



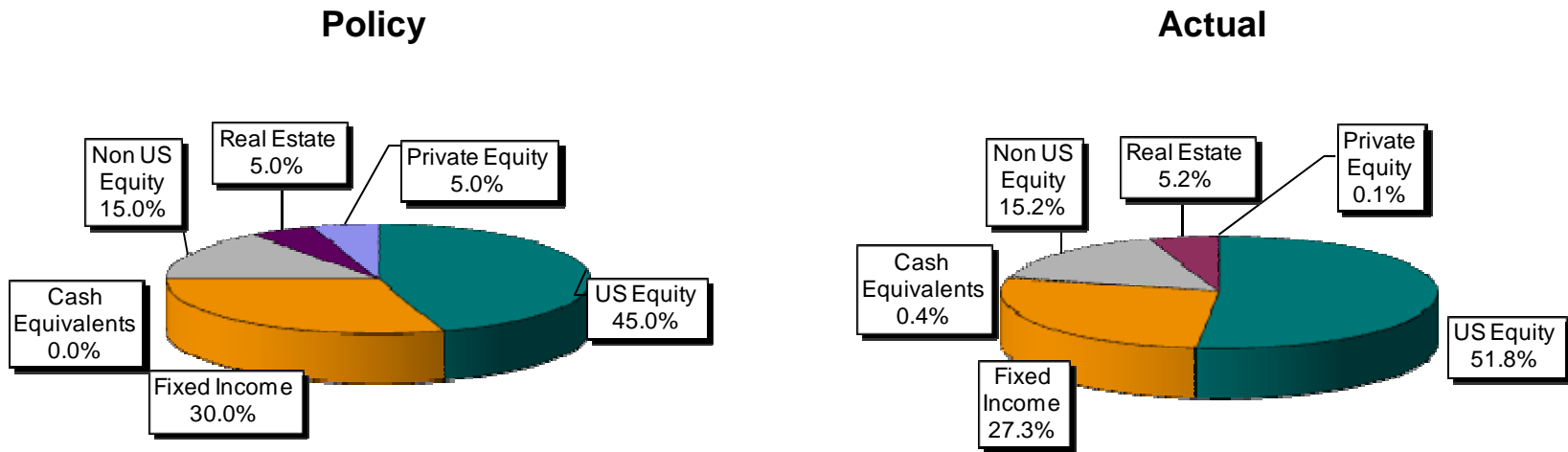
The City of Grand Rapids – Police & Fire Retirement System

Executive Summary of Investment Performance
Quarter Ending December 31, 2010

Asset Allocation

Total Fund Policy vs Total Fund Actual *

As of December 31, 2010



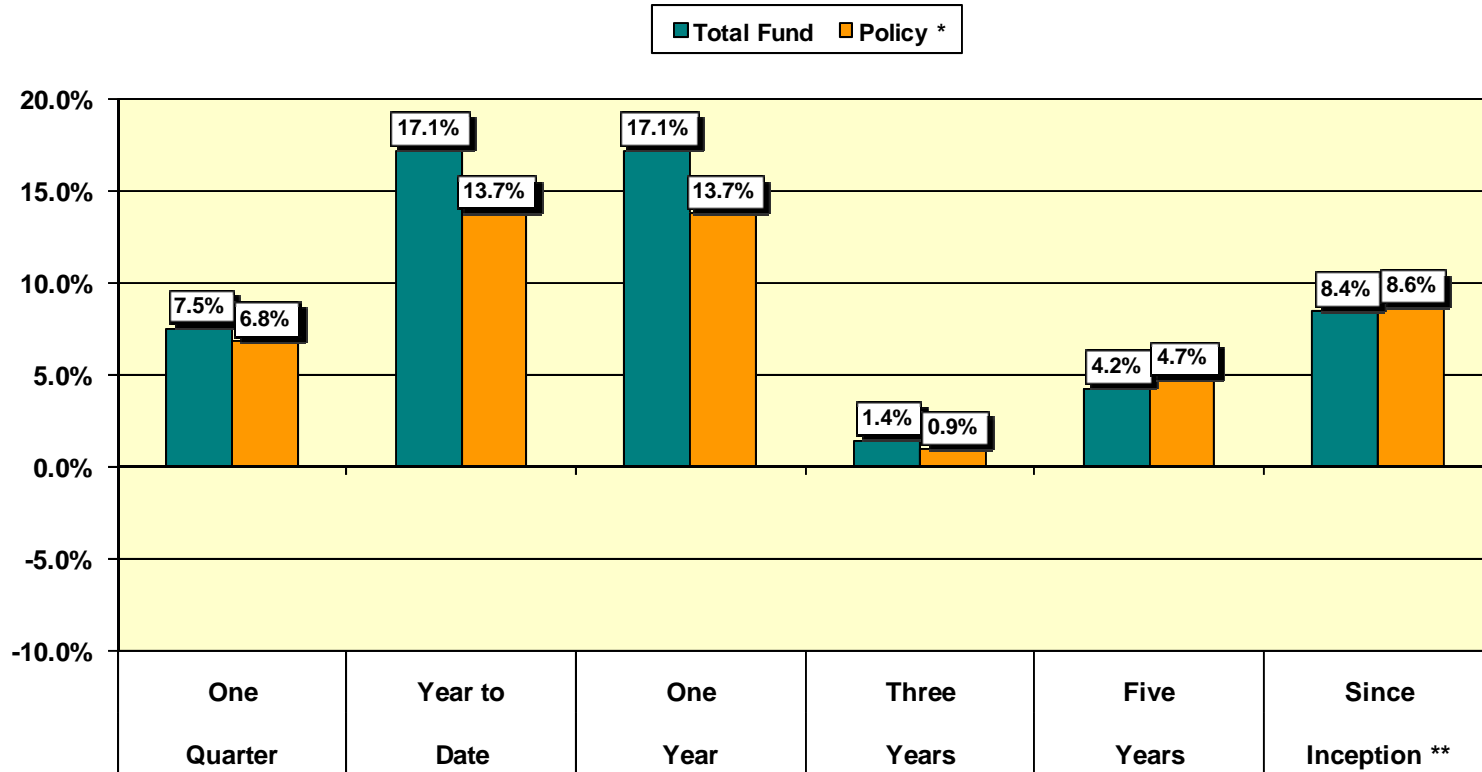
Total Assets
\$311,795,000

* As Allocated to Managers

Composite Investment Performance

Total Fund vs Policy

For Periods Ending December 31, 2010



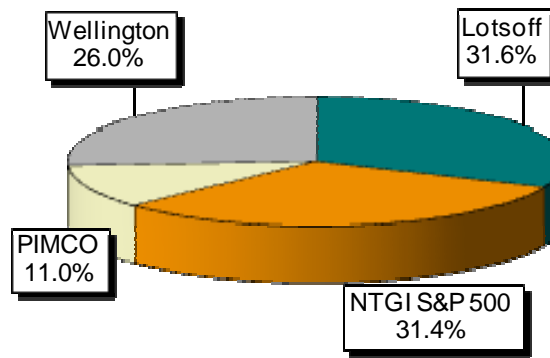
* 45.0% Wilshire 5000, 30.0% Barclays Aggregate, 15.0% MSCI ACWI ex US (N), 5.0% FTSE EPRA/NAREIT Global RE Index, 5.0% Wilshire 5000 +2.5% as of April 1, 2010

** December 31, 1987

Investment Manager Allocation

US Equity

As of December 31, 2010

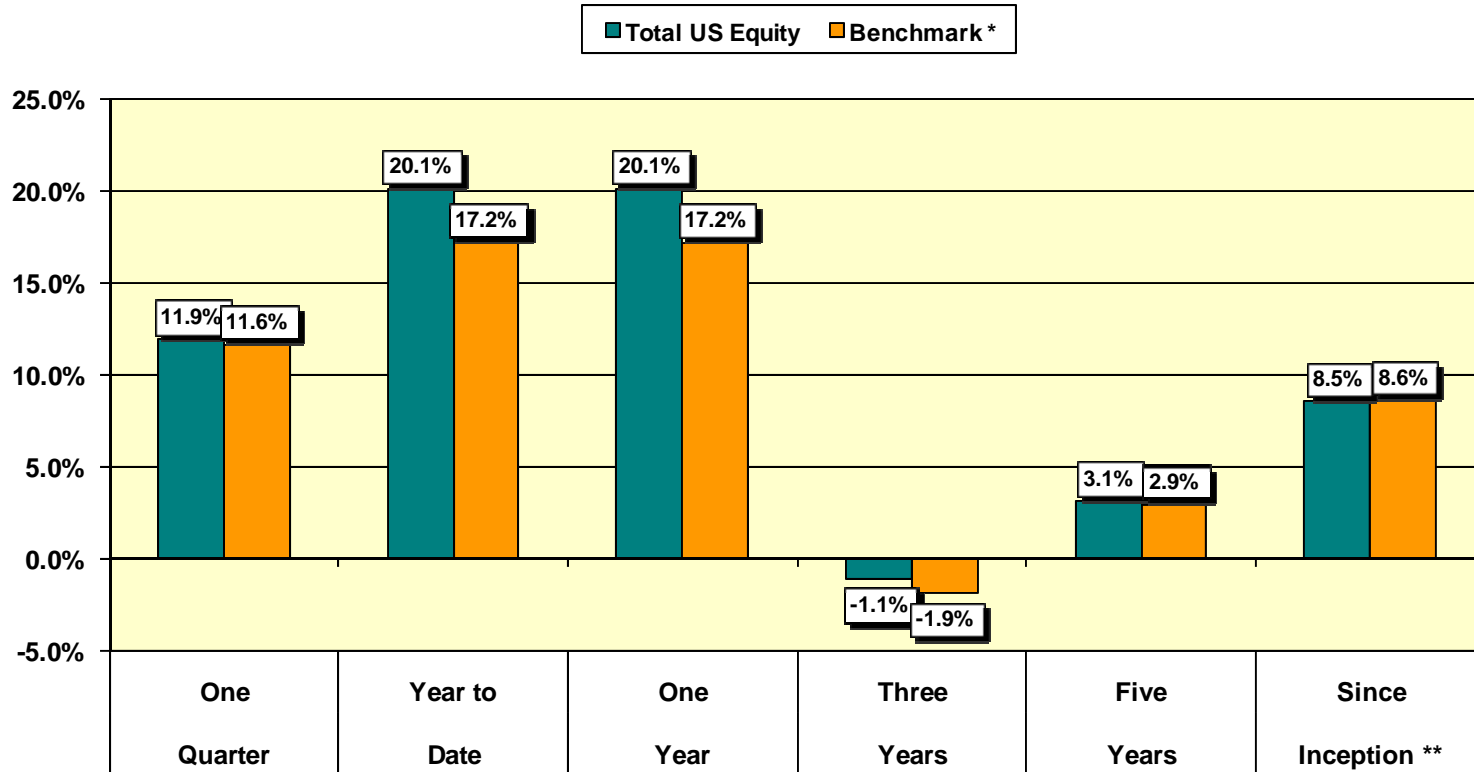


Total US Equity Assets
\$161,404,000

Composite Investment Performance

US Equity vs Benchmark

For Periods Ending December 31, 2010



* Wilshire 5000 Index
 ** December 31, 1987

Investment Manager Performance

US Equity *

For Periods Ending December 31, 2010

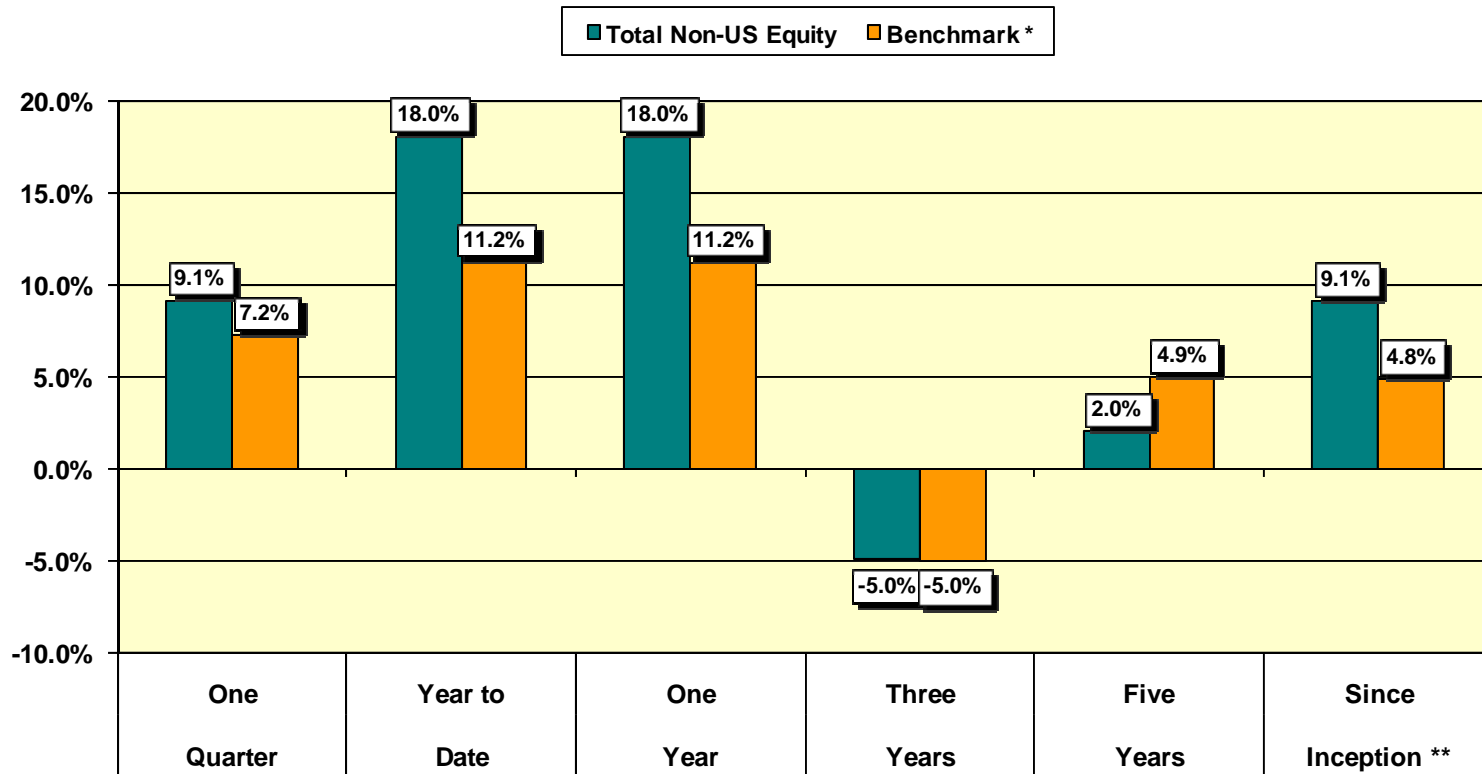
	Quarter		Year-to-date		One Year		Three Years		Five Years		Since Inception		Market Value 000s
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Date	
Lotsoff	10.7%	54	14.4%	43	14.4%	43	-4.0%	83	1.2%	88	3.7%	Sep-04	\$50,955
S&P 500 Index	10.8%	57	15.1%	38	15.1%	38	-2.9%	69	2.3%	73	4.1%		
Value Added	0.0%		-0.7%		-0.7%		-1.2%		-1.1%		-0.4%		
NTGI S&P 500 Index	10.7%	57	14.9%	39	14.9%	39	-3.1%	72	2.2%	73	3.9%	Sep-98	\$50,758
Policy Index ^	10.8%	57	15.1%	38	15.1%	38	-2.9%	69	2.3%	73	3.9%		
Value Added	0.0%		-0.1%		-0.1%		-0.2%		-0.1%		0.0%		
PIMCO StocksPLUS	11.0%	45	17.9%	11	17.9%	11	-2.1%	52	2.8%	62	1.0%	Sep-00	\$17,694
S&P 500 Index	10.8%	57	15.1%	38	15.1%	38	-2.9%	69	2.3%	73	0.6%		
Value Added	0.2%		2.8%		2.8%		0.7%		0.5%		0.4%		
Wellington SmCap 2000	15.3%	67	35.5%	7	35.5%	7	5.7%	21	6.7%	29	10.3%	Sep-99	\$41,997
Russell 2000 Index	16.3%	52	26.9%	58	26.9%	58	2.2%	60	4.5%	62	6.9%		
Value Added	-1.0%		8.6%		8.6%		3.4%		2.2%		3.4%		

* 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 December 31, 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 December 31, 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	9.1%	26	18.0%	19	18.0%	19	-5.0%	47	NA	--	0.5%	Jun-06	\$47,538
MSCI ACWI ex US	7.2%	63	11.2%	59	11.2%	59	-5.0%	53	NA	--	3.2%		
Value Added	1.9%		6.9%		6.9%		0.1%				-2.8%		

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

Investment Manager Allocation

Fixed Income

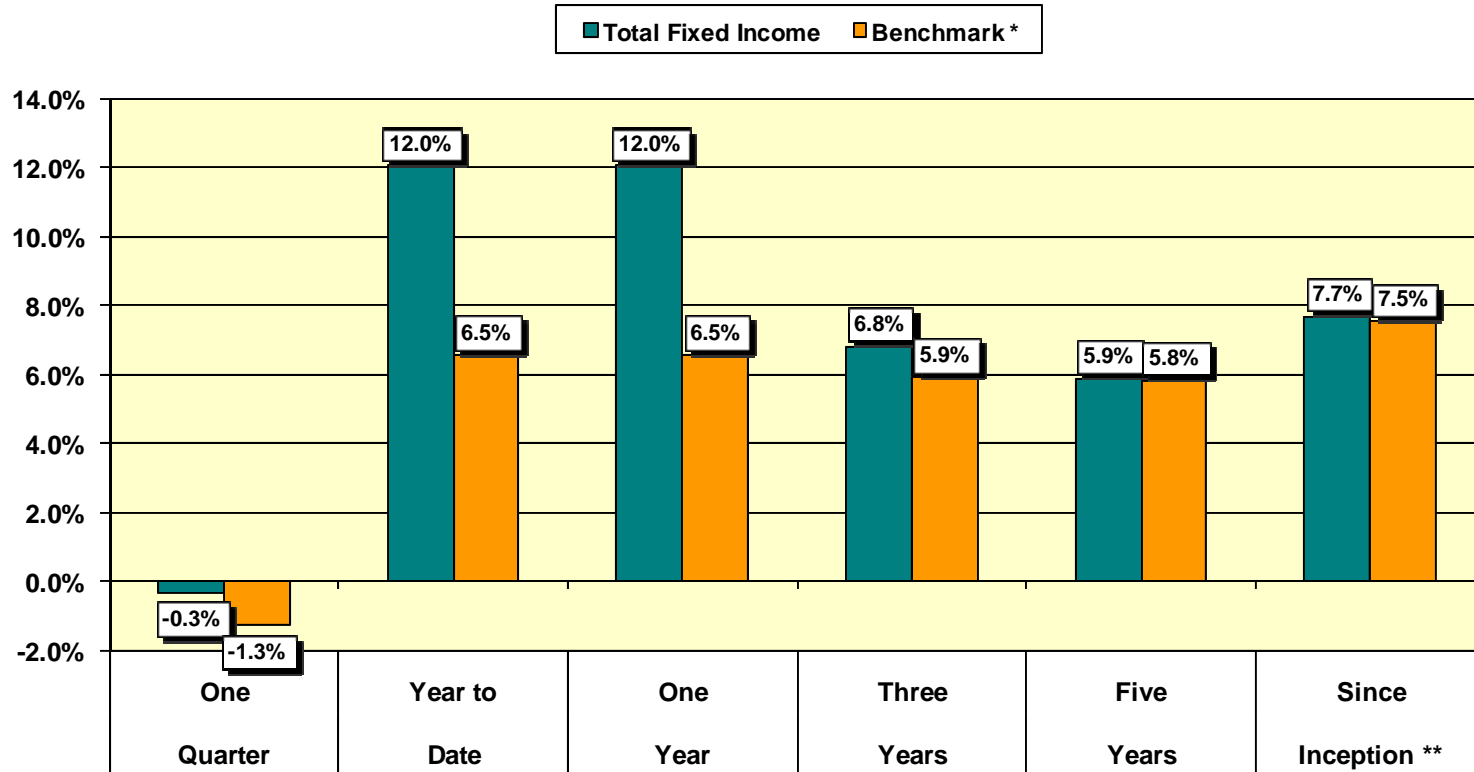
As of December 31, 2010



Total Fixed Income Assets
\$85,185,000

Composite Investment Performance

Fixed Income vs Benchmark For Periods Ending December 31, 2010



* Barclays Aggregate Index
** December 31, 1987

Investment Manager Performance

Fixed Income *

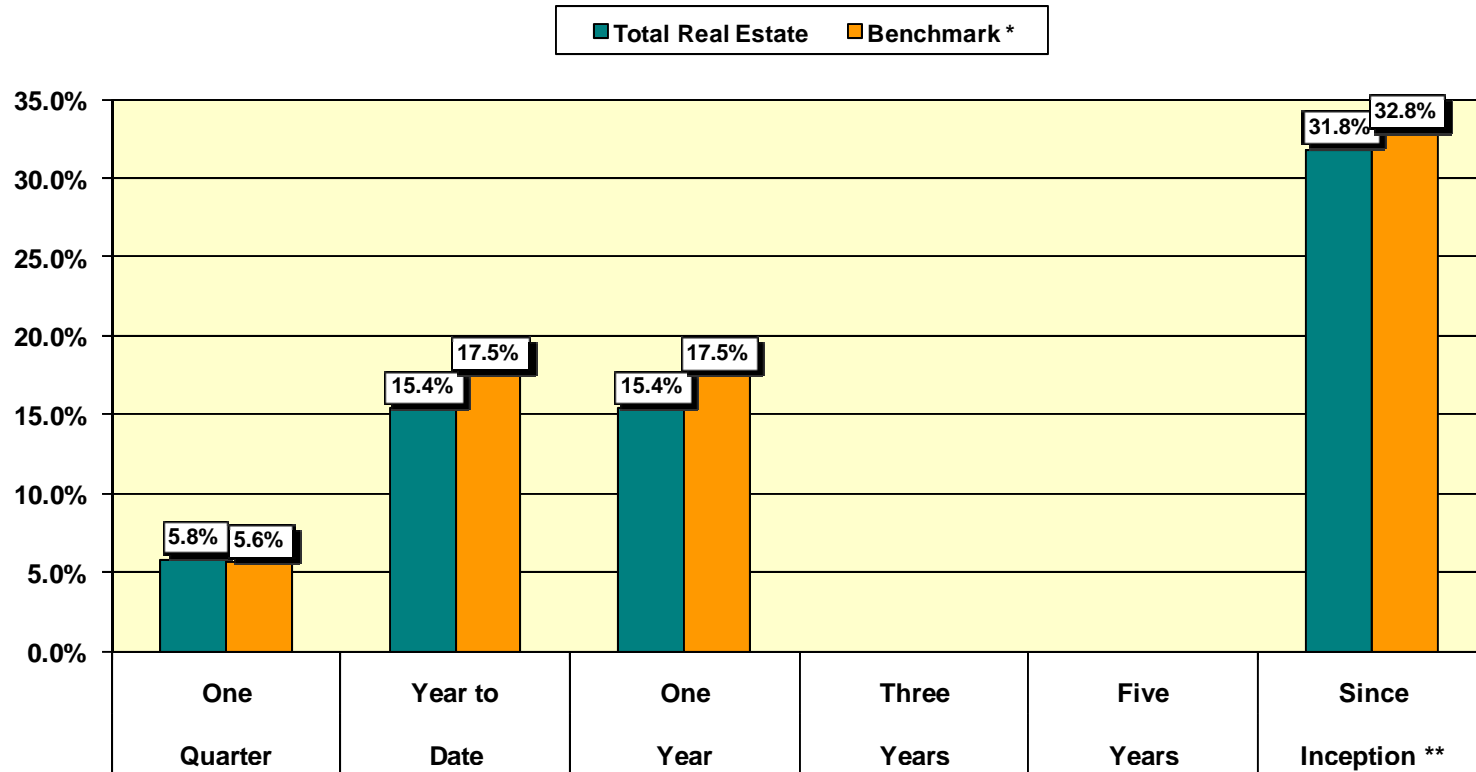
For Periods Ending December 31, 2010

	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	-1.0%	42	9.6%	10	9.6%	10	5.8%	62	5.6%	64	5.0%	Mar-03	\$40,585
Barclays Agg Index	-1.3%	67	6.5%	59	6.5%	59	5.9%	64	5.8%	63	5.0%		
Value Added	0.3%		3.0%		3.0%		-0.1%		-0.2%		0.0%		
Western Asset	0.2%	4	14.3%	1	14.3%	1	7.6%	11	6.0%	37	5.3%	Mar-04	\$44,600
Barclays Agg Index	-1.3%	67	6.5%	59	6.5%	59	5.9%	64	5.8%	63	4.9%		
Value Added	1.5%		7.8%		7.8%		1.7%		0.2%		0.5%		

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

Composite Investment Performance

Real Estate vs Benchmark For Periods Ending December 31, 2010



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

Investment Manager Performance

Real Estate *

For Periods Ending December 31, 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	5.8%	46	15.4%	79	15.4%	79	NA	--	NA	--	31.8%	Jun-09	\$16,161
FTSE ERPA / NAREIT Gbl	5.6%	53	17.5%	63	17.5%	63	NA	--	NA	--	32.8%		
Value Added	0.2%		-2.1%		-2.1%						-1.0%		

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

Investment Manager Performance

Private Partnerships

For Periods Ending December 31, 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	\$82,236	16%	\$0	0%	\$73,512	NA
Adams Street Non-US Dev. 2010 Fund	\$1,500,000	April 27, 2010	\$60,055	4%	\$0	0%	\$52,920	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	\$265,508	11%	\$0	0%	\$282,395	NA
Alternative Investments Composite	\$5,000,000	April 27, 2010	\$407,799	8%	\$0	0%	\$408,827	NA



Capital Market Review

Fourth Quarter 2010

Market Commentary

U.S. Equity

The U.S. stock market finished the year strong with a total return of 11.6% for the fourth quarter, as represented by the Wilshire 5000 IndexSM. Stock returns broke across three distinct intervals during 2010; an 8.3% increase from January through April, a -11.3% decline from May through August and a 22.0% rally from September through December. Small cap stocks outperformed large caps during the fourth quarter and have returned nearly twice as much as large caps for 2010. Growth stocks generally outpaced value shares for the quarter but, within large caps, value led for the year. Small cap growth, however, held a sizeable advantage versus small value in 2010.

Energy and Materials sectors led all economic groups higher for the quarter. Though all sectors posted positive Q4 results, Utilities were the laggards with a 2.3% return. For the year, Consumer Discretionary stocks posted the best returns while the Health Care sector trailed as these stocks were unable to overcome concerns over the looming impact of federal healthcare reform.

October marked the first year-over-year drop in the S&P Case-Schiller 20-city Home Price Index since January, 2010. The rate of decline has accelerated and signifies that the expiration of the home-buyer tax credit may be exacerbating the short-term trend. The general level of home prices will be important to watch going forward, as a more severe retrenchment will pressure future foreclosures and weaken consumer confidence return.

Non-U.S. Equity

Global stock markets ended 2010 on a generally positive note, despite economic and socio-political turmoil in several European countries, currency-tightening policies in China and a near-constant undercurrent of worries over the potential for a double-dip recession in the United States. Developed markets overall posted solid gains although the Pacific region stock market performance was held back for the year in local currency terms by Japan's relatively lackluster returns for the year. Emerging market stocks returned strong performance for 2010, besting developed market equities.

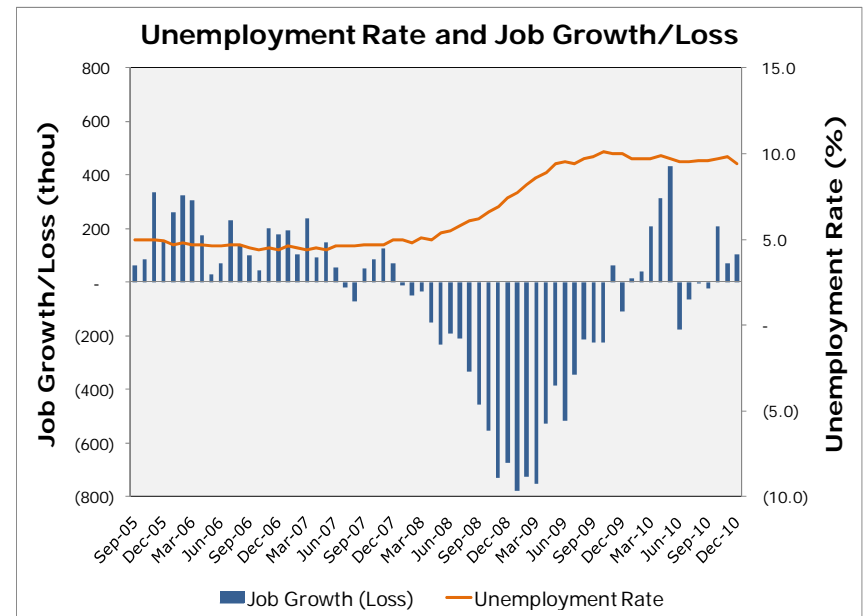
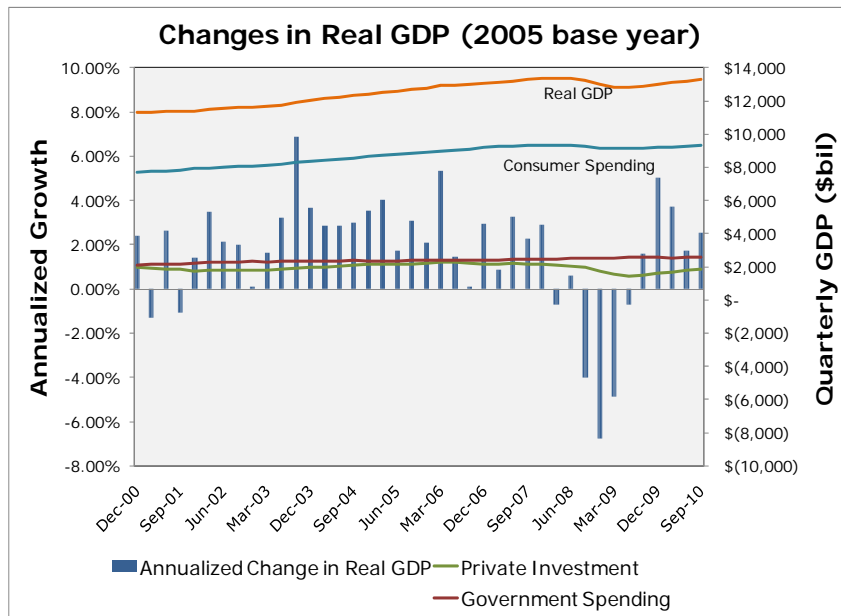
Fixed Income

U.S. Treasury yields rose somewhat during the fourth quarter of 2010, but actually ended the year slightly lower than their year-end 2009 levels. Year-end profit-taking, as well as the Federal Reserve's QE2 Treasury buyback program, nudged yields upward through year-end. Credits continued their most-favored status with investors hungry for yield, driving spreads lower against Treasuries. High yield corporates enjoyed particularly strong performance for the quarter and year.

Economic Review

December 31, 2010		Key Economic Indicators			
CPI (all items) Seasonally adjusted	Monthly Change	Cumulative Change			
	Dec-10	0.5	3-Month	0.9	
	Nov-10	0.1	12-Month	1.4	
	Oct-10	0.2	10-Yr Annual	2.3	
Breakeven Inflation	10-Year	2.3			
Consumer Sentiment Unv. of Michigan Survey	Dec-10	74.5			
	Nov-10	71.6			
	1-Yr Ago	72.5	10-Yr Avg	82.5	
Manufacturing Inst. for Supply Mgmt Purchasing Mngrs' Idx	Dec-10	57.0	Change in Manufacturing Sector		
	Nov-10	56.6	>50	Expansion	
	1-Yr Avg	57.3	<50	Contraction	

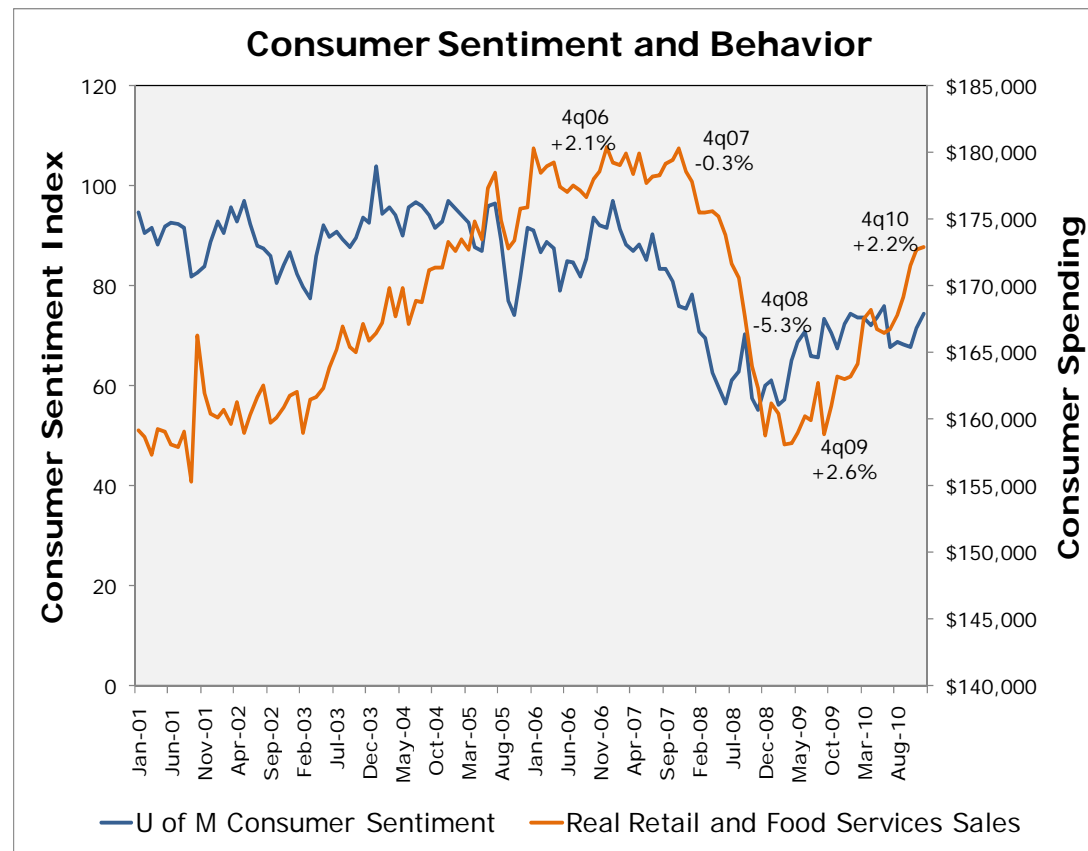
Note: Seasonally adjusted CPI data is utilized to better reflect short-term pricing activity.



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

Holiday Spending

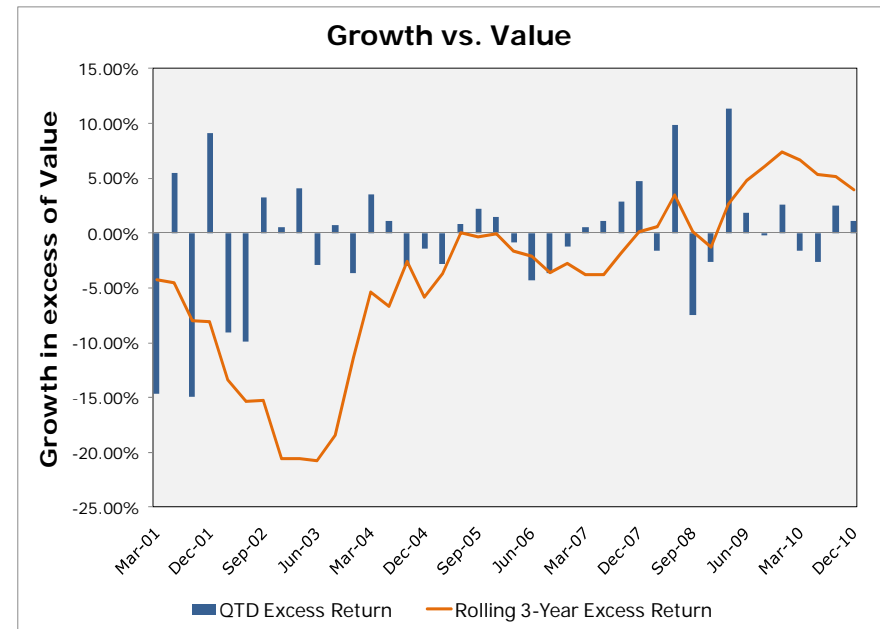
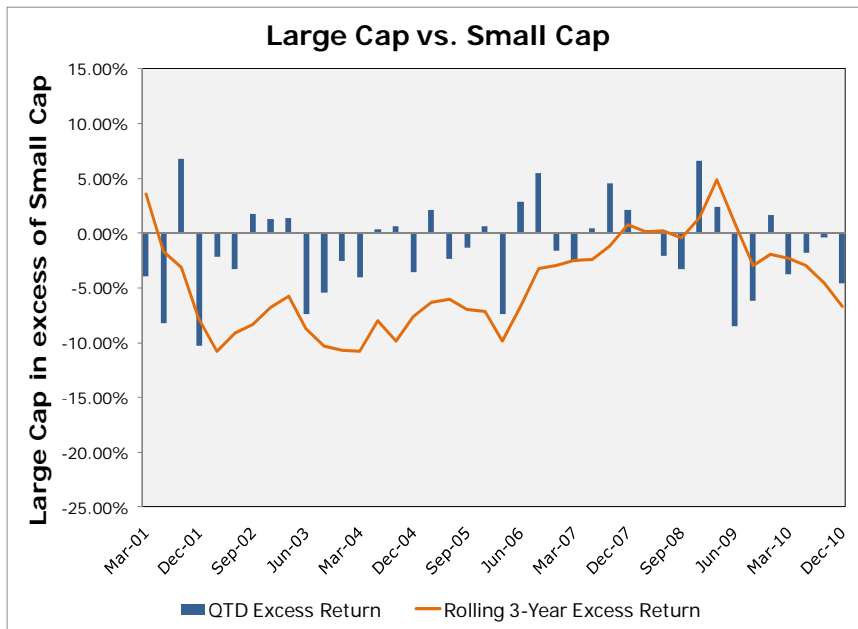
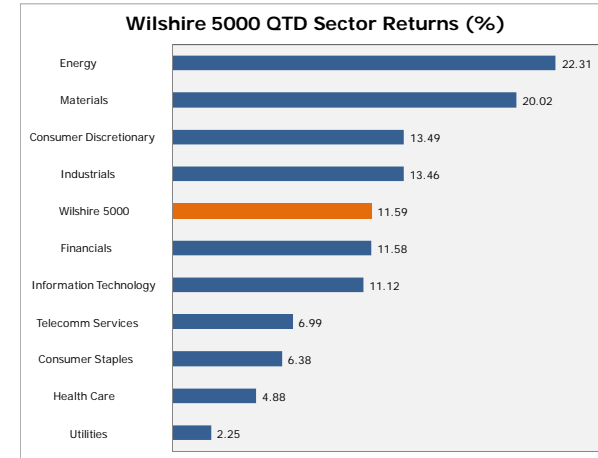
- National Retail Federation reported a “record” holiday shopping season
- However, this does not consider inflation or population growth
- Looking at real sales, growth during the fourth quarter was modest, although still positive



Source: University of Michigan, Federal Reserve

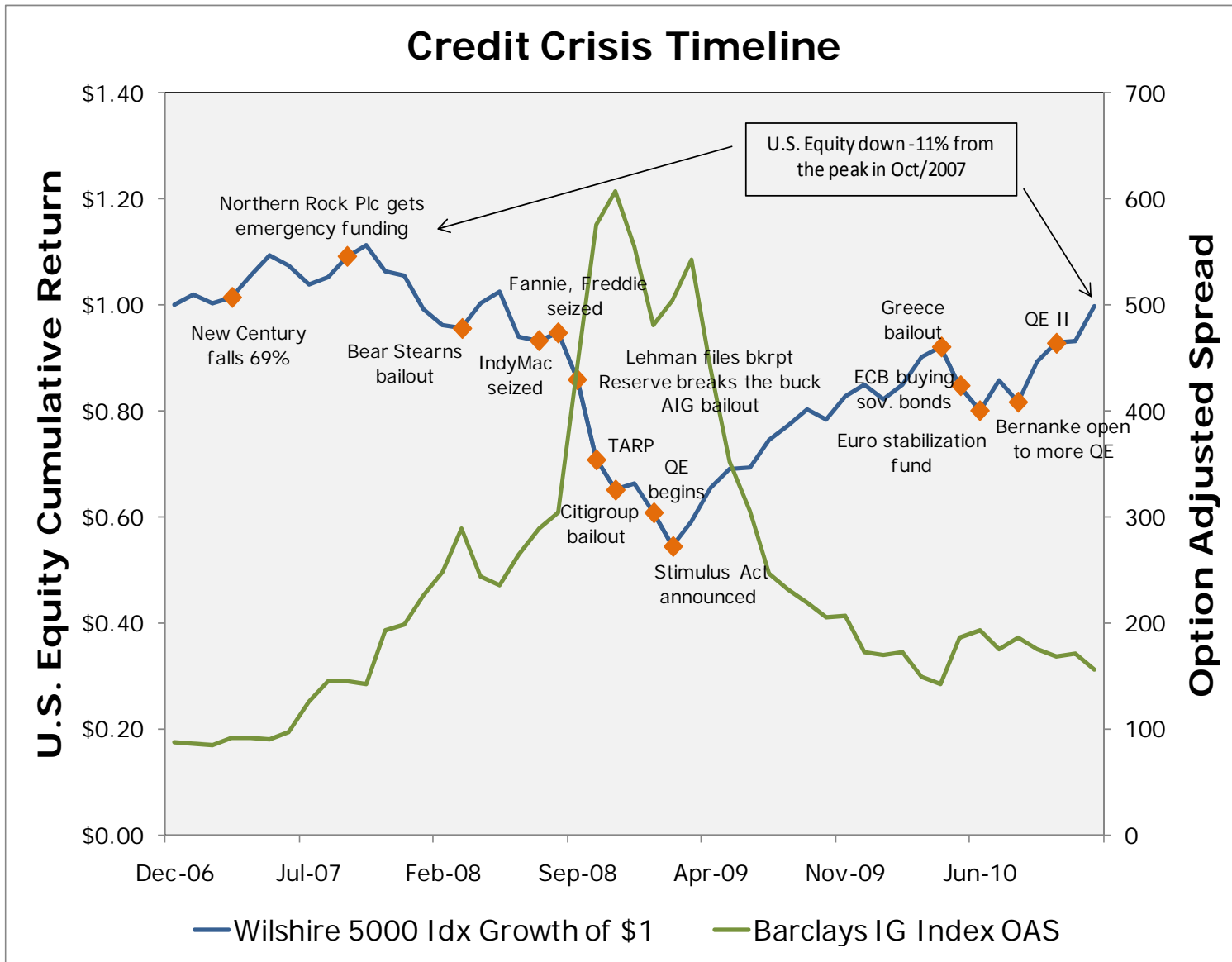
U.S. Capital Markets: Equity

December 31, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Wilshire 5000	11.6	17.2	17.2	-1.9	2.9	2.5
Wilshire U.S. Large Cap	11.0	15.8	15.8	-2.6	2.6	1.8
Wilshire U.S. Small Cap	16.3	28.9	28.9	4.4	6.3	8.0
Wilshire U.S. Large Growth	11.6	15.0	15.0	-0.5	3.6	0.4
Wilshire U.S. Large Value	10.4	16.6	16.6	-4.8	1.4	3.1
Wilshire U.S. Small Growth	16.7	31.1	31.1	4.1	6.7	6.0
Wilshire U.S. Small Value	16.0	26.8	26.8	4.8	5.8	9.7
Wilshire REIT Index	7.9	28.6	28.6	0.2	2.4	10.5
Dow Jones UBS Commodity Index	15.8	16.8	16.8	-3.7	1.2	5.8



Data sources: Wilshire Compass, Wilshire Atlas

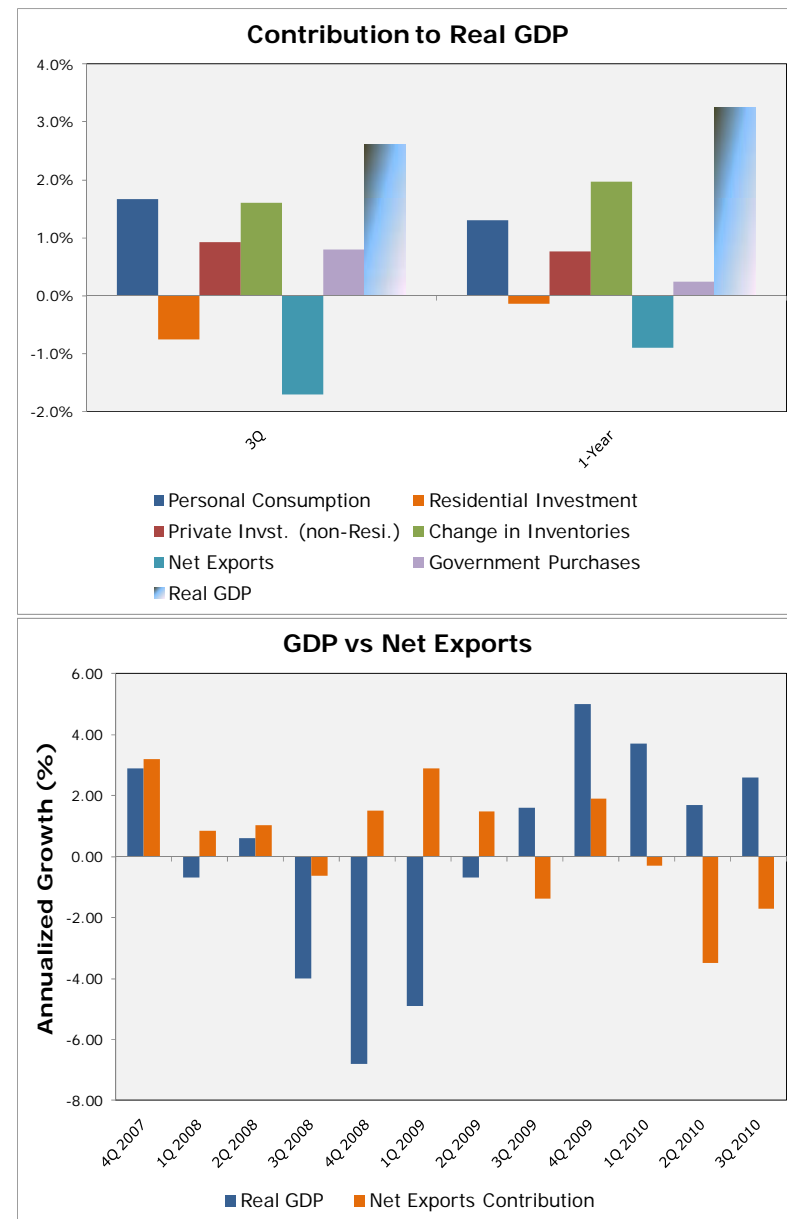
History of the Credit Crisis



Closer Look at GDP

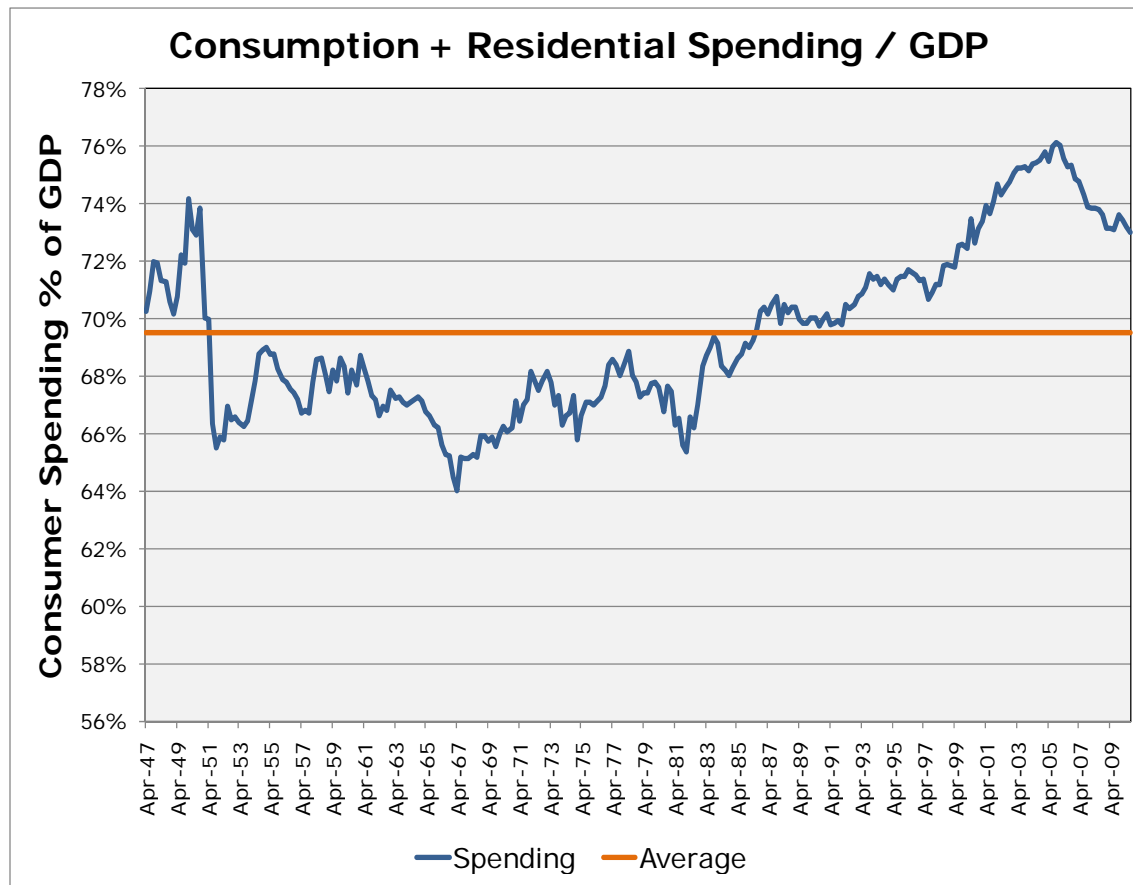
- The above chart to the right shows contribution to GDP by several of its components for Q3 and the trailing 1-year
- Business spending (investment and inventories) continues to provide support to overall growth
- The bottom chart shows the contribution to GDP from Net Exports versus Real GDP for several quarters
- Imports grew faster than exports during Q2 and Q3, resulting in a major drag on the U.S. growth rate
- Data from Q4 indicates that the trade deficit is narrowing

Source: BEA



Focus on Personal Spending

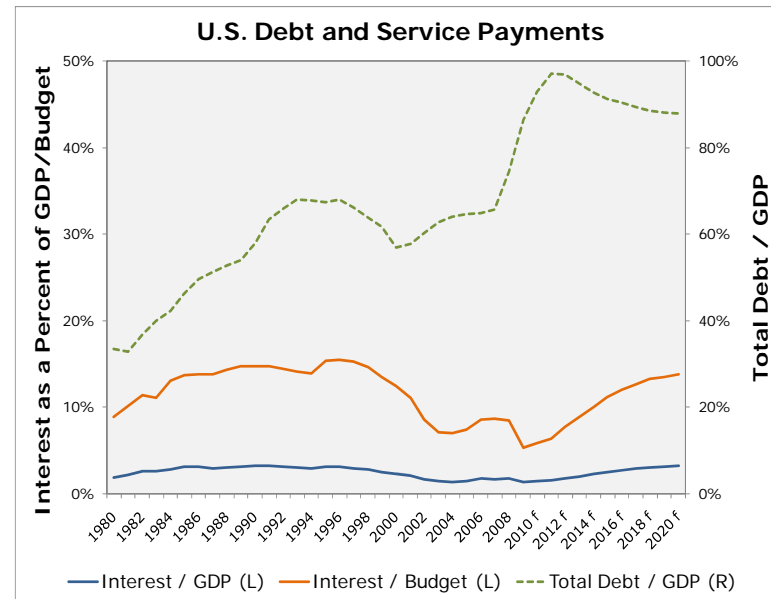
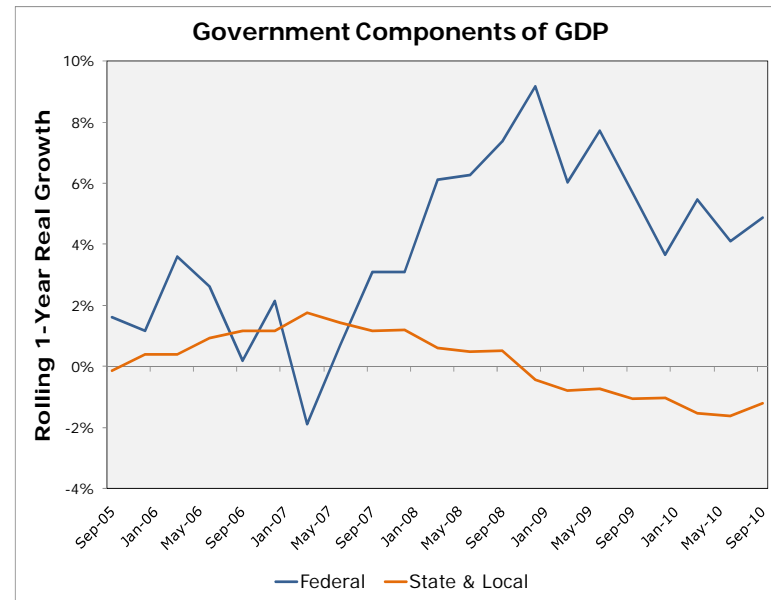
- Households have been able to cut spending while mostly contributing to growth
- However, goods/services and residential spending are still high compared to history



Source: BEA

Government Spending

- State & Local spending is currently 11% of GDP. For the year ending 9/30/2010, spending cuts have detracted -0.2% points from overall Real GDP
- The chart to the right, bottom includes forecasts done by the Congressional Budget Office
- Forecasted Nominal GDP growth averages 4.3% through 2020
- Interest payments on federal debt are manageable – and we have experienced levels like these before
- However, total debt outstanding is in unprecedented territory

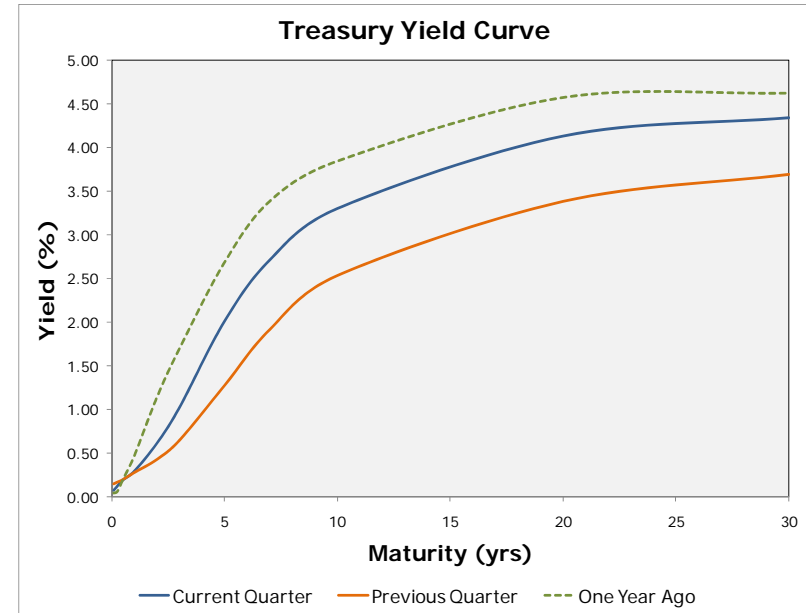
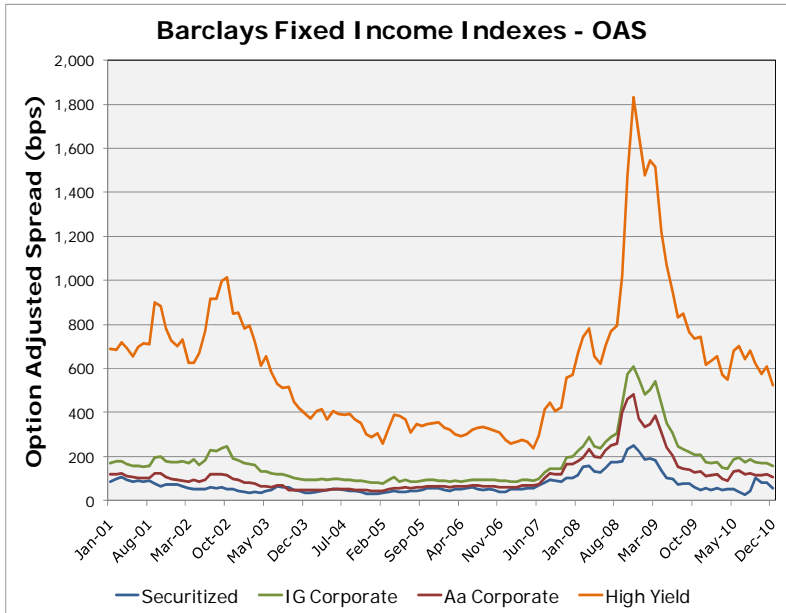


Source: BEA, Congressional Budget Office

Note: Bottom chart is in Nominal GDP terms

U.S. Capital Markets: Fixed Income

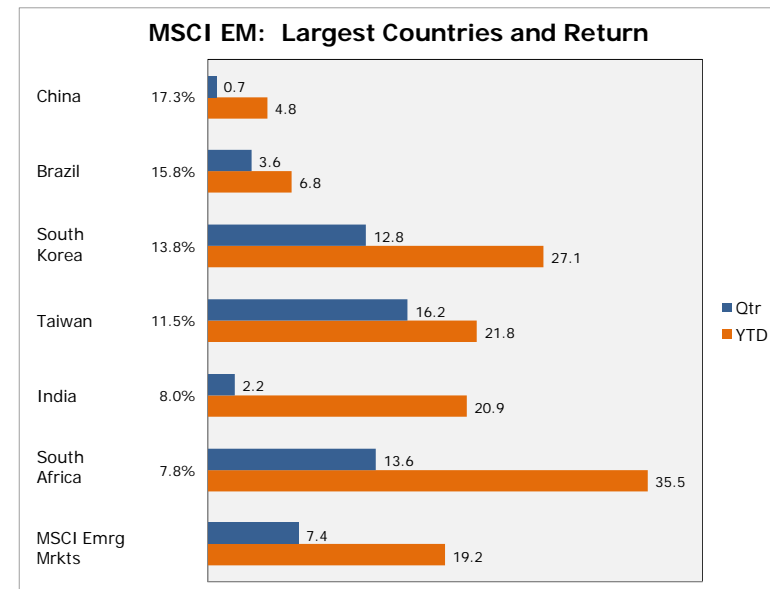
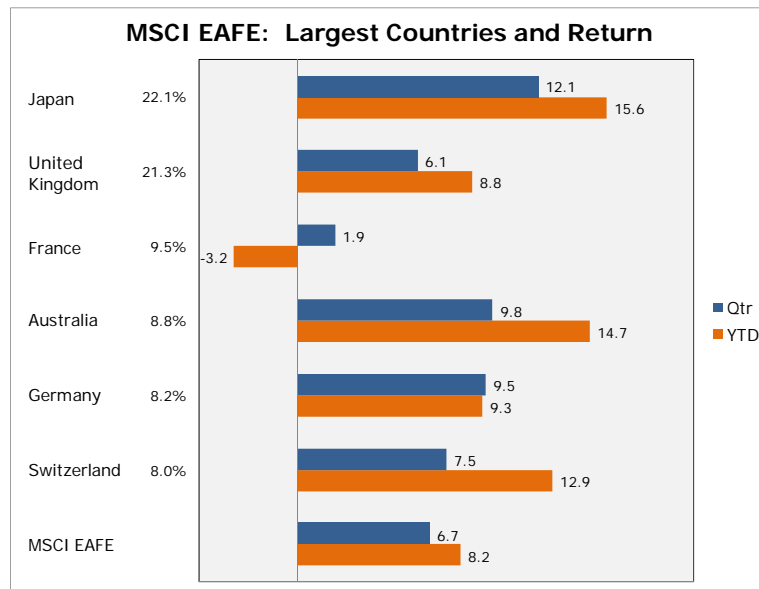
December 31, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays Aggregate Bond Index	-1.3	6.5	6.5	5.9	5.8	5.8
Barclays Treasury Index	-2.6	5.9	5.9	5.1	5.5	5.4
Barclays Govt-Related Index	-1.7	5.0	5.0	5.3	5.6	5.8
Barclays Securitized Index	0.3	6.5	6.5	6.3	6.1	5.8
Barclays Corporate IG Index	-1.6	9.0	9.0	7.1	6.1	6.6
Barclays LT Govt/Credit Index	-5.6	10.2	10.2	6.8	5.9	7.1
Barclays Long-Term Treasury Index	-8.2	9.4	9.4	5.7	5.7	6.6
Barclays U.S. TIPS Index	-0.6	6.3	6.3	5.0	5.3	7.0
Barclays High Yield Index	3.2	15.1	15.1	10.4	8.9	8.9
Treasury Bills	0.0	0.1	0.1	0.8	2.4	2.4



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

Non-U.S. Capital Markets

December 31, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
MSCI ACWI ex-US (\$g)	7.2	11.6	11.6	-4.6	5.3	6.0
MSCI EAFE (\$g)	6.7	8.2	8.2	-6.5	2.9	3.9
MSCI Emerging Markets (\$g)	7.4	19.2	19.2	0.0	13.1	16.2
MSCI Frontier Markets (\$g)	8.0	24.2	24.2	-13.1	-3.2	n.a.
JPM Non US Global Bond	-1.4	6.8	6.8	7.3	8.0	7.6
JPM Non US Global Bond Hedged	-2.0	3.4	3.4	4.5	4.3	4.8
JPM EMBI Global	-1.8	12.1	12.1	8.6	8.4	10.3
Euro vs. Dollar	-1.7	-6.5	-6.5	-2.9	2.6	3.6
Yen vs. Dollar	3.0	14.8	14.8	11.3	7.8	3.5
Pound vs. Dollar	-0.6	-3.0	-3.0	-7.7	-1.9	0.5

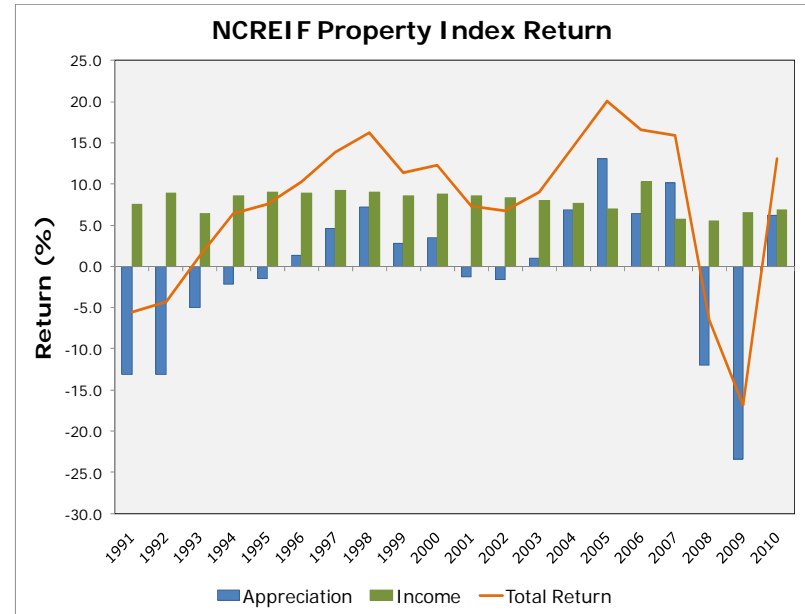
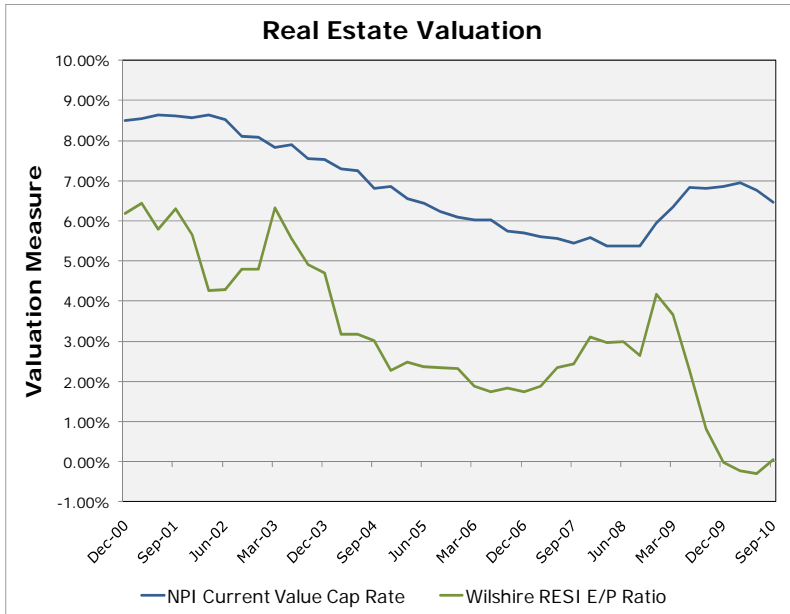


Data sources: Wilshire Compass, MSCI Barra

Real Assets

December 31, 2010	Qtr	Ytd	1 Yr	3 Yr	5 Yr	10 Yr
Barclays U.S. TIPS Index	-0.6	6.3	6.3	5.0	5.3	7.0
Dow Jones UBS Commodity Index	15.8	16.8	16.8	-3.7	1.2	5.8
Global Public Real Estate*	7.6	25.0	25.0	-2.0	2.8	10.5
NCREIF Property Index	4.6	13.1	13.1	-4.2	3.5	7.4
NCREIF Timberland Index	-0.8	-0.2	-0.2	1.4	7.0	6.8
S&P MLP Index (Oil & Gas)	8.8	35.2	35.2	13.5	15.1	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

Annual Asset Class Returns - Best to Worst

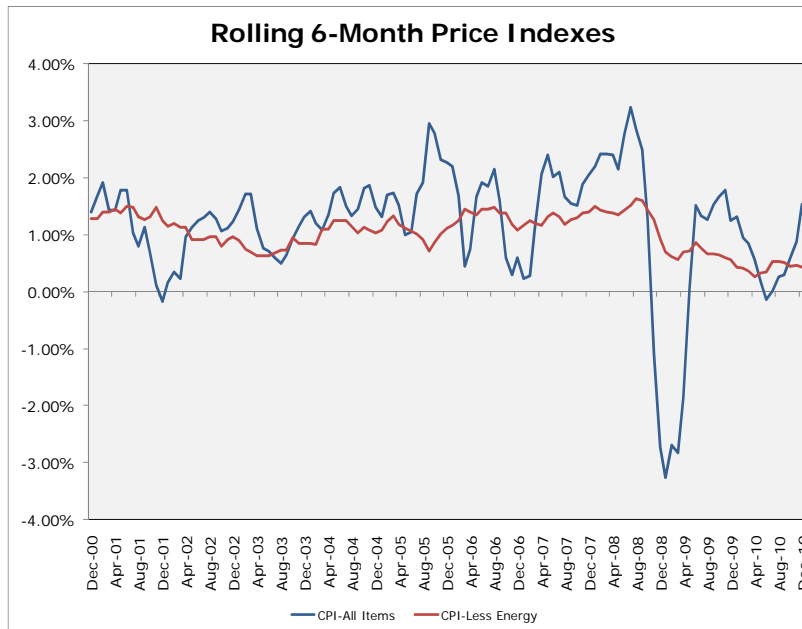
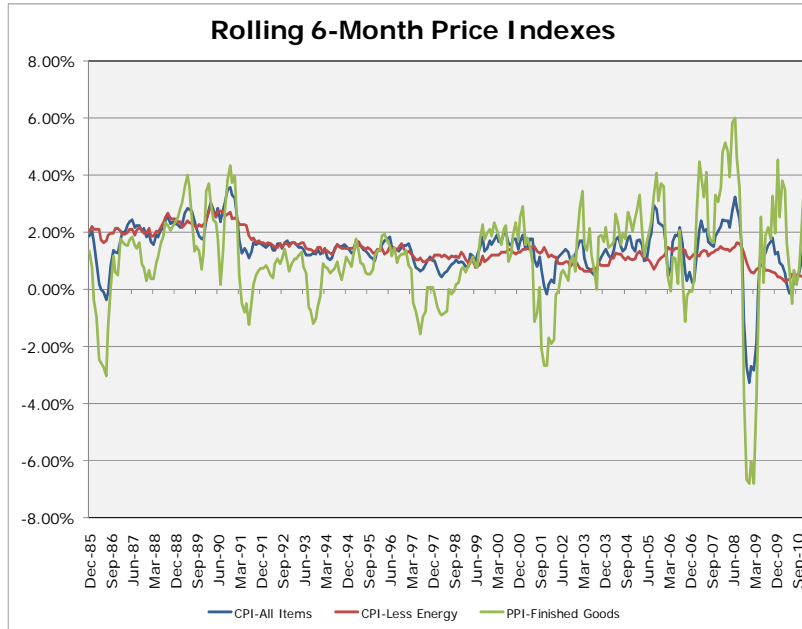
2006	2007	2008	2009	2010
REITs 36.0%	Emrg Mrkts 39.8%	Core Bond 5.2%	Emrg Mrkts 79.0%	REITs 28.6%
Emrg Mrkts 32.6%	Commodities 16.2%	T-Bills 2.0%	High Yield 58.2%	Emrg Mrkts 19.2%
Developed 26.9%	U.S. TIPS 11.6%	U.S. TIPS -2.3%	Developed 32.5%	U.S. Equity 17.2%
U.S. Equity 15.8%	Developed 11.6%	High Yield -26.2%	REITs 28.6%	Commodities 16.8%
High Yield 11.9%	Core Bond 7.0%	Commodities -35.6%	U.S. Equity 28.3%	High Yield 15.1%
T-Bills 4.8%	U.S. Equity 5.6%	U.S. Equity -37.2%	Commodities 18.9%	Developed 8.2%
Core Bond 4.3%	T-Bills 5.0%	REITs -39.2%	U.S. TIPS 11.4%	Core Bond 6.5%
Commodities 2.1%	High Yield 1.9%	Developed -43.1%	Core Bond 5.9%	U.S. TIPS 6.3%
U.S. TIPS 0.4%	REITs -17.5%	Emrg Mrkts -53.2%	T-Bills 0.2%	T-Bills 0.1%

Annualized
5-Year

2006-2010
Emrg Mrkts 13.1%
High Yield 8.9%
Core Bond 5.8%
U.S. TIPS 5.3%
Developed 2.9%
U.S. Equity 2.9%
REITs 2.4%
T-Bills 2.4%
Commodities 1.2%

Data source: Wilshire Compass Note: Developed asset class is developed markets ex-U.S., ex-Canada.

Trends in CPI



Source: BLS