

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

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

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GRAY & COMPANY

CAPITAL MARKET REVIEW

Second Quarter 2013

CAPITAL MARKET HEADLINES

Emerging Markets Are Poised for Further Weakening and Under Performance

EM assets, both equities and bonds, have witnessed significant outflows recently and valuations have corrected significantly. While there have been previous episodes of significant outflows over the past couple of years, the negative performance has raised concerns that we may have entered a vicious cycle of negative performance triggering outflows, sparking further pressure on prices, and so on. This is exacerbated by the fact that EM has underperformed developed markets, raising concerns particularly about crossover investor flows. The emerging markets appear poised for further declines and under performance due to 1) the continued growth disappointments in major EM economies, 2) the likely end to the commodity super-cycle, 3) the concerns about some countries reliance on dwindling sources of global liquidity, 4) negative headlines from protests in major EM countries such as Brazil, South Africa, and Turkey, and 5) higher yields in home markets after the recent US Treasuries yield surge.

EM assets benefited from global fiscal easing and the concomitant search-for-yield trades that were put on over the last few years. These positions are being unwound aggressively. This comes at a time when EM economies are weakening, growth expectations have been revised down sharply during the month of June, and corporate profitability is falling. We believe that yield-seeking capital inflows into EM will ultimately dry up, potentially generating difficulties and even instability in companies and economies that have come to rely on them...meaning/creating protracted EM asset under performance.

Higher rates in developed markets will create depreciation pressures on EM currencies. Combined with the large financing requirements that the imbalanced GDP mix implies for EMs, these pressures could lead to substantial foreign exchange ("FX") depreciation, potentially forcing EM central banks to tighten monetary policy and pushing EM rates higher too. Brazil, India, Turkey, Chile and South Africa are more vulnerable to these pressures than Non-Japan/Asian countries.

This will likely make the situation doubly difficult as the present outflows are already weakening EM currencies, raising inflation concerns and thus further weakening the economy and corporate balance sheets. Local central banks are deer in headlights. EM policymakers are finding it difficult to cushion growth shortfalls. Most have responded with a cautious approach, limiting their actions to intervening to stem currency depreciation.

EM and Funding

To the extent that the retrenchment of foreign creditors becomes more persistent, EM credit creation could slow sharply, hurting economic growth. *The Institute of International Finance's* forthcoming quarterly EM credit conditions survey is important to watch in this regard. However, they've already weighed in, cutting their 2014 forecast for private capital flows to emerging markets to \$1.112 trillion in 2014 (the lowest since 2009) from an estimated \$1.145 trillion this year.

Indeed, data on EM corporate debt supply showed a sharp decline over the last few weeks of June. Sell-side dealers are reporting that the EM corporate debt primary market has been effectively shut since the end of May. In the first weeks of July volumes stood at just above \$1bn for external debt with several deals having to be pulled.

Creditor retrenchment is also affecting money markets in EM. *JP Morgan's ELMI Plus Index* yield, which is a weighted average of money market rates across EM markets, jumped to 5.53% last week - the highest level since April 2009. The Chinese liquidity squeeze is partly responsible for this. Interbank rates rose sharply in China with 3-month SHIBOR rising to 6%. While slowing FX inflows has been a factor behind the liquidity squeeze in Chinese money markets, some argue that a crackdown by regulators on illegal bond trading by banks in relation to wealth management products has also been a factor. Chinese money markets stabilized a bit on press reports that PBOC injected some liquidity (CNY 50bn) into the banking system to stabilize interbank liquidity. But liquidity is likely to stay tight near-term.

The question is what affect this tightening in money market liquidity/credit conditions will have on China's economy (and the other EM's). Will it lead to higher lending rates and tighter credit conditions? It is also problematic that this credit shock is hitting the emerging markets at a time when growth is already decelerating. Not good.

*This is excerpted from the July 2013 GrayCo Markets Overview. For the complete discussion of EM and other topics, please visit our website (www.egrayco.com) for the **July 2013 Market Newsletter**.*

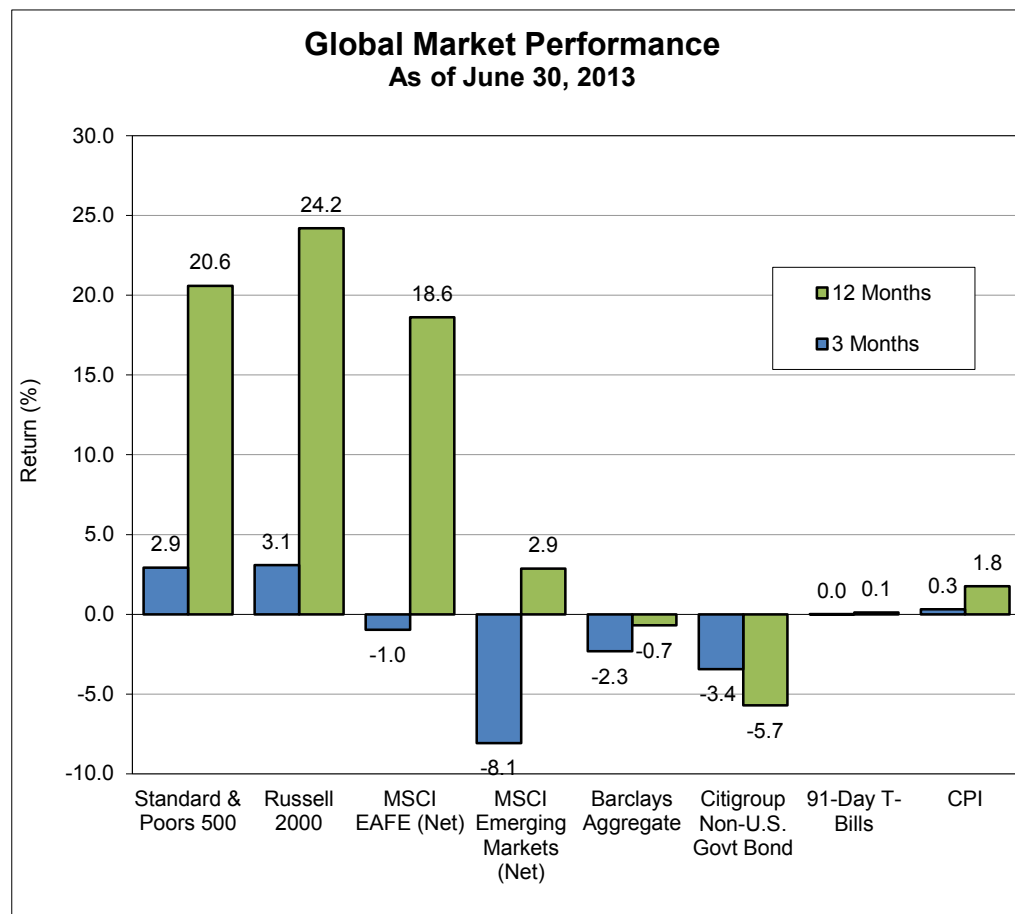
CAPITAL MARKET REVIEW

Global Influences: The capital markets continued to be driven by global monetary policies and slowing global economic growth expectations. "Tapering" comments (reducing their level of monthly asset purchases) from the U.S. Federal Reserve in May sent shock waves around the globe, triggering declines in equities and bonds. Despite economic improvements in some regions, the overall expectation for global growth continued to weaken. Investors tended to shift their portfolios away from the asset classes with the most downside risk during the quarter.

Performance in the global equity markets tended to coincide with the forecasted economic growth in the country. Stocks in Japan and the U.S. provided the strongest performance of the major markets, gaining 10.3% and 2.9% (in local currencies), respectively. Equity markets driven by natural resource exporters trended lower with commodity prices this quarter; Brazil's market declined 9.4% and Russia was down 4.6%. France and Germany posted modest gains (approximately 1.5%); however, most of the markets in Europe suffered minor losses. Emerging market equities were among the weakest performing, generating significant losses due to softening global economic projections, capital out flows, and weakening currencies.

The Federal Reserve's "tapering" comments caused re-pricing across the global fixed income markets. Interest rates rose around the world, generating losses in the 1% to 2% range. The exception was in parts of Europe, where confidence in the European Central Bank's bailout programs helped stabilizing borrowing costs for Ireland, Italy, and Spain; each of the countries posted positive results during the quarter. Emerging market debt also struggled during the quarter.

The U.S. Dollar was mixed versus other major currencies this quarter. The Euro strengthened modestly (1.2%) and the Pound Sterling was little changed. The Yen continued its sharp decline, losing another 5% versus the dollar. Currencies of natural resources exports were the hardest hit; the Australian Dollar fell over 12% and the Canadian Dollar declined over 3.5%.



Source: Wilshire 3/31/2013

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CAPITAL MARKET REVIEW

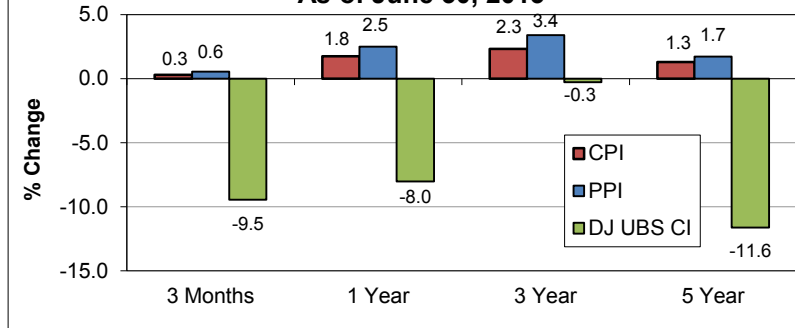
To Be or Not To Be...Optimistic: We've reached the half way mark for the year and what do we have to say for ourselves...Well, the U.S. economy has made it through sequestration, payroll tax hikes, and a divided congress, to name a few obstacles. Granted, economic growth has not been as robust as some would like, but it is moving in the right direction. The housing sector has started trending upward after a precipitous drop during the credit crisis. Consumer sentiment (measured by retail sales) has been improving. The unemployment rate has come down from a high of 10% to currently rest at 7.6% (a reduction in the workforce population is partly responsible for the falling rate). Nonetheless, the economy has added less than 7 million jobs since the Great Recession. Fiscal responsibility, or lack thereof, has been the subject of many heated discussions; the annual federal budget deficit has come down from a high of 10% of gross domestic product (GDP) in 2008 to 7% of GDP in 2012 (and declining). The Congressional Budget Office (CBO) estimates that the deficit should fall to around 4% in 2013; closing in on the roughly 3% average prior to the financial crisis.

Inflation continues to be held in check and the recent declines in commodity prices have played a key role. The prices of commodities were down significantly in the second quarter, led by the plunge in the price of Gold and Natural Gas. Gold and Natural Gas prices experienced double digit declines in the month of June alone. Industrial Metals and Grains were down as well. Livestock was the only category to generate a positive return in the quarter. The recent strength of the U.S. dollar and uncertainty about demand from China have been among the factors linked to the recent price declines in commodities.

The U.S. Treasury yield curve steepened during the quarter. The yield on the 10-Year U.S. Treasury jumped 65 basis points to 2.52% while the yield on the 30-Year U.S. Treasury finished at 3.52% (up 42 basis points). Since the second quarter of 2012 the spread between the 2-Year U.S. Treasury and the 10-Year U.S. Treasury has increased from 134 basis points to 234 basis points. Yield curve steepening typically portends an improving economy with a view toward rising inflation.

The Federal Reserve is attempting to improve the labor and housing markets, control inflationary pressures (current inflation rates are well below the 2% target), and promote economic growth. However, the Fed's comments about tapering - reducing their stimulus efforts - shocked the markets. Investors are not prepared for Chairman Bernanke to take away his punch bowl.

**Inflation Indicator
As of June 30, 2013**



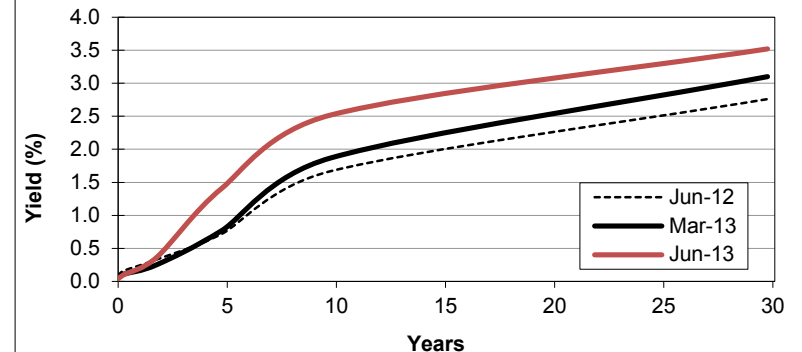
Source: Bureau of Labor Statistics, Wilshire, and Dow Jones 6/30/2013

Historical Fed Funds Rate



Source: Federal Reserve Bank of St. Louis MO 6/30/2013

Yield Curve - U.S. Treasuries



Source: Federal Reserve Bank of St. Louis, MO 6/30/2013

U.S. EQUITY MARKET

Total Returns (%) - Periods Ending June 30, 2013				
	3 Months	1 Year	3 Years	5 Years
Standard & Poor's 500	2.92	20.60	18.45	7.01
Russell 1000	2.65	21.23	18.64	7.12
Russell 1000 Growth	2.06	17.05	18.68	7.47
Russell 1000 Value	3.20	25.32	18.51	6.67
S&P MidCap 400	1.00	25.19	19.45	8.91
Russell Midcap	2.21	25.39	19.52	8.27
S&P SmallCap 600	3.92	25.17	20.27	9.94
Russell 2000	3.09	24.20	18.67	8.77
Russell 2000 Growth	3.73	23.66	19.95	8.88
Russell 2000 Value	2.47	24.75	17.33	8.59

S&P 500 Sector Performance				
	3 Months	1 Year	3 Years	5 Years
Energy	(0.38)	17.72	18.32	(0.13)
Materials	(1.80)	10.94	14.58	0.86
Industrials	2.83	22.32	18.70	6.94
Con. Discretionary	6.89	31.78	27.13	16.97
Con. Staples	0.54	17.26	19.37	11.45
Health Care	3.70	27.41	21.63	11.58
Financials	7.33	35.52	14.08	1.38
Info Technology	1.68	7.71	15.62	8.02
Telecommunications	1.56	12.85	21.96	9.26
Utilities	(2.74)	6.22	15.03	2.99

Returns are annualized for periods greater than one year.

Source: Wilshire 6/30/2013

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Case of the Jitters: U.S. equity markets started the second quarter with positive results, but developed a case of the jitters beginning in May. After relatively good economic news, commentary from Chairman Bernanke caused investors to become cautious regarding the impact of rising rates on economic growth and the profitability of companies in the near to intermediate term. In this case, good news was bad for the equity markets in May; stocks sold off after the release of positive housing and employment data and the mention of the T-word (tapering) by Chairman Bernanke. Investors' fear the impact of reduced government stimulus and higher interest rates on the fragile economy, particularly if these events occur sooner than expected.

For the quarter, Small Cap out performed Large Cap and Mid Cap. Based on S&P Quality Rankings, returns of higher quality stocks edged out lower quality stocks. Value out performed growth behind the solid returns within the Financials sector. Growth lagged as returns in the Technology sector failed to keep pace; technology companies not named Google, Microsoft, or Cisco performed poorly.

The Financials sector was the best performing sector during the quarter, returning 7.3%. Financials were followed closely by the Consumer Discretionary sector with a return of 6.8%. Performance of large money center banks and insurers was the primary driver of the Financials sector's performance. In the Consumer Discretionary sector it was automakers and auto-related stocks that were the primary contributors to the sector's 6.9% return. The worst performing sectors were Utilities with a return of -2.7% followed by Materials with a return of -1.8%. The Utilities, Materials, and Energy sectors all posted negative returns. Utilities returns were hit hardest over valuation concerns and the impact of rising interest rates on future profitability. The Materials and Energy sectors were impacted by a decline in commodity prices in the quarter.

U.S. FIXED INCOME MARKET

The End?: The Federal Reserve surprised the markets with talk of tapering their quantitative easing efforts in the coming months. This signals the beginning of the end of the quantitative easing era and the conclusion of a 30 year plus bull market for bonds. The comments from the central bank sent yields higher across all maturities, causing losses for all major fixed income indices.

Yields on Treasuries rose sharply during the quarter. At quarter-end, the 2-Year Treasury Notes yielded 0.36% (up 11 basis points from 3/31/12), 10-Year Treasury Bonds yielded 2.52% (up 65 basis points from 3/31/12), and 30-Year Treasury Bonds yielded 3.52% (up 42 basis points from 3/31/12).

Uncharacteristically, spreads widened during a period of rising rates (rates tend to rise during periods of economic strength, a positive environment for corporate debt). Treasuries were the best performing segment within the investment grade fixed income market, followed closely by Mortgages. Credit was a distant third. High Yield was the best performing category, but was unable to generate positive returns.

Unfortunately, we anticipate the fixed income markets may struggle to generate positive returns in the near future. Yields have risen slightly, but may not be able to offset price declines.

Total Returns (%) - Periods Ending June 30, 2013				
	3 Months	1 Year	3 Years	5 Years
Barclays 1-3 Yr. Govt	(0.11)	0.34	0.86	2.06
Barclays Intm G/C	(1.70)	0.28	3.14	4.57
Barclays Aggregate	(2.32)	(0.69)	3.51	5.19
Barclays G/C	(2.51)	(0.62)	3.88	5.29
Barclays Long Govt	(5.71)	(8.18)	6.17	7.50
Barclays Govt	(1.88)	(1.51)	2.94	4.37
Barclays Credit	(3.44)	0.84	5.47	6.96
Barclays Mortgage	(1.96)	(1.10)	2.51	4.84
Barclays High Yield	(1.44)	9.49	10.74	10.94
Barclays U.S TIPS	(7.05)	(4.78)	4.63	4.41
Returns are annualized for periods greater than one year.				
Credit Spreads (in basis points)				
	Mar-13	Jun-13	Change	10-Yr Avg.
Aaa	68	72	(4)	94
Aa	67	81	(14)	126
A	116	127	(11)	166
Baa	180	198	(18)	227
Ba	350	390	(40)	428
B	482	537	(55)	578
Caa	697	763	(66)	918
<hr/>				
10 Year Treasury	1.87%	2.52%	-0.65%	---

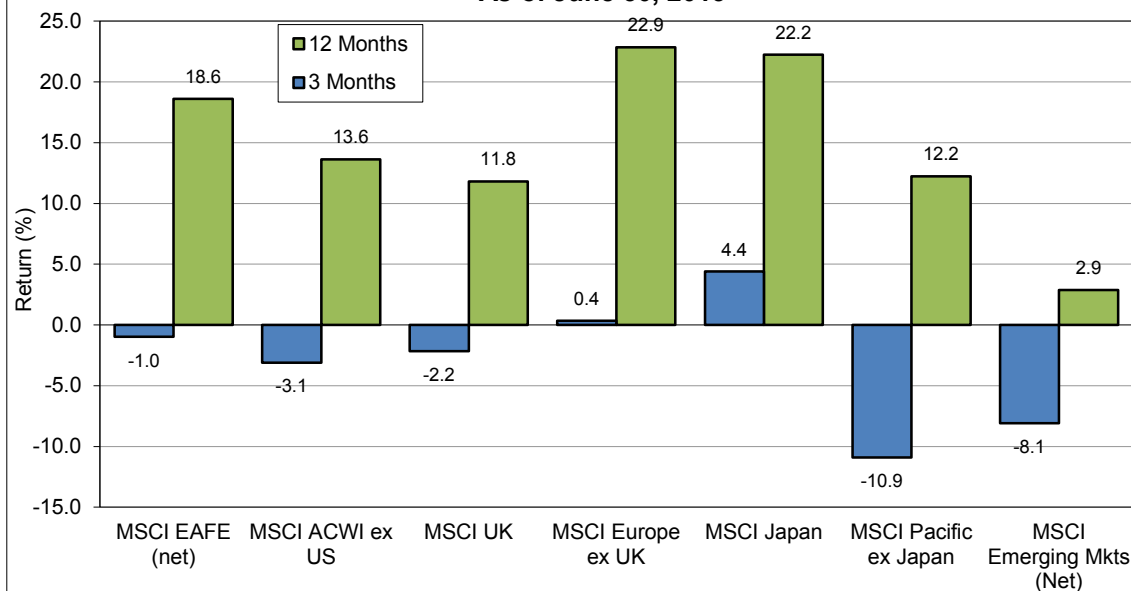
Source: Barclays Capital 6/30/2013

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INTERNATIONAL EQUITY MARKET

International Equity Market Performance (USD)

As of June 30, 2013



MSCI Country Indexes (Net) Three Months Ending June 30, 2013

	Return USD (%)	Return Local Currency (%)	Currency Effect (%)
France	2.7	1.4	1.2
Germany	2.7	1.5	1.3
Italy	0.8	(0.4)	1.2
Spain	(0.6)	(1.8)	1.2
Switzerland	(0.3)	(0.4)	0.1
UK	(2.2)	(2.0)	(0.1)
Europe Total	(0.5)	(0.8)	0.3
Australia	(13.9)	(2.0)	(12.0)
Hong Kong	(4.6)	(4.7)	0.1
Japan	4.4	10.3	(5.9)
Pacific Total	(1.2)	4.9	(6.1)
China	(6.8)	(6.8)	0.1
India	(5.6)	3.2	(8.8)
Brazil	(17.3)	(9.4)	(7.9)
Russia	(8.7)	(4.6)	(4.1)
Emerging Total	(8.1)	(4.4)	(3.7)

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No Need To Wear Shades: With most countries generating negative returns during the quarter, there were very few bright spots in the international equity markets. The Eurozone continued to struggle with recessions; the emerging markets were impacted by the decline in commodity prices and the slowdown in economic growth in China. Japan was the exception with equities responding to the massive stimulus measures being implemented by the Bank of Japan (BOJ) and economic data that surprised to the upside.

Developed Markets: In Europe, prospects remain bleak as the region has experienced consecutive quarters of declining economic activity. Despite recent rate cuts from the ECB, credit and liquidity are in short supply in an era of fiscal austerity. Unemployment seems to continuously surpass previous record levels as the likes of France, Italy, and Spain are experiencing double digit unemployment rates. Despite these dire straits France, Germany, and Italy managed to eke out positive returns during the quarter. Outside the Eurozone, the prospects in the U.K. appear to be moderately better; gross domestic product (GDP) is slightly positive, the housing market is improving, and the unemployment rate is declining.

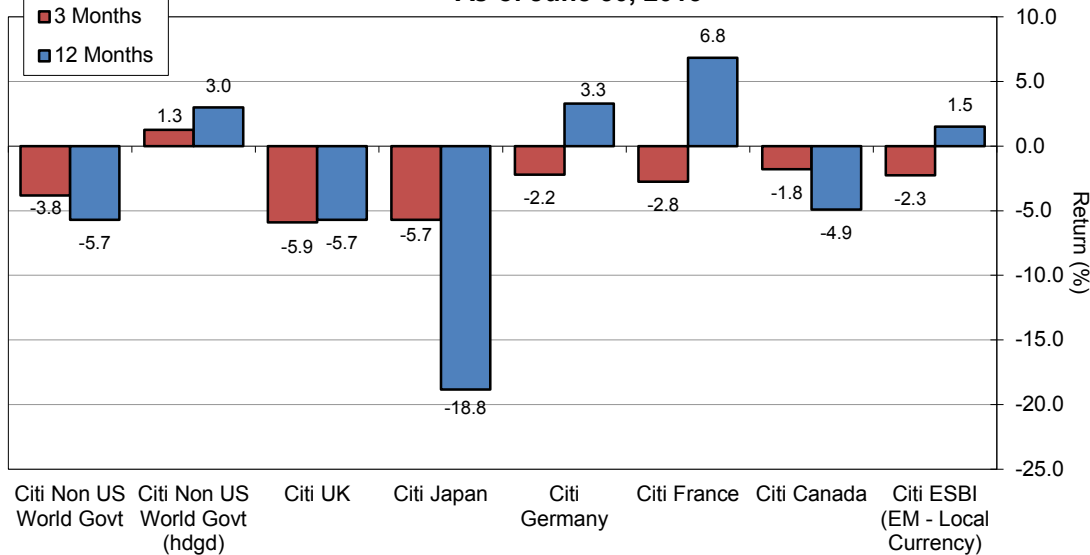
In Asia, Japan was the best performer with a return of 4.4%. Japanese equities gained on the strength of industrial production, upward revisions to GDP, and the expected benefits of the BOJ's massive stimulus program to promote economic growth and fight deflation. Japan's export oriented economy continues to be aided by the weakness of the Yen versus most currencies, particularly the automakers. In contrast to Japan, Australia was one of the worst performers in the region, declining 14% in the second quarter. The weak performance was a reversal from its strong performance in the first quarter. Declining commodity prices and the sell-off of the Australian dollar weighed heavily on returns.

Emerging Markets: Emerging Market equities generated negative returns again this quarter. The poor results were due in part to economic growth concerns across many of these countries in the near term. The decline in commodity price and the sell-off of commodity related currencies also played a role. China is combatting decelerating growth and the rise of shadow banking; Brazil is suffering from the weakness in commodity prices and civilian protest over inflation and the government's World Cup and Olympic expenditures.

INTERNATIONAL BOND MARKET

Intl Fixed Income Market Performance (USD)

As of June 30, 2013



Citigroup World Government Bond Indexes Three Months Ending June 30, 2013

	Return USD (%)	Return Local Currency (%)	Currency Effect (%)
France	0.0	(1.2)	1.2
Germany	(0.7)	(1.9)	1.2
Ireland	2.2	1.0	1.2
Italy	3.2	2.0	1.3
Netherlands	(0.2)	(1.4)	1.2
Spain	3.7	2.5	1.3
Sweden	(5.3)	(1.9)	(3.4)
Switzerland	(1.3)	(1.4)	0.1
UK	(4.0)	(3.9)	(0.1)
European WGBI	0.0	(0.9)	0.9
Japan	(7.1)	(1.9)	(5.3)
Australia	(12.3)	(0.1)	(12.2)
Canada	(5.8)	(2.2)	(3.6)

Source: The Yield Book 6/30/2013

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Up, Up, and Away: Interest rates moved higher in most of the global fixed income markets during the quarter. Investors interpreted the lack of new pro-stimulus communications from central banks as a signal that further easing would not occur in the near term. The "tapering" comments from the U.S. Federal Reserve caused a re-pricing across the global fixed income markets.

Continental Europe provided mixed returns. Rates in fiscally sound nations (Germany, France, Netherlands...) moved higher, causing losses. In the more troubled countries (Italy, Spain, Ireland...) spreads tightened and provided modest gains. The Euro strengthened versus the dollar during the quarter, improving the performance for U.S. investors.

Rates moved much higher in May and June. Economic growth improved. Economic growth improved in the United Kingdom during the quarter, sending yields higher. Returns were the weakest in the U.K. among the major global fixed income markets. The Pound Sterling was nearly unchanged versus the dollar during the quarter.

The Bank of Japan's initiative to increase the money supply through quantitative easing and stimulus programs continued, yet rates trended higher during the quarter. The rise in rates is partially attributed to better economic growth prospects in the export-orient nation. The Yen depreciated another 5% versus the dollar and nearly 25% in the past seven months.

Emerging market debt suffered losses during the quarter. China led the headlines; tighter credit conditions and stricter enforcement by regulators to deter illegal bond trading between banks created a liquidity crisis. The slowing global economy and higher rates in the developed markets has led investors to shift assets away from the perceived riskier emerging markets, weakening demand for debt securities and causing downward pressure on prices and currencies.

SELECTED INDEX RETURNS - PERIODS ENDING June 30, 2013

	Quarter	One Year	Three Years	Five Years	Ten Years
US EQUITIES					
Dow Jones Industrial Average	2.9 %	18.8	18.2	8.7	7.9
Standard & Poors 500	2.9	20.6	18.5	7.0	7.3
Russell 3000	2.7	21.5	18.6	7.3	7.8
S&P MidCap 400	1.0	25.2	19.5	8.9	10.7
Russell Mid-Cap	2.2	25.4	19.5	8.3	10.7
S&P SmallCap 600	3.9	25.2	20.3	9.9	10.8
Russell 2000	3.1	24.2	18.7	8.8	9.5
Growth Stocks - Russell 3000 Growth	2.2	17.6	18.8	7.6	7.6
Value Stocks - Russell 3000 Value	3.1	25.3	18.4	6.8	7.9

US FIXED INCOME					
Barclays 1 - 3 Year Government	(0.1) %	0.3	0.9	2.1	2.7
Barclays Intm Govt/Credit	(1.7)	0.3	3.1	4.6	4.0
Barclays Aggregate	(2.3)	(0.7)	3.5	5.2	4.5
Barclays Govt/Credit	(2.5)	(0.6)	3.9	5.3	4.4
Barclays Long Government	(5.7)	(8.2)	6.2	7.5	6.1
Barclays Government	(1.9)	(1.5)	2.9	4.4	4.1
Barclays Credit	(3.4)	0.8	5.5	7.0	5.1
Barclays Mortgage	(2.0)	(1.1)	2.5	4.8	4.7
Barclays High Yield	(1.4)	9.5	10.7	10.9	8.9
Barclays U.S TIPS	(7.1)	(4.8)	4.6	4.4	5.2
ML All Investment Grade Convertible Index					

INTERNATIONAL (Measured in US Dollars)					
MSCI EAFE (Net)	(1.0) %	18.6	10.0	(0.6)	7.7
MSCI ACWI ex U.S. (Net)	(3.1)	13.6	8.0	(0.8)	8.6
MSCI Europe (Net)	(0.5)	18.9	10.5	(1.4)	7.5
MSCI Pacific (Net)	(1.7)	18.5	9.5	1.1	8.2
MSCI Emerging Markets (Net)	(8.1)	2.9	3.4	(0.4)	13.7
Citigroup Non-U.S. Govt Bond	(3.4)	(5.7)	2.6	2.6	4.8

REAL ESTATE					
NAREIT Index	(3.4) %	9.7	18.0	7.9	10.0
NCREIF Property Index					

OTHER					
91-Day T-Bills	0.0 %	0.1	0.1	0.3	1.7
Consumer Price Index (percent change)	0.3	1.8	2.3	1.3	2.4
Producer Price Index (percent change)	0.6	2.5	3.4	1.7	3.3

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

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Definitions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCLOSURE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DISCLOSURE

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

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

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

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

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

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

Moody's Long-Term Obligation Ratings:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OVERVIEW

PORTFOLIO EVALUATION

- ♦ The fund's total market value as of June 30, 2013 was \$123.08 million.
- ♦ The Fund had a return of 0.59% for the quarter and a return of 13.79% 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>	119,205,856
Cash Flow In	3,515,694
Intrafund Transfers	0
Cash Flow Out	<u>-327,226</u>
Net Cash Flow	3,188,468
Investment Performance	
Income	418,871
Asset Value Changes	<u>266,947</u>
Gross Performance	685,818
<u>Ending Market Value</u>	<u>123,080,142</u>

RECOMMENDATIONS

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

FYTD - 9/30/12

Name	Value \$(000)	% of Fund	Periods Ending 6/30/13						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund	123,080	100.0	0.59	8.36	13.79	11.93	4.63	4.88	6.99
Net of Fee			0.55	8.14	13.45	11.55	4.26	4.59	6.78
Mobile P&F Policy Index			0.78	9.91	15.09	13.36	6.26	5.83	7.61
Total Fund Excluding Alternatives	111,200	90.3	0.43	8.50	14.19	12.25	5.85		
Net of Fee			0.41	8.31	13.90	11.94	5.57		
Policy Index excluding Alts			0.64	9.63	14.91	13.28	6.53		
Total Opportunistic Equity Composite	6,277	5.1	0.78	12.33	25.48				
Net of Fee			0.53	11.51	24.39				
MSCI ACWI (Net)			-0.42	9.11	16.56				
Energy Opportunities Capital	6,277	5.1	0.78	12.33	25.48				
Net of Fee			0.53	11.51	24.39				
OIH_XLE Blended Index			-0.54	7.87	20.87				
Total Domestic Equity Composite	64,216	52.2	2.33	13.66	20.49	17.99	6.54	5.69	8.83
Net of Fee			2.32	13.42	20.11	17.63	6.20		
Domestic Equity Index			2.55	15.96	22.92	19.06	8.02	6.38	8.20
SSgA Russell 1000 Index Fund	38,330	31.1	2.67	14.07	21.26	18.64	7.16	5.88	7.72
Net of Fee			2.66	13.98	21.13	18.57	7.12	5.83	
Russell 1000			2.65	14.04	21.23	18.64	7.12	5.84	7.67
SSgA S&P 400 MidCap Index Fund	12,671	10.3							
Net of Fee									
S&P Midcap 400									

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

FYTD - 9/30/12

Name	Value \$(000)	% of Fund	Periods Ending 6/30/13						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Morgan Dempsey SCV	6,596	5.4							
Net of Fee									
Russell 2000 Value									
SouthernSun SCC	6,619	5.4							
Net of Fee									
Russell 2000									
Total International Equity Composite	11,391	9.3	-4.58	5.07	13.59	7.42	-3.33	0.65	6.85
Net of Fee			-4.58	5.07	13.59	7.10	-3.72		
MSCI ACWI ex US (Net)			-3.11	5.80	13.63	7.99	-0.80		
Allianz Global Investors	11,391	9.3	-4.58	5.07	13.59				
Net of Fee			-4.58	5.07	13.59				
MSCI ACWI ex US (Net)			-3.11	5.80	13.63				
Total Fixed Income Composite	29,315	23.8	-1.61	-0.83	0.80	3.56	5.64	5.81	4.78
Net of Fee			-1.64	-0.91	0.68	3.44	5.52		
Barclays Int Govt/Credit			-1.70	-1.11	0.28	3.14	4.57		
Orleans	29,315	23.8	-1.61	-0.83	0.80	3.56	5.64	5.81	
Net of Fee			-1.64	-0.91	0.68	3.44	5.52	5.69	
Barclays Int Govt/Credit			-1.70	-1.11	0.28	3.14	4.57	5.14	
Real Estate Composite	4,736	3.8	2.73	8.28	10.37	13.11	-3.82	1.01	9.58
Net of Fee			2.50	7.55	9.37	12.06	-4.74	0.17	8.66
NCREIF ODCE Fund Index			3.86	9.15	12.17	14.96	-0.15	3.37	6.95

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

FYTD - 9/30/12

Name	Value \$(000)	% of Fund	Periods Ending 6/30/13						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Guggenheim	2,136	1.7	3.78	11.33	13.78	17.68	-2.71		
Net of Fee			3.53	10.52	12.68	16.54	-3.63		
70% NCREIF / 30% NAREIT			1.68	8.82	11.54	16.13	3.28		
Westbrook	67	0.1	0.00	-4.60	-8.67	-5.34	-4.72	-11.29	-3.81
Net of Fee			0.00	-4.60	-8.67	-5.39	-4.83	-11.36	-3.97
NCREIF ODCE Fund Index			3.86	9.15	12.17	14.96	-0.15	3.37	6.95
DLJ	538	0.4	0.00	3.27	4.12	6.32	-1.10	5.48	16.13
Net of Fee			0.00	3.27	3.91	5.92	-1.77	4.72	15.15
NCREIF ODCE Fund Index			3.86	9.15	12.17	14.96	-0.15		
TIAA-CREF	1,995	1.6	2.46	7.02	10.21	12.61	-4.56		
Net of Fee			2.18	6.15	9.04	11.40	-5.58		
NCREIF ODCE Fund Index			3.86	9.15	12.17	14.96	-0.15		
Private Equity Composite	4,670	3.8	2.63	5.52	14.14	10.39	7.53	8.58	6.25
Net of Fee			2.58	5.41	13.63	9.38	6.46	7.45	3.77
Russell 2500			3.28	22.01	29.62	23.57	13.21	10.77	14.34
Hicks, Muse, Tate & Furst IV	264	0.2	10.42	6.17	8.73	14.83	5.36	3.03	-0.38
Net of Fee			10.42	6.17	8.73	14.83	5.36	3.03	-0.38
Russell 2500			3.28	22.01	29.62	23.57	13.21	10.77	
Ripplewood Partners II, L.P.	909	0.7	0.00	13.94	13.91	6.73	6.68	6.11	5.02
Net of Fee			0.00	13.94	13.91	5.94	5.88	5.12	2.52
Russell 2500			3.28	22.01	29.62	23.57	13.21	10.77	
Levine Leichtman Fund III	2,358	1.9	0.00	0.83	17.22	12.57	7.90	10.19	
Net of Fee			0.00	0.83	16.45	11.28	6.56	8.86	
Russell 2500			3.28	22.01	29.62	23.57	13.21	10.77	

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

FYTD - 9/30/12

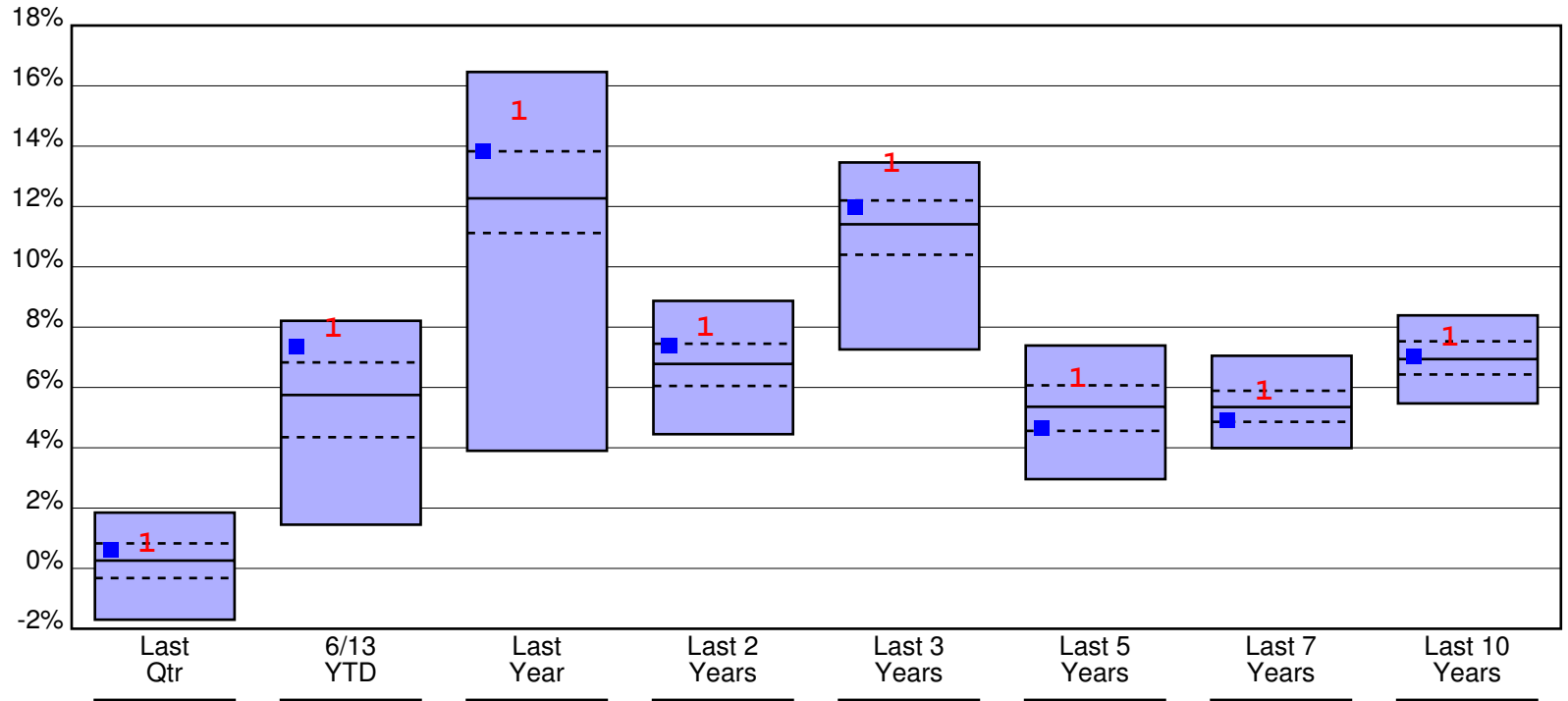
Name	Value \$(000)	% of Fund	Periods Ending 6/30/13						
			Cur Qtr	FYTD	1 Year	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Permal Capital Fund IV	1,139	0.9	9.69	9.86	11.66	9.30	6.06		
Net of Fee			9.48	9.41	11.00	8.42	4.99		
Russell 2500			3.28	22.01	29.62	23.57	13.21		
Timber Composite	2,474	2.0	-0.02	8.26	4.19	2.87			
Net of Fee			-0.22	7.59	3.33	2.02			
Timberland Investment Resources	2,474	2.0	-0.02	8.26	4.19	2.87			
Net of Fee			-0.22	7.59	3.33	2.02			
NCREIF Timberland Index			0.93	8.54	9.35	3.59			

Mobile Police & Firefighters

Cumulative Performance Comparison

Total Returns of Total Fund Public Sponsors

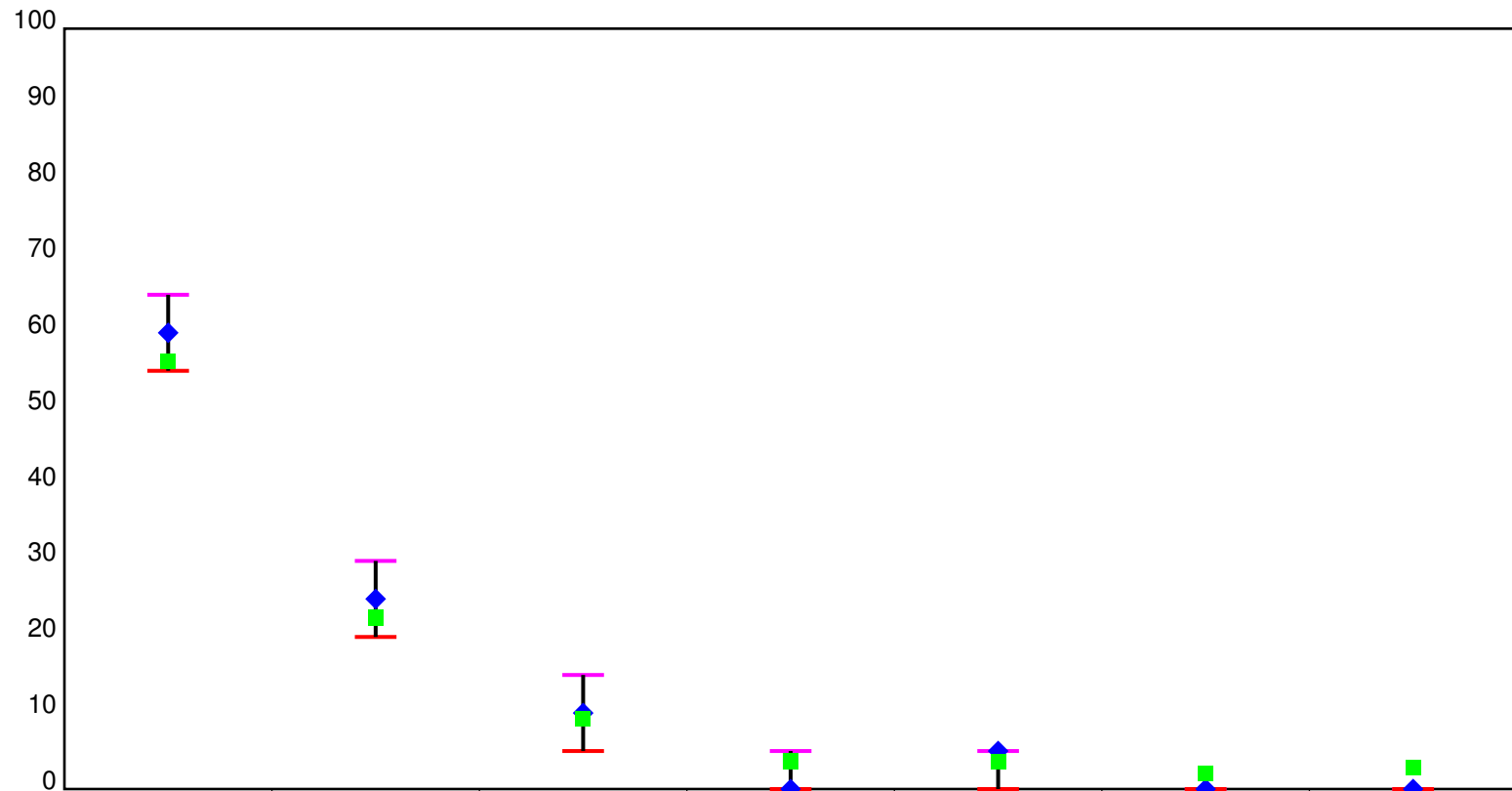
Periods Ending 6/13



5th Percentile	1.85	8.21	16.46	8.87	13.46	7.39	7.05	8.39
25th Percentile	0.83	6.83	13.83	7.45	12.20	6.07	5.89	7.53
Median	0.26	5.75	12.27	6.78	11.41	5.36	5.35	6.94
75th Percentile	-0.32	4.35	11.12	6.05	10.40	4.56	4.86	6.43
95th Percentile	-1.70	1.45	3.90	4.45	7.26	2.96	3.99	5.47
■ Total Fund	0.59 (32)	7.31 (15)	13.79 (25)	7.35 (28)	11.93 (34)	4.63 (72)	4.88 (73)	6.99 (46)
1 Mobile P&F Policy Index	0.78 (28)	7.92 (8)	15.09 (11)	7.95 (14)	13.36 (6)	6.26 (22)	5.83 (28)	7.61 (20)

Mobile Police & Firefighters Asset Allocation vs Policy Graph

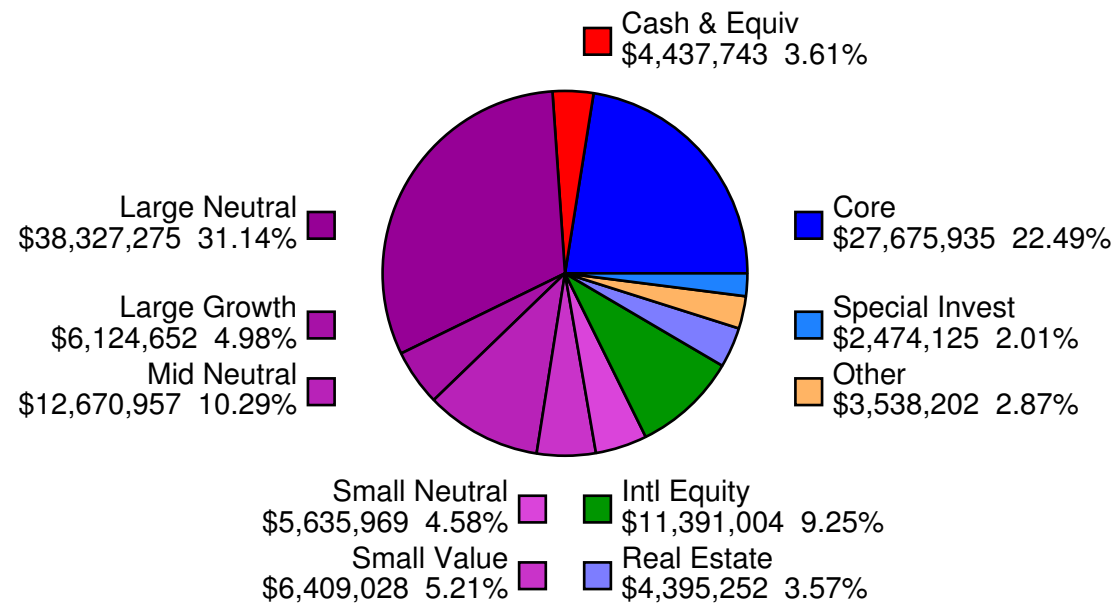
Total Fund
As of June 30, 2013



Legend	Domestic Equities	Domestic Fixed	International Equities	Cash	Real Estate	Special Investments	Other
◆ Policy	60.0	25.0	10.0	0.0	5.0	0.0	0.0
— Min	55.0	20.0	5.0	0.0	0.0	0.0	0.0
— Max	65.0	30.0	15.0	5.0	5.0	0.0	0.0
■ Actual	56.2	22.5	9.3	3.6	3.6	2.0	2.9

Mobile Police & Firefighters Asset And Policy Allocation Total Fund

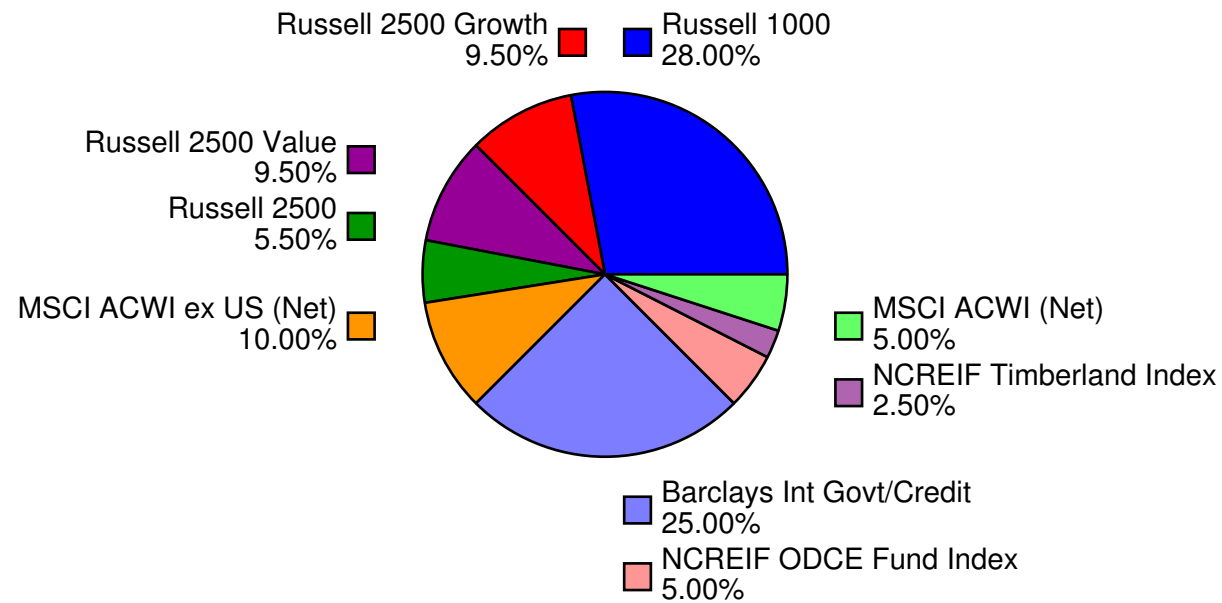
June 30, 2013 \$123,080,142



Mobile Police & Firefighters Asset And Policy Allocation Total Fund

June 30, 2013

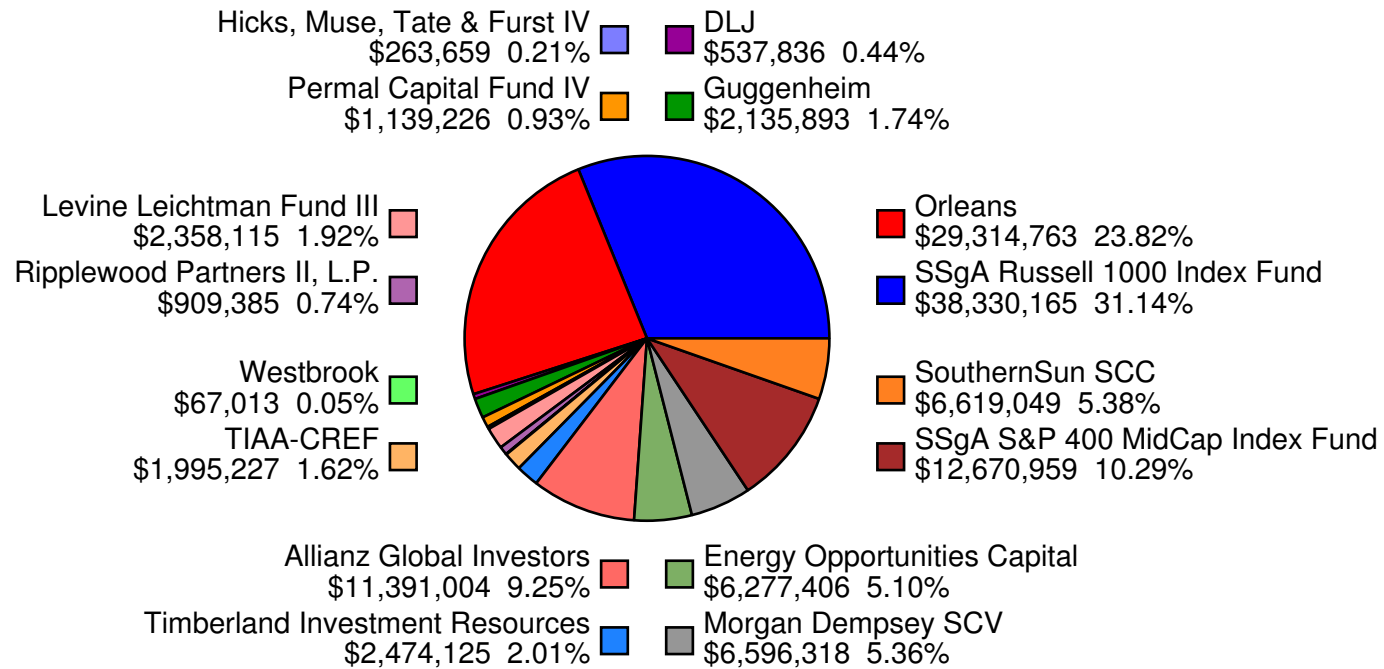
Mobile P&F Policy Index



Mobile Police & Firefighters Total Fund Allocation By Manager Total Fund

June 30, 2013

\$123,080,142



Mobile Police & Firefighters
Sources of Fund Growth
Total Fund
3/31/13 - 6/30/13

Manager Name	Beginning Value \$(000)	Net Contrib \$(000)	Invest Fees \$(000)	Invest Gain/Loss \$(000)	Ending Value \$(000)	Gross of Fees Return(%)	Net of Fees Return(%)
SSgA Russell 1000 Index Fund	37,338	0	6	997	38,330	2.67	2.66
Advisory Research	11,846	-11,515	0	NA	NA	NA	NA
Century Capital	11,257	-10,948	0	NA	NA	NA	NA
Energy Opportunities Capital	6,229	16	16	48	6,277	0.78	0.53
Morgan Dempsey SCV	0	6,119	0	477	6,596	NA	NA
SSgA S&P 400 MidCap Index Fund	0	12,500	0	171	12,671	1.56	1.56
SouthernSun SCC	0	6,210	0	409	6,619	NA	NA
Equity	66,670	2,381	21	2,103	70,494		
Allianz Global Investors	11,987	-50	0	-546	11,391	-4.58	-4.58
Int'l Equity	11,987	-50	0	-546	11,391		
Orleans	28,801	1,000	8	-478	29,315	-1.61	-1.64
Fixed Income	28,801	1,000	8	-478	29,315		
DLJ	538	0	0	0	538	0.00	0.00
Guggenheim	2,063	0	5	78	2,136	3.78	3.53
Westbrook	67	0	0	0	67	0.00	0.00
TIAA-CREF	1,970	-17	5	48	1,995	2.46	2.18
Real Estate	4,638	-17	10	126	4,736		
Permal Capital Fund IV	1,079	-40	2	103	1,139	9.69	9.48
Hicks, Muse, Tate & Furst IV	239	0	0	25	264	10.42	10.42
Ripplewood Partners II, L.P.	947	-38	0	0	909	0.00	0.00
Timberland Investment Resources	2,480	0	5	0	2,474	-0.02	-0.22

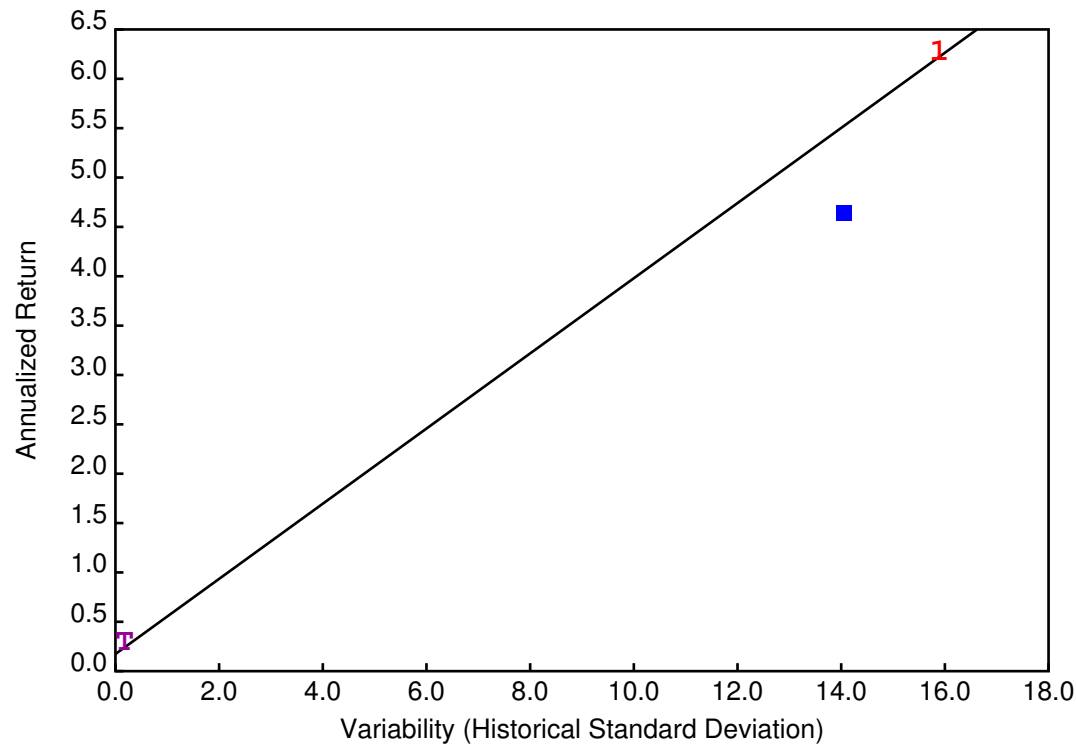
Mobile Police & Firefighters
Sources of Fund Growth
Total Fund
3/31/13 - 6/30/13

Manager Name	Beginning Value \$(000)	Net Contrib \$(000)	Invest Fees \$(000)	Invest Gain/Loss \$(000)	Ending Value \$(000)	Gross of Fees Return(%)	Net of Fees Return(%)
Special Investments	4,744	-78	7	127	4,786		
Levine Leichtman Fund III	2,365	0	0	-7	2,358	0.00	0.00
Other	2,365	0	0	-7	2,358		
Total Fund	119,206	3,236	47	686	123,080	0.59	0.55

Mobile Police & Firefighters

Quarterly Total Return Market Line Analysis

Periods from 6/08 to 6/13



	Annualized Return	Variability	Reward	Sharpe Ratio
■ Total Fund	4.63	14.18	4.35	0.31
1 Mobile P&F Policy Index	6.26	15.99	5.98	0.37
T 91-Day Treasury Bill	0.28	0.28	0.00	0.00

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City of Mobile Police & Firefighters

June 30, 2013

Performance Summary Table
Periods Ending 6/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
SSgA Russell 1000 Index Fund							
Total Return	2.67	13.93	21.26	12.51	18.64	7.16	7.72
Total Return (Net of Fees)	2.66	13.88	21.13	12.42	18.57	7.12	
Russell 1000	2.65	13.90	21.23	12.49	18.64	7.12	7.67
Variance	0.02	0.03	0.02	0.02	0.00	0.04	0.06

SSGA Russell 1000 Index Fund (Commingled Fund)

OBJECTIVE:

Track the return of the Russell 1000 Index.

STRATEGY:

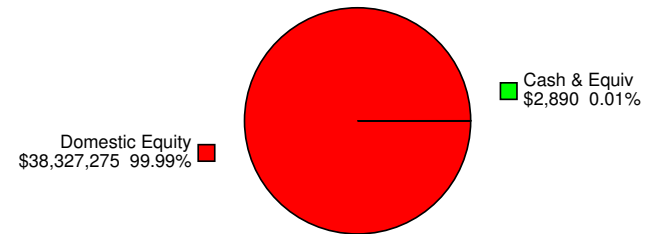
The Fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index in the same proportions as they are represented in the Index. In some cases,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

FEE SCHEDULE

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

Asset Allocation
SSgA Russell 1000 Index Fund

June 30, 2013 \$38,330,165



CONCLUSIONS/RECOMMENDATIONS

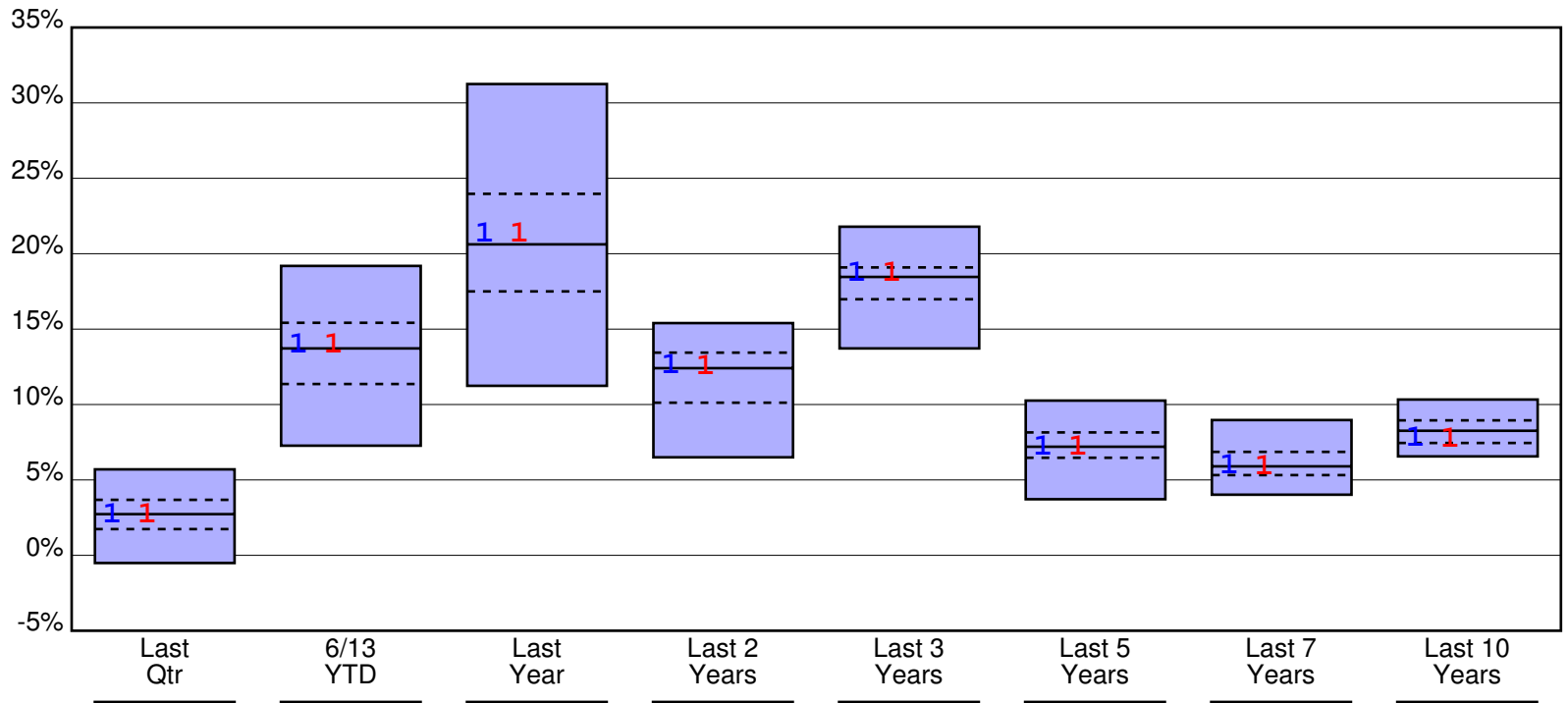
The SSgA Fund performed in-line with the Russell 1000 Index during the quarter.

City of Mobile Police & Firefighters

All Large Cap Cumulative Performance Comparisons

Total Returns of Equity Portfolios

Periods Ending 6/13



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

Last Qtr	6/13 YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
5.70	19.19	31.25	15.40	21.79	10.26	8.97	10.33
3.68	15.42	23.97	13.44	19.09	8.15	6.86	8.95
2.73	13.72	20.62	12.41	18.46	7.20	5.90	8.26
1.74	11.36	17.50	10.12	16.98	6.47	5.32	7.45
-0.51	7.27	11.24	6.50	13.72	3.72	4.02	6.56
2.67 (53)	13.93 (39)	21.26 (41)	12.51 (46)	18.64 (38)	7.16 (53)	5.88 (51)	7.72 (69)
2.65 (55)	13.90 (40)	21.23 (41)	12.49 (46)	18.64 (38)	7.12 (54)	5.84 (54)	7.67 (70)

1 SSgA Russell 1000 Index Fund
1 Russell 1000

City of Mobile Police & Firefighters

June 30, 2013

Performance Summary Table
Periods Ending 6/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Energy Opportunities Capital							
Total Return	0.78	14.31	25.48				
Total Return (Net of Fees)	0.53	13.77	24.39				
OIH_XLE Blended Index	-0.54	10.75	20.87				
Variance	1.32	3.56	4.61				

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.

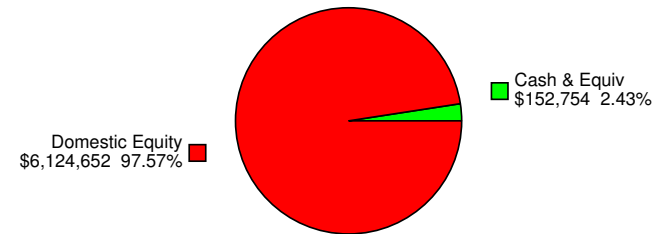
The primary thrust of the strategy is to capitalize on the ongoing positive supply and demand fundamentals that exist in energy markets. Among other things, the manager emphasizes those sectors and companies that are beneficiaries of the necessary capital expenditures that will be required to generate 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, 2013 \$6,277,406



CONCLUSIONS/RECOMMENDATIONS

Energy Opportunities Capital out performed the blended benchmark by 132 basis points during the 2nd Quarter 2013.

City of Mobile Police & Firefighters

June 30, 2013

Performance Summary Table
Periods Ending 6/30/13

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

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

OBJECTIVE:

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

STRATEGY:

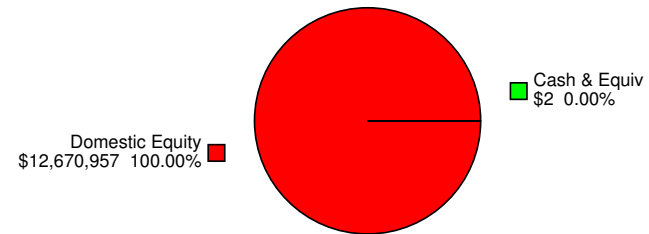
The Fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the securities comprising the Index in the same proportions as they are represented in the Index. In some cases,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

FEE SCHEDULE

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

Asset Allocation SSgA S&P 400 MidCap Index Fund

June 30, 2013 \$12,670,959



CONCLUSIONS/RECOMMENDATIONS

The SSgA S&P 400 MidCap Index Fund was funded during the quarter, so performance was unavailable.

Performance will included on subsequent reports

City of Mobile Police & Firefighters

June 30, 2013

Performance Summary Table
Periods Ending 6/30/13

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

Morgan Dempsey Capital Management, LLC Small Cap Value Equity Separately Managed Account

OBJECTIVE

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

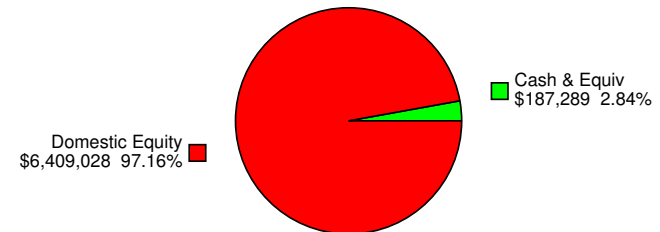
STRATEGY

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

FEE SCHEDULE

1.10% on all assets

Asset Allocation
Morgan Dempsey SCV
June 30, 2013 \$6,596,318



CONCLUSIONS/RECOMMENDATIONS

Morgan Dempsey was funded during the quarter, so performance was unavailable.

Performance will included on subsequent reports

City of Mobile Police & Firefighters
Equity Summary Statistics
Morgan Dempsey SCV
Period Ending 6/13

	Portfolio		Russell 2000 Value	Ten Best Performers	Quarterly Ret
Total Number Of Securities	71		1,356	Monarch Casino & Res	73.28
Equity Market Value	6,409,028			Mfri Inc	57.70
Average Capitalization \$(000)	1,275,917		1,295,525	Astronics Corp	37.06
Median Capitalization \$(000)	668,544		511,137	Thor Inds Inc	34.85
Equity Segment Yield	1.34		2.10	Lakeland Inds Inc	32.21
Equity Segment P/E - Average	21.66		28.63	Cpi Aerostructures I	26.60
Equity Segment P/E - Median	19.89		14.13	Dawson Geophysical	22.87
Equity Segment Beta	1.02		1.26	ICU Med Inc	22.24
Price/Book Ratio	1.96		1.31	Sanderson Farms Inc	21.93
Debt/Equity Ratio	15.43		50.75	Graham Corp	21.52
Five Year Earnings Growth	3.69		3.99		
Ten Largest Holdings	Mkt Value	% of Port	Quarterly Ret	Ten Worst Performers	Quarterly Ret
Sturm Ruger & Co Inc	338,442	5.28	-4.39	Carbo Ceramics Inc	-25.67
J & J Snack Foods Co	333,373	5.20	1.40	Apogee Enterprises	-16.83
Gorman Rupp Co	293,183	4.58	6.32	Badger Meter Inc	-16.44
Jos A Bank Clothiers	274,819	4.29	3.56	C&J Energy Svcs Inc	-15.41
Aptargroup Inc	264,125	4.12	-3.31	Sifco Inds Inc	-12.11
Granite Constr Inc	255,043	3.98	-6.12	Stepan Chem Co	-11.61
Unit Corp	202,596	3.16	-6.52	National Presto Inds	-10.52
Foster L B Co	195,172	3.05	-2.46	Merit Med Sys Inc	-9.05
Utah Med Prods Inc	194,014	3.03	11.91	Gulf Island Fabricat	-8.62
Gulfmark Offshore In	142,214	2.22	16.36	Value Line Inc	-8.33

City of Mobile Police & Firefighters

June 30, 2013

Performance Summary Table
Periods Ending 6/30/13

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

SOUTHERNSUN ASSET MANAGEMENT

Small Cap Core Equity

Separately Managed Account

OBJECTIVE

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

STRATEGY

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

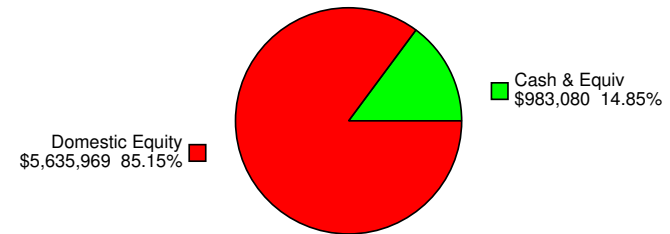
Bottom-up analysis of niche-dominant businesses with financial flexibility and uniquely-suited management teams.

FEE SCHEDULE:

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

Asset Allocation SouthernSun SCC

June 30, 2013 \$6,619,049



CONCLUSIONS/RECOMMENDATIONS

SouthernSun was funded during the quarter, so performance was unavailable.

Performance will included on subsequent reports

City of Mobile Police & Firefighters
Equity Summary Statistics
SouthernSun SCC
Period Ending 6/13

	Portfolio	Russell 2000	Ten Best Performers	Quarterly Ret
Total Number Of Securities	21	1,984	Thor Inds Inc	34.85
Equity Market Value	5,635,969		Sanderson Farms Inc	21.93
Average Capitalization \$(000)	3,387,184	1,435,962	Centene Corp Del	19.12
Median Capitalization \$(000)	2,604,770	590,381	Iconix Brand Group I	13.68
Equity Segment Yield	1.12	1.38	Diebold Inc	12.17
Equity Segment P/E - Average	17.33	37.74	Middleby Corp	11.79
Equity Segment P/E - Median	18.94	15.29	Columbia Sportswear	8.64
Equity Segment Beta	1.45	1.27	Affiliated Managers	6.75
Price/Book Ratio	2.22	1.92	Nordson Corp	5.31
Debt/Equity Ratio	47.28	43.09	Darling Intl Inc	3.90
Five Year Earnings Growth	5.11	6.64		

Ten Largest Holdings	Mkt Value	% of Port	Quarterly Ret	Ten Worst Performers	Quarterly Ret
Centene Corp Del	347,810	6.17	19.12	Carbo Ceramics Inc	-25.67
Darling Intl Inc	345,210	6.13	3.90	Trinity Inds Inc	-14.98
URS Corp New	339,748	6.03	0.05	Koppers Holdings Inc	-12.66
Chicago Bridge & Iro	337,676	5.99	-3.85	Brinks Co	-9.40
Trinity Inds Inc	330,007	5.86	-14.98	Hill Rom Hldgs Inc	-4.00
AGCO Corp	326,486	5.80	-3.53	Chicago Bridge & Iro	-3.85
Iconix Brand Group I	315,716	5.60	13.68	AGCO Corp	-3.53
Affiliated Managers	294,272	5.22	6.75	Oge Energy Corp	-1.97
Carbo Ceramics Inc	291,972	5.18	-25.67	URS Corp New	0.05
Diebold Inc	280,132	4.97	12.17	Intrepid Potash Inc	1.55

City of Mobile Police & Firefighters

June 30, 2013

Performance Summary Table
Periods Ending 6/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Allianz Global Investors							
Total Return	-4.58	-0.30	13.59				
Total Return (Net of Fees)	-4.58	-0.30	13.59				
MSCI ACWI ex US (Net)	-3.11	-0.04	13.63				
Variance	-1.46	-0.26	-0.04				

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)

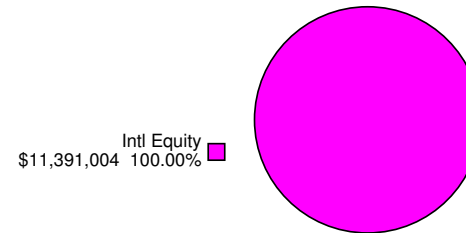
STRATEGY:

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, 2013 \$11,391,004

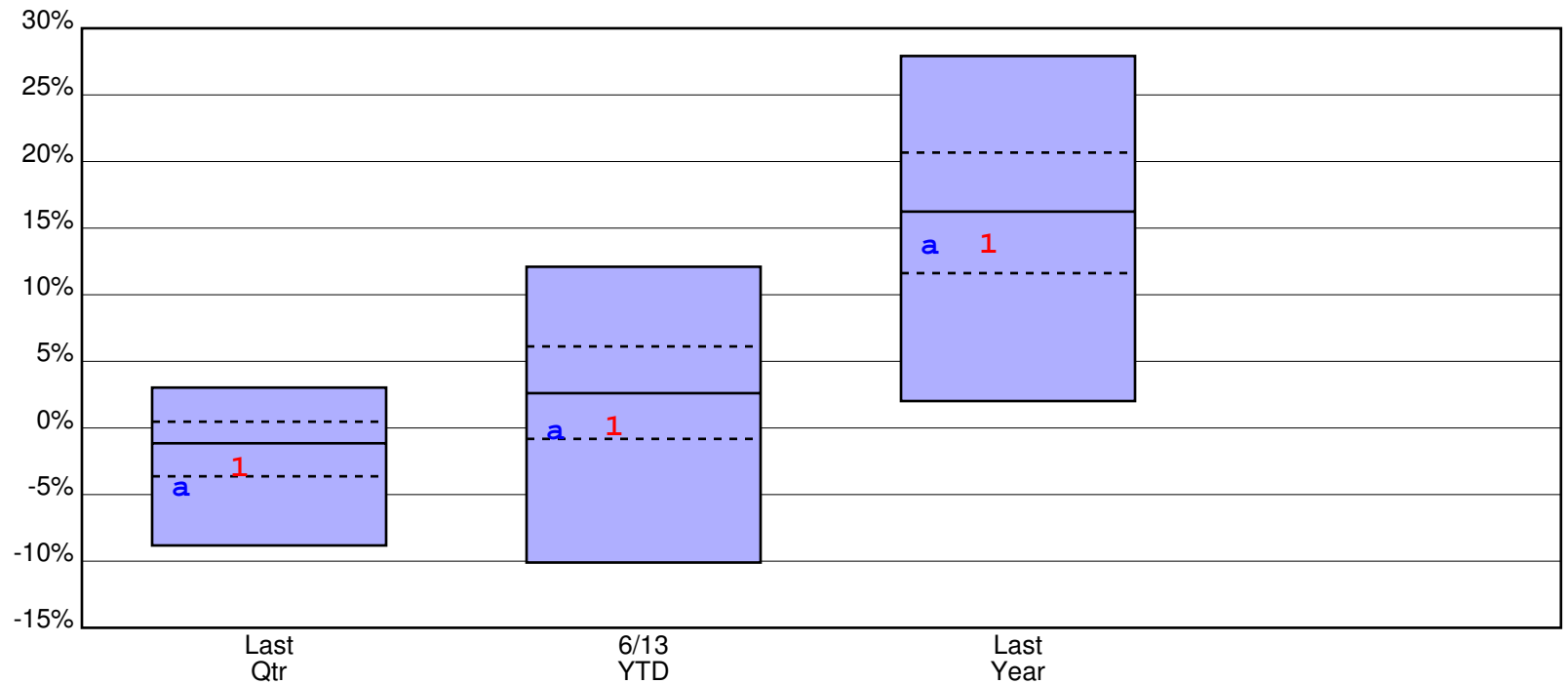


CONCLUSIONS/RECOMMENDATIONS

Allianz Global Investors under performed the MSCI ACWI ex US (Net) during the 2nd Quarter 2013 and ranked in the 78th percentile of the International Equity Universe.

Over a 1-year time period, Allianz Global Investors ranks in the 67th percentile of the International Equity Universe.

City of Mobile Police & Firefighters Cumulative Performance Comparison Total Returns of International Equity Portfolios Periods Ending 6/13



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

Last
Qtr
3.03
0.47
-1.15
-3.63
-8.82

6/13
YTD
12.10
6.12
2.61
-0.82
-10.10

Last
Year
27.92
20.67
16.24
11.62
2.02

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

-4.58 (78)
-3.11 (70)

-0.30 (72)
-0.04 (70)

13.59 (67)
13.63 (66)

City of Mobile Police & Firefighters

June 30, 2013

Performance Summary Table
Periods Ending 6/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
Orleans							
Total Return	-1.61	-1.21	0.80	2.93	3.56	5.64	
Total Return (Net of Fees)	-1.64	-1.27	0.68	2.81	3.44	5.52	
Barclays Int Govt/Credit	-1.70	-1.45	0.28	2.82	3.14	4.57	
Variance	0.09	0.24	0.52	0.11	0.42	1.07	
Barclays U.S. Aggregate	-2.32	-2.44	-0.69	3.31	3.51	5.19	

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.

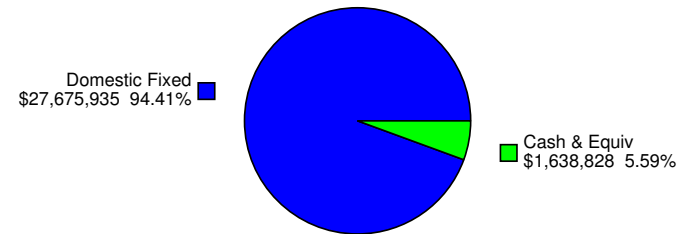
FEE SCHEDULE

15 bps on first \$10MM

10 bps thereafter

Asset Allocation Orleans

June 30, 2013 \$29,314,763



CONCLUSIONS/RECOMMENDATIONS

Orleans out performed the Barclays Int. Govt/Credit Index and the Barclays U.S. Aggregate Index. Manager ranked in the 21st percentile of the Fixed Income Universe during the quarter.

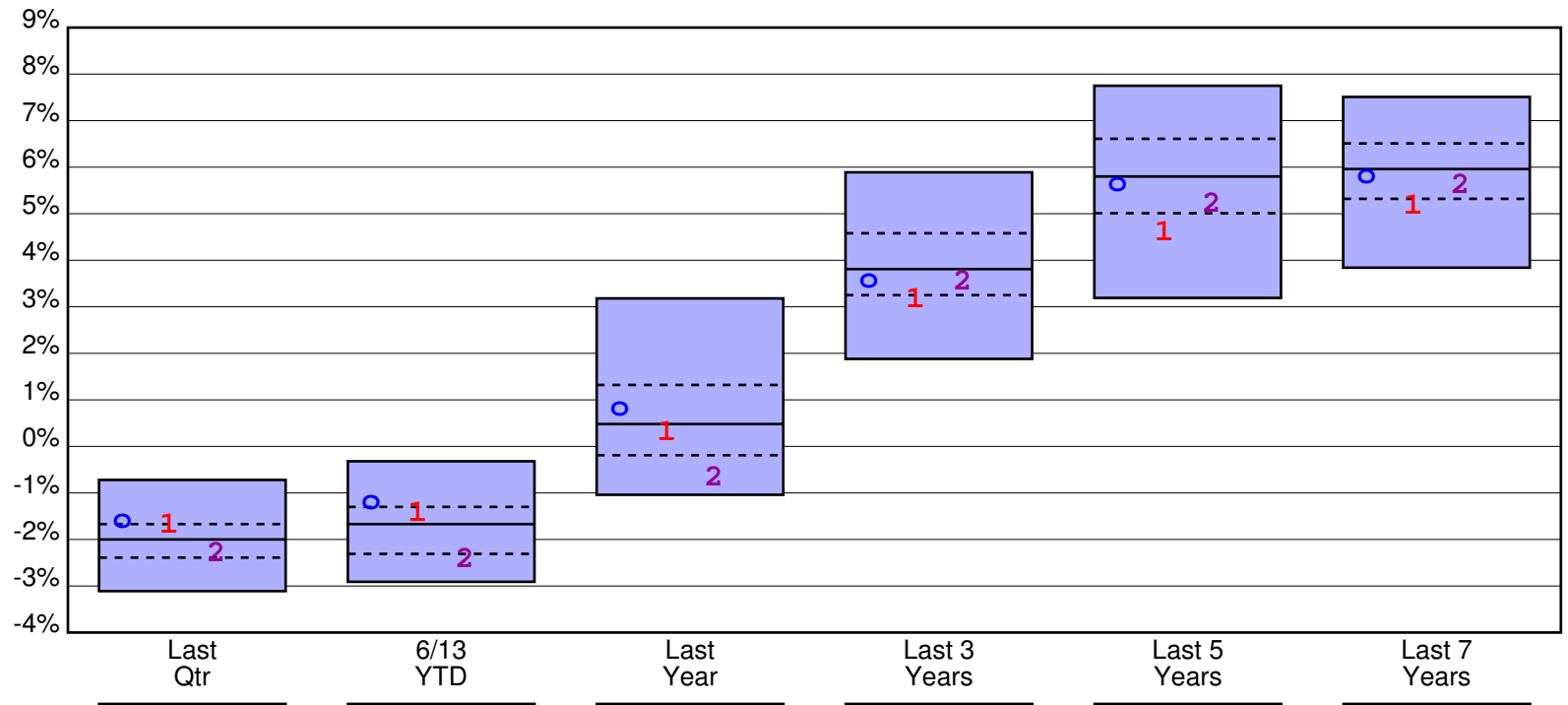
In all periods greater than one year, the manager has out performed the Barclays Int. Govt/Credit Index. Over the past seven years, manager ranks in the 57th percentile of the Fixed Income Universe.

City of Mobile Police & Firefighters

Intermediate Term Cumulative Performance Comparisons

Total Returns of Fixed Income Portfolios

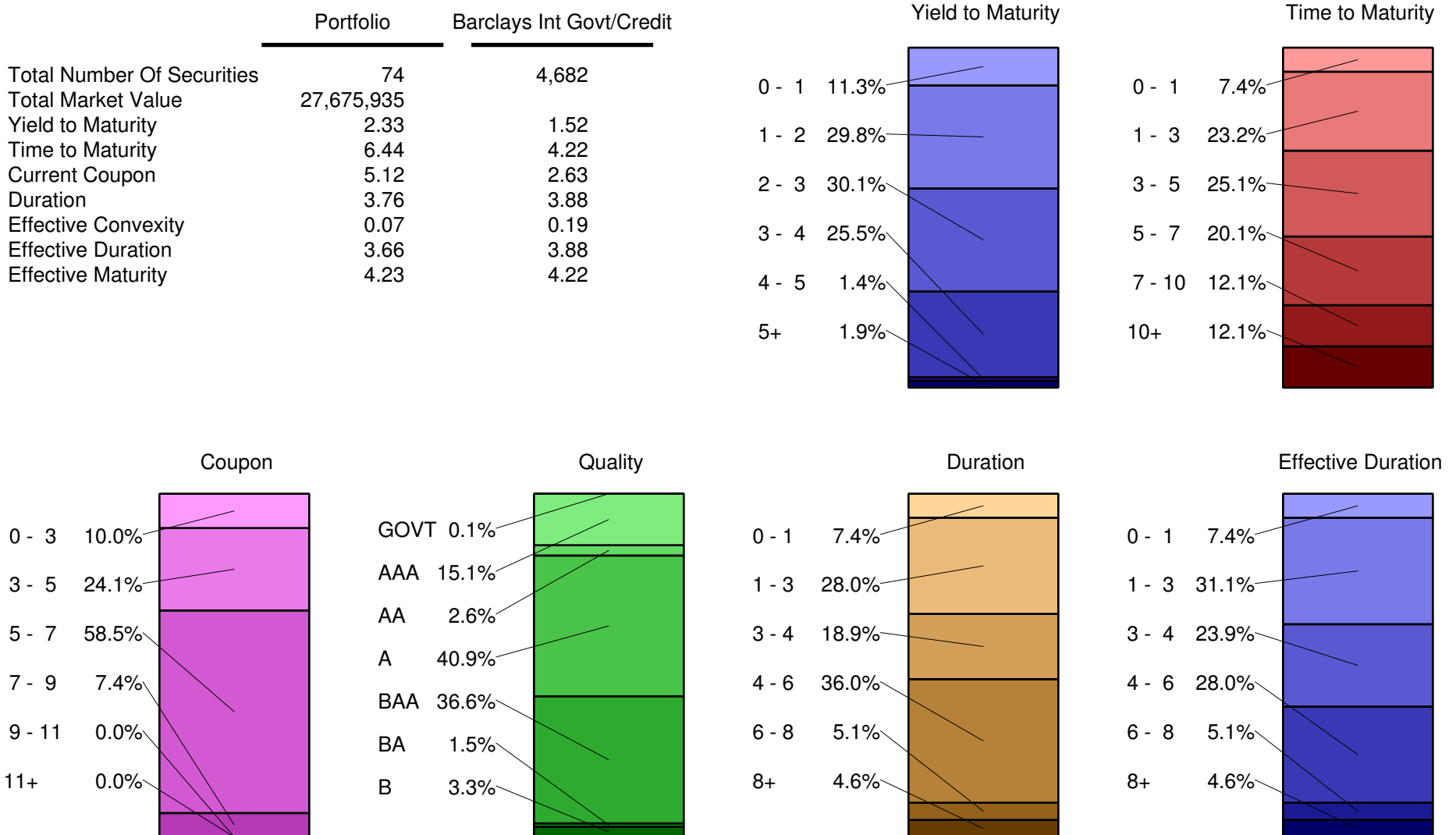
Periods Ending 6/13



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

	Last Qtr	6/13 YTD	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
5th Percentile	-0.72	-0.32	3.18	5.89	7.75	7.51
25th Percentile	-1.67	-1.30	1.32	4.58	6.61	6.51
Median	-2.00	-1.67	0.48	3.81	5.80	5.96
75th Percentile	-2.39	-2.31	-0.19	3.25	5.01	5.32
95th Percentile	-3.11	-2.91	-1.04	1.88	3.19	3.84
Orleans	-1.61 (21)	-1.21 (21)	0.80 (39)	3.56 (59)	5.64 (54)	5.81 (57)
Barclays Int Govt/Credit	-1.70 (28)	-1.45 (33)	0.28 (57)	3.14 (78)	4.57 (84)	5.14 (81)
Barclays U.S. Aggregate	-2.32 (69)	-2.44 (81)	-0.69 (91)	3.51 (61)	5.19 (72)	5.60 (65)

City of Mobile Police & Firefighters Fixed Income, Mortgage and Municipals Summary Statistics Orleans Quarter Ending 6/13



City of Mobile Police & Firefighters

June 30, 2013

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

OBJECTIVE

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

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

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

STRATEGIES

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

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

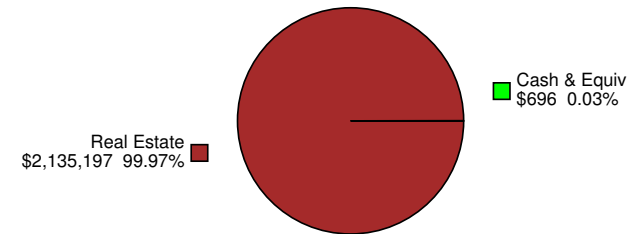
Private investments consist of direct properties (31 investments), mezzanine financing (8 investments), and 7 fund investments (in order to take advantage of market pricing and portfolio diversification).

FEE SCHEDULE

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

Asset Allocation **Guggenheim**

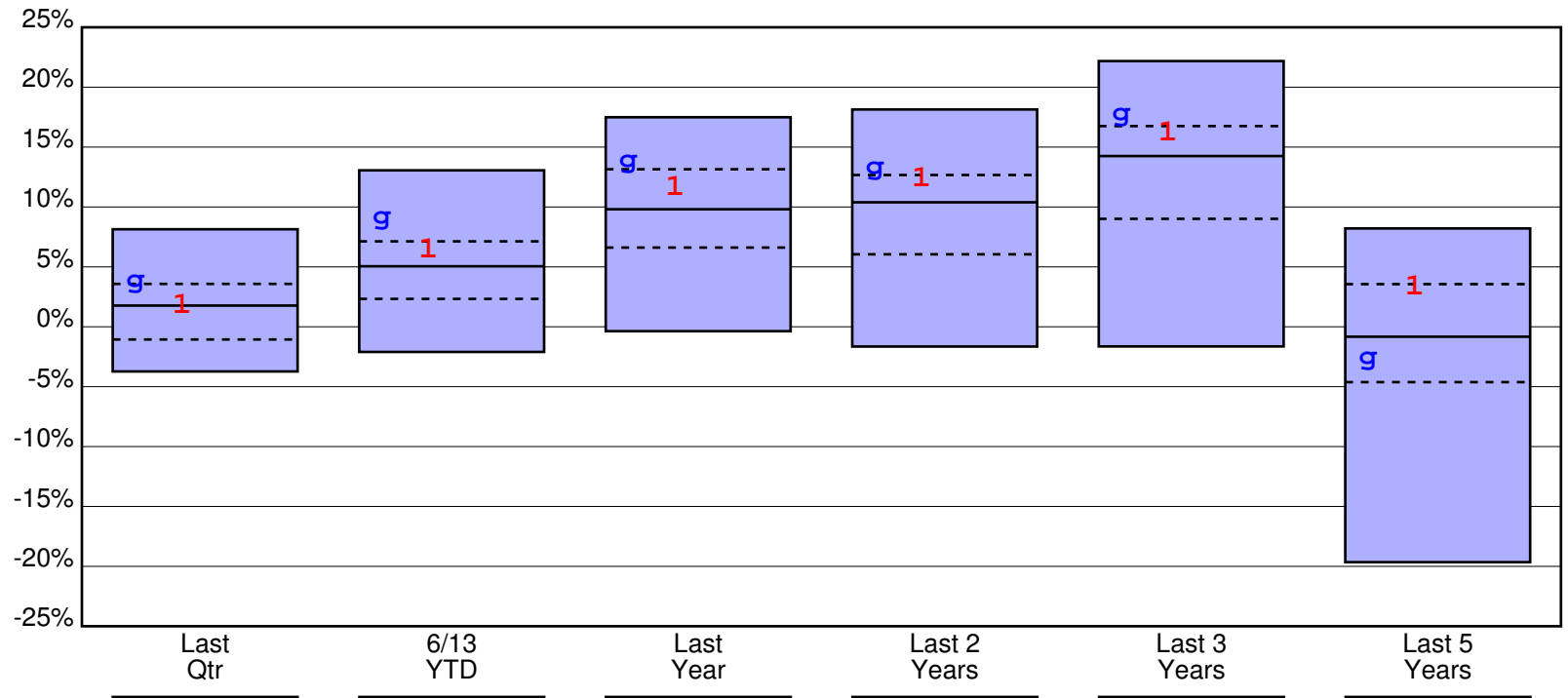
June 30, 2013 \$2,135,893



CONCLUSIONS/RECOMMENDATIONS

Guggenheim out performed the blended benchmark by 210 bps and ranked in the 22nd percentile of the Real Estate Universe for the quarter.

City of Mobile Police & Firefighters Cumulative Performance Comparison Total Returns of Real Estate Portfolios Periods Ending 6/13



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

Last Qtr	6/13 YTD	Last Year	Last 2 Years	Last 3 Years	Last 5 Years
8.14	13.06	17.49	18.14	22.18	8.21
3.58	7.13	13.15	12.67	16.75	3.56
1.77	5.05	9.81	10.39	14.25	-0.83
-1.06	2.33	6.61	6.05	9.01	-4.62
-3.73	-2.10	-0.37	-1.65	-1.64	-19.65
3.78 (22)	9.02 (11)	13.78 (21)	13.21 (20)	17.68 (18)	-2.71 (68)
1.68 (51)	6.37 (30)	11.54 (35)	12.32 (28)	16.13 (28)	3.28 (25)

g Guggenheim

1 70% NCREIF / 30% NAREIT

City of Mobile Police & Firefighters June 30, 2013

DLJ REAL ESTATE CAPITAL PARTNERS FUND II Real Estate

OBJECTIVE

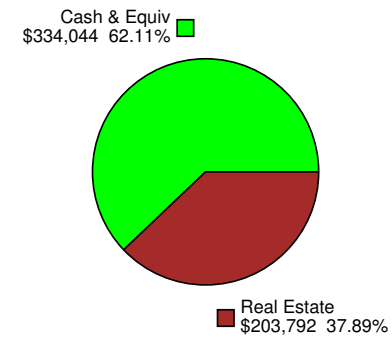
Manager is expected to out perform the NCREIF Index.

CONCLUSIONS/RECOMMENDATIONS

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

Asset Allocation DLJ

June 30, 2013 \$537,836



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

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

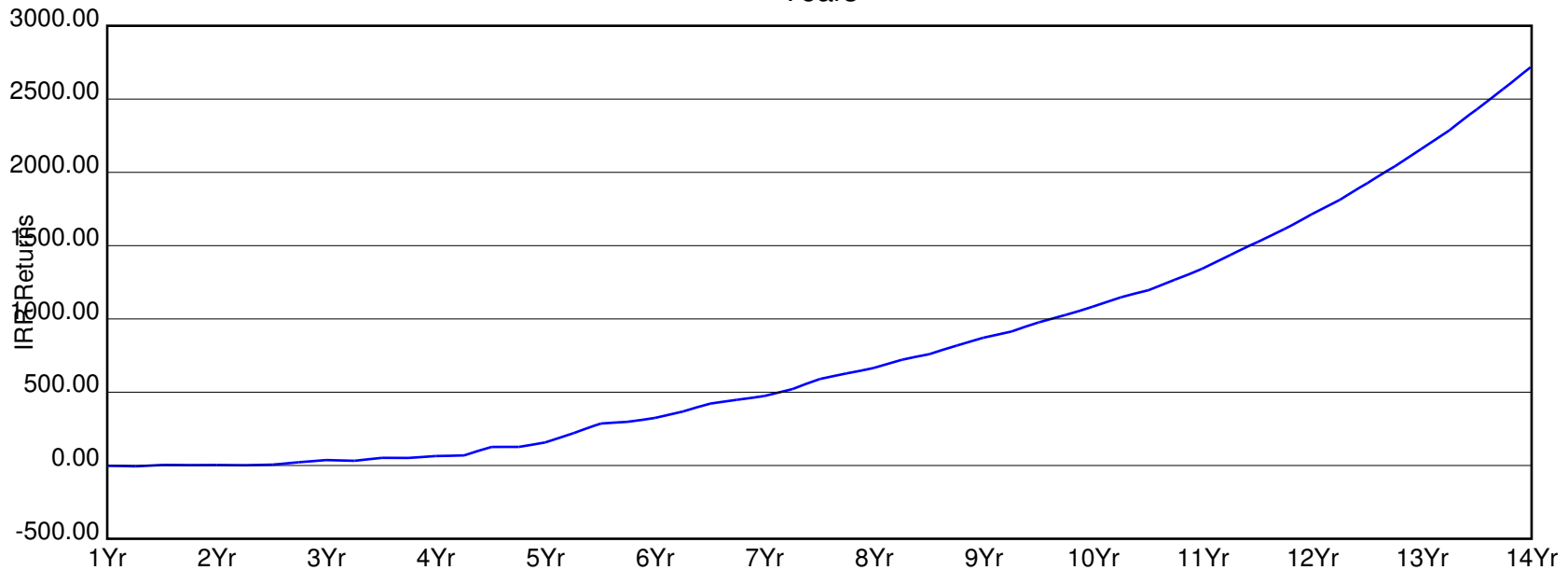
City of Mobile Police & Firefighters
Internal Rate of Return Table
DLJ
June 30, 2013

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

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

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/11	506,108	0	0	-3,147	0	1,668	501,294	1,813.04	27.82
12/11	501,294	0	0	13,618	0	0	514,911	1,926.25	27.77
3/12	514,911	0	0	5,316	0	1,259	518,968	2,040.58	27.71
6/12	518,968	0	0	-337	0	0	518,631	2,158.59	27.64
9/12	518,631	0	0	4,280	0	1,066	521,845	2,287.20	27.58
12/12	521,845	0	0	16,929	0	0	538,774	2,429.90	27.54
3/13	538,774	0	0	122	1,066	0	537,830	2,568.66	27.48
6/13	537,830	0	0	5	0	0	537,836	2,716.96	27.42
Total		2,645,954	3,719,237	1,843,290	58,292	173,880	537,836	2,716.96	27.42

City of Mobile Police & Firefighters
J-Curve Graph
DLJ
3/31/00 - 6/30/13
Years



Year	Contribution	Distribution	Expenses	Investment Fees	Ending Value	Cumulative IRR
1	444,702	201,436	6,179	13,973	217,288	-2.25
2	356,722	50,544	8,508	30,000	501,134	3.26
3	177,972	269,003	7,955	30,000	501,134	37.05
4	325,067	117,578	3,851	30,000	788,376	64.42
5	769,842	742,000	4,196	15,000	1,210,418	157.32
6	112,240	870,469	5,173	22,518	1,030,795	324.04
7	15,142	581,623	8,226	6,916	737,392	473.86
8	98,411	481,479	4,498	5,080	571,992	665.28
9	0	207,673	702	4,497	433,576	871.25
10	345,854	194,170	2,407	2,550	515,742	1,083.28
11	1	0	3,791	7,715	458,319	1,342.10
12	0	3,262	1,740	1,638	506,108	1,713.73
13	0	0	0	2,927	518,631	2,158.59
14	0	0	1,066	1,066		
Total	2,645,954	3,719,237	58,292	173,880		

City of Mobile Police & Firefighters

June 30, 2013

Performance Summary Table
Periods Ending 6/30/13

Manager	1 Qtr	YTD	1 Year	2 Yrs	3 Yrs	5 Yrs	10 Yrs
TIAA-CREF							
Total Return	2.46	4.05	10.21	9.99	12.61	-4.56	
Total Return (Net of Fees)	2.18	3.49	9.04	8.81	11.40	-5.58	
NCREIF ODCE Fund Index	3.86	6.64	12.17	12.30	14.96	-0.15	
Variance	-1.40	-2.59	-1.96	-2.31	-2.35	-4.41	

TIAA-CREF CORE PROPERTY FUND

Real Estate - Open-ended, Core Style

OBJECTIVE

Manager is expected to outperform the NCREIF Index.

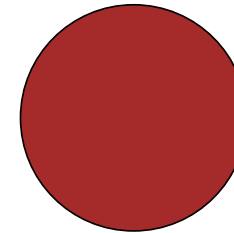
STRATEGIES

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, 2013 \$1,995,227

Real Estate
\$1,995,227 100.00%



CONCLUSIONS/RECOMMENDATIONS

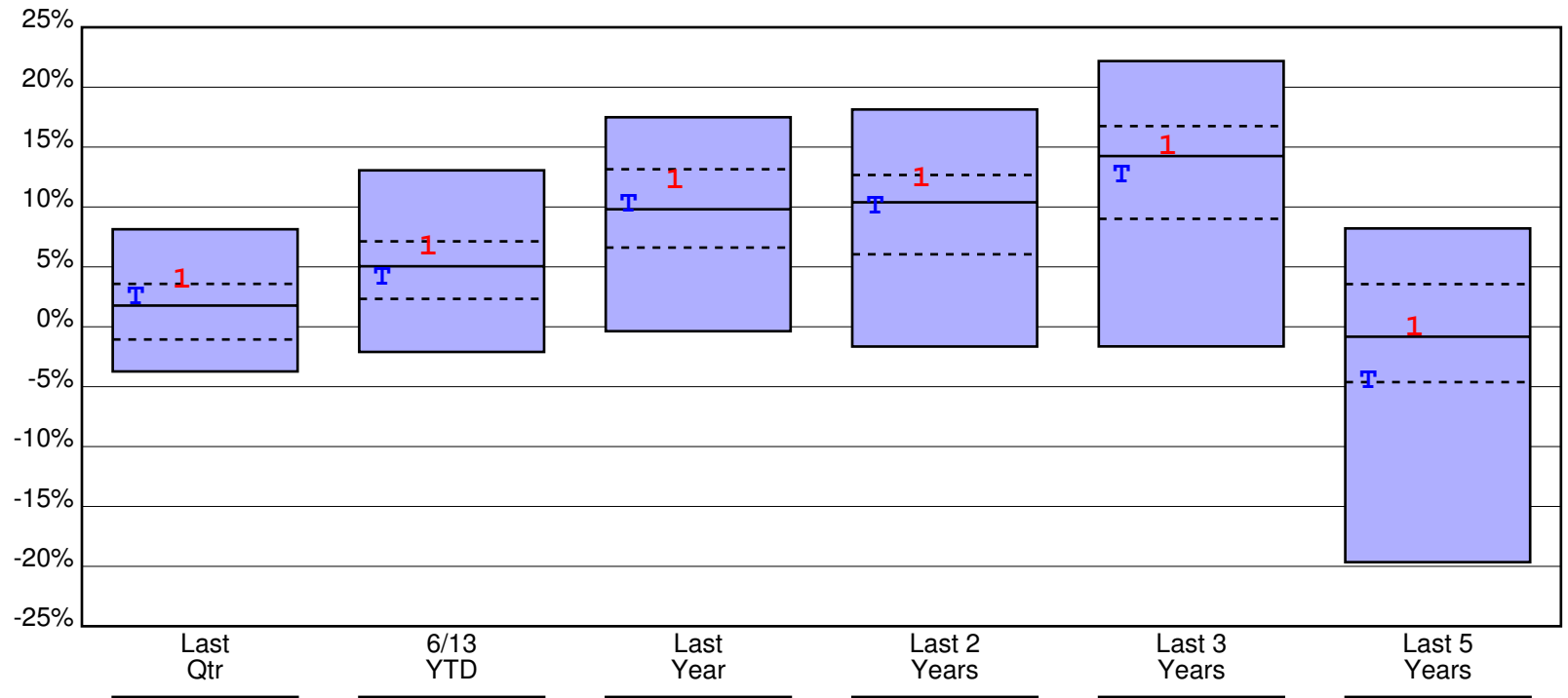
During the Second Quarter 2013, TIAA-CREF under performed the NCREIF Property Index by 140 basis points. Their performance placed them in the 41st percentile of their peer universe.

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 6/13



5th Percentile	8.14	13.06	17.49	18.14	22.18	8.21
25th Percentile	3.58	7.13	13.15	12.67	16.75	3.56
Median	1.77	5.05	9.81	10.39	14.25	-0.83
75th Percentile	-1.06	2.33	6.61	6.05	9.01	-4.62
95th Percentile	-3.73	-2.10	-0.37	-1.65	-1.64	-19.65
T TIAA-CREF	2.46 (41)	4.05 (61)	10.21 (46)	9.99 (52)	12.61 (62)	-4.56 (74)
1 NCREIF ODCE Fund Index	3.86 (20)	6.64 (28)	12.17 (29)	12.30 (28)	14.96 (45)	-0.15 (47)

City of Mobile Police & Firefighters June 30, 2013

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

Initial Closing on August 7, 1998

OBJECTIVE

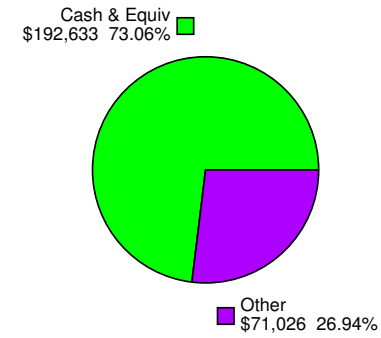
The manager needs to achieve a return of 400 basis points above the Russell 3000 index on an annual basis.

CONCLUSIONS/RECOMMENDATIONS

Hicks, Muse, Tate & Furst IV has returned -5.48% as of 2Q 2013. Since its inception in 3Q 1998, this fund has distributed \$1,536,951 to the plan and experienced a depreciation of \$570,692.

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, 2013 \$263,659



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

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

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

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

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

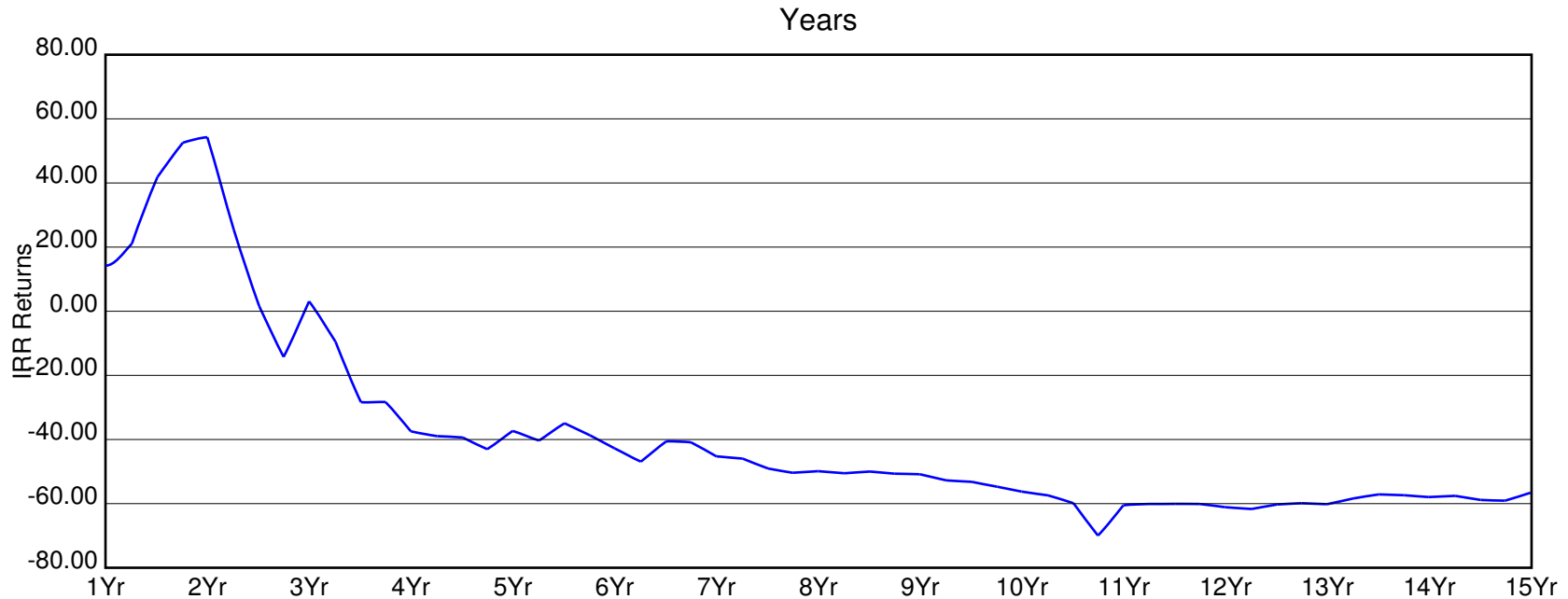
Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/10	189,496	0	0	-1,792	0	0	187,704	-61.67	-7.65
12/10	187,704	0	0	16,585	0	0	204,289	-60.27	-7.23
3/11	204,289	0	0	6,870	0	0	211,159	-59.86	-7.02
6/11	211,159	1	0	1	0	0	211,161	-60.18	-6.94
9/11	211,161	0	0	19,727	0	0	230,888	-58.38	-6.50
12/11	230,888	0	0	14,511	0	0	245,399	-57.12	-6.17
3/12	245,399	0	0	11	0	0	245,410	-57.38	-6.10
6/12	245,410	0	0	-2,925	0	0	242,485	-57.95	-6.08
9/12	242,485	0	0	5,848	0	0	248,333	-57.57	-5.92
12/12	248,333	0	0	-9,555	0	0	238,777	-58.84	-6.02
3/13	238,777	0	0	0	0	0	238,777	-59.07	-5.96
6/13	238,777	0	0	24,882	0	0	263,659	-56.60	-5.48
Total		2,415,558	1,536,951	-570,692	0	44,256	263,659	-56.60	-5.48

City of Mobile Police & Firefighters

J-Curve Graph

Hicks, Muse, Tate & Furst IV

3/31/99 - 6/30/13



Year	Contribution	Distribution	Expenses	Investment Fees	Ending Value	Cumulative IRR
1	1,383,605	247,093	0	0	1,262,303	14.22
2	718,369	75,979	0	22,237	2,368,076	54.27
3	107,649	57,796	0	11,515	1,837,287	3.09
4	65,490	511,575	0	10,504	809,804	-37.45
5	14,731	9,570	0	0	825,099	-37.32
6	8,669	75,727	0	0	687,119	-42.74
7	5,883	381,403	0	0	288,762	-45.24
8	4,236	22,798	0	0	246,989	-49.88
9	3,026	138,374	0	0	136,362	-50.84
10	2,646	7,965	0	0	104,021	-56.24
11	94,737	8,671	0	0	172,320	-60.51
12	6,516	0	0	0	189,496	-61.11
13	1	0	0	0	211,161	-60.18
14	0	0	0	0	242,485	-57.95
15	0	0	27	0		
Total Capital Commitment:	2,415,558	1,536,951	0	44,256		
Total	2,415,558	1,536,951	0	44,256		

City of Mobile Police & Firefighters

June 30, 2013

RIPPLEWOOD PARTNERS II **Private Equity**

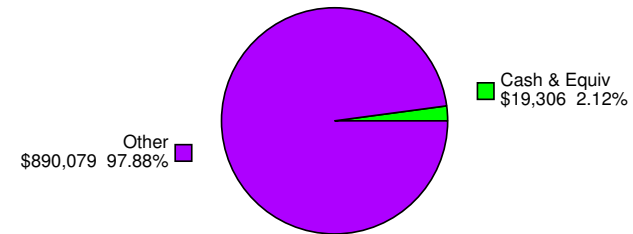
OBJECTIVE

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

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

Asset Allocation Ripplewood Partners II, L.P.

June 30, 2013 \$909,385



CONCLUSIONS/RECOMMENDATIONS

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

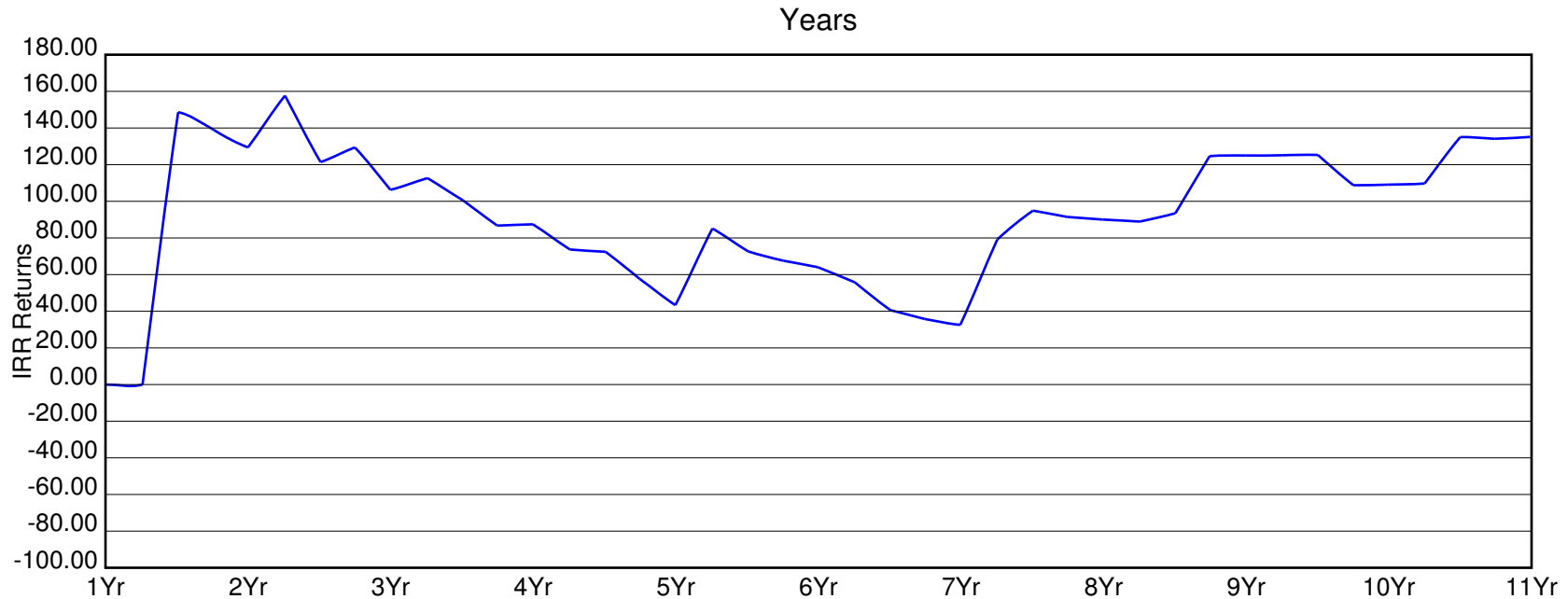
City of Mobile Police & Firefighters
Internal Rate of Return Table
Ripplewood Partners II, L.P.
June 30, 2013

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

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

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/08	1,197,686	8,327	0	-15,397	0	8,327	1,182,289	55.75	7.59
12/08	1,182,289	306,214	3,677	-46,221	0	0	1,438,605	40.59	5.55
3/09	1,438,605	398,122	0	-8,211	8,493	0	1,820,023	35.77	4.78
6/09	1,820,023	14,368	8,078	-962	0	8,493	1,816,859	32.57	4.23
9/09	1,816,859	88,397	3,237	231,096	0	7,036	2,126,079	79.18	8.62
12/09	2,126,079	0	31,473	99,310	0	0	2,193,917	94.91	9.56
3/10	2,193,917	225,045	243,602	15,165	0	0	2,190,524	91.46	8.98
6/10	2,190,524	66,838	1,106,699	17,021	0	0	1,167,684	90.04	8.57
9/10	1,167,684	0	8,911	-1,862	0	0	1,156,911	88.93	8.22
12/10	1,156,911	0	84,051	26,888	0	3,138	1,096,610	93.48	8.27
3/11	1,096,610	0	0	161,282	0	0	1,257,892	124.66	9.92
6/11	1,257,892	76,567	264,832	-179	5,494	1,606	1,062,349	125.00	9.65
9/11	1,062,349	0	0	-974	5,531	0	1,055,844	125.13	9.37
12/11	1,055,844	0	0	-1,169	11,497	0	1,043,178	125.30	9.12
3/12	1,043,178	0	0	-87,620	10,805	18,434	926,319	108.75	8.00
6/12	926,319	0	0	-1,364	23,948	0	901,007	109.08	7.81
9/12	901,007	0	0	-270	15,159	0	885,579	109.71	7.64
12/12	885,579	0	39,995	125,535	14,238	0	956,881	135.08	8.64
3/13	956,881	0	0	-9,636	0	0	947,245	134.12	8.39
6/13	947,245	0	37,861	1	0	0	909,385	135.13	8.23
Total		2,608,181	2,210,258	736,225	95,164	129,599	909,385	135.13	8.23

City of Mobile Police & Firefighters
J-Curve Graph
Ripplewood Partners II, L.P.
3/31/03 - 6/30/13



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

City of Mobile Police & Firefighters

June 30, 2013

LEVINE LEICHTMAN CAPITAL PARTNERS III Private Equity

OBJECTIVE

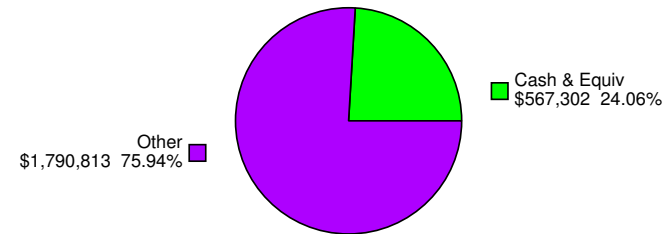
The manager needs to achieve a return of 400 basis points above the Russell 3000 index on an annual basis.

STRATEGIES

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

Asset Allocation Levine Leichtman Fund III

June 30, 2013 \$2,358,115



CONCLUSIONS/RECOMMENDATIONS

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

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

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

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

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

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
12/09	2,119,778	45,936	39,809	66,044	0	3,850	2,188,099	55.04	7.52
3/10	2,188,099	15,380	58,311	98,761	0	6,994	2,236,934	62.89	8.06
6/10	2,236,934	80,588	124,359	33,563	0	7,776	2,218,951	65.15	7.97
9/10	2,218,951	60,133	38,419	222,873	0	7,564	2,455,973	83.53	9.34
12/10	2,455,973	11,929	313,708	44,815	0	13,895	2,185,115	86.86	9.27
3/11	2,185,115	40,446	57,598	61,531	0	6,948	2,222,546	92.12	9.36
6/11	2,222,546	19,895	148,327	-1,336	0	19,972	2,072,806	92.14	9.04
9/11	2,072,806	0	0	-37,872	0	0	2,034,933	89.31	8.53
12/11	2,034,933	0	0	135,219	0	13,442	2,156,711	101.13	9.07
3/12	2,156,711	0	0	10,805	0	0	2,167,515	102.44	8.87
6/12	2,167,515	0	93,975	6,930	0	0	2,080,470	103.45	8.66
9/12	2,080,470	0	21,083	333,736	0	13,611	2,379,511	132.68	10.07
12/12	2,379,511	0	11,059	-10,340	0	0	2,358,111	132.46	9.77
3/13	2,358,111	0	22,655	29,949	0	0	2,365,405	135.71	9.66
6/13	2,365,405	0	0	-7,290	0	0	2,358,115	135.78	9.40
Total		5,034,087	3,914,205	1,588,095	0	349,862	2,358,115	135.78	9.40

City of Mobile Police & Firefighters

June 30, 2013

PERMAL PRIVATE EQUITY HOLDINGS IV Private Equity - Fund of Funds

OBJECTIVE

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

STRATEGIES

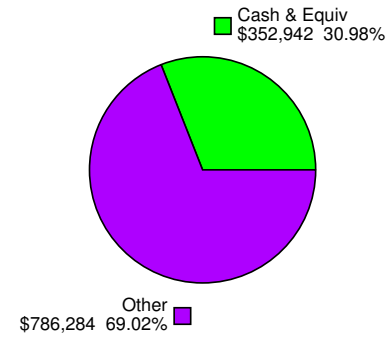
Private equity fund of funds.

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

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

Asset Allocation Permal Capital Fund IV

June 30, 2013 \$1,139,226



CONCLUSIONS/RECOMMENDATIONS

Permal has returned 6.20% as of 2Q 2013. Since its inception in 2Q 2007, this fund has distributed \$355,935 to the plan and experienced an appreciation of \$349,846.

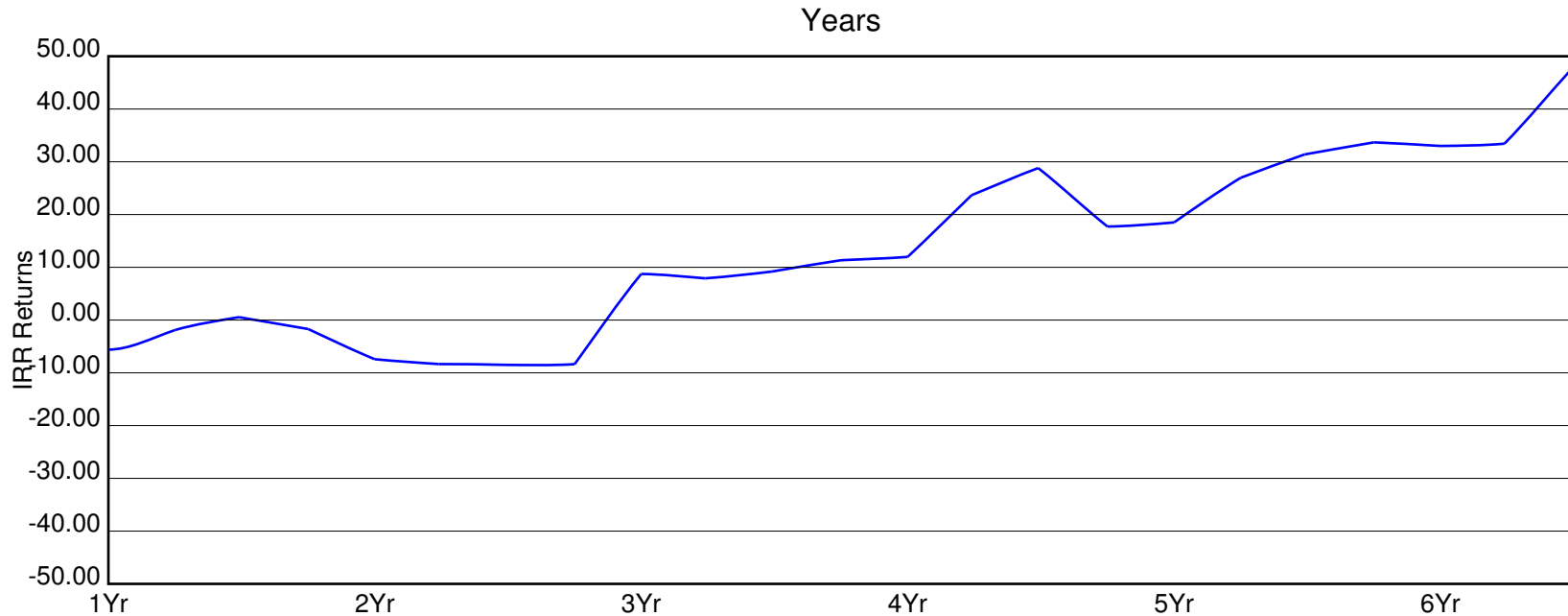
City of Mobile Police & Firefighters
Internal Rate of Return Table
Permal Capital Fund IV
June 30, 2013

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

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

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
3/13	1,074,307	0	0	4,484	0	0	1,078,791	33.43	4.75
6/13	1,078,791	0	40,000	102,574	0	2,139	1,139,226	47.47	6.20
Total		1,237,972	355,935	349,846	21,082	71,575	1,139,226	47.47	6.20

City of Mobile Police & Firefighters
J-Curve Graph
Permal Capital Fund IV
9/30/07 - 6/30/13



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

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

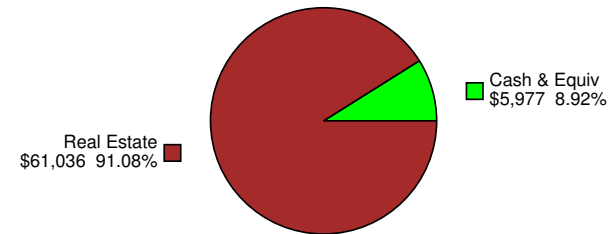
City of Mobile Police & Firefighters June 30, 2013

WESTBROOK REAL ESTATE FUND III Real Estate

OBJECTIVE

Manager is expected to outperform the NCREIF Index.

Asset Allocation
Westbrook
June 30, 2013 \$67,013



CONCLUSIONS/RECOMMENDATIONS

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

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

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

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

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

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

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

Quarter Ending	Beginning Value	Contribution	Distribution	Appreciation	Expenses	Investment Fees	Ending Value	Cumulative IRR	Annualized IRR
9/10	80,537	0	88	-2,181	0	0	78,268	318.44	12.61
12/10	78,268	0	89	1	0	0	78,180	330.65	12.60
3/11	78,180	0	76	1,070	0	0	79,174	343.17	12.60
6/11	79,174	0	0	2,765	67	0	81,872	356.56	12.60
9/11	81,872	0	0	101	0	57	81,916	369.88	12.59
12/11	81,916	0	0	-8,365	0	38	73,513	381.60	12.54
3/12	73,513	0	0	11	0	37	73,488	395.49	12.54
6/12	73,488	0	0	-111	0	0	73,377	409.73	12.53
9/12	73,377	0	0	-3,130	0	0	70,247	423.81	12.51
12/12	70,247	0	0	-2,981	0	0	67,266	438.32	12.49
3/13	67,266	0	0	-253	0	0	67,013	453.60	12.48
6/13	67,013	0	0	0	0	0	67,013	469.55	12.47
Total		2,143,867	2,965,525	1,042,181	156	153,354	67,013	469.55	12.47

City of Mobile Police & Firefighters June 30, 2013

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

OBJECTIVE

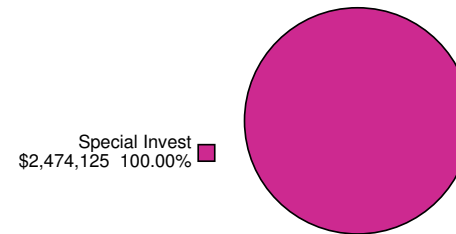
Manager is expected to outperform the NCREIF Timber Index.

STRATEGIES

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

Asset Allocation Timberland Investment Resources

June 30, 2013 \$2,474,125



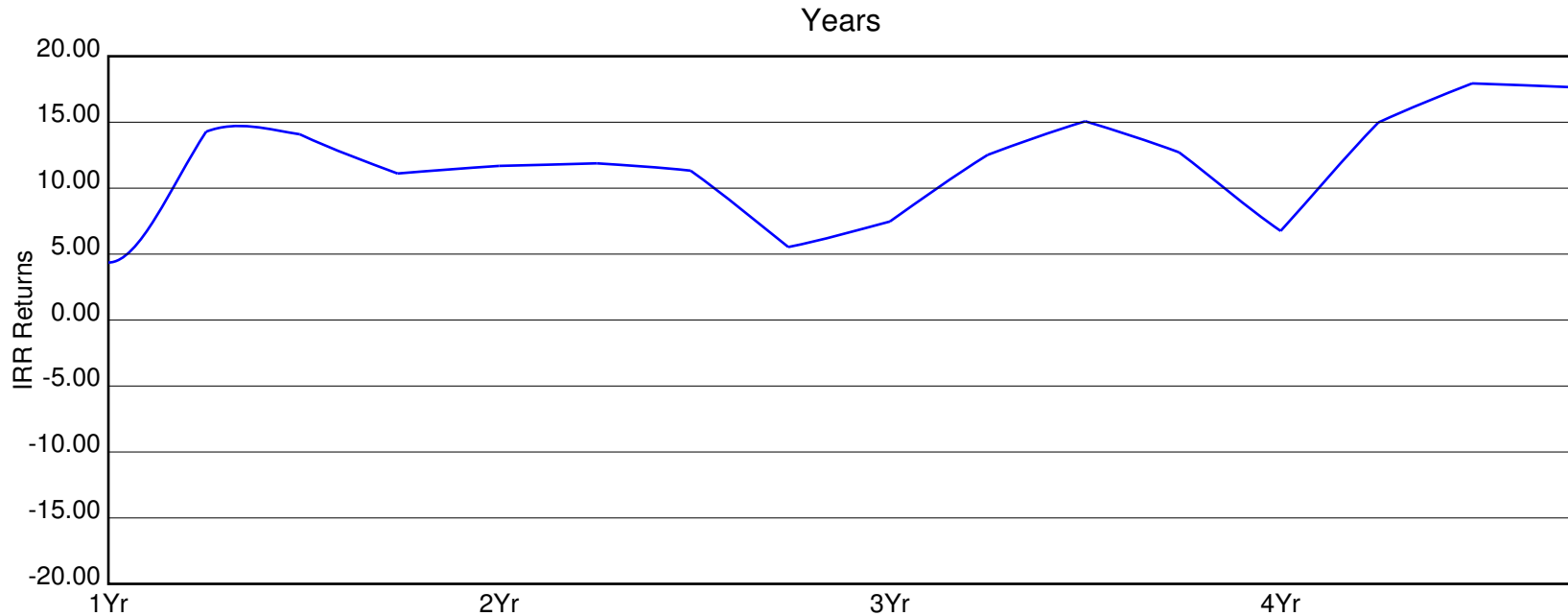
CONCLUSIONS/RECOMMENDATIONS

Timberland Investment has returned an annualized 3.61% since inception through 2nd Quarter 2013. Since its inception in the fourth quarter of 2008, the fund has experienced an appreciation of \$306,722.

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

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

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



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

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

COMPOSITE MEDIAN MANAGER

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

DEFINITION OF INDICES

APPENDIX B

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

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

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

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

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

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

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

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

DEFINITION OF UNIVERSES

APPENDIX B

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

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

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

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

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

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

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

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

DEFINITION OF COMMON TERMS

APPENDIX C

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

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

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

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

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

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

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

MARKET SECTOR DIVERSIFICATION
APPENDIX D

EQUITIES

C A P I T A L I Z A T I O N	Style					
		Growth	Core	Value	Quantitative	Index
			SSgA Russell 1000			
						SSgA S&P 400
			SouthernSun	Morgan Dempsey		
Domestic	Opportunistic		Energy Opportunities Capital			
International	Large			Allianz		
Other	Private Equity		Permal	Ripplewood	Levine Leichtman	HM Capital
			Westbrook		Guggenheim	DLJ TIAA-CREF
			Timberland Investment Resources			

FIXED INCOME

	Style				
		Rate	Maturity Differential	Core	Sector Allocation
			Orleans		Orleans
			Orleans		Orleans
			Orleans		Orleans
Domestic	Corporate		Orleans		Orleans
			Orleans		Orleans
	High Yield				