

**THE CITY OF MOBILE, ALABAMA
POLICE AND FIREFIGHTERS RETIREMENT PLAN**

**PERFORMANCE REPORT
PERIOD ENDING
SEPTEMBER 30, 2013**

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CAPITAL MARKET REVIEW

Third Quarter 2013

CAPITAL MARKET HEADLINES

The Seismic Shift Towards a New Corporate Social Contract

Starting with Adam Smith, economists have argued that the most efficient use of society's capital is based on allocating resources to maximize long-term value. We believe a movement has begun among corporate boards to embrace shareholders, returning capital through dividends and share buyback programs as part of a newly evolving social contract with equity investors.

Two powerful, intertwined drivers are behind this potential seismic shift towards a new corporate Social Contract: 1) an aging investor base, and 2) corporate manager incentives based on stock performance. Investor activism will serve to hasten a company's adoption of these shareholder friendly policies.

The Secular Shift – An Aging Investor Seeks Income Securities

An aging investor population (in developed economies) that is increasingly looking for income producing securities will drive this shift, as the concomitant secular change in investor objectives reshapes alert management's governance. A stable cash yield can provide a cushion in down markets. All of this is comforting to investors that will increasingly live off a "fixed" income. As the investor universe, particularly in developed markets, ages, equities embracing shareholder friendly cash return policies, particularly in the form of steady, ideally increasing dividends, should outperform.

The Social Contract Lens:

The following criteria may be used to identify companies that may benefit from these trends:

1. Companies that are able to create sustainable margins through reinvestment. Throughout time, the company is able to invest in opportunities that earn returns in excess of capital cost ("ROIC").
2. Companies that are able to properly manage their risks. Firms should not focus on a project's ROIC as a stand-alone metric, but rather on ROIC in excess of a project's risk-adjusted cost of capital. In many instances, firms evaluate existing, mature cash-flow-generating businesses with the same ROIC hurdle as new, riskier ventures.
3. Companies that provide coherent investment strategies, including the use of share repurchases and dividends. While share repurchases may be an important tool at the disposal of managers of companies embracing Social Contract, *share repurchases and projects are inherently different*.
4. Management and Director compensation should be rooted in ROIC and share performance. The most obvious lever to achieve a proper balance in the allocation of corporate capital is to tie manager/director compensation to key longer term shareholder friendly objectives.

Return of Capital - High Dividends versus *Sustainable Dividends*

Desire and ability are not the same. Social Contract tendencies can belie capacity. Many high dividend investment strategies screen solely on dividend yields, seeking companies with yields greater than the yield of an index (S&P 500, MSCI, Euro Stoxx). The crudeness of this process often creates a portfolio of companies with unsustainable dividends and excludes companies that may initiate payouts in the near future. Capital allocation is a key determinant of free cash flow (FCF) and dividend sustainability.

We believe the ability to generate strong and sustainable cash flows underpins any efficient capital allocation policy. To that end, we focus on the FCF metric – a function not of what has historically been on the balance sheet, but what the company will generate. It matters more that a company can continue to pay and increase dividend payments, than that there is a high dividend (perhaps even financed with debt rather than derived from FCF) at the moment.

A Social Contract Lens as a Way to Screen for Outperforming High Quality, Well-Managed Income Securities

A movement has begun among public companies to embrace shareholders and return capital as part of a *newly evolving Social Contract*. We see this movement hastening and intensifying. Such a growing connectedness of corporate and shareholder objectives can lead to lessened volatility. Further, burgeoning corporate cash coffers and a historically low interest rate environment are setting the stage for continued demand for cash return strategies. *The two intertwined powerful drivers of this movement are corporate manager rewards pegged to stock performance and an aging investor.*

Concerns about rising interest rates are reasonable when considering income securities solely and is the reason that a simple dividend equity strategy is insufficient. This seismic shift towards a heightened Social Contract between companies and shareholders provides a lens through which a more carefully chosen universe of securities should outperform those produced by the simple selection processes of most passive dividend or income-oriented products.

This is excerpted from the Seismic Shift Toward A New Corporate Social Contract by Peter M. Lupoff, Chief Investment Officer.

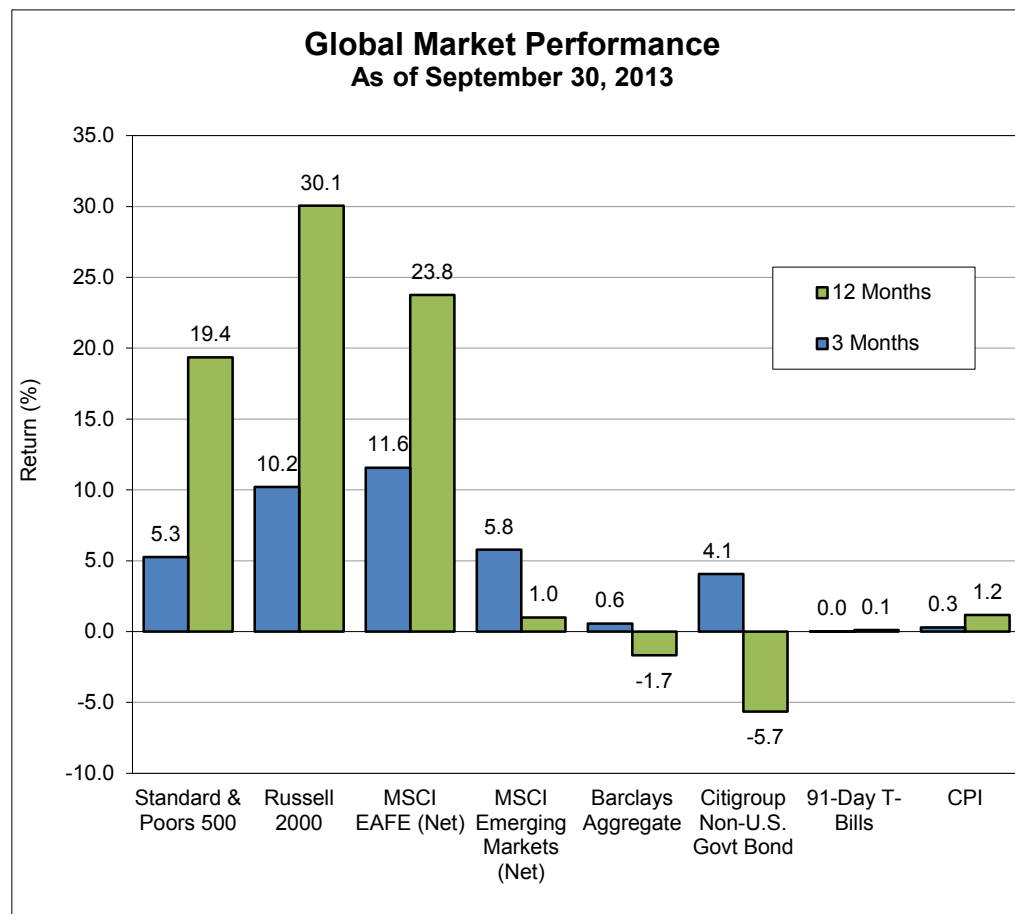
CAPITAL MARKET REVIEW

Taper, Taper, Go Away, Come Back Another Day: The Federal Reserve surprised the capital markets by not initiating a reduction in their quantitative easing program at their September meeting. Their lack of action encouraged investors to shift assets into riskier assets, driving equity and fixed income markets higher around the globe.

Performance in the developed equity markets was very robust during the quarter with higher risk segments tending to provide the strongest returns. Spain (20.7%) and Italy (14.9%) were among the best performers in Europe (returns in local currencies). Results in the U.S., Japan, and Germany lagged with returns in the single digits for the quarter (returns in local currencies). Within the U.S. markets, small cap stocks almost doubled the returns of large cap stocks (10.2% vs. 5.3%). Emerging markets participated in the rally, however, to a lesser extent.

The Federal Reserve's decision to delay tapering sparked a global fixed income rally, though no match to the equity markets in terms of absolute results. Other central banks continued to provide stimulus within their countries/regions, attempting to promote economic growth. Rates tended to rise during the first two months of the quarter and declined in September (coinciding with the Fed's announcement). High Yield tended to out perform investment grade debt in the U.S. and Europe. Emerging market debt posted positive returns, but lagged most developed countries.

The U.S. Dollar weakened versus most other major currencies this quarter, generating significant gains for U.S. investors. The Pound Sterling was one of the best performing currencies, advancing over 6%; the Euro gained over 4%. The Yen reversed declines from prior periods, gaining 1% versus the dollar.



Source: Wilshire 9/30/2013

Indices are not investments, are not managed, and do not incur fees or expenses. It is not possible to invest in an index. The inclusion of these indices is for informational purposes only and should not be used as the basis for making an investment decision. Please see additional disclosures at the end of this review.

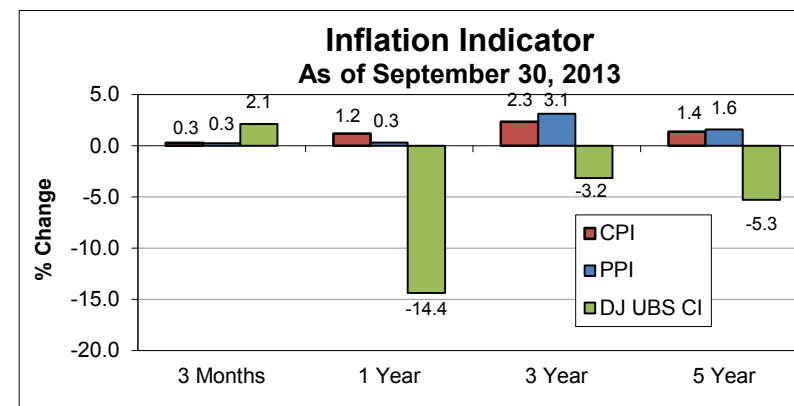
CAPITAL MARKET REVIEW

Moderately We Go: The U.S. economic recovery continued at a modest pace, coming off second quarter GDP estimates of 2.5%. The major macro economic headlines in the third quarter involved chemical weapons used by the Syrian government and the expectation that the Federal Reserve would reduce the monthly stimulus program. Neither issue seemed to derail the economy during the third quarter, although heightened uncertainty led to an increase in volatility. Syria eventually agreed to dispose of its chemical weapons and the Fed continued its purchasing program unchanged for the time being. The persistence of a low inflation, low interest rate environment, driven by the Fed's efforts, has been beneficial to equity markets. However, more budget battles and debt ceiling debates in the U.S. congress loom just over the horizon as the proverbial "can" continues to be kicked down the road.

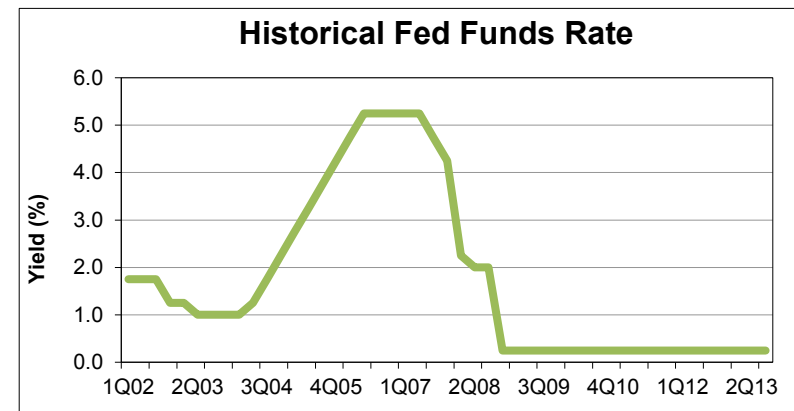
Inflation remains benign even though commodity prices took a break from their steady decline in previous quarters. *(Note: official CPI and PPI data for September has been delayed due to the government shut down.)* Precious metals, energy, and livestock rebounded in the quarter. Gold, silver, and copper were all up over 8%. Nonetheless, commodity returns remain in negative territory over longer periods (1-year, 3-year, and 5-year).

The yield curve steepened slightly during the quarter with rates increasing at the long end of the curve. The yield on the 10-Year U.S. Treasury increased 12 basis points to 2.64% while the yield on the 30-Year U.S. Treasury finished at 3.69% (up 17 basis points). Year-to-date, the yield on the 10-Year U.S. Treasury has steadily risen over 80 basis points. Rising Treasury rates have driven mortgage rates higher, which could become an impediment to the improving housing sector and thereby negatively impacting economic growth.

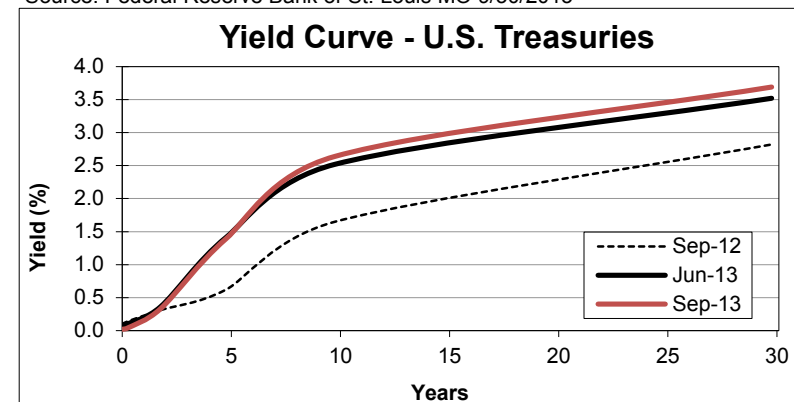
The Fed's comments about tapering earlier in the year led many to believe that the reduction in their stimulus efforts would commence in September - a factor in driving interest rates higher. Alas, it was not meant to be as Chairman Bernanke announced it would be business as usual in their efforts to keep rates low. However, this was merely a postponement as opposed to a cancellation. So stay tuned!



Source: Bureau of Labor Statistics, Wilshire, and Dow Jones 9/30/2013



Source: Federal Reserve Bank of St. Louis MO 9/30/2013



Source: Federal Reserve Bank of St. Louis, MO 9/30/2013

U.S. EQUITY MARKET

Total Returns (%) - Periods Ending September 30, 2013				
	3 Months	1 Year	3 Years	5 Years
Standard & Poor's 500	5.25	19.35	16.26	10.01
Russell 1000	6.02	20.90	16.64	10.53
Russell 1000 Growth	8.12	19.27	16.94	12.07
Russell 1000 Value	3.95	22.33	16.25	8.87
S&P MidCap 400	7.54	27.68	17.45	13.08
Russell Midcap	7.70	27.91	17.52	12.97
S&P SmallCap 600	10.72	31.50	20.67	12.40
Russell 2000	10.21	30.05	18.28	11.15
Russell 2000 Growth	12.80	33.05	19.94	13.16
Russell 2000 Value	7.60	27.04	16.56	9.13
S&P 500 Sector Performance				
	3 Months	1 Year	3 Years	5 Years
Energy	5.14	12.30	15.31	6.74
Materials	10.29	16.61	12.11	8.10
Industrials	8.87	28.53	16.69	10.73
Con. Discretionary	7.83	32.24	24.38	18.88
Con. Staples	0.80	13.81	15.73	10.58
Health Care	6.82	28.20	20.86	12.96
Financials	2.86	30.32	13.55	1.79
Info Technology	6.66	6.92	13.84	12.13
Telecommunications	(4.35)	(0.08)	12.69	11.81
Utilities	0.18	6.98	10.62	7.19

Returns are annualized for periods greater than one year.

Source: Wilshire 9/30/2013

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The Little Engine That Could: The U.S. equity markets have chugged along nicely this year, helping the equity indices attain all-time highs during the third quarter. The S&P 500 has generated a year-to-date return just shy of 20% through the end of September. These results have been achieved despite a dysfunctional congress, middle east tensions, rising interest rates, and speculation surrounding the next chairperson of the Fed. During the quarter, most indices generated mid to high single digit returns. Equity market returns through the end of the year, however, will certainly be dependent on the continued improvement in fundamentals within companies and the economy.

For the quarter, Small Cap once again outperformed Large Cap and Mid Cap. Based on S&P Quality Rankings, returns of higher quality stocks beat lower quality stocks in Small and Mid Cap, while lower quality stocks generated higher returns in Large Cap. Growth took the reigns from Value, driven primarily by solid returns in economically sensitive sectors. Growth oriented sectors such as Materials, Industrials, Consumer Discretionary, and Technology performed well in the quarter; investor fears were somewhat assuaged by the news that Fed tapering would be postponed for a another day.

The Materials sector was the best performing sector during the quarter, returning 10.29%. The sector was aided by a halt in the precipitous drop in commodity prices that had ensued so far this year. Performance in the Industrial and Technology sectors was driven by solid returns in names like FedEx, Boeing, and Raytheon as well as Apple, Facebook, and LinkedIn. The worst performing sector, and the only sector to generate a negative return, was Telecom with a return of -4.4%. The sector, which includes companies well known for their dividend payouts, was negatively impacted by rising interest rates.

U.S. FIXED INCOME MARKET

Not So Fast: After surprising investors in May with comments about near-term tapering, the Federal Reserve shocked the markets by not initiating a reduction in their asset purchases (tapering) during their September meeting. Their inaction may have been due to the political posturing in Washington (pending government shut down and debt ceiling debate), or rising interest rates, or weaker economic growth expectations, or the change in Fed leadership (or some combination of these factors).

Yields rose steadily during July and August and peaked in early September; however, after the Federal Reserve's no taper announcement, rates fell and ended the quarter only slightly changed. At quarter-end, the 2-Year Treasury Notes yielded 0.33% (down 3 basis points from 6/30/13), 10-Year Treasury Bonds yielded 2.64% (up 12 basis points from 6/30/13), and 30-Year Treasury Bonds yielded 3.69% (up 17 basis points from 6/30/13).

Members of the Fed suggested the September taper was in question early in the quarter, causing spreads to tighten (reversing the widening trend observed in the second quarter). Mortgages were the best performing investment grade segment, rallying due to the delay in tapering (the Fed continues to purchase \$40 billion of MBS each month). Credit followed, led by Financial issues. Government securities were the weakest this quarter. High Yield was again the best performing category as investors continued their search for yield.

The one-year returns for nearly all fixed income indices has turned negative (only short duration and high yield were able to post positive results). We continue to expect weak performance from the asset class; struggling as interest rates drift higher and rallying during periods of equity stress.

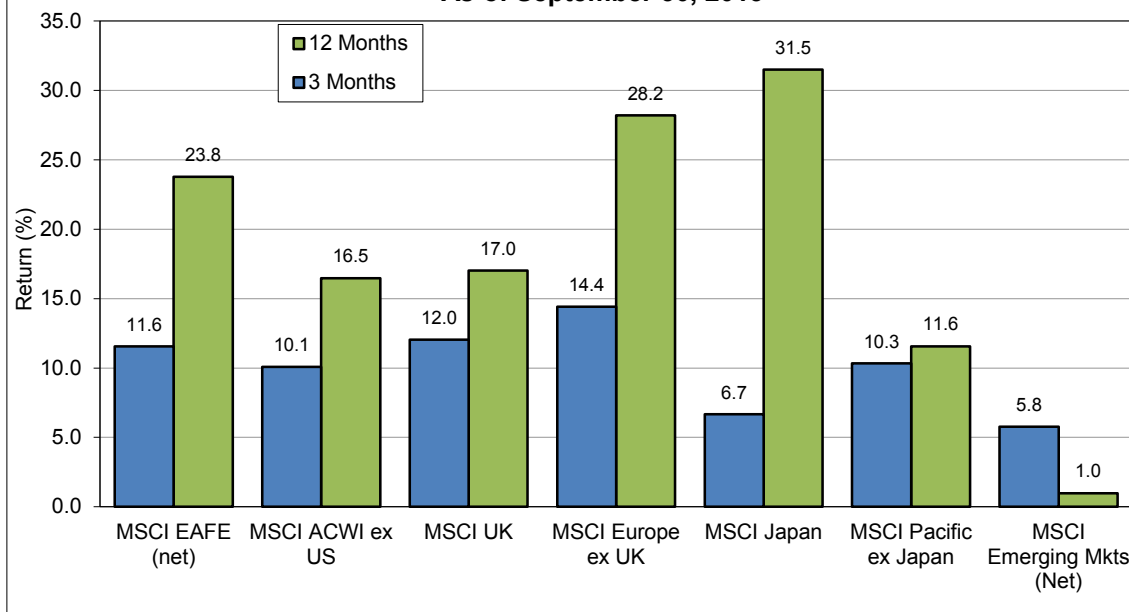
Total Returns (%) - Periods Ending September 30, 2013				
	3 Months	1 Year	3 Years	5 Years
Barclays 1-3 Yr. Govt	0.29	0.37	0.75	1.84
Barclays Intm G/C	0.62	(0.50)	2.42	4.95
Barclays Aggregate	0.57	(1.68)	2.86	5.41
Barclays G/C	0.36	(1.96)	2.89	5.71
Barclays Long Govt	(2.12)	(10.43)	3.63	6.50
Barclays Govt	0.12	(1.98)	2.13	4.00
Barclays Credit	0.72	(1.90)	4.13	8.54
Barclays Mortgage	1.03	(1.20)	2.65	4.66
Barclays High Yield	2.28	7.14	9.19	13.53
Barclays U.S TIPS	0.70	(6.10)	4.02	5.31
Returns are annualized for periods greater than one year.				
Credit Spreads (in basis points)				
	Jun-13	Sep-13	Change	10-Yr Avg.
Aaa	72	75	(3)	94
Aa	81	78	3	124
A	127	115	12	165
Baa	198	187	11	226
Ba	390	360	30	428
B	537	486	51	576
Caa	763	710	53	913
10 Year Treasury	2.52%	2.64%	-0.12%	---

Source: Barclays Capital 9/30/2013

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INTERNATIONAL EQUITY MARKET

International Equity Market Performance (USD)
As of September 30, 2013



MSCI Country Indices (Net)
Three Months Ending September 30, 2013

	Return USD (%)	Return Local Currency (%)	Currency Effect (%)
France	15.4	10.8	4.6
Germany	12.7	8.2	4.5
Italy	19.6	14.9	4.8
Spain	25.7	20.7	5.0
Switzerland	9.5	4.6	4.9
UK	12.0	4.9	7.1
Europe Total	13.6	8.1	5.5
Australia	11.9	9.6	2.4
Hong Kong	8.9	8.9	0.0
Japan	6.7	5.4	1.3
Pacific Total	8.0	6.5	1.5
China	12.2	12.2	0.0
India	(5.3)	(0.2)	(5.1)
Brazil	8.4	9.2	(0.8)
Russia	13.6	12.4	1.2
Emerging Total	5.8	5.6	0.1

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Source: MSCI 9/30/2013

Looking Into the Future: Global equity markets rebounded during the third quarter despite mixed economic data. Europe emerged from their recession as GDP was positive for the first time in seven quarters. Japan, behind the efforts of "Abenomics" and exports, continued to show signs of recovery. China's markets performed well on the back of improved industrial production and exports. Based on the performance of the global equity markets, investors are expecting better economic growth in coming quarters.

Developed Markets: Europe emerged from recession over the summer posting a 0.3% increase in GDP. Manufacturing and M&A activity gathered strength, particularly in Germany and France, and drove markets across the region higher. However, sustained improvement is questionable - the austerity era is limiting the growth in money supply and credit. Outside the Eurozone, the U.K. economy continued to improve - GDP was marginally positive, manufacturing expanded, the housing market strengthened, and unemployment declined - but the equity market was among the weakest (in local terms).

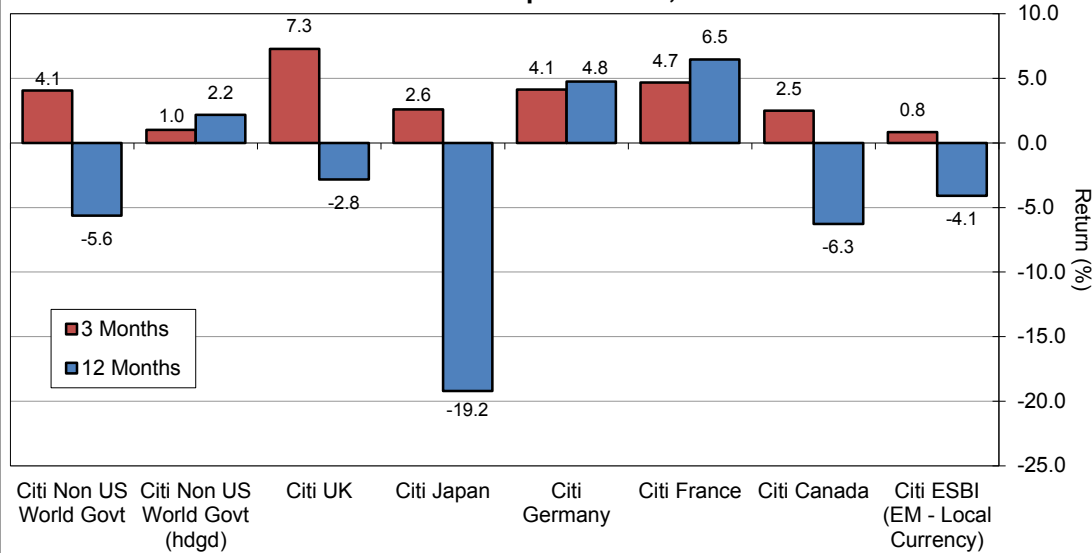
In Asia, Japanese equities performed admirably as the BoJ provided encouraging guidance on the state of the economy and voted to maintain the current pace of their stimulus efforts. However, performance was dragged down by concerns surrounding a consumption tax increase in 2014. In Australia a change in national leadership (the ruling Labor Party was ousted in September) did not deter investors, as the equity market posted solid returns. The performance was helped by the rebound in commodity prices. The Reserve Bank of Australia (RBA) kept the benchmark rate at a historically low of 2.5%

Emerging Markets: Emerging market equities generated positive returns in the quarter, but still reside in negative territory year-to-date. The weak results through three quarters are due to slumping currencies and capital outflows. China's industrial production improved, but rapid credit expansion and inflation continue to threaten their 7.5% GDP growth target. Elsewhere, central banks in Brazil, India, and Indonesia raised rates in an effort to stave off capital outflows and inflation. Commodity-oriented countries were helped by the increase in commodity prices.

INTERNATIONAL BOND MARKET

Intl Fixed Income Market Performance (USD)

As of September 30, 2013



Citigroup World Government Bond Indices Three Months Ending September 30, 2013

	Return USD (%)	Return Local Currency (%)	Currency Effect (%)
France	4.7	0.5	4.2
Germany	4.1	0.0	4.1
Ireland	6.1	1.9	4.2
Italy	5.6	1.4	4.2
Netherlands	4.1	(0.1)	4.1
Spain	7.8	3.5	4.3
Sweden	4.5	(0.6)	5.1
Switzerland	4.9	0.2	4.6
UK	7.3	0.5	6.8
European WGBI	5.4	0.8	4.6
Japan	2.6	1.4	1.3
Australia	2.8	0.7	2.2
Canada	2.5	(0.1)	2.6

Source: The Yield Book 9/30/2013

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Lockstep: Interest rates in many of the perceived less risky countries followed a similar course, rising in July/August and falling during September. The fixed income rally generally commenced around the Federal Reserve's decision to delay tapering.

Signs of the economic recovery across the Eurozone placed upward pressure on rates in financially sound countries (Germany, France...) and narrowed the spreads between these nations and their weaker neighbors (Spain, Ireland, Italy...). The Euro strengthened for a second consecutive quarter versus the dollar, improving the performance for U.S. investors.

Interest rates in the U.K. advanced in July and August before retreating in September; fixed income generated a meager return in local terms. The Bank of England maintained their current accommodative policies in spite of near-term inflationary pressures to spur economic growth and reduce unemployment. The Pound Sterling was one of the strongest currencies, appreciating over 6% versus the dollar during the quarter.

The Japanese economy is benefitting from the Bank of Japan's quantitative easing program; 2Q 2013 growth rates were revised higher (over 3%). The Yen has devalued significantly versus most major currencies since the shift in monetary policy, improving the competitiveness of their exporters. Interest rates fell during the quarter due in part to the BoJ's purchases. The Yen strengthened slightly versus the dollar, reversing a trend from the start of their quantitative easing in December of 2012.

Emerging markets were benefactors of the Federal Reserve's decision to not taper in September. EM debt had suffered losses during the first and second quarters of 2013; investors allocated away from the emerging markets, fearing that the Fed's tapering would hinder global economic growth. This quarter EM debt generated a marginally positive return. With China's economy showing signs of strength and the global economy recovering, the outlook for the emerging markets has improved.

SELECTED INDEX RETURNS - PERIODS ENDING SEPTEMBER 30, 2013

	Quarter	One Year	Three Years	Five Years	Ten Years
US EQUITIES					
Dow Jones Industrial Average	2.1 %	15.6	14.9	9.9	7.8
Standard & Poors 500	5.3	19.4	16.3	10.0	7.6
Russell 3000	6.4	21.6	16.8	10.6	8.1
S&P MidCap 400	7.5	27.7	17.5	13.1	10.8
Russell Mid-Cap	7.7	27.9	17.5	13.0	10.8
S&P SmallCap 600	10.7	31.5	20.7	12.4	11.1
Russell 2000	10.2	30.1	18.3	11.2	9.6
Growth Stocks - Russell 3000 Growth	8.5	20.3	17.2	12.2	8.0
Value Stocks - Russell 3000 Value	4.2	22.7	16.3	8.9	8.1

US FIXED INCOME					
Barclays 1 - 3 Year Government	0.3 %	0.4	0.8	1.8	2.7
Barclays Intm Govt/Credit	0.6	(0.5)	2.4	5.0	4.1
Barclays Aggregate	0.6	(1.7)	2.9	5.4	4.6
Barclays Govt/Credit	0.4	(2.0)	2.9	5.7	4.5
Barclays Long Government	(2.1)	(10.4)	3.6	6.5	6.1
Barclays Government	0.1	(2.0)	2.1	4.0	4.2
Barclays Credit	0.7	(1.9)	4.1	8.5	5.2
Barclays Mortgage	1.0	(1.2)	2.7	4.7	4.7
Barclays High Yield	2.3	7.1	9.2	13.5	8.9
Barclays U.S TIPS	0.7	(6.1)	4.0	5.3	5.2
ML All Investment Grade Convertible Index					

INTERNATIONAL (Measured in US Dollars)					
MSCI EAFE (Net)	11.6 %	23.8	8.5	6.4	8.0
MSCI ACWI ex U.S. (Net)	10.1	16.5	6.0	6.3	8.8
MSCI Europe (Net)	13.6	24.2	8.7	6.0	8.5
MSCI Pacific (Net)	8.0	23.3	8.3	7.3	7.1
MSCI Emerging Markets (Net)	5.8	1.0	(0.3)	7.2	12.8
Citigroup Non-U.S. Govt Bond	4.1	(5.7)	0.6	4.3	4.9

REAL ESTATE					
NAREIT Index	(2.4) %	5.1	12.6	6.5	8.8
NCREIF Property Index	2.6 %	11.0	12.7	3.4	8.7

OTHER					
91-Day T-Bills	0.0 %	0.1	0.1	0.2	1.7
Consumer Price Index (percent change)	0.3	1.2	2.3	1.4	2.4
Producer Price Index (percent change)	0.3	0.3	3.1	1.6	3.2

Note: Returns for periods longer than 12 months are annualized. Indices are not investments, are not managed and do not incur fees or expenses. It is not possible to invest in an index.

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Definitions:

BC (Barclays Capital) Treasury provides a measure of riskless return.

The **Dow Jones Industrial Averages** contains the stocks of 30 companies that are all major factors in their industries, and their stocks are widely held by individuals and institutional investors. As of December 31, 2008, The Dow® represented 27% of the float-adjusted market capitalization of the Dow Jones U.S. TSM Index, which provides near complete coverage of the U.S. stock market. The DJIA serves the same purpose today for which it was created in 1896 – to provide a clear, straightforward view of the stock market and, by extension, the U.S. economy.

The **S&P 500 Index** is a capitalization weighted index of the 500 largest publicly traded companies in the US and is widely accepted as the overall market proxy. It consists of 400 industrials, 40 utilities, 20 transportation stocks and 40 financial institutions issues when totaled covers approximately 75% of the US equities market.

The **Russell 3000 Index** measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 1000 Index** is composed of the 1000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. The average capitalization was approximately \$12.1 billion; the median market capitalization was approximately \$3.8 billion. The smallest company in the index had an approximate market capitalization of \$1350.8 million.

The **S&P MidCap 400** provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. equity market, and seeks to remain an accurate measure of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an on-going basis

The **S&P SmallCap 600** covers approximately 3% of the domestic equities market. Measuring the small cap segment of the market that is typically renowned for poor trading liquidity and financial instability, the index is designed to be an efficient portfolio of companies that meet specific inclusion criteria to ensure that they are investable and financially viable.

The **Russell 3000 Growth Index** measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 3000 Value Index** measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index** measures the performance of small-cap value segment of the U.S. equity universe. It includes those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 1000 Growth Index** is composed of those stocks in the Russell 1000 Index with greater than average growth orientation. The Russell Growth Index represents the universe of stocks from which most growth style money managers typically select.

The **Russell 1000 Value Index** is composed of those stocks in the Russell 1000 Index with less than average growth orientation. The Russell Value Index represents the universe of stocks from which most value style money managers typically select.

The **Barclays U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The U.S. Aggregate rolls up into other Barclays Capital flagship indices such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt. The U.S. Aggregate Index was created in 1986, with index history backfilled to January 1, 1976.

The **Barclays Govt/Credit Index** is the non-securitized component of the U.S. Aggregate Index and was the first macro index launched by Barclays Capital. The U.S. Government/Credit Index includes Treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year), government-related issues (i.e., agency, sovereign, supranational, and local authority debt), and corporates. The U.S. Government/Credit Index was launched on January 1, 1979, with index history backfilled to 1973, and is a subset of the U.S. Aggregate Index.

The **Barclays U.S. Government Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The U.S. Government Index includes Treasuries (public obligations of the U.S. Treasury that have remaining maturities of more than one year) and U.S. agency debentures (publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The U.S. Government Index is a component of the U.S. Government/Credit Index and the U.S. Aggregate Index.

DISCLOSURE

The **Barclays US Credit Index** comprises the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities. The US Credit Index was called the US Corporate Investment Grade Index until July 2000, when it was renamed to reflect its inclusion of both corporate and non-corporate issuers. Index history is available back to 1973. The US Credit Index is a subset of the US Government/Credit Index and the US Aggregate Index.

The **Barclays Capital U.S. MBS (Mortgage) Index** measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of GNMA, FNMA, and FHLMC.

The **Barclays U.S. Corporate High-Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes emerging market debt. It was created in 1986, with history backfilled to July 1, 1983. The U.S. Corporate High-Yield Index is part of the U.S. Universal and Global High-Yield Indices.

The **Barclays U.S. TIPS** is a part of the Barclays Capital family of global inflation linked bond indices, the Barclays Capital US Government Inflation-linked bond index (US TIPS) measures the performance of the TIPS market. TIPS form the largest component of the Barclays Capital Global Inflation-Linked Bond Index. Inflation-linked indices include only capital indexed bonds with a remaining maturity of one year or more.

The **Barclays US Treasury 1-3yr term index™** measures the performance of short term government bonds issued the US Treasury. The index includes 2-Year and 3-Notes. Term Indices are a new concept in bond indexing developed by Barclays Capital. They have very similar yield, duration and risk/return characteristics to standard maturity based indices but are more compact and more liquid. Term indices use a standard market capitalisation weighting methodology but include only bonds near to their original term rather than selecting all bonds in a maturity range.

The **Barclays Capital Long Government/Credit Index** measures the investment return of all medium and larger public issues of U.S. Treasury, agency, investment-grade corporate, and investment-grade international dollar-denominated bonds with maturities longer than 10 years. The average maturity is approximately 20 years.

The **MSCI EAFE Index(net)** (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. As of May 27, 2010 the MSCI EAFE Index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

The **MSCI ACWI ex U.S. (net)** (All Country World Index excluding the United States) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. As of May 27, 2010 the MSCI ACWI ex. US consisted of 44 country indices comprising 23 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The **MSCI United Kingdom Index** is a free float adjusted market capitalization index that is designed to measure large and mid cap United Kingdom equity market performance. The MSCI United Kingdom Index is member of the MSCI international equity index series and represents the United Kingdom's equity portion of the global benchmark MSCI ACWI (All Country World Index) Index.

The **MSCI Europe Index (net)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. As of June 2007, the MSCI Europe Index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI Europe ex UK Index (net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe excluding the United Kingdom. As of June 2007, the MSCI Europe Index consisted of the following 15 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland.

The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. As of June 2007, the MSCI Pacific Index consisted of the following 5 Developed Market countries: Australia, Hong Kong, Japan, New Zealand, and Singapore

MSCI Pacific ex Japan Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the Far East, excluding Japan. As of March 2008 the MSCI Pacific ex Japan Index consisted of the following 9 developed and emerging market country indices: China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand.

The **MSCI Japan Index** is a free float adjusted market capitalization index that is designed to measure large and mid cap Japanese equity market performance. The MSCI Japan Index is member of the MSCI international equity index series and represents the Japanese equity portion of the global benchmark MSCI ACWI (All Country World Index) Index.

The **MSCI Emerging Markets Index (net)** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of May 27, 2010 the MSCI Emerging Markets Index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The **Citigroup World Government Bond Ex-US Index** measures the performance of developed countries' global fixed-income markets invested in debt issues of non-US governmental entities. The World Government Bond Index (WGBI) includes the 23 government bond markets of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Malaysia, the Netherlands, Norway, Poland, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States prior to its exclusion.

Citigroup World Government Bond Ex-US Index hedged measures the performance of **The Citigroup World Government Bond Ex-US Index** and computing the monthly currency-hedged return by using a rolling one-month forward exchange contract as a hedging instrument.

Citigroup UK Bond Index includes the government bond markets of the United Kingdom and satisfies size, credit, and barriers-to-entry requirements.

Citigroup Japan Bond Index consists of the government bond market of Japan and satisfies size, credit, and barriers-to-entry requirements.

Citigroup Germany Bond Index consists of the government bond market of Germany and satisfies size, credit, and barriers-to-entry requirements.

Citigroup France Bond Index consists of the government bond market of France and satisfies size, credit, and barriers-to-entry requirements.

Citigroup Canada Bond Index consists of the government bond market of Canada and satisfies size, credit, and barriers-to-entry requirements.

DISCLOSURE

The **FTSE NAREIT US Real Estate Index** is calculated by FTSE International Limited (FTSE).

The **NCREIF Property Index** reports quarterly and annual returns consisting of income and appreciation components. The index is based on data collected from the voting members of NCREIF. Specific property-type indices include apartment, office, retail, R&D/Office and Warehouse.

91-Day T-Bills provide a measure of riskless return.

Consumer Price Index is a government-issued index of the retail prices of basic household goods and services.

Producer Price Index is an index maintained by the U.S. Bureau of Labor Statistics that tracks the price of wholesale goods and commodities.

The **Dow Jones UBS Commodity Index** measures collateralized returns from a diversified basket of 19 commodity futures contracts from sectors spanning energy, precious metals, industrial metals, grains and livestock.

Moody's Long-Term Obligation Ratings:

Aaa Obligations rated **Aaa** are judged to be of the highest quality, with minimal credit risk.

Aa Obligations rated **Aa** are judged to be of high quality and are subject to very low credit risk.

A Obligations rated **A** are considered upper-medium grade and are subject to low credit risk.

Baa Obligations rated **Baa** are subject to moderate credit risk. They are considered medium grade and as such may possess certain speculative characteristics.

Ba Obligations rated **Ba** are judged to have speculative elements and are subject to substantial credit risk.

B Obligations rated **B** are considered speculative and are subject to high credit risk.

Caa Obligations rated **Caa** are judged to be of poor standing and are subject to very high credit risk.

Ca Obligations rated **Ca** are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C Obligations rated **C** are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Standard Deviation is often used by investors to measure the risk of a stock or a stock portfolio. The basic idea is that the standard deviation is a measure of volatility: the more a stock's returns vary from the stock's average return, the more volatile the stock.

Treasuries: Treasury Securities are debt financed securities issued by the U.S. government. There are three primary types of treasury securities. They are Treasury Bills, Treasury Notes and Treasury Bonds. Treasury Bills (a.k.a. T-bill) mature in one year or less. Treasury Bills are commonly issued with maturities dates of 91 days, 6 months, or 1 year. **91-Day T-Bills** provide a measure of riskless return. Treasury Notes (a.k.a. T-Note) mature between one and ten years. Treasury notes are commonly issued with maturities dates of 2, 3, 5 or 7 years. Treasury Bonds (a.k.a. T-Bond) are commonly issued with maturity dates of ten and thirty years.

The **federal funds target rate** is determined by a meeting of the members of the Federal Open Market Committee. The **federal funds rate** is the interest rate at which private depository institutions (mostly banks) lend balances (federal funds) at the Federal Reserve to other depository institutions, usually overnight. It is the interest rate banks charge each other for loans.

The **European Central Bank** (ECB) is the institution of the European Union (EU) which administers the monetary policy of the 17 EU Eurozone member states. It is thus one of the world's most important central banks. The bank was established by the Treaty of Amsterdam in 1998, and is headquartered in Frankfurt, Germany.

The **eurozone**, officially the **euro area**, is an economic and monetary union (EMU) of 17 European Union (EU) member states that have adopted the euro currency as their sole legal tender. It currently consists of Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

The **euro** (sign: €) is the official currency of the eurozone.

The **pound sterling** (sign: £), commonly called the **pound**, is the official currency of the United Kingdom.

OVERVIEW

PORTFOLIO EVALUATION

- ♦ The fund's total market value as of September 30, 2013 was \$129.35 million.
- ♦ The Fund had a return of 5.40% for the quarter and a return of 14.05% for the last twelve months.

INVESTMENT POLICY AND OBJECTIVES

- ♦ To be actuarially sound to assure that its obligations to Fund members and others will be honored in a timely way.
- ♦ To achieve earnings at a sufficient level that, together with employee, city, and other periodic contributions, will enable it to meet its present and future obligations.
- ♦ To earn the highest total return on invested funds consistent with safety and in accordance with generally accepted investment practices to the extent permitted by law.
- ♦ To achieve a level of performance equal to or greater than the actuarial assumption so that benefits may be increased or enhanced or that contributions may be reduced.
- ♦ To meet all Statutory requirements of the State of Alabama.

PLAN RECONCILIATION

	<u>Quarter</u>
<u>Beginning Market Value</u>	122,906,172
Cash Flow In	0
Intrafund Transfers	0
Cash Flow Out	<u>-187,179</u>
Net Cash Flow	-187,179
Investment Performance	
Income	399,984
Asset Value Changes	<u>6,230,035</u>
Gross Performance	6,630,019
<u>Ending Market Value</u>	<u>129,349,012</u>

RECOMMENDATIONS

Mobile Police & Firefighters Executive Summary Table Periods Ending September 30, 2013

FYTD - 9/30/12

Name	Value \$(000)	% of Fund	Periods Ending 9/30/13						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund	129,349	100.0	5.40	14.05	14.05	10.97	7.80	5.20	7.16
Net of Fee			5.33	13.74	13.74	10.60	7.43	4.90	6.94
Mobile P&F Policy Index			5.69	16.16	16.16	12.05	9.01	6.14	7.80
Total Fund Excluding Alternatives	117,618	90.9	5.85	14.85	14.85	11.32	9.18		
Net of Fee			5.79	14.58	14.58	11.03	8.90		
Policy Index excluding Alts			5.62	15.79	15.79	11.86	9.42		
Total Opportunistic Equity Composite	6,751	5.2	8.06	21.39	21.39				
Net of Fee			7.55	19.94	19.94				
MSCI ACWI (Net)			7.90	17.73	17.73				
Energy Opportunities Capital	6,751	5.2	8.06	21.39	21.39				
Net of Fee			7.55	19.94	19.94				
OIH_XLE Blended Index			8.22	16.73	16.73				
Total Domestic Equity Composite	68,949	53.3	7.40	22.07	22.07	16.61	10.97	6.33	9.06
Net of Fee			7.37	21.78	21.78	16.24	10.62		
Domestic Equity Index			6.90	23.73	23.73	17.21	11.33	6.68	8.54
SSgA Russell 1000 Index Fund	40,634	31.4	6.01	20.92	20.92	16.46	10.56	6.02	8.03
Net of Fee			6.01	20.83	20.83	16.40	10.52	5.97	
Russell 1000			6.02	20.90	20.90	16.64	10.53	5.98	7.98
SSgA S&P 400 MidCap Index Fund	13,627	10.5	7.54						
Net of Fee			7.54						
S&P Midcap 400			7.54						

Mobile Police & Firefighters Executive Summary Table Periods Ending September 30, 2013

FYTD - 9/30/12

Name	Value \$(000)	% of Fund	Periods Ending 9/30/13						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Morgan Dempsey SCV	7,301	5.6	10.83						
Net of Fee			10.68						
Russell 2000 Value			7.60						
SouthernSun SCC	7,388	5.7	11.78						
Net of Fee			11.62						
Russell 2000			10.21						
Total International Equity Composite	12,350	9.5	8.63	14.14	14.14	5.06	3.67	1.31	7.10
Net of Fee			8.63	14.14	14.14	4.82	3.30		
MSCI ACWI ex US (Net)			10.09	16.48	16.48	5.95	6.26	3.03	8.77
Allianz Global Investors	12,350	9.5	8.63	14.14	14.14				
Net of Fee			8.63	14.14	14.14				
MSCI ACWI ex US (Net)			10.09	16.48	16.48				
Total Fixed Income Composite	29,567	22.9	0.89	0.06	0.06	3.06	6.01	5.48	4.80
Net of Fee			0.86	-0.06	-0.06	2.94	5.89		
Barclays Int Govt/Credit			0.62	-0.50	-0.50	2.42	4.95	4.76	4.10
Orleans	29,567	22.9	0.89	0.06	0.06	3.06	6.01	5.48	4.81
Net of Fee			0.86	-0.06	-0.06	2.94	5.89	5.36	
Barclays Int Govt/Credit			0.62	-0.50	-0.50	2.42	4.95	4.76	4.10
Real Estate Composite	4,777	3.7	2.70	11.59	11.59	12.02	-3.08	0.30	9.03
Net of Fee			2.29	10.39	10.39	10.93	-4.05	-0.59	8.09
NCREIF ODCE Fund Index			3.56	13.04	13.04	14.27	0.68	3.38	7.08

Mobile Police & Firefighters Executive Summary Table Periods Ending September 30, 2013

FYTD - 9/30/12

Name	Value \$(000)	% of Fund	Periods Ending 9/30/13						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Guggenheim	2,192	1.7	2.88	14.54	14.54	15.94	-1.97		
Net of Fee			2.63	13.43	13.43	14.82	-2.90		
70% NCREIF / 30% NAREIT			1.78	10.75	10.75	14.03	3.45		
Westbrook	63	0.0	0.00	-9.93	-9.93	-6.28	-6.46	-12.10	-5.34
Net of Fee			0.00	-9.93	-9.93	-6.33	-6.57	-12.17	-5.47
NCREIF ODCE Fund Index			3.56	13.04	13.04	14.27	0.68	3.38	7.08
DLJ	482	0.4	0.00	7.13	7.13	5.11	1.30	4.41	15.65
Net of Fee			-1.66	5.14	5.14	4.18	0.30	3.37	14.45
NCREIF ODCE Fund Index			3.56	13.04	13.04	14.27	0.68		
TIAA-CREF	2,039	1.6	3.29	10.54	10.54	12.04	-3.94		
Net of Fee			3.00	9.34	9.34	10.84	-5.01		
NCREIF ODCE Fund Index			3.56	13.04	13.04	14.27	0.68		
Private Equity Composite	4,480	3.5	0.00	1.24	1.24	7.07	5.88	7.76	6.35
Net of Fee			0.00	1.14	1.14	6.17	5.01	6.63	3.87
Russell 2500			10.07	33.81	33.81	22.44	16.68	12.02	14.38
Hicks, Muse, Tate & Furst IV	264	0.2	0.00	6.17	6.17	15.20	6.37	3.00	0.13
Net of Fee			0.00	6.17	6.17	15.20	6.37	3.00	0.13
Russell 2500			10.07	33.81	33.81	22.44	16.68	12.02	
Ripplewood Partners II, L.P.	756	0.6	0.00	-5.28	-5.28	0.41	3.07	3.45	3.10
Net of Fee			0.00	-5.28	-5.28	-0.34	2.45	2.49	0.65
Russell 2500			10.07	33.81	33.81	22.44	16.68	12.02	
Levine Leichtman Fund III	2,321	1.8	0.00	-0.74	-0.74	8.47	6.03	9.61	
Net of Fee			0.00	-0.74	-0.74	7.35	4.93	8.29	
Russell 2500			10.07	33.81	33.81	22.44	16.68	12.02	

Mobile Police & Firefighters Executive Summary Table Periods Ending September 30, 2013

FYTD - 9/30/12

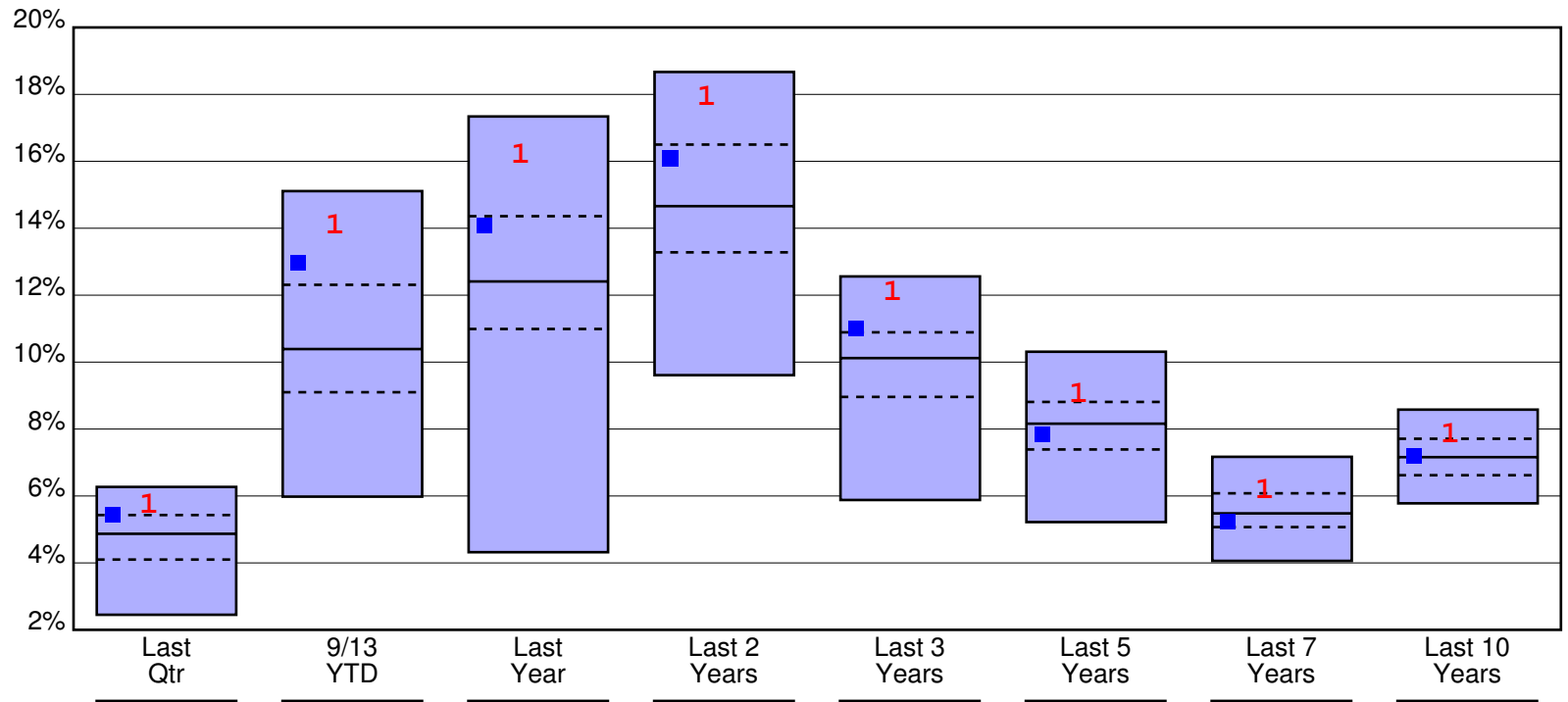
Name	Value \$(000)	% of Fund	Periods Ending 9/30/13						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Permal Capital Fund IV	1,139	0.9	0.00	9.86	9.86	8.74	6.43		
Net of Fee			0.00	9.41	9.41	7.95	5.46		
Russell 2500			10.07	33.81	33.81	22.44	16.68		
Timber Composite	2,474	1.9	0.00	8.26	8.26	2.52			
Net of Fee			0.00	7.59	7.59	1.74			
Timberland Investment Resources	2,474	1.9	0.00	8.26	8.26	2.52			
Net of Fee			0.00	7.59	7.59	1.74			
NCREIF Timberland Index			1.05	9.68	9.68	3.99			

Mobile Police & Firefighters

Cumulative Performance Comparison

Total Returns of Total Fund Public Sponsors

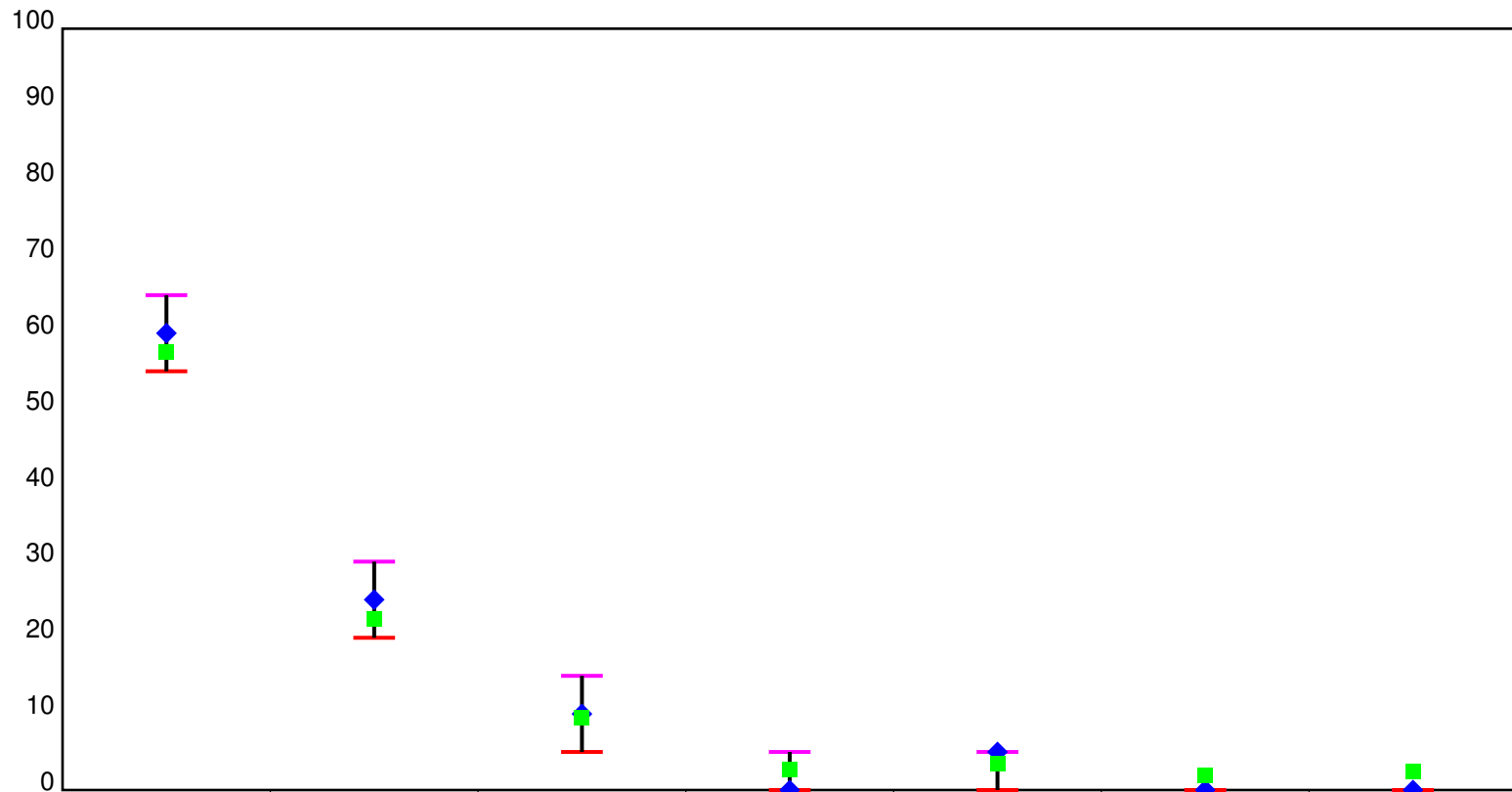
Periods Ending 9/13



5th Percentile	6.27	15.11	17.34	18.67	12.56	10.31	7.17	8.58
25th Percentile	5.43	12.31	14.36	16.50	10.89	8.81	6.08	7.71
Median	4.87	10.39	12.41	14.66	10.12	8.16	5.48	7.16
75th Percentile	4.10	9.10	10.99	13.28	8.96	7.39	5.07	6.62
95th Percentile	2.45	5.98	4.32	9.61	5.88	5.22	4.06	5.78
■ Total Fund	5.40 (26)	12.94 (19)	14.05 (29)	16.07 (29)	10.97 (23)	7.80 (63)	5.20 (70)	7.16 (50)
1 Mobile P&F Policy Index	5.69 (20)	14.06 (7)	16.16 (10)	17.89 (7)	12.05 (6)	9.01 (19)	6.14 (23)	7.80 (21)

Mobile Police & Firefighters Asset Allocation vs Policy Graph

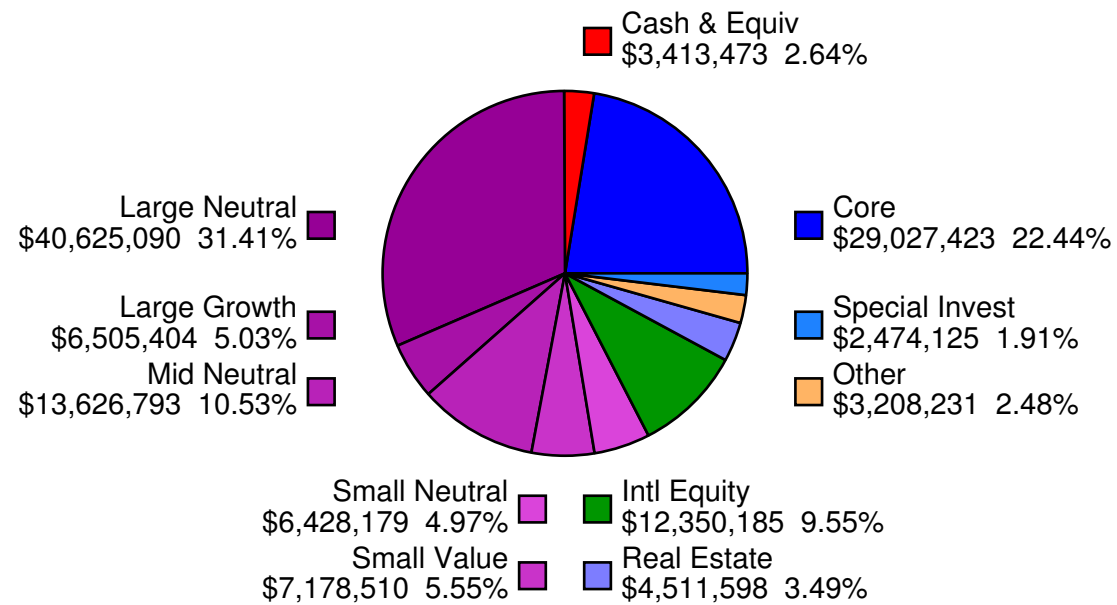
Total Fund
As of September 30, 2013



Legend	Domestic Equities	Domestic Fixed	International Equities	Cash	Real Estate	Special Investments	Other
◆ Policy	60.0	25.0	10.0	0.0	5.0	0.0	0.0
— Min	55.0	20.0	5.0	0.0	0.0	0.0	0.0
— Max	65.0	30.0	15.0	5.0	5.0	0.0	0.0
■ Actual	57.5	22.4	9.5	2.6	3.5	1.9	2.5

Mobile Police & Firefighters Asset And Policy Allocation Total Fund

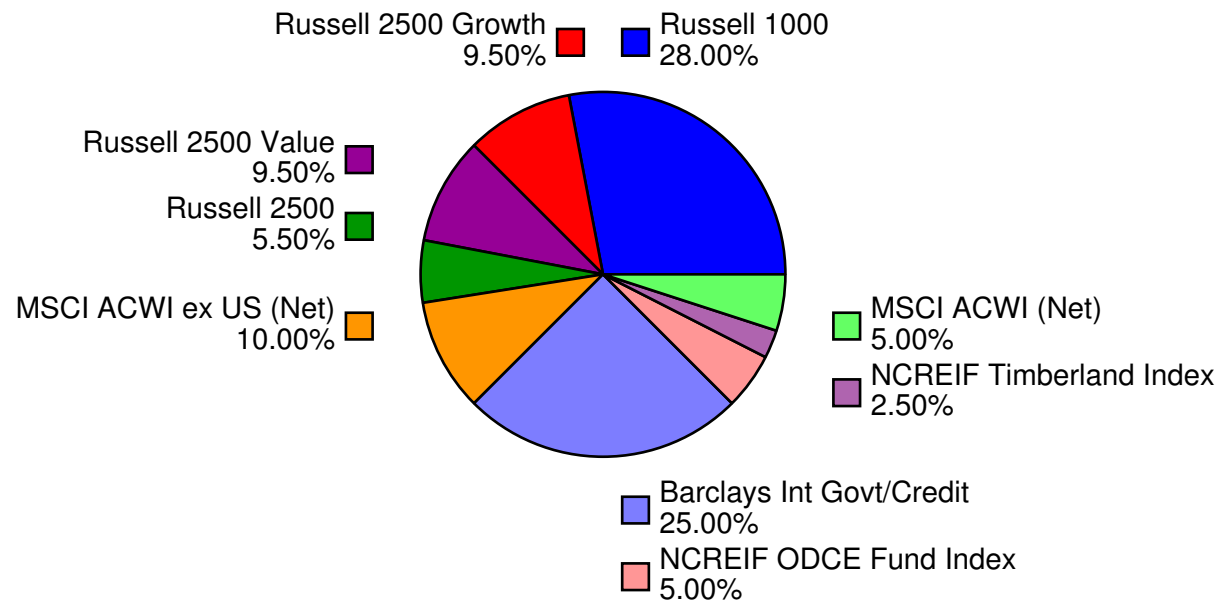
September 30, 2013 \$129,349,012



Mobile Police & Firefighters Asset And Policy Allocation Total Fund

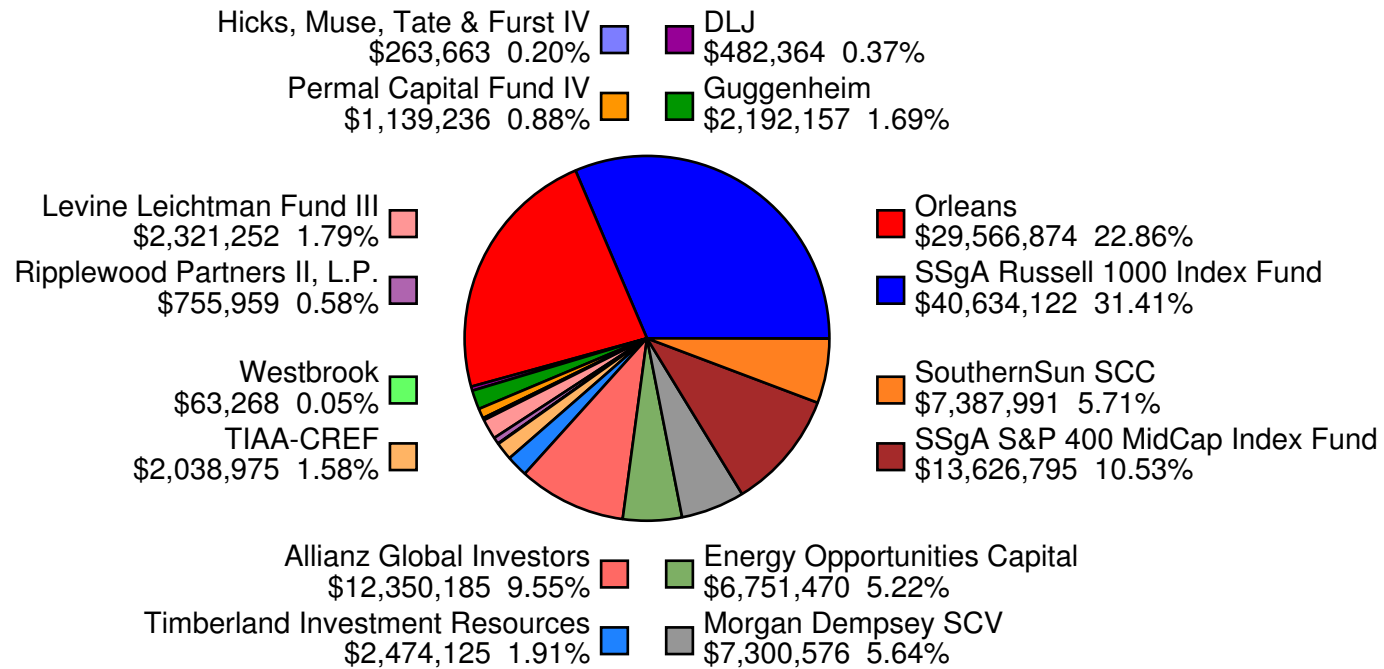
September 30, 2013

Mobile P&F Policy Index



Mobile Police & Firefighters Total Fund Allocation By Manager Total Fund

September 30, 2013 \$129,349,012



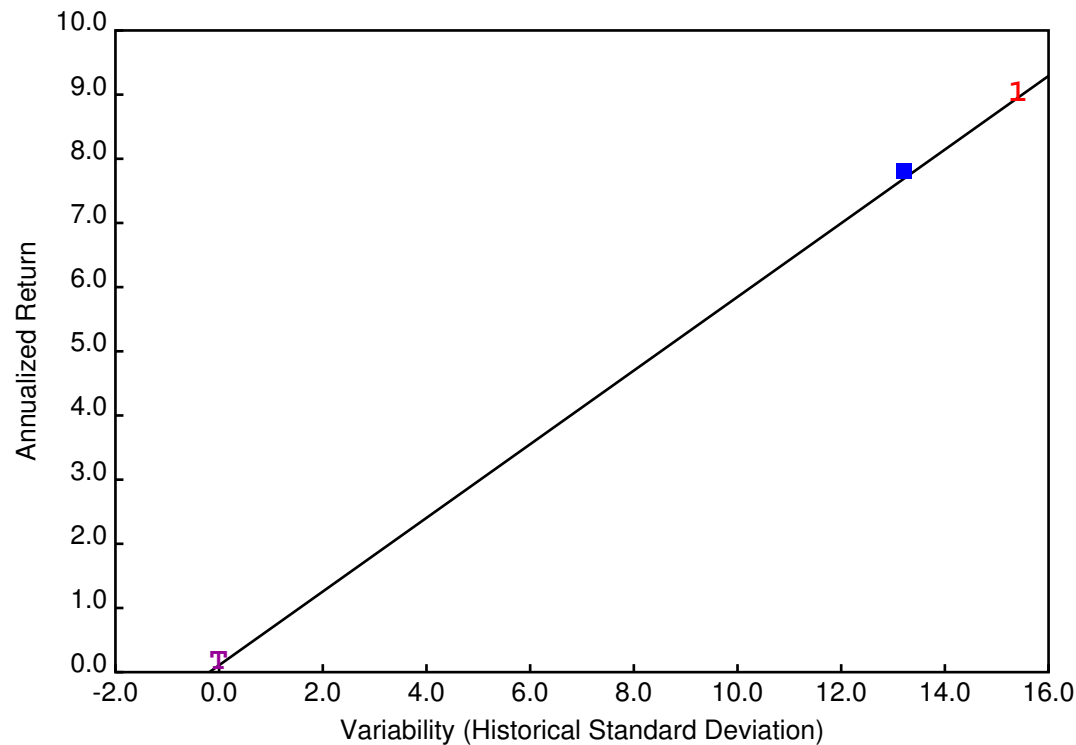
Mobile Police & Firefighters
Sources of Fund Growth
Total Fund
6/30/13 - 9/30/13

Manager Name	Beginning Value \$(000)	Net Contrib \$(000)	Invest Fees \$(000)	Invest Gain/Loss \$(000)	Ending Value \$(000)	Gross of Fees Return(%)	Net of Fees Return(%)
SSgA Russell 1000 Index Fund	38,330	0	0	2,304	40,634	6.01	6.01
Energy Opportunities Capital	6,277	0	31	505	6,751	8.06	7.55
Morgan Dempsey SCV	6,596	0	10	715	7,301	10.83	10.68
SSgA S&P 400 MidCap Index Fund	12,671	0	0	956	13,627	7.54	7.54
SouthernSun SCC	6,619	0	11	780	7,388	11.78	11.62
Equity	70,494	0	52	5,259	75,701		
Allianz Global Investors	11,391	-24	0	983	12,350	8.63	8.63
Int'l Equity	11,391	-24	0	983	12,350		
Orleans	29,315	0	9	261	29,567	0.89	0.86
Fixed Income	29,315	0	9	261	29,567		
DLJ	558	-67	8	0	482	0.00	-1.66
Guggenheim	2,136	0	5	61	2,192	2.88	2.63
Westbrook	63	0	0	0	63	0.00	0.00
TIAA-CREF	1,995	-16	6	65	2,039	3.29	3.00
Real Estate	4,752	-83	19	126	4,777		
Permal Capital Fund IV	1,139	0	0	0	1,139	0.00	0.00
Hicks, Muse, Tate & Furst IV	264	0	0	0	264	0.00	0.00
Ripplewood Partners II, L.P.	756	0	0	0	756	0.00	0.00
Timberland Investment Resources	2,474	0	0	0	2,474	0.00	0.00
Special Investments	4,633	0	0	0	4,633		
Levine Leichtman Fund III	2,321	0	0	0	2,321	0.00	0.00

Mobile Police & Firefighters
Sources of Fund Growth
Total Fund
6/30/13 - 9/30/13

[illegible]

Mobile Police & Firefighters Quarterly Total Return Market Line Analysis Periods from 9/08 to 9/13



	Annualized Return	Variability	Reward	Sharpe Ratio
■ Total Fund	7.80	13.34	7.64	0.57
1 Mobile P&F Policy Index	9.01	15.51	8.85	0.57
T 91-Day Treasury Bill	0.16	0.09	0.00	0.00

City of Mobile Police & Firefighters

September 30, 2013

Performance Summary Table
Periods Ending 9/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
SSgA Russell 1000 Index Fund							
Total Return	6.01	20.78	20.92	25.41	16.46	10.56	8.03
Total Return (Net of Fees)	6.01	20.72	20.83	25.33	16.40	10.52	
Russell 1000	6.02	20.76	20.90	25.40	16.64	10.53	7.98
Variance	-0.01	0.02	0.02	0.02	-0.17	0.04	0.06

SSGA Russell 1000 Index Fund (Commingled Fund)

OBJECTIVE:

Track the return of the Russell 1000 Index.

STRATEGY:

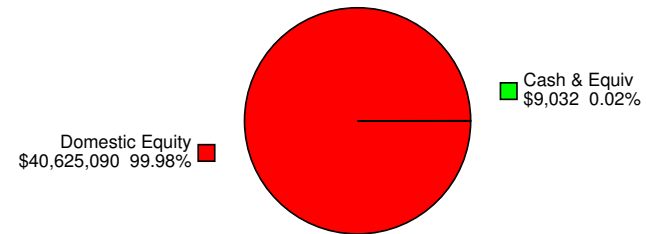
The Fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index in the same proportions as they are represented in the Index. In some cases, it may not be possible or practical to purchase all of the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. The Fund's returns may vary from the returns of the Index.

FEE SCHEDULE

6 bps on first \$50MM
4 bps on next \$50MM
3 bps thereafter

Asset Allocation SSgA Russell 1000 Index Fund

September 30, 2013 \$40,634,122



CONCLUSIONS/RECOMMENDATIONS

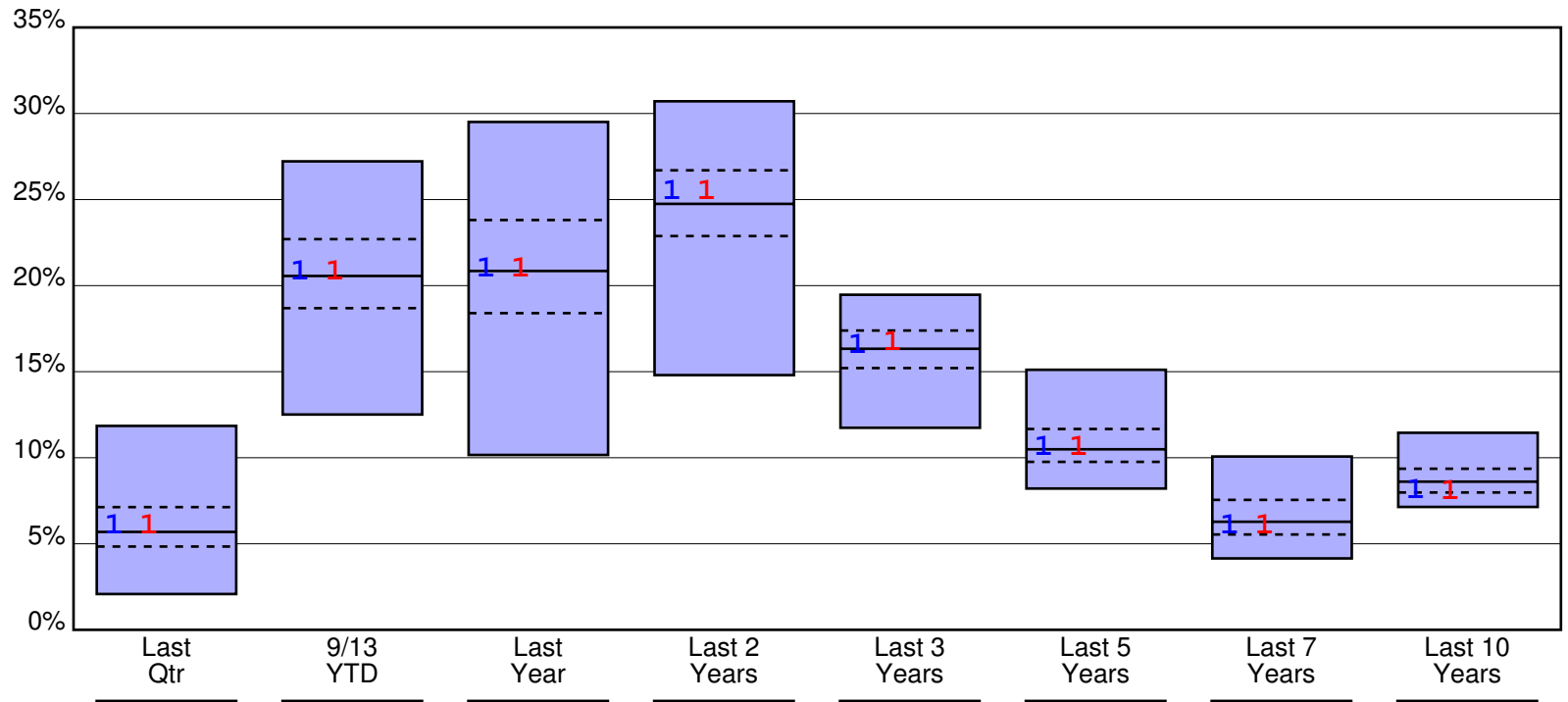
The SSgA Fund performed in-line with the Russell 1000 Index during the quarter.

City of Mobile Police & Firefighters

All Large Cap Cumulative Performance Comparisons

Total Returns of Equity Portfolios

Periods Ending 9/13



5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile

Period	Last Qtr	9/13 YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
5th Percentile	11.85	27.22	29.51	30.71	19.47	15.11	10.07	11.45
25th Percentile	7.13	22.70	23.81	26.70	17.39	11.67	7.55	9.36
Median	5.69	20.56	20.85	24.75	16.33	10.49	6.28	8.61
75th Percentile	4.84	18.69	18.40	22.88	15.21	9.76	5.54	7.98
95th Percentile	2.08	12.51	10.16	14.80	11.74	8.21	4.15	7.14
1 SSgA Russell 1000 Index Fund	6.01 (45)	20.78 (45)	20.92 (48)	25.41 (42)	16.46 (46)	10.56 (47)	6.02 (58)	8.03 (74)
1 Russell 1000	6.02 (44)	20.76 (45)	20.90 (49)	25.40 (42)	16.64 (41)	10.53 (49)	5.98 (60)	7.98 (75)

City of Mobile Police & Firefighters

September 30, 2013

Performance Summary Table
Periods Ending 9/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Energy Opportunities Capital							
Total Return	8.06	23.53	21.39				
Total Return (Net of Fees)	7.55	22.36	19.94				
OIH_XLE Blended Index	8.22	19.85	16.73				
Variance	-0.15	3.68	4.66				

ENERGY OPPORTUNITIES CAPITAL

Large Cap Growth Equity (Separately Managed)

OBJECTIVE

Manager is expected to rank in the top 50% versus their peer group over a minimum three year period.

Investment Performance is expected to exceed the OIH_XLE Blended Benchmark over a market cycle. (3-5 years)

STRATEGY

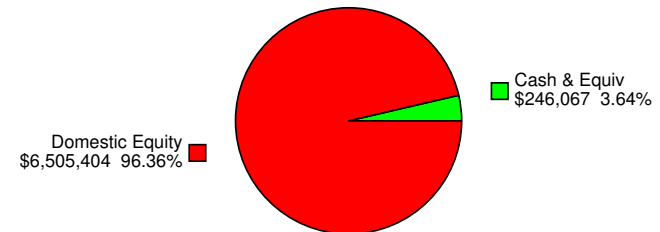
The fundamental goal is to produce returns superior to energy related benchmarks and broad market equity indices by investing in a diversified portfolio of energy company equities designed to capitalize on existing energy supply and demand fundamentals.

The primary thrust of the strategy is to capitalize on the ongoing positive supply and demand fundamentals that exist in energy markets. Among other things, the manager emphasizes those sectors and companies that are beneficiaries of the necessary capital expenditures that will be required to generate the supply required to maintain and support increasing global energy demand and global economic growth.

FEE SCHEDULE

1.00% on all assets

Asset Allocation
Energy Opportunities Capital
September 30, 2013 \$6,751,470



CONCLUSIONS/RECOMMENDATIONS

Energy Opportunities Capital under performed the blended benchmark by 15 basis points during the 3rd Quarter 2013.

City of Mobile Police & Firefighters

September 30, 2013

Performance Summary Table
Periods Ending 9/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
SSgA S&P 400 MidCap Index Fund							
Total Return	7.54						
Total Return (Net of Fees)	7.54						
S&P Midcap 400	7.54						
Variance	0.00						

SSGA S&P 400 MIDCAP INDEX FUND (Commingled Fund)

OBJECTIVE:

Track the return of the S&P 400 MidCap Index.

STRATEGY:

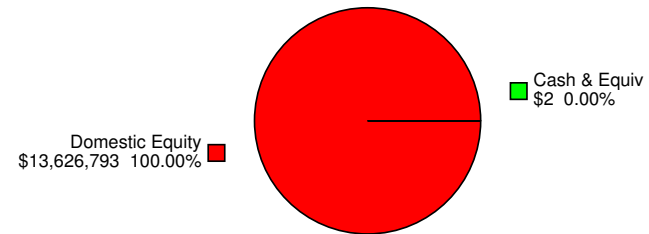
The Fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index in the same proportions as they are represented in the Index. In some cases, it may not be possible or practical to purchase all of the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. The Fund's returns may vary from the returns of the Index.

FEE SCHEDULE

7 bps on first \$50MM
5 bps on next \$50MM
3 bps thereafter

Asset Allocation SSgA S&P 400 MidCap Index Fund

September 30, 2013 \$13,626,795



CONCLUSIONS/RECOMMENDATIONS

The SSgA S&P 400 MidCap Index Fund performed in-line with the S&P 400 MidCap Index during the quarter.

City of Mobile Police & Firefighters Midcap Neutral Cumulative Performance Comparisons Total Returns of Equity Portfolios Periods Ending 9/13



5th Percentile	14.67
25th Percentile	9.42
Median	8.10
75th Percentile	7.52
95th Percentile	5.41

S SSgA S&P 400 MidCap Index Fund	7.54 (73)
1 S&P Midcap 400	7.54 (73)

City of Mobile Police & Firefighters

September 30, 2013

Performance Summary Table
Periods Ending 9/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Morgan Dempsey SCV							
Total Return	10.83						
Total Return (Net of Fees)	10.68						
Russell 2000 Value	7.60						
Variance	3.24						

Morgan Dempsey Capital Management, LLC

Small Cap Value Equity

Separately Managed Account

OBJECTIVE

Manager is expected to rank in the top 50% versus their peer group over a minimum three year period. Investment performance is expected to exceed the Russell 2000 Value Index over a market cycle. (3-5 years)

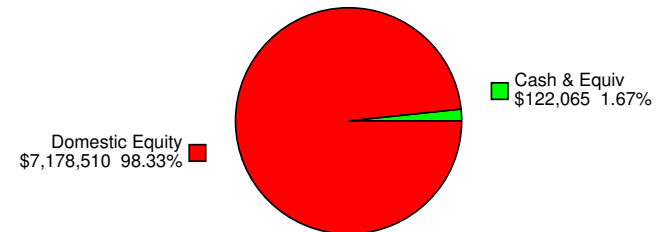
STRATEGY

Morgan Dempsey focuses on the area of the market where they can gain a significant advantage through bottom-up fundamental research. Their ability to pursue micro-cap companies in addition to small-cap stocks provides them with opportunities that are off limits to many larger institutional strategies. The firm pursues companies with strong competitive characteristics and equally strong balance sheets that are selling at a big discount to estimated intrinsic value. As a buy-and-hold investor, the firm wants to be a long-term partner with great companies. While they consider themselves value investors, growth is one of the many factors they take into consideration when computing intrinsic value estimates. Morgan Dempsey's value style fosters a capital preservation and risk control philosophy. Their contrarian bias affords them the freedom to be agnostic to benchmark weightings and to instead focus on the best companies in the most promising areas of the market. The portfolio will typically hold between 55-75 companies with diversification across industry sectors.

FEE SCHEDULE

1.10% on all assets

Asset Allocation
Morgan Dempsey SCV
September 30, 2013 \$7,300,576



CONCLUSIONS/RECOMMENDATIONS

Morgan Dempsey out performed the Russell 2000 Value Index by 324 basis points during the 3rd Quarter 2013 and ranked in the top of the Small Cap Value Universe. Stock selection in Energy and Consumer Discretionary, as well as sector weighting decisions in Industrials and Financials contributed to the out performance.

City of Mobile Police & Firefighters

Equity Summary Statistics

Morgan Dempsey SCV

Period Ending 9/13

	Portfolio	Russell 2000 Value	Ten Largest Holdings	Mkt Value	% of Port	Quarterly Ret
Total Number Of Securities	69	1,376	Sturm Ruger & Co Inc	441,228	6.15	31.91
Equity Market Value	7,178,510		Gorman Rupp Co	369,425	5.15	26.36
Average Capitalization \$(000)	1,306,146	1,397,886	J & J Snack Foods Co	345,885	4.82	3.97
Median Capitalization \$(000)	721,491	552,000	Utah Med Prods Inc	335,242	4.67	10.00
Equity Segment Yield	1.26	2.00	Jos A Bank Clothiers	292,378	4.08	6.39
Equity Segment P/E - Average	23.59	32.37	Aptargroup Inc	287,662	4.01	9.38
Equity Segment P/E - Median	19.67	14.79	Granite Constr Inc	262,242	3.66	3.26
Equity Segment Beta	1.02	1.30	Unit Corp	221,199	3.08	9.18
Price/Book Ratio	2.18	1.41	Foster L B Co	206,791	2.88	6.03
Debt/Equity Ratio	15.97	50.11	Weis Mkts Inc	164,683	2.30	9.24
Five Year Earnings Growth	3.96	4.31				

GICS Sectors	Weight		Return		Selection		
	Portfolio	Index	Portfolio	Index	Stock	Sector	Total
Energy	12.57	7.06	18.03	11.49	0.82	0.21	1.04
Materials	10.51	4.79	7.17	8.45	-0.14	0.05	-0.09
Industrials	34.43	13.06	11.70	11.37	0.11	0.80	0.91
Consumer Discretionary	16.56	10.87	16.48	8.53	1.32	0.05	1.37
Consumer Staples	14.35	2.73	4.19	9.58	-0.77	0.23	-0.55
Health Care	7.04	4.36	8.14	12.48	-0.31	0.13	-0.18
Financials	2.21	39.44	3.79	4.78	-0.02	1.06	1.04
Information Technology	2.33	10.58	7.42	11.54	-0.10	-0.32	-0.42
Telecom. Services	0.00	0.66		5.93	0.00	0.01	0.01
Utilities	0.00	6.44		0.80	0.00	0.44	0.44
	100.00	100.00	11.21	7.63	0.92	2.66	3.58

Stock Selection Return Attribution

[Portfolio Market Value Sector Percentage] * [Portfolio Sector Return - Index Sector Return]

Sector Selection Return Attribution

[Portfolio Sector Percentage - Index Sector Percentage] * [Index Sector Return - Index Total Return]

Trading Effect -0.13%

[Actual Return 11.08%] - [Buy Hold Return 11.21%]

City of Mobile Police & Firefighters

Small Value Cumulative Performance Comparisons

Total Returns of Equity Portfolios

Periods Ending 9/13



5th Percentile	10.32
25th Percentile	8.94
Median	8.28
75th Percentile	7.97
95th Percentile	6.06

m Morgan Dempsey SCV	10.83 (1)
1 Russell 2000 Value	7.60 (80)

City of Mobile Police & Firefighters

September 30, 2013

Performance Summary Table
Periods Ending 9/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
SouthernSun SCC							
Total Return	11.78						
Total Return (Net of Fees)	11.62						
Russell 2000	10.21						
Variance	1.57						

SOUTHERNSUN ASSET MANAGEMENT

Small Cap Core Equity

Separately Managed Account

OBJECTIVE

Manager is expected to rank in the top 50% versus their peer group over a minimum three year period. Investment performance is expected to exceed the Russell 2000 Index over a market cycle. (3-5 years)

STRATEGY

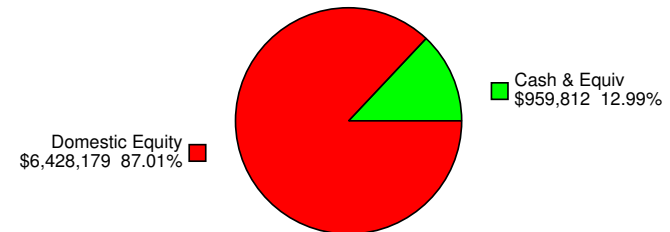
Pinpoint attractively valued companies based on a proprietary calculation and analysis of a company's discretionary cash flow. Analyze company's enterprise value, P/E and P/B ratios, and "break-up" value; and focus on companies with at least a minimal rate of organic growth (3-6%).

Bottom-up analysis of niche-dominant businesses with financial flexibility and uniquely-suited management teams.

FEE SCHEDULE:

1.00% on the first \$50,000,000
0.95% on the next \$50,000,000
0.90% on the next \$100,000,000
0.85% thereafter

Asset Allocation
SouthernSun SCC
September 30, 2013 \$7,387,991



CONCLUSIONS/RECOMMENDATIONS

SouthernSun out performed the Russell 2000 Index by 157 basis points during the 3rd Quarter 2013 and ranked in the 8th percentile of the Small Cap Core Universe. Stock selection in Energy, Industrials, and Consumer Discretionary sectors were the main contributors to the out performance.

City of Mobile Police & Firefighters

Equity Summary Statistics

SouthernSun SCC

Period Ending 9/13

	Portfolio	Russell 2000	Ten Largest Holdings	Mkt Value	% of Port	Quarterly Ret
Total Number Of Securities	20	1,995	URS Corp New	414,144	6.44	14.30
Equity Market Value	6,428,179		Darling Intl Inc	402,781	6.27	13.40
Average Capitalization \$(000)	3,543,033	1,627,492	Chicago Bridge & Iro	401,537	6.25	13.68
Median Capitalization \$(000)	2,787,529	647,394	Carbo Ceramics Inc	398,422	6.20	47.48
Equity Segment Yield	1.06	1.28	Iconix Brand Group I	397,643	6.19	12.95
Equity Segment P/E - Average	20.84	42.95	AGCO Corp	393,032	6.11	20.59
Equity Segment P/E - Median	20.05	15.80	Trinity Inds Inc	388,196	6.04	18.40
Equity Segment Beta	1.41	1.28	Centene Corp Del	384,719	5.99	21.92
Price/Book Ratio	2.39	2.09	Brinks Co	317,385	4.94	11.34
Debt/Equity Ratio	46.59	42.66	Intrepid Potash Inc	316,658	4.93	-17.69
Five Year Earnings Growth	4.58	7.05				

GICS Sectors	Weight		Return		Selection		
	Portfolio	Index	Portfolio	Index	Stock	Sector	Total
Energy	5.18	5.57	47.48	13.29	1.77	-0.01	1.76
Materials	6.15	4.94	0.70	10.08	-0.58	-0.00	-0.58
Industrials	35.73	14.26	15.62	12.03	1.28	0.38	1.66
Consumer Discretionary	17.72	14.28	15.21	7.84	1.30	-0.08	1.22
Consumer Staples	9.80	3.87	7.91	12.84	-0.48	0.15	-0.33
Health Care	10.73	12.29	15.50	15.07	0.05	-0.08	-0.03
Financials	5.22	23.36	11.41	5.38	0.31	0.89	1.20
Information Technology	4.97	17.39	-12.01	14.27	-1.31	-0.50	-1.80
Telecom. Services	0.00	0.76		10.56	0.00	-0.00	-0.00
Utilities	4.50	3.27	6.47	0.83	0.25	-0.12	0.14
	100.00	100.00	13.51	10.27	2.61	0.63	3.24

Stock Selection Return Attribution

[Portfolio Market Value Sector Percentage] * [Portfolio Sector Return - Index Sector Return]

Sector Selection Return Attribution

[Portfolio Sector Percentage - Index Sector Percentage] * [Index Sector Return - Index Total Return]

Trading Effect 0.16%

[Actual Return 13.67%] - [Buy Hold Return 13.51%]

City of Mobile Police & Firefighters

Small Neutral Cumulative Performance Comparisons

Total Returns of Equity Portfolios

Periods Ending 9/13



5th Percentile	11.92
25th Percentile	10.31
Median	9.37
75th Percentile	8.20
95th Percentile	3.83

S SouthernSun SCC	11.78 (8)
1 Russell 2000	10.21 (32)

City of Mobile Police & Firefighters

September 30, 2013

Performance Summary Table
Periods Ending 9/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Allianz Global Investors							
Total Return	8.63	8.30	14.14				
Total Return (Net of Fees)	8.63	8.30	14.14				
MSCI ACWI ex US (Net)	10.09	10.04	16.48				
Variance	-1.46	-1.74	-2.34				

ALLIANZ GLOBAL INVESTORS (NFJ Int'l Value Fund) International Equity Portfolio (Mutual Fund)

OBJECTIVE:

Manager is expected to rank in the top 50% versus their peer group over a minimum three year period. Investment performance is expected to exceed the MSCI ACWI ex US (Net) Index over a market cycle. (3-5 years)

STRATEGY:

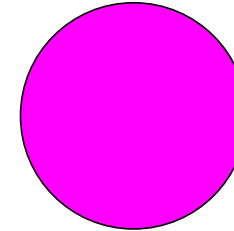
Allianz's investment process enables them to identify stocks offering attractive valuations and growth potential. Manager believes a diversified portfolio of dividend-paying companies with low relative and absolute valuations will out perform over market cycles. Investment conviction must come from analysis of company fundamentals and disciplined adherence to their investment process. The portfolio is constructed of approximately 40-60 of the most attractive securities, diversified among 40-50 industries. Position sizes of 1% through 4% at market value are established based on assessment of price-to-earnings and price-to-book ratios, as well as dividend yield and positive price momentum.

FEE SCHEDULE

0.85% annually on the first \$25 million
0.75% annually on the next \$25 million
0.60% annually on the next \$50 million
0.45% annually thereafter

Asset Allocation
Allianz Global Investors
September 30, 2013 \$12,350,185

Intl Equity
\$12,350,185 100.00%

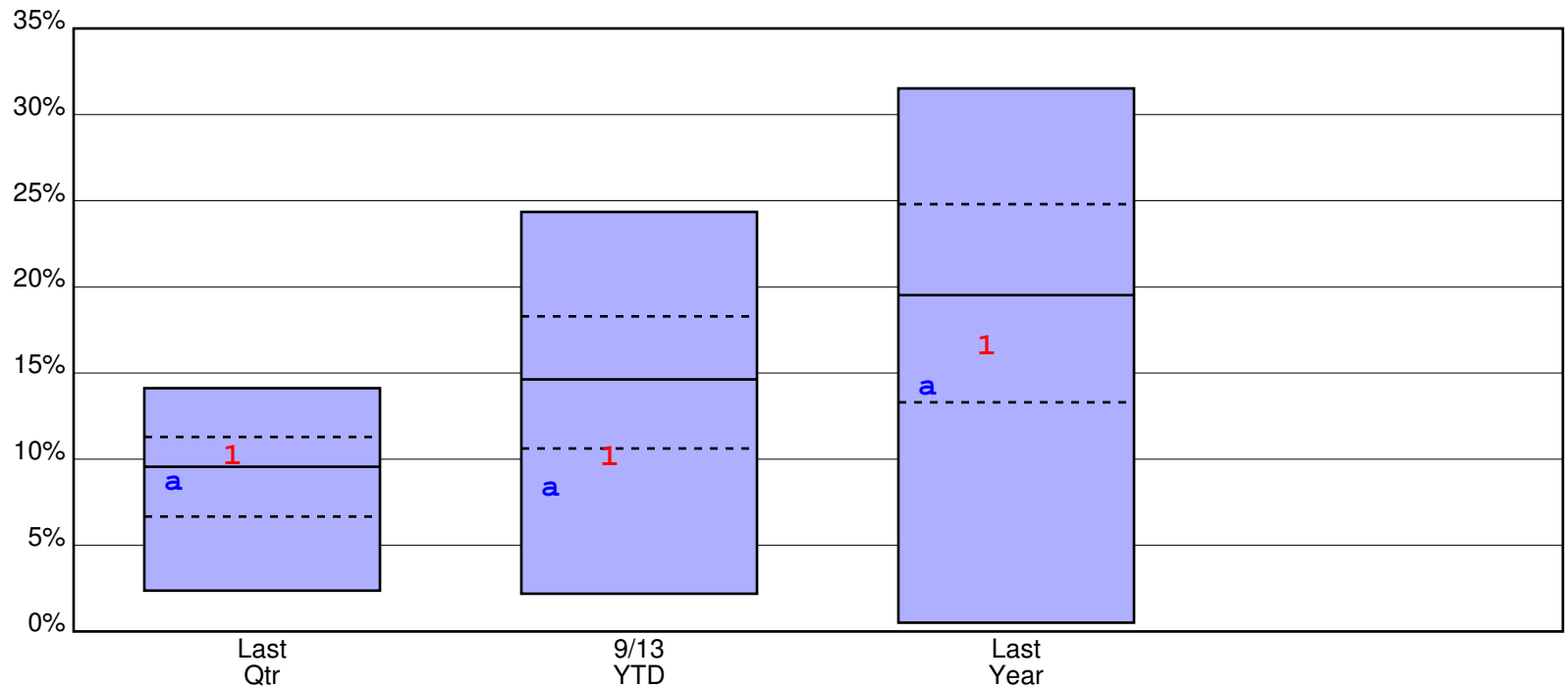


CONCLUSIONS/RECOMMENDATIONS

Allianz Global Investors under performed the MSCI ACWI ex US (Net) during the 3rd Quarter 2013 and ranked in the 59th percentile of the International Equity Universe.

Over a 1-year time period, Allianz Global Investors ranks in the 72nd percentile of the International Equity Universe.

City of Mobile Police & Firefighters Cumulative Performance Comparison Total Returns of International Equity Portfolios Periods Ending 9/13



5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile

14.12
11.29
9.56
6.67
2.37

24.35
18.29
14.63
10.62
2.19

31.52
24.80
19.52
13.30
0.51

a Allianz Global Investors
1 MSCI ACWI ex US (Net)

8.63 (59)
10.09 (43)

8.30 (85)
10.04 (77)

14.14 (72)
16.48 (66)

City of Mobile Police & Firefighters

September 30, 2013

Performance Summary Table
Periods Ending 9/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Orleans							
Total Return	0.89	-0.33	0.06	2.54	3.06	6.01	4.81
Total Return (Net of Fees)	0.86	-0.42	-0.06	2.42	2.94	5.89	
Barclays Int Govt/Credit	0.62	-0.84	-0.50	1.92	2.42	4.95	4.10
Variance	0.27	0.51	0.55	0.62	0.64	1.06	0.71
Barclays U.S. Aggregate	0.57	-1.89	-1.68	1.68	2.86	5.41	4.59

ORLEANS

Intermediate Fixed Income Portfolio (Separately Managed)

OBJECTIVE:

The manager is expected to rank in the top 50% versus their respective peer group over a minimum three year period.

Manager is expected to exceed the Barclays Int Govt/Corp Index over a full market cycle. (3-5 years)

STRATEGY:

Sector diversification is actively managed and sectors are significantly under or over weighted versus the benchmark. Consideration is given to supply and demand factors affecting future performance of the sectors as well as to yield relationships between the sectors.

Interest rate exposure is actively managed within a 15% band around the benchmark.

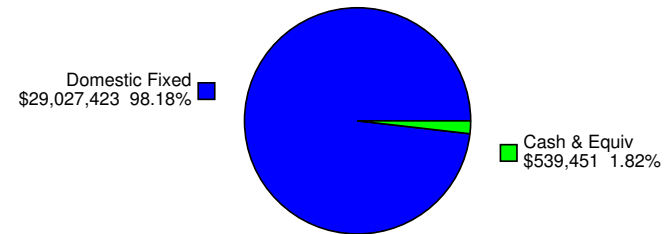
Yield curve exposure is generally kept neutral to the index and portfolios contain a full spectrum of maturities to achieve duration targets.

FEE SCHEDULE

15 bps on first \$10MM
10 bps thereafter

Asset Allocation Orleans

September 30, 2013 \$29,566,874



CONCLUSIONS/RECOMMENDATIONS

Orleans out performed the Barclays Int. Govt/Credit Index and the Barclays U.S. Aggregate Index. Manager ranked in the 24th percentile of the Fixed Income Universe during the quarter.

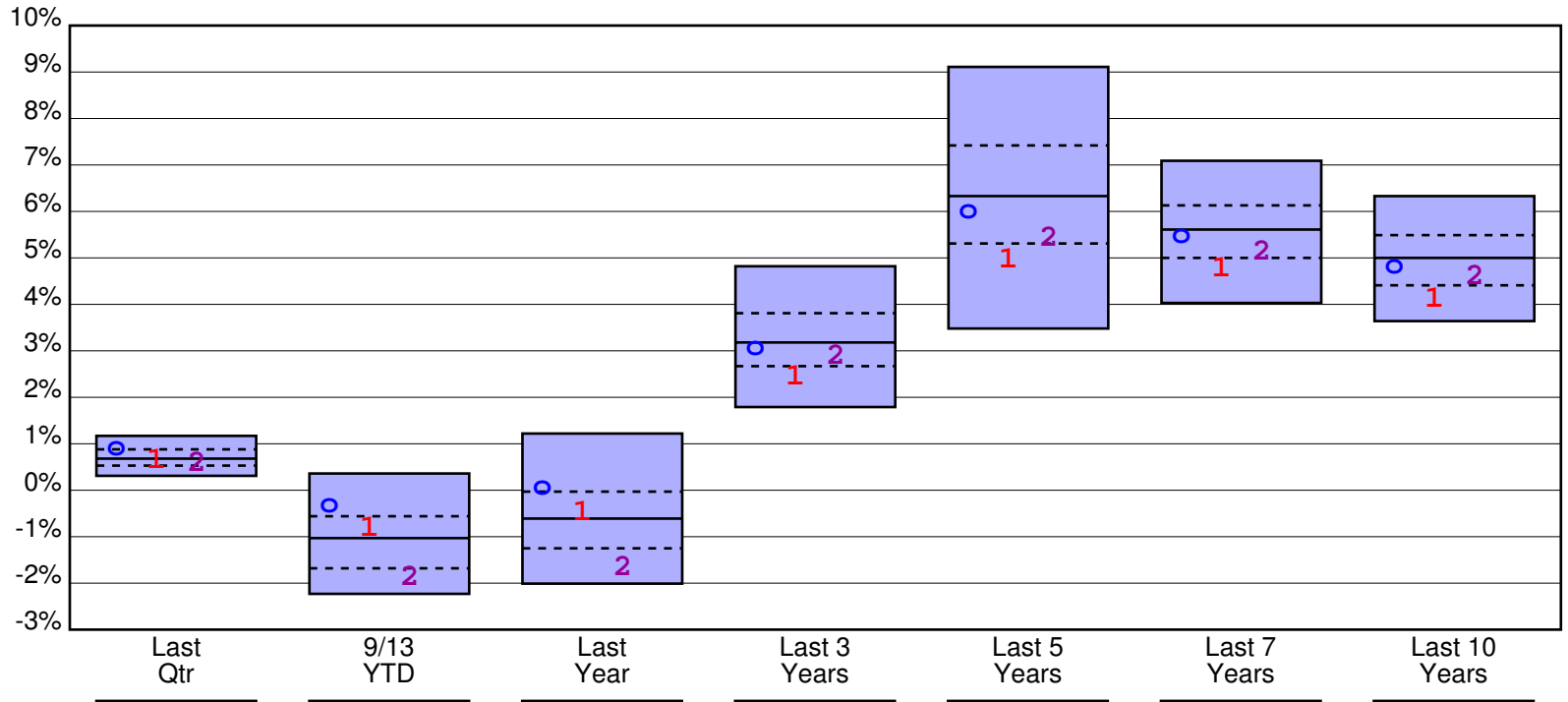
In all periods greater than one year, the manager has out performed the Barclays Int. Govt/Credit Index. Over the past seven years, manager ranks in the 55th percentile of the Fixed Income Universe.

City of Mobile Police & Firefighters

Intermediate Term Cumulative Performance Comparisons

Total Returns of Fixed Income Portfolios

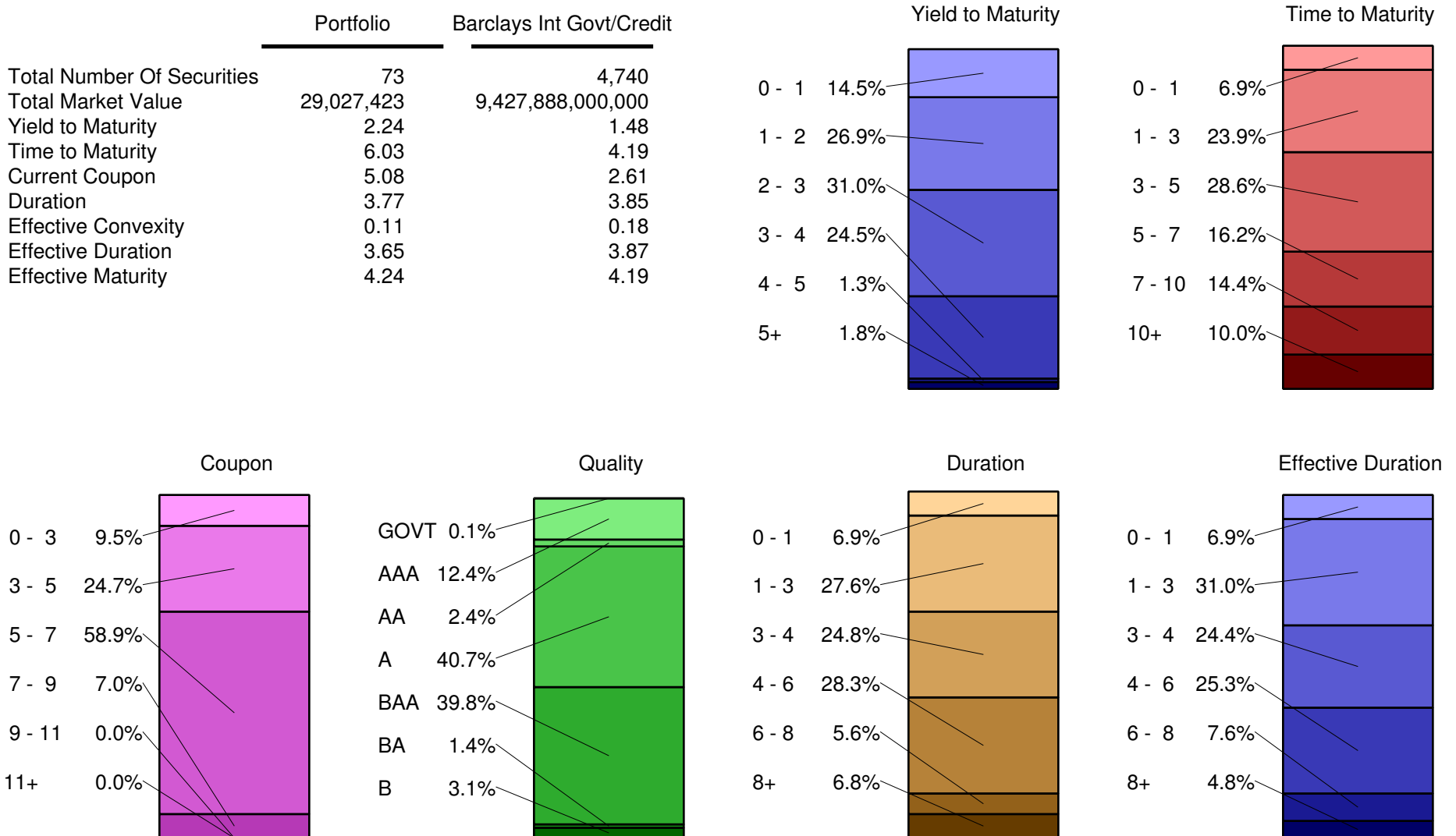
Periods Ending 9/13



5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile

	Last Qtr	9/13 YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
5th Percentile	1.17	0.36	1.22	4.82	9.11	7.09	6.33
25th Percentile	0.88	-0.56	-0.03	3.81	7.42	6.13	5.49
Median	0.68	-1.03	-0.61	3.18	6.33	5.61	5.00
75th Percentile	0.53	-1.68	-1.25	2.67	5.31	5.00	4.41
95th Percentile	0.31	-2.23	-2.01	1.79	3.48	4.03	3.64
Orleans	0.89 (24)	-0.33 (16)	0.06 (22)	3.06 (56)	6.01 (57)	5.48 (55)	4.81 (58)
Barclays Int Govt/Credit	0.62 (60)	-0.84 (38)	-0.50 (45)	2.42 (84)	4.95 (82)	4.76 (83)	4.10 (82)
Barclays U.S. Aggregate	0.57 (66)	-1.89 (84)	-1.68 (89)	2.86 (66)	5.41 (72)	5.12 (69)	4.59 (69)

City of Mobile Police & Firefighters Fixed Income, Mortgage and Municipals Summary Statistics Orleans Quarter Ending 9/13



City of Mobile Police & Firefighters

September 30, 2013

GUGGENHEIM REAL ESTATE PLUS FUND **Real Estate - Open-ended, Core/Core-Plus Style**

OBJECTIVE

Return that exceeds the Blended Benchmark (70% NCREIF and 30% NAREIT).

Return that averages in top half of a comparable manager universe.

Achieve performance objectives, comply with Plan investment guidelines, add value to Plan.

STRATEGIES

Invests in both public (approximately 30% of portfolio) and private (approximately 70% of portfolio real estate)

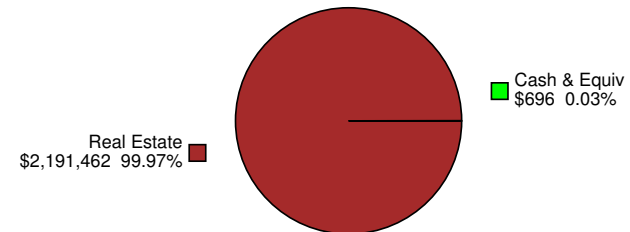
Public investments consist of 4 separate account REIT strategies (core, large cap, small cap, and absolute return) and an in-house public/private arbitrage portfolio.

Private investments consist of direct properties (31 investments), mezzanine financing (8 investments), and 7 fund investments (in order to take advantage of market pricing and portfolio diversification).

FEE SCHEDULE

60 bps base management fee and an incentive fee: 20% of the outperformance over the benchmark, calculated on a rolling four quarters' basis

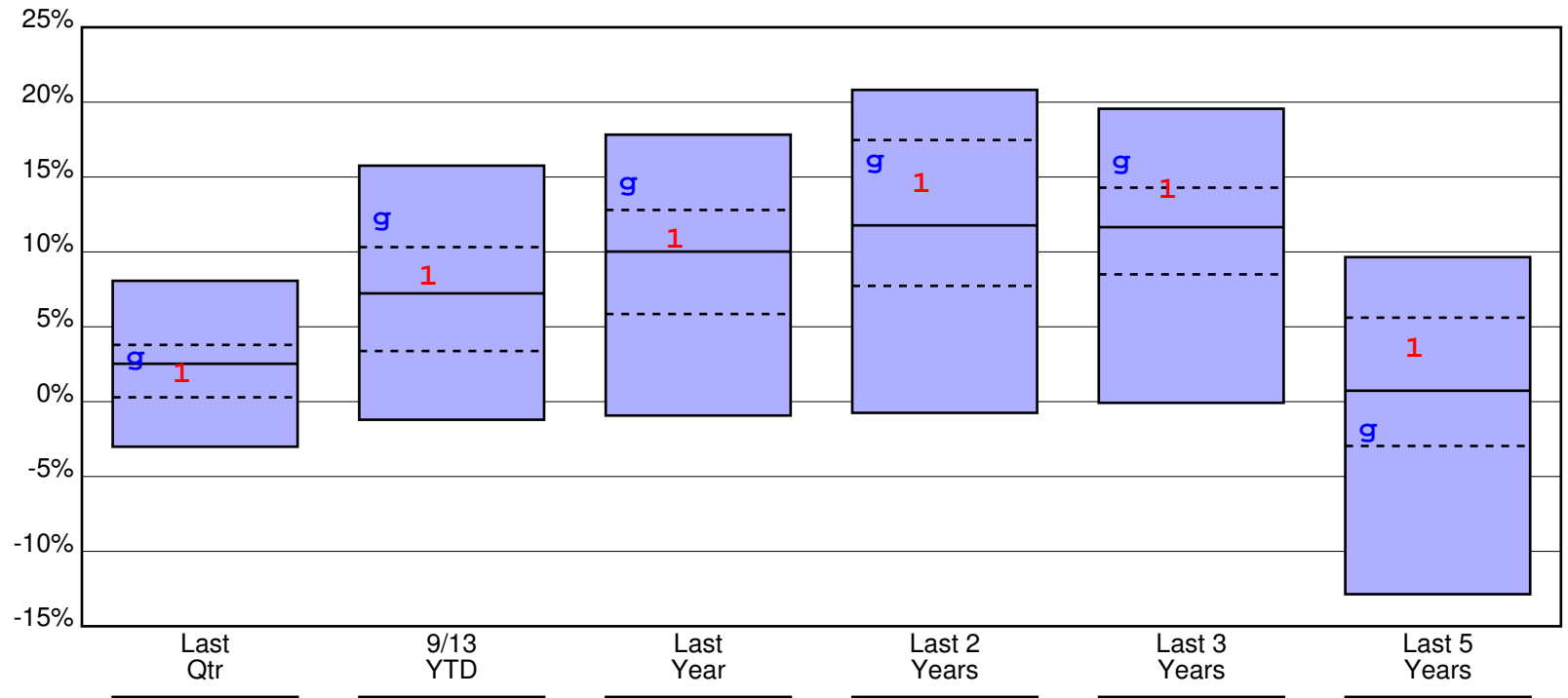
Asset Allocation
Guggenheim
September 30, 2013 \$2,192,157



CONCLUSIONS/RECOMMENDATIONS

Guggenheim out performed the blended benchmark by 110 bps and ranked in the 41st percentile of the Real Estate Universe for the quarter.

City of Mobile Police & Firefighters Cumulative Performance Comparison Total Returns of Real Estate Portfolios Periods Ending 9/13



5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile

Last Qtr	8.07	15.76	17.83	20.82	19.56	9.65
9/13 YTD	3.79	10.32	12.80	17.47	14.29	5.61
Last Year	2.53	7.23	10.02	11.77	11.65	0.73
Last 2 Years	0.29	3.38	5.85	7.73	8.50	-2.96
Last 3 Years	-3.01	-1.21	-0.93	-0.75	-0.08	-12.86
Last 5 Years						
	2.88 (41)	12.16 (13)	14.54 (16)	15.99 (28)	15.94 (14)	-1.97 (71)
	1.78 (61)	8.26 (41)	10.75 (41)	14.42 (32)	14.03 (26)	3.45 (34)

g Guggenheim

1 70% NCREIF / 30% NAREIT

City of Mobile Police & Firefighters September 30, 2013

DLJ REAL ESTATE CAPITAL PARTNERS FUND II Real Estate

OBJECTIVE

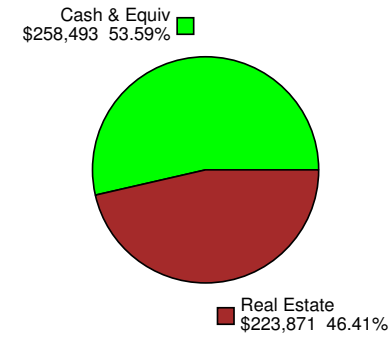
Manager is expected to out perform the NCREIF Index.

CONCLUSIONS/RECOMMENDATIONS

Fund term has expired and DLJ is completing disposition of its final properties.

Asset Allocation DLJ

September 30, 2013 \$482,364



City of Mobile Police & Firefighters
Internal Rate of Return Table
DLJ
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/99		284,105	0	-2,982	0	0	281,123	-1.05	NA
12/99	281,123	74,723	103,725	5,612	6,179	13,973	237,581	0.94	NA
3/00	237,581	0	27,164	-5,085	0	0	205,332	-0.99	NA
6/00	205,332	85,874	70,547	-3,371	0	0	217,288	-2.25	NA
9/00	217,288	127,268	17,213	-9,354	4,575	0	313,414	-5.91	-5.80
12/00	313,414	86,288	0	25,639	0	15,000	410,341	3.76	2.94
3/01	410,341	0	211	-2,756	0	0	407,374	2.58	1.69
6/01	407,374	143,166	33,120	2,647	3,933	15,000	501,134	3.26	1.83
9/01	501,134	0	64	-4,291	0	0	496,779	1.79	0.88
12/01	496,779	132,570	37,274	14,708	3,086	15,000	588,697	5.83	2.53
3/02	588,697	0	51,598	61,429	0	0	598,528	22.13	8.26
6/02	598,528	45,402	180,067	57,140	4,869	15,000	501,134	37.05	12.06
9/02	501,134	15,000	0	-18,768	0	15,000	482,366	32.01	9.63
12/02	482,366	251,457	38,199	74,902	3,851	0	766,675	52.13	13.68
3/03	766,675	43,610	79,379	3,244	0	0	734,150	51.48	12.53
6/03	734,150	15,000	0	54,226	0	15,000	788,376	64.42	14.11
9/03	788,376	544,306	240,878	18,920	2,103	0	1,108,621	68.86	13.92
12/03	1,108,621	0	3,127	241,887	0	0	1,347,380	126.39	21.08
3/04	1,347,380	118,913	391,372	21,621	2,093	15,000	1,079,449	126.77	19.86
6/04	1,079,449	106,623	106,623	130,968	0	0	1,210,418	157.32	21.91
9/04	1,210,418	54,230	243,754	255,775	0	12,675	1,263,994	220.68	26.12
12/04	1,263,994	30,270	140,710	258,989	3,048	0	1,409,495	286.36	29.21
3/05	1,409,495	23,087	428,199	24,714	0	9,843	1,019,254	297.84	28.42
6/05	1,019,254	4,653	57,806	66,820	2,125	0	1,030,795	324.04	28.45

City of Mobile Police & Firefighters
Internal Rate of Return Table
DLJ
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/05	1,030,795	8,226	380,083	122,226	8,226	0	772,938	368.68	29.24
12/05	772,938	0	11,041	133,827	0	0	895,725	422.40	30.15
3/06	895,725	6,916	190,499	21,922	0	6,916	727,148	448.06	29.81
6/06	727,148	0	0	10,244	0	0	737,392	473.86	29.45
9/06	737,392	90,971	152,912	77,749	2,138	0	751,062	521.46	29.72
12/06	751,062	2,360	238,181	132,476	2,360	0	645,357	590.20	30.42
3/07	645,357	5,080	26,609	13,402	0	5,080	632,151	627.87	30.20
6/07	632,151	0	63,777	3,618	0	0	571,992	665.28	29.94
9/07	571,992	0	104,628	51,478	0	0	518,842	721.58	30.02
12/07	518,842	0	17,928	-19,226	0	0	481,687	759.71	29.70
3/08	481,687	0	25,804	34,552	251	3,771	486,413	818.17	29.71
6/08	486,413	0	59,313	7,653	451	726	433,576	871.25	29.58
9/08	433,576	82,723	92,211	-34,190	651	1,226	388,021	914.21	29.27
12/08	388,021	6,759	98,819	10,868	561	1,324	304,944	976.86	29.20
3/09	304,944	256,372	0	-31,709	0	0	529,607	1,026.58	28.96
6/09	529,607	0	3,140	-9,531	1,195	0	515,742	1,083.28	28.77
9/09	515,742	0	0	58	460	3,129	512,211	1,147.76	28.63
12/09	512,211	0	0	-49,433	1,365	1,322	460,091	1,195.82	28.31
3/10	460,091	1	0	3,350	730	0	462,713	1,267.22	28.21
6/10	462,713	0	0	107	1,236	3,264	458,319	1,342.10	28.11
9/10	458,319	0	1,624	33,508	1,740	1,638	486,826	1,436.80	28.12
12/10	486,826	0	0	7,833	0	0	494,659	1,525.40	28.05
3/11	494,659	0	1,638	-2,467	0	0	490,554	1,612.39	27.95
6/11	490,554	0	0	15,554	0	0	506,108	1,713.73	27.91

City of Mobile Police & Firefighters
Internal Rate of Return Table
DLJ
September 30, 2013

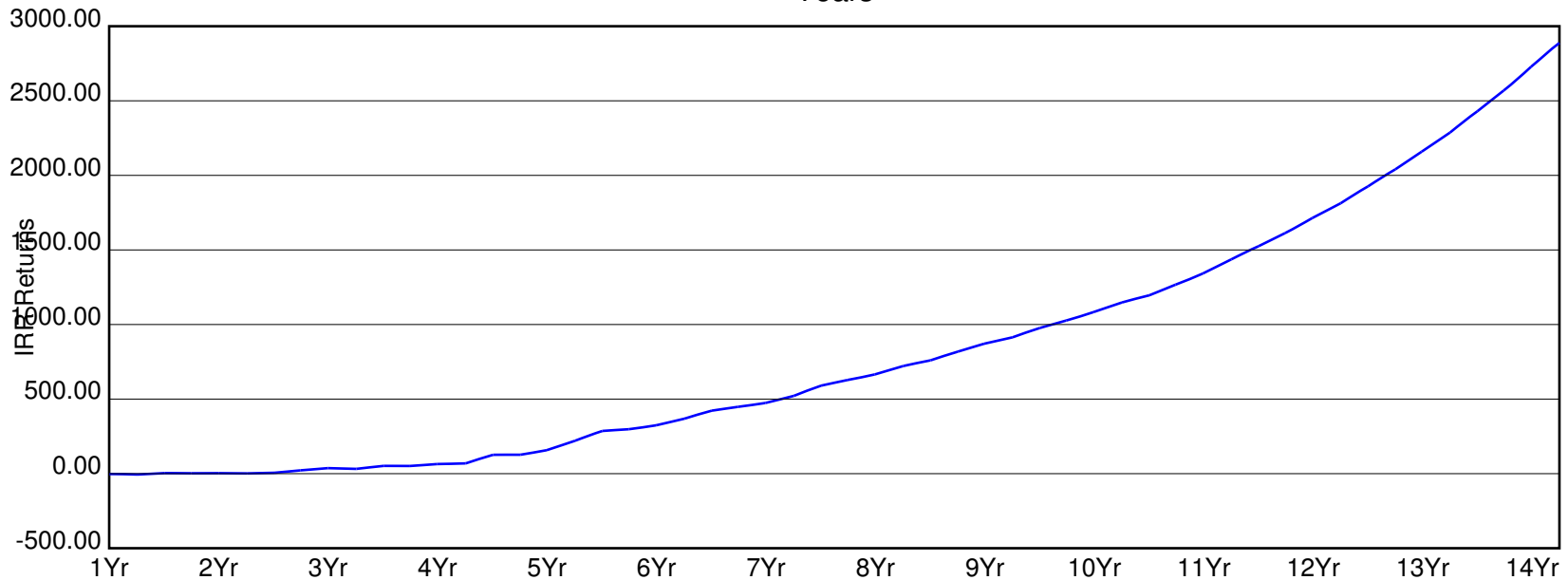
Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/11	506,108	0	0	-3,147	0	1,668	501,294	1,813.04	27.82
12/11	501,294	0	0	13,618	0	0	514,911	1,926.25	27.77
3/12	514,911	0	0	5,316	0	1,259	518,968	2,040.58	27.71
6/12	518,968	0	0	-337	0	0	518,631	2,158.59	27.64
9/12	518,631	0	0	4,280	0	1,066	521,845	2,287.20	27.58
12/12	521,845	0	0	16,929	0	0	538,774	2,429.90	27.54
3/13	538,774	0	0	122	0	1,066	537,830	2,568.66	27.48
6/13	537,830	0	0	20,084	0	0	557,915	2,727.88	27.46
9/13	557,915	0	0	6	67,085	8,471	482,364	2,888.21	27.40
Total		2,645,954	3,719,237	1,863,375	124,311	183,417	482,364	2,888.21	27.40

City of Mobile Police & Firefighters J-Curve Graph

DLJ

3/31/00 - 9/30/13

Years



Year	Contribution	Distribution	Expenses	Investment Fees	Ending Value	Cumulative IRR
1	444,702	201,436	6,179	13,973	217,288	-2.25
2	356,722	50,544	8,508	30,000	501,134	3.26
3	177,972	269,003	7,955	30,000	501,134	37.05
4	325,067	117,578	3,851	30,000	788,376	64.42
5	769,842	742,000	4,196	15,000	1,210,418	157.32
6	112,240	870,469	5,173	22,518	1,030,795	324.04
7	15,142	581,623	8,226	6,916	737,392	473.86
8	98,411	481,479	4,498	5,080	571,992	665.28
9	0	207,673	702	4,497	433,576	871.25
10	345,854	194,170	2,407	2,550	515,742	1,083.28
11	1	0	3,791	7,715	458,319	1,342.10
12	0	3,262	1,740	1,638	506,108	1,713.73
13	0	0	0	2,927	518,631	2,158.59
14	0	0	0	2,132		
Total	2,645,954	3,719,237	124,311	183,417		

City of Mobile Police & Firefighters

September 30, 2013

Performance Summary Table
Periods Ending 9/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
TIAA-CREF							
Total Return	3.29	7.47	10.54	11.20	12.04	-3.94	
Total Return (Net of Fees)	3.00	6.59	9.34	10.00	10.84	-5.01	
NCREIF ODCE Fund Index	3.56	10.44	13.04	12.32	14.27	0.68	
Variance	-0.27	-2.97	-2.50	-1.13	-2.23	-4.62	

TIAA-CREF CORE PROPERTY FUND

Real Estate - Open-ended, Core Style

OBJECTIVE

Manager is expected to outperform the NCREIF Index.

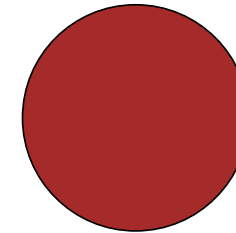
STRATEGIES

TIAA-CREF applies a team-based approach to acquisitions, asset management, dispositions, and research. A top-down proprietary research process combined with bottom-up local expertise provides the foundation for portfolio construction. The Real Estate Research Team utilizes a proprietary modeling process that analyzes 275 market and property type combinations to identify those that offer the greatest potential. Geographic market forecasts identify an initial list of cities and property types based on a rigorous screening of economic, demographic, and real estate market data within a risk-adjusted-return framework. This process, combined with external data and research, enhances the investment team's decision-making capabilities. Senior real estate investment management professionals review the recommended property opportunities and focus on those markets that they believe offer the most potential. The market selections and property-type combinations that comprise a Direct Real Estate portfolio are a result of: the proprietary real estate research processes; a view of strategic portfolio construction; and the applied market knowledge and experience of the Real Estate Investment group. Portfolios managed according to the strategy typically maintain controlling ownership of U.S. real estate assets.

Asset Allocation TIAA-CREF

September 30, 2013 \$2,038,975

Real Estate
\$2,038,975 100.00%



CONCLUSIONS/RECOMMENDATIONS

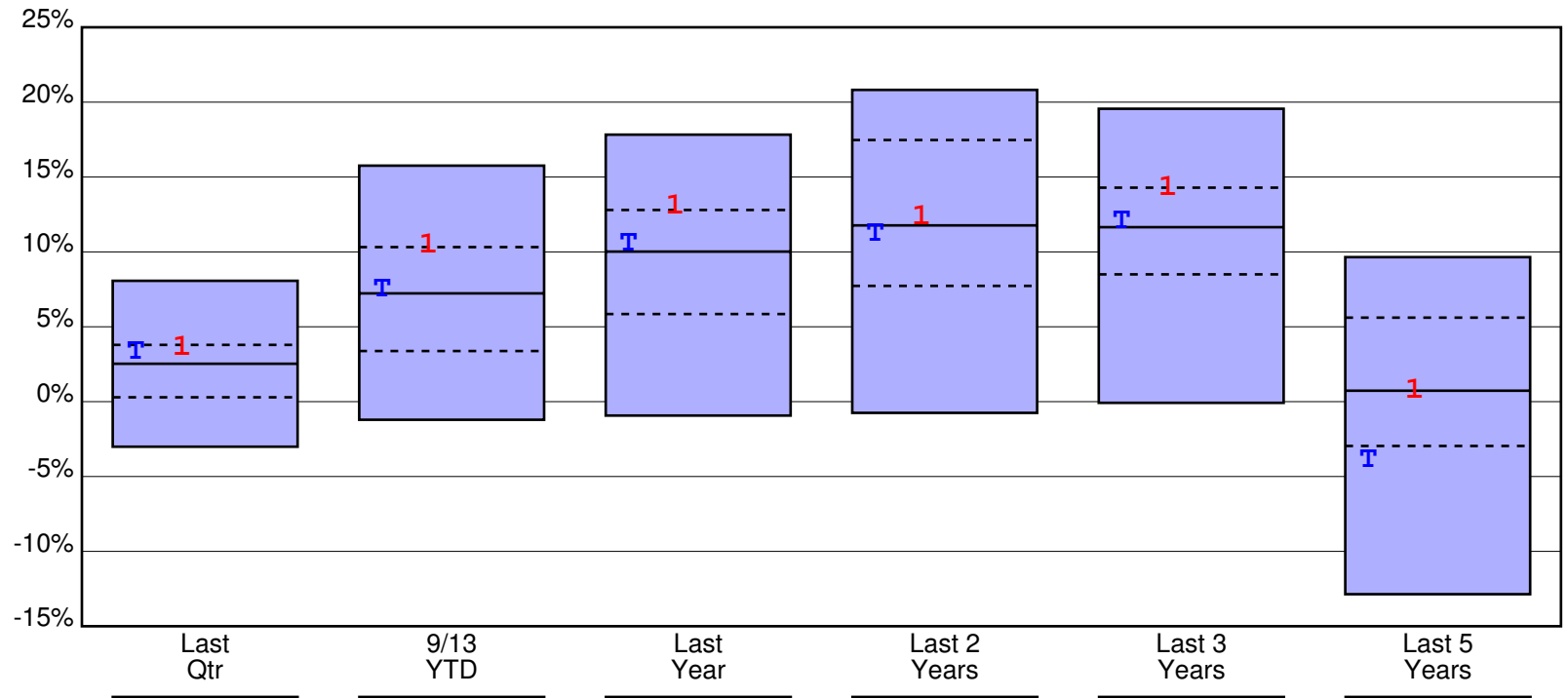
During the Third Quarter 2013, TIAA-CREF under performed the NCREIF Property Index by 27 basis points. Their performance placed them in the 36th percentile of their peer universe.

Long term, manager trails performance expectations, primarily due to current conditions within the Real Estate marketplace.

FEE SCHEDULE

1.10% on first \$10MM
1.00% on next \$15MM
0.90% on next \$25MM
0.80% thereafter

City of Mobile Police & Firefighters Cumulative Performance Comparison Total Returns of Real Estate Portfolios Periods Ending 9/13



5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile

	Last Qtr	9/13 YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
5th Percentile	8.07	15.76	17.83	20.82	19.56	9.65
25th Percentile	3.79	10.32	12.80	17.47	14.29	5.61
Median	2.53	7.23	10.02	11.77	11.65	0.73
75th Percentile	0.29	3.38	5.85	7.73	8.50	-2.96
95th Percentile	-3.01	-1.21	-0.93	-0.75	-0.08	-12.86
T TIAA-CREF	3.29 (36)	7.47 (48)	10.54 (43)	11.20 (55)	12.04 (45)	-3.94 (78)
1 NCREIF ODCE Fund Index	3.56 (29)	10.44 (23)	13.04 (22)	12.32 (43)	14.27 (25)	0.68 (50)

City of Mobile Police & Firefighters September 30, 2013

HICKS, MUSE, TATE & FURST EQUITY FUND IV Private Equity

Initial Closing on August 7, 1998

OBJECTIVE

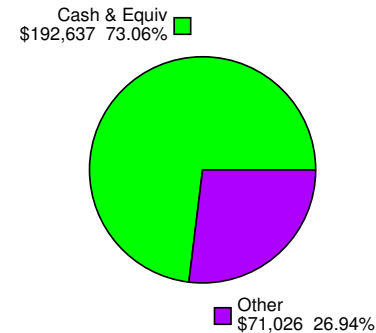
The manager needs to achieve a return of 400 basis points above the Russell 3000 index on an annual basis.

CONCLUSIONS/RECOMMENDATIONS

Hicks, Muse, Tate & Furst IV values and performance has not been updated through the Third Quarter of 2013.

Fund Term has expired and HMTF is in the final phase of completing disposition final investments.

Asset Allocation
Hicks, Muse, Tate & Furst IV
September 30, 2013 \$263,663



City of Mobile Police & Firefighters
Internal Rate of Return Table
Hicks, Muse, Tate & Furst IV
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/98		930,532	64,711	0	0	0	865,821	0.00	NA
12/98	865,821	23,740	117,833	62,315	0	0	834,043	7.31	NA
3/99	834,043	272,679	64,549	-11,067	0	0	1,031,106	6.16	NA
6/99	1,031,106	156,654	0	74,543	0	0	1,262,303	14.22	NA
9/99	1,262,303	130,492	1,022	73,826	0	0	1,465,599	21.11	20.20
12/99	1,465,599	145,549	260	219,115	0	0	1,830,003	41.82	31.02
3/00	1,830,003	224,133	6,909	137,497	0	22,237	2,162,487	52.56	31.50
6/00	2,162,487	218,195	67,788	55,182	0	0	2,368,076	54.27	27.37
9/00	2,368,076	0	7,976	-302,706	0	0	2,057,394	25.45	11.73
12/00	2,057,394	46,616	41,932	-288,223	0	0	1,773,855	1.59	0.69
3/01	1,773,855	18,215	6,876	-212,750	0	11,515	1,560,929	-14.24	-5.86
6/01	1,560,929	42,818	1,012	234,552	0	0	1,837,287	3.09	1.10
9/01	1,837,287	22,558	484,649	-176,658	0	0	1,198,538	-9.52	-3.23
12/01	1,198,538	11,966	24,115	-269,195	0	0	917,194	-28.37	-9.63
3/02	917,194	27,496	2,811	4,104	0	10,504	935,479	-28.29	-8.96
6/02	935,479	3,470	0	-129,145	0	0	809,804	-37.45	-11.64
9/02	809,804	0	2,393	-19,057	0	0	788,354	-38.96	-11.49
12/02	788,354	0	7,177	-3,518	0	0	777,659	-39.38	-11.00
3/03	777,659	14,731	0	-49,296	0	0	743,094	-43.02	-11.65
6/03	743,094	0	0	82,005	0	0	825,099	-37.32	-9.29
9/03	825,099	0	0	-40,975	0	0	784,124	-40.33	-9.73
12/03	784,124	0	863	76,419	0	0	859,680	-34.94	-7.80
3/04	859,680	8,669	942	-51,378	0	0	816,029	-38.70	-8.45
6/04	816,029	0	73,922	-54,988	0	0	687,119	-42.74	-9.17

City of Mobile Police & Firefighters
Internal Rate of Return Table
Hicks, Muse, Tate & Furst IV
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/04	687,119	0	3,421	-54,963	0	0	628,735	-46.90	-9.94
12/04	628,735	0	29,658	89,646	0	0	688,723	-40.56	-7.93
3/05	688,723	4,580	1,084	-1,443	0	0	690,776	-40.85	-7.71
6/05	690,776	1,303	347,240	-56,077	0	0	288,762	-45.24	-8.48
9/05	288,762	0	16,992	104	0	0	271,874	-45.96	-8.36
12/05	271,874	0	0	-30,555	0	0	241,319	-49.05	-8.82
3/06	241,319	4,236	5,806	-7,701	0	0	232,048	-50.37	-8.87
6/06	232,048	0	0	14,941	0	0	246,989	-49.88	-8.48
9/06	246,989	0	81,948	410	0	0	165,451	-50.53	-8.37
12/06	165,451	0	56,426	15,881	0	0	124,906	-49.99	-8.01
3/07	124,906	3,026	0	1,596	0	0	129,528	-50.66	-7.93
6/07	129,528	0	0	6,834	0	0	136,362	-50.84	-7.76
9/07	136,362	0	0	-13,091	0	0	123,271	-52.75	-7.95
12/07	123,271	0	7,965	3,282	0	0	118,588	-53.20	-7.84
3/08	118,588	2,646	0	-8,645	0	0	112,589	-54.72	-7.96
6/08	112,589	0	0	-8,568	0	0	104,021	-56.24	-8.09
9/08	104,021	1,901	0	-4,877	0	0	101,045	-57.43	-8.15
12/08	101,045	0	1,901	-17,717	0	0	81,427	-59.88	-8.48
3/09	81,427	92,836	3,385	-89,451	0	0	81,427	-69.96	-10.78
6/09	81,427	0	3,385	94,278	0	0	172,320	-60.51	-8.25
9/09	172,320	0	0	8,479	0	0	180,799	-60.10	-7.98
12/09	180,799	0	0	4,541	0	0	185,340	-60.07	-7.80
3/10	185,340	6,516	0	3,441	0	0	195,296	-60.12	-7.65
6/10	195,296	0	0	-5,801	0	0	189,496	-61.11	-7.69

City of Mobile Police & Firefighters
Internal Rate of Return Table
Hicks, Muse, Tate & Furst IV
September 30, 2013

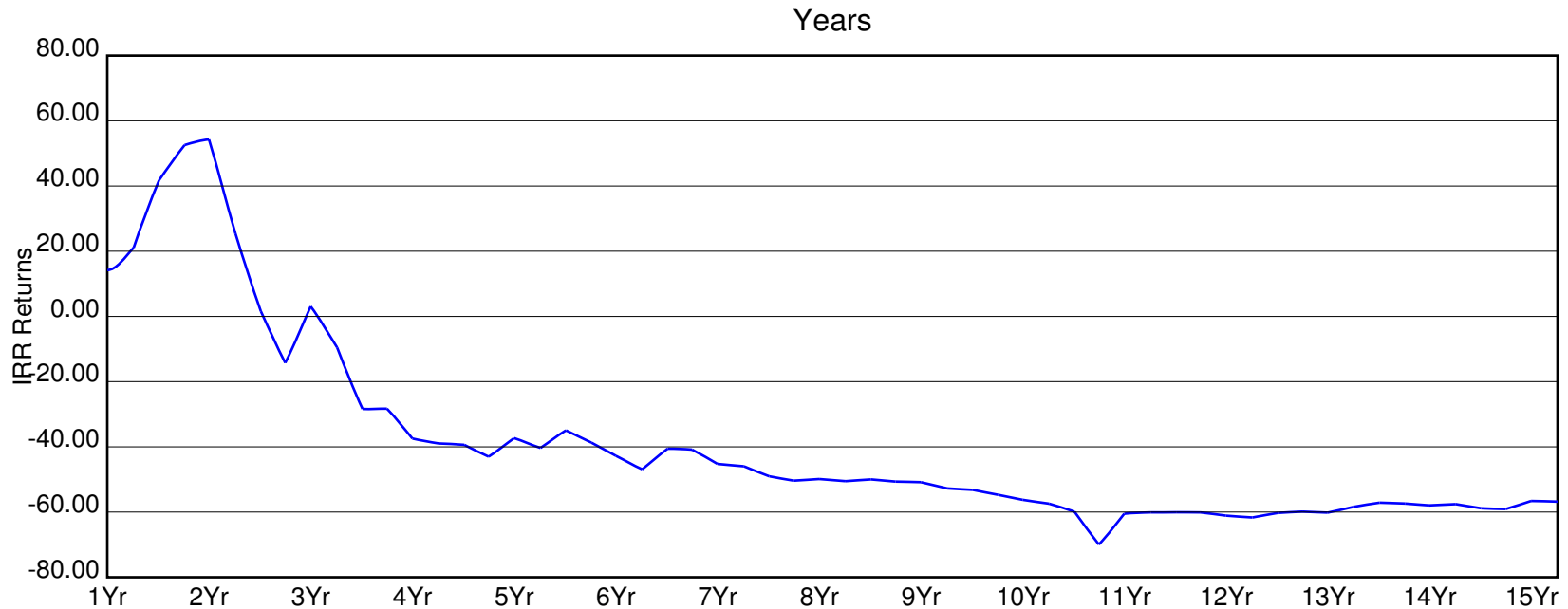
Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/10	189,496	0	0	-1,792	0	0	187,704	-61.67	-7.65
12/10	187,704	0	0	16,585	0	0	204,289	-60.27	-7.23
3/11	204,289	0	0	6,870	0	0	211,159	-59.86	-7.02
6/11	211,159	1	0	1	0	0	211,161	-60.18	-6.94
9/11	211,161	0	0	19,727	0	0	230,888	-58.38	-6.50
12/11	230,888	0	0	14,511	0	0	245,399	-57.12	-6.17
3/12	245,399	0	0	11	0	0	245,410	-57.38	-6.10
6/12	245,410	0	0	-2,925	0	0	242,485	-57.95	-6.08
9/12	242,485	0	0	5,848	0	0	248,333	-57.57	-5.92
12/12	248,333	0	0	-9,555	0	0	238,777	-58.84	-6.02
3/13	238,777	0	0	0	0	0	238,777	-59.07	-5.96
6/13	238,777	0	0	24,882	0	0	263,659	-56.60	-5.48
9/13	263,659	0	0	4	0	0	263,663	-56.81	-5.42
Total		2,415,558	1,536,951	-570,688	0	44,256	263,663	-56.81	-5.42

City of Mobile Police & Firefighters

J-Curve Graph

Hicks, Muse, Tate & Furst IV

3/31/99 - 9/30/13



Year	Contribution	Distribution	Expenses	Investment Fees	Ending Value	Cumulative IRR
1	1,383,605	247,093	0	0	1,262,303	14.22
2	718,369	75,979	0	22,237	2,368,076	54.27
3	107,649	57,796	0	11,515	1,837,287	3.09
4	65,490	511,575	0	10,504	809,804	-37.45
5	14,731	9,570	0	0	825,099	-37.32
6	8,669	75,727	0	0	687,119	-42.74
7	5,883	381,403	0	0	288,762	-45.24
8	4,236	22,798	0	0	246,989	-49.88
9	3,026	138,374	0	0	136,362	-50.84
10	2,646	7,965	0	0	104,021	-56.24
11	94,737	8,671	0	0	172,320	-60.51
12	6,516	0	0	0	189,496	-61.11
13	1	0	0	0	211,161	-60.18
14	0	0	0	0	242,485	-57.95
15	0	0	30	0		
Total Capital Commitment:	2,415,558	1,536,951	0	44,256		
Total	2,415,558	1,536,951	0	44,256		

City of Mobile Police & Firefighters

September 30, 2013

RIPPLEWOOD PARTNERS II **Private Equity**

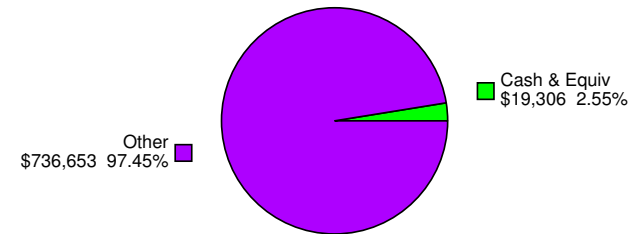
OBJECTIVE

The manager needs to achieve a return of 400 basis points above the Russell 3000 index on an annual basis.

- Initial closing on Dec. 22, 2000
- Fund scheduled for termination Dec. 22, 2010, but elected to extend the fund by one year.
- Fund still has options for two more one-year extensions.

Asset Allocation **Ripplewood Partners II, L.P.**

September 30, 2013 \$755,959



CONCLUSIONS/RECOMMENDATIONS

Ripplewood Partners II values and performance has not been updated through the Third Quarter of 2013. The manager's performance will be included in subsequent reports.

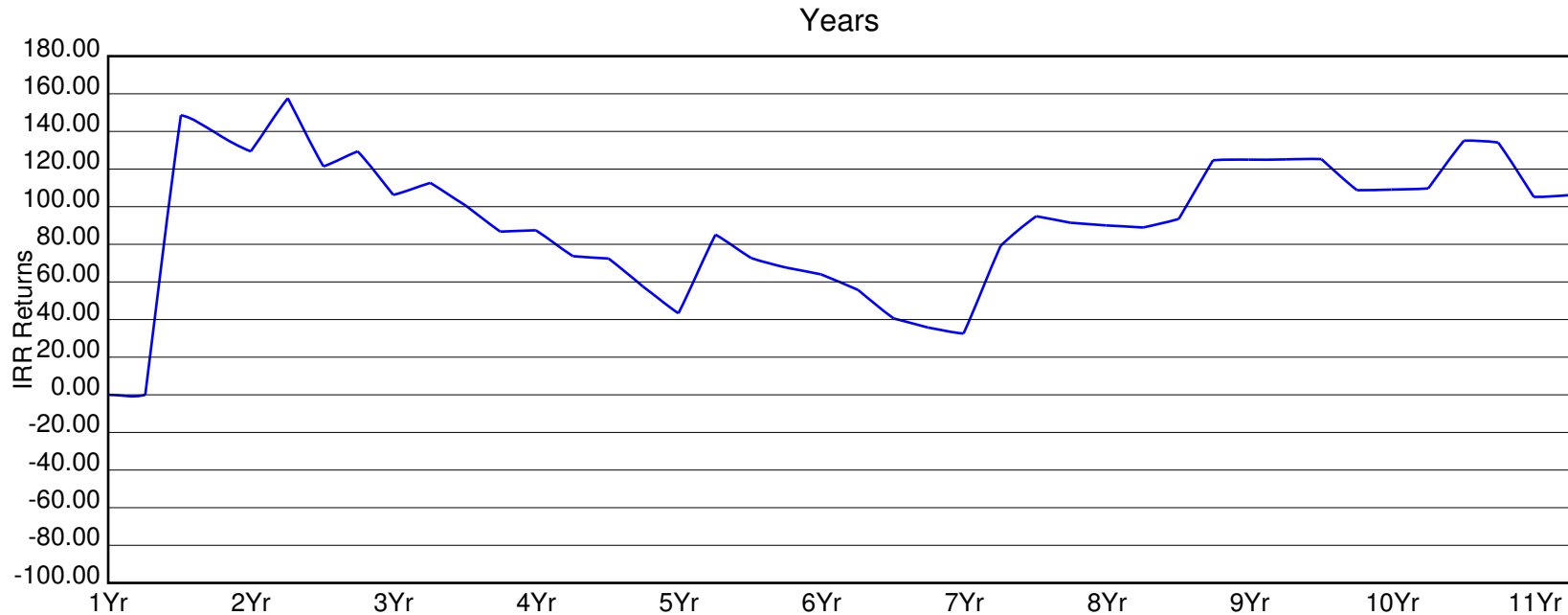
City of Mobile Police & Firefighters
Internal Rate of Return Table
Ripplewood Partners II, L.P.
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/02	0	57,759	0	0	0	0	57,759	0.00	NA
12/02	57,759	0	0	0	0	0	57,759	0.00	NA
3/03	57,759	0	0	0	0	0	57,759	0.00	NA
6/03	57,759	0	0	0	0	0	57,759	0.00	NA
9/03	57,759	0	0	0	0	0	57,759	0.00	0.00
12/03	57,759	0	0	85,832	0	0	143,591	148.60	101.04
3/04	143,591	0	468	-5,572	0	0	137,551	138.98	75.21
6/04	137,551	0	0	-5,600	0	0	131,951	129.38	58.49
9/04	131,951	165,743	468	19,183	0	12,485	303,924	157.65	58.50
12/04	303,924	0	0	-7,632	0	0	296,292	121.40	41.13
3/05	296,292	45,375	2,760	18,114	0	11,773	345,248	129.43	38.43
6/05	345,248	0	0	-6,170	0	0	339,078	106.26	29.47
9/05	339,078	18,289	0	16,020	0	10,986	362,401	112.66	28.02
12/05	362,401	0	0	-2,599	0	11,988	347,814	100.49	23.41
3/06	347,814	262,091	0	-5,856	0	0	604,049	86.74	19.22
6/06	604,049	13,868	3,400	17,385	0	9,718	622,184	87.45	17.97
9/06	622,184	0	0	-4,589	0	0	617,595	73.69	14.59
12/06	617,595	358,803	0	11,811	0	16,944	971,265	72.45	13.49
3/07	971,265	433,498	0	-5,676	0	0	1,399,087	57.62	10.51
6/07	1,399,087	0	111,639	-8,754	0	5,829	1,272,865	43.33	7.78
9/07	1,272,865	17,524	244,763	125,348	0	0	1,170,974	85.15	12.96
12/07	1,170,974	0	0	-12,855	0	0	1,158,119	72.70	10.84
3/08	1,158,119	51,352	8,878	1,460	0	2,842	1,199,211	67.55	9.73
6/08	1,199,211	0	5,467	3,942	0	0	1,197,686	64.03	8.90

City of Mobile Police & Firefighters
Internal Rate of Return Table
Ripplewood Partners II, L.P.
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/08	1,197,686	8,327	0	-15,397	0	8,327	1,182,289	55.75	7.59
12/08	1,182,289	306,214	3,677	-46,221	0	0	1,438,605	40.59	5.55
3/09	1,438,605	398,122	0	-8,211	8,493	0	1,820,023	35.77	4.78
6/09	1,820,023	14,368	8,078	-962	0	8,493	1,816,859	32.57	4.23
9/09	1,816,859	88,397	3,237	231,096	0	7,036	2,126,079	79.18	8.62
12/09	2,126,079	0	31,473	99,310	0	0	2,193,917	94.91	9.56
3/10	2,193,917	225,045	243,602	15,165	0	0	2,190,524	91.46	8.98
6/10	2,190,524	66,838	1,106,699	17,021	0	0	1,167,684	90.04	8.57
9/10	1,167,684	0	8,911	-1,862	0	0	1,156,911	88.93	8.22
12/10	1,156,911	0	84,051	26,888	0	3,138	1,096,610	93.48	8.27
3/11	1,096,610	0	0	161,282	0	0	1,257,892	124.66	9.92
6/11	1,257,892	76,567	264,832	-179	5,494	1,606	1,062,349	125.00	9.65
9/11	1,062,349	0	0	-974	5,531	0	1,055,844	125.13	9.37
12/11	1,055,844	0	0	-1,169	11,497	0	1,043,178	125.30	9.12
3/12	1,043,178	0	0	-87,620	10,805	18,434	926,319	108.75	8.00
6/12	926,319	0	0	-1,364	23,948	0	901,007	109.08	7.81
9/12	901,007	0	0	-270	15,159	0	885,579	109.71	7.64
12/12	885,579	0	39,995	125,535	14,238	0	956,881	135.08	8.64
3/13	956,881	0	0	-9,636	0	0	947,245	134.12	8.39
6/13	947,245	0	37,861	-153,425	0	0	755,959	105.20	6.88
9/13	755,959	0	0	0	0	0	755,959	106.20	6.76
Total		2,608,181	2,210,258	582,800	95,164	129,599	755,959	106.20	6.76

City of Mobile Police & Firefighters
J-Curve Graph
Ripplewood Partners II, L.P.
3/31/03 - 9/30/13



Year	Contribution	Distribution	Expenses	Investment Fees	Ending Value	Cumulative IRR
1	57,759	0	0	0	57,759	0.00
2	0	468	0	0	131,951	129.38
3	211,118	3,228	0	24,258	339,078	106.26
4	294,248	3,400	0	32,692	622,184	87.45
5	792,301	111,639	0	22,773	1,272,865	43.33
6	68,876	259,108	0	2,842	1,197,686	64.03
7	727,032	11,755	8,493	16,820	1,816,859	32.57
8	380,280	1,385,011	0	7,036	1,167,684	90.04
9	76,567	357,793	5,494	4,744	1,062,349	125.00
10	0	0	51,780	18,434	901,007	109.08
11	0	77,856	29,397	0		
Total	2,608,181	2,210,258	95,164	129,599		
Total Capital Commitment: 2,000,000 Vintage Year: 2002						

City of Mobile Police & Firefighters

September 30, 2013

LEVINE LEICHTMAN CAPITAL PARTNERS III Private Equity

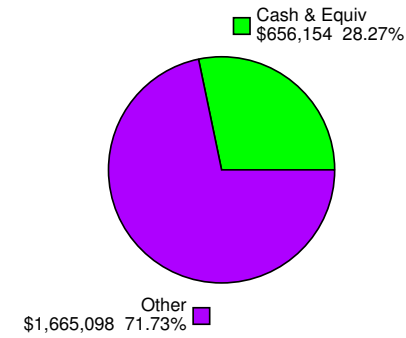
OBJECTIVE

The manager needs to achieve a return of 400 basis points above the Russell 3000 index on an annual basis.

STRATEGIES

Levine Leichtman Capital Partners III, L.P. (the "Fund"), a California limited partnership, was established on October 18, 2002. The Fund's principal purpose is to seek out opportunities to invest in the securities of middle market companies located in the United States. The Fund began operations on its effective date, October 18, 2002 and shall continue until the last business day preceding its tenth (10th) anniversary, unless further extended for up to two consecutive one-year periods by the General Partner with the approval of the Limited Partners with at least a 66 2/3% interest.

Asset Allocation
Levine Leichtman Fund III
September 30, 2013 \$2,321,252



CONCLUSIONS/RECOMMENDATIONS

Levine Leichtman Fund III values and performance has not been updated through the Third Quarter of 2013. The manager's performance will be included in subsequent reports.

Fund expired on October 18, 2012 and will not be extending the agreement. The General Partner has determined to liquidate Fund III and wind up the affairs of the Partnership. The liquidation process will take a couple of years.

City of Mobile Police & Firefighters
Internal Rate of Return Table
Levine Leichtman Fund III
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
12/03		1,134,255	461,406	-326,677	0	39,051	307,121	-51.54	NA
3/04	307,121	210,315	9,312	21,994	0	21,994	508,124	-45.61	NA
6/04	508,124	0	241,858	-11,361	0	0	254,905	-43.92	NA
9/04	254,905	289,782	4,649	19,700	0	26,250	533,488	-43.65	NA
12/04	533,488	142,889	51,702	128,466	0	0	753,141	-23.18	-22.27
3/05	753,141	23,201	282,564	46,888	0	23,201	517,465	-16.07	-12.67
6/05	517,465	204,000	4,658	-9,933	0	0	706,874	-17.73	-11.89
9/05	706,874	26,250	53,097	-20,046	0	26,250	633,731	-20.07	-11.73
12/05	633,731	51,000	26,010	183,546	0	0	842,267	4.32	2.09
3/06	842,267	26,250	11,854	40,372	0	26,250	870,785	9.61	4.08
6/06	870,785	606,000	14,405	25,913	0	0	1,488,293	12.81	4.86
9/06	1,488,293	204,677	27,545	33,585	0	0	1,699,010	16.04	5.47
12/06	1,699,010	0	115,053	86,027	0	0	1,669,984	24.90	7.57
3/07	1,669,984	37,263	29,447	42,791	0	0	1,720,591	28.55	7.92
6/07	1,720,591	279,009	305,166	-45,351	0	21,009	1,628,074	22.65	5.93
9/07	1,628,074	707,676	182,942	75,039	0	0	2,227,847	29.61	7.07
12/07	2,227,847	21,000	130,012	183,108	0	0	2,301,943	46.32	9.86
3/08	2,301,943	0	0	3,537	0	0	2,305,480	44.83	9.00
6/08	2,305,480	61,331	86,896	258,643	0	23,791	2,514,767	67.84	12.07
9/08	2,514,767	159,048	127,160	187,405	0	27,512	2,706,548	83.51	13.49
12/08	2,706,548	276,909	576,611	-239,850	0	2,243	2,164,753	59.50	9.69
3/09	2,164,753	132,862	41,246	20,748	0	4,555	2,272,561	60.53	9.35
6/09	2,272,561	153,690	156,567	38,060	0	9,691	2,298,053	63.04	9.22
9/09	2,298,053	12,373	44,741	-141,895	0	4,013	2,119,778	49.96	7.24

City of Mobile Police & Firefighters
Internal Rate of Return Table
Levine Leichtman Fund III
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
12/09	2,119,778	45,936	39,809	66,044	0	3,850	2,188,099	55.04	7.52
3/10	2,188,099	15,380	58,311	98,761	0	6,994	2,236,934	62.89	8.06
6/10	2,236,934	80,588	124,359	33,563	0	7,776	2,218,951	65.15	7.97
9/10	2,218,951	60,133	38,419	222,873	0	7,564	2,455,973	83.53	9.34
12/10	2,455,973	11,929	313,708	44,815	0	13,895	2,185,115	86.86	9.27
3/11	2,185,115	40,446	57,598	61,531	0	6,948	2,222,546	92.12	9.36
6/11	2,222,546	19,895	148,327	-1,336	0	19,972	2,072,806	92.14	9.04
9/11	2,072,806	0	0	-37,872	0	0	2,034,933	89.31	8.53
12/11	2,034,933	0	0	135,219	0	13,442	2,156,711	101.13	9.07
3/12	2,156,711	0	0	10,805	0	0	2,167,515	102.44	8.87
6/12	2,167,515	0	93,975	6,930	0	0	2,080,470	103.45	8.66
9/12	2,080,470	0	21,083	333,736	0	13,611	2,379,511	132.68	10.07
12/12	2,379,511	0	11,059	-10,340	0	0	2,358,111	132.46	9.77
3/13	2,358,111	0	22,655	29,949	0	0	2,365,405	135.71	9.66
6/13	2,365,405	0	0	-44,168	0	0	2,321,237	132.58	9.24
9/13	2,321,237	0	0	14	0	0	2,321,252	133.27	9.03
Total		5,034,087	3,914,205	1,551,232	0	349,862	2,321,252	133.27	9.03

City of Mobile Police & Firefighters

September 30, 2013

PERMAL PRIVATE EQUITY HOLDINGS IV

Private Equity - Fund of Funds

OBJECTIVE

The manager needs to achieve a return of 400 basis points above the Russell 3000 index on an annual basis.

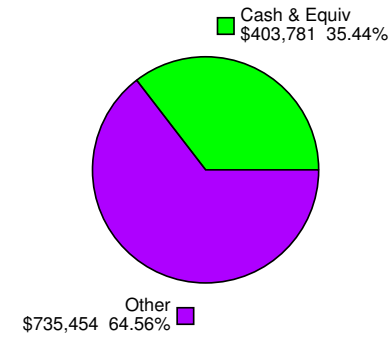
STRATEGIES

Private equity fund of funds.

Seek out opportunities to invest in core managers, emerging managers, and secondary opportunities.

Portfolio Composition: · The Fund has finished investing and is allocated 48% to Core Managers, 27% to Emerging Managers and 25% to Secondaries as a percentage of fund size and is broadly diversified across industries consistent with the Fund's investment guidelines

Asset Allocation
Permal Capital Fund IV
September 30, 2013 \$1,139,236



CONCLUSIONS/RECOMMENDATIONS

Permal values and performance has not been updated through the Third Quarter of 2013.

City of Mobile Police & Firefighters
Internal Rate of Return Table
Permal Capital Fund IV
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
3/07		200,000	0	-1,478	2,444	12,500	183,578	-0.75	NA
6/07	183,578	250,000	0	-16,511	1,648	2,500	412,919	-8.43	NA
9/07	412,919	0	24,666	21,547	682	2,500	406,618	1.23	NA
12/07	406,618	50,000	13,424	-21,562	3,717	2,500	415,415	-5.60	NA
3/08	415,415	80,000	16,540	11,453	2,095	2,500	485,733	-1.89	-1.57
6/08	485,733	0	8,455	8,586	1,375	2,500	481,989	0.55	0.38
9/08	481,989	50,000	10,647	-8,619	2,644	2,500	507,579	-1.70	-1.00
12/08	507,579	80,000	7,552	-23,664	1,949	2,500	551,914	-7.42	-3.86
3/09	551,914	377,956	0	-6,067	0	2,500	921,303	-8.34	-3.87
6/09	921,303	0	0	-5,322	240	2,500	913,241	-8.49	-3.55
9/09	913,241	0	0	-3,052	900	2,500	906,789	-8.36	-3.17
12/09	906,789	0	21,164	93,552	1,363	2,500	975,315	8.74	2.87
3/10	975,315	65,000	44,250	-2,592	942	2,500	990,031	7.91	2.40
6/10	990,031	14,761	22,379	9,762	349	2,500	989,325	9.19	2.58
9/10	989,325	256	0	15,408	734	2,500	1,001,754	11.35	2.94
12/10	1,001,754	0	0	6,135	0	2,500	1,005,389	11.97	2.90
3/11	1,005,389	0	0	77,859	0	2,500	1,080,749	23.67	5.18
6/11	1,080,749	0	0	37,052	0	2,500	1,115,301	28.81	5.84
9/11	1,115,301	70,000	0	-70,535	0	2,500	1,112,265	17.73	3.53
12/11	1,112,265	0	0	8,039	0	2,500	1,117,804	18.51	3.48
3/12	1,117,804	0	0	61,645	0	2,500	1,176,949	26.97	4.69
6/12	1,176,949	0	0	34,393	0	2,312	1,209,030	31.39	5.13
9/12	1,209,030	0	26,858	19,689	0	2,312	1,199,549	33.68	5.21
12/12	1,199,549	0	120,000	-2,929	0	2,312	1,074,307	33.00	4.90

City of Mobile Police & Firefighters
Internal Rate of Return Table
Permal Capital Fund IV
September 30, 2013

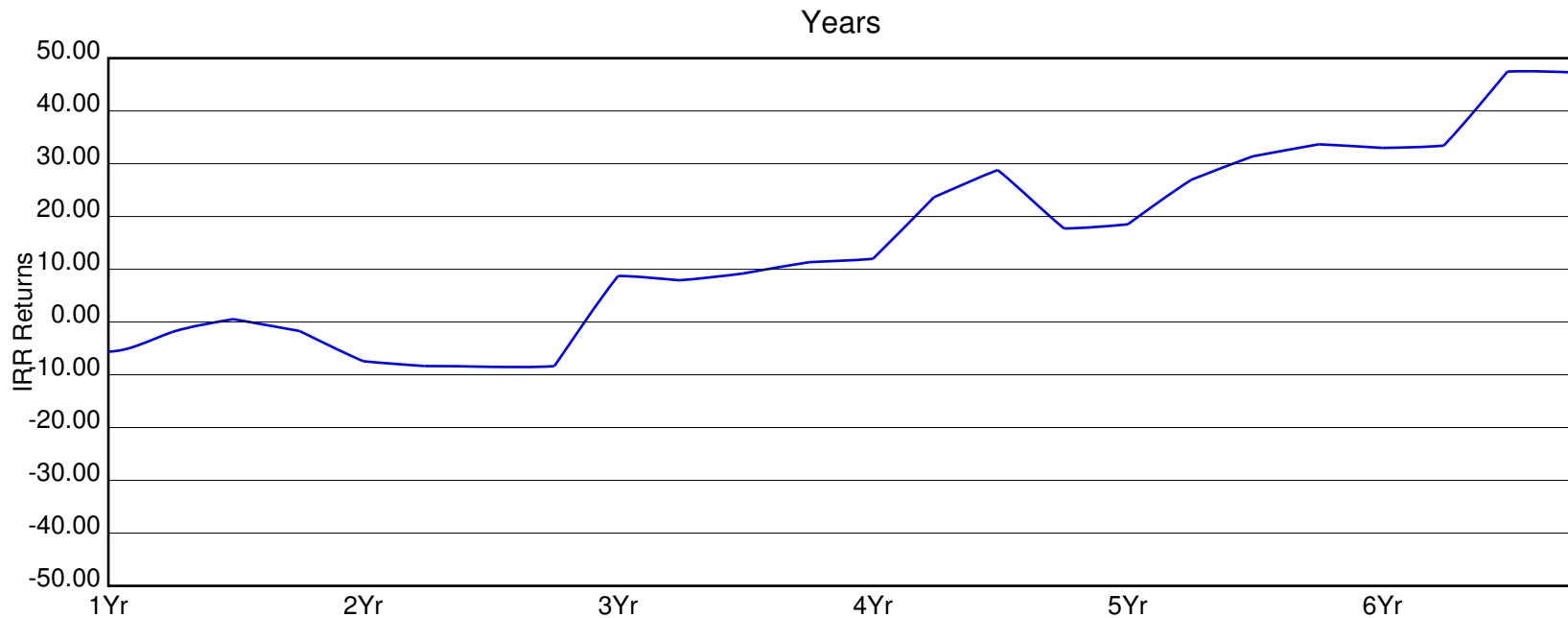
Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
3/13	1,074,307	0	0	4,484	0	0	1,078,791	33.43	4.75
6/13	1,078,791	0	40,000	102,574	0	2,139	1,139,226	47.47	6.20
9/13	1,139,226	0	0	10	0	0	1,139,236	47.30	5.94
Total		1,237,972	355,935	349,856	21,082	71,575	1,139,236	47.30	5.94

City of Mobile Police & Firefighters

J-Curve Graph

Permal Capital Fund IV

9/30/07 - 9/30/13



Year	Contribution	Distribution	Expenses	Investment Fees	Ending Value	Cumulative IRR
1	500,000	38,090	8,491	20,000	415,415	-5.60
2	210,000	43,194	8,063	10,000	551,914	-7.42
3	377,956	21,164	2,503	10,000	975,315	8.74
4	80,017	66,629	2,025	10,000	1,005,389	11.97
5	70,000	0	0	10,000	1,117,804	18.51
6	0	146,858	0	9,436	1,074,307	33.00
Total	1,237,972	355,935	21,082	71,575		

Total Capital Commitment: 1,000,000 Vintage Year: 2007

City of Mobile Police & Firefighters

September 30, 2013

WESTBROOK REAL ESTATE FUND III

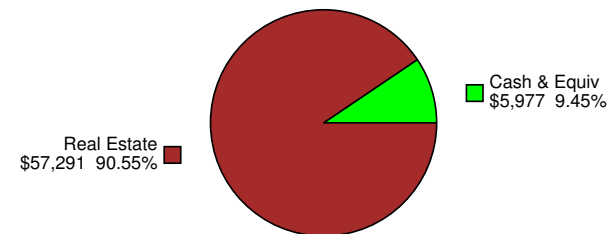
Real Estate

OBJECTIVE

Manager is expected to outperform the NCREIF Index.

Asset Allocation Westbrook

September 30, 2013 \$63,268



CONCLUSIONS/RECOMMENDATIONS

Westbrook values and performance has not been updated through the Third Quarter of 2013.

Fund Term expired on June 10, 2008 and the fund is in the final phase of completing dispositions.

City of Mobile Police & Firefighters
Internal Rate of Return Table
Westbrook
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/98		2,313	0		0	9,205			NA
12/98		160,253	0	10,963	0	7,562	163,654		NA
3/99	163,654	322,306	0	20,745	0	7,397	499,308	42.85	NA
6/99	499,308	96,652	0	39,782	0	7,479	628,263	35.49	NA
9/99	628,263	56,380	51,547	53,680	0	7,562	679,214	46.24	44.07
12/99	679,214	273,848	0	1,801	0	7,562	947,301	37.22	27.72
3/00	947,301	161,087	30,179	48,968	0	7,459	1,119,718	41.48	25.23
6/00	1,119,718	201,358	0	65,368	0	7,459	1,378,985	48.45	24.67
9/00	1,378,985	725,803	176,895	98,586	0	7,541	2,018,938	56.17	24.37
12/00	2,018,938	88,598	141,928	34,599	0	6,806	1,993,401	53.46	20.51
3/01	1,993,401	0	90,933	86,400	0	6,842	1,982,026	59.86	20.26
6/01	1,982,026	0	10,089	91,721	0	6,836	2,056,822	67.23	20.22
9/01	2,056,822	0	104,968	1,270	0	6,893	1,946,231	63.45	17.52
12/01	1,946,231	0	100,122	-30,653	0	6,676	1,808,780	57.43	14.76
3/02	1,808,780	0	204,311	54,142	0	6,305	1,652,306	62.22	14.63
6/02	1,652,306	48,326	123,403	-2,280	0	5,935	1,569,014	61.18	13.42
9/02	1,569,014	0	94,965	-27,291	0	5,778	1,440,980	57.98	11.97
12/02	1,440,980	0	48,499	-34,428	0	5,582	1,352,471	54.34	10.63
3/03	1,352,471	0	0	70,526	0	5,423	1,417,574	62.20	11.23
6/03	1,417,574	0	28,920	22,346	0	5,418	1,405,582	64.91	11.00
9/03	1,405,582	0	41,438	150,662	0	5,448	1,509,358	81.79	12.58
12/03	1,509,358	0	261,534	23,834	0	5,030	1,266,628	85.29	12.35
3/04	1,266,628	0	61,888	81,815	0	4,682	1,281,873	95.82	12.88
6/04	1,281,873	0	104,581	117,773	0	0	1,295,065	110.86	13.74

City of Mobile Police & Firefighters
Internal Rate of Return Table
Westbrook
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/04	1,295,065	0	125,335	-1,096	0	0	1,168,634	112.81	13.30
12/04	1,168,634	0	435,461	2,960	0	0	736,133	115.85	12.99
3/05	736,133	0	68,689	8,214	0	0	675,658	120.77	12.86
6/05	675,658	0	270,692	165,527	0	0	570,493	145.56	14.14
9/05	570,493	0	157,137	12,844	0	0	426,200	153.17	14.09
12/05	426,200	0	87,347	-52,379	0	0	286,474	153.09	13.57
3/06	286,474	0	0	-545	0	0	285,929	159.86	13.49
6/06	285,929	0	0	5,615	0	0	291,544	167.70	13.47
9/06	291,544	0	73,596	1,864	0	0	219,812	175.34	13.41
12/06	219,812	0	70,480	-3,033	0	0	146,299	182.79	13.35
3/07	146,299	0	0	-2,996	0	0	143,303	190.53	13.29
6/07	143,303	0	0	-33,348	0	0	109,955	193.86	13.04
9/07	109,955	0	0	50	0	0	110,005	202.54	13.02
12/07	110,005	0	0	-33,508	0	0	76,497	205.97	12.78
3/08	76,497	0	0	2,588	0	0	79,085	215.33	12.78
6/08	79,085	0	0	2,260	0	0	81,345	224.90	12.78
9/08	81,345	0	0	2,875	0	0	84,220	234.97	12.78
12/08	84,220	0	0	2,823	0	0	87,043	245.32	12.78
3/09	87,043	6,943	0	1,282	0	128	95,140	255.46	12.78
6/09	95,140	0	128	-12,128	0	111	82,774	263.44	12.70
9/09	82,774	0	111	1,182	0	103	83,741	274.29	12.69
12/09	83,741	0	0	-2,321	0	0	81,421	284.76	12.66
3/10	81,421	0	96	-297	0	0	81,028	295.69	12.65
6/10	81,028	0	0	-402	89	0	80,537	307.03	12.64

City of Mobile Police & Firefighters
Internal Rate of Return Table
Westbrook
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/10	80,537	0	88	-2,181	0	0	78,268	318.44	12.61
12/10	78,268	0	89	1	0	0	78,180	330.65	12.60
3/11	78,180	0	76	1,070	0	0	79,174	343.17	12.60
6/11	79,174	0	0	2,765	67	0	81,872	356.56	12.60
9/11	81,872	0	0	101	0	57	81,916	369.88	12.59
12/11	81,916	0	0	-8,365	0	38	73,513	381.60	12.54
3/12	73,513	0	0	11	0	37	73,488	395.49	12.54
6/12	73,488	0	0	-111	0	0	73,377	409.73	12.53
9/12	73,377	0	0	-3,130	0	0	70,247	423.81	12.51
12/12	70,247	0	0	-2,981	0	0	67,266	438.32	12.49
3/13	67,266	0	0	-253	0	0	67,013	453.60	12.48
6/13	67,013	0	0	-3,745	0	0	63,268	468.58	12.46
9/13	63,268	0	0	0	0	0	63,268	485.16	12.45
Total		2,143,867	2,965,525	1,038,436	156	153,354	63,268	485.16	12.45

City of Mobile Police & Firefighters

September 30, 2013

TIMBERLAND INVESTMENT RESOURCES - EASTERN TIMBERLAND OPPORTUNITIES FUND Timberland (Special Investments)

OBJECTIVE

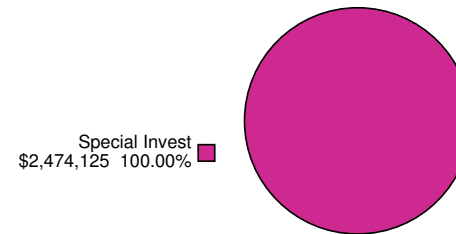
Manager is expected to outperform the NCREIF Timber Index.

STRATEGIES

Timberland Investment Resources (TIR) aims to achieve above market investment returns by identifying economic and biometric research. Investment opportunities are identified with research coupled with on-the-ground field and market intelligence. Asset allocation and portfolio theory are used to shape the portfolio to meet the risk and return profile of each client. Strategies are designed to meet individual investment objectives and guidelines. TIR provides ongoing active management that is required to realize the full investment potential.

Asset Allocation Timberland Investment Resources

September 30, 2013 \$2,474,125



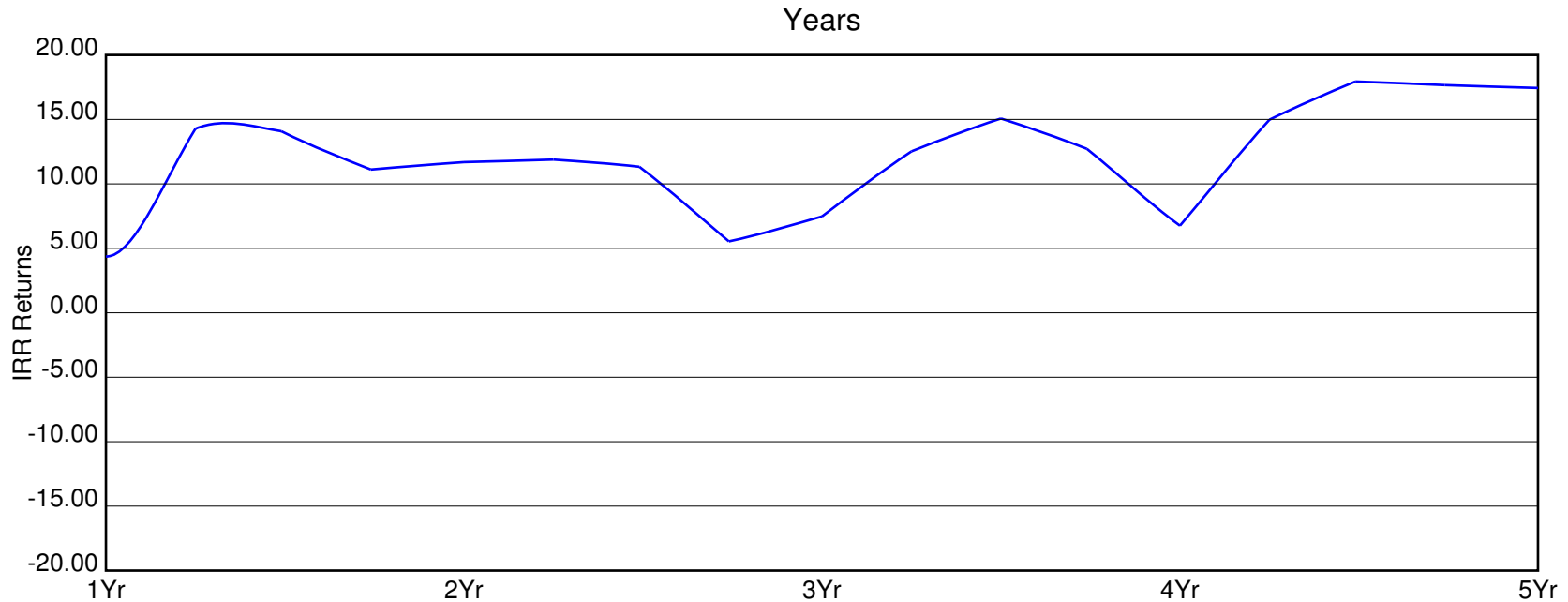
CONCLUSIONS/RECOMMENDATIONS

Timberland Investment values and performance has not been updated through the Third Quarter of 2013.

City of Mobile Police & Firefighters
Internal Rate of Return Table
Timberland Investment Resources
September 30, 2013

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
12/08		967,502	0	-401	0	837	966,264	-0.08	NA
3/09	966,264	0	0	44,697	0	2,086	1,008,875	5.21	NA
6/09	1,008,875	0	0	-1,764	0	2,077	1,005,034	4.73	NA
9/09	1,005,034	0	0	-2,469	0	2,068	1,000,497	4.36	NA
12/09	1,000,497	0	0	92,239	0	2,254	1,090,482	14.28	13.13
3/10	1,090,482	0	0	-990	445	2,246	1,086,801	14.08	10.42
6/10	1,086,801	1,039,861	0	-27,269	1,371	2,300	2,095,722	11.11	6.91
9/10	2,095,722	0	0	21,570	4,039	4,609	2,108,644	11.69	6.23
12/10	2,108,644	74,870	0	14,769	2,754	4,569	2,190,960	11.88	5.54
3/11	2,190,960	0	0	3,524	3,332	4,519	2,186,633	11.33	4.72
6/11	2,186,633	264,832	0	-68,025	6,505	4,812	2,372,123	5.54	2.11
9/11	2,372,123	0	0	32,353	5,576	4,948	2,393,952	7.47	2.58
12/11	2,393,952	0	0	80,588	6,744	5,090	2,462,706	12.52	3.90
3/12	2,462,706	0	0	46,261	3,123	5,168	2,500,676	15.07	4.30
6/12	2,500,676	0	0	-30,261	0	5,095	2,465,320	12.72	3.40
9/12	2,465,320	0	0	-92,590	0	4,894	2,367,836	6.76	1.72
12/12	2,367,836	0	0	140,187	0	5,173	2,502,850	14.98	3.48
3/13	2,502,850	0	72,790	54,705	0	5,125	2,479,640	17.94	3.88
6/13	2,479,640	0	0	-402	0	5,113	2,474,125	17.66	3.61
9/13	2,474,125	0	0	0	0	0	2,474,125	17.44	3.38
Total		2,347,065	72,790	306,722	33,889	72,983	2,474,125	17.44	3.38

City of Mobile Police & Firefighters
J-Curve Graph
Timberland Investment Resources
6/30/09 - 9/30/13



Year	Contribution	Distribution	Expenses	Investment Fees	Ending Value	Cumulative IRR
1	967,502	0	0	7,068	1,000,497	4.36
2	1,039,861	0	5,855	11,409	2,108,644	11.69
3	339,702	0	18,167	18,848	2,393,952	7.47
4	0	0	9,867	20,247	2,367,836	6.76
5	0	72,790	0	15,411		
Total	2,347,065	72,790	33,889	72,983		

DEFINITION OF INDICES

APPENDIX A

ASSET ALLOCATION	TARGET
LargeCap Equity	28.0 %
SmidCap Growth Equity	9.5 %
SmidCap Value Equity	9.5 %
International Equity	15.0 %
Fixed Income	25.0 %
Alternative Investments	13.0 %
Cash & Cash Equivalents	0 %

Indices used to calculate target and actual benchmarks:

Domestic Equity	Russell 1000 Index, Russell 2500 Growth, Russell 2500 Value
International Equity	MSCI ACWI ex US Index
Fixed Income	Barclays Int Gov't/Credit Index
Alternative Investments	Russell 2500, NCREIF ODCE Index, NCREIF Timberland Index
Cash & Cash Equivalents	Citigroup 3-Month T-Bill

COMPOSITE MEDIAN MANAGER

A composite of median manager returns for each asset class weighted by the Target Asset Mix.

DEFINITION OF INDICES

APPENDIX B

The **Standard & Poor's (S&P) 500 Index** is a capitalization-weighted index 500 of the largest public companies and is widely accepted as the overall market proxy. It consists of 400 industrial issues, 40 utility stocks, 20 transportation stocks and 40 financial institution issues.

The **Russell 1000 Index** is composed of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. The average market capitalization was approximately \$12.1 billion; the median market capitalization was approximately \$3.8 billion. The smallest company in the index had an approximate market capitalization of \$1,350.8 million.

The **Russell 1000 Value Index** is composed of those stocks in the Russell 1000 Index (the 1,000 largest US companies by market capitalization, the smallest of which has about \$370 million in market capitalization) with less than average growth orientation. The Russell Value Index represents the universe of stocks from which most value style money managers typically select.

The **Russell 1000 Growth Index** is composed of those stocks in the Russell 1000 Index (the 1,000 largest US companies by market capitalization, the smallest of which has about \$370 million in market capitalization) with greater than average growth orientation. The Russell Growth Index represents the universe of stocks from which most growth style money managers typically select.

The **Morgan Stanley Capital International (MSCI)-Europe, Australia, Far East (EAFE) Index** is made up of approximately 1000 companies representing the stock markets of 20 countries including: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Italy, Ireland, Japan, Malaysia, Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The average company has a market capitalization of over \$3 billion. The index is presented with net dividends reinvested and in US Dollars.

The **Barclays Aggregate Bond Index** is comprised of the Lehman Government/Corporate Bond Index plus the Lehman Mortgage Index. The Aggregate contains all publicly issued, fixed-rate, non-convertible bonds which have a maturity of more than one year and an outstanding par value of at least \$100 million for US Government issues and \$50 million for all others. The index includes debt issued by the US Government and agencies thereof, domestic corporate issues and foreign dollar-denominated issues. All issues are rate Baa/BBB or better.

The **Barclays Government/Corporate Bond Index** contains all publicly issued, fixed rate, non-convertible, bonds which have a maturity of more than one year and an outstanding par value of at least \$100 million for US Government issues and \$50 Million for all others. The index includes debt issued by the US Government and agencies thereof, domestic corporate issues and foreign dollar-denominated issues. All issues are rate Baa/BBB or better.

The **Salomon Brothers 3 Month TBill** provide a measure of riskless return.

DEFINITION OF UNIVERSES

APPENDIX B

US Balanced Universe consists of balanced composites which utilize both equity and fixed income securities within a relatively stable asset allocation structure. These are balanced, separately managed, fully discretionary, tax-free portfolios whose asset allocation is not actively managed.

The **Broad Equity Manager Universe** is composed of domestic equity composites utilizing either a growth managers who emphasizes on earnings growth-historic earnings growth, future earnings estimates and earnings surprise or a value managers who are bias towards stocks which are out of favor or believed to be severely undervalued-low Price/Earnings, low Price/Book and a strong balance sheet. The universe may utilize a combination of both styles and covers a broad range of market capitalizations.

The **Mid-Large Cap Growth Equity Manager Universe** is composed of equity composites for which the investment process emphasizes earnings growth which includes historic earnings growth, future earnings estimates and earnings surprise. Small capitalization managers are excluded.

The **Mid-Large Cap Value Equity Manager Universe** is composed of equity composites emphasizing a bias towards stocks which are out of favor or believed to be severely undervalued-low Price/Earnings, low Price/Book and a strong balance sheet. Small capitalization managers are excluded.

The **Small Cap Equity Manager Universe** is comprised of an equity composite where the investment process focuses on companies of capitalizations under \$500 million. The universe may utilize a combination of both growth and value style of investment process.

The **International Equity Manager Universe** is an equity composite for which the investment process emphasizes securities of non-US based companies.

The **Fixed Income Manager Universe** is composed of fixed income composites for which the investment process emphasizes either interest rate forecasting (adjusting portfolio's duration), market analysis (sector analysis, issues selection or yield curve analysis) or active core (tied to a benchmark) management. Intermediate, short-term and high yield managers are excluded.

The **Intermediate Fixed Income Manager Universe** is composed of fixed income composites whose investment process emphasizes either active core (tied to a benchmark) management, interest rate forecasting (adjusting portfolios' duration), or market analysis (sector analysis, issue selection, or yield curve analysis) with average portfolio durations in the 3-4 year range. High yield managers are excluded.

DEFINITION OF COMMON TERMS

APPENDIX C

Alpha is a measure of risk-adjusted return which reveals the manager's success (positive alpha) or lack of success (negative alpha) in selecting securities and timing the market. Alpha is the difference between the actual performance of the fund and the performance which should have been achieved given the market's performance and the fund's risk posture.

Beta is a measure of the volatility of the fund relative to an index. Funds which are equally volatile as the index will have a beta of 1.00; funds which are half as volatile will have a beta of 0.50; etc. Beta also roughly represents the return on the fund which has typically accompanied a 1 percent move in the market index. The beta coefficient reflects that component of the fund's total risk which cannot be reduced by further diversification.

The **Relative Risk/Reward Ratio** is a measure of risk adjusted return relative to the market's risk adjusted return. It is calculated by first dividing the manager's return for the period by the manager's standard deviation for the period. This quotient is then divided by the quotient of the market's return for the period divided by the market's standard deviation for the period. The measure represents the manager's rate of return per unit of risk relative to the market's rate of return per unit of risk. A ratio above 1.0 indicates positive relative performance and a ratio below 1.0 indicates a negative relative performance.

R-Squared (R^2) is a statistical measure of fund diversification relative to an index. Diversification can be gauged by calculating the portion of the variation in the fund's returns which is attributable to market movements. A completely diversified fund will be perfectly correlated with the market index and will have an R-squared of 100 percent. A non-diversified fund will behave independently of the market and will have an R-squared of 0 percent. An R-squared of 90 percent denotes that 90 percent of the risk is market-related, and 10 percent is unique to the fund.

Standard Deviation is a measure of volatility showing how widely dispersed or tightly bunched a set of returns are around their average return. Standard deviations presented in this report are based on quarterly returns and are annualized, unless otherwise indicated.

The **Style** is a description of the investment strategy used to determine the investment decisions within an asset class.

A **Universe** is a group of comparable investment styles. A Broad Universe, such as Broad Equity, refers to all styles in the Equity asset class. Style specific Universes such as Pure Small Cap, includes only styles with a high correlation to a Small Cap index and low correlation to a Large Cap index.

MARKET SECTOR DIVERSIFICATION
APPENDIX D

EQUITIES

C A P I T A L I Z A T I O N		Style				
		Growth	Core	Value	Quantitative	Index
	Domestic		SSgA Russell 1000			
						SSgA S&P 400
			SouthernSun	Morgan Dempsey		
I n t e r n a t i o n a l	Domestic		Energy Opportunities Capital			
				Allianz		
O t h e r	Private Equity		Permal	Ripplewood	Levine Leichtman	HM Capital
	Real Estate		Westbrook		Guggenheim	DLJ TIAA-CREF
	Timber		Timberland Investment Resources			

FIXED INCOME

	Style				
	Rate	Maturity Differential	Core	Sector Allocation	Index
		Orleans		Orleans	
		Orleans		Orleans	
		Orleans		Orleans	
D o m e s t i c	U.S. Gov't				
	Mortgage				
	Asset Backed				
	Corporate				
	Foreign / Yankee				
	High Yield				