



*The City of Grand Rapids – Police & Fire Retirement System
Executive Summary of Investment Performance
March 31, 2012*

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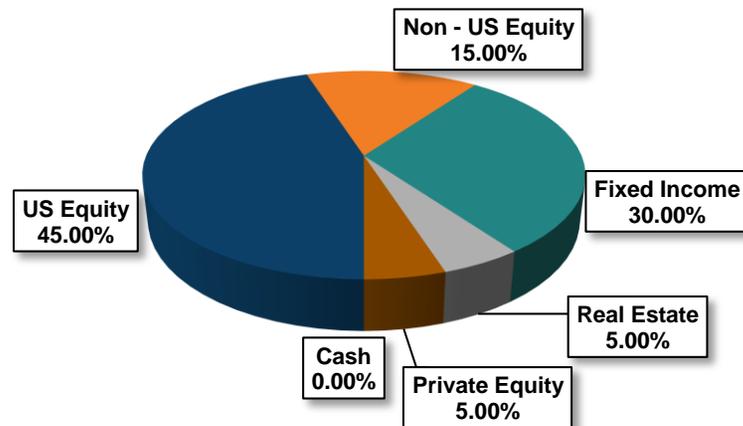
Tab 1
Total Fund

Policy Allocation vs Actual Allocation

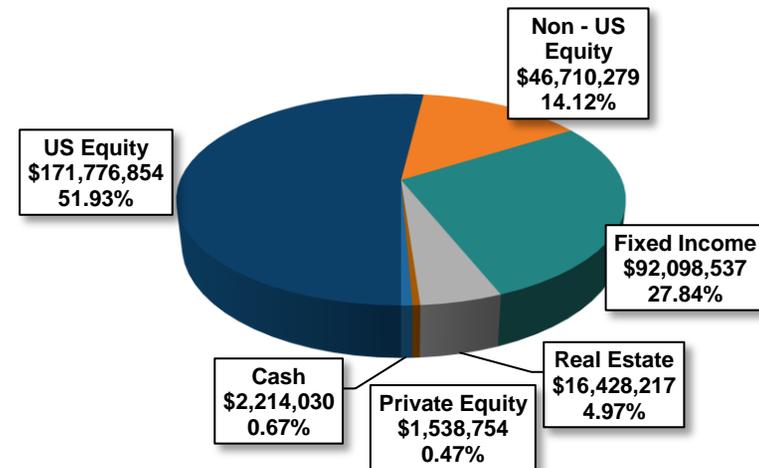
Total Fund Composite

As of March 31, 2012

Policy Allocation



Actual Allocation



Policy Allocation vs Actual Allocation



Total Fund Composite

As of March 31, 2012

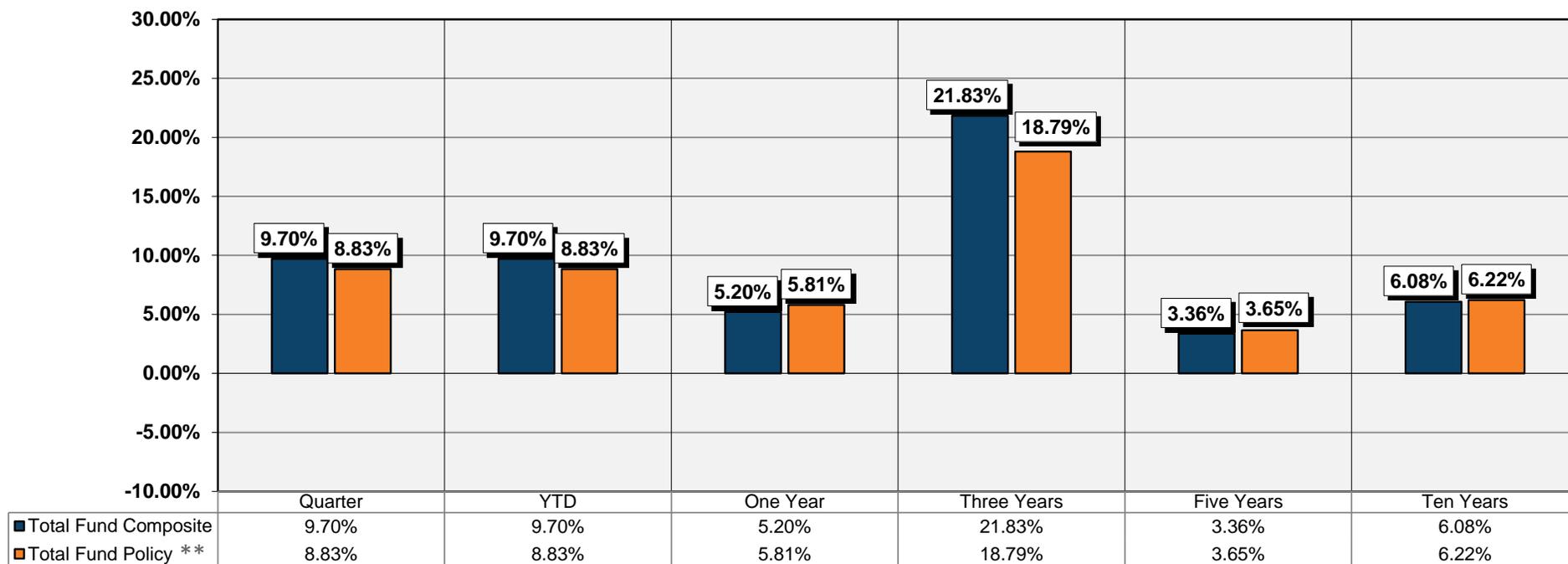
	Market Value	Asset Allocation	
		Actual	Policy
US Equity	\$171,776,854	51.93%	45.00%
Non - US Equity	\$46,710,279	14.12%	15.00%
Fixed Income	\$92,098,537	27.84%	30.00%
Real Estate	\$16,428,217	4.97%	5.00%
Private Equity	\$1,538,754	0.47%	5.00%
Cash	\$2,214,030	0.67%	0.00%
Total Fund Composite	\$330,766,671	100.00%	100.00%

Investment Performance



Total Fund Composite*

Periods Ended March 31, 2012



*Returns are net of fees

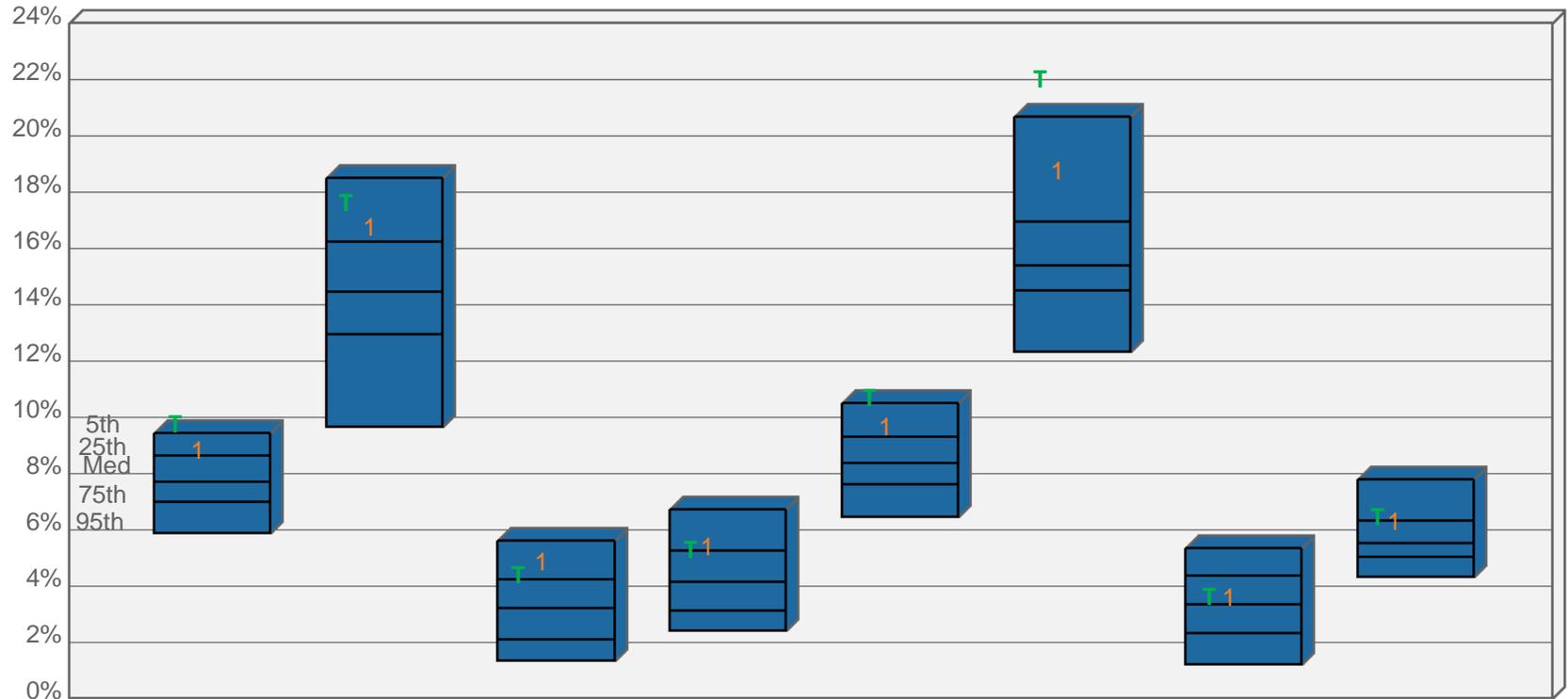
** Policy index = Wilshire 5000 (45%), MSCI ACWI ex U.S. (15%), Barclays Aggregate (30%), FTSE EPRA NAREIT Dev RE (5%), Wilshire 5000 +2.5% (5%)

Performance Comparison



Total Fund Composite

Periods Ended March 31, 2012



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
T Total Fund	9.78 (1)	17.92 (8)	4.30 (23)	5.48 (21)	10.93 (2)	22.21 (1)	3.69 (38)	6.37 (22)
1 Policy Index	8.83 (15)	16.78 (15)	4.88 (12)	5.81 (19)	9.69 (17)	18.79 (8)	3.65 (40)	6.22 (27)
5th	9.45	18.52	5.60	6.71	10.51	20.68	5.35	7.80
25th	8.66	16.26	4.25	5.25	9.30	16.96	4.38	6.33
Median	7.70	14.47	3.22	4.17	8.37	15.39	3.33	5.54
75th	6.98	12.96	2.10	3.15	7.64	14.52	2.32	5.04
95th	5.89	9.68	1.33	2.41	6.45	12.31	1.20	4.34
Number of Funds	55	55	55	55	53	53	52	39

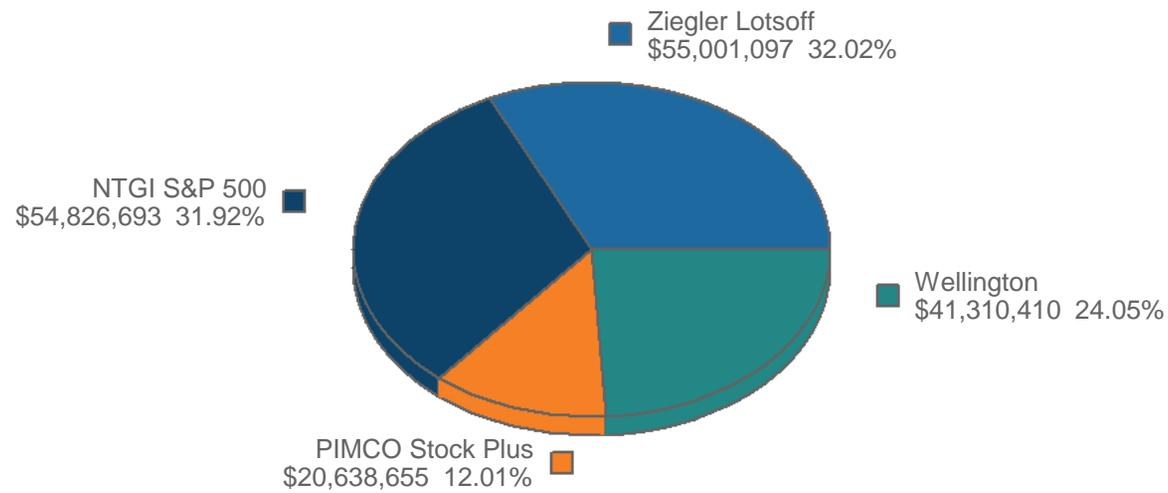
*Total Returns of Total Fund Public Sponsors Universe - Gross of Fees

Tab 2
U.S. Equity

Manager Allocation

Equity Composite

As of March 31, 2012



Performance Comparison



Trailing Returns vs Benchmarks

Periods Ended March 31, 2012

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
NTGI S&P 500									
Net of Fee Return	12.58	25.89	8.42	8.55	23.56	1.82	4.38	9/30/98	4.63
Policy Benchmark	12.58	25.88	8.43	8.53	23.41	1.94	4.40	9/30/98	4.63
Value Added	-0.00	0.01	-0.01	0.02	0.15	-0.11	-0.02	9/30/98	-0.00
PIMCO Stock Plus									
Net of Fee Return	14.71	29.40	9.24	9.49	28.81	2.82	4.55	9/30/00	2.21
Standard & Poor's 500	12.58	25.88	8.43	8.53	23.41	2.01	4.11	9/30/00	1.73
Value Added	2.13	3.52	0.81	0.96	5.41	0.81	0.44	9/30/00	0.47
Wellington									
Net of Fee Return	14.58	32.48	3.39	3.12	37.16	5.57	8.41	9/30/99	10.22
Russell 2000	12.44	29.84	1.46	-0.17	26.90	2.13	6.45	9/30/99	6.84
Value Added	2.15	2.64	1.93	3.29	10.26	3.44	1.96	9/30/99	3.38
Ziegler Lotsoff									
Net of Fee Return	13.93	27.16	8.85	9.20	23.90	1.40		9/30/04	4.99
Standard & Poor's 500	12.58	25.88	8.43	8.53	23.41	2.01		9/30/04	5.32
Value Added	1.36	1.28	0.42	0.67	0.49	-0.61		9/30/04	-0.33
Equity Composite									
Net of Fee Return	13.73	28.21	7.44	7.56	27.52	2.78	5.14	12/31/97	4.94
Wilshire 5000	12.76	26.32	7.32	7.24	24.15	2.27	4.95	12/31/97	4.91
Value Added	0.98	1.89	0.12	0.32	3.37	0.51	0.19	12/31/97	0.03

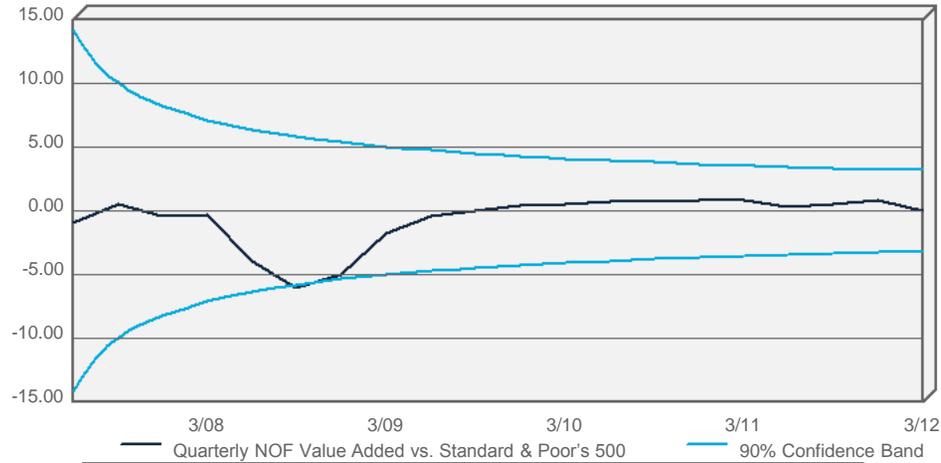
Investment Manager Analysis



PIMCO Stock Plus

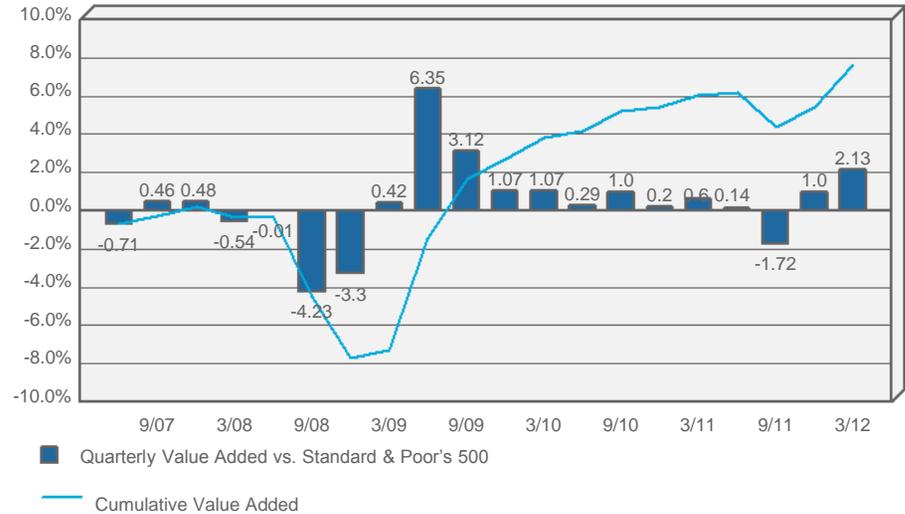
March 31, 2012

Cumulative Skill Analysis vs Benchmark

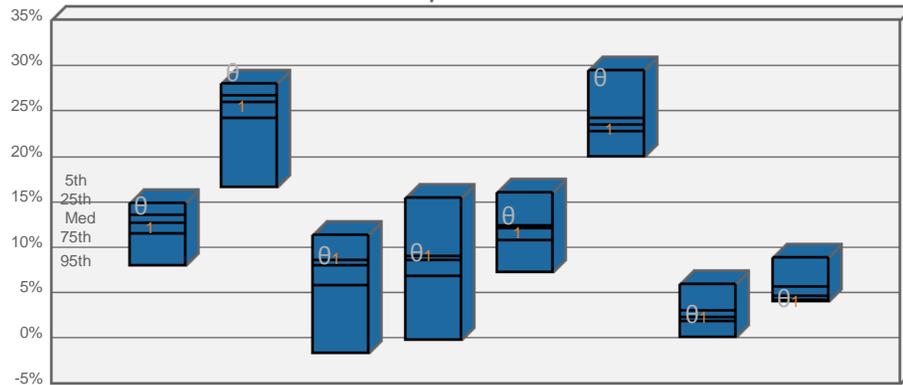


Excess Return:	0.79	Information Ratio:	0.18
Excess Risk:	4.32	T-Stat:	0.41

Value-Added Analysis vs Benchmark

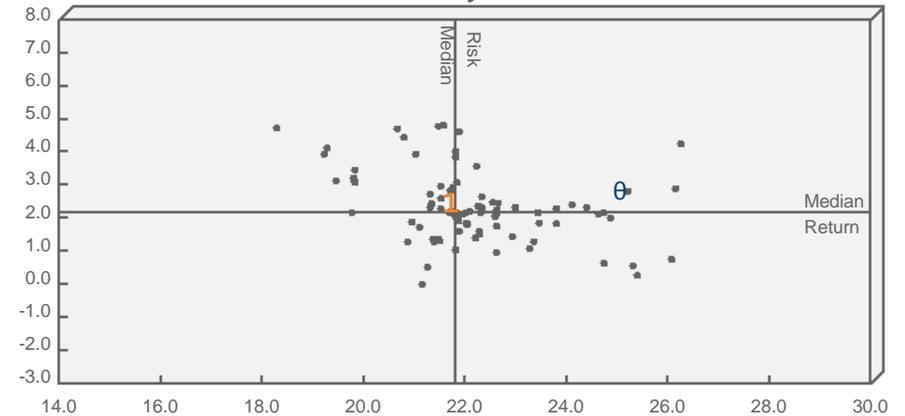


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
PIMCO Stock Plus	14.71 (7)	29.40 (2)	9.24 (13)	9.49 (20)	13.64 (11)	28.81 (8)	2.82 (30)	4.55 (51)
Standard & Poor	12.58 (59)	25.88 (58)	8.43 (31)	8.53 (44)	12.03 (47)	23.41 (61)	2.01 (69)	4.11 (85)
Median	12.59	25.90	7.92	8.50	12.01	23.47	2.17	4.61
Number of Funds	316	303	294	284	248	206	148	53

Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
PIMCO Stock Plus	θ	2.82	30	25.21	9
Standard & Poor's 500	I	2.01	69	21.83	49
Median		2.17		21.82	

*Total Returns of Large Neutral Equity Portfolios Universe - Gross of Fees

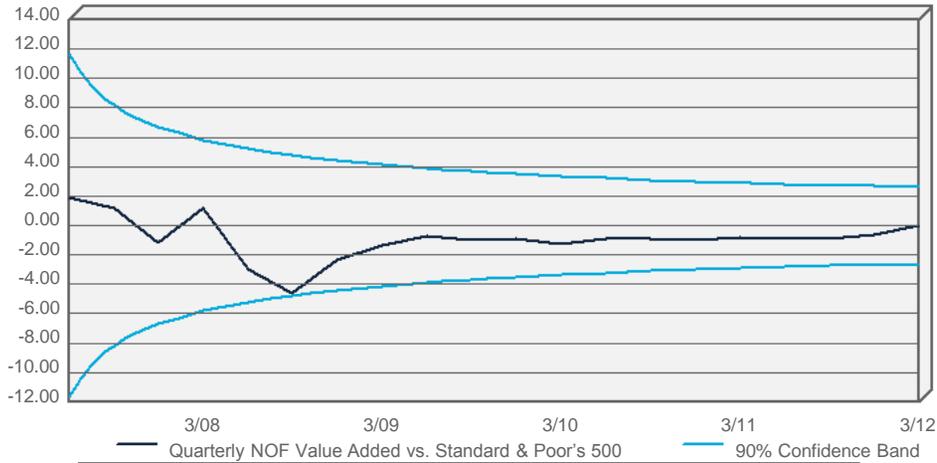
Investment Manager Analysis



Ziegler Lotsoff

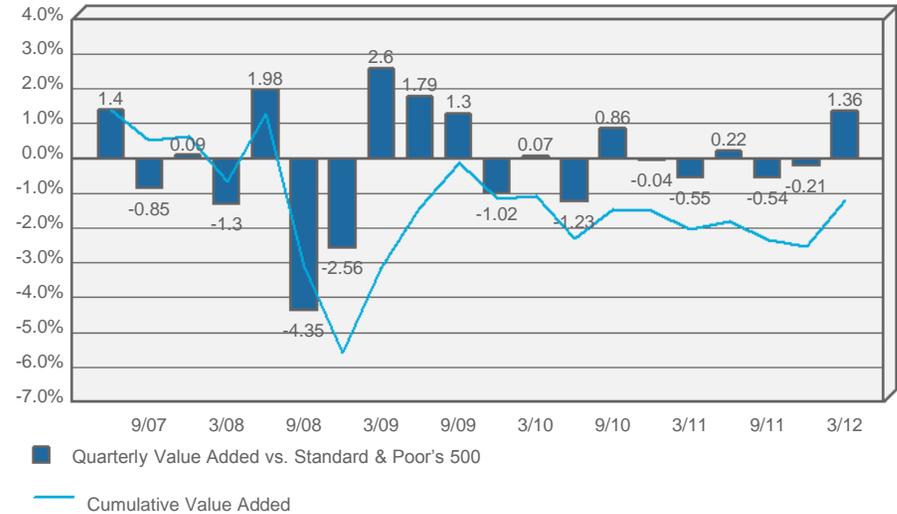
March 31, 2012

Cumulative Skill Analysis vs Benchmark

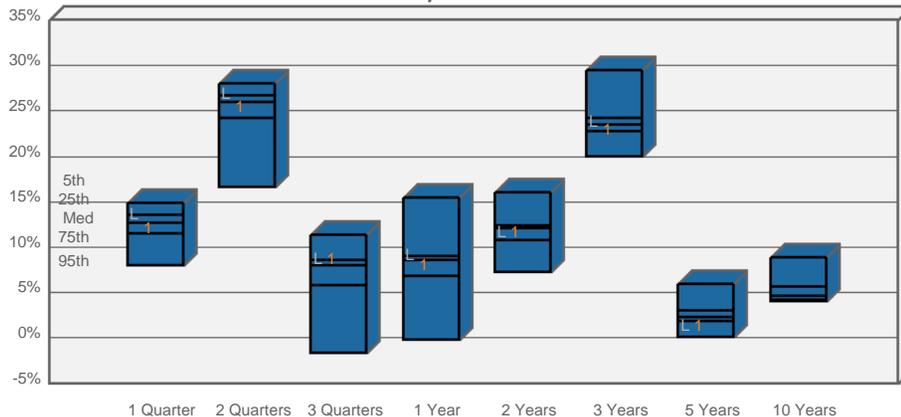


Excess Return:	-0.60	Information Ratio:	-0.17
Excess Risk:	3.53	T-Stat:	-0.38

Value-Added Analysis vs Benchmark

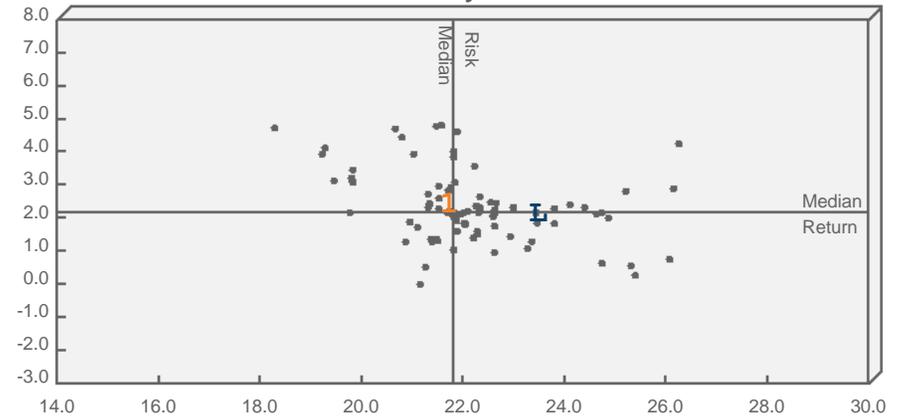


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Ziegler Lotsoff	14.03 (15)	27.38 (9)	9.14 (15)	9.58 (19)	12.10 (38)	24.32 (22)	1.76 (76)	
Standard & Poor	12.58 (59)	25.88 (58)	8.43 (31)	8.53 (44)	12.03 (47)	23.41 (61)	2.01 (69)	
Median	12.59	25.90	7.92	8.50	12.01	23.47	2.17	4.61
Number of Funds	316	303	294	284	248	206	148	53

Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Ziegler Lotsoff	1	1.76	76	23.59	20
Standard & Poor's 500		2.01	69	21.83	49
Median		2.17		21.82	

*Total Returns of Large Neutral Equity Portfolios Universe - Gross of Fees

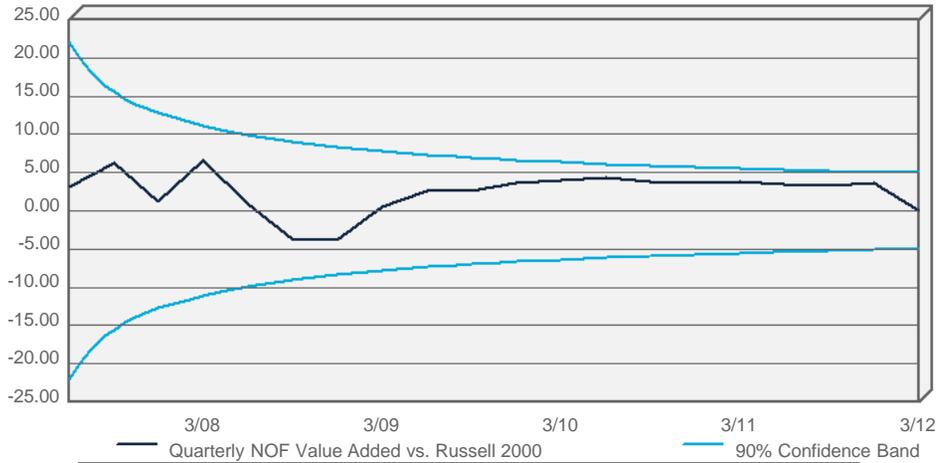
Investment Manager Analysis



Wellington

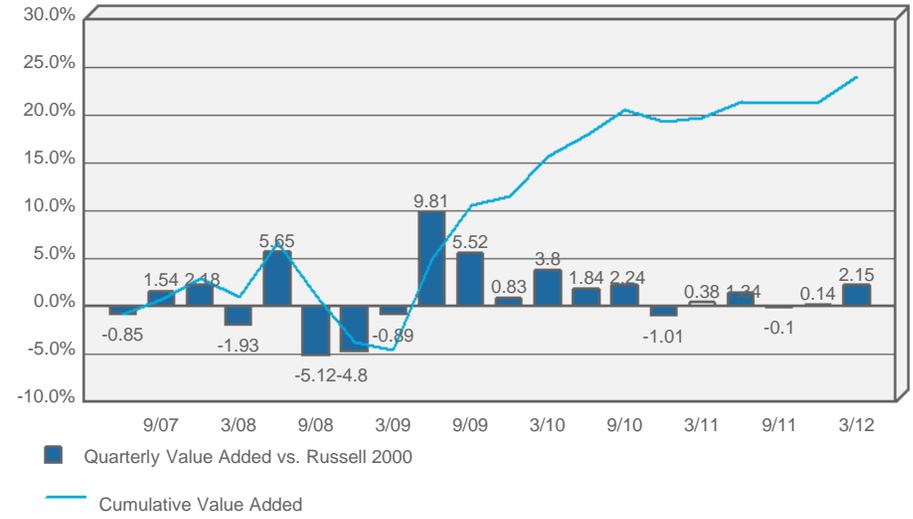
March 31, 2012

Cumulative Skill Analysis vs Benchmark

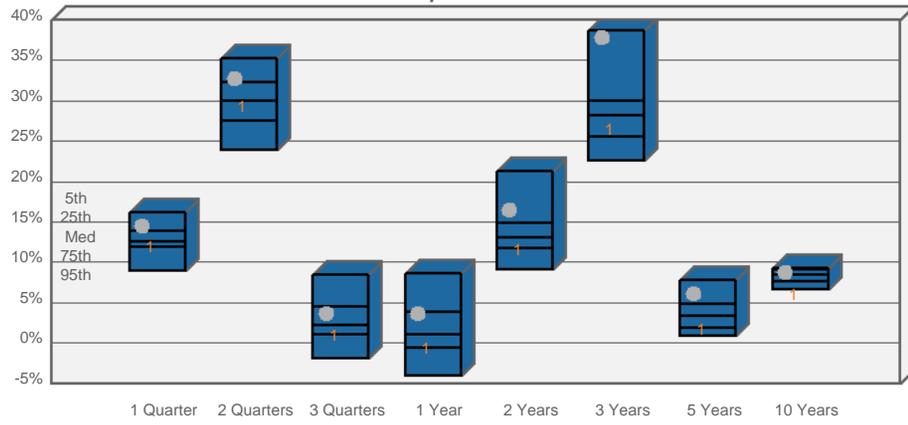


Excess Return:	3.37	Information Ratio:	0.50
Excess Risk:	6.71	T-Stat:	1.12

Value-Added Analysis vs Benchmark

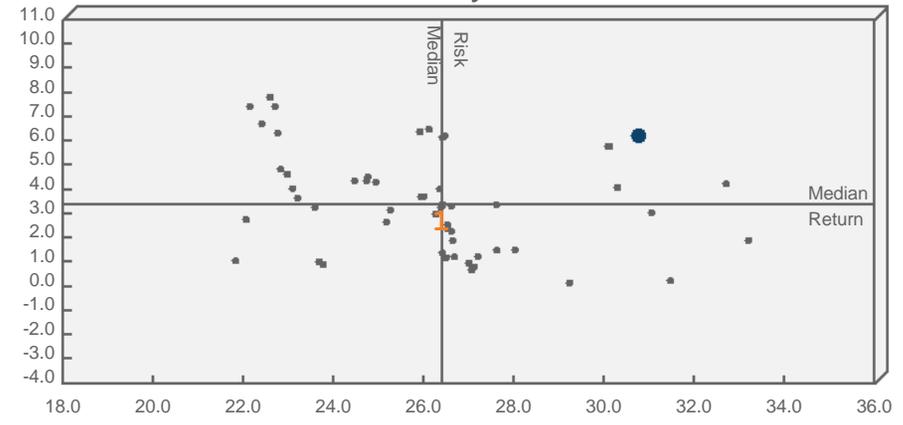


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Wellington	14.74 (13)	32.85 (19)	3.86 (32)	3.75 (24)	16.59 (17)	37.95 (5)	6.19 (18)	8.93 (27)
Russell 2000	12.44 (57)	29.84 (53)	1.46 (69)	-0.17 (65)	12.06 (69)	26.90 (59)	2.13 (69)	6.45 (99)
Median	12.52	29.94	2.15	1.03	13.06	28.21	3.38	8.42
Number of Funds	134	129	125	119	101	85	57	16

Five Year Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Wellington	●	6.19	18	30.91	13
Russell 2000		2.13	69	26.51	42
Median		3.38		26.42	

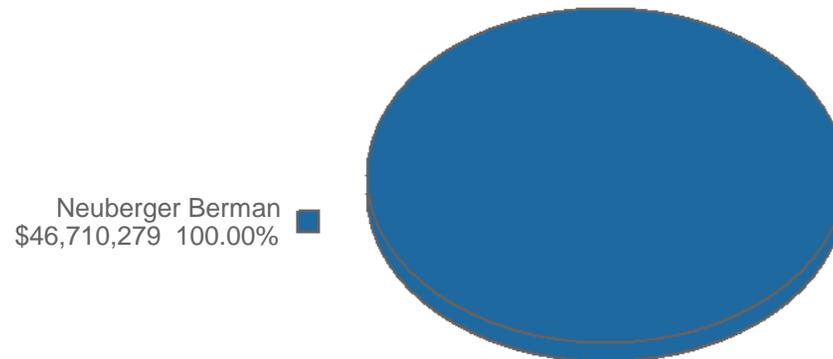
*Total Returns of Small Neutral Equity Portfolios Universe - Gross of Fees

Tab 3

Non – U.S. Equity

Int'l Equity Composite

As of March 31, 2012



Performance Comparison



Trailing Returns vs Benchmarks

Periods Ended March 31, 2012

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
Neuberger Berman									
Net of Fee Return	11.57	14.84	-7.64	-6.01	20.44	-3.19		6/30/06	-0.00
MSCI ACWI X US (N)	11.23	15.37	-7.53	-7.17	19.12	-1.56		6/30/06	1.79
Value Added	0.33	-0.53	-0.11	1.16	1.32	-1.63		6/30/06	-1.79
Int'l Equity Composite									
Net of Fee Return	11.57	14.84	-7.64	-6.01	20.44	-3.19	5.69	12/31/97	6.52
Policy Benchmark	11.23	15.37	-7.53	-7.17	19.12	-1.56	6.80	12/31/97	4.96
Value Added	0.33	-0.53	-0.11	1.16	1.32	-1.63	-1.11	12/31/97	1.57

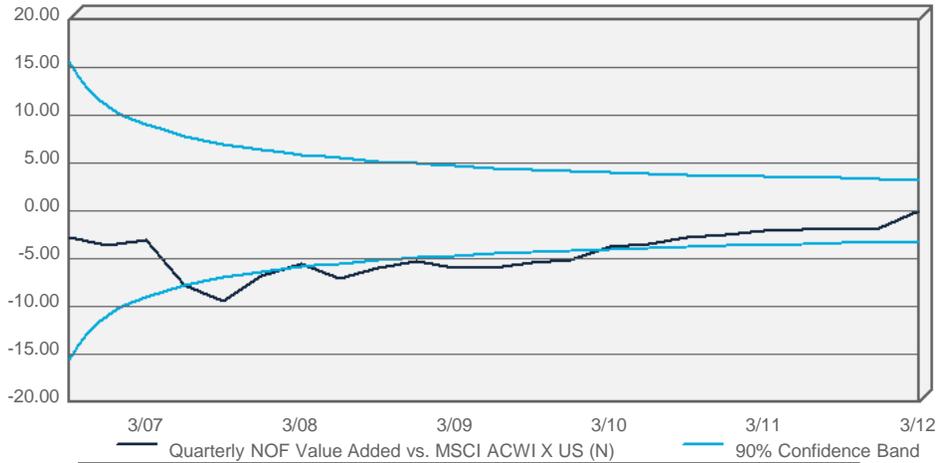
Investment Manager Analysis



Neuberger Berman

March 31, 2012

Cumulative Skill Analysis vs Benchmark

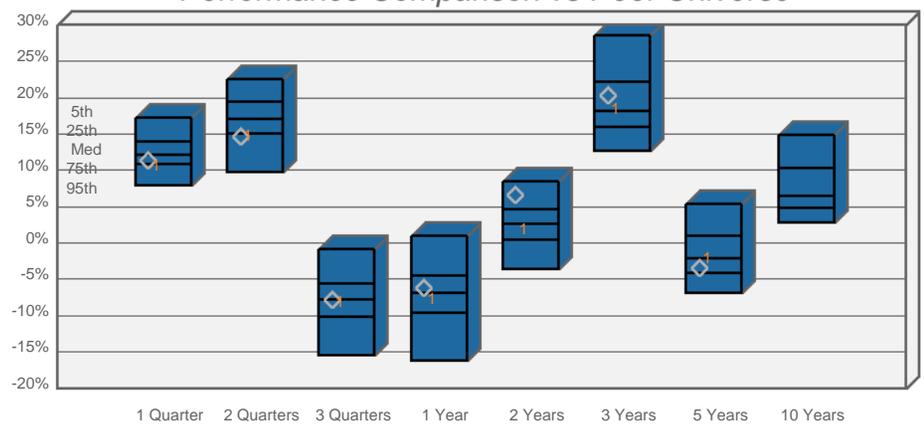


Excess Return:	-1.76	Information Ratio:	-0.37
Excess Risk:	4.73	T-Stat:	-0.83

Value-Added Analysis vs Benchmark

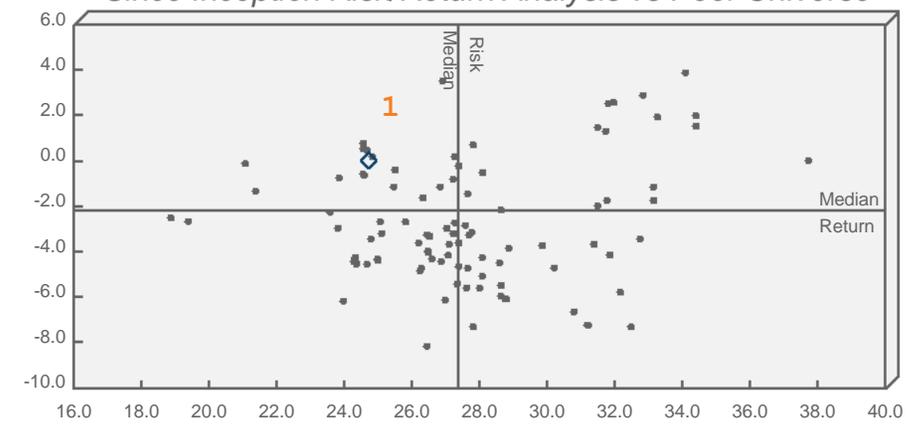


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Neuberger Berman	11.57 (60)	14.84 (77)	-7.64 (47)	-6.01 (39)	6.85 (11)	20.44 (32)	-3.19 (61)	
MSCI ACWI X US	11.23 (66)	15.37 (71)	-7.53 (45)	-7.17 (52)	2.48 (50)	19.12 (41)	-1.56 (42)	
Median	12.13	17.10	-7.76	-6.98	2.50	18.02	-2.20	6.41
Number of Funds	2095	2042	1940	1853	1667	1576	1216	718

Since Inception Risk/Return Analysis vs Peer Universe*



Description	Legend	Net Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Neuberger Berman	◆	-0.00	31	24.90	81
MSCI ACWI X US (N)	1	1.79	19	25.51	76
Median		-2.20		27.37	

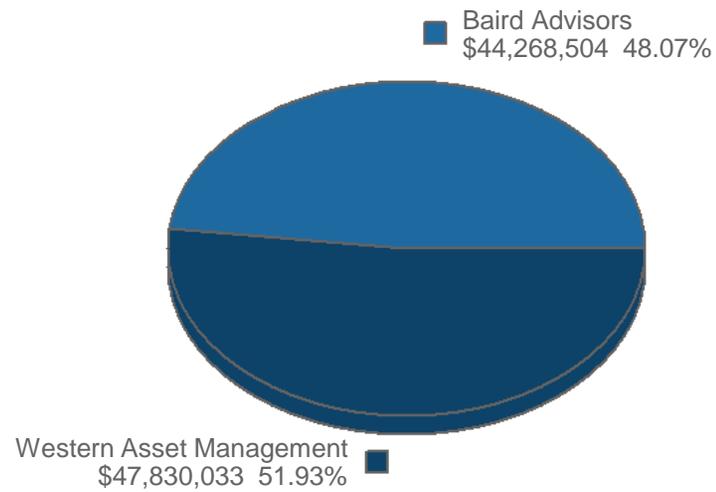
*Total Returns of International Equity Mutual Funds Universe - Net of Fees

Tab 4
Fixed Income

Manager Allocation

Fixed Composite

As of March 31, 2012



Performance Comparison



Trailing Returns vs Benchmarks

Periods Ended March 31, 2012

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
Baird Advisors									
Net of Fee Return	1.10	2.21	5.68	7.62	9.80	6.07		3/31/03	5.24
Barclays Aggregate	0.30	1.43	5.30	7.72	6.84	6.25		3/31/03	5.17
Value Added	0.80	0.78	0.38	-0.09	2.96	-0.18		3/31/03	0.08
Western Asset Management									
Net of Fee Return	3.09	4.76	5.63	7.82	18.05	6.65		3/31/04	5.74
Barclays Aggregate	0.30	1.43	5.30	7.72	6.84	6.25		3/31/04	5.14
Value Added	2.79	3.33	0.33	0.10	11.21	0.40		3/31/04	0.61
Fixed Composite									
Net of Fee Return	2.19	3.66	5.78	7.85	13.98	6.47	6.08	12/31/97	6.22
Barclays Aggregate	0.30	1.43	5.30	7.72	6.84	6.25	5.80	12/31/97	6.00
Value Added	1.89	2.23	0.47	0.13	7.14	0.22	0.28	12/31/97	0.21

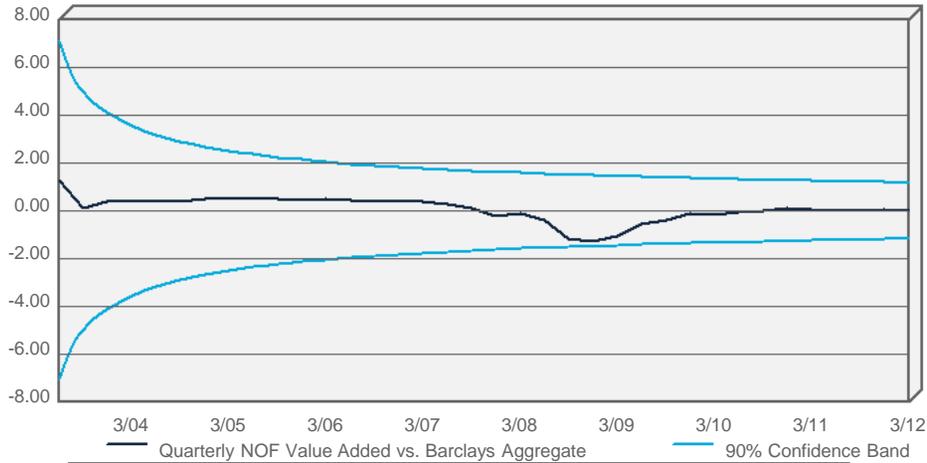
Investment Manager Analysis



Baird Advisors

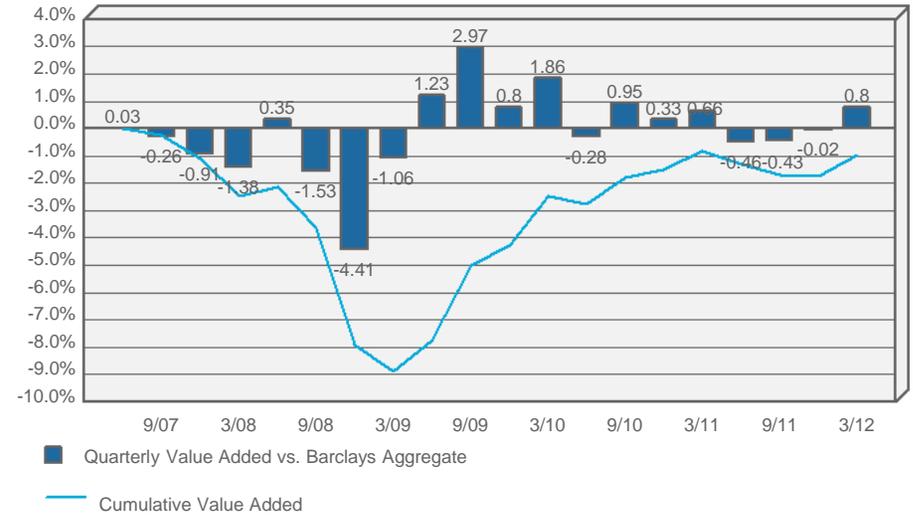
March 31, 2012

Cumulative Skill Analysis vs Benchmark

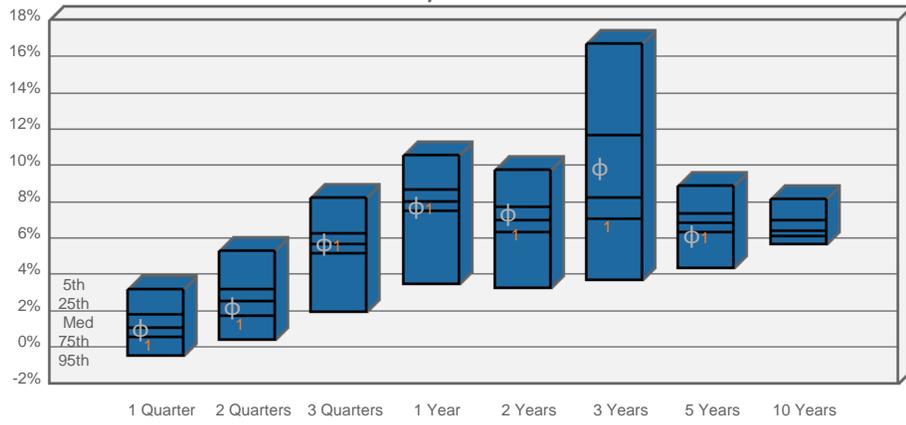


Excess Return:	0.07	Information Ratio:	0.03
Excess Risk:	2.15	T-Stat:	0.10

Value-Added Analysis vs Benchmark

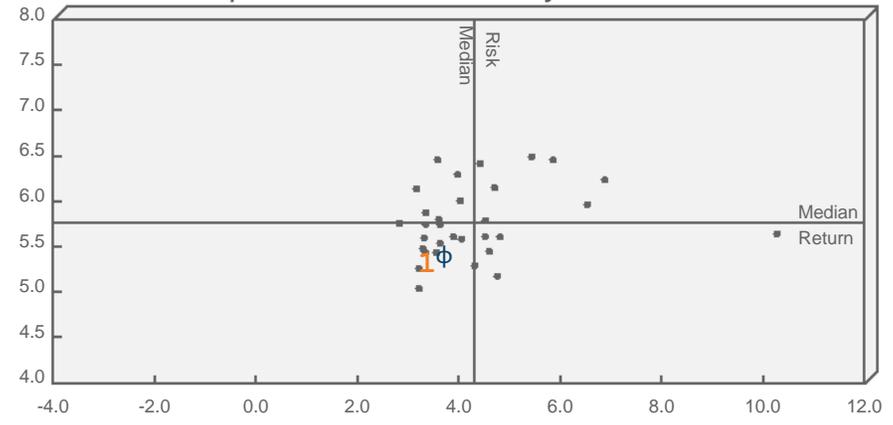


Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Baird Advisors	1.16 (43)	2.32 (55)	5.85 (43)	7.85 (57)	7.47 (27)	10.03 (33)	6.29 (71)	
Barclays Aggregate	0.30 (84)	1.43 (82)	5.30 (66)	7.72 (62)	6.41 (67)	6.84 (77)	6.25 (76)	
Median	1.05	2.49	5.62	7.96	6.93	8.23	6.79	6.36
Number of Funds	110	110	105	103	93	82	64	33

Since Inception Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Baird Advisors	φ	5.41	85	3.83	61
Barclays Aggregate	I	5.17	93	3.48	75
Median		5.76		4.31	

*Total Returns of Fixed Income Core Fixed Income Portfolios Universe - Gross of Fees

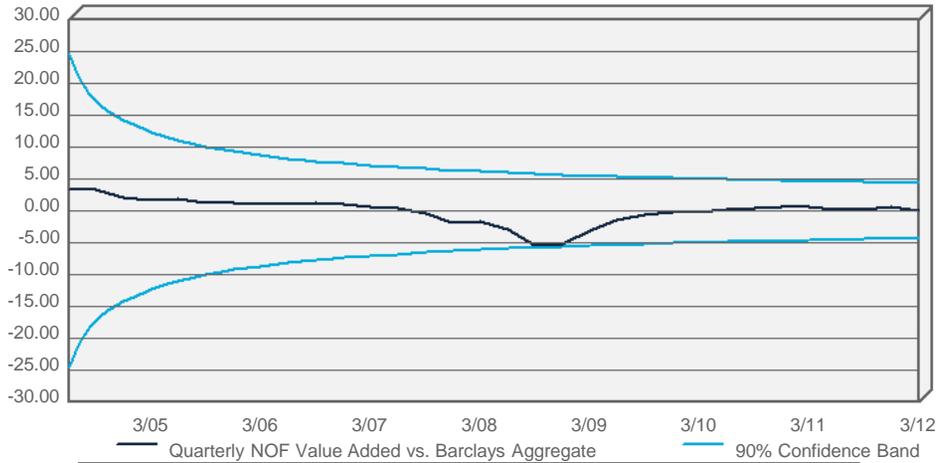
Investment Manager Analysis



Western Asset Management

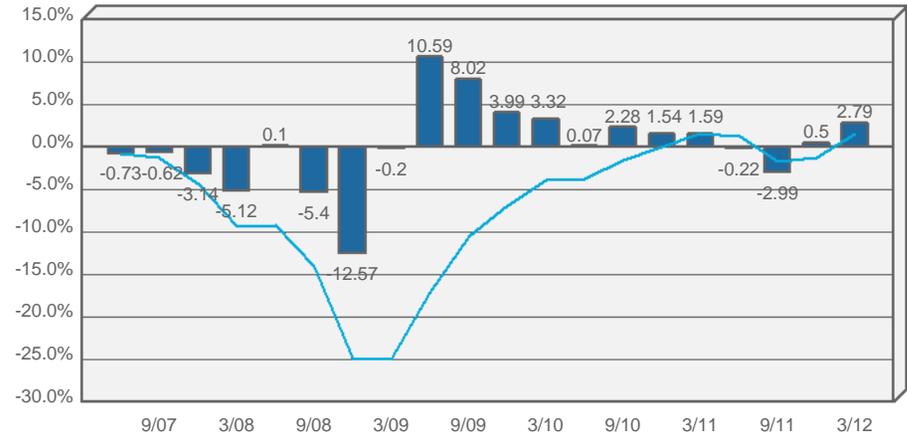
March 31, 2012

Cumulative Skill Analysis vs Benchmark



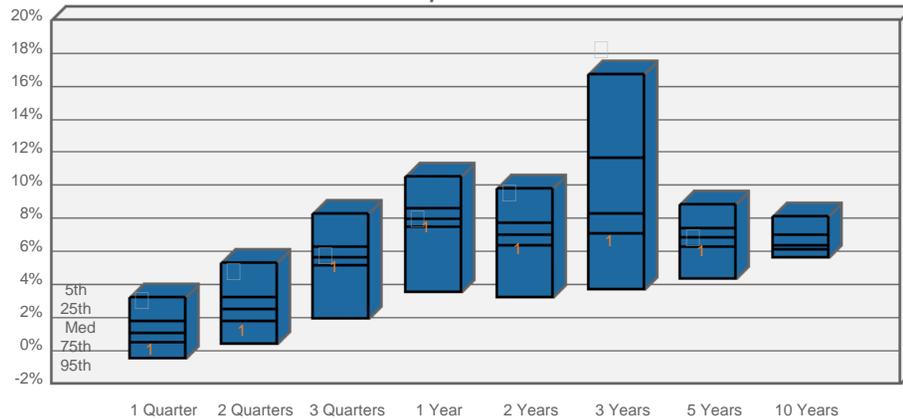
Excess Return:	0.58	Information Ratio:	0.08
Excess Risk:	7.46	T-Stat:	0.22

Value-Added Analysis vs Benchmark



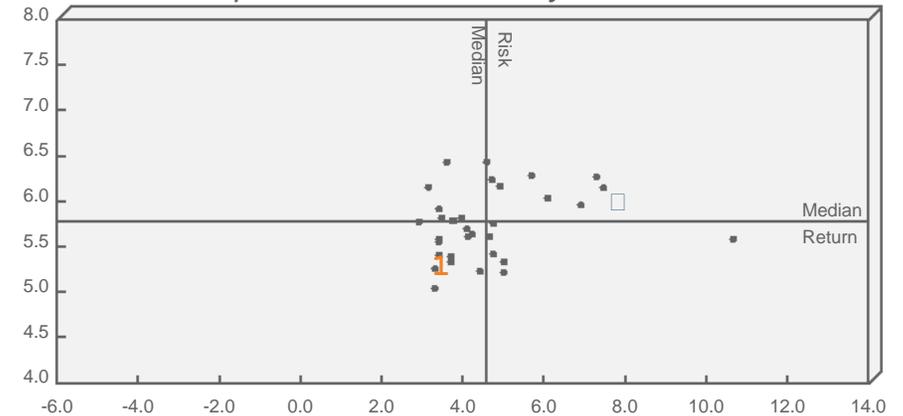
■ Quarterly Value Added vs. Barclays Aggregate
 — Cumulative Value Added

Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Western Asset Management	3.17 (4)	4.92 (7)	5.87 (41)	8.14 (47)	9.69 (5)	18.40 (2)	6.97 (43)	
Barclays Aggregate	0.30 (84)	1.43 (82)	5.30 (66)	7.72 (62)	6.41 (67)	6.84 (77)	6.25 (76)	
Median	1.05	2.49	5.62	7.96	6.93	8.23	6.79	6.36
Number of Funds	110	110	105	103	93	82	64	33

Since Inception Risk/Return Analysis vs Peer Universe*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Western Asset Management	□	6.00	32	7.99	8
Barclays Aggregate	■	5.14	93	3.59	75
Median		5.78		4.59	

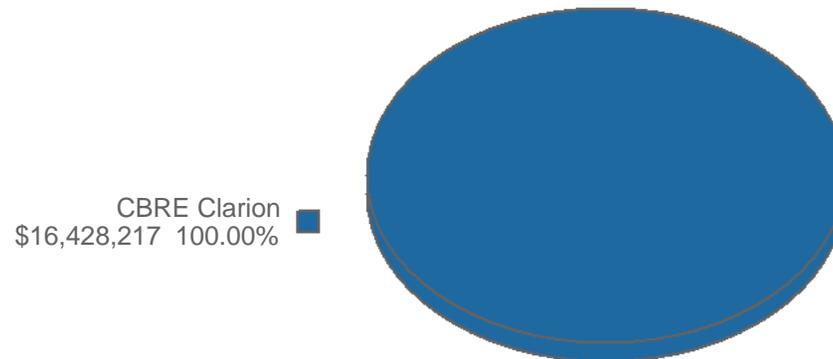
*Total Returns of Fixed Income Core Fixed Income Portfolios Universe - Gross of Fees

Tab 5
Real Estate

Manager Allocation

Real Estate Composite

As of March 31, 2012



Performance Comparison



Trailing Returns vs Benchmarks

Periods Ended March 31, 2012

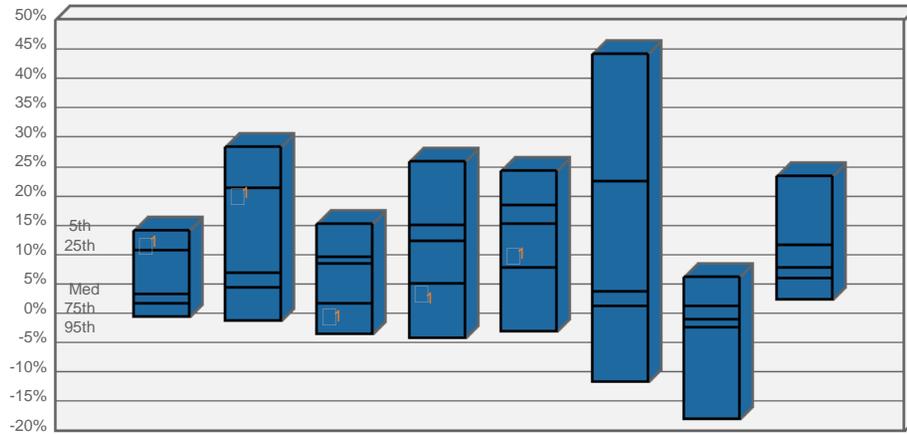
	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
CBRE Clarion									
Net of Fee Return	11.50	20.03	-0.94	3.01				6/30/09	18.59
FTSE EPRA/NAREIT Developed RE	12.90	21.21	0.24	3.19				6/30/09	20.53
Value Added	-1.40	-1.18	-1.18	-0.17				6/30/09	-1.94
Real Estate Composite									
Net of Fee Return	11.50	20.03	-0.94	3.01				6/30/09	18.59
FTSE EPRA/NAREIT Developed RE	12.90	21.21	0.24	3.19				6/30/09	20.53
Value Added	-1.40	-1.18	-1.18	-0.17				6/30/09	-1.94

Investment Manager Analysis

CBRE Clarion

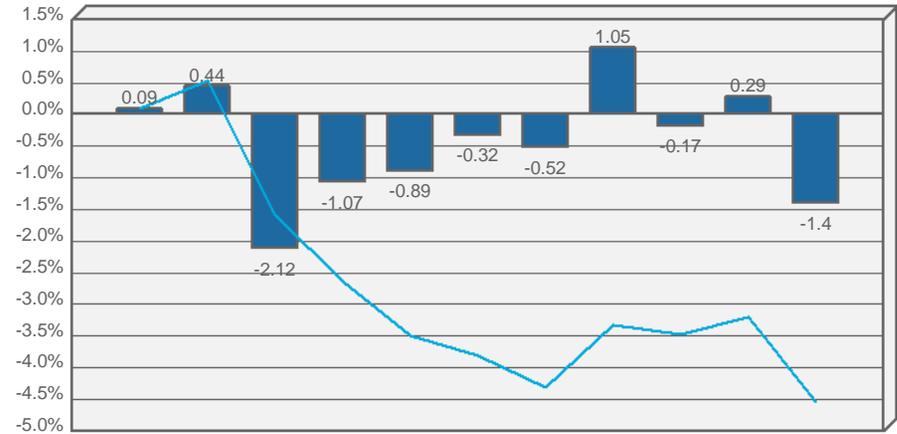
March 31, 2012

Performance Comparison vs Peer Universe*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
CBRE Clarion	11.92 (12)	20.48 (30)	-0.19 (85)	3.79 (79)	10.19 (66)			
FTSE EPRA/NAREIT	12.90 (6)	21.21 (24)	0.24 (82)	3.19 (80)	10.96 (63)			
Median	3.24	6.71	8.29	12.28	15.22	3.55	-1.12	7.70
Number of Funds	290	280	272	270	226	191	130	34

Value-Added Analysis vs Benchmark



■ Quarterly Value Added vs. FTSE EPRA/NAREIT Developed RE
 — Cumulative Value Added

*Total Returns of Real Estate Portfolios Universe - Gross of Fees

Tab 6
Private Equity

Investment Manager Performance



Private Partnerships

As of March 31, 2012

Partnership	Commitment Value	Inception Date	Capital Called		Capital Distributed		Fair Value	Total Value / Paid-In Capital ¹	Annualized IRR
			Amount	%	Amount	%			
Adams Street Direct 2010 Fund	\$500,000	April 27, 2010	\$167,236	33%	\$0	0%	\$185,578	1.11	8.46%
Adams Street Non-US Dev. 2010 Fund	\$1,500,000	April 27, 2010	\$289,555	19%	\$0	0%	\$284,503	0.98	-2.46%
Adams Street Non-US EM 2010 Fund	\$500,000	January 3, 2011	\$43,500	9%	\$0	0%	\$35,236	0.81	-28.28%
Adams Street US 2010 Fund	\$2,500,000	April 27, 2010	\$504,258	20%	\$0	0%	\$583,437	1.16	13.37%
Flag Global Partners	\$5,000,000	January 17, 2012	\$450,000	9%	\$0	0%	\$450,000	1.00	NA
Alternative Investments Composite	\$10,000,000	April 27, 2010	\$1,454,549	15%	\$0	0%	\$1,538,754	1.06	7.60%

¹ TVPI = Fair Value + Capital Distributed / Capital Called

Capital Market Review

U.S. Equity

The U.S. stock market got off to its fastest quarterly start to a year since 1998, up 12.8%, and posted its best quarterly return since the third quarter of 2009. This marked the second straight quarterly return of 12%-plus. From a total return perspective, the market has now erased all of its losses since October 2007. Across size segments, large and small capitalization stocks posted similar results for the quarter while growth stocks outpaced value stocks.

With the exception of the Utilities group, which was down -1.6%, all other broad market sectors posted gains during the first quarter of 2012. Information Technology and Financials were the best performing sectors with quarterly returns of 20.8% and 19.8%, respectively.

The late-quarter rise in the bellwether 10-year U.S. Treasury yield reflected an increased willingness among investors to rotate out of low-risk, low-yielding assets into more volatile, higher-yielding holdings. As concerns of economic turmoil in continental Europe faded, the improving fundamentals of U.S. companies helped buoy investor confidence.

Non-U.S. Equity

While global markets have improved, conditions in Europe are far from what investors would consider to be “normal.” Still, investor sentiment improved and much of the credit goes to the European Central Bank’s long-term refinancing program, which provided liquidity to European banks with some of the money going to peripheral countries. Elsewhere, Japan’s first annual trade deficit in more than 30 years pressured the Bank of Japan to pledge to asset purchases and set an inflation target of 1%. Attention also shifted to a slowdown in China’s economy after the government lowered their GDP target from 8% to 7.5% annually.

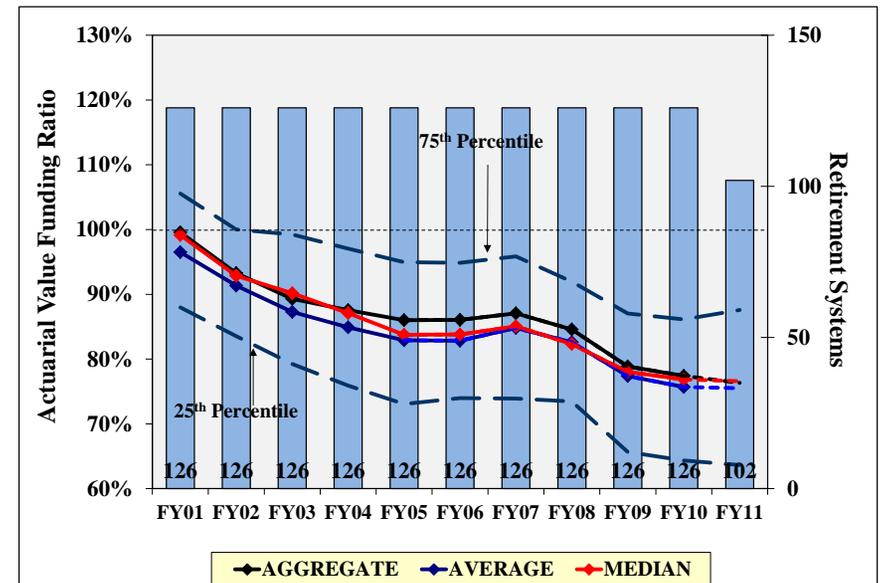
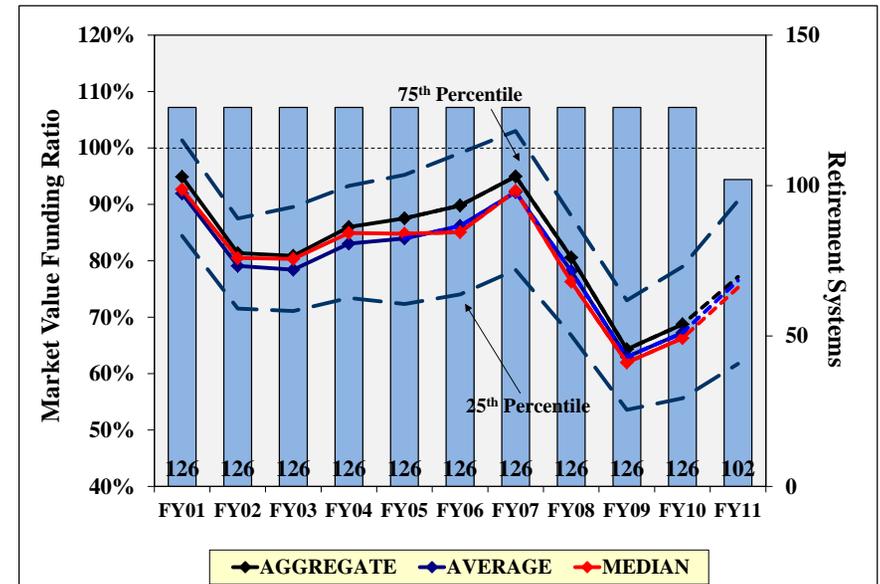
Fixed Income

The massive liquidity injections provided globally have led to a rally in global equities and a move out of global bonds. U.S. Treasury issuance lost some of its charm as investors started to shift towards a “risk-on” paradigm. The 10-year Treasury yield closed up 34 basis points from 1.89% to 2.23%. Last year’s best performing sector, long-term Treasuries, was the worst performing sector in the first quarter. Lower-quality U.S. credits and emerging markets bonds outperformed developed markets and higher-quality bonds for the quarter.

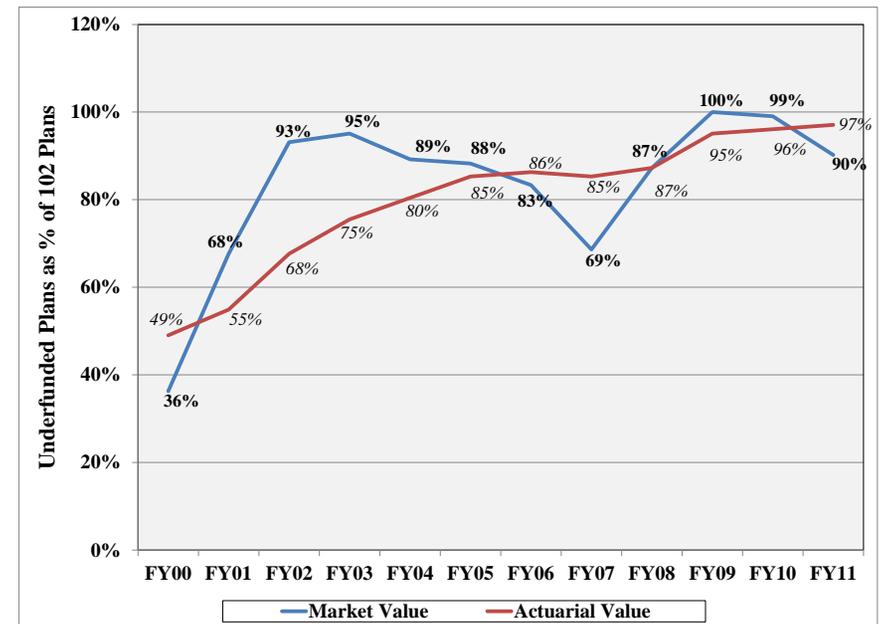
Asset Class Assumptions Update

	Total Return (%)			Risk (%)
	2012 ACA	Q1 2012	Change vs YE	2012 ACA
<u>Investment Categories:</u>				
U.S. Stocks	7.50	7.25	(0.25)	17.00
Dev ex-U.S. Stocks	7.50	7.25	(0.25)	18.00
Emerging Mkt Stocks	7.50	7.25	(0.25)	26.00
Global Stocks	7.80	7.55	(0.25)	17.05
Private Markets	10.25	9.85	(0.40)	27.50
Cash Equivalents	1.50	1.75	0.25	1.25
Core Bonds	2.85	2.95	0.10	5.00
LT Core Bonds	3.20	3.50	0.30	10.00
TIPS	1.65	2.00	0.35	6.00
High Yield Bonds	5.45	5.25	(0.20)	10.00
Non-U.S. Bonds (Hdg)	2.50	2.60	0.10	3.50
U.S. RE Securities	5.05	5.30	0.25	15.00
Private Real Estate	5.80	6.05	0.25	12.25
Commodities	4.00	4.35	0.35	13.00
Real Asset Basket	5.85	6.10	0.25	7.75
Inflation:	2.00	2.35	0.35	1.75
<u>Returns minus Inflation:</u>				
U.S. Stocks	5.50	4.90	(0.60)	
U.S. Bonds	0.85	0.60	(0.25)	
Cash Equivalents	(0.50)	(0.60)	(0.10)	
<u>Stocks minus Bonds:</u>	4.65	4.30	(0.35)	
<u>Bonds minus Cash:</u>	1.35	1.20	(0.15)	

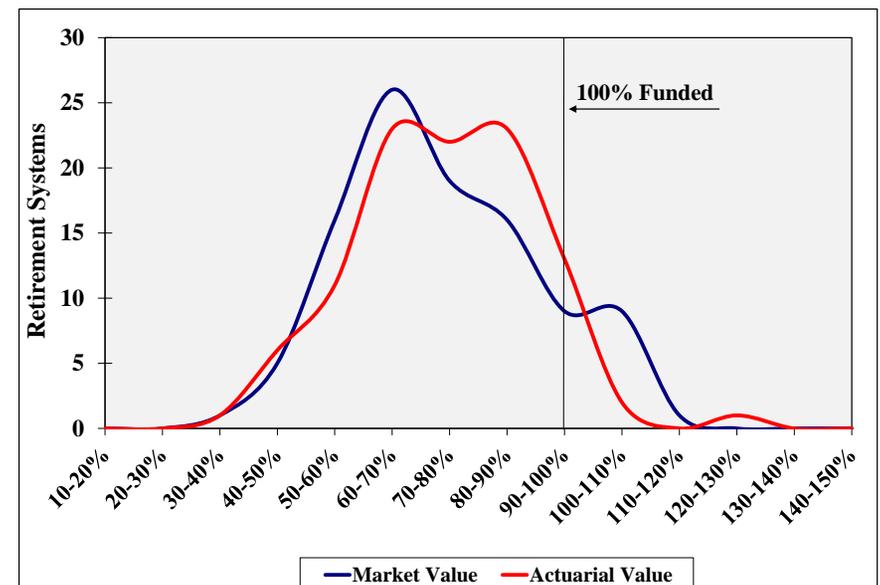
- 102 state retirement systems reported actuarial values on or after June 30, 2011
- Improvement in funding ratio fueled by strong global stock market performance in the 12 months ending June 30
- Funding ratios based on actuarial values fell slightly for 2011
- Actuarial ratios tend to exhibit moderated patterns of change, due to the smoothing of actuarial values



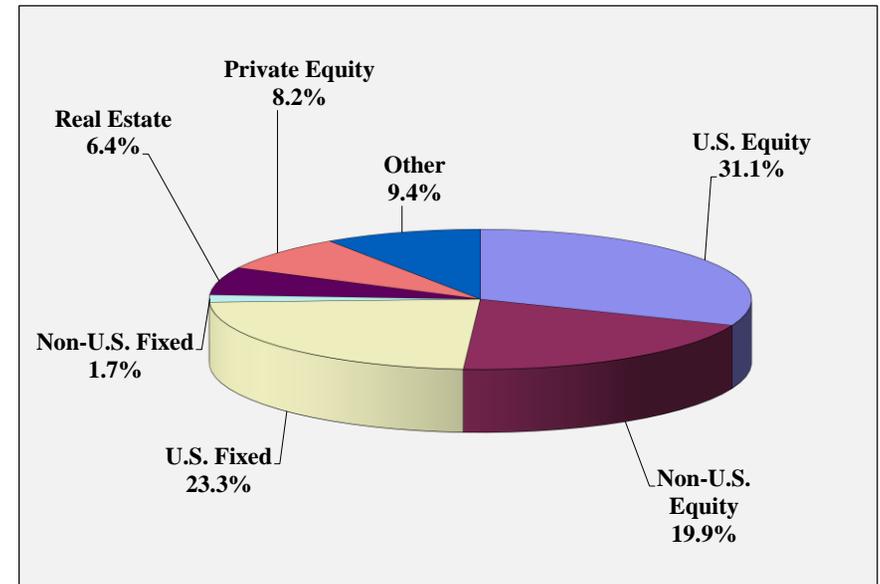
- Of the 102 plans with 2011 data, 90% of them were underfunded based on market values



- On a market value basis, a majority of the 102 plans are less than or equal to 80% funded



- U.S. Equity plus Non-U.S. Equity equals 51% of assets

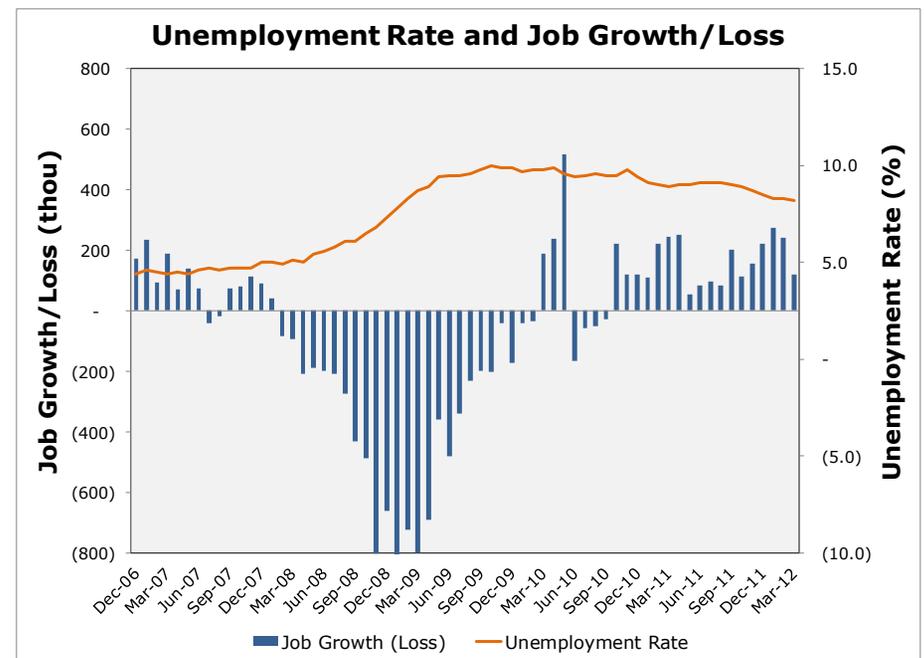
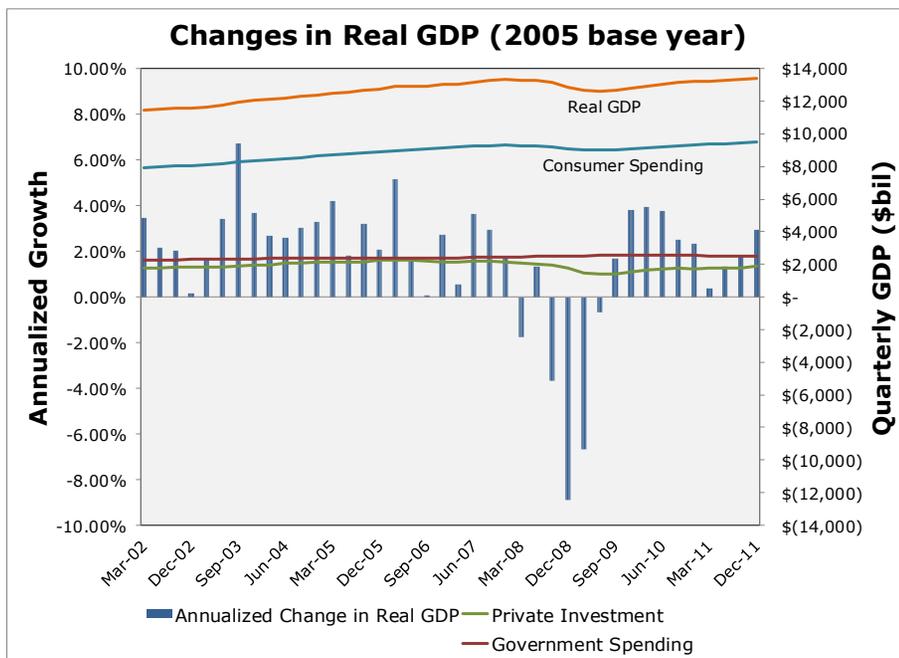


- Average allocation to Non-U.S. Equities has increased while allocation to U.S. Bonds decreased

Equity	2001	2006	2011	Change in Exposure	
				01-11	06-11
U.S. Equity	43.8 %	42.3 %	31.1 %	-12.7 %	-11.2 %
Non-U.S. Equity	12.5	17.1	19.9	7.4	2.8
Real Estate	3.4	4.8	6.4	3.0	1.6
Private Equity	3.9	4.4	8.2	4.3	3.8
Equity Subtotal	63.6	68.6	65.6	2.0	-3.0
Debt					
U.S. Fixed	34.6	27.2	23.3	-11.3	-3.9
Non-U.S. Fixed	1.6	0.9	1.7	0.1	0.8
Other	0.2	3.3	9.5	9.3	6.2
Debt Subtotal	36.4	31.4	34.4	-2.0	3.0
Return *	6.2	6.4	6.4	0.2	0.0
Risk *	11.0	11.5	11.2	0.2	-0.3

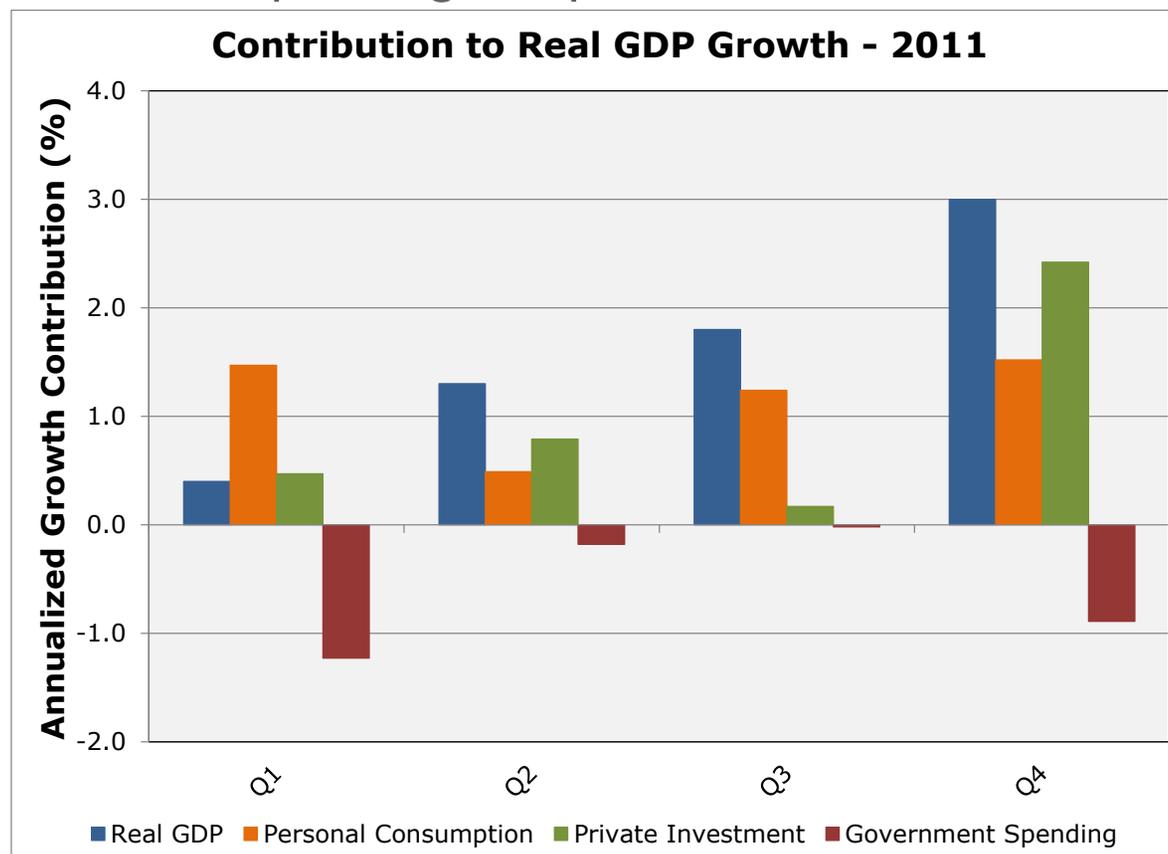
March 31, 2012	Key Economic Indicators			
CPI (all items) Seasonally adjusted	Monthly Change		Cumulative Change	
	Mar-12	0.3	3-Month	0.9
	Feb-12	0.4	12-Month	2.6
	Jan-12	0.2	10-Yr Annual	2.5
Breakeven Inflation	10-Year	2.3		
Consumer Sentiment Unv. of Michigan Survey	Mar-12	76.2		
	Feb-12	75.3		
	1-Yr Ago	67.5	10-Yr Avg	79.9
Manufacturing Inst. for Supply Mgmt Purchasing Mngrs' Idx	Mar-12	53.4	Change in Manufacturing Sector	
	Feb-12	52.4	>50	Expansion
	1-Yr Avg	53.6	<50	Contraction

Note: Seasonally adjusted CPI data is utilized to better reflect short-term pricing activity.

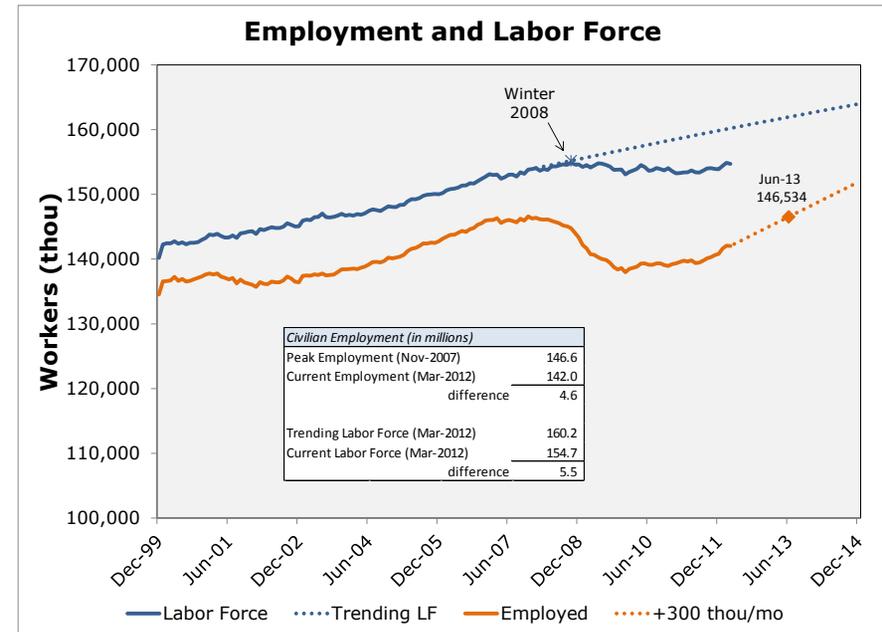


Data sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of St. Louis, Barclays Capital

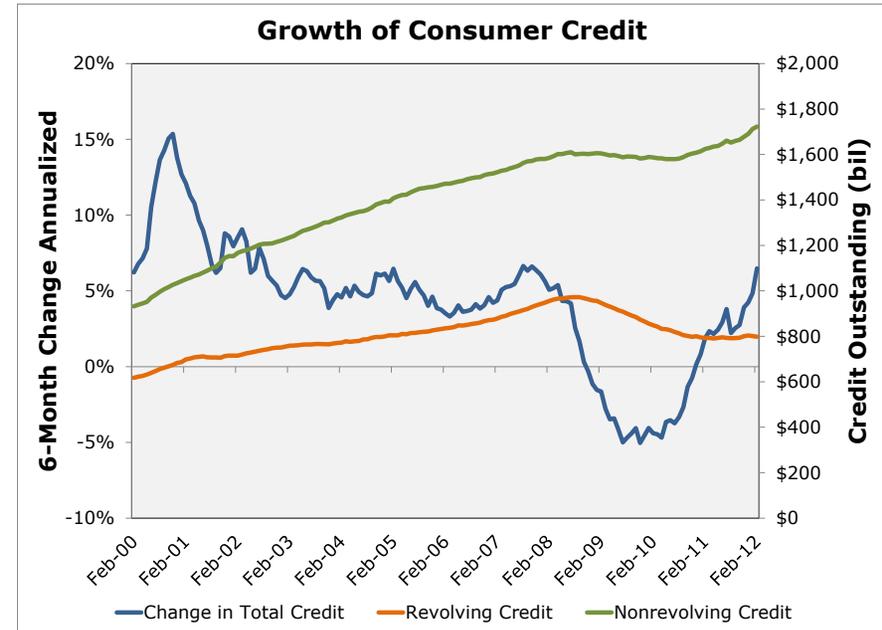
- Consumer spending comprises 70% of GDP
- Growth slowed in 2011
 - Real GDP Growth of 1.6% versus 3.1% in 2010
 - Moderate consumer spending, but positive



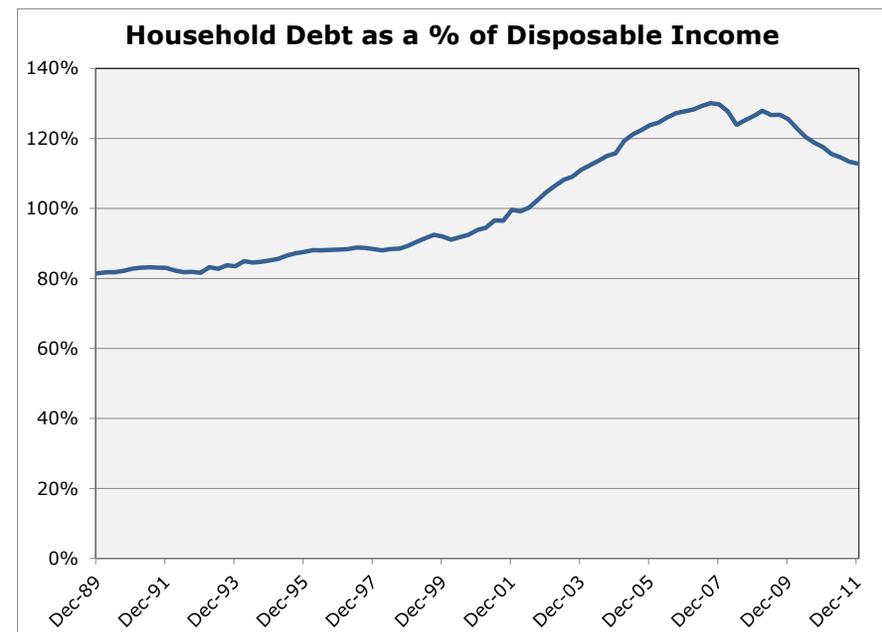
- High unemployment continues to restrain growth
 - Labor force has not been growing
 - Jobs slowly coming back
- Wage growth remains stagnant
- Weak employment and wage growth translates to weak consumer demand



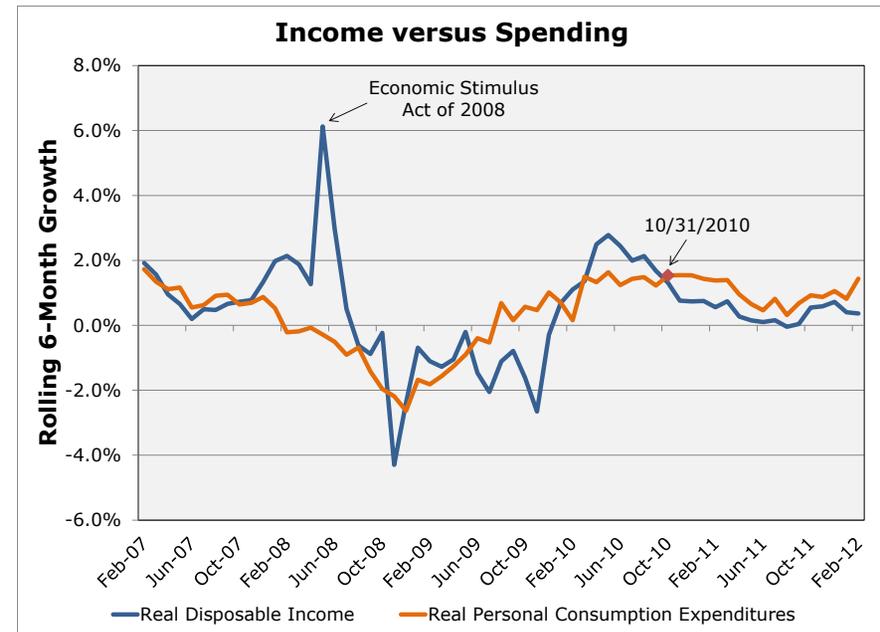
- Consumers again willing to utilize debt
 - Revolving credit (i.e. credit cards) has flat lined
 - Non-revolving credit (i.e. autos, school loans) moving higher



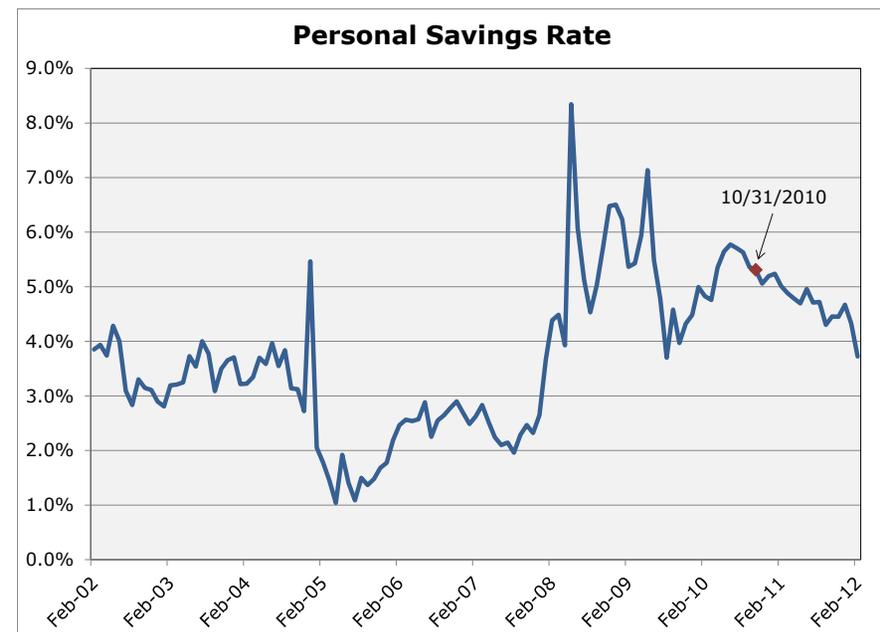
- Household debt, which includes mortgages, continuing to fall versus disposable income



- Growth in personal consumption has been outpacing disposable income growth, with the difference coming from savings



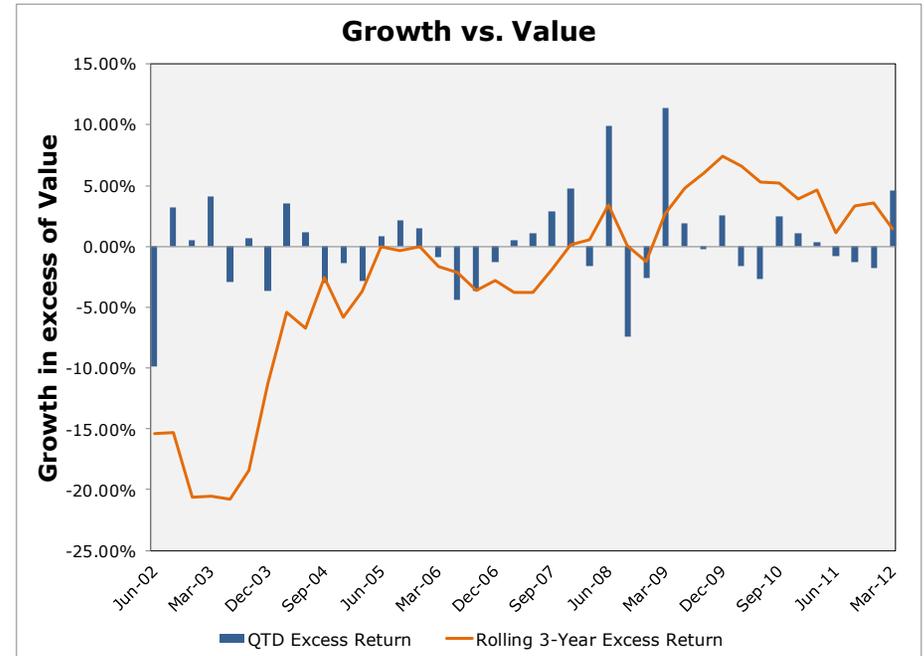
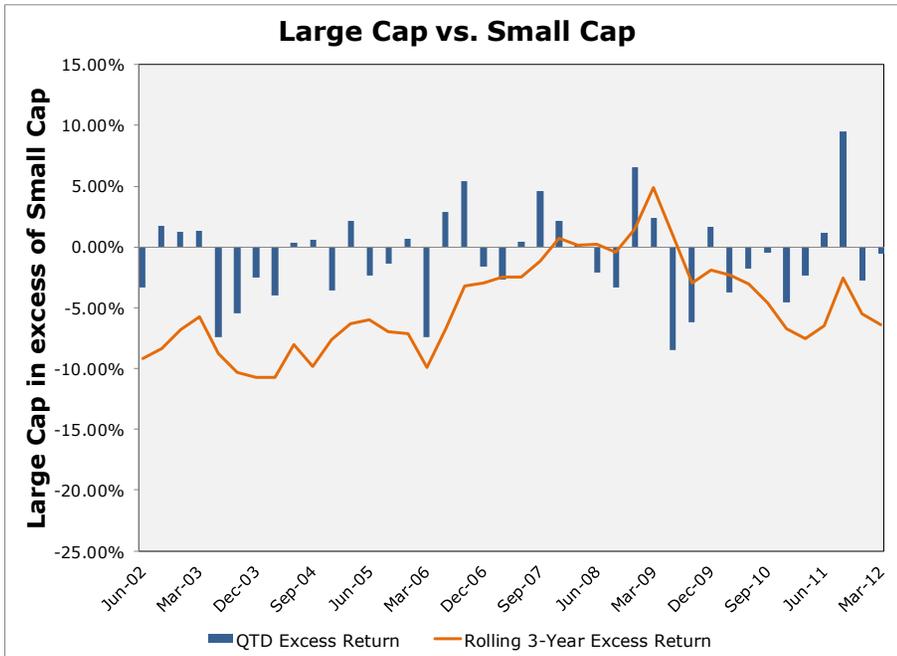
- Assuming mild growth in real disposable income, savings rate would have to fall to ~3.4% to produce 2% real growth in personal consumption



U.S. Capital Markets: Equity

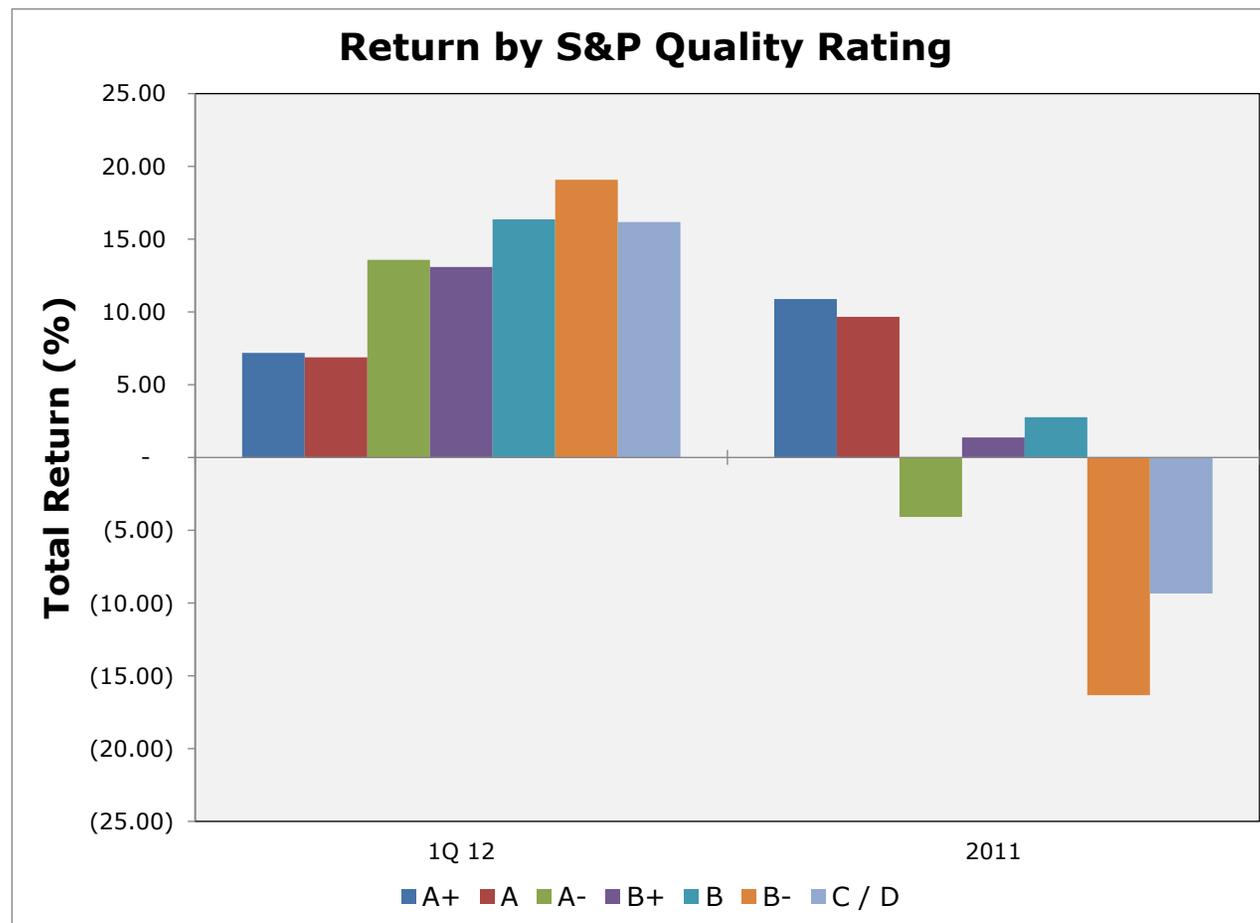


March 31, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Wilshire 5000	12.8	12.8	7.2	24.2	2.3	5.0
Wilshire U.S. Large Cap	12.7	12.7	8.1	23.3	2.2	4.6
Wilshire U.S. Small Cap	13.3	13.3	0.9	31.7	4.1	8.4
Wilshire U.S. Large Growth	15.6	15.6	8.4	24.1	4.4	4.6
Wilshire U.S. Large Value	9.9	9.9	7.7	22.4	-0.1	4.5
Wilshire U.S. Small Growth	12.8	12.8	0.8	32.7	5.2	8.3
Wilshire U.S. Small Value	13.7	13.7	0.8	30.6	2.9	8.3
Wilshire REIT Index	10.8	10.8	13.4	44.7	-0.7	10.4
MSCI USA Minimum Volatility Index	6.2	6.2	13.9	22.0	3.5	4.4
FTSE RAFI U.S. 1000 Index	11.4	11.4	5.0	38.8	2.9	n.a.



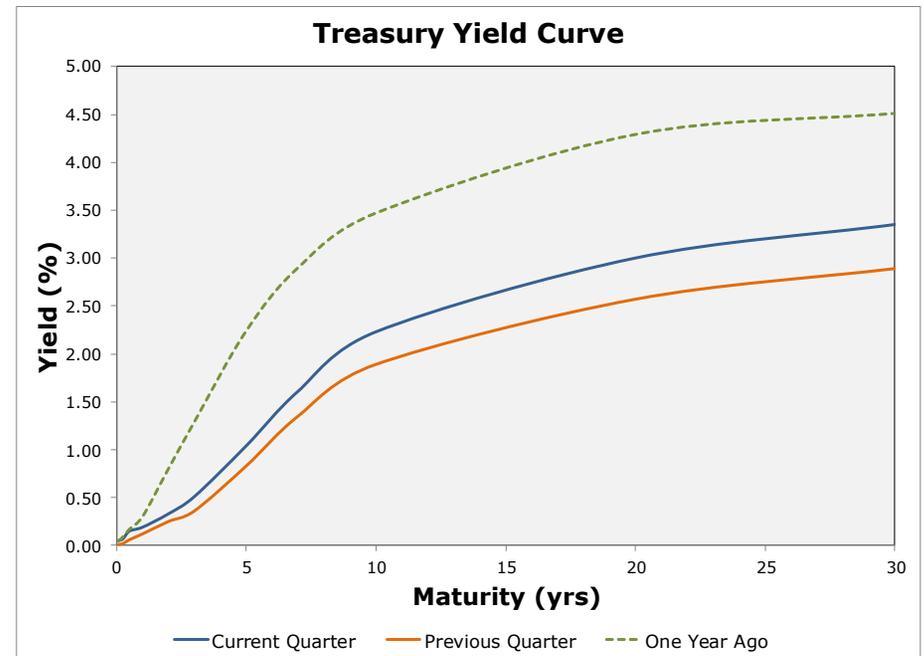
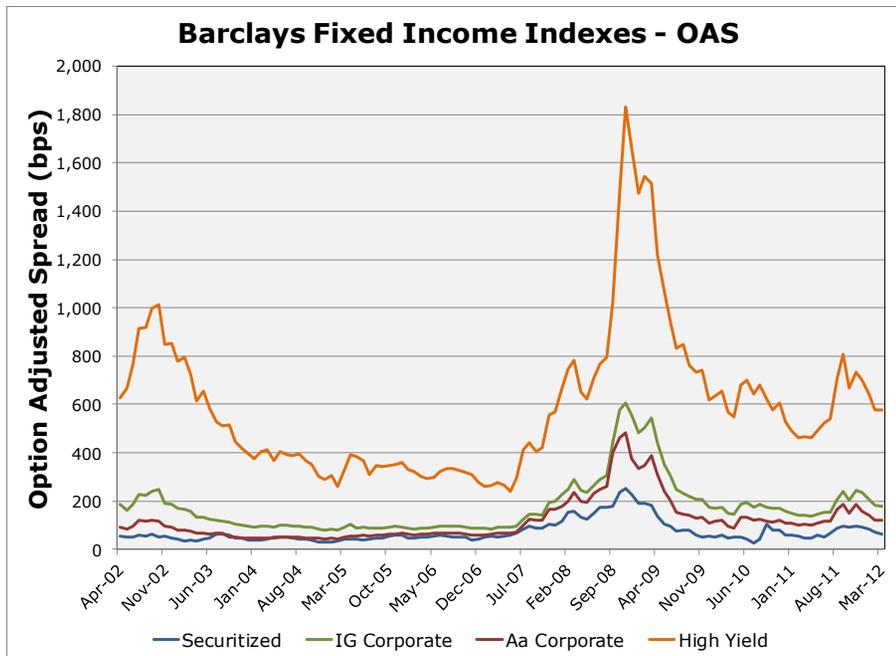
Data sources: Wilshire Compass, Wilshire Atlas

After the highest quality names dominated the market in 2011, lower quality led the market for the first quarter of 2012



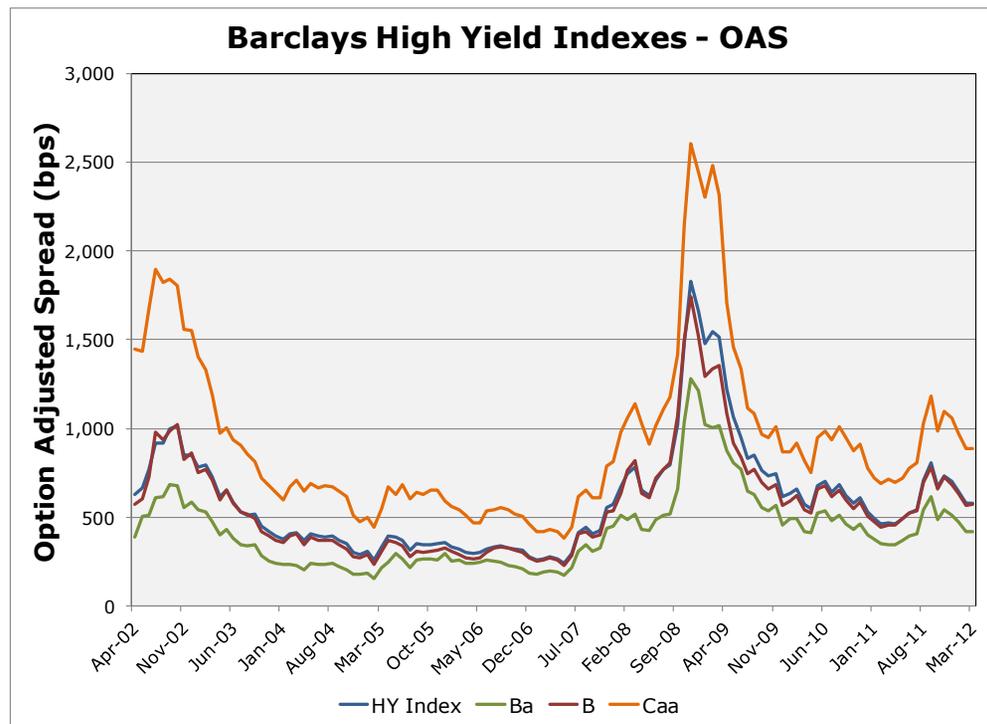
Data sources: Wilshire Atlas

March 31, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays Aggregate Bond Index	0.3	0.3	7.7	6.8	6.3	5.8
Barclays Treasury Index	-1.3	-1.3	8.6	3.9	6.2	5.7
Barclays Govt-Related Index	0.9	0.9	7.0	5.2	6.0	5.6
Barclays Securitized Index	0.7	0.7	6.3	6.4	6.2	5.6
Barclays Corporate IG Index	2.1	2.1	9.5	13.3	6.9	6.6
Barclays LT Govt/Credit Index	-2.1	-2.1	19.9	12.8	9.0	8.4
Barclays Long-Term Treasury Index	-5.8	-5.8	23.6	7.1	9.5	8.5
Barclays U.S. TIPS Index	0.9	0.9	12.2	8.7	7.6	7.5
Barclays High Yield Index	5.3	5.3	6.4	23.9	8.1	9.2
Treasury Bills	0.0	0.0	0.1	0.1	1.2	1.9



Data sources: Wilshire Compass, Barclays Capital, U.S. Treasury

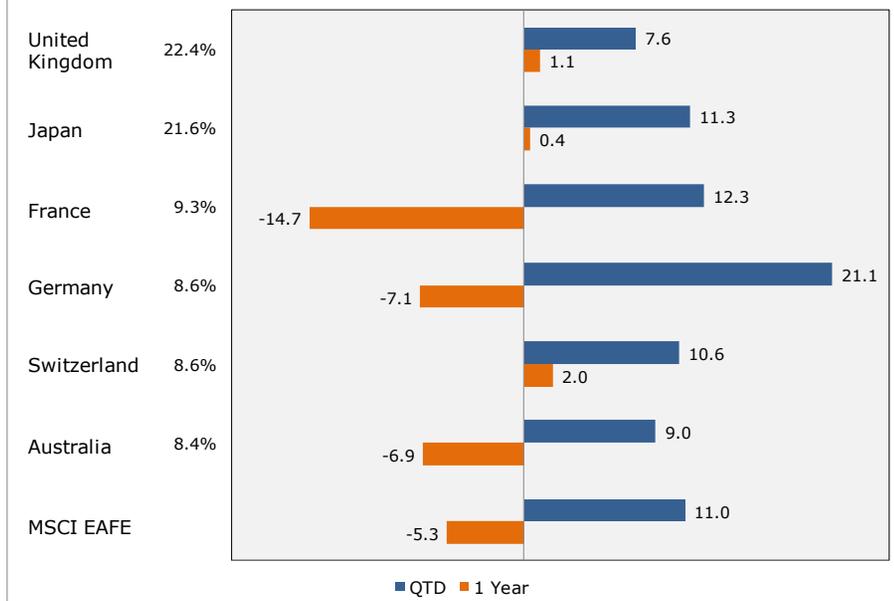
March 31, 2012	Weight	Qtr	Ytd	1 Yr	3 Yr
Barclays High Yield Index	100%	5.3	5.3	6.4	23.9
Quality Distribution					
Ba U.S. High Yield	41.7%	4.4	4.4	7.8	19.6
B U.S. High Yield	41.7%	4.9	4.9	6.6	20.3
Caa U.S. High Yield	14.7%	8.1	8.1	4.3	32.3
Ca to D U.S. High Yield	1.7%	13.0	13.0	-7.8	46.1
Non-Rated U.S. High Yield	0.3%	9.5	9.5	11.8	19.8



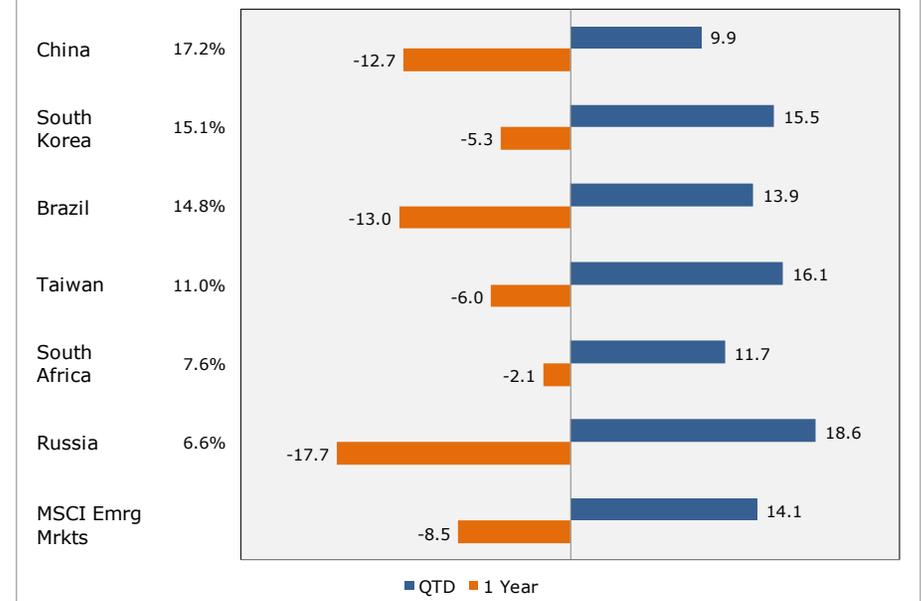
Data sources: Barclays Capital

March 31, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
MSCI ACWI ex-US (\$g)	11.3	11.3	-6.7	19.6	-1.1	7.7
MSCI EAFE (\$g)	11.0	11.0	-5.3	17.7	-3.0	6.2
MSCI Emerging Markets (\$g)	14.1	14.1	-8.5	25.4	5.0	14.5
MSCI Frontier Markets (\$g)	5.6	5.6	-8.9	14.3	-5.8	n.a.
MSCI EAFE Minimum Volatility Idx	5.8	5.8	3.9	17.1	0.6	10.2
FTSE RAFI Developed ex-US Index	10.6	10.6	-10.0	19.9	-2.1	n.a.
JPM Non US Global Bond	-0.7	-0.7	4.3	7.4	7.4	8.8
JPM Non US Global Bond Hedged	1.2	1.2	6.5	4.3	5.0	4.9
JPM EMBI Global	4.9	4.9	12.6	16.5	8.6	10.9
Euro vs. Dollar	2.6	2.6	-6.1	0.0	0.0	4.3
Yen vs. Dollar	-6.5	-6.5	0.7	6.3	7.5	4.9
Pound vs. Dollar	2.8	2.8	-0.3	3.7	-4.0	1.1

MSCI EAFE: Largest Countries and Return

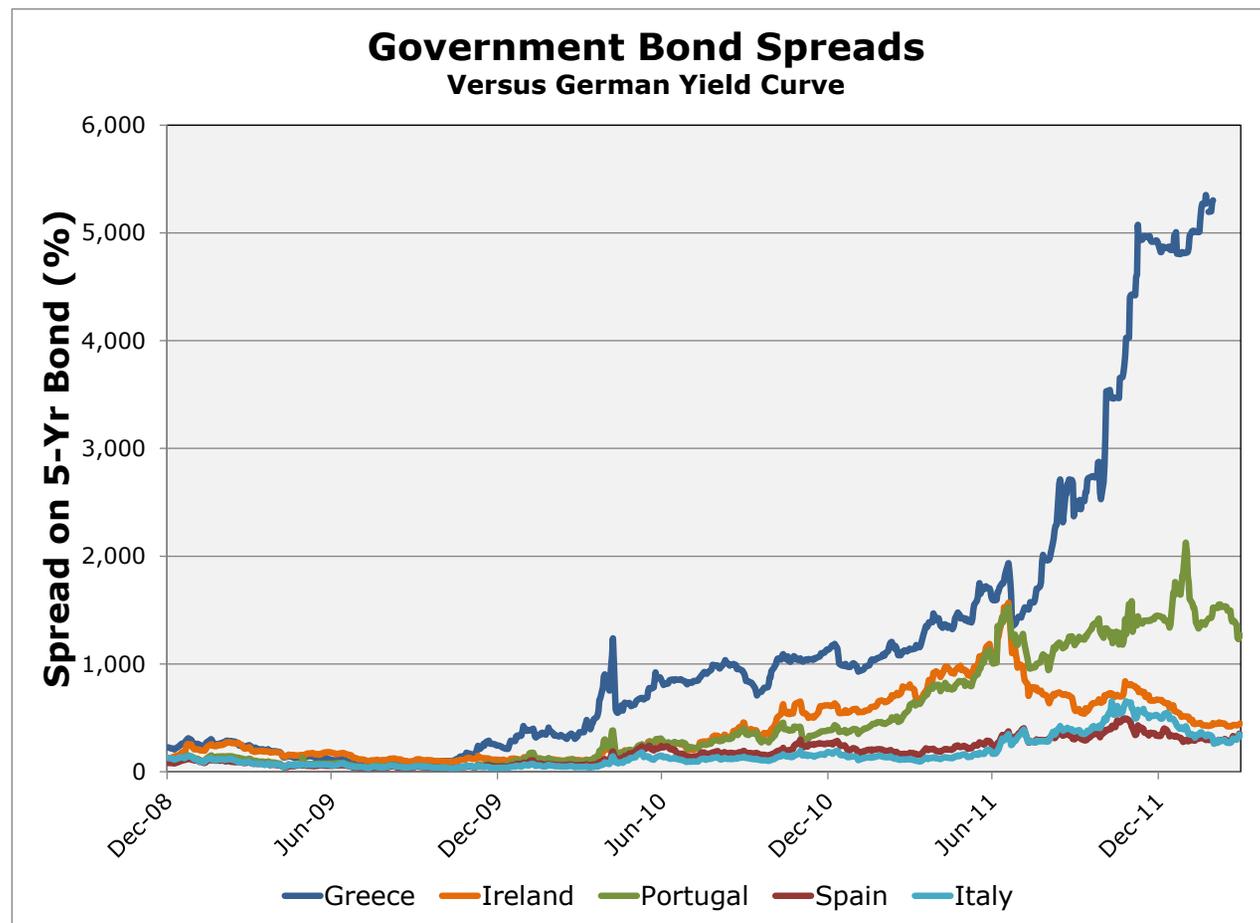


MSCI EM: Largest Countries and Return



Data sources: Wilshire Compass, MSCI Barra

Large majority of private creditors agreed to a bond swap deal with Greece during the quarter that cut its public debt by 100 billion euros



Data sources: Barclays Capital

Asset Class Performance



Annual Asset Class Returns - Best to Worst

2007	2008	2009	2010	2011	YTD 2012
Emrg Mrkts 39.8%	Core Bond 5.2%	Emrg Mrkts 79.0%	REITs 28.6%	U.S. TIPS 13.6%	Emrg Mrkts 14.1%
Commodities 16.2%	T-Bills 2.0%	High Yield 58.2%	Emrg Mrkts 19.2%	REITs 9.2%	U.S. Equity 12.8%
U.S. TIPS 11.6%	U.S. TIPS -2.3%	Developed 32.5%	U.S. Equity 17.2%	Core Bond 7.8%	Developed 11.0%
Developed 11.6%	High Yield -26.2%	REITs 28.6%	Commodities 16.8%	High Yield 5.0%	REITs 10.8%
Core Bond 7.0%	Commodities -35.6%	U.S. Equity 28.3%	High Yield 15.1%	U.S. Equity 1.0%	High Yield 5.3%
U.S. Equity 5.6%	U.S. Equity -37.2%	Commodities 18.9%	Developed 8.2%	T-Bills 0.1%	U.S. TIPS 0.9%
T-Bills 5.0%	REITs -39.2%	U.S. TIPS 11.4%	Core Bond 6.5%	Developed -11.7%	Core Bond 0.3%
High Yield 1.9%	Developed -43.1%	Core Bond 5.9%	U.S. TIPS 6.3%	Commodities -13.3%	T-Bills 0.0%
REITs -17.5%	Emrg Mrkts -53.2%	T-Bills 0.2%	T-Bills 0.1%	Emrg Mrkts -18.2%	Commodities -13.3%

Annualized
5-Year

2007-2011
U.S. TIPS 8.0%
High Yield 7.5%
Core Bond 6.5%
Emrg Mrkts 2.7%
T-Bills 1.5%
U.S. Equity 0.1%
REITs -2.0%
Commodities -2.1%
Developed -4.3%

Data sources: Wilshire Compass

Note: Developed asset class is developed markets ex-U.S., ex-Canada.

Appendix

Performance Comparison



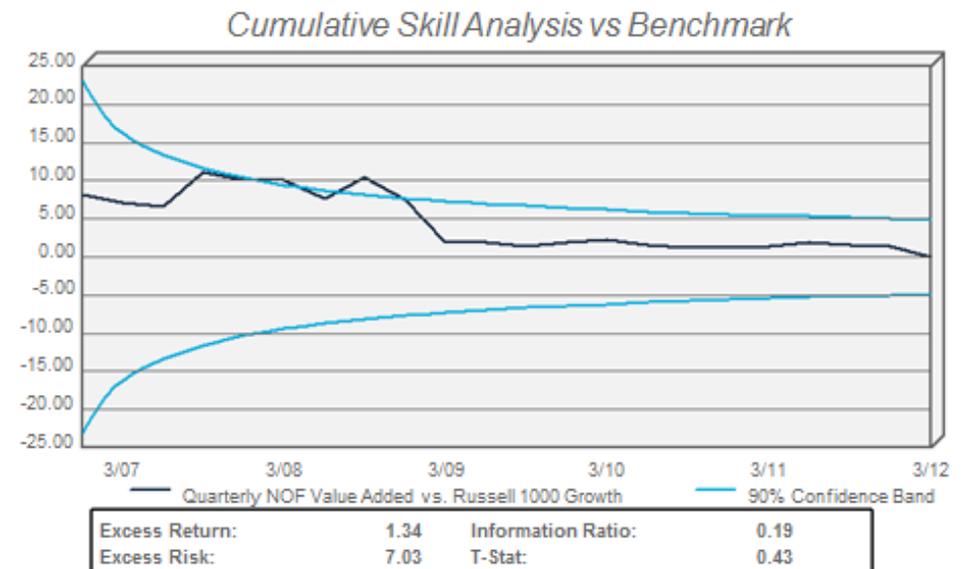
Trailing Returns vs Benchmarks

Periods Ended March 31, 2012

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
Equity Composite									
Net of Fee Return	13.73	28.21	7.44	7.56	27.52	2.78	5.14	12/31/97	4.94
Wilshire 5000	12.76	26.32	7.32	7.24	24.15	2.27	4.95	12/31/97	4.91
Value Added	0.98	1.89	0.12	0.32	3.37	0.51	0.19	12/31/97	0.03
Fixed Composite									
Net of Fee Return	2.19	3.66	5.78	7.85	13.98	6.47	6.08	12/31/97	6.22
Barclays Aggregate	0.30	1.43	5.30	7.72	6.84	6.25	5.80	12/31/97	6.00
Value Added	1.89	2.23	0.47	0.13	7.14	0.22	0.28	12/31/97	0.21
Int'l Equity Composite									
Net of Fee Return	11.57	14.84	-7.64	-6.01	20.44	-3.19	5.69	12/31/97	6.52
Policy Benchmark	11.23	15.37	-7.53	-7.17	19.12	-1.56	6.80	12/31/97	4.96
Value Added	0.33	-0.53	-0.11	1.16	1.32	-1.63	-1.11	12/31/97	1.57
Real Estate Composite									
Net of Fee Return	11.50	20.03	-0.94	3.01				6/30/09	18.59
FTSE EPRA/NAREIT Developed RE	12.90	21.21	0.24	3.19				6/30/09	20.53
Value Added	-1.40	-1.18	-1.18	-0.17				6/30/09	-1.94
Alternative Investments Composite									
Net of Fee Return	3.19	3.44	4.39	8.39				6/30/10	5.59
Wilshire 5000 +2.5%	13.38	27.57	9.20	9.74				6/30/10	24.52
Value Added	-10.19	-24.13	-4.81	-1.35				6/30/10	-18.93
Total Fund									
Net of Fee Return	9.70	17.78	4.09	5.20	21.83	3.36	6.08	12/31/97	6.11
Policy Index	8.83	16.78	4.88	5.81	18.79	3.65	6.22	12/31/97	6.09
Value Added	0.87	1.00	-0.79	-0.61	3.03	-0.28	-0.14	12/31/97	0.02

Cumulative Skill Graph

- Graphical representation of the statistical significance of excess returns over a specified benchmark for the cumulative time period being analyzed.
- Positive cumulative excess performance is shown when the dark blue line is above the “0.00” line measured on the left Y axis.
- The light blue lines that form a channel, or the shape of a trumpet horn, represent the boundaries of the statistical significance test.
- The width of the channel is calculated based on the amount of “Excess Risk” that the manager takes over the benchmark.



Value Added Graph

- Illustrates excess returns over the specified benchmark for individual periods, usually quarters, and for the cumulative time period being analyzed.
- A period in which there was positive excess performance the dark blue bar is above the line. Negative excess performance is below the line. The magnitude of the excess performance is measured on the left Y axis.
- The light blue line is the cumulative result of the quarterly performance and is measured on the right Y axis.

