

# **JUPITER POLICE OFFICER'S RETIREMENT FUND**

## **INVESTMENT PERFORMANCE PERIOD ENDING JUNE 30, 2007**

NOTE: For a free copy of Part II (mailed w/i 5 bus. days from request receipt) of Burgess Chambers and Associates, Inc.'s most recent Form ADV which details pertinent business procedures, please contact:  
601 North New York Avenue, Suite 200, Winter Park, Florida 32789, 407-644-0111.



# **TOWN OF JUPITER POLICE OFFICERS' PENSION FUND**

## **BCA Second Quarter 2007 Market Review ©**

Burgess Chambers and Frank Wan

### **Why Core Inflation Data is Misleading Bond Investors**

Core inflation is most often calculated by taking the Consumer Price Index (CPI) and excluding volatile cost components, such as; food and energy. The rationale of the Department of Labor excluding these important components is to eliminate prices that jump around for short periods, caused by weather and geopolitical uncertainties.

Despite these statistical merits, a reliance on core inflation among policy makers and investors ignore inflationary signals that may have lasting affects. Food and energy are frequent purchases among consumers and their prices tend to vary in the short term more than durable goods and services. Rising food prices have been a strong influence on perceptions of inflation and consumer behavior.

The core and variable components of inflation are not completely independent. Increases in food, gasoline, heating oil, and utilities does reduce consumer spending on other goods and services. The paradox is that this behavior can lead to depressed prices and artificially lowered core inflation.

Core inflation data places emphasis on supply-side disinflation, resulting from low cost products from places like China and India. The integration of these two countries into the global economy has brought down the costs of manufactured goods, but ignores the demand for commodities needed to build these economies. Since commodity-price-inflation (e.g. oil, gas, copper, steel, aluminum, corn, and soybean) has averaged more than 15% per year since 2003, true inflation has been under-stated. The cost of housing and commercial construction, which is determined by the land, materials, labor and insurance rates, is not included in core inflation.

While no inflation measure is perfect, the reliance upon the core method can be misleading to policy makers and investors. Cost of living adjustments are tied to the core inflation and clearly ignore the importance of the volatile cost components. The bank of England's governor recently referred to the practice of excluding price categories in the core number as "highly misleading."

## TOWN OF JUPITER POLICE OFFICERS' PENSION FUND

*For the Quarter Ended June 30, 2007*

### Investment Summary

- ❑ For the quarter, the total Fund earned \$797,115 (+3.4% net). The best three performing asset categories were: CSM international (+8.3%), Westwood large-cap value (+7.8%), and large-cap index growth (+6.7%).
- ❑ The main detractor from quarter performance was the REIT account, which earned -7.6% versus -9.4% (index objective). The account represented 3.4% of the total Fund assets on June 30. In December 2006, the Board approved a BCA recommendation to reduce the REIT balance by \$500,000. BCA believed that it was an appropriate time to capture significant gains, in view of the yield spread between the 10-year Treasury and the REIT. Since the \$1 million REIT investment was established (8/7/03), the account has earned \$908,319.
- ❑ For the 12-month period, the total Fund earned \$2.6 million (+16.2%) and ranked in the top 7th percentile. The best three performing asset categories were: CSM international (+28.2%), large-cap index growth (+18.8%), and the REIT (+15.6%). Year-to-date, the total Fund has earned +11.1% (top 18<sup>th</sup> percentile).
- ❑ Total Fund performance has averaged +10.1% and +8.6%, for the three and five-year periods, respectively.
- ❑ BCA recommends discontinuing Fifth Third Bank's shadow accounting of the Westwood equity fund and the C.S. McKee international fund, which total 30% of total Fund assets. The fee savings would be substantial. In fact, the bank uses journal entries taken from the actual custodian banks to reflect these account balances and cash flows.

### Investment Performance

July 1, 2006 – June 30, 2007

Dollars	<u>Quarter</u>	<u>Fiscal YTD</u>	<u>One Year</u>
<b>Beginning Market Value</b>	<b>23,524,364</b>	<b>21,724,569</b>	<b>19,221,573</b>
<b>Ending Market Value</b>	<b>25,107,143</b>	<b>25,107,143</b>	<b>25,107,143</b>
<b>Net Contributions</b>	<b>+785,665</b>	<b>+966,116</b>	<b>+2,558,940</b>
<b>Investment Gain/(Loss)</b>	<b>+797,115</b>	<b>+2,416,459</b>	<b>+3,326,630</b>
<b>Investment Return, Net</b>	<b>+3.4%</b>	<b>+11.1%</b>	<b>16.2%</b>

Fiscal Year: October 1st to September 30th.



# TOWN OF JUPITER POLICE OFFICERS' PENSION FUND

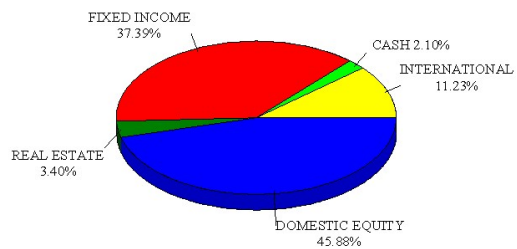
*For the Quarter Ended June 30, 2007*

## *Compliance Checklist*

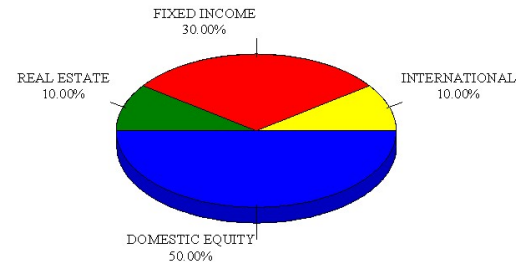
	<u>Yes</u>	<u>No</u>
1. The annualized three-year total Fund performance achieved the return for the Benchmark (60/40).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The annualized three-year total Fund performance ranked in the top 40th percentile.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The annualized five-year total Fund performance achieved the return for the Benchmark (60/40).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The annualized five-year total Fund performance ranked in the top 40th percentile.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. The annualized three-year domestic equity performance beat the domestic equity benchmark.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. The annualized five-year domestic equity performance beat the domestic equity benchmark. Manager changes were made in 2006 to address this issue.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. The annualized three-year C.S. McKee international performance achieved the MSCI EAFE.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. The annualized three-year C.S. McKee performance ranked in the top 40th percentile.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. The annualized three-year Adelante REIT performance achieved the DJ Wilshire REIT.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. The annualized three-year Adelante REIT performance ranked in the top 40th percentile (actual: top 26 <sup>th</sup> ).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. The annualized three-year Sawgrass fixed income performance achieved the fixed income benchmark (+3.4% vs. +3.8%).	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12. The annualized three-year Sawgrass fixed income performance ranked in the top 40th percentile.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13. Total equity securities (including the REIT), were within the 60% limitation at cost. Actual was 51.5%.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. No more than 10% of the Fund's equity assets (at cost) were invested in foreign securities. (8.6%)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. No more than 10% of the fixed income portfolio (at cost) was invested in the securities of any single corporate issuer.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Jupiter Police Officer's Retirement Fund**  
**Jupiter Police Total Fund**  
**Actual vs Target Asset Allocation**  
**June 30, 2007**

**ACTUAL ASSET ALLOCATION**



**TARGET ASSET ALLOCATION**



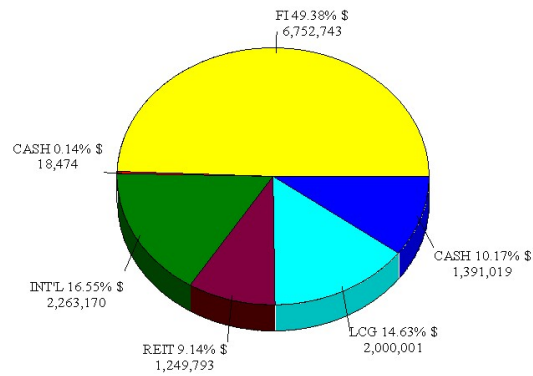
	MARKET VALUE ACTUAL	PERCENT ACTUAL	MARKET VALUE TARGET	PERCENT TARGET	MARKET VALUE DIFFERENCE	PERCENT DIFFERENCE
DOMESTIC EQUITY	11,520,049.6	45.9%	12,553,571.6	50.0%	(1,033,522.0)	(4.1%)
FIXED INCOME	9,387,412.4	37.4%	7,532,143.0	30.0%	1,855,269.5	7.4%
INTERNATIONAL	2,818,709.9	11.2%	2,510,714.3	10.0%	307,995.6	1.2%
REAL ESTATE	854,187.4	3.4%	2,510,714.3	10.0%	(1,656,527.0)	(6.6%)
CASH	526,783.8	2.1%	0.0	0.0%	526,783.8	2.1%
<b>TOTAL FUND</b>	<b>\$25,107,143.2</b>	<b>100.0%</b>	<b>\$25,107,143.2</b>	<b>100.0%</b>	<b>\$0.0</b>	<b>0.0%</b>

# Jupiter Police Officer's Retirement Fund

## Jupiter Police Total Fund

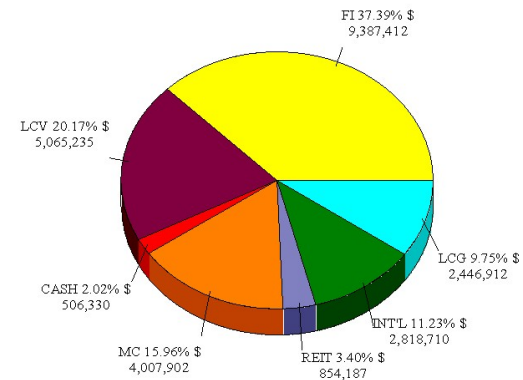
### Manager Allocation

**Total Market Value**  
**On September 30, 2006**  
**\$ 21,724,569**



	Value	Percent
Cash	1,391,019	10.17
Cash	18,474	0.14
FI	6,752,743	49.38
Int'l	2,263,170	16.55
LCG	2,000,001	14.63
REIT	1,249,793	9.13

**Total Market Value**  
**On June 30, 2007**  
**\$ 25,107,143**



	Value	Percent
Cash	20,453	0.08
Cash	506,330	2.02
FI	9,387,412	37.39
Int'l	2,818,710	11.23
LCG	2,446,912	9.75
LCV	5,065,235	20.17
MC	4,007,902	15.96
REIT	854,187	3.40

**Jupiter Police Officer's Retirement Fund**  
**Jupiter Police Total Fund - Gross**  
**June 30, 2007**

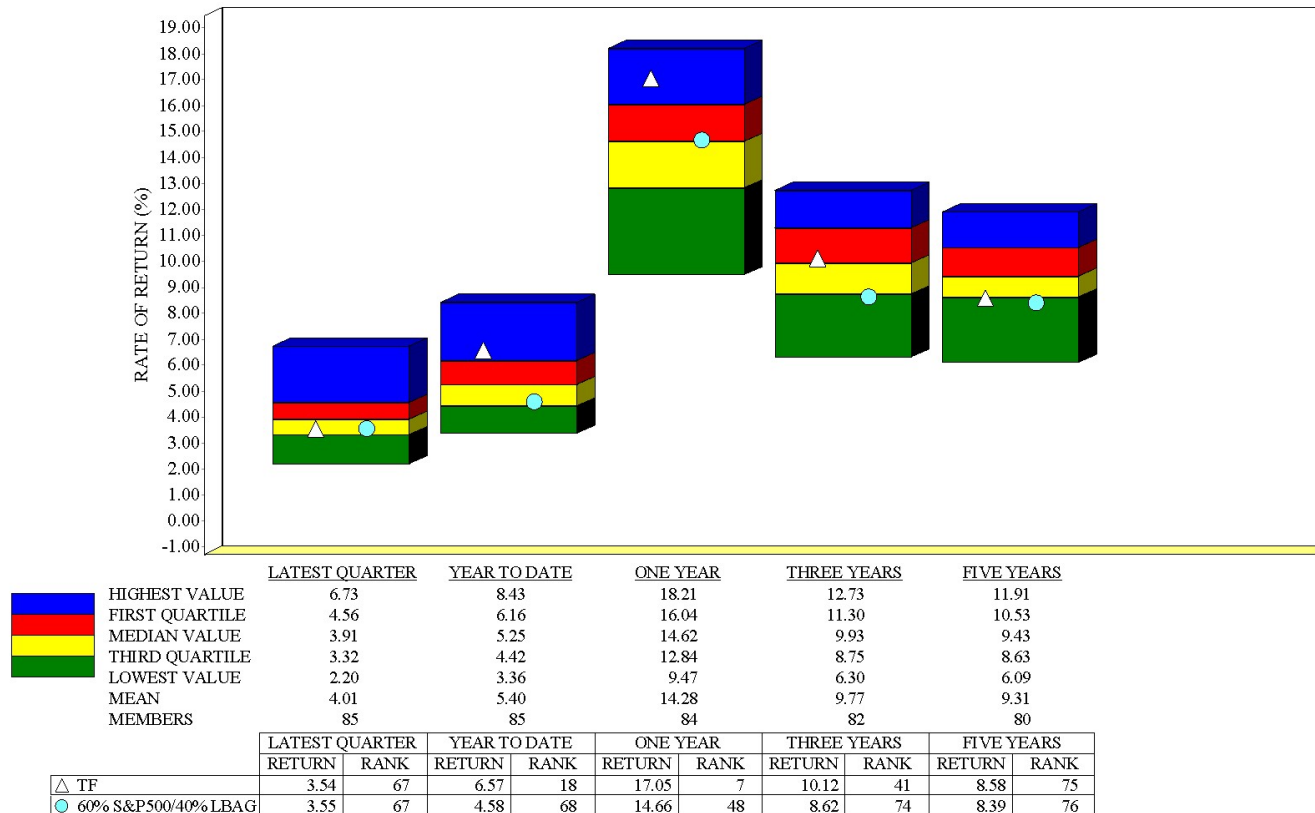
<b>Name</b>	<b>Market Value + Accruals</b>	<b>QTR Rate of Return</b>	<b>1 Year Rate of Return</b>	<b>2 Years Rate of Return</b>	<b>3 Years Rate of Return</b>	<b>5 Years Rate of Return</b>
<b><u>TOTAL FUND</u></b>						
<b><u>Equity</u></b>						
<b><u>Domestic Equity</u></b>						
Westwood Large Cap Value	5,065,235	7.82%	N/A	N/A	N/A	N/A
Russell 1000 Value		4.93%	21.9%	16.9%	15.9%	13.3%
i-Shares Russell 1000 Growth	2,446,912	6.72%	18.8%	N/A	N/A	N/A
Russell 1000 Growth		6.86%	19.0%	12.4%	8.7%	9.3%
Robeco Mid-Cap	4,007,902	4.38%	N/A	N/A	N/A	N/A
S&P 400 Mid Cap		5.84%	18.5%	15.7%	15.1%	14.2%
<b>Total Domestic Equity</b>	<b>11,520,050</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b><u>International</u></b>						
CS McKee International	2,818,710	8.26%	28.2%	27.6%	23.1%	N/A
MSCI Gross EAFE		6.67%	27.5%	27.3%	22.7%	18.2%
<b>Total International</b>	<b>2,818,710</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Equity</b>	<b>14,338,760</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b><u>Real Estate</u></b>						
<b><u>Real Estate</u></b>						
Adelante REIT	854,187	-7.57%	15.6%	19.0%	23.9%	N/A
Wilshire REIT		-9.36%	11.7%	16.8%	22.3%	19.3%
<b>Total Real Estate</b>	<b>854,187</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Real Estate</b>	<b>854,187</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b><u>Fixed Income</u></b>						
<b><u>Fixed Income</u></b>						
Sawgrass Fixed Income	9,387,412	-0.38%	5.6%	3.1%	3.4%	N/A
LB Interm Aggregate		-0.34%	6.0%	3.0%	3.8%	4.1%
<b>Total Fixed Income</b>	<b>9,387,412</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Fixed Income</b>	<b>9,387,412</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b><u>Cash</u></b>						
<b><u>Cash</u></b>						
Fifth Third Mutual Fund Account Cas	20,453	1.44%	5.4%	N/A	N/A	N/A
3 Month T-Bill		1.18%	5.0%	4.6%	3.9%	2.8%
Fifth Third R&D	506,330	1.09%	4.8%	4.0%	3.1%	N/A
3 Month T-Bill		1.18%	5.0%	4.6%	3.9%	2.8%
<b>Total Cash</b>	<b>526,784</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Cash</b>	<b>526,784</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>TOTAL:</b>	<b>25,107,143</b>	<b>3.54%</b>	<b>17.0%</b>	<b>10.2%</b>	<b>10.1%</b>	<b>8.6%</b>
Strategic Model		2.46%	15.7%	12.6%	11.9%	11.7%
60% S&P 500/40% LBAG		3.55%	14.7%	9.6%	8.6%	8.4%

# Jupiter Police Officer's Retirement Fund

## Jupiter Police Total Fund

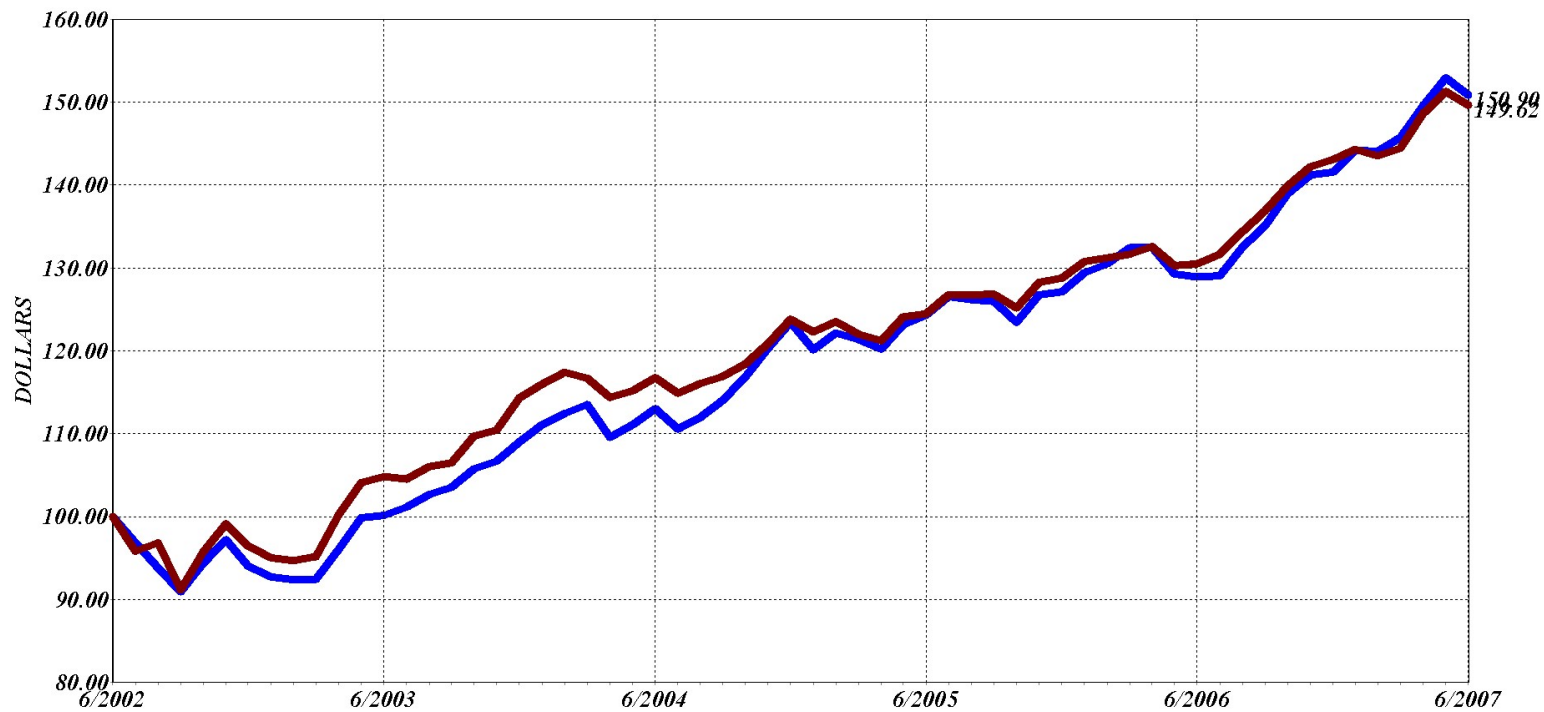
### Total Fund Versus Balanced Moderate

#### June 30, 2002 Through June 30, 2007





**Jupiter Police Officer's Retirement Fund**  
**Jupiter Police Total Fund**  
**Growth of a Dollar Analysis**  
**June 30, 2002 Through June 30, 2007**



	LATEST QUARTER	YEAR TO DATE	ONE YEAR	THREE YEARS	FIVE YEARS
TF	3.54	6.57	17.05	10.12	8.58
BENCHMARK (60/40)	3.55	4.58	14.66	8.62	8.39

**Jupiter Police Officer's Retirement Fund  
i-Shares Russell 1000 Growth  
Performance Profile  
September 12, 2005 Through June 30, 2007**

	ENDED	RETURN
BEST QUARTER	6/2007	6.72
WORST QUARTER	3/2007	1.45
BEST 4 QUARTERS	6/2007	18.76
WORST 4 QUARTERS	6/2007	18.76

TOTAL # OF PERIODS: 12  
# OF POSITIVE PERIODS: 9  
# OF NEGATIVE PERIODS: 3

	QUARTER TO DATE	FISCAL YTD	ONE YEAR
TOTAL FUND	6.72	14.87	18.76
RUSSELL 1000 GROWTH	6.86	14.53	19.04
EXCESS	-0.12	0.31	-0.22
RISKLESS INDEX	1.18	3.73	5.01
REAL ROR	5.28	11.94	15.71

PERIOD	RETURN	UNIVERSE RANKING	STD DEV	SHARPE RATIO	ALPHA	BETA	R-SQUARED	TREYNOR RATIO
ONE YEAR	18.76	40	7.93	1.73	-0.66	1.03	99.51	13.30

*The risk benchmark for this analysis is the Russell 1000 Growth.  
The universe used was the Large Cap Growth*



**Jupiter Police Officer's Retirement Fund  
CS McKee International  
Performance Profile  
March 31, 2004 Through June 30, 2007**

	ENDED	RETURN
BEST QUARTER	12/2004	17.32
WORST QUARTER	6/2005	-2.98
BEST 4 QUARTERS	6/2007	28.25
WORST 4 QUARTERS	6/2005	14.38

TOTAL # OF PERIODS: 36  
# OF POSITIVE PERIODS: 30  
# OF NEGATIVE PERIODS: 6

	QUARTER TO DATE	FISCAL YTD	ONE YEAR	TWO YEARS	THREE YEARS
TOTAL FUND	8.26	24.36	28.25	27.64	23.06
MSCI GROSS EAFE	6.67	22.64	27.53	27.30	22.75
EXCESS	1.53	1.43	0.57	0.23	0.27
RISKLESS INDEX	1.18	3.73	5.01	4.62	3.86
REAL ROR	6.80	21.22	25.02	23.34	19.25

PERIOD	RETURN	UNIVERSE RANKING	STD DEV	SHARPE RATIO	ALPHA	BETA	R-SQUARED	TREYNOR RATIO
ONE YEAR	28.25	47	5.18	4.49	0.95	0.98	86.63	23.68
TWO YEARS	27.64	56	7.83	2.94	1.49	0.94	95.01	24.52
THREE YEARS	23.06	51	9.63	1.99	0.04	1.02	93.88	18.92

*The risk benchmark for this analysis is the MSCI Gross EAFE.  
The universe used was the EAFE*



**Jupiter Police Officer's Retirement Fund  
Adelante REIT  
Performance Profile  
August 7, 2003 Through June 30, 2007**

	ENDED	RETURN
BEST QUARTER	6/2005	16.13
WORST QUARTER	6/2007	-7.57
BEST 4 QUARTERS	6/2005	34.28
WORST 4 QUARTERS	6/2007	15.61

TOTAL # OF PERIODS: 36  
# OF POSITIVE PERIODS: 25  
# OF NEGATIVE PERIODS: 11

	QUARTER TO DATE	FISCAL YTD	ONE YEAR	TWO YEARS	THREE YEARS
TOTAL FUND	-7.57	6.01	15.61	18.95	23.86
WILSHIRE REIT	-9.36	2.36	11.69	16.77	22.30
EXCESS	1.89	3.56	3.50	1.78	1.57
RISKLESS INDEX	1.18	3.73	5.01	4.62	3.86
REAL ROR	-8.87	3.21	12.57	14.83	19.98

PERIOD	RETURN	UNIVERSE RANKING	STD DEV	SHARPE RATIO	ALPHA	BETA	R-SQUARED	TREYNOR RATIO
ONE YEAR	15.61	11	16.05	0.66	3.56	0.99	98.93	10.74
TWO YEARS	18.95	15	14.78	0.97	2.34	0.95	98.76	15.02
THREE YEARS	23.86	26	18.30	1.09	0.14	1.09	85.61	18.27

*The risk benchmark for this analysis is the Wilshire REIT.  
The universe used was the REIT/Real Estate*



**Jupiter Police Officer's Retirement Fund  
Sawgrass Fixed Income  
Performance Profile  
March 28, 2003 Through June 30, 2007**

	ENDED	RETURN
BEST QUARTER	9/2006	3.21
WORST QUARTER	3/2005	-0.58
BEST 4 QUARTERS	6/2007	5.57
WORST 4 QUARTERS	6/2006	0.71

TOTAL # OF PERIODS: 36  
# OF POSITIVE PERIODS: 26  
# OF NEGATIVE PERIODS: 10

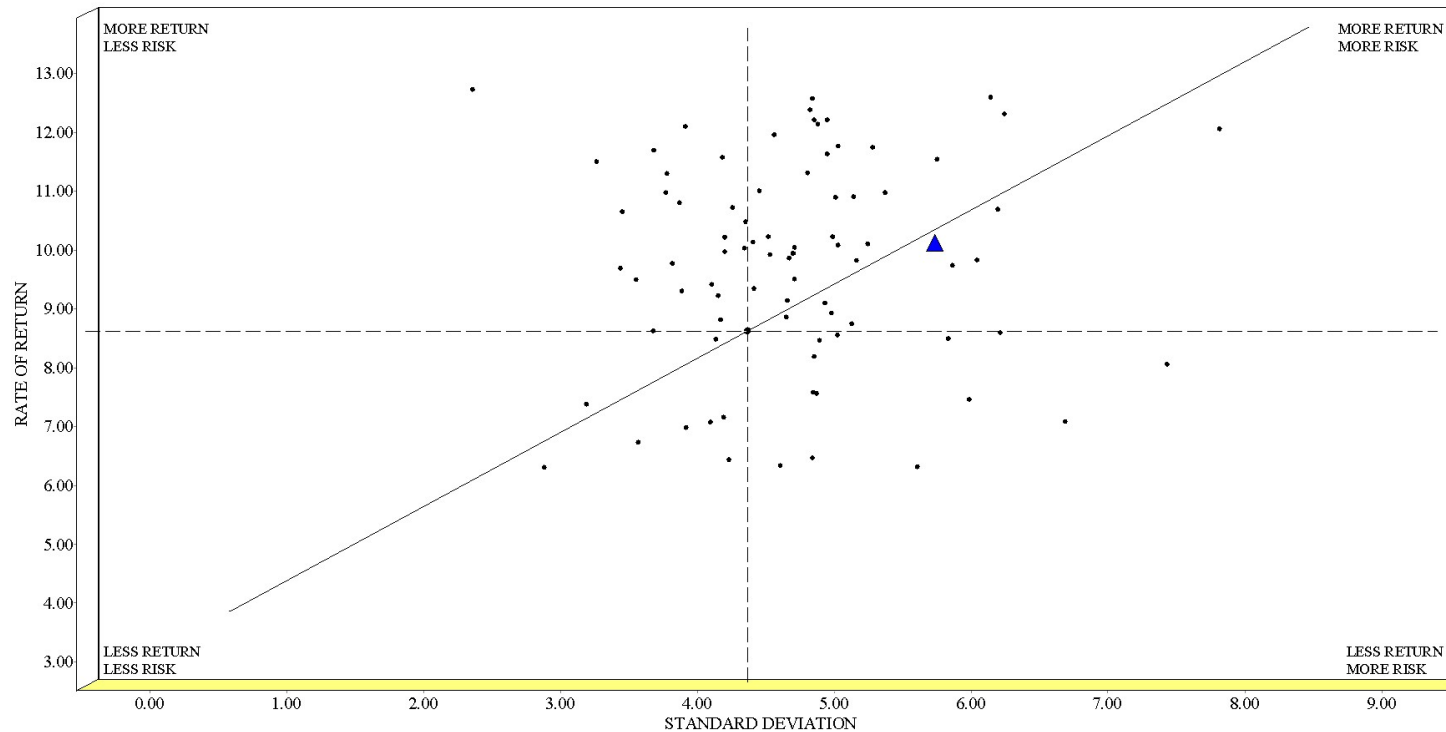
	QUARTER TO DATE	FISCAL YTD	ONE YEAR	TWO YEARS	THREE YEARS
TOTAL FUND	-0.38	2.29	5.57	3.11	3.44
LB INTERM AGGREGATE	-0.34	2.50	5.99	2.97	3.77
EXCESS	-0.04	-0.21	-0.40	0.13	-0.33
RISKLESS INDEX	1.18	3.73	5.01	4.62	3.86
REAL ROR	-1.77	-0.35	2.85	-0.46	0.18

PERIOD	RETURN	UNIVERSE RANKING	STD DEV	SHARPE RATIO	ALPHA	BETA	R-SQUARED	TREYNOR RATIO
ONE YEAR	5.57	58	2.40	0.23	-0.38	0.98	85.68	0.57
TWO YEARS	3.11	35	2.13	-0.71	-0.05	0.88	89.04	-1.72
THREE YEARS	3.44	63	2.08	-0.20	-0.34	0.86	92.21	-0.49

*The risk benchmark for this analysis is the LB Interm Aggregate.  
The universe used was the BCA HQ Int Fixed Income Universe*



**Jupiter Police Officer's Retirement Fund**  
**Jupiter Police Total Fund**  
**Risk Versus Reward Analysis - 3 Yr.**  
**June 30, 2004 Through June 30, 2007**

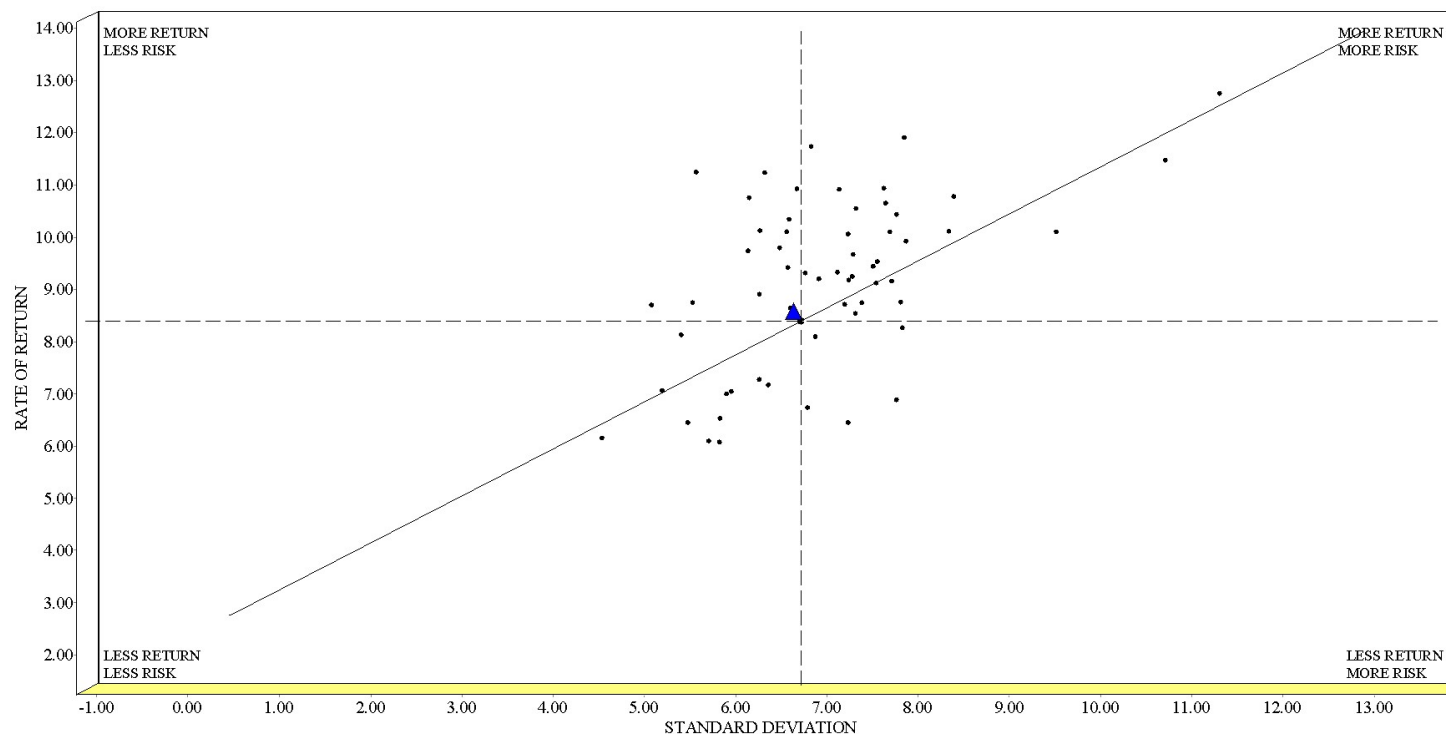


	RETURN	STD DEV	ALPHA	BETA	R-SQUARED
▲ JUPITER POLICE TOTAL FUND	10.12	5.73	0.34	1.24	87.05

*The risk benchmark for this analysis is the 60% S&P500/40% LBAG.  
The comparative universe is comprised of Balanced Moderate.*



**Jupiter Police Officer's Retirement Fund**  
**Jupiter Police Total Fund**  
**Risk Versus Reward Analysis - 5 Yr.**  
**June 30, 2002 Through June 30, 2007**



	RETURN	STD DEV	ALPHA	BETA	R-SQUARED
▲ JUPITER POLICE TOTAL FUND	8.58	6.64	0.93	0.86	76.84

*The risk benchmark for this analysis is the 60% S&P 500 / 40% Lehman Agg.  
The comparative universe is comprised of Balanced Moderate.*

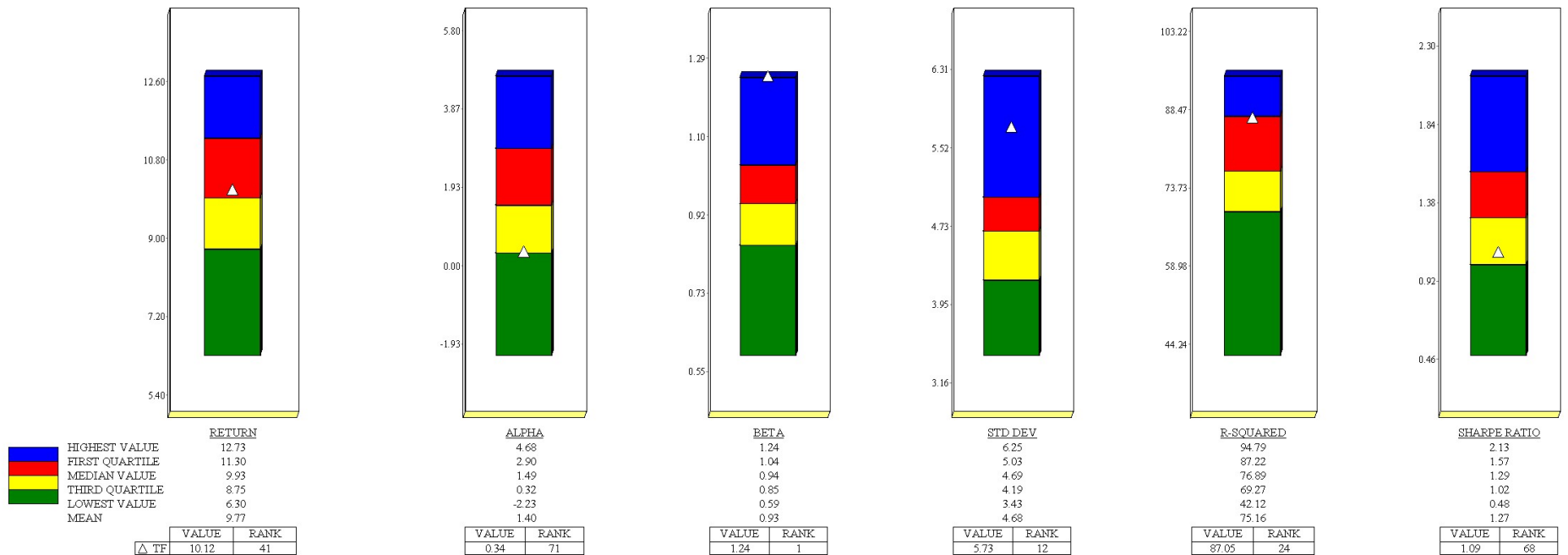


# Jupiter Police Officer's Retirement Fund

## Jupiter Police Total Fund

### Total Fund Within Balanced Moderate

#### June 30, 2004 Through June 30, 2007

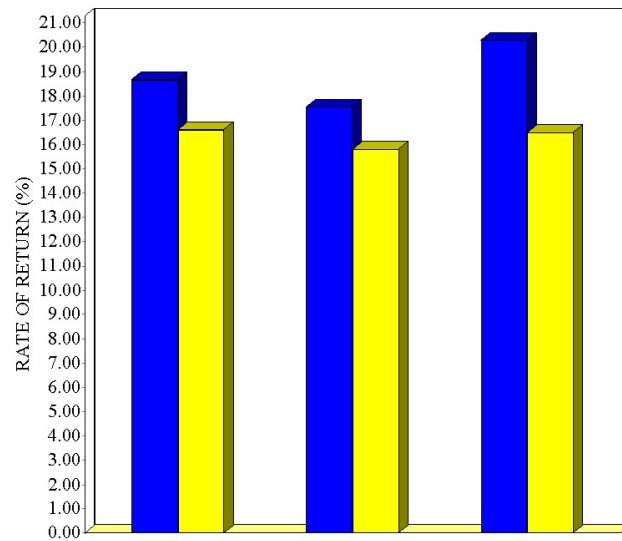


The risk benchmark for this analysis is the 60% S&P 500 / 40% Lehman Agg.



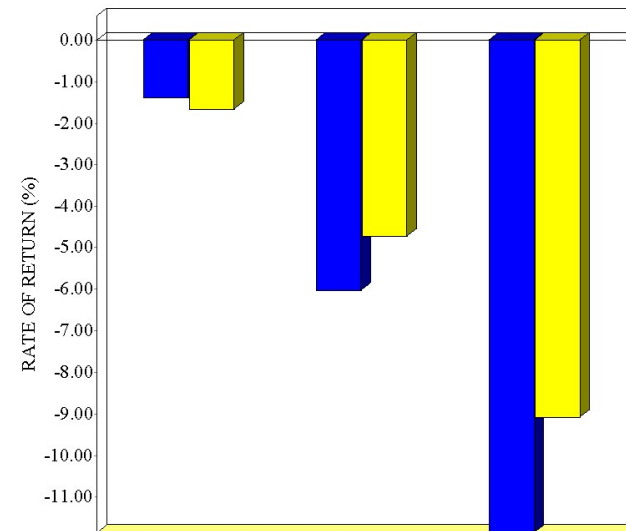
**Jupiter Police Officer's Retirement Fund**  
**Performance in Rising and Declining Markets**  
**As Compared to the Benchmark (60 S&P\40 LBA)**  
**June 30, 2004 Through June 30, 2007**

UP MARKET PERFORMANCE



	ONE YEAR	TWO YEARS	THREE YEARS
TOTAL FUND	18.69	17.56	20.29
BENCHMARK (60/40)	16.61	15.80	16.49
DIFFERENCE	2.08	1.76	3.81
RATIO	1.13	1.11	1.23
UP PERIODS	10	19	27

DOWN MARKET PERFORMANCE



	ONE YEAR	TWO YEARS	THREE YEARS
TOTAL FUND	-1.38	-6.02	-11.87
BENCHMARK (60/40)	-1.67	-4.71	-9.09
DIFFERENCE	0.29	-1.31	-2.78
RATIO	0.83	1.28	1.31
DOWN PERIODS	2	5	9

## **Jupiter Police Officer's Retirement Fund**

### **Glossary of Terms**

- ACCRUED INTEREST- Bond interest earned since the last interest payment, but not yet received.
- ALPHA- A linear regressive constant that measures the manager's expected return independent of Beta.
- ASSET ALLOCATION- The optimal division of portfolio asset classes in order to achieve an expected investment objective.
- BETA- A measure of portfolio sensitivity (volatility) in relation to the market, based upon past experience.
- BOND DURATION- A measure of portfolio sensitivity to interest rate risk.
- COMMINGLED FUND- An investment fund, offered by a bank or insurance company, which is similar to a mutual fund in that investors are permitted to purchase and redeem units that represent ownership in a pool of securities.
- CORE- A type of investment strategy that has approximately an equal weighting in both growth and value stocks in order to achieve a return that is comparable to the broad market performance (i.e., the S&P 500).
- CORRELATION COEFFICIENT- A statistical measure of how two assets move together. The measure is bounded by +1 and -1; +1 means that the two assets move together positively, while a measure of -1 means that the assets are perfectly negatively correlated.
- INDEXES- Indexes are used as "independent representations of markets" (e.g., S&P 500 and LBGC).
- INFORMATION RATIO- Annualized excess return above the benchmark relative to the annualized tracking error.
- GROWTH MANAGER- A growth manager generally invests in companies that have either experienced above-average growth rates and/or are expected to experience above-average growth rates in the future. Growth portfolios tend to have high price/earnings ratios and generally pay little to no dividends.
- LARGE CAP- Generally, the term refers to a company that has a market capitalization that exceeds \$5 billion.
- MANAGER UNIVERSE- A collection of quarterly investment returns from various investment management firms that may be subdivided by style (e.g. growth, value, core).
- MID CAP- Generally, the term refers to a company that has a market capitalization between \$1 and \$5 billion.

## **Jupiter Police Officer's Retirement Fund**

### **Glossary of Terms**

**-RATE OF RETURN-** The percentage change in the value of an investment in a portfolio over a specified time period.

**-RISK MEASURES-** Measures of the investment risk level, including beta, credit, duration, standard deviation, and others that are based on current and historical data.

**-R-SQUARED-** Measures how closely portfolio returns and those of the market are correlated, or how much variation in the portfolio returns may be explained by the market. An R<sup>2</sup> of 40 means that 40% of the variation in a fund's price changes could be attributed to changes in the market index over the time period.

**-SHARPE RATIO-** The ratio of the rate of return earned above the risk-free rate to the standard deviation of the portfolio. It measures the number of units of return per unit of risk.

**-STANDARD DEVIATION-** Measure of the variability (dispersion) of historical returns around the mean. It measures how much exposure to volatility was experienced by the implementation of an investment strategy.

**-SYSTEMATIC RISK-** Measured by beta, it is the risk that cannot be diversified away (market risk).

**-TRACKING ERROR-** A measure of closely a manager's performance tracks an index; it is the annualized standard deviation of the differences between the quarterly returns for the manager and the benchmark.

**-TREYNOR RATIO-** A measure of reward per unit of risk. (excess return divided by beta)

**-UP-MARKET CAPTURE RATIO-** Ratio that illustrates how a manager performed relative to the market during rising market periods; the higher the ratio, the better the manager performed (i.e., a ratio of 110 implies the manager performed 10% better than the market).

**-VALUE MANAGER-** A value manager generally invests in companies that have low price-to-earnings and price-to-book ratios and/or above-average dividend yields.