

# City of Venice Municipal Police Officers' Pension Trust Fund

Investment Performance Review  
September 30, 2012

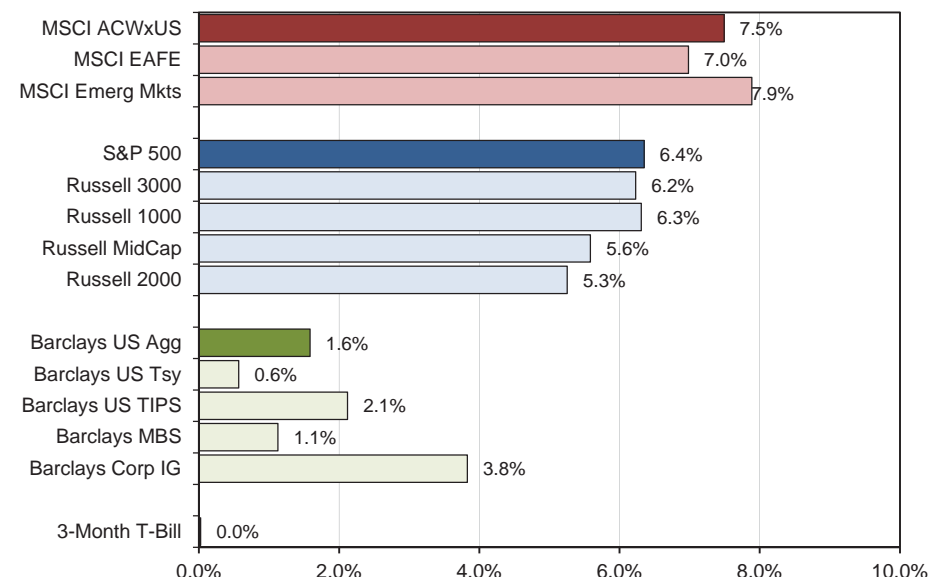




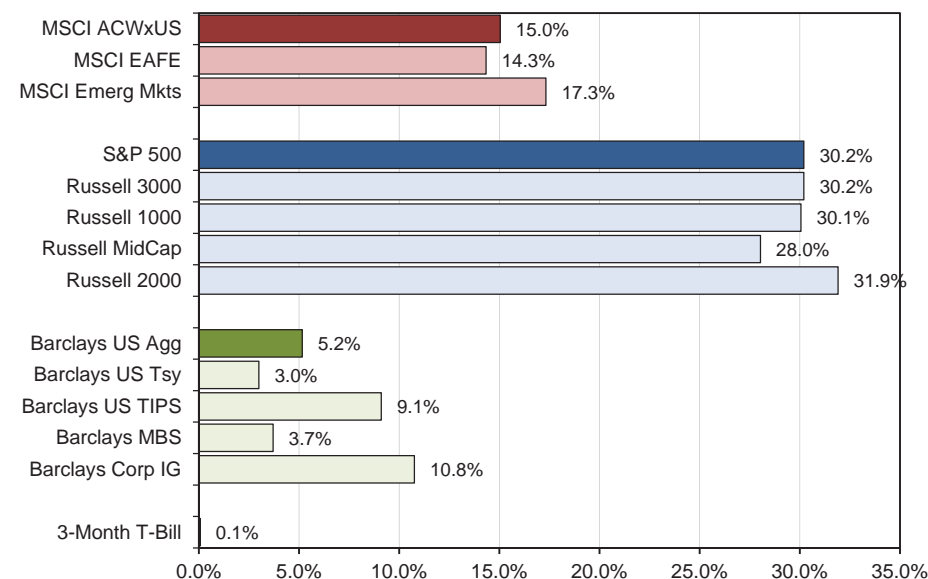
## **3rd Quarter 2012 Market Environment**

- What a difference a year makes. For the equity markets, the year-to-date performance through September is the best nine months in a calendar year since 2009. After the negative performance in the second quarter, the markets rebounded in the third quarter. Year-to-date through September 30th, the S&P 500, Russell 1000, Russell 2000, and MSCI EAFE indexes returned +16.4%, +16.3%, +14.2%, and +10.6%, respectively. In general, investors appeared to have overlooked the mixed economic data during the quarter, and focused more on the perceived positive impacts from additional liquidity measures from central bank policies both in the United States and Europe. In early September, the President of the European Central Bank (ECB), Mario Draghi, announced that the ECB had agreed on a new bond buying program to help stabilize the region. Prior to this announcement, comments from European officials moved the US markets around almost daily depending on the perceived outcome. In addition to market participants' focus on the comments from Europe, investor sentiment fluctuated on the anticipation of what the US Federal Reserve (Fed) would do next. After some head fakes, the Fed announced additional quantitative easing measures to supposedly help the employment picture. In addition to the extension of Operation Twist that was announced in June, the Fed announced on September 13<sup>th</sup> that it will buy \$40 billion of mortgage-backed securities per month. The Fed also stated that it will keep the fed funds target near zero until at least mid-2015 instead of late 2014.
- International equity markets continued June's trend of strong performance into the third quarter. Like the US equity indexes, the international equity indices recorded positive performance in every month during the quarter. Developed markets, represented by the MSCI-EAFE Index, were up +7.0% for the quarter and emerging markets posted slightly better returns of +7.9%. In general, the USD depreciated, benefitting US investors' overseas assets.
- The Barclays U.S. Aggregate Bond Index finished the third quarter with a return of +1.6%. However, the positive return was not strong enough to reverse the downward trend of the trailing one-year return which fell 230 basis points (bps) to 5.2%. From a sector perspective, corporate bonds and mortgage-backed securities (MBS) outperformed U.S. Treasuries during the quarter. This has been the trend for 2012 as corporate bonds and MBS have outperformed duration-matched Treasuries by 604 bps and 115 bps, respectively.

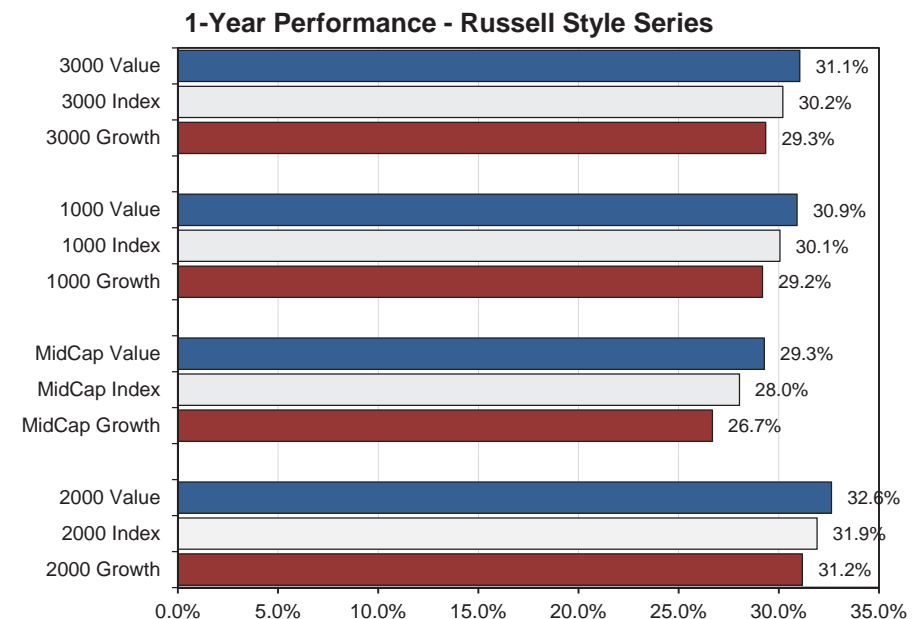
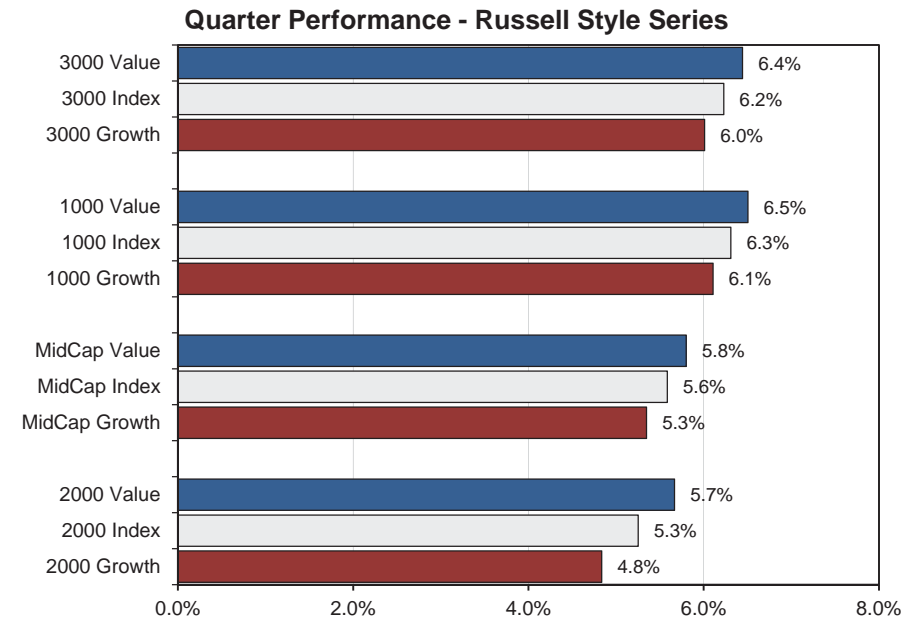
### Quarter Performance



### 1-Year Performance

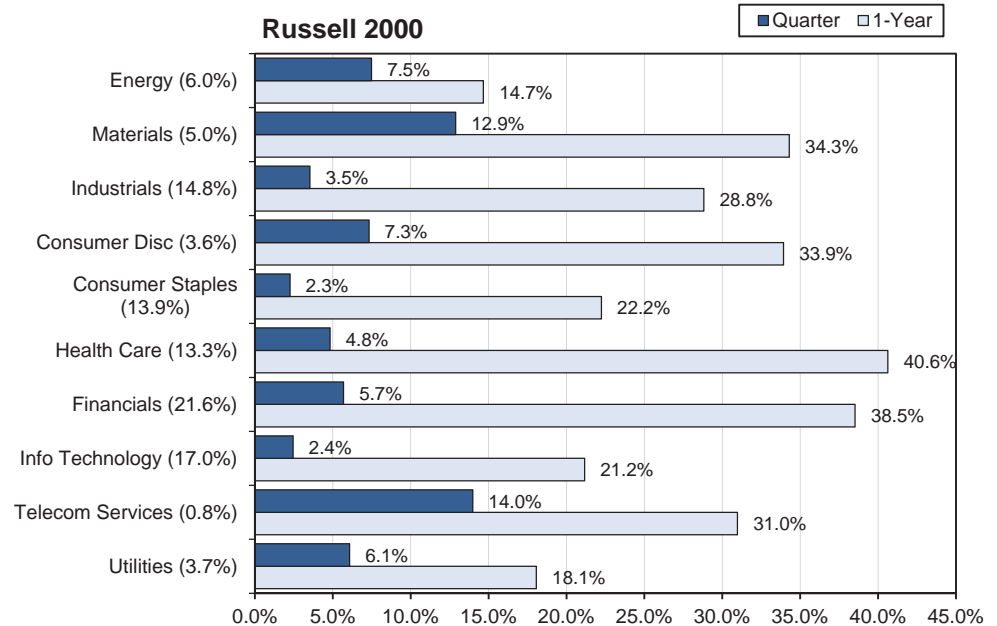
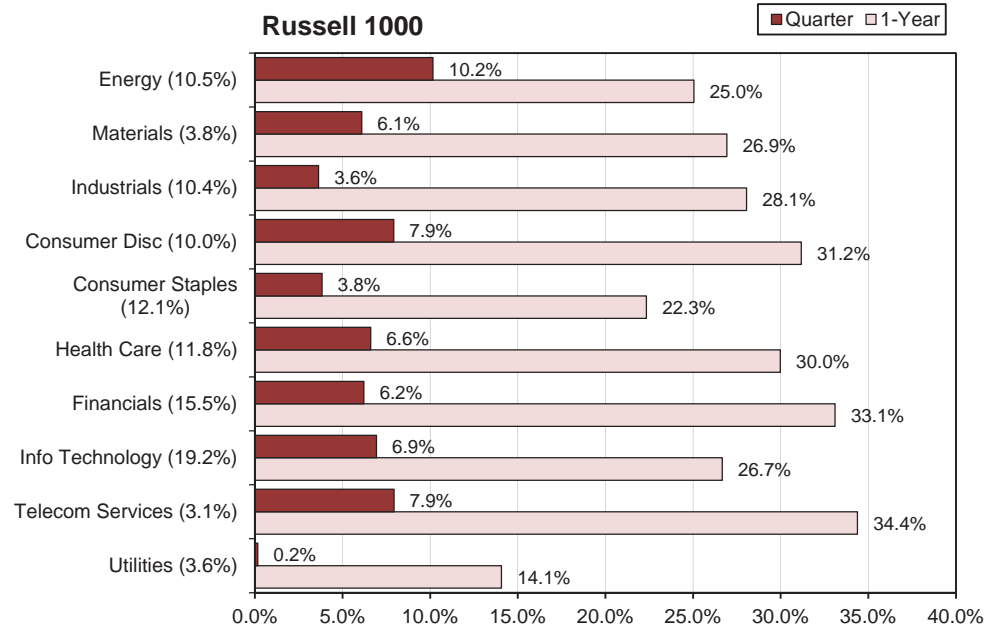


- There was not a lot of variation in the performance among the domestic equity indexes for the quarter or trailing one-year periods. The largest dispersion during the quarter was among the growth indexes (130 basis points); the Russell 1000 Growth Index returned +6.1% and the Russell 2000 Growth Index returned +4.8%. A large contributor to the difference in the two indexes was the weighting and performance of the Information Technology sector. In the Russell 1000 Growth, the sector contributed 267 bps based on an average weighting of 32.1% compared to a contribution of 89 bps based on an average weighting of 22% for the Russell 2000 Growth. Apple has been a significant contributor to the performance of the Russell 1000 Growth and Russell 3000 Growth Indexes (*as well as the S&P 500, Russell 1000, and Russell 3000 indexes*). Based on Apple's 8.3% and 7.7% average weighting in the Russell 1000 Growth and Russell 3000 Growth indexes during the quarter, the stock contributed 117 bps and 108 bps to the indexes, respectively. Apple's stock price has gained +14.7% and +75.7% for the third quarter and trailing twelve months, respectively.
- GICS sector performance varied by capitalization and style, and there were no broad themes to which sectors performed the best as in past quarters. Financials outperformed in the Russell 1000 Value and Russell 3000 Value indexes, while Materials outperformed in the Russell 2000 Value Index. Telecom Services performed the best in the Russell 2000 Growth Index.
- In a reversal from the second quarter, "value" outperformed "growth" for the quarter and the one-year periods, regardless of capitalization. Large cap outperformed small cap. As a continuation from the second quarter, "mega cap" companies, which is defined as those companies with a market capitalization greater than \$100 billion, outperformed the other market capitalizations break points in the Russell 1000 and Russell 3000 Indexes. Similar to the relative performance in the large cap indexes, the larger capitalization companies in the Russell 2000 Indexes outperformed. Micro cap companies, which is defined as those companies with a market cap less than \$500 million, underperformed across all indexes.



Source: Morningstar Direct

- Compared to the second quarter, market volatility declined. In the Russell 1000, there were three (3) days in which the index returned greater than 2% and there were no days where the index lost more than 2% versus seven and seven days, respectively, in the prior quarter. While the volatility appeared to decline in the quarter based on the number of days that were +/- 2%, the dispersion from the best and worst daily return was still large and the representative days were only three days a part; the worst daily return was -1.9% on July 24<sup>th</sup> and the best daily return was +3.6% on July 27<sup>th</sup>. As expected, the volatility for the small cap Russell 2000 Index was greater than the other indexes during the quarter. There were eight days where the index returned greater than 2% and four days in which the index returned less than -2%. The best day was +3.5% (on July 27<sup>th</sup>) and the worst day was -3.0% (on July 24<sup>th</sup>).
- For the quarter, regardless of capitalization, each GICS sector was positive within the Russell 1000 and Russell 2000 Indexes. Even though economic growth globally is expected to remain low for the foreseeable future, the Energy sector was the best performer in the Russell 1000 Index. Although Tesoro was one of the top three performing stocks in the index (+68.4%), its contribution to sector performance was minimal due to its reduced weighting in the index. While Chevron and Exxon Mobil returned +11.4% and +7.6% during the quarter, the two stocks accounted for nearly 39% of the sector's contribution to the index. As indicated in the chart, the top performing sector in the Russell 2000 Index during the quarter was Telecom Services. Of the twenty-eight companies in the sector, fourteen names generated double-digit performance.
- The trailing one-year returns look significantly different at the end of the third quarter compared to the end of the second quarter due to September 2011 (large negative month) dropping off. At the end of the third quarter, each GICS sector, in both the indexes, generated a double-digit return compared to several sectors that had negative returns at the end of the second quarter.

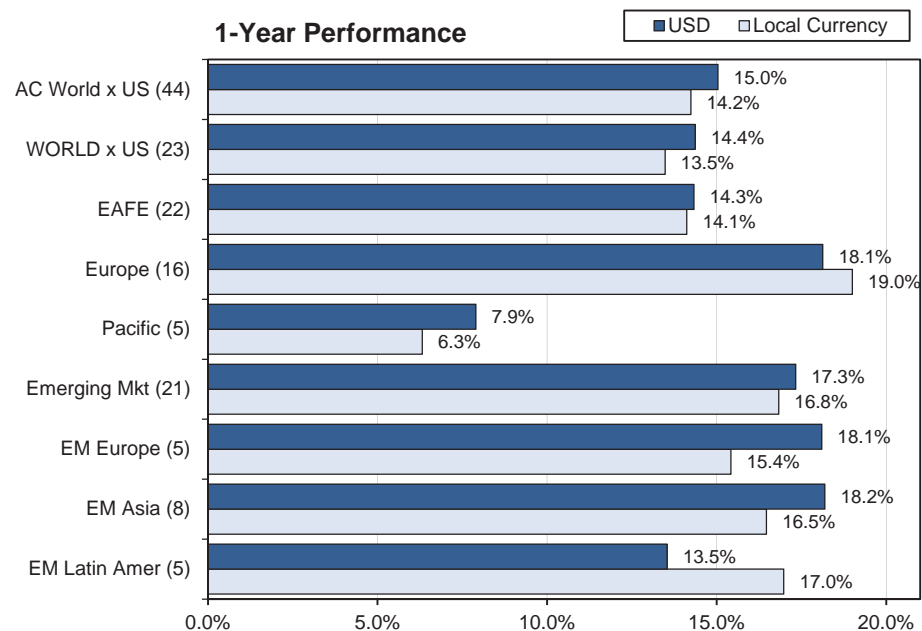
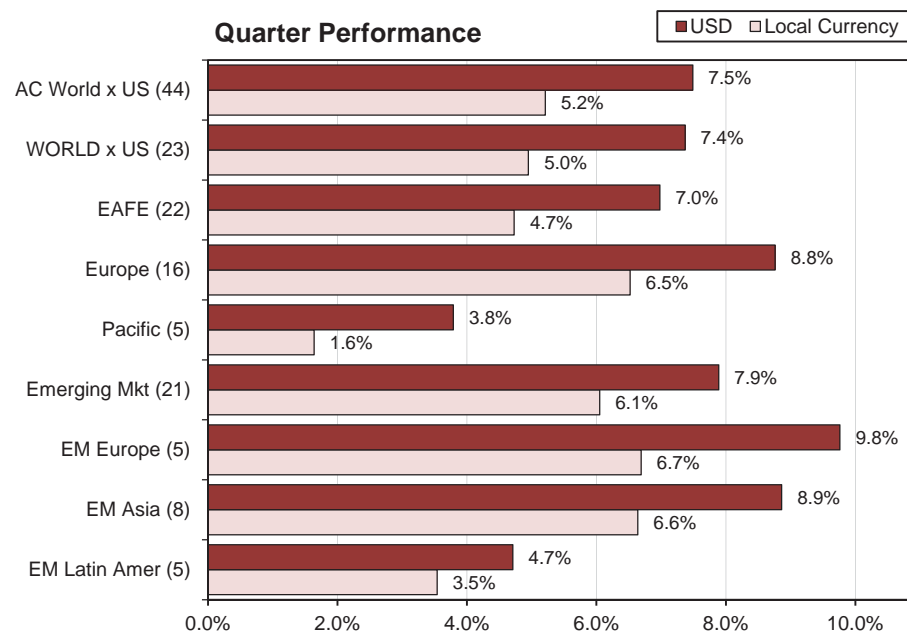


Top 10 Weighted Stocks				
Russell 1000	Symbol	Avg. Wgt	Return	Sector
Apple Inc	AAPL	4.26%	14.7%	Information Technology
Exxon Mobil Corp	XOM	2.92%	7.6%	Energy
General Electric Co	GE	1.64%	9.8%	Industrials
Chevron Corp	CVX	1.57%	11.4%	Energy
Intl Business Machines	IBM	1.54%	6.5%	Information Technology
Microsoft Corp	MSFT	1.53%	-2.0%	Information Technology
At&T Inc	T	1.51%	7.0%	Telecommunication Services
Google Inc	GOOG	1.33%	30.1%	Information Technology
Procter & Gamble Co	PG	1.30%	14.2%	Consumer Staples
Johnson & Johnson	JNJ	1.29%	2.9%	Health Care
Top 10 Performing Stocks				
Russell 1000	Symbol	Avg. Wgt	Return	Sector
Metropcs Communications Inc	PCS	0.02%	93.6%	Telecommunication Services
Sprint Nextel Corp	S	0.11%	69.3%	Telecommunication Services
Tesoro Corp	TSO	0.04%	68.4%	Energy
Shaw Group Inc	SHAW	0.02%	59.7%	Industrials
Rackspace Hosting Inc	RAX	0.05%	50.4%	Information Technology
Tahoe Resources Inc	TAHO	0.01%	46.6%	Materials
Fusion-io Inc	FIO	0.01%	44.9%	Information Technology
Corelogic Inc	CLGX	0.02%	44.9%	Information Technology
Pultegroup Inc	PHM	0.04%	44.9%	Consumer Discretionary
Riverbed Technology Inc	RVBD	0.02%	44.1%	Information Technology
Bottom 10 Performing Stocks				
Russell 1000	Symbol	Avg. Wgt	Return	Sector
Groupon Inc	GRPN	0.00%	-55.2%	Consumer Discretionary
Zynga Inc - CI A	ZNGA	0.00%	-47.8%	Information Technology
Itt Educational Services Inc	ESI	0.01%	-47.0%	Consumer Discretionary
Molycorp Inc	MCP	0.01%	-46.6%	Materials
Advanced Micro Devices	AMD	0.01%	-41.2%	Information Technology
Facebook Inc-A	FB	0.06%	-30.4%	Information Technology
Big Lots Inc	BIG	0.01%	-27.5%	Consumer Discretionary
Devry Inc	DV	0.01%	-26.5%	Consumer Discretionary
Tripadvisor Inc	TRIP	0.02%	-26.3%	Consumer Discretionary
Walter Energy Inc	WLT	0.01%	-26.2%	Materials

Top 10 Weighted Stocks				
Russell 2000	Symbol	Avg. Wgt	Return	Sector
Pharmacyclics Inc	PCYC	0.29%	18.1%	Health Care
Athenahealth Inc	ATHN	0.27%	15.9%	Health Care
Two Hbtrs Invt Corp	TWO	0.27%	16.9%	Financials
Cubist Pharmaceuticals	CBST	0.25%	25.8%	Health Care
Ocwen Financial Corp	OCN	0.25%	46.0%	Financials
Dril-Quip Inc	DRQ	0.24%	9.6%	Energy
Hms Holdings Corp	HMSY	0.24%	0.4%	Health Care
United Natural Foods Inc	UNFI	0.24%	6.5%	Consumer Staples
Energy Xxi (Bermuda) Ltd	EXXI	0.23%	11.9%	Energy
Ultimate Software Group	ULTI	0.23%	14.6%	Information Technology
Top 10 Performing Stocks				
Russell 2000	Symbol	Avg. Wgt	Return	Sector
Sunesis Pharmaceuticals Inc	SNSS	0.01%	96.9%	Health Care
Sunrise Senior Living Inc	SRZ	0.07%	95.7%	Health Care
Xenoport Inc	XNPT	0.04%	89.7%	Health Care
Authentec Inc	AUTH	0.03%	85.0%	Information Technology
Enernoc Inc	ENOC	0.03%	79.3%	Industrials
Infinity Pharmaceuticals Inc	INFI	0.05%	73.7%	Health Care
Iris International Inc	IRIS	0.03%	72.7%	Health Care
Fsi Intl Inc	FSII	0.02%	72.7%	Information Technology
Geoeeye Inc	GEOY	0.03%	70.7%	Industrials
Golden Star Resources Ltd	GSS	0.04%	69.8%	Consumer Discretionary
Bottom 10 Performing Stocks				
Russell 2000	Symbol	Avg. Wgt	Return	Sector
A123 Systems Inc	AONE	0.00%	-80.2%	Industrials
Knight Capital Group Inc-A	KCG	0.02%	-77.6%	Financials
Progenics Pharmaceuticals	PGNX	0.01%	-70.7%	Health Care
Audience Inc	ADNC	0.00%	-67.8%	Information Technology
Envivio Inc	ENVI	0.00%	-65.7%	Information Technology
Questcor Pharmaceuticals	QCOR	0.08%	-65.3%	Health Care
Gevo Inc	GEVO	0.01%	-57.1%	Energy
Idenix Pharmaceuticals Inc	IDIX	0.03%	-55.6%	Health Care
Education Management Corp	EDMC	0.01%	-55.3%	Consumer Discretionary
Supervalu Inc	SVU	0.04%	-53.5%	Consumer Staples

Source: Morningstar Direct

- In general, European equities were up the most on a regional basis during the third quarter, as the region's leaders made some apparent headway in the debt crisis. Of all European Union countries, equities in Germany performed the best.
- The Bank of Japan continued its monetary easing policy in mid-September by announcing an expansion of its asset purchase program from 70 to 80 trillion yen. The purchases are expected to be completed by the end of 2013. We would expect this action to lead to yen devaluation at some point.
- In USD terms, Indian (+15.4%) and New Zealand (+15.8%) equities had the best quarterly return of the Asian countries. Over 40% of the Indian equity return was due to Rupee appreciation.
- Conversely, Japan, Ireland and Greece were the worst-performing developed country equities during the quarter—Japan and Ireland were in negative territory.
- All sectors in the developed markets exhibited positive performance during the quarter, with Financials leading the pack at +11.3%. In developing markets, Info Technology, Consumer Discretionary, Healthcare and Energy sectors were up double digits, while Utilities stocks were mostly flat to slightly negative.
- US investor returns overseas were aided significantly by currency effects during the quarter, with the exception of the Brazilian Real which modestly depreciated.
- The one-year performance results for non-US equities rose into positive territory as the poor period from September 2011 was dropped off.





**The Market Environment**  
**U.S. Dollar International Index Attribution & Country Detail**  
As of September 30, 2012

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Energy	8.3%	6.7%	16.3%
Materials	9.6%	7.1%	8.6%
Industrials	12.4%	5.8%	13.0%
Consumer Discretionary	10.1%	2.5%	13.0%
Consumer Staples	12.0%	7.1%	20.9%
Health Care	10.2%	8.9%	22.4%
Financials	23.5%	11.3%	19.8%
Information Technology	4.3%	1.4%	-1.4%
Telecommunication Services	5.4%	5.2%	6.8%
Utilities	4.0%	2.5%	-1.8%
<b>Total</b>	<b>100.0%</b>	<b>7.0%</b>	<b>14.3%</b>

MSCI - ACWIXUS	Sector Weight	Quarter Return	1-Year Return
Energy	11.0%	8.8%	15.4%
Materials	11.1%	7.9%	6.7%
Industrials	10.5%	5.6%	13.8%
Consumer Discretionary	9.1%	4.2%	13.4%
Consumer Staples	10.4%	7.1%	22.2%
Health Care	7.4%	9.1%	22.7%
Financials	24.7%	10.0%	19.4%
Information Technology	6.3%	6.4%	13.1%
Telecommunication Services	5.9%	6.3%	10.5%
Utilities	3.7%	1.8%	1.4%
<b>Total</b>	<b>100.0%</b>	<b>7.5%</b>	<b>15.0%</b>

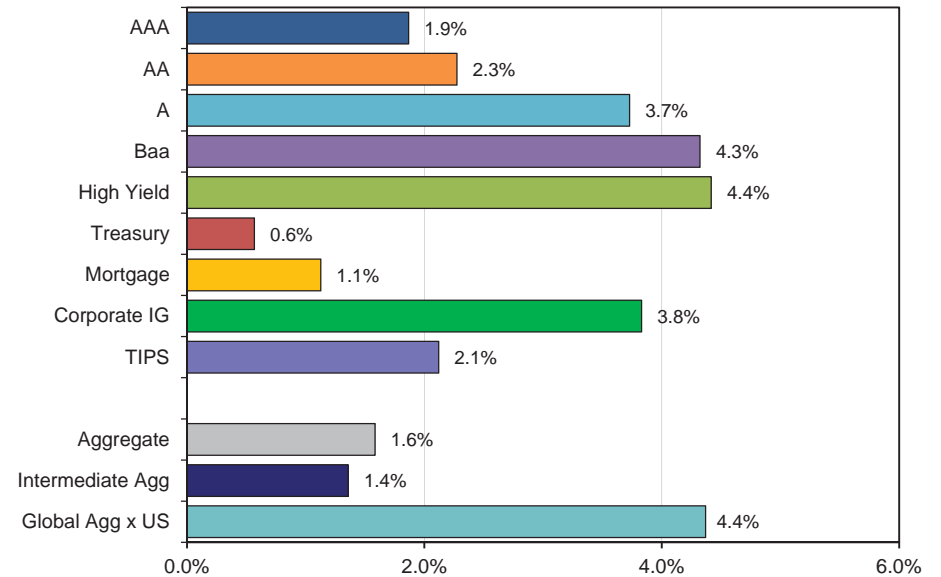
MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Energy	13.1%	10.9%	12.3%
Materials	12.0%	5.5%	5.2%
Industrials	6.7%	4.6%	13.4%
Consumer Discretionary	8.0%	10.6%	14.4%
Consumer Staples	8.5%	7.0%	28.0%
Health Care	1.3%	11.1%	23.0%
Financials	24.9%	7.3%	19.3%
Information Technology	14.0%	11.1%	31.1%
Telecommunication Services	8.1%	7.9%	16.0%
Utilities	3.6%	-0.4%	14.6%
<b>Total</b>	<b>100.0%</b>	<b>7.9%</b>	<b>17.3%</b>

Country	MSCI-EAFE Weight	MSCI-ACWIXUS Weight	Quarter Return	1-Year Return
United Kingdom	23.2%	15.8%	7.1%	20.8%
Japan	20.1%	13.6%	-0.8%	-1.5%
France	9.2%	6.2%	7.4%	13.8%
Australia	8.9%	6.1%	10.5%	23.0%
Switzerland	8.6%	5.8%	7.8%	17.1%
Germany	8.6%	5.8%	13.9%	26.5%
Sweden	3.2%	2.2%	10.6%	27.9%
Hong Kong	3.1%	2.1%	12.5%	29.0%
Spain	2.9%	2.0%	11.5%	-6.5%
Netherlands	2.5%	1.7%	9.2%	18.0%
Italy	2.2%	1.5%	7.6%	4.7%
Singapore	1.9%	1.3%	10.6%	25.7%
Denmark	1.2%	0.8%	11.3%	38.2%
Belgium	1.2%	0.8%	10.1%	35.4%
Norway	1.0%	0.7%	13.6%	29.8%
Finland	0.8%	0.5%	10.6%	1.0%
Israel	0.6%	0.4%	6.4%	4.7%
Ireland	0.3%	0.2%	-1.5%	26.4%
Austria	0.3%	0.2%	7.3%	1.2%
Portugal	0.2%	0.1%	13.1%	-13.9%
New Zealand	0.1%	0.1%	15.8%	21.8%
Greece	0.1%	0.0%	0.3%	-40.2%
<b>Total EAFE Countries</b>	<b>100.0%</b>	<b>67.8%</b>	<b>7.0%</b>	<b>14.3%</b>
Canada		8.3%	10.6%	14.7%
<b>Total Developed Countries</b>		<b>76.1%</b>	<b>7.4%</b>	<b>14.4%</b>
China		4.1%	4.7%	17.9%
Korea		3.7%	9.9%	22.8%
Brazil		3.0%	4.8%	5.5%
Taiwan		2.7%	11.8%	15.4%
South Africa		1.9%	6.6%	19.8%
India		1.7%	15.4%	7.5%
Russia		1.4%	9.4%	18.5%
Mexico		1.2%	6.8%	33.6%
Malaysia		0.9%	5.3%	23.1%
Indonesia		0.7%	7.5%	10.1%
Thailand		0.5%	11.3%	42.1%
Chile		0.5%	1.3%	17.8%
Turkey		0.4%	8.2%	17.4%
Poland		0.4%	13.2%	18.5%
Colombia		0.3%	2.3%	23.4%
Philippines		0.2%	4.5%	41.6%
Peru		0.2%	2.9%	25.9%
Egypt		0.1%	22.6%	45.6%
Czech Republic		0.1%	10.4%	4.8%
Hungary		0.1%	9.6%	21.7%
Morocco		0.0%	-3.3%	-21.3%
<b>Total Emerging Countries</b>		<b>23.8%</b>	<b>7.9%</b>	<b>17.3%</b>
<b>Total ACWIXUS Countries</b>		<b>100.0%</b>	<b>7.5%</b>	<b>15.0%</b>

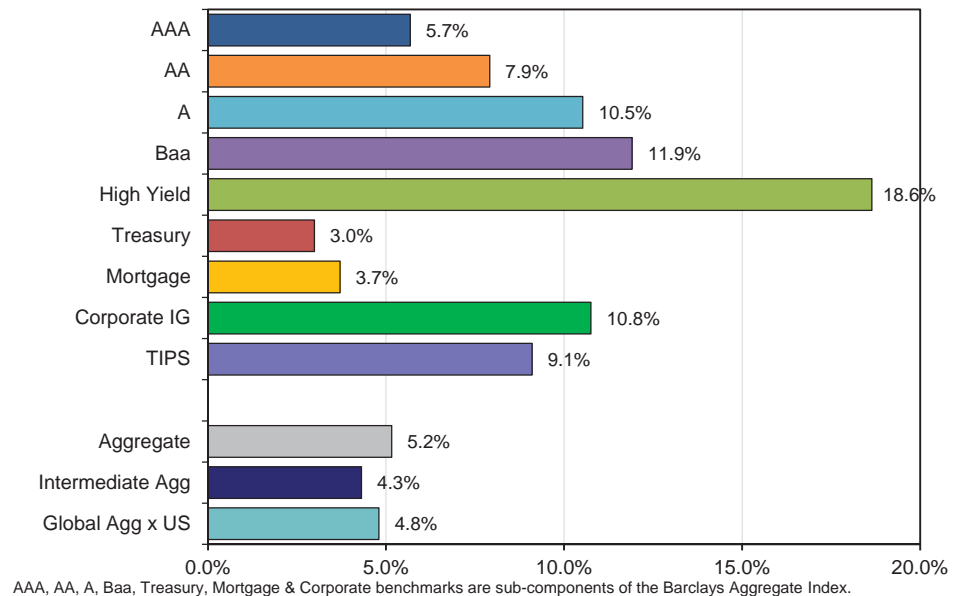
Source: MSCI ([www.msci.com](http://www.msci.com))

- For the second quarter in a row, investors were rewarded for owning riskier assets as a strong credit rally led the Barclays Aggregate Bond Index to a 1.6% quarterly return. Each of the three key sectors were positive for the quarter with Corporate Bonds besting MBS and Treasuries by 270 bps and 320 bps, respectively. The investment grade credit sector was led by Baa- and A-rated bonds, which outperformed AAA-rated bonds by 2.4% and 1.9%. The MBS sector turned in a solid showing due to strong market technicals resulting from the Fed announcing they would buy up to \$40 billion per month in pass-through securities. Lastly, Treasuries lagged as the yield curve, across all maturities, was little changed. Within Treasuries, TIPS outperformed standard Treasury bonds.
- During the third quarter, investors saw low quality bonds continue to outperform their higher quality counterparts. From high yield to AAA-rated bonds, the trend held. As investors moved down the quality spectrum, investment returns were stronger in the quarter. The differential between investment grade corporates and high yield credits was 60 basis points. The spread between the Baa-rated bonds (the lowest investment grade rating) and AAA-rated credit was 2.4%.
- Trailing one-year returns continued to be positive across all broad and sector-focused indices. However, absolute levels continue to trend lower as spreads and nominal yields compressed. The trailing one-year fixed income results were led by the 18.6% return of High Yield bonds, which benefited from strong fund flows, positive fundamentals, and strong investor appetite for yield. Continuing with the theme of improving credit, investment grade credit was the second best performing sector, returning 10.8%.
- Finally, International bonds benefitted from a weak dollar generating a quarterly return of 4.4%, which was 280 basis points better than domestic bonds (1.6%). On a trailing one-year basis, the return gap between the two areas of the market shrank to a 40 bps advantage for domestic bonds.

#### Quarter Performance



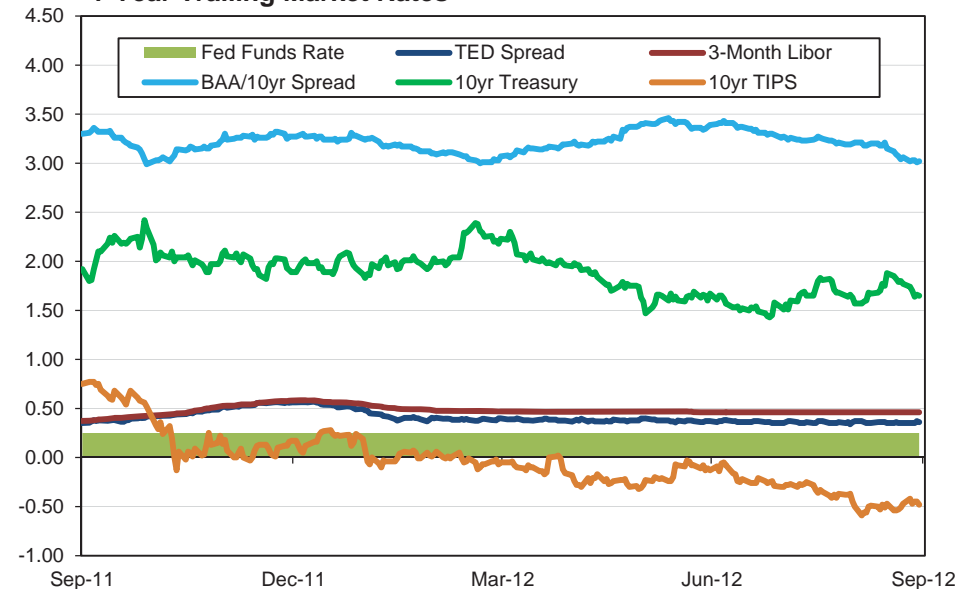
#### 1-Year Performance



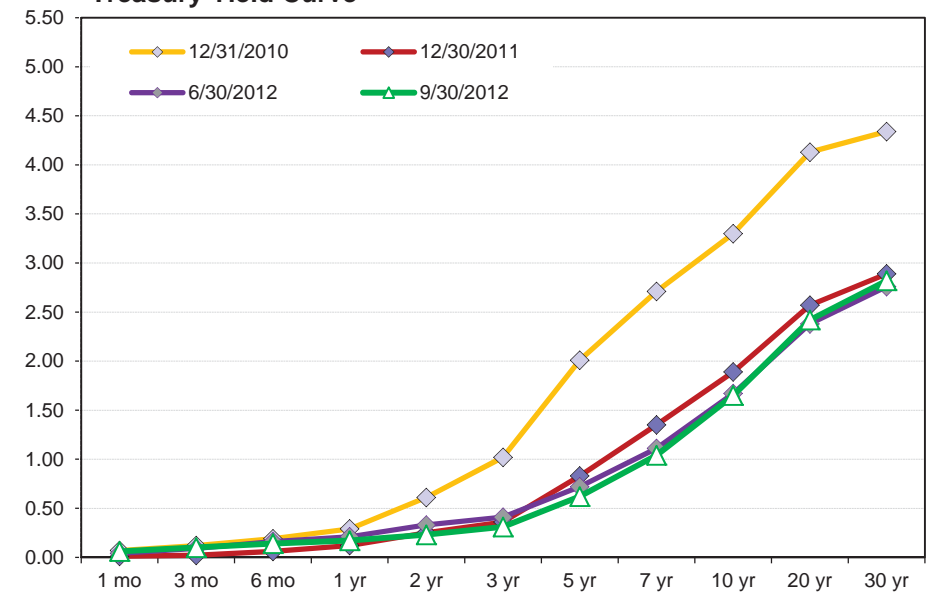
AAA, AA, A, Baa, Treasury, Mortgage & Corporate benchmarks are sub-components of the Barclays Aggregate Index.

- During the quarter, the macro-economic picture was dominated by the aggressive moves in September by the Federal Reserve and the ECB. In early September, the ECB approved “outright monetary transactions” (bond purchases) to help troubled sovereign nations in the Eurozone, specifically Italy and Spain. Later in the month, Chairman Ben Bernanke announced the Federal Reserve would begin another round of Quantitative Easing (QE III). This time, in addition to the announced continuation of Operation Twist in June, the Fed announced plans to buy up to \$40 billion of MBS securities each month. Treasuries had a modest reaction to the news given that the current round of quantitative easing will be focused on the mortgage sector.
- The 10-year Treasury began the quarter with a yield of 1.67% and finished 2 bps lower at 1.65%. The 1.65% yield on the 10-year, while modestly below the closing yield on June 30, masked a great deal of volatility for the quarter. During the third quarter, the 10-year Treasury traded in a 45 basis point range of 1.43% to 1.88%. The low was reached in late July as concerns grew that the sluggish global economy was weakening further. As optimism grew that central banks would, once again, undertake further quantitative easing, rates sold off dramatically to their quarterly high of 1.88% on September 14. After such time, rates moved back to the levels of the previous quarter to end at a yield of 1.65%. Once again, short-term rates remain at or near zero giving even more indication from the Fed that they intend to keep rates low for a considerable period of time.
- In spite of activity from central banks in the United States and Europe, the Treasury yield curve remained mostly unchanged during the 3<sup>rd</sup> quarter. However, when comparing 2010 to the present period, the yield curve has flattened dramatically. At current levels, investors must extend to 10-year maturities and beyond to realize a yield in excess of the rate of inflation. Since 2010, investors in longer-dated bonds have been rewarded as rates moved lower. Going forward, however, the flatter yield curve and low nominal yields provide investors with little return to compensate for the high level of interest rate risk found in long-dated Treasuries.

**1-Year Trailing Market Rates**



**Treasury Yield Curve**



Source: US Department of Treasury, FRED-Federal Reserve of St. Louis, and Mortgage-X.com

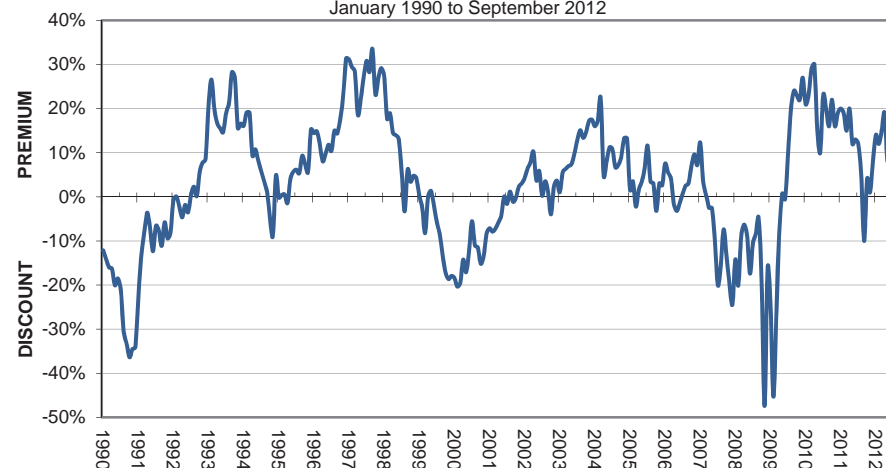
- Private Core Real Estate (Charts located to the right): The asset class (as represented by the NCREIF NFI-ODCE and the NPI) continued to produce solid results across all sectors and geographies for the quarter, which drove returns for most sectors (except Hotels) and geographies into double digits for the 1-Year. This is the first time in five quarters that the apartment sector was not the highest performing; while the West region continues to be the strongest performer. Underlying property fundamentals continue to improve with the NFI and NPI occupancy rates increasing. Due to asset appreciation, the pay-down of debt, and continued interest of investors in Core real estate (investors contributed \$3.05 billion during the quarter), the NFI LTV reduce by 1%. For the broader universe, represented by the NPI, same store NOI increased for the third consecutive quarter by 2.8% and Cap rates stayed at 6.0%.
- Public Real Estate Securities (Charts located at bottom of this slide): Performance for August 2012 was mixed with retail, industrial/office, and lodging sectors producing positive results while, residential, diversified, healthcare and storage exhibiting negative returns. More broadly, the FTSE NAREIT Equity REITs Index (proxy for U.S. REITs) has performed very well for the YTD period. The REIT dividend yield was unchanged in August at 3.4% and the premium to NAV was relatively unchanged at 17%. However, it seems that investors remain positive that REITs are not overvalued, as REITs spent the past few years refinancing into lower coupon debt, raising common equity at a premium to their NAV, lowering their overall leverage, improving the quality of their portfolios and lowering dividend payout ratios.

U.S. Monthly Sector Results*	M-T-D Total Returns	Y-T-D Total Returns	Dividend Yield	Equity Market Capitalization (\$MM)
<b>Retail</b>	2.5%	26.7%	3.1%	\$139,209.7
Shopping Center	2.6%	25.2%	3.5%	41,359.2
Regional Mall	2.3%	28.0%	2.7%	86,162.9
Free Standing	4.0%	22.9%	4.3%	11,687.6
<b>Industrial/Office</b>	1.6%	17.1%	3.5%	85,838.0
Industrial	4.5%	21.8%	3.4%	21,208.7
Office	0.4%	14.2%	3.3%	51,944.8
Mixed	2.2%	23.1%	4.8%	10,684.5
<b>Residential</b>	-3.5%	9.4%	2.9%	77,955.6
Apartment	-3.5%	9.3%	2.9%	73,723.6
Manufactured Home	-3.4%	11.4%	3.6%	4,231.9
<b>Diversified</b>	-1.3%	12.4%	4.0%	36,209.3
Lodging/Resort	3.0%	9.3%	2.9%	27,092.9
Healthcare	-2.5%	16.8%	4.7%	64,093.1
Self Storage	-0.7%	15.9%	2.9%	31,515.0
<b>FTSE NAREIT Equity REITs Index</b>	0.0%	17.2%	3.4%	\$461,913.4

NCREIF NFI-ODCE (Cap Weighted)	Market Value (\$MM)	Quarter Return	1-Year Return
Total Return	\$83,830.3	2.6%	12.4%
Income		1.3%	5.4%
Appreciation		1.2%	6.7%
	Fund Count	Average Loan-To-Value	Average Occupancy
NCREIF NFI-ODCE Key Statistics	18	23%	89.9%

NCREIF NPI	Market Value (\$MM)	Quarter Return	1-Year Return
Total Return	\$310,738.9	2.7%	12.0%
Income		1.5%	5.9%
Appreciation		1.2%	5.9%
	Sector Weight	Quarter Return	1-Year Return
Office	35.1%	2.3%	10.5%
Apartment	25.3%	2.8%	13.2%
Retail	22.7%	3.0%	13.4%
Industrial	14.3%	2.9%	12.2%
Hotel	2.6%	2.1%	8.0%
<b>Total</b>	Regional Weight	Quarter Return	1-Year Return
West	34.0%	3.1%	13.5%
East	33.6%	2.4%	10.8%
South	22.2%	2.7%	12.2%
Midwest	10.2%	2.3%	11.1%

REIT Premium/Discount to Underlying Property Value  
January 1990 to September 2012



Source for bottom left table: \*NAREIT via AEW Research as of August 31, 2012

Source for top right table: NCREIF as of June 30, 2012; Source for bottom right chart: Green Street Advisors via AEW Research

- In an effort to better serve your needs, The Bogdahn Group is conducting its annual client survey.
- We sincerely thank you for taking the time to fill out this survey. The insights gained will help The Bogdahn Group continue to improve and better serve you. Additionally, we use the information to evaluate our consultants and identify areas of professional improvement. This survey is short and should take approximately five to ten minutes to complete. The Bogdahn Group will keep all information provided completely confidential and will never release information to third parties. This survey is for internal use only.
- If you do not receive an individual e-mail from the survey company, please participate by directing your browser to <https://www.surveymonkey.com/s/TBGSurvey2012>.
- If you have any questions about the survey, please contact Chip Wooten at (863) 904-0867 or [chipw@bogdahngroup.com](mailto:chipw@bogdahngroup.com).
- Thank you again for your help. We look forward to hearing what you have to say.

- 1** We made a number of enhancements to the look and feel of your performance reports this year; please rate your satisfaction with these changes.
- 2** Please rate your satisfaction with the level of detail in your performance report.
- 3** Please rate your consultant's ability to effectively communicate the information in the performance report.
- 4** Please rate your consultant's ability to effectively communicate investment insights beyond those in the performance report.
- 5** Please rate the effort of your consultant to offer suggestions and/or solutions to enhance your portfolio.
- 6** Please rate the outcomes of your consultant's suggestions and/or investment solutions.
- 7** Please rate your consultant's level of understanding of your Plan/Fund's unique needs.
- 8** Please rate the timeliness of your consultant's responses to regular inquiries. (Our firm policy is to reply to all inquiries within 24 hours.)
- 9** Please rate the detail provided in your consultant's follow up to inquiries.
- 10** Please rate your overall satisfaction with The Bogdahn Group's services.

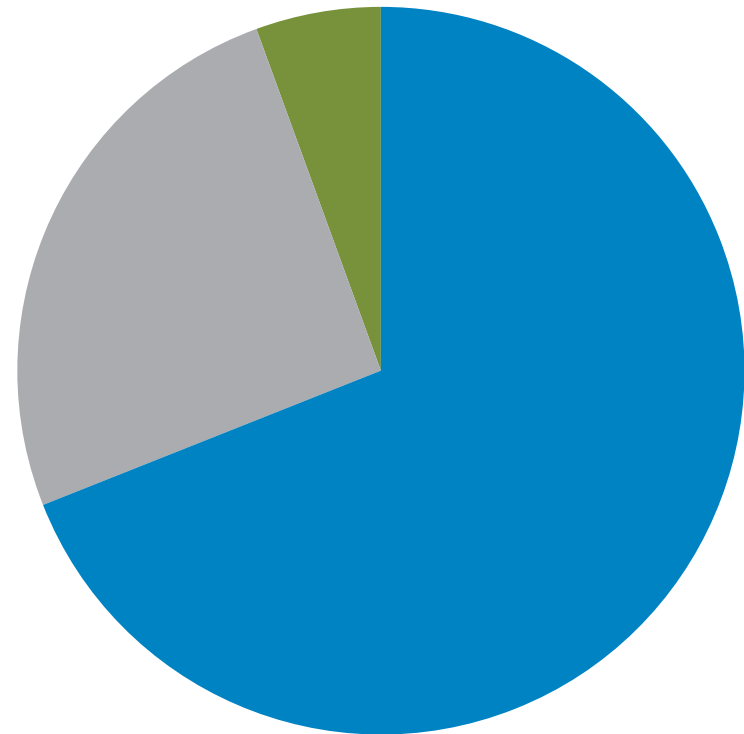
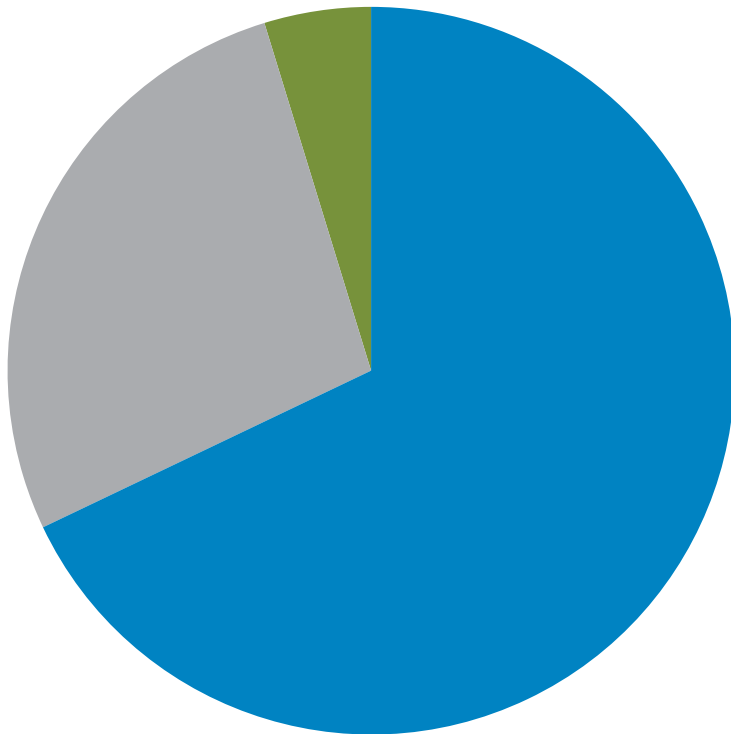
Very Poor                      Excellent  
 1           2           3           4           5           6           7           8           9           10

Select one  
choice

10 radio buttons for rating 1 to 10

Asset Allocation By Segment as of  
June 30, 2012 : \$25,034,202

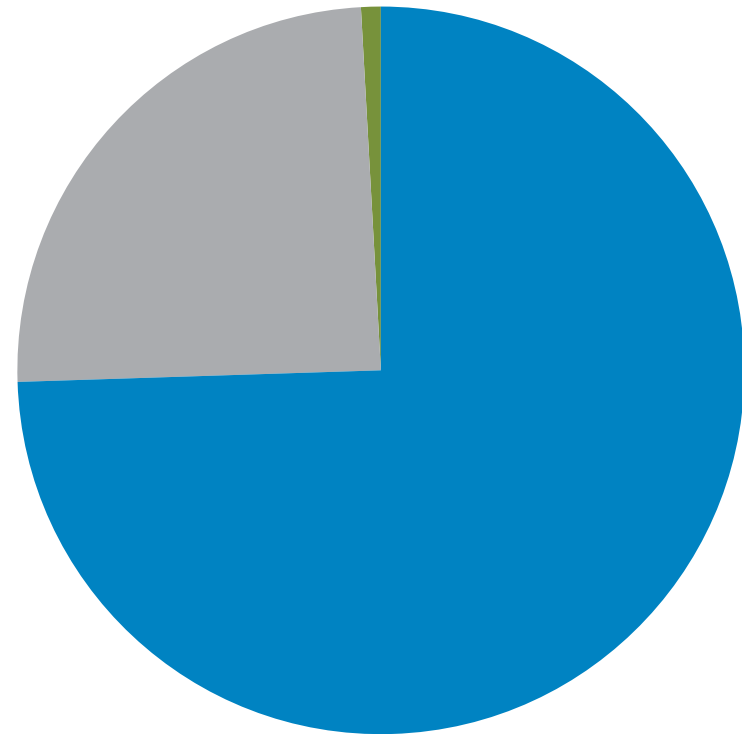
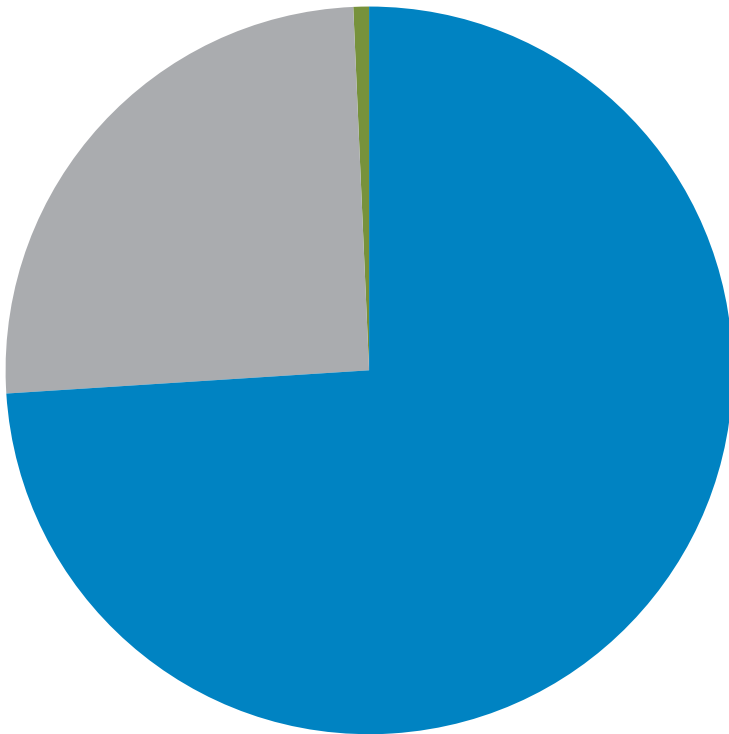
Asset Allocation By Segment as of  
September 30, 2012 : \$26,367,320



Allocation			Allocation		
Segments	Market Value	Allocation	Segments	Market Value	Allocation
Domestic Equity	17,003,133	67.9	Domestic Equity	18,190,152	69.0
Domestic Fixed Income	6,843,170	27.3	Domestic Fixed Income	6,710,504	25.5
Cash Equivalent	1,187,899	4.7	Cash Equivalent	1,466,664	5.6

Asset Allocation By Manager as of  
June 30, 2012 : \$25,034,202

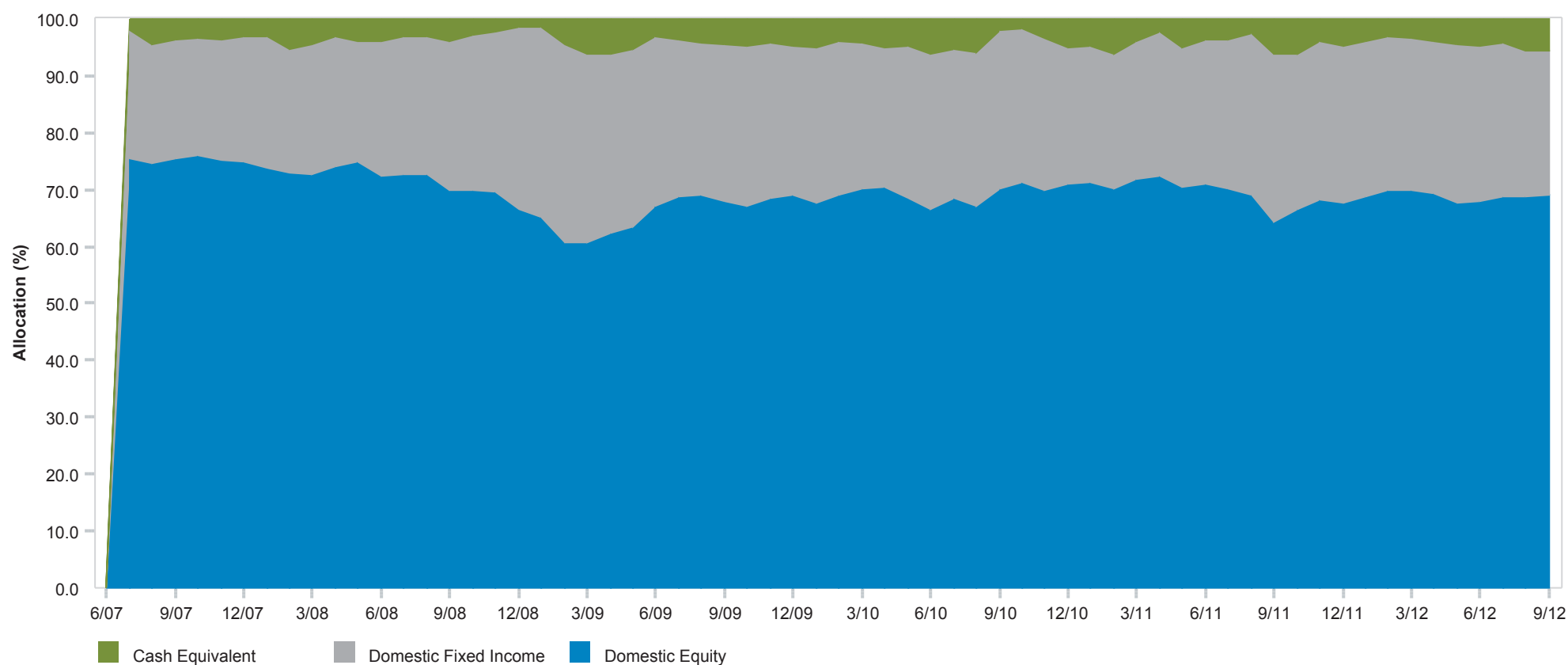
Asset Allocation By Manager as of  
September 30, 2012 : \$26,367,320



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
■ Bowen Hanes Balanced Portfolio	18,522,084	74.0	■ Bowen Hanes Balanced Portfolio	19,642,226	74.5
■ Rockwood Capital Balanced Portfolio	6,337,118	25.3	■ Rockwood Capital Balanced Portfolio	6,493,043	24.6
■ R&D Account	175,000	0.7	■ R&D Account	232,051	0.9

Asset Allocation Attributes										
	Sep-2011		Dec-2011		Mar-2012		Jun-2012		Sep-2012	
	(\$)	%	(\$)	%	(\$)	%	(\$)	%	(\$)	%
Bowen Hanes Balanced Portfolio	17,135,549	73.28	18,086,621	74.54	19,347,824	74.70	18,522,084	73.99	19,642,226	74.49
Rockwood Balanced Portfolio	5,654,490	24.18	6,001,132	24.73	6,317,649	24.39	6,337,118	25.31	6,493,043	24.63
R&D Account	594,369	2.54	175,001	0.72	234,551	0.91	175,000	0.70	232,051	0.88
<b>Total Fund</b>	<b>23,384,408</b>	<b>100.00</b>	<b>24,262,754</b>	<b>100.00</b>	<b>25,900,024</b>	<b>100.00</b>	<b>25,034,202</b>	<b>100.00</b>	<b>26,367,320</b>	<b>100.00</b>

#### Historical Asset Allocation by Segment





## Financial Reconciliation Quarter to Date

	Market Value 07/01/2012	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 09/30/2012
Bowen Hanes Balanced Portfolio	18,522,084	-12,392	-	-	-18,436	-	118,817	1,032,153	19,642,226
Rockwood Balanced Portfolio	6,337,118	-4,131	-	-	-7,921	-	37,351	130,626	6,493,043
R&D Account	175,000	16,523	548,798	-480,274	-	-27,998	2	-	232,051
<b>Total Fund</b>	<b>25,034,202</b>	<b>-</b>	<b>548,798</b>	<b>-480,274</b>	<b>-26,357</b>	<b>-27,998</b>	<b>156,170</b>	<b>1,162,779</b>	<b>26,367,320</b>

## Financial Reconciliation Fiscal Year to Date

	Market Value 10/01/2011	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 09/30/2012
Bowen Hanes Balanced Portfolio	17,135,549	-634,419	-	-	-72,807	-	476,852	2,737,051	19,642,226
Rockwood Balanced Portfolio	5,654,490	-211,474	-	-	-30,388	-	159,275	921,140	6,493,043
R&D Account	594,369	845,893	1,686,822	-2,795,269	-	-99,770	7	-	232,051
<b>Total Fund</b>	<b>23,384,408</b>	<b>-</b>	<b>1,686,822</b>	<b>-2,795,269</b>	<b>-103,195</b>	<b>-99,770</b>	<b>636,134</b>	<b>3,658,191</b>	<b>26,367,320</b>

## Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
<b>Total Fund (Net)</b>	<b>5.18</b>	<b>18.57</b>	<b>18.57</b>	<b>10.20</b>	<b>1.57</b>	<b>9.07</b>	<b>08/01/1986</b>
Total Fund Policy	4.78	19.02	19.02	9.70	2.60	8.55	
<b>Total Fund (Gross)</b>	<b>5.29 (21)</b>	<b>19.06 (28)</b>	<b>19.06 (28)</b>	<b>10.65 (7)</b>	<b>1.99 (74)</b>	<b>9.29 (7)</b>	<b>08/01/1986</b>
Total Fund Policy	4.78 (51)	19.02 (28)	19.02 (28)	9.70 (35)	2.60 (56)	8.55 (59)	
All Public Plans-Total Fund Median	4.80	17.96	17.96	9.23	2.76	8.69	
<b>Total Domestic Equity</b>	<b>7.22 (23)</b>	<b>26.58 (72)</b>	<b>26.58 (72)</b>	<b>12.77 (51)</b>	<b>1.18 (60)</b>	<b>11.21 (4)</b>	<b>08/01/1986</b>
Total Equity Policy	6.52 (47)	26.65 (71)	26.65 (71)	11.17 (75)	0.09 (85)	9.42 (94)	
IM U.S. Large Cap Core Equity (SA+CF) Median	6.43	29.84	29.84	12.78	1.61	10.71	
<b>Total Fixed Income</b>	<b>1.32 (97)</b>	<b>5.42 (87)</b>	<b>5.42 (87)</b>	<b>6.80 (66)</b>	<b>5.45 (95)</b>	<b>6.75 (100)</b>	<b>03/01/1988</b>
Total Fixed Income Policy	1.58 (90)	5.16 (91)	5.16 (91)	6.37 (85)	6.56 (80)	7.16 (95)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.15	6.62	6.62	7.15	7.15	7.58	
<b>Bowen Hanes Balanced Portfolio</b>	<b>6.12 (2)</b>	<b>18.64 (34)</b>	<b>18.64 (34)</b>	<b>9.84 (30)</b>	<b>1.57 (86)</b>	<b>9.07 (27)</b>	<b>08/01/1986</b>
Total Bowen Policy	4.64 (62)	21.06 (5)	21.06 (5)	11.02 (4)	3.33 (25)	8.70 (50)	
All Public Plans-Total Fund Median	4.80	17.96	17.96	9.23	2.76	8.69	
Bowen Hanes Equity	8.37 (7)	25.68 (79)	25.68 (79)	11.96 (67)	0.87 (69)	11.14 (6)	08/01/1986
Russell 1000 Index	6.31 (57)	30.05 (48)	30.05 (48)	13.27 (40)	1.22 (59)	9.65 (93)	
IM U.S. Large Cap Core Equity (SA+CF) Median	6.43	29.84	29.84	12.78	1.61	10.71	
Bowen Hanes Fixed Income	1.47 (94)	5.72 (82)	5.72 (82)	7.12 (52)	5.67 (94)	6.80 (99)	03/01/1988
Total Fixed Income Policy	1.58 (90)	5.16 (91)	5.16 (91)	6.37 (85)	6.56 (80)	7.16 (95)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.15	6.62	6.62	7.15	7.15	7.58	
<b>Rockwood Balanced Portfolio</b>	<b>2.53 (97)</b>	<b>18.89 (30)</b>	<b>18.89 (30)</b>	<b>11.48 (2)</b>	<b>N/A</b>	<b>11.48 (2)</b>	<b>10/01/2009</b>
Total Rockwood Policy	4.59 (66)	21.16 (5)	21.16 (5)	11.07 (4)	N/A	11.07 (4)	
All Public Plans-Total Fund Median	4.80	17.96	17.96	9.23	2.76	9.23	
Rockwood Equity	3.61 (91)	29.61 (37)	29.61 (37)	15.33 (4)	N/A	15.33 (4)	10/01/2009
Russell 3000 Index	6.23 (39)	30.20 (28)	30.20 (28)	13.26 (52)	1.30 (59)	13.26 (52)	
IM U.S. All Cap Core Equity (SA+CF) Median	6.04	27.88	27.88	13.30	1.40	13.30	
Rockwood Fixed Income	1.07 (99)	4.83 (96)	4.83 (96)	6.11 (93)	N/A	6.11 (93)	10/01/2009
Total Fixed Income Policy	1.58 (90)	5.16 (91)	5.16 (91)	6.37 (85)	6.56 (80)	6.37 (85)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.15	6.62	6.62	7.15	7.15	7.15	

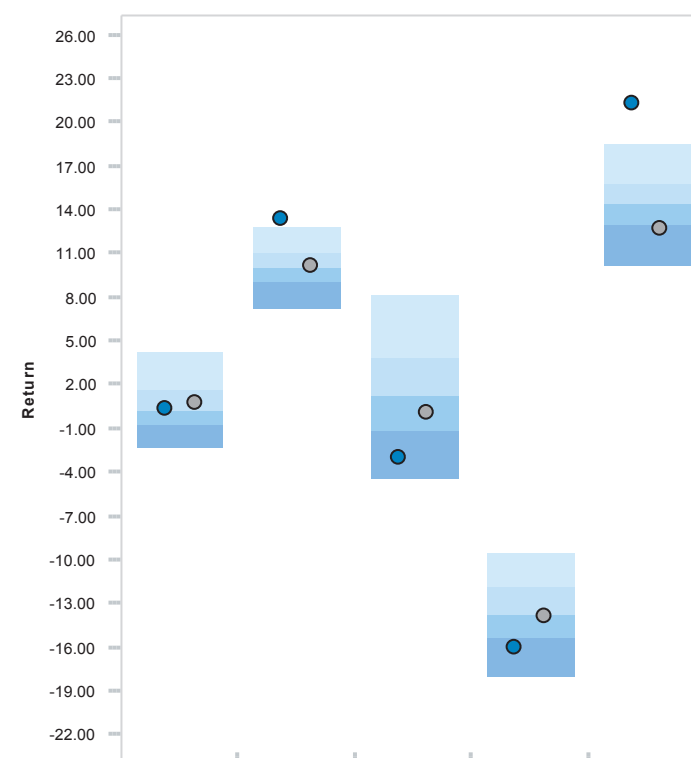
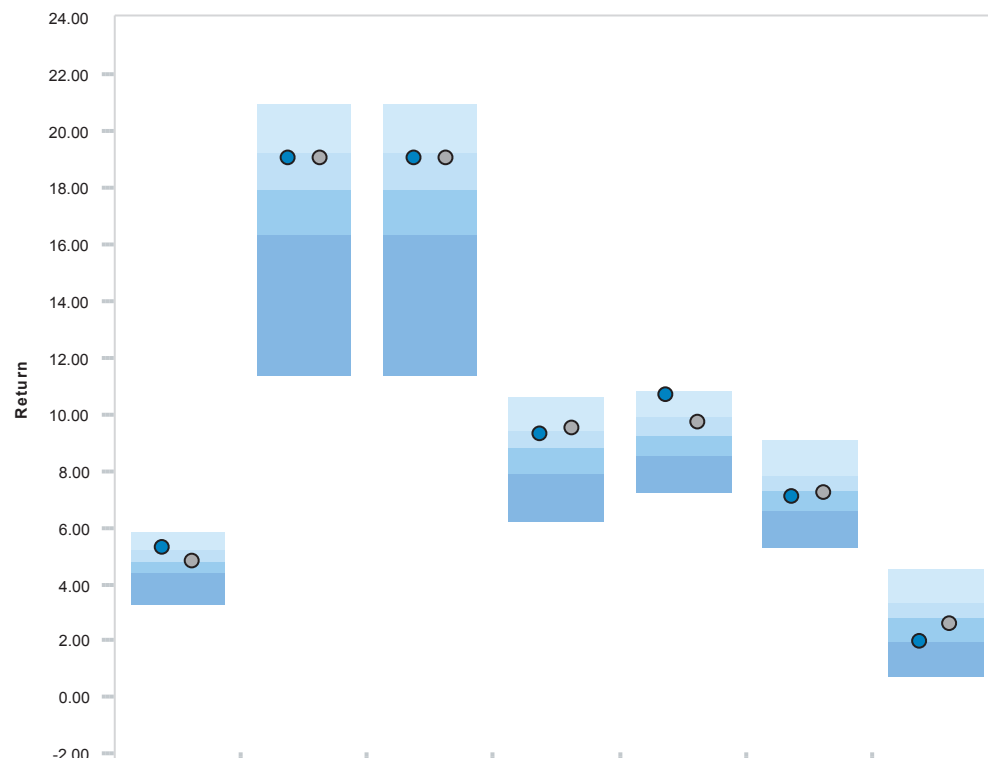
Returns for periods greater than one year are annualized.  
Returns are expressed as percentages.

## Comparative Performance Fiscal Year Returns

	FYTD	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010	Oct-2008 To Sep-2009	Oct-2007 To Sep-2008	Oct-2006 To Sep-2007	Oct-2005 To Sep-2006
<b>Total Fund (Net)</b>	<b>18.57</b>	<b>-0.08</b>	<b>12.94</b>	<b>-3.43</b>	<b>-16.34</b>	<b>20.79</b>	<b>9.09</b>
Total Fund Policy	19.02	0.77	10.08	0.09	-13.98	12.73	7.88
<b>Total Fund (Gross)</b>	<b>19.06 (28)</b>	<b>0.34 (49)</b>	<b>13.39 (4)</b>	<b>-3.03 (90)</b>	<b>-16.01 (84)</b>	<b>21.27 (2)</b>	<b>9.43 (35)</b>
Total Fund Policy	19.02 (28)	0.77 (40)	10.08 (48)	0.09 (65)	-13.98 (54)	12.73 (77)	7.88 (65)
All Public Plans-Total Fund Median	17.96	0.25	9.98	1.25	-13.77	14.46	8.68
<b>Total Domestic Equity</b>	<b>26.58 (72)</b>	<b>-1.95 (80)</b>	<b>15.54 (4)</b>	<b>-6.40 (57)</b>	<b>-20.99 (56)</b>	<b>28.49 (2)</b>	<b>11.60 (34)</b>
Total Equity Policy	26.65 (71)	-2.04 (80)	10.75 (34)	-6.14 (54)	-22.10 (68)	16.90 (52)	10.25 (57)
IM U.S. Large Cap Core Equity (SA+CF) Median	29.84	0.97	9.48	-5.80	-20.48	16.98	10.76
<b>Total Fixed Income</b>	<b>5.42 (87)</b>	<b>4.80 (75)</b>	<b>10.26 (24)</b>	<b>8.50 (92)</b>	<b>-1.34 (79)</b>	<b>2.48 (100)</b>	<b>3.14 (97)</b>
Total Fixed Income Policy	5.16 (91)	5.26 (49)	8.73 (65)	11.46 (67)	2.41 (52)	5.08 (60)	3.33 (96)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	6.62	5.26	9.20	12.31	2.56	5.16	3.85
<b>Bowen Hanes Balanced Portfolio</b>	<b>18.64 (34)</b>	<b>-0.49 (70)</b>	<b>12.24 (10)</b>	<b>-2.49 (86)</b>	<b>-16.34 (87)</b>	<b>20.79 (2)</b>	<b>9.09 (43)</b>
Total Bowen Policy	21.06 (5)	2.69 (13)	10.08 (48)	0.09 (65)	-13.98 (54)	12.73 (77)	7.88 (65)
All Public Plans-Total Fund Median	17.96	0.25	9.98	1.25	-13.77	14.46	8.68
Bowen Hanes Equity	25.68 (79)	-2.07 (80)	14.02 (9)	-5.84 (51)	-20.99 (56)	28.49 (2)	11.60 (34)
Russell 1000 Index	30.05 (48)	0.91 (53)	10.75 (34)	-6.14 (54)	-22.10 (68)	16.90 (52)	10.25 (57)
IM U.S. Large Cap Core Equity (SA+CF) Median	29.84	0.97	9.48	-5.80	-20.48	16.98	10.76
Bowen Hanes Fixed Income	5.72 (82)	4.72 (77)	11.03 (18)	8.64 (92)	-1.34 (79)	2.48 (100)	3.14 (97)
Total Fixed Income Policy	5.16 (91)	5.26 (49)	8.73 (65)	11.46 (67)	2.41 (52)	5.08 (60)	3.33 (96)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	6.62	5.26	9.20	12.31	2.56	5.16	3.85
<b>Rockwood Balanced Portfolio</b>	<b>18.89 (30)</b>	<b>1.16 (32)</b>	<b>15.21 (1)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Total Rockwood Policy	21.16 (5)	2.47 (14)	10.37 (41)	N/A	N/A	N/A	N/A
All Public Plans-Total Fund Median	17.96	0.25	9.98	1.25	-13.77	14.46	8.68
Rockwood Equity	29.61 (37)	-2.18 (80)	21.00 (1)	N/A	N/A	N/A	N/A
Russell 3000 Index	30.20 (28)	0.55 (62)	10.96 (50)	-6.42 (59)	-21.52 (64)	16.52 (62)	10.22 (39)
IM U.S. All Cap Core Equity (SA+CF) Median	27.88	0.96	10.93	-6.07	-21.10	17.37	9.24
Rockwood Fixed Income	4.83 (96)	5.25 (51)	8.28 (82)	N/A	N/A	N/A	N/A
Total Fixed Income Policy	5.16 (91)	5.26 (49)	8.73 (65)	11.46 (67)	2.41 (52)	5.08 (60)	3.33 (96)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	6.62	5.26	9.20	12.31	2.56	5.16	3.85

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

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

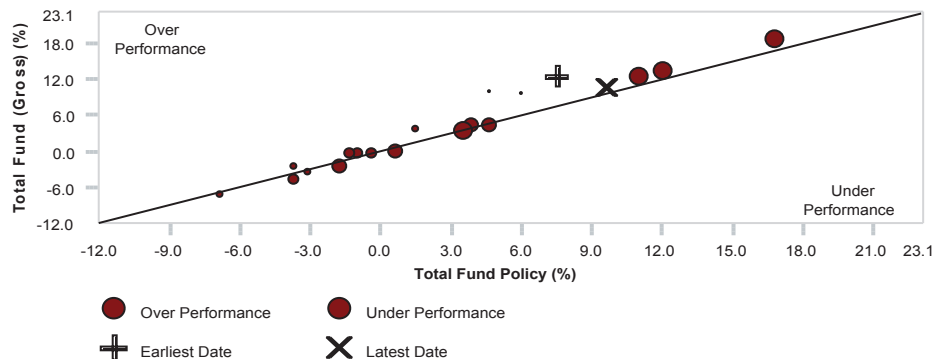


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010	Oct-2008 To Sep-2009	Oct-2007 To Sep-2008	Oct-2006 To Sep-2007
● Total Fund (Gross)	5.29 (21)	19.06 (28)	19.06 (28)	9.30 (30)	10.65 (7)	7.06 (58)	1.99 (74)	0.34 (49)	13.39 (4)	-3.03 (90)	-16.01 (84)	21.27 (2)
● Total Fund Policy	4.78 (51)	19.02 (28)	19.02 (28)	9.51 (21)	9.70 (35)	7.22 (53)	2.60 (56)	0.77 (40)	10.08 (48)	0.09 (65)	-13.98 (54)	12.73 (77)
Median	4.80	17.96	17.96	8.77	9.23	7.26	2.76	0.25	9.98	1.25	-13.77	14.46

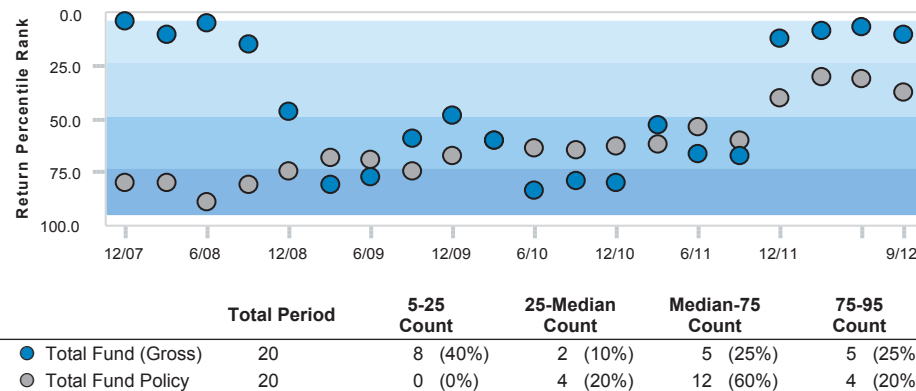
Comparative Performance

	1 Qtr Ending Jun-2012	1 Qtr Ending Mar-2012	1 Qtr Ending Dec-2011	1 Qtr Ending Sep-2011	1 Qtr Ending Jun-2011	1 Qtr Ending Mar-2011
Total Fund (Gross)	-2.69 (76)	7.76 (64)	7.83 (5)	-12.89 (96)	0.82 (69)	6.29 (1)
Total Fund Policy	-1.89 (48)	8.15 (51)	7.05 (20)	-9.58 (40)	0.89 (65)	3.84 (63)
All Public Plans-Total Fund Median	-1.95	8.15	6.10	-10.21	1.09	4.07

### 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



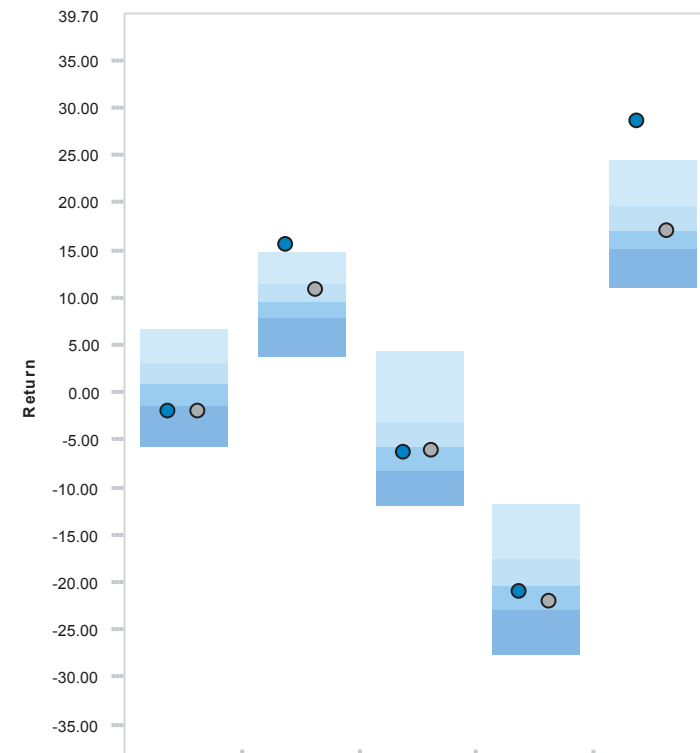
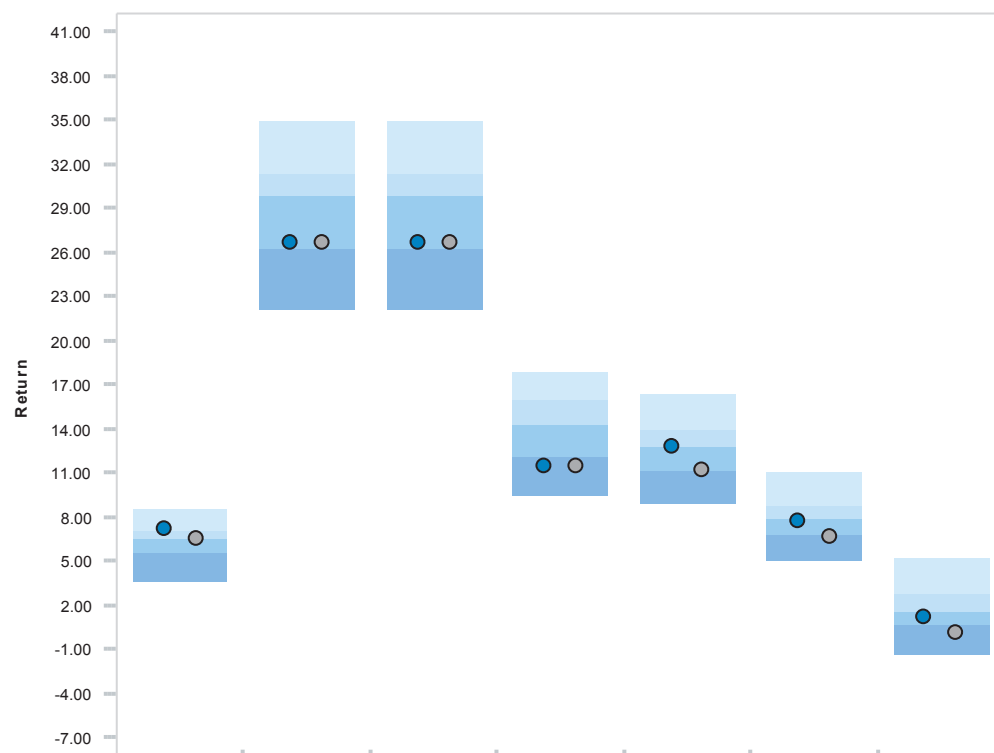
### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund (Gross)	3.04	111.23	111.89	-0.09	0.34	0.91	1.11	7.21
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	0.94	1.00	6.06

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund (Gross)	4.12	112.12	116.15	-0.75	-0.06	0.16	1.15	11.71
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	0.21	1.00	9.46

Peer Group Analysis - IM U.S. Large Cap Core Equity (SA+CF)

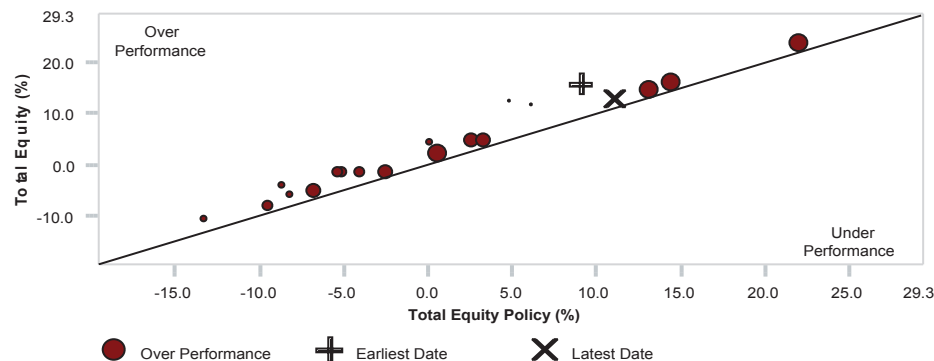


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010	Oct-2008 To Sep-2009	Oct-2007 To Sep-2008	Oct-2006 To Sep-2007
● Total Equity	7.22 (23)	26.58 (72)	26.58 (72)	11.40 (82)	12.77 (51)	7.64 (56)	1.18 (60)	-1.95 (80)	15.54 (4)	-6.40 (57)	-20.99 (56)	28.49 (2)
● Total Equity Policy	6.52 (47)	26.65 (71)	26.65 (71)	11.38 (82)	11.17 (75)	6.57 (78)	0.09 (85)	-2.04 (80)	10.75 (34)	-6.14 (54)	-22.10 (68)	16.90 (52)
Median	6.43	29.84	29.84	14.29	12.78	7.84	1.61	0.97	9.48	-5.80	-20.48	16.98

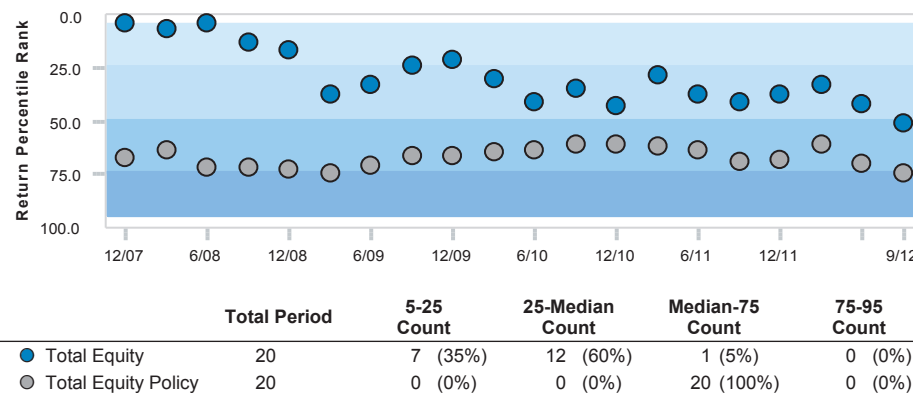
Comparative Performance

	1 Qtr Ending Jun-2012	1 Qtr Ending Mar-2012	1 Qtr Ending Dec-2011	1 Qtr Ending Sep-2011	1 Qtr Ending Jun-2011	1 Qtr Ending Mar-2011
Total Equity	-4.32 (67)	10.55 (83)	11.60 (56)	-18.93 (94)	0.30 (56)	8.55 (7)
Total Equity Policy	-4.11 (63)	12.54 (62)	10.17 (82)	-16.32 (75)	0.12 (61)	5.71 (65)
IM U.S. Large Cap Core Equity (SA+CF) Median	-3.63	13.07	11.81	-14.84	0.45	6.30

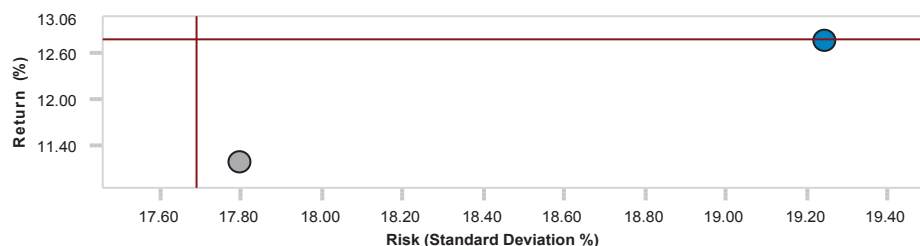
### 3 Yr Rolling Under/Over Performance - 5 Years



### 3 Yr Rolling Percentile Ranking - 5 Years

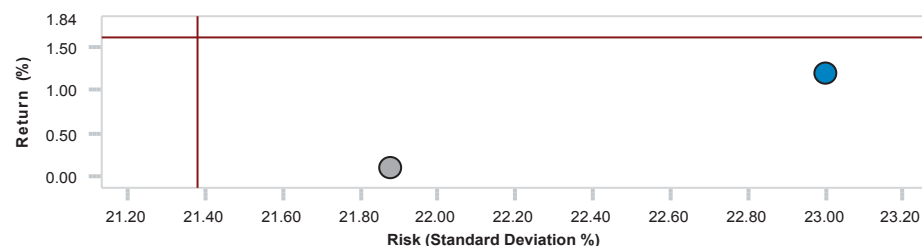


### Peer Group Scattergram - 3 Years



	Return	Standard Deviation
● Total Equity	12.77	19.25
● Total Equity Policy	11.17	17.80
— Median	12.78	17.69

### Peer Group Scattergram - 5 Years



	Return	Standard Deviation
● Total Equity	1.18	23.00
● Total Equity Policy	0.09	21.88
— Median	1.61	21.38

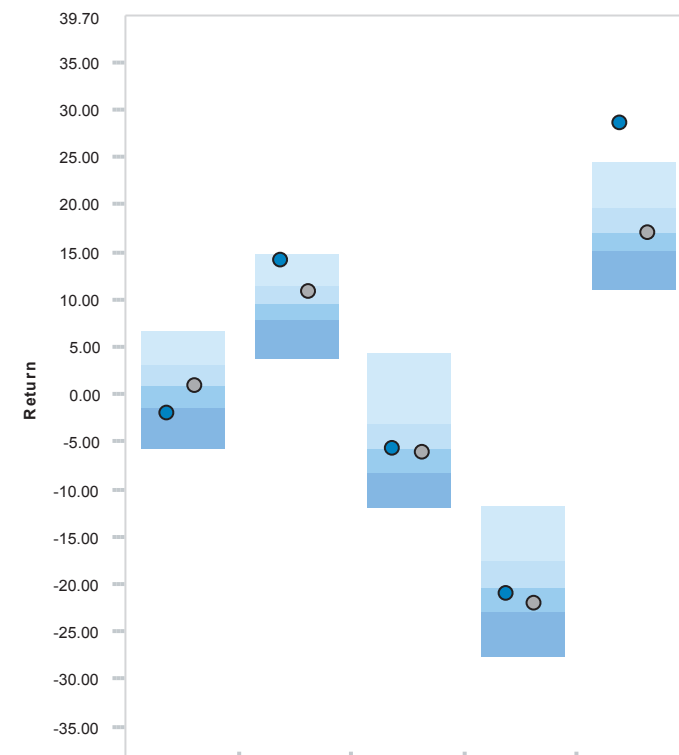
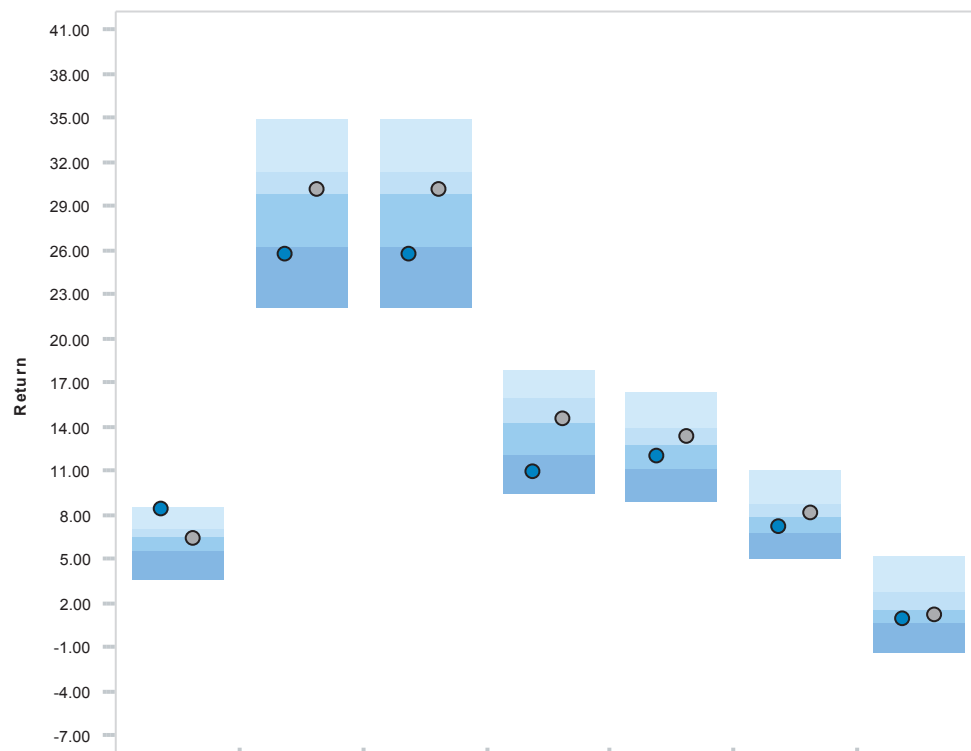
### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Equity	3.93	103.79	97.58	1.32	0.40	0.78	1.02	10.77
Total Equity Policy	0.00	100.00	100.00	0.00	N/A	0.72	1.00	10.23

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Equity	5.02	101.99	97.47	1.23	0.24	0.13	1.00	15.11
Total Equity Policy	0.00	100.00	100.00	0.00	N/A	0.07	1.00	14.66

Peer Group Analysis - IM U.S. Large Cap Core Equity (SA+CF)

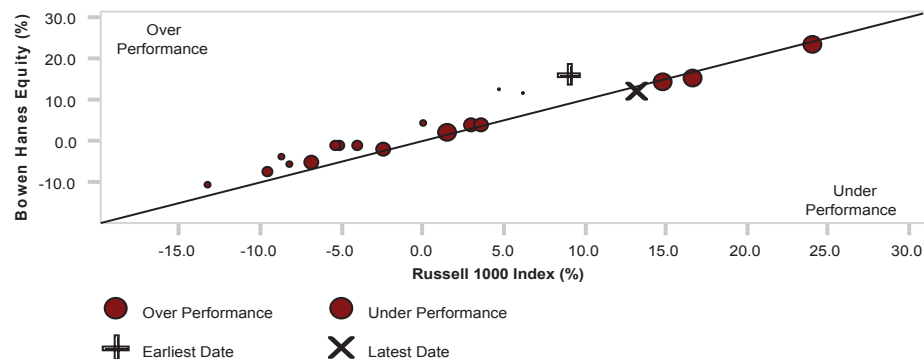


Comparative Performance

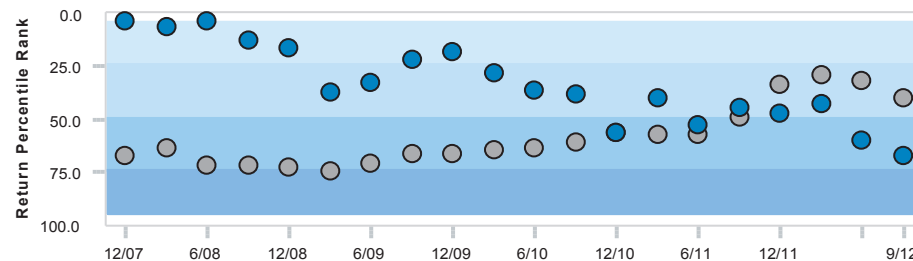
	1 Qtr Ending Jun-2012	1 Qtr Ending Mar-2012	1 Qtr Ending Dec-2011	1 Qtr Ending Sep-2011	1 Qtr Ending Jun-2011	1 Qtr Ending Mar-2011
Bowen Hanes Equity	-5.73 (88)	10.71 (83)	11.12 (69)	-17.92 (89)	0.24 (58)	8.73 (6)
Russell 1000 Index	-3.12 (35)	12.90 (53)	11.84 (49)	-14.68 (46)	0.12 (61)	6.24 (52)
IM U.S. Large Cap Core Equity (SA+CF) Median	-3.63	13.07	11.81	-14.84	0.45	6.30



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

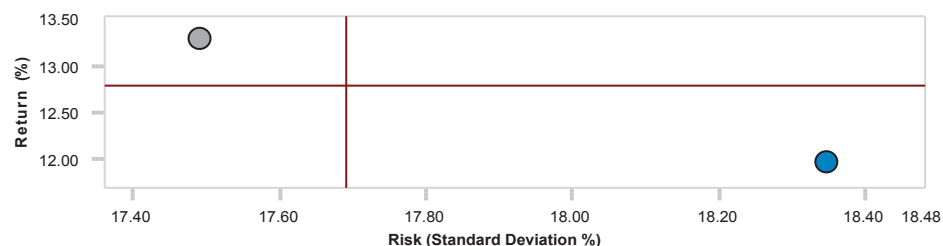


### 3 Yr Rolling Percentile Ranking - 5 Years



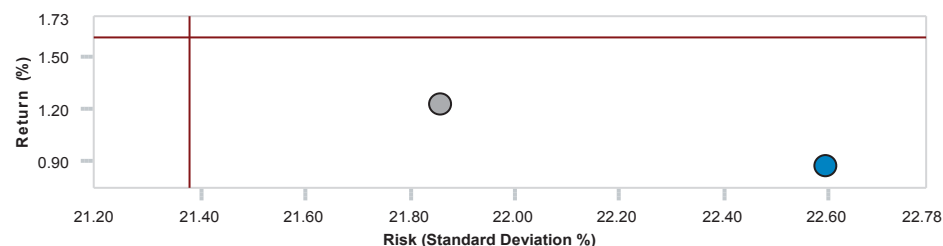
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Bowen Hanes Equity	20	7 (35%)	9 (45%)	4 (20%)	0 (0%)
Russell 1000 Index	20	0 (0%)	5 (25%)	15 (75%)	0 (0%)

### Peer Group Scattergram - 3 Years



	Return	Standard Deviation
Bowen Hanes Equity	11.96	18.35
Russell 1000 Index	13.27	17.49
Median	12.78	17.69

### Peer Group Scattergram - 5 Years



	Return	Standard Deviation
Bowen Hanes Equity	0.87	22.60
Russell 1000 Index	1.22	21.86
Median	1.61	21.38

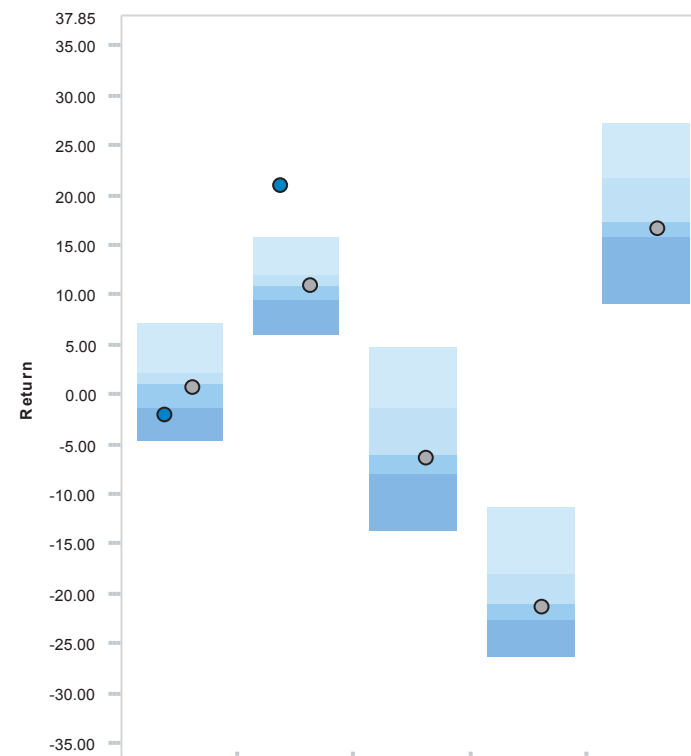
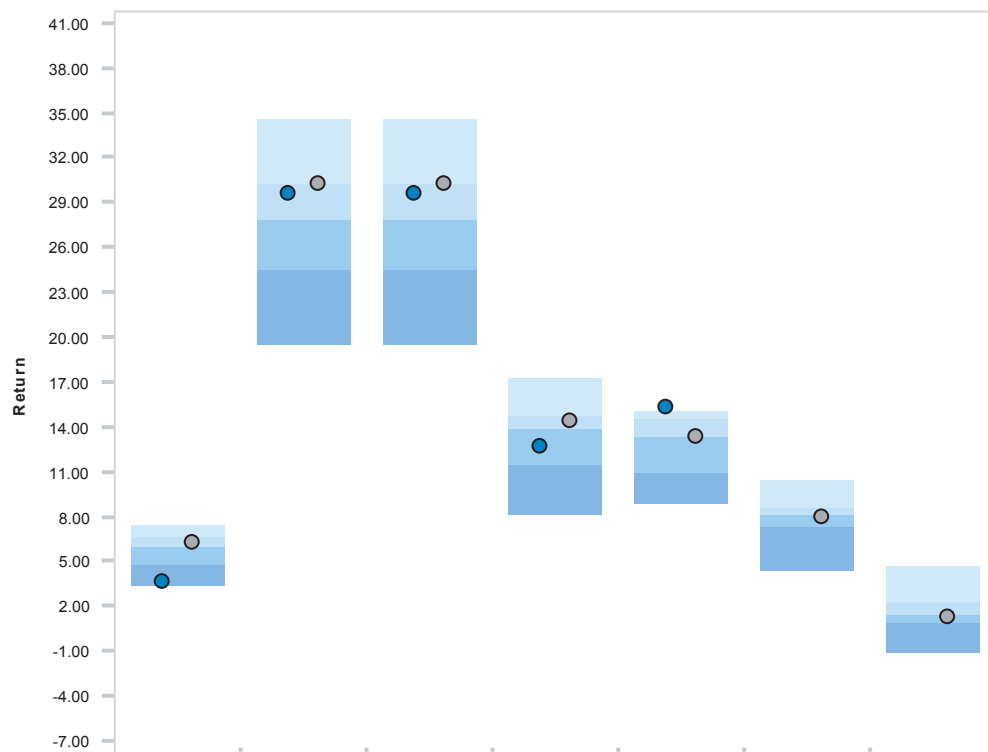
### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Bowen Hanes Equity	4.40	99.93	106.03	-1.38	-0.23	0.76	1.03	10.59
Russell 1000 Index	0.00	100.00	100.00	0.00	N/A	0.87	1.00	9.44

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Bowen Hanes Equity	5.27	99.97	100.74	-0.20	-0.04	0.11	1.00	15.03
Russell 1000 Index	0.00	100.00	100.00	0.00	N/A	0.13	1.00	14.34

Peer Group Analysis - IM U.S. All Cap Core Equity (SA+CF)



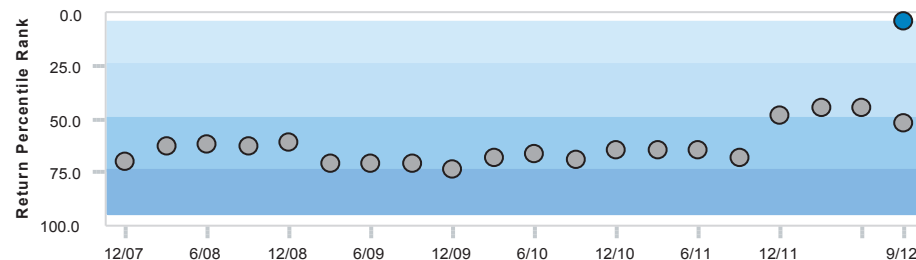
Comparative Performance

	1 Qtr Ending Jun-2012	1 Qtr Ending Mar-2012	1 Qtr Ending Dec-2011	1 Qtr Ending Sep-2011	1 Qtr Ending Jun-2011	1 Qtr Ending Mar-2011
Rockwood Equity	0.39 (4)	9.96 (87)	13.32 (8)	-22.41 (100)	0.51 (38)	7.99 (30)
Russell 3000 Index	-3.15 (32)	12.87 (51)	12.12 (20)	-15.28 (42)	-0.03 (61)	6.38 (55)
IM U.S. All Cap Core Equity (SA+CF) Median	-4.17	12.88	11.43	-15.74	0.11	6.44

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

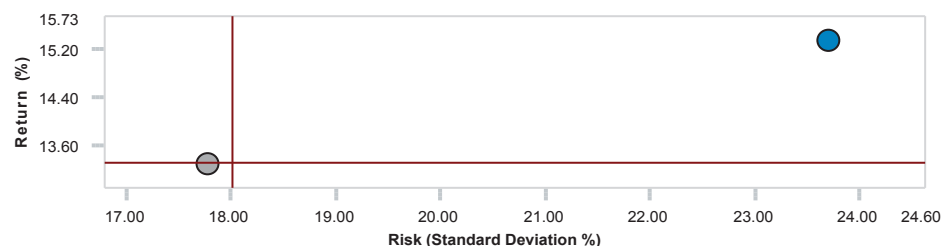
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### 3 Yr Rolling Percentile Ranking - 5 Years



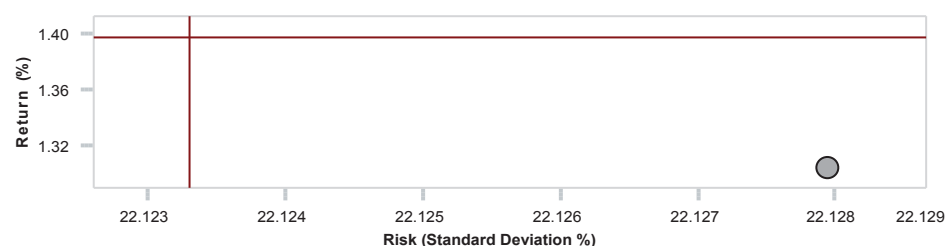
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Rockwood Equity	1	1 (100%)	0 (0%)	0 (0%)	0 (0%)
Russell 3000 Index	20	0 (0%)	3 (15%)	17 (85%)	0 (0%)

### Peer Group Scattergram - 3 Years



	Return	Standard Deviation
Rockwood Equity	15.33	23.70
Russell 3000 Index	13.26	17.78
Median	13.30	18.02

### Peer Group Scattergram - 5 Years



	Return	Standard Deviation
Rockwood Equity	N/A	N/A
Russell 3000 Index	1.30	22.13
Median	1.40	22.12

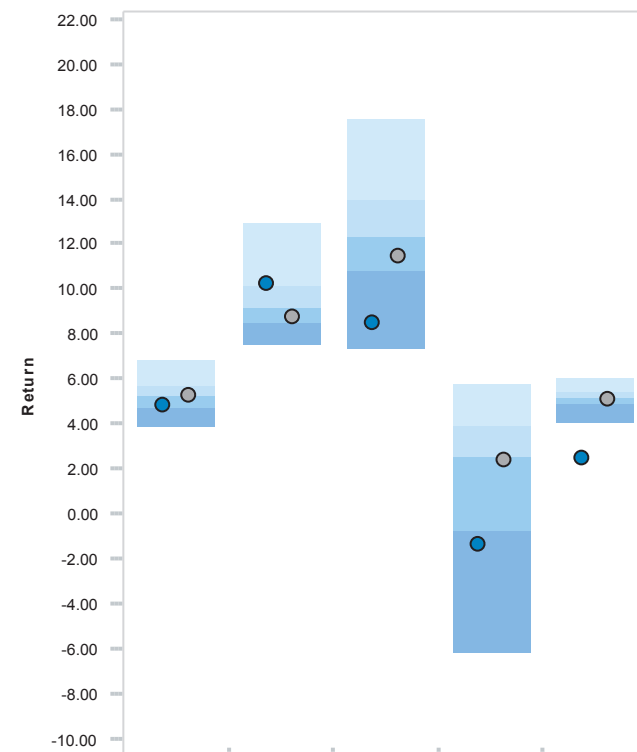
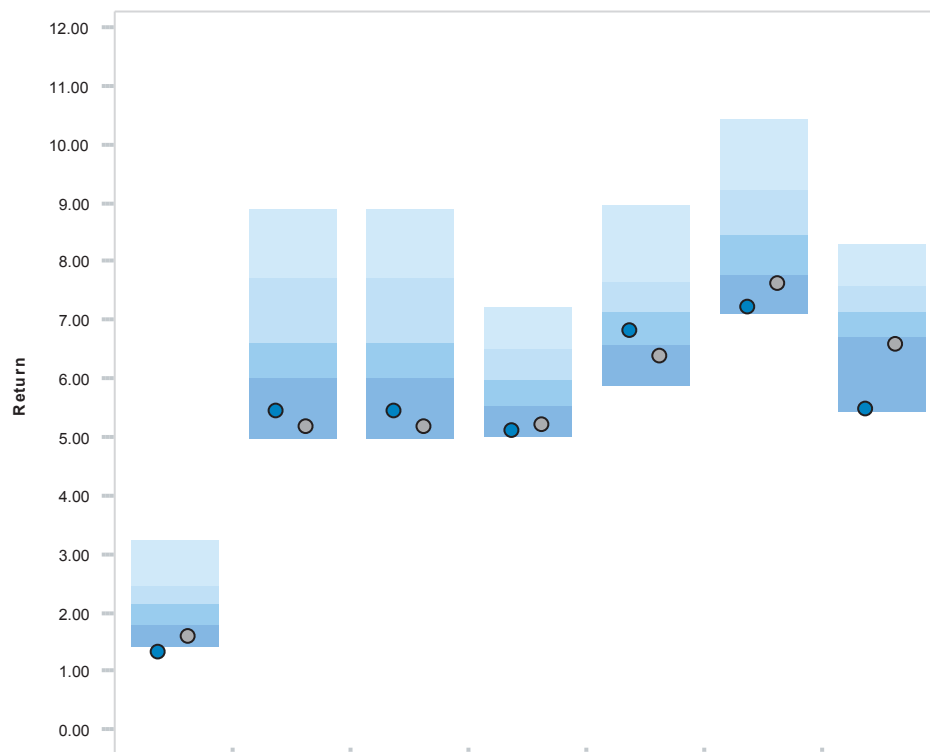
### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Rockwood Equity	7.27	121.55	123.44	-0.36	0.36	0.80	1.22	12.43
Russell 3000 Index	0.00	100.00	100.00	0.00	N/A	0.85	1.00	9.69

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Rockwood Equity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell 3000 Index	0.00	100.00	100.00	0.00	N/A	0.13	1.00	14.58

Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (SA+CF)

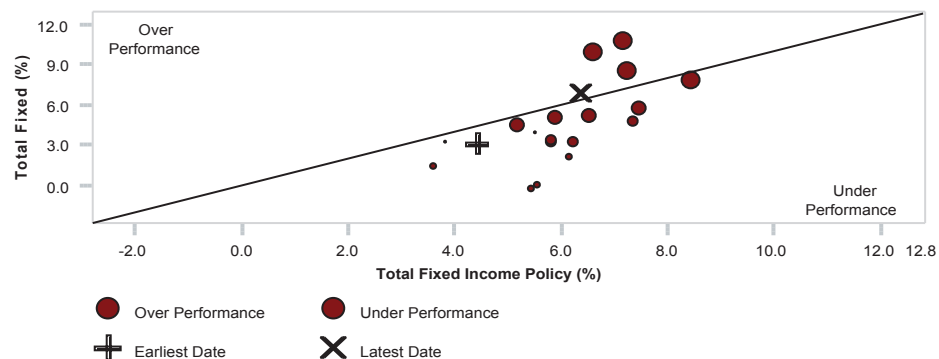


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010	Oct-2008 To Sep-2009	Oct-2007 To Sep-2008	Oct-2006 To Sep-2007
● Total Fixed	1.32 (97)	5.42 (87)	5.42 (87)	5.11 (93)	6.80 (66)	7.22 (95)	5.45 (95)	4.80 (75)	10.26 (24)	8.50 (92)	-1.34 (79)	2.48 (100)
● Total Fixed Income Policy	1.58 (90)	5.16 (91)	5.16 (91)	5.21 (91)	6.37 (85)	7.62 (82)	6.56 (80)	5.26 (49)	8.73 (65)	11.46 (67)	2.41 (52)	5.08 (60)
Median	2.15	6.62	6.62	5.97	7.15	8.45	7.15	5.26	9.20	12.31	2.56	5.16

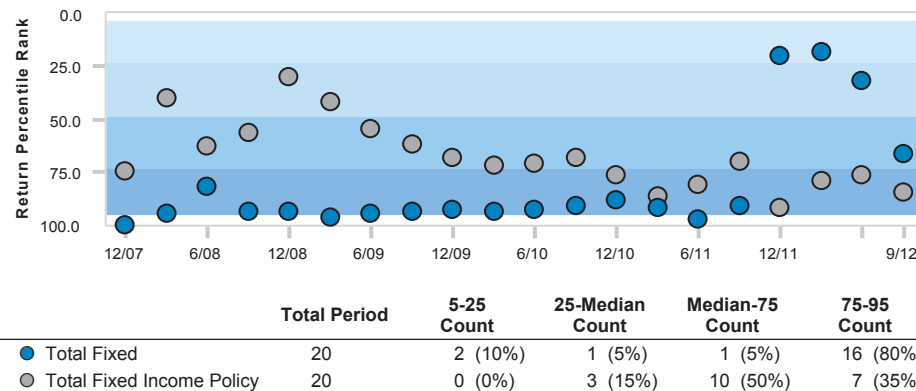
Comparative Performance

	1 Qtr Ending Jun-2012	1 Qtr Ending Mar-2012	1 Qtr Ending Dec-2011	1 Qtr Ending Sep-2011	1 Qtr Ending Jun-2011	1 Qtr Ending Mar-2011
Total Fixed	1.28 (99)	1.99 (8)	0.73 (98)	2.20 (87)	2.28 (40)	1.09 (18)
Total Fixed Income Policy	2.06 (68)	0.30 (89)	1.12 (71)	3.82 (27)	2.29 (38)	0.42 (82)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.15	1.02	1.26	3.31	2.24	0.67

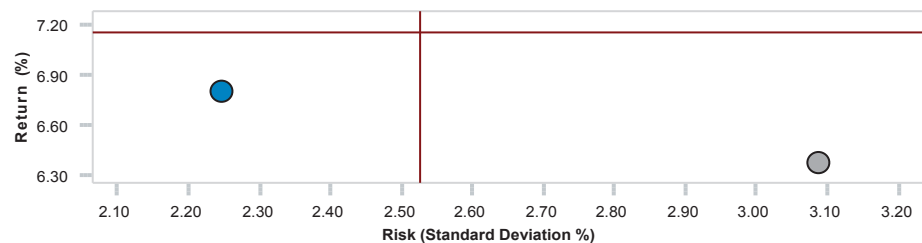
### 3 Yr Rolling Under/Over Performance - 5 Years



### 3 Yr Rolling Percentile Ranking - 5 Years

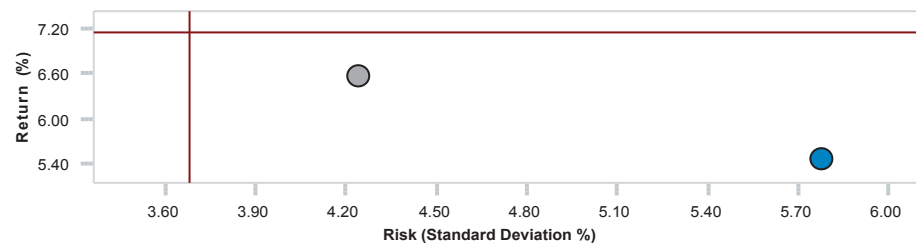


### Peer Group Scattergram - 3 Years



	Return	Standard Deviation
● Total Fixed	6.80	2.25
● Total Fixed Income Policy	6.37	3.09
— Median	7.15	2.53

### Peer Group Scattergram - 5 Years



	Return	Standard Deviation
● Total Fixed	5.45	5.78
● Total Fixed Income Policy	6.56	4.24
— Median	7.15	3.68

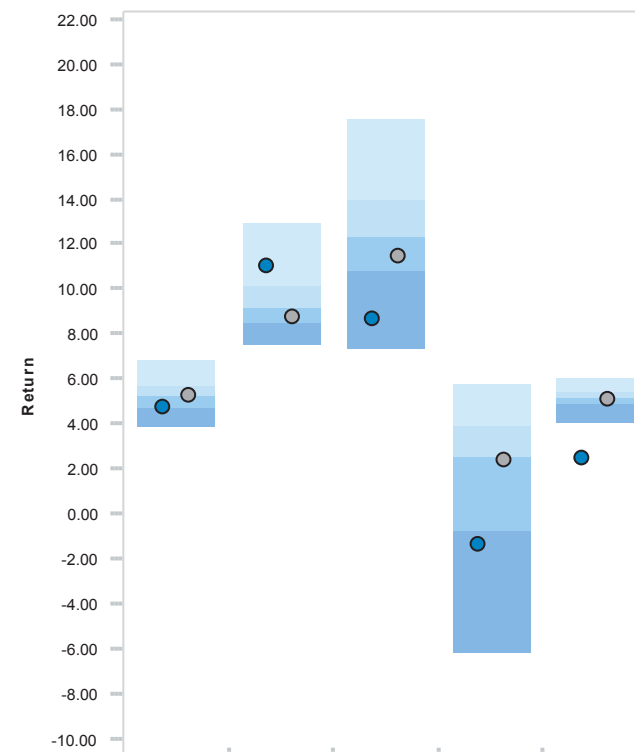
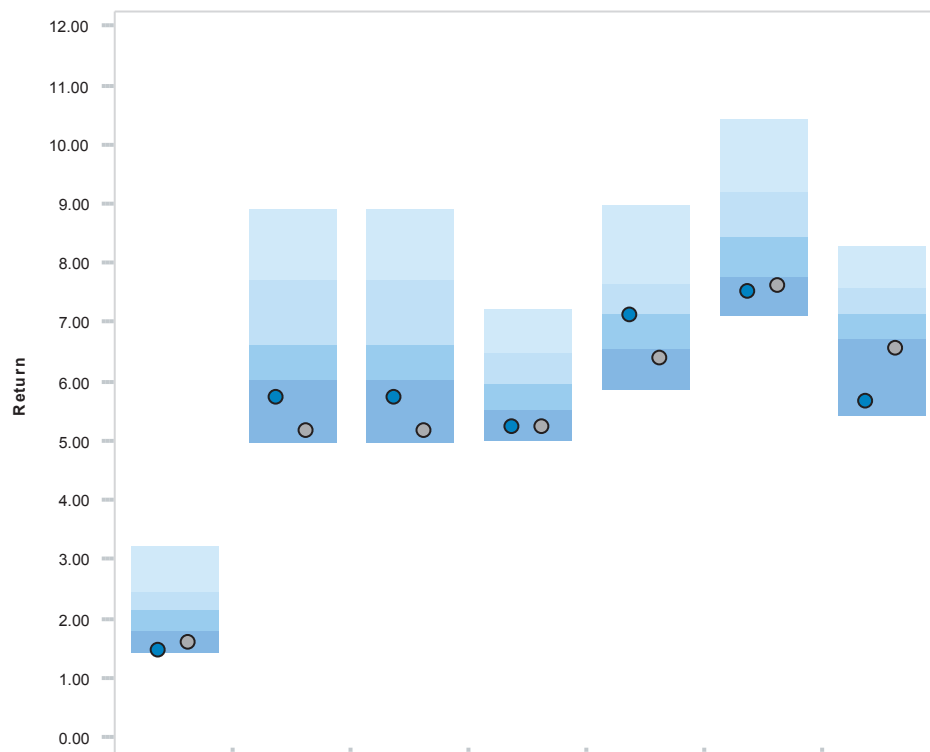
### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fixed	1.71	95.55	53.04	2.42	0.23	2.70	0.68	0.78
Total Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	2.14	1.00	1.31

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fixed	6.62	113.34	172.15	-2.79	-0.11	0.58	1.32	6.40
Total Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	1.34	1.00	2.11

Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (SA+CF)

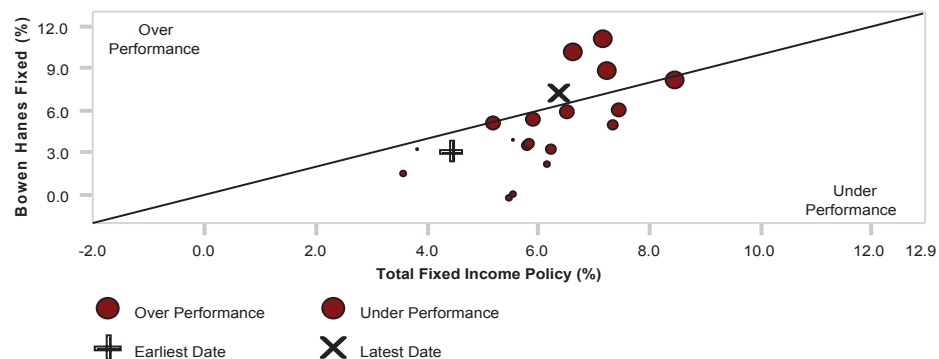


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010	Oct-2008 To Sep-2009	Oct-2007 To Sep-2008	Oct-2006 To Sep-2007
● Bowen Hanes Fixed	1.47 (94)	5.72 (82)	5.72 (82)	5.22 (91)	7.12 (52)	7.50 (84)	5.67 (94)	4.72 (77)	11.03 (18)	8.64 (92)	-1.34 (79)	2.48 (100)
● Total Fixed Income Policy	1.58 (90)	5.16 (91)	5.16 (91)	5.21 (91)	6.37 (85)	7.62 (82)	6.56 (80)	5.26 (49)	8.73 (65)	11.46 (67)	2.41 (52)	5.08 (60)
Median	2.15	6.62	6.62	5.97	7.15	8.45	7.15	5.26	9.20	12.31	2.56	5.16

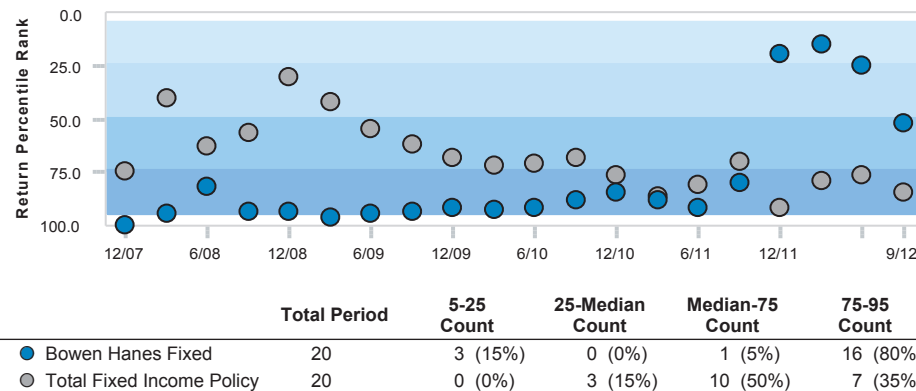
Comparative Performance

	1 Qtr Ending Jun-2012	1 Qtr Ending Mar-2012	1 Qtr Ending Dec-2011	1 Qtr Ending Sep-2011	1 Qtr Ending Jun-2011	1 Qtr Ending Mar-2011
Bowen Hanes Fixed	1.13 (100)	2.53 (5)	0.49 (99)	1.06 (98)	2.40 (19)	1.62 (5)
Total Fixed Income Policy	2.06 (68)	0.30 (89)	1.12 (71)	3.82 (27)	2.29 (38)	0.42 (82)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.15	1.02	1.26	3.31	2.24	0.67

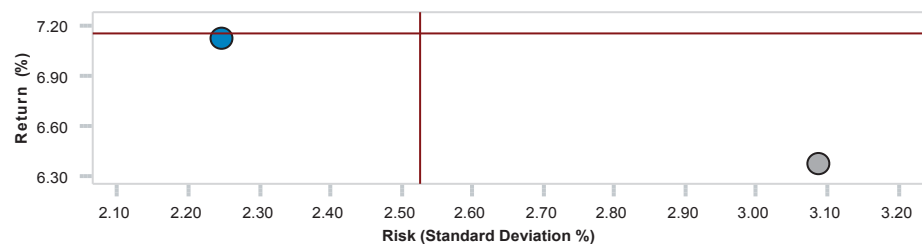
### 3 Yr Rolling Under/Over Performance - 5 Years



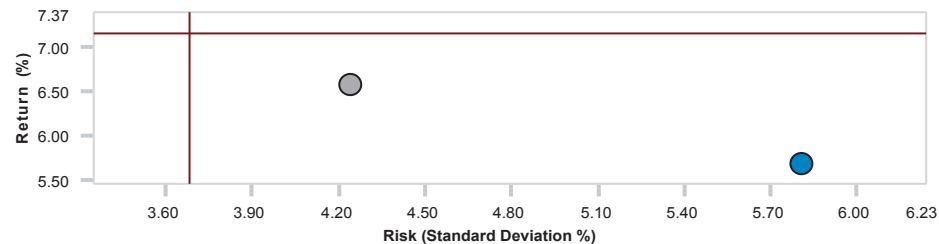
### 3 Yr Rolling Percentile Ranking - 5 Years



### Peer Group Scattergram - 3 Years



### Peer Group Scattergram - 5 Years



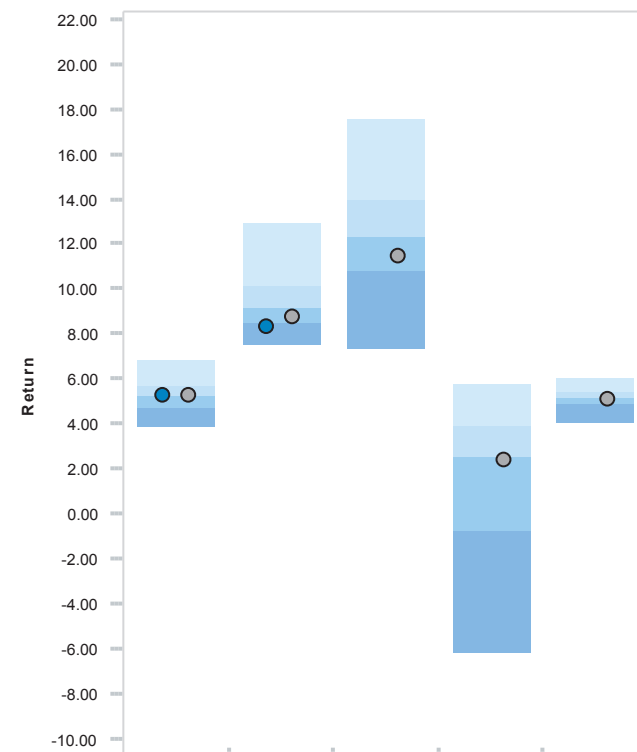
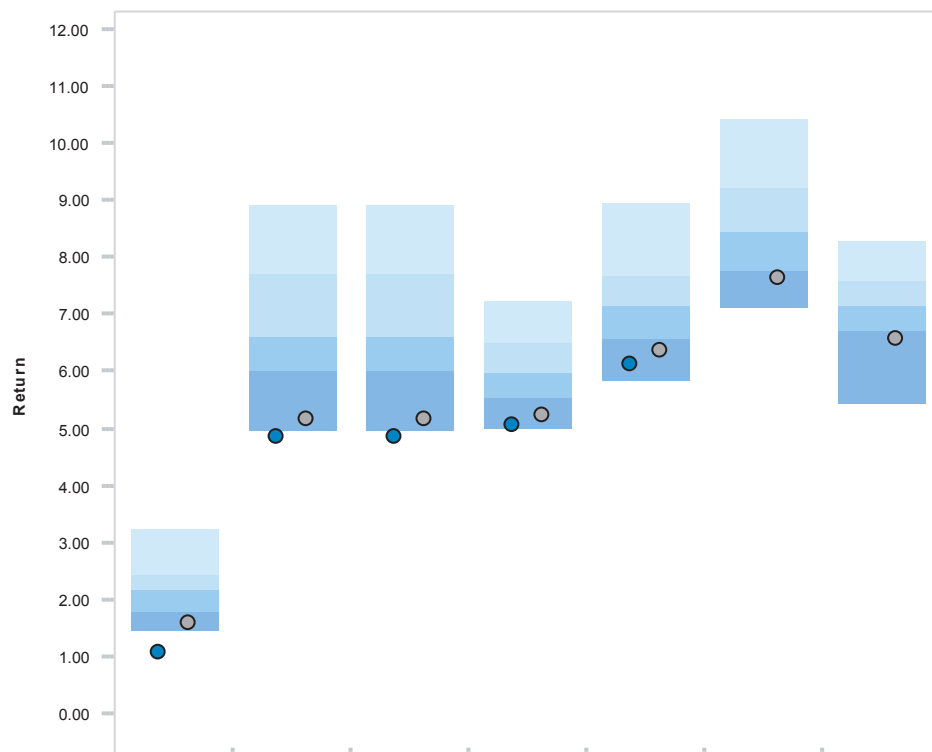
### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Bowen Hanes Fixed	2.41	94.09	26.43	3.80	0.29	2.77	0.51	0.62
Total Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	2.14	1.00	1.31

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Bowen Hanes Fixed	6.75	112.87	163.01	-2.31	-0.08	0.60	1.28	6.39
Total Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	1.34	1.00	2.11

Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (SA+CF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR		Oct-2010 To Sep-2011	Oct-2009 To Sep-2010	Oct-2008 To Sep-2009	Oct-2007 To Sep-2008	Oct-2006 To Sep-2007
● Rockwood Fixed	1.07 (99)	4.83 (96)	4.83 (96)	5.04 (94)	6.11 (93)	N/A	N/A	● Rockwood Fixed	5.25 (51)	8.28 (82)	N/A	N/A	N/A
● Total Fixed Income Policy	1.58 (90)	5.16 (91)	5.16 (91)	5.21 (91)	6.37 (85)	7.62 (82)	6.56 (80)	● Total Fixed Income Policy	5.26 (49)	8.73 (65)	11.46 (67)	2.41 (52)	5.08 (60)
Median	2.15	6.62	6.62	5.97	7.15	8.45	7.15	Median	5.26	9.20	12.31	2.56	5.16

Comparative Performance

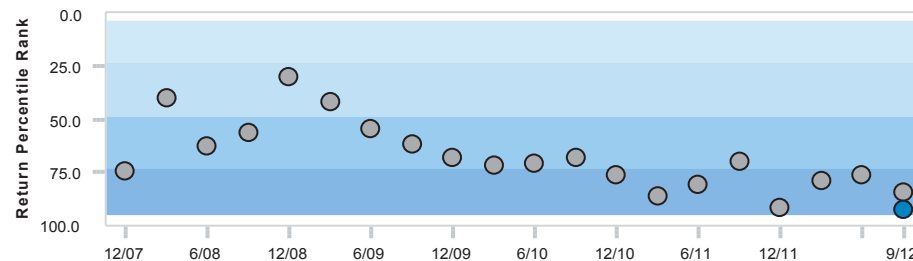
	1 Qtr Ending Jun-2012	1 Qtr Ending Mar-2012	1 Qtr Ending Dec-2011	1 Qtr Ending Sep-2011	1 Qtr Ending Jun-2011	1 Qtr Ending Mar-2011
Rockwood Fixed	1.63 (95)	0.75 (65)	1.31 (43)	4.65 (7)	2.05 (81)	0.06 (100)
Total Fixed Income Policy	2.06 (68)	0.30 (89)	1.12 (71)	3.82 (27)	2.29 (38)	0.42 (82)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.15	1.02	1.26	3.31	2.24	0.67



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

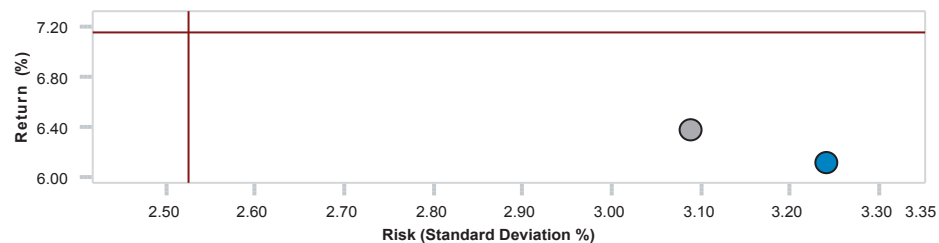
No data found.

### 3 Yr Rolling Percentile Ranking - 5 Years



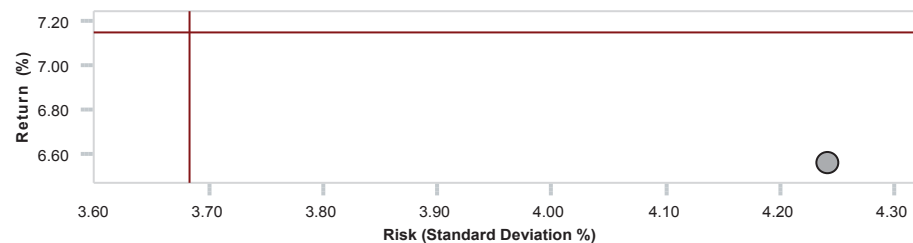
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Rockwood Fixed	1	0 (0%)	0 (0%)	0 (0%)	1 (100%)
Total Fixed Income Policy	20	0 (0%)	3 (15%)	10 (50%)	7 (35%)

### Peer Group Scattergram - 3 Years



	Return	Standard Deviation
Rockwood Fixed	6.11	3.24
Total Fixed Income Policy	6.37	3.09
Median	7.15	2.53

### Peer Group Scattergram - 5 Years



	Return	Standard Deviation
Rockwood Fixed	N/A	N/A
Total Fixed Income Policy	6.56	4.24
Median	7.15	3.68

### Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Rockwood Fixed	0.86	99.90	114.69	-0.54	-0.28	1.89	1.05	1.50
Total Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	2.14	1.00	1.31

### Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Rockwood Fixed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	1.34	1.00	2.11

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# City of Venice Municipal Police Officers' Pension Trust Fund

## Compliance Checklist as of September 30, 2012

Total Fund Compliance:	Yes	No	N/A
1. The Total Plan return equaled or exceeded the total plan benchmark over the trailing three year period.	✓		
2. The Total Plan return equaled or exceeded the total plan benchmark over the trailing five year period.		✓	
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 the 8% actuarial earnings assumption over the trailing three year period.	✓		
6. The Total Plan return equaled or exceeded the 8% actuarial earnings assumption over the trailing five year period.		✓	

Equity Compliance:	Yes	No	N/A
1. Total domestic equity returns meet or exceed the benchmark over the trailing three and five year periods.	✓		
2. Total domestic equity returns ranked within the top 40th percentile of its peer group over the trailing three year period.		✓	
3. Total domestic equity returns ranked within the top 40th percentile of its peer group over the trailing five year period.		✓	
4. The total equity allocation was less than 70% of the total plan assets at market.	✓		
6. The total equity allocation was less than 65% of the total plan assets at cost.	✓		
7. Total foreign equity was less than 25% of the total plan assets at market.	✓		

Fixed Income Compliance:	Yes	No	N/A
1. Total fixed income returns meet or exceed the benchmark over the trailing three year period.	✓		
2. Total fixed income returns meet or exceed the benchmark over the trailing five year period.		✓	
3. Total fixed income returns ranked within the top 40th percentile of its peer group over the trailing three year period.		✓	
4. Total fixed income returns ranked within the top 40th percentile of its peer group over the trailing five year period.		✓	
5. All investments have a minimum rating of investment grade or higher.*		✓	
6. No more than 25% of the fixed income portfolio was rated below BBB/Baa.	✓		

Manager Compliance:	BH-EQ			BH-FX			RW-EQ**			RW-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 40th percentile over trailing three year period.		✓			✓		✓				✓				
3. Manager ranked within the top 40th percentile over trailing five year period.		✓			✓				✓			✓			
4. Less than four consecutive quarters of under performance relative to the benchmark.	✓			✓			✓			✓					
5. Three and five year down-market capture ratio less than the index.		✓			✓			✓			✓				
6. Manager reports compliance with PFIA.	✓			✓			✓			✓					

\*Currently hold the following bonds rated below investment grade (as reported by manager): 4.9% rated BB (Donnelley & Sons 5.5% 5/15/15 [257867AR2]); 3.2% rated below B (Overseas Shipholding 8.125% 3/30/18 [690368AH8])

\*\*Data available for three year period only due to October 2009 inception date.



<b>Total Fund Policy</b>			
<b>Allocation Mandate</b>	<b>Weight (%)</b>	<b>Allocation Mandate</b>	<b>Weight (%)</b>
<b>Aug-1986</b>		<b>Jan-1999</b>	
Citigroup 3 Month T-Bill Index	55.00	Russell 1000 Index	60.00
Russell 1000 Index	45.00	Barclays U.S. Government/Credit	35.00
		Citigroup 3 Month T-Bill Index	5.00
<b>Jan-1988</b>		<b>Apr-2000</b>	
Russell 1000 Index	50.00	Russell 1000 Index	65.00
Barclays U.S. Government/Credit	45.00	Barclays U.S. Government/Credit	30.00
Citigroup 3 Month T-Bill Index	5.00	Citigroup 3 Month T-Bill Index	5.00
<b>Jul-1989</b>		<b>Oct-2010</b>	
Russell 1000 Index	55.00	Russell 3000 Index	50.00
Barclays U.S. Government/Credit	40.00	MSCI AC World ex USA	15.00
Citigroup 3 Month T-Bill Index	5.00	Barclays Aggregate Index	35.00
<b>Jul-1990</b>			
Russell 1000 Index	60.00		
Barclays U.S. Government/Credit	35.00		
Citigroup 3 Month T-Bill Index	5.00		
<b>Jul-1991</b>			
Russell 1000 Index	55.00		
Barclays U.S. Government/Credit	20.00		
Citigroup 3 Month T-Bill Index	25.00		
<b>Jan-1993</b>			
Russell 1000 Index	45.00		
Barclays U.S. Government/Credit	15.00		
Citigroup 3 Month T-Bill Index	40.00		
<b>Apr-1994</b>			
Russell 1000 Index	50.00		
Barclays U.S. Government/Credit	35.00		
Citigroup 3 Month T-Bill Index	15.00		
<b>Apr-1995</b>			
Russell 1000 Index	65.00		
Barclays U.S. Government/Credit	25.00		
Citigroup 3 Month T-Bill Index	10.00		
<b>Jul-1996</b>			
Russell 1000 Index	70.00		
Barclays U.S. Government/Credit	25.00		
Citigroup 3 Month T-Bill Index	5.00		

<b>Total Rockwood Policy</b>	
<b>Allocation Mandate</b>	<b>Weight (%)</b>
<b>Oct-2009</b>	
Russell 3000 Index	60.00
Barclays Aggregate Index	40.00
<b>Oct-2010</b>	
Russell 3000 Index	65.00
Barclays Aggregate Index	35.00

<b>Total Equity Policy</b>	
<b>Allocation Mandate</b>	<b>Weight (%)</b>
<b>Aug-1986</b>	
Russell 1000 Index	100.00
<b>Oct-2010</b>	
Russell 3000 Index	77.00
MSCI AC World ex USA	23.00

<b>Total Fixed Income Policy</b>	
<b>Allocation Mandate</b>	<b>Weight (%)</b>
<b>Jan-1973</b>	
Barclays U.S. Government/Credit	100.00
<b>Oct-2010</b>	
Barclays Aggregate Index	100.00

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<b>Return</b>	- Compounded rate of return for the period.
<b>Standard Deviation</b>	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
<b>Sharpe Ratio</b>	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
<b>Alpha</b>	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
<b>Beta</b>	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
<b>R-Squared</b>	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
<b>Treynor Ratio</b>	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
<b>Downside Risk</b>	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
<b>Tracking Error</b>	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
<b>Information Ratio</b>	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
<b>Consistency</b>	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
<b>Excess Return</b>	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
<b>Active Return</b>	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
<b>Excess Risk</b>	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
<b>Up Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.
<b>Down Market Capture</b>	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance.

*Calculations based on monthly periodicity.*

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