CITY OF POMPANO BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE ANALYSIS

FOURTH QUARTER 2010

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.

Southeastern Advisory Services, Inc.
Twelve Piedmont Center, Suite 202
Atlanta, Georgia 30305
TEL: (404) 237-3156
FAX: (404) 237-2650

CITY OF POMPANO BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM

INVESTMENT PERFORMANCE ANALYSIS

DECEMBER 31, 2010

TABLE OF CONTENTS

Executive Summary

CITY OF POMPANO BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Quarter Ending December 31, 2010

I. MARKET ENVIRONMENT

Index	Fourth Quarter	1 Year	3 Year
Standard & Poor's 500 Index	10.8%	15.1%	-2.9%
MSCI EAFE Index (Net)	6.6%	7.8%	-7.0%
NCREIF Index	4.6%	13.1%	-4.2%
CSFB Hedge Index	4.7%	11.0%	2.1%
Barclays U.S. Aggregate	-1.3%	6.5%	5.9%
91 Day Treasury Bills	0.0%	0.1%	0.8%
Consumer Price Index	0.3%	1.5%	1.4%

The U.S. stock market ended 2010 with strong gains, building upon the rally that began in September and besting most other broad public securities markets for the year. U.S. stocks overcame multiple headwinds along the way, including an economy undergoing a spotty recovery from recession, a domestic real estate market that is still struggling to find a solid bottom, and stubbornly high domestic unemployment. U.S. real GDP growth picked up somewhat to an annual rate of 2.3% in the third quarter. The official U.S. unemployment rate dropped 0.4% to 9.4% at year-end 2010, with the economy adding 1.1 million jobs over the year; an estimated 384,000 jobs were added in the fourth quarter.

Equities: The U.S. stock market's fourth quarter rally solidified gains for broad indexes. The Standard & Poor's 500 Index returned 10.8% for the quarter, but the Wilshire 5000 Total Market Index bested the S&P 500 with returns of 11.6% for the quarter. Small capitalization stocks surged during the quarter, as the Wilshire U.S. Small Cap Index jumped 16.3% versus a more than respectable 11.0% for the Wilshire U.S. Large Cap Index. Growth stocks outpaced value shares within large caps during the quarter (Wilshire U.S. Large Growth, 11.6%; Wilshire U.S. Large Value, 10.4%). The Wilshire U.S. Small Growth Index was the best performer among the four major style segments over the quarter, posting returns of 16.7%. Wilshire 5000 sector performance (GICS classification) in the fourth quarter was uniformly positive. Energy and Materials shares led the pack with returns of 22.3% and 20.1% respectively. Utilities, with a 2.2% return for the quarter, were the laggards of the Wilshire 5000.

Fixed Income: The fourth quarter of 2010, as noted above, found the U.S. Treasury yield curve moving upward from its levels on September 30, ending the quarter somewhat higher, but still well below the levels seen on December 31, 2009. Investor rotation into equities and higher-yielding debt instruments certainly contributed to the fourth quarter yield movement. The yield on two-year Treasuries rose 0.2% over the fourth quarter to 0.6%, while that of thirty-year Treasuries jumped 0.6% to 4.4%, resulting in a markedly steeper yield curve overall. For the quarter, short-term Treasuries (Barclays 1-3 Year U.S. Treasury, -0.2%) outperformed long-term paper (Barclays U.S. Long Treasury, -8.2%). Credits outperformed government-related paper, as investors continued to seek out higher yield in the current low-interest-rate market environment (Barclays U.S. Credit, -1.9%; Barclays U.S. Government, -2.3%).

Alternatives: Hedge fund dispersion was lower in 2010 versus 2009 and 2008 according to Morgan Stanley. The difference between the 95th and 5th percentiles was approximately 35% in 2010. In 2008 and 2009, the difference was 71% and 86%, respectively. Seventy-two percent of foreign real estate investors surveyed by the Association of Foreign Investors in Real Estate (AFIRE) said that they plan to invest more capital in the U.S. in 2011 than they did in 2010. Investor confidence in U.S. real estate is at a ten-year high, according to the results of the latest annual survey, in which 60% of respondents opined that the U.S. offers better potential for investment capital appreciation than any other country. *(AFIRE).* Due to continued challenges in peripheral Europe, infrastructure transactions are also on the increase with the Spanish government announcing that it will privatize Spain's two major airports for up to 40 years (Infrastructreinvestor.com)

II. Live Universe Comparisons and Reporting

Wilshire Public Plan Sponsor Universe	WILSHIRE
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.

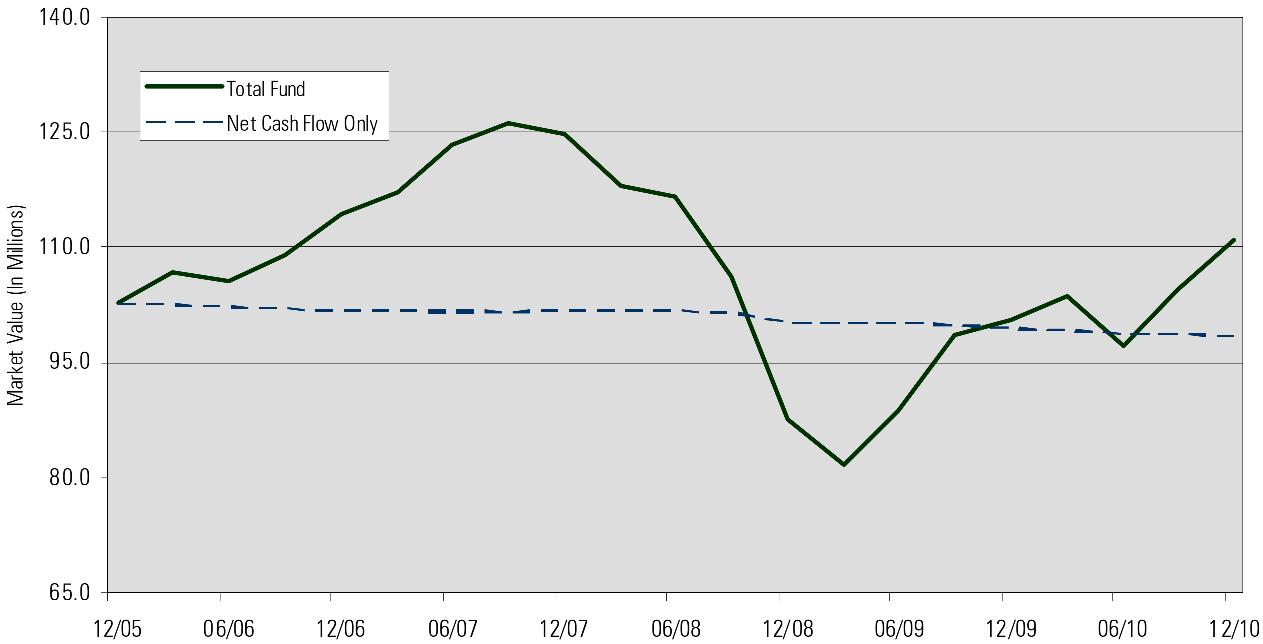
Our Universe Comparisons

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.

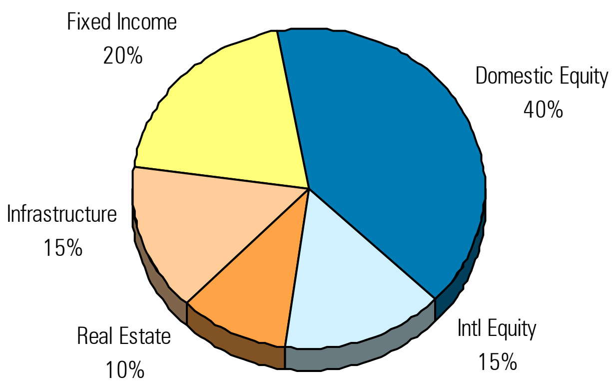
III. PORTFOLIO GROWTH- Period ended December 31, 2010



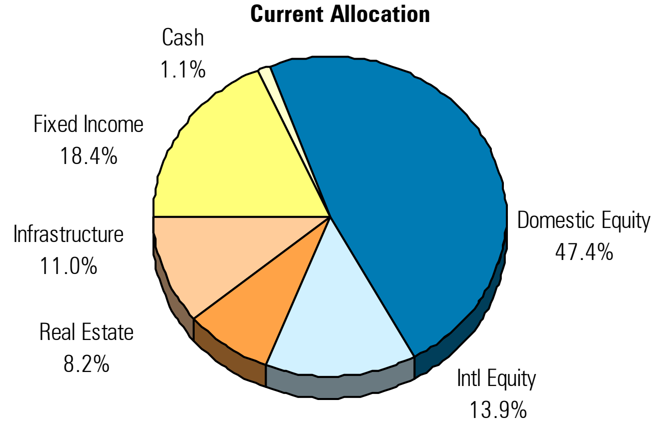
Period Ending	Beginning Value $(000)	Net Cash Flow	Net Gain/Loss	Ending Value $(000)	Quarterly Return	Fiscal Yr Return
Mar-06	102,763	-213	4,248	106,798	4.1%	
Jun-06	106,798	-319	-965	105,513	-0.9%	
Sep-06	105,513	-222	3,590	108,882	3.4%	9.3%
Dec-06	108,882	-288	5,811	114,405	5.3%	
Mar-07	114,405	-2	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%	
Mar-10	100,552	-219	3,343	103,676	3.4%	
Jun-10	103,676	-456	-6,139	97,081	-5.6%	
Sep-10	97,081	32	7,418	104,530	7.3%	7.5%
Dec-10	104,530	-377	6,867	111,021	6.8%	6.8%
Total	**102,763**	**-4,340**	**12,597**	**111,021**	**13.6%**	
Absolute Return Objective:						**8.0%**

IV. ALLOCATION OF ASSETS

Policy Allocation

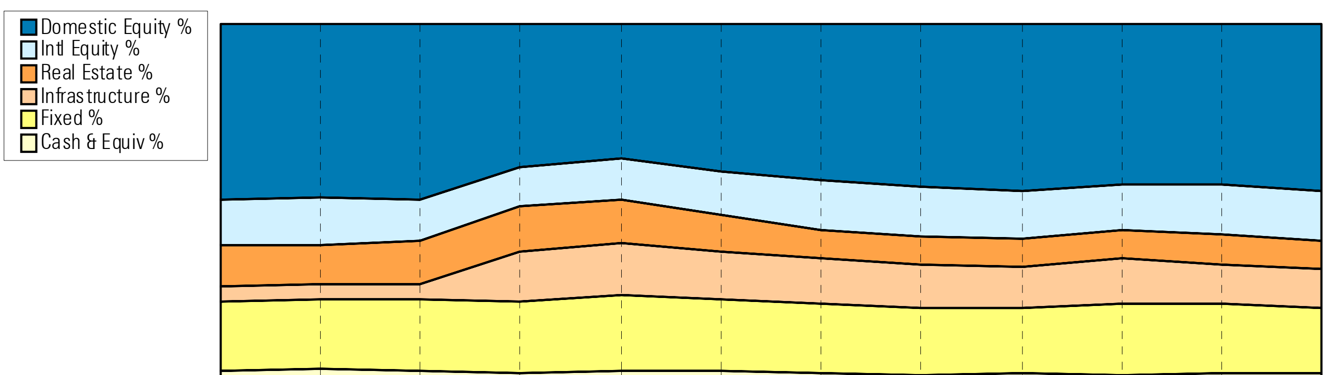


Current Allocation



Asset Class	Target Range	Quarter End Allocation	Median Public Plan
Domestic Equity Securities	35%-65%	47.4%	41.3%
Intl Equity Securities	10%-25%	13.9%	13.6%
Real Estate	5%-15%	8.2%	3.2%
Fixed Income Securities	15%-30%	18.4%	32.1%
Infrastructure	10%-20%	11.0%	0.0%
Cash Equivalents	N/A	1.1%	9.8%

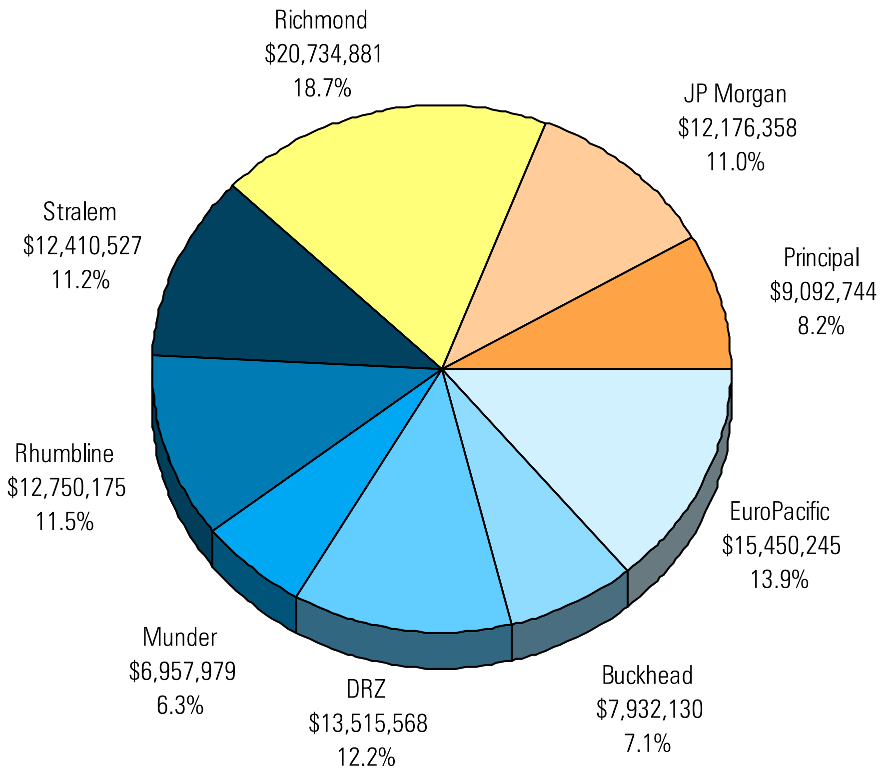
Historical Asset Allocation



	3/08	6/08	9/08	12/08	3/09	6/09	9/09	12/09	3/10	6/10	9/10	12/10
Domestic Equity %	49.6	49.1	49.5	40.1	38.0	41.3	44.1	46.2	47.1	45.1	45.5	47.4
Intl Equity %	13.2	13.1	11.8	11.5	11.4	12.8	13.8	14.0	13.7	12.9	14.0	13.9
Real Estate %	11.2	11.3	12.1	13.0	12.3	10.1	8.3	7.8	7.6	8.4	8.3	8.2
Infrastructure %	4.3	4.3	4.4	13.7	14.7	13.5	12.8	12.3	11.8	12.4	11.2	11.0
Fixed %	19.7	19.9	20.3	20.5	21.8	20.7	19.7	18.9	18.7	20.5	19.7	18.4
Cash & Equiv %	2.1	2.3	1.9	1.2	1.8	1.6	1.3	0.8	1.1	0.7	1.3	1.1

Manager	Dom. Equity	Intl Equity	Real Estate	Infrastructure	Fixed Inc	Cash
DePrince, Race, and Zollo	98.5%	0.0%	0.0%	0.0%	0.0%	1.5%
Rhumbline	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Stralem Large Cap	97.5%	0.0%	0.0%	0.0%	0.0%	2.5%
Munder Capital	99.4%	0.0%	0.0%	0.0%	0.0%	0.6%
Buckhead Capital	95.8%	0.0%	0.0%	0.0%	0.0%	4.2%
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%
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	**47.4%**	**13.9%**	**8.2%**	**11.0%**	**18.4%**	**1.1%**

V. MANAGER ALLOCATION AND CASH FLOWS- Quarter ending December 31, 2010



Manager	Beginning Value	% Alloc	Cash In	Cash Out	Gain/Loss	Ending Value	% Alloc
DePrince, Race, and Zollo	$12,350,437	11.8%	$0	($153,272)	$1,318,403	$13,515,568	12.2%
Rhumbline	$11,471,429	11.0%	$0	($486)	$1,279,232	$12,750,175	11.5%
Stralem Large Cap	$11,826,828	11.3%	$0	($153,272)	$736,971	$12,410,527	11.2%
Munder Capital	$6,143,467	5.9%	$0	($35,794)	$850,306	$6,957,979	6.3%
Buckhead Capital	$6,721,916	6.4%	$95	($35,794)	$1,245,913	$7,932,130	7.1%
EuroPacific Growth Fund	$14,608,305	14.0%	$0	$0	$841,940	$15,450,245	13.9%
Principal U.S. Property	$8,682,876	8.3%	$0	$0	$409,868	$9,092,744	8.2%
JP Morgan Infrastructure	$11,756,384	11.2%	$0	$0	$419,974	$12,176,358	11.0%
Richmond Capital Fixed	$20,968,845	20.1%	$1,456	$0	($235,420)	$20,734,881	18.7%
Total Fund	**$104,530,487**	**100%**	**$1,551**	**($378,618)**	**$6,867,187**	**$111,020,607**	**100%**
Receipts & Disbursements Acct.	*$1,251,510*		*$2,191,581*	*($1,927,887)*	*$11*	*$1,515,215*	
Total Fund + R&D Acct.	***$105,781,997***		***$2,193,132***	***($2,306,505)***	***$6,867,198***	***$112,535,822***	

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.
The inception date for the Stralem Large Cap account was July 28, 2010.

Asset values and performance shown excludes capital calls to JPM Maritime Fund which will be reflected in the 1Q11 reports.

VI. TOTAL FUND PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Total Fund - Gross of Fees	**6.8%**	**11.8%**	**-2.5%**	**2.6%**
Total Fund - Net of Fees	**6.7%**	**11.3%**	**-2.9%**	**2.3%**
Target Index	6.4%	12.6%	0.4%	4.2%
vs. Total Public Fund Sponsors	28	66	97	98
Total Domestic Equities	**11.5%**	**15.7%**	**-3.6%**	**1.7%**
80% Russell 1000/ 20% Russell 2000	12.2%	18.2%	-1.4%	3.0%
vs. Equity Returns of Public Funds	75	87	82	74
Total International Equities	**5.8%**	**9.7%**	**-3.0%**	**5.7%**
MSCI EAFE Index (Net)	6.6%	7.8%	-7.0%	2.5%
vs. Intl Equity Returns of Public Funds	87	65	34	41
Total Real Estate	**4.7%**	**16.1%**	**-11.6%**	**-2.0%**
NCREIF ODCE Fund Index	5.0%	16.4%	-9.7%	-0.2%
NCREIF Property Index	4.6%	13.1%	-4.2%	3.5%
vs. Real Estate Returns of Total Funds	47	39	75	68
Total Infrastructure	**5.0%**	**0.8%**	**n/a**	**n/a**
CPI + 4.0%	1.3%	5.5%	5.4%	6.2%
Total Fixed Income	**-1.1%**	**8.0%**	**7.3%**	**6.6%**
Barclays U.S. Aggregate	-1.3%	6.5%	5.9%	5.8%
vs. Fixed Inc Returns of Public Funds	61	39	24	26

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	**10.8%**	**18.2%**	**0.7%**	**3.8%**
Russell 1000 Value	10.5%	15.5%	-4.4%	1.3%
vs. Large Value Equity Portfolios	35	12	9	24
Rhumbline	**11.2%**	**16.0%**	**-2.0%**	**2.8%**
Russell 1000	11.2%	16.1%	-2.4%	2.6%
vs. Large Neutral Equity Portfolios	33	30	33	36
Stralem Large Cap	**6.3%**	**n/a**	**n/a**	**n/a**
Russell 1000 Growth	11.8%	n/a	n/a	n/a
vs. Large Growth Equity Portfolios	97	n/a	n/a	n/a
Munder Capital	**13.9%**	**27.4%**	**-0.4%**	**n/a**
Russell MidCap Growth	14.0%	26.4%	1.0%	n/a
vs. Midcap Growth Equity Portfolios	57	42	71	n/a
Buckhead Capital	**18.6%**	**22.3%**	**4.5%**	**4.0%**
Russell 2000 Value	15.4%	24.5%	2.2%	3.5%
vs. Small Value Equity Portfolios	19	84	44	75

Equity Portfolio Summary: Total Fund*

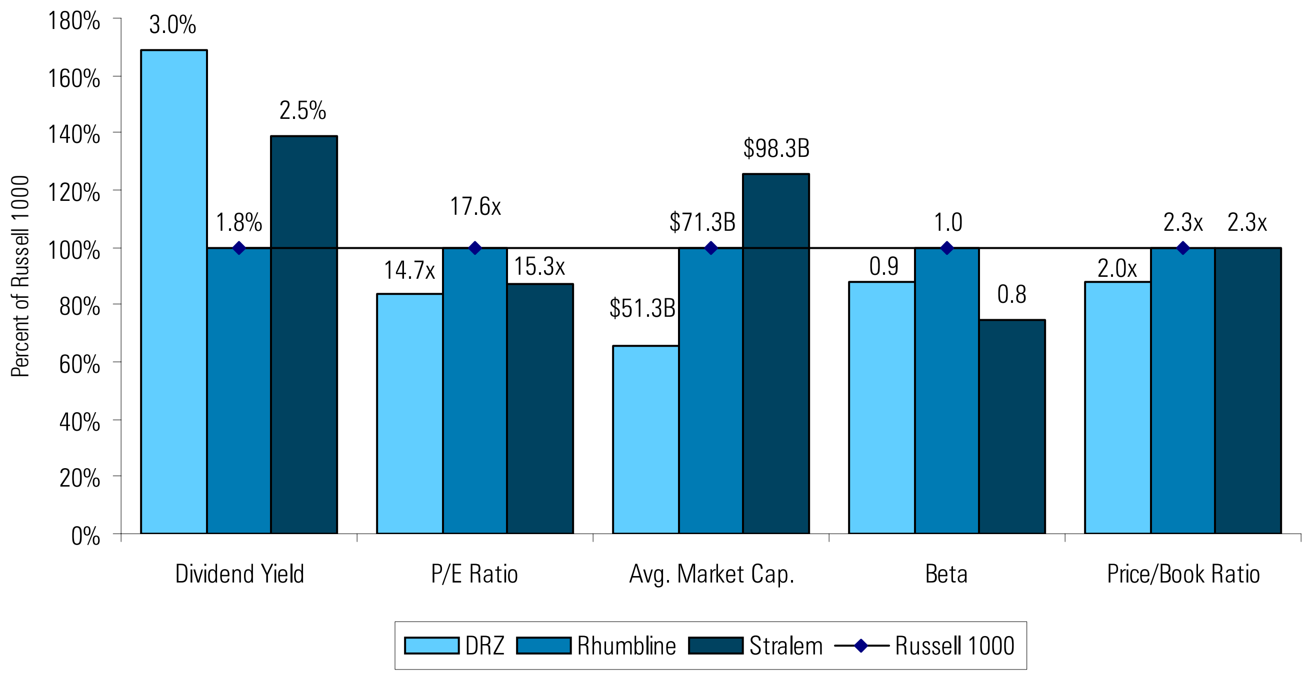
	Portfolio	80% R1000/20% R2000
Total Number Of Securities	224	2,951
Equity Market Value	52,673,096	
Average Capitalization $(000)	48,567,372	62,885,618
Median Capitalization $(000)	6,391,249	
Equity Segment Yield	2.0	1.7
Equity Segment P/E - Average	19.4	22.1
Equity Segment P/E - Median	17.9	
Equity Segment Beta	0.9	1.1
Price/Book Ratio	2.2	2.2
Debt/Equity Ratio	47.6	41.0
Five Year Earnings Growth	3.6	3.7

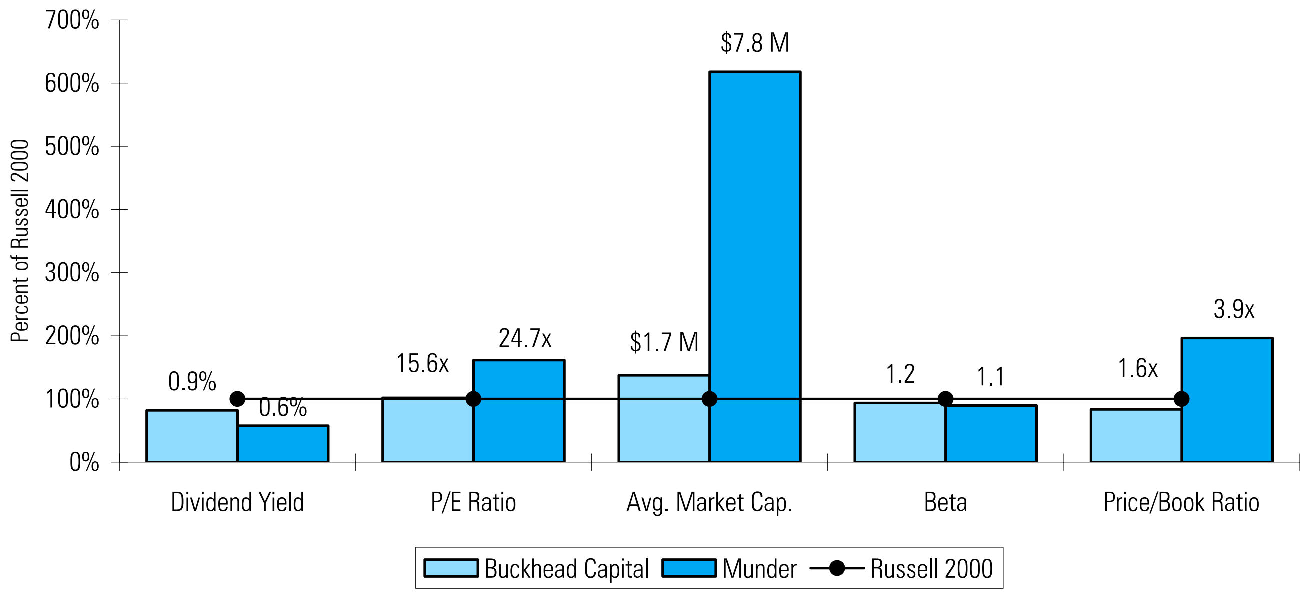
Ten Largest Holdings	Market Value	% of Portfolio	Quarterly Return
Chevron Corp	839,500	2.1%	13.6%
Exxon Mobil Corp	818,944	2.1%	19.1%
General Elec Co	665,756	1.7%	13.4%
Wal Mart Stores Inc	630,981	1.6%	1.3%
American Elec Pwr In	611,660	1.5%	0.6%
Microsoft Corp	594,696	1.5%	14.7%
Tidewater Inc.	549,976	1.4%	20.8%
Pfizer Inc	534,055	1.4%	3.0%
Eaton Corp	527,852	1.3%	23.8%
Caterpillar Inc	524,496	1.3%	19.7%

Ten Best Performers	Quarterly Return	Ten Worst Performers	Quarterly Return
Kodiak Oil & Gas Cor	94.7%	Pantry Inc	-17.6%
Lo-Jack Corp	69.1%	Digital Rlty Tr Inc	-15.6%
Casella Waste Sys In	68.8%	99 Cents Only Stores	-15.6%
Northern Oil & Gas I	60.6%	Intuitive Surgical I	-9.2%
On Assignment Inc	55.2%	Tw Telecom Inc	-8.2%
Gentex Corp	52.4%	American Superconduc	-8.1%
Thq Inc	50.8%	Airgas Inc	-7.7%
Dycom Inds Inc	47.7%	Cisco Sys Inc	-7.6%
Lyondellbasell Indus	43.9%	Abbott Labs	-7.5%
Skyworks Solutions I	38.4%	Akamai Technologies	-6.2%

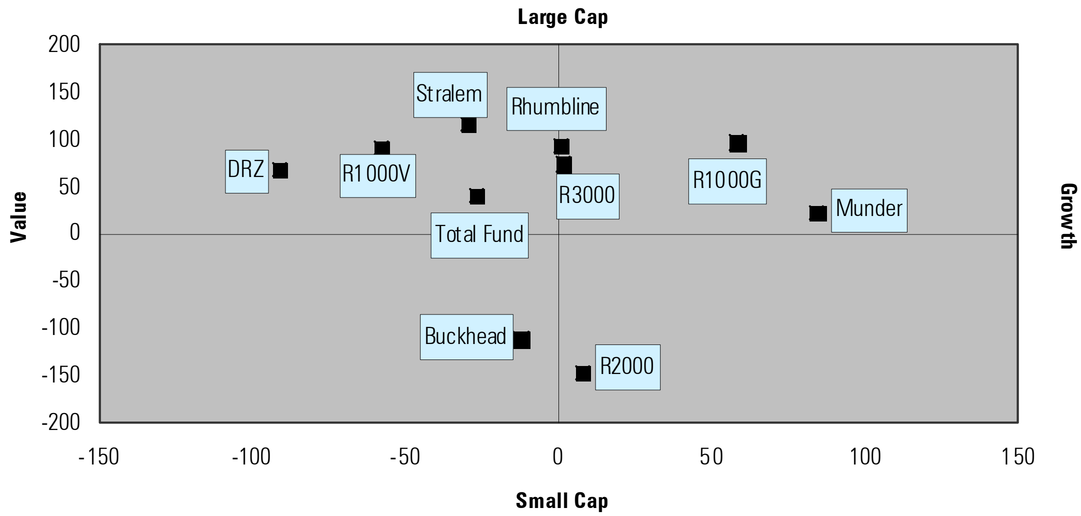
*Does not include Rhumbline as they are invested in a commingled account.

Equity Portfolio Characteristics





Equity Style Map (Current Quarter)



	Growth-Value	Size
Buckhead Capital	-12.3	-112.6
DePrince Race Zollo	-91.3	68.1
Munder Capital	84.4	21.8
Rhumbline	0.8	93.6
Stralem Large Cap	-29.7	115.4

	Growth-Value	Size
Total Fund	-2.4	105.1
Russell 2000	7.9	-147.5
Russell 3000	1.4	73.6
Russell 1000 Growth	58.3	96.4
Russell 1000 Value	-57.9	90.7

VIII. INTERNATIONAL EQUITY PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
EuroPacific Growth	**5.8%**	**9.7%**	**-3.0%**	**5.7%**
MSCI EAFE (Net)	6.6%	7.8%	-7.0%	2.5%
vs. International Equity Mutual Funds	78	63	24	31

American Funds Growth Fund of Amer R6

Overall Morningstar Rtg™	Incept	Type	Total Assets	Morningstar Cat
☆☆☆☆ (1504)	05-01-09	MF	$7,375 mil	Large Growth (MF)
Standard Index			**Category Index**	
S&P 500			Rus 1000Growth	

Performance 12-31-2010

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-7.88	1.24	-15.04	-23.11	-39.07
2009	-4.00	16.79	13.45	5.95	34.76
2010	4.28	-11.61	10.80	10.32	12.67

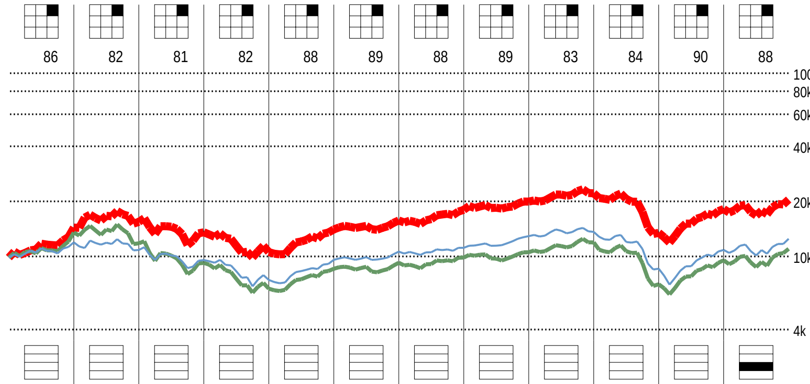
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	—	—	—	—	24.18
Std 12-31-2010	—	—	—	—	24.18
Total Return	12.67	-2.56	2.63	2.84	24.18
+/- Std Index	-2.39	0.30	0.34	1.43	—
+/- Cat Index	-4.04	-2.09	-1.12	2.82	—
% Rank Cat	74	55	50	13	—
No. in Cat	1718	1504	1286	787	—
7-day Yield	—				

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.



Investment Style
Equity
Stock %

Growth of $10,000
American Funds Growth Fund of Amer R6 $20,731
Category Average $11,159
Standard Index $12,660

Performance Quartile (within category)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	12-10	History
86	82	81	82	88	89	88	89	83	84	90	88	Stock %
—	—	—	—	—	—	—	—	—	—	27.33	30.44	NAV
45.70	7.49	-12.28	-22.02	32.90	11.95	14.23	10.94	10.95	-39.07	34.76	12.67	Total Return %
24.66	16.59	-0.39	0.08	4.21	1.07	9.32	-4.85	5.46	-2.07	8.30	-2.39	+/- Standard Index
12.54	29.91	8.14	5.86	3.15	5.65	8.97	1.87	-0.86	-0.63	-2.45	-4.04	+/- Category Index
—	—	—	—	—	—	—	—	—	—	—	74	% Rank Cat
633	805	1064	1234	1311	1400	1495	1642	1748	1809	1796	1718	No. of Funds in Cat

Portfolio Analysis 09-30-2010

Composition %	Long %	Short%	Net %
Cash	8.2	0.0	8.2
U.S. Stocks	74.8	0.0	74.8
Non-U.S. Stocks	13.7	0.0	13.7
Bonds	2.7	0.0	2.8
Other	0.6	0.0	0.6
Total	100.0	0.0	100.0

Equity Style
Value Blend Growth
Large Mid Small

Portfolio Statistics	Port Avg	Rel Index	Rel Cat
P/E Ratio TTM	15.9	1.03	0.86
P/C Ratio TTM	10.0	1.08	0.86
P/B Ratio TTM	2.3	1.05	0.79
Geo Avg Mkt Cap $mil	40871	0.85	1.33

Fixed-Income Style
Short Int Long
High Med Low

Avg Eff Duration	—
Avg Eff Maturity	—
Avg Credit Quality	—
Avg Wtd Coupon	3.89
Avg Wtd Price	110.02

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

Regional Exposure	Stocks %	Rel Std Index
Americas	89.7	0.90
Greater Europe	7.5	—
Greater Asia	2.8	—

Share Chg since 06-30-2010	Share Amount	275 Total Stocks / 5 Total Fixed-Income / 33% Turnover Ratio	% Net Assets
⊕	187 mil	Oracle Corporation	3.53
⊕	9 mil	Google, Inc.	3.35
⊖	135 mil	Microsoft Corporation	2.33
⊕	2 bil	US Treasury Note 3.5%	1.64
⊖	8 mil	Apple, Inc.	1.64
	23 mil	Union Pacific Corporation	1.33
⊕	49 mil	J.P. Morgan Chase & Co.	1.31
⊖	32 mil	Philip Morris International I	1.26
⊕	46 mil	Merck & Co Inc	1.20
	88 mil	Corning Inc.	1.13
⊖	49 mil	Suncor Energy, Inc.	1.13
⊕	26 mil	Schlumberger, Ltd.	1.11
☼	1 bil	US Treasury Bond 4.375%	1.08
⊕	28 mil	Teva Pharmaceutical Industrie	1.06
⊕	15 mil	Apache Corporation	1.05

Sector Weightings	Stocks %	Rel Std Index
Information Economy	**30.3**	**1.25**
Software	7.6	1.69
Hardware	9.4	1.02
Media	5.0	1.56
Telecommunication	8.3	1.15
Service Economy	**38.3**	**0.98**
Healthcare Services	12.4	1.13
Consumer Services	9.2	1.10
Business Services	5.3	1.66
Financial Services	11.4	0.70
Manufacturing Economy	**31.4**	**0.85**
Consumer Goods	7.7	0.87
Industrial Goods	12.8	1.06
Energy	10.2	0.82
Utilities	0.7	0.21

Fees and Expenses

Sales Charges

Front-End Load %	**NA**
Deferred Load %	**NA**

Fund Expenses

Management Fees %	0.27
12b1 Expense %	NA
Prospectus Gross Exp Ratio %	**0.34**

Risk and Return Profile

	3 Yr 1504 funds	5 Yr 1286 funds	10 Yr 787 funds
MorningstarRating™	3☆	3☆	4☆
Morningstar Risk	-Avg	-Avg	Avg
Morningstar Return	Avg	Avg	+Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	21.79	17.74	17.37
Mean	-2.56	2.63	2.84
Sharpe Ratio	-0.04	0.11	0.12

MPT Statistics	Standard Index	Best Fit Index NA
Alpha	0.18	—
Beta	0.96	—
R-Squared	95.00	—

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	11.00% Assets

Operations

Family:	American Funds	Objective:	Growth	Minimum IRA Purchase:	$0
Manager:	Kerr/Mcguire/O'Neal/Vogt/Rothenberg	Ticker:	RGAGX	Min Auto Investment Plan:	$0
Tenure:	11.4 Years	Minimum Intitial Purchase:	$0	Purchase Constraints:	A/

MORNINGSTAR®

IX. REAL ESTATE PERFORMANCE COMPARISONS

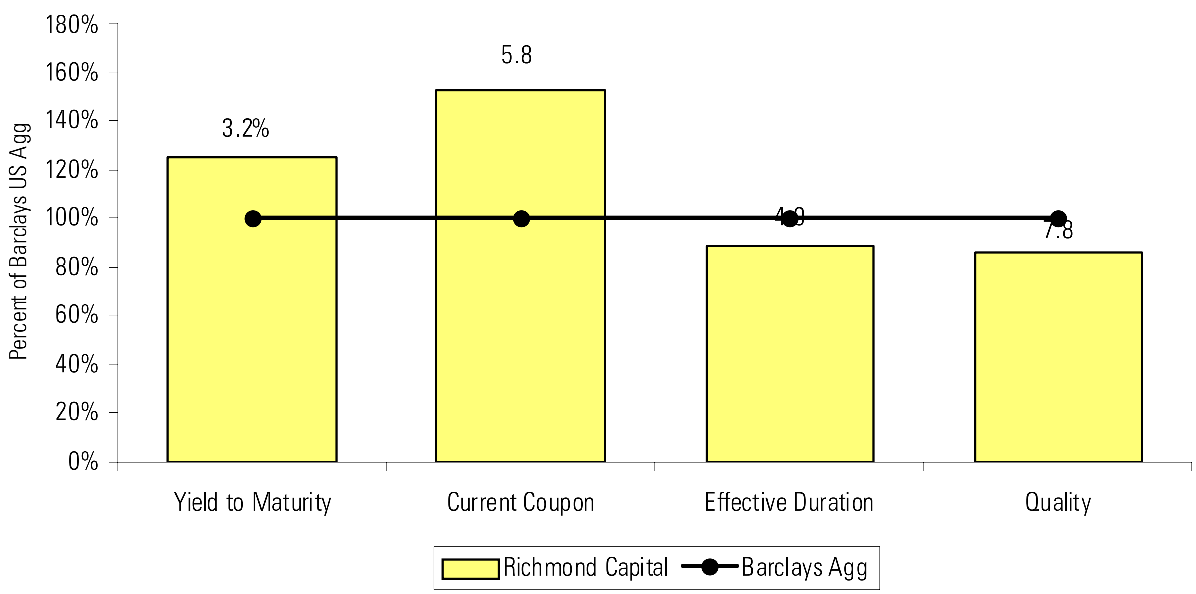
Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Principal U.S. Property	**4.7%**	**16.1%**	**-11.6%**	**-11.6%**
NCREIF ODCE Fund Index	5.0%	16.4%	-9.7%	-0.2%
NCREIF Property Index	4.6%	13.1%	-4.2%	3.5%
vs. Real Estate Portfolios	54	47	73	80

X. FIXED INCOME/ABSOLUTE RETURN PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Richmond Capital	**-1.1%**	**7.7%**	**7.1%**	**0.4%**
Barclays US Aggregate	-1.3%	6.5%	5.9%	5.8%
vs. Core Fixed Income Portfolios	54	39	31	41
JP Morgan Infrastructure	**5.0%**	**0.8%**	**n/a**	**n/a**
CPI + 4.0%	1.3%	5.5%	5.4%	6.2%

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	✗	✗	✗
Rank Above 50th Percentile in Public Fund Universe	66th	97th	98th
Earn Average Annual Return of 8.0%	✓	✗	✗
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	13.9%
Investment in real estate limited to 15% of value of Total Fund	8.2%
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 50th Percentile in Large Cap Value Portfolio Universe	✓	✓
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: Rhumbline

Rhumbline Goal	3 Years	5 Years
Match Russell 1000 performance	✓	✓
Rank Above 50th Percentile in Large Cap Neutral Universe	✓	✓
Standard Deviation Relative to Russell 1000	<	=

D. Investment Guidelines: Stralem Large Cap

Stralem Large Cap Goal	3 Years	5 Years
Exceed Russell 1000 Growth performance	N/A	N/A
Rank Above 50th Percentile in Large Cap Growth Universe	N/A	N/A
Standard Deviation Relative to Russell 1000 Growth	N/A	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 50th Percentile in Mid Cap Growth Universe	71st	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 50th Percentile in Small Cap Value Universe	✓	75th
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 50th Percentile in Intl Equity Fund Universe	✓	✓
Standard Deviation Relative to MSCI EAFE (Net)	<	<

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

Principal U.S. Property Goal	3 Years	5 Years
Exceed NCRIEF ODCE Index performance	×	×
Rank Above 50th Percentile in Real Estate Portfolio Universe	73rd	80th
Standard Deviation Relative to NCRIEF ODCE Index	=	>

I. Investment Guidelines: Richmond Capital

Richmond Capital Goal	3 Years	5 Years
Exceed Barclays Aggregate Index performance	✓	✓
Rank Above 50th 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	
Rhumbline	Good Standing	
Stralem Large Cap	Good Standing	
Munder Capital	Good Standing	
Buckhead Capital	Under Review	2Q2010
EuroPacific Growth	Good Standing	
Principal U.S. Property	Good Standing	
Richmond Capital	Good Standing	
JP Morgan Infrastructure	Good Standing	

XII. COMMISSION RECAPTURE SUMMARY

Period	Commissions Paid	Commissions Received through Recapture/Rebates
4Q2010	$9,837	$697
1Q2011		
2Q2011		
3Q2011		
Fiscal YTD 2011	$9,837	$697

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.