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*The City of Grand Rapids – Police and Fire Retirement System  
Executive Summary of Investment Performance*

*June 30, 2012*

Investment Performance	Tab 1
Capital Market Review	Tab 2
Appendix	

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*Total Fund*

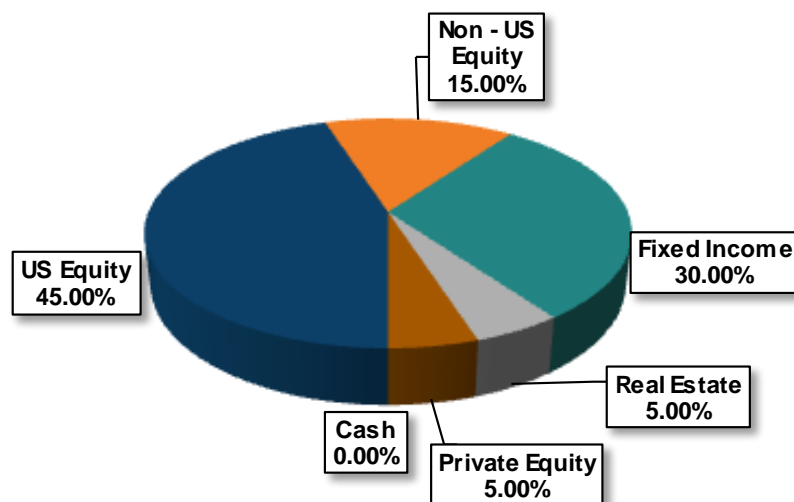
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# Policy Allocation vs Actual Allocation

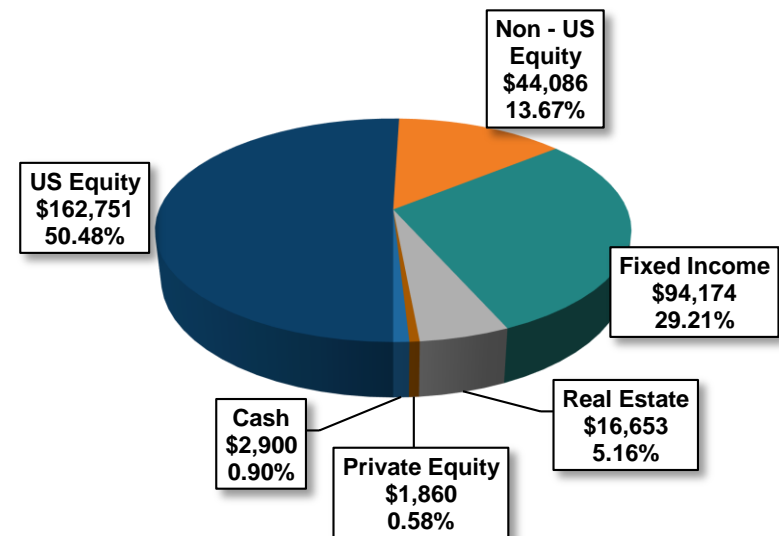
## Total Fund Composite

As of June 30, 2012

Policy Allocation



Actual Allocation (in \$'000s)



Total Assets: \$322,423,000

# Policy Allocation vs Actual Allocation



## Total Fund Composite

As of June 30, 2012

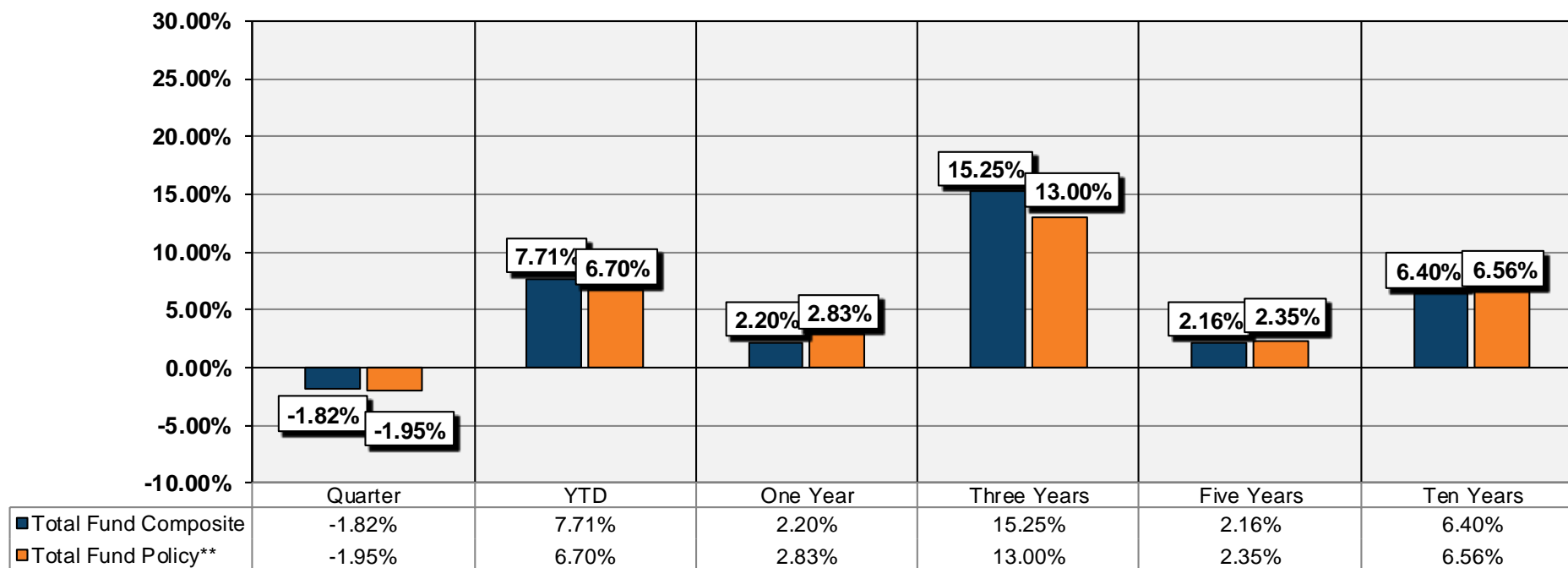
	Market Value (in \$'000s)	Asset Allocation	
		Actual	Policy
US Equity	\$162,751	50.48%	45.00%
Non - US Equity	\$44,086	13.67%	15.00%
Fixed Income	\$94,174	29.21%	30.00%
Real Estate	\$16,653	5.16%	5.00%
Private Equity	\$1,860	0.58%	5.00%
Cash	\$2,900	0.90%	0.00%
<b>Total Fund Composite</b>	<b>\$322,423</b>	<b>100.00%</b>	<b>100.00%</b>

# Investment Performance



## Total Fund Composite\*

Periods Ended June 30, 2012



\*Returns are net of fees

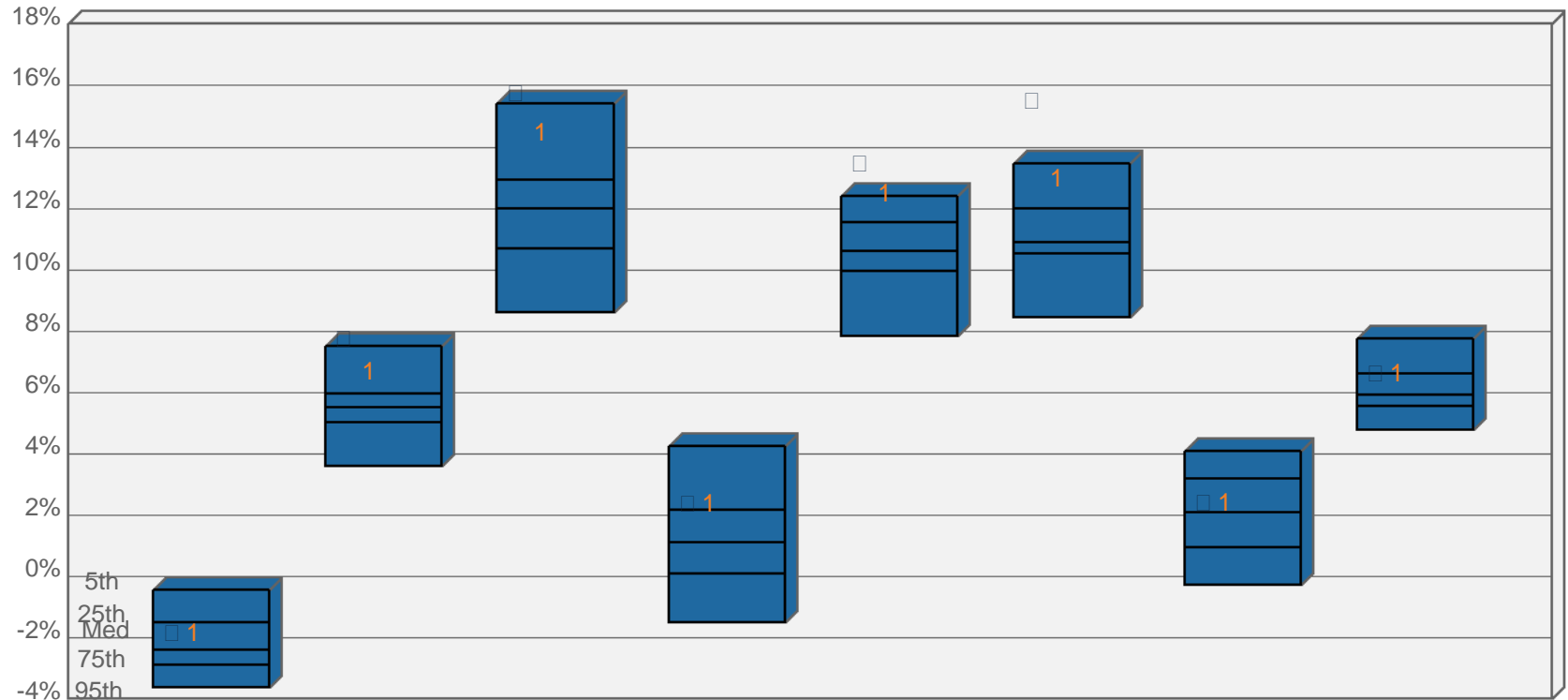
\*\* Policy index = Wilshire 5000 (45%), MSCI ACWI ex U.S. (15%), Barclays Aggregate (30%), FTSE EPRA NAREIT Dev RE (5%), Wilshire 5000 +2.5% (5%)

# Performance Comparison



## Total Fund Composite

Periods Ended June 30, 2012



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
□ Total Fund	-1.76 (29)	7.85 ( 1)	15.85 ( 2)	2.47 (17)	13.57 ( 1)	15.60 ( 1)	2.48 (41)	6.69 (21)
1 Policy Index	-1.95 (36)	6.70 ( 7)	14.50 (11)	2.83 (16)	12.50 ( 4)	13.00 (10)	2.35 (43)	6.56 (26)
5th %tile	-0.44	7.49	15.41	4.24	12.40	13.45	4.09	7.76
25th %tile	-1.49	5.94	12.94	2.16	11.54	11.98	3.17	6.61
Median	-2.38	5.52	11.99	1.12	10.62	10.88	2.07	5.91
75th %tile	-2.89	5.01	10.68	0.08	9.97	10.53	0.93	5.54
95th %tile	-3.61	3.60	8.61	-1.50	7.85	8.44	-0.28	4.79
Number of Funds	67	67	67	67	64	64	62	51

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

# Performance Comparison



## Trailing Returns

Periods Ended June 30, 2012

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
<b>U.S. Equity Composite</b>									
<b>Net of Fee Return</b>	<b>-3.33</b>	<b>9.95</b>	<b>23.94</b>	<b>3.87</b>	<b>18.46</b>	<b>0.92</b>	<b>6.20</b>	<b>12/31/97</b>	<b>4.61</b>
Wilshire 5000	-3.13	9.22	22.36	3.96	16.65	0.43	6.04	12/31/97	4.60
Value Added	-0.19	0.73	1.59	-0.09	1.81	0.49	0.16	12/31/97	0.01
<b>Fixed Composite</b>									
<b>Net of Fee Return</b>	<b>2.19</b>	<b>4.43</b>	<b>5.93</b>	<b>8.09</b>	<b>12.04</b>	<b>7.12</b>	<b>5.99</b>	<b>12/31/97</b>	<b>6.26</b>
Barclays Aggregate	2.06	2.37	3.52	7.48	6.93	6.80	5.63	12/31/97	6.04
Value Added	0.13	2.05	2.41	0.62	5.10	0.33	0.36	12/31/97	0.22
<b>Non - U.S. Equity Composite</b>									
<b>Net of Fee Return</b>	<b>-5.62</b>	<b>5.30</b>	<b>8.39</b>	<b>-12.83</b>	<b>10.22</b>	<b>-5.71</b>	<b>4.74</b>	<b>12/31/97</b>	<b>5.98</b>
Policy Benchmark	-7.61	2.77	6.59	-14.56	6.97	-4.62	6.18	12/31/97	4.30
Value Added	1.99	2.53	1.80	1.74	3.25	-1.09	-1.44	12/31/97	1.68
<b>Real Estate Composite</b>									
<b>Net of Fee Return</b>	<b>1.18</b>	<b>12.82</b>	<b>21.45</b>	<b>0.23</b>	<b>17.38</b>			<b>6/30/09</b>	<b>17.38</b>
FTSE EPRA/NAREIT Developed RE	2.12	15.29	23.78	2.36	19.50			6/30/09	19.50
Value Added	-0.93	-2.47	-2.33	-2.13	-2.12			6/30/09	-2.12
<b>Alternative Investments Composite</b>									
<b>Net of Fee Return</b>	<b>2.92</b>	<b>6.21</b>	<b>6.46</b>	<b>7.44</b>				<b>6/30/10</b>	<b>6.39</b>
Wilshire 5000 +2.5%	-2.51	10.47	24.23	6.46				6/30/10	19.64
Value Added	5.43	-4.26	-17.77	0.98				6/30/10	-13.25
<b>Total Fund</b>									
<b>Net of Fee Return</b>	<b>-1.82</b>	<b>7.71</b>	<b>15.64</b>	<b>2.20</b>	<b>15.25</b>	<b>2.16</b>	<b>6.40</b>	<b>12/31/97</b>	<b>5.87</b>
Policy Index	-1.95	6.70	14.50	2.83	13.00	2.35	6.56	12/31/97	5.84
Value Added	0.14	1.00	1.14	-0.63	2.25	-0.19	-0.16	12/31/97	0.03



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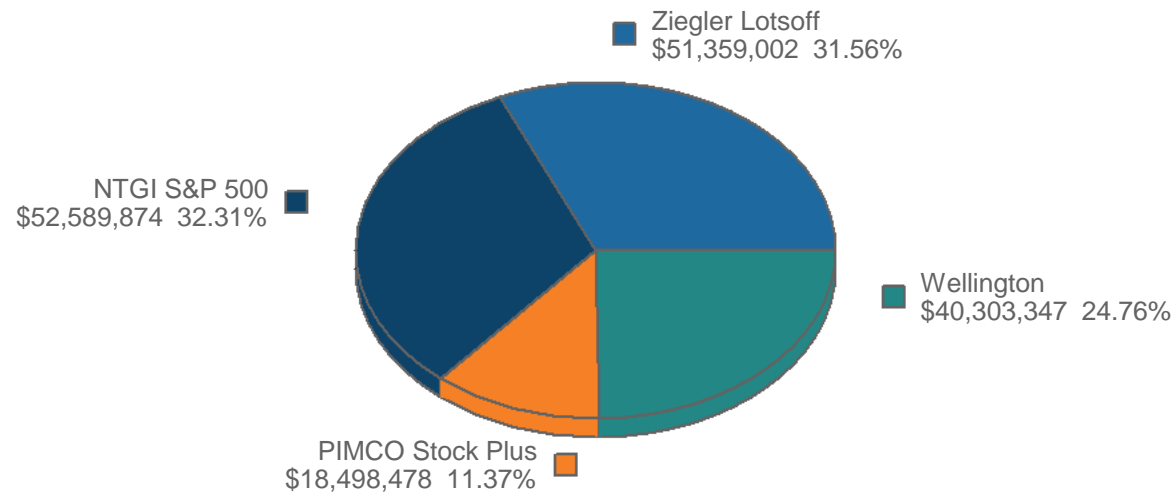
*U.S. Equity*

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# Manager Allocation

## Equity Composite

As of June 30, 2012



# Performance Comparison



## Trailing Returns

Periods Ended June 30, 2012

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
<b>NTGI S&amp;P 500</b>									
Net of Fee Return	-2.74	9.49	22.44	5.45	16.39	0.06	5.60	9/30/98	4.33
Policy Benchmark	-2.75	9.48	22.41	5.44	16.39	0.21	5.62	9/30/98	4.34
Value Added	0.01	0.01	0.03	0.01	0.00	-0.15	-0.02	9/30/98	-0.00
<b>PIMCO Stock Plus</b>									
Net of Fee Return	-1.75	12.70	27.13	7.32	19.76	1.35	5.82	9/30/00	2.01
Standard & Poor's 500	-2.75	9.48	22.41	5.44	16.39	0.21	5.33	9/30/00	1.46
Value Added	1.00	3.22	4.72	1.88	3.37	1.14	0.50	9/30/00	0.55
<b>Wellington</b>									
Net of Fee Return	-2.59	11.62	29.06	0.72	24.42	4.28	9.32	9/30/99	9.78
Russell 2000	-3.47	8.53	25.34	-2.06	17.80	0.54	7.00	9/30/99	6.41
Value Added	0.88	3.09	3.72	2.78	6.62	3.74	2.32	9/30/99	3.38
<b>Ziegler Lotsoff</b>									
Net of Fee Return	-5.05	8.18	20.74	3.35	15.33	-1.12		9/30/04	4.12
Standard & Poor's 500	-2.75	9.48	22.41	5.44	16.39	0.21		9/30/04	4.77
Value Added	-2.30	-1.30	-1.68	-2.09	-1.06	-1.33		9/30/04	-0.64
<b>U.S. Equity Composite</b>									
Net of Fee Return	-3.33	9.95	23.94	3.87	18.46	0.92	6.20	12/31/97	4.61
Wilshire 5000	-3.13	9.22	22.36	3.96	16.65	0.43	6.04	12/31/97	4.60
Value Added	-0.19	0.73	1.59	-0.09	1.81	0.49	0.16	12/31/97	0.01

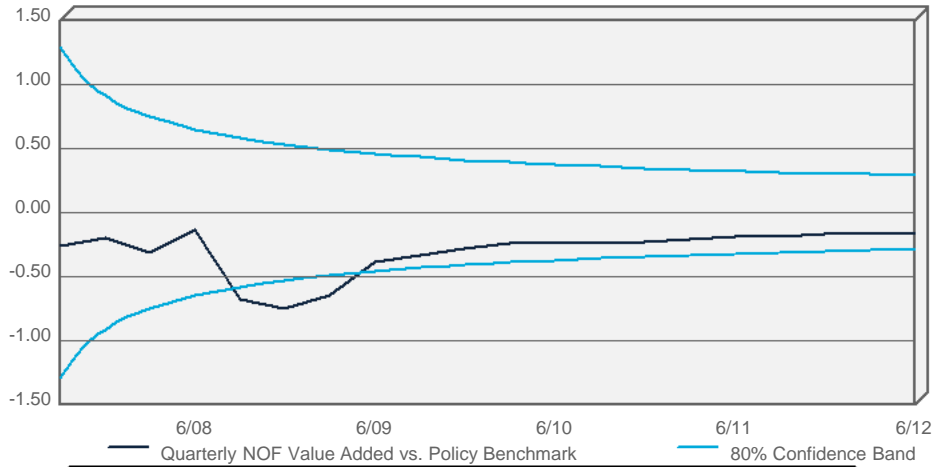
# Investment Manager Analysis



## NTGI S&P 500

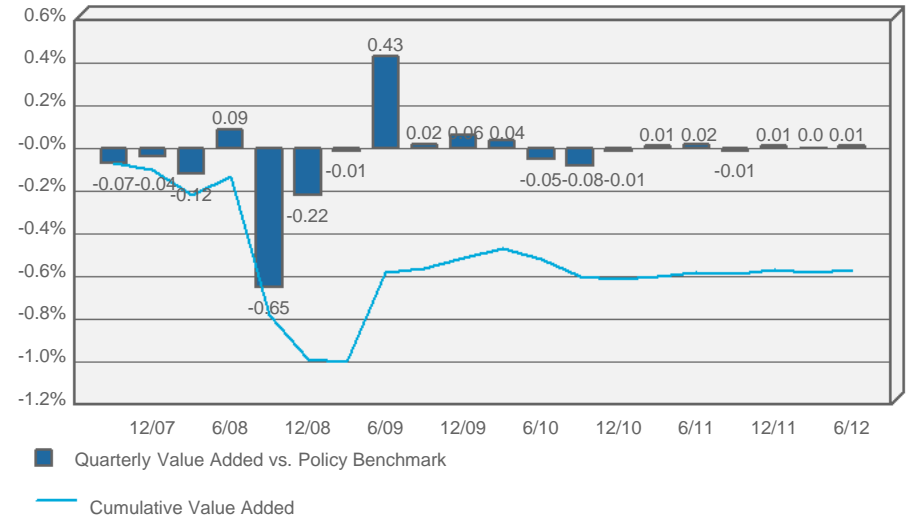
June 30, 2012

Cumulative Skill Analysis vs Benchmark

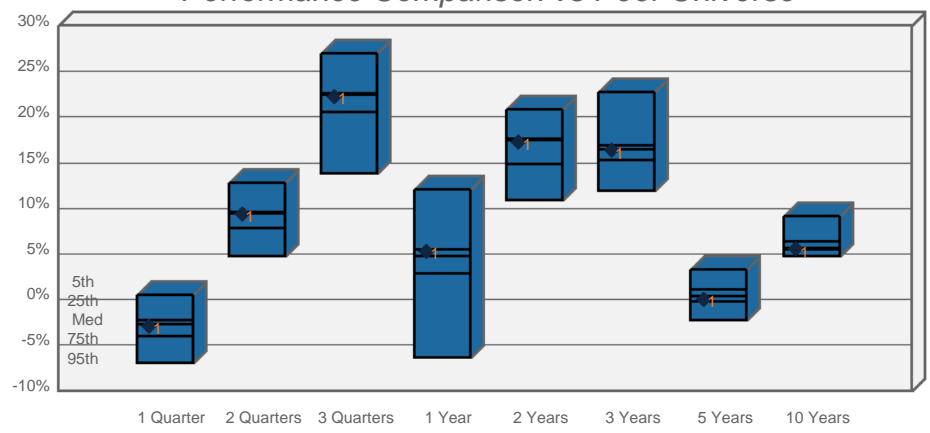


Excess Return:	-0.15	Information Ratio:	-0.39
Excess Risk:	0.39	T-Stat:	-0.87

Value-Added Analysis vs Benchmark

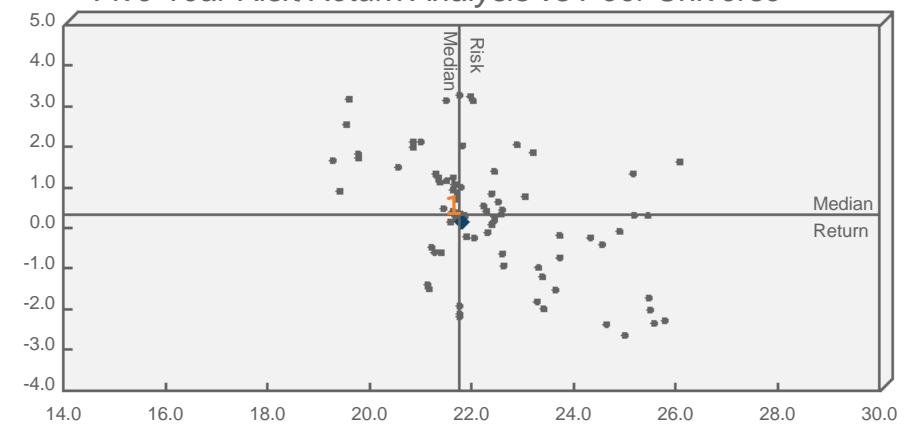


Performance Comparison vs Peer Universe\*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
◆ NTGI S&P 500	-2.74 (37)	9.50 (31)	22.45 (35)	5.48 (25)	17.41 (35)	16.47 (37)	0.12 (68)	5.66 (46)
1 Policy Benchmark	-2.75 (41)	9.48 (39)	22.41 (45)	5.44 (32)	17.39 (42)	16.39 (55)	0.21 (66)	5.62 (46)
Median	-2.81	9.40	22.38	4.69	17.35	16.40	0.32	5.52
Number of Funds	308	295	281	272	234	202	130	57

Five Year Risk/Return Analysis vs Peer Universe\*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
NTGI S&P 500	◆	0.12	68	21.94	40
Policy Benchmark	1	0.21	66	21.75	56
Median		0.32		21.75	

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

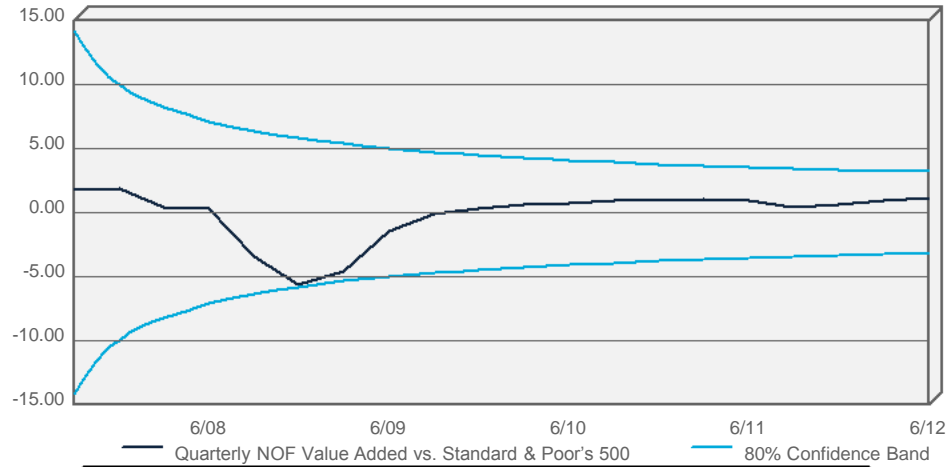
# Investment Manager Analysis



## PIMCO Stock Plus

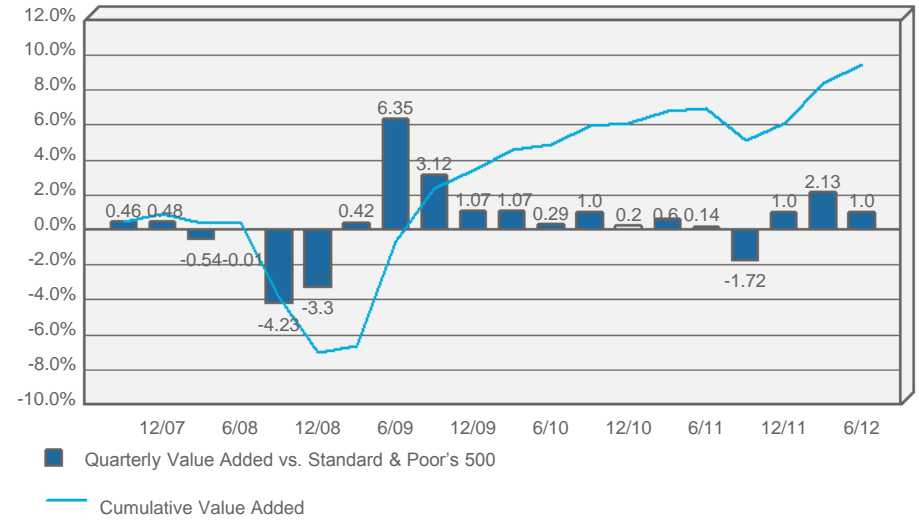
June 30, 2012

Cumulative Skill Analysis vs Benchmark

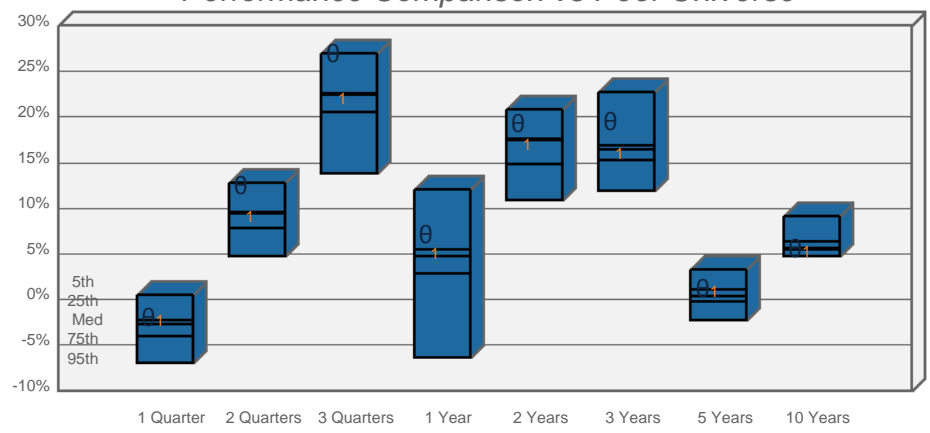


Excess Return:	1.14	Information Ratio:	0.26
Excess Risk:	4.31	T-Stat:	0.59

Value-Added Analysis vs Benchmark

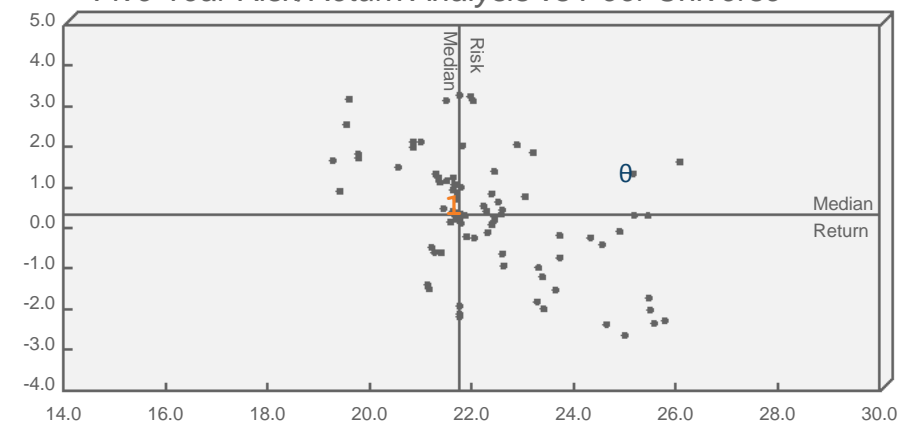


Performance Comparison vs Peer Universe\*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
θ PIMCO Stock Plus	-1.75 (14)	12.70 (5)	27.13 (4)	7.32 (8)	19.49 (9)	19.76 (9)	1.35 (21)	5.82 (35)
1 S&P 500	-2.75 (41)	9.48 (39)	22.41 (45)	5.44 (32)	17.39 (42)	16.39 (55)	0.21 (66)	5.33 (82)
Median	-2.81	9.40	22.38	4.69	17.35	16.40	0.32	5.52
Number of Funds	308	295	281	272	234	202	130	57

Five Year Risk/Return Analysis vs Peer Universe\*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
PIMCO Stock Plus	θ	1.35	21	25.17	12
Standard & Poor's 500	1	0.21	66	21.75	56
Median		0.32		21.75	

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

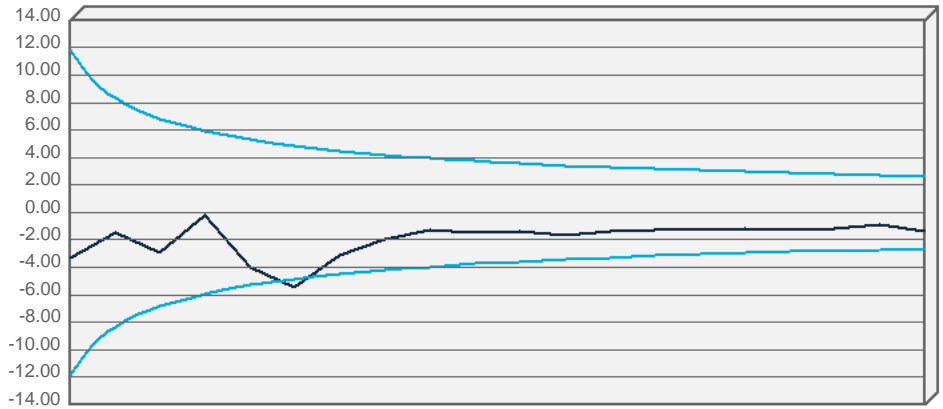
# Investment Manager Analysis



## Ziegler Lotsoff

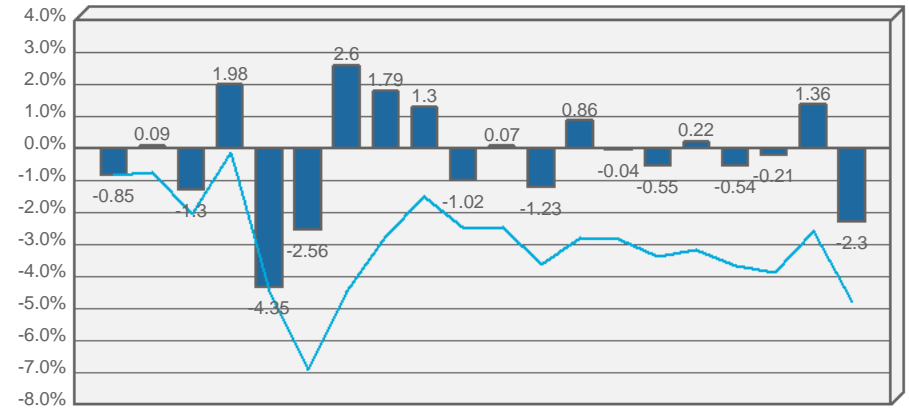
June 30, 2012

Cumulative Skill Analysis vs Benchmark



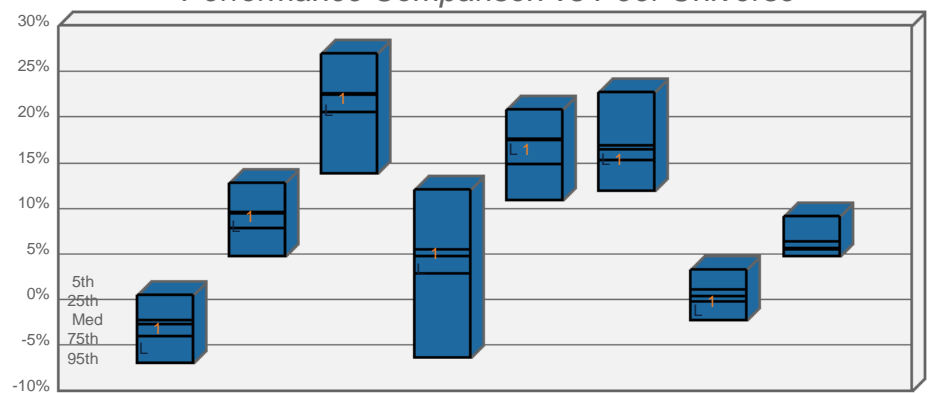
Excess Return:	-1.33	Information Ratio:	-0.37
Excess Risk:	3.60	T-Stat:	-0.83

Value-Added Analysis vs Benchmark



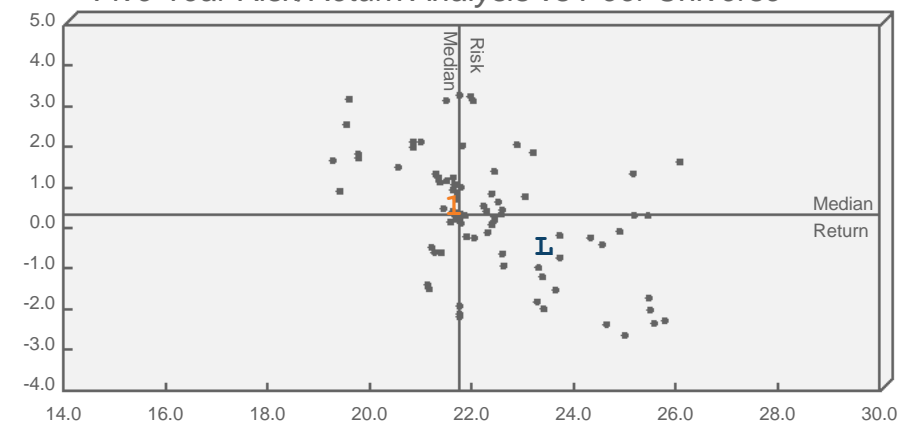
■ Quarterly Value Added vs. Standard & Poor's 500  
 — Cumulative Value Added

Performance Comparison vs Peer Universe\*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Ziegler Lotsoff	-4.97 (88)	8.37 (69)	21.05 (65)	3.72 (67)	16.88 (61)	15.73 (67)	-0.77 (82)	
S & P 500	-2.75 (41)	9.48 (39)	22.41 (45)	5.44 (32)	17.39 (42)	16.39 (55)	0.21 (66)	
Median	-2.81	9.40	22.38	4.69	17.35	16.40	0.32	5.52
Number of Funds	308	295	281	272	234	202	130	57

Five Year Risk/Return Analysis vs Peer Universe\*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Ziegler Lotsoff	1	-0.77	82	23.52	21
Standard & Poor's 500		0.21	66	21.75	56
Median		0.32		21.75	

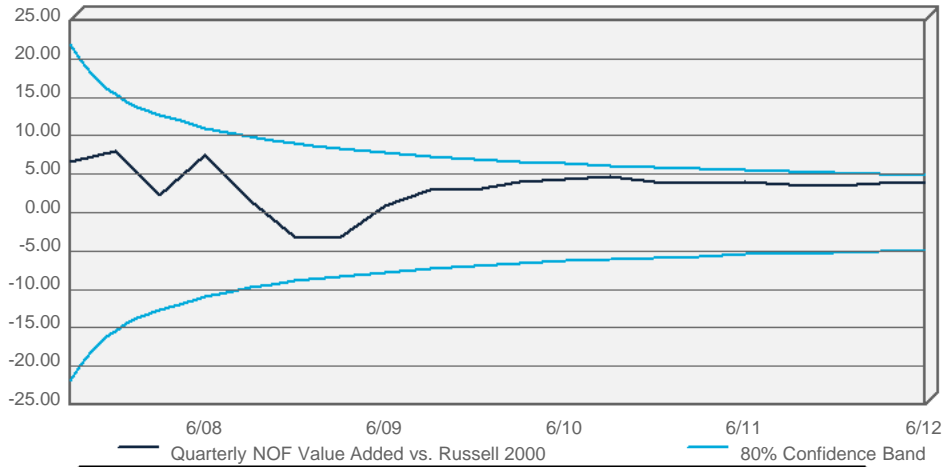
\*Total Returns of Large Neutral Equity Portfolios Universe - Gross of Fees

# Investment Manager Analysis



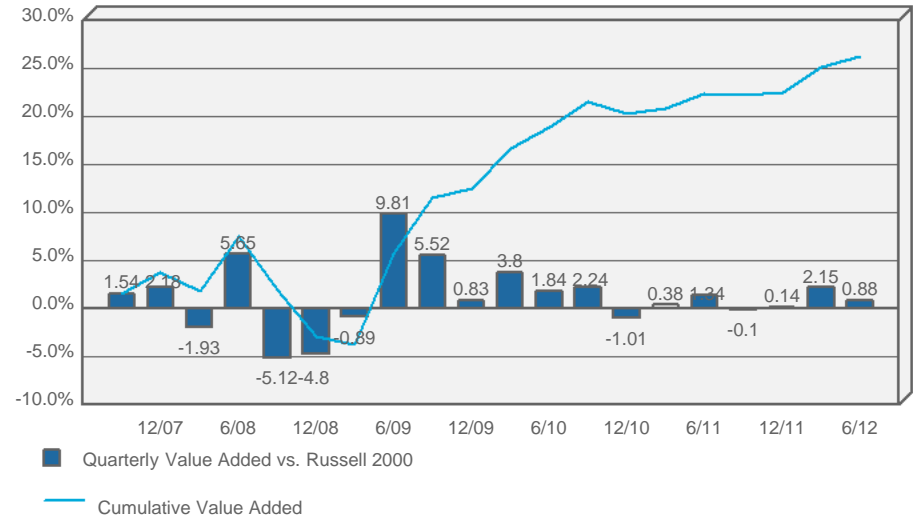
Wellington  
June 30, 2012

Cumulative Skill Analysis vs Benchmark

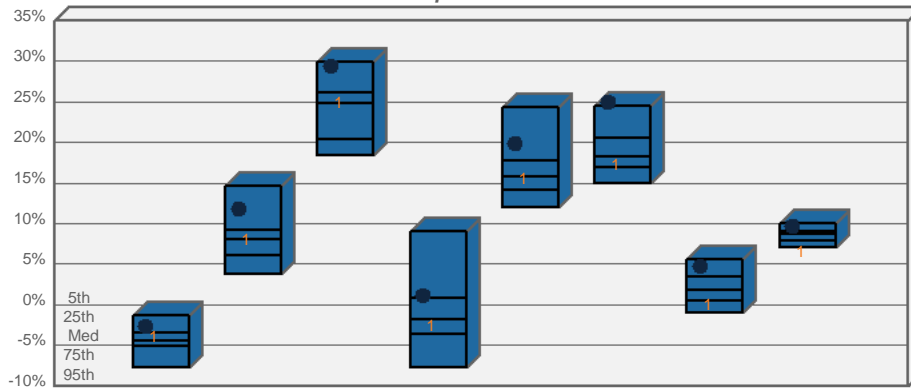


<b>Excess Return:</b>	3.72	<b>Information Ratio:</b>	0.56
<b>Excess Risk:</b>	6.67	<b>T-Stat:</b>	1.25

Value-Added Analysis vs Benchmark

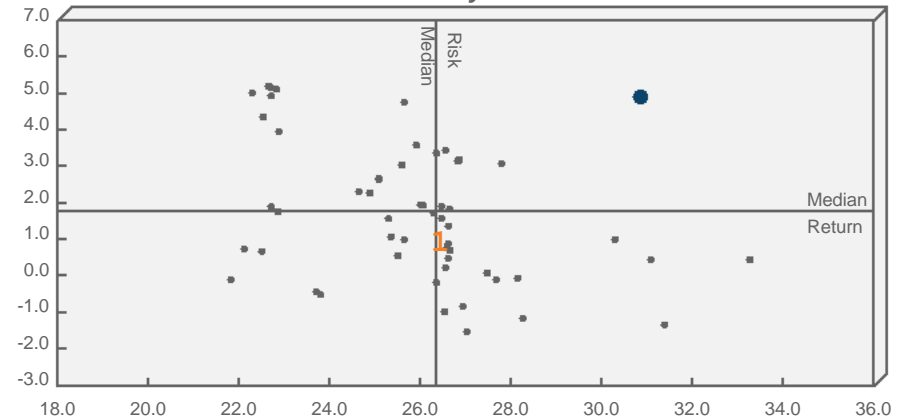


Performance Comparison vs Peer Universe\*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Wellington	-2.44 ( 7)	11.94 ( 5)	29.61 ( 6)	1.33 (21)	20.03 (15)	25.16 ( 3)	4.89 (14)	9.85 ( 5)
Russell 2000	-3.47 (32)	8.53 (43)	25.34 (38)	-2.06 (55)	16.00 (48)	17.80 (63)	0.54 (71)	7.00 (95)
Median	-4.51	8.09	24.71	-1.87	15.74	18.25	1.77	8.66
Number of Funds	130	129	123	119	101	88	60	26

Five Year Risk/Return Analysis vs Peer Universe\*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Wellington	●	4.89	14	30.99	11
Russell 2000	I	0.54	71	26.55	40
Median		1.77		26.35	

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

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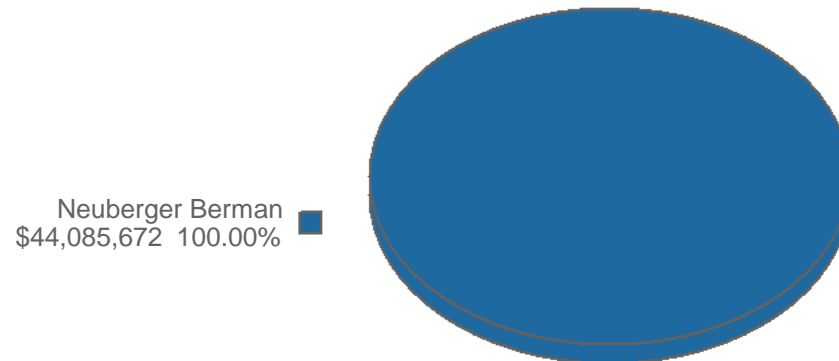
*Non - U.S. Equity*

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# Manager Allocation

Non - U.S. Equity Composite  
As of June 30, 2012



# Performance Comparison



## Trailing Returns

Periods Ended June 30, 2012

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
<b>Neuberger Berman</b>									
<b>Net of Fee Return</b>	<b>-5.62</b>	<b>5.30</b>	<b>8.39</b>	<b>-12.83</b>	<b>10.22</b>	<b>-5.71</b>		<b>6/30/06</b>	<b>-0.96</b>
MSCI ACWI X US (N)	-7.61	2.77	6.59	-14.56	6.97	-4.62		6/30/06	0.38
Value Added	1.99	2.53	1.80	1.74	3.25	-1.09		6/30/06	-1.34
<b>Non – U.S. Equity Composite</b>									
<b>Net of Fee Return</b>	<b>-5.62</b>	<b>5.30</b>	<b>8.39</b>	<b>-12.83</b>	<b>10.22</b>	<b>-5.71</b>	<b>4.74</b>	<b>12/31/97</b>	<b>5.98</b>
Policy Benchmark	-7.61	2.77	6.59	-14.56	6.97	-4.62	6.18	12/31/97	4.30
Value Added	1.99	2.53	1.80	1.74	3.25	-1.09	-1.44	12/31/97	1.68

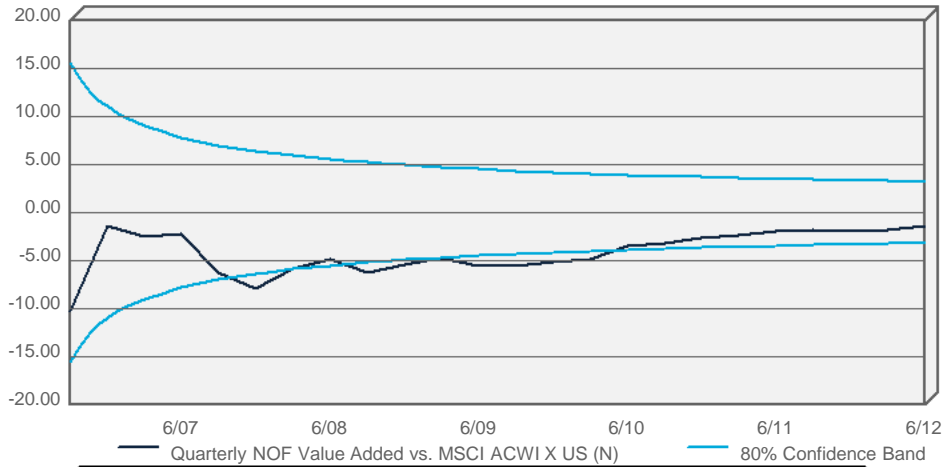
# Investment Manager Analysis



## Neuberger Berman

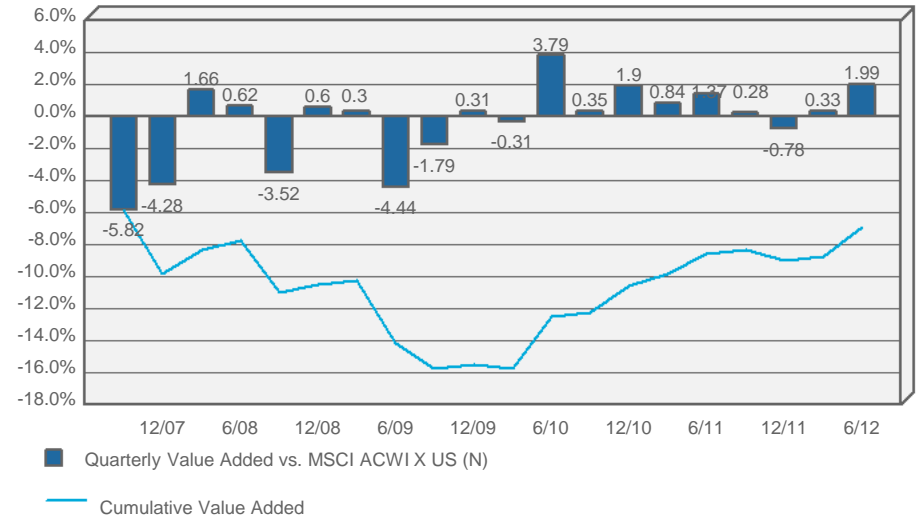
June 30, 2012

Cumulative Skill Analysis vs Benchmark

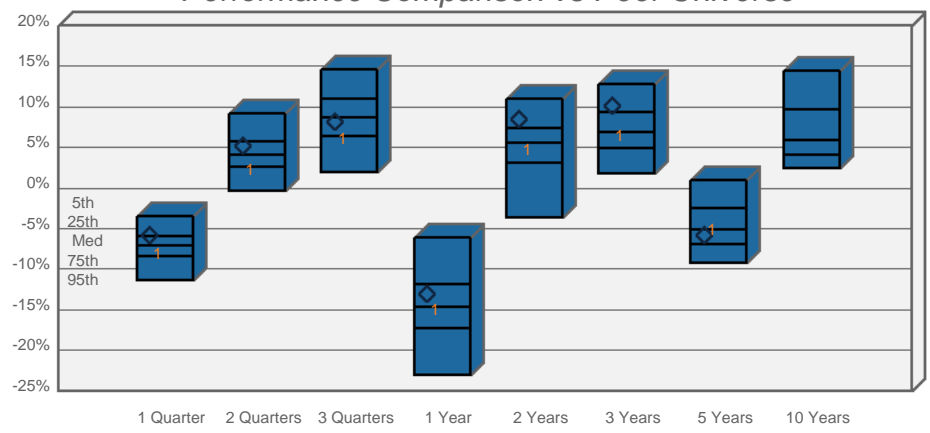


<b>Excess Return:</b>	-1.34	<b>Information Ratio:</b>	-0.28
<b>Excess Risk:</b>	4.74	<b>T-Stat:</b>	-0.69

Value-Added Analysis vs Benchmark

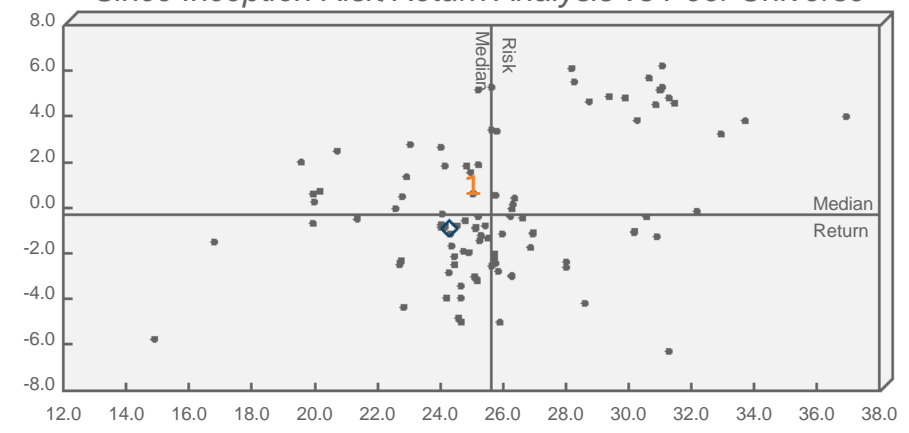


Performance Comparison vs Peer Universe\*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
◆ Neuberger Berman	-5.62 (17)	5.30 (30)	8.39 (52)	-12.83 (29)	8.62 (12)	10.22 (16)	-5.71 (57)	
1 MSCI ACWI X US	-7.61 (58)	2.77 (71)	6.59 (72)	-14.56 (48)	5.28 (53)	6.97 (47)	-4.62 (45)	
Median	-7.22	4.07	8.64	-14.64	5.52	6.80	-5.14	5.79
Number of Funds	2114	2045	1986	1882	1721	1570	1236	714

Since Inception Risk/Return Analysis vs Peer Universe\*



Description	Legend	Net Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Neuberger Berman	◆	-0.96	58	24.49	68
MSCI ACWI X US (N)	1	0.38	43	25.21	55
Median		-0.33		25.61	

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

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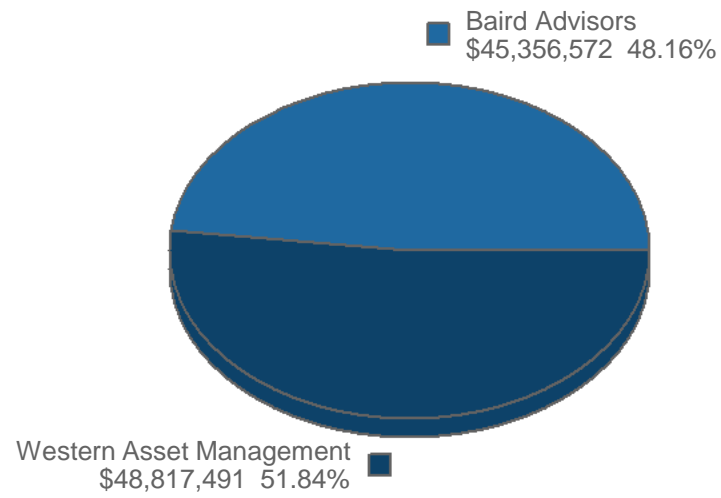
# *Fixed Income*

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# Manager Allocation

## Fixed Composite

As of June 30, 2012



# Performance Comparison



## Trailing Returns

Periods Ended June 30, 2012

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
<b>Baird Advisors</b>									
<b>Net of Fee Return</b>	<b>2.40</b>	<b>3.54</b>	<b>4.67</b>	<b>8.22</b>	<b>9.58</b>	<b>6.68</b>		<b>3/31/03</b>	<b>5.37</b>
Barclays Aggregate	2.06	2.37	3.52	7.48	6.93	6.80		3/31/03	5.25
Value Added	0.34	1.16	1.15	0.75	2.64	-0.11		3/31/03	0.11
<b>Western Asset Management</b>									
<b>Net of Fee Return</b>	<b>1.99</b>	<b>5.14</b>	<b>6.84</b>	<b>7.73</b>	<b>14.29</b>	<b>7.34</b>		<b>3/31/04</b>	<b>5.82</b>
Barclays Aggregate	2.06	2.37	3.52	7.48	6.93	6.80		3/31/04	5.24
Value Added	-0.07	2.77	3.32	0.25	7.36	0.54		3/31/04	0.58
<b>Fixed Composite</b>									
<b>Net of Fee Return</b>	<b>2.19</b>	<b>4.43</b>	<b>5.93</b>	<b>8.09</b>	<b>12.04</b>	<b>7.12</b>	<b>5.99</b>	<b>12/31/97</b>	<b>6.26</b>
Barclays Aggregate	2.06	2.37	3.52	7.48	6.93	6.80	5.63	12/31/97	6.04
Value Added	0.13	2.05	2.41	0.62	5.10	0.33	0.36	12/31/97	0.22

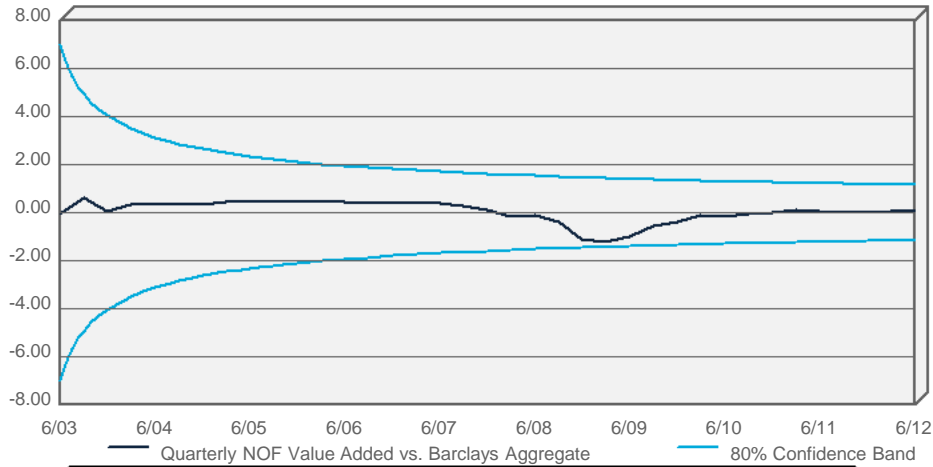
# Investment Manager Analysis



## Baird Advisors

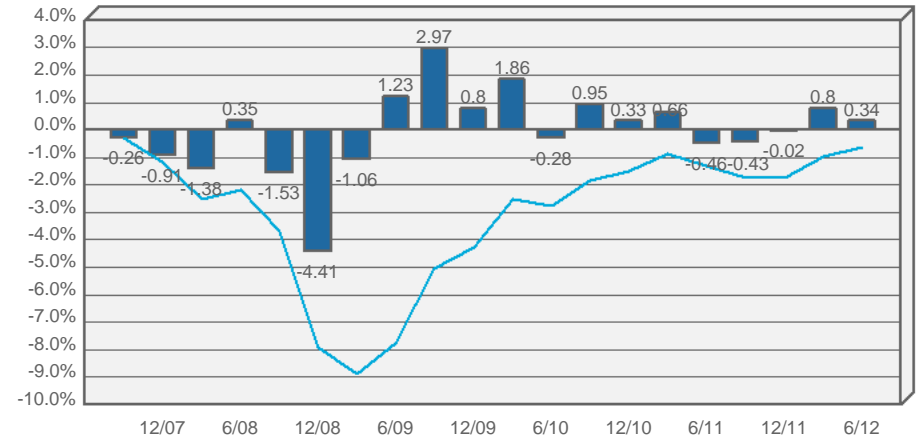
June 30, 2012

Cumulative Skill Analysis vs Benchmark



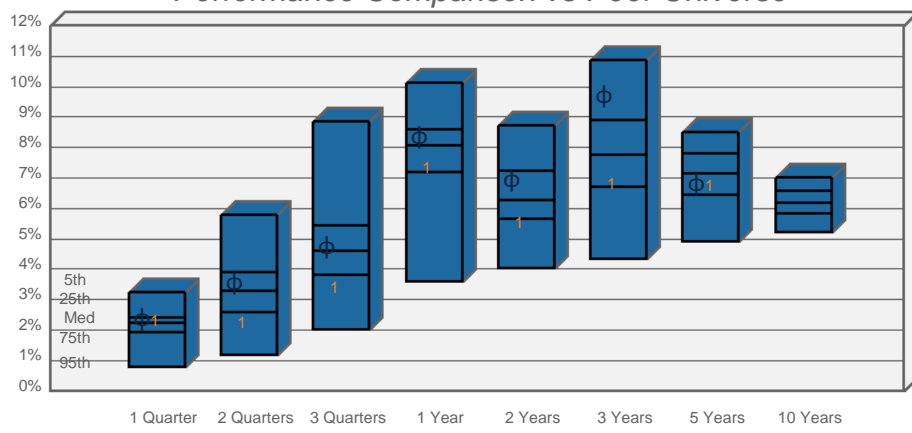
Excess Return:	0.11	Information Ratio:	0.05
Excess Risk:	2.12	T-Stat:	0.15

Value-Added Analysis vs Benchmark



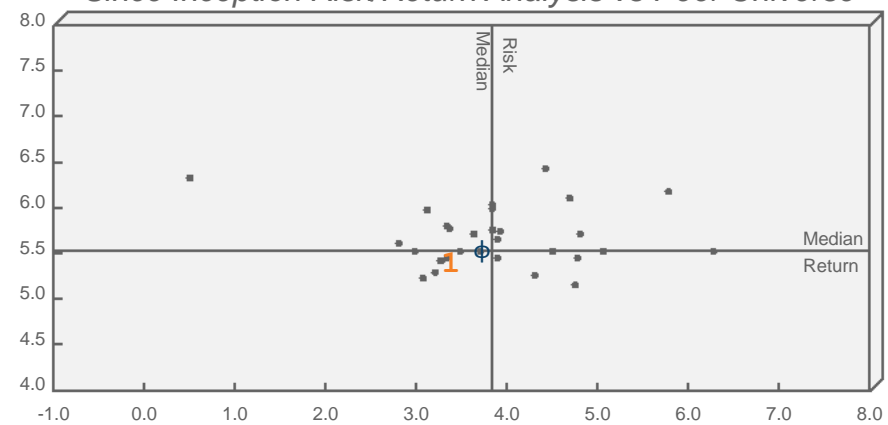
■ Quarterly Value Added vs. Barclays Aggregate  
 — Cumulative Value Added

Performance Comparison vs Peer Universe\*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
φ Baird Advisors	2.46 (22)	3.65 (32)	4.84 (41)	8.45 (28)	7.05 (27)	9.81 ( 5)	6.90 (62)	
I Barclays Agg.	2.06 (70)	2.37 (87)	3.52 (84)	7.48 (69)	5.67 (72)	6.93 (71)	6.80 (62)	
Median	2.21	3.29	4.58	8.06	6.26	7.73	7.15	6.17
Number of Funds	100	98	95	87	71	59	43	27

Since Inception Risk/Return Analysis vs Peer Universe\*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Baird Advisors	φ	5.54	46	3.79	50
Barclays Aggregate	I	5.25	79	3.44	59
Median		5.53		3.83	

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

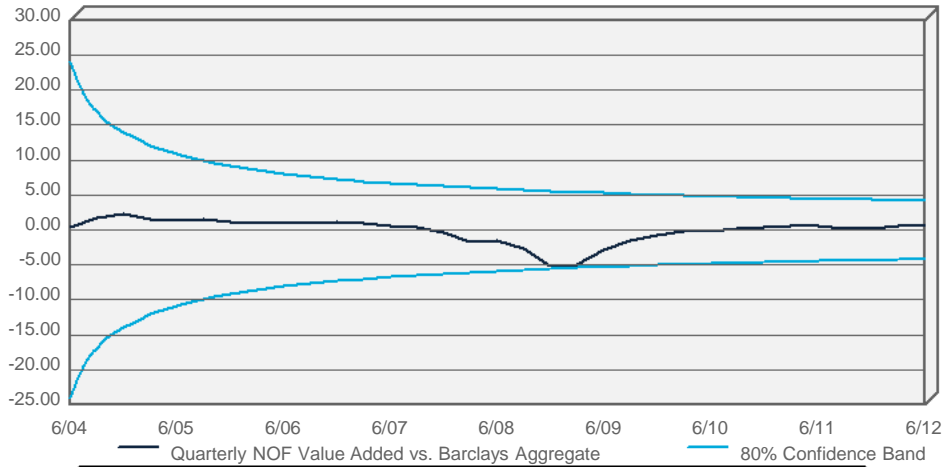
# Investment Manager Analysis



## Western Asset Management

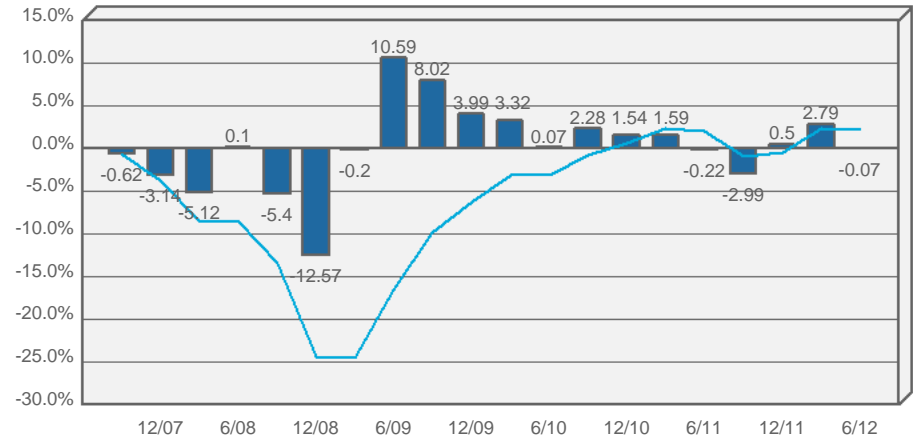
June 30, 2012

Cumulative Skill Analysis vs Benchmark



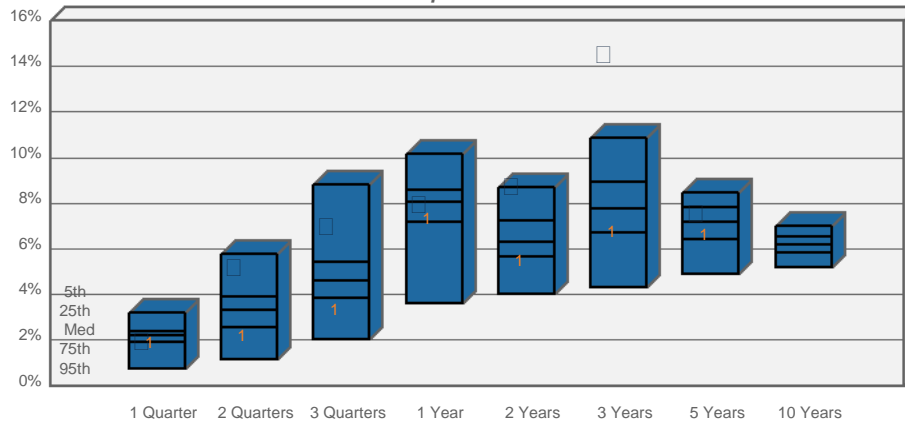
<b>Excess Return:</b>	0.55	<b>Information Ratio:</b>	0.07
<b>Excess Risk:</b>	7.34	<b>T-Stat:</b>	0.21

Value-Added Analysis vs Benchmark



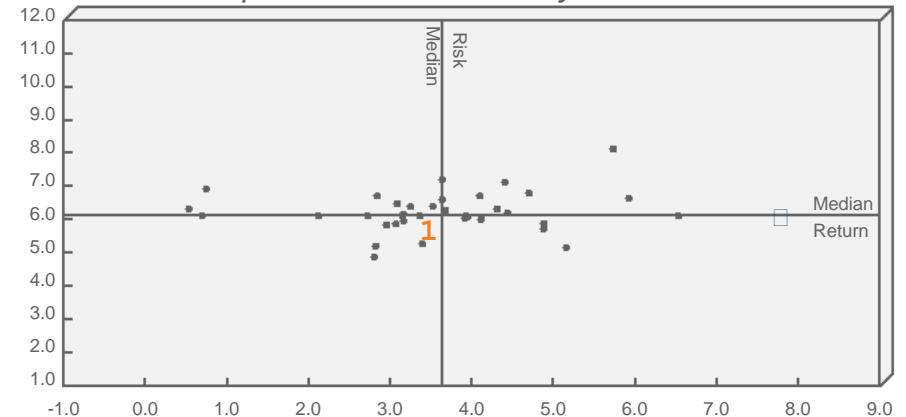
■ Quarterly Value Added vs. Barclays Aggregate  
 — Cumulative Value Added

Performance Comparison vs Peer Universe\*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
Western Asset Ma	2.06 (70)	5.30 (12)	7.08 (13)	8.05 (50)	8.86 ( 2)	14.63 ( 1)	7.66 (29)	
Barclays Agg.	2.06 (70)	2.37 (87)	3.52 (84)	7.48 (69)	5.67 (72)	6.93 (71)	6.80 (62)	
Median	2.21	3.29	4.58	8.06	6.26	7.73	7.15	6.17
Number of Funds	100	98	95	87	71	59	43	27

Since Inception Risk/Return Analysis vs Peer Universe\*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
Western Asset Management	□	6.07	59	7.87	1
Barclays Aggregate	1	5.24	85	3.54	50
Median		6.12		3.63	

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



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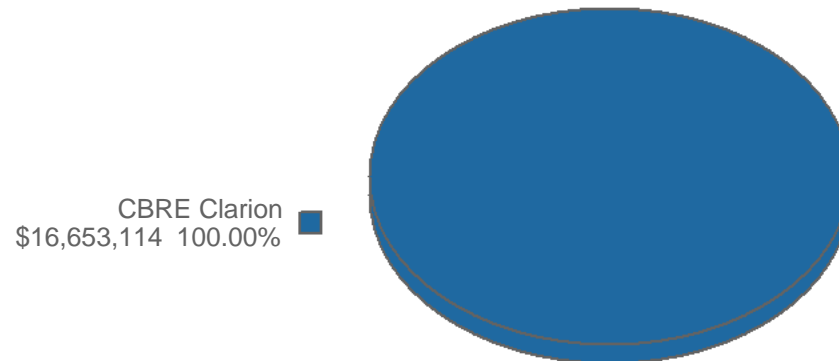
*Real Estate*

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# Manager Allocation

## Real Estate Composite

As of June 30, 2012



# Performance Comparison



## Trailing Returns

Periods Ended June 30, 2012

	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	10 Years	Incept Date	Incept Ret
<b>CBRE Clarion</b>									
<b>Net of Fee Return</b>	<b>1.18</b>	<b>12.82</b>	<b>21.45</b>	<b>0.23</b>	<b>17.38</b>			<b>6/30/09</b>	<b>17.38</b>
FTSE EPRA/NAREIT Developed RE	2.12	15.29	23.78	2.36	19.50			6/30/09	19.50
Value Added	-0.93	-2.47	-2.33	-2.13	-2.12			6/30/09	-2.12
<b>Real Estate Composite</b>									
<b>Net of Fee Return</b>	<b>1.18</b>	<b>12.82</b>	<b>21.45</b>	<b>0.23</b>	<b>17.38</b>			<b>6/30/09</b>	<b>17.38</b>
FTSE EPRA/NAREIT Developed RE	2.12	15.29	23.78	2.36	19.50			6/30/09	19.50
Value Added	-0.93	-2.47	-2.33	-2.13	-2.12			6/30/09	-2.12

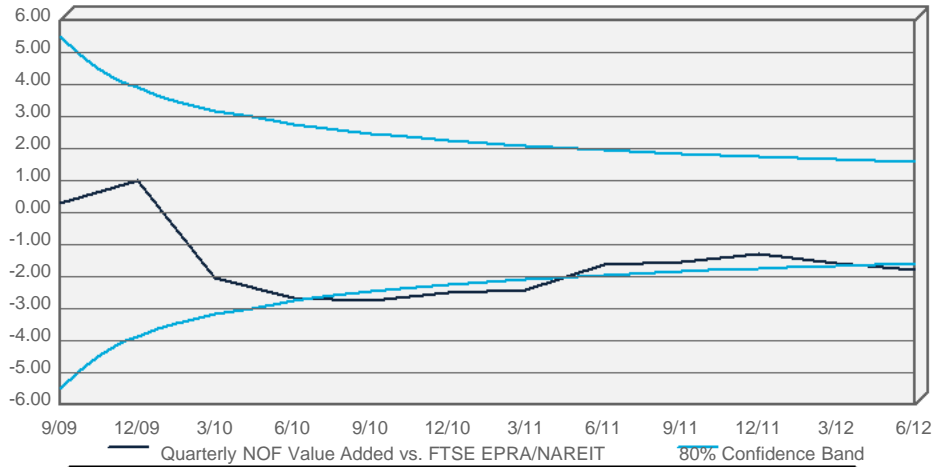
# Investment Manager Analysis



## CBRE Clarion

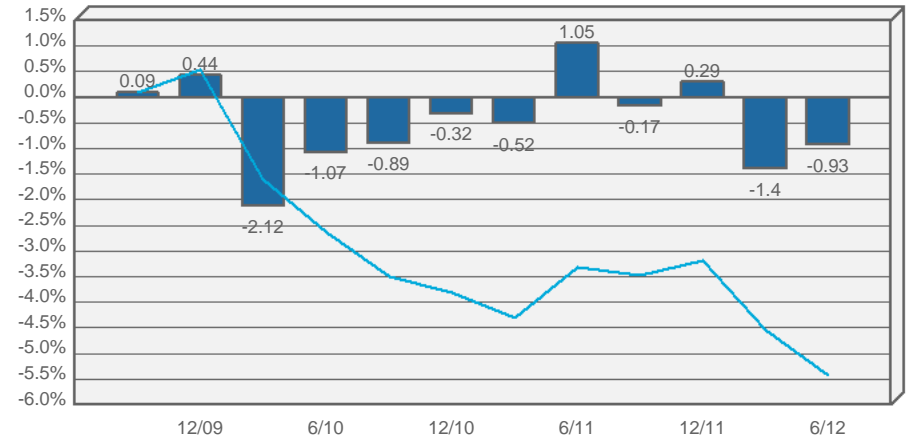
June 30, 2012

Cumulative Skill Analysis vs Benchmark



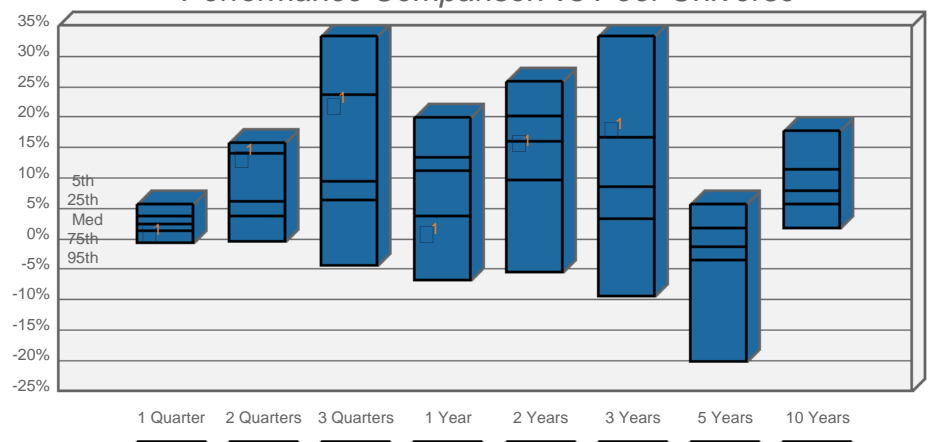
Excess Return:	-1.78	Information Ratio:	-1.06
Excess Risk:	1.68	T-Stat:	-1.84

Value-Added Analysis vs Benchmark



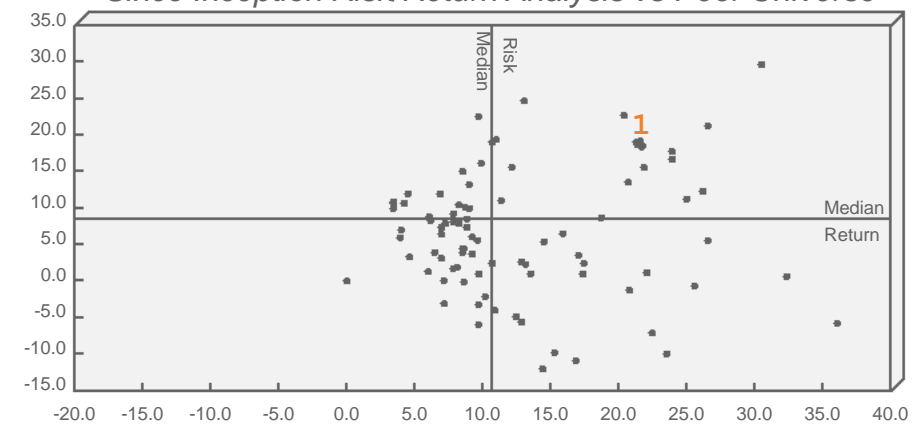
■ Quarterly Value Added vs. FTSE EPRA/NAREIT Developed RE  
 — Cumulative Value Added

Performance Comparison vs Peer Universe\*



	1 Quarter	2 Quarters	3 Quarters	1 Year	2 Years	3 Years	5 Years	10 Years
CBRE Clarion	1.37 (72)	13.45 (25)	22.13 (28)	1.17 (84)	16.16 (48)	18.17 (22)	-1.39	7.85
FTSE EPRA/NAREIT	2.12 (58)	15.29 (7)	23.78 (24)	2.36 (79)	16.84 (39)	19.50 (18)		
Median	2.30	6.01	9.27	11.10	15.86	8.45	-1.39	7.85
Number of Funds	295	282	279	281	241	212	156	44

Since Inception Risk/Return Analysis vs Peer Universe\*



Description	Legend	Gross Fee Ret		Standard Deviation	
		Value	Rank	Value	Rank
CBRE Clarion	□	18.17	22	22.03	27
FTSE EPRA/NAREIT Developed RE		19.50	18	22.03	27
Median		8.45		10.69	

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

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# *Private Equity*

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# Investment Manager Performance



## Private Partnerships

As of June 30, 2012

Partnership	Commitment Value	Inception Date	Capital Called		Capital Distributed		Fair Value	Total Value / Paid-In Capital <sup>1</sup>	Annualized IRR
			Amount	%	Amount	%			
Adams Street Direct 2010 Fund	\$500,000	April 27, 2010	\$204,736	41%	\$0	0%	\$234,948	1.15	11.33%
Adams Street Non-US Dev. 2010 Fund	\$1,500,000	April 27, 2010	\$322,555	22%	\$0	0%	\$331,538	1.03	3.24%
Adams Street Non-US EM 2010 Fund	\$500,000	January 3, 2011	\$52,500	11%	\$0	0%	\$42,330	0.81	-24.91%
Adams Street US 2010 Fund	\$2,500,000	April 27, 2010	\$544,258	22%	\$0	0%	\$650,705	1.20	14.42%
Flag Global Partners	\$5,000,000	January 17, 2012	\$600,000	12%	\$0	0%	\$600,000	1.00	NA
<b>Alternative Investments Composite</b>	<b>\$10,000,000</b>	<b>April 27, 2010</b>	<b>\$1,724,049</b>	<b>17%</b>	<b>\$0</b>	<b>0%</b>	<b>\$1,859,521</b>	<b>1.08</b>	<b>8.93%</b>

<sup>1</sup> TVPI = Fair Value + Capital Distributed / Capital Called

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# *Capital Market Review*

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## U.S. Equity

The U.S. stock market could not maintain its positive momentum from the first quarter, as investors sold equities in the face of weak economic data and deteriorating conditions in the European sovereign debt crisis. The market was down -3.1% in the second quarter, bringing its year-to-date total return to 9.2%. Total returns were comparable across size segments during the second quarter while growth stocks experienced larger losses than the value segment.

Telecom Services was the best performing sector during the second quarter, posting a total return of 13.0%. The general fall in rates helped the interest-rate-sensitive Utilities group deliver an impressive 5.8% return. Six of ten sectors were in the red with the Information Technology and Energy groups lagging farthest behind with returns of -7.0% and -6.9%, respectively.

After having accelerated through each of the past three quarters, U.S. economic growth slowed in the first quarter of 2012. Real GDP grew at 1.9%, showing signs that continued turmoil in Europe, a cooling Chinese economy and lackluster U.S. jobs growth were dampening economic activity.

## Non-U.S. Equity

Global stock markets took multiple hits during the second quarter, with events in continental Europe again taking center stage. Spain's banking sector entered crisis mode and a €100 million bailout to stabilize the nation's banks failed to calm investors' nerves. However, promises of increased fiscal integration among Eurozone nations spurred a dramatic rally in European stocks at quarter-end. Malaise over the global economic slowdown hung over markets most of the quarter.

## Fixed Income

Bond investors searching for yield found another challenging marketplace in the second quarter; the volatility of global stock markets yet again fueled safe-haven rotation into U.S. Treasuries, sending yields for this sector broadly lower. Spreads on non-Treasury issuance widened during the quarter, although stronger balance sheets and attractive lending rates buoyed performance of investment-grade corporate bonds. The fiscal turmoil in Europe and economic slowdowns in large emerging markets such as China continued to weigh on global bond markets.



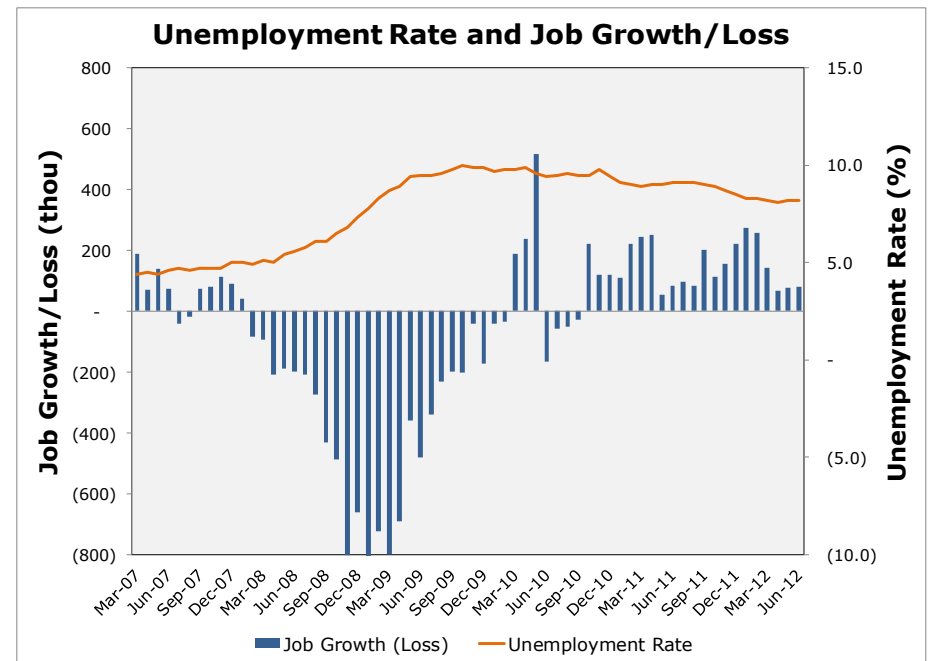
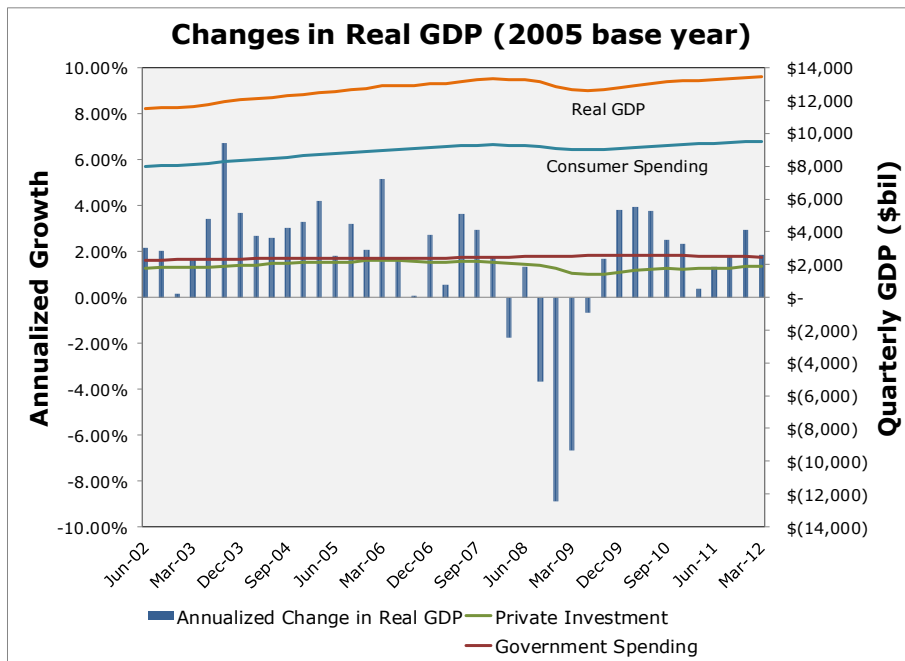
# Asset Class Assumptions Update



	Total Return (%)			Risk (%)
	2012 ACA	Q2 2012	Change vs YE	2012 ACA
<u>Investment Categories:</u>				
U.S. Stocks	7.50	7.50	-	17.00
Dev ex-U.S. Stocks	7.50	7.50	-	18.00
Emerging Mkt Stocks	7.50	7.50	-	26.00
Global Stocks	7.80	7.80	-	17.05
Private Markets	10.25	10.30	0.05	27.50
Cash Equivalents	1.50	1.55	0.05	1.25
Core Bonds	2.85	2.70	(0.15)	5.00
LT Core Bonds	3.20	2.85	(0.35)	10.00
TIPS	1.65	1.45	(0.20)	6.00
High Yield Bonds	5.45	5.20	(0.25)	10.00
Non-U.S. Bonds (Hdg)	2.50	2.35	(0.15)	3.50
U.S. RE Securities	5.05	5.15	0.10	15.00
Private Real Estate	5.80	5.95	0.15	12.25
Commodities	4.00	4.15	0.15	13.00
Real Asset Basket	5.85	5.90	0.05	7.75
Inflation:	2.00	2.15	0.15	1.75
<u>Returns minus Inflation:</u>				
U.S. Stocks	5.50	5.35	(0.15)	
U.S. Bonds	0.85	0.55	(0.30)	
Cash Equivalents	(0.50)	(0.60)	(0.10)	
<u>Stocks minus Bonds:</u>	4.65	4.80	0.15	
<u>Bonds minus Cash:</u>	1.35	1.15	(0.20)	

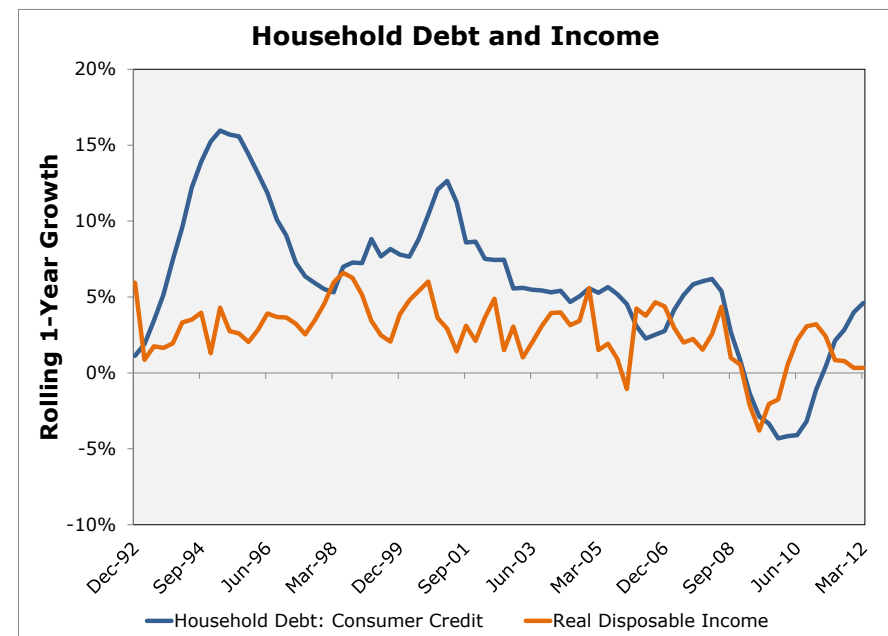
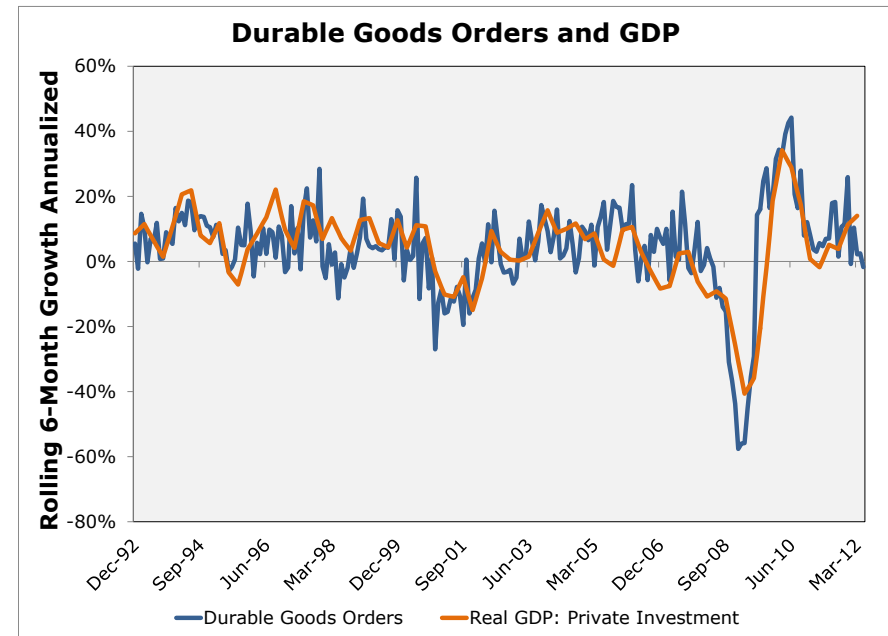
June 30, 2012	Key Economic Indicators			
<b>CPI (all items)</b> Seasonally adjusted	Monthly Change		Cumulative Change	
	Jun-12	0.0	3-Month	-0.2
	May-12	-0.3	12-Month	1.7
	Apr-12	0.0	10-Yr Annual	2.4
Breakeven Inflation	10-Year	2.1		
<b>Consumer Sentiment</b> Unv. of Michigan Survey	Jun-12	73.2		
	May-12	79.3		
	1-Yr Ago	71.5	10-Yr Avg	79.4
<b>Manufacturing</b> Inst. for Supply Mgmt Purchasing Mngrs' Idx	Jun-12	49.7	Change in Manufacturing Sector	
	May-12	53.5	>50	Expansion
	1-Yr Avg	52.6	<50	Contraction

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

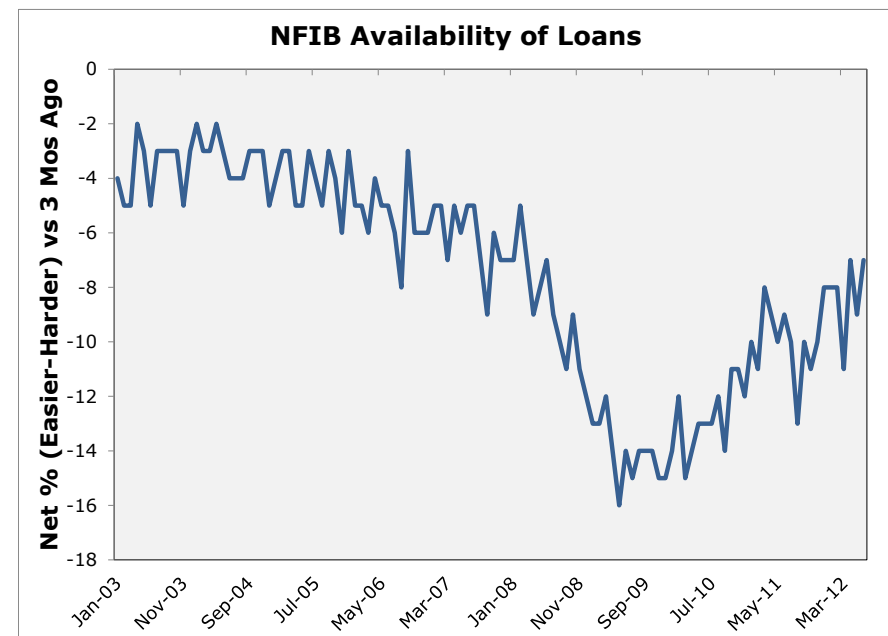
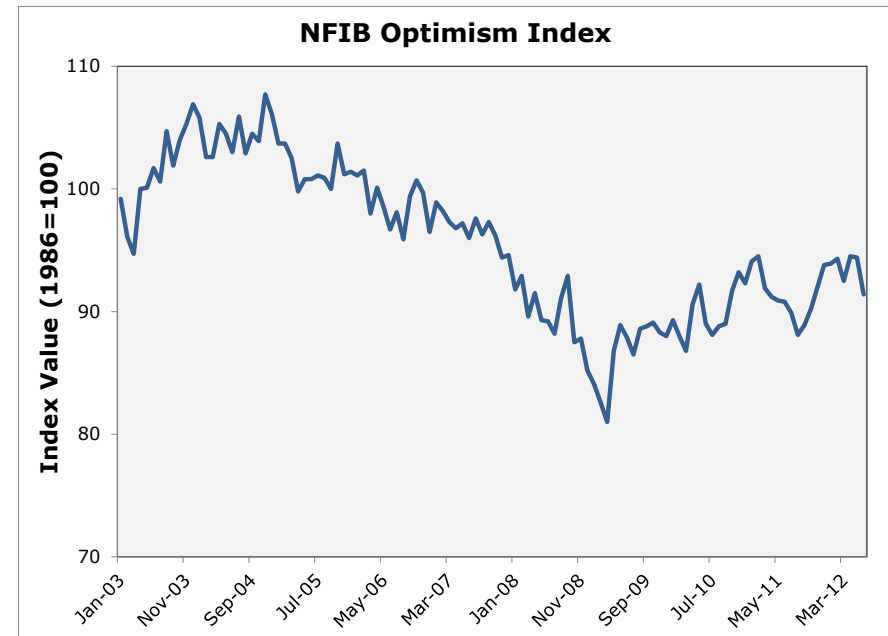


Data sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of St. Louis, Barclays Capital

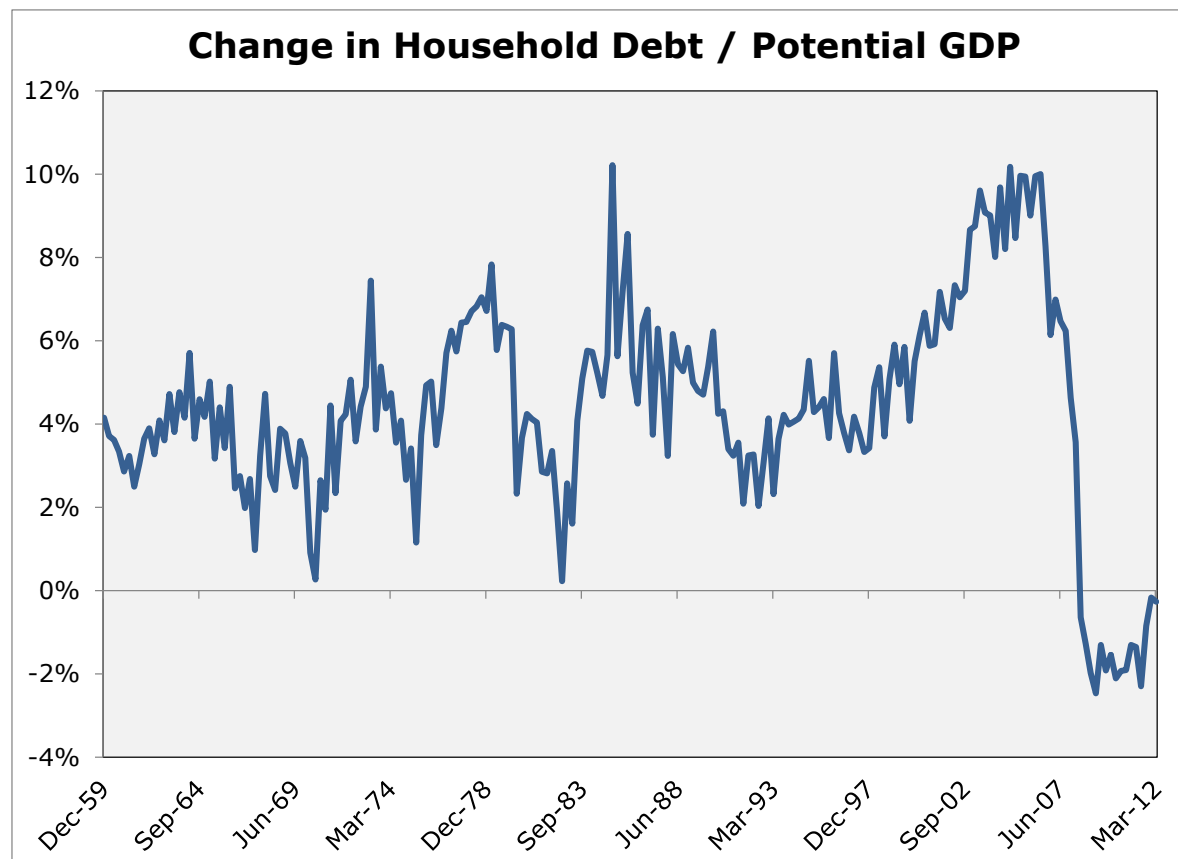
- Business spending has been a major driver of economic growth – particularly early in the recovery
- Durable goods orders – a strong indicator of private investment – is beginning to slow following a major spike
- Consumer credit is now expanding
- However, growth in real disposable income is a drag on consumer spending – the most important factor in economic growth



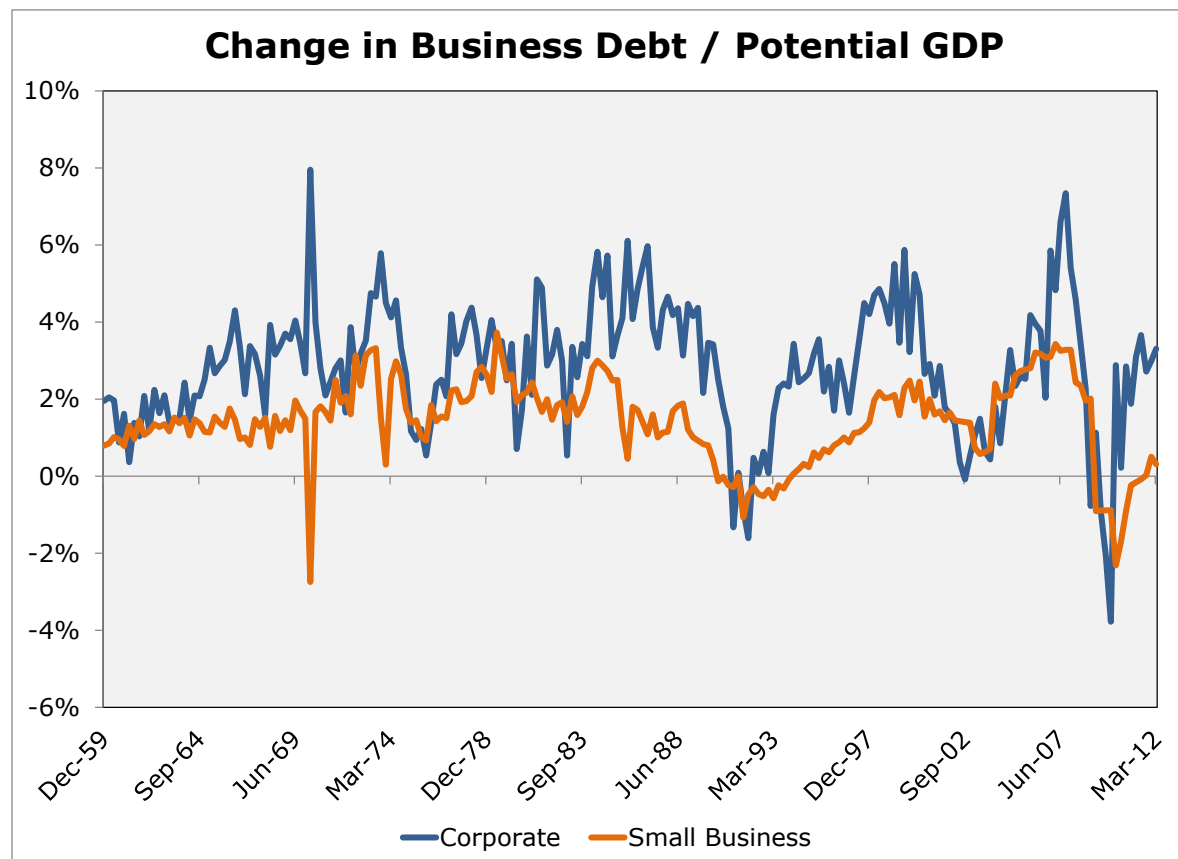
- Small businesses are a major part of the U.S. economy, employing roughly one-half of the private, non-farm U.S. workforce
- NFIB Optimism Index has been rather stagnant since the credit crisis
- Credit conditions for small businesses have eased but are still tighter than before the crisis



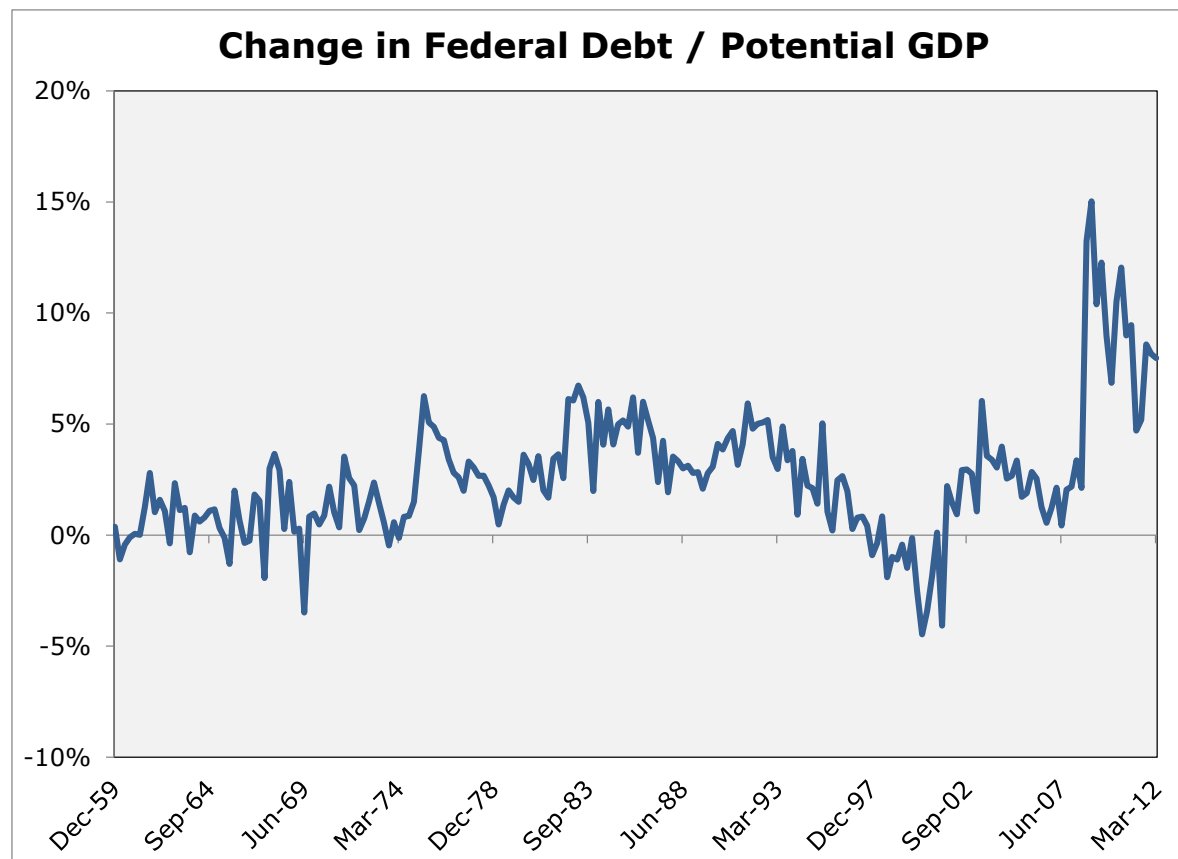
- All of the major market participants utilize debt to help fund their spending
- Although consumer credit is beginning to increase (previous slide), mortgage defaults are still overwhelming new borrowing



- Corporate borrowing has rebounded
- Small businesses, which are more reliant on U.S. demand, remain cautious



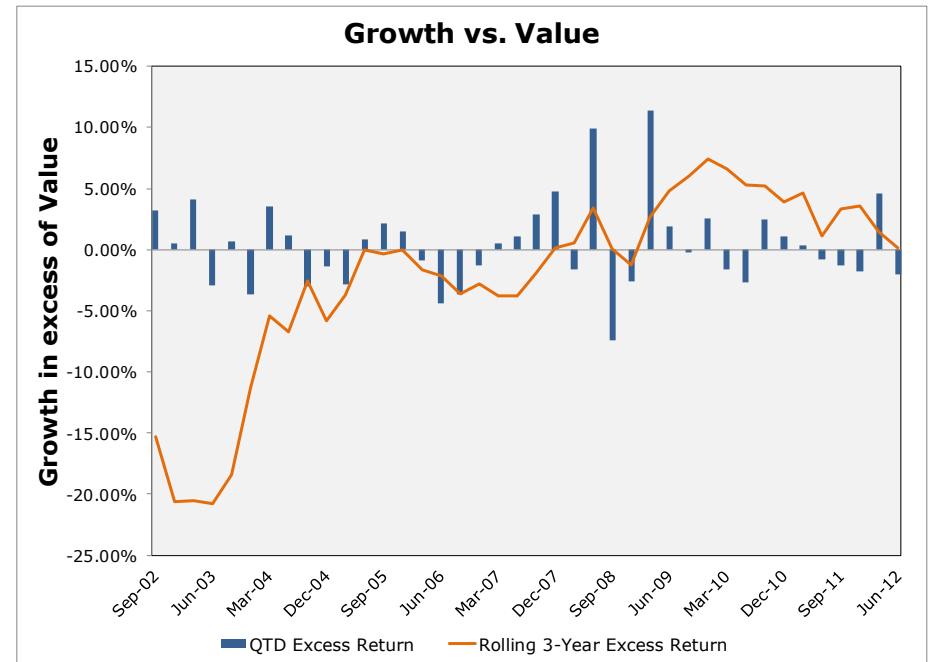
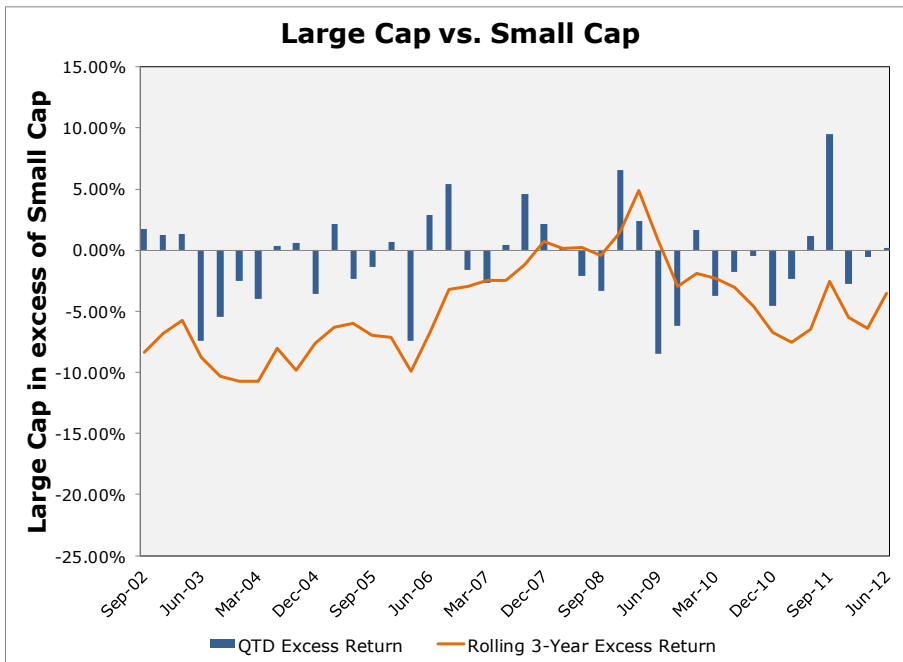
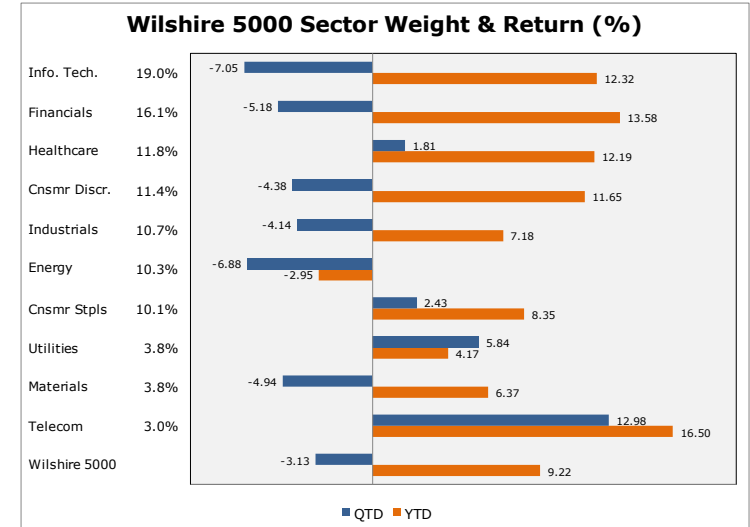
- Borrowing continues through the Federal government
- Fiscal stimulus will likely decrease going forward



# U.S. Capital Markets: Equity



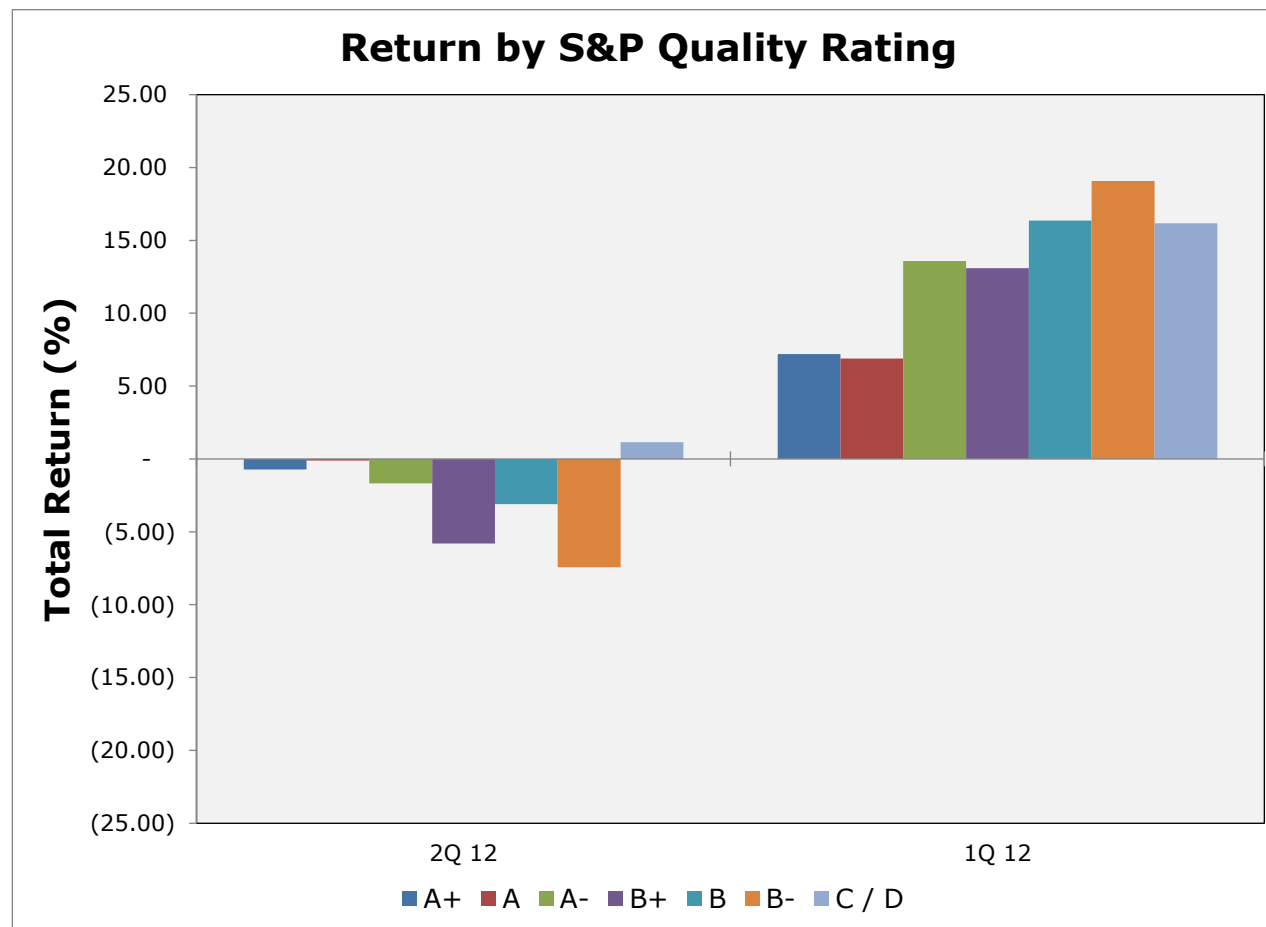
June 30, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Wilshire 5000	-3.1	9.2	4.0	16.7	0.4	6.0
Wilshire U.S. Large Cap	-3.1	9.1	4.6	16.2	0.3	5.7
Wilshire U.S. Small Cap	-3.3	9.5	-1.4	20.5	2.3	9.2
Wilshire U.S. Large Growth	-4.2	10.8	4.4	16.3	2.2	6.1
Wilshire U.S. Large Value	-2.1	7.6	4.8	16.1	-1.7	5.2
Wilshire U.S. Small Growth	-4.2	8.0	-3.3	20.2	2.9	9.7
Wilshire U.S. Small Value	-2.5	10.9	0.3	20.6	1.6	8.5
Wilshire REIT Index	3.7	14.9	13.2	33.6	2.0	10.3
MSCI USA Minimum Volatility Index	2.5	8.8	12.4	18.1	3.2	5.6
FTSE RAFI U.S. 1000 Index	-3.2	7.7	2.0	18.5	1.0	n.a.



Data sources: Wilshire Compass, Wilshire Atlas

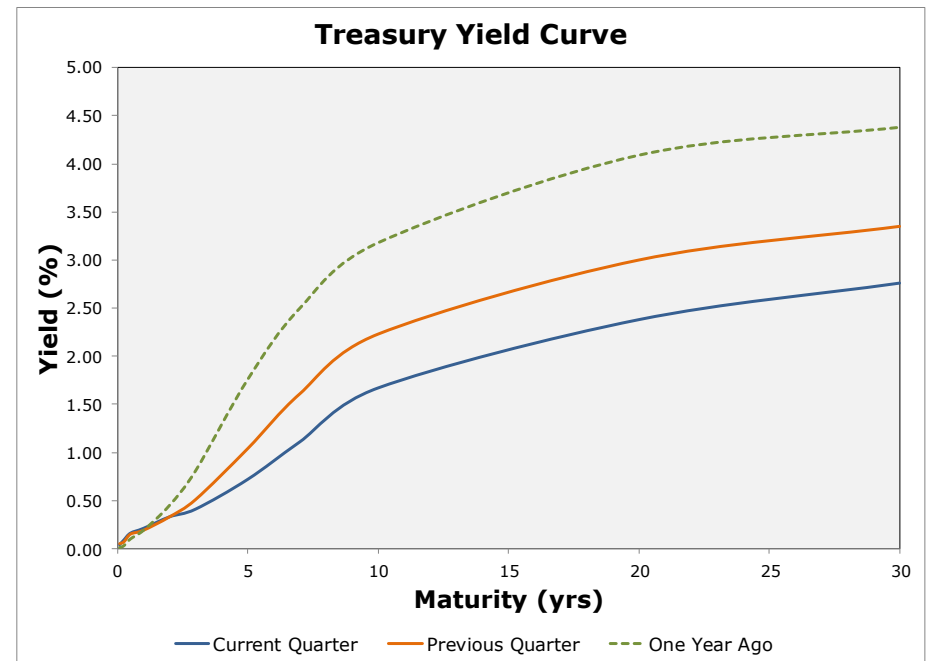
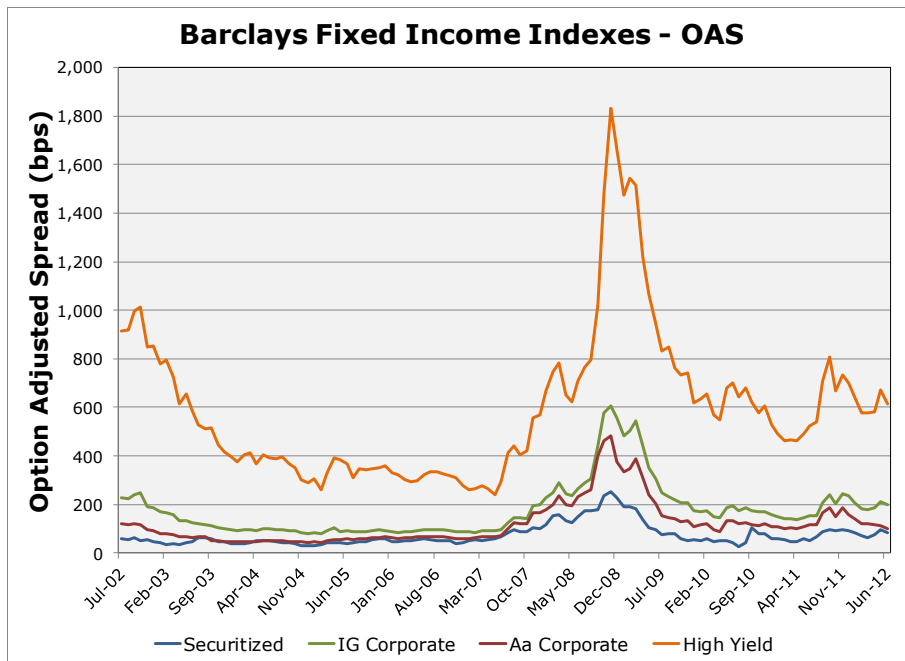


Lower quality names still lead the market after giving some back during the second quarter



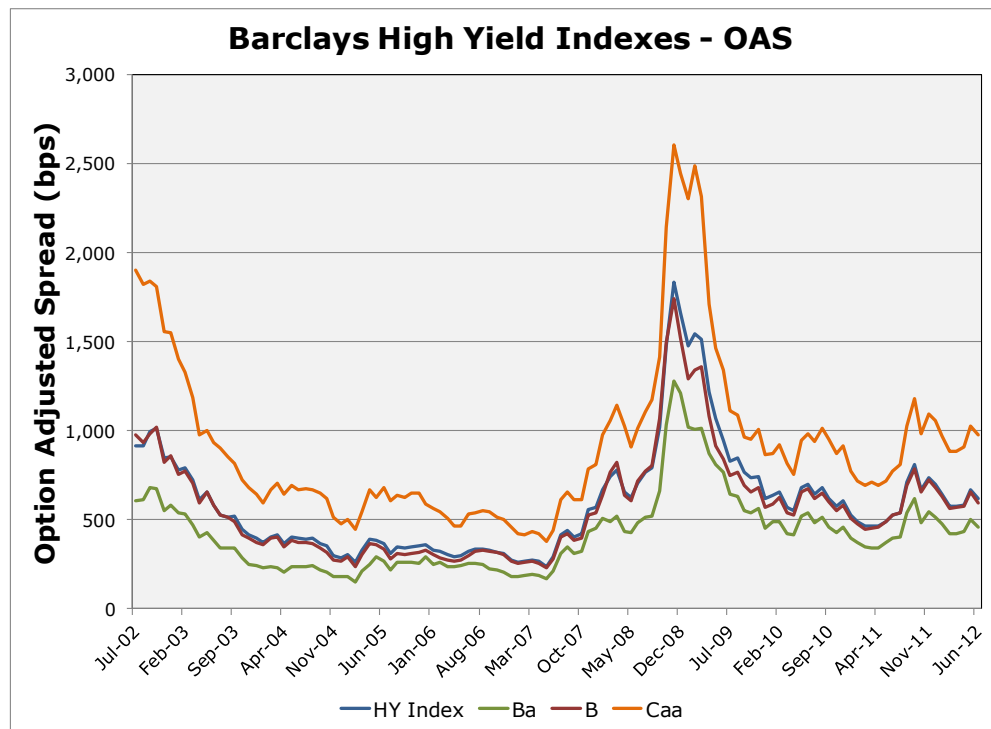
Data sources: Wilshire Atlas

June 30, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays Aggregate Bond Index	2.1	2.4	7.5	6.9	6.8	5.6
Barclays Treasury Index	2.8	1.5	9.0	5.9	6.9	5.5
Barclays Govt-Related Index	1.8	2.7	6.5	5.6	6.4	5.4
Barclays Securitized Index	1.1	1.8	5.1	6.2	6.5	5.3
Barclays Corporate IG Index	2.5	4.7	9.7	10.6	7.6	6.6
Barclays LT Govt/Credit Index	7.3	5.0	24.6	14.4	11.0	8.7
Barclays Long-Term Treasury Index	10.6	4.2	32.3	13.6	12.1	8.9
Barclays U.S. TIPS Index	3.2	4.0	11.7	9.6	8.4	7.2
Barclays High Yield Index	1.8	7.3	7.3	16.3	8.4	10.2
Treasury Bills	0.0	0.0	0.1	0.1	1.0	1.9



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

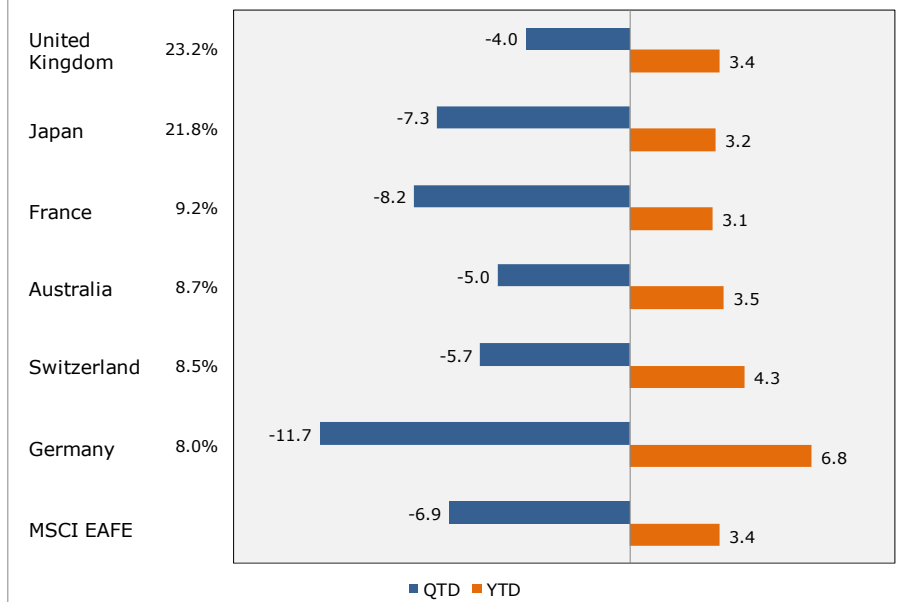
June 30, 2012	Weight	Qtr	Ytd	1 Yr	3 Yr
Barclays High Yield Index	100%	1.8	7.3	7.3	16.3
Quality Distribution					
Ba U.S. High Yield	40.3%	2.3	6.8	8.6	15.0
B U.S. High Yield	43.2%	1.8	6.8	7.7	14.0
Caa U.S. High Yield	15.1%	1.1	9.3	4.6	19.1
Ca to D U.S. High Yield	1.1%	-1.8	10.9	-8.1	25.5
Non-Rated U.S. High Yield	0.3%	1.2	10.8	14.1	16.6



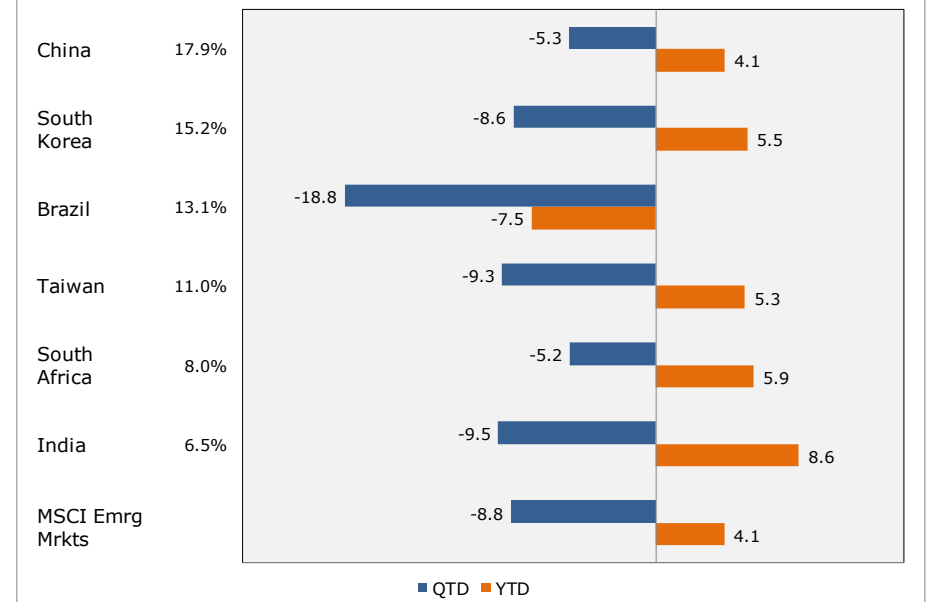
Data sources: Barclays Capital

June 30, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
MSCI ACWI ex-US (\$g)	-7.4	3.1	-14.1	7.4	-4.2	7.2
MSCI EAFE (\$g)	-6.9	3.4	-13.4	6.5	-5.6	5.6
MSCI Emerging Markets (\$g)	-8.8	4.1	-15.7	10.1	0.2	14.4
MSCI Frontier Markets (\$g)	-6.6	-1.3	-14.9	1.1	-9.8	8.5
MSCI EAFE Minimum Volatility Idx	-1.6	4.1	-2.3	9.7	-0.1	9.4
FTSE RAFI Developed ex-US Index	-9.2	0.4	-19.0	4.9	-5.4	n.a.
JPM Non US Global Bond	0.5	-0.2	1.0	5.8	8.0	7.4
JPM Non US Global Bond Hedged	1.3	2.5	6.4	4.7	5.4	4.8
JPM EMBI Global	2.5	7.4	10.9	13.5	9.4	11.7
Euro vs. Dollar	-4.7	-2.2	-12.5	-3.4	-1.3	2.5
Yen vs. Dollar	3.2	-3.6	1.2	6.5	9.1	4.2
Pound vs. Dollar	-1.8	0.9	-2.3	-1.6	-4.8	0.3

### MSCI EAFE: Largest Countries and Return

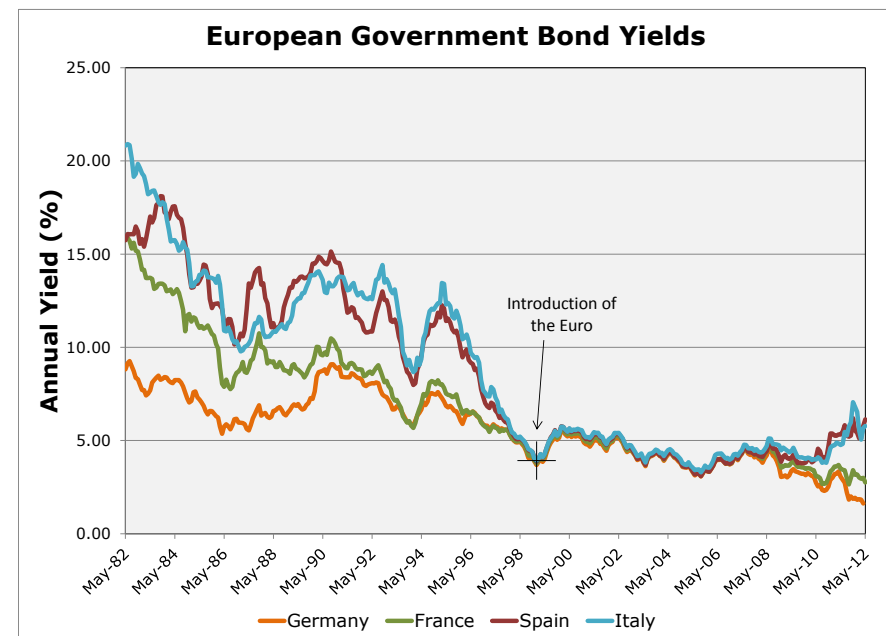
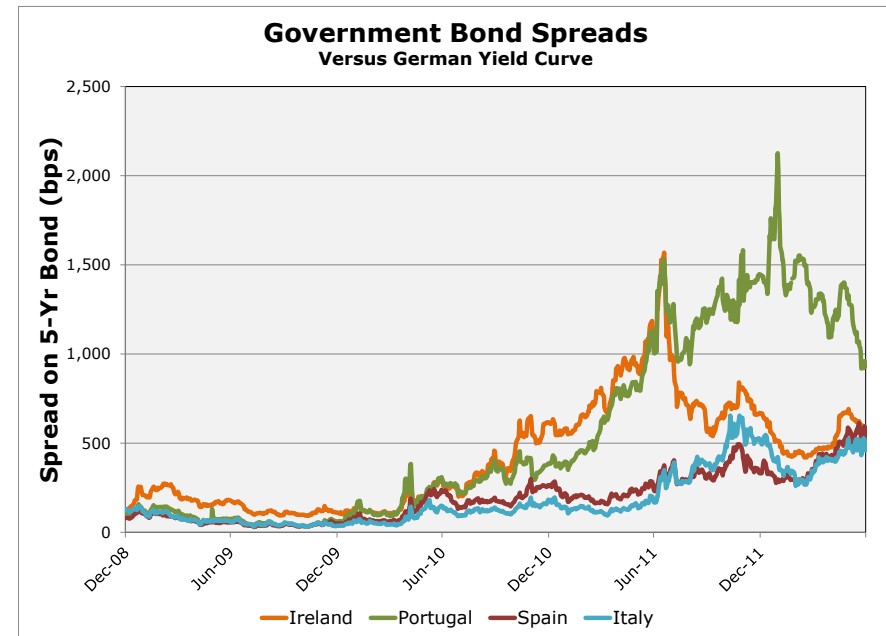


### MSCI EM: Largest Countries and Return



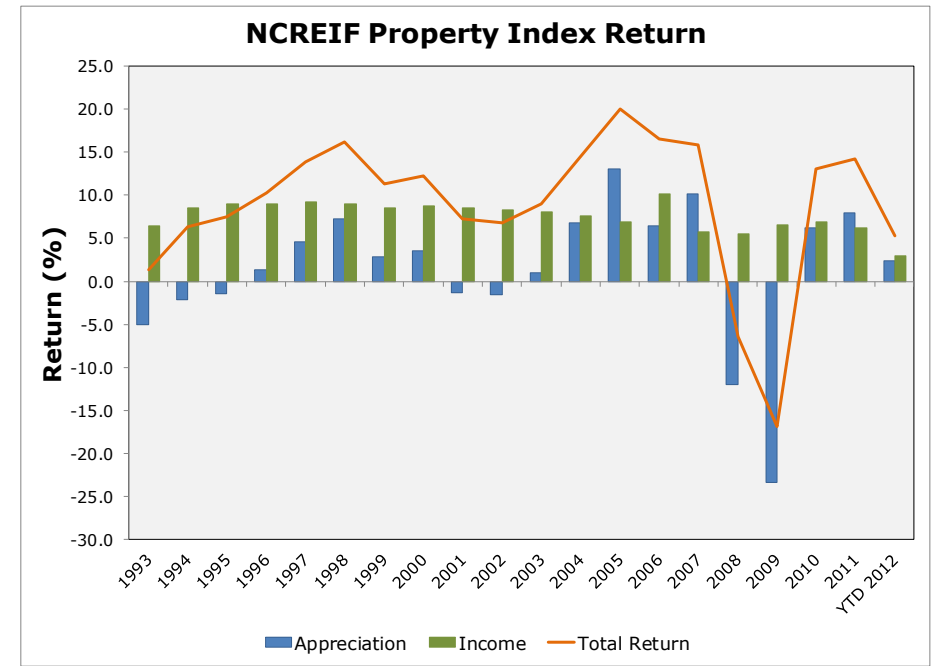
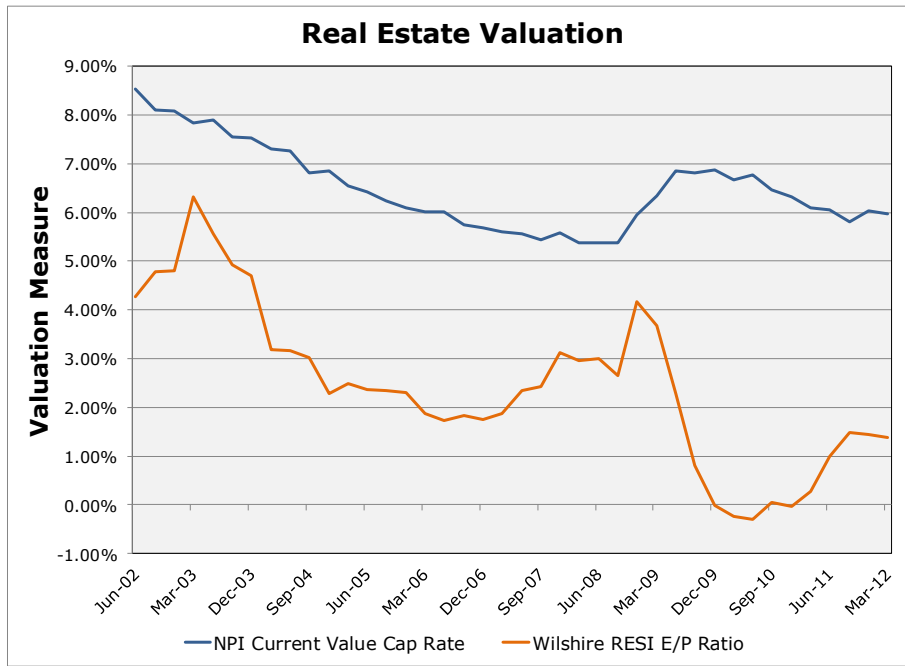
Data sources: Wilshire Compass, MSCI Barra

- Attention has turned to economies much larger than Greece, such as Spain and Italy
- Spreads continue to climb
- Germany and France are among the top 5 economies across the globe



June 30, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays U.S. TIPS Index	3.2	4.0	11.7	9.6	8.4	7.2
Dow Jones UBS Commodity Index	-4.5	-3.7	-14.3	3.5	-3.7	5.0
Global Public Real Estate*	3.2	15.0	7.2	27.9	-0.2	10.7
NCREIF Property Index	2.7	5.3	12.0	8.8	2.5	8.3
NCREIF Timberland Index	0.6	1.0	1.1	-0.7	4.0	7.6
Alerian MLP Index (Oil & Gas)	-2.3	-0.4	7.8	27.0	9.9	16.7

\* Wilshire Global Real Estate Securities from June 2002 to December, 2004. Wilshire Global REITs from 2004 to present.



Data sources: Wilshire Compass, National Council of Real Estate Investment Fiduciaries

# Asset Class Performance



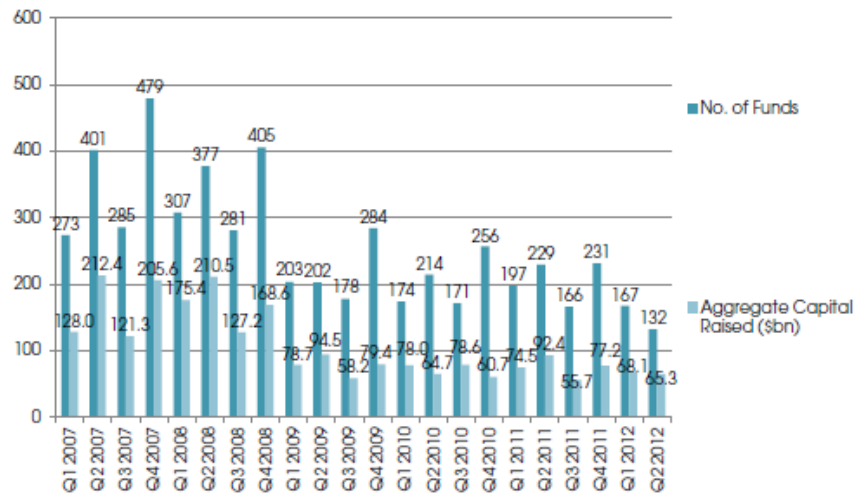
**Annual Asset Class Returns - Best to Worst**

2007	2008	2009	2010	2011	YTD 2012	Annualized 5-Year 2007-2011
Emrg Mrkts 39.8%	Core Bond 5.2%	Emrg Mrkts 79.0%	REITs 28.6%	U.S. TIPS 13.6%	REITs 14.9%	U.S. TIPS 8.0%
Commodities 16.2%	T-Bills 2.0%	High Yield 58.2%	Emrg Mrkts 19.2%	REITs 9.2%	U.S. Equity 9.2%	High Yield 7.5%
U.S. TIPS 11.6%	U.S. TIPS -2.3%	Developed 32.5%	U.S. Equity 17.2%	Core Bond 7.8%	High Yield 7.3%	Core Bond 6.5%
Developed 11.6%	High Yield -26.2%	REITs 28.6%	Commodities 16.8%	High Yield 5.0%	Emrg Mrkts 4.1%	Emrg Mrkts 2.7%
Core Bond 7.0%	Commodities -35.6%	U.S. Equity 28.3%	High Yield 15.1%	U.S. Equity 1.0%	U.S. TIPS 4.0%	T-Bills 1.5%
U.S. Equity 5.6%	U.S. Equity -37.2%	Commodities 18.9%	Developed 8.2%	T-Bills 0.1%	Developed 3.4%	U.S. Equity 0.1%
T-Bills 5.0%	REITs -39.2%	U.S. TIPS 11.4%	Core Bond 6.5%	Developed -11.7%	Core Bond 2.4%	REITs -2.0%
High Yield 1.9%	Developed -43.1%	Core Bond 5.9%	U.S. TIPS 6.3%	Commodities -13.3%	T-Bills 0.0%	Commodities -2.1%
REITs -17.5%	Emrg Mrkts -53.2%	T-Bills 0.2%	T-Bills 0.1%	Emrg Mrkts -18.2%	Commodities -3.7%	Developed -4.3%

Data sources: Wilshire Compass

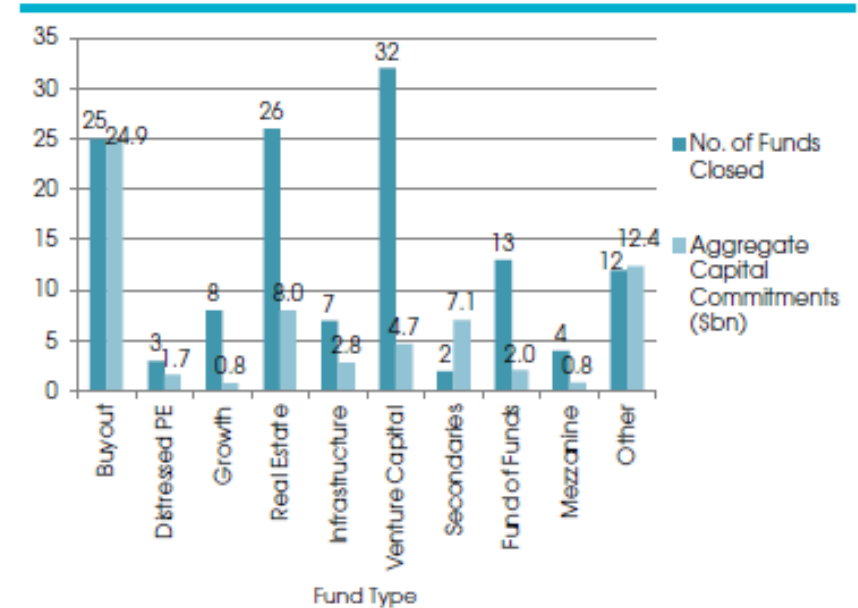
Note: Developed asset class is developed markets ex-U.S., ex-Canada.

Fig. 3: Quarterly Global Private Equity Fundraising, Q1 2007 - Q2 2012



Source: Preqin Q2 2012 Private Equity Quarterly Report

Fig. 8: Private Equity Fundraising by Type, Q2 2012



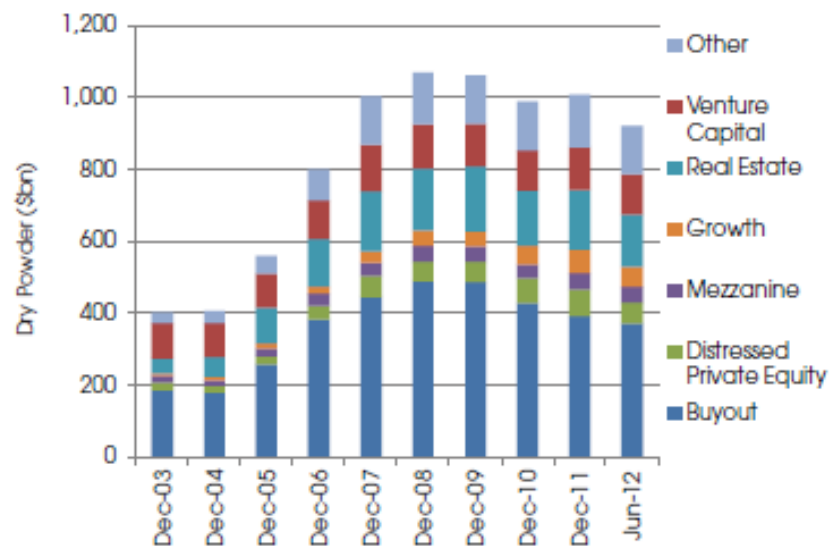
Source: Preqin Funds in Market



# Private Equity Dry Powder

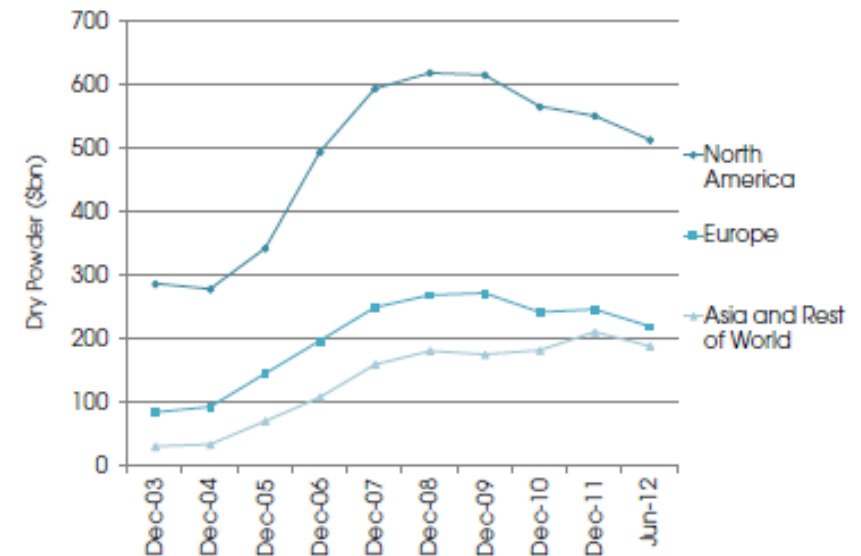


Fig. 37: Private Equity Dry Powder by Fund Type, 2003 - June 2012



Source: Preqin Fund Manager Profiles

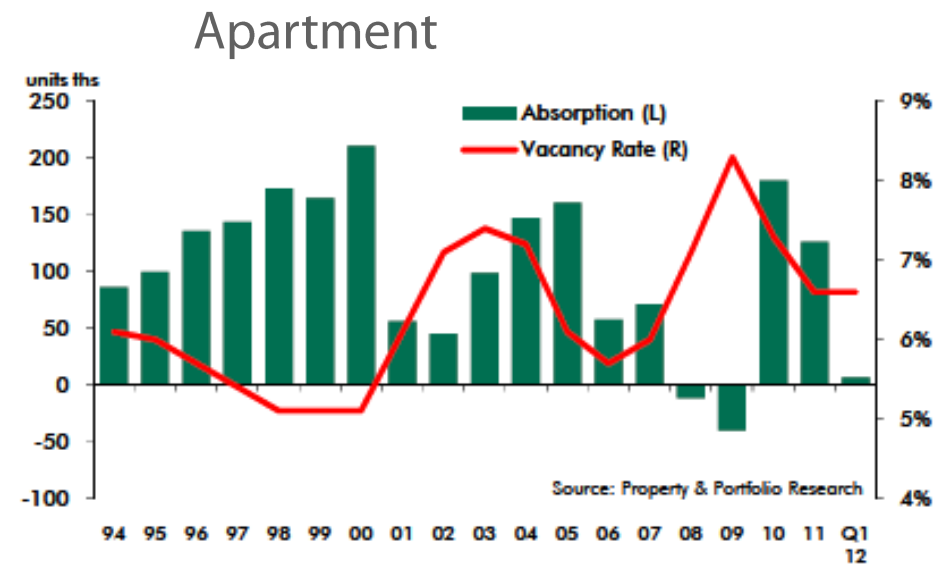
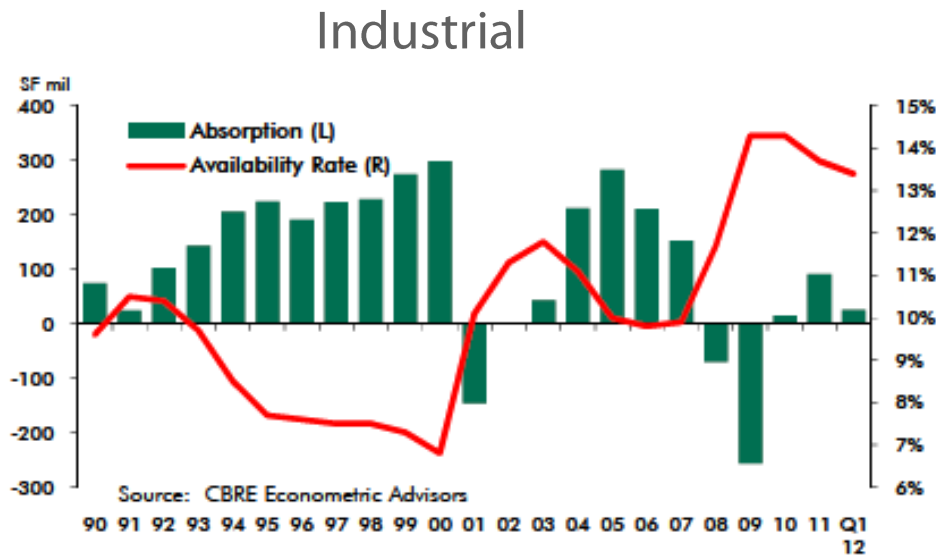
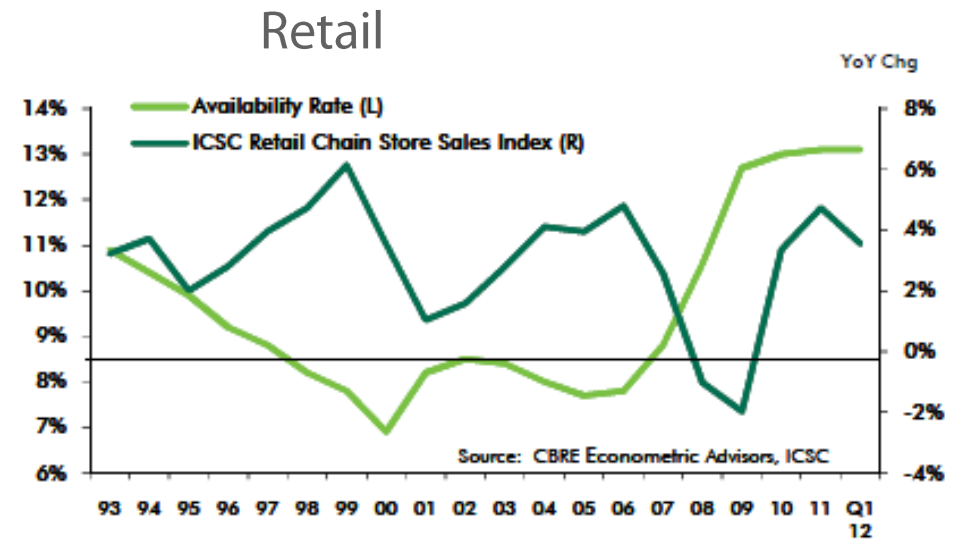
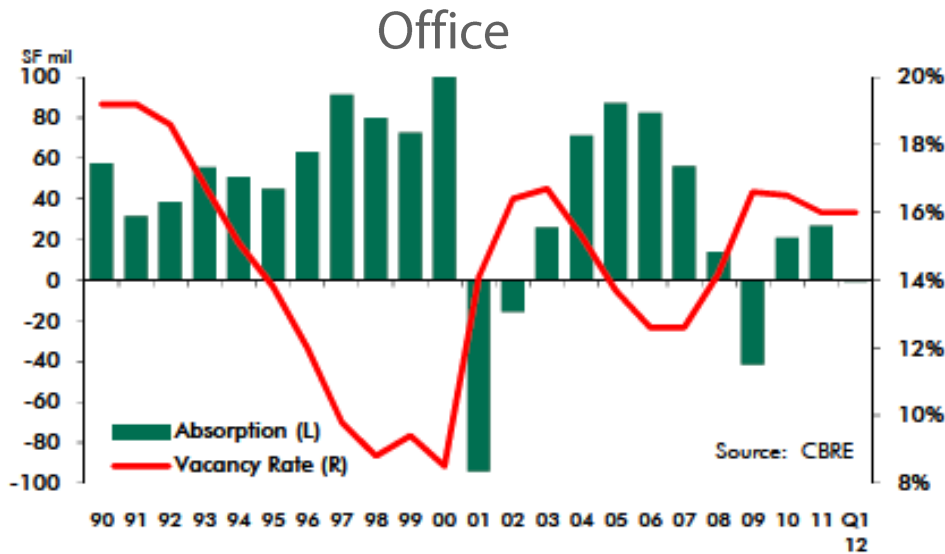
Fig. 38: Private Equity Dry Powder by Primary Geographic Focus, 2003 - June 2012



Source: Preqin Fund Manager Profiles

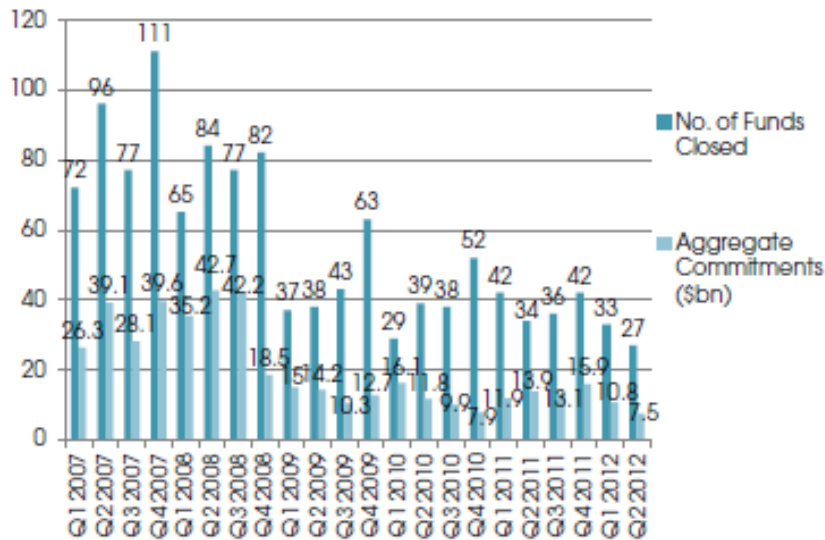
Source: Preqin

# Commercial Property *(as of Q1 2012)*



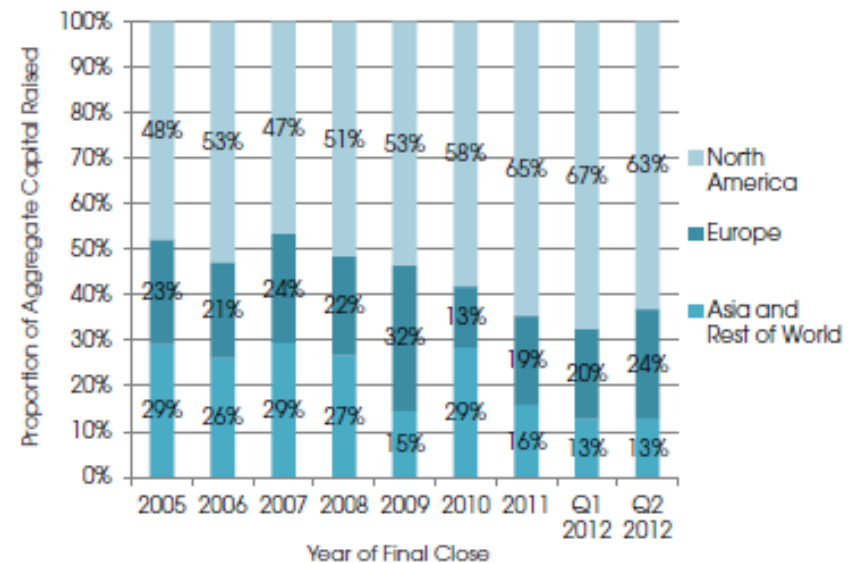
Source: CB Richard Ellis

Fig. 15: Quarterly Global Closed-End Private Real Estate Fundraising, Q1 2007 - Q2 2012



Source: Preqin Real Estate Online

Fig. 20: Breakdown of Aggregate Capital Raised by Primary Regional Focus, 2005 - Q2 2012

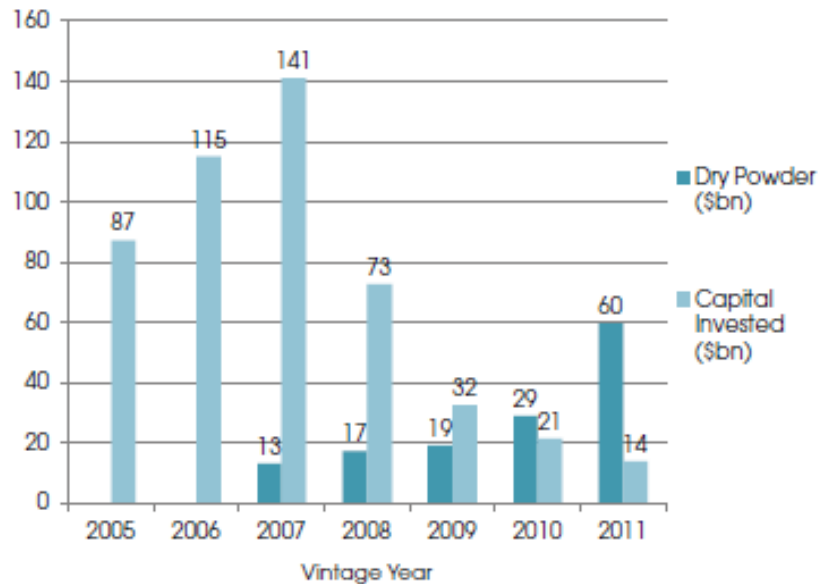


Source: Preqin Real Estate Online

Source: Preqin

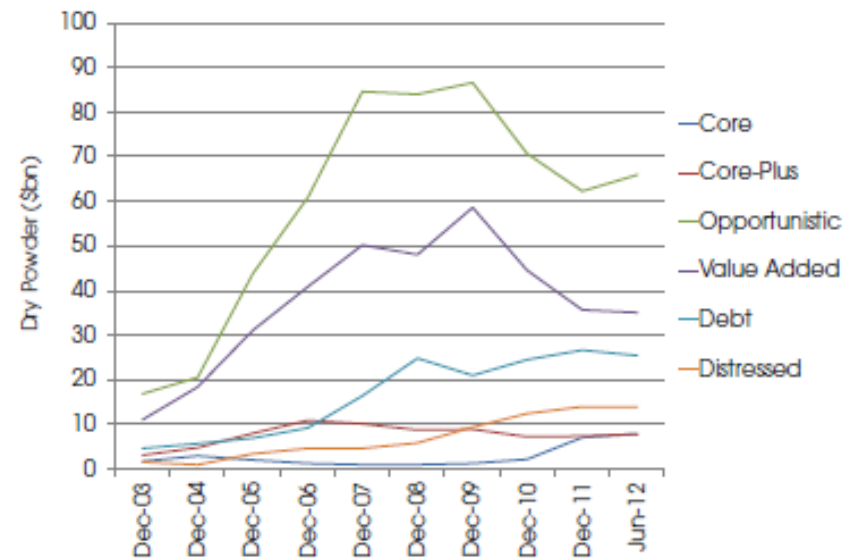
# Real Estate Dry Powder

Fig. 29: Closed-End Private Real Estate Funds - Capital Invested and Dry Powder Remaining by Vintage Year as of June 2012



Source: Prequin Real Estate Online

Fig. 31: Closed-End Private Real Estate Dry Powder by Strategy, 2003-2012



Source: Prequin Real Estate Online

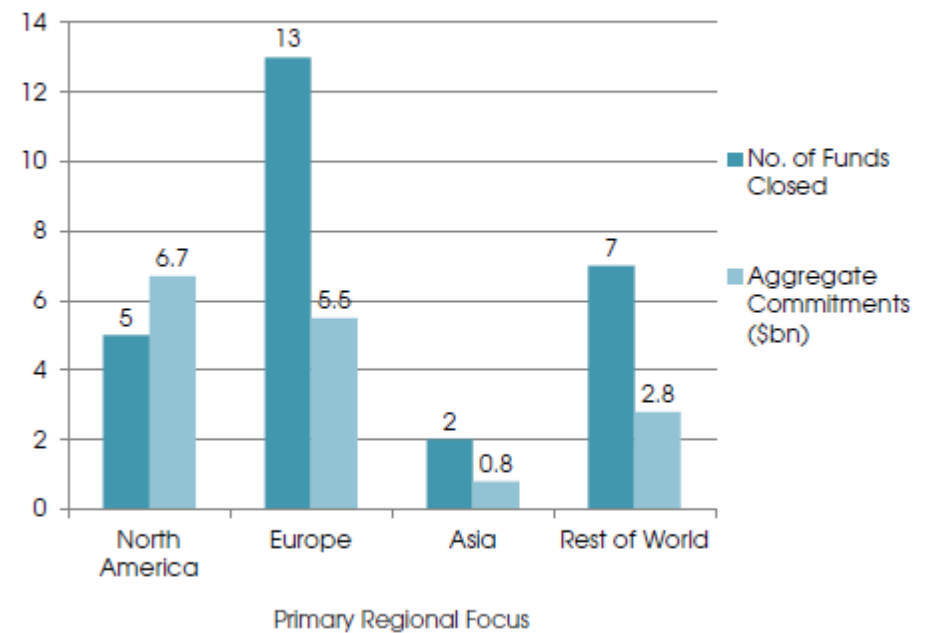
Source: Prequin

Fig. 6: Annual Unlisted Infrastructure Fundraising, 2004 - Q2 2012



Source: Preqin Infrastructure Online

Fig. 10: Unlisted Infrastructure Fundraising over the Past 12 Months by Primary Regional Focus



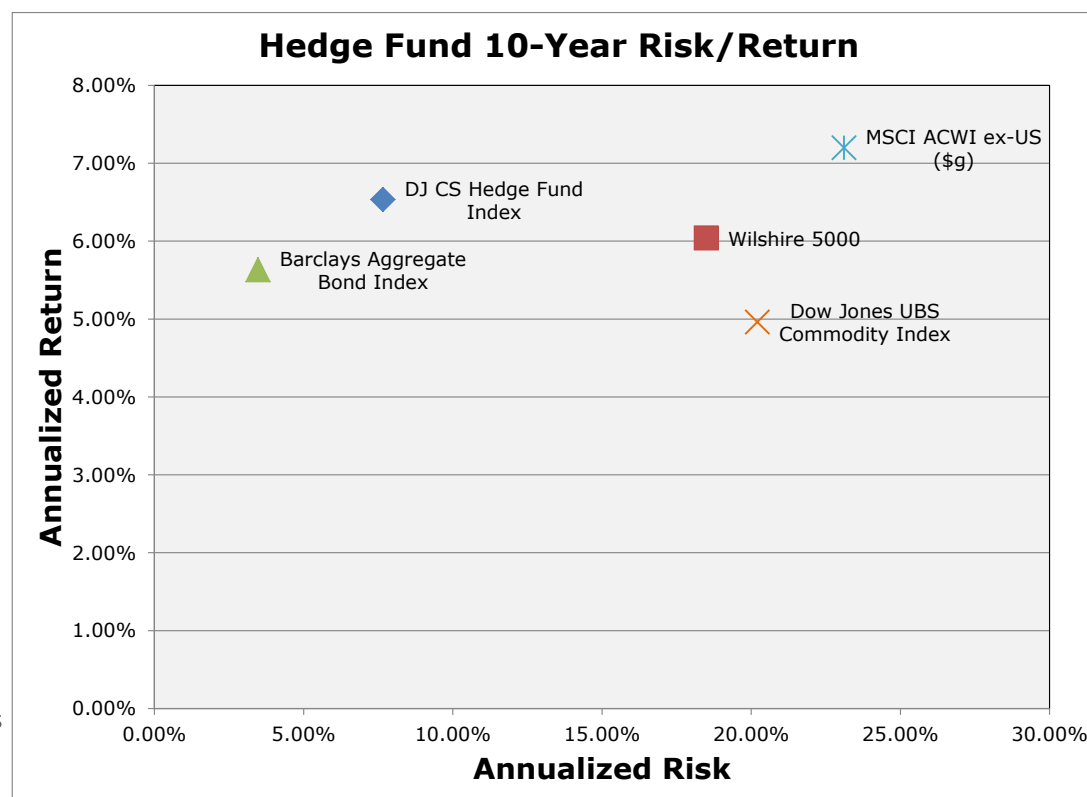
Source: Preqin Infrastructure Online

Source: Preqin

# Hedge Fund Performance



June 30, 2012	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
DJ CS Hedge Fund Index	-1.8	2.2	-2.0	6.9	1.9	6.5
Event Driven Index	-1.7	3.4	-7.2	6.1	1.4	7.5
Global Macro Index	-1.4	0.1	5.2	9.3	6.9	9.9
Long/Short Equity Index	-4.6	2.2	-6.0	4.6	0.6	6.2
Multi-Strategy Index	-0.1	4.6	2.0	8.9	2.4	6.8
Wilshire 5000	-3.1	9.2	4.0	16.7	0.4	6.0
MSCI ACWI ex-US (\$g)	-7.4	3.1	-14.1	7.4	-4.2	7.2
Barclays Aggregate Bond Index	2.1	2.4	7.5	6.9	6.8	5.6
Dow Jones UBS Commodity Index	-4.5	-3.7	-14.3	3.5	-3.7	5.0



Data sources: Wilshire Compass

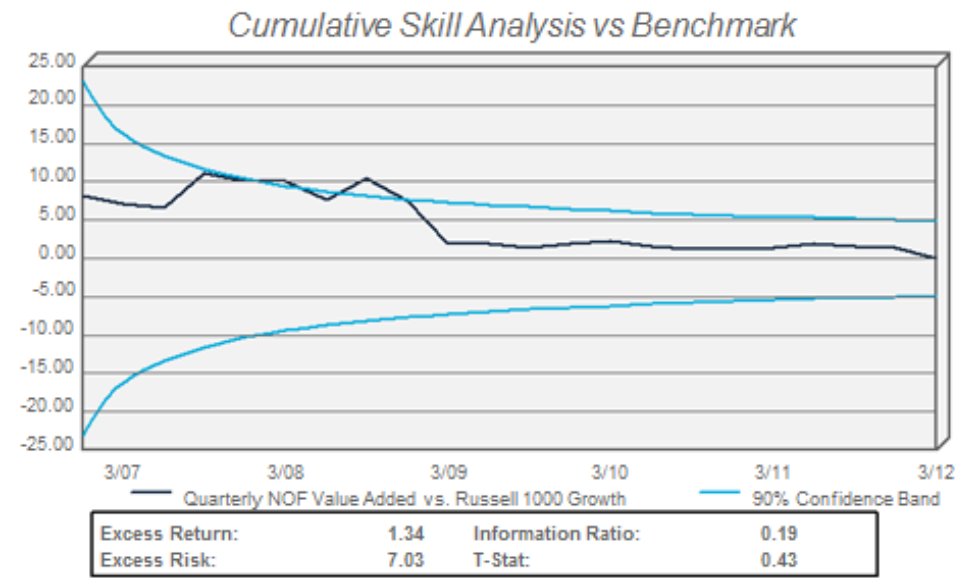
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# *Appendix*

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## 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.

