

# City of Venice Police Officers' Retirement Plan

Investment Performance Review  
September 30, 2010



THE  
**BOGDAHN  
GROUP**

*simplifying your investment and fiduciary decisions*



## **3<sup>rd</sup> Quarter 2010 Market Environment**

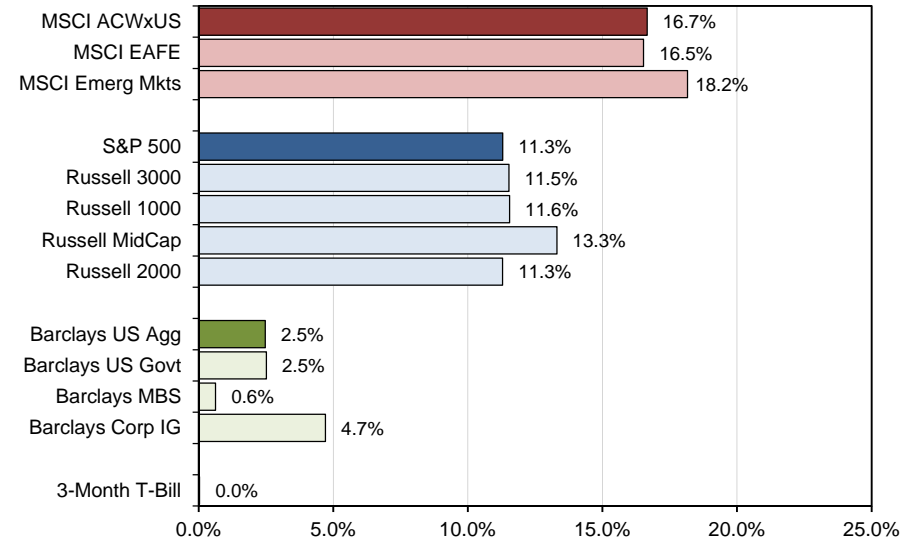
# The Market Environment

## Major Market Index Performance

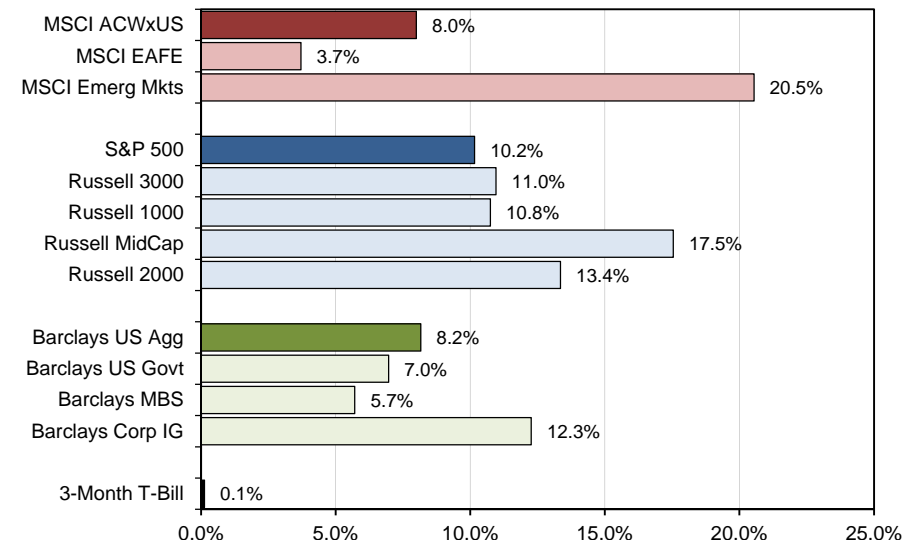
Period Ended: September 30, 2010

- The economic recovery's on-again / off-again gyrations left investors searching for direction during the third quarter. Using the S&P 500 as a market proxy, the equity market managed to rally 7.0% in July after giving up more than 13.0% in May and June. July's strong performance was followed by close to a 5.0% pullback in August before managing to close out the quarter with the strongest September (8.9%) since 1939. Despite the quarter's extreme moves, equity investors that managed to "hold on tight" through the market's volatility were rewarded with strong index performance.
- The domestic and international equity benchmark returns for the 3<sup>rd</sup> quarter of 2010 represented the strongest performance for any of the indices since the 3<sup>rd</sup> quarter of 2009. Much like that period a year ago, investor portfolios that extended beyond domestic investments were rewarded with stronger international performance as a result of continued U.S. Dollar weakness.
- In contrast to the equity market's whipsaw movement, broad market fixed income performance was largely smooth. The Barclays Aggregate index return of 2.5% for the quarter was the additive result of positive returns in July, August and September. The fixed income benchmark's solid performance was largely attributable to the 4.7% return for the corporate segment of the benchmark. Despite very attractive refinancing conditions, ongoing structural issues and concerns over potential political intervention was a hindrance to returns for mortgage-backed bonds (0.6%).
- Although the one-year performance of the various equity and fixed income benchmarks masks the interim impact of the uneven global recovery and several event-driven market swings, a well-designed and stable portfolio structure should have produced solid results over this period.

Quarter Performance



1-Year Performance



Source: Barclays Capital, MSCI Capital Markets, Russell Investments

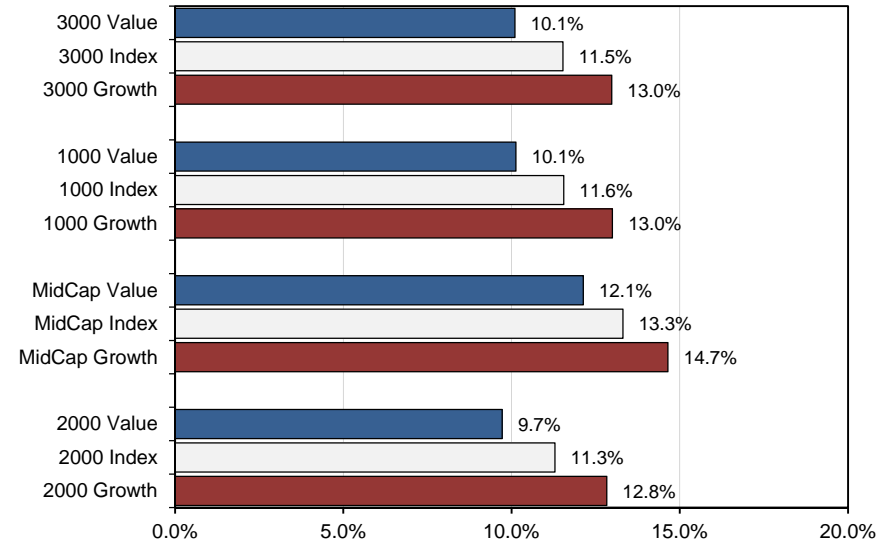
# The Market Environment

## Domestic Equity Style Index Performance

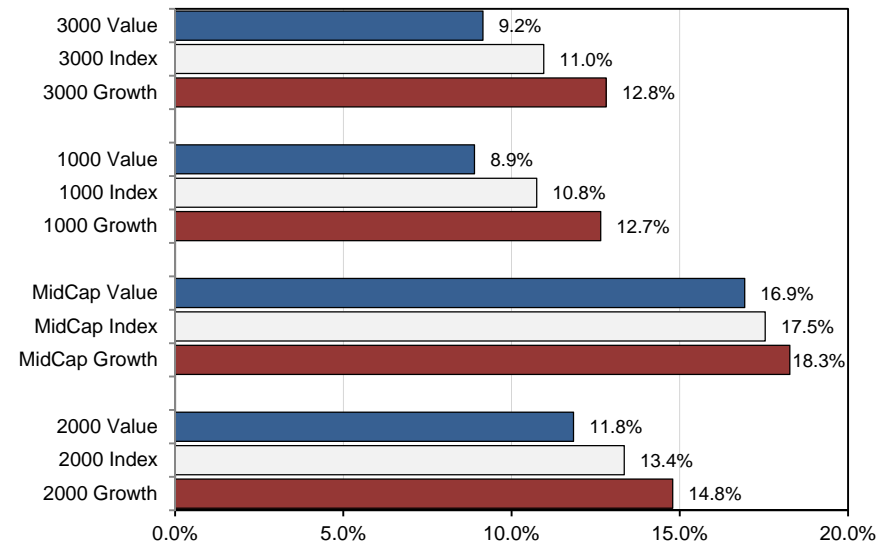
### Period Ended: September 30, 2010

- Growth managed to outpace value by roughly 3% for the quarter at each capitalization level of the Russell data series. Whereas investors were faced with a “nowhere” to hide scenario during the 2<sup>nd</sup> quarter’s market pullback, the 3<sup>rd</sup> quarter represented a much broader spectrum of investment opportunities. In the large cap space, growth-style managers had the benefit of performance in the heavily-weighted (>30%) information technology sector, which posted a return of 11.9% vs. 11.6% for the broad Russell 1000 index. This technology sector advantage was further enhanced by strong performance in the “growth-favored” industrial (14.0%) and consumer discretionary (15.8%) sectors, which collectively represented an additional 27% weight of the growth index. In contrast, value-style performance for the quarter was hampered by its roughly 27% weight to the financial sector. This sector’s 5.4% return represented the quarter’s weakest result.
- The advantage of growth over value for the Russell data series during the 3<sup>rd</sup> quarter persists in the one-year style index results. However, the spectrum of performance between growth and value over the period is more varied, ranging from a narrow 140 basis points for the Russell MidCap style benchmarks to 380 basis points for the Russell 1000 series. Much like the breakdown of the 3<sup>rd</sup> quarter’s style attribution, the advantage of growth over value in the one-year period is largely the result of the 1,200 basis point return range between the technology sector return of 11.1% and the financial sector return of -0.9%.

**Quarter Performance - Russell Style Series**



**1-Year Performance - Russell Style Series**



Source: Russell Investments

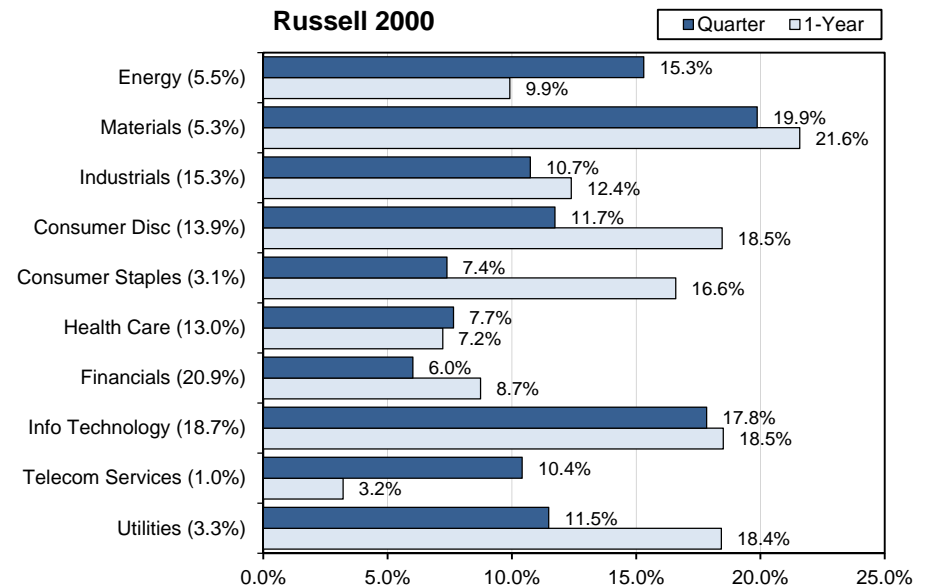
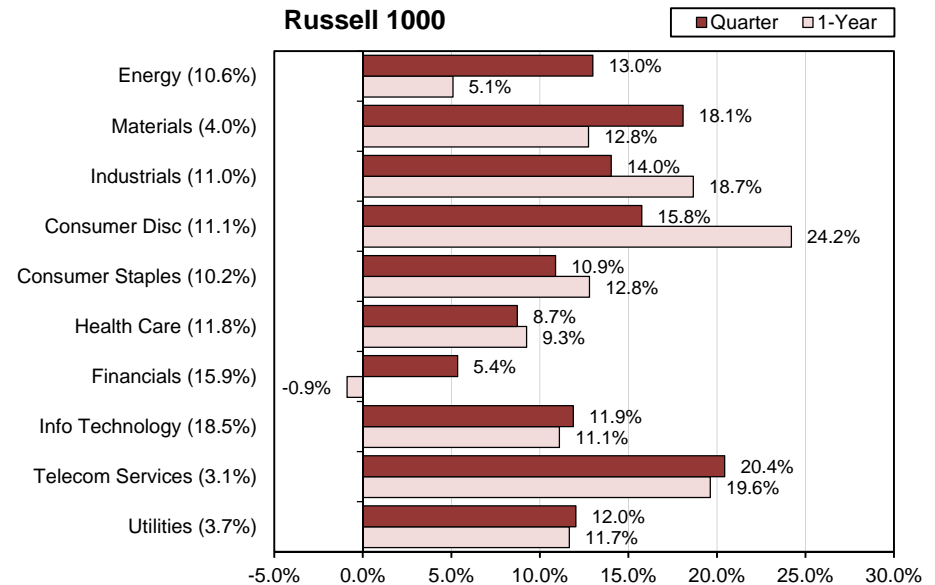
# The Market Environment

## GICS Sector Performance & (Quarter-End Sector Weight)

Period Ended: September 30, 2010

Large cap stock performance was positive across the various Global Industry Classification Standard (GICS) sectors for the quarter. Large cap sector performance was more varied than last quarter with seven of the ten GICS sectors outperforming the broad Russell 1000 index return of 11.6%. The performance of the financial (5.4%), health care (8.7%) and consumer staples (10.9%) sectors fell short of the broad large cap return for the quarter. Although they collectively represent less than 10% of the benchmark weight (81 names), telecommunication services (20.4%) and industrials (18.1%) posted the quarter's strongest sector returns in the Russell 1000. While there is some variation between the GICS sector results for large and small cap issues, a very similar performance story is visible in the Russell 2000 sector returns for the quarter.

With the exception of the financial sector's return of -0.9% in the large cap space, each of the ten GICS sectors in both the Russell 1000 and Russell 2000 indices posted positive performance over the trailing one-year period. While the one-year results were very strong in most sectors, some of last year's volatility is clearly evident in the performance differentials of 3<sup>rd</sup> quarter and one-year returns for several sectors, particularly consumer staples and telecommunication services.



# The Market Environment

## Top 10 Index Weights & 3<sup>rd</sup> Quarter Performance for the Russell 1000 & 2000

Period Ended: September 30, 2010

Top 10 Weighted Stocks				
Russell 1000	Symbol	Weight	Return	Sector
Exxon Mobil Corp	XOM	2.72%	9.1%	Energy
Apple Inc	AAPL	2.09%	12.8%	Information Technology
Microsoft Corp	MSFT	1.68%	7.0%	Information Technology
Procter & Gamble Co	PG	1.55%	0.8%	Consumer Staples
General Electric Co	GE	1.47%	13.5%	Industrials
International Business	IBM	1.46%	9.2%	Information Technology
Johnson & Johnson	JNJ	1.45%	5.9%	Health Care
At&T Inc	T	1.39%	20.3%	Telecomm Service
Jpmorgan Chase & Co	JPM	1.37%	4.1%	Financials
Chevron Corp New	CVX	1.35%	20.5%	Energy
Top 10 Performing Stocks				
Russell 1000	Symbol	Weight	Return	Sector
Priceline Com Inc	PCLN	0.12%	97.3%	Consumer Discretionary
Mbia Inc	MBI	0.01%	79.1%	Financials
Atmel Corp	ATML	0.02%	65.8%	Information Technology
Cnh Global N V	CNH	0.01%	61.8%	Industrials
Nbty Inc	NTY	0.03%	61.7%	Consumer Staples
Citrix Sys Inc	CTXS	0.09%	61.6%	Information Technology
Informatica Corp	INFA	0.03%	60.8%	Information Technology
Anadarko Pete Corp	APC	0.22%	58.4%	Energy
Las Vegas Sands Corp	LVS	0.08%	57.4%	Consumer Discretionary
Fossil Inc	FOSL	0.02%	55.0%	Consumer Discretionary
Bottom 10 Performing Stocks				
Russell 1000	Symbol	Weight	Return	Sector
Tfs Finl Corp	TFSL	0.01%	-25.9%	Financials
Capitol Fed Finl	CFFN	0.01%	-24.4%	Financials
Lincare Hldgs Inc	LNCR	0.02%	-22.3%	Health Care
Fti Consulting Inc	FCN	0.01%	-20.4%	Industrials
Bancorpsouth Inc	BXS	0.01%	-19.5%	Financials
Wilmington Trust Corp	WL	0.01%	-18.9%	Financials
Comstock Res Inc	CRK	0.01%	-18.9%	Energy
Aeropostale	ARO	0.02%	-18.8%	Consumer Discretionary
Beckman Coulter Inc	BEC	0.03%	-18.8%	Health Care
Vistaprint N V	VPRT	0.01%	-18.6%	Information Technology

Top 10 Weighted Stocks				
Russell 2000	Symbol	Weight	Return	Sector
Tibco Software Inc	TIBX	0.25%	47.1%	Information Technology
Salix Pharmaceuticals	SLXP	0.24%	1.8%	Health Care
Riverbed Technology In	RVBD	0.24%	65.0%	Information Technology
Nordson Corp	NDSN	0.23%	31.8%	Industrials
Highwoods Pptys Inc	HIW	0.23%	18.6%	Financials
Henry Jack & Assoc Inc	JKHY	0.22%	7.2%	Information Technology
Mfa Financial Inc	MFA	0.22%	5.8%	Financials
Parametric Technology	PMTCT	0.21%	24.7%	Information Technology
Omega Healthcare Invs	OHI	0.21%	14.5%	Financials
Verifone Sys Inc	PAY	0.21%	64.1%	Information Technology
Top 10 Performing Stocks				
Russell 2000	Symbol	Weight	Return	Sector
3Par Inc	PAR	0.08%	254.2%	Information Technology
Virnetx Holding Corp	VHC	0.03%	148.0%	Information Technology
Keithley Instrs Inc	KEI	0.01%	144.4%	Information Technology
Zymogenetics Inc	ZGEN	0.03%	131.0%	Health Care
Unica Corp	UNCA	0.03%	119.0%	Information Technology
Travelzoo Inc	TZOO	0.01%	108.1%	Information Technology
Allis Chalmers Energy	ALY	0.01%	102.4%	Energy
Netezza Corp	NZ	0.09%	97.0%	Information Technology
Sycamore Networks Inc	SCMR	0.05%	95.0%	Information Technology
Arcsight Inc	ARST	0.08%	94.6%	Information Technology
Bottom 10 Performing Stocks				
Russell 2000	Symbol	Weight	Return	Sector
Lecg Corp	XPRT	0.00%	-57.7%	Industrials
Alphatec Holdings Inc	ATEC	0.02%	-54.1%	Health Care
Amag Pharmaceuticals I	AMAG	0.06%	-49.9%	Health Care
Dynavox Inc	DVOX	0.01%	-49.3%	Health Care
Arena Pharmaceuticals	ARNA	0.06%	-48.9%	Health Care
Aspenbio Pharma Inc	APPY	0.00%	-48.0%	Health Care
First Bancorp P R	FBP	0.00%	-47.2%	Financials
Green Bankshares Inc	GRNB	0.01%	-46.8%	Financials
Network Engines Inc	NENG	0.01%	-46.1%	Information Technology
Amedisys Inc	AMED	0.08%	-45.9%	Health Care

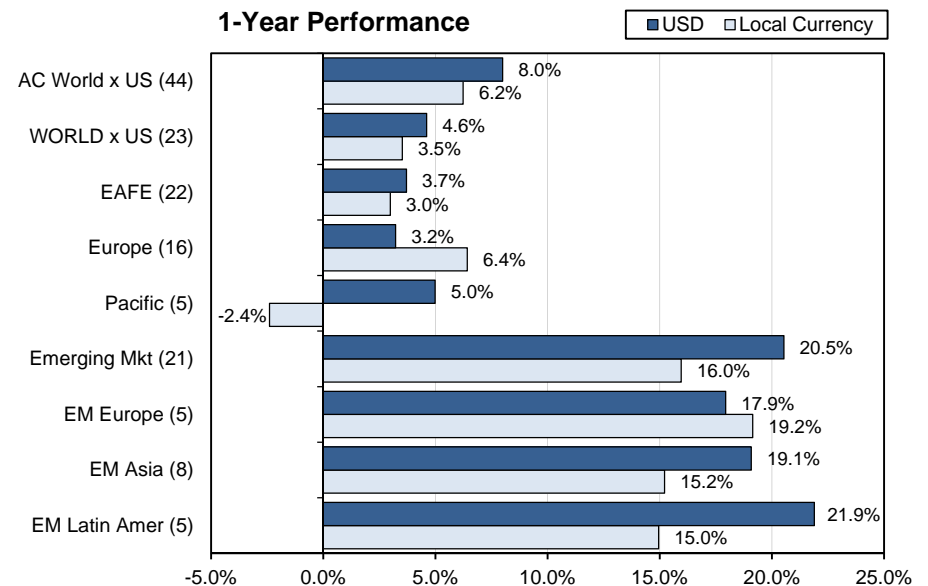
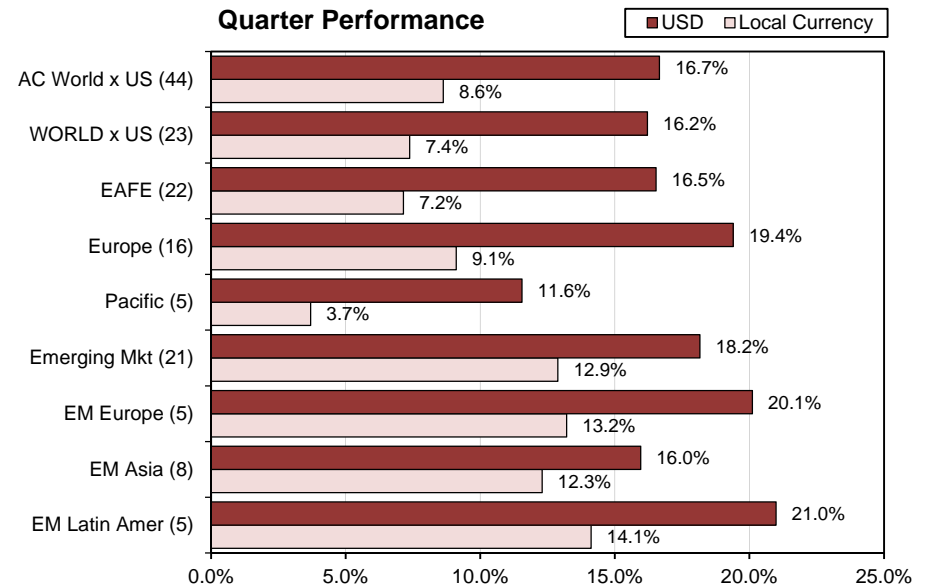
Source: Thompson Financial

# The Market Environment

## International and Regional Market Index Performance (# Countries)

Period Ended: September 30, 2010

- After suffering relative to domestic markets in the 2<sup>nd</sup> quarter's "flight to safety", the U.S. Dollar (USD) performance for each of the broad international indices shown in the chart (ACWxUS, EAFE & EM) outpaced domestic equity results for the 3<sup>rd</sup> quarter. In fact, in a complete reversal of last quarter's results where the best country return was Singapore's 0.0%, 43 of the 44 countries in the MSCI-ACWxUS index posted positive results. Ireland (-3.4%), whose market had to digest multiple credit agency downgrades during the quarter, was the only country to post a negative return for the quarter in USD.
- Investors that are only focused on the USD return of their foreign portfolios would be missing one of the biggest contributors to the quarter's performance: "the currency effect". The return differential between USD and local currency returns for the broad international indices was seismic in nature. In simple terms, every un-hedged dollar invested overseas for the quarter returned close to 10% through USD depreciation before investing in a single company.
- Over the one-year period, the 20.5% return of emerging markets continues to represent the strongest trailing broad equity market performance. In contrast, the developed market returns for the one-year period were muted in both USD and local currency terms. Developed market performance for the trailing one-year period was clearly weighed down by credit concerns in Europe. This concern is visibly reflected in the one-year performance of several of the countries that have been in the news such as Greece (-52.3%), Ireland (-24.8%), Italy (-14.3%), Spain (-12.5%), and Portugal (-9.5%).



Source: MSCI Capital Markets



# The Market Environment

## U.S. Dollar International Index Attribution & Country Detail

Period Ended: September 30, 2010

MSCI - EAFE	Ending Weight	3rd Qtr Return	1-Year Return
Energy	7.4%	22.4%	-2.0%
Materials	10.4%	19.3%	13.3%
Industrials	12.2%	15.9%	10.8%
Consumer Discretionary	10.4%	18.7%	13.3%
Consumer Staples	10.4%	14.6%	17.4%
Health Care	8.5%	11.2%	4.7%
Financials	24.8%	17.8%	-7.1%
Information Technology	4.8%	8.6%	1.0%
Telecommunication Services	5.8%	20.3%	6.1%
Utilities	5.2%	11.3%	-6.8%
<b>Total</b>	<b>100.0%</b>	<b>16.5%</b>	<b>3.7%</b>

MSCI - ACWixUS	Ending Weight	3rd Qtr Return	1-Year Return
Energy	10.4%	16.8%	2.3%
Materials	12.2%	20.3%	18.7%
Industrials	10.5%	17.4%	13.7%
Consumer Discretionary	9.1%	19.6%	17.6%
Consumer Staples	9.0%	15.8%	21.4%
Health Care	6.1%	11.4%	6.9%
Financials	25.7%	17.5%	-0.4%
Information Technology	6.4%	10.7%	5.0%
Telecommunication Services	6.1%	18.0%	9.7%
Utilities	4.5%	11.2%	-3.1%
<b>Total</b>	<b>100.0%</b>	<b>16.7%</b>	<b>8.0%</b>

Country	MSCI-EAFE Ending Weight	MSCI-ACWixUS Ending Weight	3rd Quarter Return	1- Year Return
United Kingdom	21.5%	14.8%	19.8%	9.7%
Japan	21.1%	14.5%	5.9%	0.2%
France	10.1%	0.8%	20.9%	-2.9%
Australia	8.6%	5.9%	23.7%	9.6%
Germany	8.0%	7.0%	16.7%	2.0%
Switzerland	7.8%	5.4%	13.3%	9.0%
Spain	3.8%	2.6%	27.7%	-12.5%
Sweden	3.2%	2.2%	24.7%	30.1%
Italy	2.9%	2.0%	20.0%	-14.3%
Hong Kong	2.7%	0.2%	21.9%	21.8%
Netherlands	2.6%	1.8%	16.4%	4.1%
Singapore	1.7%	1.2%	15.8%	25.6%
Finland	1.1%	0.1%	26.5%	1.7%
Denmark	1.0%	0.7%	17.7%	19.0%
Belgium	1.0%	0.7%	19.6%	5.6%
Israel	0.8%	0.6%	11.6%	14.4%
Norway	0.8%	0.6%	29.4%	14.9%
Austria	0.3%	0.2%	28.4%	-10.6%
Greece	0.3%	5.5%	18.9%	-52.3%
Portugal	0.3%	0.2%	20.6%	-9.5%
Ireland	0.2%	0.2%	-3.4%	-24.8%
New Zealand	0.1%	0.1%	13.6%	-1.9%
<b>Total EAFE Countries</b>	<b>100.0%</b>	<b>67.0%</b>	<b>16.5%</b>	<b>3.7%</b>
Canada		7.6%	13.4%	13.5%
<b>Total Developed Countries</b>		<b>74.6%</b>	<b>16.2%</b>	<b>4.6%</b>
China		4.3%	10.7%	14.1%
Brazil		3.9%	21.8%	16.6%
Korea		3.2%	17.2%	15.3%
Taiwan		2.5%	19.9%	13.0%
India		1.9%	15.4%	27.4%
Hong Kong		1.8%	21.9%	21.8%
South Africa		1.8%	25.4%	29.7%
Russia		1.4%	13.4%	13.2%
Mexico		1.0%	11.5%	24.3%
Malaysia		0.7%	18.9%	38.6%
Indonesia		0.6%	17.9%	42.6%
Turkey		0.4%	31.9%	43.7%
Chile		0.4%	32.6%	57.9%
Thailand		0.4%	32.5%	49.2%
Poland		0.4%	35.6%	25.1%
Colombia		0.2%	32.3%	49.6%
Peru		0.2%	24.9%	32.0%
Philippines		0.1%	29.6%	54.2%
Hungary		0.1%	27.0%	3.3%
Czech Republic		0.1%	17.4%	-5.2%
Morocco		0.0%	8.3%	3.1%
<b>Total Emerging Countries</b>		<b>25.4%</b>	<b>18.2%</b>	<b>20.5%</b>
<b>Total ACWixUS Countries</b>		<b>100.0%</b>	<b>16.7%</b>	<b>8.0%</b>

Source: MSCI Capital Markets, & Franklin/Templeton

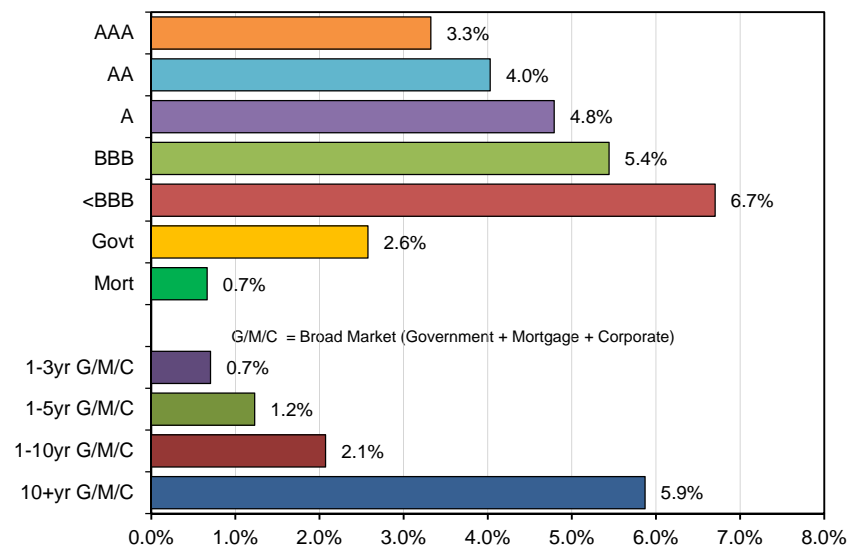
# The Market Environment

## Domestic Credit Sector & Broad Market Maturity Performance

Period Ended: September 30, 2010

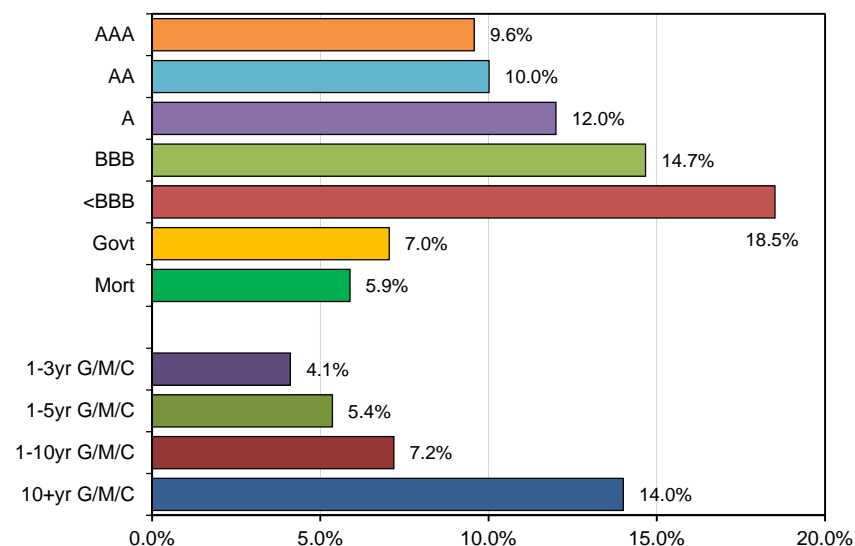
- Using the Barclays Aggregate index as a proxy for the broad fixed income market, bonds provided investors with a solid 2.5% return for the quarter. However, individual fixed income portfolio results have the potential for significant variation based on their specific bond segment concentration. Keeping duration relative to the benchmark at a neutral level, portfolios that were over-weighted to corporate issues during the 3<sup>rd</sup> quarter had the greatest potential to provide outperformance relative to the broad market index. In contrast, a portfolio that was focused in the mortgage (0.7%) segment of the market would have had a difficult time adding value relative to the same benchmark.

Quarter Performance



- The trailing one-year returns for the various broad and sector-based bond indices were very strong but likely unrepeatable in the forward-looking year given the extremely low level of interest rates. The one-year performance of the broad index benchmarks clearly show the impact of duration as the term to maturity increases. While yields in the 3-7 year range (81-104 basis point reduction) fell more than yields in the 10-30 year range (34-78 basis point reduction), the magnifying effect on the total return is larger for the longer-dated indices. In addition to the general reduction in the yield curve over the last year, prospects of increasing corporate strength clearly had a positive impact on the various credit sector indices. Whether it was a reach for additional yield or an overall increase in investors' appetite for risk, the return premium earned increased as quality decreased.

1-Year Performance



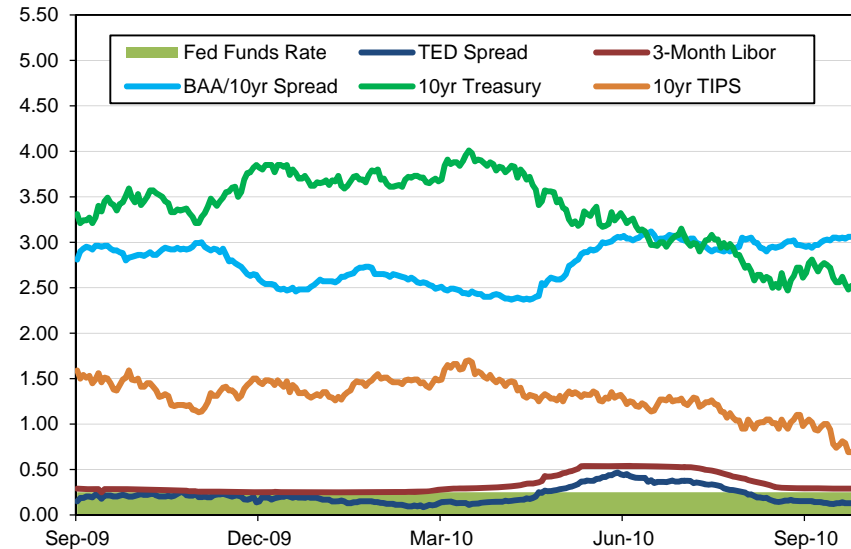
# The Market Environment

## Market Rate & Yield Curve Comparison

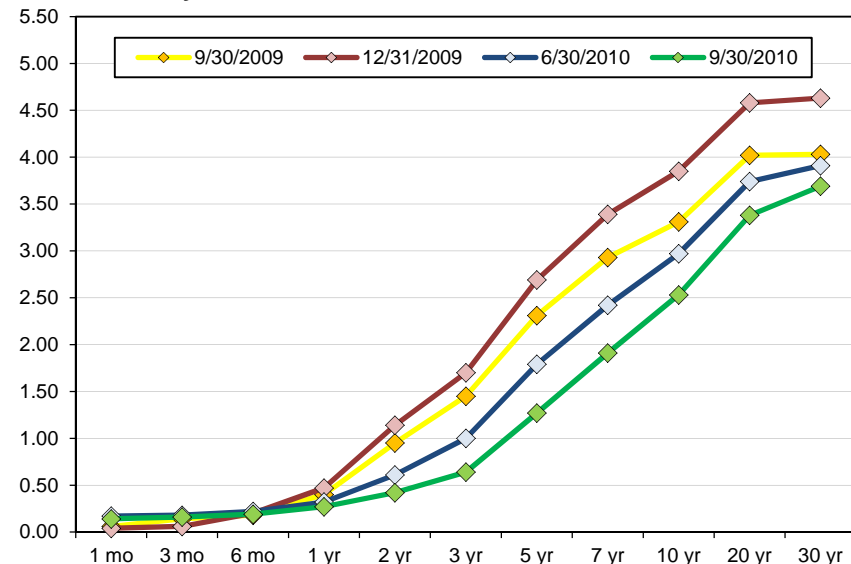
Period Ended: September 30, 2010

- The Fed kept its target for the fed funds rate steady at 0.0% to 0.25% during the quarter, which marked the 21<sup>st</sup> month of its current policy. Although there was no substantial change in the language of Fed's statement regarding their target rate, there was a rather significant announcement regarding the various securities held on their balance sheet. The Fed indicated that it would maintain the current level of \$1.8 trillion in securities purchased during its quantitative easing program by reinvesting the principal payments from its agency and MBS securities holdings into longer-dated Treasuries. The unchanged fed funds rate target combined with the reinvestment announcement led investors to surmise that the current rate environment is likely to persist for the immediate future. While credit spreads remained relatively steady during the quarter, the continued decline of 10yr Treasury and TIPS yields is clearly visible. The TED spread, a general indication of credit risk in the global economy, also recorded a sizable reduction during the quarter as Europe's ongoing sovereign support efforts eased investor worries.
- The yield curve continued to drift downward throughout the quarter and maintained its significant steepness. The largest yield reductions were realized in the 5 to 7 year range where rates fell just over 50 basis points during the quarter. Short-term rates remained extremely low with the 2-year rate reaching an all time low of 0.37% during the quarter. The 10-year Treasury bond closed the quarter with a yield of 2.53%, which was down 44 basis points from the 2.97% yield on 6/30/10 and 132 basis points from the 3.85% yield on 12/31/09.

1-Year Trailing Market Rates



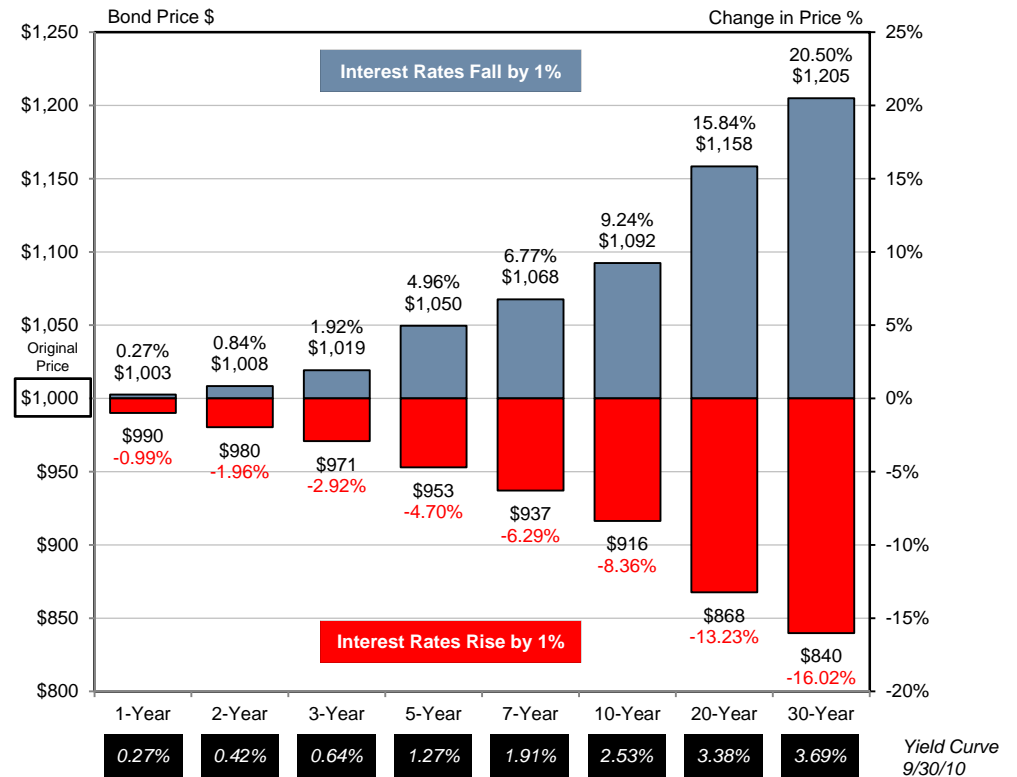
Treasury Yield Curve



# The Market Environment

## “Shock & Awe” - Bond Price Change Implications by Maturity for Rising & Falling Interest Rates Period Ended: September 30, 2010

- The chart to the right illustrates what the potential “price-shock” would be from an immediate 1% parallel shift in interest rates on a Treasury bond at each maturity on the yield curve. To create this example, we used the Treasury yield curve as of 9/30/10 and assumed that each bond would be issued at par with a semi-annual coupon payment based on its respective yield. Each bond’s price change was then calculated based on its duration (price sensitivity) and convexity (curvature of price/yield relationship). While the bond’s duration has the largest impact on the resulting price change, a non-callable bond’s positive convexity is why bond prices rise more for a rate decrease than they fall for an equivalent rate increase.
- While the price impact on bonds for a shift in interest rates is unavoidable, the total return implications are more complex. The chart below illustrates that the actual “total return” impact on the Barclays Aggregate Bond index (diversified portfolio proxy) during a period of rising interest rates is not as ominous as the “price change” chart implies. The total return impact on a diversified portfolio during periods of rising interest rates is mitigated by a number of factors including:

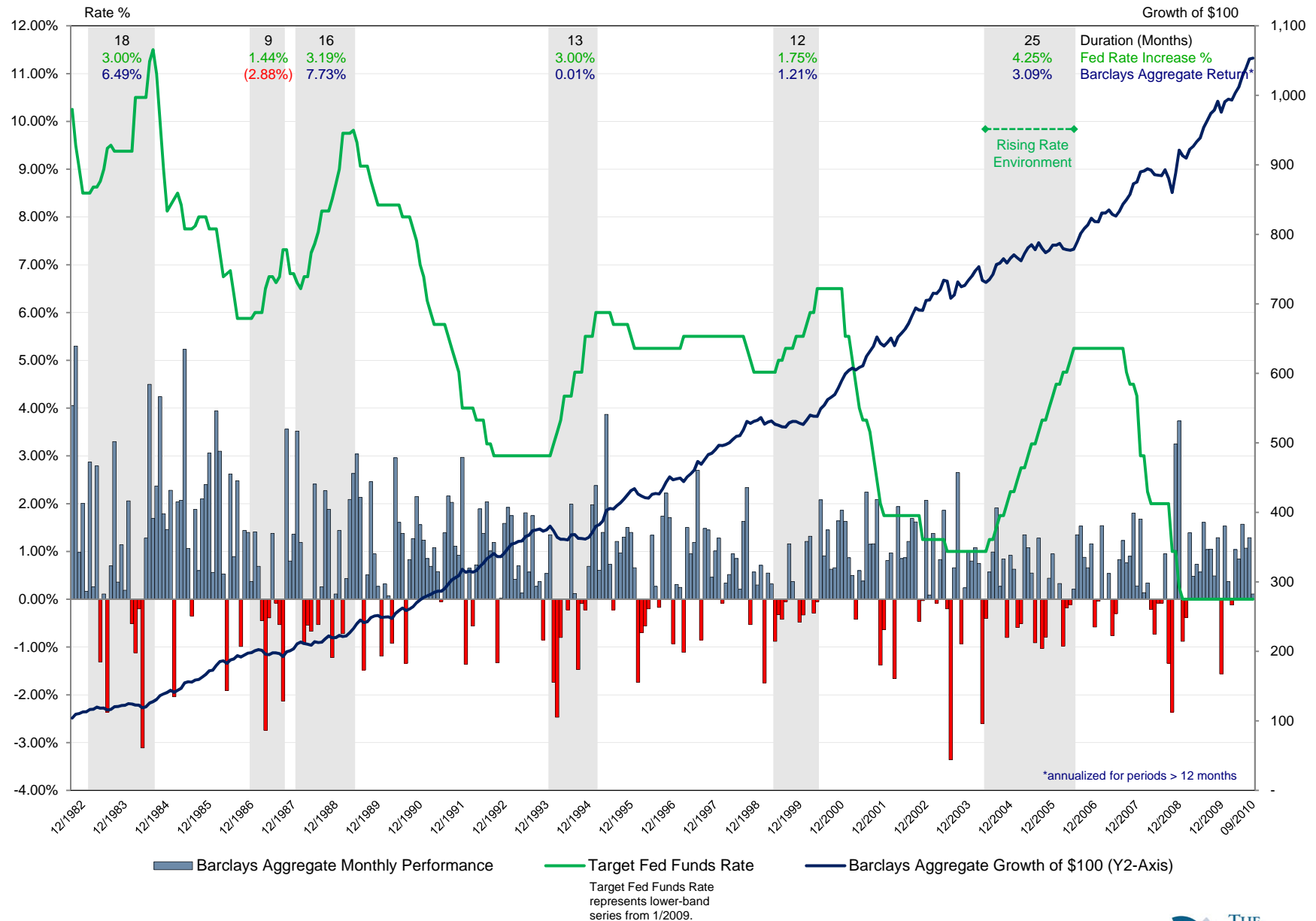


- ✓ **Holding Period:** The impact of bond price sensitivity on total return diminishes as the holding period increases.
- ✓ **Reinvestment:** As interest rates rise both coupons and bond proceeds can be reinvested at higher rates.
- ✓ **Roll Down:** The aging effect of bonds “rolling down” a positively sloped yield curve will provide an offset to rising interest rates.
- ✓ **Yield Spreads:** Bond spreads between Treasury & non-Treasury issues tend to narrow during rising interest rate environments, which will reduce the impact of the rate change on the prices of non-Treasury holdings.
- ✓ **Yield Curve:** Periods of rising interest rates are typically associated with a flattening yield curve (short rates rising more than long rates). As a result, the largest rate change will typically be concentrated on a portfolio’s shorter-maturity bonds.
- ✓ **Diversification:** While an individual bond’s price change will largely be determined by its duration, a diversified portfolio’s duration represents the weighted-average duration of individual bonds that make up the portfolio. As a result, any portfolio price impact will represent the combined impact of the various bond durations and corresponding mitigating factors.

Source: US Department of Treasury & St. Louis Fed

# The Market Environment

Historical Total Return Impact of Interest Rate Changes on Aggregate Bond Index Performance  
Period Ended: September 30, 2010



Source: Zephyr, US Department of Treasury & St. Louis Fed

# The Market Environment

## The Recession is Over: US Business Cycle Expansions and Contractions Period Ended: September 30, 2010

BUSINESS CYCLE REFERENCE DATES		DURATION IN MONTHS			
Peak	Trough	Contraction	Expansion	Cycle	
Quarterly dates are in parenthesis		Peak to Trough	Previous Trough to this Peak	Trough from Previous Trough	Peak from Previous Peak
	December 1854 (IV)	--	--	--	--
June 1857(II)	December 1858 (IV)	18	30	48	--
October 1860(III)	June 1861 (III)	8	22	30	40
April 1865(I)	December 1867 (I)	32	46	78	54
June 1869(II)	December 1870 (IV)	18	18	36	50
October 1873(III)	March 1879 (I)	65	34	99	52
March 1882(I)	May 1885 (II)	38	36	74	101
March 1887(II)	April 1888 (I)	13	22	35	60
July 1890(III)	May 1891 (II)	10	27	37	40
January 1893(I)	June 1894 (II)	17	20	37	30
December 1895(IV)	June 1897 (II)	18	18	36	35
June 1899(III)	December 1900 (IV)	18	24	42	42
September 1902(IV)	August 1904 (III)	23	21	44	39
May 1907(II)	June 1908 (II)	13	33	46	56
January 1910(I)	January 1912 (IV)	24	19	43	32
January 1913(I)	December 1914 (IV)	23	12	35	36
August 1918(III)	March 1919 (I)	7	44	51	67

BUSINESS CYCLE REFERENCE DATES		DURATION IN MONTHS			
Peak	Trough	Contraction	Expansion	Cycle	
Quarterly dates are in parenthesis		Peak to Trough	Previous Trough to this Peak	Trough from Previous Trough	Peak from Previous Peak
January 1920(I)	July 1921 (III)	18	10	28	17
May 1923(II)	July 1924 (III)	14	22	36	40
October 1926(III)	November 1927 (IV)	13	27	40	41
August 1929(III)	March 1933 (I)	43	21	64	34
May 1937(II)	June 1938 (II)	13	50	63	93
February 1945(I)	October 1945 (IV)	8	80	88	93
November 1948(IV)	October 1949 (IV)	11	37	48	45
July 1953(II)	May 1954 (II)	10	45	55	56
August 1957(III)	April 1958 (II)	8	39	47	49
April 1960(II)	February 1961 (I)	10	24	34	32
December 1969(IV)	November 1970 (IV)	11	106	117	116
November 1973(IV)	March 1975 (I)	16	36	52	47
January 1980(I)	July 1980 (III)	6	58	64	74
July 1981(III)	November 1982 (IV)	16	12	28	18
July 1990(III)	March 1991 (I)	8	92	100	108
March 2001 (I)	November 2001 (IV)	8	120	128	128
<b>December 2007 (IV)</b>	<b>Jun 2009 (II)</b>	<b>18</b>	<b>73</b>	<b>91</b>	<b>81</b>

### AVERAGE, ALL CYCLES

1854-2009 (33 cycles)	16	42	56	55*
1854-1919 (16 cycles)	22	27	48	49**
1919-1945 (6 cycles)	18	35	53	53
1945-2009 (11 cycles)	11	59	73	66

\* 32 cycles, \*\*15 cycles

Source: NBER

# The Market Environment

## US Business Cycle Facts

Period Ended: September 30, 2010

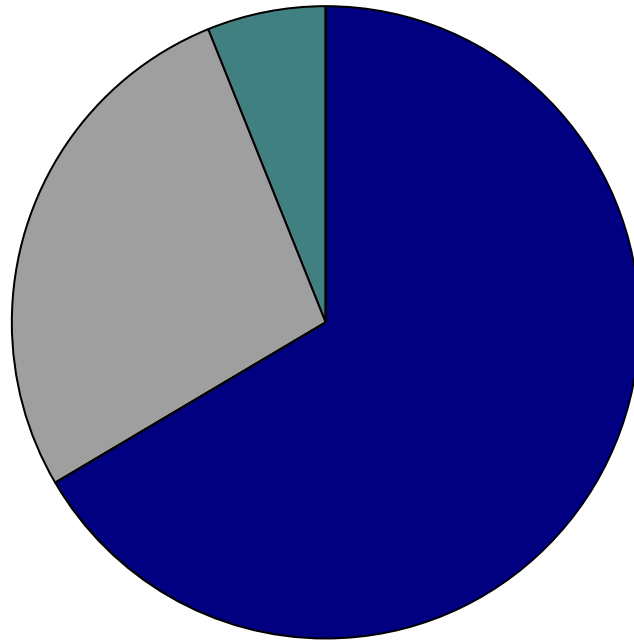
---

- **The Length:** At 18 months, the recession that just ended represented the longest since the great depression.
- **The Damage:** From peak to trough, real GDP declined at an annualized rate of 2.8% and unemployment increased by 4.1%, which resulted in a net loss of 7 million jobs.
- **The Reality:** The NBER's announcement of the end of the downturn in June of 2009 is not a conclusion that economic conditions have been favorable since that time or that the economy is now operating at normal capacity. The trough simply marks the end of the declining phase and the start of the rising phase.
- **The Definition:** While the "rule of thumb" is that a recession is defined as two consecutive quarters of negative GDP, the National Bureau of Economic Research (NBER) uses a broader definition of a recessionary period. The NBER defines a recession as "a period of falling economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales".
- **Double-Dip?:** Growth has clearly not returned to pre-crisis levels and several economic indicators such as unemployment might likely go higher before recovering. However, by the NBER's definition, should there be a further downturn in economic activity from here resulting in a newly defined recessionary period, that downturn would be considered a new recession by the NBER, not a double-dip.

**Venice Police Officers' Retirement Fund  
September 30, 2010**

**Asset Allocation By Style as of Jun - 2010**

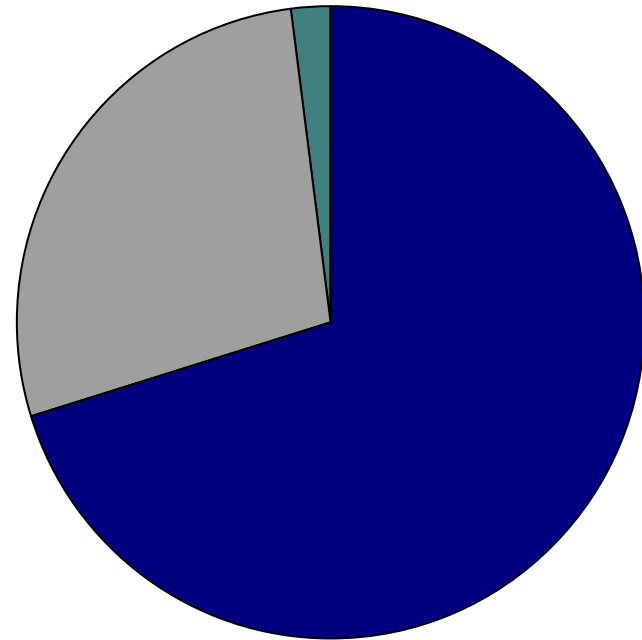
**June 30, 2010 : \$21,589,281**



Segments	Market Value (\$)	Allocation (%)
Domestic Equity	14,372,337	66.6
Domestic Fixed Income	5,899,734	27.3
Cash Equivalent	1,317,210	6.1

**Asset Allocation By Style - Current Quarter**

**September 30, 2010 : \$23,560,854**



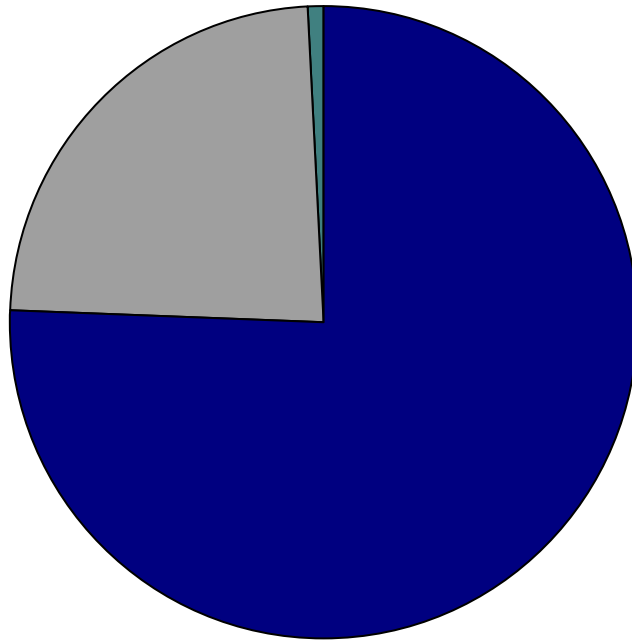
Segments	Market Value (\$)	Allocation (%)
Domestic Equity	16,548,906	70.2
Domestic Fixed Income	6,539,399	27.8
Cash Equivalent	472,550	2.0



**Venice Police Officers' Retirement Fund  
September 30, 2010**

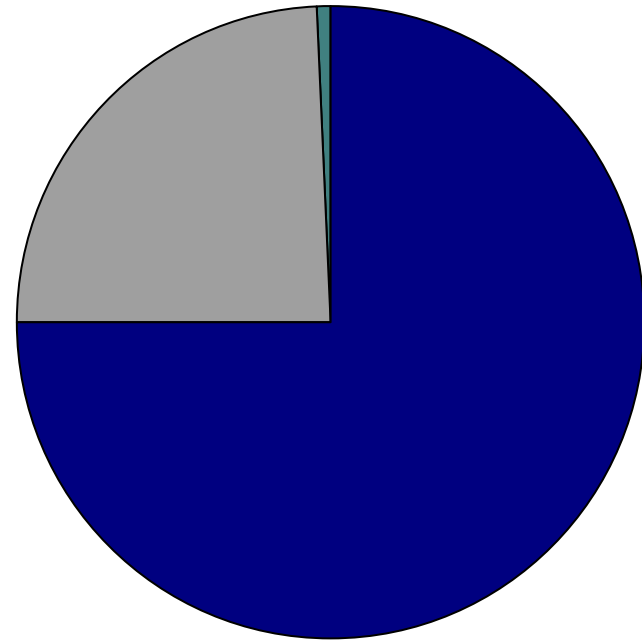
**Asset Allocation By Manager as of Jun - 2010**

**June 30, 2010 : \$21,589,281**



**Asset Allocation By Manager - Current Quarter**

**September 30, 2010 : \$23,560,854**



	Market Value (\$)	Allocation (%)
■ Bowen Hanes Balanced Portfolio	16,330,068	75.6
■ Rockwood Capital Balanced Portfolio	5,075,129	23.5
■ R&D Account	184,084	0.9

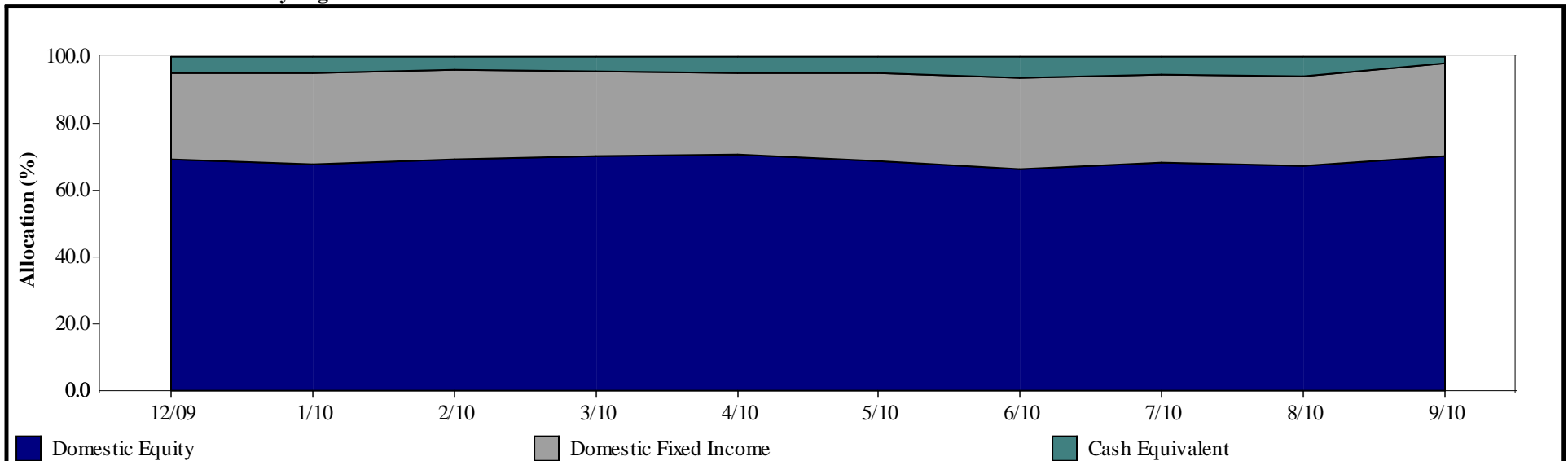
	Market Value (\$)	Allocation (%)
■ Bowen Hanes Balanced Portfolio	17,662,936	75.0
■ Rockwood Capital Balanced Portfolio	5,735,600	24.3
■ R&D Account	162,319	0.7

**Venice Police Officers' Retirement Plan**  
**Asset Allocation**  
**As of September 30, 2010**

**Asset Allocation**

	Sep-2009		Dec-2009		Mar-2010		Jun-2010		Sep-2010	
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(%)
Bowen Hanes Balanced Portfolio	16,125,766	75.47	17,056,820	75.66	17,595,641	75.43	16,330,068	75.64	17,662,936	74.97
Rockwood Balanced Portfolio	5,038,550	23.58	5,232,961	23.21	5,508,419	23.61	5,075,129	23.51	5,735,600	24.34
R&D Account	203,050	0.95	255,079	1.13	221,975	0.95	184,084	0.85	162,319	0.69
<b>Total Fund</b>	<b>21,367,365</b>	<b>100.00</b>	<b>22,544,860</b>	<b>100.00</b>	<b>23,326,035</b>	<b>100.00</b>	<b>21,589,281</b>	<b>100.00</b>	<b>23,560,854</b>	<b>100.00</b>

**Historical Asset Allocation By Segment**



**Venice Police Officers' Retirement Plan**  
**Financial Reconciliation**  
**As of September 30, 2010**

**Financial Reconciliation Quarter**

	Market Value As of 6/30/2010	Net Transfers	Contributions	Distributions	Fees	Expenses	Income	Capital Apprec./ Deprec.	Market Value As of 9/30/2010
Bowen Hanes Balanced Portfolio	16,330,068	-150,750	-	-	-16,337	-	128,656	1,371,299	17,662,936
Rockwood Balanced Portfolio	5,075,129	-50,250	-	-	-20,425	-	27,052	704,094	5,735,600
R&D Account	184,084	201,000	249,801	-442,941	-	-29,626	1	-	162,319
<b>Total Fund</b>	<b>21,589,281</b>	<b>-</b>	<b>249,801</b>	<b>-442,941</b>	<b>-36,762</b>	<b>-29,626</b>	<b>155,710</b>	<b>2,075,392</b>	<b>23,560,854</b>

**Financial Reconciliation FYTD**

	Market Value As of 9/30/2009	Net Transfers	Contributions	Distributions	Fees	Expenses	Income	Capital Apprec./ Deprec.	Market Value As of 9/30/2010
Bowen Hanes Balanced Portfolio	16,125,766	-424,250	-	-	-66,939	-	472,523	1,555,836	17,662,936
Rockwood Balanced Portfolio	5,038,550	-67,750	-	-	-20,425	-	104,008	681,217	5,735,600
R&D Account	203,050	492,000	1,264,605	-1,706,187	-	-91,170	22	-	162,319
<b>Total Fund</b>	<b>21,367,365</b>	<b>-</b>	<b>1,264,605</b>	<b>-1,706,187</b>	<b>-87,364</b>	<b>-91,170</b>	<b>576,552</b>	<b>2,237,053</b>	<b>23,560,854</b>

**Venice Police Officers' Retirement Plan**  
**Comparative Performance Trailing Returns**  
**As of September 30, 2010**

	1 Quarter	Oct-2009 To Sep-2010	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Total Fund (Net)</b>	<b>10.24</b>	<b>12.94</b>	<b>12.94</b>	<b>-3.01</b>	<b>3.76</b>	<b>9.09</b>	<b>08/01/1986</b>
Total Fund Policy	8.59	10.08	10.08	-1.77	2.88	8.47	
Difference	1.65	2.86	2.86	-1.24	0.88	0.62	
<b>Total Fund (Gross)</b>	<b>10.42 (10)</b>	<b>13.39 (5)</b>	<b>13.39 (5)</b>	<b>-2.62 (91)</b>	<b>4.15 (23)</b>	<b>9.29 N/A</b>	<b>08/01/1986</b>
Total Fund Policy	8.59 (52)	10.08 (41)	10.08 (41)	-1.77 (73)	2.88 (77)	8.47 N/A	
Difference	1.83	3.31	3.31	-0.85	1.27	0.82	
All Public Plans-Total Fund Median	8.61	9.75	9.75	-0.88	3.56	N/A	
<b>Total Equity</b>	<b>13.96 (4)</b>	<b>15.54 (4)</b>	<b>15.54 (4)</b>	<b>-5.11 (29)</b>	<b>4.15 (6)</b>	<b>11.19 (1)</b>	<b>08/01/1986</b>
Russell 1000 Index	11.55 (30)	10.75 (35)	10.75 (35)	-6.79 (60)	0.86 (60)	9.26 (91)	
Difference	2.41	4.79	4.79	1.68	3.29	1.93	
US Core/Large Cap Equity (SA+CF) Median	11.08	9.90	9.90	-6.31	1.15	9.71	
<b>Total Fixed Income</b>	<b>3.87 (1)</b>	<b>10.26 (22)</b>	<b>10.26 (22)</b>	<b>5.68 (96)</b>	<b>4.52 (100)</b>	<b>6.90 (100)</b>	<b>03/01/1988</b>
Barclays Capital U.S. Government/Credit	3.28 (20)	8.73 (66)	8.73 (66)	7.46 (80)	6.15 (81)	7.34 (100)	
Difference	0.59	1.53	1.53	-1.78	-1.63	-0.44	
US Broad Market Core Fixed Income (SA+CF) Median	2.91	9.14	9.14	8.21	6.76	7.69	

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

**Venice Police Officers' Retirement Plan**  
**Comparative Performance Trailing Returns**  
**As of September 30, 2010**

	1 Quarter	Oct-2009 To Sep-2010	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Bowen Hanes Balanced Portfolio</b>	<b>9.09 (32)</b>	<b>12.24 (8)</b>	<b>12.24 (8)</b>	<b>-2.89 (95)</b>	<b>3.83 (38)</b>	<b>9.11 N/A</b>	<b>08/01/1986</b>
Total Fund Policy	8.59 (52)	10.08 (41)	10.08 (41)	-1.77 (73)	2.88 (77)	8.47 N/A	
Difference	0.50	2.16	2.16	-1.12	0.95	0.64	
All Public Plans-Total Fund Median	8.61	9.75	9.75	-0.88	3.56	N/A	
<b>Bowen Hanes Equity</b>	<b>11.69 (24)</b>	<b>14.02 (7)</b>	<b>14.02 (7)</b>	<b>-5.34 (33)</b>	<b>4.00 (7)</b>	<b>11.16 (1)</b>	<b>08/01/1986</b>
Russell 1000 Index	11.55 (30)	10.75 (35)	10.75 (35)	-6.79 (60)	0.86 (60)	9.26 (91)	
Difference	0.14	3.27	3.27	1.45	3.14	1.90	
US Core/Large Cap Equity (SA+CF) Median	11.08	9.90	9.90	-6.31	1.15	9.71	
<b>Bowen Hanes Fixed Income</b>	<b>4.16 (1)</b>	<b>11.03 (16)</b>	<b>11.03 (16)</b>	<b>5.97 (96)</b>	<b>4.70 (98)</b>	<b>6.94 (100)</b>	<b>03/01/1988</b>
Barclays Capital U.S. Government/Credit	3.28 (20)	8.73 (66)	8.73 (66)	7.46 (80)	6.15 (81)	7.34 (100)	
Difference	0.88	2.30	2.30	-1.49	-1.45	-0.40	
US Broad Market Core Fixed Income (SA+CF) Median	2.91	9.14	9.14	8.21	6.76	7.69	
<b>Rockwood Balanced Portfolio</b>	<b>14.03 (1)</b>	<b>15.21 (1)</b>	<b>15.21 (1)</b>	<b>N/A</b>	<b>N/A</b>	<b>15.21 N/A</b>	<b>10/01/2009</b>
Total Rockwood Policy	8.01 (70)	10.37 (35)	10.37 (35)	N/A	N/A	10.37 N/A	
Difference	6.02	4.84	4.84	N/A	N/A	4.84	
All Public Plans-Total Fund Median	8.61	9.75	9.75	-0.88	3.56	N/A	
<b>Rockwood Equity</b>	<b>22.58 (1)</b>	<b>21.00 (1)</b>	<b>21.00 (1)</b>	<b>N/A</b>	<b>N/A</b>	<b>21.00 (1)</b>	<b>10/01/2009</b>
Russell 3000 Index	11.53 (36)	10.96 (38)	10.96 (38)	-6.59 (67)	0.92 (60)	10.96 (38)	
Difference	11.05	10.04	10.04	N/A	N/A	10.04	
US All Cap Core Equity (SA+CF) Median	11.28	10.10	10.10	-6.03	1.05	10.10	
<b>Rockwood Fixed Income</b>	<b>3.18 (26)</b>	<b>8.28 (84)</b>	<b>8.28 (84)</b>	<b>N/A</b>	<b>N/A</b>	<b>8.28 (84)</b>	<b>10/01/2009</b>
Barclays Capital Aggregate	2.48 (84)	8.16 (89)	8.16 (89)	7.42 (80)	6.20 (80)	8.16 (89)	
Difference	0.70	0.12	0.12	N/A	N/A	0.12	
US Broad Market Core Fixed Income (SA+CF) Median	2.91	9.14	9.14	8.21	6.76	9.14	

Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

**Venice Police Officers' Retirement Plan**  
**Comparative Performance Fiscal Year Returns**  
**As of September 30, 2010**

	<b>Oct-2009 To Sep-2010</b>	<b>Oct-2008 To Sep-2009</b>	<b>Oct-2007 To Sep-2008</b>	<b>Oct-2006 To Sep-2007</b>	<b>Oct-2005 To Sep-2006</b>	<b>Oct-2004 To Sep-2005</b>
<b>Total Fund (Net)</b>	<b>12.94</b>	<b>-3.43</b>	<b>-16.34</b>	<b>20.79</b>	<b>9.09</b>	<b>14.82</b>
Total Fund Policy	10.08	0.09	-13.98	12.73	7.88	10.14
Difference	2.86	-3.52	-2.36	8.06	1.21	4.68
<b>Total Fund (Gross)</b>	<b>13.39 (5)</b>	<b>-3.03 (91)</b>	<b>-16.01 (84)</b>	<b>21.27 (2)</b>	<b>9.43 (36)</b>	<b>15.30 (13)</b>
Total Fund Policy	10.08 (41)	0.09 (65)	-13.98 (55)	12.73 (79)	7.88 (67)	10.14 (74)
Difference	3.31	-3.12	-2.03	8.54	1.55	5.16
All Public Plans-Total Fund Median	9.75	1.34	-13.67	14.45	8.72	12.54
<b>Total Equity</b>	<b>15.54 (4)</b>	<b>-6.40 (50)</b>	<b>-20.99 (49)</b>	<b>28.49 (1)</b>	<b>11.60 (33)</b>	<b>20.08 (12)</b>
Russell 1000 Index	10.75 (35)	-6.14 (47)	-22.10 (68)	16.90 (47)	10.25 (63)	14.26 (53)
Difference	4.79	-0.26	1.11	11.59	1.35	5.82
US Core/Large Cap Equity (SA+CF) Median	9.90	-6.42	-21.11	16.67	10.80	14.32
<b>Total Fixed Income</b>	<b>10.26 (22)</b>	<b>8.50 (93)</b>	<b>-1.34 (83)</b>	<b>2.48 (100)</b>	<b>3.14 (98)</b>	<b>3.34 (31)</b>
Barclays Capital U.S. Government/Credit	8.73 (66)	11.46 (71)	2.41 (52)	5.08 (61)	3.33 (97)	2.56 (91)
Difference	1.53	-2.96	-3.75	-2.60	-0.19	0.78
US Broad Market Core Fixed Income (SA+CF) Median	9.14	12.53	2.55	5.16	3.85	3.12

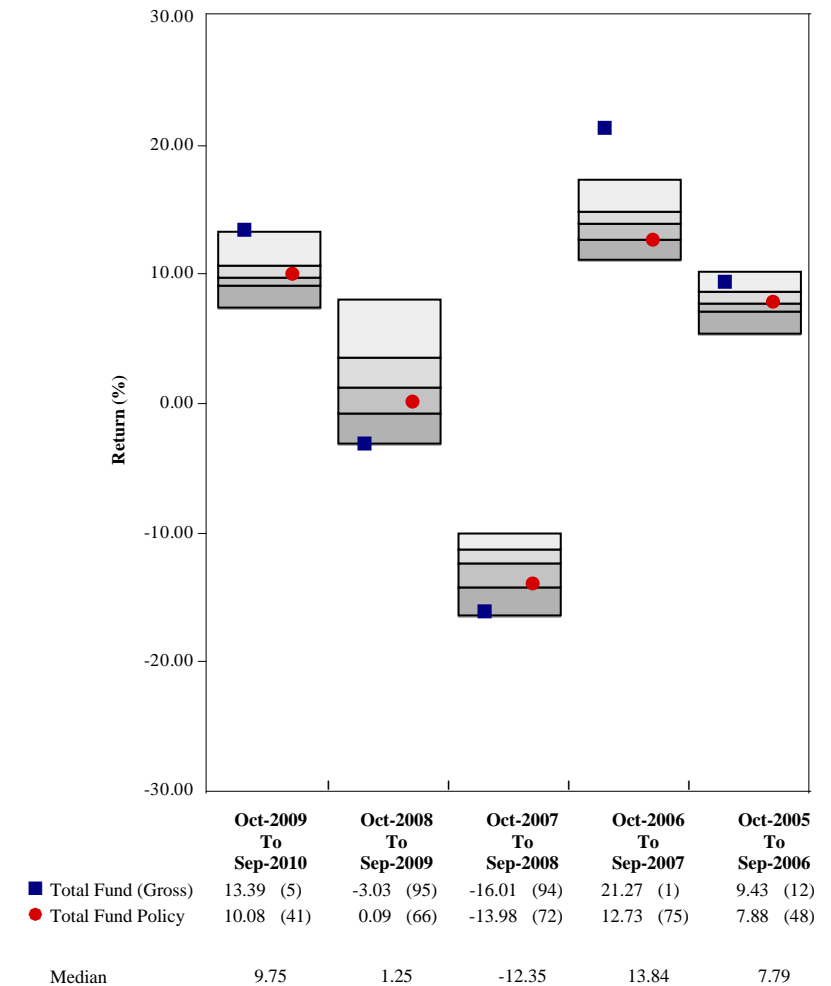
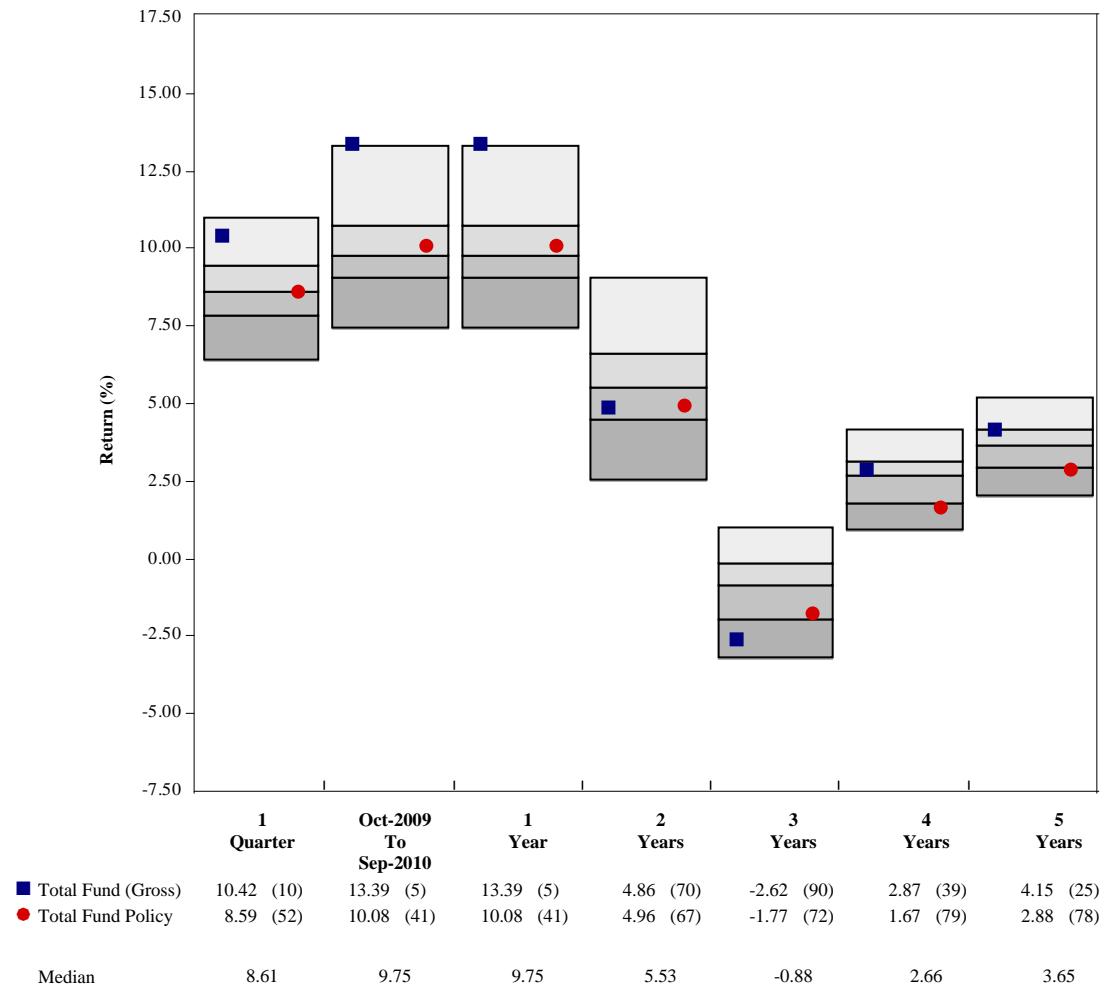
Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

# Venice Police Officers' Retirement Plan

## Total Fund (Gross)

### September 30, 2010

#### Plan Sponsor Peer Group Analysis - All Public Plans-Total Fund



#### Comparative Performance

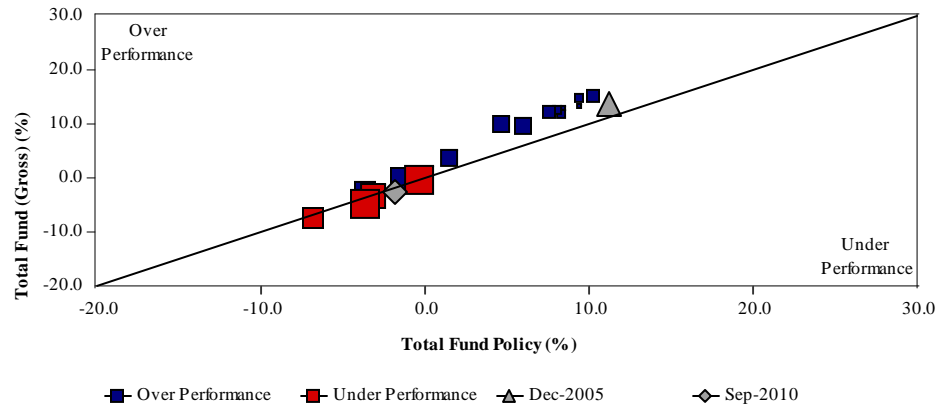
	1 Quarter Ending Jun-2010	1 Quarter Ending Mar-2010	1 Quarter Ending Dec-2009	1 Quarter Ending Sep-2009	1 Quarter Ending Jun-2009	1 Quarter Ending Mar-2009
Total Fund (Gross)	-6.70 (79)	4.45 (15)	5.37 (3)	13.01 (14)	12.19 (26)	-8.43 (95)
Total Fund Policy	-6.39 (70)	4.23 (24)	3.89 (27)	11.59 (48)	11.19 (41)	-7.06 (81)
All Public Plans-Total Fund Median	-5.96	3.83	3.42	11.45	10.62	-5.80

# Venice Police Officers' Retirement Plan

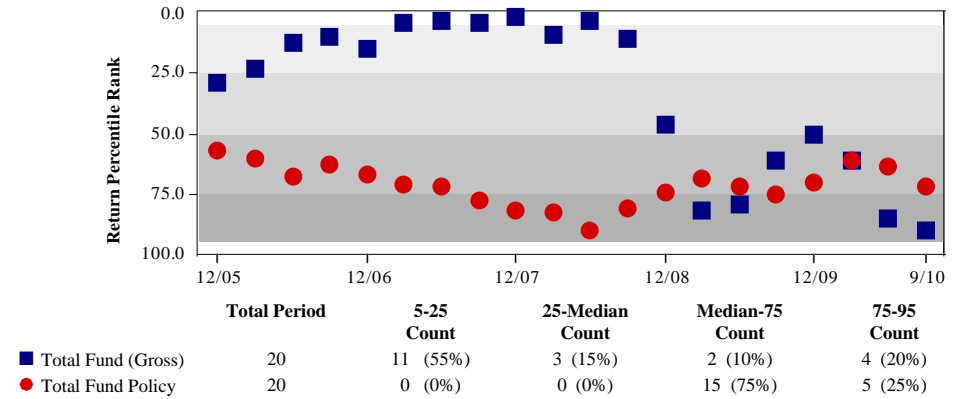
## Total Fund (Gross)

### September 30, 2010

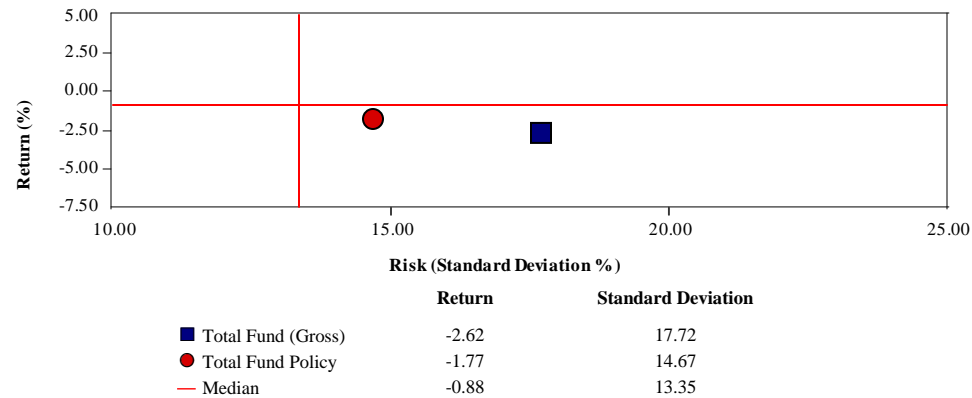
#### 3 Yr Rolling Under/Over Performance - 5 Years



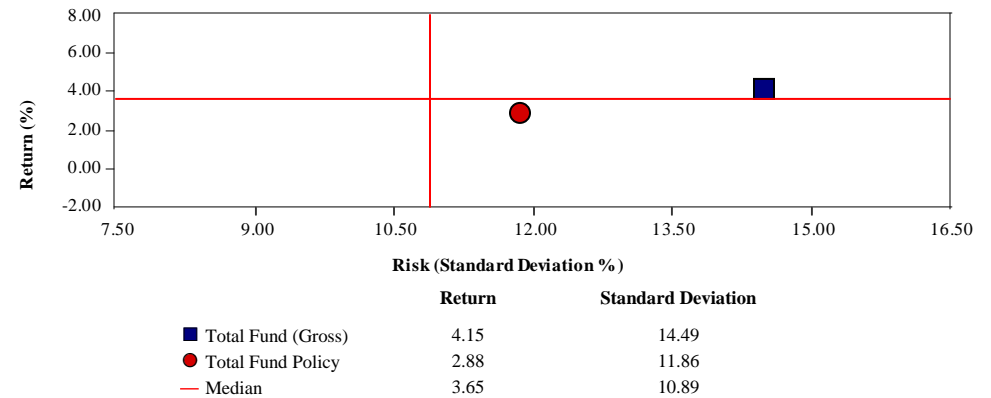
#### 3 Yr Rolling Percentile Ranking - 5 Years



#### Peer Group Scattergram - 3 Years



#### Peer Group Scattergram - 5 Years



#### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Total Fund (Gross)	4.72	117.89	118.91	-0.22	-0.07	-0.12	1.18	14.06
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	-0.12	1.00	11.29

#### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Total Fund (Gross)	4.27	121.88	116.04	0.95	0.37	0.18	1.18	11.03
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	0.09	1.00	8.86

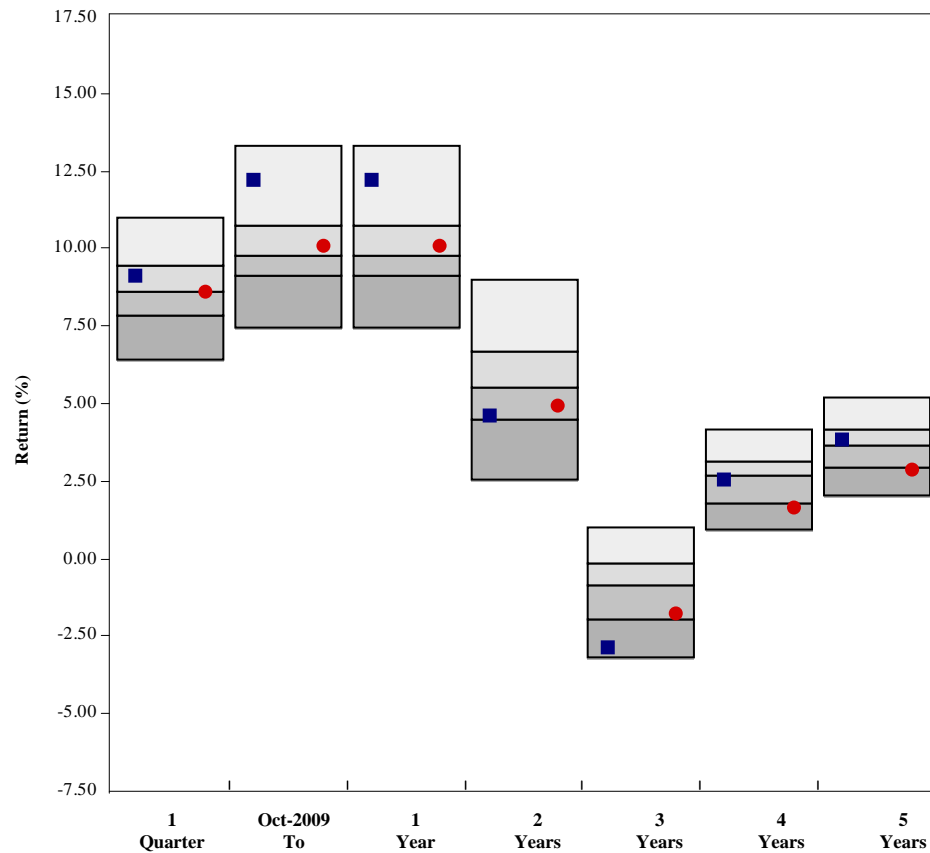


# Venice Police Officers' Retirement Plan

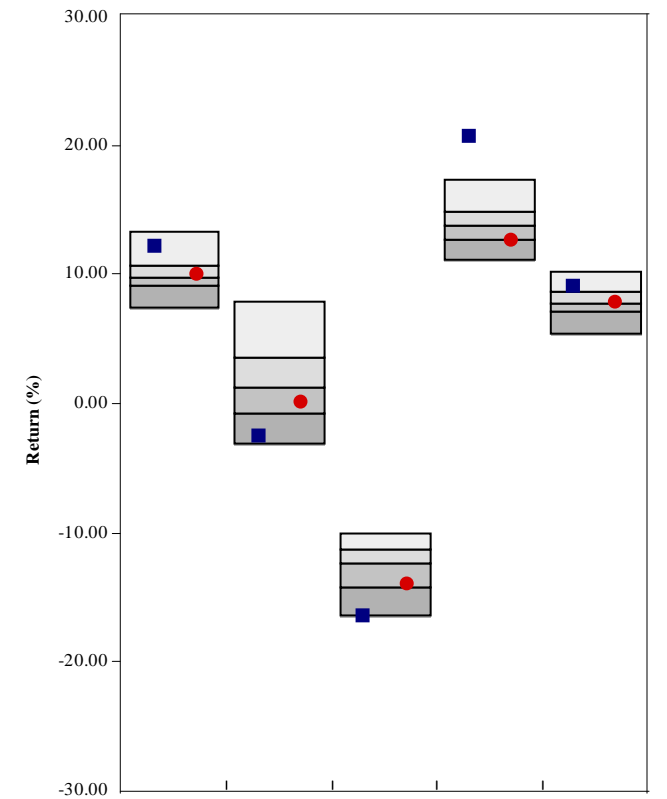
## Bowen Hanes Portfolio (Net)

### September 30, 2010

#### Plan Sponsor Peer Group Analysis - All Public Plans-Total Fund



	<b>1 Quarter</b>	<b>Oct-2009 To Sep-2010</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>
■ Bowen Hanes Portfolio (Net)	9.09 (32)	12.24 (8)	12.24 (8)	4.62 (73)	-2.89 (94)	2.55 (54)	3.83 (42)
● Total Fund Policy	8.59 (51)	10.08 (41)	10.08 (41)	4.96 (68)	-1.77 (72)	1.67 (79)	2.88 (78)
Median	8.59	9.75	9.75	5.54	-0.87	2.66	3.65



	<b>Oct-2009 To Sep-2010</b>	<b>Oct-2008 To Sep-2009</b>	<b>Oct-2007 To Sep-2008</b>	<b>Oct-2006 To Sep-2007</b>	<b>Oct-2005 To Sep-2006</b>
■ Bowen Hanes Portfolio (Net)	12.24 (8)	-2.49 (92)	-16.34 (95)	20.79 (1)	9.09 (16)
● Total Fund Policy	10.08 (41)	0.09 (66)	-13.98 (73)	12.73 (75)	7.88 (48)
Median	9.75	1.28	-12.37	13.83	7.79

#### Comparative Performance

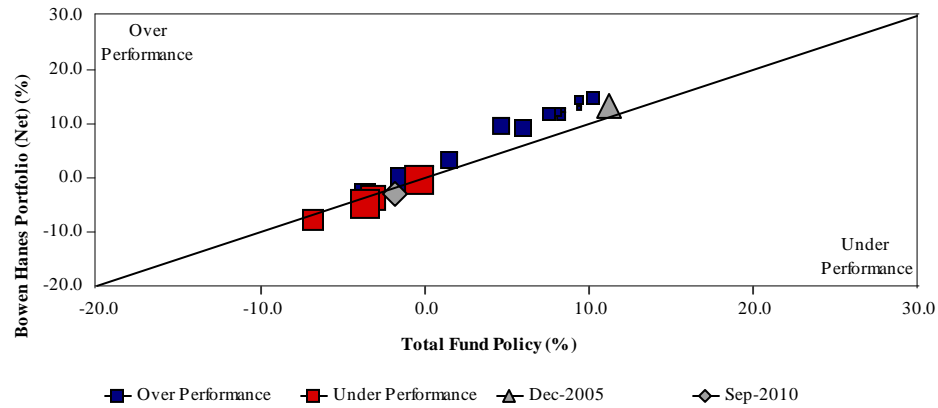
	<b>1 Quarter Ending Jun-2010</b>	<b>1 Quarter Ending Mar-2010</b>	<b>1 Quarter Ending Dec-2009</b>	<b>1 Quarter Ending Sep-2009</b>	<b>1 Quarter Ending Jun-2009</b>	<b>1 Quarter Ending Mar-2009</b>
Bowen Hanes Portfolio (Net)	-6.54 (74)	4.08 (34)	5.77 (1)	14.00 (6)	12.08 (27)	-8.52 (96)
Total Fund Policy	-6.39 (70)	4.23 (24)	3.89 (27)	11.59 (48)	11.19 (41)	-7.06 (81)
All Public Plans-Total Fund Median	-5.96	3.83	3.42	11.45	10.62	-5.80

# Venice Police Officers' Retirement Plan

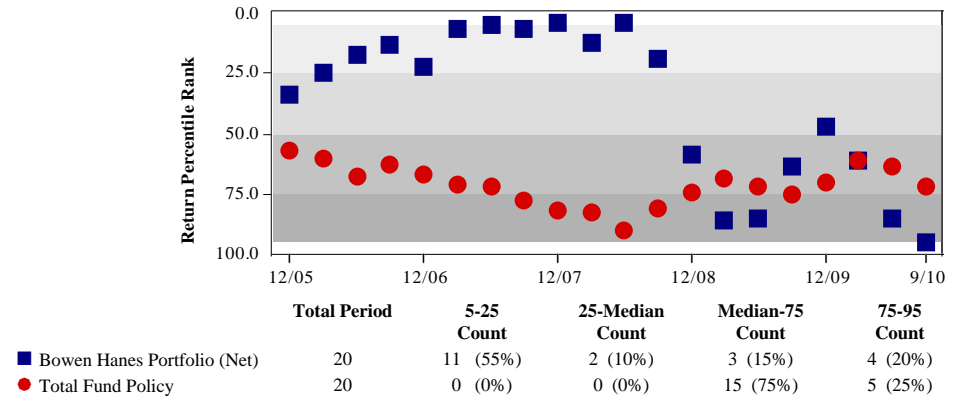
## Bowen Hanes Portfolio (Net)

### September 30, 2010

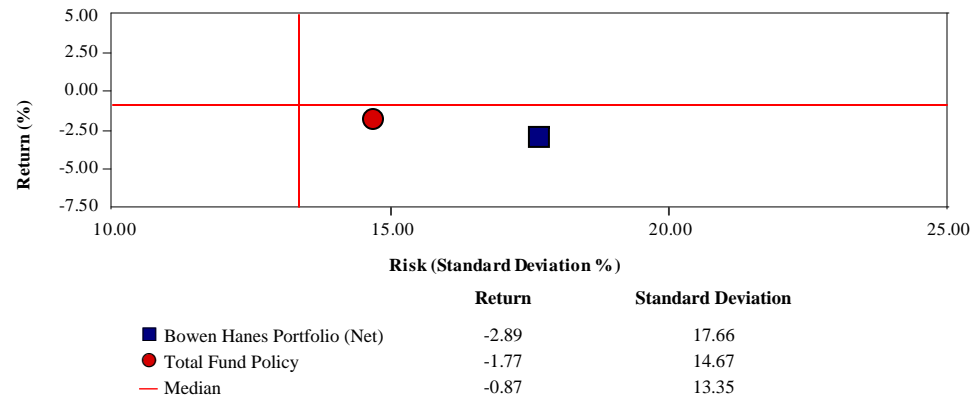
#### 3 Yr Rolling Under/Over Performance - 5 Years



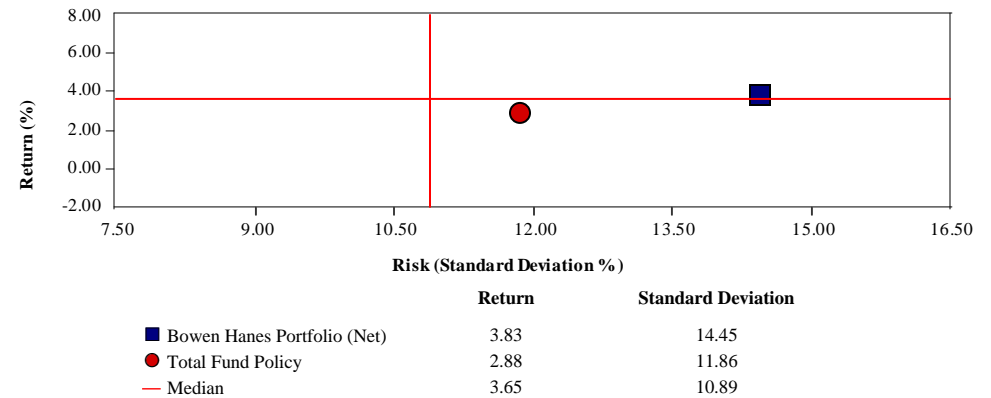
#### 3 Yr Rolling Percentile Ranking - 5 Years



#### Peer Group Scattergram - 3 Years



#### Peer Group Scattergram - 5 Years



#### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Bowen Hanes Portfolio (Net)	4.70	116.28	118.72	-0.51	-0.13	-0.14	1.17	14.12
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	-0.12	1.00	11.29

#### Historical Statistics - 5 Years

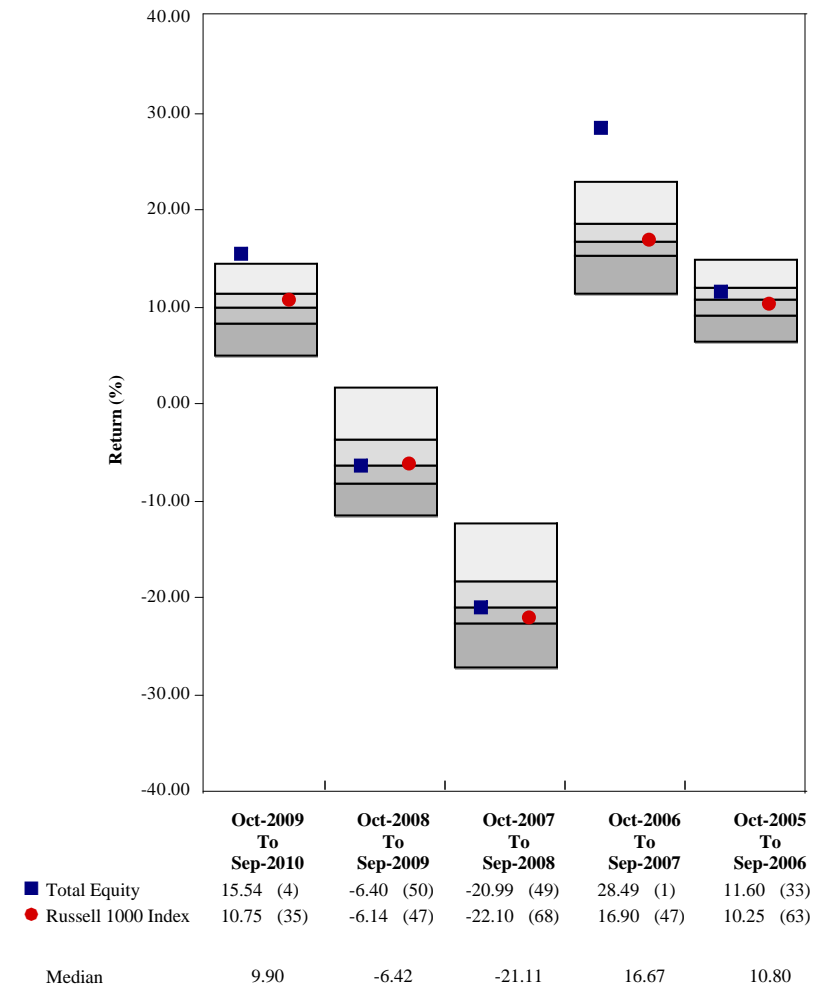
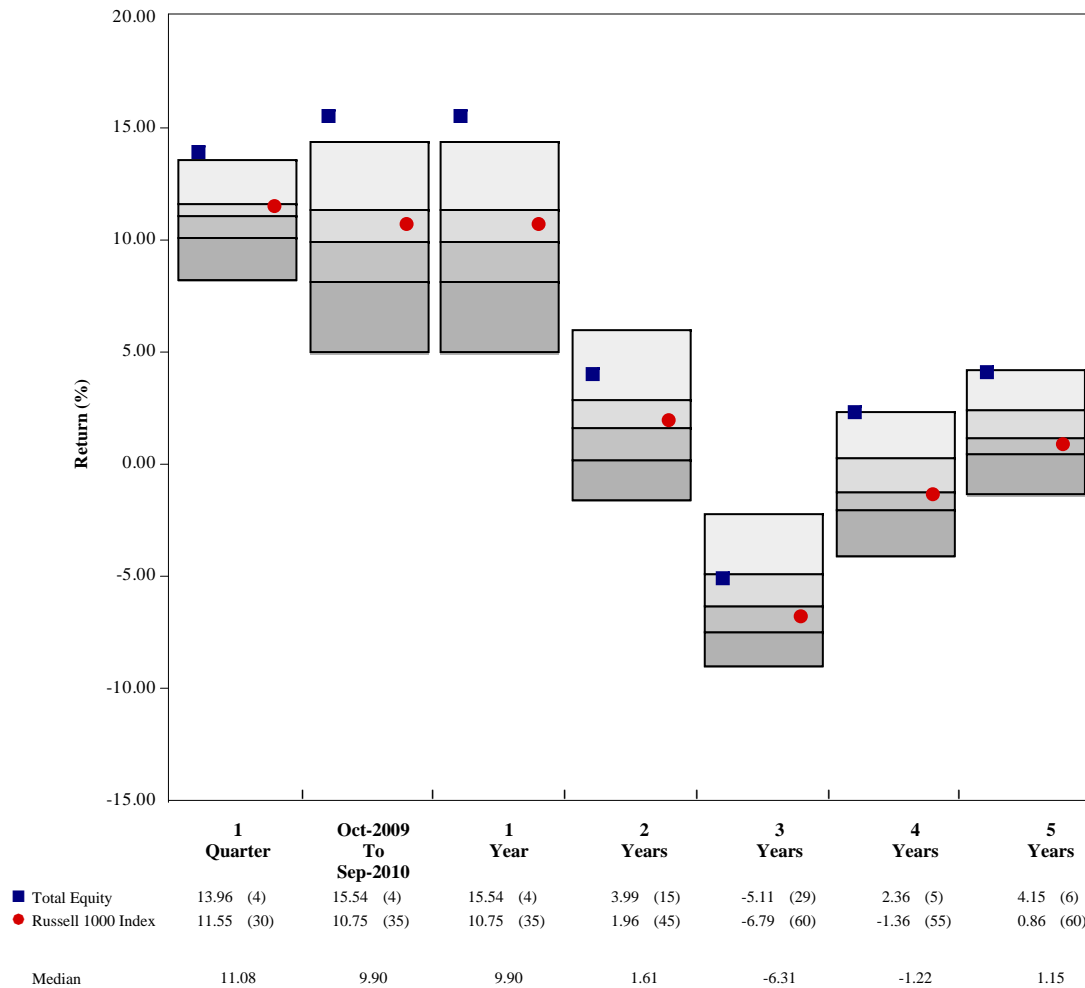
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Bowen Hanes Portfolio (Net)	4.26	120.19	116.16	0.65	0.30	0.16	1.18	11.08
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	0.09	1.00	8.86

# Venice Police Officers' Retirement Plan

## Total Equity

### September 30, 2010

#### Peer Group Analysis - US Core/Large Cap Equity (SA+CF)



#### Comparative Performance

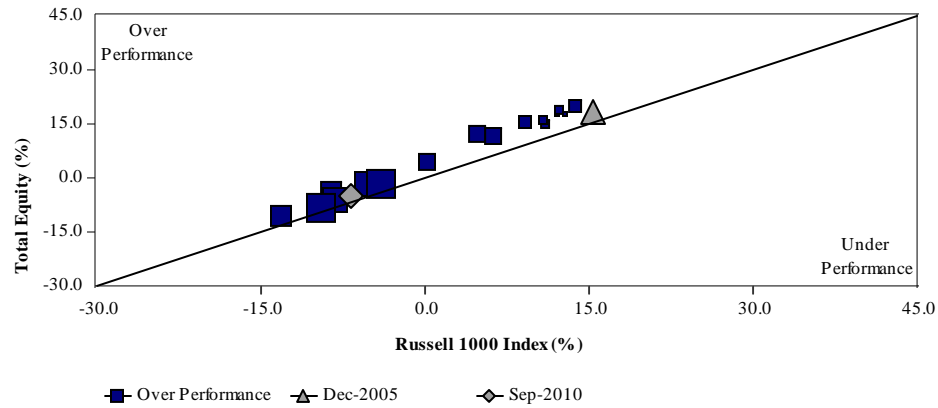
	1 Quarter Ending Jun-2010	1 Quarter Ending Mar-2010	1 Quarter Ending Dec-2009	1 Quarter Ending Sep-2009	1 Quarter Ending Jun-2009	1 Quarter Ending Mar-2009
Total Equity	-10.51 (19)	5.48 (43)	7.40 (9)	17.19 (14)	15.72 (48)	-12.10 (91)
Russell 1000 Index	-11.44 (50)	5.70 (33)	6.07 (44)	16.07 (27)	16.50 (31)	-10.45 (51)
US Core/Large Cap Equity (SA+CF) Median	-11.45	5.40	6.00	15.28	15.58	-10.42

# Venice Police Officers' Retirement Plan

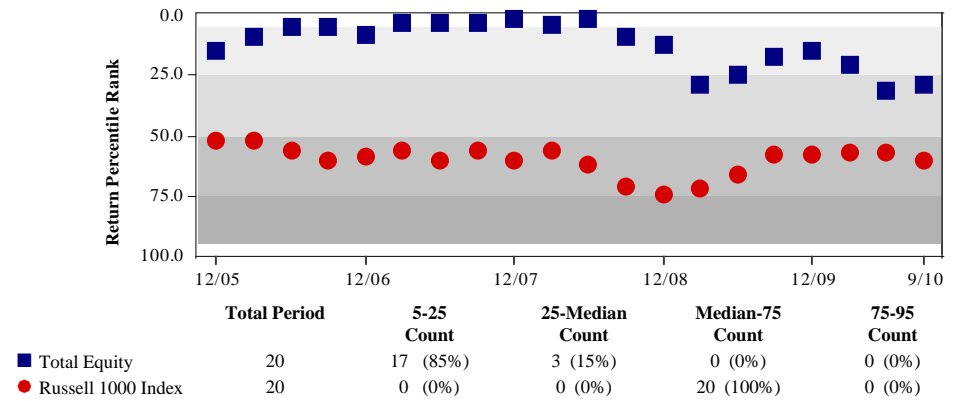
## Total Equity

### September 30, 2010

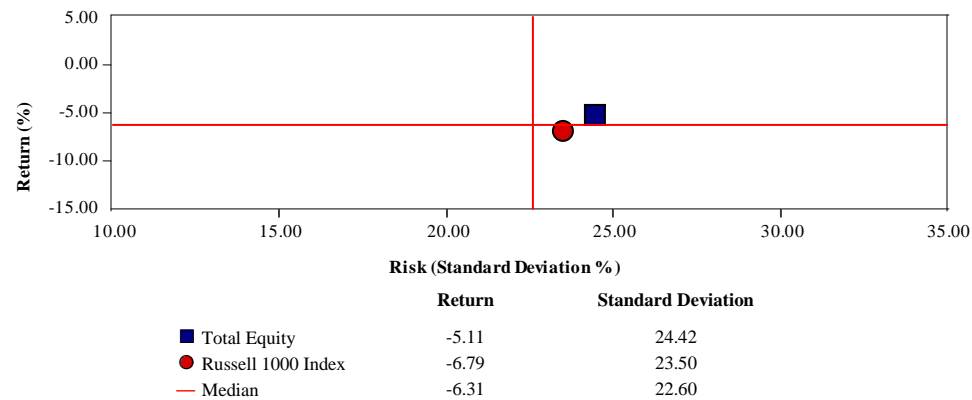
#### 3 Yr Rolling Under/Over Performance - 5 Years



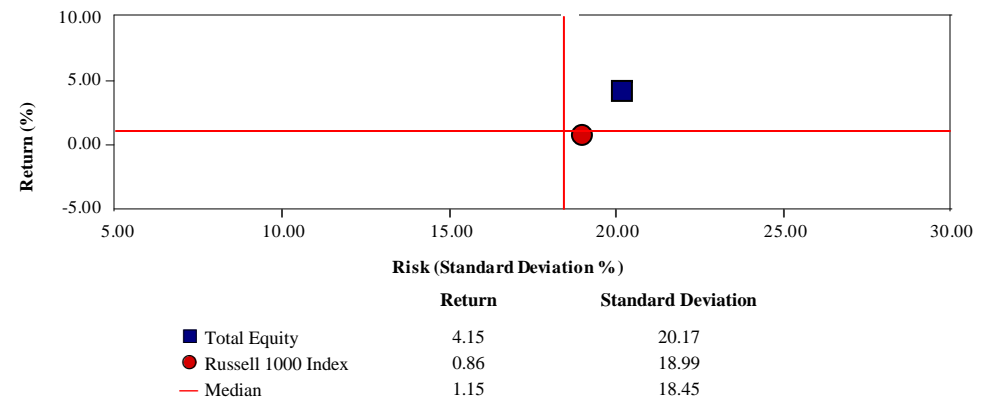
#### 3 Yr Rolling Percentile Ranking - 5 Years



#### Peer Group Scattergram - 3 Years



#### Peer Group Scattergram - 5 Years



#### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Total Equity	5.51	105.84	99.10	2.06	0.36	-0.16	1.01	17.67
Russell 1000 Index	0.00	100.00	100.00	0.00	N/A	-0.25	1.00	17.25

#### Historical Statistics - 5 Years

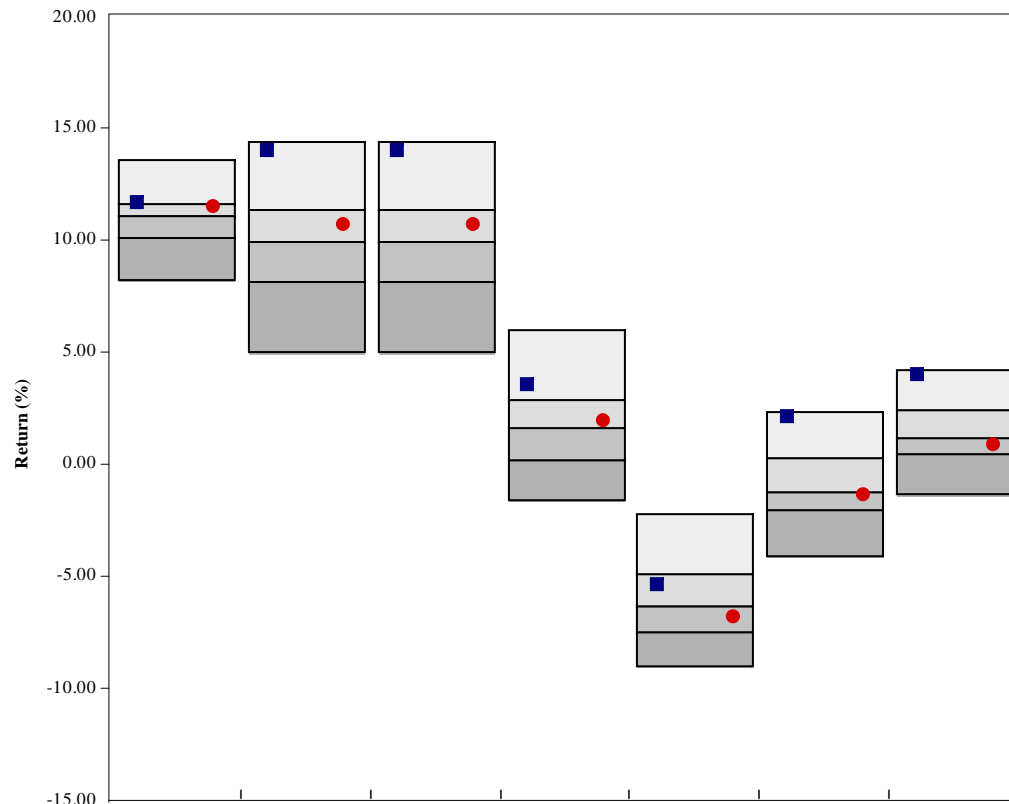
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Total Equity	4.98	110.45	96.46	3.36	0.68	0.18	1.02	13.87
Russell 1000 Index	0.00	100.00	100.00	0.00	N/A	0.00	1.00	13.57

# Venice Police Officers' Retirement Plan

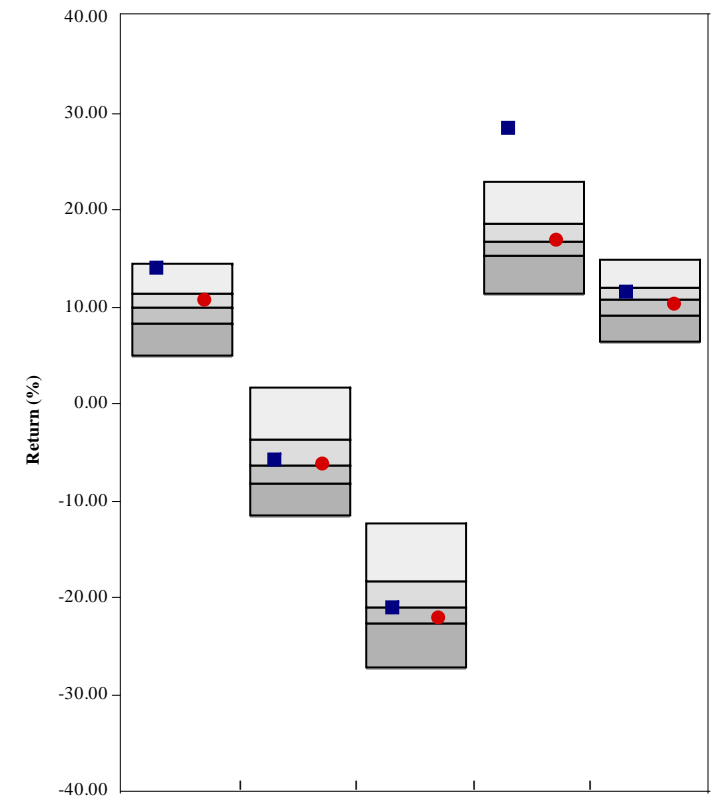
## Bowen Hanes Equity

### September 30, 2010

#### Peer Group Analysis - US Core/Large Cap Equity (SA+CF)



	<b>1 Quarter</b>	<b>Oct-2009 To Sep-2010</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>
■ Bowen Hanes Equity	11.69 (24)	14.02 (7)	14.02 (7)	3.62 (18)	-5.34 (33)	2.18 (6)	4.00 (7)
● Russell 1000 Index	11.55 (30)	10.75 (35)	10.75 (35)	1.96 (45)	-6.79 (60)	-1.36 (55)	0.86 (60)
Median	11.08	9.90	9.90	1.61	-6.31	-1.22	1.15



	<b>Oct-2009 To Sep-2010</b>	<b>Oct-2008 To Sep-2009</b>	<b>Oct-2007 To Sep-2008</b>	<b>Oct-2006 To Sep-2007</b>	<b>Oct-2005 To Sep-2006</b>
■ Bowen Hanes Equity	14.02 (7)	-5.84 (43)	-20.99 (49)	28.49 (1)	11.60 (33)
● Russell 1000 Index	10.75 (35)	-6.14 (47)	-22.10 (68)	16.90 (47)	10.25 (63)
Median	9.90	-6.42	-21.11	16.67	10.80

#### Comparative Performance

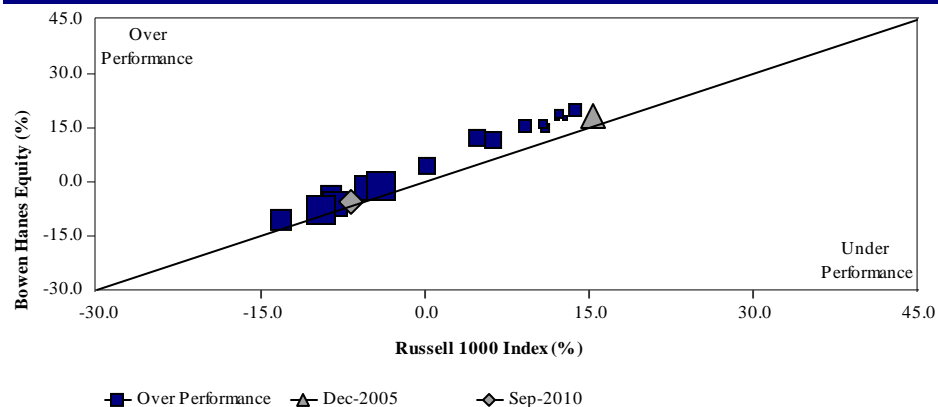
	<b>1 Quarter Ending Jun-2010</b>	<b>1 Quarter Ending Mar-2010</b>	<b>1 Quarter Ending Dec-2009</b>	<b>1 Quarter Ending Sep-2009</b>	<b>1 Quarter Ending Jun-2009</b>	<b>1 Quarter Ending Mar-2009</b>
Bowen Hanes Equity	-9.63 (11)	4.91 (72)	7.68 (7)	17.89 (10)	15.72 (48)	-12.10 (91)
Russell 1000 Index	-11.44 (50)	5.70 (33)	6.07 (44)	16.07 (27)	16.50 (31)	-10.45 (51)
US Core/Large Cap Equity (SA+CF) Median	-11.45	5.40	6.00	15.28	15.58	-10.42

# Venice Police Officers' Retirement Plan

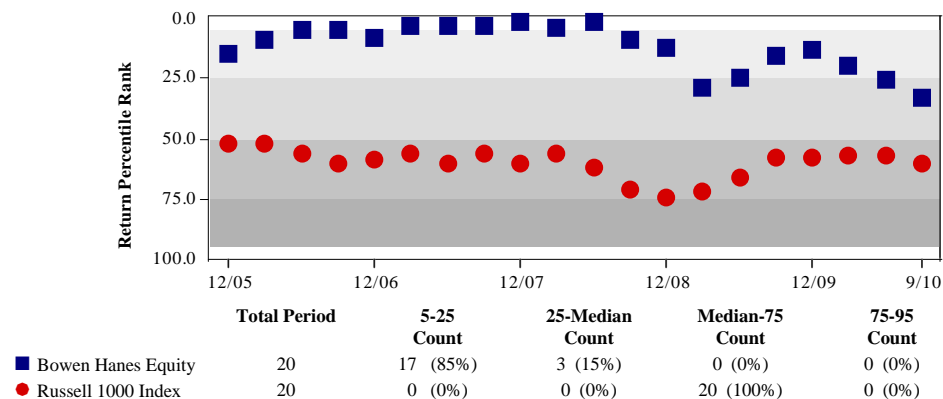
## Bowen Hanes Equity

### September 30, 2010

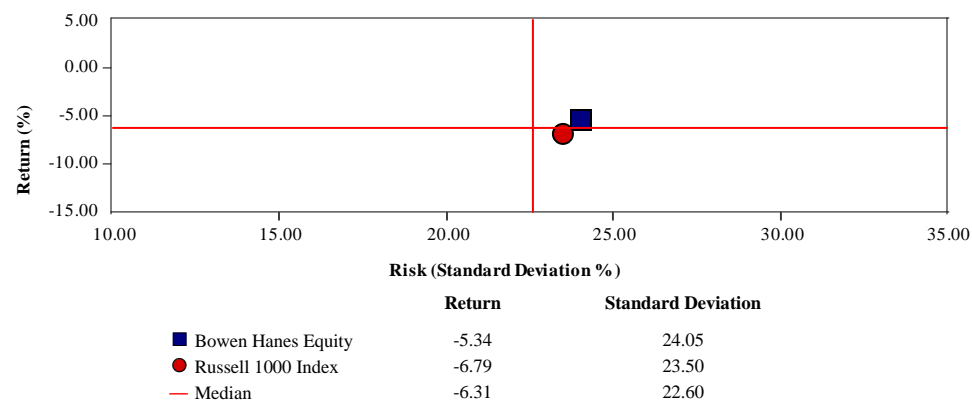
#### 3 Yr Rolling Under/Over Performance - 5 Years



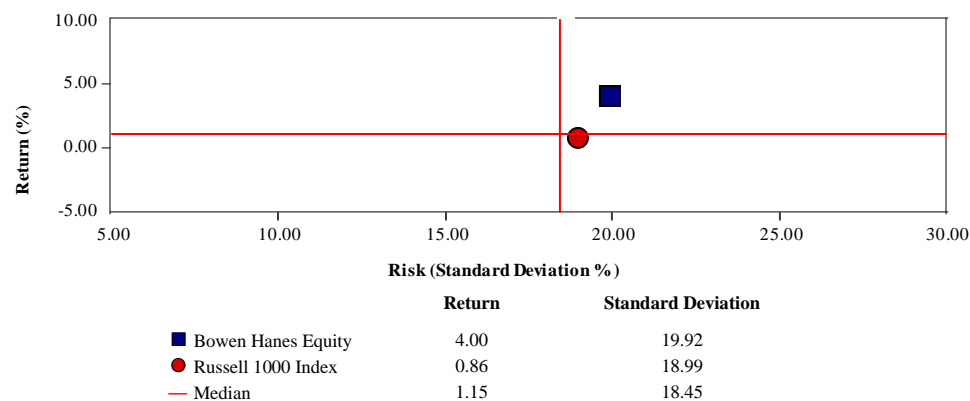
#### 3 Yr Rolling Percentile Ranking - 5 Years



#### Peer Group Scattergram - 3 Years



#### Peer Group Scattergram - 5 Years



#### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Bowen Hanes Equity	5.52	102.52	97.19	1.66	0.30	-0.17	0.99	17.55
Russell 1000 Index	0.00	100.00	100.00	0.00	N/A	-0.25	1.00	17.25

#### Historical Statistics - 5 Years

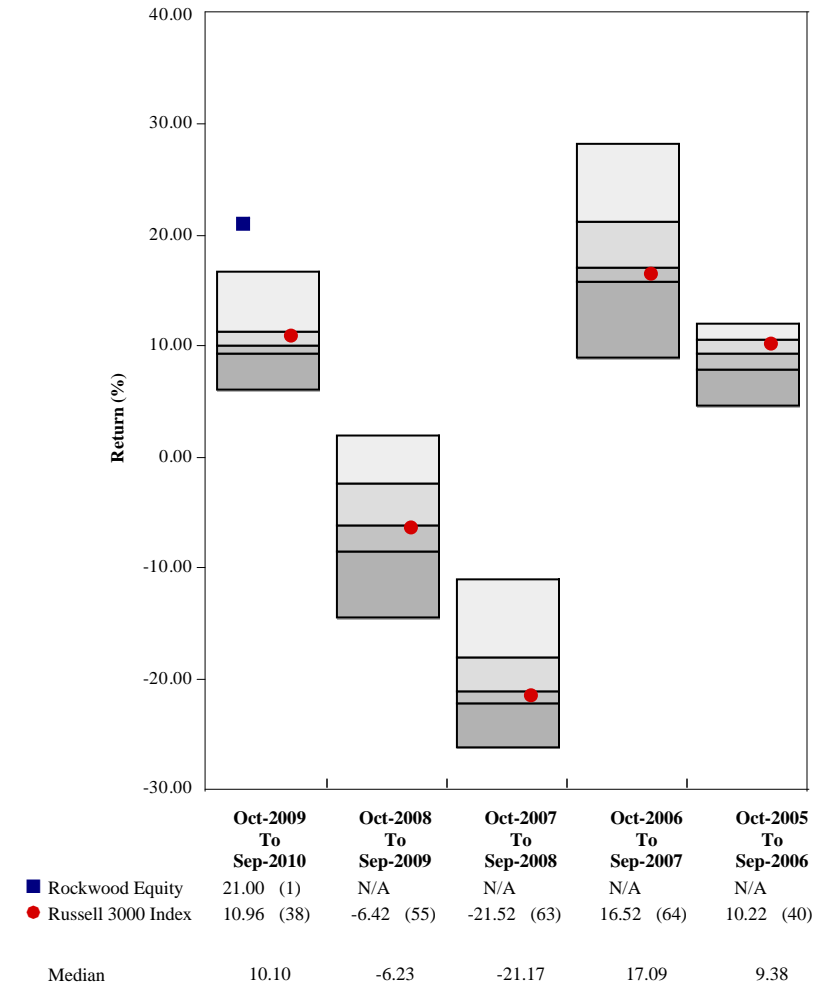
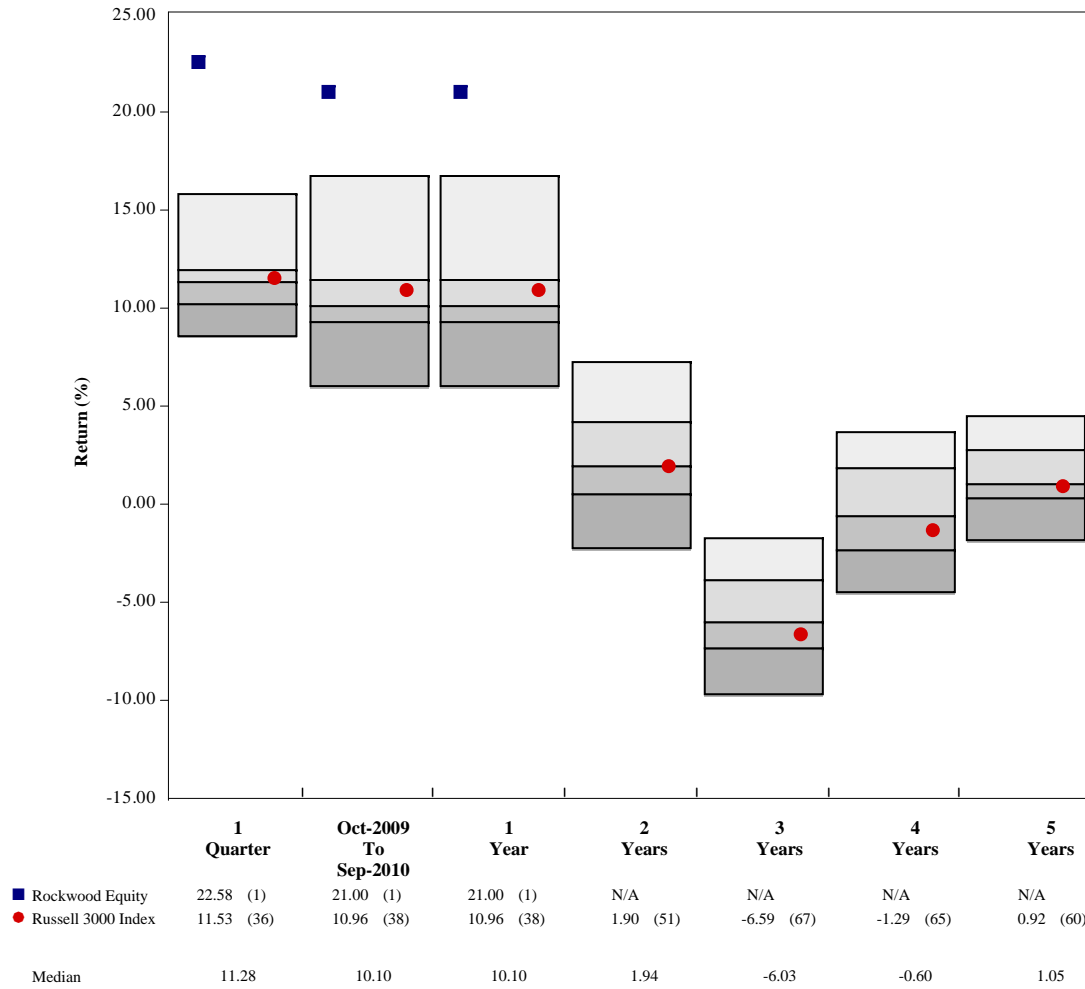
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Bowen Hanes Equity	4.99	108.13	94.75	3.20	0.64	0.17	1.00	13.78
Russell 1000 Index	0.00	100.00	100.00	0.00	N/A	0.00	1.00	13.57

# Venice Police Officers' Retirement Plan

## Rockwood Equity

### September 30, 2010

#### Peer Group Analysis - US All Cap Core Equity (SA+CF)



#### Comparative Performance

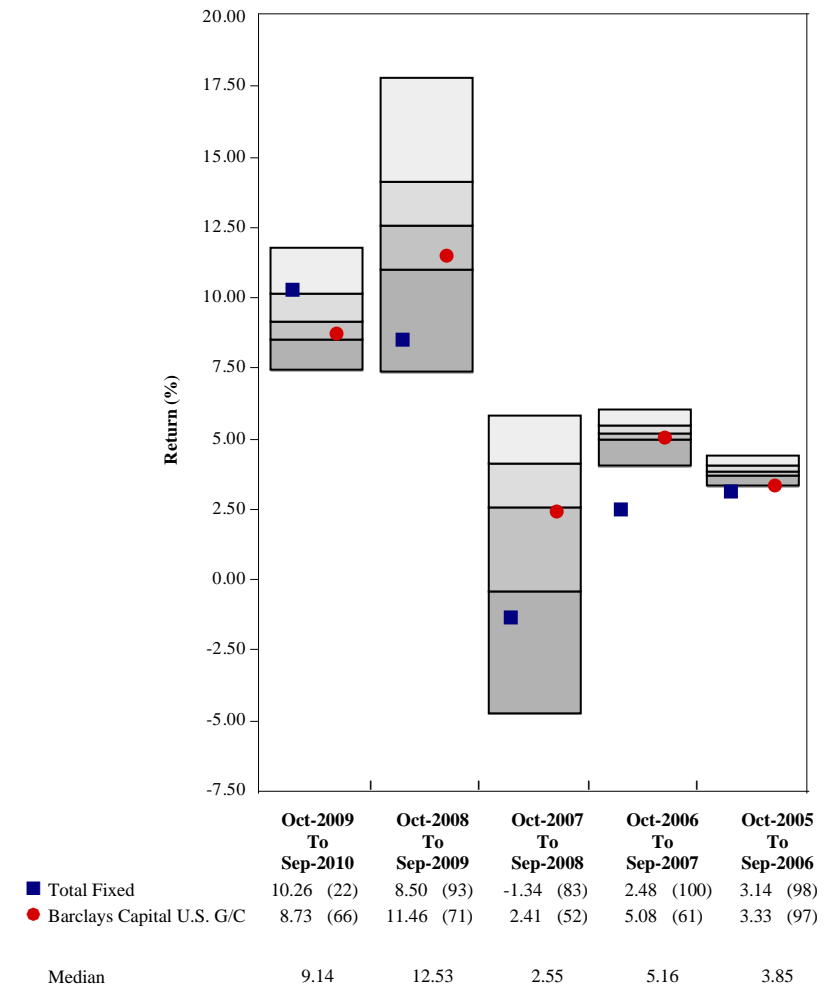
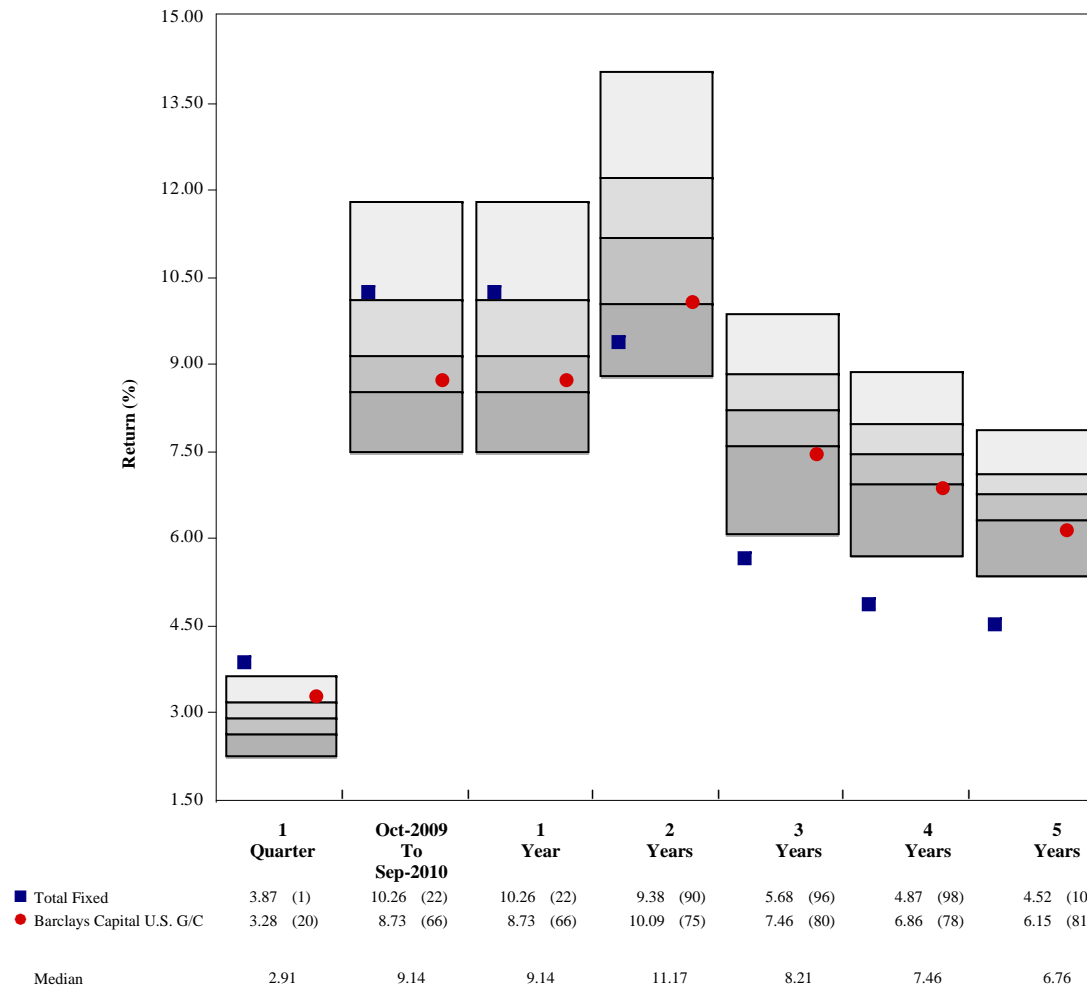
	1 Quarter Ending Jun-2010	1 Quarter Ending Mar-2010	1 Quarter Ending Dec-2009	1 Quarter Ending Sep-2009	1 Quarter Ending Jun-2009	1 Quarter Ending Mar-2009
Rockwood Equity	-13.70 (96)	7.64 (9)	6.26 (40)	N/A	N/A	N/A
Russell 3000 Index	-11.32 (53)	5.94 (45)	5.90 (61)	16.31 (50)	16.82 (44)	-10.80 (75)
US All Cap Core Equity (SA+CF) Median	-11.30	5.82	6.01	16.22	16.22	-9.48

# Venice Police Officers' Retirement Plan

## Total Fixed

### September 30, 2010

#### Peer Group Analysis - US Broad Market Core Fixed Income (SA+CF)



#### Comparative Performance

	1 Quarter Ending Jun-2010	1 Quarter Ending Mar-2010	1 Quarter Ending Dec-2009	1 Quarter Ending Sep-2009	1 Quarter Ending Jun-2009	1 Quarter Ending Mar-2009
Total Fixed	2.73 (92)	2.26 (40)	1.05 (26)	6.13 (19)	7.78 (7)	-0.23 (76)
Barclays Capital U.S. G/C	3.88 (15)	1.55 (94)	-0.21 (93)	4.16 (65)	1.85 (84)	-1.27 (93)
US Broad Market Core Fixed Income (SA+CF) Median	3.44	2.12	0.58	4.69	3.36	0.48

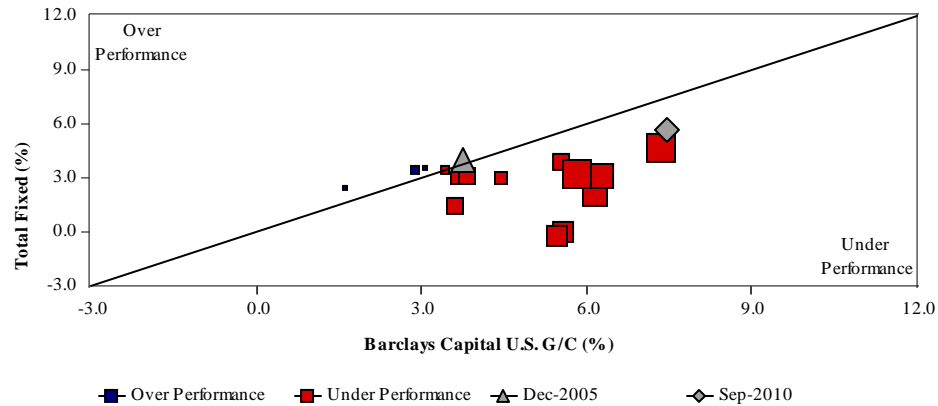


# Venice Police Officers' Retirement Plan

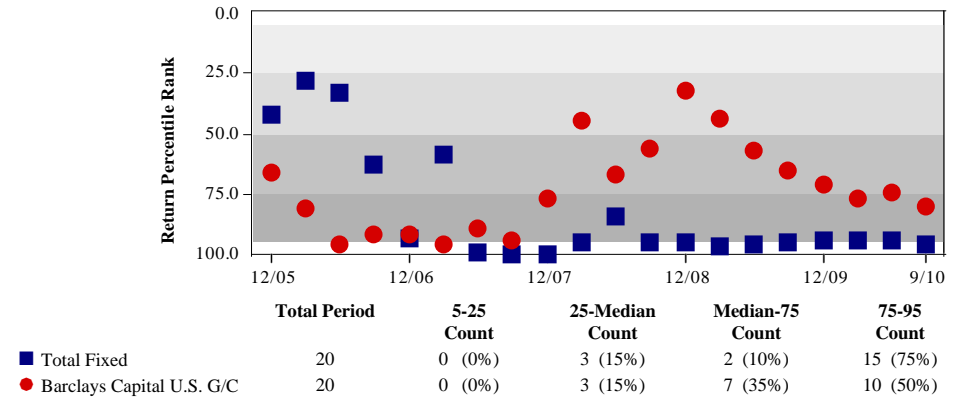
## Total Fixed

### September 30, 2010

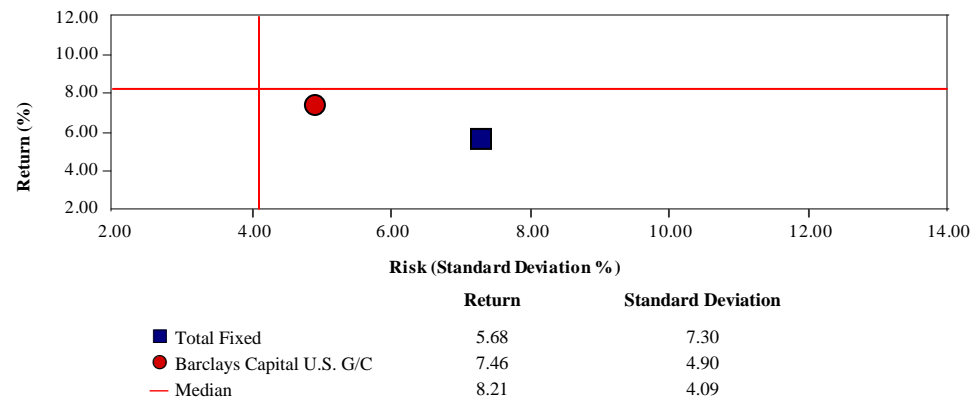
#### 3 Yr Rolling Under/Over Performance - 5 Years



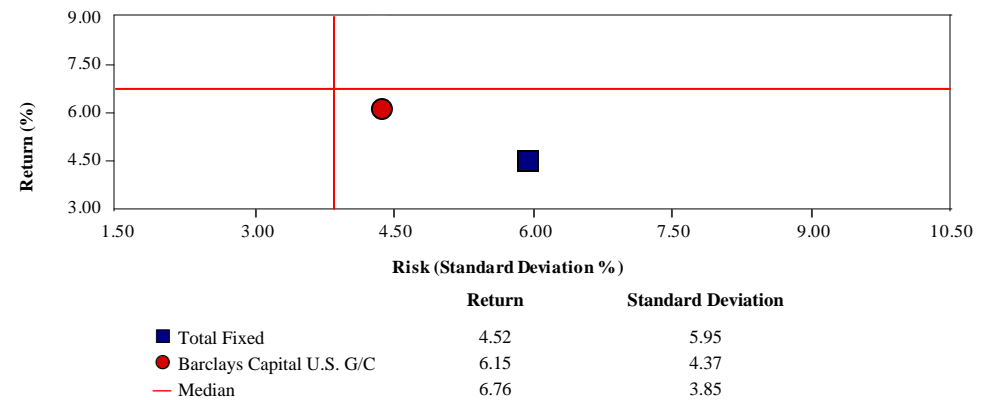
#### 3 Yr Rolling Percentile Ranking - 5 Years



#### Peer Group Scattergram - 3 Years



#### Peer Group Scattergram - 5 Years



#### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Total Fixed	8.45	122.75	199.74	-4.36	-0.14	0.46	1.43	8.25
Barclays Capital U.S. G/C	0.00	100.00	100.00	0.00	N/A	1.21	1.00	2.61

#### Historical Statistics - 5 Years

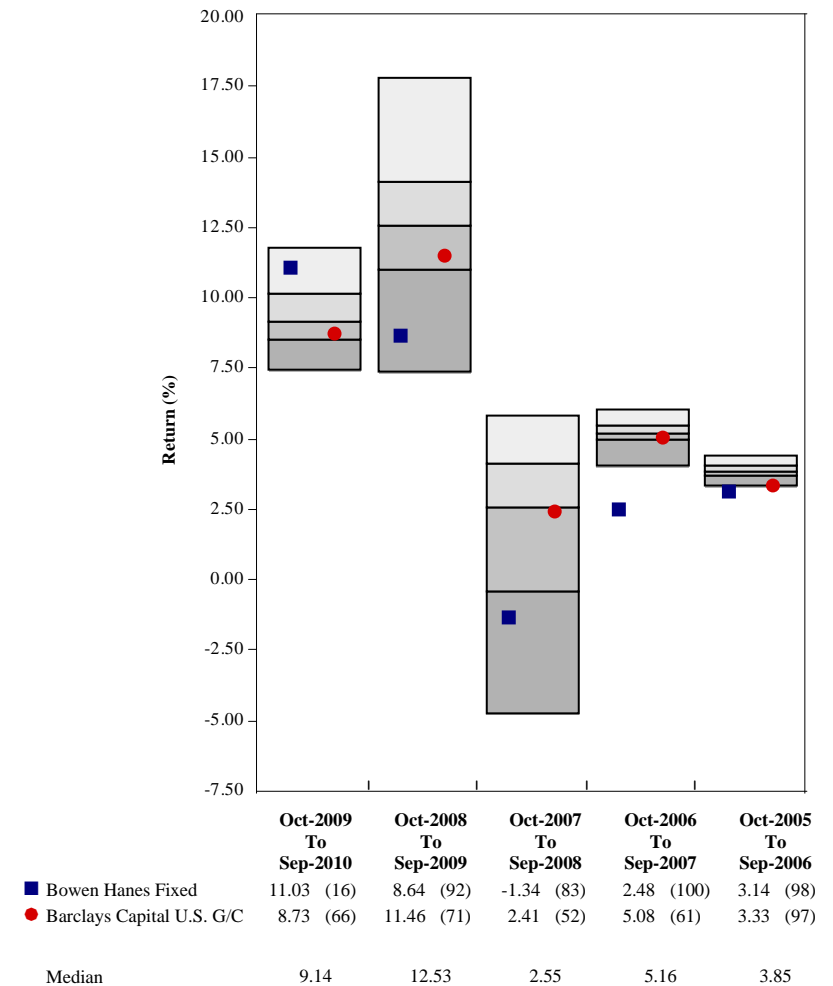
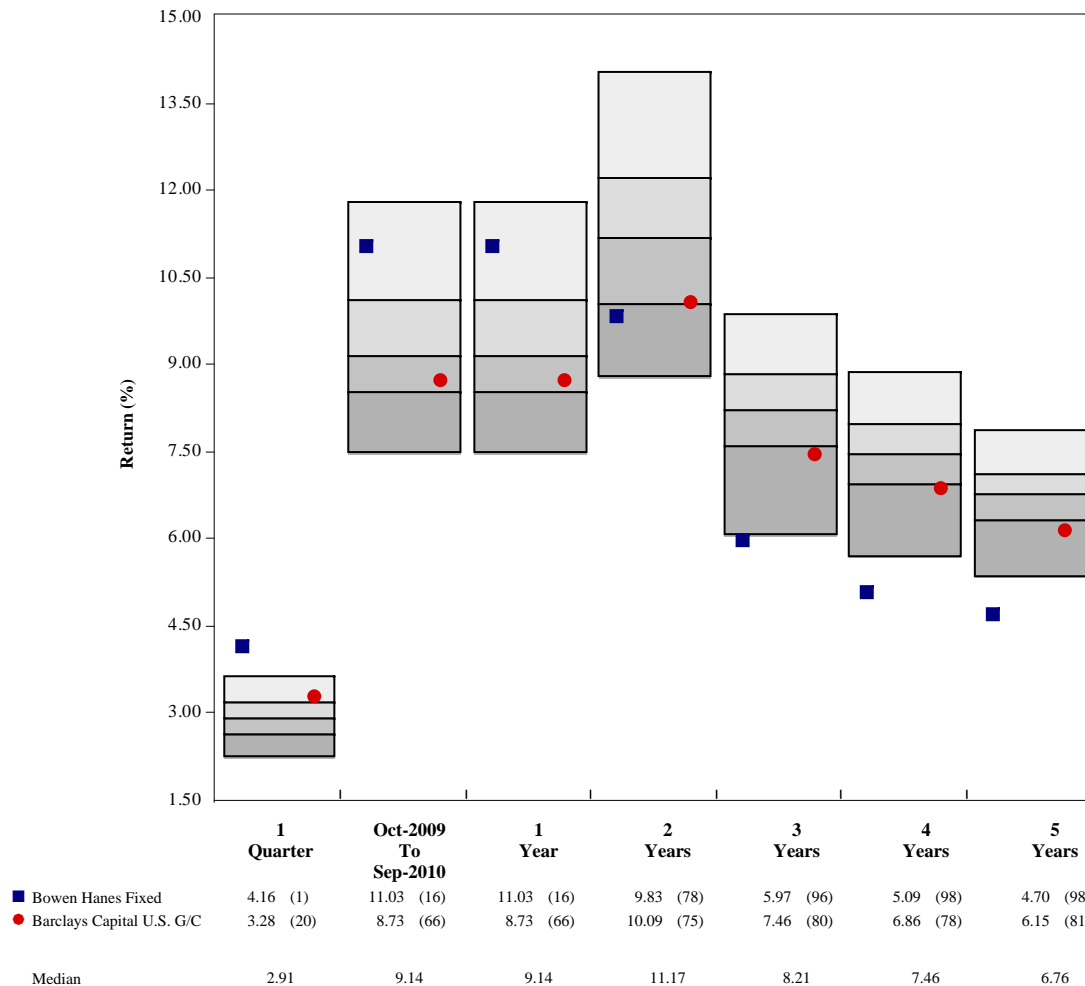
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Total Fixed	6.68	104.62	153.37	-3.08	-0.19	0.26	1.30	6.45
Barclays Capital U.S. G/C	0.00	100.00	100.00	0.00	N/A	0.79	1.00	2.19

# Venice Police Officers' Retirement Plan

## Bowen Hanes Fixed

### September 30, 2010

#### Peer Group Analysis - US Broad Market Core Fixed Income (SA+CF)



#### Comparative Performance

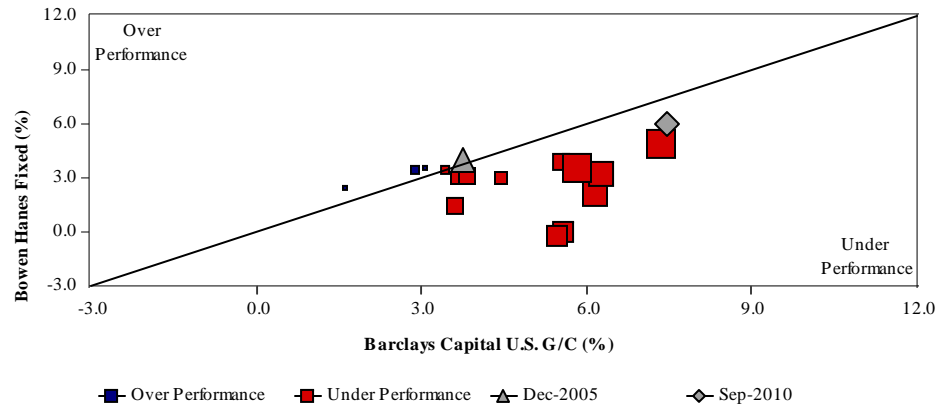
	1 Quarter Ending Jun-2010	1 Quarter Ending Mar-2010	1 Quarter Ending Dec-2009	1 Quarter Ending Sep-2009	1 Quarter Ending Jun-2009	1 Quarter Ending Mar-2009
Bowen Hanes Fixed	2.42 (96)	2.50 (27)	1.55 (9)	6.26 (18)	7.78 (7)	-0.23 (76)
Barclays Capital U.S. G/C	3.88 (15)	1.55 (94)	-0.21 (93)	4.16 (65)	1.85 (84)	-1.27 (93)
US Broad Market Core Fixed Income (SA+CF) Median	3.44	2.12	0.58	4.69	3.36	0.48

# Venice Police Officers' Retirement Plan

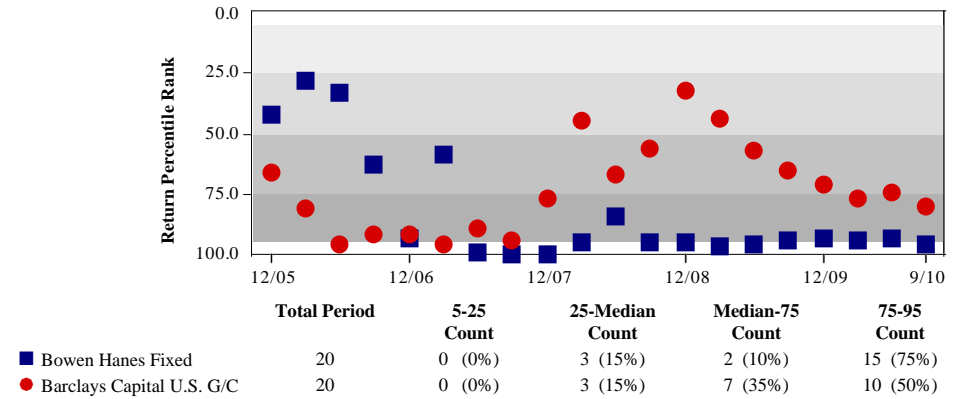
## Bowen Hanes Fixed

### September 30, 2010

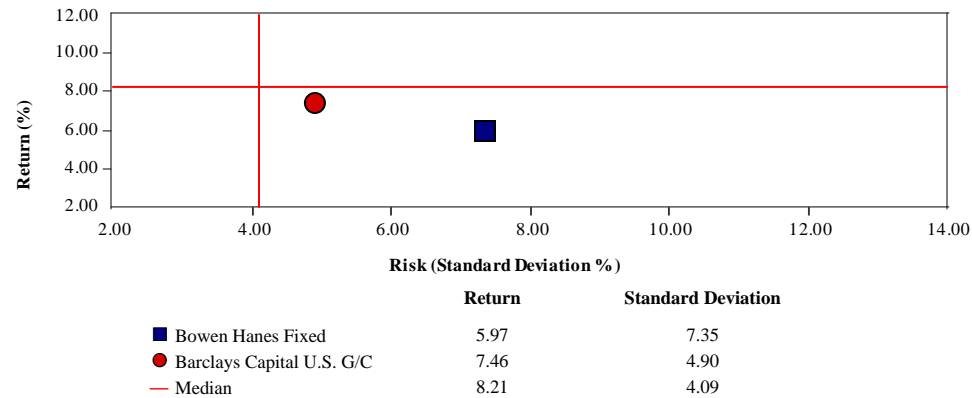
#### 3 Yr Rolling Under/Over Performance - 5 Years



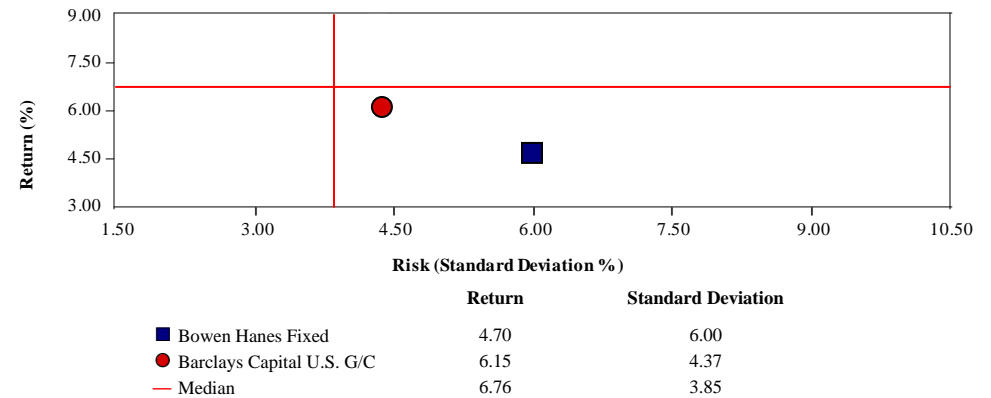
#### 3 Yr Rolling Percentile Ranking - 5 Years



#### Peer Group Scattergram - 3 Years



#### Peer Group Scattergram - 5 Years



#### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Bowen Hanes Fixed	8.50	123.99	195.95	-3.99	-0.11	0.48	1.42	8.24
Barclays Capital U.S. G/C	0.00	100.00	100.00	0.00	N/A	1.21	1.00	2.61

#### Historical Statistics - 5 Years

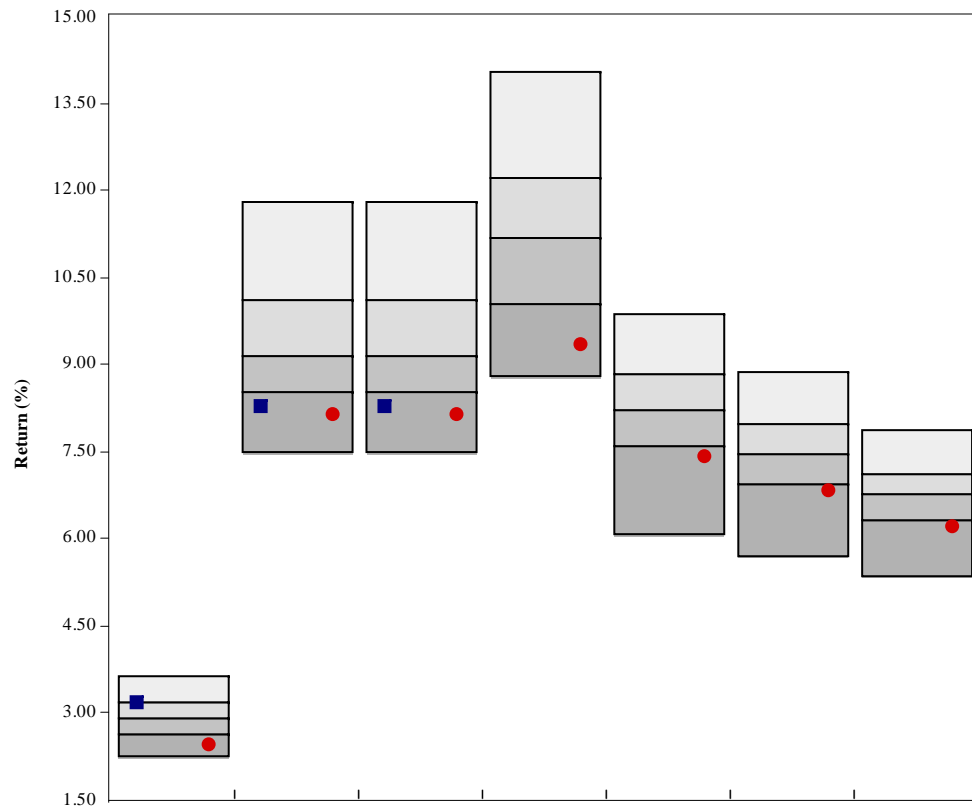
	Tracking Error	Up Market Capture	Down Market Capture	Alpha	IR	Sharpe Ratio	Beta	Downside Risk
Bowen Hanes Fixed	6.72	105.51	150.69	-2.86	-0.16	0.28	1.29	6.44
Barclays Capital U.S. G/C	0.00	100.00	100.00	0.00	N/A	0.79	1.00	2.19

# Venice Police Officers' Retirement Plan

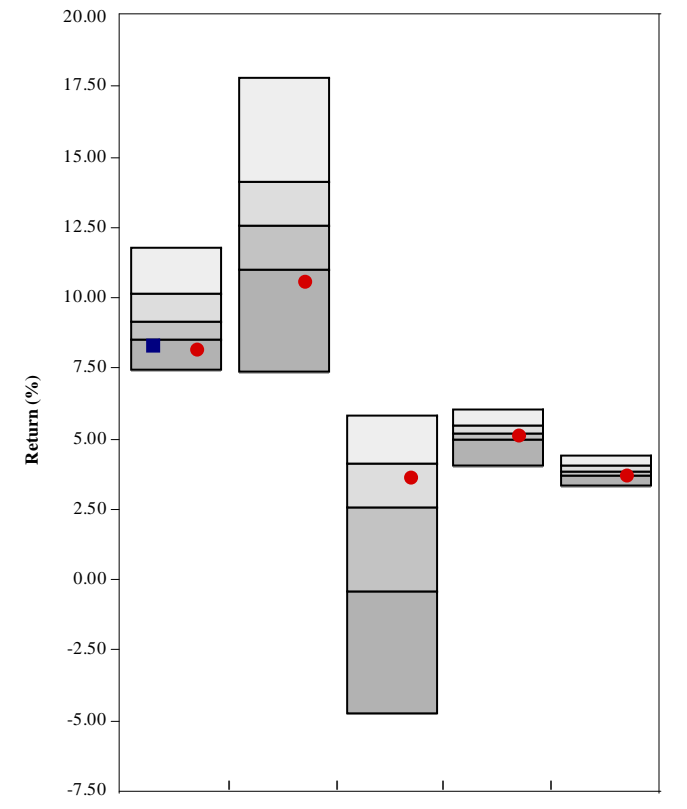
## Rockwood Fixed

### September 30, 2010

#### Peer Group Analysis - US Broad Market Core Fixed Income (SA+CF)



■ Rockwood Fixed	3.18 (26)	8.28 (84)	8.28 (84)	N/A	N/A	N/A	N/A
● Barclays Capital Aggregate	2.48 (84)	8.16 (89)	8.16 (89)	9.35 (90)	7.42 (80)	6.84 (78)	6.20 (80)
Median	2.91	9.14	9.14	11.17	8.21	7.46	6.76



■ Rockwood Fixed	8.28 (84)	N/A	N/A	N/A	N/A
● Barclays Capital Aggregate	8.16 (89)	10.56 (81)	3.65 (34)	5.14 (53)	3.67 (75)
Median	9.14	12.53	2.55	5.16	3.85

#### Comparative Performance

	1 Quarter Ending Jun-2010	1 Quarter Ending Mar-2010	1 Quarter Ending Dec-2009	1 Quarter Ending Sep-2009	1 Quarter Ending Jun-2009	1 Quarter Ending Mar-2009
Rockwood Fixed	3.40 (53)	1.70 (84)	-0.20 (93)	N/A	N/A	N/A
Barclays Capital Aggregate	3.49 (46)	1.78 (77)	0.20 (74)	3.74 (82)	1.78 (86)	0.12 (67)
US Broad Market Core Fixed Income (SA+CF) Median	3.44	2.12	0.58	4.69	3.36	0.48

## City of Venice Police Officers' Retirement Fund

### Compliance Checklist as of 9/30/2010

Total Fund Compliance:				Yes	No	N/A
1.	The Total Plan return equaled or exceeded the 8% actuarial earnings assumption over the trailing three and five year periods.				✓	
2.	The Total Plan return equaled or exceeded the total plan benchmark over the trailing three and five year periods.				✓	
3.	The Total Plan return ranked within the top 40th percentile of its peer group over the trailing three year period.			✓		
4.	The Total Plan return ranked within the top 40th percentile of its peer group over the trailing five year period.				✓	
5.	The Total Plan return equaled or exceeded CPI + 3% over the trailing three and five year periods.				✓	

Equity Compliance:				Yes	No	N/A
1.	Total equity returns meet or exceed the benchmark over the trailing three and five year periods.			✓		
2.	Total equity returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.			✓		
3.	The total equity allocation was less than 85% of the total plan assets at market.			✓		
4.	The total equity allocation was less than 65% of the total plan assets at cost.			✓		
6.	Total foreign equity was less than 10% of the total plan assets at cost. Actual 12.05%				✓	

Fixed Income Compliance:		Yes	No	N/A
1.	Total fixed income returns meet or exceed the benchmark over the trailing three and five year periods.		✓	
2.	Total fixed income returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.		✓	
3.	The average quality of the fixed portfolio was investment grade or better.	✓		
4.	No more than 25% of the fixed income portfolio was rated below BBB/Baa.	✓		
* Insufficient History available for Rockwood Compliance.				

Manager Compliance:	BH-EQ			BH-FX											
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
1. Manager outperformed the index over the trailing three and five year periods.	✓				✓										
2. Manager ranked within the top 50th percentile over trailing three and five year periods.	✓				✓										
3. Less than four consecutive quarters of under performance relative to the benchmark.	✓				✓										
4. Three-year down-market capture ratio less than the index.	✓				✓										
5. Standard deviation <= 150% of the index over the trailing three and five year periods.	✓				✓										
6. Manager reports compliance with PFIA.	✓				✓										

**Venice Police Officers' Retirement Plan**  
**Total Fund Policy**  
**As of September 30, 2010**

Allocation Mandate	Weight (%)
<b>Effective Date: Aug-1986</b>	
Citigroup 3 Month T-Bill	55.00
Russell 1000 Index	45.00
<b>Effective Date: Jan-1988</b>	
Russell 1000 Index	50.00
Barclays Capital U.S. Government/Credit	45.00
Citigroup 3 Month T-Bill	5.00
<b>Effective Date: Jul-1989</b>	
Russell 1000 Index	55.00
Barclays Capital U.S. Government/Credit	40.00
Citigroup 3 Month T-Bill	5.00
<b>Effective Date: Jul-1990</b>	
Russell 1000 Index	60.00
Barclays Capital U.S. Government/Credit	35.00
Citigroup 3 Month T-Bill	5.00
<b>Effective Date: Jul-1991</b>	
Russell 1000 Index	55.00
Barclays Capital U.S. Government/Credit	20.00
Citigroup 3 Month T-Bill	25.00
<b>Effective Date: Jan-1993</b>	
Russell 1000 Index	45.00
Barclays Capital U.S. Government/Credit	15.00
Citigroup 3 Month T-Bill	40.00
<b>Effective Date: Apr-1994</b>	
Russell 1000 Index	50.00
Barclays Capital U.S. Government/Credit	35.00
Citigroup 3 Month T-Bill	15.00
<b>Effective Date: Apr-1995</b>	
Russell 1000 Index	65.00

Allocation Mandate	Weight (%)
Barclays Capital U.S. Government/Credit	25.00
Citigroup 3 Month T-Bill	10.00
<b>Effective Date: Jul-1996</b>	
Russell 1000 Index	70.00
Barclays Capital U.S. Government/Credit	25.00
Citigroup 3 Month T-Bill	5.00
<b>Effective Date: Jan-1999</b>	
Russell 1000 Index	60.00
Barclays Capital U.S. Government/Credit	35.00
Citigroup 3 Month T-Bill	5.00
<b>Effective Date: Apr-2000</b>	
Russell 1000 Index	65.00
Barclays Capital U.S. Government/Credit	30.00
Citigroup 3 Month T-Bill	5.00

**Venice Police Officers' Retirement Plan  
Benchmark History  
As of September 30, 2010**

**Total Rockwood Policy**

Allocation Mandate	Weight (%)
<b>Effective Date: Oct-2009</b>	
Russell 3000 Index	60.00
Barclays Capital Aggregate	40.00

**Total Fixed Income Policy**

Allocation Mandate	Weight (%)
<b>Effective Date: Mar-1988</b>	
Barclays Capital U.S. Government/Credit	100.00

**Total Equity Policy**

Allocation Mandate	Weight (%)
<b>Effective Date: Aug-1986</b>	
Russell 1000 Index	100.00

## Statistics Definitions

Statistics	Description
Return	-- Compounded rate of return for the period.
Standard Deviation	-- A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period.
Sharpe Ratio	-- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.
Alpha	-- A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the portfolio's historical performance not explained by movements of the market, or a portfolio's non-systematic return.
Beta	-- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.
R-Squared	-- The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Square means a higher correlation of the portfolio's performance to the appropriate benchmark.
Treynor Ratio	-- Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Represents the excess rate of return over the risk free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance.
Downside Risk	-- A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the product.
Tracking Error	-- A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark.
Information Ratio	-- Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.
Consistency	-- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.
Excess Return	-- Arithmetic difference between the managers return and the risk-free return over a specified time period.
Active Return	-- Arithmetic difference between the managers return and the benchmark return over a specified time period.
Excess Risk	-- A measure of the standard deviation of a portfolio's performance relative to the risk free return. --
Up Market Capture	-- The ratio of average portfolio return over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.
Down Market Capture	-- The ratio of average portfolio return over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

Calculation based on monthly periodicity.









**Chicago**  
4320 Winfield Road Suite 200  
Warrenville, Illinois 60555

**Dallas**  
15770 Dallas Parkway, Suite 901  
Dallas, Texas 75248

866.240.7932

**Orlando**  
4901 Vineland Road, Suite 600  
Orlando, Florida 32811

**Milwaukee**  
250 E. Wisconsin Ave Suite 1800  
Milwaukee, Wisconsin 53202

