

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

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. Part II of Form ADV will be mailed within seven (7) days upon receipt of the request.

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GENERAL EMPLOYEES' RETIREMENT SYSTEM**

INVESTMENT PERFORMANCE ANALYSIS

DECEMBER 31, 2009

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Executive Summary

CITY OF POMPANO BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Quarter Ending December 31, 2009

I. MARKET ENVIRONMENT

| Index | Fourth Quarter | 1 Year | 3 Year |
|-----------------------------|----------------|--------|--------|
| Standard & Poor's 500 Index | 6.0% | 26.5% | -5.6% |
| MSCI EAFE Index (Net) | 2.2% | 31.8% | -6.0% |
| NCREIF Index | -2.1% | -16.9% | -3.4% |
| CSFB Hedge Index | 3.1% | 18.6% | 2.6% |
| Barclays U.S. Aggregate | 0.2% | 5.9% | 6.0% |
| 91 Day Treasury Bills | 0.0% | 0.2% | 2.4% |
| Consumer Price Index | 0.0% | 2.7% | 2.3% |

Global economies entered 2009 in the throes of recession, as massive governmental and central bank stimulus packages attempted to prevent further economic collapse; as the year ended, the fourth quarter saw equity markets continue the rallies as the worldwide financial industry regained solid footing and market liquidity re-established itself. US Gross Domestic Product, after four quarters of contraction, increased at an annualized 2.2% rate in the third quarter; unemployment increased slightly to 10.0%, but the rate of job loss in the US slowed considerably through November.

Equities: The fourth quarter found investors rediscovering large-cap stocks. The S&P 500's index returned 6.0% for the quarter, besting the Wilshire 5000's 5.8%. The Wilshire US Large Cap index's 6.0% outdistanced the US Small Cap (4.3%) and US Micro Cap (-3.4%) for the quarter. The best-performing style for the quarter was large growth (Wilshire US Large Growth, 7.6%), followed by small value (Wilshire US Small Value, 4.8%). Turning to economic sectors of the S&P 500, Information Technology (10.8%) and Consumer Discretionary (8.9%) stocks were the strongest performers in the fourth quarter, while Financials (-3.2%) were the only sector losing ground.

Fixed Income: The specter of higher forecast inflation at year-end served to slow down the rally in US bond markets in the fourth quarter. Treasury yields moved upward over the quarter, especially at the long end of the yield curve; the yield on two-year Notes rose 0.2%, while the yield on thirty-year bonds jumped 0.6%. Naturally, long-term Treasuries underperformed shorter-term issuance for the quarter and year (Barclays Long Treasury, -5.3% fourth quarter, -12.9% year; Barclays 1-3 Year Treasury, 0.0% fourth quarter, 0.8% year). High-yield corporate paper, fueled by investor appetite for yield and a subsequent return to normalcy for yield spreads, handily outdistanced investment-grade bonds for the quarter (Barclays High Yield, 6.2%; Barclays Aggregate, 0.2%).

Alternatives: Commercial real estate remains one of the only asset classes not to have experienced a rebound from the 2009 lows. Despite sharp declines and improved valuation across commercial property type, challenges continue to face the asset class. As of January 1, 2010, new legislation requires hedge fund managers not already audited by an accounting firm registered with the Public Companies Accounting Oversight Board to submit to and pay for surprise annual audits at the direction of the SEC. This would discourage hedge funds from using lesser known accounting firms and increase the SEC scrutiny of funds that choose to do so. (Hedge Fund Alert)



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

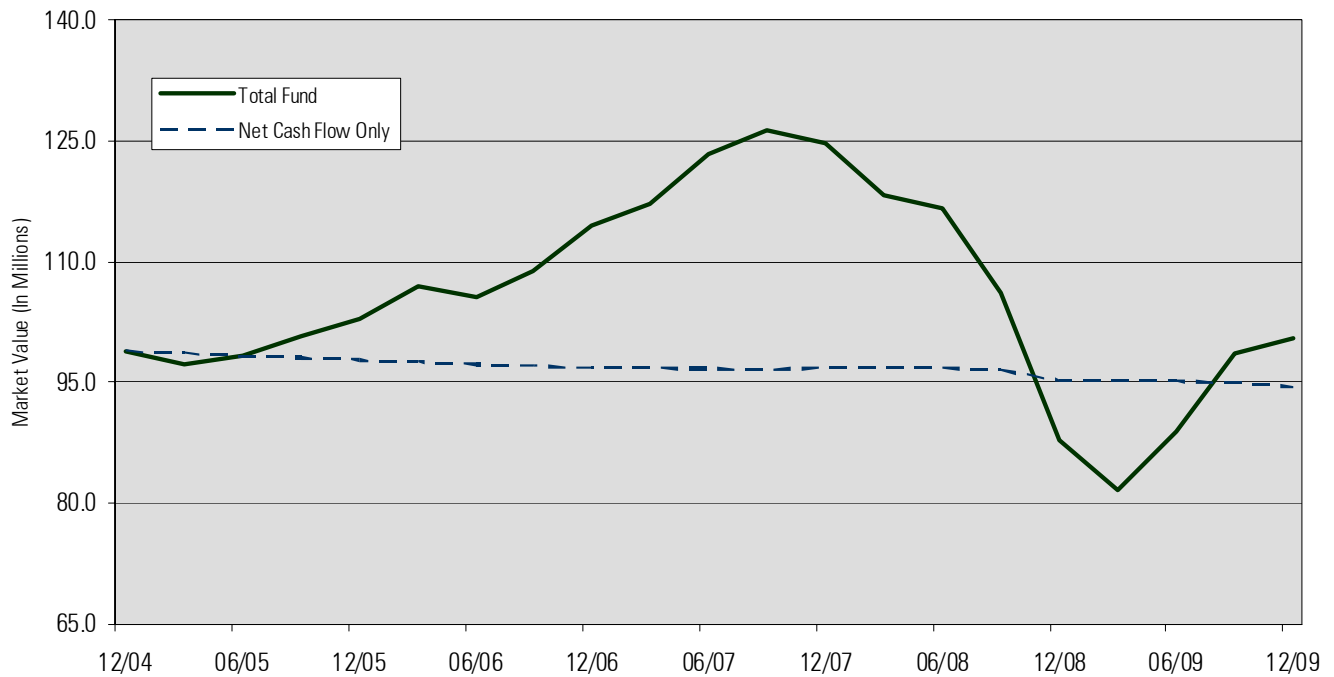
As a Wilshire affiliate, we are granted access to large and diverse peer comparisons, including total fund, portfolio-level, and style-based universes. The Wilshire Public Fund Universe (above) includes the actual, live results of over 200 public pension systems across the country. These are real public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



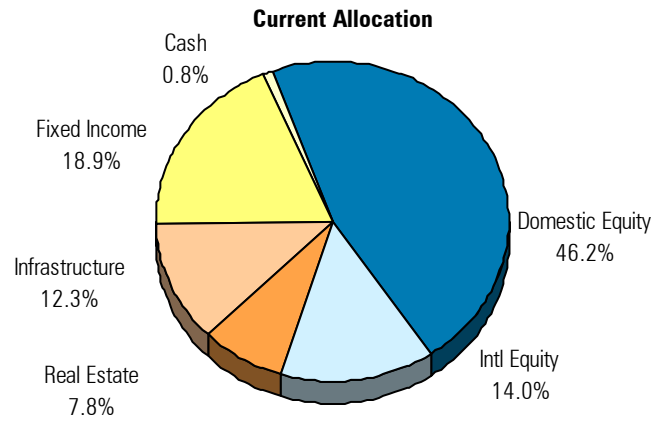
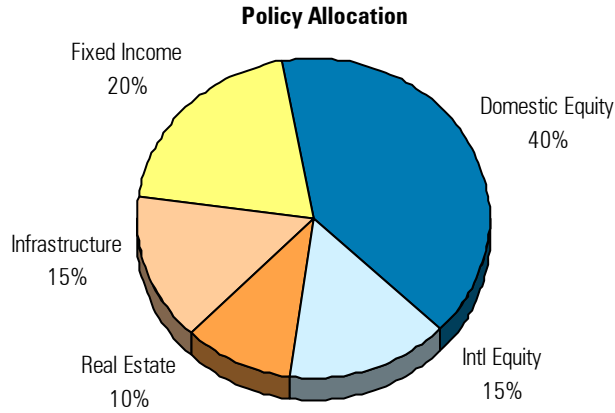
III. PORTFOLIO GROWTH- PERIOD ENDED DECEMBER 31, 2009



| Period Ending | Beginning Value \$(000) | Net Cash Flow | Net Gain/Loss | Ending Value \$(000) | Quarterly Return | Fiscal Yr Return |
|-----------------------------------|-------------------------|---------------|---------------|----------------------|------------------|------------------|
| 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% | |
| Jun-09 | 81,636 | 12 | 7,153 | 88,801 | 8.8% | |
| Sep-09 | 88,801 | -212 | 9,915 | 98,504 | 11.6% | -5.3% |
| Dec-09 | 98,504 | -475 | 2,523 | 100,552 | 2.6% | 2.6% |
| Total | 98,860 | -4,424 | 6,116 | 100,552 | 6.8% | |
| Absolute Return Objective: | | | | | | 8.0% |

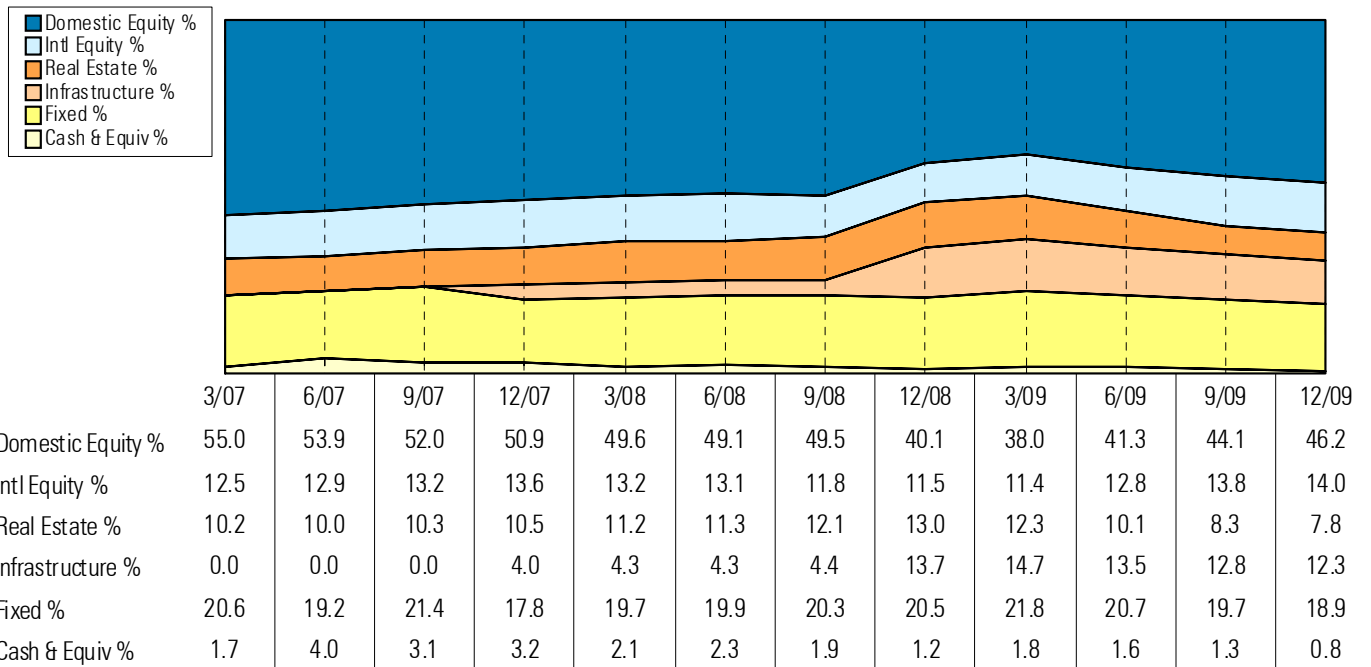


IV. ALLOCATION OF ASSETS



| Asset Class | Target Range | Quarter End Allocation | Median Public Plan |
|----------------------------|--------------|------------------------|--------------------|
| Domestic Equity Securities | 35%-65% | 46.2% | 41.8% |
| Intl Equity Securities | 10%-25% | 14.0% | 12.6% |
| Real Estate | 5%-15% | 7.8% | 2.2% |
| Fixed Income Securities | 15%-30% | 18.9% | 32.3% |
| Infrastructure | 10%-20% | 12.3% | 0.0% |
| Cash Equivalents | N/A | 0.8% | 11.1% |

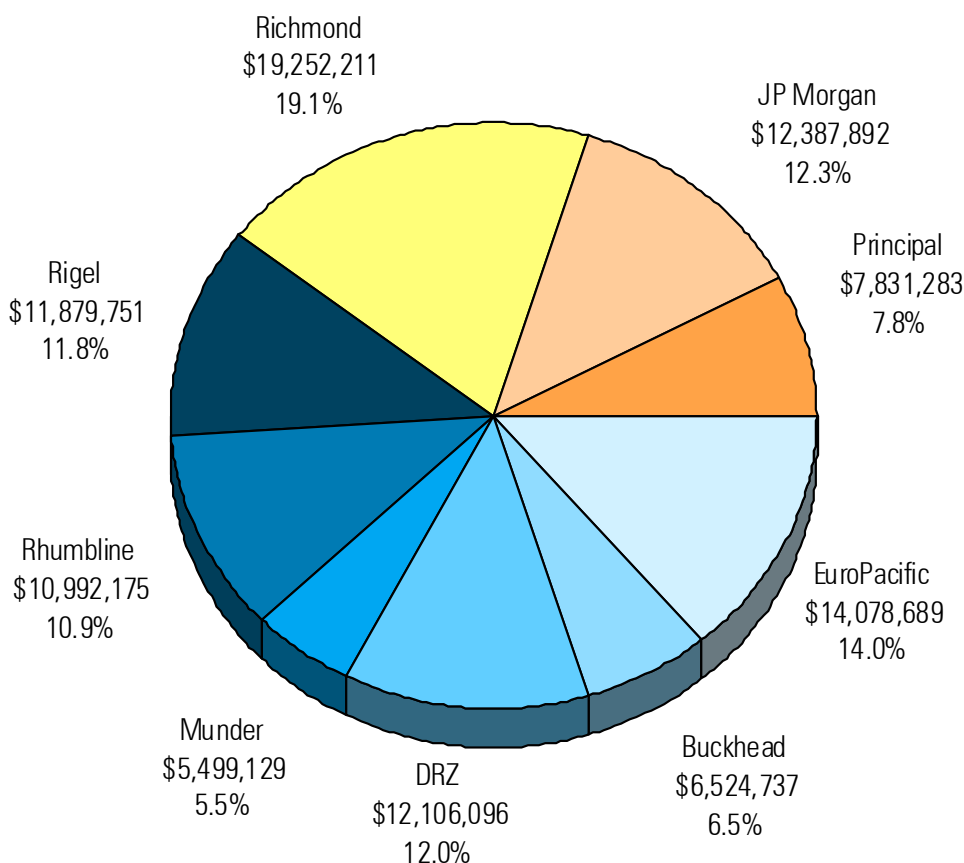
Historical Asset Allocation



| Manager | Dom. Equity | Intl Equity | Real Estate | Infrastructure | Fixed Inc | Cash |
|---------------------------|--------------------|--------------------|--------------------|-----------------------|------------------|-------------|
| DePrince, Race, and Zollo | 98.8% | 0.0% | 0.0% | 0.0% | 0.0% | 1.8% |
| Rhumblin | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Rigel Capital | 97.9% | 0.0% | 0.0% | 0.0% | 0.0% | 2.1% |
| Munder Capital | 98.9% | 0.0% | 0.0% | 0.0% | 0.0% | 1.1% |
| Buckhead Capital | 98.2% | 0.0% | 0.0% | 0.0% | 0.0% | 1.8% |
| 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% |
| Total Fund | 46.2% | 14.0% | 7.8% | 12.3% | 18.9% | 0.8% |



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



| Manager | Beginning Value | % Alloc | Cash In | Cash Out | Gain/Loss | Ending Value | % Alloc |
|---|---------------------|-------------|--------------------|----------------------|--------------------|----------------------|-------------|
| DePrince, Race, and Zollo | \$11,347,869 | 11.5% | \$0 | \$0 | \$758,227 | \$12,106,096 | 12.0% |
| Rhumblin | \$10,363,994 | 10.5% | \$0 | \$0 | \$628,181 | \$10,992,175 | 10.9% |
| Rigel Capital | \$11,183,096 | 11.4% | \$0 | \$0 | \$696,655 | \$11,879,751 | 11.8% |
| Munder Capital | \$5,119,360 | 5.2% | \$0 | \$0 | \$379,769 | \$5,499,129 | 5.5% |
| Buckhead Capital | \$6,379,886 | 6.5% | \$2,182 | \$0 | \$142,669 | \$6,524,737 | 6.5% |
| EuroPacific Growth Fund R5 | \$13,608,217 | 13.8% | \$0 | \$0 | \$470,472 | \$14,078,689 | 14.0% |
| Principal U.S. Property | \$8,216,647 | 8.3% | \$0 | \$0 | (\$385,364) | \$7,831,283 | 7.8% |
| JP Morgan Infrastructure | \$12,649,637 | 12.8% | \$0 | \$0 | (\$261,745) | \$12,387,892 | 12.3% |
| Richmond Capital Fixed | \$19,635,379 | 19.9% | \$0 | (\$477,000) | \$93,832 | \$19,252,211 | 19.1% |
| Total Fund | \$98,504,085 | 100% | \$2,182 | (\$477,000) | \$2,522,696 | \$100,551,963 | 100% |
| <i>Receipts & Disbursements Acct.</i> | <i>\$974,999</i> | | <i>\$2,305,215</i> | <i>(\$2,066,631)</i> | <i>\$45</i> | <i>\$1,213,628</i> | |
| Total Fund + R&D Acct. | \$99,479,084 | | \$2,307,397 | (\$2,543,631) | \$2,522,741 | \$101,765,591 | |

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 |
|---|--------------|---------------|---------------|--------------|
| Total Fund - Gross of Fees | 2.6% | 16.1% | -3.3% | 1.3% |
| Total Fund - Net of Fees | 2.6% | 15.6% | -3.6% | 1.1% |
| Target Index | 2.5% | 16.6% | -3.3% | 1.3% |
| vs. Total Public Fund Sponsors | 74 | 72 | 98 | 98 |
| Total Domestic Equities | 5.9% | 30.7% | -6.1% | -0.2% |
| 80% Russell 1000/ 20% Russell 2000 | 5.6% | 28.2% | -5.5% | 0.8% |
| vs. Equity Returns of Public Funds | 47 | 39 | 69 | 80 |
| Total International Equities | 3.5% | 39.5% | -0.3% | 6.8% |
| MSCI EAFE Index (Net) | 2.2% | 31.8% | -6.0% | 3.5% |
| vs. Intl Equity Returns of Public Funds | 44 | 55 | 34 | 51 |
| Total Real Estate | -4.7% | -31.5% | -12.2% | n/a |
| NCREIF | -2.1% | -16.9% | -3.4% | n/a |
| vs. Real Estate Returns of Total Funds | 82 | 86 | 73 | n/a |
| Total Infrastructure | -1.7% | 5.0% | n/a | n/a |
| CPI + 4.0% | 1.0% | 6.7% | 6.3% | 6.6% |
| Total Fixed Income | 0.4% | 11.9% | 6.8% | 5.4% |
| Barclays U.S. Aggregate | 0.2% | 5.9% | 6.0% | 5.0% |
| vs. Fixed Inc Returns of Public Funds | 65 | 33 | 23 | 29 |

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 |
|-------------------------------------|-------------|--------------|--------------|-------------|
| DePrince, Race, and Zollo | 6.7% | 41.4% | -5.6% | 1.2% |
| Russell 1000 Value | 4.2% | 19.7% | -9.0% | -0.3% |
| vs. Large Value Equity Portfolios | 22 | 5 | 36 | 53 |
| Rhumblin | 6.1% | 29.0% | -5.0% | 1.0% |
| Russell 1000 | 6.1% | 28.4% | -5.4% | 0.8% |
| vs. Large Neutral Equity Portfolios | 49 | 28 | 30 | 49 |
| Rigel Capital | 6.2% | 17.4% | -7.7% | n/a |
| Russell 1000 Growth | 7.9% | 37.2% | -1.9% | n/a |
| vs. Large Growth Equity Portfolios | 66 | 94 | 97 | n/a |
| Munder Capital | 7.4% | 40.1% | -1.8% | n/a |
| Russell MidCap Growth | 6.7% | 46.3% | -3.2% | n/a |
| vs. Midcap Growth Equity Portfolios | 15 | 39 | 48 | n/a |
| Buckhead Capital | 2.2% | 27.2% | -5.8% | 0.4% |
| Russell 2000 Value | 3.6% | 20.6% | -8.2% | 0.0% |
| vs. Small Value Equity Portfolios | 96 | 53 | 46 | 65 |



Equity Portfolio Summary: Total Fund*

| | Portfolio | 80% R1000/20% R2000 |
|--------------------------------|------------------|----------------------------|
| Total Number Of Securities | 267 | 2,971 |
| Equity Market Value | 46,425,629 | |
| Average Capitalization \$(000) | 37,007,960 | 58,995,106 |
| Median Capitalization \$(000) | 4,430,876 | |
| Equity Segment Yield | 1.9 | 1.8 |
| Equity Segment P/E - Average | 35.2 | 203.7 |
| Equity Segment P/E - Median | 18.5 | |
| Equity Segment Beta | 1.0 | 1.1 |
| Price/Book Ratio | 2.2 | 2.1 |
| Debt/Equity Ratio | 49.7 | 43.9 |
| Five Year Earnings Growth | 9.7 | 8.1 |

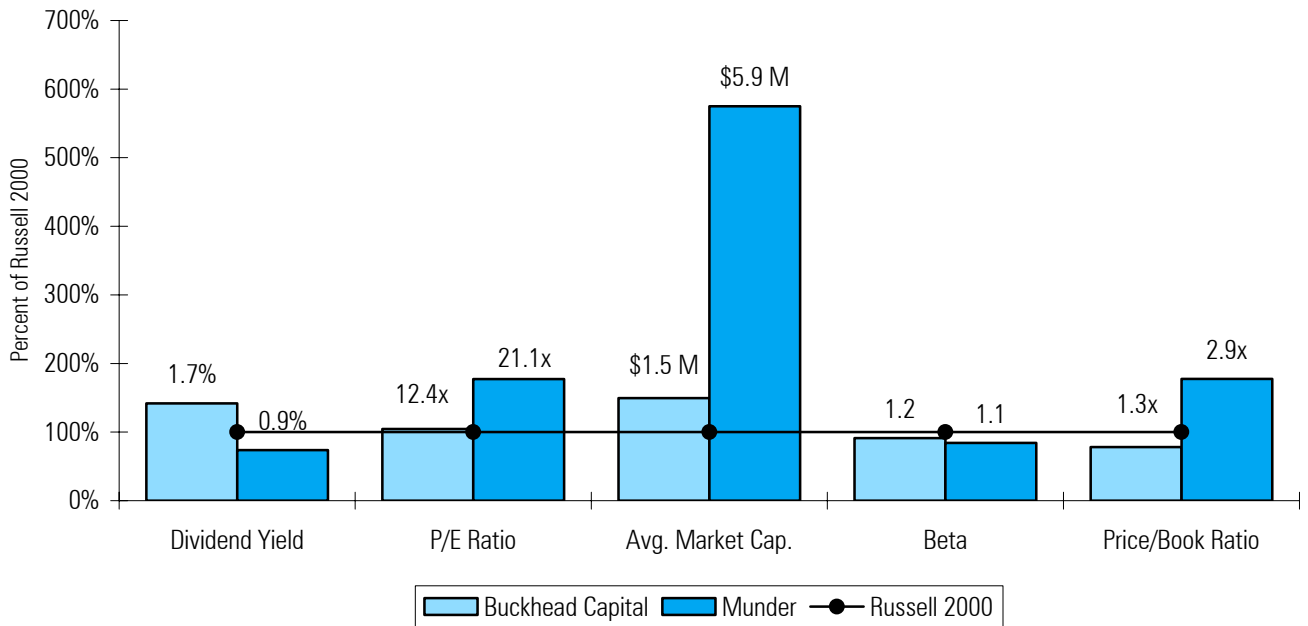
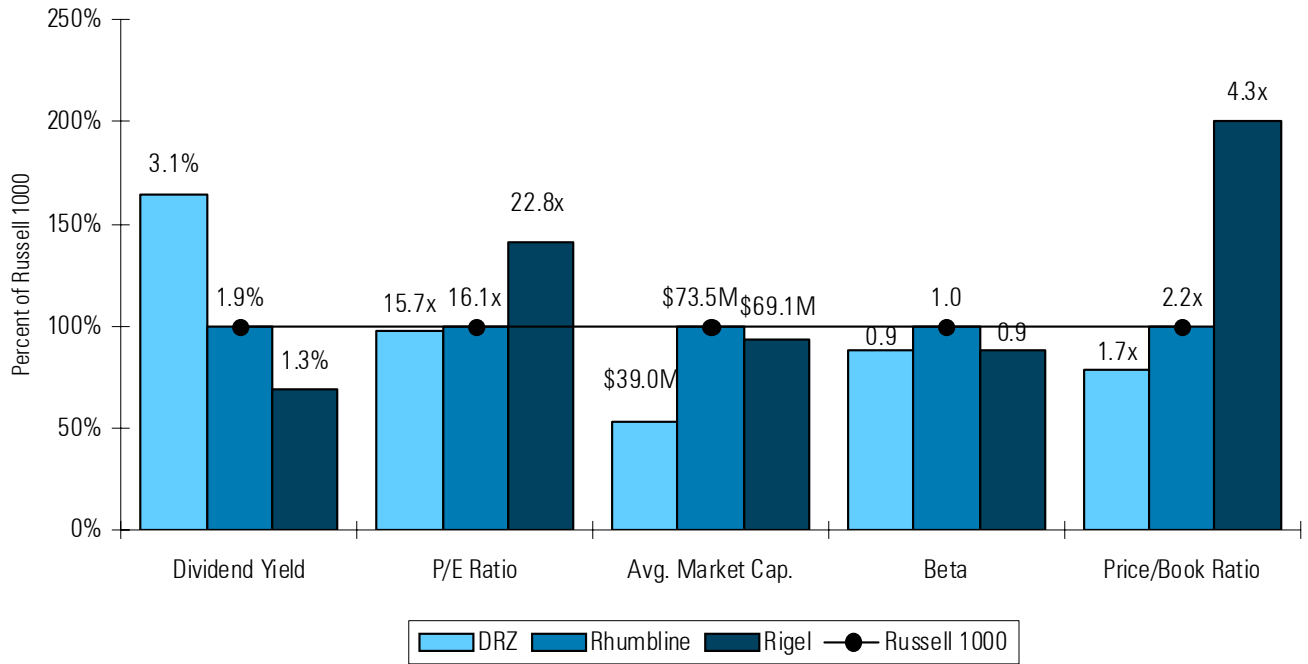
| Ten Largest Holdings | Market Value | % of Portfolio | Quarterly Return |
|-----------------------------|---------------------|-----------------------|-------------------------|
| Abbott Labs | 562,954 | 1.6% | 10.0% |
| Procter & Gamble Co | 561,313 | 1.6% | 5.5% |
| Apple Computer Inc | 488,352 | 1.4% | 13.8% |
| Hewlett Packard Co | 462,302 | 1.3% | 9.3% |
| Intl Business McHn | 444,536 | 1.3% | 9.9% |
| Google Inc | 443,906 | 1.3% | 25.0% |
| Cognizant Technology | 396,556 | 1.1% | 17.2% |
| Tidewater Inc. | 372,811 | 1.1% | 2.4% |
| TJX Cos Inc New | 370,471 | 1.1% | -1.3% |
| Microsoft Corp | 360,422 | 1.0% | 18.3% |

| Ten Best Performers | Quarterly Return | Ten Worst Performers | Quarterly Return |
|----------------------------|-------------------------|-----------------------------|-------------------------|
| East West Bancorp In | 90.6% | Synovus Finl Corp | -45.1% |
| Cree Inc | 53.4% | Dycom Inds Inc | -34.7% |
| Amazon Com Inc | 44.1% | United Cmnty Bks Bla | -32.2% |
| Casella Waste Sys In | 36.7% | Thq Inc | -26.3% |
| Lauder Estee Cos Inc | 31.9% | Lo-Jack Corp | -20.6% |
| Priceline Com Inc | 31.8% | Freds Inc | -19.6% |
| New York Cmnty Banco | 30.1% | Gamestop Corp New | -17.1% |
| Netapp Inc | 28.9% | Texas Capital Bancsh | -17.1% |
| Akamai Technologies | 28.7% | Coinstar Inc | -15.8% |
| Allegheny Technology | 28.5% | Veolia Environnement | -14.6% |

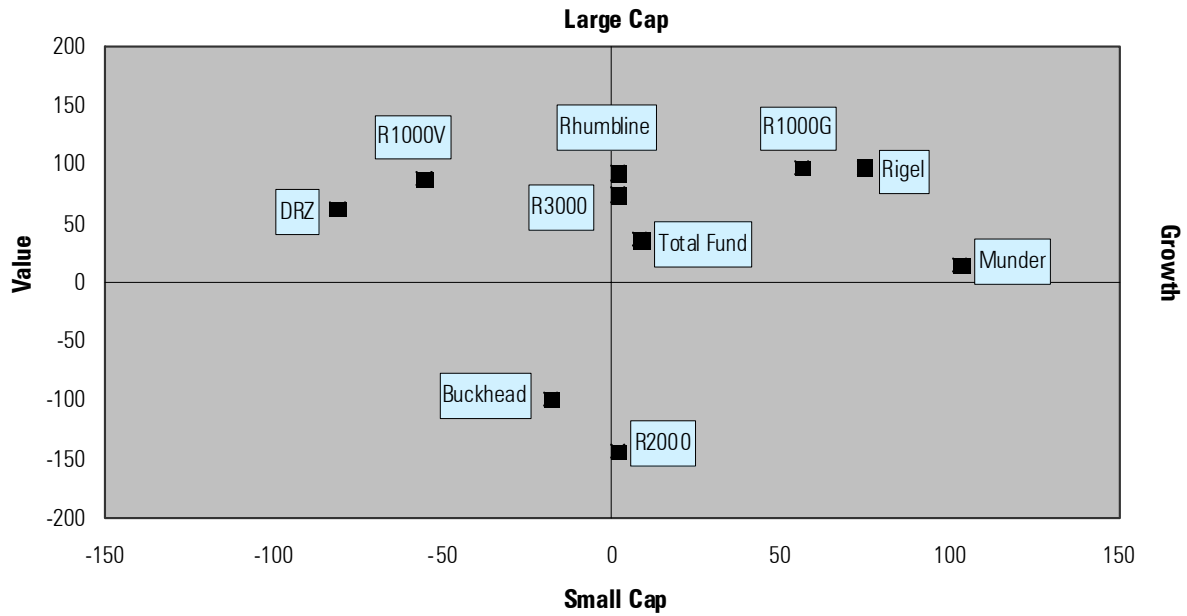
*Does not include Rhumblin as it is invested in a commingled account.



Equity Portfolio Characteristics



Equity Style Map (Current Quarter)



| | Growth-Value | Size | | Growth-Value | Size |
|---------------------|--------------|-------|---------------------|--------------|--------|
| Buckhead Capital | -18.0 | -99.1 | Total Fund | 8.4 | 36.2 |
| DePrince Race Zollo | -81.1 | 62.7 | Russell 2000 | 1.9 | -143.6 |
| Munder Capital | 103.1 | 15.0 | Russell 3000 | 1.9 | 74.2 |
| Rhumbline | 1.9 | 92.7 | Russell 1000 Growth | 56.1 | 97.1 |
| Rigel Capital | 74.7 | 97.8 | Russell 1000 Value | -55.5 | 88.1 |

VIII. INTERNATIONAL EQUITY PERFORMANCE COMPARISONS

| Manager/Index/Universe | Quarter | 1 Year | 3 Year | 5 Year |
|---------------------------------------|-------------|--------------|--------------|-------------|
| EuroPacific Growth R5 | 3.5% | 39.5% | -0.3% | 7.8% |
| MSCI EAFE (Net) | 2.2% | 31.8% | -6.0% | 3.5% |
| vs. International Equity Mutual Funds | 47 | 34 | 22 | 26 |



American Funds EuroPacific Gr R5

Overall Morningstar Rtg™ **★★★★★** (635)
Standard Index
 MSCI Eafe Ndrtr_D

Incept 05-15-02 Type MF Total Assets \$17,533 mil Morningstar Cat Foreign Large Blend (MF)
Category Index
 MSCI AC World Ex USA NR

| Performance 12-31-2009 | | | | | |
|------------------------|---------|---------|---------|---------|---------|
| 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 | 22.41 | 19.61 | 3.46 | 39.55 |
| Trailing Returns | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Incept |
| Std Monthly | 39.55 | — | 8.03 | — | 9.40 |
| Std Quarterly | 39.55 | — | 8.03 | — | 9.40 |
| Total Return | 39.55 | -0.27 | 8.03 | 3.92 | 9.40 |
| +/- Std Index | 7.77 | 5.77 | 4.49 | 2.75 | — |
| +/- Cat Index | -1.90 | 3.22 | 2.20 | 1.21 | — |
| % Rank Cat | 13 | 1 | 6 | 10 | — |
| No. in Cat | 823 | 635 | 462 | 249 | — |
| 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.

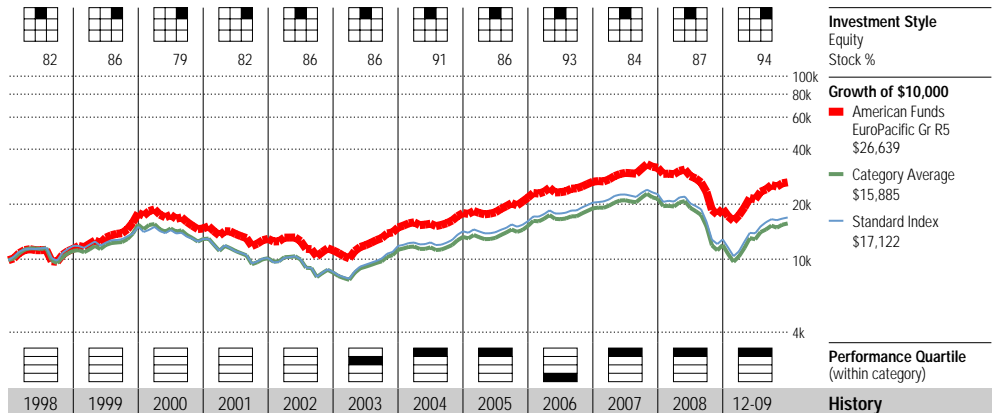
Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-421-0180 or visit www.americanfunds.com.

| Fees and Expenses | |
|------------------------------|------|
| Sales Charges | |
| Front-End Load % | NA |
| Deferred Load % | NA |
| Fund Expenses | |
| Management Fees % | 0.43 |
| 12b1 Expense % | NA |
| Prospectus Gross Exp Ratio % | 0.54 |

| Risk and Return Profile | | | |
|-------------------------|----------------|----------------|-----------|
| | 3 Yr | 5 Yr | 10 Yr |
| | 635 funds | 462 funds | 249 funds |
| Morningstar Rating™ | 5★ | 5★ | 5☆ |
| Morningstar Risk | -Avg | -Avg | -Avg |
| Morningstar Return | High | High | +Avg |
| <hr/> | | | |
| | 3 Yr | 5 Yr | 10 Yr |
| Standard Deviation | 22.88 | 18.96 | 17.08 |
| Mean | -0.27 | 8.03 | 3.92 |
| Sharpe Ratio | 0.01 | 0.35 | 0.14 |
| <hr/> | | | |
| MPT Statistics | Standard Index | Best Fit Index | |
| | | MSCI Wd x USN | |
| Alpha | 5.34 | 4.53 | |
| Beta | 0.94 | 0.93 | |
| R-Squared | 96.00 | 96.00 | |

| | |
|-------------------------|---------------|
| 12-Month Yield | — |
| 30-day SEC Yield | — |
| Potential Cap Gains Exp | 16.00% Assets |

| Operations | |
|---------------------------|----------------------------------|
| Family: | American Funds |
| Manager: | Knowles/Lee/Grace/Lyckeus/Bepler |
| Tenure: | 10.9 Years |
| Objective: | Foreign Stock |
| Ticker: | RERFX |
| Minimum Initial Purchase: | \$0 |



| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 12-09 | History |
|-------|-------|--------|--------|--------|-------|-------|-------|-------|-------|--------|-------|---------------------|
| 23.72 | 37.24 | 30.59 | 26.87 | 22.96 | 30.20 | 35.62 | 41.09 | 46.56 | 50.87 | 27.95 | 38.28 | NAV |
| 15.54 | 56.97 | -17.84 | -12.18 | -13.45 | 33.24 | 19.98 | 21.39 | 22.17 | 19.22 | -40.38 | 39.55 | Total Return % |
| -4.46 | 30.01 | -3.67 | 9.26 | 2.49 | -5.35 | -0.27 | 7.85 | -4.17 | 8.05 | 3.00 | 7.77 | +/- Standard Index |
| — | 26.34 | -2.53 | 7.55 | 1.50 | -7.59 | -0.93 | 4.77 | -4.48 | 2.57 | 5.15 | -1.90 | +/- Category Index |
| — | — | — | — | — | 45 | 17 | 6 | 79 | 8 | 11 | 13 | % Rank Cat |
| 302 | 340 | 396 | 439 | 482 | 504 | 551 | 608 | 657 | 743 | 778 | 823 | No. of Funds in Cat |

Portfolio Analysis 09-30-2009

| Composition % | Long % | Short% | Net % | Share Chg since 06-30-2009 | Share Amount | 269 Total Stocks | 32 Total Fixed-Income | 41% Turnover Ratio | % Net Assets |
|---------------------|------------------------------|-----------------------|---------------|----------------------------|--------------|------------------------------|-------------------------------|--------------------|--------------|
| Cash | 4.7 | 0.0 | 4.7 | | | | | | |
| U.S. Stocks | 0.2 | 0.0 | 0.2 | ⊖ | 35 mil | Bayer AG | | | 2.64 |
| Non-U.S. Stocks | 93.2 | 0.0 | 93.3 | ⊕ | 47 mil | America Movil S.A.B. de C.V. | | | 2.25 |
| Bonds | 1.8 | 0.0 | 1.8 | ⊕ | 41 mil | Anheuser-Busch InBev SA | | | 2.05 |
| Other | 0.0 | 0.0 | 0.0 | ⊖ | 11 mil | Roche Holding AG | | | 1.92 |
| Total | 100.0 | 0.0 | 100.0 | | 108 mil | Banco Santander SA | | | 1.89 |
| Equity Style | Portfolio Value Blend Growth | Port Statistics | Rel Avg Index | Rel Cat | | | | | |
| | | P/E Ratio TTM | 14.4 | 1.14 | ⊕ | 34 mil | Novartis | | 1.85 |
| | | P/C Ratio TTM | 8.3 | 1.22 | ⊕ | 57 mil | Telefonica, S.A. | | 1.72 |
| | | P/B Ratio TTM | 1.8 | 1.13 | ⊕ | 62 mil | Gazprom OAO (EDR) | | 1.57 |
| | | Geo Avg Mkt Cap \$mil | 37370 | 1.28 | ⊖ | 22 mil | Novo Nordisk A/S | | 1.51 |
| | | | | | ⊖ | 2 mil | Samsung Electronics | | 1.39 |
| | | | | | ⊕ | 23 mil | Teva Pharmaceutical Industrie | | 1.29 |
| | | | | | ⊕ | 24 mil | SAP AG | | 1.27 |
| | | | | | ⊕ | 108 mil | Prudential PLC | | 1.14 |
| | | | | | ⊕ | 24 mil | Nestle | | 1.11 |
| | | | | | ⊕ | 989 mil | FNMA | | 1.08 |

| Fixed-Income Style | | |
|--------------------|--------------------|---------|
| Short Int | Long | |
| | Avg Eff Duration | — |
| | Avg Eff Maturity | — |
| | Avg Credit Quality | — |
| | Avg Wtd Coupon | 8.41 |
| | Avg Wtd Price | 1004.00 |

| Credit Analysis 12-31-2009 | | Bond % |
|----------------------------|--|--------|
| AAA | | — |
| AA | | — |
| A | | — |
| BBB | | — |
| BB | | — |
| B | | — |
| Below B | | — |
| NR/NA | | — |

| Regional Exposure | | Stocks % | Rel Std Index |
|-------------------|--|----------|---------------|
| Americas | | 9.7 | — |
| Greater Europe | | 66.8 | 1.00 |
| Greater Asia | | 23.5 | 0.71 |

| Sector Weightings | | Stocks % | Rel Std Index |
|------------------------------|--|-------------|---------------|
| Information Economy | | 17.5 | 1.70 |
| Software | | 1.7 | 1.89 |
| Hardware | | 4.0 | 3.08 |
| Media | | 1.2 | 0.86 |
| Telecommunication | | 10.5 | 1.54 |
| Service Economy | | 40.1 | 0.94 |
| Healthcare Services | | 12.3 | 1.45 |
| Consumer Services | | 5.3 | 1.06 |
| Business Services | | 1.5 | 0.41 |
| Financial Services | | 21.0 | 0.82 |
| Manufacturing Economy | | 42.4 | 0.90 |
| Consumer Goods | | 17.5 | 1.03 |
| Industrial Goods | | 11.7 | 0.72 |
| Energy | | 9.6 | 1.14 |
| Utilities | | 3.6 | 0.69 |

IX. REAL ESTATE PERFORMANCE COMPARISONS

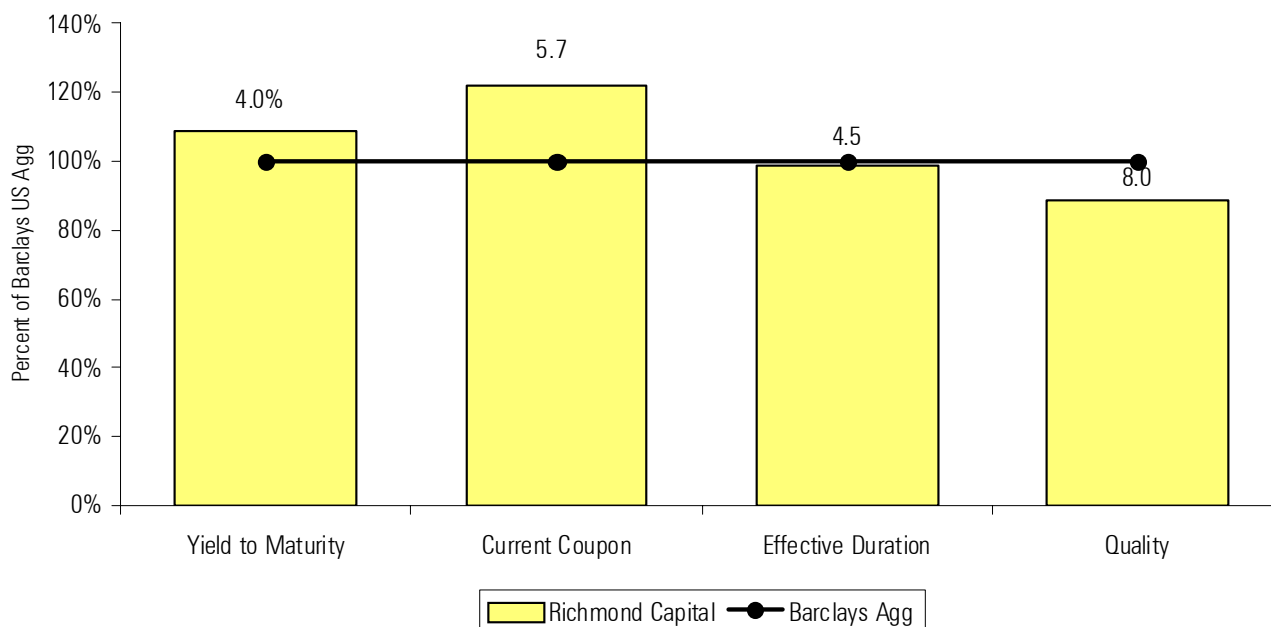
| Manager/Index/Universe | Quarter | 1 Year | 3 Year | 5 Year |
|--------------------------------|--------------|---------------|---------------|------------|
| Principal U.S. Property | -4.7% | -31.5% | -12.2% | n/a |
| NCREIF | -2.1% | -16.9% | -3.4% | n/a |
| vs. Real Estate Portfolios | 78 | 78 | 76 | n/a |

X. FIXED INCOME/ABSOLUTE RETURN PERFORMANCE COMPARISONS

| Manager/Index/Universe | Quarter | 1 Year | 3 Year | 5 Year |
|-------------------------------------|--------------|--------------|-------------|-------------|
| Richmond Capital | 0.4% | 11.6% | 6.6% | 5.3% |
| Barclays US Aggregate | 0.2% | 5.9% | 6.0% | 5.0% |
| vs. Core Fixed Income Portfolios | 55 | 29 | 41 | 45 |
| JP Morgan Infrastructure | -1.7% | 5.0% | n/a | n/a |
| CPI + 4.0% | 1.0% | 6.7% | 6.1% | 6.6% |
| vs. Intermediate Fixed Income Funds | 100 | 95 | 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

| Goal | 1 Year | 3 Years | 5 Years |
|--|------------------|------------------|------------------|
| Exceed Target Index | x | x | x |
| Rank Above 50 th Percentile in Public Fund Universe | 72 nd | 98 th | 98 th |
| Earn Average Annual Return of 8.0% | ✓ | 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 | 60.2% |
| Investment in foreign company stock limited to 25% of value of Total Fund | 14.0% |
| Investment in real estate limited to 15% of value of Total Fund | 7.8% |
| 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 | ✓ | ✓ |
| Rank Above 50 th Percentile in Large Cap Value Portfolio Universe | ✓ | 53 rd |
| 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 | ✓ | ✓ |
| Rank Above 50 th Percentile in Large Cap Neutral Universe | ✓ | ✓ |
| Standard Deviation Relative to Russell 1000 | = | < |



D. Investment Guidelines: Rigel Capital

| Rigel Capital Goal | 3 Years | 5 Years |
|---|------------------|----------------|
| Exceed Russell 1000 Growth performance | x | N/A |
| Rank Above 50 th Percentile in Large Cap Growth Universe | 97 th | N/A |
| Standard Deviation Relative to Russell 1000 Growth | > | N/A |

| Guideline | Total Fund |
|---|-------------------|
| 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

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

| Guideline | Total Fund |
|---|-------------------|
| 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

| Buckhead Capital Goal | 3 Years | 5 Years |
|--|----------------|------------------|
| Exceed Russell 2000 Value performance | ✓ | ✓ |
| Rank Above 50 th Percentile in Small Cap Value Universe | ✓ | 65 th |
| Standard Deviation Relative to Russell 2000 Value | < | < |

| Guideline | Total Fund |
|--|-------------------|
| 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 th Percentile in Intl Equity Fund Universe | ✓ | ✓ |
| Standard Deviation Relative to MSCI EAFE (Net) | < | < |

| Guideline | Total Fund |
|---|-------------------|
| International Equity securities: <15% of Total Fund | 14.0% |

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

| Principal U.S. Property Goal | 3 Years | 5 Years |
|--|------------------|----------------|
| Exceed NCRIEF Index performance | ✘ | N/A |
| Rank Above 50 th Percentile in Real Estate Portfolio Universe | 76 th | N/A |
| Standard Deviation Relative to NCRIEF Index | > | N/A |

| Guideline | Total Fund |
|--|-------------------|
| Real Estate securities: <15% of Total Fund | 7.8% |

I. Investment Guidelines: Richmond Capital

| Richmond Capital Goal | 3 Years | 5 Years |
|--|----------------|----------------|
| Exceed Barclays Aggregate Index performance | ✓ | ✓ |
| Rank Above 50 th Percentile in Core Fixed Income Universe | ✓ | ✓ |
| Standard Deviation Relative to Barclays Aggregate | > | > |

| 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 | ✓ |



J. Manager Status

| Manager | Status | Effective Date |
|---------------------------|---------------|----------------|
| DePrince, Race, and Zollo | Good Standing | |
| Rhumblin | Good Standing | |
| Rigel Capital | Under Review | 2Q2009 |
| Munder Capital | Good Standing | |
| Buckhead Capital | Good Standing | |
| EuroPacific Growth | Good Standing | |
| Principal U.S. Property | Under Review | 3Q2008 |
| Richmond Capital | Good Standing | |
| JP Morgan Infrastructure | Good Standing | |

XII. COMMISSION RECAPTURE SUMMARY

| Period | Commissions Paid | Commissions Received through Recapture/Rebates |
|-----------------|------------------|--|
| 4Q2009 | \$26,659 | \$798 |
| 1Q2010 | | |
| 2Q2010 | | |
| 3Q2010 | | |
| Fiscal YTD 2010 | \$26,659 | \$798 |

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.

