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Town of Palm Beach Firefighters Retirement System

Investment Performance Analysis
Period Ended September 30, 2011

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Tab I

Global Economic Highlights

- Third quarter data releases from the Bureau of Economic Analysis showed that U.S. real GDP grew at an annualized rate of 1.3% in the second quarter. Second quarter growth was below analyst expectations, but it did represent an acceleration based on the revised annualized rate of 0.4% real GDP growth for the first quarter. More recently released economic indicators such as some Federal Reserve regional manufacturing surveys have disappointed. There was a marked deceleration in euro area GDP growth from an annualized rate of 3.4% in the first quarter to 0.6% in the second quarter. While the economies of Japan, Canada, Hong Kong, Singapore, and Thailand contracted in the second quarter, the larger emerging economies of Brazil, Russia, India, and China posted robust GDP growth in the second quarter.
- The Federal Open Market Committee (FOMC), Bank of England, and Bank of Japan maintained historically low interest rates through the third quarter. The European Central Bank (ECB) tightened by 25 basis points (bps) at its July meeting, but left interest rates unchanged at its October meeting, weighing concerns over the economic outlook against what it believes to be a short-term increase in inflation. While there were no rate decisions at the recent meetings by the U.S. Fed and ECB, accommodative policies were maintained and there is speculation that the ECB will begin to reverse the two rate hikes implemented earlier this year.
- Other central bank actions included 25 bps hikes in Sweden, China, Denmark, Colombia, Iceland, and Brazil. However, some central banks shifted to a neutral/easing bias in the wake of global growth concerns. In August, Brazil cut rates 50 bps, reversing two prior rate hikes made during the early summer, and the Swiss National Bank cut rates by 50 bps and indicated that it intends to limit any rise in the franc versus the euro.
- The price per barrel of West Texas Intermediate (WTI) crude oil fell 17.0% in the third quarter in response to signs that global economic growth was challenged and concern that demand from China might slow. At the close of the quarter, WTI traded at $79.20 per barrel. Year to date, WTI crude is down 13.3%. Brent crude, for which the price is more levered to supply and demand conditions outside of the U.S., declined less in the quarter (−8.8%) and remains positive (+8.0%) year to date.
- Across the Organisation for Economic Co-Operation and Development (OECD) countries, consumer prices advanced 3.2% over the trailing 12-month period ended August 31st. Excluding food and energy, prices were 1.8% higher on the year. The OECD reported the rising prices in Canada, France, the U.S., the United Kingdom, and Italy contributed to the increase. Consumer prices in Germany, Japan, and the euro area were stable in August. U.S. headline CPI increased 3.8% over the trailing 12-month period ended August. Excluding food and energy, prices in the U.S. were 2.0% higher. The emerging markets continued to see elevated levels of inflation: Russia (8.1%), India (9.0%), Brazil (7.2%), and China (6.2%). Despite the higher levels of inflation, several of the emerging economies reversed course on tightening measures in an effort to promote domestic economic growth.
- The rate of unemployment in the U.S. remained relatively stable at 9.1% in the third quarter. Net additions to nonfarm payrolls during the period were attributable to the private sector as government employment continued to decline. Since April, the economy has added on average 72,000 jobs per month. Of the jobless, 45% were unemployed in excess of 27 weeks. The unemployment rate for OECD countries in aggregate remained stable at 8.2%. Unemployment across the euro area was similarly stable at 9.5%; however, there continues to be dispersion in jobless rates across the region. Spain's unemployment ticked up to 21.2%, while Austria was at 3.7%. Unemployment rates continue to be lower in the Pacific Rim and Latin American countries.
- U.S. housing prices, as measured by the Federal Housing Finance Agency's (FHFA) seasonally adjusted purchase-only house price index (HPI), decreased 2.5% (annualized) in the second quarter and were 5.9% lower than June 2010 levels. Housing prices remain 18.8% below the April 2007 peak HPI. The rate of decline slowed relative to previous quarters and the declines were less broad, with only 31 of 50 states seeing declining housing prices in the quarter. Regionally, New England and the West South Central division—including Texas, Oklahoma, Arkansas and Louisiana—saw modest appreciation, while the Mountain (−3.4%) region declined most. The all-transactions index, which includes refinancings, fell 1.9% in the quarter.

Sources: Bureau of Economic Analysis, Bloomberg, Board of Governors of the Federal Reserve System, Bureau of Labor Statistics, OECD, Federal Housing Finance Agency

Historical Returns

Equity Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
S&P 500	-13.9	1.1	5.6	1.2	-1.2	2.8
S&P 500–Equal Weighted	-17.8	-0.5	7.4	5.2	0.8	6.6
Russell 3000 (Broad Market)	-15.3	0.5	5.6	1.5	-0.9	3.5
Russell 1000 (Large Cap)	-14.7	0.9	5.7	1.6	-0.9	3.3
Russell 1000 Value	-16.2	-1.9	3.4	-1.5	-3.5	3.4
Russell 1000 Growth	-13.1	3.8	8.1	4.7	1.6	3.0
Russell Midcap	-18.9	-0.9	7.9	4.0	0.6	7.4
Russell Midcap Value	-18.5	-2.4	6.8	2.0	-0.8	7.5
Russell Midcap Growth	-19.3	0.8	9.2	5.9	1.6	6.7
Russell 2000 (Small Cap)	-21.9	-3.5	4.6	-0.4	-1.0	6.1
MSCI EAFE Net	-19.0	-9.4	-3.2	-1.1	-3.5	5.0
MSCI EAFE Local Currency Net	-15.7	-10.9	-4.4	-3.5	-6.1	1.3
MSCI ACWI Net	-17.4	-6.0	0.9	0.6	-1.6	4.4
MSCI ACWI ex-U.S. Net	-19.9	-10.8	-2.1	0.5	-1.6	6.8
S&P Developed ex-U.S. (Small Cap)	-20.0	-5.8	1.7	4.4	-1.1	10.2
MSCI Emerging Markets Net	-22.6	-16.1	0.4	6.3	4.9	16.1

Fixed Income Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
LIBOR US 3m	0.1	0.3	0.3	0.6	2.1	2.3
91-Day Treasury Bill	0.0	0.1	0.1	0.2	1.6	1.9
BOA ML 1-3 Yr Treasury	0.5	1.2	1.9	2.4	3.8	3.3
BC Capital Intermediate Treasury	3.5	3.9	5.2	5.3	6.0	4.8
BC Capital Long Term Treasury	24.7	17.1	14.9	13.0	10.7	8.5
BC Capital Government	5.8	5.6	6.3	6.4	6.6	5.4
Citigroup Mortgage Securities	2.4	5.7	5.8	7.1	6.8	5.7
BC Capital Credit	3.0	4.6	8.1	11.7	6.7	6.3
BC Capital Gov't/Credit	4.7	5.1	6.9	8.4	6.5	5.7
BC Capital Aggregate	3.8	5.3	6.7	8.0	6.5	5.7
BC Capital Municipal	3.8	3.9	4.8	8.1	5.0	5.1
BC Capital High Yield	-6.1	1.8	9.8	13.8	7.1	8.8
JPM Global Bond	0.8	2.9	4.6	7.6	7.5	7.4
JPM Non-U.S. Bond	-0.6	2.6	4.3	8.3	7.8	8.0
JPM Global Bond-Hedged	2.2	1.1	3.7	4.9	4.9	4.7
JPM Non-U.S. Bond-Hedged	1.5	0.1	2.9	4.5	4.3	4.4
JP Morgan EMBI+	-1.2	1.4	8.4	11.6	7.9	11.0

Illiquid Partnerships	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Private Real Assets (as of 6/30/2011)						
NCREIF Property Index	3.9	16.7	7.2	-2.6	3.4	7.6
Apartment	4.2	21.4	10.1	-1.4	2.9	7.7
Industrial	4.5	14.7	5.1	-3.7	2.5	7.0
Office	4.5	15.5	6.4	-4.1	3.7	6.7
Retail	2.5	15.1	7.2	0.0	4.3	10.2
NCREIF Timber Index	0.7	0.5	-1.6	0.0	6.1	6.9
Private Equity (as of 06/30/2011)						
U.S. Private Equity	4.3	24.2	12.8	2.2	6.2	6.5
Venture Capital	4.4	24.6	7.0	0.1	3.8	0.9
Early/Seed Stage	4.4	19.7	3.3	-2.1	1.0	-2.1
Later Stage	5.6	35.5	14.7	5.6	8.6	4.0
Buyouts	4.2	24.3	14.4	2.0	6.6	8.3
Small	3.2	16.6	4.5	-1.0	7.1	8.5
Medium	4.3	25.6	8.6	0.8	7.4	8.3
Large	4.5	22.2	10.4	1.7	7.2	7.4

MSCI ACWI Sector	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Consumer Discretionary	-16.9	-1.4	9.1	7.7	0.5	5.4
Consumer Staples	-6.8	5.7	11.3	7.9	7.1	8.6
Energy	-21.3	-1.8	0.6	-0.9	1.9	9.8
Financials	-23.4	-18.0	-9.8	-8.6	-11.2	0.7
Healthcare	-10.2	5.1	6.5	4.1	1.4	2.9
Industrials	-22.5	-8.9	2.8	1.1	-0.8	5.8
Information Technology	-10.5	-0.3	4.1	6.3	1.4	4.2
Materials	-25.7	-12.7	1.2	3.8	3.7	12.7
Telecom	-10.0	0.4	6.2	6.0	4.6	4.7
Utilities	-9.4	-3.9	-1.0	-1.8	0.6	7.5

Hedge Fund Index Returns	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
Total Hedge Fund Index	**-6.2**	**-0.4**	**3.4**	**4.4**	**3.3**	**6.5**
Absolute Return						
Event Driven	-7.3	0.2	5.5	5.2	3.4	7.2
Relative Value	-3.3	2.7	7.4	7.6	5.4	6.4
Convertible Arbitrage	-6.2	-1.9	5.6	12.2	4.1	4.9
Equity Market Neutral	-3.1	0.3	0.6	-0.2	0.7	2.2
Directional Hedge						
Equity Long/Short	-10.4	-3.5	1.4	2.8	1.2	5.0
Global Macro	0.6	2.9	3.2	4.7	6.2	7.8
Emerging Markets	-12.6	-9.0	0.7	3.7	3.4	12.1
Short Bias	12.4	-3.2	-8.5	-9.5	-2.9	-2.5
Fund of Funds						
Strategic	-6.7	-3.2	0.2	0.0	0.2	3.9
Diversified	-4.0	-0.7	1.4	0.6	0.6	3.6
Conservative	-4.1	-1.3	1.1	-0.6	-0.1	2.9

Real Assets and Inflation	Qtr	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr
REITs						
FTSE EPRA/NAREIT GL	-17.7	-9.1	3.7	-0.3	-8.0	1.5
Commodities						
DJ-UBS Commodity	-11.3	0.0	4.9	-5.7	-1.1	5.9
Goldman Sachs Commodity	-11.7	2.9	3.5	-15.9	-5.3	3.5
Inflation-Protected Bonds						
BC Capital U.S. TIPS	4.5	9.9	9.4	8.1	7.1	7.2
Inflation						
U.S. CPI	0.5	3.9	2.5	1.2	2.3	2.4
U.S. CPI Plus 5%	1.8	9.1	7.6	6.3	7.4	7.6

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Note: All returns as of 9/30/2011, unless otherwise noted.

Key Metrics

Option-Adjusted Spreads	Current QTR	1 Year Ago
U.S. High Yield	807	621
U.S. Corporate	238	175
U.S. IG Financials	332	215
CDX IG 5-Yr	144	107
CDX HY 5-Yr	829	565
Agency MBS	80	85
CMBS	351	304
ABS - Fixed Rate	77	71
ABS - Floating Rate	122	102
TED[1]	36	14
Emerging Markets	495	312

[1] 3 month US LIBOR minus 3 Month US T Bills

U.S. Economy	Current QTR	1 Year Ago
Unemployment Rate	9.10%	9.60%
Quarterly GDP[2]	1.30%	1.70%
Current Account Deficit[2]	$118.00	$123.30
Annualized Current Account Deficit/GDP[2]	3.14%	3.41%

[2] Statistics as of one quarter prior

Central Bank Activity	Current QTR	1 Year Ago
Fed Funds Rate	0-0.25%	0-0.25%
Bank of Japan Target Rate	0.10%	0.10%
European Central Bank Rate	1.50%	1.00%
Bank of England Official Bank Rate	0.50%	0.50%

Inflation Forecast	Current QTR	1 Year Ago
10-Year Treasury Yield	1.92%	2.51%
10-Year Breakeven[4]	1.76%	1.82%
5-Year Treasury Yield	0.95%	1.27%
5-Year Breakeven[4]	1.43%	1.28%

[4] Breakeven rates calculated by Bloomberg

Equity Market Valuations	Current QTR			1-Year Ago		
	Trailing P/E	Forward P/E	Div. Yield	Trailing P/E	Forward P/E	Div. Yield
S&P 500 Index	12.1x	11.3x	2.3%	14.x	13.5x	2.0%
Russell 1000 Index	12.3x	11.5x	2.2%	14.2x	13.8x	1.9%
Russell Midcap Index	13.6x	12.9x	2.1%	16.0x	15.4x	1.6%
Russell 2000 Index	14.2x	13.3x	1.8%	15.x	16.2x	1.3%
Russell 3000 Index	12.4x	11.6x	2.2%	14.3x	13.9x	1.9%
Russell 3000 Growth Index	14.7x	13.3x	1.7%	16.2x	15.2x	1.4%
Russell 3000 Value Index	10.6x	10.3x	2.7%	12.8x	12.8x	2.3%
MSCI ACWI Index	11.x	10.5x	3.0%	13.6x	13.1x	2.5%
MSCI ACWI ex-U.S. Index	10.3x	9.9x	3.6%	13.3x	12.8x	2.9%
MSCI EAFE Index	10.2x	10.0x	3.9%	13.1x	12.5x	3.1%
MSCI EM Index	9.6x	9.2x	3.1%	13.2x	12.7x	2.3%
London - FTSE 100[3]	9.4x	8.9x	4.0%	12.7x	11.3x	3.3%
Japan - Nikkei 225[3]	14.4x	13.4x	2.1%	16.5x	16.1x	1.9%
Hong Kong - Hang Seng[3]	7.8x	9.x	4.1%	13.6x	14.3x	2.8%
China - Shanghai Composite[3]	12.3x	10.8x	2.1%	16.1x	15.x	1.6%

[3] Returns in local currency

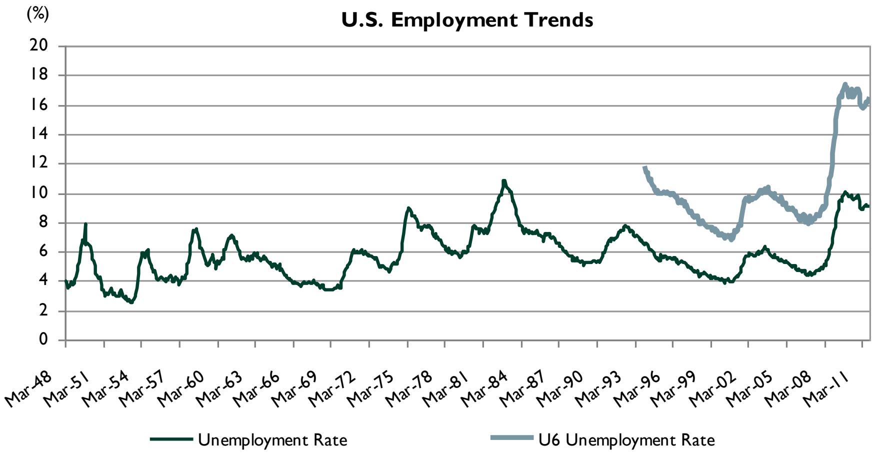
P/E excludes companies with negative earnings

U.S. Treasury Yields							Curve Steepness
Date	3-Mo T-Bill	6-Mo T-Bill	2-Year Note	5-Year Note	10-Year Note	30-Year Note	10-Year - 2-Year
1 Year Ago	0.16%	0.20%	0.43%	1.27%	2.51%	3.69%	2.08%
Current Quarter	0.02%	0.06%	0.25%	0.95%	1.92%	2.92%	1.67%

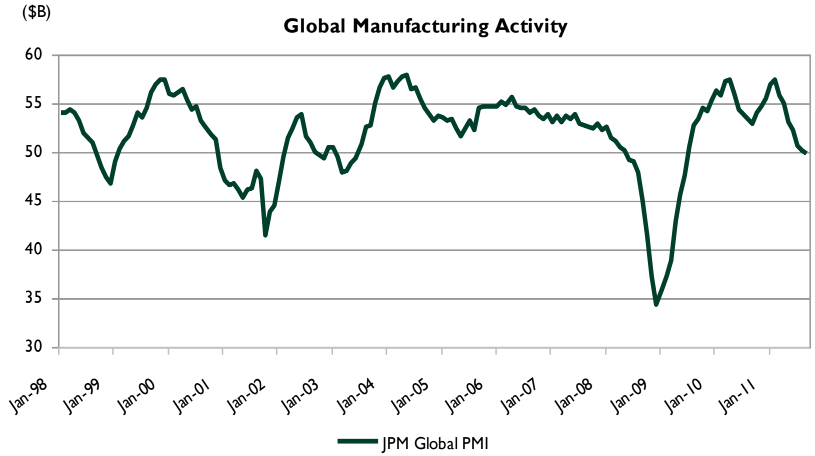
Currency Rates			Percentage Change		
per U.S. Dollar	Current QTR	1 Year Ago	QTD	YTD	1 Year
Canadian Dollar	1.05	1.03	-8.30%	-5.00%	-2.00%
Japanese Yen	77.06	83.53	4.50%	5.30%	8.40%
British Pound	0.64	0.64	-2.90%	-0.20%	-0.80%
Euro	0.75	0.73	-7.70%	0.00%	-1.80%
GBP/Euro	0.86	0.87	5.20%	-0.20%	1.00%
Yen/Euro	103.12	113.88	13.30%	5.30%	10.40%

Sources: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, Bloomberg

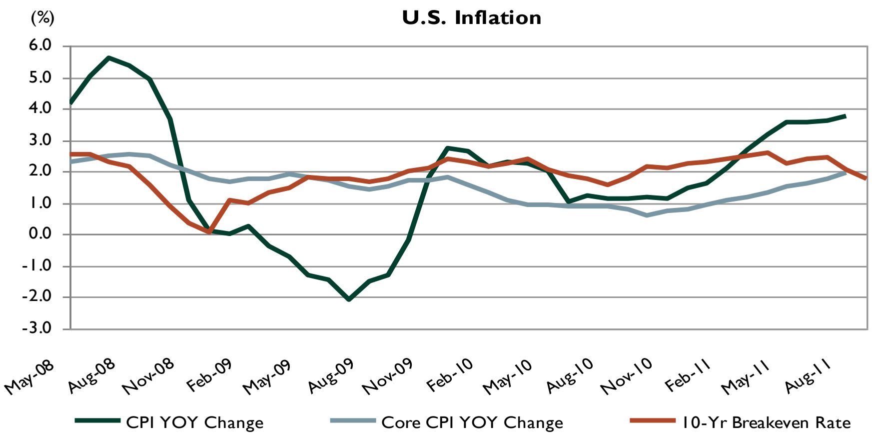
Macroeconomic Trends



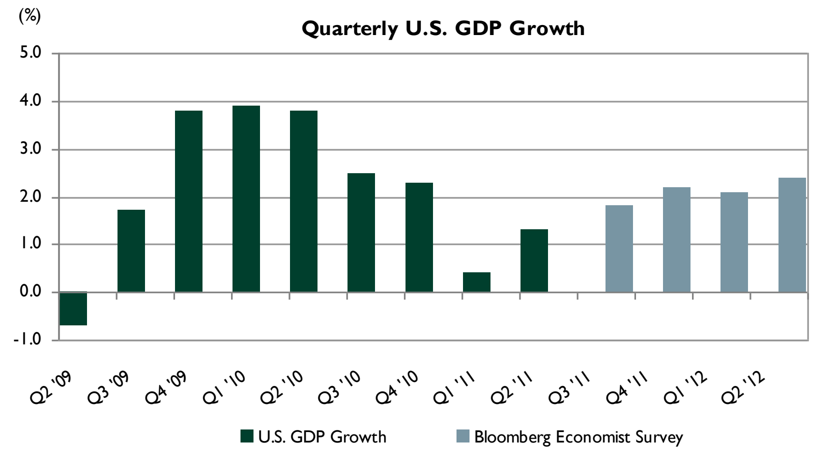
The unemployment rate remained unchanged at 9.1% during the third quarter of of 2011, while the broader underemployment rate (U6) modestly rose in September (from 16.2% to 16.5%). The poor employment picture continues to weigh on consumer confidence and impede economic growth.



The JPMorgan Global Manufacturing PMI Index has fallen sharply in recent months and declined to 49.4 in September—the first time it has been below 50.0 since June 2009. Slowing manufacturing activity has continued to fuel expectations of contracting global growth and it has been one factor influencing oil prices lower during the quarter.



Year-over-year CPI rose in August to 3.8%, largely due to increased energy commodities prices, while Core CPI (+2.0%) remained more muted. Market inflation expectations fell sharply during the quarter, as concerns regarding a global economic slowdown mounted and oil prices declined.

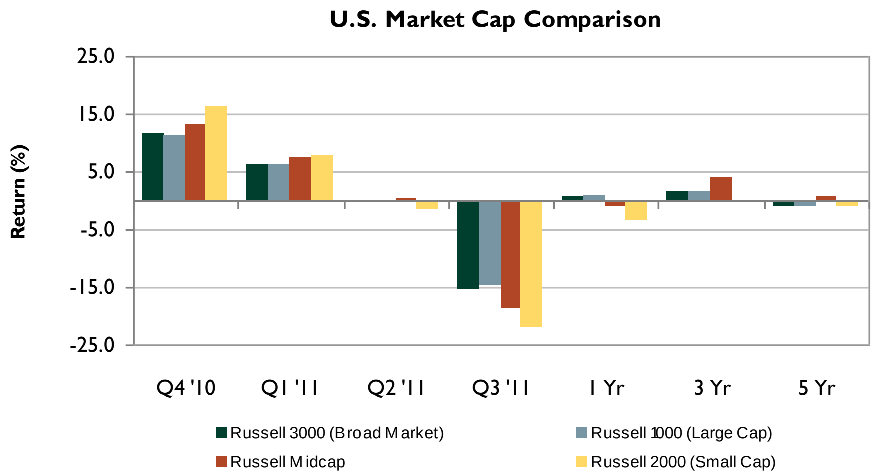


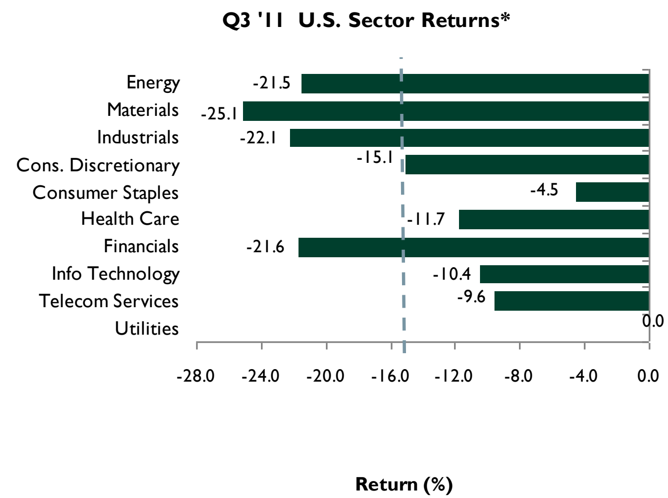
US GDP grew at an annual rate of 1.3% during the second quarter of 2011, which is well below the historical average. Economists continue to predict growth will remain muted over the intermediate term. In September, the IMF significantly lowered its U.S. growth estimate for 2012 (from 2.7% to 1.8%) amid depressed consumer and business confidence and fiscal uncertainty.

Sources: U.S. Bureau of Labor Statistics, Federal Reserve Bank of Cleveland, Bloomberg, Office of Management & Budget

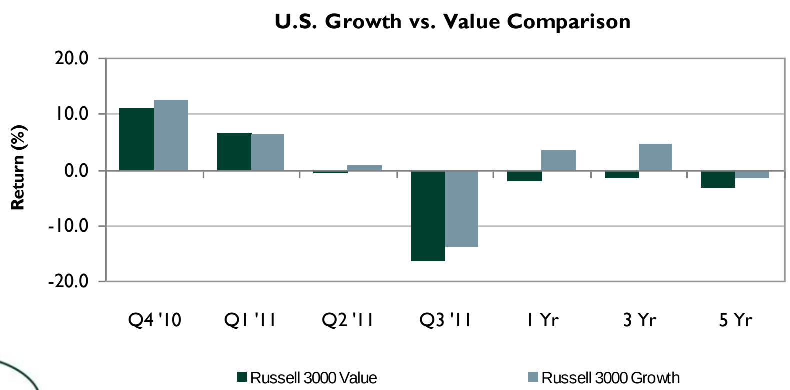
U.S. Equity

- Domestic equity markets, as represented by the Russell 3000 Index, were negative in all three months of the third quarter. Declines accelerated in August with uncertainty over the debt ceiling debate and subsequent downgrade of the U.S. credit rating, and maintained velocity through September. With limited earnings activity late in the quarter, the market movements appear to reflect deterioration in macroeconomic conditions rather than a change in corporate fundamentals.
- While all ten economic sectors closed the quarter lower, the most economically sensitive sectors led the declines. Materials (−25.1%), industrials (−22.1%), financials (−21.6%), and energy (−21.5%) posted the largest losses. Conversely, defensive sectors—utilities (0.0%) and consumer staples (−4.5%)—held up best.
- Large cap equities continued to outperform their small cap counterparts. The Russell 2000 Index lost 21.9% over the three-month period versus a decline of 14.7% for the Russell 1000 Index. The Russell Midcap Index fell 18.9%. Year to date, the pattern is similar with performance declining down capitalization.
- Growth generally outperformed value during the quarter; the Russell 3000 Growth Index contracted 13.1% while the Russell 3000 Value Index dropped 16.2%. However, value modestly outperformed growth in mid and small cap equities. Year to date, growth leads up and down the capitalization spectrum.
- Lower beta stocks materially outperformed their high beta counterparts with a differential of 2,390 bps in returns between the lowest and highest quintile beta stocks during the quarter. Yield was another differentiator, with dividend payers holding up better than their non-yielding counterparts.





*Dotted line indicates total Russell 3000 Index return



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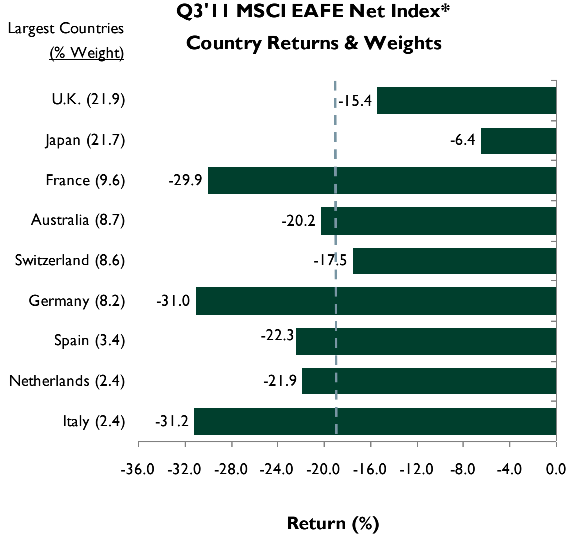
Sources: Ibbotson, Vestek, Bloomberg

International Equity

- The third quarter saw a sharp reversal in foreign equity returns, as investors refocused on problems facing the euro area—particularly the possibility of debt default for select peripheral European markets—and the impact of slowing global growth. While July began with positive returns, the last week of July through the end of September saw substantial declines, with the MSCI EAFE Index ending the quarter down 19.0% in U.S. dollar (USD), bringing year-to-date returns to −15.0%. Currency worked against U.S. investors, as the dollar held up better than the Index's basket of currencies. The Index declined 15.7% in in local terms.
  - Greece (−46.6%) continued to be the worst performing EAFE market as increased default expectations continued to weigh on the equity market. Italy (−31.2%) also struggled, as its equity market reacted to funding concerns in the banking sector, cuts to growth forecasts, and the downgrade in its credit rating. Pressure on the banking sector's exposure to peripheral sovereign debt hurt the French and German markets, which were down 29.9% and 31.0%, respectively.
  - Asia-Pacific markets held up better than their European counterparts, but several were down double-digits on the back of slowing global growth concerns, including Australia (−20.2%), Hong Kong (−19.9%), and Singapore (−18.2%). Japan was the top performer in the quarter, falling only 6.4%.
  - Many sectors experienced double-digit declines in the period, with materials, financials, and industrials down more than 20% in USD. The traditionally defensive sectors of telecom, consumer staples, and health care held up better, all down less than 10%.

Q3'11 MSCI EAFE Net Index*

Country Returns & Weights

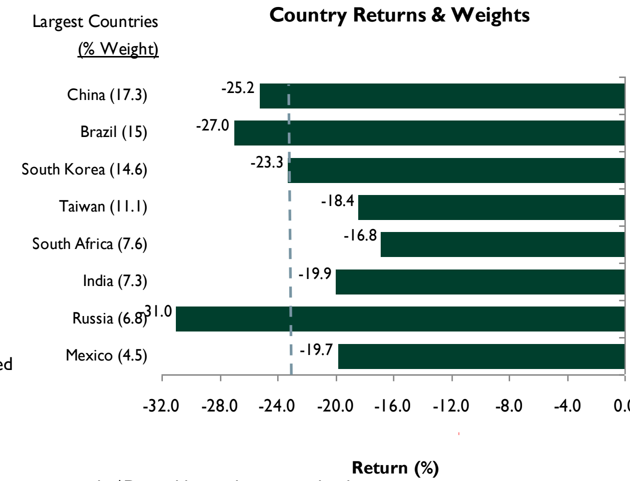


* Note: Other countries accounted for 14.3% of the Index weight

- As the appetite for risk dried up, emerging equity markets suffered significant losses; the MSCI Emerging Markets Index fell 22.6% in USD and 15.0% in local terms. Emerging markets also reacted to slowing export growth, re-emphasizing the need for countries to promote domestic demand and the move to tighten monetary policy in many countries.
  - Eastern Europe retreated the most, led by Hungary (−44.4%) and Poland (−33.0%). While contagion fears and slowing growth weighed on the markets, Hungary in particular suffered from its banking sector's high exposure to loans denominated in foreign currencies. Also, both the Hungarian forint and Polish zloty fell more than 16% against the USD.
  - Latin America also suffered large losses, led by Brazil's −27.0% return. Brazil continued to battle inflation and surprised the market in September with a rate cut. The Brazilian real reacted strongly, especially in September, falling more than 16% against the USD for the third quarter.
  - While second quarter Chinese GDP growth (9.5%) came in stronger than expected, concerns later in the quarter regarding the influence on slowing global export demand and the rate of domestic demand growth impaired Chinese equity pricing. The MSCI China Index declined 25.2% in USD and the Shanghai Index fell 14.3% in local terms.
  - Similar to developed markets, the traditionally defensive sectors of consumer staples, telecom, and health care declined moderately, providing some safety for investors. Industrials fell most sharply, with financials, materials, and energy following suit.

Q3'11 MSCI Emerging Markets Net Index*

Country Returns & Weights



* Note: Other countries accounted for 15.2% of the Index weight

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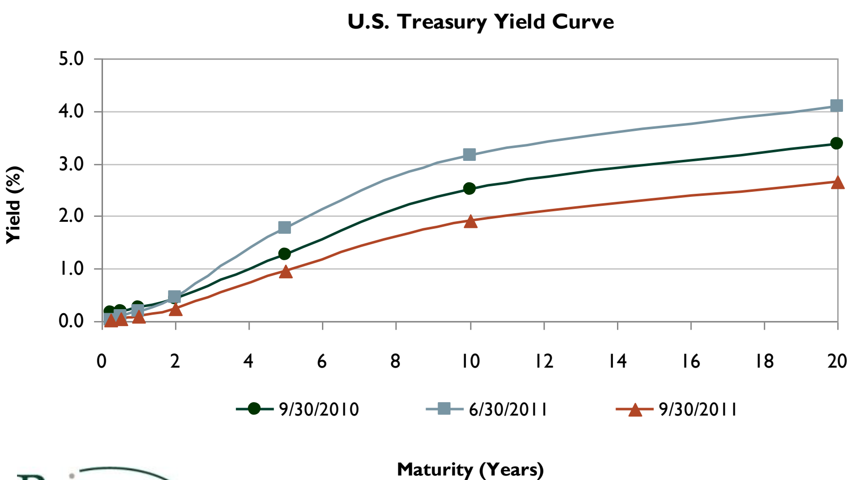
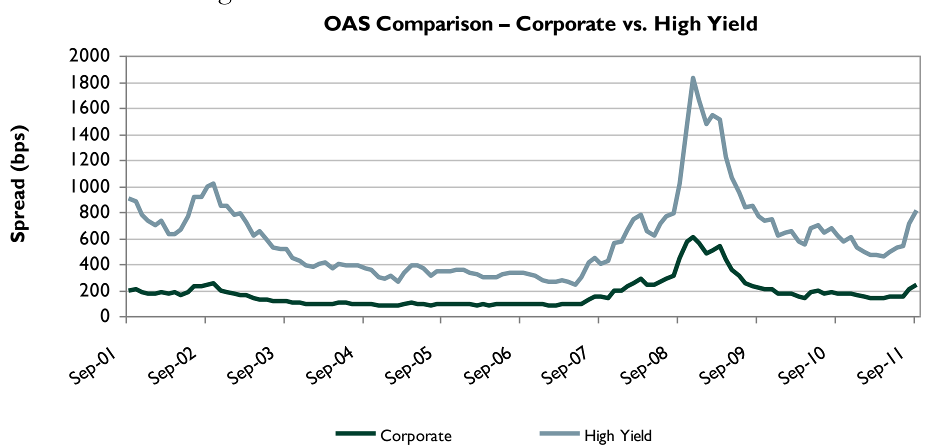
Sources: Vestek, MSCI/Barra, Wall Street Journal, Financial Times. Note: All returns quoted in U.S. dollar terms, unless otherwise noted. *Dotted line indicates total index return

U.S. Fixed Income

- U.S. Treasuries delivered strong results in the quarter, with the Barclays Capital U.S. Treasury Index rising 6.5%—driven by heightened macroeconomic concerns, falling inflation expectations, ongoing uncertainty in Europe, and the Fed's announcement of Operation Twist. The latest monetary policy initiative calls for the Fed's balance sheet to remain unchanged, with the Fed selling short maturity Treasuries (three years or less) and buying long Treasuries (six years or more). Goldman Sachs estimated that 29% of the total $400 billion U.S. Treasury purchases will be in the 20- to 30-year portion of the curve. U.S. Treasury yields fell across the curve and the curve flattened, with 30-year yields exhibiting the sharpest decline (−146 bps) and falling below 3.0% for the first time since January 2009, when deflationary concerns permeated the markets. Longer-dated Treasuries significantly outperformed their shorter-dated counterparts, with Treasuries in the one- to five-year maturity segments rising 1.4%, while those in the five- to ten-year segment gained 7.9% The Barclays Capital Long Treasury Index, rose by 24.7%, significantly outperforming all major asset classes.
- The Barclays Capital Aggregate Index returned 3.8%, led by gains in the U.S. Treasury sector. Corporates and securitized sectors underperformed the Index. AAA-rated index bonds outperformed lower rated bonds during the quarter, as investors preferred perceived relative safety. Longer-maturity issues outperformed shorter-term issues, given the curve flattening.



- Investment grade corporates gained 2.9%, with a majority of this gain achieved in July. Spreads widened by 85 bps during the quarter amid the slowing economy and demand for safety. Financials (−1.4%) were the hardest hit during the quarter, hindered by concerns that the U.S. government would not be as willing/able to provide substantial support for large financial institutions. The recent ratings downgrades by Moody's on a few large issuers, including Wells Fargo and Bank of America, also heightened market anxiety.
- Securitized sectors once again lagged government and corporates. Commercial mortgage-backed securities (CMBS) fell −0.9%, posting negative returns for the first time since the first quarter of 2009. CMBS spreads widened by 109 bps amid the poor macroeconomic backdrop and the potential impact it might have on real estate fundamentals and valuations. Asset-backed securities (ABS) gained 2.4% and spreads modestly tightened by 4 bps. Auto loan ABS underperformed the broader ABS market, but still posted positive absolute returns.
- High yield bonds fell 3.3% in the quarter as a result of a sharp increase in risk aversion. Coupon income was significantly offset by price declines as a result of a 280 bps increase in OAS. BB- and B-rated issues significantly outperformed CCC-rated debt by 340 and 290 bps, respectively. Defensive industries, while down in absolute terms, outperformed pro-cyclical industries on a relative basis. Financials underperformed similar to the investment grade markets for reasons cited above.

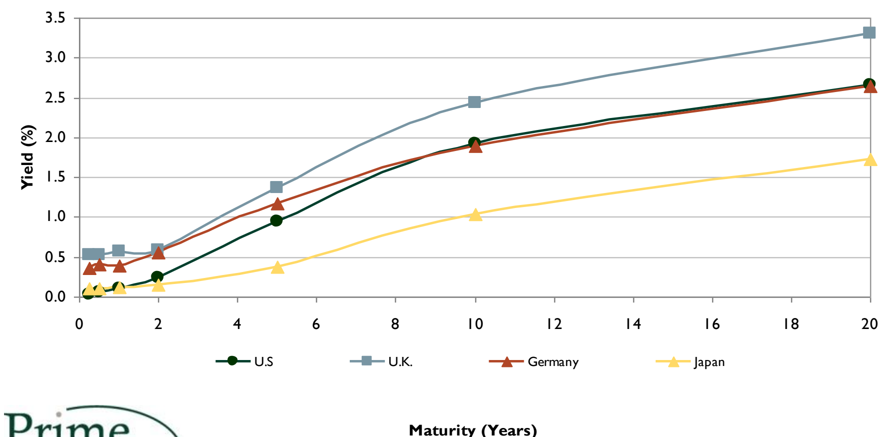


Sources: Bloomberg, Barclays Capital, Federal Reserve

Currencies & Global Bonds

- Several signs of stress emerged during the quarter that negatively impacted currencies and global bonds. European banks were under funding pressure as a result of a reluctance by U.S. prime money market funds to invest in short-term bank paper. The demand for U.S. dollar funding was most evident in cross-currency basis swaps whereby European financial institutions were willing to pay a premium to convert payments from euros to USD. In addition, interbank lending within Europe indicated wariness as the spread above overnight loans widened. Lastly, there has been a lack of consensus on the best way to prevent contagion, with some governments calling for a large increase in the European Financial Stability Facility's size and mandate.
- Aside from the Japanese yen, developed and emerging markets currencies declined against the USD. The Dollar Spot Index (DXY), a weighted-average of six major currencies (the euro, Japanese yen, British pound, Canadian dollar, Swedish krona, and Swiss franc), rose 5.7%. Declines ranged from −2.9% for the British pound to −8.3% for the Canadian dollar. The euro fell 7.7% as a result of the factors mentioned above. The Swedish krona (−7.9%) declined, along with other Scandinavian currencies, over fears that the crisis would spread beyond the euro area. The Japanese yen continued to rise against the USD, gaining 4.5%, as investors sought shelter against not only the European crisis, but also the uncertainty emanating from the heated debate between parties that eventually led to the rise in the U.S. debt ceiling.
- Major yield curves around the globe flattened during the quarter. European policymakers failed to calm market fears regarding resolution to Greece and a potential European banking crisis. As a result, global yields fell and government bond markets, aside from Italy, Portugal, and Greece, delivered positive returns in local currencies with Ireland (+28.2%), Denmark (+9.4%), and the U.K. (+8.9%) as standout performers. Overall, the euro area rose 3.9% in local terms as strong gains in Germany, France, and the Netherlands offset the 4.1% decline in Italy. Asia-Pacific was another source of strength due to gains in Australia and Japan.
- The Barclays Global Treasury ex-U.S. Index rose 3.0% in local terms. However, the strength of the USD against all major currencies except the Japanese yen created a negative translation effect that subtracted over 200 bps from returns, causing the Index to climb a modest 0.8% on an unhedged basis. As a result, only Ireland (+18.7%), Japan (+5.9%), the U.K. (+5.7%), and Denmark (+1.5%) delivered positive returns on an unhedged basis. Within emerging markets, the negative impact of a sharp rally in the U.S. was even more pronounced than in developed markets. In local terms, a majority of emerging countries in the Barclays Capital EM Local Currency Government Bond Index rose, but declines in currencies such as the Brazilian real (−16.8%), Hungarian forint (−16.3%), Russian ruble (−13.4%), and South Korean won (−9.3%) caused significant underperformance of emerging markets relative to developed markets in unhedged USD terms.

Global Yield Curves as of September 30, 2011



OAS Comparison - Global Corporate versus Global High Yield

Sources: Bloomberg, Barclays Capital

Flexible Capital

- While the HFRI Fund Weighted Index posted disappointing quarterly and year-to-date returns of −6.2% and−5.4%, respectively, it compares favorably to the S&P 500 Index, which returned −13.9% for the quarter and −8.7% year to date. During the quarter, volatility and macroeconomic concerns continued to outweigh company fundamentals and led to wide dispersion in returns for hedge funds.
- On the equity side, the HFRI Equity Hedge Index declined 10.4% in the third quarter as managers that were longer-biased and overweight financials were generally the worst performers, with the major U.S. banks facing pressure related to the housing sector and exposure to European markets. Managers with large emerging markets allocations also declined. Despite a difficult quarter, fundamentals-based managers generally remained confident in their portfolios, with many adding to their highest conviction core positions and maintaining plenty of dry powder for use in an environment with less macro overhang.
- Credit-oriented managers struggled as well, with the HFRI Event-Driven Index down 7.3% for the period. Major restructurings/liquidations that remained top holdings for many managers—notably Lehman Brothers, Delphi, Washington Mutual, and the Icelandic banks—all sold-off in the quarter. Pricing was impacted by broad market weakness, but also by selling pressure created by a number of large hedge funds facing performance and redemption issues. However, there were no material changes to the fundamentals underlying the companies and managers expressed confidence that the losses incurred in the quarter were not permanent and will be recovered as the restructurings and liquidations move forward.
- The only area of the market to report positive returns was macro, with the HFRI Macro Index rising 0.6% in the quarter. Manager returns in this space varied considerably as a number of commodity trends broke down, leading to volatile returns for systematic managers.
- The confluence of market events led to not only the decline of many stock indices, but also a marked increase in volatility. The VIX Index, a measure of stock volatility, increased 160%. It began the third quarter at 16.5, spiked to 48.0 on August 8th, and decreased toward the end of August, finishing the quarter at 43.0. Additionally, correlation among stocks remained at elevated levels, continuing to negatively impact the ability of active managers to produce excess returns relative to the broad market. In late August, a Goldman Sachs report showed the correlation for stocks within the S&P 500 Index was at the highest level in at least 20 years.
- There was also wide dispersion in hedge fund performance during the quarter. One indicator of this is the Goldman Sachs VIP Custom Members Basket, which is defined as the 50 stocks that "matter most" to hedge funds. Only six of the stocks experienced positive performance: Apple (+13.6%), Amazon (+5.7%), MasterCard (+5.3%), American Tower (+2.8%), Visa (+1.7%), and Google (+1.6%). Further, only 20 of the 50 companies outperformed the S&P 500 Index's return of −13.9%. There was a 70.5% spread between minimum and maximum performers and an average return of −18.9%. Within the basket, the information technology and consumer discretionary sectors are heavily represented. The information technology and telecom sectors experienced positive returns, albeit modestly, and the consumer discretionary, energy, financials, and materials sectors had negative results of −22% to −33%.

Goldman Sachs Hedge Fund VIP Basket*

Top 5 Q3 Performers

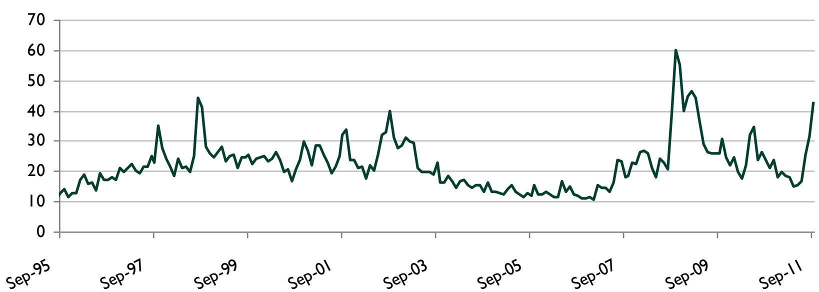
Company	Q3	YTD
Apple Inc	**13.6%**	16.3%
Amazon.com	**5.7%**	14.5%
Mastercard Inc.	**5.3%**	34.6%
American Tower	**2.8%**	1.6%
Visa Inc	**1.7%**	17.6%
S&P 500	**-13.9%**	-8.7%

Bottom 5 Q3 Performers

Company	Q3	YTD
Netflix Inc	**-56.9%**	-34.6%
Chemtura	**-44.9%**	-43.8%
Bank of America Corp	**-44.2%**	-59.8%
EXCO Resources Inc	**-39.3%**	-49.2%
Citigroup Inc	**-38.5%**	-52.8%
S&P 500	**-13.9%**	-8.7%

• Consists of the 50 companies that "matter most" to hedge funds. The positions in this basket are the stocks that appear most frequently as top ten holdings of hedge funds with 10–200 total holdings.

Volatility Measure – VIX



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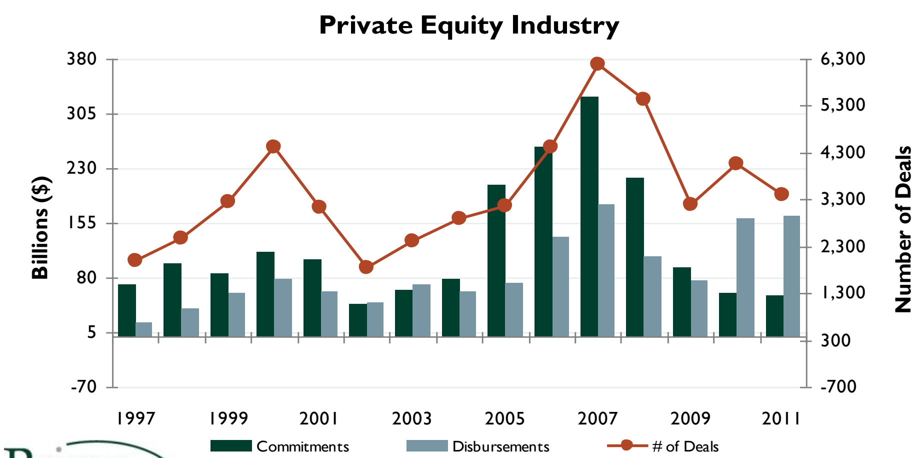
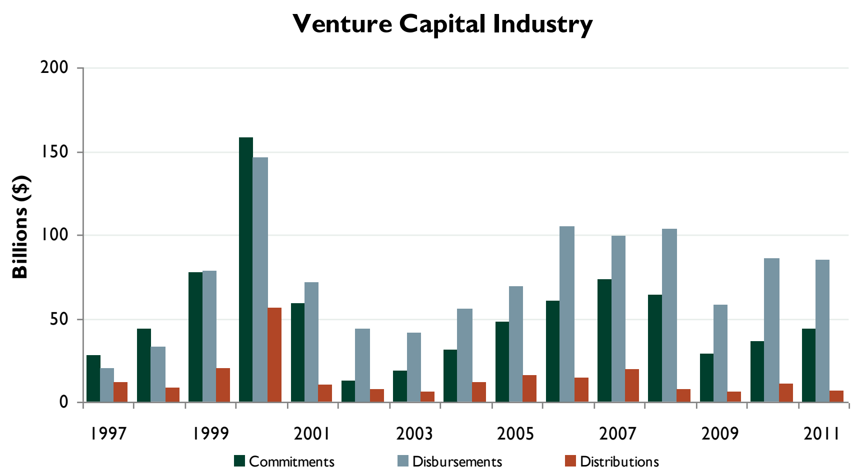
Sources: Bloomberg, Hedge Fund Research, Goldman Sachs

Private Equity (as of 6/30/2011)

- U.S.-domiciled buyout firms raised $18 billion across 51 U.S.-focused funds during the second quarter, comparing favorably to the $14 billion raised by 49 funds during the second quarter of 2010. On an annualized basis, 2011 represents the highest fundraising year since 2008. Middle-market fundraising continued to outpace activity at the upper end of the market; no funds above $5 billion held a close during the quarter and the median size of private equity funds closed held steady at over $450 million.
- Total U.S. merger and acquisitions (M&A) volume during the first half of the year was $689 billion, an increase of 32% over the first half of 2010. Dollar volume for M&A continued to increase, despite the reduction in the number of deals. Similarly, there were mixed results for middle-market dollar volume activity in the first half of 2011 as the number of transactions declined 18%, but the overall dollar volume increased 22%. There was approximately $144 billion in U.S. private equity-related M&A volume during the first half—up 26% compared to the same period in 2010 and approximately 21% of the overall U.S. M&A volume.
- Purchase price multiples increased to 8.8x EBTIDA during the second quarter from 8.1x in the first quarter of 2011. This level, however, remains significantly below the peak figure of 9.5x EBITDA reached in 2007.
- During the second quarter, 37 U.S. venture capital funds raised $2.7 billion. Fundraising for U.S. venture capital funds in the first half totaled $10.2 billion from 76 funds—a nearly 70% increase in amount compared to the first half of 2010 and a 15% decrease in the number of funds. This level of total fund was equal to the lowest number of funds garnering commitments since the first half of 1995. Total venture investments into later stage companies continued to attract the most limited partner interest, while venture investments into seed and early stage companies remained roughly flat year over year.
- Twenty-five European-focused private equity funds held final closes during the quarter, totaling $9.8 billion. These numbers represent a quarter-over-quarter increase from the $6.5 billion raised by 24 funds in the first quarter. In addition to the $9.8 billion raised by way of final closes, European-focused funds gathered another $9.8 billion of capital through interim closes during the second quarter.
- There were 41 final closes among Asia and Rest of World-focused funds during the second quarter of 2011, totaling $15.5 billion. This represents an $9.9 billion increase over the previous quarter, when 24 funds held final closes. Greater China-focused funds continued to drive the Asia and Rest of World-focused private equity activity.

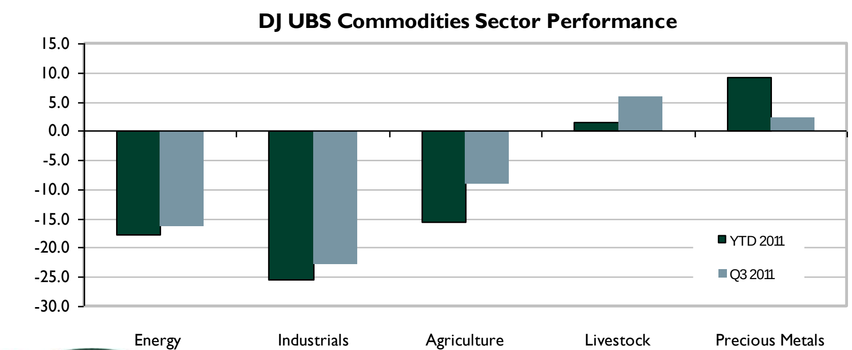


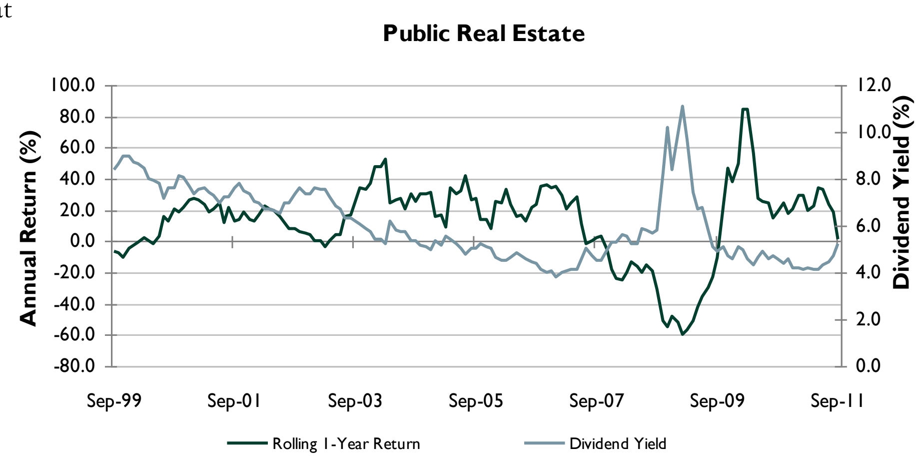


Sources: Dow Jones Private Equity Analyst, National Venture Capital Association, Thomson Financial, S&P LCD, Emerging Markets Private Equity Association, Dealogic, and Preqin

Inflation Hedging

- Global real estate securities declined 17.7% during the third quarter as measured by the FTSE EPRA/NAREIT Global Index. Prior to the quarter, the bond-like attributes of core real estate attracted income-seeking investors, which led to some strong results for the sector. As market sentiment turned sharply negative, the sector traded in high correlation to the broader markets. European property securities were most impacted, declining 23.3%, while markets in Asia (−17.9%) and the U.S. (−14.9%) also experienced steep declines. Currently, REIT global dividends are 4%, and valuations price in little or no future rental or occupancy growth. However, given the markets' reliance on the banking system for debt financing and income growth on economic stability, REITs will likely continue to be volatile along with broader markets and trade with high correlation in down markets.
- Commodities declined 11.3% in the quarter, as measured by the DJ UBS Commodity Index, with the underlying commodities sectors strongly reflecting poor macroeconomic sentiment. Energy (−16.3%) and industrial metals (−22.7%) are the sectors most closely tied to views on future economic growth and experienced the largest declines, while precious metals (namely gold and silver) had positive results, returning 2.3%. Gold did not respond to market uncertainty uniformly; the price fell from an all-time high of $1,888.70/ozt. in mid-August to $1,623.97/ozt. by the end of September, possibly due to investors' raising capital as a result of other asset losses. Livestock was the best performer during the quarter, as declining inventories and increasing global demand helped pace the sector. The rise in corn prices forced livestock producers to switch feed to wheat and reduce herds to contain costs.
- The NCREIF Property Index, a measure of core real estate property pricing in the U.S., returned 3.3% during the third quarter. The Index continued to reflect real estate valuation rebounds from 2009 lows; it was the sixth consecutive quarter of returns of 3% or more, contributing to a 16.1% one-year return. Given the lag in appraising and publishing values, it is difficult to know the near-term impact of the public market uncertainty on private real estate. However, one concerning market indicator for the third quarter was S&P's July announcement that it would not rate a $1.5 billion CMBS issuance by Goldman Sachs. The CMBS market provides capital to private real estate through securitized debt and had experienced increased activity through the first part of the year.
- During the third quarter, the Barclays U.S. TIPS Index gained 4.5%. Real yields rose at the front end of the curve (maturities under three years), but fell in the intermediate and long portions. As a result, the curve flattened and longer-dated TIPS outperformed shorter-dated securities. The largest increases occurred in those greater than 20 years (+16.5%), 10–20 years (+9.8%), and 7–10 years (+4.8%), while those in the 1–3 year range fell 1.0%. Inflation expectations for the next five and ten years fell; the five-year breakeven dropped 57 bps to 1.6%, while the ten-year breakeven fell 70 bps to 1.8%. Despite the benefit of the drop in real yields, the magnitude of the decline in breakeven expectations caused nominal Treasuries to outperform TIPS across all maturity segments.





Prime BUCHHOLZ

Sources: Dow Jones AIG, National Council of Real Estate Investment Fiduciaries, National Association of Real Estate Investment Trusts, Barclays Capital, Bloomberg

Tab II

Total Fund Highlights

- The Town of Palm Beach Firefighters Retirement System fell 10.0% during the third quarter of 2011, compared to the 9.7% loss of its target index. World equity markets experienced extreme volatility during the quarter, which was driven in large part by ongoing concerns in Europe and slow growth expectations in China. Within this environment, the domestic and international equity segments lost 15.4% and 20.1%, respectively. Overall, flexible capital managers struggled to keep pace with the benchmark during the quarter but remain ahead over the longer-term annualized periods. Within the fixed income segment, the convertibles allocation suffered a 5.4% loss; however, the TIPS allocation boosted returns prior to its liquidation in August. The inflation hedging component retreated 16.6% as commodities and natural resources both posted sharp declines.

Segment Performance

Segment Level Performance (% Rate of Return)

Benchmark Dependent Metrics relative to S&P 500 Index

As of September 30, 2011

	1 Quarter Return	Fiscal YTD	1 Year Return	3 Years Return	5 Years Return	10 Years Return	Since Inception Return	Since Inception Standard Deviation	Since Inception Beta	Since Inception Actual Correlation	Inception Date
Total Fund	**-10.0**	**-1.0**	**-1.0**	**2.1**	**0.8**	**4.0**	**7.2**	**9.2**	**0.5**	**0.9**	**Apr-91**
Target Index	-9.7	0.2	0.2	1.4	0.5	4.1	7.2	9.8	0.6	1.0	Apr-91
Domestic Equity	**-15.4**	**1.2**	**1.2**	**2.8**	**-0.6**	**3.4**	**9.1**	**18.4**	**1.0**	**0.9**	**Apr-91**
S&P 500 Index	-13.9	1.1	1.1	1.2	-1.2	2.8	7.7	16.3	1.0	1.0	Apr-91
Russell 3000 Index	-15.3	0.5	0.5	1.5	-0.9	3.5	7.9	16.8	1.0	1.0	Apr-91
International Equity	**-20.1**	**-10.0**	**-10.0**	**2.4**	**-1.6**	**NA**	**8.1**	**23.2**	**1.3**	**0.9**	**Jan-03**
MSCI EAFE (Net)	-19.0	-9.4	-9.4	-1.1	-3.5	NA	7.1	22.1	1.2	0.9	Jan-03
Total Flexible Capital	**-5.9**	**-0.3**	**-0.3**	**3.5**	**3.9**	**NA**	**5.6**	**7.2**	**0.3**	**0.8**	**Apr-03**
HFRI Fund of Funds Composite Index	-4.7	-1.6	-1.6	0.2	0.4	NA	3.7	7.5	0.4	0.8	Apr-03
Total Fixed Income	**-1.2**	**3.8**	**3.8**	**6.3**	**4.2**	**4.5**	**6.3**	**4.5**	**0.0**	**0.1**	**Apr-91**
Fixed Income Composite Index	-4.3	2.0	2.0	6.6	5.1	5.2	7.5	6.2	0.3	0.8	Apr-91
Total Inflation Hedging	**-16.6**	**-5.0**	**-5.0**	**-13.8**	**-7.9**	**NA**	**-7.1**	**20.1**	**0.9**	**0.8**	**Jul-06**
Inflation Hedging Actual Index	-15.8	-2.3	-2.3	-2.9	0.1	NA	0.6	17.0	0.8	0.9	Jul-06

Since inception returns are calculated from the first full quarter.

Executive Summary

Town of Palm Beach

Firefighters Retirement System

Preliminary Executive Summary as of September 30, 2011

Market Value	% of Portfolio		QTR Ended Dec-10	QTR Ended Mar-11	QTR Ended Jun-11	QTR Ended Sep-11	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
$52,019,890	**100.0**	**Total Fund**	**5.7**	**3.8**	**0.2**	**-10.0**	**-1.0**	**-6.3**	**-1.0**	**2.1**	**0.8**	**4.0**	**7.2**	**Apr-91**
		Target Index	6.7	3.7	0.2	-9.7	0.2	-6.2	0.2	1.4	0.5	4.1	7.2	
		Actual Index	6.0	3.4	-0.4	-10.1	-1.9	-7.4	-1.9	1.0	0.4	4.6	8.5	
		60% S&P 500 Index /40% BC Aggregate Index	5.9	3.7	1.0	-7.0	3.0	-2.7	3.0	4.4	2.3	4.3	7.7	
		Consumer Price Index	0.3	2.0	1.0	0.5	3.9	3.5	3.9	1.2	2.3	2.4	2.6	
$17,894,863	**34.4**	**Global Equity**	**9.4**	**4.9**	**1.4**	**-17.3**	**-3.7**	**-12.1**	**-3.7**	**0.9**	**-1.7**	**3.5**	**9.2**	**Apr-91**
$10,917,348	**21.0**	**Domestic Equity**	**11.3**	**7.0**	**0.6**	**-15.4**	**1.2**	**-9.0**	**1.2**	**2.8**	**-0.6**	**3.4**	**9.1**	**Apr-91**
		Russell 3000 Index	**11.6**	**6.4**	**0.0**	**-15.3**	**0.5**	**-9.9**	**0.5**	**1.5**	**-0.9**	**3.5**	**7.9**	
$3,259,355	6.3	SSgA S&P 500 Flagship NL Fund	10.7	5.9	0.1	-13.9	1.1	-8.7	1.1	1.2	-1.2	2.8	7.5	Jan-95
		S&P 500 Index	**10.8**	**5.9**	**0.1**	**-13.9**	**1.1**	**-8.7**	**1.1**	**1.2**	**-1.2**	**2.8**	**7.5**	
$2,579,391	5.0	Stralem & Company Large Cap Core Account	6.3	5.8	2.2	-10.3	3.1	-3.0	3.1	1.7	2.2	NA	2.5	Apr-06
		S&P 500 Index	**10.8**	**5.9**	**0.1**	**-13.9**	**1.1**	**-8.7**	**1.1**	**1.2**	**-1.2**	**2.8**	**-0.3**	
$1,814,972	3.5	SSgA S&P Midcap 400 Index NL Fund	13.3	9.3	-0.8	-19.9	-1.5	-13.1	-1.5	3.9	NA	NA	0.0	Jul-08
		S&P MidCap 400	**13.5**	**9.4**	**-0.7**	**-19.9**	**-1.3**	**-13.0**	**-1.3**	**4.1**	**2.2**	**7.5**	**0.1**	
$1,481,492	2.8	CRM Midcap Value Instl Fund	12.4	7.3	0.7	-21.2	-4.3	-14.9	-4.3	0.4	NA	NA	-2.5	Jul-08
		Russell Midcap Value Index	**12.2**	**7.4**	**-0.7**	**-18.5**	**-2.4**	**-13.0**	**-2.4**	**2.0**	**-0.8**	**7.5**	**-0.6**	
$1,782,138	3.4	Geneva Mid Cap Equity Account	15.5	7.0	0.8	-15.2	5.6	-8.6	5.6	7.1	4.2	NA	5.5	Sep-05
		Russell Midcap Growth Index	**14.0**	**7.9**	**1.6**	**-19.3**	**0.8**	**-11.6**	**0.8**	**5.9**	**1.6**	**6.7**	**2.7**	

Executive Summary

Town of Palm Beach

Firefighters Retirement System

Preliminary Executive Summary as of September 30, 2011

Market Value	% of Portfolio		QTR Ended Dec-10	QTR Ended Mar-11	QTR Ended Jun-11	QTR Ended Sep-11	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
$6,977,515	**13.4**	**International Equity**	**7.4**	**2.6**	**2.1**	**-20.1**	**-10.0**	**-16.3**	**-10.0**	**2.4**	**-1.6**	**NA**	**8.1**	**Jan-03**
		MSCI EAFE (Net)	**6.6**	**3.4**	**1.6**	**-19.0**	**-9.4**	**-15.0**	**-9.4**	**-1.1**	**-3.5**	**5.0**	**7.1**	
$3,436,616	6.6	Harris Associates International Value L.P.	8.4	1.9	1.8	-19.7	-9.7	-16.7	-9.7	6.1	-0.8	NA	11.4	Mar-03
		MSCI EAFE Value Index (Net)	**5.3**	**4.5**	**1.0**	**-19.0**	**-10.0**	**-14.5**	**-10.0**	**-1.7**	**-4.8**	**5.1**	**8.4**	
		MSCI EAFE (Net)	**6.6**	**3.4**	**1.6**	**-19.0**	**-9.4**	**-15.0**	**-9.4**	**-1.1**	**-3.5**	**5.0**	**8.0**	
$3,540,899	6.8	Artisan International Inv Fund	6.4	3.5	2.8	-20.4	-10.0	-15.3	-10.0	-0.8	-2.5	NA	6.7	Jan-03
		MSCI EAFE Growth Index (Net)	**7.9**	**2.2**	**2.1**	**-19.0**	**-8.8**	**-15.4**	**-8.8**	**-0.6**	**-2.2**	**4.9**	**6.5**	
		MSCI EAFE (Net)	**6.6**	**3.4**	**1.6**	**-19.0**	**-9.4**	**-15.0**	**-9.4**	**-1.1**	**-3.5**	**5.0**	**7.1**	
$852,638	**1.6**	**Private Equity**												
$334,991	0.6	Landmark Equity Partners, XIV L.P. ($1.25 MM Cmt'd)												
$517,647	1.0	Private Equity Investment Fund, V L.P. ($1.25 MM Cmt'd)												
$16,209,290	**31.2**	**Total Flexible Capital**	**3.6**	**2.3**	**0.0**	**-5.9**	**-0.3**	**-3.8**	**-0.3**	**3.5**	**3.9**	**NA**	**5.6**	**Mar-03**
		HFRI Fund of Funds Composite Index	**3.6**	**0.9**	**-1.2**	**-4.7**	**-1.6**	**-5.0**	**-1.6**	**0.2**	**0.4**	**3.6**	**3.6**	
$10,285,260	19.8	Archstone Absolute Return Strategies Fund, Ltd.	3.0	2.5	-0.1	-4.7	0.5	-2.4	0.5	4.4	NA	NA	1.1	Jul-08
		HFRI FOF: Conservative Index	**2.6**	**1.1**	**-0.8**	**-3.7**	**-0.9**	**-3.4**	**-0.9**	**-0.5**	**0.0**	**2.9**	**-3.1**	
$5,924,030	11.4	Forester Offshore A2,B Ltd.	4.5	2.1	0.1	-8.0	-1.8	-6.0	-1.8	2.4	NA	NA	1.6	Jul-07
		HFRI FOF: Strategic Index	**4.2**	**0.7**	**-1.1**	**-6.3**	**-2.8**	**-6.7**	**-2.8**	**0.1**	**0.3**	**3.9**	**-3.2**	

Executive Summary

Town of Palm Beach

Firefighters Retirement System

Preliminary Executive Summary as of September 30, 2011

Market Value	% of Portfolio		QTR Ended Dec-10	QTR Ended Mar-11	QTR Ended Jun-11	QTR Ended Sep-11	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
$5,444,977	**10.5**	**Total Fixed Income**	**0.9**	**2.6**	**1.4**	**-1.2**	**3.8**	**2.8**	**3.8**	**6.3**	**4.2**	**4.5**	**6.3**	**Apr-91**
		Fixed Income Composite Index	**2.2**	**3.0**	**1.2**	**-4.3**	**2.0**	**-0.3**	**2.0**	**6.6**	**5.1**	**5.2**	**7.5**	
$5,444,977	10.5	Income Research Convertibles	2.8	3.1	-0.8	-5.4	-0.5	-3.3	-0.5	6.0	3.4	NA	3.9	Nov-04
		BofAML Convertible Bonds, U.S. Investment G	**4.4**	**3.7**	**-0.6**	**-8.1**	**-1.0**	**-5.2**	**-1.0**	**6.8**	**4.5**	**4.3**	**4.4**	
		Barclays Capital US Credit Index	**-1.9**	**0.9**	**2.5**	**3.0**	**4.6**	**6.5**	**4.6**	**11.7**	**6.7**	**6.3**	**5.6**	
$4,976,774	**9.6**	**Total Inflation Hedging**	**12.8**	**6.4**	**-5.2**	**-16.6**	**-5.0**	**-15.8**	**-5.0**	**-13.8**	**-7.9**	**NA**	**-7.3**	**May-06**
		Inflation Hedging Actual Index	**13.5**	**7.7**	**-5.1**	**-15.8**	**-2.3**	**-13.9**	**-2.3**	**-2.9**	**0.1**	**NA**	**0.3**	
$460,784	0.9	Guggenheim Real Estate PLUS Trust	5.1	6.8	4.2	-2.2	14.4	8.9	14.4	-13.1	-6.3	NA	-5.1	Jul-06
		70% NCREIF Index/30% NAREIT Index	**5.5**	**4.3**	**3.8**	**-2.1**	**11.8**	**6.0**	**11.8**	**0.2**	**2.9**	**9.0**	**3.7**	
		NCREIF Property Index	**4.6**	**3.4**	**3.9**	**3.3**	**16.1**	**11.0**	**16.1**	**-1.4**	**3.4**	**7.8**	**3.9**	
$2,037,020	3.9	T. Rowe Price New Era Fund	19.6	10.2	-7.2	-25.5	-8.8	-23.8	-8.8	-3.4	NA	NA	-14.7	Jul-08
		S&P North American Natural Resources Sector	**21.3**	**12.8**	**-6.3**	**-23.2**	**-1.6**	**-18.9**	**-1.6**	**-0.6**	**3.2**	**10.1**	**-10.7**	
$2,478,969	4.8	TAP Fund, LTD	15.7	7.1	-6.0	-10.8	3.8	-10.3	3.8	NA	NA	NA	10.8	Sep-10
		Dow Jones-UBS Commodity Index	**15.8**	**4.4**	**-6.7**	**-11.3**	**0.0**	**-13.6**	**0.0**	**-5.7**	**-1.1**	**5.9**	**6.7**	
$6,641,348	**12.8**	**Total Liquid Capital**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.2**	**1.6**	**1.9**	**3.4**	**Apr-91**
$6,641,348	12.8	Government Stif 15	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	1.6	NA	1.9	Jan-02
		Citigroup 3 Month T-Bill	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.2**	**1.6**	**1.9**	**1.9**	

Executive Summary

Town of Palm Beach

Firefighters Retirement System

Preliminary Executive Summary as of September 30, 2011

Please Note:

- Periods greater than one year are annualized
- Since inception returns are calculated from the first full month
- Actual Index calculated using manager allocations and index returns
- Prior to 10/31/1999: Performance representative of Town of Palm Beach Total Fund.
- Prior to 12/31/2001: Performance provided by Callan & Associates.
- Prior to 12/31/2004: Portfolios were combined
- Target Index (effective 10/1/2009): 17.5% Russell 3000 Index/ 17.5% MSCI EAFE Net Index/ 30% HFRI FOF Index/ 15% Inflation Hedging Actual Index/ 20% Fixed Income Composite Index
- Fixed Income Composite Index: 100% BOA Conv. Bond US Inv. Gr. Index
- Inflation Hedging Actual Index represents actual allocations with index returns
- From 12/31/2000 to 03/31/2003: Target Index: 60% S&P 500 Index/ 40% BC Aggregate Index
- Private Equity Market value generally reported one quarter in arrears, adjusted for current capital activity. Valuations subject to availability. Performance may change as updates are processed.
- Forester Offshore A2,B Ltd.: Market value estimated using preliminary manager reported performance
- Income Research Convertibles: Market value provided by manager due to valuation and accrual discrepancies with custodian.
- Guggenheim Real Estate Plus Trust: Market value estimated using preliminary manager reported performance and adjusted to reflect September 2011 distribution of $103,998.83; Investment is valued quarterly.
- Government Stif 15: Client specific cash performance not available. Citigroup Treasury Bill 3 Month Index is being reported.
- Government Stif 15: Market valued adjusted to reflect Guggenheim distribution to be wire October 11, 2011.

Non-Marketable Strategies

Non-Marketable Investment Summary

As of September 30, 2011

	Capital Commitment	Commitment Date	Capital Contributed	% Funded	Remaining Commitment	Capital Returned	Market Value	Net Growth of Portfolio	DPI Multiple	TVPI Multiple	IRR (%)
Total Non-Marketable Alternatives	**$2,500,000**		**$835,946**	**33.4**	**$1,664,054**	**$172,326**	**$852,638**	**$189,018**	**0.2**	**1.2**	**23.8**
Private Equity	**$2,500,000**		**$835,946**	**33.4**	**$1,664,054**	**$172,326**	**$852,638**	**$189,018**	**0.2**	**1.2**	**23.8**
Landmark Equity Partners, XIV L.P. ($1.25 MM Cmt'd)	$1,250,000	Nov-09	$285,112	22.8	$964,888	$53,583	$334,991	$103,462	0.2	1.3	33.7
Private Equity Investment Fund, V L.P. ($1.25 MM Cmt'd)	$1,250,000	Jan-10	$550,834	44.1	$699,166	$118,743	$517,647	$85,556	0.2	1.2	17.4

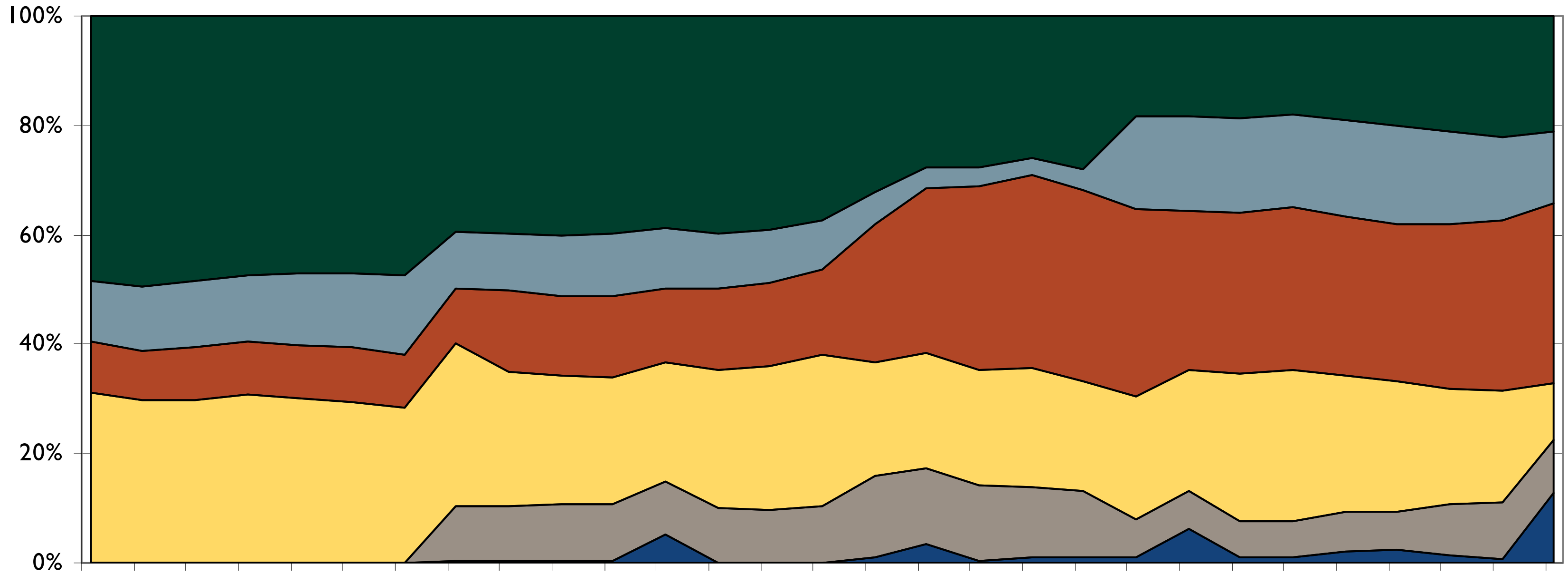
-Market value reported one quarter in arrears, adjusted for current capital activity, unless otherwise noted. Valuations subject to availability. Performance may change as updates are processed.
-This report contains information from manager supplied financial reports (audited or unaudited). Content is subject to change without notice. Information obtained from the manager is believed to be reliable; however, accuracy of the data is not guaranteed and has not been independently verified by Prime Buchholz.
-IRR = Calculated since inception
-DPI Multiple = Distributions to paid in capital
-TVPI Multiple = Total Value to paid in capital

Asset Allocation – Current

Asset Allocation Policy Ranges

	Lower (%)	New Target (%)	**9/30/2011 Actual Allocation (%)**	Upper (%)
Domestic Large Cap Equity	6.0	7.5	**11.3**	9.0
Domestic Mid/Small Cap Equity	6.0	7.5	**9.7**	9.0
International Equity	12.0	15.0	**13.4**	18.0
Developed			*12.8*	
Emerging			*0.6*	
Private Equity	4.0	5.0	**1.6**	6.0
Absolute Return	12.0	15.0	**19.8**	18.0
Directional Hedge	12.0	15.0	**11.4**	18.0
Convertible Fixed Income	18.0	20.0	**10.5**	22.0
Inflation Hedging	12.0	15.0	**9.6**	18.0
Cash/Other	0.0	0.0	**12.8**	5.0

Asset Allocation – Historical



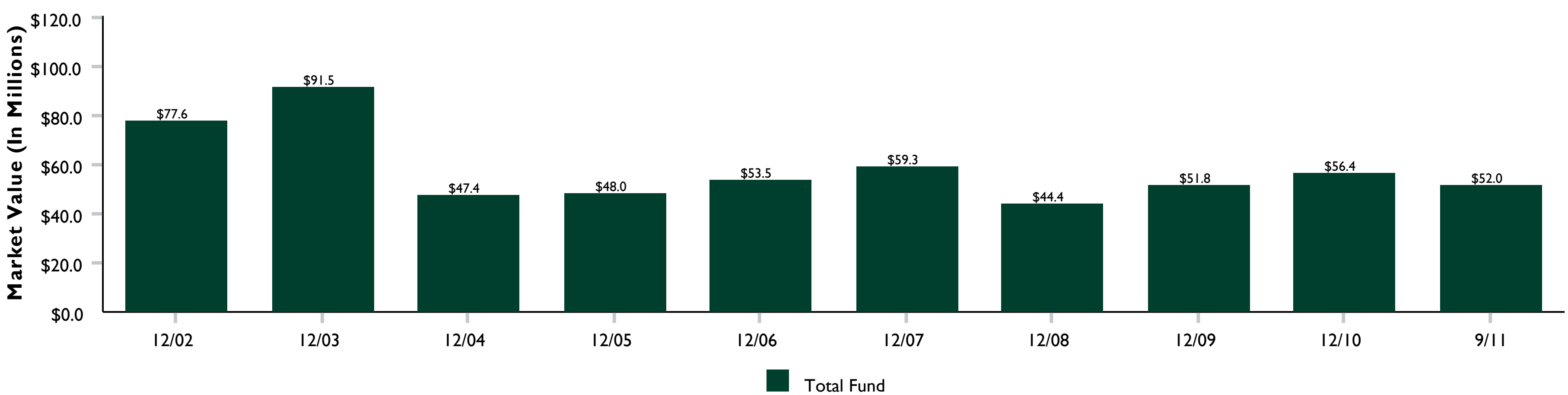
	Sep-04	Dec-04	Mar-05	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11
Domestic Equity	48	49	48	47	47	47	48	40	40	40	40	39	40	39	37	32	28	28	26	28	18	18	19	18	19	20	21	22	21
Intl Equity	11	12	12	12	13	14	14	10	11	11	11	11	10	10	9	6	4	3	3	4	17	18	17	17	18	18	17	15	13
Flexible Capital	10	9	10	10	10	10	10	10	15	15	15	13	15	15	16	25	30	34	35	35	34	29	29	30	29	29	30	31	33
Fixed Income	31	30	30	31	30	30	28	30	25	24	23	22	25	26	28	21	21	21	22	20	23	22	27	28	25	24	21	20	11
Inflation Hedging	0	0	0	0	0	0	0	10	10	10	11	10	10	10	10	15	14	14	13	12	7	7	7	7	7	7	9	11	10
Cash	0	0	0	0	0	0	0	0	0	0	0	5	0	0	0	1	3	0	1	1	1	6	1	1	2	3	1	1	13

Schedule of Investable Assets

Total Fund

January 1, 2002 To September 30, 2011

Periods Ending	Beginning Market Value	Net Cash Flow	Investment Performance	Ending Market Value
2002	$88,209,969	-$1,902,154	-$8,682,906	$77,624,908
2003	$77,624,908	-$1,752,705	$15,648,724	$91,520,928
2004	$91,520,928	-$51,651,686	$7,506,633	$47,375,875
2005	$47,375,875	-$1,949,703	$2,572,789	$47,998,961
2006	$47,998,961	-$836,187	$6,322,033	$53,484,807
2007	$53,484,807	$2,020,557	$3,833,081	$59,338,445
2008	$59,338,445	-$285,454	-$14,656,824	$44,396,168
2009	$44,396,168	-$97,983	$7,484,569	$51,782,754
2010	$51,782,754	-$964,657	$5,599,127	$56,417,224
To 09/2011	$56,417,224	-$935,823	-$3,461,512	$52,019,890
	$88,209,969	**-$58,355,793**	**$22,165,714**	**$52,019,890**



Please Note: Prior to 12/31/04, portfolios were combined

Watch List – Criteria

Manager	Long-Term Under Performance[1]	Short-Term Under Performance[2]	Change in Structure/Investment Approach	Change in Investment Policy
SSgA S&P 500 Flagship NL Fund	N/A	N/A	No	No
Stralem & Company Large Cap Core Account	No	No	No	No
SSgA S&P Midcap NL Index	N/A	N/A	No	No
CRM Midcap Value Instl Fund[3]	**Yes**	No	No	No
Geneva Mid Cap Equity Account	No	No	No	No
Harris Associates International Value L.P.	No	No	No	No
Artisan International Inv Fund[4]	No	No	No	No
Archstone Absolute Return Strategies Fund, Ltd.	No	No	No	No
Forester Offshore B, Ltd.	No	No	No	No
Income Research Convertibles	**Yes**	No	No	No
Guggenheim Plus II	**Yes**	No	No	No
T. Rowe Price New Era	**Yes**	No	No	No
The TAP Fund, Ltd	New	No	No	No

1 - Based on 3-year and since inception comparisons only.

2 - Based on the last three quarters.

3 - In May 2011, NY based M&T Bank acquired Cramer Rosenthal McGlynn's beleaguered majority owner Wilmington Trust. Like Wilmington Trust, it is expected that M&T Bank will be a passive partner to CRM.

4 - In April 2011, Artisan filed a Form S-1 Registration Statement with the SEC detailing the Firm's plans to raise up to $250 million through an IPO. It is unlikely that the anticipated IPO will take place before the fourth quarter of 2011.

Watch List – Commentary

- The purpose of a "Watch List" is to highlight conditions that may cause the Board to consider terminating an investment manager. When a manager is placed on the Watch List, the firm will be notified and will be expected to meet with the Board to discuss the cause of concern and planned resolution. The consultant will monitor the situation on an ongoing basis and will inform the Board of any change in status.
- The Board will discuss all Watch List managers at each future meeting. It is anticipated that improvement and/or resolution of the issue should be expected in two calendar quarters. If the Board determines that the situation has not been resolved to its satisfaction, the manager relationship may be terminated.
- Change in structure/investment approach criteria:
  - Ownership changes (e.g. prominent owner leaves without an acceptable plan of succession in place, key employees receive large sums of cash without corresponding incentives to remain).
  - Key personnel changes (e.g. member of key investment decision-making body leaves or lead portfolio manager leaves without an acceptable plan of succession, significant turnover in client service personnel).
  - Manager variance from the strategy it was hired to implement (e.g. value manager buys high growth names, intermediate bond manager buys long bonds).
  - Manager is involved in material litigation or fraud (e.g. SEC investigates firm, client lawsuits).
  - Material client-servicing problems (e.g. reconciliation of manager statements to bank statements not performed promptly, lack of prompt response to issues raised).
  - Long-term underperformance is defined as since inception and annualized three- and five-year periods.
  - Short-term underperformance is defined as three consecutive quarters relative to the median in a universe of peers, excluding index funds that match the index.
  - If any of the above conditions occur, the investment consultant will determine whether to place the manager on the Watch List or to immediately terminate its contract with the Board. The consultant will notify the Board in writing of his decision.

Liquidity Schedule

As of September 30, 2011

Investments	Inception	Subscriptions	Market Value	Daily	Monthly	Quarterly	Annually	Illiquid	Notes
Global Equity									
SSgA S&P 500 Flagship NL Fund	Dec-00	Daily	$3,259,355	$3,259,355					
Stralem & Company Large Cap Core Account	Mar-06	Daily	$2,579,391	$2,579,391					
SSgA S&P Midcap 400 Index NL Fund	Jun-08	Daily	$1,814,972	$1,814,972					
CRM Midcap Value Instl Fund	Jun-08	Daily	$1,481,492	$1,481,492					
Geneva Mid Cap Equity Account	Aug-05	Daily	$1,782,138	$1,782,138					
Harris Associates International Value L.P.	Feb-03	Daily	$3,436,616	$3,436,616					Reds: 30 days notice
Artisan International Inv Fund	Dec-02	Daily	$3,540,899	$3,540,899					
Private Equity									
Landmark Equity Partners, XIV L.P. ($1.25 MM Cmt'd)	Nov-09	Closed	$334,991					$334,991	
Private Equity Investment Fund, V L.P. ($1.25 MM Cmt'd)	Jan-10	Closed	$517,647					$517,647	
Flexible Capital									
Archstone Absolute Return Strategies Fund, Ltd.	Jun-08	Monthly	$10,285,260				$10,285,260		Reds: 1-year lock, 12/31 and 6/30 with 90 days notice
Forester Offshore A2,B Ltd.	Jun-07	Quarterly	$5,924,030			$5,924,030			Reds: 3-year lock, 60 days notice
Fixed Income									
Income Research Convertibles	Oct-04	Daily	$5,444,977	$5,444,977					
Inflation Hedging									
Guggenheim Real Estate PLUS Trust	Jun-06	Quarterly	$460,784					$460,784	Redemptions Halted; Gated Distributions
T. Rowe Price New Era Fund	Jun-08	Daily	$2,037,020	$2,037,020					
TAP Fund, LTD	Aug-10	Monthly	$2,478,969		$2,478,969				Reds: 5 days notice
Liquid Capital									
Government Stif 15	Dec-01	Daily	$6,641,348	$6,641,348					
Total ($)			**$52,019,890**	**$32,018,208**	**$2,478,969**	**$5,924,030**	**$10,285,260**	**$1,313,422**	
Total (%)			**100.0**	**61.6**	**4.8**	**11.4**	**19.8**	**2.5**	

Liquidity Schedule

As of September 30, 2011

Redemption Terms		
Daily	$32,018,208	61.6
Monthly	$2,478,969	4.8
Quarterly	$5,924,030	11.4
Annually	$10,285,260	19.8
Illiquid	$1,313,422	2.5
Total	**$52,019,890**	**100.0**

Unfunded Commitments (% of Total Fund)		
Landmark Equity Partners, XIV L.P. ($1.25 MM Cmt'd)	$964,888	1.9
Private Equity Investment Fund, V L.P. ($1.25 MM Cmt'd)	$699,166	1.3
Total	**$1,664,054**	**3.2**

Footnotes:
Liquidity schedule based on managers' general redemption terms. Please contact your client service team for specific redemption information.

Operational Detail

Manager	Vehicle Type	Latest Audited Financials	Auditor/Accountant	Legal Counsel	Custodian	Administrator	Transparency
SSgA S&P 500 Flagship NL Fund	Pooled	Dec-10	PricewaterhouseCoopers	SSgA Internal Legal Staff, Ropes and Gray LLP	State Street Bank and Trust Company	State Srteet Bank	High
Stralem & Company Large Cap Core Account	Separate	Dec-10	Eisner, LLP	Kramer Levin Naftalis & Frankel	N/A	Ultimus Fund Solutions, LLC	High
SSgA S&P Midcap NL Index	Pooled	Dec-10	PricewaterhouseCoopers	SSgA Internal Legal Staff, Ropes and Gray LLP	State Street Bank and Trust Company	State Street Bank	High
CRM Midcap Value Instl Fund	Pooled	Jun-11	Ernst & Young LLP	Bingham McCutchen LLP	PNC Global Investment Servicing Inc.	PNC Global Investment Servicing (U.S.), Inc.	High
Geneva Mid Cap Equity Account	Separate	N/A	Kohler & Franklin	Croen & Barr	N/A	N/A	High
Harris Associates International Value L.P.	Pooled	Dec-10	Deloitte & Touche LLP	Winston & Strawn LLP	State Street Bank and Trust Company	Harris Associates, LP	High
Artisan International Inv Fund	Pooled	Sep-10	Ernst & Young LLP	Ropes & Gray LLP	State Street Bank and Trust Company	Artisan Partners Limited Partnership	High
Landmark Equity Partners, XIV LP	Pooled	Dec-10	PricewaterhouseCoopers	Ropes & Gray LLP	N/A	N/P	High
Private Equity Investment Fund, V LP	Pooled	N/A	McGladrey & Pullen LLP	Ropes & Gray LLP	N/A	N/A	N/A
Archstone Absolute Return Strategies Fund, Ltd.	Pooled	Dec-10	Ernst & Young LLP	Willkie Farr & Gallagher LLP (US), Walkers (Cayman)	The Bank of New York Mellon.	SS&C Technologies, Inc.	High
Forester Offshore B, Ltd.	Pooled	Jun-10	Ernst & Young LLP	Ogier (Cayman)	BNY Mellon, Citco Bank and Trust Company Limited, JPMorgan Asset	Citco Fund Services	High
Income Research Convertibles	Separate	N/A	Grant Thornton LLP	Wilmer Cutler Pickering Hale & Dorr LLP	N/P	N/P	High
Guggenheim Real Estate PLUS Trust	Pooled	Dec-10	KPMG LLP	Goodwin Procter LLP	N/A	N/A	Medium
T. Rowe Price New Era Fund	Pooled	Dec-10	PricewaterhouseCoopers	Willkie Farr & Gallagher LLP	State Street Bank and Trust Company	T. Rowe Price Associates, Inc	High
The TAP Fund, Ltd	Pooled	Dec-10	Rothstein, Kass & Company, P.C.	Cadawalader, Wickersham & Taft, LLP	N/A	Citco Fund Services (Curacao) N.V.	High

N/A: information not applicable. N/P: information not provided at the time of report creation.

Low Transparency: limited disclosure of underlying portfolio holdings/components.

Medium Transparency: partial disclosure of underlying holdings/components.

High Transparency: access to underlying portfolio holdings/components.

Transparency assessments may not be comparable across asset classes or vehicles, given the existence of differing industry practices and implementation methods.

Auditor, latest audited financials, and legal counsel data provided for separate accounts is that of the management firm and provided for informational purposes only. Separate accounts typically are not audited.

Information obtained from third party sources is believed to be reliable, however, the accuracy of the information is not guaranteed and is not subject to independent verification.

Data is as of the most recent calendar year end and updated annually.

Fee Schedule

Fee Schedule as of September 30, 2011

Firefighters Retirement System

	Fee Schedule	Assets Market Value	Projected Annual Fee ($)	Projected Annual Fee (%)
SSgA S&P 500 Flagship NL Fund	0.05% on assets managed Minimum Fee of $7,500 Prorated with Midcap Index	$3,259,355	$3,966	0.12%
Stralem & Company Large Cap Core Account	0.80% on first $5M	$2,579,391	$20,635	0.80%
SSgA S&P Midcap 400 Index NL Fund	0.08% on assets managed Minimum Fee of $7,500 Prorated with S&P 500 Index & Passive Bond Market	$1,814,972	$3,534	0.19%
CRM Midcap Value Instl Fund	0.79% on assets managed	$1,481,492	$11,704	0.79%
Geneva Mid Cap Equity Account	0.75% on first $25M	$1,782,138	$13,366	0.75%
Harris Associates International Value L.P.	0.95% on assets managed	$3,436,616	$32,648	0.95%
Artisan International Inv Fund	1.23% on assets managed	$3,540,899	$43,553	1.23%
Archstone Absolute Return Strategies Fund, Ltd.	1.50% on assets managed	$10,285,260	$154,279	1.50%
Forester Offshore A2,B Ltd.	1.00% on assets managed	$5,924,030	$59,240	1.00% *

*Does not inclue underlying manager fees

Fee Schedule

Fee Schedule as of September 30, 2011

Firefighters Retirement System

	Fee Schedule	Assets Market Value	Projected Annual Fee ($)	Projected Annual Fee (%)
Landmark Equity Partners, XIV L.P. ($1.25 MM Cmt'd)	Years 1-4 1.00% of Committed Capital Years 5-8 1.00% of Invested Capital Thereafter, fee's will be 90% of the prior year's fees	$334,991	$12,500	1.00%
Private Equity Investment Fund, V L.P. ($1.25 MM Cmt'd)	1.75% on committed capital during investing period 1.75% on invested capital thereafter	$517,647	$21,875	1.75%
Income Research Convertibles	0.35% on assets managed	$5,444,977	$19,057	0.35%
Guggenheim Real Estate PLUS Trust	0.60% of Ending Market Value Plus 20% Relative Outperformance	$460,784	$2,765	0.60%
T. Rowe Price New Era Fund	0.67% on assets managed	$2,037,020	$13,648	0.67%
TAP Fund, LTD	1.25% less than $1M 1.10% on $1M-$2.5M 1.0 on $2.5M-$5M 0.9% on $5M-$10M 0.75% on greater than $10M	$2,478,969	$24,790	1.00%
Government Stif 15	--	$6,641,348	--	--
Total Investment Management Fees		**$52,019,890**	**$437,560**	**0.84%**

Fee Schedule

Fee Schedule as of September 30, 2011

Firefighters Retirement System

	Fee Schedule	Assets Market Value	Projected Annual Fee ($)	Projected Annual Fee (%)
State Street Bank & Trust Co.				
-Custody Fees	0.015% on assets custodied	$52,019,890	$7,803	0.015%
-Accounting Fees				
Separate Domestic Eq. Accts	$4,000 each		$16,000	
Separate Fixed Income Accts	$5,000 each		$5,000	
Mutual Funds/Pooled Accts	$2,750 each		$2,750	
-Accounting Fees				
Depository Trades	$15.00 each		$660	
Domestic Holdings > 150	$60.00 each			
Paydowns	no charge			
Physicals	$35.00 each			
Options or Futures	$55.00 each			
Outgoing Wires	$7.50 each		$30	
Expense Checks	$15.00 each			
Estimated Total SSBT fee:			$31,553	
Total Fees		**$52,019,890**	**$469,113**	**0.90%**

Please Note: *Base Fee Only, Underlying Manager Fees not included
-Management fee offsets may apply for Non-Marketable investments.

Peer Performance Comparison

As of September 30, 2011

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2010 Return	2009 Return	2008 Return	2007 Return
SSgA S&P 500 Flagship NL Fund	1.1 (49)	1.2 (58)	-1.2 (74)	20.1	1.0	1.0	-8.7 (50)	15.0 (49)	26.5 (50)	-36.9 (61)	5.4 (72)
S&P 500 Index	**1.1 (48)**	**1.2 (58)**	**-1.2 (74)**	**20.2**	**1.0**	**1.0**	**-8.7 (49)**	**15.1 (46)**	**26.5 (50)**	**-37.0 (62)**	**5.5 (71)**
IM U.S. Large Cap Core Equity (SA+CF) Median	***1.0***	***1.5***	***-0.5***	***20.2***	***1.0***	***1.0***	***-8.9***	***14.9***	***26.4***	***-36.1***	***7.2***
Stralem & Co Large Cap Core Account	3.1 (23)	1.7 (45)	2.2 (11)	16.6	0.8	1.0	-3.0 (7)	10.3 (91)	20.4 (85)	-27.8 (10)	13.0 (15)
S&P 500 Index	**1.1 (48)**	**1.2 (58)**	**-1.2 (74)**	**20.2**	**1.0**	**1.0**	**-8.7 (49)**	**15.1 (46)**	**26.5 (50)**	**-37.0 (62)**	**5.5 (71)**
IM U.S. Large Cap Core Equity (SA+CF) Median	***1.0***	***1.5***	***-0.5***	***20.2***	***1.0***	***1.0***	***-8.9***	***14.9***	***26.4***	***-36.1***	***7.2***
SSgA S&P Midcap 400 Index NL Fund	-1.5 (55)	3.9 (38)	2.3 (32)	23.8	1.0	1.0	-13.1 (51)	26.3 (25)	37.2 (47)	-35.5 (21)	8.0 (52)
S&P MidCap 400	**-1.3 (49)**	**4.1 (30)**	**2.2 (42)**	**23.8**	**1.0**	**1.0**	**-13.0 (51)**	**26.6 (21)**	**37.4 (44)**	**-36.2 (32)**	**8.0 (52)**
IM U.S. Mid Cap Core Equity (SA+CF) Median	***-1.3***	***3.4***	***1.7***	***23.9***	***1.0***	***1.0***	***-13.0***	***24.5***	***36.2***	***-39.0***	***8.0***
CRM Midcap Value Instl Fund	-4.3 (69)	0.4 (61)	0.2 (16)	21.2	0.8	1.0	-14.9 (81)	18.9 (24)	28.7 (65)	-35.0 (19)	10.4 (20)
Russell Midcap Value Index	**-2.4 (49)**	**2.0 (35)**	**-0.8 (42)**	**25.0**	**1.0**	**1.0**	**-13.0 (64)**	**24.8 (3)**	**34.2 (31)**	**-38.4 (45)**	**-1.4 (91)**
IM U.S. Multi-Cap Core Equity (MF) Median	***-2.5***	***1.1***	***-1.1***	***21.3***	***0.8***	***1.0***	***-12.0***	***15.5***	***30.7***	***-39.2***	***6.7***
Geneva Mid Cap Equity Account	5.6 (18)	7.1 (27)	4.2 (28)	20.9	0.8	1.0	-8.6 (22)	30.3 (22)	37.1 (64)	-36.0 (18)	16.5 (57)
Russell Midcap Growth Index	**0.8 (45)**	**5.9 (42)**	**1.6 (67)**	**24.9**	**1.0**	**1.0**	**-11.6 (43)**	**26.4 (50)**	**46.3 (32)**	**-44.3 (60)**	**11.4 (74)**
IM U.S. Mid Cap Growth Equity (SA+CF) Median	***-0.1***	***5.4***	***2.9***	***24.7***	***1.0***	***1.0***	***-12.5***	***26.4***	***41.4***	***-43.5***	***17.7***
Harris Associates International Value L.P.	-9.7 (71)	6.1 (18)	-0.8 (38)	26.5	0.9	1.0	-16.7 (75)	17.0 (27)	56.0 (8)	-42.1 (55)	-0.4 (96)
MSCI EAFE Value Index	**-10.0 (72)**	**-1.7 (84)**	**-4.8 (89)**	**26.8**	**1.0**	**1.0**	**-14.5 (55)**	**3.2 (94)**	**34.2 (53)**	**-44.1 (70)**	**6.0 (80)**
MSCI EAFE Index	**-9.4 (68)**	**-1.1 (77)**	**-3.5 (80)**	**25.3**	**0.9**	**1.0**	**-15.0 (58)**	**7.8 (65)**	**31.8 (63)**	**-43.4 (66)**	**11.2 (41)**
IM International Value Equity (SA+CF) Median	***-8.2***	***1.3***	***-1.4***	***25.1***	***0.9***	***1.0***	***-14.3***	***10.9***	***34.8***	***-41.2***	***10.1***

Peer Performance Comparison

As of September 30, 2011

	1 Year Return	3 Years Return	5 Years Return	5 Years Standard Deviation	5 Years Beta	5 Years Actual Correlation	Year To Date Return	2010 Return	2009 Return	2008 Return	2007 Return
Artisan International Inv Fund	-10.0 (37)	-0.8 (58)	-2.5 (55)	25.8	1.1	1.0	-15.3 (21)	5.9 (95)	39.8 (15)	-47.0 (78)	19.7 (25)
MSCI EAFE Growth Index	**-8.8 (26)**	**-0.6 (55)**	**-2.2 (50)**	**24.1**	**1.0**	**1.0**	**-15.4 (22)**	**12.2 (54)**	**29.4 (67)**	**-42.7 (45)**	**16.5 (46)**
MSCI EAFE Index	**-9.4 (31)**	**-1.1 (60)**	**-3.5 (64)**	**25.3**	**1.0**	**1.0**	**-15.0 (16)**	**7.8 (88)**	**31.8 (60)**	**-43.4 (52)**	**11.2 (82)**
IM International Large Cap Growth Equity (MF) Median	***-11.6***	***-0.3***	***-2.3***	***25.4***	***1.0***	***1.0***	***-17.5***	***12.6***	***33.3***	***-43.1***	***16.1***

Please Note:
-Standard Deviation, Beta and Correlation are relative to the primary benchmark for the strategy
-Manager and benchmark universe rankings are listed in parenthesis next to manager and benchmark returns
-Peer Universe rankings range from 1 to 100. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100.

Tab III

Portfolio Comparison

As of September 30, 2011

	SSgA S&P 500 Flagship Fund	Stralem Large Cap Core	SSgA MidCap Fund	CRM MidCap Value	Geneva	Domestic Equity	Russell 3000
Composition							
# of Holdings	500	31	401	53	56	916	2,938
% Top 15 Holdings	26.8	58.2	10.7	43.7	37.6	19.6	21.7
% Top 25 Holdings	36.4	86.1	15.7	64.1	57.4	28.4	29.6
Characteristics							
Wtd Avg Mkt Cap ($B)	86.7	91.7	3.4	9.4	6.5	50.4	71.1
Forecast P/E	11.2	11.3	13.6	11.8	18.7	12.5	11.4
Price/Book ratio	2.3	2.1	2.2	1.9	3.4	2.3	2.3
Historical EPS Growth - 5 Year	9.9	11.3	10.1	4.4	18.3	11.0	9.9
Forecast EPS Growth - Long-Term	11.6	10.3	13.5	12.2	16.8	12.5	12.2
Current Yield	2.4	3.0	1.6	2.0	0.5	2.0	2.2
GICS Sectors (%)							
Energy	11.6	8.3	6.5	4.9	9.1	8.7	10.7
Materials	3.3	5.7	6.3	5.4	1.7	4.4	3.9
Industrials	10.2	20.3	14.3	17.4	20.3	15.9	10.8
Consumer Discretionary	10.7	4.4	13.9	6.3	20.8	10.8	11.7
Consumer Staples	11.7	10.2	5.2	6.1	4.2	8.3	10.1
Health Care	12.2	10.8	11.7	11.2	14.2	12.0	12.2
Financials	13.6	0.0	19.3	13.3	5.8	10.0	14.8
Information Technology	19.5	15.8	15.8	20.3	21.9	18.5	18.8
Telecommunication Services	3.3	3.6	0.5	0.0	0.0	1.9	3.0
Utilities	4.0	15.7	6.5	10.7	0.0	7.4	4.1
Cash	0.0	5.0	0.0	4.4	2.1	2.1	0.0
Market Capitalization (%)							
Large ($15.0B-Above)	78.0	89.2	0.0	12.6	4.3	46.8	63.8
Mid/Large ($7.0-15.0B)	15.4	5.8	4.8	49.5	33.5	18.9	13.9
Mid ($1.0-7.0B)	6.6	0.0	91.7	33.6	60.1	31.6	18.2
Small/Mid ($0.5-1.0B)	0.0	0.0	3.3	0.0	0.0	0.6	2.3
Small ($0.0-0.5B)	0.0	0.0	0.2	0.0	0.0	0.0	1.8
Cash	0.0	5.0	0.0	4.4	2.1	2.1	0.0

Portfolio Comparison

As of September 30, 2011

	Harris Intl Value	Artisan Intl Fund	International Equity	MSCI AC World xUS	Global Equity	MSCI AC World
Composition						
# of Holdings	54	80	122	1,869	1,035	2,457
% Top 15 Holdings	46.0	47.1	31.4	12.2	14.2	11.9
% Top 25 Holdings	68.7	63.7	46.2	17.1	21.3	16.7
Characteristics						
Wtd Avg Mkt Cap ($B)	30.8	38.5	34.7	41.1	44.3	59.7
Forecast P/E	10.0	10.3	10.2	9.8	11.6	10.4
Price/Book ratio	1.9	2.2	2.1	1.9	2.2	2.1
Historical EPS Growth - 5 Year	-3.7	10.6	3.5	5.6	8.5	8.1
Forecast EPS Growth - Long-Term	11.6	15.0	13.4	13.9	12.9	13.0
Current Yield	3.6	3.0	3.3	3.8	2.5	3.1
GICS Sectors (%)						
Energy	0.0	4.5	2.3	11.0	6.2	11.3
Materials	10.2	7.8	9.0	12.0	6.2	8.2
Industrials	18.1	13.4	15.7	10.5	15.8	10.2
Consumer Discretionary	18.7	20.0	19.3	9.3	14.1	10.1
Consumer Staples	8.3	29.5	19.0	9.9	12.5	10.6
Health Care	4.0	2.3	3.2	6.2	8.5	8.9
Financials	26.5	15.4	20.9	23.6	14.3	18.9
Information Technology	13.0	4.5	8.7	6.6	14.7	12.3
Telecommunication Services	0.0	2.6	1.3	6.6	1.7	5.2
Utilities	0.0	0.0	0.0	4.3	4.5	4.1
Cash	1.1	0.0	0.5	0.0	1.5	0.0
Market Capitalization (%)						
Large ($15.0B-Above)	48.0	70.0	59.2	62.8	51.6	68.1
Mid/Large ($7.0-15.0B)	31.3	22.9	27.0	18.3	22.1	17.5
Mid ($1.0-7.0B)	18.9	6.5	12.6	18.0	24.2	13.9
Small/Mid ($0.5-1.0B)	0.7	0.0	0.3	0.3	0.5	0.2
Small ($0.0-0.5B)	0.0	0.0	0.0	0.0	0.0	0.0
Cash	1.1	0.0	0.5	0.0	1.5	0.0
Other	0.0	0.6	0.3	0.7	0.1	0.4

Regional Exposure

As of September 30, 2011

Regional Allocation (%)

	Global Equity	MSCI AC World	Harris Intl Value	Artisan Intl Fund	International Equity	MSCI AC World xUS
Canada	1.1	4.6	1.0	3.3	2.2	8.3
United States	58.6	43.9	1.4	1.9	1.7	0.0
Pacific ex Japan	4.6	5.8	3.7	19.8	11.9	10.4
Japan	7.2	8.9	24.6	12.4	18.4	16.0
Europe ex UK	21.0	15.9	57.2	44.3	50.6	27.6
United Kingdom	3.9	8.6	9.1	9.7	9.4	15.4
Middle East	0.0	0.2	0.0	0.0	0.0	0.5
Developed	**96.4**	**87.9**	**97.0**	**91.4**	**94.2**	**78.2**
EM Asia	1.2	6.8	1.3	4.9	3.1	12.3
EM Europe	0.2	1.3	0.0	0.9	0.4	2.3
EM Latin America	0.3	2.9	0.6	1.0	0.8	5.1
EM Mid East+Africa	0.0	1.1	0.0	0.0	0.0	1.9
Emerging	**1.7**	**12.0**	**1.9**	**6.8**	**4.4**	**21.7**
Frontier Markets	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cash	1.5	0.0	1.1	0.0	0.5	0.0
Other	0.4	0.0	0.0	1.8	0.9	0.0

Regional Allocation (%)

	Global Equity	MSCI AC World
United States	58.6	43.9
Non-US Developed	**37.8**	**44.0**
Emerging	**1.7**	**12.0**
Frontier Markets	**0.0**	**0.0**
Cash	1.5	0.0
Other	0.4	0.0

Flexible Capital Strategy

	Archstone Market Neutral Strategies, Ltd.	Forester Offshore Fund, Ltd.	Total Leveraged Portfolio
Market Value	$10,285	$5,924	$16,209
% of Total Managed Portfolio ($52.0 mm)	19.8	11.4	31.2
Market Exposure (%)			
Gross Long %	100.1	91.0	96.8
Gross Short %	51.6	53.0	52.1
Net %	48.5	38.0	44.7
Total Gross	151.7	144.0	148.9
Strategy Weights (%)			
L/S Equity	23.0	92.5	48.4
L/S Credit	20.5	0.0	13.0
Event-Driven	7.3	0.0	4.6
Distressed	16.2	0.0	10.3
Special Situations	3.6	0.0	2.3
Relative Value	6.8	0.0	4.3
Macro	0.0	0.0	0.0
Other/Cash	22.6	7.5	17.1
Geography (%)			
U.S. & Canada	56.0	68.8	60.7
Developed Europe	31.9	16.7	26.3
Asia	8.0	11.1	9.1
Emerging Markets	4.1	3.5	3.9
Other	0.0	0.0	0.0

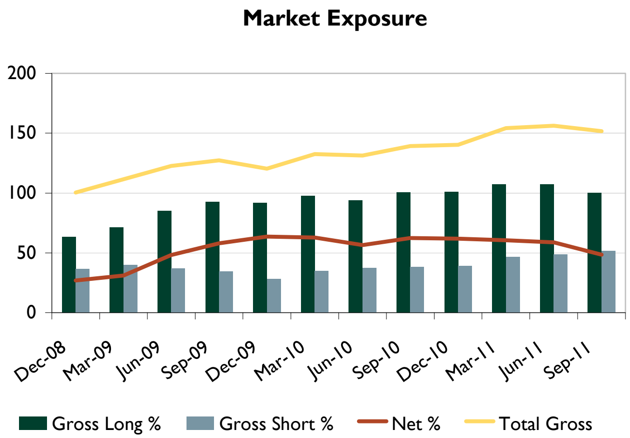
Top 10 Long Holdings/Managers

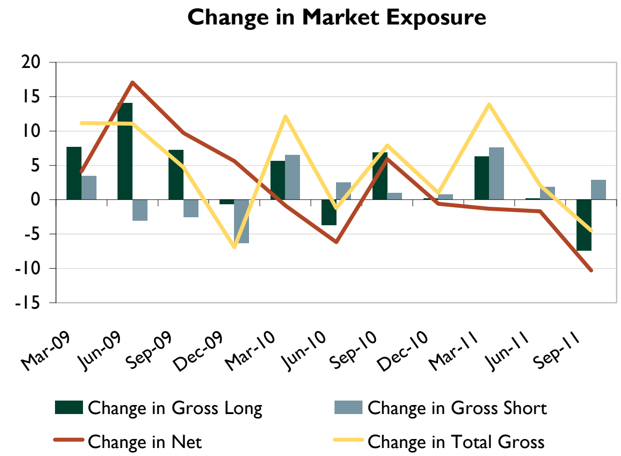
Manager	% of Portfolio	Manager	% of Portfolio
FIR TREE	10.3	KENSICO	NA
OZ OVERSEAS	9.6	VIKING	NA
ELLIOTT INTERNATIONA	9.6	SAMLYN	NA
KING STREET	9.5	TIGER GLOBAL	NA
DAVIDSON KEMPNER	9.4	COATUE	NA
YORK CREDIT	9.3	JOHO	NA
MASON CAPITAL	9.3	PENNANT	NA
FARALLON CAPITAL	8.5	BRIDGER	NA
ETON PARK	8.4	BROOKSIDE	NA
TACONIC OFFSHORE	8.4	CASTINE	NA

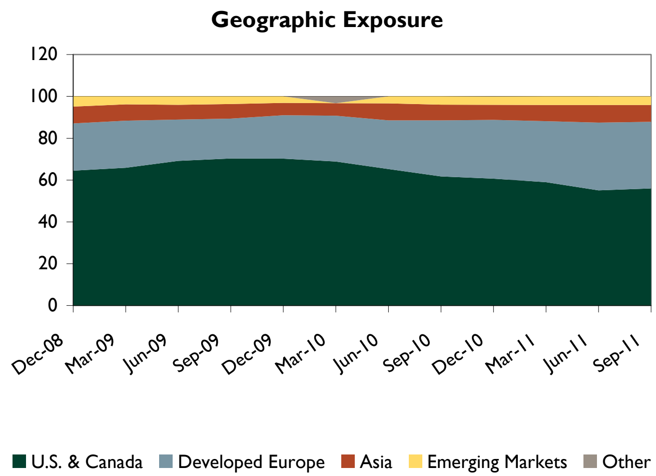
Data for Period Ended September 30, 2011
- Portfolios with incomplete data are excluded from the Total Leveraged Portfolio calculations.
- Top holdings are reflected as of current quarter end when provided by the manager. Otherwise, holdings are based on 13Fs with a quarter lag, when applicable. The 13F reflects top equity holdings as a percentage of total equity holdings at the firm level.
- Market Values in '000s.

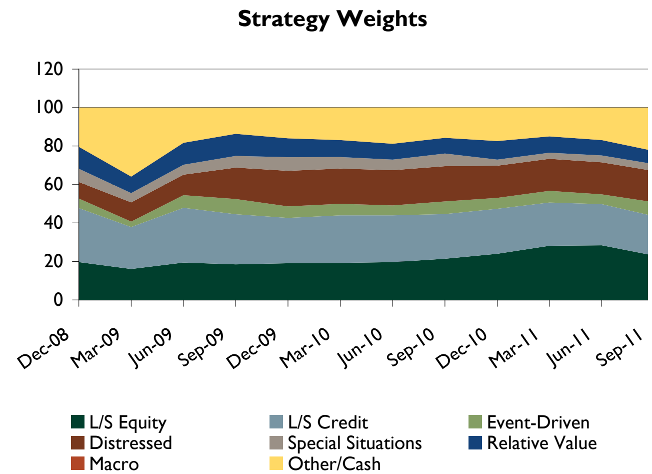
Flexible Capital Strategy

Archstone Absolute Return Strategies Fund, Ltd.



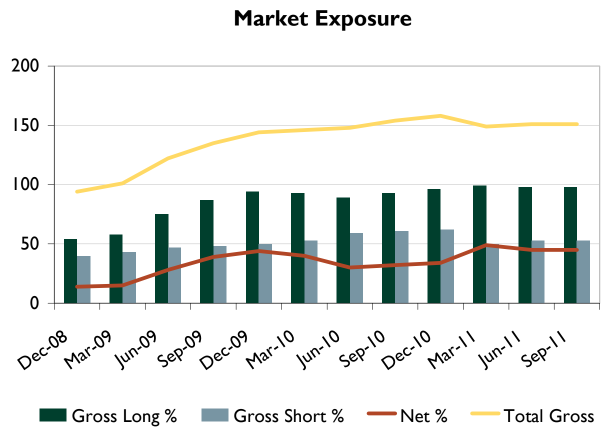


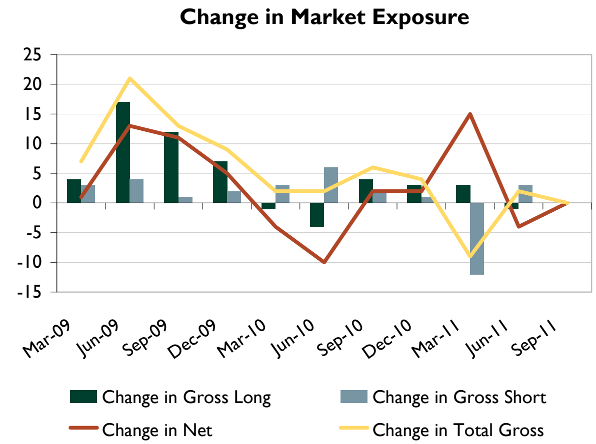


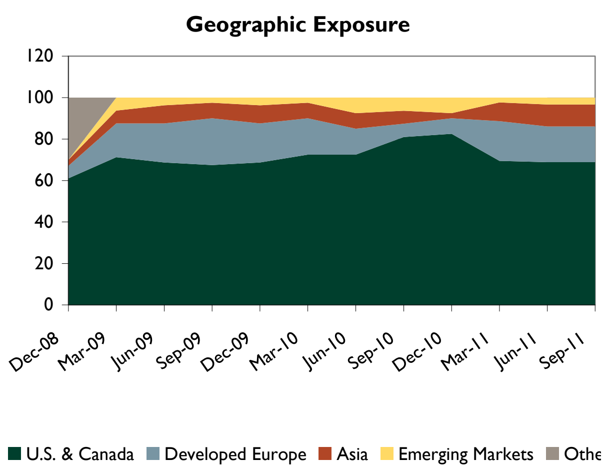


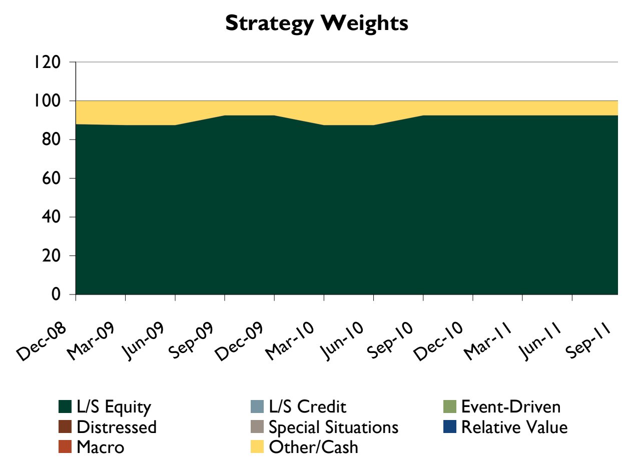
Flexible Capital Strategy

Forester Offshore, Ltd.









9/30/2011 statistics are based on 6/30/2011

Fixed Income

	IRM [1]	Merrill Lynch Convertible [2]
Portfolio Characteristics		
Yield	-9.0	-1.3
Average Maturity	9.8	8.9
Duration	1.3	1.9
Delta	0.5	0.5
Investment Premium	29.0	20.2
Conversion Premium	40.0	49.7
Quality Breakdown		
U.S. Treasury	2.3	0.0
U.S. Government/Agency	0.0	0.0
Agency MBS	0.0	0.0
Non-U.S. Sovereign/Agency	0.0	0.0
AA and Above	2.9	7.6
A	38.0	39.5
BBB	52.0	52.9
BB	3.5	0.0
B and Below	0.0	0.0
NR/Other	1.3	0.0
Sector Breakdown		
Basic Industry	10.7	4.8
Capital Goods	11.2	7.9
Communications	0.0	1.4
Consumer Cyclicals	1.1	4.2
Consumer Non-Cyclicals	25.1	23.3
Energy	0.0	6.9
Technology	17.3	27.8
Transportation	1.4	0.3
Other Industries	0.0	0.0
Utility	3.8	0.6
Financial	26.5	22.8
Other	2.9	0.0

Data for Period Ended September 30, 2011

Yield represents Yield to Maturity, Duration represents Effective Duration

- Statistics as of 6/30/2011: IRM

(1) NR/Other includes 0.6% Cash and 2.3% Treasuries.

(2) Yield represents Effective Yield.

Inflation Hedging

	T. Rowe Price New Era [1]	The Tap Fund [2]
Sector Breakdown		
Energy	59.3	35.7
Industrial Metals	0.0	17.1
Precious Metals	0.0	14.0
Agriculture/Livestock	0.0	33.2
Other	40.7	0.0

Data for Period Ended September 30, 2011

[1] Portfolio Sector Weights Cash/Other includes 24.6% Materials, 7.2% Industrials and Business Services, 4.8% Utilities, 1.7% Financials, 1.2% Information Technology, and 1.2% Other & Reserves.

[2] Agriculture/Livestock includes Foods & Fibers.

Tab IV

Performance Highlights

Equity

- The Stralem Large Cap Core strategy declined 10.2% during the third quarter, outpacing the 13.9% loss of the S&P 500 Index. Stralem continued to benefit from the investment team's high quality approach, as the portfolio's focus on dominant franchises with strong balance sheets and meaningful cash flow helped to protect value during a volatile market environment. Targeted up-market exposure was positioned at 65% with the remaining 35% allocated to what the team classifies as down-market stocks. Outperformance for the quarter was driven by a combination of strong stock selection and favorable positioning. Notable contributors included Dominion Resources, Consolidated Edison, and Southern Company, while a significant underweight to financials (particularly large banks) also aided relative returns. Overweights to utilities and consumer staples also added value as the market favored traditionally more defensive stocks during the quarter. Portfolio activity continued to be low; however, the team did establish a position in Dow Chemical, which was purchased at a compelling valuation. The portfolio also saw modest trims from high yielding names in order to increase positions in high conviction holdings that have faltered as of late. Going forward, the portfolio may see adds in the industrial and materials sectors, as the team continues to identify attractive opportunities within each space.

Performance Highlights

Equity (cont'd)

- Cramer Rosenthal McGlynn's Mid Cap Value strategy declined 21.2% in the third quarter of 2011, underperforming the Russell Midcap Value Index (-18.5%). Unlike the second quarter, in which CRM felt that company fundamentals drove stock prices, the third quarter saw concerns surrounding a global economic slowdown, European sovereign debt, and a downgrade in the debt rating of the United States translate into a broad market contraction. While stock selection was the primary source of CRM's underperformance in the quarter, sector allocation also detracted. The impact of adverse stock selection within the industrials sector was compounded by CRM's overweight positioning to the economically sensitive sector. Within industrials, Navistar, which manufactures trucks, buses, and diesel engines among other automotive products, appliance and tool manufacturer Stanley Black & Decker, and conglomerate Tyco International detracted from CRM's relative performance in the quarter. In all three cases, CRM believes that the market has reacted to the economic sensitivity of the companies rather than internal catalysts for creating value and maintains the positions. Selection was also poor across CRM's consumer discretionary and information technology holdings. CRM is seeing change and neglect within consumer discretionary stocks and is only marginally underweight the sector. Information technology remains a material overweight, in addition to attractive valuations, the sector has strong balance sheets and company specific secular growth trends. CRM had strong selection within the utilities sector with PPL, American Water Works, and CMS Energy posting modest gains. CRM remains substantially underweight financials and overweight health care, where CRM has favored global firms with minimal exposure to government spending. In this volatile environment, CRM closely monitors the investment cases for portfolio holdings to confirm that they maintain a differentiated view supported by their financial projections. CRM continues to believe that there is a great degree of pent up performance across their portfolios and is hopeful that the upcoming earnings season will provide an opportunity for relative outperformance. The Mid Cap Value strategy remains closed to new investors.

- In May 2011, NY based M&T Bank acquired Cramer Rosenthal McGlynn's beleaguered majority owner Wilmington Trust. Like Wilmington Trust, it is expected that M&T Bank will be a passive partner to CRM. Per the existing agreement, CRM will maintain the management and operating rights of the Firm and continue to receive 50% of firm profits. CRM's employees remain interested in increasing their ownership stake within the Firm beyond 33% and continue to meet with M&T Bank.

Performance Highlights

Equity (cont'd)

- Geneva's Mid Cap Growth strategy contracted 15.1% in the third quarter, holding up well relative to the Russell Midcap Growth Index which corrected 19.3%. Geneva added value relative to the benchmark in all eight sectors in which the portfolio is invested with the best relative performance coming from Geneva's consumer and health care holdings. Geneva compensated for an underweighting to the defensive consumer staples sector with strong stock selection. Church & Dwight, a maker of brand name consumer products such as Arm & Hammer, OxiClear, and Nair, was a positive contributor in the quarter. Geneva also benefited from strong relative performance in a newer position, J. M. Smucker Company, which is seeing revenue growth through its coffee brands which include Folgers and Dunkin' Donuts. Deckers Outdoor and O'Reilly Automotive saw modest stock price appreciation in the quarter, while Chipotle Mexican Grill and Tractor Supply Co. held up better that other the consumer discretionary names and were contributive to relative performance in the quarter. Cerner, a leader in health care IT, continues to benefit from requirements that hospitals and physician offices transition to electronic record keeping. Geneva had some disappointments within the information technology sector with Riverbed Technology, F5 Networks, and Citrix Systems down substantially in the quarter. With channel checks coming in strong, Geneva maintains conviction in the positions which have largely rebounded post quarter-end. Energy holdings Whiting Petroleum, Carbo Ceramics, and Oil States International traded down with energy prices and figured among the portfolio's worst performing stocks in the quarter. In addition to J. M. Smucker, Geneva added Illumina and Teradata during the quarter, selling Flowserve , Akamai Technologies, and Dolby Laboratories. After the recent correction, Geneva is seeing tremendous value across its portfolio holdings and is confident in the growth levels predicted for its companies. While the team anticipates continued volatility, and slow growth, Geneva believes stabilization in economic conditions could result in tremendous value realization.

Performance Highlights

Equity (cont'd)

- Harris International Equity declined 19.7% in the third quarter, trailing the MSCI World ex-U.S. Index, which lost 19.0%. Positioning weighed on relative performance as the investment team held a cyclical bias at the expense of the more defensive names, which were largely favored by investors during a volatile third quarter. Increased exposure to the financials sector, particularly European banking names, also hindered performance. The team built meaningful positions in Italy's Intesa Sanpaolo, Spain's Banco Santander, and French bank BNP Paribas, all of which faltered during the quarter amid fears of Greek default and possible contagion. Lead Portfolio Manager David Herro feels that while there is a high probability Greece will not be able to pay its debt, the other peripheral euro area nations are in stronger shape relative to Greece and are being unfairly punished by investors due to broad macro fears. Herro feels that his European bank positions are attractively valued because of investor sentiment and are of high quality. The portfolio continued to hold overweights to cyclical sectors, such as consumer discretionary and industrials. Energy exposure remained limited due to valuations within the sector. Geographically, the portfolio held meaningful exposure to continental Europe at the expense of the Asia ex-Japan region. Japan was overweight at quarter-end, which aided relative returns as Japan benefited from currency appreciation.

Performance Highlights

Equity (cont'd)

- Artisan's International Fund declined 20.4% during the third quarter, trailing the MSCI EAFE Index, which fell 19.0%. After posting relative outperformance in July and August, Artisan lost ground to the benchmark late in September as concerns over a hard landing in China drove down the portfolio's Macau gaming and luxury consumer names with meaningful exposure to the Chinese consumer. The Fund benefited from a significant overweight to consumer staples, as the traditionally more defensive sectors outperformed their cyclical counterparts during the market sell-off. Selection within staples was also strong, particularly the portfolio's tobacco holdings which managed modest gains during the quarter. Despite the market volatility, positioning within the portfolio remained largely unchanged. Artisan continued to play on demographic themes, holding companies with strong brand equity and a meaningful presence in the developing world. The investment team did capitalize on market weakness by adding to select consumer names, including: Unilever, Japan Tobacco, Richemont, Anheuser-Busch, and Danone. New positions in Kao Corp., Schlumberger, and Land Securities Group were also initiated. Spanish clothing retailer Inditex, a long-time holding, was sold during the quarter after reaching target valuation. Artisan also took down Asian financials exposure within the portfolio by trimming positions in Bank of East Asia, China Construction Bank, and Hong Kong Exchanges & Clearing. Regionally, the Fund's allocation TO continental Europe remained underweight, with minimal exposure to the troubled PIIGS nations.

- Subsequent to Artisan's S-1 filing, and as a result of recent market volatility, the firm has opted to extend the timeline for its planned IPO. Artisan and its owners do not face any near-term liquidity needs and continue to have flexibility around the timing of any transaction. While we continue to discuss the pending transaction and its potential impacts with Artisan, we do not anticipate that the transaction will take place before year-end.

Performance Highlights

Private Equity

- Landmark Equity Partners XIV (LEP XIV) has completed 13 secondary transactions since inception, comprised of 147 partnerships interests in 139 partnerships. During the second quarter, the Fund made a distribution of $30 to the partnership, bringing year-to-date distributions to $45 million and since inception distributions to $75 million. Through quarter-end, the Fund had invested or committed to invest $597.1 million or nearly 30% of subscribed capital.. During the first six months of 2011, the Fund closed on Project Colony, representing 76-partnership interests 686 underlying portfolio company investments, with a total transaction size of $288.7 million. Based on residual value, the Fund ended the quarter allocated to 68.59% Buyout, 25.5% Venture, and 5.6% Mezzanine. The portfolio's 20 largest public companies represented 65.4% of the public company residual value as of quarter-end. Furthermore, the 20 largest private company holdings represented 30.5% of the private company residual value. Management has continued to state that the current pipeline of opportunities for LEP XIV is robust and represent a large supply of deals with a diverse group of sellers with attractive private equity assets for sale. The investment team continues to look for transactions that involve seasoned assets where Landmark can apply creative structures to provide downside protection.

Flexible Capital

- Archstone Absolute Return Strategies declined 4.7% in the third quarter, bringing year-to-date returns to -2.4%. Over the same periods, the HFRI FOF: Conservative Index declined 4.1% and 3.8%, respectively. Archstone experienced relatively wide dispersion in returns during the quarter, with the top performing manager gaining 1.1% and the worst performer declining 10.8%. Despite the disparate returns, managers all dealt with the same issues as large restructuring/liquidations, such as Lehman Brothers, Washington Mutual, and Delphi, sold-off considerably during the quarter due to a combination of technical selling pressures, illiquidity, and overall market sentiment turning negative. While these situations were detractors, managers consider these losses to be mark-to-market and not permanent, as the underlying fundamentals of each situation have not been altered. The worst performing manager during the quarter was York Credit Opportunities (-10.8%) which was exposed to the large bankruptcies and was also hurt by a meaningful allocation to post-reorg equities that sold-off along with the broader equity markets. Managers such as Silver Point (-5.9%) and Farallon (-5.8%) faced the same issues as York, but were less exposed to the credit markets and have been active in cutting exposure in the last several months. The structured credit markets were also weak during the quarter as there was little trade volume in the most complex corporate and asset-backed structured securities, which weighed on the returns of King Street (-4.8%). King Street's large cash balance and increased use of CDS protection helped them avoid an even larger decline. Eton Park (-6.4%) was also a notable detractor, due largely to its exposure to emerging markets. On the positive side, Elliott gained 1.1% and Mason gained 0.6% due primarily to their extensive hedging programs, most notably CDS protection purchased on European sovereigns and financials.

Performance Highlights

Flexible Capital (cont'd)

- Forester Partners declined 8.0% in the third quarter, bringing year-to-date losses to 6.0%. Over the same periods, the HFRI FOF: Strategic declined Index declined 6.7% and 7.1%, respectively. Forester struggled in the second quarter as equity market correlations spiked and diversification across manager styles and geographies was not a benefit. In addition, a number of Forester's managers are longer-biased or had significant exposure to more volatile sectors, such as energy and financials, and were therefore subjected to greater drawdowns. Among the worst performing managers during the quarter was Glenhill, which fell roughly 17%. Glenhill has exposure to a number of turnaround and post-reorg equities and this area of the market came under the most severe selling pressure, as investors favored higher quality and more secure equities amid heightened volatility. Managers such as North Run (-13%) and Merchants Gate (-15%) also weighed on returns, as North Run had considerable European exposure and Merchants Gate was positioned net long the underperforming energy sector. Highfields (-12.5%) maintained their net long positioning and had considerable exposure to the financials sector. Similarly, financials specialist Wellington Bay Pond was down more than 9% and Asia focused manager Joho lost more than 10%. On the positive side, a handful of managers benefited from strong stock selection in the technology sector, including Coatue and Tiger Global. In addition, managers with lower net exposure tended to outperform, most notably Castine and Steadfast. Given the recent market volatility, Forester has been actively reaching out to high quality managers that have been closed to new investors in an attempt to secure capacity at year-end. As such, Forester will likely look to upgrade the portfolio in the coming months.

Performance Highlights

Fixed Income

- The Income Research Convertible Bond strategy declined in absolute terms but delivered strong relative outperformance against the Merrill Lynch U.S. Investment Grade Convertible Index, which fell 8.1%. Outperformance was largely driven by the strategy's preference of investing in convertibles with bond-like characteristics that tend to outperform during severe equity selloffs; the common equity of the convertibles that comprise the benchmark fell 16% in aggregate. In addition, the portfolio had a large overweight to utilities, specifically Dominion Resources, which was the best performing sector in the benchmark. Other converts that helped performance included Newmont Mining, whose equity rallied as earnings estimates for 2H11 and 2012 were revised higher as well as due to the company announcing dividend increases linked to the price of gold, and Nasdaq, which initiated a tender on outstanding convertibles. Lastly, the preference for higher quality paid off as higher-rated credits outperformed those lower in the quality spectrum. There were no significant shifts in positioning. The portfolio maintained a balanced posture with overweights to defensive sectors such as consumer staples and utilities and economically-sensitive sectors such as materials and transportation and underweights to technology and consumer discretionary.

Performance Highlights

Inflation Hedging

- Guggenheim PLUS declined an estimated -2.2% for the third quarter. During volatile periods such as the third quarter, the strategy experiences a disconnect between public and private real estate, as the public markets trade with the broader markets and the private markets valuations and impacts are lagged. Private portfolio valuations and benchmarking are not yet available, but for the quarter, U.S. REITS declined 14.9% while Guggenheim reports private valuations are expected to be slightly up. This disconnect should benefit the portfolio on a relative basis to its 70/30 private/public benchmark, as the strategy entered the period underweight to REITs and maintained that weighting through the quarter, ending at 74% private investments, 26% public. The strategy remains diversified by property type with exposure to office (37%), retail (23%), industrial (21%), and multi-family (19%). Leverage on a look through basis is 44%. The strategy also made a partial redemption during the period and has reported that given the pull back in the REIT market, full redemptions for any withdrawing investors are unlikely to be completed until early 2012.

- Commodities experienced a difficult third quarter, along with most growth assets, and the TAP strategy declined 10.6% during the period. The strategy outperformed the DJ UBS Commodity Index, however, which declined 11.3%, and both outperformed most broad equity indices in large part due to outperformance of the precious metals allocation as investors sought gold as a safe haven asset, at least in July and August. Relative to the DJ UBS Index, drivers of outperformance for the TAP strategy during the period included: a continued underweight to natural gas relative to the benchmark, overweights to certain agriculture commodities including corn, soybean, and wheat as agriculture outperformed the overall Index in the period, and an underweight to zinc, as industrial metal were the worst performing commodity sector in the period, declining -22.7%. This was an area detracting from relative performance due to TAP's overweighting of copper relative to the Index. Copper, highly correlated with the market's perception of future growth, particularly in emerging markets, fell 26.8% in the quarter and TAP maintains a 2% overweight relative to the benchmark. The single largest detractor for the quarter was TAP's overweight to crude oil, which offsets their underweight to natural gas within the energy sector. Here, the spread between WTI crude and brent continued to widen in the quarter, as WTI declined 18.3% and brent 10.0%. The inclusion of brent crude in TAP's strategy has been a source of outperformance for TAP during the year and the spread between the two markets a headline story. In 2012, DJ UBS has announced it will include a 5% allocation to brent in the benchmark. Through the end of the third quarter, TAP has added 402 bps of value over the DJ UBS.

Performance Highlights

Inflation Hedging (cont'd)

- T. Rowe Price New Era declined 25.5% in the third quarter as natural resource stocks followed most risk assets in sharp declines during this period of negative sentiment. The strategy underperformed the S&P North Amercian Natural Resources Index for the quarter. The underperformance was primarily driven by the Index's overweight to larger, integrated energy companies which tend be more defensive in nature than smaller exploration and production focused energy companies. Chevron, ExxonMobil, and ConocoPhillips represent the top three holdings in the Index. Fear of a global slowdown in growth created risk aversion in the market during the quarter, and was manifested in many energy and resource sectors. The prospect of a 'hard landing' in China, for example, impacts industrial metals and energy given the projected demands for these resources from that country alone. Industrial metals and coal shares both fell sharply during the period. As of 9/30/11 the New Era portfolio remained well diversified amongst energy and resource sectors as follows: Integrated and Upstream Energy: 31.8%, Energy Services: 19.6%, Metals and Mining 14.7%, Downstream Energy 9.7%, Diversified Resources 7.8%, Agriculture 4.7%, and Coal 4.6%, with 5.9% in other sectors. The resource sector could continue to trade with high correlation to other public markets in the short term.

Manager Profiles

Landmark Equity Partners XIV L.P. — September 30, 2011

Firm Details: ***Landmark Partners***

Total Assets ($ mil.):	$7,500
Style:	Secondary
Year Founded:	1989
Location:	Simsbury, CT
Ownership:	55% Religare Enterprises/ 45% Employee owned

Key Investment Professionals:

Investment Committee:
Francisco Borges, President, CEO, and Managing Partner - directs strategic planning and investment activities.
Timothy Haviland, COO and Managing Partner - responsible for all financial matters and oversees investment activities and management of funds.
James McConnell, Partner - responsible for transaction origination, valuation, and negotiation of private equity investments.
Robert Shanfield, Partner - responsible for private equity transaction origination and oversight of secondary investment program.
Chad Alfeld, Partner - involved in investor relations, marketing, and transaction origination of alternative investments.
Scott Conners, Partner. - engaged in transaction origination, underwriting, and negotiation of private equity investments.

Investment Objective, Philosophy/Process, and Assessment

Objective: The Fund intends to construct a diversified private equity portfolio for venture capital, buyout, and mezzanine asset through secondary market transactions.

Strategy: The Fund will acquire portfolios of private equity limited partnership interests in addition to minority positions in direct private equity investments (from institutional holders seeking liquidity). Landmark will seek positions in the U.S. and non-U.S. private equity investments. The Fund will work toward completing a negotiated transaction with the seller, as opposed to participating in an auction process. The portfolio will be primarily constituted of middle market transactions, where Landmark feels there is a more robust and attractive number of deals. However, the firm retains the ability to opportunistically participate in both large portfolio restructurings and small one-off sales. Historically, Landmark secondary funds have been comprised on a cost basis of 65% buyout, and 25% venture, and 10% mezzanine. In order to support the Partnership's secondary market activities, the Partnership may make investments in newly-formed private equity partnerships up to an aggregate amount not to exceed 10% of the total committed amount. It is expected that the Fund will be fully invested within a three-year time frame, and distributions will be made quarterly with the expectation of returning 100% of capital within three to five years.

Assessment: Landmark's secondary private equity funds have historically produced top quartile performance at substantially lower costs than the industry average. Landmark is a very experienced organization with over 14 years focusing on secondary private equity business. Because of a long track record, the firm is able to leverage long relationships in the private equity industry to negotiate attractive prices with sellers, often achieving discounts substantially below reported asset values.Assessment: Landmark's secondary private equity funds have historically produced top quartile performance at substantially lower costs than the industry average. Landmark is a very experienced organization with over 14 years focusing on secondary private equity business. Because of a long track record, the firm is able to leverage long relationships in the private equity industry to negotiate attractive prices with sellers, often achieving discounts substantially below reported asset values.

Update: Landmark will accept commitment amounts of $1 million from Prime Buchholz clients.

Operational Detail:

Prime Broker:	N/A
Administrator:	N/A
Auditor:	PricewaterhouseCoopers
Legal Counsel:	Ropes & Gray LLP
Custodian:	N/A
Latest Audited Financials:	12/31/2010

Fee Schedule:

	Class A	Class B	Basis
Years 1-4	1.0%	0.85%	Committed Capital
Years 5-8	1.0%	0.85%	Invested Capital

Thereafter, fees will be 90% of the prior year's fees

Vehicle Information:

Year Partnership Formed:	2007	**Carried Interest:**	Class A-10% Class B-15%
Fund Size:	$1.9 Billion	**Hurdle Rate:**	8%
Fund Style:	Secondary	**Additional Expenses:**	Organizational (up to $750,000)
Number of Investments:	N/A	**Partnership Term:**	10 years from end of investment period
GP Commitment:	1% of total subscriptions	**Reporting:**	Annual (audited), quarterly (unaudited)
Minimum Investment:	$10 Million (flexible)		
Management Fee:	See above		

Archstone Absolute Return Strategies Fund, Ltd. — September 30, 2011

Firm Details: ***Archstone Partners***

Total Assets ($ mil.):	$4,428
Style:	Absolute Return - Market Neutral
Assets in Style ($ mil.):	$400
Year Founded:	1991
Location:	New York, NY
Ownership:	Alfred Shuman 80%; Balance in declining order: Stanley Shuman; Richard Nye; Steven Kotler; Stephanie Shuman; Joseph Pignatelli; David Parker; John Marshall
Registration:	SEC
GP Capital:	$4.3 Million

Key Investment Professionals:

- Alfred Shuman - Founder. BA from Harvard ('61) and MBA from Harvard Business School ('63). Serves as Trustee of various non-profit and educational organizations.

- Joe Pignatelli - President of Archstone Funds. Over 15 years experience in investment management. Oversees all manager analysis, asset allocation, and coordination of legal/financial issues. Bachelors from Pace University and Masters from Baruch College.

-David Parker - COO and Chief Compliance Officer. BS from University of Texas and MBA from Harvard Business School. Duties include all management-related issues, strategy, planning, and governance.

Other investment professionals include Mark Smith, Barbara Barlick, Kevin Jornlin & Edgar Smith.

Investment Objective, Philosophy/Process, and Assessment

The Fund's primary objective is to consistently earn positive returns regardless of the direction of the market.

The Fund seeks to achieve its objective by employing a diversified group of managers and strategies that have a low correlation to traditional broad markets. The Fund's volatility seeks to approximate that of the U.S. fixed income markets. Hedge funds that have relatively conservative investment strategies are generally preferred. Relative value and non-directional strategies are emphasized, along with event driven and distressed investing. Specific strategies employed by the underlying managers (ten to twenty) include convertible arbitrage, merger arbitrage, statistical arbitrage, event driven, and fixed income arbitrage (allocations are listed to the right). Archstone requires that its underlying managers have at least $5 million invested in the Fund and that the invested amount represents at least 50% of the managers' net worth. Leverage may be employed by the underlying managers, but is for the most part used rarely and for operational purposes at the fund level.

We believe Archstone has a strong and experienced team. Based on our research of hedge funds, we believe the Fund consists of high quality underlying hedge funds. This Fund may be more concentrated than some other fund-of-funds and Archstone is willing to size up their high conviction managers. The firm has been able to leverage long-standing relationships in the hedge fund industry that can often lead to early access to new managers. Archstone provides full transparency, including manager names and allocations, exposures, and detailed quarterly letters. Archstone passes through a greater percentage of operating expenses to fund investors than many of their peers and these increased fees should be taken into consideration when investing with Archstone.

Sample Portfolio Characteristics

Underlying Funds	*Alloc %*	*Strategy*
Fir Tree Capital Opportunity Fund II, Ltd.	10	Absolute Return
Och Ziff Overseas Fund, Ltd.	10	Absolute Return
Elliott International, Ltd	10	Absolute Return
King Street Capital Ltd.	10	Absolute Return
Davidson Kempner International, Ltd.	9	Absolute Return
York Credit Opportunities Unit Trust	9	Absolute Return
Mason Capital, Ltd.	9	Absolute Return
Farallon Capital Offshore Investors, Inc.	8	Absolute Return
Eton Park Overseas Fund, LTD	8	Absolute Return
Taconic Offshore Fund 1.5, Ltd.	8	Absolute Return
Silver Point Capital Offshore Fund, Ltd.	7	Absolute Return

Vehicle Information:

Inception:	January 2002	**3c1/3c7:**	3c7
Assets ($ mil.):	$400	**Subscriptions:**	Monthly (1mm min for PBA)
Minimum Account Size:	$2,500,000	**Redemptions (notice):**	Semiannual (6/30, 12/31) with 90 days notice
Management Fee:	1.5% flat/1% + incentive; Underlying Manager Fees	**Lock-up:**	One year
Profit Allocation:	0% for flat fee/5% for incentive fee structure	**ERISA Capacity:**	Yes
Highwater Mark:	Yes, for incentive fee structure	**Prime Broker:**	N/A
Hurdle Rate:	NA	**Administrator:**	SS&C Technologies, Inc.
UBTI:	No	**Auditor:**	Ernst & Young LLP
Additional Expenses:	Payroll and all operating expenses (0.56% in 2010, capped at 0.60% excl. interest expense)	**Legal Counsel:**	Willkie Farr & Gallagher LLP (US), Walkers (Cayman)
Additional Vehicles:	NA		

Manager Profiles

Forester Offshore, Ltd. — September 30, 2011

Firm Details: ***Forester Capital***

Total Assets ($ mil.):	$3,105
Style:	Directional Hedge FOF
Assets in Style ($ mil.):	$1,560
Year Founded:	1999
Location:	Greenwich, CT
Ownership:	100% Trent Carmichael and family.
Registration:	No
GP Capital:	$28.5 million across funds (as of 9/30/2010)

Key Investment Professionals:

Trent Carmichael - Prior to founding Forester Capital, Mr. Carmichael was with Tiger Management from 1996 to 1999, Nelson Capital Management from 1991-1994 and Donaldson, Lufkin and Jenrette from 1988-1990. Mr. Carmichael has a Master's degree in Management from the Kellogg School and a BA in Economics from Duke University. He has obtained the Chartered Financial Analyst designation.

Fritz Fortmiller - Mr. Fortmiller joined Forester in 2006. Prior to Forester, he worked at Cambridge Associates from 1999-2005 as a Specialist Consultant, Research Consultant and Associate. Prior to that, he founded Turnbuckle Records and worked as a Paralegal Specialist in the U.S. Attorney's Office. BA in Philosophy from Yale University. He has obtained the Chartered Financial Analyst designation.

Investment Objective, Philosophy/Process, and Assessment

The fund seeks to achieve medium to long-term returns that are superior to the broad market averages while assuming less risk.

Diversification will be achieved through investment in managers that have different expertise in industry sectors, cap sizes, or geographical areas. Forester looks for managers who have a demonstrated track record, have the ability to generate both long and short ideas, and have a significant amount of their own net worth in their fund. Individual managers are limited to 25% of overall portfolio. Forester may invest up to 10% in an affiliated fund. The fund does not invest in managers who specialize in currencies, bonds or commodities.

Based on our research of hedge funds, we believe the Fund consists of high quality underlying hedge funds and is offered at a reasonable fee. This Fund may be more diversified than some other fund-of-funds as Forester tends to weight highest conviction ideas in the range of 4.5%-6.5%. Forester has been able to leverage long-standing relationships in the hedge fund industry that can often lead to early access to new managers. Forester provides a high degree of transparency, including manager names and allocation ranges, market and regional exposures, and quarterly letters.

The offshore fund was rolled out in January of 2004. The fund is identical in strategy and process to the Forester Partners, LP. Forester Partners II, LP was created to accommodate 3c1 investors when Forester Partners LP converted to a 3c7 vehicle in January 2008. There is substantial overlap between managers in Forester Partners, LP, Forester Partners II, LP and Forester Offshore, Ltd.

*A partial list of the Fund's 15 largest manager allocations appears to the right. Prime, Buchholz receives full transparency from Forester and clients may receive a full manager list by signing a separate non-disclosure agreement with Forester.

*Forester prefers offshore investors under the $2 million minimum to choose the 3yr liquidity, B share class.

*Allocations to 3c-1 products are subject to slot availability.

Sample Portfolio Characteristics

Underlying Funds	*Alloc %*	*Strategy*
Viking Global Performance LLC		Global Large Cap
Kensico Capital, L.L.C.		U.S. Diversified
Samlyn Capital, LLC		Global Diversified
Pennant Capital Management, L.L.C.		U.S. Diversified
Tiger Global Management, L.L.C.		Global Long/Short
Coatue Capital, L.L.C.		Global TMT
Joho Capital, L.L.C.		Asian Large Cap
Bridger Management, L.L.C.		U.S. Diversified
Brookside Capital Investors, Inc.		U.S. Diversified
Castine Capital Management, LLC		U.S. Low Net Sector
Glenhill Capital Management, L.L.C.		U.S. Diversified
Lansdowne Partners Limited Partnership		European Diversified
Merchants' Gate Capital LP		Global Diversified
Polar Capital LLP		Europe Long/Short
Wellington Management Company, LLC		Global Long/Short Sector

Vehicle Information:

Inception:	January 2004	**3c1/3c7:**	3c7
Assets ($ mil.):	$770	**Subscriptions:**	Quarterly
Minimum Account Size:	$2,000,000	**Redemptions (notice):**	A: Annual (anniversary) B: Three-year liquidity
Management Fee:	1.0%, underlying manager fees	**Lock-up:**	A: Two years B: Three years
Profit Allocation:	A: 3%, B: None	**ERISA Capacity:**	None as of 4/11/2011
Highwater Mark:	Yes	**Prime Broker:**	N/A
Hurdle Rate:	NA	**Administrator:**	Citco Fund Services
UBTI:	No	**Auditor:**	Ernst & Young LLP
Additional Expenses:	Accounting, legal, filing (approx. 18 bps)	**Legal Counsel:**	Ogier (Cayman)
Additional Vehicles:	Onshore 3c1 and 3c7		

Manager Profiles

Guggenheim PLUS II L.P. — September 30, 2011

Firm Details: *Guggenheim*

Total Assets ($ mil.):	$1,477
Style:	Hybrid - Private & Public Real Estate
Year Founded:	2001
Location:	New York, NY
Ownership:	60% Guggenheim Partners/40% Employee Owned

Key Investment Professionals:

- Mike Miles, Ph.D., CPA, Co-PM - Prior to joining Guggenheim, he served as PM for Fidelity Real Estate Asset Manager, Executive VP of the Prudential Realty Group, and Managing Director of Prudential Real Estate Advisors. He is past president of the NCREIF and the American Real Estate and Urban Economics Association.
- Will Stevens, Managing Director Co-PM - Prior to joining Guggenheim, he was a VP in Capital Transactions Group at Lend Lease Real Estate Investments. Prior to joining Lend Lease, he worked in investment banking at Jones Lang LaSalle and First Union Securities.
- Karen Calby, Managing Director - She is responsible for manager evaluation and market intelligence in the REIT manager universe. Prior to joining Guggenheim, she was a Director at Fisher Francis Trees and Watts, Partner at Oliver, Wyman and Company, and a strategic consultant at Anderson Consulting.

Investment Objective, Philosophy/Process, and Assessment

The Guggenheim PLUS II strategy accesses real estate exposure through public real estate securities managers, open end core funds and direct asset holdings.

Management will use analytical tools to determine the Fund's optimal allocations to geographic markets, property types, leverage, and form of investment. Managers and local investors are selected for execution of the top-down strategy, and continuous market feedback is established at the local level. The portfolio will consist of a broad range of assets, including separately managed accounts, REITs, private funds, existing real estate partnerships, joint ventures, mezzanine financing and CMBS. Typically, the allocation between private and public real estate will be 70%/30%, consistent with the target performance benchmark, 70% NCREIF/30% NAREIT. Guggenheim has identified six investment strategies for meeting the Fund's investment goals: i) market selection by property type and geography, ii) public/private arbitrage, iii) valuation focus, iv) manager and local investor evaluation, v) active management of leverage, and vi) limited development exposure. The Fund will not invest in Blind Pools, or directly in investments in raw land, international real estate or development companies (as opposed to specific real estate projects).

Guggenheim's unique structure has been adversely impacted by the illiquid real estate market and the impairment has increased risks going forward. For example, in periods where assets are not growing, the strategy may be forced to either sell illiquid assets to raise capital, or freeze liquidity rights to investors. Illiquidity risk becomes strategy risk in Guggenheim's unique structure as the research driven public/private market arbitrage can be impaired by the volatility of public markets and the inability to shift allocations in private assets. As a result of the inability to actively manage the portfolio while charging active management fees on both the direct investments and the investments in underlying funds, the fund has underperformed its benchmark with risks of further underperformance. This heightens the risks of further investor redemptions as well as portfolio team departures.

Given the current environment, it is difficult to forecast market liquidity and the strategy's ability to fund redemptions, now in excess of 40% of total assets, over the near term. This large ratio of redemptions to total assets, portfolio illiquidity, as well as the possibility of continued relative underperformance heightens the risks to the strategy's longer term viability and resource retention. As a result, we recommend that clients submit redemption requests to exit the strategy as Guggenheim provides liquidity for client withdrawal requests.

Operational Details:

Prime Broker:	N/A
Administrator:	N/A
Auditor:	KPMG LLP
Legal Counsel:	Goodwin Procter LLP
Custodian:	N/A
Latest Audited Financials:	12/31/2010

Portfolio Holdings (based on 9/30/11 estimates):
By Product Type:
Office 37%; MultiFamily 19%; Retail 23%; Industrial /Other 21%

By Geography:
Global 24% Global Transition 31% Diversified Growth 12% Unique/Government 10% Strategic Yield Market 16% Migration/Tourism 4% Middle America 3%

Private Market (74%), Public Market (26%)

Risk controls include limits on exposure by property type and economic location, and ceilings on leverage (50% ceiling at the aggregate portfolio level, with a target of 35%), the amount of development, and the amount of public mkt inv by the Fund.

The G.P. interests are aligned through multi-layered incentive programs (including deferred compensation plans with vesting schedules) linked to fund/company ownership and performance.
The incentive allocation is calculated on a rolling four-quarter basis.

Vehicle Information:

Year Partnership Formed:	2003	**Fees:**	0.95% < $5mm; 0.60% $5-$20mm: 0.50% > $20mm
Product Structure:	Hybrid - Private & Public Real Estate	**Carried Interest:**	20% of Gross Fund Returns Over Target Benchmark
Fund Size:	$646 million	**Hurdle Rate:**	Target Benchmark (70% NCREIF/30% NAREIT)
Current Investments:	See Fund Detail	**Liquidity:**	Quarterly (six quarter lock-up);(90 day notice thereafter)
GP Commitment:	Interests Aligned (see above)	**Reporting:**	Quarterly
Minimum Investment:	$5,000,000 (Flexible)	**UBTI:**	Minimized through REIT Blocker

Fund Detail

Guggenheim PLUS and PLUS II

Fund Detail (as of July 2011):

Fund Investments [1]	
Manager	Fund Name
ING Clarion	Clarion Lion Properties Fund
ING Clarion	Lion Industrial Trust
Morgan Stanley	Prime Property Fund [2]
RREEF	RREEF America REIT II [3]
Public Market Strategies	
REIT Managers	
AEW	
Invesco	
Brookfield	
Guggenheim Real Estate Securities in-house portfolio	
Guggenheim Absolute Return in-house portfolio	
Property Investments	
Mezzanine Financings	Number of Investments Held
Tremont Realty Capital	5
Guggenheim Real Estate	1
Direct Property Invesments	70

Footnotes

[1]Fund Investments that represent less than 1% of the gross assets of the portfolio are not listed.

[2]Not available to Guggenheim PLUS L.P. investors.

[3]Not available to Guggenheim Real Estate PLUS Trust investors

[4]Only available to Guggenheim Real Estate PLUS Trust investors

This report contains information from manager supplied financial reports (audited or unaudited). Content is current as of the date indicated and subject to change without notice. Information obtained from the manager is believed to be reliable; however, accuracy of the data is not guaranteed and has not been independently verified by Prime Buchholz.

Manager Profiles

T. Rowe Price New Era — June 30, 2011

Firm Details: ***T. Rowe Price Group, Inc.***

Total Assets ($ mil.):	$509,900
Style:	Natural Resources
Assets in Style ($mil.):	$5,916
Year Founded:	1937
Product Inception:	1/20/1969
Location:	Baltimore, MD
Ownership:	Publicly traded (TROW). Significant employee ownership (~25% including vested but unexercised options).

Key Investment Professionals:
Timothy Parker - Fund Manager - Prior to being named portfolio manager, he was an energy analyst at the firm since 2001. He took over from Charles Ober who retired in 2010 and was with T. Rowe Price for 30 years. Charles Ober managed the Fund for over 10 years.

Investment Objective and Philosophy/Process

Objective/Philosophy/Process: The New ERA Fund seeks to provide long-term capital appreciation by investing primarily in the common stocks of companies that own or develop natural resources and other basic commodities. The Fund invests about two-thirds of fund assets in the common stocks of natural resource companies. The natural resource companies held by the fund typically own, develop, refine, service, or transport resources, including energy, metals, forest products, real estate, and other basic commodities.

The Fund is less diversified than most stock funds and could experience sharp price declines when conditions are unfavorable to its sector. The Fund also may underperform when economic growth is slowing and the level of inflation is low, but has the potential to perform better than stocks in general when inflation is rising.

Because of the cyclical nature of natural resource companies, their stock prices and rates of earnings growth may follow an irregular path. Additionally, factors such as natural disasters, declining currencies, market illiquidity, or political instability in commodity-rich nations could also have a negative impact on the Fund.

The T. Rowe Price New Era strategy has not been fully dilligenced by Prime Buchholz

Assessment

T. Rowe Price New Era provides diversified exposure to natural resource equities. Charles Ober managed the Fund for over 10 years and established a long track record of successful investment. Timothy Parker took over management responsibilities in 2010 and is currently building his track record on the Fund. T. Rowe Price has deep resources and Parker will have access to their centralized research platform. Prime Buchholz is currently monitoring this Fund.

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee
T. Rowe Price New Era	$2,500	$5,916.0	0.69%

Sample Operational Detail	
T. Rowe Price New Era	
Last Audited Financial	12/31/2010
Accountant/Auditor	PricewaterhouseCoopers
Custodian	State Street Bank and Trust Company
Administrator	T. Rowe Price Services, Inc
Securities Lending	Yes

Security Constraints:	No more than 5% of the fund's total assets can be invested in a single security
Sector Constraints:	At least 50% in U.S. stocks
Avg # of Securities:	~100
Turnover:	46%
Assets in Composite:	66%
GIPS Compliant:	Yes (since 1993)

Manager Profiles

The TAP Fund LTD — September 30, 2011

Firm Details***: Gresham Investment Management, LLC***

Total Assets ($ mil.):	$12,727
Style:	commodities
Assets in Style ($ mil.):	$5,020
Year Founded:	1992
Location:	New York, NY
Ownership:	Gresham Investment Company
Registration:	No
GP Capital:	

Key Investment Professionals:

Dr. Henry G. Jarecki, Chairman of Gresham Investment Management LLC. Dr. Jarecki is a past Governor of the Commodity Exchange, Inc. (COMEX) and has served as a Director of the National Futures Association (NFA), the Chicago Board of Trade (CBOT), the Chicago Mercantile Exchange (CME), and the Futures Industry Association (FIA). He has over 40 years of experience in commodities investing.

Jonathan S. Spencer, President of Gresham Investment Management LLC, is responsible for the day-to-day investment and operational activities of Gresham. In addition he has been the Portfolio Manager for Gresham's Tangible Asset Program® since its inception in 1987. Mr. Spencer has over 20 years experience in managing commodity futures, diversified asset allocation portfolios, active investment strategies and venture capital investments.

Robert J. Reeves, CFO. Mr. Reeves joined Gresham Investment Management, LLC in July 2009. He was previously at Fimat USA, LLC from 2002 to 2008 as CFO, ABN Amro as SVP and CFO from 1997 to 2000, and ING Barings as CFO from 1994 to 1997.

Investment Objective, Philosophy/Process, and Assessment

Investment Philosophy & Process: The investment objective of the Fund is to provide value enhancement to an investor's portfolio as well as a partial inflation hedge, with an attractive risk/return profile as compared to other products using a commodity index or pool of commodities. The TAP strategy utilizes a passive buy-and-hold investment strategy which is designed to benefit from price movements, combined with premium conditions that may exist from time to time. Weightings of each tangible commodity are reset at the beginning of each year and are determined by Gresham's research and development staff based upon such factors as the dollar value of commodities with the highest production values and greatest dollar volumes of trading from each of the following six exchange traded groups: agriculturals, livestock, foods and fibers, energy, precious metals and industrial metals. The commodity groups, selections within the groups and weightings of commodities have changed during TAP trading history. For example, TAP has exposure to Brent Crude Oil despite it not being included in the Dow Jones UBS Commodities Index. The portfolio is designed to take advantage of both mean reverting and trending characteristics of commodities. Commodities in the portfolio are rebalanced periodically to their target weights when the price changes cause their actual allocations to deviate substantially from those weightings. TAP generally trades the near month futures and forward contracts, but other months might be used for liquidity or other reasons. As a futures or forward contract nears its last trading date or first delivery date, positions in the contact month are closed out and rolled into later contract months. The timing of this process is market driven. One unleveraged unit of futures and forward contracts investment pursuant to TAP requires approximately $10,000,000 of cash at the program's current commodity allocations. In the event that subscription funds do not meet the program's commodity allocation threshold, such funds may not be fully invested.

Assessment: Commodities futures investment has historically provided a diversified portfolio with inflation protection and diversification over the long term. Gresham Investment Management has a successful 21 year track record of investing in commodities through it's Tangible Asset Program® (TAP) investment strategy which combines a strict rules based methodology with market driven active management oversight. We recommend the TAP Fund as an appropriate vehicle to access the attributes of investment in a diversified commodities portfolio.

Select Statistics

As of 09/30/2011

TAP Commodity Weights

	TAP	DJ UBS Comm.
Agriculture	15.6%	22.1%
Energy	35.7%	32.6%
Industrial Metals	17.1%	15.1%
Precious Metals	14.0%	16.8%
Other (Cash/Livestock/ foods & fibers)	17.7%	13.4%

Management Fees:

<$1 mil	1.25%
$1-2.5 mil	1.10%
$2.5-5 mil	1.00%
$5-10 mil	0.90%
$10 mil >	0.75%

Vehicle Information:

Inception:	2005	**3c1:**	No
Assets ($ mil.):	$5,500	**3c7:**	Yes
Minimum Account Size:	$250,000	**Subscriptions:**	Monthly
Management Fee:	< $1 mil 1.25%; Declining thereafter	**Redemptions (notice):**	Monthy with 5 day notice
Incentive Fees:	None	**Lock-up:**	None
Additional Expenses:	N/A	**ERISA Capacity:**	Yes
Trading Strategy:	Rules based on Commodity Futures Investment	**Prime Broker:**	Newedge, USA
Markets Traded:	Commodities/Futures	**Administrator:**	Citco Fund Services (Curacao) N.V.
Leverage:	None	**Additional Vehicles:**	LLC

Historical Performance

Return and Risk Summary

As of September 30, 2011

	1 Quarter Return	Previous Quarter Return	1 Year Return	1 Year Standard Deviation	3 Years Return	3 Years Standard Deviation	5 Years Return	5 Years Standard Deviation	7 Years Return	7 Years Standard Deviation	10 Years Return	10 Years Standard Deviation
SSgA S&P 500 Flagship NL Fund	-13.9	0.1	1.1	18.5	1.2	24.1	-1.2	20.1	2.3	17.6	2.8	17.9
S&P 500 Index	**-13.9**	**0.1**	**1.1**	**18.5**	**1.2**	**24.2**	**-1.2**	**20.2**	**2.3**	**17.6**	**2.8**	**17.9**
Stralem & Co Large Cap Core Account	-10.3	2.2	3.1	13.4	1.7	20.3	2.2	16.6	5.3	14.7	5.5	14.8
S&P 500 Index	**-13.9**	**0.1**	**1.1**	**18.5**	**1.2**	**24.2**	**-1.2**	**20.2**	**2.3**	**17.6**	**2.8**	**17.9**
SSgA S&P Midcap 400 Index NL Fund	-19.9	-0.8	-1.5	25.7	3.9	28.7	2.3	23.8	5.6	20.9	7.6	20.7
S&P MidCap 400	**-19.9**	**-0.7**	**-1.3**	**25.8**	**4.1**	**28.7**	**2.2**	**23.8**	**5.5**	**20.8**	**7.5**	**20.6**
CRM Midcap Value Instl Fund	-21.2	0.7	-4.3	25.7	0.4	25.4	0.2	21.2	4.4	18.9	8.1	20.0
Russell Midcap Value Index	**-18.5**	**-0.7**	**-2.4**	**23.4**	**2.0**	**30.7**	**-0.8**	**25.0**	**4.5**	**21.9**	**7.5**	**21.1**
Geneva Mid Cap Equity Account	-15.2	0.8	5.6	22.5	7.1	24.9	4.2	20.9	7.5	18.6	8.8	17.8
Russell Midcap Growth Index	**-19.3**	**1.6**	**0.8**	**25.1**	**5.9**	**28.7**	**1.6**	**24.9**	**5.3**	**21.9**	**6.7**	**23.0**
Harris Associates Intl Value L.P.	-19.7	1.8	-9.7	21.3	6.1	31.5	-0.8	26.5	6.0	23.3	9.5	24.3
MSCI EAFE Value Index	**-19.0**	**1.0**	**-10.0**	**19.9**	**-1.7**	**31.2**	**-4.8**	**26.8**	**2.7**	**24.0**	**5.1**	**23.3**
MSCI EAFE Index	**-19.0**	**1.6**	**-9.4**	**20.1**	**-1.1**	**28.9**	**-3.5**	**25.3**	**3.3**	**22.7**	**5.0**	**21.9**
Artisan International Inv Fund	-20.4	2.8	-10.0	21.5	-0.8	28.8	-2.5	25.8	4.3	23.3	4.6	23.2
MSCI EAFE Growth Index	**-19.0**	**2.1**	**-8.8**	**20.5**	**-0.6**	**26.9**	**-2.2**	**24.1**	**3.9**	**21.7**	**4.9**	**20.9**
MSCI EAFE Index	**-19.0**	**1.6**	**-9.4**	**20.1**	**-1.1**	**28.9**	**-3.5**	**25.3**	**3.3**	**22.7**	**5.0**	**21.9**
Archstone Absolute Return Strat Fund, Ltd.	-4.7	-0.1	0.5	6.1	4.4	8.9	2.6	9.0	4.6	7.9	NA	NA
HFRI FOF: Conservative Index	**-3.7**	**-0.8**	**-0.9**	**4.7**	**-0.5**	**8.1**	**0.0**	**7.9**	**1.9**	**7.0**	**2.9**	**6.1**
Forester Offshore A2,B Ltd.	-8.0	0.1	-1.8	9.4	2.4	8.3	4.2	8.7	6.4	7.9	6.8	6.8
HFRI FOF: Strategic Index	**-6.3**	**-1.1**	**-2.8**	**7.6**	**0.1**	**9.5**	**0.3**	**10.5**	**3.1**	**9.6**	**3.9**	**8.7**
Income Research Convertibles	-5.4	-0.8	-0.5	6.8	6.0	7.3	3.4	7.9	3.9	6.7	4.3	6.1
BofAML Conv Bonds, U.S. Inv Gr Index	**-8.1**	**-0.6**	**-1.0**	**10.0**	**6.8**	**11.1**	**4.5**	**10.2**	**4.4**	**9.0**	**4.3**	**8.1**
Barclays Capital US Credit Index	**3.0**	**2.5**	**4.6**	**3.8**	**11.7**	**6.1**	**6.7**	**6.5**	**5.7**	**5.9**	**6.3**	**5.6**
Guggenheim Real Estate PLUS Trust	-2.2	4.2	14.4	6.9	-13.1	21.5	-6.3	17.6	0.4	16.0	NA	NA
70% NCREIF Index/30% NAREIT Index	**NA**	**3.8**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
NCREIF Property Index	**NA**	**3.9**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

Historical Performance

Return and Risk Summary

As of September 30, 2011

	1 Quarter Return	Previous Quarter Return	1 Year Return	1 Year Standard Deviation	3 Years Return	3 Years Standard Deviation	5 Years Return	5 Years Standard Deviation	7 Years Return	7 Years Standard Deviation	10 Years Return	10 Years Standard Deviation
T. Rowe Price New Era Fund	-25.5	-7.2	-8.8	34.5	-3.4	35.9	1.4	34.4	6.7	29.9	10.2	27.0
S&P N. American Natural Res Sector	**-23.2**	**-6.3**	**-1.6**	**34.5**	**-0.6**	**31.6**	**3.2**	**30.5**	**8.6**	**27.4**	**10.1**	**25.3**
TAP Fund, LTD	-10.8	-6.0	3.8	21.0	-5.3	27.0	-0.3	25.8	3.0	23.5	7.6	20.5
Dow Jones-UBS Commodity Index	**-11.3**	**-6.7**	**0.0**	**21.0**	**-5.7**	**24.5**	**-1.1**	**24.6**	**0.9**	**22.7**	**5.9**	**20.3**

Historical Performance

Return Summary

As of September 30, 2011

	Year To Date Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return	2002 Return	2001 Return
SSgA S&P 500 Flagship NL Fund	-8.7	15.0	26.5	-36.9	5.4	15.8	4.9	10.9	28.7	-22.1	-12.1
S&P 500 Index	**-8.7**	**15.1**	**26.5**	**-37.0**	**5.5**	**15.8**	**4.9**	**10.9**	**28.7**	**-22.1**	**-11.9**
Stralem & Co Large Cap Core Account	-3.0	10.3	20.4	-27.8	13.0	10.6	13.5	16.8	21.7	-19.2	1.1
S&P 500 Index	**-8.7**	**15.1**	**26.5**	**-37.0**	**5.5**	**15.8**	**4.9**	**10.9**	**28.7**	**-22.1**	**-11.9**
SSgA S&P Midcap 400 Index NL Fund	-13.1	26.3	37.2	-35.5	8.0	10.3	12.7	16.5	35.7	-14.6	-0.5
S&P MidCap 400	**-13.0**	**26.6**	**37.4**	**-36.2**	**8.0**	**10.3**	**12.6**	**16.5**	**35.6**	**-14.5**	**-0.6**
CRM Midcap Value Instl Fund	-14.9	18.9	28.7	-35.0	10.4	17.3	8.0	25.0	41.9	-16.7	19.4
Russell Midcap Value Index	**-13.0**	**24.8**	**34.2**	**-38.4**	**-1.4**	**20.2**	**12.6**	**23.7**	**38.1**	**-9.6**	**2.3**
Geneva Mid Cap Equity Account	-8.6	30.3	37.1	-36.0	16.5	4.9	15.8	20.9	26.5	-14.0	-3.8
Russell Midcap Growth Index	**-11.6**	**26.4**	**46.3**	**-44.3**	**11.4**	**10.7**	**12.1**	**15.5**	**42.7**	**-27.4**	**-20.2**
Harris Associates Intl Value L.P.	-16.7	17.0	56.0	-42.1	-0.4	31.3	16.0	19.2	42.8	-7.1	-4.2
MSCI EAFE Value Index	**-14.5**	**3.2**	**34.2**	**-44.1**	**6.0**	**30.4**	**13.8**	**24.3**	**45.3**	**-15.9**	**-18.5**
MSCI EAFE Index	**-15.0**	**7.8**	**31.8**	**-43.4**	**11.2**	**26.3**	**13.5**	**20.2**	**38.6**	**-15.9**	**-21.4**
Artisan International Inv Fund	-15.3	5.9	39.8	-47.0	19.7	25.6	16.3	17.8	29.1	-18.9	-15.9
MSCI EAFE Growth Index	**-15.4**	**12.2**	**29.4**	**-42.7**	**16.5**	**22.3**	**13.3**	**16.1**	**32.0**	**-16.0**	**-24.6**
MSCI EAFE Index	**-15.0**	**7.8**	**31.8**	**-43.4**	**11.2**	**26.3**	**13.5**	**20.2**	**38.6**	**-15.9**	**-21.4**
Archstone Absolute Return Strat Fund, Ltd.	-2.4	8.1	19.4	-20.5	8.5	13.8	6.2	8.5	14.3	-1.5	NA
HFRI FOF: Conservative Index	**-3.4**	**5.1**	**9.6**	**-19.9**	**7.7**	**9.2**	**5.1**	**5.8**	**9.0**	**3.6**	**3.1**
Forester Offshore A2,B Ltd.	-6.0	5.5	14.6	-13.0	18.5	11.5	12.0	10.0	9.0	5.6	19.4
HFRI FOF: Strategic Index	**-6.7**	**6.3**	**13.2**	**-25.2**	**12.8**	**11.8**	**10.3**	**8.3**	**15.8**	**-4.0**	**1.2**
Income Research Convertibles	-3.3	6.3	18.5	-12.5	7.4	7.3	4.2	3.3	9.1	2.2	6.0
BofAML Conv Bonds, U.S. Inv Gr Index	**-5.2**	**7.4**	**28.6**	**-15.2**	**7.9**	**7.3**	**0.9**	**4.7**	**11.5**	**-3.6**	**-0.1**
Barclays Capital US Credit Index	**6.5**	**8.5**	**16.0**	**-3.1**	**5.1**	**4.3**	**2.0**	**5.2**	**7.7**	**10.5**	**10.4**

Historical Performance

Return Summary

As of September 30, 2011

	Year To Date Return	2010 Return	2009 Return	2008 Return	2007 Return	2006 Return	2005 Return	2004 Return	2003 Return	2002 Return	2001 Return
Guggenheim Real Estate PLUS Trust	8.9	15.2	-27.1	-29.1	4.2	21.6	17.2	20.5	17.0	7.0	NA
70% NCREIF Index/30% NAREIT Index	**NA**	**17.6**	**-2.2**	**-15.8**	**5.8**	**22.1**	**17.9**	**19.7**	**17.0**	**6.1**	**9.4**
NCREIF Property Index	**NA**	**13.1**	**-16.8**	**-6.5**	**15.8**	**16.6**	**20.1**	**14.5**	**9.0**	**6.7**	**7.3**
T. Rowe Price New Era Fund	-23.8	21.0	49.4	-50.2	40.7	17.0	29.9	30.1	33.2	-6.3	-4.4
S&P N. American Natural Res Sector	**-18.9**	**23.9**	**37.5**	**-42.6**	**34.4**	**16.8**	**36.7**	**24.6**	**34.3**	**-13.0**	**-15.6**
TAP Fund, LTD	-10.3	19.0	23.1	-38.8	22.6	-0.1	26.4	17.2	21.7	22.3	-21.2
Dow Jones-UBS Commodity Index	**-13.6**	**16.8**	**18.9**	**-35.6**	**16.2**	**2.1**	**21.4**	**9.1**	**23.9**	**25.9**	**-19.5**

Index Descriptions

Barclays Capital Aggregate Index comprises government securities, mortgage-backed securities, asset-backed securities and corporate securities to simulate the universe of bonds in the market. The maturities of the bonds in the index are over one year.

Barclays Capital Aggregate Float Adjusted Index is a benchmark of the dollar-denominated investment grade bond market that excludes Treasuries, agencies, and mortgage-backed securities held in Federal Reserve accounts.

Barclays Capital Corporate Bond Index includes investment-grade, SEC-registered publicly issued U.S. corporate debentures and secured notes. The corporate sectors are industrial, utility, and finance. All securities must have at least one year to final maturity and at least $250 million of par outstanding.

Barclays Capital High Yield Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, and 144-As are also included.

Barclays Capital Global Emerging Markets Index represents the union of the USD-denominated U.S. Emerging Markets Index and the predominately EUR-denominated Pan Euro Emerging Markets Index, covering emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia. Countries must have a maximum sovereign rating of Baa1/BBB+/BBB+.

Barclays Capital Global Treasury Ex-US Capped Index includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

Barclays Capital Global Treasury Index tracks fixed-rate local currency sovereign debt of investment-grade countries. The Index represents the Treasury sector of the Global Aggregate Index and currently contains issues from more than 30 countries denominated in over 20 currencies. The three major components are the U.S. Treasury Index, the Pan-European Treasury Index, and the Asian-Pacific Treasury Index, in addition to Canadian, Chilean, Mexican, and South-African government bonds.

Barclays Capital GNMA Index is comprised of 30-year GNMA pass-throughs, 15-year GNMA pass-throughs, and GNMA Graduated Payment Mortgages.

Barclays Capital Intermediate U.S. Treasury Index includes all publicly issued U.S. Treasury securities that have a remaining maturity of greater than or equal to 1 year and less than 10 years, are rated investment grade, and have $250 million or more of outstanding face value.

Barclays Capital Long U.S. Treasury Index includes all publicly issued, U.S. Treasury securities that have a remaining maturity of 10 or more years, are rated investment grade, and have $250 million or more of outstanding face value.

Barclays Capital U.S. Credit Index includes publicly issued U.S. corporates, specified foreign debentures, and secured notes denominated in U.S. dollars. The Index is a subset of the U.S. Government/Credit Index and the U.S. Aggregate Index.

Barclays Capital U.S. Mortgage Backed Securities (MBS) Index covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid adjustable rate mortgages) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Barclays Capital U.S. Treasury Index is comprised of public obligations of the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Barclays Capital U.S. TIPS Index is a rules-based, market value-weighted index that tracks inflation protected securities issued by the U.S. Treasury.

Barclays Mortgage Index contains 15- and 30-year fixed-rate securities. These securities are pools of mortgage loans issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The Index holds approximately 600 securities.

Citigroup 3-Month T-Bill Index consists of equal dollar amounts of three-month Treasury bills that are purchased at the beginning of each of three consecutive months. As each bill matures, all proceeds are rolled over or reinvested in a new three-month bill.

Citigroup World Government Bond Index is a market capitalization weighted index consisting of the government bond markets of the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland, United Kingdom, and United States. It includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of U.S. $25 million.

Index Descriptions

Consumer Price Index (CPI) is an inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

DJ-AIG Commodity Index is composed of futures contracts on physical commodities. It is composed of commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc, which trade on the London Metal Exchange (LME).

FTSE EPRA/NAREIT Global Real Estate Index is designed to represent general trends in eligible real estate *equities* worldwide. Relevant real estate activities are defined as the ownership, disposure and development of income-producing real estate. The Index series includes a range of regional and country indices.

HFRI Distressed Securities Index is an equally weighted index that represents strategies that invest in, and may sell short the securities of companies where the security's price has been, or is expected to be, affected by a distressed situation as reported by the hedge fund managers listed within the Hedge Fund Research (HFR) database.

HFRI Equity Hedge Index is designed to represent the overall composition of the equity hedge (also known as long/short equity) universe. The Index is constructed with equally weighted composites of constituents as reported by the hedge fund managers listed within the Hedge Fund Research (HFR) database.

HFRI ED: Distressed Restructuring Index is designed to represent strategies which employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

HFRI Event Driven Index is an equally weighted index that represents constituents investing in opportunities created by significant transactional events as reported by the hedge fund managers listed within the Hedge Fund Research (HFR) database.

HFRI FOF Composite Index includes over 800 constituent fund of funds, both domestic and offshore. Fund of Funds invest with multiple managers through funds or managed accounts. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The Fund of Funds manager has discretion in choosing which strategies to invest in for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiple strategies.

HFRI FOF Conservative Index includes constituents that exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more "conservative" strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the Index shows generally consistent performance regardless of market conditions.

HFRI FOF Diversified Index includes constituents that exhibit one or more of the following characteristics: invests in a variety of strategies among multiple managers; historical annual return and/or a standard deviation generally similar to the HFRI Fund of Fund Composite index; demonstrates generally close performance and returns distribution correlation to the HFRI Fund of Fund Composite Index. A fund in the Diversified Index tends to show minimal loss in down markets while achieving superior returns in up markets.

HFRI FOF Strategic Index includes FoFs that exhibit one or more of the following characteristics: seeks superior returns by primarily investing in funds that generally engage in more opportunistic strategies such as Emerging Markets, Sector specific, and Equity Hedge; exhibits a greater dispersion of returns and higher volatility compared to the HFRI Fund of Funds Composite Index.

HFRI Fund Weighted Composite Index is designed to represent the performance of domestic and offshore hedge funds across all strategies with the exception of fund of funds. Comprised of over 2000 hedge funds, it is a fund weighted index in that all funds, regardless of assets under management or other factors, are given an equal weighting.

HFRI Merger Arbitrage Index is designed to represent managers who utilize a merger or risk arbitrage investment strategy by investing in securities of companies that are the subject of some form of extraordinary corporate transaction, including acquisition or merger proposals, exchange offers, cash tender offers and leveraged buy-outs.

HFRX Convertible Arbitrage Index is designed to represent managers who utilize convertible arbitrage strategies where, in an effort to capitalize on relative pricing inefficiencies, managers will purchase long positions in convertible securities, generally convertible bonds, convertible preferred stock or warrants, and hedge a portion of the equity risk by selling short the underlying common stock.

Index Descriptions

HFRX Distressed Securities Index is designed to represent the overall composition of the distressed strategy hedge fund universe. The Index is asset weighted based on the distribution of assets in the hedge fund industry.

HFRX Equity Hedge Index is designed to represent managers who utilize a long/short equity approach to investing with portfolio exposures anywhere from net long to net short depending on market conditions. Equity hedge managers' source of return is similar to that of traditional stock pickers on the upside, but they use short selling and hedging to attempt to outperform the market on the downside. Stock index put options are also often used as a hedge against market risk.

HFRX Equity Market Neutral Index is designed to reflect the performance of Equity Market Neutral strategies which employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities and select securities for purchase and sale. These can include both Factor-based and Statistical Arbitrage/Trading strategies. Equity Market Neutral Strategies typically maintain net equity market exposure no greater than 10% long or short.

HFRX Event Driven Index is designed to represent hedge fun managers who seek investment opportunities created by significant transactional events, such as spin-offs, mergers and acquisitions, industry consolidations, liquidations, reorganizations, bankruptcies, recapitalizations and share buybacks and other extraordinary corporate transactions.

HFRX Global Hedge Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of eight strategies: convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The Index is asset weighted based on the distribution of assets in the hedge fund industry.

HFRX Macro Index is designed to represent hedge investment strategies that generally employ a top-down global approach that concentrates on forecasting how global macroeconomic and political events affect the valuations of financial instruments. Macro strategies attempt to identify extreme price valuations in stock markets, interest rates, foreign exchange rates and physical commodities, and make leveraged bets on the anticipated price movements in these markets.

HFRX Merger Arbitrage Index is designed to reflect the performance of Merger Arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

HFRX Relative Value Arbitrage Index is designed to represent investment managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types.

JPMorgan EMBI+ Index is a market capitalization-weighted index that tracks returns for actively traded external debt instruments in emerging markets.

JPMorgan Global Government Bond Index is a total return, market capitalization-weighted index that is rebalanced monthly. The Index currently comprises the local currency, fixed rate coupon issues of 13 markets greater than 1-year in maturity.

Merrill Lynch 1-3 Year Treasury Index is an unmanaged index consisting of all public U.S. Treasury obligations having maturities from 1 to 2.99 years and reflects total return.

Merrill Lynch High-Yield Bond Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

MSCI ACWI (All Country World Index) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The Index consists of 48 country indices comprising 23 developed and 25 emerging market country indices.

MSCI ACWI ex-U.S. Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the U.S.

MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.

MSCI EAFE Small Cap Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of small companies within developed markets, excluding the U.S. & Canada, and includes companies that are in the Investable Market Index with a market capitalization below that of the companies in the Standard Index in a particular market.

MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

Index Descriptions

MSCI U.S. Investable Market Energy Index represents the investable universe of energy companies in the U.S. equity market.

MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The Index consists of 23 developed market country indices.

NAREIT Equity Index is an unmanaged index of all tax-qualified REITs listed on the NYSE, AMEX, and NASDAQ which have 75% or more of their gross invested book assets invested directly or indirectly in the equity ownership of real estate. Total return calculation for the NAREIT Equity Index include reinvestment of distributions.

NCREIF Property Index provides returns for institutional grade real estate held in a fiduciary environment in the United States.

NCREIF Timberland Index is a property-based index reporting returns for three regions of the U.S.: the South, Northeast and Pacific Northwest. In addition to total returns, the Index reports income and appreciation returns.

Russell 1000 Growth Index measures the performance of the large cap growth segment of the U.S. equity universe. The Index includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

Russell 1000 Value Index measures the performance of the large cap value segment of the U.S. equity universe. The Index includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index measures the performance of the small cap growth segment of the U.S. equity universe. The Index includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.

Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index, representing approximately 10% of the total market capitalization of that Index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

Russell 2000 Value Index measures the performance of small cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership.

Russell 2500 Value Index measures the performance of the small to mid cap value segment of the U.S. equity universe. It includes those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 3000 Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

Russell 3000 Value Index measures the performance of the broad value segment of U.S. equity value universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell Microcap® Index measures the performance of the micro cap segment of the U.S. equity market. It includes 1,000 of the smallest securities in the small cap Russell 2000® Index based on a combination of their market cap and current index membership, and includes the next 1,000 smallest stocks.

Russell Midcap® Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 31% of the total market capitalization of the Russell 1000 companies.

Index Descriptions

Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. The Index includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.

S&P 500 Index is a gauge of the U.S. equities market and includes 500 leading companies in leading industries of the U.S. economy.

S&P GSCI is a world-production weighted index composed of 24 commodity futures contracts. It is a composite index of commodity sector returns and represents an unleveraged investment through broadly diversified long positions in commodity futures.

S&P Midcap 400 Index tracks a diverse basket of medium-sized U.S. firms whose market capitalization usually range from approximately $2 billion to $10 billion.

TUCS® – Wilshire's Trust Universe Comparison Services® benchmark is a cooperative effort between Wilshire Associates and custodial organizations. Custodians submit asset positions and performance data to be pooled into universes of managed tax-exempt portfolios. TUCS is the most widely accepted benchmark for the performance of institutional assets.

ThomsonOne Analytics Cumulative Vintage Year Performance is an index comprised of pooled cash flows of private capital partnerships (Buyout, Venture and Mezzanine).

Wilshire 5000 Index represents the broadest index for the U.S. equity market, measuring the performance of all U.S. equity securities with readily available price data.

Policy Index – A custom benchmark consisting of a number of indices which are weighted based on the asset allocation targets within a client investment policy. The index measures the return of the asset allocation strategy if it were implemented using passive (index) portfolios.

Actual Index – A custom benchmark consisting of a number of indices which are weighted based on the allocation of each asset class within a client's overall structure at the beginning of each quarter. The index measures the return of the current asset allocation if it were implemented using passive (index) portfolios.

The difference between the Actual Index and the Policy Index measures the impact of the decision to allocate assets differently than the client's policy mandates (allocation effect). The difference between the Total Fund Return and the Actual Index measures how the management team performed versus a passive strategy (manager selection effect). The difference between Total Fund Return and the Policy Index measures both the allocation effect and the manager selection effect.

INDEX COMPOSITE COMPONENTS

Spliced Total Stock Mkt Composite Index: Wilshire 5000 Index from 6/82 through 4/05. MSCI US Broad Market Index thereafter. **Spliced Total International Stock Mkt Composite Index:** Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; and the MSCI ACWI ex USA IMI Index thereafter. **Spliced Energy Index:** S&P 500 Index through November 30, 2000; S&P Energy Sector Index through May 31, 2010; MSCI All Country World Energy Index thereafter. **BC Aggregate Flt Adjusted Composite Index:** BC Aggregate Index through 12/31/2009; BC Aggregate Flt Adjusted Index thereafter. **BC Govt 1-3 Year Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Govt 1-3 Year Index. **BC 1-5 Year G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC 1-5 Year G/C Index. **BC LT G/C Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC LT G/C Index. **BC LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Long term Government Index. **BC LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Long term Government Index. **BC LT Govt Flt Adjusted Composite Index:** Prior to 1/1/2010, this index is BC Long term Government Index. **Global Sustainability Spliced Index:** FTSE KLD Global Sustainability Index prior to 9/1/2010; MSCI World ESG Index thereafter. **SSgA Real Asset Composite Index:** 30% Dow Jones US Select REIT Index, 25% Goldman Sachs Commodities Index, 25% MSCI World Natural Resources Index, and 20% Barclays Capital US TIPS Index. **Wellington DIH Composite:** 25% MSCI World Energy >$3 Bil/ 10% MSCI World Metals & Mining >$3 Bil/ 10% Agriculture, Forest Products & Livestock/3% HSBC Global Climate Change/ 3.5% MSCI IMI Gold & Precious Metal/ 1.5% S&P GSCI Precious Metals Total Return / 25% equal sector-weighted S&P Goldman Sachs Commodity/ 20% Barclays Capital US TIPS 1-10 Year / 2% Barclays Emerging Markets Tradable Government Inflation-Linked Bond. **Wellington SRA Composite:** 40% MSCI Energy $3 B and above/15% MSCI Metals and Mining $3 B and above/25% Equal Sector Weighted S&P GSCI Commodities Index/ and 20% Barclays Capital TIPS. **S&P Completion Index:** Prior to 6/30/2005 this index is DJ Wilshire 4500 Index. **MSCI U.S. Mid Cap 450 Index:** History prior to May 16, 2003, reflects the S&P Midcap 400 Index.

Disclosures

Periods greater than one year are annualized.

Peer groups, performance, risk and equity analytics are provided by InvestmentMetrics, 2011. All rights reserved. Calculations are based on quarterly periods unless noted otherwise.

MPT (Modern Portfolio Theory) statistics are based on monthly data. Quarterly observations are utilized only when monthly data points are not available. Examples include: beta/correlation/standard deviation calculations.

Indices referenced in this report are unmanaged and cannot be invested in directly. Index returns do not reflect any investment management fees or transaction expenses. Index descriptions listed are representative and not all inclusive.

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Returns are provided by third-party sources and are net of investment management fees unless otherwise stated. Performance may or may not reflect reinvestment of dividends and other earnings. Past performance is not an indication of future results.

Tab V

Pease International Tradeport • 273 Corporate Drive • Portsmouth, NH 03801 • www.primebuchholz.com • 603.433.1143

Strategy:	Harris International
Firm:	Harris Associates L.P. ("Harris" or the "Firm")
Strategy AUM:	$15.4 billion
Firm AUM:	$69.8 billion

Notes from August 2, 2011 call with Harris Portfolio Manager/International - CIO David Herro and Marketing Representative Jack Wildermuth.

FIRM UPDATE

There were no changes to the investment team during the second quarter, following two new hires in the first quarter. Jason Long, a former Harris analyst who returned after several years at a hedge fund, has hit the ground running and already assumed significant responsibility. The other hire, David Meehan, has generalist responsibilities and is working with a number of analysts on the team. Meehan will receive country responsibilities once he gets acclimated. Herro stated he believes the team is at full strength; however, he would consider an opportunistic addition if the person was the right fit. Mike Minelli became co-portfolio manager on the International Small Cap strategy earlier this year and was made a partner at the end of 2010. His responsibility with client interfacing has increased and the Firm believes he has been a good back-up to Herro when traveling. Also during the quarter, Harris added a fourth international trader, who will provide additional support/bench strength to the team (the international trading desk has 24-hour coverage).

Total Firm international assets (includes directly managed international and the international portion of the Global strategy) was approximately $24 billion at quarter-end.

PERFORMANCE UPDATE AS OF JUNE 30, 2011

For the second quarter, the International strategy (LP net of fees) gained 1.8% vs. the MSCI EAFE Index's 1.6%. Year to date through June, the strategy has gained 3.8% vs. the Index's 5.0%

STRATEGY UPDATE

Equities continue to look attractive (especially following July sell off), according to Herro, with the team finding significant valuation discrepancies in the market. Currently, the International equity portfolio is trading at approximately 50 cents on the dollar, while the International Small Cap portfolio is below 50 cents on the dollar. During the last few months, macro headwinds such as developments in the European sovereign debt crisis, slowing global growth, and global currency dislocations have provided some strong buying opportunities.

Herro believes that select global currencies are trading at extremes relative to the long-term valuations and are reacting to pure momentum rather than fundamentals. Herro believes this is unsustainable and the Firm has hedged a significant portion of its exposure to these currencies as a result. For example, the relative valuation of the Swiss franc is beginning to have an impact on the stocks, with the stock market down considerably in local terms. Harris added to its Swiss stock exposure on this weakness (i.e., Adecco, Credit Suisse), although the Firm has hedged out the resulting currency exposure. At quarter-end, Harris hedged 72.4% of its Swiss franc exposure (17.9% of the portfolio). Other hedges in the portfolio as of June 30th were 73.2% of the Aussie dollar exposure (3.8% of the portfolio), 52.2% of the yen exposure (13.4% of the portfolio), 21.2% of the euro exposure (6.0% of the portfolio) and 31.5% of the Swedish krona exposure (1.0% of the portfolio). Harris' policy is to hedge currencies that they believe are greater than 20% overvalued relative to the U.S. dollar. At a 20% overvaluation level, the Firm will introduce a 10% hedge and will incrementally increase it based on relative overvaluation. The maximum hedge will be 85% of exposure.

The Firm continues to look positive toward Japan, with corporate performance coming back faster than expected following the March natural disasters and its aftermath. Herro highlighted Toyota and Honda; both companies previously stating they would not be back to full production until the fall. Harris added to many of its holdings immediately after the earthquake to take advantage of price weakness. Japan represented in excess of 25% of the portfolio as of quarter-end.

With regard to European banks, the focus has been on companies with better balance sheets and more favorable capital positions, while direct exposure to Greece and Portugal has been limited. Holdings includes wealth management (Credit Suisse, Julius Baer), insurance (Allianz), and select retail banks (BNP Paribas). The case for the BNP Paribas investment includes the integration of the Fortis transaction, which BNP acquired cheaply, the company's retail focus, and its relatively favorable capital position. There are risks, as BNP holds approximately $4 billion of Greek debt, which is less than 20% of annual earnings before interest and taxes and was already written down by 25–30%. However, Harris views these risks as manageable. At the time of the call, Herro did not believe Italy and Spain are at risk for default, given their deficit level relative to GDP.

There were several final sales during the second quarter and in the month of July, all of which approached fair value and/or had lower upside levels relative to the new opportunities considered, according to Harris. Sales included Aperam in the second quarter, while Vallourec was reduced in the second quarter then sold completely in July due to increasing Chinese competition and better opportunities. The final sale of Sodexo also occurred in July. Given the market volatility, Harris has traded around several positions in the quarter. Annualized turnover as of June 30th was 48.5%.

The International Small Cap portfolio is positioned similarly to the International strategy, although there is slightly better portfolio upside. Portfolio positioning has slightly more exposure to Japan, more industrials, and less financials (typically lower quality characteristics down the market cap spectrum) with a focus on investment management and investment distribution in areas with high savings rates.

***MSCI EAFE Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada.*

Indices referenced are unmanaged and cannot be invested in directly. Index returns do not reflect any investment management fees or transaction expenses.

Tab VI

Vanguard Total Bond Index — September 30, 2011

Firm Details: *The Vanguard Group*

Total Assets ($ mil.):	$1,610,567
Style:	Index
Assets in Style ($mil.):	$95,776
Year Founded:	1975
Product Inception:	1986
Location:	Valley Forge, PA
Ownership:	-The firm is owned by fund shareholders.

Key Investment Professionals:
- Robert Auwaerter - Auwaerter is Head of Fixed Income Portfolio Management and has been with Vanguard since 1981. He earned a B.S. from the University of Pennsylvania and an M.B.A. from Northwestern University.
- Kenneth Volpert - Volpert is the Head of Vanguard's Taxable Bond Group. He began his career in 1981 and joined Vanguard in 1992. He earned a B.S. from University of Illinois and an M.B.A. from University of Chicago.
- Gregory Davis, CFA - Davis is the Head of Vanguard's Bond Index Group and joined the firm in 1999. He earned a B.S. from Pennsylvania State University and an M.B.A. from University of Pennsylvania.

Investment Objective and Philosophy/Process

Investment Objective: To replicate the returns of the Barclays Capital Aggregate Bond Index.

Philosophy/Process: The Bond Indexing Group primarily uses sampling methods to build its index products given the large size of the benchmarks. Securities are selected that will keep the fund's characteristics in line with those of the index. The key index characteristics that the fund strives to match are sector weightings, coupon, maturity, effective duration, convexity, and quality. To ensure good tracking with the index, the fund attempts to remain fully invested, while maintaining characteristics consistent with those of the index. Risk control is a priority of Vanguard. The group created a desktop dashboard report to monitor various risks across the products such as yield curve mismatches, broad sector allocation differences, quality exposure, and issuer-level violations. In addition, the risk management team produces on a monthly basis tracking error reports that shows total tracking error and the various contributions to tracking error. The dashboard is used on a daily basis to manage tracking error that results from the various risk factors whereas the risk management report quantifies sources of tracking error each month. At least 80% of the Fund's assets must be invested in bonds contained in the Index. The remaining 20% of assets may be invested in non-public, investment-grade securities or other securities outside the Index including CMOs, mortgage dollar rolls, derivatives, and ETFs.

Assessment

Vanguard is one of the largest asset managers in the world, focusing mainly on low cost, passively managed funds. Similar to many Vanguard index options, the Fund carries a low management fee. While this strategy does involve some active management decisions, it historically has had tight tracking error to the Index. One main risk includes the possibility that Vanguard's sampling technique may lead to performance dispersion. Other considerations include Vanguard's preference for longer-term commitments and securities lending. While the Fund offers daily liquidity, Vanguard prefers longer-term commitments and requests advance notice for redemptions of a large dollar amount. Vanguard does engages in securities lending in this Fund. While Vanguard may lend securities, the firm implements a conservative policy as it pertains to the practice. Essentially, Vanguard only lends special securities with a high scarcity premium rather than a liquid security with a low scarcity premium because they can earn a larger spread from the reinvestment for securities with high scarcity premiums. Furthermore, 100% of the net lending proceeds are credited to the Fund. We remain comfortable with Vanguard's practices and are confident that the firm does not want to break the implicit trust of shareholders by taking on more risk to pursue these additional revenue sources.

(Please see Portfolio Characteristics page for additional detail)

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee
Vanguard Total Bond Market ETF	$0	$12,065.2	0.11%
Vanguard Total Bd Idx Inv	$3,000	$12,828.6	0.22%
Vanguard Total Bd Idx Inst	$5,000,000	$22,126.7	0.07%
Vanguard Total Bond Idx Signal	$1,000,000	$10,096.2	0.11%

Sample Operational Detail	
Vanguard Total Bd Idx Inst	
Last Audited Financial	12/31/2010
Accountant/Auditor	PricewaterhouseCoopers
Custodian	JPMorgan Chase Bank
Administrator	Vanguard
Securities Lending	Yes

Quality/Avg. Quality:	AAA-BBB/AA
Duration:	Index-like
% Non-Investment Grade:	0%
% Foreign:	Index-like
Security Constraints:	Index-like
Sector Constraints:	Index-like
Avg # of Securities:	~14,000
Turnover:	75%
Assets in Composite:	100%
GIPS Compliant:	No

Vanguard U.S. Treasury - Intermediate Term — September 30, 2011

Firm Details: *The Vanguard Group*

Total Assets ($ mil.):	$1,610,567
Style:	Treasury
Assets in Style ($mil.):	$6,068
Year Founded:	1975
Product Inception:	1991
Location:	Valley Forge, PA
Ownership:	-The firm is owned by fund shareholders.

Key Investment Professionals:
- George Sauter. Sauter serves as CIO and managing director, overseeing Vanguard's Quantitative Equity and Fixed Income Groups. He began his career in 1985 and joined Vanguard in 1987. He earned an A.B. from Dartmouth College and an M.B.A. from University of Chicago.
- Robert Auwaerter. Auwaerter serves as head of Vanguard's Fixed Income Group, overseeing all bond and money market portfolios. He began his career in 1978 and joined the firm in 1981. Auwaerter earned a B.S. from University of Pennsylvania and an M.B.A. from Northwestern University.
- David Glocke. Glocke is a principal and has served as Lead PM for the strategy since 2001. He began his career in 1991 and joined Vanguard in 1997.

Investment Objective and Philosophy/Process

Investment Objective: To provide a moderate and sustainable level of current income while preserving principal and maintaining liquidity.

Philosophy/Process: The Vanguard Intermediate Term U.S. Treasury Fund is actively managed relative to the Barclays Capital U.S. 5-10 Year Treasury Index. The Fund must invest at least 80% of its assets in U.S. Treasury securities. However, the remaining 20% of assets may be invested in U.S. Agency, MBS, mortgage dollar rolls, CMOs, cash (including repurchase agreements collateralized by U.S. Treasury or U.S. government agency securities), futures, options, and other derivatives. Additionally, the Fund may invest up to 15% of its net assets in privately placed securities, which are generally less liquid. Cash is managed via an investment in Vanguard's money market funds. The Fixed Income Group uses a hub and satellite decision-making framework. The hub consists of senior investment professionals and are tasked with developing a macroeconomic outlook, making strategic duration and yield curve positioning decisions, and making broad sector and quality allocation decisions. The satellites implement the macro decisions from the hub level. Specifically, they are responsible for issuer selection, subsector allocations, tactical duration/yield curve positioning, etc. Research responsibilities are assigned by sector and industries. The analyst performs deep fundamental research on his/her respective sector and, after forming an independent opinion, outlines the investment rationale and assigns the issue a rating (outperform, market-perform, or underperform.) The satellite teams meet regularly and discuss new ideas. Traders participate in these meetings in order to offer a view on liquidity. If an idea is accepted, the PM directs the trading desk to implement the idea. The Fund is designed to capture the performance of the intermediate-term segment (5-15 year maturities) of the U.S. Treasury market. The Fund's weighted-average maturity will range from 5-10 years and the duration will range from 4-7 years although the duration will be adjusted to reflect the portfolio manager's near-term interest rate outlook, the shape of the yield curve, and other factors.

Assessment

A key element of Vanguard's Fixed Income Group is the depth of experienced, talented investment professionals and the hub and satellite framework which leverages key abilities across all strategies and results in more consistent positioning and views across strategies. Furthermore, it allows for multiple sources of alpha in a risk-controlled environment. The Fund does manage duration against the benchmark by either investing in shorter-dated maturities and/or using U.S. Treasury futures. Some considerations include Vanguard's preference for longer-term commitments, securities lending, and guidelines that allow the Fund to move away from its Index. Vanguard requests a minimum one year investment in the Fund. In addition, the Fund is permitted to engage in securities lending but we note that Vanguard has not historically lent Treasuries due to the low scarcity premium/higher reinvestment risk they command. Lastly, while the Fund can move away from its benchmark, Vanguard has historically managed the Fund in a constrained manner and has reirerated their intention of tracking closely to the Index however, clients must understand that the Fund is actively managed and in particular duration can vary from the benchmark. In addition, while not used extensively, Vanguard has made allocations to U.S. TIPS when valuations were attractive. Although the use of TIPS has been minimal, these instruments do not provide deflation protection as does nominal Treasuries. Overall, we remain comfortable with the strategy and feel it is a solid, low-cost solution for investors looking for a U.S. Treasury portfolio.

(Please see Portfolio Characteristics for additional detail)

Vehicle Information:

Vehicle Name	Minimum	Assets ($ mil.)	Fee
Vanguard Int Term US Treas Inv	$3,000	$2,339.8	0.22%
Vanguard Inter-term Treasury Fnd Adm	$50,000	$4,046.1	0.10%

Sample Operational Detail

Vanguard Inter-term Treasury Fnd Adm

Last Audited Financial	1/31/2011
Accountant/Auditor	PricewaterhouseCoopers
Custodian	BNY Mellon
Administrator	Vanguard
Securities Lending	Yes

Quality/Avg. Quality:	AAA
Duration:	Avg Maturity 5-10 Years
% Non-Investment Grade:	0%
% Foreign:	0%
Security Constraints:	No formal constraints
Sector Constraints:	At least 80% U.S. Treasuries
Avg # of Securities:	~50
Turnover:	80%
Assets in Composite:	N/A
GIPS Compliant:	No