

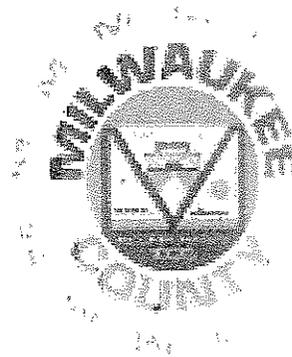
# Marquette Associates

Integrity ♦ Diligence ♦ Solutions

## Employees' Retirement System of Milwaukee County

### Executive Summary

March 31, 2010



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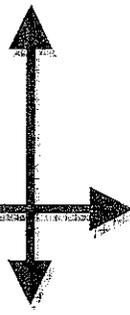


**M**

**Marquette Associates**

**Market Environment**

**First Quarter, 2010**



**U.S. Economy**

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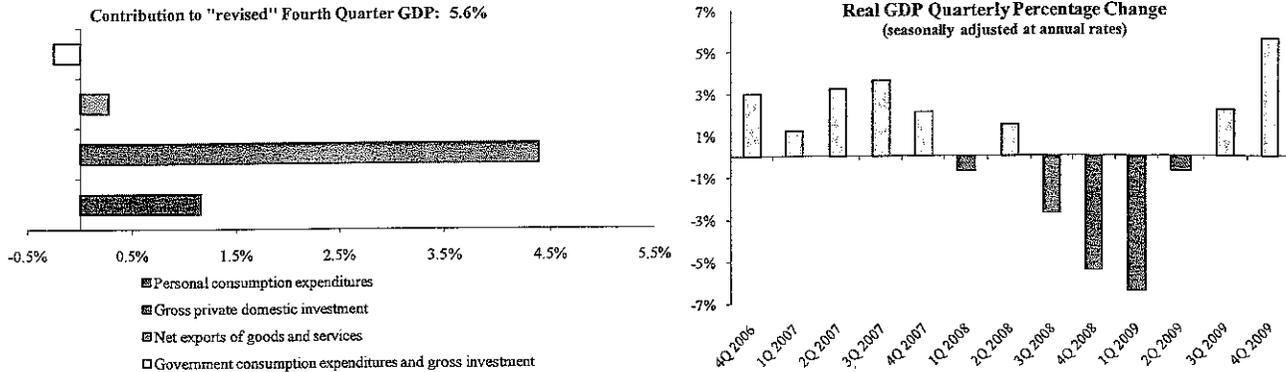
**Infrastructure**

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## U.S. Economic Environment - March 31, 2010

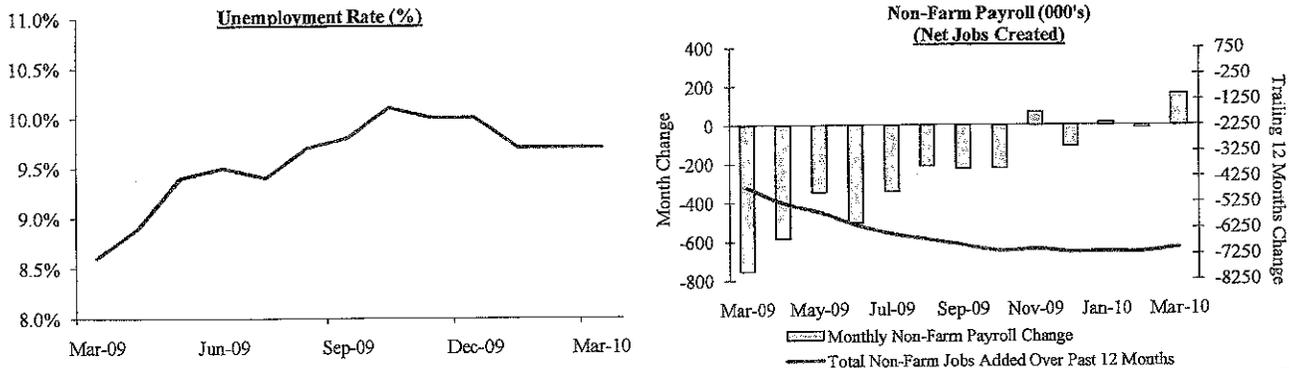
The "revised" estimate for fourth quarter GDP was released at 5.6%, slightly lower than the prior estimate of 5.9%, yet still the highest quarterly reading since the third quarter of 2003. Gross private domestic investment was the largest contributor to GDP growth with private inventory investment / equipment and software adding 3.79% and 1.13%, respectively, to the current estimate. Personal consumption expenditures and imports also contributed to GDP growth by adding 1.16% and 2.36%, respectively. The annual change in GDP for 2009 was -2.4%. This is the largest annual decline in GDP since 1946 and the sixth lowest annual decline on record.

### Gross Domestic Product



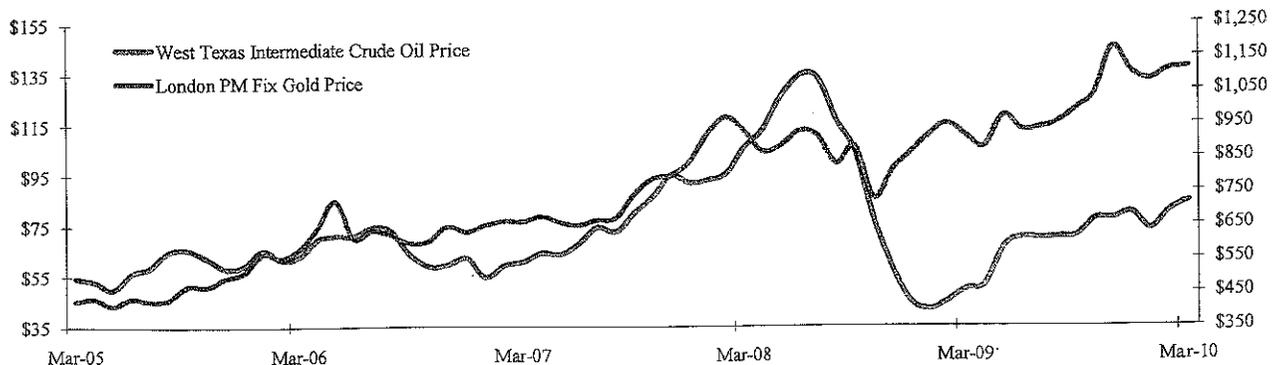
The unemployment rate remained unchanged at 9.7% in March. Currently the number of unemployed stands at 15M and the number of long-term unemployed is 6.5M. The non-farm payroll, the net number of non-farm jobs added or subtracted per month, gained 162,000 jobs in March. This is the largest one-month gain since May 2007. Job losses for March were largest in financial activities (-21,000) and the information industry (-12,000). Employment in the federal government increased from the hiring of 48,000 temporary workers for the 2010 Census. Temporary help services (40,000), health care (27,000), and mining (8,000) experienced job growth. Non-farm payrolls for January and February were revised to show fewer employment declines.

### Unemployment Data



The price of crude oil finished March at \$83.76 per barrel, an increase of 5.1% from the previous month-end. Crude oil prices are currently at a 17-month high having not reached this range since October 9, 2008 when oil settled at \$86.59 per barrel. OPEC, which met in Vienna on March 17th, agreed to keep oil production unchanged. Currently, OPEC production targets are at 53% compliance to the agreed 4.2M barrels/day production cuts announced in December 2008. The price of gold increased by 0.7% in March finishing the month at \$1,115.50/oz.

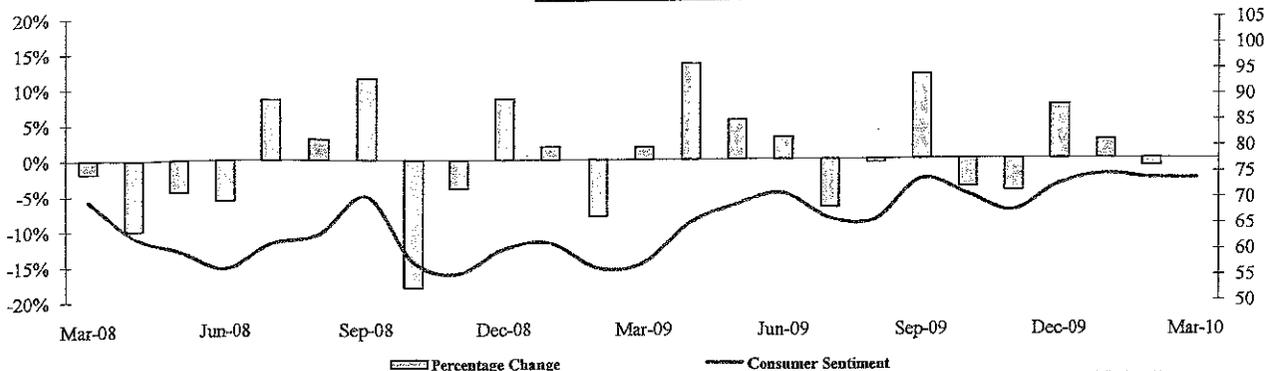
### Commodities



## U.S. Economic Environment - March 31, 2010

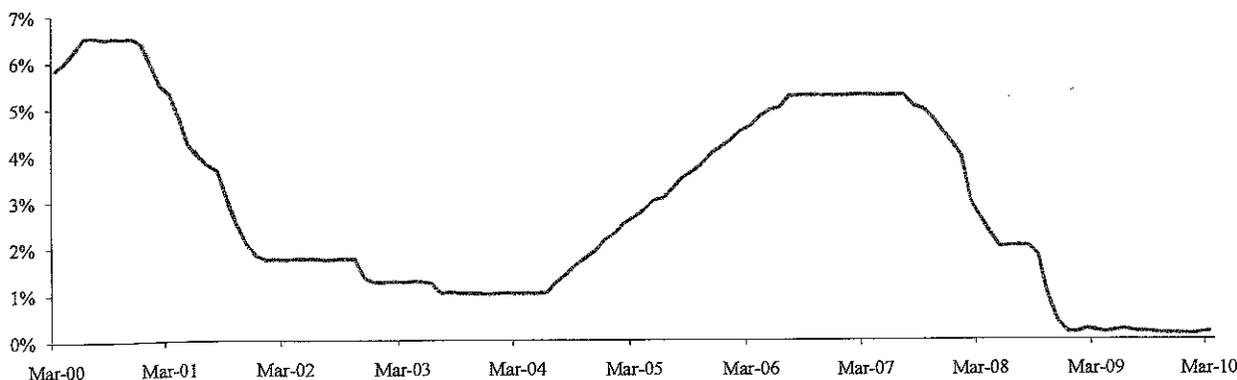
The Reuters/University of Michigan Index of Consumer Sentiment remained unchanged at 73.6 in March versus last month's reading. Consumer Sentiment is 28% higher than March 2009's reading and nearly equal to September 2009's reading of 73.5. Consumer expectations on the general economy continue to improve, however, consumers' assessment of their own financial situations remain low. 45% of consumers reported a worsening of their financial situation compared to 55% last March. 22% of consumers reported an improved financial situation compared to 19% last March.

### Consumer Sentiment



The Federal Funds Rate, the interest rate that banks charge each other to lend money overnight, has remained within the Fed's target range of 0 to 0.25%. The Fed announced in December 2008 that this rate will remain "exceptionally low for an extended period" of time in an effort to improve the economy and stimulate credit markets. March marked the end of the Fed's plan to purchase \$1.25T of agency mortgage-backed securities and \$175B of agency debt. The TALF program, the only remaining element of the special liquidity facilities the Fed created to support credit markets, is scheduled to close on June 30th.

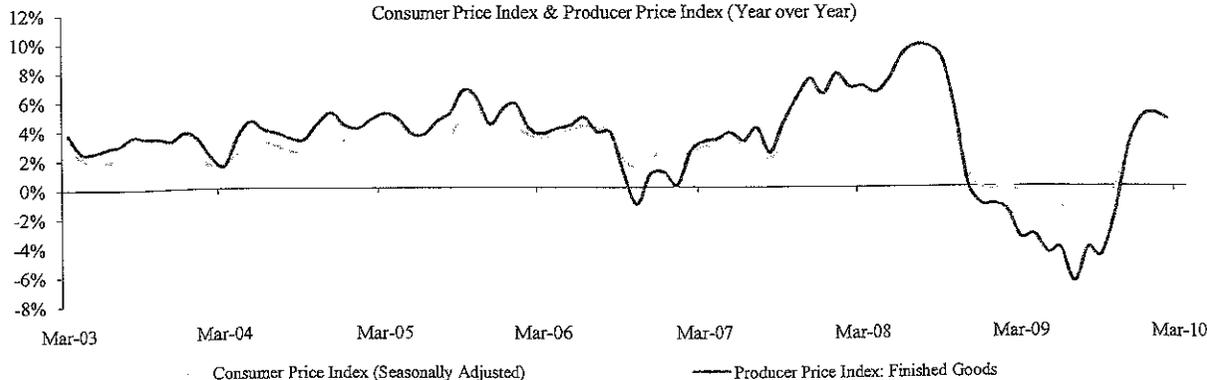
### Effective Federal Funds Rate



The Consumer Price Index (CPI-U) increased 0.1% in March from the previous month-end. In the last twelve months, the index has increased 2.3%. The Core CPI, which excludes food and energy, was unchanged in March. Core CPI has increased by 1.1% since March 2009, the lowest twelve-month change since January 2004. The Producer Price Index (PPI) for Finished Goods fell by 0.6% in February, while Core PPI increased by 0.1%. On an unadjusted basis, PPI has increased by 4.4% in the last twelve months.

### U.S. Inflation Data

Consumer Price Index & Producer Price Index (Year over Year)



## Fixed Income Market Environment - March 31, 2010

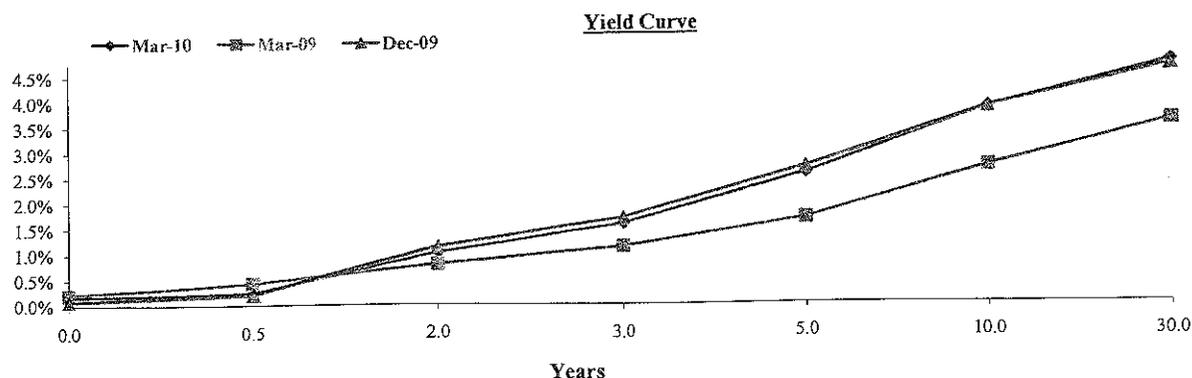
The massive rally in spread sectors that began in the first quarter of 2009 continued through the first quarter of 2010, as every spread sector once again outperformed similar duration Treasuries. Within the investment grade space, CMBS (+9.0%), ABS (+2.3%), and investment grade corporate bonds (+2.3%) were the best performing sectors for the quarter.

	Month	Benchmark Annualized Performance					
		Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Market Indices</b>							
BarCap Universal	0.1%	2.0%	2.0%	10.4%	6.0%	5.6%	6.4%
BarCap Aggregate	-0.1%	1.8%	1.8%	7.7%	6.1%	5.4%	6.3%
BarCap Gov./Credit	-0.4%	1.6%	1.6%	7.5%	5.8%	5.2%	6.2%
<b>Intermediate Indices</b>							
BarCap Int. Aggregate	-0.1%	1.8%	1.8%	7.4%	6.2%	5.5%	6.1%
BarCap Int. Gov./Credit	-0.3%	1.5%	1.5%	6.9%	5.9%	5.2%	5.9%
<b>Government Only Indices</b>							
BarCap U.S. Treasury	-0.9%	1.1%	1.1%	-1.2%	6.0%	5.2%	5.9%
BarCap Long Gov.	-1.9%	0.9%	0.9%	-7.3%	5.8%	5.3%	6.9%
BarCap Government	-0.8%	1.1%	1.1%	-0.1%	6.0%	5.2%	5.9%
BarCap Int. Government	-0.6%	1.1%	1.1%	0.9%	5.9%	5.1%	5.6%
BarCap Mortgage	0.0%	1.5%	1.5%	5.2%	7.0%	6.1%	6.5%
BarCap 1-3 Year Gov.	-0.2%	0.7%	0.7%	1.8%	4.8%	4.4%	4.6%
91 Day T-Bill	0.0%	0.1%	0.1%	0.3%	2.2%	3.0%	2.9%
BarCap U.S. TIPS	0.1%	0.6%	0.6%	6.2%	6.0%	4.8%	7.3%
<b>Corporate Bond Indices</b>							
BarCap U.S. Credit	0.3%	2.3%	2.3%	20.8%	6.0%	5.4%	6.7%
BarCap High Yield	3.1%	4.6%	4.6%	56.2%	6.7%	7.8%	7.5%
50% BB/50% B	2.7%	4.0%	4.0%	41.6%	5.7%	6.9%	7.1%
CSFB Leveraged Loan Index	2.2%	4.4%	4.4%	41.1%	2.4%	4.1%	4.7%

Investment grade corporate bonds (+2.3%), high yield corporate bonds (+4.6%), and leveraged loans (+4.4%) posted strong returns in the first quarter. Over the quarter, shorter duration bonds outperformed their longer duration counterparts, and lower quality corporate bonds outperformed their higher quality counterparts.

	Month	Corporate Quality Indices Annualized Performance					
		Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
BarCap Corporate AAA	-0.5%	1.8%	1.8%	6.4%	3.2%	3.8%	5.8%
BarCap Corporate AA	0.3%	1.8%	1.8%	15.9%	5.4%	5.0%	6.5%
BarCap Corporate A	0.4%	2.0%	2.0%	21.6%	4.6%	4.5%	6.2%
BarCap Corporate BBB	0.3%	2.9%	2.9%	30.8%	7.2%	6.1%	7.0%
BarCap Corporate BB	2.8%	4.5%	4.5%	40.1%	8.0%	8.1%	8.3%
BarCap Corporate B	2.6%	3.5%	3.5%	43.2%	3.3%	5.8%	5.9%
BarCap Corporate CCC	4.0%	5.3%	5.3%	91.5%	2.3%	6.1%	5.6%

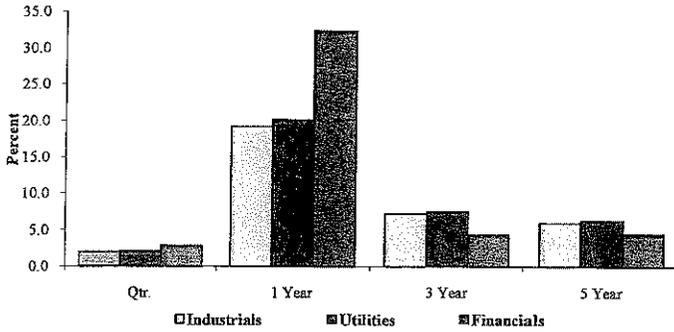
Although relatively unchanged over the course of the quarter, yields on U.S. Treasuries exhibited significant volatility throughout the quarter. Concerns about European sovereign debt issues, a massive amount of U.S. Treasury issuance met with mixed demand, improving economic conditions, and uncertainty about the timing of future Fed tightening drove the volatility in interest rates.



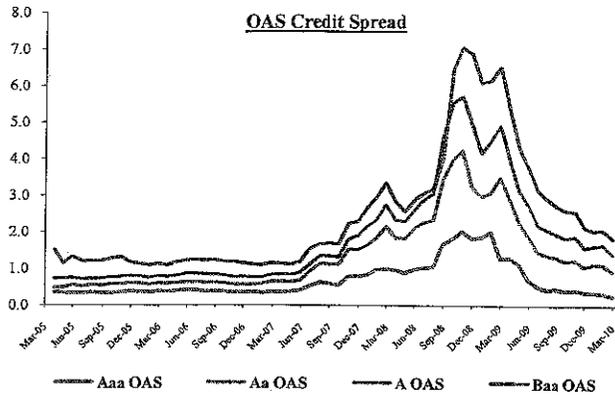
## Fixed Income Market Environment - March 31, 2010

All sectors of the corporate bond market posted positive returns in the first quarter. For the fourth straight quarter, Financials were the best performing corporate sector, posting a 2.9% return. Credit spreads tightened once again, which brought spreads on investment grade corporate bonds in line with their historic averages.

**Credit Sector Returns**

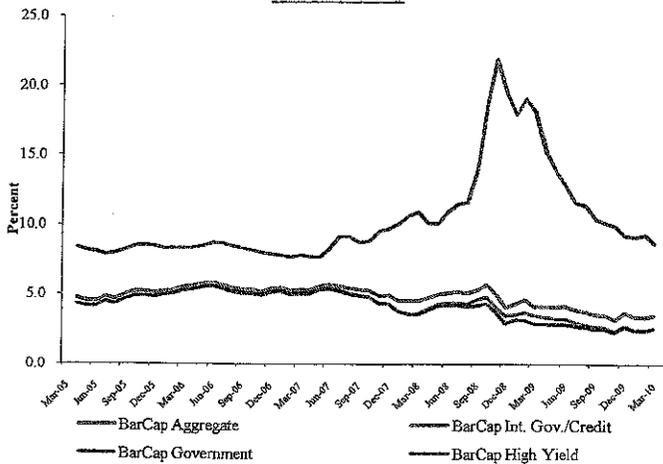


**OAS Credit Spread**

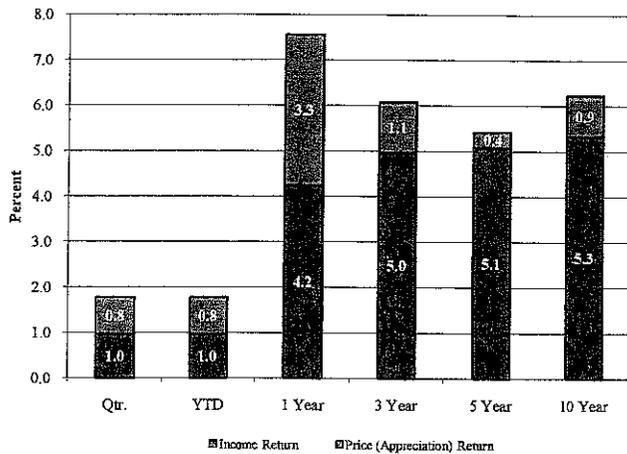


Spread tightening in the first quarter caused the yield to maturity of all major fixed income indices to decrease over the quarter. As of March 31, 2010, the yield to maturity of the BarCap Aggregate, Int. Gov/Credit, Government, and High Yield index was 3.5%, 2.6%, 2.6%, and 8.7% respectively.

**Yield to Maturity**

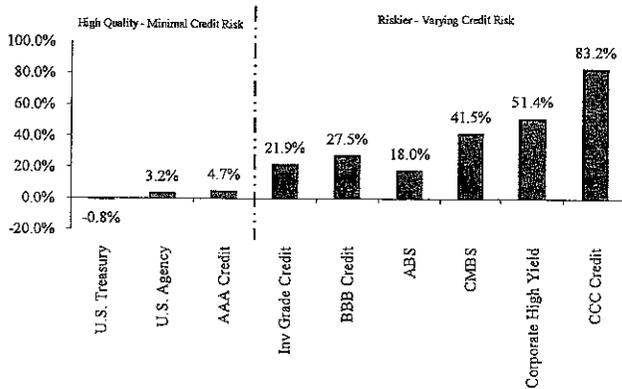


**BarCap Aggregate: Components of Total Return**

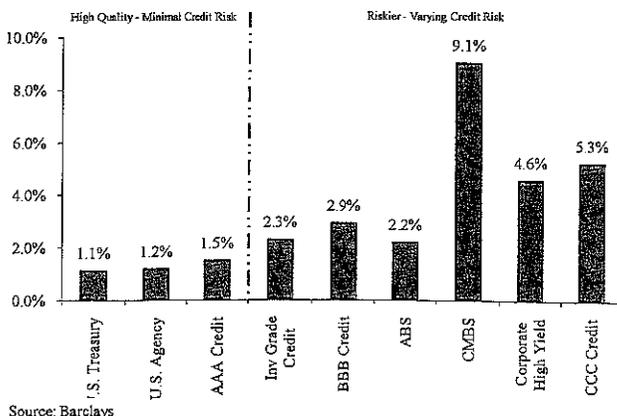


The enormous appetite for risk in the fixed income markets over the past year is illustrated in the charts below. The unprecedented rally in spread sectors, which began in the first quarter of 2009, continued through the first quarter of this year.

**Fixed Income Sector Performance: Trailing One Year**



**Fixed Income Sector Performance: 1Q 2010**



Source: Barclays

Source: Barclays

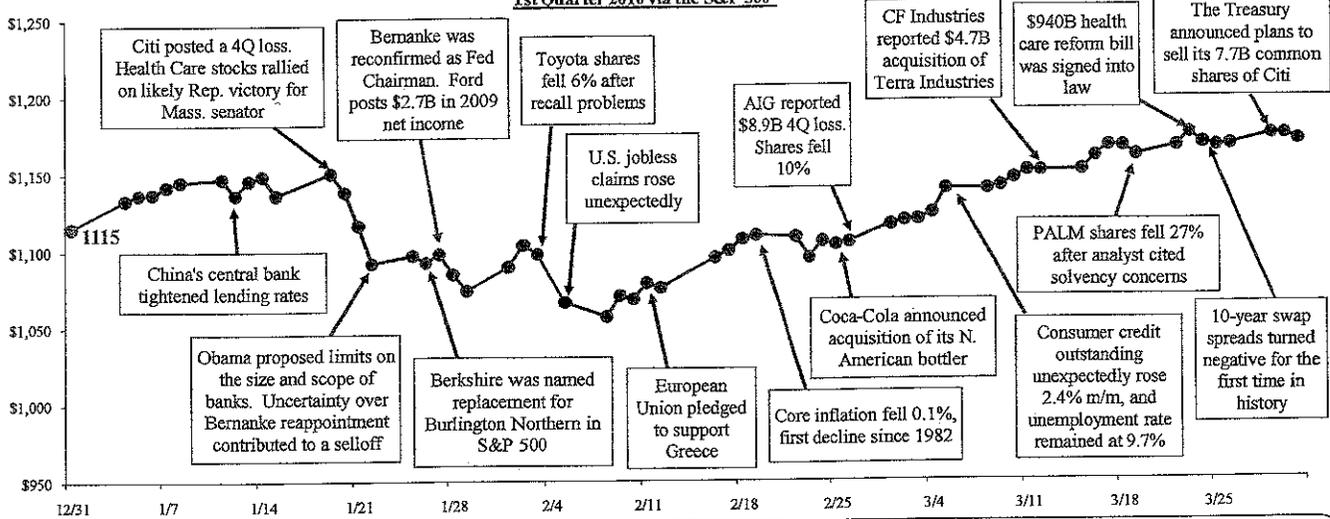
## U.S. Equity Market Environment - March 31, 2010

The broad-based rally in equities persisted in 1Q10 with small and cyclical companies leading the charge. Earnings reports continued to support upward movement in the S&P 500 (+5.4%) with most companies revising upward 2010 earnings forecasts. Employment and housing figures remained challenged. Nevertheless, positive economic news helped stocks climb further. Retail sales, factory orders, durable goods orders, industrial production, and a host of other economic activity indicators were positive through March while the Federal Open Market Committee held fast the Federal Funds rate below 25 basis points to promote growth. Value stocks outperformed growth stocks over the quarter and trailing twelve months.

### U.S. Equity Index Annualized Performance

	Month	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
<b>Broad Market Indices</b>							
Dow Jones (10,856.63)	5.3%	4.8%	4.8%	46.9%	-1.5%	3.3%	7.3%
Wilshire 5000	6.2%	6.0%	6.0%	52.1%	-3.8%	2.6%	-0.1%
Russell 3000	6.3%	5.9%	5.9%	52.4%	-4.0%	2.4%	-0.1%
<b>Large-Capitalization Market Indices</b>							
S&P 500 (1,169.43)	6.0%	5.4%	5.4%	49.8%	-4.2%	1.9%	-0.7%
Russell 1000	6.1%	5.7%	5.7%	51.6%	-4.0%	2.3%	-0.4%
Russell 1000 Value	6.5%	6.8%	6.8%	53.6%	-7.3%	1.0%	3.1%
Russell 1000 Growth	5.8%	4.6%	4.6%	49.8%	-0.8%	3.4%	-4.2%
<b>Mid-Capitalization Market Indices</b>							
Russell MidCap	7.1%	8.7%	8.7%	67.7%	-3.3%	4.2%	4.8%
Russell MidCap Value	7.3%	9.6%	9.6%	72.4%	-5.2%	3.7%	8.5%
Russell MidCap Growth	6.8%	7.7%	7.7%	63.0%	-2.0%	4.3%	-1.7%
<b>Small-Capitalization Market Indices</b>							
Russell 2000	8.1%	8.9%	8.9%	62.8%	-4.0%	3.4%	3.7%
Russell 2000 Value	8.3%	10.0%	10.0%	65.1%	-5.7%	2.8%	8.9%
Russell 2000 Growth	7.9%	7.6%	7.6%	60.3%	-2.4%	3.8%	-1.5%

### 1st Quarter 2010 via the S&P 500<sup>1</sup>



Industrials (+13.1%) was the strongest sector in 1Q, mainly due to continued positive earnings momentum. Financials (+11.1%) and Consumer Discretionaries (+10.4%) also significantly outpaced other sectors as bullishness for risk plays grew in the wake of data indicating increased economic consumption including a 0.9% February rise in retail sales excluding autos and gasoline. Telecom (-4.3%) continued to falter this quarter and over long-term periods.

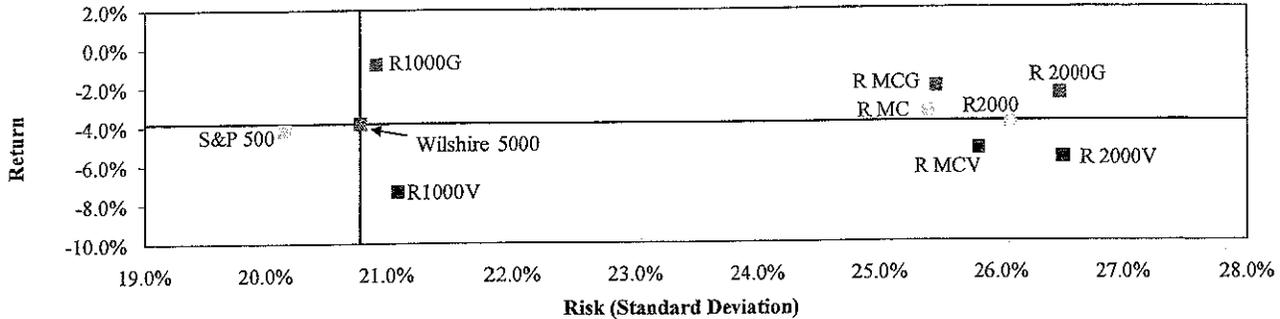
	Month	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
Consumer Staples	4.1%	5.8%	5.8%	35.9%	4.7%	6.7%	7.8%
Consumer Discretionary	7.8%	10.4%	10.4%	69.8%	-3.2%	1.2%	0.1%
Energy	2.9%	0.6%	0.6%	29.5%	-0.6%	6.8%	9.3%
Financials	8.9%	11.1%	11.1%	83.1%	21.3%	8.5%	1.8%
Health Care	2.6%	3.4%	3.4%	34.5%	0.4%	3.3%	3.0%
Industrials	8.9%	13.1%	13.1%	72.8%	-3.1%	1.6%	2.2%
Information Technology	6.8%	1.9%	1.9%	58.0%	3.2%	5.2%	-8.0%
Materials	7.8%	2.9%	2.9%	56.1%	-2.2%	4.4%	6.4%
Telecommunications	5.6%	-4.3%	-4.3%	12.2%	-8.9%	2.6%	-7.0%
Utilities	2.8%	-3.5%	-3.5%	21.0%	-5.7%	4.2%	-3.8%

<sup>1</sup>Source: Todd, Jason. In The Flow. January - March 2010. April 1, 2010; p. 4.

## U.S. Equity Market Environment - March 31, 2010

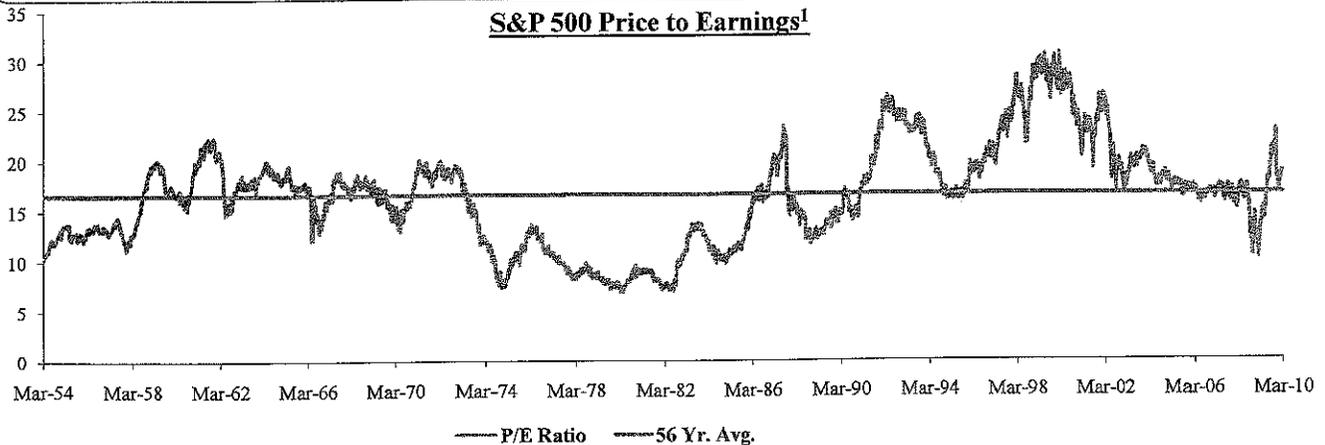
None of the major benchmark indices appeared in the "NorthWest" Quadrant for the trailing three-year period as no asset class outperformed the broad market index on both risk and return bases. The S&P 500 offered similar returns at a lower risk, and large-cap growth stocks offered higher returns with only slightly more risk than the Wilshire 5000. Growth indices offered superior returns at slightly lower risk levels when compared with their value counterparts. Large-cap indices were less volatile than small-cap indices, but spanned a wider range of returns.

**Three Year Risk/Return**

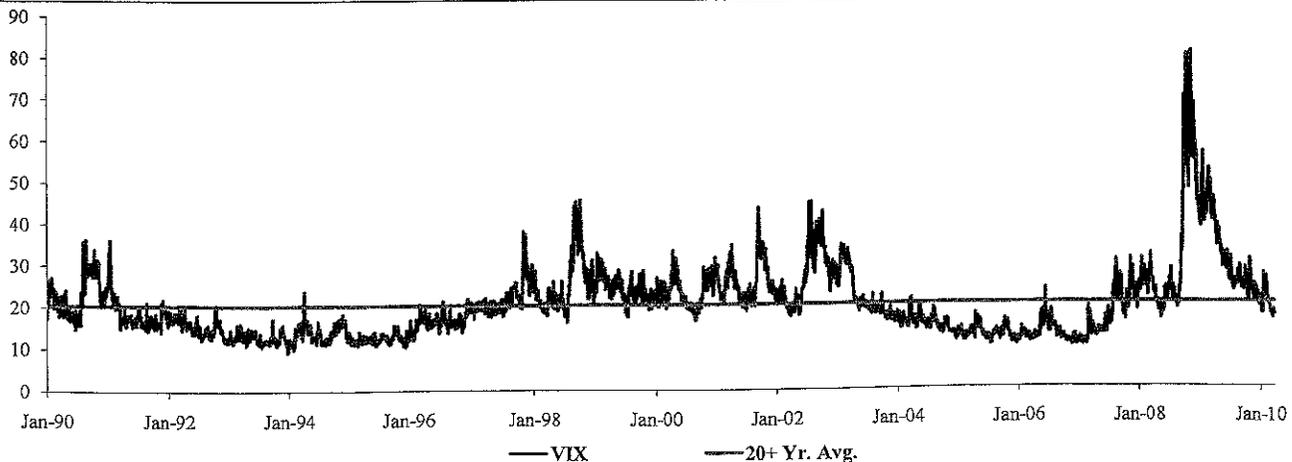


The equity markets have continued to surge over the past year. Yet, with the S&P 500 price level still at only 75% of its high, there is increasing debate regarding whether equities are still cheap or have reached unjustified valuations. This chart shows that valuations of S&P 500 stocks have moved closer to their long-term average based on the trailing P/E ratio of the index. By this measure, stocks became more expensive in March, but positive revisions to earnings guidance seemed to support the premium for forward-looking, bullish investors.

**S&P 500 Price to Earnings<sup>1</sup>**



The VIX measures market expectations on near-term volatility conveyed by S&P 500 index option prices. It is also called the "investor fear gauge." During periods of financial stress (accompanied by market declines), the VIX tends to rise. The greater the fear, the higher the VIX level. As investor fear subsides, the VIX tends to decline. In the first quarter, the measure of volatility fell below its 20-year average of 20.29, something that has not occurred since the 2008 volatility spike.

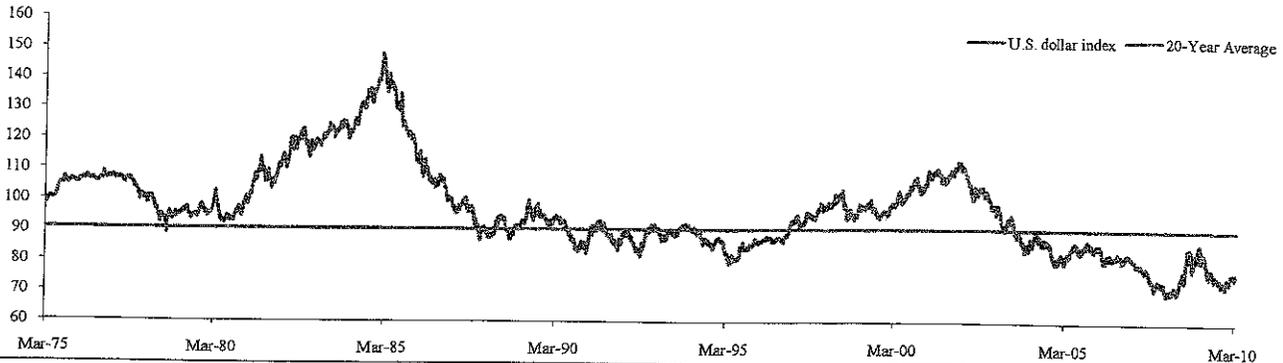


<sup>1</sup>Data Source: Bloomberg  
Prepared by Marquette Associates, Inc.

## Global Economic Environment - March 31, 2010

The Federal Reserve tracks a trade-weighted exchange index between the U.S. dollar and other major currencies. The index increased by 0.1% in March and has fallen by 8.7% in the last twelve months. Currently, the index is approximately 19% below its 20-year average.

**Weighted U.S. Dollar vs. Major Currencies**



The IMF reported that global GDP growth in the advanced economies is expected to grow by 2% in 2010 and is currently projecting growth of 2.5% for 2011. For emerging and developing economies, global GDP growth is expected to increase by 6% in 2010. In 2009, growth in emerging and developing economies was 2%. It is projected that growth will accelerate even further for emerging and developing economies in 2011. In general, these economies had stronger economic frameworks and made prompt policy responses which helped to soften the impact of the global downturn.

**Economic Indicators**

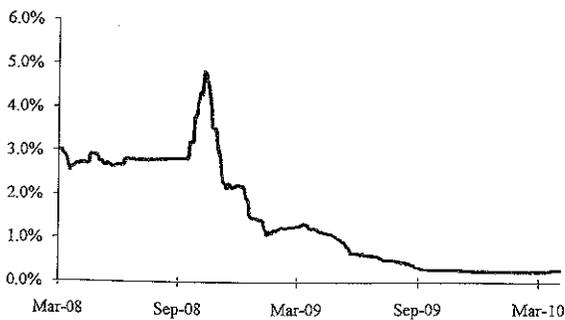
	Consumer Prices (Inflation)*		GDP *		Unemployment Rate			
	as of		as of		as of			
Britain	3.0%	February	Britain	1.8%	4th Qtr.	Britain	7.8%	January
Canada	1.6%	February	Canada	5.0%	4th Qtr.	Canada	8.2%	February
China	2.7%	February	China	n/a	—	China	9.6%	2009
France	1.3%	February	France	2.4%	4th Qtr.	France	10.1%	February
Germany	1.1%	March	Germany	0.0%	4th Qtr.	Germany	8.0%	March
India	14.8%	February	India	n/a	—	India	10.7%	2009
Italy	1.4%	March	Italy	-1.2%	4th Qtr.	Italy	8.3%	4th Qtr.
Japan	-1.1%	February	Japan	3.8%	4th Qtr.	Japan	4.9%	February
United States	2.1%	February	United States	5.6%	4th Qtr.	United States	9.7%	March

Source: The Economist, April 8, 2010

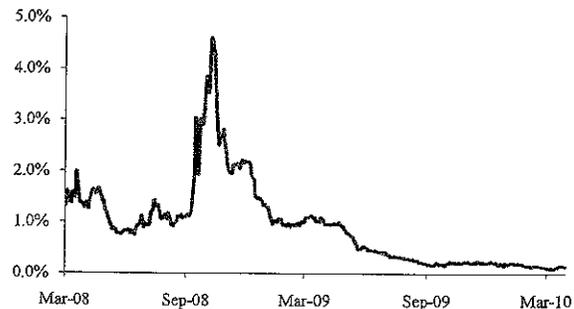
\* % change on previous period at annualized rate.

LIBOR is the interest rate that London banks charge each other for loans. This value is used as a benchmark for bank rates around the world and affects the rate of interest charged to borrowers. Adjustable-rate loans, which include interest-only mortgages and credit card debt, are based on LIBOR. More than \$350T in assets are tied to Libor. The "TED Spread", the gap between three-month dollar LIBOR and the T-bill rate, is an indicator of perceived credit risk in the global economy. A value between zero and 0.5% is a strong indicator that large international banks are lending to each other with confidence. As of March month-end, the TED Spread was at 0.13%.

**LIBOR Spread USD (three month maturities)**



**Three-Month TED Spread**



## International Equity Market Environment - March 31, 2010

Most broad international markets in 1Q increased for the fourth straight quarter, with the MSCI ACWI index beginning 2010 with a 1.7% return. Frontier market companies appreciated the most for the quarter, followed by international small-cap stocks. Growth-oriented stocks outperformed value-based companies by more than 2% for the quarter. The U.S. dollar appreciated against all major foreign currencies, most notably the British pound.

### International Equity Index Annualized Performance

	Month	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
MSCI All Country World ex U.S.	6.9%	1.7%	1.7%	61.7%	-3.7%	6.6%	3.2%
MSCI EAFE (U.S. dollar)	6.3%	0.9%	0.9%	55.2%	-6.6%	4.2%	1.7%
MSCI EAFE (Local)	7.5%	4.4%	4.4%	45.4%	-7.5%	3.7%	-0.5%
MSCI EAFE Value	6.0%	-0.2%	-0.2%	59.5%	-7.8%	3.8%	4.2%
MSCI EAFE Growth	6.6%	2.0%	2.0%	51.2%	-5.3%	4.6%	-0.9%
Citi Global ex U.S. < \$2 Billion	7.5%	4.8%	4.8%	81.4%	-2.5%	8.3%	8.5%
Citi World ex U.S. < \$2 Billion	6.8%	5.2%	5.2%	69.2%	-6.5%	5.0%	7.4%
Citi EMI Global ex U.S.	7.5%	4.3%	4.3%	79.1%	-4.8%	7.4%	7.2%
Citi EMI World ex U.S.	7.3%	4.4%	4.4%	69.5%	-7.3%	5.3%	6.2%
MSCI Emerging Markets	8.1%	2.5%	2.5%	81.6%	5.5%	16.0%	10.1%
MSCI Frontier Markets	7.9%	11.4%	11.4%	50.8%	-9.1%	-0.6%	—

### Country Returns

Individual country markets were mixed during the first quarter of 2010. Most Asian markets experienced strong gains with the exception of China, while most European markets lost value during the quarter.

Japan	25%
UK	20%
France	11%
Germany	9%
Switzerland	8%

	Quarter	1 Yr.	5 Yr.
Europe	-1.7%	57.2%	4.0%
France	-3.9%	52.4%	4.2%
Germany	-2.6%	53.1%	7.2%
UK	-0.6%	59.6%	2.0%
Switzerland	4.4%	55.5%	8.1%

Australasia  
16% World Capitalization

	Quarter	1 Yr.	5 Yr.
Canada	6.2%	72.9%	11.9%
USA	5.4%	49.8%	1.9%
Mexico	7.8%	96.3%	18.5%

Europe -  
30% World Capitalization

Canada and the U.S. -  
54% World Capitalization

	Quarter	1 Yr.	5 Yr.
Morocco	6.7%	11.1%	22.7%
S. Africa	4.6%	71.8%	15.1%

	Quarter	1 Yr.	5 Yr.
Pacific	6.3%	51.5%	4.6%
China	-1.6%	58.0%	23.5%
Hong Kong	2.4%	64.8%	10.8%
Japan	8.3%	38.0%	1.4%
India	4.9%	115.9%	22.6%

	Quarter	1 Yr.	5 Yr.
L. America	1.7%	97.8%	26.3%
Chile	0.3%	64.8%	17.9%
Brazil	-0.1%	103.0%	31.6%

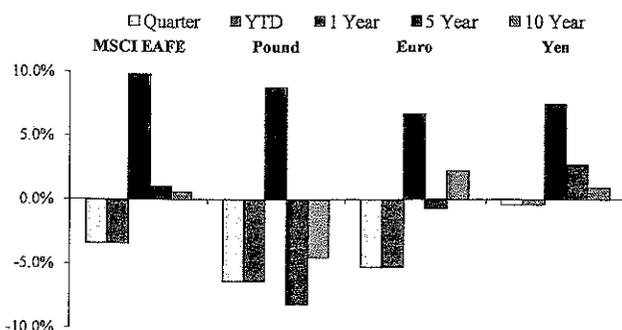
	Quarter	1 Yr.	5 Yr.
Australia	4.2%	87.1%	12.8%
New Zealand	-3.7%	50.2%	-1.4%

### MSCI EAFE Index Countries Highlighted in Red

All major currencies depreciated vs. the U.S. dollar during the first quarter; the British pound lost the most, declining 6.4%.

Japan increased the most when measured in U.S. dollars and local currency during 1Q10.

#### Translation Effect vs. the U.S. dollar



#### 1st Quarter Global Equity Market Performance

Country	U.S. dollar	Local Currency
Mexico	7.8%	1.8%
Switzerland	4.4%	6.3%
Canada	6.2%	2.7%
Japan	8.3%	8.7%
France	-3.9%	1.9%
U.S.	5.4%	5.4%
U.K.	-0.6%	5.8%
Australia	4.2%	2.1%
Germany	-2.6%	3.3%
Hong Kong	2.4%	2.6%
China	-1.6%	-1.4%

## Hedge Fund Market Environment - March 31, 2010

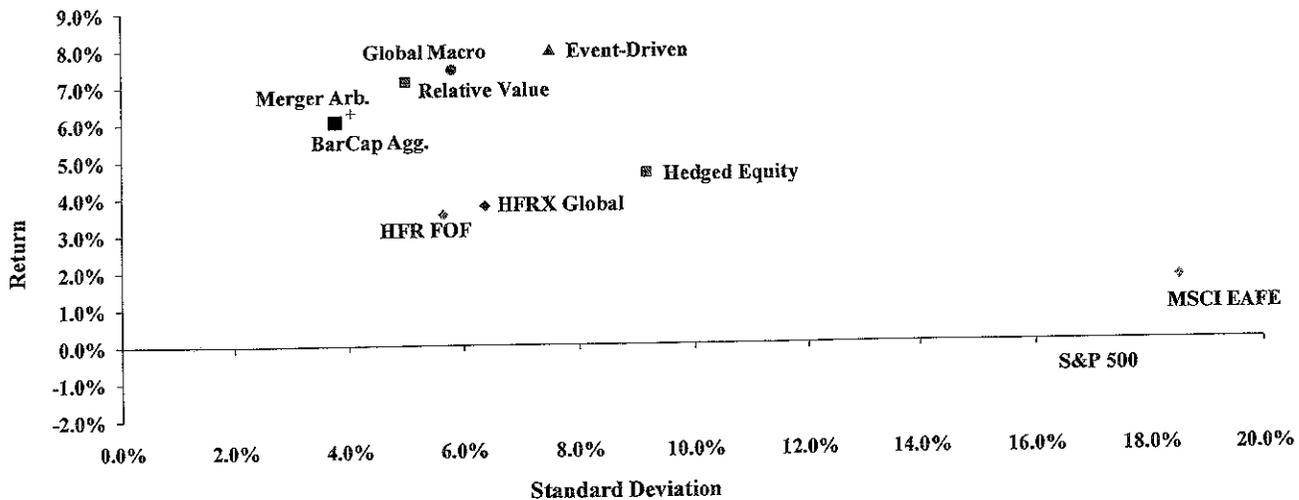
Directional strategies led hedge funds in March as managers profited from the rise in the equity and credit markets. Event-Driven managers continued their recent strong performance on an ongoing increase in M&A activity. Relative Value returns were lower but positive in March as declining volatility hurt the strategy.

### Benchmark Annualized Performance

	Month	Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
HFRX Global	1.4%	1.6%	1.6%	14.5%	-3.2%	0.9%	3.7%
HFRX Hedged Equity	1.1%	0.3%	0.3%	12.7%	-4.9%	0.2%	3.1%
HFR Composite	2.7%	2.6%	2.6%	22.7%	2.2%	6.1%	5.9%
HFR Fund of Funds	1.7%	1.5%	1.5%	12.7%	-1.7%	2.9%	3.5%
HFR Equity Hedge	3.5%	3.1%	3.1%	28.7%	0.4%	5.1%	4.6%
HFR Event-Driven	3.0%	4.4%	4.4%	30.2%	1.8%	6.1%	7.9%
HFR Macro	2.2%	0.4%	0.4%	5.7%	6.7%	7.0%	7.4%
HFR Merger Arbitrage	1.0%	1.9%	1.9%	10.9%	3.7%	6.8%	6.1%
HFR Relative Value	1.1%	3.2%	3.2%	25.4%	4.1%	6.5%	7.1%

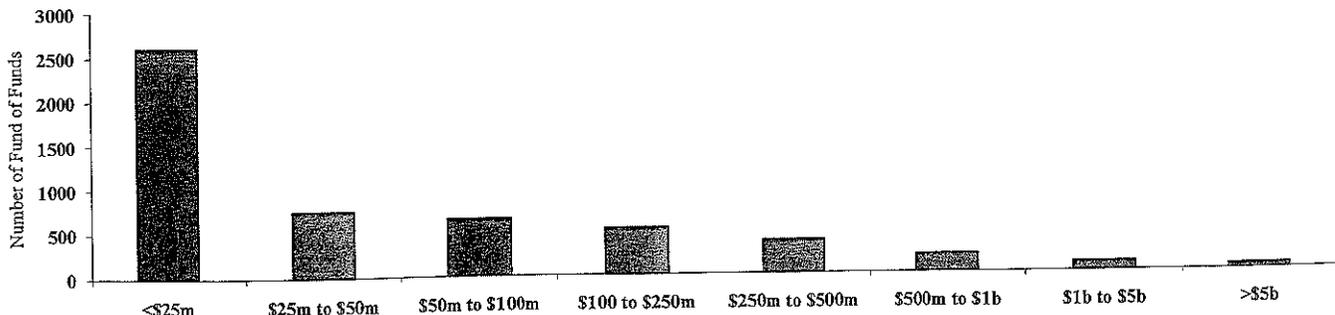
The chart below displays the risk and return characteristics of hedge funds versus some of the other traditional asset class benchmarks. Over the last ten years, hedge funds have outperformed the U.S. and international equity markets with comparable volatility to fixed income.

### Ten Year Risk/Return



The chart below shows the breakdown of the hedge fund of funds industry by assets under management. The industry included around 7,000 fund of funds at the end of 2009 which was down from over 7,200 funds at the end of 2008. It's estimated that assets in the industry were \$580 billion in 2009 which represents a 22.7% decline from 2008. The decline in assets relative to a consistent number of funds suggests the decline in 2009 was due to investor redemptions rather than fund closures. Approximately 50% of funds of funds have less than \$25 million in assets.

### Assets Under Management in Funds of Funds (2009)



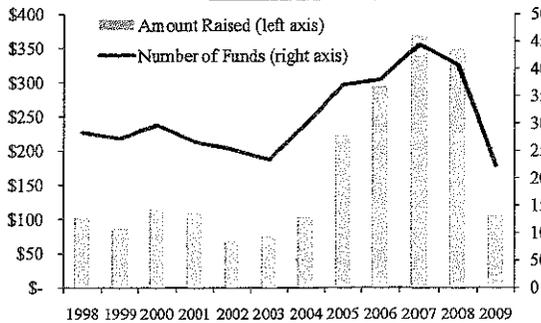
Source: PerTrac

# Private Equity Market Environment - March 31, 2010

Private equity markets are beginning to see increased activity as the strains of the credit crisis ease and the economy continues to recover. Private equity firms completed over 300 investments in U.S. companies during the first quarter. Lower-middle market transactions continue to represent a significant portion of the investments, accounting for nearly 85% of deal flow. That being said, strengthening debt markets are making larger buyouts possible, as illustrated by the \$5.2 billion LBO of IMS Health.

A strengthening deal flow, rebounding exit market and rising valuations are all signs that a recovery in the PE industry is gaining traction. Both deal flow and fundraising experienced significant increases in the second half of 2009 which continued into the first quarter of 2010. Several hundred billion dollars of dry powder will also fuel deal flow as Limited Partners grow weary of paying fees on committed capital.

**Global Buyout and Mezzanine Annual Fundraising**



**Global Buyout Annual Investments**



Source: Venture Economics

**Benchmark Annualized Performance (As of September 30, 2009)**

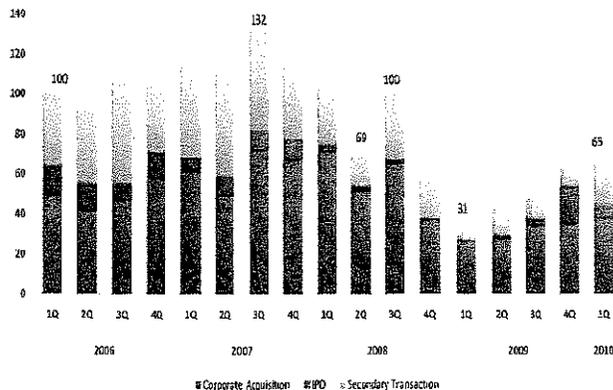
	Qtr	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
VE All Private Equity Index	6.3%	7.7%	-7.5%	3.5%	11.0%	8.1%	15.3%
Wilshire 5000 Index	16.4%	22.2%	-5.8%	-4.6%	1.9%	0.9%	7.3%
Russell 2000 Index	19.3%	22.4%	-9.6%	-4.6%	2.4%	4.9%	7.3%

Many General Partners (GPs) remain focused on supporting and growing current portfolio companies as shown by the rising number of add-on transactions during the quarter. Add-on deals accounted for 32% of the overall deal flow. Add-ons display a health of the market in that GPs can take advantage of increasing financial strength and the market environment to acquire competitors, enter new markets and grow economies of scale for their current portfolio companies.

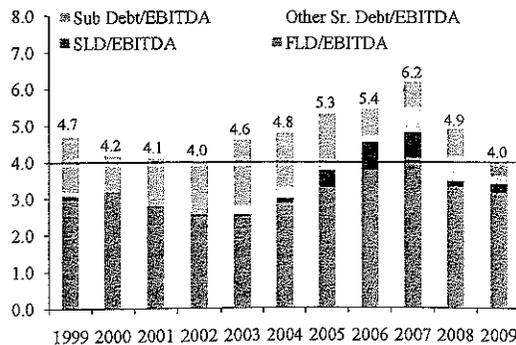
Another positive note for the private equity markets was the increase in exits with more than double the number from 1Q09. The persistence of a healthy exit environment will be crucial as 2010 proceeds and GPs look to provide Limited Partners with returns and a source of capital for future fundraising.

Source: PitchBook, Venture Economics

**Private Equity Exit Activity**



**Average Loan Debt Multiples**



Source: PitchBook Platform

## Commercial Real Estate Market - March 31, 2010

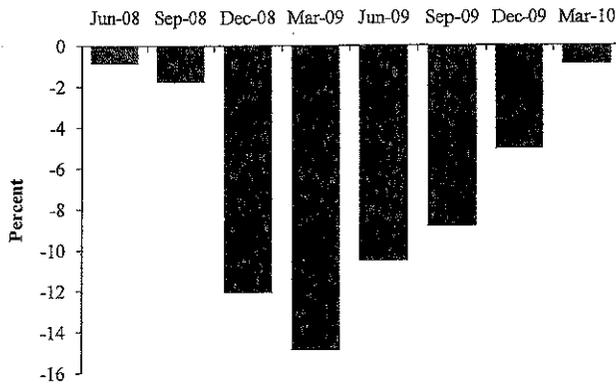
Value declines continued to moderate again in the first quarter. After six straight quarters of negative total returns, the first quarter preliminary NFI-ODCE total return, with ten out of the fourteen managers reporting, was +0.8%. Income of +1.7% was more than enough to offset the slight price decline of -0.9%. Commercial real estate prices have declined approximately 43% since the peak in the first quarter of 2008, as measured by the NFI-ODCE.

	1st Qtr.	YTD	1 Year	3 Year	5 Year	10 Year
<b>NFI - Total</b>	<b>0.8%</b>	<b>0.8%</b>	<b>-9.6%</b>	<b>-4.3%</b>	<b>4.2%</b>	<b>7.1%</b>
<b>NFI-ODCE</b>						
<b>Total</b>	<b>0.8%</b>	<b>0.8%</b>	<b>-18.0%</b>	<b>-10.8%</b>	<b>0.0%</b>	<b>4.8%</b>
Income	1.7%	1.7%	6.6%	5.5%	5.7%	6.8%
Capital Appreciation	-0.9%	-0.9%	-23.3%	-15.6%	-5.5%	-1.9%
<b>FTSE NAREIT Eq. REITs</b>	<b>10.0%</b>	<b>10.0%</b>	<b>106.7%</b>	<b>-10.6%</b>	<b>3.8%</b>	<b>11.4%</b>

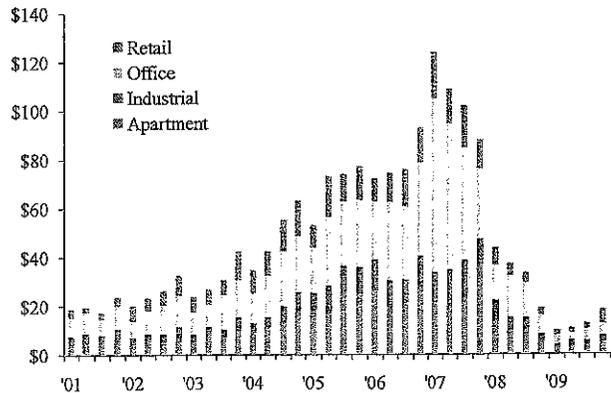
Source: NCREIF, NAREIT

While transaction volume continues to be subdued, demand for institutional-quality assets that have come to market demonstrate the healthy appetite for income-producing properties, and has given greater visibility to pricing. However, a further resurgence in transaction activity is necessary for continued transparency and price discovery. Anecdotal evidence suggests that by some measures property values have already rebounded modestly from their peak-to-trough decline of approximately 40%. Further evidence that prices may have reached a cyclical bottom can be seen from the Moody's/REAL Commercial Property Index (CPPI), a transaction based index of commercial real estate compiled by Real Capital Analytics, which posted its third straight month of positive price returns.

**Pace of Commercial Property Price Decline**



**Commercial Real Estate Sales (\$Billions)**

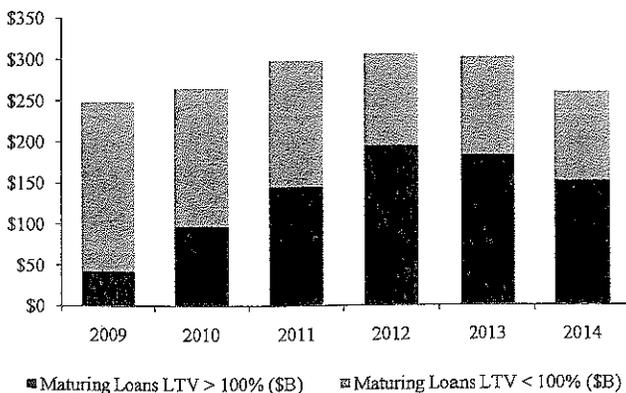


Source: NCREIF/ODCE, 3/31 figure is preliminary

Source: Real Capital Analytics

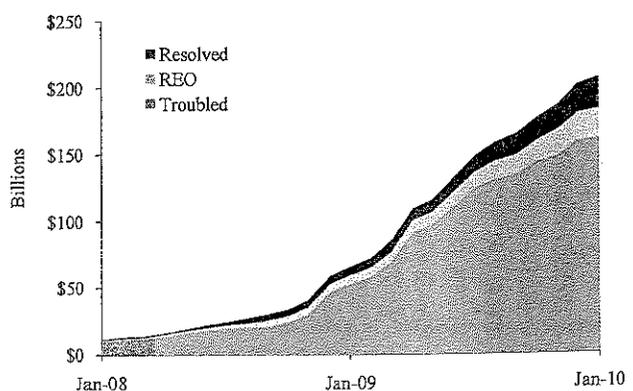
The level of distress in commercial properties continues to mount. More than 36% of the \$270 billion in commercial real estate loans maturing in 2010 are underwater, meaning the outstanding mortgage balance is greater than the value of the underlying property, according to Foresight Analytics. Furthermore, the worst is still to come as the ratio of underwater mortgages maturing continues to grow from 2011-2014. Lenders have been slow to foreclose on assets which has led to the phrase "pretend and extend". According to Real Capital Analytics (RCA), there is \$182.3 billion of outstanding distressed assets, including just \$22.2 billion of assets claimed by lenders as real estate owned (REO). In contrast, only \$24.5 billion in distressed situations have been resolved to date.

**Loan Maturities Through 2014**



Source: Foresight Analytics

**Total Outstanding Commercial Property Distress**

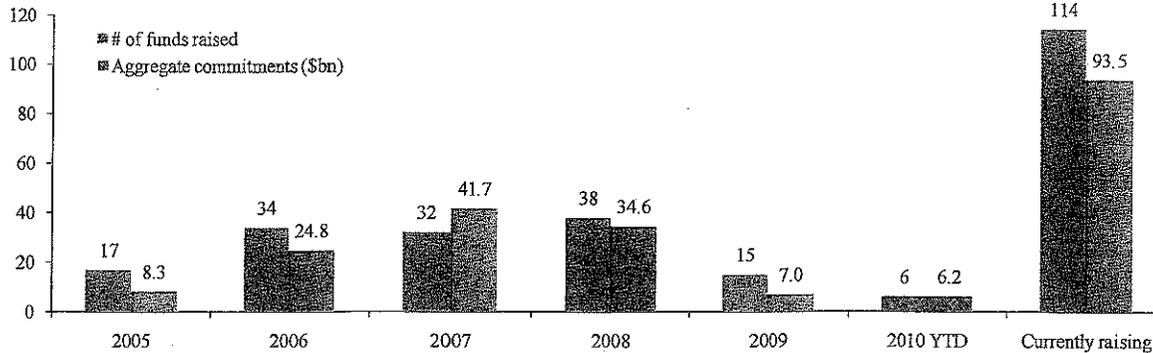


Source: Real Capital Analytics

## Infrastructure Market - March 31, 2010

Institutional investors' interest in infrastructure is abundantly clear; one merely needs to look at the growth of this market over the last five years. However, infrastructure fundraising declined significantly in 2009, similar to other illiquid alternative asset classes. According to Preqin, only 15 infrastructure funds reached a final close in 2009, raising an aggregate \$7.0 billion. This represents an 80% decline from the total capital raised in 2008 and an 83% drop from 2007.

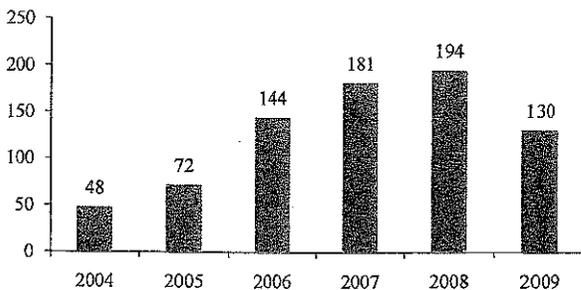
### Unlisted Infrastructure Fundraising Activity



Source: Preqin

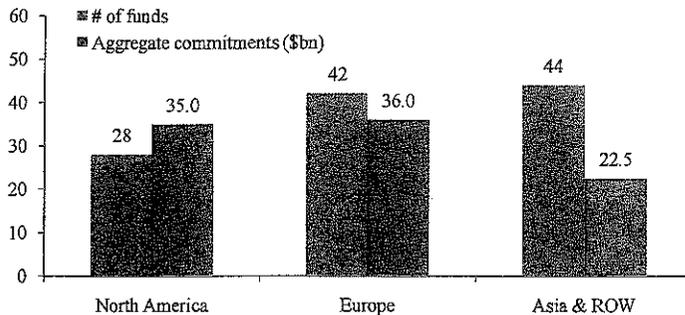
The scarcity of investor capital has led to the majority of fund managers struggling to achieve their fund raising targets. An increasing number of managers have extended their fundraising periods leading to an abundance of funds in the market raising capital. As of March 2010, Preqin estimates that there are approximately 114 funds in the market seeking to raise \$93.5 billion. In the U.S. alone there are 28 funds seeking an aggregate \$35.0 billion.

### Number of Deals Made by Unlisted Infrastructure Fund Managers: 2004-2009



Source: Preqin

### Funds in Market by Geographic Focus



### U.S. Federal Government Stimulus Package<sup>1</sup>

- \$787 billion stimulus package, of which approximately \$111 billion or 14% is allocated to Infrastructure spending.

Select sector breakdown:

\$27.5 bil - Roads & Bridges	\$18 bil - Clean Water/Flood Control/Environmental Restoration
\$8.4 bil - Public Transit	\$4.6 bil - Smart Grid
\$8.0 bil - Public Rail	\$1.1 bil - Aviation
	\$18.5 bil - Modernizing Public Buildings

- The American Society of Civil Engineers estimates \$2.2 trillion of investment is required over the next five years to repair and upgrade our infrastructure to meet adequate conditions.
- The National Surface Transportation Policy and Revenue Commission estimated that \$225 billion a year for the next 50 years would be required to repair the current surface transportation system and create the next generation of infrastructure. Surface transportation includes the network of highways, ports, freight and passenger railroads and transit systems.
- The National Conference of State Legislatures estimates the combined state budget gaps for FY2009/projected FY2010 at more than \$130 billion.
- The Center on Budget and Policy Priorities estimates that the 50 state deficits could potentially reach more than \$350 billion through FY 2011.

<sup>1</sup> Source: Macquarie.

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## Total Milwaukee County Retirement System

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- At the close of the quarter, the Milwaukee County Retirement System had a market value of \$1,813,369,215. Over the quarter, the portfolio increased by \$25,577,957, of which \$29,893,783 was due to withdrawals, while \$55,471,740 was due to capital appreciation. The total portfolio was 42.5% invested in fixed income, 22.8% invested in domestic equities, 18.3% invested in international equities, 2.4% invested in real estate, 1.2% invested in private equity, and 2.8% invested in cash/cash equivalents.
- The Total Fund returned +3.1% for the quarter, outperforming its policy benchmark, which returned +2.2%. Over the trailing twelve months, the Milwaukee County Retirement System returned +27.7%, outperforming the policy benchmark, which returned +13.0%.

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### Fixed Income

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- The J.P. Morgan core fixed income portfolio returned +1.3% for the quarter, underperforming its benchmark, the BarCap Aggregate, which returned +1.8%. Over the trailing twelve months, the portfolio returned +9.4%, outperforming the BarCap Aggregate, which returned +7.7%.
- The Mellon Capital core fixed income portfolio returned +1.8% for the quarter, performing in-line with its benchmark, the BarCap Aggregate, which returned +1.8%. Over the trailing twelve months, the portfolio returned +7.3%, underperforming the BarCap Aggregate, which returned +7.7%.
- The Loomis core fixed income portfolio returned +3.8% for the quarter, outperforming its benchmark, the BarCap Aggregate, which returned +1.8%. Over the trailing twelve months, the portfolio returned +30.6%, outperforming the BarCap Aggregate, which returned +7.7%.
- The Loomis high yield fixed income portfolio returned +5.3% for the quarter, outperforming its benchmark, the BarCap High Yield, which returned +4.6%. Over the trailing twelve months, the portfolio returned +48.3%, underperforming the BarCap High Yield, which returned +56.2%.

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### U.S. Equity

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- The Mellon Capital large-cap core returned +5.4% for the quarter, performing in-line with its benchmark, the S&P 500, which returned +5.4%. Over the trailing twelve months, the fund returned +49.8%, performing in-line with the S&P 500, which returned +49.8%.
- The Boston Partners large-cap value portfolio returned +6.8% for the quarter, performing in-line with its benchmark, the Russell 1000 Value, which returned +6.8%. Over the trailing twelve months, the portfolio returned +54.5%, outperforming the Russell 1000 Value, which returned +53.6%.
- The Artisan Partners mid-cap growth portfolio returned +6.7% for the quarter, underperforming its benchmark, the Russell MidCap Growth, which returned +7.7%. Over the trailing twelve months, the portfolio returned +58.7%, underperforming the Russell MidCap Growth, which returned +63.0%.
- The Reinhart Partners mid-cap growth portfolio returned +6.0% for the quarter, underperforming its benchmark, the Russell MidCap Growth, which returned +7.7%. Over the trailing twelve months, the portfolio returned +42.9%, underperforming the Russell MidCap Growth, which returned +63.0%.
- The AQR small-cap value portfolio returned +11.2% for the quarter, outperforming its benchmark, the Russell 2000 Value, which returned +10.0%. Over the trailing twelve months, the portfolio returned +80.3%, outperforming the Russell 2000 Value, which returned +65.1%.
- The Fiduciary small-cap value portfolio returned +9.0% for the quarter, underperforming its benchmark, the Russell 2000 Value,

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### International Equity

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- The Barings international equity portfolio returned -0.1% for the quarter, underperforming its benchmark, the MSCI EAFE, which returned +0.9%. Over the trailing twelve months, the portfolio returned +46.1%, underperforming the MSCI EAFE, which returned +55.2%.
- The GMO Large Cap Value international equity portfolio returned +1.2% for the quarter, outperforming its benchmark, the MSCI EAFE, which returned +0.9%. Over the trailing twelve months, the portfolio returned +44.3%, underperforming the MSCI EAFE, which returned +55.2%.
- The GMO Intl Small Companies international small-cap portfolio returned +4.5% for the quarter, underperforming its benchmark, the Citigroup ex. US <\$2 Billion, which returned +4.9%.
- The Barings emerging markets portfolio returned +1.4% for the quarter, underperforming its benchmark, the MSCI Emerging Markets, which returned +2.1%.

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## Long/Short Equity

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- The ABS hedge fund-of-funds performance is not available at this time.
- The K2 hedge fund-of-funds performance is not available at this time.

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## Real Estate

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- The ING Clarion REIT portfolio returned +2.0% for the quarter, underperforming its benchmark, the NAREIT Equity, which returned +10.0%. Over the trailing twelve months, the portfolio returned +77.1%, underperforming the NAREIT Equity, which returned +106.7%.

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## Fees

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- The fee for the overall management of the Milwaukee County Retirement System is 37 basis points (0.37%), which is below industry standards (0.67%) for a fund with this target asset allocation.

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## Report Items

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- On March 31, 2010; K2 Global Long/Short Equity was funded with \$90,000,000 from the Pension Futures (\$48,000,000) and Mellon S&P 500 (\$42,000,000).
- On March 5, 2010; \$20,000,000 was transferred from Loomis Core Fixed Income into JP Morgan Fixed Income.
- On March 4, 2010; \$20,000,000 was transferred from Loomis High Yield into Mellon Fixed Income.
- On February 25, 2010; ABS Global Long/Short Equity was funded with \$90,000,000 from the Pension Futures.
- On February 4, 2010; \$20,000,000 was transferred from Loomis Core Fixed Income into JP Morgan Fixed Income.
- On February 4, 2010; \$20,000,000 was transferred from Loomis High Yield into Mellon Fixed Income.
- On February 1, 2010; \$9,000,000 was rebalanced from Barings International Large Cap into Mellon S&P 500.
- On January 11, 2010; \$9,000,000 was rebalanced from GMO International Large Cap into Mellon S&P 500.
- On January 4, 2010; \$20,000,000 was transferred from Loomis High Yield into JP Morgan Fixed Income

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## Action Items

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- None.

## Summary of Investment Changes

- On December 23, 2009 the Fixed Income futures segment from the Pension Futures portfolio was reduced entirely by (\$120,180,352) and invested in JP Morgan Fixed Income.
- On December 22, 2009 the International Equity futures segment from the Pension Futures portfolio was reduced entirely by (\$28,266,443) and rebalanced into the U.S. Equity Futures.
- On November 23, 2009 the International Equity futures segment from the Pension Futures portfolio was reduced by \$20,000,000 and invested in JP Morgan Fixed Income.
- On October 31, 2009, Barings Emerging Markets was funded with \$52,000,000 from the Pension Futures.
- On October 23, 2009, the below asset transitions occurred, the pretrade estimated cost for the transition was \$141,000 and the post trade actual cost was \$71,295:

<u>Terminated:</u>		<u>Funded:</u>
Mellon LCG (\$65,181,008)	}	Boston Partners (\$24,519,426)
Earnest (\$20,464,353)		Reinhart (\$24,142,562)
Artisan MCV (\$21,626,727)		Artisan MCG (\$22,873,668)
Westfield (\$34,703,553)		AQR (\$10,956,156)
		FMA (\$42,836,672)
		Mellon S&P (\$10,000,000)
		Cash (\$6,647,157)

- On October 21, 2009, the trustees voted to initiate a public RFP for Non Securities Lending Passive Core Fixed Income and Non Securities Lending Passive Large Cap Core Equities (S&P 500).
- On October 21, 2009, the trustees selected Industry Funds Management and JP Morgan from the Infrastructure search.
- On October 1, 2009, the active reserve short term bond fund assets were taken in-kind for liquidation in accordance with investment policy guidelines.
- On September 16, 2009, the trustees selected the following managers from the small-cap value and emerging markets searches: 1). Fiduciary Management (Small Cap Value), 2). Barings (Emerging Markets Equity).
- On July 17, 2009, the trustees voted and approved the following transitions to fulfill the new asset allocation.

<u>Liquidate:</u>		<u>Fund:</u>
Mellon LCG (\$55M)	}	Boston Partners (\$23M)
Earnest (\$18M)		Reinhart (\$23M)
Artisan MCV (\$16M)		Artisan MCG (\$22M)
Westfield (\$27M)		AQR (\$15M)
		Mellon S&P (\$25M) and Balance (\$8M)

- On July 12, 2009 the ERS received \$29,000,000 in cash proceeds from litigation. The funds were implemented in the cash equitization program.
- On June 17, 2009, the trustees voted to initiate a public RFP for the following two new asset classes in accordance with the new asset allocation portfolio: 1). Long/Short Equity Fund of Funds and 2). Private Core Open-Ended Infrastructure.
- On June 30, 2009, the following asset transfers from the Pension Futures occurred: 1). \$35 million to Barings, 2). \$18 million to GMO Intl Large Cap, 3). \$13 million to GMO Intl Small Cap.
- On June 17, 2009, the following cash transfers from the Pension Futures were approved to fulfill part of the new target allocations: 1). \$35 million to Barings, 2). \$18 million to GMO Intl Large Cap, 3). \$13 million to GMO Intl Small Cap.
- On June 17, 2009, the trustees adopted a new asset allocation portfolio. Model Portfolio D was selected from the Marquette Associates asset allocation study. Moving forward the Fund's target allocations will be the following: 32% Core Fixed Income, 6% Passive Large Cap Core Equities, 7% Large Cap Value Equities, 5% Mid Cap Growth Equities, 5% Small Cap Value Equities, 12% Intl Large Cap Equities, 3% Intl Small Cap Equities, 3% Emerging Market Equity, 10% Long/Short Equity Fund of Funds, 7% Real Estate, 7% Infrastructure, and 3% Private Equity.

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## Summary of Investment Changes

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- On June 17, 2009, the trustees selected the following managers from the transition manager search: 1). Blackrock, 2). J.P. Morgan, 3). State Street, and 4). GTS.
- On June 2, 2009, the GMO Emerging Markets mutual fund was liquidated (\$2,736,571). The proceeds were invested in the GMO Intl Small Cap mutual fund.
- On June 1, 2009, the Capital Guardian Intl Small Cap Fund was terminated. The assets (\$35,235,446) were invested in the GMO Intl Small Cap mutual fund on June 2, 2009.
- On May 20, 2009, the trustees voted to initiate a public RFP for the following two asset classes: 1). U.S. Small Cap Value Equity and 2). Emerging Markets Equity.
- On May 6, 2009, the RFP for transition managers was initiated.
- On April 15, 2009, the trustees voted and approved the following recommendations: 1). Terminate Capital Guardian Intl Small Cap, 2). Eliminate GMO's asset allocation abilities to move assets between three funds, 3). Reassign Reinhart Partner's benchmark from the Russell Mid-Cap to the Russell Mid-Cap Growth.
- On April 3, 2009 BNY/Beta Management began the cash securitization program utilizing the Pension Obligation Bond proceeds per the investment guidelines.
- On April 2, 2009 the ERS received \$397,797,000 in cash proceeds from the issuance of the Pension Obligation Bond.
- On March 31, 2009, the AQR Small-Cap Value investment management fee schedule was re-negotiated per the following:
  - Old: 1.00% on the first \$100 million, 0.80% on the Balance.
  - New: 1.00% on the first \$25 million, 0.85% on the next \$50 million, 0.75% Balance.
- On March 31, 2009, the Mellon Capital Aggregate Bond Index fund and the Mellon Capital S&P 500 Index fund were moved from lending to non-lending versions of the product. The Mellon combined fee schedule was changed:
  - Old: 0.05% on the first \$50 million, 0.04% on the next \$50 million, 0.02% on the Balance.
  - New: 0.08% on the first \$50 million, 0.06% on the next \$50 million, 0.04% on the next \$300 million, 0.03% on the Balance.
- On March 31, 2009, the Equity Cash Overlay and Asset Allocation Cash Overlay accounts were funded with initial margin of \$400,000 and \$4,300,000 from the cash account.
- On March 19, 2009, the assets on loan in the custodial securities lending program were capped at an amount equal to the twelve month rolling average of the ERS's assets on loan or \$73.5 million.
- On March 18, 2009, the trustees voted and approved the hiring of BNY/Beta Management as cash overlay manager. BNY/Beta will be managing the issuance of the Pension Obligation Bond and ongoing cash equitization. In addition, the trustees voted and approved the issuance of: 1). transition manager RFP, 2). placing a cap on the custodial securities lending program, 3). transferring the Mellon Index Funds from lending to non-lending, and 4). terminating the Short Term Collective Bond Fund managed by Mellon while reinvesting the proceeds in the STIF vehicle Also, the investment Policy Guidelines were updated to reflect these and changes and approved.
- On February 11, 2009, the trustees approved Marquette's recommendation to reinforce the equity managers effort to meet the 50% use of the commission recapture program. In an effort to enhance the commission recap to the ERS, Marquette has recently renegotiated the recapture split with the Fund's recapture agents (Abel Noser, LJR, and Capis). All commissions traded through the recap agents above the following will be rebated to the ERS: Abel Noser 1.2c, LJR 1.5c, Capis 1.2c.

## Investment Manager Status Report

<u>Investment Manager</u>	<u>Asset Class</u>	<u>Benchmark</u>	<u>Status</u>	<u>Reason</u>
J.P. Morgan	Core Fixed Income	BarCap Aggregate	In-Compliance	
Loomis	Core Fixed Income	BarCap Aggregate	Termination	Asset Allocation
Mellon Capital	Core Fixed Income	BarCap Aggregate	In-Compliance	
Loomis	High Yield Fixed Income	BarCap High Yield	Termination	Asset Allocation
Mellon Capital	Large-Cap Core Equity	S&P 500	In-Compliance	
Boston Partners	Large-Cap Value Equity	Russell 1000 Value	In-Compliance	
Reinhart Partners	Mid-Cap Growth Equity	Russell MidCap Growth	In-Compliance	
Artisan Partners	Mid-Cap Growth Equity	Russell MidCap Growth	In-Compliance	
AQR	Small-Cap Value Equity	Russell 2000 Value	In-Compliance	
Fiduciary	Small-Cap Value Equity	Russell 2000 Value	In-Compliance	
Barings	International Core	MSCI EAFE	In-Compliance	
GMO Large Cap Value	International Value	MSCI EAFE	In-Compliance	
GMO Intl Small Companies	International Small Core	Citigroup ex. US <\$2 Billion	In-Compliance	
Barings	Emerging Markets	MSCI Emerging Markets	In-Compliance	
ABS	Long/Short Equity	HFRX Hedged Equity	In-Compliance	
K2	Long/Short Equity	HFRX Hedged Equity	In-Compliance	
ING Clarion	Real Estate REIT	NAREIT Equity	Termination	Asset Allocation
Adams Street	Private Equity FoFs Diversified	VE All Private Equity	In-Compliance	

## Investment Manager Evaluation Terminology

The following terminology has been developed by Marquette Associates to facilitate efficient communication among the Investment Manager, Investment Consultant, and the Plan Sponsor. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Trustees and/or the Investment Committee of the Plan.

**In-Compliance** – The investment manager states it is acting in accordance with the Investment Policy Guidelines.

**Alert** – The investment manager is notified of a problem in performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities.

**On Notice** – The investment manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination.

**Termination** – The Trustees have decided to terminate the investment manager. The investment manager is notified and transition plans are in place.

## Consolidated Market Values

March 31, 2010

Asset Class	Market Values	Allocation	Target
Total Fixed Income	\$769,928,248	42.5%	32.0%
Total U.S. Equity	\$414,126,969	22.8%	23.0%
Total International Equity	\$331,564,538	18.3%	18.0%
Total Long/Short Equity	\$182,124,000	10.0%	10.0%
Total Real Estate	\$43,489,883	2.4%	7.0%
Total Infrastructure	\$0	0.0%	7.0%
Total Private Equity	\$22,050,960	1.2%	3.0%
Total Cash Equivalents	\$50,084,617	2.8%	0.0%
<b>TOTAL PORTFOLIO</b>	<b><u>\$1,813,369,215</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>

### Current Asset Allocation vs. Policy

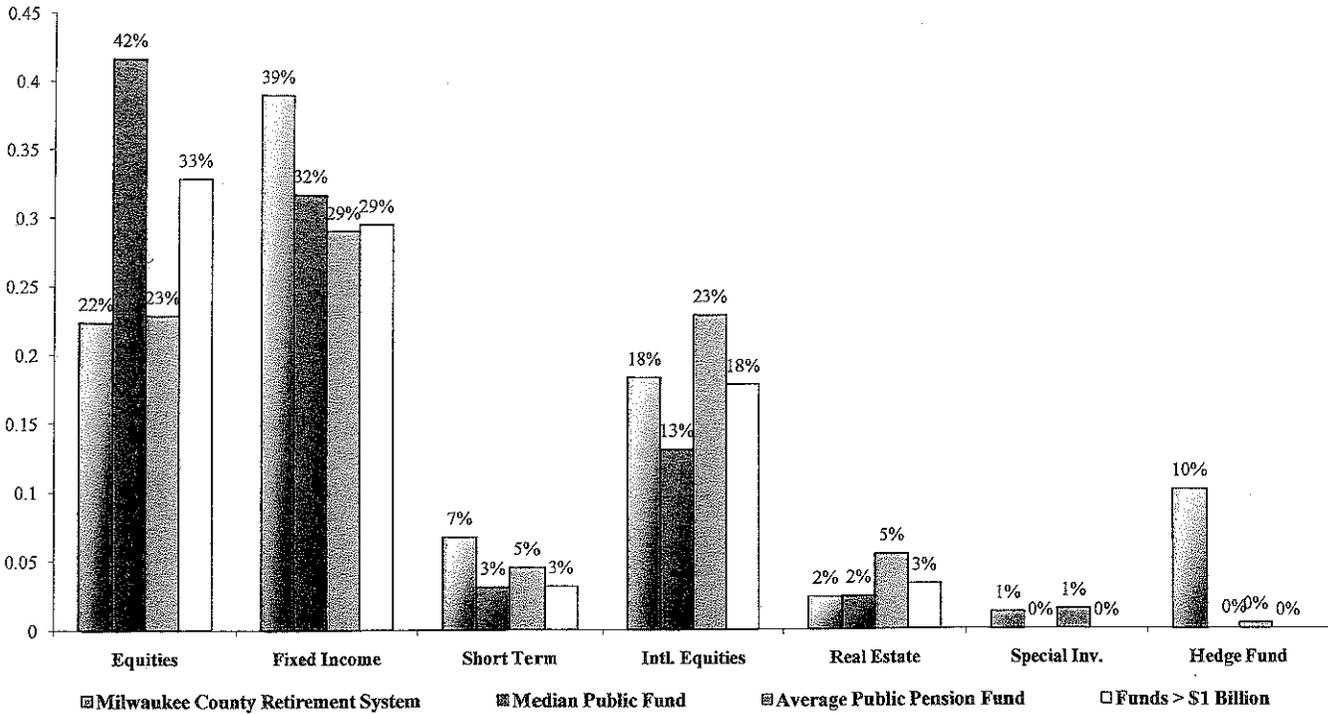
Asset Class	% of Assets	Policy Target	Difference	Target Range
Fixed Income	42.5%	32.0%	10.5%	27%-47%
Domestic Equity	22.8%	23.0%	-0.2%	16%-30%
International Equity	18.3%	18.0%	0.3%	13%-23%
Long/Short Equity	10.0%	10.0%	0.0%	0%-15%
Real Estate	2.4%	7.0%	-4.6%	0%-10%
Infrastructure	0.0%	7.0%	-7.0%	0%-10%
Private Equity	1.2%	3.0%	-1.8%	0%-8%
Cash/Other	<u>2.8%</u>	<u>0.0%</u>	2.8%	0%-25%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>		

# Market Values

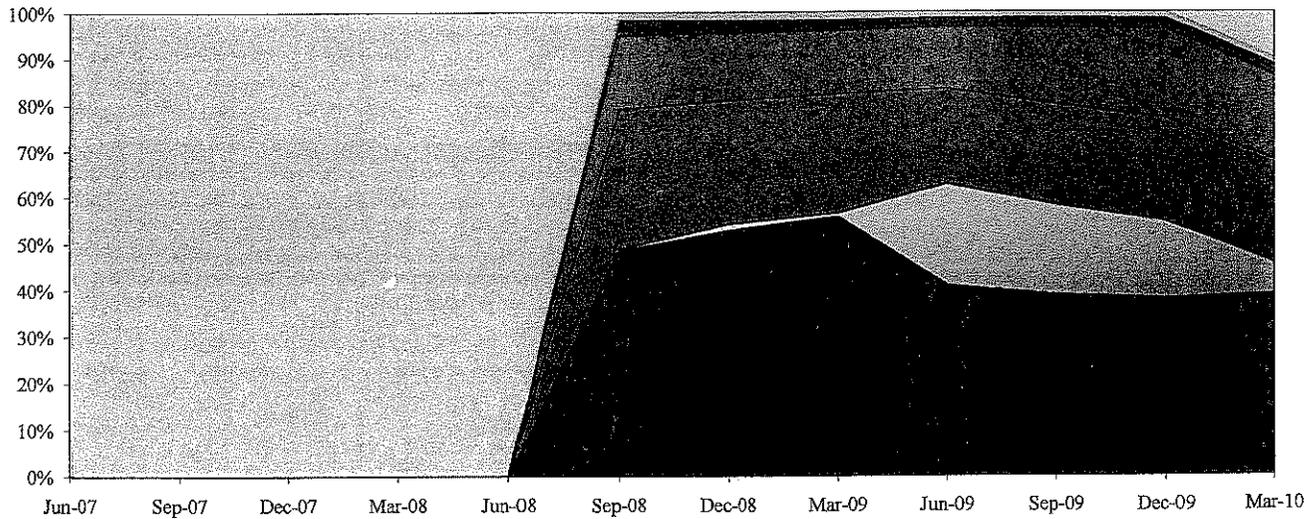
March 31, 2010

Asset Class	Investment Manager	Market Values	Allocation	Target
Core Fixed Income	J.P. Morgan	\$319,772,636	17.6%	16.0%
Core Fixed Income	Mellon Capital - Non Lending	\$334,575,953	18.5%	16.0%
Core Fixed Income	Loomis	\$62,921,977	3.5%	0.0%
High Yield Fixed Income	Loomis	\$52,657,682	2.9%	0.0%
<b>Total Fixed Income</b>		<b>\$769,928,248</b>	<b>42.5%</b>	<b>32.0%</b>
Large-Cap Core Equity	Mellon Capital - Non Lending	\$77,983,723	4.3%	6.0%
Large-Cap Value Equity	Boston Partners	\$139,680,232	7.7%	7.0%
Mid-Cap Growth Equity	Artisan Partners	\$49,042,217	2.7%	2.5%
Mid-Cap Growth Equity	Reinhart Partners	\$46,817,085	2.6%	2.5%
Small-Cap Value Equity	AQR	\$48,761,910	2.7%	2.5%
Small-Cap Value Equity	Fiduciary	\$48,490,948	2.7%	2.5%
Cash Securitization	Cash Equity Overlay	\$3,350,854	0.2%	---
<b>Total U.S. Equity</b>		<b>\$414,126,969</b>	<b>22.8%</b>	<b>23.0%</b>
International Core	Barings	\$107,806,480	5.9%	6.0%
International Value	GMO Large Cap Value	\$106,875,654	5.9%	6.0%
International Small Core	GMO Intl Small Companies	\$60,699,120	3.3%	3.0%
Emerging Markets	Barings	\$56,183,284	3.1%	3.0%
<b>Total International Equity</b>		<b>\$331,564,538</b>	<b>18.3%</b>	<b>18.0%</b>
Long/Short Equity	ABS	\$92,124,000	5.1%	5.0%
Long/Short Equity	K2	\$90,000,000	5.0%	5.0%
<b>Total Long/Short Equity</b>		<b>\$182,124,000</b>	<b>10.0%</b>	<b>10.0%</b>
Real Estate REIT	ING Clarion	\$43,489,883	2.4%	0.0%
Real Estate - Core	TBD	\$0	0.0%	7.0%
<b>Total Real Estate</b>		<b>\$43,489,883</b>	<b>2.4%</b>	<b>7.0%</b>
Infrastructure - Core	IFM	\$0	0.0%	3.5%
Infrastructure - Core	JP Morgan	\$0	0.0%	3.5%
<b>Total Infrastructure</b>		<b>\$0</b>	<b>0.0%</b>	<b>7.0%</b>
Private Equity FoFs Diversified	Progress	\$467,159	0.0%	---
Private Equity FoFs Diversified	Adams Street 2005	\$6,033,258	0.3%	---
Private Equity FoFs Diversified	Adams Street 2009	\$2,383,536	0.1%	---
Private Equity FoFs Diversified	Brinson 1998	\$401,949	0.0%	---
Private Equity FoFs Diversified	Brinson 1999	\$655,163	0.0%	---
Private Equity FoFs Diversified	Brinson 2000	\$2,167,074	0.1%	---
Private Equity FoFs Diversified	Brinson 2001	\$3,624,615	0.2%	---
Private Equity FoFs Diversified	Brinson 2002	\$2,028,914	0.1%	---
Private Equity FoFs Diversified	Brinson 2003	\$2,037,167	0.1%	---
Private Equity FoFs Diversified	Brinson 2004	\$2,174,334	0.1%	---
Private Equity - Direct	Separate Account - Old	\$5,444	0.0%	---
Private Equity - Direct	Separate Account - New	\$72,347	0.0%	---
<b>Total Private Equity</b>		<b>\$22,050,960</b>	<b>1.2%</b>	<b>3.0%</b>
Cash Short-Term	Transition Account	\$9	0.0%	---
Cash Short-Term	General Cash	\$39,484,092	2.2%	---
Cash Securitization	Cash AA Overlay	\$10,599,278	0.6%	---
Cash Securitization	Pension Futures	\$1,238	0.0%	---
<b>Total Cash Equivalents</b>		<b>\$50,084,617</b>	<b>2.8%</b>	<b>0.0%</b>
<b>TOTAL PORTFOLIO</b>		<b>\$1,813,369,215</b>	<b>100.0%</b>	<b>100.0%</b>

## Current Asset Allocation vs. Peers



## Historical Asset Allocation



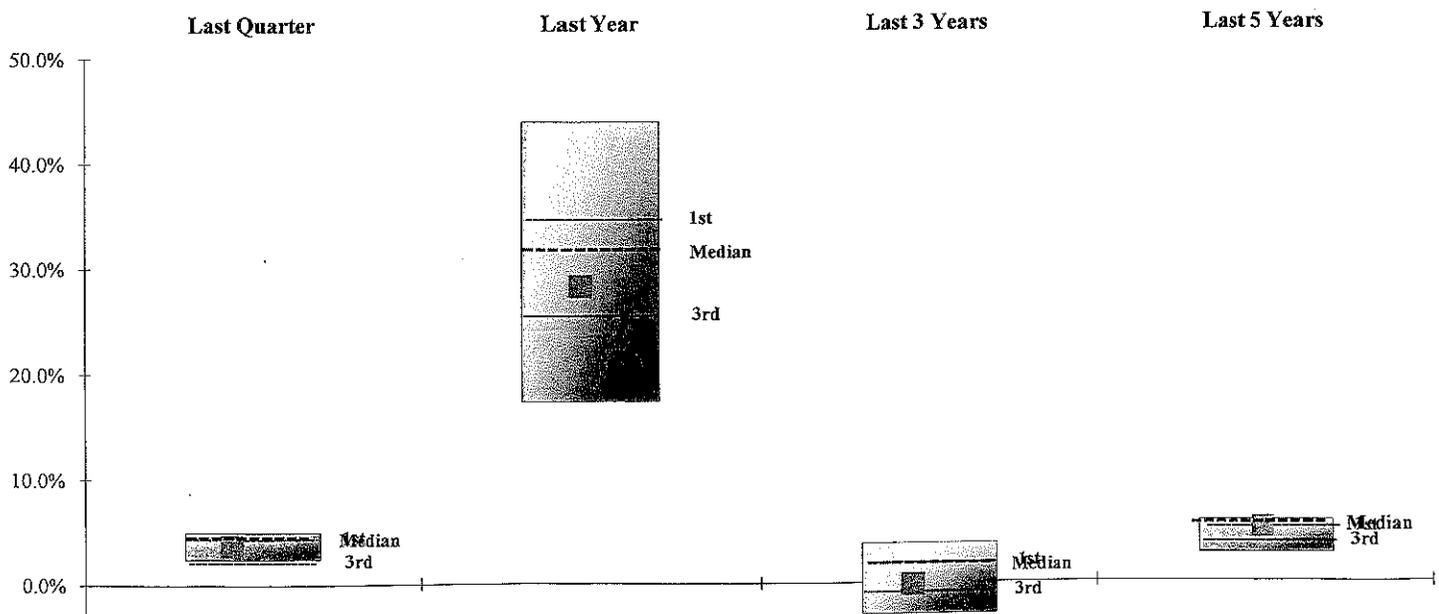
	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
Domestic Fixed %	0.0%	0.0%	0.0%	0.0%	0.0%	48.5%	53.0%	55.9%	41.0%	38.9%	38.1%	39.0%
Cash & Equiv %	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	1.4%	0.8%	21.8%	19.4%	16.7%	6.8%
Domestic Equity %	0.0%	0.0%	0.0%	0.0%	0.0%	30.2%	26.8%	25.8%	20.6%	21.8%	22.3%	22.3%
Intl Equity %	0.0%	0.0%	0.0%	0.0%	0.0%	15.9%	14.6%	13.7%	13.3%	16.5%	19.3%	18.3%
Real Estate %	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%	2.8%	2.3%	2.1%	2.3%	2.4%	2.4%
Special Invest %	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	1.6%	1.6%	1.2%	1.1%	1.2%	1.2%
Hedge Fund %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%

# Annualized Performance (Gross of Fees)

March 31, 2010

	Qtr.	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
<b>Total Fund Composite</b>	3.1%	3.1%	27.7%	-0.2%	-0.4%	2.3%	4.8%	8.7%	4.7%
Rank vs. Total Public Funds	73	73	68	59	62	54	32	9	19
Rank vs. Funds > \$1 Billion	64	64	62	38	44	42	34	29	29
<b>Benchmark</b>									
Actuarial Rate of Return	---	---	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
<b>Total Fixed Income Composite</b>	2.0%	2.0%	16.6%	7.1%	6.7%	6.9%	6.3%	6.8%	7.6%
Rank vs. Total Public Fixed Income	55	55	22	28	42	33	25	7	7
<b>Benchmark</b>									
BarCap Aggregate	1.8%	1.8%	7.7%	5.4%	6.1%	6.3%	5.4%	4.8%	6.3%
<b>Total Domestic Equity Composite</b>	6.9%	6.9%	55.6%	-0.2%	-2.2%	0.6%	3.7%	9.1%	1.9%
Rank vs. Total Public U.S. Equity	38	38	36	33	35	37	40	49	49
<b>Benchmark</b>									
Wilshire 5000	6.0%	6.0%	52.1%	-2.9%	-3.8%	-0.3%	2.6%	7.9%	-0.1%
<b>Total International Equity Composite</b>	1.5%	1.5%	48.7%	-9.5%	-8.6%	-4.0%	-0.5%	4.8%	2.1%
Rank vs. Total Public International	54	54	79	74	86	92	99	100	85
<b>Benchmark</b>									
MSCI EAFE	0.9%	0.9%	55.2%	-8.6%	-6.6%	-0.4%	4.2%	12.3%	1.7%
<b>Total Long/Short Equity Composite</b>	---	---	---	---	---	---	---	---	---
Rank vs. Hedge Fund of Fund Portfolios	---	---	---	---	---	---	---	---	---
<b>Benchmark</b>									
HFRX Hedged Equity	0.3%	0.3%	12.7%	-5.7%	-4.9%	-2.4%	0.2%	1.9%	3.1%
<b>Total Real Estate Composite</b>	2.0%	2.0%	77.1%	-7.9%	-10.9%	-3.7%	4.3%	10.9%	11.7%
Rank vs. REIT Portfolios	70	70	37	45	45	52	53	51	48
<b>Benchmark</b>									
NAREIT Equity	10.0%	10.0%	106.7%	-7.0%	-10.6%	-3.4%	3.8%	10.5%	11.4%

## Annualized Performance vs. Total Public Funds

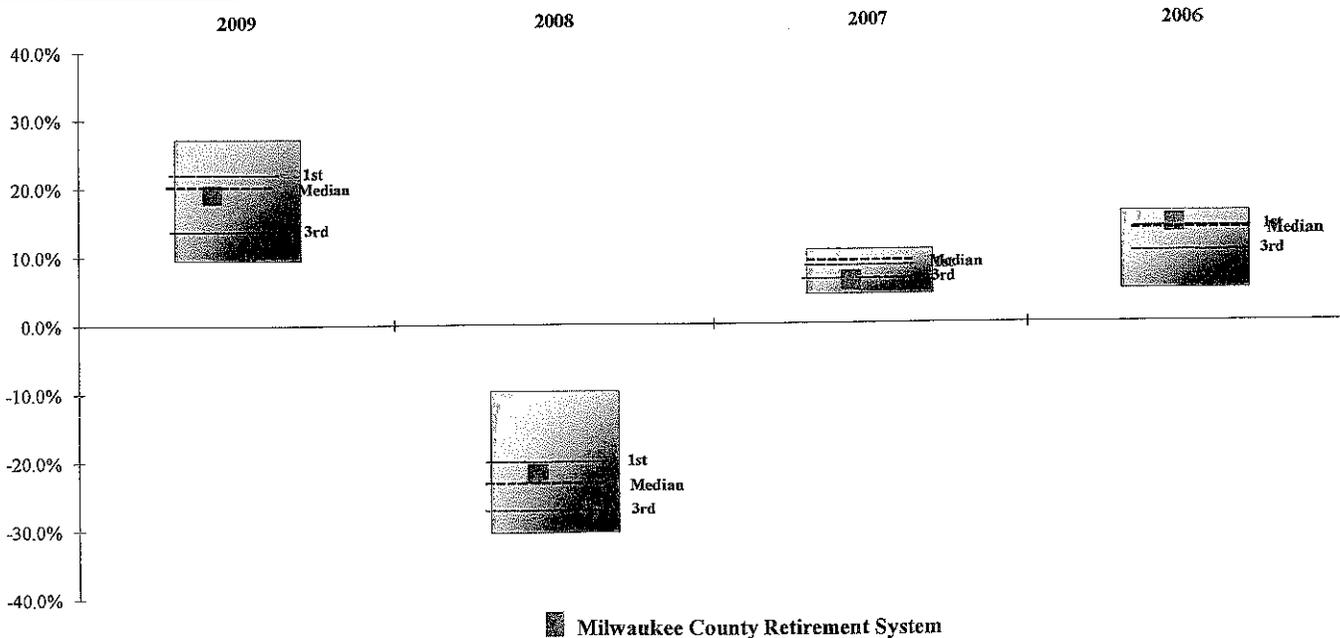


Milwaukee County Retirement System

## Calendar Year Performance (Gross of Fees)

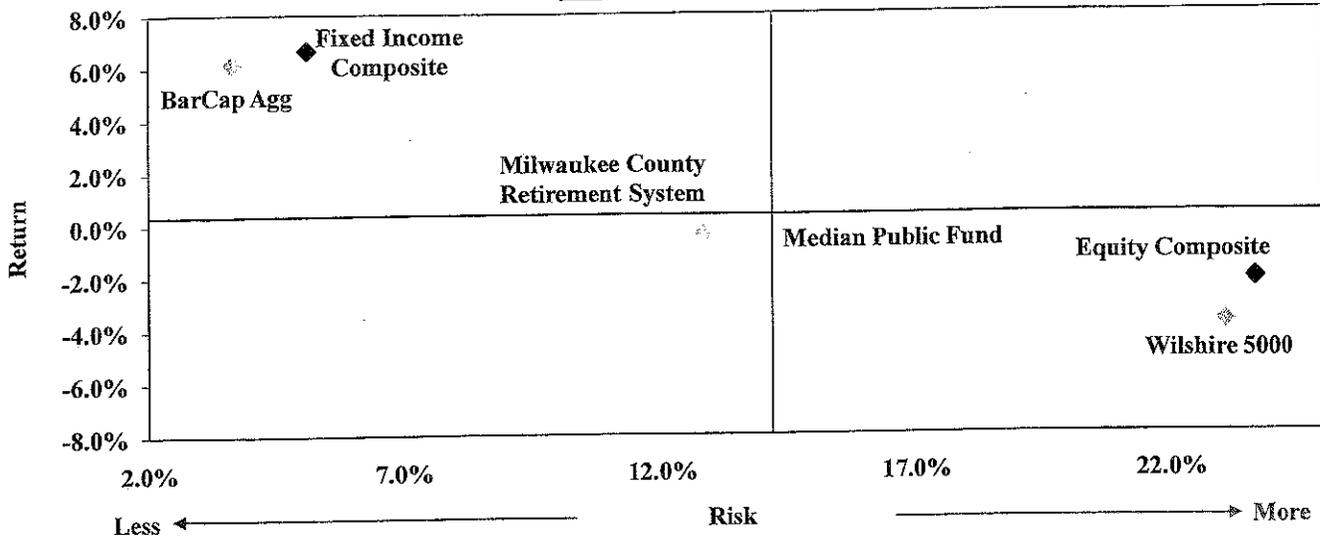
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Total Fund Composite</b>	18.6%	-22.4%	6.3%	14.1%	8.7%	14.2%	25.1%	-5.3%	-1.8%	-1.4%
Rank vs. Total Public Funds	56	37	77	25	17	4	12	20	34	72
Rank vs. Funds > \$1 Billion	48	23	85	42	34	15	20	19	36	75
<b>Benchmark</b>										
Actuarial Rate of Return	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
<b>Total Fixed Income Composite</b>	15.4%	-1.4%	6.3%	6.3%	3.1%	7.1%	12.1%	9.0%	8.9%	9.6%
Rank vs. Total Public Fixed Income	18	69	58	16	25	17	7	54	27	74
<b>Benchmark</b>										
BarCap Aggregate	5.9%	5.2%	7.0%	4.3%	2.4%	4.3%	4.1%	10.3%	8.4%	11.6%
<b>Total Domestic Equity Composite</b>	32.5%	36.7%	5.9%	14.5%	8.3%	15.6%	31.1%	-21.3%	-6.9%	-4.0%
Rank vs. Total Public U.S. Equity	36	47	46	52	40	32	46	51	40	50
<b>Benchmark</b>										
Wilshire 5000	28.3%	-37.2%	5.6%	15.8%	6.4%	12.5%	31.6%	-20.9%	-11.0%	-10.9%
<b>Total International Equity Composite</b>	29.1%	-43.9%	6.3%	14.1%	8.7%	14.2%	25.1%	-5.3%	-1.8%	-1.4%
Rank vs. Total Public International	77	52	88	93	89	88	93	17	6	15
<b>Benchmark</b>										
MSCI EAFE	32.5%	-43.1%	11.6%	26.9%	14.0%	20.7%	39.2%	-15.7%	-21.2%	-14.0%
<b>Total Long/Short Equity Composite</b>	---	---	---	---	---	---	---	---	---	---
Rank vs. Hedge Fund of Fund Portfolios	---	---	---	---	---	---	---	---	---	---
<b>Benchmark</b>										
HFRX Hedged Equity	13.1%	-25.5%	3.2%	9.2%	4.2%	2.2%	14.5%	2.1%	9.0%	17.0%
<b>Total Real Estate Composite</b>	36.1%	-38.0%	-15.4%	37.5%	13.5%	34.0%	38.1%	4.4%	6.6%	31.1%
Rank vs. Total REIT Portfolios	18	60	72	21	75	48	28	52	72	30
<b>Benchmark</b>										
NAREIT Equity	28.0%	-37.7%	-15.7%	35.1%	12.2%	31.6%	37.1%	3.8%	13.9%	26.4%

## Calendar Year Performance vs. Total Public Funds

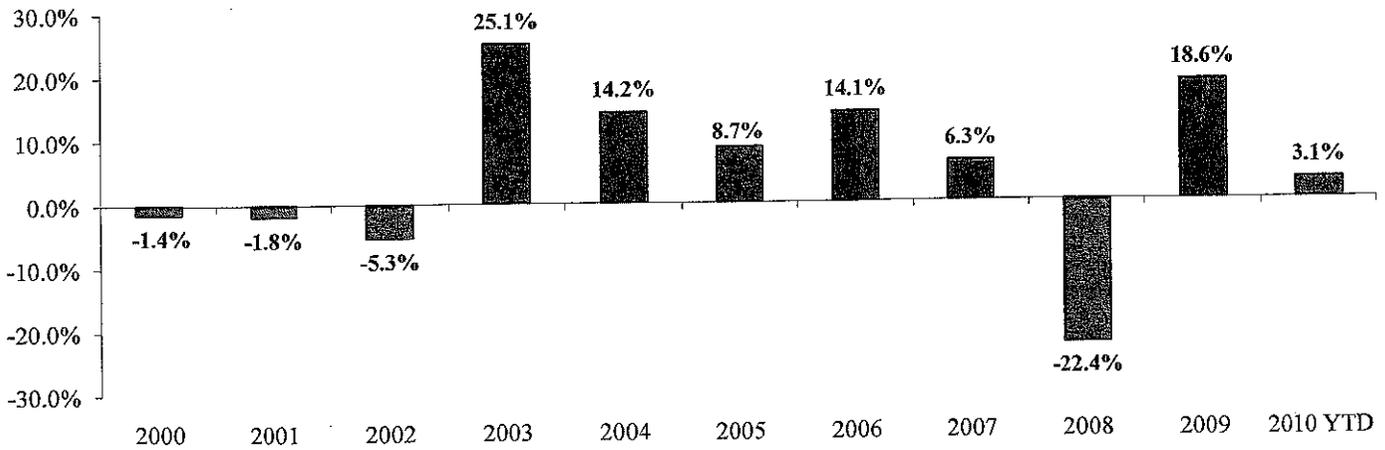


# Total Milwaukee County Retirement System Review as of March 31, 2010

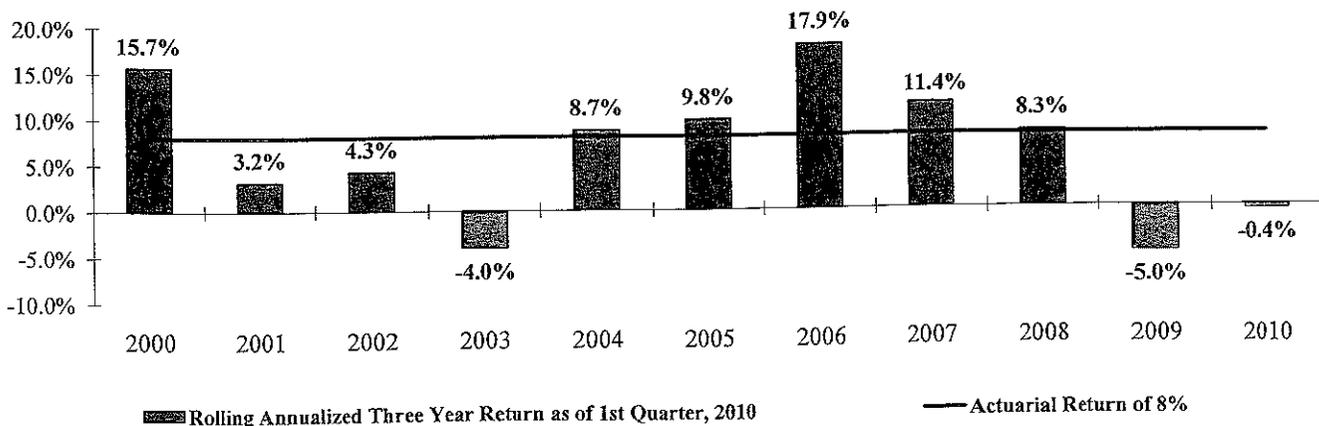
Three Year Risk/Return



Fiscal Year-End (December 31) Gross of Fee Returns



Rolling Three Year Annualized Returns



# Annualized Performance (Gross of Fees)

March 31, 2010

	Qtr.	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
<b>Fixed Income - Core</b>									
J.P. Morgan	1.3%	1.3%	9.4%	6.2%	6.5%	6.6%	---	---	---
Rank by Style	84	84	53	39	42	42	---	---	---
Mellon Capital	1.8%	1.8%	7.3%	5.4%	6.2%	6.3%	5.5%	4.8%	6.4%
Rank by Style	62	62	78	69	57	60	65	70	65
Loomis	3.8%	3.8%	30.6%	8.7%	7.8%	8.1%	7.0%	7.6%	8.9%
Rank by Style	6	6	5	3	8	4	4	1	1
<b>Benchmarks</b>									
BarCap Aggregate	1.8%	1.8%	7.7%	5.4%	6.1%	6.3%	5.4%	4.8%	6.3%
<b>Fixed Income - High Yield</b>									
Loomis	5.3%	5.3%	48.3%	12.4%	7.3%	7.8%	7.9%	10.6%	9.4%
Rank by Style	21	21	29	11	20	28	14	12	1
<b>Benchmarks</b>									
BarCap High Yield	4.6%	4.6%	56.2%	12.3%	6.7%	7.9%	7.8%	9.7%	7.5%
<b>Large-Cap Core Equity</b>									
Mellon Capital	5.4%	5.4%	49.8%	-3.6%	-4.1%	-0.3%	2.0%	6.9%	-0.6%
Rank by Style	66	66	66	68	55	54	60	64	63
<b>Benchmarks</b>									
S&P 500	5.4%	5.4%	49.8%	-3.7%	-4.2%	-0.4%	1.9%	6.8%	-0.7%
<b>Large-Cap Value Equity</b>									
Boston Partners	6.8%	6.8%	54.5%	1.5%	-1.7%	2.2%	5.2%	10.4%	7.0%
Rank by Style	26	26	35	5	15	12	5	20	17
<b>Benchmarks</b>									
Russell 1000 Value	6.8%	6.8%	53.6%	-6.0%	-7.3%	-1.8%	1.1%	7.7%	3.1%
<b>Mid-Cap Growth Equity</b>									
Artisan Partners	6.7%	6.7%	58.7%	2.9%	3.0%	3.7%	7.2%	11.9%	---
Rank by Style	54	54	36	23	10	18	28	40	---
Reinhart Partners	6.0%	6.0%	42.9%	-1.6%	-3.2%	1.1%	5.1%	---	---
Rank by Style	71	71	92	65	82	50	65	---	---
<b>Benchmarks</b>									
Russell MidCap Growth	7.7%	7.7%	63.0%	-0.8%	-2.0%	0.1%	4.3%	10.4%	-1.7%
<b>Small-Cap Value Equity</b>									
AQR	11.2%	11.2%	80.3%	1.3%	-4.6%	---	---	---	---
Rank by Style	45	45	17	45	61	---	---	---	---
Fiduciary	9.0%	9.0%	---	---	---	---	---	---	---
Rank by Style	66	66	---	---	---	---	---	---	---
<b>Benchmarks</b>									
Russell 2000 Value	10.0%	10.0%	65.1%	0.4%	-5.7%	-1.9%	2.8%	10.9%	8.9%
<b>International Large-Cap Equity</b>									
Barings	-0.1%	-0.1%	46.1%	-9.5%	---	---	---	---	---
Rank by Style	85	85	83	71	---	---	---	---	---
GMO Large Cap Value	1.2%	1.2%	44.3%	-10.5%	-8.2%	-2.1%	2.9%	11.9%	6.6%
Rank by Style	30	30	85	55	55	59	48	32	16
<b>Benchmarks</b>									
MSCI EAFE	0.9%	0.9%	55.2%	-8.6%	-6.6%	-0.4%	4.2%	12.3%	1.7%

# Annualized Performance (Gross of Fees)

March 31, 2010

	Qtr.	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
<b>International Small-Cap Equity</b>									
GMO Intl Small Companies	4.5%	4.5%	---	---	---	---	---	---	---
Rank by Style	42	42	---	---	---	---	---	---	---
<b>Benchmarks</b>									
Citigroup ex. US <\$2 Billion	4.9%	4.9%	81.4%	-2.9%	-2.5%	2.7%	8.3%	18.4%	8.5%
<b>Emerging Markets Equity</b>									
Barings	1.4%	1.4%	---	---	---	---	---	---	---
Rank by Style	78	78	---	---	---	---	---	---	---
<b>Benchmarks</b>									
MSCI Emerging Markets	2.1%	2.1%	77.3%	-4.4%	2.8%	6.4%	13.0%	20.6%	7.3%
<b>Long/Short Equity</b>									
ABS	---	---	---	---	---	---	---	---	---
Rank by Style	---	---	---	---	---	---	---	---	---
K2	---	---	---	---	---	---	---	---	---
Rank by Style	---	---	---	---	---	---	---	---	---
<b>Benchmarks</b>									
HFRX Hedged Equity	0.3%	0.3%	12.7%	-5.7%	-4.9%	-2.4%	0.2%	1.9%	3.1%
<b>Real Estate - Equity</b>									
ING Clarion	2.0%	2.0%	77.1%	-8.0%	-10.9%	-3.7%	4.3%	10.9%	11.8%
Rank by Style	70	70	37	47	50	52	53	51	38
<b>Benchmarks</b>									
NAREIT Equity	10.0%	10.0%	106.7%	-7.0%	-10.6%	-3.4%	3.8%	10.5%	11.4%

Signifies Outperformance of Benchmark

**Private Equity Data (As of 12/31/09)<sup>1</sup>**

Asset Class	IM	Date Funded	Committed	Called	Distributed	Fees	Capital Balance	IRR (Net) Since Inception	
								Cumulative	Annualized
PE - Diversified	Progress	7/13/1995	\$5,000,000	\$4,813,459	\$3,819,634	\$473,326	\$467,159	-29.3%	-2.4%
PE - Diversified	Adams Street 2005	2/11/2005	\$10,000,000	\$6,875,500	\$644,851	\$455,833	\$5,904,258	-9.1%	-1.9%
PE - Diversified	Adams Street 2009	4/9/2009	\$30,000,000	\$2,310,000	\$0	\$223,590	\$2,444,036	-8.1%	—
PE - Diversified	Brinson 1998	1/26/1998	\$3,138,189	\$3,122,063	\$4,303,695	\$1,479,112	\$401,949	137.7%	7.5%
PE - Diversified	Brinson 1999	1/11/1999	\$2,712,902	\$2,545,860	\$2,458,188	\$0	\$742,835	56.7%	4.2%
PE - Diversified	Brinson 2000	10/29/1999	\$5,068,157	\$4,819,260	\$4,614,053	\$0	\$2,400,264	105.0%	7.3%
PE - Diversified	Brinson 2001	12/14/2000	\$4,695,477	\$4,493,641	\$2,462,545	\$812,928	\$3,624,615	82.5%	6.9%
PE - Diversified	Brinson 2002	3/28/2002	\$3,215,140	\$3,109,583	\$2,971,686	\$0	\$2,028,914	190.0%	14.7%
PE - Diversified	Brinson 2003	5/20/2003	\$2,773,153	\$2,372,606	\$1,797,518	\$0	\$2,127,321	167.3%	15.7%
PE - Diversified	Brinson 2004	4/1/2004	\$2,523,513	\$2,071,615	\$445,014	\$0	\$2,174,334	50.1%	7.3%
PE - Direct	Separate Account - Old	11/1/1985	—	\$20,488,313	\$31,364,156	\$868,258	\$5,444	279.1%	5.7%
PE - Direct	Separate Account - New	1/1/1992	—	\$9,530,019	\$23,073,776	\$727,351	\$72,347	6565.0%	26.3%
<b>Total Private Equity</b>		<b>11/1/1985</b>	<b>\$69,126,531</b>	<b>\$66,551,919</b>	<b>\$77,955,116</b>	<b>\$5,040,398</b>	<b>\$22,393,476</b>	<b>575.0%</b>	<b>8.2%</b>

<sup>1</sup>All data is preliminary and subject to change.

## Calendar Year Performance (Gross of Fees)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Fixed Income - Core</b>										
J.P. Morgan	8.7%	4.2%	7.0%	4.6%	---	---	---	---	---	---
Rank by Style	49	42	41	53	---	---	---	---	---	---
Mellon Capital	5.6%	5.6%	7.1%	4.3%	2.5%	4.4%	4.1%	10.2%	8.7%	11.8%
Rank by Style	85	26	37	70	64	54	68	37	42	48
Loomis	23.2%	-8.0%	8.1%	6.9%	3.2%	7.9%	14.8%	12.6%	11.9%	11.2%
Rank by Style	1	95	14	1	19	3	4	4	60	60
<b>Benchmarks</b>										
BarCap Aggregate	5.9%	5.2%	7.0%	4.3%	2.4%	4.3%	4.1%	10.3%	8.4%	11.6%
<b>Fixed Income - High Yield</b>										
Loomis	51.2%	-22.1%	1.9%	10.6%	4.3%	12.4%	31.1%	5.0%	6.3%	3.9%
Rank by Style	18	66	92	32	15	21	12	42	81	47
<b>Benchmarks</b>										
BarCap High Yield	58.2%	-26.2%	1.9%	11.9%	2.7%	11.1%	29.0%	-1.4%	5.3%	-5.9%
<b>Large-Cap Core Equity</b>										
Mellon Capital	26.6%	-37.0%	5.6%	15.9%	5.0%	10.9%	28.7%	-22.0%	-11.9%	-9.0%
Rank by Style	61	49	36	51	65	58	59	68	61	65
<b>Benchmarks</b>										
S&P 500	26.5%	-37.0%	5.5%	15.8%	4.9%	10.9%	28.7%	-22.1%	-11.9%	-9.1%
<b>Large-Cap Value Equity</b>										
Boston Partners	27.0%	-33.1%	5.4%	19.8%	12.0%	17.2%	26.4%	-19.0%	4.3%	20.1%
Rank by Style	27	20	31	56	18	33	83	68	19	10
<b>Benchmarks</b>										
Russell 1000 Value	19.7%	-36.9%	-0.2%	22.3%	7.1%	16.5%	30.0%	-15.5%	-5.6%	7.0%
<b>Mid-Cap Growth Equity</b>										
Artisan Partners	51.9%	-42.9%	22.0%	10.4%	10.3%	16.2%	33.4%	-24.8%	-1.5%	---
Rank by Style	9	61	21	62	68	52	78	66	20	---
Reinhart Partners	36.0%	-38.7%	6.6%	22.3%	---	---	---	---	---	---
Rank by Style	69	33	88	4	---	---	---	---	---	---
<b>Benchmarks</b>										
Russell MidCap Growth	46.3%	-44.3%	11.4%	10.7%	12.1%	15.5%	42.7%	-27.4%	-20.2%	-11.8%
<b>Small-Cap Value Equity</b>										
AQR	31.4%	-33.6%	-9.6%	---	---	---	---	---	---	---
Rank by Style	41	72	67	---	---	---	---	---	---	---
Fiduciary	---	---	---	---	---	---	---	---	---	---
Rank by Style	---	---	---	---	---	---	---	---	---	---
<b>Benchmarks</b>										
Russell 2000 Value	20.6%	-28.9%	-9.8%	23.5%	4.7%	22.3%	46.0%	-11.4%	14.0%	22.8%
<b>International Large-Cap Equity</b>										
Barings	33.2%	-44.3%	---	---	---	---	---	---	---	---
Rank by Style	56	61	---	---	---	---	---	---	---	---
GMO Large Cap Value	18.6%	-38.7%	10.0%	25.4%	14.3%	25.3%	43.5%	-0.6%	-12.1%	-1.4%
Rank by Style	98	15	33	75	39	14	7	1	1	37
<b>Benchmarks</b>										
MSCI EAFE	32.5%	-43.1%	11.6%	26.9%	14.0%	20.7%	39.2%	-15.7%	-21.2%	-14.0%
<b>International Small-Cap Equity</b>										
GMO Intl Small Companies	---	---	---	---	---	---	---	---	---	---
Rank by Style	---	---	---	---	---	---	---	---	---	---
<b>Benchmarks</b>										
Citigroup ex. US <\$2 Billion	62.9%	-49.2%	14.8%	23.1%	25.2%	30.0%	59.2%	-5.5%	-9.8%	-14.2%

## Calendar Year Performance (Gross of Fees)

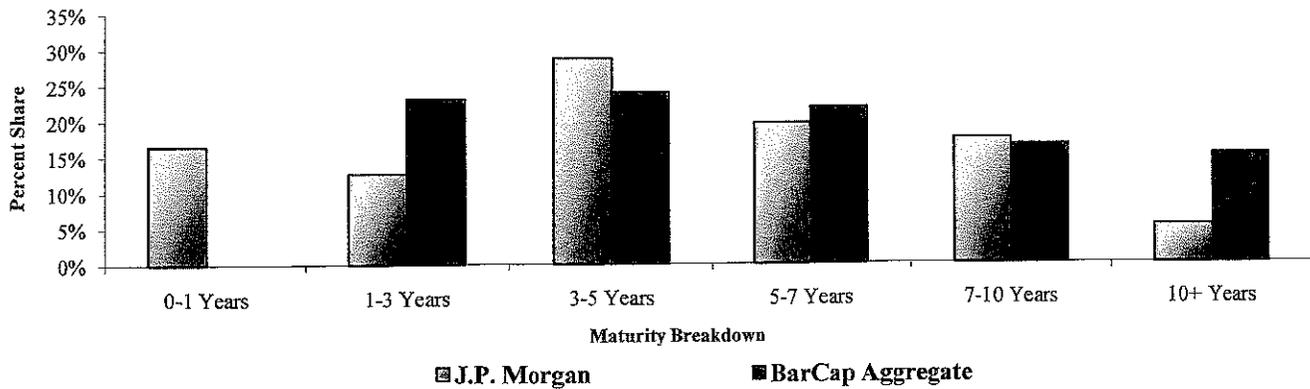
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Emerging Markets Equity</b>										
Barings	---	---	---	---	---	---	---	---	---	---
Rank by Style	---	---	---	---	---	---	---	---	---	---
<b>Benchmarks</b>										
MSCI Emerging Markets	79.0%	-53.2%	39.8%	32.6%	34.5%	26.0%	56.3%	-6.0%	-2.4%	-30.6%
<b>Long/Short Equity</b>										
ABS	---	---	---	---	---	---	---	---	---	---
Rank by Style	---	---	---	---	---	---	---	---	---	---
K2	---	---	---	---	---	---	---	---	---	---
Rank by Style	---	---	---	---	---	---	---	---	---	---
<b>Benchmarks</b>										
HFRX Hedged Equity	13.1%	-25.5%	3.2%	9.2%	4.2%	2.2%	14.5%	2.1%	9.0%	17.0%
<b>Real Estate Equity</b>										
ING Clarion	36.1%	-38.1%	-15.4%	37.6%	13.5%	34.5%	37.7%	4.5%	6.9%	32.7%
Rank by Style	18	61	72	19	73	45	32	52	72	14
<b>Benchmarks</b>										
NAREIT Equity	28.0%	-37.7%	-15.7%	35.1%	12.2%	31.6%	37.1%	3.8%	13.9%	26.4%

Signifies Outperformance of Benchmark

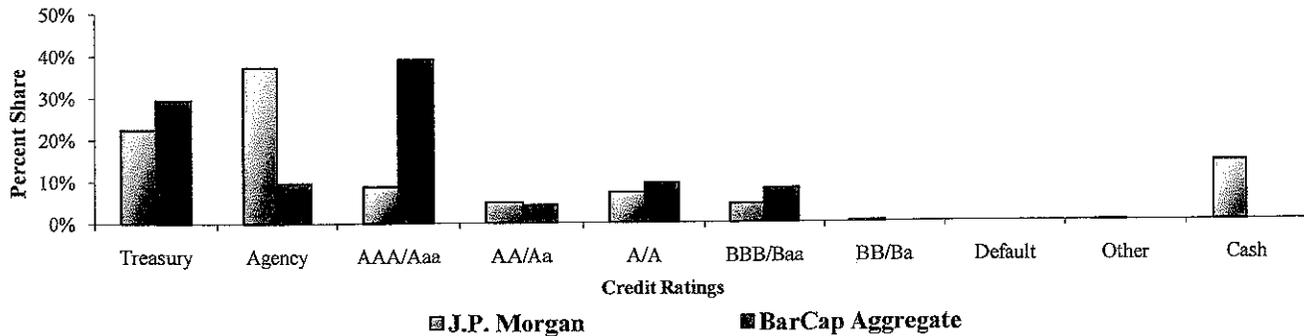
## Fixed Income Portfolio Statistics - J.P. Morgan

	<u>J.P. Morgan</u>	<u>BarCap Aggregate</u>
Total Number of Securities	685	8,257
Current Coupon	5.2%	4.6%
Time to Maturity	5.0 Years	7.0 Years
Effective Duration	3.8 Years	4.7 Years
Yield to Worst	3.1%	3.5%
Average Credit Quality	AAA/Aaa	AA1/AA2

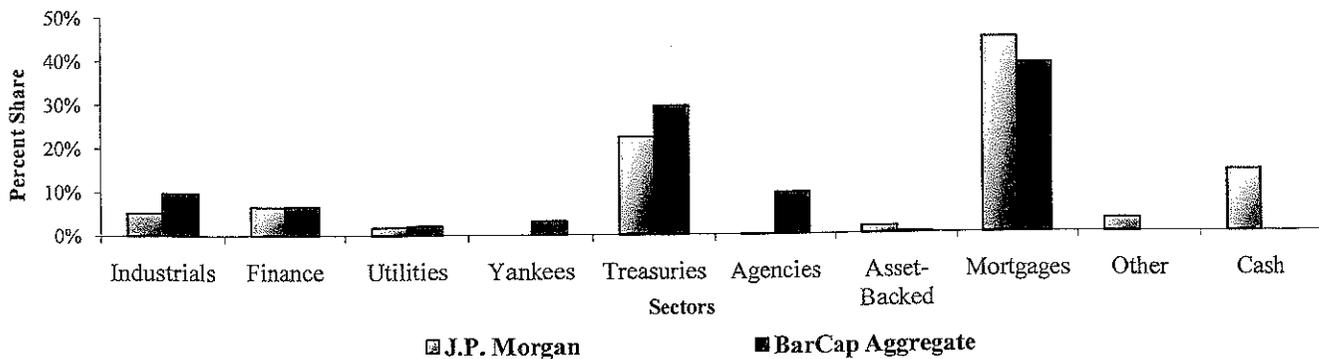
### Portfolio Maturity Distribution



### Portfolio Quality Distribution



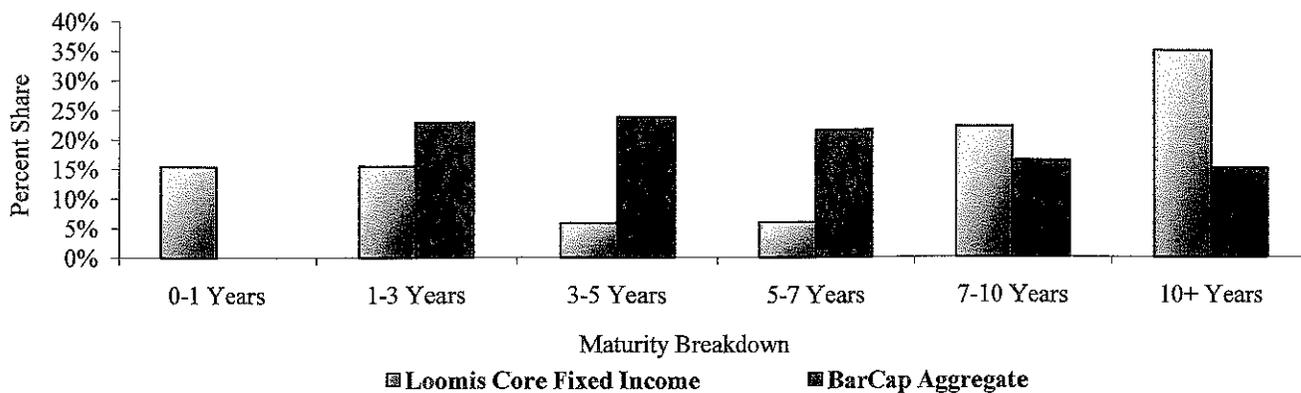
### Portfolio Sector Allocation



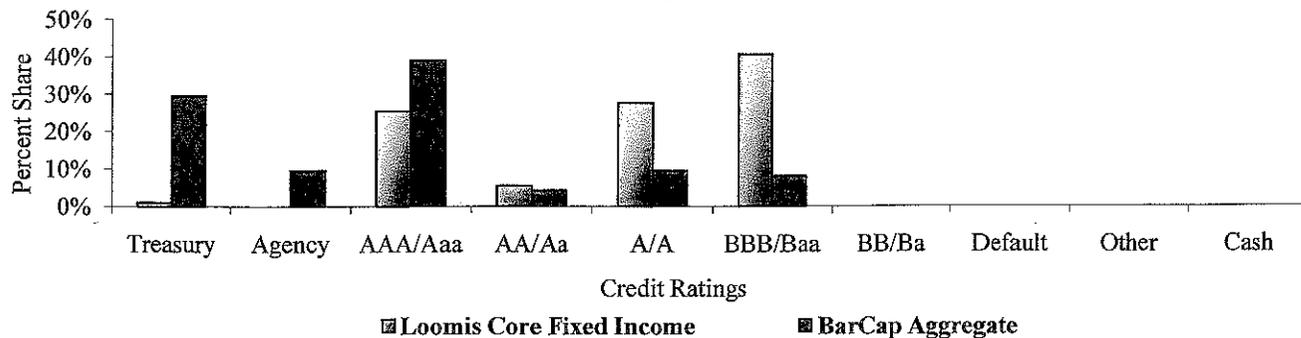
## Fixed Income Portfolio Statistics - Loomis Core Fixed Income

	<u>Loomis Core Fixed Income</u>	<u>BarCap Aggregate</u>
Total Number of Securities	146	8,257
Current Coupon	5.5%	4.6%
Time to Maturity	10.8 Years	7.0 Years
Effective Duration	6.7 Years	4.7 Years
Yield to Worst	5.2%	3.5%
Average Credit Quality	A2	AA1/AA2

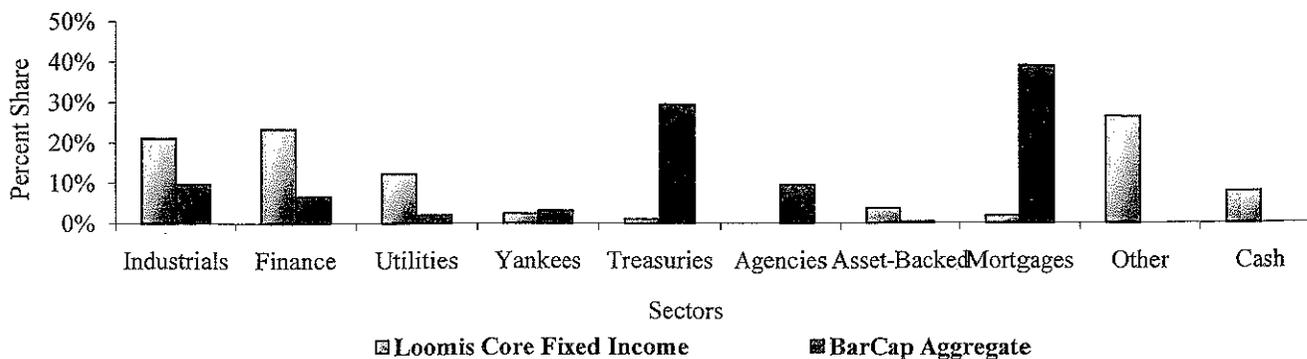
Portfolio Maturity Distribution



Portfolio Quality Distribution



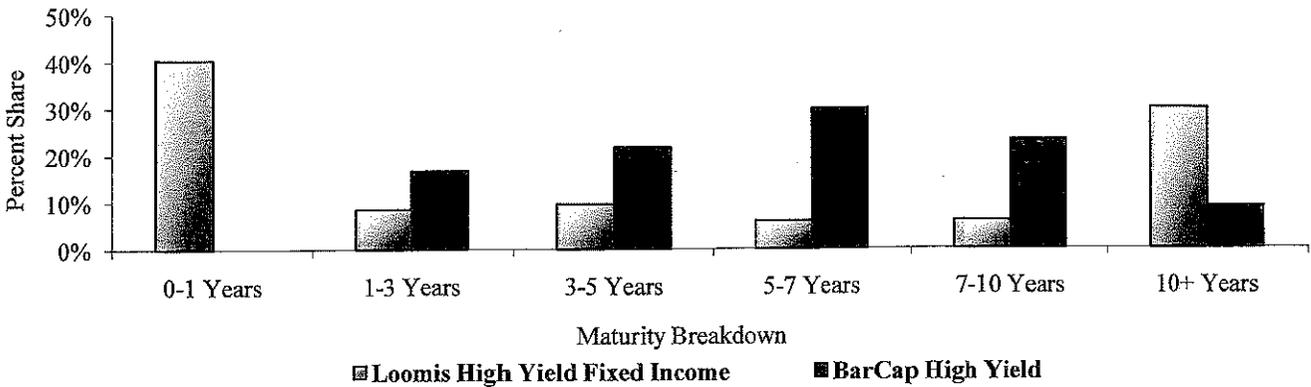
Portfolio Sector Allocation



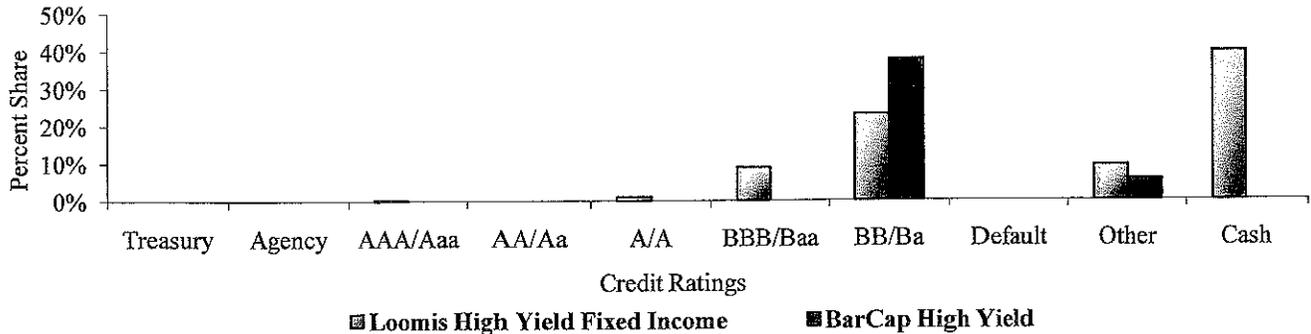
## Fixed Income Portfolio Statistics - Loomis High Yield Fixed Income

	<u>Loomis High Yield Fixed Income</u>	<u>BarCap High Yield</u>
Total Number of Securities	84	1,475
Current Coupon	3.9%	8.1%
Time to Maturity	7.5 Years	7.0 Years
Effective Duration	3.7 Years	4.4 Years
Yield to Worst	4.3%	13.9%
Average Credit Quality	Baa3	B1/B2

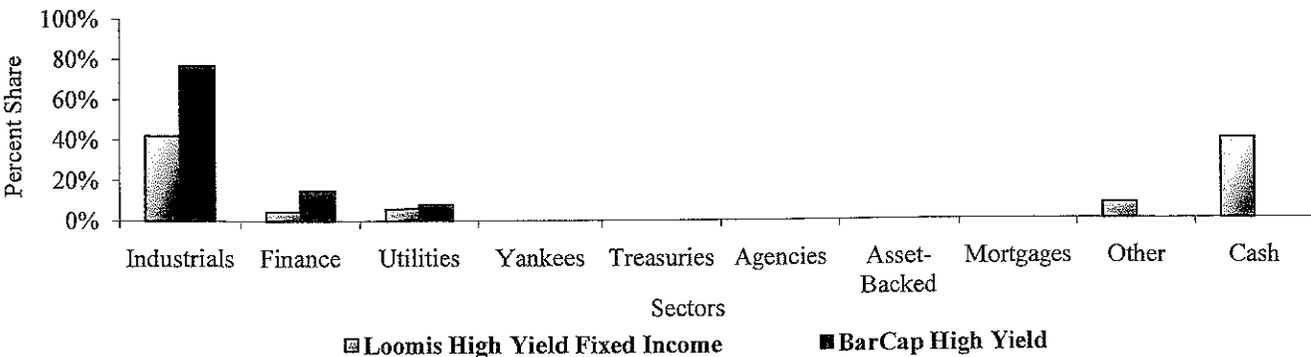
Portfolio Maturity Distribution



Portfolio Quality Distribution

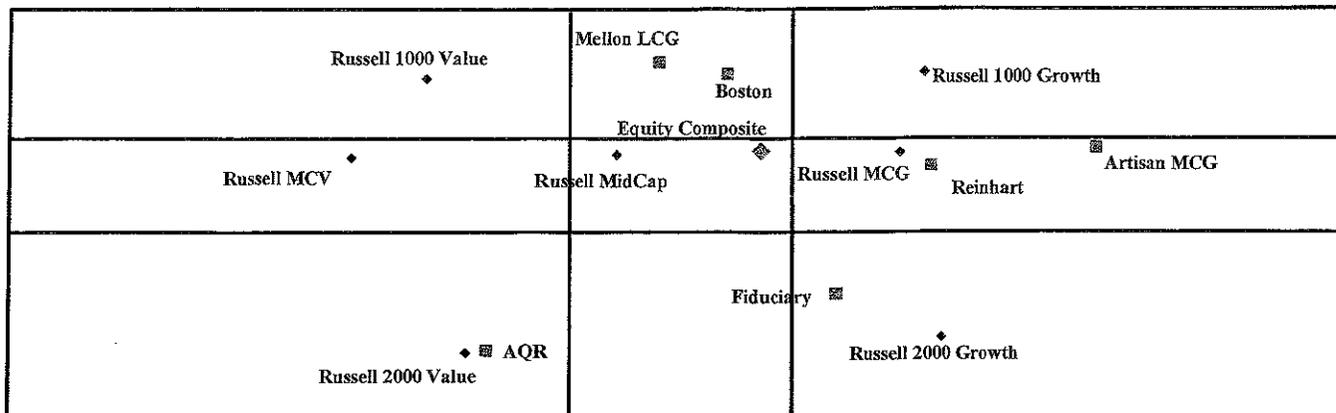


Portfolio Sector Allocation

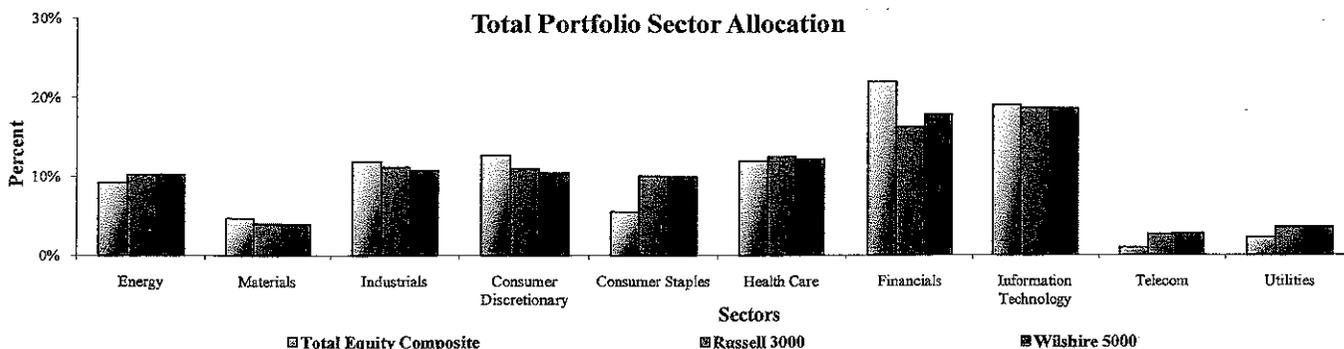


# Domestic Equity Style Diversification

## Investment Manager Style Classification by Holdings



Characteristics	Total Equity	Wilshire 5000	Market-Cap Breakdown	Total Equity	Wilshire 5000
Number of Securities	1,003	4,061	Greater Than \$20 Billion	35.8%	60.4%
Average Capitalization	\$45.8 Bil	\$72.8 Bil	\$10 Billion - \$20 Billion	12.5%	11.9%
Median Capitalization	\$4.4 Bil	\$0.4 Bil	\$5 Billion - \$10 Billion	12.3%	9.8%
Equity Yield	1.3%	1.8%	\$1 Billion - \$5 Billion	28.8%	13.7%
Average P/E	25.2X	24.4X	\$500 Million - \$1 Billion	7.4%	2.1%
Beta	1.11	1.13	\$100 Million - \$500 Million	3.1%	1.8%
Average P/B	1.9X	2.1X	Less Than \$100 Million	0.1%	0.3%
Five Yrs Earnings Growth	4.4%	4.7%			



## Common Holdings Matrix

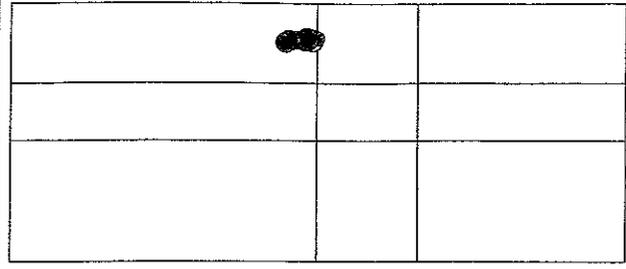
Managers	AQR		Artisan MCG		Boston		Fiduciary		Mellon S&P 500		Reinhart	
	#	%	#	%	#	%	#	%	#	%	#	%
AQR	0	0	0	0	0	0	20	26	3	0	0	0
Artisan MCG	0	0	0	0	1	0	0	0	37	4	4	5
Boston	0	0	1	1	0	0	0	0	57	31	2	5
Fiduciary	20	7	0	0	0	0	0	0	1	0	4	5
Mellon S&P 500	3	1	37	55	57	79	1	2	0	0	27	39
Reinhart	0	0	4	4	2	3	4	5	27	3	0	0

# Equity Portfolio Statistics - Mellon Large Core

Characteristics	Mellon Large Core	S&P 500
Number of Securities	500	500
Average Capitalization	\$84.7 Bil	\$84.7 Bil
Median Capitalization	\$9.7 Bil	\$9.7 Bil
Equity Yield	1.9%	1.9%
Average P/E	21.9X	21.9X
Beta	1.00	1.00
Average P/B	2.3X	2.3X
Five Yrs Earnings Growth	5.7%	5.7%

Style Drift For Three Years

○ Mellon Large Core ● S&P 500

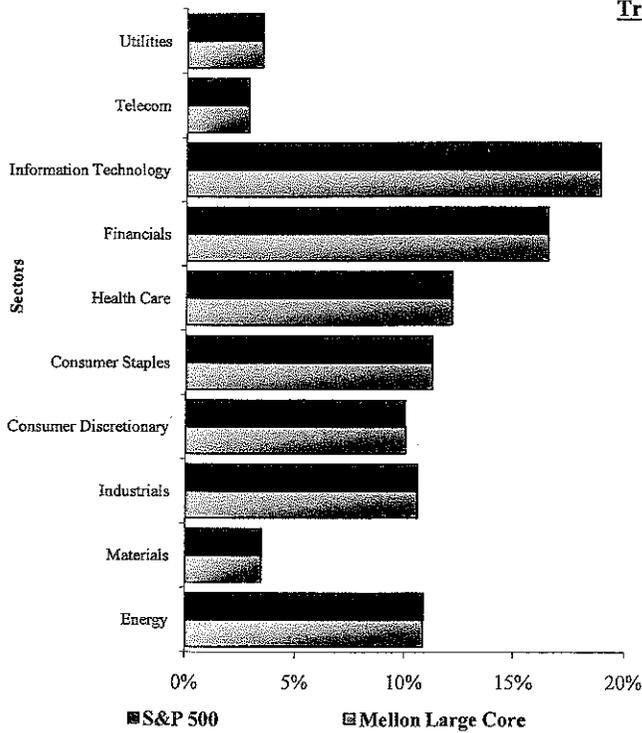


Five Largest Holdings	(Percent)
Exxon Mobil Corp	3.0%
Microsoft Corp	2.1%
Apple Computer Inc	2.0%
General Elec Co	1.8%
Procter & Gamble Co	1.7%
<b>Total</b>	<b>10.7%</b>

Top Five Contributors <sup>1</sup>	(Return)
General Elec Co	21.1%
Bank Amer Corp	18.6%
Berkshire Hathaway I	23.7%
Wells Fargo & Co New	15.5%
Apple Computer Inc	11.4%

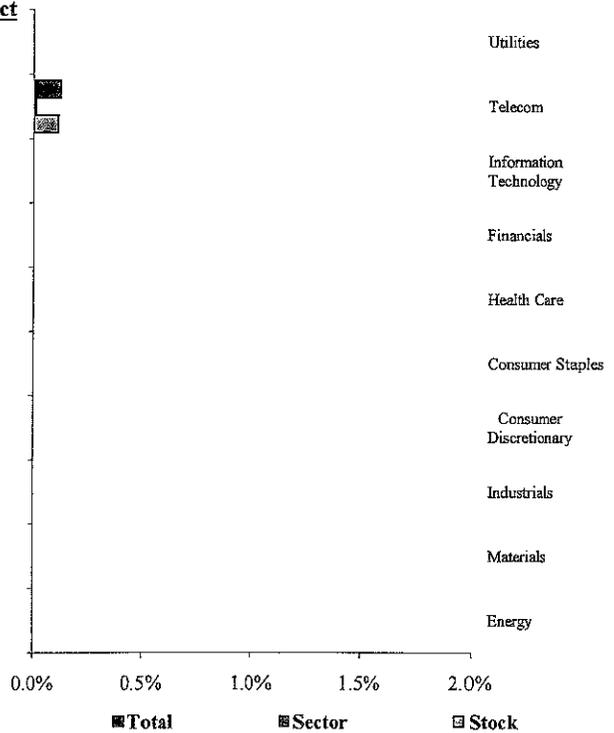
Top Five Detractors <sup>1</sup>	(Return)
Google Inc	-8.5%
At&T Inc	-6.4%
Microsoft Corp	-3.6%
Pfizer Inc	-4.8%
Qualcomm Inc	-8.8%

Sector Breakdown

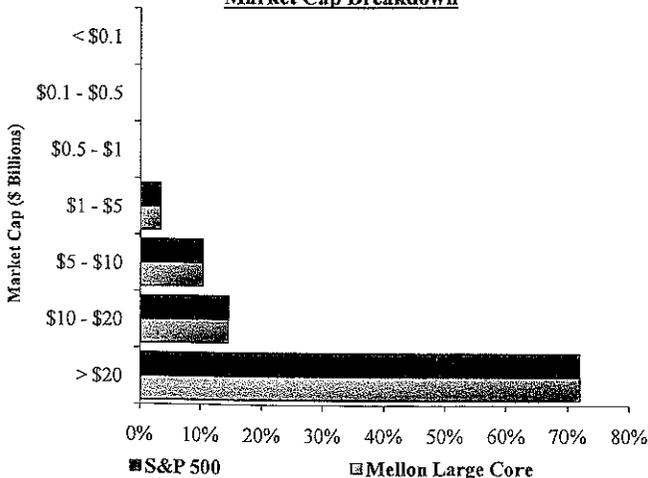


Portfolio Attribution vs. S&P 500

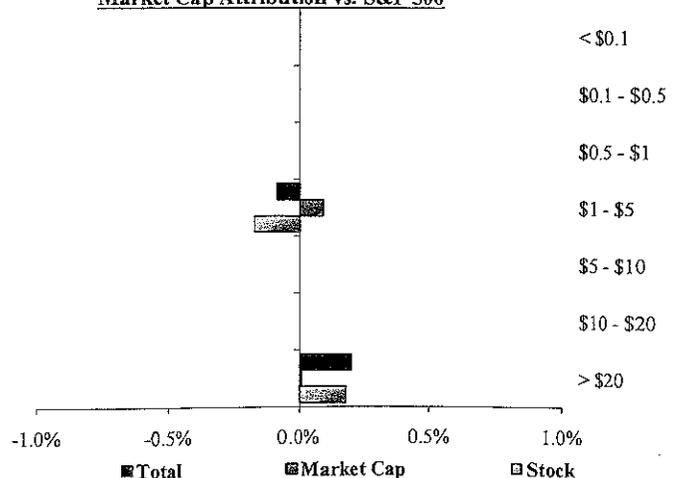
Trading Effect  
-0.14%



Market Cap Breakdown



Market Cap Attribution vs. S&P 500



<sup>1</sup>Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.  
Prepared by Marquette Associates, Inc.

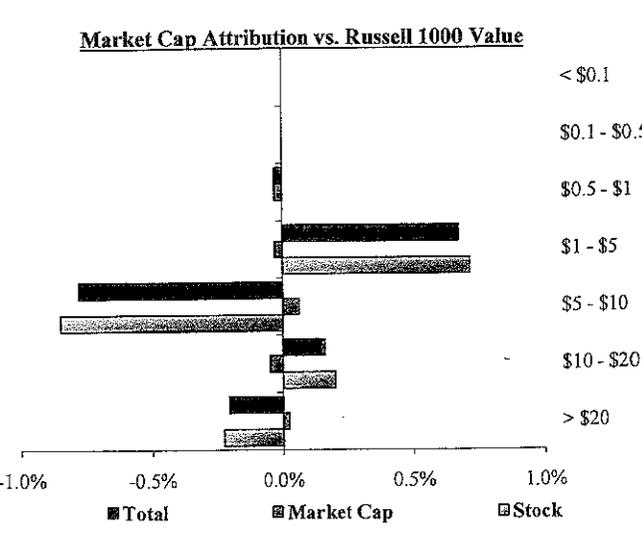
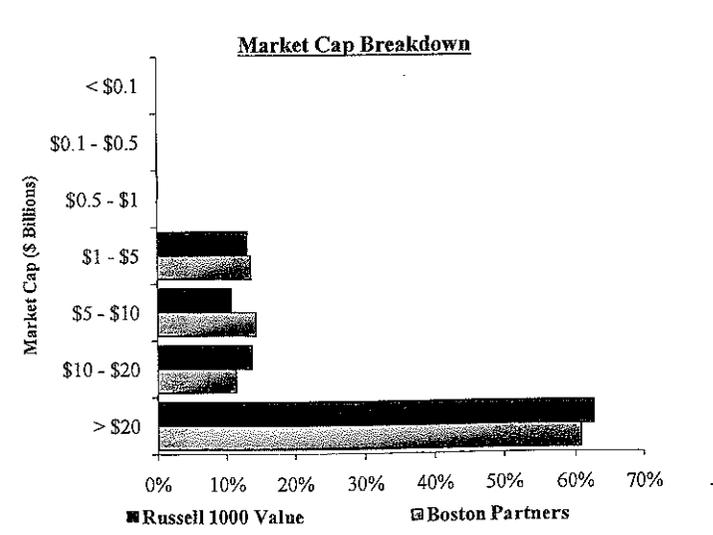
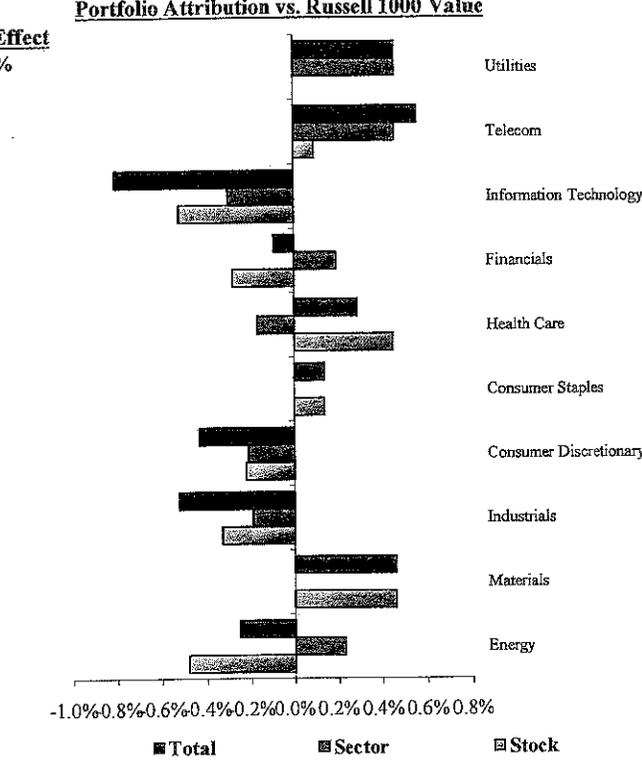
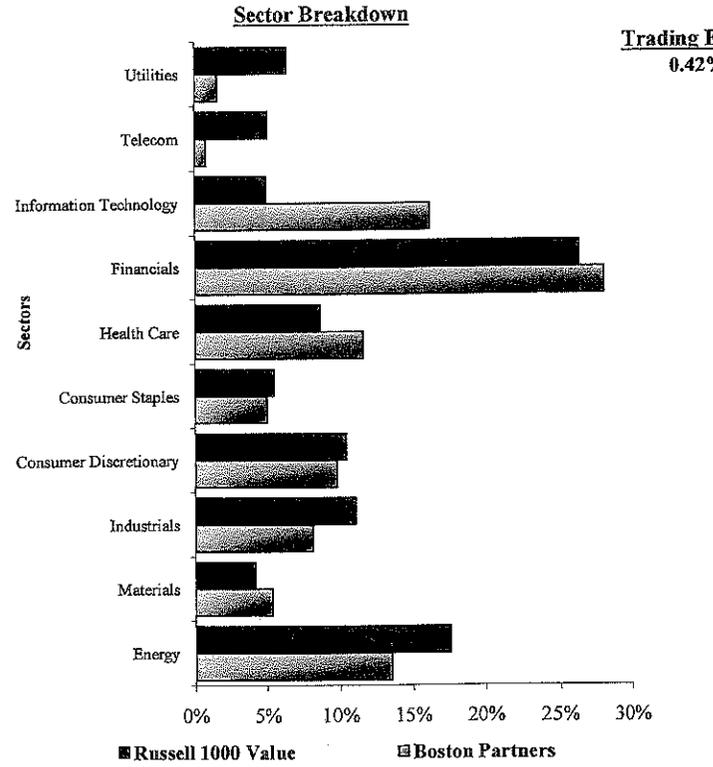
# Equity Portfolio Statistics - Boston Partners

Characteristics	Boston Partners	Russell 1000 Value	Style Drift For Three Years		
Number of Securities	82	676	○ Boston Partners   ● Russell 1000 Value		
Average Capitalization	\$80.0 Bil	\$72.1 Bil			
Median Capitalization	\$17.8 Bil	\$4.1 Bil			
Equity Yield	1.5%	2.1%			
Average P/E	18.9X	25.4X			
Beta	1.01	1.12			
Average P/B	1.8X	1.6X			
Five Yrs Earnings Growth	3.4%	-2.6%			

Five Largest Holdings	(Percent)
J P Morgan Chase & C	4.1%
Exxon Mobil Corp	3.9%
Chevron Corp	3.8%
Bank Amer Corp	3.7%
Wells Fargo & Co New	3.1%
<b>Total</b>	<b>18.6%</b>

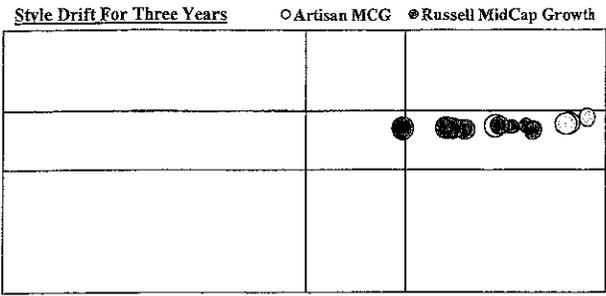
Top Five Contributors <sup>1</sup>	(Return)
Bank Amer Corp	18.6%
Berkshire Hathaway I	23.7%
Ashland Inc New	33.4%
Wells Fargo & Co New	15.5%
Dr Pepper Snapple Gr	24.8%

Top Five Detractors <sup>1</sup>	(Return)
Microsoft Corp	-3.6%
Eog Res Inc	-4.3%
Hewitt Assocs Inc	-5.9%
Exxon Mobil Corp	-1.1%
Ultra Pete Corp	-6.5%



# Equity Portfolio Statistics - Artisan MCG

Characteristics	Artisan MCG	Russell MidCap Growth
Number of Securities	78	493
Average Capitalization	\$8.9 Bil	\$7.1 Bil
Median Capitalization	\$5.7 Bil	\$3.8 Bil
Equity Yield	0.41%	1.0%
Average P/E	39.6X	29.0X
Beta	1.22	1.10
Average P/B	3.9X	3.3X
Five Yrs Earnings Growth	7.17%	8.0%

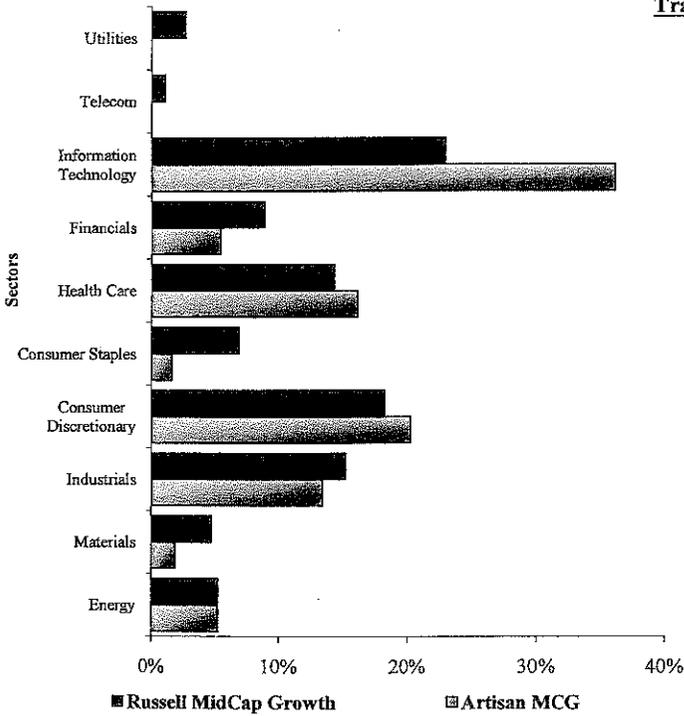


Five Largest Holdings	(Percent)
Allergan Inc	4.3%
Cerner Corp	3.8%
Kohls Corp	3.4%
Precision Castparts	3.2%
Agilent Technologies	3.1%
<b>Total</b>	<b>17.8%</b>

Top Five Contributors <sup>1</sup>	(Return)
Smith Intf Inc	58.0%
Cummins Engine Inc	35.5%
Harman Intl Inds Inc	32.6%
Precision Castparts	14.9%
Arm Hldgs Plc	24.9%

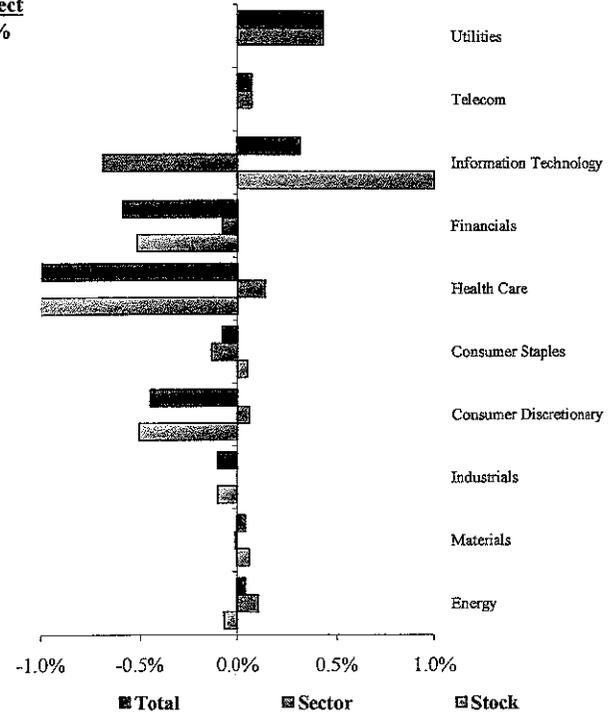
Top Five Detractors <sup>1</sup>	(Return)
Athenahealth Inc	-19.2%
Western Un Co	-9.7%
Nvidia Corp	-7.0%
Cme Group Inc	-5.6%
Mercadolibre Inc	-7.1%

**Sector Breakdown**

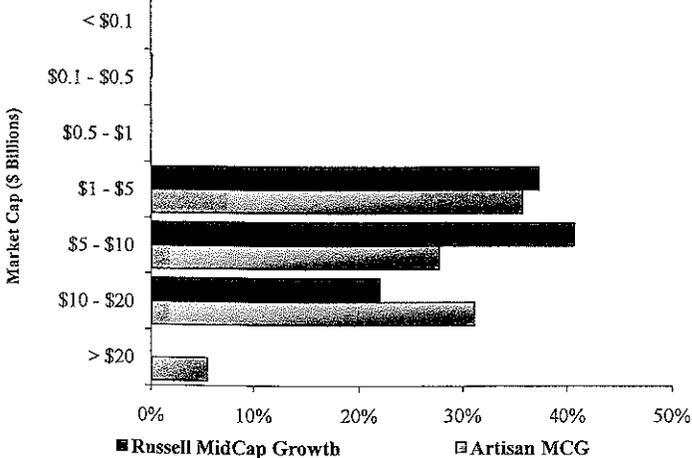


**Portfolio Attribution vs. Russell MidCap Growth**

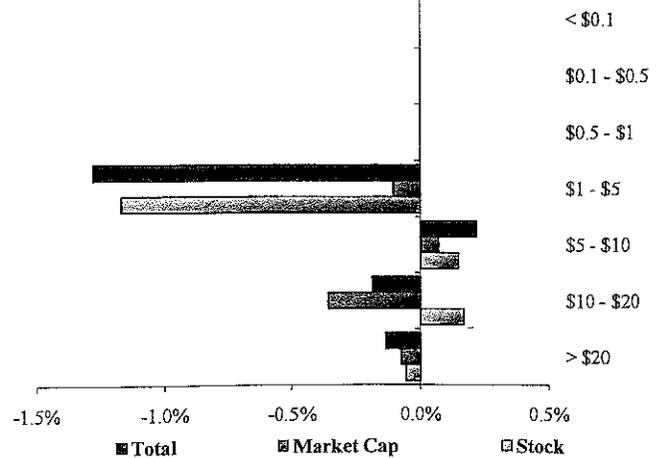
**Trading Effect**  
0.56%



**Market Cap Breakdown**



**Market Cap Attribution vs. Russell MidCap Growth**



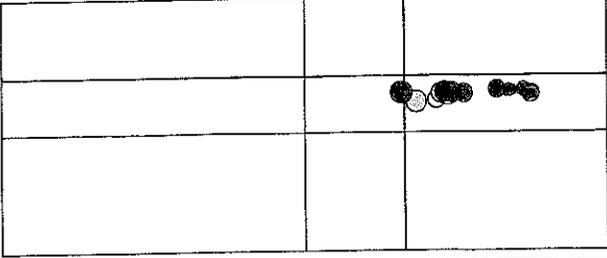
<sup>1</sup> Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.

# Equity Portfolio Statistics - Reinhart

### Characteristics

	Reinhart	Russell MidCap Growth
Number of Securities	71	493
Average Capitalization	\$7.1 Bil	\$7.1 Bil
Median Capitalization	\$4.6 Bil	\$3.8 Bil
Equity Yield	0.8%	1.0%
Average P/E	25.8X	29.0X
Beta	1.1	1.10
Average P/B	2.4X	3.3X
Five Yrs Earnings Growth	9.6%	8.0%

### Style Drift For Three Years



### Five Largest Holdings (Percent)

Reinsurance Group Am	4.1%
Sempra Energy	3.3%
Avago Technologies L	2.7%
Denbury Res Inc	2.6%
F M C Corp	2.4%
<b>Total</b>	<b>15.0%</b>

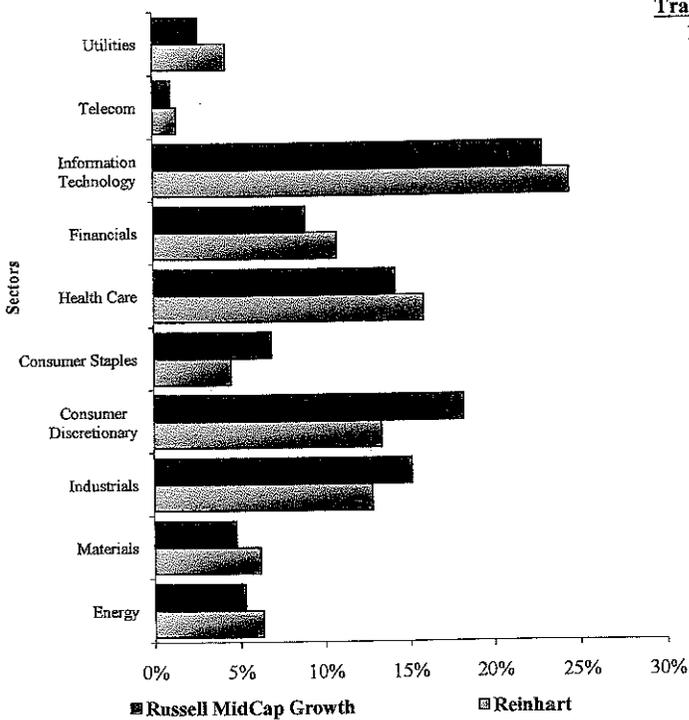
### Top Five Contributors<sup>1</sup>

Contributor	(Return)
Big Lots Inc	25.7%
Perrigo Co	47.6%
Veeco Instrs Inc Del	31.7%
Reinsurance Group Am	10.5%
Iron Mtn Inc Del	20.7%

### Top Five Detractors<sup>1</sup>

Detractor	(Return)
Sempra Energy	-10.2%
American Superconduc	-29.3%
Southwestern Energy	-15.5%
Air Prods & Chems In	-8.2%
On Semiconductor Cor	-9.2%

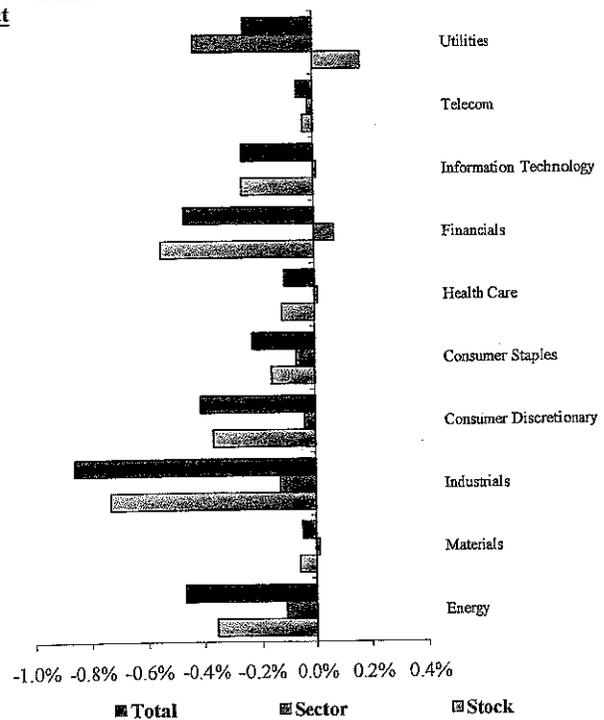
### Sector Breakdown



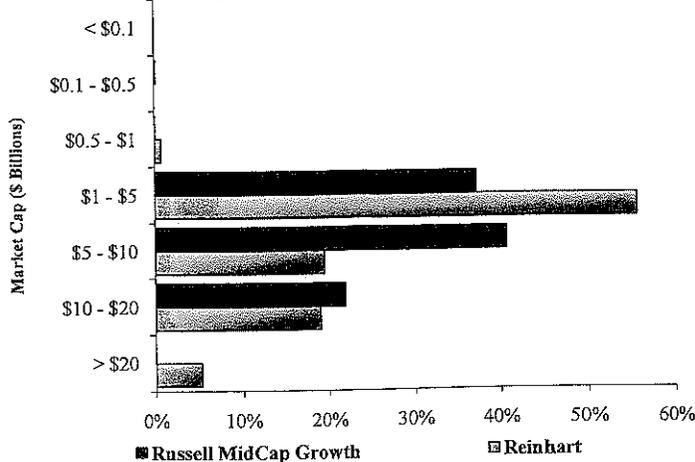
### Trading Effect

1.79%

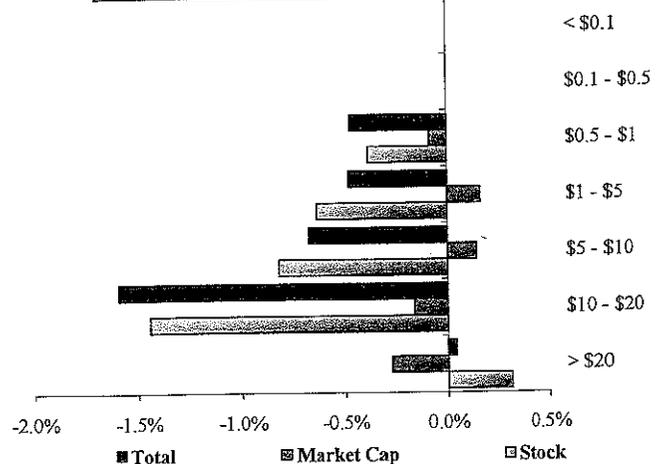
### Portfolio Attribution vs. Russell MidCap Growth



### Market Cap Breakdown



### Market Cap Attribution vs. Russell MidCap Growth



<sup>1</sup>Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.

# Equity Portfolio Statistics - AQR

Style Drift For Three Years	○AQR	●Russell 2000 Value

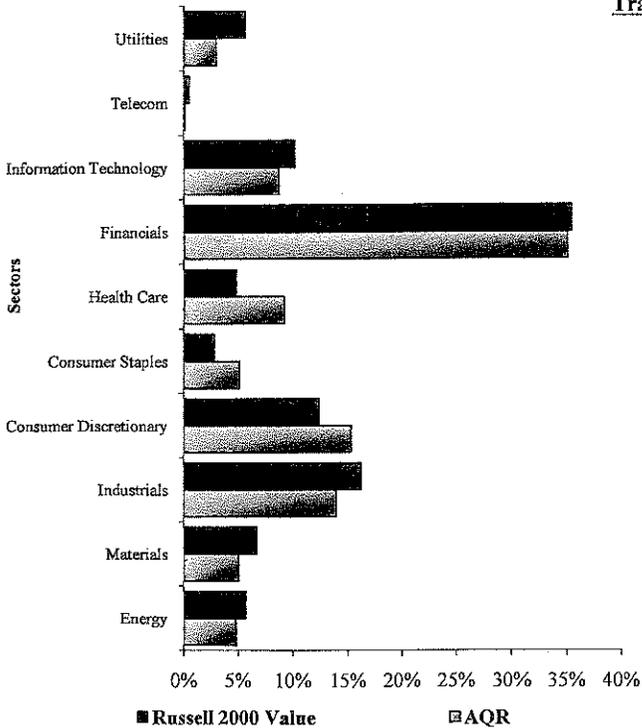
Characteristics	AQR	Russell 2000 Value
Number of Securities	350	1,395
Average Capitalization	\$1.0 Bil	\$1.0 Bil
Median Capitalization	\$0.7 Bil	\$0.4 Bil
Equity Yield	1.7%	1.7%
Average P/E	37.4X	76.7X
Beta	1.23	1.33
Average P/B	1.1X	1.2X
Five Yrs Earnings Growth	-2.1%	-2.2%

Five Largest Holdings	(Percent)
International Bncshr	1.4%
Steris Corp	1.4%
Platinum Underwriter	1.3%
Del Monte Foods Co	1.2%
United Bankshs Inc W	1.1%
<b>Total</b>	<b>6.3%</b>

Top Five Contributors <sup>1</sup>	(Return)
Entercom Communicati	68.2%
Citizens Bkg Corp Mi	71.0%
American Cap Ltd	108.2%
United Bankshs Inc W	32.8%
Del Monte Foods Co	29.3%

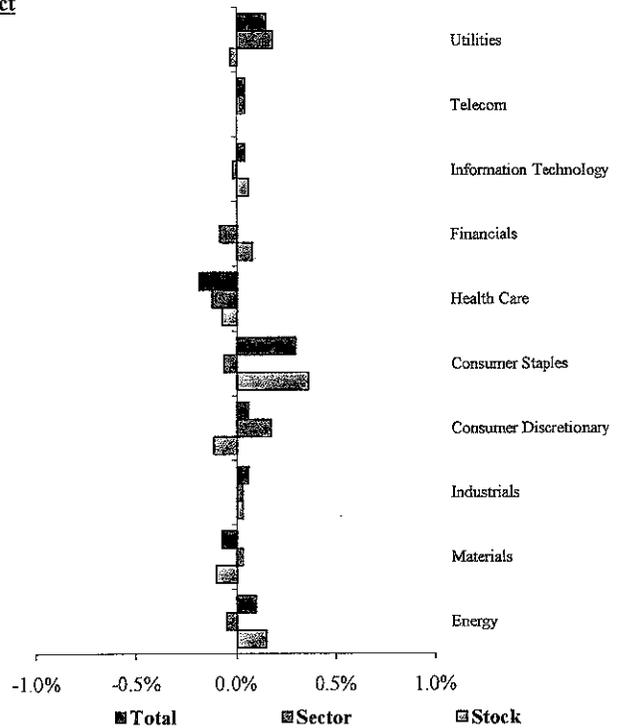
Top Five Detractors <sup>1</sup>	(Return)
Jackson Hewitt Tax S	-54.6%
Willbros Group Inc D	-28.8%
Schweitzer-Mauduit I	-32.2%
Skywest Inc	-15.4%
Republic Awys Hldgs	-19.9%

**Sector Breakdown**

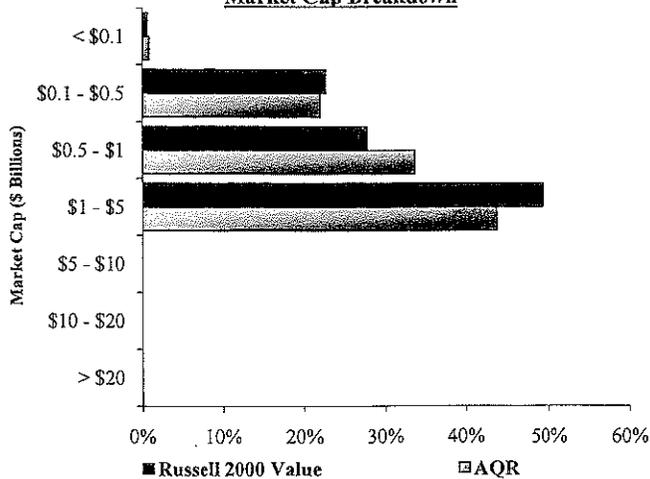


**Trading Effect**  
0.72%

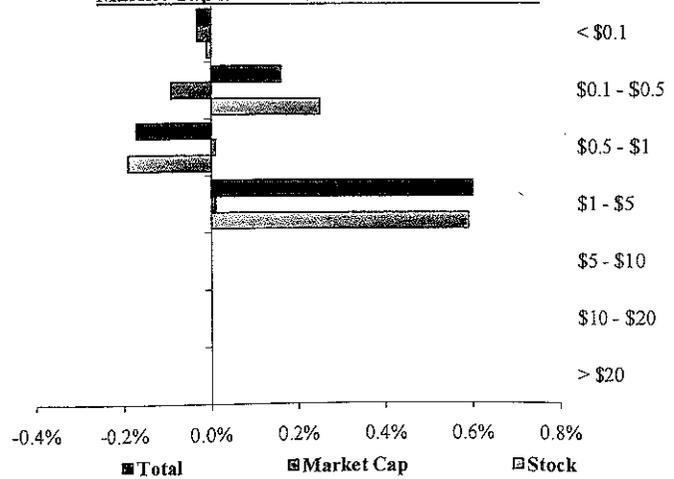
**Portfolio Attribution vs. Russell 2000 Value**



**Market Cap Breakdown**



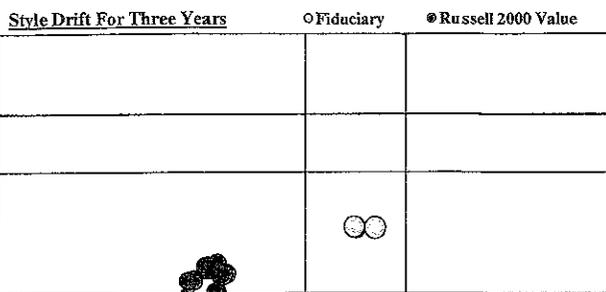
**Market Cap Attribution vs. Russell 2000 Value**



<sup>1</sup>Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.  
Prepared by Marquette Associates, Inc.

# Equity Portfolio Statistics - Fiduciary

Characteristics	Fiduciary	Russell 2000 Value
Number of Securities	75	1,395
Average Capitalization	\$1.4 Bil	\$1.0 Bil
Median Capitalization	\$1.3 Bil	\$0.4 Bil
Equity Yield	1.1%	1.7%
Average P/E	52.5X	76.7X
Beta	1.32	1.33
Average P/B	1.9X	1.2X
Five Yrs Earnings Growth	3.7%	-2.2%

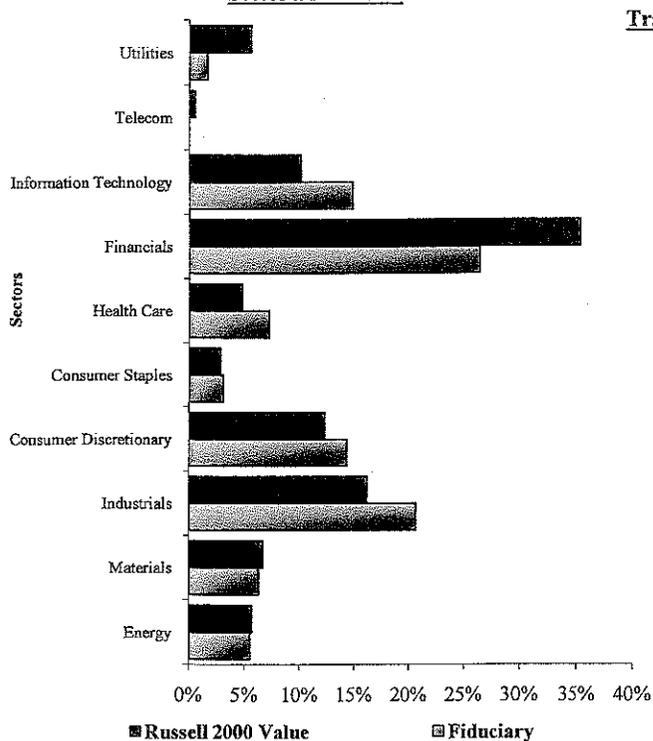


Five Largest Holdings	(Percent)
Cinemark Holdings In	1.7%
Baldor Elec Co	1.7%
Teleflex Inc	1.6%
Highwoods Pptys Inc	1.6%
Unisource Energy Cor	1.6%
<b>Total</b>	<b>8.3%</b>

Top Five Contributors <sup>1</sup>	(Return)
Valassis Communicati	52.4%
Whitney Hldg Corp	51.5%
Webster Finl Corp Co	47.5%
Baldor Elec Co	33.8%
Wilmington Trust Cor	34.4%

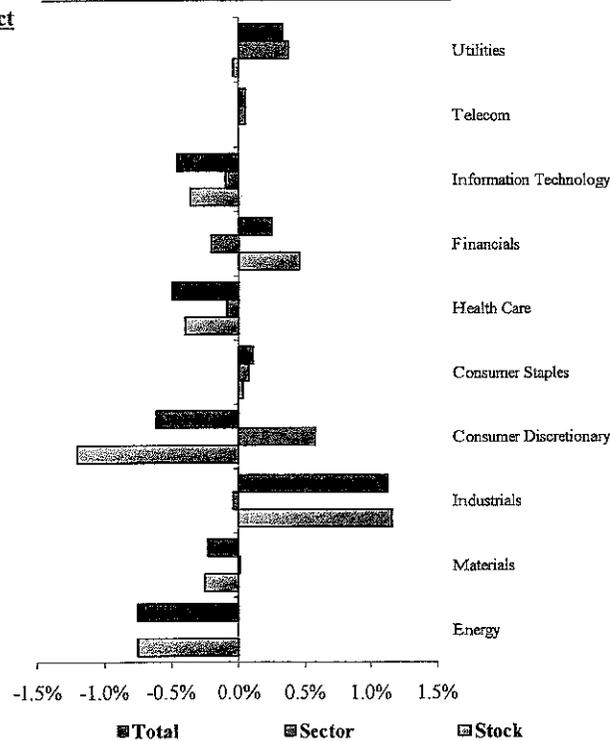
Top Five Detractors <sup>1</sup>	(Return)
Tus Inc	-13.2%
Rehabcare Group Inc	-10.4%
Carrizo Oil & Co Inc	-13.4%
Medicis Pharmaceutic	-6.8%
Horsehead Hldg Corp	-7.1%

**Sector Breakdown**

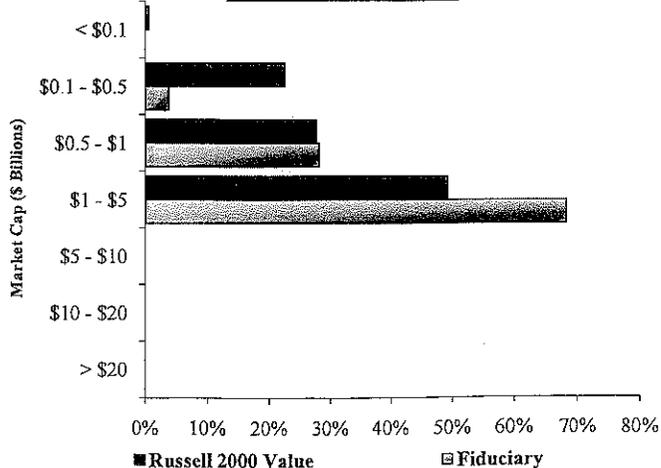


**Portfolio Attribution vs. Russell 2000 Value**

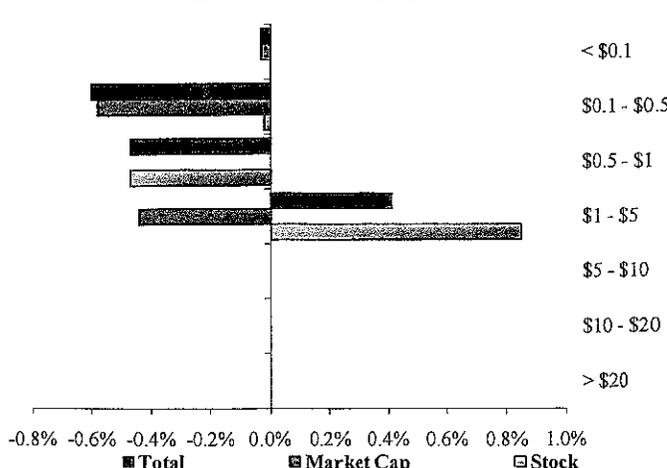
**Trading Effect**  
0.00%



**Market Cap Breakdown**



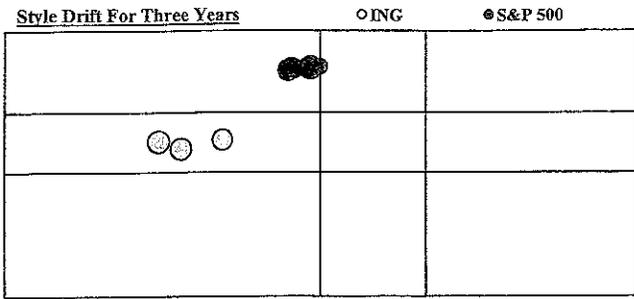
**Market Cap Attribution vs. Russell 2000 Value**



<sup>1</sup> Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.  
Prepared by Marquette Associates, Inc.

## Equity Portfolio Statistics - ING

Characteristics	ING	S&P 500
Number of Securities	101	500
Average Capitalization	\$11.2 Bil	\$84.7 Bil
Median Capitalization	\$3.8 Bil	\$9.7 Bil
Equity Yield	3.7%	1.9%
Average P/E	-157.3X	21.9X
Beta	1.11	1.00
Average P/B	1.2X	2.3X
Five Yrs Earnings Growth	1.7%	5.7%

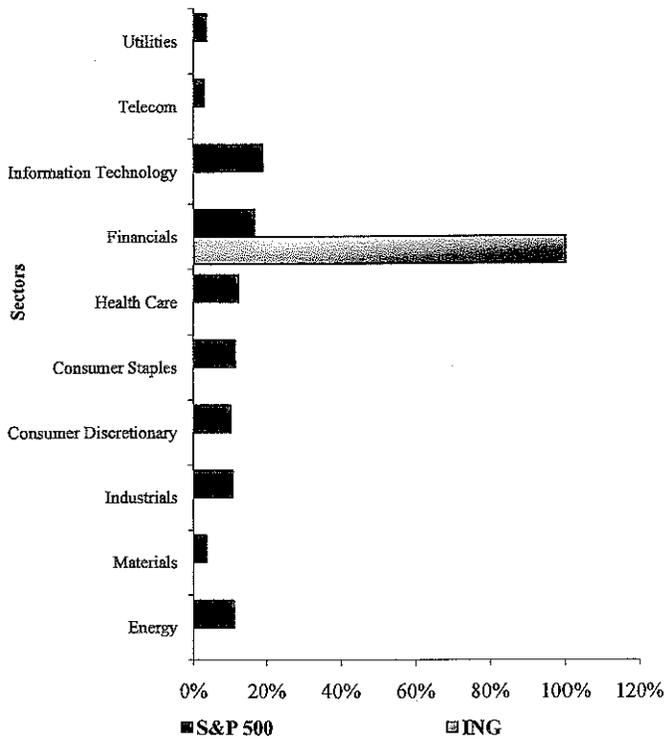


Five Largest Holdings	(Percent)
Sun Hung Kai Propert	6.6%
Mitsubishi Estate Co	3.5%
Mitsui Fudosan Co	3.4%
Westfield Group	3.1%
Cheung Kong (Holding)	3.1%
<b>Total</b>	<b>19.7%</b>

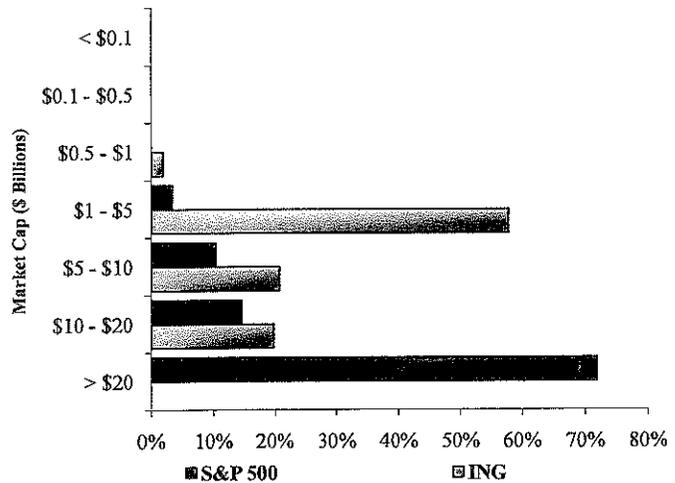
Top Five Contributors <sup>1</sup>	(Return)
Host Marriott Corp	25.6%
Equity Residential P	16.9%
Vornado Rlty Tr	9.3%
Hyatt Hotels Corp	30.7%
Starwood Hotels&Reso	27.5%

Top Five Detractors <sup>1</sup>	(Return)
Unibail-Rodamco Se	-8.0%
Land Securities Grou	-6.0%
Ascendas Real Estate	-11.7%
Norwegian Property A	-10.6%
Lend Lease Group	-8.5%

**Sector Breakdown**



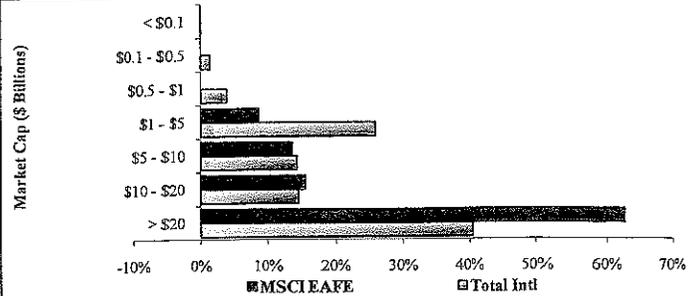
**Market Cap Breakdown**



<sup>1</sup>Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.

## International Equity Portfolio Statistics - Total Intl

Characteristics	Total Intl	MSCI EAFE
Number of Securities	854	952
Average Capitalization	\$29.9 Bil	\$50.6 Bil
Median Capitalization	\$2.5 Bil	\$6.6 Bil
Equity Yield	2.7%	3.1%
Average P/E	23.5X	25.0X
Average P/B	1.0X	1.6X
Four Yrs Earnings Growth	4.1%	5.8%

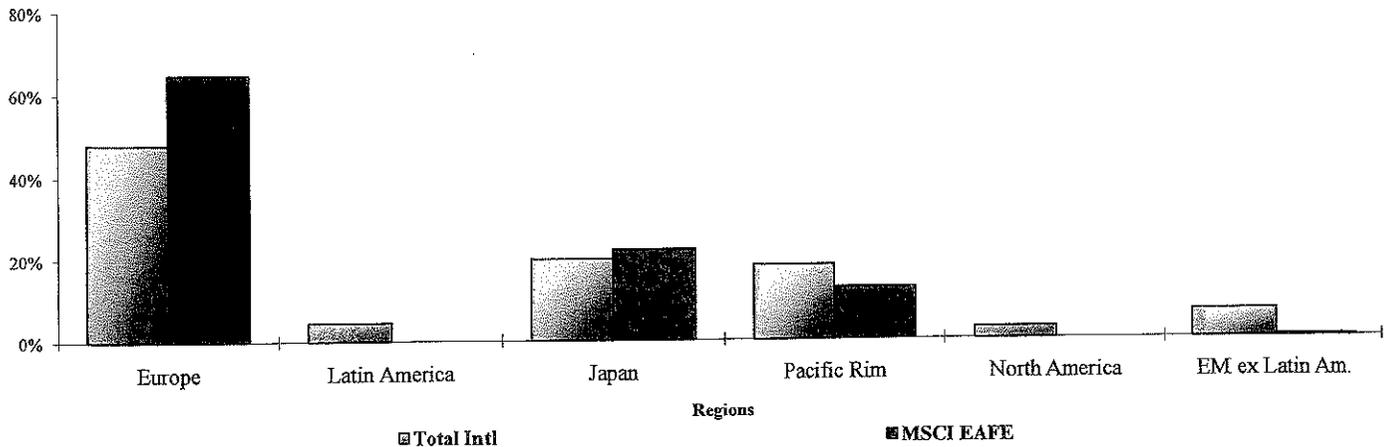


Five Largest Holdings	(Percent)
Industrial & Commerc	1.1%
Total	1.0%
Samsung Electronics	1.0%
Vale S A	1.0%
Glaxosmithkline	0.9%
<b>Total</b>	<b>4.9%</b>

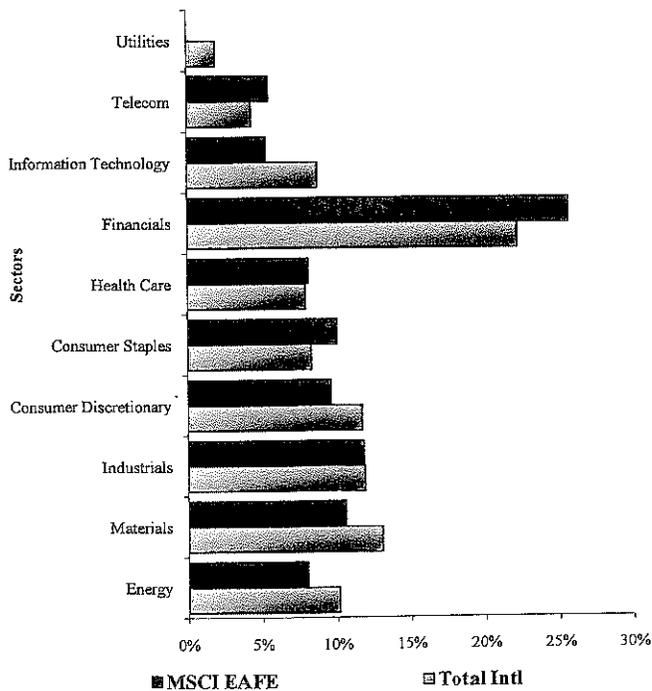
Top Five Contributors <sup>1</sup>	(Return)
Vale S A	11.9%
Mitsui & Co	20.1%
Nidec Corporation	17.3%
Zurich Financial Ser	17.2%
Keyence Corp	16.1%

Top Five Detractors <sup>1</sup>	(Return)
Prudential	-19.6%
Total	-9.9%
Banco Santander Sa	-18.9%
Industrial & Commerc	-8.2%
Bayer Ag	-15.6%

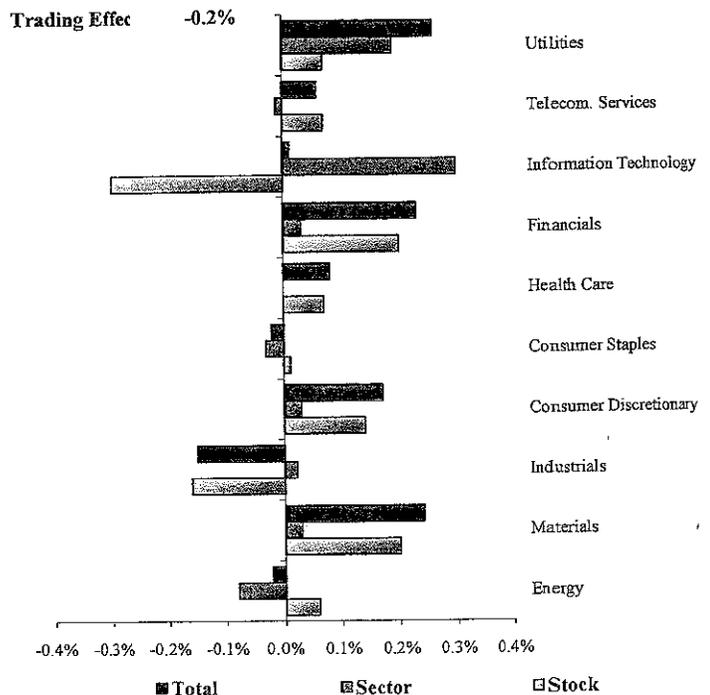
### Portfolio Regional Allocation



### Sector Breakdown



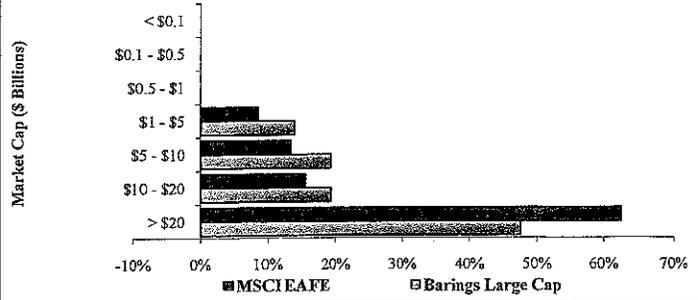
### Portfolio Attribution vs. MSCI EAFE



<sup>1</sup>Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.  
Prepared by Marquette Associates, Inc.

# International Equity Portfolio Statistics - Barings Large Cap

Characteristics	Barings Large Cap	MSCI EAFE
Number of Securities	65	952
Average Capitalization	\$28.2 Bil	\$50.6 Bil
Median Capitalization	\$16.7 Bil	\$6.6 Bil
Equity Yield	2.4%	3.1%
Average P/E	22.3X	25.0X
Average P/B	0.9X	1.6X
Four Yrs Earnings Growth	6.9%	5.8%

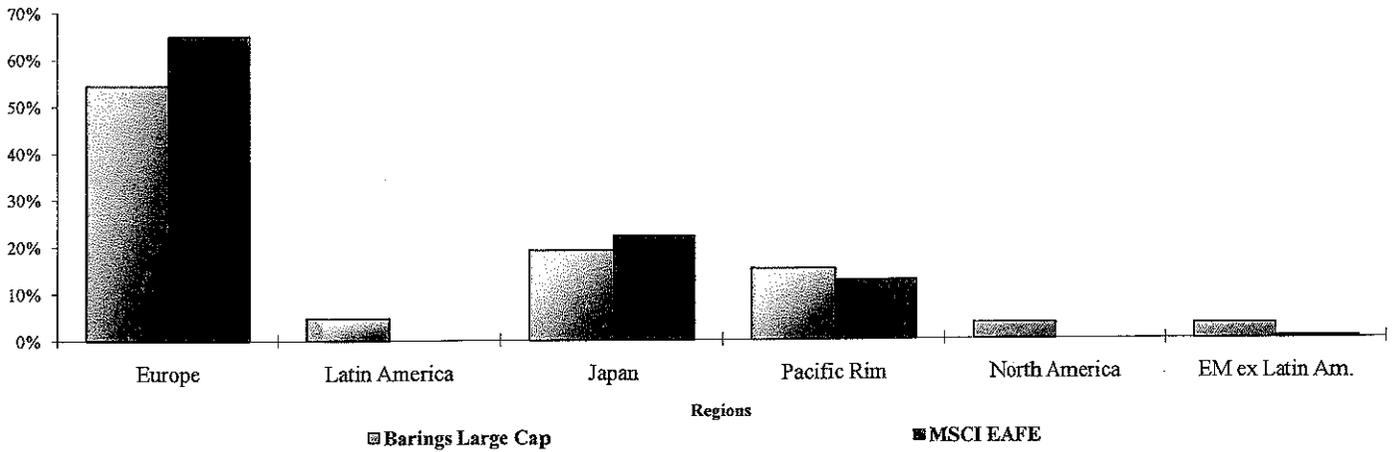


Five Largest Holdings	(Percent)
Fresenius Se	2.0%
Centamin Egypt	2.0%
Niko Resource Ltd	1.9%
Shire	1.9%
Sun Hung Kai Propert	1.8%
<b>Total</b>	<b>9.5%</b>

Top Five Contributors <sup>1</sup>	(Return)
Mitsui & Co	20.1%
Zurich Financial Ser	17.2%
Nidec Corporation	17.3%
Keyence Corp	16.1%
Niko Resource Ltd	13.8%

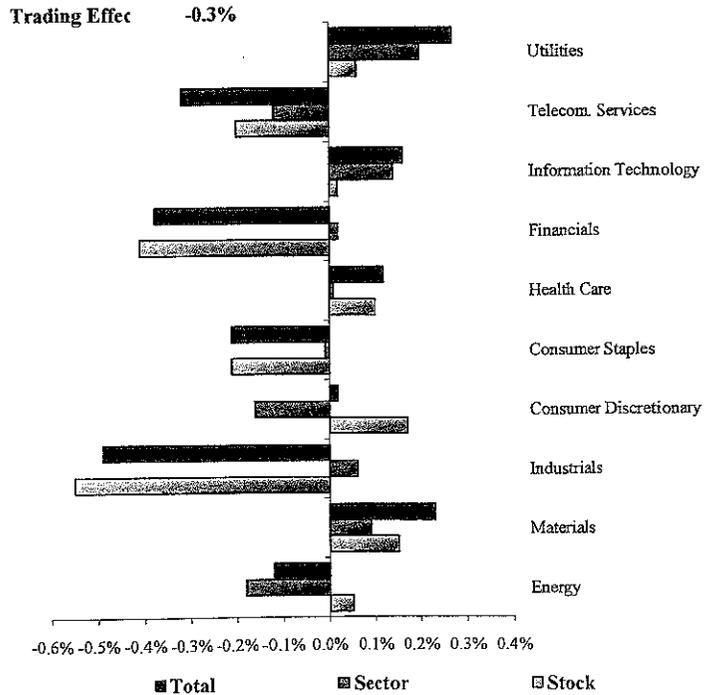
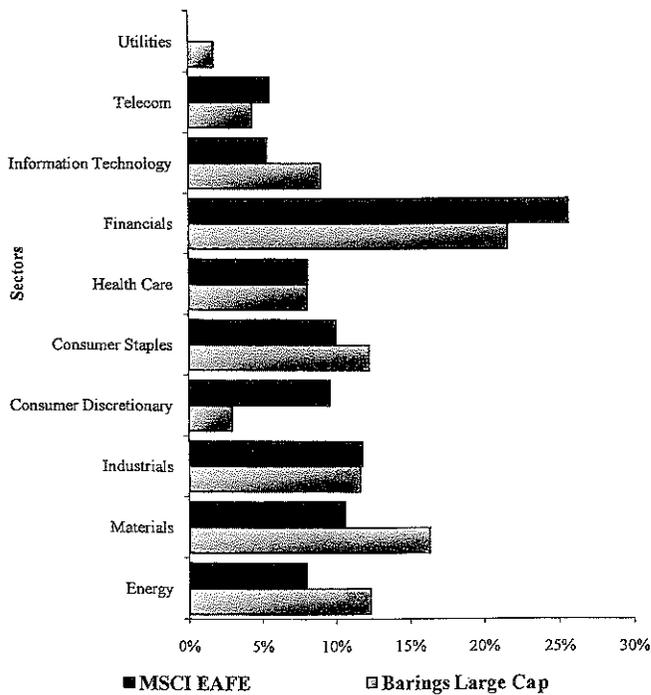
Top Five Detractors <sup>1</sup>	(Return)
Prudential	-19.6%
Bayer Ag	-15.6%
Grifols Sa	-14.5%
Telefonica Sa	-15.3%
Deutsche Boerse Ag	-10.8%

## Portfolio Regional Allocation



## Sector Breakdown

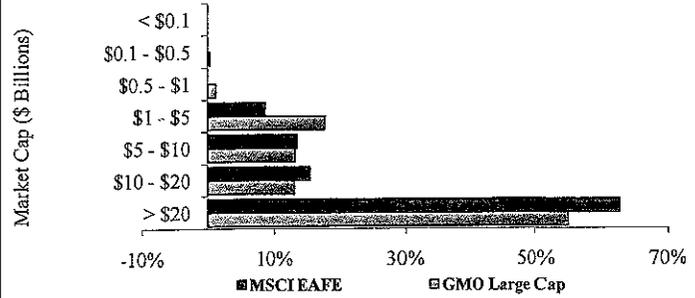
## Portfolio Attribution vs. MSCI EAFE



<sup>1</sup>Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.  
 Prepared by Marquette Associates, Inc.

## International Equity Portfolio Statistics - GMO Large Cap

Characteristics	GMO Large Cap	MSCI EAFE
Number of Securities	464	952
Average Capitalization	\$44.2 Bil	\$50.6 Bil
Median Capitalization	\$6.8 Bil	\$6.6 Bil
Equity Yield	3.3%	3.1%
Average P/E	25.5X	25.0X
Average P/B	1.0X	1.6X
Four Yrs Earnings Growth	0.1%	5.8%

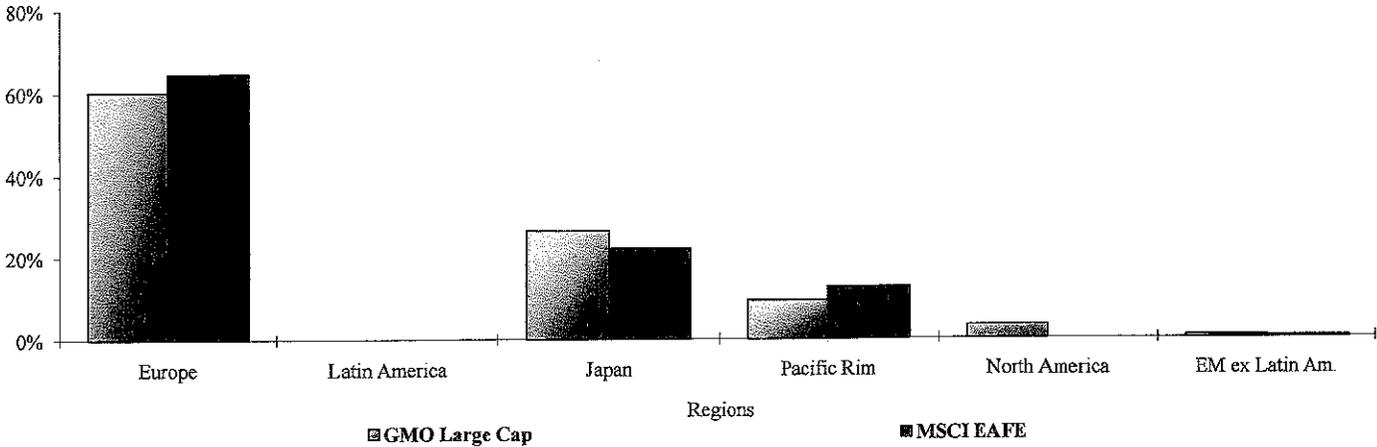


Five Largest Holdings	(Percent)
Glaxosmithkline	2.9%
Sanofi-Aventis	2.3%
Novartis Ag	2.2%
Astrazeneca	2.2%
Eni	2.0%
<b>Total</b>	<b>11.6%</b>

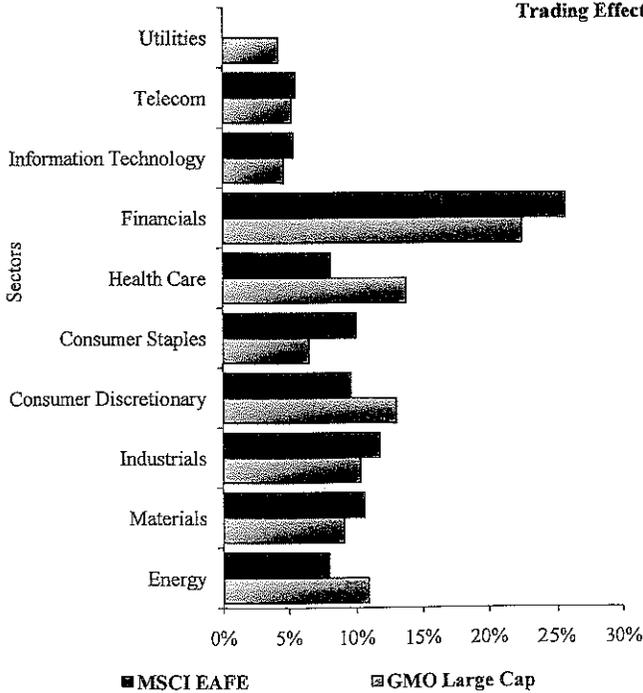
Top Five Contributors <sup>1</sup>	(Return)
Orix Corporation	33.4%
Seven & I Holdings C	20.4%
Mitsui O.S.K. Lines	37.4%
Kawasaki Kisen Kaish	40.8%
Hennes & Mauritz	17.1%

Top Five Detractors <sup>1</sup>	(Return)
Banco Santander Sa	-18.9%
Glaxosmithkline	-8.6%
Banco Bilbao Vizcaya	-25.0%
Eni	-8.0%
<b>Total</b>	<b>-9.9%</b>

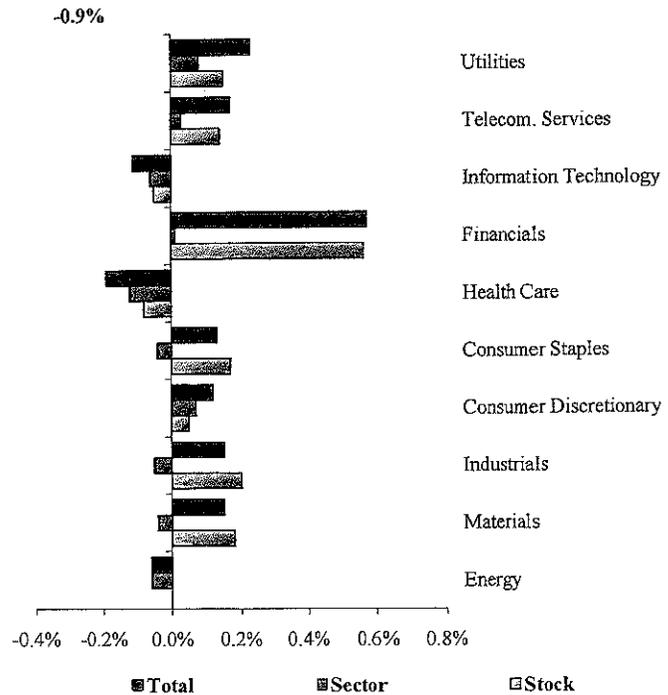
Portfolio Regional Allocation



Sector Breakdown



Portfolio Attribution vs. MSCI EAFE

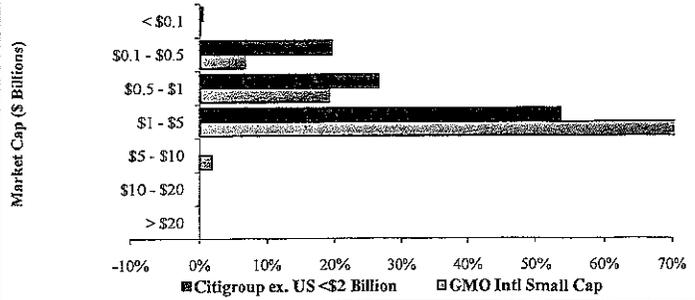


<sup>1</sup>Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.

# International Equity Portfolio Statistics - GMO Intl Small Cap

Characteristics	GMO Intl Small Cap
Number of Securities	379
Average Capitalization	\$1.7 Bil
Median Capitalization	\$1.2 Bil
Equity Yield	3.1%
Average P/E	31.2X
Average P/B	1.3X
Four Yrs Earnings Growth	-2.1%

Citigroup ex. US <\$2
4,671
\$0.9 Bil
\$0.3 Bil
2.1%
12.2X
1.3X
11.6%

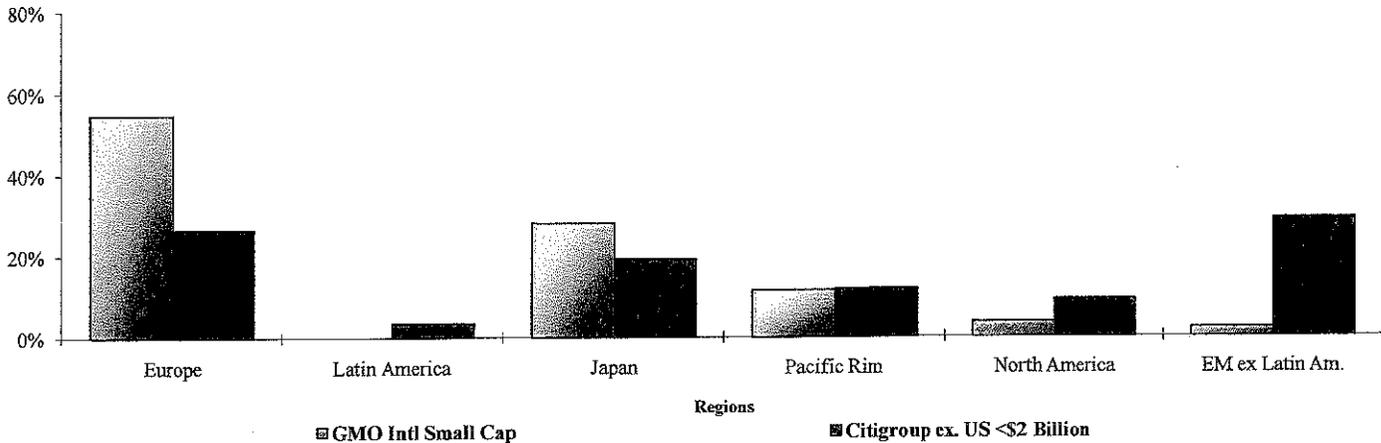


Five Largest Holdings	(Percent)
Boliden Ab	1.9%
Inchcape	1.2%
Aixtron	1.1%
Signet Jewelers Ltd	1.0%
C.S.M Nv	0.9%
<b>Total</b>	<b>6.1%</b>

Top Five Contributors <sup>1</sup>	(Return)
Johnson Electric Hld	65.6%
Prosiebensat1 Media	46.3%
Boliden Ab	11.2%
Infineon Technologie	24.9%
Nippon Light Metal C	69.4%

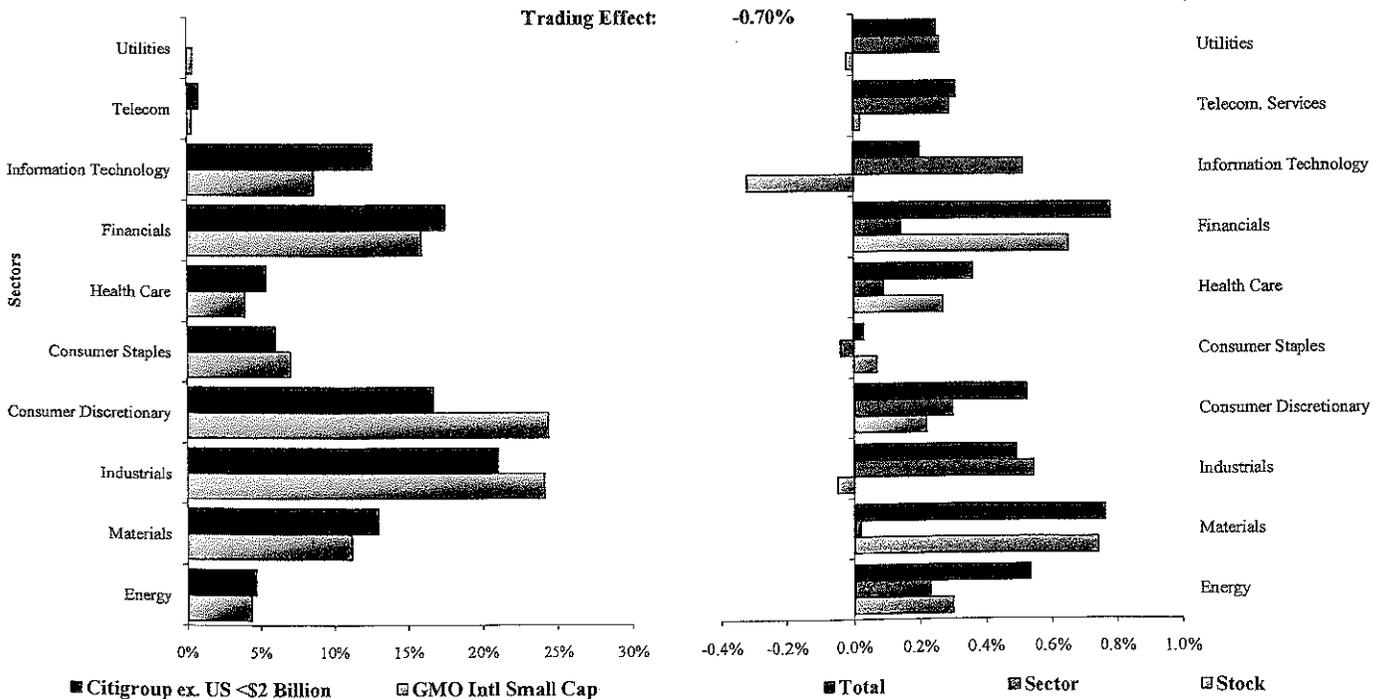
Top Five Detractors <sup>1</sup>	(Return)
Inchcape	-7.2%
Travis Perkins	-9.8%
Koninklijke Bam Groe	-25.1%
Gulliver Internati	-48.9%
Premier Foods	-16.5%

## Portfolio Regional Allocation



## Sector Breakdown

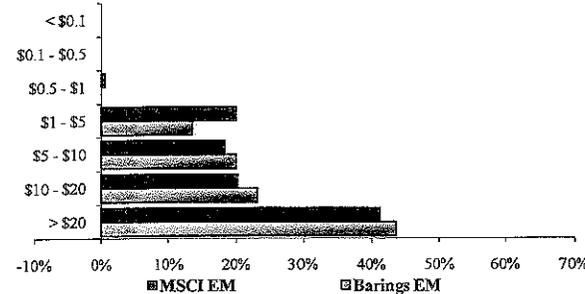
## Portfolio Attribution vs. Citigroup ex. US <\$2 Billion



<sup>1</sup>Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.  
 Prepared by Marquette Associates, Inc.

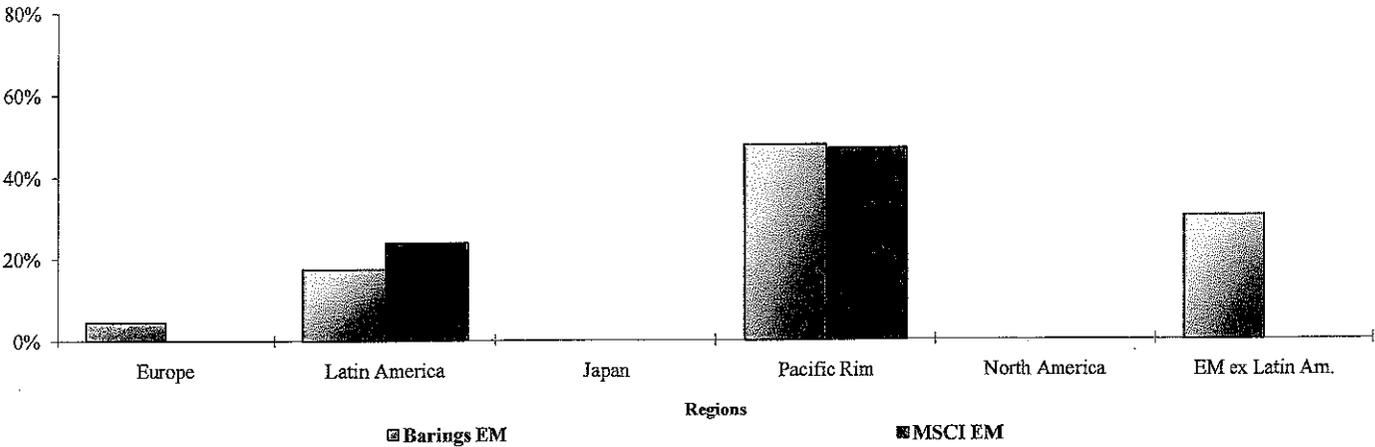
## International Equity Portfolio Statistics - Barings EM

Characteristics	Barings EM	MSCI EM	Market Cap (\$ Billions)
Number of Securities	69	770	
Average Capitalization	\$36.2 Bil	\$32.4 Bil	
Median Capitalization	\$12.9 Bil	\$4.2 Bil	
Equity Yield	1.6%	2.2%	
Average P/E	17.7X	15.5X	
Average P/B	1.0X	2.3X	
Four Yrs Earnings Growth	13.1%	16.1%	

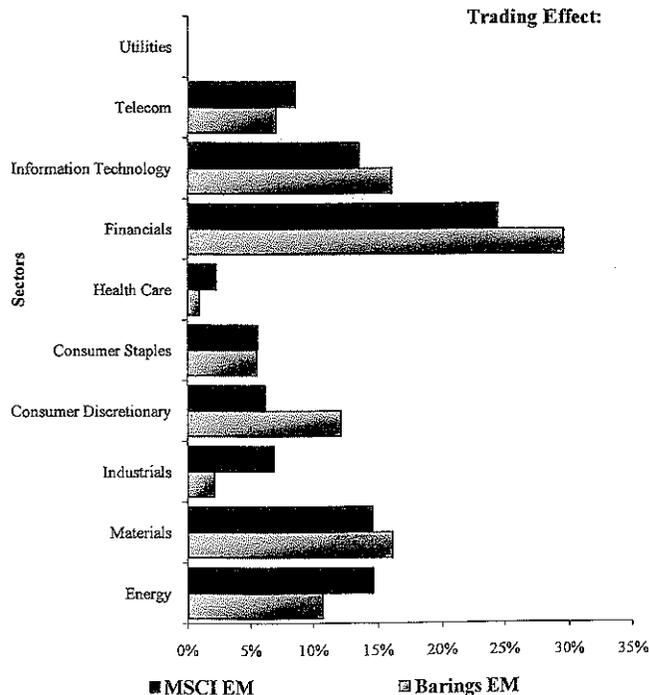
  


Five Largest Holdings	(Percent)	Top Five Contributors <sup>1</sup>	(Return)	Top Five Detractors <sup>1</sup>	(Return)
Samsung Electronics	5.8%	Vale S A	11.9%	Industrial & Commerc	-8.2%
Vale S A	5.7%	Xtep International H	41.5%	Yuanta Financial Hol	-18.4%
Industrial & Commerc	3.3%	Commercial Intl Bank	21.2%	Hyundai Mobis	-9.7%
China Construction B	3.1%	P. T. Astra Intl	24.7%	Turkiye Halk Bankasi	-9.0%
Naspers	3.1%	Samsung Electronics	5.4%	Telekomunikasi Ind	-12.1%
<b>Total</b>	<b>20.9%</b>				

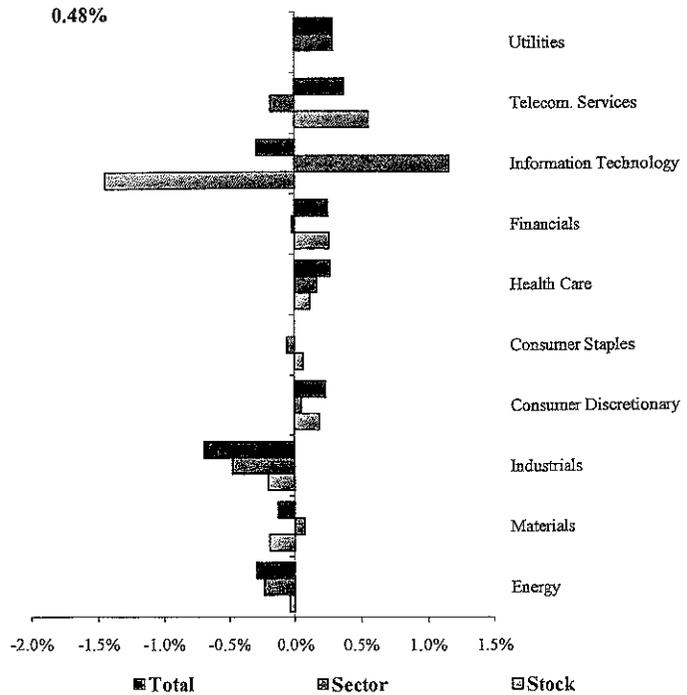
### Portfolio Regional Allocation



### Sector Breakdown



### Portfolio Attribution vs. MSCI EM



<sup>1</sup>Contributors and Detractors are ranked by holding's affect on the portfolio, based on the holding's return and weighting in the portfolio.  
Prepared by Marquette Associates, Inc.

**Estimated Annual Investment Management Fees**  
based on March 31, 2010 reported Market Values

Asset Class	Investment Manager	Fee Schedule	Expense Ratio & Estimated Annual Fee <sup>1</sup>	Industry Average <sup>2</sup>
Core Fixed Income	J.P. Morgan	0.20% on the first \$100 million 0.15% on the Balance	0.17% \$529,659	0.24%
Core Fixed Income Large-Cap Core Equity	Mellon Capital - Non Lending	0.08% on the first \$50 million 0.06% on the next \$50 million 0.04% on the next \$300 million 0.03% on the Balance	0.05% \$193,768	0.06%
Core Fixed Income	Loomis	0.20% on the first \$10 million 0.10% on the Balance	0.12% \$72,922	0.27%
High Yield Fixed Income	Loomis	0.20% on the first \$10 million 0.10% on the Balance	0.12% \$62,658	0.50%
Large-Cap Value Equity	Boston Partners	0.40% on the first \$15 million 0.30% on the next \$25 million 0.20% on the next \$25 million 0.15% on the next \$35 million 0.10% on the Balance	0.25% \$215,597	0.53%
Mid-Cap Growth Equity	Artisan Partners	0.80% on the first \$50 million 0.60% on the next \$50 million 0.50% on the Balance	0.80% \$392,338	0.85%
Mid-Cap Growth Equity	Reinhart Partners	0.60% on the first \$25 million 0.50% on the next \$25 million 0.40% on the Balance	0.55% \$259,085	0.85%
Small-Cap Value Equity	AQR	1.00% on the first \$25 million 0.85% on the next \$50 million 0.75% on the Balance	0.93% \$451,976	1.00%
Small-Cap Value Equity	Fiduciary	0.70% on the first \$10 million 0.65% on the next \$40 million 0.60% on the next \$25 million 0.50% on the Balance	0.66% \$320,191	1.00%
International Core	Barings	0.75% on the Balance	0.75% \$808,549	0.73%
International Value	GMO Large Cap Value	0.67% on the Balance	0.67% \$716,067	1.17%
International Small Core	GMO Intl Small Companies	0.75% on the Balance	0.75% \$455,243	1.68%
Emerging Markets	Barings	0.75% on the Balance	0.75% \$421,375	1.00%
Long/Short Equity	ABS	0.85% on the Balance	0.85% \$783,054	1.50%
Long/Short Equity	K2	0.90% on the Balance	0.90% \$810,000	1.50%
Real Estate REIT	ING Clarion	0.65% on the first \$50 million 0.60% on the next \$50 million 0.55% on the next \$50 million 0.50% on the next \$50 million 0.45% on the next \$50 million 0.40% on the Balance	0.65% \$282,684	1.50%
<b>Total Investment Management Fees</b>			<b>0.37%</b> <b>\$6,775,166</b>	<b>0.67%</b>
Custodian	BNY Mellon	\$50,000 Annual Fee	0.01% \$50,000	
<b>Fee Offsets</b>				
Commission Recapture	Various		-\$6,530	
<b>Total Fund</b>			<b>0.38%</b> <b>\$6,818,636</b>	

<sup>1</sup> Expense Ratio & Estimated Annual Fee are Based on Market Value at Quarter End.

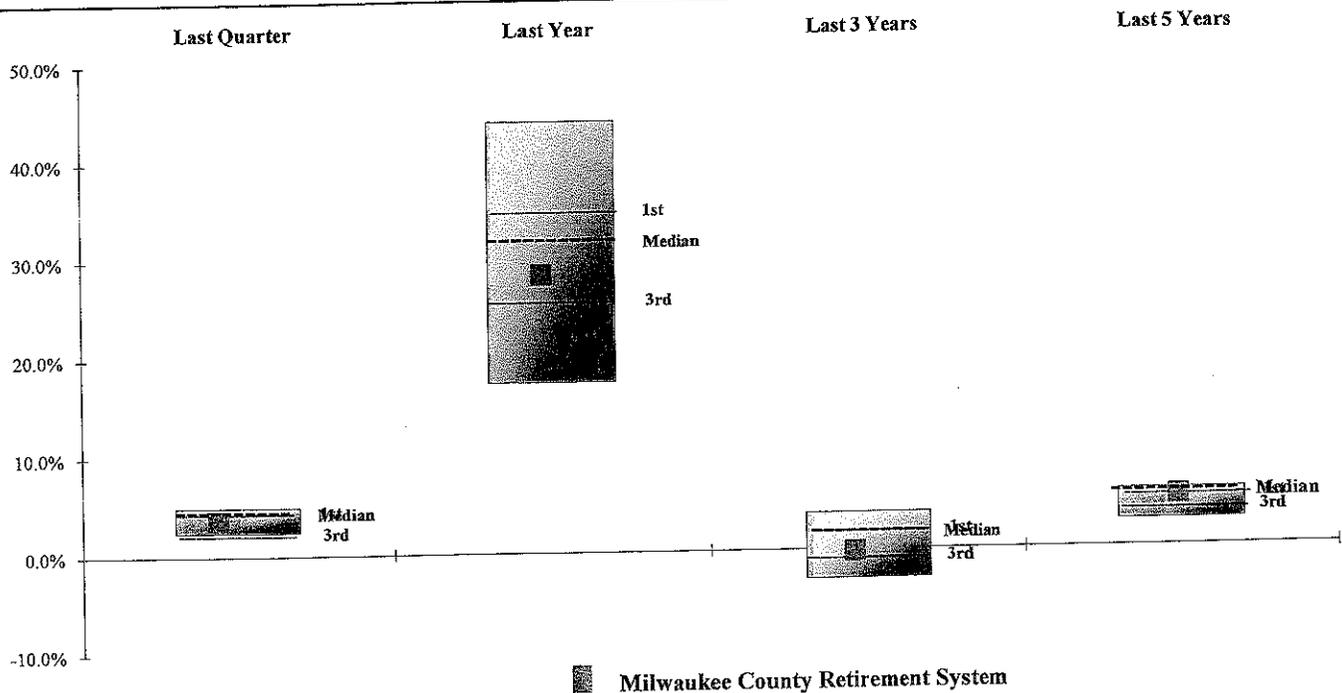
<sup>2</sup> Source: 2005 Marquette Associates Investment Management Fee Study.

# Annualized Performance (Net of Fees)

March 31, 2010

	Qtr.	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
<b>Total Fund Composite</b>	3.1%	3.1%	27.6%	-0.4%	-0.6%	2.1%	4.6%	8.5%	4.6%
<b>Benchmark</b>									
Actuarial Rate of Return	---	---	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
<b>Total Fixed Income Composite</b>	2.0%	2.0%	16.5%	7.0%	6.5%	6.8%	6.2%	6.6%	7.5%
<b>Benchmark</b>									
BarCap Aggregate	1.8%	1.8%	7.7%	5.4%	6.1%	6.3%	5.4%	4.8%	6.3%
<b>Total Domestic Equity Composite</b>	6.8%	6.8%	55.2%	-0.5%	-2.6%	0.2%	3.3%	8.7%	1.5%
<b>Benchmark</b>									
Wilshire 5000	6.0%	6.0%	52.1%	-2.9%	-3.8%	-0.3%	2.6%	7.9%	-0.1%
<b>Total International Equity Composite</b>	1.5%	1.5%	48.5%	-9.8%	-8.9%	-4.3%	-0.7%	4.6%	1.8%
<b>Benchmark</b>									
MSCI EAFE	0.9%	0.9%	55.2%	-8.6%	-6.6%	-0.4%	4.2%	12.3%	1.7%
<b>Total Long/Short Equity Composite</b>	---	---	---	---	---	---	---	---	---
<b>Benchmark</b>									
HFRX Hedged Equity	0.3%	0.3%	12.7%	-5.7%	-4.9%	-2.4%	0.2%	1.9%	3.1%
<b>Total Real Estate Composite</b>	1.9%	1.9%	76.5%	-8.6%	-11.6%	-4.3%	3.6%	10.2%	11.0%
<b>Benchmark</b>									
NAREIT Equity	10.0%	10.0%	106.7%	-7.0%	-10.6%	-3.4%	3.8%	10.5%	11.4%

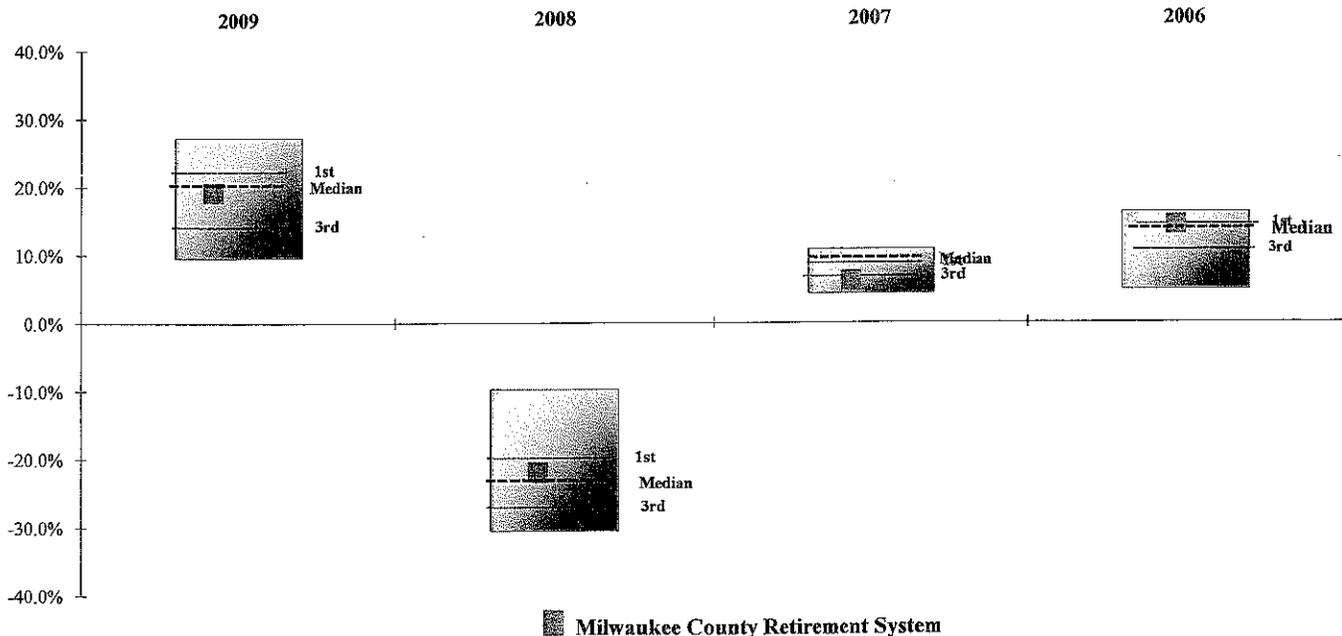
## Annualized Performance vs. Total Public Funds



## Calendar Year Performance (Net of Fees)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Total Fund Composite</b>	<b>18.4%</b>	<b>-22.6%</b>	<b>6.1%</b>	<b>13.9%</b>	<b>8.5%</b>	<b>14.1%</b>	<b>24.9%</b>	<b>-5.4%</b>	<b>-2.0%</b>	<b>-1.6%</b>
<b>Benchmark</b>										
Actuarial Rate of Return	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
<b>Total Fixed Income Composite</b>	<b>15.3%</b>	<b>-1.5%</b>	<b>6.1%</b>	<b>6.2%</b>	<b>3.0%</b>	<b>7.0%</b>	<b>12.0%</b>	<b>8.9%</b>	<b>8.8%</b>	<b>9.5%</b>
<b>Benchmark</b>										
BarCap Aggregate	5.9%	5.2%	7.0%	4.3%	2.4%	4.3%	4.1%	10.3%	8.4%	11.6%
<b>Total Domestic Equity Composite</b>	<b>32.1%</b>	<b>-37.1%</b>	<b>5.5%</b>	<b>14.1%</b>	<b>7.9%</b>	<b>15.2%</b>	<b>30.7%</b>	<b>-21.7%</b>	<b>-7.3%</b>	<b>-4.3%</b>
<b>Benchmark</b>										
Wilshire 5000	28.3%	-37.2%	5.6%	15.8%	6.4%	12.5%	31.6%	-20.9%	-11.0%	-10.9%
<b>Total International Equity Composite</b>	<b>28.9%</b>	<b>-44.2%</b>	<b>6.0%</b>	<b>13.9%</b>	<b>8.5%</b>	<b>14.0%</b>	<b>24.8%</b>	<b>-5.5%</b>	<b>-2.0%</b>	<b>-1.7%</b>
<b>Benchmark</b>										
MSCI EAFE	32.5%	-43.1%	11.6%	26.9%	14.0%	20.7%	39.2%	-15.7%	-21.2%	-14.0%
<b>Total Long/Short Equity Composite</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Benchmark</b>										
HFRX Hedged Equity	13.1%	-25.5%	3.2%	9.2%	4.2%	2.2%	14.5%	2.1%	9.0%	17.0%
<b>Total Real Estate Composite</b>	<b>35.5%</b>	<b>-38.7%</b>	<b>-16.1%</b>	<b>36.8%</b>	<b>12.8%</b>	<b>33.4%</b>	<b>37.4%</b>	<b>3.7%</b>	<b>5.9%</b>	<b>30.5%</b>
<b>Benchmark</b>										
NAREIT Equity	28.0%	-37.7%	-15.7%	35.1%	12.2%	31.6%	37.1%	3.8%	13.9%	26.4%

## Calendar Year Performance vs. Total Public Funds



# Annualized Performance (Net of Fees)

March 31, 2010

	Qtr.	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
<b>Fixed Income - Core</b>									
J.P. Morgan	1.2%	1.2%	9.3%	6.1%	6.4%	6.4%	---	---	---
Mellon Capital	1.8%	1.8%	7.3%	5.4%	6.2%	6.3%	5.5%	4.8%	6.4%
Loomis	3.8%	3.8%	30.5%	8.5%	7.6%	8.0%	6.9%	7.4%	8.8%
<b>Benchmarks</b>									
BarCap Aggregate	1.8%	1.8%	7.7%	5.4%	6.1%	6.3%	5.4%	4.8%	6.3%
<b>Fixed Income - High Yield</b>									
Loomis	5.3%	5.3%	48.1%	12.3%	7.1%	7.7%	7.8%	10.5%	9.3%
<b>Benchmarks</b>									
BarCap High Yield	4.6%	4.6%	56.2%	12.3%	6.7%	7.9%	7.8%	9.7%	7.5%
<b>Large-Cap Core Equity</b>									
Mellon Capital	5.4%	5.4%	49.8%	-3.6%	-4.1%	-0.3%	2.0%	6.9%	-0.6%
<b>Benchmarks</b>									
S&P 500	5.4%	5.4%	49.8%	-3.7%	-4.2%	-0.4%	1.9%	6.8%	-0.7%
<b>Large-Cap Value Equity</b>									
Boston Partners	6.7%	6.7%	54.2%	1.2%	-2.0%	1.9%	4.9%	10.1%	6.7%
<b>Benchmarks</b>									
Russell 1000 Value	6.8%	6.8%	53.6%	-6.0%	-7.3%	-1.8%	1.1%	7.7%	3.1%
<b>Mid-Cap Growth Equity</b>									
Artisan Partners	6.5%	6.5%	57.9%	2.1%	2.2%	2.9%	6.4%	11.1%	---
Reinhart Partners	5.9%	5.9%	42.4%	-2.1%	-3.8%	0.6%	4.6%	---	---
<b>Benchmarks</b>									
Russell MidCap Growth	7.7%	7.7%	63.0%	-0.8%	-2.0%	0.1%	4.3%	10.4%	-1.7%
<b>Small-Cap Value Equity</b>									
AQR	10.9%	10.9%	79.4%	0.3%	-5.5%	---	---	---	---
Fiduciary	8.9%	8.9%	---	---	---	---	---	---	---
<b>Benchmarks</b>									
Russell 2000 Value	10.0%	10.0%	65.1%	0.4%	-5.7%	-1.9%	2.8%	10.9%	8.9%
<b>International Large-Cap Equity</b>									
Barings	-0.1%	-0.1%	46.1%	-9.5%	---	---	---	---	---
GMO Large Cap Value	1.2%	1.2%	44.3%	-10.5%	-8.2%	-2.1%	2.9%	11.9%	6.6%
<b>Benchmarks</b>									
MSCI EAFE	0.9%	0.9%	55.2%	-8.6%	-6.6%	-0.4%	4.2%	12.3%	1.7%
<b>International Small-Cap Equity</b>									
GMO Intl Small Companies	4.5%	4.5%	---	---	---	---	---	---	---
<b>Benchmarks</b>									
Citigroup ex. US <\$2 Billion	4.9%	4.9%	81.4%	-2.9%	-2.5%	2.7%	8.3%	18.4%	8.5%
<b>Emerging Markets Equity</b>									
Barings	1.4%	1.4%	---	---	---	---	---	---	---
<b>Benchmarks</b>									
MSCI Emerging Markets	2.1%	2.1%	77.3%	-4.4%	2.8%	6.4%	13.0%	20.6%	7.3%

# Annualized Performance (Net of Fees)

March 31, 2010

	Qtr.	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
<b>Long/Short Equity</b>									
ABS	---	---	---	---	---	---	---	---	---
K2	---	---	---	---	---	---	---	---	---
<b>Benchmarks</b>									
HFRX Hedged Equity	0.3%	0.3%	12.7%	-5.7%	-4.9%	-2.4%	0.2%	1.9%	3.1%
<b>Real Estate - Equity</b>									
ING Clarion	1.9%	1.9%	76.5%	-8.6%	-11.6%	-4.3%	3.6%	10.2%	11.2%
<b>Benchmarks</b>									
NAREIT Equity	10.0%	10.0%	106.7%	-7.0%	-10.6%	-3.4%	3.8%	10.5%	11.4%

Signifies Outperformance of Benchmark

## Calendar Year Performance (Net of Fees)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Fixed Income - Core</b>										
J.P. Morgan	8.6%	4.1%	6.8%	4.4%	---	---	---	---	---	---
Mellon Capital	5.6%	5.6%	7.1%	4.3%	2.5%	4.4%	4.1%	10.2%	8.7%	11.8%
Loomis	23.1%	-8.1%	7.9%	6.7%	3.1%	7.8%	14.6%	12.5%	11.8%	11.1%
<b>Benchmarks</b>										
BarCap Aggregate	5.9%	5.2%	7.0%	4.3%	2.4%	4.3%	4.1%	10.3%	8.4%	11.6%
<b>Fixed Income - High Yield</b>										
Loomis	51.1%	-22.2%	1.8%	10.4%	4.2%	12.2%	31.0%	4.9%	6.2%	3.8%
<b>Benchmarks</b>										
BarCap High Yield	58.2%	-26.2%	1.9%	11.9%	2.7%	11.1%	29.0%	-1.4%	5.3%	-5.9%
<b>Large-Cap Core Equity</b>										
Mellon Capital	26.6%	-37.0%	5.6%	15.9%	5.0%	10.9%	28.7%	-22.0%	-11.9%	-9.0%
<b>Benchmarks</b>										
S&P 500	26.5%	-37.0%	5.5%	15.8%	4.9%	10.9%	28.7%	-22.1%	-11.9%	-9.1%
<b>Large-Cap Value Equity</b>										
Boston Partners	26.8%	-33.4%	5.1%	19.5%	11.7%	17.0%	26.1%	-19.2%	4.0%	19.8%
<b>Benchmarks</b>										
Russell 1000 Value	19.7%	-36.9%	-0.2%	22.3%	7.1%	16.5%	30.0%	-15.5%	-5.6%	7.0%
<b>Mid-Cap Growth Equity</b>										
Artisan Partners	51.1%	-43.7%	21.2%	9.6%	9.5%	15.4%	32.6%	-25.6%	-2.3%	---
Reinhart Partners	35.5%	-39.3%	6.1%	21.7%	---	---	---	---	---	---
<b>Benchmarks</b>										
Russell MidCap Growth	46.3%	-44.3%	11.4%	10.7%	12.1%	15.5%	42.7%	-27.4%	-20.2%	-11.8%
<b>Small-Cap Value Equity</b>										
AQR	30.5%	-34.5%	-10.5%	---	---	---	---	---	---	---
Fiduciary	---	---	---	---	---	---	---	---	---	---
<b>Benchmarks</b>										
Russell 2000 Value	20.6%	-28.9%	-9.8%	23.5%	4.7%	22.3%	46.0%	-11.4%	14.0%	22.8%
<b>International Large-Cap Equity</b>										
Barings	33.2%	-44.3%	---	---	---	---	---	---	---	---
GMO Large Cap Value	18.6%	-38.7%	10.0%	25.4%	14.3%	25.3%	43.5%	-0.6%	-12.1%	-1.4%
<b>Benchmarks</b>										
MSCI EAFE	32.5%	-43.1%	11.6%	26.9%	14.0%	20.7%	39.2%	-15.7%	-21.2%	-14.0%
<b>International Small-Cap Equity</b>										
GMO Intl Small Companies	---	---	---	---	---	---	---	---	---	---
<b>Benchmarks</b>										
Citigroup ex. US <\$2 Billion	62.9%	-49.2%	14.8%	23.1%	25.2%	30.0%	59.2%	-5.5%	-9.8%	-14.2%
<b>Emerging Markets Equity</b>										
Barings	---	---	---	---	---	---	---	---	---	---
<b>Benchmarks</b>										
MSCI Emerging Markets	79.0%	-53.2%	39.8%	32.6%	34.5%	26.0%	56.3%	-6.0%	-2.4%	-30.6%

## Calendar Year Performance (Net of Fees)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Long/Short Equity</b>										
ABS	---	---	---	---	---	---	---	---	---	---
K2	---	---	---	---	---	---	---	---	---	---
<b>Benchmarks</b>										
HFRX Hedged Equity	13.1%	-25.5%	3.2%	9.2%	4.2%	2.2%	14.5%	2.1%	9.0%	17.0%
<b>Real Estate Equity</b>										
ING Clarion	35.5%	-38.7%	-16.1%	36.9%	12.9%	33.8%	37.1%	3.8%	6.2%	32.1%
<b>Benchmarks</b>										
NAREIT Equity	28.0%	-37.7%	-15.7%	35.1%	12.2%	31.6%	37.1%	3.8%	13.9%	26.4%

Signifies Outperformance of Benchmark

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## Glossary

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Alpha measures nonsystematic return, or the return of the manager that cannot be attributed to the market. It can be thought of as how the manager performed if the market has no gain or loss. Marquette calculates alpha as the annualized y-intercept of the best fit line based on the ordinary least squares regression, using the market's quarterly return less the risk-free rate as the independent variable and the manager's quarterly return less the risk-free rate as the dependent variable. Marquette uses the 90-day T-Bill returns as the risk-free rate.

Beta measures the volatility of the manager. It is a measure of systematic risk, or the manager return attributable to market movements. A beta equal to 1.0 indicates a volatility level equivalent to the market. Higher betas are associated with higher volatility levels, while lower betas are associated with lower volatility levels. Marquette calculates beta as the covariance (correlation of two assets multiplied by their standard deviation) divided by the variance (standard deviation squared) of the market.

Credit Ratings are a method of evaluating the possibility of default by a bond issuer. Marquette uses ratings issued by Moody's Investors Service with the following ratings:

Aaa	Highest Quality
Aa	High Grade, High Quality
A	Upper Medium Grade
Baa	Medium Grade
Ba	Non-Investment Grade
B	Speculative
Caa	Poor to Default
Ca	Highest Speculation
C	May Be in Default

Moody's uses the numerical modifiers 1 (highest), 2, and 3 in the range from Aa1 through Ca3.

Equity yield measures the annual return of the portfolio attributable to dividends. It is determined by dividing the total amount of annual dividends per total shares by the average market price of the total stocks in the portfolio.

Market capitalization is the value of a corporation as determined by the market price of its issued and outstanding common stock. It is calculated by multiplying the number of outstanding shares by the current market price of a share.

Modified Duration is the ratio of Macaulay duration to  $(1 + y)$ , where  $y$  = the bond yield. Modified duration is inversely related to the approximate percentage change in price for a given change in yield.

Net of Fees calculations are an estimate of the performance of the total fund and individual managers after taking into account management fees. The estimate is calculated by subtracting the current estimated annual expense ratio from the historical gross of fee returns.

Price-to-Book Ratio is a measure of relative value measuring the weighted average of the individual portfolio's Price/Book ratios. The ratio is calculated by dividing the price of a stock by the book value of the company. Low Price/Book ratios are associated with value stocks and vice versa.

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## Glossary

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Price-to-Earnings Ratio is a measure of relative value measuring the weighted average of the individual portfolio's Price/Earnings ratios. The ratio is calculated by dividing the price of a stock by the last twelve months' earnings of the company. Low Price/Earnings ratios are associated with value stocks and vice versa.

R-Squared measures how closely the manager's returns track the benchmark. The closer the R-squared statistic is to 1.0, the more closely related the manager's returns are to the benchmark. A higher R-squared also increases the reliability of alpha and beta.

Sharpe Ratio measures the excess return per unit of risk. The higher the ratio, the more efficient the manager. It is the average return of the manager minus the risk-free rate, divided by the standard deviation of the differences of the two return streams.

Trading Effect assesses the total performance caused by cash flows into and out of the portfolio, in addition to all purchases and sales of securities during the quarter. This effect is calculated by subtracting the buy and hold equity return of the portfolio from the actual equity return of the portfolio for the quarter.

Yield to Worst is computed by using the lower of either the yield to maturity or the yield to call on every possible call date.

Due to current market conditions, there is general uncertainty regarding credit pricing which has resulted in significant differences between pricing sources. Marquette Associates, Inc. utilizes pricing sources it believes to be reliable; however, we can make no assurances as to their accuracy.

The sources of information used in this report are believed to be reliable. Marquette has not independently verified all of the information contained herein.

This report has been prepared and presented in compliance with the IMCA Performance Reporting Standards. It meets the mandatory requirements of those standards. IMCA has not been involved with the preparation or review of the report.



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