

**CITY OF POMPANO BEACH  
GENERAL EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENT PERFORMANCE ANALYSIS  
FIRST QUARTER 2011**

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

## **INVESTMENT PERFORMANCE ANALYSIS**

**MARCH 31, 2011**

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## Executive Summary

# CITY OF POMPANO BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Quarter Ending March 31, 2011

## I. MARKET ENVIRONMENT

Index	First Quarter	1 Year	3 Year
Standard & Poor's 500 Index	5.9%	15.6%	2.4%
MSCI EAFE Index (Net)	3.4%	10.4%	-3.0%
NCREIF Index	3.4%	16.0%	-3.6%
CSFB Hedge Index	1.2%	8.9%	3.2%
Barclays U.S. Aggregate	0.4%	5.1%	5.3%
91 Day Treasury Bills	0.1%	0.2%	0.5%
Consumer Price Index	2.0%	2.7%	1.5%

The first quarter of 2011 presented multiple headwinds to global investors: political uprisings, price spikes in key commodities, and a huge natural disaster that overwhelmed a major global industrial power. Against this global backdrop, the U.S. economy's recovery from recession actually picked up a bit of steam. As private sector employment continued its recovery, the official U.S. unemployment rate ended the quarter at 8.8%, down from the year-end 2010 level of 9.4%. The price of crude oil jumped 16.8% to close the quarter at \$106.72 a barrel, leading some analysts to ponder the impact of higher fuel prices on global economic activity.

**Equities:** U.S. stocks maintained rally momentum from 2010 into the first quarter of 2011. The U.S. market has rallied 111.4% since its March 9, 2009 closing low and is now off only -5.7% since its October 9, 2007 high. The Standard & Poor's 500 Stock Index returned 5.9% for first quarter. Small capitalization stocks continued to outpace larger shares during the first quarter, as the Wilshire U.S. Small Cap Index delivered an 8.5% total return versus 5.9% for the Wilshire U.S. Large Cap Index. Growth and value stocks within the large cap universe provided similar results during the quarter, rising 5.9%. Within small caps, the Wilshire U.S. Small Growth Index had a 10.1% quarterly return; the U.S. Small Value Index lagged behind with a 6.8% return. Turning to economic sectors of the S&P 500, Energy stocks surged 16.7% during the quarter, buoyed in part by a sharp increase in oil and other energy prices. The Industrials and Healthcare sectors were also strong first quarter performers with total returns of 8.7% and 5.7%, respectively.

**Fixed Income:** Despite the considerable geopolitical events of the first quarter, U.S. bond markets remained on an even keel. The Barclays U.S. Aggregate Index managed a 0.4% return for the quarter, overcoming a Treasury yield curve that increased at all maturities since year-end 2010. The yield on 2-year U.S. Treasuries rose 0.2% to 0.8%. Unsurprisingly, long-maturity Treasuries underperformed short-term Treasuries for the quarter (Barclays Long Treasury, -1.0%; Barclays 1-3 Year Treasury, 0.02%). With treasury yields still at historic lows, the credit markets again found favor with investors, with the yield spreads tightening broadly (Barclays U.S. Credit, 0.9%; Barclays U.S. Mortgage, 0.6%). Indeed, with corporate debt defaults at remarkably low levels, high yield bonds continued their rally into 2011, outperforming all broad U.S. bond sectors (Barclays U.S. High Yield, 3.9%).

**Alternatives:** Hedge funds took in over \$18 billion in the first quarter of 2011 from institutional investors. This is the fastest pace since the first quarter in 2007, which saw \$25 billion of inflows. It represents an increase of 38% in 1Q11 versus the same quarter in 2010 (*Pension & Investments*). In commercial real estate, U.S. office market fundamentals continued to improve for a third consecutive quarter. The vacancy rate fell to 16.4% at the end of 1Q11. The largest declines were seen in the San Jose, Jacksonville and Orange County markets (*CBRE Econometric Advisors*).



## 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

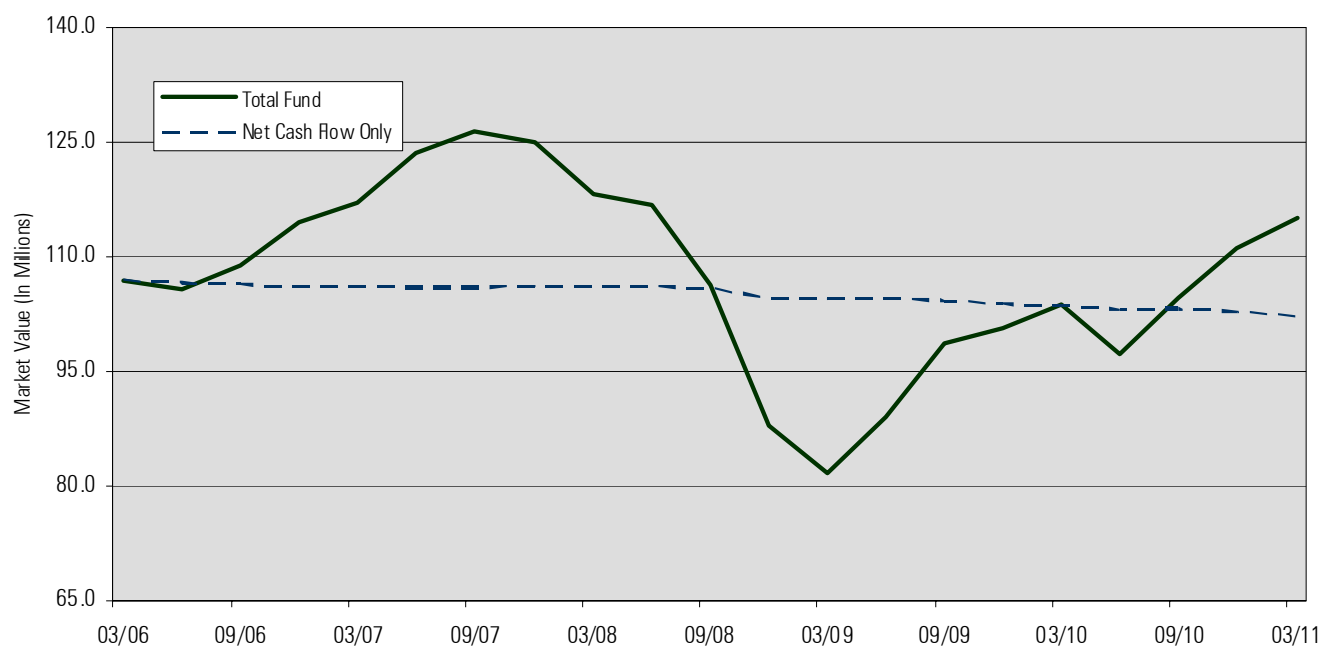
As a Wilshire affiliate, we are granted access to large and diverse peer comparisons, including total fund, portfolio-level, and style-based universes. The Wilshire Public Fund Universe (above) includes the actual, live results of over 200 public pension systems across the country. These are real public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



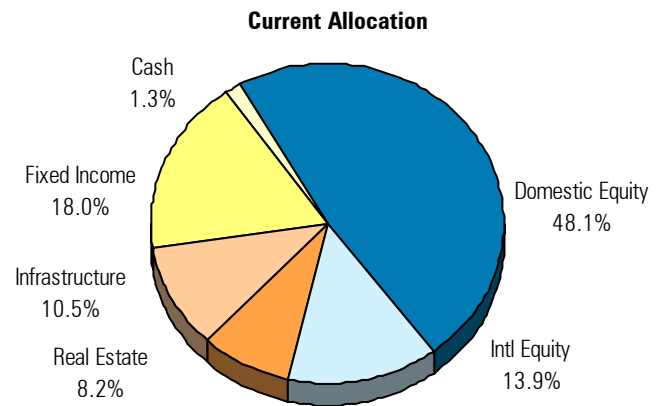
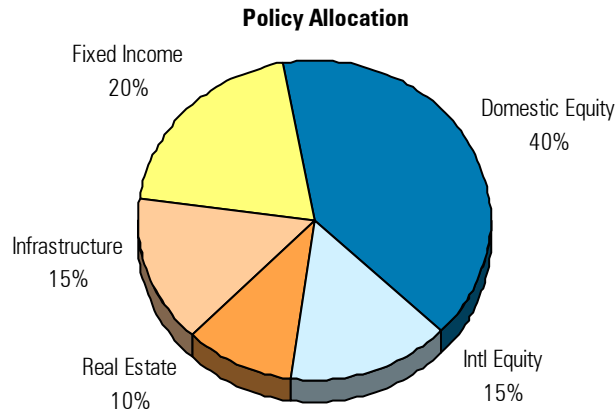
### III. PORTFOLIO GROWTH- PERIOD ENDED MARCH 31, 2011



Period Ending	Beginning Value \$(000)	Net Cash Flow	Net Gain/Loss	Ending Value \$(000)	Quarterly Return	Fiscal Yr Return
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%	
Mar-11	111,021	-548	4,484	114,956	3.9%	11.0%
<b>Total</b>	<b>106,798</b>	<b>-4,675</b>	<b>12,834</b>	<b>114,956</b>	<b>14.1%</b>	
<b>Absolute Return Objective:</b>						<b>8.0%</b>

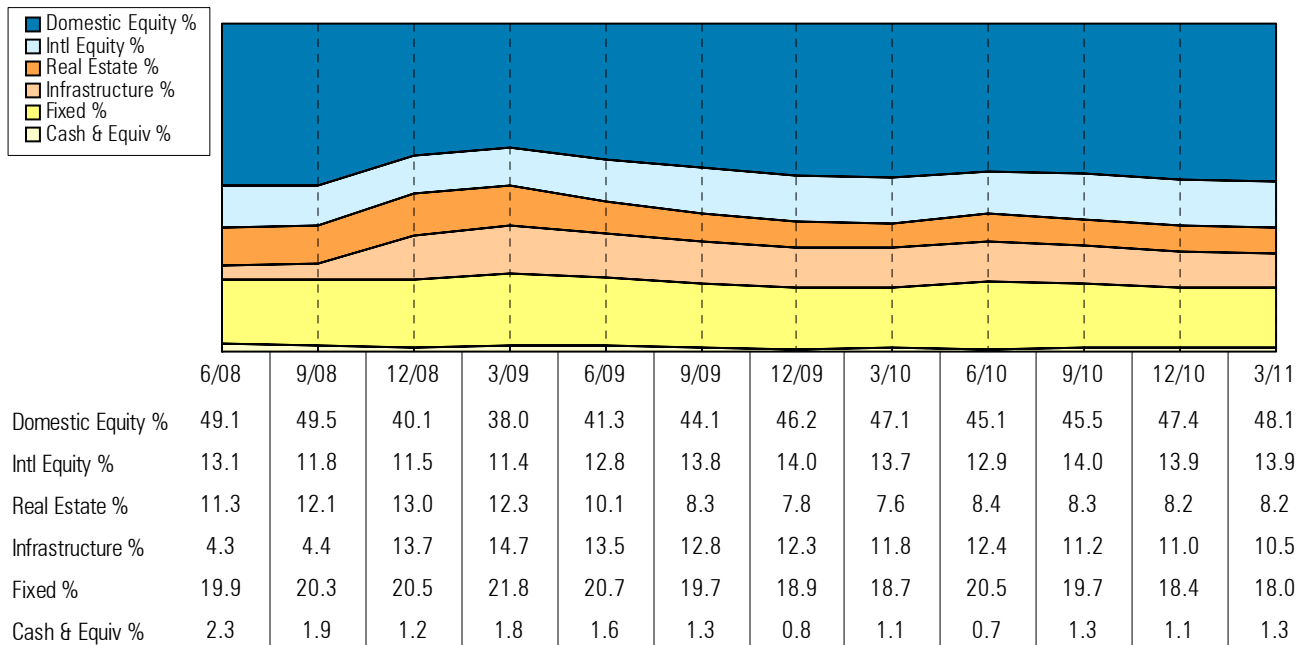


#### IV. ALLOCATION OF ASSETS



Asset Class	Target Range	Quarter End Allocation	Median Public Plan
Domestic Equity Securities	35%-65%	48.1%	40.1%
Intl Equity Securities	10%-25%	13.9%	14.2%
Real Estate	5%-15%	8.2%	3.7%
Fixed Income Securities	15%-30%	18.0%	30.4%
Infrastructure	10%-20%	10.5%	0.0%
Cash Equivalents	N/A	1.3%	11.6%

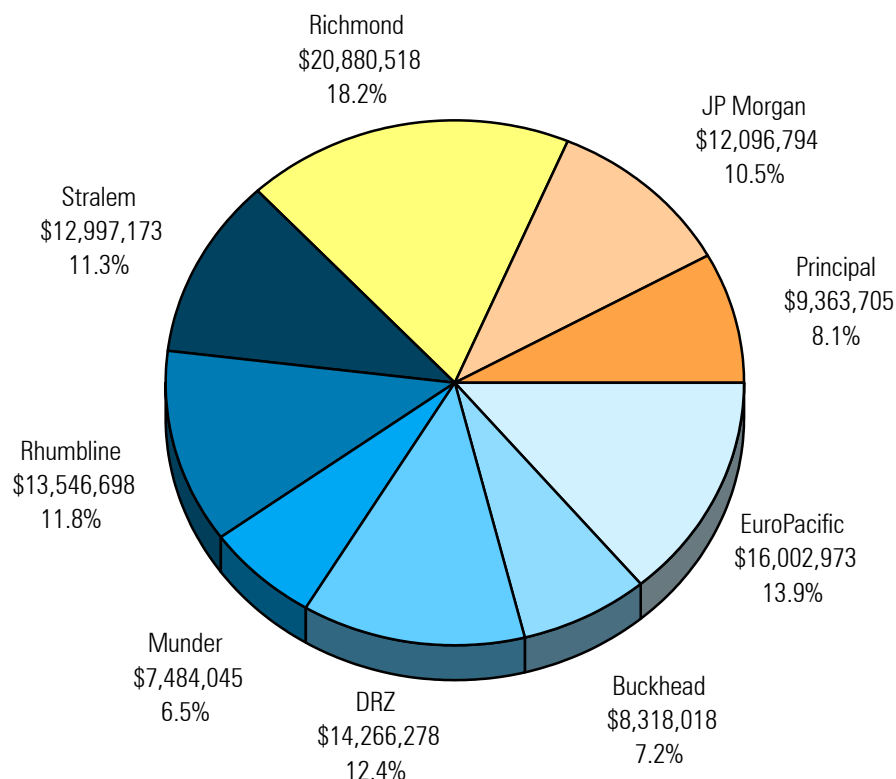
#### Historical Asset Allocation



Manager	Dom. Equity	Intl Equity	Real Estate	Infrastructure	Fixed Inc	Cash
DePrince, Race, and Zollo	98.7%	0.0%	0.0%	0.0%	0.0%	1.3%
Rhumblin	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Stralem Large Cap	97.2%	0.0%	0.0%	0.0%	0.0%	2.8%
Munder Capital	97.8%	0.0%	0.0%	0.0%	0.0%	2.2%
Buckhead Capital	93.1%	0.0%	0.0%	0.0%	0.0%	2.2%
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%
<b>Total Fund</b>	<b>48.1%</b>	<b>13.9%</b>	<b>8.2%</b>	<b>10.5%</b>	<b>18.0%</b>	<b>1.3%</b>



## V. MANAGER ALLOCATION AND CASH FLOWS- Quarter ending March 31, 2011



Manager	Beginning Value	% Alloc	Cash In	Cash Out	Gain/Loss	Ending Value	% Alloc
DePrince, Race, and Zollo	\$13,515,568	12.2%	\$8,925	(\$144,934)	\$886,719	\$14,266,278	12.4%
Rhumblin	\$12,750,175	11.5%	\$0	\$0	\$796,523	\$13,546,698	11.8%
Stralem Large Cap	\$12,410,527	11.2%	\$0	(\$144,934)	\$731,580	\$12,997,173	11.3%
Munder Capital	\$6,957,979	6.3%	\$1,472	\$0	\$524,594	\$7,484,045	6.5%
Buckhead Capital	\$7,932,130	7.1%	\$929	\$0	\$384,959	\$8,318,018	7.2%
EuroPacific Growth Fund	\$15,450,245	13.9%	\$0	\$0	\$552,728	\$16,002,973	13.9%
Principal U.S. Property	\$9,092,744	8.2%	\$0	\$0	\$270,961	\$9,363,705	8.1%
Richmond Capital Fixed	\$20,734,881	18.7%	\$0	\$0	\$145,637	\$20,880,518	18.2%
JP Morgan Infrastructure	\$12,176,358	11.0%	\$18,962	(\$412,932)	\$270,338	\$12,052,726	10.5%
JP Morgan Maritime	\$0	0.0%	\$143,217	(\$18,962)	(\$80,187)	\$44,068	0.0%
<b>Total Fund</b>	<b>\$111,020,607</b>	<b>100%</b>	<b>\$173,505</b>	<b>(\$721,762)</b>	<b>\$4,483,852</b>	<b>\$114,956,202</b>	<b>100%</b>
<i>Receipts &amp; Disbursements Acct.</i>	<i>\$1,515,215</i>		<i>\$2,661,674</i>	<i>(\$2,539,770)</i>	<i>\$18</i>	<i>\$1,637,137</i>	
<b>Total Fund + R&amp;D Acct.</b>	<b>\$112,535,822</b>		<b>\$2,835,179</b>	<b>(\$3,261,532)</b>	<b>\$4,483,870</b>	<b>\$116,593,339</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.

**The JP Morgan Maritime Fund is a closed end fund. Performance reporting on this investment will begin in subsequent quarters.**

For the period July 1, 2010 through February 28, 2011, the JP Morgan Maritime account value was combined with the JP Morgan IIF account on all SEAS reports. On March 1, 2011, SEAS made the internal adjustments to separate the investment values. This is shown in the transfer of (\$18, 962) from JPM IIF to JPM Maritime in the cash flow table above. This was not a transaction at the manager level, only an adjustment made on the SEAS performance reporting system.





## VI. TOTAL FUND PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Total Fund - Gross of Fees</b>	<b>3.9%</b>	<b>12.4%</b>	<b>0.8%</b>	<b>2.7%</b>
<b>Total Fund - Net of Fees</b>	<b>3.8%</b>	<b>11.9%</b>	<b>0.3%</b>	<b>2.3%</b>
Target Index	4.0%	13.3%	3.4%	4.2%
vs. Total Public Fund Sponsors	45	62	96	96
<b>Total Domestic Equities</b>	<b>6.4%</b>	<b>15.7%</b>	<b>1.8%</b>	<b>2.0%</b>
80% Russell 1000/ 20% Russell 2000	6.6%	18.5%	4.1%	3.1%
vs. Equity Returns of Public Funds	67	87	80	67
<b>Total International Equities</b>	<b>3.6%</b>	<b>12.8%</b>	<b>0.9%</b>	<b>5.0%</b>
MSCI EAFE Index (Net)	3.4%	10.4%	-3.0%	1.3%
vs. Intl Equity Returns of Public Funds	46	59	31	29
<b>Total Real Estate</b>	<b>3.0%</b>	<b>19.4%</b>	<b>-11.0%</b>	<b>-2.0%</b>
NCREIF ODCE Fund Index	4.0%	20.1%	-9.0%	-0.1%
NCREIF Property Index	3.4%	16.0%	-3.6%	3.5%
vs. Real Estate Returns of Total Funds	47	35	77	61
<b>Total Infrastructure</b>	<b>-1.3%</b>	<b>0.4%</b>	<b>n/a</b>	<b>n/a</b>
CPI + 4.0%	3.0%	6.7%	5.4%	6.2%
<b>Total Fixed Income</b>	<b>0.7%</b>	<b>6.2%</b>	<b>7.2%</b>	<b>6.9%</b>
Barclays U.S. Aggregate	0.4%	5.1%	5.3%	6.0%
vs. Fixed Inc Returns of Public Funds	54	45	28	27

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>6.6%</b>	<b>16.9%</b>	<b>5.2%</b>	<b>3.9%</b>
Russell 1000 Value	6.5%	15.2%	0.6%	1.4%
vs. Large Value Equity Portfolios	39	24	9	24
<b>Rhumblin</b>	<b>6.2%</b>	<b>16.6%</b>	<b>3.3%</b>	<b>3.1%</b>
Russell 1000	6.2%	16.7%	3.0%	2.9%
vs. Large Neutral Equity Portfolios	36	31	33	33
<b>Stralem Large Cap</b>	<b>6.0%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Russell 1000 Growth	6.0%	n/a	n/a	n/a
vs. Large Growth Equity Portfolios	48	n/a	n/a	n/a
<b>Munder Capital</b>	<b>7.5%</b>	<b>28.0%</b>	<b>6.2%</b>	<b>n/a</b>
Russell MidCap Growth	7.9%	26.6%	7.6%	n/a
vs. Midcap Growth Equity Portfolios	64	56	81	n/a
<b>Buckhead Capital</b>	<b>4.9%</b>	<b>19.2%</b>	<b>8.6%</b>	<b>2.4%</b>
Russell 2000 Value	6.6%	20.6%	6.8%	2.2%
vs. Small Value Equity Portfolios	89	92	55	91



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

	<b>Portfolio</b>	<b>80% R1000/20% R2000</b>
Total Number Of Securities	215	2,938
Equity Market Value	55,321,539	
Average Capitalization \$(000)	52,868,106	66,317,386
Median Capitalization \$(000)	7,161,958	
Equity Segment Yield	2.1	1.7
Equity Segment P/E - Average	19.7	21.4
Equity Segment P/E - Median	17.8	
Equity Segment Beta	0.9	1.1
Price/Book Ratio	2.2	2.2
Debt/Equity Ratio	53.8	44.8
Five Year Earnings Growth	2.1	3.9

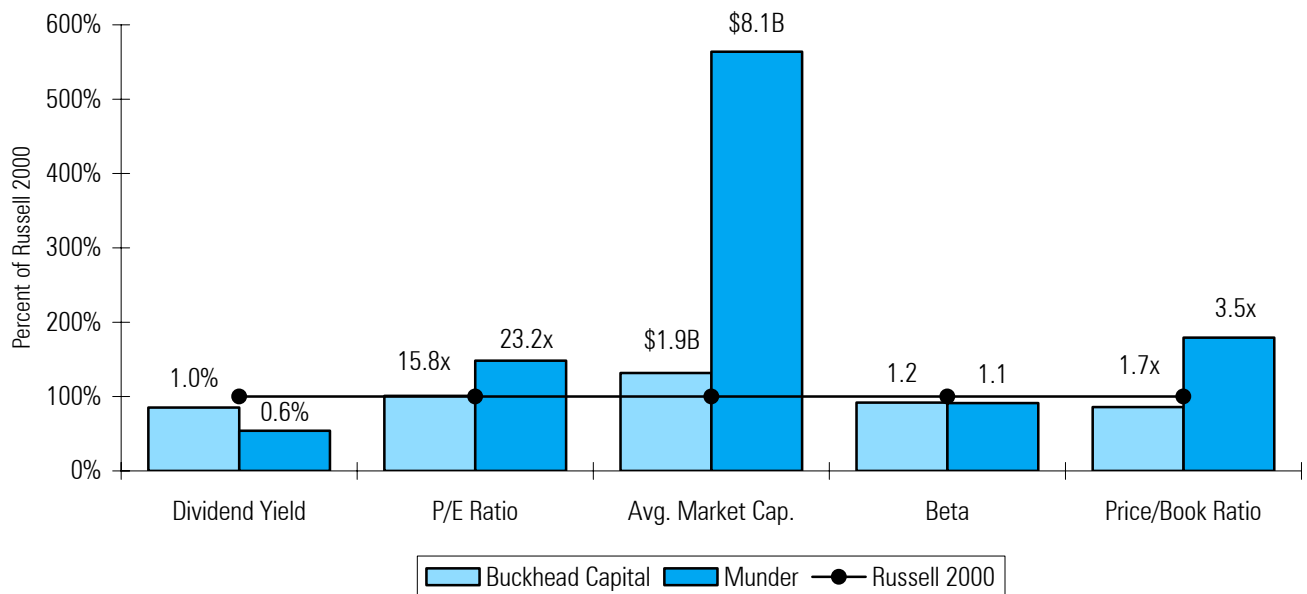
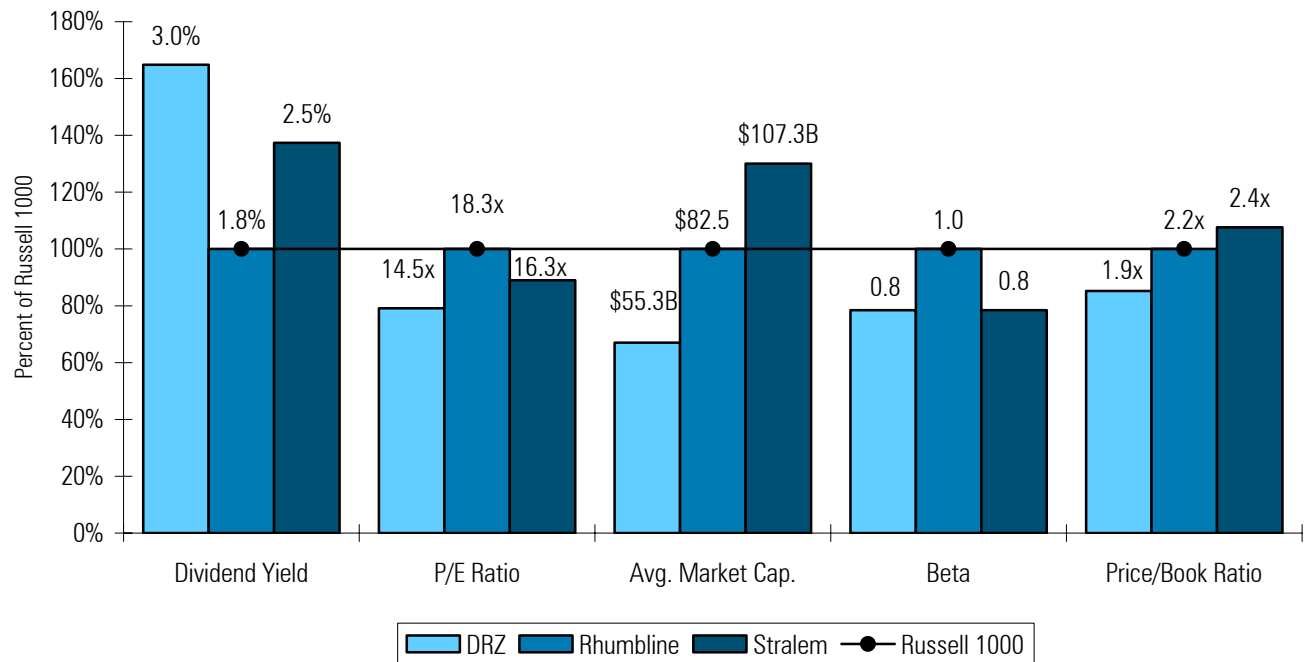
<b>Ten Largest Holdings</b>	<b>Market Value</b>	<b>% of Portfolio</b>	<b>Quarterly Return</b>
Chevron Corp	913,155	2.2%	18.6%
Exxon Mobil Corp	858,126	2.1%	15.7%
At&T Inc	731,340	1.8%	5.7%
Wal Mart Stores Inc	635,010	1.5%	-3.5%
General Elec Co	623,555	1.5%	10.4%
Eaton Corp	589,050	1.4%	9.9%
Microsoft Corp	570,600	1.4%	-8.6%
American Elec Pwr In	569,268	1.4%	-1.1%
Caterpillar Inc	534,480	1.3%	19.4%
Kroger Co	522,546	1.3%	7.7%

<b>Ten Best Performers</b>	<b>Quarterly Return</b>	<b>Ten Worst Performers</b>	<b>Quarterly Return</b>
Marathon Oil Corp	44.7%	Cree Inc	-29.9%
Crawford & Co	40.8%	Lo-Jack Corp	-27.4%
Fossil Inc	32.9%	Pantry Inc	-25.3%
Kinetic Concepts Inc	29.9%	Thq Inc	-24.8%
Intuitive Surgical I	29.4%	Hudson City Bancorp	-23.0%
Rock-Tenn Co	28.9%	Coinstar Inc	-18.6%
Denbury Res Inc	27.8%	Target Corp	-16.4%
Williams Cos	26.7%	Cisco Sys Inc	-14.9%
Comstock Res Inc	26.0%	Rex Energy Corporati	-14.7%
Tupperware Corp	25.9%	Resmed Inc	-13.4%

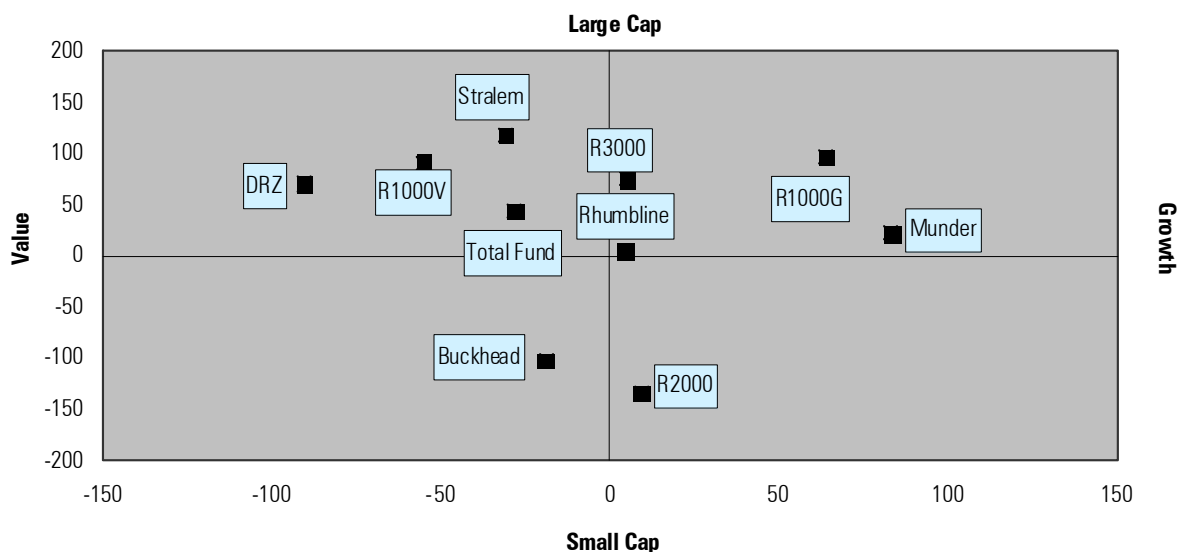
\*Does not include Rhumblin as they are invested in a commingled account.



## Equity Portfolio Characteristics



## Equity Style Map (Current Quarter)



	Growth-Value	Size		Growth-Value	Size
Buckhead Capital	-18.9	-102.7	Total Fund	-28.0	43.8
DePrince Race Zollo	-90.5	70.2	Russell 2000	9.3	-134.5
Munder Capital	83.3	21.6	Russell 3000	5.2	74.6
Rhumblin	4.8	93.9	Russell 1000 Growth	63.8	97.0
Stralem Large Cap	-30.8	117.8	Russell 1000 Value	-55.1	90.9

## VIII. INTERNATIONAL EQUITY PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>EuroPacific Growth</b>	<b>3.6%</b>	<b>12.8%</b>	<b>0.9%</b>	<b>4.9%</b>
MSCI EAFE (Net)	3.4%	10.4%	-3.0%	1.3%
vs. International Equity Mutual Funds	25	51	28	27



# American Funds EuroPacific Gr R6

Overall Morningstar Rtg™  
★★★★☆ (728)

Incept 05-01-09  
Type MF

Total Assets  
\$13,309 mil

Morningstar Cat  
Foreign Large Blend (MF)

Standard Index  
MSCI Eafe Ndr\_D

Category Index  
MSCI AC World Ex USA NR

## Performance 03-31-2011

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2009	-7.96	22.34	19.59	3.49	39.35
2010	0.81	-11.95	16.93	5.76	9.76
2011	3.58	—	—	—	3.58

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	12.78	—	—	—	25.73
Std 03-31-2011	12.78	—	—	—	25.73
Total Return	12.78	0.78	4.90	8.10	25.73
+/- Std Index	2.36	3.80	3.60	2.71	—
+/- Cat Index	-0.37	1.63	1.31	0.69	—
% Rank Cat	42	10	7	10	—
No. in Cat	846	728	538	306	—
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

Front-End Load %

NA

Deferred Load %

NA

### Fund Expenses

Management Fees %

0.43

12b1 Expense %

NA

Prospectus Gross Exp Ratio %

0.52

## Risk and Return Profile

	3 Yr	5 Yr	10 Yr
MorningstarRating™	5☆	5☆	5☆
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	High	+Avg

	3 Yr	5 Yr	10 Yr
Standard Deviation	24.85	20.49	17.44
Mean	0.78	4.90	8.10
Sharpe Ratio	0.14	0.24	0.42

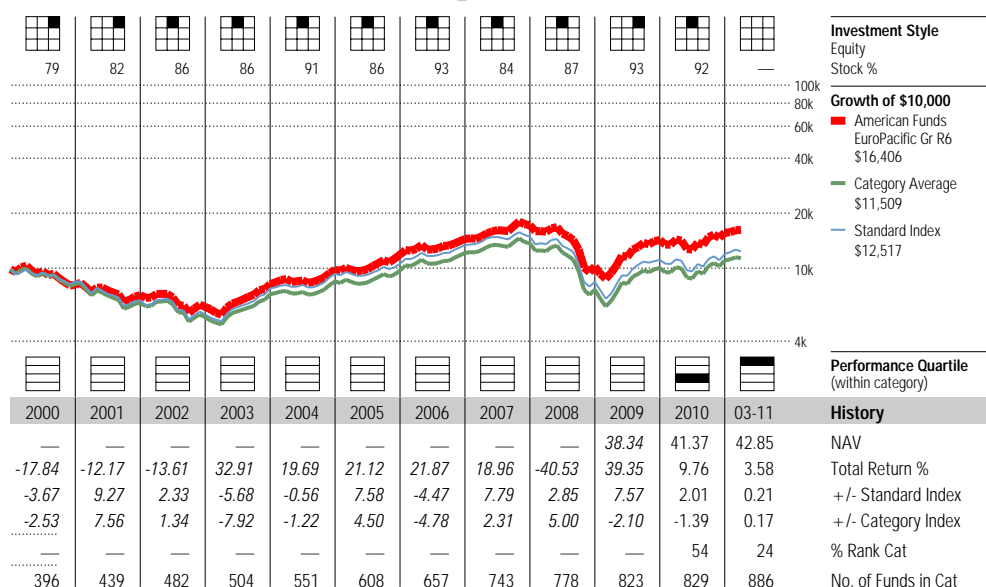
MPT Statistics	Standard Index	Best Fit Index
Alpha	3.47	—
Beta	0.93	—
R-Squared	96.00	—

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	13.00% Assets

## Operations

Family:	American Funds	Objective:	Foreign Stock
Manager:	Knowles/Lee/Grace/Lyckus/Bepler	Ticker:	REGX
Tenure:	12.6 Years	Minimum Initial Purchase:	\$0

Minimum IRA Purchase:	\$0
Min Auto Investment Plan:	\$0
Purchase Constraints:	A/



## Portfolio Analysis 12-31-2010

Composition %	Long %	Short%	Net %	Share Chg since 09-30-2010	Share Amount	299 Total Stocks	1 Total Fixed-Income	26% Turnover Ratio	% Net Assets
Cash	8.3	0.0	8.3	—	—	America Movil S.A.B. de C.V.	—	—	2.71
U.S. Stocks	0.2	0.0	0.2	—	49 mil	Novo Nordisk A/S	—	—	2.42
Non-U.S. Stocks	91.5	0.0	91.5	—	22 mil	Novartis AG	—	—	2.13
Bonds	0.0	0.0	0.1	—	37 mil	Bayer AG	—	—	1.88
Other	0.0	0.0	0.0	—	26 mil	Daimler AG	—	—	1.73
Total	100.0	0.0	100.0	—	26 mil	Anheuser-Busch InBev SA	—	—	1.52
Equity Style	Value Blend Growth	Portfolio Statistics	Port Avg	Rel Index	Rel Cat	27 mil	Nestle SA	—	1.45
P/E Ratio TTM	15.5	1.13	1.08	—	26 mil	Samsung Electronics Co., Ltd.	—	—	1.31
P/C Ratio TTM	7.7	1.15	1.03	—	2 mil	Softbank Corporation	—	—	1.31
P/B Ratio TTM	2.0	1.33	1.13	—	39 mil	Honda Motor Company	—	—	1.13
Geo Avg Mkt	37460	1.19	1.46	—	30 mil	Roche Holding AG	—	—	1.10
Cap \$mil	—	—	—	—	8 mil	Canon, Inc.	—	—	1.05
Fixed-Income Style	Ltd Mod Ext	Avg Eff Duration	—	—	21 mil	Prudential PLC	—	—	1.04
Avg Eff Maturity	—	—	—	—	66 mil	Housing Development Finance C	—	—	1.04
Avg Credit Quality	—	—	—	—	1 bil	Industrial And Commercial Ban	—	—	0.93
Avg Wtd Coupon	7.13	—	—	—	—	—	—	—	—
Avg Wtd Price	115.20	—	—	—	—	—	—	—	—

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

## Regional Exposure

Regional Exposure	Stocks %	Rel Std Index
Americas	10.0	—
Greater Europe	56.9	—
Greater Asia	33.1	—

Sector Weightings	Stocks %	Rel Std Index
Cyclical	40.0	—
Basic Materials	8.8	—
Consumer Cyclical	10.9	—
Financial Services	19.1	—
Real Estate	1.2	—
Sensitive	35.5	—
Communication Services	9.7	—
Energy	6.9	—
Industrials	10.7	—
Technology	8.2	—
Defensive	24.4	—
Consumer Defensive	11.0	—
Healthcare	11.5	—
Utilities	1.9	—

## IX. REAL ESTATE PERFORMANCE COMPARISONS

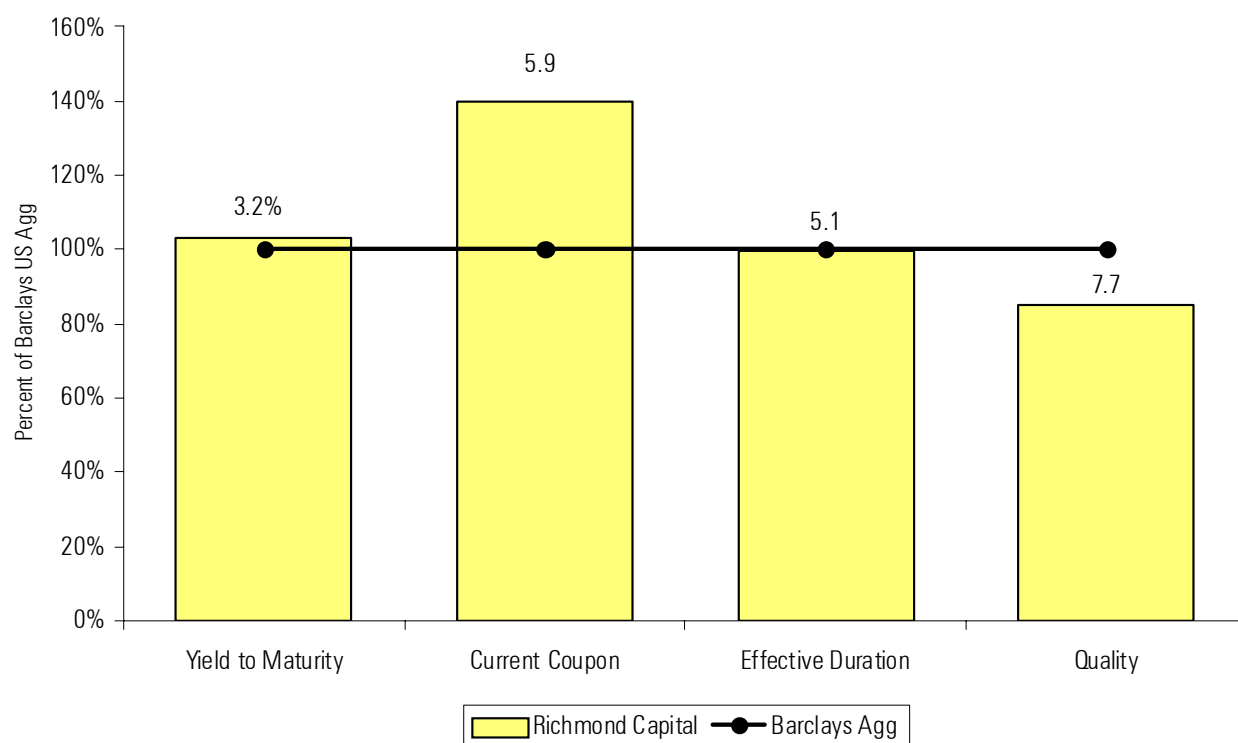
Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Principal U.S. Property</b>	<b>3.0%</b>	<b>19.4%</b>	<b>-11.0%</b>	<b>-2.0%</b>
NCREIF ODCE Fund Index	4.0%	20.1%	-9.0%	-0.1%
NCREIF Property Index	3.4%	16.0%	-3.6%	3.5%
vs. Real Estate Portfolios	58	36	77	78

## X. FIXED INCOME/ABSOLUTE RETURN PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Richmond Capital</b>	<b>0.7%</b>	<b>6.0%</b>	<b>7.0%</b>	<b>6.7%</b>
Barclays US Aggregate	0.4%	5.1%	5.3%	6.0%
vs. Core Fixed Income Portfolios	46	42	25	34
<b>JP Morgan Infrastructure</b>	<b>-1.3%</b>	<b>0.4%</b>	<b>n/a</b>	<b>n/a</b>
CPI + 4.0%	3.0%	6.7%	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 50 <sup>th</sup> Percentile in Public Fund Universe	62 <sup>nd</sup>	96 <sup>th</sup>	96 <sup>th</sup>
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	62.0%
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 50 <sup>th</sup> 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: Rhumblin**

Rhumblin Goal	3 Years	5 Years
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: Stralem Large Cap**

Stralem Large Cap Goal	3 Years	5 Years
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

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 <sup>th</sup> Percentile in Mid Cap Growth Universe	81 <sup>st</sup>	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 <sup>th</sup> Percentile in Small Cap Value Universe	55 <sup>th</sup>	91 <sup>st</sup>
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**

<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)	<	<

**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 ODCE Index performance	✗	✗
Rank Above 50 <sup>th</sup> Percentile in Real Estate Portfolio Universe	77 <sup>th</sup>	78 <sup>th</sup>
Standard Deviation Relative to NCRIEF ODCE Index	<	>

**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	✓	✓
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	
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	\$11,551	\$742
2Q2011		
3Q2011		
Fiscal YTD 2011	\$21,388	\$1,438

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.

