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Town of Palm Beach
Police Retirement System

Investment Performance Analysis
Period Ended September 30, 2011

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Tab I

Global Economic Highlights

- Third quarter data releases from the Bureau of Economic Analysis showed that U.S. real GDP grew at an annualized rate of 1.3% in the second quarter. Second quarter growth was below analyst expectations, but it did represent an acceleration based on the revised annualized rate of 0.4% real GDP growth for the first quarter. More recently released economic indicators such as some Federal Reserve regional manufacturing surveys have disappointed. There was a marked deceleration in euro area GDP growth from an annualized rate of 3.4% in the first quarter to 0.6% in the second quarter. While the economies of Japan, Canada, Hong Kong, Singapore, and Thailand contracted in the second quarter, the larger emerging economies of Brazil, Russia, India, and China posted robust GDP growth in the second quarter.
- The Federal Open Market Committee (FOMC), Bank of England, and Bank of Japan maintained historically low interest rates through the third quarter. The European Central Bank (ECB) tightened by 25 basis points (bps) at its July meeting, but left interest rates unchanged at its October meeting, weighing concerns over the economic outlook against what it believes to be a short-term increase in inflation. While there were no rate decisions at the recent meetings by the U.S. Fed and ECB, accommodative policies were maintained and there is speculation that the ECB will begin to reverse the two rate hikes implemented earlier this year.
- Other central bank actions included 25 bps hikes in Sweden, China, Denmark, Colombia, Iceland, and Brazil. However, some central banks shifted to a neutral/easing bias in the wake of global growth concerns. In August, Brazil cut rates 50 bps, reversing two prior rate hikes made during the early summer, and the Swiss National Bank cut rates by 50 bps and indicated that it intends to limit any rise in the franc versus the euro.
- The price per barrel of West Texas Intermediate (WTI) crude oil fell 17.0% in the third quarter in response to signs that global economic growth was challenged and concern that demand from China might slow. At the close of the quarter, WTI traded at $79.20 per barrel. Year to date, WTI crude is down 13.3%. Brent crude, for which the price is more levered to supply and demand conditions outside of the U.S., declined less in the quarter (−8.8%) and remains positive (+8.0%) year to date.
- Across the Organisation for Economic Co-Operation and Development (OECD) countries, consumer prices advanced 3.2% over the trailing 12-month period ended August 31st. Excluding food and energy, prices were 1.8% higher on the year. The OECD reported the rising prices in Canada, France, the U.S., the United Kingdom, and Italy contributed to the increase. Consumer prices in Germany, Japan, and the euro area were stable in August. U.S. headline CPI increased 3.8% over the trailing 12-month period ended August. Excluding food and energy, prices in the U.S. were 2.0% higher. The emerging markets continued to see elevated levels of inflation: Russia (8.1%), India (9.0%), Brazil (7.2%), and China (6.2%). Despite the higher levels of inflation, several of the emerging economies reversed course on tightening measures in an effort to promote domestic economic growth.
- The rate of unemployment in the U.S. remained relatively stable at 9.1% in the third quarter. Net additions to nonfarm payrolls during the period were attributable to the private sector as government employment continued to decline. Since April, the economy has added on average 72,000 jobs per month. Of the jobless, 45% were unemployed in excess of 27 weeks. The unemployment rate for OECD countries in aggregate remained stable at 8.2%. Unemployment across the euro area was similarly stable at 9.5%; however, there continues to be dispersion in jobless rates across the region. Spain's unemployment ticked up to 21.2%, while Austria was at 3.7%. Unemployment rates continue to be lower in the Pacific Rim and Latin American countries.
- U.S. housing prices, as measured by the Federal Housing Finance Agency's (FHFA) seasonally adjusted purchase-only house price index (HPI), decreased 2.5% (annualized) in the second quarter and were 5.9% lower than June 2010 levels. Housing prices remain 18.8% below the April 2007 peak HPI. The rate of decline slowed relative to previous quarters and the declines were less broad, with only 31 of 50 states seeing declining housing prices in the quarter. Regionally, New England and the West South Central division—including Texas, Oklahoma, Arkansas and Louisiana—saw modest appreciation, while the Mountain (−3.4%) region declined most. The all-transactions index, which includes refinancings, fell 1.9% in the quarter.

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	-13.9	1.1	5.6	1.2	-1.2	2.8
S&P 500–Equal Weighted	-17.8	-0.5	7.4	5.2	0.8	6.6
Russell 3000 (Broad Market)	-15.3	0.5	5.6	1.5	-0.9	3.5
Russell 1000 (Large Cap)	-14.7	0.9	5.7	1.6	-0.9	3.3
Russell 1000 Value	-16.2	-1.9	3.4	-1.5	-3.5	3.4
Russell 1000 Growth	-13.1	3.8	8.1	4.7	1.6	3.0
Russell Midcap	-18.9	-0.9	7.9	4.0	0.6	7.4
Russell Midcap Value	-18.5	-2.4	6.8	2.0	-0.8	7.5
Russell Midcap Growth	-19.3	0.8	9.2	5.9	1.6	6.7
Russell 2000 (Small Cap)	-21.9	-3.5	4.6	-0.4	-1.0	6.1
MSCI EAFE Net	-19.0	-9.4	-3.2	-1.1	-3.5	5.0
MSCI EAFE Local Currency Net	-15.7	-10.9	-4.4	-3.5	-6.1	1.3
MSCI ACWI Net	-17.4	-6.0	0.9	0.6	-1.6	4.4
MSCI ACWI ex-U.S. Net	-19.9	-10.8	-2.1	0.5	-1.6	6.8
S&P Developed ex-U.S. (Small Cap)	-20.0	-5.8	1.7	4.4	-1.1	10.2
MSCI Emerging Markets Net	-22.6	-16.1	0.4	6.3	4.9	16.1

Fixed Income Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
LIBOR US 3m	0.1	0.3	0.3	0.6	2.1	2.3
91-Day Treasury Bill	0.0	0.1	0.1	0.2	1.6	1.9
BOA ML 1-3 Yr Treasury	0.5	1.2	1.9	2.4	3.8	3.3
BC Capital Intermediate Treasury	3.5	3.9	5.2	5.3	6.0	4.8
BC Capital Long Term Treasury	24.7	17.1	14.9	13.0	10.7	8.5
BC Capital Government	5.8	5.6	6.3	6.4	6.6	5.4
Citigroup Mortgage Securities	2.4	5.7	5.8	7.1	6.8	5.7
BC Capital Credit	3.0	4.6	8.1	11.7	6.7	6.3
BC Capital Gov't/Credit	4.7	5.1	6.9	8.4	6.5	5.7
BC Capital Aggregate	3.8	5.3	6.7	8.0	6.5	5.7
BC Capital Municipal	3.8	3.9	4.8	8.1	5.0	5.1
BC Capital High Yield	-6.1	1.8	9.8	13.8	7.1	8.8
JPM Global Bond	0.8	2.9	4.6	7.6	7.5	7.4
JPM Non-U.S. Bond	-0.6	2.6	4.3	8.3	7.8	8.0
JPM Global Bond-Hedged	2.2	1.1	3.7	4.9	4.9	4.7
JPM Non-U.S. Bond-Hedged	1.5	0.1	2.9	4.5	4.3	4.4
JP Morgan EMBI+	-1.2	1.4	8.4	11.6	7.9	11.0

Illiquid Partnerships	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Private Real Assets (as of 6/30/2011)						
NCREIF Property Index	3.9	16.7	7.2	-2.6	3.4	7.6
Apartment	4.2	21.4	10.1	-1.4	2.9	7.7
Industrial	4.5	14.7	5.1	-3.7	2.5	7.0
Office	4.5	15.5	6.4	-4.1	3.7	6.7
Retail	2.5	15.1	7.2	0.0	4.3	10.2
NCREIF Timber Index	0.7	0.5	-1.6	0.0	6.1	6.9
Private Equity (as of 03/31/2011)						
U.S. Private Equity	6.1	19.9	13.3	0.8	6.2	6.0
Venture Capital	4.9	21.1	6.7	-0.5	3.6	0.3
Early/Seed Stage	5.2	16.7	2.8	-2.6	0.7	-2.6
Later Stage	5.6	32.8	15.0	4.9	8.4	3.7
Buyouts	7.3	21.6	14.8	0.3	6.7	8.0
Small	1.4	7.6	3.6	-2.8	7.3	7.9
Medium	4.2	22.9	8.0	-0.9	7.8	7.7
Large	2.8	15.4	8.7	1.2	7.4	6.6

MSCI ACWI Sector	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	-16.9	-1.4	9.1	7.7	0.5	5.4
Consumer Staples	-6.8	5.7	11.3	7.9	7.1	8.6
Energy	-21.3	-1.8	0.6	-0.9	1.9	9.8
Financials	-23.4	-18.0	-9.8	-8.6	-11.2	0.7
Healthcare	-10.2	5.1	6.5	4.1	1.4	2.9
Industrials	-22.5	-8.9	2.8	1.1	-0.8	5.8
Information Technology	-10.5	-0.3	4.1	6.3	1.4	4.2
Materials	-25.7	-12.7	1.2	3.8	3.7	12.7
Telecom	-10.0	0.4	6.2	6.0	4.6	4.7
Utilities	-9.4	-3.9	-1.0	-1.8	0.6	7.5

Hedge Fund Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Total Hedge Fund Index	**-6.2**	**-0.4**	**3.4**	**4.4**	**3.3**	**6.5**
Absolute Return						
Event Driven	-7.3	0.2	5.5	5.2	3.4	7.2
Relative Value	-3.3	2.7	7.4	7.6	5.4	6.4
Convertible Arbitrage	-6.2	-1.9	5.6	12.2	4.1	4.9
Equity Market Neutral	-3.1	0.3	0.6	-0.2	0.7	2.2
Directional Hedge						
Equity Long/Short	-10.4	-3.5	1.4	2.8	1.2	5.0
Global Macro	0.6	2.9	3.2	4.7	6.2	7.8
Emerging Markets	-12.6	-9.0	0.7	3.7	3.4	12.1
Short Bias	12.4	-3.2	-8.5	-9.5	-2.9	-2.5
Fund of Funds						
Strategic	-6.7	-3.2	0.2	0.0	0.2	3.9
Diversified	-4.0	-0.7	1.4	0.6	0.6	3.6
Conservative	-4.1	-1.3	1.1	-0.6	-0.1	2.9

Real Assets and Inflation	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
REITs						
FTSE EPRA/NAREIT GL	-17.7	-9.1	3.7	-0.3	-8.0	1.5
Commodities						
DJ-UBS Commodity	-11.3	0.0	4.9	-5.7	-1.1	5.9
Goldman Sachs Commodity	-11.7	2.9	3.5	-15.9	-5.3	3.5
Inflation-Protected Bonds						
BC Capital U.S. TIPS	4.5	9.9	9.4	8.1	7.1	7.2
Inflation						
U.S. CPI	0.5	3.9	2.5	1.2	2.3	2.4
U.S. CPI Plus 5%	1.8	9.1	7.6	6.3	7.4	7.6

Note: All returns as of 9/30/2011, unless otherwise noted.

Key Metrics

Option-Adjusted Spreads	Current QTR	1 Year Ago
U.S. High Yield	807	621
U.S. Corporate	238	175
U.S. IG Financials	332	215
CDX IG 5-Yr	144	107
CDX HY 5-Yr	829	565
Agency MBS	80	85
CMBS	351	304
ABS - Fixed Rate	77	71
ABS - Floating Rate	122	102
TED[1]	36	14
Emerging Markets	495	312

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

U.S. Economy	Current QTR	1 Year Ago
Unemployment Rate	9.10%	9.60%
Quarterly GDP[2]	1.30%	1.70%
Current Account Deficit[2]	$118.00	$123.30
Annualized Current Account Deficit/GDP[2]	3.14%	3.41%

[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	1.50%	1.00%
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast	Current QTR	1 Year Ago
10-Year Treasury Yield	1.92%	2.51%
10-Year Breakeven[4]	1.76%	1.82%
5-Year Treasury Yield	0.95%	1.27%
5-Year Breakeven[4]	1.43%	1.28%

[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	12.1x	11.3x	2.3%	14.x	13.5x	2.0%
Russell 1000 Index	12.3x	11.5x	2.2%	14.2x	13.8x	1.9%
Russell Midcap Index	13.6x	12.9x	2.1%	16.0x	15.4x	1.6%
Russell 2000 Index	14.2x	13.3x	1.8%	15.x	16.2x	1.3%
Russell 3000 Index	12.4x	11.6x	2.2%	14.3x	13.9x	1.9%
Russell 3000 Growth Index	14.7x	13.3x	1.7%	16.2x	15.2x	1.4%
Russell 3000 Value Index	10.6x	10.3x	2.7%	12.8x	12.8x	2.3%
MSCI ACWI Index	11.x	10.5x	3.0%	13.6x	13.1x	2.5%
MSCI ACWI ex-U.S. Index	10.3x	9.9x	3.6%	13.3x	12.8x	2.9%
MSCI EAFE Index	10.2x	10.0x	3.9%	13.1x	12.5x	3.1%
MSCI EM Index	9.6x	9.2x	3.1%	13.2x	12.7x	2.3%
London - FTSE 100[3]	9.4x	8.9x	4.0%	12.7x	11.3x	3.3%
Japan - Nikkei 225[3]	14.4x	13.4x	2.1%	16.5x	16.1x	1.9%
Hong Kong - Hang Seng[3]	7.8x	9.x	4.1%	13.6x	14.3x	2.8%
China - Shanghai Composite[3]	12.3x	10.8x	2.1%	16.1x	15.x	1.6%

[3] Returns in local currency

P/E excludes companies with negative earnings

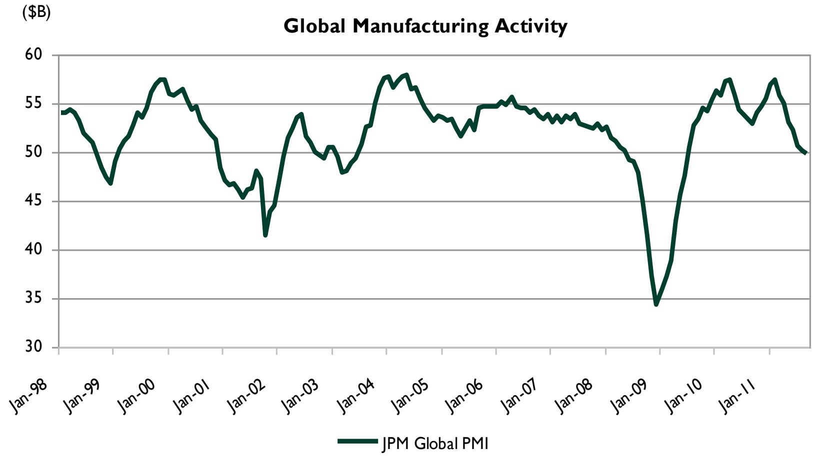
U.S. Treasury Yields							Curve Steepness
Date	3-Mo T-Bill	6-Mo T-Bill	2-Year Note	5-Year Note	10-Year Note	30-Year Note	10-Year - 2-Year
1 Year Ago	0.16%	0.20%	0.43%	1.27%	2.51%	3.69%	2.08%
Current Quarter	0.02%	0.06%	0.25%	0.95%	1.92%	2.92%	1.67%

Currency Rates			Percentage Change		
per U.S. Dollar	Current QTR	1 Year Ago	QTD	YTD	1 Year
Canadian Dollar	1.05	1.03	-8.30%	-5.00%	-2.00%
Japanese Yen	77.06	83.53	4.50%	5.30%	8.40%
British Pound	0.64	0.64	-2.90%	-0.20%	-0.80%
Euro	0.75	0.73	-7.70%	0.00%	-1.80%
GBP/Euro	0.86	0.87	5.20%	-0.20%	1.00%
Yen/Euro	103.12	113.88	13.30%	5.30%	10.40%

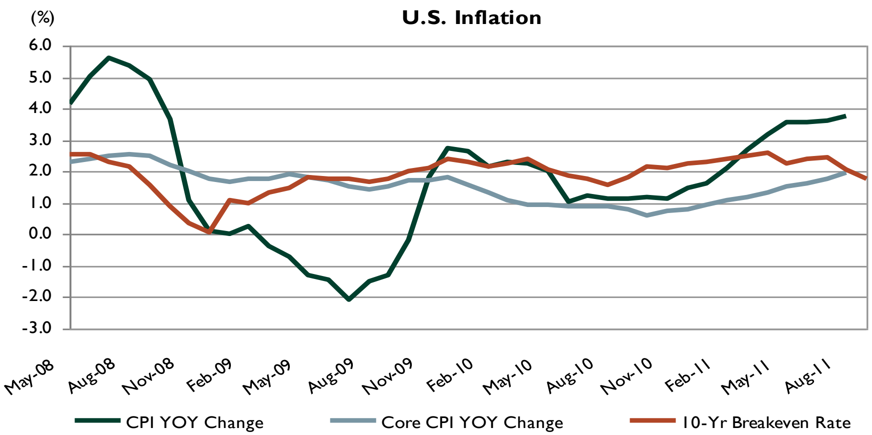
Sources: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, Bloomberg

Macroeconomic Trends

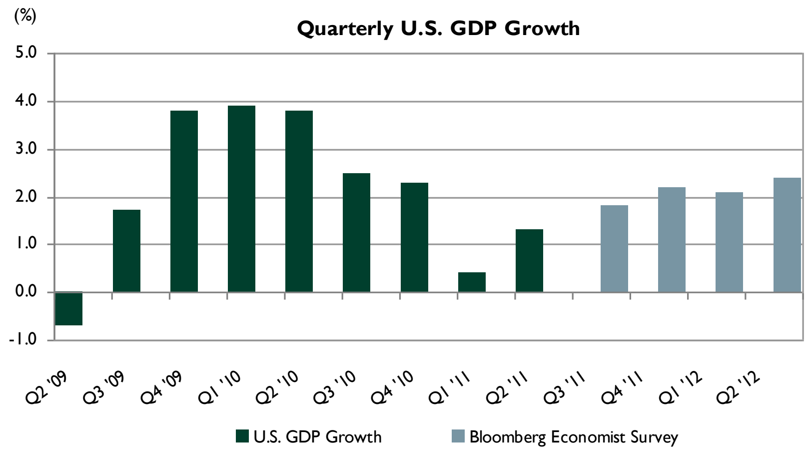
The unemployment rate remained unchanged at 9.1% during the third quarter of of 2011, while the broader underemployment rate (U6) modestly rose in September (from 16.2% to 16.5%). The poor employment picture continues to weigh on consumer confidence and impede economic growth.



The JPMorgan Global Manufacturing PMI Index has fallen sharply in recent months and declined to 49.4 in September—the first time it has been below 50.0 since June 2009. Slowing manufacturing activity has continued to fuel expectations of contracting global growth and it has been one factor influencing oil prices lower during the quarter.



Year-over-year CPI rose in August to 3.8%, largely due to increased energy commodities prices, while Core CPI (+2.0%) remained more muted. Market inflation expectations fell sharply during the quarter, as concerns regarding a global economic slowdown mounted and oil prices declined.

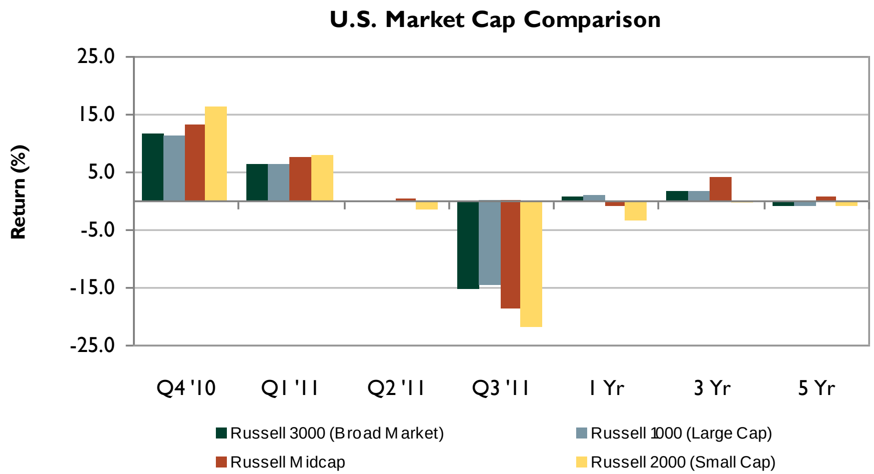


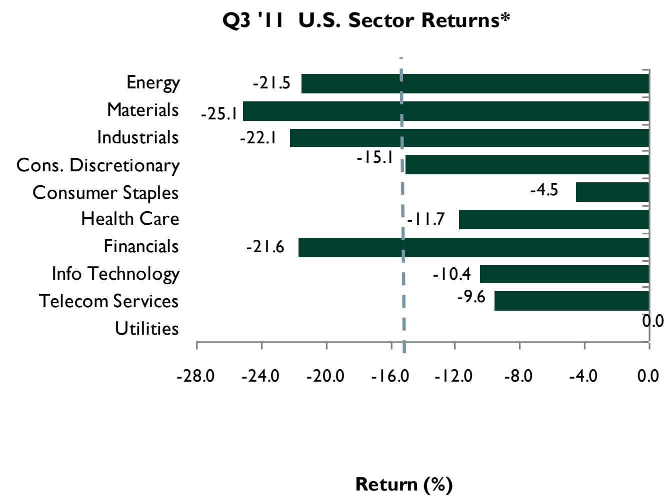
US GDP grew at an annual rate of 1.3% during the second quarter of 2011, which is well below the historical average. Economists continue to predict growth will remain muted over the intermediate term. In September, the IMF significantly lowered its U.S. growth estimate for 2012 (from 2.7% to 1.8%) amid depressed consumer and business confidence and fiscal uncertainty.

Sources: U.S. Bureau of Labor Statistics, Federal Reserve Bank of Cleveland, Bloomberg, Office of Management & Budget

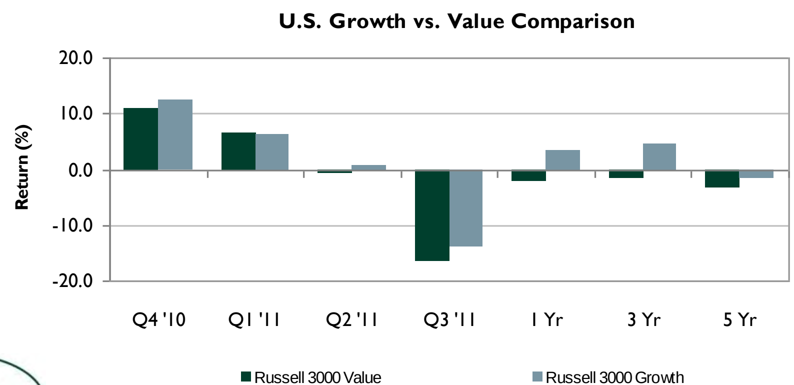
U.S. Equity

- Domestic equity markets, as represented by the Russell 3000 Index, were negative in all three months of the third quarter. Declines accelerated in August with uncertainty over the debt ceiling debate and subsequent downgrade of the U.S. credit rating, and maintained velocity through September. With limited earnings activity late in the quarter, the market movements appear to reflect deterioration in macroeconomic conditions rather than a change in corporate fundamentals.
- While all ten economic sectors closed the quarter lower, the most economically sensitive sectors led the declines. Materials (−25.1%), industrials (−22.1%), financials (−21.6%), and energy (−21.5%) posted the largest losses. Conversely, defensive sectors—utilities (0.0%) and consumer staples (−4.5%)—held up best.
- Large cap equities continued to outperform their small cap counterparts. The Russell 2000 Index lost 21.9% over the three-month period versus a decline of 14.7% for the Russell 1000 Index. The Russell Midcap Index fell 18.9%. Year to date, the pattern is similar with performance declining down capitalization.
- Growth generally outperformed value during the quarter; the Russell 3000 Growth Index contracted 13.1% while the Russell 3000 Value Index dropped 16.2%. However, value modestly outperformed growth in mid and small cap equities. Year to date, growth leads up and down the capitalization spectrum.
- Lower beta stocks materially outperformed their high beta counterparts with a differential of 2,390 bps in returns between the lowest and highest quintile beta stocks during the quarter. Yield was another differentiator, with dividend payers holding up better than their non-yielding counterparts.





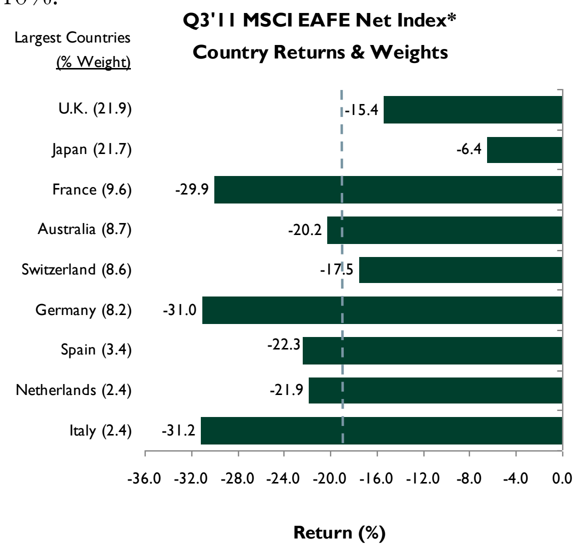
*Dotted line indicates total Russell 3000 Index return



Sources: Ibbotson, Vestek, Bloomberg

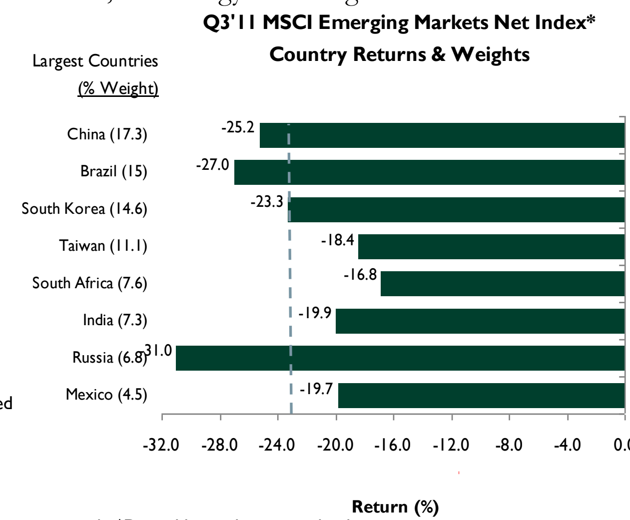
International Equity

- The third quarter saw a sharp reversal in foreign equity returns, as investors refocused on problems facing the euro area—particularly the possibility of debt default for select peripheral European markets—and the impact of slowing global growth. While July began with positive returns, the last week of July through the end of September saw substantial declines, with the MSCI EAFE Index ending the quarter down 19.0% in U.S. dollar (USD), bringing year-to-date returns to −15.0%. Currency worked against U.S. investors, as the dollar held up better than the Index's basket of currencies. The Index declined 15.7% in in local terms.
  - Greece (−46.6%) continued to be the worst performing EAFE market as increased default expectations continued to weigh on the equity market. Italy (−31.2%) also struggled, as its equity market reacted to funding concerns in the banking sector, cuts to growth forecasts, and the downgrade in its credit rating. Pressure on the banking sector's exposure to peripheral sovereign debt hurt the French and German markets, which were down 29.9% and 31.0%, respectively.
  - Asia-Pacific markets held up better than their European counterparts, but several were down double-digits on the back of slowing global growth concerns, including Australia (−20.2%), Hong Kong (−19.9%), and Singapore (−18.2%). Japan was the top performer in the quarter, falling only 6.4%.
  - Many sectors experienced double-digit declines in the period, with materials, financials, and industrials down more than 20% in USD. The traditionally defensive sectors of telecom, consumer staples, and health care held up better, all down less than 10%.



* Note: Other countries accounted for 14.3% of the Index weight

- As the appetite for risk dried up, emerging equity markets suffered significant losses; the MSCI Emerging Markets Index fell 22.6% in USD and 15.0% in local terms. Emerging markets also reacted to slowing export growth, re-emphasizing the need for countries to promote domestic demand and the move to tighten monetary policy in many countries.
  - Eastern Europe retreated the most, led by Hungary (−44.4%) and Poland (−33.0%). While contagion fears and slowing growth weighed on the markets, Hungary in particular suffered from its banking sector's high exposure to loans denominated in foreign currencies. Also, both the Hungarian forint and Polish zloty fell more than 16% against the USD.
  - Latin America also suffered large losses, led by Brazil's −27.0% return. Brazil continued to battle inflation and surprised the market in September with a rate cut. The Brazilian real reacted strongly, especially in September, falling more than 16% against the USD for the third quarter.
  - While second quarter Chinese GDP growth (9.5%) came in stronger than expected, concerns later in the quarter regarding the influence on slowing global export demand and the rate of domestic demand growth impaired Chinese equity pricing. The MSCI China Index declined 25.2% in USD and the Shanghai Index fell 14.3% in local terms.
  - Similar to developed markets, the traditionally defensive sectors of consumer staples, telecom, and health care declined moderately, providing some safety for investors. Industrials fell most sharply, with financials, materials, and energy following suit.

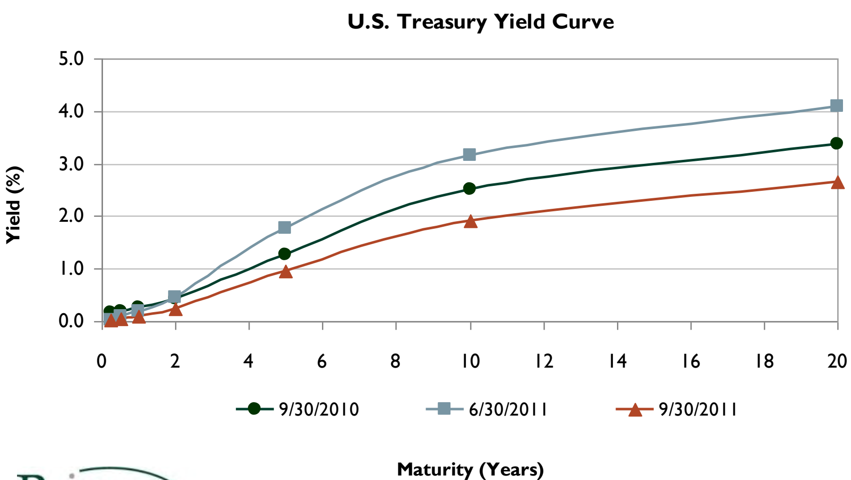


* Note: Other countries accounted for 15.2% of the Index weight

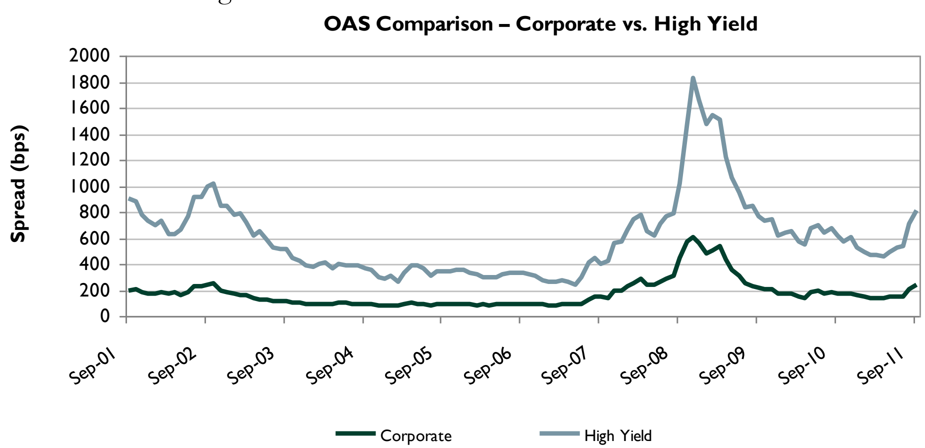
Sources: Vestek, MSCI/Barra, Wall Street Journal, Financial Times. Note: All returns quoted in U.S. dollar terms, unless otherwise noted. *Dotted line indicates total index return

U.S. Fixed Income

- U.S. Treasuries delivered strong results in the quarter, with the Barclays Capital U.S. Treasury Index rising 6.5%—driven by heightened macroeconomic concerns, falling inflation expectations, ongoing uncertainty in Europe, and the Fed's announcement of Operation Twist. The latest monetary policy initiative calls for the Fed's balance sheet to remain unchanged, with the Fed selling short maturity Treasuries (three years or less) and buying long Treasuries (six years or more). Goldman Sachs estimated that 29% of the total $400 billion U.S. Treasury purchases will be in the 20- to 30-year portion of the curve. U.S. Treasury yields fell across the curve and the curve flattened, with 30-year yields exhibiting the sharpest decline (−146 bps) and falling below 3.0% for the first time since January 2009, when deflationary concerns permeated the markets. Longer-dated Treasuries significantly outperformed their shorter-dated counterparts, with Treasuries in the one- to five-year maturity segments rising 1.4%, while those in the five- to ten-year segment gained 7.9% The Barclays Capital Long Treasury Index, rose by 24.7%, significantly outperforming all major asset classes.
- The Barclays Capital Aggregate Index returned 3.8%, led by gains in the U.S. Treasury sector. Corporates and securitized sectors underperformed the Index. AAA-rated index bonds outperformed lower rated bonds during the quarter, as investors preferred perceived relative safety. Longer-maturity issues outperformed shorter-term issues, given the curve flattening.



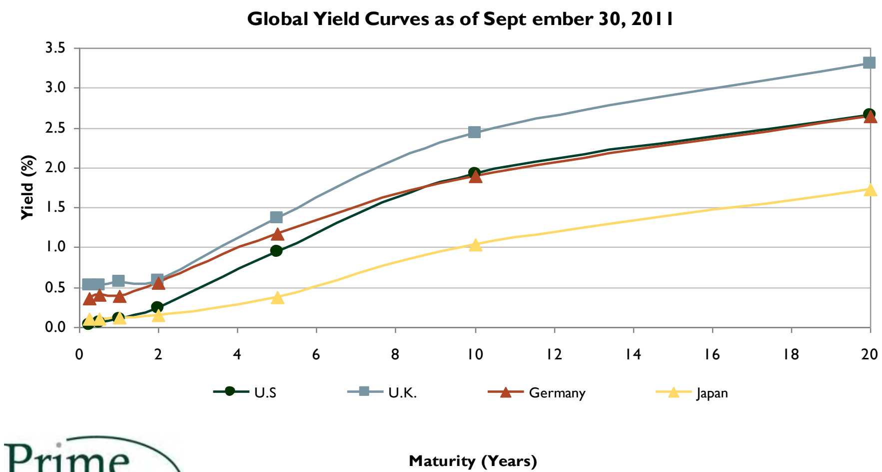
- Investment grade corporates gained 2.9%, with a majority of this gain achieved in July. Spreads widened by 85 bps during the quarter amid the slowing economy and demand for safety. Financials (−1.4%) were the hardest hit during the quarter, hindered by concerns that the U.S. government would not be as willing/able to provide substantial support for large financial institutions. The recent ratings downgrades by Moody's on a few large issuers, including Wells Fargo and Bank of America, also heightened market anxiety.
- Securitized sectors once again lagged government and corporates. Commercial mortgage-backed securities (CMBS) fell −0.9%, posting negative returns for the first time since the first quarter of 2009. CMBS spreads widened by 109 bps amid the poor macroeconomic backdrop and the potential impact it might have on real estate fundamentals and valuations. Asset-backed securities (ABS) gained 2.4% and spreads modestly tightened by 4 bps. Auto loan ABS underperformed the broader ABS market, but still posted positive absolute returns.
- High yield bonds fell 3.3% in the quarter as a result of a sharp increase in risk aversion. Coupon income was significantly offset by price declines as a result of a 280 bps increase in OAS. BB- and B-rated issues significantly outperformed CCC-rated debt by 340 and 290 bps, respectively. Defensive industries, while down in absolute terms, outperformed pro-cyclical industries on a relative basis. Financials underperformed similar to the investment grade markets for reasons cited above.

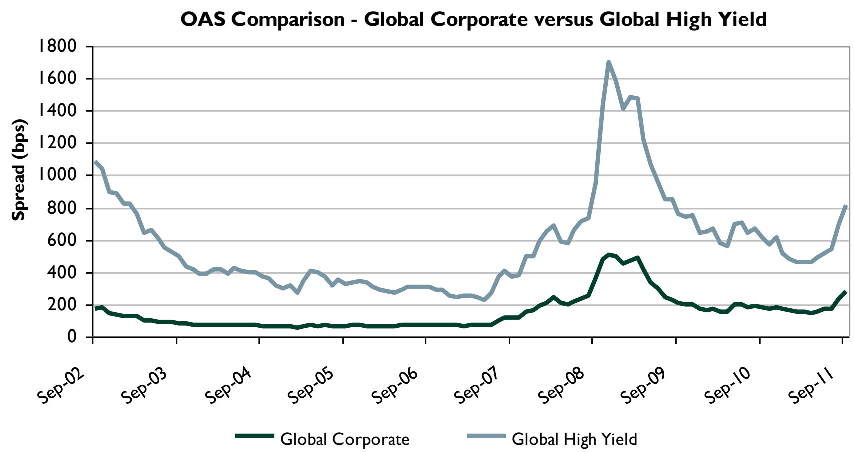


Sources: Bloomberg, Barclays Capital, Federal Reserve

Currencies & Global Bonds

- Several signs of stress emerged during the quarter that negatively impacted currencies and global bonds. European banks were under funding pressure as a result of a reluctance by U.S. prime money market funds to invest in short-term bank paper. The demand for U.S. dollar funding was most evident in cross-currency basis swaps whereby European financial institutions were willing to pay a premium to convert payments from euros to USD. In addition, interbank lending within Europe indicated wariness as the spread above overnight loans widened. Lastly, there has been a lack of consensus on the best way to prevent contagion, with some governments calling for a large increase in the European Financial Stability Facility's size and mandate.
- Aside from the Japanese yen, developed and emerging markets currencies declined against the USD. The Dollar Spot Index (DXY), a weighted-average of six major currencies (the euro, Japanese yen, British pound, Canadian dollar, Swedish krona, and Swiss franc), rose 5.7%. Declines ranged from −2.9% for the British pound to −8.3% for the Canadian dollar. The euro fell 7.7% as a result of the factors mentioned above. The Swedish krona (−7.9%) declined, along with other Scandinavian currencies, over fears that the crisis would spread beyond the euro area. The Japanese yen continued to rise against the USD, gaining 4.5%, as investors sought shelter against not only the European crisis, but also the uncertainty emanating from the heated debate between parties that eventually led to the rise in the U.S. debt ceiling.
- Major yield curves around the globe flattened during the quarter. European policymakers failed to calm market fears regarding resolution to Greece and a potential European banking crisis. As a result, global yields fell and government bond markets, aside from Italy, Portugal, and Greece, delivered positive returns in local currencies with Ireland (+28.2%), Denmark (+9.4%), and the U.K. (+8.9%) as standout performers. Overall, the euro area rose 3.9% in local terms as strong gains in Germany, France, and the Netherlands offset the 4.1% decline in Italy. Asia-Pacific was another source of strength due to gains in Australia and Japan.
- The Barclays Global Treasury ex-U.S. Index rose 3.0% in local terms. However, the strength of the USD against all major currencies except the Japanese yen created a negative translation effect that subtracted over 200 bps from returns, causing the Index to climb a modest 0.8% on an unhedged basis. As a result, only Ireland (+18.7%), Japan (+5.9%), the U.K. (+5.7%), and Denmark (+1.5%) delivered positive returns on an unhedged basis. Within emerging markets, the negative impact of a sharp rally in the U.S. was even more pronounced than in developed markets. In local terms, a majority of emerging countries in the Barclays Capital EM Local Currency Government Bond Index rose, but declines in currencies such as the Brazilian real (−16.8%), Hungarian forint (−16.3%), Russian ruble (−13.4%), and South Korean won (−9.3%) caused significant underperformance of emerging markets relative to developed markets in unhedged USD terms.





Sources: Bloomberg, Barclays Capital

Flexible Capital

- While the HFRI Fund Weighted Index posted disappointing quarterly and year-to-date returns of −6.2% and−5.4%, respectively, it compares favorably to the S&P 500 Index, which returned −13.9% for the quarter and −8.7% year to date. During the quarter, volatility and macroeconomic concerns continued to outweigh company fundamentals and led to wide dispersion in returns for hedge funds.
- On the equity side, the HFRI Equity Hedge Index declined 10.4% in the third quarter as managers that were longer-biased and overweight financials were generally the worst performers, with the major U.S. banks facing pressure related to the housing sector and exposure to European markets. Managers with large emerging markets allocations also declined. Despite a difficult quarter, fundamentals-based managers generally remained confident in their portfolios, with many adding to their highest conviction core positions and maintaining plenty of dry powder for use in an environment with less macro overhang.
- Credit-oriented managers struggled as well, with the HFRI Event-Driven Index down 7.3% for the period. Major restructurings/liquidations that remained top holdings for many managers—notably Lehman Brothers, Delphi, Washington Mutual, and the Icelandic banks—all sold-off in the quarter. Pricing was impacted by broad market weakness, but also by selling pressure created by a number of large hedge funds facing performance and redemption issues. However, there were no material changes to the fundamentals underlying the companies and managers expressed confidence that the losses incurred in the quarter were not permanent and will be recovered as the restructurings and liquidations move forward.
- The only area of the market to report positive returns was macro, with the HFRI Macro Index rising 0.6% in the quarter. Manager returns in this space varied considerably as a number of commodity trends broke down, leading to volatile returns for systematic managers.
- The confluence of market events led to not only the decline of many stock indices, but also a marked increase in volatility. The VIX Index, a measure of stock volatility, increased 160%. It began the third quarter at 16.5, spiked to 48.0 on August 8th, and decreased toward the end of August, finishing the quarter at 43.0. Additionally, correlation among stocks remained at elevated levels, continuing to negatively impact the ability of active managers to produce excess returns relative to the broad market. In late August, a Goldman Sachs report showed the correlation for stocks within the S&P 500 Index was at the highest level in at least 20 years.
- There was also wide dispersion in hedge fund performance during the quarter. One indicator of this is the Goldman Sachs VIP Custom Members Basket, which is defined as the 50 stocks that "matter most" to hedge funds. Only six of the stocks experienced positive performance: Apple (+13.6%), Amazon (+5.7%), MasterCard (+5.3%), American Tower (+2.8%), Visa (+1.7%), and Google (+1.6%). Further, only 20 of the 50 companies outperformed the S&P 500 Index's return of −13.9%. There was a 70.5% spread between minimum and maximum performers and an average return of −18.9%. Within the basket, the information technology and consumer discretionary sectors are heavily represented. The information technology and telecom sectors experienced positive returns, albeit modestly, and the consumer discretionary, energy, financials, and materials sectors had negative results of −22% to −33%.

Goldman Sachs Hedge Fund VIP Basket*

Top 5 Q3 Performers

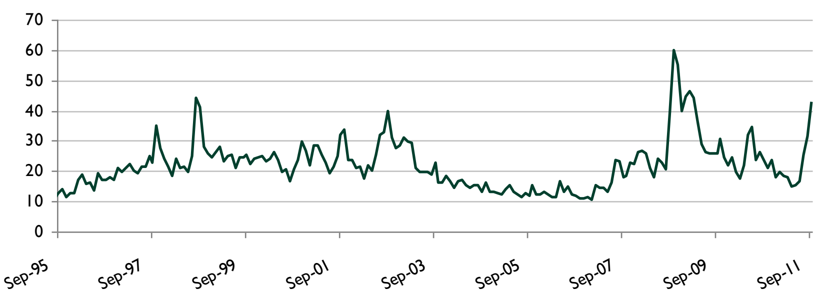
Company	Q3	YTD
Apple Inc	**13.6%**	16.3%
Amazon.com	**5.7%**	14.5%
Mastercard Inc.	**5.3%**	34.6%
American Tower	**2.8%**	1.6%
Visa Inc	**1.7%**	17.6%
S&P 500	**-13.9%**	-8.7%

Bottom 5 Q3 Performers

Company	Q3	YTD
Netflix Inc	**-56.9%**	-34.6%
Chemtura	**-44.9%**	-43.8%
Bank of America Corp	**-44.2%**	-59.8%
EXCO Resources Inc	**-39.3%**	-49.2%
Citigroup Inc	**-38.5%**	-52.8%
S&P 500	**-13.9%**	-8.7%

• Consists of the 50 companies that "matter most" to hedge funds. The positions in this basket are the stocks that appear most frequently as top ten holdings of hedge funds with 10–200 total holdings.

Volatility Measure – VIX



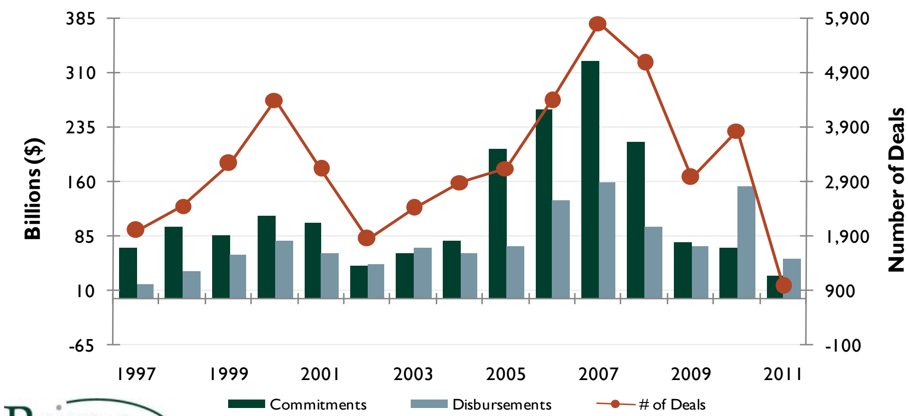
Sources: Bloomberg, Hedge Fund Research, Goldman Sachs

Private Equity (as of 6/30/2011)

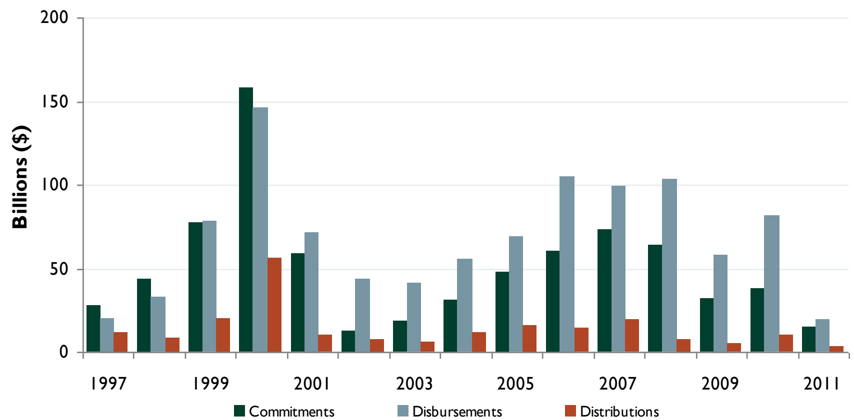
- U.S.-domiciled buyout firms raised $18 billion across 51 U.S.-focused funds during the second quarter, comparing favorably to the $14 billion raised by 49 funds during the second quarter of 2010. On an annualized basis, 2011 represents the highest fundraising year since 2008. Middle-market fundraising continued to outpace activity at the upper end of the market; no funds above $5 billion held a close during the quarter and the median size of private equity funds closed held steady at over $450 million.
- Total U.S. merger and acquisitions (M&A) volume during the first half of the year was $689 billion, an increase of 32% over the first half of 2010. Dollar volume for M&A continued to increase, despite the reduction in the number of deals. Similarly, there were mixed results for middle-market dollar volume activity in the first half of 2011 as the number of transactions declined 18%, but the overall dollar volume increased 22%. There was approximately $144 billion in U.S. private equity-related M&A volume during the first half—up 26% compared to the same period in 2010 and approximately 21% of the overall U.S. M&A volume.
- Purchase price multiples increased to 8.8x EBTIDA during the second quarter from 8.1x in the first quarter of 2011. This level, however, remains significantly below the peak figure of 9.5x EBITDA reached in 2007.
- During the second quarter, 37 U.S. venture capital funds raised $2.7 billion. Fundraising for U.S. venture capital funds in the first half totaled $10.2 billion from 76 funds—a nearly 70% increase in amount compared to the first half of 2010 and a 15% decrease in the number of funds. This level of total fund was equal to the lowest number of funds garnering commitments since the first half of 1995. Total venture investments into later stage companies continued to attract the most limited partner interest, while venture investments into seed and early stage companies remained roughly flat year over year.
- Twenty-five European-focused private equity funds held final closes during the quarter, totaling $9.8 billion. These numbers represent a quarter-over-quarter increase from the $6.5 billion raised by 24 funds in the first quarter. In addition to the $9.8 billion raised by way of final closes, European-focused funds gathered another $9.8 billion of capital through interim closes during the second quarter.
- There were 41 final closes among Asia and Rest of World-focused funds during the second quarter of 2011, totaling $15.5 billion. This represents an $9.9 billion increase over the previous quarter, when 24 funds held final closes. Greater China-focused funds continued to drive the Asia and Rest of World-focused private equity activity.

(as of 3/30/2011)

Private Equity Industry



Venture Capital Industry

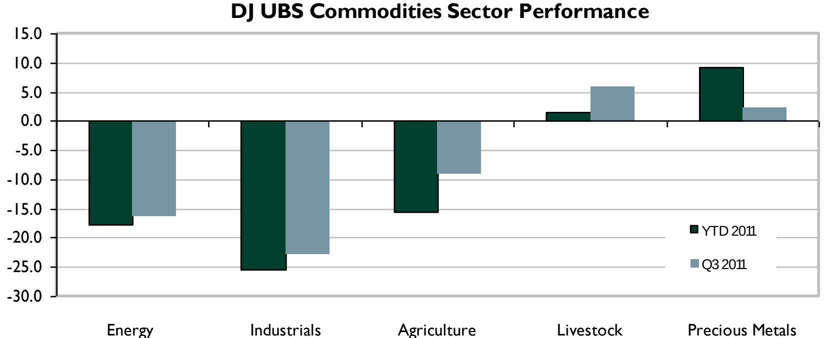


Sources: Dow Jones Private Equity Analyst, National Venture Capital Association, Thomson Financial, S&P LCD, Emerging Markets Private Equity Association, Dealogic, and Preqin

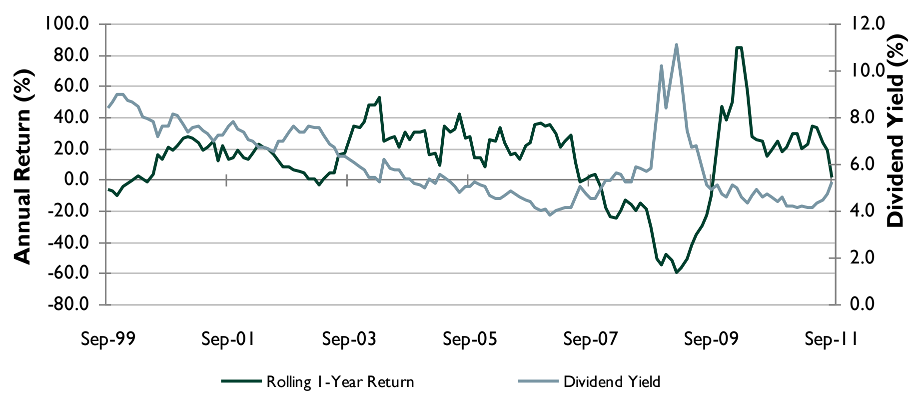
Inflation Hedging

- Global real estate securities declined 17.7% during the third quarter as measured by the FTSE EPRA/NAREIT Global Index. Prior to the quarter, the bond-like attributes of core real estate attracted income-seeking investors, which led to some strong results for the sector. As market sentiment turned sharply negative, the sector traded in high correlation to the broader markets. European property securities were most impacted, declining 23.3%, while markets in Asia (−17.9%) and the U.S. (−14.9%) also experienced steep declines. Currently, REIT global dividends are 4%, and valuations price in little or no future rental or occupancy growth. However, given the markets' reliance on the banking system for debt financing and income growth on economic stability, REITs will likely continue to be volatile along with broader markets and trade with high correlation in down markets.
- Commodities declined 11.3% in the quarter, as measured by the DJ UBS Commodity Index, with the underlying commodities sectors strongly reflecting poor macroeconomic sentiment. Energy (−16.3%) and industrial metals (−22.7%) are the sectors most closely tied to views on future economic growth and experienced the largest declines, while precious metals (namely gold and silver) had positive results, returning 2.3%. Gold did not respond to market uncertainty uniformly; the price fell from an all-time high of $1,888.70/ozt. in mid-August to $1,623.97/ozt. by the end of September, possibly due to investors' raising capital as a result of other asset losses. Livestock was the best performer during the quarter, as declining inventories and increasing global demand helped pace the sector. The rise in corn prices forced livestock producers to switch feed to wheat and reduce herds to contain costs.
- The NCREIF Property Index, a measure of core real estate property pricing in the U.S., returned 3.3% during the third quarter. The Index continued to reflect real estate valuation rebounds from 2009 lows; it was the sixth consecutive quarter of returns of 3% or more, contributing to a 16.1% one-year return. Given the lag in appraising and publishing values, it is difficult to know the near-term impact of the public market uncertainty on private real estate. However, one concerning market indicator for the third quarter was S&P's July announcement that it would not rate a $1.5 billion CMBS issuance by Goldman Sachs. The CMBS market provides capital to private real estate through securitized debt and had experienced increased activity through the first part of the year.
- During the third quarter, the Barclays U.S. TIPS Index gained 4.5%. Real yields rose at the front end of the curve (maturities under three years), but fell in the intermediate and long portions. As a result, the curve flattened and longer-dated TIPS outperformed shorter-dated securities. The largest increases occurred in those greater than 20 years (+16.5%), 10–20 years (+9.8%), and 7–10 years (+4.8%), while those in the 1–3 year range fell 1.0%. Inflation expectations for the next five and ten years fell; the five-year breakeven dropped 57 bps to 1.6%, while the ten-year breakeven fell 70 bps to 1.8%. Despite the benefit of the drop in real yields, the magnitude of the decline in breakeven expectations caused nominal Treasuries to outperform TIPS across all maturity segments.

DJ UBS Commodities Sector Performance



Public Real Estate



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

- The Town of Palm Beach Police Retirement System retreated 9.5% during the third quarter of 2011, bringing Total Fund assets to $53.2 million and trailing one-year performance to -0.4%. World equity markets experienced extreme volatility during the quarter, which was driven in large part by ongoing concerns in Europe and slow growth expectations in China. Within this environment, the domestic and international equity segments both posted double-digit declines. Overall, flexible capital managers struggled to keep pace with the benchmark during the quarter but remain ahead over the longer-term annualized periods. Within the fixed income segment, gains posted by the portfolio's core strategies were more than offset by losses from the convertibles allocation. The inflation hedging component also ended the quarter in negative territory, despite the 4.9% gain from the TIPS allocation.
- During the quarter, a full redemption request was submitted for the Private Advisors Stable Value Fund. Replacement candidates are included behind Tab V of this report.

Segment Performance

Segment Level Performance (% Rate of Return)

Benchmark Dependent Metrics relative to S&P 500 Index

As of September 30, 2011

	1 Quarter Return	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	**-9.5**	**-0.4**	**1.9**	**1.3**	**4.2**	**7.3**	**9.2**	**0.5**	**0.9**	**Apr-91**
Target Index	-7.6	0.5	1.9	1.1	4.3	7.4	9.4	0.6	1.0	Apr-91
Domestic Equity	**-15.4**	**1.3**	**2.8**	**0.8**	**4.3**	**9.6**	**18.3**	**1.0**	**0.9**	**Apr-91**
Russell 3000 Index	-15.3	0.5	1.5	-0.9	3.5	7.9	16.8	1.0	1.0	Apr-91
International Equity	**-20.1**	**-10.0**	**2.7**	**-1.5**	**NA**	**8.2**	**23.2**	**1.3**	**0.9**	**Jan-03**
MSCI EAFE (Net)	-19.0	-9.4	-1.1	-3.5	NA	7.1	22.1	1.2	0.9	Jan-03
Total Flexible Capital	**-6.1**	**-0.5**	**2.2**	**2.3**	**NA**	**4.7**	**7.5**	**0.4**	**0.8**	**Apr-03**
HFRI Fund of Funds Composite Index	-4.7	-1.6	0.2	0.4	NA	3.7	7.5	0.4	0.8	Apr-03
Total Fixed Income	**-0.9**	**2.4**	**7.7**	**5.1**	**4.9**	**6.5**	**4.5**	**0.0**	**0.1**	**Apr-91**
Fixed Income Composite Index	-2.2	2.2	7.5	5.6	5.5	7.9	6.4	0.3	0.8	Apr-91
Total Inflation Hedging	**-8.3**	**3.2**	**-7.4**	**-2.8**	**NA**	**-2.3**	**17.3**	**0.7**	**0.9**	**Jul-06**
Inflation Hedging Composite Index	-5.3	7.0	1.7	4.4	NA	4.8	12.7	0.6	0.9	Jul-06

Since inception returns are calculated from the first full quarter.

Executive Summary

Town of Palm Beach

Police Retirement System

Preliminary Executive Summary as of September 30, 2011

Market Value	% of Portfolio		QTR Ended Dec-10	QTR Ended Mar-11	QTR Ended Jun-11	QTR Ended Sep-11	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
$53,276,914	**100.0**	**Total Fund including Meridian Holdback**												
$53,243,456	**99.9**	**Total Fund**	**5.7**	**3.5**	**0.5**	**-9.5**	**-0.4**	**-5.8**	**-0.4**	**1.9**	**1.3**	**4.2**	**7.3**	**Apr-91**
		Target Index	5.2	2.8	0.5	-7.6	0.5	-4.5	0.5	1.9	1.1	4.3	7.4	Apr-91
		Actual Index	5.2	2.8	0.3	-7.8	0.0	-4.9	0.0	1.8	1.0	4.9	8.7	Apr-91
		Balanced Index	6.5	3.9	1.0	-9.6	1.0	-5.1	1.0	3.4	1.1	4.3	7.3	Apr-91
		Consumer Price Index	0.3	2.0	1.0	0.5	3.9	3.5	3.9	1.2	2.3	2.4	2.6	Apr-91
$18,435,632	**34.6**	**Global Equity**	**9.8**	**5.1**	**1.3**	**-17.3**	**-3.3**	**-11.9**	**-3.3**	**1.9**	**-0.2**	**4.4**	**9.6**	**Apr-91**
$11,145,082	**20.9**	**Domestic Equity**	**11.3**	**6.9**	**0.7**	**-15.4**	**1.3**	**-9.0**	**1.3**	**2.8**	**0.8**	**4.3**	**9.6**	**Apr-91**
		Russell 3000 Index	**11.6**	**6.4**	**0.0**	**-15.3**	**0.5**	**-9.9**	**0.5**	**1.5**	**-0.9**	**3.5**	**7.9**	
$2,746,430	5.2	SSgA S&P 500 (R) Flagship NL Fund	10.7	5.9	0.1	-13.9	1.1	-8.7	1.1	1.2	-1.2	2.8	7.5	Jan-95
		S&P 500 Index	**10.8**	**5.9**	**0.1**	**-13.9**	**1.1**	**-8.7**	**1.1**	**1.2**	**-1.2**	**2.8**	**7.5**	
$2,843,026	5.3	Stralem & Company Large Cap Core Account	6.1	5.5	2.2	-10.5	2.5	-3.4	2.5	1.5	1.7	NA	2.0	Apr-06
		S&P 500 Index	**10.8**	**5.9**	**0.1**	**-13.9**	**1.1**	**-8.7**	**1.1**	**1.2**	**-1.2**	**2.8**	**-0.3**	
$1,820,214	3.4	SSgA S&P Midcap 400 (R) Index NL Fund	13.4	9.3	-0.7	-19.9	-1.4	-13.1	-1.4	3.9	NA	NA	3.9	Oct-08
		S&P MidCap 400	**13.5**	**9.4**	**-0.7**	**-19.9**	**-1.3**	**-13.0**	**-1.3**	**4.1**	**2.2**	**7.5**	**4.1**	
$1,601,598	3.0	CRM Midcap Value Instl Fund	12.4	7.3	0.7	-21.2	-4.3	-14.9	-4.3	0.4	NA	NA	0.4	Oct-08
		Russell Midcap Value Index	**12.2**	**7.4**	**-0.7**	**-18.5**	**-2.4**	**-13.0**	**-2.4**	**2.0**	**-0.8**	**7.5**	**2.0**	
$2,133,814	4.0	Geneva Mid Cap Equity Account	15.6	7.0	0.8	-15.2	5.7	-8.6	5.7	7.0	4.2	NA	5.4	Sep-05
		Russell Midcap Growth Index	**14.0**	**7.9**	**1.6**	**-19.3**	**0.8**	**-11.6**	**0.8**	**5.9**	**1.6**	**6.7**	**2.7**	

Executive Summary

Town of Palm Beach

Police Retirement System

Preliminary Executive Summary as of September 30, 2011

Market Value	% of Portfolio		QTR Ended Dec-10	QTR Ended Mar-11	QTR Ended Jun-11	QTR Ended Sep-11	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
$7,290,550	**13.7**	**International Equity**	**7.2**	**2.7**	**2.3**	**-20.1**	**-10.0**	**-16.0**	**-10.0**	**2.7**	**-1.5**	**NA**	**8.2**	**Jan-03**
		MSCI EAFE (Net)	**6.6**	**3.4**	**1.6**	**-19.0**	**-9.4**	**-15.0**	**-9.4**	**-1.1**	**-3.5**	**5.0**	**7.1**	
$3,691,648	6.9	Harris Associates International Value L.P.	8.4	1.9	1.8	-19.7	-9.7	-16.7	-9.7	6.1	-0.8	NA	11.4	Mar-03
		MSCI EAFE Value Index (Net)	**5.3**	**4.5**	**1.0**	**-19.0**	**-10.0**	**-14.5**	**-10.0**	**-1.7**	**-4.8**	**5.1**	**8.4**	
		MSCI EAFE (Net)	**6.6**	**3.4**	**1.6**	**-19.0**	**-9.4**	**-15.0**	**-9.4**	**-1.1**	**-3.5**	**5.0**	**8.0**	
$3,598,902	6.8	Artisan International Inv Fund	6.4	3.5	2.8	-20.4	-10.0	-15.3	-10.0	-0.8	-2.5	NA	6.7	Jan-03
		MSCI EAFE Growth Index (Net)	**7.9**	**2.2**	**2.1**	**-19.0**	**-8.8**	**-15.4**	**-8.8**	**-0.6**	**-2.2**	**4.9**	**6.5**	
		MSCI EAFE (Net)	**6.6**	**3.4**	**1.6**	**-19.0**	**-9.4**	**-15.0**	**-9.4**	**-1.1**	**-3.5**	**5.0**	**7.1**	
$16,484,579	**30.9**	**Total Flexible Capital**	**3.8**	**2.1**	**0.0**	**-6.1**	**-0.5**	**-4.2**	**-0.5**	**2.2**	**2.3**	**NA**	**4.7**	**Mar-03**
		HFRI Fund of Funds Composite Index	**3.6**	**0.9**	**-1.2**	**-4.7**	**-1.6**	**-5.0**	**-1.6**	**0.2**	**0.4**	**3.6**	**3.6**	
$4,733,081	8.9	Archstone Offshore Fund, Ltd.	3.8	1.8	-0.3	-8.3	-3.5	-7.0	-3.5	1.6	1.7	NA	2.0	Jul-06
		HFRI FOF: Diversified Index	**3.6**	**1.1**	**-1.2**	**-3.7**	**-0.4**	**-3.9**	**-0.4**	**0.6**	**0.7**	**3.7**	**0.8**	
$5,907,531	11.1	Private Advisors Stable Value ERISA Fund, AA-FF, Ltd.	3.0	2.3	0.1	-2.1	3.3	0.3	3.3	3.7	NA	NA	3.7	Oct-08
		HFRI FOF: Conservative Index	**2.6**	**1.1**	**-0.8**	**-3.7**	**-0.9**	**-3.4**	**-0.9**	**-0.5**	**0.0**	**2.9**	**-0.5**	
$5,843,967	11.0	Forester Offshore B Fund, Ltd.	4.6	2.1	0.1	-8.0	-1.7	-6.0	-1.7	2.5	NA	NA	2.5	Oct-08
		HFRI FOF: Strategic Index	**4.2**	**0.7**	**-1.1**	**-6.3**	**-2.8**	**-6.7**	**-2.8**	**0.1**	**0.3**	**3.9**	**0.1**	

Executive Summary

Town of Palm Beach

Police Retirement System

Preliminary Executive Summary as of September 30, 2011

Market Value	% of Portfolio		QTR Ended Dec-10	QTR Ended Mar-11	QTR Ended Jun-11	QTR Ended Sep-11	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
$11,433,010	**21.5**	**Total Fixed Income**	**0.8**	**1.8**	**0.7**	**-0.9**	**2.4**	**1.6**	**2.4**	**7.7**	**5.1**	**4.9**	**6.5**	**Apr-91**
		Fixed Income Composite Index	**1.6**	**2.1**	**0.8**	**-2.2**	**2.2**	**0.6**	**2.2**	**7.5**	**5.6**	**5.5**	**7.9**	
$2,060,463	3.9	SSgA U.S. Aggregate Bond Index NL Fund	-1.2	0.4	2.2	3.8	5.2	6.5	5.2	7.9	6.4	NA	5.7	Jan-02
		Barclays Capital U.S. Aggregate	**-1.3**	**0.4**	**2.3**	**3.8**	**5.3**	**6.6**	**5.3**	**8.0**	**6.5**	**5.7**	**5.8**	
$3,839,399	7.2	Richmond Capital Fixed Income Account	-1.3	0.5	2.2	3.6	5.0	6.4	5.0	9.9	6.7	NA	5.3	Jan-03
		Barclays Capital U.S. Aggregate	**-1.3**	**0.4**	**2.3**	**3.8**	**5.3**	**6.6**	**5.3**	**8.0**	**6.5**	**5.7**	**5.3**	
$5,533,148	10.4	Income Research Convertibles	2.9	3.1	-0.7	-5.4	-0.3	-3.1	-0.3	5.9	3.3	NA	3.9	Nov-04
		BofAML Convertible Bonds, U.S. Investment G	**4.4**	**3.7**	**-0.6**	**-8.1**	**-1.0**	**-5.2**	**-1.0**	**6.8**	**4.5**	**4.3**	**4.4**	
$6,423,491	**12.1**	**Total Inflation Hedging**	**8.0**	**5.1**	**-0.8**	**-8.3**	**3.2**	**-4.4**	**3.2**	**-7.4**	**-2.8**	**NA**	**-2.3**	**Jul-06**
		Inflation Hedging Composite Index	**7.0**	**4.7**	**0.9**	**-5.3**	**7.0**	**0.0**	**7.0**	**1.7**	**4.4**	**NA**	**4.8**	
$510,522	1.0	Guggenheim Real Estate PLUS Trust	5.1	6.8	4.2	-2.2	14.4	8.9	14.4	-13.1	-6.3	NA	-5.1	Jul-06
		70% NCREIF Index/30% NAREIT Index	**5.5**	**4.3**	**3.8**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	
		NCREIF Property Index	**4.6**	**3.4**	**3.9**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	
$3,851,673	7.2	Wellington Diversified Inflation Hedges CTF	13.4	6.2	-3.4	-14.9	-1.0	-12.8	-1.0	-0.2	NA	NA	-0.2	Oct-08
		DIH Composite Index	**12.3**	**6.3**	**-2.5**	**-12.6**	**1.7**	**-9.4**	**1.7**	**2.4**	**4.8**	**NA**	**2.4**	
$2,061,297	3.9	Vanguard Inflation-Protected Securities Adm Fund	-0.7	1.8	3.4	4.9	9.6	10.4	9.6	NA	NA	NA	9.1	Feb-10
		Barclays Capital U.S. Treasury: U.S. TIPS	**-0.6**	**2.1**	**3.7**	**4.5**	**9.9**	**10.6**	**9.9**	**8.1**	**7.1**	**7.2**	**9.1**	

Executive Summary

Town of Palm Beach

Police Retirement System

Preliminary Executive Summary as of September 30, 2011

Market Value	% of Portfolio		QTR Ended Dec-10	QTR Ended Mar-11	QTR Ended Jun-11	QTR Ended Sep-11	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
$466,744	**0.9**	**Total Liquid Capital**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.2**	**1.6**	**NA**	**1.9**	**Apr-06**
$466,744	0.9	Government Stif 15	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	1.6	NA	1.9	Apr-06
		Citigroup 3 Month T-Bill	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.2**	**1.6**	**1.9**	**1.9**	
$33,458	0.1	Meridian Holdback												

Please Note:

- Periods greater than one year are annualized
- Since inception returns are calculated from the first full month
- 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
- Actual Index represents actual allocations with index returns.
- Target Index (effective 9/1/2009): 20% Russell 3000 Index/ 15% MSCI EAFE Net Index/ 30% HFRI FOF Index/ 15% Inflation Hedging Composite Index/ 20% BC Aggregate Index
- Fixed Income Composite Index: 50% BOA Conv. Bond US Inv. Gr. Index / 50% BC Aggregate Index
- Inflation Hedging Composite Index (effective 2/1/2010) : 30% 70% NCREIF Index/30% NAREIT Index/ 45% DIH Composite Index / 25% BC US Treasury Inflation Notes Index
- Balanced Index: 55% S&P 500/ 30% BC Aggregate Index/ 15% MSCI EAFE Net Index
- Private Advisors and Forester: Market values estimated using preliminary manager reported performance
- Guggenheim Real Estate PLUS Trust: Market value estimated using preliminary manager reported performance and adjusted for September 2011 distribution of $115,224.64; investment is valued quarterly
- Income Research Convertibles: Market value provided by manager due to valuation and accrual discrepancies
- Government Stif 15: Client specific cash performance not available. Citigroup Treasury Bill 3 Month Index is being reported.
- Government Stif 15: Market value adjusted to reflect Guggenheim distribution to be wired October 11, 2011.

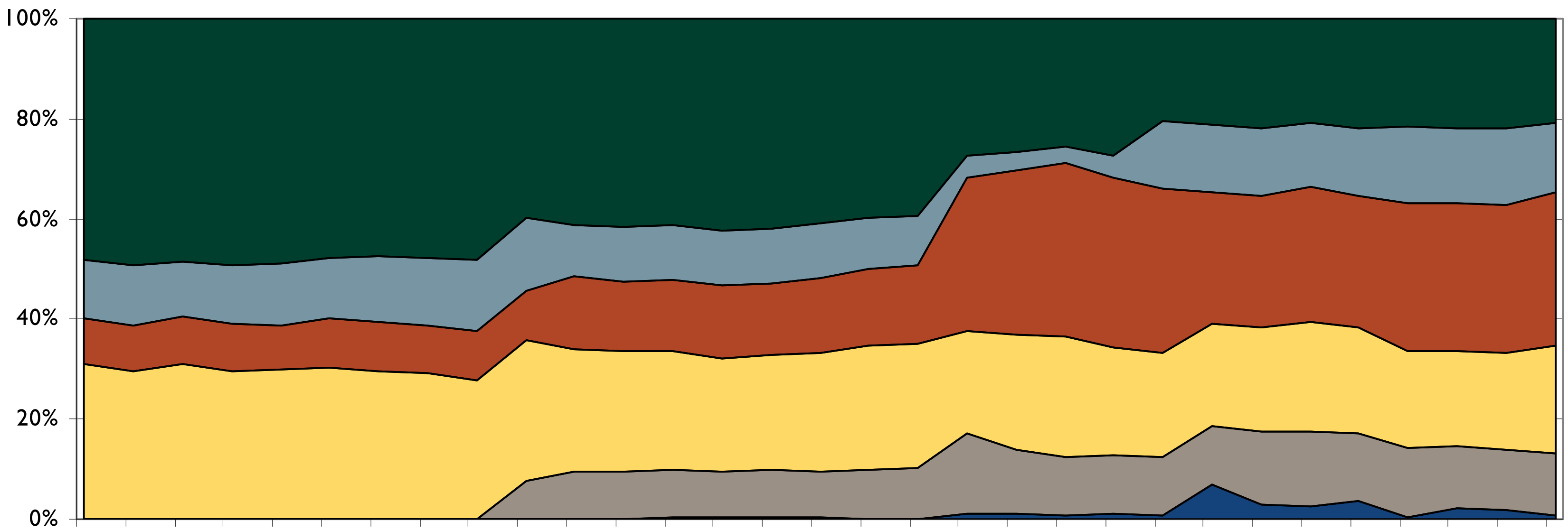
Asset Allocation – Current

Asset Allocation Policy Ranges

	Lower (%)	Target (%)	9/30/2011 Actual Allocation (%)	Upper (%)
Domestic Large Cap Equity	7.2	10.0	**10.5**	12.5
Domestic Mid/Small Cap Equity	7.2	10.0	**10.4**	12.5
International Equity	12.0	15.0	**13.7**	18.0
Developed			*13.1*	
Emerging			*0.6*	
Absolute Return	12.0	15.0	**15.5 ***	18.0
Directional Hedge	12.0	15.0	**15.4 ***	18.0
Core Fixed	7.5	10.0	**11.1**	12.5
Convertible Fixed	7.5	10.0	**10.4**	12.5
Inflation Hedging	12.0	15.0	**12.1**	18.0
Cash/Other	0.0	0.0	**1.0**	5.0

* Archstone Offshore Fund, Ltd. allocation split equally between Hedge and Absolute Return.

Asset Allocation – Historical



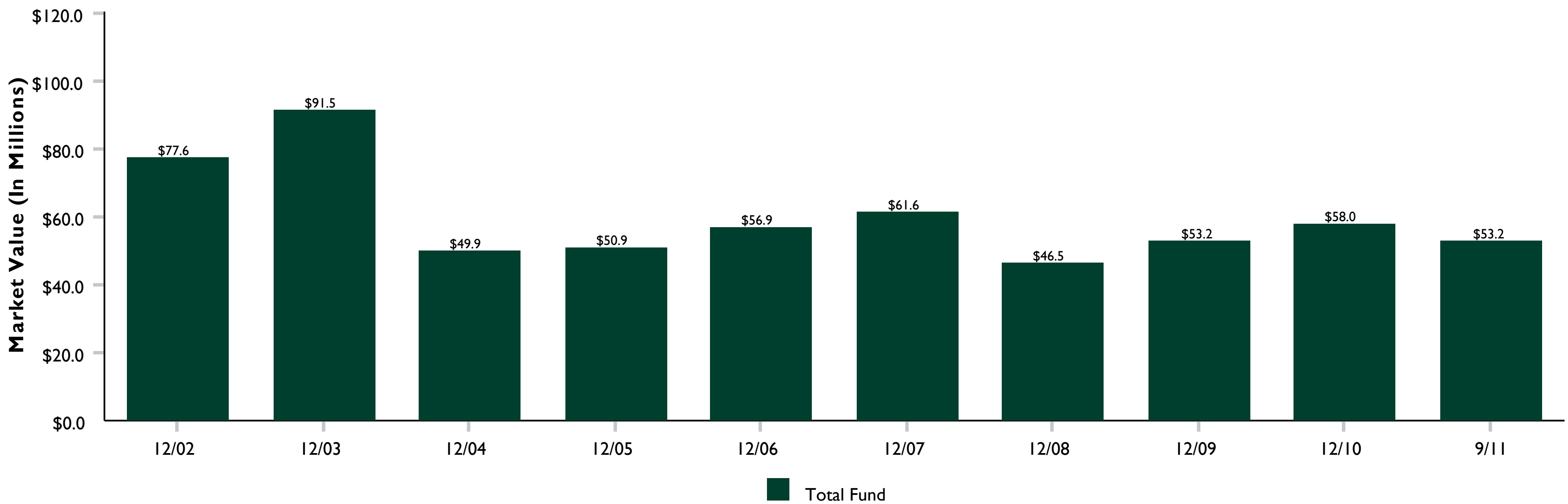
	Mar-04	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Domestic Equity	48	49	48	49	49	48	47	48	48	40	41	42	41	42	42	41	40	40	27	27	25	27	21	21	22	21	22	22	22	22	21
Intl Equity	12	12	11	12	12	12	13	13	14	15	10	11	11	11	11	11	10	10	4	4	4	4	13	14	14	13	14	15	15	15	14
Flexible Capital	9	9	10	9	9	10	10	10	10	10	14	14	14	15	15	15	15	16	31	33	35	34	33	26	27	27	26	30	29	29	31
Fixed Income	31	30	31	30	30	30	30	29	28	28	25	24	24	23	23	24	25	25	20	23	24	22	21	21	21	22	21	19	19	19	22
Inflation Hedging	0	0	0	0	0	0	0	0	0	8	9	10	10	9	10	9	10	10	16	13	12	12	12	12	15	15	14	14	12	12	12
Cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	7	3	3	4	0	2	2	1

Schedule of Investable Assets

Total Fund

January 1, 2002 To September 30, 2011

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	-$1,730,045	$15,626,064	$91,520,928
2004	$91,520,928	-$49,174,188	$7,583,305	$49,930,044
2005	$49,930,044	-$2,026,545	$3,041,254	$50,944,753
2006	$50,944,753	-$651,663	$6,623,829	$56,916,920
2007	$56,916,920	$45,752	$4,676,848	$61,639,520
2008	$61,639,520	-$718,479	-$14,416,759	$46,504,281
2009	$46,504,281	-$1,245,587	$7,985,660	$53,244,355
2010	$53,244,355	-$992,403	$5,723,460	$57,975,412
To 09/2011	$57,975,412	-$1,435,221	-$3,296,736	$53,243,456
	$88,209,969	**-$59,830,532**	**$24,864,019**	**$53,243,456**



Watch List – Criteria

Manager	Long-Term Under Performance[1]	Short-Term Under Performance[2]	Change in Structure/Investment Approach	Change in Investment Policy
SSgA S&P 500 Flagship Index Fund	N/A	N/A	No	No
Stralem & Company Large Cap Core Account	No	No	No	No
SSgA S&P MidCap Index NL Fund	N/A	N/A	No	No
CRM Midcap Value Instl Fund[3]	**Yes**	No	No	No
Geneva Mid Cap Equity Account	No	No	No	No
Harris Associates International Value L.P.	No	No	No	No
Artisan International Inv Fund[4]	No	No	No	No
Archstone Offshore Fund, Ltd.	No	No	No	No
Private Advisors Stable Value ERISA Fund, Ltd.[5]	No	No	No	No
Forester Offshore B Fund, Ltd.	No	No	No	No
SSgA Passive Bond Market NL Fund	N/A	N/A	No	No
Richmond Capital Fixed Income Account	No	No	No	No
Income Research Convertibles	**Yes**	No	No	No
Guggenheim Real Estate PLUS Trust	**Yes**	No	No	No
Wellington Diversified Inflation Hedges CTF	**Yes**	**Yes**	No	No
Vanguard Inflation-Protected Securities Adm Fund	New	No	No	No

1 - Based on 3-year and since inception comparisons only.

2 - Based on the last three quarters.

3 - In May 2011, NY based M&T Bank acquired Cramer Rosenthal McGlynn's beleaguered majority owner Wilmington Trust. Like Wilmington Trust, it is expected that M&T Bank will be a passive partner to CRM.

4 - In April 2011, Artisan filed a Form S-1 Registration Statement with the SEC detailing the Firm's plans to raise up to $250 million through an IPO. It is unlikely that the anticipated IPO will take place before the fourth quarter of 2011.

5 - In late 2010, Private Advisors, LLC announced plans to sell a 60% interest in its business to New York Life Investments. The 60% interest in Private Advisors will be effective at closing and will be purchased in three 20% increments over the next seven years. A full redemption notice has been submitted, effective 12/31/2011.

Watch List – Commentary

- The purpose of a "Watch List" is to highlight conditions that may cause the Board to consider terminating an investment manager. When a manager is placed on the Watch List, the Firm will be notified and will be expected to meet with the Board to discuss the cause of concern and planned resolution. The consultant will monitor the situation on an ongoing basis and will inform the Board of any change in status.
- The Board will discuss all Watch List managers at each future meeting. It is anticipated that improvement and/or resolution of the issue should be expected in two calendar quarters. If the Board determines that the situation has not been resolved to its satisfaction, the manager relationship may be terminated.
- Change in structure/investment approach criteria:
  - Ownership changes (e.g. prominent owner leaves without an acceptable plan of succession in place, key employees receive large sums of cash without corresponding incentives to remain).
  - Key personnel changes (e.g. member of key investment decision making body leaves or lead portfolio manager leaves without an acceptable plan of succession, significant turnover in client service personnel).
  - Manager variance from the strategy it was hired to implement (e.g. value manager buys high growth names, intermediate bond manager buys long bonds).
  - Manager is involved in material litigation or fraud (e.g. SEC investigates firm, client lawsuits).
  - Material client-servicing problems (e.g. reconciliation of manager statements to bank statements not performed promptly, lack of prompt response to issues raised).
  - Long-term underperformance is defined as since inception and annualized three- and five-year periods.
  - Short-term underperformance is defined as three consecutive quarters relative to the median in a universe of peers, excluding index funds that match the index.
  - If any of the above conditions occur, the investment consultant will determine whether to place the manager on the Watch List or to immediately terminate its contract with the Board. The consultant will notify the Board in writing of its decision.

Liquidity Schedule

As of September 30, 2011

Investments	Inception	Subscriptions	Market Value	Daily	Monthly	Quarterly	Annually	Illiquid	Notes
Global Equity									
SSgA S&P 500 (R) Flagship NL Fund	Jan-95	Daily	$2,746,430	$2,746,430					
Stralem & Company Large Cap Core Account	Mar-06	Daily	$2,843,026	$2,843,026					
SSgA S&P Midcap 400 (R) Index NL Fund	Sep-08	Daily	$1,820,214	$1,820,214					
CRM Midcap Value Instl Fund	Sep-08	Daily	$1,601,598	$1,601,598					
Geneva Mid Cap Equity Account	Aug-05	Daily	$2,133,814	$2,133,814					
Harris Associates International Value L.P.	Feb-03	Monthly	$3,691,648		$3,691,648				Reds: 30 days notice
Artisan International Inv Fund	Dec-02	Daily	$3,598,902	$3,598,902					
Flexible Capital									
Archstone Offshore Fund, Ltd.	Jun-06	Monthly	$4,733,081			$4,733,081			Reds: 90 days notice
Private Advisors Stable Value ERISA Fund, AA-FF, Ltd.	Sep-08	Monthly	$5,907,531				$5,907,531		Reds: notice by last business day of October
Forester Offshore B Fund, Ltd.	Sep-08	Quarterly	$5,843,967			$5,843,967			Reds: 60 days notice
Inflation Hedging									
Guggenheim Real Estate PLUS Trust	Jun-06	Quarterly	$510,522					$510,522	Reds: Gated
Wellington Diversified Inflation Hedges CTF	Sep-08	Monthly	$3,851,673		$3,851,673				Reds: notice by 22nd calendar day of prior month
Vanguard Inflation-Protected Securities Adm Fund	Jan-10	Daily	$2,061,297	$2,061,297					
Fixed Income									
SSgA U.S. Aggregate Bond Index NL Fund	Dec-01	Daily	$2,060,463	$2,060,463					
Richmond Capital Fixed Income Account	Dec-02	Daily	$3,839,399	$3,839,399					
Income Research Convertibles	Oct-04	Daily	$5,533,148	$5,533,148					Reds: several days written prior notice
Liquid Capital									
Government Stif 15	Mar-06	Daily	$466,744	$466,744					
Meridian Holdback	Oct-08	Daily	$33,458	$33,458					
Total ($)			**$53,276,914**	**$28,738,492**	**$7,543,321**	**$10,577,048**	**$5,907,531**	**$510,522**	
Total (%)			**100.0**	**53.9**	**14.2**	**19.9**	**11.1**	**1.0**	

Redemption Terms		
Daily	$28,738,492	53.9
Monthly	$7,543,321	14.2
Quarterly	$10,577,048	19.9
Annually	$5,907,531	11.1
Illiquid	$510,522	1.0
Total	**$53,276,914**	**100.0**

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	Holdings Transparency
SSgA S&P 500 Flagship Index Fund	Pooled	Dec-10	PricewaterhouseCoopers	SSgA Internal Legal Staff, Ropes and Gray LLP	State Street Bank and Trust Company	State Srteet Bank	High
Stralem & Company Large Cap Core Account	Separate	Dec-10	Eisner, LLP	Kramer Levin Naftalis & Frankel	N/A	Ultimus Fund Solutions, LLC	High
SSgA S&P MidCap Index NL Fund	Pooled	Dec-10	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-11	Ernst & Young LLP	Bingham McCutchen LLP	PNC Global Investment Servicing Inc.	PNC Global Investment Servicing (U.S.), Inc.	High
Geneva Mid Cap Equity Account	Separate	N/A	Kohler & Franklin	Croen & Barr	N/A	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-10	Ernst & Young LLP	Ropes & Gray LLP	State Street Bank and Trust Company	Artisan Partners Limited Partnership	High
Archstone Offshore Fund, Ltd.	Pooled	Dec-10	Ernst & Young LLP	Willkie Farr & Gallagher LLP (US), Walkers (Cayman)	Bank of New York Mellon	SS&C Technologies, Inc.	High
Private Advisors Stable Value ERISA Fund, Ltd.	Pooled	Dec-10	Rothstein, Kass & Company, P.C.	Dechert LLP	Private Advisors, LLC, JPMorgan Chase & Co. (cash custody) Bank of New York Mellon (Underlying Funds)	Admiral Administration Ltd.	High
Forester Offshore B Fund, Ltd.	Pooled	Jun-10	Ernst & Young LLP	Ogier (Cayman)	BNY Mellon, Citco Bank and Trust Company Limited, JPMorgan Asset Management	Citco Fund Services	High
SSgA Passive Bond Market NL Fund	Pooled	Dec-10	PricewaterhouseCoopers, Ernst & Young	SSgA Internal Legal Staff, Ropes and Gray LLP	State Street Bank and Trust Company	State Street Bank	Medium
Richmond Capital Fixed Income Account	Separate	N/A	*Keiter, Stephen, Hurst, Gary & Shreaves (Annual Review Only)	LeClair Ryan	N/P	N/A	High
Income Research Convertibles	Separate	N/A	Grant Thornton LLP	Wilmer Cutler Pickering Hale & Dorr LLP	N/{	N/A	High
Guggenheim Real Estate PLUS Trust	Pooled	Dec-10	KPMG LLP	Goodwin Procter LLP	N/A	N/A	Medium
Wellington Diversified Inflation Hedges CTF	Pooled	Dec-10	PricewaterhouseCoopers	Internal/Goodwin Proctor LLP	State Street Bank and Trust	Internal	High
Vanguard Inflation-Protected Securities Adm Fund	Pooled	Dec-10	PricewaterhouseCoopers	Vanguard Legal Department	JPMorgan Chase & Co.	Vanguard	High
SSgA US Government Money Market Fund	Pooled	Mar-10	Deloitte & Touche LLP	Goodwin Procter LLP	State Street Bank and Trust Company	Russell Fund Services Company	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, 2011

Police Retirement System

	Fee Schedule	Assets Market Value	Projected Annual Fee ($)	Projected Annual Fee (%)
SSgA S&P 500 (R) Flagship NL Fund	0.05% on assets managed Minimum Fee of $7,500 Prorated with Passive Bond Market & Midcap Index	$2,746,430	$2,533	0.09%
Stralem & Company Large Cap Core Account	0.80% on assets managed	$2,843,026	$22,744	0.80%
SSgA S&P Midcap 400 (R) Index NL Fund	0.08% on assets managed Minimum Fee of $7,500 Prorated with S&P 500 Index & Passive Bond Market	$1,820,214	$2,686	0.15%
CRM Midcap Value Instl Fund	0.79% on assets managed	$1,601,598	$12,653	0.79%
Geneva Mid Cap Equity Account	0.75% on assets managed	$2,133,814	$16,004	0.75%
Harris Associates International Value L.P.	0.95% on assets managed	$3,691,648	$35,071	0.95%
Artisan International Inv Fund	1.23% on assets managed	$3,598,902	$44,266	1.23%
Archstone Offshore Fund, Ltd.	1.50% on assets managed[1]	$4,733,081	$70,996	1.50%

1 - Fee does not include underlying manager fees.

Fee Schedule

Fee Schedule as of September 30, 2011

Police Retirement System

	Fee Schedule	Assets Market Value	Projected Annual Fee ($)	Projected Annual Fee (%)
Private Advisors Stable Value ERISA Fund, AA-FF, Ltd.	1.25% on assets managed[1]	$5,907,531	$73,844	1.25%
Forester Offshore B Fund, Ltd.	1.00% on assets managed[1]	$5,843,967	$58,440	1.00%
SSgA U.S. Aggregate Bond Index NL Fund	0.06% on assets managed Minimum Fee of $7,500 Prorated with S&P 500 & S&P Midcap Index	$2,060,463	$2,281	0.11%
Richmond Capital Fixed Income Account	0.35% on assets managed	$3,839,399	$13,438	0.35%
Income Research Convertibles	0.35% on assets managed under 20 million aggregate	$5,533,148	$19,366	0.35%
Guggenheim Real Estate PLUS Trust	0.60% of Ending Market Value Plus 20% Relative Outperformance	$510,522	$3,063	0.60%
Wellington Diversified Inflation Hedges CTF	0.90% on assets managed $45,000 minimum	$3,851,673	$45,000	1.17%
Vanguard Inflation-Protected Securities Adm Fund	0.11% on assets managed	$2,061,297	$2,267	0.11%
Government Stif 15	--	$466,744	--	--
Total Investment Management Fees[2]		**$53,243,456**	**$424,652**	**0.80%**

1 - Fee does not include underlying manager fees.

2 - Total market value includes Meridian holdback.

Fee Schedule

Fee Schedule as of September 30, 2011

Police 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	$53,243,456	$7,987	0.015%
-Accounting Fees				
Separate Domestic Eq Fees	$4,000 each		$16,000	
Separate Domestic FI Fees	$5,000 each		$5,000	
Mutual Funds/Pooled Accounts	$2,750 each		$2,750	
-Accounting Fees				
Depository Trades	$15.00 each		$420	
Domestic Holdings > 150	$60.00 each		$6,540	
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 to SSBT Fee:			$31,737	0.06%
Total Fees		**$53,243,456**	**$456,389**	**0.86%**

1 - Fee does not include underlying manager fees.

2 - Total market value includes Meridian holdback.

Peer Performance Comparison

As of September 30, 2011

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2010 Return	2009 Return	2008 Return	2007 Return
SSgA S&P 500 (R) Flagship NL Fund	1.1 (49)	1.2 (58)	-1.2 (75)	20.1	1.0	1.0	-8.7 (50)	15.0 (48)	26.5 (50)	-37.0 (62)	5.5 (71)
S&P 500 Index	**1.1 (48)**	**1.2 (58)**	**-1.2 (75)**	**20.2**	**1.0**	**1.0**	**-8.7 (49)**	**15.1 (46)**	**26.5 (50)**	**-37.0 (62)**	**5.5 (71)**
IM U.S. Large Cap Core Equity (SA+CF) Median	***1.0***	***1.5***	***-0.5***	***20.1***	***1.0***	***1.0***	***-8.8***	***14.9***	***26.4***	***-36.1***	***7.2***
Stralem & Company Large Cap Core Account	2.7 (29)	1.6 (49)	1.7 (13)	16.8	0.8	1.0	-3.3 (7)	10.7 (89)	20.6 (85)	-29.5 (15)	13.0 (15)
S&P 500 Index	**1.1 (48)**	**1.2 (58)**	**-1.2 (75)**	**20.2**	**1.0**	**1.0**	**-8.7 (49)**	**15.1 (46)**	**26.5 (50)**	**-37.0 (62)**	**5.5 (71)**
IM U.S. Large Cap Core Equity (SA+CF) Median	***1.0***	***1.5***	***-0.5***	***20.1***	***1.0***	***1.0***	***-8.8***	***14.9***	***26.4***	***-36.1***	***7.2***
SSgA S&P Midcap 400 (R) Index NL Fund	-1.4 (48)	3.9 (31)	2.1 (35)	23.8	1.0	1.0	-13.1 (49)	26.4 (24)	37.2 (47)	-36.2 (30)	8.0 (52)
S&P MidCap 400	**-1.3 (45)**	**4.1 (26)**	**2.2 (33)**	**23.8**	**1.0**	**1.0**	**-13.0 (49)**	**26.6 (21)**	**37.4 (44)**	**-36.2 (32)**	**8.0 (52)**
IM U.S. Mid Cap Core Equity (SA+CF) Median	***-1.5***	***2.9***	***1.6***	***23.9***	***1.0***	***1.0***	***-13.2***	***24.5***	***36.2***	***-39.0***	***8.0***
CRM Midcap Value Instl Fund	-4.3 (69)	0.4 (61)	0.2 (16)	21.2	0.8	1.0	-14.9 (81)	18.9 (24)	28.7 (65)	-35.0 (19)	10.4 (20)
Russell Midcap Value Index	**-2.4 (49)**	**2.0 (35)**	**-0.8 (42)**	**25.0**	**1.0**	**1.0**	**-13.0 (64)**	**24.8 (3)**	**34.2 (31)**	**-38.4 (45)**	**-1.4 (91)**
IM U.S. Multi-Cap Core Equity (MF) Median	***-2.5***	***1.1***	***-1.1***	***21.3***	***0.8***	***1.0***	***-12.0***	***15.5***	***30.7***	***-39.2***	***6.7***
Geneva Mid Cap Equity Account	5.9 (19)	7.0 (27)	4.2 (27)	20.8	0.8	1.0	-8.5 (24)	30.5 (21)	36.5 (67)	-35.7 (17)	16.2 (59)
Russell Midcap Growth Index	**0.8 (48)**	**5.9 (43)**	**1.6 (69)**	**24.9**	**1.0**	**1.0**	**-11.6 (47)**	**26.4 (50)**	**46.3 (32)**	**-44.3 (60)**	**11.4 (74)**
IM U.S. Mid Cap Growth Equity (SA+CF) Median	***0.4***	***5.4***	***2.9***	***24.6***	***1.0***	***1.0***	***-12.1***	***26.4***	***41.4***	***-43.5***	***17.7***
Harris Associates International Value L.P.	-9.7 (70)	6.1 (18)	-0.8 (38)	26.5	0.9	1.0	-16.7 (72)	17.0 (27)	56.0 (8)	-42.1 (55)	-0.4 (96)
MSCI EAFE Value Index	**-10.0 (70)**	**-1.7 (84)**	**-4.8 (87)**	**26.8**	**1.0**	**1.0**	**-14.5 (50)**	**3.2 (94)**	**34.2 (53)**	**-44.1 (70)**	**6.0 (80)**
MSCI EAFE Index	**-9.4 (66)**	**-1.1 (77)**	**-3.5 (78)**	**25.3**	**0.9**	**1.0**	**-15.0 (54)**	**7.8 (65)**	**31.8 (63)**	**-43.4 (66)**	**11.2 (41)**
IM International Value Equity (SA+CF) Median	***-8.5***	***1.3***	***-1.4***	***25.4***	***0.9***	***1.0***	***-14.5***	***10.9***	***34.9***	***-41.1***	***10.1***

Peer Performance Comparison

As of September 30, 2011

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return		2010 Return	2009 Return	2008 Return	2007 Return
Artisan International Inv Fund	-10.0 (37)	-0.8 (58)	-2.5 (55)	25.8	1.1	1.0	-15.3	(21)	5.9 (95)	39.8 (15)	-47.0 (78)	19.7 (25)
MSCI EAFE Growth Index	**-8.8 (26)**	**-0.6 (55)**	**-2.2 (50)**	**24.1**	**1.0**	**1.0**	**-15.4**	**(22)**	**12.2 (54)**	**29.4 (67)**	**-42.7 (45)**	**16.5 (46)**
MSCI EAFE Index	**-9.4 (31)**	**-1.1 (60)**	**-3.5 (64)**	**25.3**	**1.0**	**1.0**	**-15.0**	**(16)**	**7.8 (88)**	**31.8 (60)**	**-43.4 (52)**	**11.2 (82)**
IM International Large Cap Growth Equity (MF) Median	***-11.6***	***-0.3***	***-2.3***	***25.4***	***1.0***	***1.0***	***-17.5***		***12.6***	***33.3***	***-43.1***	***16.1***
SSgA U.S. Aggregate Bond Index NL Fund	5.2 (43)	7.9 (100)	6.4 (89)	3.3	1.0	1.0	6.5	(50)	6.5 (99)	5.9 (100)	5.2 (1)	6.9 (2)
Barclays Capital U.S. Aggregate	**5.3 (41)**	**8.0 (100)**	**6.5 (89)**	**3.4**	**1.0**	**1.0**	**6.6**	**(48)**	**6.5 (99)**	**5.9 (100)**	**5.2 (1)**	**7.0 (2)**
IM U.S. Corporate Bonds (SA+CF) Median	***4.9***	***13.0***	***7.4***	***7.0***	***1.2***	***0.6***	***6.4***		***10.1***	***19.9***	***-3.0***	***5.0***
Richmond Capital Fixed Income Account	5.0 (61)	9.9 (24)	6.7 (59)	4.4	1.2	0.9	6.4	(46)	7.3 (51)	10.7 (40)	2.1 (56)	6.2 (70)
Barclays Capital U.S. Aggregate	**5.3 (47)**	**8.0 (84)**	**6.5 (71)**	**3.4**	**1.0**	**1.0**	**6.6**	**(37)**	**6.5 (84)**	**5.9 (89)**	**5.2 (31)**	**7.0 (44)**
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	***5.2***	***9.1***	***6.9***	***3.8***	***0.9***	***0.9***	***6.4***		***7.3***	***9.8***	***2.9***	***6.9***

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, 2011

	SSgA S&P 500 Index	Stralem Large Cap Core	SSgA S&P MidCap Index	CRM MidCap Value	Geneva Mid Cap Equity	Domestic Equity	Russell 3000
Composition							
# of Holdings	500	31	401	53	56	916	2,938
% Top 15 Holdings	26.8	56.9	10.7	43.7	37.7	19.6	21.7
% Top 25 Holdings	36.4	86.3	15.7	64.1	57.3	28.5	29.6
Characteristics							
Wtd Avg Mkt Cap ($B)	86.7	93.0	3.4	9.4	6.5	55.9	71.1
Forecast P/E	11.2	11.2	13.6	11.8	18.7	13.6	11.4
Price/Book ratio	2.3	2.1	2.2	1.9	3.4	2.5	2.3
Historical EPS Growth - 5 Year	9.9	11.0	10.1	4.4	18.3	14.1	9.9
Forecast EPS Growth - Long-Term	11.6	10.4	13.5	12.2	16.8	13.2	12.2
Current Yield	2.4	3.0	1.6	2.0	0.5	1.9	2.2
GICS Sectors (%)							
Energy	11.6	8.4	6.5	4.9	9.1	8.7	10.7
Materials	3.3	5.9	6.3	5.4	1.7	4.1	3.9
Industrials	10.2	21.3	14.3	17.4	20.3	20.9	10.8
Consumer Discretionary	10.7	4.0	13.9	6.3	20.8	11.2	11.7
Consumer Staples	11.7	11.0	5.2	6.1	4.2	8.1	10.1
Health Care	12.2	10.9	11.7	11.2	14.2	12.3	12.2
Financials	13.6	0.0	19.3	13.3	5.8	2.5	14.8
Information Technology	19.5	15.9	15.8	20.3	21.9	18.5	18.8
Telecommunication Services	3.3	3.6	0.5	0.0	0.0	2.1	3.0
Utilities	4.0	15.0	6.5	10.7	0.0	8.6	4.1
Cash	0.0	4.0	0.0	4.4	1.9	3.1	0.0
Market Capitalization (%)							
Large ($15.0B-Above)	78.0	88.8	0.0	12.6	4.3	44.5	63.8
Mid/Large ($7.0-15.0B)	15.4	7.2	4.8	49.5	33.6	19.9	13.9
Mid ($1.0-7.0B)	6.6	0.0	91.7	33.6	60.2	33.0	18.2
Small/Mid ($0.5-1.0B)	0.0	0.0	3.3	0.0	0.0	0.5	2.3
Small ($0.0-0.5B)	0.0	0.0	0.2	0.0	0.0	0.0	1.8
Cash	0.0	4.0	0.0	4.4	1.9	2.0	0.0

Portfolio Comparison

As of September 30, 2011

	Harris Intl Value	Artisan Intl	International Equity	MSCI EAFE	Global Equity	MSCI AC World
Composition						
# of Holdings	54	80	122	943	1,035	2,457
% Top 15 Holdings	46.0	47.1	31.4	17.8	14.1	11.9
% Top 25 Holdings	68.7	63.7	46.2	24.5	21.3	16.7
Characteristics						
Wtd Avg Mkt Cap ($B)	30.8	38.5	34.6	45.5	42.8	59.7
Forecast P/E	10.0	10.3	10.2	9.4	11.7	10.4
Price/Book ratio	1.9	2.2	2.1	1.8	2.2	2.1
Historical EPS Growth - 5 Year	-3.7	10.6	3.3	4.0	8.5	8.1
Forecast EPS Growth - Long-Term	11.6	15.0	13.3	13.3	12.9	13.0
Current Yield	3.6	3.0	3.3	4.1	2.5	3.1
GICS Sectors (%)						
Energy	0.0	4.5	2.2	8.3	6.0	11.3
Materials	10.2	7.8	9.0	10.2	6.3	8.2
Industrials	18.1	13.4	15.8	12.4	16.3	10.2
Consumer Discretionary	18.7	20.0	19.3	10.3	14.2	10.1
Consumer Staples	8.3	29.5	18.8	11.5	12.4	10.6
Health Care	4.0	2.3	3.2	8.6	8.5	8.9
Financials	26.5	15.4	21.0	22.4	14.1	18.9
Information Technology	13.0	4.5	8.8	5.0	14.7	12.3
Telecommunication Services	0.0	2.6	1.3	6.3	1.6	5.2
Utilities	0.0	0.0	0.0	5.0	4.5	4.1
Cash	1.1	0.0	0.5	0.0	1.4	0.0
Market Capitalization (%)						
Large ($15.0B-Above)	48.0	70.0	58.8	67.2	50.2	68.1
Mid/Large ($7.0-15.0B)	31.3	22.9	27.2	16.8	22.8	17.5
Mid ($1.0-7.0B)	18.9	6.5	12.8	15.5	25.0	13.9
Small/Mid ($0.5-1.0B)	0.7	0.0	0.4	0.0	0.5	0.2
Small ($0.0-0.5B)	0.0	0.0	0.0	0.0	0.0	0.0
Cash	1.1	0.0	0.5	0.0	1.4	0.0
Other	0.0	0.6	0.3	0.5	0.1	0.4

Regional Exposure

As of September 30, 2011

Regional Allocation (%)

	Global Equity	MSCI AC World	Harris Intl Value	Artisan Intl	International Equity	MSCI EAFE
Canada	0.7	4.6	0.0	3.3	1.6	0.0
United States	58.0	43.7	1.0	1.1	1.1	0.0
Pacific ex Japan	4.6	5.8	3.7	19.8	11.7	13.1
Japan	7.3	8.9	24.6	12.4	18.5	23.4
Europe ex UK	22.8	17.3	60.8	47.7	54.3	43.3
United Kingdom	3.0	7.4	6.9	7.1	7.0	19.4
Middle East	0.0	0.2	0.0	0.0	0.0	0.7
Developed	**96.5**	**87.9**	**97.0**	**91.4**	**94.2**	**99.9**
EM Asia	1.2	6.8	1.3	4.9	3.1	0.0
EM Europe	0.2	1.3	0.0	0.9	0.4	0.0
EM Latin America	0.3	2.9	0.6	1.0	0.8	0.0
EM Mid East+Africa	0.0	1.1	0.0	0.0	0.0	0.0
Emerging	**1.7**	**12.1**	**1.9**	**6.8**	**4.3**	**0.1**
Frontier Markets	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash	1.4	0.0	1.1	0.0	0.5	0.0
Other	0.4	0.0	0.0	1.8	0.9	0.1

Regional Allocation (%)

	Global Equity	MSCI AC World
United States	58.0	43.7
Developed	**38.5**	**44.2**
Emerging	**1.7**	**12.1**
Frontier Markets	**0.0**	**0.0**
Cash	1.4	0.0
Other	0.4	0.0

Flexible Capital Strategy

	Forester Offshore Fund, Ltd.	Archstone Offshore Fund, Ltd.	Private Advisors Stable Value Fund, Ltd. (1)	Total Leveraged Portfolio
Market Value	$5,844	$4,733	$5,908	$16,485
% of Total Managed Portfolio ($53.3 mm)	11.0	8.9	11.1	30.9
Market Exposure (%)				
Gross Long %	98.0	103.9	152.0	119.0
Gross Short %	53.0	58.7	120.0	78.6
Net %	45.0	45.2	32.0	40.4
Total Gross	151.0	162.6	272.0	197.7
Strategy Weights (%)				
L/S Equity	92.5	55.3	10.0	52.3
L/S Credit	0.0	12.0	20.0	10.6
Event-Driven	0.0	2.5	11.0	4.7
Distressed	0.0	5.4	24.0	10.2
Special Situations	0.0	2.8	16.0	6.5
Relative Value	0.0	2.3	8.0	3.5
Macro	0.0	0.0	11.0	3.9
Other/Cash	7.5	19.6	0.0	8.3
Geography (%)				
U.S. & Canada	68.9	67.2	84.7	74.1
Developed Europe	17.2	17.9	10.2	14.9
Asia	10.6	8.2	3.0	7.2
Emerging Markets	3.3	6.6	2.1	3.8
Other	0.0	0.0	0.0	0.0

Top 10 Long Holdings/Managers

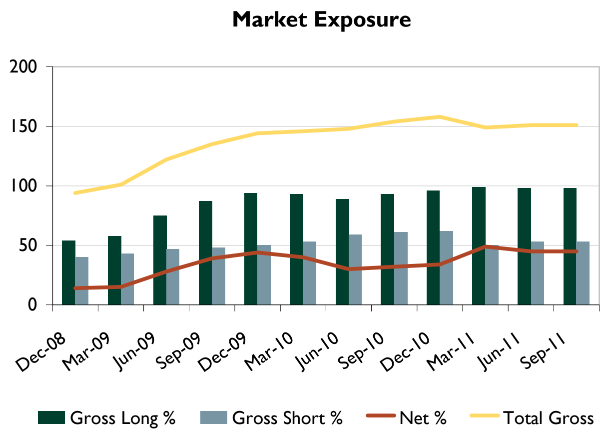
Manager	% of Portfolio	Manager	% of Portfolio	Manager	% of Portfolio
KENSICO	NA	ELLIOTT	10.2	GOLUB CAPITAL	7.3
SAMLYN	NA	FARALLON CAPITAL	8.5	CVI GLOBAL VALUE	6.2
VIKING	NA	VIKING GLOBAL	8.3	ELLIOTT INTERNATIONAL	5.5
BROOKSIDE	NA	JNV OVERSEAS	8.1	FIR TREE	5.0
COATUE	NA	OZ OVERSEAS	6.6	TUDOR BVI	5.0
JOHO	NA	ETON PARK	5.9	DRAWBRIDGE	4.4
PENNANT	NA	BAY RESOURCES	5.9	MASON CAPITAL	4.3
TIGER GLOBAL	NA	DISCOVERY GLOBAL	5.5	MOORE MACRO	4.1
ABRAMS BISON	NA	LUXOR CAPITAL	5.4	HBK OFFSHORE	4.0
BRIDGER	NA	YORK INVESTMENT	5.4	LUXOR CAPITAL	4.0

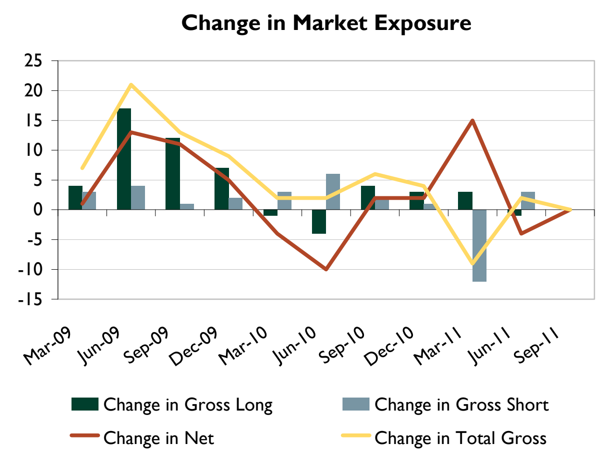
Data for Period Ended September 30, 2011
- Portfolios with incomplete data are excluded from the Total Leveraged Portfolio calculations.
- Top holdings are reflected as of current quarter end when provided by the manager. Otherwise, holdings are based on 13Fs with a quarter lag, when applicable.
  The 13F reflects top equity holdings as a percentage of total equity holdings at the firm level.
- Market Values in '000s.
- Statistics as of 6/30/2011: Forester Offshore Fund, Ltd.

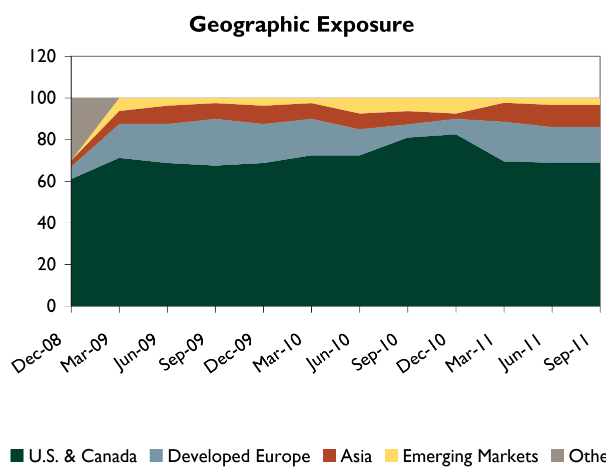
(1) Market exposure excludes Direct Lending & Asset Based strategies. Strategy allocation amounts are estimated and exclude cash.

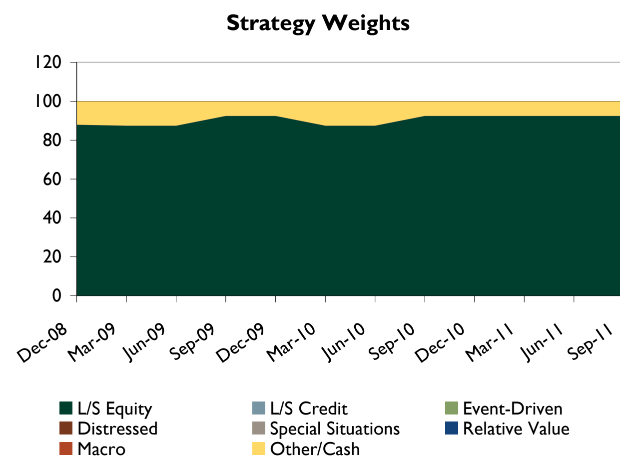
Flexible Capital Strategy

Forester Offshore, Ltd.





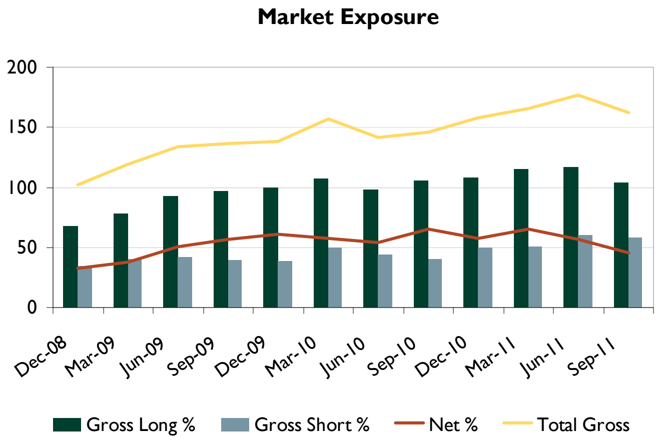


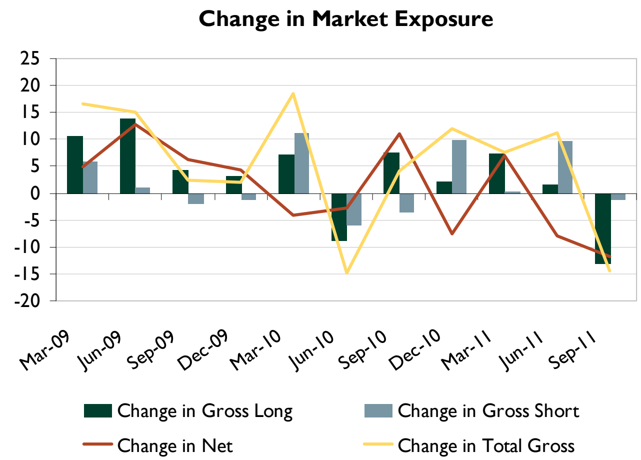


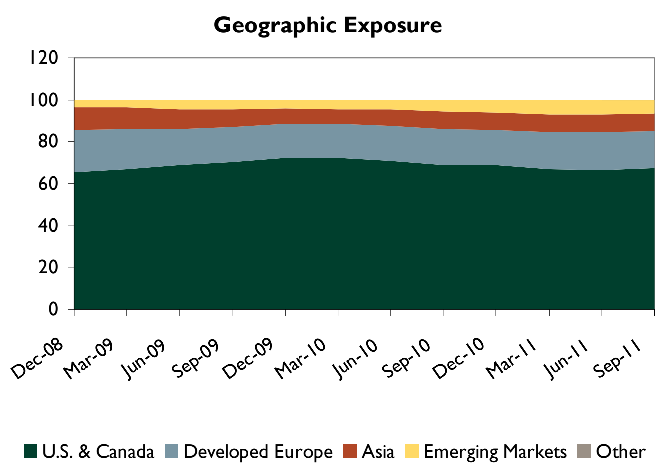
9/30/2011 statistics are based on 6/30/2011

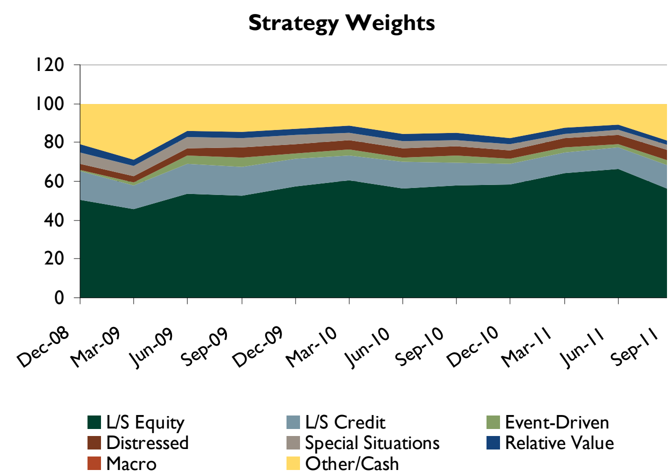
Flexible Capital Strategy

Archstone Offshore Fund



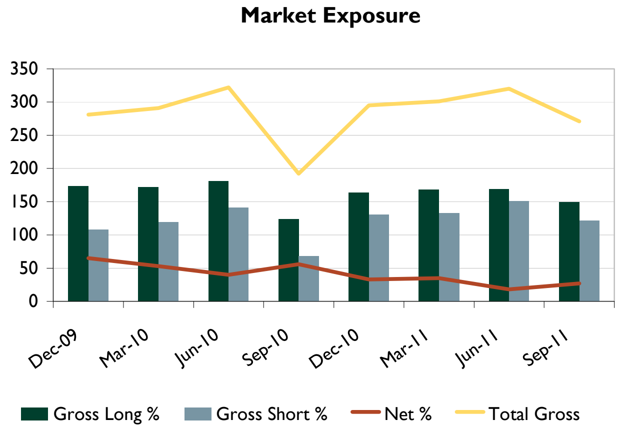


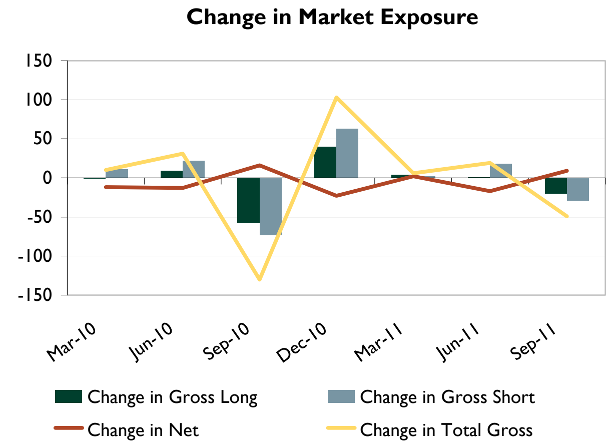


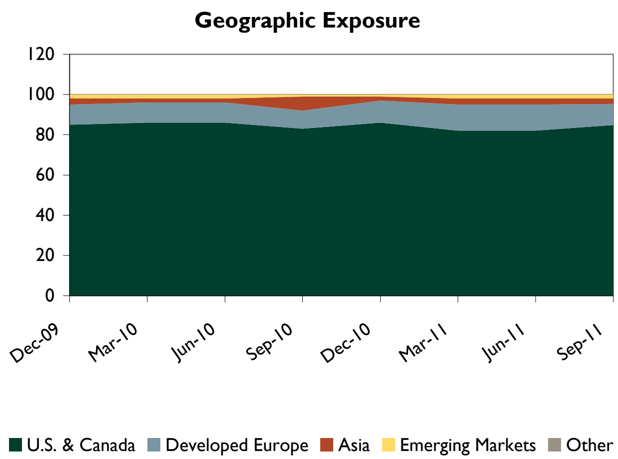


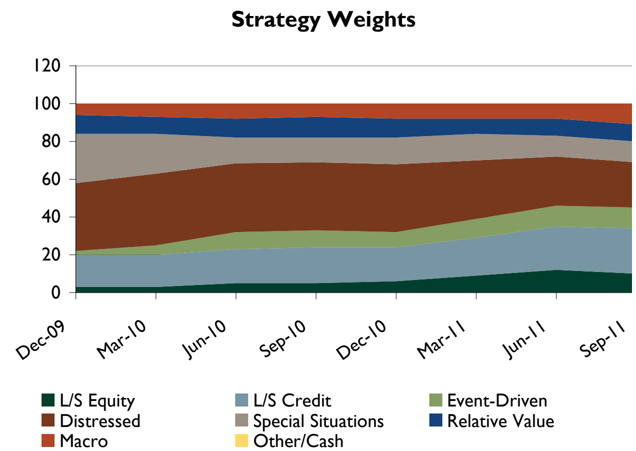
Flexible Capital Strategy

Private Advisors Stable Value ERISA Fund, Ltd.









Market exposure excludes Direct Lending & Asset Based strategies. Strategy allocation amounts are estimated and exclude cash.

Inflation Hedging

	Vanguard Inflation-Protected Securities Adm Fund [1]	BC US Treasury Inflation Notes Index [2]
Portfolio Characteristics		
Yield	1.8	1.9
Average Maturity	9.5	9.4
Duration	8.5	5.5
Quality Breakdown		
U.S. Treasury	99.4	100.0
U.S. Government/Agency	0.0	0.0
Agency MBS	0.0	0.0
Non-U.S. Sovereign/Agency	0.0	0.0
AAA	0.6	0.0
AA	0.0	0.0
A	0.0	0.0
BBB	0.0	0.0
BB and Below	0.0	0.0
NR/Other	0.0	0.0
Sector and Sub-Sector Breakdown		
U.S. Treasury	99.4	100.0
U.S. Government Related	0.0	0.0
Non-U.S. Sovereign/Agency	0.0	0.0
Investment Grade Corporate	0.0	0.0
Industrials	*0.0*	*0.0*
Utility	*0.0*	*0.0*
Financials	*0.0*	*0.0*
High Yield	0.0	0.0
Non-U.S. Dollar	0.0	0.0
Emerging Market Debt	0.0	0.0
MBS	0.0	0.0
MBS - Agency	*0.0*	*0.0*
MBS - Non-Agency	*0.0*	*0.0*
CMBS	0.0	0.0
ABS	0.0	0.0
Municipal	0.0	0.0
Cash	0.0	0.0
Other	0.6	0.0

Data for Period Ended September 30, 2011
Yield represents Yield to Maturity, Duration represents Effective Duration unless otherwise noted.
[1] Duration represents Average Duration.
[2] Duration represents Modified Adjusted Duration.

	Wellington DIH [1]	Wellington DIH Target Allocation
Asset Allocation Summary		
Total Equities	48.6	48.5
Energy	*24.6*	*25.0*
Metals and Mining	*9.1*	*10.0*
Agriculture/Livestock	*9.3*	*10.0*
Real Estate	*0.0*	*0.0*
Climate Change	*0.0*	*0.0*
Other	*5.6*	*3.5*
Total Commodities	23.9	26.5
Energy	*5.9*	*6.3*
Industrial Metals	*5.2*	*6.3*
Precious Metals	*6.5*	*7.8*
Agriculture/Livestock	*6.3*	*6.3*
Total Fixed Income/Cash	27.5	25.0
TIPS	*20.5*	*25.0*
Cash	*7.0*	*0.0*
Equities Exposure by Geography		
U.S.	43.9	40.7
Non-U.S.	56.1	59.3

Data for Period Ended September 30, 2011
[1] Asset Allocation Cash includes 0.7% Residual Cash from Commodities and 6.1% in ELD Linkers.
As of 09/30/2011 the Wellington SRA- Short Term Cash Pool had a yield of 0.23. Top portfolio allocations were to Repos (37.6%), Floating Rate Notes (22.6%), Foreign Bank Obligations (9.0%), US Govt Related (non-Treasury) (8..2%), ABCP (6.9%), and First Tier Commercial Paper (6.2%). Greatest quality allocation was to AA (31%).
[2] Target Allocation to TIPS includes 5.0% EM Inflation Linked Bonds.

Fixed Income

	Richmond	SSgA Passive Bond [1]	BC Aggregate [2]
Portfolio Characteristics			
Yield	2.9	2.8	2.4
Average Maturity	6.5	7.3	7.2
Duration	4.6	5.2	5.0
Quality Breakdown			
U.S. Treasury	3.5	32.9	34.3
U.S. Government/Agency	0.0	6.2	6.0
Agency MBS	34.4	32.9	32.4
Non-U.S. Sovereign/Agency	0.0	0.0	3.9
AAA	12.7	4.5	3.1
AA	7.4	4.9	3.3
A	32.5	10.0	9.5
BBB	9.5	8.6	7.5
BB and Below	0.0	0.0	0.0
NR/Other	0.0	0.0	0.0
Sector and Sub-Sector Breakdown			
U.S. Treasury	3.5	32.9	34.3
U.S. Government Related	0.0	6.2	6.0
Non-U.S. Sovereign/Agency	0.0	0.0	3.9
Investment Grade Corporate	48.9	19.8	19.7
Industrials	*17.4*	*10.5*	*10.8*
Utility	*3.6*	*2.2*	*2.2*
Financials	*27.9*	*7.1*	*6.7*
High Yield	0.0	0.0	0.0
Non-U.S. Dollar	0.0	0.0	0.0
Emerging Market Debt	0.0	0.0	0.0
MBS	34.4	32.9	32.4
MBS - Agency	*34.4*	*32.9*	*32.4*
MBS - Non-Agency	*0.0*	*0.0*	*0.0*
CMBS	9.8	2.3	2.1
ABS	0.0	0.3	0.2
Municipal	0.5	0.0	0.0
Cash	2.9	0.3	0.0
Other	0.0	5.3	1.4

Data for Period Ended September 30, 2011
Yield represents Yield to Maturity, Duration represents Effective Duration unless otherwise noted.
- Statistics as of 6/30/2011: SSgA Passive Bond
[1] Sector Breakdown Other 5.2% represents Non-Corporates issues.
[2] Duration represents Modified Adjusted Duration. Other 1.40% includes Supranationals.

	IRM [1]	BoA Convertible [2]
Portfolio Characteristics		
Yield	-1.4	-1.3
Average Maturity	8.5	8.9
Duration	1.5	1.9
Delta	0.4	0.5
Investment Premium	17.0	20.2
Conversion Premium	55.0	49.7
Quality Breakdown		
U.S. Treasury	0.0	0.0
U.S. Government/Agency	0.0	0.0
Agency MBS	0.0	0.0
Non-U.S. Sovereign/Agency	0.0	0.0
AA and Above	9.8	7.6
A	40.1	39.5
BBB	49.4	52.9
BB	0.0	0.0
B and Below	0.0	0.0
NR/Other	0.7	0.0
Sector Breakdown		
Basic Industry	10.5	4.8
Capital Goods	4.7	7.9
Communications	0.0	1.4
Consumer Cyclicals	1.3	4.2
Consumer Non-Cyclicals	29.2	23.3
Energy	5.3	6.9
Technology	15.6	27.8
Transportation	1.1	0.3
Other Industries	0.0	0.0
Utility	3.8	0.6
Financial	20.6	22.8
Other	7.9	0.0

Data for Period Ended September 30, 2011
Yield represents Yield to Maturity, Duration represents Effective Duration
[1] NR/Other includes 7.9%.
[2] Yield represents Effective Yield.

Tab IV

Performance Highlights

Equity

- The Stralem Large Cap Core strategy declined 10.5% during the third quarter, outpacing the 13.9% loss of the S&P 500 Index. Stralem continued to benefit from the investment team's high quality approach, as the portfolio's focus on dominant franchises with strong balance sheets and meaningful cash flow helped to protect value during a volatile market environment. Targeted up-market exposure was positioned at 65% with the remaining 35% allocated to what the team classifies as down-market stocks. Outperformance for the quarter was driven by a combination of strong stock selection and favorable positioning. Notable contributors included Dominion Resources, Consolidated Edison, and Southern Company, while a significant underweight to financials (particularly large banks) also aided relative returns. Overweights to utilities and consumer staples also added value as the market favored traditionally more defensive stocks during the quarter. Portfolio activity continued to be low; however, the team did establish a position in Dow Chemical, which was purchased at a compelling valuation. The portfolio also saw modest trims from high yielding names in order to increase positions in high conviction holdings that have faltered as of late. Going forward, the portfolio may see adds in the industrial and materials sectors, as the team continues to identify attractive opportunities within each space.

Performance Highlights

Equity (cont'd)

- Cramer Rosenthal McGlynn's mid cap value strategy declined 21.2% in the third quarter of 2011 underperforming the Russell Midcap Value Index (-18.5%). Unlike the second quarter, in which CRM felt that company fundamentals drove stock prices, the third quarter saw concerns surrounding a global economic slowdown, European sovereign debt, and a downgrade in the debt rating of the United States translate into a broad market contraction. While stock selection was the primary source of CRM's underperformance in the quarter, sector allocation also detracted. The impact of adverse stock selection within the industrials sector was compounded by CRM's overweight positioning to the economically sensitive sector. Within industrials, Navistar, which manufactures trucks, buses, and diesel engines among other automotive products, appliance and tool manufacturer Stanley Black & Decker, and conglomerate Tyco International detracted from CRM's relative performance in the quarter. In all three cases, CRM believes that the market has reacted to the economic sensitivity of the companies rather than internal catalysts for creating value and maintains the positions. Selection was also poor across CRM's consumer discretionary and information technology holdings. CRM is seeing change and neglect within consumer discretionary stocks and is only marginally underweight the sector. Information technology remains a material overweight, in addition to attractive valuations, the sector has strong balance sheets and company specific secular growth trends. CRM had strong selection within the utilities sector with PPL, American Water Works and CMS Energy posting modest gains. CRM remains substantially underweight financials and overweight health care, where CRM has favored global firms with minimal exposure to government spending. In this volatile environment, CRM closely monitors the investment cases for portfolio holdings to confirm that they maintain a differentiated view supported by their financial projections. CRM continues to believe that there is a great degree of pent up performance across their portfolios and is hopeful that the upcoming earnings season will provide an opportunity for relative outperformance. The mid cap value strategy remains closed to new investors.

- In May 2011, NY-based M&T Bank acquired Cramer Rosenthal McGlynn's beleaguered majority owner Wilmington Trust. Like Wilmington Trust, it is expected that M&T Bank will be a passive partner to CRM. Per the existing agreement, CRM will maintain the management and operating rights of the Firm and continue to receive 50% of Firm profits. CRM's employees remain interested in increasing their ownership stake within the Firm beyond 33% and continue to meet with M&T Bank.

Performance Highlights

Equity (cont'd)

- Geneva's Mid Cap Growth strategy contracted 15.1% in the third quarter, holding up well relative to the Russell Midcap Growth Index which corrected 19.3%. Geneva added value relative to the benchmark in all eight sectors in which the portfolio is invested with the best relative performance coming from Geneva's consumer and health care holdings. Geneva compensated for an underweighting to the defensive consumer staples sector with strong stock selection. Church & Dwight, a maker of brand name consumer products such as Arm & Hammer, OxiClear, and Nair, was a positive contributor in the quarter. Geneva also benefited from strong relative performance in a newer position, J. M. Smucker Company, which is seeing revenue growth through its coffee brands which include Folgers and Dunkin' Donuts. Deckers Outdoor and O'Reilly Automotive saw modest stock price appreciation in the quarter, while Chipotle Mexican Grill and Tractor Supply Co. held up better that other the consumer discretionary names and were contributive to relative performance in the quarter. Cerner, a leader in health care IT, continues to benefit from requirements that hospitals and physician offices transition to electronic record keeping. Geneva had some disappointments within the information technology sector with Riverbed Technology, F5 Networks, and Citrix Systems down substantially in the quarter. With channel checks coming in strong, Geneva maintains conviction in the positions which have largely rebounded post quarter-end. Energy holdings Whiting Petroleum, Carbo Ceramics, and Oil States International traded down with energy prices and figured among the portfolio's worst performing stocks in the quarter. In addition to J. M. Smucker, Geneva added Illumina and Teradata during the quarter, selling Flowserve , Akamai Technologies, and Dolby Laboratories. After the recent correction, Geneva is seeing tremendous value across its portfolio holdings and is confident in the growth levels predicted for its companies. While the team anticipates continued volatility, and slow growth, Geneva believes stabilization in economic conditions could result in tremendous value realization.

- Harris International Equity declined 19.7% in the third quarter, trailing the MSCI World ex U.S. Index, which lost 19.0%. Positioning weighed on relative performance as the investment team held a cyclical bias at the expense of the more defense names, which were largely favored by investors during a volatile third quarter. Increased exposure to the financials sector, particularly European banking names, also hindered performance. The team built meaningful positions in Italy's Intesa Sanpaolo, Spain's Banco Santander, and French bank BNP Paribas, all of which faltered during quarter amidst fears of Greek default and possible contagion. Lead PM David Herro feels that while there is a high probability Greece will not be able to pay its debt, the other peripheral euro zone nations are in stronger shape relative to Greece and are being unfairly punished by investors due to broad macro fears. Herro feels that his European bank positions are attractively valued because of investor sentiment and are of high quality. The portfolio continued to hold overweights to cyclical sectors such as consumer discretionary and industrials. Energy exposure remained limited due to valuations within the sector. Geographically, the portfolio held meaningful exposure to continental Europe at the expense of the Asia ex-Japan region. Japan was overweight at quarter-end, which aided relative returns as Japan benefited from currency appreciation.

Performance Highlights

Equity (cont'd)

- Artisan's International Fund declined 20.4% during the third quarter, trailing the MSCI EAFE Index, which fell 19.0%. After posting relative outperformance in July and August, Artisan lost ground to the benchmark late in September as concerns over a hard landing in China drove down the portfolio's Macau gaming and luxury consumer names with meaningful exposure to the Chinese consumer. The Fund benefited from a significant overweight to consumer staples, as the traditionally more defensive sectors outperformed their cyclical counterparts during the market sell-off. Selection within staples was also strong, particularly the portfolio's tobacco holdings which managed modest gains during the quarter. Despite the market volatility, positioning within the portfolio remained largely unchanged. Artisan continued to play on demographic themes, holding companies with strong brand equity and a meaningful presence in the developing world. The investment team did capitalize on market weakness by adding to select consumer names, including: Unilever, Japan Tobacco, Richemont, Anheuser-Busch, and Danone. New positions in Kao Corp., Schlumberger, and Land Securities Group were also initiated. Spanish clothing retailer Inditex, a long-time holding, was sold during the quarter after reaching target valuation. Artisan also took down Asian financials exposure within the portfolio by trimming positions in Bank of East Asia, China Construction Bank, and Hong Kong Exchanges & Clearing. Regionally, the Fund's allocation TO continental Europe remained underweight, with minimal exposure to the troubled PIIGS nations.

- Subsequent to Artisan's S-1 filing, and as a result of recent market volatility, the firm has opted to extend the timeline for its planned IPO. Artisan and its owners do not face any near-term liquidity needs and continue to have flexibility around the timing of any transaction. While we continue to discuss the pending transaction and its potential impacts with Artisan, we do not anticipate that the transaction will take place before year-end.

Performance Highlights

Flexible Capital

- Archstone Offshore declined 8.3% in the third quarter, bringing year-to-date losses to -7.0%. Over the same periods, the HFRI FOF: Diversified Index declined 4.0% and 4.1%, respectively. The majority of the quarterly decline came from Archstone's equity managers, a number of which were longer-biased and exposed to more cyclical sectors that sold off sharply during the quarter. The worst performing manager was Bay Resource Partners, which declined more than 20% during the quarter. Bay Resource runs the portfolio with a considerable long-bias and is meaningfully overweight the energy sector, which was one of the worst performing areas of the market during the quarter. Despite the poor return in the quarter, Archstone feels that Bay Resource serves an important role in the portfolio as it provides similar or better participation on the upside as it does on the downside. Highfields (-12.5%) was also weak during the quarter as they were positioned net long U.S. financials, including a number of money center banks and student lender Sallie Mae, all of which were hurt by concerns related to the quality of their loan books. Glenhill and Kingdon were both down 17% on the quarter, with both managers hurt by their net long positioning. In addition, Glenhill has exposure to a number of post-reorg and turnaround equities that sold-off disproportionately during a broad risk-off trade in the quarter. Equity manager Conatus (-12%) was also disappointing during the quarter as Archstone expected them to be better hedged, but their short portfolio provided little protection during the quarter. Credit oriented managers also detracted, most notably York (-11.6%), which was exposed to a number of the large bankruptcy proceedings (Lehman Brothers, Washington Mutual, Delphi) and post-reorg equities, all of which were weak. The top performing manager during the quarter was Discovery (+5.9%), which was aided by its macro style of equity investing. Multi-strategy manager Elliott (+1.1%) was also contributive as the manager maintained considerable hedges on European sovereign and corporate debt throughout the quarter.

Performance Highlights

Flexible Capital (cont'd)

- Private Advisors' Stable Value Fund declined 2.0% in the third quarter, bringing year-to-date returns to 0.6%. Over the same periods, the HFRI FOF: Conservative Index returned -4.1% and -3.8%, respectively. Similar to the second quarter, Private Advisors' relative outperformance was driven by managers that have robust hedging programs and lower market exposure. The Fund was able to offset weakness in the distressed corporate credit and RMBS/CMBS markets through strong returns among macro managers and managers with less market sensitive portfolios. Among the top performers for the quarter were Mason (+0.6%) and Elliott (+1.1%), due primarily to their extensive hedging programs, most notably CDS protection purchased on European sovereigns and financials. In addition, Saba gained more than 3% as the manager was able to trade European CDS profitably throughout the quarter. On the negative side, a number of distressed managers struggled during the quarter, particularly those that are more directionally biased, including Redwood, One William Street, and Aurelius.

- In late 2010, Private Advisors, LLC announced plans to sell a 60% interest in its business to New York Life (NYL). We have uncovered a number of meaningful concerns during subsequent discussions with Private Advisors regarding the transaction and we do not believe the sale is in the best interest of investors. In addition to our initial concerns related to asset growth, product proliferation, and team instability, we are concerned that one of the main advantages touted by Private Advisors, asset stability due to NYL's significant reserves, may not develop as planned. Furthermore, Private Advisors recently closed the Alternative Asset Fund and is in the process of winding down the Fund and returning assets to clients over a multi-year period due to a lack of inflows to offset redemptions. We believe there is also the potential for significant redemptions in the coming quarters, which could create liquidity issues for the Stable Value Funds and further instability across the firm. Given all of these concerns, we are recommending clients redeem from Private Advisors at year-end.

Performance Highlights

Flexible Capital (cont'd)

- Forester Partners declined 8.0% in the third quarter, bringing year-to-date losses to 6.0%. Over the same periods, the HFRI FOF: Strategic declined Index declined 6.7% and 7.1%, respectively. Forester struggled in the second quarter as equity market correlations spiked and diversification across manager styles and geographies was not a benefit. In addition, a number of Forester's managers are longer-biased or had significant exposure to more volatile sectors, such as energy and financials, and were therefore subjected to greater drawdowns. Among the worst performing managers during the quarter was Glenhill, which fell roughly 17%. Glenhill has exposure to a number of turnaround and post-reorg equities and this area of the market came under the most severe selling pressure, as investors favored higher quality and more secure equities amid heightened volatility. Managers such as North Run (-13%) and Merchants Gate (-15%) also weighed on returns, as North Run had considerable European exposure and Merchants Gate was positioned net long the underperforming energy sector. Highfields (-12.5%) maintained their net long positioning and had considerable exposure to the financials sector. Similarly, financials specialist Wellington Bay Pond was down more than 9% and Asia focused manager Joho lost more than 10%. On the positive side, a handful of managers benefited from strong stock selection in the technology sector, including Coatue and Tiger Global. In addition, managers with lower net exposure tended to outperform, most notably Castine and Steadfast. Given the recent market volatility, Forester has been actively reaching out to high quality managers that have been closed to new investors in an attempt to secure capacity at year-end. As such, Forester will likely look to upgrade the portfolio in the coming months.

Performance Highlights

Fixed Income

- The Richmond Capital Fixed Income Account gained 3.6% during the third quarter, slightly underperforming the 3.8% gain of the BC Aggregate Index. An underweight to Treasury securities, hurt performance amid the flight to quality, as the macroeconomic back environment worsened, inflation expectations fell, and the Federal Reserve implemented Operation Twist. The Fund's emphasis on financial issues within the corporate sector also hindered results. Financials were the only major investment-grade credit industry to post negative absolute returns, as the market became increasingly concerned that the U.S. government's willingness/ability to provide backing to banks will be more limited in the future due to budgetary constraints. Also, the action of Moody's on a few key issuers (Wells Fargo, Citigroup, and Bank of America) and the potential contagion emanating from Europe weighed on the industry. Contributing to performance was Richmond's barbell positioning which benefited from a flattening yield curve. Additionally, while Richmond was underweight U.S. Treasuries, their focus on the long end of the curve within those positions aided performance.

- The Income Research Convertible Bond strategy declined in absolute terms but delivered strong relative outperformance against the Merrill Lynch U.S. Investment Grade Convertible Index, which fell 8.1%. Outperformance was largely driven by the strategy's preference of investing in convertibles with bond-like characteristics that tend to outperform during severe equity selloffs; the common equity of the convertibles that comprise the benchmark fell 16% in aggregate. In addition, the portfolio had a large overweight to utilities, specifically Dominion Resources, which was the best performing sector in the benchmark. Other converts that helped performance included Newmont Mining, whose equity rallied as earnings estimates for 2H11 and 2012 were revised higher as well as due to the company announcing dividend increases linked to the price of gold, and Nasdaq, which initiated a tender on outstanding convertibles. Lastly, the preference for higher quality paid off as higher-rated credits outperformed those lower in the quality spectrum. There were no significant shifts in positioning. The portfolio maintained a balanced posture with overweights to defensive sectors such as consumer staples and utilities and economically-sensitive sectors such as materials and transportation and underweights to technology and consumer discretionary.

Performance Highlights

Inflation Hedging

- Guggenheim PLUS declined an estimated -2.2% for the third quarter. During volatile periods such as the third quarter, the strategy experiences a disconnect between public and private real estate, as the public markets trade with the broader markets and the private markets valuations and impacts are lagged. Private portfolio valuations and benchmarking are not yet available, but for the quarter, U.S. REITS declined 14.9% while Guggenheim reports private valuations are expected to be slightly up. This disconnect should benefit the portfolio on a relative basis to its 70/30 private/public benchmark, as the strategy entered the period underweight to REITs and maintained that weighting through the quarter, ending at 74% private investments, 26% public. The strategy remains diversified by property type with exposure to office (37%), retail (23%), industrial (21%), and multi-family (19%). Leverage on a look through basis is 44%. The strategy also made a partial redemption during the period and has reported that given the pull back in the REIT market, full redemptions for any withdrawing investors are unlikely to be completed until early 2012.

- During the quarter, the Vanguard Inflation-Protected Securities Fund outperformed the Barclays Capital U.S. Treasury Inflation Protected Securities Index by approximately 35 bps, which rose 4.5%. The Fund benefited from an increase in duration, which management extended during the quarter to 8.5 years from 8.1 years. In the quarter, real yields rose at the front end of the curve (maturities under three years), but fell in the intermediate and long portions of the curve. As a result, the curve flattened and longer-dated TIPS outperformed shorter-dated securities. The largest increases occurred in the greater than 20 years (+16.5%), the 10-20 years (+9.8%), and the 7-10 years (+4.8%), while TIPS in the 1-3 year range fell 1.0%. Inflation expectations for the next five-to-ten years fell; the five-year breakeven fell 57 bps to 1.6%, while the ten-year breakeven fell 70 bps to 1.8%. Despite the benefit of the drop in real yields, the magnitude of the decline in breakeven expectations caused nominal Treasuries to outperform TIPS across all maturity segments.

Performance Highlights

Inflation Hedging (cont'd)

- Wellington Diversified Inflation Hedges declined 14.7% in the third quarter, underperforming its custom composite benchmark by 2.1%. This was a difficult period for risk and growth related assets, and most inflation related assets apart from TIPS and gold for the most part reflected those declines. During the period, allocation decisions were not the reason for the underperformance. In aggregate tactical over/underweights added some value, though less than 50 bps, primarily through some intra-period re-balancing of gold exposures as well as some reduction of resource equity exposures near the end of the period. The strategy has remained near its target allocations in most broad sectors. A 2% underweight to TIPS detracted from performance but was offset by an overweight to cash. Equities overall had a .7% overweight at quarter end, however within the category the strategy is underweight energy equities .3% and overweight precious metals equities by 1.1%. The main source of underperformance was instead stock selection within the categories. TIPS outperformed as a portion of the allocation was in nominal treasuries which outperformed inflation linked treasuries in the period. Emerging Markets Inflation Linked Bonds, at 6.2% of the portfolio's exposure by quarter end, slightly underperformed its benchmark through a combination of underperforming interest rate strategies, an overweight to the Mexican peso, and a duration overweight in Argentina. Commodities also slightly underperformed for the quarter. Contributing to the underperformance were a position in Platinum that is out of benchmark, and a widened spread between Brent and WTI oil pricing. The DIH strategy has maintained an overweight to WTI expecting that this spread, at an all time high, would narrow. Precious metals experienced slight declines due to variance in performance of stocks in the sector. The portfolio held an underweight to Newmont Mining and an out of benchmark position in CGA Mining. CGA Mining, a junior producer in the Philippines experienced an equipment failure during the period, reducing production and leading to stock declines. The remaining equity sectors - Metals & Mining, Agriculture, and Energy were the largest detractors in the period. Metals and Mining suffered from overweights to First Quantum and Rio Tinto, both of which underperformed relative to benchmark due to emerging market related concerns. Agriculture had similar thematic difficulties as many positions favor companies with emerging markets/China exposure, and these names underperformed relative to large conglomerates like Nestle and Kraft. Similarly, energy equities, the largest underperformer, suffered as large integrated oil companies such as Dutch Shell and Chevron were relative outperformers in the sector but the DIH strategy favored exposures to smaller more focused energy producers.

Manager Profiles

Archstone Offshore Fund — September 30, 2011

Firm Details: ***Archstone Partners***

Total Assets ($ mil.):	$4,428
Style:	Hybrid FOF
Assets in Style ($ mil.):	$3,321
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:	$2.5 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 three primary goals are: 1) to earn 3-5 times the risk free rate of return; 2) to capture a substantial share of the market's gains; 3) to protect its capital during market declines.

Archstone Partners employs a fund- of-funds approach that focuses on top-tier firms. The following strategies are employed: hedged equity, market neutral, global trading, short biased, and long biased. The fund targets 60% to directional equity managers and 40% to non-directional, usually multi-strategy managers. Manager allocations are targeted to be either 10% , 5%, or 2.5%. A significant element of qualitative analysis exists in this process, as the partners rely heavily on experience and contacts in building the portfolio. 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.

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*
Elliott International, Ltd	10	Absolute Return
Farallon Capital Offshore Investors, Inc.	9	Absolute Return
Viking Global Equities III, Ltd.	8	Long/Short Equity
JNV Overseas Fund, Ltd.	8	Long/Short Equity
OZ Overseas Fund II, Ltd	7	Absolute Return
Eton Park Overseas Fund, LTD	6	Absolute Return
Bay Resource Partners Offshore Fund, Ltd.	6	Long/Short Equity
Discovery Global Opportunity Fund, Ltd.	5	Long/Short Equity
Luxor Capital Partners Offshore	5	Long/Short Equity
York Investment, Ltd.	5	Absolute Return
Highfields Capital, Ltd.	5	Long/Short Equity
Kingdon Offshore, Ltd.	5	Long/Short Equity
Conatus Capital Overseas, Ltd.	4	Long/Short Equity
Absolute Return	4	Absolute Return
Kensico Offshore Fund, Ltd.	4	Long/Short Equity
Taconic Offshore Opportunities Fd Ltd.	3	Long/Short Equity
Glenhill Capital Overseas Partners, Ltd.	3	Long/Short Equity
TPG-Axon Partners Offshore,Ltd.	1	Long/Short Equity
Lone Pinon, Ltd	1	Long/Short Equity

Vehicle Information:

Inception:	October 2000	**3c1/3c7:**	3c7
Assets ($ mil.):	$1,984	**Subscriptions:**	Monthly
Minimum Account Size:	$1,000,000	**Redemptions (notice):**	Quarterly with 90 day notice
Management Fee:	1.5% flat/1% + incentive; Underlying Manager Fees	**Lock-up:**	12 months
Profit Allocation:	0% for flat fee/5% for incentive fee structure	**ERISA Capacity:**	None as of 6/23/2010
Highwater Mark:	Yes, for incentive fee structure	**Prime Broker:**	N/A
Hurdle Rate:	N/A	**Administrator:**	SS&C Technologies, Inc.
UBTI:	No	**Auditor:**	Ernst & Young LLP
Additional Expenses:	Payroll and all operating expenses (0.54% in 2010, capped at 0.60% excl. interest expense)	**Legal Counsel:**	Willkie Farr & Gallagher LLP (US), Walkers (Cayman)
Additional Vehicles:	Onshore		

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Manager Profiles

Private Advisors Stable Value ERISA Fund, Ltd. — September 30, 2011

Firm Details: ***Private Advisors***

Total Assets ($ mil.):	$3,524
Style:	Absolute Return FOF
Assets in Style ($ mil.):	$1,510
Year Founded:	1997
Location:	Richmond, VA
Ownership:	60% New York Life / 40% PA equity owners
Registration:	SEC
GP Capital:	$150 million across all products

Key Investment Professionals:

- Louis Moelchert, Jr., Managing Partner & Founder, Former Head of the University of Richmond investment program since 1975. Former Chairman of the Board of the Commonfund for 4 years and Board member for 12 years. Former Chairman of the Investment Advisory Committee of the Virginia retirement System.
- Charles Johnson, III, Partner, previous experience in both the hedge fund and fund of funds industry with Johnson Capital, and EIM, Inc.
- Portfolio management is handled by Timothy Berry, Michael Fuller, Charles Honey, and Tripp Taliaferro

Investment Objective, Philosophy/Process, and Assessment

The Private Advisors low volatility multi-strategy funds seek consistently positive returns which are not dependent upon, or correlated to equity or fixed income markets. The fund targets volatility which is one-third that of the S&P 500 Index or a level that is comparable to the Barclays Aggregate Bond Index.

The low volatility multi-strategy funds have generally employed approximately 25 managers with investment strategies in long/short credit, direct lending, distressed, event driven, multi-strategy, relative value, and global macro to a lesser extent. Private Advisor's underlying manager diligence includes both an evaluation of the firm's operations and an evaluation of the firm's investment process. The fund intends to maintain diversification across styles and strategies, but manager selection tends to emphasize fundamentally based, value driven approaches. Nondirectional, lower volatility strategies are also sought after. Private Advisor's stated approach is to only consider managers with low leverage approaches for the portfolio. Private Advisors will generally avoid trading-based strategies, black box approaches, and managers that employ high leverage. The fund seeks managers that will typically be hedged in a manner that results in low net exposure to the markets.

In late 2010, Private Advisors, LLC announced plans to sell a 60% interest in their firm to New York Life in three tranches of 20% over the next seven years. This transaction has raised a number of concerns, both long and short-term, with the Private Advisors organization and we feel it is in the best interest of clients to exit Private Advisors at the next available liquidity date. We are concerned that a sale to a firm such as New York Life could lead to excessive rates of asset growth and/or product proliferation that could impair Private Advisors' ability to generate alpha in the long term. We also have concerns regarding the stability of the investment team over the long term and management of the firm going forward. Private Advisors recently shuttered the Alternative Asset Fund LP vehicles within the Stable Value strategy due to mounting redemptions and lack of offsetting inflows. We believe there is the potential for sizable year-end redemptions for other Stable Value vehicles as this will be the first time any client will be able to redeem since the transaction was announced. If redemptions are significant, there is the potential that remaining clients will be left with an illiquid fund and be subjected to the same wind-down terms as investors in the Alternative Asset Fund LP. We recommend clients redeem from Private Advisors and seek other diversified fund of funds options.

Sample Portfolio Characteristics

Underlying Funds	*Alloc %*	*Strategy*
Elliott International, Ltd	5	Multi-Strategy
Mason Capital, Ltd.	5	Multi-Strategy
Fir Tree Capital Opportunity Fund, Ltd.	5	Distressed
Golub Capital International, Ltd.	5	Direct Lending
HBK Offshore Fund II, LP	5	Multi-Strategy
Moore Macro Managers Fund, Ltd.	4	Macro
Tudor BVI Global	4	Global Macro L/S
Saba Capital Offshore Fund, Ltd.	4	L/S Credit
Drawbridge Special Opportunities Fund Ltd.	4	Event-Driven
Luxor Capital Partners Offshore, Ltd.	4	Credit Arbitrage
CVI Global Value Fund B LP	4	Distressed
Davidson Kempner International, Ltd.	3	Multi-Strategy
One William Street Capital Offshore Fund, Ltd	3	L/S Struct. Credit
Aurelius Capital International, Ltd.	3	Distressed
Waterstone Market Neutral Offshore Fund, Ltd.	3	Convertible Arbitrage
Spectrum Investment Partners Int'l, Ltd.	3	Multi-Strategy
Stonehill Offshore Partners, Ltd.	3	Distressed
Sabretooth Offshore Fund, Ltd	2	Multi-Strategy
Southpaw Credit Opportunity Fund	2	Multi-Strategy
King Street Capital Ltd.	2	Distressed
ADAR Investments, Ltd.	2	Market Neutral Equity
Fortelus Special Situations Fund Ltd.	2	Multi-Strategy
Gruss Global Investors Enhanced, Ltd.	2	Distressed/Merger Arb.
Tyrus Capital Opportunities Fund Ltd.	2	Event-Driven
Caspian Select Credit International, Ltd.	2	Distressed
Garrison Credit Opps Fund, LP	2	Distressed
MKP Credit Offshore, Ltd	2	Distressed
Zais Matrix VI-A, Ltd.	2	Distressed

Vehicle Information:

Inception:	March 2003	**3c1/3c7:**	3c7 (ERISA capacity in 3c1vehicle potentially)
Assets ($ mil.):	$573	**Subscriptions:**	Monthly
Minimum Account Size:	$1,000,000	**Redemptions (notice):**	Dec. 31st (notice due by last business day of Oct.)
Management Fee:	1.25%, Underlying manager fees; Onshore: 1.0%	**Lock-up:**	One-year
Profit Allocation:	None	**ERISA Capacity:**	Yes
Highwater Mark:	NA	**Prime Broker:**	N/A
Hurdle Rate:	NA	**Administrator:**	Admiral Administration Ltd.
UBTI:	No	**Auditor:**	Rothstein, Kass & Company, P.C.
Additional Expenses:	0.10-0.15% (legal, audit, administration, etc.)	**Legal Counsel:**	Dechert LLP
Additional Vehicles:			

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Forester Offshore, Ltd. — June 30, 2011

Firm Details: ***Forester Capital***

Total Assets ($ mil.):	$3,305
Style:	Directional Hedge FOF
Assets in Style ($ mil.):	$1,690
Year Founded:	1999
Location:	Greenwich, CT
Ownership:	100% Trent Carmichael and family.
Registration:	No
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 15 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*
Samlyn Capital, LLC		Global Diversified
Viking Global Performance LLC		Global Large Cap
Kensico Capital, L.L.C.		U.S. Diversified
Brookside Capital Investors, Inc.		U.S. Diversified
Coatue Capital, L.L.C.		Global TMT
Joho Capital, L.L.C.		Asian Large Cap
Pennant Capital Management, L.L.C.		U.S. Diversified
Tiger Global Management, L.L.C.		Global Long/Short
Abrams Bison Investments, L.L.C.		U.S. Concentrated
Bridger Management, L.L.C.		U.S. Diversified
Glenhill Capital Management, L.L.C.		U.S. Diversified
Lansdowne Partners Limited Partnership		European Diversified
Merchants' Gate Capital LP		Global Diversified
Spring Point Capital LLC		U.S. Low Net Exposure
Wellington Management Company, LLC		Global Long/Short Sector

Vehicle Information:

Inception:	January 2004	**3c1/3c7:**	3c7
Assets ($ mil.):	$835	**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:**	Citco Fund Services
UBTI:	No	**Auditor:**	Ernst & Young LLP
Additional Expenses:	Accounting, legal, filing (approx. 18 bps)	**Legal Counsel:**	Ogier (Cayman)
Additional Vehicles:	Onshore 3c1 and 3c7		

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Manager Profiles

Guggenheim PLUS II L.P. — September 30, 2011

Firm Details: ***Guggenheim***

Total Assets ($ mil.):	$1,477
Style:	Hybrid - Private & Public Real Estate
Year Founded:	2001
Location:	New York, NY
Ownership:	60% Guggenheim Partners/40% Employee Owned

Key Investment Professionals:

- Mike Miles, Ph.D., CPA, Co-PM - Prior to joining Guggenheim, he served as PM for Fidelity Real Estate Asset Manager, Executive VP of the Prudential Realty Group, and Managing Director of Prudential Real Estate Advisors. He is past president of the NCREIF and the American Real Estate and Urban Economics Association.
- Will Stevens, Managing Director Co-PM - Prior to joining Guggenheim, he was a VP in Capital Transactions Group at Lend Lease Real Estate Investments. Prior to joining Lend Lease, he worked in investment banking at Jones Lang LaSalle and First Union Securities.
- Karen Calby, Managing Director - She is responsible for manager evaluation and market intelligence in the REIT manager universe. Prior to joining Guggenheim, she was a Director at Fisher Francis Trees and Watts, Partner at Oliver, Wyman and Company, and a strategic consultant at Anderson Consulting.

Investment Objective, Philosophy/Process, and Assessment

The Guggenheim PLUS II strategy accesses real estate exposure through public real estate securities managers, open end core funds and direct asset holdings.

Management will use analytical tools to determine the Fund's optimal allocations to geographic markets, property types, leverage, and form of investment. Managers and local investors are selected for execution of the top-down strategy, and continuous market feedback is established at the local level. The portfolio will consist of a broad range of assets, including separately managed accounts, REITs, private funds, existing real estate partnerships, joint ventures, mezzanine financing and CMBS. Typically, the allocation between private and public real estate will be 70%/30%, consistent with the target performance benchmark, 70% NCREIF/30% NAREIT. Guggenheim has identified six investment strategies for meeting the Fund's investment goals: i) market selection by property type and geography, ii) public/private arbitrage, iii) valuation focus, iv) manager and local investor evaluation, v) active management of leverage, and vi) limited development exposure. The Fund will not invest in Blind Pools, or directly in investments in raw land, international real estate or development companies (as opposed to specific real estate projects).

Guggenheim's unique structure has been adversely impacted by the illiquid real estate market and the impairment has increased risks going forward. For example, in periods where assets are not growing, the strategy may be forced to either sell illiquid assets to raise capital, or freeze liquidity rights to investors. Illiquidity risk becomes strategy risk in Guggenheim's unique structure as the research driven public/private market arbitrage can be impaired by the volatility of public markets and the inability to shift allocations in private assets. As a result of the inability to actively manage the portfolio while charging active management fees on both the direct investments and the investments in underlying funds, the fund has underperformed its benchmark with risks of further underperformance. This heightens the risks of further investor redemptions as well as portfolio team departures.

Given the current environment, it is difficult to forecast market liquidity and the strategy's ability to fund redemptions, now in excess of 40% of total assets, over the near term. This large ratio of redemptions to total assets, portfolio illiquidity, as well as the possibility of continued relative underperformance heightens the risks to the strategy's longer term viability and resource retention. As a result, we recommend that clients submit redemption requests to exit the strategy as Guggenheim provides liquidity for client withdrawal requests.

Operational Details:

Prime Broker:	N/A
Administrator:	N/A
Auditor:	KPMG LLP
Legal Counsel:	Goodwin Procter LLP
Custodian:	N/A
Latest Audited Financials:	12/31/2010

Portfolio Holdings (based on 9/30/11 estimates):
By Product Type:
Office 37%; MultiFamily 19%; Retail 23%; Industrial /Other 21%

By Geography:
Global 24% Global Transition 31% Diversified Growth 12% Unique/Government 10% Strategic Yield Market 16% Migration/Tourism 4% Middle America 3%

Private Market (74%), Public Market (26%)

Risk controls include limits on exposure by property type and economic location, and ceilings on leverage (50% ceiling at the aggregate portfolio level, with a target of 35%), the amount of development, and the amount of public mkt inv by the Fund.

The G.P. interests are aligned through multi-layered incentive programs (including deferred compensation plans with vesting schedules) linked to fund/company ownership and performance.
The incentive allocation is calculated on a rolling four-quarter basis.

Vehicle Information:

Year Partnership Formed:	2003	**Fees:**	0.95% < $5mm; 0.60% $5-$20mm: 0.50% > $20mm
Product Structure:	Hybrid - Private & Public Real Estate	**Carried Interest:**	20% of Gross Fund Returns Over Target Benchmark
Fund Size:	$646 million	**Hurdle Rate:**	Target Benchmark (70% NCREIF/30% NAREIT)
Current Investments:	See Fund Detail	**Liquidity:**	Quarterly (six quarter lock-up);(90 day notice thereafter)
GP Commitment:	Interests Aligned (see above)	**Reporting:**	Quarterly
Minimum Investment:	$5,000,000 (Flexible)	**UBTI:**	Minimized through REIT Blocker

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Fund Detail

Guggenheim PLUS and PLUS II

Fund Detail (as of July 2011):

Fund Investments [1]	
Manager	Fund Name
ING Clarion	Clarion Lion Properties Fund
ING Clarion	Lion Industrial Trust
Morgan Stanley	Prime Property Fund [2]
RREEF	RREEF America REIT II [3]
Public Market Strategies	
REIT Managers	
AEW	
Invesco	
Brookfield	
Guggenheim Real Estate Securities in-house portfolio	
Guggenheim Absolute Return in-house portfolio	
Property Investments	
Mezzanine Financings	Number of Investments Held
Tremont Realty Capital	5
Guggenheim Real Estate	1
Direct Property Invesments	70

Footnotes

[1]Fund Investments that represent less than 1% of the gross assets of the portfolio are not listed.

[2]Not available to Guggenheim PLUS L.P. investors.

[3]Not available to Guggenheim Real Estate PLUS Trust investors

[4]Only available to Guggenheim Real Estate PLUS Trust investors

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Manager Profiles

Wellington Diversified Inflation Hedges — September 30, 2011

Firm Details: ***Wellington Management Company, LLP***

Total Assets ($ mil.):	$618,590
Style:	Natural Resources
Assets in Style ($mil.):	$7,916
Year Founded:	1928
Product Inception:	2005
Location:	Boston, MA
Ownership:	The firm is 100% employee owned by 112 partners. No individual partner owns more than 5% of the firm.

Key Investment Professionals:
Scott Elliott, Director of Asset Allocation Strategies and Senior V.P., is the lead portfolio manager on the strategy.
Commodities: David Chang and Gregory LeBlanc
Core Energy: Karl Bandtel
Metals & Mining, Agric, Livestock & Forest Products Equities: John O'Toole, David Fassnacht, and David Palmer
Global Precious Metals: Keith White
Global Climate Change: Kenneth Abrams and Mark Beckwith
TIPs Core Bond: Lindsey Politi and Joe Marvan
Emerging Markets Inflation Linked Bonds: Richardo Adrogue
Cash: Tim Smith

Investment Objective and Philosophy/Process

Objective: Wellington's Diversified Inflation Hedges Portfolio invests in various liquid assets, seeking strong relative performance in a rising inflationary environment. The Fund seeks to provide long-term returns of CPI+5%. Portfolio volatility is expected to be between stocks and bonds.

Philosophy/Process: Wellington intends to invest in a number of liquid assets, including core energy equities, metals & mining equities, agriculture, livestock & forest products equities, global precious metals, commodities, emerging inflation linked bonds and domestic TIPs. Wellington seeks to add value through bottom-up stock analysis, combined with a top-down look at the macroeconomic factors affecting the markets. In addition, the tactical management of allocations in another source of returns.

DIH seeks to benefit from areas of the market with favorable supply and demand characteristics. Specifically, the portfolio targets markets experiencing increasing demand, but constrained supply response. Generally, these conditions result in rising prices.

In 2008, Wellington introduced Diversified Inflation Hedges II (DIH II). Wellington manages DIH II like the standard DIH portfolio with the exception of the fixed income component, which is an Inflation Protected Muni Bond Plus portfolio. Management will pursue the muni bond plus approach with an inflation protection overlay instead of a TIPS approach. Also, for the commodities component, the approach will initially utilize short term cash for the cash collateral, but will have the flexibility to move the collateral to municipal bonds.

Process Enhancements: Wellington has transitioned all bond portfolios to long only. As part of the transition, Wellington eliminated the use of broad market derivatives, inflation break-evens, and now all bond portfolios hold only inflation protected government securities and emerging inflation linked bonds. Guidelines for the commodities portfolio remain unchanged, allowing up to 200% gross exposure (150 long/50 short), and will not allow net short positions in any commodity. The collateral pool is currently a cash collateral pool.

Assessment

Assessment: Wellington Diversified Inflation Hedges was launched at the beginning of 2005, providing a liquid option for investors seeking an inflationary hedge. Management has the flexibility to move between multiple asset classes, enabling the portfolio to perform well in stable as well as rising inflationary environments. The product structure provides investors with access to multiple talents from the

Wellington organization. DIH provides a unique mix of real asset categories while providing an element of active management through tactical asset allocation. We are comfortable with this strategy as a core component of an inflation hedging program.

Composite Benchmark: 25% MSCI Wld Energy >$3 Bil/10% MSCI Wld Metals & Mining >$3 Bil/10% Agr. Equities bmk (70% MSCI Wld Agr. Products, Fertilizers & Agr Chem, Forest Products/30% MSCI Wld Construction & Farm Machinery, Packaged Food & Meats, Paper Products)/3.5% MSCI AC Wld IMI Gold & Prec Metals/1.5% S&P GSCI Prec Metals Total Return/25% equal sector-weighted S&P Goldman Sachs Commodity/20% Barclays US TIPS 1-10 Year/5% Barclays Emerging Mkts Tradable Govt Infl-Linked Bond. (Components have changed over time.)

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee

Sample Operational Detail

Wellington Diversified Inflation Hedges

Last Audited Financial	12/31/2010
Accountant/Auditor	PricewaterhouseCoopers
Custodian	State Street Bank and Trust
Administrator	N/A
Securities Lending	N/A

Security Constraints:	Equities 40-90%, Commodities 0-50%, Fixed Income 0-50%
Sector Constraints:	N/A
Avg # of Securities:	N/A
Turnover:	N/A
Assets in Composite:	80%
GIPS Compliant:	Yes (Since 1993)

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Vanguard Inflation Protected Securities — September 30, 2011

Firm Details: *The Vanguard Group*

Total Assets ($ mil.):	$1,766,494
Style:	Infl Protected Securities
Assets in Style ($mil.):	$36,714
Year Founded:	1975
Product Inception:	2000
Location:	Valley Forge, PA
Ownership:	-The firm is owned by fund shareholders.

Key Investment Professionals:

- John Hollyer, CFA - Hollyer joined Vanguard in 1989 as a Fixed Income Portfolio Manager. B.S. University of Pennsylvania. He has co-managed the Fund since its inception.
- Gemma Wright-Casparius. Wright-Casparius joined Vanguard in 2011 from GIC, Singapore's SWF. She has more than 30 years experience and obtained a B.B.A. degree in Economics and Finance and an M.B.A. degree from Bernard M. Baruch College of The City University of New York.

Investment Objective and Philosophy/Process

Investment Objective: The Fund seeks to provide inflation protection and income consistent with investment in inflation-indexed securities.

Philosophy/Process: Vanguard Inflation-Protected Securities Fund offers investors exposure to a wide range of inflation-adjusted bonds and other securities. At least 80% of the Fund will be comprised of inflation indexed bonds issues by the U.S. government or its agencies, but the remaining assets can be invested in other Treasuries, corporates, or agency bonds that may or may not be adjusted for inflation. The Fund managers actively manage exposure along the yield curve and will adjust duration based on interest rate expectations. The Fixed Income Group uses a hub and satellite decision-making framework. The hub consists of senior investment professionals that are tasked with developing a macroeconomic outlook, making strategic duration and yield curve positioning decisions, and making broad sector and quality allocation decisions. The satellites implement the macro decisions from the hub level. Specifically, they are responsible for issuer selection, subsector allocations, tactical duration/yield curve positioning, etc. Research responsibilities are assigned by sector and industries. The analysts are tasked with performing deep fundamental research on their respective sectors and, after forming an independent opinion, outlining the investment rationale and assigning the issue a rating (outperform, market-perform, or underperform.) The satellite teams meet regularly and discuss new ideas. Traders participate in these meetings in order to offer a view on liquidity. If an idea is accepted, the PM directs the trading desk to implement the idea.

Assessment

Vanguard has a deep and well-regarded team of investment professionals. One of the key strengths of the Fixed Income Group is the hub and satellite structure which leverages key abilities across all strategies and results in more consistent positioning and views across strategies. The Vanguard Inflation-Protected Securities Fund will typically invest only in U.S. TIPS resulting in benchmark-like performance. However, it is important to note that the Fund is actively managed and Vanguard can purchase a constrained amount of non-inflation linked, non-government related bonds. Like many Vanguard products, fees are extremely competitive. Some considerations include Vanguard's preference for longer-term commitments and securities lending. While the Fund offers daily liquidity, Vanguard prefers longer-term commitments and requests advance notice for redemptions of a large dollar amount.

In August 2011, Vanguard announced that the Firm will no longer engage in securities lending in fixed income funds. Please note that TIPS pay semi-annual interest based on the inflation-adjusted principal amount of the bond. Inflation adjustments are determined by the index ratio of the bond, which measures the change in CPI since the bond's issuance. At maturity, investors receive either the adjusted principal or original principal amount (par value), whichever is greater. However, during periods of deflation, the adjusted principal may decrease, leading to lower coupon payments. While investors are guaranteed the par value of the bond at maturity, bonds purchased at inflation adjusted levels, those with higher index ratios, may suffer a loss if a bond matures following a prolonged period of deflation. Please note that Vanguard notified us on August 19, 2011 that Ken Volpert would be requinshing his duties as co-PM. Gemma Wright-Casparius, who is joining from GIC, Singapore's SWF where she was responsible for actively managed global ILBs, has been named as co-PM along with John Hollyer. Hollyer has been on the fund since inception along with Volpert. According to Vanguard, there will be no change to the objective and process. We will monitor this change but are not overly concerned about it at present time.

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee
Vanguard Infl Prot Sec A Fd	$50,000	$12,760.3	0.11%
Vanguard Inflation-Prot I Fd	$5,000,000	$9,310.8	0.07%
Vanguard Infl Prot Sec Fd	$3,000	$14,642.8	0.22%

Sample Operational Detail	
Vanguard Inflation-Prot I Fd	
Last Audited Financial	12/31/2010
Accountant/Auditor	PricewaterhouseCoopers
Custodian	JPMorgan Chase & Co.
Administrator	Vanguard
Securities Lending	Yes

Quality/Avg. Quality:	AAA-AA/AAA
Duration:	3-9 Years
% Non-Investment Grade:	0%
% Foreign:	Typically 0%
Security Constraints:	N/A
Sector Constraints:	N/A
Avg # of Securities:	~45
Turnover:	29%
Assets in Composite:	NA
GIPS Compliant:	No

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Historical Performance

Return and Risk Summary

As of September 30, 2011

	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 (R) Flagship NL Fund	-13.9	0.1	1.1	18.5	1.2	24.1	-1.2	20.1	2.3	17.6	2.8	17.9
S&P 500 Index	**-13.9**	**0.1**	**1.1**	**18.5**	**1.2**	**24.2**	**-1.2**	**20.2**	**2.3**	**17.6**	**2.8**	**17.9**
Stralem & Company Large Cap Core Account	-10.3	2.2	2.7	13.2	1.6	20.3	1.7	16.8	4.9	14.8	5.2	14.9
S&P 500 Index	**-13.9**	**0.1**	**1.1**	**18.5**	**1.2**	**24.2**	**-1.2**	**20.2**	**2.3**	**17.6**	**2.8**	**17.9**
SSgA S&P Midcap 400 (R) Index NL Fund	-19.9	-0.7	-1.4	25.7	3.9	28.7	2.1	23.8	5.4	20.8	7.5	20.6
S&P MidCap 400	**-19.9**	**-0.7**	**-1.3**	**25.8**	**4.1**	**28.7**	**2.2**	**23.8**	**5.5**	**20.8**	**7.5**	**20.6**
CRM Midcap Value Instl Fund	-21.2	0.7	-4.3	25.7	0.4	25.4	0.2	21.2	4.4	18.9	8.1	20.0
Russell Midcap Value Index	**-18.5**	**-0.7**	**-2.4**	**23.4**	**2.0**	**30.7**	**-0.8**	**25.0**	**4.5**	**21.9**	**7.5**	**21.1**
Geneva Mid Cap Equity Account	-15.1	0.8	5.9	22.5	7.0	24.9	4.2	20.8	7.4	18.5	8.7	17.8
Russell Midcap Growth Index	**-19.3**	**1.6**	**0.8**	**25.1**	**5.9**	**28.7**	**1.6**	**24.9**	**5.3**	**21.9**	**6.7**	**23.0**
Harris Associates International Value L.P.	-19.7	1.8	-9.7	21.3	6.1	31.5	-0.8	26.5	6.0	23.3	9.5	24.3
MSCI EAFE Value Index	**-19.0**	**1.0**	**-10.0**	**19.9**	**-1.7**	**31.2**	**-4.8**	**26.8**	**2.7**	**24.0**	**5.1**	**23.3**
MSCI EAFE Index	**-19.0**	**1.6**	**-9.4**	**20.1**	**-1.1**	**28.9**	**-3.5**	**25.3**	**3.3**	**22.7**	**5.0**	**21.9**
Artisan International Inv Fund	-20.4	2.8	-10.0	21.5	-0.8	28.8	-2.5	25.8	4.3	23.3	4.6	23.2
MSCI EAFE Growth Index	**-19.0**	**2.1**	**-8.8**	**20.5**	**-0.6**	**26.9**	**-2.2**	**24.1**	**3.9**	**21.7**	**4.9**	**20.9**
MSCI EAFE Index	**-19.0**	**1.6**	**-9.4**	**20.1**	**-1.1**	**28.9**	**-3.5**	**25.3**	**3.3**	**22.7**	**5.0**	**21.9**
Archstone Offshore Fund, Ltd.	-8.3	-0.3	-3.5	9.2	1.6	11.3	1.7	11.0	4.3	9.7	4.8	8.6
HFRI FOF: Diversified Index	**-3.7**	**-1.2**	**-0.4**	**5.4**	**0.6**	**7.8**	**0.7**	**8.6**	**2.9**	**7.8**	**3.7**	**6.8**
Private Advisors Stable Value ERISA Fund, AA-FF, Ltd.	-2.1	0.1	3.3	4.0	3.7	7.1	3.5	6.3	4.1	5.5	5.1	5.2
HFRI FOF: Conservative Index	**-3.7**	**-0.8**	**-0.9**	**4.7**	**-0.5**	**8.1**	**0.0**	**7.9**	**1.9**	**7.0**	**2.9**	**6.1**
Forester Offshore B Fund, Ltd.	-8.0	0.1	-1.7	9.5	2.5	8.3	4.1	8.8	6.4	8.0	6.7	6.8
HFRI FOF: Strategic Index	**-6.3**	**-1.1**	**-2.8**	**7.6**	**0.1**	**9.5**	**0.3**	**10.5**	**3.1**	**9.6**	**3.9**	**8.7**
SSgA U.S. Aggregate Bond Index NL Fund	3.8	2.2	5.2	3.8	7.9	3.4	6.4	3.3	5.5	3.4	5.6	3.5
Barclays Capital U.S. Aggregate	**3.8**	**2.3**	**5.3**	**3.9**	**8.0**	**3.5**	**6.5**	**3.4**	**5.6**	**3.4**	**5.7**	**3.5**
Richmond Capital Fixed Income Account	3.6	2.2	5.0	3.7	9.9	4.0	6.7	4.4	5.7	4.1	5.7	4.0
Barclays Capital U.S. Aggregate	**3.8**	**2.3**	**5.3**	**3.9**	**8.0**	**3.5**	**6.5**	**3.4**	**5.6**	**3.4**	**5.7**	**3.5**

Historical Performance

Return and Risk Summary

As of September 30, 2011

	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
Income Research Convertibles	-5.4	-0.7	-0.3	6.9	5.9	7.4	3.3	8.1	3.9	6.9	4.2	6.2
BofAML Conv Bonds, U.S. Inv Gr Index	**-8.1**	**-0.6**	**-1.0**	**10.0**	**6.8**	**11.1**	**4.5**	**10.2**	**4.4**	**9.0**	**4.3**	**8.1**
Guggenheim Real Estate PLUS Trust	-2.2	4.2	14.4	6.9	-13.1	21.5	-6.3	17.6	0.4	16.0	NA	NA
70% NCREIF Index/30% NAREIT Index	**NA**	**3.8**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
NCREIF Property Index	**NA**	**3.9**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Wellington Diversified Inflation Hedges CTF	-14.9	-3.4	-1.0	21.2	-0.2	27.9	2.8	26.7	NA	NA	NA	NA
DIH Composite Index	**-12.6**	**-2.5**	**1.7**	**18.8**	**2.4**	**21.7**	**4.8**	**20.8**	**NA**	**NA**	**NA**	**NA**
Vanguard Inflation-Protected Securities Adm Fund	4.9	3.4	9.6	4.1	7.8	4.9	6.9	5.6	NA	NA	NA	NA
Barclays Capital U.S. Treasury: U.S. TIPS	**4.5**	**3.7**	**9.9**	**3.9**	**8.1**	**4.7**	**7.1**	**5.4**	**6.1**	**5.0**	**7.2**	**5.4**

Historical Performance

Return Summary

As of September 30, 2011

	Year To Date Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return	2002 Return	2001 Return
SSgA S&P 500 (R) Flagship NL Fund	-8.7	15.0	26.5	-37.0	5.5	15.8	4.9	10.9	28.7	-22.1	-12.1
S&P 500 Index	**-8.7**	**15.1**	**26.5**	**-37.0**	**5.5**	**15.8**	**4.9**	**10.9**	**28.7**	**-22.1**	**-11.9**
Stralem & Company Large Cap Core Account	-3.3	10.7	20.6	-29.5	13.0	10.7	13.3	16.8	21.7	-19.2	1.1
S&P 500 Index	**-8.7**	**15.1**	**26.5**	**-37.0**	**5.5**	**15.8**	**4.9**	**10.9**	**28.7**	**-22.1**	**-11.9**
SSgA S&P Midcap 400 (R) Index NL Fund	-13.1	26.4	37.2	-36.2	8.0	10.3	12.7	16.5	35.7	-14.6	-0.5
S&P MidCap 400	**-13.0**	**26.6**	**37.4**	**-36.2**	**8.0**	**10.3**	**12.6**	**16.5**	**35.6**	**-14.5**	**-0.6**
CRM Midcap Value Instl Fund	-14.9	18.9	28.7	-35.0	10.4	17.3	8.0	25.0	41.9	-16.7	19.4
Russell Midcap Value Index	**-13.0**	**24.8**	**34.2**	**-38.4**	**-1.4**	**20.2**	**12.6**	**23.7**	**38.1**	**-9.6**	**2.3**
Geneva Mid Cap Equity Account	-8.5	30.5	36.5	-35.7	16.2	4.6	15.8	20.9	26.5	-14.0	-3.8
Russell Midcap Growth Index	**-11.6**	**26.4**	**46.3**	**-44.3**	**11.4**	**10.7**	**12.1**	**15.5**	**42.7**	**-27.4**	**-20.2**
Harris Associates International Value L.P.	-16.7	17.0	56.0	-42.1	-0.4	31.3	16.0	19.2	42.8	-7.1	-4.2
MSCI EAFE Value Index	**-14.5**	**3.2**	**34.2**	**-44.1**	**6.0**	**30.4**	**13.8**	**24.3**	**45.3**	**-15.9**	**-18.5**
MSCI EAFE Index	**-15.0**	**7.8**	**31.8**	**-43.4**	**11.2**	**26.3**	**13.5**	**20.2**	**38.6**	**-15.9**	**-21.4**
Artisan International Inv Fund	-15.3	5.9	39.8	-47.0	19.7	25.6	16.3	17.8	29.1	-18.9	-15.9
MSCI EAFE Growth Index	**-15.4**	**12.2**	**29.4**	**-42.7**	**16.5**	**22.3**	**13.3**	**16.1**	**32.0**	**-16.0**	**-24.6**
MSCI EAFE Index	**-15.0**	**7.8**	**31.8**	**-43.4**	**11.2**	**26.3**	**13.5**	**20.2**	**38.6**	**-15.9**	**-21.4**
Archstone Offshore Fund, Ltd.	-7.0	6.9	19.8	-23.3	12.1	12.3	10.5	11.7	14.0	-2.3	0.0
HFRI FOF: Diversified Index	**-3.9**	**5.5**	**11.5**	**-20.9**	**9.7**	**10.2**	**7.5**	**7.2**	**11.4**	**1.2**	**2.8**
Private Advisors Stable Value ERISA Fund, AA-FF, Ltd.	0.3	8.7	11.9	-12.7	8.8	9.1	1.6	6.3	15.2	2.7	8.4
HFRI FOF: Conservative Index	**-3.4**	**5.1**	**9.6**	**-19.9**	**7.7**	**9.2**	**5.1**	**5.8**	**9.0**	**3.6**	**3.1**
Forester Offshore B Fund, Ltd.	-6.0	5.6	14.6	-13.6	18.4	11.5	12.0	10.0	9.0	5.6	19.4
HFRI FOF: Strategic Index	**-6.7**	**6.3**	**13.2**	**-25.2**	**12.8**	**11.8**	**10.3**	**8.3**	**15.8**	**-4.0**	**1.2**

Historical Performance

Return Summary

As of September 30, 2011

	Year To Date Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return	2002 Return	2001 Return
SSgA U.S. Aggregate Bond Index NL Fund	6.5	6.5	5.9	5.2	6.9	4.2	2.3	4.2	4.1	10.4	8.5
Barclays Capital U.S. Aggregate	**6.6**	**6.5**	**5.9**	**5.2**	**7.0**	**4.3**	**2.4**	**4.3**	**4.1**	**10.3**	**8.4**
Richmond Capital Fixed Income Account	6.4	7.3	10.7	2.1	6.2	4.4	2.0	3.9	4.0	9.8	9.0
Barclays Capital U.S. Aggregate	**6.6**	**6.5**	**5.9**	**5.2**	**7.0**	**4.3**	**2.4**	**4.3**	**4.1**	**10.3**	**8.4**
Income Research Convertibles	-3.1	6.4	18.6	-13.3	7.4	7.3	4.2	3.3	9.1	2.2	6.0
BofAML Conv Bonds, U.S. Inv Gr Index	**-5.2**	**7.4**	**28.6**	**-15.2**	**7.9**	**7.3**	**0.9**	**4.7**	**11.5**	**-3.6**	**-0.1**
Guggenheim Real Estate PLUS Trust	8.9	15.2	-27.1	-29.1	4.2	21.6	17.2	20.5	17.0	7.0	NA
70% NCREIF Index/30% NAREIT Index	**NA**	**17.6**	**-2.2**	**-15.8**	**5.8**	**22.1**	**17.9**	**19.7**	**17.0**	**6.1**	**9.4**
NCREIF Property Index	**NA**	**13.1**	**-16.8**	**-6.5**	**15.8**	**16.6**	**20.1**	**14.5**	**9.0**	**6.7**	**7.3**
Wellington Diversified Inflation Hedges CTF	-12.8	17.4	42.7	-45.2	30.4	20.4	25.0	NA	NA	NA	NA
DIH Composite Index	**-9.4**	**16.3**	**30.0**	**-31.8**	**26.7**	**17.9**	**20.5**	**NA**	**NA**	**NA**	**NA**
Vanguard Inflation-Protected Securities Adm Fund	10.4	6.3	11.0	-2.8	11.7	0.5	NA	NA	NA	NA	NA
Barclays Capital U.S. Treasury: U.S. TIPS	**10.6**	**6.3**	**11.4**	**-2.4**	**11.6**	**0.5**	**2.8**	**8.5**	**8.4**	**16.6**	**7.9**

Index Descriptions

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

Barclays Capital 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 Capital 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 Capital 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 Capital 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 Capital 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 Capital 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.

Index Descriptions

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.

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 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 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 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 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 is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Index Descriptions

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

MSCI World Index 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.

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.

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.

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).

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. **BC Aggregate Flt Adjusted Composite Index:** BC Aggregate Index through 12/31/2009; BC Aggregate Flt Adjusted Index thereafter. **BC Govt 1-3 Year Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Govt 1-3 Year Index. **BC 1-5 Year G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC 1-5 Year G/C Index. **BC 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. **BC LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Long term Government Index. **BC 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 Capital 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 Capital 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 Capital 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.

Periods greater than one year are annualized.

Peer groups, performance, risk and equity analytics are provided by InvestmentMetrics, 2011. All rights reserved. Calculations are based on quarterly periods unless noted otherwise.

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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Commentary within includes the opinion of Prime Buchholz, is intended solely for our clients, and is not meant to provide tax or legal advice. Clients should consult a tax or legal professional for advice regarding their particular situation.

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Clients may, at times, invest in managers or products that are not recommended by Prime Buchholz. Due diligence and monitoring of managers that are not Prime Buchholz recommended is less rigorous than the level applied to recommended managers. Reports provided to clients regarding managers that have not been recommended by us are for informational purposes only and do not necessarily constitute our endorsement of the manager.

Returns are provided by third-party sources and are net of investment management fees unless otherwise stated. Performance may or may not reflect reinvestment of dividends and other earnings. Past performance is not an indication of future results.

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Tab V

Blackstone Partners Invt Fund, NT — June 30, 2011

Firm Details: *Blackstone Capital*

Total Assets ($ mil.):	$35,797
Style:	Multi-Strategy FOF
Assets in Style ($ mil.):	$12,400
Year Founded:	1990
Location:	New York, NY
Ownership:	Public and Private
Registration:	SEC, CTA, CTFC, CPO
GP Capital:	$238 million in Partners strategy (as of 10/1/2010)

Key Investment Professionals:

- Team Approach

- J. Tomilson Hill - President and CEO of Blackstone Alternative Asset Management and a Senior Managing Director of The Blackstone Group. Earlier in his career he spent time in the M&A department of First Boston and various roles in the Lehman Brothers organization. Graduate of Harvard College and Harvard Business School.

- Halbert Lindquist - Senior Investment Officer of BAAM. Prior to joining Blackstone in 1996, he was a Senior Managing Director of Bear Stearns. Graduated from the University of Arizona in 1968, followed by an MBA from University of Arizona.

Investment Objective, Philosophy/Process, and Assessment

The fund's objective is to earn attractive risk-adjusted real returns through the use of spread and arbitrage strategies. To provide downside protection in negative equity markets. To produce returns of at least 5% in excess of T-Bills.

Blackstone Partners Investment Fund ("BPIF") is the signature fund in a line-up of several fund of funds products offered by Blackstone. It targets low volatility and low correlation to traditional markets. Investment strategies are varied among the managers, but there is a bias towards spread and arbitrage-type management styles. Blackstone makes extensive use of background checks in the due diligence process on managers. The Investment Committee determines the allocation within each fund of funds, with obvious input from the ten portfolio managers and five manager researchers. New idea sources include previously closed managers, prime brokers, client referrals, and the Advisory Board. The research team generally conducts visits or calls with every manager in the portfolio on a monthly basis.

Blackstone is a fairly large but efficiently run organization that places a strong emphasis on teams. Virtually all decisions, from hiring to terminating to allocating, are made by one of the teams. This has resulted in stable portfolios with consistent performance over time. The firm is allocated to approximately 120 different hedge funds across all strategies, and turnover is low at just 10% per year. We believe that this is testament to the thorough research and monitoring that Blackstone employs. With over $23 billion under management, there is always pressure to have enough ideas to populate the portfolio, but we feel that Blackstone has been able to handle this pressure as well as any of their institutional competitors.

Total firm assets represent Blackstone Alternative Asset Management, LP.

Sample Portfolio Characteristics

Underlying Funds	*Alloc %*	*Strategy*
Undisclosed Manager Name	22	Fundamental
Undisclosed Manager Name	9	Commodities
Undisclosed Manager Name	7	Global Macro
Undisclosed Manager Name	7	Credit - Relative Value
Undisclosed Manager Name	7	Credit - Mortgages
Undisclosed Manager Name	5	Event
Undisclosed Manager Name	5	Opportunistic Trading
Undisclosed Manager Name	5	FIRV
Undisclosed Manager Name	5	Quantitative L/S
Undisclosed Manager Name	4	CTA
Undisclosed Manager Name	4	Corporate Distressed
Undisclosed Manager Name	3	Cash and Other
Undisclosed Manager Name	3	Top Down
Undisclosed Manager Name	3	Private Equity
Undisclosed Manager Name	3	Credit - Directional
Undisclosed Manager Name	2	Convertible Arbitrage
Undisclosed Manager Name	2	Emerging Markets
Undisclosed Manager Name	2	Credit - Structured ABS
Undisclosed Manager Name	1	Leveraged Loans
Undisclosed Manager Name	1	Direct Origination
Undisclosed Manager Name	1	Merger Arbitrage

Vehicle Information:

Inception:	7/1/96	**3c1/7:**	
Assets ($ mil.):	$4,400	**Subscriptions:**	Monthly
Minimum Account Size:	$5,000,000	**Redemptions (notice):**	June 30th & Dec. 31st, 95 days notice, 25% Gate
Management Fee:	1.25%	**Lock-up:**	None
Profit Allocation:	None	**ERISA Capacity:**	Yes
Highwater Mark:	N/A	**Prime Broker:**	N/A
Hurdle Rate:	N/A	**Administrator:**	Blackstone (RK Consulting Ltd. For offshore funds)
UBTI:	No	**Auditor:**	Deloitte & Touche
Additional Expenses:	Legal, audit, accounting	**Legal Counsel:**	
Additional Vehicles:	Partners LP & Partners OS		

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Drake Capital Offshore Partners, LP — June 30, 2011

Firm Details: *Drake Capital Advisors*

Total Assets ($ mil.):	$672
Style:	Hybrid FOF
Assets in Style ($ mil.):	$672
Year Founded:	2001
Location:	Greenwich, CT
Ownership:	Wholly owned by David and Ray
Registration:	SEC
GP Capital:	$90.7 million

Key Investment Professionals:

- David B. MacFarlane - Founder, Managing Director - Before founding Drake in February of 2001, MacFarlane was President and Managing Director of Kemnay Services USA Inc where he managed over $1 billion in hedge fund money from 1993-2001. He also served as a director for a variety of hedge funds including Jaguar Fund, Eureka Funds, Oachsle Partners, and Adelphi Europe Fund. He was also the Director of J O Hambro Magan & Co from 1988-1993. David received his BA from the University of Virginia and his MBA from Harvard Business School in 1988.
- Ray Gustin IV - Partner, Portfolio Manager - Actively involved in manager selection and portfolio construction and management since 2003. Before Drake, Gustin was Managing Director and General Partner at Cornerstone Equity Investors from 2000-2003 and Managing Director at TD Securities M&A Group where he co-founded and co-managed the practice from 1991-2000. Ray received his BS from Pennsylvania State University in 1984 and his MBA from the University of Chicago in 1989.

Investment Objective, Philosophy/Process, and Assessment

Drake seeks to achieve annualized returns of approx. 12-15% over a full market cycle with annualized volatility of approx. 6-8%. To achieve this goal, Drake focuses their diligence efforts on identifying best-in-breed managers across a variety of investment strategies that are focused primarily on performance rather than asset gathering. Drake has historically allocated a significant portion of fund assets to smaller, emerging managers with assets ranging from $250 million to $2 billion at the time of investment. Drake believes that smaller managers are more incented to perform early on in order to gain traction with investors. Drake's investment process is a combination of bottom-up manager research focused on identifying talented management teams with sufficient infrastructure in place, and forecasting returns for various asset classes and investment styles. Drake believes that a successful fund of funds needs to pursue both alpha and beta to generate consistent returns over the long-term. While alpha is the ultimate goal of a hedge fund program, Drake believes that sustainable outperformance must include an element of beta, both to the market and by investment style/asset class, and they will frequently look for strategies where "the wind is at their backs". Drake will therefore utilize their own return expectations for the market to identify managers of a certain style or that focus on a specific market to capitalize on a market opportunity or dislocation. In constructing the portfolio, Drake seeks to assemble a list of managers that have robust skill sets and measurable drivers of performance. Drake utilizes a suite of proprietary analytical tools to assess: 1) manager strategy and position-level concentration, geographic and sector exposures, and embedded correlations; 2) a manager's proven ability to generate uncorrelated return; 3) a fund's correlation and beta with a range of indexes; and 4) a manager's correlation, return and volatility profile vs. other funds in the portfolio. Top ten managers typically represent approximately 50% of Fund assets while top twenty managers generally account for over 80% of assets. The Fund will typically allocate 60% of assets to global long/short equity managers.

Based on our research, we believe Drake Capital Partners is an attractive fund of funds option that provides access to a number of top-tier hedge fund managers as well as many smaller, emerging managers. The Fund has generated consistent and competitive returns with moderate levels of volatility and correlation to broad market indices.

*Top twenty manager allocations are listed to the right. All manager names are disclosed to Prime Buchholz.

Sample Portfolio Characteristics

Underlying Funds	*Alloc %*	*Strategy*
MAK One Fund, LP	6	Long/Short Eq, Special Sit.
Structured Servicing Holdings, LP	5	Credit/Relative Value
Cadian Fund LP	5	Long/Short Equity
Appaloosa Investment Limited Partnership I	5	Event-Driven
Camber Capital Fund, LP	5	Long/Short Equity
Soroban Fund LLC	5	Long/Short Equity
D.E. Shaw Oculus Fund	4	Global Macro
Jericho Capital Partners, LP	4	Long/Short Equity
Pine River Fixed Income Fund	4	Credit/Relative Value
MKP Credit, LP	4	Credit/Relative Value
Tiger Global, LP	4	Long/Short Equity
Rose Grove Partners I, LP	4	Credit/Relative Value
Freshford Partners, LP	4	Long/Short Equity
TAL China Focus US Fund	4	Long/Short Equity
Argonaut Macro Partnership, LP	3	Global Macro
Valiant Capital Partners, LP	3	Long/Short Equity
JabCap EMEA Fund Limited	3	Long/Short Equity
Glenhill Capital LP	3	Long/Short Equity
Alden Global Distressed Opps Fund, LP	3	Event-Driven
AKO Partners LP	3	Long/Short Equity

Vehicle Information:

Inception:	February 2004	**3c1/7:**	3c7
Assets ($ mil.):	$272	**Subscriptions:**	Quarterly (monthly with manager consent)
Minimum Account Size:	$1,000,000	**Redemptions (notice):**	Annual (at 12/31, 90 days notice)
Management Fee:	A: 1.25%, B: 1.0% ($10M min.)	**Lock-up:**	Initial investment: 18 months, subsequent investments: later of 12 months from investment date or 18 months from initial investment.
Profit Allocation:	5%	**ERISA Capacity:**	No limit
Highwater Mark:	Yes	**Prime Broker:**	NA
Hurdle Rate:	5%	**Administrator:**	Self-administered
UBTI:	N/A	**Auditor:**	Rothstein, Kass & Company, P.C.
Additional Expenses:	Legal, audit, organizational	**Legal Counsel:**	Seward & Kissel LLP (US), Maples and Calder (Cayman)
Additional Vehicles:			

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EnTrust Capital Diversified Ltd. — June 30, 2011

Firm Details: *EnTrust Capital Inc.*

Total Assets ($ mil.):	$6,450
Style:	Diversified FOF
Assets in Style ($ mil.):	$5,459
Year Founded:	1997
Location:	New York, NY
Ownership:	Mark S. Fife and Gregg S. Hymowitz (50% each)
Registration:	SEC
GP Capital:	~2% of firm AUM (as of 3/31/2011)

Key Investment Professionals:

Gregg S. Hymowitz - Managing Partner since April 1997; Chair of Investment Committee - Prior to forming EnTrust, Gregg was a Vice President at Goldman, Sachs., which he joined in 1992. For the preceding two years, Gregg engaged in a Mergers & Acquisitions practice at Skadden, Arps, Slate, Meagher & Flom.
Gregg graduated Cum Laude from Harvard Law School with a JD, and received a BA, Phi Beta Kappa, from the State University of New York at Binghamton in 1987. Gregg is the 1985 Harry S. Truman Scholar from New York and a 1987 British Hansard Society Scholar. Gregg serves as a Trustee of the Riverdale Country Day School.

Gregg is supported by 27 investment professionals and a total of 59 full-time employees.

Investment Objective, Philosophy/Process, and Assessment

EnTrust Diversified seeks is to construct a portfolio of managers with consistent risk-adjusted returns within different non-correlated investment strategies, thereby diversifying risk and reducing down-side exposure. Diversified is designed not only to utilise expert managers but also to deploy and redeploy investment capital within a range of investment strategies which the Fund regards as likely to provide favorable opportunities in changing economic environments. The majority of the Firm's fund of funds resources and time is devoted to extensive bottom-up research of managers and their organizations. Consideration is also given to the managers' strategies and any macro conditions which may impede their investment opportunities.

In selecting managers for the portfolio, Diversified does not follow a rigid asset allocation policy but instead, seeks diversification through a combination of managers trading a range of strategies. The fund of funds portfolio is reviewed constantly and rebalanced by the Diversified Investment Committee on a monthly basis. The Diversifies Investment Committee is comprised of Gregg Hymowitz, Managing Partner/Portfolio Manager, who is the Chair of the Diversified Investment Committee, Principal, Christopher Keenan, Partner, and Managing Directors: Leeor Farhadian and Jeffrey Chan. The review encompasses individual manager performance, strategy performance and any macro market conditions which the Investment Committee believes may impede or enhance specific strategy investing opportunities. This analysis provides the basis upon which the Committee makes asset allocation decisions.

EnTrust Capital is a large and highly institutionalized hedge fund firm that offers attractive fund of fund options as well as an incredibly high level of transparency and manager access. EnTrust has built out robust operational controls and has dedicated significant resources to operational due diligence, including the preparation of full operational dashboards for each manager and a proprietary ranking/scoring system that attempts to quantify operational risks at the underlying manager. In addition, EnTrust has developed a proprietary risk measurement system that monitors risk at the underlying manager and total portfolio levels, with additional monitoring performed on top individual positions. The Diversified Fund consists of 30-40 managers and EnTrust has appeared to be more active and tactical in managing the asset allocation of the fund, which includes a dedicated allocation to activist managers, a strategy that is not as common in other funds of funds. EnTrust provides exposure to a variety of managers that we believe to be high quality. In addition, EnTrust Diversified is available to both 3c1 and 3c7 clients with a minimum investment of $1 million. We believe EnTrust has built a high quality investment and operational team and that the transparency and reporting provided by the firm is among the best in the industry.

*A partial list of top underlying manager allocationss is on the right.

Sample Portfolio Characteristics

Underlying Funds	*Alloc %*	*Strategy*
Gramercy Select Fund	6	Credit & Special Sit
Greywolf Capital Overseas Fund	5	Credit & Special Sit
Davidson Kempner International, Ltd.	4	Event Driven, Multi-Start
Third Point Offshore Fund, Ltd.	4	Global Long/Short Eq
GoldenTree Offshore Fund, Ltd	4	Credit & Special Sit
Taconic Offshore Opportunities Fd Ltd.	4	Event Driven, Multi-strat
Och Ziff Overseas Fund, Ltd.	4	Event Driven, Multi-Strat
Pershing Square International, Ltd.	3	Activist
York Multi Strategy Institutional Fund, Ltd	3	Credit & Special Sit
Paulson Advantage Ltd.	3	Event Driven, Multi-Strat
Avenue International Ltd.	3	Credit & Special Sit
Och Ziff Europe Overseas Institutional Fund, Ltd	3	Event Driven, Multi-Strat
Cyrus Opportunities Fund II, Ltd.	3	Credit & Special Sit
Gramercy Argentina Opportunity Fund, Ltd	3	Credit & Special Sit
Blue Harbour Strategic Value Partners Offshore, Ltd	3	Activist
Farallon Capital Offshore Investors II	3	Event Driven, Multi-Strat
Eminence Partners, Ltd	2	Gloobal Long/Short Eq
Karsch Capital, Ltd	2	Global Long/Short Eq
EnTrust Portfolio Tail Risk Fund, Ltd.	2	Hedges
Empyrean Capital Overseas Fund, Ltd.	2	Event Driven, Multi-Strat
SAB Capital	2	Global Long/Short Eq
Rocwood Capital Offshore Fund Ltd.	2	Event Driven, Multi-Strat
Saba Capital Offshore Fund, Ltd.	2	Event Driven, Multi Strat
Tosca	2	Global Long/Short Eq
Amici Fund International, Ltd	2	Global Long/Short Eq
Cantillon Global Equity	2	Global Long/Short Eq
Mercer Park Special Situations Fund, Ltd.	2	Credit & Special Sit

Vehicle Information:

Inception:	10/1/2003	**3c1/7:**	3c1 & 3c7
Assets ($ mil.):	$4,814	**Subscriptions:**	Monthly
Minimum Account Size:	$1,000,000	**Redemptions (notice):**	50% Quarterly (90 days)
Management Fee:	Class C: 0.85%-1.40%, Class D: 1.5%, Class E: 1.25%, underlying manager fees	**Lock-up:**	1-year (3% early w/d fee)
Profit Allocation:	Class E: 5%	**ERISA Capacity:**	Limited
Highwater Mark:	Yes	**Prime Broker:**	N/A
Hurdle Rate:	Class E: 6.5%	**Administrator:**	Admiral Administration
UBTI:	N/A	**Auditor:**	Eisner (Cayman)
Additional Expenses:	Operating, Administrative, Legal (0.31% in 2010)	**Legal Counsel:**	Dechert (USD), Ogier (Cayman),
Additional Vehicles:	Onshore (I & II)		

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Weatherlow Offshore Fund II Ltd. ERISA — June 30, 2011

Firm Details: *Evanston Capital Management*

Total Assets ($ mil.):	$4,530
Style:	Hybrid FOF
Assets in Style ($ mil.):	$4,376
Year Founded:	2002
Location:	Evanston, IL
Ownership:	49.9% TA Associates/24% D. Wagner/5.5% external (John Croghan)/20.6% employees
Registration:	SEC
GP Capital:	$50 M (Employees & Adv. Board, as of 5/31/2011)

Key Investment Professionals:

- David Wagner - Founding Principal and CEO. Career spans over 30 years, most recently as CIO of Northwestern University for 10 years. BA and MBA from Dartmouth.
- Adam Blitz, CFA - Managing Director. Six years experience in Prime Brokerage at Goldman Sachs and as Head Trader at AQR (quantitative hedge fund). BS from Wharton School at University of Pennsylvania.
- Ken Meister, CFA - Managing Director. Most recently with William Blair & Company. Previously with Northern Trust working on asset allocation, manager selection and risk controls. BS from Indiana Univ. and MBA from Loyola Univ. of Chicago.
-Ryan Cahill, CPA - CFO. Previously employed by Arthur Andersen LLP. More than 14 years experience. BS from University of Notre Dame.

Investment Objective, Philosophy/Process, and Assessment

Weatherlow is a diversified fund of hedge funds that seeks to generate equity-like returns with bond-like volatility.

Evanston uses a systematic scoring process on various investment and business-related factors for funds in the evaluation process (called 360 degree). The manager blends quantitative modeling and qualitative review to build the portfolio. Extensive relationships are a primary source of new ideas (built up by Wagner over years at Northwestern). Typically, 65-70% of managers are firmly established, while the remainder will be newer ideas. Multiple strategies are employed (average allocation 50% long/short equity, 20% event driven, 20% relative value, 10% global asset allocation). The Fund will typically be made up of 15-30 managers, and the aim is for no single fund to account for more than 15% of capital. Weatherlow tends to have higher gross exposure than many other fund of funds (max 300%) and, in the past, has invested on the margin in some more quantitative managers.

*Investments under $3 million are generally restricted to the 3-year lock up share class.

**A partial list of managers appears to the right.

Sample Portfolio Characteristics

Underlying Funds	*Alloc %*	*Strategy*
Senator Global Opportunity Fund, LP	5	Multi-Strategy
Eton Park Fund, LP	5	Multi-Strategy
Highfields Capital II, LP	5	Multi-Strategy
Silver Point Capital Fund, L.P.	5	Event-Driven
Pine River Nisswa Fixed Income	4	Relative Value
Bay Pond Partners LP	4	Long/Short Equity
Anchorage Capital Partners, LP	4	Event-Driven, Relative Value
Centerbridge Credit Partners, LP	4	Event-Driven
Cavalry Capital Appreciation	4	Long/Short Equity
Greywolf Capital Partners II	4	Relative Value, Event-Driven
Joho Fund LP	4	Long/Short Equity
Soroban Fund LLC	4	Long/Short Equity
Alyeska Fund, LP	3	Multi-Strategy
Azentus Global Opp	3	Long/Short, Event Driven
Conatus Capital Partners, LP	3	Long/Short Equity
CamCap Resources, L.P.	3	Long/Short Equity
Greenlight Capital Qualified, L.P.	3	L/S Equity, Event-Driven
Bridgewater Pure Alpha	3	Global Asset Allocation
Passport II LP	3	L/S Equity, Global Asset Alloc.
Wexford Spectrum Fund, LP	3	GAA, Event-Driven
Deerfield Partners, LP	3	Long/Short Equity
Kingdom Ridge Capital Partners, LP	3	Long/Short Equity
Woodbine Capital Fund LLC	3	Global Asset Allocation
Edoma Global Event Driven Fund LP	3	L/S Equity, Event-Driven
KleinHeinz Global Undervalued Securities	2	Long/Short Equity
North Run Capital, L.P.	2	L/S Equity, Event-Driven
Taconic Opportunities Fd LP	2	Event-Driven

Vehicle Information:

Inception:	November 2003	**3c1/7:**	3c7
Assets ($ mil.):	$756	**Subscriptions:**	Monthly
Minimum Account Size:	$3,000,000	**Redemptions (notice):**	Quarterly (65 day notice)
Management Fee:	1% (1yr lock), 0.85% (3yr lock); underlying mgrs	**Lock-up:**	1 or 3 years (investor choice)
Profit Allocation:	10%	**ERISA Capacity:**	Yes
Highwater Mark:	Yes	**Prime Broker:**	NA
Hurdle Rate:	6%	**Administrator:**	Citco Fund Services (Curacao) N.V.
UBTI:	NA	**Auditor:**	Deloitte & Touche LLP
Additional Expenses:	0.05-0.07% (Audit, legal, accounting, admin)	**Legal Counsel:**	Sidley Austin LLP (US), Maples & Calder (Cayman)
Additional Vehicles:			

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Historical Performance

Return and Risk Summary

As of September 30, 2011

	1 Quarter Return	Previous Quarter Return	1 Year Return	1 Year Standard Deviation	2 Years Return	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
Blackstone Partners Invt Fund, NT	-3.3	-0.4	1.1	3.9	4.0	3.0	5.5	2.9	5.9	4.5	5.3	4.8	4.7
HFRI FOF: Conservative Index	**-3.7**	**-0.8**	**-0.9**	**3.8**	**1.3**	**-0.5**	**5.4**	**0.0**	**5.6**	**1.9**	**5.1**	**2.9**	**4.4**
Drake Capital Partners, L.P.	-5.1	0.8	2.3	5.9	5.5	5.8	7.4	4.3	8.2	6.7	7.7	NA	NA
HFRI FOF: Diversified Index	**-3.7**	**-1.2**	**-0.4**	**4.5**	**1.5**	**0.6**	**5.6**	**0.7**	**6.4**	**2.9**	**6.0**	**3.7**	**5.2**
EnTrust Capital Diversified Ltd.	-7.2	-1.0	-1.0	6.7	6.0	6.0	9.9	3.7	9.1	5.0	8.0	NA	NA
HFRI FOF: Diversified Index	**-3.7**	**-1.2**	**-0.4**	**4.5**	**1.5**	**0.6**	**5.6**	**0.7**	**6.4**	**2.9**	**6.0**	**3.7**	**5.2**
Weatherlow Offshore Fund II Ltd. ERISA	-5.3	-1.7	-1.6	5.6	3.3	3.1	7.8	4.6	7.8	6.2	6.9	NA	NA
HFRI FOF: Diversified Index	**-3.7**	**-1.2**	**-0.4**	**4.5**	**1.5**	**0.6**	**5.6**	**0.7**	**6.4**	**2.9**	**6.0**	**3.7**	**5.2**
S&P 500 Index	-13.9	0.1	1.1	13.1	5.6	1.2	21.0	-1.2	18.2	2.3	15.9	2.8	15.7

Historical Performance

Return Summary

As of September 30, 2011

	Year To Date Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return	2002 Return	2001 Return
Blackstone Partners Invt Fund, NT	-2.0	7.8	15.0	-19.5	12.5	11.9	7.0	6.0	9.3	1.9	8.6
HFRI FOF: Conservative Index	**-3.4**	**5.1**	**9.6**	**-19.9**	**7.7**	**9.2**	**5.1**	**5.8**	**9.0**	**3.6**	**3.1**
Drake Capital Partners, L.P.	-2.6	10.6	21.3	-22.2	14.5	11.5	13.0	13.5	22.1	0.6	NA
HFRI FOF: Diversified Index	**-3.9**	**5.5**	**11.5**	**-20.9**	**9.7**	**10.2**	**7.5**	**7.2**	**11.4**	**1.2**	**2.8**
EnTrust Capital Diversified Ltd.	-6.3	11.2	33.8	-26.0	9.9	12.8	4.5	12.5	NA	NA	NA
HFRI FOF: Diversified Index	**-3.9**	**5.5**	**11.5**	**-20.9**	**9.7**	**10.2**	**7.5**	**7.2**	**11.4**	**1.2**	**2.8**
Weatherlow Offshore Fund II Ltd. ERISA	-6.0	9.7	21.0	-21.7	22.2	11.5	9.8	7.7	NA	NA	NA
HFRI FOF: Diversified Index	**-3.9**	**5.5**	**11.5**	**-20.9**	**9.7**	**10.2**	**7.5**	**7.2**	**11.4**	**1.2**	**2.8**
S&P 500 Index	-8.7	15.1	26.5	-37.0	5.5	15.8	4.9	10.9	28.7	-22.1	-11.9

MPT Stats

Blackstone Partners Invt Fund, NT

As of September 30, 2011

	3 Years	5 Years	7 Years	10 Years
Return	3.04	2.91	4.54	4.79
Standard Deviation	8.09	8.35	7.33	6.35
Downside Risk	6.09	6.30	5.33	4.49
vs. S&P 500 Index				
Beta	0.30	0.34	0.34	0.28
Up Market Capture	32.74	43.65	46.97	41.94
Down Market Capture	22.70	26.33	23.08	16.87
Alpha	2.07	2.96	3.47	3.72
Tracking Error	17.25	14.07	12.32	13.53
Information Ratio	-0.05	0.17	0.07	0.03
R-Squared	0.81	0.68	0.67	0.62
Actual Correlation	0.90	0.83	0.82	0.79
vs. HFRI FOF: Conservative Index				
Beta	1.00	1.04	1.03	1.02
Up Market Capture	146.62	137.93	131.98	123.03
Down Market Capture	85.15	89.08	86.73	87.38
Alpha	3.55	2.98	2.56	1.75
Tracking Error	0.98	1.28	1.17	1.41
Information Ratio	3.59	2.32	2.22	1.28
R-Squared	0.99	0.98	0.98	0.95
Actual Correlation	0.99	0.99	0.99	0.98
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	0.39	0.20	0.36	0.48
Excess Return	3.15	1.64	2.62	3.00
Excess Risk	8.18	8.25	7.21	6.26

MPT Stats

Drake Capital Partners, L.P.

As of September 30, 2011

	3 Years	5 Years	7 Years	10 Years
Return	5.82	4.29	6.66	NA
Standard Deviation	7.40	8.22	7.67	NA
Downside Risk	4.77	5.97	5.26	NA
vs. S&P 500 Index				
Beta	0.22	0.28	0.31	NA
Up Market Capture	34.31	43.22	53.07	NA
Down Market Capture	17.25	25.60	27.72	NA
Alpha	5.32	4.50	5.82	NA
Tracking Error	17.43	14.51	12.54	NA
Information Ratio	0.14	0.28	0.26	NA
R-Squared	0.37	0.39	0.40	NA
Actual Correlation	0.61	0.63	0.63	NA
vs. HFRI FOF: Diversified Index				
Beta	1.06	1.12	1.14	NA
Up Market Capture	162.92	140.50	139.72	NA
Down Market Capture	94.47	99.56	102.10	NA
Alpha	5.21	3.64	3.37	NA
Tracking Error	4.41	4.01	3.58	NA
Information Ratio	1.17	0.92	1.04	NA
R-Squared	0.65	0.77	0.79	NA
Actual Correlation	0.81	0.88	0.89	NA
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	0.77	0.36	0.61	NA
Excess Return	5.75	2.95	4.65	NA
Excess Risk	7.45	8.21	7.66	NA

MPT Stats

EnTrust Capital Diversified Ltd.

As of September 30, 2011

	3 Years	5 Years	7 Years	10 Years
Return	6.00	3.65	5.05	NA
Standard Deviation	14.53	13.00	11.27	NA
Downside Risk	9.65	9.06	7.66	NA
vs. S&P 500 Index				
Beta	0.56	0.58	0.58	NA
Up Market Capture	64.43	68.24	67.30	NA
Down Market Capture	42.78	44.82	42.84	NA
Alpha	4.64	4.00	3.41	NA
Tracking Error	11.80	10.11	8.95	NA
Information Ratio	0.23	0.35	0.19	NA
R-Squared	0.87	0.81	0.81	NA
Actual Correlation	0.93	0.90	0.90	NA
vs. HFRI FOF: Diversified Index				
Beta	1.81	1.41	1.32	NA
Up Market Capture	236.26	172.76	148.23	NA
Down Market Capture	154.48	130.67	128.75	NA
Alpha	5.32	3.04	1.42	NA
Tracking Error	7.34	5.96	5.17	NA
Information Ratio	0.82	0.58	0.47	NA
R-Squared	0.93	0.86	0.84	NA
Actual Correlation	0.96	0.93	0.92	NA
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	0.46	0.22	0.31	NA
Excess Return	6.76	2.86	3.48	NA
Excess Risk	14.60	13.03	11.28	NA

MPT Stats

Weatherlow Offshore Fund II Ltd. ERISA

As of September 30, 2011

	3 Years	5 Years	7 Years	10 Years
Return	3.06	4.60	6.21	NA
Standard Deviation	10.48	10.53	9.17	NA
Downside Risk	7.82	7.66	6.48	NA
vs. S&P 500 Index				
Beta	0.38	0.42	0.42	NA
Up Market Capture	38.79	55.87	59.91	NA
Down Market Capture	28.82	27.96	25.75	NA
Alpha	1.97	4.79	4.97	NA
Tracking Error	15.69	13.25	11.61	NA
Information Ratio	-0.04	0.32	0.23	NA
R-Squared	0.78	0.65	0.64	NA
Actual Correlation	0.88	0.80	0.80	NA
vs. HFRI FOF: Diversified Index				
Beta	1.34	1.18	1.12	NA
Up Market Capture	157.97	147.04	133.36	NA
Down Market Capture	121.74	90.89	84.49	NA
Alpha	2.33	3.92	2.98	NA
Tracking Error	2.99	3.30	2.91	NA
Information Ratio	0.88	1.23	1.15	NA
R-Squared	0.98	0.92	0.91	NA
Actual Correlation	0.99	0.96	0.95	NA
vs. Citigroup 3 Month T-Bill				
Sharpe Ratio	0.32	0.34	0.49	NA
Excess Return	3.40	3.49	4.38	NA
Excess Risk	10.56	10.34	9.00	NA

Actual Correlation Matrix

3 Years Ended September 30, 2011

	A	B	C	D	E
A	1.00				
B	0.98	1.00			
C	0.96	0.97	1.00		
D	0.99	0.99	0.97	1.00	
E	0.90	0.90	0.93	0.88	1.00

A = Blackstone Partners Invt Fund, NT
B = Drake Capital Partners, L.P.
C = EnTrust Capital Diversified Ltd.
D = Weatherlow Offshore Fund II Ltd. ERISA
E = S&P 500 Index

Actual Correlation Matrix

5 Years Ended September 30, 2011

	A	B	C	D	E
A	1.00				
B	0.96	1.00			
C	0.95	0.91	1.00		
D	0.98	0.94	0.92	1.00	
E	0.83	0.79	0.90	0.80	1.00

A	=	Blackstone Partners Invt Fund, NT
B	=	Drake Capital Partners, L.P.
C	=	EnTrust Capital Diversified Ltd.
D	=	Weatherlow Offshore Fund II Ltd. ERISA
E	=	S&P 500 Index

	Blackstone NT	Drake [1]	Entrust Diversified	Weatherlow II [2]
Market Exposure (%)				
Gross Long %	162.0	100.6	102.4	134.0
Gross Short %	116.0	52.9	44.9	91.0
Net %	46.0	47.7	57.5	43.0
Total Gross	278.0	153.5	147.3	225.0
Strategy Weights (%)				
L/S Equity	32.4	61.6	18.7	50.0
L/S Credit	3.0	3.6	24.1	9.0
Event-Driven	5.0	5.2	23.3	5.0
Distressed	4.2	2.5	14.8	14.0
Special Situations	13.0	0.0	16.2	3.0
Relative Value	19.8	13.3	2.8	10.0
Macro	21.0	7.7	0.0	9.0
Other/Cash	1.7	6.1	0.0	0.0
Geography (%)				
U.S. & Canada	59.4	68.1	68.5	63.8
Developed Europe	21.7	10.0	23.6	10.8
Asia	5.6	13.2	-3.7	4.2
Emerging Markets	13.3	8.6	6.9	7.1
Other	0.0	0.0	4.7	14.2

Top 10 Long Holdings/Managers

Manager	% of Portfolio	Company	% of Portfolio	Manager	% of Portfolio	Manager	% of Portfolio
MANAGER A	4.5	UNDISCLOSED	5.5	GRAMERCY SELECT	5.7	PINE RIVER (NISSWA)	4.9
MANAGER B	3.6	UNDISCLOSED	5.3	GREYWOLF	5.3	SENATOR GLOBAL	4.7
MANAGER C	3.2	UNDISCLOSED	5.0	DAVIDSON KEMPNER	4.5	SILVER POINT	4.5
MANAGER D	2.7	UNDISCLOSED	5.0	THIRD POINT	4.1	ETON PARK	4.5
MANAGER E	2.7	UNDISCLOSED	4.5	GOLDENTREE	4.1	HIGHFIELDS	4.2
MANAGER F	2.6	UNDISCLOSED	4.5	TACONIC OPPORTUNI	4.0	BAY POND PARTNERS	4.1
MANAGER G	2.6	UNDISCLOSED	4.4	OCH ZIFF	3.8	ANCHORAGE CAPITAL	4.0
MANAGER H	2.4	UNDISCLOSED	4.3	PERSHING SQUARE	3.5	GREYWOLF	3.9
MANAGER I	2.3	UNDISCLOSED	4.1	YORK MULTI-STRAT	3.4	CENTERBRIDGE	3.8
MANAGER J	2.2	UNDISCLOSED	3.9	PAULSON ADV	3.4	SOROBAN FUND	3.8

Data for Period Ended June 30, 2011

- 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 9/30/2011: Weatherlow II

[1] Market and geographic exposures show Equity only, on a look-through basis. Geographic exposure "Emerging Markets" represents manager's allocation to "Emerging Markets/Other."

[2] Geographic exposure is subjectively assessed by the manager based on underlying fund exposure and is shown as a % of total gross as of 7/1/2011.

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Indices referenced are unmanaged and cannot be invested in directly. Index returns do not reflect any investment management fees or transaction expenses.

Performance returns are provided by investment manager or third party data sources and are net of fees unless otherwise stated. Performance data may or may not reflect the reinvestment of dividends and other earnings. For gross of fee performance, returns will be lower after management fees and other expenses are deducted. Investment management fees are described in this report or the manager's Form ADV Part II. ***Past performance is not an indication of future results.***

Peer group performance comparisons for funds or products will vary by third-party ranking entity based upon each entity's definitions of its category classifications and the sample size and/or composition of the data included by each ranking entity in its peer group comparisons. Therefore, a fund's past performance, which may be deemed strong relative to its peers by one ranking entity, may be considered weak relative to its peers by a different ranking entity. Also, since terminated poor performing funds or accounts are excluded from current peer groups, the peer group comparison results of surviving funds or products may be overstated. In addition, recent over- or underperformance of a fund may have a significant impact on a fund's long-term ranking versus its peer group.

In addition to the examination of raw data such as returns, portfolio characteristics, and other fund attributes, clients should consider other important criteria in the manager selection process. These may include, but not necessarily be limited to, stability and consistency of investment process, appropriateness of manager's investment philosophy, portfolio investment guidelines, risk management policies and procedures, depth and breadth of investment team, client references, personnel turnover, history, growth of business, and firm ownership and structure.

Peer groups, performance, and risk analytics are provided by InvestmentMetrics, 2011. All rights reserved. Calculations are based on quarterly periods unless noted otherwise.

**Indicates performance is gross of fees.*

Universe descriptions: SA=Separate Account; CF=Commingled Fund; MF=Mutual Fund

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Tab VI

Archstone Fee Comparison

- During the second quarter, Archstone sent out a communication to clients detailing the fact that they are now offering clients in their offshore funds the opportunity to move from a flat fee structure with a management fee of 1.5% to an incentive fee structure featuring a management fee of 1.0% and incentive fee/profit allocation of 5%, with no hurdle rate.
- The break-even rate between the two share classes is an annual return between 10% and 11%. During years when a particular fund return is less than approximately 11% or is negative, the incentive fee structure would be the better option; however, during years when the fund gains more than approximately 11%, the current flat fee structure would be advantageous for investors. The incentive fee structure is subject to a highwater mark, which would be set at the date of conversion. Under the incentive fee structure, if a drawdown to a point below the highwater mark occurs, only a 1% management fee would be charged and would then have to get back above water to earn the 5% incentive fee. We have analyzed both fee structures and will discuss both options with the Committee.
- The below comparison is based on an initial investment of $1.0 million and assumes that fees are calculated and paid based on year-end values only. This illustration does not reflect the volatility of monthly returns. Additionally, for comparison purposes, ending market values are not adjusted to account for the impact of fees.

Archstone Fee Comparison - 1.0% plus 5.0% Profit Allocation

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Annual Return	6.9	19.8	-23.3	12.1	12.3	10.5	11.7	14.0	-2.3	0.0
Ending Market Value	$1,699,926	$1,590,202	$1,327,381	$1,730,614	$1,543,813	$1,374,722	$1,244,092	$1,113,780	$977,000	$1,000,000
Fee ($)	$16,999	$15,902	$13,274	$26,646	$23,893	$20,279	$18,957	$16,827	$9,770	$10,000
Fee (%)	1.00%	1.00%	1.00%	1.54%	1.55%	1.48%	1.52%	1.51%	1.00%	1.00%
Total Fees:	$172,546									

Archstone Fee Comparison - 1.5% Flat Fee

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Annual Return	6.9	19.8	-23.3	12.1	12.3	10.5	11.7	14.0	-2.3	0.0
Ending Market Value	$1,699,926	$1,590,202	$1,327,381	$1,730,614	$1,543,813	$1,374,722	$1,244,092	$1,113,780	$977,000	$1,000,000
Fee ($)	$25,499	$23,853	$19,911	$25,959	$23,157	$20,621	$18,661	$16,707	$14,655	$15,000
Fee (%)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Total Fees:	$204,023									