SAWGRASS Asset Management, L.L.C.
Blending the Art & Science of Investing

Sawgrass Asset Management provides active growth equity and fixed income investment management services to institutional investors

Quarterly Review

March 31, 2013

City of Ormond Beach
Pension Plans

Presented by:

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Gregg Gosch
Client Service

Sawgrass Celebrating 15 Years

1998: What A Year It Was!

- Dow Jones Industrials Started Around 8400
- The 10 Year Treasury Yield was 5.54%
- The Famous Russian Government Default Occurred
- The First Euro Coins were Minted
- Google was Founded
- Regional Telecoms and PCs Ruled the Technology Sector
- Internet was on Dial Up Modems

Wow! This ride looks interesting.
How long does it last?...

Sawgrass Diversified Large Growth Equity – 1Q13 Portfolio Review/Outlook

Market Review – And They're Off!

Stocks burst out of the gate on the first day of the year, up 2.5%, and kept a strong pace to finish with a 10.6% (S&P 500) return for the quarter. Neither political uncertainty nor economic malaise could keep the market down. It seemed to climb the proverbial "Wall of Worry." Value outperformed growth, (Russell 3000 Value 12.3% versus Russell 3000 Growth 9.8%), while mid and smaller cap companies outperformed larger ones (Russell Midcap 13%, Russell 2000 12.4% versus Russell Top 200 10.1%). From a sector perspective, the quarter had more of a defensive tone as Health Care and Staples led while Technology, Materials and Industrials were weaker. Looking at factor performance, the performance of higher Beta, riskier stocks was mixed as was the performance of valuation factors. The only factor which seemed to be consistent with this strong market was relative strength. Overall it was an odd quarter, as the type of risk-on factors you might expect to perform well in this strong quarter were mixed or weak and the market had more of a defensive tone.

Portfolio Review:

While we were surprised by the market's strong performance, we were pleased by our relative performance for the quarter. Strong stock selection in the strong Health Care (CELG, AMGN, TMO) and Staples (KR, CAG) sectors more than compensated for our lower Beta profile. From our perspective, investors clearly were seeking more consistent growth during the quarter and we were rewarded. The only real blemish during the quarter was AAPL and we were underweighted during the significant decline. Overall, it was solid performance in a strong quarter.

Outlook & Positioning:

It is hard to imagine that the market can maintain its current pace, which if continued would result in a 50% return for the year. What seems more likely is that it will attract its last skeptics before at least taking a pause. For now it has ignored the political and economic challenges at hand as it moves higher. It is also worth noting that interest rates have remained low, not yet signaling a stronger economic environment. Lastly, it is very interesting that the market had more of a defensive tone in the context of such a strong move. At least for now investors have preferred safer stocks at the margin. We continue to focus the portfolio on the visible consistent growth with the notion that the next 10% higher in stocks will be more challenging than the last.

Sawgrass Composite Portfolio versus Russell 1000 Growth (as of 1st Qtr 2013):

What Helped:

Lower Volatility Profile
Health Care Selection
Staples Selection
Technology Selection

What Hurt:

Lower Beta Bias

Portfolio Market Values

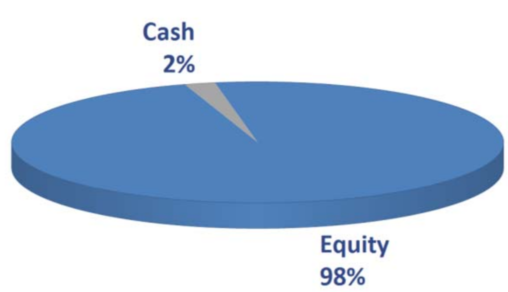
Change in Portfolio Value

Beginning Market Value on 12/31/12	**2,114,780**
Cash Additions	0
Cash Withdrawals	-3,080
Investment Gain/Loss	246,839
Ending Market Value on 03/31/13	**2,358,540**

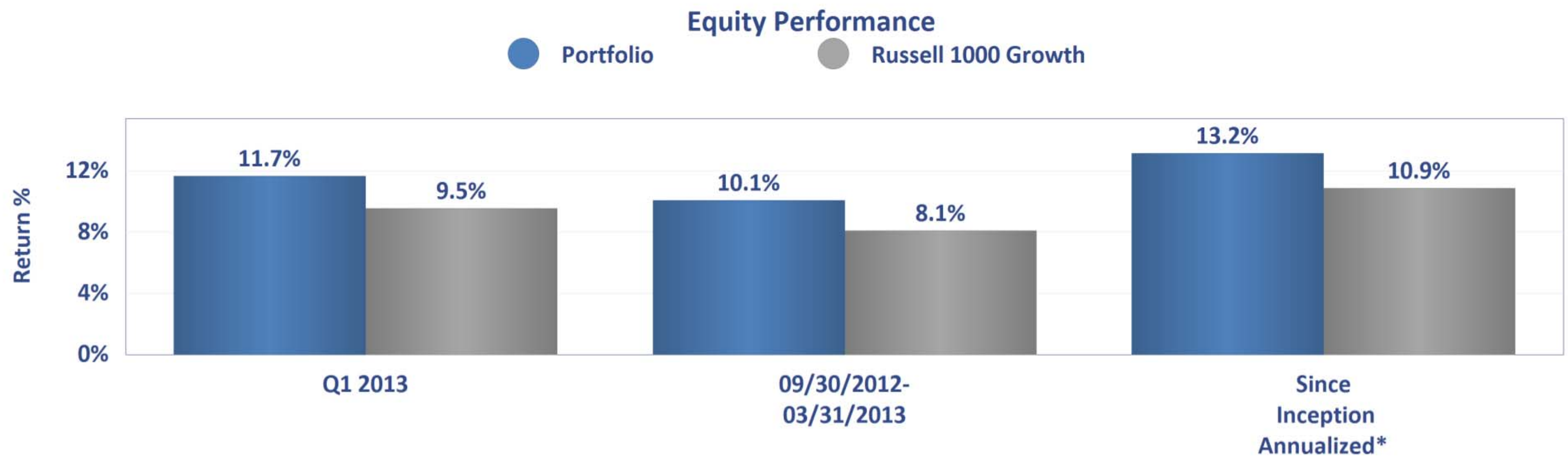
Portfolio Summary

Asset Class		Market Value	Percent of Assets
Cash	$	44,944	1.9%
Equity	$	2,313,596	98.1%
TOTAL	**$**	**2,358,540**	**100.0%**

Asset Allocation



Portfolio Performance



	Q1 2013	09/30/2012- 03/31/2013	Since Inception Annualized*
TOTAL PORTFOLIO	**11.7%**	**10.1%**	**13.2%**
Russell 1000 Growth	9.5%	8.1%	10.9%
S&P 500	10.6%	10.2%	15.3%

** Since Inception 4/25/12*
Returns are gross of investment management fees

Portfolio Market Values

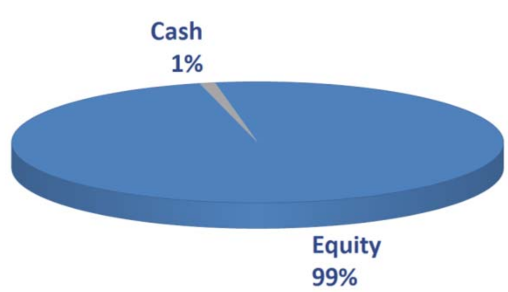
Change in Portfolio Value

Beginning Market Value on 12/31/12	**3,732,515**
Cash Additions	0
Cash Withdrawals	-5,435
Investment Gain/Loss	439,951
Ending Market Value on 03/31/13	**4,167,031**

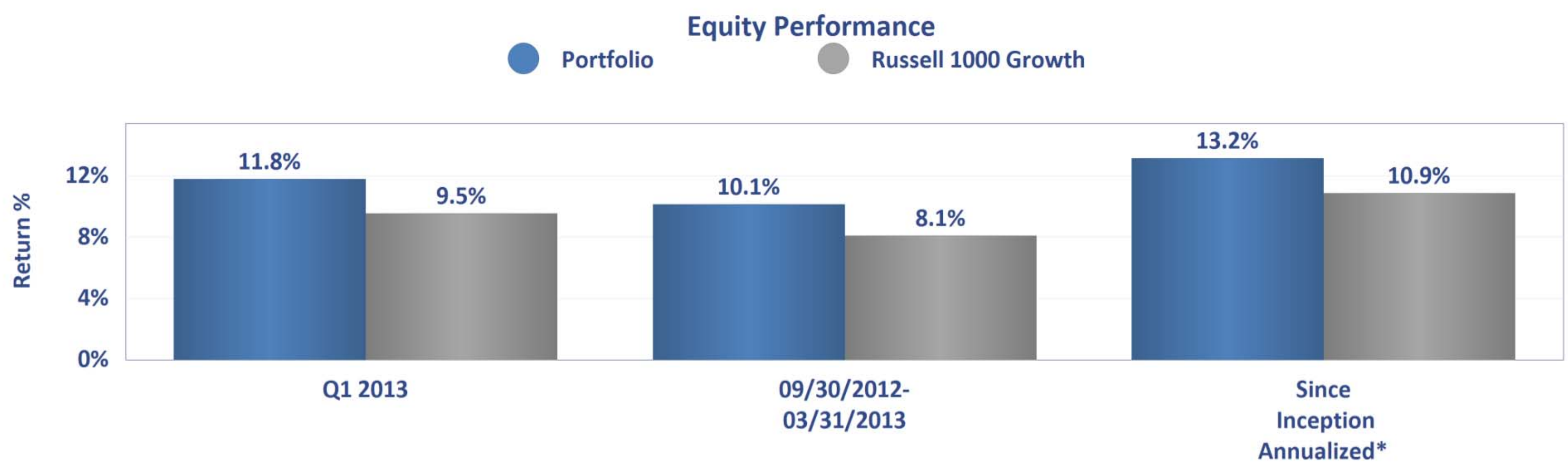
Portfolio Summary

Asset Class		Market Value	Percent of Assets
Cash	$	48,011	1.2%
Equity	$	4,119,020	98.8%
TOTAL	**$**	**4,167,031**	**100.0%**

Asset Allocation



Portfolio Performance



	Q1 2013	09/30/2012-03/31/2013	Since Inception Annualized*
TOTAL PORTFOLIO	**11.8%**	**10.1%**	**13.2%**
Russell 1000 Growth	9.5%	8.1%	10.9%
S&P 500	10.6%	10.2%	15.3%

** Since Inception 4/25/12*
Returns are gross of investment management fees

Portfolio Market Values

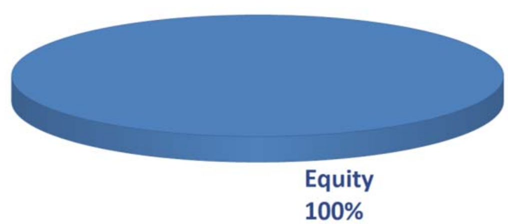
Change in Portfolio Value

Beginning Market Value on 12/31/12	**2,586,698**
Cash Additions	0
Cash Withdrawals	-3,767
Investment Gain/Loss	305,620
Ending Market Value on 03/31/13	**2,888,551**

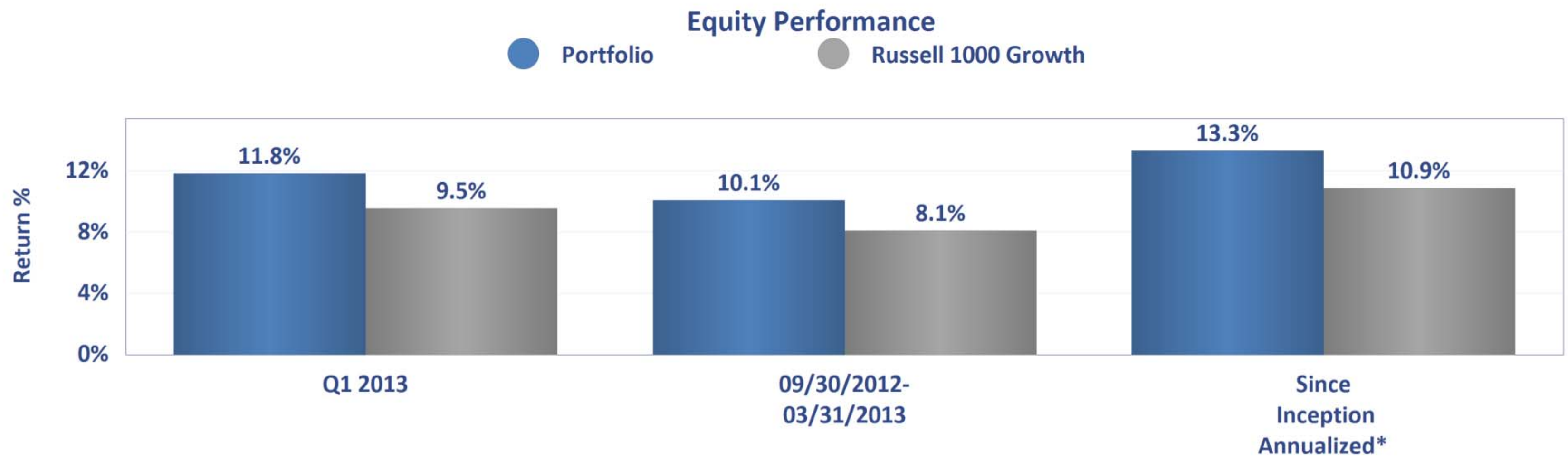
Portfolio Summary

Asset Class		Market Value	Percent of Assets
Cash	$	14,419	0.5%
Equity	$	2,874,132	99.5%
TOTAL	**$**	**2,888,551**	**100.0%**

Asset Allocation



Portfolio Performance



	Q1 2013	09/30/2012-03/31/2013	Since Inception Annualized*
TOTAL PORTFOLIO	**11.8%**	**10.1%**	**13.3%**
Russell 1000 Growth	9.5%	8.1%	10.9%
S&P 500	10.6%	10.2%	-

** Since Inception 4/25/12*
Returns are gross of investment management fees

Contribution to Return - Quarter

Top 10 Performers	Ending Percent Of Total	Price Change %	Contribution To Return
CELGENE CORP COM	2.9	47.7	1.30
KROGER CO	2.4	27.4	0.69
GOOGLE INC CL A	3.1	12.3	0.56
AMGEN INC COM	3.5	18.9	0.55
COCA COLA CO COM	4.0	11.6	0.49
VERIZON COMMUNICATIONS COM	3.3	13.6	0.46
VIACOM INC CL B	2.5	16.6	0.42
UNITED TECHNOLOGIES CP COM	2.8	13.9	0.40
CVS/CAREMARK CORP	2.5	13.7	0.39
CONAGRA INC COM	1.8	21.4	0.38

Bottom 10 Performers	Ending Percent Of Total	Price Change %	Contribution To Return
UNION PAC CORP COM	1.0	13.3	0.14
EXXON MOBIL CORPORATION	1.8	4.1	0.10
COSTCO COMPANIES INC COM	0.8	7.5	0.07
SIGMA ALDRICH CORP COM	0.9	5.5	0.06
PRAXAIR INC COM	1.6	1.9	0.05
EXPRESS SCRIPTS HOLDING CO COM	1.7	6.7	0.05
CATERPILLAR INC DEL COM	1.3	-2.9	-0.03
ORACLE CORPORATION	2.6	-3.0	-0.07
EMC CORP/MASS	2.0	-5.6	-0.14
APPLE INC	5.3	-16.8	-0.68

**Diversified Large Growth Equity Composite Data*

Portfolio Characteristics

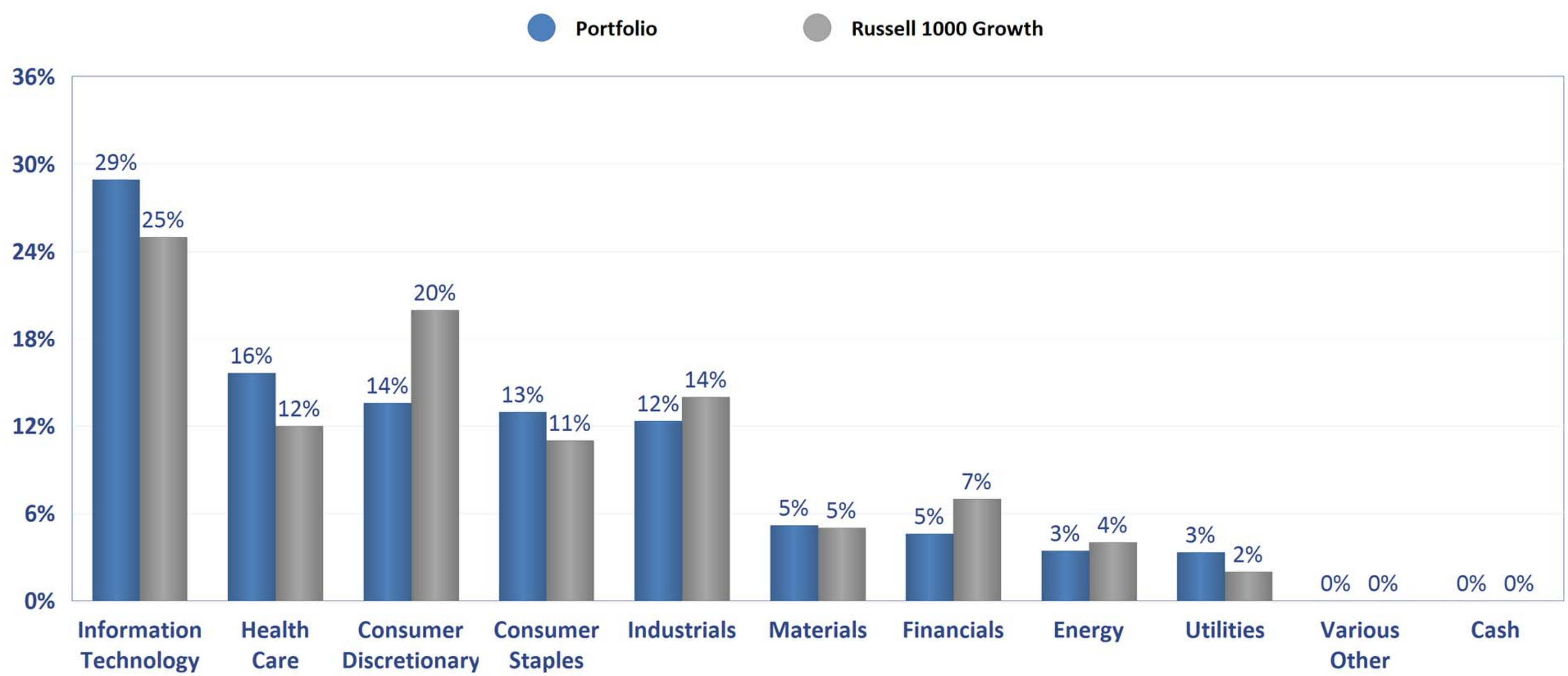
	Portfolio*	Russell 1000 Growth
1 Yr Forecast EPS Growth	9.5	9.6
P/E LTM	17.5	19.6
Price to Cash Flow	12.8	14.5
Price to Sales	2.8	3.2
Price to Book	5.0	5.4
Market Cap - Weighted Average - $Bill	117.9	93.7
# of Securities	43	574

Top 10 Holdings

Ten Largest Holdings	Percent of Equity
Apple Inc	5.37%
Coca Cola Co Com	3.93%
Google Inc Cl A	3.86%
Microsoft Corp Com	3.82%
Qualcomm Inc Com	3.74%
Wal Mart Stores Inc Com	3.63%
Amgen Inc Com	3.48%
Verizon Communications Com	3.34%
International Bus Mach Com	3.11%
Celgene Corp Com	3.10%
TOTAL	**37.38%**

**Diversified Large Growth Equity Composite Data*

Sector Breakdown



Portfolio Attribution - Quarter

Attribution Analysis of Diversified Large Growth Equity Composite Vs Russell 1000 Growth - Quarter

	Diversified Large Growth Equity Composite			Russell 1000 Growth			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Information Technology	24.15	3.43	0.87	25.42	0.83	0.23	-1.26	2.61	0.64	0.15	0.64	0.79
Consumer Discretionary	15.30	12.48	1.90	20.02	11.57	2.29	-4.71	0.91	-0.39	-0.08	0.13	0.05
Health Care	14.57	24.12	3.48	11.97	17.30	2.00	2.59	6.82	1.47	0.21	0.98	1.19
Consumer Staples	13.48	17.67	2.31	10.51	14.02	1.44	2.97	3.65	0.87	0.12	0.44	0.56
Industrials	12.34	12.47	1.53	13.71	11.98	1.61	-1.37	0.50	-0.08	-0.02	0.05	0.03
Materials	5.18	7.65	0.41	4.77	6.64	0.33	0.41	1.00	0.09	0.00	0.05	0.05
Financials	4.45	13.47	0.59	7.33	11.47	0.83	-2.88	2.00	-0.24	-0.05	0.09	0.04
Cash	3.89	0.02	0.00	0.00	0.00	0.00	3.89	0.02	0.00	-0.32	0.00	-0.32
Energy	3.48	6.40	0.24	4.22	13.54	0.55	-0.74	-7.14	-0.31	-0.01	-0.23	-0.24
Utilities	3.15	14.95	0.46	2.06	13.79	0.28	1.10	1.16	0.19	0.05	0.04	0.09
Total	**100.00**	**11.79**	**11.79**	**100.00**	**9.56**	**9.56**	**0.00**	**2.23**	**2.23**	**0.02**	**2.19**	**2.23**

**Diversified Large Growth Equity Composite Data*

Portfolio Holdings	% Weight
Consumer Discretionary	
Costco Companies Inc C	0.8
Directv Com	2.9
Home Depot Inc Com	1.3
Viacom Inc Cl B	2.5
Wal Mart Stores Inc Co	3.6
Tjx Cos Inc New Com	2.4
Consumer Staples	
Coca Cola Co Com	3.9
Cvs/Caremark Corp	2.5
Conagra Inc Com	1.8
Kimberly Clark Corp Co	2.2
Kroger Co	2.4
Energy	
Exxon Mobil Corporatio	1.9
Schlumberger Ltd Forei	1.4
Financials	
American Express Co	1.9
Mastercard Inc Cl A	2.6
Health Care	
Amgen Inc Com	3.4
Abbott Labs Com	1.8
Abbvie Inc. Com	2.1
Mckesson Corp	2.1
Celgene Corp Com	3.1
Express Scripts Holdin	1.7

Portfolio Holdings	% Weight
Thermo Fisher Scientif	1.3
Industrials	
Boeing Co	1.4
Caterpillar Inc Del Co	1.3
Danaher Corp Com	1.6
Stericycle Inc Com	2.0
Honeywell Intl Inc Com	1.1
Union Pac Corp Com	1.0
United Parcel Service	1.0
United Technologies Cp	2.7
Information Technology	
Comcast Corp New Cl A	2.8
Apple Inc	5.3
Emc Corp/Mass	1.9
Microsoft Corp Com	3.8
Motorola Solutions Inc	1.5
Oracle Corporation	2.6
International Bus Mach	3.1
Google Inc Cl A	3.8
Qualcomm Inc Com	3.7
Materials	
Praxair Inc Com	1.6
Ecolab Inc Com	2.6
Sigma Aldrich Corp Com	0.9
Utilities	
Verizon Communications	3.3

Portfolio Holdings	% Weight
# of Securities	43

Protecting Florida's Investments Act Compliance

January 2013

Re: Protecting Florida's Investments Act

This notification is intended to inform you of Sawgrass Asset Management's understanding of and compliance with the Protecting Florida's Investments Act (PFIA). As you may know, the Florida State Board of Administration has issued a guidance regarding some prohibited investments for municipal plans in Florida.

We have reviewed the information from the December 11, 2012 Board of Administration quarterly report and can verify that we hold no securities in your portfolio(s) that are identified on the list of scrutinized companies and any of the other companies on watch regarding the PFIA.

We will continue to monitor this list and notify you should we have any questions regarding our ability to comply. Given the nature of this list, we believe it is unlikely that we would have any problems.

Please contact us if you have any questions regarding the PFIA or your investment with Sawgrass Asset Management.

Best Regards,

Sawgrass Asset Management Team

SAWGRASS Asset Management, L.L.C.

Financial Review & Outlook

March 31, 2013 Volume 16; Issue 1

Stock Market: Quarter in Review

- The equity markets enjoyed another strong first quarter run and posted impressive gains to finish off their fourth year of a bull market that has seen the large cap indices recoup all of their losses from the financial crisis of 2007-2009.
- Stocks started on a positive note from the first trading day of the year as a resolution to the fiscal cliff helped offset some of the previously discounted concern. Equities rallied steadily through the rest of the quarter until worries about the seemingly never-ending European debt crisis resurfaced in the banking system of Cyprus.
- It was noteworthy that despite the overall strength of the markets in the quarter, more defensive sectors and stocks led the charge and stood in stark contrast to the leaders of many previous upswings.
- Volatility and correlations continued their declines from multi-year highs until the macroeconomic headwinds from Europe slowed their descent.
- Value and small cap handily outperformed growth and large cap as the best performing sectors were health care, consumer staples, and industrials while the relative laggards were information technology, materials, and energy.

Stock Market: The Quarter Ahead

- Stocks enter the second quarter with another impressive year-to-date gain. However, despite eventual annual gains, each of the first quarter rallies over the past three years has been completely retraced in the ensuing months.
- The large cap indices are currently in the process of retesting their peaks that were rejected twice over the last thirteen years leaving investors wondering if this third attempt will finally succeed or keep the markets inside the large range that has contained prices for well over a decade. The leadership in defensive stocks and sectors and the recent lack of relative strength in small and midcap stocks are notable concerns heading into this test.
- Markets are likely to continue to have to deal with the uncertainty stemming from the European debt crisis as follow-on effects of policy decisions to resolve the bank crisis in Cyprus work through the rest of Europe.
- The continued wrangling over the debt ceiling and budget cuts could keep stocks on edge as the longer-term effect of these changes continue to filter into the economy as the year progresses.
- Investor sentiment appears ebullient and skeptical at the same time leaving a mixed picture of potential reaction to surprises in either direction. However, the market's ability to persistently shrug off negative catalysts has increased expectations of further gains.

1st Quarter Scorecard *Table 1*

Index	Quarter	1 Year
S&P 500	10.6%	14.0%
Russell 1000	11.0%	14.4%
Russell 2000	12.4%	16.3%
Russell 3000	11.1%	14.6%
Russell 3000 Growth	9.8%	10.4%
Russell 3000 Value	12.3%	18.7%
Barclays Capital US Aggregate	-0.1%	3.8%
3 Month T-Bills	0.02%	0.12%

Source: Bloomberg & Russell Investments

- The Federal Reserve's continued support through quantitative easing has helped the markets fend off challenging news from the domestic and global economies. However, the Fed's eventual exit strategy to normalize monetary policy could have an outsized effect on future returns and the market's buoyancy.
- Despite the early strength so far in 2013, the balance of the year could see equity gains become more challenging given the strong gains already posted, less favorable valuation, and the numerous global economic, political, and monetary uncertainties.

(Continued on back)

Interest Rate Summary ***Table 2***

	3/31/12	12/31/12	3/31/13	Qtr Change	12-Month Change
3 Month T-Bills	0.1	0.1	0.1	—	—
5 Year Treasury	1.1	0.7	0.8	+0.1	-0.3
10 Year Treasury	2.3	1.8	1.9	+0.1	-0.4
30 Year Treasury	3.3	2.9	3.1	+0.2	-0.2
5 Year Corporate ('A')	2.4	1.7	1.7	—	-0.7
10 Year Corporate ('A')	3.9	3.0	3.1	+0.1	-0.8
30 Year Fixed Rate Mortg.	4.0	3.4	3.7	+0.3	-0.3

Source: Bloomberg

The Economy: Not Great but Better

Most recent economic data confirms that, on balance, conditions are steadily improving but hardly robust. Notwithstanding last month's disappointing small gain, employment growth during the past quarter averaged 168,000 per month—below the previous quarter but somewhat stronger than the average of the past year (see Graph #1). This pace remains somewhat below what is considered necessary for meaningful declines in the unemployment rate. While total employment is up some 5.8 million from its low of early 2010, it remains 3 million below its high reached in January 2008. At its current pace of expansion, it will likely be mid to late 2014—some five years into the recovery—before the number of lost jobs are fully recovered. A notable exception to this improving trend has been employment in the local government sector. While the local government employment has stopped declining, improvement remains elusive with employment now holding steady at a level approximately 5 percent below the 2008 peak (see Graph #2).

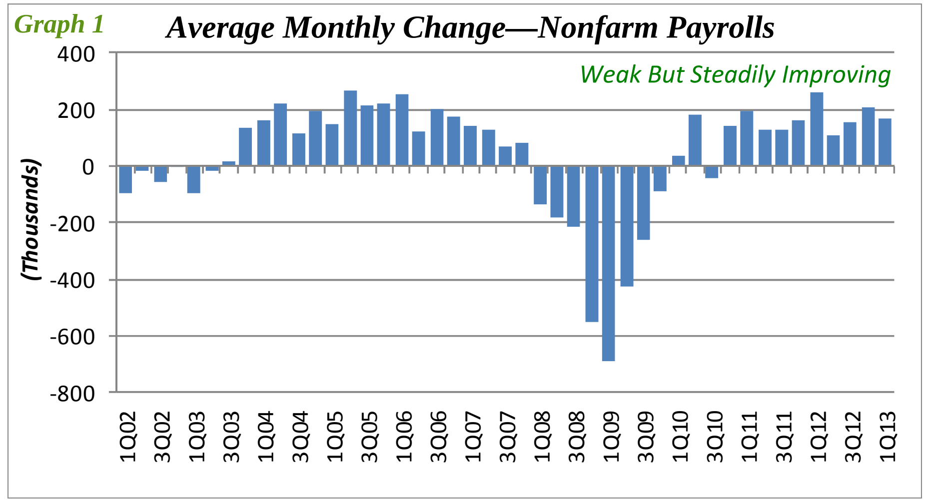
Housing market activity has improved by almost all measures. Inventories of existing homes, expressed as months' supply, have fallen dramatically and are now well below historic averages. Home prices have finally begun to show firming in most markets (see Graph #3). It remains to be seen whether the improvement in housing can persist as mortgage rates begin to firm.

The pace of the current economic recovery has been well below other expansions by almost every measure. Housing and financial sector improvements are, by their nature, very slow in correcting what was a long period of unsustainable gains. Moreover, dysfunctional fiscal policy coupled with the recent fiscal cliff related tax increases have acted as headwinds. Lastly, it should be noted that this recovery has been helped along by what is arguably the most stimulative monetary policy ever (see below). Nevertheless, economic conditions, while hardly thriving, have continued to show modest improvement. While risks remain, we continue to expect the economic environment to continue to improve during the months ahead.

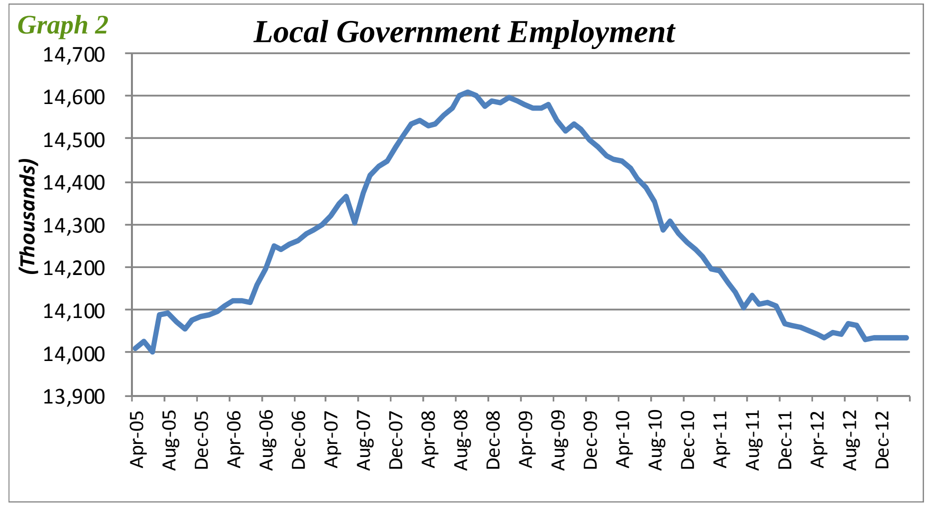
The Fed & Interest Rates: Mulling the End Game

Interest rates moved slightly higher during the quarter but remain somewhat below the levels of this time last year. Most Treasury securities moved higher by 10-20 basis points, while mortgage rates rose from 3.4 percent to 3.7 percent. Credit conditions remain firm as evidenced by the narrower spreads relative to yields on U. S. Treasury securities – particularly compared with last year (see Table #2).

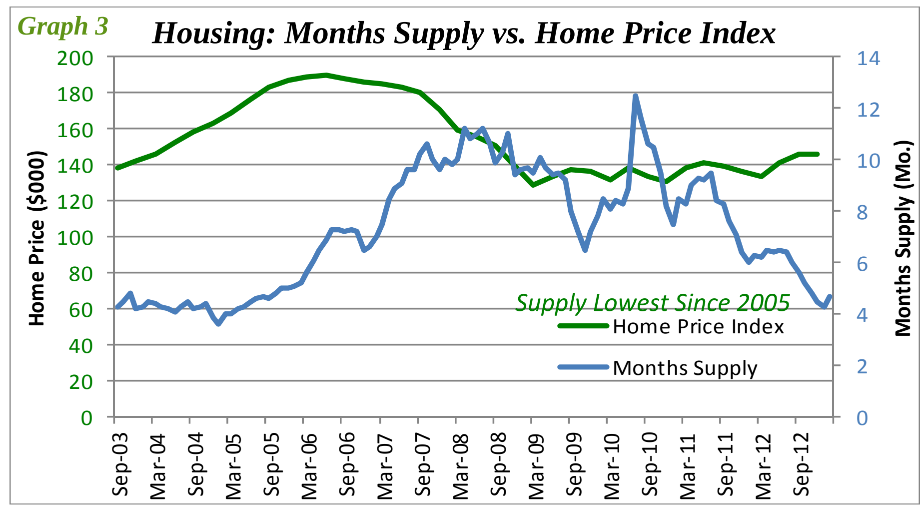
In December 2008, near the depth of the so-called Great Recession, the Fed took the unprecedented action of lowering its target Fed Funds Rate to near zero. During the more than four years since, the Fed has also acquired a massive amount of securities as part of its programs of Quantitative Easing (QEs 1-3). While an end to this program is not yet in sight, speculation is beginning to mount as to both the timing and nature of the Fed's eventual move toward less accommodation. Such discussions are likely to grow as we move through 2013. While our longer term expectations for rates to drift somewhat higher remain intact, we do not expect rates to change by a significant amount during the months ahead.



Source: U.S. Department of Labor & Statistics, Bloomberg



Source: Bloomberg,



Source: S&P Case-Shiller, Bloomberg,