

**Callan Associates Inc.  
Investment Measurement Service  
Quarterly Review**

**Town of Palm Beach General Employees  
September 30, 2010**

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<b>Market Overview</b>	
Active Management vs Index Returns .....	2
Domestic Equity .....	3
Domestic Fixed-Income .....	4
International Equity .....	5
<b>Asset Allocation and Performance</b>	
Foreword .....	7
Actual vs Target Asset Allocation .....	8
Quarterly Total Fund Attribution .....	9
Cumulative Total Fund Attribution .....	10
Asset Class Rankings .....	11
Total Fund Ranking .....	12
Total Fund vs CAI Public Plan - Small (<100 MM) .....	13
Asset Allocation Across Investment Managers .....	16
Investment Manager Returns .....	17
<b>Manager Analysis</b>	
Domestic Equity Composite Holdings Based Style Analysis .....	22
SSgA S&P 500 Flagship .....	24
Roanoke Asset Management .....	29
Thompson, Siegel & Walmsley, Inc. ....	36
Goldman Sachs Asset Management .....	42
Mesirow Absolute Return Fund Ltd. ....	45
<b>Definitions</b> .....	47
<b>Callan Research/Education</b> .....	52
<b>Disclosures</b> .....	57





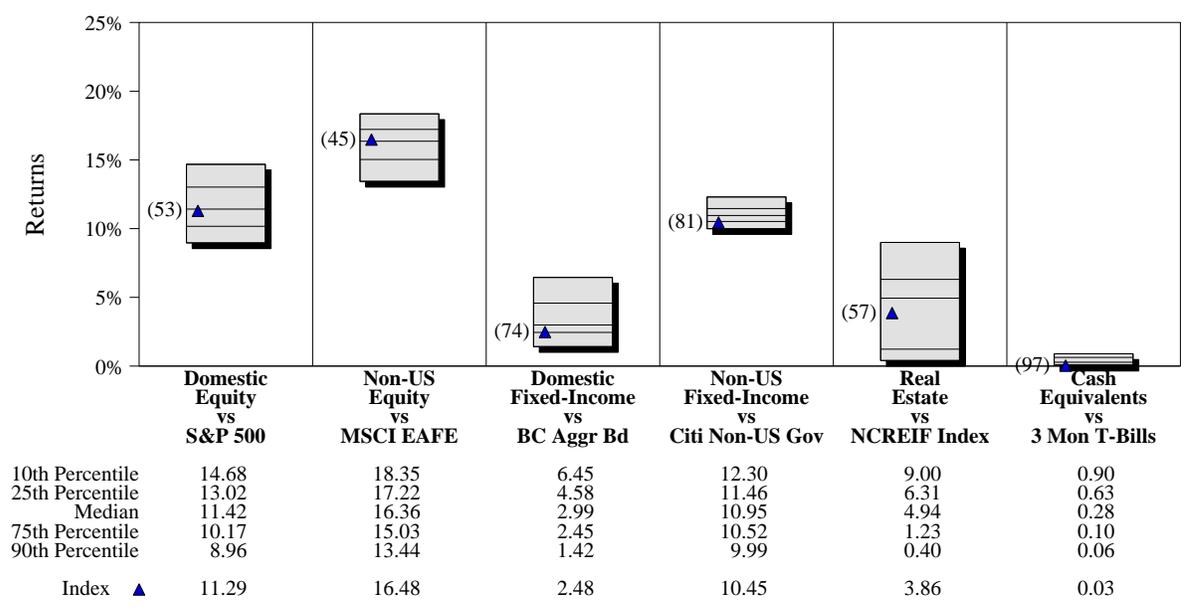
## MARKET OVERVIEW

### ACTIVE MANAGEMENT VS INDEX RETURNS

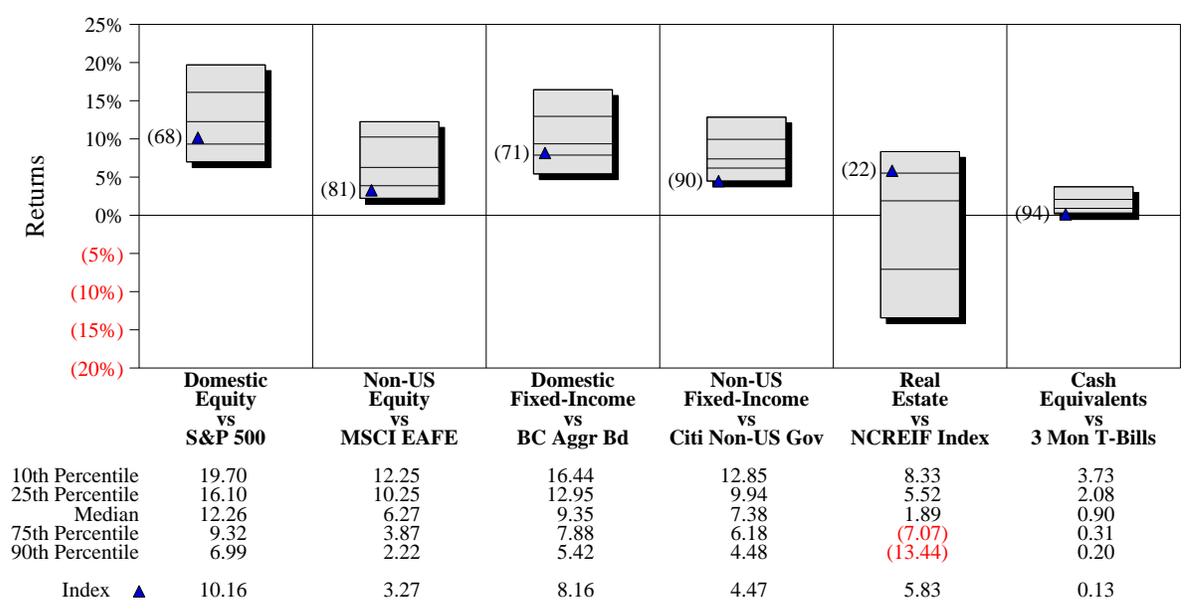
#### Market Overview

The charts below illustrate the range of returns across managers in Callan's Separate Account database over the most recent one quarter and one year time periods. The database is broken down by asset class to illustrate the difference in returns across those asset classes. An appropriate index is also shown for each asset class for comparison purposes. As an example, the first bar in the upper chart illustrates the range of returns for domestic equity managers over the last quarter. The triangle represents the S&P 500 return. The number next to the triangle represents the ranking of the S&P 500 in the domestic equity manager database.

#### Range of Separate Account Manager Returns by Asset Class One Quarter Ended September 30, 2010



#### Range of Separate Account Manager Returns by Asset Class One Year Ended September 30, 2010





## DOMESTIC EQUITY Active Management Overview

### Active vs. the Index

After enduring the first quarterly loss in over a year in the second quarter of 2010, the S&P 500, DJIA and NASDAQ bounced back in the third quarter of 2010, gaining back most of their losses. U.S. companies cleaned up their balance sheets by raising cash in the bond sector, which in turn allowed them to repurchase much of their own stock. All investment styles had strong returns for the quarter, all gaining over 10%. The median Large Cap Core manager yielded a 11.11% return, falling 18 basis points short of the S&P 500 Index's return of 11.29%. The median Mid Cap Broad manager returned 13.10%, 2 basis points behind the S&P Mid Cap Index's gain of 13.12%. The median Small Cap Growth manager was well ahead of the S&P 600 Growth Index, finishing the quarter with a return of 12.73%, beating the index's return of 10.05% by 268 basis points. For the year ended September 30, 2010, all styles had strong returns, exceeding or falling close behind their benchmarks.

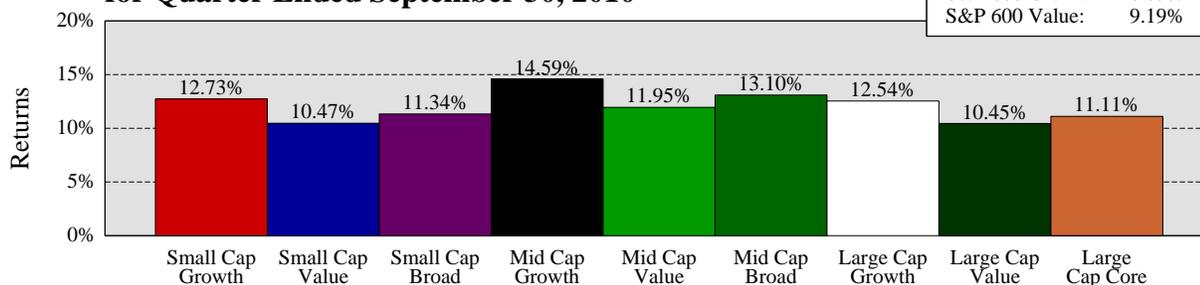
### Large Cap vs. Small Cap

For the third quarter of 2010, Small Cap funds fared slightly better than Large Cap funds. The median Small Cap Growth manager and the median Small Cap Value manager posted returns of 12.73% and 10.47%, respectively, ahead of their Large Cap Growth (12.54%) and Large Cap Value (10.45%) counterparts. The S&P 500 Index returned 11.29%, 167 basis points ahead of the S&P 600 Index's return of 9.62%. For the year ended September 30, 2010, Small Cap managers outperformed their Large Cap counterparts across the board. The median Small Cap Growth, Small Cap Value and Small Cap Broad fund had returns of 16.04%, 14.32%, and 14.78%, respectively, while Large Cap returns lagged well behind. The median Large Cap Value manager posted a return of 8.14% for the twelve months ended September 30, 2010, 618 basis points shy of the median Small Cap Value manager (14.32%) and 40 basis points shy of the S&P 500 Value Index (8.54%).

### Growth vs. Value

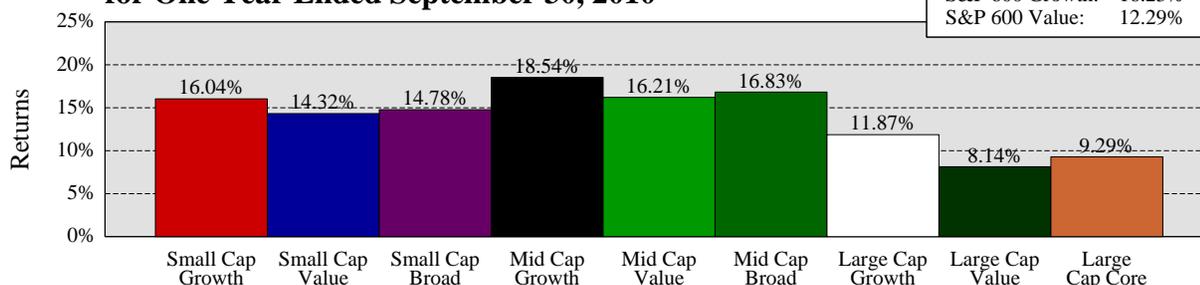
The third quarter of 2010 was more favorable to growth funds than to value funds, with the median Small Cap Growth manager posting a 12.73% return, 226 basis points higher than the 10.47% return of the median Small Cap Value manager. For the year ended September 30, 2010, the median Small Cap Value managers outperformed Small Cap Growth manager by 172 basis points while the median Large Cap Growth manager strongly outperformed the median Large Cap Value manager, posting a 11.87% return compared to the Large Cap Value manager's return of 8.14%. The S&P 600 Growth Index yielded a 16.23% return, 394 basis points higher than the S&P 600 Value Index's return of 12.29%.

**Separate Account Style Group Median Returns  
for Quarter Ended September 30, 2010**



S&P 500:	11.29%
S&P 500 Growth:	12.63%
S&P 500 Value:	9.98%
S&P Mid Cap:	13.12%
S&P 600:	9.62%
S&P 600 Growth:	10.05%
S&P 600 Value:	9.19%

**Separate Account Style Group Median Returns  
for One Year Ended September 30, 2010**



S&P 500:	10.16%
S&P 500 Growth:	11.67%
S&P 500 Value:	8.54%
S&P Mid Cap:	17.78%
S&P 600:	14.22%
S&P 600 Growth:	16.23%
S&P 600 Value:	12.29%



## DOMESTIC FIXED-INCOME Active Management Overview

### Active vs. the Index

The domestic fixed income markets posted a strong third quarter 2010 as economic and political uncertainties moved investors out of stocks and into safer vehicles such as bonds and gold. In the third quarter of 2010, the median Core Bond fund posted a return of 2.88%, 40 basis points above the Barclays Capital Aggregate Index return of 2.48%. For the one year ended September 30, 2010, the median Core Bond fund finished 132 basis points ahead of the Barclays Capital Aggregate Index, 9.48% to 8.16%.

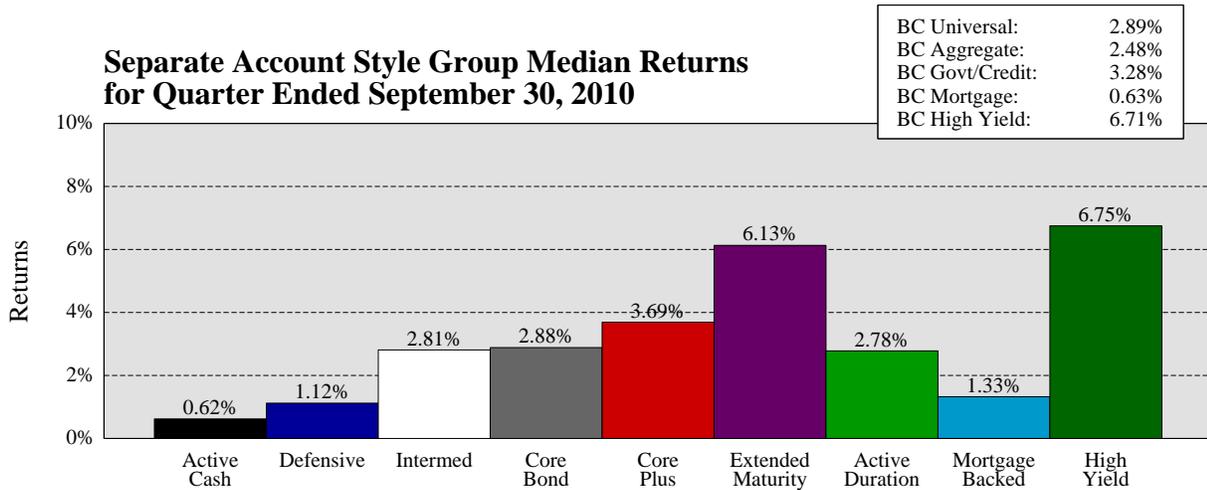
### Short vs. Long Duration

The Extended Maturity bond market produced another quarter of strong performance relative to Intermediate funds. The median Extended Maturity Fund generated 6.13%, more than double the 2.81% return of the median Intermediate Fund. For the year ended September 30, 2010, the median Extended Maturity fund gained an impressive 14.69%, 628 basis points ahead of the median Intermediate Fund's return of 8.41%.

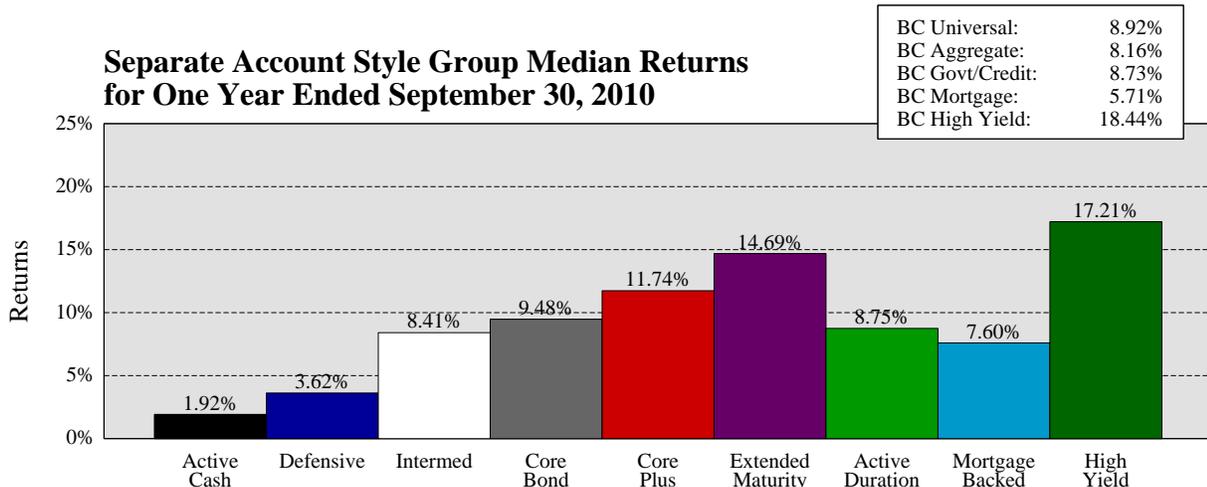
### Mortgages and High Yield

Mortgage-backed bonds lagged in the third quarter of 2010 amid concern federal intervention will instigate a refinancing trend, ultimately reducing the value of the securities. The median Mortgage Backed Fund posted a small gain of 1.33% for the third quarter of 2010, 70 points ahead of the Barclays Mortgage Index's return of 0.63%. For the twelve months ended September 30, 2010, the median Mortgage Backed Fund outperformed the Barclays Mortgage Index by generating a return of 7.60%, 189 basis points higher than the 5.71% index return. In the third quarter of 2010, High Yield Funds added to their considerable gains for the year, with the median High Yield fund manager generating a return of 6.75%, besting the Barclays High Yield Index which finished up 6.71%. For the year ended September 30, 2010, the median High Yield Fund returned a robust 17.21%, yet trailed the Barclays High Yield Index's return of 18.44%.

### Separate Account Style Group Median Returns for Quarter Ended September 30, 2010



### Separate Account Style Group Median Returns for One Year Ended September 30, 2010





## INTERNATIONAL EQUITY Active Management Overview

### Active vs. the Index

After posting losses across all regions in the second quarter of 2010, International Equity rebounded strongly in the quarter ended September 30, 2010. The top performers were Europe and Emerging Markets, which returned 19.10% and 18.83%, respectively. For the year, Emerging Markets outpaced all other groups with a return of 21.13%. Due to strong third quarter performance, all groups had a positive return over the latest twelve months with Japan trailing all other regions with a small gain of 0.78%.

### Europe

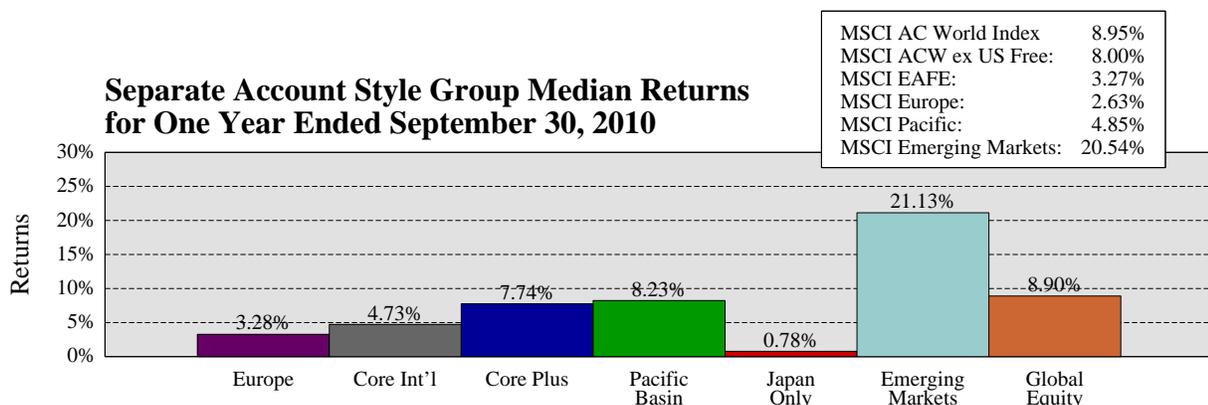
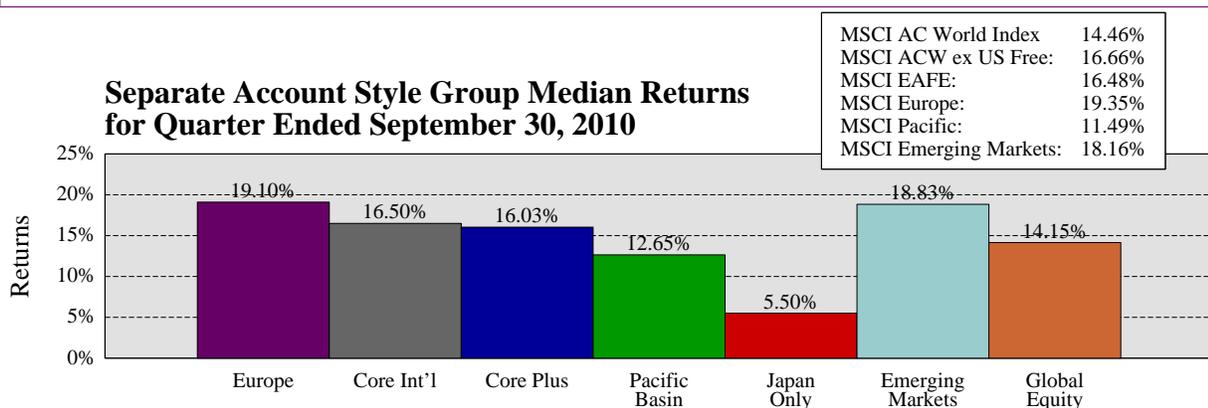
Investors growing risk appetite, the low-interest policies of European central banks and strong earnings performances from many European companies led to a strong quarter for European equity. Countries which carry large trade surpluses, like Germany, are being helped by the weakening of the euro because it made their exports more attractive. Debt-laden countries like Spain and Greece are still struggling to pull themselves out of the global recession. For the quarter, the median European manager returned an impressive 19.10% and 3.28% for the year ended September 30, 2010. The MSCI Europe Index returned 19.35% for the quarter and 2.63% for the last twelve months.

### Pacific

Pacific Rim countries also fared well this quarter but, as usual, Japan lags its Pacific counterparts. Japan's lack of recovery continues as the Nikkei 225 remains a whopping 77% below its 1989 peak. Domestic growth and demand have been virtually non-existent as most economic activity in Japan is being funded by foreign companies and banks. Other Asian economies have recovered nicely as the Pacific Rim region has been the world's fastest growing market in 2010. Foreign money has been steadily flooding the equity markets of Asian countries looking for high returns. The median Pacific Basin manager outperformed the MSCI Pacific Index returning 12.65% versus its benchmark's return of 11.49%. For the year, the median Pacific Basin manager gained 8.23%, 338 basis points higher than the MSCI Pacific Index.

### Emerging Markets

Emerging Market managers posted strong returns this quarter with the median manager gaining 18.83% for the quarter, besting the MSCI Emerging Market Index which gained 18.16%. China had a strong quarter as fears of inflation seem to have been embellished and both domestic and export demand for Chinese goods and services remains strong. For the year ended September 30, 2010 the median Emerging Market manager returned 21.13%, besting the MSCI Emerging Index by 59 basis points.





## ASSET ALLOCATION AND PERFORMANCE

### **Asset Allocation and Performance**

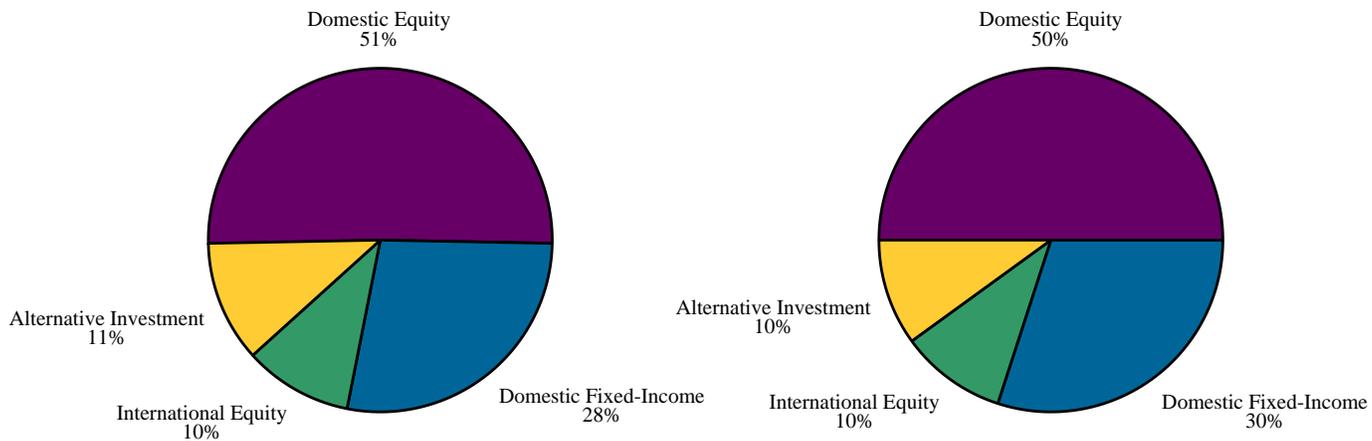
This section begins with an overview of the fund's asset allocation at the broad asset class level. This is followed by a top down performance attribution analysis which analyzes the fund's performance relative to the performance of the fund's policy target asset allocation. The fund's historical performance is then examined relative to funds with similar objectives. Performance of each asset class is then shown relative to the asset class performance of other funds. Finally, a summary is presented of the holdings of the fund's investment managers, and the returns of those managers over various recent periods.

**Actual vs Target Asset Allocation**

The top left chart shows the Fund's asset allocation as of September 30, 2010. The top right chart shows the Fund's target asset allocation as outlined in the investment policy statement. The bottom chart ranks the fund's asset allocation and the target allocation versus the CAI Public Fund - Small (<100 MM).

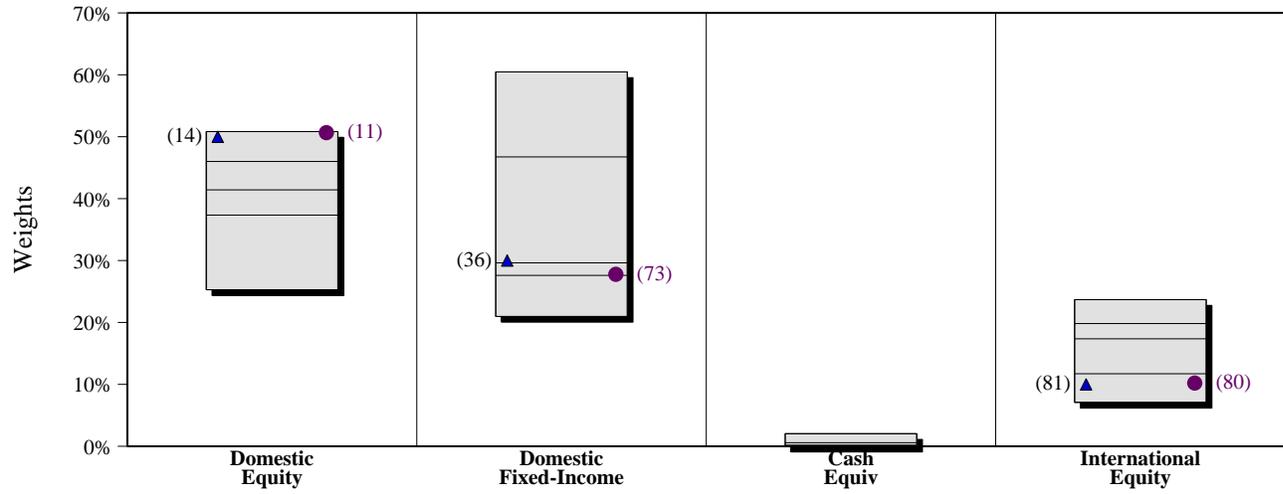
**Actual Asset Allocation**

**Target Asset Allocation**



Asset Class	\$000s Actual	Percent Actual	Percent Target	Percent Difference	\$000s Difference
Domestic Equity	32,997	50.7%	50.0%	0.7%	429
Domestic Fixed-Income	18,092	27.8%	30.0%	(2.2%)	(1,449)
International Equity	6,651	10.2%	10.0%	0.2%	138
Alternative Investment	7,395	11.4%	10.0%	1.4%	882
<b>Total</b>	<b>65,136</b>	<b>100.0%</b>	<b>100.0%</b>		

**Asset Class Weights vs CAI Public Fund - Small (<100 MM)**



	Domestic Equity	Domestic Fixed-Income	Cash Equiv	International Equity
10th Percentile	50.83	60.47	2.03	23.68
25th Percentile	46.00	46.74	0.58	19.82
Median	41.42	29.63	0.19	17.36
75th Percentile	37.34	27.60	0.02	11.71
90th Percentile	25.28	20.96	0.01	7.09
<b>Fund</b> ●	50.66	27.78	-	10.21
<b>Target</b> ▲	50.00	30.00	-	10.00
% Group Invested	100.00%	100.00%	60.00%	100.00%

\* Current Quarter Target = 50.0% Russell 3000 Index, 30.0% BC Aggregate Index, 10.0% MSCI EAFE Index and 10.0% 3-month Treasury Bill+3.8%.



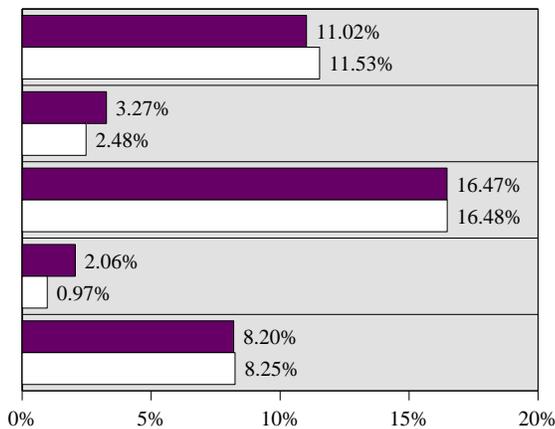
### Quarterly Total Fund Relative Attribution - September 30, 2010

The following analysis approaches Total Fund Attribution from the perspective of relative return. Relative return attribution separates and quantifies the sources of total fund excess return relative to its target. This excess return is separated into two relative attribution effects: Asset Allocation Effect and Manager Selection Effect. The Asset Allocation Effect represents the excess return due to the actual total fund asset allocation differing from the target asset allocation. Manager Selection Effect represents the total fund impact of the individual managers excess returns relative to their benchmarks.

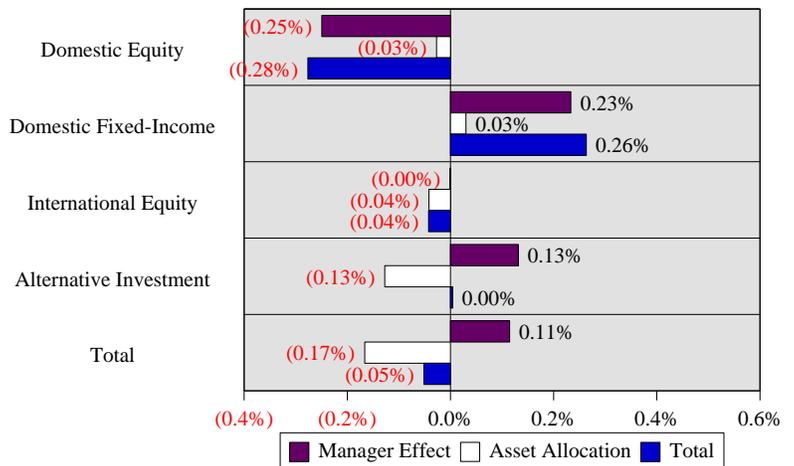
#### Asset Class Under or Overweighting



#### Actual vs Target Returns



#### Relative Attribution by Asset Class



#### Relative Attribution Effects for Quarter ended September 30, 2010

Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	49%	50%	11.02%	11.53%	(0.25%)	(0.03%)	(0.28%)
Domestic Fixed-Income	30%	30%	3.27%	2.48%	0.23%	0.03%	0.26%
International Equity	9%	10%	16.47%	16.48%	(0.00%)	(0.04%)	(0.04%)
Alternative Investment	12%	10%	2.06%	0.97%	0.13%	(0.13%)	0.00%
<b>Total</b>			<b>8.20%</b>	<b>8.25%</b>	<b>+ 0.11%</b>	<b>+ (0.17%)</b>	<b>(0.05%)</b>

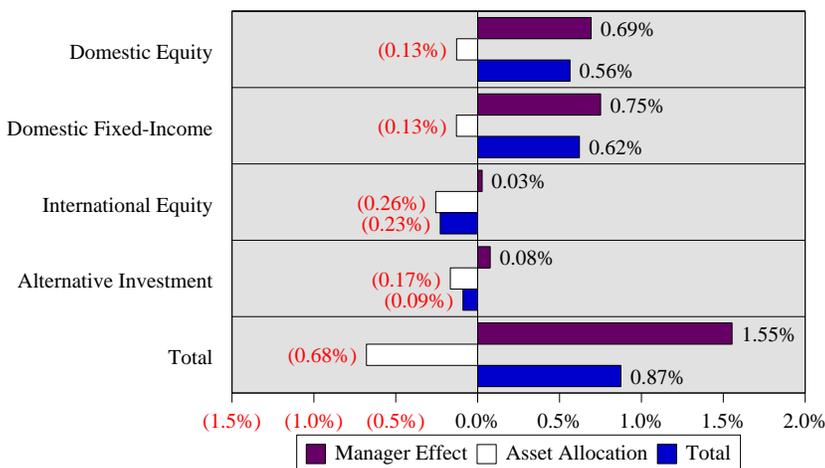
\* Current Quarter Target = 50.0% Russell 3000 Index, 30.0% BC Aggregate Index, 10.0% MSCI EAFE Index and 10.0% 3-month Treasury Bill+3.8%.



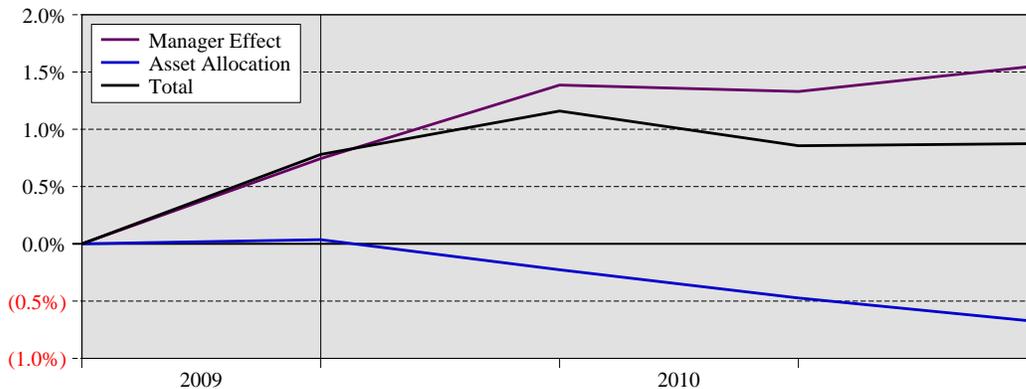
### Cumulative Total Fund Relative Attribution - September 30, 2010

The charts below accumulate the Total Fund Attribution Analysis (shown earlier) over multiple periods to examine the cumulative sources of excess total fund performance relative to target. These cumulative results quantify the longer-term sources of total fund excess return relative to target by asset class. These relative attribution effects separate the cumulative sources of total fund excess return into Asset Allocation Effect and Manager Selection Effect.

#### One Year Relative Attribution Effects



#### Cumulative Relative Attribution Effects



#### One Year Relative Attribution Effects

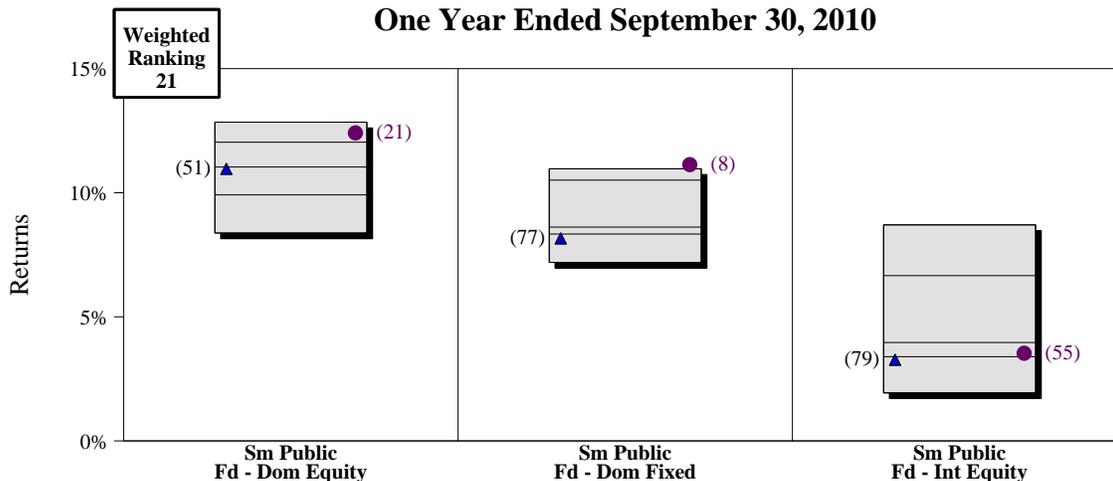
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	50%	50%	12.41%	10.96%	0.69%	(0.13%)	0.56%
Domestic Fixed-Income	27%	30%	11.13%	8.16%	0.75%	(0.13%)	0.62%
International Equity	11%	10%	3.53%	3.27%	0.03%	(0.26%)	(0.23%)
Alternative Investment	12%	10%	4.71%	3.88%	0.08%	(0.17%)	(0.09%)
<b>Total</b>			<b>9.99%</b>	<b>9.11%</b>	<b>1.55%</b>	<b>(0.68%)</b>	<b>0.87%</b>

\* Current Quarter Target = 50.0% Russell 3000 Index, 30.0% BC Aggregate Index, 10.0% MSCI EAFE Index and 10.0% 3-month Treasury Bill+3.8%.

### Asset Class Rankings

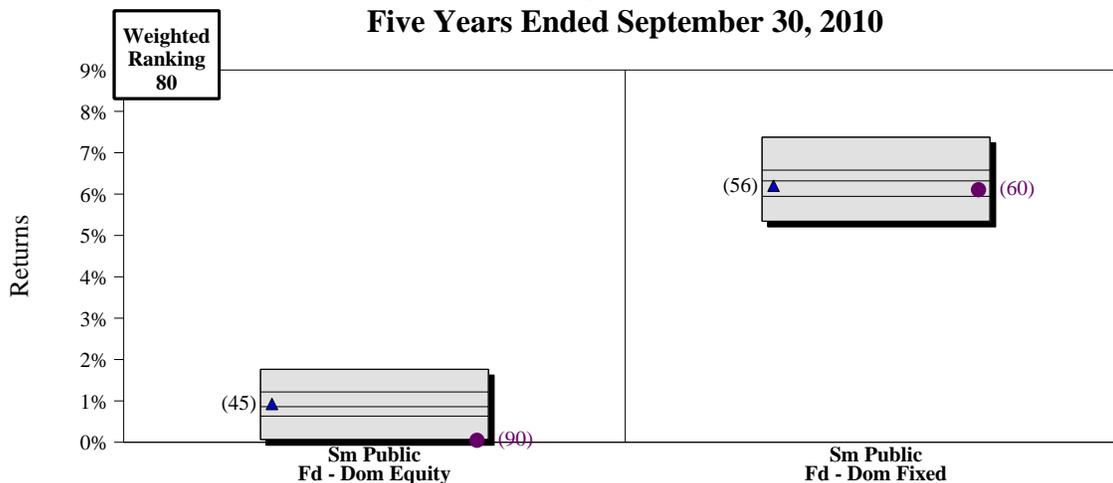
The charts below show the rankings of each asset class component of the Total Fund relative to appropriate comparative databases. In the upper left corner of each graph is the weighted average of the rankings across the different asset classes. The weights of the fund's actual asset allocation are used to make this calculation. The weighted average ranking can be viewed as a measure of the fund's overall success in picking managers and structuring asset classes.

### Total Asset Class Performance One Year Ended September 30, 2010



10th Percentile	12.84	10.97	8.71
25th Percentile	12.04	10.51	6.66
Median	11.04	8.61	3.96
75th Percentile	9.91	8.34	3.39
90th Percentile	8.38	7.19	1.93
<b>Asset Class Composite</b>	12.41	11.13	3.53
Composite Benchmark	10.96	8.16	3.27

### Total Asset Class Performance Five Years Ended September 30, 2010



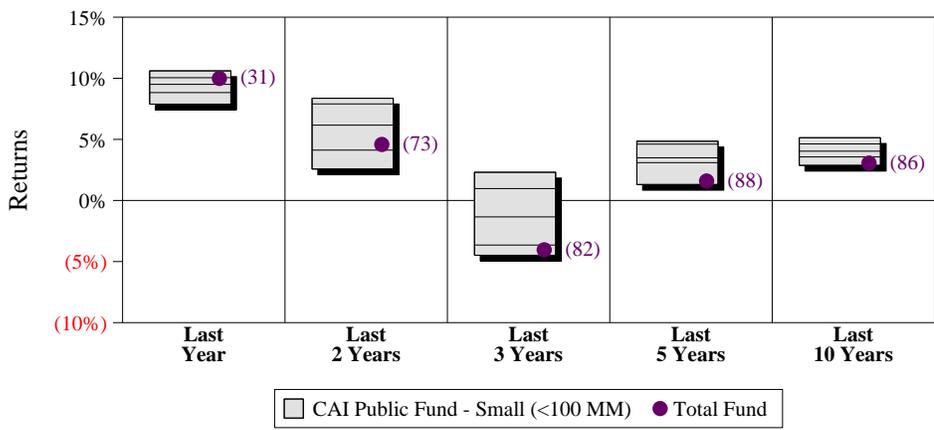
10th Percentile	1.76	7.38
25th Percentile	1.22	6.58
Median	0.86	6.32
75th Percentile	0.63	5.95
90th Percentile	0.07	5.34
<b>Asset Class Composite</b>	0.05	6.11
Composite Benchmark	0.93	6.20

\* Current Quarter Target = 50.0% Russell 3000 Index, 30.0% BC Aggregate Index, 10.0% MSCI EAFE Index and 10.0% 3-month Treasury Bill+3.8%.

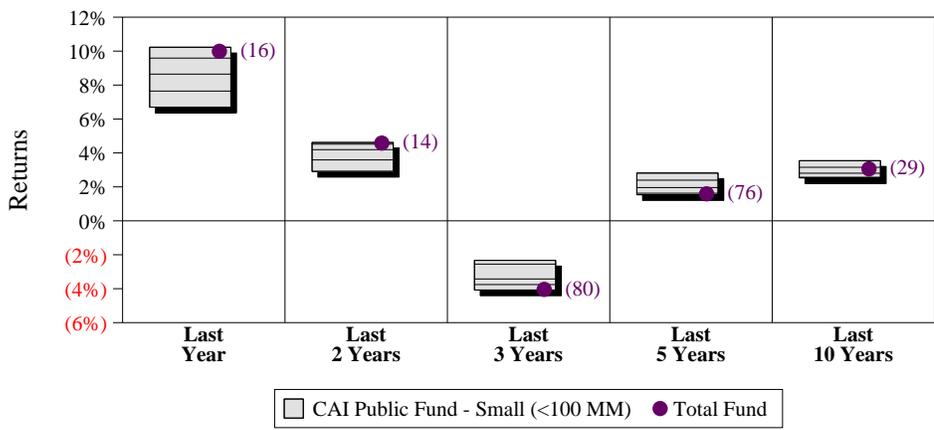
### Total Fund Ranking

The first two charts show the ranking of the Total Fund's performance relative to that of the CAI Public Fund - Small (<100 MM) for periods ended September 30, 2010. The first chart is a standard unadjusted ranking. In the second chart each fund in the database is adjusted to have the same historical asset allocation as that of the Total Fund. The final chart shows the history of the one year ranking of the Total Fund versus the CAI Public Fund - Small (<100 MM), both on an unadjusted and asset allocation adjusted basis.

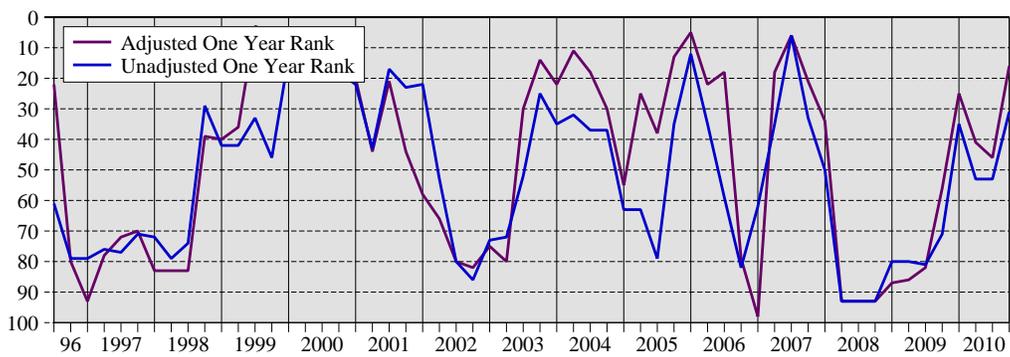
#### CAI Public Fund - Small (<100 MM)



#### Asset Allocation Adjusted Ranking



#### Rolling One Year Ranking vs CAI Public Fund - Small (<100 MM)





## TOTAL FUND PERIOD ENDED SEPTEMBER 30, 2010

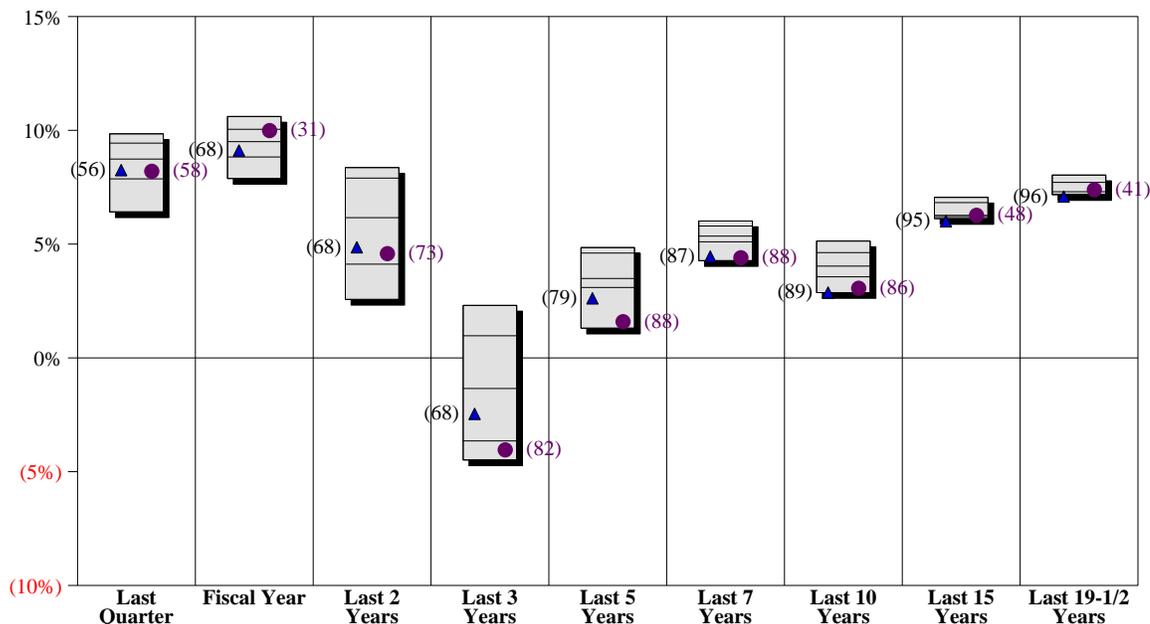
### Quarterly Summary and Highlights

- Total Fund's portfolio posted a 8.20% return for the quarter placing it in the 58 percentile of the CAI Public Fund - Small (<100 MM) group for the quarter and in the 31 percentile for the last year.
- Total Fund's portfolio underperformed the Target Benchmark by 0.05% for the quarter and outperformed the Target Benchmark for the year by 0.87%.

### Quarterly Asset Growth

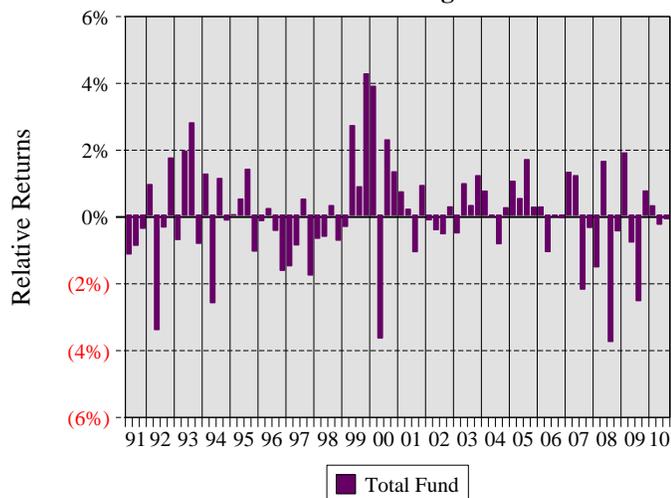
Beginning Market Value	\$60,932,210
Net New Investment	\$-750,000
Investment Gains/(Losses)	\$4,953,858
Ending Market Value	\$65,136,068

### Performance vs CAI Public Fund - Small (<100 MM) (Gross)

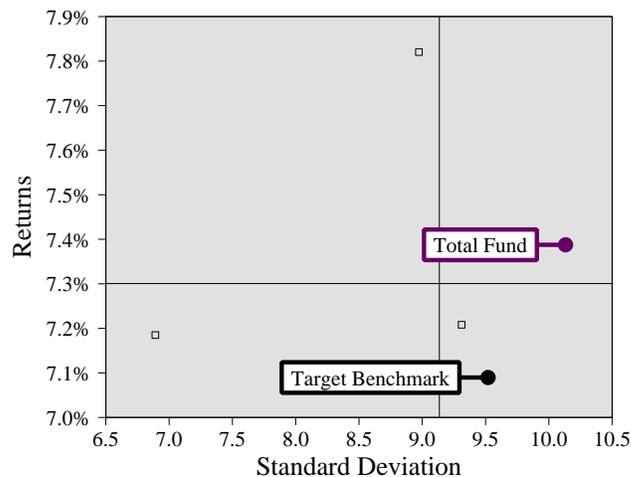


	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 19-1/2 Years
10th Percentile	9.85	10.61	8.36	2.31	4.85	6.01	5.13	7.06	8.03
25th Percentile	9.44	10.05	7.90	0.97	4.61	5.79	4.63	6.82	7.71
Median	8.74	9.50	6.16	(1.35)	3.49	5.35	4.03	6.26	7.30
75th Percentile	7.87	8.83	4.12	(3.65)	3.09	5.10	3.56	6.21	7.19
90th Percentile	6.42	7.88	2.57	(4.49)	1.30	4.27	2.87	6.12	7.17
<b>Total Fund</b> ●	8.20	9.99	4.58	(4.04)	1.59	4.40	3.06	6.27	7.39
Target Benchmark ▲	8.25	9.11	4.86	(2.46)	2.62	4.45	2.87	6.00	7.09

### Relative Return vs Target Benchmark



### CAI Public Fund - Small (<100 MM) (Gross) Annualized Nineteen and One-Half Year Risk vs Return



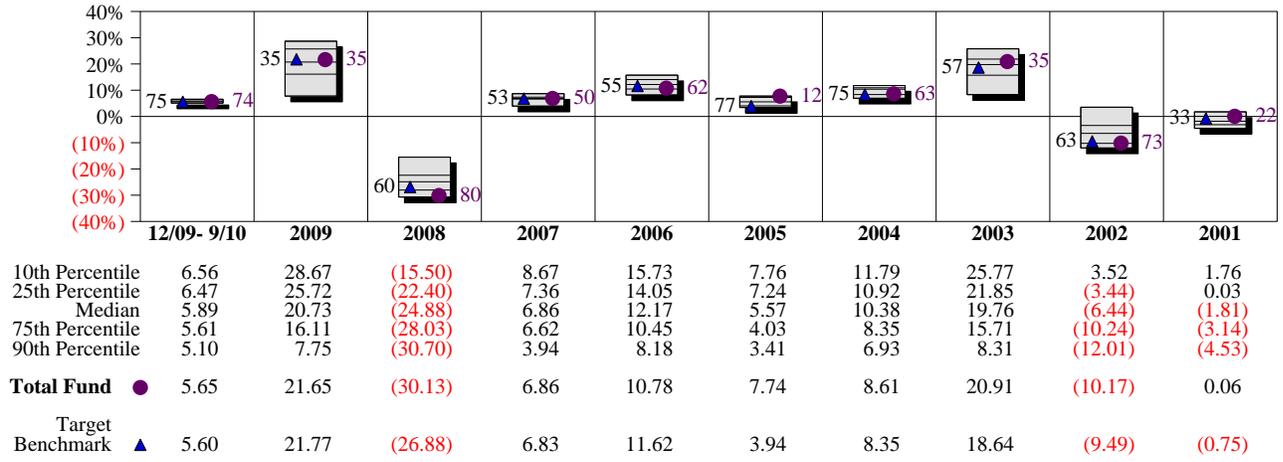


# TOTAL FUND RETURN ANALYSIS SUMMARY

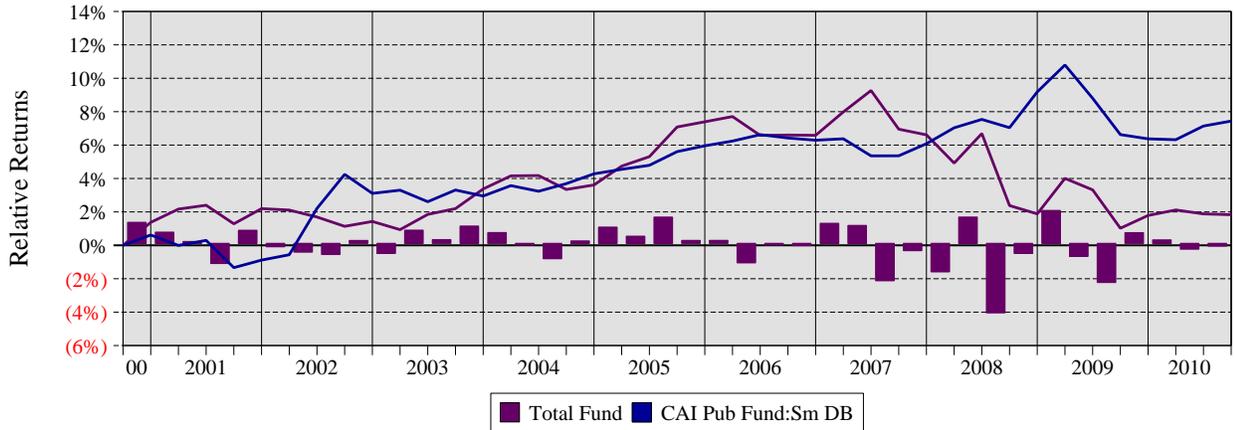
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

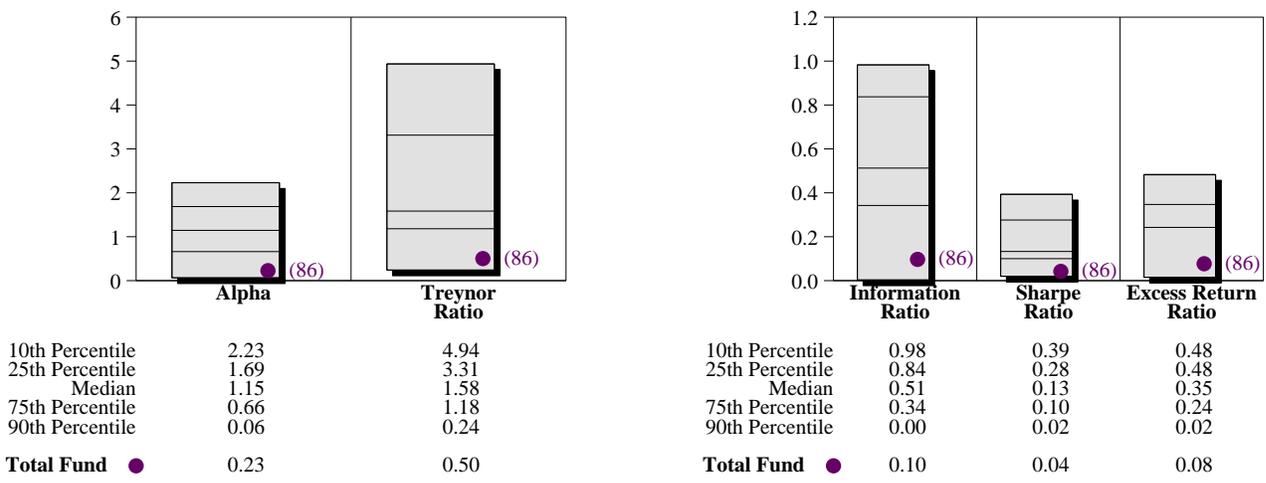
### Performance vs CAI Public Fund - Small (<100 MM) (Gross)



### Cumulative and Quarterly Relative Return vs Target Benchmark



### Risk Adjusted Return Measures vs Target Benchmark Rankings Against CAI Public Fund - Small (<100 MM) (Gross) Ten Years Ended September 30, 2010



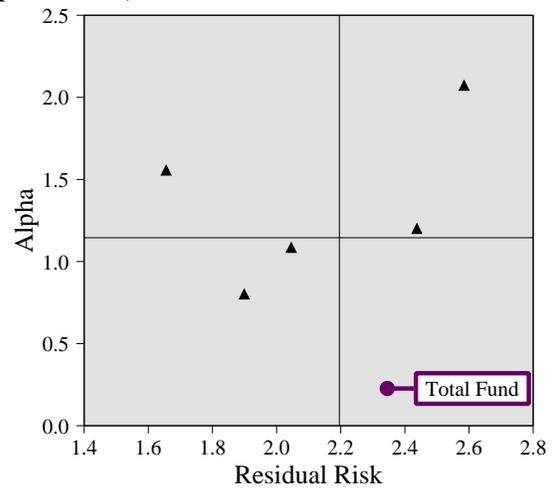
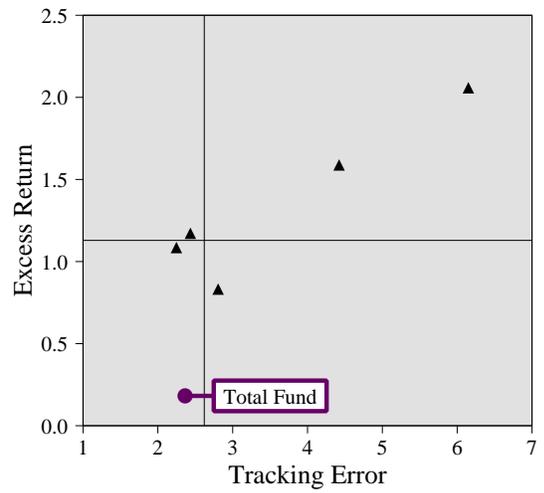


# TOTAL FUND RISK ANALYSIS SUMMARY

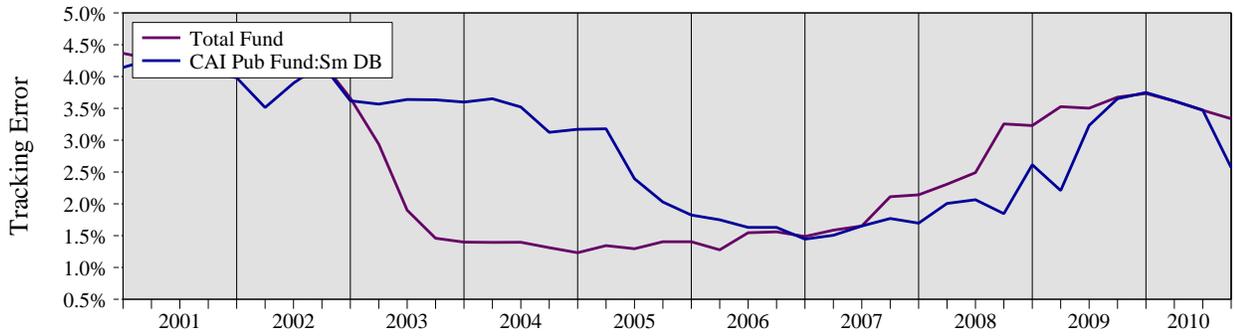
## Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

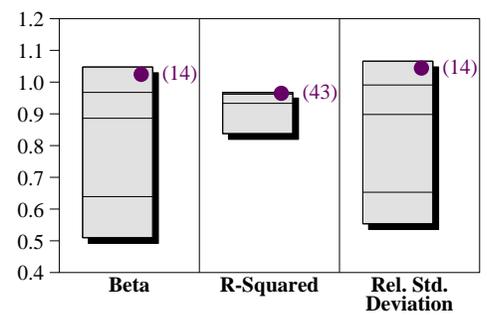
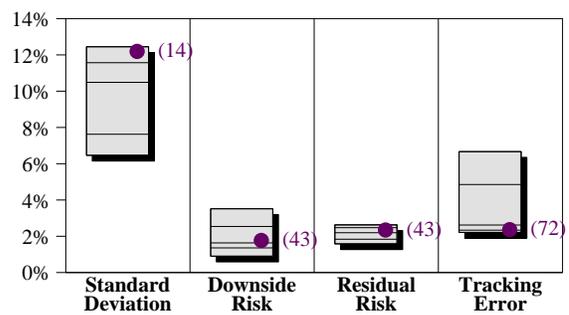
**Risk Analysis vs CAI Public Fund - Small (<100 MM) (Gross)  
Ten Years Ended September 30, 2010**



**Rolling 12 Quarter Tracking Error vs Target Benchmark**



**Risk Statistics Rankings vs Target Benchmark  
Rankings Against CAI Public Fund - Small (<100 MM) (Gross)  
Ten Years Ended September 30, 2010**



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	12.45	3.52	2.63	6.67
25th Percentile	11.57	2.54	2.47	4.85
Median	10.49	1.63	2.20	2.62
75th Percentile	7.63	1.36	1.84	2.34
90th Percentile	6.46	0.90	1.58	2.21
<b>Total Fund</b>	<b>12.19</b>	<b>1.77</b>	<b>2.35</b>	<b>2.36</b>

	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.05	0.97	1.07
25th Percentile	0.97	0.97	0.99
Median	0.89	0.96	0.90
75th Percentile	0.64	0.93	0.65
90th Percentile	0.51	0.84	0.55
<b>Total Fund</b>	<b>1.02</b>	<b>0.96</b>	<b>1.04</b>



### Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of September 30, 2010, with the distribution as of June 30, 2010. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

#### Asset Distribution Across Investment Managers

	September 30, 2010		Net New Inv.	Inv. Return	June 30, 2010	
	Market Value	Percent			Market Value	Percent
<b>Domestic Equity</b>	<b>\$32,997,235</b>	<b>50.66%</b>	<b>\$(0)</b>	<b>\$3,275,812</b>	<b>\$29,721,423</b>	<b>48.78%</b>
SSgA S&P 500 Flagship	23,808,395	36.55%	0	2,419,038	21,389,357	35.10%
Roanoke Asset Management	4,637,927	7.12%	(0)	469,389	4,168,538	6.84%
Thompson, Siegel & Walmsley	4,550,913	6.99%	0	387,385	4,163,528	6.83%
<b>Domestic Fixed-Income</b>	<b>\$18,092,039</b>	<b>27.78%</b>	<b>\$(750,000)</b>	<b>\$588,317</b>	<b>\$18,253,722</b>	<b>29.96%</b>
Goldman Sachs Asset Mgmt.	18,092,039	27.78%	(750,000)	588,317	18,253,722	29.96%
<b>International Equity</b>	<b>\$6,651,496</b>	<b>10.21%</b>	<b>\$0</b>	<b>\$940,639</b>	<b>\$5,710,857</b>	<b>9.37%</b>
SSgA Passive EAFE Idx Fd(1)	6,651,496	10.21%	0	940,639	5,710,857	9.37%
<b>Alternative Investment</b>	<b>\$7,395,297</b>	<b>11.35%</b>	<b>\$0</b>	<b>\$149,089</b>	<b>\$7,246,208</b>	<b>11.89%</b>
Mesirow Absolute Rtn Fd Ltd.	7,395,297	11.35%	0	149,089	7,246,208	11.89%
<b>Total Fund</b>	<b>\$65,136,068</b>	<b>100.0%</b>	<b>\$(750,000)</b>	<b>\$4,953,858</b>	<b>\$60,932,210</b>	<b>100.0%</b>

(1) Proceeds from the sale of the assets liquidated on trade date 9/30/10 were held in cash.

### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended September 30, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

#### Returns for Periods Ended September 30, 2010

	Last Quarter	Fiscal Year	Last 2 Years	Last 3 Years
<b>Domestic Equity</b>	<b>11.02%</b>	<b>12.41%</b>	<b>0.90%</b>	<b>(7.72%)</b>
Russell 3000 Index	11.53%	10.96%	1.90%	(6.59%)
SSgA S&P 500 Flagship	11.31%	10.26%	-	-
S&P 500 Index	11.29%	10.16%	1.27%	(7.16%)
Roanoke Asset Mgmt.	11.26%	20.75%	11.92%	(3.23%)
Russell 2500 Growth Index	13.15%	17.27%	6.61%	(3.41%)
Thompson, Seigel & Walmsley	9.30%	16.06%	2.39%	(4.50%)
Russell 2500 Value Index	11.39%	14.74%	2.56%	(3.96%)
<b>Domestic Fixed-Income</b>	<b>3.27%</b>	<b>11.13%</b>	<b>12.87%</b>	<b>7.29%</b>
Goldman Sachs Asset Mgmt.	3.27%	11.13%	12.87%	7.29%
BC Aggregate Index	2.48%	8.16%	9.35%	7.42%
<b>International Equity</b>	<b>16.47%</b>	<b>3.53%</b>	<b>3.56%</b>	<b>(9.90%)</b>
MSCI EAFE Index	16.48%	3.27%	3.25%	(9.51%)
<b>Alternative Investment</b>	<b>2.06%</b>	<b>4.71%</b>	<b>4.90%</b>	<b>(0.50%)</b>
Mesirow Absolute Return	2.06%	4.71%	4.90%	(0.50%)
T-Bills + 3.75%	0.97%	3.88%	4.01%	4.88%
<b>Total Fund</b>	<b>8.20%</b>	<b>9.99%</b>	<b>4.58%</b>	<b>(4.04%)</b>
Target Benchmark	8.25%	9.11%	4.86%	(2.46%)

\* Current Quarter Target = 50.0% Russell 3000 Index, 30.0% BC Aggregate Index, 10.0% MSCI EAFE Index and 10.0% 3-month Treasury Bill+3.8%.



### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended September 30, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

#### Returns for Periods Ended September 30, 2010

	Last 5 Years	Last 7 Years	Last 10 Years	Last 15 Years	Last 19-1/2 Years
<b>Domestic Equity</b>	<b>0.05%</b>	<b>4.70%</b>	<b>0.67%</b>	<b>7.10%</b>	<b>9.02%</b>
Russell 3000 Index	0.92%	4.60%	0.09%	6.59%	8.30%
Roanoke Asset Management	1.95%	6.87%	(2.26%)	7.31%	10.56%
Russell 2500 Growth Index	3.09%	6.69%	0.47%	5.86%	7.82%
<b>Domestic Fixed-Income</b>	<b>6.11%</b>	<b>5.29%</b>	<b>6.22%</b>	<b>6.19%</b>	<b>6.70%</b>
BC Aggregate Index	6.20%	5.35%	6.41%	6.43%	6.99%
<b>Total Fund</b>	<b>1.59%</b>	<b>4.40%</b>	<b>3.06%</b>	<b>6.27%</b>	<b>7.39%</b>
Target Benchmark	2.62%	4.45%	2.87%	6.00%	7.09%

\* Current Quarter Target = 50.0% Russell 3000 Index, 30.0% BC Aggregate Index, 10.0% MSCI EAFE Index and 10.0% 3-month Treasury Bill+3.8%.

### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended September 30, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

	Quarter Ended 9/2010	Quarter Ended 6/2010	Quarter Ended 3/2010	Quarter Ended 12/2009
<b>Domestic Equity</b>	<b>11.02%</b>	<b>(10.50%)</b>	<b>6.36%</b>	<b>6.37%</b>
Russell 3000 Index	11.53%	(11.32%)	5.94%	5.90%
SSgA S&P 500 Flagship	11.31%	(11.40%)	5.42%	6.06%
S&P 500 Index	11.29%	(11.43%)	5.39%	6.04%
Roanoke Asset Mgmt.	11.26%	(8.08%)	7.87%	9.46%
Russell 2500 Growth Index	13.15%	(9.77%)	8.81%	5.57%
Thompson, Seigel & Walmsley	9.30%	(8.15%)	10.06%	5.03%
Russell 2500 Value Index	11.39%	(10.16%)	9.57%	4.65%
<b>Domestic Fixed-Income</b>	<b>3.27%</b>	<b>3.25%</b>	<b>2.76%</b>	<b>1.43%</b>
Goldman Sachs Asset Mgmt.	3.27%	3.25%	2.76%	1.43%
BC Aggregate Index	2.48%	3.49%	1.78%	0.20%
<b>International Equity</b>	<b>16.47%</b>	<b>(13.79%)</b>	<b>0.90%</b>	<b>2.20%</b>
MSCI EAFE Index	16.48%	(13.97%)	0.87%	2.18%
<b>Alternative Investment</b>	<b>2.06%</b>	<b>(2.06%)</b>	<b>2.03%</b>	<b>2.67%</b>
Mesirow Absolute Return	2.06%	(2.06%)	2.03%	2.67%
T-Bills + 3.75%	0.97%	0.97%	0.95%	0.98%
<b>Total Fund</b>	<b>8.20%</b>	<b>(6.13%)</b>	<b>4.02%</b>	<b>4.10%</b>
Target Benchmark	8.25%	(5.92%)	3.69%	3.32%

\* Current Quarter Target = 50.0% Russell 3000 Index, 30.0% BC Aggregate Index, 10.0% MSCI EAFE Index and 10.0% 3-month Treasury Bill+3.8%.

Town of Palm Beach General Employees



### Investment Manager Returns

The table below details the rates of return for the Sponsor's investment managers over various time periods ended September 30, 2010. Negative returns are shown in red, positive returns in black. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

#### Returns for Periods Ended September 30, 2010

	<b>Last 6 Months</b>	<b>Last 9 Months</b>	<b>Last 12 Months</b>
<b>Domestic Equity</b>	<b>(0.64%)</b>	<b>5.68%</b>	<b>12.41%</b>
Russell 3000 Index	(1.10%)	4.78%	10.96%
SSgA S&P 500 Flagship	(1.38%)	3.96%	10.26%
S&P 500 Index	(1.42%)	3.89%	10.16%
Roanoke Asset Mgmt.	2.27%	10.32%	20.75%
Russell 2500 Growth Index	2.09%	11.09%	17.27%
Thompson, Seigel & Walmsley	0.40%	10.50%	16.06%
Russell 2500 Value Index	0.07%	9.64%	14.74%
<b>Domestic Fixed-Income</b>	<b>6.62%</b>	<b>9.56%</b>	<b>11.13%</b>
Goldman Sachs Asset Mgmt.	6.62%	9.56%	11.13%
BC Aggregate Index	6.05%	7.94%	8.16%
<b>International Equity</b>	<b>0.40%</b>	<b>1.30%</b>	<b>3.53%</b>
MSCI EAFE Index	0.20%	1.07%	3.27%
<b>Alternative Investment</b>	<b>(0.04%)</b>	<b>1.98%</b>	<b>4.71%</b>
Mesirow Absolute Return	(0.04%)	1.98%	4.71%
T-Bills + 3.75%	1.95%	2.90%	3.88%
<b>Total Fund</b>	<b>1.57%</b>	<b>5.65%</b>	<b>9.99%</b>
Target Benchmark	1.85%	5.60%	9.11%

\* Current Quarter Target = 50.0% Russell 3000 Index, 30.0% BC Aggregate Index, 10.0% MSCI EAFE Index and 10.0% 3-month Treasury Bill+3.8%.

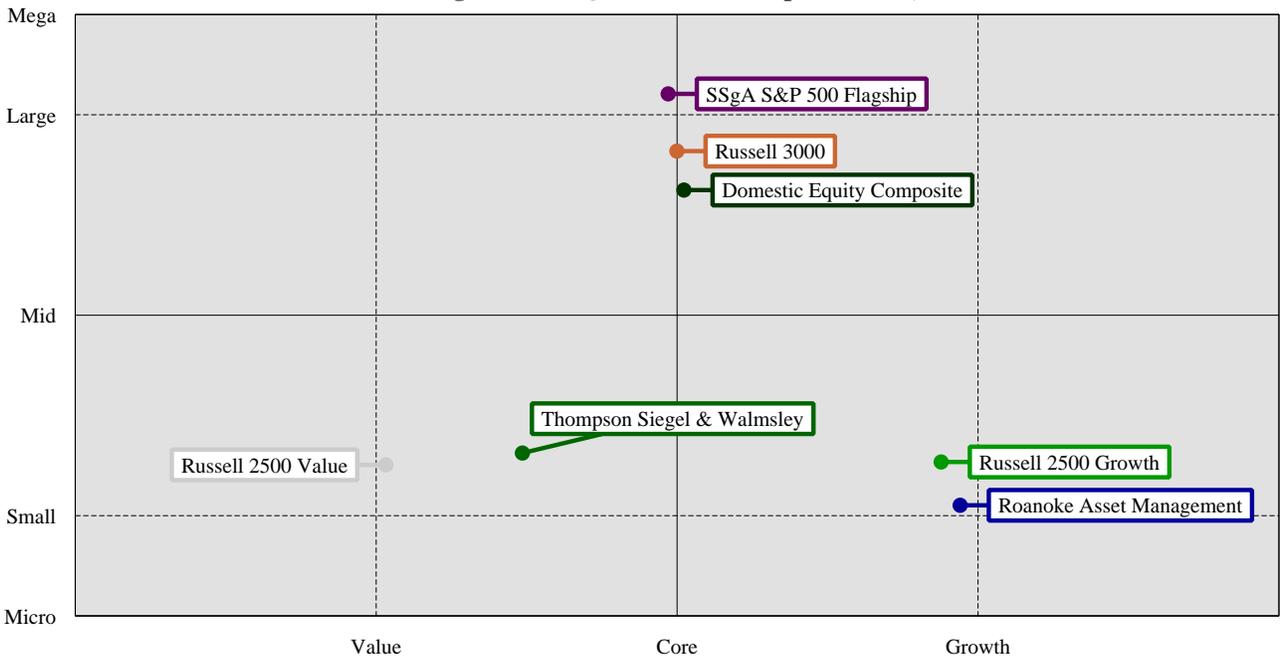




## HOLDINGS BASED STYLE ANALYSIS FOR ONE QUARTER ENDED SEPTEMBER 30, 2010

This page analyzes and compares the investment styles of multiple portfolios using a detailed holdings-based style analysis methodology. The size component of style is measured by the weighted median market capitalization of the holdings. The value/core/growth style dimension is captured by the "Combined Z-Score" of the portfolio. This score is based on eight fundamental factors used in the MSCI stock style scoring system. The table below gives a more detailed breakdown of several relevant style metrics on the portfolios.

**Style Map**  
**Holdings for One Quarter Ended September 30, 2010**



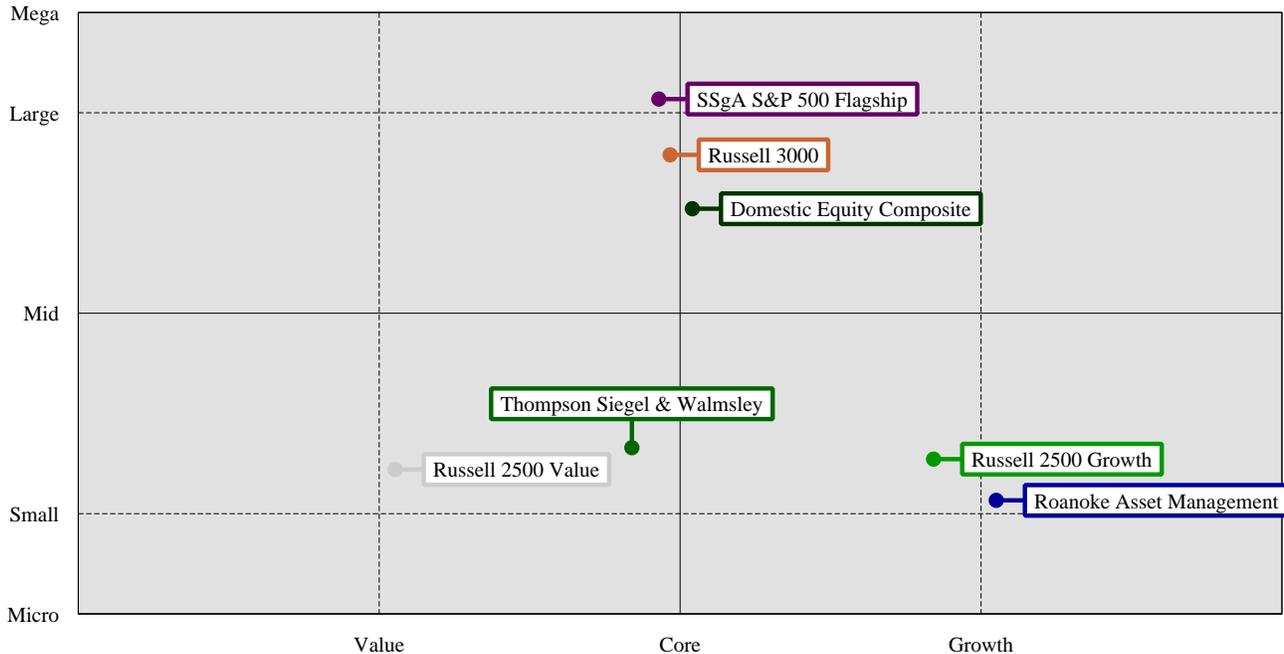
	<b>Weight %</b>	<b>Wtd Median Mkt Cap</b>	<b>Combined Z-Score</b>	<b>Growth Z-Score</b>	<b>Value Z-Score</b>	<b>Number of Securities</b>	<b>Security Diversification</b>
SSgA S&P 500 Flagship	72.15%	41.65	(0.02)	(0.02)	0.00	500	48.99
Roanoke Asset Management	14.06%	1.21	0.64	0.36	(0.27)	43	13.81
Thompson Siegel & Walmsley	13.79%	2.37	(0.37)	(0.05)	0.31	86	25.79
Domestic Equity Composite	100.00%	22.28	0.01	0.02	0.01	616	82.18
Russell 3000	-	27.53	(0.00)	(0.01)	(0.01)	2955	87.26
Russell 2500 Growth	-	2.17	0.59	0.23	(0.36)	1557	191.73
Russell 2500 Value	-	2.11	(0.68)	(0.31)	0.38	1632	210.96

## HISTORICAL HOLDINGS BASED STYLE ANALYSIS FOR FIVE YEARS ENDED SEPTEMBER 30, 2010



This page analyzes and compares the investment styles of multiple portfolios using a detailed holdings-based style analysis methodology. The size component of style is measured by the weighted median market capitalization of the holdings. The value/core/growth style dimension is captured by the "Combined Z-Score" of the portfolio. This score is based on eight fundamental factors used in the MSCI stock style scoring system. The table below gives a more detailed breakdown of several relevant style metrics on the portfolios.

**Average Style Map  
Holdings for Five Years Ended September 30, 2010**



	<b>Weight %</b>	<b>Wtd Median Mkt Cap</b>	<b>Combined Z-Score</b>	<b>Growth Z-Score</b>	<b>Value Z-Score</b>	<b>Number of Securities</b>	<b>Security Diversification</b>
SSgA S&P 500 Flagship	16.56%	41.14	(0.05)	(0.03)	0.02	500	47.52
Roanoke Asset Management	18.04%	1.29	0.79	0.42	(0.37)	44	13.68
Thompson Siegel & Walmsley	8.38%	2.49	(0.11)	(0.00)	0.11	85	30.35
Domestic Equity Composite	100.00%	21.61	0.04	0.03	(0.01)	625	62.21
Russell 3000	-	29.90	(0.02)	(0.01)	0.00	2949	84.31
Russell 2500 Growth	-	2.23	0.63	0.26	(0.37)	1584	205.14
Russell 2500 Value	-	1.99	(0.70)	(0.33)	0.38	1650	226.25

## SSGA S&P 500 FLAGSHIP PERIOD ENDED SEPTEMBER 30, 2010



### Investment Philosophy

State Street believes that their passive investment strategy can provide market-like returns with minimal transaction costs.

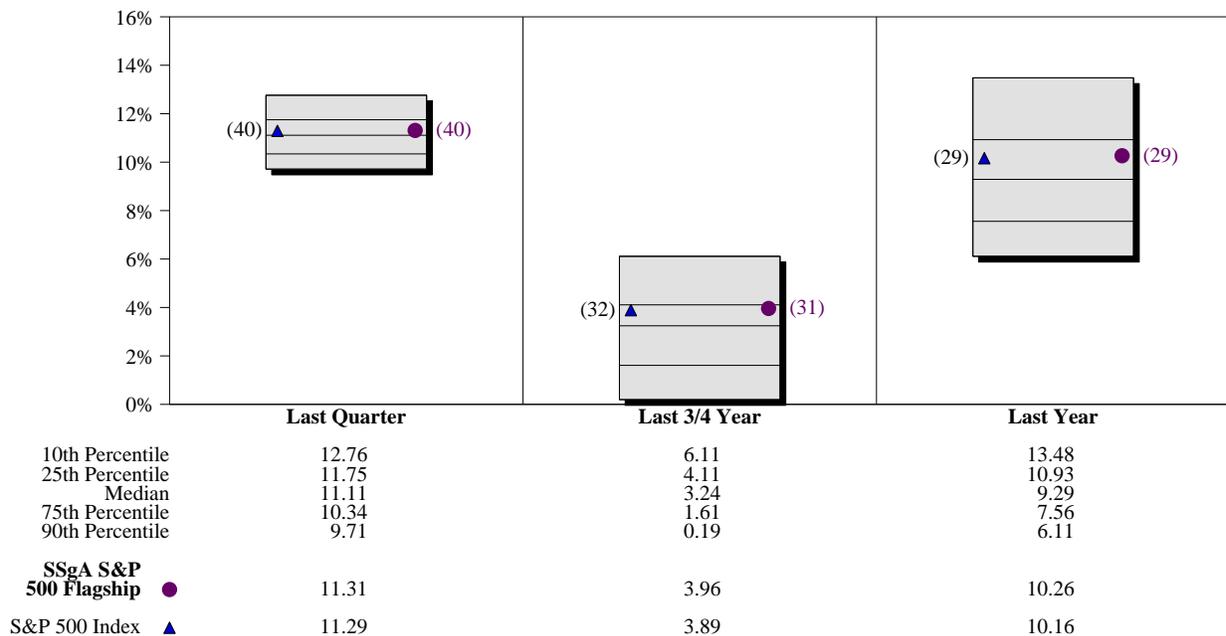
### Quarterly Summary and Highlights

- SSgA S&P 500 Flagship's portfolio posted a 11.31% return for the quarter placing it in the 40 percentile of the CAI Large Cap Core Style group for the quarter and in the 29 percentile for the last year.
- SSgA S&P 500 Flagship's portfolio outperformed the S&P 500 Index by 0.02% for the quarter and outperformed the S&P 500 Index for the year by 0.10%.

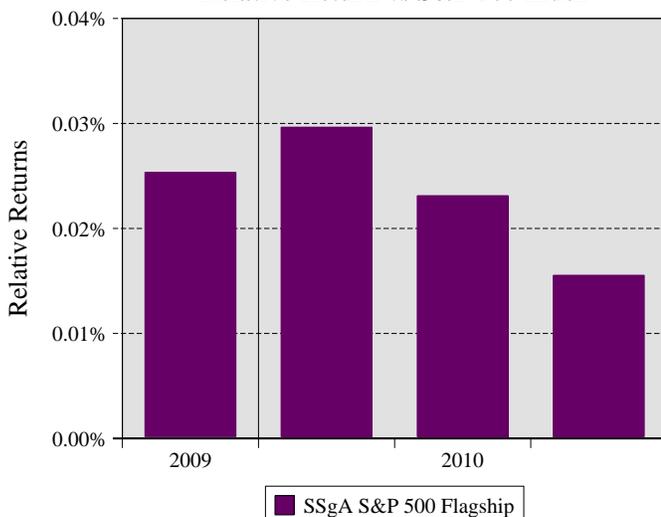
### Quarterly Asset Growth

Beginning Market Value	\$21,389,357
Net New Investment	\$0
Investment Gains/(Losses)	\$2,419,038
Ending Market Value	\$23,808,395

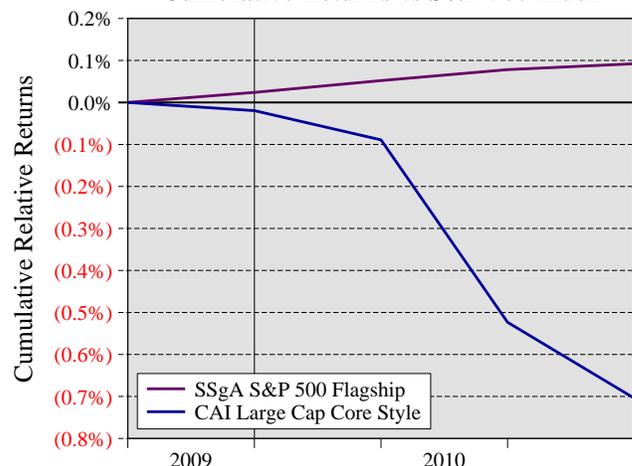
### Performance vs CAI Large Cap Core Style (Gross)



### Relative Return vs S&P 500 Index



### Cumulative Returns vs S&P 500 Index

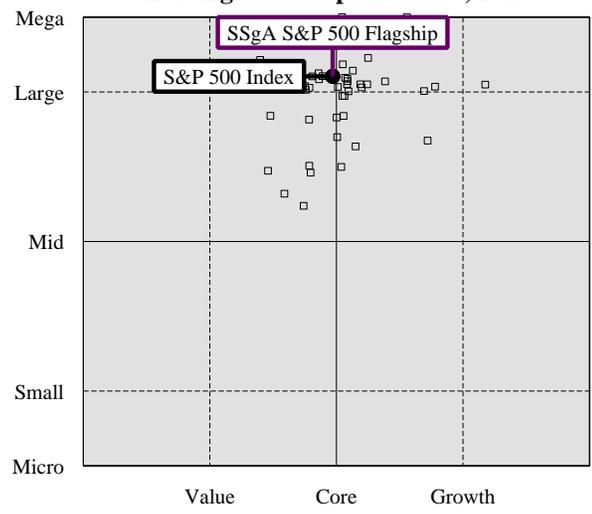




## CURRENT HOLDINGS BASED STYLE ANALYSIS SSGA S&P 500 FLAGSHIP AS OF SEPTEMBER 30, 2010

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

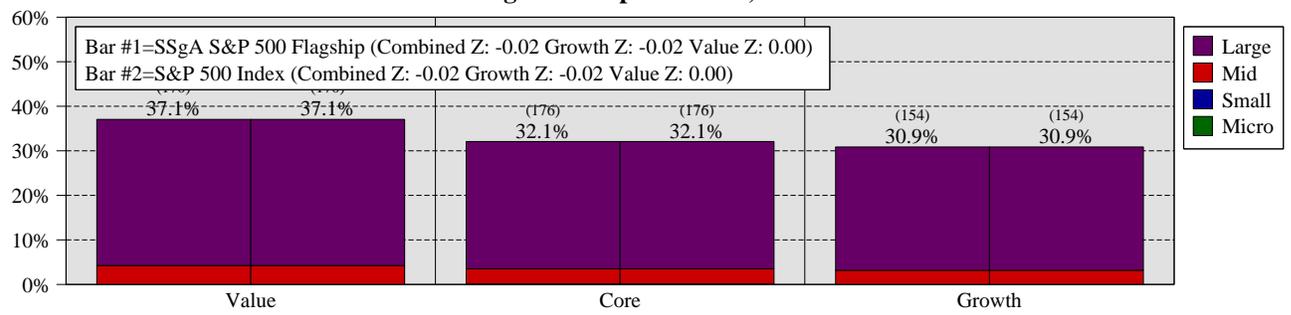
**Style Map vs CAI Large Cap Core Style Holdings as of September 30, 2010**



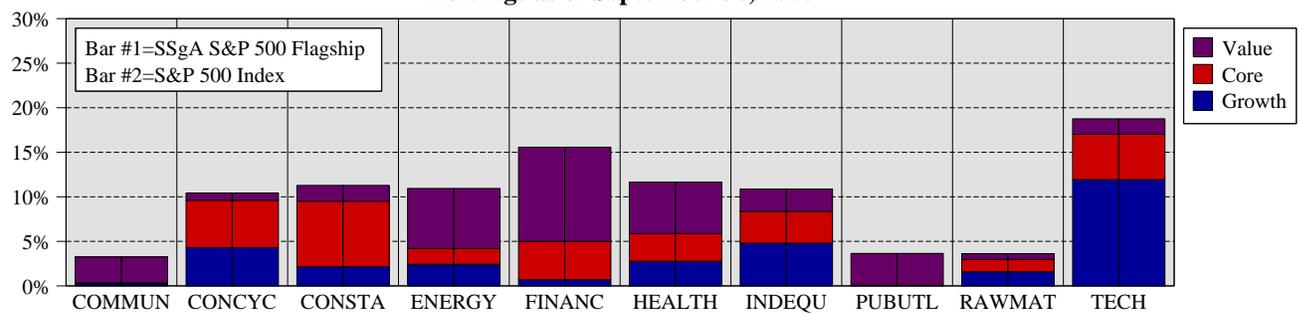
**Style Exposure Matrix Holdings as of September 30, 2010**

	Value	Core	Growth	Total
Large	32.8% (83)	28.6% (97)	27.7% (96)	<b>89.0% (276)</b>
Mid	4.2% (84)	3.4% (70)	3.1% (55)	<b>10.7% (209)</b>
Small	0.0% (3)	0.2% (9)	0.0% (3)	<b>0.3% (15)</b>
Micro	0.0% (0)	0.0% (0)	0.0% (0)	<b>0.0% (0)</b>
<b>Total</b>	<b>37.1% (170)</b>	<b>32.1% (176)</b>	<b>30.9% (154)</b>	<b>100.0% (500)</b>

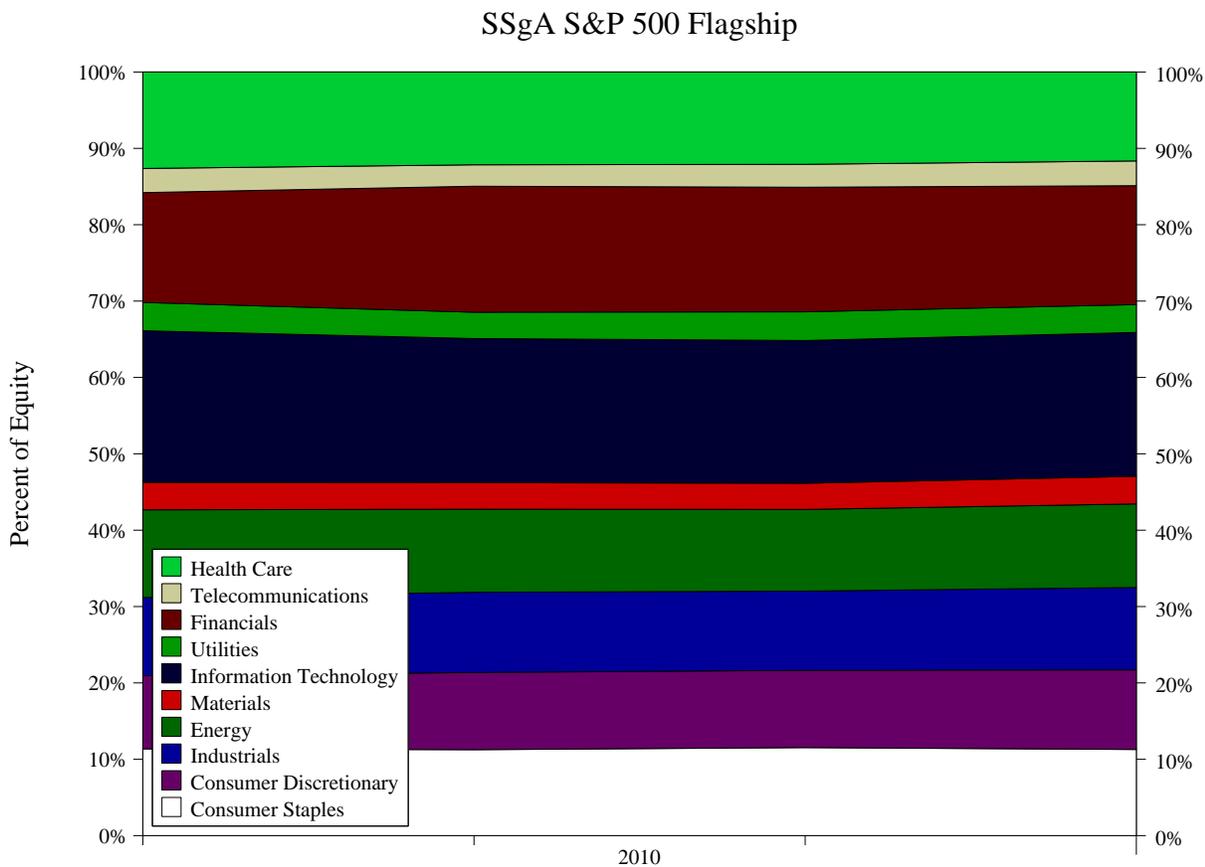
**Combined Z-Score Style Distribution Holdings as of September 30, 2010**



**Sector Weights Distribution Holdings as of September 30, 2010**



## Town of Palm Beach General Employees Historical Distribution of Sectors Percent of Equity by Ending Weights in Each Sector

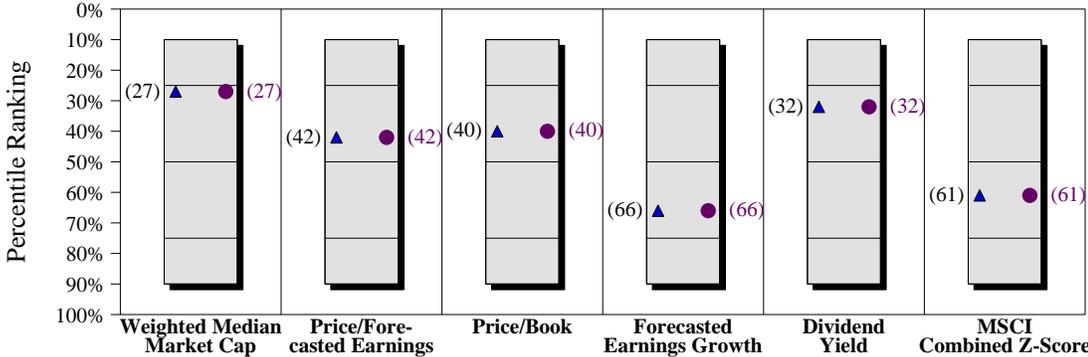


## SSGA S&P 500 FLAGSHIP EQUITY CHARACTERISTICS ANALYSIS SUMMARY

### Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

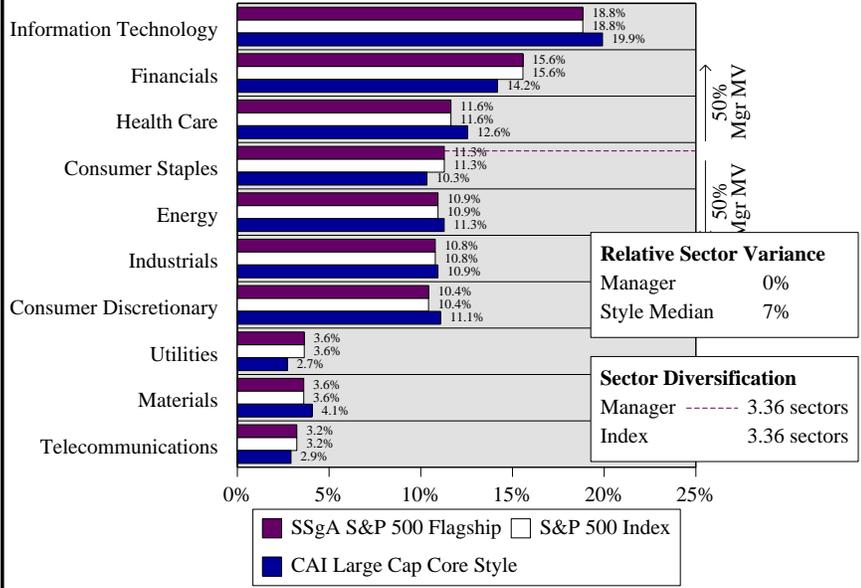
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Large Cap Core Style  
as of September 30, 2010**



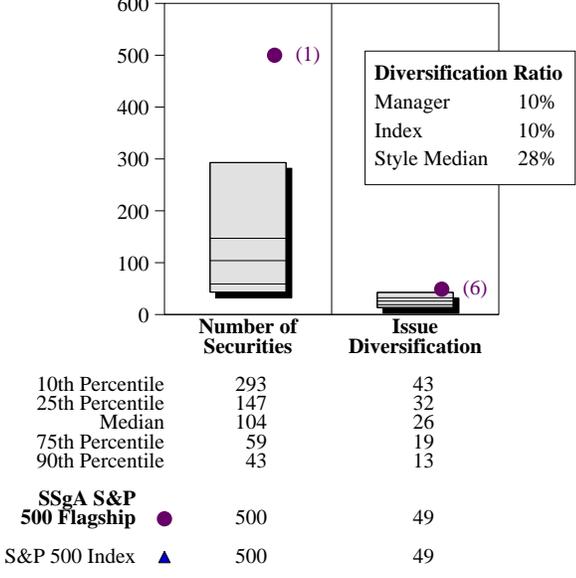
### Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation  
September 30, 2010**



**Diversification  
September 30, 2010**



**TOWN OF PALM BEACH GENERAL EMPLOYEES  
TOP 10 PORTFOLIO HOLDINGS CHARACTERISTICS  
SSGA S&P 500 FLAGSHIP  
AS OF SEPTEMBER 30, 2010**

**10 Largest Holdings**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Exxon Mobil Corp	Energy	\$714,523	3.0%	9.06%	314.92	9.87	2.85%	8.40%
Apple Inc	Information Technology	\$590,359	2.5%	12.81%	258.19	16.14	0.00%	18.00%
Microsoft Corp	Information Technology	\$423,941	1.8%	6.99%	214.63	10.08	2.61%	11.00%
General Electric Co	Industrials	\$393,264	1.7%	13.52%	173.49	13.10	2.95%	13.50%
IBM Corp	Information Technology	\$387,017	1.6%	9.18%	172.01	11.10	1.94%	10.00%
Johnson & Johnson	Health Care	\$386,446	1.6%	5.89%	170.89	12.52	3.49%	6.00%
Procter & Gamble Co	Consumer Staples	\$386,411	1.6%	0.77%	172.71	14.84	3.21%	10.00%
At&t Inc	Telecommunications	\$386,060	1.6%	20.27%	169.00	11.63	5.87%	6.00%
Chevron Corp New	Energy	\$371,828	1.6%	20.54%	162.80	8.32	3.55%	18.00%
JPMorgan Chase & Co	Financials	\$345,280	1.5%	4.10%	151.47	8.77	0.53%	8.00%

**10 Best Performers**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Priceline.Com	Consumer Discretionary	\$37,411	0.2%	97.32%	15.88	24.39	0.00%	19.00%
Citrix Systems	Information Technology	\$28,580	0.1%	61.59%	12.68	31.89	0.00%	13.50%
Anadarko Petroleum Corp	Energy	\$63,567	0.3%	58.35%	28.23	25.81	0.63%	14.25%
Mcafee	Information Technology	\$16,682	0.1%	53.84%	7.37	17.00	0.00%	13.00%
Cf Inds Hldgs Inc	Materials	\$15,318	0.1%	50.70%	6.79	12.42	0.42%	5.00%
Expedia Inc Del	Consumer Discretionary	\$13,576	0.1%	50.68%	7.29	15.09	0.99%	15.00%
Freeport-Mcmoran Copper & Go	Materials	\$91,821	0.4%	45.09%	36.94	10.43	1.41%	12.80%
Amazon.Com	Consumer Discretionary	\$126,073	0.5%	43.75%	70.00	47.59	0.00%	25.00%
Red Hat Inc	Information Technology	\$17,472	0.1%	41.67%	7.73	50.00	0.00%	17.70%
Interpublic Group of Cos	Consumer Discretionary	\$11,470	0.0%	40.67%	4.91	19.29	0.00%	18.50%

**10 Worst Performers**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Block H & R Inc	Consumer Discretionary	\$9,786	0.0%	(16.50)%	4.26	7.75	4.63%	10.00%
Vulcan Materials Co	Materials	\$10,933	0.0%	(15.20)%	4.71	230.75	2.71%	8.50%
Micron Technology Inc	Information Technology	\$14,326	0.1%	(15.08)%	7.17	4.17	0.00%	10.00%
Southwestern Energy Co	Energy	\$26,053	0.1%	(13.46)%	11.58	16.23	0.00%	26.00%
Sandisk Corp	Information Technology	\$19,000	0.1%	(12.88)%	8.43	8.83	0.00%	15.00%
Flir Systems	Information Technology	\$8,921	0.0%	(11.65)%	3.94	15.21	0.00%	15.00%
New York Times Co A	Consumer Discretionary	\$2,165	0.0%	(10.52)%	1.12	10.90	0.00%	17.30%
Intuitive Surgical Inc	Health Care	\$25,036	0.1%	(10.10)%	11.11	28.43	0.00%	25.00%
Gannett Co	Consumer Discretionary	\$6,919	0.0%	(8.86)%	2.91	5.20	1.31%	5.50%
Bank of America Corp	Financials	\$297,814	1.3%	(8.82)%	131.53	9.43	0.31%	10.00%

# ROANOKE ASSET MANAGEMENT PERIOD ENDED SEPTEMBER 30, 2010



## Investment Philosophy

Roanoke Asset Management is a growth manager with a fundamental bottom-up approach to portfolio management. It is Roanoke's belief that there exists an opportunity, by combining broad and deep portfolio management experience with the rigorous focus of a research specialist, to identify those companies whose superior long-term prospects are either overlooked, under-appreciated or undervalued by the market.

## Quarterly Summary and Highlights

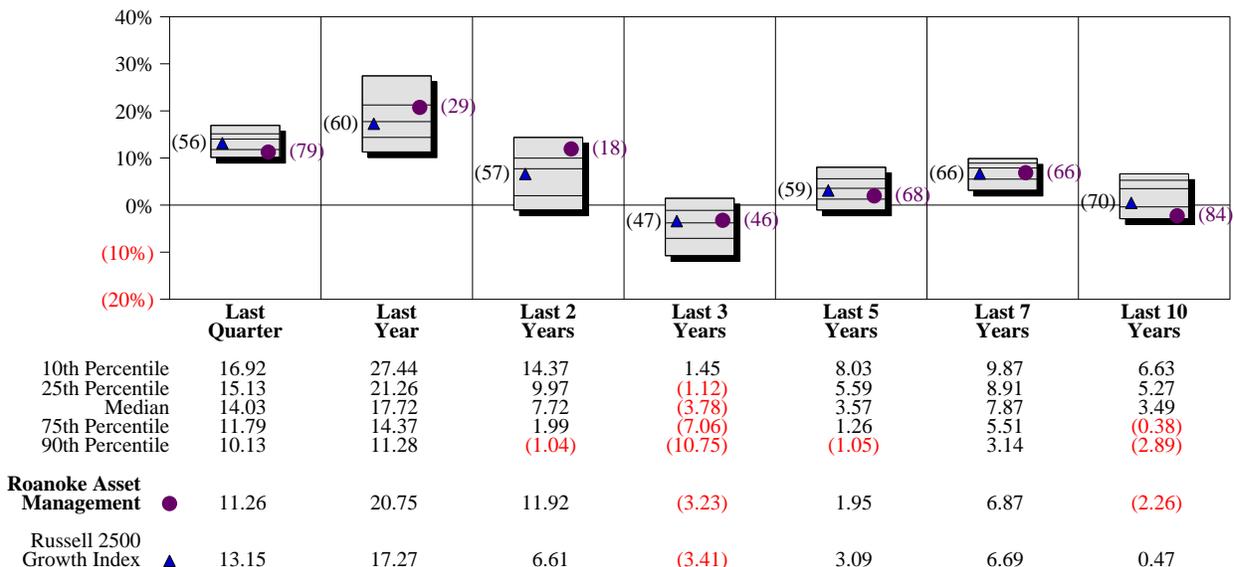
- Roanoke Asset Management's portfolio posted a 11.26% return for the quarter placing it in the 79 percentile of the CAI Small/MidCap Growth Style group for the quarter and in the 29 percentile for the last year.
- Roanoke Asset Management's portfolio underperformed the Russell 2500 Growth Index by 1.89% for the quarter and outperformed the Russell 2500 Growth Index for the year by 3.48%.

## Quarterly Asset Growth

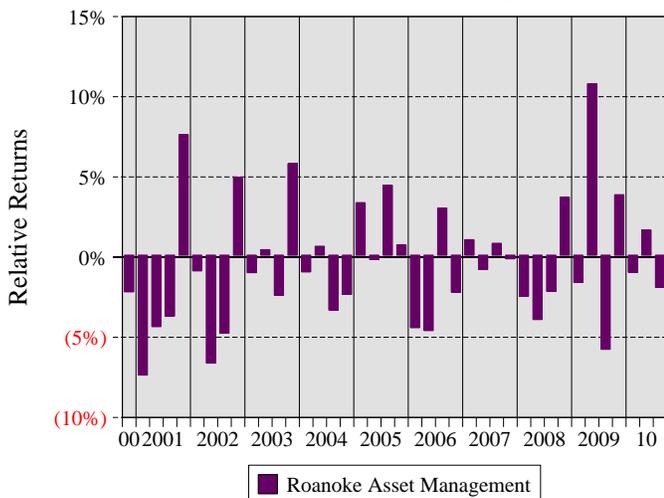
Beginning Market Value	\$4,168,538
Net New Investment	\$0
Investment Gains/(Losses)	\$469,389
Ending Market Value	\$4,637,927

**Percent Cash: 4.7%**

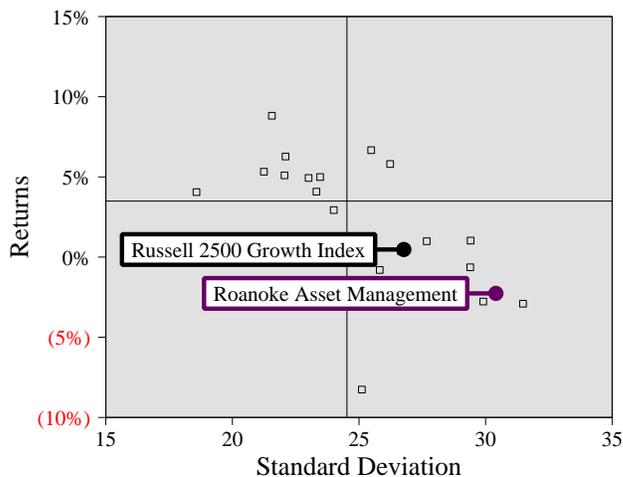
## Performance vs CAI Small/MidCap Growth Style (Gross)



## Relative Return vs Russell 2500 Growth Index



## CAI Small/MidCap Growth Style (Gross) Annualized Ten Year Risk vs Return



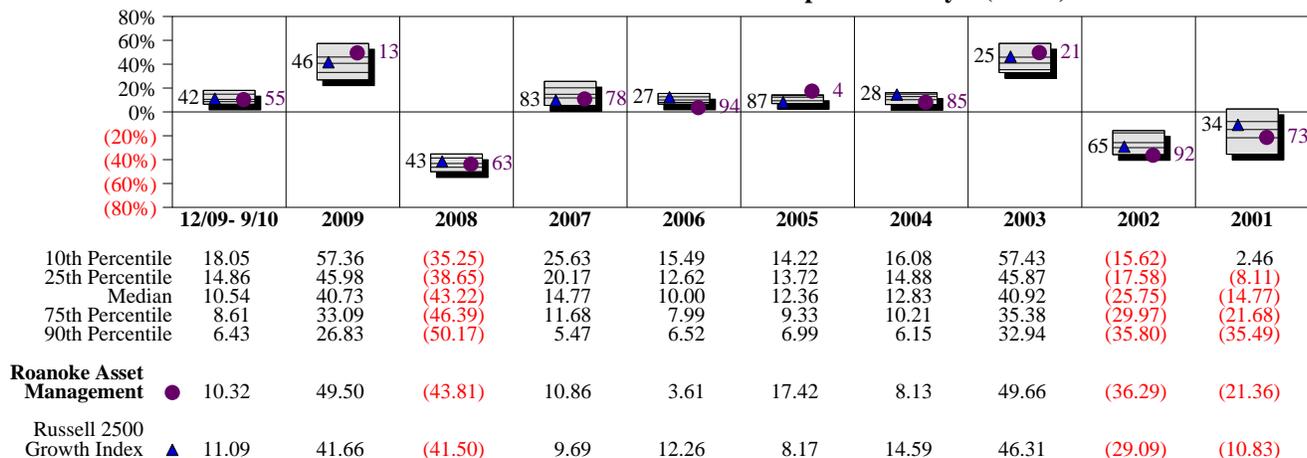
# ROANOKE ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



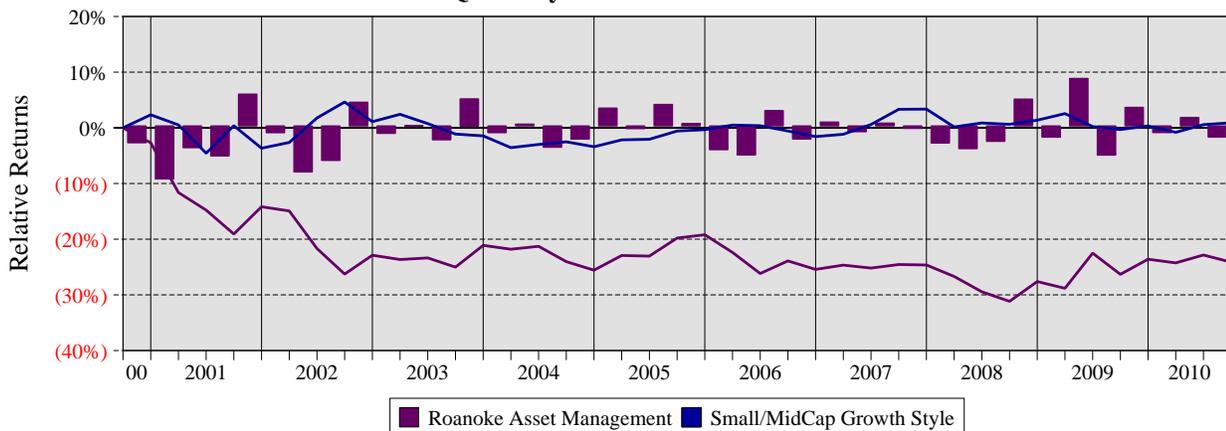
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

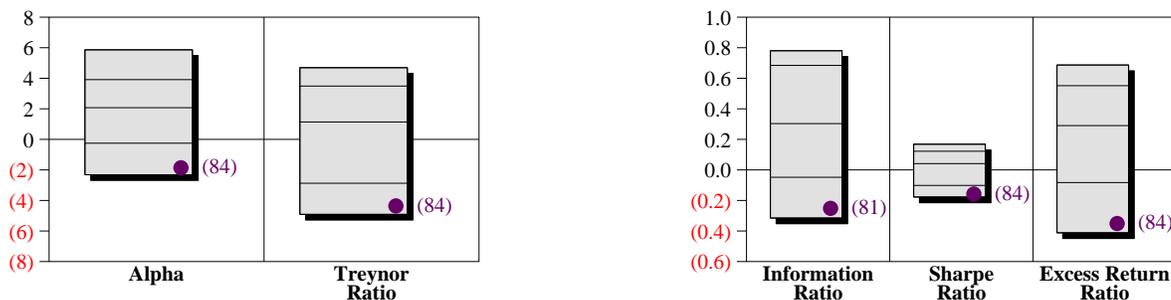
### Performance vs CAI Small/MidCap Growth Style (Gross)



### Cumulative and Quarterly Relative Return vs Russell 2500 Growth Index



### Risk Adjusted Return Measures vs Russell 2500 Growth Index Rankings Against CAI Small/MidCap Growth Style (Gross) Ten Years Ended September 30, 2010



10th Percentile	5.86	4.69
25th Percentile	3.91	3.49
Median	2.07	1.14
75th Percentile	(0.25)	(2.87)
90th Percentile	(2.32)	(4.91)

**Roanoke Asset Management** ● (1.86) (4.36)

10th Percentile	0.78	0.17	0.69
25th Percentile	0.68	0.12	0.55
Median	0.30	0.04	0.29
75th Percentile	(0.05)	(0.10)	(0.08)
90th Percentile	(0.32)	(0.18)	(0.41)

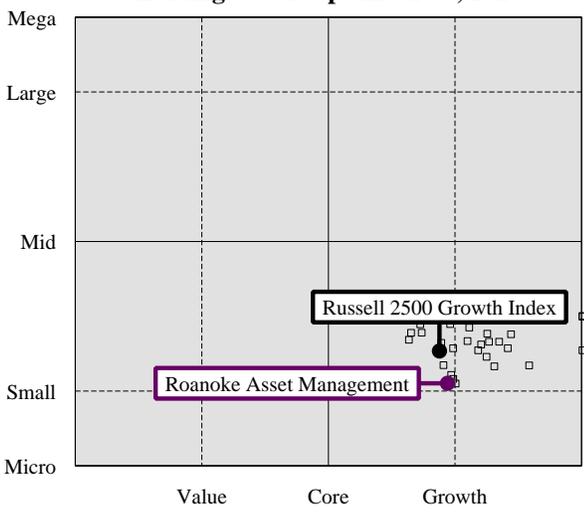
**Roanoke Asset Management** ● (0.25) (0.16) (0.35)



## CURRENT HOLDINGS BASED STYLE ANALYSIS ROANOKE ASSET MANAGEMENT AS OF SEPTEMBER 30, 2010

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

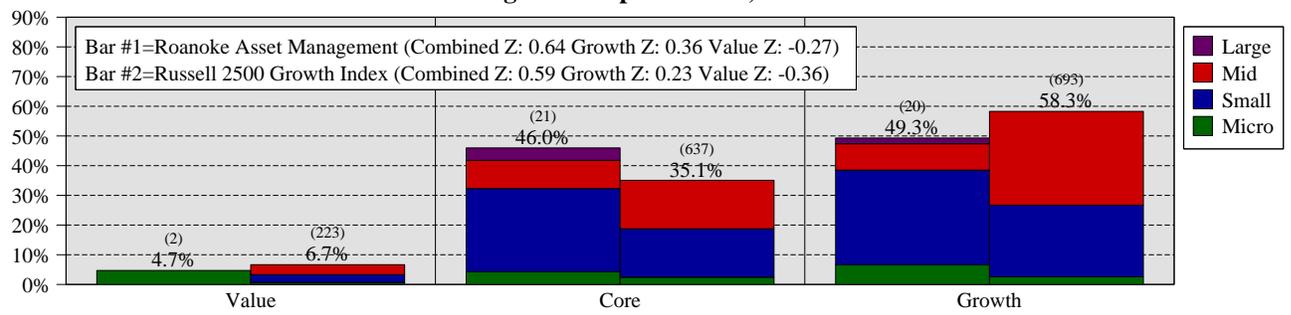
**Style Map vs Small/MidCap Growth Style Holdings as of September 30, 2010**



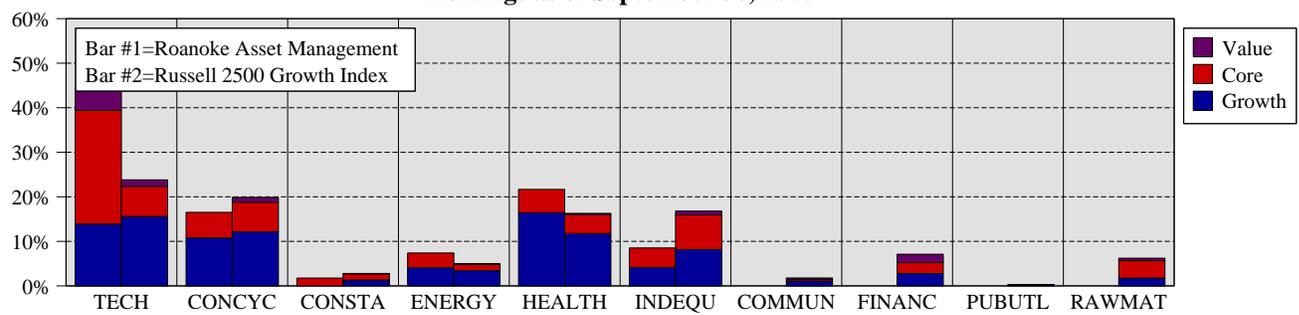
**Style Exposure Matrix Holdings as of September 30, 2010**

	Value	Core	Growth	Total
Large	0.0% (0)	4.2% (2)	1.9% (1)	6.1% (3)
Mid	0.0% (0)	9.5% (4)	8.9% (4)	18.4% (8)
Small	3.3% (34)	16.3% (98)	31.6% (121)	51.2% (253)
Micro	0.0% (0)	28.0% (12)	31.8% (14)	59.9% (26)
<b>Total</b>	<b>4.7% (2)</b>	<b>46.0% (21)</b>	<b>49.3% (20)</b>	<b>100.0% (43)</b>
	<b>6.7% (223)</b>	<b>35.1% (637)</b>	<b>58.3% (693)</b>	<b>100.0% (1553)</b>

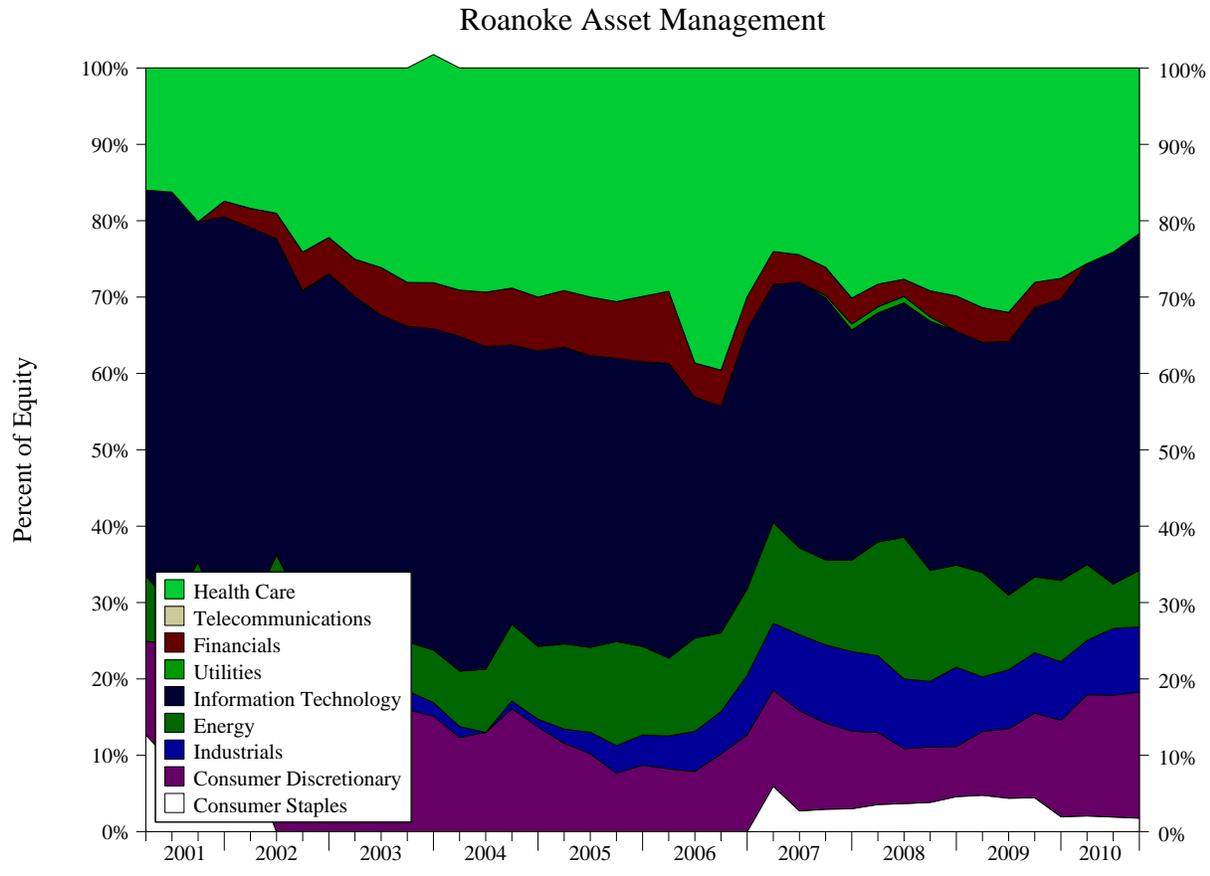
**Combined Z-Score Style Distribution Holdings as of September 30, 2010**



**Sector Weights Distribution Holdings as of September 30, 2010**



## Town of Palm Beach General Employees Historical Distribution of Sectors Percent of Equity by Ending Weights in Each Sector



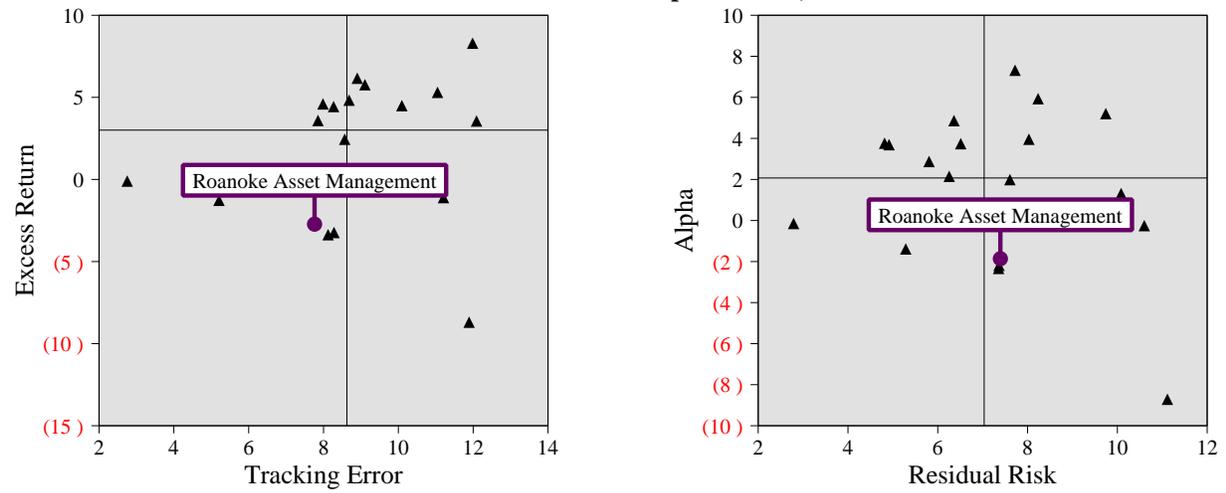


## ROANOKE ASSET MANAGEMENT RISK ANALYSIS SUMMARY

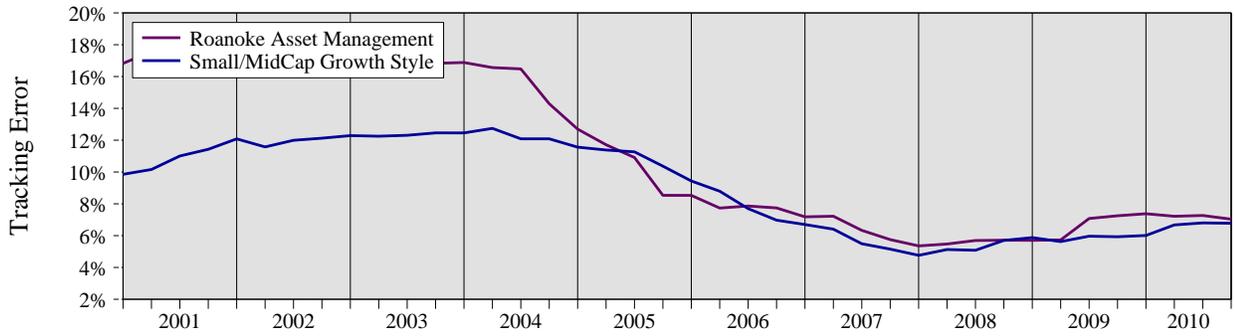
### Risk Analysis

The graphs below analyze the risk or variation of a manager's return pattern. The first scatter chart illustrates the relationship, called Excess Return Ratio, between excess return and tracking error relative to the benchmark. The second scatter chart displays the relationship, sometimes called Information Ratio, between alpha (market-risk or "beta" adjusted return) and residual risk (non-market or "unsystematic" risk). The third chart shows tracking error patterns versus the benchmark over time. The last two charts show the ranking of the manager's risk statistics versus the peer group.

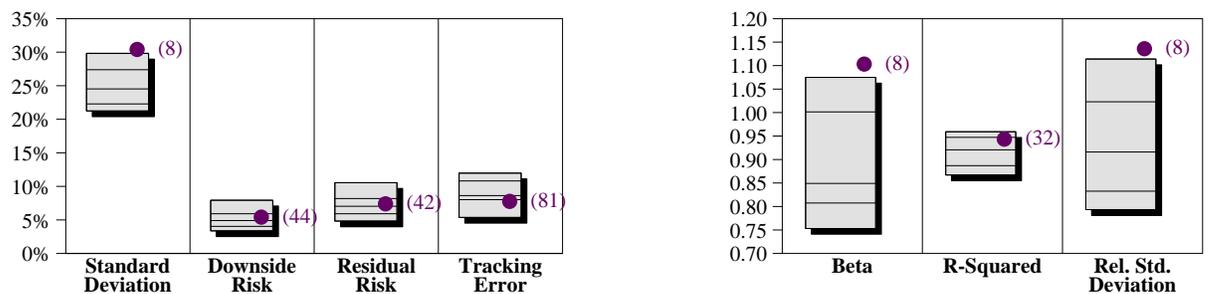
**Risk Analysis vs CAI Small/MidCap Growth Style (Gross)  
Ten Years Ended September 30, 2010**



**Rolling 20 Quarter Tracking Error vs Russell 2500 Growth Index**



**Risk Statistics Rankings vs Russell 2500 Growth Index  
Rankings Against CAI Small/MidCap Growth Style (Gross)  
Ten Years Ended September 30, 2010**



	Standard Deviation	Downside Risk	Residual Risk	Tracking Error
10th Percentile	29.82	7.93	10.55	11.98
25th Percentile	27.39	5.92	8.18	10.81
Median	24.52	4.90	7.03	8.62
75th Percentile	22.29	4.04	5.92	8.02
90th Percentile	21.24	3.37	4.83	5.37

	Beta	R-Squared	Rel. Std. Deviation
10th Percentile	1.07	0.96	1.11
25th Percentile	1.00	0.95	1.02
Median	0.85	0.92	0.92
75th Percentile	0.81	0.89	0.83
90th Percentile	0.75	0.87	0.79

**Roanoke Asset Management** ● 30.41    5.41    7.39    7.76

**Roanoke Asset Management** ● 1.10    0.94    1.14

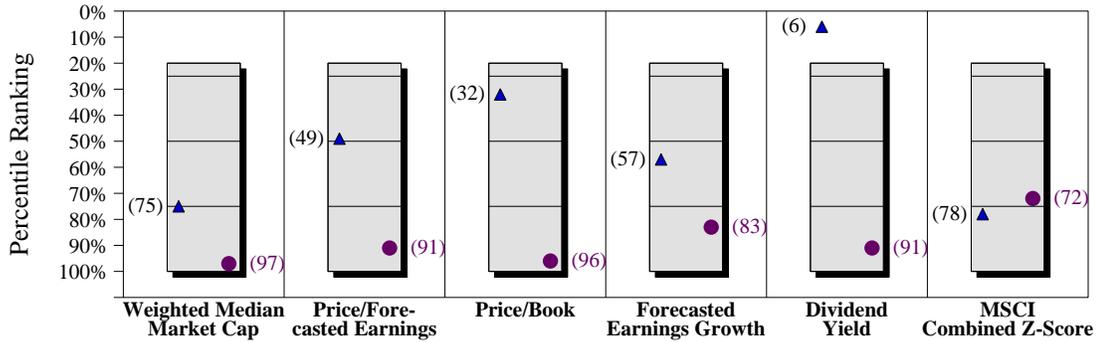
# ROANOKE ASSET MANAGEMENT EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

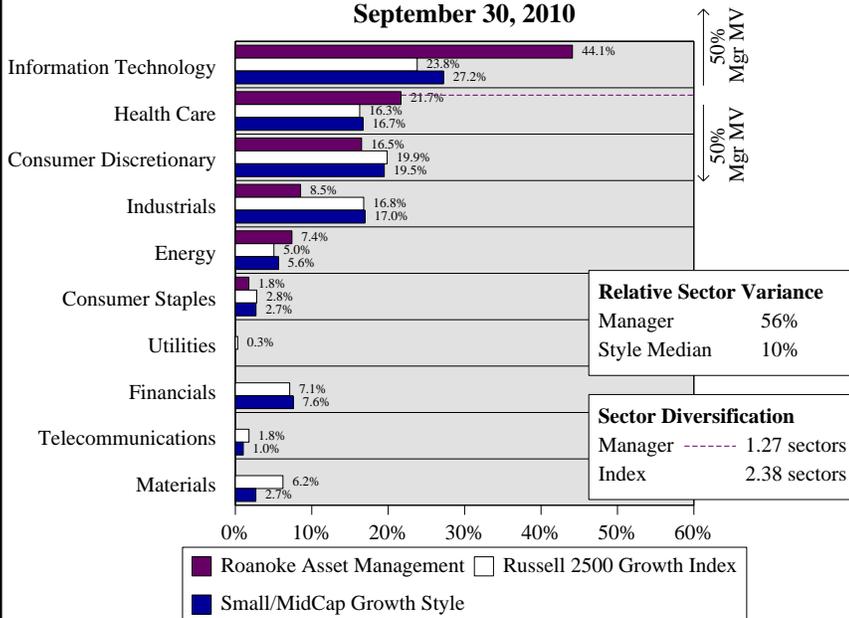
**Portfolio Characteristics Percentile Rankings  
Rankings Against CAI Small/MidCap Growth Style  
as of September 30, 2010**



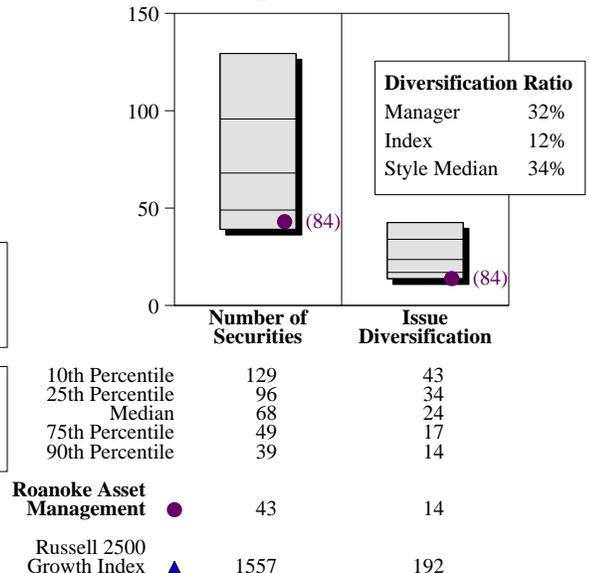
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

**Sector Allocation  
September 30, 2010**



**Diversification  
September 30, 2010**



**TOWN OF PALM BEACH GENERAL EMPLOYEES  
TOP 10 PORTFOLIO HOLDINGS CHARACTERISTICS  
ROANOKE ASSET MANAGEMENT  
AS OF SEPTEMBER 30, 2010**

**10 Largest Holdings**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Axt Inc	Information Technology	\$293,928	6.7%	46.78%	0.21	12.26	0.00%	50.25%
Geo Group Inc	Industrials	\$193,805	4.4%	12.53%	1.60	14.69	0.00%	15.00%
Hexcel Corp New	Industrials	\$183,237	4.1%	14.70%	1.73	19.55	0.00%	12.10%
Catalyst Health Solutions In	Health Care	\$176,050	4.0%	2.06%	1.57	16.38	0.00%	20.00%
Verint Sys Inc	Information Technology	\$175,084	4.0%	28.03%	1.03	11.87	0.00%	(37.02)%
Bottomline Tech Del Inc	Information Technology	\$159,744	3.6%	17.88%	0.48	14.77	0.00%	15.00%
Newfield Exploration Co	Energy	\$146,472	3.3%	17.56%	7.66	12.76	0.00%	8.00%
Anntaylor Stores Corp	Consumer Discretionary	\$145,728	3.3%	24.40%	1.19	15.69	0.00%	15.00%
Parexel International	Health Care	\$138,780	3.1%	6.69%	1.35	17.13	0.00%	15.50%
Warnaco Group Inc	Consumer Discretionary	\$138,051	3.1%	41.48%	2.27	13.28	0.00%	15.00%

**10 Best Performers**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Rf Micro Devices	Information Technology	\$119,116	2.7%	56.52%	1.65	9.45	0.00%	15.00%
Axt Inc	Information Technology	\$293,928	6.7%	46.78%	0.21	12.26	0.00%	50.25%
Warnaco Group Inc	Consumer Discretionary	\$138,051	3.1%	41.48%	2.27	13.28	0.00%	15.00%
Williams-Sonoma	Consumer Discretionary	\$107,780	2.4%	28.43%	3.42	17.04	1.89%	14.00%
Verint Sys Inc	Information Technology	\$175,084	4.0%	28.03%	1.03	11.87	0.00%	(37.02)%
Pier 1 Imports Inc	Consumer Discretionary	\$98,280	2.2%	27.77%	0.96	11.87	0.00%	(26.74)%
Harmonic	Information Technology	\$74,304	1.7%	26.47%	0.67	17.64	0.00%	17.50%
Anntaylor Stores Corp	Consumer Discretionary	\$145,728	3.3%	24.40%	1.19	15.69	0.00%	15.00%
Medidata Solutions Inc	Health Care	\$65,280	1.5%	23.95%	0.44	21.10	0.00%	25.00%
Skyworks Solutions	Information Technology	\$68,244	1.5%	23.17%	3.66	14.26	0.00%	15.00%

**10 Worst Performers**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Ltx-Credence Corp	Information Technology	\$47,443	1.1%	(26.15)%	0.31	4.68	0.00%	20.00%
Comverse Technology Inc Com Par \$0.1	Information Technology	\$70,665	1.6%	(14.09)%	1.37	11.03	0.00%	20.00%
Urban Outfitters Inc	Consumer Discretionary	\$113,184	2.6%	(8.58)%	5.33	16.46	0.00%	20.00%
Orbotech Ltd Ord	Information Technology	\$104,790	2.4%	(7.76)%	0.35	11.59	0.00%	(23.71)%
Volterra Semiconductor Corp	Information Technology	\$53,800	1.2%	(6.68)%	0.58	12.66	0.00%	20.00%
Martek Biosciences Corp	Health Care	\$69,021	1.6%	(4.56)%	0.75	13.55	0.00%	23.57%
Healthways Inc	Health Care	\$68,676	1.6%	(2.35)%	0.40	9.54	0.00%	13.00%
Tesco Corp	Energy	\$95,037	2.2%	(2.04)%	0.45	19.40	0.00%	(18.69)%
Orthofix Intl N V	Health Care	\$56,556	1.3%	(1.97)%	0.55	12.13	0.00%	18.00%
Bioscrip Inc	Health Care	\$93,912	2.1%	(1.71)%	0.28	11.73	0.00%	24.00%

# THOMPSON, SIEGEL & WALMSLEY PERIOD ENDED SEPTEMBER 30, 2010



## Investment Philosophy

TS&W believes value wins over time, particularly in mid cap investing. Their process focuses on identifying companies with unrealized value. They combine quantitative and qualitative analysis in a disciplined process to exploit the inefficiencies in the smaller cap sectors. Transaction costs can be significant in smaller cap stocks. They minimize transaction costs with low portfolio turnover (40-45%).

## Quarterly Summary and Highlights

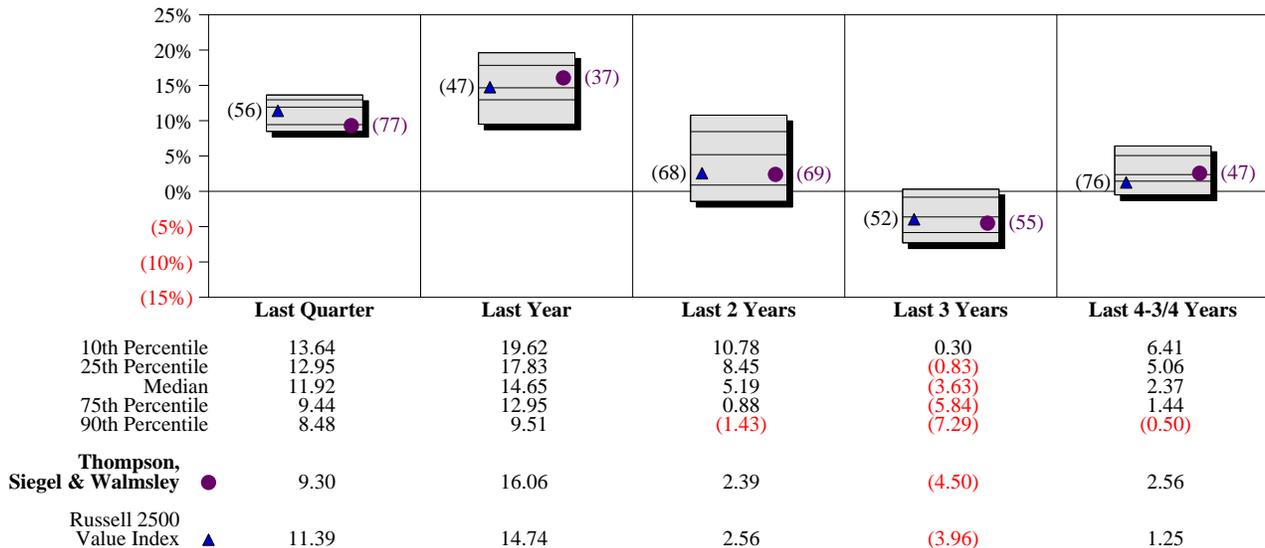
- Thompson, Siegel & Walmsley's portfolio posted a 9.30% return for the quarter placing it in the 77 percentile of the CAI Small/MidCap Value Style group for the quarter and in the 37 percentile for the last year.
- Thompson, Siegel & Walmsley's portfolio underperformed the Russell 2500 Value Index by 2.09% for the quarter and outperformed the Russell 2500 Value Index for the year by 1.32%.

## Quarterly Asset Growth

Beginning Market Value	\$4,163,528
Net New Investment	\$0
Investment Gains/(Losses)	\$387,385
Ending Market Value	\$4,550,913

**Percent Cash: 3.7%**

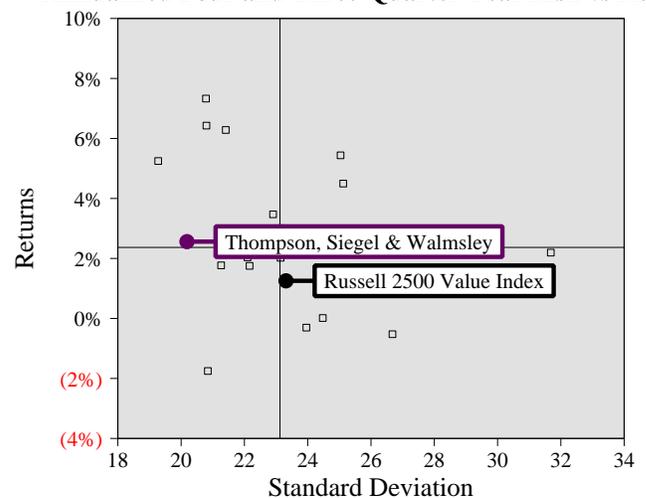
## Performance vs CAI Small/MidCap Value Style (Gross)



## Relative Return vs Russell 2500 Value Index



## CAI Small/MidCap Value Style (Gross) Annualized Four and Three-Quarter Year Risk vs Return



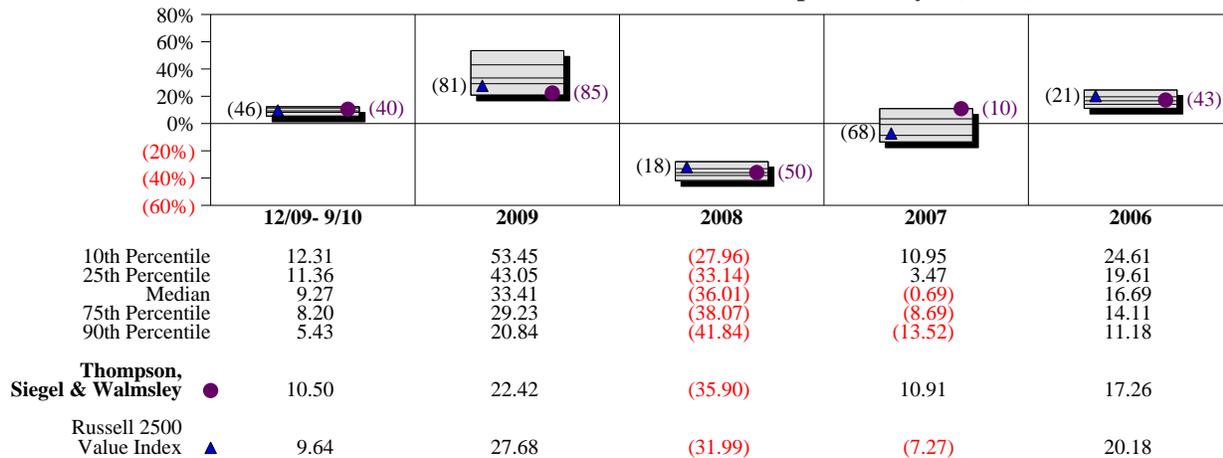
# THOMPSON, SIEGEL & WALMSLEY RETURN ANALYSIS SUMMARY



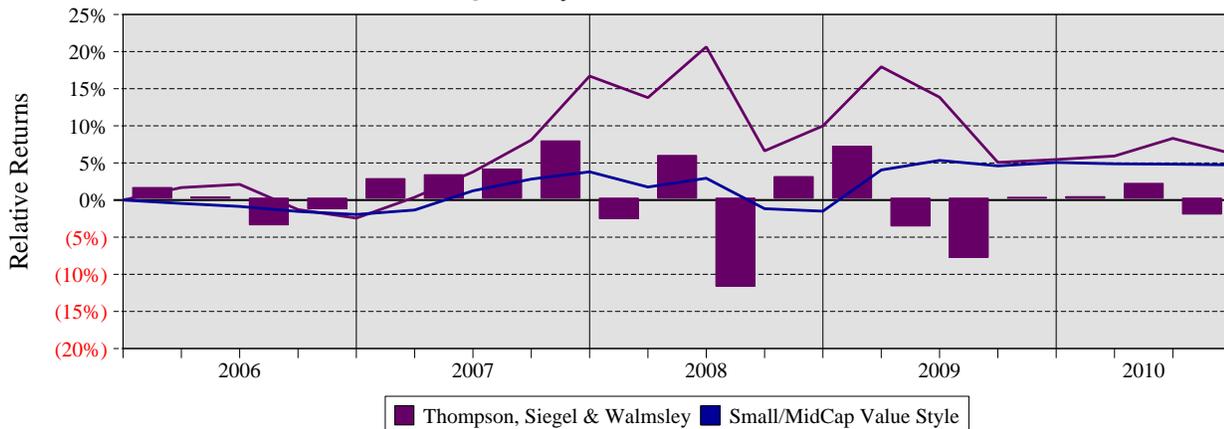
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

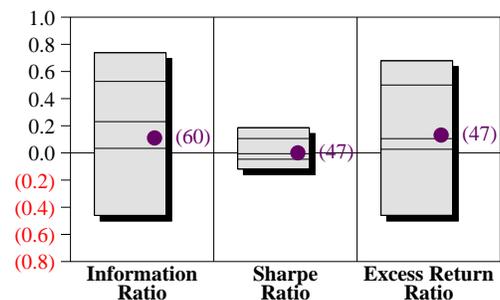
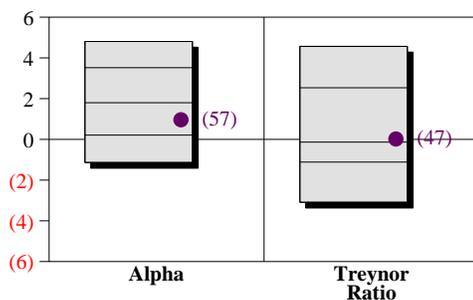
### Performance vs CAI Small/MidCap Value Style (Gross)



### Cumulative and Quarterly Relative Return vs Russell 2500 Value Index



### Risk Adjusted Return Measures vs Russell 2500 Value Index Rankings Against CAI Small/MidCap Value Style (Gross) Four and Three-Quarter Years Ended September 30, 2010



10th Percentile 4.81  
25th Percentile 3.52  
Median 1.80  
75th Percentile 0.21  
90th Percentile (1.14)

10th Percentile 4.57  
25th Percentile 2.53  
Median (0.14)  
75th Percentile (1.12)  
90th Percentile (3.09)

10th Percentile 0.74  
25th Percentile 0.53  
Median 0.23  
75th Percentile 0.03  
90th Percentile (0.46)

10th Percentile 0.19  
25th Percentile 0.11  
Median (0.01)  
75th Percentile (0.05)  
90th Percentile (0.12)

10th Percentile 0.68  
25th Percentile 0.50  
Median 0.11  
75th Percentile 0.03  
90th Percentile (0.46)

**Thompson, Siegel & Walmsley**

0.96

0.02

**Thompson, Siegel & Walmsley**

0.11

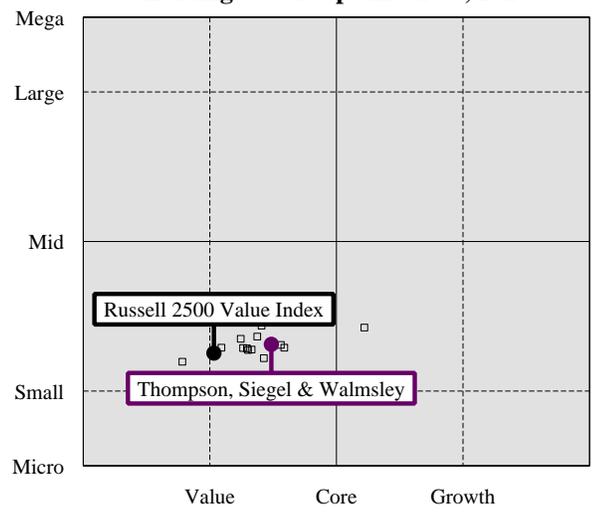
0.00

0.13

## CURRENT HOLDINGS BASED STYLE ANALYSIS THOMPSON, SIEGEL & WALMSLEY AS OF SEPTEMBER 30, 2010

This page analyzes the current investment style of a portfolio utilizing a detailed holdings-based style analysis to determine actual exposures to various market capitalization and style segments of the domestic equity market. The market is segmented quarterly by capitalization and style. The capitalization segments are dictated by capitalization decile breakpoints. The style segments are determined using the "Combined Z Score", based on the eight fundamental factors used in the MSCI stock style scoring system. The upper-left style map illustrates the current market capitalization and style score of the portfolio relative to indices and/or peers. The upper-right style exposure matrix displays the current portfolio and index weights and stock counts (in parentheses) in each capitalization/style segment of the market. The middle chart illustrates the total exposures and stock counts in the three style segments, with a legend showing the total growth, value, and "combined Z" (growth - value) scores. The bottom chart exhibits the sector weights as well as the style weights within each sector.

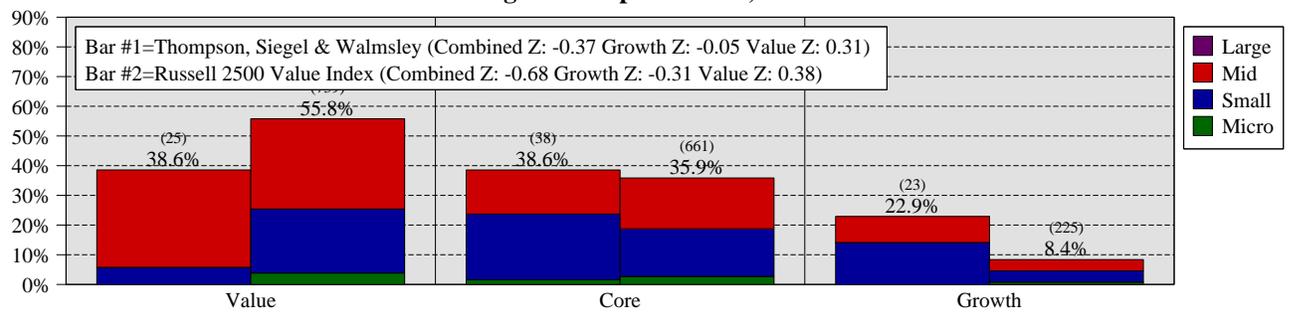
**Style Map vs Small/MidCap Value Style Holdings as of September 30, 2010**



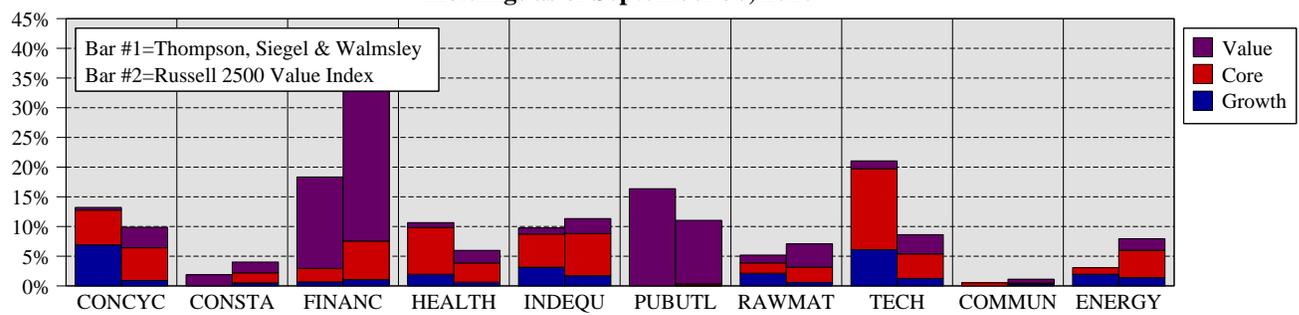
**Style Exposure Matrix Holdings as of September 30, 2010**

	Value	Core	Growth	Total
Large	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)
Mid	32.8% (18)	14.8% (11)	8.8% (8)	56.4% (37)
Small	5.8% (7)	22.1% (24)	14.1% (15)	42.0% (46)
Micro	0.0% (0)	1.6% (3)	0.0% (0)	1.6% (3)
<b>Total</b>	<b>38.6% (25)</b>	<b>38.6% (38)</b>	<b>22.9% (23)</b>	<b>100.0% (86)</b>
	55.8% (739)	35.9% (661)	8.4% (225)	100.0% (1625)

**Combined Z-Score Style Distribution Holdings as of September 30, 2010**

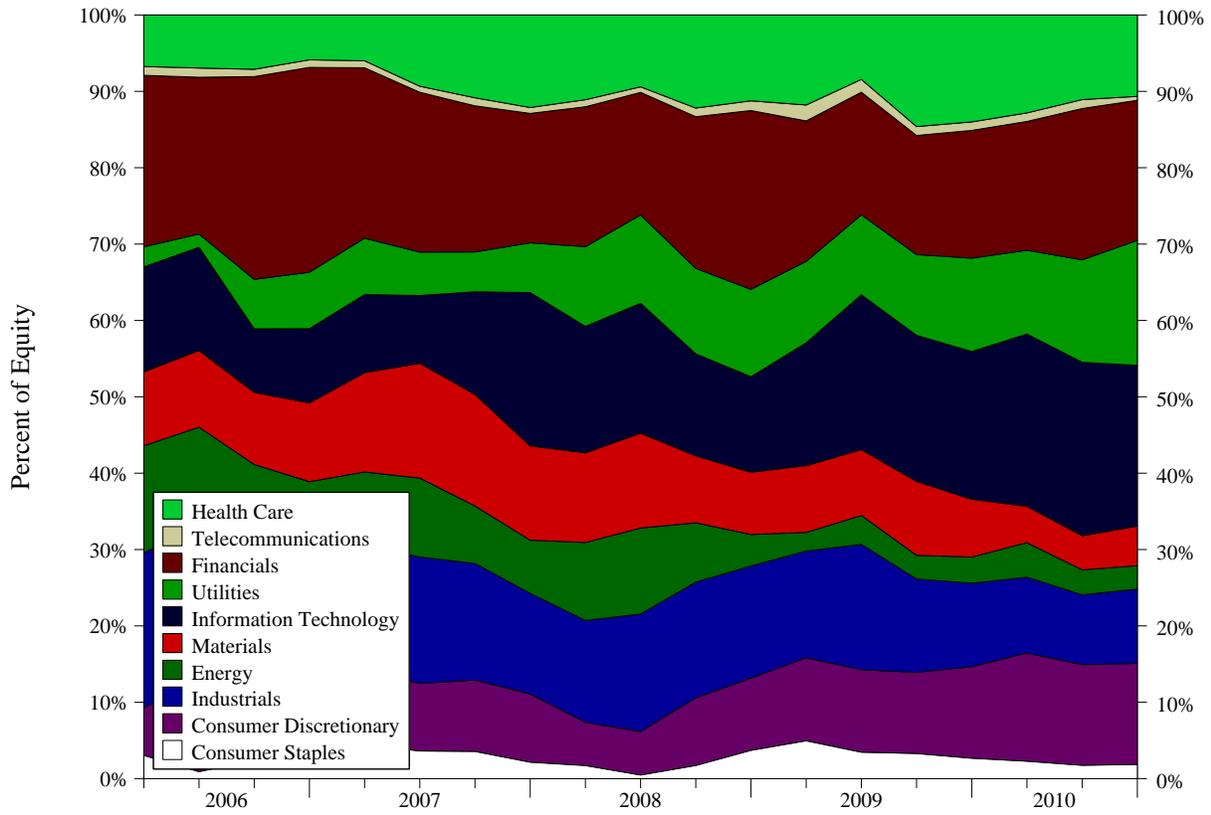


**Sector Weights Distribution Holdings as of September 30, 2010**



## Town of Palm Beach General Employees Historical Distribution of Sectors Percent of Equity by Ending Weights in Each Sector

Thompson, Siegel & Walmsley



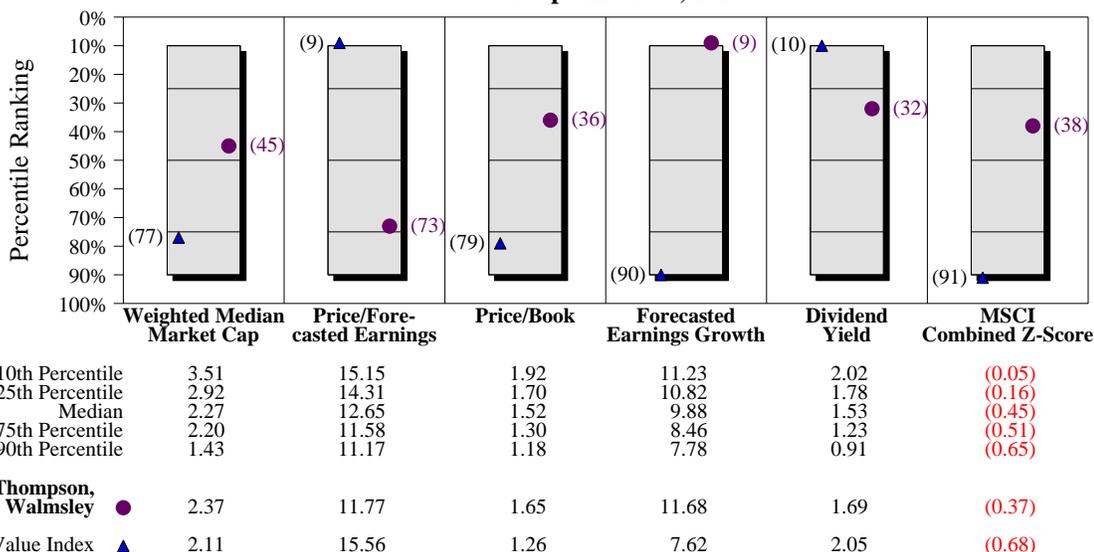
# THOMPSON, SIEGEL & WALMSLEY EQUITY CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

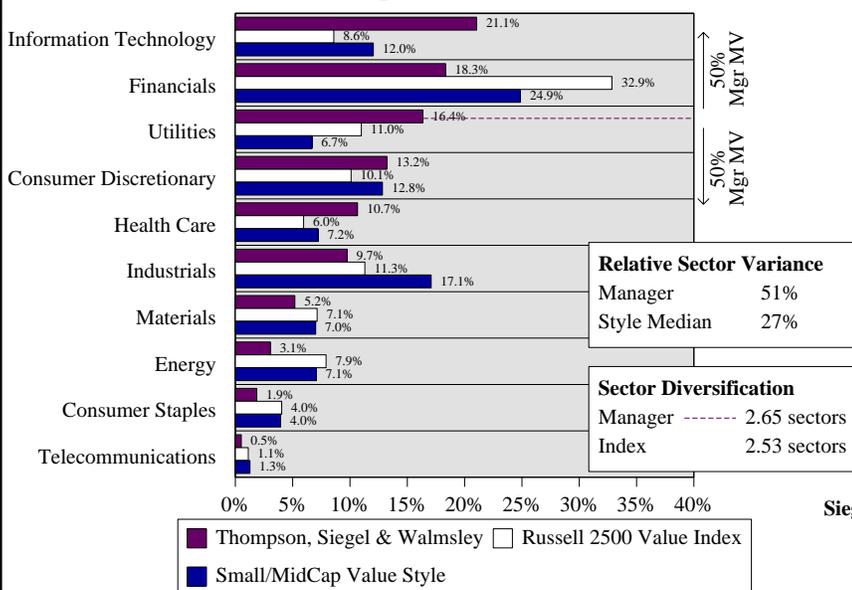
### Portfolio Characteristics Percentile Rankings Rankings Against CAI Small/MidCap Value Style as of September 30, 2010



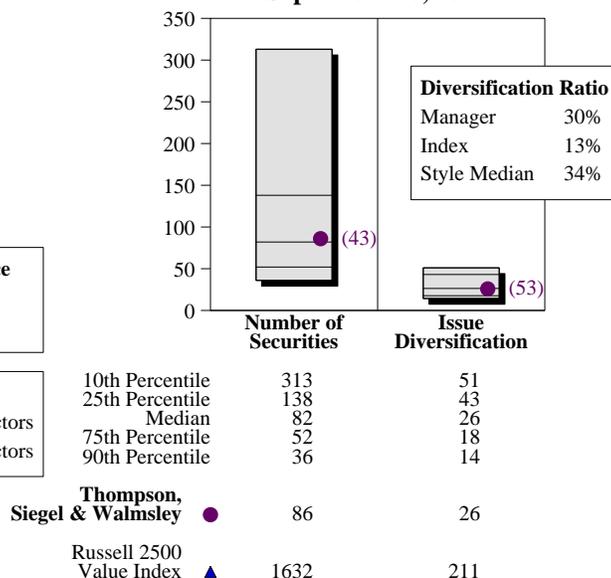
## Sector Weights

The graph below contrasts the manager's sector weights with those of the benchmark and median sector weights across the members of the peer group. The magnitude of sector weight differences from the index and the manager's sector diversification are also shown. Diversification by number and concentration of holdings are also compared to the benchmark and peer group. Issue Diversification represents by count, and Diversification Ratio by percent, the number of holdings that comprise half of the portfolio's market value.

### Sector Allocation September 30, 2010



### Diversification September 30, 2010



**TOWN OF PALM BEACH GENERAL EMPLOYEES  
TOP 10 PORTFOLIO HOLDINGS CHARACTERISTICS  
THOMPSON, SIEGEL & WALMSLEY  
AS OF SEPTEMBER 30, 2010**

**10 Largest Holdings**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Cms Energy Corp Common	Utilities	\$136,952	3.1%	24.14%	4.14	12.69	3.33%	6.00%
Centerpoint Energy	Utilities	\$135,192	3.1%	21.07%	6.56	13.55	4.96%	6.90%
Pinnacle West Capital	Utilities	\$123,810	2.8%	15.02%	4.48	13.49	5.09%	6.50%
Lender Processing Svcs Inc	Information Technology	\$109,659	2.5%	8.10%	3.15	8.86	1.20%	12.00%
Westar Energy	Utilities	\$104,189	2.4%	13.51%	2.68	13.85	5.12%	9.55%
Oge Energy Corp	Utilities	\$103,662	2.4%	10.12%	3.88	13.07	3.64%	5.00%
Mfa Financial Inc	Financials	\$103,005	2.4%	5.77%	2.14	8.03	9.96%	2.00%
Hcc Insurance Holdings	Financials	\$101,751	2.3%	5.94%	3.00	8.93	2.22%	7.50%
Endo Pharmaceuticals Hldgs I	Health Care	\$89,748	2.0%	51.97%	3.86	9.16	0.00%	9.00%
Ralcorp Hldgs Inc New	Consumer Staples	\$81,872	1.9%	6.58%	3.21	10.91	0.00%	7.50%

**10 Best Performers**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Endo Pharmaceuticals Hldgs I	Health Care	\$89,748	2.0%	51.97%	3.86	9.16	0.00%	9.00%
Unisys Corp	Information Technology	\$36,270	0.8%	49.80%	1.18	10.15	0.00%	8.00%
Joy Global	Industrials	\$35,160	0.8%	40.47%	7.24	14.93	1.00%	12.85%
Clearwater Paper Corp	Materials	\$45,648	1.0%	38.24%	0.87	14.17	0.00%	15.00%
Cb Richard Ellis Group Inc Cl A	Financials	\$29,248	0.7%	34.31%	5.88	20.77	0.00%	12.00%
Mgic Investment	Financials	\$26,767	0.6%	33.96%	1.85	(14.89)	0.00%	5.00%
Chart Inds Inc Com	Industrials	\$34,612	0.8%	30.80%	0.58	15.54	0.00%	15.00%
Valeant Pharmaceuticals Intl	Health Care	\$50,100	1.1%	30.73%	6.79	24.32	1.50%	5.00%
Geoeeye Inc	Industrials	\$24,288	0.6%	28.35%	0.89	19.94	0.00%	12.12%
Cms Energy Corp Common	Utilities	\$136,952	3.1%	24.14%	4.14	12.69	3.33%	6.00%

**10 Worst Performers**

Stock	Sector	Ending Market Value	Percent of Portfolio	Qtrly Return	Market Capital	Price/Forecasted Earnings Ratio	Dividend Yield	Forecasted Growth in Earnings
Amedisys	Health Care	\$27,751	0.6%	(46.19)%	0.68	6.09	0.00%	13.50%
Global Cash Access Hldgs Inc	Information Technology	\$9,384	0.2%	(42.23)%	0.27	6.28	0.00%	12.00%
Corinthian Colleges Inc	Consumer Discretionary	\$20,358	0.5%	(28.38)%	0.62	5.48	0.00%	10.00%
Aeropostale	Consumer Discretionary	\$55,800	1.3%	(18.73)%	2.17	8.39	0.00%	11.60%
Buckle Inc	Consumer Discretionary	\$45,118	1.0%	(17.66)%	1.24	10.25	3.01%	10.00%
Net 1 Ueps Technologies Inc	Information Technology	\$25,432	0.6%	(13.83)%	0.52	7.41	0.00%	15.00%
Orion Marine Group Inc	Industrials	\$38,471	0.9%	(12.61)%	0.33	10.79	0.00%	20.00%
Oshkosh Corp	Industrials	\$66,000	1.5%	(12.08)%	2.47	7.99	0.00%	12.50%
Comtech Telecom.	Information Technology	\$46,495	1.1%	(8.62)%	0.78	14.70	3.66%	35.00%
Mantech Int'l Corp A	Information Technology	\$43,560	1.0%	(7.56)%	0.91	10.76	0.00%	10.00%

# GOLDMAN SACHS ASSET MANAGEMENT PERIOD ENDED SEPTEMBER 30, 2010



## Investment Philosophy

GSAM's Core Plus investment philosophy is to actively manage portfolios within a risk-controlled framework. Their investment approach combines long-term strategic investment tilts with short term tactical trading opportunities.

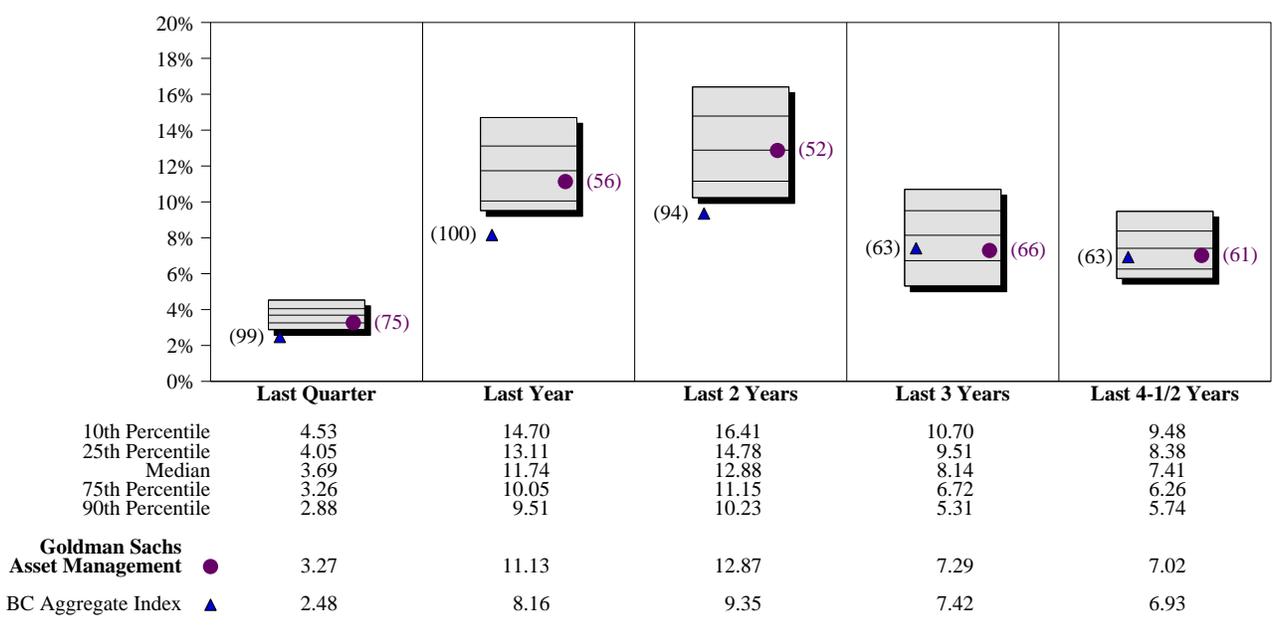
## Quarterly Summary and Highlights

- Goldman Sachs Asset Management's portfolio posted a 3.27% return for the quarter placing it in the 75 percentile of the CAI Core Bond Plus Style group for the quarter and in the 56 percentile for the last year.
- Goldman Sachs Asset Management's portfolio outperformed the BC Aggregate Index by 0.79% for the quarter and outperformed the BC Aggregate Index for the year by 2.97%.

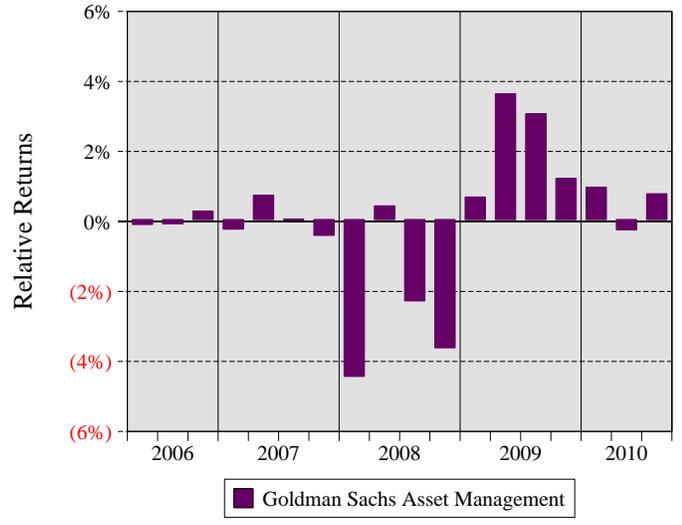
## Quarterly Asset Growth

Beginning Market Value	\$18,253,722
Net New Investment	\$-750,000
Investment Gains/(Losses)	\$588,317
Ending Market Value	\$18,092,039

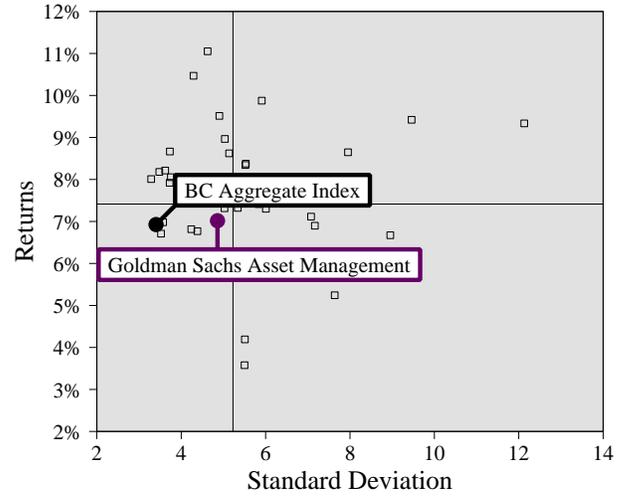
## Performance vs CAI Core Bond Plus Style (Gross)



## Relative Return vs BC Aggregate Index



## CAI Core Bond Plus Style (Gross) Annualized Four and One-Half Year Risk vs Return



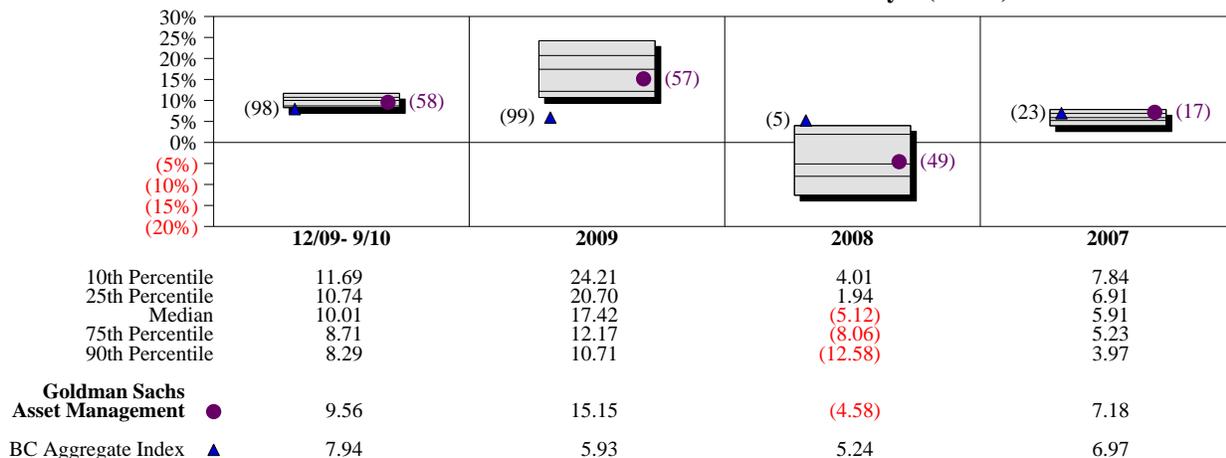
# GOLDMAN SACHS ASSET MANAGEMENT RETURN ANALYSIS SUMMARY



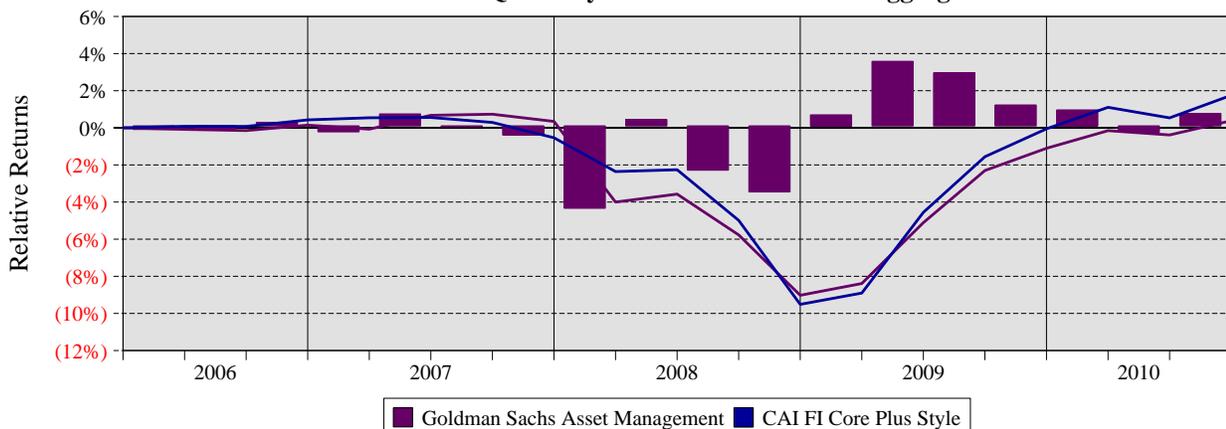
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

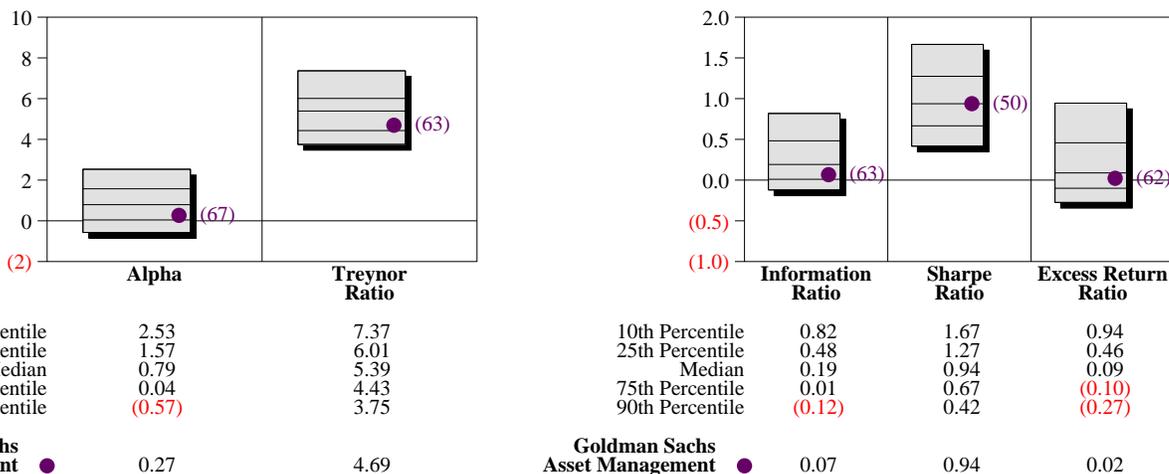
### Performance vs CAI Core Bond Plus Style (Gross)



### Cumulative and Quarterly Relative Return vs BC Aggregate Index



### Risk Adjusted Return Measures vs BC Aggregate Index Rankings Against CAI Core Bond Plus Style (Gross) Four and One-Half Years Ended September 30, 2010



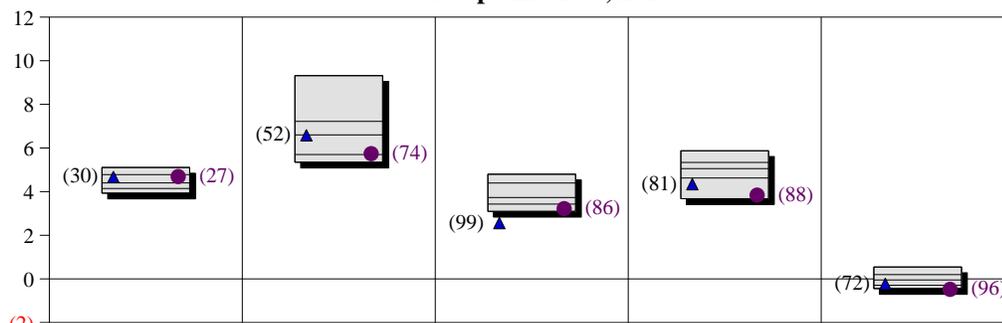
# GOLDMAN SACHS ASSET MANAGEMENT BOND CHARACTERISTICS ANALYSIS SUMMARY



## Portfolio Characteristics

This graph compares the manager's portfolio characteristics with the range of characteristics for the portfolios which make up the manager's style group. This analysis illustrates whether the manager's current holdings are consistent with other managers employing the same style.

### Fixed-Income Portfolio Characteristics Rankings Against CAI Core Bond Plus Style as of September 30, 2010

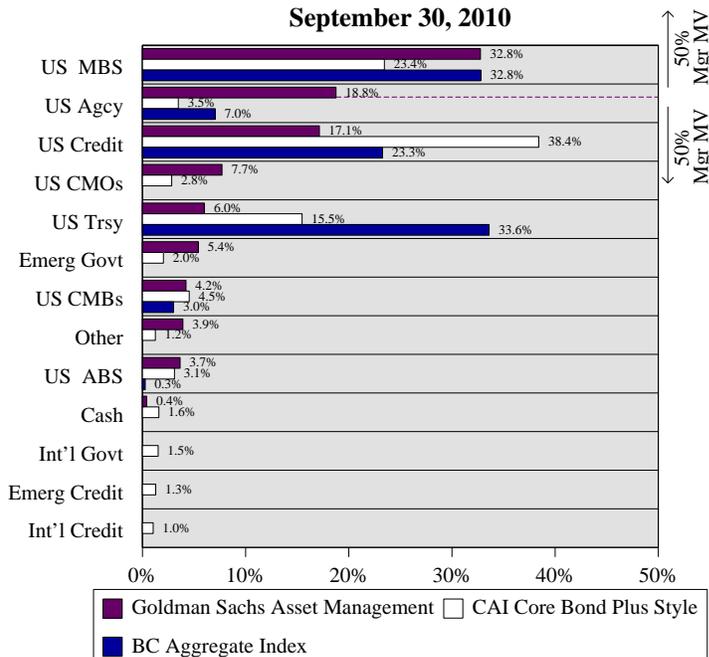


	Duration	Average Life	Effective Yield	Coupon Rate	OA Convexity
10th Percentile	5.11	9.32	4.80	5.87	0.55
25th Percentile	4.78	7.22	4.39	5.34	0.20
Median	4.40	6.60	3.73	5.06	(0.05)
75th Percentile	4.14	5.70	3.43	4.63	(0.29)
90th Percentile	3.93	5.35	3.09	3.68	(0.45)
<b>Goldman Sachs Asset Management</b> ●	4.69	5.74	3.22	3.84	(0.48)
BC Aggregate Index ▲	4.67	6.58	2.56	4.34	(0.23)

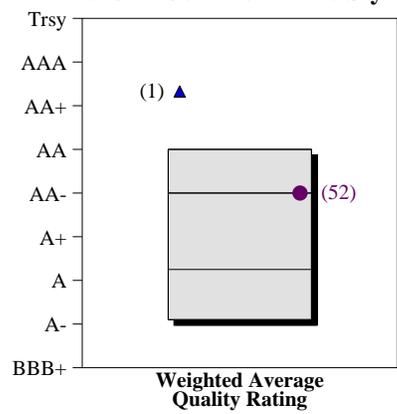
## Sector Allocation and Quality Ratings

The first graph compares the manager's sector allocation with the average allocation across all the members of the manager's style. The second graph compares the manager's weighted average quality rating with the range of quality ratings for the style.

### Sector Allocation September 30, 2010



### Quality Ratings vs CAI Core Bond Plus Style



10th Percentile	AA
25th Percentile	AA-
Median	AA-
75th Percentile	A
90th Percentile	A-
<b>Goldman Sachs Asset Management</b> ●	AA-
BC Aggregate Index ▲	AA+

# MESIROW ABSOLUTE RETURN PERIOD ENDED SEPTEMBER 30, 2010



## Investment Philosophy

Mesirow's approach to hedge fund investing is to use a balance between quantitative and qualitative measures to create products that provide consistent returns in various environments. In addition, they have focused their business on a discrete group of fundamentally-based strategies in order to exploit their expertise in analyzing managers and portfolio risks, and to ultimately identify and select those managers and strategies that give the fund-of-hedge-fund products the best opportunity for consistent performance.

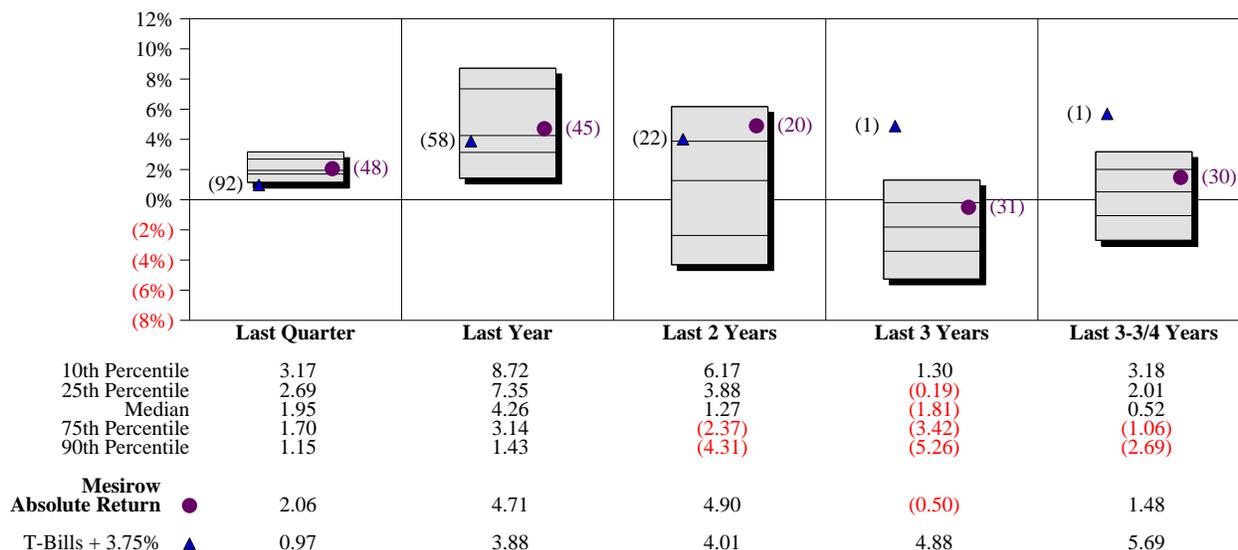
## Quarterly Summary and Highlights

- Mesirow Absolute Return's portfolio posted a 2.06% return for the quarter placing it in the 48 percentile of the Absolute Return Hedge FoFs Style group for the quarter and in the 45 percentile for the last year.
- Mesirow Absolute Return's portfolio outperformed the T-Bills + 3.75% by 1.08% for the quarter and outperformed the T-Bills + 3.75% for the year by 0.83%.

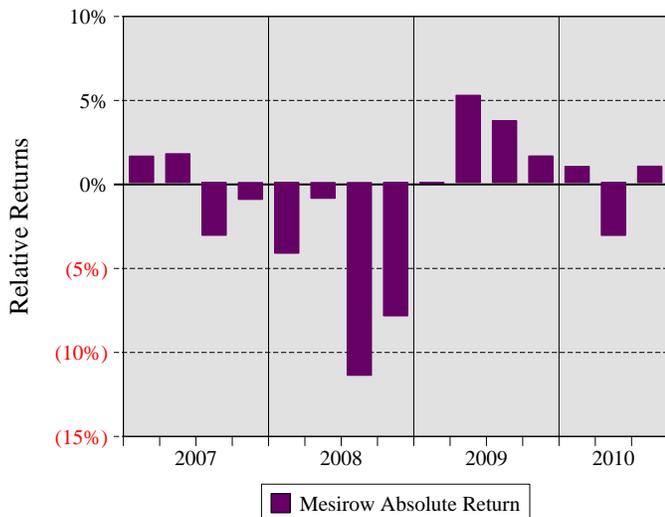
## Quarterly Asset Growth

Beginning Market Value	\$7,246,208
Net New Investment	\$0
Investment Gains/(Losses)	\$149,089
Ending Market Value	\$7,395,297

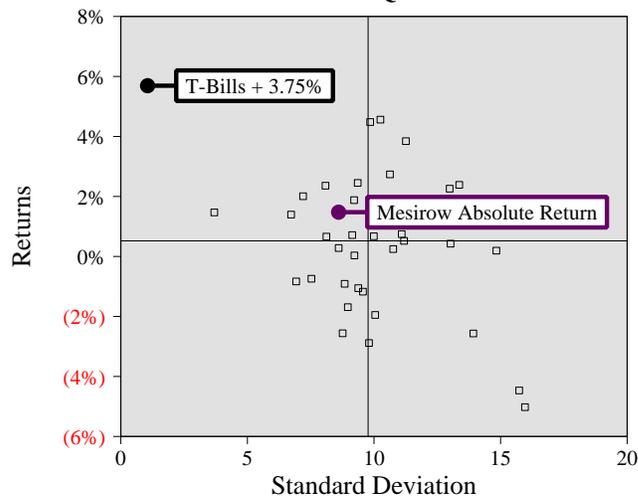
## Performance vs Absolute Return Hedge FoFs Style (Net)



## Relative Return vs T-Bills + 3.75%



## Absolute Return Hedge FoFs Style (Net) Annualized Three and Three-Quarter Year Risk vs Return



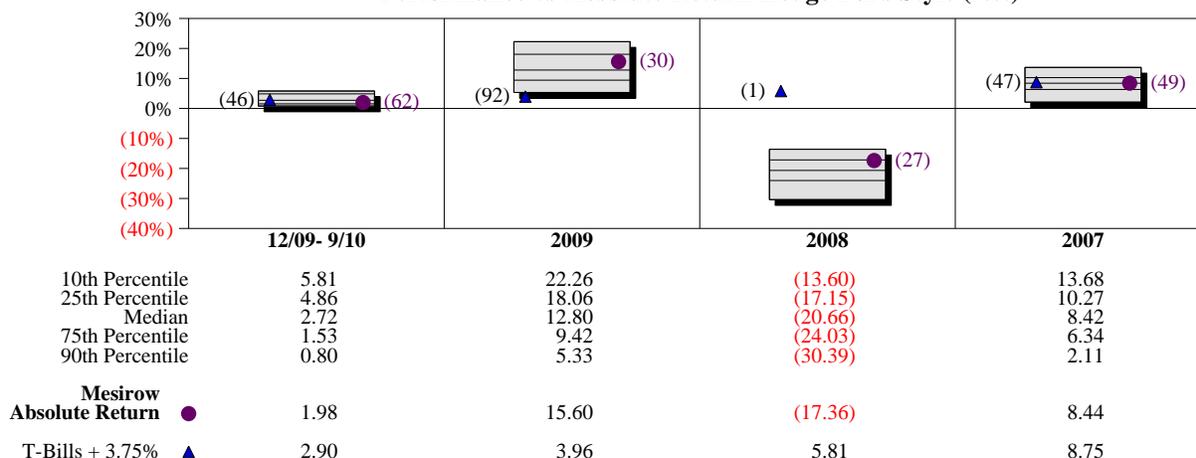
# MESIROW ABSOLUTE RETURN RETURN ANALYSIS SUMMARY



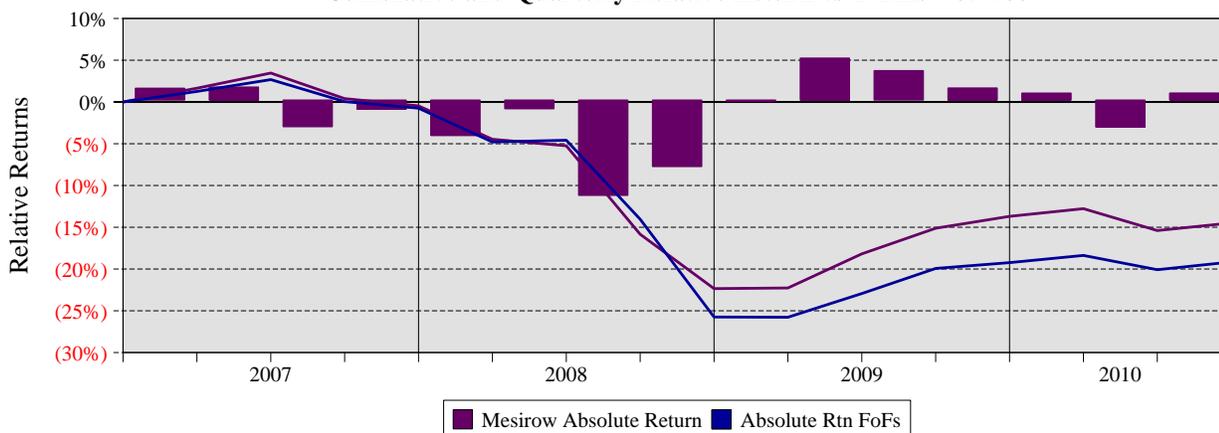
## Return Analysis

The graphs below analyze the manager's return on both a risk-adjusted and unadjusted basis. The first chart illustrates the manager's ranking over different periods versus the appropriate style group. The second chart shows the historical quarterly and cumulative manager returns versus the appropriate market benchmark. The last two charts illustrate the manager's ranking relative to their style using various risk-adjusted return measures.

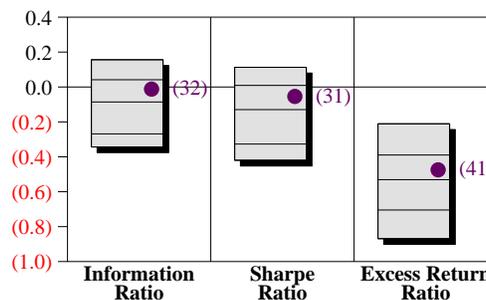
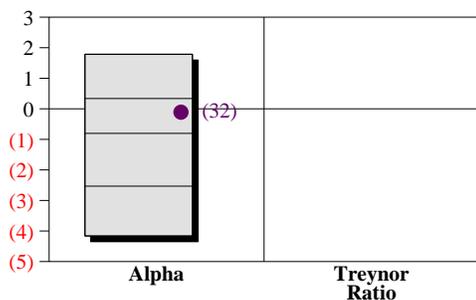
### Performance vs Absolute Return Hedge FoFs Style (Net)



### Cumulative and Quarterly Relative Return vs T-Bills + 3.75%



### Risk Adjusted Return Measures vs T-Bills + 3.75% Rankings Against Absolute Return Hedge FoFs Style (Net) Three and Three-Quarter Years Ended September 30, 2010



	Alpha	Treynor Ratio	Information Ratio	Sharpe Ratio	Excess Return Ratio
10th Percentile	1.79	-	0.16	0.11	(0.21)
25th Percentile	0.34	-	0.04	0.01	(0.39)
Median	(0.80)	-	(0.09)	(0.13)	(0.53)
75th Percentile	(2.53)	-	(0.27)	(0.33)	(0.70)
90th Percentile	(4.16)	-	(0.34)	(0.42)	(0.87)
<b>Mesirow Absolute Return</b>	(0.11)	-	(0.01)	(0.05)	(0.47)



## EQUITY MARKET INDICATORS

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The market indicators included in this report are regarded as measures of equity or fixed-income performance results. The returns shown reflect both income and capital appreciation.

**Russell 1000 Index** is composed of the top 1000 domestic equities, representing 88% of the U.S. equity market capitalization.

**Russell 2500 Growth Index** measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 2500 Value Index** measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 3000 Index** is a composite of 3,000 of the largest U.S. companies by market capitalization. The smallest company's market capitalization is roughly \$20 million and the largest is \$72.5 billion. The index is capitalization-weighted.

**Standard & Poor's 500 Index** is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index is capitalization-weighted, with each stock weighted by its proportion of the total market value of all 500 issues. Thus, larger companies have a greater effect on the index.

## INTERNATIONAL EQUITY MARKET INDICATORS

The market indicators included in this report are regarded as measures of equity or fixed-income performance results. The returns shown reflect both income and capital appreciation.

**Morgan Stanley Capital International (MSCI) EAFE Index** is composed of approximately 1000 equity securities representing the stock exchanges of Europe, Australia, New Zealand and the Far East. The index is capitalization-weighted and is expressed in terms of U.S. dollars.

## FIXED-INCOME MARKET INDICATORS

The market indicators included in this report are regarded as measures of equity or fixed-income performance results. The returns shown reflect both income and capital appreciation.

**Barclays Capital Aggregate Bond Index** is a combination of the Mortgage Backed Securities Index and the intermediate and long-term components of the Government/Credit Bond Index.

In order to provide comparative investment results for use in evaluating a fund's performance, Callan Associates gathers rate of return data from investment managers. These data are then grouped by type of assets managed and by the type of investment manager. Except for mutual funds, the results are for tax-exempt fund assets. The databases, excluding mutual funds, represent investment managers who handle over 80% of all tax-exempt fund assets.

## EQUITY FUNDS

Equity funds concentrate their investments in common stocks and convertible securities. The funds included maintain well-diversified portfolios.

**Core Managers** whose portfolio holdings and characteristics are similar to that of the broader developed market as represented by the MSCI EAFE Index, with the objective of adding value over and above the index, typically from country, sector, or issue selection. The Core portfolio is broadly diversified and exhibits similar risk characteristics to the developed market as measured by low residual risk with Beta and R-Squared values close to 1.00 and combined growth and value z-score values close to 0. Exposure to emerging markets and smaller capitalization stocks is limited.

**Small/Mid Cap (Growth)** - Managers who invest in small to medium cap companies that are expected to have above average prospects for long-term growth in earnings and profitability.

**Small/Mid Cap (Value)** - Managers who invest in small to medium cap companies that are believed to be currently undervalued in the general market. The companies are expected to have a near-term earnings rebound and eventual realization of expected value.

**Stock Based Enhanced Indexing** - Managers who use a stock-based strategy to look at securities based on earnings, assets, projected growth, and other valuation measures. Then using various diversification techniques, explicitly or implicitly minimize sector risk relative to the S&P 500 benchmark while attempting to add value through stock selection.

## FIXED-INCOME FUNDS

Fixed-Income funds concentrate their investments in bonds, preferred stocks, and money market securities. The funds included maintain well-diversified portfolios.

**Core Bond** - Managers who construct portfolios to approximate the investment results of the Barclays Capital Government/Credit Bond Index or the Barclays Capital Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector and/or issue selection.

**Core Plus Bond** - Active managers whose objective is to add value by tactically allocating significant portions of their portfolios among non-benchmark sectors while maintaining majority exposure similar to the broad market.





## RESEARCH AND UPCOMING PROGRAMS

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Below is a list of recent Callan Institute research and upcoming programs. The Institute's research and educational programs keep clients updated on the latest trends in the investment industry and help clients learn through carefully structured workshops and lectures. For more information, please contact your Callan Consultant or Gina Falsetto at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).

### White Papers

**Lifetime Retirement Income Solutions**

Lori Lucas, CFA

**Fixed Income Benchmark Review: Year-Ended March 31, 2010**

Anna West

**The Next DC Frontier: An Outcomes-Based Approach to DC Plan Design**

Lori Lucas, CFA

**The Recovery Across All Asset Classes**

Reprinted with permission from PREA Quarterly, Spring 2010

Jay Kloepfer

### Publications

**DC Observer and Callan DC Index™** – 2nd Quarter 2010

**Hedge Fund Monitor** – 2nd Quarter 2010

**Capital Market Review** – 3rd Quarter 2010

**Quarterly Performance Data** – 3rd Quarter 2010

**Private Markets Trends** – Summer 2010

### Surveys

**2010 Alternatives Survey** - coming soon!

**2010 DC Trends Survey** – January 2010

**How Investment Managers Survived the Market Collapse** – October 2009

**2009 Investment Management Fee Survey** – September 2009



## RESEARCH AND UPCOMING PROGRAMS

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(continued)

### Event Summaries and Presentations

**Summary: 2010 Regional Breakfast Workshop** - June 2010

“The Risk Locker - Strategies to Diffuse Risk”

**Presentation: 2010 Regional Breakfast Workshop** - June 2010

“The Risk Locker - Strategies to Diffuse Risk”

**Summary: The 30th Annual National Conference** – February 2010

Featuring: The Capital Markets Panel, T.R. Reid, Warren Hellman,  
Laura D’Andrea Tyson and workshops on DC, alternatives and inflation

### Upcoming Educational Programs

**The 31st Annual National Conference**

**January 31 - February 2, 2011 in San Francisco**

Speakers include: Henry M. Paulson, Fareed Zakaria, Joshua Cooper Ramo,  
and Dan Ariely

Workshops on: defined contribution, portfolio structure, and real assets

Details will be sent to you via email and U.S. Mail in October.

**If you have any questions regarding these programs,  
please contact Ray Combs at 415.974.5060 or [institute@callan.com](mailto:institute@callan.com).**

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The Callan Investments Institute, the educational division of Callan Associates Inc., has been a leading educational forum for the pensions and investments industry since 1980. The Institute offers continuing education on key issues confronting plan sponsors and investment managers.

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)



# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

THIRD QUARTER 2010

## EDUCATIONAL SESSIONS

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### **An Introduction to Investments**

**April and October in San Francisco**

This two-day session is designed for individuals who have less than two years' experience with institutional asset management oversight and/or support responsibilities. It will familiarize fund sponsor trustees and staff with basic investment theory, terminology, and practices. Participants in the introductory session will gain a basic understanding of the different types of institutional funds, including a description of their objectives and investment program structures.

### **Advanced Investment Topics**

**July in Chicago**

This program is designed for individuals who have more than two years' experience and provides attendees with a complete and thorough overview of prudent investment practices for both trustee-directed and participant-directed funds. This session is beneficial to anyone involved in the investment management process, including: trustees and staff members of public, endowment & foundation, corporate, and Taft-Hartley retirement funds; representatives of family trusts; and investment management professionals.

### **Session on Real Estate**

**2011 Dates TBD**

Callan Associates will share its expertise through an educational program designed to advance the participants' knowledge, understanding and comfort with real estate investing. Callan's real estate specialists have extensive knowledge and experience and will provide insights relating to institutional demand, product availability, program design, implementation, regulatory outlook, trends and best practices.



# THE CENTER FOR INVESTMENT TRAINING ("CALLAN COLLEGE")

THIRD QUARTER 2010

## EDUCATIONAL SESSIONS

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(continued)

### **Customized Sessions**

A unique feature of the "Callan College" is its ability to educate on a specialized level through its customized sessions. Whether you are a plan sponsor or you provide services to institutional tax-exempt plans, we are equipped to tailor the curriculum to meet the training and educational needs of your organization and bring the program to your venue. Instruction can be tailored to be basic or advanced.

**For more information on the "Callan College," please contact Kathleen Cunnie, Manager, at 415.274.3029 or [college@callan.com](mailto:college@callan.com).**

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The Center for Investment Training ("Callan College") provides relevant and practical educational opportunities to all professionals engaged in the investment decision making process. This educational forum offers basic-to-intermediate level instruction on all components of the investment management process

101 California Street, Suite 3500, San Francisco, California 94111, 415.974.5060, [www.callan.com](http://www.callan.com)

**Callan Associates • Knowledge for Investors**



## Confidential – For Callan Client Use Only

Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 09/30/10, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

Fund sponsor clients may request a copy of this list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by the managers employed by their fund. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

Manager Name	Educational Services	Consulting Services
1607 Capital Partners, LLC		Y
Aberdeen Asset Management		Y
Acadian Asset Management, Inc.	Y	
AllianceBernstein	Y	
Allianz Global Investors Capital		Y
American Century Investment Management	Y	
Analytic Investors	Y	
AQR Capital Management	Y	
Artio Global Management (fka. Julius Baer)	Y	Y
Atalanta Sosnoff Capital, LLC	Y	
Atlanta Capital Management Co., L.L.C.	Y	Y
Aviva Investors North America	Y	
AXA Rosenberg Investment Management	Y	
Babson Capital Management LLC	Y	
Baillie Gifford International LLC	Y	
Baird Advisors	Y	Y
Bank of America		Y
Bank of Ireland Asset Management	Y	
Baring Asset Management	Y	
Barrow, Hanley, Mewhinney & Strauss, Inc.		Y
Batterymarch Financial Management, Inc.	Y	
BlackRock		Y
Boston Company Asset Management, LLC (The)	Y	Y
BNY Mellon Asset Management	Y	
Brandes Investment Partners, L.P.	Y	Y
Brandywine Global Investment Management, LLC	Y	
Brown Brothers Harriman & Company	Y	
Cadence Capital Management	Y	
Calamos Advisors	Y	
Capital Group Companies (The)	Y	
CastleArk Management, LLC		Y
Causeway Capital Management	Y	
Chartwell Investment Partners	Y	
ClearBridge Advisors	Y	
Colony Realty	Y	
Columbia Management Investment Advisors, LLC	Y	Y
Columbus Circle Investors	Y	Y
Cramer Rosenthal McGivern, LLC	Y	
Crestline Investors		Y
Davis Advisors	Y	
DB Advisors	Y	Y
DDJ Capital Management	Y	
DE Shaw Investment Management, L.L.C.	Y	
Delaware Investments	Y	Y
DePrince, Race & Zollo, Inc.		Y
Diamond Hill Investments	Y	
DSM Capital Partners		Y
Eagle Asset Management, Inc.		Y
EARNEST Partners, LLC	Y	
Eaton Vance Management	Y	Y
Entrust Capital Inc.	Y	
Epoch Investment Partners	Y	
Favez Sarofim & Company	Y	Y
Federated Investors		Y

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Manager Name	Educational Services	Consulting Services
Fiduciary Asset Management Company (FAMCO)	Y	
First Eagle Investment Management	Y	
Franklin Templeton	Y	Y
Fred Alger Management Co., Inc.	Y	Y
GAM (USA) Inc.	Y	
GE Asset Management	Y	Y
GLG Partners Corp.	Y	
Goldman Sachs Asset Management	Y	Y
Grand-Jean Capital Management		Y
Grantham, Mavo, Van Otterloo & Co., LLC	Y	
Great Lakes Advisors, Inc.		Y
Guqaenheim Partners	Y	
Harris Associates	Y	
Harris Investment Management, Inc.	Y	
Hartford Investment Management Co.	Y	Y
Henderson Global Investors	Y	
Hennessy Funds	Y	
Hermes Investment Management (North America) Ltd.	Y	
HSBC Investments (USA) Inc.		Y
Income Research & Management	Y	
ING Investment Management	Y	Y
INVESCO	Y	Y
Institutional Capital LLC	Y	
Janus Capital Group (fka Janus Capital Management, LLC)	Y	Y
Jensen Investment Management		Y
J.P. Morgan Asset Management	Y	
Knightbridge Asset Management, LLC		Y
Lazard Asset Management	Y	Y
Lee Munder Capital Group	Y	Y
Liquid Realty	Y	
Loain Circle		Y
Loomis, Savles & Company, L.P.	Y	Y
Lord Abbett & Company	Y	
Los Angeles Capital Management	Y	
LSV Asset Management	Y	
MacKay Shields LLC	Y	Y
Madison Square Investors	Y	
Marvin & Palmer Associates, Inc.	Y	
Mawer Investment Management	Y	
Mellon Capital Management (fka, Franklin Portfolio Assoc.)	Y	
Mellon Transition Management & BNY Mellon Beta Management	Y	
Metropolitan Life Insurance Company		Y
Metropolitan West Capital Management, LLC		Y
MFC Global Investment Management (U.S.) LLC	Y	
MFS Investment Management	Y	Y
Moodv Aldrich Partners	Y	
Mondrian Investment Partners Limited	Y	Y
Montaq & Caldwell, Inc.	Y	Y
Morgan Stanley Investment Management	Y	Y
Newton Capital Management	Y	
Neuberger Berman, LLC (fka, Lehman Brothers)	Y	Y
Nomura Asset Management U.S.A., Inc.	Y	
Northern Lights Capital Group		Y
Northern Trust Global Investment Services	Y	Y

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Callan Associates takes its fiduciary and disclosure responsibilities to clients very seriously. The list below is compiled and updated quarterly because we believe our fund sponsor clients should have a clear understanding of the investment management organizations that do business with our firm. As of 09/30/10, Callan provided educational, consulting, software, database, or reporting services to this list of managers through one or more of the following business units: Institutional Consulting Group, Independent Adviser Group, Fund Sponsor Consulting, the Callan Investments Institute and the "Callan College." Per strict policy these manager relationships do not affect the outcome or process by which any of Callan's services are conducted.

Fund sponsor clients may request a copy of this list at any time. Fund sponsor clients may also request specific information regarding the fees paid to Callan by the managers employed by their fund. Per company policy, information requests regarding fees are handled exclusively by Callan's Compliance Department.

Clients should also be aware that Callan maintains an asset management division, the Trust Advisory Group (TAG). TAG specializes in the design, implementation and on-going management of multi-manager portfolios for institutional investors. Currently TAG serves as the sponsor and advisor to a multi-manager small cap equity fund and as the non-discretionary adviser to a series of Target Maturity Funds known as the Callan GlidePath® Funds. We are happy to provide clients with more specific information regarding TAG, including detail on the portfolios that it oversees. Per company policy these requests are handled by TAG's Chief Investment Officer.

Manager Name	Educational Services	Consulting Services
Northern Trust Value Investors		Y
Nuveen Investments Institutional Services Group LLC	Y	Y
OFI Institutional Asset Management	Y	
Old Mutual Asset Management	Y	Y
Oppenheimer Capital	Y	
Opus Capital Management	Y	
Pacific Investment Management Company	Y	
Palisades Investment Partners, LLC		Y
PanAqora Asset Management	Y	
Peregrine Capital Management, Inc.		Y
Perkins Investment Management	Y	
Permal Group Inc.	Y	
Philadelphia International Advisors, LP	Y	
PineBridge Investments (formerly AIG)		
Pioneer Investment Management, Inc.	Y	
PNC Capital Advisors (fka Alleqiant Asset Mgmt)	Y	Y
Principal Global Investors	Y	Y
Prisma Capital		Y
Prudential Investment Management, Inc.	Y	Y
Putnam Investments, LLC	Y	Y
Pyramis Global Advisors	Y	
RBC Global Asset Management	Y	
RCM	Y	Y
Rice Hall James & Associates, LLC		Y
Robeco Investment Management	Y	Y
Rothschild Asset Management, Inc.	Y	Y
RREEF	Y	
Schroder Investment Management North America Inc.	Y	Y
Scottish Widows Investment Partnership	Y	
SEI Investments		Y
Smith Group Asset Management	Y	Y
Standard Life Investments	Y	
Standish (fka, Standish Mellon Asset Management)	Y	
State Street Global Advisors	Y	
Sterne Aqee Asset Management		Y
Stone Harbor Investment Partners, L.P.		Y
Stratton Management		Y
Systematic Financial Management	Y	
T. Rowe Price Associates, Inc.	Y	Y
Taplin, Canida & Habacht	Y	
TCW Asset Management Company	Y	
TD Asset Management (USA)	Y	
Thrivent Financial for Lutherans		Y
Thompson, Siegel & Walmsley LLC	Y	
TIAA-CREF		Y
Towle & Co.	Y	
UBP Asset Management LLC	Y	
UBS	Y	Y
Union Bank of California		Y
Victory Capital Management Inc.	Y	Y
Vontobel Asset Management	Y	
Waddell & Reed Asset Management Group	Y	
WEDGE Capital Management		Y
Wellington Management Company, LLP	Y	

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Manager Name	Educational Services	Consulting Services
Wells Capital Management	Y	
West Gate Horizons Advisors, LLC		Y
Western Asset Management Company	Y	
William Blair & Co., Inc.	Y	Y
Zephyr Management	Y	