

YOUR PENSION MATTERS

Pompano Beach Police & Firefighters' Retirement System

Fiscal Year 2008

First Quarter Ended December 31, 2007

by: Paul O'Connell
Board Chairperson

"Skate to where the puck is going; not where it has been." Wayne Gretzky

You may ask; what does hockey have to do our pension investments? **Answer: nothing.** However, the quote above has everything to do with sound judgment and smart investing. Knowledge of where the puck is going helped Wayne Gretzky become The Great One. Knowledge in the investment world is the #1 power tool when it comes to sound judgment and smart investing. Knowledge leads to sound investment decisions based on information; not speculation. Do you want some **KNOWLEDGE?**

Mark your calendars! Your Pension Board of Trustees will be conducting its Second Annual Educational Symposium on April 10, 11 and 12, 2008 at the Deerfield Beach Embassy Suites. **You are invited to attend!** On Thursday afternoon (4/10), starting at 12:00 PM, the Board will review our bond portfolio with our bond managers. In addition, the Board will hear from our Consultant about the investment results for the 2nd Quarter of FY 2007 - 2008. We will also hear from a nationally recognized economist on his or her view of the economy in its current state and what he or she envisions for the near future. On Friday (4/11), we will review our equity managers such as Lord Abbett (value), Sands (large cap growth) and the rest of our equity managers. These presentations will be the Board's chance (and yours too) to ask questions about the 2007 performance numbers and the managers' perspective and outlook for 2008. In addition, the Board will also conduct its regular April board meeting. On Saturday (4/12), we will hear from the real estate manager and the International Investments manager (Invesco) about their performance in 2007 and their outlook for 2008. Finally, we will conduct a roundtable discussion of market conditions with all the managers from Friday and Saturday. We believe this format will generate great discussion and diverse points of view. Should you have any questions, please call the pension office or check our website for the latest schedule of events **as the above information is subject to change based on availability.**

Congratulations to Fire Inspector John DeVoe, who won a special election to fill a vacancy created by the resignation of Jeff Valerga!

No doubt, you have noticed that the economy has taken front stage in the current Presidential debates. All the polls put the economy as the #1 issue on the minds of the voters. As the economy falters, perhaps even slips into a recession, the Board's effort to diversify our funds becomes more paramount than ever. This issue along with many others will no doubt be discussed during the Symposium weekend. If you are invested in the market and have that uneasy feeling about future investment positions, attending the Symposium can surely help give you direction. In the meantime, here are some rules to live by in the rough and tumble world of investments that have stood the test of time and were recently published in one of my favorite investment newsletters: The Motley Fool written by Tom and David Gardner:

Invest without emotion: when the market takes a bite out of your portfolio your first instinct may be to sell. When others are selling it might be time for you to be buying. Learn to recognize and manage your emotions so they do not cloud your judgment.

Investing is not trading: take the long term approach to investing. You are not just buying shares in a stock; you are buying a part of the company. Thus, you should know the company inside and out, the people that run the company and the market in which the company competes.

Know the difference between price and value: the market price only tells us how much people are willing to pay for a share of stock at a specific time, not what the stock is actually worth. Without knowing the true value of a business, you cannot spot a bargain or know when it is time to sell.

Buy on sale: buying stocks for a fraction of their true value is the best way to beat the market. This is where doing your homework is of critical importance. Know the company you are buying into and the marketplace in which that company competes.

Trust your convictions: temperament is more valuable to the savvy investor than intelligence. Once you have decided how much you want to buy, wait for the share price to come to you.

Be contrarian: if you always agree with the market, you need only invest in an index fund. You simply rise and fall with the market and you invest in mere mediocrity. By doing your homework before investing and “trusting your convictions” you can outperform the market.

Stop watching CNBC and Mad Money: these shows seem more entertaining than substantive. Monitoring your stocks on an hourly or daily basis may trigger irrational decisions. It is more important to focus on business fundamentals and invest for the long term.

The above information is not investment advice from your Pension Board (or from me personally). It is simply repeating, for your consideration, some wisdom published in the investment newsletter, [The Motley Fool](#). Govern yourself accordingly.

Enclosed are the financials for the first quarter of the Fund’s 2007 – 2008 fiscal year. As you can see, the Fund experienced a slight loss for the quarter. No doubt it was a difficult investment environment and that will, over time, work itself out.

In our next newsletter we will review the Educational Symposium Weekend, what we learned and what the forecasts are for the coming months.

Until then, stay safe and stay in touch!

BREAKDOWN OF RETURNS
Pompano Beach Police & Firefighters' Retirement System
As of December 31, 2007

ADD OFFICE BLDG

LORD ABBETT/BOSTON *		Your Returns		Russ 1000 Value	PSN Money Mgrs.	S&P 500
Large Cap. Value		Gross	Net			
	Quarter	(4.43)	(4.56)	(5.80)	(4.22)	(3.33)
	1 year	3.66	3.09	(0.18)	3.39	5.49
	3 year	8.18	7.58	9.30	9.79	8.61
	Since 10/31/2004	10.50	9.92	11.65	NA	10.67
	Lord Abbett/Boston - Since 9/30/2002	14.33		15.81	15.80	13.92
	Lord Abbett/Boston - Since 6/30/1995	10.33		11.72	11.98	10.11
SANDS CAPITAL				Russ 1000 Growth	PSN Money Mgrs.	
Large Cap. Growth						
	Quarter	1.23	1.10	(0.76)	(0.40)	
	1 year	19.36	18.71	11.82	13.17	
	3 year	8.16	7.56	8.69	10.05	
	Since 5/31/2003	13.63	13.02	10.61	NA	
VOYAGEUR *				S&P 500	Dynamic Index**	
Large Cap. Asset Allocator						
	Quarter	(0.67)	(0.74)	(3.33)		(0.72)
	1 year	12.94	12.57	5.49		11.82
	3 year	8.68	8.34	8.61		8.10
	Since 9/30/2002	12.94	12.60	13.92		12.84
	Since 3/31/2002	5.38		6.30		5.23
INVESCO				MSCI EAFE Net		
International						
	Quarter	(2.56)	(2.71)	(1.75)		
	1 year	8.55	7.85	11.17		
	3 year	15.37	14.69	16.83		
	Since 1/31/2004	16.63	15.96	17.66		
ALLEGIANCE CAPITAL				LB Int. Aggregate	LB Aggregate	LB Int. Gov/Credit
Fixed Income						
	Quarter	2.83	2.77	2.89	3.00	2.91
	1 year	5.85	5.59	7.02	6.96	7.40
	3 year	4.19	3.93	4.51	4.56	4.32
	Since 5/31/2003	3.57	3.32	3.90	3.91	3.47
STANDISH MELLON				LB Aggregate	LB Int. Aggregate	LB Int. Gov/Credit
Fixed Income						
	Quarter	2.70	2.63	3.00	3.00	2.91
	1 year	6.20	5.89	6.96	6.96	7.40
	3 year	4.39	4.09	4.56	4.56	4.32
	Since 4/30/2003	4.12	3.76	4.25	4.11	3.85
MUNDER CAPITAL				LB Aggregate	LB Int. Aggregate	LB Int. Gov/Credit
Fixed Income						
	Quarter	2.86	2.80	3.00	2.89	2.91
	1 year	7.17	6.90	6.96	7.02	7.40
	3 year	4.91	4.69	4.56	4.51	4.32
	Since 9/30/2002	4.55	4.29	4.52	4.31	4.19
INVESCO				NAREIT		
REIT						
	Quarter	(12.97)	(13.13)	(12.67)		
	1 year	(15.38)	(16.01)	(15.69)		
	Since 6/30/2006	0.87	0.08	0.56		
INVESCO				NCREIF		
Private Real Estate						
	Quarter	1.80	1.80	3.21		
	1 year	12.29	12.29	15.85		
	Since 7/31/2006	11.32	11.32	17.27		
TOTAL FUND *				Total Fund Index		
	Quarter	(0.48)	(0.58)	(1.22)		
	1 year	8.60	8.13	6.34		
	3 year	7.41	6.95	8.06		
	Since 9/30/2002	10.89	10.42	11.40		
	Since 6/30/1995	6.42				

Total Fund Index comprised of 25% Russell 1000 Value/ 25% Russell 1000 Growth/ 15% Dynamic Index/ 23% LB Aggregate/ 12% LB Int. Aggregate for periods prior to January 31, 2004; 22.5% Russell 1000 Value/ 22.5% Russell 1000 Growth/ 12% Dynamic Index/ 8% MSCI EAFE Net/ 23% LB Aggregate/ 12% LB Int. Aggregate for periods from January 31, 2004 to April 30, 2006; and 22.5% Russell 1000 Value/ 22.5% Russell 1000 Growth/ 9.5% S&P 500/ 8% MSCI EAFE Net/ 22.5% LB Aggregate/ 10% LB Int. Aggregate/ 2.5% NAREIT/ 2.5% NCREIF for periods thereafter.

Note - change comparison to 2.5% 90-Day T-Bill for Office Building

* 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. Smith Barney Consulting Group 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 Citi Institutional Consulting.

** Dynamic Index represents blended performance of S&P 500 BARRA Value for periods prior to July 31, 2003, S&P 500 BARRA Growth for periods from July 31, 2003 to April 30, 2006, & Russell 1000 Growth for periods thereafter