

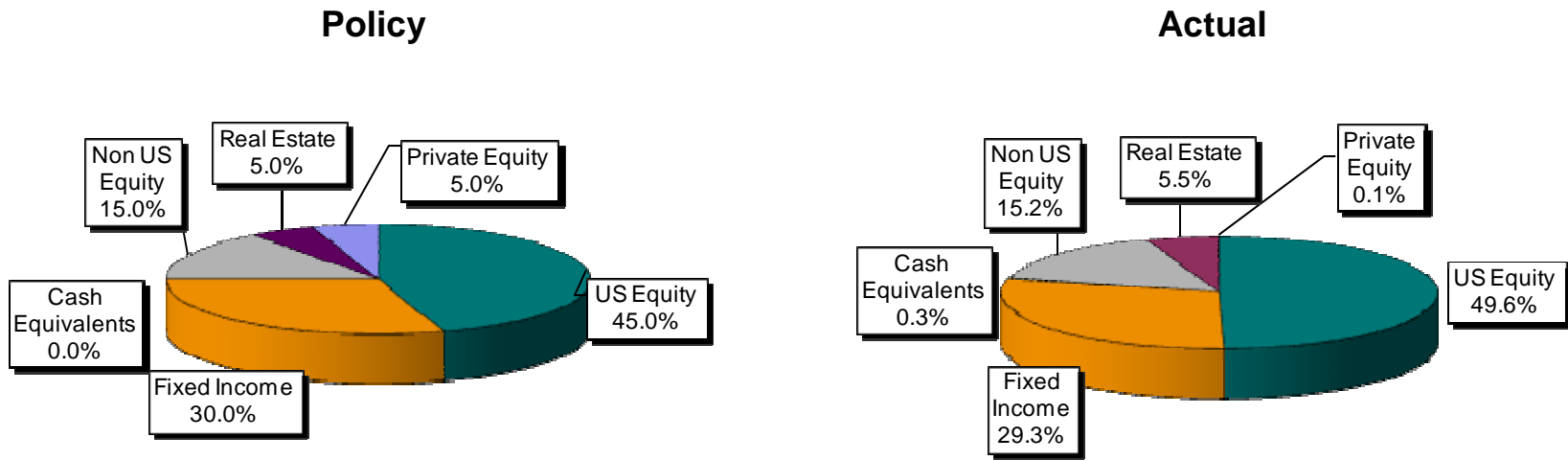
The City of Grand Rapids – Police & Fire Retirement System

Executive Summary of Investment Performance
Quarter Ending September 30, 2010

Asset Allocation

Total Fund Policy vs Total Fund Actual *

As of September 30, 2010



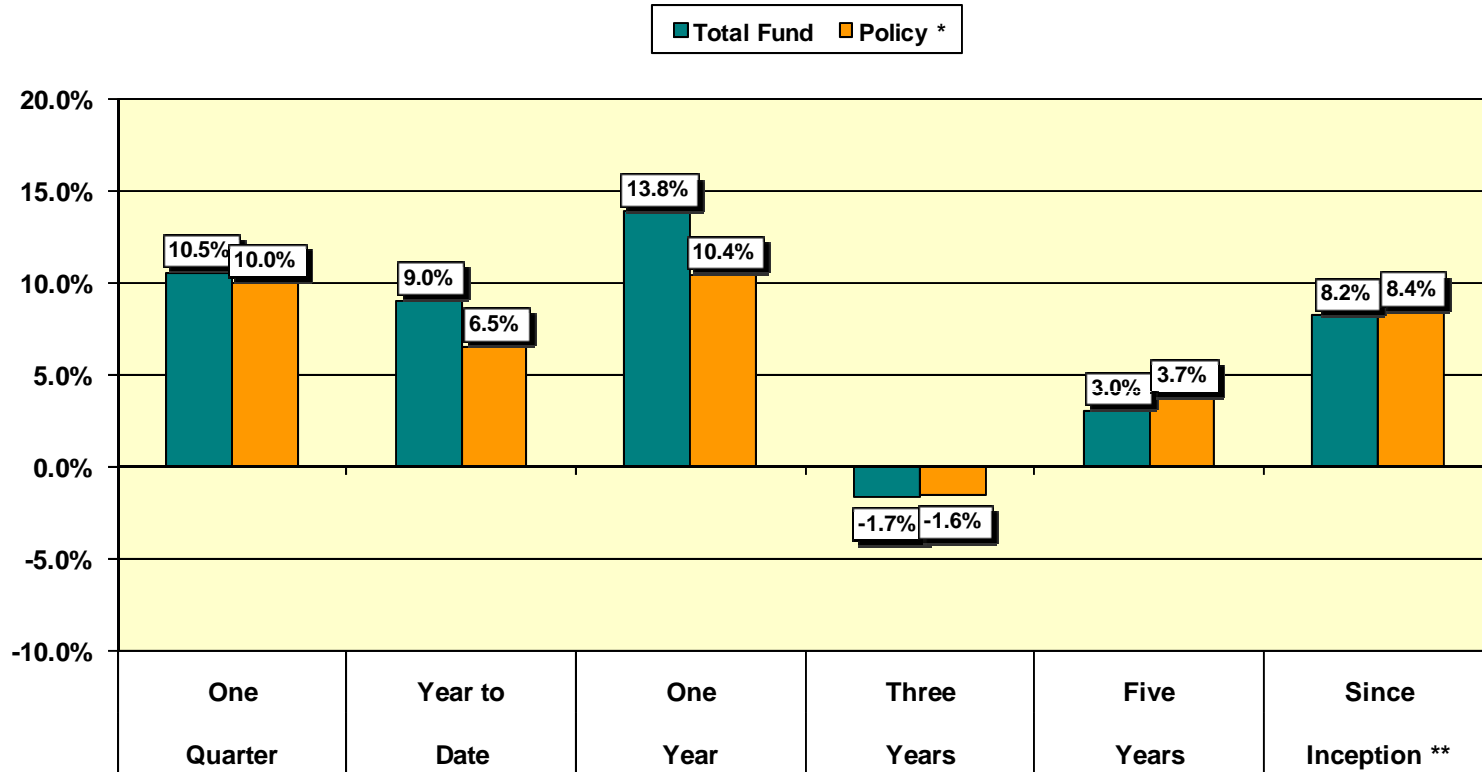
Total Assets
\$292,494,000

* As Allocated to Managers

Composite Investment Performance

Total Fund vs Policy

For Periods Ending September 30, 2010

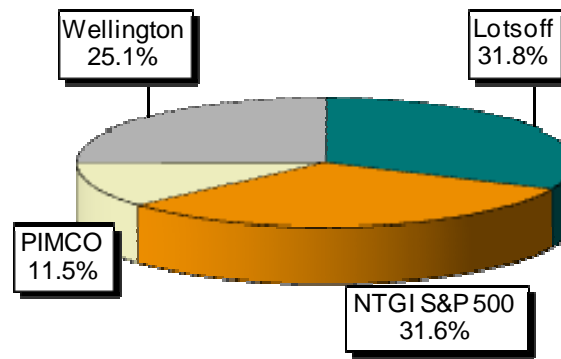


* 45.0% Wilshire 5000, 30.0% Barclays Aggregate, 15.0% MSCI ACWI ex US (N), 5.0% FTSE EPRA/NAREIT Global RE Index, 5.0% Wilshire 5000 +2.5% as of April 1, 2010
 ** December 31, 1987

Investment Manager Allocation

US Equity

As of September 30, 2010

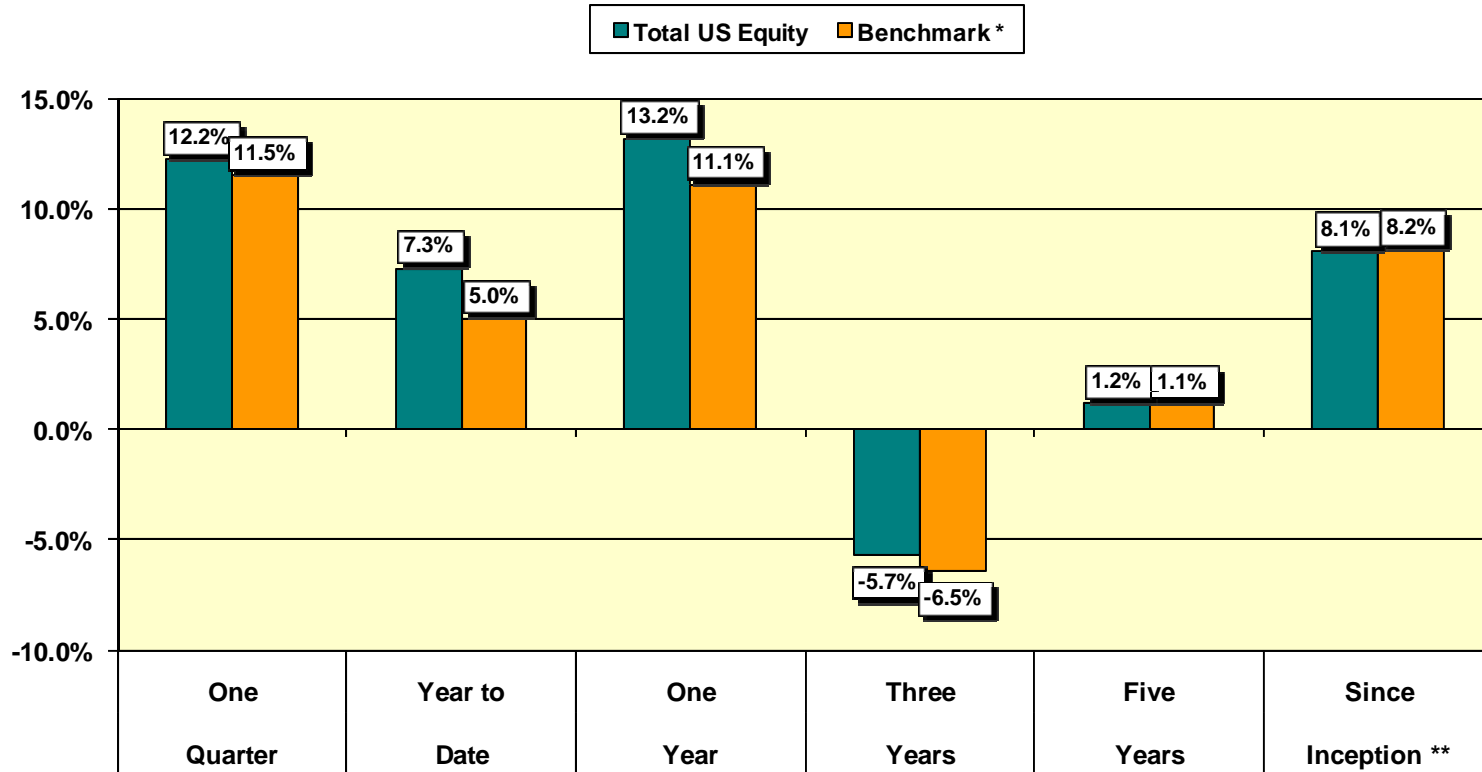


Total US Equity Assets
\$145,135,000

Composite Investment Performance

US Equity vs Benchmark

For Periods Ending September 30, 2010



* Wilshire 5000 Index
 ** December 31, 1987

Investment Manager Performance

US Equity *

For Periods Ending September 30, 2010

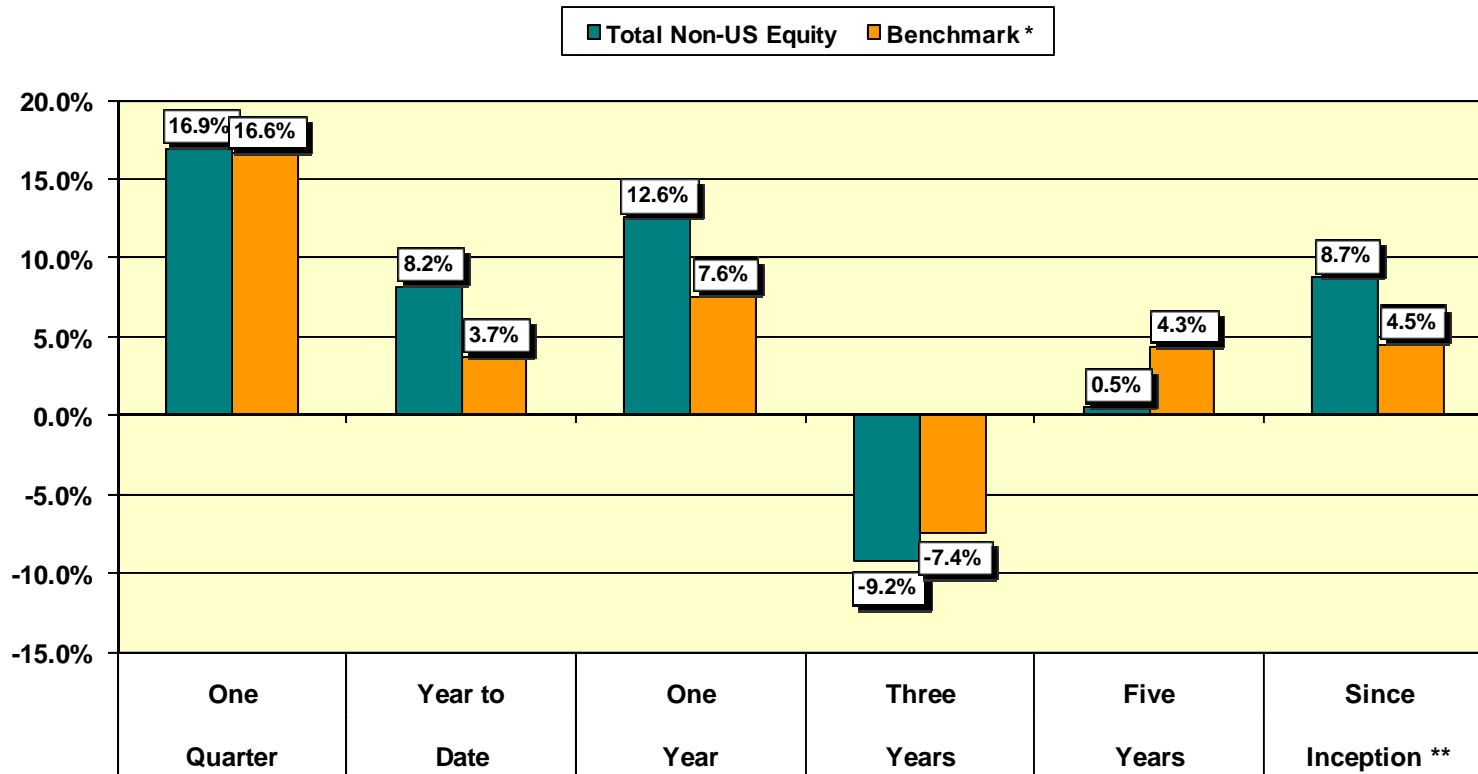
	Quarter		Year-to-date		One Year		Three Years		Five Years		Since Inception		Market Value 000s
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Date	
Lotsoff	12.2%	18	3.3%	42	8.5%	54	-8.3%	82	-0.5%	86	2.1%	Sep-04	\$46,202
S&P 500 Index	11.3%	36	3.9%	34	10.2%	31	-7.2%	67	0.6%	68	2.5%		
Value Added	0.9%		-0.6%		-1.7%		-1.1%		-1.2%		-0.4%		
NTGI S&P 500 Index	11.2%	38	3.8%	34	10.1%	31	-7.4%	71	0.5%	69	3.1%	Sep-98	\$45,828
Policy Index ^	11.3%	36	3.9%	34	10.2%	31	-7.2%	67	0.6%	68	3.1%		
Value Added	-0.1%		-0.1%		-0.1%		-0.2%		-0.1%		0.0%		
PIMCO StocksPLUS	12.3%	17	6.2%	10	13.8%	5	-6.4%	55	1.1%	56	-0.1%	Sep-00	\$16,714
S&P 500 Index	11.3%	36	3.9%	34	10.2%	31	-7.2%	67	0.6%	68	-0.4%		
Value Added	1.0%		2.3%		3.6%		0.8%		0.4%		0.4%		
Wellington SmCap 2000	13.5%	12	17.6%	4	23.1%	4	0.0%	16	4.0%	27	9.2%	Sep-99	\$36,390
Russell 2000 Index	11.3%	44	9.1%	56	13.3%	62	-4.3%	56	1.6%	55	5.6%		
Value Added	2.2%		8.5%		9.8%		4.3%		2.4%		3.5%		

* Rank Represents Gross of Fee Percentile Rank Within An Appropriate Manager Style Universe

^ S&P 500 as of July 1, 2007, prior benchmark was Russell 1000

Composite Investment Performance

Non-US Equity vs Benchmark For Periods Ending September 30, 2010



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

** December 31, 1989

Investment Manager Performance

Non-US Equity *

For Periods Ending September 30, 2010

	Quarter		Year-to-date		One Year		Three Years		Five Years		Since Inception		Market Value 000s
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Date	
Neuberger Berman	16.9%	38	8.2%	21	12.6%	15	-9.2%	60	NA	--	-1.6%	Jun-06	\$44,503
MSCI ACWI ex US	16.6%	49	3.7%	52	7.6%	47	-7.4%	47	NA	--	1.7%		
Value Added	0.4%		4.5%		5.0%		-1.8%				-3.3%		

* Rank Represents Gross of Fee Percentile Rank Within An Appropriate Manager Style Universe

Investment Manager Allocation

Fixed Income

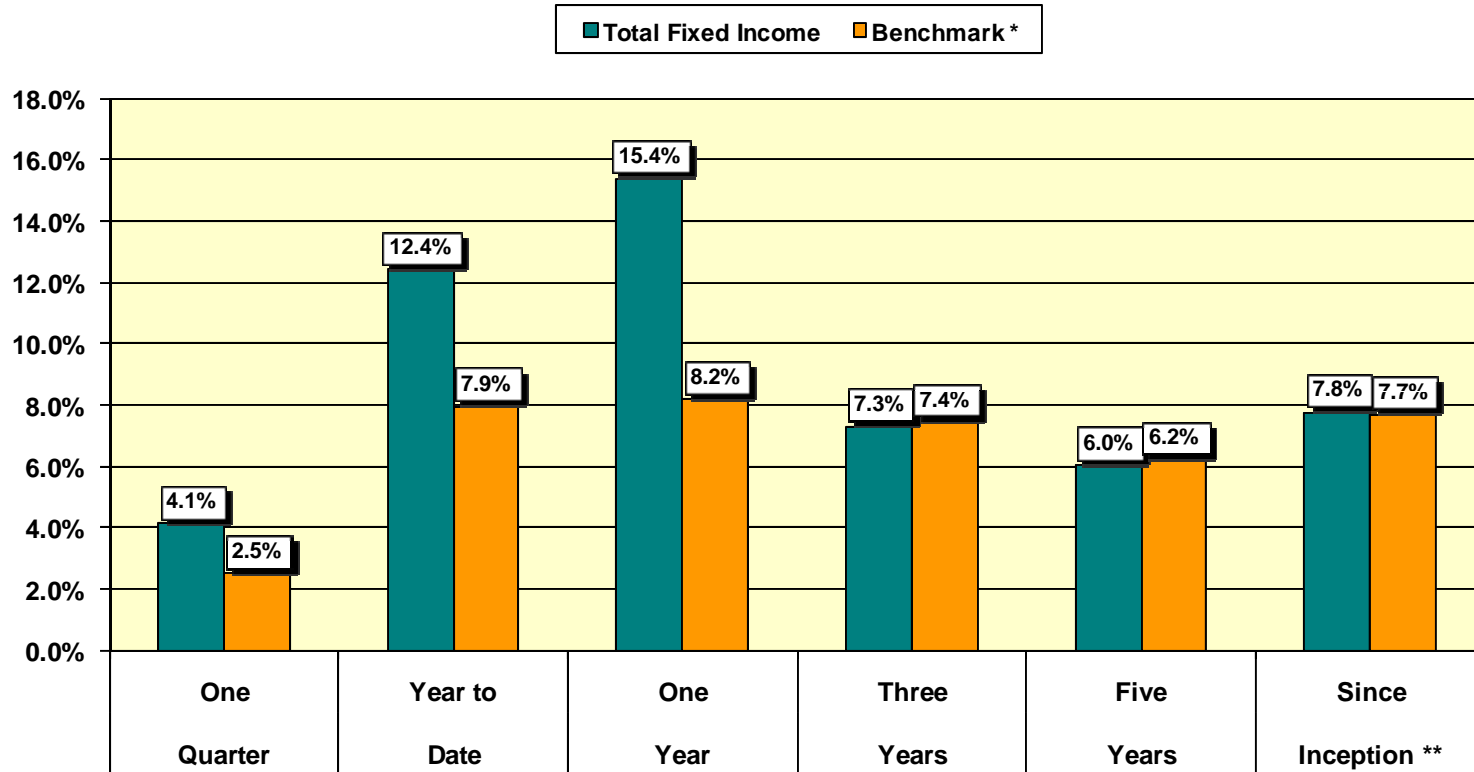
As of September 30, 2010



Total Fixed Income Assets
\$85,693,000

Composite Investment Performance

Fixed Income vs Benchmark For Periods Ending September 30, 2010



* Barclays Aggregate Index
** December 31, 1987

Investment Manager Performance

Fixed Income *

For Periods Ending September 30, 2010

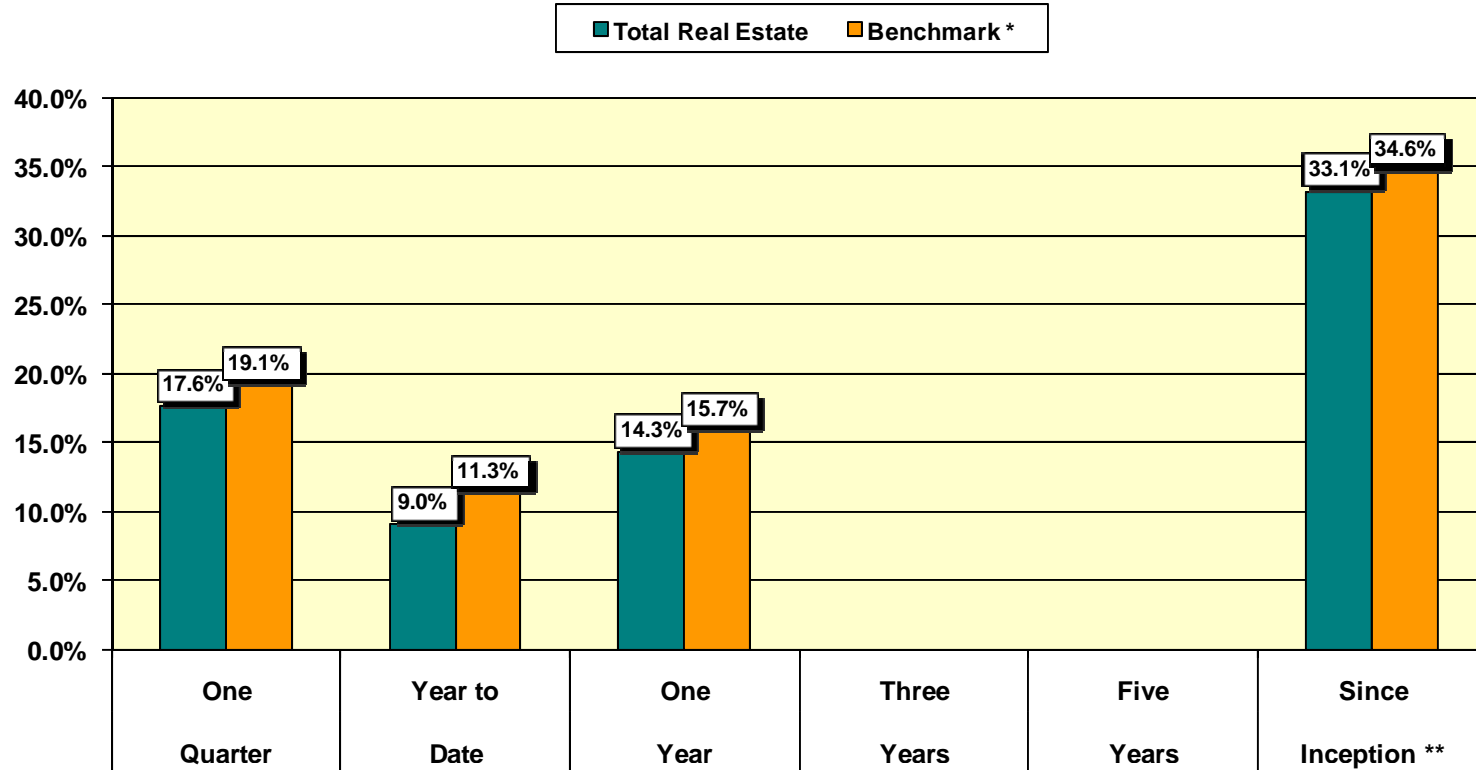
	Quarter		Year-to-date		One Year		Three Years		Five Years		Since Inception		Market Value 000s
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Date	
Baird Advisors	3.4%	14	10.6%	9	11.8%	12	6.9%	67	5.9%	64	5.3%	Mar-03	\$40,958
Barclays Agg Index	2.5%	68	7.9%	57	8.2%	65	7.4%	59	6.2%	61	5.3%		
Value Added	1.0%		2.7%		3.6%		-0.5%		-0.3%		0.0%		
Western Asset	4.8%	7	14.0%	6	18.8%	1	7.4%	48	6.0%	54	5.5%	Mar-04	\$44,735
Barclays Agg Index	2.5%	68	7.9%	57	8.2%	65	7.4%	59	6.2%	61	5.3%		
Value Added	2.3%		6.1%		10.6%		0.0%		-0.2%		0.2%		

* Rank Represents Gross of Fee Percentile Rank Within An Appropriate Manager Style Universe

Composite Investment Performance

Real Estate vs Benchmark

For Periods Ending September 30, 2010



* FTSE EPRA/NAREIT Global RE Index
 ** June 30, 2009

Investment Manager Performance

Real Estate *

For Periods Ending September 30, 2010

	Quarter		Year-to-date		One Year		Three Years		Five Years		Since Inception		Market Value 000s
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Date	
ING Clarion	17.6%	81	9.0%	81	14.3%	66	NA	--	NA	--	33.1%	Jun-09	\$15,991
FTSE ERPA / NAREIT Gbl	19.1%	36	11.3%	67	15.7%	61	NA	--	NA	--	34.6%		
Value Added	-1.6%		-2.3%		-1.5%						-1.4%		

* Rank Represents Gross of Fee Percentile Rank Within An Appropriate Manager Style Universe

Investment Manager Performance

Private Partnerships

For Periods Ending September 30, 2010

Partnership	Commitment Value	Inception Date	Capital Called Amount	%	Capital Distributed Amount	%	Quarter End Market Value	Annualized IRR
Adams Street Direct 2010 Fund	\$500,000	April 27, 2010	\$62,236	12%	\$0	0%	\$57,312	NA
Adams Street Non-US Dev. 2010 Fund	\$1,500,000	April 27, 2010	\$31,555	2%	\$0	0%	\$24,745	NA
Adams Street Non-US EM 2010 Fund	\$500,000	--	\$0	0%	\$0	0%	\$0	NA
Adams Street US 2010 Fund	\$2,500,000	April 27, 2010	\$150,508	6%	\$0	0%	\$159,231	NA
Alternative Investments Composite	\$5,000,000	April 27, 2010	\$244,299	5%	\$0	0%	\$241,288	NA



Capital Market Review

Third Quarter 2010

Market Commentary

Third Quarter 2010

U.S. Equity

The U.S. stock market rebounded strongly in the third quarter from the sharp losses experienced in the second quarter as the Wilshire 5000 IndexSM surged 11.5%. Many investors stayed on the sidelines, though, as the markets moved on notably low volume. Small cap stocks experienced the strongest gains during the third quarter by a narrow margin and far outperform large cap issues year-to-date. Growth style stocks were favored over value for the quarter although all segments returned double-digit gains.

Sector performance was uniformly positive for the quarter, and Telecomm Services and Materials stocks performed best with returns of 20.6% and 18.8%, respectively. The Health Care and Financial sectors lagged behind with relatively modest returns of 8.8% and 5.1%, respectively.

The rally in the U.S. stock market in the third quarter ironically has as a main cause the current slowdown in the U.S. economic recovery from the recent recession, which officially ended in June 2009. The Federal Reserve is expected to resume its purchases of U.S. Treasury paper to inject money into the financial markets and prop up the sagging U.S. economy. As Treasury yields fall, investors historically rotate into assets with higher return potential; this helped fuel the broad market rally in 2009 and seems to have repeated itself this quarter.

Non-U.S. Equity

After the pessimism and sharp losses of the second quarter, global stock markets bounced back with solid gains in the third quarter. The U.S. dollar's weakness against world currencies improved those gains for U.S.-based investors. Concerns over the level of debt in European countries were put aside as investors focused on stronger balance sheet fundamentals and found compelling stories in markets such as Denmark and Sweden. The Pacific region underperformed Europe, with Japan's stock markets actually moving slightly lower in local currency terms on worries that the yen's remarkable strength would reduce exports.

Fixed Income

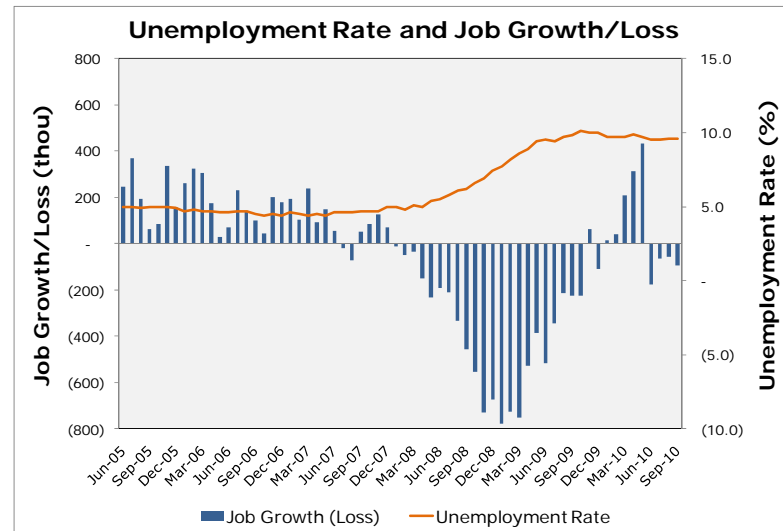
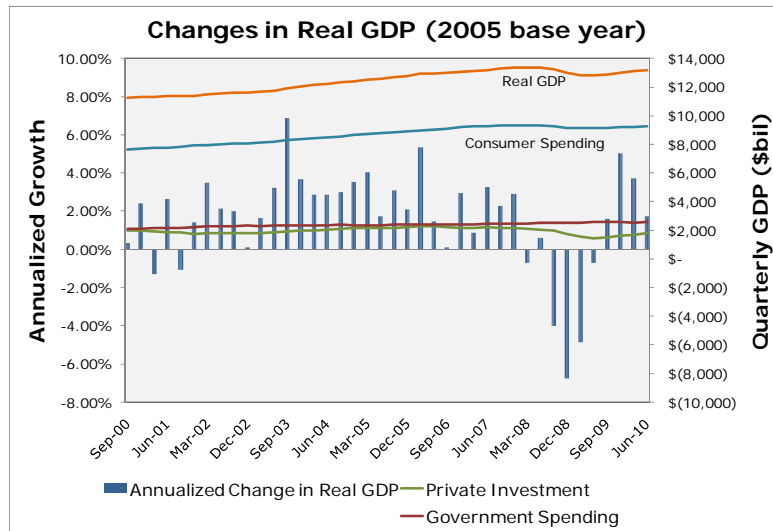
Despite strong flows of investor cash into fixed income funds and record levels of new-debt issuance, the gains seen in global bond markets for the third quarter were relatively modest. Global bond performance in U.S. dollar-converted terms was greatly increased by the weak U.S. dollar. The Federal Reserve, as widely expected, held firm on its 0.00-0.25% Fed Funds target rate. Long-term bonds outperformed shorter-term issuance as investors sought yield wherever they could find it. Credit spreads to Treasuries fell over the quarter, with High Yield leading other U.S. market segments.

Economic Review

Third Quarter 2010

September 30, 2010		Key Economic Indicators			
CPI (all items) Seasonally adjusted	Monthly Change	Cumulative Change			
	Sep-10	0.1	3-Month	0.7	
	Aug-10	0.3	12-Month	1.1	
	Jul-10	0.3	10-Yr Annual	2.3	
Breakeven Inflation	10-Year	1.8			
Consumer Sentiment Unv. of Michigan Survey	Sep-10	68.2			
	Aug-10	68.9			
	1-Yr Ago	73.5	10-Yr Avg	83.3	
Manufacturing Inst. for Supply Mgmt Purchasing Mngrs' Idx	Sep-10	54.4	Change in Manufacturing Sector		
	Aug-10	56.3	>50	Expansion	
	1-Yr Avg	56.7	<50	Contraction	

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

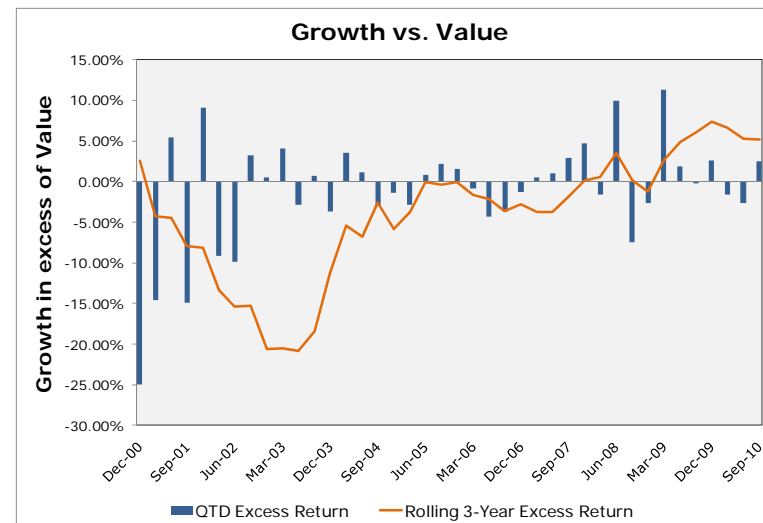
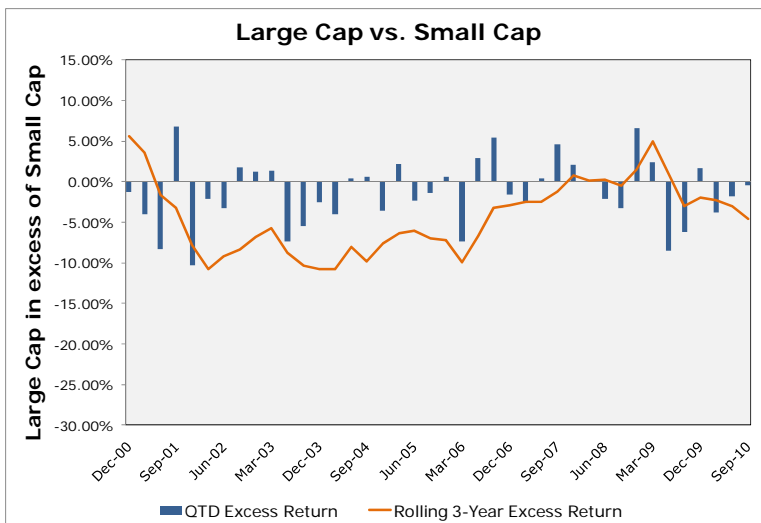
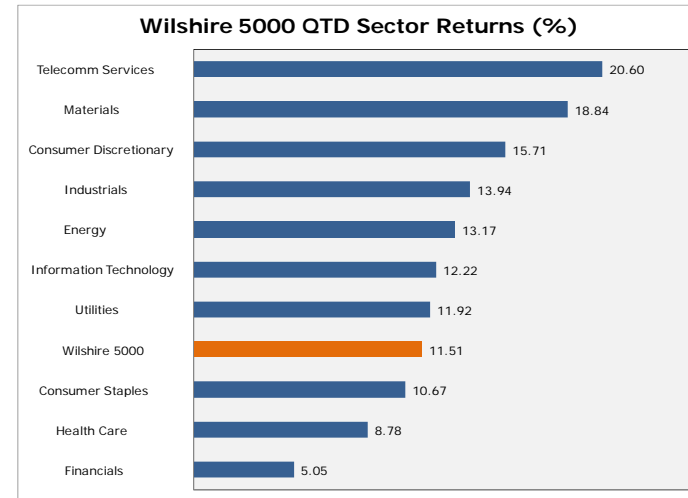


Data Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Bank of St. Louis

US Capital Markets – Equity

Third Quarter 2010

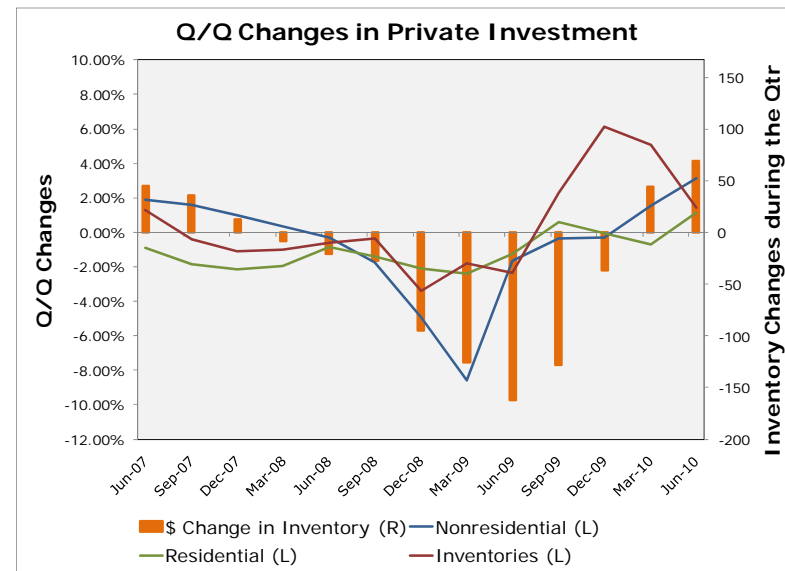
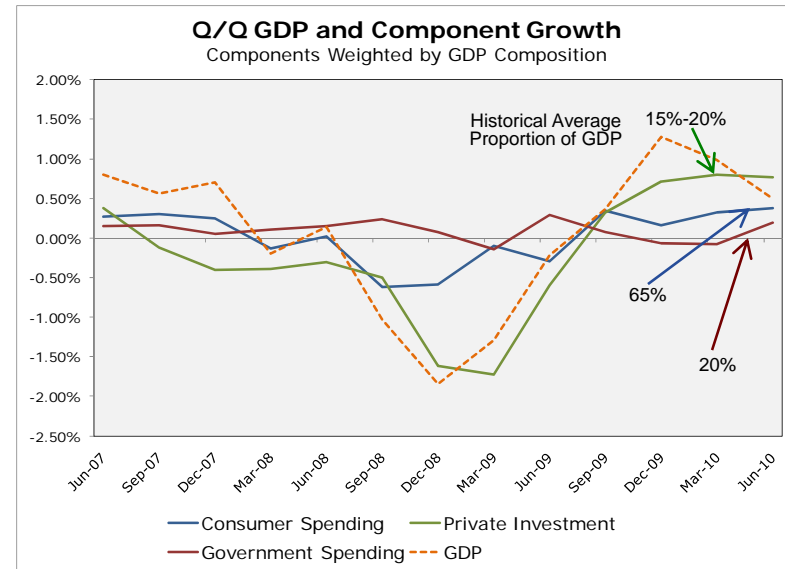
September 30, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Wilshire 5000	11.5	5.0	11.1	-6.5	1.1	0.3
Wilshire U.S. Large Cap	11.5	4.3	10.6	-6.9	0.9	-0.3
Wilshire U.S. Small Cap	12.0	10.9	15.6	-2.4	3.5	5.4
Wilshire U.S. Large Growth	12.9	3.1	10.9	-4.3	1.9	-3.1
Wilshire U.S. Large Value	10.1	5.6	10.3	-9.5	-0.3	2.5
Wilshire U.S. Small Growth	13.3	12.4	16.7	-2.3	4.0	1.9
Wilshire U.S. Small Value	10.7	9.3	14.5	-2.4	2.9	8.7
Wilshire REIT Index	13.4	19.2	30.1	-6.9	1.4	10.1
Dow Jones UBS Commodity Index	11.6	0.9	10.0	-6.8	-2.4	5.2



Data Sources: Wilshire Compass, Wilshire Atlas

A Closer Look: GDP

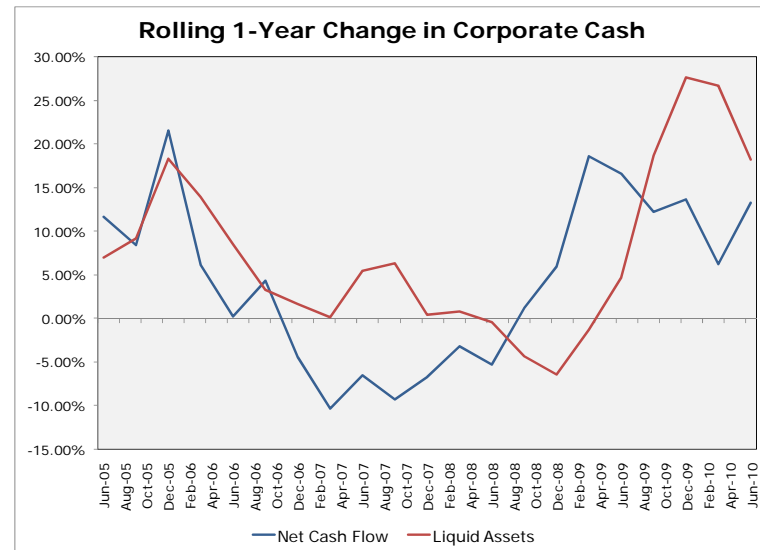
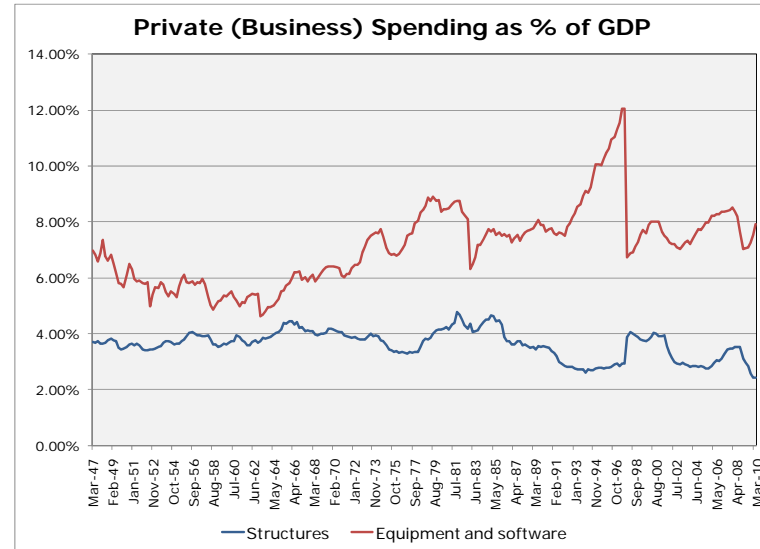
- The illustration at right tracks quarterly changes in GDP and its components, which are weighted by the proportion of total GDP.
- Overall growth slowed during the second quarter, as growth in imports far outpaced exports.
- This illustration dissects the private investment category – for the first time in more than three years, both residential and non-residential spending moved higher.
- Growth in non-residential production was solely due to private spending on equipment, machinery, software, etc.



Source: BEA

Focus on Private Spending

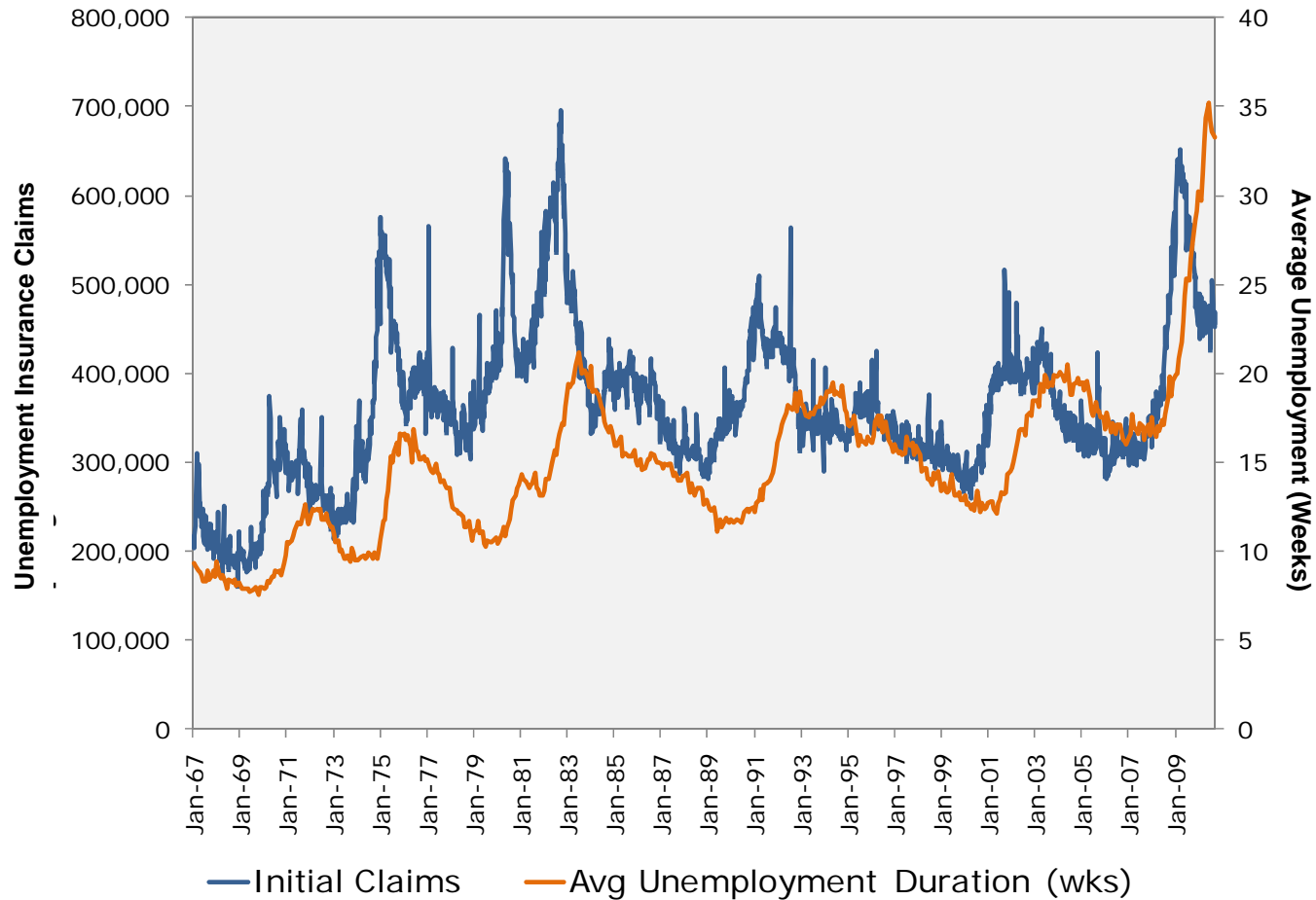
- Although Private Investment makes up only ~15% of total GDP, it has played an important role recently in getting the US economy out of recession.
- Short-term spending (equipment and software) has jumped during the past three quarters.
- Long-term spending (structures) has fallen to nearly half of its historical average of 4% of GDP.
- Fortunately, corporations have substantial cash on hand and strong net cash flow. Any increase in long-term spending could provide much needed support to GDP growth.



Sources: Federal Reserve, BEA

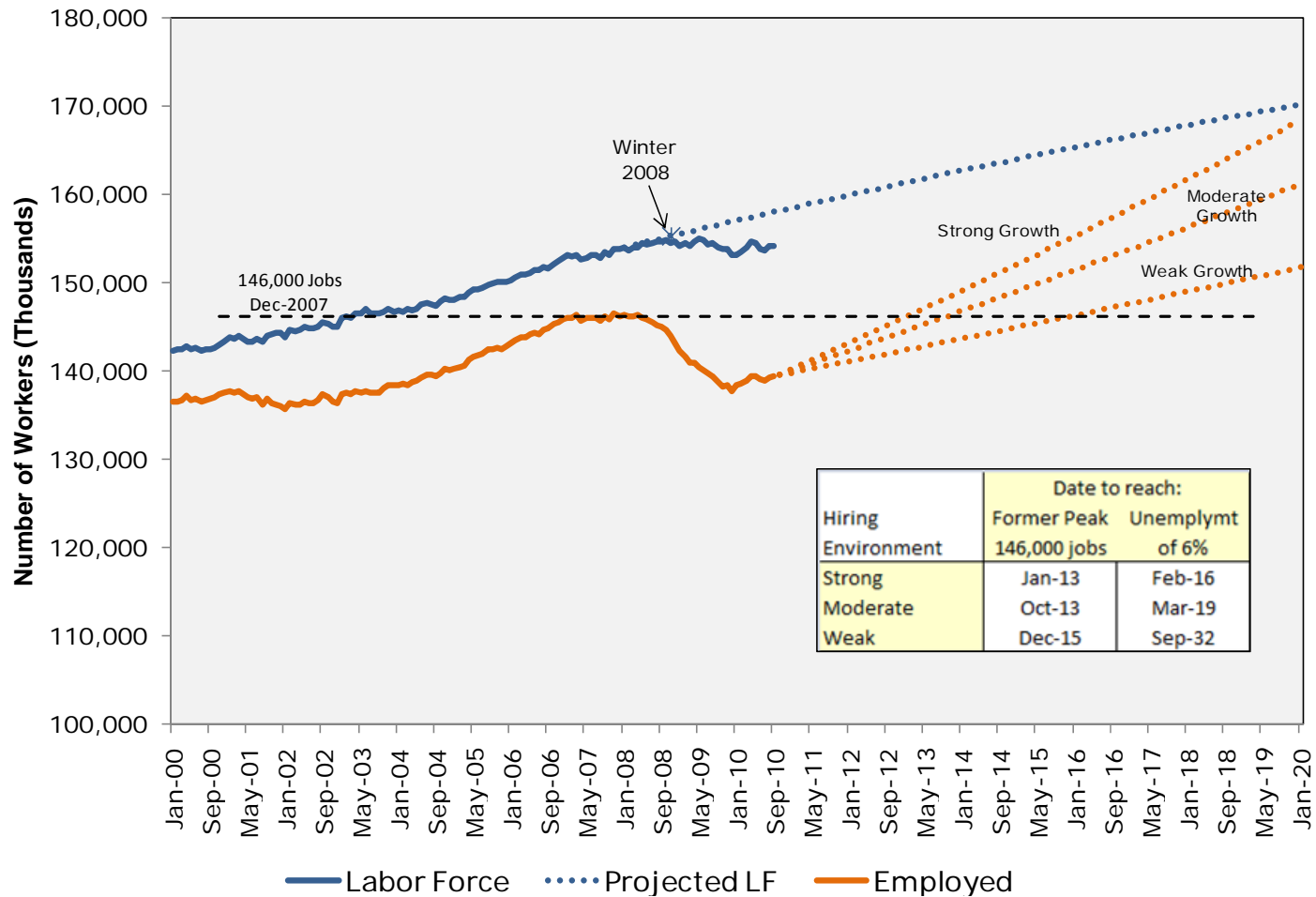
Unemployment

- Initial jobless claims remain high – total US payroll in dollars is at early 2000's level.



Source: BLS

Employment Projections

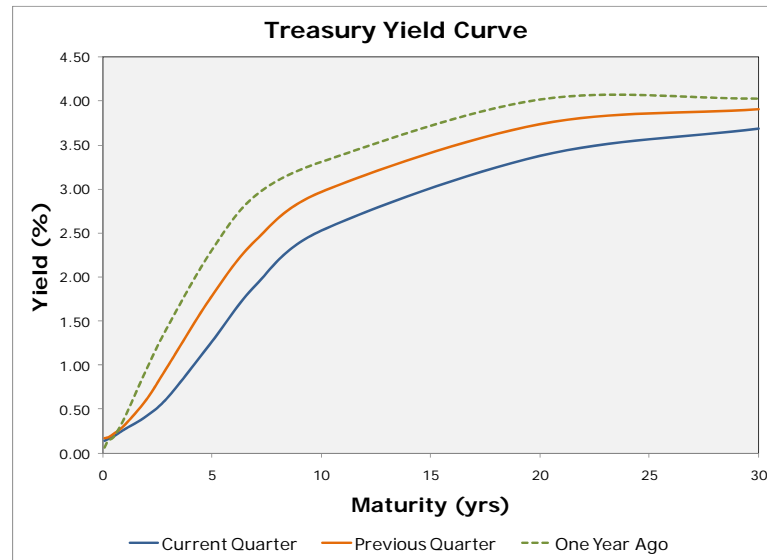
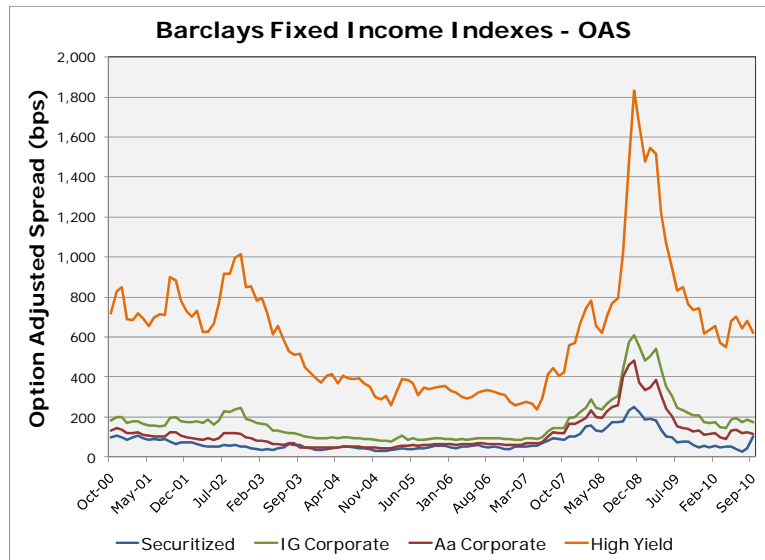


Source: BLS

US Capital Markets – Fixed Income

Third Quarter 2010

September 30, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays Aggregate Bond Index	2.5	7.9	8.2	7.4	6.2	6.4
Barclays Treasury Index	2.7	8.7	7.3	7.4	6.2	6.2
Barclays Govt-Related Index	2.6	6.9	6.7	7.1	6.1	6.5
Barclays Securitized Index	1.1	6.2	7.1	7.2	6.2	6.2
Barclays Corporate IG Index	4.7	10.8	12.3	8.4	6.5	7.1
Barclays LT Govt/Credit Index	5.9	16.7	13.6	10.2	7.3	8.4
Barclays Long-Term Treasury Index	5.2	19.1	12.7	10.8	7.8	8.2
Barclays U.S. TIPS Index	2.5	7.0	8.9	6.9	5.5	7.5
Barclays High Yield Index	6.7	11.5	18.4	8.7	8.4	8.0
Treasury Bills	0.0	0.1	0.1	1.1	2.6	2.5

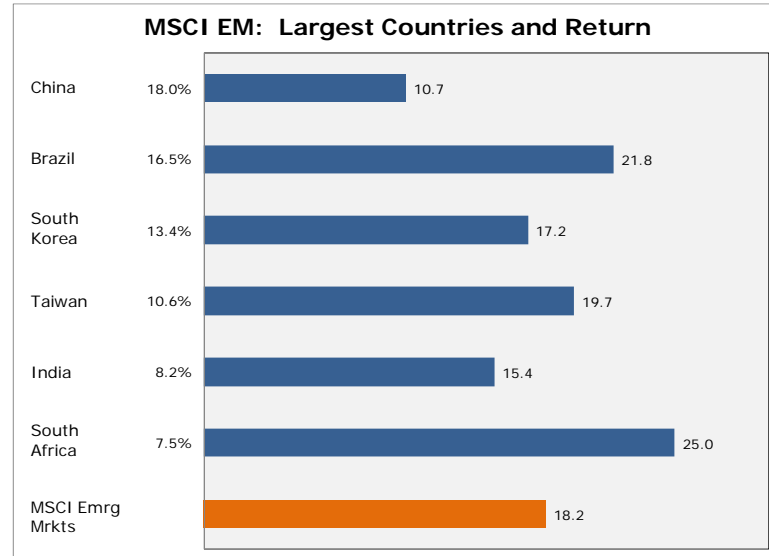
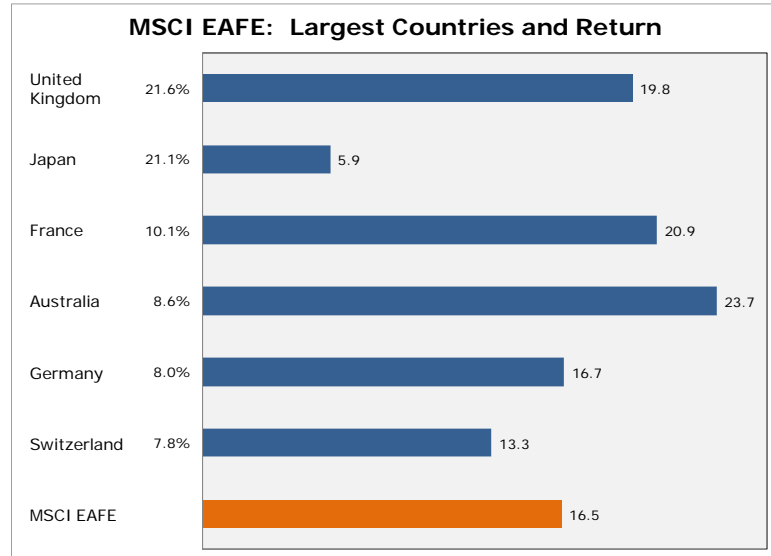


Data Sources: Wilshire Compass, Barclays Capital, US Treasury

Non-US Capital Markets

Third Quarter 2010

September 30, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
MSCI ACWI ex-US (\$g)	16.7	4.1	8.0	-7.0	4.7	4.8
MSCI EAFE (\$g)	16.5	1.5	3.7	-9.1	2.4	3.0
MSCI Emerging Markets (\$g)	18.2	11.0	20.5	-1.2	13.1	13.8
MSCI Frontier Markets (\$g)	14.3	15.0	4.0	-12.9	-5.4	n.a.
JPM Non US Global Bond	10.4	8.2	5.9	9.2	7.7	8.2
JPM Non US Global Bond Hedged	2.0	5.6	5.8	6.0	4.9	5.3
JPM EMBI Global	8.3	14.2	15.9	10.2	9.2	10.7
Euro vs. Dollar	11.5	-4.9	-6.6	-1.4	2.4	4.4
Yen vs. Dollar	5.9	11.5	7.2	11.3	6.3	2.7
Pound vs. Dollar	5.3	-2.4	-1.4	-8.2	-2.3	0.6



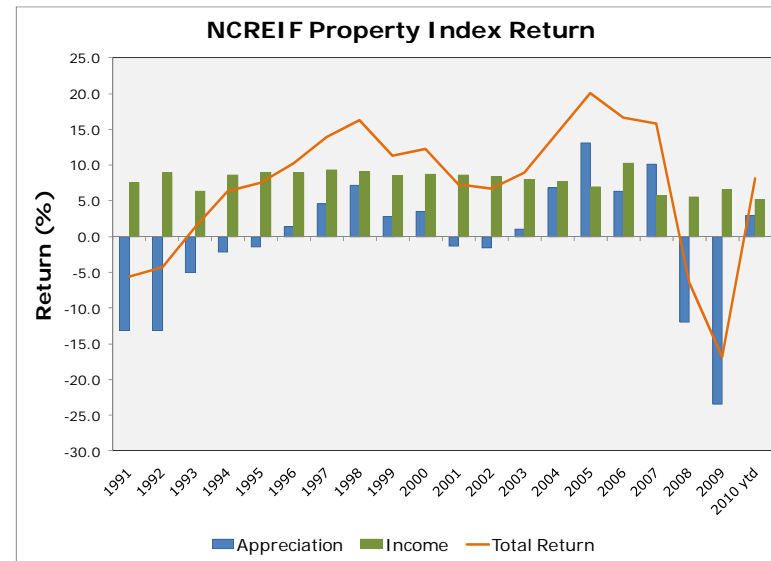
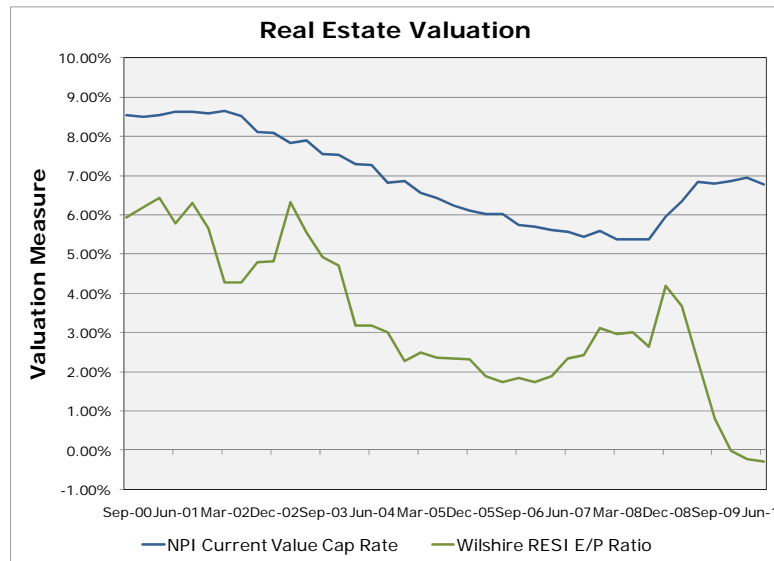
Data Sources: Wilshire Compass, MSCI Barra

Real Assets

Third Quarter 2010

September 30, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays U.S. TIPS Index	2.5	7.0	8.9	6.9	5.5	7.5
Dow Jones UBS Commodity Index	11.6	0.9	10.0	-6.8	-2.4	5.2
Global Public Real Estate*	17.7	16.2	22.4	-8.5	1.6	10.2
NCREIF Property Index	3.9	8.1	5.8	-4.6	3.7	7.2
NCREIF Timberland Index	-0.1	0.6	-3.9	4.7	9.6	6.9
S&P MLP Index (Oil & Gas)	11.4	24.2	45.1	11.6	11.2	n.a.

* Wilshire Global Real Estate Securities from June, 2000 to December, 2004. Wilshire Global REITs from 2004 to present.



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

Asset Class Performance

2005 Through Year-to-Date 2010

Annual Asset Class Returns - Best to Worst

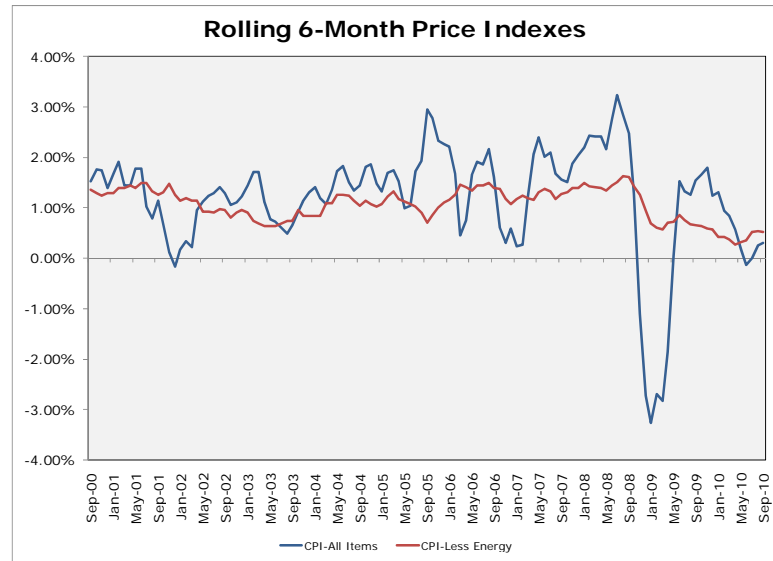
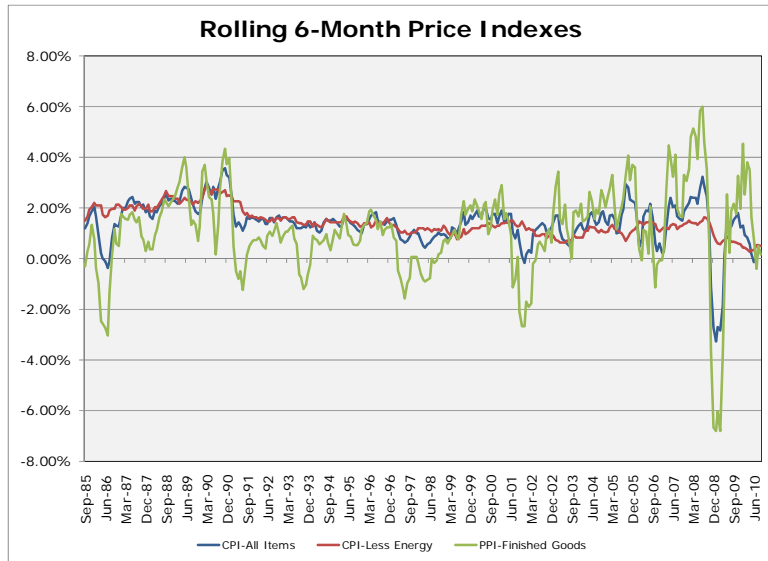
2005	2006	2007	2008	2009	YTD 2010
Emrg Mrkts 34.5%	REITs 36.0%	Emrg Mrkts 39.8%	Core Bond 5.2%	Emrg Mrkts 79.0%	REITs 19.2%
Commodities 21.4%	Emrg Mrkts 32.6%	Commodities 16.2%	T-Bills 2.0%	High Yield 58.2%	High Yield 11.5%
Developed 14.0%	Developed 26.9%	U.S. TIPS 11.6%	U.S. TIPS -2.3%	Developed 32.5%	Emrg Mrkts 11.0%
REITs 13.8%	U.S. Equity 15.8%	Developed 11.6%	High Yield -26.2%	REITs 28.6%	Core Bond 7.9%
U.S. Equity 6.4%	High Yield 11.9%	Core Bond 7.0%	Commodities -35.6%	U.S. Equity 28.3%	U.S. TIPS 7.0%
T-Bills 3.1%	T-Bills 4.8%	U.S. Equity 5.6%	U.S. Equity -37.2%	Commodities 18.9%	U.S. Equity 5.0%
U.S. TIPS 2.8%	Core Bond 4.3%	T-Bills 5.0%	REITs -39.2%	U.S. TIPS 11.4%	Developed 1.5%
High Yield 2.7%	Commodities 2.1%	High Yield 1.9%	Developed -43.1%	Core Bond 5.9%	Commodities 0.9%
Core Bond 2.4%	U.S. TIPS 0.4%	REITs -17.5%	Emrg Mrkts -53.2%	T-Bills 0.2%	T-Bills 0.1%

Annualized
5-Year

2005-2009
Emrg Mrkts 15.9%
High Yield 6.5%
Core Bond 5.0%
U.S. TIPS 4.6%
Developed 4.0%
T-Bills 3.0%
Commodities 2.0%
U.S. Equity 0.9%
REITs 0.0%

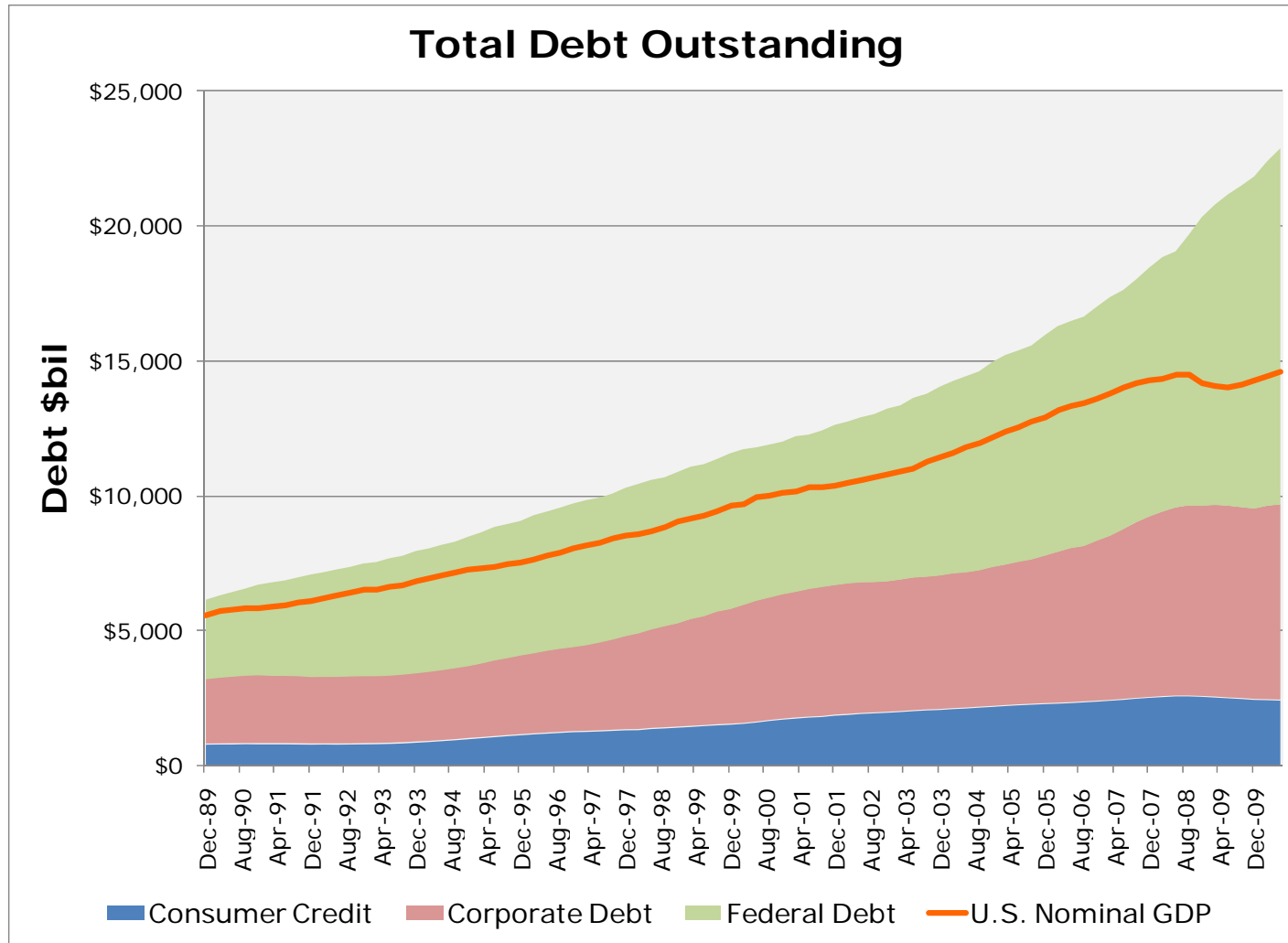
Data Source: Wilshire Compass
Developed: Developed Markets ex-US, ex-Canada

Trends in CPI



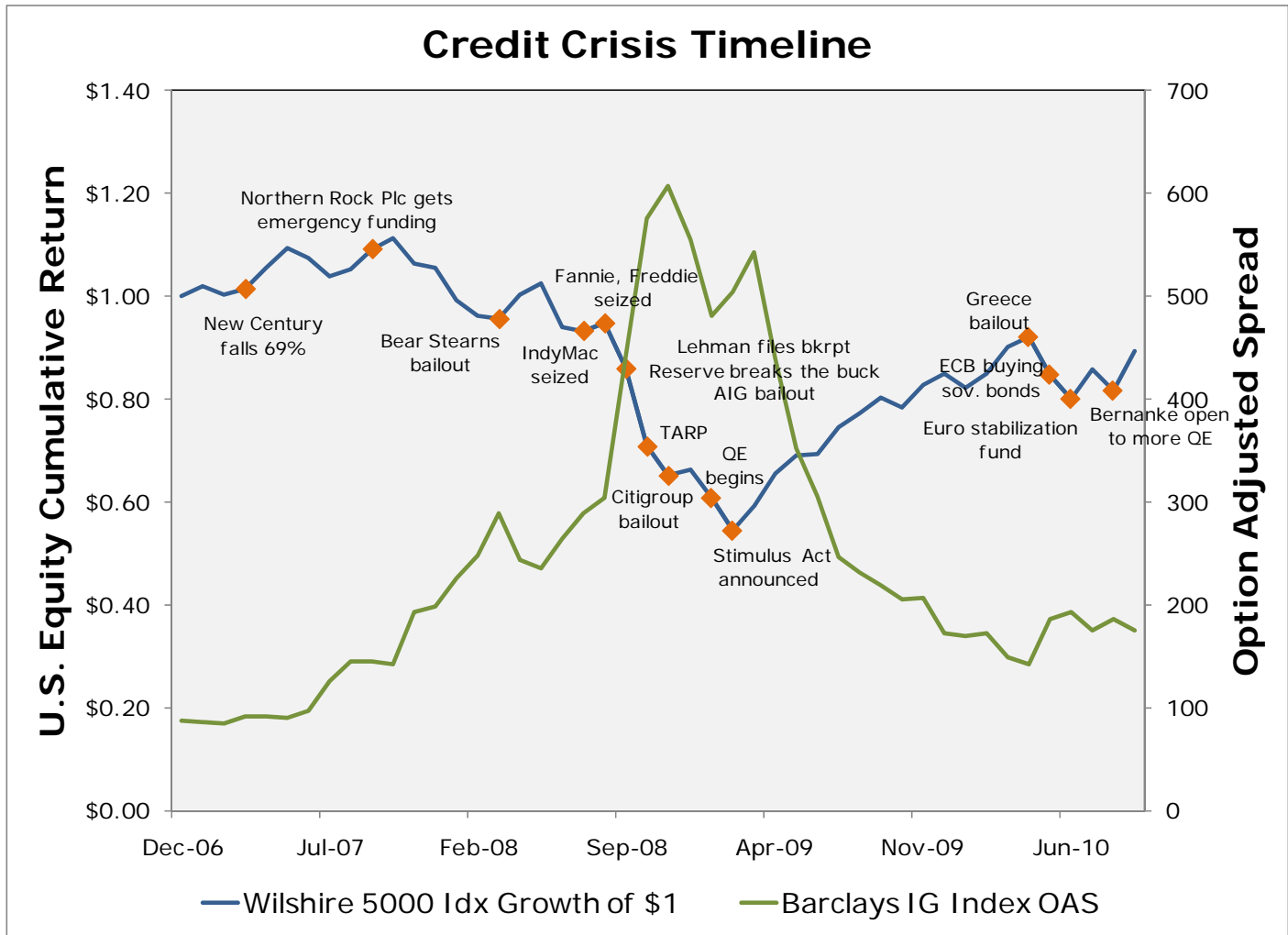
Source: BLS

US Debt Landscape



Sources: Federal Reserve, US Treasury

Notable Credit Events

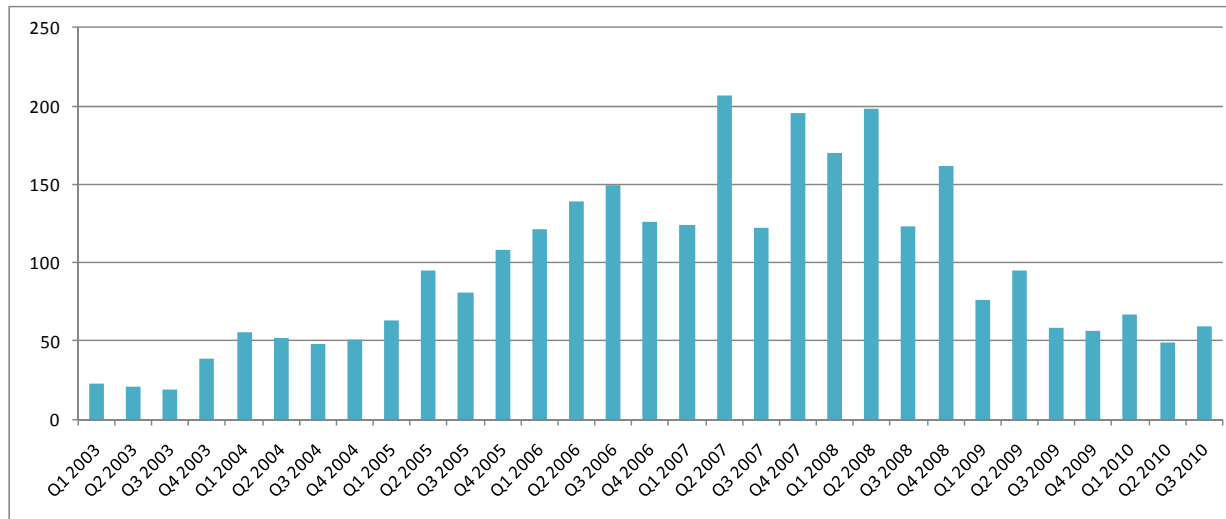




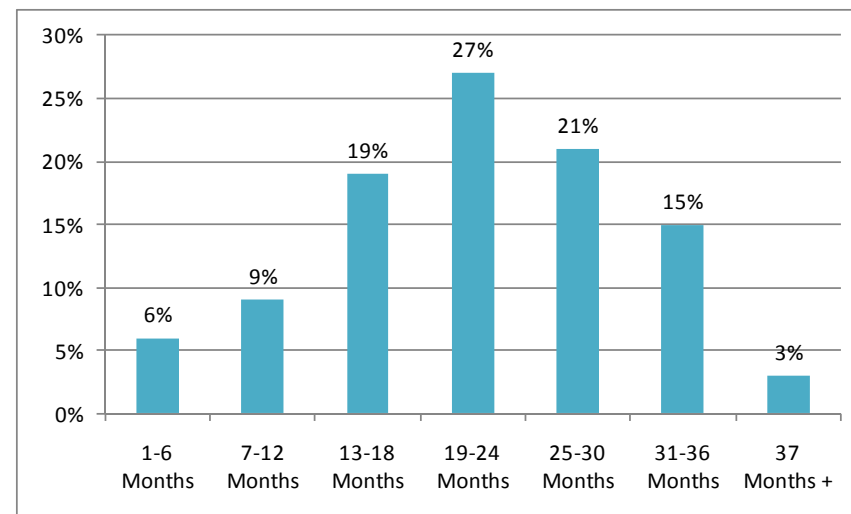
Private Markets

Third Quarter 2010

Private Equity Fundraising



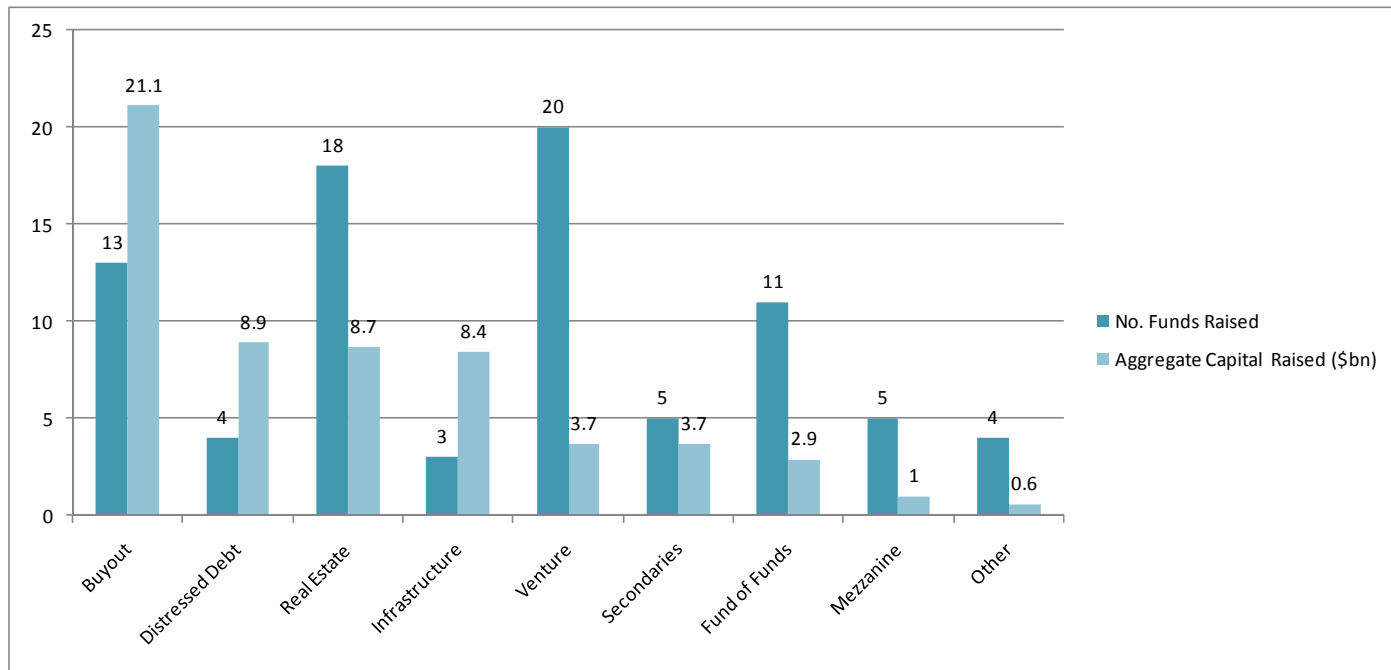
- Private equity fundraising was up during the third quarter but remained below that of the first quarter (above).
- For funds that closed during the quarter, 2/3 of them were raising money for more than one-and-a-half years (right).



Source: Prequin

Private Equity Fundraising by Type

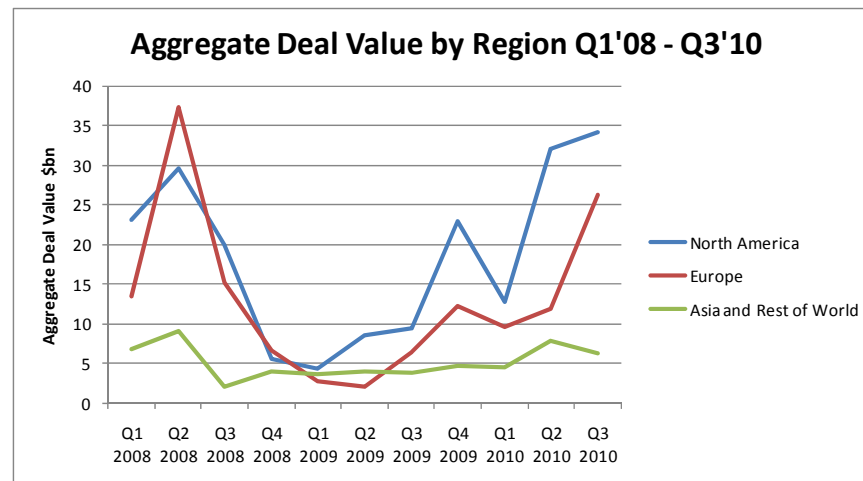
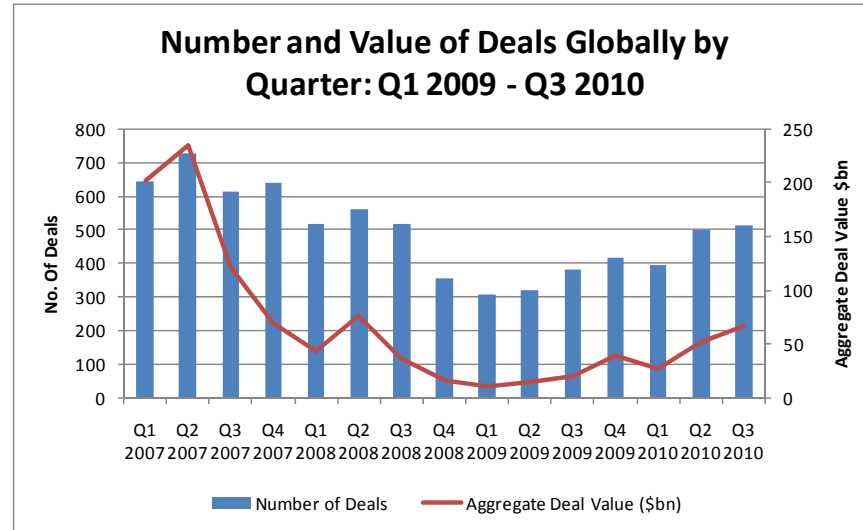
Third Quarter 2010



Source: Prequin

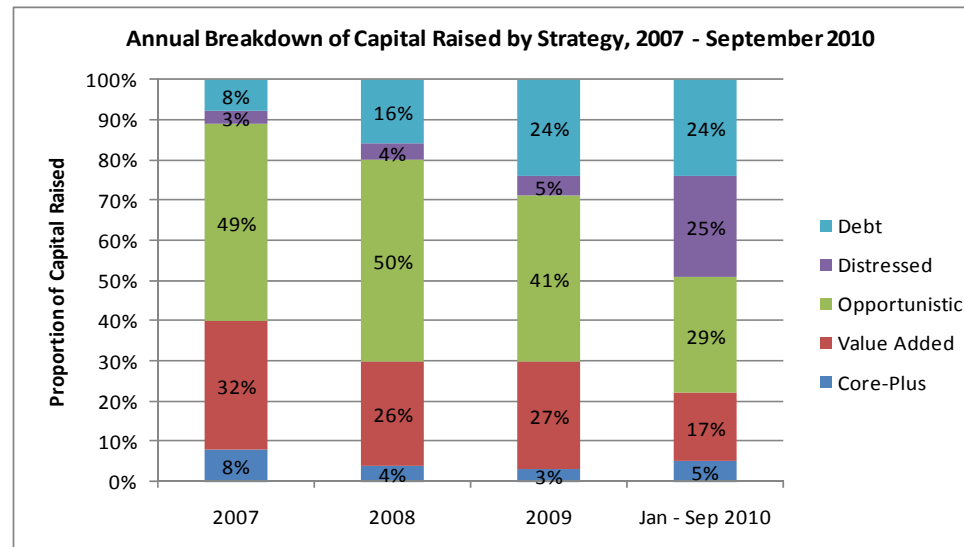
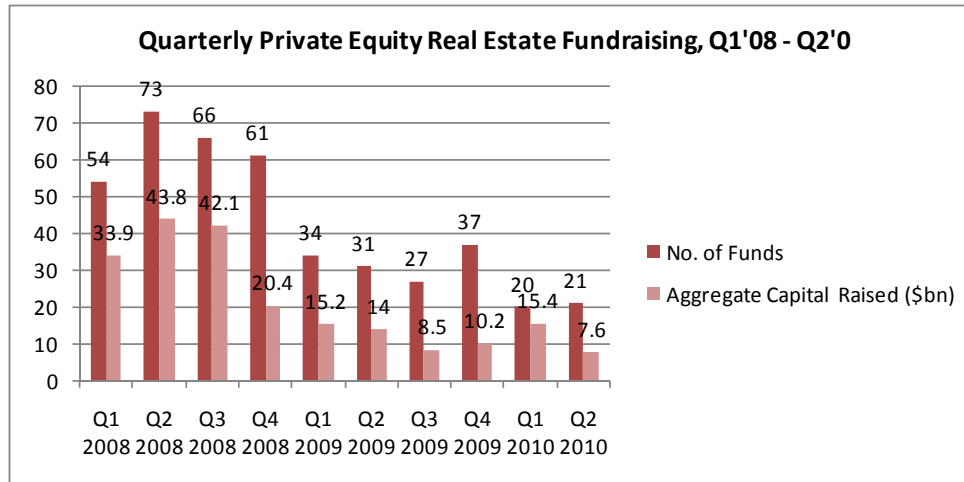
Private Equity-Backed Deals

- Strongest quarter for buyout deals post-credit crunch.
- Aggregate deal value generally strong globally.



Source: Prequin

Private Real Estate Fundraising

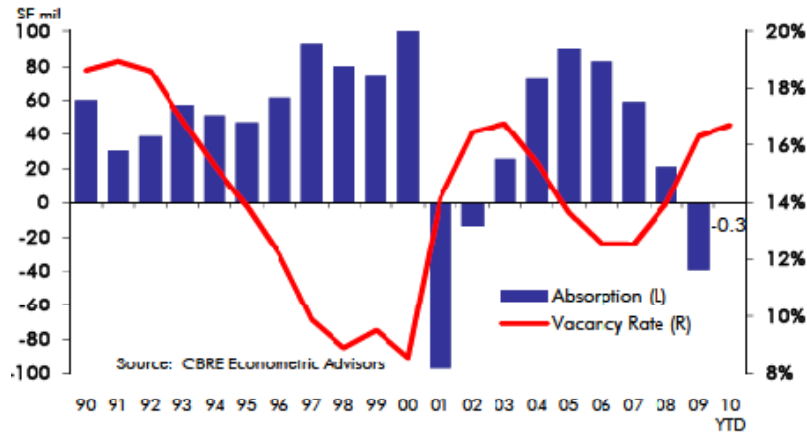


Source: Prequin

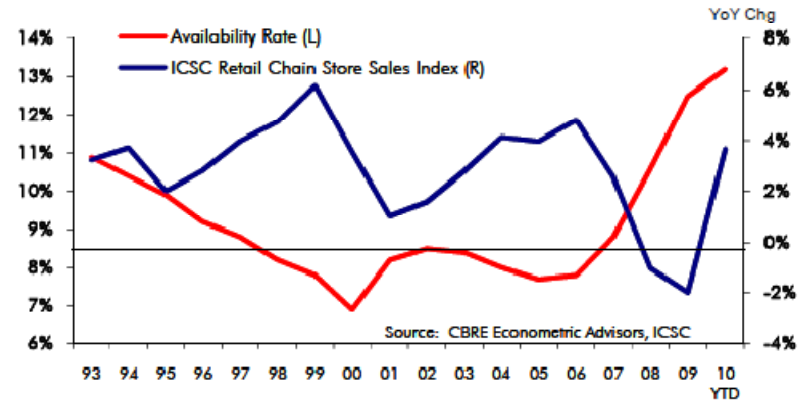
Commercial Property

As of June 30, 2010

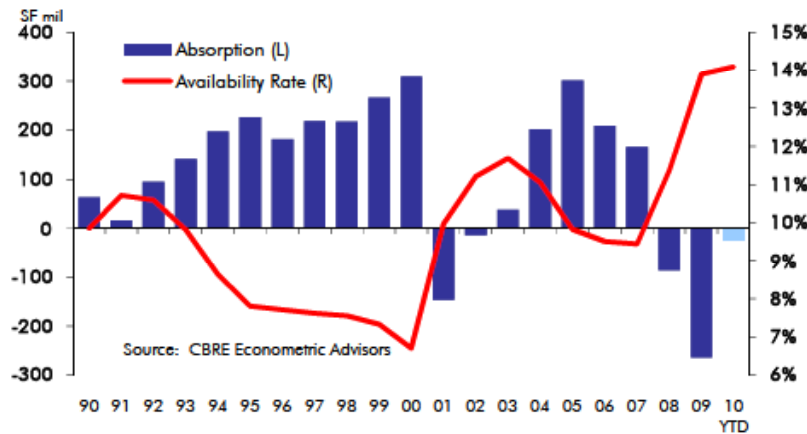
Office



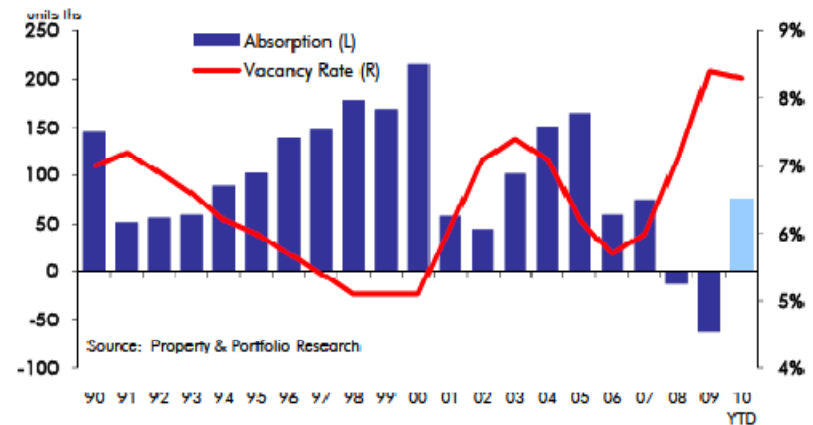
Retail



Industrial



Apartment



Source: CB Richard Ellis

Housing and Timber Prices

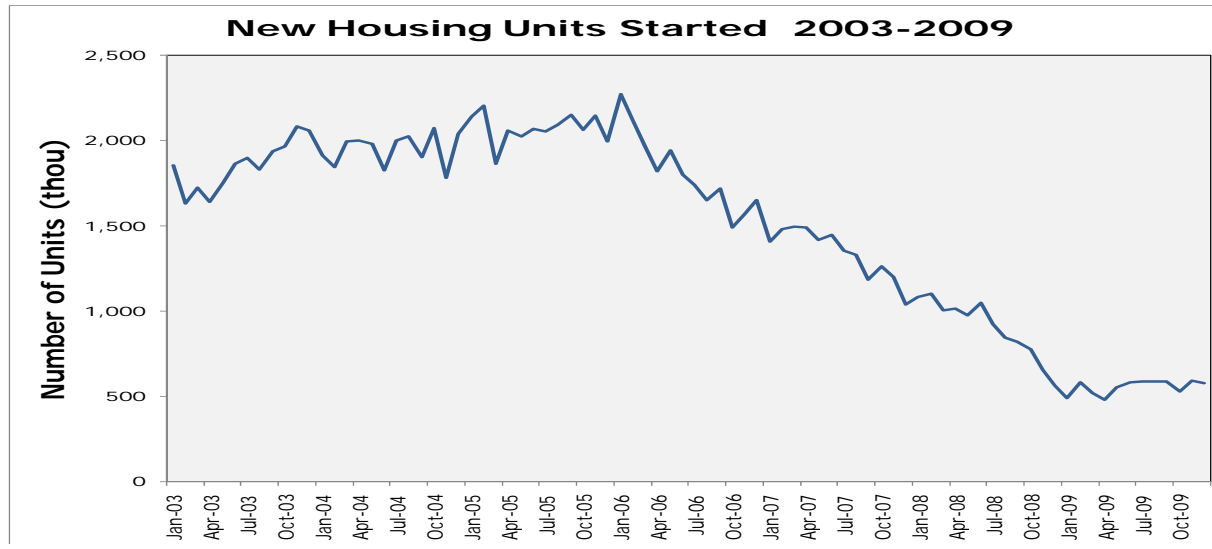
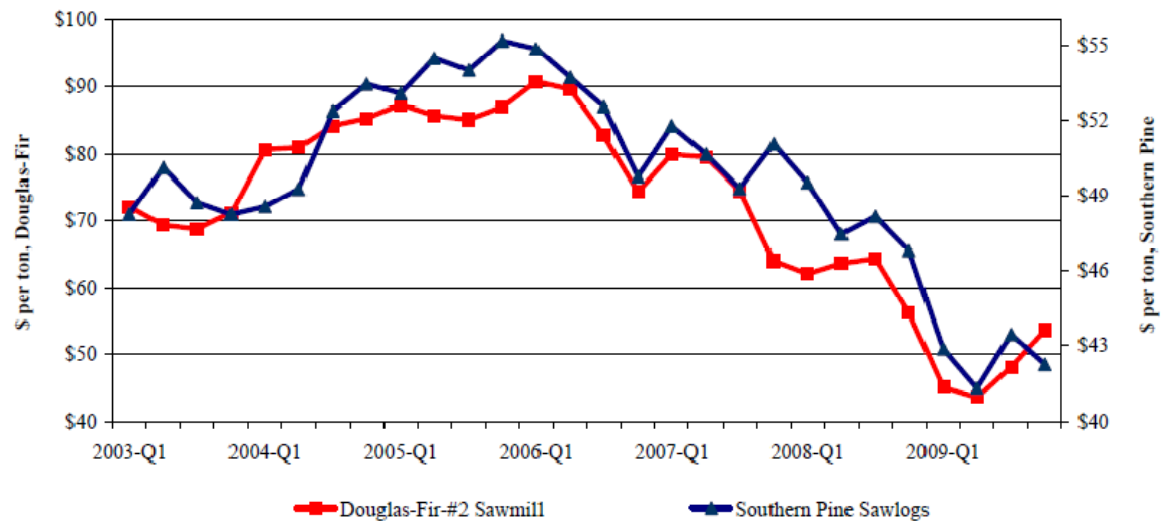


Figure D: Timber prices (2003 – 2009)



Source: Timber Mart-South, Log Lines, Oregon Department of Forestry, Pacific Rim Wood Market Report

Sources: Census Bureau, Forest Investment Associates

Hedge Fund Performance

<i>September 30, 2010</i>	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
DJ CS Hedge Fund Index	5.3	6.0	9.3	1.4	5.8	6.7
Event Driven Index	4.4	6.3	11.6	2.2	6.8	8.7
Global Macro Index	4.9	9.3	11.8	6.6	9.5	12.5
Long/Short Equity Index	6.5	3.1	5.6	0.4	5.7	5.4
Multi-Strategy Index	5.3	5.0	8.5	0.5	5.2	6.5
Wilshire 5000	11.5	5.0	11.1	-6.5	1.1	0.3
MSCI ACWI ex-US (\$g)	16.7	4.1	8.0	-7.0	4.7	4.8
Barclays Aggregate Bond Index	2.5	7.9	8.2	7.4	6.2	6.4
Dow Jones UBS Commodity Index	11.6	0.9	10.0	-6.8	-2.4	5.2

Source: Credit Suisse