SUMMARY OF RELEVANT FACTS
City of Ormond Beach Firefighters' Pension Plan
As of September 30, 2012

Distribution of Assets:	
Equity	
Large Cap Value	$4,167,078
Large Cap Growth	$4,211,446
Small/Mid Cap Value	$1,080,894
Small/Mid Cap Growth	$1,079,215
International Value	$774,980
International Growth	$829,982
Total Equity	$12,143,596
Fixed Income	$6,070,258
Cash (R&D Account)	$477,919
Total Portfolio	$18,691,772

Distribution by Percentages:	Policy	Current
Equity		
Large Cap Value	22.5%	22.29%
Large Cap Growth	22.5%	22.53%
Small/Mid Cap Value	5.0%	5.78%
Small/Mid Cap Growth	5.0%	5.77%
International Value	5.0%	4.15%
International Growth	5.0%	4.44%
Total Equity	65.0%	64.97%
Fixed Income	35.0%	32.48%
Cash (R&D Account)		2.56%
Total	100.0%	100.00%

RECEIPTS & DISBURSEMENT	
Total Assets (Cash)	$477,919
Gain or (Loss)	$11

GARCIA HAMILTON (Fixed Income)		
Total Assets	100.00%	$6,070,258
Fixed Income	99.57%	$6,044,286
Cash	0.43%	$25,972
Fees		($3,672)
Gain or (Loss)		$173,827

Other Important Facts:	
Total Portfolio	$18,691,772
Total Gain or (Loss) - Gross	$844,342
Total Gain or (Loss) - Net	$826,161
Total Fees	($18,181)

HGK (Large Cap Value)		
Total Assets	100.00%	$4,167,078
Equity	97.67%	$4,069,872
Cash	2.33%	$97,206
Fees		($3,700)
Gain or (Loss)		$267,924

SAWGRASS/RENAISSANCE (Large Cap Growth)		
Total Assets	100.00%	$2,148,799
Equity	0.00%	$2,082,995
Cash	0.00%	$65,804
Fees		($2,195)
Gain or (Loss)		$104,947

POLEN (Large Cap Growth)		
Total Assets	100.00%	$2,062,647
Equity	90.57%	$1,868,204
Cash	9.43%	$194,443
Fees		($2,143)
Gain or (Loss)		$94,945

GW CAPITAL (Small/Mid Cap Value)		
Total Assets	100.00%	$1,080,894
Equity	95.78%	$1,035,289
Cash	4.22%	$45,605
Fees		($1,909)
Gain or (Loss)		$64,861

PERIMETER (Small/Mid Cap Growth)		
Total Assets	100.00%	$1,079,215
Equity	97.25%	$1,049,538
Cash	2.75%	$29,677
Fees		($1,865)
Gain or (Loss)		$72,602

DELAWARE (International Value)		
Total Assets	100.00%	$774,980
Equity	94.66%	$733,628
Cash	5.34%	$41,352
Fees		($1,389)
Gain or (Loss)		$42,912

RENAISSANCE (International Growth)		
Total Assets	100.00%	$829,982
Equity	98.49%	$817,486
Cash	1.51%	$12,496
Fees		($1,309)
Gain or (Loss)		$22,313

The prices, quotes, or statistics contained herein have been obtained from sources believed to be reliable, however, its accuracy cannot be guaranteed.
Past performance is not a guarantee of future results.

BREAKDOWN OF RETURNS
City of Ormond Beach Firefighters' Pension Plan
As of September 30, 2012

Actuarial Rate of Return = 7.50%

EQUITY HGK	Your Returns (Gross-of-Fees)	Your Returns (Net-of-Fees)	Russ 1000 Value	PSN Money Mgrs.	S&P 500
Quarter	6.87	6.77	6.49	5.83	6.35
1 Year	30.35	29.88	30.90	28.06	30.20
3 Year	10.02	9.61	11.83	12.49	13.20
Since 4/30/2009	15.65	15.24	17.66	NA	18.28
Sawgrass			**Russ 1000 Growth**	**PSN Money Mgrs.**	**S&P 500**
Quarter	5.13	5.02	6.11	6.20	6.35
Since 4/30/2012	2.99	2.59	2.00	NA	2.42
Saw/Ren - 1 Year	31.88	31.04	29.19	27.44	30.20
Saw/Ren - 3 Year	11.38	10.79	14.73	12.96	13.20
Saw/Ren - 5 Year	0.44	(0.11)	3.24	2.23	1.05
Saw/Ren - Since 7/31/2007	1.51	0.97	4.28	NA	2.03
Polen			**Russ 1000 Growth**	**PSN Money Mgrs.**	**S&P 500**
Quarter	4.83	4.71	6.11	6.20	6.35
Since 4/30/2012	(0.89)	(1.00)	2.00	NA	2.42
GW Capital			**Russ 2500 Value**	**PSN Money Mgrs.**	
Quarter	6.38	6.18	5.85	5.49	
1 Year	33.56	32.60	32.15	27.02	
3 Year	16.14	15.29	13.05	12.78	
Since 10/31/2008	19.66	18.89	13.98	NA	
Perimeter			**Russ 2500 Growth**	**PSN Money Mgrs.**	
Quarter	7.21	7.01	5.22	5.39	
1 Year	30.51	29.59	29.52	26.94	
3 Year	14.41	13.58	15.17	12.87	
Since 4/30/2009	18.63	17.83	20.63	NA	
Delaware			**MSCI EAFE (Net)**	**MSCI EAFE Val**	
Quarter	5.86	5.66	6.92	7.46	
1 Year	9.67	8.85	13.76	12.59	
3 Year	2.52	1.75	2.12	(0.11)	
5 Year	(3.52)	(4.28)	(5.24)	(6.32)	
Since 7/31/05	3.72	2.94	2.78	1.90	
Renaissance			**MSCI AC Wd x US**	**MSCI EAFE Grth**	
Quarter	2.76	2.60	7.40	6.38	
1 Year	15.75	15.03	14.49	14.81	
3 Year	4.76	4.09	3.17	4.33	
Since 4/30/2009	13.00	12.33	12.07	12.20	
FIXED INCOME Garcia Hamilton			**BC Int. Govt/Credit**	**BC Int. Aggregate**	**90-Day T-Bill**
Quarter	2.95	2.88	1.40	1.36	0.02
1 Year	9.36	9.09	4.41	4.31	0.08
3 Year	6.65	6.39	5.18	5.34	0.09
5 Year	7.63	7.38	5.71	5.96	0.50
Since 9/30/03	5.99	5.71	4.62	4.94	1.75
TOTAL RETURN Combined Managers			**Policy Index**	**Composite Index**	
Quarter	4.76	4.66	4.59	4.55	
1 Year	20.41	19.89	19.34	19.21	
3 Year	8.70	8.24	9.81	9.89	
5 Year	2.45	2.03	2.76	3.74	
Since 3/31/01	4.98	4.52	5.06	5.50	
TOTAL RETURN Dollar-Weighted Net			**Actuarial Rate**	**CPI +4**	
Quarter		4.62	1.82	2.19	
1 Year		19.85	7.50	5.76	
3 Year		8.31	7.50	6.22	
5 Year		2.27	7.50	6.07	
Since 3/31/01		4.70	7.50	6.43	

Policy Index = 30% Russell 1000 Value + 30% Russell 1000 Growth + 20% BC Aggregate + 20% BC Intermediate Gov't/Credit Bonds for periods prior to June 30, 2005; 27.5% Russell 1000 Value + 27.5% Russell 1000 Growth + 10% MSCI EAFE (Net) + 17.5% BC Aggregate + 17.5% BC Intermediate Gov't/Credit Bonds for periods from June 30, 2005 to October 31, 2008; 25% Russell 1000 Value + 25% Russell 1000 Growth + 5% Russell 2500 Value + 10% MSCI EAFE (Net) + 17.5% BC Aggregate + 17.5 BC Intermediate Gov't/Credit Bonds for periods October 31, 2008 to April 30, 2009; & 22.5% Russell 1000 Value + 22.5% Russell 1000 Growth + 5% Russell 2500 Value + 5% Russell 2500 Growth + 5% MSCI EAFE (Net) + 5% MSCI AC World ex US + 35% BC Intermediate Gov't/Credit Bonds for periods since April 30, 2009

INVESTMENT POLICY CHECKLIST

Ormond Beach Firefighters' Pension Fund

As of September 30, 2012

GUIDELINES	In Compliance
Equity Portfolio	
Listed on recognized exchange	Yes
Single issue not to exceed 7% at market value for each equity separately managed portfolio	Yes
Each equity portfolio < 70% & > 60% of total fund at market value	Yes
No scrutinized companies (Sudan/Iran) held per Protecting Florida's Investments Act requirement	Yes
Fixed Income Portfolio	
U.S. Government / Agency or U.S. Corporations	Yes
Corporate Bonds rated "A" or better	Yes*
CMOs < 15% of fixed Income portfolio at market	Yes
Single corporate issuer not exceed 5% of bond portfolio	Yes
Single corporate issuer not exceed 5% of total fund	Yes

* There are asset-backed notes that were inherited from AllianceBernstein with ratings below A which are still being worked out of the portfolio as good opportunities arise. A couple of other notes contain split ratings.

OBJECTIVES	Met
Total Portfolio	
Exceed Target Index - Since 3/31/2001	No
Exceed actuarial assumption (7.5%) - Since 3/31/2001	No
HGK	
Equities > Russell 1000 Value - Since 4/30/2009	No
Rank in the Top 50% - Since 4/30/2009	No
Sawgrass	
Equities > Russell 1000 Growth - Since 4/30/2012	Yes
Rank in the Top 50% - Since 4/30/2012	Yes
Polen	
Equities > Russell 1000 Growth - Since 4/30/2012	No
Rank in the Top 50% - Since 4/30/2012	No
GW Capital	
Equities > Russell 2500 Value - Since 10/31/2008	Yes
Rank in the Top 50% - Since 10/31/2008	Yes
Perimeter	
Equities > Russell 2500 Growth - Since 4/30/2009	No
Rank in the Top 50% - Since 4/30/2009	No
Delaware	
Equities > MSCI EAFE (Net) - Since 7/31/2005	Yes
Renaissance	
Equities > MSCI AC World ex US - Since 4/30/2009	Yes
Garcia Hamilton & Associates	
Bonds > BC Intermediate Gov't/Credit - Since 3/31/2001	Yes

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Graystone Consulting

QUARTERLY PERFORMANCE EVALUATION

Prepared for:

City of Ormond Beach Firefighters' Pension Plan

As of September 30, 2012

Graystone Consulting Tampa

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  - Garcia Hamilton– Fixed Income Reports

Graystone Consulting

Graystone Consulting℠

A business of Morgan Stanley

Q3 2012

Capital Markets Overview

Introduction

- In the third quarter, equities and other risk assets surged on the back of central bank easing around the world. The U.S. Federal Reserve, the European Central Bank, the People's Bank of China, the Bank of Japan (BOJ) and the Bank of England all recently eased monetary conditions. This accommodative policy has led investors to discount the ongoing European economic crisis, slowing in China's economy and the U.S. fiscal cliff.
- The Dow Jones Industrial Average rose 5.0% for the third quarter. The NASDAQ Composite gained 6.2% for the quarter, while the S&P 500 grew 6.4% in the same period.
- Nine out of the 10 sectors of the S&P 500 advanced in the third quarter. Energy fared the best, with a 10.2% uptick. Telecommunications Services gained 8.1% and Consumer Discretionary rose 7.5%. The laggards were Industrials, which rose 3.6% and Utilities, which fell 0.5%.
- Fiscal concerns weighed on global growth expectations. Both Morgan Stanley & Co. LLC and Citi economists have lowered global economic forecasts for 2012 to 3.1% and 2.9%, respectively, from 3.5% and 3.2%. The bulk of this growth is coming from emerging markets. U.S. economic growth is expected by both firms to be around 2.1% in 2012.
- The Dow Jones-UBS Commodity index has risen 5.6% since the start of 2012. Investors bid up commodity prices in the third quarter in anticipation of a third round of Quantitative Ease (QE3), which allows the U.S. Federal Reserve to purchase billions in mortgage-backed securities in order to bring down long-term interest rates. By quarter's end, however, the Dow Jones-UBS Commodity index fell slightly, due to the renewed recognition that the slowing global economy may temper demand for oil and other industrial commodities.
- Mergers-and-acquisitions activity remained slow in the third quarter. Global M&A volume for the quarter totaled $535.5 billion, down 10.5% from the year prior. Deal activity has been depressed by global fiscal concerns.

Please refer to important information, disclosures and qualifications at the end of this material.

The U.S. Economy

- In its September 27 update, the Department of Commerce estimated that Gross Domestic Product grew at an annual rate of 1.3% in the second quarter of 2012, in comparison to 2.0% in the first quarter of 2012. Both Morgan Stanley & Co. LLC and Citi economists forecast that U.S. GDP will grow about 2.1% in 2012.
- For the quarter, the seasonally adjusted unemployment rate fell from 8.3% for July to 7.8% for September. Job gains in the quarter took place in health care, transportation and warehousing, and financial activities. The unemployment rate (7.8%) and the number of unemployed persons (12.1 million) decreased by 456,000 in September. The number of long-term unemployed (4.8 million) remained relatively unchanged in September.
- According to the most recent estimate from the Commerce Department, corporate profits rose 1.1% between the first quarter of 2012 and the second quarter of 2012, and rose 6.7% between the second quarter of 2011 and the second quarter of 2012.
- Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index remained flat in July 2012 and rose 0.6% in August 2012. Morgan Stanley & Co. LLC economists expect a 2.2% inflation rate for 2012, while Citi economists are forecasting a 1.9% rate for 2012.
- The Census Bureau reported that privately owned housing starts in August 2012 were at a seasonally adjusted annual rate of 750,000—2.3% above the revised July estimate and 29.1% above August 2011 housing starts. The one-year rise in housing starts indicates that the housing market may be in recovery mode.
- The Census Bureau also reported that seasonally adjusted retail and food services sales increased 0.9% between July and August 2012, and increased 4.7% between August 2011 and August 2012.
- In September, the Institute for Supply Management's manufacturing-sector index (PMI) was 51.5, up 1.9 from August, and up from July's 49.8. The latest PMI data indicates that the manufacturing sector has returned to expansion following three months of contraction. Overall, PMI has been above 42 for 40 consecutive months.
- The ISM Nonmanufacturing Index (NMI) rose 1.1 points to 53.7 between July and August of 2012, and rose 1.4 to 55.1 between August and September of 2012. The index has now been above 50 for 33 consecutive months.
- Generally speaking, a PMI or NMI over 50 indicates that the sector is expanding and a PMI over 42 indicates that the overall economy is expanding.

Please refer to important information, disclosures and qualifications at the end of this material.

The U.S. Equity Markets

- The Dow Jones Industrial Average rose 5.0% for the third quarter. The NASDAQ Composite gained 6.2% for the quarter, while the S&P 500 grew 6.4% in the same period.
- Nine out of the 10 sectors of the S&P 500 advanced in the third quarter. Energy fared the best, with a 10.2% uptick. Telecommunications Services gained 8.1% and Consumer Discretionary rose 7.5%. The laggards were Industrials, which rose 3.6% and Utilities, which fell 0.5%.
- Both value- and growth-style stocks rose during the third quarter, with value stocks faring slightly better, especially those of large-cap companies. Accordingly, the Russell 1000 Value index, a large-cap index, rose 6.5%, which was the best quarterly showing of the Russell indexes. The Russell 1000 index and the Russell 1000 Growth index, both large-cap indexes, rose 6.3% and 6.1%, respectively, for the quarter.
- In midcaps, the Russell Midcap Value index rose 5.8% for the quarter, while the Russell Midcap index rose 5.6%. The Russell Midcap Growth index rose 5.3% for the quarter. In small caps, the Russell 2000 Value index rose 5.7% for the quarter. The Russell 2000 index, a small-cap index, rose 5.3% for the quarter. The small-cap Russell 2000 Growth index rose 4.8%, but had the weakest showing of the quarter compared to other Russell indexes.
- Concerns about the global economy and the protracted European sovereign debt crisis drove the CBOE VIX volatility index, the so-called “fear index,” to a reading above 20 towards the end of July 2012. These concerns have agitated equity investors on and off for over a year. However, as central bank easing around the world became policy in August and September, the VIX declined. The VIX ended the third quarter at 15.7, which is a distinct contrast from its August 8, 2011 high of 48.

Key U.S. Stock Market Index Returns (%) for the Period Ending 9/28/12

	Quarter	12 Months	Five Years (Annualized)	Seven Years (Annualized)
S&P 500	6.4	30.2	1.1	4.5
Dow Jones	5.0	26.5	2.2	6.3
Russell 2000	5.3	31.9	2.2	4.7
Russell Midcap	5.6	28.0	2.2	5.4
Russell 1000	6.3	30.1	1.2	4.6

Source: MAX

Past performance is not a guarantee of future results. Investors cannot invest directly in an index. The performance of unmanaged indices reflects no deductions for fees, expenses or taxes that would affect the performance of actively managed assets.

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Global Equity Markets

- In the third quarter, emerging markets (EM) and global equities advanced. The MSCI EAFE index (a benchmark for developed markets) gained 7.0% for U.S.-currency investors and rose 4.7% for local-currency investors, as the U.S. dollar depreciated in relation to the currencies of many nations on the index. In contrast, in the second quarter of 2012, the MSCI EAFE index fell 6.9% in U.S. dollars and fell 5.1% in local currency.
- For the third quarter, the MSCI Emerging Markets index advanced 7.9% for U.S.-currency investors and rose 6.1% for local-currency investors, as the U.S. dollar depreciated in relation to many emerging-market currencies. This contrasts with the previous quarter, when the MSCI Emerging Markets index was down 8.8% for U.S.-dollar based investors and fell 5.1% for local-currency investors.
- The MSCI Europe index rose 8.8% for U.S.-currency investors and 6.5% for local-currency investors during the third quarter. In comparison, the MSCI Far East index gained 1.5% for the quarter in terms of the dollar, but fell 0.8% in terms of local currencies.
- More-specific emerging-economy equity market indices also grew in the third quarter. The MSCI BRIC (Brazil, Russia, India and China) index rose 7.0% for the quarter in U.S. dollars and 5.7% in local currencies. In comparison, for the third quarter, the MSCI EM Asia index advanced 8.9% in U.S.-dollar terms and 6.6% in local terms.

Key Global Equity Market Indices Based on the U.S. Dollar (%) for the Period Ending 9/28/12

	Quarter	12 Months	Five Years (Annualized)	Ten Years (Annualized)
MSCI EAFE	7.0	14.3	(4.8)	8.7
MSCI EAFE Growth	6.4	15.2	(3.9)	8.2
MSCI EAFE Value	7.6	13.4	(5.7)	9.1
MSCI Europe	8.8	18.1	(5.1)	9.4
MSCI Japan	(0.8)	(1.5)	(6.4)	3.9
MSCI Emerging Markets	7.9	17.3	(1.0)	17.4

Source: MSCI Barra

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The U.S. Bond Market

- Accommodative central bank policy fueled a rally in riskier parts of the bond market, including high yield debt and corporate credit. Even the benchmark 10-year Treasury benefited as yields fell (and prices rose) to 1.64%, which is near its all-time low.
- The Barclays Capital U.S. Aggregate Bond index, a general measure of the fixed-income market, rose 1.6% for the third quarter. In contrast, the Barclays Capital High Yield index, a measure of lower-rated corporate bonds, rose 4.5% for the quarter.
- Despite a renewed appetite for risk, investors remained wary of mortgage-backed securities in the third quarter. Consequently, the Barclays Capital Mortgage Backed index rose just 1.1% for the quarter.
- During the third quarter, investors looked past the negative headlines about state and local government finances, which proved to be a boon to the municipal-bond market. As a result, the Barclays Capital Muni index was up 2.3% for the third quarter, besting its 1.9% rise in the second quarter.

U.S. Bond Market Index Returns (%) for the Period Ending 9/28/12

	Quarter	12 Months	Five Years (Annualized)	Seven Years (Annualized)
Barclays Capital U.S. Aggregate	1.6	5.2	6.5	5.9
Barclays Capital High Yield	4.5	19.4	9.3	8.9
Barclays Capital Govt/Credit	1.7	5.7	6.6	5.9
Barclays Capital Government	0.6	3.0	6.0	5.6
Barclays Capital Intermediate Govt/Credit	1.4	4.4	5.7	5.4
Barclays Capital Long Govt/Credit	3.1	11.1	10.9	8.6
Barclays Capital Mortgage Backed Securities	1.1	3.7	6.4	5.9
Barclays Capital Muni	2.3	8.3	6.1	5.4

Source: MAX

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The performance of unmanaged indices reflects no deductions for fees, expenses or taxes that would affect the performance of actively managed assets.

INDEX DESCRIPTIONS:

DOW JONES INDUSTRIAL AVERAGE: The most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue-chip stocks, primarily industrials. The 30 stocks are chosen by the editors of the *Wall Street Journal* (WSJ) (which is published by Dow Jones & Company), a practice that dates back to the beginning of the century. Charles Dow officially started the Dow in 1896, at which time it consisted of only 11 stocks. The Dow is computed using a price-weighted indexing system, rather than the more common market cap-weighted indexing system. Simply put, the editors at WSJ add up the prices of all the stocks and then divide by the number of stocks in the index. (In actuality, the divisor is much higher today in order to account for stock splits that have occurred in the past.) **DOW JONES-UBS COMMODITY INDEX:** Composed of futures contracts on physical commodities which are traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc, which trade on the London Metal Exchange (LME). **NASDAQ COMPOSITE INDEX:** Covers 4,500 stocks traded over the counter. It represents many small company stocks but is heavily influenced by about 100 of the largest NASDAQ stocks. It is a value-weighted index calculated on price change only and does not include income. **S&P 500 INDEX:** Covers 400 industrial, 40 utility, 20 transportation and 40 financial companies in the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market cap and 30% of NYSE issues. It is a capitalization-weighted index calculated on a total-return basis with dividends reinvested. **RUSSELL 1000 INDEX:** Measures the performance of the 1,000 largest companies in the Russell 3000 index, which represents approximately 89% of the total market capitalization of the Russell 3000 index. As of the latest reconstitution, the average market capitalization was approximately $9.9 billion; the median market capitalization was approximately $3.7 billion. The smallest company in the index had an approximate market capitalization of $1,404.7 million. **RUSSELL 1000 GROWTH INDEX:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 1000 VALUE INDEX:** Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 2000 INDEX:** Measures the performance of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 11% of the total market capitalization of the Russell 3000 index. As of the latest reconstitution, the average market capitalization was approximately $592.0 million; the median market capitalization was approximately $500.0 million. The largest company in the index had an approximate market capitalization of $1,402.7 million. **RUSSELL 2000 GROWTH INDEX:** Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 2000 VALUE INDEX:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 3000 INDEX:** Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. **RUSSELL MIDCAP INDEX:** Measures the performance of the 800 smallest companies in the Russell 1000 index, which represent approximately 35% of the total market capitalization of the Russell 1000 index. As of the latest reconstitution, the average market capitalization was approximately $3.7 billion; the median market capitalization was approximately $2.9 billion. The largest company in the index had an approximate market capitalization of $10.3 billion. **RUSSELL MIDCAP GROWTH INDEX:** Russell Midcap Growth index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index. An investment cannot be made directly in a market index. **RUSSELL MIDCAP VALUE INDEX:** Measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index. An investment cannot be made directly in a market index. **VIX INDEX:** (Chicago Board Options Exchange Volatility Index) Estimates volatility in the S&P 500 index for the next 30 days using a weighted blend of prices for various options on the S&P 500 index.

THE BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX: A broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasurys, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. **BARCLAYS CAPITAL GOVERNMENT INDEX:** Barclays Capital Treasury bond and agency bond indices (all publicly issued debt of agencies of the U.S. government, quasi-federal corporations and corporate debt guaranteed by the U.S. government, but no mortgage-backed securities) are combined to form the government bond index. **BARCLAYS CAPITAL U.S. INTERMEDIATE GOVERNMENT/CREDIT BOND INDEX:** The Barclays Capital U.S. Intermediate Government/Credit Bond index is a total return index consisting of investment-grade corporate debt issues as well as debt issues of U.S. government agencies and the U.S. Treasury. The debt issues all maintain maturities within a range of one to 10 years. An investment cannot be made directly in a market index. **BARCLAYS CAPITAL HIGH YIELD INDEX:** The Barclays Capital U.S. High Yield index covers the universe of fixed rate, non-investment-grade debt. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Mexico, Venezuela, etc.) are excluded, but Yankee and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes and step-up coupon structures are also included. Liquidity Rules: All bonds included in the High Yield index must be dollar-denominated and nonconvertible and have at least one year remaining to maturity and an outstanding par value of at least $150 million. Quality Rating Rules: Securities in the index must be rated Ba1 or lower. If both Moody's and S&P provide a rating for a security, the lower of the two ratings is used. A small number of unrated bonds are included in the index; to be eligible they must have previously held a high yield rating or have been associated with a high yield issuer, and must trade accordingly. Components: The index has several subcomponents. Intermediate indices include bonds with remaining maturities of less than 10 years; long indices include bonds with remaining maturities of 10 years or more. The index also has subdivisions by credit quality, and subindices are available that exclude securities in default. **BARCLAYS CAPITAL MUNI INDEX:** The composite measure of the total return performance of the muni-bond market. The muni market contains over two million bond issues. The market is divided into seven major sectors: state G.O. debt (31%), prerefunded bonds (7.7%); electric-utility revenue bonds (7.79%); hospital revenue bonds (3.4%); state-housing revenue bonds (3.4%); industrial-development and /pollution-control revenue bonds (1.8%); and transportation revenue bonds (7.1%). These weightings are reviewed annually. **BARCLAYS CAPITAL GOVT/CREDIT INDEX:** The U.S. Government/Credit index is the nonsecuritized component of the U.S. Aggregate index and was the first macro index launched by Barclays Capital. The U.S. Government/Credit index includes Treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year), government-related issues (i.e., agency, sovereign, supranational and local-authority debt) and U.S. dollar corporates. In order to qualify for inclusion in the U.S. Government/Credit index, a bond or security must have at least one year to maturity; at least $250 million par amount outstanding; must be rated Baa3 by Moody's, BBB- by Standard & Poor's, and BBB- by Fitch Investor Service; must be fixed rate, although it can carry a coupon that steps up; and it must be U.S.-dollar denominated. **BARCLAYS CAPITAL LONG GOVERNMENT/CREDIT INDEX:** Composed of all bonds covered by BARCLAYS CAPITAL GCB index with maturities of 10 years or greater. Total return comprises price appreciation/depreciation and income as a percent of the original investment. Indices are rebalanced monthly by market capitalization. **BARCLAYS CAPITAL MORTGAGE BACKED SECURITIES INDEX:** Includes all fixed securities issued and backed by mortgage pools of Ginnie Mae (GNMA), Fannie Mae (FNMA), Freddie Mac (FHLMC) and half-coupon securities. The index excludes buydowns, graduated equity mortgages (GEM), project loans, nonagency (whole loans),

jumbos, collateralized mortgage obligations (CMOs), graduated payment mortgages (GPMs), adjustable rate mortgages (ARMs), manufactured home mortgages and prepayment-penalty collateral. Formed by grouping the universes of over one million individual fixed-rate MBS pools into approximately 5,500 generic aggregates. Pool aggregates must be U.S.-dollar denominated, have at least $250 million current outstanding and average weighted life of at least one year.

MSCI EUROPE, AUSTRALASIA AND THE FAR EAST (EAFE) INDEX: A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. **MSCI EUROPE INDEX:** A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in Europe. As of June 2007, the index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits. **MSCI JAPAN INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Japan. **MSCI EAFE GROWTH INDEX:** A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The MSCI Global Value and Growth Indices cover the full range of developed, emerging and All Country MSCI International Equity Indices across all size segmentations. MSCI Barra uses a two-dimensional framework for style segmentation in which value and growth securities are categorized using a multifactor approach, which uses three variables to define the value investment-style characteristics and five variables to define the growth investment-style characteristics, including forward-looking variables. The objective of the index design is to divide constituents of an underlying MSCI Equity index into respective value and growth indices, each targeting 50% of the free float-adjusted market capitalization of the underlying market index. **MSCI EAFE VALUE INDEX:** A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The MSCI Value and Growth Indices cover the full range of developed, emerging and All Country MSCI Equity Indices. As of the close of May 30, 2003, MSCI implemented an enhanced methodology for the MSCI Global Value and Growth Indices, adopting a two-dimensional framework for style segmentation in which value and growth securities are categorized using different attributes: three for value and five for growth including forward-looking variables. The objective of the index design is to divide constituents of an underlying MSCI Standard Country index into a value index and a growth index, each targeting 50% of the free float-adjusted market capitalization of the underlying country index. Country Value/Growth indices are then aggregated into regional value/growth indices. Prior to May 30, 2003, the indices used price/book value (P/BV) ratios to divide the standard MSCI country indices into value and growth indices. All securities were classified as either “value” securities (low P/BV securities) or “growth” securities (high P/BV securities), relative to each MSCI country index. **MSCI FAR EAST INDEX:** A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in the Far East. As of March 2010, the index consists of the following three developed country indices: Japan, Hong Kong, and Singapore. **MSCI EMERGING MARKETS INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of May 27, 2010, the index consisted of the following 21 emerging-market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. **MSCI BRIC INDEX:** A free-float-adjusted market capitalization index that measures equity market performance in larger emerging markets. The index consists of the following emerging-market country indices: Brazil, Russia, India and China. **MSCI EM ASIA INDEX:** A free-float-adjusted market capitalization index that measures equity market performance in emerging markets in Asia. The index consists of the following emerging-market country indices: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand.

DISCLOSURES

Although the statements of fact and data in this report have been obtained from, and are based upon, sources the firm believes reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment 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. This report may contain forward-looking statements, and there can be no guarantee that they will come to pass. Past performance is not a guarantee of future results.

The indices are unmanaged, and an investor cannot invest directly in an index. The indices are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns consist of income and capital appreciation (or depreciation) and do not take into account fees, taxes or other charges. Such fees and charges would reduce performance. Index performance is calculated on a total return basis and assumes that dividends and distributions were reinvested.

To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. These risks may be magnified in **emerging markets**. International investing may not be for everyone. **Value investing** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Small- and mid-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. **Bonds** are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer. With respect to fixed income securities, please note that, in general, as prevailing interest rates rise, fixed income securities prices fall. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.

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Capital Markets Overview

THIRD QUARTER 2012

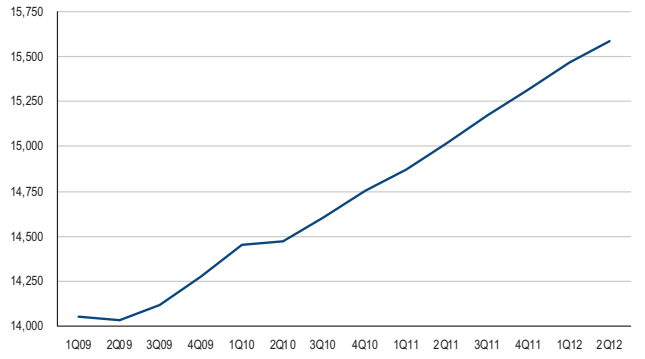
Introduction

- In the third quarter, equities and other risk assets surged on the back of central bank easing around the world. The U.S. Federal Reserve, the European Central Bank, the People's Bank of China, the Bank of Japan (BOJ) and the Bank of England all recently eased monetary conditions. This accommodative policy has led investors to discount the ongoing European economic crisis, slowing in China's economy and the U.S. fiscal cliff.
- The Dow Jones Industrial Average rose 5.0% for the third quarter. The NASDAQ Composite gained 6.2% for the quarter, while the S&P 500 grew 6.4% in the same period.
- Nine out of the 10 sectors of the S&P 500 advanced in the third quarter. Energy fared the best, with a 10.2% uptick. Telecommunications Services gained 8.1% and Consumer Discretionary rose 7.5%. The laggards were Industrials, which rose 3.6% and Utilities, which fell 0.5%.
- Fiscal concerns weighed on global growth expectations. Both Morgan Stanley & Co. LLC and Citi economists have lowered global economic forecasts for 2012 to 3.1% and 2.9%, respectively, from 3.5% and 3.2%. The bulk of this growth is coming from emerging markets. U.S. economic growth is expected by both firms to be around 2.1% in 2012.
- The Dow Jones-UBS Commodity index has risen 5.6% since the start of 2012. Investors bid up commodity prices in the third quarter in anticipation of a third round of Quantitative Ease (QE3), which allows the U.S. Federal Reserve to purchase billions in mortgage-backed securities in order to bring down long-term interest rates. By quarter's end, however, the Dow Jones-UBS Commodity index fell slightly, due to the renewed recognition that the slowing global economy may temper demand for oil and other industrial commodities.
- Mergers-and-acquisitions activity remained slow in the third quarter. Global M&A volume for the quarter totaled $535.5 billion, down 10.5% from the year prior. Deal activity has been depressed by global fiscal concerns.

The U.S. Economy

In its September 27 update, the Department of Commerce estimated that Gross Domestic Product grew at an annual rate of 1.3% in the second quarter of 2012, in comparison to 2.0% in the first quarter of 2012. Both Morgan Stanley & Co. LLC and Citi economists forecast that U.S. GDP will grow about 2.1% in 2012.

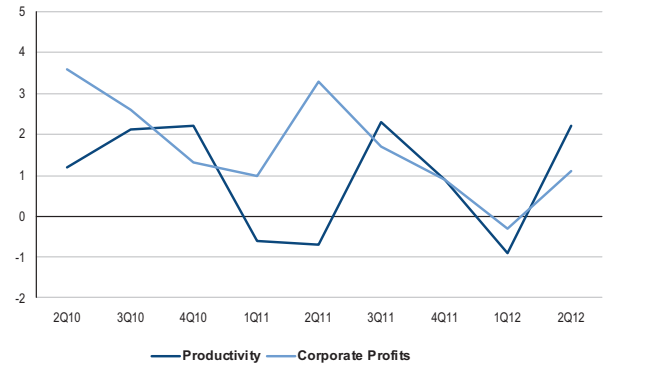
U.S. Real GDP in $US Bn



Source: U.S. Dept. of Commerce, 27 September 2012

For the quarter, the seasonally adjusted unemployment rate fell from 8.3% for July to 7.8% for September. Job gains in the quarter took place in health care, transportation and warehousing, and financial activities. The unemployment rate (7.8%) and the number of unemployed persons (12.1 million) decreased by 456,000 in September. The number of long-term unemployed (4.8 million) remained relatively unchanged in September.

% Change in Productivity and Corporate Profits



Source: U.S. Bureau of Labor Statistics and U.S. Dept. of Commerce, 27 September 2012

According to the most recent estimate from the Commerce Department, corporate profits rose 1.1% between the first quarter of 2012 and the second quarter of 2012, and rose 6.7% between the second quarter of 2011 and the second quarter of 2012.

Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index remained flat in July 2012 and rose 0.6% in August 2012. Morgan Stanley & Co. LLC economists expect a 2.2% inflation rate for 2012, while Citi economists are forecasting a 1.9% rate for 2012.

The Census Bureau reported that privately owned housing starts in August 2012 were at a seasonally adjusted annual rate of 750,000—2.3% above the revised July estimate and 29.1% above August 2011 housing starts. The one-year rise in housing starts indicates that the housing market may be in recovery mode.

The Census Bureau also reported that seasonally adjusted retail and food services sales increased 0.9% between July and August 2012, and increased 4.7% between August 2011 and August 2012.

In September, the Institute for Supply Management's Purchasing Managers' Index (PMI), a manufacturing-sector index, was 51.5, up 1.9 from August, and up from July's 49.8. The latest PMI data indicates that the manufacturing sector has returned to expansion following three months of contraction. Overall, PMI has been above 42 for 40 consecutive months.

The ISM Nonmanufacturing Index (NMI) rose 1.1 points to 53.7 between July and August of 2012, and rose 1.4 to 55.1 between August and September of 2012. The index has now been above 50 for 33 consecutive months.

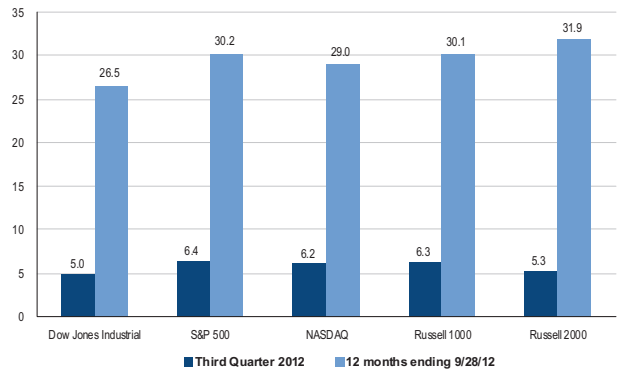
Generally speaking, a PMI or NMI over 50 indicates that the sector is expanding and a PMI over 42 indicates that the overall economy is expanding.

U.S. Equity Markets

The Dow Jones Industrial Average rose 5.0% for the third quarter. The NASDAQ Composite gained 6.2% for the quarter, while the S&P 500 grew 6.4% in the same period.

Nine out of the 10 sectors of the S&P 500 advanced in the third quarter. Energy fared the best, with a 10.2% uptick. Telecommunications Services gained 8.1% and Consumer Discretionary rose 7.5%. The laggards were Industrials, which rose 3.6% and Utilities, which fell 0.5%.

% Returns on Major U.S. Stock Market Indices



Source: MAX

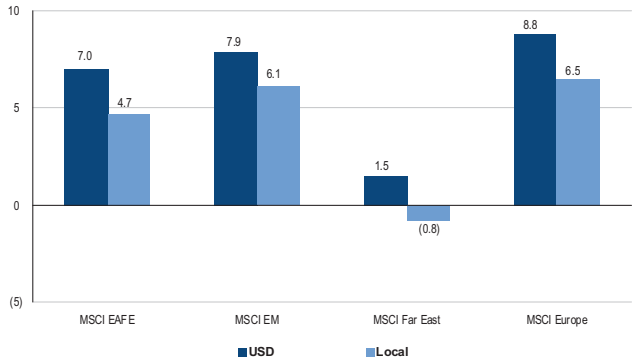
Both value- and growth-style stocks rose during the third quarter, with value stocks faring slightly better, especially those of large-cap companies. Accordingly, the Russell 1000 Value index, a large-cap index, rose 6.5%, which was the best quarterly showing of the Russell indexes. The Russell 1000 index and the Russell 1000 Growth index, both large-cap indexes, rose 6.3% and 6.1%, respectively, for the quarter.

In midcaps, the Russell Midcap Value index rose 5.8% for the quarter, while the Russell Midcap index rose 5.6%. The Russell Midcap Growth index rose 5.3% for the quarter. In small caps, the Russell 2000 Value index rose 5.7% for the quarter. The Russell 2000 index, a small-cap index, rose 5.3% for the quarter. The small-cap Russell 2000 Growth index rose 4.8%, but had the weakest showing of the quarter compared to other Russell indexes.

Concerns about the global economy and the protracted European sovereign debt crisis drove the CBOE Volatility Index (VIX), the so-called "fear index," to a reading above 20 towards the end of July 2012. These concerns have agitated equity investors on and off for over a year. However, as central bank easing around the world became policy in August and September, the VIX declined. The VIX ended the third quarter at 15.7, which is a distinct contrast from its August 8, 2011 high of 48.

Global Equity Markets

3Q12 % Returns on Global Stock Market Indices



Source: MSCI Barra

In the third quarter, emerging markets (EM) and global equities advanced. The MSCI EAFE index (a benchmark for developed markets) gained 7.0% for U.S.-currency investors and rose 4.7% for local-currency investors, as the U.S. dollar depreciated in relation to the currencies of many nations on the index. In contrast, in the second quarter of 2012, the MSCI EAFE index fell 6.9% in U.S. dollars and fell 5.1% in local currency.

For the third quarter, the MSCI Emerging Markets index advanced 7.9% for U.S.-currency investors and rose 6.1% for local-currency investors, as the U.S. dollar depreciated in relation to many emerging-market currencies. This contrasts with the previous quarter, when the MSCI Emerging Markets index was down 8.8% for U.S.-dollar based investors and fell 5.1% for local-currency investors.

The MSCI Europe index rose 8.8% for U.S.-currency investors and 6.5% for local-currency investors during the third quarter. In comparison, the MSCI Far East index gained 1.5% for the quarter in terms of the dollar but fell 0.8% in terms of local currencies.

More-specific emerging-economy equity market indices also grew in the third quarter. The MSCI BRIC (Brazil, Russia, India and China) index rose 7.0% for the quarter in U.S. dollars and 5.7% in local currencies. In comparison, for the third quarter, the MSCI EM Asia index advanced 8.9% in U.S.-dollar terms and 6.6% in local terms.

The U.S. Bond Market

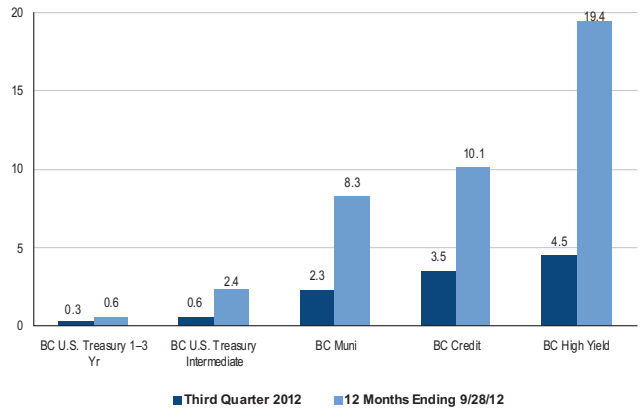
Accommodative central bank policy fueled a rally in riskier parts of the bond market, including high yield debt and corporate credit. Even the benchmark 10-year Treasury benefited as yields fell (and prices rose) to 1.64%, which is near its all-time low.

The Barclays Capital U.S. Aggregate Bond index, a general measure of the fixed-income market, rose 1.6% for the third quarter. In contrast, the Barclays Capital High Yield index, a measure of lower-rated corporate bonds, rose 4.5% for the quarter.

Despite a renewed appetite for risk, investors remained wary of mortgage-backed securities in the third quarter. Consequently, the Barclays Capital Mortgage Backed index rose just 1.1% for the quarter.

During the third quarter, investors looked past the negative headlines about state and local government finances, which proved to be a boon to the municipal-bond market. As a result, the Barclays Capital Muni index was up 2.3% for the third quarter, besting its 1.9% rise in the second quarter.

% Returns on Bond Markets Indices



Source: MAX

U.S. Equity Market % Returns for the Period Ending 28 September 2012

	Quarter	12 Months	Three Years (annualized)	Five Years (annualized)	Seven Years (annualized)
S&P 500 Index	6.4	30.2	13.2	1.1	4.5
Dow Jones Industrial Average	5.0	26.5	14.5	2.2	6.3
Russell 1000 Index	6.3	30.1	13.3	1.2	4.6
Russell 1000 Growth Index	6.1	29.2	14.7	3.2	5.8
Russell 1000 Value Index	6.5	30.9	11.8	(0.9)	3.3
Russell 3000 Index	6.2	30.2	13.3	1.3	4.6
Russell 3000 Growth Index	6.0	29.4	14.7	3.2	5.8
Russell 3000 Value Index	6.4	31.1	11.8	(0.7)	3.3
Russell Midcap Index	5.6	28.0	14.3	2.2	5.4
Russell Midcap Growth Index	5.3	26.7	14.7	2.5	5.7
Russell Midcap Value Index	5.8	29.3	13.9	1.7	4.8

Past performance is not a guarantee of future results. Indices are not available for direct investment.
Source: MAX

S&P 500 Sector % Returns for the Period Ending 28 September 2012

	Quarter
Energy	10.2
Telecommunication Services	8.1
Information Technology	7.5
Consumer Discretionary	7.5
Financials	6.9
Health Care	6.2
Materials	5.1
Consumer Staples	3.8
Industrials	3.6
Utilities	(0.5)

Past performance is not a guarantee of future results. Indices are not available for direct investment.
Source: MAX

Fixed Income % Returns for the Period Ending 28 September 2012

	Quarter	12 Months	Three Years (annualized)	Five Years (annualized)	10 Years (annualized)
U.S. Fixed Income					
90-Day Treasury Bill	0.0	0.1	0.1	0.5	1.7
Barclays Capital Aggregate	1.6	5.2	6.2	6.5	5.3
Barclays Capital Credit	3.5	10.1	8.7	7.9	6.5
Barclays Capital Govt/Credit	1.7	5.7	6.5	6.6	5.4
Barclays Capital Government	0.6	3.0	5.2	6.0	4.7
Barclays Capital High Yield	4.5	19.4	12.9	9.3	11.0
Barclays Capital Intermediate Govt/Credit	1.4	4.4	5.2	5.7	4.8
Barclays Capital Long Govt/Credit	3.1	11.1	12.5	10.9	8.1
Barclays Capital Mortgage Backed	1.1	3.7	5.0	6.4	5.2
Barclays Capital Municipal	2.3	8.3	6.0	6.1	5.0
Global Fixed Income					
Merrill Lynch Global High Yield (Hedged)	5.5	20.6	12.8	9.4	11.1
Barclays Global Treasury ex U.S.	4.0	3.9	4.5	6.6	7.3
Barclays Capital Majors ex U.S.	3.9	3.4	4.7	7.2	7.4

Past performance is not a guarantee of future results. Indices are not available for direct investment.
Source: MAX

U.S. Treasury % Yields

	September 2012	June 2012	March 2012	December 2011	September 2011
Three-Month Treasury Bills	0.11	0.09	0.08	0.01	0.01
Six-Month Treasury Bills	0.14	0.15	0.14	0.05	0.04
One-Year Treasury Bills	0.18	0.19	0.19	0.12	0.10
Two-Year Treasury Notes	0.26	0.29	0.34	0.26	0.21
Three-Year Treasury Notes	0.34	0.39	0.51	0.39	0.35
Five-Year Treasury Notes	0.67	0.71	1.02	0.89	0.90
Seven-Year Treasury Notes	1.12	1.08	1.56	1.43	1.42
Ten-Year Treasury Notes	1.72	1.62	2.17	1.98	1.98

Past performance is not a guarantee of future results.
Source: Federal Reserve, 15 October 2012

Developed Markets Equity % Returns for the Period Ending 28 September 2012

	U.S. Dollar		Local Currency	
	Quarter	12 Months	Quarter	12 Months
Regional and Other Multi-Country Indices				
MSCI EAFE	7.0	14.3	4.7	14.1
MSCI Europe	8.8	18.1	6.5	19.0
MSCI Far East	1.5	3.2	(0.8)	3.5
MSCI Pacific ex. Japan	11.0	24.7	9.5	18.1
MSCI The World	6.8	22.3	5.7	21.9
MSCI World ex. U.S.	7.4	14.4	5.0	13.5
National Indices				
MSCI Hong Kong	12.5	29.0	12.5	28.5
MSCI Ireland	(1.5)	26.4	(2.8)	31.8
MSCI Japan	(0.8)	(1.5)	(3.2)	(0.6)
MSCI Singapore	10.6	25.7	7.2	18.4

Past performance is not a guarantee of future results. Indices are not available for direct investment.
Source: MSCI Barra

Emerging Markets Equity % Returns for the Period Ending 28 September 2012

	U.S. Dollar		Local Currency	
	Quarter	12 Months	Quarter	12 Months
Regional and Other Multi-Country Indices				
MSCI EM	7.9	17.3	6.1	16.8
National Indices				
MSCI China	4.7	17.9	4.7	17.4
MSCI Malaysia	5.3	23.1	1.4	17.8
MSCI Taiwan	11.8	15.4	9.7	11.0
MSCI Thailand	11.3	42.1	7.8	40.7

Past performance is not a guarantee of future results. Indices are not available for direct investment.
Source: MSCI Barra

INDEX DESCRIPTIONS

DOW JONES INDUSTRIAL AVERAGE: The most widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue-chip stocks, primarily industrials. The 30 stocks are chosen by the editors of *The Wall Street Journal* (WSJ) (published by Dow Jones & Company), a practice that dates back to the beginning of the century. Charles Dow officially started the Dow in 1896, at which time it consisted of only 11 stocks. The Dow is computed using a price-weighted indexing system, rather than the more common market-cap-weighted indexing system. Simply put, the editors at WSJ add up the prices of all the stocks and then divide by the number of stocks in the index. (In actuality, the divisor is much higher today in order to account for stock splits that have occurred in the past.) **STANDARD & POOR'S 500 INDEX:** Covers 400 industrial, 40 utility, 20 transportation, and 40 financial companies in the U.S. markets (mostly NYSE issues). The index represents about 75% of NYSE market cap and 30% of NYSE issues. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested. **NASDAQ COMPOSITE INDEX:** Covers 4,500 stocks traded over the counter. It represents many small company stocks but is heavily influenced by about 100 of the largest NASDAQ stocks. It is a value-weighted index calculated on price change only and does not include income. **DOW JONES-UBS COMMODITY INDEX:** Composed of futures contracts on physical commodities which are traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc, which trade on the London Metal Exchange (LME). **VIX INDEX:** (Chicago Board Options Exchange Volatility index) Estimates volatility in the S&P 500 index for the next 30 days using a weighted blend of prices for various options on the S&P.

RUSSELL 1000 INDEX: Measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. **RUSSELL 1000 GROWTH INDEX:** Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 1000 VALUE INDEX:** Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 2000 INDEX:** Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 index is a subset of the Russell 3000 index and represents approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. **RUSSELL 2000 GROWTH INDEX:** Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. **RUSSELL 2000 VALUE INDEX:** Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 3000 INDEX:** Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable US equity market. **RUSSELL MIDCAP INDEX:** Measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap index is a subset of the Russell 1000 index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap index represents approximately 31% of the total market capitalization of the Russell 1000. **RUSSELL MIDCAP GROWTH INDEX:** Measures the performance of those Russell mid-cap companies with higher price-to-book ratios and higher forecasted growth rates. **RUSSELL MIDCAP VALUE INDEX:** Measures the performance of those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values. **RUSSELL 3000 INDEX:** measures the performance of the largest 3,000 U.S. companies and represents approximately 98% of the investable U.S. equity market. **RUSSELL 3000 GROWTH INDEX:** Measures the performance of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth rates. **RUSSELL 3000 VALUE INDEX:** Measures the performance of those Russell mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

BARCLAYS CAPITAL US TREASURY INDEX, 1–3 Years: Includes public obligations of the U.S. Treasury with maturities of one to three years. In addition, certain special issues, such as state and local government series bonds (SLGs), U.S. Treasury TIPS, Bellwethers, and STRIPS are excluded. **BARCLAYS CAPITAL U.S. TREASURY INDEX, 7–10 Years:** Includes public obligations of the U.S. Treasury with maturities of seven to ten years. In addition, certain special issues, such as state and local government series bonds (SLGs), U.S. Treasury TIPS, Bellwethers, and STRIPS are excluded. **BARCLAYS CAPITAL CREDIT INDEX:** All public, fixed-rate, nonconvertible investment grade domestic corporate debt (collateralized mortgage obligations are not included). Only bonds rated at least baa by Moody's, BBB by Standard & Poor's, or BBB by Fitch Investor Service for nonrated bonds are included. **BARCLAYS CAPITAL GOVERNMENT INDEX:** The Treasury bond and agency bond indices (all publicly issued debt of agencies of the U.S. government, quasi-federal corporations and corporate debt guaranteed by the U.S. government, but not mortgage-backed securities) are combined to form the government bond index. **BARCLAYS CAPITAL AGGREGATE INDEX:** Covers the $US-denominated investment-grade fixed-rate taxable bond market, including Treasurys, government-related and corporate securities, MBS pass-through securities, asset-backed securities and commercial mortgage-based securities. **BARCLAYS CAPITAL GOVERNMENT/CREDIT INDEX:** The government, corporate and Yankee (all $US-denominated, SEC-registered, public nonconvertible debt issued or guaranteed by foreign sovereign governments, municipals, government agencies or international agencies) bond indices combine to form the Government/Corporate bond index. **BARCLAYS CAPITAL INTERMEDIATE GOVERNMENT CREDIT INDEX:** Mix of SLHGI 75% and SLHCI 25%. Composed of all bonds covered by BARCLAYS CAPITAL GCB index with maturities between one and 9.99 years. Total return comprises price appreciation/depreciation and income as a percent of the original investment. Indices are rebalanced monthly by market capitalization. **BARCLAYS CAPITAL LONG GOVERNMENT/CREDIT INDEX:** Composed of all bonds covered by BARCLAYS CAPITAL GCB index with maturities of 10 years or greater. Total return comprises price appreciation/depreciation and income as a percent of the original investment. Indices are rebalanced monthly by market capitalization. **BARCLAYS CAPITAL MORTGAGE BACKED SECURITIES INDEX:** Includes all fixed securities issued and backed by mortgage pools of Ginnie Mae (GNMA), Fannie Mae (FNMA), Freddie Mac (FHLMC) and half-coupon securities. The index excludes buydowns, graduated equity mortgages (GEM), project loans, Nonagency (whole loans), jumbos, collateralized mortgage obligations (CMOs), graduated payment mortgages (GPMs), adjustable rate mortgages (ARMs), manufactured home mortgages and prepayment-penalty collateral. Formed by grouping the universes of over one million individual fixed-rate MBS pools into approximately 5,500 generic aggregates. Pool aggregates must be U.S. dollar-denominated, have at least $250 million current outstanding and average-weighted life of at least one year. **BARCLAYS CAPITAL HIGH YIELD INDEX:** Covers the universe of fixed-rate, non-investment-grade debt. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Mexico, Venezuela, etc.) are excluded, but Yankee and global bonds (SEC-registered) of issuers in non-EMG countries are included. Original issue zeroes and step-up coupon structures are also included.

Liquidity Rules: All bonds included in the High Yield Index must be dollar-denominated and nonconvertible and have at least one year remaining to maturity and an outstanding par value of at least $150 million. Quality Rating Rules: Securities in the index must be rated Ba1 or lower. If both Moody's and S&P provide a rating for a security, the lower of the two ratings is used. A small number of unrated bonds is included in the index; to be eligible, they must have previously held a high yield rating or have been associated with a high yield issuer, and must trade accordingly. **BARCLAYS CAPITAL MUNI INDEX:** The composite measure of the total return performance of the muni bond market. The muni market contains over two million different bond issues. The market is divided into 7 major sectors: state G.O. debt (31%), prerefunded bonds (7.7%); electric utility revenue bonds (7.79%); hospital revenue bonds (3.4%); state housing revenue bonds (3.4%); industrial development and pollution control revenue bonds (1.8%) and transportation revenue bonds (7.1%). These weightings are reviewed annually.

MERRILL LYNCH GLOBAL HIGH YIELD INDEX: Includes below investment-grade bonds of corporate issuers domiciled in countries having an investment-grade long-term debt rating. **BARCLAYS CAPITAL MAJORS EX-U.S. INDEX:** An unhedged aggregate of the BC Global Treasury indices for Australia, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Spain, Sweden and the United Kingdom. **BARCLAYS CAPITAL GLOBAL TREASURY EX-U.S. INDEX:** Includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade.

MSCI EUROPE, AUSTRALASIA AND THE FAR EAST (EAFE) INDEX: A free-float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of May 27, 2010, the index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. **MSCI EMERGING MARKETS INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of May 27, 2010, the index consisted of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey. **MSCI BRIC INDEX:** A free-float-adjusted market capitalization index that measures equity market performance in larger emerging markets. The index consists of the following emerging-market country indices: Brazil, Russia, India and China. **MSCI EM ASIA INDEX:** A free-float-adjusted market capitalization index that measures equity market performance in emerging markets in Asia. The index consists of the following emerging-market country indices: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand. **MSCI FAR EAST INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in the Far East. As of March 2010, the MSCI Far East Index consisted of the following country indices: Hong Kong, Japan and Singapore. **MSCI EUROPE INDEX:** A free-float-adjusted market capitalization weighted index that is designed to measure developed market equity performance in Europe. As of June 2007, the index consisted of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits.

MSCI THE WORLD INDEX: A free-float-adjusted market capitalization index that is designed to measure developed equity market performance worldwide. The MSCI The World index consists of the following 24 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. **MSCI WORLD EX USA INDEX:** A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. As of May 27, 2010 the index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. **MSCI PACIFIC EX-JAPAN INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region, excluding Japan. As of June 2007, the index consisted of the following four developed market countries: Australia, Hong Kong, New Zealand and Singapore. This series approximates the maximum possible dividend reinvestment. The amount reinvested is the dividend distributed to individuals resident in the country of the company, but does not include tax credits.

MSCI HONG KONG INDEX: A free-float-adjusted market capitalization index that is designed to measure equity market performance in Hong Kong. **MSCI IRELAND INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Ireland. **MSCI JAPAN INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Japan. **MSCI SINGAPORE INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Singapore.

MSCI CHINA INDEX: A free-float-adjusted market capitalization index that is designed to measure equity market performance in China. **MSCI MALAYSIA INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Malaysia. **MSCI TAIWAN INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Taiwan. **MSCI THAILAND INDEX:** A free-float-adjusted market capitalization index that is designed to measure equity market performance in Thailand.

The indices are unmanaged, and an investor cannot invest directly in an index. The indices are shown for illustrative purposes only and do not represent the performance of any specific investment. Index returns consist of income and capital appreciation (or depreciation) and do not take into account fees, taxes or other charges. Such fees and charges would reduce performance. Index performance is calculated on a total return basis and assumes that dividends and distributions were reinvested.

DISCLOSURES

Although the statements of fact and data in this report have been obtained from, and are based upon, sources the firm believes reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the firm's judgment 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. Past performance is not a guarantee of future results. This report may contain forward-looking statements and there can be no guarantee that they will come to pass.

To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. These risks may be magnified in **emerging markets**. International investing may not be for everyone. **Value investing** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations **Small- and mid-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. **Bonds** are subject to interest rate risk. When interest rates rise, bond prices fall; generally the longer a bond's maturity, the more sensitive it is to this risk. Bonds may also be subject to call risk, which allows the issuer to retain the right to redeem the debt, fully or partially, before the scheduled maturity date. Proceeds from sales prior to maturity may be more or less than originally invested due to changes in market conditions or changes in the credit quality of the issuer. With respect to fixed income securities, please note that, in general, as prevailing interest rates rise, fixed income securities prices will fall. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.

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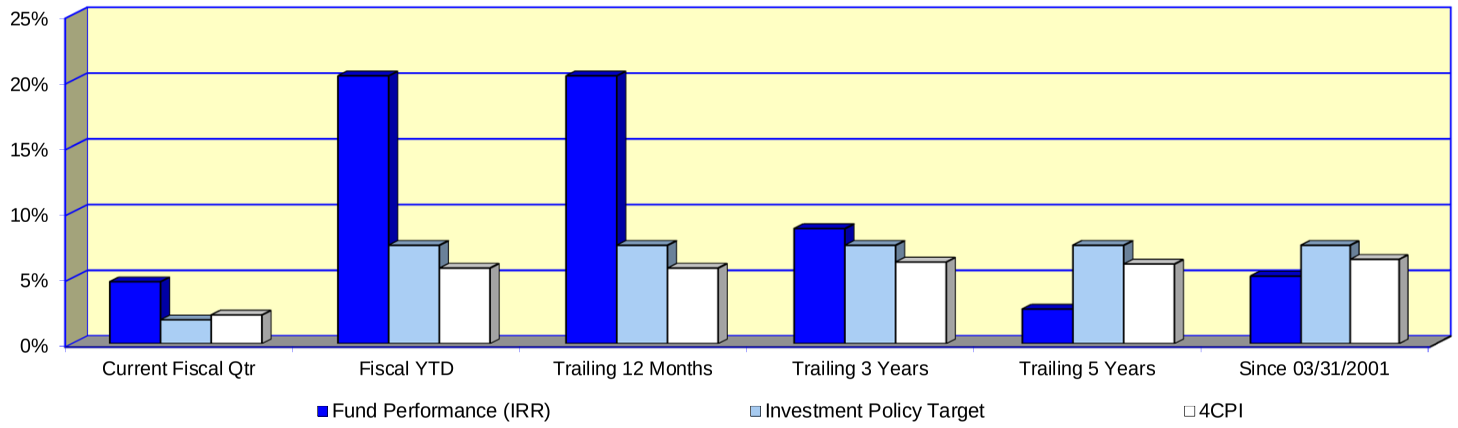
INVESTMENT POLICY MONITOR (DOLLAR WEIGHTED IRR)

Ormond Beach Fire

AS OF 09/30/2012



Asset Class Investment Manager	*Current Fiscal Qtr*	*Fiscal YTD*	*Trailing 12 Months*	*Trailing 3 Years*	*Trailing 5 Years*	*Since 03/31/2001*
Fund Performance (IRR)	**4.62**	**19.85**	**19.85**	**8.31**	**2.27**	**4.70**
Investment Policy Objectives						
Investment Policy Target	1.82	7.50	7.50	7.50	7.50	7.50
4CPI	2.19	5.76	5.76	6.22	6.07	6.43

Investment Policy Objective

Primary investment emphasis must be placed upon the consistent protection of the funds and growth performance, i.e. the achievement of adequate investment growth must not be at the expense of the protection of the assets over the investment horizon.

Dollar–Weighted Returns

(Internal Rate of Return)

The investment policy monitor is calculated on a dollar-weighted basis, accounting for deposits and cash flows upon receipt. The dollar-weighted or "internal rate of return - IRR" is the actual rate earned by the Fund. The dollar–weighted return is the appropriate measurement to evaluate the fund's performance in relation to the statement of investment policy and guidelines.

Report Created: 12/5/2012

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INVESTMENT PERFORMANCE SUMMARY (TIME WEIGHTED)

Ormond Beach Fire

AS OF 09/30/2012

Investment Returns are Annualized and Time Weighted (%)	Current Fiscal Qtr	Fiscal YTD	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 03/31/2001	Since Inc Period End	Account Number
TOTAL FUND	***+4.76***	***+20.41***	***+20.41***	***+8.70***	***+2.45***	***+4.98***	***03/31/2001***	
Composite	+4.55	+19.21	+19.21	+9.89	+3.74	+5.50		
EQUITY INVESTMENTS								
HGK Asset Management	6.87	30.35	30.35	10.02	N/A	15.65	04/30/2009	001-063090
Russell 1000 Vl	6.49	30.90	30.90	11.83		17.66		
Sawgrass Asset Management	5.13	31.88	31.88	11.38	0.44	1.51	07/31/2007	001-053633
Russell 1000 Gr	6.11	29.19	29.19	14.73	3.24	4.28		
Polen Capital Management	4.83	-0.89	N/A	N/A	N/A	-0.89	04/30/2012	002-000740
Russell 1000 Gr	6.11	2.00				2.00		
GW Capital Inc	6.38	33.56	33.56	16.14	N/A	19.66	10/31/2008	001-060287
Russell 2500 Vl	5.85	32.16	32.16	13.05		13.98		
Perimeter - Small Cap Growth (CIC)	7.21	30.51	30.51	14.41	N/A	18.63	04/30/2009	001-063120
Russell 2500 Gr	5.22	29.52	29.52	15.18		20.63		
INTERNATIONAL EQUITY								
Delaware Investments	5.86	9.67	9.67	2.52	-3.52	3.72	07/31/2005	001-040253
MSCI EAFE Net	6.92	13.76	13.76	2.12	-5.24	2.78		
Renaissance Investment Management	2.76	15.75	15.75	4.76	N/A	13.00	04/30/2009	001-063123
MSCI AC World ex US NET	7.40	14.49	14.49	3.17		12.07		
FIXED INCOME INVESTMENTS								
Garcia Hamilton & Asscs - Houston	2.95	9.36	9.36	6.65	7.63	5.99	09/30/2003	001-029024
BC Gov/Cr Intm	1.40	4.41	4.41	5.18	5.71	4.62		
CASH & CASH EQUIVALENTS								
Non-Managed Account	0.00	0.02	0.02	0.01	N/A	N/A	12/31/2008	001-062126
90-Day T-Bills	0.02	0.08	0.08	0.09				

Report Created: 12/5/2012

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INVESTMENT PERFORMANCE SUMMARY (DOLLAR WEIGHTED)

Ormond Beach Fire

AS OF 09/30/2012

Investment Returns are Annualized and Dollar Weighted (%)	Current Fiscal Qtr	Fiscal YTD	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 03/31/2001	Since Inc Period End	Account Number
Total Fund	***4.62***	***19.85***	***19.85***	***8.31***	***2.27***	***4.70***	***03/31/2001***	
EQUITY INVESTMENTS								
HGK Asset Management	6.71	29.79	29.79	9.66	N/A	15.43	04/30/2009	001-063090
Sawgrass Asset Management	4.98	39.95	39.95	11.27	-0.73	0.45	07/31/2007	001-053633
Polen Capital Management	4.67	-0.99	N/A	N/A	N/A	-0.99	04/30/2012	002-000740
GW Capital Inc	6.13	32.50	32.50	15.25	N/A	18.99	10/31/2008	001-060287
Perimeter - Small Cap Growth (CIC)	6.96	29.50	29.50	13.61	N/A	17.87	04/30/2009	001-063120
INTERNATIONAL EQUITY								
Delaware Investments	5.80	9.02	9.02	1.83	-7.72	2.57	07/31/2005	001-040253
Renaissance Investment Management	2.57	14.99	14.99	3.94	N/A	12.68	04/30/2009	001-063123
FIXED INCOME INVESTMENTS								
Garcia Hamilton & Asscs - Houston	2.86	9.07	9.07	6.33	7.28	5.92	09/30/2003	001-029024

Report Created: 12/5/2012

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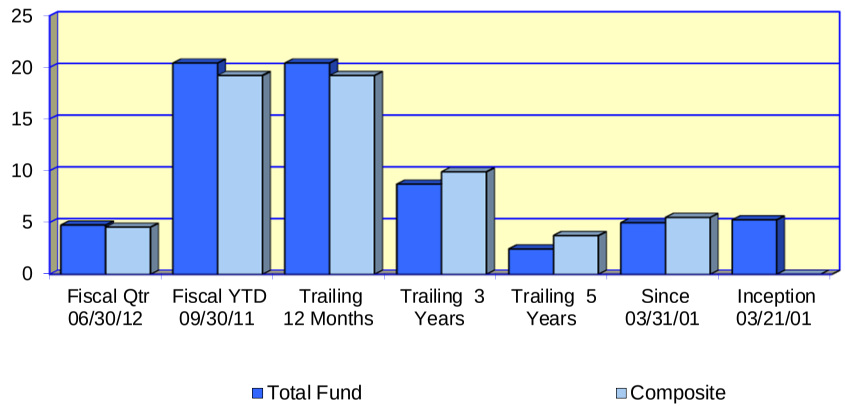
TOTAL FUND

Ormond Beach Fire

AS OF 09/30/2012

Portfolio Performance (%)

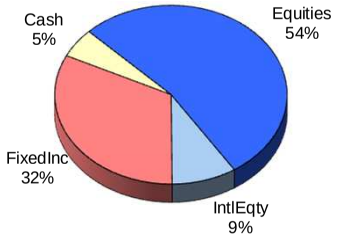


Investment Returns (%) *Since:*	*Fiscal Qtr 06/30/12*	*Fiscal YTD 09/30/11*	*Trailing 12 Months*	*Trailing 3 Years*	*Trailing 5 Years*	*Since 03/31/01*	*Inception 03/21/01*
Total Fund	**4.76**	**20.41**	**20.41**	**8.70**	**2.45**	**4.98**	**5.26**
Composite	4.55	19.21	19.21	9.89	3.74	5.50	N/A
Ormond Beach Total Index	4.59	19.34	19.34	9.81	2.76	5.06	N/A

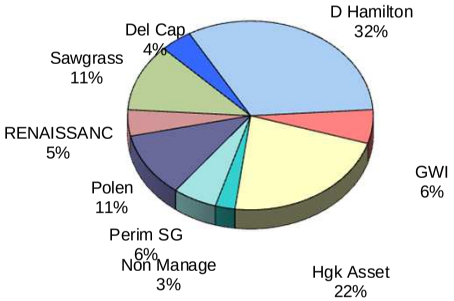
Asset Growth ($000)							
Beginning Market Value	17,647	15,374	15,374	14,845	16,431	9,425	9,130
Net Contributions & Withdrawals	202	168	168	-322	-23	1,104	1,104
Gain/Loss + Income	844	3,151	3,151	4,170	2,285	8,164	8,459
Ending Market Value	18,693	18,693	18,693	18,693	18,693	18,693	18,693

Asset Allocation ($000)

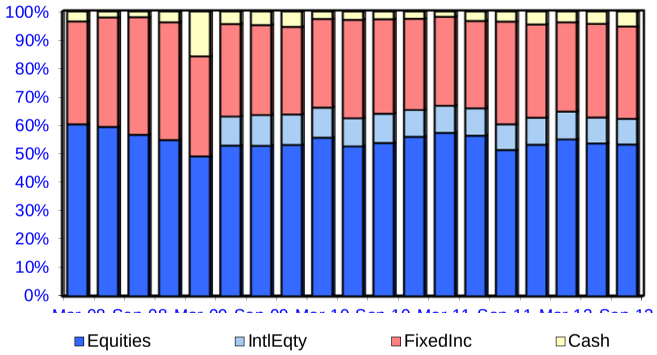
Equities	*IntlEqty*	*FixedInc*	*Cash*	*Total*
9,971	1,686	6,044	992	18,693



Asset Allocation By Manager



Allocation Over Time



Report Created: 12/5/2012

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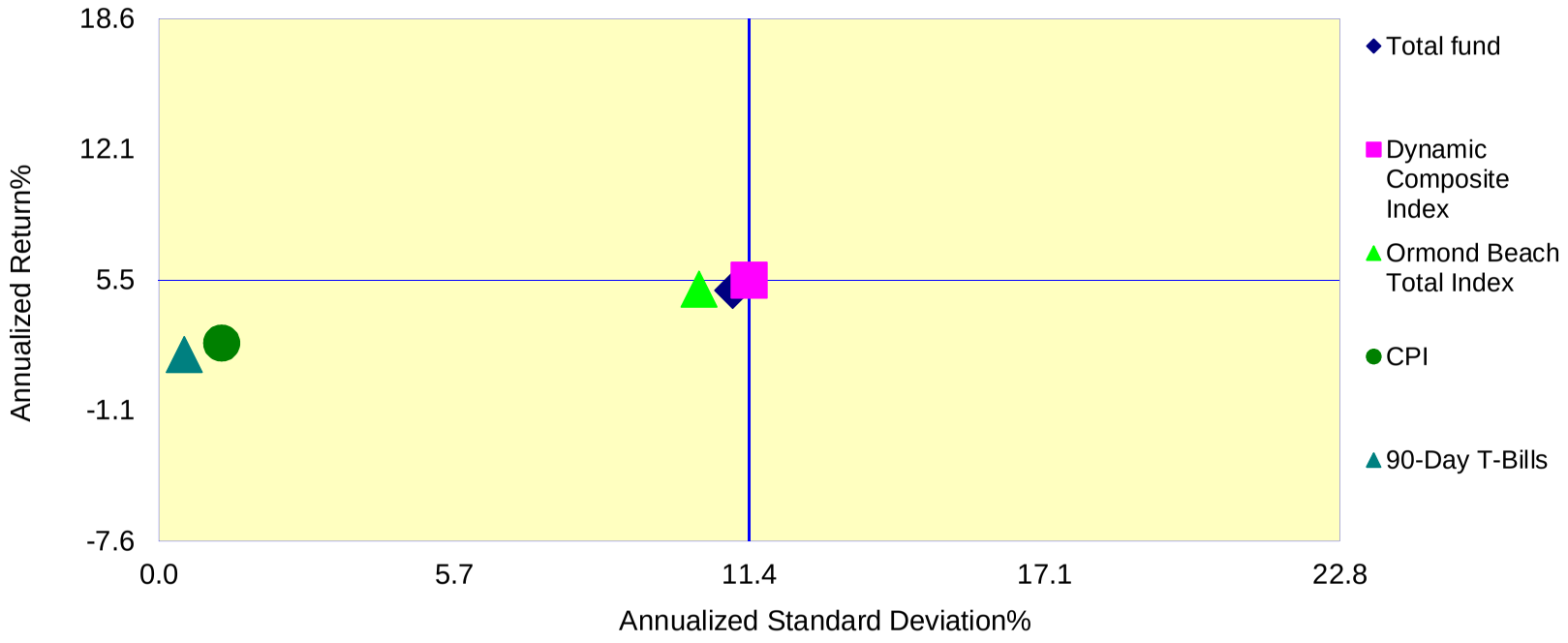
TOTAL FUND

Ormond Beach Fire | As Of 09/30/2012

Risk Return Analysis Since 03/31/2001



Annualized %	***Return***	***Std. Dev.***
Total fund	*4.98*	*11.09*
Dynamic Composite Index	5.50	11.41
Ormond Beach Total Index	5.05	10.44
CPI	2.35	1.21
90-Day T-Bills	1.77	0.49

Report Created: 12/5/2012

Please refer to the attached Disclosures for important information.

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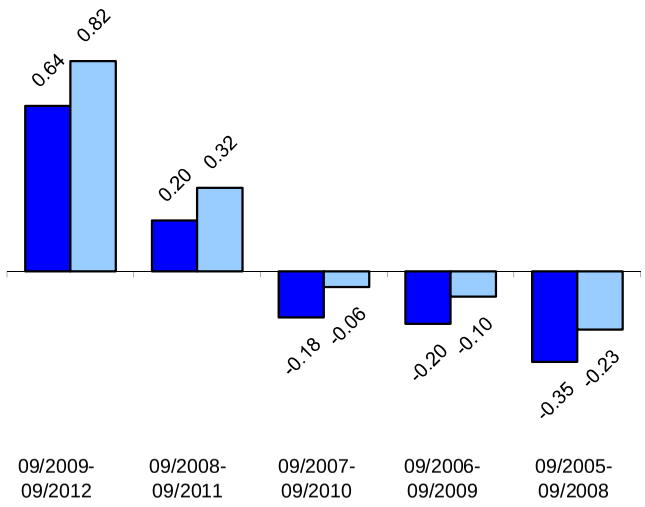
TOTAL FUND RISK ANALYSIS

Ormond Beach Fire

AS OF 09/30/2012

Sharpe Ratios 3-Year Rolling Periods



Ormond Beach Fire

Composite Index

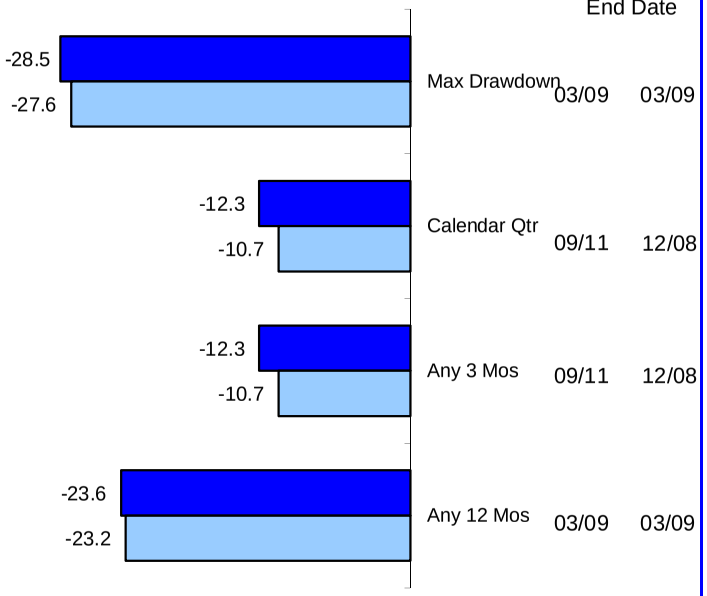
Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index.

Loss in Varying Time Periods measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No presentation is made that these amounts represent maximum future loss.*

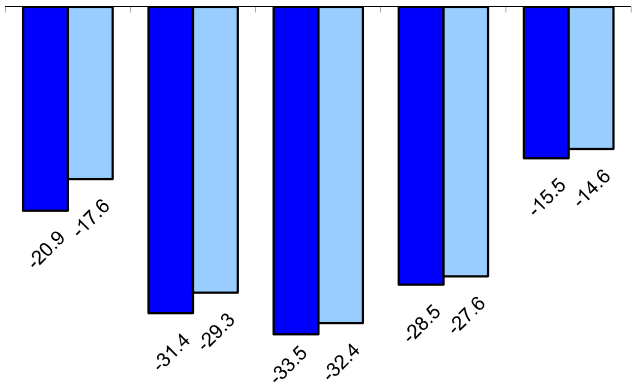
Down Capture is the measure of the fund`s total return whenever the index returns are negative.

Up Capture is the measure of the fund`s total return whenever the index returns are positive.

Loss in Varying Time Periods (%)



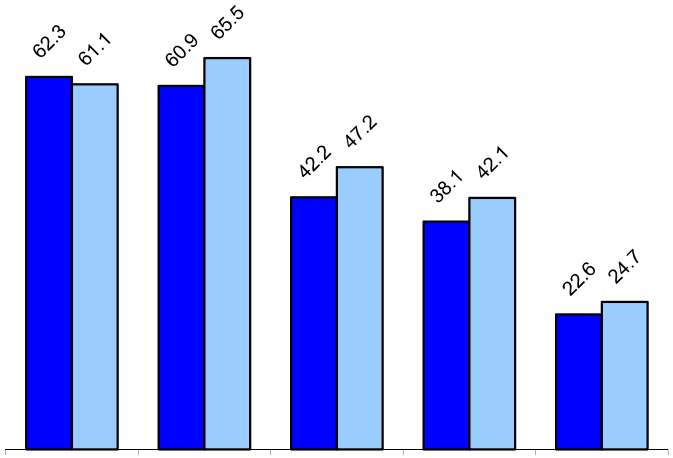
Down Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	09/2008-09/2011	09/2007-09/2010	09/2006-09/2009	09/2005-09/2008
1.18	1.07	1.04	1.03	1.06

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	09/2008-09/2011	09/2007-09/2010	09/2006-09/2009	09/2005-09/2008
1.02	0.93	0.89	0.91	0.92

Up Capture Ratios

Report Created: 12/5/2012

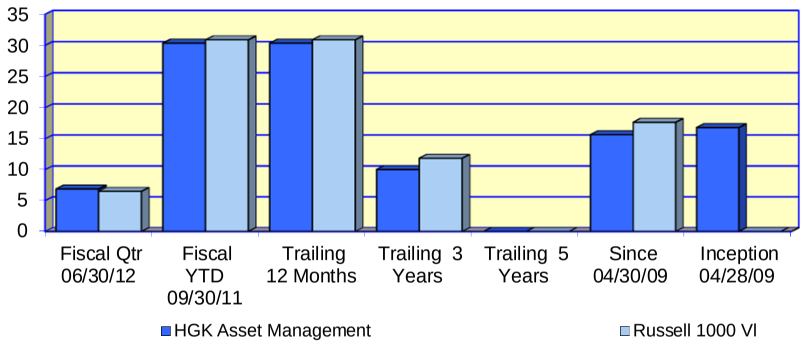
Please refer to the attached Disclosures for important information.

Graystone Consulting℠

EXECUTIVE SUMMARY

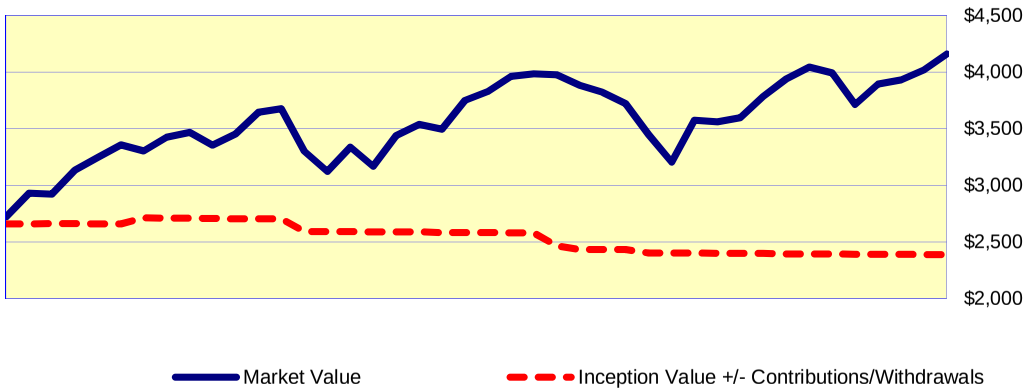
Ormond Beach Firefighters HGK Asset Management AS OF 09/30/2012

Portfolio Performance(%)



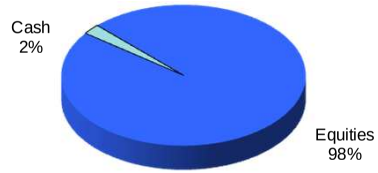
Investment Returns (%) Since:	Fiscal Qtr 06/30/12	Fiscal YTD 09/30/11	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 04/30/09	Inception 04/28/09
HGK Asset Management	***6.87***	***30.35***	***30.35***	***10.02***	N/A	***15.65***	***16.80***
Russell 1000 VI	6.49	30.90	30.90	11.83		17.66	N/A
Asset Growth ($000)							
Beginning Market Value	3,903	3,209	3,209	3,361	N/A	2,723	0
Net Contributions & Withdrawals	-4	-15	-15	-273	N/A	-272	2,388
Gain/Loss + Income	268	973	973	1,079	N/A	1,716	1,779
Ending Market Value	4,167	4,167	4,167	4,167	N/A	4,167	4,167

Value-Added Analysis ($000)



Asset Allocation ($000)

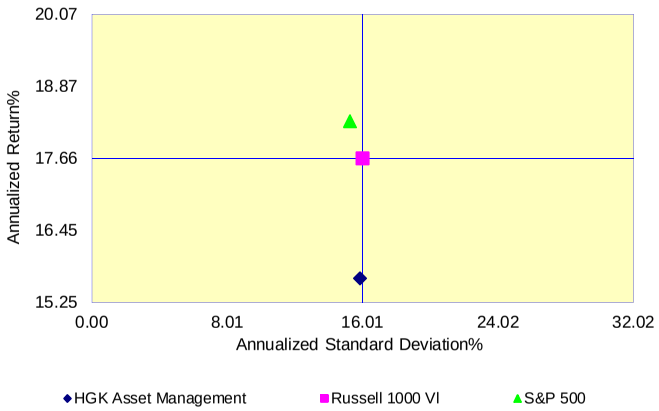
Equities	Cash	Total
4,070	97	4,167



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	0.98
Beta	0.97	Index Sharpe Ratio	1.09
Alpha	-1.38%		
R^2	97%		

Risk / Return Analysis Since 04/30/2009



Annualized %	Return	Std. Dev.
HGK Asset Management	***15.65***	***15.86***
Russell 1000 VI	17.66	16.01
S&P 500	18.28	15.27

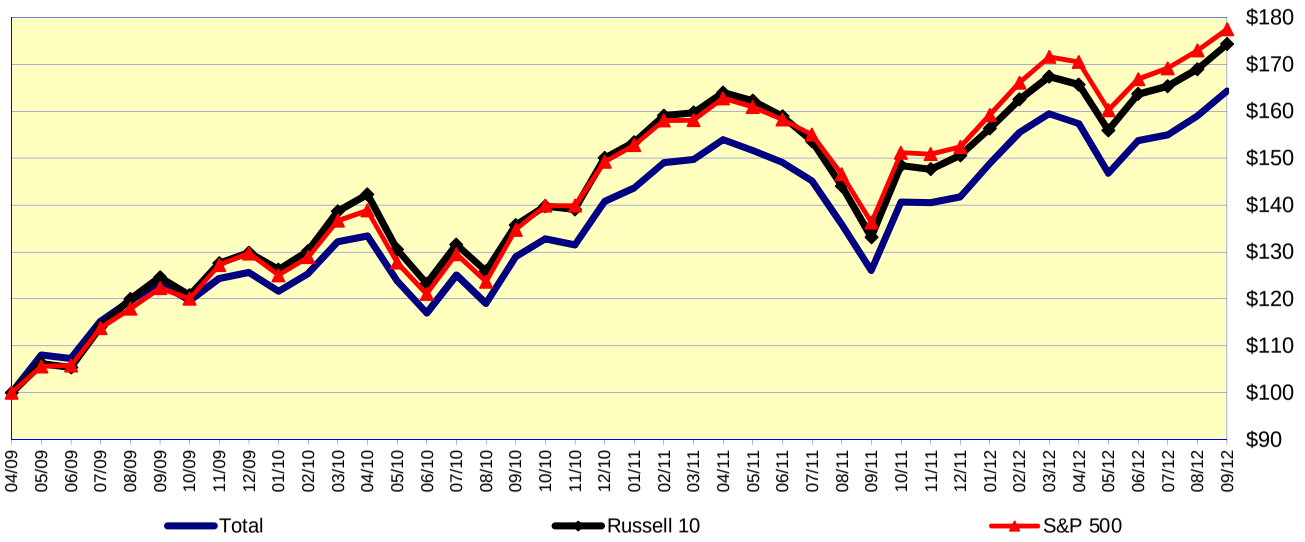
Report Created: 12/5/2012

MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters HGK Asset Management | As Of 09/30/2012

Growth of $100 Graph

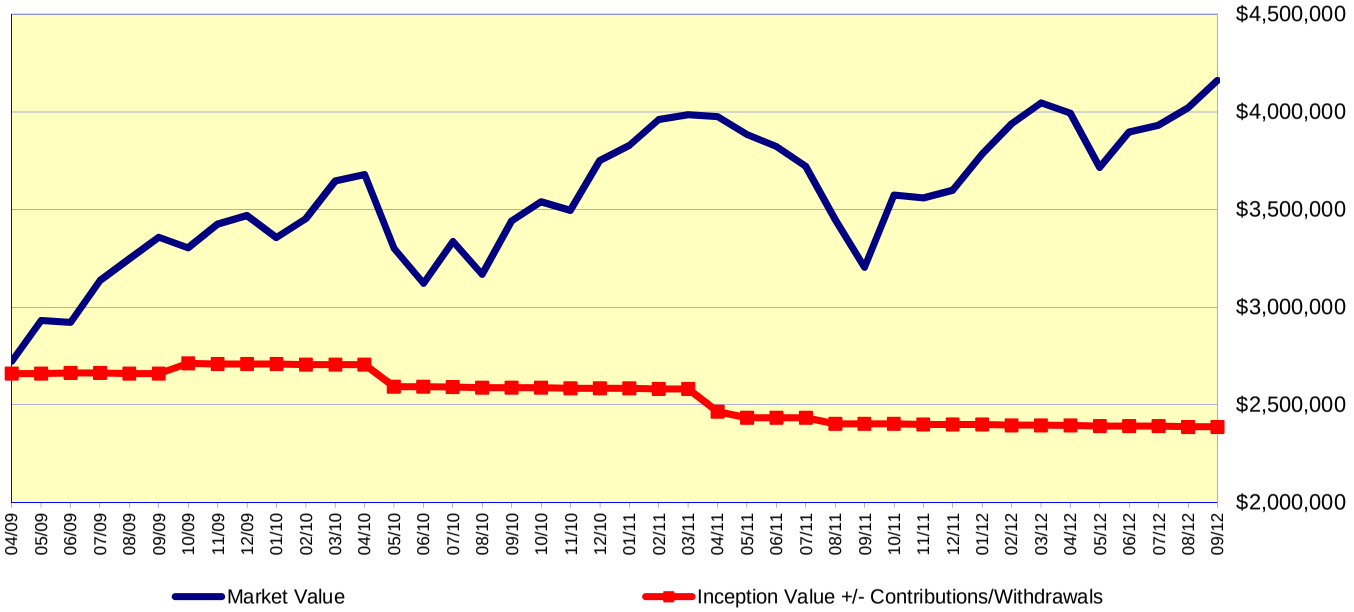
This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

One of the graph lines denotes the period-end market values of the portfolio over time. This is simply a visual representation of the ebb and flow of the portfolio's market value period-to-period. The other line represents the original dollars invested adjusted for contributions or withdrawals.



Report Created: 12/5/2012

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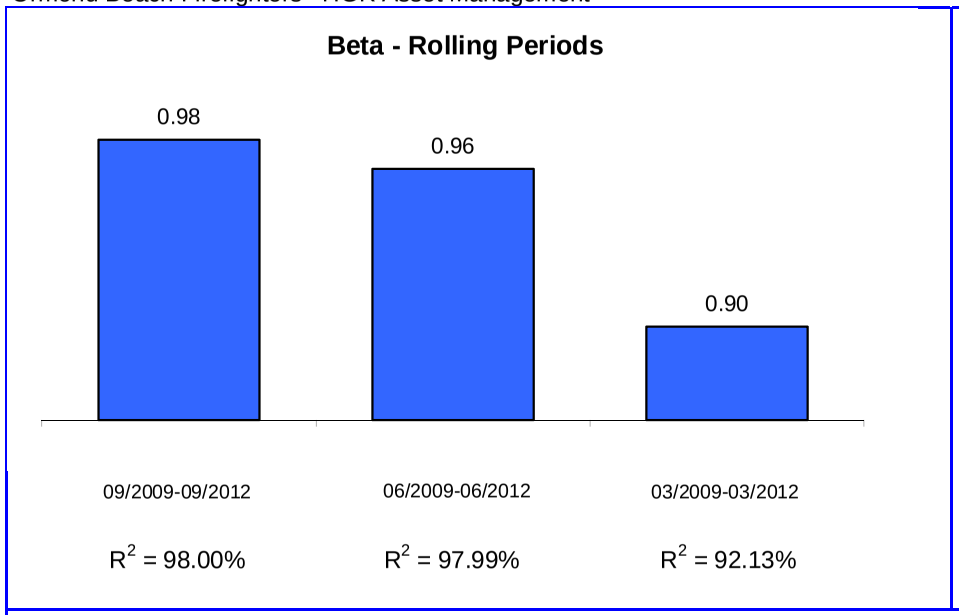
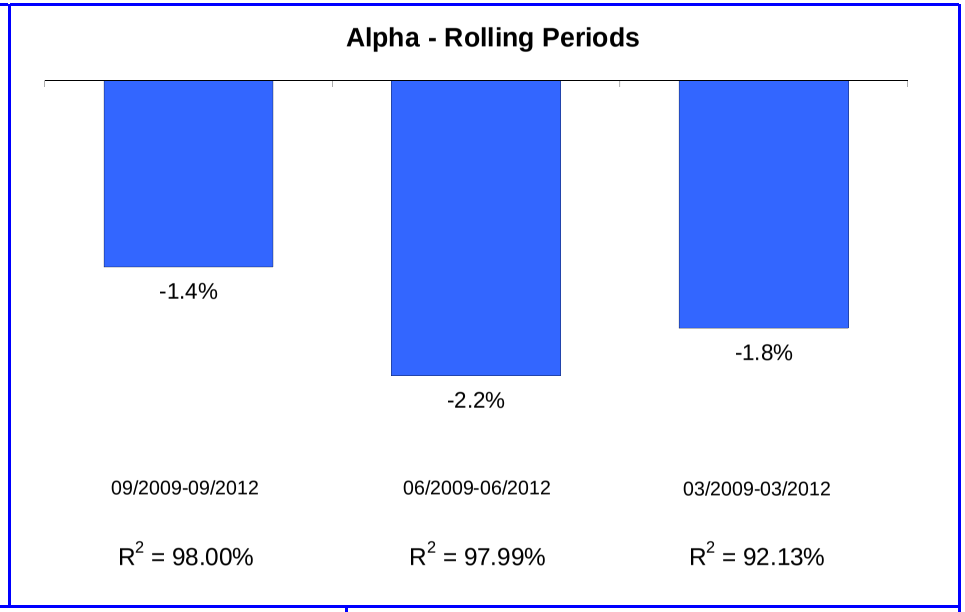
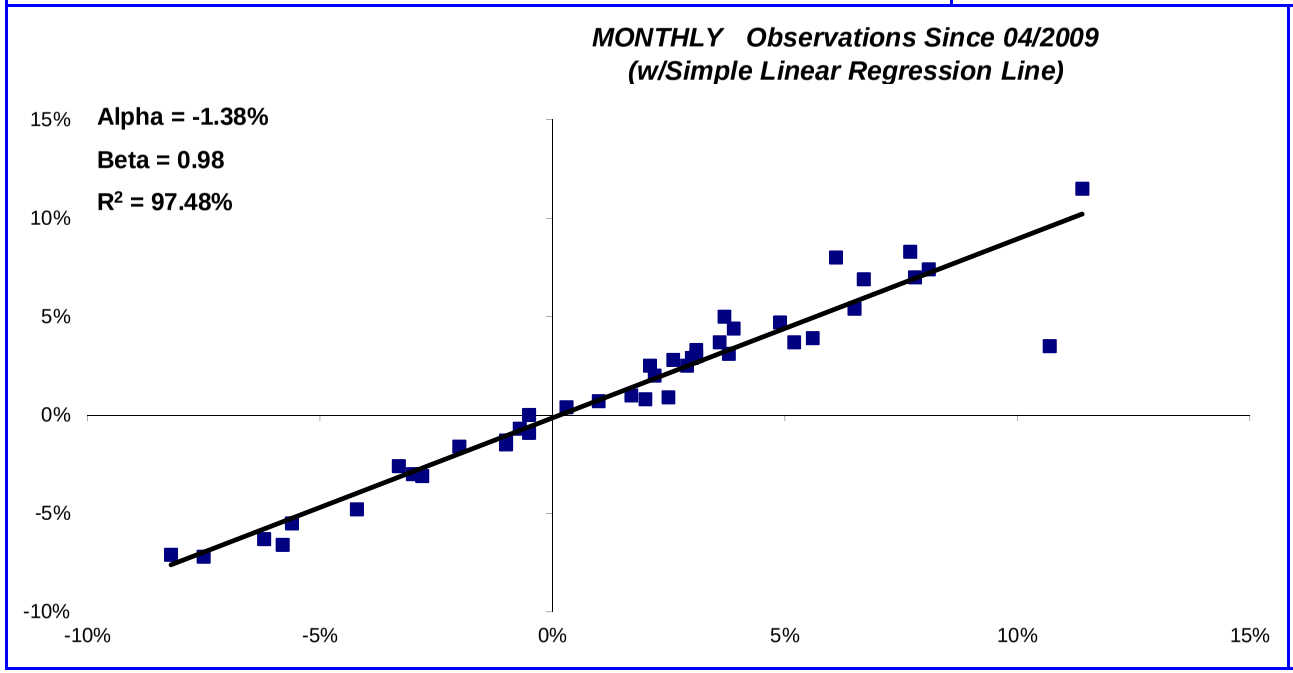
MODERN PORTFOLIO THEORY

Ormond Beach Firefighters HGK Asset Management AS OF 09/30/2012







Modern Portfolio Theory seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market. **Beta** is a measure of the sensitivity of a portfolio's rate of return against that of the market. A beta greater than 1.00 indicates volatility greater than the market. **R2** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-squared of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 12/5/2012

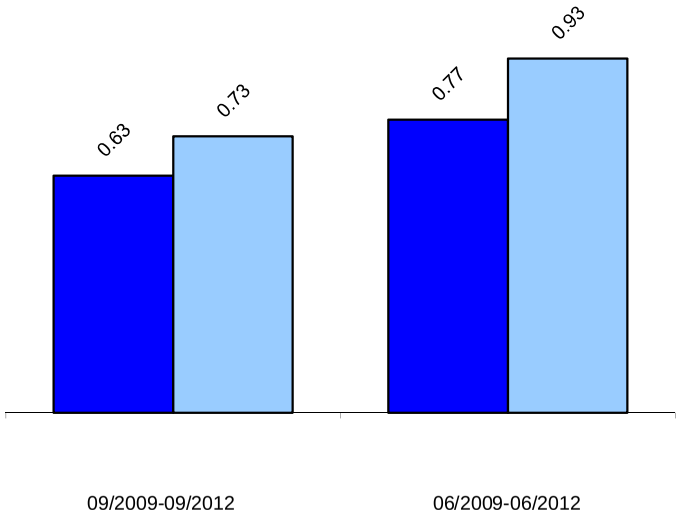
Graystone Consulting℠

MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2012

Sharpe Ratios 3-Year Rolling Periods



HGK Asset Management

Russell 1000 VI

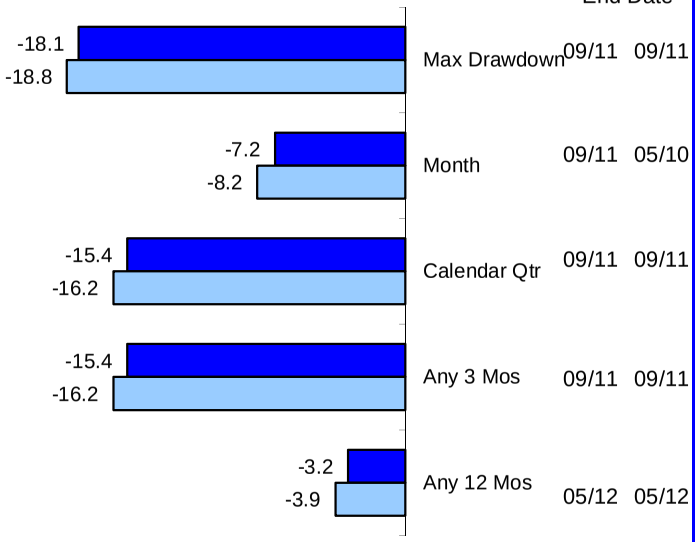
Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

Loss in Varying Time Periods measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*

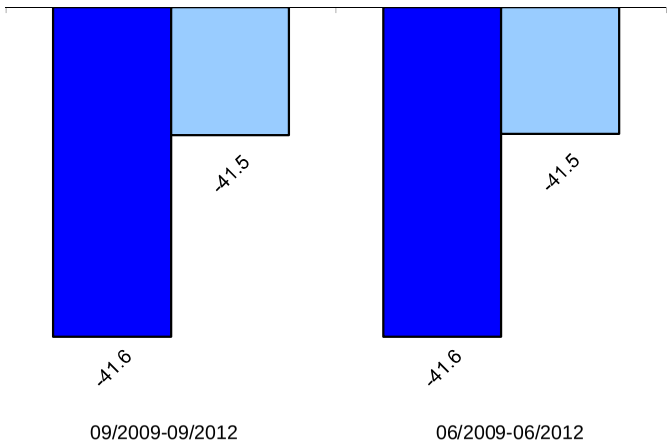
Down Capture is the measure of the fund`s total return whenever the index returns are negative.

Up Capture is the measure of the fund`s total return whenever the

Loss in Varying Time Periods (%)

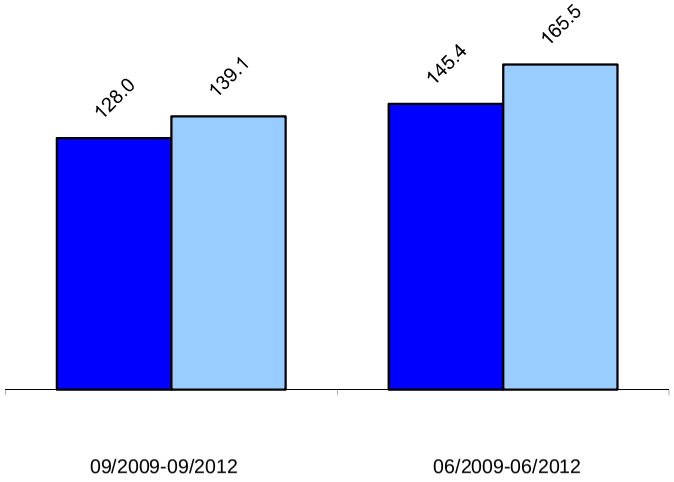


Down Capture Returns (%) 3-Year Rolling Periods



1.00	1.00
Down Capture Ratios	

Up Capture Returns (%) 3-Year Rolling Periods



0.92	0.88
Up Capture Ratios	

Report Created: 12/5/2012

Ormond Beach Fire - HGK

Composition		
Summary	ORMOND Fire HGK	RU1000-V
No of Securities	47.00	690.00
% Bmrk Holdings	93.10	100.00
% Active Share	71.55	0.00
% Top 25 Holdings	61.91	42.82
% Top 15 Holdings	38.99	35.20

Characteristics		
Characteristic	ORMOND Fire HGK	RU1000-V
Market Cap - Weighted Median	33,498,268,257.34	34,593,935,356.56
Price / Book	1.48	1.54
P/E NTM	10.38	11.82
Dividend Yield	2.77	2.49
EPS Growth NTM	7.62	8.29
Return on Equity	12.02	11.59

Sector Allocation		
Sector Name	ORMOND Fire HGK	RU1000-V
Energy	17.37	16.86
Materials	3.82	3.90
Industrials	10.99	9.10
Consumer Discretionary	4.88	7.88
Consumer Staples	7.62	7.26
Health Care	14.77	11.69
Financials	21.99	26.40
Information Technology	8.72	6.35
Telecomm Service	3.20	3.78
Utilities	6.65	6.77

Top Equity Holdings	
Name	ORMOND Fire HGK
CHEVRON CORP	3.31
CENTURYLINK INC	3.20
JPMORGAN CHASE & CO	2.95
ST. JUDE MEDICAL INC	2.60
METLIFE INC	2.60
	Total: 14.66

Disclaimer

This analysis is based upon information supplied by the Client or its custodian and software developed by Thomson Portfolio Analytics. The underlying data is believed to be reliable but accuracy and completeness cannot be assured. While the characteristics described in this report are believed to accurately reflect the overall nature of the portfolio, all of the constituent securities may not have been considered. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services of any money manaFirement organization. Past results are not necessarily indicative of future performance.

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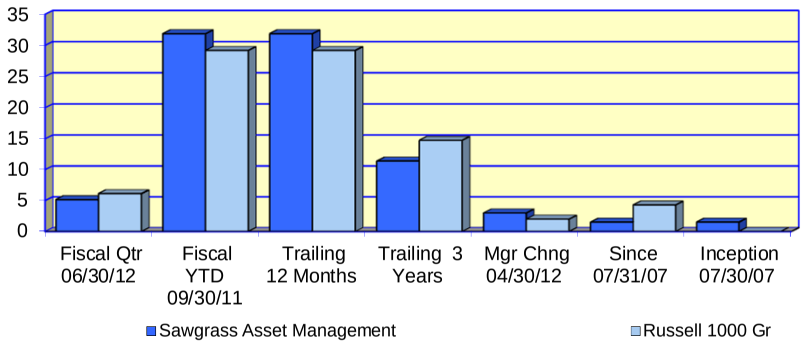
EXECUTIVE SUMMARY

Ormond Beach Firefighters Sawgrass Asset Management AS OF 09/30/2012

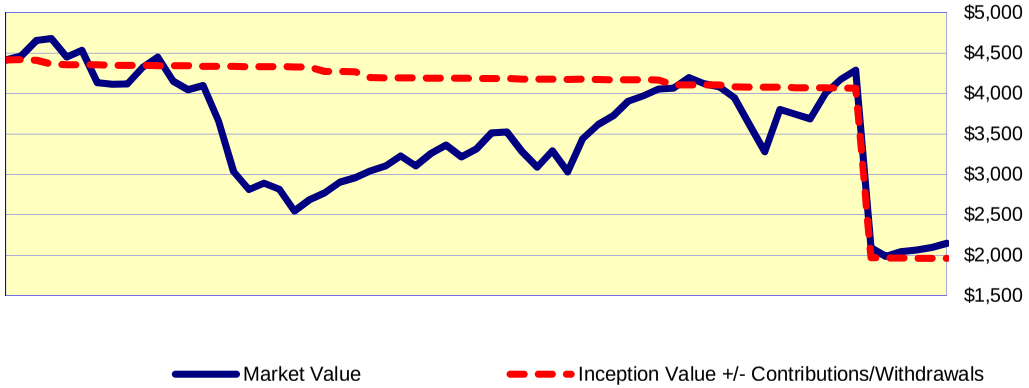
Portfolio Performance(%)



Investment Returns (%) Since:	Fiscal Qtr 06/30/12	Fiscal YTD 09/30/11	Trailing 12 Months	Trailing 3 Years	Mgr Chng 04/30/12	Since 07/31/07	Inception 07/30/07
Sawgrass Asset Management	***5.13***	***31.88***	***31.88***	***11.38***	***2.99***	***1.51***	***1.51***
Russell 1000 Gr	6.11	29.19	29.19	14.73	2.00	4.28	N/A

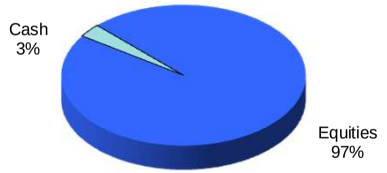
Asset Growth ($000)							
Beginning Market Value	2,046	3,282	3,282	3,229	2,095	4,414	4,414
Net Contributions & Withdrawals	-2	-2,115	-2,115	-2,233	-8	-2,453	-2,453
Gain/Loss + Income	105	982	982	1,153	62	188	188
Ending Market Value	2,149	2,149	2,149	2,149	2,149	2,149	2,149

Value-Added Analysis ($000)



Asset Allocation ($000)

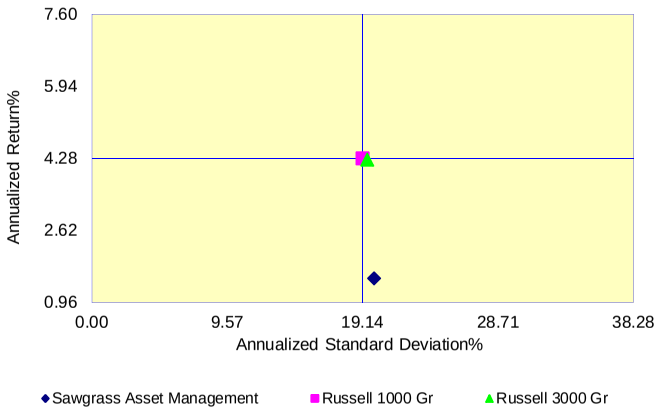
Equities	Cash	Total
2,083	66	2,149



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	0.04
Beta	1.00	Index Sharpe Ratio	0.19
Alpha	-2.54%		
R^2	92%		

Risk / Return Analysis Since 07/31/2007



Annualized %	Return	Std. Dev.
Sawgrass Asset Management	***1.51***	***19.95***
Russell 1000 Gr	4.28	19.14
Russell 3000 Gr	4.25	19.48

Report Created: 12/5/2012

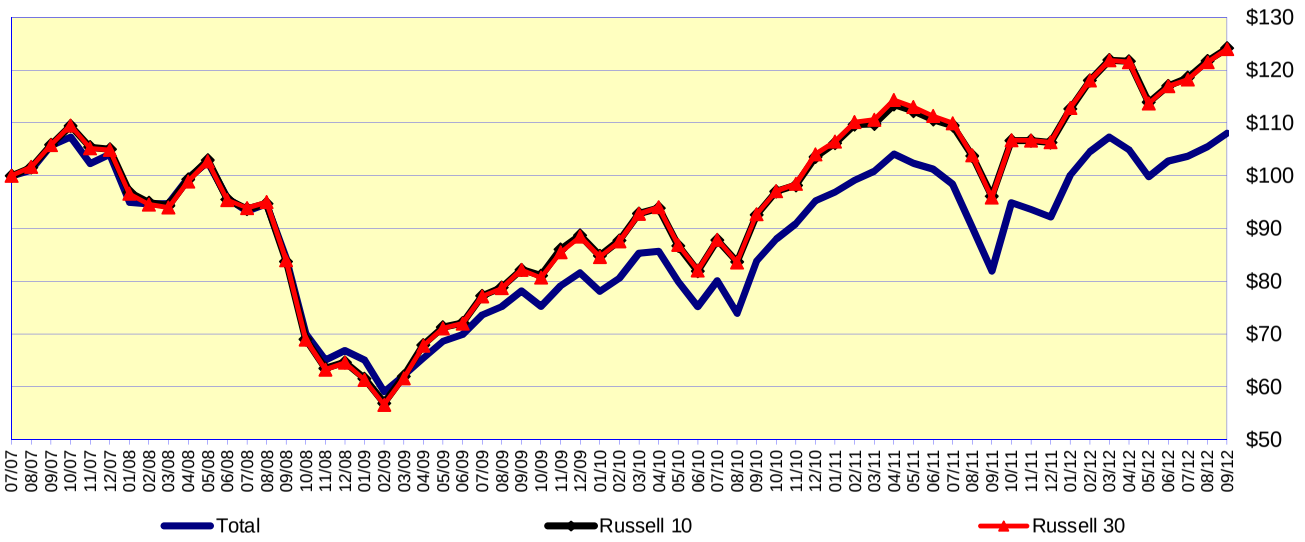
MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters Sawgrass Asset Management

As Of 09/30/2012

Growth of $100 Graph

This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

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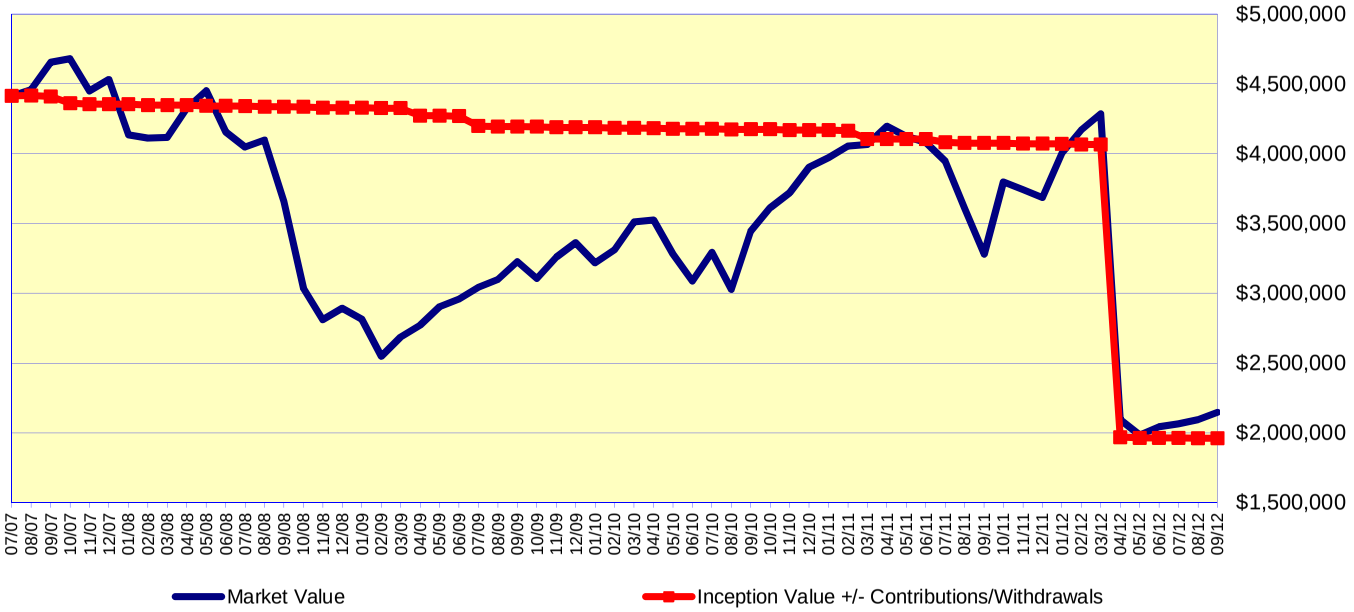

Report Created: 12/5/2012

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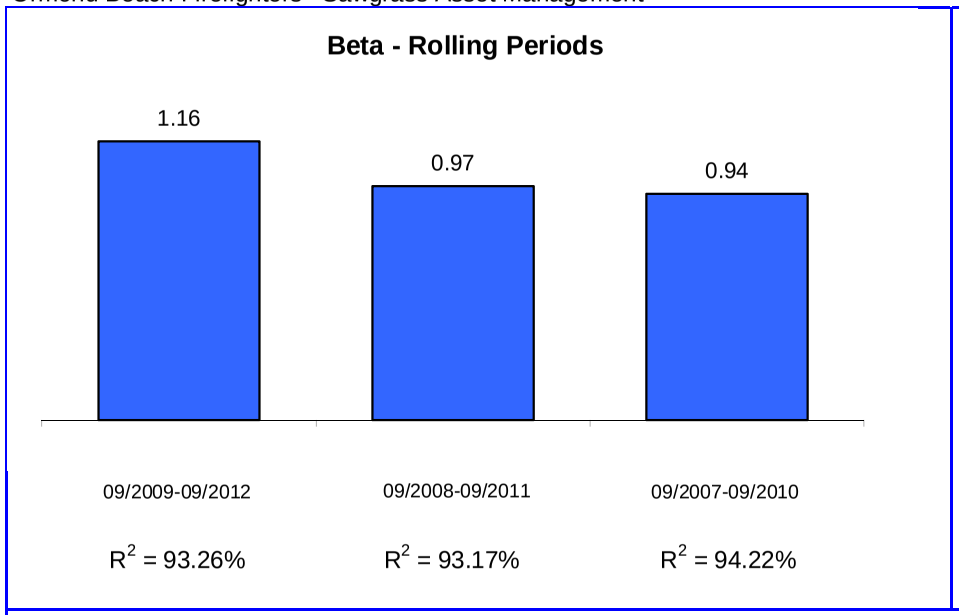
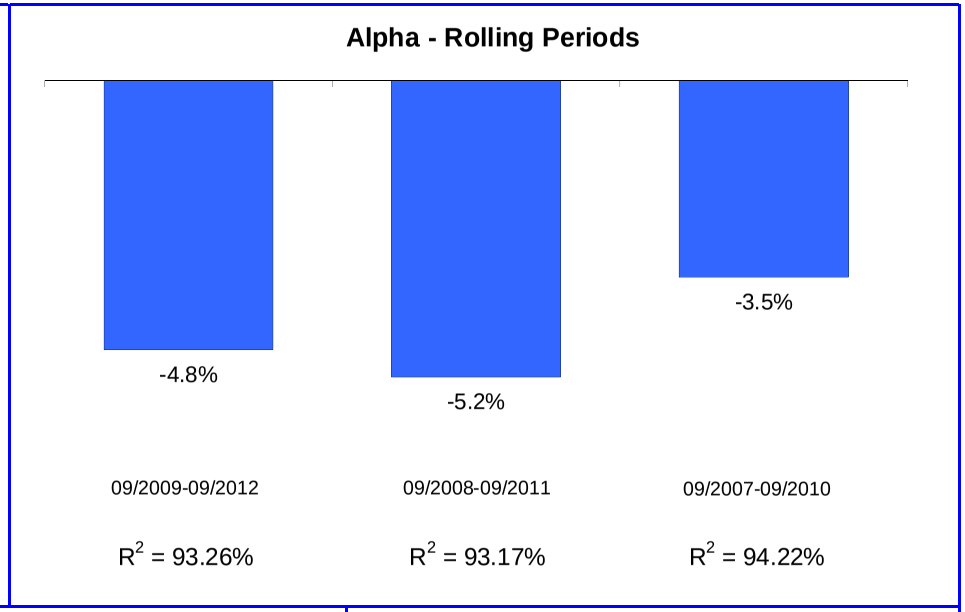
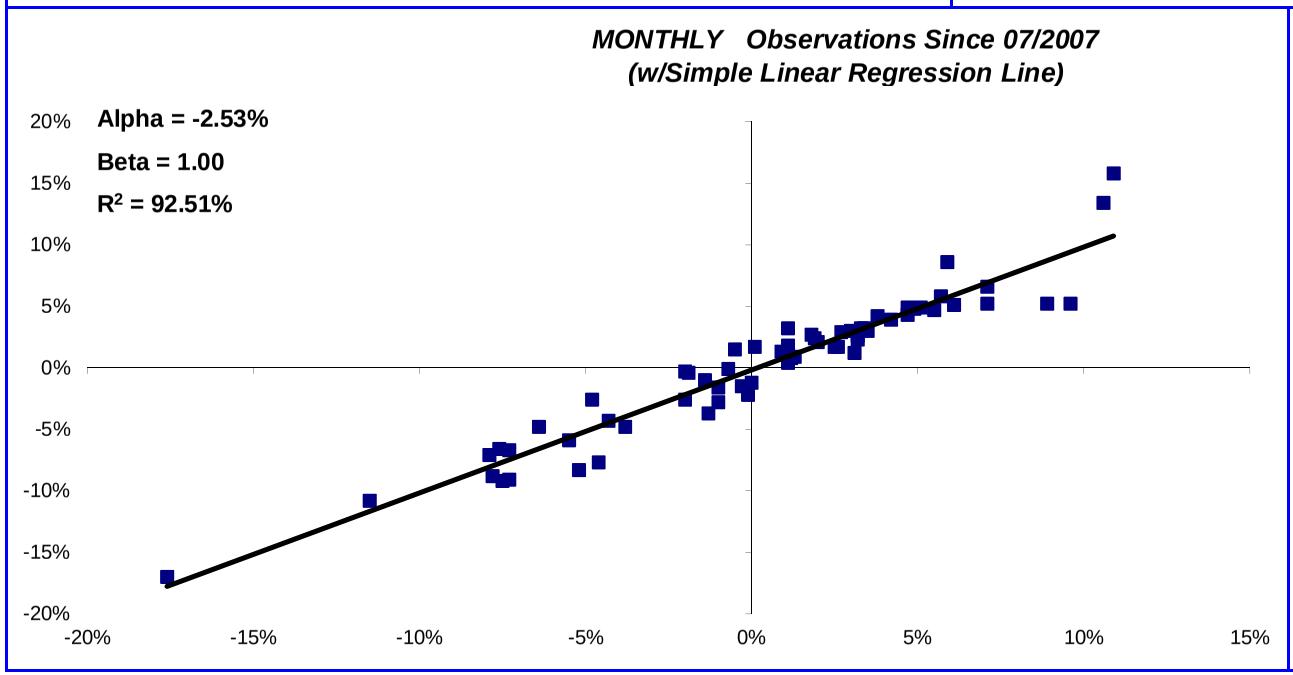
MODERN PORTFOLIO THEORY

Ormond Beach Firefighters Sawgrass Asset Management AS OF 09/30/2012







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Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 12/5/2012

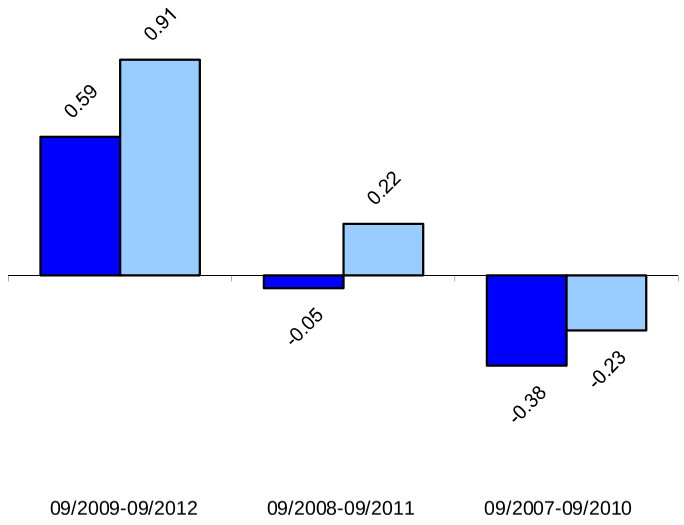
Graystone Consulting℠

MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2012

Sharpe Ratios 3-Year Rolling Periods



Sawgrass Asset Management

Russell 1000 Gr

Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

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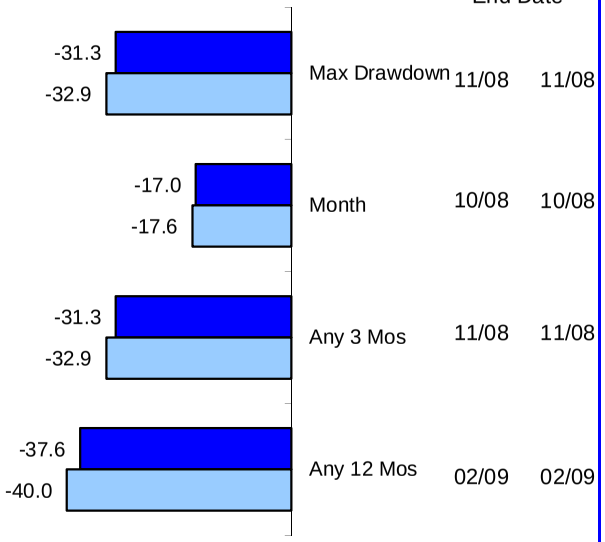
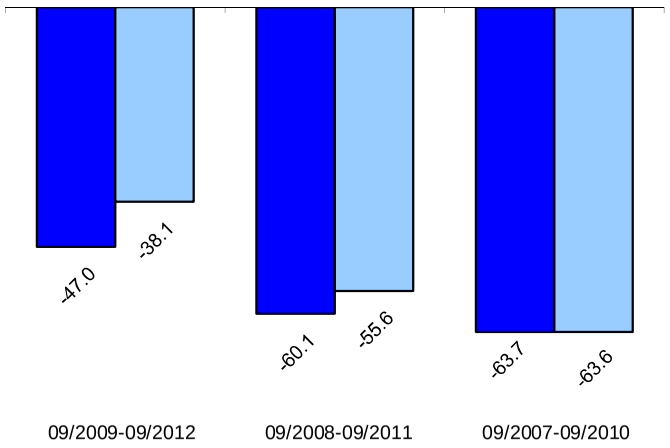
Loss in Varying Time Periods (%)



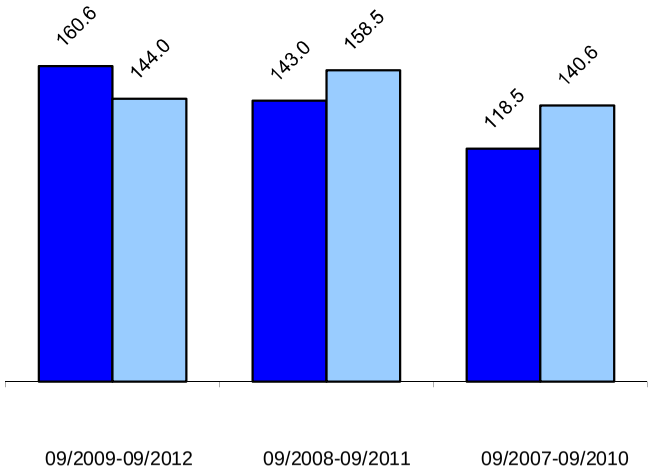
Down Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	09/2008-09/2011	09/2007-09/2010
1.23	1.08	1.00

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	09/2008-09/2011	09/2007-09/2010
1.12	0.90	0.84

Up Capture Ratios

Report Created: 12/5/2012

Ormond Beach Fire - Sawgrass

Composition		
Summary	ORMOND FIRE - SAW	RU1000-G
No of Securities	45.00	567.00
% Bmrk Holdings	95.72	100.00
% Active Share	59.95	0.00
% Top 25 Holdings	74.53	43.94
% Top 15 Holdings	52.56	34.71

Characteristics		
Characteristic	ORMOND FIRE - SAW	RU1000-G
Market Cap - Weighted Median	63,030,464,638.40	51,590,310,603.94
Price / Book	3.93	4.53
P/E NTM	13.76	15.00
Dividend Yield	1.69	1.71
EPS Growth NTM	12.70	12.83
Return on Equity	20.91	23.38

Sector Allocation		
Sector Name	ORMOND FIRE - SAW	RU1000-G
Energy	3.78	4.07
Materials	4.98	3.79
Industrials	11.54	11.77
Consumer Discretionary	13.54	16.40
Consumer Staples	18.37	12.70
Health Care	16.53	11.86
Financials	1.92	4.32
Information Technology	25.91	32.61
Telecomm Service	3.42	2.29
Utilities		0.21

Top Equity Holdings	
Name	ORMOND FIRE - SAW
APPLE INC	4.84
MICROSOFT CORP	4.46
THE COCA-COLA CO	4.31
ABBOTT LABORATORIES	3.98
WAL-MART STORES INC	3.93
	Total: 21.52

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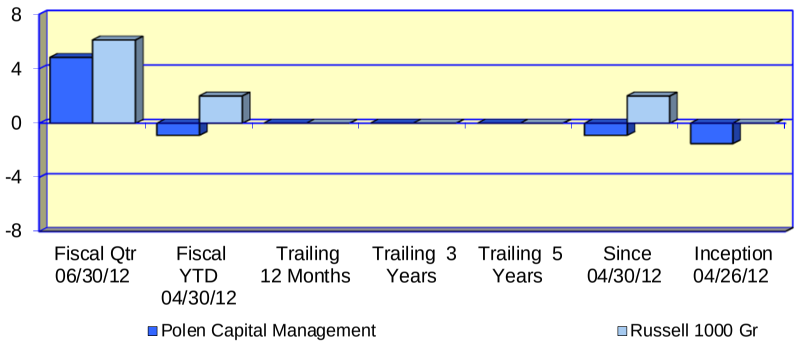
EXECUTIVE SUMMARY

Ormond Beach Firefighters Polen Capital Management AS OF 09/30/2012

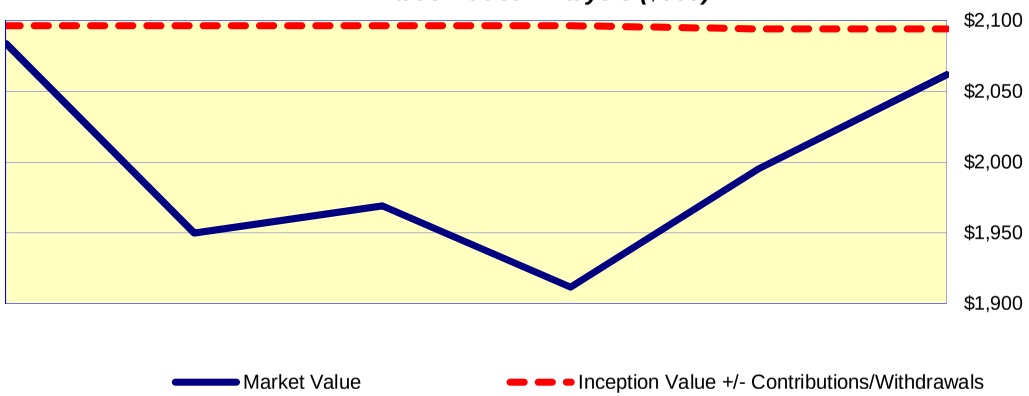
Portfolio Performance(%)



Investment Returns (%) Since:	Fiscal Qtr 06/30/12	Fiscal YTD 04/30/12	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 04/30/12	Inception 04/26/12
Polen Capital Management	***4.83***	***-0.89***	N/A	N/A	N/A	***-0.89***	***-1.51***
Russell 1000 Gr	6.11	2.00				2.00	N/A

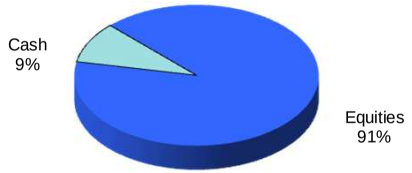
Asset Growth ($000)							
Beginning Market Value	1,970	2,084	N/A	N/A	N/A	2,084	1,852
Net Contributions & Withdrawals	-2	-2	N/A	N/A	N/A	-2	242
Gain/Loss + Income	95	-19	N/A	N/A	N/A	-19	-31
Ending Market Value	2,063	2,063	N/A	N/A	N/A	2,063	2,063

Value-Added Analysis ($000)



Asset Allocation ($000)

Equities	Cash	Total
1,868	194	2,063



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	N/A
Beta	N/A	Index Sharpe Ratio	N/A
Alpha	N/A		
R^2	N/A		

Account Less than 1 Year Old:
This space is reserved for an Annualized Return/Annualized Standard Deviation Scatter Plot which requires a minimum of 1 year of monthly performance history. The graph will appear as soon as your account reaches its 1 year anniversary.

Report Created: 12/5/2012

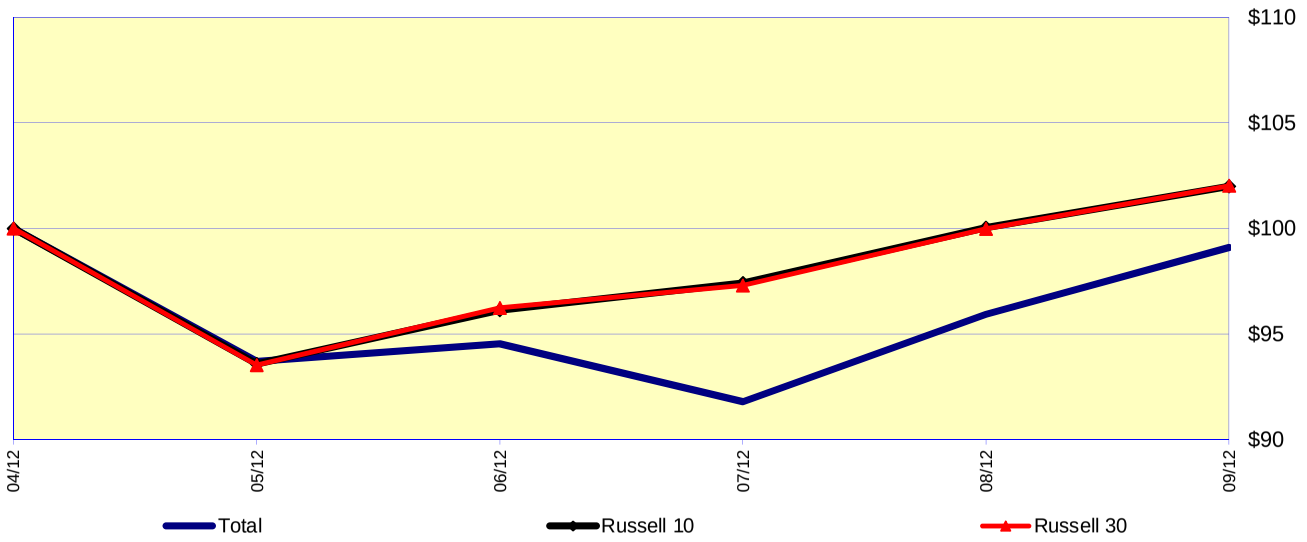
MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters Polen Capital Management

As Of 09/30/2012

Growth of $100 Graph

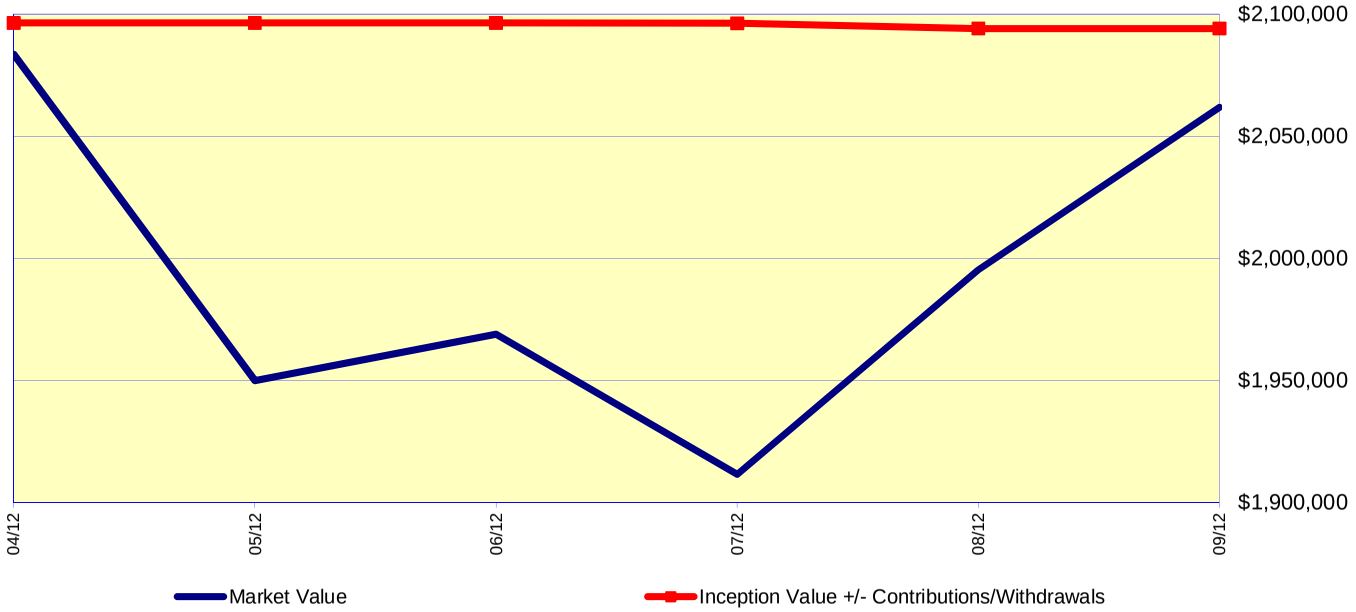
This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

One of the graph lines denotes the period-end market values of the portfolio over time. This is simply a visual representation of the ebb and flow of the portfolio's market value period-to-period. The other line represents the original dollars invested adjusted for contributions or withdrawals.



Report Created: 12/5/2012

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MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2012

Account has less than 12 observations - Sharp Ratio information can not be produced

Polen Capital Management

Russell 1000 Gr

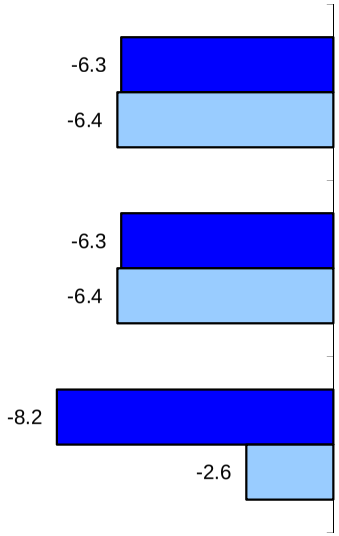
Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

Loss in Varying Time Periods measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*

Down Capture is the measure of the fund`s total return whenever the index returns are negative.

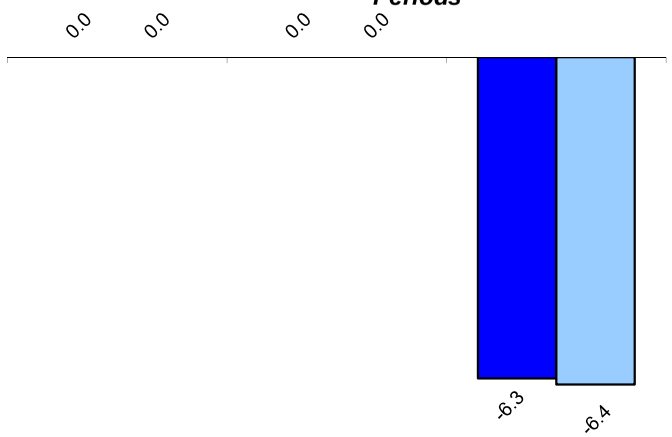
Up Capture is the measure of the fund`s total return whenever the

Loss in Varying Time Periods (%)



	Mgr. End Date	Index End Date
Max Drawdown	05/12	05/12
Month	05/12	05/12
Any 3 Mos	07/12	07/12

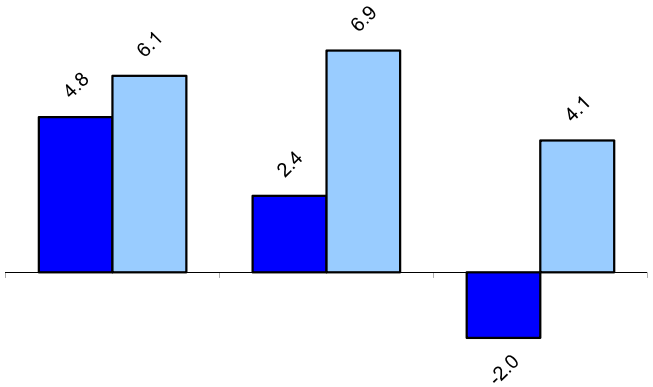
Down Capture Returns (%) 3-Month Rolling Periods



06/2012-09/2012	05/2012-08/2012	04/2012-07/2012
0.00	0.00	0.98

Down Capture Ratios

Up Capture Returns (%) 3-Month Rolling Periods



06/2012-09/2012	05/2012-08/2012	04/2012-07/2012
0.79	0.34	-0.50

Up Capture Ratios

Report Created: 12/5/2012

Ormond Beach Fire - Polen

Composition		
Summary	ORMOND FIRE - POL	RU1000-G
No of Securities	18.00	567.00
% Bmrk Holdings	100.00	100.00
% Active Share	78.57	0.00
% Top 25 Holdings	100.00	43.94
% Top 15 Holdings	90.99	34.71

Characteristics		
Characteristic	ORMOND FIRE - POL	RU1000-G
Market Cap - Weighted Median	40,665,964,996.19	51,590,310,603.94
Price / Book	5.26	4.53
P/E NTM	15.88	15.00
Dividend Yield	1.24	1.71
EPS Growth NTM	13.75	12.83
Return on Equity	24.00	23.38

Sector Allocation		
Sector Name	ORMOND FIRE - POL	RU1000-G
Energy		4.07
Materials		3.79
Industrials	4.70	11.77
Consumer Discretionary	10.77	16.40
Consumer Staples		12.70
Health Care	21.79	11.86
Financials	6.15	4.32
Information Technology	56.59	32.61
Telecomm Service		2.29
Utilities		0.21

Top Equity Holdings	
Name	ORMOND FIRE - POL
APPLE INC	7.56
GOOGLE INC	7.40
COGNIZANT TECHNOLOGY SOLUTIONS CORP	6.98
QUALCOMM INC	6.72
ACCENTURE PLC	6.38
	Total: 35.04

Disclaimer

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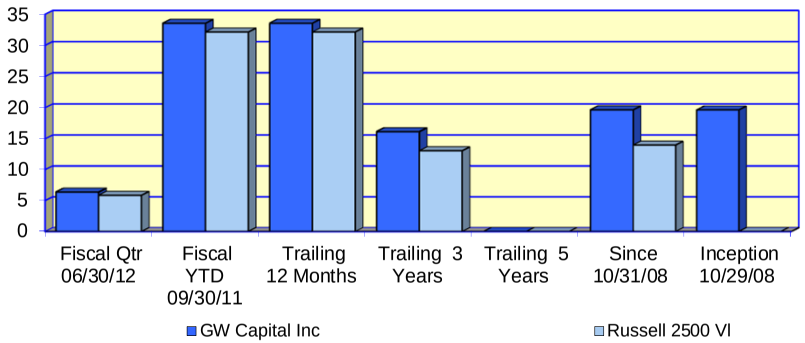
EXECUTIVE SUMMARY

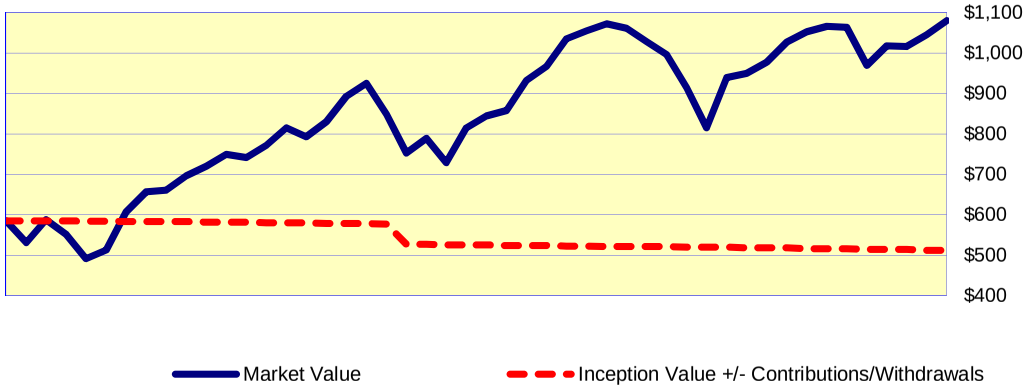
Ormond Beach Firefighters GW Capital Inc — AS OF 09/30/2012

Portfolio Performance(%)



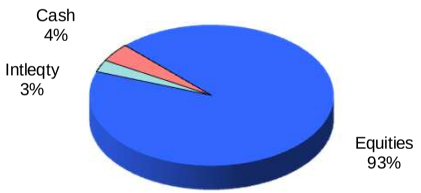
Investment Returns (%) Since:	Fiscal Qtr 06/30/12	Fiscal YTD 09/30/11	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 10/31/08	Inception 10/29/08
GW Capital Inc	**6.38**	**33.56**	**33.56**	**16.14**	N/A	**19.66**	**19.64**
Russell 2500 VI	5.85	32.15	32.15	13.05		13.98	N/A
Asset Growth ($000)							
Beginning Market Value	1,018	815	815	750	N/A	585	585
Net Contributions & Withdrawals	-2	-8	-8	-70	N/A	-73	-73
Gain/Loss + Income	65	274	274	401	N/A	569	569
Ending Market Value	1,081	1,081	1,081	1,081	N/A	1,081	1,081

Value-Added Analysis ($000)



Asset Allocation ($000)

Equities	Intleqty	Cash	Total
1,005	30	46	1,081



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	0.88
Beta	0.90	Index Sharpe Ratio	0.60
Alpha	6.33%		
R^2	89%		

Risk / Return Analysis Since 10/31/2008

Annualized %	Return	Std. Dev.
GW Capital Inc	**19.66**	**22.04**
Russell 2500 VI	13.98	22.96

Report Created: 12/5/2012

MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters GW Capital Inc

As Of 09/30/2012

Growth of $100 Graph

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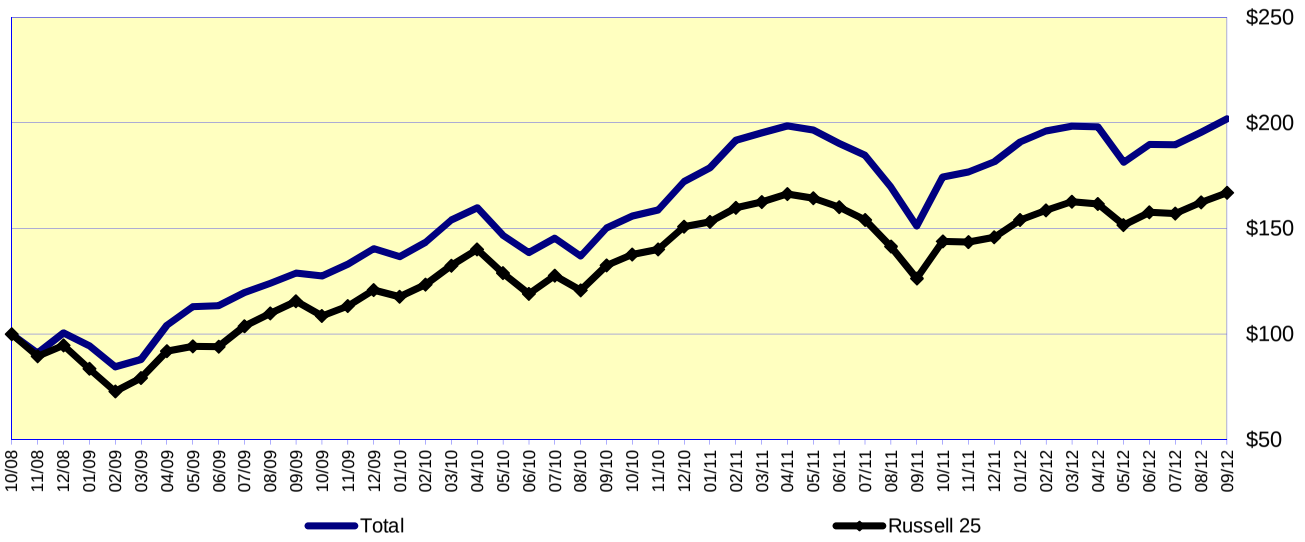

Value Added Graph

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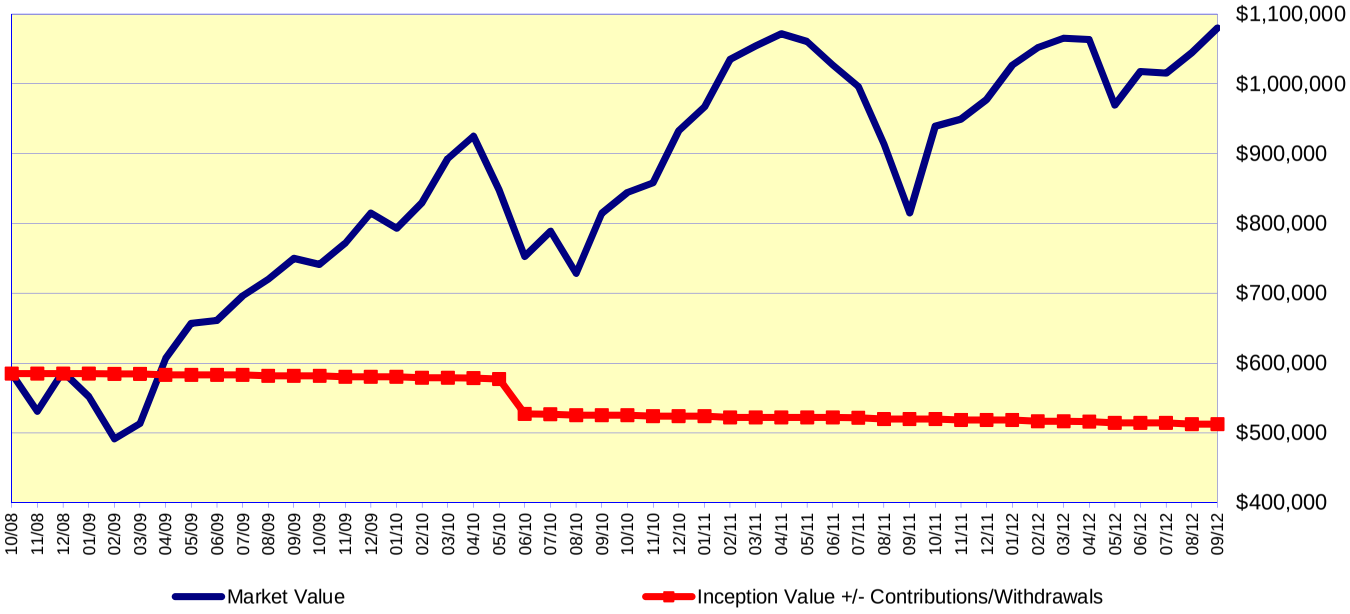

Report Created: 12/5/2012

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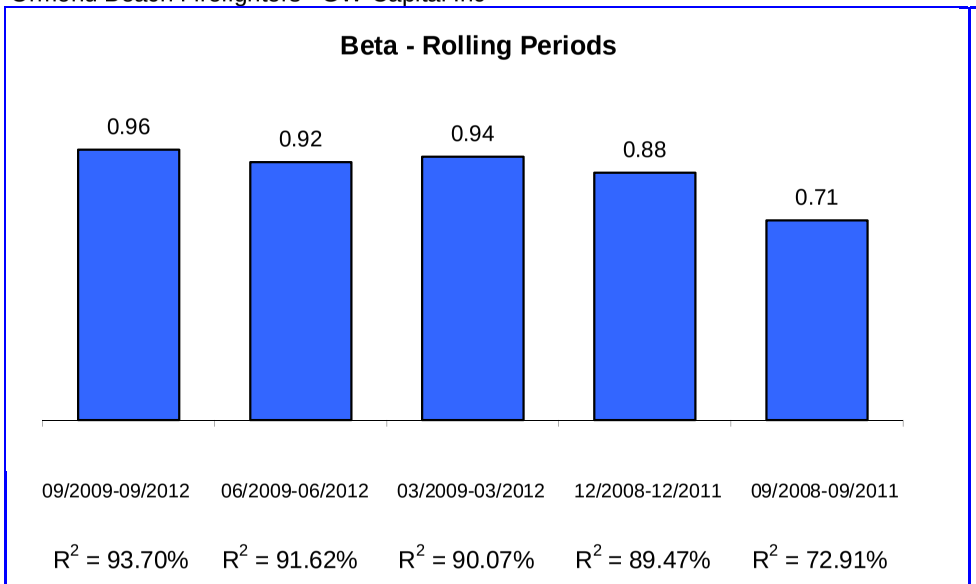
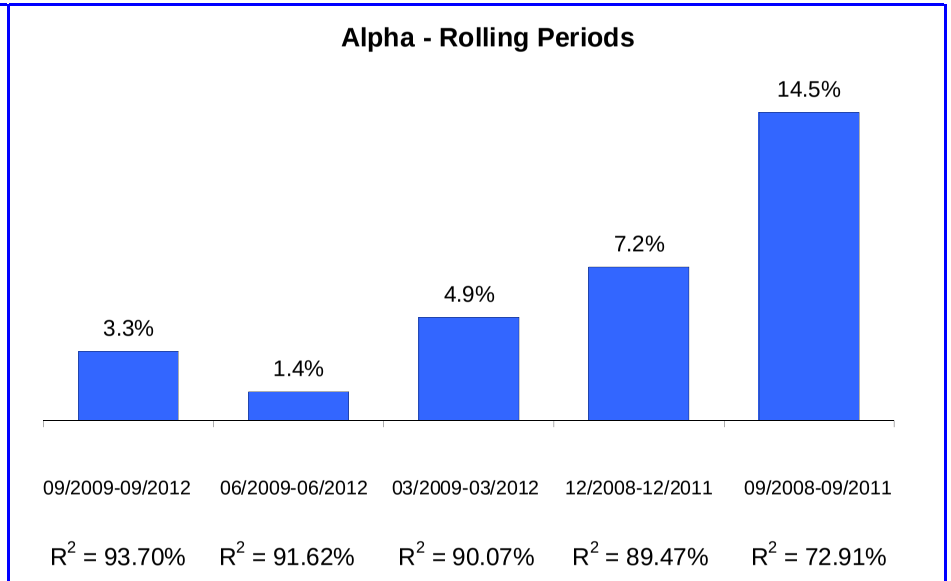
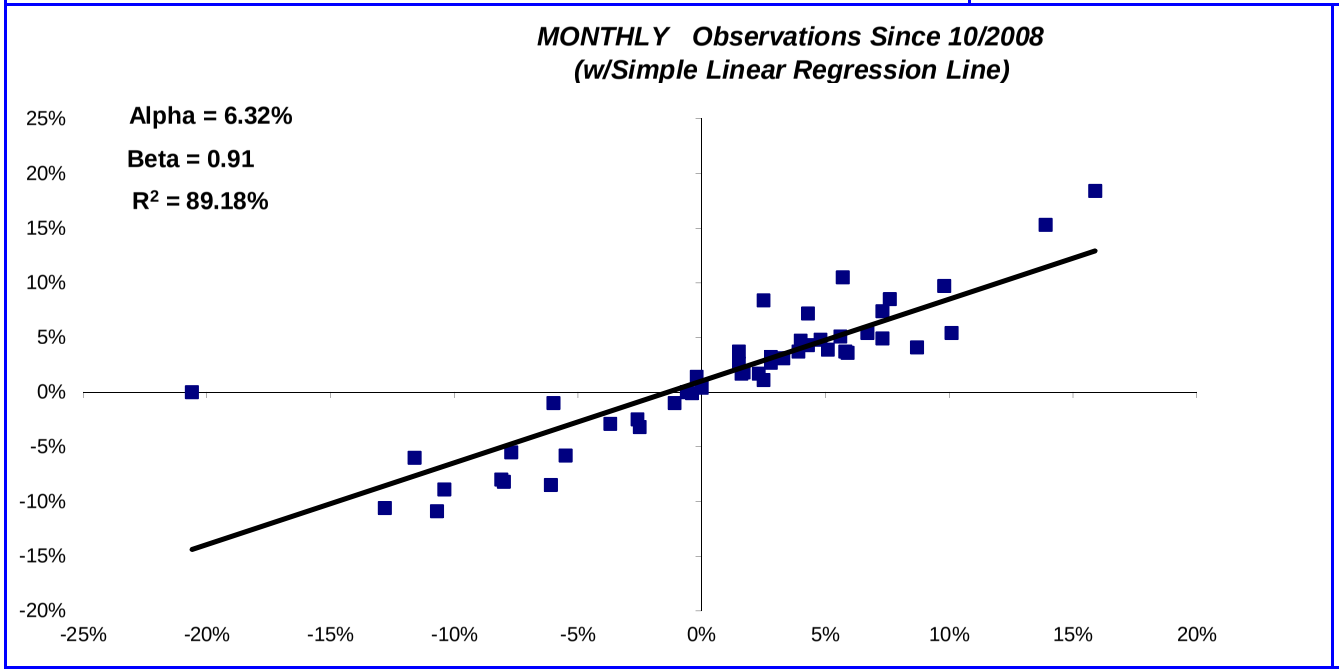
MODERN PORTFOLIO THEORY

Ormond Beach Firefighters GW Capital Inc

AS OF 09/30/2012







Modern Portfolio Theory seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market. **Beta** is a measure of the sensitivity of a portfolio's rate of return against that of the market. A beta greater than 1.00 indicates volatility greater than the market. **R2** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-squared of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 12/5/2012

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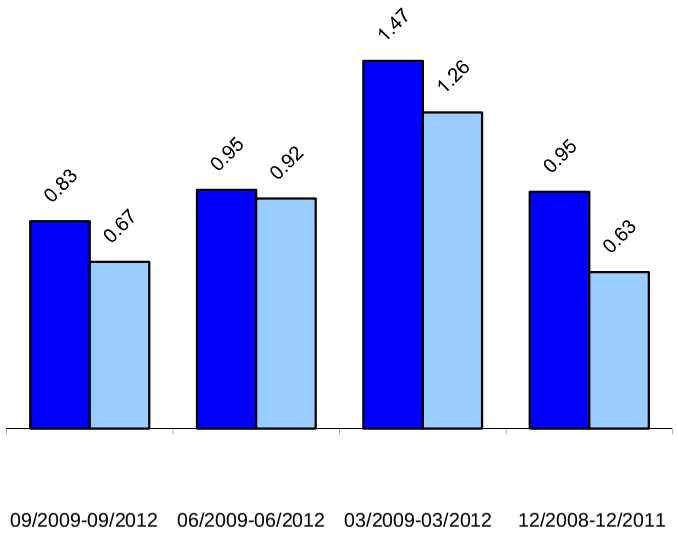
MANAGER RISK ANALYSIS

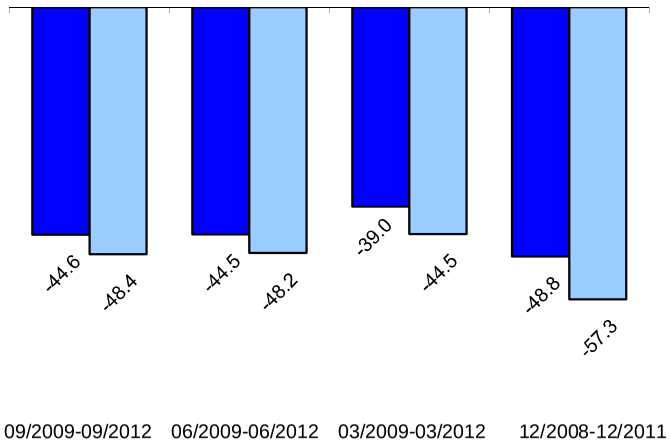
Ormond Beach Firefighters

AS OF 09/30/2012

Sharpe Ratios 3-Year Rolling Periods



Down Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	06/2009-06/2012	03/2009-03/2012	12/2008-12/2011
0.92	0.92	0.88	0.85

Down Capture Ratios

GW Capital Inc

Russell 2500 VI

Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

Loss in Varying Time Periods measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*

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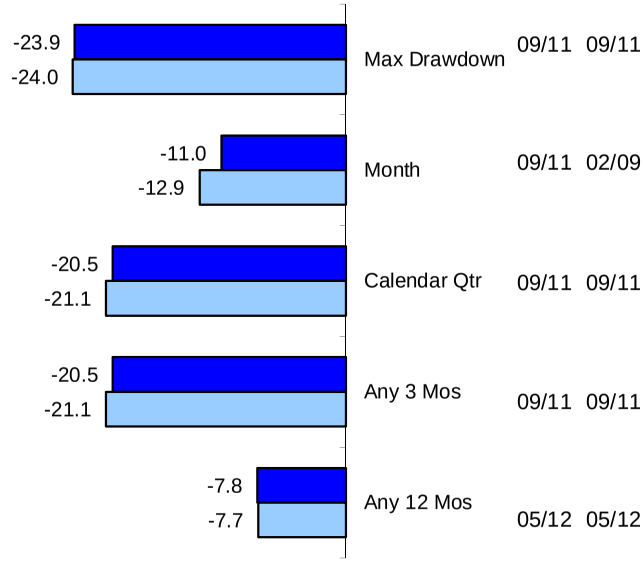
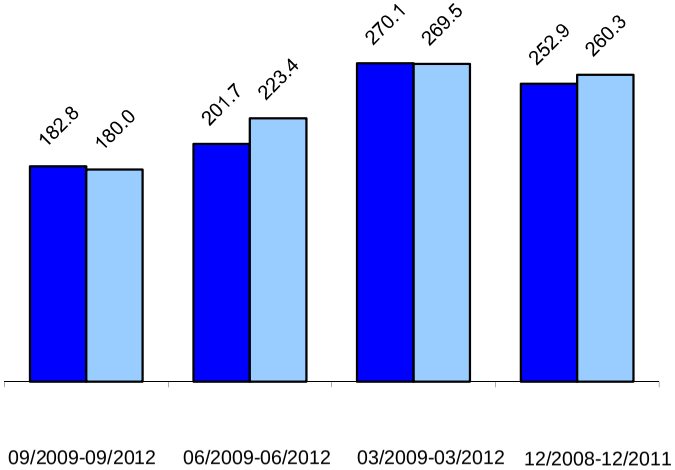
Up Capture is the measure of the fund`s total return whenever the

Loss in Varying Time Periods (%)



Up Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	06/2009-06/2012	03/2009-03/2012	12/2008-12/2011
1.02	0.90	1.00	0.97

Up Capture Ratios

Report Created: 12/5/2012

Ormond Beach Fire - GW

Composition		
Summary	ORMOND FIRE GW	RU2500-V
No of Securities	35.00	1,778.00
% Bmrk Holdings	55.45	100.00
% Active Share	97.08	0.00
% Top 25 Holdings	80.79	9.13
% Top 15 Holdings	53.57	5.85

Characteristics		
Characteristic	ORMOND FIRE GW	RU2500-V
Market Cap - Weighted Median	4,957,292,662.30	2,512,619,453.90
Price / Book	1.44	1.37
P/E NTM	13.75	13.97
Dividend Yield	1.74	2.05
EPS Growth NTM	18.35	15.46
Return on Equity	6.00	6.41

Sector Allocation		
Sector Name	ORMOND FIRE GW	RU2500-V
Energy	13.88	7.37
Materials	15.25	6.88
Industrials	19.64	13.47
Consumer Discretionary	4.63	11.21
Consumer Staples	5.50	2.40
Health Care	4.17	6.40
Financials	23.25	32.55
Information Technology	5.49	9.62
Telecomm Service	3.21	1.24
Utilities	4.98	8.86

Top Equity Holdings	
Name	ORMOND FIRE GW
ONEOK INC	4.98
BROOKDALE SENIOR LIVING INC	4.17
VERISK ANALYTICS INC	3.87
WILLIAMS COMPANIES INC	3.84
CROWN HOLDINGS INC	3.81
	Total: 20.67

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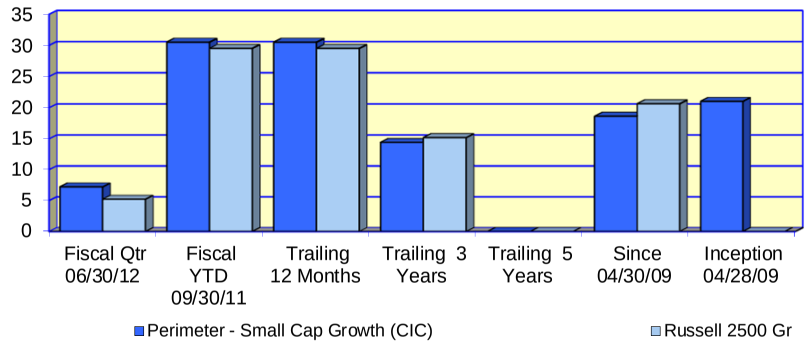
EXECUTIVE SUMMARY

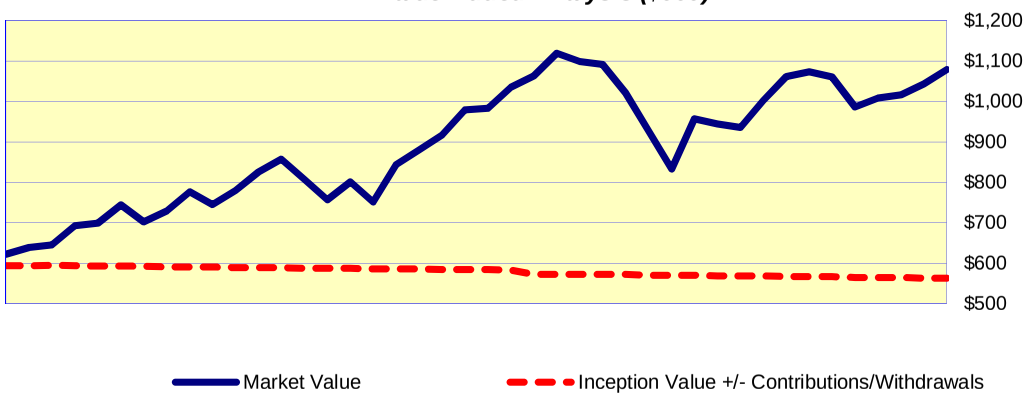
Ormond Beach Fire Perimeter - Small Cap Growth (CIC) AS OF 09/30/2012

Portfolio Performance(%)



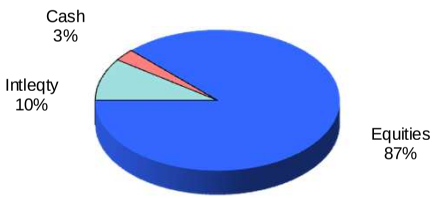
Investment Returns (%) Since:	Fiscal Qtr 06/30/12	Fiscal YTD 09/30/11	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 04/30/09	Inception 04/28/09
Perimeter - Small Cap Growth (CIC)	***7.21***	***30.51***	***30.51***	***14.41***	N/A	***18.63***	***21.01***
Russell 2500 Gr	5.22	29.52	29.52	15.18		20.63	N/A
Asset Growth ($000)							
Beginning Market Value	1,009	833	833	745	N/A	622	0
Net Contributions & Withdrawals	-2	-7	-7	-31	N/A	-31	563
Gain/Loss + Income	72	253	253	365	N/A	488	516
Ending Market Value	1,079	1,079	1,079	1,079	N/A	1,079	1,079

Value-Added Analysis ($000)



Asset Allocation ($000)

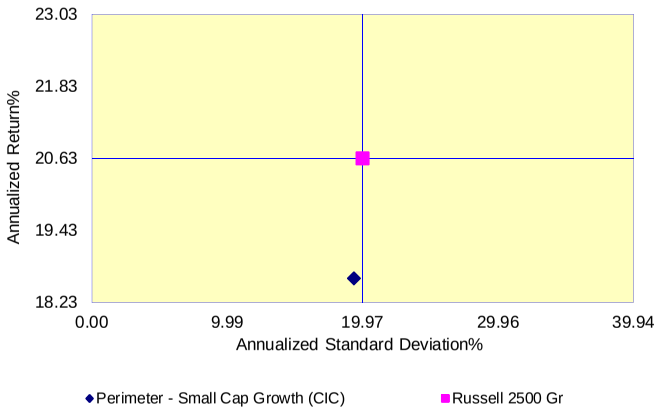
Equities	Intleqty	Cash	Total
945	105	30	1,079



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	0.95
Beta	0.95	Index Sharpe Ratio	1.02
Alpha	-0.87%		
R^2	97%		

Risk / Return Analysis Since 04/30/2009



Annualized %	Return	Std. Dev.
Perimeter - Small Cap Growth (CIC)	***18.63***	***19.34***
Russell 2500 Gr	20.63	19.97

Report Created: 12/5/2012

MANAGER PERFORMANCE ANALYSIS

Ormond Beach Fire Perimeter - Small Cap Growth (CIC) As Of 09/30/2012

Growth of $100 Graph

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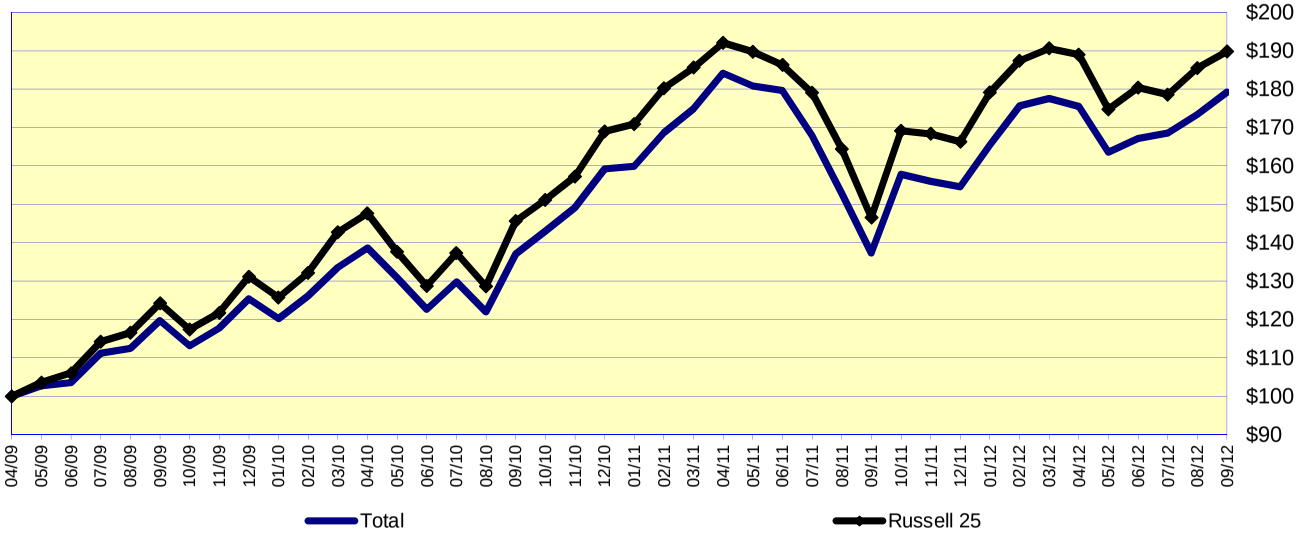

Value Added Graph

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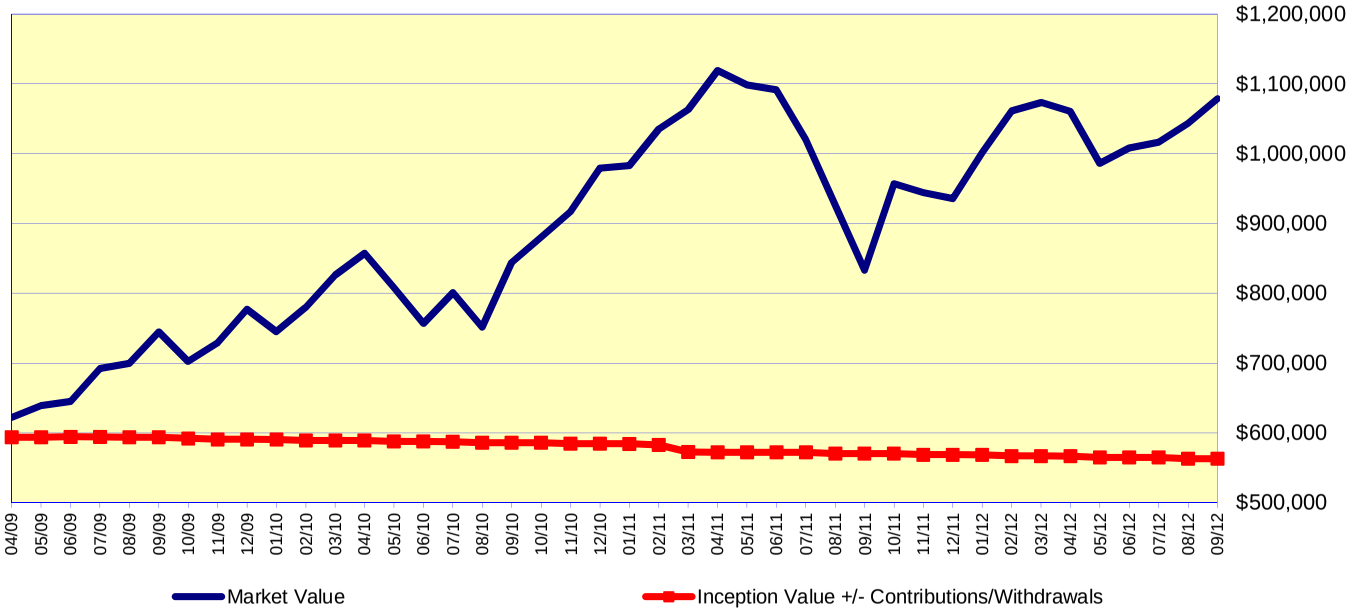

Report Created: 12/5/2012

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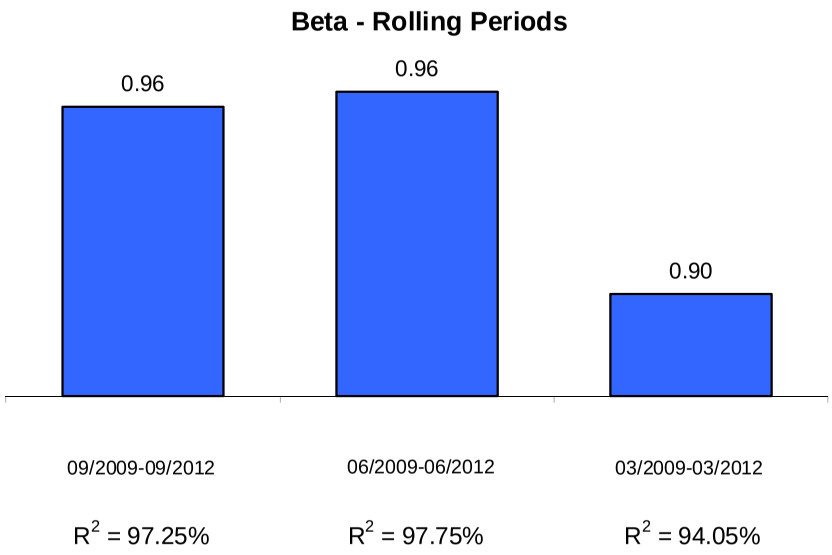
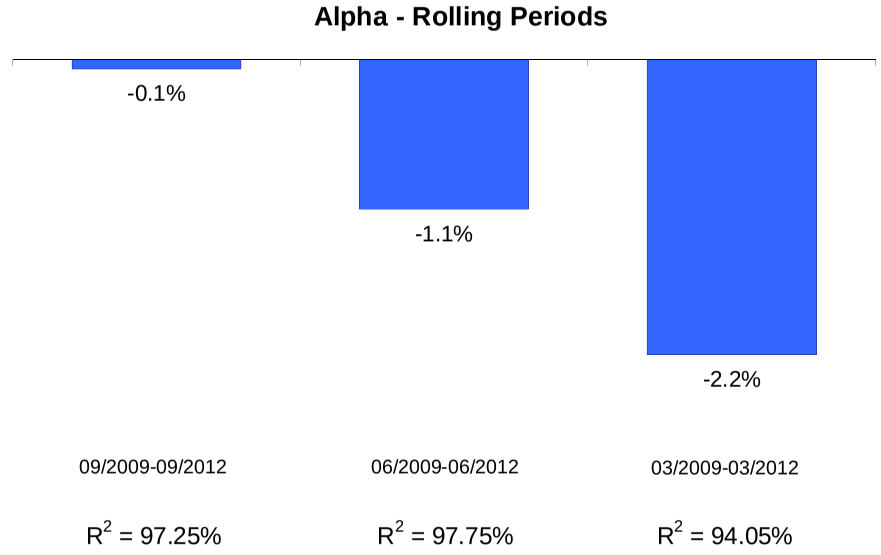
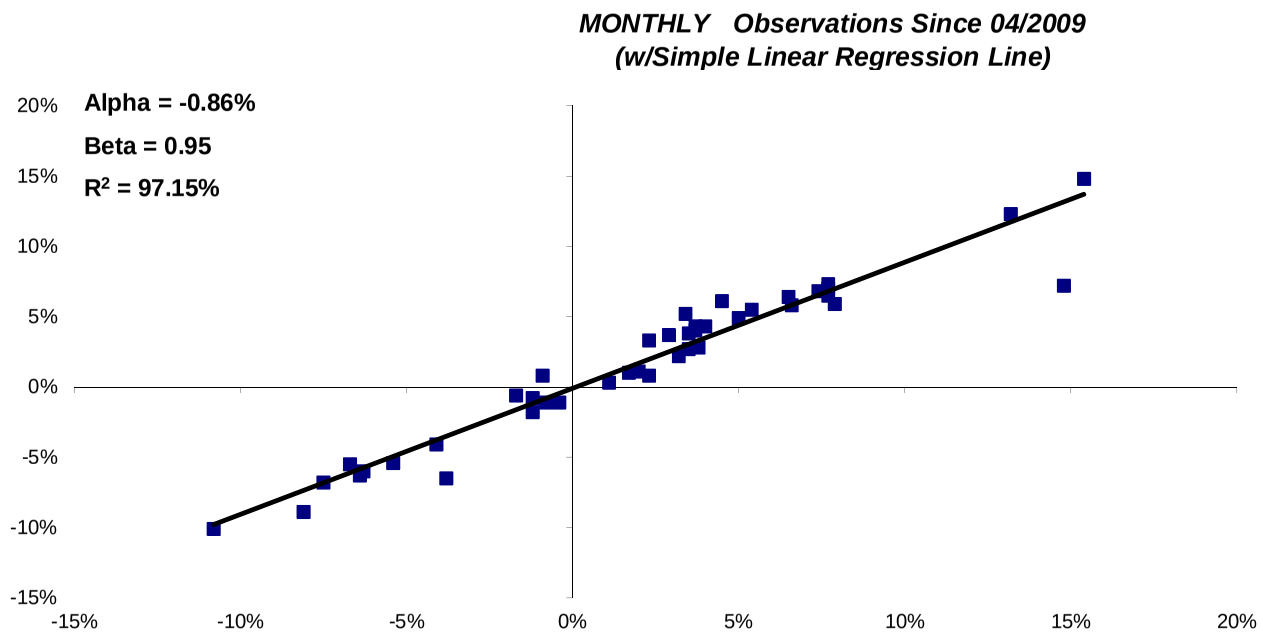
MODERN PORTFOLIO THEORY

Ormond Beach Fire Perimeter - Small Cap Growth (CIC) AS OF 09/30/2012







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Report Created: 12/5/2012

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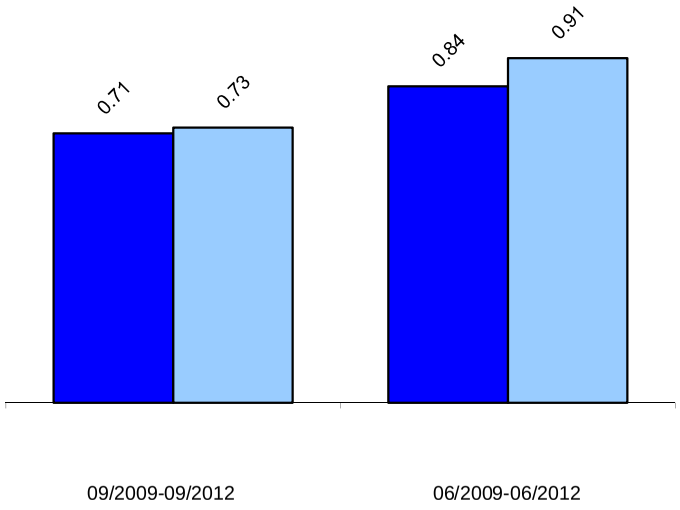
MANAGER RISK ANALYSIS

Ormond Beach Fire

AS OF 09/30/2012

Sharpe Ratios 3-Year Rolling Periods



Perimeter - Small Cap Growth

Russell 2500 Gr

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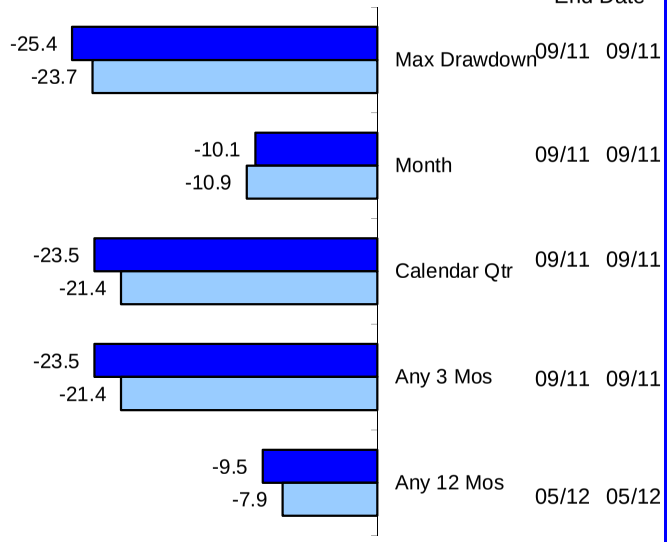
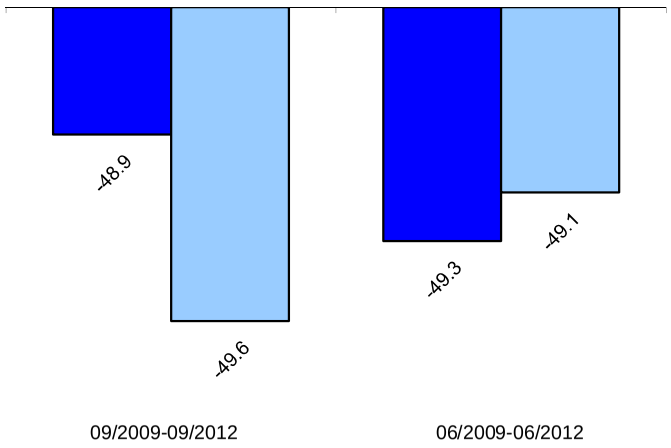
Up Capture is the measure of the fund`s total return whenever the

Loss in Varying Time Periods (%)



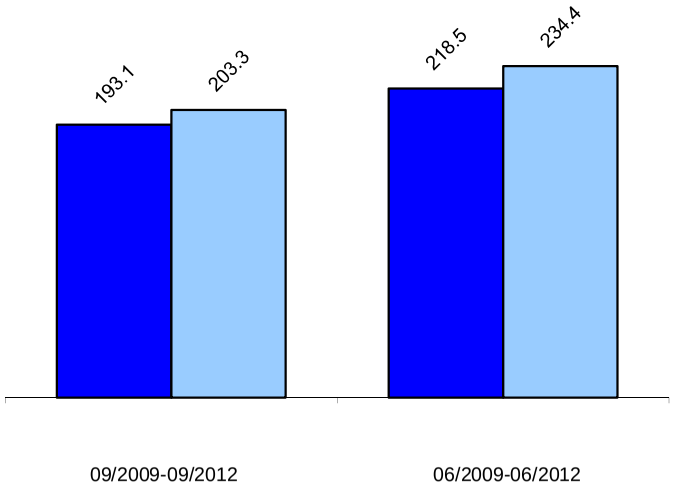
Down Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	06/2009-06/2012
0.99	1.00

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	06/2009-06/2012
0.95	0.93

Up Capture Ratios

Report Created: 12/5/2012

Ormond Beach Fire - Perimeter

Composition		
Summary	ORMOND FIRE PER	RU2500-G
No of Securities	98.00	1,379.00
% Bmrk Holdings	84.01	100.00
% Active Share	84.49	0.00
% Top 25 Holdings	38.16	12.39
% Top 15 Holdings	25.49	8.08

Characteristics		
Characteristic	ORMOND FIRE PER	RU2500-G
Market Cap - Weighted Median	2,667,248,876.04	2,625,757,780.56
Price / Book	3.24	3.31
P/E NTM	16.60	18.63
Dividend Yield	0.57	0.83
EPS Growth NTM	21.45	23.26
Return on Equity	11.85	11.78

Sector Allocation		
Sector Name	ORMOND FIRE PER	RU2500-G
Energy	3.58	5.04
Materials	5.26	6.83
Industrials	16.34	16.29
Consumer Discretionary	19.19	17.99
Consumer Staples	3.15	3.75
Health Care	24.05	16.77
Financials	8.39	9.79
Information Technology	20.05	21.44
Telecomm Service		1.54
Utilities		0.58

Top Equity Holdings	
Name	ORMOND FIRE PER
HMS HOLDINGS CORP	2.65
OSI SYSTEMS INC	2.34
CATAMARAN CORP	2.24
ENDO HEALTH SOLUTIONS INC	1.77
SOLARWINDS INC	1.70
	Total: 10.69

Disclaimer

This analysis is based upon information supplied by the Client or its custodian and software developed by Thomson Portfolio Analytics. The underlying data is believed to be reliable but accuracy and completeness cannot be assured. While the characteristics described in this report are believed to accurately reflect the overall nature of the portfolio, all of the constituent securities may not have been considered. This evaluation is for informational purposes only and is not intended to be an offer, solicitation or recommendation with respect to the purchase or sale of any security or a recommendation of the services of any money manaFirement organization. Past results are not necessarily indicative of future performance.

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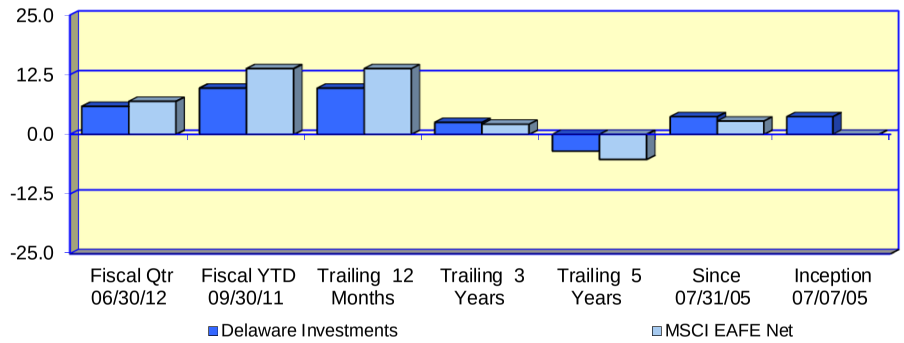
EXECUTIVE SUMMARY

Ormond Beach Firefighters Delaware Investments AS OF 09/30/2012

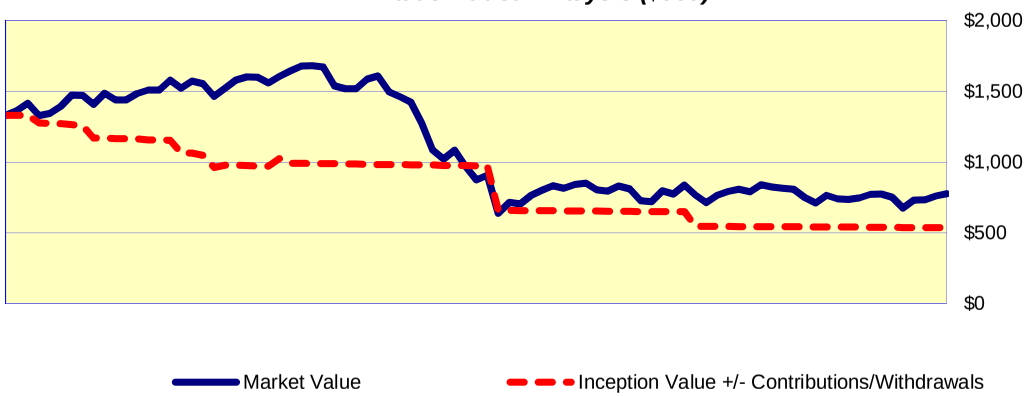
Portfolio Performance(%)



Investment Returns (%) Since:	Fiscal Qtr 06/30/12	Fiscal YTD 09/30/11	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 07/31/05	Inception 07/07/05
Delaware Investments	***5.86***	***9.67***	***9.67***	***2.52***	***-3.52***	***3.72***	***3.72***
MSCI EAFE Net	6.92	13.76	13.76	2.12	-5.24	2.78	N/A

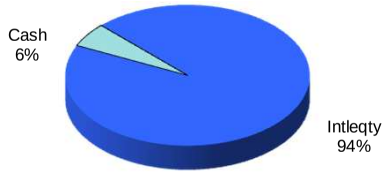
Asset Growth ($000)							
Beginning Market Value	734	712	712	835	1,649	1,335	1,310
Net Contributions & Withdrawals	0	-5	-5	-118	-455	-794	-772
Gain/Loss + Income	42	69	69	59	-418	235	238
Ending Market Value	776	776	776	776	776	776	776

Value-Added Analysis ($000)



Asset Allocation ($000)

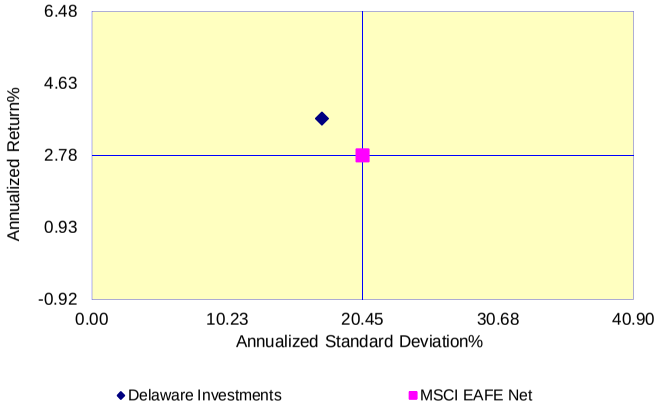
Intleqty	Cash	Total
734	43	776



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	0.11
Beta	0.82	Index Sharpe Ratio	0.05
Alpha	0.87%		
R^2	93%		

Risk / Return Analysis Since 07/31/2005



Annualized %	Return	Std. Dev.
Delaware Investments	***3.72***	***17.37***
MSCI EAFE Net	2.78	20.45

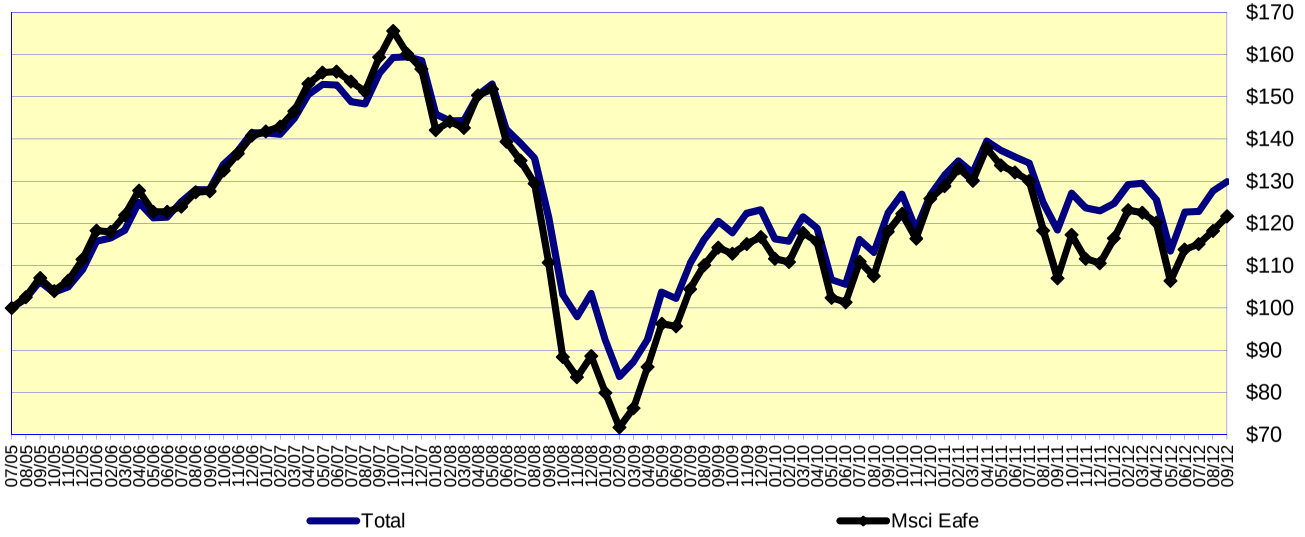
Report Created: 12/5/2012

MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters Delaware Investments | As Of 09/30/2012

Growth of $100 Graph

This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

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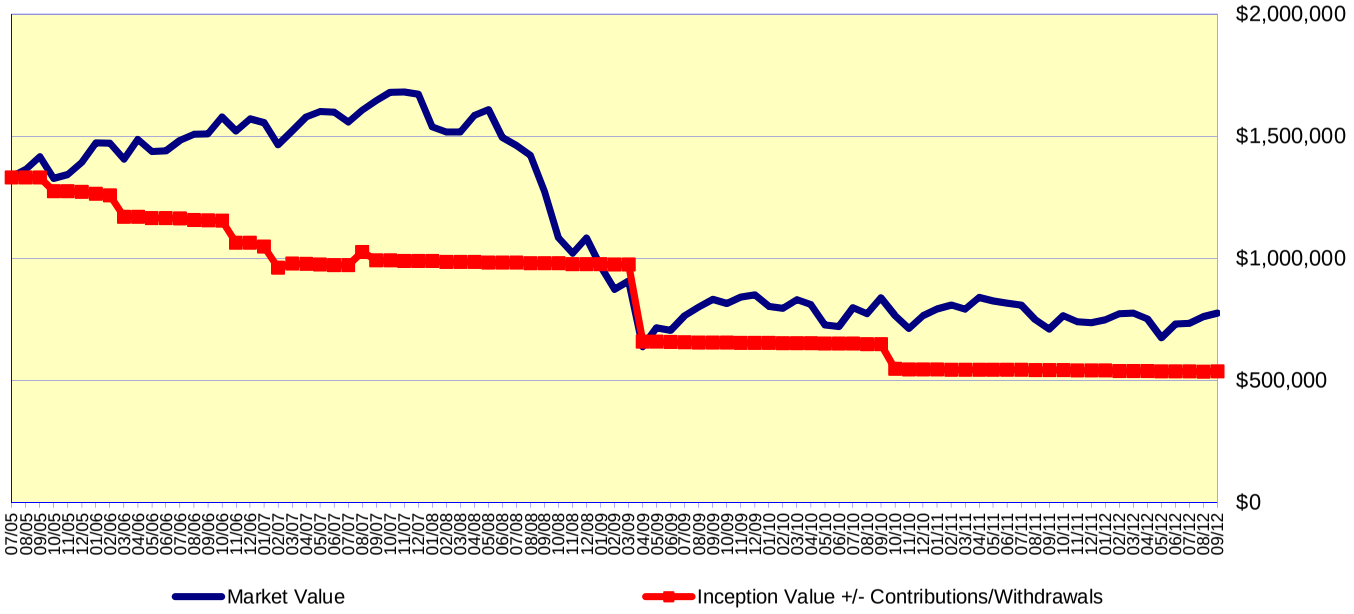
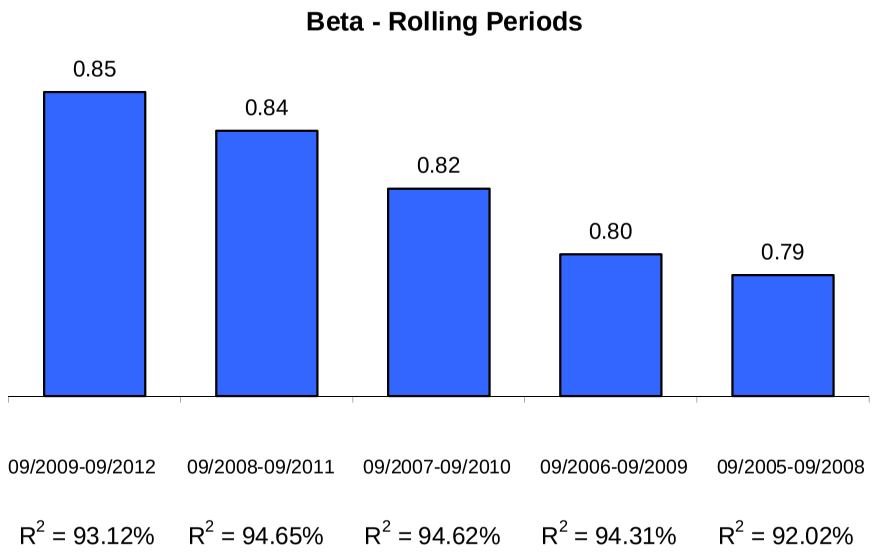


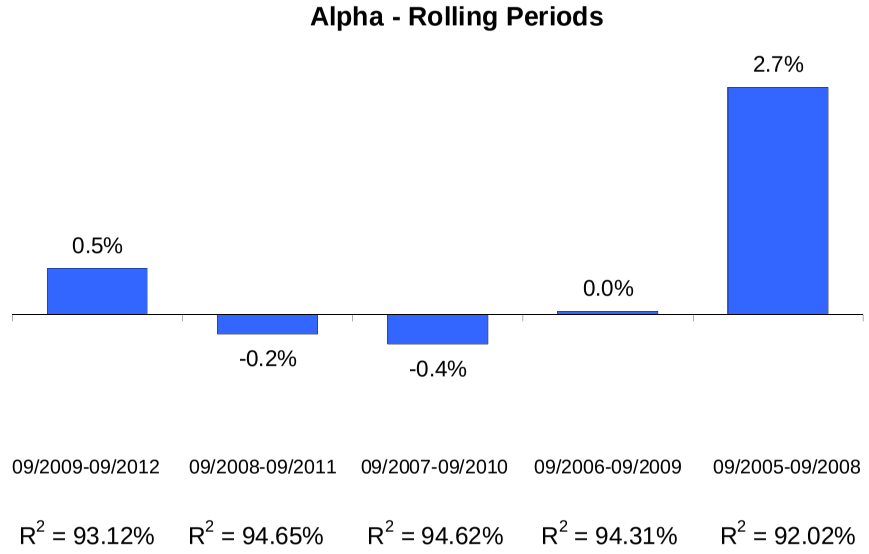
Report Created: 12/5/2012

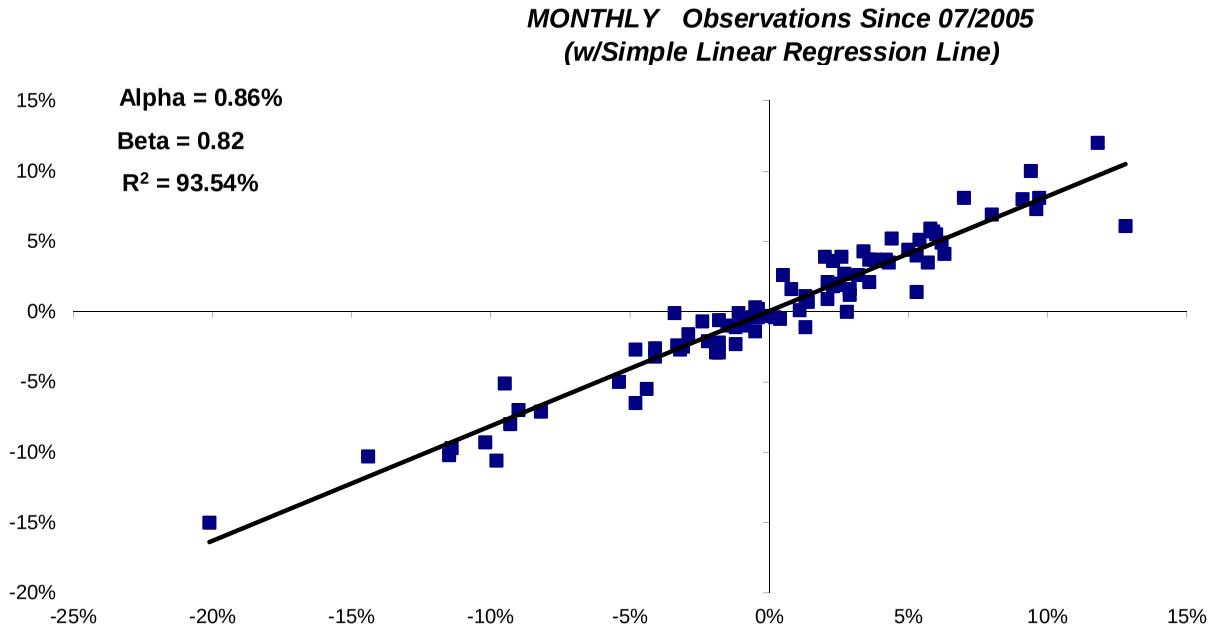
Graystone Consulting℠

MODERN PORTFOLIO THEORY

Ormond Beach Firefighters Delaware Investments AS OF 09/30/2012







Modern Portfolio Theory seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market. **Beta** is a measure of the sensitivity of a portfolio's rate of return against that of the market. A beta greater than 1.00 indicates volatility greater than the market. **R2** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-squared of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 12/5/2012

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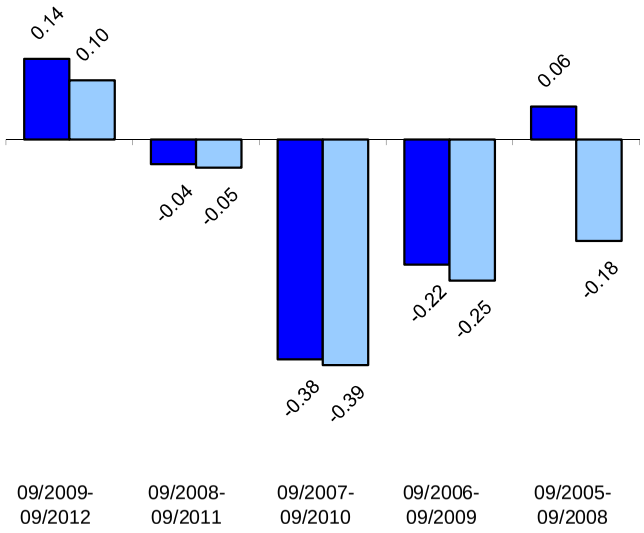
MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2012

Sharpe Ratios 3-Year Rolling Periods



Delaware Investments

MSCI EAFE Net

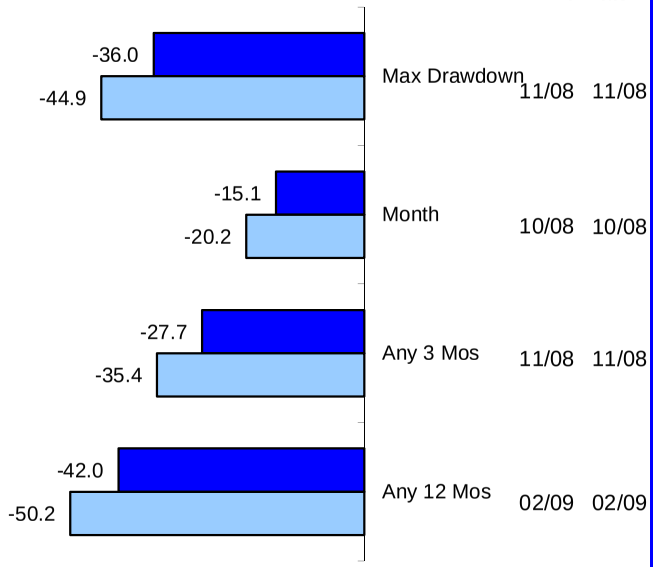
Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

Loss in Varying Time Periods measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*

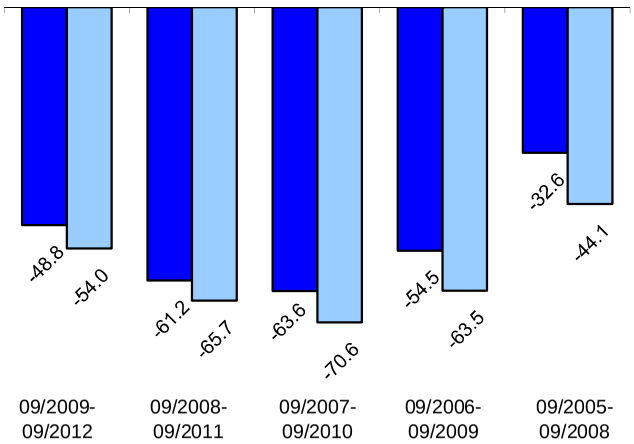
Down Capture is the measure of the fund`s total return whenever the index returns are negative.

Up Capture is the measure of the fund`s total return whenever the

Loss in Varying Time Periods (%)



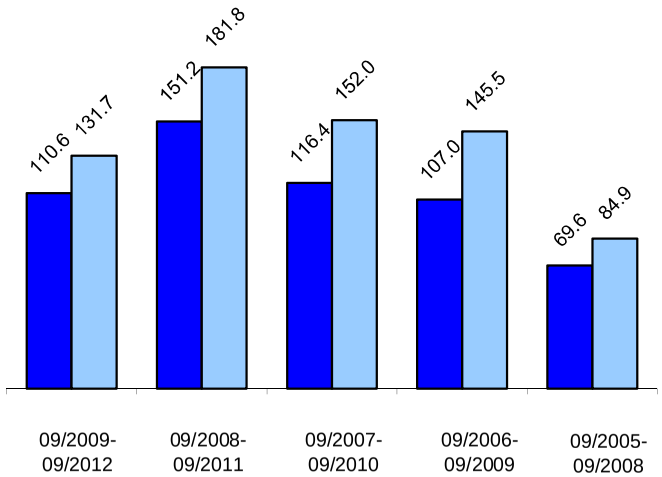
Down Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	09/2008-09/2011	09/2007-09/2010	09/2006-09/2009	09/2005-09/2008
0.90	0.93	0.90	0.86	0.74

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	09/2008-09/2011	09/2007-09/2010	09/2006-09/2009	09/2005-09/2008
0.84	0.83	0.77	0.74	0.82

Up Capture Ratios

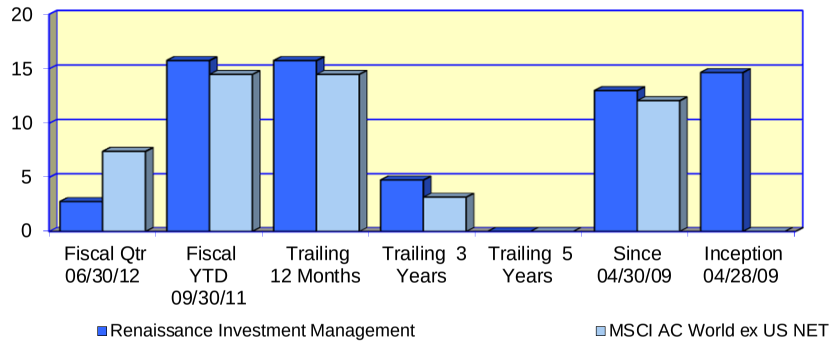
Report Created: 12/5/2012

Graystone Consulting℠

EXECUTIVE SUMMARY

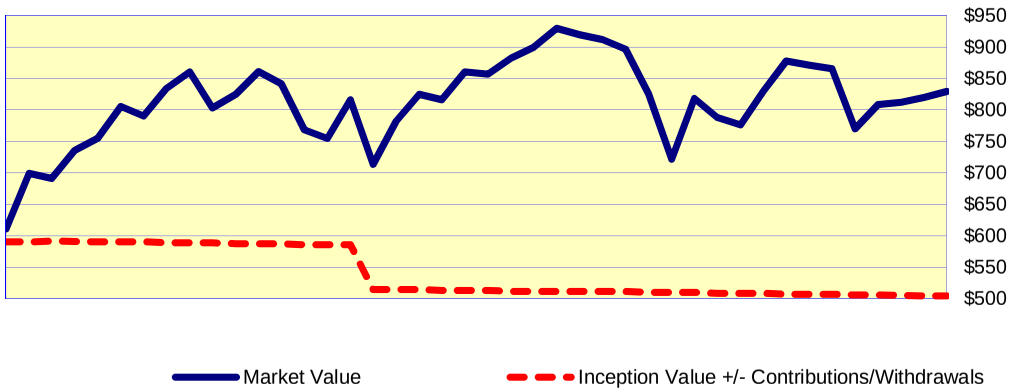
Ormond Beach Firefighters Renaissance Investment Management AS OF 09/30/2012

Portfolio Performance(%)



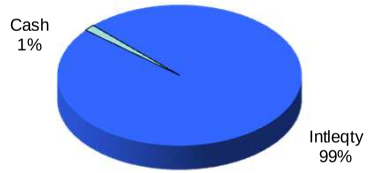
Investment Returns (%) Since:	Fiscal Qtr 06/30/12	Fiscal YTD 09/30/11	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 04/30/09	Inception 04/28/09
Renaissance Investment Managemen	***2.76***	***15.75***	***15.75***	***4.76***	N/A	***13.00***	***14.65***
MSCI AC World ex US NET	7.40	14.48	14.48	3.17		12.07	N/A
Asset Growth ($000)							
Beginning Market Value	809	722	722	807	N/A	611	0
Net Contributions & Withdrawals	-1	-6	-6	-86	N/A	-86	504
Gain/Loss + Income	22	114	114	109	N/A	305	326
Ending Market Value	830	830	830	830	N/A	830	830

Value-Added Analysis ($000)



Asset Allocation ($000)

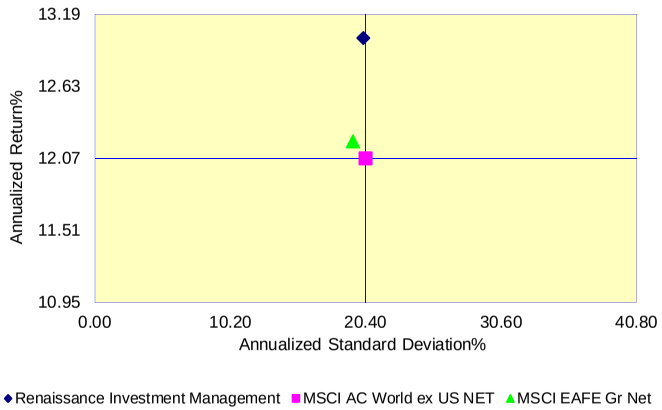
Intleqty	Cash	Total
817	12	830



Portfolio Characteristics

Yield	N/A	Account Sharpe Ratio	0.63
Beta	0.95	Index Sharpe Ratio	0.58
Alpha	1.44%		
R^2	92%		

Risk / Return Analysis Since 04/30/2009



Annualized %	Return	Std. Dev.
Renaissance Investment Management	***13.00***	***20.24***
MSCI AC World ex US NET	12.07	20.40
MSCI EAFE Gr Net	12.20	19.47

Report Created: 12/5/2012

MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters Renaissance Investment Management

As Of 09/30/2012

Growth of $100 Graph

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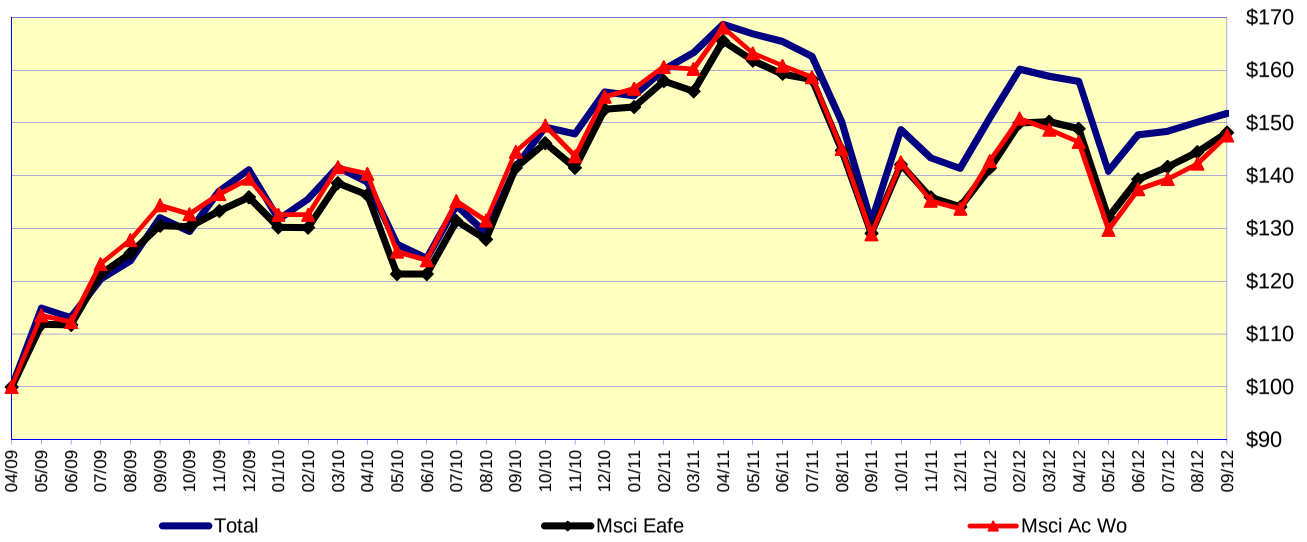

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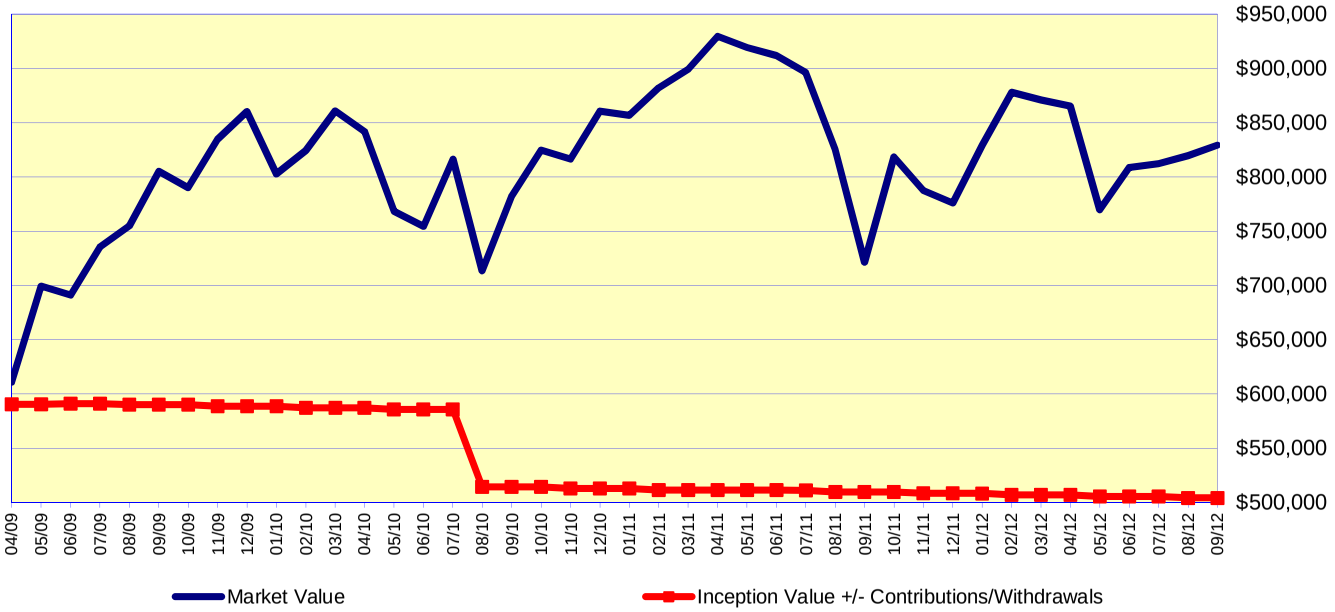

Report Created: 12/5/2012

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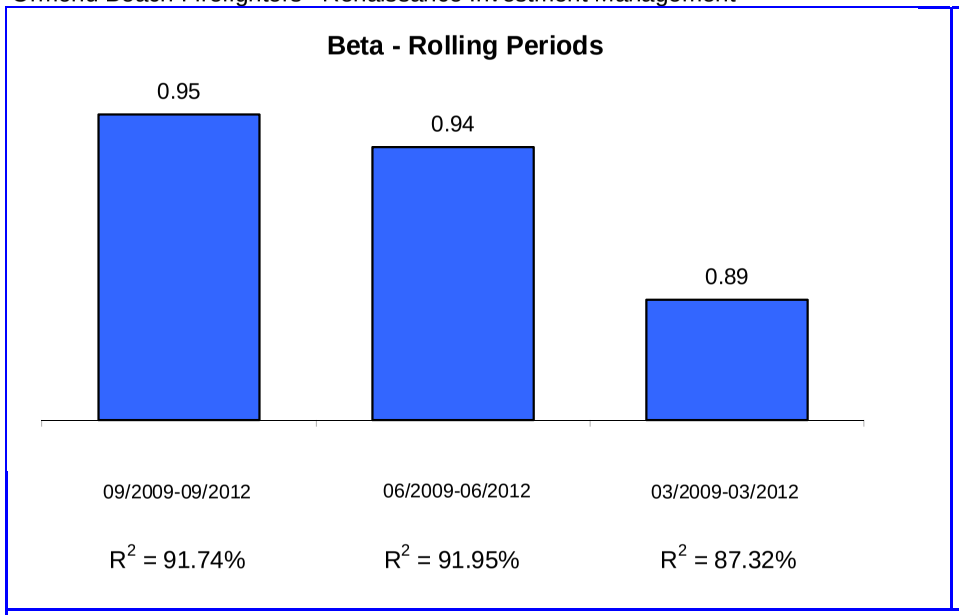
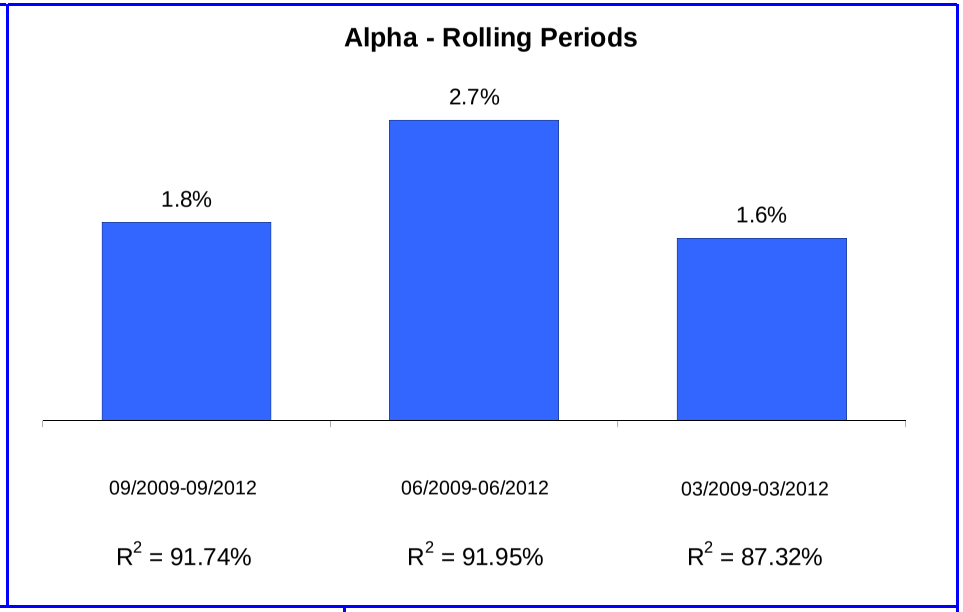
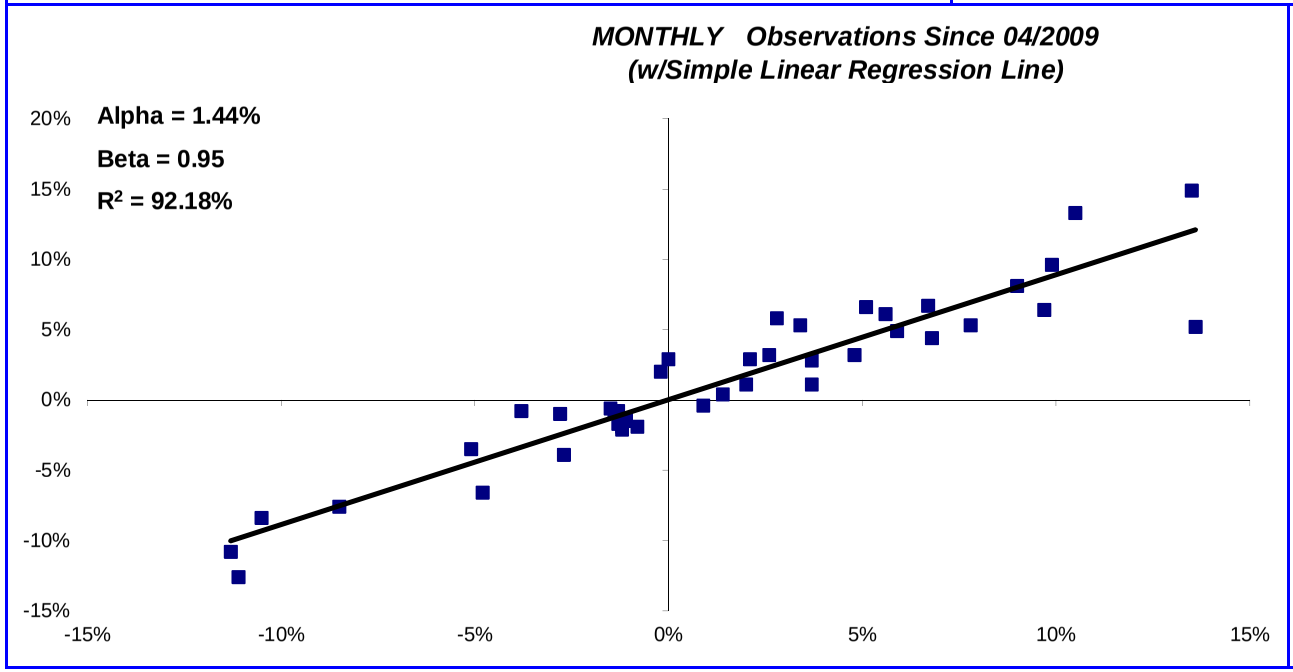
MODERN PORTFOLIO THEORY

Ormond Beach Firefighters Renaissance Investment Management AS OF 09/30/2012







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Report Created: 12/5/2012

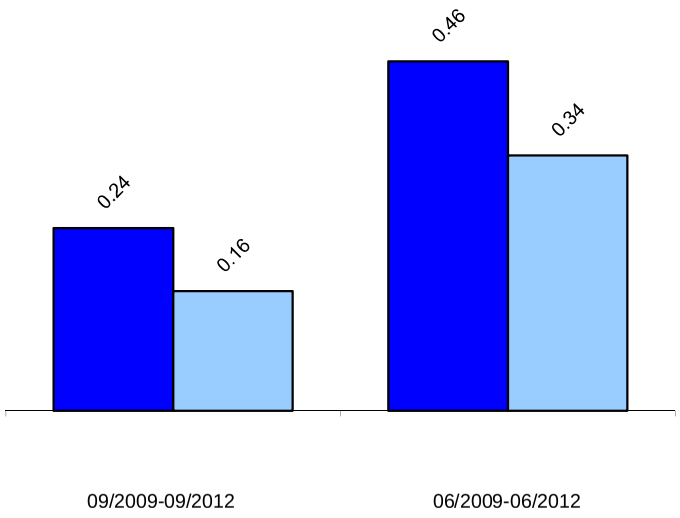
Graystone Consulting℠

MANAGER RISK ANALYSIS

Ormond Beach Firefighters

AS OF 09/30/2012

Sharpe Ratios 3-Year Rolling Periods



Renaissance Investment

MSCI AC World ex US NET

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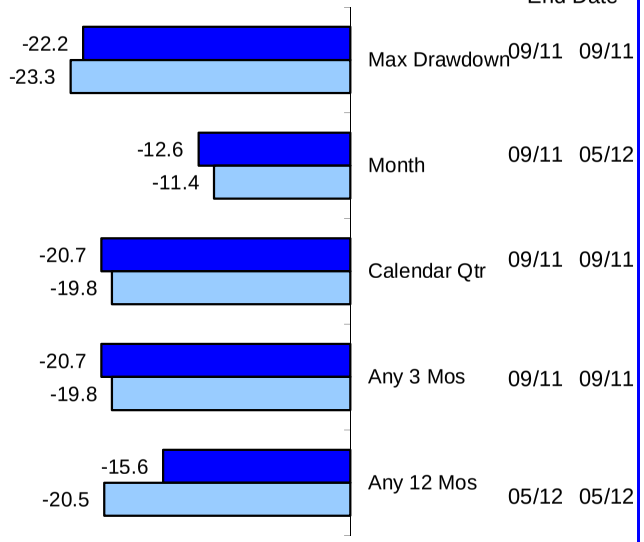
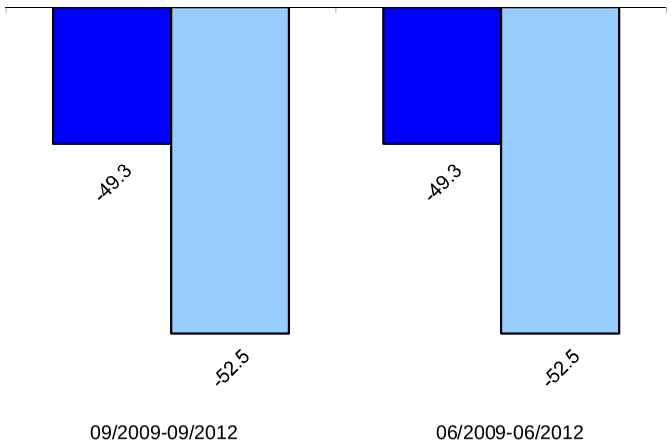


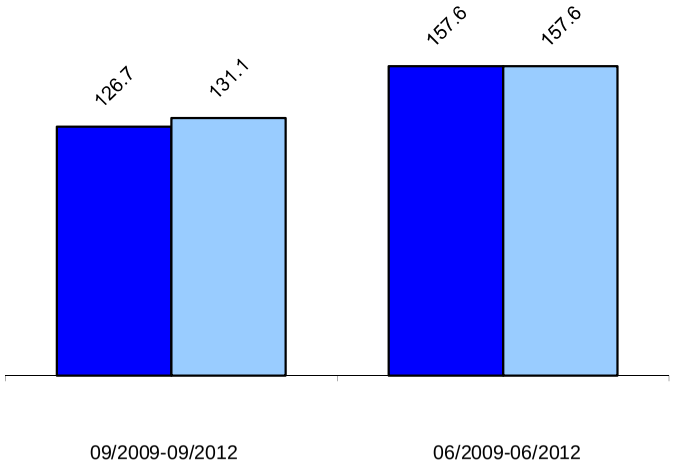
Down Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	06/2009-06/2012
0.94	0.94

Down Capture Ratios

Up Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	06/2009-06/2012
0.97	1.00

Up Capture Ratios

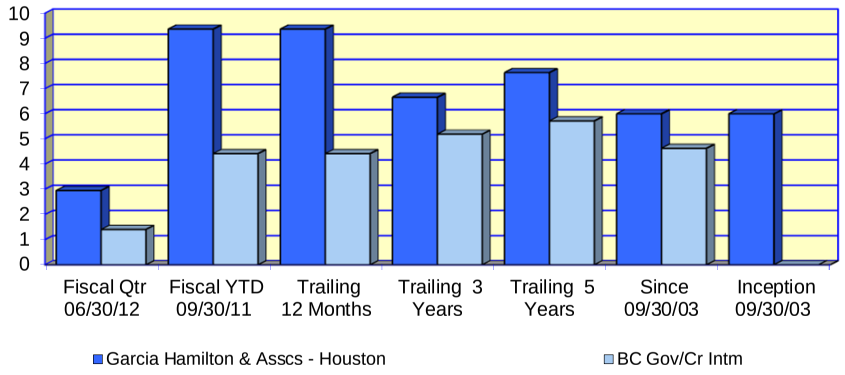
Report Created: 12/5/2012

Graystone Consulting℠

EXECUTIVE SUMMARY

Ormond Beach Firefighters Garcia Hamilton & Asscs - Houston AS OF 09/30/2012

Portfolio Performance (%)

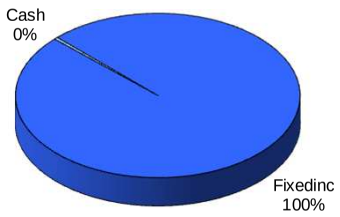


Investment Returns (%) Since:	Fiscal Qtr 06/30/12	Fiscal YTD 09/30/11	Trailing 12 Months	Trailing 3 Years	Trailing 5 Years	Since 09/30/03	Inception 09/30/03
Garcia Hamilton & Asscs - Houston	***2.95***	***9.36***	***9.36***	***6.65***	***7.63***	***5.99***	***5.99***
BC Gov/Cr Intm	1.40	4.41	4.41	5.18	5.71	4.62	N/A

Asset Growth ($000)							
Beginning Market Value	5,901	5,542	5,542	4,700	2,849	2,295	0
Net Contributions & Withdrawals	-4	9	9	334	1,557	1,703	3,999
Gain/Loss + Income	173	519	519	1,036	1,664	2,072	2,071
Ending Market Value	6,070	6,070	6,070	6,070	6,070	6,070	6,070

Asset Allocation ($000)

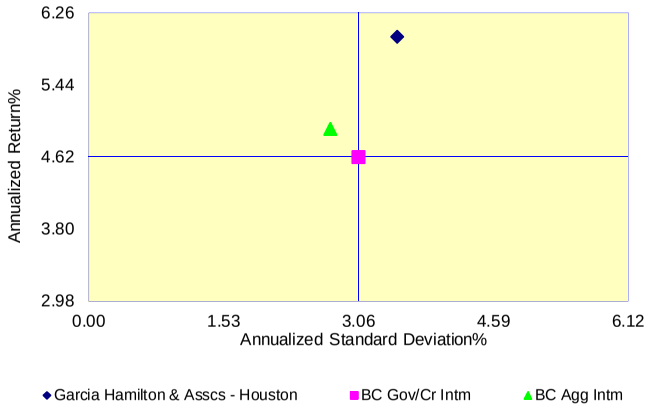
Fixedinc	Cash	Total
6,044	26	6,070



Portfolio Characteristics

	Portfolio	Index
Duration	2.07 years	3.92 years
Yield-to-Maturity	2.20%	1.04%

Risk / Return Analysis Since 09/30/2003



Annualized %	Return	Std. Dev.
Garcia Hamilton & Asscs - Houston	***5.99***	***3.50***
BC Gov/Cr Intm	4.62	3.06
BC Agg Intm	4.94	2.74

Quality Ratings

	Portfolio	Index
AAA/Gov't/Agency	57%	57%
AA	0%	6%
A	28%	14%
BAA	14%	23%
Other	0%	0%

Asset Breakdown

	Portfolio	Index
U.S. Obligations	0%	55%
Government Agencies	3%	1%
Mortgages & Asset Backed	47%	0%
Corporates	50%	44%

Report Created: 12/5/2012

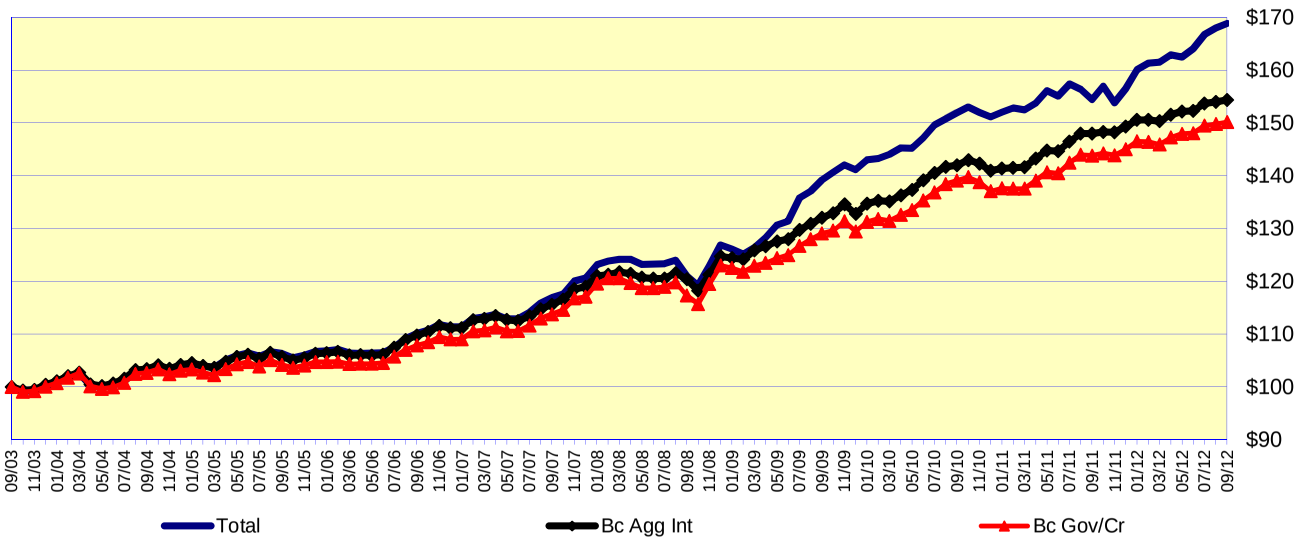
MANAGER PERFORMANCE ANALYSIS

Ormond Beach Firefighters Garcia Hamilton & Asscs - Houston

As Of 09/30/2012

Growth of $100 Graph

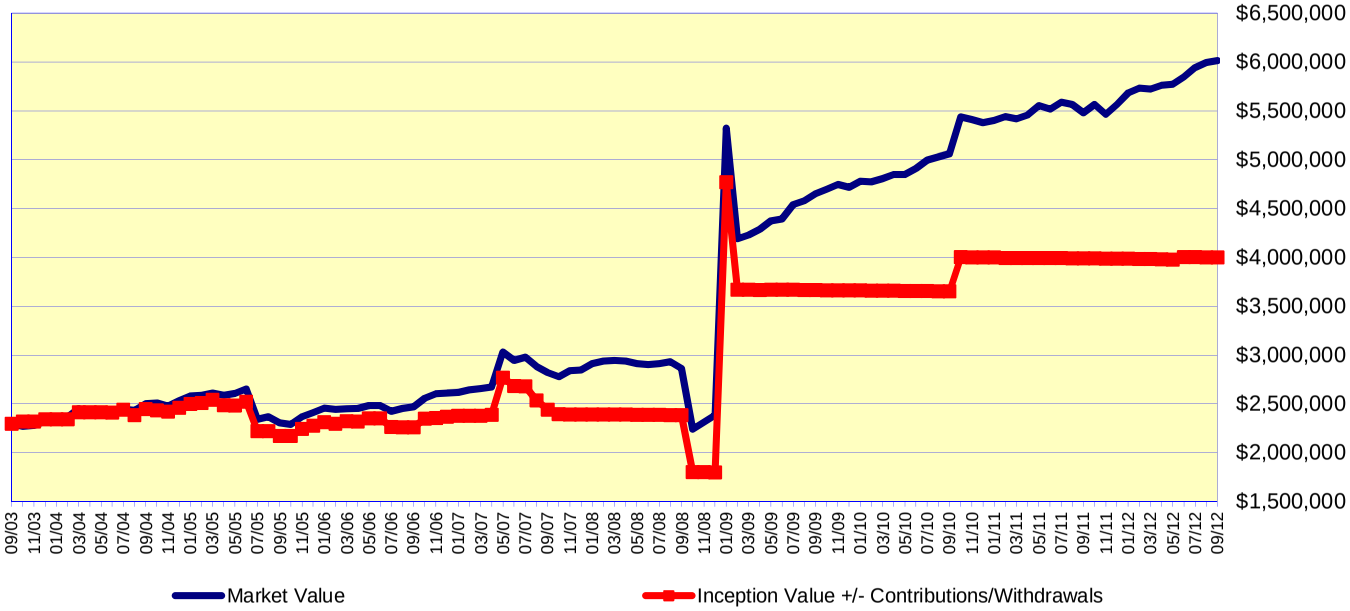
This graph depicts how **$100**, invested at the beginning of the time period, would have grown based on both the portfolio's performance and the index's.



Value Added Graph

This exhibit is useful in determining how the portfolio has been affected by the investment process.

One of the graph lines denotes the period-end market values of the portfolio over time. This is simply a visual representation of the ebb and flow of the portfolio's market value period-to-period. The other line represents the original dollars invested adjusted for contributions or withdrawals.

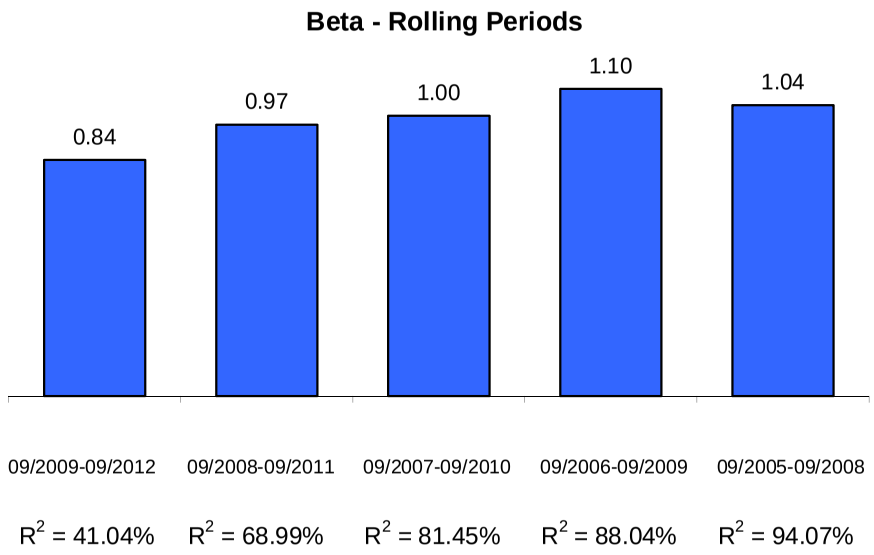


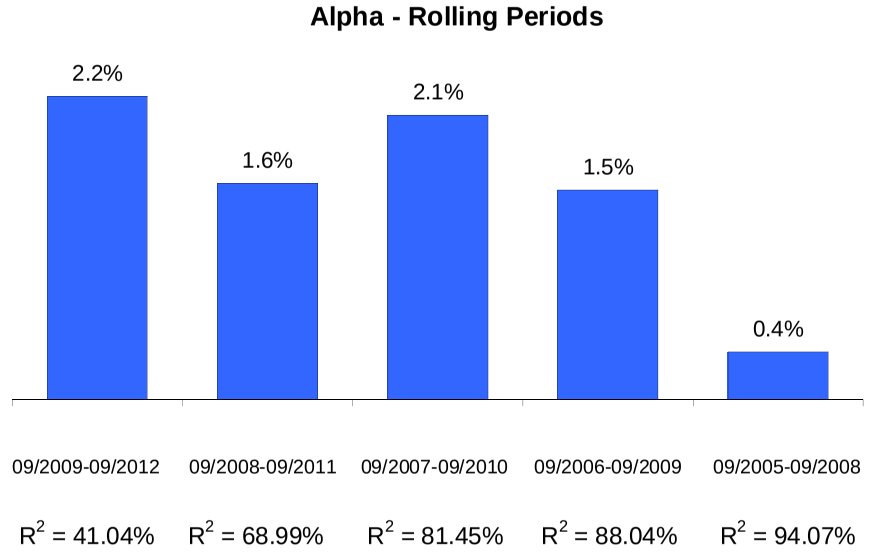
Report Created: 12/5/2012

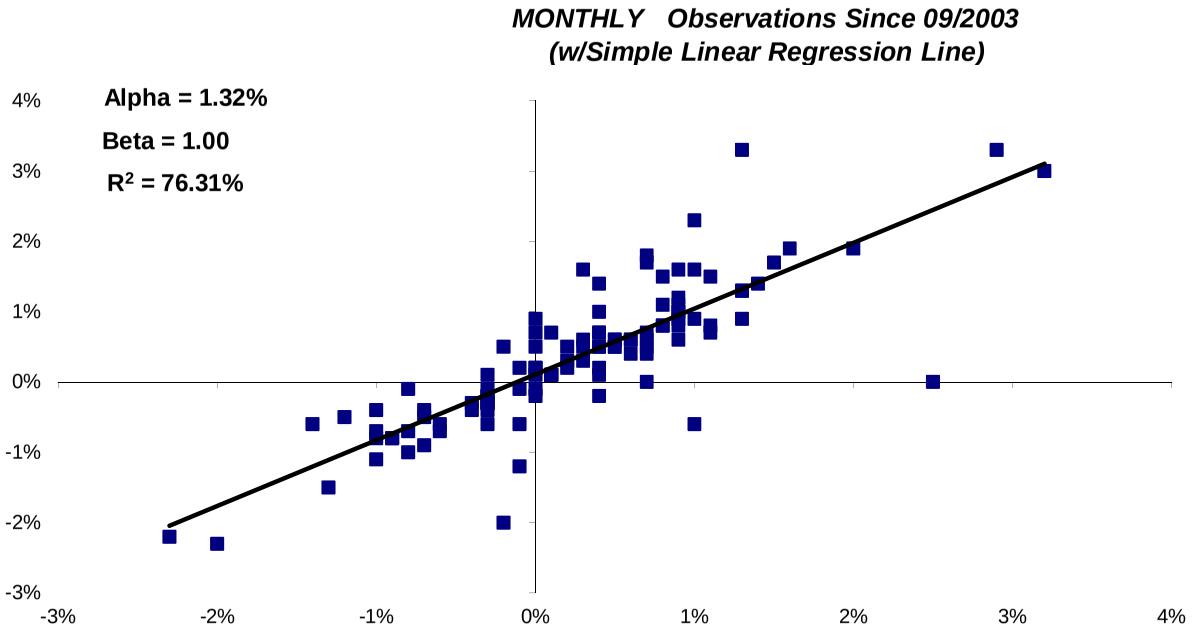
Graystone Consulting℠

MODERN PORTFOLIO THEORY

Ormond Beach Firefighters Garcia Hamilton & Asscs - Houston AS OF 09/30/2012







Modern Portfolio Theory seeks to quantify the relationship between risk and return and operates under the assumption that an investor must be compensated for assuming risk. **Alpha** is a measure of a portfolio's return in excess of the market return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market. **Beta** is a measure of the sensitivity of a portfolio's rate of return against that of the market. A beta greater than 1.00 indicates volatility greater than the market. **R2** is a measure that indicates the extent to which fluctuations in portfolio returns are correlated with those of the general market. An R-squared of 0.80 implies that 80% of the fluctuation of a portfolio's return is explained by the fluctuation in the market.

Graph Notes: The Index is represented on the horizontal (X) axis, and the Fund is represented on the vertical (Y) axis. Both the Index and Fund are adjusted by 90-day Treasury Bills.

Report Created: 12/5/2012

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MANAGER RISK ANALYSIS

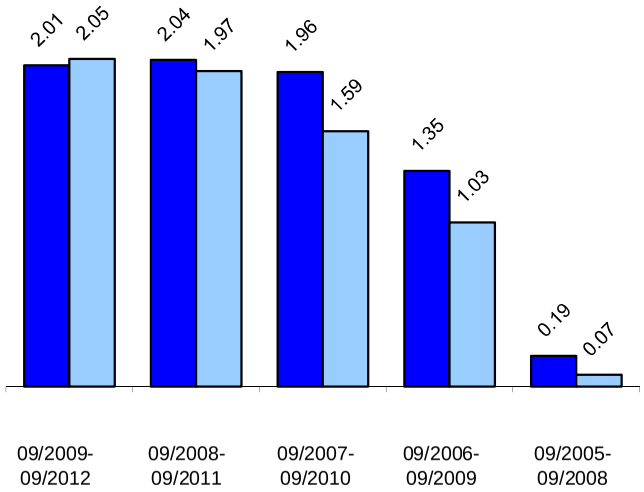
Ormond Beach Firefighters

AS OF 09/30/2012

Garcia Hamilton & Asscs - Hous

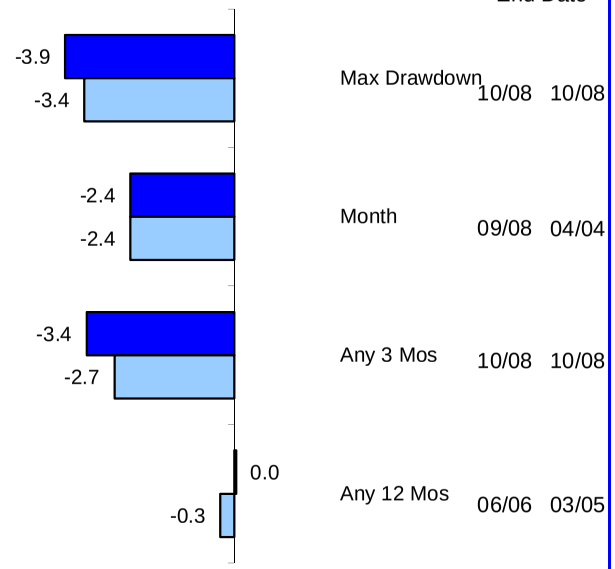
BC Gov/Cr Intm

Sharpe Ratios 3-Year Rolling Periods



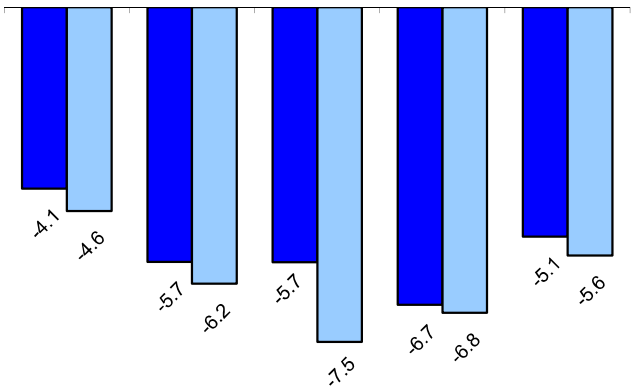
Sharpe Ratio divides excess return by standard deviation to arrive at a unified measure of risk adjusted return. In most cases where risk is a consideration, it is desirable to have a value higher than the index

Loss in Varying Time Periods (%)



Loss in Varying Time Periods measures the greatest loss experienced in each of five different historical time periods. Maximum Drawdown in the longest sustained loss since the inception of the account (The fund and index may have different begin and end dates.) *No representation is made that these amounts represent maximum future loss.*

Down Capture Returns (%) 3-Year Rolling Periods



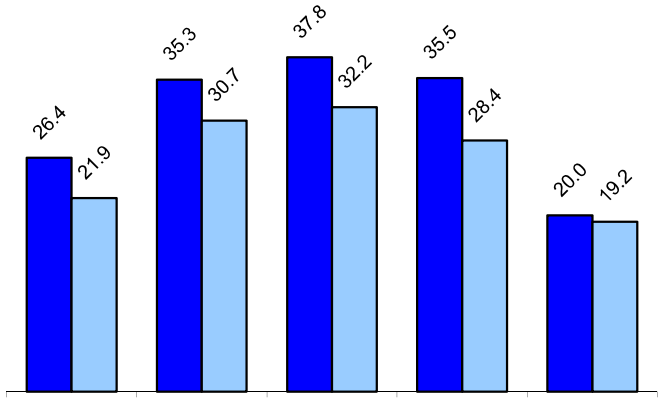
09/2009-09/2012	09/2008-09/2011	09/2007-09/2010	09/2006-09/2009	09/2005-09/2008
0.89	0.92	0.76	0.97	0.92

Down Capture Ratios

Down Capture is the measure of the fund`s total return whenever the index returns are negative.

Up Capture is the measure of the fund`s total return whenever the

Up Capture Returns (%) 3-Year Rolling Periods



09/2009-09/2012	09/2008-09/2011	09/2007-09/2010	09/2006-09/2009	09/2005-09/2008
1.21	1.15	1.18	1.25	1.04

Up Capture Ratios

Report Created: 12/5/2012

Information Disclosures

Please notify your Financial Advisor if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your Investment Advisory accounts, or to reasonably modify existing restrictions.

For a copy of the applicable Form ADV Disclosure Document for Morgan Stanley Smith Barney LLC, or for any Investment Adviser with whom we contract to manage your investment advisory account, please contact your Financial Advisor. These Disclosure Documents contain important information about advisory programs.

Sources and Intent

This investment evaluation is directed only to the client for whom the evaluation was performed. The underlying data has been obtained from sources the Firm believes to be reliable but we do not guarantee their accuracy, and any such information may be incomplete or condensed. This evaluation is for informational purposes only and is not intended to be an offer, solicitation, or recommendation with respect to the purchase or sale of any security or a recommendation of the services supplied by any money management organization. Past performance is not a guarantee of future results. Performance for periods greater than one year is annualized. The information contained herein was prepared by your Financial Advisor and does not represent an official statement of your account at the Firm (or other outside custodians, if applicable.) Please refer to your monthly statement for a complete record of your transactions, holdings and balances.

This Performance Report may show the consolidated performance of some, but not necessarily all, of your Morgan Stanley Smith Barney accounts. In addition, it may show the full performance history of your accounts or just the performance of your accounts since inception in their current Morgan Stanley Smith Barney programs. In some cases, it may show the combined performance of brokerage accounts and advisory accounts. It is important that you understand the combination of accounts and account histories that are included in this Performance Report. Upon your request, performance information can be obtained for other accounts you may have with us, but which are not shown here.

Accounts included in this Performance Report may have had different investment objectives, been subject to different rules and restrictions, and incurred different types of fees, mark-ups, commissions, and other charges. Accordingly, the performance results for this portfolio may blend the performance of assets and strategies that may not have been available in all of your accounts at all times during the reporting period. Please consult your Financial Advisor for more information about the fees and expenses applicable to the accounts included in this Performance Report.

Gross Rates of Return

The investment returns in this report are your gross returns before deducting investment management fees and any Select Retirement fees. For more details on fees, please see your client contract, the applicable Morgan Stanley Smith Barney ADV brochure and any applicable Select Retirement prospectus. Your actual returns are lower, after deducting expenses that may include, for example, investment management fees and trade commissions. As fees are deducted quarterly, the compounding effect increases the impact of the fees by an amount directly related to the gross account performance. For example, on an account with a 2% fee, if the gross performance is 10%, the compounding effect of the fees results in a net performance of approximately 7.81%. Returns in excess of one year are annualized.

Advisory Notice

The Fiduciary Services-Affiliated Program and the Fiduciary Services-Unaffiliated Manager Program are separate and distinct advisory programs. Absent your written authorization, assets may only be transferred among managers within the particular program.

List of Composite Accounts

The Composite account presentation includes the following accounts: Total Fund, 001-029024, 001-040253, 001-053633, 001-060287, 001-062126, 001-063120, 001-063090, 001-063123, 002-000740.

Composite Index Definition

The Composite account's benchmark comprises the BC Gov/Cr Intm, MSCI EAFE Net, Russell 1000 Gr, Russell 2500 Vl, 90-Day T-Bills, Russell 2500 Gr, Russell 1000 Vl, MSCI AC World ex US NET, Russell 1000 Gr, indices in the same asset mix as your portfolio. The mix is adjusted monthly based on changes in your portfolio.

International History:

Until 4th quarter 1997, International equities were included within the Domestic equity category for performance presentation. For asset allocation purposes, they are reflected beginning Jan.1, 1998.

Bond Average

Please note that all averages calculated are weighted averages meaning that the calculation takes into account the par value of each position. CMO's and Asset Backed securities are excluded from the calculation. Any bonds that are non-rated by both Moody's and S&P are excluded from the average rating calculation.

Fiscal Year

Total Fund's fiscal year ends on 2012/09
Acct# 001-029024's fiscal year ends on 2012/09
Acct# 001-040253's fiscal year ends on 2012/09
Acct# 001-053633's fiscal year ends on 2012/09
Acct# 001-060287's fiscal year ends on 2012/09
Acct# 001-062126's fiscal year ends on 2012/09
Acct# 001-063120's fiscal year ends on 2012/09
Acct# 001-063090's fiscal year ends on 2012/09
Acct# 001-063123's fiscal year ends on 2012/09
Acct# 002-000740's fiscal year ends on 2012/09

International and Small Capitalization Securities

To the extent the investments depicted herein represent international securities, you should be aware that there may be additional risks associated with international investing involving foreign, economic, political, and/or legal factors. International investing may not be for everyone. In addition, small capitalization securities may be more volatile than those of larger companies, but these companies may present greater growth potential.

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Alpha
Alpha is the value added by active management of the portfolio's assets, given the risk of that portfolio. In other words, alpha is equal to the incremental return earned by the manager when the market is flat or stationary. An alpha of zero indicates that the manager earned the exact return dictated by the level of market risk (i.e., beta) of the portfolio. A positive alpha indicates that the manager has earned, on average, more than the portfolio's level of market risk would have dictated. A negative alpha indicates that the manager has earned, on average, less than the portfolio's level of market risk would have dictated. Alpha is the Y-intercept of the least squares regression line.

Beta
Beta is the systematic risk of the portfolio. Measured by the slope of the least squares regression, beta is the measure of portfolio risk which cannot be removed through diversification. Beta is also known as market risk. Beta is a statistical estimate of the average change in the portfolio's performance with a corresponding 1.0 percent change in the risk index. A beta of 1.0 indicates that the portfolio moves, on average, lock step with the risk index. A beta in excess of 1.0 indicates that the portfolio is highly sensitive to movements in the risk index. A beta of 1.5, for example, indicates that the portfolio tends to move 1.5 percent with every 1.0 percent movement in the risk index. A beta of less than 1.0 indicates that the portfolio is not as sensitive to movements in the risk index. A beta of 0.5, for example, indicates that the portfolio moves only 0.5 percent for every 1.0 percent movement in the risk index.

R-Squared
R-squared, or the coefficient of determination, measures the strength of the least squares regression relationship between the portfolio (the dependent variable) and the risk index (the independent variable). The statistic reveals the extent to which the variability in the dependent variable is due to the variability in the independent variable. As such, R-squared measures how well the portfolio returns move in tandem with the returns of the risk benchmark. Though it is true that the higher the R-squared the better, an R-squared of less than 0.9 (i.e., 90 percent), indicates that the total fund does not track closely with the risk benchmark. The strength of the R-squared statistic will reflect on the strength of alpha and beta. A weak R-squared, for example, would indicate that alpha and beta cannot be strictly interpreted.

Brokerage Account
In a brokerage relationship, your Financial Advisor will work with you to facilitate the execution of securities transactions on your behalf. Your Financial Advisor also provides investor education and professional, personalized information about financial products and services in connection with these brokerage services. You can choose how you want to pay for these services and you will receive the same services regardless of which pricing option you choose. There are important differences in your relationship with your Financial Advisor and Morgan Stanley Smith Barney in brokerage accounts and in advisory accounts.

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