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Town of Palm Beach
Firefighters Retirement System

Investment Performance Analysis
Period Ended September 30, 2012

Index

Tab I

Global Economic Highlights

- Third quarter data showed U.S. GDP growth decelerated further in the second quarter. Real GDP grew at an annualized rate of 1.3% in the second quarter, which is down from 2.0% in the first quarter, according to the Bureau of Economic Analysis. Declines in personal consumption expenditures, non-residential, and residential fixed investment—all of which have largely offset weakness in other economic segments—weighed on economic growth. This trend extended globally with few exceptions as several countries experienced decelerations or declines in economic activity during the second quarter. The euro area contracted by 0.7% (annualized), with the modest growth from the German and Dutch economies fully offset by declines in Austria, Belgium, Spain, Italy, France, and other countries. Japan's growth slowed to an annualized rate of 0.7%, while the United Kingdom contracted 1.5%. China posted annualized growth of 7.4%, which is in line with the previous quarter but below expectations, following waning corporate profitability, industrial output, and demand for exports.
- Slowing global growth prompted action from central banks across the world. In addition to maintaining historically low policy rates, several of the largest central banks in the developed world introduced new measures that favored growth over the containment of inflation. In early September, the European Central Bank (ECB) announced a program of Outright Monetary Transactions (OMT), which allows the ECB to purchase unlimited amounts of sovereign debt on the open market, effectively lowering borrowing costs of troubled countries. The Federal Reserve Bank also extended Operation Twist through the end of 2012, introduced a plan to increase monthly residential mortgage-backed securities (MBS) purchases by $40 billion per month, and confirmed that short-term interest rates would remain at low levels into 2015. Similarly, the Bank of Japan (BOJ) announced additional asset purchases to support its economy, while China has taken unprecedented action by injecting hundreds of billions of yuan into its banking system via reverse-repurchase agreements.
- Consumer prices across the Organisation for Economic Co-operation and Development (OECD) countries were up 2.0% over the trailing 12-month period ended August 31st. Energy prices increased dramatically, while food prices increased at a more moderate rate. Excluding energy and food, consumer prices across the OECD were up 1.8% over the trailing period. In the U.S., headline CPI (including energy and food) increased 1.7% over the trailing period. However, given declines in domestic energy prices over the trailing period, U.S. CPI (excluding energy and food) was higher at 1.9%. China also experienced moderate inflation (2.0%) compared to other emerging economies, while Japan's prices were 0.4% lower than they were in August 2011.
- Unemployment across OECD countries remained at a stubbornly high 7.9% in August. U.S. unemployment dipped below 8.0% for the first time since January 2009, dropping to 7.8% in September. While the U.S. economy has added an average of 146,000 jobs per month year to date in 2012, 12.1 million people remain unemployed and 8.6 million are underemployed (involuntary part-time workers). Unemployment in the euro area moderated at 11.4% after rising in each of the 13 months preceding July 2012. Spain (25.1%) continued to have the highest rate of unemployment, followed by Portugal (15.9%) and Ireland (15.0%). Germany remained stable at 5.5%.
- The U.S. housing market showed additional improvement in the second quarter with the Federal Housing Finance Agency's (FHFA) seasonally adjusted, purchase-only house price index increasing 1.8%. Housing prices were 3.0% higher than in the second quarter of 2011. The FHFA's Principal Economic attributed the gains, which were fairly broad in nature, to fewer distressed sales, more modest inventories, and favorable mortgage rates.
- The price per barrel of West Texas Intermediate (WTI) recovered throughout August before settling at $92.19—8.5% higher—at the close of the third quarter. Advances in August were attributable to ongoing tensions in the Middle East, production concerns, and sustained demand from the emerging markets. While Brent crude, which is more levered to supply and demand conditions outside of the U.S., followed a similar trajectory during the quarter, the premium over WTI increased as the Brent price per barrel advanced 14.9% to $112.39.

Sources: Bureau of Economic Analysis, Bloomberg, Board of Governors of the Federal Reserve System, Bureau of Labor Statistics, OECD, Federal Housing Finance Agency

Historical Returns

Equity Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
S&P 500	6.4	30.2	14.8	13.2	1.1	8.0
Russell 3000 (Broad Market)	6.2	30.2	14.4	13.3	1.3	8.5
Russell 1000 (Large Cap)	6.3	30.1	14.6	13.3	1.2	8.4
Russell Midcap	5.6	28.0	12.7	14.3	2.2	11.2
Russell 2000 (Small Cap)	5.3	31.9	12.8	13.0	2.2	10.2
MSCI ACWI (USD)	6.8	21.0	6.6	7.2	-2.1	8.6
MSCI ACWI (Local)	5.6	20.6	6.5	6.8	-2.4	7.0
MSCI ACWI ex-U.S. (USD)	7.4	14.5	1.0	3.2	-4.1	9.8
MSCI ACWI ex-U.S. (Local)	5.1	13.7	0.8	2.4	-4.6	6.6
MSCI EAFE (USD)	6.9	13.8	1.5	2.1	-5.2	8.2
MSCI EAFE (Local)	4.7	13.5	0.6	1.3	-6.2	4.9
MSCI EM (USD)	7.7	16.9	-1.0	5.6	-1.3	17.0
MSCI EM (Local)	5.9	16.4	1.2	5.8	0.0	14.9
S&P Developed ex-U.S. (Small Cap)	8.3	14.1	3.6	5.7	-3.2	12.0
London - FTSE 100*	4.2	17.0	6.0	8.0	1.9	8.7
Japan - Nikkei 225*	-0.7	4.0	-0.7	-2.5	-10.3	0.8
Hong Kong - Hang Seng*	8.0	22.9	-0.1	3.2	-2.0	12.5
China - Shanghai Composite*	-5.5	-9.3	-9.4	-7.3	-16.3	4.6

*Returns in local currency

Fixed Income Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
LIBOR US 3m	0.1	0.5	0.4	0.4	1.2	2.2
Citigroup 3m T-Bill	0.0	0.1	0.1	0.1	0.6	1.7
BOA ML 1-3 Yr Treasury	0.3	0.6	0.9	1.4	2.8	2.8
Barclays 3-10 Yr Treasury	0.9	3.8	4.9	6.3	7.2	5.2
Barclays 5-10 Yr Treasury	1.0	5.1	6.3	7.8	8.3	5.7
Barclays Long-Term Treasury	0.2	6.3	11.6	12.0	11.1	7.7
Barclays Credit	3.5	10.1	7.3	8.7	7.9	6.4
Barclays Gov't/Credit	1.7	5.7	5.4	6.5	6.6	5.4
Barclays Aggregate	1.6	5.2	5.2	6.2	6.5	5.3
Barclays Municipal	2.3	8.3	6.1	6.0	6.1	5.0
Barclays High Yield	4.5	19.4	10.2	12.9	9.3	11.0
JPM Global Bond	2.8	3.4	4.3	4.9	6.9	6.9
JPM Non-U.S. Bond	3.9	3.5	4.1	4.7	7.1	7.5
JPM Global Bond-Hedged	1.4	4.4	3.6	4.6	5.3	4.6
JPM Non-U.S. Bond-Hedged	1.8	4.9	3.2	4.1	4.9	4.5
JP Morgan EMBI+	6.9	20.3	10.4	12.3	10.3	13.2
JPM GBI-EM Global Div Bond	4.8	12.7	4.8	9.4	8.7	-
JPM GBI-EM Global Div Bond-Hedged	1.9	7.2	4.8	6.7	6.0	-

Illiquid Partnerships	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Private Real Assets (as of 9/30/2012)						
NCREIF Property Index	2.3	11.0	13.5	10.9	2.3	8.3
Apartment	2.4	12.0	15.2	13.2	2.8	8.2
Industrial	2.3	11.1	13.2	9.7	1.5	7.7
Office	2.3	9.9	12.6	9.8	1.2	7.6
Retail	2.3	12.0	13.7	11.2	4.3	10.7
NCREIF Timber Index	0.8	2.3	1.2	-0.5	3.3	7.6
Private Equity (as of 03/31/2012)						
U.S. Private Equity	5.1	9.8	9.3	11.7	4.1	8.0
Venture Capital	3.3	6.4	6.1	6.0	1.9	2.7
Early/Seed Stage	4.3	9.0	3.5	2.7	-0.2	-0.2
Later Stage	3.4	20.4	10.9	10.9	6.5	5.9
Buyouts	5.0	9.7	10.9	13.0	4.2	9.6
Small	3.6	11.2	5.1	5.8	5.0	10.2
Medium	4.0	13.2	8.7	7.7	3.8	9.3
Large	6.5	13.7	9.3	9.7	5.7	9.8

MSCI ACWI Sector	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	6.3	24.6	10.9	14.1	1.9	8.9
Consumer Staples	5.3	23.3	14.2	15.1	7.2	10.9
Energy	9.4	20.8	9.0	7.0	-0.9	13.0
Financials	8.5	22.9	0.3	-0.2	-10.1	4.3
Healthcare	7.4	26.6	15.4	12.8	4.6	7.9
Industrials	4.7	20.9	4.9	8.6	-3.0	9.6
Information Technology	7.0	26.4	12.2	11.1	1.7	10.4
Materials	7.4	12.4	-1.0	4.6	-3.9	13.0
Telecom	6.8	17.1	8.3	9.7	-0.1	11.9
Utilities	0.7	6.0	0.9	1.2	-3.4	10.3

Hedge Fund Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
HFRI Fund Weighted Composite	2.9	5.5	2.2	3.9	1.4	6.8
Absolute Return						
HFRI Event Driven (Total)	2.7	6.7	3.2	5.8	2.0	8.2
HFRI Relative Value (Total)	3.7	9.2	5.7	7.8	4.9	6.7
HFRI RV: FI-Convertible Arbitrage	3.0	8.8	2.9	6.4	4.2	5.1
HFRI EH: Equity Market Neutral	1.2	4.1	1.0	1.0	-0.2	2.2
Directional Hedge						
HFRI Equity Hedge (Total)	3.5	7.5	1.5	3.2	-0.4	5.8
HFRI Macro (Total)	1.6	-1.2	0.5	1.5	3.3	6.5
HFRI Emerging Markets (Total)	3.2	4.6	-2.4	2.1	-1.4	11.2
HFRI EH: Short Bias	-7.8	-16.8	-11.0	-11.8	-5.9	-5.9
Fund of Funds						
HFRI FOF Strategic	2.7	3.5	0.2	1.4	-2.4	4.3
HFRI FOF Diversified	2.2	2.7	0.8	1.7	-1.4	3.7

Real Assets and Inflation	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
REITs						
FTSE EPRA/NAREIT GL	5.5	30.6	10.3	12.9	-2.2	11.8
Commodities						
DJ-UBS Commodity	9.7	6.0	3.0	5.3	-3.0	5.2
Goldman Sachs Commodity	11.5	12.7	7.7	6.5	-5.4	3.4
Natural Resources						
SP GSSI Natural Resources	12.1	20.5	8.9	8.9	0.0	14.0
Inflation-Protected Bonds						
Barclays U.S. TIPS	2.1	9.1	9.5	9.3	7.9	6.6
Inflation						
U.S. CPI	0.2	1.4	2.6	2.1	2.0	2.4
U.S. CPI Plus 5%	1.5	6.4	7.7	7.2	7.1	7.5

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Note: All returns as of 9/30/2012, unless otherwise noted.

Key Metrics

Option-Adjusted Spreads	Current QTR	1 Year Ago
U.S. High Yield	551	807
U.S. Corporate	156	238
U.S. IG Financials	179	332
CDX IG 5-Yr	99	144
CDX HY 5-Yr	504	829
Agency MBS	24	80
CMBS	155	351
ABS - Fixed Rate	44	77
ABS - Floating Rate	115	122
TED[1]	27	36
Emerging Markets (External)	332	495

[1] 3 month US LIBOR minus 3 Month US T Bills

U.S. Economy	Current QTR	1 Year Ago
Unemployment Rate	7.80%	9.10%
Quarterly GDP[2]	1.30%	1.30%
Current Account Deficit[2]	$117.40	$118.00
Annualized Current Account Deficit/GDP[2]	3.01%	3.15%

[2] Statistics as of one quarter prior

Central Bank Activity	Current QTR	1 Year Ago
Fed Funds Rate	0-0.25%	0-0.25%
Bank of Japan Target Rate	0.10%	0.10%
European Central Bank Rate	0.75%	1.50%
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast	Current QTR	1 Year Ago
10-Year Treasury Yield	1.63%	1.92%
10-Year Breakeven[4]	2.42%	1.76%
5-Year Treasury Yield	0.62%	0.95%
5-Year Breakeven[4]	2.08%	1.43%

[4] Breakeven rates calculated by Bloomberg

Equity Market Valuations	Current QTR			1-Year Ago		
	Trailing P/E	Forward P/E	Div. Yield	Trailing P/E	Forward P/E	Div. Yield
S&P 500 Index	14.5x	13.9x	2.1%	12.3x	11.6x	2.2%
Russell 1000 Index	14.7x	14.1x	2.0%	11.8x	2.2x	1.8%
Russell Midcap Index	16.1x	15.4x	1.8%	14.2x	13.3x	2.0%
Russell 2000 Index	16.4x	15.8x	1.6%	14.5x	13.6x	1.8%
Russell 3000 Index	14.8x	14.2x	2.0%	12.6x	11.9x	2.1%
Russell 3000 Growth Index	17.5x	16.5x	1.6%	15.x	13.6x	1.6%
Russell 3000 Value Index	12.9x	12.5x	2.4%	10.9x	10.5x	2.7%
MSCI ACWI Index	13.5x	12.7x	2.7%	11.1x	10.7x	3.0%
MSCI ACWI ex-U.S. Index	12.7x	11.8x	3.4%	10.2x	10.1x	3.7%
MSCI EAFE Index	13.x	11.9x	3.6%	10.2x	10.2x	4.0%
MSCI EM Index	11.6x	10.9x	2.9%	9.5x	9.3x	3.1%
London - FTSE 100[3]	12.4x	11.3x	4.1%	9.6x	9.2x	3.9%
Japan - Nikkei 225[3]	15.1x	14.1x	2.2%	14.6x	14.3x	2.2%
Hong Kong - Hang Seng[3]	10.4x	10.9x	3.4%	8.3x	9.6x	3.8%
China - Shanghai Composite[3]	10.6x	9.5x	2.8%	12.2x	10.9x	2.0%

[3] Returns in local currency

P/E excludes companies with negative earnings

U.S. Treasury Yields							Curve Steepness
Date	3-Mo T-Bill	6-Mo T-Bill	2-Year Note	5-Year Note	10-Year Note	30-Year Note	10-Year - 2-Year
1 Year Ago	0.02%	0.06%	0.25%	0.95%	1.92%	2.92%	1.67%
Current Quarter	0.08%	0.13%	0.24%	0.62%	1.63%	2.82%	1.39%

Currency Rates (per U.S. Dollar) (%)	MTD	QTD	YTD	1 Year	2 Year*	3 Year*	5 Year*	Current Spot Rate
U.S. Dollar Spot (DXY)**	-1.6%	-2.1%	-0.3%	1.8%	0.8%	1.4%	0.6%	79.935
Canadian Dollar	0.3%	3.3%	3.8%	6.7%	2.3%	2.8%	0.2%	0.984
Japanese Yen	0.5%	2.4%	-1.3%	-1.2%	3.5%	4.8%	8.0%	77.960
British Pound	1.9%	2.9%	4.0%	3.7%	1.4%	0.4%	-4.6%	0.619
Euro	2.2%	1.5%	-0.8%	-3.9%	-2.9%	-4.2%	-2.1%	0.778
Australian Dollar	0.5%	1.4%	1.7%	7.4%	3.6%	5.5%	3.2%	0.964
Brazil	0.1%	-0.7%	-8.0%	-7.2%	-8.8%	-4.5%	-2.0%	2.026
China	1.0%	1.1%	0.2%	1.6%	3.2%	2.8%	3.6%	6.285
GBP/Euro	-0.4%	1.4%	4.9%	8.0%	4.5%	4.8%	-2.6%	0.795
Yen/Euro	-1.6%	0.8%	-0.5%	2.9%	6.6%	9.4%	10.3%	100.210

*Annualized Price Change

**Index measures value of USD relative to basket of foreign currencies.

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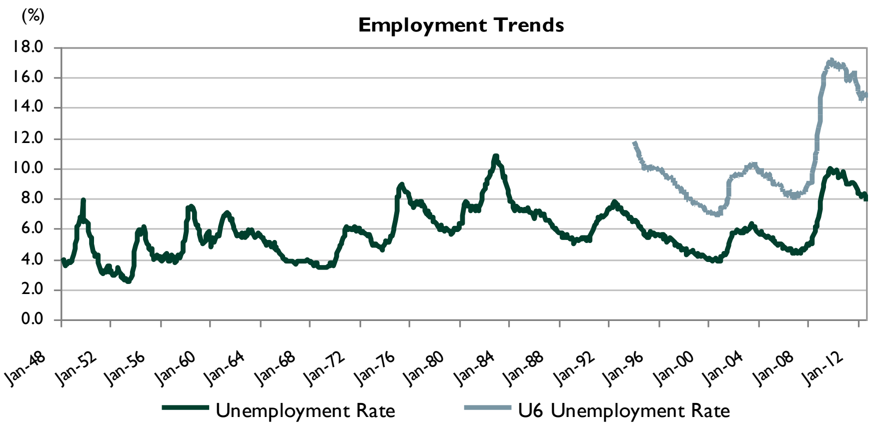
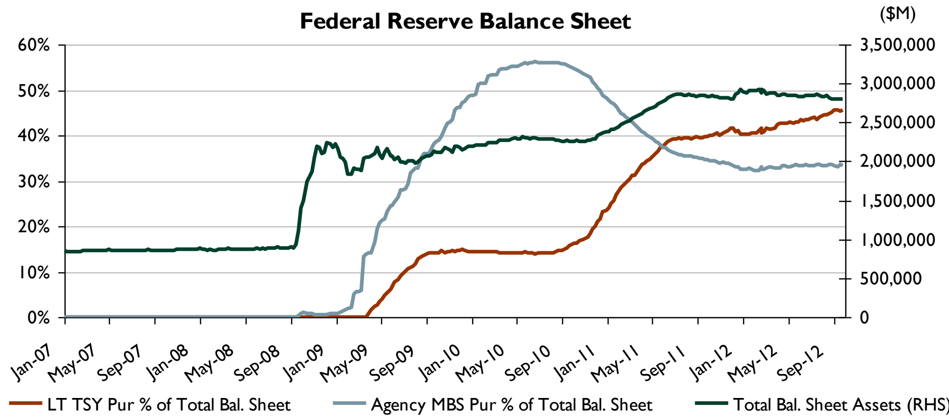
Sources: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, Bloomberg

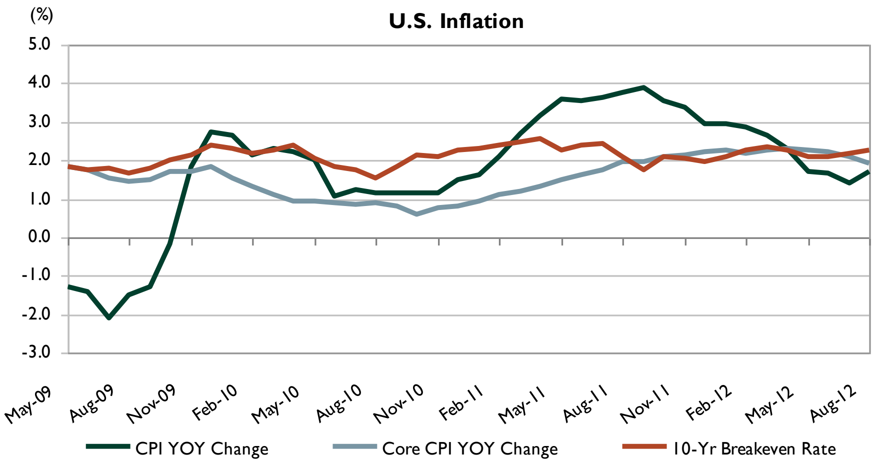
Macroeconomic Trends



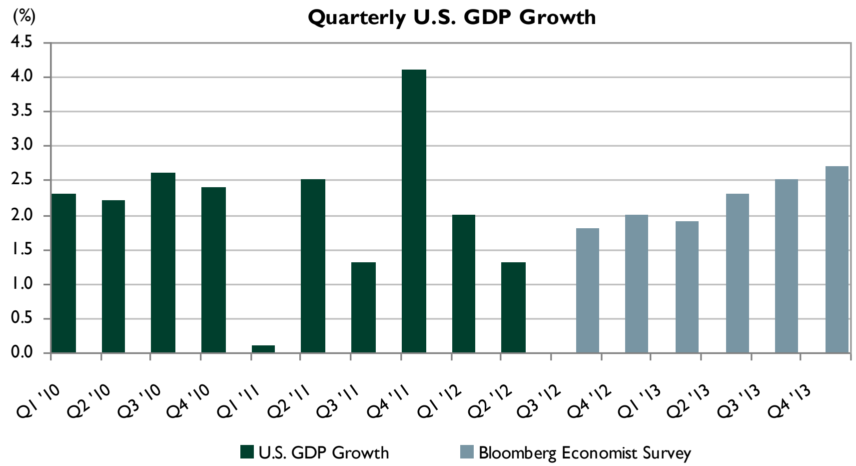
The September unemployment rate fell to 7.8% marking its lowest level since January 2009. However, the broader U6 rate remains elevated and the Fed has indicated they are concerned that current slow economic growth is insufficient to dramatically improve unemployment. The Fed will continue to monitor the jobs market as it debates whether to expand/continue QE measures.



Amid continued monetary easing, the Fed's balance sheet was approximately $2.8 trillion at the end of the third quarter. The percentage of the total balance sheet, represented by long-term purchases of U.S. Treasuries and agency MBS, has risen to nearly 80% in aggregate—at a time when the balance sheet has grown sharply, which has significantly impacted market prices. Prior to the credit crisis in 2008, these assets represented less than 20% of total Fed balance sheet.



Year-over-year Core CPI (1.9%) fell below 2.0% in September for the first time since July 2011. However, inflation expectations rose during the quarter as the market has exhibited some concern that Fed expansionary policy will drive prices higher in the future.



Real U.S. GDP growth slowed to 1.3%, annualized in the second quarter, as declines in personal consumption expenditures, nonresidential, and residential fixed investment weighed on economic growth. The IMF currently forecasts U.S. Growth to be 2.2% in 2012 and 2.1% in 2013 with ongoing political gridlock and the looming fiscal cliff cited as economic risks.

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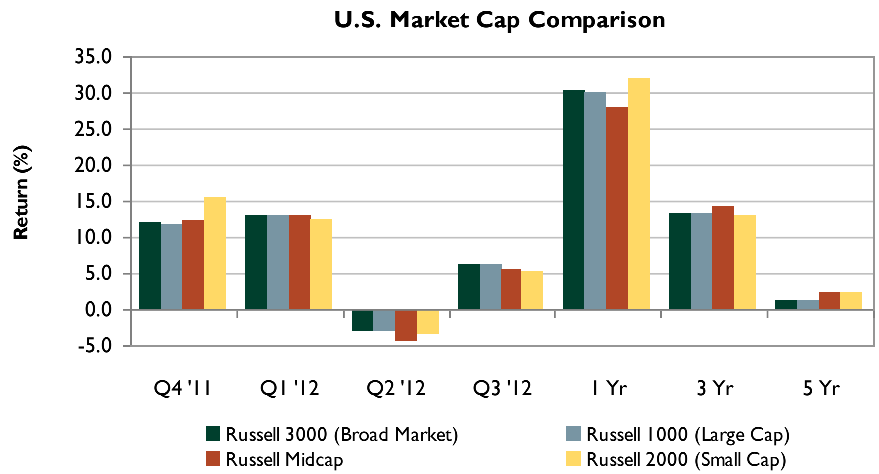
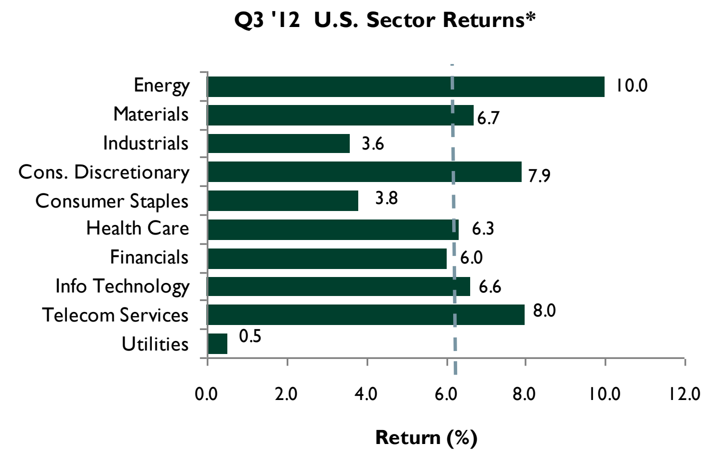
Sources: Bloomberg,

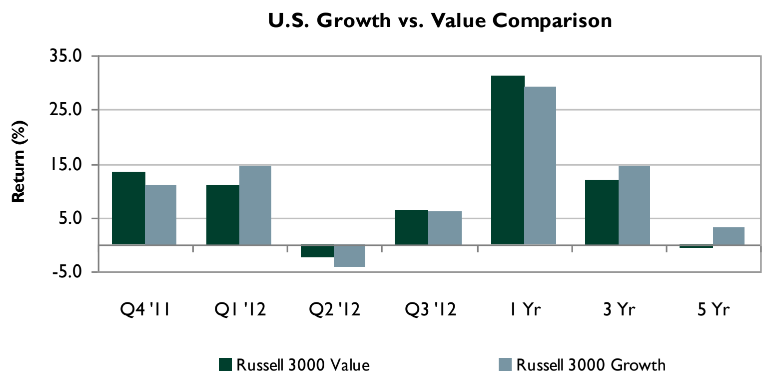
U.S. Equity

- Equity markets seemingly climbed the proverbial wall of worry in the third quarter. Returns were modest in July and gained momentum in August and September. The Russell 3000 Index, a proxy for the broad U.S. equity market, advanced 6.2%. As the quarter progressed, volatility as measured by the CBOE Volatility Index (VIX), declined and riskier assets outperformed. Nevertheless, many of the challenges facing domestic equity markets persist, notably the uncertainty surrounding the upcoming election, the pending fiscal cliff, and slowing economic activity.
- As a result of higher commodity prices, the energy sector (+10.0%) posted the largest gain, followed by the telecom and consumer discretionary sectors. The weakest sector was utilities, though consumer staples and industrials stocks also underperformed the broad market.
- While small cap equities outpaced their larger counterparts in August and September, large caps generated the best performance during the third quarter. Year to date through September, large cap equities, as represented by the Russell 1000 Index (+16.3%), maintained a material lead over mid (+14.0%) and small (+14.2%) cap equities, as represented by the Russell Midcap and Russell 2000 Indices, respectively.
- Value stocks (+6.4%) maintained a slight edge over growth stocks (+6.0%), but remain at a relative deficit year to date given the substantial outperformance of growth stocks in the first quarter, when the market posted double-digit gains.
- In August, Apple became the largest company by capitalization in market history. The stock, which was up close to 65% year to date through September, comprised 4% of the Russell 1000 Index and 8% of the Russell 1000 Growth Index at September 30th.





*Dotted line indicates total Russell 3000 Index return



Sources: InvestMetrics, Bloomberg

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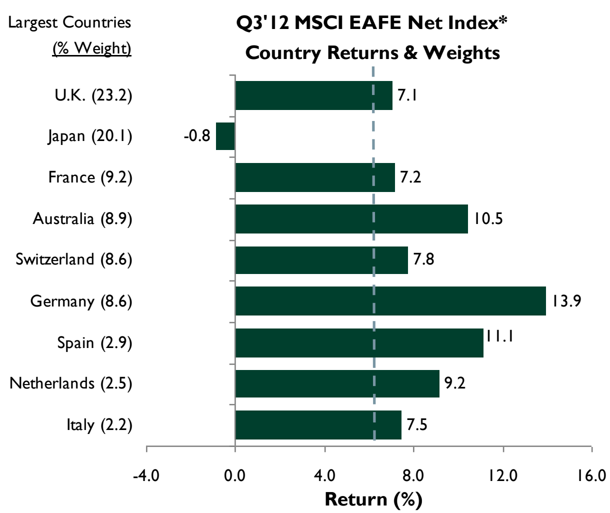
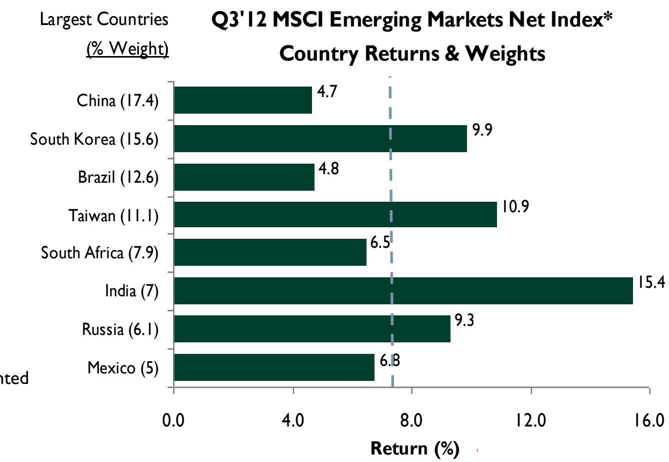
International Equity

- Developed foreign equities, as measured by the MSCI EAFE Index, rebounded in the quarter, advancing 6.9% in U.S. dollar (USD) terms. Foreign equity markets reacted favorably to the ECB's efforts to support peripheral debt markets. Currency movements served as a tailwind as most major currencies appreciated relative to the USD following additional quantitative easing (QE) announced by the Fed. The Index gained only 4.7% in local terms.
  - Spain (+11.1% USD, +9.6% locally) generated gains, aided by an agreement with the European Union in July on a bank bailout package aimed at propping up the nation's troubled lenders.
  - Japan (−0.8% USD, −3.3% locally) joined Ireland as the only developed foreign countries to post a loss, despite the BOJ's efforts to offset global economic weakness through monetary easing in September.
  - All economic sectors within the MSCI EAFE Index posted gains during the quarter, paced by financials. Though investor appetite for risk assets increased, the traditionally more defensive health care and consumer staples sectors also generated strong gains.
- Emerging markets equities managed strong returns despite ongoing investor concern over slowing global growth. The MSCI Emerging Markets Index advanced 7.7% in USD, as developing markets benefited from strong domestic demand, accommodative monetary policy, and improving sentiment in continental Europe. Returns were further enhanced by favorable currency movements, with the benchmark gaining only 5.9% locally.
  - Returns in China (+4.7% USD, +4.6% locally) lagged during the quarter, weighed down by investor concern over slowing growth and disappointing economic indicators—namely weak manufacturing data and export orders.
  - Though Brazil (+4.8% USD, +5.3% locally) lagged the broad index, the country benefited from the August announcement of an infrastructure-focused stimulus package.
  - Emerging Europe was an area of strength, with Russia (+9.3% USD, +5.9% locally), Poland (+12.3% USD, +7.8% locally), and the Czech Republic (+10.2% USD, +7.3% locally) all performing well due in part to the improving news out of the euro zone.
  - With the exception of utilities, all economic sectors within emerging markets saw positive returns. Health care and energy produced the strongest gains, the latter of which was helped by rising oil prices.



* Note: Other countries accounted for 13.4% of the Index weight



* Note: Other countries accounted for 17.5% of the Index weight

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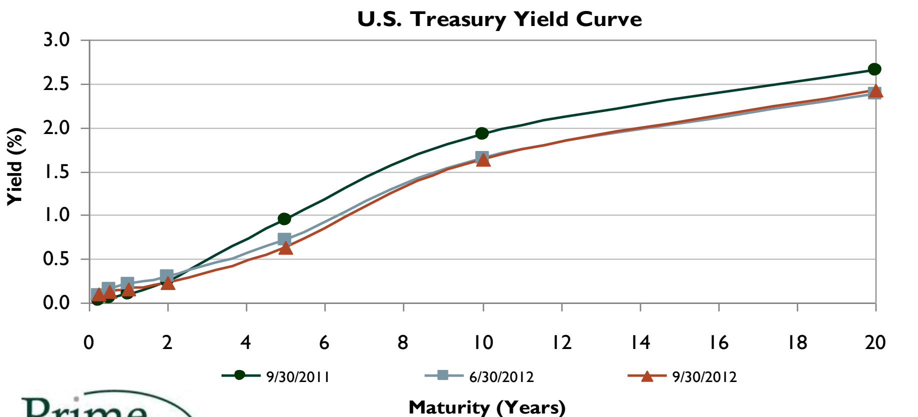
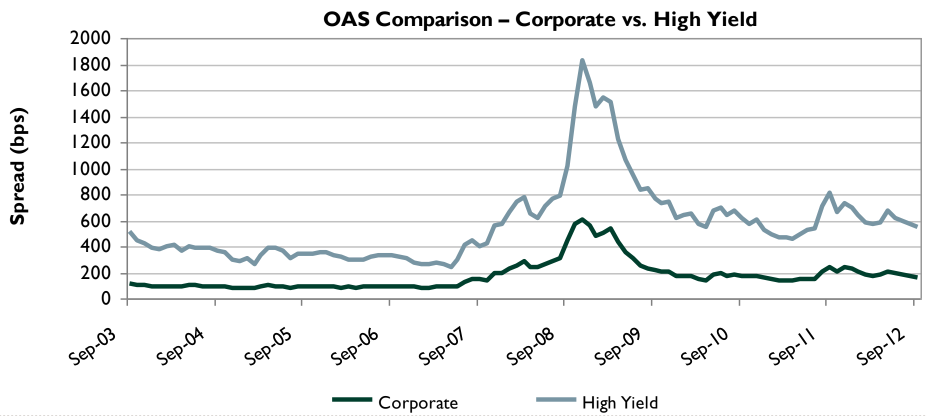
Sources: MSCI/Barra, Wall Street Journal, Financial Times. Note: All returns quoted in USD terms, unless otherwise noted. *Dotted line indicates total index return

U.S. Fixed Income

- U.S. Treasury yield changes were modest when viewing the quarter-to-quarter results; however, this masks the significant movement during the period. The 30-year U.S. treasury yield ultimately rose by only 7 bps, ending the quarter at 2.82%, but exhibited a wide range (3.10–2.45%). The U.S. Treasury markets grappled with competing forces, including rising inflation expectations, positive announcements from Europe, and continued Treasury purchases by the Fed. The 139 bps difference between the 10- and 2-year yields at quarter-end showed the curve continues to be steep relative to the historical monthly average (approximately 88 bps).
- The Fed announced a new round of open-ended QE in an effort to improve labor market conditions. The latest stimulus program includes plans to increase monthly agency residential MBS purchases by $40 billion. With the previously announced extension of Operation Twist, the long-term monthly purchases are expected to be $85 billion through 2012. The FOMC also extended its pledge to keep rates near zero until the middle of 2015.
- Barclays Aggregate Index (+1.6.%) returns were led by corporates and commercial MBS as risk aversion waned and investors sought yield amid historically low Treasury rates. Lower quality continued to outperform higher-rated bonds, with AAA-rated issues producing the lowest total return in the Aggregate Index's credit quality segments. Longer maturity also continued to meaningfully outperform shorter-term issues. The 10-year plus maturity segment of the Index generated total returns of more than 3%, outpacing the 1- to 3-year portion (+0.6%).



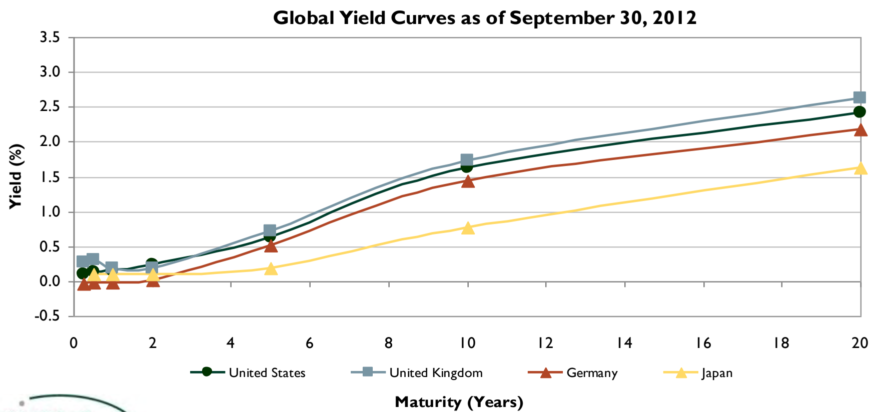
- Investment grade corporates (+3.8%) significantly outperformed similar duration U.S. Treasuries as spreads fell 43 bps. The sector benefited from price returns, particularly in July, while coupon returns helped to a lesser degree. Financials (+5.5%) were strong and significantly outpaced the gains of utilities and industrial bonds. Domestic financials were aided by the lessened risk of contagion from European banks after the ECB announced plans to make unlimited purchases of troubled sovereign debt, which we believe should help alleviate pressure on the balance sheets of many of the region's banks.
- The securitized sector outpaced the broad market on a total return basis. The U.S. MBS fixed rate portion of the Index gained 1.1% as spreads ended the quarter at 27 bps—the lowest level since August 2010. The sector benefited from increased demand driven by the Fed's purchase program. Within the sector, the Fed's focus on purchases in the 2.5–4.0% portion of the coupon stack caused this part of the market to outperform. Commercial MBS rallied sharply, with spreads ending the quarter at 155 bps—well below the historical monthly average of 212 bps, but still well above pre-2008 levels.
- Price increases (spreads fell 74 bps to 585 bps), as well as the positive impact from coupon returns, caused high yield bonds to rise 4.5%. Industrials slightly underperformed the Index, while both utilities (+5.8%) and financials (+5.5%) accounted for the strong benchmark returns. From a quality perspective, CCC-rated paper (+4.8%) outperformed both higher quality BB-rated and B-rated debt, both of which gained 4.4% in the quarter.

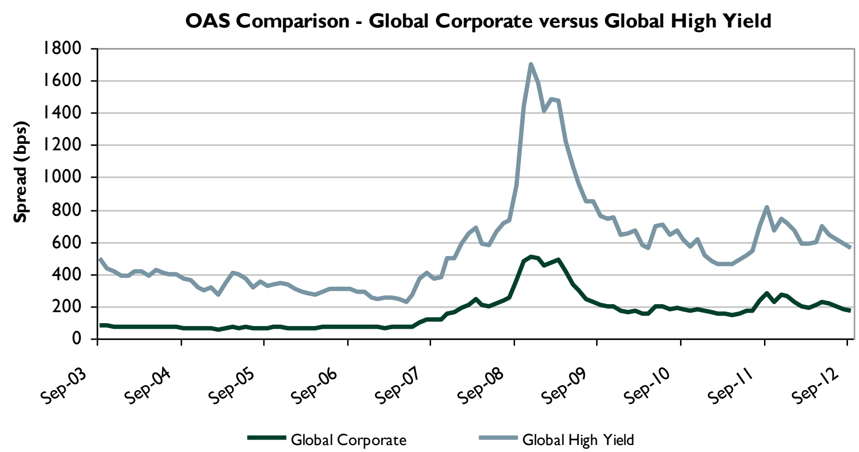


Sources: Bloomberg, Barclays, Federal Reserve

Currencies & Global Bonds

- While Russia surprised markets with a 25 bps rate hike, most central banks maintained accommodative monetary policy. China followed up on its unexpected rate cut in the second quarter by lowering its lending rate by an additional 31 bps to 6.0%. Brazil continued its easing efforts, lowering its Selic rate 100 bps over the course of the quarter to a record low of 7.5%. However, the most significant news came from the ECB, which not only cut rates 25 bps but also announced the open-ended sovereign debt bond-buying program. Meanwhile, the Federal Reserve also announced its own unlimited QE program; both initiatives are designed to lower borrowing costs. The Bank of England and BOJ also extended their own asset purchase programs in the face of global macro weakness. In the case of Japan, the easing program was also likely aimed at stemming yen appreciation. Actions by the major central banks led to declining risk aversion, which put pressure on safe assets such as U.S. Treasuries and USD.
- The Dollar Spot Index, a weighted-average of six major currencies (euro, Japanese yen, British pound, Canadian dollar, Swedish krona, Swiss franc), declined 2.1%. Gains in the yen (+2.4%) and euro (+1.5%) accounted for the majority of the weakness in the USD. Additionally, the Swedish krona rose 6.1% and is increasingly being considered a safe haven currency. Out of 43 developed and emerging markets currencies tracked, the USD underperformed all but ten, with notable strength against the Argentinian peso and Indonesian rupiah.
- The USD's weakness during the quarter created a wide gap between unhedged and hedged returns. The Barclays Global Treasury ex-U.S. Index rose 4.0% on an unhedged basis, but gained 1.8% when adjusted for weakness in the USD. The positive sentiment generated by the ECB's bond-buying program caused yields in peripheral Europe to decline, which led to strong gains in euro area bond markets. In local terms, Ireland rose 9.1%, while Spain and Italy rose 4.0% and 5.7%, respectively. The 1.5% gain in the euro enhanced returns and turned low to middle single-digit local market returns in core euro area countries into mid to high single-digit returns on an unhedged basis. In aggregate, the euro area gained 5.1% on an unhedged basis. Outside of the euro area, Sweden (+6.8%) and the U.K. (+4.2%) were notable winners, as were Canada (+4.2%) and Japan (+3.1%).
- Similar patterns were evident in emerging markets as currencies contributed significantly to results. The Barclays EM Local Currency GBI rose 5.1% in unhedged returns, approximately 300 bps higher than returns measured in local currencies. EM EMEA (+5.6%) was the strongest region—notably Russia (+7.8%), Poland (+7.5%), and Hungary (+6.0%). EM Asia (+5.5%) slightly trailed EMEA as South Korea (+6.7%) and the Philippines (+5.1%) rose in absolute terms, but generally trailed their European and Middle East counterparts. EM Americas (+4.0%) was a laggard as the 6.7% gain in both Mexico and Chile could not offset a more modest result in Brazil (+2.4%).

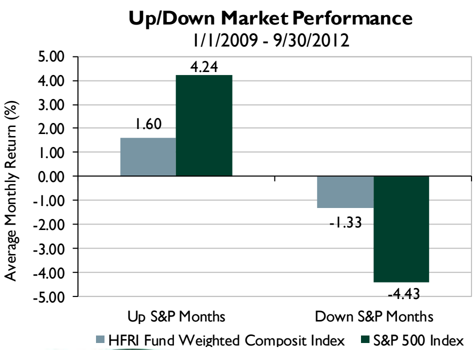


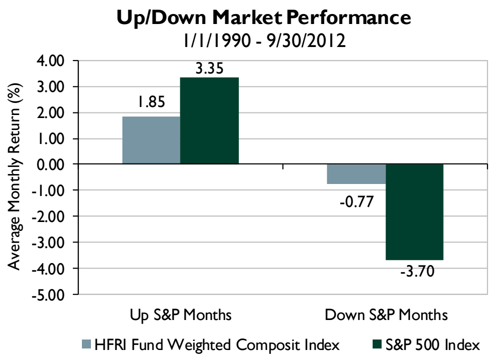


Sources: Bloomberg, Barclays

Flexible Capital

- While equity markets were strong once again, hedge fund indices continued to lag the broad market. The HFRI Fund Weighted Composite Index was up 2.9%, capturing less than half of the 6.4% return of the S&P 500, bringing the year-to-date return to 4.7%. Long/short equity managers, as represented by the HFRI Equity Hedge Index, were among the better hedge fund performers at 3.5% as high net long exposure to the equity markets continues to be rewarded. Relative value strategies have been the strongest performers in 2012, with the HFRI Relative Value Index posting a 3.7% gain for the quarter and 8.1% year to date. Event-driven managers posted moderate gains, as represented by the HFRI Event Driven (+2.7%) and HFRI ED: Distressed/ Restructuring (+3.1%) Indexes. Managers with lower net exposure struggled, as represented by the HFRI EH: Market Neutral (+1.2%) and the HFRI Short Bias (−7.8%) Indexes. The Short Bias Index is down 13.7% year to date. Fund of funds strategies generally lagged direct hedge funds as the added diversification has not been beneficial in the recent market rallies.
- Hedge fund performance continues to disappoint relative to the run-up in the broad equity market (see chart below). Compared to historical levels, the upside capture by hedge funds post-crisis has dropped, while downside capture has increased. Despite disappointing results, hedge funds continue to offer downside protection and significantly less volatility than traditional long-only equity.
- Drivers of long/short equity fund performance were mixed, as many funds have added to the highest conviction names (e.g., Equinix, Google, Apple, etc.), which has been a positive source of attribution. Common short themes include continued pressure on the traditional personal computers, European financials, and cyclical industrial businesses with Europe and China exposure. Other drivers of performance appear to be idiosyncratic in nature rather than thematic.





- It was a strong quarter for credit-oriented managers, with a number of larger distressed and stressed situations performing in line with manager theses. Lehman Brothers debt and claims appreciated ahead of the distribution from the estate, which occurred in early October 2012. Approaches to Lehman vary by manager, but many have looked to reinvest proceeds back into the Lehman complex due to the uncorrelated and process-driven nature of the investment in an environment where distressed options are limited. Another popular and top performing trade was bank debt in TXU. TXU has traded down in recent quarters due to the volatility of natural gas prices; however, the commodity stabilized in the quarter and TXU debt traded up. While the potential for future volatility exists, many managers are willing to tolerate near-term price fluctuations as they believe the eventual restructuring will be positive for senior bank debt holders and TXU's role in the Texas power generation industry provides a level of downside protection.
- The true standout in the quarter and over the first nine months of the year has been mortgage-backed credit, particularly residential securities. The residential mortgage-backed securities (RMBS) market has benefited from both fundamental improvements in the housing sector and increased attention from yield-starved investors. The sharp rise in the third quarter led to profit-taking as managers remain confident in the underlying fundamentals, but are wary of a correction given the momentum created by retail and yield-focused investors that lack the analytical resources to understand the complex securities.
- Another theme that emerged was the reduction of credit protection, particularly in Europe as managers no longer view credit spreads as offering asymmetrical upside given the efforts by European central bankers to provide a backstop to troubled issuers. Outside of credit, corporate activity remains low, leading many event-driven managers to focus more heavily on special situations equity trades.

Goldman Sachs Hedge Fund VIP Basket*

Top 5 Q3 Performers

Company	Q3	YTD
Google Inc	**30.1%**	16.8%
LyondellBasell	**29.3%**	63.0%
Delphi Auto	**21.6%**	43.9%
Citigroup	**19.4%**	24.5%
Visteon	**18.6%**	-11.0%
S&P 500	**6.4%**	16.5%

Bottom 5 Q3 Performers

Company	Q3	YTD
TripAdvisor	**-26.3%**	30.6%
United Continental	**-19.9%**	3.3%
Delta Air Lines	**-16.4%**	13.2%
Intel Corp	**-14.2%**	-4.2%
Priceline.com	**-6.9%**	32.3%
S&P 500	**6.4%**	16.5%

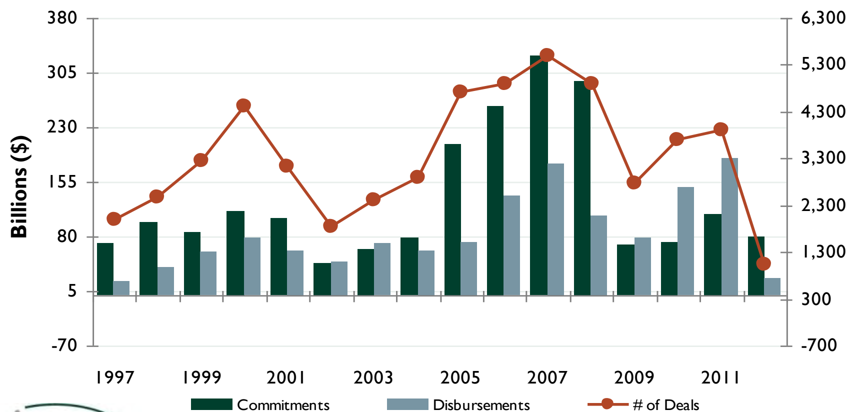
** 50 companies that "matter most" to hedge funds; positions that appear most frequently as top ten holdings of hedge funds with 10–200 total holdings. Performance based on price change.*

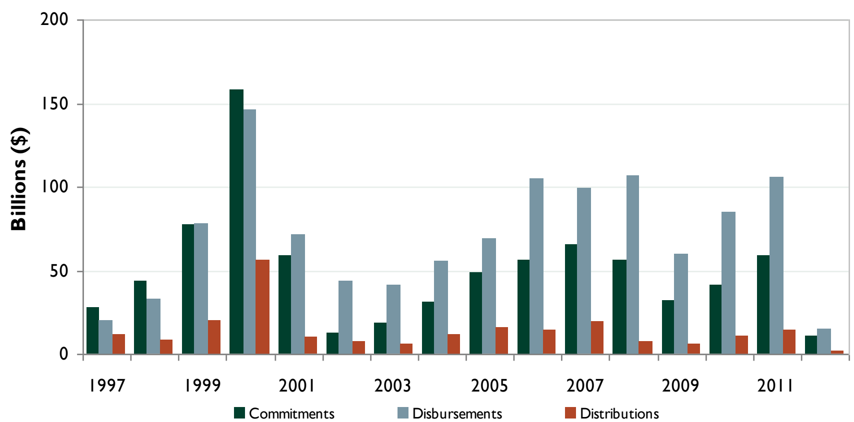
Sources: Bloomberg, Hedge Fund Research, Goldman Sachs, Morgan Stanley

Private Equity (As of June 30, 2012)

- U.S. private equity raised a total of $34.8 billion from 65 funds during the second quarter of 2012, a decline from the $38.1 billion raised by 136 funds during the prior quarter. Thematically, strong interest in energy and health care helped propel 23 industry-centric funds to close on a combined $13.7 billion. That total is similar to the $13.2 billion raised by 23 managers during the same period a year ago. Despite the economic uncertainty hovering over capital markets, U.S. distressed debt and restructuring firms collected just $7.7 billion during the first half of 2012, down from the $9.1 billion they raised during the same period in 2011.
- Thirty-eight U.S. venture capital funds raised $5.9 billion in the second quarter. This is a 12% increase by dollar commitments and a 22% decline by number of funds compared to the first quarter, which saw 49 funds raise $5.3 billion. Venture fundraising for the first half of 2012 totaled $11.2 billion, a 10% increase by dollar commitments compared to the first half of 2011 ($10.2 billion) and an 8% decline by number of funds.
- Bolstered by the record-breaking offering from Facebook in May, venture-backed IPO activity marked its strongest quarter on record, by dollars raised. Deals-wise, 11 venture-backed companies went public in the United States during the second quarter, a decline of 42% from the first quarter, and down 50% from the second quarter of 2011. Additionally, nine of the quarter's 11 IPOs were IT-related, representing 82% of the total issues for the quarter.
- Mezzanine funds have already drawn together more capital during the first half of 2012 than during all of last year. In the first half, 17 mezzanine funds closed on $7.2 billion, compared to the $2.9 billion raised by 19 managers during the first half of 2011. Additionally, this represents more than the $4.7 billion raised by mezzanine firms during all of 2011. Secondary firms saw fundraising swell to $12.7 billion during the first six months of the year, more than double the $5.2 billion raised during the first half of 2011.
- Private equity activity contracted during the first half of 2012, when transactions with financial buyers experienced declines of 16% for deal count and 27% for dollar volume. The second half of 2012 could prove more fruitful for financial sponsors due to ample capital, the need to sell long-time holdings, and prospective postelection tax increases in the U.S. The potential for tax hikes in 2011 led to the best two-quarter period on record for U.S. private equity exits in the second half of 2010. A similar pattern this year could increase the pool of available targets and lift overall M&A activity.
- Thirty European-centric funds raised $17.7 billion during the second quarter, compared to $15.6 billion closed by 29 funds during the previous quarter. Investment activity increased slightly during the second quarter compared to the first, as transactions totaling €13.7 billion were completed—a 17% increase from the prior quarter.

(As of March 31, 2012)

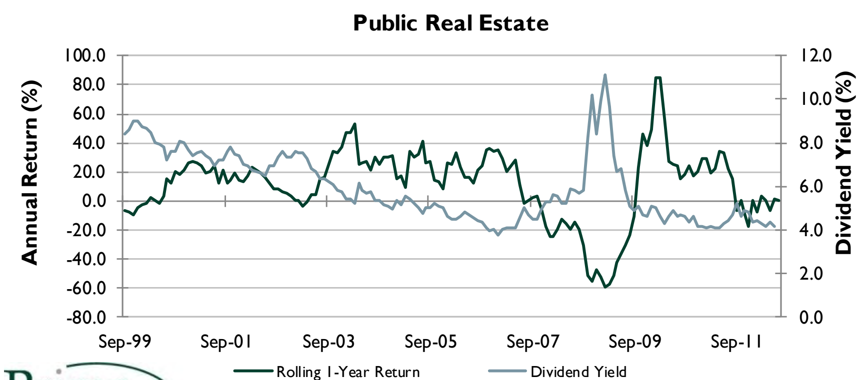


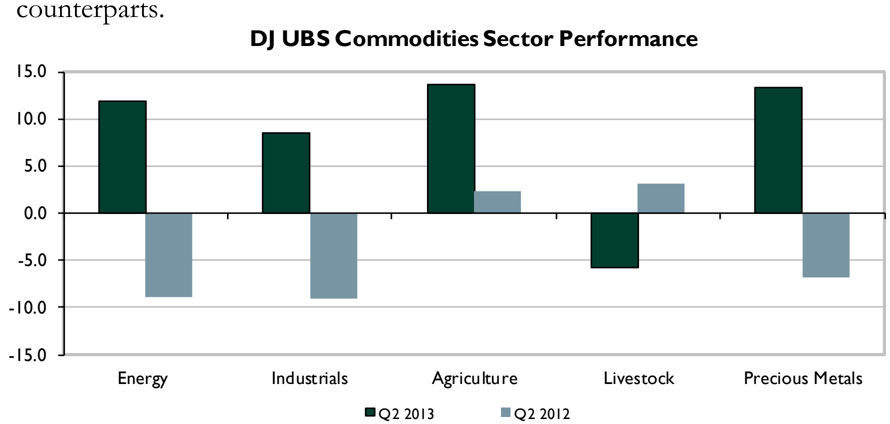


Sources: Dow Jones Private Equity Analyst, National Venture Capital Association, Thomson Financial, S&P LCD, Emerging Markets Private Equity Association, Dealogic, Preqin and Pitchbook.

Inflation Hedging

- Global real estate securities gained 5.5% with performance generally positive due to major central bank action and slowly improving real estate fundamentals. There was a shift in regional performance, as Asia and Europe significantly outperformed the U.S. market. Asia led the advance, returning 13.1% as real estate fundamentals and operating performance in Hong Kong, Singapore, and Tokyo generally improved and amid increasing investor sentiment that Asian securities were relatively undervalued. European securities recovered from a −1.8% second quarter loss with a 7.3% increase reflecting an easing of concern over the European debt crisis. The U.S. market, down 1.8% in September, ended essentially flat (+0.1%) for the third quarter due to a leveling off of asset values, rising concerns around the U.S. economic outlook, an increase in REIT capital offerings, and slowing growth in the apartment sector.
- Commodities advanced 9.7%, as measured by the DJ-UBS Commodity Index, with the strongest performers including grains, petroleum, petroleum products, and precious metals. Of particular note within these sectors, silver and gasoline increased by approximately 25%. ECB and Federal Reserve Bank stimuli provided a broad tailwind to commodity prices despite ongoing concerns over prospects for global growth. The continued drought in the U.S. and dry weather in Russia and Australia further decreased crop production forecasts and boosted grain prices. Central bank action, higher seasonal demand, lower-than-expected supply, and re-emerging geopolitical risks combined to lift petroleum/petroleum product prices. Natural gas prices rallied (+8.6%) as consumer demand increased and utilities switched from coal in favor of the bargain-priced fuel. The precious metal sub-index also moved higher with investors seeking a hedge in response to central bank actions.
- The NCREIF Property Index, a measure of core real estate property pricing in the U.S., returned 2.3% in the third quarter. Property markets continue to stabilize and show some positive signs in most sectors. Overall sales volume remains well below peaks of 2007. However, more than $50 billion of assets transacted in the second quarter compared to less than $20 million during the trough in the second quarter of 2009. Transactions continue to be most robust in the apartment sector, and fundamentals in the sector also continue to improve. Office, industrial, and hotel vacancies continued to decline, and while retail assets have experienced a negative net absorption, rental rate declines have been slow. With the three-year new supply forecast below the 20-year average in all sectors, the supply/demand picture for real estate remains promising even in a muted recovery.
- The Barclays U.S. TIPS Index rose 2.1%, with the strongest gains experienced in 10- to 20-year part of the curve. The real yield curve steepened with the 2-to 10-year spread increasing from 9 bps to 54 bps. However, the long end flattened to a certain extent as yield declines beyond the 7-year maturity point gradually decreased. While larger declines in yields at the front end of the curve compared to the back end of the curve would normally favor shorter duration strategies, near-term inflation expectations widened out to a greater degree than longer-term expectations. The 5-year breakeven inflation rate increased 40 bps to 2.2%, while the 10-year breakeven inflation rate rose 28 bps to 2.4%. Shifting near-term inflation expectations caused shorter-dated TIPS to underperform their longer-maturity counterparts. Furthermore, as inflation expectations rose, TIPS across the maturity spectrum outperformed their nominal Treasury counterparts.





Sources: Dow Jones AIG, National Council of Real Estate Investment Fiduciaries, National Association of Real Estate Investment Trusts, Barclays Capital, Bloomberg

Tab II

Total Fund Highlights

- During the third quarter of 2012, The Town of Palm Beach Firefighters Retirement System gained 4.3%, bringing year to date performance to 8.7%. All segments within the portfolio posted positive returns during the quarter, with the domestic (+5.2%) and international (+7.7%) equity segments contributing positively towards absolute performance. The domestic equity segment trailed its Russell 3000 (+6.2%) benchmark by 100 bps, while the international equity segment outperformed its benchmark MSCI EAFE Index (+6.9%) by 80 bps. The total flexible capital segment contributed positively to relative performance, slightly outpacing its HFRI FOF Composite (+2.3%) benchmark by 20 bps. The total inflation hedging segment helped absolute performance but trailed its benchmark Inflation Hedging Index (+10.8%) by 110 bps. The total fixed income segment returned 1.6%, and closely matched the Fixed Income Composite benchmark. At quarter-end, Total Fund assets were valued at approximately $56.9 million.

Segment Performance

Segment Level Performance (% Rate of Return)

Benchmark Dependent Metrics relative to S&P 500 Index

As of September 30, 2012

	1 Quarter Return	Fiscal YTD	1 Year Return	3 Years Return	5 Years Return	10 Years Return	Since Inception Return	Since Inception Standard Deviation	Since Inception Beta	Since Inception Actual Correlation	Inception Date
Total Fund	**4.3**	**13.9**	**13.9**	**7.0**	**0.7**	**6.4**	**7.5**	**9.2**	**0.5**	**0.9**	**Apr-91**
Target Index	4.9	12.1	12.1	5.6	-0.3	6.0	7.3	9.8	0.6	1.0	Apr-91
Domestic Equity	**5.2**	**26.7**	**26.7**	**13.3**	**1.1**	**8.2**	**9.9**	**18.2**	**1.0**	**0.9**	**Apr-91**
S&P 500 Index	6.4	30.2	30.2	13.2	1.1	8.0	8.7	16.2	1.0	1.0	Apr-91
Russell 3000 Index	6.2	30.2	30.2	13.3	1.3	8.5	8.9	16.8	1.0	1.0	Apr-91
International Equity	**7.7**	**22.9**	**22.9**	**5.8**	**-1.3**	**NA**	**9.6**	**22.7**	**1.2**	**0.9**	**Jan-03**
MSCI EAFE (Net)	6.9	13.8	13.8	2.1	-5.2	NA	7.7	21.4	1.2	0.9	Jan-03
Total Flexible Capital	**2.5**	**8.5**	**8.5**	**4.8**	**2.4**	**NA**	**5.9**	**7.0**	**0.3**	**0.8**	**Apr-03**
HFRI Fund of Funds Composite Index	2.3	2.9	2.9	1.5	-1.6	NA	3.5	7.3	0.3	0.8	Apr-03
Total Fixed Income	**1.6**	**6.4**	**6.4**	**6.1**	**4.1**	**4.4**	**6.3**	**4.4**	**0.0**	**0.1**	**Apr-91**
Fixed Income Composite Index	1.6	8.2	8.2	5.7	4.9	5.3	7.5	6.1	0.3	0.8	Apr-91
Total Inflation Hedging	**9.7**	**11.5**	**11.5**	**4.8**	**-8.7**	**NA**	**-4.4**	**19.5**	**0.8**	**0.8**	**Jul-06**
Inflation Hedging Actual Index	10.8	13.0	13.0	7.3	-0.4	NA	2.5	16.6	0.7	0.9	Jul-06

Since inception returns are calculated from the first full quarter.

Executive Summary

Town of Palm Beach

Firefighters Retirement System

Preliminary Executive Summary as of September 30, 2012

Market Value	% of Portfolio		QTR Ended Dec-11	QTR Ended Mar-12	QTR Ended Jun-12	QTR Ended Sep-12	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
$56,861,422	**100.0**	**Total Fund**	**4.8**	**7.1**	**-2.7**	**4.3**	**13.9**	**8.7**	**13.9**	**7.0**	**0.7**	**6.4**	**7.5**	**Apr-91**
		Target Index	4.3	5.6	-3.0	4.9	12.1	7.5	12.1	5.6	-0.3	6.0	7.3	
		Actual Index	4.1	6.0	-2.8	4.5	12.1	7.7	12.1	5.2	0.0	6.4	8.7	
		Consumer Price Index	-0.5	1.6	0.0	0.2	1.4	1.9	1.4	2.1	2.0	2.4	2.5	
$21,474,815	**37.8**	**Global Equity**	**9.6**	**13.5**	**-5.2**	**6.2**	**25.2**	**14.3**	**25.2**	**10.1**	**-0.4**	**8.2**	**9.9**	**Apr-91**
$12,899,162	**22.7**	**Domestic Equity**	**11.9**	**12.0**	**-3.9**	**5.2**	**26.7**	**13.2**	**26.7**	**13.3**	**1.1**	**8.2**	**9.9**	**Apr-91**
		Russell 3000 Index	**12.1**	**12.9**	**-3.1**	**6.2**	**30.2**	**16.1**	**30.2**	**13.3**	**1.3**	**8.5**	**8.9**	
$3,289,659	5.8	SSgA S&P 500 Flagship NL Fund	11.8	12.6	-2.7	6.4	30.3	16.5	30.3	13.2	1.0	8.0	8.6	Jan-95
		S&P 500 Index	**11.8**	**12.6**	**-2.8**	**6.4**	**30.2**	**16.4**	**30.2**	**13.2**	**1.1**	**8.0**	**8.7**	
$3,165,660	5.6	Stralem & Company Large Cap Core Account	11.8	8.5	-3.7	5.0	22.7	9.8	22.7	11.8	3.1	NA	5.3	Apr-06
		S&P 500 Index	**11.8**	**12.6**	**-2.8**	**6.4**	**30.2**	**16.4**	**30.2**	**13.2**	**1.1**	**8.0**	**3.8**	
$2,333,829	4.1	SSgA S&P Midcap 400 Index NL Fund	13.0	13.5	-4.9	5.4	28.6	13.8	28.6	14.2	NA	NA	6.1	Jul-08
		S&P MidCap 400	**13.0**	**13.5**	**-4.9**	**5.4**	**28.5**	**13.8**	**28.5**	**14.3**	**3.8**	**10.8**	**6.2**	
$1,840,206	3.2	CRM Midcap Value Instl Fund	9.3	13.3	-4.7	5.1	24.2	13.6	24.2	9.8	NA	NA	3.2	Jul-08
		Russell Midcap Value Index	**13.4**	**11.4**	**-3.3**	**5.8**	**29.3**	**14.0**	**29.3**	**13.9**	**1.7**	**11.0**	**5.7**	
$2,269,808	4.0	Geneva Mid Cap Equity Account	13.2	13.5	-4.8	3.6	26.6	11.9	26.6	17.5	5.8	NA	8.2	Sep-05
		Russell Midcap Growth Index	**11.2**	**14.5**	**-5.6**	**5.3**	**26.7**	**13.9**	**26.7**	**14.7**	**2.5**	**11.1**	**5.8**	

Executive Summary

Town of Palm Beach

Firefighters Retirement System

Preliminary Executive Summary as of September 30, 2012

Market Value	% of Portfolio		QTR Ended Dec-11	QTR Ended Mar-12	QTR Ended Jun-12	QTR Ended Sep-12	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
$8,575,653	**15.1**	**International Equity**	**6.0**	**16.0**	**-7.3**	**7.7**	**22.9**	**15.9**	**22.9**	**5.8**	**-1.3**	**NA**	**9.6**	**Jan-03**
		MSCI EAFE (Net)	**3.3**	**10.9**	**-7.1**	**6.9**	**13.8**	**10.1**	**13.8**	**2.1**	**-5.2**	**8.2**	**7.7**	
$3,970,844	7.0	Harris Associates International Value L.P.	2.4	16.6	-10.4	7.9	15.5	12.8	15.5	5.5	-0.6	NA	11.8	Mar-03
		MSCI EAFE Value Index (Net)	**2.7**	**9.7**	**-7.1**	**7.5**	**12.6**	**9.6**	**12.6**	**-0.1**	**-6.3**	**8.5**	**8.8**	
		MSCI EAFE (Net)	**3.3**	**10.9**	**-7.1**	**6.9**	**13.8**	**10.1**	**13.8**	**2.1**	**-5.2**	**8.2**	**8.6**	
$4,604,809	8.1	Artisan International Inv Fund	9.6	15.5	-4.4	7.5	30.0	18.7	30.0	6.5	-2.3	NA	8.9	Jan-03
		MSCI EAFE Growth Index (Net)	**3.9**	**12.0**	**-7.3**	**6.4**	**14.8**	**10.5**	**14.8**	**4.3**	**-4.2**	**7.8**	**7.4**	
		MSCI EAFE (Net)	**3.3**	**10.9**	**-7.1**	**6.9**	**13.8**	**10.1**	**13.8**	**2.1**	**-5.2**	**8.2**	**7.7**	
$1,561,953	**2.7**	**Private Equity**												
$668,619	1.2	Landmark Equity Partners, XIV L.P. ($1.25 MM Cmt'd)												
$893,334	1.6	Private Equity Investment Fund, V L.P. ($1.25 MM Cmt'd)												
$17,560,368	**30.9**	**Total Flexible Capital**	**1.7**	**5.1**	**-1.0**	**2.5**	**8.5**	**6.7**	**8.5**	**4.8**	**2.4**	**NA**	**5.9**	**Mar-03**
		HFRI Fund of Funds Composite Index	**-0.5**	**3.4**	**-2.3**	**2.3**	**2.9**	**3.3**	**2.9**	**1.5**	**-1.6**	**3.6**	**3.5**	
$10,978,043	19.3	Archstone Absolute Return Strategies Fund, Ltd.	0.4	4.4	-0.7	2.7	6.9	6.5	6.9	5.2	NA	NA	2.4	Jul-08
		HFRI FOF: Conservative Index	**0.1**	**2.5**	**-1.7**	**1.6**	**2.4**	**2.4**	**2.4**	**1.6**	**-1.5**	**2.9**	**-1.9**	
$6,582,325	11.6	Forester Offshore A2 Ltd.	3.7	6.3	-1.3	2.1	11.0	7.1	11.0	4.2	3.0	NA	3.3	Jul-07
		HFRI FOF: Strategic Index	**-0.3**	**4.4**	**-3.1**	**2.7**	**3.5**	**3.9**	**3.5**	**1.4**	**-2.4**	**4.3**	**-2.0**	

Executive Summary

Town of Palm Beach

Firefighters Retirement System

Preliminary Executive Summary as of September 30, 2012

Market Value	% of Portfolio		QTR Ended Dec-11	QTR Ended Mar-12	QTR Ended Jun-12	QTR Ended Sep-12	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
$11,244,909	**19.8**	**Total Fixed Income**	**2.4**	**0.2**	**2.1**	**1.6**	**6.4**	**4.0**	**6.4**	**6.1**	**4.1**	**4.4**	**6.3**	**Apr-91**
		Fixed Income Composite Index	**4.0**	**0.3**	**2.1**	**1.6**	**8.2**	**4.1**	**8.2**	**5.7**	**4.9**	**5.3**	**7.5**	
$11,244,909	19.8	Vanguard Total Bond Market ETF	NA	0.2	2.1	1.6	NA	4.0	NA	NA	NA	NA	4.0	Jan-12
		Barclays U.S. Aggregate Float Adjusted	**1.1**	**0.3**	**2.1**	**1.6**	**5.3**	**4.1**	**5.3**	**6.3**	**6.6**	**5.4**	**4.1**	
$5,022,650	**8.8**	**Total Inflation Hedging**	**6.6**	**4.3**	**-8.7**	**9.7**	**11.5**	**4.6**	**11.5**	**4.8**	**-8.7**	**NA**	**-4.6**	**May-06**
		Inflation Hedging Actual Index	**6.6**	**2.6**	**-6.8**	**10.8**	**13.0**	**6.0**	**13.0**	**7.3**	**-0.4**	**NA**	**2.2**	
$2,360,464	4.2	T. Rowe Price New Era Fund	11.4	6.0	-10.7	9.9	15.9	4.0	15.9	4.6	NA	NA	-8.3	Jul-08
		S&P North American Natural Resources Sector	**14.2**	**4.2**	**-9.7**	**12.1**	**20.5**	**5.5**	**20.5**	**8.9**	**0.0**	**13.9**	**-4.2**	
$2,662,186	4.7	TAP Fund, LTD	2.6	2.9	-7.2	9.5	7.4	4.6	7.4	NA	NA	NA	9.1	Sep-10
		Dow Jones-UBS Commodity Index	**0.3**	**0.9**	**-4.5**	**9.7**	**6.0**	**5.6**	**6.0**	**5.3**	**-3.0**	**5.2**	**6.4**	
-$3,272	**0.0**	**Total Liquid Capital**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**	**0.6**	**1.7**	**3.2**	**Apr-91**
-$3,272	0.0	Government Stif 15	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.6	1.7	1.7	Jan-02
		Citigroup 3 Month T-Bill	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**	**0.6**	**1.7**	**1.7**	

Executive Summary

Town of Palm Beach

Firefighters Retirement System

Preliminary Executive Summary as of September 30, 2012

Please Note:

- Periods greater than one year are annualized
- Since inception returns are calculated from the first full month
- Actual Index calculated using manager allocations and index returns
- Performance and market values are subject to change based on statement availability from the investment manager/custodian
- Prior to 10/31/1999: Performance representative of Town of Palm Beach Total Fund.
- Prior to 12/31/2001: Performance provided by Callan & Associates.
- Prior to 12/31/2004: Portfolios were combined
- Target Index (effective 10/1/2009): 17.5% Russell 3000 Index/ 17.5% MSCI EAFE Net Index/ 30% HFRI FOF Index/ 15% Inflation Hedging Actual Index/ 20% Fixed Income Composite Index
  - From 12/31/2000 to 03/31/2003: Target Index: 60% S&P 500 Index/ 40% Barclays U.S. Aggregate Index
- Fixed Income Composite Index (effective 12/1/2011): 100% Barclays U.S. Aggregate Float Adjusted Index
- Fixed Income Composite Index (prior to 11/30/2011): 100% BOA Conv. Bond US Inv. Gr. Index
- Inflation Hedging Actual Index represents actual allocations with index returns
- Forester: Market value estimated using preliminary manager-reported performance
- Private Equity Market values generally reported one quarter in arrears, adjusted for current capital activity. Valuations subject to availability. Performance may change as updates are processed
- Total Fixed Income: Performance includes terminated managers
- Total Inflation Hedging: Performance includes terminated managers
- Government Stif 15: Client specific cash performance not available. Citigroup Treasury Bill 3 Month Index is being reported.

Non-Marketable Strategies

Non-Marketable Investment Summary

As of September 30, 2012

	Capital Commitment	Commitment Date	Capital Contributed	% Funded	Remaining Commitment	Capital Returned	Market Value	Net Growth of Portfolio	DPI Multiple	TVPI Multiple	IRR (%)
Total Non-Marketable Alternatives	**$2,500,000**		**$1,703,593**	**68.1**	**$796,407**	**$470,354**	**$1,561,953**	**$328,714**	**0.3**	**1.2**	**17.6**
Private Equity	**$2,500,000**		**$1,703,593**	**68.1**	**$796,407**	**$470,354**	**$1,561,953**	**$328,714**	**0.3**	**1.2**	**17.6**
Landmark Equity Partners, XIV L.P. ($1.25 MM Cmt'd)	$1,250,000	Nov-09	$726,733	58.1	$523,267	$196,545	$668,619	$138,431	0.3	1.2	18.6
Private Equity Investment Fund, V L.P. ($1.25 MM Cmt'd)	$1,250,000	Jan-10	$976,860	78.1	$273,140	$273,809	$893,334	$190,283	0.3	1.2	16.9

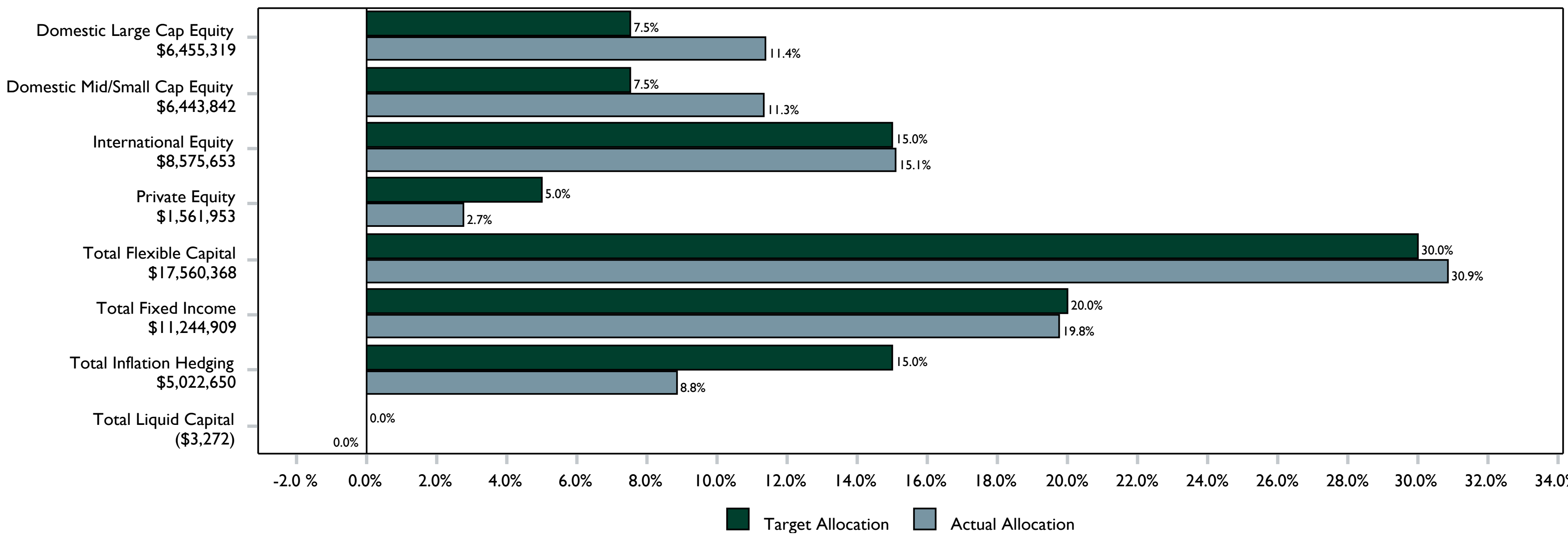
-Market value reported one quarter in arrears, adjusted for current capital activity, unless otherwise noted. Valuations subject to availability. Performance may change as updates are processed.
-This report contains information from manager supplied financial reports (audited or unaudited). Content is subject to change without notice. Information obtained from the manager is believed to be reliable; however, accuracy of the data is not guaranteed and has not been independently verified by Prime Buchholz.
-IRR = Calculated since inception
-DPI Multiple = Distributions to paid in capital
-TVPI Multiple = Total Value to paid in capital

Asset Allocation - Current

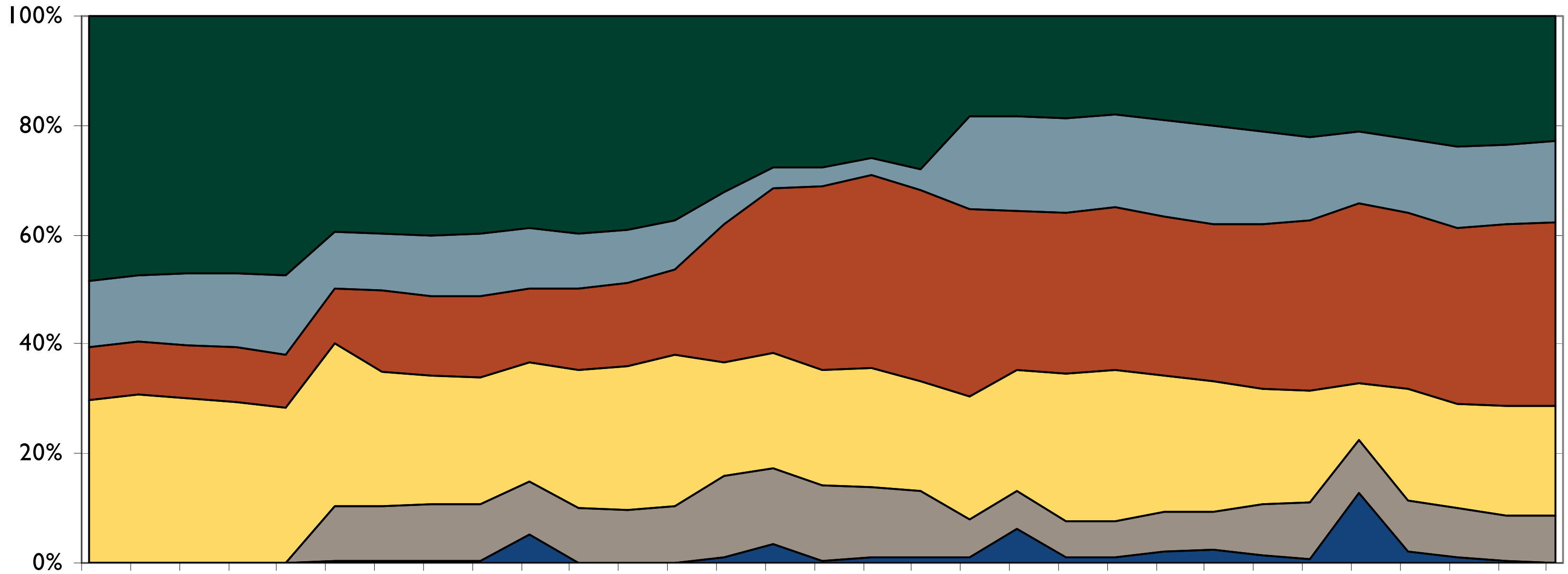
Asset Allocation Policy Ranges

As of September 30, 2012

	Asset Allocation (%)	Lower (%)	Target (%)	Upper (%)	Difference (%)
Total Fund	100.0	-	100.0	-	0.0
Domestic Large Cap Equity	11.4	6.0	7.5	9.0	3.9
Domestic Mid/Small Cap Equity	11.3	6.0	7.5	9.0	3.8
International Equity	15.1	12.0	15.0	18.0	0.1
Private Equity	2.7	4.0	5.0	6.0	-2.3
Total Flexible Capital	30.9	20.0	30.0	40.0	0.9
Total Fixed Income	19.8	18.0	20.0	22.0	-0.2
Total Inflation Hedging	8.8	12.0	15.0	18.0	-6.2
Total Liquid Capital	0.0	0.0	0.0	5.0	0.0



Asset Allocation – Historical



	Mar-05	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Domestic Equity	48	47	47	47	48	40	40	40	40	39	40	39	37	32	28	28
Intl Equity	12	12	13	14	14	10	11	11	11	11	10	10	9	6	4	3
Flexible Capital	10	10	10	10	10	10	15	15	15	13	15	15	16	25	30	34
Fixed Income	30	31	30	30	28	30	25	24	23	22	25	26	28	21	21	21
Inflation Hedging	0	0	0	0	0	10	10	10	11	10	10	10	10	15	14	14
Cash	0	0	0	0	0	0	0	0	0	5	0	0	0	1	3	0

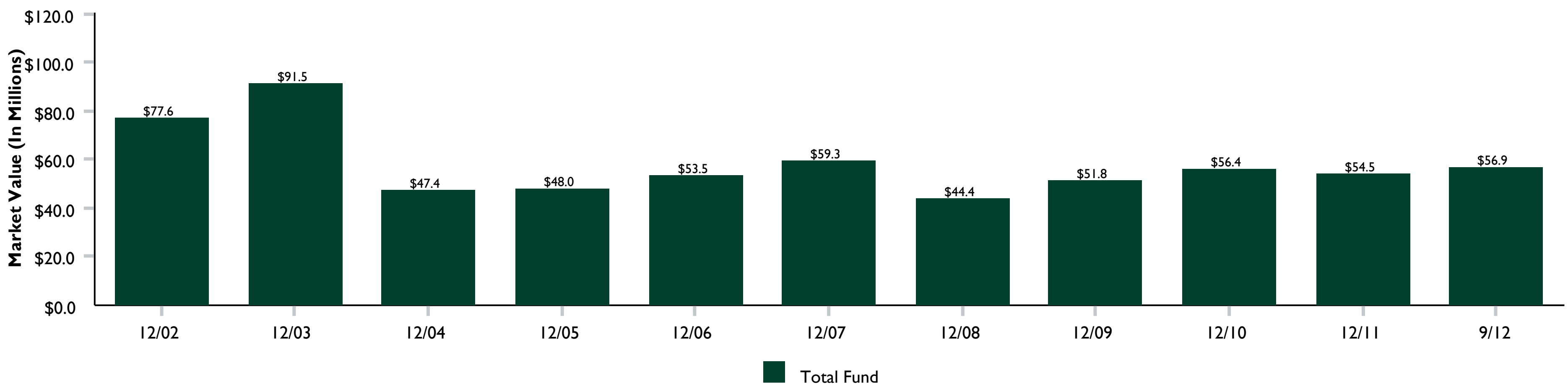
	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Domestic Equity	26	28	18	18	19	18	19	20	21	22	21	23	24	24	23
Intl Equity	3	4	17	18	17	17	18	18	17	15	13	14	15	14	15
Flexible Capital	35	35	34	29	29	30	29	29	30	31	33	32	32	33	34
Fixed Income	22	20	23	22	27	28	25	24	21	20	11	20	19	20	20
Inflation Hedging	13	12	7	7	7	7	7	7	9	11	10	9	9	8	9
Cash	1	1	1	6	1	1	2	3	1	1	13	2	1	0	0

Schedule of Investable Assets

Total Fund

January 1, 2002 To September 30, 2012

Periods Ending	Beginning Market Value	Net Cash Flow	Investment Performance	Ending Market Value
2002	$88,209,969	-$1,902,154	-$8,682,906	$77,624,908
2003	$77,624,908	-$1,752,705	$15,648,724	$91,520,928
2004	$91,520,928	-$51,651,686	$7,506,633	$47,375,875
2005	$47,375,875	-$1,949,703	$2,572,789	$47,998,961
2006	$47,998,961	-$836,187	$6,322,033	$53,484,807
2007	$53,484,807	$2,020,557	$3,833,081	$59,338,445
2008	$59,338,445	-$285,454	-$14,656,824	$44,396,168
2009	$44,396,168	-$97,983	$7,484,569	$51,782,754
2010	$51,782,754	-$964,657	$5,599,127	$56,417,224
2011	$56,417,224	-$886,277	-$986,124	$54,544,823
To 09/2012	$54,544,823	-$2,332,671	$4,649,270	$56,861,422
	$88,209,969	**-$60,638,918**	**$29,290,372**	**$56,861,422**



Please Note: Prior to 12/31/04, portfolios were combined

Liquidity Schedule

As of September 30, 2012

Investments	Inception	Subscriptions	Market Value	Daily	Monthly	Quarterly	Annually	Illiquid	Notes
Global Equity									
SSgA S&P 500 Flagship NL Fund	Dec-00	Daily	$3,289,659	$3,289,659					
Stralem & Company Large Cap Core Account	Mar-06	Daily	$3,165,660	$3,165,660					
SSgA S&P Midcap 400 Index NL Fund	Jun-08	Daily	$2,333,829	$2,333,829					
CRM Midcap Value Instl Fund	Jun-08	Daily	$1,840,206	$1,840,206					
Geneva Mid Cap Equity Account	Aug-05	Daily	$2,269,808	$2,269,808					
Harris Associates International Value L.P.	Feb-03	Daily	$3,970,844	$3,970,844					Reds: 30 days notice
Artisan International Inv Fund	Dec-02	Daily	$4,604,809	$4,604,809					
Private Equity									
Landmark Equity Partners, XIV L.P. ($1.25 MM Cmt'd)	Nov-09	Closed	$668,619					$668,619	
Private Equity Investment Fund, V L.P. ($1.25 MM Cmt'd)	Jan-10	Closed	$893,334					$893,334	
Flexible Capital									
Archstone Absolute Return Strategies Fund, Ltd.	Jun-08	Monthly	$10,978,043				$10,978,043		Reds: 1-year lock, 12/31 and 6/30 with 90 days notice
Forester Offshore A2 Ltd.	Jun-07	Quarterly	$6,582,325			$6,582,325			Reds: 3-year lock, 60 days notice
Fixed Income									
Vanguard Total Bond Market ETF	Dec-11	Daily	$11,244,909	$11,244,909					
Inflation Hedging									
T. Rowe Price New Era Fund	Jun-08	Daily	$2,360,464	$2,360,464					
TAP Fund, LTD	Aug-10	Monthly	$2,662,186		$2,662,186				Reds: 5 days notice
Liquid Capital									
Government Stif 15	Dec-01	Daily	-$3,272	-$3,272					
Cash in Transit	Jun-12	Daily							Cash in transit is holdback from Guggenheim liquidation
Total ($)			**$56,861,422**	**$35,076,915**	**$2,662,186**	**$6,582,325**	**$10,978,043**	**$1,561,953**	
Total (%)			**100.0**	**61.7**	**4.7**	**11.6**	**19.3**	**2.8**	

Liquidity Schedule

As of September 30, 2012

Redemption Terms		
Daily	$35,076,915	61.7
Monthly	$2,662,186	4.7
Quarterly	$6,582,325	11.6
Annually	$10,978,043	19.3
Illiquid	$1,561,953	2.8
Total	**$56,861,422**	**100.0**

Unfunded Commitments (% of Total Fund)		
Landmark Equity Partners, XIV L.P. ($1.25 MM Cmt'd)	$523,267	0.9
Private Equity Investment Fund, V L.P. ($1.25 MM Cmt'd)	$273,140	0.5
Total	**$796,407**	**1.4**

Footnotes:
Liquidity schedule based on managers' general redemption terms. Please contact your client service team for specific redemption information.

Operational Detail

Manager	Vehicle Type	Latest Audited Financials	Auditor/Accountant	Legal Counsel	Custodian	Administrator	Transparency
SSgA S&P 500 Flagship NL Fund	Pooled	Aug-11	Deloitte & Touche LLP	Goodwin Procter LLP	State Street Bank and Trust Company	Russell Fund Services Company	High
Stralem & Company Large Cap Core Account	Separate	Oct-11	Eisner, LLP	Kramer Levin Naftalis & Frankel	State Street Bank and Trust Company	Ultimus Fund Solutions, LLC	High
SSgA S&P Midcap NL Index	Pooled	Dec-11	PricewaterhouseCoopers	SSgA Internal Legal Staff, Ropes and Gray LLP	State Street Bank and Trust Company	State Street Bank	High
CRM Midcap Value Instl Fund	Pooled	Jun-12	Ernst & Young LLP	Bingham McCutchen LLP	The Bank of New York Mellon.	BNY Mellon Investment Servicing (U.S) Inc	High
Geneva Mid Cap Equity Account	Separate	N/A	Kohler & Franklin	Croen & Barr	State Street Bank and Trust Company	N/A	High
Harris Associates International Value L.P.	Pooled	Dec-10	Deloitte & Touche LLP	Winston & Strawn LLP	State Street Bank and Trust Company	Harris Associates, LP	High
Artisan International Inv Fund	Pooled	Sep-11	Ernst & Young LLP	Ropes & Gray LLP	State Street Bank and Trust Company	Artisan Partners Limited Partnership	High
Landmark Equity Partners, XIV LP	Pooled	Dec-11	PricewaterhouseCoopers	Ropes & Gray LLP	State Street Bank and Trust Company	N/P	High
Private Equity Investment Fund, V LP	Pooled	N/A	McGladrey & Pullen LLP	Ropes & Gray LLP	State Street Bank and Trust Company	N/A	N/A
Archstone Absolute Return Strategies Fund, Ltd.	Pooled	Dec-11	Ernst & Young LLP	Willkie Farr & Gallagher LLP (US), Walkers (Cayman)	The Bank of New York Mellon.	SS&C Technologies, Inc.	High
Forester Offshore B, Ltd.	Pooled	Jun-11	Ernst & Young LLP	Ogier (Cayman)	BNY Mellon, Citco Bank and Trust Company Limited, JPMorgan Asset	Citco Fund Services	High
Vanguard Total Bond Market ETF	Pooled	Dec-11	PricewaterhouseCoopers	Vanguard	JP Morgan Chase	Vanguard	High
T. Rowe Price New Era Fund	Pooled	Dec-11	PricewaterhouseCoopers	Willkie Farr & Gallagher LLP	State Street Bank and Trust Company	T. Rowe Price Associates, Inc	High
The TAP Fund, Ltd	Pooled	Dec-11	Rothstein, Kass & Company, P.C.	Cadawalader, Wickersham & Taft, LLP	State Street Bank and Trust Company	Citco Fund Services (Curacao) N.V.	High

N/A: information not applicable. N/P: information not provided at the time of report creation.

Low Transparency: limited disclosure of underlying portfolio holdings/components.

Medium Transparency: partial disclosure of underlying holdings/components.

High Transparency: access to underlying portfolio holdings/components.

Transparency assessments may not be comparable across asset classes or vehicles, given the existence of differing industry practices and implementation methods.

Auditor, latest audited financials, and legal counsel data provided for separate accounts is that of the management firm and provided for informational purposes only. Separate accounts typically are not audited.

Information obtained from third party sources is believed to be reliable, however, the accuracy of the information is not guaranteed and is not subject to independent verification.

Data is as of the most recent calendar year end and updated annually.

Fee Schedule

Fee Schedule as of September 30, 2012

Firefighters Retirement System

	Fee Schedule	Assets Market Value	Projected Annual Fee ($)	Projected Annual Fee (%)
SSgA S&P 500 Flagship NL Fund	0.05% on assets managed Minimum Fee of $7,500 Prorated with Midcap Index	$3,289,659	$3,513	0.11%
Stralem & Company Large Cap Core Account	0.80% on first $5M	$3,165,660	$25,325	0.80%
SSgA S&P Midcap 400 Index NL Fund	0.08% on assets managed Minimum Fee of $7,500 Prorated with S&P 500 Index & Passive Bond Market	$2,333,829	$3,987	0.17%
CRM Midcap Value Instl Fund	0.81% on assets managed	$1,840,206	$14,906	0.81%
Geneva Mid Cap Equity Account	0.75% on first $25M	$2,269,808	$17,024	0.75%
Harris Associates International Value L.P.	0.95% on assets managed	$3,970,844	$37,723	0.95%
Artisan International Inv Fund	1.22% on assets managed	$4,604,809	$56,179	1.22%
Archstone Absolute Return Strategies Fund, Ltd.	1.50% on assets managed	$10,978,043	$164,671	1.50%
Forester Offshore A2,B Ltd.	1.00% on assets managed	$6,582,325	$65,823	1.00% *

*Does not inclue underlying manager fees

Fee Schedule

Fee Schedule as of September 30, 2012

Firefighters Retirement System

	Fee Schedule	Assets Market Value	Projected Annual Fee ($)	Projected Annual Fee (%)
Landmark Equity Partners, XIV L.P. ($1.25 MM Cmt'd)	Years 1-4 1.00% of Committed Capital Years 5-8 1.00% of Invested Capital Thereafter, fee's will be 90% of the prior year's fees	$668,619	$12,500	1.00%
Private Equity Investment Fund, V L.P. ($1.25 MM Cmt'd)	1.75% on committed capital during investing period 1.75% on invested capital thereafter	$893,334	$21,875	1.75%
Vanguard Total Bond Market ETF	0.10% on assets managed	$11,244,909	$11,245	0.10%
T. Rowe Price New Era Fund	0.67% on assets managed	$2,360,464	$15,815	0.67%
TAP Fund, LTD	1.25% less than $1M 1.10% on $1M-$2.5M 1.0 on $2.5M-$5M 0.9% on $5M-$10M 0.75% on greater than $10M	$2,662,186	$26,622	1.00%
Government Stif 15	--	-$3,272	--	--
Total Investment Management Fees		**$56,861,422**	**$477,207**	**0.84%**

Fee Schedule

Fee Schedule as of September 30, 2012

Firefighters Retirement System

	Fee Schedule	Assets Market Value	Projected Annual Fee ($)	Projected Annual Fee (%)
State Street Bank & Trust Co.				
-Custody Fees	0.015% on assets custodied	$56,861,422	$8,529	0.015%
-Accounting Fees				
Separate Domestic Eq. Accts	$4,000 each		$12,000	
Separate Fixed Income Accts	$5,000 each		$5,000	
Mutual Funds/Pooled Accts	$2,750 each		$2,750	
-Accounting Fees				
Depository Trades	$15.00 each			
Domestic Holdings > 150	$60.00 each			
Paydowns	no charge			
Physicals	$35.00 each			
Options or Futures	$55.00 each			
Outgoing Wires	$7.50 each			
Expense Checks	$15.00 each			
Estimated Total SSBT fee:			$28,279	
Total Fees		**$56,861,422**	**$505,486**	**0.89%**

Please Note: *Base Fee Only, Underlying Manager Fees not included

-Management fee offsets may apply for Non-Marketable investments.

-State Street Custodian fees exclude Transaction Activity fees

Peer Performance Comparison

As of September 30, 2012

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2011 Return	2010 Return	2009 Return	2008 Return
SSgA S&P 500 Flagship NL Fund	30.3 (43)	13.2 (44)	1.0 (65)	21.3	1.0	1.0	16.5 (41)	2.0 (48)	15.0 (48)	26.5 (51)	-36.9 (60)
S&P 500 Index	**30.2 (45)**	**13.2 (44)**	**1.1 (65)**	**21.3**	**1.0**	**1.0**	**16.4 (43)**	**2.1 (48)**	**15.1 (45)**	**26.5 (51)**	**-37.0 (61)**
IM U.S. Large Cap Core Equity (SA+CF) Median	***29.8***	***12.8***	***1.6***	***21.4***	***1.0***	***1.0***	***15.9***	***1.9***	***14.9***	***26.5***	***-36.2***
Stralem & Co Large Cap Core Account	22.7 (94)	11.8 (68)	3.1 (18)	17.6	0.8	1.0	9.8 (97)	8.5 (6)	10.3 (91)	20.4 (85)	-27.8 (10)
S&P 500 Index	**30.2 (45)**	**13.2 (44)**	**1.1 (65)**	**21.3**	**1.0**	**1.0**	**16.4 (43)**	**2.1 (48)**	**15.1 (45)**	**26.5 (51)**	**-37.0 (61)**
IM U.S. Large Cap Core Equity (SA+CF) Median	***29.8***	***12.8***	***1.6***	***21.4***	***1.0***	***1.0***	***15.9***	***1.9***	***14.9***	***26.5***	***-36.2***
SSgA S&P Midcap 400 Index NL Fund	28.6 (32)	14.2 (43)	4.0 (23)	24.9	1.0	1.0	13.8 (40)	-1.8 (49)	26.3 (24)	37.2 (48)	-35.5 (21)
S&P MidCap 400	**28.5 (35)**	**14.3 (35)**	**3.8 (35)**	**24.9**	**1.0**	**1.0**	**13.8 (46)**	**-1.7 (48)**	**26.6 (20)**	**37.4 (45)**	**-36.2 (31)**
IM U.S. Mid Cap Core Equity (SA+CF) Median	***27.3***	***13.9***	***3.1***	***24.9***	***1.0***	***1.0***	***12.9***	***-2.1***	***24.5***	***36.3***	***-39.6***
CRM Midcap Value Instl Fund	24.2 (62)	9.8 (60)	0.6 (40)	21.9	0.8	1.0	13.6 (45)	-6.9 (83)	18.9 (25)	28.7 (63)	-35.0 (18)
Russell Midcap Value Index	**29.3 (25)**	**13.9 (9)**	**1.7 (16)**	**25.9**	**1.0**	**1.0**	**14.0 (40)**	**-1.4 (46)**	**24.8 (5)**	**34.2 (30)**	**-38.4 (47)**
IM U.S. Multi-Cap Core Equity (MF) Median	***25.5***	***10.6***	***0.1***	***22.3***	***0.8***	***1.0***	***13.3***	***-2.1***	***15.2***	***30.5***	***-39.1***
Geneva Mid Cap Equity Account	26.6 (43)	17.5 (18)	5.8 (10)	22.2	0.8	1.0	11.9 (68)	3.5 (18)	30.3 (23)	37.1 (64)	-36.0 (19)
Russell Midcap Growth Index	**26.7 (41)**	**14.7 (52)**	**2.5 (59)**	**25.9**	**1.0**	**1.0**	**13.9 (52)**	**-1.7 (50)**	**26.4 (51)**	**46.3 (31)**	**-44.3 (60)**
IM U.S. Mid Cap Growth Equity (SA+CF) Median	***26.1***	***14.9***	***3.2***	***25.6***	***1.0***	***1.0***	***14.0***	***-1.8***	***26.5***	***41.4***	***-43.5***
Harris Associates International Value L.P.	15.5 (46)	5.5 (38)	-0.6 (23)	27.6	1.0	1.0	12.8 (33)	-14.7 (75)	17.0 (27)	56.0 (7)	-42.1 (56)
MSCI EAFE Value Index	**12.6 (72)**	**-0.1 (90)**	**-6.3 (92)**	**26.9**	**1.0**	**1.0**	**9.6 (65)**	**-12.2 (58)**	**3.2 (95)**	**34.2 (54)**	**-44.1 (72)**
MSCI EAFE Index	**13.8 (63)**	**2.1 (76)**	**-5.2 (83)**	**25.5**	**0.9**	**1.0**	**10.1 (60)**	**-12.1 (58)**	**7.8 (66)**	**31.8 (63)**	**-43.4 (68)**
IM International Value Equity (SA+CF) Median	***15.2***	***4.0***	***-2.8***	***25.0***	***0.9***	***1.0***	***11.0***	***-11.0***	***11.1***	***35.4***	***-41.1***

Peer Performance Comparison

As of September 30, 2012

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2011 Return	2010 Return	2009 Return	2008 Return
Artisan International Inv Fund	30.0 (1)	6.5 (15)	-2.3 (25)	26.6	1.1	1.0	18.7 (1)	-7.3 (8)	5.9 (93)	39.8 (10)	-47.0 (76)
MSCI EAFE Growth Index	**14.8 (85)**	**4.3 (40)**	**-4.2 (55)**	**24.4**	**1.0**	**1.0**	**10.5 (71)**	**-12.1 (37)**	**12.2 (40)**	**29.4 (66)**	**-42.7 (43)**
MSCI EAFE Index	**13.8 (90)**	**2.1 (77)**	**-5.2 (67)**	**25.5**	**1.0**	**1.0**	**10.1 (80)**	**-12.1 (37)**	**7.8 (81)**	**31.8 (58)**	**-43.4 (48)**
IM International Large Cap Growth Equity (MF) Median	***17.8***	***3.9***	***-3.8***	***25.6***	***1.0***	***1.0***	***11.3***	***-13.6***	***11.2***	***33.3***	***-43.6***
Vanguard Total Bond Market ETF	5.1 (88)	6.1 (80)	6.5 (46)	3.3	1.0	1.0	4.0 (89)	7.7 (14)	6.5 (77)	6.0 (91)	5.2 (10)
Barclays U.S. Aggregate Float Adjusted	**5.3 (86)**	**6.3 (77)**	**6.6 (43)**	**3.3**	**1.0**	**1.0**	**4.1 (87)**	**7.9 (8)**	**6.6 (75)**	**6.0 (91)**	**5.2 (9)**
IM U.S. Broad Market Core Fixed Income (MF) Median	***7.4***	***7.1***	***6.4***	***4.6***	***0.7***	***0.6***	***6.0***	***6.5***	***7.5***	***13.3***	***-3.7***
TAP Fund, LTD	7.4 (54)	8.0 (29)	-2.0 (23)	26.1	1.0	1.0	4.6 (44)	-7.9 (51)	19.0 (22)	23.1 (39)	-38.8 (14)
Dow Jones-UBS Commodity Index	**6.0 (58)**	**5.3 (58)**	**-3.0 (29)**	**24.7**	**1.0**	**1.0**	**5.6 (33)**	**-13.3 (85)**	**16.8 (32)**	**18.9 (49)**	**-35.6 (7)**
IM Commodities General (MF) Median	***7.9***	***5.7***	***-3.9***	***28.9***	***1.1***	***1.0***	***3.8***	***-7.9***	***15.5***	***18.6***	***-45.9***

Please Note:
-Standard Deviation, Beta and Correlation are relative to the primary benchmark for the strategy
-Manager and benchmark universe rankings are listed in parenthesis next to manager and benchmark returns
-Peer Universe rankings range from 1 to 100. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100.

Tab III

Portfolio Comparison

As of September 30, 2012

	SSgA S&P 500 Flagship Fund	Stralem Large Cap Core	SSgA MidCap Fund	CRM MidCap Value	Geneva	Domestic Equity	Russell 3000
Composition							
# of Holdings	501	31	401	60	56	917	2,961
% Top 15 Holdings	27.6	56.4	12.0	35.8	36.3	20.0	22.6
% Top 25 Holdings	37.1	86.5	17.3	53.4	56.5	28.7	30.2
Characteristics							
Wtd Avg Mkt Cap ($B)	119.9	115.7	4.0	11.3	8.3	62.8	99.3
Forecast P/E	13.9	13.3	16.0	14.7	21.0	15.1	14.1
Price/Book ratio	2.7	2.5	2.3	2.1	3.9	2.6	2.6
Historical EPS Growth - 5 Year	8.0	8.6	7.4	2.4	17.6	9.1	8.0
Forecast EPS Growth - Long-Term	10.9	9.4	13.2	13.1	16.9	12.3	11.6
Current Yield	2.1	2.8	1.5	1.6	0.5	1.8	2.0
GICS Sectors (%)							
Energy	11.2	11.7	5.8	7.3	8.5	9.3	10.2
Materials	3.5	6.3	6.8	5.8	1.7	4.8	3.9
Industrials	9.7	19.5	15.8	13.5	19.9	15.5	10.7
Consumer Discretionary	11.0	3.8	13.7	11.7	19.4	11.3	12.2
Consumer Staples	10.7	6.8	3.2	5.3	5.3	6.7	9.5
Health Care	11.9	15.3	10.2	10.4	14.3	12.6	11.9
Financials	14.4	0.0	21.6	19.1	6.6	11.5	16.0
Information Technology	19.9	15.2	15.2	12.4	22.8	17.3	19.1
Telecommunication Services	3.2	3.9	0.6	0.0	0.0	1.9	2.9
Utilities	3.4	13.5	5.0	9.7	0.0	6.5	3.5
Cash	1.0	4.1	2.1	4.8	1.5	2.6	0.0
Market Capitalization (%)							
Large ($15.0B-Above)	82.1	95.9	0.0	24.1	6.5	49.0	68.4
Mid/Large ($7.0-15.0B)	12.5	0.0	9.9	42.5	50.4	19.9	12.2
Mid ($1.0-7.0B)	4.4	0.0	86.8	28.6	41.5	28.2	16.2
Small/Mid ($0.5-1.0B)	0.0	0.0	1.2	0.0	0.0	0.2	1.8
Small ($0.0-0.5B)	0.0	0.0	0.0	0.0	0.0	0.0	1.3
Cash	1.0	4.1	2.1	4.8	1.5	2.6	0.0

Portfolio Comparison

As of September 30, 2012

	Harris Intl Value	Artisan Intl Fund	International Equity	MSCI AC World xUS	Global Equity	MSCI AC World
Composition						
# of Holdings	55	83	128	1,837	1,041	2,440
% Top 15 Holdings	45.9	46.0	29.7	12.7	14.9	12.8
% Top 25 Holdings	68.5	63.5	43.4	17.8	21.8	17.6
Characteristics						
Wtd Avg Mkt Cap ($B)	32.9	52.0	43.2	48.4	54.9	79.8
Forecast P/E	13.0	13.8	13.4	11.8	14.4	12.7
Price/Book ratio	1.9	2.4	2.2	2.0	2.4	2.3
Historical EPS Growth - 5 Year	-7.7	11.3	3.6	2.7	7.4	6.0
Forecast EPS Growth - Long-Term	19.7	15.8	17.6	12.5	14.4	11.9
Current Yield	2.8	2.6	2.7	3.4	2.2	2.8
GICS Sectors (%)						
Energy	0.0	2.6	1.4	11.0	6.1	11.1
Materials	8.6	7.9	8.3	11.1	6.2	7.5
Industrials	17.2	13.0	14.9	10.5	15.3	10.1
Consumer Discretionary	20.0	12.4	15.9	9.1	13.1	10.4
Consumer Staples	7.1	28.4	18.6	10.4	11.4	10.6
Health Care	4.1	6.2	5.2	7.4	9.7	9.5
Financials	30.4	18.4	23.9	24.7	16.5	19.9
Information Technology	10.0	5.5	7.6	6.3	13.4	12.8
Telecommunication Services	0.0	3.7	2.0	5.9	1.9	4.6
Utilities	0.0	0.0	0.0	3.7	3.9	3.6
Cash	2.6	1.9	2.2	0.0	2.5	0.0
Market Capitalization (%)						
Large ($15.0B-Above)	50.7	74.7	63.6	66.1	54.9	72.3
Mid/Large ($7.0-15.0B)	24.6	16.7	20.3	18.5	20.1	16.6
Mid ($1.0-7.0B)	21.5	6.7	13.6	15.3	22.4	11.0
Small/Mid ($0.5-1.0B)	0.7	0.0	0.3	0.1	0.2	0.1
Small ($0.0-0.5B)	0.0	0.0	0.0	0.0	0.0	0.0
Cash	2.6	1.9	2.2	0.0	2.5	0.0

Regional Exposure

As of September 30, 2012

Regional Allocation (%)	Global Equity	MSCI AC World	Harris Intl Value	Artisan Intl Fund	International Equity	MSCI AC World xUS
Canada	1.3	4.4	1.7	3.8	2.9	8.3
United States	58.4	46.5	1.4	2.8	2.1	0.0
Pacific ex Japan	4.1	5.8	3.7	15.7	10.1	11.0
Japan	6.8	7.2	23.0	12.0	17.1	13.6
Europe ex UK	20.1	15.7	53.2	44.5	48.5	28.5
United Kingdom	5.1	8.4	14.1	11.3	12.6	15.8
Middle East	0.1	0.2	0.0	0.0	0.0	0.4
Developed Markets	**95.8**	**88.2**	**97.2**	**90.0**	**93.3**	**77.7**
EM Asia	1.5	6.8	0.0	6.9	3.7	13.0
EM Europe	0.0	1.2	0.0	0.0	0.0	2.3
EM Latin America	0.1	2.7	0.2	0.2	0.2	5.1
EM Mid East+Africa	0.0	1.0	0.0	0.0	0.0	2.0
Emerging Markets	**1.6**	**11.8**	**0.2**	**7.1**	**3.9**	**22.3**
Frontier Markets	**0.2**	**0.0**	**0.0**	**0.9**	**0.5**	**0.0**
Cash	2.5	0.0	2.6	1.9	2.2	0.0

Regional Allocation (%)	Global Equity	MSCI AC World
United States	58.4	46.5
Non-US Developed	**37.4**	**41.7**
Emerging Markets	**1.6**	**11.8**
Frontier Markets	**0.2**	**0.0**
Cash	2.5	0.0

Flexible Capital Strategy

	Archstone Absolute Return Strategies Fund, Ltd.	Forester Offshore Fund, Ltd.	Total Leveraged Portfolio
Market Value	$10,978	$6,582	$17,560
% of Total Managed Portfolio ($56.9 mm)	19.3	11.6	30.9
Market Exposure (%)			
Gross Long %	103.1	92.0	98.9
Gross Short %	65.9	60.0	63.7
Net %	37.2	32.0	35.3
Total Gross	169.0	152.0	162.6
Strategy Weights (%)			
L/S Equity	14.6	92.0	43.6
L/S Credit	23.4	0.0	14.7
Event-Driven	3.7	0.0	2.3
Distressed	18.6	0.0	11.6
Special Situations	1.7	0.0	1.1
Relative Value	9.0	0.0	5.7
Macro	0.0	0.0	0.0
Other/Cash	28.9	8.0	21.1
Geography (%)			
U.S. & Canada	55.7	67.8	60.2
Developed Europe	29.8	17.1	25.0
Asia	11.6	11.8	11.7
Emerging Markets	0.0	3.3	1.3
Other	2.8	0.0	1.8

Top 10 Long Holdings/Managers

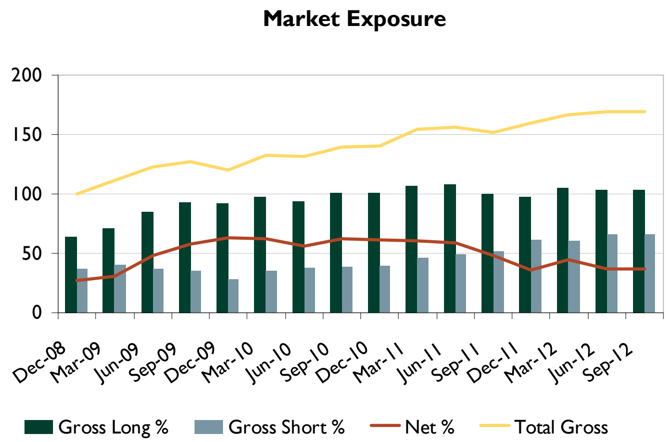
Manager	% of Portfolio	Manager	% of Portfolio
FIR TREE	10.8	KENSICO	NA
YORK CREDIT	10.2	VIKING	NA
OZ OVERSEAS	9.9	SAMLYN	NA
KING STREET	9.8	JOHO CAPITAL	NA
ELLIOTT INT'L	9.6	PENNANT CAPITAL	NA
DAVIDSON KEMPNER	9.6	TIGER GLOBAL	NA
MASON CAPITAL	9.0	WELLINGTON	NA
FARALLON	8.9	CASTINE CAPITAL	NA
TACONIC	8.7	COATUE	NA
SILVER POINT	8.0	LANSDOWNE PARTNERS	NA

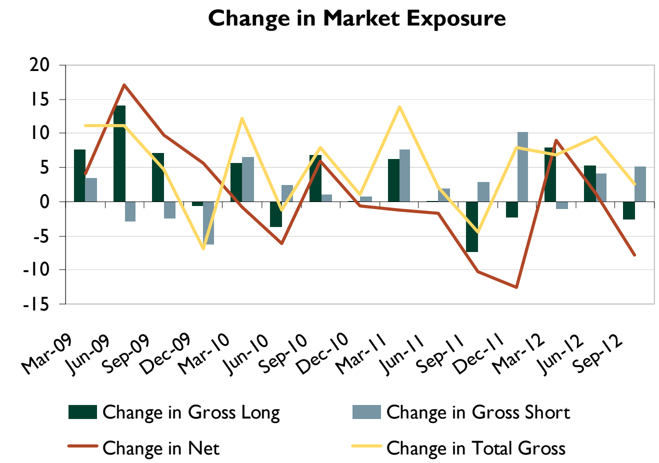
Data for Period Ended September 30, 2012

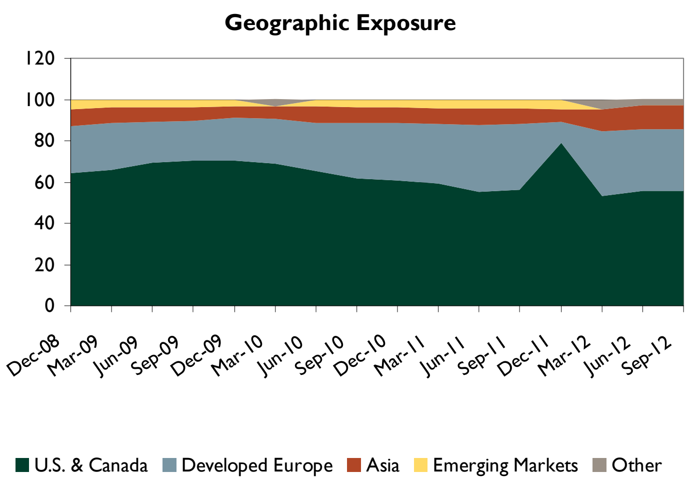
- Portfolios with incomplete data are excluded from the Total Leveraged Portfolio calculations.
- Top holdings are reflected as of current quarter end when provided by the manager. Otherwise, holdings are based on 13Fs with a quarter lag, when applicable. The 13F reflects top equity holdings as a percentage of total equity holdings at the firm level.
- Market Values in '000s.
- Statistics as of 6/30/2012: Archstone Absolute Return Strategies Fund, Ltd. , Forester Offshore Fund, Ltd.

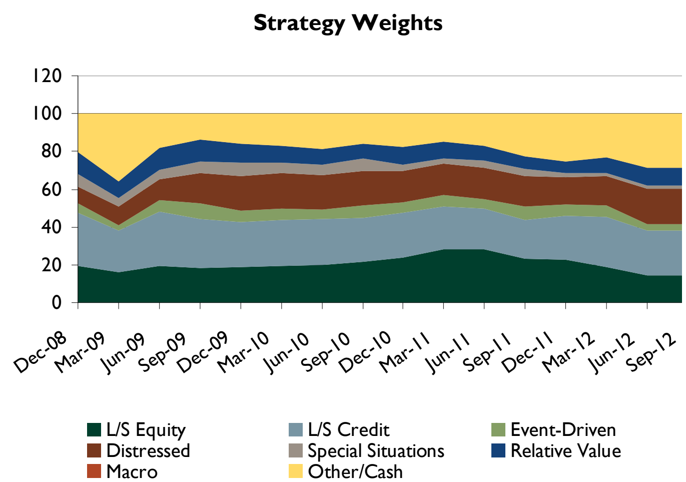
Flexible Capital Strategy

Archstone Absolute Return Strategies Fund, Ltd.



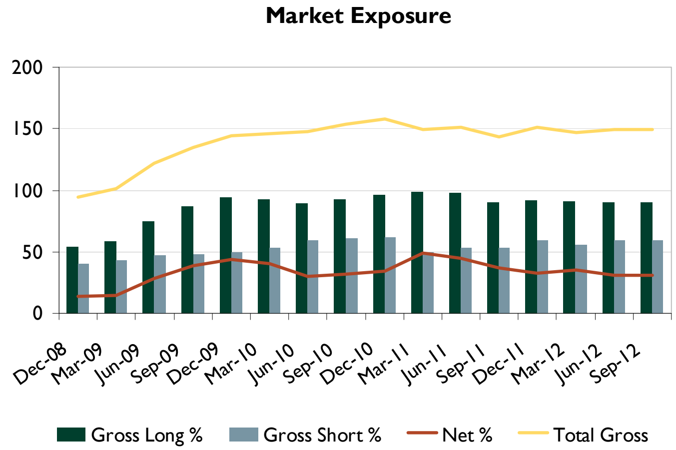


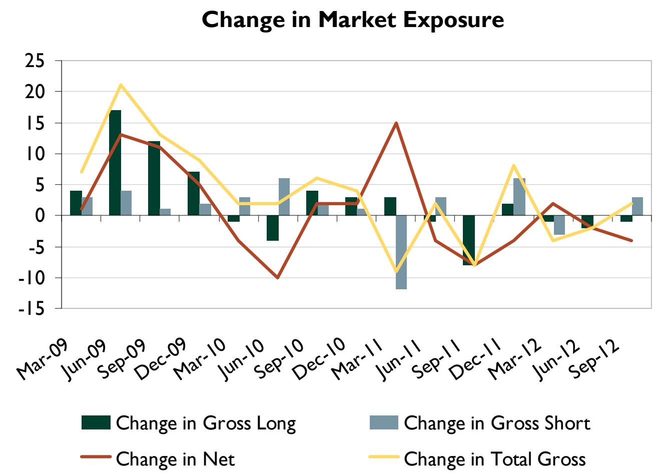


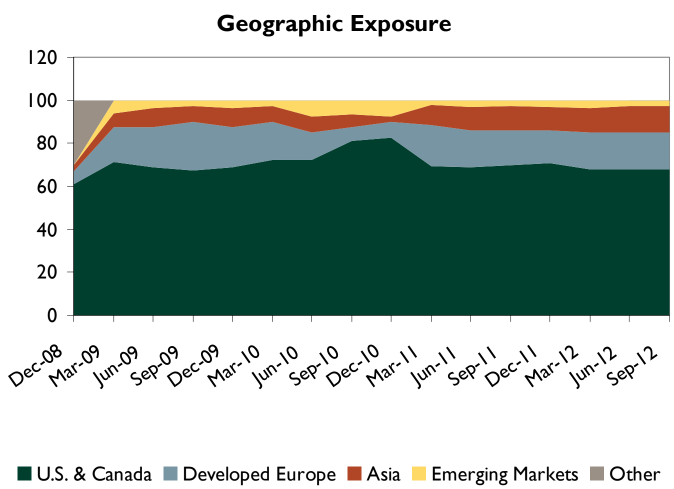


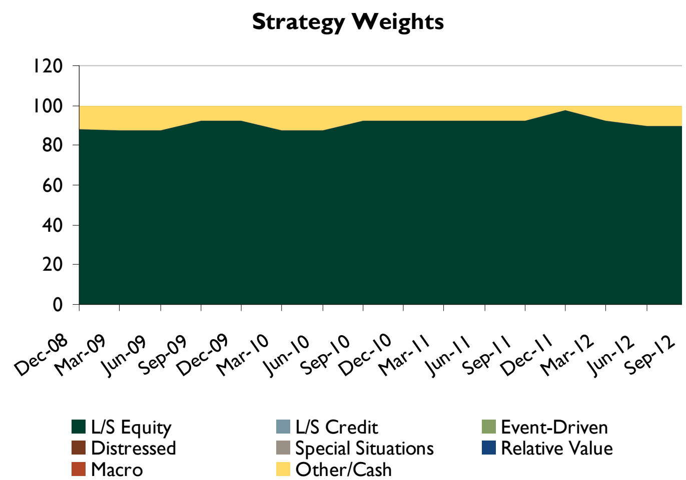
Flexible Capital Strategy

Forester Offshore, Ltd.









Fixed Income

	Vanguard Total Bond [1]	BC Aggregate Flt Adj Index [2]
Portfolio Characteristics		
Yield	1.6	1.6
Average Maturity	6.9	6.9
Duration	5.0	5.0
Quality Breakdown		
U.S. Treasury	39.4	38.3
U.S. Government/Agency	4.4	4.9
Agency MBS	26.1	26.1
Non-U.S. Sovereign/Agency	0.0	4.3
AAA	3.1	3.2
AA	4.3	2.2
A	11.8	11.3
BBB	10.9	9.7
BB and Below	0.0	0.0
NR/Other	0.0	0.0
Sector and Sub-Sector Breakdown		
U.S. Treasury	39.4	38.3
U.S. Government Related	4.4	4.9
Non-U.S. Sovereign/Agency	5.6	4.3
Investment Grade Corporate	22.1	22.5
Industrials	*12.4*	*12.7*
Utility	*2.4*	*2.5*
Financials	*7.3*	*7.3*
High Yield	0.0	0.0
Non-U.S. Dollar	0.0	0.0
Emerging Market Debt	0.0	0.0
MBS	26.1	26.1
MBS - Agency	*26.1*	*26.1*
MBS - Non-Agency	*0.0*	*0.0*
CMBS	2.1	2.0
ABS	0.2	0.3
Municipal	0.0	0.0
Cash	0.0	0.0
Other	0.1	1.6

Data for Period Ended September 30, 2012

Yield represents Yield to Maturity, Duration represents Effective Duration unless otherwise noted.

[1] Duration represents Average Duration.

[2] Duration represents Modified Adjusted Duration. Sector Breakdown Other is Supranationals.

Inflation Hedging

	T. Rowe Price New Era [(1)]	The Tap Fund [(2)]
Sector Breakdown		
Energy	57.7	32.5
Industrial Metals	11.4	18.4
Precious Metals	0.0	15.9
Agriculture/Livestock	0.0	33.2
Other	30.9	0.0

Data for Period Ended September 30, 2012

[(1)] Metals and Mining 11.4% may include exposure to base metals and precious metals. Portfolio Sector Weights Cash/Other includes 12.8% Materials, 7.2% Utilities, 2% Financial, 4.1% Industrial, 1% Consumer Staples, and 3.8% Other & Reserves.

[(2)] Agriculture/Livestock includes Foods & Fibers.

Tab IV

Performance Highlights

Equity

- The Stralem Large Cap Core Strategy was up 5.0% during the quarter, trailing the 6.4% gain for the S&P 500 Index. The portfolio's up-market exposure (representing 63% of composite assets) hurt third quarter results, accounting for almost all of the relative underperformance. While the allocation effect did not materially impact performance in terms of up, notably it was selection in two of the three up-market segments (new industries and dominant companies) that negatively impacted results. Of note, Intel (-14%) and Microsoft (-2%) within new industries hurt relative performance, while dominant companies including Coca-Cola (-2%), FedEx (-7%), and Dow Chemical (-8%) also posted losses. Attribution in terms of down-market stocks (33% of composite assets) was slightly positive, driven by mega cap energy names ExxonMobil (+8%) and Chevron (+11%) in the energy segment and high yield holdings, including AT&T (+7%), Merck (+9%) and Pfizer (+9%). More broadly, performance on the year has been negatively impacted by an overweight to utilities—an area the team believes will hold up well should market volatility increase later this year and in 2013. The portfolio was also punished on a relative basis by a lack of exposure to financials. Lastly, the portfolio has no exposure to Apple, a name that now represents close to 4% of the S&P 500 Index. This decision alone has cost approximately 200 basis points of relative performance; however, the team prefers names such as Qualcomm, Intel, and Cisco that could be beneficiaries of the shift to smartphones. Despite underperformance throughout the quarter and on the year, the team remains comfortable with its positioning and the names in the portfolio. There were no new buys or outright sales during the quarter. The main activity during the quarter was related to trimming pharma names on strength. While a number of these names are yielding in excess of 4%, there are concerns about downside risk at current levels.

Performance Highlights

Equity (cont'd)

- Cramer Rosenthal McGlynn's Mid Cap Value strategy advanced 5.1% in the three months ended September 30, 2012, but failed to match the Russell Mid Cap Value Index's 5.8% gain. Nevertheless, CRM's Mid Cap Value strategy is within 40 bps of the benchmark in the year-to-date period with a return of 13.6%. Sector allocation, which is a by-product of CRM's bottom-up research and portfolio construction, weighed on relative results in the quarter. CRM is underweight the energy sector where Cameco, a miner of uranium, faced a declining prices and continued concerns over Japan's nuclear program. Cameco's decline offset strong performance from Cameron International, Marathon Oil, and Whiting Petroleum in the quarter and selection was neutral in the sector. In addition to CRM's under allocation to energy, CRM's overweighting of the information technology sector, where stock selection was similarly neutral, weighed on relative results. Stock selection was problematic within healthcare where Hospira figured among the top detractors. CRM reports that Hospira, a drug maker, is in the early stages of resolving quality issues in its manufacturing. While CRM expects Hospira's stock to remain challenged in the near-term, the Firm believes that valuations are sufficiently compelling given the company's longer-term prospects. CRM had positive results across its industrials, consumer discretionary, and utilites portfolios. Stanley Black & Decker, a standout within the industrials sector, increased its dividend, announced an accretive acquisition, and expanded on plans to restructure costs, prompting a recovery from the sell off in the second quarter. Limited Brands and McGraw-Hill contributed to CRM's outperformance within the consumer discretionary sector. Investors have responded favorably to McGraw-Hill's plan to split into two companies, McGraw-Hill Financial and McGraw-Hill Education, while Limited Brands exceeded expectations for sales. CRM continues to prefer well capitalized companies that are returning capital to its shareholders, as well as misunderstood restructurings, asset sales, and spin-offs. CRM has also been opportunistic in its trading of portfolio positions – reducing holdings into strength and redeploying capital into high conviction names with additional upside. Though challenging in the short-term, CRM continues to believe that the market volatility has presented great opportunities for long-term investors. The Mid Cap Value strategy remains closed to new investors.

- During the quarter, CRM announced that Thad Pollack joined Jay Abramson and Chip Rewey, CFA as a co-portfolio manager on the Mid Cap Value strategy. Pollack joined CRM is 2003 and is a sector lead on the consumer staples team.

Performance Highlights

Equity (cont'd)

- Geneva's Mid Cap Growth strategy returned 3.6% in the quarter ended September 30, 2012, but it failed to match the Russell Midcap Growth Index's 5.3% gain. Underperformance in the quarter was attributable to stock selection—Geneva's health care, consumer discretionary, and materials holdings lagged the benchmark. Cerner, a health care IT company, was the largest detractor within the sector. Geneva has otherwise focused on veterinary and dental names, as well as companies that offer solutions to cost proliferation. Geneva attributes a significant part of its relative underperformance within the health care sector to substantial price appreciation in stocks that it does not own. Stock selection was very mixed in the consumer discretionary sector, in which strong performance from Panera and Tractor Supply Company did not fully offset weakness in Chipotle Mexican Grill and Gentex. Geneva's sole materials position (Sigma-Aldrich) declined—albeit modestly—in the quarter. Geneva reports that portfolio activity has declined in recent quarters during which the consequences of incorrectly buying or selling has increased. Trading has tended to be opportunistic in nature—Geneva trimmed and added with market volatility. During the quarter, Geneva established two new positions—McCormick & Company and Ulta Salons—and sold Whiting Petroleum. During this time, Geneva repositioned its portfolio into natural gas to capitalize on the fuel's significant price disconnect. Geneva is increasingly constructive on financials in anticipation of a merger and acquisition super cycle, but remains underweight the sector. Geneva describes the current portfolio as balanced with exposure to both steady and more aggressive (20%+) growers. Valuations are concerning in some segments of the portfolio, but Geneva has yet to take any significant action. Because the Firm continues to have a cautious outlook, it plans to maintain its emphasis on quality.

Performance Highlights

Equity (cont'd)

- The Harris International Equity strategy gained 7.9% over the quarter, outpacing the 7.5% return of the MSCI EAFE Value Index. Lead PM David Herro's bet on European financials added meaningful value as positions in Banco Santander (Spain), BNP Paribas (France), and Lloyds Banking Group (UK) all outperformed the broad benchmark. Herro and his investment team also saw strong stock selection within the industrials, consumer discretionary, and commodities sectors. Technology was the only area of weakness, with positions in Japanese electronics companies Canon, Rohm, and Omron all posting losses during the quarter. The strategy continued to hold a strong cyclical tilt, with the portfolio positioned heavily in favor of financials, industrials, and consumer discretionary names. These overweights came largely at the expense of the energy and telecommunications sectors, where the portfolio continued to hold no exposure. Herro has long avoided energy names due to its dependence on oil pricing rather than company fundamentals, while his aversion to telecommunications is driven primarily by concerns over unfavorable industry trends and regulation. From a regional perspective the portfolio continued to hold a significant overweight to continental Europe at the expense of most other countries and regions, with the exception of Japan which was roughly in line with the Index. The portfolio continued to hold defensive hedges on the Australian dollar, Japanese yen, Swiss franc, and Swedish kroner were all hedged.

- Lead PM David Herro seeks deeply undervalued investment opportunities, which are often out of favor with most investors. This, coupled with the concentrated nature of the strategy, can result in considerable deviations from the benchmark. Investors must have a similar investment horizon to Harris (3-5 years). Currently, the portfolio has meaningful exposure to continental Europe, in particular banking names, a region where Herro and his team have identified what it believes to be strong companies trading at attractive valuations. We maintain a high level of conviction in the Harris International Fund and Herro, however it is important that clients are aware of the potential deviations from the benchmark and peers that may result from the active bets taken in this strategy.

Performance Highlights

Equity (cont'd)

- Artisan's International Fund gained 7.5% during the quarter, outperforming the 6.9% gain of the MSCI EAFE Index. Following another strong quarter, the strategy is now well ahead of the benchmark over the year-to-date period ended September 30th (+18.7% vs. +10.1%). Relative outperformance in the quarter was driven entirely by stock selection. The investment team added meaningful value within the industrials and healthcare sectors, where notable contributors included biotechnology names such as Grifols and Actelion Ltd., as well as Canadian Pacific Railway and German courier Deutsche Post. Financials was the only economic sector where Artisan failed to add relative value, due in part to mixed returns within the banking sector. At quarter-end the portfolio continued to hold a significant overweight to consumer staples, where exposure was focused on high quality companies with dominant market positions. The overweight to staples has come primarily at the expense of energy and utilities, where Artisan holds a minimal allocation. Regionally, the Fund's allocation to continental Europe remained underweight, with exposure focused in core nations such as Germany, France, and Switzerland at the expense of the PIIGS nations. The strategy's direct emerging markets allocation decreased modestly to 11%, with much of the exposure coming from Chinese and to a lesser extent Korean positions.

- In February 2012, Andrew J. Euretig and Charles-Henri Hamker were added as Assistant Portfolio managers on the strategy. Euretig has served as an Analyst with Artisan since 2005, while Hamker has been with the Firm since 2000. Mark Yockey, who has managed the Fund since its inception, remains the lead Portfolio Manager.

- Following the withdrawal of an S-1 (IPO) registration in December, Artisan has yet to share a detailed plan for providing liquidity to the Ziegler family and private equity firm Hellman & Friedman, and for reducing the debt associated with the Firm's recapitalization in 2006. Artisan reports that the Firm continues to review its options and is likely to re-address Firm ownership in the coming quarters. We continue to monitor the situation closely and will communicate any developments as we are made aware of them.

Performance Highlights

Private Equity

- Landmark Equity Partners XIV (LEP XIV) has completed 25 secondary transactions since inception, comprised of 216 partnerships interests in 200 partnerships. The Fund has called $1,009.2 million, or 50.5% of total commitments. During the quarter, the Fund distributed $57.5 million to the Fund, bringing distributions since-inception to $279.8 million, or 27.7% of contributed capital. During the quarter, the Fund acquired an interest in Thomas H. Lee Equity Fund VI, LP with a total transaction size of $18.8 million. In June, the Fund committed $4.4 million to Apple Tree Partners II-Annex LP. Based on residual value, the Fund ended the quarter allocated to 69.4% Buyout, 27.3% Venture, and 3.3% Mezzanine. The portfolio's 20 largest public companies represented 57.1% of the public company residual value as of quarter-end. Furthermore, the 20 largest private company holdings represented 31.9% of the private company residual value. Management has continued to state that the current pipeline of opportunities for LEP XIV is robust and represent a large supply of deals with a diverse group of sellers with attractive private equity assets for sale. The investment team continues to look for transactions that involve seasoned assets where Landmark can apply creative structures to provide downside protection.

Performance Highlights

Flexible Capital

- Archstone Absolute Return gained 2.7% in the third quarter, outperforming the HFRI FOF: Conservative Index (+1.6%). Year-to-date, the Fund is up 6.5% versus 2.4% for the Index. It was a relatively strong quarter for credit-focused managers, with returns generally falling in a range of 3–5%. Corporate credit spreads tightened as investors continued to seek out yield in the market and asset-backed debt returns gained sharply due to improved housing fundamentals and increased appetite for complexity. Managers with larger allocations to arbitrage and event-driven strategies struggled as a result of limited corporate activity to produce investable events, such as mergers or spinoffs. Among the best performing managers during the quarter was York Credit, which gained roughly 5%. York has exposure to a number of larger distressed situations that continued to progress through the restructuring process. The Firm also had exposure to post-reorganization equities that benefited from the equity market rally. Elliott was also a top performer, gaining 4.7% on the strength of its distressed book—most notably Lehman Brothers—which appreciated ahead of the most recent cash distribution in October. Silver Point (+3.3%) also benefited from the appreciation of Lehman Brothers, as well as from the 20% gain in Delphi Automotive, which continues to perform well since re-emerging from bankruptcy. Fir Tree was up 4.7% due to strong returns in the mortgage and corporate credit space. Diversified multi-strategy managers such as Och-Ziff, Farallon, and Davidson Kempner reported more modest gains in the 2.5–3.0% range. Mason (-1.7%) was the only manager who performed in negative territory. Mason struggled with its hedging book and also took losses on a handful of idiosyncratic event trades.

Performance Highlights

Flexible Capital (cont'd)

- Forester Offshore gained 2.1% in the quarter, bringing year-to-date returns to 7.1%. Over the same respective periods, the HFRI FOF: Strategic Index gained 2.7% and 3.9%. Long/short equity manager performance was generally positive, but lagged broader equity indices. Among the better performers during the quarter was Coatue, which gained more than 5.5%. Coatue's portfolio is concentrated in technology and media names, and top holdings such as Apple, Liberty Global, and News Corp. all posted strong double-digit gains in the quarter. Samlyn was also a strong contributor, gaining nearly 5% due to strength from the energy and financials sectors. Financials specialist Wellington Bay Pond also outperformed, gaining more than 7%. Managers exposed to global cyclicals also performed quite well, most notably HHR (6%) and Lone Pine (8%) both of which have considerable allocations to consumer related companies that have participated in the equity market rally this year. Outside of equities, mortgage focused manager Premium Point (9%) benefited from improving housing fundamentals, as well as greater interest in more complex, higher yielding credit from other investors. On the negative side, Forester's hedge related managers struggled during the quarter as equity and credit markets appreciated, and volatility levels declined, weighing on options positions. Hedging activity also weighed on managers such as Mason (-1.7%), which had considerable credit shorts throughout much of the quarter. Mason's relatively concentrated event-driven portfolio also saw a number of trades work against them.

Performance Highlights

Inflation Hedging

- The TAP strategy reversed declines experienced in the second quarter and posted a 9.84% increase in the third quarter. The Fund slightly outperformed the DJ UBS Commodity Index which increased 9.69% during the quarter. TAP's commodity weighting methodology varies from the DJ UBS and has generated positive alpha for the strategy over the long-term. Weightings of each tangible commodity are reset at the beginning of each year and are determined by Gresham's research and development staff based upon such factors as the dollar value of commodities with the highest production values and greatest dollar volumes of trading.

- TAPs contract and commodity selection in the agricultural soft sector was additive to performance relative to the benchmark while its overweight to the underperforming sector detracted from performance. Overall TAP's soft sector strategy provided 103 bps, the largest relative outperformance during the quarter. Within the livestock sector TAPs overweight improved relative performance as its sub-sector contract and commodity selections provided value above the benchmark. The livestock category added 99 bps of relative performance. TAP's relative underweight to agriculture was the largest detractor of performance as the effects of the drought in the U.S. boosted grain prices. While contract selection and commodity selection was additive—the overall 6.33% underweight to agriculture resulted in 162 bps of relative underperformance.

- In July Gresham announced the retirement of its Chief Compliance Officer, John Hartmann. Hartmann headed the Firm's three person compliance team and has been replaced by Brian Delman, formerly of Royal Alliance and UBS Global Management. Gresham also added a chief operations officer during the quarter in order to reinforce the Firm's operations and compliance team.

- T. Rowe Price New Era gained 9.9% during the third quarter, trailing the S&P North American Natural Resources Index (+12.1%). Resource equities bounced back after the Index declined 9.7% in the second quarter. Industrial metals performed in positive territory, but the gains were predominantly within the precious metals components of the industry. Refining companies drove strong results in the energy sector. Integrated refineries, producers, and transmission companies all gained during the quarter. As of September 30, 2012, the Fund was 69% invested in domestic stocks, 27% invested in foreign stocks, and 4% invested in cash.

Manager Profiles

Archstone Absolute Return Strategies Fund, Ltd. — June 30, 2012

Firm Details: Archstone Partners

Total Assets ($ mil.):	$4,001
Style:	Absolute Return - Market Neutral
Assets in Style ($ mil.):	$412
Year Founded:	1991
Location:	New York, NY
Ownership:	Alfred Shuman 80%; Balance in declining order: Stanley Shuman; Richard Nye; Steven Kotler; Stephanie Shuman; Joseph Pignatelli; David Parker; John Marshall
Registration:	SEC
GP Capital:	$4.5 Million

Key Investment Professionals:

- Alfred Shuman - Founder. BA from Harvard ('61) and MBA from Harvard Business School ('63). Serves as Trustee of various non-profit and educational organizations.

- Joe Pignatelli - President of Archstone Funds. Over 15 years experience in investment management. Oversees all manager analysis, asset allocation, and coordination of legal/financial issues. Bachelors from Pace University and Masters from Baruch College.

-David Parker - COO and Chief Compliance Officer. BS from University of Texas and MBA from Harvard Business School. Duties include all management-related issues, strategy, planning, and governance.

Other investment professionals include Mark Smith, Barbara Barlick, Kevin Jornlin & Edgar Smith.

Investment Objective, Philosophy/Process, and Assessment

The Fund's primary objective is to consistently earn positive returns regardless of the direction of the market.

The Fund seeks to achieve its objective by employing a diversified group of managers and strategies that have a low correlation to traditional broad markets. The Fund's volatility seeks to approximate that of the U.S. fixed income markets. Hedge funds that have relatively conservative investment strategies are generally preferred. Relative value and non-directional strategies are emphasized, along with event driven and distressed investing. Specific strategies employed by the underlying managers (ten to twenty) include convertible arbitrage, merger arbitrage, statistical arbitrage, event driven, and fixed income arbitrage (allocations are listed to the right). Archstone requires that its underlying managers have at least $5 million invested in the Fund and that the invested amount represents at least 50% of the managers' net worth. Leverage may be employed by the underlying managers, but is for the most part used rarely and for operational purposes at the fund level.

We believe Archstone has a strong and experienced team. Based on our research of hedge funds, we believe the Fund consists of high quality underlying hedge funds. This Fund may be more concentrated than some other fund-of-funds and Archstone is willing to size up their high conviction managers. The firm has been able to leverage long-standing relationships in the hedge fund industry that can often lead to early access to new managers. Archstone provides full transparency, including manager names and allocations, exposures, and detailed quarterly letters. Archstone passes through a greater percentage of operating expenses to fund investors than many of their peers and these increased fees should be taken into consideration when investing with Archstone.

Sample Portfolio Characteristics

Underlying Funds	Alloc %	Strategy
Fir Tree Capital Opportunity Fund II, Ltd.	11	Absolute Return
York Credit Opportunities Unit Trust	10	Absolute Return
Och Ziff Overseas Fund, Ltd.	10	Absolute Return
King Street Capital Ltd.	10	Absolute Return
Elliott International, Ltd	10	Absolute Return
Davidson Kempner International, Ltd.	10	Absolute Return
Mason Capital, Ltd.	9	Absolute Return
Farallon Capital Offshore Investors, Inc.	9	Absolute Return
Taconic Offshore Fund 1.5, Ltd.	9	Absolute Return
Silver Point Capital Offshore Fund, Ltd.	8	Absolute Return
Eton Park Fund, LP	5	Absolute Return

Vehicle Information:

Inception:	January 2002	**3c1/3c7:**	3c7
Assets ($ mil.):	$412	**Subscriptions:**	Monthly (1mm min for PBA)
Minimum Account Size:	$2,500,000	**Redemptions (notice):**	Semiannual (6/30, 12/31) with 90 days notice
Management Fee:	1.5% flat/1% + incentive; Underlying Manager Fees	**Lock-up:**	One year
Profit Allocation:	0% for flat fee/5% for incentive fee structure	**ERISA Capacity:**	Yes
Highwater Mark:	Yes, for incentive fee structure	**Prime Broker:**	N/A
Hurdle Rate:	NA	**Administrator:**	SS&C Technologies, Inc.
UBTI:	No	**Auditor:**	Ernst & Young LLP
Additional Expenses:	Payroll and all operating expenses (0.54% in 2011, capped at 0.60% excl. interest expense)	**Legal Counsel:**	Willkie Farr & Gallagher LLP (US), Walkers (Cayman)
Additional Vehicles:	NA		

Forester Offshore, Ltd. — June 30, 2012

Firm Details: Forester Capital

Total Assets ($ mil.):	$3,435
Style:	Directional Hedge FOF
Assets in Style ($ mil.):	$1,675
Year Founded:	1999
Location:	Greenwich, CT
Ownership:	100% Trent Carmichael and family.
Registration:	SEC
GP Capital:	$28.5 million across funds (as of 9/30/2010)

Key Investment Professionals:

Trent Carmichael - Prior to founding Forester Capital, Mr. Carmichael was with Tiger Management from 1996 to 1999, Nelson Capital Management from 1991-1994 and Donaldson, Lufkin and Jenrette from 1988-1990. Mr. Carmichael has a Master's degree in Management from the Kellogg School and a BA in Economics from Duke University. He has obtained the Chartered Financial Analyst designation.

Fritz Fortmiller - Mr. Fortmiller joined Forester in 2006. Prior to Forester, he worked at Cambridge Associates from 1999-2005 as a Specialist Consultant, Research Consultant and Associate. Prior to that, he founded Turnbuckle Records and worked as a Paralegal Specialist in the U.S. Attorney's Office. BA in Philosophy from Yale University. He has obtained the Chartered Financial Analyst designation.

Investment Objective, Philosophy/Process, and Assessment

The fund seeks to achieve medium to long-term returns that are superior to the broad market averages while assuming less risk.

Diversification will be achieved through investment in managers that have different expertise in industry sectors, cap sizes, or geographical areas. Forester looks for managers who have a demonstrated track record, have the ability to generate both long and short ideas, and have a significant amount of their own net worth in their fund. Individual managers are limited to 25% of overall portfolio. Forester may invest up to 10% in an affiliated fund. The fund does not invest in managers who specialize in currencies, bonds or commodities.

Based on our research of hedge funds, we believe the Fund consists of high quality underlying hedge funds and is offered at a reasonable fee. This Fund may be more diversified than some other fund-of-funds as Forester tends to weight highest conviction ideas in the range of 4.5%-6.5%. Forester has been able to leverage long-standing relationships in the hedge fund industry that can often lead to early access to new managers. Forester provides a high degree of transparency, including manager names and allocation ranges, market and regional exposures, and quarterly letters.

The offshore fund was rolled out in January of 2004. The fund is identical in strategy and process to the Forester Partners, LP. Forester Partners II, LP was created to accommodate 3c1 investors when Forester Partners LP converted to a 3c7 vehicle in January 2008. There is substantial overlap between managers in Forester Partners, LP, Forester Partners II, LP and Forester Offshore, Ltd.

*A partial list of the Fund's largest manager allocations appears to the right. Prime, Buchholz receives full transparency from Forester and clients may receive a full manager list by signing a separate non-disclosure agreement with Forester.

*Forester prefers offshore investors under the $2 million minimum to choose the 3yr liquidity, B share class.

*Allocations to 3c-1 products are subject to slot availability.

Sample Portfolio Characteristics

Underlying Funds	Alloc %	Strategy
Kensico Capital Management Corp.		U.S. Long/Short
Viking Global Investors LP		Global Long/Short
Pennant Capital Management, L.L.C.		U.S. Long/Short
Samlyn Capital, LLC		Global Long/Short
Tiger Global Management, L.L.C.		Global Long/Short
Wellington Management Company, LLC		Global Long/Short Sector
Joho Capital, L.L.C.		Asia Long/Short
Castine Capital Management, LLC		U.S. Low Net Sector
Coatue Management, L.L.C.		Global TMT
Lansdowne Partners Limited Partnership		Global Long/Short
Merchants' Gate Capital LP		Global Long/Short
Polar Capital LLP		Europe Long/Short
Abrams Bison Investments, L.L.C.		U.S. Long Biased
HHR Asset Management LLC		U.S. Long Biased
Steadfast Capital Management LP		U.S. Long/Short

Vehicle Information:

Inception:	January 2004	**3c1/3c7:**	3c7
Assets ($ mil.):	$850	**Subscriptions:**	Quarterly
Minimum Account Size:	$2,000,000	**Redemptions (notice):**	A: Annual (anniversary) B: Three-year liquidity
Management Fee:	1.0%, underlying manager fees	**Lock-up:**	A: Two years B: Three years
Profit Allocation:	A: 3%, B: None	**ERISA Capacity:**	None as of 4/11/2011
Highwater Mark:	Yes	**Prime Broker:**	N/A
Hurdle Rate:	NA	**Administrator:**	International Fund Services
UBTI:	No	**Auditor:**	Ernst & Young LLP
Additional Expenses:	Accounting, legal, filing (approx. 18 bps)(0.06% in 2011)	**Legal Counsel:**	Ogier (Cayman)
Additional Vehicles:	Onshore 3c1 and 3c7		

Manager Profiles

T. Rowe Price New Era — June 30, 2012

Firm Details: T. Rowe Price Group, Inc.

Total Assets ($ mil.):	$489,500
Style:	Natural Resources
Assets in Style ($mil.):	$4,165
Year Founded:	1937
Product Inception:	1/20/1969
Location:	Baltimore, MD
Ownership:	Publicly traded (TROW). Significant employee ownership (~25% including vested but unexercised options).

Key Investment Professionals:

Timothy Parker - Fund Manager - Prior to being named portfolio manager, he was an energy analyst at the firm since 2001. He took over from Charles Ober who retired in 2010 and was with T. Rowe Price for 30 years. Charles Ober managed the Fund for over 10 years.

Investment Objective and Philosophy/Process

Objective/Philosophy/Process: The New ERA Fund seeks to provide long-term capital appreciation by investing primarily in the common stocks of companies that own or develop natural resources and other basic commodities. The Fund invests about two-thirds of fund assets in the common stocks of natural resource companies. The natural resource companies held by the fund typically own, develop, refine, service, or transport resources, including energy, metals, forest products, real estate, and other basic commodities.

The Fund is less diversified than most stock funds and could experience sharp price declines when conditions are unfavorable to its sector. The Fund also may underperform when economic growth is slowing and the level of inflation is low, but has the potential to perform better than stocks in general when inflation is rising.

Because of the cyclical nature of natural resource companies, their stock prices and rates of earnings growth may follow an irregular path. Additionally, factors such as natural disasters, declining currencies, market illiquidity, or political instability in commodity-rich nations could also have a negative impact on the Fund.

The T. Rowe Price New Era strategy has not been fully dilligenced by Prime Buchholz

Assessment

T. Rowe Price New Era provides diversified exposure to natural resource equities. Charles Ober managed the Fund for over 10 years and established a long track record of successful investment. Timothy Parker took over management responsibilities in 2010 and is currently building his track record on the Fund. T. Rowe Price has deep resources and Parker will have access to their centralized research platform. Prime Buchholz is currently monitoring this Fund.

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee
T. Rowe Price New Era	$2,500	$4,165.4	0.67%

Sample Operational Detail	
T. Rowe Price New Era	
Last Audited Financial	12/31/2011
Accountant/Auditor	PricewaterhouseCoopers
Custodian	State Street Bank and Trust Company
Administrator	T. Rowe Price Services, Inc
Securities Lending	Yes

Security Constraints:	No more than 5% of the fund's total assets can be invested in a single security
Sector Constraints:	At least 50% in U.S. stocks
Avg # of Securities:	~100
Turnover:	27%
Assets in Composite:	66%
GIPS Compliant:	Yes (since 1993)

Manager Profiles

The TAP Fund LTD — September 30, 2012

Firm Details: Gresham Investment Management, LLC

Total Assets ($ mil.):	$16,069
Style:	commodities
Assets in Style ($ mil.):	$6,120
Year Founded:	1992
Location:	New York, NY
Ownership:	Gresham Investment Company
Registration:	SEC
GP Capital:	

Key Investment Professionals:

Dr. Henry G. Jarecki, Chairman of Gresham Investment Management LLC. Dr. Jarecki is a past Governor of the Commodity Exchange, Inc. (COMEX) and has served as a Director of the National Futures Association (NFA), the Chicago Board of Trade (CBOT), the Chicago Mercantile Exchange (CME), and the Futures Industry Association (FIA). He has over 40 years of experience in commodities investing.

Jonathan S. Spencer, President of Gresham Investment Management LLC, is responsible for the day-to-day investment and operational activities of Gresham. In addition he has been the Portfolio Manager for Gresham's Tangible Asset Program® since its inception in 1987. Mr. Spencer has over 20 years experience in managing commodity futures, diversified asset allocation portfolios, active investment strategies and venture capital investments.

Robert J. Reeves, CFO. Mr. Reeves joined Gresham Investment Management, LLC in July 2009. He was previously at Fimat USA, LLC from 2002 to 2008 as CFO, ABN Amro as SVP and CFO from 1997 to 2000, and ING Barings as CFO from 1994 to 1997.

Investment Objective, Philosophy/Process, and Assessment

Investment Philosophy & Process: The investment objective of the Fund is to provide value enhancement to an investor's portfolio as well as a partial inflation hedge, with an attractive risk/return profile as compared to other products using a commodity index or pool of commodities. The TAP strategy utilizes a passive buy-and-hold investment strategy which is designed to benefit from price movements, combined with premium conditions that may exist from time to time. Weightings of each tangible commodity are reset at the beginning of each year and are determined by Gresham's research and development staff based upon such factors as the dollar value of commodities with the highest production values and greatest dollar volumes of trading from each of the following six exchange traded groups: agriculturals, livestock, foods and fibers, energy, precious metals and industrial metals. The commodity groups, selections within the groups and weightings of commodities have changed during TAP trading history. For example, TAP has exposure to Brent Crude Oil despite it not being included in the Dow Jones UBS Commodities Index. The portfolio is designed to take advantage of both mean reverting and trending characteristics of commodities. Commodities in the portfolio are rebalanced periodically to their target weights when the price changes cause their actual allocations to deviate substantially from those weightings. TAP generally trades the near month futures and forward contracts, but other months might be used for liquidity or other reasons. As a futures or forward contract nears its last trading date or first delivery date, positions in the contact month are closed out and rolled into later contract months. The timing of this process is market driven. One unleveraged unit of futures and forward contracts investment pursuant to TAP requires approximately $10,000,000 of cash at the program's current commodity allocations. In the event that subscription funds do not meet the program's commodity allocation threshold, such funds may not be fully invested.

Assessment: Commodities futures investment has historically provided a diversified portfolio with inflation protection and diversification over the long term. Gresham Investment Management has a successful 21 year track record of investing in commodities through it's Tangible Asset Program® (TAP) investment strategy which combines a strict rules based methodology with market driven active management oversight. We recommend the TAP Fund as an appropriate vehicle to access the attributes of investment in a diversified commodities portfolio.

Select Statistics

As of 9/30/2012

TAP Commodity Weights

	TAP	DJ UBS Comm.
Agriculture/Livestock	33.2%	37.3%
Energy	32.5%	30.7%
Industrial Metals	18.4%	18.6%
Precious Metals	15.9%	13.4%

Management Fees:

<$1 mil	1.25%
$1-2.5 mil	1.10%
$2.5-5 mil	1.00%
$5-10 mil	0.90%
$10 mil >	0.75%

Vehicle Information:

Inception:	2005	**3c1:**	No
Assets ($ mil.):	$6,120	**3c7:**	Yes
Minimum Account Size:	$250,000	**Subscriptions:**	Monthly
Management Fee:	< $1 mil 1.25%; Declining thereafter	**Redemptions (notice):**	Monthy with 5 day notice
Incentive Fees:	None	**Lock-up:**	None
Additional Expenses:	N/A	**ERISA Capacity:**	Yes
Trading Strategy:	Rules based on Commodity Futures Investment	**Prime Broker:**	Newedge, USA
Markets Traded:	Commodities/Futures	**Administrator:**	Citco Fund Services (Curacao) N.V.
Leverage:	None	**Additional Vehicles:**	LLC

Landmark Equity Partners XIV L.P. — September 30, 2012

Firm Details: Landmark Partners

Total Assets ($ mil.): $8,800
Style: Secondary
Year Founded: 1989
Location: Simsbury, CT
Ownership: 55% Religare Enterprises/ 45% Employee owned

Key Investment Professionals:
Investment Committee:
Franciso Borges, President, CEO, and Managing Partner - directs strategic planning and investment activities.
Timothy Haviland, COO and Managing Partner - responsible for all financial matters and oversees investment activities and management of funds.
James McConnell, Partner - responsible for transaction origination, valuation, and negotiation of private equity investments.
Robert Shanfield, Partner - responsible for private equity transaction origination and oversight of secondary investment program.
Chad Alfeld, Partner - involved in investor relations, marketing, and transaction origination of alternative investments.
Scott Conners, Partner. - engaged in transaction origination, underwriting, and negotiation of private equity investments.

Investment Objective, Philosophy/Process, and Assessment

Objective: The Fund intends to construct a diversified private equity portfolio for venture capital, buyout, and mezzanine asset through secondary market transactions.

Strategy: The Fund will acquire portfolios of private equity limited partnership interests in addition to minority positions in direct private equity investments (from institutional holders seeking liquidity). Landmark will seek positions in the U.S. and non-U.S. private equity investments. The Fund will work toward completing a negotiated transaction with the seller, as opposed to participating in an auction process. The portfolio will be primarily constituted of middle market transactions, where Landmark feels there is a more robust and attractive number of deals. However, the firm retains the ability to opportunistically participate in both large portfolio restructurings and small one-off sales. Historically, Landmark secondary funds have been comprised on a cost basis of 65% buyout, and 25% venture, and 10% mezzanine. In order to support the Partnership's secondary market activities, the Partnership may make investments in newly-formed private equity partnerships up to an aggregate amount not to exceed 10% of the total committed amount. It is expected that the Fund will be fully invested within a three-year time frame, and distributions will be made quarterly with the expectation of returning 100% of capital within three to five years.

Assessment: Landmark's secondary private equity funds have historically produced top quartile performance at substantially lower costs than the industry average. Landmark is a very experienced organization with over 14 years focusing on secondary private equity business. Because of a long track record, the firm is able to leverage long relationships in the private equity industry to negotiate attractive prices with sellers, often achieving discounts substantially below reported asset values.Assessment: Landmark's secondary private equity funds have historically produced top quartile performance at substantially lower costs than the industry average. Landmark is a very experienced organization with over 14 years focusing on secondary private equity business. Because of a long track record, the firm is able to leverage long relationships in the private equity industry to negotiate attractive prices with sellers, often achieving discounts substantially below reported asset values.

Update: Landmark will accept commitment amounts of $1 million from Prime Buchholz clients.

Operational Detail:

Prime Broker: N/A
Administrator: N/A
Auditor: PricewaterhouseCoopers
Legal Counsel: Ropes & Gray LLP
Custodian: N/A
Latest Audited Financials: 12/31/2011

Fee Schedule:

	Class A	Class B	Basis
Years 1-4	1.0%	0.85%	Committed Capital
Years 5-8	1.0%	0.85%	Invested Capital

Thereafter, fees will be 90% of the prior year's fees

Vehicle Information:

Year Partnership Formed: 2007
Fund Size: $1.9 Billion
Fund Style: Secondary
Number of Investments: N/A
GP Commitment: 1% of total subscriptions
Minimum Investment: $10 Million (flexible)
Management Fee: See above

Carried Interest: Class A-10% Class B-15%
Hurdle Rate: 8%
Additional Expenses: Organizational (up to $750,000)
Partnership Term: 10 years from end of investment period
Reporting: Annual (audited), quarterly (unaudited)

Historical Performance

Return and Risk Summary

As of September 30, 2012

	1 Quarter Return	Previous Quarter Return	1 Year Return	1 Year Standard Deviation	3 Years Return	3 Years Standard Deviation	5 Years Return	5 Years Standard Deviation	7 Years Return	7 Years Standard Deviation	10 Years Return	10 Years Standard Deviation
SSgA S&P 500 Flagship NL Fund	6.4	-2.7	30.3	12.2	13.2	17.0	1.0	21.3	4.5	18.4	8.0	16.8
S&P 500 Index	**6.4**	**-2.8**	**30.2**	**12.2**	**13.2**	**17.0**	**1.1**	**21.3**	**4.5**	**18.4**	**8.0**	**16.8**
Stralem & Co Large Cap Core Account	5.0	-3.7	22.7	11.5	11.8	13.7	3.1	17.6	5.5	15.2	8.8	13.7
S&P 500 Index	**6.4**	**-2.8**	**30.2**	**12.2**	**13.2**	**17.0**	**1.1**	**21.3**	**4.5**	**18.4**	**8.0**	**16.8**
SSgA S&P Midcap 400 Index NL Fund	5.4	-4.9	28.6	14.9	14.2	20.5	4.0	24.9	6.3	21.5	10.9	19.5
S&P MidCap 400	**5.4**	**-4.9**	**28.5**	**14.9**	**14.3**	**20.5**	**3.8**	**24.9**	**6.2**	**21.5**	**10.8**	**19.4**
CRM Midcap Value Instl Fund	5.1	-4.7	24.2	13.4	9.8	20.4	0.6	21.9	4.8	19.2	10.4	17.9
Russell Midcap Value Index	**5.8**	**-3.3**	**29.3**	**12.9**	**13.9**	**19.0**	**1.7**	**25.9**	**4.8**	**22.3**	**11.0**	**20.2**
Geneva Mid Cap Equity Account	3.6	-4.8	26.6	15.2	17.5	18.1	5.8	22.2	8.0	19.3	11.4	16.9
Russell Midcap Growth Index	**5.3**	**-5.6**	**26.7**	**15.3**	**14.7**	**20.5**	**2.5**	**25.9**	**5.7**	**22.4**	**11.1**	**20.3**
Harris Associates Intl Value L.P.	7.9	-10.4	15.5	19.6	5.5	20.3	-0.6	27.6	4.6	24.0	11.1	23.1
MSCI EAFE Value Index	**7.5**	**-7.1**	**12.6**	**12.9**	**-0.1**	**19.4**	**-6.3**	**26.9**	**1.0**	**23.7**	**8.5**	**22.5**
MSCI EAFE Index	**6.9**	**-7.1**	**13.8**	**13.4**	**2.1**	**19.2**	**-5.2**	**25.5**	**1.8**	**22.4**	**8.2**	**21.2**
Artisan International Inv Fund	7.5	-4.4	30.0	14.5	6.5	20.6	-2.3	26.6	4.6	23.3	9.1	22.4
MSCI EAFE Growth Index	**6.4**	**-7.3**	**14.8**	**14.0**	**4.3**	**19.2**	**-4.2**	**24.4**	**2.7**	**21.4**	**7.8**	**20.1**
MSCI EAFE Index	**6.9**	**-7.1**	**13.8**	**13.4**	**2.1**	**19.2**	**-5.2**	**25.5**	**1.8**	**22.4**	**8.2**	**21.2**
Archstone Absolute Return Strat Fund, Ltd.	2.7	-0.7	6.9	4.0	5.2	5.2	1.5	8.6	4.2	7.9	5.8	6.9
HFRI FOF: Conservative Index	**1.6**	**-1.7**	**2.4**	**3.2**	**1.6**	**3.9**	**-1.5**	**7.6**	**1.2**	**7.0**	**2.9**	**6.1**
Forester Offshore A2 Ltd.	2.1	-1.3	11.0	5.5	4.2	7.9	3.0	8.7	5.9	8.0	7.0	7.0
HFRI FOF: Strategic Index	**2.7**	**-3.1**	**3.5**	**5.8**	**1.4**	**6.6**	**-2.4**	**10.0**	**1.7**	**9.6**	**4.3**	**8.7**
Vanguard Total Bond Market ETF	1.6	2.1	5.1	1.4	6.1	2.9	6.5	3.3	NA	NA	NA	NA
Barclays U.S. Aggregate Float Adjusted	**1.6**	**2.1**	**5.3**	**1.3**	**6.3**	**2.8**	**6.6**	**3.3**	**6.0**	**3.2**	**5.4**	**3.3**

Historical Performance

Return and Risk Summary

As of September 30, 2012

	1 Quarter Return	Previous Quarter Return	1 Year Return	1 Year Standard Deviation	3 Years Return	3 Years Standard Deviation	5 Years Return	5 Years Standard Deviation	7 Years Return	7 Years Standard Deviation	10 Years Return	10 Years Standard Deviation
T. Rowe Price New Era Fund	9.9	-10.7	15.9	17.6	4.6	26.6	-3.5	34.3	4.2	30.2	12.1	26.5
S&P N. American Natural Res Sector	**12.1**	**-9.7**	**20.5**	**18.8**	**8.9**	**24.8**	**0.0**	**30.9**	**5.5**	**27.3**	**13.9**	**24.5**
TAP Fund, LTD	9.5	-7.2	7.4	11.9	8.0	16.7	-2.0	26.1	0.8	22.7	7.1	20.5
Dow Jones-UBS Commodity Index	**9.7**	**-4.5**	**6.0**	**10.3**	**5.3**	**16.2**	**-3.0**	**24.7**	**-0.9**	**21.5**	**5.2**	**20.0**

Historical Performance

Return Summary

As of September 30, 2012

	Year To Date Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return	2002 Return
SSgA S&P 500 Flagship NL Fund	16.5	2.0	15.0	26.5	-36.9	5.4	15.8	4.9	10.9	28.7	-22.1
S&P 500 Index	**16.4**	**2.1**	**15.1**	**26.5**	**-37.0**	**5.5**	**15.8**	**4.9**	**10.9**	**28.7**	**-22.1**
Stralem & Co Large Cap Core Account	9.8	8.5	10.3	20.4	-27.8	13.0	10.6	13.5	16.8	21.7	-19.2
S&P 500 Index	**16.4**	**2.1**	**15.1**	**26.5**	**-37.0**	**5.5**	**15.8**	**4.9**	**10.9**	**28.7**	**-22.1**
SSgA S&P Midcap 400 Index NL Fund	13.8	-1.8	26.3	37.2	-35.5	8.0	10.3	12.7	16.5	35.7	-14.6
S&P MidCap 400	**13.8**	**-1.7**	**26.6**	**37.4**	**-36.2**	**8.0**	**10.3**	**12.6**	**16.5**	**35.6**	**-14.5**
CRM Midcap Value Instl Fund	13.6	-6.9	18.9	28.7	-35.0	10.4	17.3	8.0	25.0	41.9	-16.7
Russell Midcap Value Index	**14.0**	**-1.4**	**24.8**	**34.2**	**-38.4**	**-1.4**	**20.2**	**12.6**	**23.7**	**38.1**	**-9.6**
Geneva Mid Cap Equity Account	11.9	3.5	30.3	37.1	-36.0	16.5	4.9	15.8	20.9	26.5	-14.0
Russell Midcap Growth Index	**13.9**	**-1.7**	**26.4**	**46.3**	**-44.3**	**11.4**	**10.7**	**12.1**	**15.5**	**42.7**	**-27.4**
Harris Associates Intl Value L.P.	12.8	-14.7	17.0	56.0	-42.1	-0.4	31.3	16.0	19.2	42.8	-7.1
MSCI EAFE Value Index	**9.6**	**-12.2**	**3.2**	**34.2**	**-44.1**	**6.0**	**30.4**	**13.8**	**24.3**	**45.3**	**-15.9**
MSCI EAFE Index	**10.1**	**-12.1**	**7.8**	**31.8**	**-43.4**	**11.2**	**26.3**	**13.5**	**20.2**	**38.6**	**-15.9**
Artisan International Inv Fund	18.7	-7.3	5.9	39.8	-47.0	19.7	25.6	16.3	17.8	29.1	-18.9
MSCI EAFE Growth Index	**10.5**	**-12.1**	**12.2**	**29.4**	**-42.7**	**16.5**	**22.3**	**13.3**	**16.1**	**32.0**	**-16.0**
MSCI EAFE Index	**10.1**	**-12.1**	**7.8**	**31.8**	**-43.4**	**11.2**	**26.3**	**13.5**	**20.2**	**38.6**	**-15.9**
Archstone Absolute Return Strat Fund, Ltd.	6.5	-2.2	8.1	19.4	-20.5	8.5	13.8	6.2	8.5	14.3	-1.5
HFRI FOF: Conservative Index	**2.4**	**-3.6**	**5.1**	**9.6**	**-19.9**	**7.7**	**9.2**	**5.1**	**5.8**	**9.0**	**3.6**
Forester Offshore A2 Ltd.	7.1	-2.5	5.5	14.6	-13.0	18.5	11.5	12.0	10.0	9.0	5.6
HFRI FOF: Strategic Index	**3.9**	**-7.3**	**6.3**	**13.2**	**-25.2**	**12.8**	**11.8**	**10.3**	**8.3**	**15.8**	**-4.0**
Vanguard Total Bond Market ETF	4.0	7.7	6.5	6.0	5.2	NA	NA	NA	NA	NA	NA
Barclays U.S. Aggregate Float Adjusted	**4.1**	**7.9**	**6.6**	**6.0**	**5.2**	**7.0**	**4.3**	**2.4**	**4.3**	**4.1**	**10.3**

Historical Performance

Return Summary

As of September 30, 2012

	Year To Date Return	2011 Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return	2002 Return
T. Rowe Price New Era Fund	4.0	-15.1	21.0	49.4	-50.2	40.7	17.0	29.9	30.1	33.2	-6.3
S&P N. American Natural Res Sector	**5.5**	**-7.4**	**23.9**	**37.5**	**-42.6**	**34.4**	**16.8**	**36.7**	**24.6**	**34.3**	**-13.0**
TAP Fund, LTD	4.6	-7.9	19.0	23.1	-38.8	22.6	-0.1	26.4	17.2	21.7	22.3
Dow Jones-UBS Commodity Index	**5.6**	**-13.3**	**16.8**	**18.9**	**-35.6**	**16.2**	**2.1**	**21.4**	**9.1**	**23.9**	**25.9**

Index Descriptions

Barclays Aggregate Index comprises government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market. The maturities of the bonds in the index are over one year.

Barclays Aggregate Float Adjusted Index is a benchmark of the dollar-denominated investment grade bond market that excludes Treasuries, agencies, and mortgage-backed securities held in Federal Reserve accounts.

Barclays Corporate Bond Index includes investment-grade, SEC-registered publicly issued U.S. corporate debentures and secured notes. The corporate sectors are industrial, utility, and finance. All securities must have at least one year to final maturity and at least $250 million of par outstanding.

Barclays High Yield Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, and 144-As are also included.

Barclays Global Emerging Markets Index represents the union of the USD-denominated U.S. Emerging Markets Index and the predominately EUR-denominated Pan Euro Emerging Markets Index, covering emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia. Countries must have a maximum sovereign rating of Baa1/BBB+/BBB+.

Barclays Global Treasury Ex-US Capped Index includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

Barclays Global Treasury Index tracks fixed-rate local currency sovereign debt of investment-grade countries. The Index represents the Treasury sector of the Global Aggregate Index and currently contains issues from more than 30 countries denominated in over 20 currencies. The three major components are the U.S. Treasury Index, the Pan-European Treasury Index, and the Asian-Pacific Treasury Index, in addition to Canadian, Chilean, Mexican, and South-African government bonds.

Barclays GNMA Index is comprised of 30-year GNMA pass-throughs, 15-year GNMA pass-throughs, and GNMA Graduated Payment Mortgages.

Barclays Intermediate U.S. Treasury Index includes all publicly issued U.S. Treasury securities that have a remaining maturity of greater than or equal to 1 year and less than 10 years, are rated investment grade, and have $250 million or more of outstanding face value.

Barclays Long U.S. Treasury Index includes all publicly issued, U.S. Treasury securities that have a remaining maturity of 10 or more years, are rated investment grade, and have $250 million or more of outstanding face value.

Barclays U.S. Credit Index includes publicly issued U.S. corporates, specified foreign debentures, and secured notes denominated in U.S. dollars. The Index is a subset of the U.S. Government/Credit Index and the U.S. Aggregate Index.

Barclays U.S. Mortgage Backed Securities (MBS) Index covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Barclays U.S. Treasury Index is comprised of public obligations of the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Barclays U.S. TIPS Index is a rules-based, market value-weighted index that tracks inflation protected securities issued by the U.S. Treasury.

Barclays Mortgage Index contains 15- and 30-year fixed-rate securities. These securities are pools of mortgage loans issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The Index holds approximately 600 securities.

Citigroup 3-Month T-Bill Index consists of equal dollar amounts of three-month Treasury bills that are purchased at the beginning of each of three consecutive months. As each bill matures, all proceeds are rolled over or reinvested in a new three-month bill.

Citigroup World Government Bond Index is a market capitalization weighted index consisting of the government bond markets of the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland, United Kingdom, and United States. It includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of U.S. $25 million.

Index Descriptions

Consumer Price Index (CPI) is an inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

DJ-AIG Commodity Index is composed of futures contracts on physical commodities. It is composed of commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc, which trade on the London Metal Exchange (LME).

FTSE EPRA/NAREIT Global Real Estate Index is designed to represent general trends in eligible real estate *equities* worldwide. Relevant real estate activities are defined as the ownership, disposure and development of income-producing real estate. The Index series includes a range of regional and country indices.

HFRI Distressed Securities Index is an equally weighted index that represents strategies that invest in, and may sell short the securities of companies where the security's price has been, or is expected to be, affected by a distressed situation as reported by the hedge fund managers listed within the Hedge Fund Research (HFR) database.

HFRI Equity Hedge Index is designed to represent the overall composition of the equity hedge (also known as long/short equity) universe. The Index is constructed with equally weighted composites of constituents as reported by the hedge fund managers listed within the Hedge Fund Research (HFR) database.

HFRI ED: Distressed Restructuring Index is designed to represent strategies which employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

HFRI Event Driven Index is an equally weighted index that represents constituents investing in opportunities created by significant transactional events as reported by the hedge fund managers listed within the Hedge Fund Research (HFR) database.

HFRI FOF Composite Index includes over 800 constituent fund of funds, both domestic and offshore. Fund of Funds invest with multiple managers through funds or managed accounts. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The Fund of Funds manager has discretion in choosing which strategies to invest in for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiple strategies.

HFRI FOF Conservative Index includes constituents that exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more "conservative" strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the Index shows generally consistent performance regardless of market conditions.

HFRI FOF Diversified Index includes constituents that exhibit one or more of the following characteristics: invests in a variety of strategies among multiple managers; historical annual return and/or a standard deviation generally similar to the HFRI Fund of Fund Composite index; demonstrates generally close performance and returns distribution correlation to the HFRI Fund of Fund Composite Index. A fund in the Diversified Index tends to show minimal loss in down markets while achieving superior returns in up markets.

HFRI FOF Strategic Index includes FoFs that exhibit one or more of the following characteristics: seeks superior returns by primarily investing in funds that generally engage in more opportunistic strategies such as Emerging Markets, Sector specific, and Equity Hedge; exhibits a greater dispersion of returns and higher volatility compared to the HFRI Fund of Funds Composite Index.

HFRI Fund Weighted Composite Index is designed to represent the performance of domestic and offshore hedge funds across all strategies with the exception of fund of funds. Comprised of over 2000 hedge funds, it is a fund weighted index in that all funds, regardless of assets under management or other factors, are given an equal weighting.

HFRI Merger Arbitrage Index is designed to represent managers who utilize a merger or risk arbitrage investment strategy by investing in securities of companies that are the subject of some form of extraordinary corporate transaction, including acquisition or merger proposals, exchange offers, cash tender offers and leveraged buy-outs.

HFRX Convertible Arbitrage Index is designed to represent managers who utilize convertible arbitrage strategies where, in an effort to capitalize on relative pricing inefficiencies, managers will purchase long positions in convertible securities, generally convertible bonds, convertible preferred stock or warrants, and hedge a portion of the equity risk by selling short the underlying common stock.

HFRX Distressed Securities Index is designed to represent the overall composition of the distressed strategy hedge fund universe. The Index is asset weighted based on the distribution of assets in the hedge fund industry.

Index Descriptions

HFRX Equity Hedge Index is designed to represent managers who utilize a long/short equity approach to investing with portfolio exposures anywhere from net long to net short depending on market conditions. Equity hedge managers' source of return is similar to that of traditional stock pickers on the upside, but they use short selling and hedging to attempt to outperform the market on the downside. Stock index put options are also often used as a hedge against market risk.

HFRX Equity Market Neutral Index is designed to reflect the performance of Equity Market Neutral strategies which employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities and select securities for purchase and sale. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Equity Market Neutral Strategies typically maintain net equity market exposure no greater than 10% long or short.

HFRX Event Driven Index is designed to represent hedge fun managers who seek investment opportunities created by significant transactional events, such as spin-offs, mergers and acquisitions, industry consolidations, liquidations, reorganizations, bankruptcies, recapitalizations and share buybacks and other extraordinary corporate transactions.

HFRX Global Hedge Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of eight strategies: convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The Index is asset weighted based on the distribution of assets in the hedge fund industry.

HFRX Macro Index is designed to represent hedge investment strategies that generally employ a top-down global approach that concentrates on forecasting how global macroeconomic and political events affect the valuations of financial instruments. Macro strategies attempt to identify extreme price valuations in stock markets, interest rates, foreign exchange rates and physical commodities, and make leveraged bets on the anticipated price movements in these markets.

HFRX Merger Arbitrage Index is designed to reflect the performance of Merger Arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

HFRX Relative Value Arbitrage Index is designed to represent investment managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types.

JPMorgan EMBI+ Index is a market capitalization-weighted index that tracks returns for actively traded external debt instruments in emerging markets.

JPMorgan Global Government Bond Index is a total return, market capitalization-weighted index that is rebalanced monthly. The Index currently comprises the local currency, fixed rate coupon issues of 13 markets greater than 1-year in maturity.

Merrill Lynch 1-3 Year Treasury Index is an unmanaged index consisting of all public U.S. Treasury obligations having maturities from 1 to 2.99 years and reflects total return.

Merrill Lynch High-Yield Bond Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

MSCI ACWI (All Country World Index) Index (net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The Index consists of 48 country indices comprising 23 developed and 25 emerging market country indices.

MSCI ACWI ex-U.S. Index (net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the U.S.

MSCI EAFE Index (net) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

MSCI EAFE Small Cap Index (net) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of small companies within developed markets, excluding the U.S. & Canada, and includes companies that are in the Investable Market Index with a market capitalization below that of the companies in the Standard Index in a particular market.

MSCI EM (Emerging Markets) Index (net) is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets

MSCI U.S. Investable Market Energy Index represents the investable universe of energy companies in the U.S. equity market.

Index Descriptions

MSCI World Index (net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The Index consists of 23 developed market country indices.

*MSCI Indexes calculated on a **net** basis reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.*

NAREIT Equity Index is an unmanaged index of all tax-qualified REITs listed on the NYSE, AMEX, and NASDAQ which have 75% or more of their gross invested book assets invested directly or indirectly in the equity ownership of real estate. Total return calculation for the NAREIT Equity Index include reinvestment of distributions.

NCREIF Property Index provides returns for institutional grade real estate held in a fiduciary environment in the United States. Client performance is generally reported one quarter in arrears unless otherwise noted.

NCREIF Timberland Index is a property-based index reporting returns for three regions of the U.S.: the South, Northeast and Pacific Northwest. In addition to total returns, the Index reports income and appreciation returns. Client performance is generally reported one quarter in arrears unless otherwise noted.

Russell 1000 Growth Index measures the performance of the large cap growth segment of the U.S. equity universe. The Index includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

Russell 1000 Value Index measures the performance of the large cap value segment of the U.S. equity universe. The Index includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index measures the performance of the small cap growth segment of the U.S. equity universe. The Index includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.

Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index, representing approximately 10% of the total market capitalization of that Index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

Russell 2000 Value Index measures the performance of small cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership.

Russell 2500 Value Index measures the performance of the small to mid cap value segment of the U.S. equity universe. It includes those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 3000 Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

Russell 3000 Value Index measures the performance of the broad value segment of U.S. equity value universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell Microcap® Index measures the performance of the micro cap segment of the U.S. equity market. It includes 1,000 of the smallest securities in the small cap Russell 2000® Index based on a combination of their market cap and current index membership, and includes the next 1,000 smallest stocks.

Russell Midcap® Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies.

Index Descriptions

Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. The Index includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.

S&P 500 Index is a gauge of the U.S. equities market and includes 500 leading companies in leading industries of the U.S. economy.

S&P GSCI is a world-production weighted index composed of 24 commodity futures contracts. It is a composite index of commodity sector returns and represents an unleveraged investment through broadly diversified long positions in commodity futures.

S&P Midcap 400 Index tracks a diverse basket of medium-sized U.S. firms whose market capitalization usually range from approximately $2 billion to $10 billion.

TUCS® – Wilshire's Trust Universe Comparison Services® benchmark is a cooperative effort between Wilshire Associates and custodial organizations. Custodians submit asset positions and performance data to be pooled into universes of managed tax-exempt portfolios. TUCS is the most widely accepted benchmark for the performance of institutional assets.

ThomsonOne Analytics Cumulative Vintage Year Performance is an index comprised of pooled cash flows of private capital partnerships (Buyout, Venture and Mezzanine). Client performance is generally reported one quarter in arrears unless otherwise noted.

Wilshire 5000 Index represents the broadest index for the U.S. equity market, measuring the performance of all U.S. equity securities with readily available price data.

Policy Index – A custom benchmark consisting of a number of indices which are weighted based on the asset allocation targets within a client investment policy. The index measures the return of the asset allocation strategy if it were implemented using passive (index) portfolios.

Actual Index – A custom benchmark consisting of a number of indices which are weighted based on the allocation of each asset class within a client's overall structure at the beginning of each quarter. The index measures the return of the current asset allocation if it were implemented using passive (index) portfolios.

The difference between the Actual Index and the Policy Index measures the impact of the decision to allocate assets differently than the client's policy mandates (allocation effect). The difference between the Total Fund Return and the Actual Index measures how the management team performed versus a passive strategy (manager selection effect). The difference between Total Fund Return and the Policy Index measures both the allocation effect and the manager selection effect.

INDEX COMPOSITE COMPONENTS

Spliced Total Stock Mkt Composite Index: Wilshire 5000 Index from 6/82 through 4/05. MSCI US Broad Market Index thereafter. **Spliced Total International Stock Mkt Composite Index:** Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; and the MSCI ACWI ex USA IMI Index thereafter. **Spliced Energy Index:** S&P 500 Index through November 30, 2000; S&P Energy Sector Index through May 31, 2010; MSCI All Country World Energy Index thereafter. **Barclays Aggregate Flt Adjusted Composite Index:** BC Aggregate Index through 12/31/2009; BC Aggregate Flt Adjusted Index thereafter. **Barclays Govt 1-3 Year Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Govt 1-3 Year Index. **Barclays 1-5 Year G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC 1-5 Year G/C Index. **Barclays LT G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC LT G/C Index. **BC LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Long term Government Index. **Barclays LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Long term Government Index. **Barclays LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Long term Government Index. **Global Sustainability Spliced Index:** FTSE KLD Global Sustainability Index prior to 9/1/2010; MSCI World ESG Index thereafter. **SSgA Real Asset Composite Index:** 30% Dow Jones US Select REIT Index, 25% Goldman Sachs Commodities Index, 25% MSCI World Natural Resources Index, and 20% Barclays US TIPS Index. **Wellington DIH Composite:** 25% MSCI World Energy >$3 Bil/ 10% MSCI World Metals & Mining >$3 Bil/ 10% Agriculture, Forest Products & Livestock/3% HSBC Global Climate Change/ 3.5% MSCI IMI Gold & Precious Metal/ 1.5% S&P GSCI Precious Metals Total Return / 25% equal sector-weighted S&P Goldman Sachs Commodity/ 20% Barclays US TIPS 1-10 Year / 2% Barclays Emerging Markets Tradable Government Inflation-Linked Bond. **Wellington SRA Composite:** 40% MSCI Energy $3 B and above/15% MSCI Metals and Mining $3 B and above/25% Equal Sector Weighted S&P GSCI Commodities Index/ and 20% Barclays TIPS. **S&P Completion Index:** Prior to 6/30/2005 this index is DJ Wilshire 4500 Index. **MSCI U.S. Mid Cap 450 Index:** History prior to May 16, 2003, reflects the S&P Midcap 400 Index.

Disclosures

Periods greater than one year are annualized.

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MPT (Modern Portfolio Theory) statistics are based on monthly data. Quarterly observations are utilized only when monthly data points are not available. Examples include: beta/correlation/standard deviation calculations.

Indices referenced in this report are unmanaged and cannot be invested in directly. Index returns do not reflect any investment management fees or transaction expenses. Index descriptions listed are representative and not all inclusive.

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