

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

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GENERAL EMPLOYEES' RETIREMENT SYSTEM**

**INVESTMENT PERFORMANCE ANALYSIS**

**JUNE 30, 2011**

**TABLE OF CONTENTS**

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TAB 1 ..... EXECUTIVE SUMMARY

TAB 2 ..... TOTAL FUND ANALYSIS

TAB 3 ..... DOMESTIC/INTERNATIONAL EQUITY PORTFOLIO ANALYSIS

TAB 4 ..... REAL ESTATE PORTFOLIO ANALYSIS

TAB 5 ..... FIXED INCOME PORTFOLIO ANALYSIS

## Executive Summary

# CITY OF POMPANO BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Quarter Ending June 30, 2011

### I. MARKET ENVIRONMENT

Index	Second Quarter	1 Year	3 Year
Standard & Poor's 500 Index	0.1%	30.7%	3.3%
MSCI EAFE Index (Net)	1.6%	30.4%	-1.8%
NCREIF Index	3.9%	16.7%	-2.6%
CSFB Hedge Index	-2.4%	8.9%	1.5%
Barclays U.S. Aggregate	2.3%	3.9%	6.5%
91 Day Treasury Bills	0.0%	0.2%	0.4%
Consumer Price Index	1.0%	3.6%	1.0%

Despite the unfolding debt crisis in Europe, popular rebellions in the Middle East and continued volatility in commodities prices, April was a fairly strong month for global stocks and bonds. However, global markets spent much of the rest of the quarter with the bears in charge; the U.S. stock market experienced a drawdown of over -7% in the six weeks from April 30 to June 15, subsequently clawing back over 6% to end the quarter with essentially flat returns, and offshore stock markets struggled in a similar fashion. After a 3.1% annual increase in the fourth quarter of 2010, U.S. real Gross Domestic Product growth slowed considerably to a 1.9% annual rate, further proof of a slowdown in economic recovery. Private-sector hiring has not picked up sufficiently to lower the official U.S. unemployment rate, which rose to 9.2% by the end of June.

**Equities:** The Standard & Poor's 500 Stock index had a 0.1% quarterly gain. Large-capitalization stocks outpaced smaller issues; the Wilshire U.S. Large Cap Index's 0.1% return bested the -1.1% return of the Wilshire U.S. Small Cap Index. Among larger-company stocks, defensive value-oriented equities outperformed growth-oriented names, with the Wilshire U.S. Large Value Index returning 0.6%, compared to the -0.5% slide for the Wilshire U.S. Large Growth Index. Within smaller-company stocks, the Wilshire U.S. Small Growth Index experienced a slight pullback of -0.2%, besting the sharper losses of the Wilshire U.S. Small Value Index (-2.0%) and the Wilshire U.S. Microcap Index (-3.6%). Turning to economic sectors of the S&P 500, the strongest performers were the defensive Health Care (7.9%) and Utilities (6.2%) market segments. Conversely, volatile Financials (-6.0%) and Energy (-4.8%) stocks were the weakest-performing sectors.

**Fixed Income:** Reflecting a broad flight to safety over much of the second quarter, Treasury yields fell over the quarter, with the bellwether 10-year yield falling 0.3% to 3.3% at quarter-end. Still, Treasury yields fell across all maturities over the second quarter; two-year rates slid 0.3% to 0.5%, while thirty-year yields moved 0.1% lower to 4.4%. The Barclays U.S. Treasury 1-3 Year Index returned 0.8% for the quarter, while the Barclays U.S. Treasury Long Index sprinted to a 3.4% quarterly return. Given the defensive nature of the markets during the quarter, Federal agency and corporate bond spreads widened slightly, but Credits (Barclays U.S. Credit, 2.5%) still managed to outperform Government (Barclays Government 2.2%) and Mortgage-Backed (Barclays U.S. MBS, 2.3%) paper.

**Alternatives:** Global direct real estate investment volumes exceeded USD \$101 billion in 2Q2011, a 50% increase over the year-ago quarter. The U.S. accounted for \$49 billion or 48.5% of global activity with all major property sectors benefiting from improved debt availability. (*Jones Lang LaSalle*). According to a State Street report titled, "Hedge Funds: Rebuilding on a New Foundation," institutional investors of all types are preparing to increase their allocations to hedge funds, citing a focus among investors and fund managers on operational due diligence, third-party service providers, and risk management. The report also cites fund of funds as a "critical utility for institutional investors" in the space. (*FINalternatives*). As of June 15, U.S.-based private equity sponsors had closed 137 deals with a paltry \$7.4 billion in disclosed deal value. Several factors were noted for the drop in activity, including uncertainty about the economic recovery, competition from strategic buyers, and the impact of impending financial regulations. (*Buyouts*).



## 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

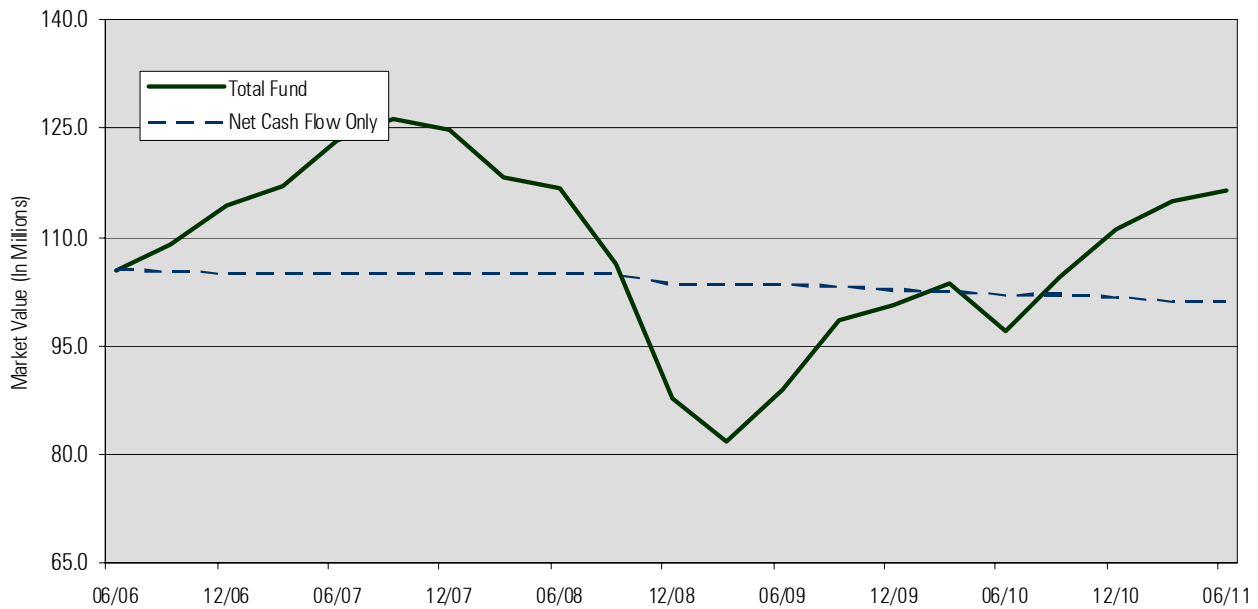
As a Wilshire affiliate, we are granted access to large and diverse peer comparisons, including total fund, portfolio-level, and style-based universes. The Wilshire Public Fund Universe (above) includes the actual, live results of over 200 public pension systems across the country. These are real public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



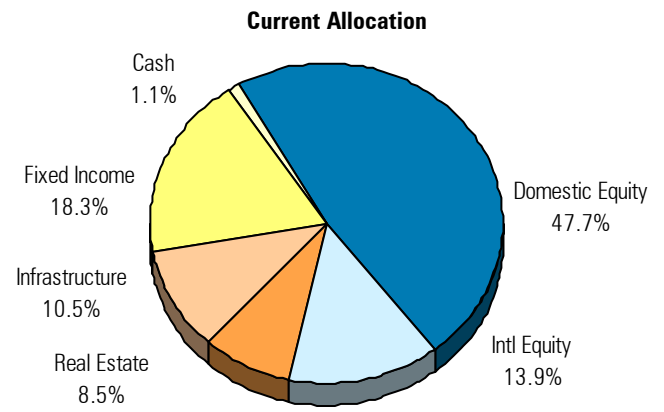
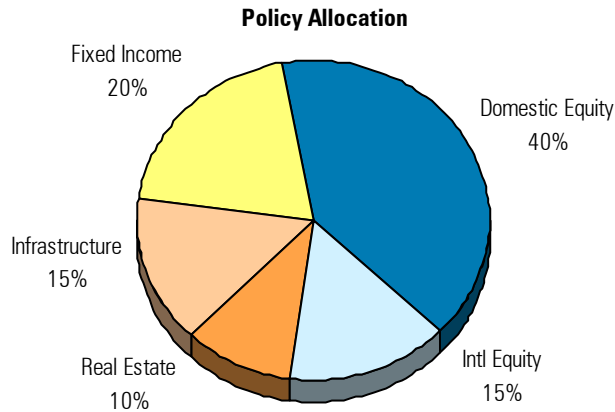
**III. PORTFOLIO GROWTH- PERIOD ENDED JUNE 30, 2011**



Period Ending	Beginning Value \$(000)	Net Cash Flow	Net Gain/Loss	Ending Value \$(000)	Quarterly Return	Fiscal Yr Return
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%	
Jun-11	114,956	-181	1,757	116,532	1.6%	12.8%
<b>Total</b>	<b>105,513</b>	<b>-4,537</b>	<b>15,556</b>	<b>116,532</b>	<b>17.0%</b>	
<b>Absolute Return Objective:</b>						<b>8.0%</b>

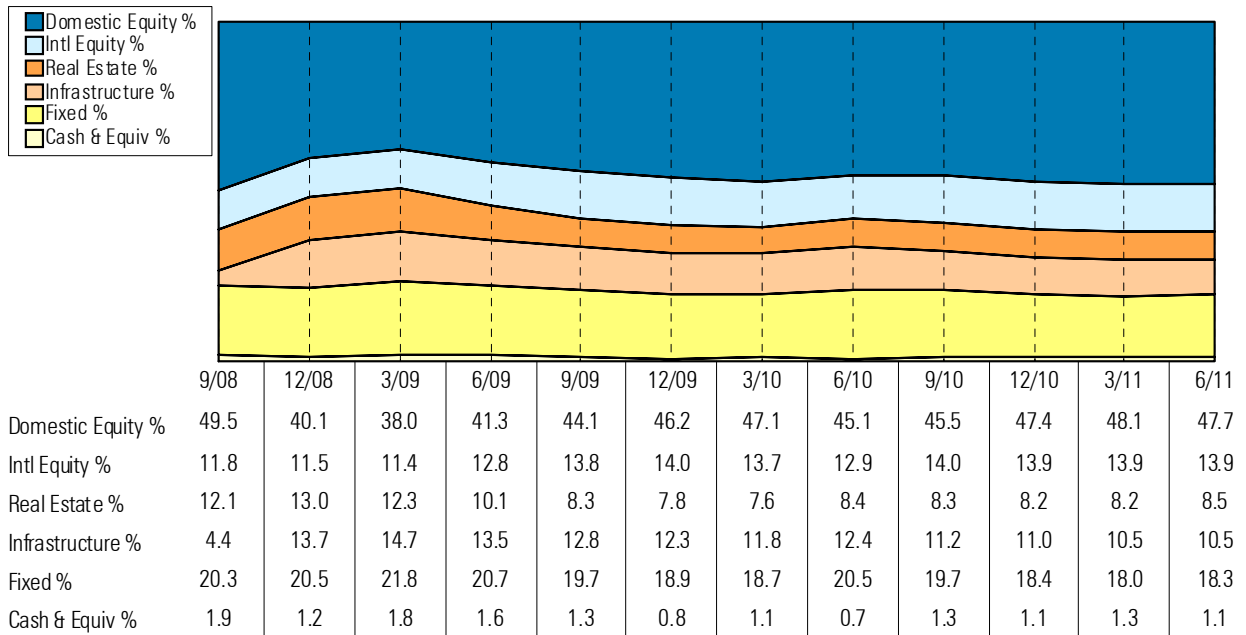


**IV. ALLOCATION OF ASSETS**



Asset Class	Target Range	Quarter End Allocation	Median Public Plan
Domestic Equity Securities	35%-65%	47.7%	38.9%
Intl Equity Securities	10%-25%	13.9%	14.1%
Real Estate	5%-15%	8.5%	3.8%
Fixed Income Securities	15%-30%	18.3%	29.6%
Infrastructure	10%-20%	10.5%	0.0%
Cash Equivalents	N/A	1.1%	13.6%

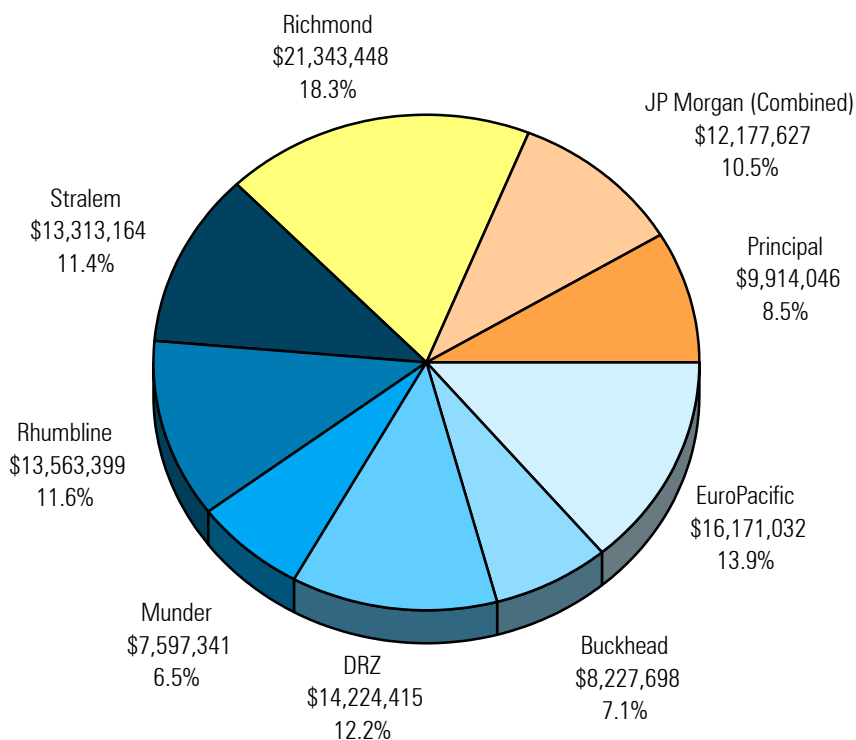
**Historical Asset Allocation**



Manager	Dom. Equity	Intl Equity	Real Estate	Infrastructure	Fixed Inc	Cash
DePrince, Race, and Zollo	98.0%	0.0%	0.0%	0.0%	0.0%	2.0%
Rhumblin	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Stralem Large Cap	96.6%	0.0%	0.0%	0.0%	0.0%	3.4%
Munder Capital	99.4%	0.0%	0.0%	0.0%	0.0%	0.6%
Buckhead Capital	93.2%	0.0%	0.0%	0.0%	0.0%	6.8%
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%
<b>Total Fund</b>	<b>47.7%</b>	<b>13.9%</b>	<b>8.5%</b>	<b>10.5%</b>	<b>18.3%</b>	<b>1.1%</b>



**V. MANAGER ALLOCATION AND CASH FLOWS- Quarter ending June 30, 2011**



Manager	Beginning Value	% Alloc	Cash In	Cash Out	Gain/Loss	Ending Value	% Alloc
DePrince, Race, and Zollo	\$14,266,278	12.4%	\$0	\$0	(\$41,863)	\$14,224,415	12.2%
Rhumblin	\$13,546,698	11.8%	\$0	\$0	\$16,701	\$13,563,399	11.6%
Stralem Large Cap	\$12,997,173	11.3%	\$0	\$0	\$315,991	\$13,313,164	11.4%
Munder Capital	\$7,484,045	6.5%	\$0	\$0	\$113,296	\$7,597,341	6.5%
Buckhead Capital	\$8,318,018	7.2%	\$0	\$0	(\$90,320)	\$8,227,698	7.1%
EuroPacific Growth Fund	\$16,002,973	13.9%	\$0	\$0	\$168,059	\$16,171,032	13.9%
Principal U.S. Property	\$9,363,705	8.1%	\$0	\$0	\$550,341	\$9,914,046	8.5%
Richmond Capital Fixed	\$20,880,518	18.2%	\$246	\$0	\$462,684	\$21,343,448	18.3%
JP Morgan Infrastructure	\$12,052,726	10.5%	\$0	(\$181,157)	\$297,301	\$12,168,870	10.4%
JP Morgan Maritime	\$44,068	0.0%	\$0	\$0	(\$35,311)	\$8,757	0.0%
<b>Total Fund</b>	<b>\$114,956,202</b>	<b>100%</b>	<b>\$246</b>	<b>(\$181,157)</b>	<b>\$1,756,879</b>	<b>\$116,532,170</b>	<b>100%</b>
<i>Receipts &amp; Disbursements Acct.</i>	<i>\$1,637,137</i>		<i>\$2,246,316</i>	<i>(\$2,028,778)</i>	<i>\$15</i>	<i>\$1,854,690</i>	
<b>Total Fund + R&amp;D Acct.</b>	<b>\$116,593,339</b>		<b>\$2,246,562</b>	<b>(\$2,209,935)</b>	<b>\$1,756,894</b>	<b>\$118,386,860</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 Infrastructure 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

<b>Manager/Index/Universe</b>	<b>Quarter</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
<b>Total Fund - Gross of Fees</b>	<b>1.6%</b>	<b>21.1%</b>	<b>1.8%</b>	<b>3.2%</b>
<b>Total Fund - Net of Fees</b>	<b>1.5%</b>	<b>20.5%</b>	<b>1.3%</b>	<b>2.8%</b>
Target Index	1.3%	21.2%	4.3%	4.6%
vs. Total Public Fund Sponsors	11	47	94	94
<b>Total Domestic Equities</b>	<b>0.6%</b>	<b>30.9%</b>	<b>2.5%</b>	<b>2.6%</b>
80% Russell 1000/ 20% Russell 2000	-0.2%	33.1%	4.5%	3.5%
vs. Equity Returns of Public Funds	18	84	79	69
<b>Total International Equities</b>	<b>1.1%</b>	<b>29.4%</b>	<b>2.0%</b>	<b>5.3%</b>
MSCI EAFE Index (Net)	1.6%	30.4%	-1.8%	1.5%
vs. Intl Equity Returns of Public Funds	45	61	29	37
<b>Total Real Estate</b>	<b>5.9%</b>	<b>20.9%</b>	<b>-8.9%</b>	<b>-1.8%</b>
NCREIF ODCE Fund Index	4.6%	20.5%	-7.7%	0.0%
NCREIF Property Index	3.9%	16.7%	-2.6%	3.4%
vs. Real Estate Returns of Total Funds	7	42	77	68
<b>Total Infrastructure</b>	<b>3.1%</b>	<b>4.3%</b>	<b>n/a</b>	<b>n/a</b>
CPI + 4.0%	2.0%	7.8%	5.1%	6.3%
<b>Total Fixed Income</b>	<b>2.2%</b>	<b>4.7%</b>	<b>8.2%</b>	<b>7.3%</b>
Barclays U.S. Aggregate	2.3%	3.9%	6.5%	6.5%
vs. Fixed Inc Returns of Public Funds	29	53	29	23

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

<b>Manager/Index/Universe</b>	<b>Quarter</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
<b>DePrince, Race, and Zollo</b>	<b>-0.3%</b>	<b>30.2%</b>	<b>7.9%</b>	<b>3.8%</b>
Russell 1000 Value	-0.5%	28.9%	2.3%	1.2%
vs. Large Value Equity Portfolios	47	38	6	24
<b>Rhumblin</b>	<b>0.1%</b>	<b>31.8%</b>	<b>4.0%</b>	<b>3.5%</b>
Russell 1000	0.1%	32.0%	3.7%	3.3%
vs. Large Neutral Equity Portfolios	32	29	31	31
<b>Stralem Large Cap</b>	<b>2.4%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Russell 1000 Growth	0.8%	n/a	n/a	n/a
vs. Large Growth Equity Portfolios	9	n/a	n/a	n/a
<b>Munder Capital</b>	<b>1.5%</b>	<b>39.9%</b>	<b>6.2%</b>	<b>n/a</b>
Russell MidCap Growth	1.6%	43.3%	6.6%	n/a
vs. Midcap Growth Equity Portfolios	29	55	68	n/a
<b>Buckhead Capital</b>	<b>-1.1%</b>	<b>29.8%</b>	<b>7.1%</b>	<b>3.2%</b>
Russell 2000 Value	-2.7%	31.3%	7.1%	2.2%
vs. Small Value Equity Portfolios	25	88	79	78



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

	<b>Portfolio</b>	<b>80% R1000/20% R2000</b>
Total Number Of Securities	217	2,969
Equity Market Value	55,577,329	
Average Capitalization \$(000)	52,320,540	63,331,144
Median Capitalization \$(000)	7,212,949	
Equity Segment Yield	2.1	1.7
Equity Segment P/E - Average	16.7	20.4
Equity Segment P/E - Median	16.7	
Equity Segment Beta	1.0	1.1
Price/Book Ratio	2.1	2.2
Debt/Equity Ratio	54.1	46.3
Five Year Earnings Growth	2.8	4.3

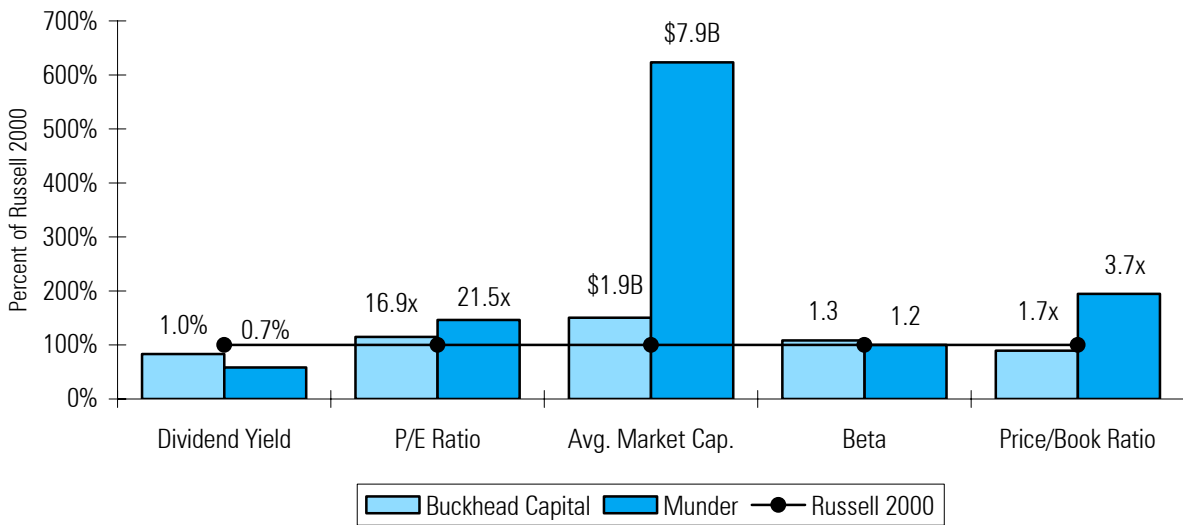
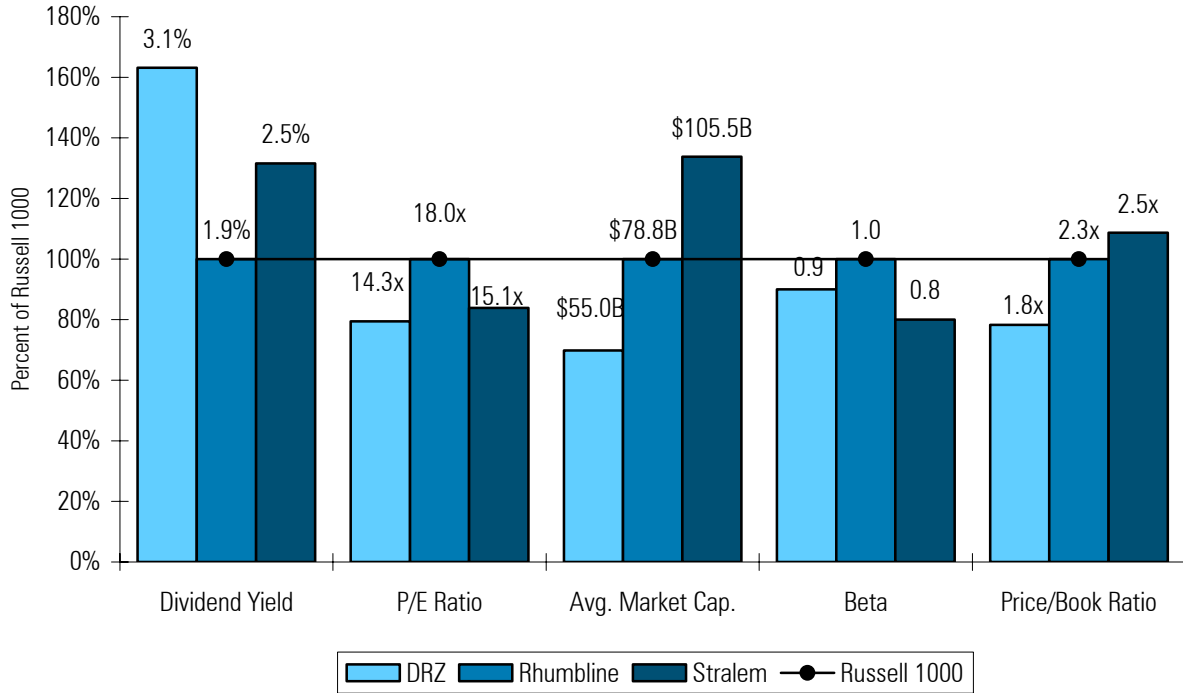
<b>Ten Largest Holdings</b>	<b>Market Value</b>	<b>% of Portfolio</b>	<b>Quarterly Return</b>
Chevron Corp	863,856	2.1%	-3.5%
Exxon Mobil Corp	821,938	2.0%	-2.7%
At&T Inc	725,571	1.7%	4.1%
Wal Mart Stores Inc	648,308	1.5%	2.8%
General Elec Co	618,608	1.5%	-5.2%
American Elec Pwr In	595,344	1.4%	8.6%
Microsoft Corp	590,200	1.4%	3.2%
Eaton Corp	547,943	1.3%	-6.6%
Kroger Co	540,640	1.3%	3.9%
Abbott Labs	536,724	1.3%	8.3%

<b>Ten Best Performers</b>	<b>Quarterly Return</b>	<b>Ten Worst Performers</b>	<b>Quarterly Return</b>
Crawford & Co	49.1%	Southwest Bancorp In	-31.0%
Herbalife Ltd	42.2%	Dolan Media Co	-30.2%
Hansen Nat Corp	34.4%	Skyworks Solutions I	-29.1%
Tiffany & Co New	28.3%	Stifel Finl Corp	-25.1%
Pantry Inc	26.7%	Kelly Svcs Inc	-24.0%
Fossil Inc	25.7%	Terex Corp New	-23.2%
Sally Beauty Hldgs I	22.1%	Cooper Tire & Rubr	-22.8%
Coinstar Inc	18.8%	Thq Inc	-20.6%
Teradata Corp Del	18.7%	American Eagle Outfi	-19.8%
Liberty Media Cap	16.4%	Gap Inc	-19.7%

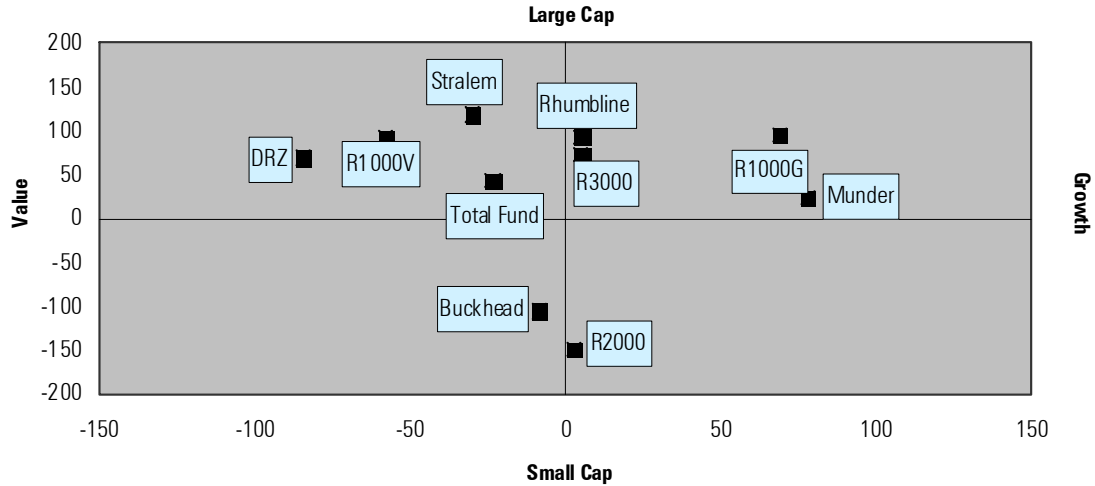
\*Does not include Rhumblin as they are invested in a commingled account.



**Equity Portfolio Characteristics**



## Equity Style Map (Current Quarter)



	Growth-Value	Size		Growth-Value	Size
Buckhead Capital	-8.6	-106.5	Total Fund	-23.5	43.4
DePrince Race Zollo	-84.5	69.2	Russell 2000	2.7	-149.8
Munder Capital	78.1	22.8	Russell 3000	5.0	73.0
Rhumbline	5.2	93.3	Russell 1000 Growth	69.1	94.4
Stralem Large Cap	-30.0	118.3	Russell 1000 Value	-57.9	92.2

### VIII. INTERNATIONAL EQUITY PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>EuroPacific Growth</b>	<b>1.1%</b>	<b>29.4%</b>	<b>2.0%</b>	<b>5.4%</b>
MSCI EAFE (Net)	1.6%	30.4%	-1.8%	1.5%
vs. International Equity Mutual Funds	45	56	27	27



# American Funds EuroPacific Gr R6

Overall Morningstar Rtg<sup>™</sup>☆☆☆☆☆ (714)  
 Standard Index  
 MSCI Eafe Ndrtr\_D

Incept 05-01-09 Type MF  
 Total Assets \$116,179 mil  
 Morningstar Cat Foreign Large Blend (MF)  
 Category Index  
 MSCI AC World Ex USA NR

Performance 06-30-2011					
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	1.05	—	—	4.67
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	29.43	—	—	—	23.05
Std 06-30-2011	29.43	—	—	—	23.05
Total Return	29.43	1.93	5.26	8.02	23.05
+/- Std Index	-0.93	3.70	3.78	2.36	—
+/- Cat Index	-0.30	2.28	1.59	0.54	—
% Rank Cat	70	9	6	9	—
No. in Cat	826	714	539	303	—
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 %	0.42
12b1 Expense %	NA
Prospectus Gross Exp Ratio %	0.50

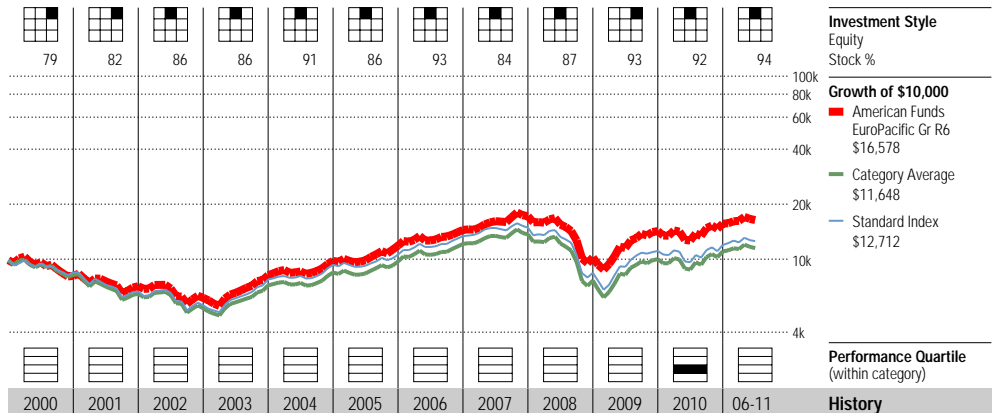
### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating <sup>™</sup>	5☆	5☆	5☆
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	High	+Avg
	714 funds	539 funds	303 funds
	3 Yr	5 Yr	10 Yr
Standard Deviation	24.49	20.36	17.42
Mean	1.93	5.26	8.02
Sharpe Ratio	0.19	0.27	0.42
MPT Statistics	Standard Index	Best Fit Index	
Alpha	3.43	NA	
Beta	0.93	NA	
R-Squared	96.00	NA	

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	17.00% Assets

### Operations

Family:	American Funds	Objective:	Foreign Stock	Minimum IRA Purchase:	\$0
Manager:	Knowles/Lee/Grace/Lyckeus/Bepler	Ticker:	REGGX	Min Auto Investment Plan:	\$0
Tenure:	11.9 Years	Minimum Initial Purchase:	\$0	Purchase Constrains:	A/



Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	06-11	History
NAV	—	—	—	—	—	—	—	—	—	38.34	41.37	43.30	NAV
Total Return %	-17.84	-12.17	-13.61	32.91	19.69	21.12	21.87	18.96	-40.53	39.35	9.76	4.67	Total Return %
+/- Standard Index	-3.67	9.27	2.33	-5.68	-0.56	7.58	-4.47	7.79	2.85	7.57	2.01	-0.31	+/- Standard Index
+/- Category Index	-2.53	7.56	1.34	-7.92	-1.22	4.50	-4.78	2.31	5.00	-2.10	-1.39	0.87	+/- Category Index
% Rank Cat	—	—	—	—	—	—	—	—	—	—	54	—	% Rank Cat
No. of Funds in Cat	396	439	482	504	551	608	657	743	778	823	829	863	No. of Funds in Cat

### Portfolio Analysis 03-31-2011

Composition %	Long %	Short%	Net %	Share Chg since 12-31-2010	Share Amount	314 Total Stocks	0 Total Fixed-Income	% Net Assets
Cash	6.4	0.0	6.4	—	—	31%	Turnover Ratio	—
U.S. Stocks	0.2	0.0	0.2	—	22 mil	Novo Nordisk A/S	—	2.70
Non-U.S. Stocks	93.3	0.0	93.3	—	47 mil	America Movil S.A.B. de C.V.	—	2.68
Bonds	0.0	0.0	0.0	—	49 mil	Softbank Corporation	—	1.90
Other	0.0	0.0	0.0	—	24 mil	Bayer AG	—	1.77
Total	100.0	0.0	100.0	—	33 mil	Novartis AG	—	1.71
Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat				
Value Blend Growth	P/E Ratio TTM	16.0	1.29	1.13	—	24 mil	Daimler AG	1.63
	P/C Ratio TTM	7.9	1.13	1.02	—	2 mil	Samsung Electronics Co., Ltd.	1.44
	P/B Ratio TTM	2.0	1.39	1.13	—	26 mil	Nestle SA	1.43
	Geo Avg Mkt Cap \$mil	37496	1.17	1.43	—	34 mil	HTC Corporation	1.29
					—	21 mil	Anheuser-Busch InBev SA	1.14
					—	99 mil	Prudential PLC	1.09
					—	30 mil	Honda Motor Company	1.08
					—	16 mil	Danone	1.01
					—	66 mil	Housing Development Finance C	1.00
					—	6 mil	Schneider Electric	0.99

Sector Weightings	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>39.4</b>	—
Basic Materials	8.1	—
Consumer Cyclical	11.0	—
Financial Services	19.0	—
Real Estate	1.2	—
<b>Sensitive</b>	<b>37.6</b>	—
Communication Services	10.5	—
Energy	7.1	—
Industrials	10.6	—
Technology	9.3	—
<b>Defensive</b>	<b>23.1</b>	—
Consumer Defensive	10.2	—
Healthcare	10.6	—
Utilities	2.2	—

Regional Exposure	Stocks %	Rel Std Index
Americas	9.5	—
Greater Europe	57.1	—
Greater Asia	33.3	—

**IX. REAL ESTATE PERFORMANCE COMPARISONS**

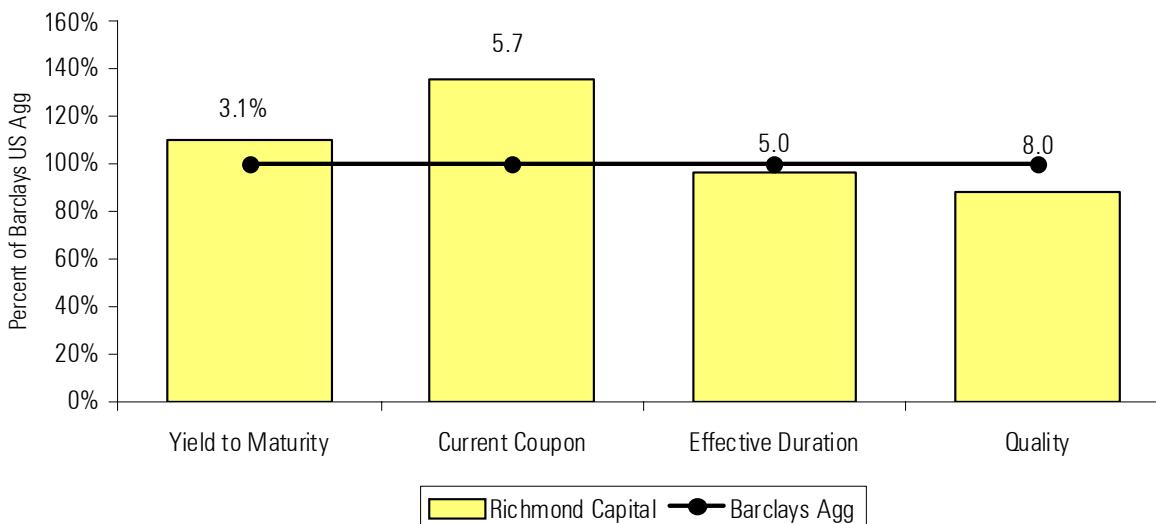
Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Principal U.S. Property</b>	<b>5.9%</b>	<b>20.9%</b>	<b>-8.9%</b>	<b>-1.8%</b>
NCREIF ODCE Fund Index	4.6%	20.5%	-7.7%	0.0%
NCREIF Property Index vs. Real Estate Portfolios	3.9%	16.7%	-2.6%	3.4%
	9	42	78	82

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

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
<b>Richmond Capital</b>	<b>2.2%</b>	<b>4.5%</b>	<b>8.0%</b>	<b>7.2%</b>
Barclays US Aggregate vs. Core Fixed Income Portfolios	2.3%	3.9%	6.5%	6.5%
	45	48	23	34
<b>JP Morgan Infrastructure</b>	<b>3.1%</b>	<b>4.3%</b>	<b>n/a</b>	<b>n/a</b>
CPI + 4.0%	2.0%	7.8%	5.1%	6.3%

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

**Fixed Income Portfolio Characteristics**



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

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

<b>Goal</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>
Exceed Target Index	x	x	x
Rank Above 50 <sup>th</sup> Percentile in Public Fund Universe	✓	94 <sup>th</sup>	94 <sup>th</sup>
Earn Average Annual Return of 8.0%	✓	x	x
Standard Deviation Relative to Target Index	N/A	>	>

<b>Guideline</b>	<b>Total Fund</b>
Equity securities limited to less than 70% of Total Fund market value	61.6%
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	8.5%
Equity securities with Market Cap of less than \$5 billion limited to 25% of market value of Total Fund	✓
Fixed Income portfolio average credit quality of "A" or better	✓
Fixed Income portfolio duration should be < 135% of the market index duration	✓
< 5% of fixed income portfolio (at cost) shall be invested in single corp. issuer	✓

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

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

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

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

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



**D. Investment Guidelines: Stralem Large Cap**

<b>Stralem Large Cap 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
Rank Above 50 <sup>th</sup> Percentile in Mid Cap Growth Universe	68 <sup>th</sup>	N/A
Standard Deviation Relative to Russell Midcap Growth	<	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	79 <sup>th</sup>	78 <sup>th</sup>
Standard Deviation Relative to Russell 2000 Value	<	<

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





### G. Investment Guidelines: EuroPacific Growth

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

### 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 NCREIF ODCE Index performance	✗	✗
Rank Above 50 <sup>th</sup> Percentile in Real Estate Portfolio Universe	78 <sup>th</sup>	82 <sup>nd</sup>
Standard Deviation Relative to NCREIF 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	\$10,025	\$1,073
3Q2011		
Fiscal YTD 2011	\$31,413	\$2,512

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.

