

**Summary of Investments**

	Total Cost	Market Value	% of Total Portfolio	Current Yield	Estimated Annual Income
<b>Cash/Cash Equivalent</b>					
CASH & CASH EQUIVALENT	39,410.54	39,410.54	2.9	0.0	3.94
<b>TOTAL Cash/Cash Equivalent</b>	<b>39,410.54</b>	<b>39,410.54</b>	<b>2.9</b>	<b>0.0</b>	<b>3.94</b>
<b>Equities</b>					
FINANCIALS	188,955.60	270,693.18	20.1	2.2	5,855.20
MATERIALS	170,756.89	234,726.75	17.4	1.2	2,880.40
ENERGY	109,431.95	224,529.20	16.7	0.6	1,339.80
INDUSTRIALS	111,683.96	182,507.25	13.6	0.7	1,368.75
HEALTH CARE	22,412.75	91,330.40	6.8	0.1	110.60
CONSUMER DISCRETIONARY	62,419.10	83,254.35	6.2	0.7	544.80
INFORMATION TECHNOLOGY	42,263.49	63,126.20	4.7	2.1	1,295.00
UTILITIES	28,380.07	62,198.40	4.6	3.1	1,934.40
CONSUMER STAPLES	42,054.57	58,113.55	4.3	3.2	1,846.90
TELECOMMUNICATION SERVICES	26,819.23	36,307.20	2.7	0.0	0.00
<b>TOTAL Equities</b>	<b>805,177.61</b>	<b>1,306,786.48</b>	<b>97.0</b>	<b>1.3</b>	<b>17,175.85</b>
<b>TOTAL Accruals</b>	<b>571.24</b>	<b>571.24</b>	<b>0.0</b>		
<b>TOTAL PORTFOLIO</b>	<b>845,159.39</b>	<b>1,346,768.26</b>	<b>100.0</b>	<b>1.3</b>	<b>17,179.79</b>

**Portfolio Performance (%) - Gross of Fees**

	Latest Month	Latest 3 Months	Year To Date	1 Year	3 Year*	5 Year*	Since Inception*
Total	1.79	13.15	13.15	25.81	N/A	N/A	29.28
RUSSELL 2500 VALUE	1.64	7.68	7.68	22.67	N/A	N/A	22.28

\*Annualized for periods more than one year

**Portfolio Appraisal**

				Average		Current		%	Current	Estimated	
	Cusip	Symbol	Quantity	Cost	Total Cost	Price	Market Value	Portfolio	Yield	Annual	
										Income	
<b>Cash/Cash Equivalent</b>											
	PRINCIPAL CASH					39,410.54		39,410.54	2.9	0.0	3.94
<b>TOTAL Cash/Cash Equivalent</b>						<b>39,410.54</b>		<b>39,410.54</b>	<b>2.9</b>	<b>0.0</b>	<b>3.94</b>
<b>Equities</b>											
<b>CONSUMER DISCRETIONARY</b>						<b>62,419.10</b>		<b>83,254.35</b>	<b>6.2</b>	<b>0.7</b>	<b>544.80</b>
	42805T105	HTZ	3,135	10.22	32,045.82	15.63	49,000.05	3.6	0.0	0.00	
	950587105	WEN	6,810	4.46	30,373.28	5.03	34,254.30	2.5	1.6	544.80	
<b>CONSUMER STAPLES</b>						<b>42,054.57</b>		<b>58,113.55</b>	<b>4.3</b>	<b>3.2</b>	<b>1,846.90</b>
	832696405	SJM	415	43.07	17,874.05	71.39	29,626.85	2.2	2.5	730.40	
	868536103	SVU	3,190	7.58	24,180.52	8.93	28,486.70	2.1	3.9	1,116.50	
<b>ENERGY</b>						<b>109,431.95</b>		<b>224,529.20</b>	<b>16.7</b>	<b>0.6</b>	<b>1,339.80</b>
	109178103	BEXP	1,510	10.62	16,042.60	37.18	56,141.80	4.2	0.0	0.00	
	28336L109	EP	2,745	8.20	22,508.64	18.00	49,410.00	3.7	0.2	109.80	
	346091705	FST	1,150	27.27	31,363.26	37.83	43,504.50	3.2	0.0	0.00	
	886423102	TDW	490	40.23	19,712.21	59.85	29,326.50	2.2	1.7	490.00	
	969457100	WMB	1,480	13.38	19,805.24	31.18	46,146.40	3.4	1.6	740.00	
<b>FINANCIALS</b>						<b>188,955.60</b>		<b>270,693.18</b>	<b>20.1</b>	<b>2.2</b>	<b>5,855.20</b>
	12621E103	CNO	6,335	4.47	28,340.96	7.51	47,575.85	3.5	0.0	0.00	
	316773100	FITB	1,665	11.22	18,685.13	13.89	23,118.53	1.7	1.7	399.60	
	42217K106	HCN	565	39.15	22,119.39	52.44	29,628.60	2.2	5.3	1,559.40	
	52602E102	LPS	1,380	30.65	42,293.23	32.19	44,422.20	3.3	1.2	552.00	
	681936100	OHI	2,005	12.78	25,630.77	22.34	44,791.70	3.3	6.6	2,967.40	
	78442P106	SLM	3,525	5.46	19,244.68	15.30	53,932.50	4.0	0.0	0.00	
	938824109	WFSL	1,570	20.79	32,641.44	17.34	27,223.80	2.0	1.4	376.80	
<b>HEALTH CARE</b>						<b>22,412.75</b>		<b>91,330.40</b>	<b>6.8</b>	<b>0.1</b>	<b>110.60</b>
	112463104	BKD	2,140	5.51	11,794.32	28.00	59,920.00	4.4	0.0	0.00	
	714290103	PRGO	395	26.88	10,618.43	79.52	31,410.40	2.3	0.4	110.60	
<b>INDUSTRIALS</b>						<b>111,683.96</b>		<b>182,507.25</b>	<b>13.6</b>	<b>0.7</b>	<b>1,368.75</b>
	343412102	FLR	555	44.61	24,760.03	73.66	40,881.30	3.0	0.7	277.50	
	462846106	IRM	1,455	21.93	31,902.70	31.23	45,439.65	3.4	2.4	1,091.25	
	884315102	TNB	1,050	24.29	25,506.08	59.47	62,443.50	4.6	0.0	0.00	
	92345Y106	VRSK	1,030	28.66	29,515.15	32.76	33,742.80	2.5	0.0	0.00	
<b>INFORMATION TECHNOLOGY</b>						<b>42,263.49</b>		<b>63,126.20</b>	<b>4.7</b>	<b>2.1</b>	<b>1,295.00</b>
	413875105	HRS	810	33.45	27,094.25	49.60	40,176.00	3.0	2.0	810.00	

**Portfolio Appraisal**

				Average		Current		%	Current	Estimated	
	Cusip	Symbol	Quantity	Cost	Total Cost	Price	Market Value	Portfolio	Yield	Annual	
										Income	
<b>Equities</b>											
<b>INFORMATION TECHNOLOGY</b>					<b>42,263.49</b>		<b>63,126.20</b>	<b>4.7</b>	<b>2.1</b>	<b>1,295.00</b>	
	KLA TENCOR	482480100	KLAC	485	31.28	15,169.24	47.32	22,950.20	1.7	2.1	485.00
<b>MATERIALS</b>					<b>170,756.89</b>		<b>234,726.75</b>	<b>17.4</b>	<b>1.2</b>	<b>2,880.40</b>	
	ASHLAND INC.	044209104	ASH	450	56.48	25,418.08	57.76	25,992.00	1.9	1.0	270.00
	CROWN HOLDINGS INC	228368106	CCK	1,395	19.08	26,615.62	38.58	53,819.10	4.0	0.0	0.00
	MEADWESTVACO CORP	583334107	MWV	1,255	16.61	20,844.21	30.33	38,064.15	2.8	3.3	1,255.00
	OWENS ILLINOIS	690768403	OI	1,200	23.65	28,383.96	30.19	36,228.00	2.7	0.0	0.00
	WEYERHAEUSER COMPANY	962166104	WY	1,581	21.52	34,016.90	24.60	38,892.60	2.9	2.4	948.60
	YAMANA GOLD, INC.	98462Y100	AUY	3,390	10.47	35,478.12	12.31	41,730.90	3.1	1.0	406.80
<b>TELECOMMUNICATION SERVICES</b>					<b>26,819.23</b>		<b>36,307.20</b>	<b>2.7</b>	<b>0.0</b>	<b>0.00</b>	
	SBA COMMUNICATIONS	78388J106	SBAC	915	29.31	26,819.23	39.68	36,307.20	2.7	0.0	0.00
<b>UTILITIES</b>					<b>28,380.07</b>		<b>62,198.40</b>	<b>4.6</b>	<b>3.1</b>	<b>1,934.40</b>	
	ONEOK INC	682680103	OKE	930	30.52	28,380.07	66.88	62,198.40	4.6	3.1	1,934.40
<b>TOTAL Equities</b>					<b>805,177.61</b>		<b>1,306,786.48</b>	<b>97.0</b>	<b>1.3</b>	<b>17,175.85</b>	
<b>Total Accruals</b>							<b>571.24</b>	<b>0.0</b>			
<b>TOTAL PORTFOLIO</b>					<b>845,159.39</b>		<b>1,346,768.26</b>	<b>100</b>	<b>1.3</b>	<b>17,179.79</b>	

**Purchases**

Trade Date	Settle Date	Quantity	Security	Price	Amount
<b>Purchases</b>					
1/12/2011	1/18/2011	3,190	SUPERVALU INC.	7.54	24,180.52
3/16/2011	3/21/2011	250	ASHLAND INC.	56.05	14,021.40
3/17/2011	3/22/2011	75	ASHLAND INC.	56.96	4,275.05
3/18/2011	3/23/2011	110	ASHLAND INC.	56.91	6,264.15
3/23/2011	3/28/2011	15	ASHLAND INC.	57.16	857.48
<b>Total Purchases</b>					<b>49,598.60</b>

**Sales**

Trade Date	Settle Date	Quantity	Security	Price	Amount
<b>Sales</b>					
1/28/2011	2/2/2011	1,960	GENWORTH FINANCIAL INC.	13.98	27,328.73
<b>Total Sales</b>					<b>27,328.73</b>

**Gains/Losses**

Sell Date	Purchase Date	Shares/ Par Value	Security	Proceeds(\$)	Cost Basis(\$)	Gains/Loss	
						Short Term(\$)	Long Term(\$)
1/28/2011	10/30/2009	925	GENWORTH FINANCIAL INC.	12,897.49	9,752.74	0.00	3,144.75
1/28/2011	12/11/2009	1,035	GENWORTH FINANCIAL INC.	14,431.24	11,024.30	0.00	3,406.94
<b>Total Realized Gains/Losses</b>				<b>27,328.73</b>	<b>20,777.04</b>	<b>0.00</b>	<b>6,551.69</b>

Income		
Pay Date	Security	Amount
1/3/2011	EL PASO CORP.	27.45
1/4/2011	FLUOR CORPORATION	69.38
1/14/2011	IRON MOUNTAIN	272.81
1/14/2011	WASHINGTON FEDERAL, INC.	94.20
1/14/2011	YAMANA GOLD, INC.	101.70
1/20/2011	FIFTH THIRD BANCORP	16.65
2/14/2011	ONEOK INC	483.60
2/15/2011	OMEGA HEALTHCARE	741.85
2/22/2011	HEALTH CARE REIT	389.85
3/1/2011	MEADWESTVACO CORP	313.75
3/1/2011	JM SMUCKER	182.60
3/1/2011	KLA TENCOR	121.25
3/15/2011	PERRIGO CO.	27.65
3/15/2011	WENDY'S/ARBY'S GROUP	136.20
3/15/2011	WEYERHAEUSER COMPANY	237.15
3/15/2011	SUPERVALU INC.	279.13
3/15/2011	TIDEWATER INC	122.50
3/17/2011	LENDER PROCESSING SERVICES	138.00
3/17/2011	HARRIS CORP.	202.50
3/28/2011	WILLIAMS COS, INC.	185.00
	<b>Total Dividends</b>	<b>4,143.22</b>
1/31/2011	January Short Term Interest	0.42
2/28/2011	February Short Term Interest	0.44
3/31/2011	March Short Term Interest	0.44
	<b>Total Cash &amp; Equivalents</b>	<b>1.30</b>
	<b>Total Income</b>	<b>4,144.52</b>

## Quarterly Commentary

Talk of the decline of US Small Cap equity has proven premature once more. Although Small cap trailed Large and Mid-cap by a good margin in January as measured by the Russell indices, the final two months of the quarter featured a solid turnaround. February 2011 delivered one of Small cap's highest February returns on record. Small cap also outperformed Large and Mid in March as well. However, it was the Russell 2500 that ended up dominating the pack. For the quarter, the Russell 2500 index returned 8.7%, outpacing the Russell 2000 index at 7.9%, the Russell Mid-Cap index at 7.6% and soundly beating the Russell 1000 index at 6.2% (the S&P 500 returned 5.9%). The trend we've seen since 2009 of Growth outperforming Value in Small Mid cap continued in the first quarter. The Russell 2500 Growth index outperformed the Value index by more than 215 bps last quarter. Specific to Small cap, the last time the Russell 2000 Growth index beat its Value brethren for three consecutive years was in the 1980s. Value would need to switch leadership positions in a meaningful way for the next 3 quarters to spoil what appears to be a potential hat trick for Growth.

While Growth continues its run, a more subtle switch in leadership appeared last quarter within the Small Mid cap space. Although 2009 and 2010 saw the smaller size companies within Small Mid cap significantly outperform, the first quarter of 2011 featured a steep reversal in this pecking order. Companies within the Russell 2500 universe with market capitalization greater than \$1 billion returned more than twice those whose market cap was less than \$500 million. Similarly, stocks trading with a stock price above \$20 per share returned more than twice those that trade with a price under \$5 per share. Given that GW Capital has focused more on quality in its portfolio construction, and holds all of its Small Mid Cap portfolio in companies greater than \$1 billion, our clients likely benefitted from this switch in leadership.

Market cap and absolute stock price statistics are interesting, but do not play the most critical role in whether GW Capital client portfolios outperform or underperform market benchmarks. With our more focused approach and added emphasis on thematic investing, sector selection and issue selection remain the factors driving our returns. For the quarter, both sector allocation and issue selection contributed to our outperformance vs. the Russell 2500 and Russell 2500 Value indices. As a manager whose process has a value tilt, we are particularly pleased to be able to outperform the Russell 2500 in an environment dominated by Growth as occurred last quarter.

Thematically, the most significant contributor to outperformance last quarter came from our substantial overweight to the Energy sector, which was the top performer in the Russell Small Midcap universe. After more than 2 years of underweighting the Consumer Discretionary sector, unfortunately to the detriment of performance returns, the portfolio finally benefited from this theme. The Consumer Discretionary sector was among the bottom three sectors in return last quarter. We continue our underweight as the primary headwinds that exist in the sector remain – stubbornly high unemployment, a depressed housing market constricting home equity, rising commodity prices and growth in the savings rate, among others. In our opinion, valuations in the sector do not reflect the impact of these headwinds. Other positive sector contributors included our underweight to Financials (when comparing to the Russell 2500 Value which has a 31% weighting), as that sector shared the bottom of the barrel with the Consumer Discretionary sector last quarter. Our emphasis on Industrials and Materials also aided as those sectors outperformed.

While Sector Allocation was a definite plus last quarter, the majority of added value came from Issue selection. The portfolio featured 19 names (out of 32 total) with an absolute positive double-digit return. Although 4 out of our 5 Energy holdings returned double-digits, overall contribution remained broad based. The portfolio featured a double-digit return stock in several of the market sectors in which the GW Capital portfolio invested. Unfortunately, as with 4th quarter 2010, the portfolio also contained a few stocks with modestly negative returns for the quarter (the worst at -5%), which has an added detraction effect when the overall market produces such a positive return. Nonetheless, in no instance was there any significant concern regarding those underperforming names that warranted being sold during the quarter.

As with the 3rd and 4th quarter of 2010, GW Capital did not facilitate much in terms of transaction activity last quarter. We bought 2 new names, a Consumer Staples company and a Chemical/Materials company. We sold outright one of our Financial Services holdings on longer-term valuation concerns.

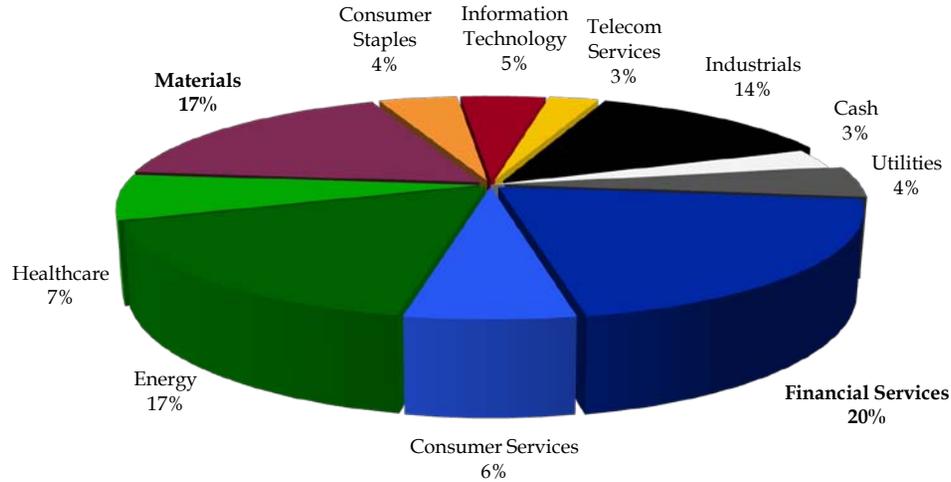
## Quarterly Commentary

Looking ahead, our same-old, same-old outlook remains. As we have for nearly 2 years, we characterize the equity market and economic recovery of being in the variety of 2 steps forward, 1 step back. The first quarter saw this encompassed well with positive strength early in the quarter, a pullback based on concerns over the Japan crisis, and strengthening again into quarter-end. Investment grade and High Yield corporate bond spreads remain in a reasonable range given the current state of the economy. The stabilization and continued show of strength in the US credit markets helps to substantiate our viewpoint and outlook. Nonetheless, we are constantly evaluating (and re-evaluating) our outlook while seeking new thematic and bottom-up opportunities.

*All views expressed in this commentary reflect the opinions and analysis of GW Capital's portfolio management team as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. Please note: circumstances within individual accounts may not align with the general commentary provided in this writing. GW Capital in no way guarantees future performance or that GW Capital's outlook will come to fruition. Although the statements of fact and data in this report have been obtained from, and are based upon, sources that the firm believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. Past performance is not a guarantee of future results. Investing in stocks entails the risks of market volatility. The value of all types of stocks may increase or decrease over varying time periods. Small-capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. Portfolios that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than portfolios that diversify among a broad range of sectors. Investors cannot invest directly in an index. The performance of unmanaged indexes reflects no deductions for fees, expenses or taxes which would affect performance of actively managed assets.*

**Sector Selection**

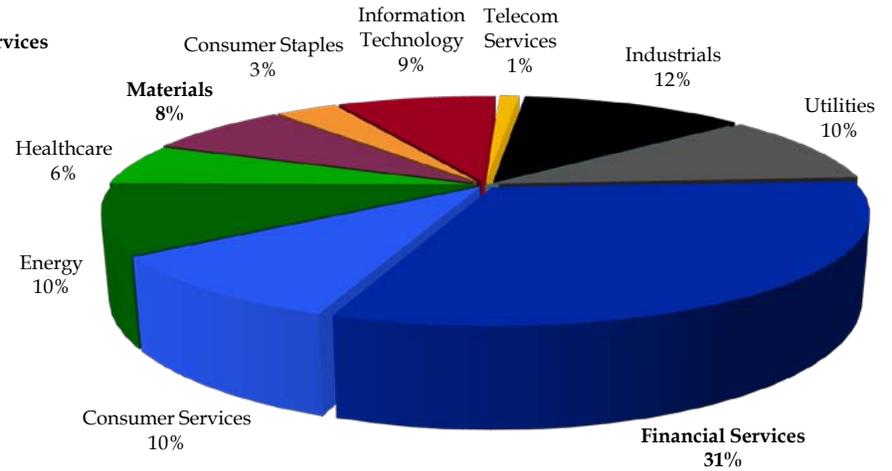
**Ormond Beach  
Police Pension Plan**



**Largest Variances vs. Russell 2500 V**

**Materials: +9%**  
**Financial Services: -11%**

**Russell 2500 Value\***



\* Source: Frank Russell Co. GICS Classification