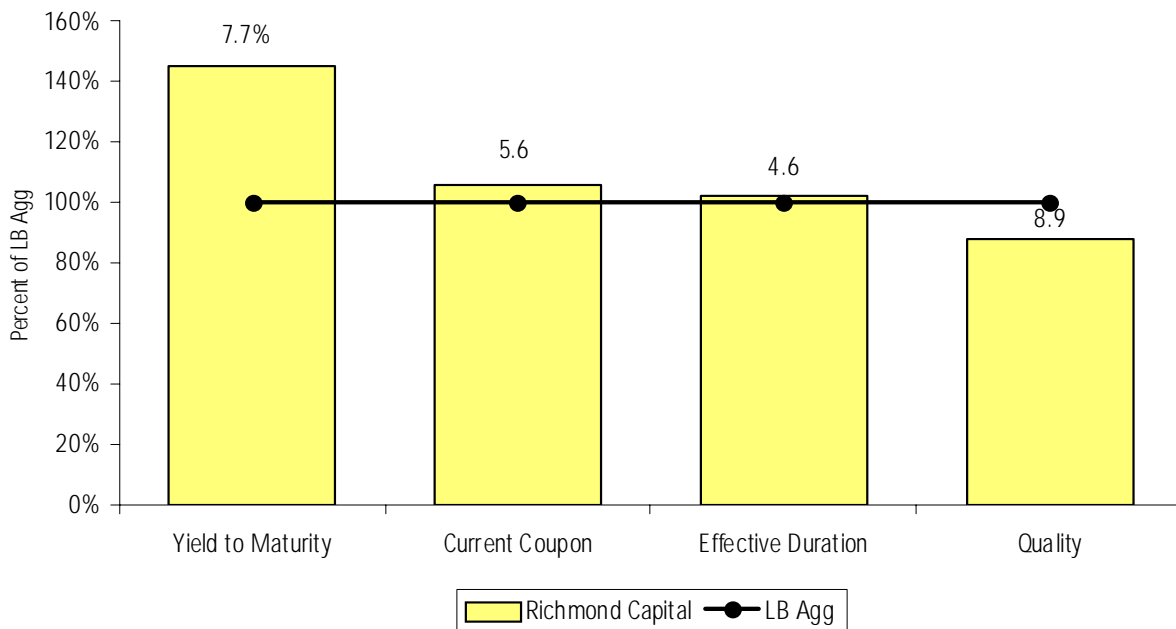
**IX. REAL ESTATE PERFORMANCE COMPARISONS**

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Principal U.S. Property</b>	<b>-2.2%</b>	<b>-1.1%</b>	<b>n/a</b>	<b>n/a</b>
NCREIF	-0.2%	5.3%	n/a	n/a
vs. Real Estate Portfolios	70	68	n/a	n/a

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

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Richmond Capital</b>	<b>-4.3%</b>	<b>-1.4%</b>	<b>2.3%</b>	<b>2.5%</b>
LB Aggregate	-0.5%	3.7%	4.2%	3.8%
vs. Core Fixed Income Portfolios	87	83	85	93
<b>PIMCO All Asset Fund</b>	<b>-7.7%</b>	<b>-7.4%</b>	<b>n/a</b>	<b>n/a</b>
CPI + 4.0%	1.0%	8.9%	n/a	n/a
vs. Intermediate Fixed Income Funds	93	88	n/a	n/a

**Fixed Income Portfolio Characteristics**



# PIMCO All Asset Instl

Overall Morningstar Rtg™ **★★★★**  
 944 Moderate Allocation  
 Incept 07-31-02 Type MF Total Assets \$12,369 mil Morningstar Cat Moderate Allocation

Performance 09-30-2008						
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %	
2006	-0.25	-0.55	4.03	2.01	5.27	
2007	2.37	0.69	3.85	1.52	8.68	
2008	0.33	-0.54	-7.67	—	-7.87	
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept	
Std Monthly	-6.46	—	5.80	—	8.24	
Std Quarterly	-6.46	—	5.80	—	8.24	
Total Return	-6.46	1.94	5.80	—	8.24	
+/- DJ Mod	7.74	-0.12	-0.97	—	—	
+/- DJ US Mod	5.63	0.38	0.15	—	—	
% Rank Cat	3	19	17	—	—	
No. in Cat	1162	944	723	427	—	
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 800-927-4648 or visit [www.pimco.com](http://www.pimco.com).

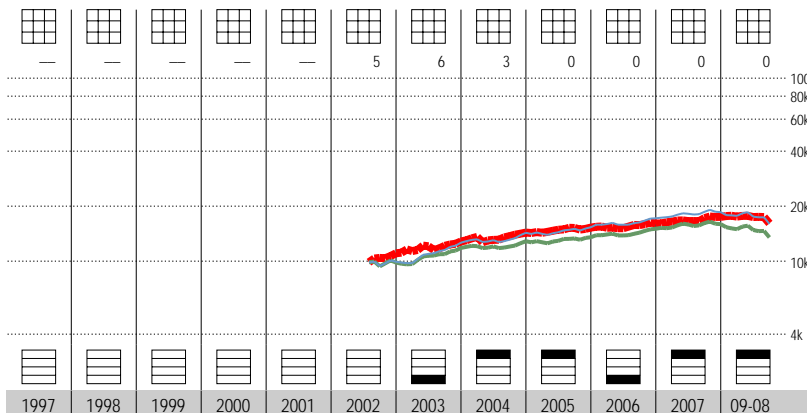
Fees and Expenses	
Sales Charges	
Front-End Load %	NA
Deferred Load %	NA
<b>Fund Expenses</b>	
Management Fees %	0.18
12b1 Expense %	NA
Prospectus Gross Exp Ratio %	0.98

Risk and Return Profile				
	3 Yr	5 Yr	10 Yr	
Morningstar Rating™	4★	4★	—	944 funds 723 funds 427 funds
Morningstar Risk	Low	-Avg	—	
Morningstar Return	+ Avg	+ Avg	—	
<b>Standard Deviation</b>				
	3 Yr	5 Yr	10 Yr	
	6.34	6.53	—	
<b>Mean</b>				
	1.94	5.80	—	
<b>Sharpe Ratio</b>				
	-0.30	0.41	—	

MPT Statistics	Standard Index DJ Mod	Best Fit Index ML Conv Bond
Alpha	-0.97	-0.21
Beta	0.57	0.54
R-Squared	56.00	56.00

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	-10.00% Assets

Operations	
Family:	PIMCO Funds
Manager:	Arnott, Robert
Tenure:	6.2 Years



History	NAV	Total Return %	+/- DJ Mod	+/- DJ US Mod	% Rank Cat	No. of Funds in Cat
1997	441	10.94	—	—	—	—
1998	508	12.12	—	—	—	—
1999	593	12.74	—	—	—	—
2000	646	12.72	—	—	—	—
2001	698	12.59	—	—	—	—
2002	757	12.69	—	—	—	—
2003	843	11.35	—	—	—	—
2004	925	-7.87	—	—	—	—
2005	985	5.92	—	—	—	—
2006	1041	5.97	—	—	—	—
2007	1103	2.94	—	—	—	—
09-08	1219	4	—	—	—	—

## Portfolio Analysis 06-30-2008

Composition %	Share Chg since 12-31-2007	Share Amount	0 Total Stocks 96% Total Fixed-Income Turnover Ratio	% Net Assets
○ Cash	25.59	143 mil	PIMCO Real Return Asset Instl	11.95
● U.S. Stocks	0.06	148 mil	PIMCO Real Return Instl	11.81
● Non-U.S. Stocks	0.03	134 mil	PIMCO Developing Local Market	10.09
● Bonds	68.39	126 mil	PIMCO Emerging Local Bond Inst	8.63
● Other	5.93	128 mil	PIMCO Floating Income Instl	8.05

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	14.6	—	0.99
	P/C Ratio TTM	9.2	—	0.98
	P/B Ratio TTM	2.3	—	0.96
	Geo Avg Mkt Cap \$mil	27613	—	0.97

Fixed-Income Style	Short Int	Long	Avg Eff Duration	Avg Eff Maturity	Avg Credit Quality	Avg Wtd Coupon	Avg Wtd Price
			5.20	8.40	AA	4.65	1442.07

Credit Analysis 09-30-2008	Bond %
AAA	39.00
AA	21.00
A	12.00
BBB	14.00
BB	14.00
B	0.00
Below B	0.00
NR/NA	0.00

Regional Exposure	Stocks %	Rel DJ Mod
Americas	74.7	—
Greater Europe	18.5	—
Greater Asia	6.8	—

Sector Weightings	Stocks %	Rel DJ Mod
<b>Information Economy</b>	<b>13.6</b>	—
Software	1.5	—
Hardware	4.1	—
Media	3.3	—
Telecommunication	4.8	—
<b>Service Economy</b>	<b>39.2</b>	—
Healthcare Services	7.9	—
Consumer Services	6.2	—
Business Services	4.0	—
Financial Services	21.1	—
<b>Manufacturing Economy</b>	<b>47.2</b>	—
Consumer Goods	10.1	—
Industrial Goods	10.0	—
Energy	19.4	—
Utilities	7.7	—

## XI. POLICY COMPLIANCE - For Discussion Only

### A. Investment Guidelines: Total Fund

Goal	1 Year	3 Years	5 Years
Exceed Target Index	x	x	x
Rank Above 50 <sup>th</sup> Percentile in Public Fund Universe	76 <sup>th</sup>	56 <sup>th</sup>	79 <sup>th</sup>
Earn Average Annual Return of 8.0%	x	x	x
Standard Deviation Relative to Target Index	N/A	>	>

Guideline	Total Fund
Equity securities limited to less than 70% of Total Fund market value	61.3%
Investment in foreign company stock limited to 25% of value of Total Fund	11.8%
Investment in real estate limited to 15% of value of Total Fund	21.1%
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)

DePrince, Race, and Zollo Goal	3 Years	5 Years
Exceed Russell 1000 Value performance	✓	x
Rank Above 50 <sup>th</sup> Percentile in Large Cap Value Portfolio Universe	✓	76 <sup>th</sup>
Standard Deviation Relative to Russell 1000 Value	>	<

Guideline	Total Fund
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

Rhumblin Goal	3 Years	5 Years
Match Russell 1000 performance	✓	x
Rank Above 50 <sup>th</sup> Percentile in Large Cap Neutral Universe	64 <sup>th</sup>	94 <sup>th</sup>
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

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

Guideline	Total Fund
International Equity securities: < 15% of Total Fund	11.8%

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

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

Guideline	Total Fund
Real Estate securities: < 15% of Total Fund	12.1%

### I. Investment Guidelines: Richmond Capital

Richmond Capital Goal	3 Years	5 Years
Exceed LB Aggregate Index performance	✗	✗
Rank Above 50 <sup>th</sup> Percentile in Core Fixed Income Universe	85 <sup>th</sup>	93 <sup>rd</sup>
Standard Deviation Relative to LB Aggregate Index	>	>

Guideline	Total Fund
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	✓



