

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

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GENERAL EMPLOYEES' RETIREMENT SYSTEM**

INVESTMENT PERFORMANCE ANALYSIS

SEPTEMBER 30, 2011

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Executive Summary

CITY OF POMPANO BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Quarter Ending September 30, 2011

I. MARKET ENVIRONMENT

Index	Third Quarter	1 Year	3 Year
Standard & Poor's 500 Index	-13.9%	1.2%	1.2%
MSCI EAFE Index (Net)	-19.0%	-9.4%	-1.1%
NCREIF Index	3.3%	16.1%	-1.5%
CSFB Hedge Index	-6.8%	-3.7%	2.8%
Barclays U.S. Aggregate	3.8%	5.3%	8.0%
91 Day Treasury Bills	0.0%	0.1%	0.2%
Consumer Price Index	0.5%	3.9%	1.2%

Global stock markets took a tumble during the third quarter of 2011, battered by worries over a worldwide economic slowdown that hinted at a return to recession, a headline-grabbing downgrade of U.S. Treasury debt over political paralysis in Washington and the ongoing European debt crisis. The U.S. economy struggled to maintain positive traction over the quarter in the face of sluggish industrial production and consumer spending. Real Gross Domestic Product increased at a fairly anemic 1.3% annual rate in the second quarter, while first-quarter real GDP was revised downward to 0.4%; the official unemployment rate remained above 9%. With the Federal legislative and executive branches seemingly unable to reach productive consensus on dealing with the U.S.'s economic woes and raising the debt ceiling. On August 5, Standard & Poor's took the unusual step of announcing a downgrade of longer-term U.S. Treasury securities from AAA to AA+, based on political inertia and not on the U.S.'s actual ability to pay down its debt.

Equities: The U.S. stock market fell in all three months of the third quarter, with the Wilshire 5000 Total Market Index returning -15.0% for the quarter. The somewhat better (or less-bad) return of -13.9% for the S&P 500 Index reflects investor sentiment that favored large-cap stocks over smaller issues. The Wilshire US Large-Cap Index fell -14.2% over the third quarter, while the Wilshire US Small-Cap and Micro-Cap indexes plunged -21.7% and -22.3%, respectively. Defensive large-cap value stocks outperformed large-cap growth issues (Wilshire US Large-Cap Value, -13.6%; Wilshire US Large-Cap Growth, -14.9%). Conversely, small-cap value stocks were hurt by the continued turmoil in the U.S. financial industry, pulling back somewhat more than small-cap growth issues (Wilshire US Small-Cap Value, -22.1%; Wilshire US Small-Cap Growth, -21.2%). Turning to economic sectors of the S&P 500, only Utilities managed positive performance during the third quarter (1.6%); the next-best performing sector was Consumer Staples, with a -4.3% return.

Fixed Income: Global economic woes sent investors cashing out risky assets and snapping up U.S. Treasuries in the third quarter. With the U.S. economy's growth stalling and unemployment staying stubbornly high, the Federal Reserve has doubled down on its low-interest-rate policies. The strongest performers in global debt markets were long-term U.S. government paper; the Barclays U.S. Treasury 1-3 Year Index returned 0.5% for the third quarter, while the Barclays U.S. Treasury Long Index soared to a 24.7% return. Yield spreads on corporate bonds widened considerably during the quarter, depressing their performance relative to U.S. Treasuries; the option-adjusted spread on the Barclays U.S. Credit Index widened 0.8% to 2.2%, reflected in this index's 3.0% underperforming the Barclays U.S. Government Index's 5.8%.

Alternatives: Hedge fund strategies saw inflows totaling \$8.7 billion in the September quarter despite posting their fourth worst quarterly performance. Total estimated assets managed in hedge funds are now \$1.97 trillion dollars (Hedge Fund Research). Commercial real estate has rebounded thanks in part from the flow of cross-border capital into U.S. which topped \$5 billion in 3Q2011 for the first time since 2007. Canadian real estate investment has been most active, representing one-third of all foreign acquisitions this year. Foreign real estate investors are reportedly focused on the major U.S. gateway markets as well as Miami, Phoenix, Dallas and Houston. (Real Capital Analytics). In an effort to accelerate job creation, the Obama Administration has announced that 14 infrastructure projects, including New York's new Tappan Zee Bridge, will benefit from swifter permit decisions and environmental reviews. (Infrastructure Investor.com).



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

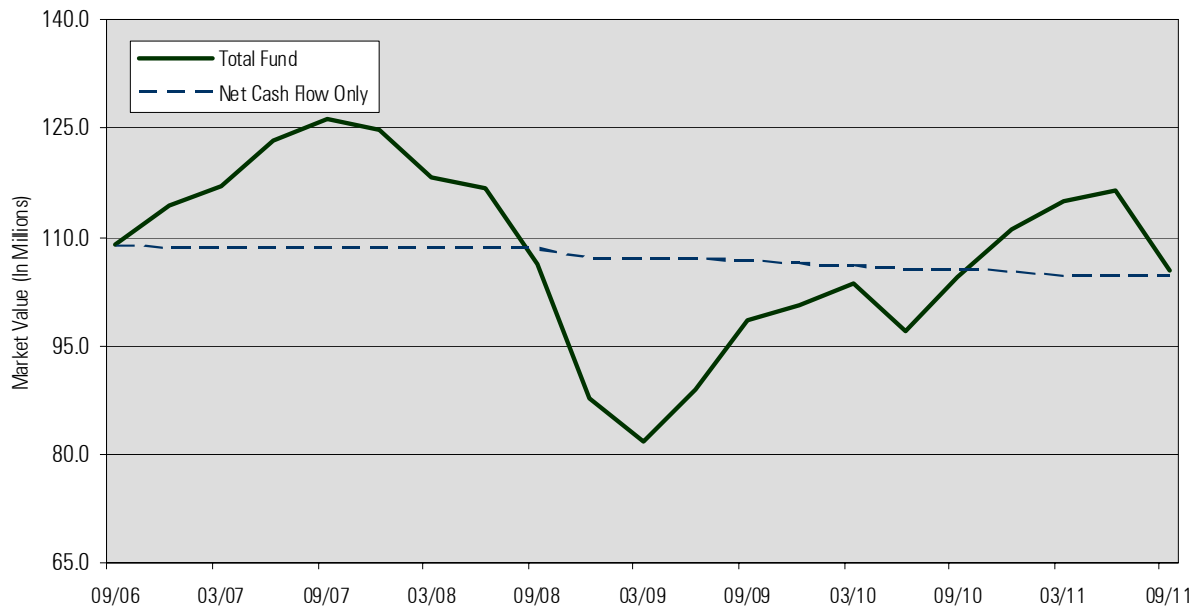
As a Wilshire affiliate, we are granted access to large and diverse peer comparisons, including total fund, portfolio-level, and style-based universes. The Wilshire Public Fund Universe (above) includes the actual, live results of over 200 public pension systems across the country. These are real public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



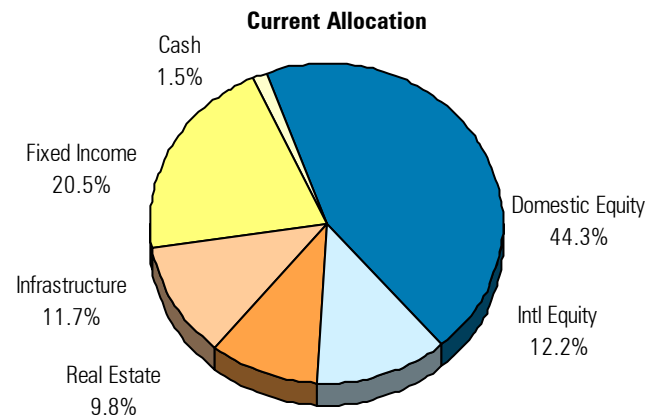
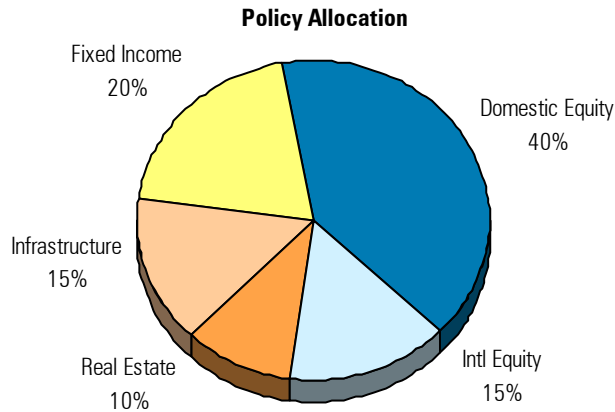
III. PORTFOLIO GROWTH- PERIOD ENDED SEPTEMBER 30, 2011



Period Ending	Beginning Value \$(000)	Net Cash Flow	Net Gain/Loss	Ending Value \$(000)	Quarterly Return	Fiscal Yr Return
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%	
Sep-11	116,532	-19	-11,114	105,400	-9.2%	2.5%
Total	108,882	-4,334	852	105,400	2.8%	
Absolute Return Objective:						8.0%

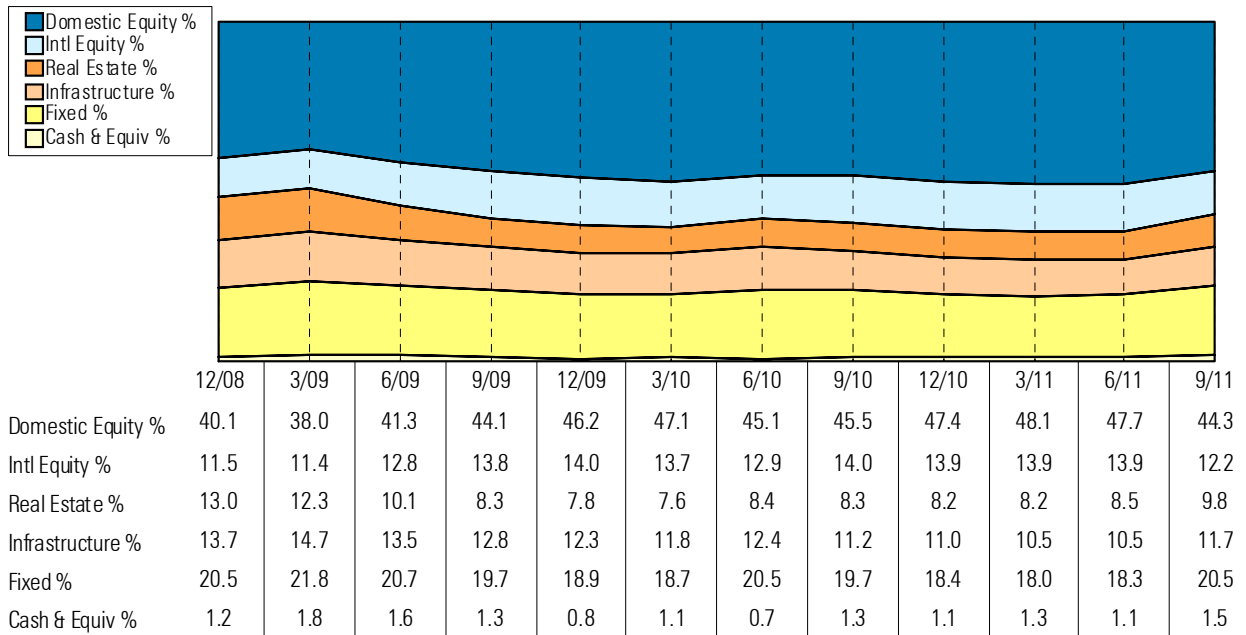


IV. ALLOCATION OF ASSETS



Asset Class	Target Range	Quarter End Allocation	Median Public Plan
Domestic Equity Securities	35%-65%	44.3%	36.5%
Intl Equity Securities	10%-25%	12.2%	13.8%
Real Estate	5%-15%	9.8%	3.9%
Fixed Income Securities	15%-30%	20.5%	31.6%
Infrastructure	10%-20%	11.7%	0.0%
Cash Equivalents	N/A	1.5%	14.2%

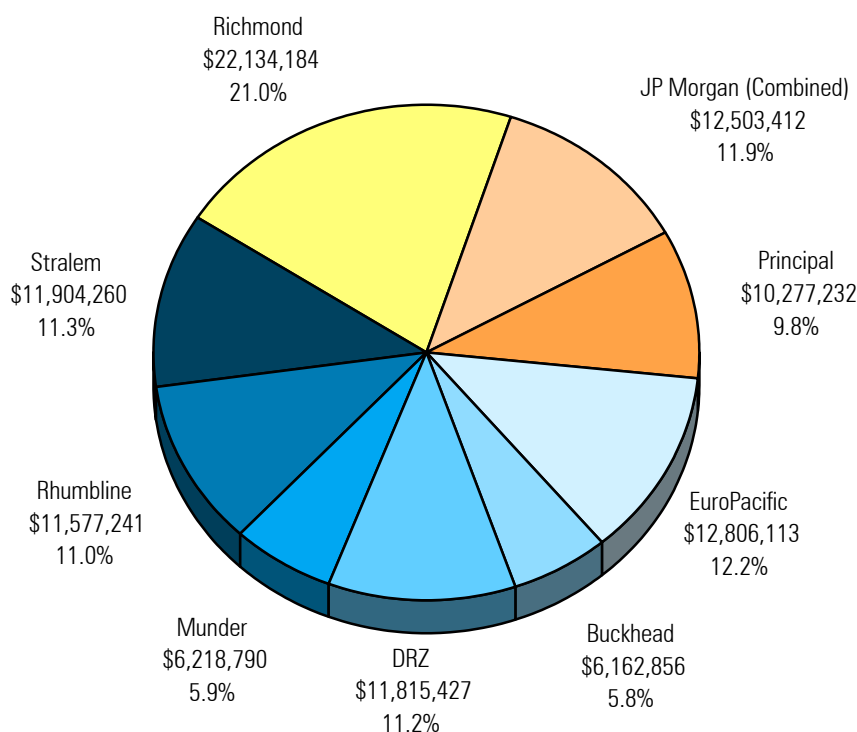
Historical Asset Allocation



Manager	Dom. Equity	Intl Equity	Real Estate	Infrastructure	Fixed Inc	Cash
DePrince, Race, and Zollo	97.6%	0.0%	0.0%	0.0%	0.0%	2.4%
Rhumblin	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Stralem Large Cap	96.3%	0.0%	0.0%	0.0%	0.0%	3.7%
Munder Capital	99.1%	0.0%	0.0%	0.0%	0.0%	0.9%
Buckhead Capital	97.4%	0.0%	0.0%	0.0%	0.0%	2.6%
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%	98.7%	0.0%	1.3%
Richmond Capital	0.0%	0.0%	0.0%	0.0%	97.5%	2.5%
Total Fund	44.3%	12.2%	9.8%	11.7%	20.5%	1.5%



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



Manager	Beginning Value	% Alloc	Cash In	Cash Out	Gain/Loss	Ending Value	% Alloc
DePrince, Race, and Zollo	\$14,224,415	12.2%	\$0	(\$43,972)	(\$2,365,016)	\$11,815,427	11.2%
Rhumblin	\$13,563,399	11.6%	\$0	\$0	(\$1,986,158)	\$11,577,241	11.0%
Stralem Large Cap	\$13,313,164	11.4%	\$0	(\$43,972)	(\$1,364,932)	\$11,904,260	11.3%
Munder Capital	\$7,597,341	6.5%	\$0	(\$43,972)	(\$1,334,579)	\$6,218,790	5.9%
Buckhead Capital	\$8,227,698	7.1%	\$0	(\$43,972)	(\$2,020,870)	\$6,162,856	5.8%
EuroPacific Growth Fund	\$16,171,032	13.9%	\$0	\$0	(\$3,364,919)	\$12,806,113	12.2%
Principal U.S. Property	\$9,914,046	8.5%	\$0	\$0	\$363,186	\$10,277,232	9.8%
Richmond Capital Fixed	\$21,343,448	18.3%	\$0	\$0	\$790,736	\$22,134,184	21.0%
JP Morgan Infrastructure	\$12,168,870	10.4%	\$0	\$0	\$177,260	\$12,346,130	11.7%
JP Morgan Maritime	\$8,757	0.0%	\$175,887	(\$18,699)	(\$8,663)	\$157,282	0.1%
Total Fund	\$116,532,170	100%	\$175,887	(\$194,587)	(\$11,113,955)	\$105,399,515	100%
<i>Receipts & Disbursements Acct.</i>	<i>\$1,854,690</i>		<i>\$2,297,531</i>	<i>(\$2,545,751)</i>	<i>\$12</i>	<i>\$1,606,482</i>	
Total Fund + R&D Acct.	\$118,386,860		\$2,473,418	(\$2,740,338)	(\$11,113,943)	\$107,005,997	

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

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Total Fund - Gross of Fees	-9.2%	2.5%	1.6%	0.6%
Total Fund - Net of Fees	-9.3%	2.0%	1.1%	0.2%
Target Index	-8.1%	3.0%	3.5%	2.0%
vs. Total Public Fund Sponsors	48	16	97	96
Total Domestic Equities	-16.3%	-0.2%	0.2%	-1.6%
80% Russell 1000/ 20% Russell 2000	-16.1%	0.1%	1.3%	-0.9%
vs. Equity Returns of Public Funds	49	56	77	69
Total International Equities	-20.8%	-12.3%	0.8%	-0.3%
MSCI EAFE Index (Net)	-19.0%	-9.4%	-1.1%	-3.5%
vs. Intl Equity Returns of Public Funds	57	60	39	35
Total Real Estate	3.7%	18.4%	-7.2%	-1.6%
NCREIF ODCE Fund Index	3.5%	18.3%	-6.4%	0.0%
NCREIF Property Index	3.3%	16.1%	-1.5%	3.4%
vs. Real Estate Returns of Total Funds	13	14	63	60
Total Infrastructure	3.2%	11.9%	n/a	n/a
CPI + 4.0%	1.5%	7.9%	5.2%	6.3%
Total Fixed Income	3.7%	5.6%	11.2%	7.3%
Barclays U.S. Aggregate	3.8%	5.3%	8.0%	6.5%
vs. Fixed Inc Returns of Public Funds	21	17	8	16

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	-16.6%	-1.8%	2.1%	-0.9%
Russell 1000 Value	-16.2%	-1.9%	-1.5%	-3.5%
vs. Large Value Equity Portfolios	61	49	21	23
Rhumblin	-14.6%	0.9%	9.0%	-0.7%
Russell 1000	-14.7%	0.9%	1.6%	-0.9%
vs. Large Neutral Equity Portfolios	60	58	19	28
Stralem Large Cap	-10.3%	3.5%	n/a	n/a
Russell 1000 Growth	-13.1%	3.8%	n/a	n/a
vs. Large Growth Equity Portfolios	7	30	n/a	n/a
Munder Capital	-17.6%	2.5%	5.9%	n/a
Russell MidCap Growth	-19.3%	0.8%	5.9%	n/a
vs. Midcap Growth Equity Portfolios	38	33	36	n/a
Buckhead Capital	-24.6%	-7.2%	-3.4%	-2.5%
Russell 2000 Value	-21.5%	-6.0%	-2.8%	-3.1%
vs. Small Value Equity Portfolios	95	88	99	79



Equity Portfolio Summary: Total Fund*

	Portfolio	80% R1000/20% R2000
Total Number Of Securities	212	2,960
Equity Market Value	59,542,413	
Average Capitalization \$(000)	36,776,955	62,020,334
Median Capitalization \$(000)		
Equity Segment Yield	2.0	2.2
Equity Segment P/E - Average	10.6	15.7
Equity Segment P/E - Median		
Equity Segment Beta	0.8	1.1
Price/Book Ratio	1.4	1.8
Debt/Equity Ratio	41.1	45.2
Five Year Earnings Growth	2.5	5.3
	3.5	3.8

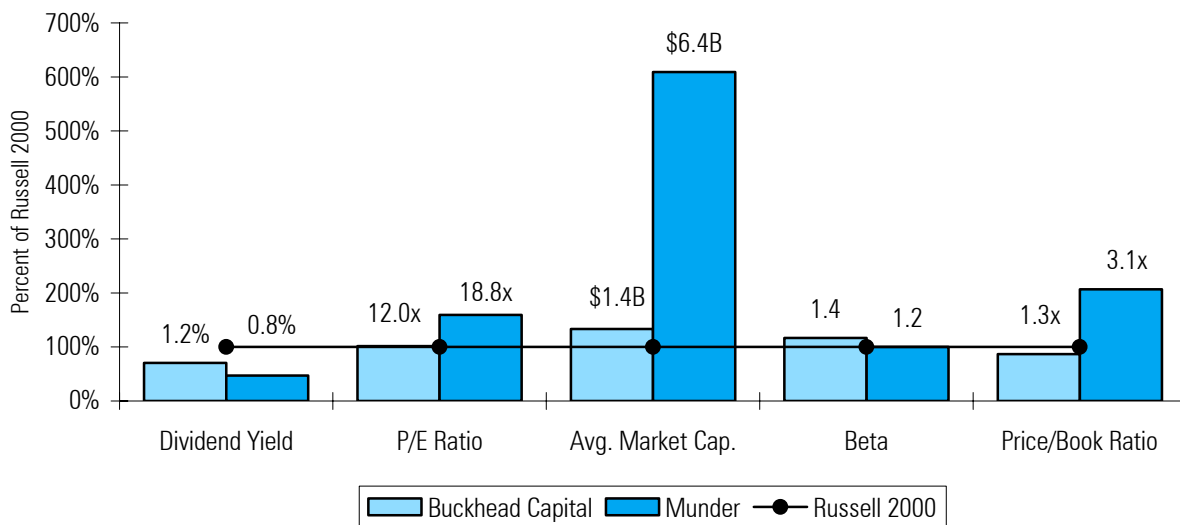
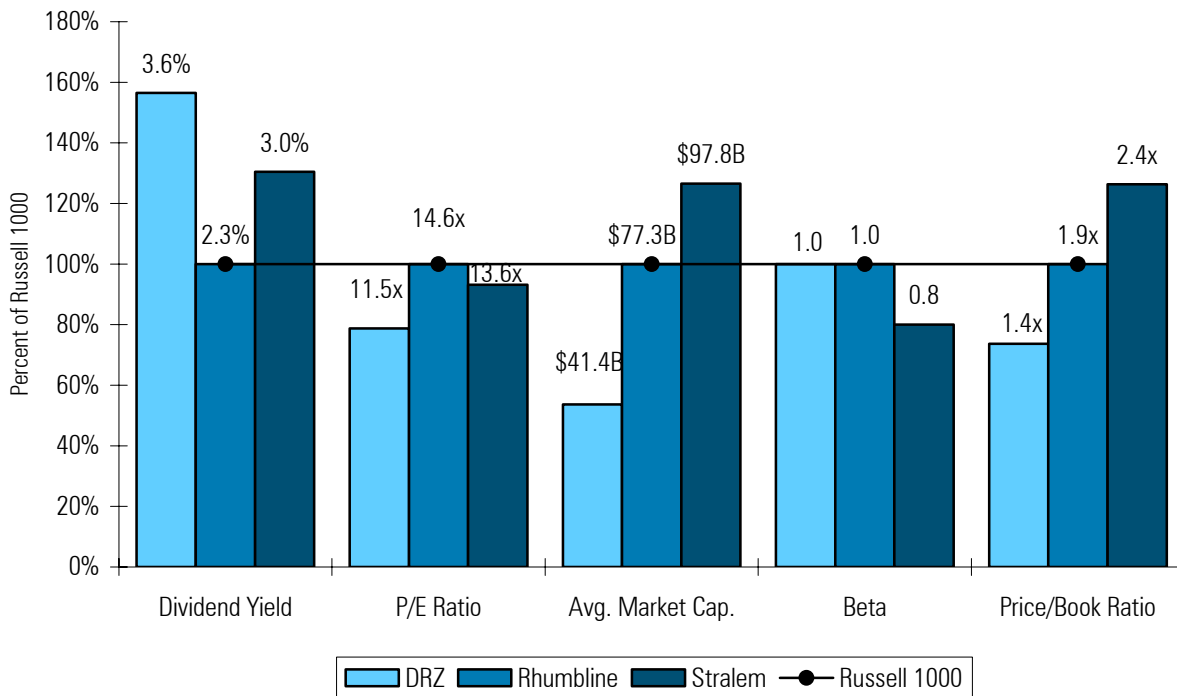
Ten Largest Holdings	Market Value	% of Portfolio	Quarterly Return
Exxon Mobil Corp	726,300	2.1%	-10.1%
Wal Mart Stores Inc	643,560	1.8%	-1.6%
At&T Inc	584,660	1.7%	-8.0%
Chevron Corp	536,616	1.5%	-9.3%
Microsoft Corp	507,756	1.5%	-3.7%
General Elec Co	507,492	1.5%	-18.4%
Intl Business McHn	490,084	1.4%	2.5%
Abbott Labs	485,830	1.4%	-1.9%
Southern Co	483,018	1.4%	6.2%
McDonalds Corp	483,010	1.4%	4.9%

Ten Best Performers	Quarterly Return	Ten Worst Performers	Quarterly Return
Rex Energy Corporati	23.2%	Terex Corp New	-63.9%
Biomarin Pharmaceuti	17.1%	Meritor Inc	-56.0%
Treehouse Foods Inc	13.2%	Huntsman Corp	-48.3%
Cerner Corp	12.1%	Wabco Hldgs Inc	-45.2%
Wisdomtree Invts Inc	10.7%	Lincoln Natl Corp In	-45.0%
Knight Capital Group	10.3%	Arch Coal Inc	-45.0%
Church & Dwight Inc	9.5%	SPX Corp	-44.9%
Itc Hldgs Corp	8.4%	Cooper Tire & Rubr	-44.5%
Consolidated Edison	8.3%	Complete Production	-43.5%
Hansen Nat Corp	7.8%	Healthsouth Corp	-43.1%

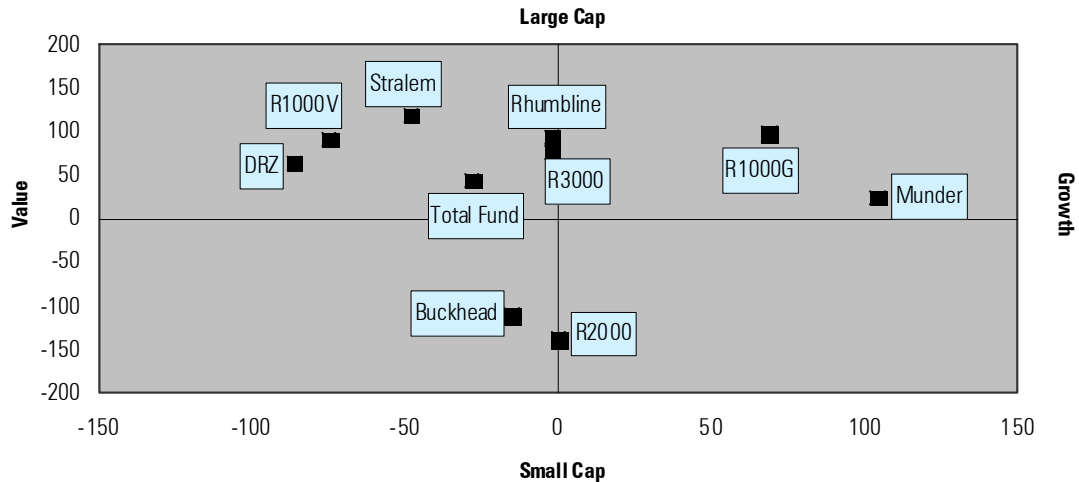
*Does not include Rhumblin as they are invested in a commingled account.



Equity Portfolio Characteristics



Equity Style Map (Current Quarter)



	Growth-Value	Size		Growth-Value	Size
Buckhead Capital	-15.1	-111.7	Total Fund	-28.0	44.3
DePrince Race Zollo	-86.0	63.5	Russell 2000	0.3	-139.3
Munder Capital	104.3	23.4	Russell 3000	-1.9	76.6
Rhumblin	-2.1	94.4	Russell 1000 Growth	69.0	97.2
Stralem Large Cap	-48.1	118.3	Russell 1000 Value	-74.6	91.5

VIII. INTERNATIONAL EQUITY PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
EuroPacific Growth	-20.8%	-12.3%	0.8%	-0.3%
MSCI EAFE (Net)	-19.0%	-9.4%	-1.1%	-3.5%
vs. International Equity Mutual Funds	42	50	40	30



American Funds EuroPacific Gr R6

Overall Morningstar Rtg™☆☆☆☆ (735)
 Standard Index
 MSCI Eafe Ndrtr_D

Incept 05-01-09 Type MF
 Total Assets \$100,245 mil
 Morningstar Cat Foreign Large Blend (MF)
 Category Index
 MSCI AC World Ex USA NR

Performance 09-30-2011					
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	-20.81	—	-17.11

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	-12.34	—	—	—	9.33
Std 09-30-2011	-12.34	—	—	—	9.33
Total Return	-12.34	0.77	-0.51	7.13	9.33
+/- Std Index	-2.98	1.90	2.95	2.10	—
+/- Cat Index	-1.53	0.25	1.06	0.30	—
% Rank Cat	62	16	7	9	—
No. in Cat	840	735	541	314	—
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	NA
Front-End Load %	NA
Deferred Load %	NA

Fund Expenses	NA
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™	4☆	5☆	5☆
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	+Avg	High	High

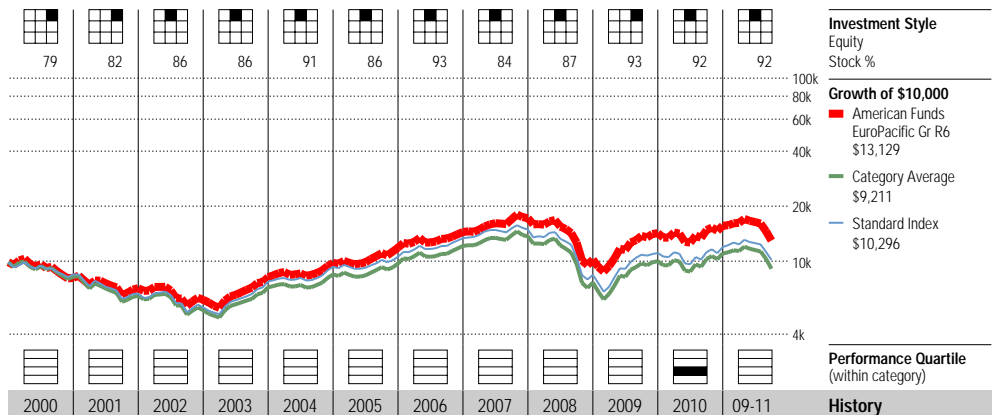
	3 Yr	5 Yr	10 Yr
Standard Deviation	24.88	21.43	17.76
Mean	0.77	-0.51	7.13
Sharpe Ratio	0.15	0.01	0.37

MPT Statistics	Standard Index	Best Fit Index
Alpha	1.85	—
Beta	0.96	—
R-Squared	96.00	—

12-Month Yield	2.06%
30-day SEC Yield	2.12
Potential Cap Gains Exp	-6.00% 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:	12.1 Years	Minimum Initial Purchase:	\$0	Purchase Constrains:	A/



Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	09-11	History
NAV	—	—	—	—	—	—	—	—	—	38.34	41.37	34.29	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	-17.11	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	-2.13	+/- 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	-0.31	+/- Category Index
% Rank Cat	—	—	—	—	—	—	—	—	—	—	54	—	% Rank Cat
No. of Funds in Cat	396	439	482	504	551	608	657	743	778	823	829	866	No. of Funds in Cat

Portfolio Analysis 06-30-2011

Composition %	Long %	Short%	Net %	Share Chg since 03-31-2011	Share Amount	327 Total Stocks	% Net Assets
Cash	5.2	0.0	5.2	—	—	0 Total Fixed-Income	—
U.S. Stocks	0.1	0.0	0.1	—	—	31% Turnover Ratio	—
Non-U.S. Stocks	92.3	0.0	92.3	—	22 mil	Novo Nordisk A/S	2.53
Bonds	0.0	0.0	0.0	—	47 mil	America Movil SAB de CV ADR L	2.33
Other	2.4	0.0	2.4	—	33 mil	Novartis AG	1.83
Total	100.0	0.0	100.0	—	49 mil	Softbank Corporation	1.70
				—	24 mil	Daimler AG	1.63
				—	26 mil	Nestle SA	1.46
				—	19 mil	Bayer AG	1.42
				—	2 mil	Samsung Electronics Co Ltd	1.40
				—	40 mil	HTC Corporation	1.24
				—	21 mil	Anheuser-Busch InBev SA	1.08
				—	15 mil	Danone	1.01
				—	29 mil	Honda Motor Co Ltd	1.01
				—	92 mil	Prudential PLC	0.97
				—	6 mil	Schneider Electric	0.96
				—	24 mil	British American Tobacco PLC	0.95

Equity Style

Value Blend Growth	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Large Mid Small	P/E Ratio TTM	14.4	1.34	1.10
	P/C Ratio TTM	8.0	1.33	1.06
	P/B Ratio TTM	2.0	1.64	1.20
	Geo Avg Mkt Cap \$mil	37106	1.41	1.47

Fixed-Income Style

Ltd	Mod	Ext	Avg Eff Duration	—
			Avg Eff Maturity	—
			Avg Credit Quality	—
			Avg Wtd Coupon	—
			Avg Wtd Price	—

Credit Analysis NA

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

Regional Exposure

	Stocks %	Rel Std Index
Americas	9.0	—
Greater Europe	55.6	—
Greater Asia	35.4	—

Sector Weightings

	Stocks %	Rel Std Index
Cyclical	40.6	—
Basic Materials	7.8	—
Consumer Cyclical	11.9	—
Financial Services	19.8	—
Real Estate	1.1	—
Sensitive	37.1	—
Communication Services	9.4	—
Energy	6.5	—
Industrials	12.5	—
Technology	8.7	—
Defensive	22.3	—
Consumer Defensive	10.2	—
Healthcare	10.1	—
Utilities	2.0	—

IX. REAL ESTATE PERFORMANCE COMPARISONS

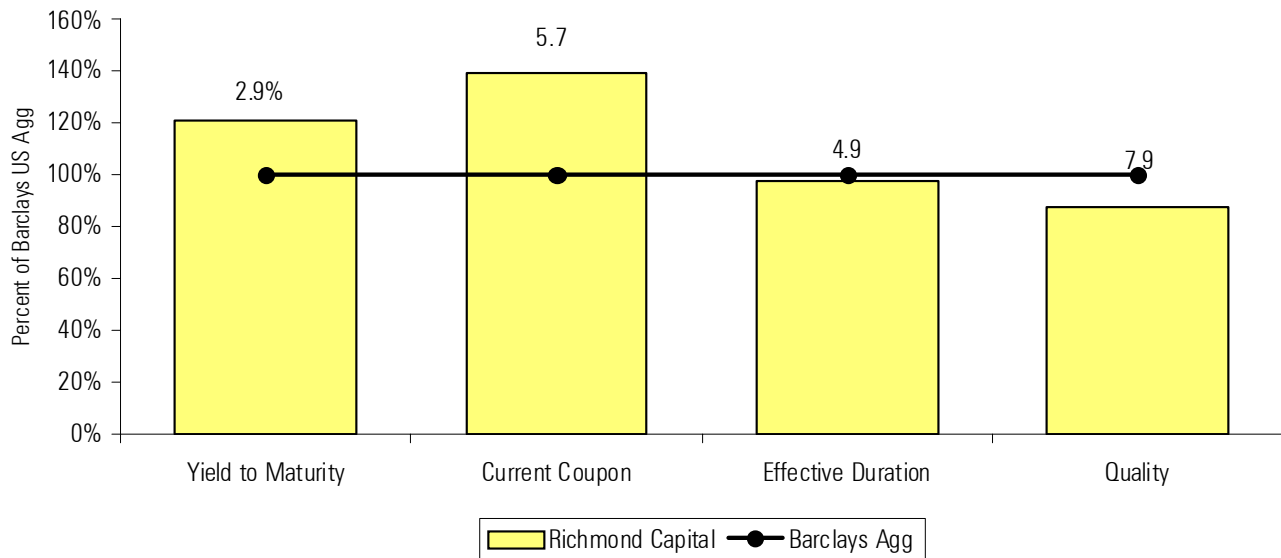
Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Principal U.S. Property	3.7%	18.4%	-7.2%	-1.6%
NCREIF ODCE Fund Index	3.5%	18.3%	-6.4%	0.0%
NCREIF Property Index	3.3%	16.1%	-1.5%	3.4%
vs. Real Estate Portfolios	21	26	48	32

X. FIXED INCOME/ABSOLUTE RETURN PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Richmond Capital	3.7%	5.5%	11.0%	7.1%
Barclays US Aggregate	3.8%	5.3%	8.0%	6.5%
vs. Core Fixed Income Portfolios	33	29	8	29
JP Morgan Infrastructure	3.2%	10.3%	n/a	n/a
CPI + 4.0%	1.5%	7.9%	5.2%	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

Goal	1 Year	3 Years	5 Years
Exceed Target Index	x	x	x
Rank Above 50 th Percentile in Public Fund Universe	✓	97 th	96 th
Earn Average Annual Return of 8.0%	x	x	x
Standard Deviation Relative to Target Index	N/A	>	>

Guideline	Total Fund
Equity securities limited to less than 70% of Total Fund market value	56.5%
Investment in foreign company stock limited to 25% of value of Total Fund	12.2%
Investment in real estate limited to 15% of value of Total Fund	9.8%
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	✓	✓
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: Stralem Large Cap

Stralem Large Cap Goal	3 Years	5 Years
Exceed Russell 1000 Growth performance	N/A	N/A
Rank Above 50 th 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 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	99 th	79 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)	<	<

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

Principal U.S. Property Goal	3 Years	5 Years
Exceed NCREIF ODCE Index performance	✗	✗
Rank Above 50 th Percentile in Real Estate Portfolio Universe	66 th	54 th
Standard Deviation Relative to NCREIF ODCE Index	>	>

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	
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	\$9,935	\$851
Fiscal YTD 2011	\$41,349	\$3,362

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.

