WILSHIRE
CONSULTING

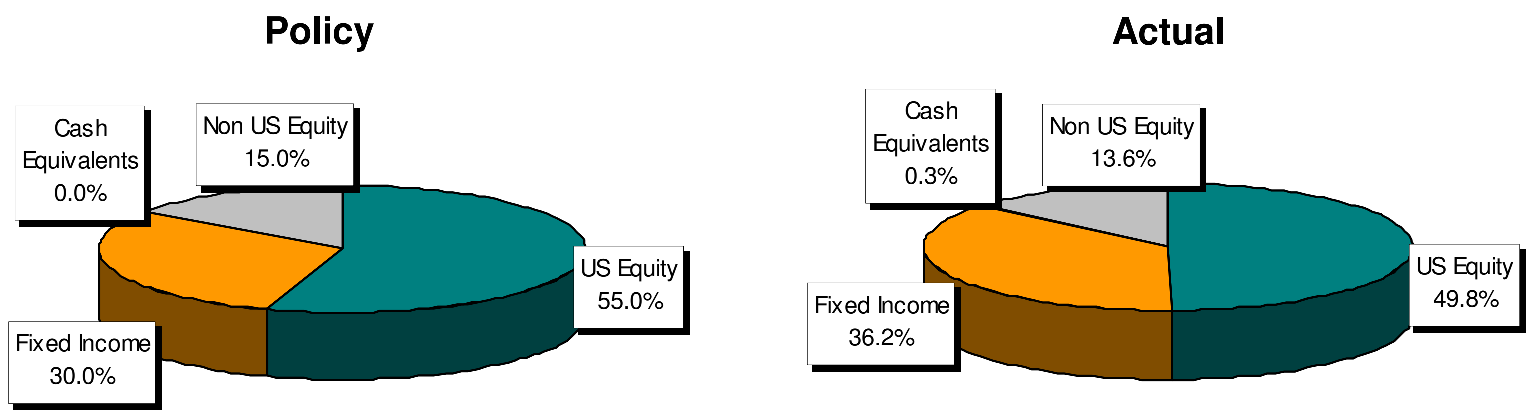
The City of Grand Rapids – General Retirement System

Executive Summary of Investment Performance
Quarter Ending December 31, 2008

Asset Allocation

Total Fund Policy vs Total Fund Actual *

As of December 31, 2008



Total Assets

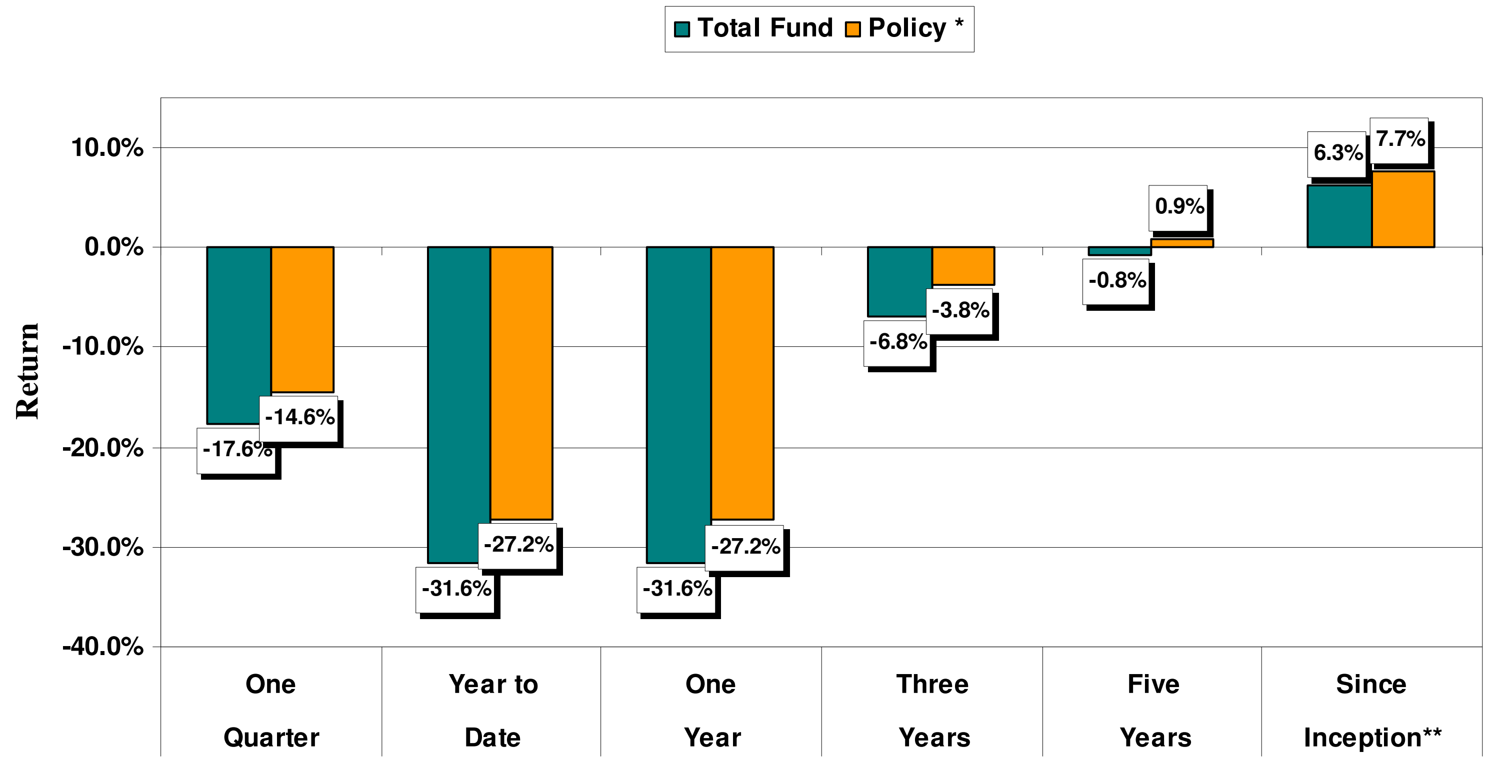
$254,889,000

* As Allocated to Managers

Composite Investment Performance

Total Fund vs Policy

For Periods Ending December 31, 2008

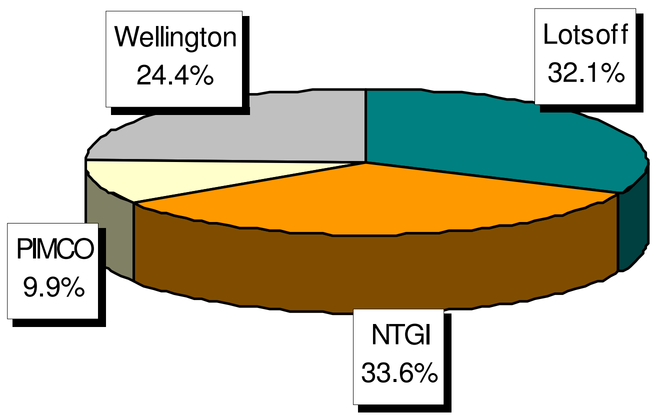


* 55.0% DJ Wilshire 5000, 30.0% Barclays Aggregate, 15.0% MSCI ACWI ex US as of July 1, 2006
** March 31, 1987

Investment Manager Allocation

US Equity

As of December 31, 2008



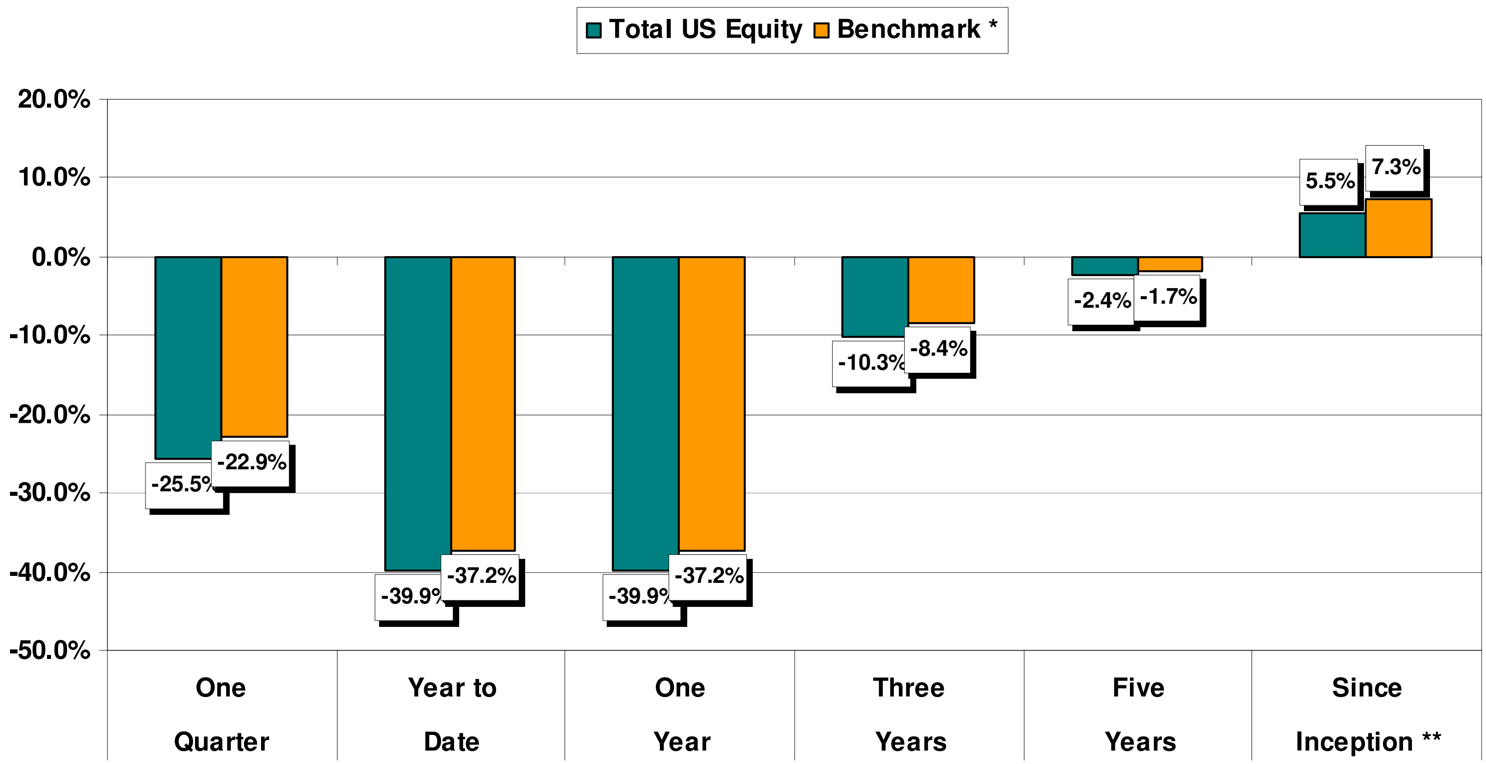
Total US Equity Assets

$127,053,000

Composite Investment Performance

US Equity vs Benchmark

For Periods Ending December 31, 2008



* DJ Wilshire 5000 Index
** December 31, 1987

Investment Manager Performance

US Equity *

For Periods Ending December 31, 2008

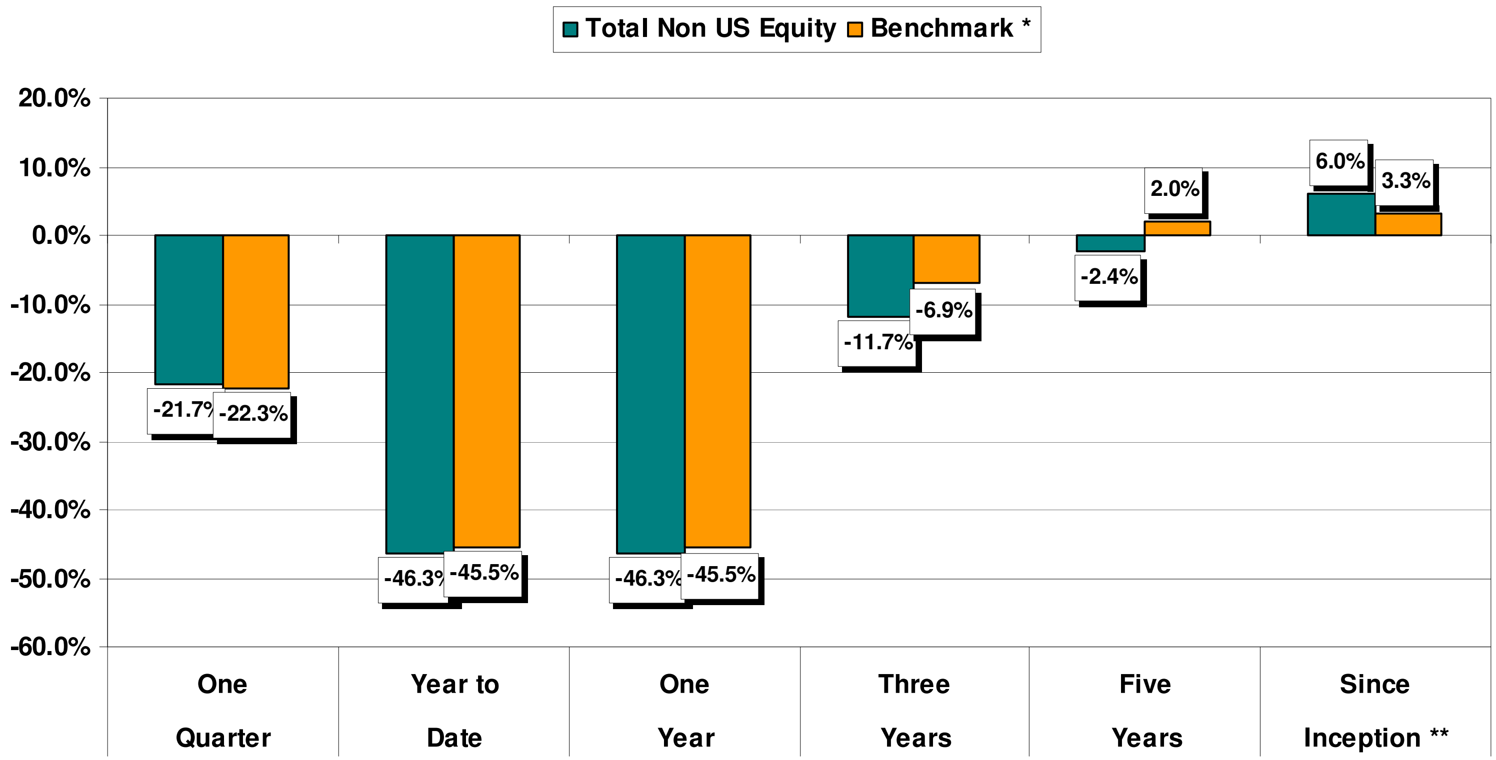
	Quarter		Year-to-date		One Year		Three Years		Five Years		Since Inception	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Date
Lotsoff	-24.5%	4	-41.7%	4	-41.7%	4	-11.2%	4	NA	--	-4.4%	Sep-04
S&P 500 Index	-21.9%	3	-37.0%	3	-37.0%	3	-8.3%	3	NA	--	-2.9%	
NTGI	-22.2%	3	-37.7%	3	-37.7%	3	-8.6%	3	-2.0%	4	0.9%	Sep-98
Policy Index	-21.9%	3	-37.0%	3	-37.0%	3	-8.4%	3	-1.9%	4	1.0%	
PIMCO	-25.3%	4	-42.8%	4	-42.8%	4	-11.2%	4	-4.2%	4	-4.7%	Sep-00
S&P 500 Index	-21.9%	3	-37.0%	3	-37.0%	3	-8.3%	3	-2.2%	4	-3.8%	
Wellington	-30.9%	4	-39.3%	4	-39.3%	4	-10.8%	3	-1.2%	3	4.9%	Sep-99
R2000 Index	-26.1%	3	-33.8%	2	-33.8%	2	-8.3%	2	-0.9%	3	3.0%	

* Rank Represents Quartile Rank Within Appropriate Wilshire Compass Manager Style Universe

Composite Investment Performance

Non-US Equity vs Benchmark

For Periods Ending December 31, 2008



* MSCI ACWI ex US Index as of October 1, 2006. Long-term return history is not reflective of current manager performance.
** June 30, 1995

Investment Manager Performance

Non-US Equity *

For Periods Ending December 31, 2008

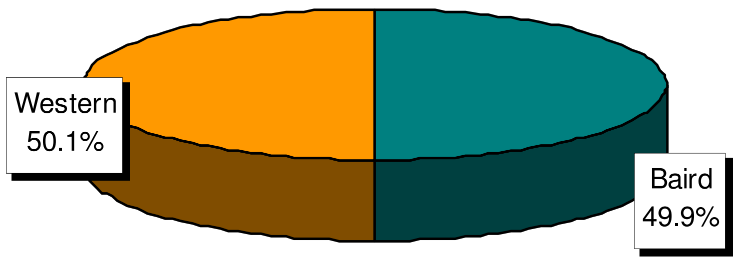
	Quarter		Year-to-date		One Year		Three Years		Five Years		Since Inception	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Date
Neuberger Berman	-21.7%	3	-46.3%	3	-46.3%	3	NA	--	NA	--	-16.5%	Jun-06
MSCI ACWI ex US	-22.3%	3	-45.5%	3	-45.5%	3	NA	--	NA	--	-11.7%	

* Rank Represents Quartile Rank Within Appropriate Wilshire Compass Manager Style Universe

Investment Manager Allocation

Fixed Income

As of December 31, 2008



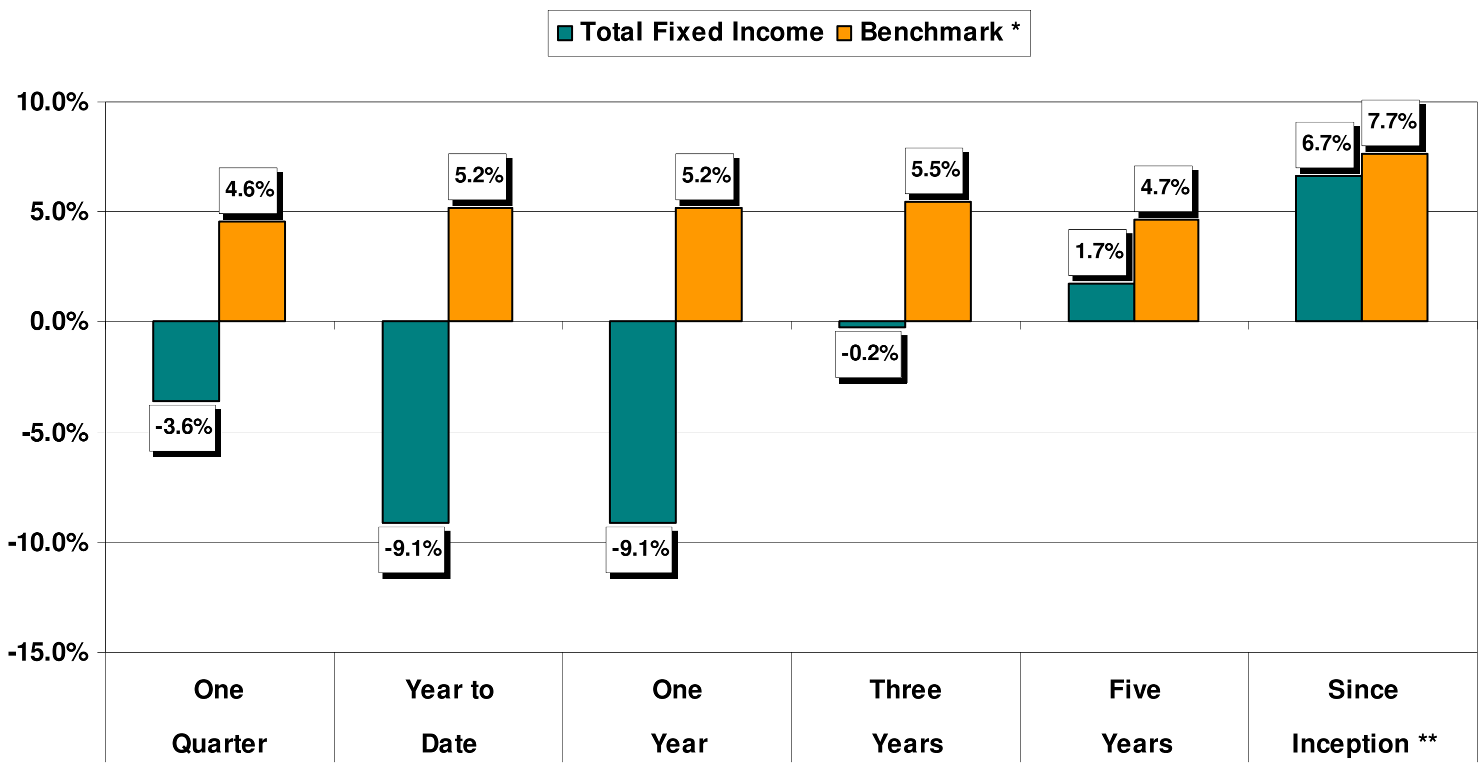
Total Fixed Income Assets

$92,263,000

Composite Investment Performance

Fixed Income vs Benchmark

For Periods Ending December 31, 2008



* Barclays Aggregate Index
** December 31, 1987

Investment Manager Performance

Fixed Income *

For Periods Ending December 31, 2008

	Quarter		Year-to-date		One Year		Three Years		Five Years		Since Inception	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Date
Baird	0.5%	4	-1.3%	4	-1.3%	4	3.0%	4	3.4%	3	3.4%	Mar-03
Lehman Agg Index	4.6%	2	5.2%	2	5.2%	2	5.5%	2	4.7%	2	4.5%	
Western	-8.0%	4	-16.7%	4	-16.7%	4	-3.5%	4	NA	--	-1.0%	Mar-04
Lehman Agg Index	4.6%	2	5.2%	2	5.2%	2	5.5%	2	NA	--	4.3%	

* Rank Represents Quartile Rank Within Appropriate Wilshire Compass Manager Style Universe

Capital Market Review

Fourth Quarter 2008

Market Observations

Real GDP contracted at an annual rate of -0.5% in the third quarter and -3.8% in the fourth, marking the second and third quarter of negative growth in the past year. In late November, the NBER formally declared that the U.S. economy had entered into a recession in Dec 2007.

The U.S. Federal Reserve essentially concluded its rate reduction cycle by cutting the target Fed Funds rate to a 0.00%-0.25% floor range. In all, the Fed Funds rate has been slashed by more than 5% since the summer of 2007 when the Fed's battle against the credit crisis began in earnest.

Consumer prices fell rapidly during the quarter with record level declines in each month of -1.0%, -1.7% and -0.7%, respectively. Oil prices continued their collapse, falling from summer highs near $150 to below $40 before closing the year at $43.70.

The employment picture worsened dramatically in Q4. November saw a loss of 533,000 jobs, the worst such decline since December 1974. This was followed by a loss of 524,000 jobs in December, bringing the unemployment rate to 7.2%, its highest level in 16 years.

The S&P Case-Shiller index reported accelerating declines in an already battered housing market. Through November, the 20-city index was off -18.2% from a year earlier and -25.1% since its peak in May 2006. The decline has brought national home prices back to their March 2004 levels.

U.S. Equity Market

The U.S. stock market suffered its worst quarterly loss since Q4 1987 and its worst calendar-year loss since 1931 as the Dow Jones Wilshire 5000 posted total returns of -22.85% and -37.23% for the quarter and year, respectively. The steepest losses were sustained early in the quarter with a –17.57% sell-off in October, the largest monthly decline since the crash of October 1987. Stocks ended the year on an up note, rallying 21.97% from their November 20th low to close the year -40.93% below the market high on October 9, 2007 (the market was down –51.57% from the 10/9/07 peak to the 11/20/08 trough).

All size and style segments were battered in Q4, each suffering total return declines in excess of -20%. While the small and micro cap segments experienced the largest quarterly retreats, with pullbacks of -27.01 and -30.49%, respectively, smaller stocks led the late-year rally as the DJ Wilshire Small Cap index rose 5.29% in December versus 1.32% for the DJ Wilshire Large Cap index. For the year, large and small cap stocks had comparable losses of -37.06% and –37.76%, respectively.

The Basic Materials and Financials industries had the most disappointing performance in 2008, posting losses of -50.51% and -48.32%, respectively. Returns of Financials, in particular, reflected the housing and credit market turmoil that triggered the bear market of 2008. The Basic Materials group sold off as commodity prices collapsed in the second half of the year.

2008 was a tale of two distinct cycles for commodities in general and oil specifically. The steep decline in oil prices and their subsequent impact on prices at the pump may be just what the U.S. and world consumer needs to buoy some of the recessionary pressures stemming from the current economic slowdown. At a daily consumption rate of 20 million barrels per day, the $100 drop in oil prices represents an approximate savings to the U.S. economy of $2 billion per day; or a staggering $700+ billion annual savings (a substantial stimulus package in its own right).

Capital Market Review

Fourth Quarter 2008

Non-U.S. Equity Market

No region was spared in the global deleveraging process underway in the broad investment markets. Fourth quarter returns for all non-U.S. equity indices were negative in both local currency and USD-based terms, while monthly returns in December were positive in USD and selectively positive in local currency. This currency effect results from the USD's early rally against the Euro, its reversal towards quarter end and the Yen's consistent gains against the USD during the quarter. Overall, despite a positive bounce in December, 2008 was a dismal year for non-U.S. stocks as both the MSCI EAFE and Emerging Markets indices recorded their worst calendar losses in their histories of -43.38% and -53.33%, respectively.

Fixed Income Market

The U.S. Federal Reserve cut its key interest rate in mid-December to target a yield range between zero and 0.25%. Reflecting signs of deflation, U.S. CPI swaps currently trade at yields implying negative inflation for periods as far out as four years. December performance lifted all U.S. fixed income indices while quarterly returns displayed a preference for cash flow and higher credit quality. High Yield bond spreads broke through historic highs early in the quarter while default rates remained surprisingly low, suggesting a liquidity premium in current pricing.

Real Estate & Commodity Markets

Mortgage rates fell in tandem with the mid-December interest rate cuts and spurred a rise in re-financing. Real Estate markets across the globe showed positive gains in December; however, performance for the quarter continued to reflect the tough economic environment. Commodity indices also reflected the economic slowdown, particularly weakened through exposure to oil and refined oil products. This is evident in the 16.96% Q4 performance gap between the DJ AIG and S&P GSCI indices, where the latter maintains greater exposure to oil and related oil refined products.

Summary of Index Returns

For Periods Ending December 31, 2008

	Quarter	Year-to-Date	One Year	Three Years	Five Years	Ten Years
US Equity						
Nasdaq Composite	-24.19%	-39.72%	-39.72%	-9.66%	-3.84%	-2.51%
Russell 1000	-22.48%	-37.60%	-37.60%	-8.66%	-2.04%	-1.09%
Russell 2000	-26.12%	-33.80%	-33.80%	-8.29%	-0.93%	3.02%
S&P 500	-21.93%	-36.99%	-36.99%	-8.34%	-2.18%	-1.39%
DJ Wilshire 4500	-26.48%	-39.02%	-39.02%	-9.52%	-0.76%	1.65%
DJ Wilshire 5000	-22.85%	-37.23%	-37.23%	-8.44%	-1.69%	-0.64%
DJ Wilshire Large Growth	-23.18%	-37.49%	-37.49%	-8.85%	-2.33%	-3.67%
DJ Wilshire Large Value	-21.21%	-36.63%	-36.63%	-7.69%	-1.14%	1.08%
DJ Wilshire Micro Cap 2500	-30.49%	-44.99%	-44.99%	-16.68%	-7.26%	5.09%
DJ Wilshire Mid Growth	-27.08%	-41.65%	-41.65%	-10.19%	0.10%	0.53%
DJ Wilshire Mid Value	-24.54%	-34.79%	-34.79%	-9.36%	-1.53%	4.77%
DJ Wilshire REIT	-39.95%	-39.20%	-39.20%	-11.99%	0.65%	7.65%
DJ Wilshire Small Cap 1750	-27.01%	-37.76%	-37.76%	-9.47%	-0.99%	3.36%
DJ Wilshire Small Growth	-28.62%	-41.28%	-41.28%	-10.29%	-1.17%	0.16%
DJ Wilshire Small Value	-25.46%	-33.93%	-33.93%	-8.73%	-0.86%	5.79%
Non US Equity (In U.S. Dollars)						
MSCI ACWI x US	-22.34%	-45.52%	-45.52%	-6.98%	2.57%	0.00%
MSCI EAFE	-19.96%	-43.39%	-43.39%	-7.35%	1.66%	0.80%
MSCI Emerging Markets	-27.60%	-53.33%	-53.33%	-4.91%	7.66%	8.97%
MSCI Europe	-22.79%	-46.41%	-46.41%	-6.55%	1.54%	0.37%
MSCI Japan	-9.00%	-29.21%	-29.21%	-10.36%	0.93%	0.45%
MSCI Pacific	-13.86%	-36.40%	-36.40%	-9.08%	1.86%	1.86%

Summary of Index Returns

For Periods Ending December 31, 2008

	Quarter	Year-to-Date	One Year	Three Years	Five Years	Ten Years
US Fixed Income						
91-Day Treasury Bills	0.22%	2.07%	2.07%	3.96%	3.25%	3.46%
Citigroup High Yield Mkt Index	-17.21%	-25.92%	-25.92%	-5.51%	-0.93%	2.19%
Barclays Capital Aggregate	4.57%	5.24%	5.24%	5.51%	4.65%	5.63%
Barclays Capital Long Term Treasury	18.67%	24.04%	24.04%	11.53%	9.73%	8.10%
Barclays Capital Mortgage	4.33%	8.34%	8.34%	6.82%	5.54%	6.04%
Barclays Capital TIPS	-3.48%	-2.35%	-2.35%	3.06%	4.07%	--
Non US Fixed Income						
Citigroup Non US Govt	8.80%	10.10%	10.10%	9.50%	5.97%	5.59%
Citigroup Non US Govt Hedged	5.50%	8.01%	8.01%	5.31%	5.36%	5.38%
Citigroup World Govt	8.81%	10.87%	10.87%	9.28%	6.05%	5.90%
Currency*						
Euro vs $	-1.04%	-4.92%	-4.92%	5.63%	1.96%	1.70%
Pound vs $	-19.34%	-27.77%	-27.77%	-5.74%	-4.29%	-1.45%
Yen vs $	17.12%	23.24%	23.24%	9.20%	3.40%	2.21%
Real Estate						
DJ Wilshire Real Estate Securities	-40.39%	-39.83%	-39.83%	-12.41%	0.62%	7.33%

* Positive Values Indicate Dollar Depreciation

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