

# YOUR PENSION MATTERS

## 12/31/17 Edition

### End of 1<sup>st</sup> Quarter FY 2017 - 2018

by: Chief Paul O'Connell  
Board Chairperson  
**2/22/18**

#### **“Fire tests gold; Suffering tests brave men.” Seneca**

No doubt each of us has been tested in life; personally, professionally or in other matters. Economically, our Pension Fund has been tested many times: the Tech Bubble, 9/11 and the Great Recession were just a few extreme examples. Your Board of Trustees continues to rely on experts to guide our decision making in the market arena, the legal arena and in the arena of continuing education as we strive to do our job in an effective manner; more importantly in an ethical manner. As you know, all of our meetings are open to the public and we certainly invite you to attend. Please see the information illustrated below regarding our next annual symposium which is scheduled for **May 3 – 5** of this year (it's just around the corner!).

**SGT. CHRIS REYKA PARK DEDICATION:** on **Sunday, April 29<sup>th</sup>** we will gather at the new park which has been named in honor of Sgt. Chris Reyka. This will mark the official dedication of the Park which is located at the 200 Block of North Riverside Drive. In a very small way, we honor Chris' life and dedication to service on the day after what would have been his 62<sup>nd</sup> birthday (4/28/56). Please join us; Chris' family, our Pension Trustees, members of the Pompano Beach Police and Fire Departments (active & retired) as Mayor Lamar Fisher dedicates this Park in Chris' honor!! A very special thanks to our legal team of **Sugarman & Suskind** who paid for the filing fee in our efforts to have this park name for Chris!!

**Mayor Lamar Fisher**.....in January he presented The State of the City in a gathering at the new City Cultural Center / Library (next to City Hall). It was a very impressive presentation which several Trustees attended. Mayor Fisher gave a vision statement of the direction in which the City is headed. Major construction, renovation and big financial investments are here!! If you have not been to the City recently, you would be amazed at the changes that have taken place and which are in the planning stages. Of course the major highlight on the beach is the new parking garage (completed) and the new pier; expected to be completed by the end of 2019. Once built, hotels and restaurants will follow!! Along MLK Blvd. are major affordable housing projects, either completed or near completion. Both the Western & Eastern CRA efforts are paying off after years of struggle and we can all be proud of the efforts of the City Hall team!

**FYI.....** next time you speak with a friend who is complaining about the cost of public employee pensions, please give them these private sector examples: pension plans for some of the companies in the S&P 500 currently face a **\$348 billion funding gap!!** You may ask, “How does this impact the taxpayer?” Answer: The U.S. Pension Benefit Guaranty Corp., which is the government agency that backstops private pension plans. Yes, these companies pay annual fees into the agency based on their respective pension funded percentage rate. But when the company falls short at the time it must pay its retired employees....this Guaranty Corp

helps bridge the gap; unfortunately it rarely makes the retiree 100% whole. Examples.....the many airlines which went bankrupt leaving their pension funds in limbo and their retirees far short of what was promised.

**Our First Quarter Performance** – As you review the performance numbers for the first quarter of FY 17-18, (which ended on 12/31/17), I am sure you will see some good and some bad numbers.

First, let's look at the calendar year numbers as the market ended the year in December.

The **S&P 500 finished + 21.83% and the NASDAQ finished +29.64%** for the entire calendar year. For the quarter itself (October 1 – December 31) the numbers were: **S&P 500 + 6.6% and the NASDAQ +6.6%**; as you can see, the markets have ignored the chaos in Washington. Will that hold true through 2018? No one knows the answer to that question.

During the current second quarter (which will end in about 4 weeks – 3.31.18) the roller coaster rode straight up!! The Dow Industrials blew through 26,000. If it seems like it happened in a heartbeat, that's because it nearly did! It took 109 days for the Dow to climb from 21,000 to 22,000 ... but just seven days to get from 25,000 to 26,000.....making this 1,000-point rally the fastest in Dow history.

The Board continues to believe in our prudent reliance on investment experts which is coupled with proper diversification. All of this is done in an emotional vacuum. This "*cold style*" of investing is a necessary and critical ingredient as we navigate the turbulent times in which we live.

Speaking of turbulent times and making informed investment decisions; here is your chance to access a wealth of information directly from those money managers upon whom we rely. Our **12<sup>th</sup> Annual Symposium** is scheduled for **May 3<sup>rd</sup> – 5<sup>th</sup> 2018**. It will be held in Pompano Beach at the **Marriott Resort** located on A1A just south of the 14 Street Causeway. Please mark your calendars and join us if you can; we promise you it will be worth your time because of all the investment insight you will gain from the experts .... free of charge!! If you cannot make it we will summarize the event in our next newsletter. Remember, at many of the preceding Symposiums we experienced great attendance by our membership (active & retired). Please watch our website for the latest schedule of speakers (the agenda is still being developed as we write this newsletter). Please join us!!!!

**The Feds will be under new leadership:** Meet the new boss; same as the old boss?? Janet Yellen's term as Fed Chair has expired and, in addition, she has stepped down as a member of the Fed Board of Governors two years before the end of her term. The new Fed Chair will be Jerome Powell who was confirmed by the Senate (the vote was 85-12) in January. Mr. Powell, in his testimony before the Senate, made it clear that the Fed will stay the course in gradual interest rate hikes in the future.

**Also in December, the Fed again decided** to raise interest rates by 25 basis points (+.25%) as they maintain the belief that the economy is better able to "stand on its own two feet" and progress in a slow growth environment. Delivering this rate hike in December avoided the greater risk of surprising the market with no rate hike; we can rest assured that this will continue to be a Fed that will not surprise us or the markets. The Fed made very clear its intent to forecast its trajectory (predicting 2 or 3 rate hikes in 2018 at 25 basis points

per hike). Raising the rate range to the upside doesn't suggest the sky's the limit for either our economy's growth or the Fed's interest-rate-hike policy. Instead, it reflects an assessment of moderately faster growth capable of sustaining that better pace ... maybe even picking up pace a bit down the road. Two keys to watch.....the jobs report & inflation; both of these signals will guide future Fed action.

The Fed remained crystal clear about their safeguarding role: If economic conditions worsen, they'll delay their rate-hike course. If not, a few more rate hikes are the likely corollary to a few more upticks in the pace of U.S. economic growth. That is a good thing.

**FY 2016 – 2017 Audit Report** – Our annual audit report was released to and adopted by the Board of Trustees at our January 2018 meeting. Here is a nutshell summary of that report which is available, in its entirety, at our Pension Office or on our website: [www.pbpfors.org](http://www.pbpfors.org) . For FY ending 9/30/17, the Fund showed a membership with **3 active police officers, 176 active firefighters and 400 benefit recipients**. During the FY net assets of the Fund increased by over \$14 million!! Again, we remind you it is not the monthly or yearly gyrations that count; it is the long-term returns which have proven to be the wisest course to follow.

**10/1/2017 Actuarial Valuation Report** – At the February meeting, our Fund Actuary gave the Board its annual valuation report dated 10/01/17 in which he stated the Fund continues its healthy recovery from the Great Recession. The Fund has a funded ratio of 68% on the actuarial value of assets and 67% on the market value of assets. This is a slight increase from last year so we are going in the right direction. We are now paying out to our retirees just over \$21 million per year! The complete report will be posted on our website at or around the end of February and is also available for review at the Pension Office.

Here are the 10 [greatest threats to your retirement](#), as well as tips for overcoming them, as posted on Marketwatch:

### 1. Grown Kids Siphoning Off Your Retirement Money

Most people want to help their children succeed in life. Experts caution against sharing too much of your retirement money with adult kids, however.

"You won't be around forever, and [children] need to stand on their own," said Eric McClain, a financial advisor at a retirement planning company.

Teach your kids to be independent — they will likely thank you in the end.

### 2. Keeping Too Much House

An oversized house can be a serious financial burden for individuals trying to save for retirement. McClain said a house that's too large for your needs can become a liability, between upkeep costs and property [taxes](#).

Although it's natural to feel sentimental toward a home — or to want to avoid the stress of moving — people trying to save for retirement should consider relocating to a more appropriately sized property.

### 3. Having a Mortgage in Retirement

Depending on a retiree's situation, having a mortgage in retirement could be a boon or a bust. If your mortgage payments are low, keeping that large property might not be a problem. On the other hand, if high house payments are preventing you from adding to your retirement nest egg, you might want to consider selling that overpriced property and moving to one that's more affordable.

### 4. Giving Too Much Away, Too Early

If you have extra cash, you might be tempted to give some away to family members or a favorite charity. There are some serious tax benefits to donating your retirement assets to charity, but individuals need to be mindful of timing. McClain said that people who give their money away too early risk outliving it.

### 5. Medical Expenses

Saving enough for retirement is difficult in and of itself but, when you add the burden of paying for healthcare during your golden years, the goal can seem unreachable. According to a 2017 [Fidelity](#) survey, couples in their mid-60s can expect to spend \$275,000 on medical expenses during retirement.

"Large, debilitating medical expenses can decimate your savings," said personal finance writer Elizabeth Colegrove. She advised soon-to-be retirees who are still working to [contribute money to a health savings account](#) (HSA) whenever possible. A great vehicle to supplement your other retirement income, an HSA lets individuals pay for qualified medical expenses tax-free.

### 6. Long-Term Care Expenses

A medical situation that leads to the need for long-term care can erode one's retirement nest egg in a hurry. Long-term care costs can be staggering and have gradually increased over the years. Moreover, a 2016 article by the U.S. Department of Health and Human Services reveals that one in seven adults will one day have a disability requiring care for more than five years.

Unfortunately, only a small fraction of Americans have long-term care insurance.

### 7. Being Part of the Sandwich Generation

Members of the sandwich generation, aspiring retirees often find themselves caring for both adult children and aging parents. "Other family members can be a drain when on a fixed income and resources," said Colegrove. "Instead of saving for holidays, vacations and larger expenses, your resources are spent on the older and younger generations."

The best solution is to plan ahead by creating a system to grow your assets as you save for retirement and to protect them once you've stopped working.

### 8. Unexpected Major Expenses

Just because you've stopped working doesn't mean life stands still. Expenses can't always be predicted at the outset, and even the most mundane [unexpected costs can threaten one's financial health](#) in retirement.

Citing expenses such as roof repairs and new cars, Colegrove said, "It is very important that, in your day-to-day budget, you are still saving for these expenses. On fixed incomes, not only might it be harder to qualify for a loan to cover the costs, the loan payments could blow your budget."

### 9. The Shift to Defined Contribution Retirement Plans in the Military

Military members often assume that their financial needs will be covered in retirement. However, the shift toward defined contribution retirement plans has put more burden on veterans, said Doug Nordman, former member of the U.S. Navy's submarine force and military financial expert.

"The DoD is reducing their retirement expenses by at least 10 percent, but now the burden of saving for retirement lies even more heavily on the service members," said Nordman. "Just as we've learned with civilian 401ks, I doubt that the average young adult has the interest or the discipline, let alone the understanding, to make sure that they contribute enough to their TSP account for the full match."

### 10. The Shift to Defined Contribution Retirement Plans in the Private Sector

Military members aren't the only Americans taking on more responsibility with regard to retirement saving.

Over the last 30 years, the burden of saving for retirement has been shifted to workers via defined contribution plans, such as the 401k. If they don't manage their 401k accounts appropriately, these individuals could very well come up short in retirement.

**STONEMAN STRONG: The events of February 14, 2018 served as a reminder that life can change in an instant. That Wednesday morning at Stoneman Douglas High School started out like any other school day.....traffic woes and hectic plans for Valentine's Day. Then as the school day ended, evil arrived in the form of an active killer. By day's end, 17 students/teachers were dead and dozens more wounded. Parkland, an idyllic community in the northwest corner of Broward County, was shattered. Some of our Brothers from Pompano Beach Police were working the Parkland District and were actively involved in clearing the building or rendering aid. They described the scene as "hell on earth." Pompano Fire Rescue responded to the scene to assist with transports. All in all it was a tragic reminder of the demands of us as first responders. Please keep Parkland in your prayers as the hard part starts next week.....healing and returning to "normal."**

**In our next newsletter** we will write to you about the reports we received from our experts at **12<sup>th</sup> Annual Symposium**. Please attend if you can....it is **FREE!**

**Until then, stay safe and stay in touch!**

**SUMMARY OF RELEVANT FACTS**  
**Pompano Beach Police & Firefighters' Retirement System**  
**As of December 31, 2017**

**Distribution of Assets:**

Equity	
-Large Cap. Value	\$30,238,707
-Large Cap. Growth	\$30,741,193
-Mid Cap. Value	\$10,966,128
-Small/Mid Cap. Growth	\$12,524,081
-International Value	\$18,468,087
-International Growth	\$18,412,755
Total Equity	\$121,350,952
Fixed Income	\$49,238,263
Private Real Estate	\$19,062,599
Fund of Hedge Funds	\$21,589,669
Master Limited Partnerships	\$11,254,303
Private Equity	\$9,501,759
Cash (Non-Managed Account)	\$7,787,661
Total Portfolio	\$239,785,205

**Distribution by Percentages:**

	Policy	Current
Equity Breakdown		
-Large Cap. Value	12.50%	12.61%
-Large Cap. Growth	12.50%	12.82%
-Mid Cap. Value	5.00%	4.57%
-Small/Mid Cap. Growth	5.00%	5.22%
-International Value	7.50%	7.70%
-International Growth	7.50%	7.68%
Total Equity	50.00%	50.61%
Fixed Income	22.50%	20.53%
Private Real Estate	7.50%	7.95%
Fund of Hedge Funds	10.00%	9.00%
Master Limited Partnerships	5.00%	4.69%
Private Equity	5.00%	3.96%
Cash (Non-Managed Account)	0.00%	3.25%
Total Portfolio	100.00%	100.00%

**Other Important Facts:**

Total Portfolio	\$239,785,205
Total Gain or (Loss) - Gross of Fees	\$6,249,991

**BLACKROCK**

Total Assets	100.00%	\$30,238,707
Equity	97.40%	\$29,451,496
Cash	2.60%	\$787,211
Fees		(\$31,442)
Gain or (Loss)		\$1,554,636

**SANDS CAPITAL MANAGEMENT**

Total Assets	100.00%	\$30,741,193
Equity	97.45%	\$29,958,280
Cash	2.55%	\$782,913
Fees		(\$45,022)
Gain or (Loss)		\$1,253,972

**RBC GLOBAL**

Total Assets	100.00%	\$10,966,128
Equity	96.78%	\$10,613,081
Cash	3.22%	\$353,047
Fees		(\$5,894)
Gain or (Loss)		\$258,436

**WELLS**

Total Assets	100.00%	\$12,524,081
Equity	98.22%	\$12,300,577
Cash	1.78%	\$223,504
Fees		(\$26,822)
Gain or (Loss)		\$805,890

**Pine Grove Fund of Hedge Fund**

Fund of Hedge Fund	100.00%	\$10,255,476
Gain or (Loss)		\$122,590

**Center Coast Master Limited Partnerships**

Fund of Hedge Fund	100.00%	\$11,254,303
Gain or (Loss)		(\$191,123)

**NB CROSSROADS (PRIVATE EQUITY) #1**

Total Assets	100.00%	\$3,606,602
Gain or (Loss)		\$0

**LAZARD (International Value)**

Total Assets	100.00%	\$18,468,087
Equity	96.76%	\$17,870,531
Cash	3.24%	\$597,556
Fees		(\$23,558)
Gain or (Loss)		\$943,159

**RENAISSANCE (International Growth)**

Total Assets	100.00%	\$18,412,755
Equity	97.44%	\$17,940,852
Cash	2.56%	\$471,903
Fees		(\$27,881)
Gain or (Loss)		\$550,943

**STANDISH MELLON**

Total Assets	100.00%	\$24,531,389
Fixed	96.40%	\$23,648,154
Cash	3.60%	\$883,235
Fees		(\$18,099)
Gain or (Loss)		\$192,907

**INCORE/VICTORY (FORMERLY MUNDER)**

Total Assets	100.00%	\$24,706,874
Fixed	98.94%	\$24,444,277
Cash	1.06%	\$262,597
Fees		(\$12,299)
Gain or (Loss)		\$125,647

**INVESCO (Private Real Estate)**

Private Real Estate	100.00%	\$16,062,599
Fees		(\$44,516)
Gain or (Loss)		\$404,910

**OFFICE BUILDING**

Total Assets	100.00%	\$3,000,000
Gain or (Loss)		\$42,500

**Ironwood Fund of Hedge Fund**

Fund of Hedge Fund	100.00%	\$11,334,192
Gain or (Loss)		\$183,944

**MAIN ACCOUNT (NON-MANAGED)**

Cash	100.00%	\$7,787,661
Gain or (Loss)		\$1,580

**NB CROSSROADS (PRIVATE EQUITY) #2**

Fund of Hedge Fund	100.00%	\$2,242,840
Gain or (Loss)		\$0

**BLACKSTONE (PRIVATE EQUITY)**

Total Assets	100.00%	\$2,038,791
Gain or (Loss)		(\$0)

**GOLDMAN SACHS (PRIVATE EQUITY)**

Total Assets	100.00%	\$1,613,526
Gain or (Loss)		\$0

**BREAKDOWN OF RETURNS**  
**Pompano Beach Police & Firefighters' Retirement System**  
**As of December 31, 2017**

**TRADITIONAL INVESTMENTS**

<b>BLACKROCK</b>		<b>Your Returns</b>				
<i>Large Cap. Value</i>		<b>Gross</b>	<b>Net</b>	<b>Russ 1000 Value</b>	<b>PSN Money Mgrs.</b>	<b>S&amp;P 500</b>
Quarter		5.22	5.11	5.33	6.04	6.65
1 year		16.21	15.60	13.66	16.40	21.83
3 year		10.40	9.77	8.65	9.68	11.42
Since 1/31/2013		12.12	11.49	12.84	NA	14.90
<b>SANDS CAPITAL</b>				<b>Russ 1000 Growth</b>	<b>PSN Money Mgrs.</b>	
<i>Large Cap. Growth</i>						
Quarter		3.92	3.77	7.86	6.83	
1 year		35.98	35.22	30.21	26.53	
3 year		9.66	9.01	13.79	11.60	
5 year		15.73	15.05	17.33	16.06	
Since 5/31/2003		12.48	11.84	10.19	NA	
<b>RBC GLOBAL</b>				<b>Russ Mid Value</b>	<b>PSN Money Mgrs.</b>	
<i>Mid Cap. Value</i>						
Quarter		2.36	2.30	5.50	5.58	
1 year		3.37	3.05	13.35	14.53	
3 year		4.72	4.15	9.00	9.63	
5 year		13.00	12.41	14.67	14.85	
Since 1/31/2009		15.99	15.32	17.85	NA	
<b>WELLS</b>				<b>Russ 2500 Growth</b>	<b>PSN Money Mgrs.</b>	
<i>Small/Mid Cap. Growth</i>						
Quarter		6.42	6.20	6.35	4.88	
1 year		30.49	29.37	24.46	23.28	
3 year		12.21	11.21	10.87	10.84	
5 year		15.83	14.80	15.46	15.55	
Since 1/31/2009		19.68	18.65	18.54	NA	
<b>LAZARD</b>				<b>MSCI AC Wld x US</b>		
<i>International Value</i>						
Quarter		5.15	5.01	5.00		
1 year		27.06	26.44	27.19		
3 year		8.50	7.95	7.83		
Since 1/31/2013		6.72	6.20	6.06		
<b>RENAISSANCE</b>				<b>MSCI AC Wld x US</b>		
<i>International Growth</i>						
Quarter		2.88	2.73	5.00		
1 year		27.97	27.18	27.19		
3 year		8.09	7.39	7.83		
5 year		9.97	9.26	6.80		
Since 1/31/2009		11.50	10.81	10.40		
<b>STANDISH MELLON</b>				<b>BC Aggregate</b>	<b>BC Int. Aggregate</b>	<b>BC Int. Gov/Credit</b>
<i>Fixed Income</i>						
Quarter		0.72	0.64	0.39	(0.07)	(0.20)
1 year		3.84	3.53	3.54	2.27	2.14
3 year		2.21	1.90	2.24	1.82	1.76
5 year		2.15	1.81	2.10	1.69	1.50
Since 4/30/2003		4.22	3.88	4.08	3.71	3.49
<b>INCORE/VICTORY (Munder)</b>				<b>BC Aggregate</b>	<b>BC Int. Aggregate</b>	<b>BC Int. Gov/Credit</b>
<i>Fixed Income</i>						
Quarter		0.46	0.41	0.39	(0.07)	(0.20)
1 year		4.01	3.80	3.54	2.27	2.14
3 year		2.39	2.23	2.24	1.82	1.76
5 year		2.36	2.24	2.10	1.69	1.50
Since 9/30/2002		4.50	4.28	4.18	3.80	3.62



**ALTERNATIVE INVESTMENTS**

<b>INVESCO</b>						
<i>Private Real Estate</i>		Gross	Net	NCREIF	NCREIF ODCE	BC Aggregate
	Quarter	2.29	2.01	1.80	2.07	0.39
	1 year	8.45	7.24	6.98	7.62	3.54
	3 year	10.79	9.57	9.39	10.42	2.24
	5 year	11.81	10.59	10.19	11.53	2.10
	Since 7/31/2006	6.31	5.17	7.42	6.46	4.44
<b>OFFICE BUILDING</b>						
<i>Private Real Estate</i>				90-Day T-Bill	BC Aggregate	
	Quarter	1.43	1.43	0.28	0.39	
	1 year	4.71	4.71	0.84	3.54	
	3 year	27.60	27.60	0.38	2.24	
	5 year	7.62	7.62	0.24	2.10	
	Since 3/31/2007	0.44	0.37	0.64	4.23	
<b>Ironwood</b>						
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	BC Aggregate	
	Quarter	1.65	1.65	1.05	0.39	
	1 year	7.28	7.28	3.98	3.54	
	3 year	3.93	3.93	2.07	2.24	
	5 year	6.10	6.10	3.38	2.10	
	Since 7/31/2008	3.52	3.52	1.31	4.14	
<b>Pine Grove</b>						
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	BC Aggregate	
	Quarter	1.21	1.21	1.05	0.39	
	1 year	5.56	5.56	3.98	3.54	
	3 year	1.90	1.90	2.07	2.24	
	5 year	3.42	3.42	3.38	2.10	
	Since 9/30/2008	3.75	3.75	2.09	4.27	
<b>Center Coast</b>						
<i>Master Limited Partnerships</i>				Alerian MLP	BC Aggregate	
	Quarter	(1.67)	(1.80)	(0.95)	0.39	
	1 year	(4.00)	(4.48)	(6.52)	3.54	
	Since 1/31/2015	(7.82)	(8.22)	(8.62)	1.58	
<b>Neuberger Berman</b>						
<i>Private Equity #1</i>		Time-Wtd	Dollar-Wtd	Dynamic S&P 500	BC Aggregate	
	Quarter	0.00	0.00	0.28	0.39	
	1 year	12.64	12.65	6.83	3.54	
	3 year	12.11	11.97	6.64	2.24	
	5 year	13.38	13.23	12.79	2.10	
	Since 3/31/2010	4.04		11.72	3.50	
<b>Neuberger Berman</b>						
<i>Private Equity #2</i>		Time-Wtd	Dollar-Wtd	Dynamic S&P 500	BC Aggregate	
	Quarter	0.00	0.00	0.28	0.39	
	1 year	8.87	8.88	6.83	3.54	
	3 year	6.62	8.10	6.64	2.24	
	Since 7/31/2014	5.00		8.10	2.62	
<b>Blackstone</b>						
<i>Private Equity</i>		Time-Wtd	Dollar-Wtd	S&P 500	BC Aggregate	
	Quarter	0.00	(0.44)	6.65	0.39	
	1 year	8.27	6.79	21.83	3.54	
	3 year	8.05	6.36	11.42	2.24	
	Since 11/30/2013	9.40		12.40	2.95	
<b>Goldman Sachs</b>						
<i>Private Equity</i>		Time-Wtd	Dollar-Wtd	S&P 500	BC Aggregate	
	Quarter	0.00	0.00	0.28	0.39	
	1 year	11.57	11.61	6.83	3.54	
	3 year	8.58	8.55	6.64	2.24	
	Since 12/31/2013	8.00		8.36	3.16	

TOTAL FUND				Policy Index
<i>Time-Weighted Return (TWR)</i>				
Quarter	2.61	2.49	3.24	
1 year	14.32	13.80	12.60	
3 year	6.22	5.71	6.10	
5 year	8.86	8.33	8.70	
Since 9/30/2002	7.79	7.30	7.65	
Since 6/30/1995	7.26			

TOTAL FUND				Actuarial Rate	CPI +3
<i>Dollar-Weighted Net Return (IRR)</i>					
Quarter		2.50	1.82	1.40	
1 year		13.86	7.50	4.90	
3 year		5.48	7.50	4.66	
5 year		8.40	7.50	4.43	

**Note**

Per the Board's request, all performance results (including but not limited to rates of return, risk, measures, unit values, and dollar values) prior to September 30, 2002, were provided by GRS Asset Consulting Group, who was the previous consultant. The performance data is believed to be accurate, but there is no assurance. Graystone Consulting has not calculated or independently verified the accuracy of the returns or market values and is not responsible or liable for any mistake or miscalculations. Effective September 30, 2002, all valuations and rates of return are calculated by Graystone Consulting.