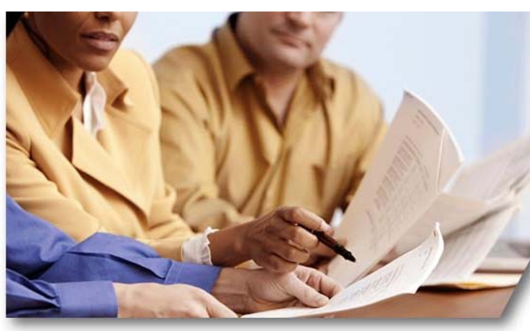
TOWN OF PALM BEACH RETIREMENT SYSTEM

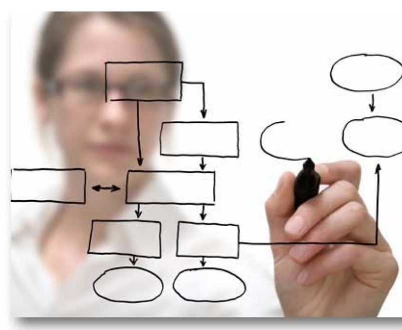
INVESTMENT MANAGER RESEARCH RECOMMENDATION

December 2012

Lawrence H. Marino, CFA
Senior Vice President

Rosemary Guillette
Senior Consultant





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Town of Palm Beach Retirement System
Summary of Investment Manager Research Recommendation

Domestic Equity Managers:

- State Street Global Advisors – S&P 500 Index Fund
  (General: $25.8M; Firefighters: $3.3M; Police: $3.3M)

- Stralem & Company – Large Cap Equity (Recommend to Review)
  We believe there are better alternatives in the large cap space as their team's process and factors are rather rudimentary. As such, we do not believe the strategy is overly innovative or that their fundamental stock research has potential to add significant alpha.
  (Firefighters: $3.2M; Police: $3.5M)

- State Street Global Advisors – S&P Midcap 400 Index Fund
  (Firefighters: $2.3M; Police: $2.1M)

- Thompson, Siegel & Walmsley – SMID Value (Recommend Keep)
  Recommendation based on the philosophy and process developed by CIO Frank Reichel and the adherence the seasoned investment team exhibits to these precepts. The firm appears to be stable and professionally managed and the investors appear to work well together.
  (General: $5.6M)

- Cramer Rosenthal McGlynn – Mid Cap Value (Recommend Keep)
  Recommendation based on the strength and depth of the investment management team and the straightforward appeal of their investment approach. The firm has demonstrated sound business practices with respect to asset growth, capacity constraints, and resource allocation.
  (Firefighters: $1.8M; Police $2.0M)

- Geneva Capital Management – Mid Cap Growth (Recommend Keep)
  Recommendation based on our conviction in the portfolio managers. The strategy's investment approach is intuitively appealing and has been consistently applied.
  (Firefighters: $2.3M; Police: $2.5M)

- Roanoke Asset Management – Small Cap Growth (Not Recommended)
  Recommendation is based on three factors: (1) too many risks at the firm level as firm-wide assets under management have decreased over 50% since their 10-year high in 2003 and have been stagnant over the past few years; (2) key man risk is a viable concern for each of the three full time employees; and (3) the firm's lack of a succession plan.
  (General: $6.0M)

International Equity Managers

- Pyramis Global Advisors – Select International (Recommend Keep)
  Recommendation based on the quality of the Fidelity international research analysts as well as the experience and thoughtful portfolio construction of portfolio manager, Cesar Hernandez.
  (General: $7.0M)

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- Harris Associates – International Value Equity (Recommend Keep)
  Recommendation based on our conviction in portfolio manager, David Herro, who has managed the strategy since inception. We believe that Herro is a passionate investor who clearly articulates Harris' investment philosophy and displays impressive knowledge of the companies held in the portfolio.
  (Firefighters: $4.0M; Police: $4.3M)

- Artisan Partners – Non US Growth Equity (Recommend Keep)
  Recommendation based on our conviction in portfolio manager Mark Yockey's investment acumen and the team's conviction in growth stock investing. The strategy specifically benefits from a nimble investment process by insightful investment professionals.
  (Firefighters: $4.6M; Police: $4.7M)

<u>Fixed Income Managers</u>

- Goldman Sachs Asset Management – US Core Plus (Recommend Keep)
  Recommendation based on the consistent application of GSAM's disciplined investment process. We believe that the quality and depth of GSAM's research effort and the strength of the portfolio construction process differentiate the strategy from its peers.
  (General: $21.4M)

- Vanguard – Total Market ETF
  (Firefighters: $11.2M)

- State Street Global Advisors – US Aggregate Bond Index Fund
  (Police: $8.0M)

- Richmond Capital Management – Core Broad (Recommend Keep)
  Recommendation based on the experience, tenure, and stability of its investment professionals.
  (Police: $4.1M)

<u>Hedge Fund of Funds Managers</u>

- Mesirow Advanced Strategies – Institutional Multi Strategy Fund (Recommend Keep)
  Recommendation based on the firm's portfolio construction and due diligence rigor, strong team tenure, extensive resources dedicated to the hedge fund of funds effort as well as the ability to leverage operational support provided by the overall company.
  (General: $7.0M)

- Archstone Partners – Archstone Offshore Fund and Absolute Return Strategies Fund (Recommend to Review)
  While Archstone has had a longstanding history investing in hedge funds, the portfolio has remained largely unchanged and the fund seems to offer very little in terms of diversification and correlation. The smaller team size and infrastructure may be manageable at the moment, but as the fund grows, this may become an issue. In addition, the smaller size of the risk team is a concern as the markets' evolving complexity has prompted other similar tenured managers to expand and improve upon existing systems, monitoring, and diligence. Finally, the majority ownership of Fred Shuman questions the confidence in the commitment and retention of key employees.
  (Firefighters: $11.0M; Police: $5.1M)

- Forester Capital – Forester Offshore, Ltd (Recommend to Review)
  While Forester has posted solid performance over the long-term and the portfolio is invested in a number of well-known, hard-to-access managers, there are issues related to the investment philosophy as well as the fund structure. Specifically, we view the high concentration with managers from the Tiger Management network as potentially mitigating the diversification a fund of hedge funds is supposed to provide. Furthermore, we view the Long/Short Equity strategy is liquid in nature; therefore, clients should look to evaluate other more liquid investment options given that the Fund offers onerous terms, including annual and three-year lock-ups. Lastly, Trent Carmichael plays a crucial role in management of the portfolio and the firm faces a significant key man risk, as he is the sole portfolio manager.
  (Firefighters: $6.6M; Police: $6.5M)

- Evanston Capital Management – Weatherlow Offshore Fund I, Ltd (Recommend Keep)
  Recommendation based on the experience of the senior investment professionals, the stability of the investment team and the consistency in which they apply their investment strategy are the main positives for the firm. The ownership structure is currently stable with TA Associates owning 49% of the firm but as a private equity fund, TA Realty will likely be looking for an exit strategy within seven years.
  (Police: $5.5M)

<u>Inflation Hedging Alternative</u>

- T. Rowe Price – T. Rowe Price New Era (Recommend Keep)
  Recommendation based on the conviction in the team's investment acumen, the fundamental analysis-based strategy, as well as the experience of the investment team as a whole.
  (Firefighters: $2.4M)

- Gresham Investment Management – Tangible Asset Program (TAP Fund) (Recommend Keep)
  Recommendation based on the strength and stability of the team, the in-depth research that they perform, and the oversight and experience of Dr. Henry Jarecki, founder of the firm and one of the pioneers of commodity futures investing in the US.
  (Firefighters: $2.7M)

- Vanguard – Inflation Protected Securities Fund (Recommend Keep)
  Recommendation based on the Fund manager's conservative approach and extremely low expense ratio, which has resulted in a very competitive product relative to its peers.
  (Police: $2.2M)

- Wellington Management Company – Diversified Inflation Hedge (Recommend Keep)
  Recommendation based on the strength and knowledge of the Asset Allocation team as well as the teams of the underlying components. Wellington offers significant depth and breadth of resources which the Asset Allocation team is able to capitalize on for their inflation hedge program.
  (Police: $4.3M)

<u>Private Equity Alternative</u>

- Landmark Equity Partners XIV, LP (Recommend Keep)
  Recommendation based on the firm's longstanding reputation in the private equity secondary market, 125 years of collective professional secondary investing experience and extensive database of limited

partnership interests, ability to identify market opportunities and perform due diligence, and strong track-record over multiple market cycles and vintage year funds.
(Firefighters: $0.7M; Committed $1.25M; Called: $0.7M; Distributed: $0.2M)

- Private Equity Investments Fund V (Recommend Keep)
  Recommendation based on PEI's consistent investment strategy in a well-defined portion of the secondary market in which it provides customized solutions to sellers. The team is experienced and stable with 110 years of collective experience that maintains a thorough and disciplined investment process with a strong 10-year track-record.
  (Firefighters: $0.9M; Committed: $1.25M; Called: $1.0M; Distributed: $0.3M)

*Note: All market values presented are as of September 30, 2012

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RESEARCH RECOMMENDATION

State Street Global Advisors
S&P 500 Index

Town of Palm Beach General Employees, Firefighters, and Police Retirement System

December 2012



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Firm Description

Established in December 1978, State Street Global Advisors ("SSgA") is a division of State Street Bank and Trust Company, a wholly-owned subsidiary of State Street Corporation, a publicly traded bank holding company (NYSE: STT). Headquartered in Boston, Massachusetts, SSgA employs over 2,400 people, of which over 450 are investment professionals, and has a presence in 18 countries and 26 cities worldwide. In 2011, SSgA completed its acquisition of Bank of Ireland Asset Management, expanding the firm's European client base and enhancing SSgA's range of investment solutions.

In May 2008, Scott Powers was appointed President and Chief Executive Officer of SSgA. Powers leads the Executive Management Group ("EMG"), which is composed of the Global Chief Investment Officer; the Chief Administrative Officer; the Chief Compliance Officer; the Chief Legal Officer; the Chief Risk Officer; the Investment Committee Chair; the Head of Human Resources; the Heads of the North America, Asia Pacific and EMEA businesses; the Global CIO; and, on a rotating basis, two asset class CIOs. The EMG's role is to oversee the Investment Committee, the Product Committee, the Fiduciary Committee, and the Operations/Compliance Committee.

As of September 2012, SSgA managed $2.1 trillion in assets across a wide platform of investment offerings including equity, fixed income, multi-asset class, alternatives, cash fund, and currency management capabilities.

FIRM FACTS

Firm Name	State Street Global Advisors
Firm: Year Firm Founded	1978
Firm: City	Boston
Firm: State/ Province	Massachusetts
Firm: Country	United States
Total AUM ($mm)	$2,064,717
Total Employees	2406
% Employee Owned	0.00%
Firm: Website Address	www.ssga.com

Source: eVestment Alliance

Strategy Facts and Fee Comparison

STRATEGY FACTS

Product Name	S&P 500 Index Strategy
Product: Product Inception Date	01/01/1986
Product: Primary Universe	eA US Passive S&P 500 Equity
Current AUM	$261,262
Current Cash Position	-
Current # of Holdings	499
% Holdings In 10 Largest Stocks	-
Portfolio Turnover (LTM)	-

Source: eVestment Alliance

STRATEGY FEE COMPARISON

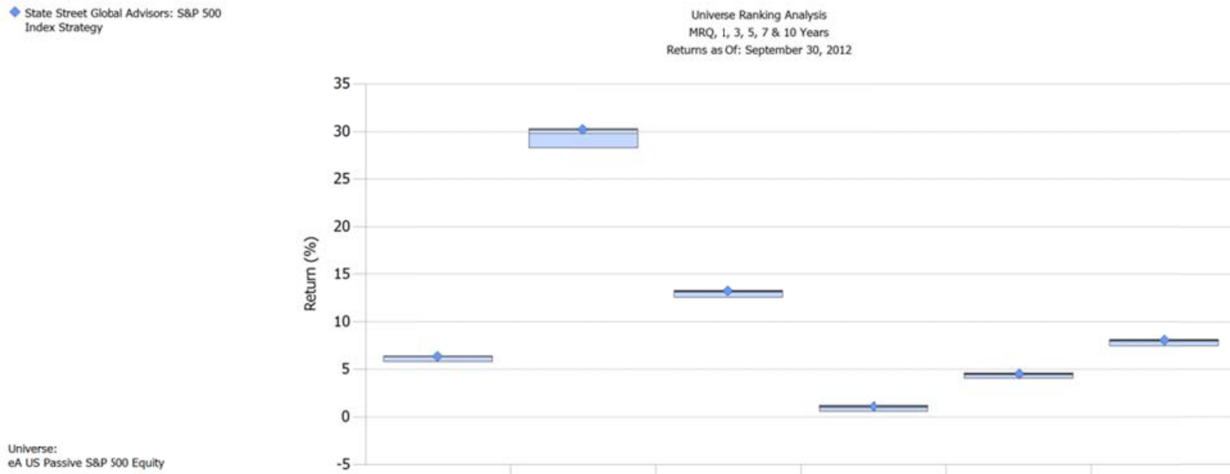
Universe: US Passive S&P 500 Equity
Mandate Size: $33 million

	Annual Separate Account Fees	Annual Separate Account Basis Points	Annual Commingled Fund fees	Annual Commingled Fund Basis Points
Low	$13,200	4.00	$4,950	2.00
5th Percentile	$16,500	5.00	$4,950	2.00
25th Percentile	$23,100	7.00	$16,500	5.00
Median	$33,000	10.00	$18,150	6.00
75th Percentile	$46,400	14.00	$31,575	10.00
95th Percentile	$99,000	30.00	$64,725	20.00
High	$99,000	30.00	$93,000	28.00
# of Observations	21	21	14	14

Product	Annual Separate Account Fees	Annual Separate Account Basis Points	Annual Commingled Fund fees	Annual Commingled Fund Basis Points
S&P 500 Index Strategy	$16,500	5.00	$16,500	5.00

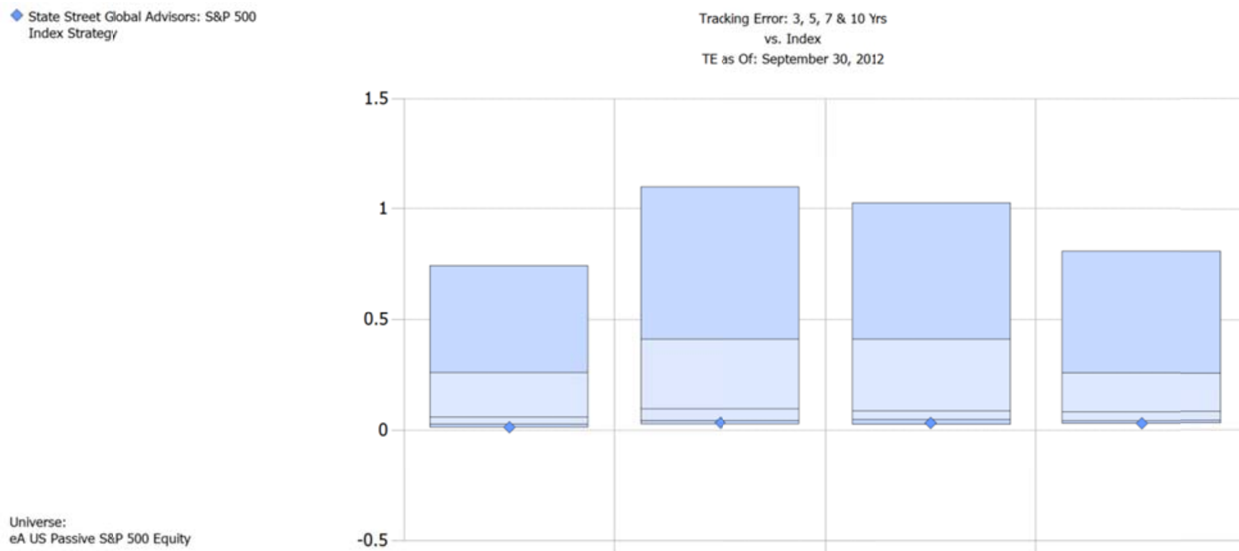
Source: eVestment Alliance

Validation/Performance



	VT	RM	MRQ	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			6.37		30.31		13.32		1.20		4.63		8.13	
25th percentile			6.35		30.20		13.23		1.11		4.55		8.05	
Median			6.34		30.14		13.19		1.08		4.51		8.03	
75th percentile			6.30		29.83		13.10		0.98		4.41		7.94	
95th percentile			5.80		28.28		12.57		0.59		4.06		7.47	
# of Observations			52		52		50		50		50		45	
◆ State Street Global Advisors	SA	GF	6.36	13	30.24	14	13.25	12	1.11	30	4.53	40	8.05	24

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			0.75		1.10		1.03		0.81	
25th percentile			0.26		0.41		0.41		0.26	
Median			0.06		0.10		0.09		0.09	
75th percentile			0.03		0.05		0.05		0.05	
95th percentile			0.02		0.03		0.03		0.03	
# of Observations			50		50		50		45	
◆ State Street Global Advisors	SA	GF	0.02	93	0.04	85	0.03	87	0.03	95

Results displayed in US Dollar (USD) S&P 500

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

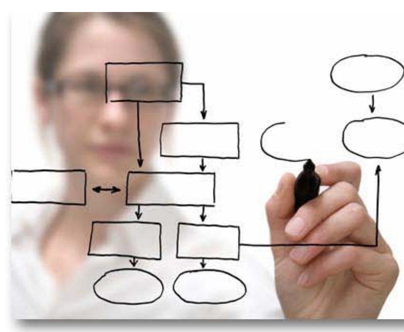
RESEARCH RECOMMENDATION

Stralem & Company

Large Cap Equity

Town of Palm Beach Firefighters and Police Retirement System

December 2012



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Firm Description

Founded in 1966 by Hirschel Abelson, Stralem and Company ("Stralem") is a Registered Investment Advisor based in New York City. Abelson is the President and Chief Investment Officer of the firm. Prior to founding Stralem, Abelson was at Ladenburg, Thalmann where he was a Partner since 1956. The firm was initially 100% equally owned by Abelson and Philippe Baumann, former Executive Vice President, but in November 2006, the firm began distributing shares to three senior members of the firm, Adam Abelson (1998), Philippe Labaune (1997) and Andrea Baumann Lustig (2003), who are regarded as the firm's next generation of management. On February 2012, it was announced that Baumann had passed away and the firm is in the process of buying back his shares. Currently, Abelson remains majority shareholder, holding approximately 60%, however this amount is expected to decrease over time.

Stralem only offers the single Large Cap Equity strategy. As of September 30, 2012, the firm employed 16 employees and had assets under management of approximately $3.6 billion across over 400 accounts, of which nearly 93% were managed in separate accounts.

FIRM FACTS

Firm Name	Stralem & Company Incorporated
Firm: Year Firm Founded	1966
Firm: City	New York
Firm: State/ Province	New York
Firm: Country	United States
Total AUM ($mm)	$3,593
Total Employees	16
% Employee Owned	100.00%
Firm: Website Address	www.stralem.com

Source: eVestment Alliance

Strategy Description

Stralem's Large Cap Equity Strategy (the "Strategy") was launched in January 1967 and is managed by Adam Abelson, senior portfolio manager. Abelson began his investment career at Stralem back in 1998. He is now responsible for directing the research effort of the investment team as well as overseeing the management and implementation of Stralem's proprietary Relative Growth Valuation ("RGV") model. Abelson is supported by Michael Alpert, Edward Cooper and Andrea Baumann Lustig. He is also able to leverage the experience and tenure of Hirschel Abelson and Irene Bergman, both of whom have been with the firm for nearly four decades and have been in the industry for over 50 years. Andrew Eras, Director of Institutional Asset Management, and Philippe LaBaune, Head Trader, also provide investment insight to the Strategy, but operate in different roles within the firm as well.

The Strategy's objective is to generate alpha by having a fundamentally driven, disciplined process that is also quantitatively enhanced. The team's investment philosophy is based on the belief that there are four different market environments in which the economy can operate in: two bull markets and two bear markets. Each of these market environments is characterized by either valuation or momentum drivers. By adapting the portfolio construction process to these various market environments, the team is able to capture and exploit alpha generation in a full market cycle, which typically takes 10-15 years to completely cycle around. The team identifies macro-economic trends that may indicate which market environment the economy is currently in, and then develops these views into investable thematic portfolio trends. These views are reflected in the Strategy through portfolio construction, which is broken down into two sectors and five categories. The two sectors are Up Market Stocks ("UMS") and Down Market Stocks ("DMS"). The UMS are companies that typically capture the upside and participate when markets rise. These stocks can be classified into three categories: New Industries (i.e. market innovators, leaders in current cycle), New Products (i.e. more mature firms with horizontal growth) and Dominant Firms (i.e. increasing market share, leading global brands). On the other hand, DMS companies provide protection and capital preservation when markets are declining, and are categorized into two groups, Low Ratio of Price/Cash Flow (i.e. fundamentally and financially secure) and High Dividend Yield (i.e. increasing dividend above inflation rate).

The investment universe, which is defined by the S&P 500 index, is categorized within these five categories based on the team's investment expertise and judgment. Once the companies are classified, the team will conduct fundamental stock research to identify securities that have consistent long-term earnings growth, high level of earnings purity, strong margins, strong management and leadership in industry. The fundamental research is coupled with Stralem's RGV model, which measures a company's GAAP earnings with its relative price level and outputs a score. The RGV model uses ratios such as EPS Growth and P/E ratio to produce the score. The model is a key component in the team's buy/ sell disciplines as well as a determining factor in sector and category weightings. For instance, if the RGV score is below or at market, the team will not buy the stock because the portfolio would be overpaying for growth. Conversely, the team must sell a stock if the RGV score falls to the market level or a material change to a security occurs that the firm views is detrimental to the security's prospects.

The Strategy typically holds between 28-35 stocks and the composition of the portfolio is a result of the bottom-up stock selection process. Individual positions may not exceed 10%, and holdings of more than 7% are reviewed regularly with an eye toward scaling them back. There are no sector or industry limitations as the team believes the portfolio is a result of bottom-up stock picking. The portfolio looks to remain fully invested; cash is a residual of the investment process and is limited to 5% of the portfolio. As of September 30, 2012, the Large Cap Equity strategy had $3.6 billion in assets under management.

STRATEGY FACTS

Product Name	Large Cap Equity Strategy
Product: Product Inception Date	01/01/1967
Product: Primary Universe	eA US Large Cap Growth Equity
Current AUM	$3,593
Current Cash Position	3.7%
Current # of Holdings	30
% Holdings In 10 Largest Stocks	38%
Portfolio Turnover (LTM)	30%

Source: eVestment Alliance

Advantages and Issues

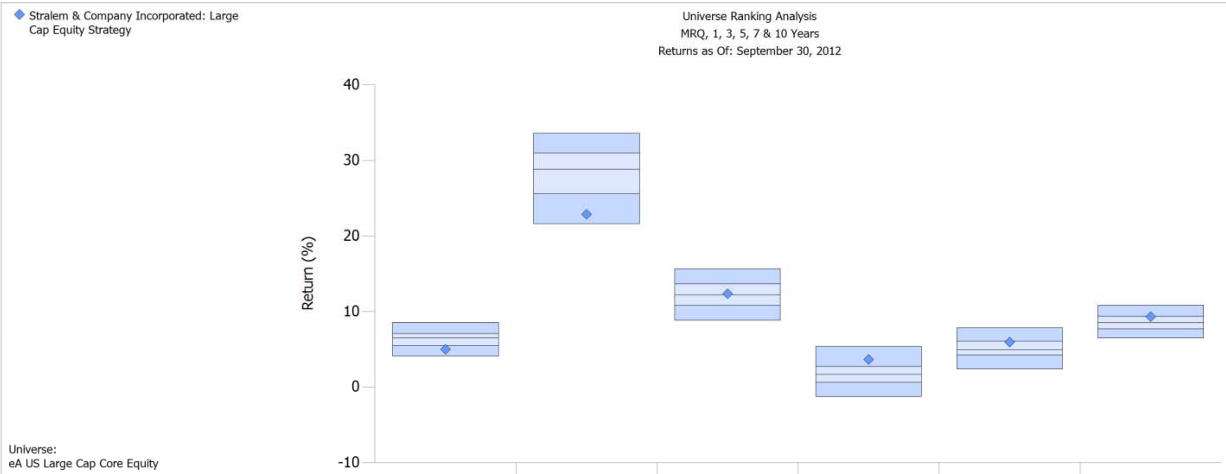
ADVANTAGES

- We believe that Stralem employs talented investors, some of whom have been managing the Large Cap Equity strategy for over three decades. A great deal of the research process is based on their judgment and past investment experience.
- Stralem's investment team has been stable; there have only been two departures from the team since the firm's inception, one of which was a retirement and the other was a death. The team is able to leverage the vast and lengthy investment experience of firm founder, Hirschel Abelson, who has been in the industry since 1956.

ISSUES

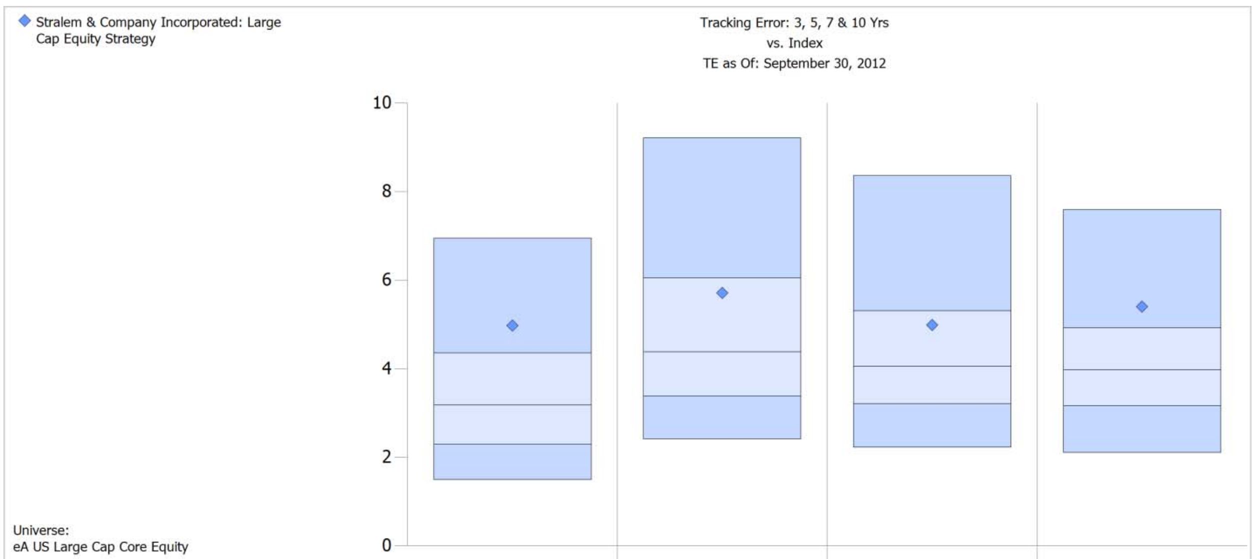
- The majority of the fundamental research that the team performs is through the utilization of publicly available data such as company financial statements and Wall Street research; competitors that have internal research capabilities may hold an information edge.
- The Relative Growth Valuation model that the team uses is rudimentary and has not been changed nor tweaked since it was implemented when the strategy was incepted in the 1960s. Management does not believe a review of the RGV model is warranted because it has worked for them thus far, so no need for an assessment.
- A great deal of the investment process is based on the judgment of the portfolio management team, which could result in returns that vary greatly from the strategy's respective benchmark. The Large Cap Equity strategy outperformed the S&P 500 Index by approximately 10% in 2008 and approximately 7% in 2011; however, it underperformed the index in 2009 (-5% relative), 2010 (-4%), and year-to-date (-7%). Tracking error has been between 3-5% over the past 10 years.
- In our view, the philosophy and process employed by the firm is one that emphasizes market timing; we believe this is a difficult approach to be successful with. The team will analyze GDP/growth rates of various major countries, unemployment rates, company earnings forecasts, etc. and determine which market cycle the economy is operating in. We do not believe the investors at Stralem have demonstrated any superior aptitude that would indicate they are able to take advantage of these top down calls better than its peers.

Validation/Performance



	VT	RM	MRQ	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			8.55		33.59		15.67		5.33		7.83		10.87	
25th percentile			7.08		31.00		13.64		2.69		6.06		9.41	
Median			6.45		28.85		12.23		1.62		4.91		8.52	
75th percentile			5.45		25.57		10.81		0.60		4.20		7.70	
95th percentile			4.03		21.63		8.82		-1.27		2.35		6.46	
# of Observations			346		346		338		318		297		243	
Stralem & Company Incorporated	SA	GF	4.94	83	22.88	91	12.36	46	3.61	14	5.90	29	9.33	27

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			6.95		9.21		8.35		7.59	
25th percentile			4.36		6.05		5.31		4.93	
Median			3.18		4.39		4.05		3.98	
75th percentile			2.29		3.38		3.21		3.17	
95th percentile			1.50		2.41		2.23		2.11	
# of Observations			338		318		297		243	
Stralem & Company Incorporated	SA	GF	4.97	20	5.71	28	4.99	31	5.40	19

Results displayed in US Dollar (USD) S&P 500

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History and Recommendation

HISTORY WITH PLAN

- The relationship between The Town of Palm Beach Retirement System and Stralem's Large Cap Equity strategy began in April 2006. There have been no investment guideline changes since inception of the account. However, in August 2011, Stralem did receive restrictions on stocks doing business in Sudan but this did not impact the portfolio.
- The mandate is a separate account and the fees charged are approximately 78 basis points on the $6.3 million in assets.
- Fee schedule:
  - First $5 million 80 bps
  - Next $20 million 70 bps
  - Remaining balance 50 bps
- Minimum initial investment is $5 million
- No fee minimums

RECOMMENDATION

- We believe there are better alternatives to the Stralem Large Cap Equity Strategy. While the firm possesses some talented investors and have tenure managing the Strategy, we feel that the team's processes and factors are rather rudimentary. As such, we do not believe the Strategy is overly innovative or that their fundamental stock research has the potential to add significant alpha.

RESEARCH RECOMMENDATION

State Street Global Advisors

S&P MidCap 400 Index

Town of Palm Beach Firefighters and Police Retirement System

December 2012

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Firm Description

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In May 2008, Scott Powers was appointed President and Chief Executive Officer of SSgA. Powers leads the Executive Management Group ("EMG"), which is composed of the Global Chief Investment Officer; the Chief Administrative Officer; the Chief Compliance Officer; the Chief Legal Officer; the Chief Risk Officer; the Investment Committee Chair; the Head of Human Resources; the Heads of the North America, Asia Pacific and EMEA businesses; the Global CIO; and, on a rotating basis, two asset class CIOs. The EMG's role is to oversee the Investment Committee, the Product Committee, the Fiduciary Committee, and the Operations/Compliance Committee.

As of September 2012, SSgA managed $2.1 trillion in assets across a wide platform of investment offerings including equity, fixed income, multi-asset class, alternatives, cash fund, and currency management capabilities.

FIRM FACTS

Firm Name	State Street Global Advisors
Firm: Year Firm Founded	1978
Firm: City	Boston
Firm: State/ Province	Massachusetts
Firm: Country	United States
Total AUM ($mm)	$2,064,717
Total Employees	2406
% Employee Owned	0.00%
Firm: Website Address	www.ssga.com

Source: eVestment Alliance

Strategy Facts and Fee Comparison

STRATEGY FACTS

Product Name	S&P 400 MidCap Index Strategy
Product: Product Inception Date	07/01/1991
Product: Primary Universe	eA US Passive Mid Cap Equity
Current AUM	$16,485
Current Cash Position	-
Current # of Holdings	-
% Holdings In 10 Largest Stocks	-
Portfolio Turnover (LTM)	-

Source: eVestment Alliance

STRATEGY FEE COMPARISON

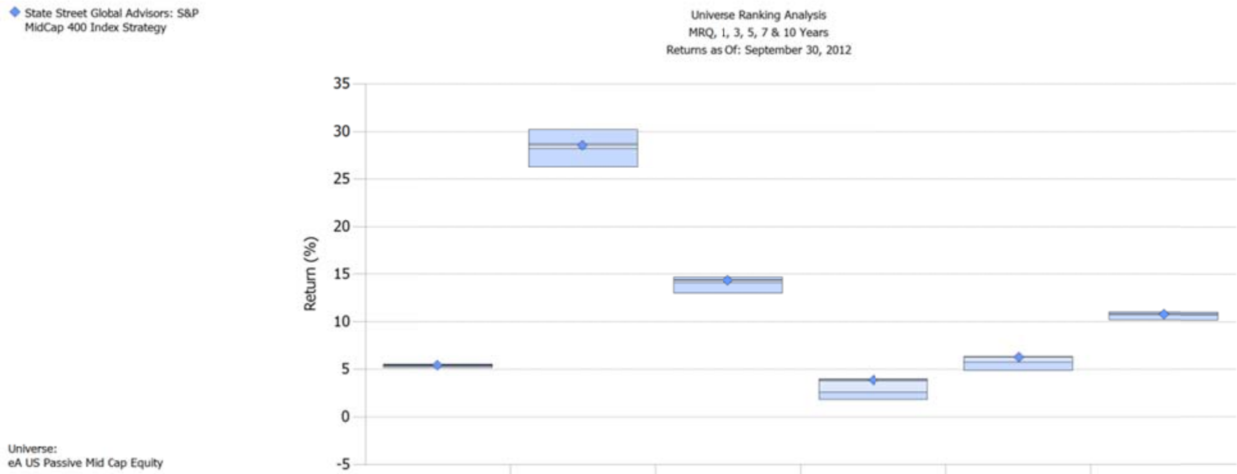
Universe: US Passive S&P 500 Equity
Mandate Size: $4.5 million

	Annual Separate Account Fees	Annual Separate Account Basis Points	Annual Commingled Fund fees	Annual Commingled Fund Basis Points
Low	$2,700	6.00	$2,250	5.00
5th Percentile	$2,700	6.00	$2,250	5.00
25th Percentile	$2,925	6.00	$2,250	5.00
Median	$4,050	9.00	$3,600	8.00
75th Percentile	$4,500	10.00	$3,600	8.00
95th Percentile	$6,188	14.00	$14,400	32.00
High	$6,750	15.00	$17,100	38.00
# of Observations	6	6	5	5

Product	Annual Separate Account Fees	Annual Separate Account Basis Points	Annual Commingled Fund fees	Annual Commingled Fund Basis Points
S&P MidCap 400 Index Strategy	$3,600	8.00	$3,600	8.00

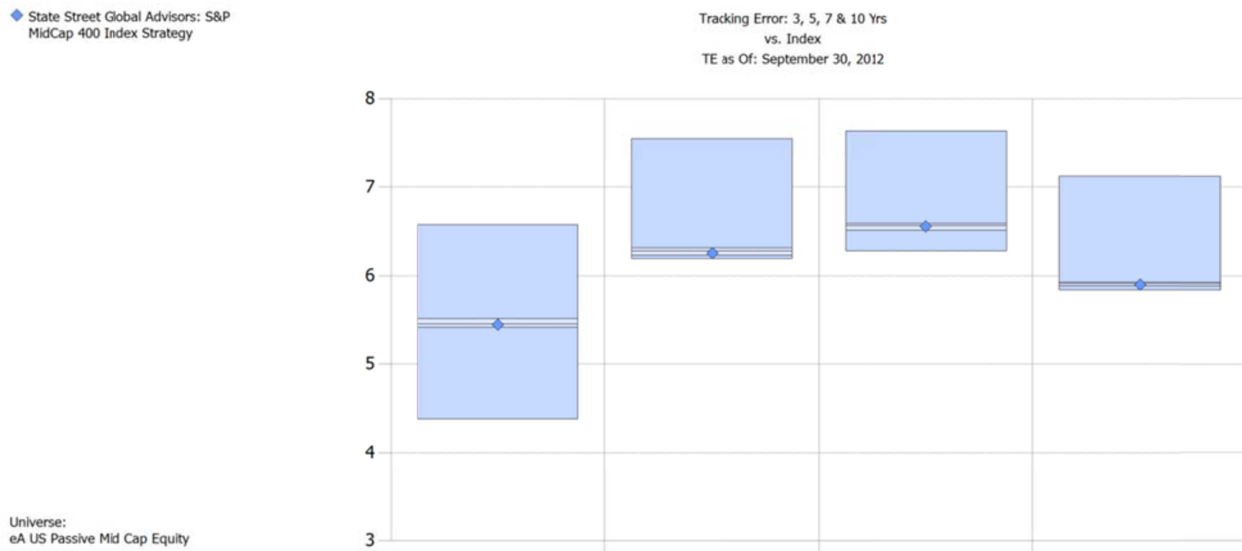
Source: eVestment Alliance

Validation/Performance



	VT	RM	MRQ	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			5.54		30.23		14.71		3.95		6.34		11.04	
25th percentile			5.46		28.74		14.38		3.90		6.31		10.87	
Median			5.42		28.57		14.34		3.80		6.23		10.85	
75th percentile			5.32		28.21		14.08		2.59		5.78		10.74	
95th percentile			5.18		26.27		13.02		1.81		4.87		10.19	
# of Observations			21		21		21		19		18		15	
State Street Global Advisors	SA	GF	5.43	39	28.57	49	14.37	34	3.87	33	6.28	35	10.80	57

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			6.57		7.55		7.64		7.12	
25th percentile			5.51		6.32		6.58		5.93	
Median			5.45		6.28		6.56		5.91	
75th percentile			5.41		6.24		6.50		5.88	
95th percentile			4.38		6.19		6.28		5.84	
# of Observations			21		19		18		15	
State Street Global Advisors	SA	GF	5.44	59	6.26	72	6.55	64	5.90	57

Results displayed in US Dollar (USD) S&P 500

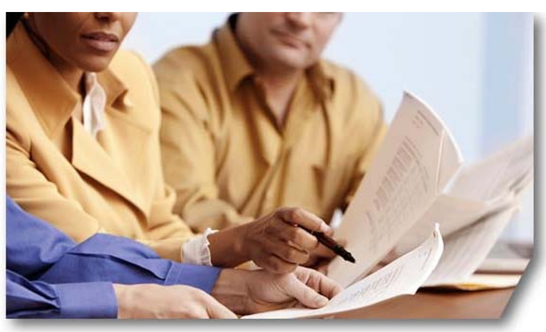
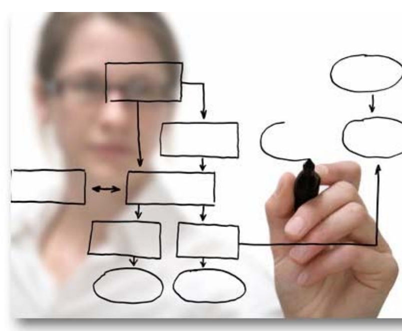
NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

RESEARCH RECOMMENDATION

Thompson, Siegel & Walmsley LLC
Small/Mid (SMID) Cap Value

Town of Palm Beach General Employees Retirement System

December 2012

Segal Rogerscasey

Firm Description

Founded in 1969, Thompson, Siegel & Walmsley LLC ("TSW") is a Registered Investment Advisory based in Richmond, Virginia. In 1985, TSW became an affiliate of United Asset Management ("UAM"). In 2000, UAM was acquired by Old Mutual plc ("Old Mutual"). Currently, TSW is a majority owned subsidiary of Old Mutual (US) Holdings, itself a subsidiary of Old Mutual. TSW employees have a 21.4% equity stake in the firm, with the option to increase their holdings to 24.9% of the firm's shares. The equity is distributed among 27 employee owners, with Frank Reichel (CIO) being the largest shareholder of the firm. The firm employs 67 total associates, 21 of whom are considered investment professionals.

As of September 2012, the firm managed $6.5 billion in assets, including $5.8 billion in equities and $623 million in fixed income. Small Cap and SMID Cap strategies are TSW's two flagship portfolios, with $1.5 billion and $1.3 billion in assets, respectively. Roughly 47% of the firm's assets are managed on behalf of institutional clients, 41% financial intermediary clients, and 12% high net worth clients.

FIRM FACTS

Firm Name	Thompson, Siegel & Walmsley LLC
Firm: Year Firm Founded	1969
Firm: City	Richmond
Firm: State/ Province	Virginia
Firm: Country	United States
Total AUM ($mm)	$6,385
Total Employees	68
% Employee Owned	21.40%
Firm: Website Address	www.tswinvest.com

Source: eVestment Alliance

Strategy Description

Launched in December 2003, the TSW SMID Cap Value strategy has been managed by Brett Hawkins since its inception. Hawkins is supported by Frank Reichel, who also serves as the CIO of the firm and the manager of the TSW Small Cap Value strategy. Hawkins, in turn, supports Reichel on the Small Cap portfolio. Analysts Scott Miller and Roger Porter round out the Small and SMID Cap Value Team at TSW. Average experience on the team is 20 years, with the least experienced analyst having gotten his start in 1998.

The investment philosophy now used across the product lineup at TSW started with the question Reichel asked himself back in the early 1990s: What causes company values to change? TSW believes that investing in inexpensive stocks (as measured by cash flows) experiencing positive changes results in superior returns. The investment process starts with a four-factor screening of the small/mid cap universe, defined by the 3,000 stocks that fall within the market capitalization range of the Russell 2500 Index. The factors include: (i) trailing free cash flow yield; (ii) sector-adjusted price-to-trailing cash flow; (iii) earnings revisions/surprises; and (iv) relative price strength.

Companies that pass through the screen are subjected to fundamental research performed by the investment team. The research, which tends to be secondary in nature, aims to answer three questions: (i) why is the stock inexpensive?; (ii) what is changing?; and (iii) is that change sustainable? Hawkins and Reichel have transitioned much of their primary research coverage to Miller and Porter, but will be involved in the vetting of new ideas. The analysts are not typically called upon to vet each other's recommendations, and weighting decisions are typically decided between the portfolio managers. With large cap, international, and fixed income mandates also managed at TSW, there is some value in firm-wide investment meetings to discuss major trends applicable across all of the teams.

Final portfolios typically hold approximately 85 stocks, with portfolio turnover typically in the 30% to 50% range on a name basis. When the market is volatile, turnover will be closer to 100%, including trimming and adding to existing names. Individual positions are constrained to 5% of the portfolio, though starting positions vary around 1.25%, depending on the volatility expected in a given name (higher volatility, lower weight). Sector weights are constrained to within 10 percentage points of the Russell 2500 Value weights. Relative value best describes the strategy's investment style.

Assets under management in this strategy at the end of September 2012 were $1.3 billion. The product is closed to new investors at this time (confirmed in October 2012).

STRATEGY FACTS

Product Name	TSW Small / Mid (SMID) Cap Value
Product: Product Inception Date	12/31/2003
Product: Primary Universe	eA US Small-Mid Cap Value Equity
Current AUM	1,339.30
Current Cash Position	3.71%
Current # of Holdings	87
% Holdings In 10 Largest Stocks	20.42%
Portfolio Turnover (LTM)	64%

Source: eVestment Alliance

Advantages and Issues

ADVANTAGES

- Reichel introduced the four-factor screening process in the Small Cap Value strategy when he took over the responsibilities for the portfolio in 2000. Upon witnessing the success of the process, TSW adopted it for its other equity products in following years. In our opinion, all investment professionals at TSW have bought into the process and the firm has been very disciplined about adhering to it over time.
- The TSW investment team has been stable. Since 2008, there have been only two departures among the investment professionals: Brian Durand (Analyst, 2008) and Jack Pickler (Large Cap Portfolio Manager, 2011). Neither departure impacted the SMID Cap Value strategy.
- In our opinion, TSW has been disciplined about closing its products once they reach capacity. The Small Cap Value and SMID Value portfolios have been closed to new separate accounts since 2004 and 2005, respectively, with the exception of a six-month window when the products reopened to select new clients in 2009.
- In our opinion, Reichel is the key investor at TSW; Reichel's leadership is integral to the success of this strategy and other TSW portfolios. That said, Hawkins has been implementing this strategy since its inception and can be counted on to apply the tenets just as Reichel trained him to do.

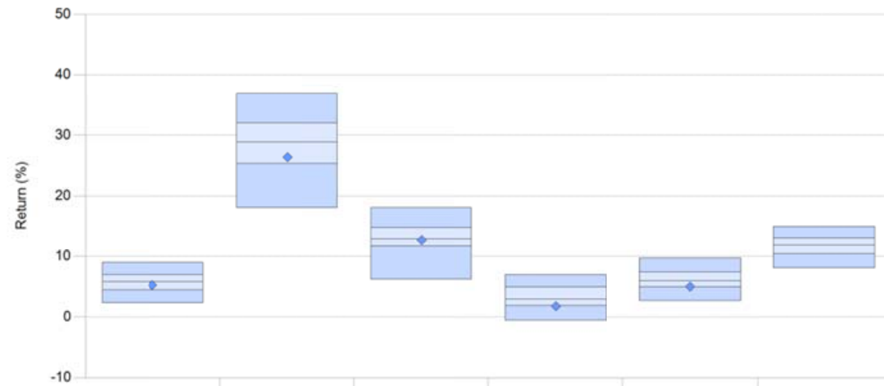
ISSUES

- The adoption of the same investment process across all equity portfolios resulted in heightened correlation of excess returns for TSW products, which in our opinion exposes the firm to significant business risk, as all of the firm's strategies may lag their respective benchmarks at similar points in time.
- One of the four factors used by the investment team to screen the universe, earnings revisions/surprises, relies on sell-side analyst earnings estimates. In recent years, sell-side coverage of the small cap segment has become lighter, which might negatively impact the efficacy of the factor prospectively.
- We do not observe any informational, analytical, or behavioral edge in the fundamental research performed by the investment team. In our opinion, neither the depth nor the breadth of the research effort differentiates TSW from its competitors.
- Three of the four factors in TSW's screening process are backward-looking in nature. As a result, the portfolio is likely to underperform in a market environment marked by frequent changes in investor sentiment, as was the case in 2008 through to 2010.

Validation/Performance

Thompson, Siegel & Walmsley LLC: TSW
Small / Mid (SMID) Cap Value

Universe Ranking Analysis
MRQ, 1, 3, 5, 7 & 10 Years
Returns as Of: September 30, 2012



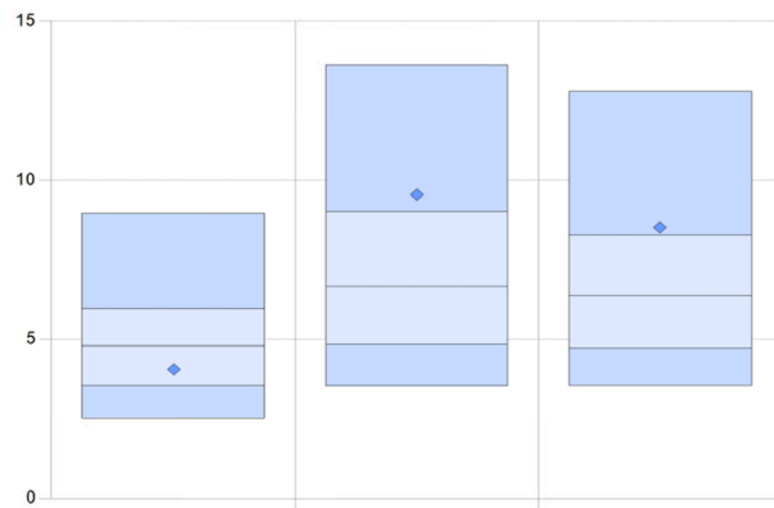
Universe:
eA US Small-Mid Cap Value Equity

	VT	RM	MRQ	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			9.03		36.96		18.02		6.99		9.71		14.94	
25th percentile			7.00		32.08		14.73		4.95		7.43		13.04	
Median			5.83		28.92		12.86		2.96		5.94		11.88	
75th percentile			4.50		25.37		11.77		1.89		4.96		10.43	
95th percentile			2.31		18.03		6.24		-0.54		2.71		8.11	
# of Observations			101		101		89		81		64		47	
Thompson, Siegel & Walmsley LLC	SA	GF	5.25	57	26.39	66	12.69	58	1.78	76	5.00	74	—	

Results displayed in US Dollar (USD)

Thompson, Siegel & Walmsley LLC: TSW
Small / Mid (SMID) Cap Value

TE as Of: September 30, 2012



Universe:
eA US Small Cap Value Equity

	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk
5th percentile			8.98		13.64		12.81	
25th percentile			5.97		9.04		8.29	
Median			4.80		6.67		6.38	
75th percentile			3.56		4.85		4.74	
95th percentile			2.51		3.55		3.56	
# of Observations			225		206		188	
Thompson, Siegel & Walmsley LLC	SA	GF	4.06	63	9.56	21	8.53	22

Results displayed in US Dollar (USD)

Russell 2500 Value

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

History and Recommendation

HISTORY WITH PLAN

- The client funded the SMID Cap Value mandate at TSW on December 31, 2005. No changes to the mandate or the guidelines have occurred since that time. The client funded with $1,871,235, but had $5,620,112 in the strategy as of September 30, 2012. The fee structure governing this relationship is as follows: 0.85% on the first $50 million.

RECOMMENDATION

- Segal Rogerscasey recommends that clients retain this strategy. This recommendation is based on the philosophy and process developed by CIO Frank Reichel and the adherence the seasoned investment team exhibits to these precepts. The lead investor on this strategy, Brett Hawkins, works closely with Reichel and the other two members of the Small and SMID Cap team to research stocks and construct portfolios that stay true to style and process. The firm appears to be stable and professionally managed and the investors appear to work well together.

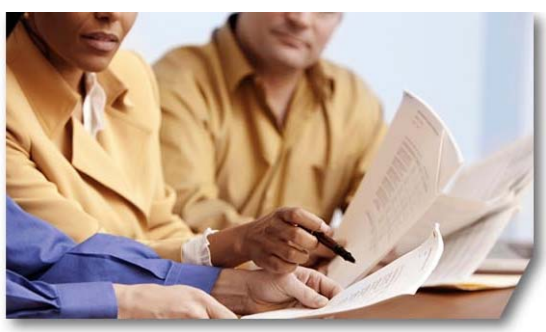
RESEARCH RECOMMENDATION

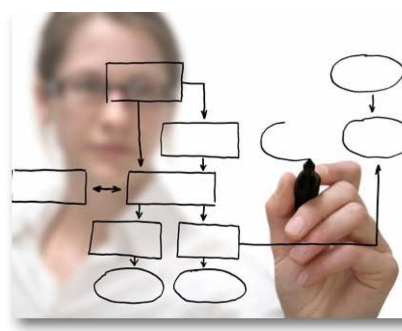
Cramer Rosenthal McGlynn, LLC

Mid Cap Value

Town of Palm Beach Firefighters and Police Retirement System

December 2012





Segal Rogerscasey

Firm Description

Gerald Cramer, Ed Rosenthal, and Ron McGlynn founded Cramer Rosenthal McGlynn, LLC ("CRM") in 1973. The firm is located in New York City and employs 65 individuals, roughly half of whom focus on investments. Wilmington Trust Investments, Inc. ("WTI") has been an investor in CRM since 1998 and its ownership is roughly 80%. Effective May 2011, WTI became a subsidiary of M&T Bank Corporation. The remaining 20% ownership is by Cramer Rosenthal McGlynn, Inc. and CRM Group LLC (composed of current CRM employees).

CRM is a boutique value-oriented firm, and as such, it offers value strategies across the small, mid, and large capitalization spectrum as well as global equity and long/short strategies. As of September 30, 2012, CRM managed $13.2 billion in client assets. The Mid Cap Value strategy accounted for nearly half of the firm's assets: $5.9 billion. The firm's flagship strategy, Small/Mid Cap (SMID) Value, accounted for approximately $3.1 billion in assets.

FIRM FACTS

Firm Name	Cramer Rosenthal McGlynn, LLC
Firm: Year Firm Founded	1973
Firm: City	New York
Firm: State/ Province	New York
Firm: Country	United States
Total AUM ($mm)	$13,155
Total Employees	58
% Employee Owned	20.20%
Firm: Website Address	www.crmllc.com; crmfunds.com

Source: eVestment Alliance, Cramer Rosenthal McGlynn, LLC

Strategy Description

Incepted in January 1998, the Mid Cap Value Fund (the "Fund") is currently managed by Jay Abramson, Chip Rewey, and Thad Pollock; 13 other domestic portfolio managers and research analysts support Abramson, Rewey, and Pollock in their portfolio management effort. At Cramer Rosenthal McGlynn, both portfolio managers and research analysts conduct company specific research; as a result, portfolio managers in one product often serve as research analysts in other products.

CRM believes that successful investing results from identifying potential value in companies prior to their recognition in the marketplace. Specifically, the Fund will consider stocks in the $1 to $12 billion market capitalization range. This perceived value is created by fundamental or dynamic change. Such change can be operational, financial, or managerial in nature and includes mergers, acquisitions, divestitures, restructuring, change of management, new product, manufacturing efficiencies, improved distribution, and regulatory change. The idea generation process is free-flowing and taps into the following resources: private deal network, trade journals, industry conferences, regional brokers, and other contacts established by the professionals. Upon identification of companies undergoing change(s), preliminary financial models are created to project earnings and cash flows, which are then compared to similar companies in an effort to establish reasonable valuation. The due diligence process includes further financial modeling, visits with management, and evaluation of the company's key assets as well as conversations with competitors and customers. Ultimately, CRM must discern whether the management can turn the company around by unlocking the earnings power of the underlying business and how that will impact future earnings. Upside potential must be at least 50% over a two-year period in order for an investment to be of interest, while the downside must be limited to 10%. A stock will be sold if the company reaches fair valuation, pricing power is lost and margin of returns erode, or if management becomes complacent and fundamentals deteriorate.

The final portfolio holds between 50 and 60 stocks and exhibits 60-80% annual turnover. The portfolio is broadly diversified across sectors, with no one sector accounting for more than 35% of assets. Individual names are limited to 6% at market and cash is typically less than 5%. As of September 30, 2012, strategy assets totaled $5.9 billion, of which $3.2 billion was held in the Fund.

Strategy Description (continued)

STRATEGY FACTS

Product Name	CRM Mid Cap Value
Product: Product Inception Date	01/06/1998
Product: Primary Universe	eA EAFE Mid Cap Value Equity
Current AUM	$5,924
Current Cash Position	4.8%
Current # of Holdings	59
% Holdings In 10 Largest Stocks	24%
Portfolio Turnover (LTM)	Not Reported

Source: eVestment Alliance, based on the institutional strategy

Advantages and Issues

ADVANTAGES

- The firm has made a concerted effort to improve risk management. In addition to monitoring sector, industry, and individual position sizes, the firm has established an additional risk framework that classifies stocks by qualitative risk factors. Examples include raw material cost exposure, planning acquisitions, acquisition targets, and financial leverage.
- CRM does not appear to be a strategic asset for M&T Bank. While CRM employees would likely prefer to reacquire M&T's ownership (or find a more strategic partner), it is unlikely that a transaction will occur anytime soon.
- Over the years, the firm has demonstrated sound business practices with respect to asset growth, capacity constraints, and resource allocation. CRM is sensitive to the adverse impact that the uncontrolled asset growth can have on its ability to effectively manage existing client portfolios; for that reason, when appropriate, it has proactively limited asset flows in its Small, Small/Mid, and Mid Cap Value strategies. In addition, the firm has continued to expand the research group to ensure that the quality of research does not deteriorate over time. CRM weathered the market downturn better than many other value equity shops.
- Jay Abramson is an integral member of the firm. He provides guidance to recent hires and challenges all potential investment ideas, providing appropriate level of review and supervision. However, his recent promotion to CEO also raises some concerns about his investment capacity.
- With a domestic investment team of 16 individuals led by McGlynn and Abramson, CRM has established one of the larger small-to-mid cap U.S. equity investment platforms within the U.S. small and mid cap universe.
- Relative value best describes Cramer Rosenthal McGlynn's investment style. For the most part, CRM has successfully navigated through the financial minefields during the 2007-2008 time period. Given their style and in-depth company specific research, it is highly unlikely that they will invest and hold distressed companies in client portfolios.
- Holdings-based risk attribution as of September 30, 2012 confirms that this is not a deep value strategy. Indeed, exposure to the Yield risk factor is consistently negative versus the Russell Midcap Value Index. That is consistent with our understanding of the Fund, which favors stocks with underappreciated future earnings potential.

Advantages and Issues (continued)

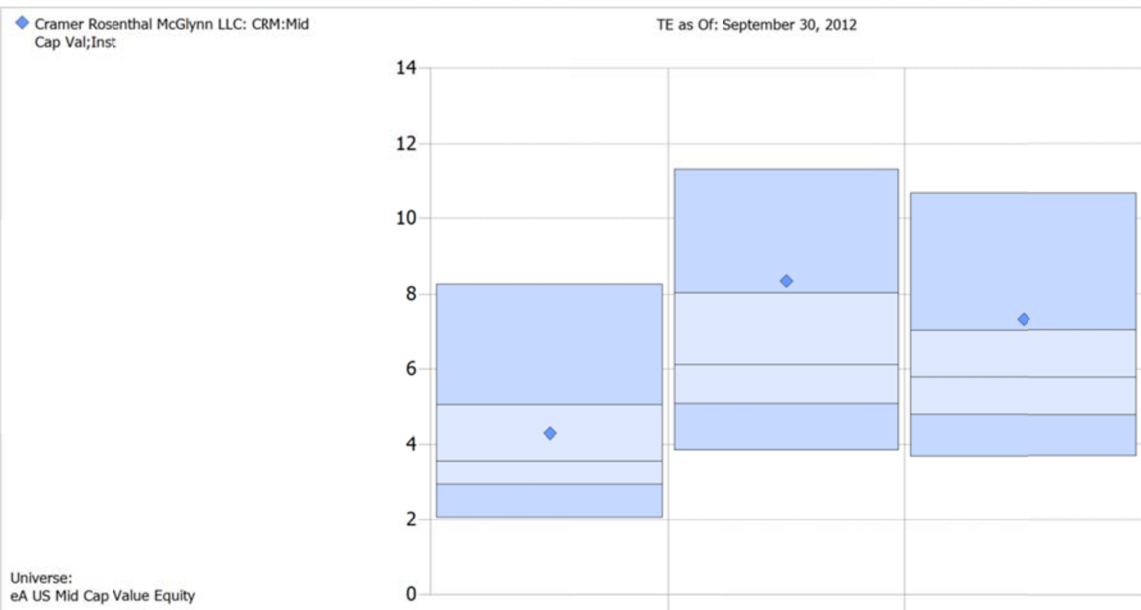
ISSUES

- In the past, CRM has gone to great lengths to downplay the importance of the portfolio managers and has, instead, emphasized the team approach to portfolio management and research efforts. Counter to its past assertions and its desire to be perceived as a team-managed strategy, the co-portfolio managers are ultimately responsible for all buy and sell decisions. Therefore, the importance of the portfolio managers in the overall success of the strategy cannot be overlooked or minimized.
- CRM has been known to buy into a stock too early and to sell out of a stock too late. Timing of the investment decisions has, at times, detracted from the Fund's performance.
- The investment process is entirely bottom-up and not very process oriented; as a result, it is difficult to clearly delineate and articulate the investment process from beginning to end. Prospective clients often complain of lack of clarity in the investment and decision-making process.

Validation/Performance

	VT	RM	MRQ	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			8.67		35.43		16.06		6.51		9.06		13.58	
25th percentile			6.50		31.06		14.08		3.99		7.34		12.44	
Median			5.56		28.38		13.21		2.66		5.59		11.21	
75th percentile			4.78		25.14		11.82		1.37		4.67		10.34	
95th percentile			3.45		20.85		8.96		-0.43		3.31		9.30	
# of Observations			126		126		122		115		107		88	
Cramer Rosenthal McGlynn LLC	PF	NF	5.13	67	24.19	82	9.75	93	0.59	85	4.80	72	10.38	73

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk
5th percentile			8.27		11.32		10.68	
25th percentile			5.05		8.05		7.05	
Median			3.57		6.13		5.78	
75th percentile			2.95		5.09		4.79	
95th percentile			2.07		3.87		3.70	
# of Observations			122		115		107	
Cramer Rosenthal McGlynn LLC	PF	NF	4.30	36	8.35	20	7.34	22

Results displayed in US Dollar (USD) Russell MidCap Value

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

History and Recommendation

HISTORY WITH PLAN

- The client has two accounts, Firefighter and Police Officers, that are invested in the CRM Mid Cap Value, Institutional Share Class (CRIMX). The Firefighter account funded on June 18, 2008 with $2,865,000 and the Police Officers account funded on September 17, 2008 with $2,850,000. No changes to the mandate or the guidelines have occurred. As of September 30, 2012, the Firefighter account had $1,840,206 and the Police Officers account had $1,989,392. The fee structure governing both relationships is as follows: 0.81% on the balance.

RECOMMENDATION

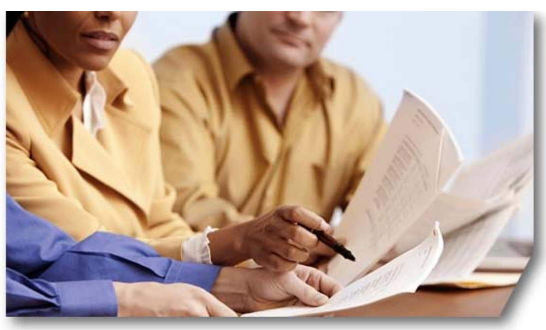
- Segal Rogerscasey recommends that clients retain this strategy. This recommendation is based on the strength and depth of the investment management team and the straightforward appeal of their investment approach. The portfolio managers and research analysts display impressive company-specific knowledge. The investment theses are based on thorough and insightful fundamental research. In addition, CRM has demonstrated sound business practices with respect to asset growth, capacity constraints, and resource allocation.

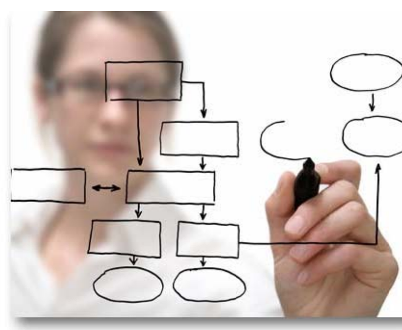
RESEARCH RECOMMENDATION

Geneva Capital Management Ltd.
Midcap Growth

Town of Palm Beach Firefighters and Police Retirement System

December 2012





Segal Rogerscasey

Firm Description

Based in Minneapolis, Minnesota, Geneva Capital Management Ltd. (Geneva) was founded in January 1987 by William Priebe (Sr.) and Amy Croen. Both were former employees of First Wisconsin Trust Company, where they worked closely as analysts/portfolio managers of an in-house mid-cap pooled fund.

Geneva is a 100% employee-owned firm across eight partners. As of September 30, 2012, Priebe Sr. and Croen were the two largest shareholders at 31% and 30%, respectively. Geneva is in the midst of a slow transition in leadership to Michelle Picard, who joined Geneva in 1999, and W. Scott Priebe (Priebe Jr.), who joined the firm in 2004. Picard and Priebe Jr. both have a 16% equity stake in the firm and are expected to go above 25% and be the largest shareholders at the end of 2014.

The firm employs 24 individuals, including 11 investment professionals. As of September 30, 2012, firm assets totaled $3.7 billion across its Small and Midcap Growth strategies.

FIRM FACTS

Firm Name	Geneva Capital Management Ltd.
Firm: Year Firm Founded	1987
Firm: City	Milwaukee
Firm: State/ Province	Wisconsin
Firm: Country	United States
Total AUM ($mm)	$3,655
Total Employees	24
% Employee Owned	100.00%
Firm: Website Address	www.genevacapitalmanagement.com

Source: eVestment Alliance

Strategy Description

Incepted in January 1987, the Midcap Growth strategy (the “Strategy”) is managed by Geneva’s four managing principals – Amy Croen, William A. Priebe (Sr.), Michelle Picard, and W. Scott Priebe (Jr.). Croen and Priebe Sr. are seasoned investors with over 30 years of investment experience. The team is supported by one client portfolio manager and three analysts, two of which are early in their careers.

Geneva looks to invest in “high quality companies with superior management teams, low leverage, and a consistent, sustainable record of growth.” The team believes that investing in such companies will lead to superior returns with below average risk over a market cycle. Superior management should hold a leadership position in an industry or niche market, should be experienced, should have a successful record of growth, and should have a long-term focus. Characteristics of growth companies include possessing a sustainable competitive advantage, and having healthy historical and projected earnings growth, strong financials, low leverage, high ROE/ROA, and high margins/margin expansion.

The investment process begins with a universe of U.S. stocks with market capitalizations between $1 billion and $10 billion. Companies that have recently become public and ones that do not have broad product lines are removed from consideration. Idea generation comes from industry contacts, management visits, conferences, and quantitative screens. The team typically requires companies to exhibit greater than 10% normalized top line growth, greater than 15% normalized bottom line growth, less than 50% debt-to-capital ratios, and greater than 10% return on assets. Geneva also implements its Economic & Investment Outlook, which serves as a macro lens to support the firm’s bottom-up research. All team members are generalists and the research process is team-oriented. Although a primary analyst will champion it through the process, the entire team will have to be comfortable with the name before it is included in the portfolio. Names that pass these requirements are subject to Geneva’s earnings and dividend discount model. Valuation does not play an integral role in the process, but it does give the portfolio managers an idea as to where the security fits relative to its industry, the market, and the portfolio. Stocks are sold from the portfolio if there has been a change in fundamentals, a buyout announcement, or market capitalization restrictions have been breached. The Strategy will not hold a stock whose market capitalization has appreciated to twice the size of the largest stock in the Russell Midcap Growth Index.

The Strategy holds 50 to 60 names and has exhibited 20-25% average annual turnover. Individual security weights are held to 2% at cost and typically do not exceed 3%. Sector weights are constrained to twice the Russell Midcap Growth Index weight and industry weights cannot exceed 15%. The Strategy is fully invested, with cash typically held to less than 2%. As of September 30, 2012, Strategy assets totaled $3.1 billion, $980 million of which was held in its respective mutual fund (ticker: PNMAX).

Strategy Description (continued)

STRATEGY FACTS

Product Name	Geneva Midcap Growth
Product: Product Inception Date	01/01/1987
Product: Primary Universe	eA US Mid Cap Growth Equity
Current AUM	$3,081
Current Cash Position	1.9%
Current # of Holdings	55
% Holdings In 10 Largest Stocks	25%
Portfolio Turnover (LTM)	15%

Source: eVestment Alliance

Advantages and Issues

ADVANTAGES

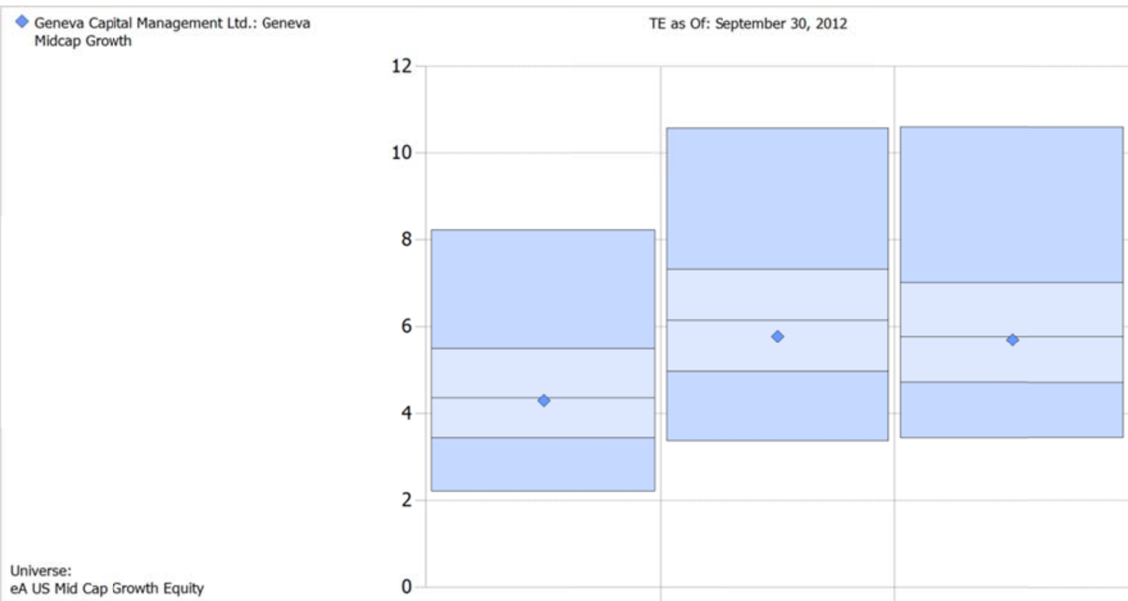
- The firm's generational change of leadership has been well-planned and executed so far. By the end of 2014, the firm will have bought back half of William A. Priebe (Sr.) and Amy Croen's equity stakes and Michele Picard and W. Scott Priebe (Jr.) will have become the two largest shareholders. Priebe Sr. and Croen will be paid out over five years.
- Priebe Sr. and Croen, with 44 and 31 years of experience, respectively, are seasoned investors that have managed the Strategy since its inception.
- Although Priebe Jr. only has eight years of investment experience, we view him as a capable successor and strong investor. During in-person meetings, he exhibited strong knowledge of every name in the portfolio.
- As of September 30, 2012, performance relative to peers has been strong over the past three, five, and seven years. During each time period, the Strategy's performance has been in the highest or second highest decile of the IM U.S. Mid Cap Growth Equity peer group.
- As of September 30, 2012, Barra risk attribution shows a consistent negative exposure to earnings variation and financial leverage, which confirms Geneva's preference to invest in high quality companies.

ISSUES

- Although Geneva manages some legacy large cap assets, the firm is susceptible to strategy concentration risk because the vast majority of assets are held in the Small Cap Growth and Mid Cap Growth strategies. In addition, the firm may suffer if Geneva's style goes out of favor.
- Michele Picard, one of the four managing principals, has not exhibited deep knowledge of the firm's holdings or macro views during in-person meetings.
- We have not yet met with Priebe Sr., Croen, or any of the three analysts. Therefore, their investment acumen is unknown.

	VT	RM	MRQ	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			6.92		33.96		19.62		6.43		9.87		13.56	
25th percentile			5.65		28.73		16.06		4.33		8.06		12.10	
Median			4.67		25.98		14.25		2.80		6.55		10.89	
75th percentile			3.75		21.47		12.31		0.71		5.17		9.89	
95th percentile			1.60		15.97		8.39		-1.80		3.29		7.97	
# of Observations			148		148		146		141		131		107	
Geneva Capital Management Ltd.	SA	GF	3.62	79	26.88	37	17.94	15	6.18	7	8.44	17	11.70	35

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk
5th percentile			8.22		10.59		10.60	
25th percentile			5.48		7.33		7.01	
Median			4.35		6.15		5.78	
75th percentile			3.45		4.97		4.72	
95th percentile			2.21		3.37		3.44	
# of Observations			146		141		131	
Geneva Capital Management Ltd.	SA	GF	4.30	52	5.78	58	5.70	53

Results displayed in US Dollar (USD) Russell MidCap Growth

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

History and Recommendation

HISTORY WITH PLAN

- The client has two separate accounts, Firefighter and Police Officers, which are invested in the Geneva Midcap Growth strategy. Both accounts funded on August 31, 2005. No changes to the mandate or the guidelines have occurred since that time. The initial value of the Firefighter account was $1,200,000, but it had $2,269,655 as of September 30, 2012. The initial value of the Police Officers account was $3,000,000, but it had $2,475,177 as of September 30, 2012. The fee structure governing both relationships is a flat fee of 0.60%.

RECOMMENDATION

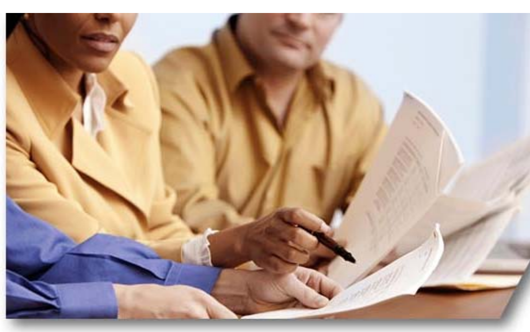
- Segal Rogerscasey recommends that clients retain the Strategy. This recommendation is based on our conviction in W. Scott Priebe (Jr.) and the tenure of William A. Priebe (Sr.) and Amy Croen. The Strategy's investment approach is intuitively appealing and has been consistently applied. To have a clearer picture of the Strategy, Segal Rogerscasey plans to meet with Priebe Sr. and Croen to assess their leadership capabilities as well as their investment acumen.

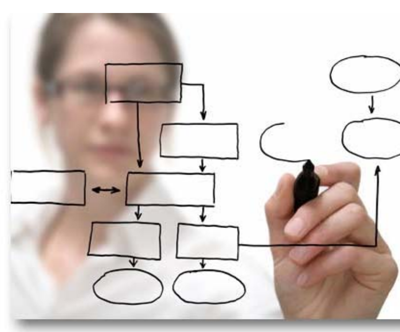
RESEARCH RECOMMENDATION

Roanoke Asset Management
Small Cap Growth Equity

Town of Palm Beach General Employees Retirement System

December 2012





Segal Rogerscasey

Firm Description

Roanoke Asset Management ("Roanoke") was founded in 1978 by Edwin Vroom and is based in Jersey City, NJ. In 1986, a minority interest in Roanoke was sold to a group of passive investors led by G. William Miller, former U.S. Secretary of the Treasury and Chairman of the Federal Reserve Board. Portfolio managers Vroom and Adele Weisman, who joined the firm in 1981, equally share ownership of 73% of the firm, while the remainder is held by Miller and his group of passive investors.

Roanoke currently employs three individuals, two of whom are considered investment professionals. Marvia Campbell, who has been with the firm since 2000, is primarily responsible for overseeing operations, corporate regulatory compliance and marketing. The firm outsources the majority of its non-research related operations, including but not limited to compliance, payroll, record keeping, and trading, to aid Campbell and ensure that the two portfolio managers can focus solely on investment activities. As of September 30, 2012, firm assets under management totaled approximately $140 million.

FIRM FACTS

Firm Name	Roanoke Asset Management Corp.
Firm: Year Firm Founded	1978
Firm: City	New Jersey City
Firm: State/ Province	New Jersey
Firm: Country	United States
Total AUM ($mm)	$140,000
Total Employees	3
% Employee Owned	70.00%
Firm: Website Address	www.roanokeasset.com

Source: eVestment Alliance

Strategy Description

Launched in 1978, the Small Cap Growth Strategy ("the Strategy") has been managed by Edward Vroom since its inception. Adele Weisman has been the Strategy's co-PM since 1981.

Christopher Vroom, an analyst with the firm who left Roanoke at the end of 2008, represents the firm's most recent departure. He left to pursue a career outside of investment management. He remains a resource to the firm as a consultant, providing information about the internet sector and social media.

The Strategy, which invests predominately in small companies under $2 billion in market capitalization, utilizes a bottom-up, fundamental approach. The team maintains that earnings growth is the primary determinant of equity returns and that a fully diversified portfolio of small cap growth stocks will outperform large cap issues without assuming excessively more risk over the long term. The portfolio managers avoid relying on quantitative screens; rather, they attempt to leverage their investment experience to help identify candidates for further due diligence. They rely heavily on fundamental analysis to identify companies that are experiencing high and accelerating growth rates. In addition to earnings per share growth, other important selection criteria include rapid unit growth with stable or rising profit margins, pricing flexibility, improving cash-flow characteristics, market dominance or a strong defensible market niche, access to capital, and skilled management with an ownership stake. Decision-making is a team effort, though each portfolio manager has distinct sector responsibilities.

The Strategy typically holds between 40-60 stocks and the composition of the portfolio is a result of the bottom-up stock selection process. Initial positions will range from 1.5-3% of portfolio assets, an individual position may not exceed 7%, and holdings of more than 5% are reviewed regularly with an eye toward scaling them back. Sectors are limited to a maximum of 15% or 1.5 times the benchmark, whichever is greater. The portfolio looks to remain fully invested; cash is a residual of the investment process. As of September 30, 2012, the firm managed approximately $50 million in small cap assets between all of the strategies at the firm; the Small Cap Growth strategy had $12 million in assets under management.

STRATEGY FACTS

Product Name	Roanoke Small Cap Growth
Product: Product Inception Date	Jan-1993
Product: Primary Universe	eA US Small-Mid Cap Growth Equity
Current AUM	$12,000
Current Cash Position	6.9% pure transactional
Current # of Holdings	42
% Holdings In 10 Largest Stocks	41%
Portfolio Turnover (LTM)	27%

Source: eVestment Alliance

Advantages and Issues

ADVANTAGES

- We believe that both Weisman and Vroom are talented investors that have been co-managing products at the firm for over three decades. A great deal of the research process is based on their judgment and past investment experience.
- Roanoke's investment team has been stable; there have only been two departures from the team since the firm's inception and the current co-PMs have been managing assets together at the firm for over 30 years.

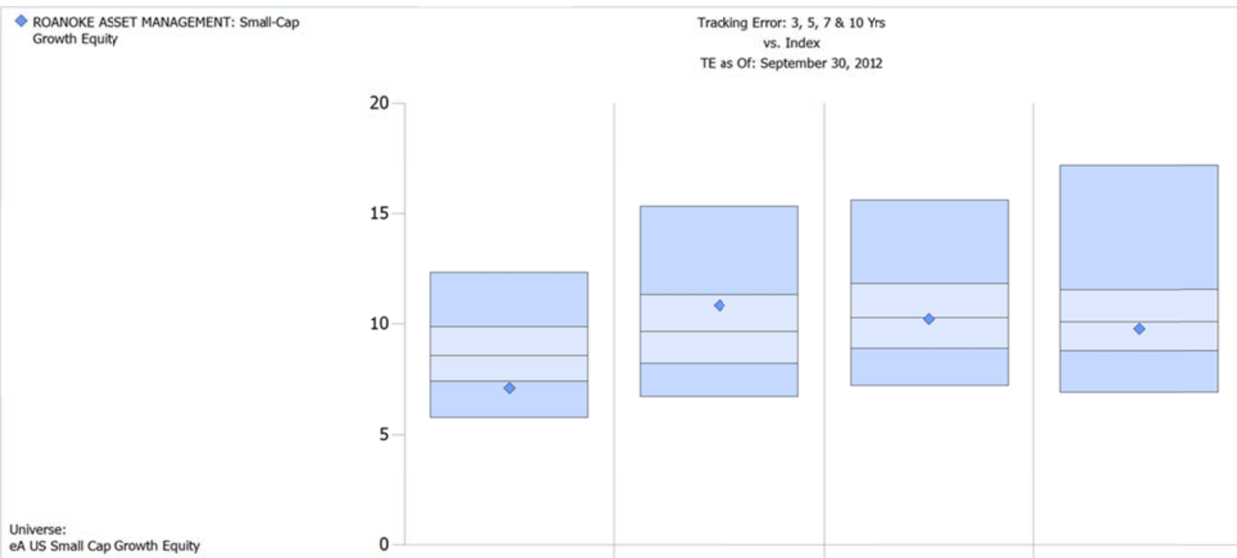
ISSUES

- There is key man risk throughout the firm; any one of the three active employees departing the firm, or taking a prolonged period of absence, could interrupt the efficacy of the investment process. It is also important to note that Weisman and Vroom are responsible for managing all products at the firm, including two equity strategies (all cap and small cap) and a balanced strategy.
- Over the past 10 years, firm-wide assets under management peaked at $310 million in 2003, and dropped to a low of $106 million at the beginning of 2009. Since then, assets have ranged between $100-200 million. As it does not appear that the firm has a formal marketing strategy, asset growth is expected to be minimal for the foreseeable future.
- The majority of the research that the team performs is through the utilization of publically available data such as company financial statements and Wall Street research; competitors that have internal research capabilities may hold an information edge.
- A great deal of the investment process is based on the benchmark agnostic, fundamental work and judgment of the portfolio management team, which could result in returns that vary greatly from the strategy's respective benchmark. The Small Cap Growth strategy outperformed the Russell 2000 Growth Index by approximately 14% in 2005 and approximately 15% in 2009; however, it underperformed the index by approximately 11% in 2006 and 2008. Tracking error has been between 6-7% over the past 10 years.

Validation/Performance

	VT	RM	MRQ	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			8.84		39.03		21.13		7.69		9.61		15.06	
25th percentile			6.89		34.02		17.85		4.96		7.65		12.36	
Median			5.54		30.32		15.82		3.15		6.28		11.20	
75th percentile			3.70		25.65		13.25		0.59		4.42		9.95	
95th percentile			1.01		21.31		8.32		-3.25		0.82		7.19	
# of Observations			209		208		202		185		171		143	
ROANOKE ASSET MANAGEMENT: Small-Cap G...	SA	GF	7.48	17	30.36	50	16.17	45	1.12	71	3.67	83	10.65	64

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			12.34		15.33		15.61		17.17	
25th percentile			9.87		11.34		11.84		11.55	
Median			8.55		9.66		10.30		10.09	
75th percentile			7.39		8.21		8.89		8.78	
95th percentile			5.78		6.70		7.21		6.90	
# of Observations			202		185		171		143	
ROANOKE ASSET MANAGEMENT: Small-C...	SA	GF	7.09	81	10.85	29	10.23	51	9.78	55

Results displayed in US Dollar (USD) S&P 500

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

History and Recommendation

HISTORY WITH PLAN

- The account with The Town of Palm Beach Retirement System was funded in 1982, when Roanoke was appointed the Town's first investment advisor. The original fund was an 80/20 split between bonds and equities, and over time, shifted toward the Small Cap Growth strategy in which the Town is currently investing.
- The mandate is a separate account and the fees charged are approximately 58 basis points on the $5.6 million in assets.
- Fee schedule:
  - First $5 million 62.5 bps
  - Remaining balance 40 bps
- Minimum initial investment is $1 million
- Minimum annual fee is $1,000

RECOMMENDATION

- The Roanoke Small Cap Growth Strategy is rated Not Recommended. While Weisman and Vroom are talented investors, we feel that there are too many risks at the firm level that other small cap growth managers do not bring to the table. Firm-wide assets under management have decreased by over 50% since their 10-year high point in 2003 and have been stagnant over the past few years; key man risk is a viable concern for each of Roanoke's three full-time employees; and the firm's lack of a succession plan makes that key man risk even more acute.

RESEARCH RECOMMENDATION

Pyramis Global Advisors

Select International

Town of Palm Beach General Employees Retirement System

December 2012

Segal Rogerscasey

Firm Description

Pyramis Global Advisors ("Pyramis"), formerly known as Fidelity Management Trust Company ("FMTC"), was established in 1981. The firm conducts the tax-exempt institutional investment management business of its parent company, FMR Corp. FMR Corp. has been managing money since 1946, primarily as retail mutual funds. Pyramis' organizational structure is closely linked with FMR Corp., and both Pyramis and mutual fund portfolio managers utilize Fidelity's global in-house research and trading departments. The firm's headquarters is in Boston, Massachusetts, and Fidelity has additional investment professionals located in Merrimack, New Hampshire, London, Tokyo, Hong Kong, and Australia. The majority of the firm's clients are corporate. As of September 30, 2012, Pyramis had approximately $190 billion in assets under management. Equity strategies represent the majority (just over 50%) of Pyramis' assets under management.

FIRM FACTS

Firm Name	Pyramis Global Advisors
Firm: Year Firm Founded	2005
Firm: City	Smithfield
Firm: State/ Province	Rhode Island
Firm: Country	United States
Total AUM ($mm)	$190,478
Total Employees	803
% Employee Owned	51.00%
Firm: Website Address	www.pyramis.com

Source: eVestment Alliance

Strategy Description

The Select International product was launched in 1989 and is designed to take advantage of Fidelity's stock selection expertise in a risk-controlled framework. Portfolio manager Cesar Hernandez has been the key decision maker for the product since its inception. The basic investment philosophy is to overweight Fidelity analysts' highest rated stocks, and underweight the lowest rated stocks, while controlling for risk factors. This product is a pure play on Fidelity analyst calls - all alpha should come from stock selection, as beta is index neutral.

Non-U.S. portfolios comprise four separate regional/country sub-portfolios: Pacific ex Japan, Japan, UK, and Continental Europe (which is coincidentally how Fidelity has organized its fundamental research effort). Each regional sub-portfolio is optimized versus its regional benchmark using regional Barra models, which are more robust than Barra's global model. Inputs to the optimizer are based on analyst rankings. Fidelity's in-house research department covers over 3,500 companies globally, and analysts work closely with portfolio managers to identify companies with improving earnings and attractively low valuations. The emphasis is on identifying companies with proven, successful, corporate strategies and favorable long-term prospects. The analysts rate each company on a 1 to 5 scale, where 1 is a strong buy and 5 is a strong sell.

For the Select products, alpha expectations are assigned to each stock and range from +3 (for 5-rated stocks) to -3 (for 1-rated stocks), but are adjusted upward half a percent if a stock is overweight in the analysts' sector portfolio - a sign of greater conviction. These alpha expectations are input into the optimizer, which results in a portfolio that looks EAFE-like with slight over and under weights. They constrain size to be on average the same as the benchmark, making sure it is balanced across capitalization to ensure the weight in cap buckets reflects the index. They also limit the maximum overweight based on rating - it is 2% for 1-rated stocks. Non-benchmark names are typically less than 10% of the portfolio, and the strategy does not invest in the Emerging Markets.

In the resulting EAFE product, regional weights are benchmark neutral, while style, industry, and size characteristics are allowed to vary within a tracking error target of less than 3%. The portfolio has approximately 250 to 300 names of 1 to 3 rated stocks with small factor exposures to growth and momentum and a slight small company bias. The lead portfolio manager (PM) for the product is Cesar Hernandez. Historical tracking error has ranged between 2% and 4%. The EAFE product had $11.5 billion in assets under management as of September 30, 2012.

STRATEGY FACTS

Product Name	Select International
Product: Product Inception Date	07/31/1989
Product: Primary Universe	eA EAFE Large Cap Core Equity
Current AUM	$11,549
Current Cash Position	Not Reported
Current # of Holdings	Not Reported
% Holdings In 10 Largest Stocks	16%
Portfolio Turnover (LTM)	Not Reported

Source: eVestment Alliance

Advantages and Issues

ADVANTAGES

- One aspect of the Pyramis structural change is clear: it reflects on the firm's commitment to focusing its efforts on growing its institutional assets.
- Pyramis has a rational organizational structure with clear delineation of roles. Investment professionals are largely protected from non-investment related responsibilities, although not to the extent of their FMR Corp. peers.
- Pyramis' philosophy is that markets are inefficient enough to enable in-house fundamental research to add value. The organizational and investment process design is based on this premise.
- The design of the Select International product takes advantage of Fidelity's competitive advantage in global security research and selection.
- Lead PM Cesar Hernandez has been with Fidelity since 1989. Hernandez is a thoughtful steward for the product and is integral to product's continued success.
- FMR Corp. has one of the world's largest buy-side research teams. FMR Corp. has over 200 equity analysts worldwide with over 100 of them outside of the U.S.

ISSUES

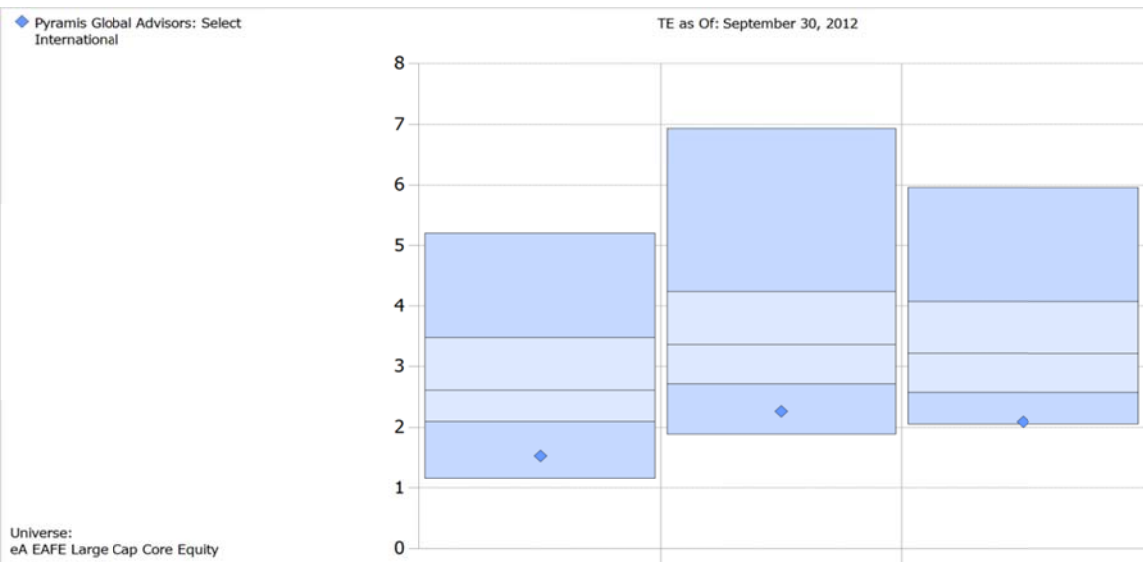
- Ownership for investment professionals is limited. FMR Corp. is 51% owned by employees, 49% owned by the Johnson Family.
- At Pyramis, investment professionals change roles frequently, particularly on the fixed income side. For example, Dwight Churchill reassumed his role of Head of the Bond Group in 2008 after having left in 2004 to assume other senior-level roles within the organization. He later resigned in 2009.
- The Pyramis strategies will continue to compete with the FMR Corp. mutual fund products for timely and relevant analytical research.
- Currently, there are no Pyramis-based equity-like incentives for its employees. There are discussions regarding the creation of tracking stock tied to the performance of Pyramis, but nothing has been formalized.
- In 2011, John Chow replaced Ravi Mantha as an Institutional PM on the strategy. Chow has been designated backup PM to Hernandez.
- While the senior PM team members have relatively been stable, Fidelity's business model tolerates considerable turnover at the analyst level.

- Cesar Hernandez is vital to our confidence in this product. There is a fair amount of key man risk in this product.
- FMR Corp.'s analyst turnover means that there are periods when stock coverage may be weak as the analyst learns his/her new industry.

Validation/Performance

	VT	RM	MRQ	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			9.15		23.96		8.28		-0.33		5.64		10.90	
25th percentile			8.09		19.20		5.13		-2.93		3.84		9.77	
Median			7.39		17.63		4.13		-4.35		3.15		9.09	
75th percentile			6.75		16.03		2.92		-5.46		2.35		8.30	
95th percentile			5.30		12.93		1.54		-6.63		1.08		7.16	
# of Observations			82		80		78		72		62		53	
Pyramis Global Advisors	SA	GF	7.08	61	17.80	48	3.69	63	-4.69	60	2.83	59	9.35	33

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk
5th percentile			5.20		6.93		5.96	
25th percentile			3.48		4.25		4.08	
Median			2.61		3.37		3.21	
75th percentile			2.09		2.72		2.58	
95th percentile			1.16		1.88		2.06	
# of Observations			78		72		62	
Pyramis Global Advisors	SA	GF	1.53	89	2.26	85	2.09	92

Results displayed in US Dollar (USD) MSCI EAFE-ND

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History and Recommendation

HISTORY WITH THE PLAN

- The Town of Palm Beach funded the Select International strategy on October 6, 2010 with a management fee of 70 basis points. The client is currently invested in the commingled vehicle. There have been no changes to the investment philosophy, process, or fee during this time.

RECOMMENDATION

- Segal Rogerscasey recommends that clients retain this strategy. This recommendation is based on the quality of the Fidelity international research analysts as well as the experience and thoughtful portfolio construction of PM Cesar Hernandez.

RESEARCH RECOMMENDATION

Harris Associates L.P.
International Value Equity

Town of Palm Beach Firefighters and Police Retirement System

December 2012

Segal Rogerscasey

Firm Description

Founded in 1976, Harris Associates L.P. ("Harris") is a Registered Investment Advisor based in Chicago, Illinois. The firm was 100% employee owned until 1995, when it was acquired by Nvest Companies ("Nvest"). Through a series of transactions and combinations, Harris is currently an indirect subsidiary of Natixis Global Asset Management, L.P. (formerly IXIS Asset Management US Group L.P.). While Harris employees no longer have any equity ownership in the firm, they do participate in a revenue sharing arrangement between the firm and Natixis.

As of September 30, 2012, Harris managed $74 billion in assets, including $42 billion in U.S. equity, $12 billion in global equity, and $19 billion in international equity strategies. Roughly two-thirds of total firm assets are in retail or institutional mutual funds.

FIRM FACTS

Firm Name	Harris Associates L.P.
Firm: Year Firm Founded	1976
Firm: City	Chicago
Firm: State/ Province	Illinois
Firm: Country	United States
Total AUM ($mm)	$73,560
Total Employees	167
% Employee Owned	0.00%
Firm: Website Address	www.harrisassoc.com

Source: eVestment Alliance

Strategy Description

Launched in October 1992, the Harris International Value Equity strategy ("the Strategy") is managed by Harris' International Investment team. David Herro, employed by Harris since 1992, is Chief Investment Officer — International Equities and Lead Portfolio Manager. Herro is supported by Portfolio Managers Robert Taylor and Michael Manelli and six other analysts. In addition to managing the strategy, the team takes the lead on international small cap and Japan strategies and assists with Harris' global portfolios.

The Harris international team believes that investing as owners in quality companies at a significant discount to intrinsic value should result in superior long-term results.

Consistent with the investment philosophy, the team looks for two key attributes in investment candidates: (i) high quality, and (ii) attractive valuation. In discerning quality, the team will not necessarily shy away from leveraged names or companies with volatile operating results. Rather, the team looks for a history of strong capital allocation decisions and aims to understand the investment candidates' return structure (i.e., drivers of ROIC and ROE). Meetings with management teams are critical to making a conclusion about the quality of an investment candidate.

In considering valuation, Harris relies on relative value screens (such as low Price to NAV, low Enterprise Value to Operating Income, or attractive Return on Capital Employed) to focus the investment universe. After ascertaining the quality of an investment candidate and performing the required channel checks, the analysts build out a five-year discounted cash flow model. In building its models, Harris uses distinct discount rates for all developed large cap, developed small cap and emerging markets companies. Companies that trade at a discount of at least 30% to their intrinsic value become investment candidates.

Companies with higher discounts to intrinsic value generally have bigger weights in the portfolio. The final portfolio consists of 35-65 names; portfolio turnover averages roughly 40-50% per year. Individual positions are limited to below 7% of the portfolio; industry and country weights are limited to 25% and 30%, respectively.

The team will invest in emerging markets. On average, the emerging markets allocation has been in the 10-15% range; today, emerging markets make up less than 5% of the portfolio. Harris will also hedge some of the portfolio's exposure to a specific currency if it believes that the currency is overvalued relative to the U.S. dollar.

Strategy Description (continued)

As of March 31, 2012, Strategy assets totaled just over $15 billion. Oakmark International I (Ticker: OAKIX) and Oakmark International II (Ticker: OARIX) are the mutual fund versions of the strategy.

STRATEGY FACTS

Product Name	International Equity Composite
Product: Product Inception Date	1992
Product: Primary Universe	eA EAFE Large Cap Value Equity
Current AUM	$15,591
Current Cash Position	3.8%
Current # of Holdings	53
% Holdings In 10 Largest Stocks	33%
Portfolio Turnover (LTM)	38%

Source: eVestment Alliance

Advantages and Issues

ADVANTAGES

- In our view, Harris has been successful in maintaining investment culture, as the firm's leadership has transitioned from the founding partners to the next generation of leaders over time.
- In our opinion, the Harris team has consistently adhered to its intrinsic value-oriented investment philosophy. We believe that the philosophy is intuitively appealing and has been clearly articulated by Harris investment professionals.
- David Herro is a seasoned investor with more than 25 years of industry experience, 20 of those years being with Harris. In our opinion, Herro is a thoughtful and impressive individual who is the heart and soul of the Strategy.
- Harris partners demonstrate their commitment to the firm by investing a significant portion of their personal assets in the strategies managed by the firm. As an example, David Herro has in the past indicated that over 60% of his net worth is invested in Harris portfolios.
- Since inception in October 1992, the Strategy achieved impressive performance results, beating the MSCI EAFE Value Index by roughly 400 basis points annualized gross of fees. Shorter-term results have also been strong, as the strategy has handily outpaced its benchmark over trailing one, three, five, and ten years ended September 30, 2012.

ISSUES

- The firm's U.S. and international franchises operate autonomously from one another: the teams maintain separate profit-and-loss statements, can make partnership decisions independently, and split the fees for managing joint global strategies pro rata.
- Value equities represent the lion's share of the firm's assets. When value investment style, or equities in general, go out of favor with investors, the impact on the firm can be significant. For example, Harris lost roughly half of its asset base twice in recent history: during the dot-com bubble in 1998-1999 and the global financial crisis in 2007-2008.
- Given the team's emphasis on the investment candidates' return structure, Harris tends to de-emphasize capital-intensive sectors such as energy, materials, and mining. Case in point, the strategy's weighting in the energy sector has been below 2% of the portfolio over the past decade. In periods when capital-intensive sectors are in favor with investors, the strategy may lag its benchmark and peers, as was the case in 2007 when Harris placed in the tenth decile of the international active value universe.

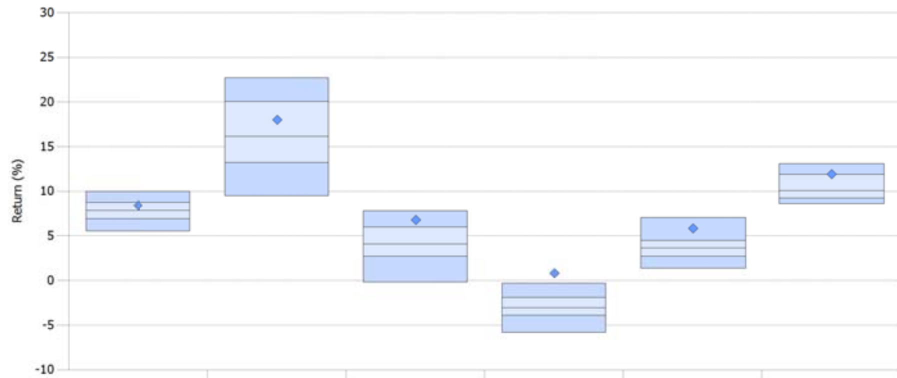
Advantages and Issues (continued)

- David Herro does not devote 100% of his time to managing the International Value Equity portfolio. Herro also serves as the lead portfolio manager for the International Small Cap strategy and as a co-portfolio manager for the firm's global strategies. Further, he has overall management responsibilities for the firm's international equity franchise.
- Over the past decade, the team experienced three departures of investment professionals who played the role of Herro's lieutenants: David Samra (2002), Michael Welsh (2005) and, more recently, Chad Clarke (2009). We attribute these departures to the limited opportunity for advancement at Harris and Herro's strong personality. These departures, when taken together, increase the key player risk represented in Herro.

Validation/Performance

◆ Harris Associates L.P.: International

Universe Ranking Analysis
MRQ, 1, 3, 5, 7 & 10 Years
Returns as Of: September 30, 2012



Universe:
eA ACWI ex-US Value Equity

	VT	RM	MRQ	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			10.00		22.71		7.81		-0.31		7.07		13.07	
25th percentile			8.75		20.06		5.98		-1.89		4.48		11.90	
Median			7.87		16.14		4.09		-3.04		3.63		10.08	
75th percentile			6.93		13.23		2.69		-3.91		2.69		9.25	
95th percentile			5.54		9.51		-0.19		-5.81		1.39		8.62	
# of Observations			40		40		38		35		30		19	
◆ Harris Associates L.P.	SA	GF	8.40	32	18.01	36	6.79	11	0.81	3	5.84	18	11.91	25

Results displayed in US Dollar (USD)

◆ Harris Associates L.P.: International

Universe Ranking Analysis
MRQ, 1, 3, 5, 7 & 10 Years
TE as Of: September 30, 2012

Universe:
eA ACWI ex-US Value Equity

	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk
5th percentile			8.38		11.49		10.09	
25th percentile			5.16		7.50		6.91	
Median			3.55		5.85		5.13	
75th percentile			2.75		4.88		4.32	
95th percentile			2.14		3.84		3.48	
# of Observations			38		35		30	
◆ Harris Associates L.P.	SA	GF	5.40	22	7.43	27	7.29	18

Results displayed in US Dollar (USD) MSCI ACWI ex-US Value-ND

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

History and Recommendation

HISTORY WITH PLAN

- In 2003, Town of Palm Beach investments (Police and Fire) invested as one entity under the name Town of Palm Beach Public Safety Retirement. In 2005, they split into two entities, Police and Fire. Both accounts are invested in the LP. Per Harris, there have not been any notable changes to the guidelines for the LP since the accounts were incepted.

RECOMMENDATION

- Segal Rogerscasey recommends that clients retain this strategy. In our opinion, Herro is a passionate investor who clearly articulates Harris' investment philosophy and displays impressive knowledge of the companies held in the portfolio. He has been the lead portfolio manager since launching the strategy in 1992; as a result, the strategy's full track record can be attributed to Herro.

RESEARCH RECOMMENDATION

Artisan Partners L.P.
Non-U.S. Growth Equity

Town of Palm Beach Firefighters and Police Retirement System

December 2012



Segal Rogerscasey

Firm Description

Founded in 1994 by Andrew Ziegler, Carlene Ziegler, and a group of private investors, Artisan Partners L.P. ("Artisan") is a registered investment advisor that has principal offices in Milwaukee, San Francisco, Atlanta, New York, and London. Carlene Ziegler stepped down as portfolio manager of the Small Cap Growth strategy in 2008. Andrew Ziegler stepped down as president and CEO of the firm in 2010 and was replaced by Eric Colson. Andrew Ziegler now serves as Executive Chairman. Artisan does not disclose exact ownership information, but is owned by the Zieglers, its employees, and private equity funds managed by Hellman & Friedman, LLC.

On April 6, 2011, the firm filed a registration statement on Form S-1 with the Securities and Exchange Commission for a proposed initial public offering ("IPO") of Class A common stock. Later that year, the firm withdrew from its IPO due to market conditions. However, on November 1, 2012, Artisan filed an updated S-1 for an updated IPO. The terms of the offering were essentially the same as on their initial filing. The only meaningful change was the associated announcement that Andrew Ziegler would step down effective one year from the date of the IPO.

Artisan has five investment teams that manage equities exclusively: Growth, U.S. Value, Global Equity, Global Value, and Emerging Markets. As of September 2012, the firm had over 275 employees and managed approximately $69.8 billion in assets, nearly half of which were institutional assets.

FIRM FACTS

Firm Name	Artisan Partners Limited Partnership
Firm: Year Firm Founded	1994
Firm: City	Milwaukee
Firm: State/ Province	Wisconsin
Firm: Country	United States
Total AUM ($mm)	$69,834
Total Employees	276
% Employee Owned	Not Disclosed
Firm: Website Address	www.artisanpartners.com

Source: eVestment Alliance

Strategy Description

Launched in January 1996, Artisan's Non-U.S. Growth strategy ("the Strategy") is a growth-oriented non-U.S. equity strategy. Lead portfolio manager Mark Yockey, based in San Francisco, heads Artisan's Non-U.S. Growth portfolio management team. Charles Hamker and Andrew Euretig, tenured team members, were promoted to associate portfolio managers in Februrary 2012. The team also includes nine other seasoned analysts and eight associate analysts. The team employs a fundamental stock selection process focused on identifying long-term growth opportunities. The investment team's thematic approach identifies catalysts for change and develops investment themes with the objective of capitalizing on them globally.

The investment process begins with a universe of non-U.S. stocks, both developed and emerging, of all market capitalizations. Through an intensive research process, the team identifies global or regional investment themes and corresponding companies that are likely to benefit from their exposure to above-trend growth rates. Current long-term themes include changing demographics, developing technology, privatization of economic resources, outsourcing, and infrastructure. Particular emphasis is placed on researching well-managed companies with dominant or increasing market shares that the team believes may lead to sustained earnings growth. The team also pays careful attention to valuation relative to a company's market or global industry in choosing investments for the portfolios. Within identified themes, the team uses rigorous quantitative and qualitative research to narrow the field of candidates based on growth, valuation, liquidity, and location. Securities purchased are generally those believed to offer the most compelling potential earnings growth relative to their valuation.

The team uses a variety of research sources including company documents, industry contacts, brokerage research, analyst meetings, third-party research providers, and empirical observations. Each member of the team travels overseas frequently to research investment opportunities. Company visits are a key component of the team's investment process, providing an opportunity to develop an understanding of a company, its management, and its current and future strategic plans. Company visits also provide an opportunity to identify, validate, or disprove an investment theme.

The Strategy typically holds 70 to 100 stocks and averages 65% annual portfolio turnover. Risk control constrains positions to a maximum of 25% in any one industry and 30% in any one country. Emerging markets exposure is limited to 20% of the portfolio at time of purchase. As of September 2012, Artisan managed $17.9 billion in non-U.S. growth mandates, including $8.2 billion in separate accounts and $9.7 billion in mutual fund (ticker: APHIX, ARTIX) assets.

Strategy Description (continued)

STRATEGY FACTS

Product Name	Artisan Non-U.S. Growth
Product: Product Inception Date	1996
Product: Primary Universe	eA EAFE All Cap Growth Equity
Current AUM	$17,855
Current Cash Position	1.8%
Current # of Holdings	82
% Holdings In 10 Largest Stocks	36%
Portfolio Turnover (LTM)	64%

Source: eVestment Alliance

Advantages and Issues

ADVANTAGES

- Artisan has successfully executed its plan of building a multi-product investment management firm. Each investment management team operates as a boutique within Artisan and has its own dedicated resources. Key investment professionals from each team are equity owners of the firm.
- While there have been some changes to investment leadership teams at Artisan, the investment teams have been largely stable. The stability speaks to the firm's ability to attract and retain talented leaders for the investment teams.
- Mark Yockey is an experienced portfolio manager, having 30 years of investment experience. Charles Hamker and Andrew Euretig, tenured team members, were promoted to associate portfolio managers in early 2012. This provides some additional depth in portfolio management, although Artisan is quick to stress that this does not signal a formal succession plan.
- The team environment is quite effective in fostering open communication and idea sharing, although Yockey still has the strongest voice.

ISSUES

- As noted in the firm description, Artisan has filed, shelved, and again filed an intent to IPO a portion of their firm. While the percentage of firm equity being offered is small (~15%), and the capital is intended to capitalize some early investors, being a publicly traded firm is a material change for Artisan. The offering's potential for distraction should be monitored.
- The team is heavily reliant upon Yockey for idea generation and final decision-making. Although slightly mitigated by the promotions of Hamker and Euretig, Yockey still represents key person risk.
- The team has experienced relatively constant analyst turnover, a pattern that will likely repeat itself over time. Yockey has consistently been able to replace the departures with high quality talent.
- Sector and regional weightings are residual of the stock selection process, and can result in significant active weightings relative to the benchmark.

Validation/Performance

Artisan Partners Limited Partnership:
Artisan Non-U.S. Growth

Universe Ranking Analysis
MRQ, 1, 3, 5, 7 & 10 Years
Returns as Of: September 30, 2012

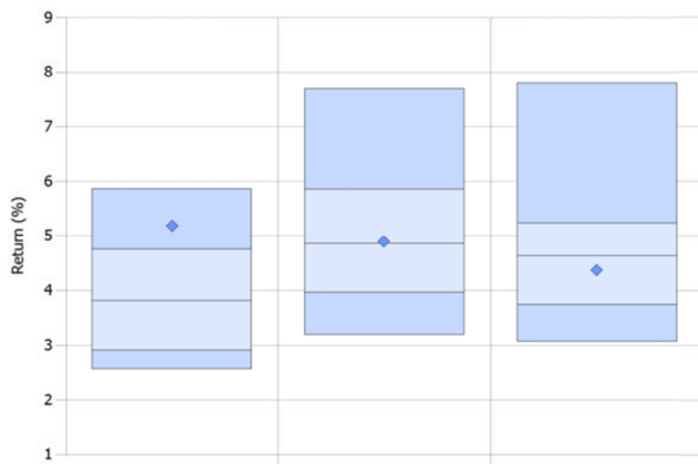
Universe:
eA ACWI ex-US Large Cap Growth Equity

	VT	RM	MRQ	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			8.42		21.27		11.39		0.78		8.24		13.10	
25th percentile			7.43		19.43		7.99		-0.73		6.37		11.74	
Median			6.77		18.65		5.68		-2.76		4.32		9.76	
75th percentile			6.05		16.82		2.78		-5.34		2.83		8.62	
95th percentile			4.90		11.21		-0.92		-8.17		-0.58		6.10	
# of Observations			34		34		34		31		26		21	
Artisan Partners Limited Partnership	SA	GF	8.40	9	30.23	1	7.83	26	-1.03	31	5.89	33	10.44	45

Results displayed in US Dollar (USD)

Artisan Partners Limited Partnership:
Artisan Non-U.S. Growth

Universe Ranking Analysis
MRQ, 1, 3, 5, 7 & 10 Years
TE as Of: September 30, 2012



Universe:
eA ACWI ex-US Large Cap Growth Equity

	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk
5th percentile			5.87		7.70		7.80	
25th percentile			4.76		5.86		5.23	
Median			3.82		4.86		4.63	
75th percentile			2.91		3.97		3.75	
95th percentile			2.57		3.20		3.07	
# of Observations			34		31		26	
Artisan Partners Limited Partnership	SA	GF	5.19	17	4.90	46	4.37	62

Results displayed in US Dollar (USD) MSCI ACWI ex-US Growth-ND

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

History and Recommendation

HISTORY WITH PLAN

- Current Accounts: Firefighter Board of Trustees (INTG Fund-R) - Funding Date: 12/31/2002; Police Officer Ret. Plan for Town of Palm Beach (INTG Fund – R) - Funding Date: 12/31/2002; Town of Palm Beach Health Insurance Trust (INTG Fund-I) - Funding Date: 6/9/2011

RECOMMENDATION

- Segal Rogerscasey recommends that clients retain this strategy. This recommendation is based on conviction in Mark Yockey's investment acumen and the team's conviction in growth-stock investing. The product specifically benefits from a nimble investment process supported by insightful investment professionals.

RESEARCH RECOMMENDATION

Goldman Sachs Asset Management

U.S. Core Plus

Town of Palm Beach General Employees Retirement System

December 2012

Segal Rogerscasey

Firm Description

Registered as an investment advisor in 1988, Goldman Sachs Asset Management ("GSAM") - the institutional asset management division of Goldman Sachs & Co. (NYSE: GS) - entered the money management industry by first offering money market strategy to institutions and individuals. Since then, the firm has broadened its product offerings to include U.S. equities, non-U.S. equities, fixed income, currency, and alternatives strategies.

Over the years, GSAM broadened its investment strategies organically, as well as through targeted acquisitions. In 1997, the firm acquired Tampa-based Liberty Investment Management, an institutional U.S. equity investment advisor. Separately, the firm internally developed quantitative equity strategies beginning in late 1980s. As evidenced by its strategy offerings, GSAM is agnostic, both in terms of investment style or approach. The firm currently offers growth and value, as well as quantitative and fundamentals based investment strategies.

As of June 2012, GSAM employed over 1,800 individuals and managed $716 billion in client assets. Asset breakdown by type class was as follows: equities - $106 billion, fixed income - $322 billion, money markets - $208 billion, and alternative investments - $80 billion.

FIRM FACTS

Firm Name	Goldman Sachs Asset Management
Firm: Year Firm Founded	1988
Firm: City	New York
Firm: State/ Province	New York
Firm: Country	United States
Total AUM ($mm)	$716,000
Total Employees	1,800
% Employee Owned	0%
Firm: Website Address	www.goldmansachs.com

Source: eVestment Alliance

Strategy Description

Launched in September 1994, the Goldman Sachs Core Plus strategy is managed using a team approach. GSAM's Fixed Income Strategy Group ("FISG"), sets macro themes using inputs from top-down and bottom-up strategy teams. The top-down strategy teams include Duration, Country, Currency, and Cross Sector (responsible for sector allocation). The bottom-up strategy teams include Corporate, MBS/ABS, Government/Agency, and Emerging Markets.

Jonathan Beinner and Andrew Wilson co-chair the FISG and are key contributors to the portfolio. Beinner and Wilson also serve as co-heads of the global fixed income and liquidity management effort; in addition, Beinner serves as the CIO of the group. In total, FISG is made up of 10 individuals and includes senior investors from the various strategy teams.

Each strategy team is responsible for implementing the portion of the portfolio that falls within its area of expertise based on the outlook and risk budget received from FISG. GSAM operates within a very meticulous risk budgeting framework, where each theme is assigned a tracking error contribution target.

The teams use proprietary quantitative models, which are combined with judgmental overlay and fundamental security research. The teams' goal is to place multiple small bets aimed at delivering consistent alpha and high risk-adjusted returns.

By way of example, GSAM's investment grade valuation model consists of four factors: U.S. Industrial Production Growth Rate; Fed Funds Rate; Equity Volatility; and S&P 500 Returns. Using the model, the investment team derives fair value corporate spreads that provide framework for discussions whether investment grade corporates should be overweighted or underweighted in the portfolio.

Risk is monitored through daily reports that help control the level of active risk in the portfolio and ensure that exposures are consistent with the model portfolio and client guidelines. The stated tracking error range is 100-150 bps, with target excess return of 75-100 bps versus the Barclays Aggregate Index.

High yield corporates are limited to 10%, emerging market debt to 15%, and non-dollar debt to 20% of the portfolio; in total, no more than 20% of the portfolio may be invested in below investment grade credit. Exposure to individual issuers is limited to 5% of the portfolio, excluding U.S. government, non-U.S. sovereigns, and agencies. The strategy duration is kept within a 1.5-year band of the index duration.

As of September 2012, the strategy assets stood at $5.5 billion.

STRATEGY FACTS

Product Name	GSAM US Core Plus
Product: Product Inception Date	9/1/1994
Product: Primary Benchmark	Barclays U.S. Aggregate
Current AUM ($mm)	$5,472
Average Maturity	19.9 Years
Portfolio Duration:	4.8 Years
Current # of Holdings:	742
Average Credit Quality:	AA
Portfolio Yield:	2.6%

Source: eVestment Alliance

Advantages and Issues

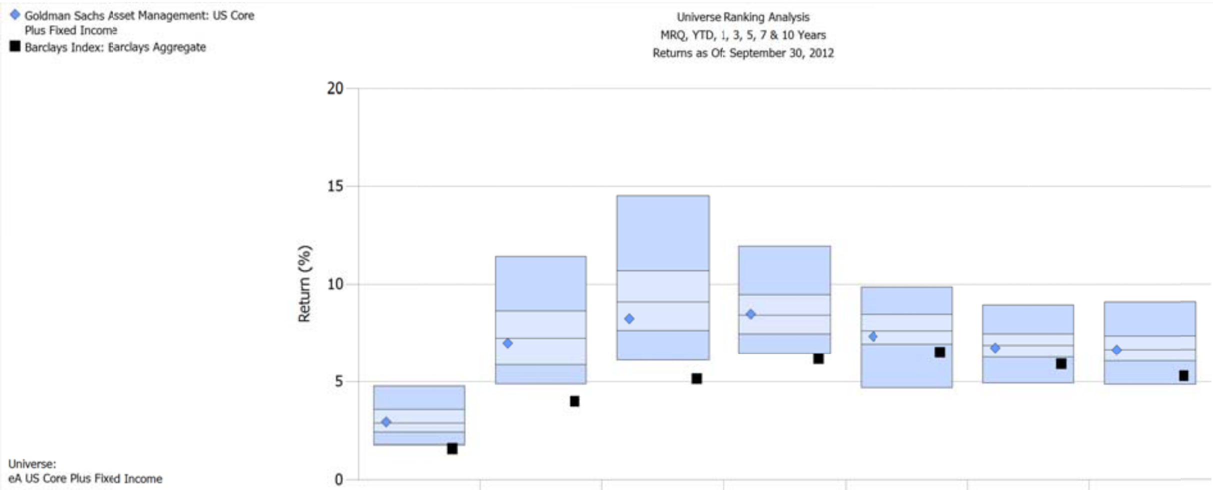
ADVANTAGES

- Despite the recent turnover at GSAM (see "Issues" below), in our opinion, the fixed income investment team remains deep and consists of very talented and experienced investors. For example, FISG members average 21 years of experience and 12 years of tenure at the firm.
- In our opinion, the GSAM fixed income team is integrated into a truly global platform, with robust communication flow between the firm's New York, London, and Asia offices.
- In our opinion, the investment process utilized by GSAM is well-defined, systematic, and transparent. The FISG meets regularly and takes input from all the sector and strategy teams. The group then develops an overall risk budget and allocates risk to the various investment strategies based on the insights of the key investment professionals.
- The fixed income group uses a proprietary comprehensive global risk model, which is arguably one of the best in the industry. Additionally, the team uses detailed performance attribution as a feedback mechanism. Finally, the product is quite risk-controlled, as active bets are sized on a contribution to tracking error basis to ensure no single bet should dominate portfolio performance.

ISSUES

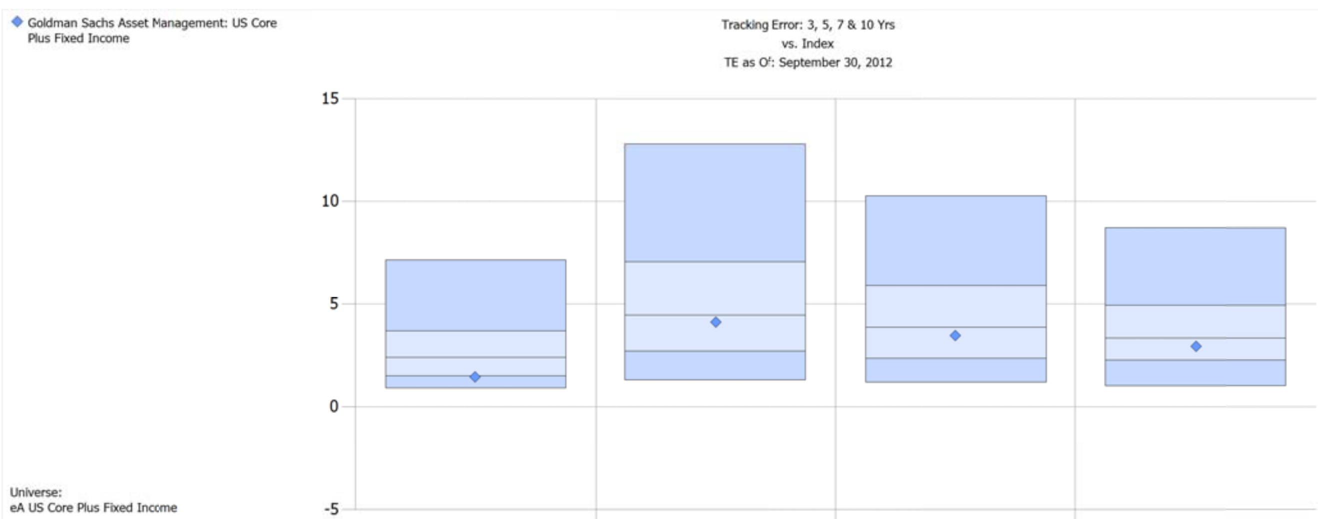
- GSAM has experienced numerous senior investment professional departures across most asset classes in recent years. While the reasons behind most of these departures are unique - and some were at the firm's discretion - they collectively reflect a disconcerting rate of organizational turnover. In addition to investment staff turnover, firm leadership has also changed, including the departures of Marc Spilker and Ed Forst, both co-heads of the Investment Management Division, and Global CIO Eileen Rominger.
- Consistent with the turnover issues outlined at the firm level, GSAM has experienced increased investment professional churn at the fixed income leadership level as well as across all sector specialist teams. The turnover appears to have peaked in 2009 and has eased in subsequent years; it could be attributed to a number of factors, including broad financial issues at the parent company level, the integration of the Liberty Harbor hedge fund team, as well as product performance issues.
- GSAM has ambitious growth goals for the product and this could potentially reduce the value added from security selection in the future.
- Given the relatively modest current asset base for the strategy, the investment team has significant latitude to add alpha through bottom-up issue selection. This latitude will decrease as GSAM grows the strategy assets.

Validation/Performance



	VT	RM	MRQ	Rk	YTD	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			4.79		11.41		14.52		11.93		9.87		8.96		9.11	
25th percentile			3.57		8.64		10.72		9.48		8.47		7.46		7.35	
Median			2.88		7.24		9.10		8.43		7.61		6.86		6.65	
75th percentile			2.41		5.89		7.64		7.46		6.94		6.28		6.08	
95th percentile			1.78		4.90		6.13		6.46		4.69		4.93		4.88	
# of Observations			155		155		155		152		141		132		112	
Goldman Sachs Asset Management	SA	GF	2.94	46	6.99	57	8.25	65	8.49	47	7.34	62	6.74	56	6.64	52
Barclays Index	IX	IX	1.59	97	3.99	97	5.16	97	6.19	98	6.53	84	5.92	87	5.32	92

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			7.16		12.81		10.27		8.72	
25th percentile			3.70		7.06		5.90		4.94	
Median			2.40		4.45		3.86		3.35	
75th percentile			1.51		2.72		2.37		2.27	
95th percentile			0.92		1.33		1.21		1.04	
# of Observations			152		141		132		112	
Goldman Sachs Asset Management	SA	GF	1.46	77	4.12	56	3.47	57	2.95	60

Results displayed in US Dollar (USD) Barclays Aggregate

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History and Recommendation

HISTORY WITH PLAN

- The collective trust has been in the plan since March 2006.

RECOMMENDATION

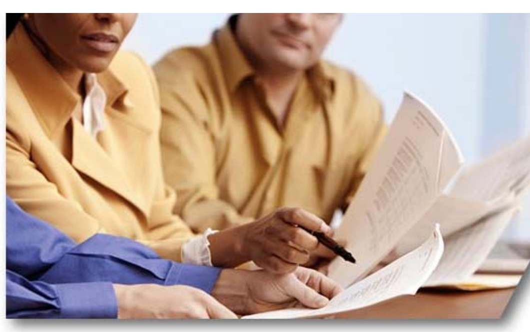
- Segal Rogerscasey recommends that clients retain this strategy. The GSAM Core Plus strategy is rated Buy based on the consistent application of GSAM's disciplined investment process. In our opinion, the investment team has adhered to its risk-controlled process where multiple active bets are taken and regularly monitored. In addition, we believe the quality and depth of GSAM's research effort and the strength of the portfolio construction process differentiate the strategy from its peers.

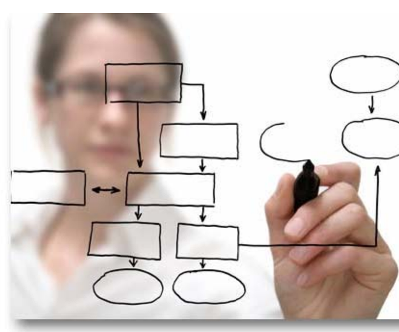
RESEARCH RECOMMENDATION

Vanguard
Total Market ETF

Town of Palm Beach Firefighters Retirement System

December 2012





Segal Rogerscasey

Firm Description

Vanguard was founded in Malvern, PA in 1974 by John C. Bogle and has offered Defined Contribution (DC) recordkeeping and administration services since 1982. The firm's roots trace back to 1929 with the inception of the Wellington Fund.

Chief Investment Officer George Sauter oversees Vanguard's Equity and Fixed Income Groups and has been a key contributor to the firm's development of stock indexing and other strategies. Vanguard has consistently had the lowest average mutual fund expense ratios of any fund family; its considerable scale and experience allow for competitively priced index funds. For actively managed funds, Vanguard's negotiating power controls the investment management fees charged by its sub-advisors. Finally, the firm's ownership structure is unique in the mutual fund industry; shareholders, through the funds in which they invest, own Vanguard.

In addition to investment management, Vanguard provides bundled 401(k) recordkeeping, administration, trustee, communications, and participant and plan sponsor services. As of September 30, 2012, Vanguard internally managed approximately $1.6 trillion across stable value funds, commingled trusts, and 170+ mutual funds. Including externally managed mutual funds, other investment contracts and outside funds, the firm managed a total of $2.1 trillion in assets. It employed over 13,000 people worldwide.

FIRM FACTS

Firm Name	Vanguard
Firm: Year Firm Founded	1974
Firm: City	Malvern
Firm: State/ Province	Pennsylvania
Firm: Country	United States
Total AUM ($mm)	$2,115,000
Total Employees	Approximately 13,100
% Employee Owned	0%
Firm: Website Address	www.vanguard.com

Source: eVestment Alliance

Strategy Facts and Fee Comparison

STRATEGY FACTS

Product Name	Vanguard Total Market ETF
Product: Product Inception Date	5/01/2007
Product: Primary Benchmark	Barclays U.S. Aggregate
Current AUM ($mm)	$17,473
Average Maturity	7.0 years
Portfolio Duration	5.0 years
Current # of Holdings	5391
Average Credit Quality	AA
Portfolio Yield	1.6%

Source: eVestment Alliance

STRATEGY FEE COMPARISON

Universe: ETF – US Fixed Income
Mandate Size: $46 million

	Annual Mutual Fund Fees	Annual Mutual Fund Basis Points
Low	$41,400	9.00
5th Percentile	$50,600	11.00
25th Percentile	$64,400	14.00
Median	$69,000	15.00
75th Percentile	$92,000	20.00
95th Percentile	$239,200	52.00
High	$345,000	75.00
# of Observations	27	27

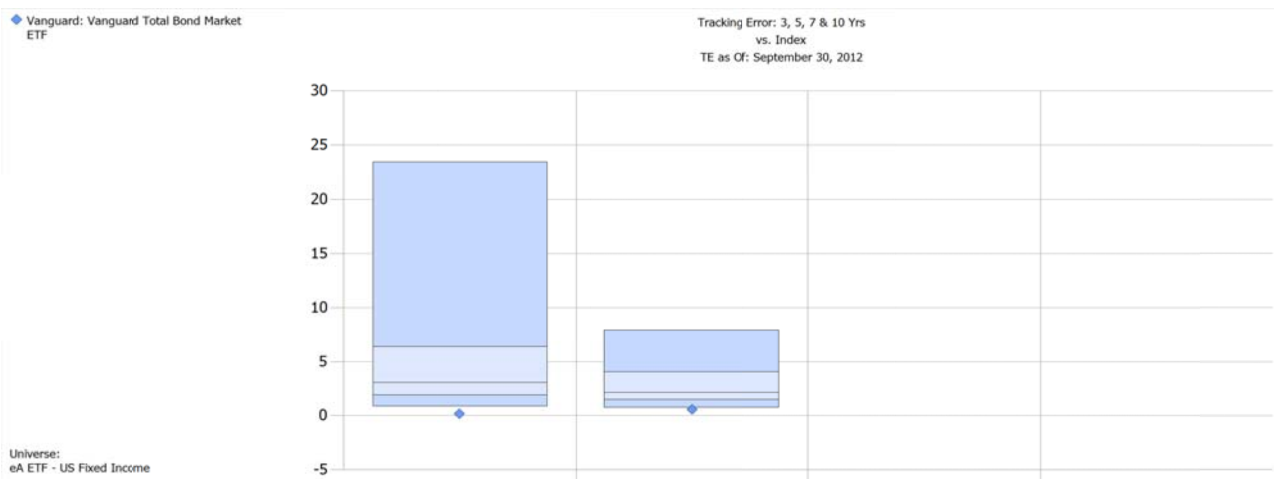
Product	Annual Separate Account Fees	Annual Separate Account Basis Points
Vanguard Total Market ETF	$50,600	11.00

Source: eVestment Alliance

Validation/Performance

	VT	RM	MRQ	Rk	YTD	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			4.08		10.30		15.07		15.58		10.59		---		---	
25th percentile			2.58		7.91		9.85		11.62		9.09		---		---	
Median			1.17		4.50		6.07		8.76		7.38		---		---	
75th percentile			0.50		2.32		3.19		4.65		5.79		---		---	
95th percentile			-0.50		0.47		0.63		2.13		4.58		---		---	
# of Observations			26		26		26		10		4		0		0	
Vanguard	ETF	NF	1.59	44	3.98	60	5.06	60	6.11	67	6.30	67	---		---	
Barclays Index	IX	IX	1.59	44	3.99	60	5.16	59	6.19	66	6.53	63	5.92		5.32	

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			23.43		7.94		---		---	
25th percentile			6.41		4.09		---		---	
Median			3.08		2.15		---		---	
75th percentile			1.93		1.51		---		---	
95th percentile			0.90		0.77		---		---	
# of Observations			10		4		0		0	
Vanguard	ETF	NF	0.19	100	0.58	100	---		---	

Results displayed in US Dollar (USD)

Barclays Aggregate

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

RESEARCH RECOMMENDATION

State Street Global Advisors
U.S. Aggregate Bond Index Strategy

Town of Palm Beach Police Retirement System

December 2012



Segal Rogerscasey

Firm Description

Established in December 1978, State Street Global Advisors ("SSgA") is a division of State Street Bank and Trust Company, a wholly-owned subsidiary of State Street Corporation, a publicly traded bank holding company (NYSE: STT). Headquartered in Boston, Massachusetts, SSgA employs over 2,400 people, of which over 450 are investment professionals, and has a presence in 18 countries and 26 cities worldwide. In 2011, SSgA completed its acquisition of Bank of Ireland Asset Management, expanding the firm's European client base and enhancing SSgA's range of investment solutions.

In May 2008, Scott Powers was appointed the President and Chief Executive Officer of SSgA. Powers leads the Executive Management Group ("EMG"), which is comprised of: the Global Chief Investment Officer, Chief Administrative Officer, Chief Compliance Officer, Chief Legal Officer, Chief Risk Officer, the Investment Committee Chair, the Head of Human Resources, Heads of North America, Asia Pacific and EMEA businesses, Global CIO and, on a rotating basis, two asset class CIOs. The EMG's role is to oversee the Investment Committee, the Product Committee, the Fiduciary Committee, and the Operations/Compliance Committee.

As of September 2012, SSgA managed $2.1 trillion in assets across a wide platform of investment offerings including equity, fixed income, multi-asset class, alternatives, cash fund, and currency management capabilities.

FIRM FACTS

Firm Name	State Street Global Advisors
Firm: Year Firm Founded	1978
Firm: City	Boston
Firm: State/ Province	Massachusetts
Firm: Country	United States
Total AUM ($mm)	$2,064,717
Total Employees	2406
% Employee Owned	0%
Firm: Website Address	www.ssga.com

Source: eVestment Alliance

Strategy Facts and Fee Comparison

STRATEGY FACTS

Product Name	U.S. Aggregate Bond Index Strategy
Product: Product Inception Date	04/01/1996
Product: Primary Benchmark	Barclays U.S. Aggregate
Current AUM ($mm)	$43,121
Average Maturity	6.7 Years
Portfolio Duration	4.8 Years
Current # of Holdings	6096
Average Credit Quality	AA
Portfolio Yield	1.58%

Source: eVestment Alliance

STRATEGY FEE COMPARISON

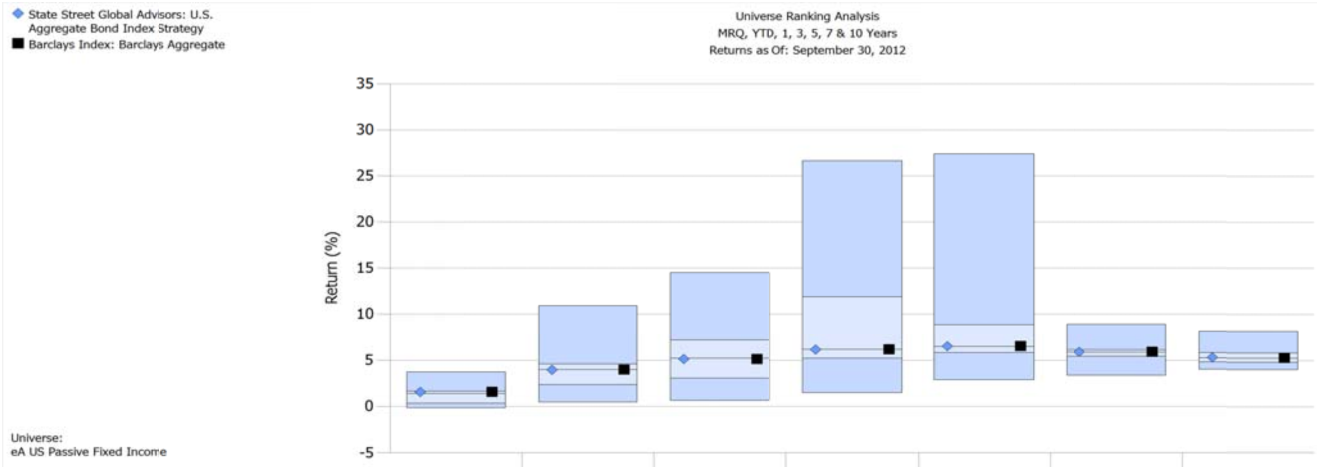
Universe: US Passive Fixed Income
Mandate Size: $46 million

	Annual Separate Account Fees	Annual Separate Account Basis Points	Annual Commingled Fund fees	Annual Commingled Fund Basis Points
Low	$23,000	5.00	$14,600	3.00
5th Percentile	$27,600	6.00	$19,200	4.00
25th Percentile	$27,600	6.00	$23,000	5.00
Median	$36,800	8.00	$28,400	6.00
75th Percentile	$46,000	10.00	$36,800	8.00
95th Percentile	$77,908	17.00	$115,000	25.00
High	$92,000	20.00	$115,000	25.00
# of Observations	34	34	41	41

Product	Annual Separate Account Fees	Annual Separate Account Basis Points	Annual Commingled Fund fees	Annual Commingled Fund Basis Points
U.S. Aggregate Bond Index Strategy	$27,600	6.00	$27,600	6.00

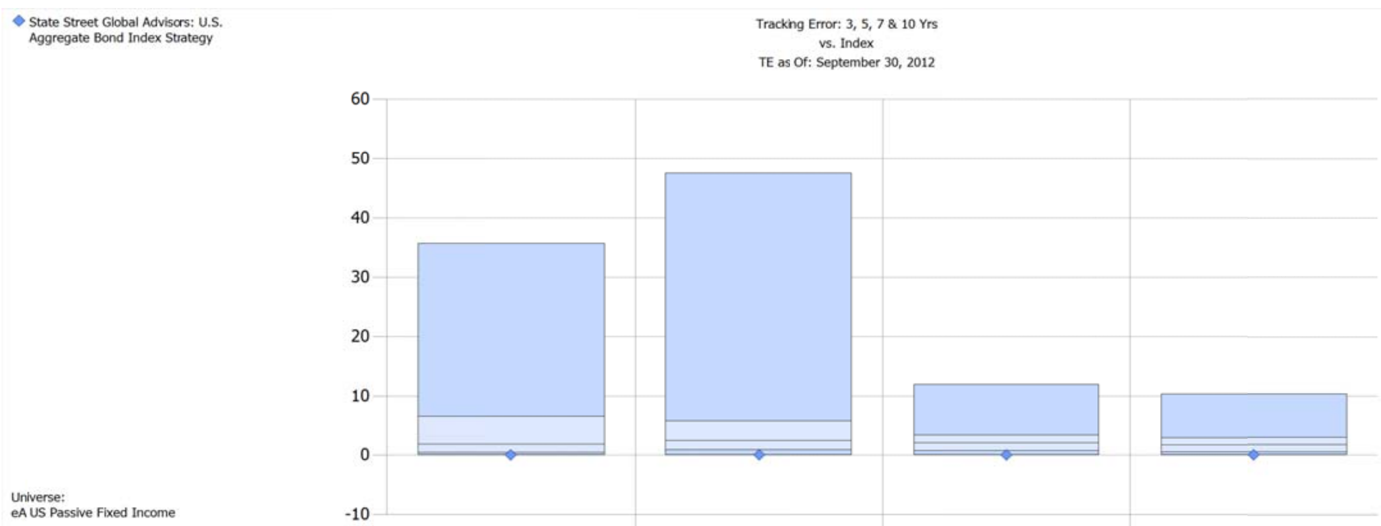
Source: eVestment Alliance

Validation/Performance



	VT	RM	MRQ	Rk	YTD	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			3.74		10.95		14.55		26.68		27.40		8.90		8.18	
25th percentile			1.70		4.64		7.21		11.91		8.89		6.17		5.85	
Median			1.43		4.01		5.22		6.18		6.51		5.88		5.29	
75th percentile			0.37		2.39		3.10		5.22		5.86		5.45		4.85	
95th percentile			-0.11		0.48		0.69		1.51		2.90		3.38		4.04	
# of Observations			55		54		54		51		48		44		37	
State Street Global Advisors	SA	GF	1.58	37	3.98	54	5.15	53	6.17	51	6.54	45	5.92	42	5.33	45
Barclays Index	IX	IX	1.59	35	3.99	52	5.16	53	6.19	50	6.53	47	5.92	42	5.32	45

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			35.72		47.58		11.96		10.38	
25th percentile			6.61		5.86		3.44		3.02	
Median			1.97		2.56		2.18		1.79	
75th percentile			0.50		0.94		0.81		0.58	
95th percentile			0.08		0.14		0.10		0.07	
# of Observations			51		48		44		37	
State Street Global Advisors	SA	GF	0.07	96	0.09	97	0.07	97	0.07	97

Results displayed in US Dollar (USD)

Barclays Aggregate

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

RESEARCH RECOMMENDATION

Richmond Capital Management

Core Broad

Town of Palm Beach Police Retirement System

December 2012

Segal Rogerscasey

Firm Description

Richmond Capital Management ("Richmond Capital") is a Registered Investment Advisor based in Richmond, Virginia. The firm was founded in 1982 as a subsidiary of Continental Group, Inc. under the name Continental Investment Advisors. In 1984, AON Corporation acquired the firm and sold it to employees in 1987.

Currently, the firm is wholly owned by nine employees. Mark Walker (President) and William Schultz (Portfolio Manager) are the two largest shareholders, each with a roughly 30% stake. In total, the firm has 16 employees, including seven investment professionals.

As of September 2012, Richmond Capital had $6.0 billion in assets, all of which were managed through domestic investment grade fixed income mandates. Roughly $4.9 billion was managed on behalf of tax-exempt and $1.1 billion on behalf of taxable clients.

FIRM FACTS

Firm Name	Richmond Capital Management
Firm: Year Firm Founded	1982
Firm: City	Richmond
Firm: State/ Province	Virginia
Firm: Country	United States
Total AUM ($mm)	$6,000
Total Employees	16
% Employee Owned	100%
Firm: Website Address	www.richmondcap.com

Source: eVestment Alliance

Strategy Description

Launched in January 1988, the Richmond Capital Core Broad strategy is managed by a team of seven individuals: Mark Walker (joined in 1989), William Schultz (1991), Howard Bos (1999), Beth Baron (2000), Wheatley McDowell (2001), Paul Lundmark (2003), and Patton Roark (2003). The investment team members serve as portfolio managers for individual accounts, research analysts, and traders. As portfolio managers, team members are responsible for implementing the strategy in client portfolios while adhering to client specific guidelines.

The Richmond Capital investment philosophy states that investment grade fixed income markets tend to misprice default and call risk. Therefore, the team strives to outperform the Barclays Aggregate Index by concentrating investments in corporate bonds, agency mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities, while carefully managing the risk in these sectors with a quality bias and extensive diversification.

The investment process begins with a long-term macroeconomic view established collectively by the investment professionals twice a year. The view is the basis for the team's long-term duration, yield curve, and sector strategy. Richmond Capital states that it uses the following value-added strategies: duration management, sector rotation, yield curve analysis, and security selection. However, the primary source of value added is sector rotation. The strategy is generally overweight spread sectors, with corporates making up the bulk of the exposure. The team adjusts the contribution to duration of spread sectors or spread duration based on its view of the relative value of spread sectors to Treasuries and each other. Within spread sectors, the team seeks broad diversification across higher credit quality issues.

The portfolio generally holds approximately 100 issuers, with a maximum of 2% of the portfolio in any individual credit issuer. Sectors are constrained to the following ranges: corporates 40-90%; mortgages 0-40%; asset backed 0-10%; cash 0-10%. The strategy will not hold below investment grade securities, derivatives, or non-U.S. issues. Duration is kept within a band of 80% and 110% relative to the index. Annual portfolio turnover is approximately 30-35%. As of September 30, 2012, Richmond Capital managed $2.0 billion in the Core Broad strategy.

STRATEGY FACTS

Product Name	Richmond Capital Core Broad
Product: Product Inception Date	1/1/1988
Product: Primary Benchmark	Barclays U.S. Aggregate
Current AUM ($mm)	$2,002
Average Maturity	5.7 Years
Portfolio Duration:	4.0 Years
Current # of Holdings:	120
Average Credit Quality:	AA
Portfolio Yield:	2.1%

Source: eVestment Alliance

Advantages and Issues

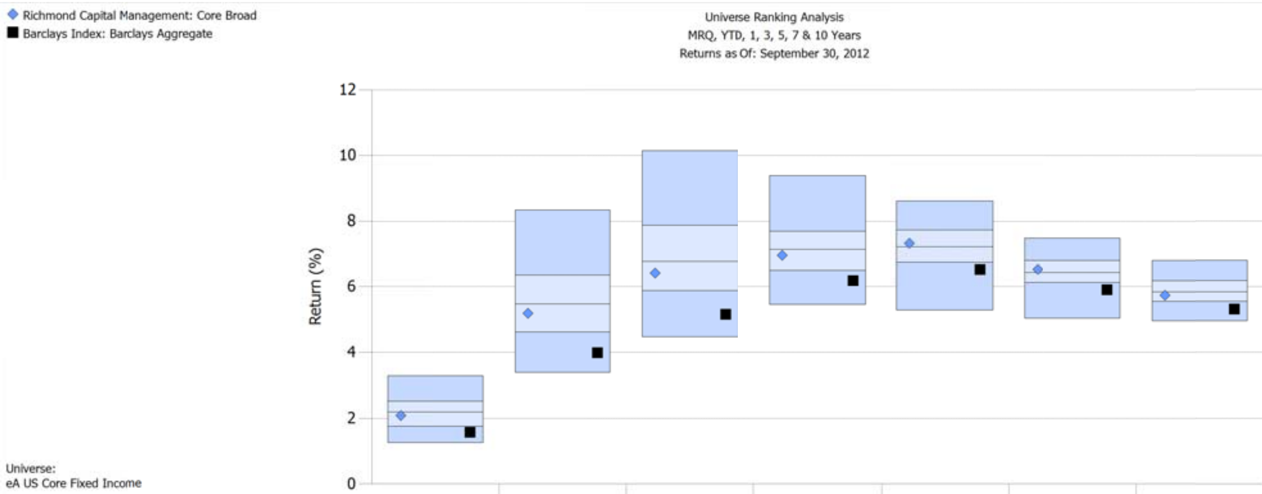
ADVANTAGES

- The firm is 100% employee owned and committed to remaining so. Ownership is broadly diversified among employee partners, with an understanding that maximum ownership per individual should top at 33%. All investment professionals at Richmond Capital have an equity stake, which in our opinion has been an important contributing factor to the stability of the firm.
- The firm has been very stable over time; with the exception of retirements, there has been no employee turnover on the investment team.
- Richmond Capital has a collegial team environment that fosters a great deal of participation in the idea generation and portfolio construction process.
- The investment team is populated by a group of experienced investment professionals with significant tenure at the firm. Mark Walker and William Schulz, the two most tenured portfolio managers, both have over 25 years of fixed income experience.
- The strategy's investment approach is to capture the yield premium offered by spread sectors; in our opinion, this approach is consistently espoused and applied by all investment team members. However, the underlying research supporting sector rotation and issuer selection is not as strong as Segal Rogerscasey's highest conviction managers.

ISSUES

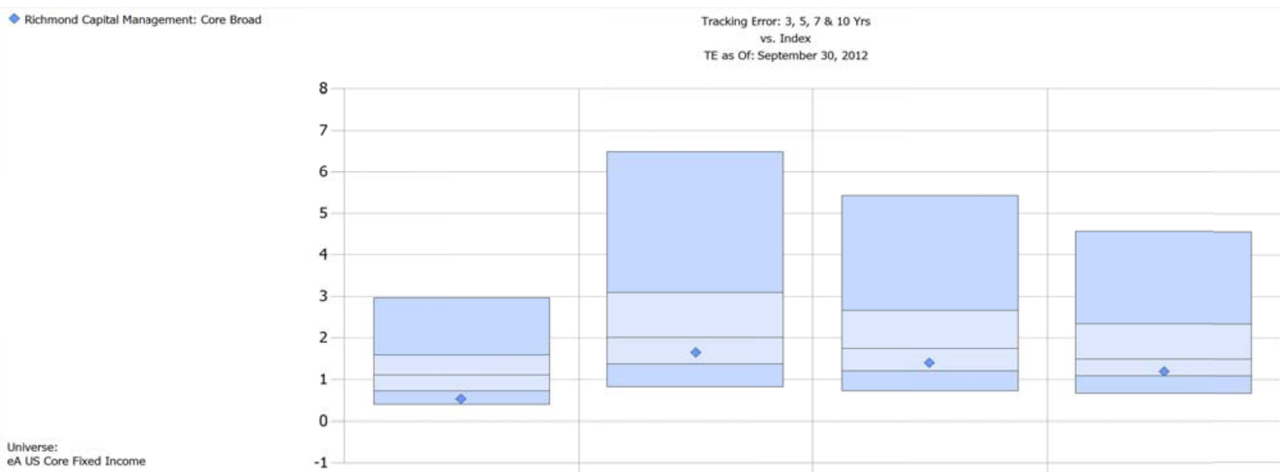
- Richmond Capital exclusively manages investment grade fixed income assets and could suffer when the asset class does poorly.
- While the strategy is perpetually overweight spread sectors, it is concentrated in the high credit quality issuers and broadly diversified. As such, the strategy is best characterized as a conservative core option and may lag its peers and the Barclays Aggregate Index during "risk-on" markets.
- In our opinion, Richmond Capital is behind the competition in its use of new asset classes and derivatives. The team does not cover non-dollar issues or below investment grade issues; it also implements its duration views by rotating between cash and longer-dated Treasuries, as opposed to using Treasury futures.
- In our opinion, Richmond Capital does not take full advantage of its relatively small firm size to add value through nimble security selection. For example, the investment team tends to own the larger, more liquid names in the mortgage sector.
- The team seeks to limit risk through owning high credit quality issues and diversification. While we view the risk tools used by the team as adequate, Richmond Capital does not employ some of the sophisticated quantitative tools used by other fixed income managers.

Validation/Performance



	VT	RM	MRQ	Rk	YTD	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			3.30		8.34		10.15		9.38		8.61		7.49		6.81	
25th percentile			2.53		6.36		7.89		7.70		7.73		6.80		6.19	
Median			2.20		5.47		6.78		7.15		7.22		6.44		5.84	
75th percentile			1.77		4.62		5.88		6.50		6.75		6.13		5.55	
95th percentile			1.27		3.42		4.47		5.46		5.30		5.04		4.96	
# of Observations			265		265		265		261		251		242		220	
Richmond Capital Management	SA	GF	2.10	56	5.19	56	6.42	60	6.97	55	7.33	46	6.53	45	5.74	56
Barclays Index	IX	IX	1.59	88	3.99	91	5.16	90	6.19	84	6.53	80	5.92	82	5.32	87

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			2.97		6.49		5.43		4.57	
25th percentile			1.59		3.10		2.67		2.34	
Median			1.11		2.01		1.75		1.49	
75th percentile			0.72		1.37		1.21		1.09	
95th percentile			0.40		0.82		0.72		0.67	
# of Observations			261		251		242		220	
Richmond Capital Management	SA	GF	0.53	89	1.65	60	1.40	63	1.19	66

Results displayed in US Dollar (USD) Barclays Aggregate

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History and Recommendation

HISTORY WITH PLAN

- Richmond Capital has been managing the Palm Beach Police account since 2/01/2003.

RECOMMENDATION

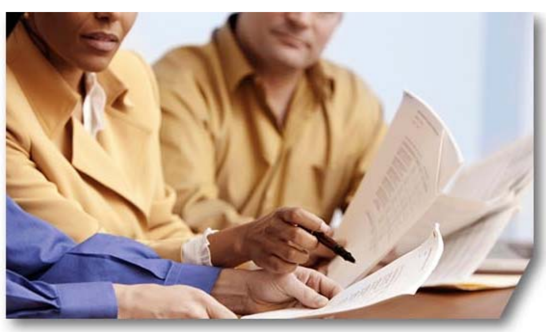
- Segal Rogerscasey recommends that clients retain this strategy. Richmond Capital's Core Broad strategy is recommended based on the experience, tenure, and stability of its investment professionals. The investment team employs a conservative fixed income approach with an emphasis on high credit quality and diversification.

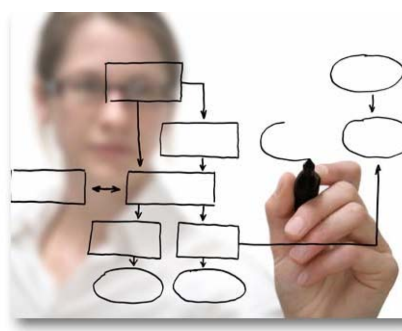
RESEARCH RECOMMENDATION

Mesirow Offshore Master Fund, Ltd.
Multi-Strategy (MOMF-MS)

Town of Palm Beach General Employees Retirement System

December 2012





Segal Rogerscasey

Firm Description

Mesirow Advanced Strategies (Mesirow) is a wholly owned subsidiary of Mesirow Financial, a diversified financial services firm headquartered in Chicago, Illinois that was founded in 1937. Mesirow started managing hedge fund of funds in January 1995. The firm has 133 employees including 45 in investment research, 42 in client services, 35 in finance and technology, and seven in legal and compliance.

Howard Rossman leads Mesirow as Chairman and has a focus on product development and some initial manager identification. Other senior members of the team include Brian Cornell, Office of the Chairman and member of the investment Committee (IC) focused on non-directional managers; Steven Vogt, CIO, responsible for the quantitative aspects of portfolio construction and risk management; and Marty Kaplan, CEO, responsible for managing the day-to-day business. Tom Macina heads the manager research and due diligence team under Steven Vogt. Eric Siegel heads the operational due diligence group. The IC comprises seven members: Howard Rossman, Marty Kaplan, Brian Cornell, Steven Vogt, Tom Macina, Eric Siegel and Mark Kulpins. Mesirow's supporting investment staff includes 21 strategy analysts; six operational due diligence employees, run by Eric Siegel; 11 additional portfolio construction/research members; and a five person quantitative and risk management team, led by Charles Carpenter. Mesirow Financial, the parent company of Mesirow (the fund of funds), is responsible for all of the funds of fund's compliance, accounting, and information technology and supports the fund with an additional 176 professionals.

FIRM FACTS

Firm: Name	Mesirow Advanced Strategies Inc. (MAS)
Firm: Year Firm Founded	1990
Firm: City	Chicago, IL
Total AUM ($mm)	$14,019
Total Employees	133
% Employee Owned	Wholly-owned subsidiary of Mesirow Financial Holdings, a privately owned firm, 92% of which is owned by active employees and the remainder held by former employees or partners

Strategy Description

MOMF-SF seeks to return LIBOR plus 3% to 6% per annum with an annualized standard deviation of less than 5%, and a targeted beta to the S&P 500 of approximately zero. The fund focuses on fundamentally-based strategies including Hedged Equity (20-50% of the portfolio), Credit (15-35%), Event Driven (10-25%), Relative Value (5-25%), and Macro & Commodity (0-10%).

The team engages in three layers of analysis: qualitative analysis where the investment analysts source and research managers, operational due diligence and quantitative analysis conducted by the risk team. The investment analysts monitor the universe and upgrade managers to the pipeline based on initial due diligence. Mesirow has a strong level of “contacts” to discover emerging hedge fund managers, utilizing existing hedge funds for references, but also has the process rigor to evaluate them. After the initial pipeline, both qualitative and quantitative analysts conduct further due diligence into the manager, and operational due diligence begins their assessment. Quantitative analysis starts with risk, and the team seeks to understand how they are compensated for taking on a certain manager risk. A healthy debate between all three areas generally occurs at Strategy Working Group meetings, which Steven Vogt and Mark Kulpins run. The Strategy Working Groups vote on whether or not to continue due diligence, with final manager approval lying with the Investment Committee (IC). The IC holds monthly investment strategy meetings to discuss broader strategic objectives for the portfolios, top-down macro themes and bottom-up risk factors for individual managers.

Transparency is very important to Mesirow. If position-level transparency is not available, they still obtain liquidity and concentration to identify differences in manager's expectations. Risk level transparencies include sector concentrations, capitalization size, style allocations, credit exposures, premium exposures, hedge ratios, and leverage. Mesirow believes that its key differentiating factors include: 1) the level and quality of monitoring and manager due diligence; 2) the focus on mid to small sized managers; 3) a significant focus on fraud prevention through due diligence and monitoring; and 4) the level of sophistication in the firm’s quantitative portfolio construction and weighting work.

In terms of quantitative portfolio construction, Mesirow uses forward looking factor models. The factor modeling is done in conjunction with evaluating the alpha of each hedge fund versus their strategy benchmarks. Mesirow’s portfolio re-weighting process is driven by 100 quantitative factors during an optimization process, which is overlaid with a qualitative process that creates practical limitations of allocations. Mesirow avoids Fixed Income Arbitrage, Emerging Markets, and leveraged strategies. Manager evaluation is also quantitatively, with custom naïve benchmarks built for every manager and updated quarterly to assess changes in the manager’s portfolio and expectations
The fund’s current allocation is as follows: 22% Hedged Equity, 34% Credit (including 11% Structured Credit), 10% Event Driven, 14% Relative Value, 17% Macro & Commodity and 4% cash. About 50% of the underlying managers are open to new investment, 32% is hard-closed and 18% is soft-closed.

STRATEGY FACTS

Product Name	Mesirow Offshore Master Fund, Ltd. – Multi-Strategy
Product Inception Date	April 2005
Current AUM	$1,775 million
Current # of Managers	78
% Holdings in Top 10 Manager	28%

Advantages and Issues

ADVANTAGES

- Mesirow is employee-owned with a broad distribution of equity ownership. Most employees have investments in the fund, significant employee investment of $425 million as of Q3 2012.
- Mesirow has built an extensive proprietary database with over 5,000 hedge funds, and conducts custom peer group analysis. The team also benefits from the operational support of the firm.
- In an effort to limit the responsibilities of the manager due diligence team, each research professional only covers eight to ten managers. Steven Vogt brings quantitative expertise and qualitative insights to evaluates the strategies and managers.
- All IC members have strong quantitative backgrounds, which provides for an emphasis on portfolio construction and risk management. The IC holds quarterly research meetings to go over the allocation process. A majority of the quantitative work has evolved from the custom peer groups the firm has created.
- The team has an edge in analyzing smaller managers with AUM of less than $500 million, giving the fund the ability to benefit from the hedge fund manager's potential higher performance in earlier years.
- The firm only invests in managers who will at least provide a minimum level (i.e. exposure level) of transparency.

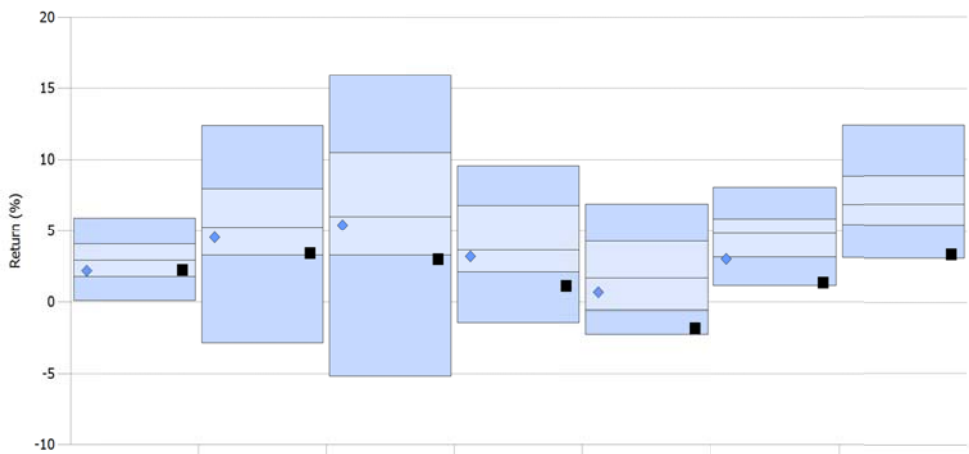
ISSUES

- Mesirow came close to selling itself early in 2002; however, the partners had second thoughts. There is always the risk that the partners will entertain a sale again in the future.
- The company does not invest in global macro, emerging markets, CTA, Reg D, or Statistical Arbitrage strategies. This decision constrains the breadth of the investment universe.
- Mesirow relies heavily on returns-based analysis in portfolio construction and risk management.

Validation/Performance

◆ Mesirow Financial: Mesirow Offshore Master Fund, Ltd. – Multi-Strategy
■ HFN Index: HFN Fund of Funds - Multi-Strategy Index

Universe Ranking Analysis
MRQ, YTD, 1, 3, 5, 7 & 10 Years
Returns as Of: September 30, 2012



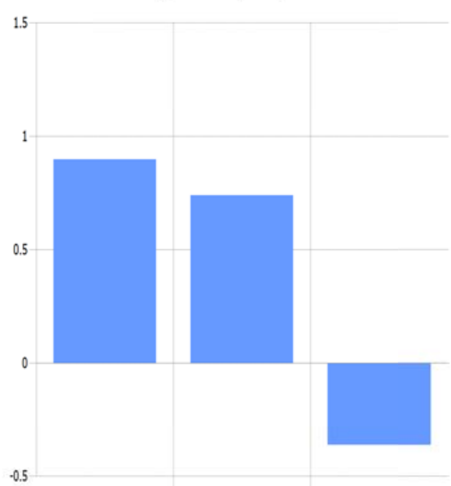
Universe:
HFN Indices

	VT	RM	MRQ	Rk	YTD	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			5.90		12.36		15.94		9.57		6.90		8.07		12.40	
25th percentile			4.09		7.96		10.46		6.78		4.27		5.81		8.84	
Median			2.92		5.23		6.00		3.65		1.70		4.83		6.86	
75th percentile			1.80		3.30		3.30		2.13		-0.53		3.17		5.43	
95th percentile			0.12		-2.80		-5.15		-1.39		-2.24		1.15		3.14	
# of Observations			36		36		36		36		36		36		36	
◆ Mesirow Financial	CF	NF	2.20	72	4.55	56	5.40	61	3.21	54	0.69	66	3.03	79	---	
■ HFN Index	IX	IX	2.25	71	3.44	71	3.01	77	1.14	83	-1.81	91	1.36	89	3.40	89

Results displayed in US Dollar (USD)

Mesirow Financial: Mesirow Offshore Master Fund, Ltd. – Multi-Strategy

Correlation Coefficient - 3 Years
Corr (r) 3 Years as Of: September 30, 2012

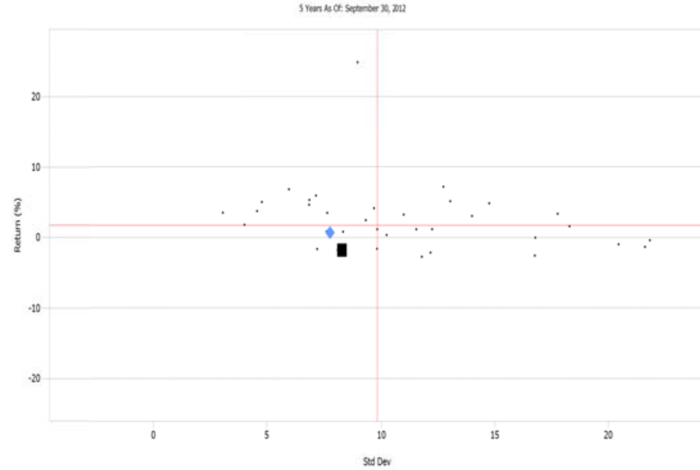


	VT	RM	3 Years[1]	3 Years[2]	3 Years[3]
Mesirow Financial	CF	NF	0.90	0.74	-0.36

Results displayed in US Dollar (USD)

[1] HFN Fund of Funds - Multi-Strategy Index; [2] S&P 500; [3] Barclays Aggregate

Risk vs. Return Analysis
Annualized Five Year Periods
5 Years As Of: September 30, 2012



Universe: HFN Indices

As Of: September 30, 2012

	VT	RM	Return (%)	Std Dev
◆ Mesirow Financial	CF	NF	0.69	7.75
■ HFN Index	IX	IX	-1.81	8.27
+ Universe Median			1.70	9.81

Results displayed in US Dollar (USD)

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Recommendation

- Segal Rogerscasey recommends that clients retain this strategy. Mesirow is rated BUY based on the firm's portfolio construction and due diligence rigor, strong team tenure, extensive resources dedicated to the hedge fund of funds effort as well as the ability to leverage the operational support provided by the overall company.

RESEARCH RECOMMENDATION

Archstone Partners LP

Offshore Fund, Ltd.

Absolute Return Strategies Fund, Ltd.

Town of Palm Beach Firefighters and Police Retirement System

December 2012

Segal Rogerscasey

Firm Description

The Archstone Partnerships was founded in January 1991 by Fred Shuman and Joe Pignatelli, who worked together at Bear Stearns in the Private Wealth Management division. The firm launched as a fund of hedge funds, and today manages nine hedge fund of fund portfolios across four broad strategies/risk spectrums. The firm currently manages $4.0 billion in assets, divided across the multi-strategy flagship Archstone Partners Fund (including $3 billion in Partners LP, launched in 1991 and $300 million in the ERISA fund, launched in 2011), the Opportunistic Funds ($333 million, launched in 1995) and the Equity Strategies Funds ($300 million, launched in 2003). Today, the firm invests in 33 managers across these nine funds. The same managers are often used in the various funds; however, the weightings differ to reflect the different risk targets of each fund. There are 18 employees including seven on the investment team.

The investor base has gone from 100% high net worth individuals in 1991 to 60% institutional (mostly endowments and foundations, as well as corporate/ERISA pensions) and 40% HNW, with approximately 1,200 clients in total. The top 10 clients represent 13.9% of AUM, so the client base is fairly diversified.

The firm is 100% employee-owned, with the majority held by Fred Shuman and his estate. Joe Pignatelli and three outside partners own the remaining equity. There is also phantom equity in place to eventually allow newer employees to become stakeholders in the firm, which currently includes three additional employees. Joe Pignatelli manages more of the day-to-day operations and serves as the President of the firm, while Fred Shuman has stepped away from his daily responsibilities, becoming less active since 2000. Employees can invest money into the funds, and currently $118 million of the $4.0 billion is employee money.

FIRM FACTS

Firm: Name	The Archstone Partnerships
Firm: Year Firm Founded	1991
Firm: City	New York, NY
Total AUM ($mm)	$4,000
Total Employees	18
% Employee Owned	100% employee-owned, the majority held by Fred Shuman. Joe Pignatelli and three outside partners own the remaining equity

Strategy Description

The underlying philosophy across all Archstone funds is a belief in diversification, the alignment of interest between the managers and investors, and consistency. The due diligence process centers more on people and the process, rather than performance. The flagship fund is split between equity (60%) and fixed income (40%) managers. The equity allocation includes value, growth, activist, special situations and relative value, while the fixed income allocation includes merger arbitrage, distressed, credit, fixed income arbitrage and convertible arbitrage. The fund is fairly concentrated, investing with 19-25 managers on average and is currently invested in 19 funds. Manager turnover is fairly low as well, averaging 1-2 per year. About 60% of their managers are closed to new investors.

The Absolute Return Strategies Fund is more fixed-income oriented, with a larger orientation towards distressed, credit and fixed-income arbitrage. There are currently 12 funds in the portfolio, more concentrated than the flagship product. The manager research process is the same and almost all of the managers in the portfolio are in the flagship fund as well, just in higher percentage allocations. Over 90% of the managers in this fund have been open for over 10 years, highlighting the emphasis on pedigree names.

There are seven professionals on the investment team led by Fred Shuman and Joe Pignatelli, who comprise the Investment Committee. Mark Smith is the Director of Investments and there are three additional research analysts/ associates. Each manager the fund is invested in has two analysts covering so each analyst is therefore responsible for 10-12 managers, allowing for deep research on each firm and fund. Manager sourcing comes mainly from existing managers (i.e. Conatus, which spun out of Lone Pine), as well as existing investors. Their requirements include: 1) Sufficient AUM and track record: Generally the team does not look at managers with less than $1 billion in AUM or less than a 10-year track record managing hedge fund assets. 2) Access to managers: The team focuses on forming long-term relationships with the managers. Many of the managers have been in the portfolio for a long time and they pride themselves on building partnerships with the firms they invest in, accessing the most senior PMs at the firms. 3) Manager alignment: The team looks for managers with more than 50% invested in their funds, and only invest in the commingled vehicles of managers. They feel these vehicles are the most aligned with the managers, since the majority of the manager's own capital often goes into the commingled fund. 4) Transparency: The team only considers managers with absolute transparency; therefore, they do not invest in more quantitative, black box models.

The team also does not look at short sellers or sector funds. Rather, they prefer lower volatility, generalist managers to let the manager make the right tactical decisions over time. This initial screening results in a universe of 150-200 funds that meet their requirements. The analysts are responsible for assigning buy/sell/hold recommendations to each manager. These ratings serve as the basis for discussions held internally. Daily meetings are held to discuss all names and strategies, and monthly meetings are held to determine removals/additions, with the two-member IC deciding on all portfolio allocations. Operational due diligence is led by Barbara Marciniak who conducts due diligence separately from the Investment team, however both sides come together at the monthly meetings to discuss. Due diligence is repeated every 18 months.

The team emphasizes qualitative due diligence though quantitative tools are used to guide discussions and monitor managers. The team has three systems to aid in the monitoring and evaluation of managers, including Novis, which aggregates all 13-F filings, AlternativeSoft, which is a return based factor engine model (what the explanatory factors are that go into a manager performance and stress testing these), and Ledgex, which aggregates all exposure information, liquidity management, portfolio construction, etc. They do not receive holdings from managers (only two provide this), but they do receive exposures from managers on a monthly basis. Other risk management measures include limiting leverage, which right now stands at 2x.

STRATEGY FACTS

Product Name	Archstone Offshore Fund, Ltd.
Product Inception Date	October 2000
Current AUM	$1,528 million
Current # of Managers	17
% Holdings in Top 10 Manager	71.4%

Product Name	Archstone Absolute Return Strategies Fund, Ltd..
Product Inception Date	January 2002
Current AUM	$428 million
Current # of Managers	12
% Holdings in Top 10 Manager	84.0%

Advantages and Issues

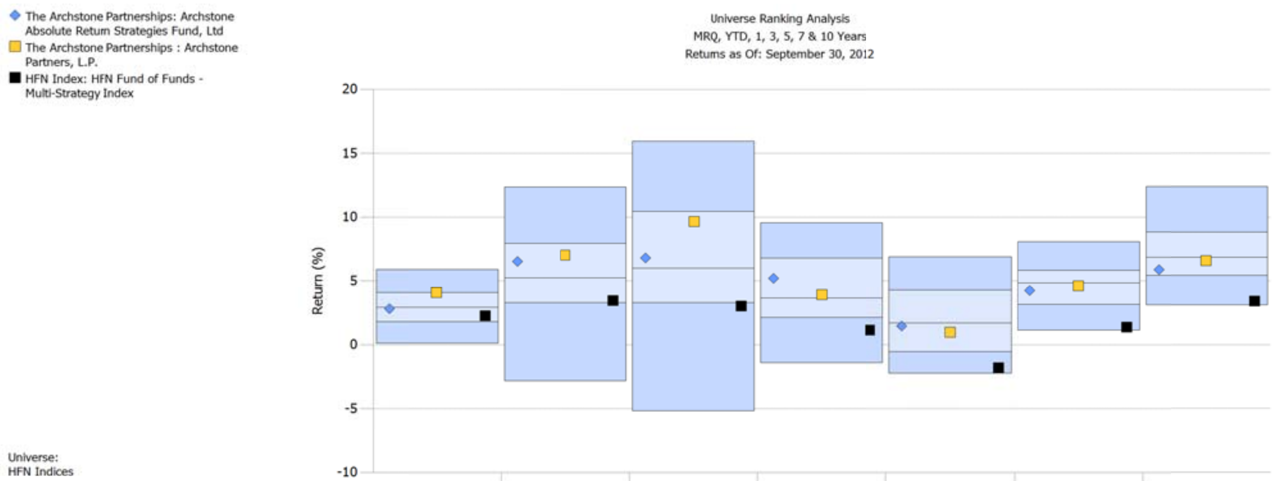
ADVANTAGES

- The portfolio has a stable, underlying manager base, with a high percentage of pedigree, long-tenured managers. The long-standing relationship that Archstone has had with many of these firms provides them them access to PMs as well as capacity. Of the managers in the portfolio that are currently closed to new investors (60%), they have arranged capacity with 80% of these.
- The portfolio is fairly concentrated, with a small number of managers allowing analysts to monitor and understand each strategy in detail. The manager to analyst coverage ratio is approximately 10 to 1.
- The investment team has remain largely unchanged since the inception of the firm in 1991.

ISSUES

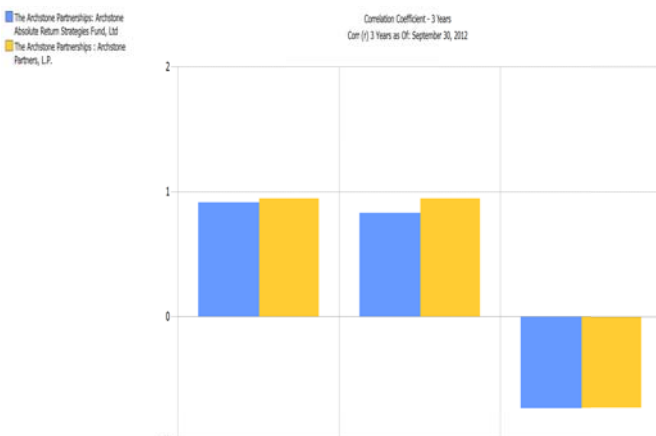
- The firm has a smaller investment and operational due diligence team size as compared to other firms of similar tenure.
- Fred Shuman is much less involved in the day-to-day management of the business, yet the majority of the ownership (92%) still lies with him and his estate. Given he is 73 years old, the succession planning and ongoing commitment of employees at the firm is unclear.
- The fund has started to see capacity pressures with a few of their managers (i.e. Viking, Equity L/S), which could impact the access to pedigree managers as the fund grows, though they have capacity arrangements currently.
- The team does not obtain holdings-level detail from managers and only two managers provide this full transparency. The portfolio construction process is fairly qualitative.
- The client base continues to have a larger high net worth percentage.
- While the manager line-up is comprised of large, well known funds, the portfolio may be less attractive from a diversification and differentiation perspective over smaller funds which may be able to more tactically allocate or capture niche market opportunities.

Validation/Performance



	VT	RM	MRQ	Rk	YTD	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			5.90		12.35		15.94		9.57		6.90		8.07		12.40	
25th percentile			4.09		7.96		10.46		6.78		4.27		5.81		8.84	
Median			2.92		5.23		6.00		3.65		1.70		4.83		6.86	
75th percentile			1.80		3.30		3.30		2.13		-0.53		3.17		5.43	
95th percentile			0.12		-2.80		-5.15		-1.39		-2.24		1.15		3.14	
# of Observations			36		36		36		36		36		36		36	
The Archstone Partnerships	CF	NF	2.81	55	6.53	33	6.80	40	5.20	40	1.46	52	4.24	61	5.88	68
The Archstone Partnerships	CF	NF	4.08	25	7.03	31	9.66	29	3.90	48	0.99	62	4.62	52	6.58	53
HFN Index	IX	IX	2.25	71	3.44	71	3.01	77	1.14	83	-1.81	91	1.36	89	3.40	89

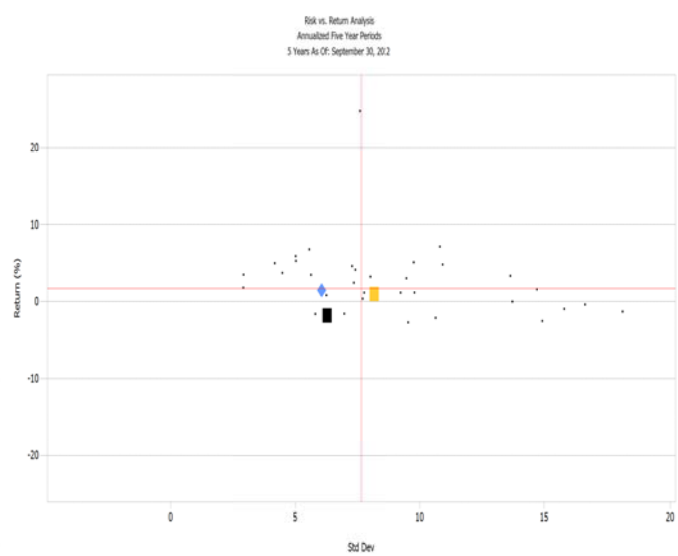
Results displayed in US Dollar (USD)



	VT	RM	3 Years[1]	3 Years[2]	3 Years[3]
The Archstone Partnerships	CF	NF	0.92	0.83	-0.73
The Archstone Partnerships	CF	NF	0.95	0.95	-0.73

Results displayed in US Dollar (USD)

[1] HFN Fund of Funds - Multi-Strategy Index; [2] S&P 500; [3] Barclays Aggregate



Universe: HFN Indices

As Of: September 30, 2012

	VT	RM	Return (%)	Std Dev
The Achstone Partnerships	CF	NF	1.46	6.05
The Achstone Partnerships	CF	NF	0.99	8.14
HFN Index	IX	IX	-1.81	6.27
Universe Median			1.70	7.63

Results displayed in US Dollar (USD)

History and Recommendation

HISTORY WITH PLAN

- The Town of Palm Beach Police Retirement System invested $5,138,227 in Archstone Offshore Fund Ltd. in July 2006.
- The Town of Palm Beach Firefighters Retirement System invested $10,978,043 in Archstone Absolute Return Strategies Fund, Ltd. in July 2008.

RECOMMENDATION

- Segal Rogerscasey recommends that clients review this strategy. While Archstone has had a longstanding history investing in hedge funds, the portfolio has remain largely unchanged and the fund seems to offer very little in terms of portfolio diversification and correlation. The smaller team size and infrastructure may be manageable at the moment, but as the fund grows, this may become an issue. In addition, the smaller size of the risk team is a concern as the markets' evolving complexity has prompted other similar-tenured managers to expand and improve upon existing systems, monitoring and diligence. Finally, the majority ownership by Fred Shuman questions the confidence in the commitment and retention of key employees.

RESEARCH RECOMMENDATION

Forester Capital

Forester Offshore, Ltd.

Town of Palm Beach Firefighters and Police Retirement System

December 2012

Segal Rogerscasey

Firm Description

Forester Capital, L.L.C. (“Forester”) was founded in 1999 by Trent Carmichael as an alternative investment adviser, focusing primarily in the areas of Long/Short Equity and Absolute Return. Prior to launching Forester, Carmichael spent three years as an associate director at Tiger Management, where he was responsible for analysis of long and short investments in the consumer products, consumer services, business services, and industrial sectors. Prior to Tiger Management, Carmichael served as a consultant to the Grassroots Research division of RCM Capital and held securities analyst and marketing roles at Nelson Capital Management.

Forester is currently managing $3.5 billion in assets, split between two strategies ($1.7 billion in Long/Short Equity; $1.8 billion in Long/Short Equity and Absolute Return) and seven vehicles. The firm is registered with the SEC and employs 25 people, including one portfolio manager, six analysts, eight in operations, six in finance, and four administrative professionals. Forester is wholly owned by the Carmichael Family. The firm has three principals, Trent Carmichael (Founder and Managing Principal), Fritz Fortmiller (Principal and Senior Analyst), and Michael Daly (Principal and Chief Financial Officer). Additional key employees include Keith Morris (Vice President and Senior Analyst), Jonas Katz (Managing Director and Chief Operating Officer), and Laura Cotronei (Chief Administrative Officer).

The firm’s client base is primarily institutional, with 72% of assets from endowments and foundations, 10% from pensions and 18% from high net worth individuals, including $35 million in employee capital. Forester offers clients two liquidity options: annual interests and three-year interests. Currently, 45% of the asset base is subject to annual liquidity while 55% is longer-term money, subject to a three-year lock-up.

FIRM FACTS

Firm: Name	Forester Capital, L.L.C.
Firm: Year Firm Founded	1999
Firm: City	Greenwich, CT
Total AUM ($mm)	$3,500
Total Employees	25
% Employee Owned	Forester is wholly owned by the Carmichael Family. There are three principals in the Firm: Trent Carmichael, Fritz Fortmiller, and Michael Daly.

Strategy Description

Forester's investment philosophy centers on constructing portfolios that will participate in up markets, protecting capital in down markets, and producing high risk-adjusted returns over a market cycle. The goal of the funds is to achieve strong long-term results with lower volatility than the markets and provide a diversification to portfolios made-up primarily of traditional long-only managers.

The investment process starts with a bottom-up analysis of each manager. The criteria for a potential investment include the quality and ethics of the key members of the investment team, the ability to demonstrate superior business analysis and security selection, strong portfolio management skills and risk management approach, as well as robust operational and back office capabilities. Forester avoids managers that use imprudent amounts of leverage, employ quantitative "black box" strategies, generate performance through excessive trading or market momentum, and invest primarily in commodities. Manager sourcing starts with the evaluation of 200-400 managers sourced from a universe of 6,000-8,000 funds. Forester then typically adds 2-4 new investment managers a year to the platform. Much of the sourcing comes from the team's personal networks, primarily from Trent Carmichael given his Tiger Management background. The investment analysis includes both a qualitative and a quantitative aspect, which is summarized in an investment opinion. Forester tracks all of its due diligence in a proprietary database. The operational due diligence team, consisting of three individuals within the finance and operations department, performs the back office analysis.

Trent Carmichael is the portfolio manager for the funds. He constructs the portfolios to include typically 30-40 underlying funds. Position sizing is determined based on the levels of gross and net exposures, as well as other factors including how individual positions affect the overall portfolio from a correlations perspective, return-to-volatility ratio, sector diversification, country diversification, strategy diversification, and market capitalization. The firm further considers different stress scenarios when constructing portfolios.

On an on-going basis, the investment team monitors the funds for changes in performance and exposure positioning using transparency provided by the investment managers, which is aggregated into proprietary models. Individual funds are also monitored with periodic data collection as well as qualitatively by speaking with the managers about the portfolio and the back office. The team visits with each manager typically twice a year and conducts conference calls more frequently.

The Forester Offshore Fund, Ltd. seeks capital appreciation while limiting the downside by employing a long/short approach to investing primarily in equity securities. The Fund commenced its operation in January 2004. It has posted a return of 6.91% since inception through September 30, 2012, which compares favorably versus the S&P 500 Index return of 5.13% for the same period.

The Fund has currently $850 million in assets under management and is invested in 39 underlying managers. Top five managers account for 29% of the assets while the top 10 comprise 48%. The gross exposure as of September 30, 2012 is 158% delta-adjusted while net exposure is 34% delta-adjusted. The breakdown of the sectors based on gross exposure is as follows: 9% energy, 4% materials, 17% industrials, 23% consumer discretionary, 11% consumer staples, 9% healthcare, 26% financials, 24% information technology, 6% telecommunications, 1% utilities, 3% index, and 6% other. The geographic allocations based on the gross exposure are 106% North America, 29% Europe, 18% Asia, and 5% Emerging Markets.

Strategy Description continued…

The Fund has a $2 million investment minimum and is currently selectively open to qualified investors. There is a choice of two fee options: 1% management fees plus an incentive allocation of 3% of profits, subject to annual liquidity, and a flat 1% management fee with three-year liquidity. Withdrawals for both options are subject to a 95 days' prior written notice.

The Fund utilizes top-tier third party service providers, including International Fund Services ("IFS") as the administrator, Ogier as the legal counsel, Ernst & Young as the auditor, and State Street Bank & Trust, Bank of New York Mellon, and Back of America N.A. as the custodians.

STRATEGY FACTS

Product Name	Forester Offshore, Ltd.
Product Inception Date	January 1, 2004
Current AUM	$850 million
Current # of Managers	39
% Holdings in Top 10 Manager	48%

Advantages and Issues

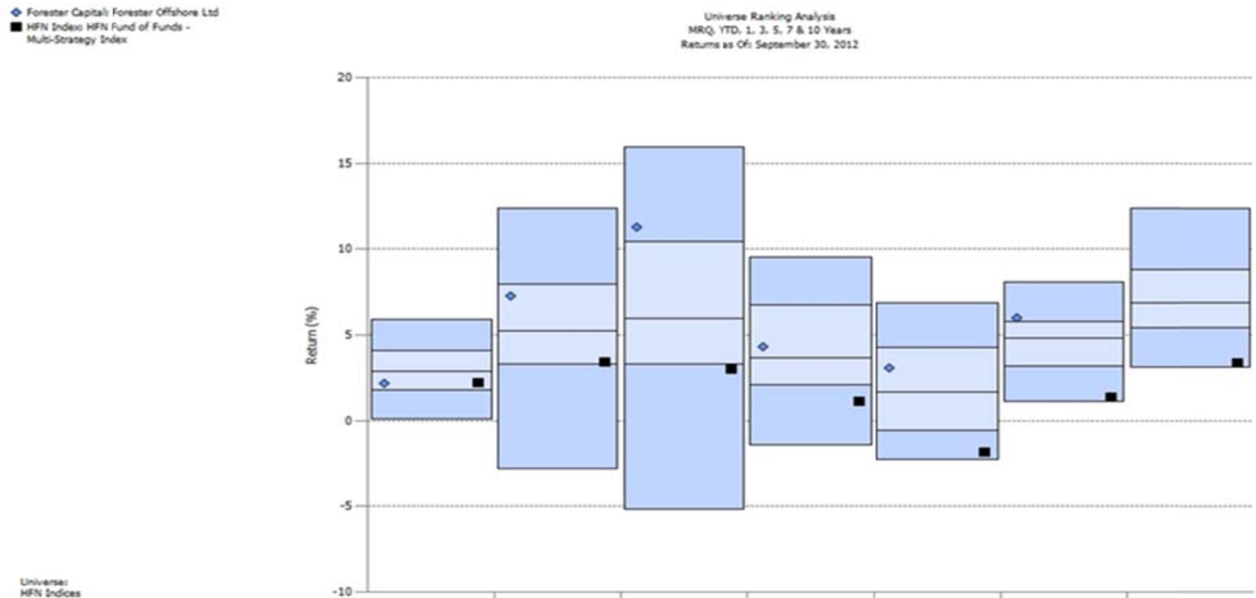
ADVANTAGES

- The firm has a stable client base, including over 75% in institutional capital. Additionally, over half of the firm's capital is longer-term money, subject to a three-year lock-up, providing additional stability to the platform.
- Trent Carmichael's experience and contacts from his tenure at Tiger Management, where he worked closely with other Tiger cubs, gives the firm an advantage in having access to managers that are closed to other investors. In fact, approximately 75% of the managers Forester is invested in are currently closed.
- The Forester Offshore Fund, Ltd. posted a loss of -13.02% during 2008, which compares favorably with the equity markets during that period and outperforms the majority of the hedge fund indices.

ISSUES

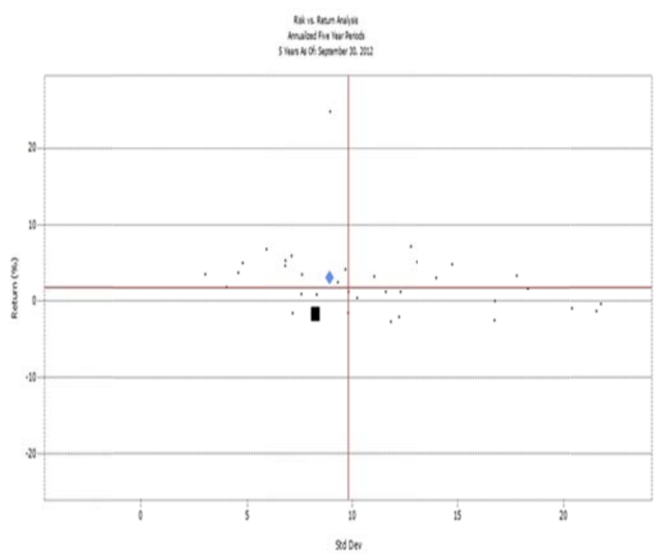
- The firm faces key man risk in Trent Carmichael. However, in the event that Carmichael is unable to remain active in the business, investors in all the funds will be able to exercise a key man provision.
- The Fund offers two liquidity options – an annual withdrawal right as well as a longer-term three-year withdrawal right. Relative to its peers in the Long/Short Equity strategy, these terms are onerous and the standard terms typically include a quarterly withdrawal provision.
- Despite its diversification with 39 underlying managers, the portfolio is somewhat concentrated with managers that trained within the Tiger Management network and could from time to time employ similar investment themes and positions.
- As many of the underlying managers are closed to new investments, Forester may be hesitant to redeem from these investments should issues arise, in fear of not being able to re-initiate a positions down the road.
- The firm is wholly owned by Trent Carmichael and only has two additional principals in Fritz Fortmiller and Michael Daly. The small ownership base could lead to potential turnover within the firm.

Validation/Performance



	VT	RM	MRQ	Rk	YTD	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			5.90		12.36		15.94		9.57		6.90		8.07		12.40	
25th percentile			4.09		7.96		10.46		6.78		4.27		5.81		8.84	
Median			2.92		5.23		6.00		3.65		1.70		4.83		6.86	
75th percentile			1.80		3.30		3.30		2.13		-0.53		3.17		5.43	
95th percentile			0.12		-2.80		-5.15		-1.39		-2.24		1.15		3.14	
# of Observations			36		36		36		36		36		36		36	
Forester Capital	CF	NF	2.19	72	7.30	30	11.30	20	4.33	43	3.09	42	6.01	21	—	
HFN Index	IX	IX	2.25	71	3.44	71	3.01	77	1.14	83	-1.81	91	1.36	89	3.40	89

Results displayed in US Dollar (USD)

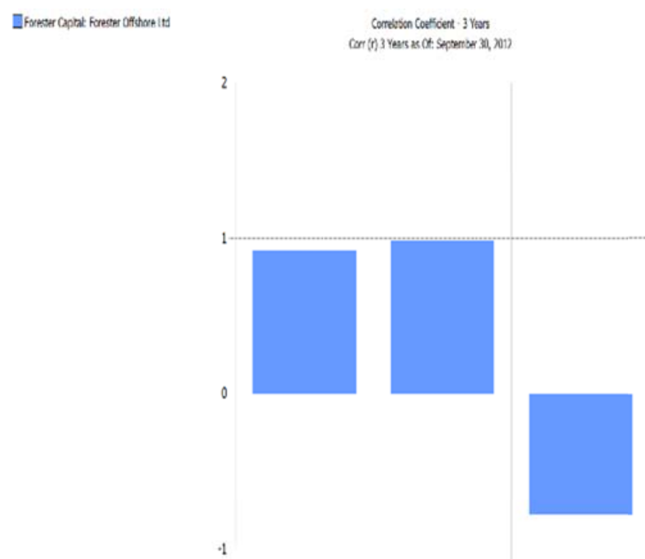


Universe: HFN Indices

As Of: September 30, 2012

	VT	RM	Return (%)	Std Dev
Forester Capital	CF	NF	3.09	8.92
HFN Index	IX	IX	-1.81	8.27
Universe Median			1.70	9.81

Results displayed in US Dollar (USD)



	VT	RM	3 Years[1]	3 Years[2]	3 Years[3]
Forester Capital	CF	NF	0.92	0.99	-0.78

Results displayed in US Dollar (USD)

[1] HFN Fund of Funds - Multi Strategy Index; [2] S&P 500; [3] Barclays Aggregate

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

History and Recommendation

HISTORY WITH PLAN

- The Town of Palm Beach Police Retirement System invested $6,488,313 in Forester Offshore A2 Fund, Ltd. in October 2008.
- The Town of Palm Beach Firefighters Retirement System invested $6,582,325 in Forester Offshore A2 Fund, Ltd. in July 2007.

RECOMMENDATION

- Segal Rogerscasey recommends that clients review this strategy. While Forester has posted solid performance over the long-term and the portfolio is invested in a number of well-known, hard-to-access managers, there are issues related to the investment philosophy as well as the fund structure. Specifically, we view the high concentration with managers from the Tiger Management network as potentially mitigating the diversification a fund of hedge funds is supposed to provide. Furthermore, we view the Long/Short Equity strategy is liquid in nature; therefore, clients should look to evaluate other more liquid investment options given that the Fund offers onerous terms, including annual and three-year lock-ups. Lastly, Trent Carmichael plays a crucial role in management of the portfolio and the firm faces a significant key man risk, as he is the sole portfolio manager.

RESEARCH RECOMMENDATION

Evanston Capital Managment

Weatherlow Offshore Fund I Ltd.

Town of Palm Beach Police Retirement System

December 2012

Segal Rogerscasey

Firm Description

Evanston Capital Management (ECM) was founded in 2002 by David Wagner (CEO), Adam Blitz (CIO), Kenneth Meister (COO), and Ryan Cahill (CFO), all of whom remain active in the business today. Wagner was CIO of Northwestern University Endowment from 1992-2002 before deciding to establish an investment advisory firm to specialize in alternative investment strategies. In 2006, the firm added its fifth principal, Don Fehrs, who serves as Director of Research and Head of Risk Management. The firm has been SEC registered since inception.

In December 2010, private equity firm TA Associates (TA) acquired a 49% stake in the firm through two of TA's funds. As a result of this transaction, Wagner's ownership stake dropped to 24%, with the balance split between Blitz, Meister, Cahill, and Fehrs, as well as one outside owner, an initial seed investor who holds a 6% stake. A phantom equity program has also been in place since 2009 that includes incentives for key employees Scott Zimmerman (Principal, General Counsel), Nadine Roggeman (Controller), and Kristen Van Gelder (Principal, Investments). TA is a silent partner with two of five board seats. ECM retains the right of first refusal and can also buy out the TA stake should they so decide.

The firm manages $4.5 billion in assets, divided between the flagship Weatherlow Fund ($4.4 billion) and two carve-out funds, the Weatherlow Long/Short Equity Fund ($40 million), launched in October 2010, and the Weatherlow Relative Value Fund ($63 million), launched in May 2011. Total capacity is estimated to be about $6 billion based on available capacity from the underlying managers given the concentrated nature of their funds. Early on, the client base was mainly endowments and foundations, but now it is divided among endowments (20%), foundations (22%), hospitals (24%), pensions (14%, including 1% Taft-Hartley), HNW/family offices (15%), other (3%) and internal employee capital (1%, or approximately $50 million).

The firm employs 26 professionals: 10 investment professionals and 16 operations, support, legal and marketing professionals. No senior person has left the firm, and the firm has only had three junior level departures since inception. Blitz leads the investment team and portfolio construction efforts, although the team is relatively small and so operates with a relatively flat structure. Wagner has not been involved in the manager research process since 2005, but he still sits on the Investment Committee. The Investment Committee is composed of six people: Blitz, Cahill, Fehrs, Meister, Wagner, and Kristen Van Gelder.

FIRM FACTS

Firm: Name	Evanston Capital Management, LLC
Firm: Year Firm Founded	2002
Firm: City	Evanston, IL
Total AUM ($mm)	$4,400
Total Employees	26
% Employee Owned	45% employee-owned (24% by David Wagner and 21% between Adam Blitz, Kenneth Meister, Ryan Cahill, and Don Fehrs. An initial seed investor owns 6% and TA Associates owns 49%.

Strategy Description

The investment philosophy is based on the belief that there are a limited number of truly top-tier portfolio managers in which to invest and therefore the best approach is to concentrate investments in a relatively small number of managers that have been subjected to rigorous, primarily qualitative, due diligence.

ECM is a relatively flat organization, with all members of the investment team involved in decisions. They conduct over 200 manager meetings per year. The investment process typically starts with an initial meeting that typically includes 2-3 people, including Mike Liddy who focuses on Equity Long/Short and/or Willy Steele who covers Non-Equity Long/Short strategies. The initial meeting focuses on the background of the firm and its investment professionals, the nature of the strategy and investment process, and the identification of both the manager's "edge" and what makes their process repeatable. Initial findings are documented, along with general pros and cons.

These initial findings are translated into a quantitative score using a 360-degree scoring system that attempts to evaluate and score all managers on the same factors (weights are assigned to each factor). The factors and weights have remained the same since inception and are uniform for every strategy. Factors include Investment Thesis (articulated investment edge, sensitivity to market environments and/or hidden negative factors), Investment Process (clear process of idea to trade order, portfolio construction, transaction cost, trading acumen, etc.), operational capabilities, structure and terms of offering, portfolio risk management, etc. The score is then compiled and is compared to other managers in the same category.

Typically, a manager needs to score a 75 (maximum 100) to move on to the next phase. Once a manager moves on to the next stage, the scorecard, along with all the notes on the manager, is passed around to the entire team and discussed at their weekly review meeting. The team then conducts further due diligence, holding onsite meetings that include all five of the senior investment professionals. The manager's research process, systems, and risk management are reviewed and reference checks are conducted. The full research is then sent to the entire firm; only 8-10 managers typically make it through this phase each year and move to the operational due diligence phase.

The operational due diligence process has been the same since the firm's founding. The team examines hard factors but also provides qualitative opinions (i.e., Is the manager skilled? Do they have a good relationship with the back office? How senior is the opps team?). The meetings are generally onsite and last 4-5 hours, with Maneesh Gandhi, Don Fehrs and RJ Schrik working together. Ryan Cahill and Scott Zimmerman are additional specialists. Zimmerman conducts the legal reviews and, with Melanie Lorenzo, does all side letter negotiations. Operational due diligence can veto managers and, on average, vetoes 1-2 out of the 8-10 managers brought to them each year.

Evanston has typically maintained a significant allocation to Equity Long/Short, which can be expected to comprise 30% - 75% of the Weatherlow portfolio. Event Driven and Relative Value will each typically be in the 10% - 50% range while Global Asset Allocation is the smallest weight, typically 0% - 20%. The number of “core” managers in the Weatherlow Fund will generally range between 15 and 30.

STRATEGY FACTS

Product Name	Weatherlow Offshore Fund I Ltd.
Product Inception Date	January 2003
Current AUM	$2.8 billion in Fund; $4.3 billion in Strategy; Weatherlow Offshore Fund I invests substantially all its assets in Weatherlow Fund I L.P., a Delaware Limited Partnership.
Current # of Managers	28
% Holdings in Top 10 Manager	47.8%

Advantages and Issues

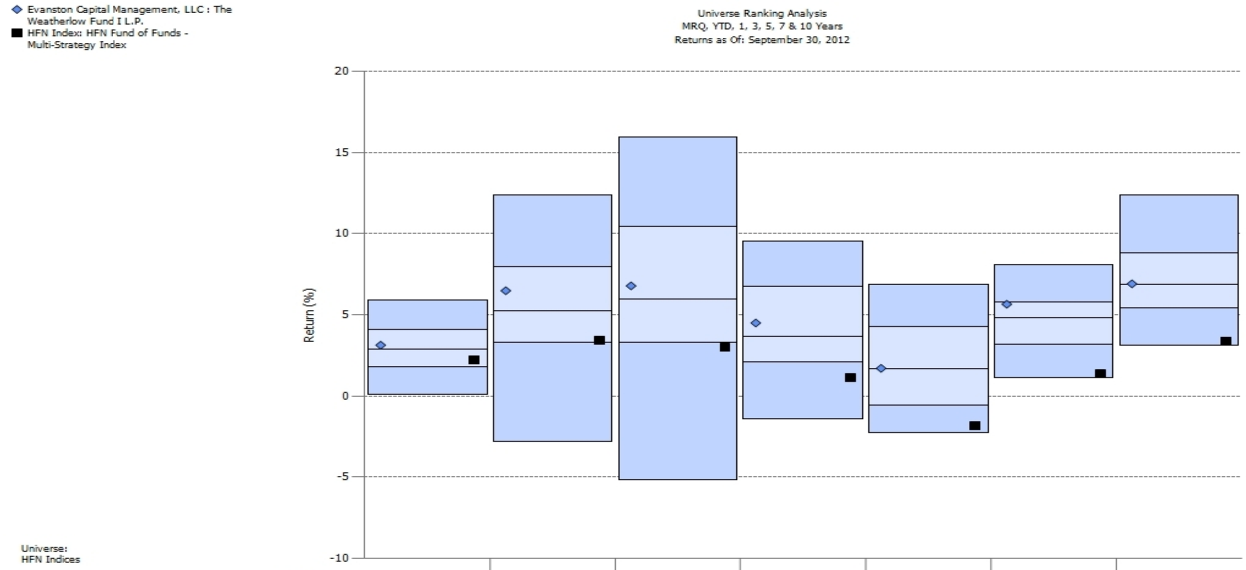
ADVANTAGES

- The investment team has been stable since inception with no departures. The senior investment team has significant experience, including David Wagner's 10 years as CIO at Northwestern University Endowment.
- The investment approach is primarily fundamental in nature. In addition, the portfolio is reasonably concentrated with investments with 28 managers. Portfolios are limited to 30 managers and Evanston has investments with 32 managers across all their products. This approach has been in place since the inception of the firm.
- TA Associates acquired 49% of the firm in 2010. TA also held a stake in K2, a competitor of Evanston's, but this issue was resolved as TA sold their K2 stake to Franklin Templeton. Evanston is comfortable with TA Associates' "hands-off" approach to date.

ISSUES

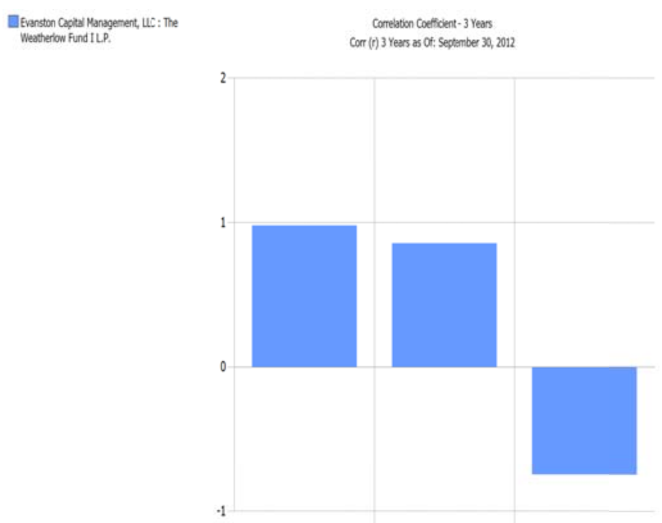
- The TA transaction appears to have gone according to expectations, but the 49% stake is held by two of TA's 2009 vintage funds and another transaction may be necessary within seven years as the TA funds approach the end of their life.
- The amount of employee capital, at $50 million or just over 1% of firm assets, is fairly low for a firm of this size and age.
- The risk system is mainly exposure-based with input largely manual and so does not seem as sophisticated as other firms.
- The strategy has a significant allocation to equity long/short and so will have an element of equity beta and may be more correlated to equity markets than strategies with a lower equity long/short allocation. In addition, there is limited global macro exposure.
- With the more concentrated nature of the strategy (a maximum of 30 managers in the fund), capacity with those managers may be more limited than for strategies utilizing a higher manager count.

Validation/Performance



	VT	RM	MRQ	Rk	YTD	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			5.90		12.36		15.94		9.57		6.90		8.07		12.40	
25th percentile			4.09		7.96		10.46		6.78		4.27		5.81		8.84	
Median			2.92		5.23		6.00		3.65		1.70		4.83		6.86	
75th percentile			1.80		3.30		3.30		2.13		-0.53		3.17		5.43	
95th percentile			0.12		-2.80		-5.15		-1.39		-2.24		1.15		3.14	
# of Observations			36		36		36		36		36		36		36	
Evanston Capital Management, LLC	CF	NF	3.14	41	6.50	33	6.80	40	4.51	42	1.71	50	5.66	30	6.92	49
HFN Index	IX	IX	2.25	71	3.44	71	3.01	77	1.14	83	-1.81	91	1.36	89	3.40	89

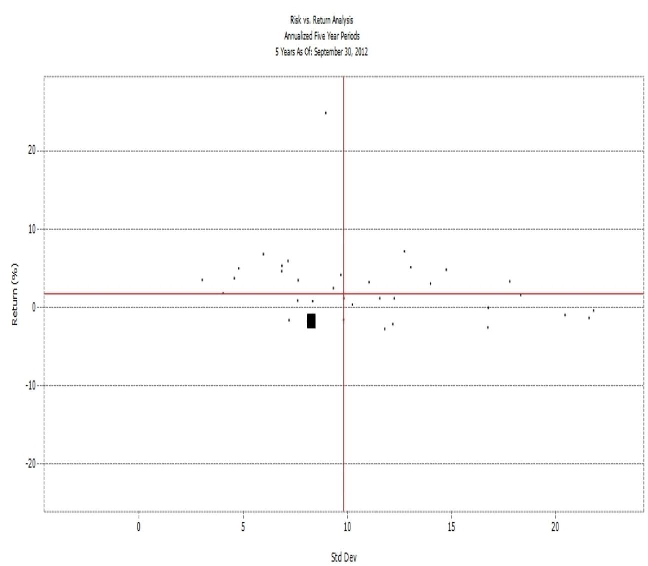
Results displayed in US Dollar (USD)



	VT	RM	3 Years[1]	3 Years[2]	3 Years[3]
Evanston Capital Management, LLC	CF	NF	0.38	0.86	-0.75

Results displayed in US Dollar (USD)

[1] HFN Fund of Funds - Multi-Strategy Index; [2] S&P 500; [3] Barclays Aggregate



Universe: HFN Indices

As Of: September 30, 2012

	VT	RM	Return (%)	Std Dev
Evanston Capital Management, LLC	CF	NF	---	---
HFN Index	IX	IX	-1.81	8.27
Universe Median			1.70	9.81

Results displayed in US Dollar (USD)

History and Recommendation

HISTORY WITH PLAN

- The Town of Palm Beach Police Retirement System invested $5,518,482 in Weatherlow Offshore Fund I Ltd. in February 2012.

RECOMMENDATION

- Segal Rogerscasey has not formally rated Evanston but has had a number of positive meetings with them and recommends that clients retain this strategy. The experience of the senior investment professionals, the stability of the investment team, and the consistency with which they apply their investment strategy are the main positives for the firm. The fundamental nature of the investment approach, the lower manager count, and the emphasis on equity long/short are key return drivers. The ownership structure is currently stable with TA Associates owning 49% but as a private equity fund, TA will likely be looking for an exit strategy within seven years.

RESEARCH RECOMMENDATION

T. Rowe Price
New Era

Town of Palm Beach Firefighters Retirement System

December 2012



Segal Rogerscasey

Firm Description

Founded in 1937 by Thomas Rowe Price, Jr., the T. Rowe Price's headquarters is locat Baltimore, Maryland and the firm employs more than 5,200 individuals worldwide. T. R Price is an SEC registered investment advisory with offices around the world, including the of Buenos Aires, Sydney, Toronto, Copenhagen, Hong Kong, Tokyo, London, Luxemb Amsterdam, Singapore, Dubai, and Zurich. James Kennedy is CEO and President and he been with the firm for more than 34 years.

In 1986, the management of T. Rowe Price took the firm public and it began trading on NASDAQ stock exchange under the symbol TROW. At present, shares owned outrigh associates combined with vested but unexercised options total approximately 15% to 20 the firm's equity. The firm currently offers mutual funds, subadvisory services, and sep account management for individuals, institutions, retirement plans, and fina intermediaries.

FIRM FACTS

Firm Name	T. Rowe Price
Year Founded	1937
Ownership	Public with approximately 15% to 20% of its shares held by associates
Lines of Business	Investment management and related services
Total AUM	$574.4 billion
# Investment Professionals	206
Office(s)	Multiple offices located in 13 countries

Strategy Description

T. Rowe Price's New Era strategy is a growth-oriented global equity strategy. Portfolio Manager Timothy Parker leads the investment team. Mr. Parker joined the firm in August 2001 as an analyst and took over the New Era fund in June 2010. He is supported by 14 analysts, one portfolio specialist, and four other advisors with natural resources investment experience (Mark Finn, Value Portfolio Manager; David Lee, Real Estate Portfolio Manager; Susanta Mazumdar, Global Infrastructure Portfolio Manager; and, David Wallack, Mid-Cap Value Portfolio Manager). The team employs a fundamental stock selection process and believes strong returns can be achieved by investing in natural resource companies trading at attractive relative valuations whose tangible asset values and earnings are expected to grow faster than the rate of inflation and the market.

The investment process begins with companies of all market capitalizations that own or develop natural resources and other basic commodities as well as companies upstream of and downstream from the resources. The investment team blends "top down" and "bottom up" strategies with a focus on natural resource industries with attractive long-term supply/demand fundamentals and seeks to identify well-positioned companies. These companies enjoy low-cost production relative to industry, a large resource reserve base with economic development potential, cash generation and balance sheet strength to fund growth, and proven management with a sound long-term strategy. The investment team constructs a broadly diversified portfolio across natural resource industries with a focus on valuation. The fund will also apply an opportunistic trading approach incorporating price discipline, and typically limits positions to less than 5% of total assets and holds 90 to 120 stocks in order to dampen volatility. Mr. Parker uses a barbell portfolio approach: the core is well diversified across stocks and natural resources industries while a portion for smaller and more opportunistic investments is reserved.

The investment team uses a variety of research sources including corporate documents, industry contacts, brokerage research, analyst meetings, and third-party providers. The team members travel frequently to research investment opportunities and visit companies. The company visits are a key component of the investment process and provide an opportunity to identify and validate investment themes.

STRATEGY FACTS

Fund Name	T. Rowe Price New Era
Inception Date	January 20, 1969
Strategy Focus	Natural resources
Net Assets Under Management	$4.4 billion
Expected Return	A net return of approximately 10%

Advantages and Issues

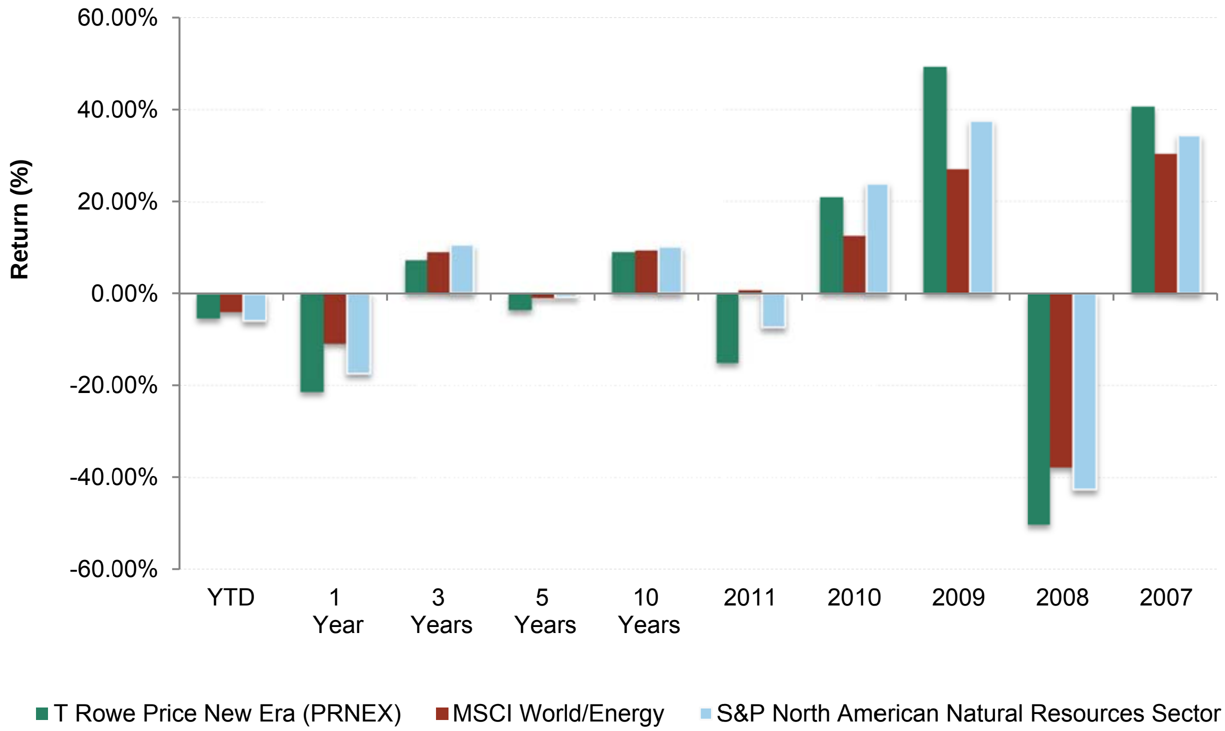
INVESTMENT ATTRIBUTES

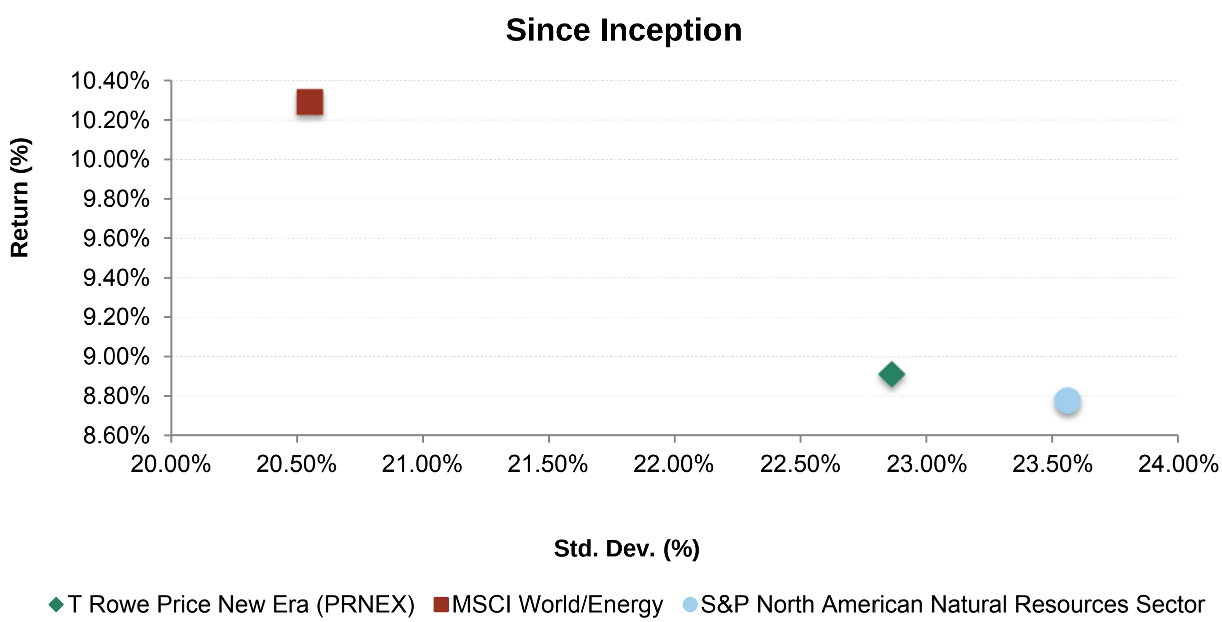
- Since its inception in January 1969, the fund has utilized a proven investment philosophy of fundamental analysis in which it seeks natural resource companies trading at attractive relative valuations with tangible asset values and earnings growth exceeding both the rate of inflation and the market. Its investment process results in a diversified portfolio allowing for returns that are more consistent with lower volatility than concentrated strategies.
- T. Rowe Price has a large number of experienced investment professionals (206 members worldwide). Its investment teams average 21 years of investment experience and 16 years with the firm.
- The stability of T. Rowe Price's investment team has been a trademark of the firm since its inception 75 years ago. Timothy Parker's promotion to portfolio manager was the result of Charles Ober's retirement after more than 30 years of service at the firm. There is substantial employee ownership of T. Rowe Price and the investment teams take significant stakes in the funds they manage.
- The fund has access to the broad resources of the T. Rowe Price organization that has $574.4 billion of assets under management with more than 50% of these assets held in institutional accounts. Its investment capabilities span all major public asset classes.
- The fund's fees are low relative to similar offerings.

INVESTMENT CONSIDERATIONS

- This is Timothy Parker's first assignment as a portfolio manager. He worked with longtime portfolio manager Charles Ober for a year prior to Charles' retirement and worked for almost 10 years as an oil and gas analyst at the firm. Fund performance has lagged the benchmark since Mr. Parker took over management of the fund.
- Mr. Parker has pursued a more active and opportunistic approach to managing the fund since replacing Charles Ober in June 2010, which has led the fund to experience higher volatility. To date, Mr. Parker's more aggressive approach has not improved the fund's performance.

Performance (6/30/12)





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History and Recommendation

HISTORY WITH PLAN

- The Town of Palm Beach committed $1 million in assets to T. Rowe Price New Era on June 17, 2008. As of September 30, 2012, the capital account balance is $2.36 million.

RECOMMENDATION

- Segal Rogerscasey recommends that clients retain this strategy. This recommendation is based on conviction in the fund team's investment acumen, the fundamental analysis-based strategy, as well as the experience of the investment team as a whole. The New Era fund benefits from a thorough investment process executed by a deep and experienced team of investment professionals and the resources of the T. Rowe Price organization.

RESEARCH RECOMMENDATION

Gresham Investment Management
Tangible Asset Program (TAP)

Town of Palm Beach Firefighters Retirement System

December 2012

Segal Rogerscasey

Firm Description

Gresham Investment Management was founded in 1987 by Dr. Henry Jarecki, one of the pioneers of commodity futures investing in the U.S. Prior to Gresham, Dr Jarecki was the founder of Mocatta Metals Corporation, at one point one of the largest bullion dealers in the world. In 1986, he sold his company to Standard Chartered Bank and started up Gresham essentially to manage his investments in the commodities market. The firm is currently 60% held by Nuveen and 40% held by Dr. Jarecki and senior employees, a deal that was completed at the end of 2011. The plan is for Nuveen to acquire additional interest in the firm over the next few years, which they will complete on a pro-rata basis. Gresham continues to manage the business on a day-to-day basis.

Gresham is focused on long only, unlevered commodities investing. The firm offers two flagship programs – the Tangible Asset Program (TAP), launched in 1987, and a more active version: the Enhanced Tangible Asset Program (ETAP), launched in 2004.

The firm has 50 employees and is based in New York. They have approximately $16 billion in assets under management.

FIRM FACTS

Firm Name	Gresham Investment Management
Year Founded	1987
Ownership	60% Nuveen, 40% Dr. Jarecki & senior employees
Lines of Business	Commodities
Total AUM	$16 billion
# Investment Professionals	23
Office(s)	New York

Strategy Description

Gresham launched its first commodities program, the Tangible Asset Program, in 1987 (5 years before the launch of the GSCI Index and 12 years before the DJ UBS Index). Both this program and the Enhanced Tangible Asset program are long only, invest in a diversified basket of commodities primarily through exchange-traded futures, and are unlevered. The team adds alpha through timing – they do not make bets on commodities nor do they expect to add any alpha through management of the collateral.

The process for each program starts with the benchmark. Gresham believes that systematic portfolio construction ensures consistent commodities beta exposure. As such, they have constructed their own benchmark that uses three equally weighted factors in determining sector and commodity weights – global trade, global production and futures liquidity, which are set once a year. In terms of sector weightings, their benchmark resembles the DJ AIG; however Gresham holds a much larger number of commodities (31 versus 19), and within the sectors Gresham will have different commodities. To be eligible, commodities must have U.S. dollar denominated futures with annual trading volume greater than 300k contracts. There are also three additional constraints: no single sector can represent more than 3%, no two sectors can collectively represent more than 60%, and no single commodity can represent more than 70% of a sector. The top five eligible commodities in each sector are selected. Sector allocations are not expected to generate alpha. Randy Migdal is the portfolio manager for TAP. He is supported by a team of three traders and a seven-person research team. The strategy behind TAP is based on near-term active implementation (NTA), which basically involves having discretion to roll contracts on dates other than those on which the indexes generally roll. The fact that the indexes are completely transparent allows market participants to trade against them. During the scheduled windows when passive indexes roll their futures contracts, supply and demand imbalances can create opportunities for outperformance. Gresham feels that their 25 years of commodities experience is of significant value in determining when to roll the contracts. For TAP, they consider the best time to roll over to be the first six calendar months. The goal of NTA is to generate 125 to 150 basis points of alpha a year consistently.

STRATEGY FACTS

Fund Name	Tangible Asset Program (TAP)
Inception Date	January 1987
Strategy Focus	Long only, unlevered, diversified basket of commodities
Net Assets under Management	$6B approximately
Expected Return	Outperform the DJ AIG Commodities Index by 125 to 150 basis points annually

Advantages and Issues

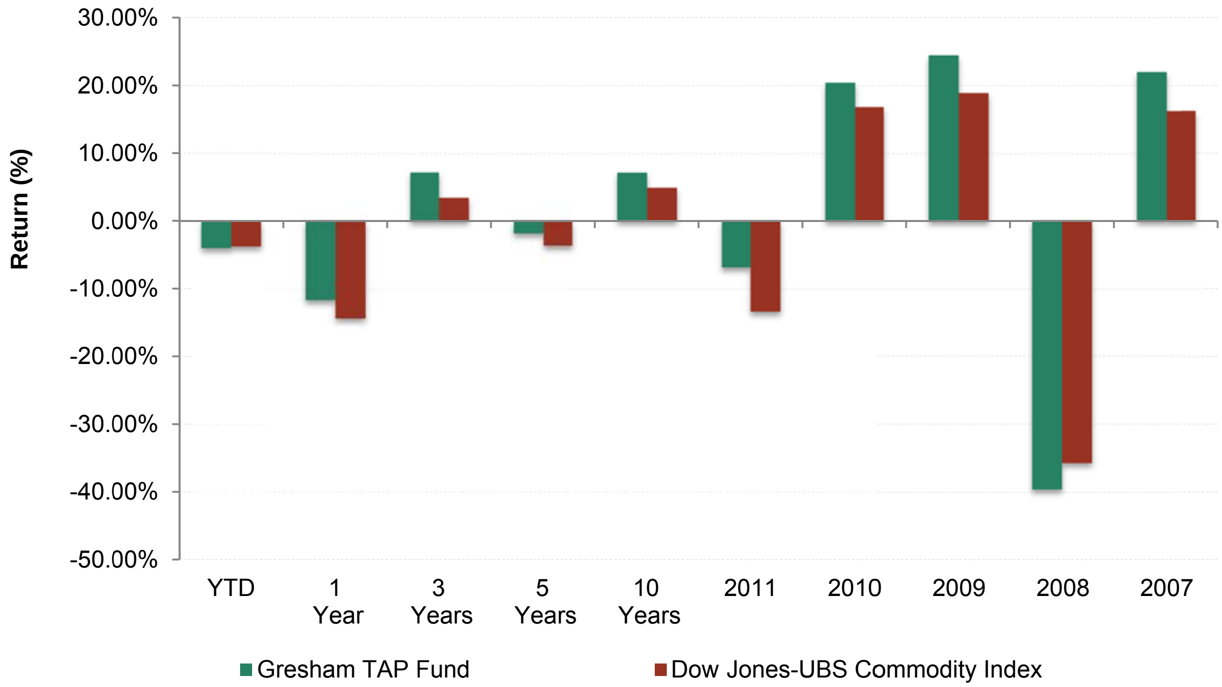
INVESTMENT ATTRIBUTES

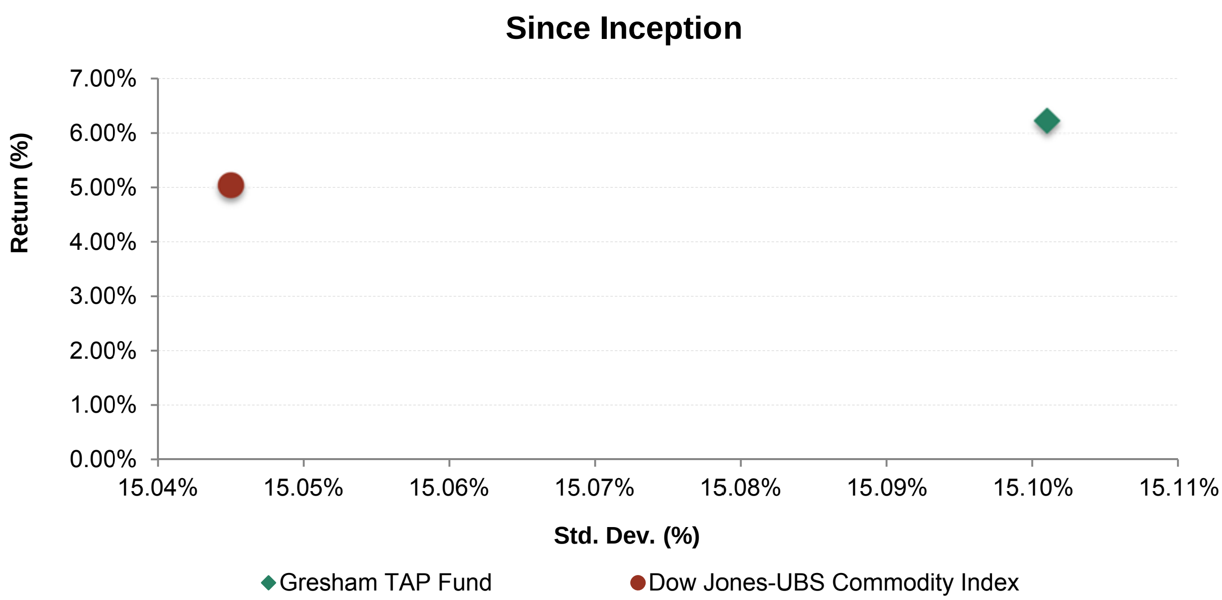
- TAP has one of the longest track records for commodities programs in the industry, dating back to 1987.
- Dr Jarecki currently serves as Chairman. He is one of the pioneers of commodity futures investing and has a wealth of experience in the industry. He is a past Governor of the Commodity Exchange, the National Futures Association, and the Futures Industry Association. He also founded the international commodity futures trading and brokerage firms Brody White & Co. and Brody White UK ltd, which he sold to Societe Generale in 1995.
- Randy Migdal is the portfolio manager for the Tangible Asset Program. He has significant experience in the industry and been working on NTA for 13 of his 17 years in commodities.
- TAP's investment professionals are experienced, with the senior team averaging 13 years of experience in the commodities business. Additionally they have significant longevity at the firm, averaging 10 years.
- The strategy is uncomplicated and risk averse. TAP is long only, unlevered, and invests in a broadly diversified basket of commodities that have good liquidity.
- Their approach to collateral management is to do no harm, as such they do not actively manage the collateral to gain alpha. Clients opting for a separate account can use their own fixed income managers. For funds, investors can select the share class with the most appropriate collateral management – they can either opt for t-bills (Gresham), TIPs (Income Research and Management) or short duration munis (Neuberger Berman). They can also customize portfolios for clients; i.e., can leave out hogs, etc. Overall, their approach is very conservative. They will only trade in markets with good liquidity.
- There is significant co-investment in the programs.

INVESTMENT CONSIDERATIONS

- While the acquisition by Nuveen provides some continuity to long-term ownership, it should be noted that, over time, employees will be selling down their equity ownership. Over the next few years, Nuveen has agreed to acquire an additional 20% of the business on a pro rata basis. After year five, employees will be awarded Nuveen equity as part of their overall compensation going forward.
- Dr Jarecki is no longer involved in the day-to-day running of the business.

Performance (6/30/12)





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History and Recommendation

HISTORY WITH PLAN

- The Town of Palm Beach committed $1.00 million in assets to Gresham Tangible Asset Program on September 1, 2010. As of September 30, 2012, the capital account balance is $2.66 million.

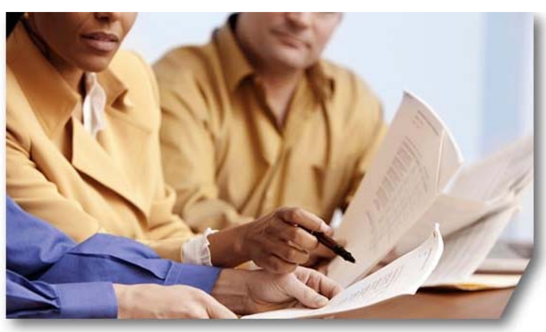
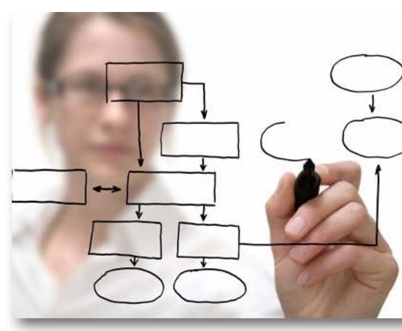
RECOMMENDATION

- Segal Rogerscasey recommends that clients retain this strategy. This recommendation is based on the strength and stability of the team, the in-depth research that they perform, and the oversight and experience of Dr Jarecki. The firm has a long and established track record managing commodities and offers investors a high degree of customization and flexibility in accessing this space.

RESEARCH RECOMMENDATION
Vanguard
Inflation Protected Securities Fund

Town of Palm Beach Police Retirement System

December 2012

Segal Rogerscasey

Firm Description

Vanguard was founded in Malvern, PA in 1974 by John C. Bogle and has offered Defined Contribution (DC) recordkeeping and administration services since 1982. The firm's roots trace back to 1929 with the inception of the Wellington Fund.

Chief Investment Officer George Sauter oversees Vanguard's Equity and Fixed Income Groups and has been a key contributor to the firm's development of stock indexing and other strategies. Vanguard has consistently had the lowest average mutual fund expense ratios of any fund family; its considerable scale and experience allow for competitively priced index funds. For actively managed funds, Vanguard's negotiating power controls the investment management fees charged by its sub-advisors. Finally, the firm's ownership structure is unique in the mutual fund industry; shareholders, through the funds in which they invest, own Vanguard.

In addition to investment management, Vanguard provides bundled 401(k) recordkeeping, administration, trustee, communications, and participant and plan sponsor services. As of September 30, 2012, Vanguard internally managed approximately $1.6 trillion across stable value funds, commingled trusts, and 170+ mutual funds. Including externally managed mutual funds, other investment contracts and outside funds, the firm managed a total of $2.1 trillion in assets. It employed over 13,000 people worldwide.

FIRM FACTS

Firm Name	Vanguard
Firm: Year Firm Founded	1974
Firm: City	Malvern
Firm: State/ Province	Pennsylvania
Firm: Country	United States
Total AUM ($mm)	$2,115,000
Total Employees	Approximately 13,100
% Employee Owned	0%
Firm: Website Address	www.vanguard.com

Strategy Description

Vanguard's Inflation-Protected Securities Fund ("the Fund") is managed by Gemma Wright-Casparius. Wright-Casparius joined the firm in late 2011. Previously, she served as a fixed income portfolio manager and Deputy Head of Global Macro Research & Strategy for a subsidiary of the Government of Singapore sovereign wealth fund. The Fund had previously been run by John Hollyer and Ken Volpert since its inception in June 2000, and for a period of time Hollyer continued to co-manage the Fund with Wright-Casparius in order to smooth the portfolio management transition. In April 2012, Hollyer ended his support role and Gemma Wright-Casparius became the sole, dedicated portfolio manager of the Fund. Hollyer and Volpert continue to have important roles within the firm. Wright-Casparius is supported by a dedicated senior trader, Josh Barrickman, and a dedicated quantitative analyst, Weiya Pang. Pang's primary duties consist of studying historical correlations and performance behavior of TIPS in different market environments, such as during oil price fluctuations or different yield curve movements.

The Fund's philosophy aims to offer low-risk exposure to the TIPS market, while modestly outperforming the benchmark; the level of active management in the Fund can be considered fairly low. Vanguard's internally managed fixed income strategies employ a "hub and satellite" approach, which combines an overarching top-down view from the "hub" with "satellite" specializations for managing the underlying alpha sources. The process begins with the top-down view developed by the Senior Strategy Group ("the hub"), which consists of Bob Auwaerter, the head of Vanguard's fixed income effort, Chris Alwine, the head of municipal bonds, Joe Davis, the firm's economist, David Glocke, the head of treasuries and taxable money markets, John Hollyer, the head of risk management, and Ken Volpert, the head of taxable bonds. The Senior Strategy Group devises an overall macroeconomic outlook and view on duration/curve positioning, sector allocation, and quality bias that is applied across all fixed income strategies.

The TIPS satellite team then incorporates the macro view in setting the duration and yield curve positioning of the portfolio. These decisions are made in a real yield context. The TIPS strategy has a tight flexibility band of 1/10th of a year above or below the "hub's" duration mandate. The team also attempts to add value by taking advantage of short-term imbalances in the TIPS market. These imbalances are usually caused by supply and demand factors, which reflect the auction calendar as well as the seasonality effects on the CPI index. Vanguard invests a minimum of 80% in U.S. inflation linked bonds, and has historically been almost exclusively in these securities. The balance may be invested in nominal bonds. All bonds purchased in the Fund must be investment grade. Finally, the Fund may invest in derivatives.

STRATEGY FACTS

Product: Product Inception Date	6/29/2000
Product: Primary Benchmark	Barclays Inflation Protected Securities Index
Current AUM ($mm)	$44, 277
Average Maturity	9.4 Years
Portfolio Duration:	8.5 Years
Current # of Holdings:	34
Average Credit Quality:	AAA
Portfolio Yield:	-1.0 % (2.35% Trailing 12-Month Distribution Yield)

Advantages and Issues

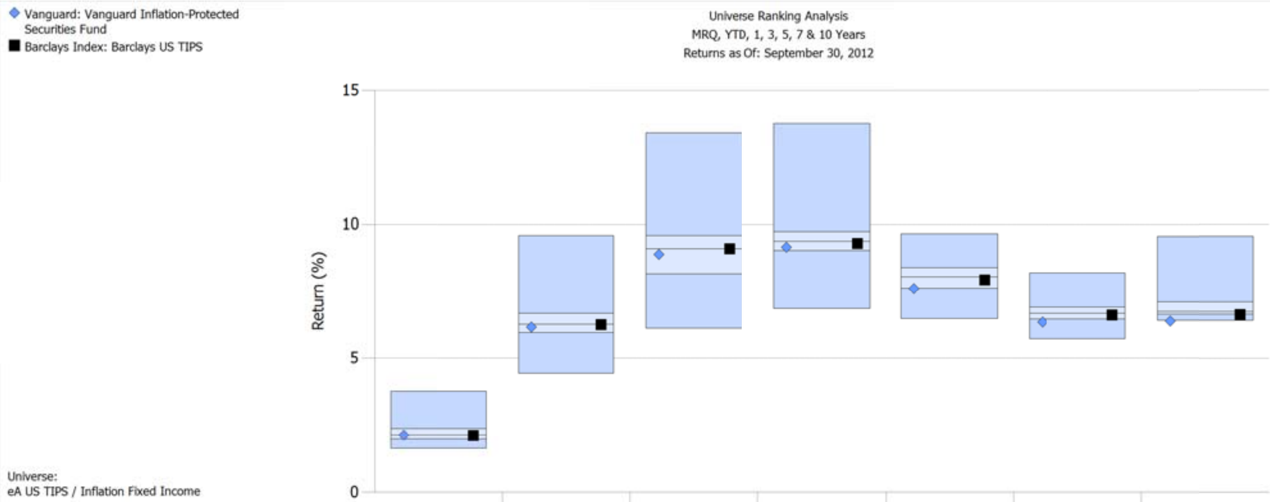
ADVANTAGES

- Vanguard employs a sound business model of providing low-cost investment management services to long-term shareholders. The net expense ratio of Vanguard's Inflation-Protected Securities Fund is 11 basis points.
- Vanguard maintains a unique ownership structure, allowing the firm to offer funds at a very low cost to investors. Vanguard is a mutual fund company whereby shareholders, through the funds in which they invest, own the company. Profits are reinvested in the business to lower fees.
- Gemma Wright-Casparius has formidable experience in the fixed income markets, having spent 30+ years in them. Ken Volpert and John Hollyer, who had been managing the fund prior to Wright-Casparius, were not dedicated to the TIPS market. So, the dedication of a portfolio manager to the strategy is a positive development. Further, we believe that Wright-Casparius' transition to sole portfolio manager is going smoothly.
- Consistent with Vanguard's low cost philosophy, the Fund is conservatively managed. It invests predominantly in U.S. TIPS, while taking very modest bets around the benchmark. It is designed to provide pure inflation protection and less so to produce strong alpha relative to a benchmark.
- The top-down component has become a more formalized, team-oriented approach since the transition to the "hub and satellite" structure.

ISSUES

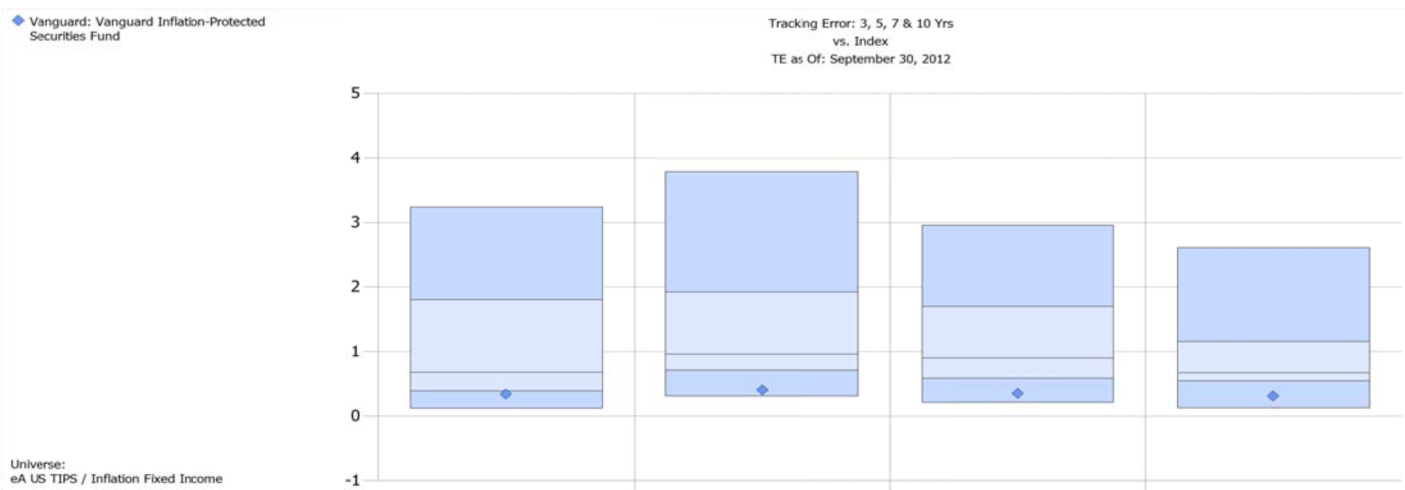
- Vanguard does face some difficulty in attracting top talent given their location and less attractive compensation plan compared to competitors.
- In terms of risk systems, Vanguard has not invested significantly in technology relative to its peers. That being said, the tools they employ are sufficient given their relatively basic approach to fixed income.

Validation/Performance



	VT	RM	MRQ	Rk	YTD	Rk	1 Year	Rk	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			3.80		9.59		13.42		13.77		9.66		8.19		9.56	
25th percentile			2.39		6.67		9.59		9.75		8.40		6.90		7.10	
Median			2.14		6.28		9.09		9.38		8.05		6.68		6.74	
75th percentile			2.00		5.96		8.15		9.03		7.61		6.47		6.66	
95th percentile			1.65		4.47		6.12		6.87		6.49		5.72		6.43	
# of Observations			64		63		63		56		54		44		24	
Vanguard	PF	NF	2.14	48	6.17	61	8.89	61	9.16	69	7.61	75	6.35	77	6.39	96
Barclays Index	IX	IX	2.12	58	6.25	54	9.10	48	9.29	56	7.93	63	6.62	67	6.64	83

Results displayed in US Dollar (USD)



	VT	RM	3 Years	Rk	5 Years	Rk	7 Years	Rk	10 Years	Rk
5th percentile			3.24		3.79		2.96		2.61	
25th percentile			1.80		1.93		1.70		1.16	
Median			0.68		0.96		0.90		0.67	
75th percentile			0.39		0.71		0.59		0.55	
95th percentile			0.12		0.31		0.22		0.13	
# of Observations			56		54		44		24	
Vanguard	PF	NF	0.34	87	0.41	92	0.35	90	0.31	87

Results displayed in US Dollar (USD)

Barclays US TIPS

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History and Recommendation

HISTORY WITH PLAN

- The product has been in the Palm Beach Police Retirement System since 2/1/2010.

RECOMMENDATION

- Segal Rogerscasey recommends that clients retain the Vanguard Inflation-Protected Securities Fund. This recommendation is based on the Fund manager's conservative approach and the extremely low expense ratio, which has resulted in a very competitive product relative to peers.

RESEARCH RECOMMENDATION

Wellington Management Company
Diversified Inflation Hedge

December 2012

Segal Rogerscasey

Firm Description

Wellington Management Company ("Wellington") is a Registered Investment Advisor headquartered in Boston, Massachusetts. The firm was founded in 1928 and was purchased by employees in 1979. Today, 125 partners own 100% of the firm's equity. Three managing partners, Perry Traquina (Chairman & CEO), Brendan Swords (President), and Phil Perelmuter, are responsible for the day-to-day management of the firm.

Wellington is a global investment management firm with offices in Boston, Radnor, PA, London, Singapore, Sydney, Hong Kong, Tokyo, and Beijing. The firm has more than 2,000 employees, including 543 investment professionals. As of September 2012, Wellington managed $748 billion in assets, split roughly 38% equity, 48% fixed income and 14% multi-strategy. About 50% of the firm's assets emanate from sub-advisory clients; The Vanguard Group and Hartford Investment Management Company ("HIMCO") represent the largest sub-advisory relationships.

FIRM FACTS

Firm Name	Wellington Management Company, LLP
Year Founded	1928
Ownership	100% owned by Wellington Partners
Lines of Business	Asset Management – equity, fixed income and multi-strategy
Total AUM	$748 billion
# Investment Professionals	543
Office(s)	Boston, MA; Marlborough, MA; Radnor, PA; Chicago, IL; San Francisco, CA; Beijing, Frankfurt, London, Hong Kong, Singapore, Sydney, and Tokyo

Strategy Description

Wellington's Diversified Inflation Hedge (DIH) Strategy seeks to provide inflation protection with a long-term return objective of CPI + 5% over time. In order to accomplish this, Wellington employs a combination of top-down asset allocation and bottom-up security selection decisions to build a diversified global portfolio that exhibits sensitivity to inflation. This product currently invests in seven different actively managed strategies run by Wellington across three broad categories: Inflation Linked Bonds (0-50%), Global Inflation Sensitive Equities (40-90%), and Commodities (0-50%). Currently, Inflation Linked Bonds have a strategic weight of 25%, which is split 20% U.S. TIPs and 5% Emerging Markets Inflation Linked Bonds; Global Inflation Sensitive Equities have a long term target of 48.5%, split 25% Energy, 10% Agriculture, 5% Metals and Mining, 5% Enduring Assets and 3.5% Precious Metals; and Commodities have a 26.5% strategic allocation, split 25% Diversified Commodities and 1.5% Precious Metals. The Precious Metals strategy is one product that combines both equity and commodities. These underlying strategies are a combination of existing products that are marketed externally to Wellington clients and those that were customized specifically for the inflation hedge programs.

The strategic weights or overall product structure is determined by the DIH Team, (Scott Elliott, Brian Garvey, and Julius Moschitz), which are three members of the approximately 20 member Asset Allocation team. The team leverages the firm's extended resources, to produce an allocation best designed to capture the return/volatility objectives while providing for an appropriate diversified inflation hedge. They utilize the wider firm resources to establish a long-term (3+ years) view, which then determines the strategic allocation. Not only can the strategic weights of asset classes be changed during this process, but asset classes may also be added or eliminated depending on whether Wellington's long-term view of the asset class provides appropriate exposure given the portfolio composition and macro factors. The tactical weights depend on both intermediate and short-term views of criteria such as industry level supply/demand fundamentals, valuations, technical indicators, etc. While the Diversified Inflation Hedge team was instrumental in determining the philosophy and strategy for the underlying components initially, the individual sector portfolio managers determine security selection. The DIH team rebalances the portfolio and its hybrid benchmark on a monthly basis. Within the Asset Allocation group there are two people dedicated to risk management for the Asset Allocation products. They are responsible for monitoring the products' risk on a daily basis and quantifying and assessing the risk. Their role is not to monitor for a certain risk threshold, but after assessing the portfolio to discuss with the PMs on at least a weekly basis so that the PMs are able to act in the way that they feel is best for the portfolio.

Wellington's Diversified Inflation Hedge product was launched in 2005, with a subsequent lower risk/return objective iteration (Balanced Real Assets) in 2010. They both involve the same underlying strategies and thinking, but are weighted differently for different risk/return objectives. As of October 31, 2012, there was $8.5 billion in assets across both products, with $8.1 billion in the Diversified Inflation Hedge strategy.

STRATEGY FACTS

Fund Name	Wellington Diversified Inflation Hedge
Inception Date	December 31, 2004
Strategy Focus	Multi-strategy fund allocating to inflation sensitive equities, commodities, inflation linked bonds, and precious metals
Net Assets Under Management	$8.1 billion
Expected Return	U.S. CPI + 5%

Advantages and Issues

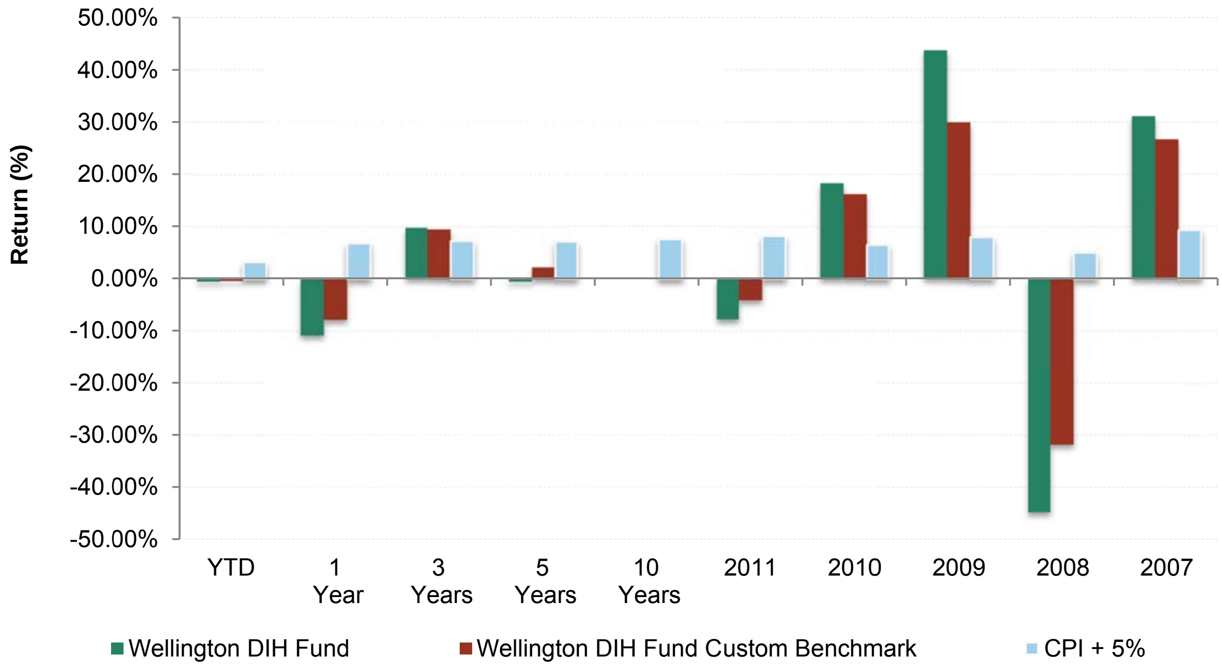
INVESTMENT ATTRIBUTES

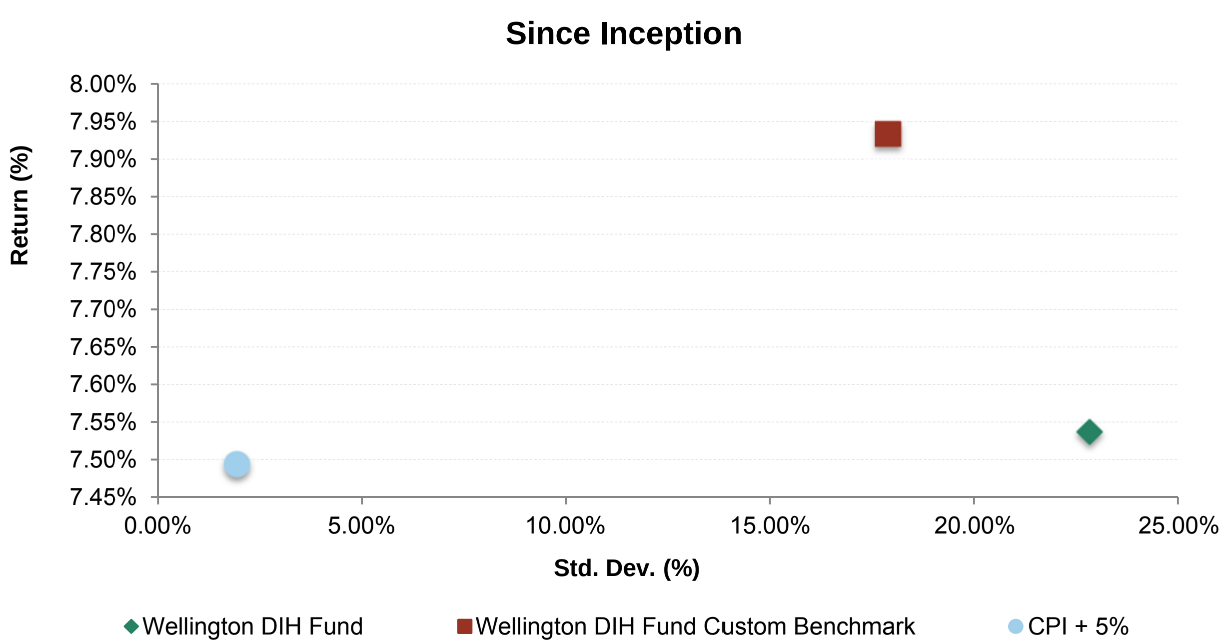
- The firm is 100% employee-owned with equity distributed among 125 partners; the partnership is highly regarded at Wellington and aligns the partners' and firm's long-term objectives with those of their clients.
- Wellington has a group of approximately 225 analysts, of which more than 50 are global industry analysts, which serve as a resource for the entire firm, including the Asset Allocation group.
- Portfolio manager/analyst communication is stronger at Wellington than at many peers of similar organizational size.
- Unlike many of their peers who are recent entrants in this diversified real assets/inflation hedge space, Wellington has been managing diversified inflation hedge products since 2003.
- Portfolio construction has been thoughtful and research based. Wellington has not just created a portfolio comprised of all real asset areas where they have in-house expertise, but compiled a portfolio they believe is best suited to deliver their investment objective.
- Wellington views both portfolio management and research as career tracks. As such, there are senior leaders within each of these departments.
- The PMs of the underlying strategies are compensated for the strategic weights to their respective asset classes, therefore they are not incentivized to encourage Diversified Inflation Hedge team to tactically overweight to their asset classes.

INVESTMENT CONSIDERATIONS

- Although the Diversified Inflation Hedge team focuses most of its time on inflation hedge strategies, the underlying PMs have other responsibilities and are not 100% dedicated to this product.
- While Wellington has been managing inflation hedge products since the end of 2003, these products, including the Diversified Inflation Hedge strategy, have yet to experience high inflationary environments, meaning their objectives have yet to be tested.
- Like other multi-asset class products, the Diversified Inflation Hedge strategy has many moving parts, which makes communication amongst the different components essential. Additionally, it can add a layer of complexity as investors need to understand all the underlying pieces and how they come together.

Performance (6/30/12)





* The Wellington DIH Fund Custom Benchmark is comprised of 25% MSCI World Energy / 10% Agriculture Equities Benchmark / 5% MSCI World Metals & Mining / 5% Enduring Assets Benchmark / 3.5% MSCI AC World IMI Gold & Precious Metals Index / 1.5% S&P GSCI Precious Metals Total Return Index / 25% equal sector-weighted S&P Goldman Sachs Commodity Index / 20% Barclays Capital US TIPS 1-10 Year Index / 5% Barclays Capital Emerging Markets Tradable Government Inflation-Linked Bond Index

NOTE: Be advised investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost. Segal Rogerscasey does not warrant or guarantee any level of performance by any investment manager or investment or that any investment will be profitable over time. The performance data noted herein represents past performance and does not guarantee future results.

History and Recommendation

HISTORY WITH PLAN

- The Town of Palm Beach committed $3.88 million in assets to Wellington's Diversified Inflation Hedge on September 30, 2008. As of September 30, 2012, the capital account balance is $4.29 million, which represents 0.27% ownership of the Fund.

RECOMMENDATION

- Wellington's Diversified Inflation Hedge product is recommended for investment due to the strength and knowledge of the Asset Allocation team as well as the teams of the underlying components. Wellington offers significant depth and breadth of resources, which the Asset Allocation team is able to capitalize on for their inflation hedge program.

RESEARCH RECOMMENDATION

Landmark Equity Partners XIV, L.P.

Town of Palm Beach Firefighters Retirement System

December 2012

Segal Rogerscasey

Firm Description

Landmark Partners ("Landmark") is a private equity and real estate firm that specializes in secondary investing. The company was originally formed in 1985 as a direct venture capital firm. In 1989, Landmark evolved into the business that it is today, with the purchase of its first secondary portfolio from CIGNA. This was a portfolio of approximately 60 venture capital limited partnerships, which Landmark used as the genesis of a secondary fund in 1990. This portfolio is considered to be the first institutional secondary transaction for limited partnerships in private equity. Several of Landmark's former principals left the firm in 1996 to form Lexington Capital, which is another well-known secondary firm. The two firms currently co-manage a series of venture capital, buyout, and mezzanine funds that were formed between 1990 and 1995 that total approximately $1 billion in committed capital. In 2011, Religare Enterprises purchased a controlling interest in Landmark Partners.

Landmark has raised 27 funds across private equity (venture capital, buyouts, and mezzanine) and real estate, 19 of which are secondary funds. The other eight funds are primary fund of funds, co-investment, and direct partnerships. Landmark has $9.1 billion in committed capital across all of its products, including $6.7 billion in the Landmark Secondary Private Equity Funds. In addition, the firm has frequently offered co-investment opportunities to its limited partners and other third-party investors. These opportunities, led by Landmark, represent an additional $590 million in commitments to secondary private equity investments.

FIRM FACTS

Firm Name	Landmark Partners
Year Founded	1985
Ownership	54% owned by Religare Enterprises, 46% Employee owned
Lines of Business	Private Equity and Real Estate Secondaries Fund of Funds
Total AUM	$9.1 billion of committed capital
# Investment Professionals	56 employees, 33 of which are focused on secondary private equity investing
Office(s)	Simsbury, CT (headquarters); Greenwich, CT; Boston, MA; and London, England

Strategy Description

The fund will invest in secondary private equity transactions and seek to build diversified portfolios of private equity partnership interests that are expected to generate strong returns and near-term cash distributions at lower risk relative to primary purchases of interests in private equity funds. Landmark will concentrate on the traditional secondary transaction; however, it also has the ability to use alternative transactions such as stapled and synthetic secondaries. Although neither is prominent in the portfolios, it is unlikely that the funds will have any exposure to stapled secondary transactions. If the firm was to execute on synthetic secondary transactions, it would only use a general partner who has expertise in this type of transaction and a specialization of the assets in the portfolio being purchased or, more likely, it would be a spinout of a team.

Landmark Equity Partners XIV, L.P. is the continuation of Landmark's traditional investment strategy that focuses on mature private equity secondary opportunities. The fund is seeking to achieve the transparency and quick distributions normally associated with a secondary fund, therefore, transactions as a whole must be more than 50% funded in order to be included in this fund. In general, the team is looking for transactions that are approximately 70% funded. The fund has the ability to commit up to 10% to stand-alone investments in primary fund transactions.

The fund will acquire investments on an opportunistic basis and therefore does not have set diversification targets. However, the fund manager will seek and has historically achieved diversification by fund strategy, geography, industry, vintage year, and number of partnerships. For this fund, Landmark expects the portfolio to be approximately 20-30% venture capital, 70-80% buyouts, 0-10% mezzanine and 0-10% special situations. Geographically, the fund is expected to be predominantly in the U.S. (70-80%), with a smaller position in Europe (20-30%) and the ability to invest in other regions (0-10%).

Landmark does not employ leverage in their funds and has not since 1993. However, it does have an $80 million line of credit that can be used to bridge capital calls.

STRATEGY FACTS

Fund Name	Landmark Equity Partners XIV, L.P.
Vintage Year	2008
Strategy Focus	Private Equity Secondaries
Target Size	$2 billion
First Close	August 12, 2008
Assets Raised	$2 billion
Invested Capital	$1.38 billion
Final Close	August 12, 2009
Expected Return	17-20% Net IRR

Advantages and Issues

INVESTMENT ATTRIBUTES

- Landmark has a longstanding reputation in the private equity secondary market. The firm is often credited as the first institutional secondary private equity firm. The firm has raised 14 secondary private equity funds across different market cycles producing a since-inception gross return of approximately 26%.
- Landmark has kept their fund sizes fairly consistent, with moderate growth from one fund to the next. This allows the team to avoid the larger auctions and to be selective and nimble while deploying capital. The firm also prefers to keep their fund sizes small so that it can be actively investing at all times.
- Landmark is proactive about its deal sourcing so that it does not have to participate in transactions where price is the only factor in winning a deal. The team seeks out opportunities where they can use their creativity and skill set to give them an advantage in executing transactions.
- In a private equity investment sector requiring highly specialized skills in portfolio valuation, pricing, and partnership underwriting, Landmark's 125 years of collective professional secondary investing experience and extensive database of limited partnership interests provide the ability to identify market opportunities and perform due diligence. Their underwriting process is both consistent and extremely disciplined, reporting an aggregate discount of over 20% across their 14 private equity secondary funds. The thorough due diligence process they employ drills all the way down to the underlying portfolio companies to understand the valuations, liquidity expectations, strategies for recovery if it is underperforming, and its return prospects.
- As a value add partner, Landmark will introduce their investors to their underlying general partners, allowing each the possibility of developing relationships with new limited or general partners.
- The investor has the option to commit to either or both of the fund offerings and to select the management fee and carried interest schedule that best suits the investor's needs. There are Class A and Class B Limited Partnership shares that have different management fees and carried interest terms.

INVESTMENT CONSIDERATIONS

- Landmark prefers not to participate in stapled or linked transactions in which the general partner of the secondary interest being sold "forces" the secondary buyer to commit to a new fund the general partner will be raising. This may limit Landmark's ability to gain access to desirable funds as part of their 10% allocation to primary funds and may also prevent them from developing relationships with preferred fund managers.

- Due to the surge in the deal flow for hybrid secondary opportunities, Landmark has decided to raise a separate fund dedicated to focus exclusively on this opportunity. Although the team has participated in these types of transactions in their traditional secondary funds, this is their first dedicated Hybrid offering. While their track record in these types of transactions is comparable to that of their traditional secondary offerings, the total capital invested in these type of transactions represents only 10% of the total the firm has invested in the secondary market.
- In 2011, Religare Enterprises purchased a controlling stake in Landmark Partners. The firm is currently 54% owned by Religare Enterprises, with the remaining 46% held by the firm's 11 partners.

Performance (6/30/12)

Landmark has formed 14 secondary private equity funds. Since inception in 1990, these 14 funds have $6.7 billion in committed capital, are 82% invested to underlying funds, and 112% realized (based on invested capital). As of 6/30/12, all but two of fund's since inception Net IRRs exceeded their respective vintage years' median IRR, and 50% of the funds are posting Top Quartile performance as compared to Venture Economics. As a whole, the funds have a total value to paid in multiple of 1.49x.

	Vintage Year	Invested Capital $(000s)	Realized Proceeds $(000s)	Unrealized Value $(000s)	Total Value $(000s)	Total Multiple Return of Capital Gross 6/30/2012	VE Quartile Vintage Year TVPI* 6/30/2012	Realized Multiple Return of Capital Gross 6/30/2012	VE Quartile Vintage Year DPI** 6/30/2012	Net IRR Since Inception 6/30/2012	VE Quartile Vintage Year IRR 6/30/2012
Landmark Venture Partners	1990	$92,300	$208,100	$0	$208,100	2.8x	1st Q	2.3x	1st Q	28.7%	1st Q
Landmark Equity Partners II	1992	$97,800	$219,200	$600	$219,800	2.3x	2nd Q	2.2x	2nd Q	34.9%	1st Q
Landmark Equity Partners III	1993	$393,100	$998,700	$3,500	$1,002,200	3.1x	1st Q	2.5x	1st Q	33.6%	1st Q
Landmark Equity Partners IV	1994	$211,100	$343,400	$1,800	$345,200	1.6x	3rd Q	1.6x	2nd Q	16.6%	2nd Q
Landmark Mezzanine Partners	1995	$66,600	$126,800	$800	$127,600	1.9x	2nd Q	1.9x	2nd Q	29.8%	1st Q
Landmark Equity Partners V	1995	$294,100	$382,500	$23,500	$406,000	1.4x	3rd Q	1.3x	3rd Q	8.8%	3rd Q
Landmark Secondary Partners	1998	$226,900	$275,300	$52,100	$327,400	1.4x	2nd Q	1.2x	2nd Q	5.6%	2nd Q
Landmark Secondary Partners IX	1999	$343,500	$312,100	$17,500	$329,600	1.0x	3rd Q	0.9x	2nd Q	-3.1%	3rd Q
Landmark Equity Partners X	2000	$554,200	$637,400	$83,900	$721,300	1.3x	2nd Q	1.2x	2nd Q	4.3%	2nd Q
Landmark Equity Partners XI	2002	$589,700	$829,400	$154,600	$984,000	1.7x	2nd Q	1.4x	1st Q	24.0%	1st Q
Landmark Equity Partners XII	2004	$404,300	$605,700	$96,300	$702,000	1.7x	1st Q	1.5x	1st Q	26.2%	1st Q
Landmark Equity Partners XIII	2005	$1,098,500	$744,500	$610,900	$1,355,400	1.2x	2nd Q	0.7x	1st Q	4.4%	2nd Q
Landmark Equity Partners XIII-A	2007	$155,900	$134,900	$47,300	$182,200	1.2x	2nd Q	0.9x	1st Q	5.7%	2nd Q
Landmark Equity Partners XIV	2008	$1,009,200	$367,400	$977,500	$1,344,900	1.3x	1st Q	0.4x	1st Q	20.8%	1st Q

* Total Multiple Return of Capital is Total Value divided by Invested Capital.
** Realized Multiple Return of Capital is Realized Proceeds divided by Invested Capital.

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History and Recommendation

HISTORY WITH THE PLAN

- The Town of Palm Beach committed $1.25 million in assets to Landmark Equity Partners XIV in October 2009. Landmark Equity Partners XIV advisory fee is as follows:
  – Years 1-4 1.0% of Committed Capital
  – Years 5-8 1.0% of Invested Capital*
  – Thereafter, fees will be 1.0% of reported value

  *Invested capital for advisory fees includes contributed capital plus amounts callable for obligations to existing deals.
- As of June 30, 2012, there has been $633,065 in contributed capital with $175,018 in distributions (27.6% of contributed capital) and a capital account balance of $596,478.

RECOMMENDATION

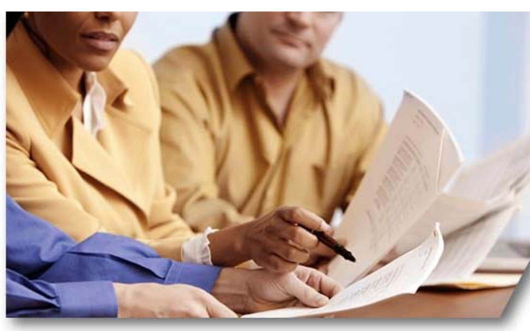
- Segal Rogerscasey recommends that clients retain this strategy. This recommendation is based on Landmark's longstanding reputation in the private equity secondary market, 125 years of collective professional secondary investing experience and extensive database of limited partnership interests, ability to identify market opportunities and perform due diligence, and strong track record over multiple market cycles and vintage year funds.

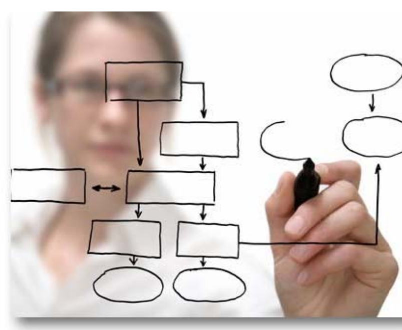
RESEARCH RECOMMENDATION

Private Equity Investments Fund V

Town of Palm Beach Firefighters Retirement System

December 2012





Segal Rogerscasey

Firm Description

David Parshall and Chuck Stetson founded Private Equity Investments ("PEI") in 1992. Mr. Stetson began investing in the secondary industry in 1978, and founded the firm with Mr. Parshall to continue this investment strategy. In 1996, Gunnar Fremuth joined the two founders, and these three managing directors comprise the senior management team of the firm. Since the founding of the firm, PEI has purchased secondary acquisitions of more than $365 million of private equity interests in 270 funds comprising over 2,000 portfolio companies.

The investment team has worked together for an average of 10 years and collectively has more than 110 years of secondary private equity investment experience. There are three managing directors with an average of approximately 24 years of secondary experience and 19 years with the firm: Check Stetson, David Parshall, and Gunnar Fremuth. There is one principal, Ben Wilson, who has four years related investment experience, all with PEI, and two analysts with an average of one-year related investment experience, also gained at PEI. The firm also utilizes the services of three Venture Partners with an average of 10 years related investment experience, all gained while working with PEI. The Venture Partners are viewed as supplementary resources and assist with sourcing and due diligence on potential transactions, especially those in which PEI needs specific expertise. These individuals may also co-invest in deals with PEI and serve as board members.

FIRM FACTS

Firm Name	Private Equity Investments ("PEI")
Year Founded	1992
Ownership	100% owned by Messrs. Fremuth, Parshall, and Stetson
Lines of Business	Secondary Private Equity Investing
Total AUM ($MM)	$470
# Investment Professionals	10, including three Venture Partners
Office(s)	New York, NY

Strategy Description

PEI focuses on acquiring interests in mature U.S. private equity investments through small secondary transactions in partnership funds and privately held companies. The portfolio construction includes broad exposure to venture capital, buyout, growth equity, and mezzanine strategies diversified across vintage year, underlying fund manager, industry, investment stage, and size.

Since its inception, PEI has consistently focused on acquiring secondary interests in mature high quality U.S. private equity funds and companies. The majority of investments are at least eight years old and have little or no undrawn capital commitments, and the interests are in mature companies with established products or services and demonstrate operational performance. The firm believes these characteristics are important for analyzing portfolios to determine liquidity outcomes with greater accuracy than less mature interests.

The investment strategy has three essential components: focusing on smaller transactions of mature interests, utilizing creative structures, and a rigorous process and disciplined pricing approach. The firm prefers to focus on the smaller transactions (less than $30 million) as there is less competition in this space. Several of the secondary buyers have moved up market by raising successively bigger funds, which has left the smaller end of the market with less fund managers. PEI prefers to develop tailored solutions, including wind-downs of funds and fund-of-funds, fund restructurings, tender offers, and direct or indirect purchases of privately held companies to meet a wide variety of limited partner and general partner liquidity needs.

The investment team applies a rigorous process to analyze each transaction thoroughly, including all significant underlying portfolio companies. The process includes developing comparable company valuations, financial modeling, a detailed risk assessment, sensitivity analyses, and third party verifications. The investment team leverages its broad network of general partners, research analysts, consultants, and limited partners to augment the firm's internal transaction analytical process. This thorough due diligence process enables PEI to develop a better understanding of each potential transaction.

PEI has developed a broad industry network that provides a platform for sourcing deals, performing due diligence and valuating portfolios. The firm uses a proactive method for sourcing high quality, non-competitive secondary investment opportunities. Due to the managing directors' longstanding relationships with a wide range of fund managers and limited partners, the firm has a broad coverage of the private equity market. PEI generates proprietary deal flow through its extensive network, creative solutions, experience, rapid execution, and discretion. The sourcing activities focus on general partners, limited partners, and other business development activities that typically require complex liquidity solutions.

The investment team performs a preliminary screening of all potential opportunities to determine the most desirable transactions to pursue. A screening memorandum is produced, which includes detailed information. Upon completion and review of the screening memorandum, the investment team decides to either pursue or decline the opportunity. Since inception of the firm, only approximately 3% of all sourced opportunities have resulted in investments, which indicates the degree of selectivity PEI employs. If a decision is made to pursue an opportunity, the investment team performs a review of the underlying portfolio companies. This is the most critical aspect of the due diligence process. It includes a comprehensive analysis of each transaction, including the terms and provisions of each fund, historical performance, current financial position and projected exit value and timing of each underlying company, along with alternative outcome scenarios that may affect pricing. As part of the comprehensive due diligence process, members of the investment team speak with the general partner of each fund or manager of each significant direct holding in the portfolio. In conjunction with its disciplined due diligence process, PEI develops comprehensive financial models that set forth projected transaction cash flows from the exit of the underlying holdings, along with expenses and carried interest. The firm performs a detailed sensitivity analysis that results in multiple outcome scenarios. All investment decisions require approval of the Investment Committee, which is composed of Messrs. Stetson, Parshall, and Fremuth.

PEI monitors portfolio investments by reviewing quarterly reports, attending annual meetings, sitting on advisory boards, and having periodic discussions with fund managers. By actively monitoring portfolio investments, PEI is able to source additional transaction opportunities and gain a better understanding of industry conditions and traits that could lead to successful future transactions.

STRATEGY FACTS

Fund Name	PEI V, L.P.
Vintage Year	2009
Strategy Focus	Secondary
Target Size $ (MM)	$250
First Close	April 1, 2009
Assets Raised ($MM)	$203
Invested Capital ($MM)	$118.2
Final Close	April 15, 2010
Expected Return	Net 20%

Advantages and Issues

INVESTMENT ATTRIBUTES

- PEI has employed a consistent investment focus since its formation in 1992. The focus is to acquire mature secondary interests in high quality U.S. private equity funds and companies through small transactions of less than $30 million. The firm made a strategic decision to focus in this area due to the less competitive nature at this end of the market, as well as its belief that transactions in this space are a better fit for the firm's stated investment strategy.
- The investment team is experienced and stable with the three managing directors having worked together for the past 16 years. The investment team collectively has more than 110 years of secondary private equity investment experience. In addition to the 10 employees, the firm utilizes three venture partners to further source and diligence potential transactions.
- PEI offers liquidity solutions that provide sellers with structural benefits, including wind-down of funds, fund restructurings and direct or indirect purchases of privately held companies. The nature of the secondary market continues to evolve, due to the need for customized solutions for sellers. PEI is able to satisfy these needs due to its ability to create creative solutions. The firm has executed close to 50 transactions involving customized liquidity solutions, representing 51.7% of the total invested capital at an average purchase price of 58.3% of NAV.
- Portfolio construction includes building a well-diversified portfolio, and includes a significant exposure to venture capital and growth equity, which is not typical of other secondary funds. Historically, venture capital and buyout investments have represented 60.6% and 21.9% of PEI's total investments, respectively (based on NAV at the time of purchase). This allows for significant upside potential in the venture capital component of the fund, assuming the investments do well. The Gross TVPI (Total Value to Paid in Capital) across Fund I through V is 1.5x, strong performance for a secondary strategy, which typically has a low TVPI.

INVESTMENT CONSIDERATIONS

- Although the three managing directors have worked together for an average of 19 years, there are two employees that joined four years ago, and another two that joined one year ago. Due to these relatively new additions, the long-term cohesiveness of the entire investment team is unknown at this time. Of the seven full time employees, five have been with the firm during the investment period of Fund V, providing comfort that the investments were made by a cohesive team.
- PEI prefers to invest in smaller transactions defined as less than $30 million. While this is a consistent investment strategy employed since the inception of the firm, it prevents

exposure to larger transactions, which may provide a diversification benefit to the total fund. However, this singular investment focus has performed well for the firm, and the investment team has shown discipline in not straying from the stated strategy by raising a larger fund to take advantage of larger transactions.

- The portfolio construction includes a significant allocation to venture capital and growth equity, which is not typical of a secondaries strategy. The investment professionals have experience in sourcing and analyzing these types of transactions, which can provide significant upside potential for the funds.

Performance (6/30/12)

PEI has formed five prior secondary funds, the most recent being Fund V, which closed in 2010. Since the launch of the first secondary fund in 1992, the five fund offerings have committed capital of $470 million, are 78% invested, and are 88% realized (based on invested capital). Performance has been solid, with four of the five funds posting median or better IRR and TVPI Multiple performance when compared to Venture Economics data. Additionally, there is still a significant amount of unrealized value, suggesting upside potential.

Fund V is performing well, posting Top Quartile IRR and TVPI Multiple performance as compared to Venture Economics data. However, the DPI is posting 4th Quartile, indicating a slower realization pace than other funds with a 2009 vintage year. However, the General Partner is forecasting a final net return of 1.8x for the fund, which is solid performance for a secondary strategy.

	Vintage Year	Invested Capital $(000s)	Realized Proceeds $(000s)	Unrealized Value $(000s)	Total Value $(000s)	Total Multiple Return of Capital Gross 6/30/2012	VE Quartile Vintage Year TVPI* 6/30/2012	Realized Multiple Return of Capital Gross 6/30/2012	VE Quartile Vintage Year DPI** 6/30/2012	Net IRR Since Inception 6/30/2012	VE Quartile Vintage Year IRR 6/30/2012
Fund I	1992	$11,000	$42,400	$0	$42,400	3.9x	1st Q	3.9x	1st Q	45.1%	1st Q
Fund II	1995	$60,800	$119,200	$0	$119,200	2.0x	2nd Q	2.0x	2nd Q	40.9%	1st Q
Fund IIII	2000	$19,700	$33,800	$2,800	$36,600	1.9x	1st Q	1.7x	1st Q	13.7%	1st Q
Fund IV	2006	$158,100	$85,400	$33,100	$188,500	1.2x	1st Q	0.5x	4th Q	0.8%	3rd Q
Fund V	2009	$118,200	$42,200	$122,400	$164,600	1.4x	1st Q	0.4x	4th Q	22.5%	1st Q

* Total Multiple Return of Capital is Total Value divided by Invested Capital.
** Realized Multiple Return of Capital is Realized Proceeds divided by Invested Capital.

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History and Recommendation

HISTORY WITH THE PLAN

- The Town of Palm Beach committed $1.25 million in assets to PEI Fund V.
- As of September 30, 2012, there has been $976,860 in contributed capital with $273,809 in distributions (28% of contributed capital) and a capital account balance of $929,980.

RECOMMENDATION

Segal Rogerscasey recommends that clients retain this strategy. This recommendation is based on PEI's consistent investment strategy in a well defined portion of the secondary market in which it provides customized solutions to sellers, the stable and experienced team including 110 years of collective experience, the thorough and disciplined investment process, and strong 10-year track record.