

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

**PERFORMANCE REPORT
PERIOD ENDING
JUNE 30, 2012**

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GRAY & COMPANY

CAPITAL MARKET REVIEW

Second Quarter 2012

CAPITAL MARKET HEADLINES

Slow Down From Chicago to Beijing with stops in London and Berlin, the world economy showed signs of slowing during the second quarter. The weakening economic activity has sparked global recessionary fears for a second consecutive year.

In the United States the first quarter GDP growth rate was revised downward from 2.2% to 1.9% (annualized) and full year estimates were lowered to less than 2.0%. Leading economic indicators deteriorated during the quarter. The Institute for Supply Management's Purchasing Managers' Index dipped below 50 in June for the first time since the "Great Recession". The measure of economic activity has been in decline since the first quarter of 2011 (see top graph). Unemployment (a lagging indicator) reached a post recessionary low of 8.1% in April before trending upward in May and June. Job growth declined from approximately 226,000/month during the first quarter to about 75,000/month during the second quarter. The unemployment level has declined almost 2% from its peak in the fourth quarter of 2009 (see bottom graph). Other economic indicators, such as home sales and retail sales have weakened in the past several months (though above 2011 levels).

Similar to last year, the U.S. Government will approach the debt ceiling (a self imposed limit on the total debt issued by the Treasury) in the coming months. This time the crisis will occur around the November elections. In addition, the politicians have tax cuts and spending programs set to expire at the end of the year (commonly referred to as the "fiscal cliff"). Combined, these government incentives are estimated to account for 1% to 3% of GDP (without this assistance, it seems likely the U.S. economy will fall into a recession in 2013).

The economic slowdown is not isolated to the United States. China, the world's second largest economy, is attempting to manage a soft landing as economic growth has moderated. Many of the countries in southern Europe have been in a recession for several quarters. Economic growth rates in northern Europe are declining if not contracting. Emerging economies that depend on exports are also impacted. The economic connections between countries remain very strong.

The sovereign debt crisis in the European Union is one of the contributing factors to the economic slowdown. Structural imbalances in the housing and labor markets have hindered the current recovery and take years to correct. Central banks have attempted to promote growth and financial stability; yields are near record lows in many countries. However, their actions have not generated the expected economic improvements and additional programs have produced diminishing results. The world needs strong leaders to make very difficult decisions.

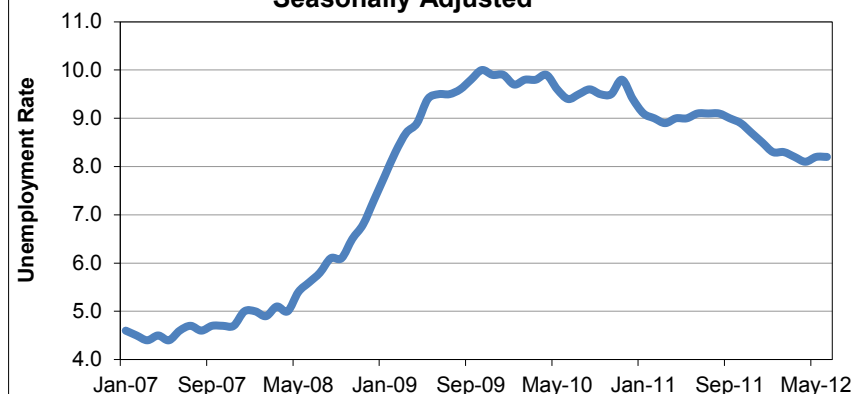
Purchasing Managers' Index (PMI)



Source: Institute for Supply Management (www.ism.ws)

The Institute for Supply Management (ISM) polls businesses in the private sector about economic activity. The Purchasing Managers' Index reflects improvements/ declines in production, new orders, supplier deliveries, inventories, and employment levels by these companies. Readings above 50 indicate improvement; readings below 50 indicate declines.

Unemployment Rate Seasonally Adjusted



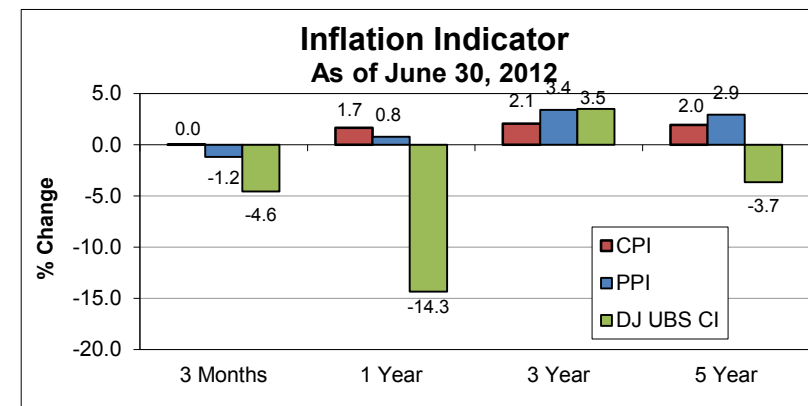
Source: Bureau of Labor Statistics (www.data.bls.gov)

CAPITAL MARKET REVIEW

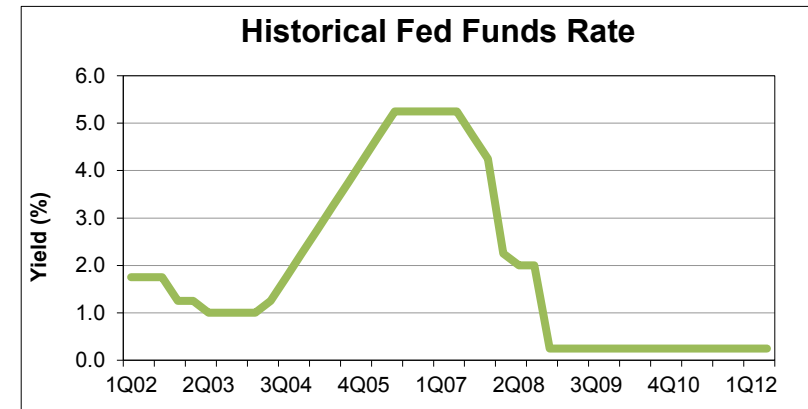
Persistently Uncertain: Uncertainty surrounding the future of the Eurozone, the fiscal cliff in the U.S., and China's soft landing generated recessionary fears for the global economy in the second quarter. In the U.S., economic growth and job creation were tepid. The optimism in the first quarter certainly gave way to pessimism in the second quarter, a repeating pattern over the past three years. These major issues continue to obstruct the recovery; however, the economic environment has significantly improved - the economy has shifted from a recession to weak growth, the unemployment rate has swung from rising over 10% to falling towards 8%, and home prices have stopped dropping to stabilize in most markets.

Inflation measures were lower at quarter end. Commodity prices declined, most notably oil as the price fell below \$80 per barrel. The decline in oil was largely driven by the relative calm in the Middle East and the decrease in demand as global economic growth slowed. Gold also moved lower by about 4%, due in part to the appreciation of the U.S. dollar. Grains and livestock were the exceptions as droughts have caused expected harvest to be weak. The decrease in energy cost and industrial metals caused the PPI to decline and CPI was flat.

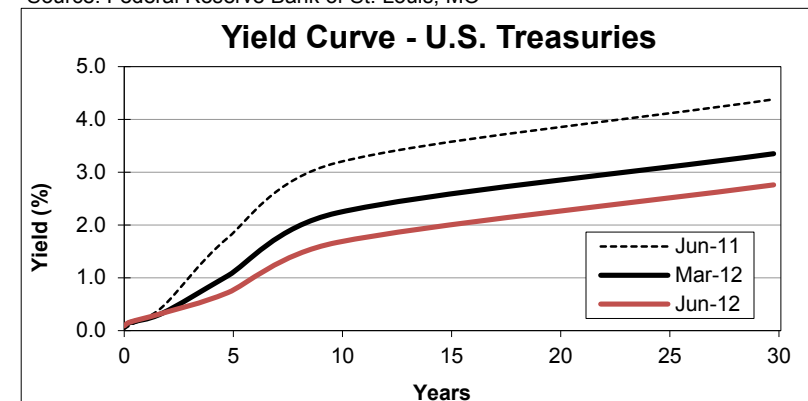
The Fed remains steadfast in its pledge to keep interest rates low. Amidst weak economic growth and recession fears the federal funds target rate was maintained at a range between 0.0% and 0.25%. Investors, in a reversal from the first quarter, embraced the low rate environment and flocked into the safety of high quality government bonds. This risk off trade drove yields down and flattened the yield curve. The front end of the curve was nearly unchanged, but the longer end (10-Year to 30-Year) was over 50 basis points. Despite record low yields, the uncertainty has prompted Bill Gross (the famed fixed income money manager) to comment that investors shouldn't bet against U.S. Treasuries in a debt crisis.



Source: Bureau of Labor Statistics, Wilshire and Dow Jones



Source: Federal Reserve Bank of St. Louis, MO



Source: Federal Reserve Bank of St. Louis, MO

CAPITAL MARKET REVIEW

Deja Vu All Over Again: The capital markets continued to repeat the "risk on / risk off" pattern that has occurred since the "Great Recession." Macroeconomic factors dominate the markets, ignoring the fundamental characteristics of individual investments. Periods of optimism propel the global equity markets upward, only to be followed by periods of pessimism and sell offs. The second quarter was a risk off period with global equity markets tumbling.

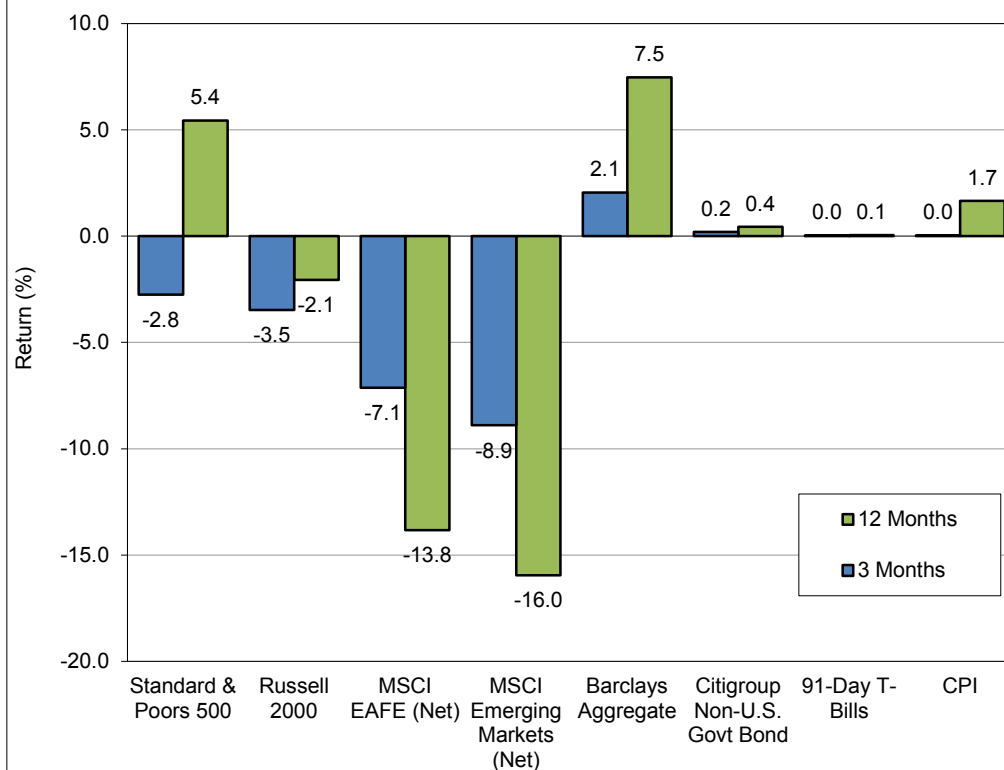
The shift from risk on in the first quarter to risk off in the second quarter was driven primarily by slowing global economic growth and the sovereign debt crisis in Europe. Gross domestic product estimates were revised downward, most notably in the United States, Germany, and China. The European Central Bank's Long Term Refinancing Operations (LTRO - low cost lending to banks) provided only temporary relief to the markets during the first quarter. The focus turned to the debt burdens of Spain and Italy and the banks with significant exposure to those countries during the second quarter.

The equity markets tended to move slightly lower in April, sharply lower in May, and rebound in June. Unfortunately, the strength of the June reversal was not able to offset the losses of the prior two months. U.S. equities provided some of the best relative returns. In local terms, the equity markets in Japan and the European Union tended to be among the weaker among the developed countries; the U.K., Switzerland, and Australia were relatively better performers.

The fixed income markets benefited from the flight to safety. Slowing economic growth encouraged central banks to provide accommodative monetary policies (lower interest rates). Investors' demand for safer governmental bonds drove interest rates even lower, and in the case of Switzerland negative. However, yields in the weaker countries were forced higher by downgrades from rating agencies and investors' concerns. The risk off trade also tended to push spreads wider in most countries.

The demand for U.S. Treasuries help strengthen the U.S. Dollar versus most currencies, causing additional losses for U.S. investors with assets overseas. The U.S. Dollar appreciated against the Euro, Pound Sterling, and Swiss Franc and depreciated versus the Japanese Yen.

Global Market Performance
As of June 30, 2012



Source: Wilshire

Indexes are not investments, are not managed, and do not incur fees or expenses. It is not possible to invest in an index. Please see additional disclosures at the end of this review.

U.S. EQUITY MARKET

Total Returns (%) - Periods Ending June 30, 2012				
	3 Months	1 Year	3 Years	5 Years
Standard & Poor's 500	(2.75)	5.44	16.39	0.22
Russell 1000	(3.12)	4.38	16.64	0.38
Russell 1000 Growth	(4.01)	5.77	17.50	2.87
Russell 1000 Value	(2.20)	3.00	15.80	(2.19)
S&P MidCap 400	(4.06)	(1.42)	19.73	2.74
Russell Midcap	(4.41)	(1.67)	19.44	1.05
S&P SmallCap 600	(3.58)	1.43	19.78	1.83
Russell 2000	(3.47)	(2.06)	17.80	0.54
Russell 2000 Growth	(3.94)	(2.73)	18.08	1.99
Russell 2000 Value	(3.01)	(1.43)	17.43	(1.05)
S&P 500 Sector Performance				
	3 Months	1 Year	3 Years	5 Years
Energy	(6.00)	(8.25)	12.86	1.05
Materials	(4.19)	(6.70)	15.49	(0.55)
Industrials	(3.56)	(1.12)	20.34	(0.04)
Con. Discretionary	(2.38)	11.01	25.85	3.93
Con. Staples	2.86	14.59	18.14	8.10
Health Care	1.65	9.76	15.31	3.68
Financials	(6.83)	(2.83)	8.73	(14.45)
Info Technology	(6.73)	13.90	18.48	4.83
Telecommunications	14.15	15.36	19.53	2.00
Utilities	6.56	15.29	14.96	3.06

Returns are annualized for periods greater than one year.

Source: Wilshire

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Cooling Off: After the strong start to the year, the U.S. equity markets cooled off in the second quarter. The downturn started in April and accelerated in May; a strong rebound in June was unable to offset the earlier losses. This is the third consecutive year that equity markets have ended the first quarter with relatively good returns only to give a portion back by the end of the second quarter.

All capitalization ranges and styles generated negative returns. Large Cap declined less than Mid Cap and Small Cap. Value suffered less than Growth across the market capitalization spectrum. The weaker relative performance of Growth can partially be attributed to the Technology sector (a major component of the growth-oriented indices), which was among the worst performing sectors.

The Defensive sectors (Telecom, Utilities, Consumer Staples and Health Care) significantly outperformed the broader market for the quarter and posted positive results. The Telecom sector was by far the best performing sector, returning 14.15%. Investors returned to the high dividend yielding sectors after abandoning these stocks last quarter when riskier investments were in favor. The Cyclical/ Economically Sensitive sectors (Financials, Technology, and Energy) were the worst performers for the quarter. The Financials sector, in a repeat from 2011, declined the most with a return of -6.83%. Reports of a \$2 billion trading loss at JPMorgan was partially responsible for the decline.

U.S. FIXED INCOME MARKET

Back to the Future (Again): Yields fell substantially during the second quarter of 2012, leading to new record lows, especially on the long end of the yield curve. Yields were down across the curve; at quarter-end the 2-Year Treasury Notes yielded 0.33% (unchanged from 3/31/11), 10-Year Treasury Bonds yielded 1.67% (down 56 basis points from 3/31/11), and 30-Year Treasury Bonds yielded 2.76% (down 59 basis points from 3/31/12).

Treasuries again led the way with the Barclays Long Government Index returning in excess of 10% for the quarter. Credit spreads widened as investors favored safety, reversing the first quarter trend. Nonetheless, the Barclays Credit Index delivered healthy returns, narrowly trailing the Barclays Government Index. Mortgages trailed during the quarter.

With yields near all time lows, investors face potential losses due to spikes in interest rates in the short term. However, the Federal Reserve continues to promote their low rate policies, extending Operation Twist (the purchase of longer dated Treasuries with the proceeds from their quantitative easing programs) into the second half of 2012. With no indication of inflationary pressures, their policies appear to be in place for the foreseeable future. Additionally, fixed income continues to show a propensity to protect investors during times of equity market selloffs.

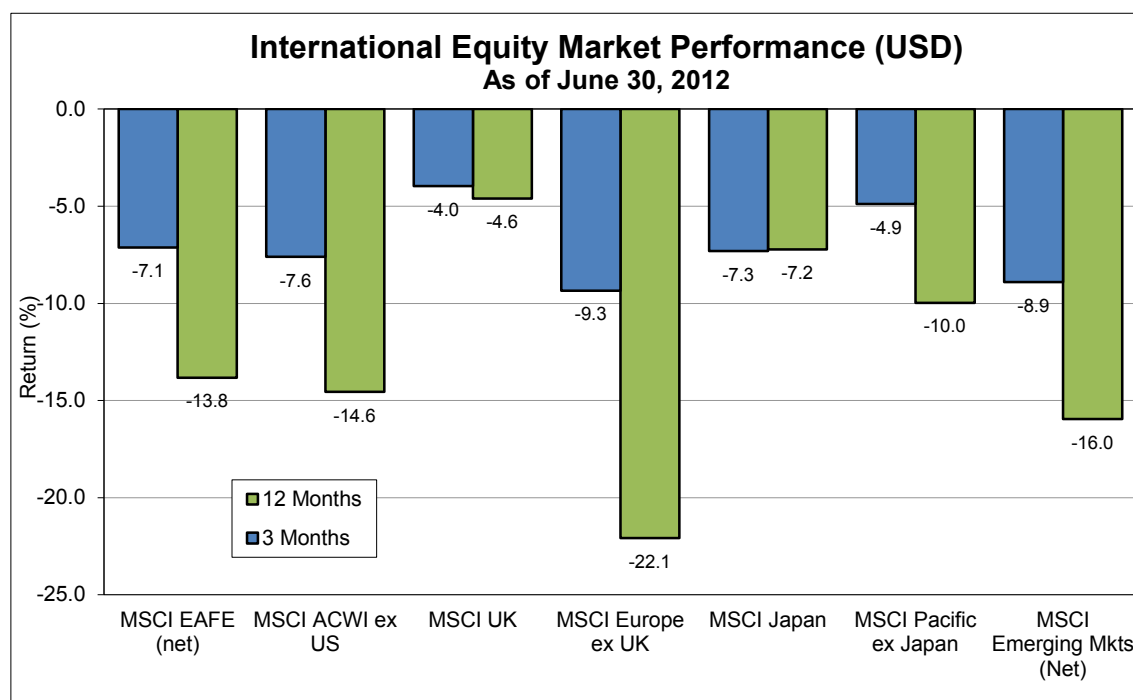
Volatility was quite high during the quarter for fixed income, with yields trading in a 100 basis points range. This is somewhat unexpected, given the very low yield environment.

Total Returns (%) - Periods Ending June 30, 2012				
	3 Months	1 Year	3 Years	5 Years
Barclays 1-3 Yr Govt	0.20	0.87	1.70	3.40
Barclays Intm G/C	1.48	5.42	5.81	6.02
Barclays Aggregate	2.06	7.48	6.93	6.80
Barclays G/C	2.56	8.78	7.34	6.90
Barclays Long Govt	10.32	31.41	13.51	11.92
Barclays Govt	2.63	8.32	5.65	6.64
Barclays Credit	2.46	9.54	10.09	7.59
Barclays Mortgage	1.08	4.97	5.40	6.67
Barclays High Yield	1.83	7.27	16.28	8.44
Barclays U.S TIPS	3.15	11.66	9.63	8.44
Returns are annualized for periods greater than one year. Source: Barclays Capital.				
Credit Spreads (in basis points)				
	Mar-12	Jun-12	Change	10-Yr Avg.
Aaa	57	67	10	96
Aa	119	98	(21)	124
A	159	175	16	171
Baa	223	251	28	232
Ba	454	492	38	448
B	611	640	29	613
Caa	928	1023	95	997

Source: Barclays Capital.

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INTERNATIONAL EQUITY MARKET



MSCI Country Indexes (Net) Three Months Ending June 30, 2012

	Return USD (%)	Return Local Currency (%)	Currency Effect (%)
France	(9.0)	(4.5)	(4.5)
Germany	(12.4)	(8.1)	(4.3)
Italy	(12.1)	(7.7)	(4.3)
Spain	(12.5)	(8.2)	(4.3)
Switzerland	(6.1)	(1.6)	(4.4)
UK	(4.0)	(2.2)	(1.8)
Europe Total	(7.5)	(4.0)	(3.5)
Australia	(5.1)	(4.1)	(1.0)
Hong Kong	(4.9)	(5.0)	0.1
Japan	(7.3)	(10.1)	2.8
Pacific Total	(6.4)	(7.9)	1.5
China	(5.5)	(5.6)	0.1
India	(9.5)	(0.9)	(8.7)
Brazil	(18.9)	(10.2)	(8.6)
Russia	(14.5)	(7.1)	(7.4)
Emerging Total	(8.9)	(5.3)	(3.6)

Indexes are not investments, are not managed, and do not incur fees or expenses. It is not possible to invest in an index.

Source: MSCI

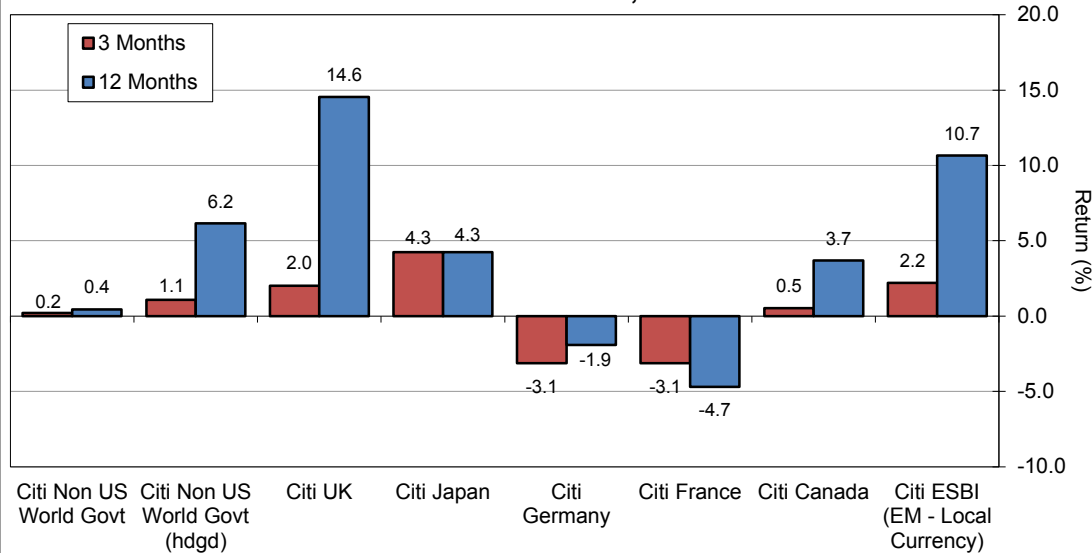
Will It Ever Stop: International equity markets declined in the second quarter behind renewed concerns about the sustainability of the European Union and the decelerating economic growth in developed and emerging countries. The actions of the European Central Bank (ECB) that seemed to assuage investors' fears in the first quarter proved to be short-lived. The downward trajectory of China's economic growth continues to fuel debate over the probability of a "soft" or "hard" economic landing; despite the debate, the country's GDP growth rate remains above 7%. A continuance of above average volatility in the near term is expected in the global financial markets.

Developed Markets Performance across Europe was impacted by the rising borrowing costs of the weaker nations (Spain and Italy), solvency concerns surrounding the region's undercapitalized banks (particularly in Spain), and the elections in Greece and France. The inability of individual countries within the European Union to use traditional fiscal and monetary policies to manage their economic growth and debt burden has manifested in the sovereign debt crises and recessions. The economic imbalances between member nations has created a divided in the community and threatens the future for the Euro. At this time the ECB appears determined to manage the crises and maintain stability across the EU as policy makers attempt to develop a permanent solution. The independent nations in Europe (Switzerland and U.K.) performed relatively better during the quarter. Japan struggled due to weak domestic demand and slowing exports. During the quarter Technology and Materials were the weakest sectors.

Emerging Markets Emerging market equities, as a group, suffered slightly deeper declines during the "risk-off" environment this quarter (as compared to the developed markets). Moderating growth and fallout from the debt burdens in the European region played a role in the sell-off. However, with inflation under control, emerging market economies now have their sights set on stimulative policies and have reduced interest rates in the last few months. Minimal debt levels relative to developed countries and the growing middle classes in these countries continue drive positive economic prospects. India was one of the better relative performers; the currency of most emerging markets depreciated versus the dollar.

INTERNATIONAL BOND MARKET

Intl Fixed Income Market Performance (USD)
As of June 30, 2012



Citigroup World Government Bond Indexes
Three Months Ending June 30, 2012

	Return USD (%)	Return Local Currency (%)	Currency Effect (%)
France	(3.1)	1.7	(4.8)
Germany	(3.1)	1.7	(4.8)
Ireland	(1.4)	3.4	(4.9)
Italy	(6.8)	(2.2)	(4.6)
Netherlands	(3.4)	1.3	(4.8)
Spain	(9.0)	(4.5)	(4.5)
Sweden	(1.6)	2.4	(4.0)
Switzerland	(3.3)	1.2	(4.6)
UK	2.0	3.9	(1.9)
Europe Total	(4.5)	0.2	(4.7)
Japan	4.3	1.1	3.2
Australia	4.4	5.6	(1.1)
Canada	0.5	2.5	(2.0)

Source: The Yield Book

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Below Zero: The risk off trade went extreme during the second quarter as rates of the "safe haven" nations plunged to record lows. In Switzerland, the 2-year yields moved into negative territory and other nations are near zero.

In Europe, the European Union and the European Central Bank continue to refine their bailout programs to assist the struggling member nations and banks. The Long-term Refinancing Operation (LTRO) came to an end causing liquidity issues and interest rates rose in the weaker countries. Spain received the majority of the attention, as the nation's debt and many financial institutions were downgraded by the rating agencies. Euro depreciated approximately 5% versus the dollar during the quarter, reversing all of the gains from last quarter.

In the U.K. the perceived safety of their sovereign debt and the slowing global economy pushed yields lower, reversing course from last quarter. The Bank of England decided against additional quantitative easing measures despite weak economic data. The Pound Sterling depreciated versus the dollar during the quarter.

Japan also benefited from the risk off trade. The Bank of Japan announced additional quantitative easing measures to fight deflationary forces and weaken the currency. Yields declined from a very low base. The BoJ's intervention helped move the currency lower; however, the Yen appreciated during the quarter.

Emerging market debt provided solid returns as a group; however, the performance by country varied greatly. The slowing global economy hurt the local economies of many export oriented emerging countries. In response central banks tended to ease their monetary policies, lowering interest rates. This in turn weakened their currencies and offset the gains for U.S. investors. The world continues to closely monitor China's growth and the ability of their policy makers to manage a soft landing.

SELECTED INDEX RETURNS - PERIODS ENDING JUNE 30, 2012

	Quarter	One Year	Three Years	Five Years	Ten Years
US EQUITIES					
Dow Jones Industrial Average	(1.9) %	6.6	18.2	2.0	6.0
Standard & Poors 500	(2.8)	5.4	16.4	0.2	5.3
Russell 3000	(3.2)	3.8	16.7	0.4	5.8
S&P MidCap 400	(4.1)	(1.4)	19.7	2.7	8.3
Russell Mid-Cap	(4.4)	(1.7)	19.4	1.1	8.5
S&P SmallCap 600	(3.6)	1.4	19.8	1.8	7.9
Russell 2000	(3.5)	(2.1)	17.8	0.5	7.0
Growth Stocks - Russell 3000 Growth	(4.0)	5.1	17.6	2.8	6.1
Value Stocks - Russell 3000 Value	(2.3)	2.7	15.9	(2.1)	5.4

US FIXED INCOME					
Barclays 1 - 3 Year Government	0.2 %	0.9	1.7	3.4	3.4
Barclays Intm Govt/Credit	1.5	5.4	5.8	6.0	5.1
Barclays Aggregate	2.1	7.5	6.9	6.8	5.6
Barclays Govt/Credit	2.6	8.8	7.3	6.9	5.8
Barclays Long Government	10.3	31.4	13.5	11.9	8.9
Barclays Government	2.6	8.3	5.7	6.6	5.4
Barclays Credit	2.5	9.5	10.1	7.6	6.5
Barclays Mortgage	1.1	5.0	5.4	6.7	5.4
Barclays High Yield	1.8	7.3	16.3	8.4	10.2
Barclays U.S TIPS	3.2	11.7	9.6	8.4	7.2
ML All Investment Grade Convertible Index	(2.9)	(1.3)	8.6	(1.0)	2.8

INTERNATIONAL (Measured in US Dollars)					
MSCI EAFE (Net)	(7.1) %	(13.8)	6.0	(6.1)	5.1
MSCI ACWI ex U.S. (Net)	(7.6)	(14.6)	7.0	(4.6)	6.7
MSCI Europe (Net)	(7.5)	(16.5)	6.3	(7.0)	5.1
MSCI Pacific (Net)	(6.4)	(8.3)	5.7	(4.1)	5.3
MSCI Emerging Markets (Net)	(8.9)	(16.0)	9.8	(0.1)	14.1
Citigroup Non-U.S. Govt Bond	0.2	0.4	5.1	7.4	7.2

REAL ESTATE					
NAREIT Index	4.6 %	12.9	31.1	2.2	9.7
NCREIF Property Index					

OTHER					
91-Day T-Bills	0.0 %	0.1	0.1	1.0	1.9
Consumer Price Index (percent change)	0.0	1.7	2.1	2.0	2.5
Producer Price Index (percent change)	(1.2)	0.8	3.4	2.9	3.3

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

DISCLOSURE

This Capital Market Review represents the opinions, investment strategies and views of Gray & Company and is based on current market conditions. The view expressed in the Capital Market Review is subject to change without notice. This Capital Market Review commentary is provided for informational purposes only and should not be construed as investment advice nor is it meant to be a solicitation or offer to purchase any product or service. Readers are encouraged to consult with their investment, legal or tax professional before making any investment decisions. We believe the information contained in this material to be reliable but do not warrant its accuracy or completeness.

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.

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.

DISCLOSURE

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.

Past performance is not indicative of future results. There is neither representation nor warranty as to the current accuracy of, nor liability for, decisions based on such information.

OVERVIEW

PORTFOLIO EVALUATION

- ♦ The fund's total market value as of June 30, 2012 was \$106.16 million.
- ♦ The Fund had a return of -2.87% for the quarter and a return of 1.28% 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>	100,862,319
Cash Flow In	8,500,000
Intrafund Transfers	0
Cash Flow Out	<u>-110,041</u>
Net Cash Flow	8,389,959
Investment Performance	
Income	439,022
Asset Value Changes	<u>-3,535,768</u>
Gross Performance	-3,096,746
<u>Ending Market Value</u>	<u>106,155,532</u>

RECOMMENDATIONS

Mobile Police & Firefighters Executive Summary Table Periods Ending June 30, 2012

FYTD - 9/30/11

Name	Value \$(000)	% of Fund	Periods Ending 6/30/12						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund	106,062	100.0	-2.87	12.48	1.28	10.94	0.66	4.38	5.65
Net of Fee			-2.94	12.20	0.90	10.53	1.25	2.47	2.99
Policy Index			-1.93	15.61	3.56	14.04	2.70	5.60	6.95
Passive Investing Index			-2.01	15.36	3.25	13.63	2.36	5.37	6.86
Total Fund Excluding Alternatives	94,787	89.4	-3.32	13.44	0.81	11.53			
Net of Fee			-3.38	13.24	0.50	11.21			
Policy Index			-2.03	15.55	1.75	13.39			
Total Domestic Equity Composite	56,521	53.3	-4.96	20.29	1.23	16.27	-0.26	4.90	6.79
Net of Fee			-5.04	19.97	0.81	15.88			
SSgA Russell 1000 Index Fund	31,643	29.8	-3.11	22.36	4.40	16.66	0.43	4.30	5.78
Net of Fee			-3.11	22.32	4.33	16.62	0.39	4.24	
Russell 1000			-3.12	22.34	4.38	16.64	0.38	4.26	5.71
Energy Opportunities Capital	5,034	4.7							
Net of Fee									
OIH_XLE Blended Index									
Advisory Research	9,990	9.4	-4.52	24.25	3.37	18.21			
Net of Fee			-4.74	23.47	2.48	17.24			
Russell 2500 Value			-3.02	24.85	-1.49	18.79			
Century Capital	9,854	9.3	-8.66	13.52	-7.26				
Net of Fee			-8.88	12.77	-8.28				
Russell 2500 Growth			-5.37	23.10	-3.18				
Total International Equity Composite	10,128	9.5	-6.24	12.78	-13.18	5.71	-7.28	2.57	4.68
Net of Fee			-6.24	12.78	-13.38	5.23			

Mobile Police & Firefighters Executive Summary Table Periods Ending June 30, 2012

FYTD - 9/30/11

Name	Value \$(000)	% of Fund	Periods Ending 6/30/12						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Allianz Global Investors	10,128	9.5	-6.24						
Net of Fee			-6.24						
MSCI ACWI ex US (Net)			-7.61						
Total Fixed Income Composite	28,139	26.5	1.10	3.39	5.11	6.63	6.78	5.76	4.62
Net of Fee			1.07	3.30	4.99	6.51			
Orleans	28,139	26.5	1.10	3.39	5.11	6.63	6.78	5.76	
Net of Fee			1.07	3.30	4.99	6.51	6.66	5.64	
Barclays Int Govt/Credit			1.48	2.96	5.42	5.81	6.02	5.07	
Barclays U.S. Aggregate			2.06	3.52	7.48	6.93	6.80	5.58	
Real Estate Composite	4,376	4.1	2.45	9.34	8.85	6.91	-5.62	1.83	9.24
Net of Fee			2.22	8.58	7.81	5.85	-6.46	1.04	8.14
NCREIF Prop Index			2.68	8.46	12.04	8.81	2.50	6.70	8.29
Guggenheim	1,895	1.8	3.49	14.94	12.64	13.26	-5.42		
Net of Fee			3.24	14.10	11.56	12.17	-6.22		
70% NCREIF / 30% NAREIT			3.24	15.22	12.83	15.78	3.51		
Westbrook	73	0.1	0.00	-10.20	-10.09	-3.11	-8.63	-11.45	-2.68
Net of Fee			0.00	-10.29	-10.24	-3.20	-8.73	-11.52	-3.00
NCREIF Prop Index			2.68	8.46	12.04	8.81	2.50	6.70	8.29
DLJ	519	0.5	0.00	3.78	3.14	1.68	0.84	8.95	17.55
Net of Fee			0.00	3.53	2.55	0.83	0.02	8.09	15.99
NCREIF Prop Index			2.68	8.46	12.04	8.81			
TIAA-CREF	1,888	1.8	2.19	6.59	7.72	3.75			
Net of Fee			1.92	5.73	6.55	2.61			
NCREIF Prop Index			2.68	8.46	12.04	8.81			

Mobile Police & Firefighters Executive Summary Table Periods Ending June 30, 2012

FYTD - 9/30/11

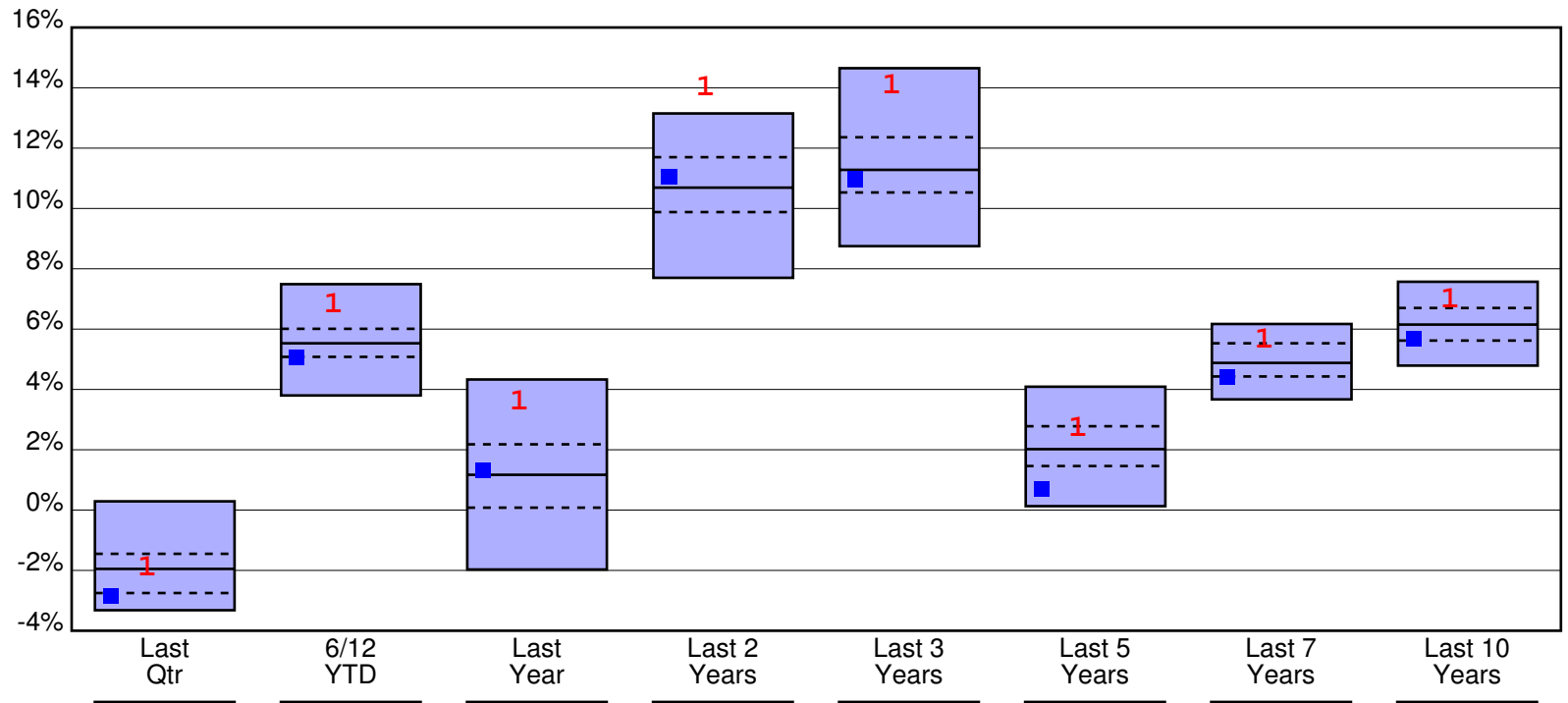
Name	Value \$(000)	% of Fund	Periods Ending 6/30/12						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Private Equity Composite	4,433	4.2	0.83	4.06	1.98	9.10	8.13	8.94	4.23
Net of Fee			0.78	3.16	1.04	8.01	6.98	6.97	1.84
Russell 3000+4%			-2.15	25.57	7.84	20.73	4.39	8.29	9.81
Hicks, Muse, Tate & Furst IV	242	0.2	-1.19	5.02	14.83	13.96	-1.00	0.52	-1.57
Net of Fee			-1.19	5.02	14.83	13.96	-1.00	0.52	-1.57
Russell 3000+4%			-2.15	25.57	7.84	20.73	4.39	8.29	
Ripplewood Partners II, L.P.	901	0.8	-0.15	-8.88	-8.96	8.56	5.95	4.97	
Net of Fee			-0.15	-10.50	-10.59	7.64	5.11	2.80	
Russell 3000+4%			-2.15	25.57	7.84	20.73	4.39	8.29	
Levine Leichtman Fund III	2,080	2.0	0.32	7.54	5.58	7.69	9.42	12.26	
Net of Fee			0.32	6.86	4.90	6.33	7.99	9.91	
Russell 3000+4%			-2.15	25.57	7.84	20.73	4.39	8.29	
Permal Capital Fund IV	1,209	1.1	2.93	9.39	2.68	9.04	4.65		
Net of Fee			2.73	8.70	1.80	8.00	3.24		
Russell 3000+4%			-2.15	25.57	7.84	20.73	4.39		
Timber Composite	2,465	2.3	-1.21	4.04	5.47	3.50			
Net of Fee			-1.41	3.40	4.59	2.64			
Timberland Investment Resources	2,465	2.3	-1.21	4.04	5.47	3.50			
Net of Fee			-1.41	3.40	4.59	2.64			
NCREIF Timberland Index			0.61	1.49	1.13	-0.67			

Mobile Police & Firefighters

Cumulative Performance Comparison

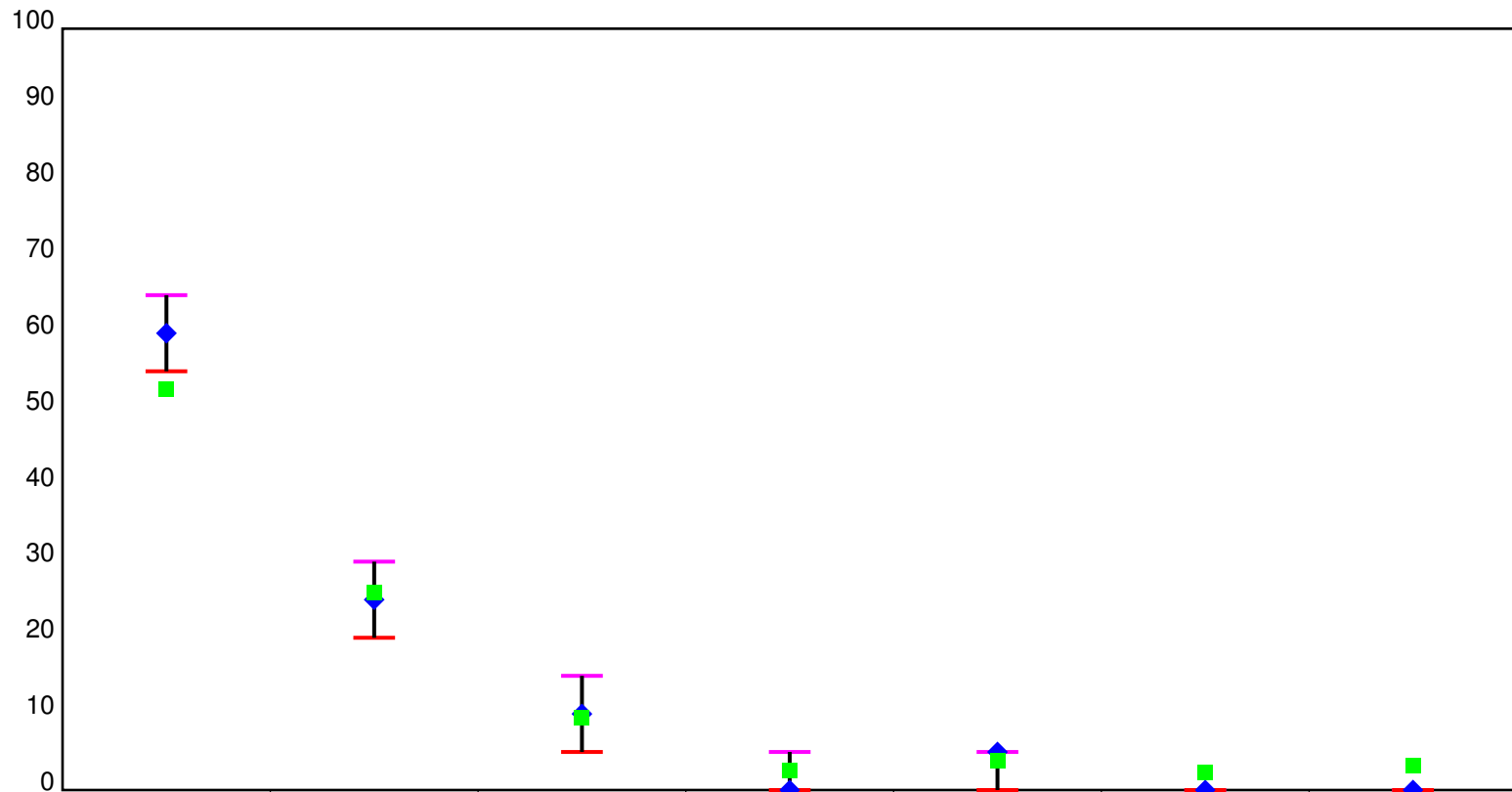
Total Returns of Total Fund Public Sponsors

Periods Ending 6/12



5th Percentile	0.29	7.49	4.33	13.15	14.65	4.09	6.17	7.57
25th Percentile	-1.45	6.01	2.18	11.70	12.36	2.78	5.53	6.70
Median	-1.95	5.53	1.17	10.69	11.28	2.02	4.88	6.15
75th Percentile	-2.75	5.08	0.08	9.88	10.53	1.46	4.43	5.62
95th Percentile	-3.32	3.80	-1.97	7.70	8.75	0.13	3.67	4.79
■ Total Fund	-2.87 (78)	5.04 (77)	1.28 (48)	11.02 (45)	10.94 (57)	0.66 (87)	4.38 (76)	5.65 (73)
1 Policy Index	-1.93 (49)	6.78 (10)	3.56 (7)	13.97 (1)	14.04 (5)	2.70 (28)	5.60 (23)	6.95 (18)

Mobile Police & Firefighters Asset Allocation vs Policy Graph Total Fund As of June 30, 2012

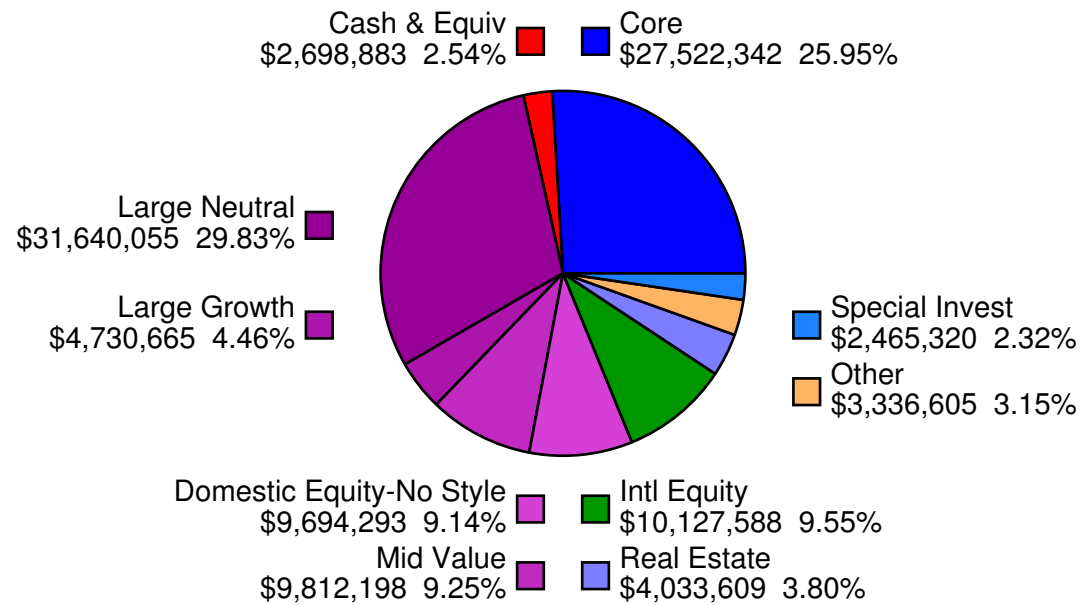


Legend	Domestic Equities	Domestic Fixed	International Equities	Cash	Real Estate	Special Investments	Other
◆ Policy	60.0	25.0	10.0	0.0	5.0	0.0	0.0
— Min	55.0	20.0	5.0	0.0	0.0	0.0	0.0
— Max	65.0	30.0	15.0	5.0	5.0	0.0	0.0
■ Actual	52.7	25.9	9.5	2.5	3.8	2.3	3.1

Mobile Police & Firefighters Asset And Policy Allocation Total Fund

June 30, 2012

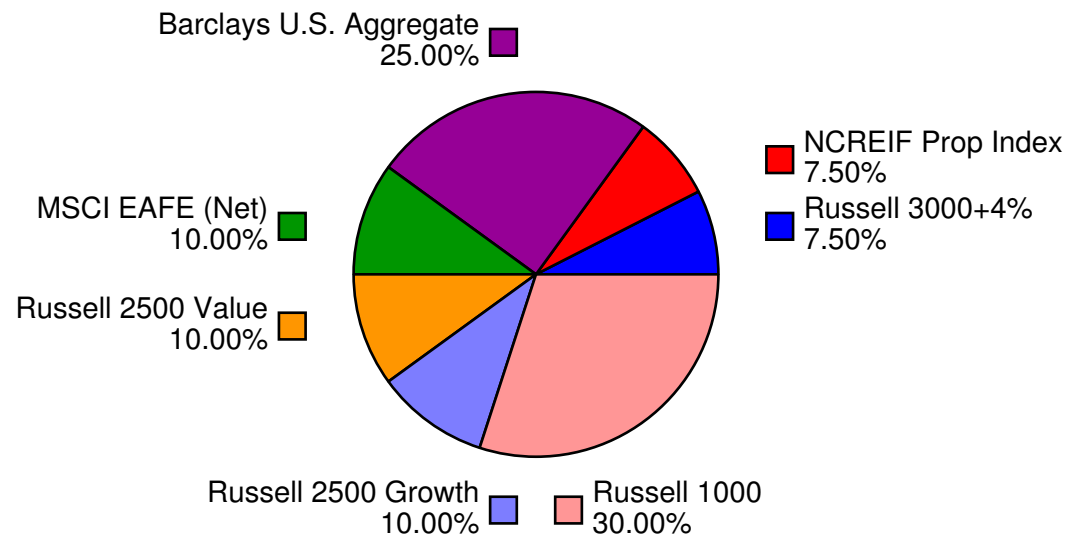
\$106,061,557



Mobile Police & Firefighters Asset And Policy Allocation Total Fund

June 30, 2012

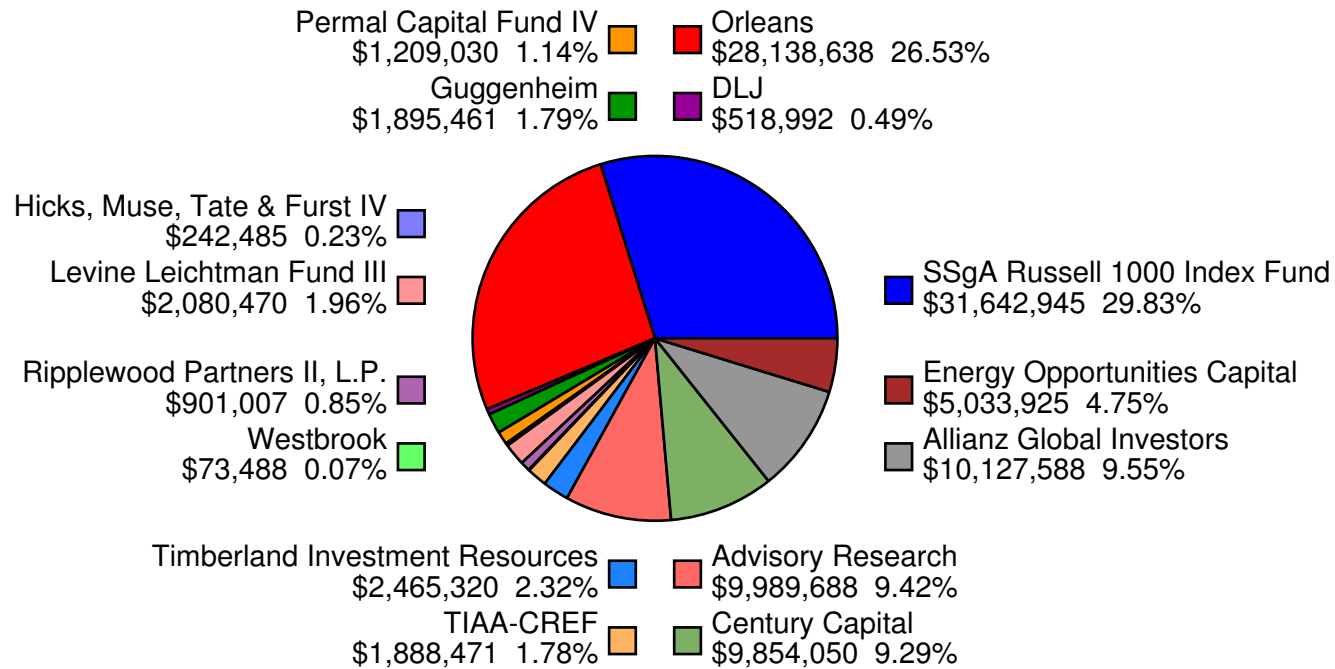
Policy Index



Mobile Police & Firefighters Total Fund Allocation By Manager Total Fund

June 30, 2012

\$106,061,557



Mobile Police & Firefighters
Sources of Fund Growth
Total Fund
3/31/12 - 6/30/12

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	32,657	0	0	-1,014	31,643	-3.11	-3.11
Advisory Research	9,984	500	22	-472	9,990	-4.52	-4.74
Century Capital	10,814	0	23	-937	9,854	-8.66	-8.88
Energy Opportunities Capital	0	5,500	0	-466	5,034	NA	NA
Managed Equity	53,455	6,000	46	-2,889	56,521		
Allianz Global Investors	8,267	2,485	0	-624	10,128	-6.24	-6.24
Int'l Equity	8,267	2,485	0	-624	10,128		
Orleans	27,842	0	8	305	28,139	1.10	1.07
Managed Fixed	27,842	0	8	305	28,139		
DLJ	519	0	0	0	519	0.00	0.00
Guggenheim	1,836	0	5	64	1,895	3.49	3.24
Westbrook	73	0	0	0	73	0.00	0.00
TIAA-CREF	1,853	0	5	41	1,888	2.19	1.92
Real Estate	4,281	0	10	105	4,376		
Permal Capital Fund IV	1,177	0	2	34	1,209	2.93	2.73
Hicks, Muse, Tate & Furst IV	245	0	0	-3	242	-1.19	-1.19
Ripplewood Partners II, L.P.	926	-24	0	-1	901	-0.15	-0.15
Timberland Investment Resources	2,501	0	5	-30	2,465	-1.21	-1.41
Special Investments	4,849	-24	7	0	4,818		
Levine Leichtman Fund III	2,168	-94	0	7	2,080	0.32	0.32

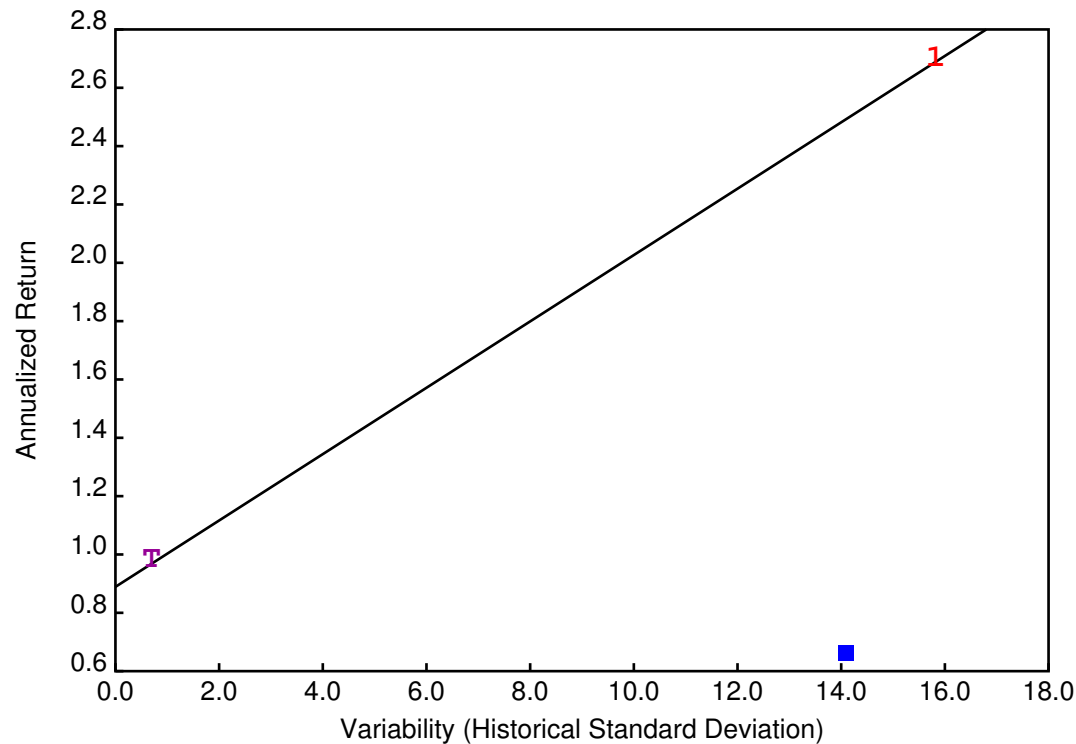
Mobile Police & Firefighters
Sources of Fund Growth
Total Fund
3/31/12 - 6/30/12

[illegible]

Mobile Police & Firefighters

Quarterly Total Return Market Line Analysis

Periods from 6/07 to 6/12



	Annualized Return	Variability	Reward	Sharpe Ratio
■ Total Fund	0.66	14.22	-0.32	-0.02
1 Policy Index	2.70	15.92	1.72	0.11
T 91-Day Treasury Bill	0.98	0.80	0.00	0.00

City of Mobile Police & Firefighters

June 30, 2012

Performance Summary Table
Periods Ending 6/30/12

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
SSgA Russell 1000 Index Fund							
Total Return	-3.11	9.43	4.40	17.35	16.66	0.43	5.78
Total Return (Net of Fees)	-3.11	9.42	4.33	17.30	16.62	0.39	
Russell 1000	-3.12	9.38	4.38	17.36	16.64	0.38	5.71
Variance	0.02	0.06	0.02	-0.00	0.02	0.04	0.06

SSGA

Russell 1000 Index Fund (Commingled Fund)

OBJECTIVE:

Track the return of the Russell 1000 Index.

STRATEGY:

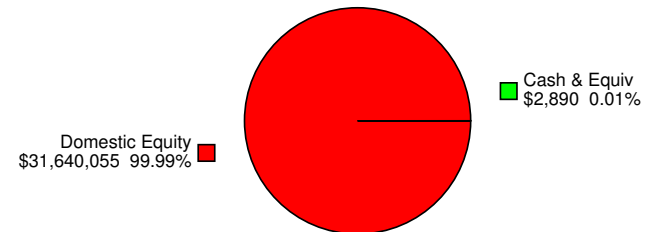
The Fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index in the same proportions as they are represented in the Index. In some cases, 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

9 bps on first \$30MM
7 bps on next \$30MM
5 bps thereafter

Asset Allocation SSgA Russell 1000 Index Fund

June 30, 2012 \$31,642,945



CONCLUSIONS/RECOMMENDATIONS

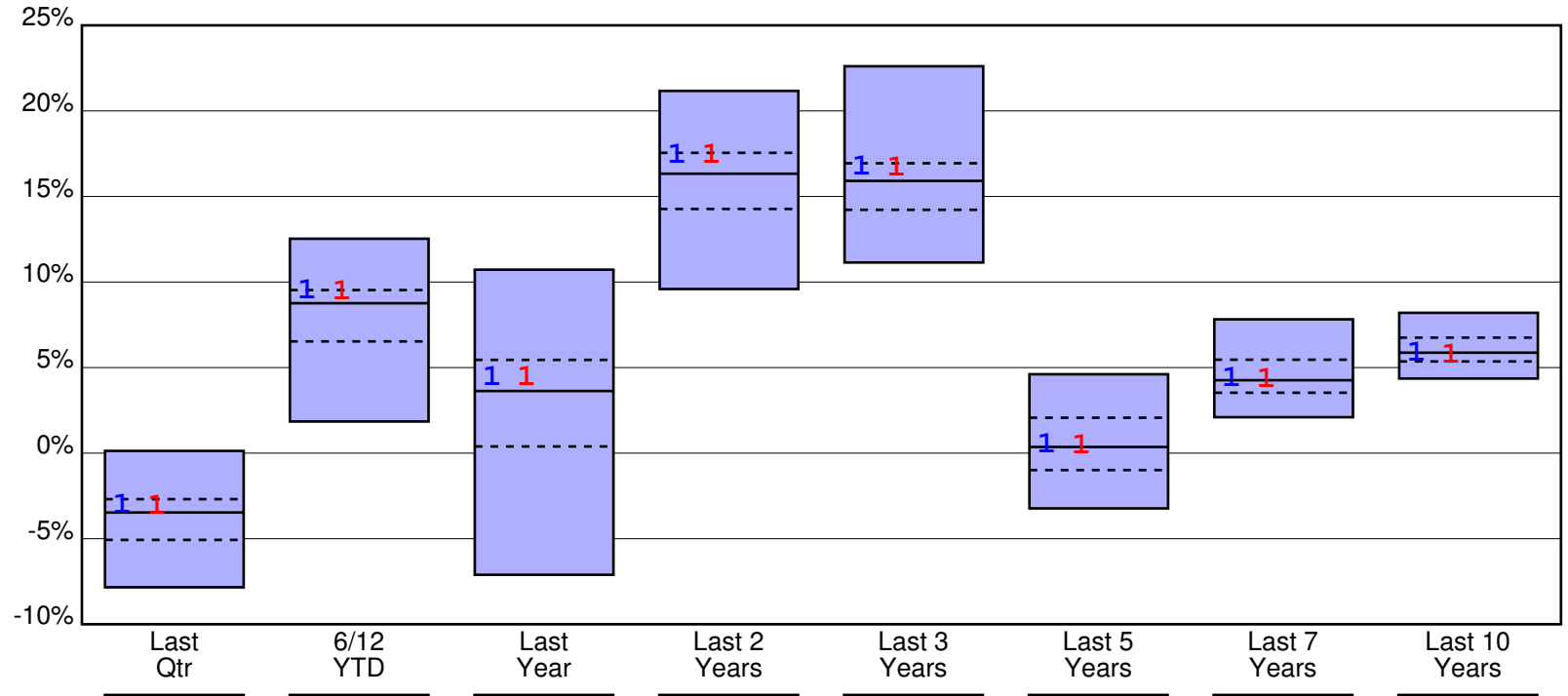
The SSgA Fund performed in-line with the Russell 1000 Index during the quarter.

City of Mobile Police & Firefighters

All Large Cap Cumulative Performance Comparisons

Total Returns of Equity Portfolios

Periods Ending 6/12



5th Percentile	0.13	12.53	10.72	21.17	22.61	4.61	7.82	8.20
25th Percentile	-2.69	9.53	5.45	17.55	16.94	2.07	5.46	6.75
Median	-3.47	8.76	3.63	16.33	15.91	0.36	4.26	5.87
75th Percentile	-5.07	6.53	0.39	14.27	14.22	-0.99	3.53	5.36
95th Percentile	-7.84	1.85	-7.11	9.59	11.14	-3.23	2.10	4.36
1 SSgA Russell 1000 Index Fund	-3.11 (43)	9.43 (34)	4.40 (40)	17.35 (37)	16.66 (30)	0.43 (47)	4.30 (49)	5.78 (56)
1 Russell 1000	-3.12 (43)	9.38 (37)	4.38 (41)	17.36 (36)	16.64 (30)	0.38 (49)	4.26 (50)	5.71 (59)

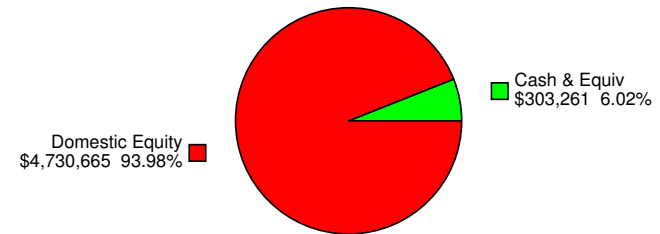
City of Mobile Police & Firefighters

June 30, 2012

Performance Summary Table
Periods Ending 6/30/12

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Energy Opportunities Capital							
Total Return							
Total Return (Net of Fees)							
OIH_XLE Blended Index							
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
June 30, 2012 \$5,033,925



CONCLUSIONS/RECOMMENDATIONS

Energy Opportunities Capital funded during 2nd Quarter 2012 and performance will be included in subsequent reports.

City of Mobile Police & Firefighters

June 30, 2012

Performance Summary Table
Periods Ending 6/30/12

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Century Capital							
Total Return	-8.66	4.74	-7.26				
Total Return (Net of Fees)	-8.88	4.27	-8.28				
Russell 2500 Growth	-5.37	8.46	-3.18				
Variance	-3.29	-3.71	-4.08				

CENTURY CAPITAL

SMID Cap Growth Portfolio (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 Russell 2500 Growth Index over a market cycle. (3-5 years)

STRATEGY:

Century Capital's Investment Philosophy is defined as follows:

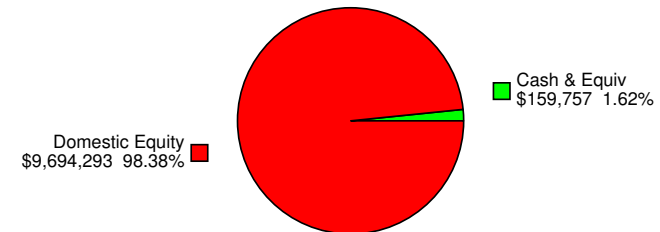
- Capital will flow to areas in the economy where returns on capital are above average and/or rising.
- Small and mid capitalization markets are inefficient, providing opportunities to utilize fundamental, bottom-up research to identify superior growth companies and misvaluations.
- Investing in small and mid capitalization stocks combines the high growth characteristics associated with small cap companies with the higher quality and stability of mid cap companies.

FEE SCHEDULE

88 bps on first \$50MM
80 bps on next \$50MM
75 bps thereafter

Asset Allocation Century Capital

June 30, 2012 \$9,854,050



CONCLUSIONS/RECOMMENDATIONS

Century Capital under performed the Russell 2500 Growth Index by 329 bps and ranked in the 84th percentile of their peer group. The under performance is attributed to overall stock selection.

Over the last year, Century Capital under performed the Russell 2500 Growth Index and ranked in the 80th percentile of their peer group.

City of Mobile Police & Firefighters Equity Summary Statistics Century Capital Period Ending 6/12

	Portfolio	Russell 2500 Growth	Ten Largest Holdings	Mkt Value	% of Port	Quarterly Ret
Total Number Of Securities	58	1,405	Cyberonics Inc	285,549	2.95	17.86
Equity Market Value	9,694,293		Cardtronics Inc	252,254	2.60	15.09
Average Capitalization \$(000)	3,851,492	2,711,866	Salix Pharmaceutical	234,092	2.42	3.70
Median Capitalization \$(000)	3,182,890	780,190	Dicks Sporting Goods	230,400	2.38	0.10
Equity Segment Yield	0.65	0.83	Tw Telecom Inc	228,374	2.36	15.79
Equity Segment P/E - Average	21.32	30.46	Power Integrations I	223,800	2.31	0.61
Equity Segment P/E - Median	20.06	16.68	Roper Inds Inc New	221,805	2.29	-0.44
Equity Segment Beta	1.17	1.23	Buffalo Wild Wings I	220,932	2.28	-4.47
Price/Book Ratio	3.41	3.47	Lamar Advertising Co	220,220	2.27	-11.76
Debt/Equity Ratio	37.77	35.19	Questor Pharmaceutic	219,828	2.27	41.52
Five Year Earnings Growth	9.75	7.17				

GICS Sectors	Weight		Return		Selection		
	Portfolio	Index	Portfolio	Index	Stock	Sector	Total
Energy	4.95	8.11	-19.20	-12.25	-0.34	0.22	-0.12
Materials	4.03	7.48	-24.67	-6.70	-0.72	0.05	-0.67
Industrials	15.95	17.36	-10.38	-5.33	-0.81	0.00	-0.80
Consumer Discretionary	20.69	15.12	-11.65	-8.18	-0.72	-0.17	-0.88
Consumer Staples	4.00	3.87	-40.13	0.05	-1.61	0.01	-1.60
Health Care	14.32	15.86	5.17	4.84	0.05	-0.15	-0.11
Financials	5.45	8.30	-6.64	-1.33	-0.29	-0.11	-0.40
Information Technology	29.06	22.14	-12.86	-9.66	-0.93	-0.31	-1.24
Telecom. Services	1.54	1.36	1.45	-0.81	0.03	0.01	0.04
Utilities	0.00	0.40		-7.07	0.00	0.01	0.01
	100.00	100.00	-10.95	-5.18	-5.33	-0.44	-5.78

Stock Selection Return Attribution

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

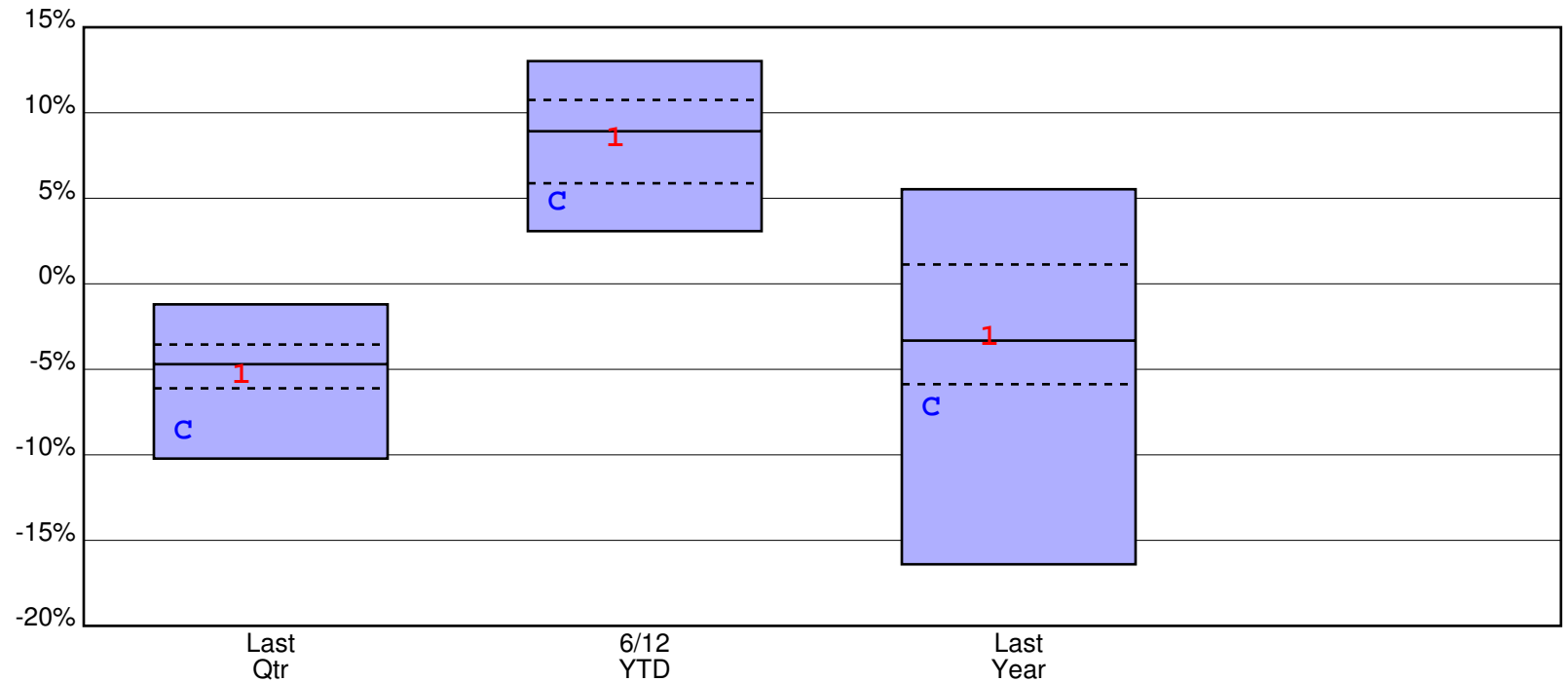
Sector Selection Return Attribution

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

Trading Effect 2.11%

[Actual Return -8.85%] - [Buy Hold Return -10.95%]

City of Mobile Police & Firefighters SMID Growth Cumulative Performance Comparisons Total Returns of Equity Portfolios Periods Ending 6/12



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

 C Century Capital
 1 Russell 2500 Growth

City of Mobile Police & Firefighters

June 30, 2012

Performance Summary Table
Periods Ending 6/30/12

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Advisory Research							
Total Return	-4.52	7.10	3.37	19.12	18.21		
Total Return (Net of Fees)	-4.74	6.64	2.48	18.12	17.24		
Russell 2500 Value	-3.02	8.15	-1.49	15.13	18.79		
Variance	-1.50	-1.05	4.86	3.99	-0.58		

ADVISORY RESEARCH

SMID Cap Value (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 Russell 2500 Value over a market cycle. (3-5 years)

STRATEGY:

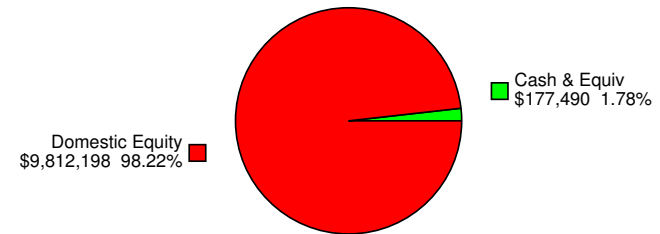
Advisory Research's Small/Mid Value Equities Strategy can be categorized as a fundamental and research driven approach to investing in small to mid capitalization value stocks with market caps between \$300 million and \$8 billion. While portfolio valuation metrics consistently reflect a value style, the portfolio is managed under the philosophy that growth and value stocks are not mutually exclusive. Advisory seeks to generate consistent, long-term performance by investing in businesses that have attractive valuations with growth potential and operating/competitive characteristics that provide downside protection. As a result, overall portfolio characteristics are targeted to possess above-average prospects for growth and below-average valuations relative to the Russell 2500 Value Index.

FEE SCHEDULE

90 bps on all assets

Asset Allocation Advisory Research

June 30, 2012 \$9,989,688



CONCLUSIONS/RECOMMENDATIONS

Advisory Research under performed the Russell 2500 Value Index by 150 basis points during the Second Quarter but ranked in the 32nd percentile of their peer group. The under performance is primarily attributed to stock selection in the Industrials, Consumer Discretionary, and Financials sectors, as well as sector weighting decisions in the Energy sector.

Over the past 3 years, the Manager has under performed the Russell 2500 Value Index but ranked in the 48th percentile of their peer universe.

City of Mobile Police & Firefighters

Equity Summary Statistics

Advisory Research

Period Ending 6/12

	Portfolio	Russell 2500 Value	Ten Largest Holdings	Mkt Value	% of Port	Quarterly Ret
Total Number Of Securities	41	1,792	Plum Creek Timber Co	417,247	4.26	-3.41
Equity Market Value	9,812,198		White Mtns Ins Group	378,269	3.86	3.99
Average Capitalization \$(000)	4,557,946	2,523,510	Vail Resorts Inc	341,546	3.48	16.25
Median Capitalization \$(000)	2,580,380	600,381	Spirit Aerosystems H	336,956	3.44	-2.58
Equity Segment Yield	1.53	2.05	Kaiser Aluminum Corp	330,739	3.37	10.26
Equity Segment P/E - Average	16.68	19.85	SI Green Rlty Corp	308,924	3.15	3.80
Equity Segment P/E - Median	14.09	13.20	Comerica Inc	298,501	3.05	-4.61
Equity Segment Beta	1.35	1.25	Discover Finl Svcs	296,696	3.03	4.03
Price/Book Ratio	1.17	1.22	Foot Locker Inc	294,791	3.01	-0.92
Debt/Equity Ratio	62.34	54.40	Hyatt Hotels Corp	294,307	3.00	-13.01
Five Year Earnings Growth	-2.43	0.99				

GICS Sectors	Weight		Return		Selection		
	Portfolio	Index	Portfolio	Index	Stock	Sector	Total
Energy	12.12	4.33	-9.74	-13.15	0.41	-0.76	-0.35
Materials	6.98	5.78	-3.36	-7.98	0.32	-0.06	0.27
Industrials	13.86	14.36	-12.42	-7.84	-0.64	0.02	-0.61
Consumer Discretionary	19.17	13.30	-8.20	-3.21	-0.96	0.01	-0.95
Consumer Staples	1.96	2.97	6.64	2.34	0.08	-0.06	0.03
Health Care	2.96	5.37	-8.59	-4.00	-0.14	0.02	-0.12
Financials	34.28	33.90	-2.26	0.04	-0.79	0.01	-0.77
Information Technology	8.66	9.84	-13.06	-10.12	-0.25	0.08	-0.17
Telecom. Services	0.00	0.74		-8.77	0.00	0.04	0.04
Utilities	0.00	9.42		4.58	0.00	-0.75	-0.75
	100.00	100.00	-6.74	-3.35	-1.95	-1.44	-3.39

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 1.77%

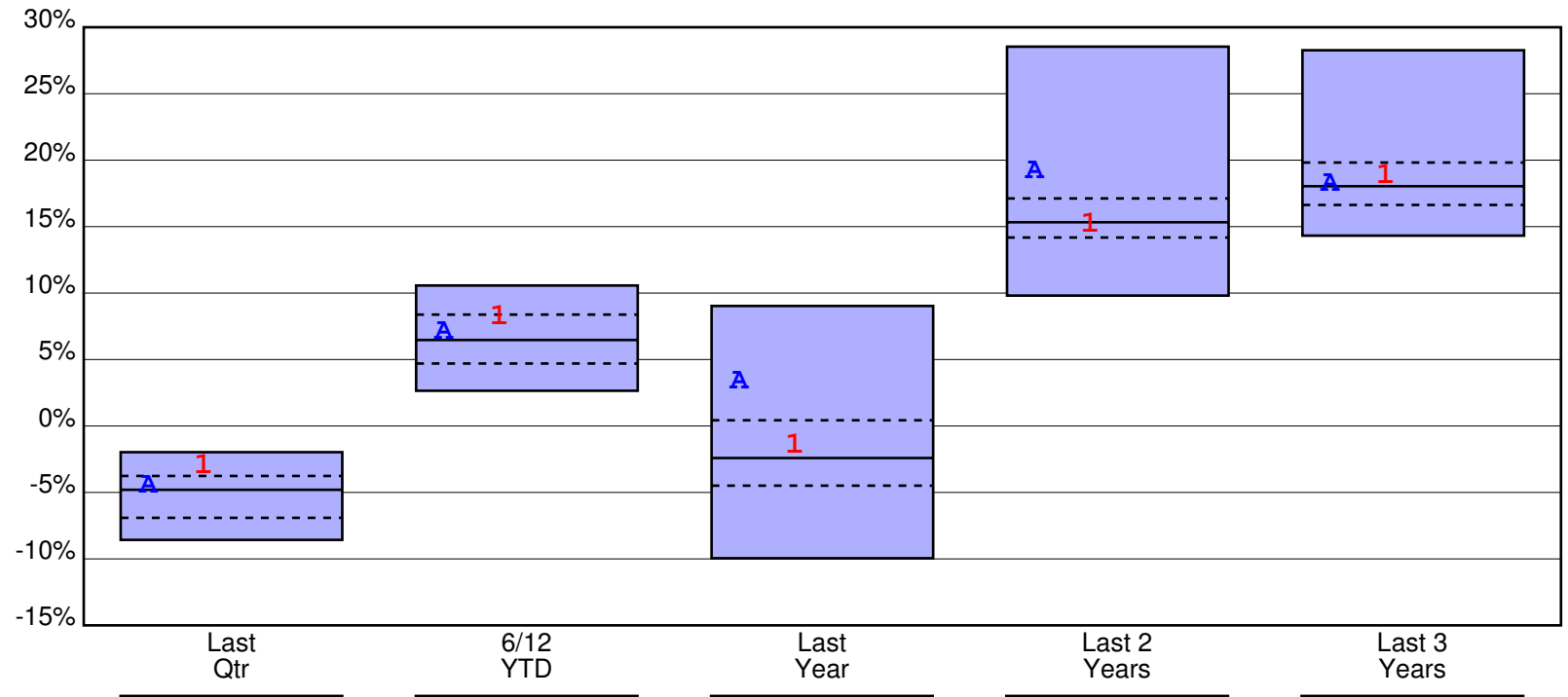
[Actual Return -4.97%] - [Buy Hold Return -6.74%]

City of Mobile Police & Firefighters

SMID Value-Neutral Cumulative Performance Comparisons

Total Returns of Equity Portfolios

Periods Ending 6/12



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

Last Qtr	6/12 YTD	Last Year	Last 2 Years	Last 3 Years
-1.97	10.57	9.03	28.54	28.27
-3.76	8.38	0.43	17.12	19.82
-4.80	6.47	-2.41	15.33	18.04
-6.91	4.70	-4.49	14.18	16.63
-8.57	2.65	-9.95	9.81	14.32
-4.52 (32)	7.10 (38)	3.37 (11)	19.12 (16)	18.21 (48)
-3.02 (15)	8.15 (25)	-1.49 (36)	15.13 (55)	18.79 (39)

A Advisory Research
1 Russell 2500 Value

City of Mobile Police & Firefighters

June 30, 2012

Performance Summary Table
Periods Ending 6/30/12

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Allianz Global Investors							
Total Return	-6.24	5.69					
Total Return (Net of Fees)	-6.24	5.69					
MSCI ACWI ex US (Net)	-7.61	2.77					
Variance	1.37	2.92					

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)

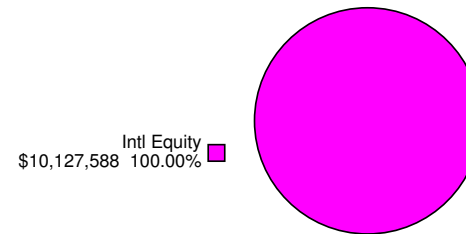
STRATEGY:

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
June 30, 2012 \$10,127,588

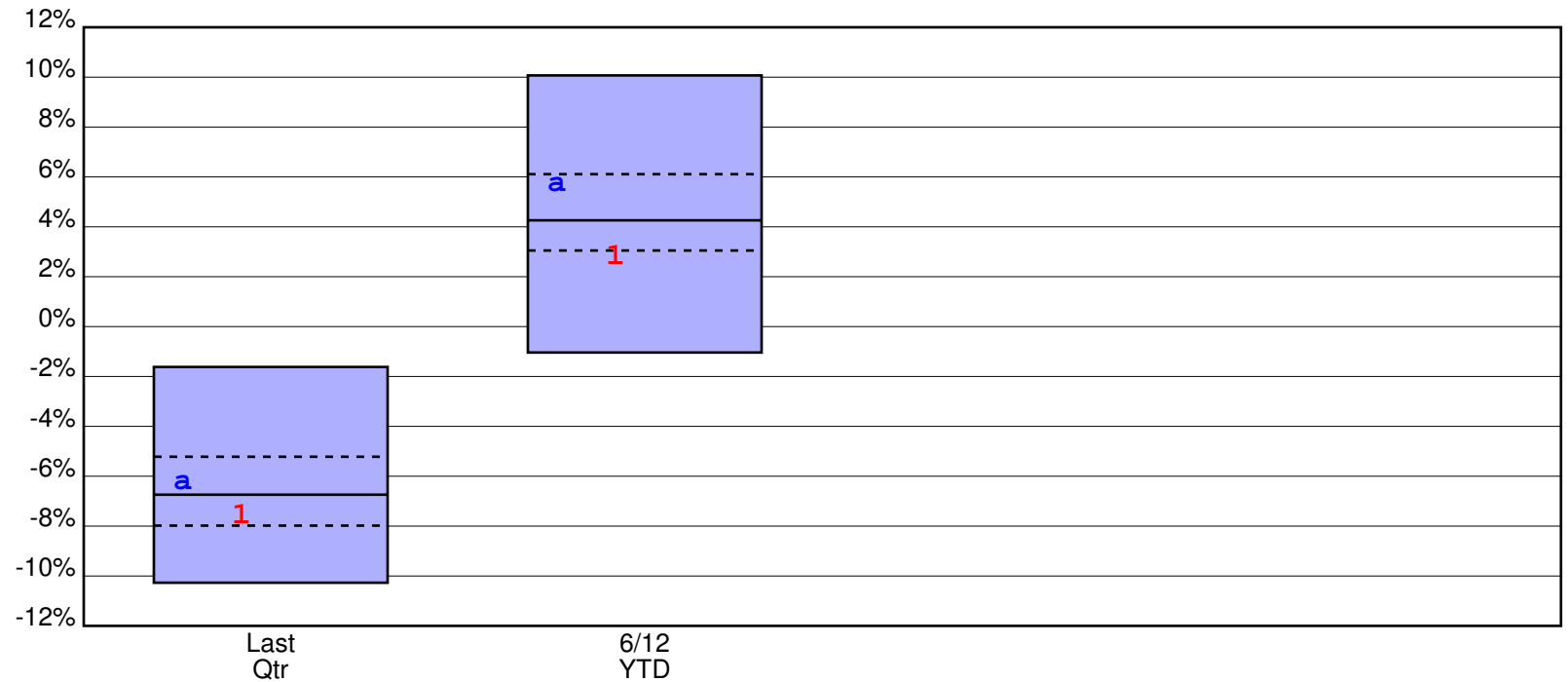


CONCLUSIONS/RECOMMENDATIONS

Allianz Global Investors out performed the MSCI ACWI ex US (Net) during the 2nd Quarter 2012 and ranked in the 42nd percentile of the International Equity Universe. The main driver was stock selection, particularly in the Materials, Financials and Information Technology sectors.

Year-to-date, Allianz Global Investors ranks in the 30th percentile of the International Equity Universe.

City of Mobile Police & Firefighters Cumulative Performance Comparison Total Returns of International Equity Portfolios Periods Ending 6/12



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

-1.62
-5.22
-6.74
-7.98
-10.27

10.07
6.11
4.26
3.05
-1.04

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

-6.24 (42)
-7.61 (70)

5.69 (30)
2.77 (77)

City of Mobile Police & Firefighters

June 30, 2012

Performance Summary Table
Periods Ending 6/30/12

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Orleans							
Total Return	1.10	2.18	5.11	4.96	6.63	6.78	
Total Return (Net of Fees)	1.07	2.12	4.99	4.84	6.51	6.66	
Barclays Int Govt/Credit	1.48	2.10	5.42	4.59	5.81	6.02	
Variance	-0.38	0.09	-0.31	0.37	0.82	0.76	
Barclays U.S. Aggregate	2.06	2.37	7.48	5.67	6.93	6.80	

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.

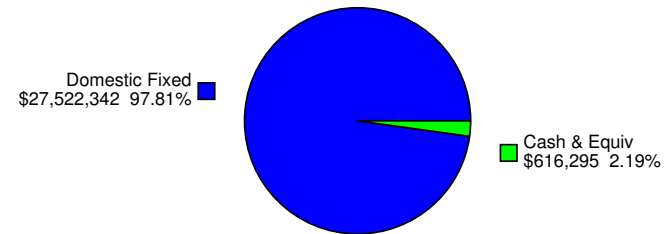
FEE SCHEDULE

15 bps on first \$10MM

10 bps thereafter

Asset Allocation Orleans

June 30, 2012 \$28,138,638



CONCLUSIONS/RECOMMENDATIONS

Orleans under performed the Barclays Int. Govt/Credit Index and the Barclay's U.S. Aggregate Index. Manager ranked in the bottom of the Fixed Income Universe during the quarter.

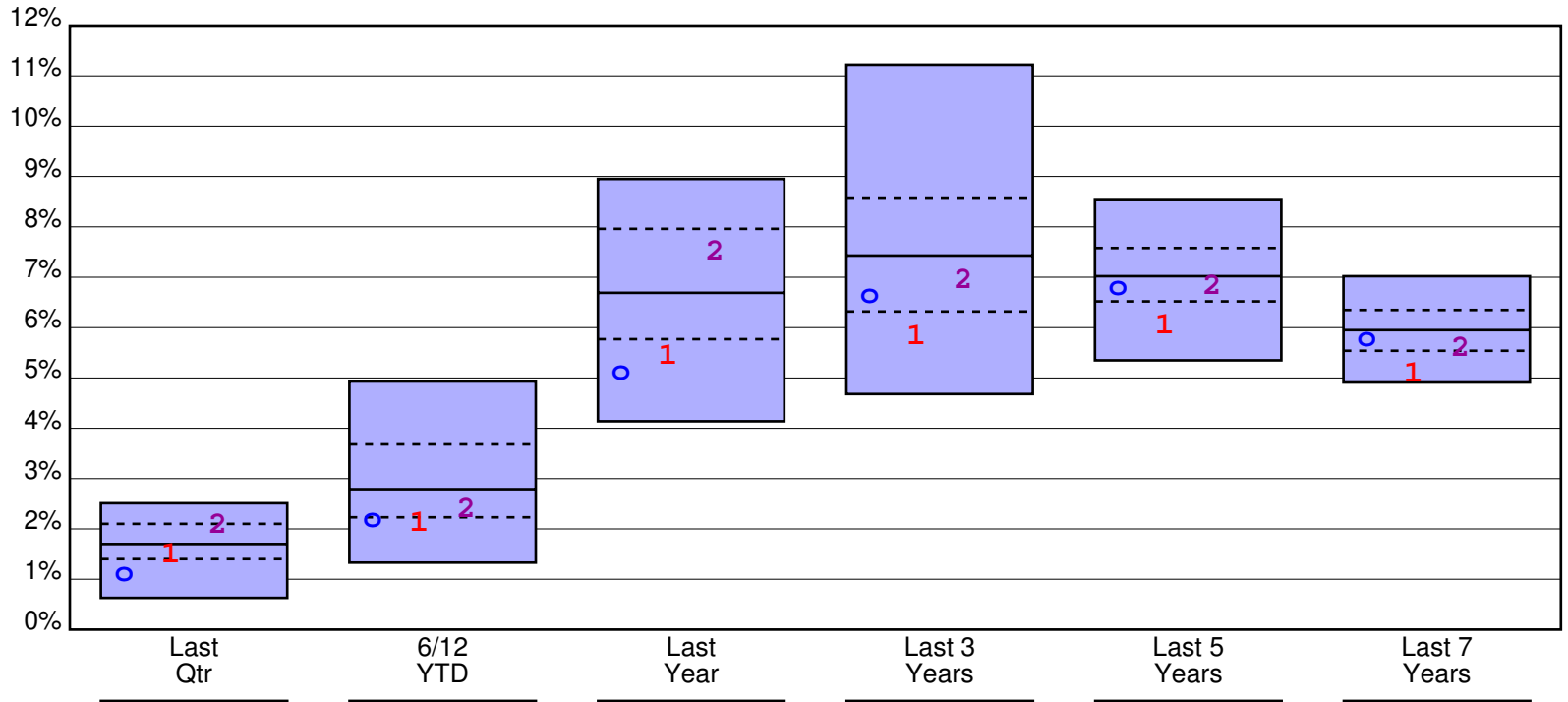
In all periods greater than one year, the manager has out performed the Barclays Int. Govt/Credit Index. Over the past seven years, manager ranks in the 62nd percentile of the Fixed Income Universe.

City of Mobile Police & Firefighters

Intermediate Term Cumulative Performance Comparisons

Total Returns of Fixed Income Portfolios

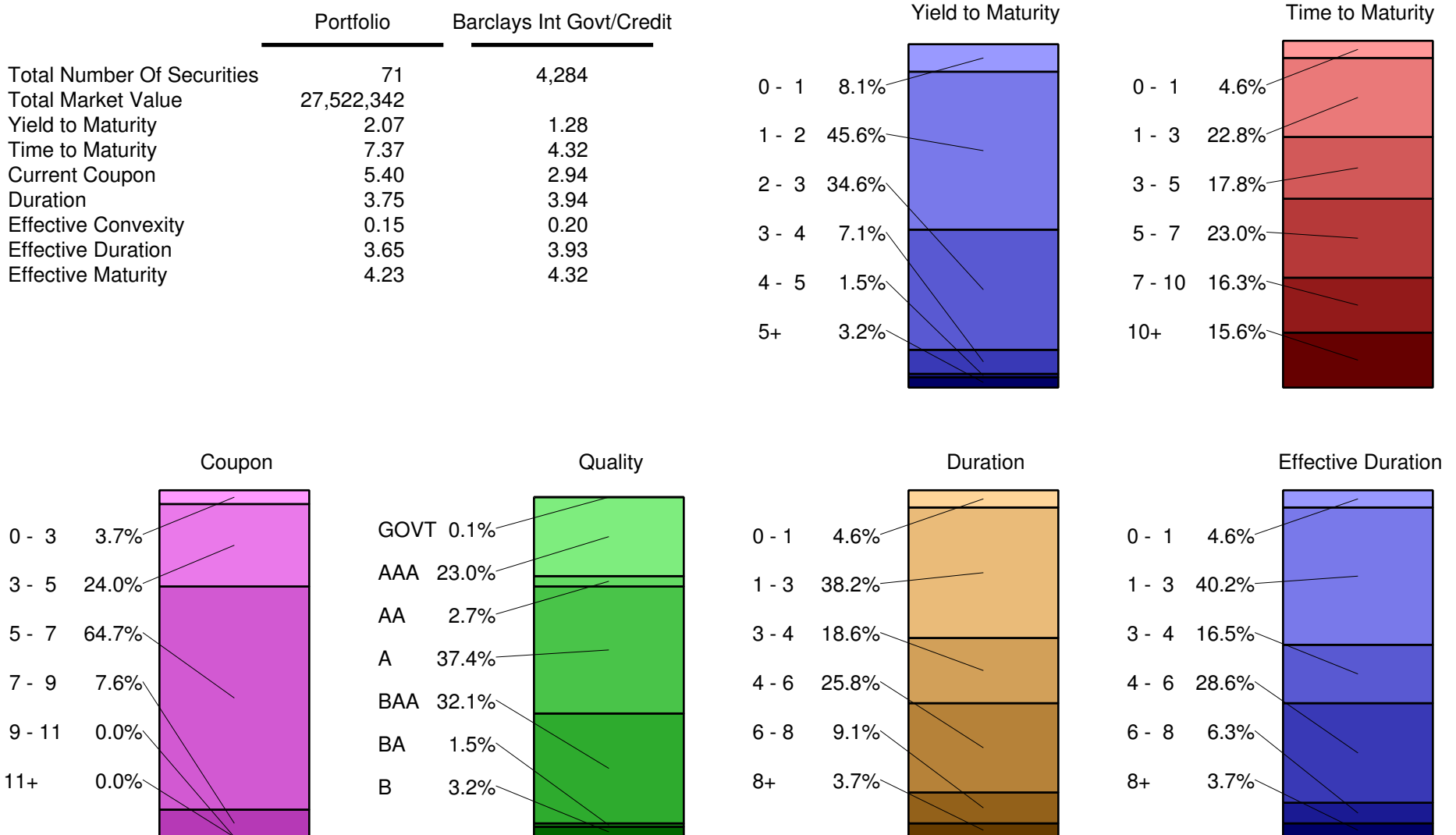
Periods Ending 6/12



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

Period	Last Qtr	6/12 YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
5th Percentile	2.51	4.93	8.95	11.22	8.55	7.02
25th Percentile	2.10	3.68	7.96	8.58	7.58	6.35
Median	1.70	2.79	6.69	7.43	7.02	5.95
75th Percentile	1.40	2.23	5.77	6.32	6.52	5.54
95th Percentile	0.63	1.33	4.14	4.68	5.35	4.91
Orleans	1.10 (90)	2.18 (77)	5.11 (87)	6.63 (68)	6.78 (65)	5.76 (62)
Barclays Int Govt/Credit	1.48 (68)	2.10 (78)	5.42 (82)	5.81 (83)	6.02 (88)	5.07 (92)
Barclays U.S. Aggregate	2.06 (29)	2.37 (70)	7.48 (36)	6.93 (63)	6.80 (65)	5.58 (74)

City of Mobile Police & Firefighters Fixed Income, Mortgage and Municipals Summary Statistics Orleans Quarter Ending 6/12



City of Mobile Police & Firefighters

June 30, 2012

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.

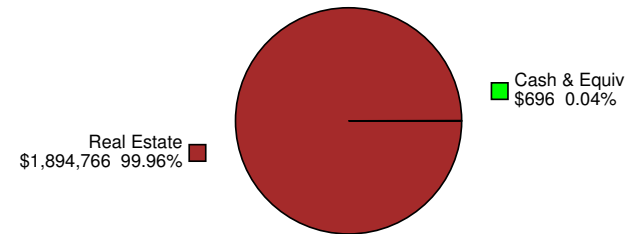
Private investments consist of direct properties (31 investments), mezzanine financing (8 investments), and 7 fund investments (in order to take advantage of market pricing and portfolio diversification).

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**

June 30, 2012 \$1,895,461

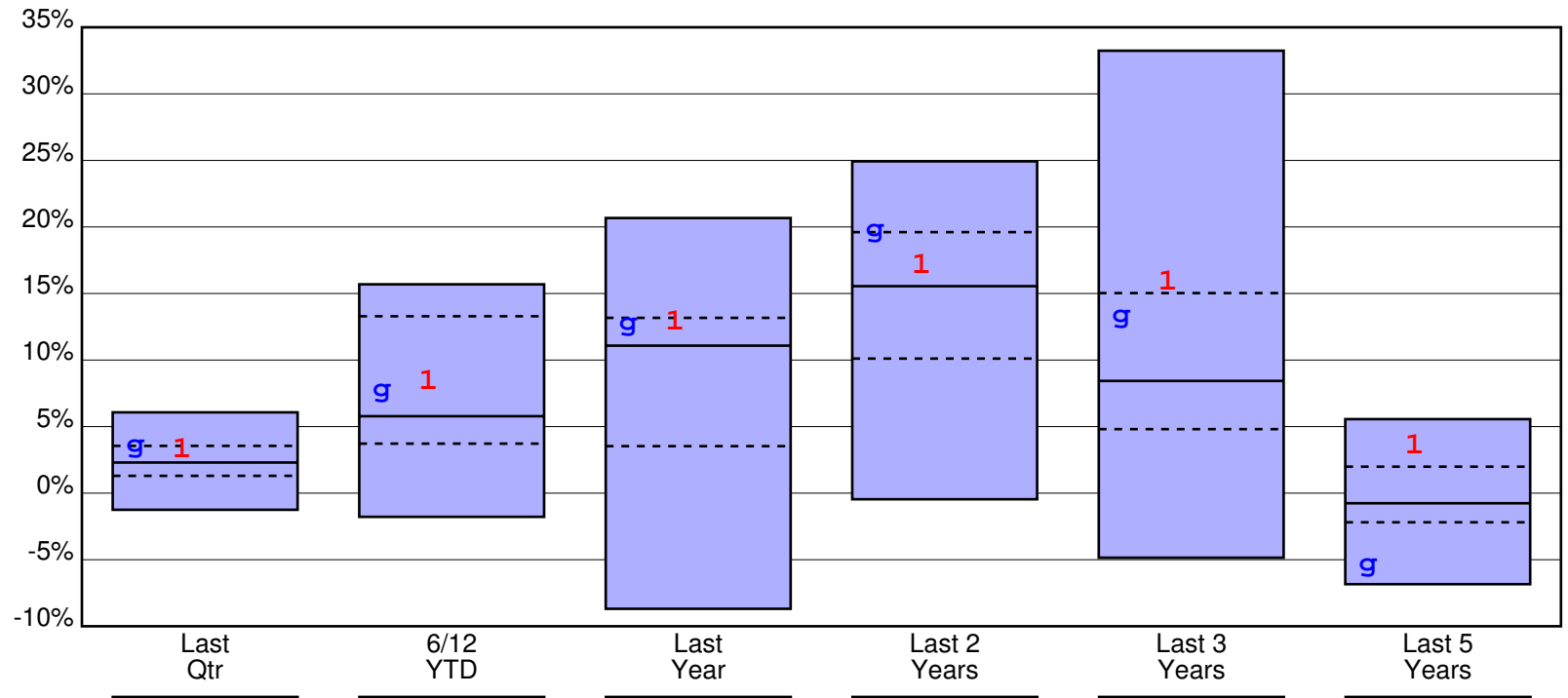


CONCLUSIONS/RECOMMENDATIONS

Guggenheim out performed the blended benchmark consisting of 70% NCREIF/30% NAREIT and ranked in the 25th percentile of their peer group.

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

City of Mobile Police & Firefighters Cumulative Performance Comparison Total Returns of Real Estate Portfolios Periods Ending 6/12



5th Percentile	6.07	15.69	20.67	24.93	33.24	5.56
25th Percentile	3.55	13.29	13.17	19.61	15.03	1.99
Median	2.30	5.78	11.08	15.55	8.43	-0.76
75th Percentile	1.30	3.72	3.53	10.11	4.81	-2.19
95th Percentile	-1.25	-1.78	-8.69	-0.46	-4.85	-6.84
g Guggenheim	3.49 (25)	7.67 (35)	12.64 (32)	19.68 (24)	13.26 (26)	-5.42 (92)
1 70% NCREIF / 30% NAREIT	3.24 (29)	8.34 (34)	12.83 (29)	17.07 (36)	15.78 (24)	3.51 (11)

City of Mobile Police & Firefighters June 30, 2012

DLJ REAL ESTATE CAPITAL PARTNERS FUND II **Real Estate**

OBJECTIVE

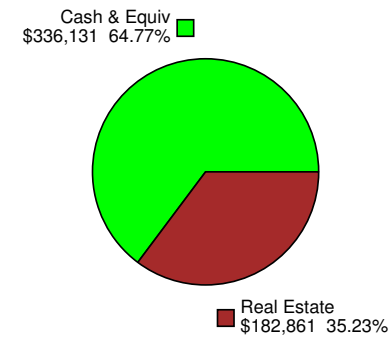
Manager is expected to out perform the NCREIF Index.

CONCLUSIONS/RECOMMENDATIONS

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

Asset Allocation DLJ

June 30, 2012 \$518,992



City of Mobile Police & Firefighters
Internal Rate of Return Table
DLJ
June 30, 2012

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/99		284,105	0		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
June 30, 2012

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

June 30, 2012

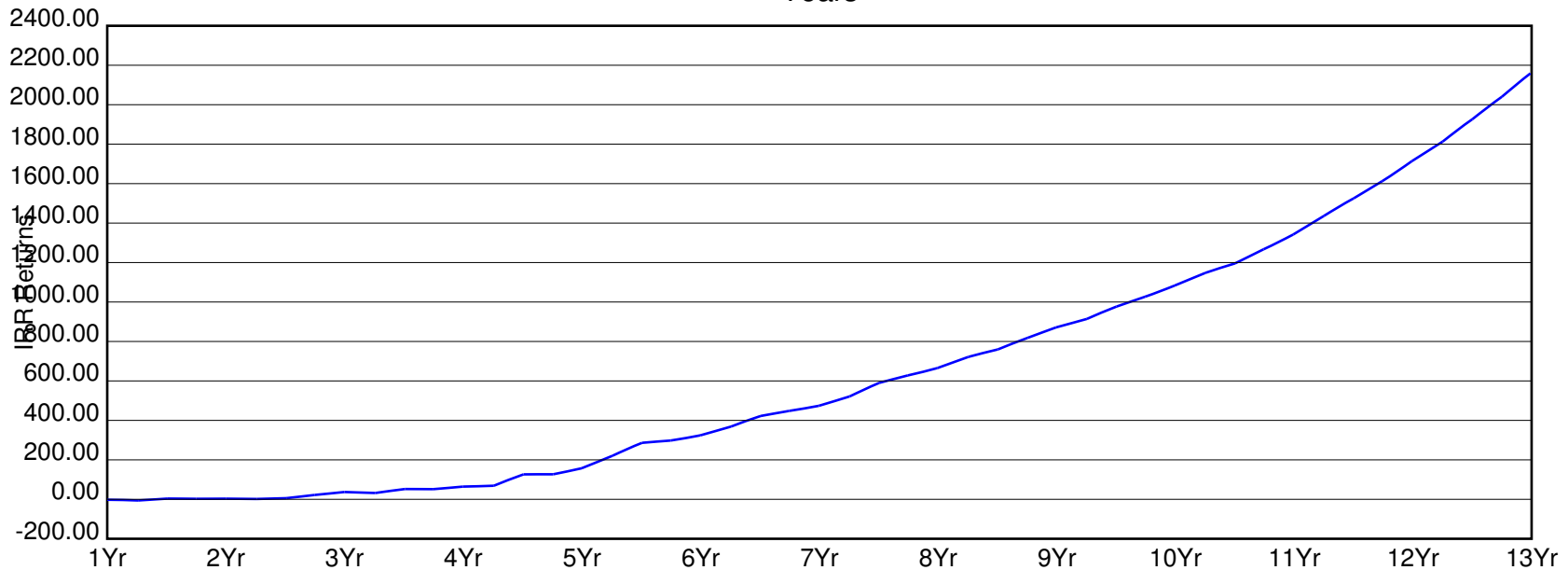
Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/11	506,108	0	0	-3,147	0	1,668	501,294	1,813.04	27.82
12/11	501,294	0	0	13,618	0	0	514,911	1,926.25	27.77
3/12	514,911	0	0	5,316	0	1,259	518,968	2,040.58	27.71
6/12	518,968	0	0	24	0	0	518,992	2,158.77	27.64
Total		2,645,954	3,719,237	1,822,315	57,226	172,814	518,992	2,158.77	27.64

City of Mobile Police & Firefighters J-Curve Graph

DLJ

3/31/00 - 6/30/12

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		
Total	2,645,954	3,719,237	57,226	172,814		

City of Mobile Police & Firefighters

June 30, 2012

Performance Summary Table
Periods Ending 6/30/12

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
TIAA-CREF							
Total Return	2.19	5.09	7.72	12.76	3.75		
Total Return (Net of Fees)	1.92	4.53	6.55	11.55	2.61		
NCREIF Prop Index	2.68	5.34	12.04	14.36	8.81		
Variance	-0.49	-0.25	-4.32	-1.60	-5.06		

TIAA-CREF CORE PROPERTY FUND

Real Estate - Open-ended, Core Style

OBJECTIVE

Manager is expected to outperform the NCREIF Index.

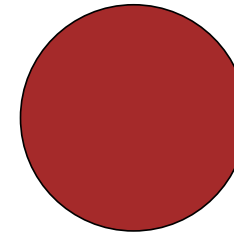
STRATEGIES

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

June 30, 2012 \$1,888,471

Real Estate
\$1,888,471 100.00%



CONCLUSIONS/RECOMMENDATIONS

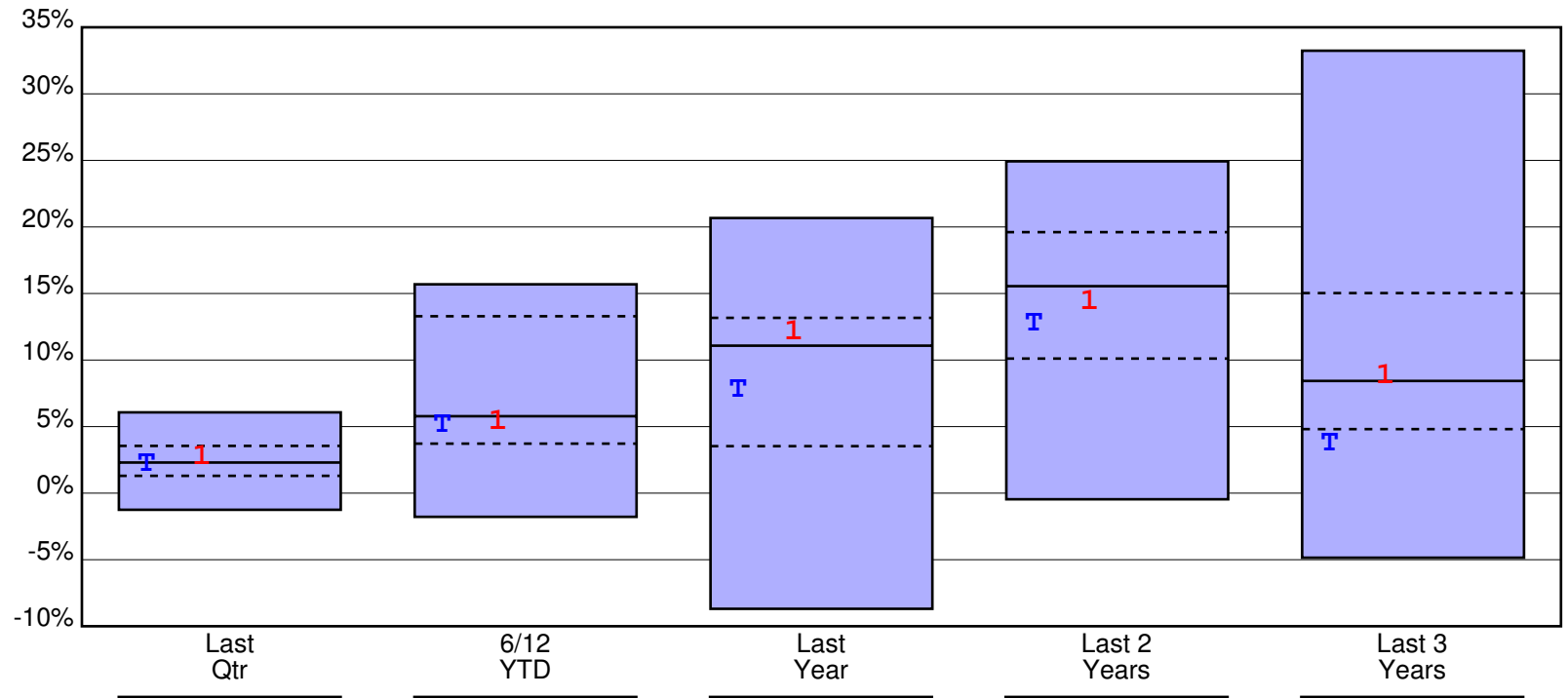
During the Second Quarter 2012, TIAA-CREF under performed the NCREIF Property Index by 49 basis points. Their performance placed them in the 55th percentile of their peer universe.

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 6/12



5th Percentile	6.07	15.69	20.67	24.93	33.24
25th Percentile	3.55	13.29	13.17	19.61	15.03
Median	2.30	5.78	11.08	15.55	8.43
75th Percentile	1.30	3.72	3.53	10.11	4.81
95th Percentile	-1.25	-1.78	-8.69	-0.46	-4.85
T TIAA-CREF	2.19 (55)	5.09 (62)	7.72 (65)	12.76 (69)	3.75 (78)
1 NCREIF Prop Index	2.68 (38)	5.34 (58)	12.04 (40)	14.36 (58)	8.81 (45)

City of Mobile Police & Firefighters June 30, 2012

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.

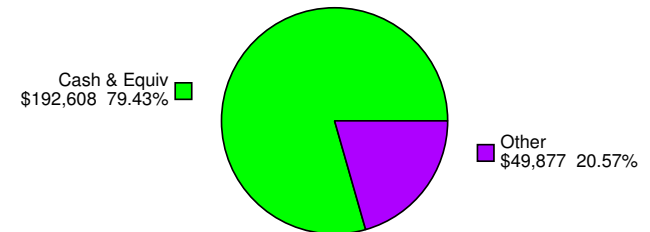
CONCLUSIONS/RECOMMENDATIONS

As of the end of 2nd Quarter 2012 Hicks, Muse, Tate & Furst IV has returned an annualized -6.08% in the fund since inception.

Since its inception in the 3rd Quarter 1998, the fund has experienced a depreciation of \$591,866.

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

Asset Allocation
Hicks, Muse, Tate & Furst IV
June 30, 2012 \$242,485



City of Mobile Police & Firefighters
Internal Rate of Return Table
Hicks, Muse, Tate & Furst IV
June 30, 2012

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/98		930,532	64,711		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

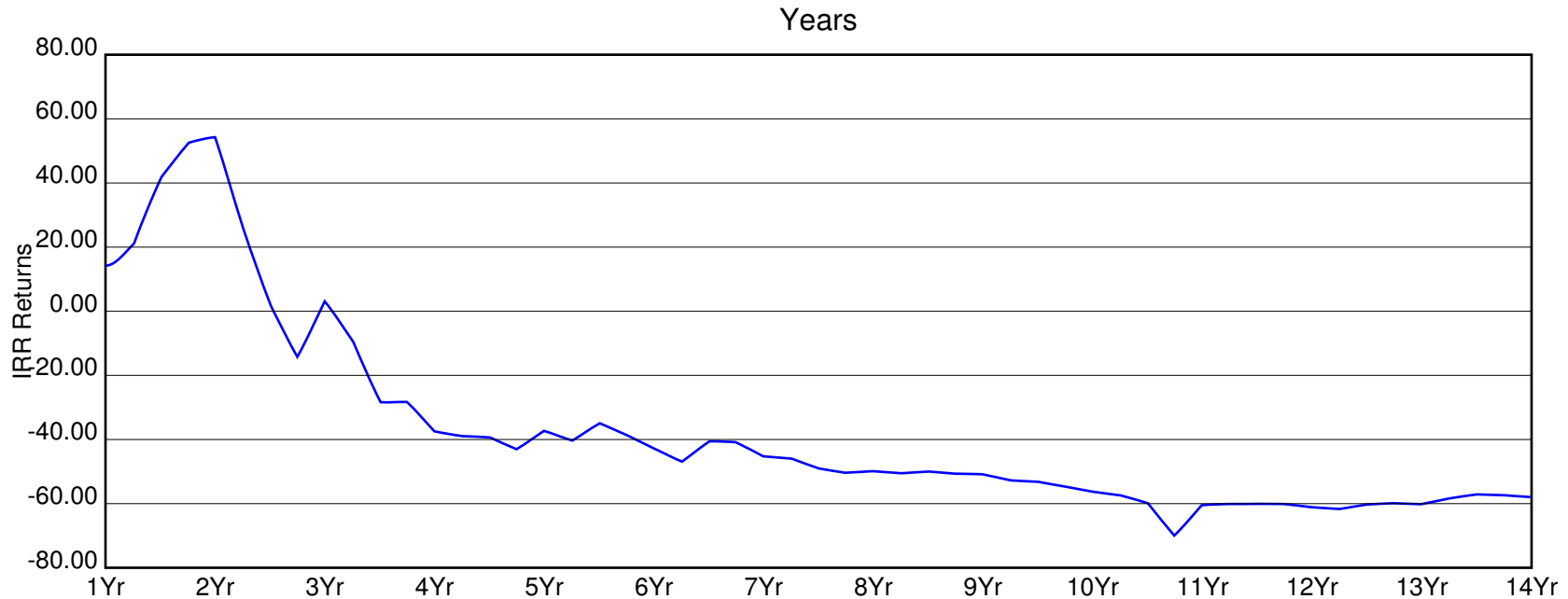
City of Mobile Police & Firefighters
Internal Rate of Return Table
Hicks, Muse, Tate & Furst IV
June 30, 2012

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
June 30, 2012

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
Total		2,415,558	1,536,951	-591,866	0	44,256	242,485	-57.95	-6.08

City of Mobile Police & Firefighters
J-Curve Graph
Hicks, Muse, Tate & Furst IV
3/31/99 - 6/30/12



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		
Total	2,415,558	1,536,951	280	44,256	Total Capital Commitment 2,000,000	

City of Mobile Police & Firefighters

June 30, 2012

RIPPLEWOOD PARTNERS II **Private Equity**

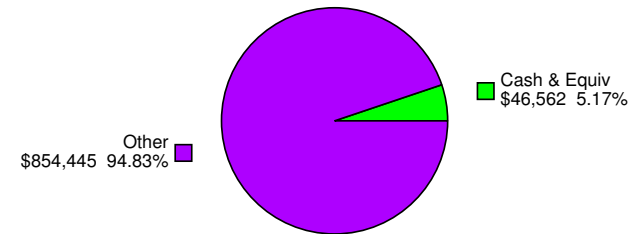
OBJECTIVE

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.**

June 30, 2012 \$901,007



CONCLUSIONS/RECOMMENDATIONS

As of the end of 2nd Quarter 2012 Ripplewood Partners II has returned an annualized 7.81% in the fund since inception.

Since its inception in the 3rd Quarter 2002, the fund has experienced an appreciation of \$620,595.

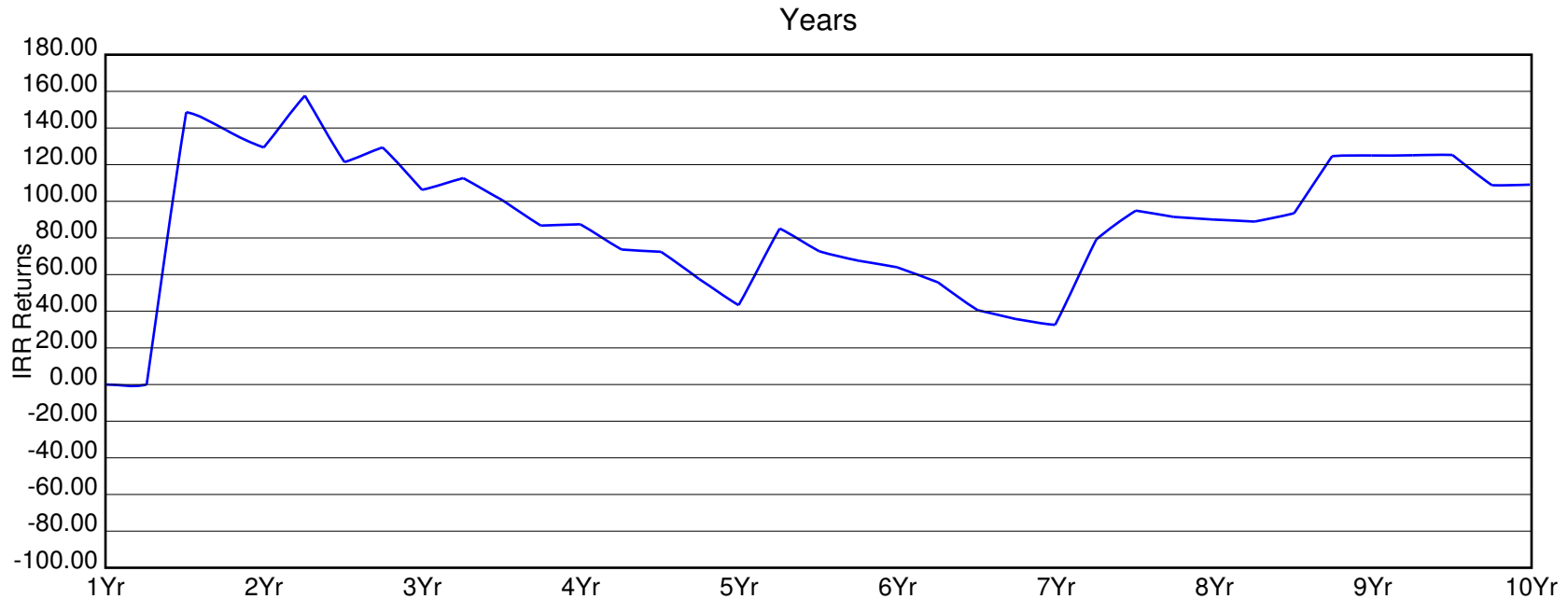
City of Mobile Police & Firefighters
Internal Rate of Return Table
Ripplewood Partners II, L.P.
June 30, 2012

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.
June 30, 2012

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
Total		2,608,181	2,132,403	620,595	65,767	129,599	901,007	109.08	7.81

City of Mobile Police & Firefighters
J-Curve Graph
Ripplewood Partners II, L.P.
3/31/03 - 6/30/12



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		
Total	2,608,181	2,132,403	65,767	129,599		
Total Capital Commitment:		2,000,000	Vintage Year: 2002			

City of Mobile Police & Firefighters

June 30, 2012

LEVINE LEICHTMAN CAPITAL PARTNERS III Private Equity

OBJECTIVE

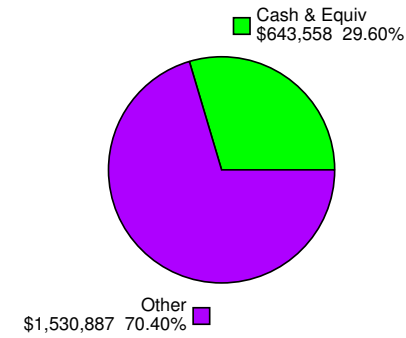
The manager needs to achieve a return of 400 basis points above the Russell 3000 index on an annual basis.

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.

- Fund Scheduled for termination Oct. 18, 2012, but can extend by two one-year terms

Asset Allocation
Levine Leichtman Fund III
June 30, 2012 \$2,174,445



CONCLUSIONS/RECOMMENDATIONS

Levine Leichtman Fund III values and performance has not been updated through the Second Quarter of 2012. The manager's performance will be included in subsequent reports.

City of Mobile Police & Firefighters
Internal Rate of Return Table
Levine Leichtman Fund III
June 30, 2012

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
12/03		1,134,255	461,406		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
June 30, 2012

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
Total		5,034,087	3,859,407	1,242,041	0	336,251	2,080,470	103.45	8.66

City of Mobile Police & Firefighters

June 30, 2012

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.

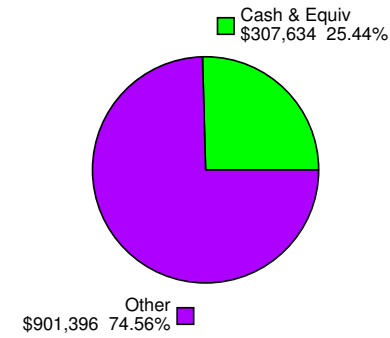
STRATEGIES

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
June 30, 2012 \$1,209,030



CONCLUSIONS/RECOMMENDATIONS

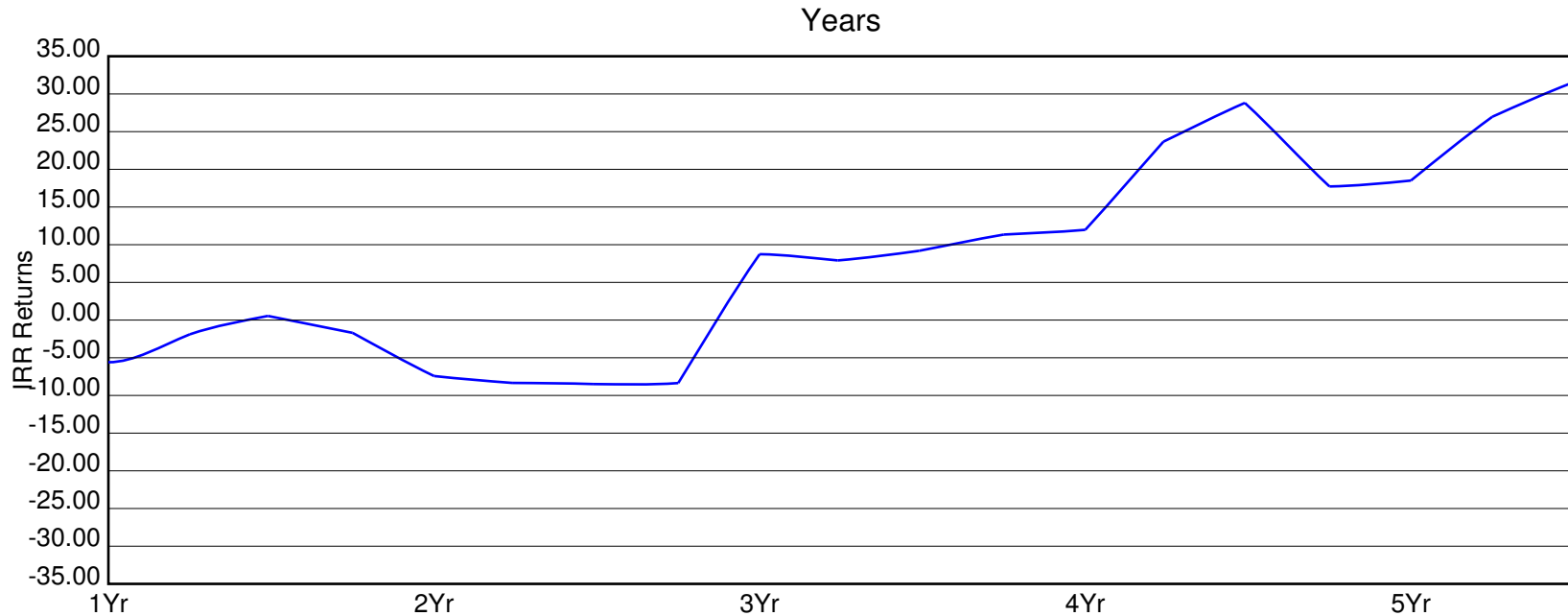
As of the end of 2nd Quarter 2012 Permal has returned an annualized 5.13% in the fund since inception.

Since its inception in the 3rd Quarter 2007, the fund has experienced an appreciation of \$226,029.

City of Mobile Police & Firefighters
Internal Rate of Return Table
Permal Capital Fund IV
June 30, 2012

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
3/07		200,000	0		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
Total		1,237,972	169,077	226,029	21,082	64,812	1,209,030	31.39	5.13

City of Mobile Police & Firefighters
J-Curve Graph
Permal Capital Fund IV
9/30/07 - 6/30/12



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
Total	1,237,972	169,077	21,082	64,812		

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

City of Mobile Police & Firefighters June 30, 2012

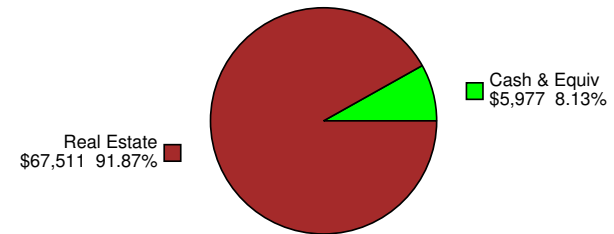
WESTBROOK REAL ESTATE FUND III Real Estate

OBJECTIVE

Manager is expected to outperform the NCREIF Index.

Asset Allocation Westbrook

June 30, 2012 \$73,488



CONCLUSIONS/RECOMMENDATIONS

Westbrook values and performance has not been updated through the Second Quarter of 2012.

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

City of Mobile Police & Firefighters June 30, 2012

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

OBJECTIVE

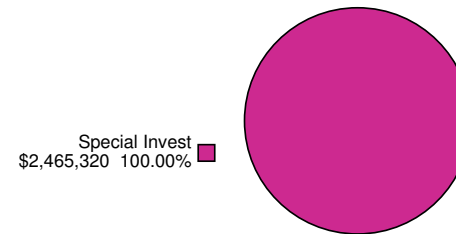
Manager is expected to outperform the NCREIF Timber Index.

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

June 30, 2012 \$2,465,320



CONCLUSIONS/RECOMMENDATIONS

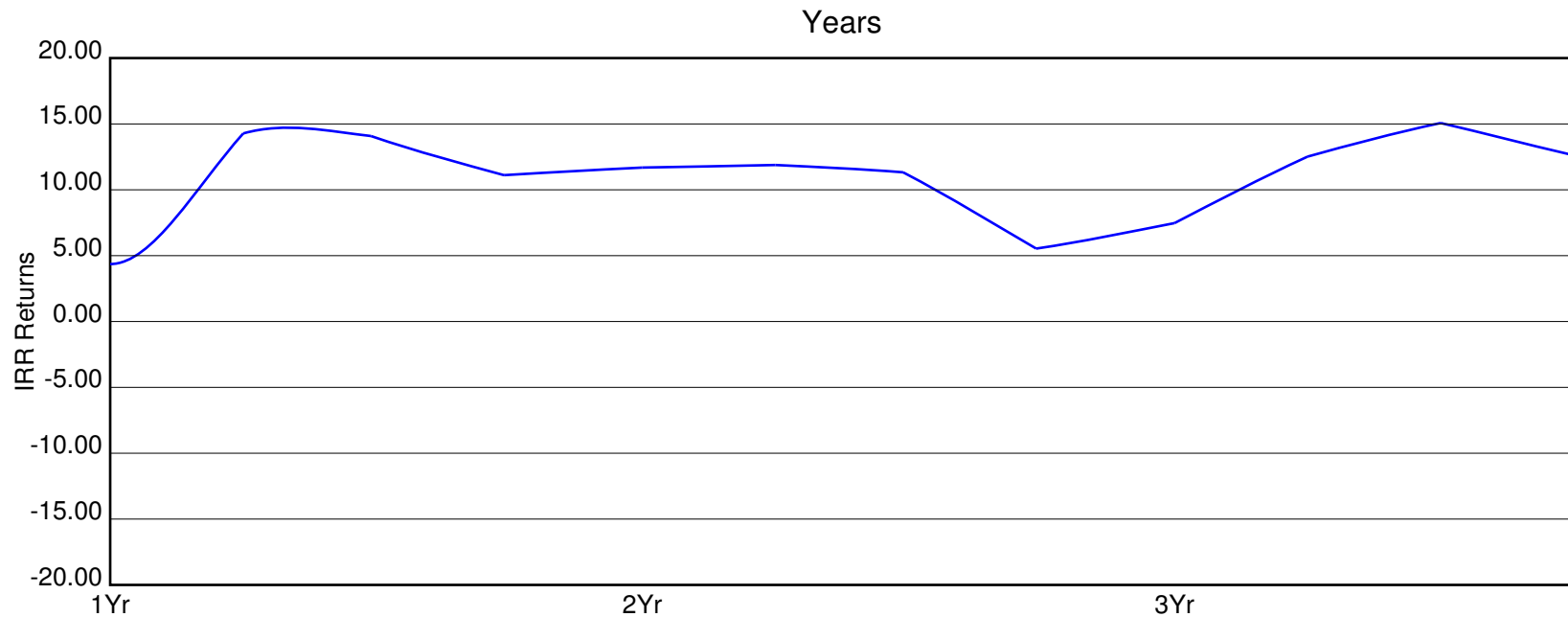
As of the end of 2nd Quarter 2012 Timberland Investment Resources has returned an annualized 3.40% in the fund since inception.

Since its inception in the 4th Quarter 2008, the fund has experienced an appreciation of \$204,822.

City of Mobile Police & Firefighters
Internal Rate of Return Table
Timberland Investment Resources
June 30, 2012

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
12/08		967,502	0		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
Total		2,347,065	0	204,822	33,889	52,678	2,465,320	12.72	3.40

City of Mobile Police & Firefighters
J-Curve Graph
Timberland Investment Resources
6/30/09 - 6/30/12



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
Total	2,347,065	0	33,889	52,678		

DEFINITION OF INDICES

APPENDIX A

ASSET ALLOCATION	TARGET
LargeCap Equity	30.0 %
SmidCap Growth Equity	10.0 %
SmidCap Value Equity	10.0 %
International Equity	10.0 %
Fixed Income	25.0 %
Alternative Investments	15.0 %
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 EAFE Net Dividend Index
Fixed Income	Barclays Aggregate Bond Index
Alternative Investments	Russell 3000 + 4%, NCREIF Prop 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	D o m e s t i c	Style				
		Growth	Core	Value	Quantitative	Index
		Large	SSgA			
		Medium	Century	Advisory Research		
		Small	Century	Advisory Research		
I n t e r n a t i o n a l	D o m e s t i c	Opportunistic	Energy Opportunities Capital			
		Large		Allianz		
		Small				
O t h e r	D o m e s t i c	Private Equity	Permal	Ripplewood	Levine Leichtman	HM Capital
		Real Estate	Westbrook		Guggenheim	DLJ TIAA-CREF
		Timber	Timberland Investment Resources			

FIXED INCOME

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