City of Rockville

Pension Fund

ANALYSIS OF INVESTMENT PERFORMANCE

February 2011

Amy Heyel

Vice President

SEGAL ADVISORS

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February 07, 2011

Board of Trustees
City of Rockville
111 Maryland Avenue
Rockville, MD 20854

Dear Trustees:

This report presents our updated analysis of the City of Rockville's investment performance and traces the growth of assets through December 31, 2010. It is based on data provided to us by your custodian and the various investment managers. The report illustrates the investment performance of the overall Fund and also shows results by asset class and by individual manager in comparison with the various performance benchmarks defined in the Fund's statement of guidelines and objectives.

We hope you find this report useful as a tool for monitoring the performance of the Fund as well as a basis for discussion of the investment issues surrounding the investment program. We look forward to reviewing this report with you and answering any questions you may have.

Sincerely,

Amy L. Heyel

Amy Heyel
Vice President

cc: Gavin Cohen

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Financial Market Conditions: Review of Fourth Quarter 2010

The Economy: Key Indicators

Page 1 and page 2 focus on Segal Advisors' commentary on select economic indicators for fourth quarter (Q4) 2010.

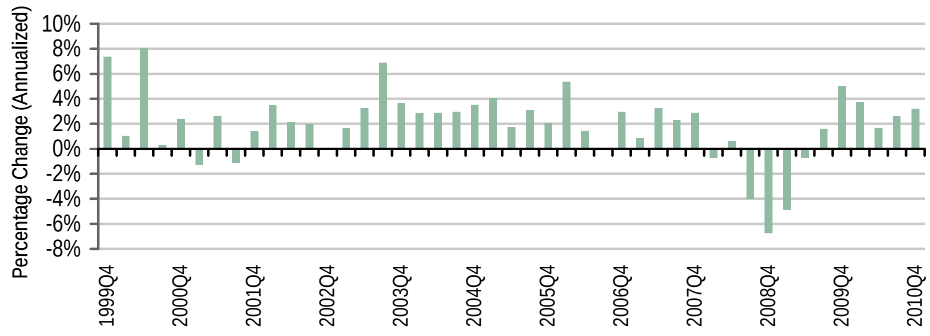
GDP Growth Positive

During Q4 2010, GDP increased at a 3.2 percent annualized rate, up from the 2.6 percent pace experienced during Q3 2010. Although GDP was slightly below consensus, this marked the sixth consecutive quarter of positive growth. The increase was driven predominantly by the 4.4 percent annualized increase in consumer spending, the largest gain since Q1 2006. Net exports added 3.4 percentage points to growth as imports fell and exports grew during the quarter. Fixed investment rose 4.2 percent on an annualized basis and added 0.5 percentage points to growth.

Inventories were a large detractor from growth in the fourth quarter, subtracting 3.7 percentage points. In addition, governments detracted 0.1 percentage points from growth, with a majority of the decline coming from state and local governments.

For all of 2010, GDP expanded 2.9 percent, following a 2.6 percent drop in 2009. This marked the largest increase since 2005.

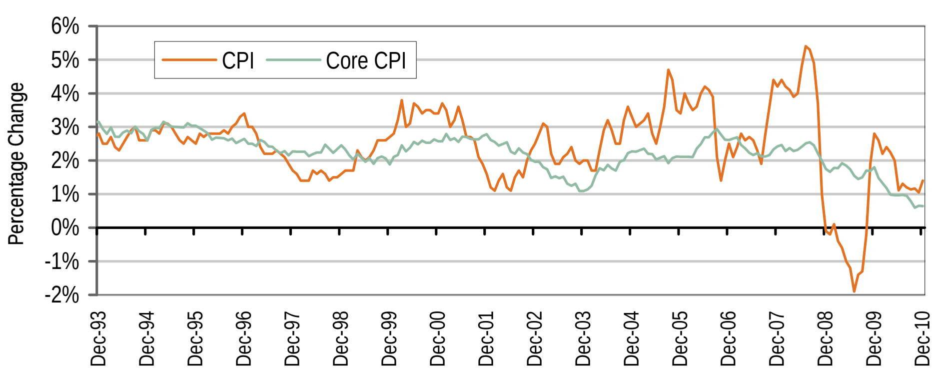
Percentage Change in Real GDP (Annualized)



Source: Bureau of Economic Analysis

Inflation

CPI and Core CPI: Percentage Change Year over Year



Source: Bureau of Labor Statistics

Headline Consumer Price Index (CPI)[1] rose by 0.5 percent in December 2010, and increased on a year-over-year basis by 1.4 percent. December's increase was above the consensus of 0.4 percent, and marked the largest jump since June 2009. The Food and Beverages Index rose 0.1 percent in December and was up 1.5 percent from the Q4 2009 level.

The core CPI, which excludes both food and energy prices, rose 0.1 percent in December. On a year-over-year basis, the Index rose 0.6 percent. An increase in the Shelter Index[2] accounted for approximately 60 percent of the December increase. The adjacent graph shows CPI and core CPI since December 1993.

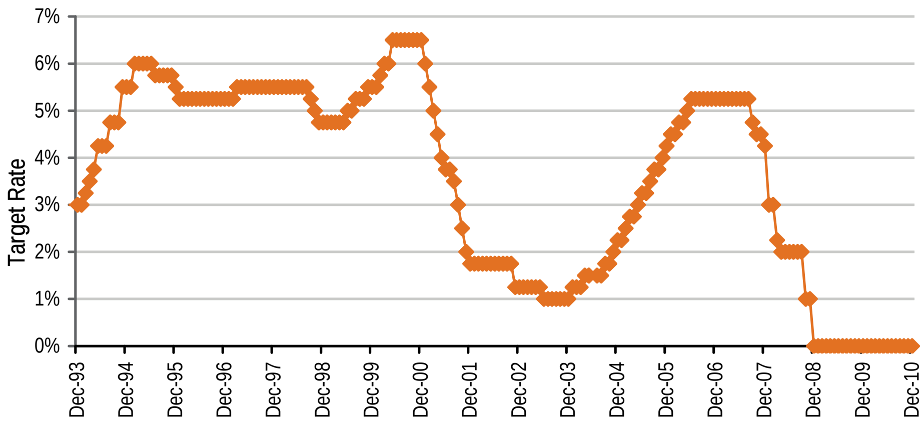
[1]Headline CPI is the CPI-U, the CPI for all urban consumers.

[2]The Shelter Index is comprised of the following items: rent of primary residence, lodging away from home, owners' equivalent rent of primary residence, and tenants' and household insurance.

Fed Funds Target Rate

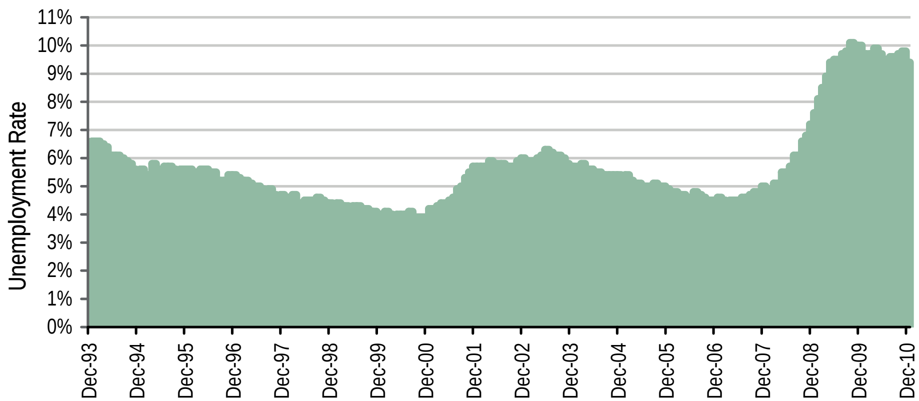
At the Federal Reserve's December 14 meeting, the Federal Open Market Committee (FOMC) kept the target rate at 0-0.25 percent and expects to maintain this target range "for an extended period." The FOMC stated that the economic recovery is continuing; however, labor market improvement has been slow. Although household spending has moderately increased, bank lending continues to contract. Business spending on equipment and software has risen, albeit at a less rapid pace than earlier in the year, but investment in nonresidential structures continues to be weak. In addition, continued high unemployment, modest income growth, lower housing wealth, tight credit, and a depressed housing market remain concerns for future economic growth.

The FOMC stated that the measures of underlying inflation remain at low levels. In addition, the FOMC stated that it would continue expanding its holdings of securities as announced in November and intends to purchase $600 billion of long-term Treasury securities by the end of the Q2 2011.



Source: Federal Reserve Board

Labor Market and the Unemployment Rate



Source: Bureau of Labor Statistics

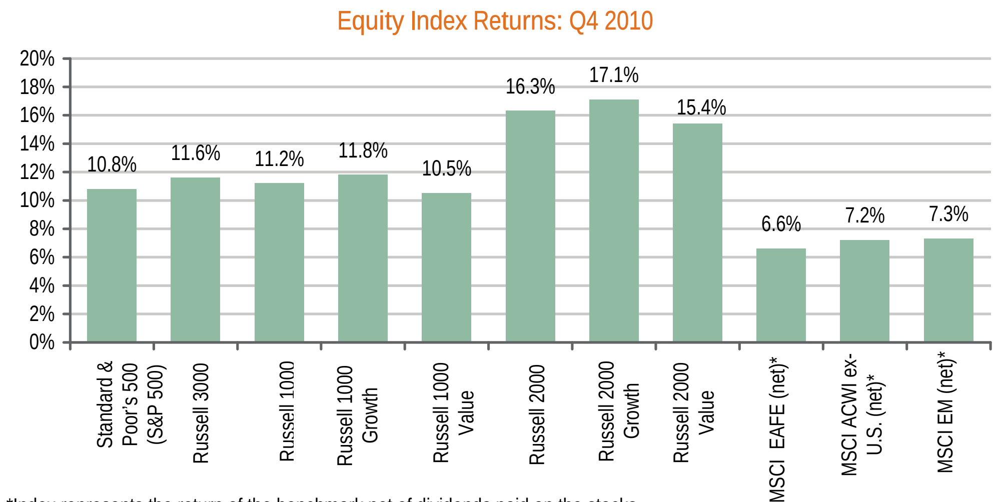
The unemployment rate ended Q4 2010 at 9.4 percent compared to 9.6 percent at the end of Q3 2010. Nonfarm payrolls increased by 103,000 in December, which was far less than the consensus expectation of 125,000. Private payrolls increased by 113,000, with the largest gains occurring in Leisure/Hospitality and Healthcare; Construction was the only industry to shed jobs.

The employment-to-population ratio remained unchanged at 58.3 percent. Although the unemployment rate decreased, more than 500,000 workers left the workforce. Average hourly earnings increased by 0.1 percent in December and rose 1.8 percent year over year. In addition, the average workweek remained unchanged at 34.2 hours.

Investment Performance: Selected Rates of Return

This page presents rates of return for selected equity, fixed income, and other indices. The graphs illustrate returns for Q4 2010. The tables of data show returns for the latest quarter, year-to-date (YTD), one-, three-, five- and 10-year annualized timeframes. All data in the tables are percentages.

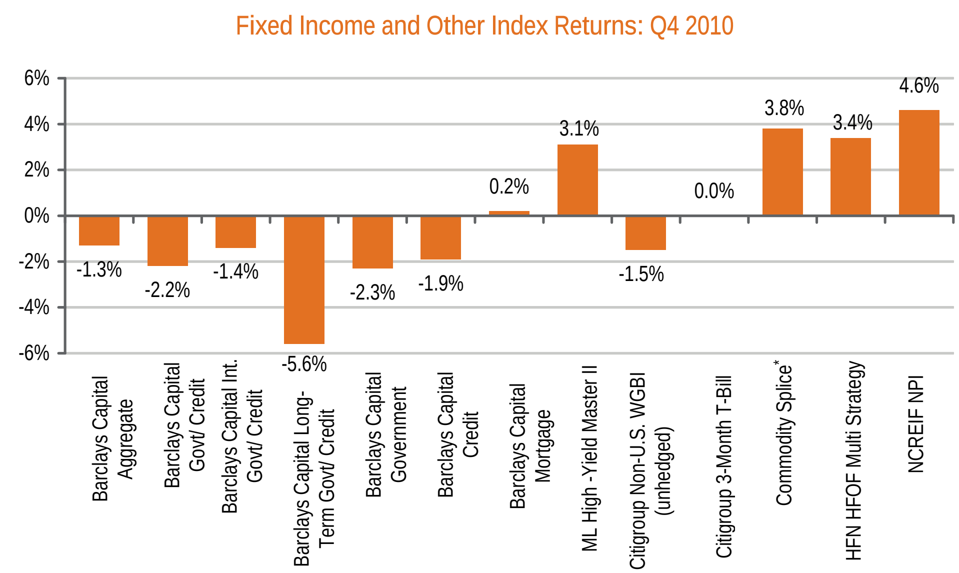
Equity Index Returns



*Index represents the return of the benchmark net of dividends paid on the stocks.

Equity Indices	Quarter	YTD	1-year	3-year	5-year	10-year
Standard & Poor's 500	10.8	15.1	15.1	-2.9	2.3	1.4
Russell 3000	11.6	16.9	16.9	-2.0	2.7	2.2
Russell 1000	11.2	16.1	16.1	-2.4	2.6	1.8
Russell 1000 Growth	11.8	16.7	16.7	-0.5	3.8	0.0
Russell 1000 Value	10.5	15.5	15.5	-4.4	1.3	3.3
Russell 2000	16.3	26.9	26.9	2.2	4.5	6.3
Russell 2000 Growth	17.1	29.1	29.1	2.2	5.3	3.8
Russell 2000 Value	15.4	24.5	24.5	2.2	3.5	8.4
MSCI EAFE (net)*	6.6	7.8	7.8	-7.0	2.5	3.5
MSCI ACWI ex-U.S. (net)*	7.2	11.2	11.2	-5.0	4.8	5.5
MSCI EM (net)*	7.3	18.9	18.9	-0.3	12.8	15.9

Fixed-Income and Other Index Returns



Fixed Income Indices	Quarter	YTD	1-year	3-year	5-year	10-year
Barclays Capital Aggregate	-1.3	6.5	6.5	5.9	5.8	5.8
Barclays Capital Govt/Credit	-2.2	6.6	6.6	5.6	5.6	5.8
Barclays Capital Intermediate Govt/Credit	-1.4	5.9	5.9	5.4	5.5	5.5
Barclays Capital Long-Term Govt/Credit	-5.6	10.2	10.2	6.8	5.9	7.1
Barclays Capital Government	-2.3	5.5	5.5	5.1	5.5	5.4
Barclays Capital Credit	-1.9	8.5	8.5	6.9	6.0	6.5
Barclays Capital Mortgage	0.2	5.4	5.4	6.5	6.3	5.9
ML High-Yield Master II	3.1	15.2	15.2	10.1	8.8	8.6
Citigroup Non-U.S. WGBI (unhedged)	-1.5	5.2	5.2	6.5	7.6	7.4
Citigroup 3-Month T-Bill	0.0	0.1	0.1	0.7	2.3	2.3
Other Indices						
Commodity Splice*	3.8	2.3	2.3	-11.0	-3.9	3.0
HFN HFOF Multi-Strategy	3.4	4.7	4.7	-3.0	2.0	4.5
NCREIF NPI	4.6	13.1	13.1	-4.2	3.5	7.4

*Commodity Splice is a blended portfolio comprising the DJ UBS Commodity Index (50%) and the S&P GSCI Index (50%), rebalanced monthly.

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Investment Performance: Equity Sector and Yield Spread Analysis

This page presents data on sector and spread analysis for Q4 2010 alongside commentary from Segal Advisors.

Equity Sector Analysis

During Q4 2010, every S&P sector experienced positive results. Consumer Discretionary, Industrials, and Materials were among the best performing sectors of the ten S&P sectors. The three worst performing sectors were Health Care, Utilities, and Information Technology. The adjacent chart shows the breakdown of each equity sector for Q4 2010.

S&P 500 Sector Performance

	Fourth Quarter 2010		
	Ending Weight (%)	Return (%)	Contribution (%)
Consumer Discretionary	10.6%	27.6%	2.7%
Consumer Staples	10.6%	14.1%	1.7%
Energy	12.0%	20.3%	2.2%
Financials	16.1%	12.1%	1.9%
Health Care	10.8%	2.8%	0.3%
Industrials	10.9%	26.9%	2.7%
Information Technology	18.8%	10.2%	1.8%
Materials	3.7%	22.9%	0.8%
Telecom	3.1%	19.0%	0.6%
Utilities	3.3%	5.9%	0.2%

Source: Standard & Poor's

Option-Adjusted Spreads

Option Adjusted Spreads (OAS)* in Basis Points**

	Option Adjusted Spreads			
	12/31/09	9/30/10	12/31/10	10 Year Average OAS
U.S. Aggregate Index	61	76	56	73
U.S. Agency (Non-mortgage) Sector	30	25	20	40
Mortgage and ABS Sectors:				
• Mortgage-Backed Securities	18	85	42	59
• Asset-Backed Securities	100	71	82	153
• CMBS	473	304	254	221
Credit Sectors:				
• U.S. Investment Grade	172	175	156	175
– Industrial	138	149	134	169
– Utility	161	167	147	177
– Financial Institutions	226	215	191	182
• U.S. High Yield	617	621	526	613

Source: Baird Advisors using Barclays Capital Data

*OAS is the yield spread of bonds versus Treasury yields taking into consideration differing bond options.

**As a reminder, 10 bps equals 0.1 percent.

Credit spreads on mortgage-backed securities (MBS), commercial mortgage-backed securities (CMBS), and corporate bonds narrowed during the quarter. CMBS narrowed the most, as signs of fundamental improvement and new issuance spurred investor demand. Corporate credit benefited from continued improvement of credit fundamentals and positive earnings growth. Asset-backed securities (ABS) was the only sector to experience spread widening during the quarter; however, spreads remain below the 10-year average.

November's announcement of a second round of quantitative easing resulted in rising Treasury rates and tighter credit spreads. U.S. Investment grade spreads, including the Industrial and Utility sectors, are below their 10-year average OAS, while spreads in the Financials sector are still wider than their 10-year average. The Financial sector was the best performing sector during the quarter and benefitted from REIT and insurance spread tightening.

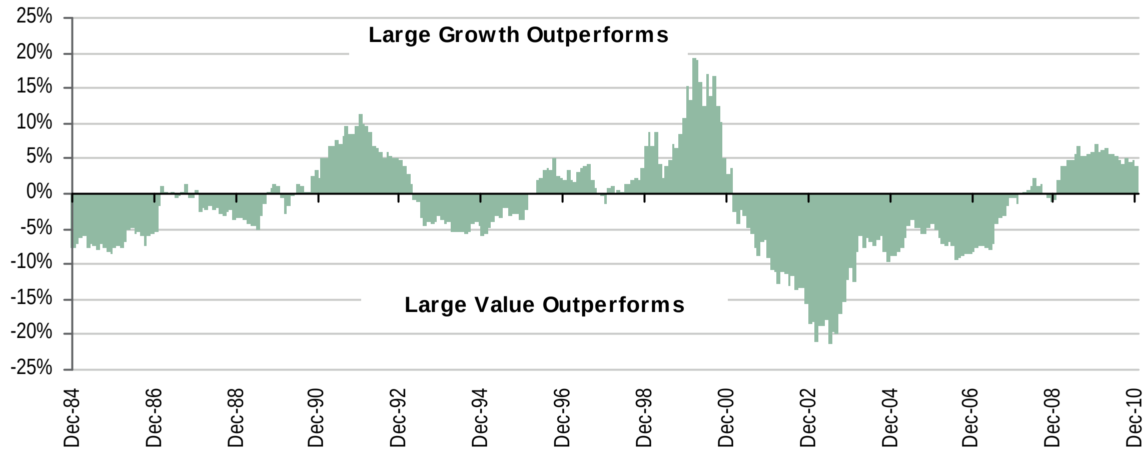
U.S. high yield markets rallied for the second year in a row, driven by sharply lower spreads and investor demand for excess yield.

Investment Performance: Long-Term Equity Trends

Segal Advisors observes the relative performance of selected indices. All of the graphs on this page show rolling three-year return deviations from December 1984 through December 2010. These graphs demonstrate the importance of diversification over the long term. Changes are expressed in terms of percentages and/or bps.

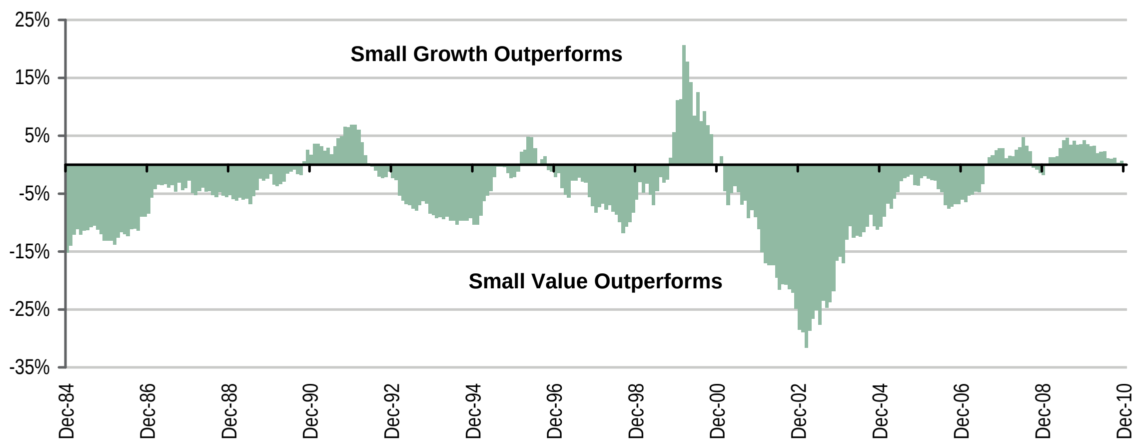
Large Growth Stocks vs. Large Value Stocks

The Russell 1000 Growth (R1000G) has outpaced the Russell 1000 Value (R1000V) for each rolling three-year period over the last twenty-four months. Although the R1000V has outpaced the R1000G on a trailing 10-year basis (+330 bps), the R1000G has outpaced the R1000V on a trailing one-year (+120 bps), three-year (+390 bps) and five-year (+250 bps) basis. The adjacent graph compares the rolling three-year returns for both indices. Since the inception of these indices in January 1979, the R1000V has increased 12.2 percent and the R1000G has increased 10.7 percent, a difference of 1.5 percent.



Source: Russell Investments

Small Growth Stocks vs. Small Value Stocks

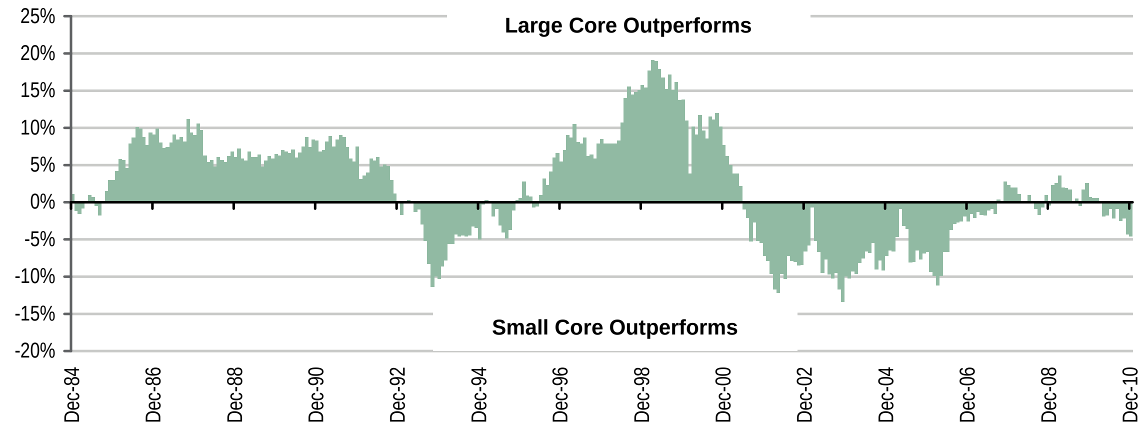


Source: Russell Investments

Similar to large cap stocks, the Russell 2000 Growth (R2000G) has outpaced the Russell 2000 Value (R2000V) for each rolling three-year period over the last twenty-four months. Although the R2000G has outperformed the R2000V on a trailing one-year (+460 bps) and five-year (+180 bps) basis, the R2000V continues to outperform the R2000G on a trailing three-year (+1 bps) and 10-year basis (+460 bps). The adjacent graph compares the rolling three-year returns for both indices. Since the inception of these indices in January 1979, the R2000V has increased 13.7 percent and the R2000G has increased 9.4 percent, a difference of 4.3 percent.

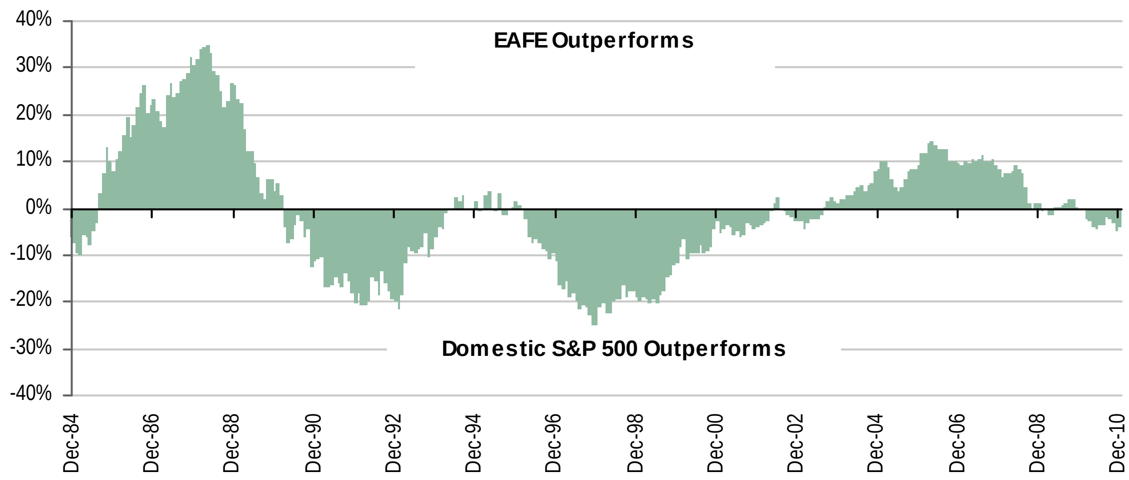
Large Stocks vs. Small Stocks

Small cap stocks have outperformed large cap stocks on a rolling three-year basis for each of the last nine months. In addition, the Russell 2000 (R2000) has outpaced the Russell 1000 (R1000) on a trailing one-year (+1080 bps), three-year (+460 bps), five-year (+190 bps), and 10-year (+450 bps) basis. The adjacent graph compares the rolling three-year returns for both indices. Since the inception of these indices in January 1979, the R2000 increased 11.8 percent and the R1000 increased 11.6 percent, a difference of 0.2 percent.



Source: Russell Investments

Foreign Stocks vs. U.S. Stocks



Domestic stocks have outperformed international stocks on a rolling three-year basis over the last thirteen months. Although the S&P 500 has outperformed the MSCI EAFE on a trailing one-year (+730 bps) and three-year (+410 bps) basis, the MSCI EAFE continues to outpace the S&P 500 for the trailing five-year (+20 bps) and 10-year (+210 bps) basis. Since January 1979, the S&P 500 increased 11.6 percent and the MSCI EAFE increased 9.5 percent, a difference of 2.1 percent. The adjacent graph compares the rolling three-year returns for both indices.

Sources: Morgan Stanley Capital International and Standard & Poor's

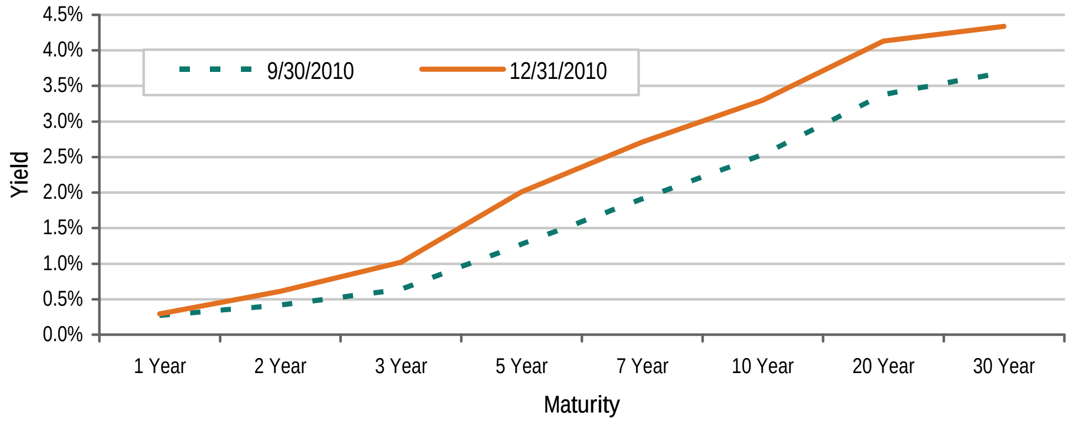
Investment Performance: Fixed-Income and Alternative Asset Class Data

Page 7 and page 8 focus on selected fixed-income and alternative asset class data along with Segal Advisors' commentary.

Yield Curve

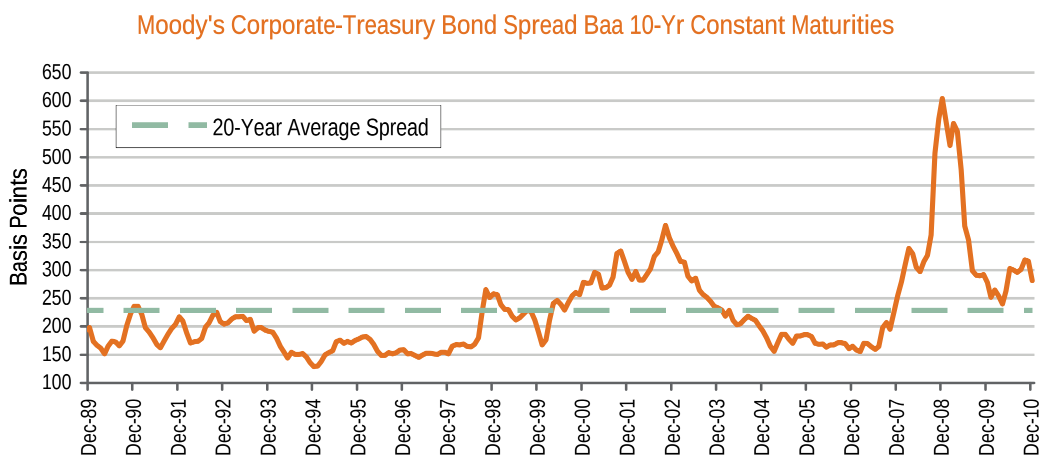
During Q4 2010, the Treasury yield curve shifted upward compared to Q3 2010. The yield curve remained relatively steep with the difference between the two- and 30-year Treasury yields increasing from 3.3 percent at the end of September 2010 to 3.7 percent at the end of December 2010.

The upward movement of the Treasury yield curve can be attributed to an improved outlook for the economy. Reports from government and private groups show U.S. economic growth is improving. The U.S. added jobs in December for a third consecutive month and reports show gains in retail sales, manufacturing and consumer confidence.



Source: Treasury Department

Credit Spreads Widen



Source: Moody's Economy.com

During Q4 2010, credit spreads narrowed slightly and ended the quarter 281 bps over Treasuries, as shown in the adjacent graph. However, spreads remain higher than their 20-year average, which ended the year at 228.7 bps. Spreads widened slightly during October and November but tightened during December as corporate fundamentals continued to improve. Rising 10-year Treasury interest rates during December also contributed to the narrowing of credit spreads during Q4 2010.

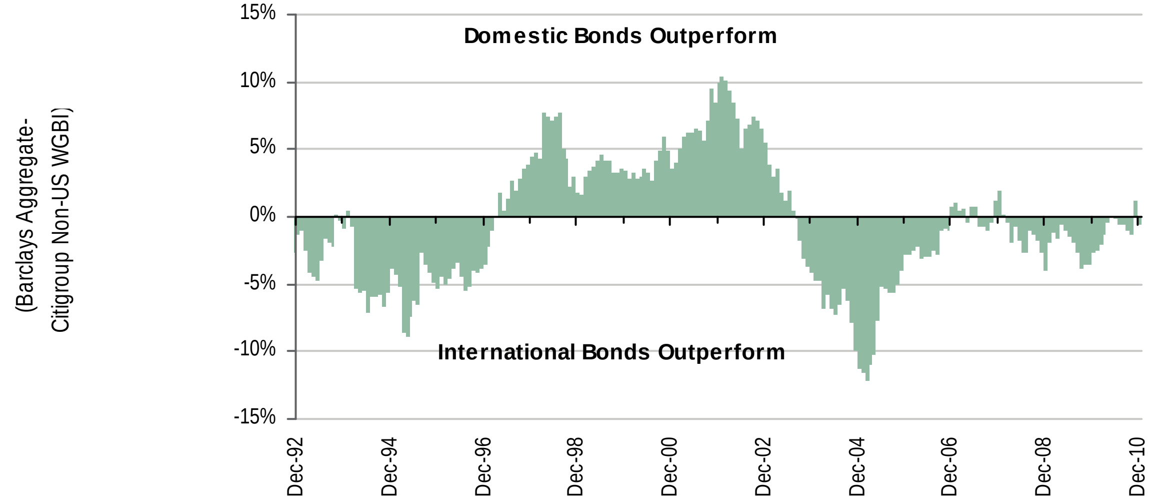
International Bond and Domestic Bond Performance

International bonds have outperformed domestic bonds on a rolling three-year basis for six of the last seven months. Although domestic bonds outperformed international bonds for the quarter (+20 bps) and trailing one-year basis (+130 bps), international bonds have outpaced domestic bonds for the trailing three-year (+60 bps), five-year (+180 bps), and 10-year (+160 bps) basis.

Sovereign debt issues re-emerged during the fourth quarter as Ireland, Spain, and Portugal came under intense scrutiny and several sovereigns were downgraded.

Although bonds had served as the safe haven for investors since 2008, the recent run-up in yields beginning in November resulted in net outflows from bond funds for the first time in nearly two years.

Performance of U.S. Bonds vs. International Bonds: Rolling Three-Year Return Deviations
December 1992 – December 2010



Source: Barclays Capital and Citigroup

Private Real Estate Sector and Region Performance

National Property Index Sector and Region Performance

	Returns as of the Fourth Quarter 2010		
	Ending Weight (%)	Quarter (%)	1-year (%)
NCREIF NPI Total Return	100.0	4.6	13.1
Sector			
Apartment	24.8	6.3	18.2
Hotel	2.2	3.4	9.0
Industrial	14.1	3.4	9.4
Office	34.4	3.9	11.7
Retail	24.4	4.8	12.6
NCREIF Region			
East	33.2	5.3	15.1
Midwest	10.5	3.6	9.7
South	22.4	4.4	12.1
West	33.9	4.4	12.9

Source: National Council of Real Estate Investment Fiduciaries

The NCREIF Property Index (NPI) produced a positive result of 4.6 percent for Q4 2010. This marks the highest quarterly return since Q4 2005 and the fourth consecutive positive quarterly return. The Index gained 13.1 percent for the trailing one-year period.

The Q4 2010 total return combined 1.6 percent of income with 3.0 percent of property level appreciation. This is the third consecutive quarter since Q2 2008 in which the Index had property level appreciation.

During Q4 2010, all sectors and regions had positive returns, with Apartments leading the charge. The Apartment sector's performance has been the bright spot throughout the year as transaction volume has been heightened by the availability of Government Sponsored Entity (GSE) debt and investors looking for income-yielding investments. The East region continued to be the best performing region for Q4 2010 and one-year period, due to investors' desire to hold/acquire assets in markets such as Boston, New York City, and Washington, DC.

Quarterly Highlights: Noteworthy Developments

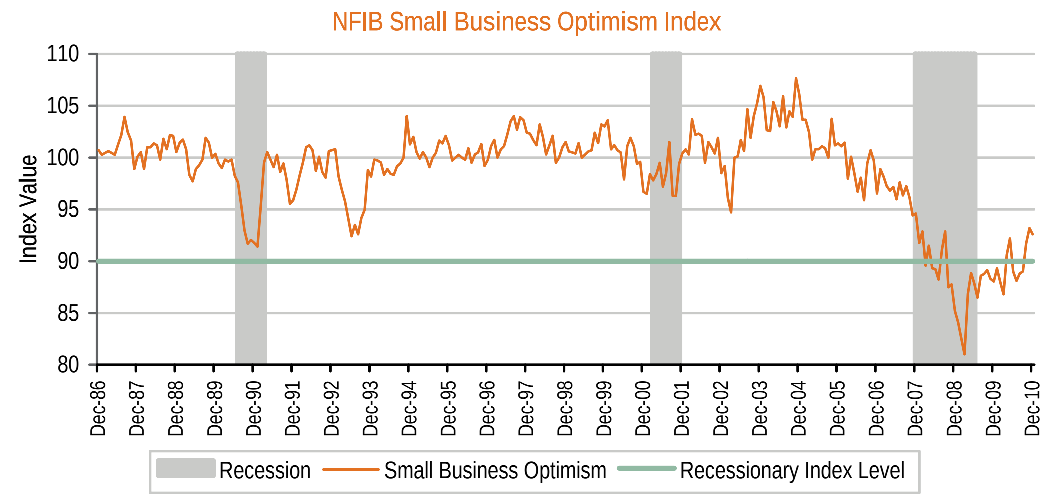
Segal Advisors finds the Q4 2010 developments discussed below to be noteworthy for institutional investors.

Currency Comparison

In December 2010, the National Federation of Independent Business (NFIB) Small Business Optimism Index fell by .06 to 92.6, following a steady increase since May 2010. This marks the 36th consecutive month of recessionary levels. Despite the slight decrease, the index remains at one of the highest levels since the start of the recession in December 2007.

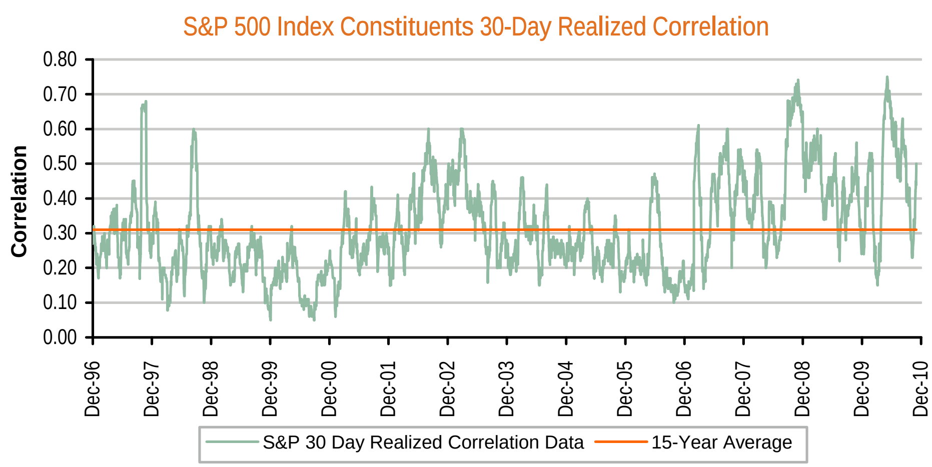
As reported by the Small Business Administration (SBA), small businesses, which are defined by the government as those with fewer than 500 employees, represent 99.7 percent of all employer firms and generated 65 percent of the 15 million net new jobs created between 1993 and 2009.

According to the NFIB's Small Business Economic Trends Survey, given to its members on a quarterly and monthly basis, many businesses are not planning to hire until sales increase. Overall, credit needs have not been met, capital-spending remains at historic lows, and sales remain weak. Continued weak sales and government regulations were cited as two of the most important problems viewed by small business owners.



Sources: NFIB Small Business Economic Trends, January 2011. © NFIB Research Foundation. ISBS #0940791-24-2

Mutual Fund Flows



Source: A Grosvenor Capital Management Fund of Funds Approved GP

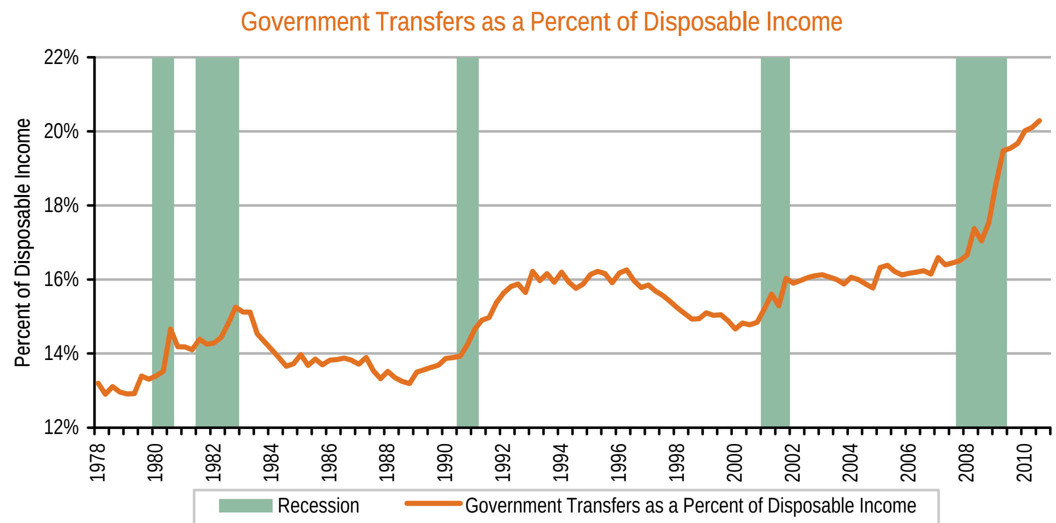
Over the past fifteen years, the S&P 500 Index constituents have experienced short time periods in which the stock price movements of the majority of the underlying companies have behaved in a similar fashion. The phenomenon of high correlation was previously associated with market crashes, exhibited by the high correlation of S&P 500 Index constituents in 1987, when the Index reached a correlation of 83 percent. More recently, the S&P 500 Index constituents have maintained a correlation that exceeds the 30-year average of 31 percent.

The higher than average correlation can be partially explained by the growth in sector and market linked Exchange Traded Funds and investors focused on investing in a basket/group of companies as opposed to searching for individual companies that may outperform the market.

Residential Rent vs. Buy

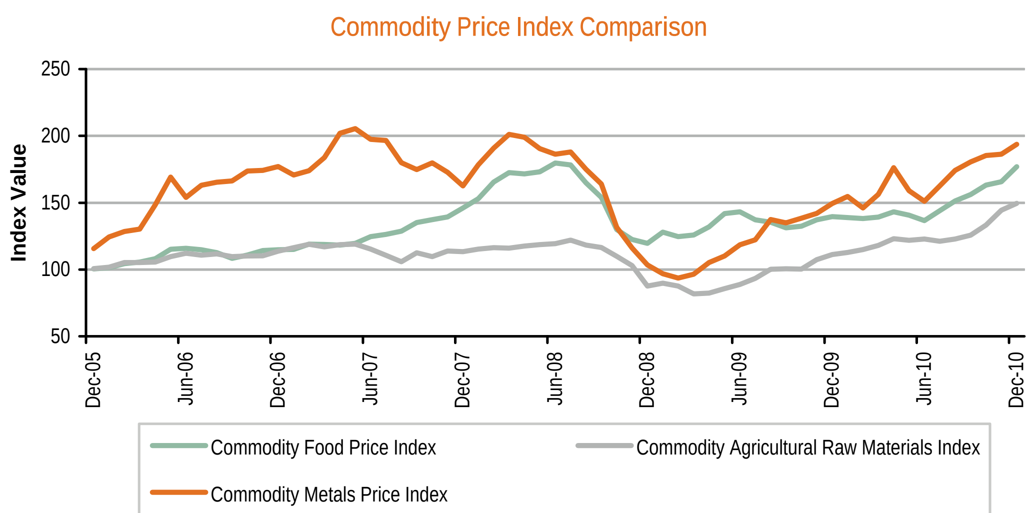
Government Transfer Payments is a component of personal income, which involves payments to persons for which no current services are performed. This consists of payments to individuals and to nonprofit institutions by federal, state, and local governments and businesses. Disposable income is total personal income minus personal current taxes. As the adjacent charts shows, the government currently accounts for a record-high of over 20 percent of personal disposable income.

This data suggests that while personal disposable income and consumer spending have been on the rise, there has been minimal 'organic' growth from the consumer. Approximately one-half of the rebound in GDP from the 2009 lows can be traced to the amount of consumer spending that is attributed to government payments.



Source: Bureau of Economic Analysis

Break-Even Inflation Rate



Source: IndexMundi <http://www.indexmundi.com/commodities/>

The adjacent graph charts the Food Price Index, Agricultural Raw Materials Index, and Metals Price Index over the past five years.

2010 was a year of strength for commodities as some prices more than doubled over the year. From a fundamental perspective, as the U.S., Japan, and Europe pursue loose monetary policy, commodity prices continue their upswing. Rising commodity prices can primarily be attributed to demand from emerging economies; although, speculation may be playing a role in current prices. More people in formerly poor nations are entering the global middle class and are placing a growing pressure on global natural resources.

Many analysts predict 2011 will see a continuation in the rise of commodities, although prices may be volatile.

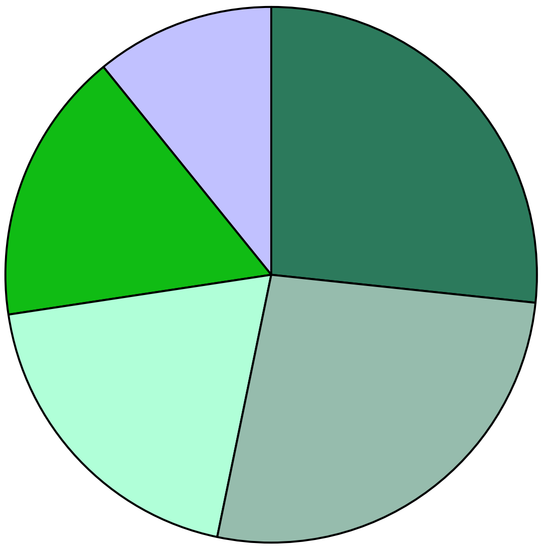
Investment Manager Roster

Investment Manager	Mandate	Benchmark	Inception Date
Principal Global Investors, LLC	Large Cap	S&P 500 Index	01/01/1995
Manning & Napier Advisors, Inc.	Small Cap	Russell 2000 Index	04/01/2008
Principal Global Investors, LLC	International Core	MSCI EAFE Net Index	01/01/1995
Principal Global Investors, LLC	Fixed Income Core	Barclays Capital Aggregate Bond Index	01/01/1995
Prudential Real Estate Investors	Real Estate	NCREIF ODCE Equal Weighted Index	04/01/2008

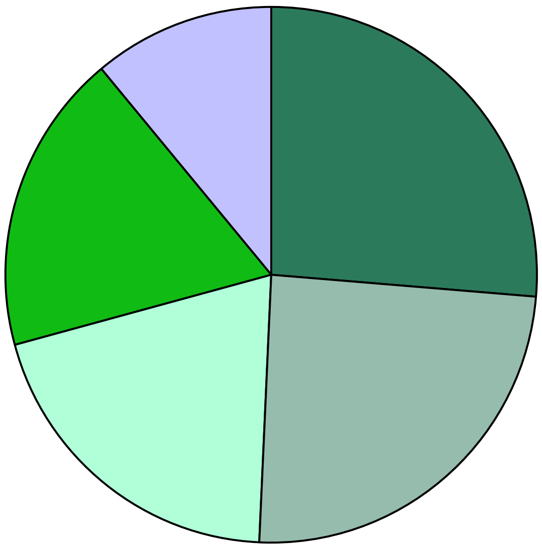
Asset Allocation Policy

Asset Class	Minimum	Target	Maximum
Domestic Equity	**20%**	**25%**	**30%**
Small Cap Core	10%	15%	20%
International Core	15%	20%	25%
Fixed Income Core	20%	25%	30%
Real Estate	**10%**	**15%**	**20%**

September 30, 2010 : $54,105,968



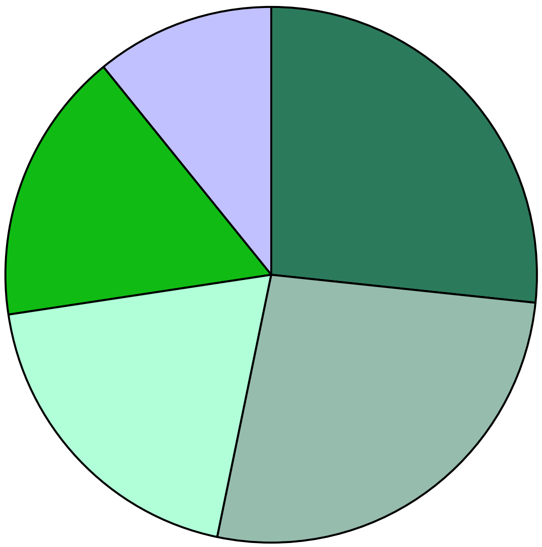
December 31, 2010 : $56,773,162



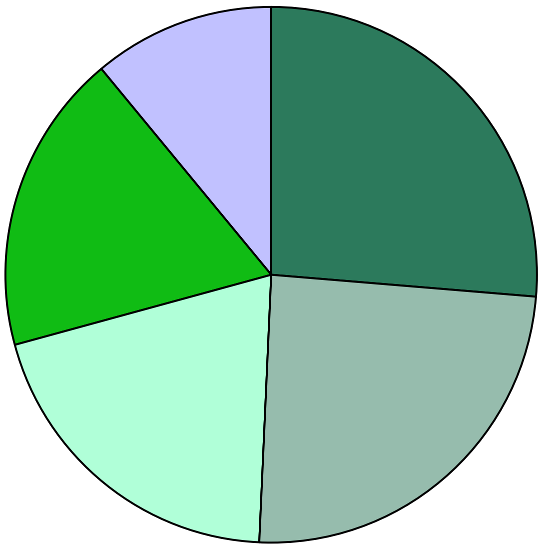
	Market Value ($)	Allocation (%)
Large Cap Equity Segment	14,446,130	26.70
Bond Segment	14,365,072	26.55
International Equity Segment	10,502,099	19.41
Small Cap Equity Segment	8,905,698	16.46
Real Estate Segment	5,886,968	10.88

	Market Value ($)	Allocation (%)
Large Cap Equity Segment	14,956,094	26.34
Bond Segment	13,834,176	24.37
International Equity Segment	11,371,979	20.03
Small Cap Equity Segment	10,341,742	18.22
Real Estate Segment	6,269,171	11.04

September 30, 2010 : $54,105,968



December 31, 2010 : $56,773,162



	Market Value ($)	Allocation (%)
Principal Large Cap Stock Index	14,446,130	26.70
Principal Bond and Mortgage	14,365,072	26.55
Principal International Stock	10,502,099	19.41
Manning & Napier	8,905,698	16.46
Prudential Real Estate Investors	5,886,968	10.88

	Market Value ($)	Allocation (%)
Principal Large Cap Stock Index	14,956,094	26.34
Principal Bond and Mortgage	13,834,176	24.37
Principal International Stock	11,371,979	20.03
Manning & Napier	10,341,742	18.22
Prudential Real Estate Investors	6,269,171	11.04

	Allocation		Performance %						
	Market Values ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Composite	**56,773,162**	**100.00**	**8.13**	**16.04**	**16.04**	**-2.88**	**2.10**	**4.10**	**01/01/2002**
Policy Index			6.81	13.93	13.93	-1.17	3.17	4.38	
Public Plans < $250 Million & 40-70% Equity Median			6.26	12.67	12.67	1.45	4.53	N/A	
Percentile Rank			3	10	10	100	99	N/A	
Large Cap Equity Segment	**14,956,094**	**26.34**	**10.66**	**14.70**	**14.70**	**-3.10**	**2.01**	**8.48**	**01/01/1995**
S&P 500			10.76	15.06	15.06	-2.85	2.29	8.47	
US Core/Large Cap Equity (SA+CF) Median			10.87	14.85	14.85	-2.39	2.90	9.04	
Percentile Rank			65	54	54	71	76	77	
Small Cap Equity Segment	**10,341,742**	**18.22**	**16.13**	**25.71**	**25.71**	**N/A**	**N/A**	**2.79**	**04/01/2008**
Russell 2000 Index			16.25	26.85	26.85	2.22	4.47	6.38	
US Equity Small-Cap Core Funds (MF) Median			15.55	25.41	25.41	1.97	4.23	5.96	
Percentile Rank			38	47	47	N/A	N/A	84	
International Equity Segment	**11,371,979**	**20.03**	**9.47**	**14.07**	**14.07**	**-7.62**	**3.27**	**9.81**	**01/01/1995**
MSCI EAFE (net)			6.61	7.75	7.75	-7.02	2.46	5.09	
International Active Equity (SA+CF) Median			7.42	11.67	11.67	-4.94	4.44	8.46	
Percentile Rank			14	32	32	83	69	26	
Bond Segment	**13,834,176**	**24.37**	**0.11**	**11.88**	**11.88**	**5.84**	**5.21**	**7.34**	**01/01/1995**
Barclays Capital Aggregate			-1.30	6.54	6.54	5.90	5.80	6.78	
US Broad Market Core Fixed Income (SA+CF) Median			-1.13	7.36	7.36	6.67	6.26	7.08	
Percentile Rank			2	1	1	79	88	17	
Real Estate Segment	**6,269,171**	**11.04**	**6.67**	**18.42**	**18.42**	**N/A**	**N/A**	**-13.41**	**04/01/2008**
NCREIF ODCE Equal Weighted			4.86	16.14	16.14	-10.30	-0.54	-11.63	

	Allocation		Performance %						
	Market Values ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Principal Large Cap Stock Index	**14,956,094**	**26.34**	**10.66**	**14.70**	**14.70**	**-3.10**	**2.01**	**8.48**	**01/01/1995**
S&P 500			10.76	15.06	15.06	-2.85	2.29	8.47	
US Core/Large Cap Equity (SA+CF) Median			10.87	14.85	14.85	-2.39	2.90	9.04	
Percentile Rank			65	54	54	71	76	77	
Manning & Napier	**10,341,742**	**18.22**	**16.13**	**25.71**	**25.71**	**N/A**	**N/A**	**2.79**	**04/01/2008**
Russell 2000 Index			16.25	26.85	26.85	2.22	4.47	6.38	
US Equity Small-Cap Core Funds (MF) Median			15.55	25.41	25.41	1.97	4.23	5.96	
Percentile Rank			38	47	47	N/A	N/A	84	
Principal International Stock	**11,371,979**	**20.03**	**9.47**	**14.07**	**14.07**	**-7.62**	**3.27**	**9.81**	**01/01/1995**
MSCI EAFE (net)			6.61	7.75	7.75	-7.02	2.46	5.09	
International Active Equity (SA+CF) Median			7.42	11.67	11.67	-4.94	4.44	8.46	
Percentile Rank			14	32	32	83	69	26	
Principal Bond and Mortgage	**13,834,176**	**24.37**	**0.11**	**11.88**	**11.88**	**5.84**	**5.21**	**7.34**	**01/01/1995**
Barclays Capital Aggregate			-1.30	6.54	6.54	5.90	5.80	6.78	
US Broad Market Core Fixed Income (SA+CF) Median			-1.13	7.36	7.36	6.67	6.26	7.08	
Percentile Rank			2	1	1	79	88	17	
Prudential Real Estate Investors	**6,269,171**	**11.04**	**6.67**	**18.42**	**18.42**	**N/A**	**N/A**	**-13.41**	**04/01/2008**
NCREIF ODCE Equal Weighted			4.86	16.14	16.14	-10.30	-0.54	-11.63	

	Allocation		Performance %						
	Market Values ($)	%	2009	2008	2007	2006	2005	2004	2003
Composite	**56,773,162**	**100.00**	**16.96**	**-32.49**	**6.53**	**13.66**	**6.44**	**9.71**	**17.89**
Policy Index			12.85	-24.92	6.99	13.21	5.40	9.97	21.11
Public Plans < $250 Million & 40-70% Equity Median			19.17	-22.44	8.04	10.82	5.74	9.19	16.86
Percentile Rank			73	100	79	11	39	38	45
Large Cap Equity Segment	**14,956,094**	**26.34**	**26.33**	**-37.22**	**5.21**	**15.44**	**4.92**	**10.83**	**28.53**
S&P 500			26.46	-37.00	5.49	15.79	4.91	10.88	28.68
US Core/Large Cap Equity (SA+CF) Median			26.38	-36.47	6.35	15.79	6.66	11.70	28.78
Percentile Rank			51	65	71	59	81	69	58
Small Cap Equity Segment	**10,341,742**	**18.22**	**48.39**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Russell 2000 Index			27.17	-33.79	-1.57	18.37	4.55	18.33	47.25
US Equity Small-Cap Core Funds (MF) Median			29.18	-35.62	-1.40	14.50	6.78	18.68	41.77
Percentile Rank			9	N/A	N/A	N/A	N/A	N/A	N/A
International Equity Segment	**11,371,979**	**20.03**	**27.74**	**-45.89**	**16.43**	**27.97**	**25.37**	**22.19**	**34.99**
MSCI EAFE (net)			31.78	-43.38	11.17	26.34	13.54	20.25	38.59
International Active Equity (SA+CF) Median			33.83	-42.89	13.81	27.26	16.64	19.71	38.63
Percentile Rank			77	72	34	44	7	37	67
Bond Segment	**13,834,176**	**24.37**	**21.89**	**-13.06**	**3.78**	**4.79**	**3.24**	**5.60**	**5.76**
Barclays Capital Aggregate			5.93	5.24	6.97	4.34	2.43	4.34	4.11
US Broad Market Core Fixed Income (SA+CF) Median			9.65	3.33	6.94	4.48	2.73	4.51	4.54
Percentile Rank			2	97	96	18	11	4	15
Real Estate Segment	**6,269,171**	**11.04**	**-34.24**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
NCREIF ODCE Equal Weighted			-30.65	-10.37	16.09	16.15	20.18	12.64	9.11

	Allocation		Performance %						
	Market Values ($)	%	2009	2008	2007	2006	2005	2004	2003
Principal Large Cap Stock Index	**14,956,094**	**26.34**	**26.33**	**-37.22**	**5.21**	**15.44**	**4.92**	**10.83**	**28.53**
S&P 500			26.46	-37.00	5.49	15.79	4.91	10.88	28.68
US Core/Large Cap Equity (SA+CF) Median			26.38	-36.47	6.35	15.79	6.66	11.70	28.78
Percentile Rank			51	65	71	59	81	69	58
Manning & Napier	**10,341,742**	**18.22**	**48.39**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Russell 2000 Index			27.17	-33.79	-1.57	18.37	4.55	18.33	47.25
US Equity Small-Cap Core Funds (MF) Median			29.18	-35.62	-1.40	14.50	6.78	18.68	41.77
Percentile Rank			9	N/A	N/A	N/A	N/A	N/A	N/A
Principal International Stock	**11,371,979**	**20.03**	**27.74**	**-45.89**	**16.43**	**27.97**	**25.37**	**22.19**	**34.99**
MSCI EAFE (net)			31.78	-43.38	11.17	26.34	13.54	20.25	38.59
International Active Equity (SA+CF) Median			33.83	-42.89	13.81	27.26	16.64	19.71	38.63
Percentile Rank			77	72	34	44	7	37	67
Principal Bond and Mortgage	**13,834,176**	**24.37**	**21.89**	**-13.06**	**3.78**	**4.79**	**3.24**	**5.60**	**5.76**
Barclays Capital Aggregate			5.93	5.24	6.97	4.34	2.43	4.34	4.11
US Broad Market Core Fixed Income (SA+CF) Median			9.65	3.33	6.94	4.48	2.73	4.51	4.54
Percentile Rank			2	97	96	18	11	4	15
Prudential Real Estate Investors	**6,269,171**	**11.04**	**-34.24**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
NCREIF ODCE Equal Weighted			-30.65	-10.37	16.09	16.15	20.18	12.64	9.11

Manager Profile

Benchmark: Policy Index

Inception Date: January 1, 2002

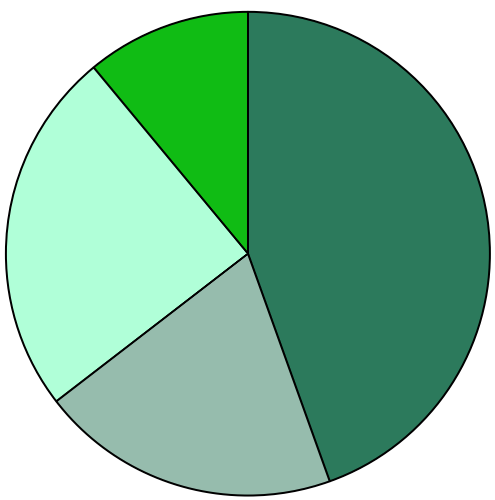
Gain / Loss Summary

	1 Quarter	Year To Date	1 Year
Composite			
Beginning Market Value	54,105,968	49,750,357	49,750,357
Net Contributions	-1,650,234	-874,479	-874,479
Fees/Expenses	-10,523	-71,223	-71,223
Income	90,973	392,815	392,815
Gain/Loss	4,236,978	7,575,693	7,575,693
Ending Market Value	56,773,162	56,773,162	56,773,162

Income includes income received and change in accrued income.

Asset Allocation by Segment

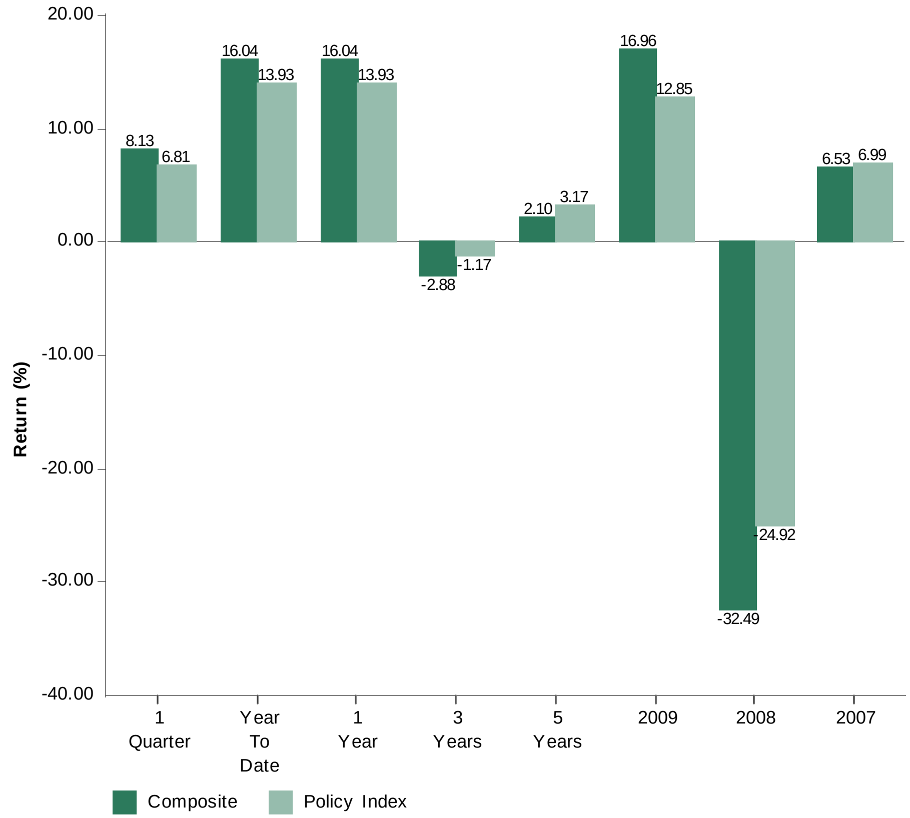
December 31, 2010 : $56,773,162



Segments	Market Value ($)	Allocation (%)
Domestic Equity	25,297,836	44.56
International Equity	11,371,979	20.03
Domestic Fixed Income	13,834,176	24.37
Real Estate	6,269,171	11.04

Cash allocation includes accrued income for the entire portfolio.

Performance Bar Chart



Monthly periodicity used in reports.

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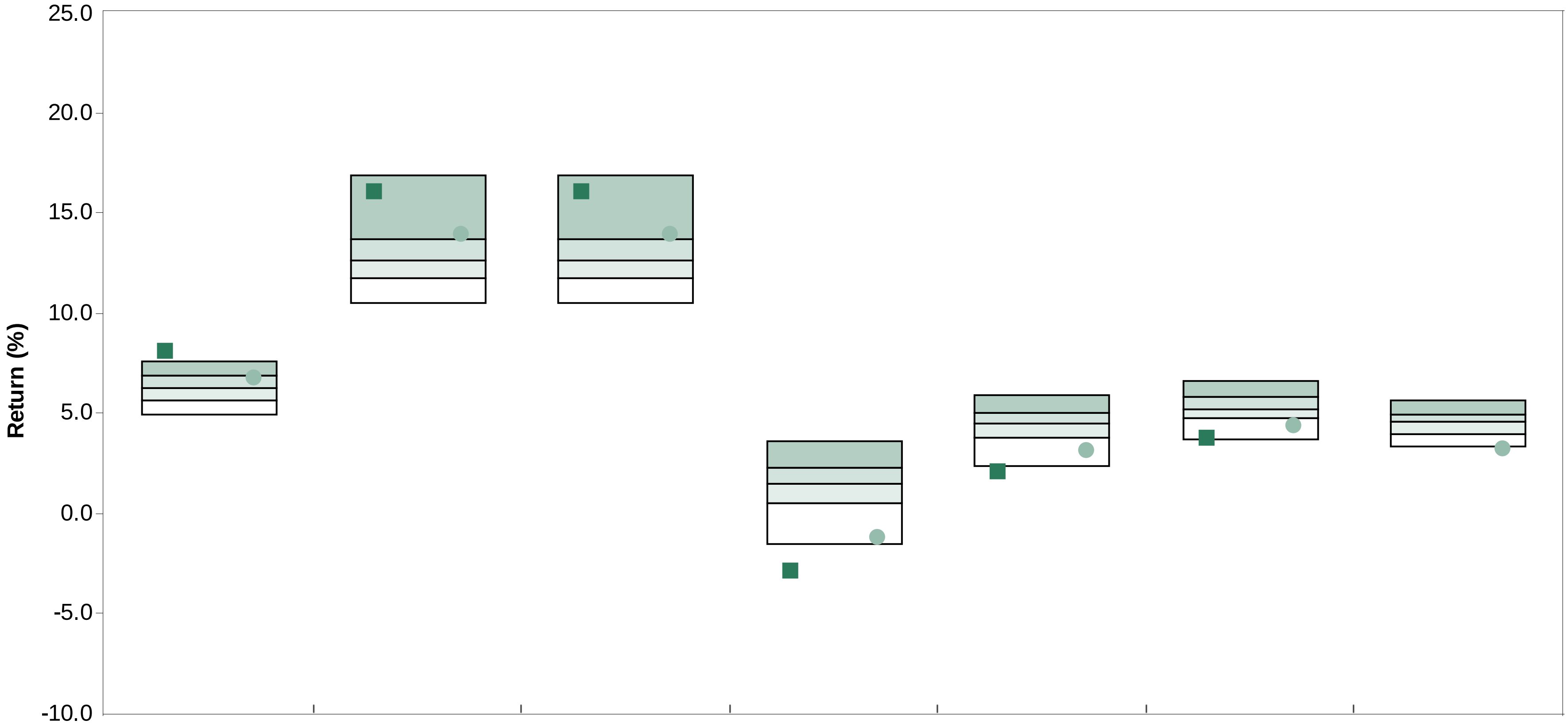
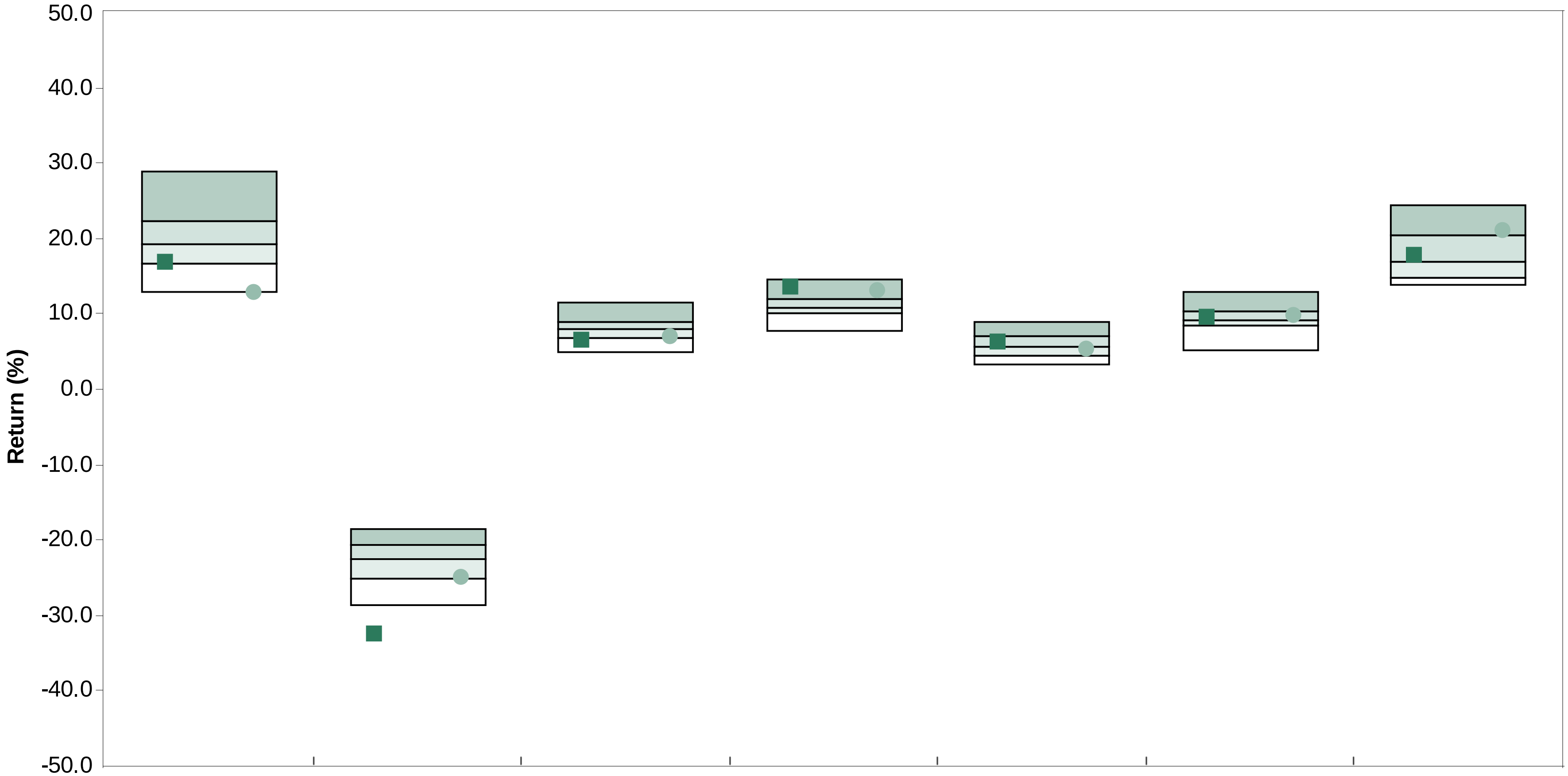
Allocation Mandate	Weight (%)
Effective Date: Jan-1995	
S&P 500 Index	50.00
Barclays Capital Aggregate	35.00
MSCI EAFE (Net)	15.00
Effective Date: Apr-2008	
S&P 500 Index	25.00
Barclays Capital Aggregate	25.00
MSCI EAFE (Net)	20.00
Russell 2000 Index	15.00
NCREIF ODCE Equal Weighted	15.00



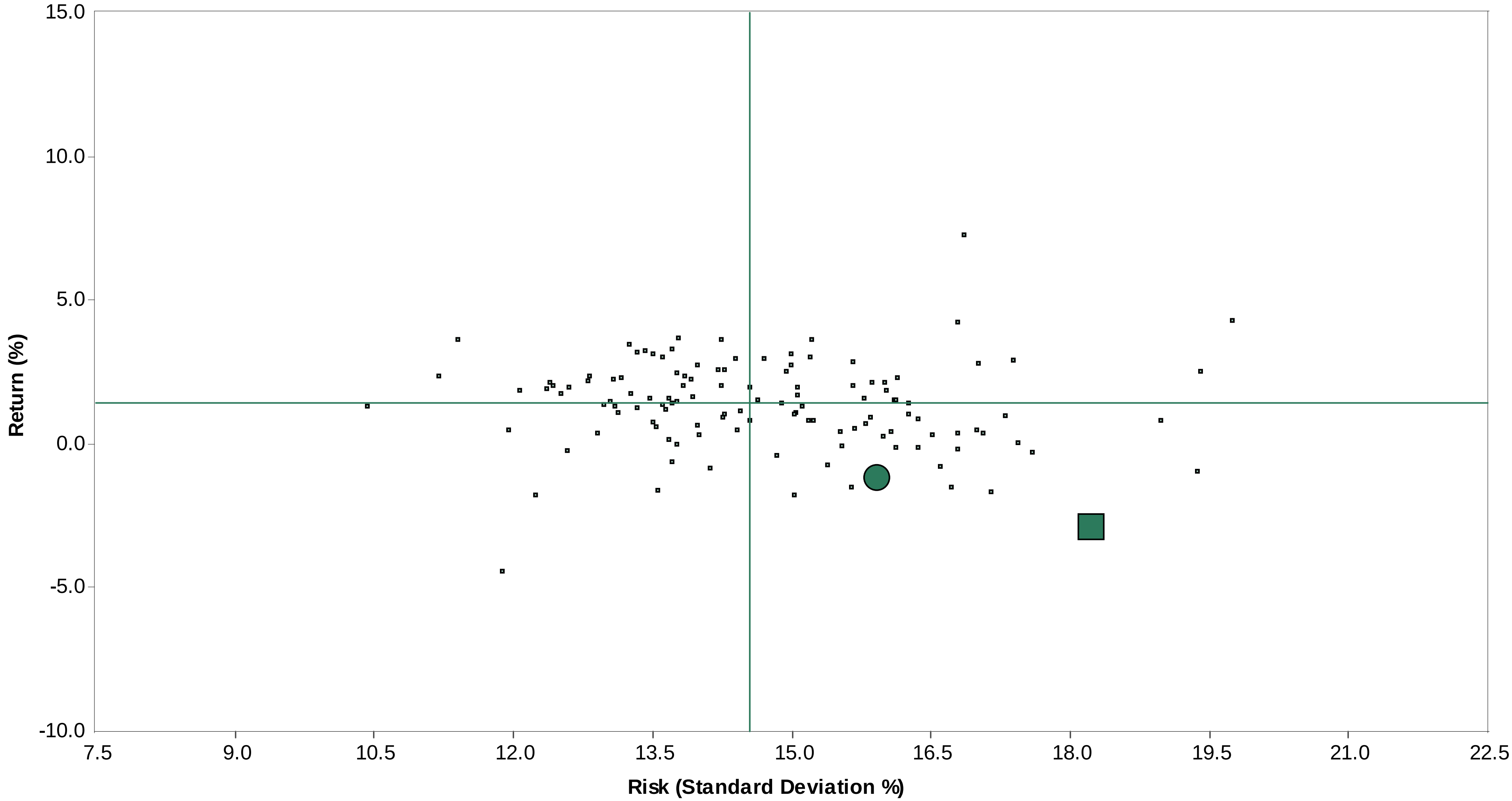
	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
Composite	8.13 (3)	16.04 (10)	16.04 (10)	-2.88 (100)	2.10 (99)	3.77 (94)	N/A
Policy Index	6.81 (27)	13.93 (23)	13.93 (23)	-1.17 (94)	3.17 (90)	4.44 (86)	3.26 (97)
5th Percentile	7.55	16.85	16.85	3.59	5.92	6.64	5.64
1st Quartile	6.87	13.68	13.68	2.32	5.07	5.78	4.93
Median	6.26	12.67	12.67	1.45	4.53	5.16	4.60
3rd Quartile	5.64	11.77	11.77	0.48	3.77	4.73	3.98
95th Percentile	4.89	10.49	10.49	-1.51	2.36	3.74	3.38

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.



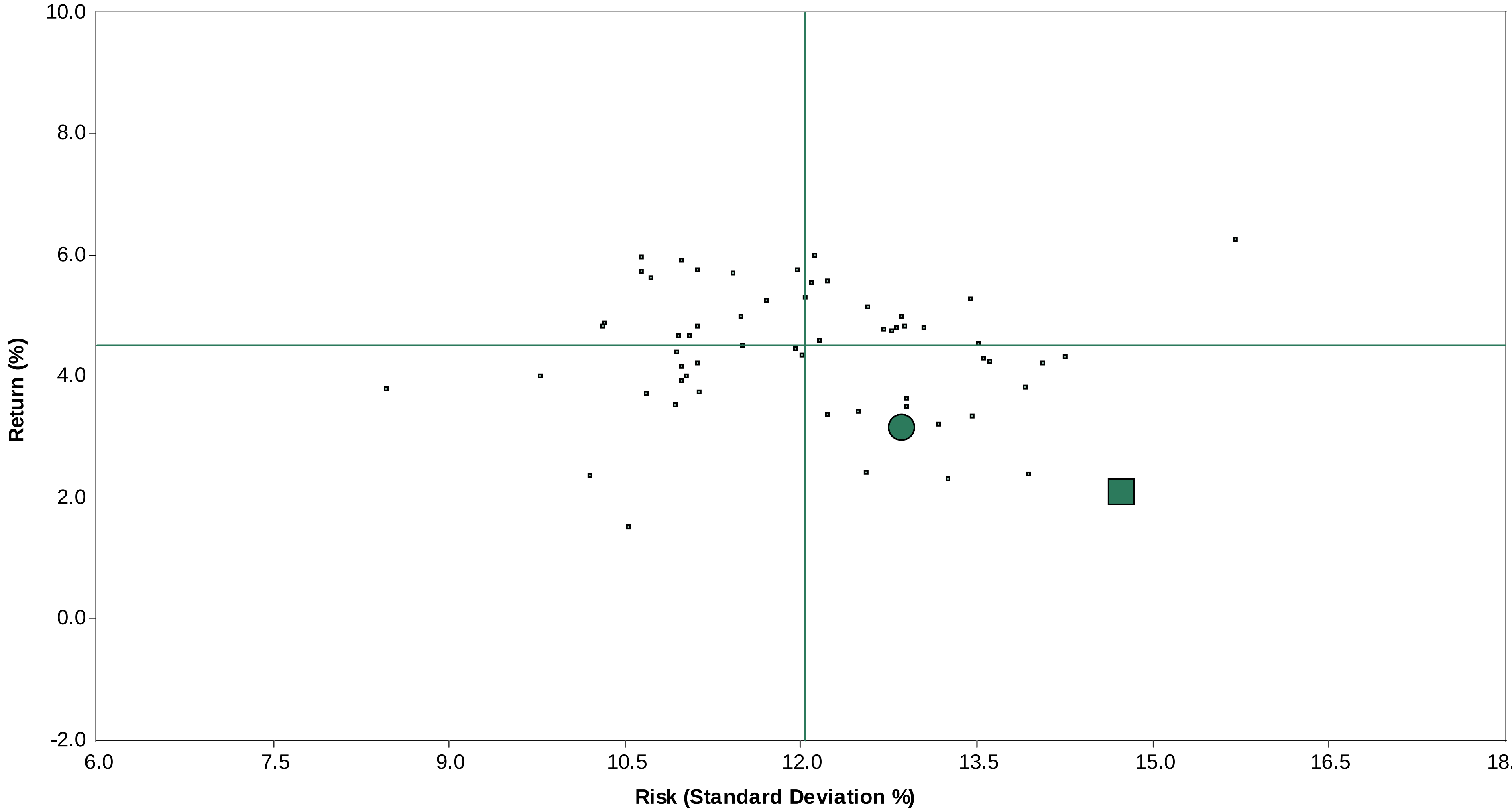
	2009	2008	2007	2006	2005	2004	2003
Composite	16.96 (73)	-32.49 (100)	6.53 (79)	13.66 (11)	6.44 (39)	9.71 (38)	17.89 (45)
Policy Index	12.85 (96)	-24.92 (75)	6.99 (71)	13.21 (17)	5.40 (56)	9.97 (35)	21.11 (20)
5th Percentile	28.78	-18.51	11.40	14.65	8.81	12.81	24.51
1st Quartile	22.35	-20.72	8.83	11.94	6.97	10.36	20.40
Median	19.17	-22.44	8.04	10.82	5.74	9.19	16.86
3rd Quartile	16.71	-25.06	6.79	10.02	4.53	8.53	14.77
95th Percentile	12.95	-28.69	4.89	7.79	3.30	5.21	13.78

Parentheses contain percentile rankings.
Calculation based on quarterly periodicity.



	Return	Standard Deviation
Composite	-2.88	18.22
Policy Index	-1.17	15.92
Median	1.45	14.54

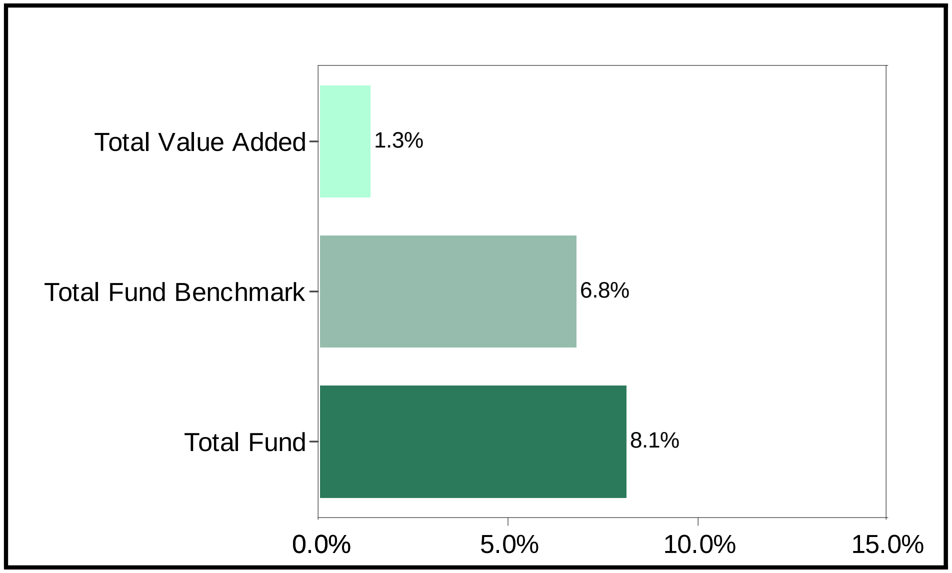
Calculation based on quarterly periodicity.



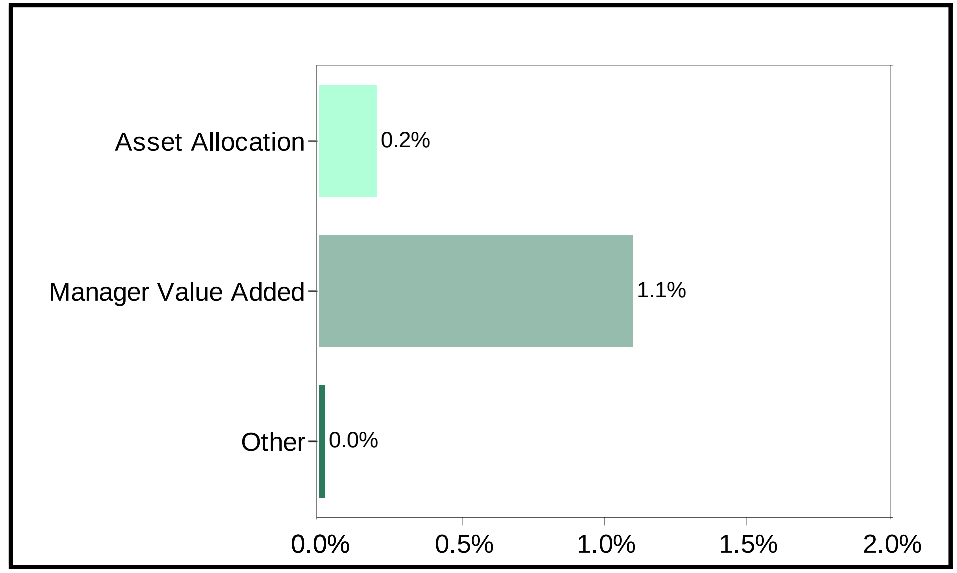
	Return	Standard Deviation
Composite	2.10	14.74
Policy Index	3.17	12.85
Median	4.53	12.04

Calculation based on quarterly periodicity.

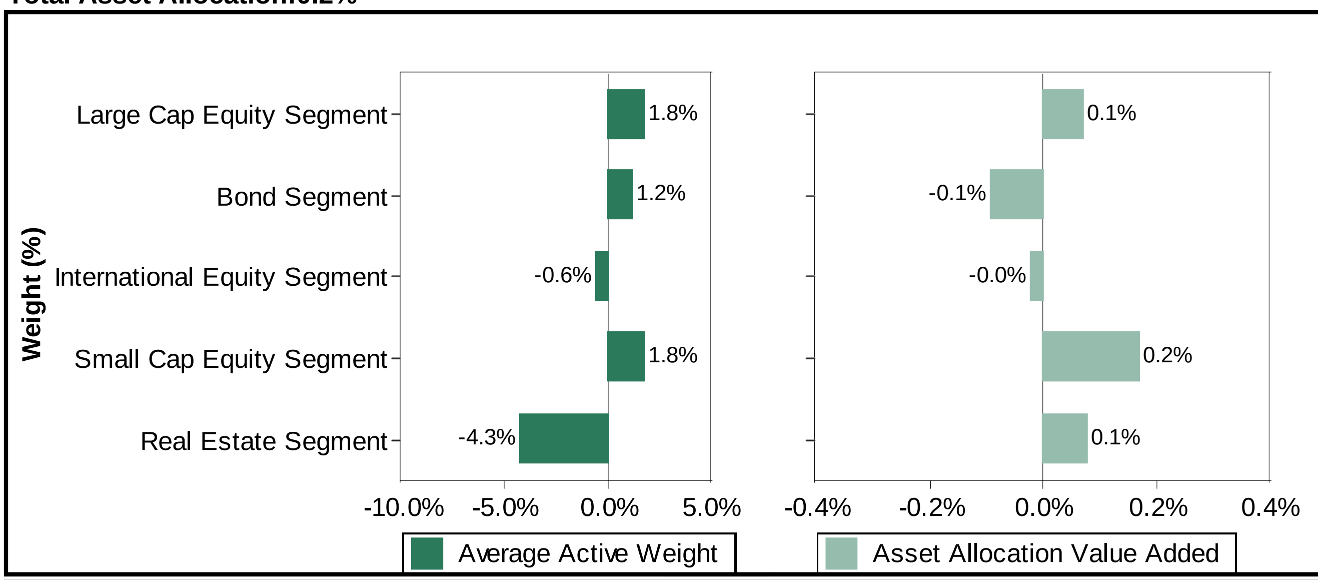
Total Fund Performance



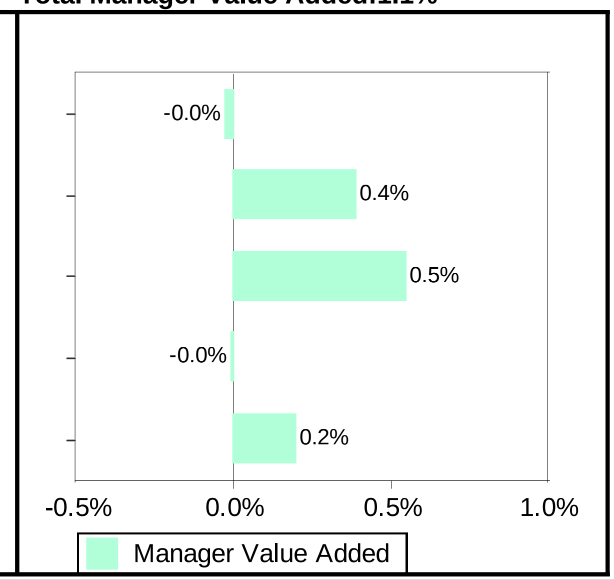
Total Value Added:1.3%



Total Asset Allocation:0.2%



Total Manager Value Added:1.1%



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Calendar Years	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	%Return
From 02/2002	-	-	-	39,233,833	N/A
2003	39,233,833	-	6,846,203	46,080,036	17.89
2004	46,080,036	-	4,796,275	50,876,311	9.71
2005	50,876,311	-398,198	3,418,539	53,896,652	6.44
2006	53,896,652	-324,056	7,356,426	60,929,022	13.66
2007	60,929,022	-580,112	4,031,612	64,380,522	6.53
2008	64,380,522	-1,062,417	-20,327,948	42,990,157	-32.49
2009	42,990,157	-266,329	7,026,529	49,750,357	16.96
2010	49,750,357	-945,702	7,968,508	56,773,162	16.04

Gain/Loss includes income received and change in accrued income for the period.

Manager Profile

Style: Large Cap

Benchmark: S&P 500 Index

Peer Group: US Core/Large Cap Equity (SA + CF)

Inception Date: January 1, 1995

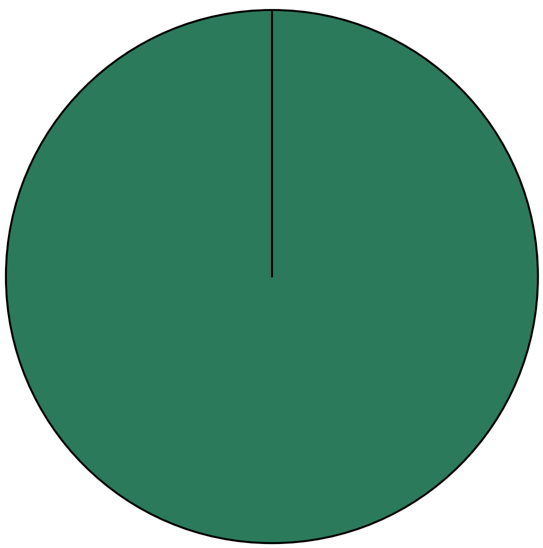
Gain / Loss Summary

	1 Quarter	Year To Date	1 Year
Principal Large Cap Stock Index			
Beginning Market Value	14,446,130	13,608,027	13,608,027
Net Contributions	-985,100	-592,120	-592,120
Fees/Expenses	-	-344	-344
Income	-	-	-
Gain/Loss	1,495,064	1,940,531	1,940,531
Ending Market Value	14,956,094	14,956,094	14,956,094

Income includes income received and change in accrued income.

Asset Allocation by Segment

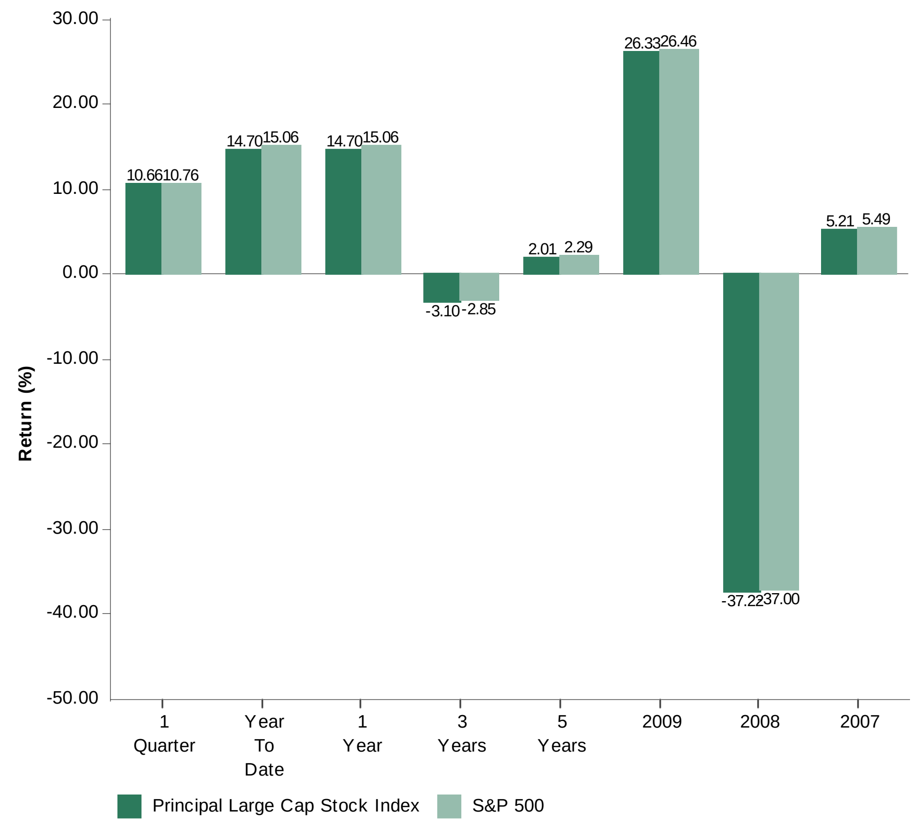
December 31, 2010 : $14,956,094



Segments	Market Value ($)	Allocation (%)
Domestic Equity	14,956,094	100.00

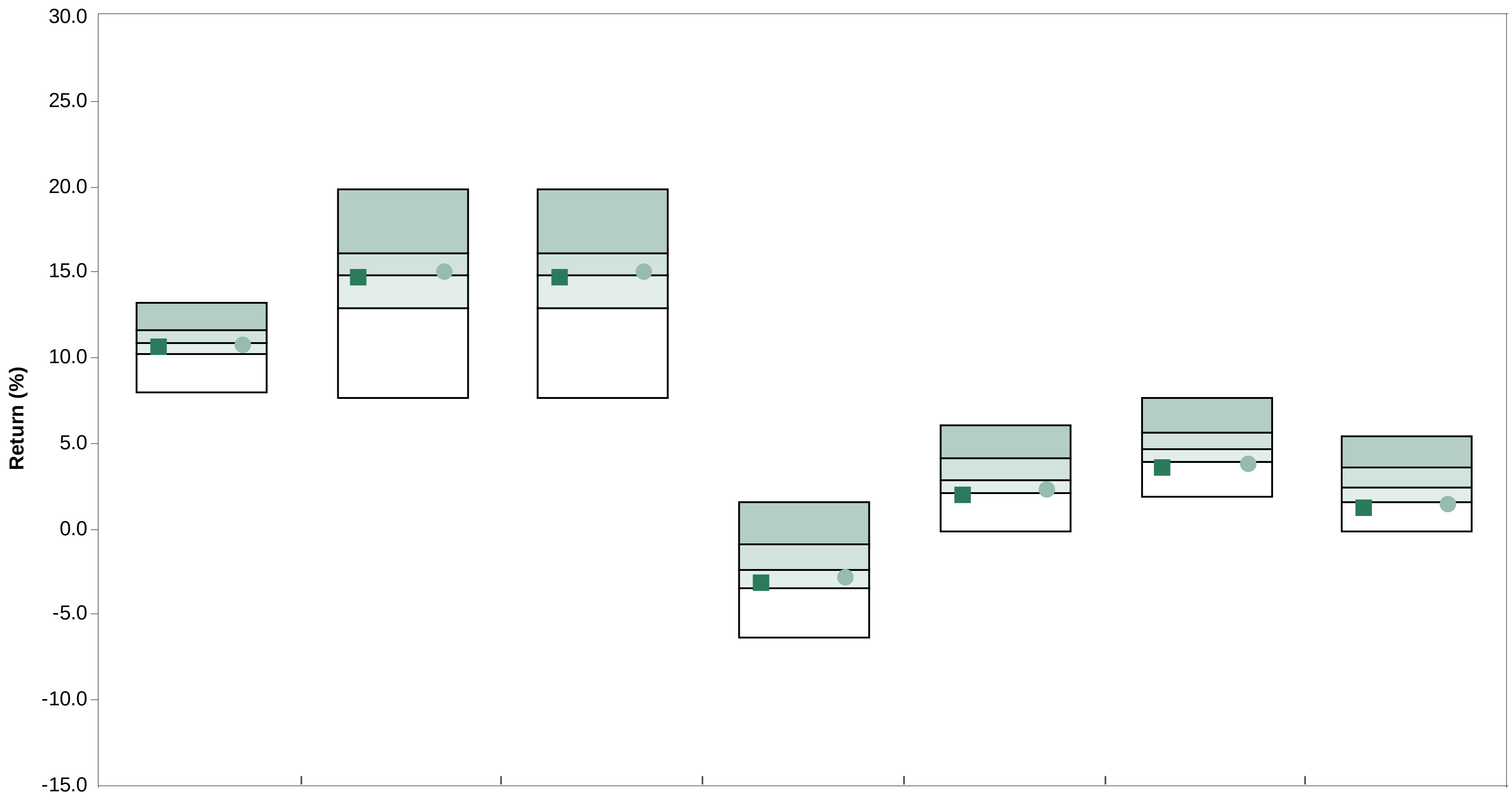
Cash allocation includes accrued income for the entire portfolio.

Performance Bar Chart



Monthly periodicity used in reports.

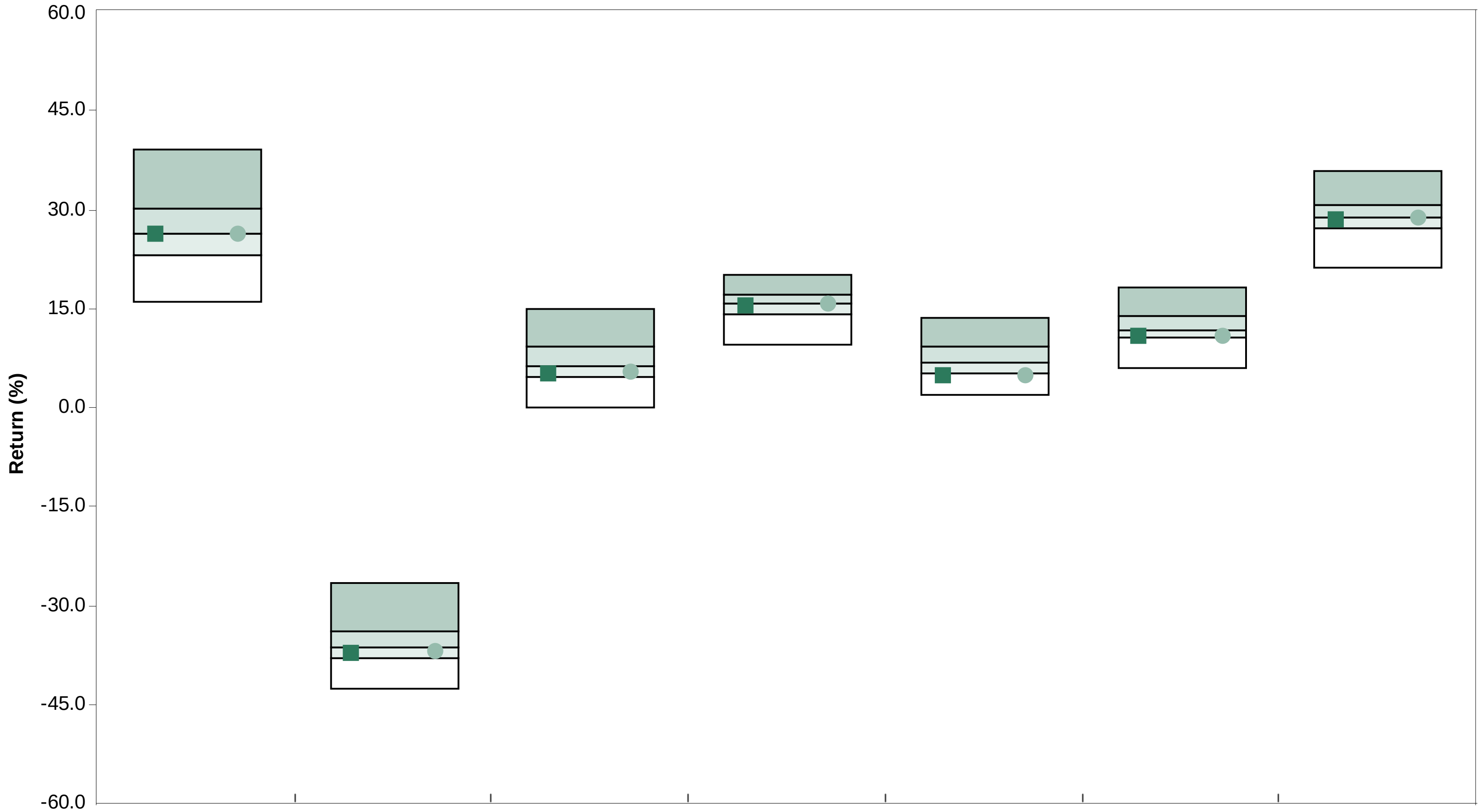
Peer Group Analysis - US Core/Large Cap Equity (SA+CF)



	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
■ Principal Large Cap Stock Index	10.66 (65)	14.70 (54)	14.70 (54)	-3.10 (71)	2.01 (77)	3.64 (87)	1.26 (85)
● S&P 500	10.76 (56)	15.06 (44)	15.06 (44)	-2.85 (65)	2.29 (70)	3.85 (82)	1.41 (81)
5th Percentile	13.22	19.80	19.80	1.53	6.08	7.71	5.37
1st Quartile	11.59	16.14	16.14	-0.85	4.17	5.68	3.58
Median	10.87	14.85	14.85	-2.39	2.89	4.71	2.37
3rd Quartile	10.25	12.94	12.94	-3.45	2.06	3.94	1.60
95th Percentile	7.98	7.64	7.64	-6.33	-0.19	1.93	-0.11

Monthly periodicity used in reports.

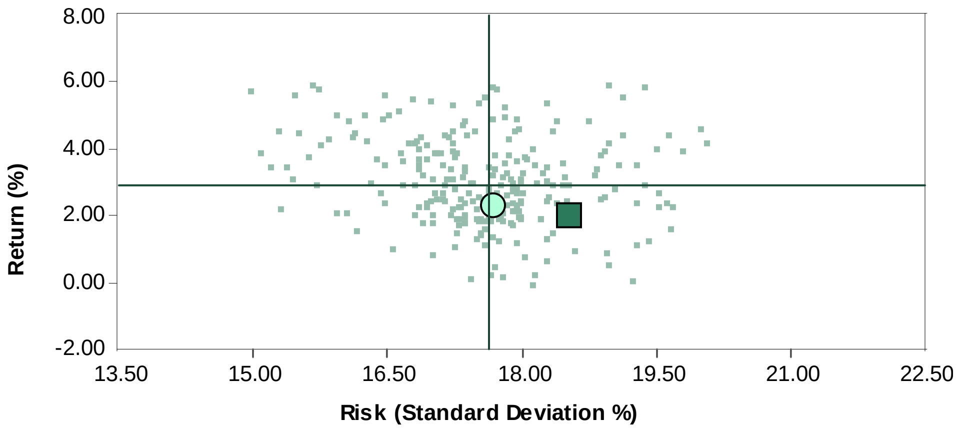
Peer Group Analysis - US Core/Large Cap Equity (SA+CF)



	2009	2008	2007	2006	2005	2004	2003
Principal Large Cap Stock Index	26.33 (51)	-37.22 (65)	5.21 (71)	15.44 (59)	4.92 (81)	10.83 (68)	28.53 (59)
S&P 500	26.46 (49)	-37.00 (62)	5.49 (69)	15.79 (51)	4.91 (82)	10.88 (66)	28.68 (55)
5th Percentile	39.04	-26.60	14.96	20.19	13.59	18.23	35.87
1st Quartile	30.20	-34.00	9.11	17.11	9.14	13.82	30.58
Median	26.35	-36.48	6.37	15.81	6.70	11.66	28.81
3rd Quartile	23.21	-37.95	4.58	14.25	5.03	10.45	27.18
95th Percentile	16.12	-42.70	-0.03	9.54	1.99	5.98	21.12

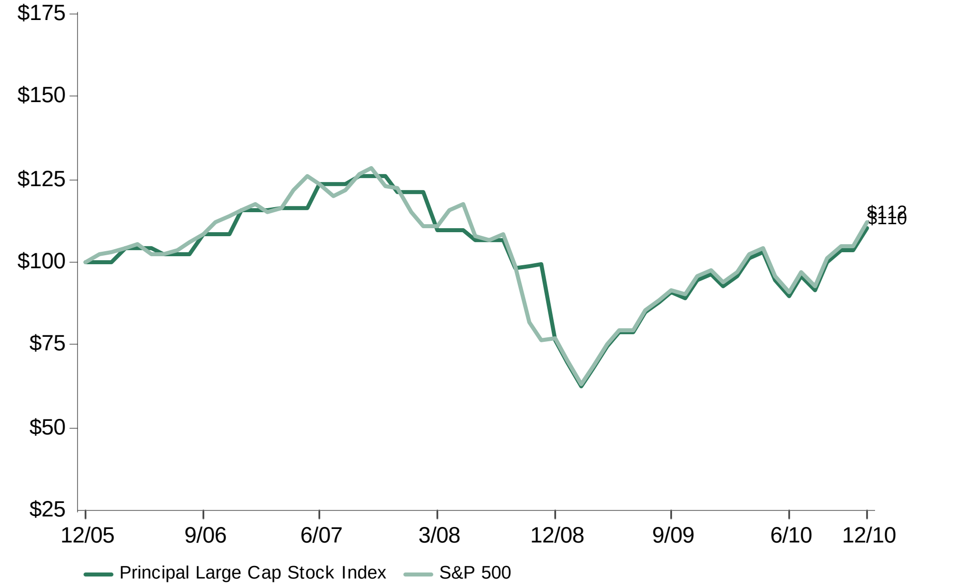
Monthly periodicity used in reports.

Peer Group Scattergram (01/01/06 to 12/31/10)

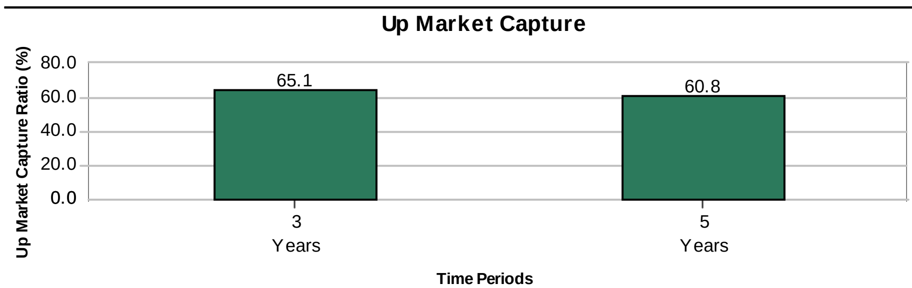


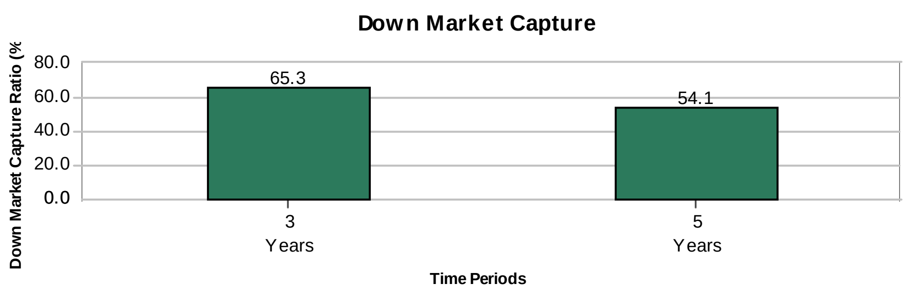
	Return	Standard Deviation
Principal Large Cap Stock Index	2.01	18.52
S&P 500	2.29	17.67
Median	2.89	17.64

Growth of a Dollar (01/01/06 to 12/31/10)

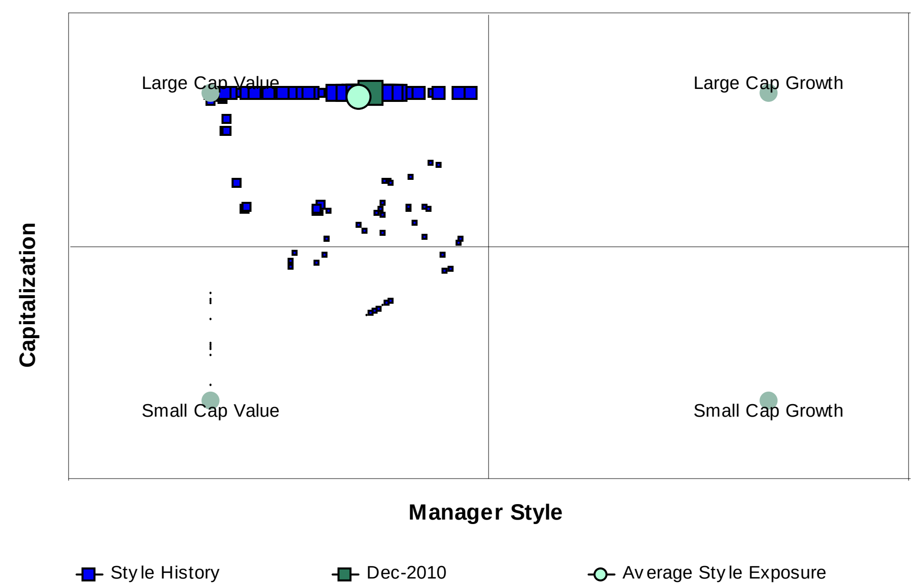


3 & 5 Year Up / Down Market Capture





Style Analysis



Monthly periodicity used in reports.

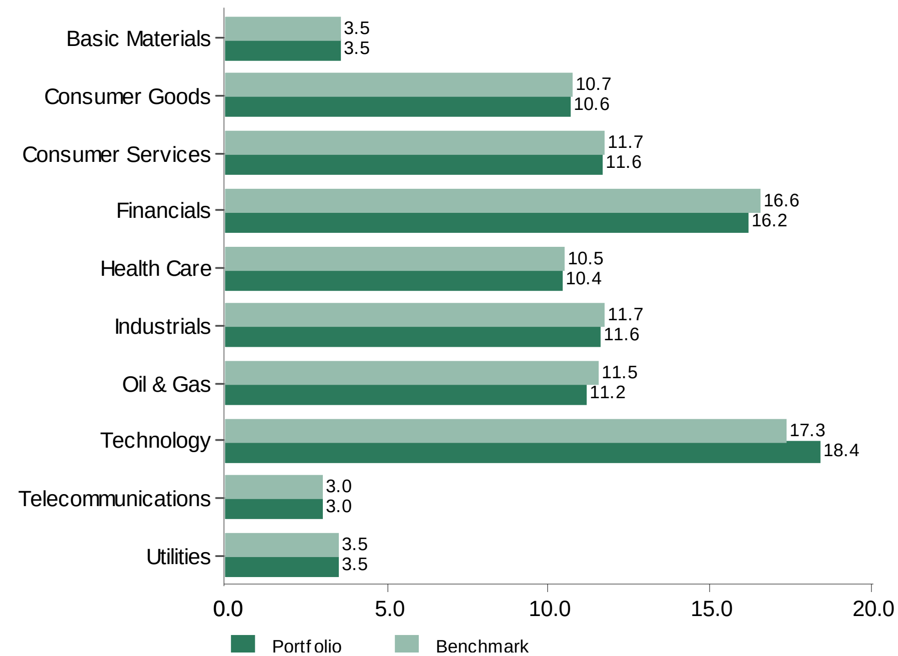
SEGAL ADVISORS

Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
EXXON MOBIL CORPORATION	3.21	3.23	-0.01	19.08
APPLE COMPUTER, INC.	2.58	2.59	-0.01	13.68
MICROSOFT CORPORATION	1.83	1.84	-0.01	14.69
GENERAL ELECTRIC COMPANY	1.70	1.70	-0.01	13.42
CHEVRONTEXACO CORPORATION	1.60	1.61	-0.01	13.59
INT'L BUSINESS MACHS	1.59	1.60	-0.01	9.91
PROCTER & GAMBLE CO (THE)	1.57	1.58	-0.01	8.08
AT&T INC.	1.51	1.52	-0.01	4.24
JOHNSON & JOHNSON	1.48	1.49	-0.01	0.70
JPMORGAN CHASE & CO.	1.45	1.45	-0.01	11.60
% of Portfolio	18.52	18.61		

Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($)	86,698,692,028	87,260,657,337
Median Mkt. Cap. ($)	11,117,060,000	11,138,310,000
Price/Earnings ratio	15.67	15.68
Price/Book ratio	2.55	2.54
5 Yr. EPS Growth Rate (%)	10.41	10.27
Current Yield (%)	2.30	2.29
Beta (5 yrs, monthly periodicity)	0.61	1.00
Number of Stocks	499	500

Distribution of Market Capitalization (%)

Sector Weights (%)



Monthly periodicity used in reports.

SEGAL ADVISORS

Ten Best Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
MONSTER WORLDWIDE, INC.	0.03	0.03	0.00	82.33
MASSEY ENERGY COMPANY	0.05	0.05	0.00	73.15
NATL OILWELL VARCO	0.25	0.25	0.00	51.47
AMERICAN INT'L GROUP	0.07	0.07	0.00	47.37
ABERCROMBIE & FITCH CO	0.04	0.04	0.00	47.08
MONSANTO COMPANY	0.33	0.33	0.00	45.98
FREEPORT-MCMORAN COP	0.49	0.49	0.00	42.26
TENET HEALTHCARE	0.03	0.03	0.00	41.74
CF INDUSTRIES HOLDINGS, INC.	0.08	0.08	0.00	41.64
JABIL CIRCUIT, INC.	0.03	0.03	0.00	40.06
% of Portfolio	1.40	1.40		

Ten Worst Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
APOLLO GROUP INCORPORATED	0.04	0.04	0.00	-23.10
LEXMARK INTERNATIONAL, INC.	0.02	0.02	0.00	-21.96
SUPERVALU INC.	0.02	0.02	0.00	-15.67
BEST BUY CO., INC.	0.10	0.10	0.00	-15.36
PULTE HOMES, INC.	0.02	0.02	0.00	-14.16
TITANIUM METALS CORPORATION	0.01	0.01	0.00	-13.93
DEAN FOODS CO.	0.01	0.01	0.00	-13.42
RADIOSHACK CORPORATION	0.02	0.02	0.00	-12.14
FIRST SOLAR, INC.	0.06	0.06	0.00	-11.68
EXPEDIA, INC.	0.04	0.04	0.00	-10.89
% of Portfolio	0.34	0.34		

Monthly periodicity used in reports.

Buy-and-Hold Portfolio	10.71
Portfolio Trading	-0.05
Actual Return	10.66
Benchmark Return	10.76
Actual Active Return	-0.10
Stock Selection	-0.01
Sector Selection	0.00
Interaction	0.00
Total Selection	-0.01
Portfolio Trading	-0.05
Benchmark Trading	0.03
Total Trading	-0.02
Buy & Hold Active Return	-0.03

	Allocation-9/30/2010		Performance-1 Quarter Ending 12/31/2010		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Stock	Sector	Interaction	Total
Basic Materials	3.29	3.29	18.95	18.95	0.00	0.00	0.00	0.00
Consumer Goods	10.97	10.92	8.97	8.97	0.00	0.00	0.00	0.00
Consumer Services	11.80	11.79	10.26	10.25	0.00	0.00	0.00	0.00
Financials	16.18	16.25	10.82	10.91	-0.01	0.00	0.00	-0.01
Health Care	11.33	11.33	3.30	3.29	0.00	0.00	0.00	0.00
Industrials	11.60	11.60	11.90	11.90	0.00	0.00	0.00	0.00
Oil & Gas	10.52	10.51	21.24	21.24	0.00	0.00	0.00	0.00
Technology	17.38	17.37	10.55	10.55	0.00	0.00	0.00	0.00
Telecommunications	3.09	3.09	8.02	8.02	0.00	0.00	0.00	0.00
Utilities	3.84	3.84	1.83	1.82	0.00	0.00	0.00	0.00
Total	100.00	100.00	10.71	10.72	-0.01	0.00	0.00	-0.01

Monthly periodicity used in reports.

Calendar Years	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	%Return
2002	-	-	-	15,562,469	N/A
2003	15,562,469	-	6,703,688	22,266,157	28.53
2004	22,266,157	-	3,991,375	26,257,532	10.83
2005	26,257,532	243,995	2,004,461	28,505,988	4.92
2006	28,505,988	1,065,550	4,511,846	34,083,384	15.44
2007	34,083,384	407,138	1,828,961	36,319,483	5.21
2008	36,319,483	-20,204,224	-6,964,417	9,150,842	-37.22
2009	9,150,842	1,896,681	2,560,504	13,608,027	26.33
2010	13,608,027	-592,464	1,940,531	14,956,094	14.70

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.

Manager Profile

Style: Small Cap

Benchmark: Russell 2000 Index

Peer Group: US Equity Small-Cap Core Funds (MF)

Inception Date: April 1, 2008

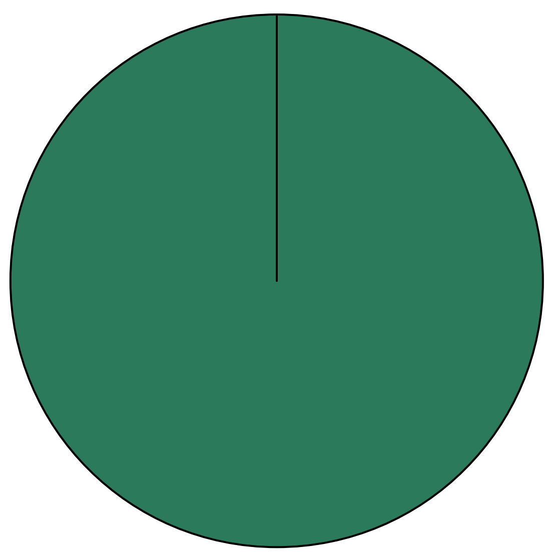
Gain / Loss Summary

	1 Quarter	Year To Date	1 Year
Manning & Napier			
Beginning Market Value	8,905,698	8,226,639	8,226,639
Net Contributions	-	-	-
Fees/Expenses	-	-	-
Income	-	-	-
Gain/Loss	1,436,044	2,115,103	2,115,103
Ending Market Value	10,341,742	10,341,742	10,341,742

Income includes income received and change in accrued income.

Asset Allocation by Segment

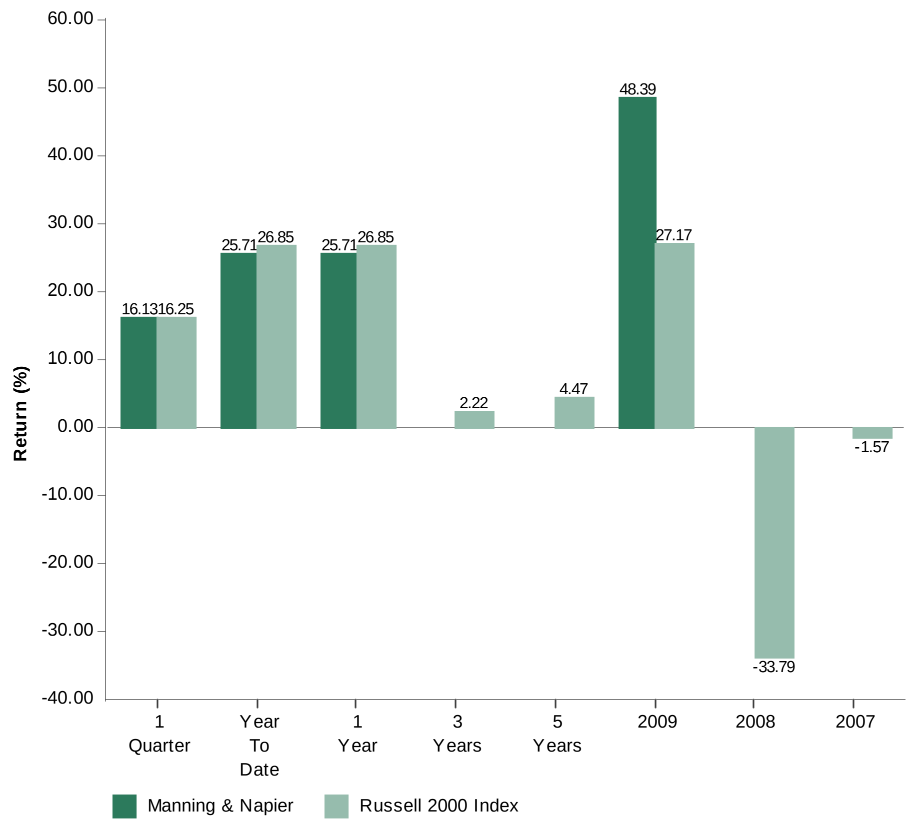
December 31, 2010 : $10,341,742



Segments	Market Value ($)	Allocation (%)
Domestic Equity	10,341,742	100.00

Cash allocation includes accrued income for the entire portfolio.

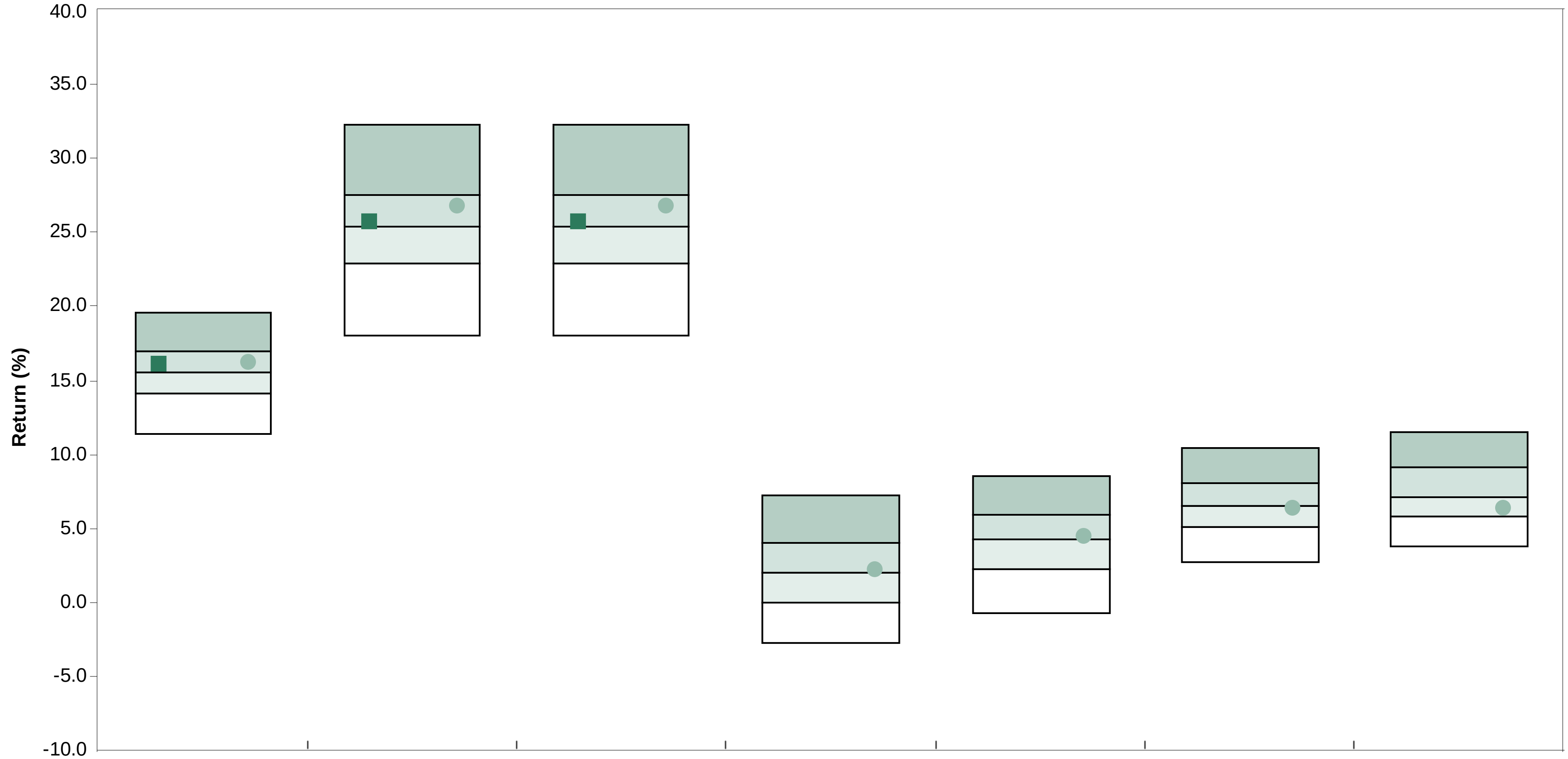
Performance Bar Chart



Monthly periodicity used in reports.

SEGAL ADVISORS

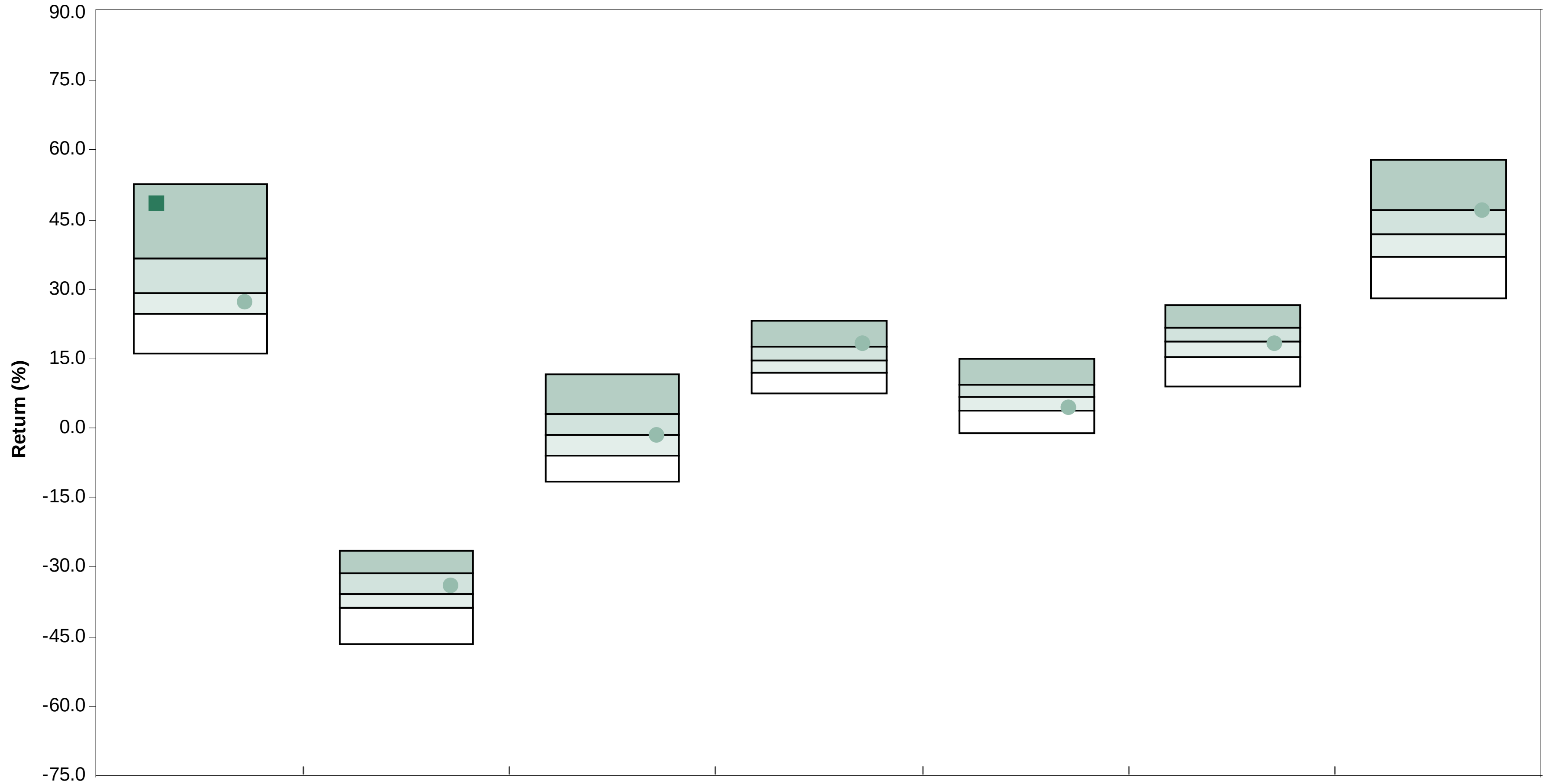
Peer Group Analysis - US Equity Small-Cap Core Funds (MF)



	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
Manning & Napier	16.13 (38)	25.71 (47)	25.71 (47)	N/A	N/A	N/A	N/A
Russell 2000 Index	16.25 (34)	26.85 (34)	26.85 (34)	2.22 (47)	4.47 (46)	6.36 (53)	6.33 (65)
5th Percentile	19.51	32.27	32.27	7.28	8.53	10.44	11.54
1st Quartile	16.99	27.53	27.53	4.05	5.92	8.09	9.15
Median	15.55	25.41	25.41	1.97	4.23	6.50	7.12
3rd Quartile	14.06	22.86	22.86	0.00	2.26	5.06	5.78
95th Percentile	11.42	18.00	18.00	-2.80	-0.71	2.74	3.79

Monthly periodicity used in reports.

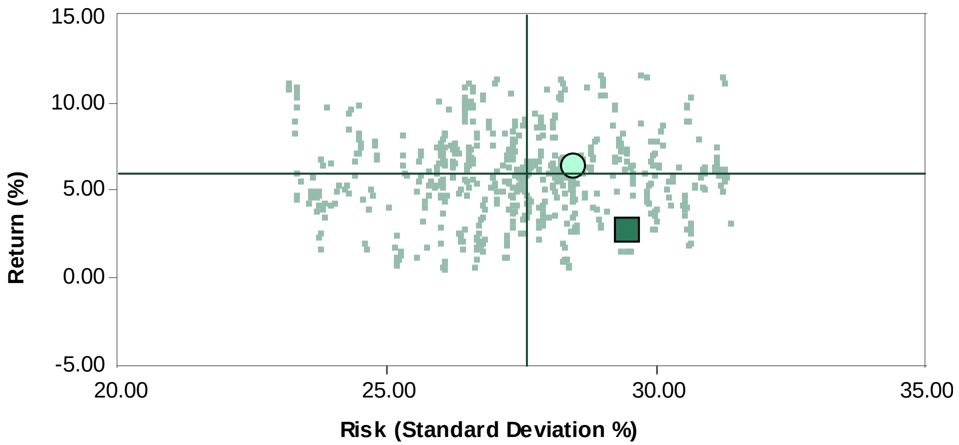
Peer Group Analysis - US Equity Small-Cap Core Funds (MF)



	2009	2008	2007	2006	2005	2004	2003
Manning & Napier	48.39 (9)	N/A	N/A	N/A	N/A	N/A	N/A
Russell 2000 Index	27.17 (63)	-33.79 (39)	-1.57 (52)	18.37 (20)	4.55 (70)	18.33 (54)	47.25 (25)
5th Percentile	52.66	-26.54	11.65	23.23	14.83	26.43	57.77
1st Quartile	36.56	-31.51	3.01	17.66	9.20	21.81	47.09
Median	29.18	-35.62	-1.40	14.50	6.78	18.68	41.77
3rd Quartile	24.53	-38.83	-5.79	11.98	3.75	15.50	37.06
95th Percentile	16.15	-46.47	-11.44	7.43	-1.02	9.10	27.94

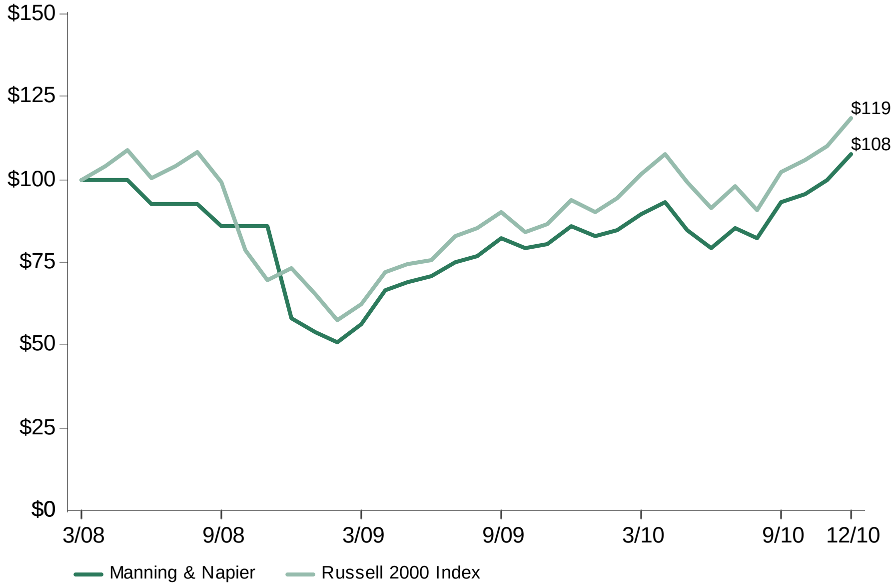
Monthly periodicity used in reports.

Peer Group Scattergram (04/01/08 to 12/31/10)



	Return	Standard Deviation
Manning & Napier	2.79	29.46
Russell 2000 Index	6.38	28.44
Median	5.96	27.59

Growth of a Dollar (04/01/08 to 12/31/10)



3 & 5 Year Up / Down Market Capture

Insufficient data.

Style Analysis

Insufficient data.

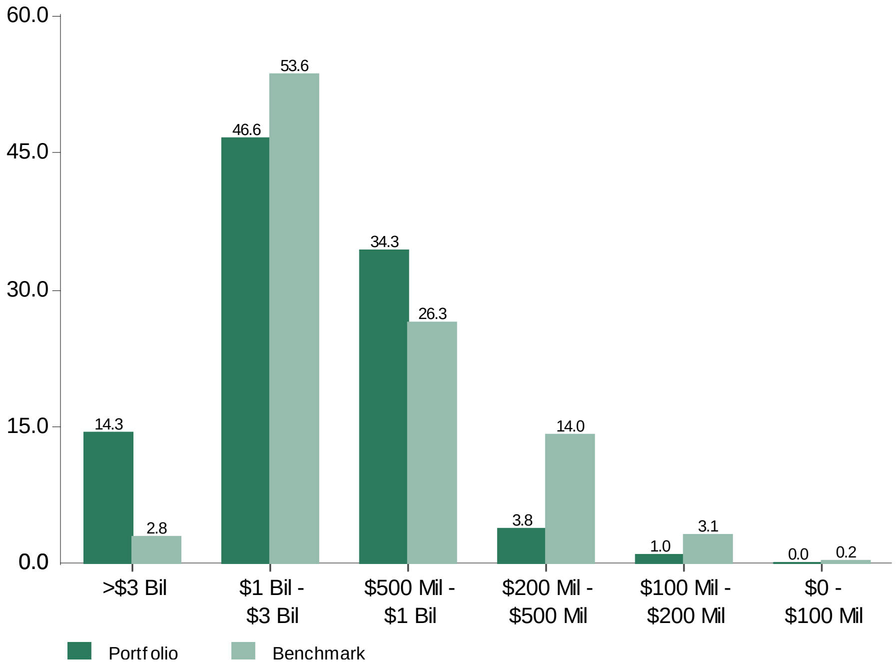
Monthly periodicity used in reports.

SEGAL ADVISORS

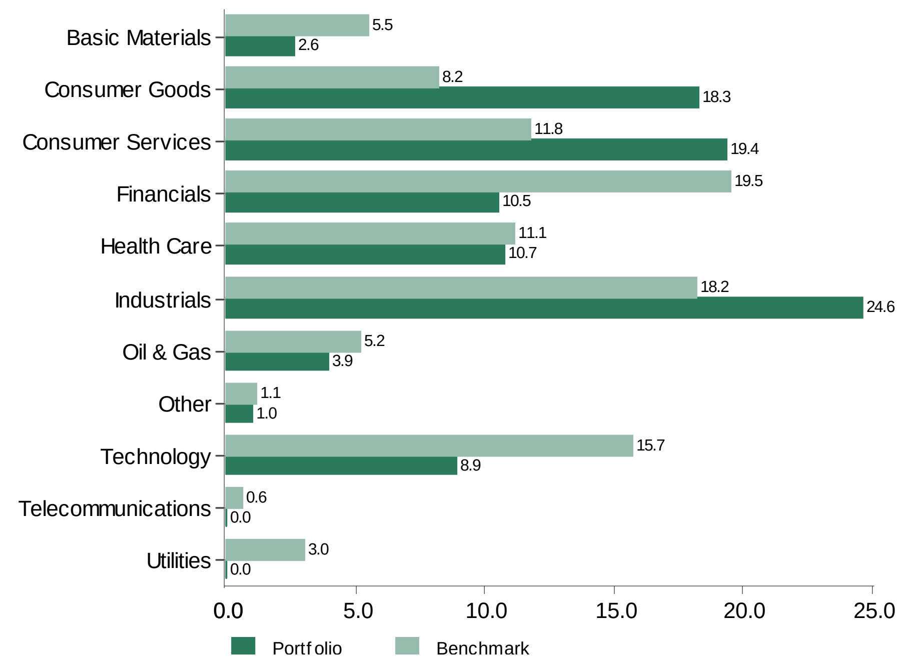
Top Ten Equity Holdings	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
ZOLL MEDICAL CORPORATION	4.27	0.07	4.20	15.37
FIRST COMM FINANCIAL	3.67	0.06	3.61	30.13
RAILAMERICA, INC.	3.42	0.03	3.39	34.48
ALERE INC	3.36	0.00	3.36	18.33
INFINERA CORPORATION	3.32	0.08	3.24	-11.48
EAGLE MATERIALS, INC.	3.22	0.00	3.22	20.13
SEQUENOM INCORPORATED	3.09	0.06	3.02	14.55
SUPERVALU INC.	3.06	0.00	3.06	-15.67
WABASH NATIONAL CORPORATION	2.95	0.07	2.88	46.48
HEARTLAND EXPRESS	2.92	0.07	2.85	7.87
% of Portfolio	33.28	0.44		

Portfolio Characteristics	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($)	1,623,692,958	1,256,263,549
Median Mkt. Cap. ($)	1,345,044,000	528,734,600
Price/Earnings ratio	21.41	18.30
Price/Book ratio	2.39	2.22
5 Yr. EPS Growth Rate (%)	6.84	7.53
Current Yield (%)	1.70	2.84
Beta	-	1.00
Number of Stocks	59	1974

Distribution of Market Capitalization (%)



Sector Weights (%)



Monthly periodicity used in reports.

Ten Best Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
FLOTEK INDUSTRIES INC. DE	0.98	0.00	0.98	294.93
ION GEOPHYSICAL CORPORATION	1.49	0.09	1.40	64.98
RIVERBED TECHNOLOGY, INC.	2.06	0.38	1.68	54.32
COMPELLENT TECHN	0.75	0.05	0.70	51.76
WABASH NATIONAL CORPORATION	2.95	0.07	2.88	46.48
TITAN INTERNATIONAL, INC.	2.73	0.06	2.67	43.99
HARMAN INT'L INDUST	1.13	0.00	1.13	38.58
LINDSAY MANUFACTURING CO.	1.76	0.06	1.70	37.39
SELECT COMFORT CORPORATION	0.25	0.04	0.21	34.66
RAILAMERICA, INC.	3.42	0.03	3.39	34.48
% of Portfolio	17.52	0.78		

Ten Worst Performers	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
SUPERVALU INC.	3.06	0.00	3.06	-15.67
DUPONT FABROS	0.99	0.07	0.91	-14.95
SKECHERS U.S.A., INC	1.34	0.06	1.28	-14.86
INFINERA CORPORATION	3.32	0.08	3.24	-11.48
SANDERSON FARMS, INC.	2.14	0.08	2.07	-9.20
WUXI PHARMATECH	0.00	0.00	0.00	-5.94
CORPORATE OFFICE	2.12	0.00	2.12	-5.22
KNIGHT TRANSPORTATION, INC.	2.20	0.10	2.10	-1.71
SCOTTS COMPANY (THE)	1.27	0.00	1.27	-1.36
LUMBER LIQUIDATOR	2.33	0.05	2.28	1.38
% of Portfolio	18.77	0.44		

Monthly periodicity used in reports.

Buy-and-Hold Portfolio	13.23
Portfolio Trading	2.89
Actual Return	16.13
Benchmark Return	16.25
Actual Active Return	-0.13
Stock Selection	-2.36
Sector Selection	0.22
Interaction	-0.26
Total Selection	-2.39
Portfolio Trading	2.89
Benchmark Trading	0.50
Total Trading	3.39
Buy & Hold Active Return	1.00

	Allocation-9/30/2010		Performance-1 Quarter Ending 12/31/2010		Attribution			
	Portfolio	Benchmark	Portfolio	Benchmark	Stock	Sector	Interaction	Total
Basic Materials	2.73	5.18	4.28	22.72	-0.96	-0.17	0.45	-0.67
Consumer Goods	11.75	8.13	19.31	16.75	0.21	0.04	0.09	0.34
Consumer Services	28.16	12.10	10.59	13.47	-0.35	-0.37	-0.46	-1.18
Financials	11.41	19.85	10.31	13.19	-0.57	0.22	0.24	-0.11
Health Care	7.25	11.83	16.68	11.06	0.67	0.22	-0.26	0.62
Industrials	19.45	17.79	14.02	18.73	-0.84	0.05	-0.08	-0.87
Oil & Gas	5.29	4.51	18.92	31.29	-0.56	0.12	-0.10	-0.53
Other	1.27	0.84	-14.95	5.10	-0.17	-0.05	-0.09	-0.30
Technology	11.03	15.79	17.88	16.57	0.21	-0.04	-0.06	0.11
Telecommunications	0.00	0.71	0.00	8.95	0.00	0.05	0.00	0.05
Utilities	1.65	3.26	0.00	6.02	0.00	0.16	0.00	0.16
Total	100.00	100.00	13.23	15.76	-2.36	0.22	-0.26	-2.39

Monthly periodicity used in reports.

Calendar Years	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	%Return
From 03/2008	-	-	-	4,878,022	N/A
2009	4,878,022	1,000,000	2,348,617	8,226,639	48.39
2010	8,226,639	-	2,115,103	10,341,742	25.71

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.

Manager Profile

Style: Foreign Equity

Benchmark: MSCI Net EAFE

Peer Group: International Active Equity (SA + CF)

Inception Date: January 1, 1995

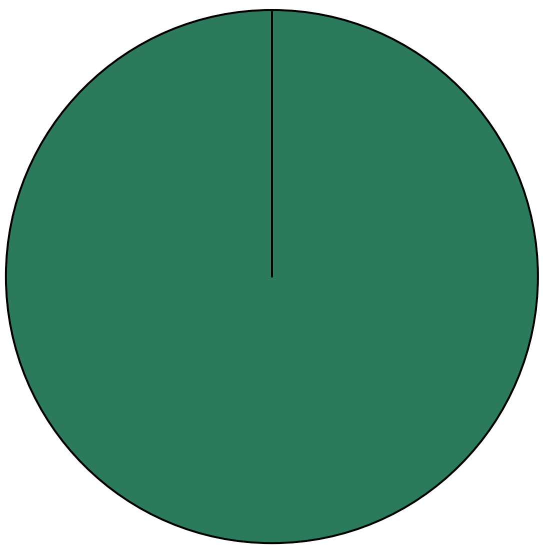
Gain / Loss Summary

	1 Quarter	Year To Date	1 Year
Principal International Stock			
Beginning Market Value	10,502,099	9,978,316	9,978,316
Net Contributions	-115,530	-710	-710
Fees/Expenses	-	-103	-103
Income	-	-	-
Gain/Loss	985,410	1,394,476	1,394,476
Ending Market Value	11,371,979	11,371,979	11,371,979

Income includes income received and change in accrued income.

Asset Allocation by Segment

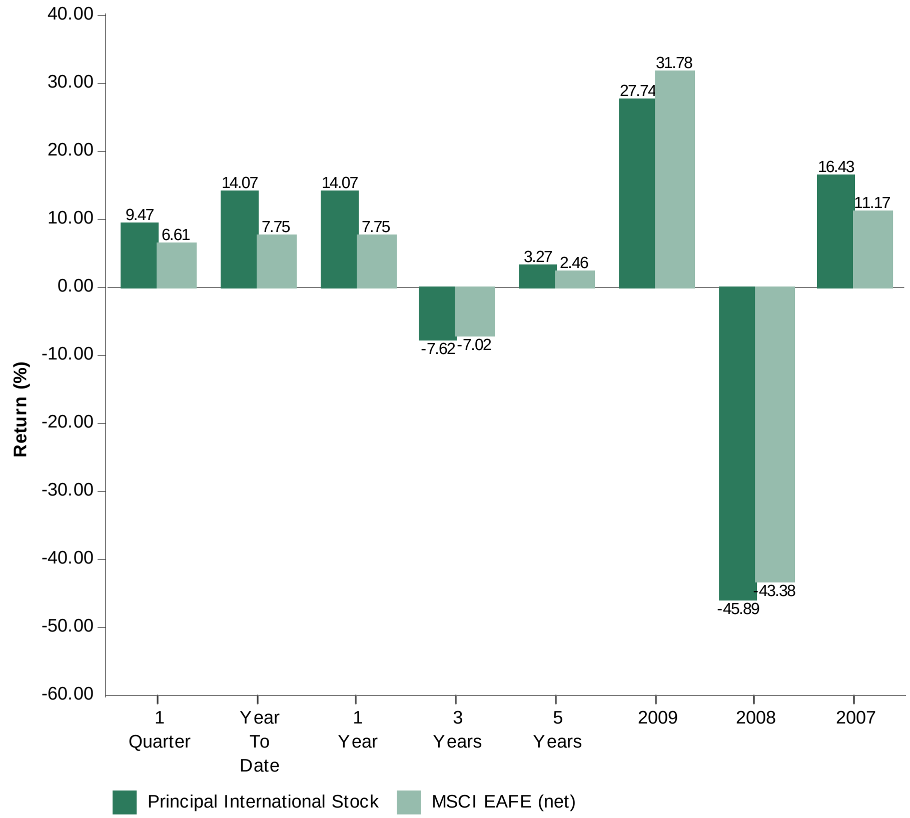
December 31, 2010 : $11,371,979



Segments	Market Value ($)	Allocation (%)
International Equity	11,371,979	100.00

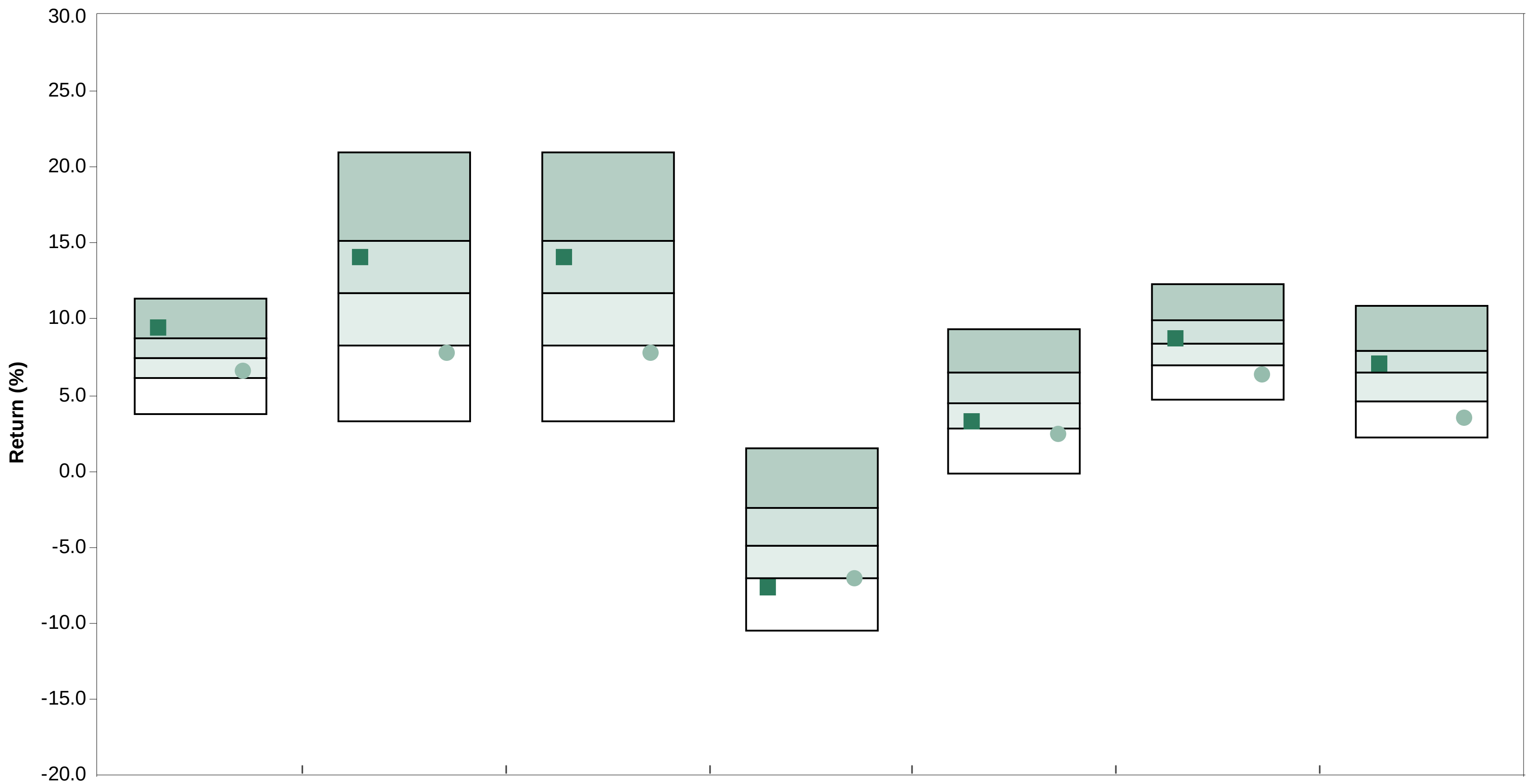
Cash allocation includes accrued income for the entire portfolio.

Performance Bar Chart



Monthly periodicity used in reports.

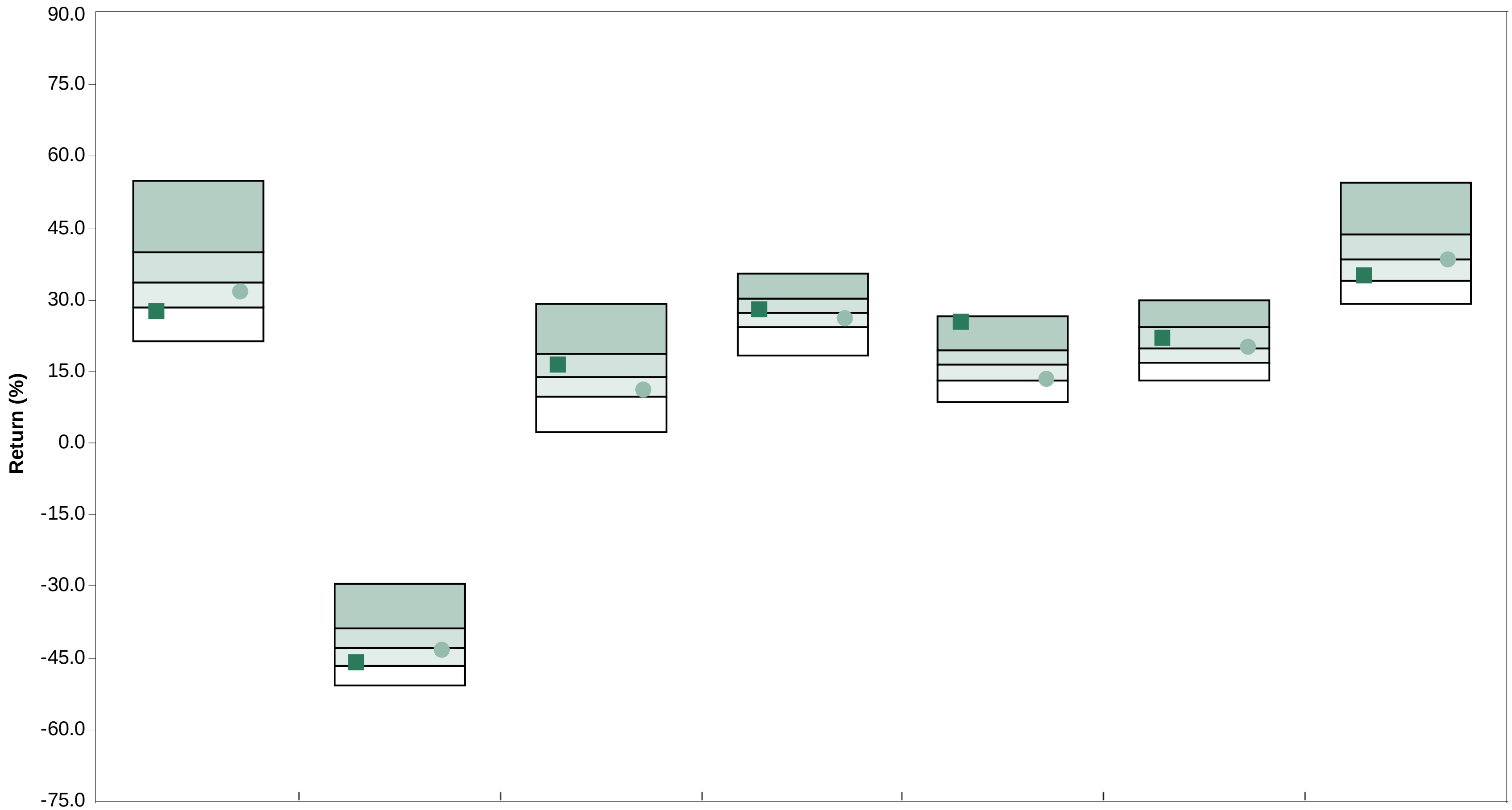
Peer Group Analysis - International Active Equity (SA+CF)



	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
Principal International Stock	9.47 (14)	14.07 (32)	14.07 (32)	-7.62 (83)	3.27 (69)	8.76 (43)	7.09 (35)
MSCI EAFE (net)	6.61 (69)	7.75 (78)	7.75 (78)	-7.02 (76)	2.46 (82)	6.38 (85)	3.50 (88)
5th Percentile	11.39	21.02	21.02	1.51	9.29	12.28	10.86
1st Quartile	8.77	15.13	15.13	-2.46	6.47	9.94	7.92
Median	7.42	11.67	11.67	-4.94	4.44	8.36	6.47
3rd Quartile	6.12	8.25	8.25	-7.01	2.81	6.91	4.60
95th Percentile	3.76	3.24	3.24	-10.51	-0.16	4.73	2.25

Monthly periodicity used in reports.

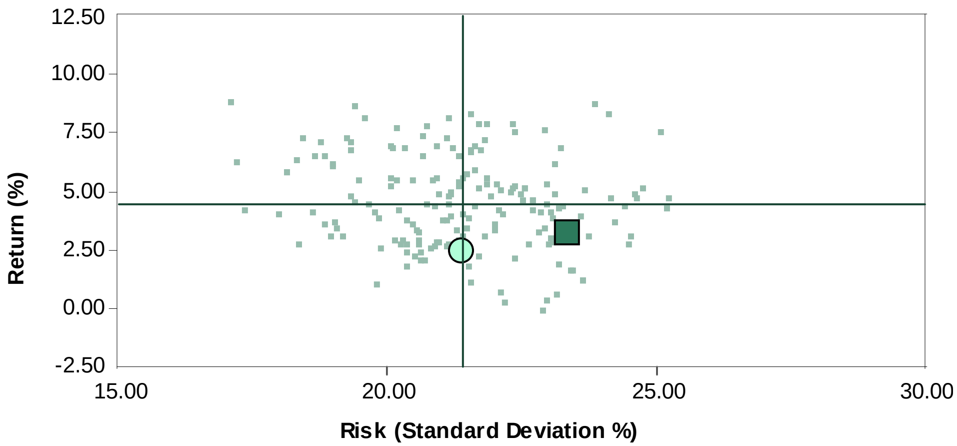
Peer Group Analysis - International Active Equity (SA+CF)



	2009	2008	2007	2006	2005	2004	2003
Principal International Stock	27.74 (77)	-45.89 (72)	16.43 (34)	27.97 (44)	25.37 (7)	22.19 (37)	34.99 (68)
MSCI EAFE (net)	31.78 (60)	-43.38 (54)	11.17 (66)	26.34 (58)	13.54 (73)	20.25 (48)	38.59 (52)
5th Percentile	55.09	-29.39	29.03	35.61	26.61	29.88	54.47
1st Quartile	39.90	-38.92	18.83	30.34	19.49	24.27	43.69
Median	33.80	-42.89	13.66	27.24	16.63	19.79	38.67
3rd Quartile	28.34	-46.55	9.68	24.19	13.04	16.71	34.12
95th Percentile	21.14	-50.88	2.46	18.36	8.58	13.01	29.13

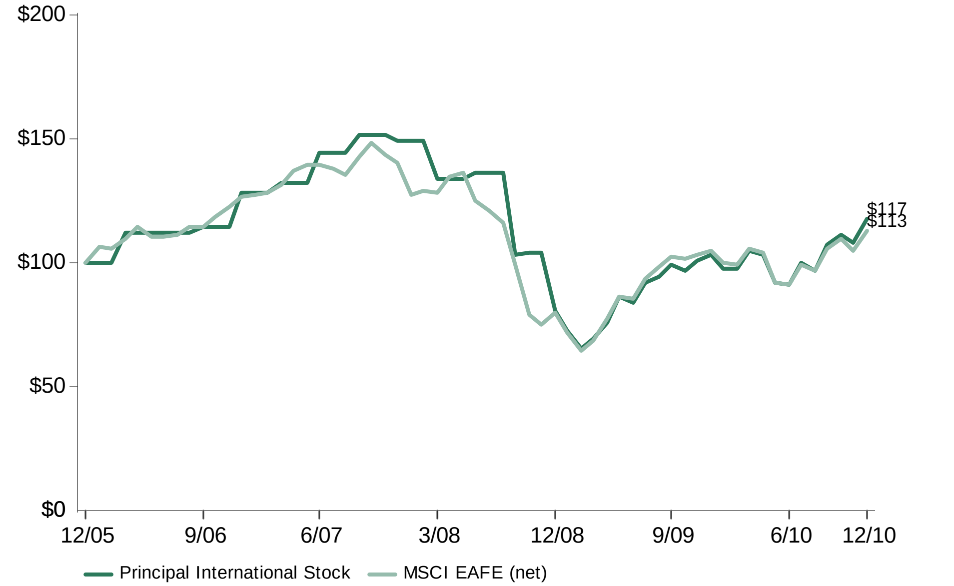
Monthly periodicity used in reports.

Peer Group Scattergram (01/01/06 to 12/31/10)

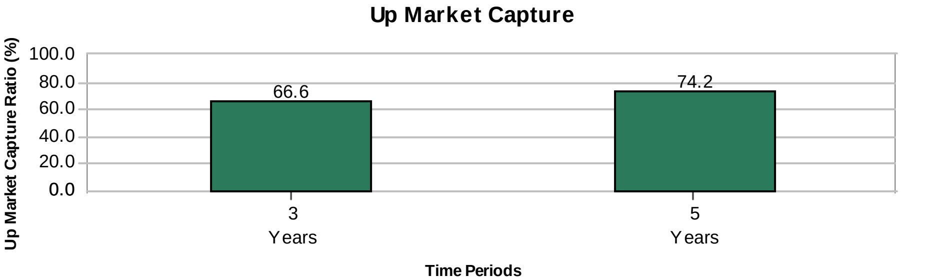


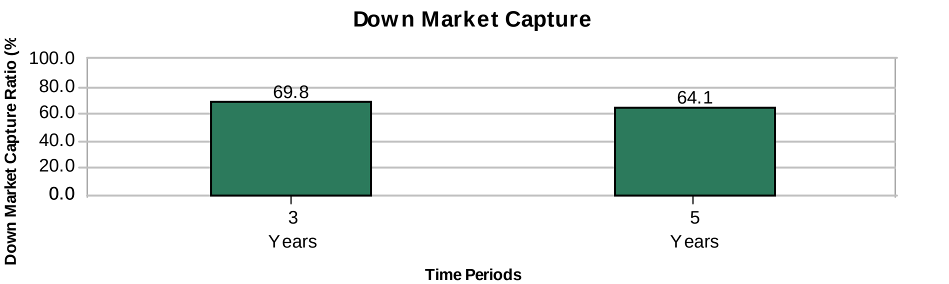
	Return	Standard Deviation
Principal International Stock	3.27	23.33
MSCI EAFE (net)	2.46	21.37
Median	4.44	21.39

Growth of a Dollar (01/01/06 to 12/31/10)

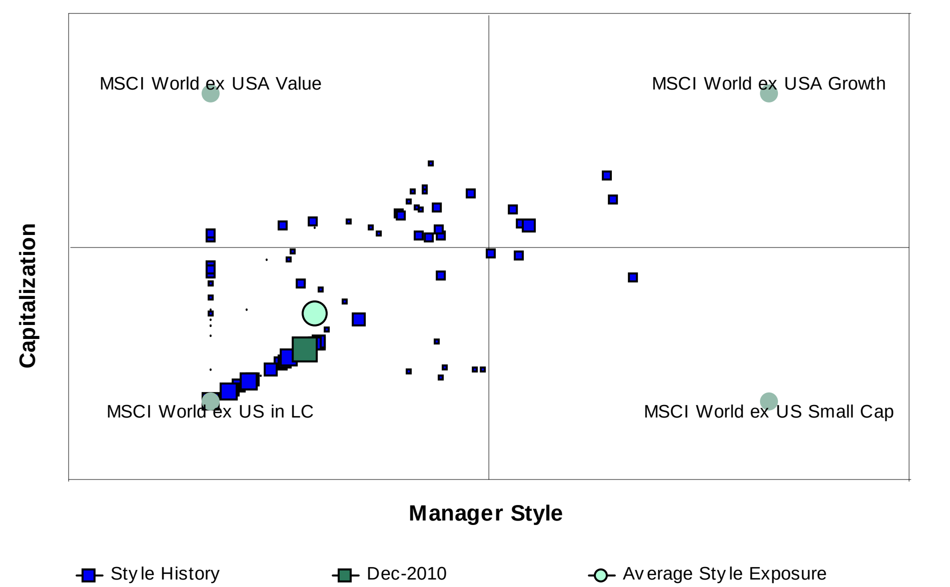


3 & 5 Year Up / Down Market Capture





Style Analysis



Monthly periodicity used in reports.

Calendar Years	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	%Return
From 05/2002	-	-	-	3,315,150	N/A
2003	3,315,150	-	1,189,213	4,504,363	34.99
2004	4,504,363	-	1,050,394	5,554,757	22.19
2005	5,554,757	48,799	1,527,136	7,130,692	25.37
2006	7,130,692	213,112	2,026,542	9,370,346	27.97
2007	9,370,346	23,792	1,566,027	10,960,165	16.43
2008	10,960,165	1,880,250	-5,816,557	7,023,858	-45.89
2009	7,023,858	974,194	1,980,264	9,978,316	27.74
2010	9,978,316	-813	1,394,476	11,371,979	14.07

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.

Manager Profile

Style: Core Fixed Income

Benchmark: Barclays Aggregate Bond Index

Peer Group: US Broad Market Core Fixed Income (SA + CF)

Inception Date: January 1, 1995

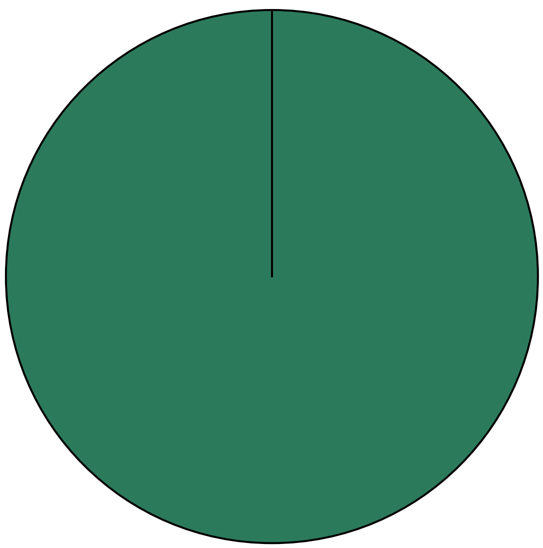
Gain / Loss Summary

	1 Quarter	Year To Date	1 Year
Principal Bond and Mortgage			
Beginning Market Value	14,365,072	12,578,613	12,578,613
Net Contributions	-549,603	-281,650	-281,650
Fees/Expenses	-	-929	-929
Income	-	-	-
Gain/Loss	18,707	1,538,141	1,538,141
Ending Market Value	13,834,176	13,834,176	13,834,176

Income includes income received and change in accrued income.

Asset Allocation by Segment

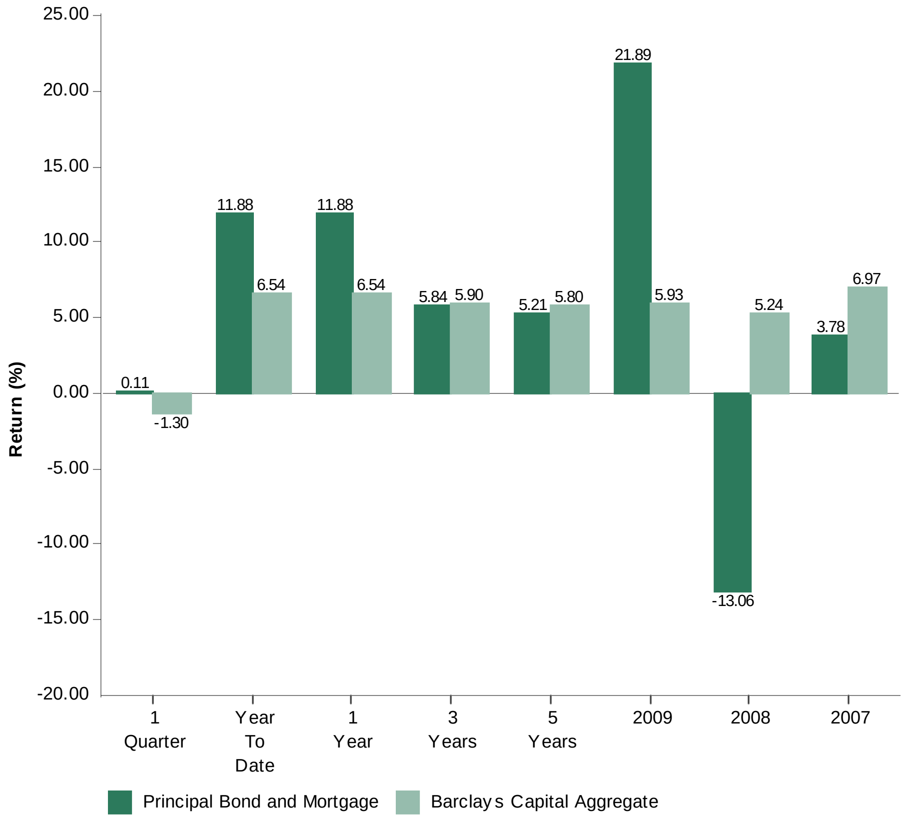
December 31, 2010 : $13,834,176



Segments	Market Value ($)	Allocation (%)
Domestic Fixed Income	13,834,176	100.00

Cash allocation includes accrued income for the entire portfolio.

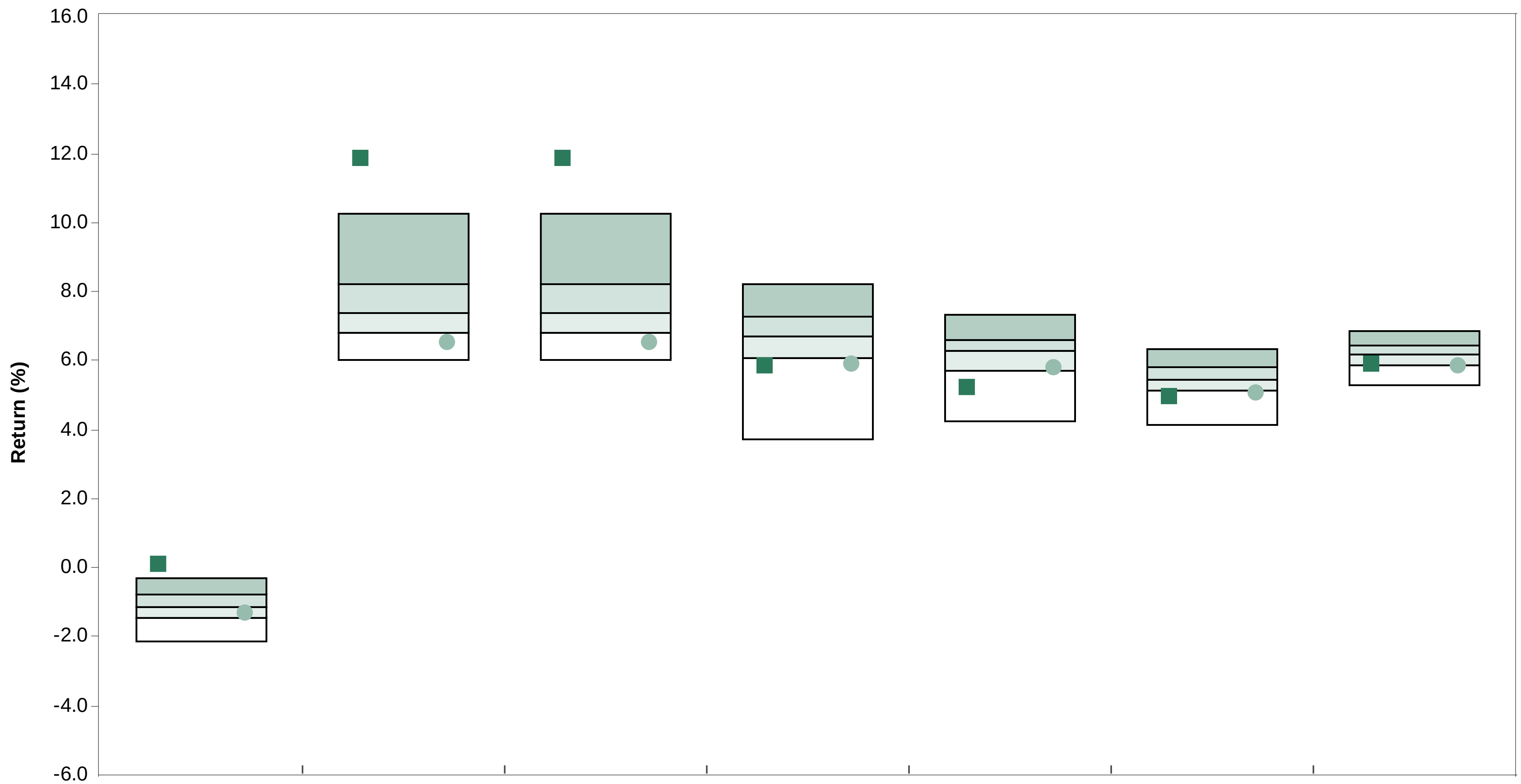
Performance Bar Chart



Monthly periodicity used in reports.

SEGAL ADVISORS

Peer Group Analysis - US Broad Market Core Fixed Income (SA+CF)

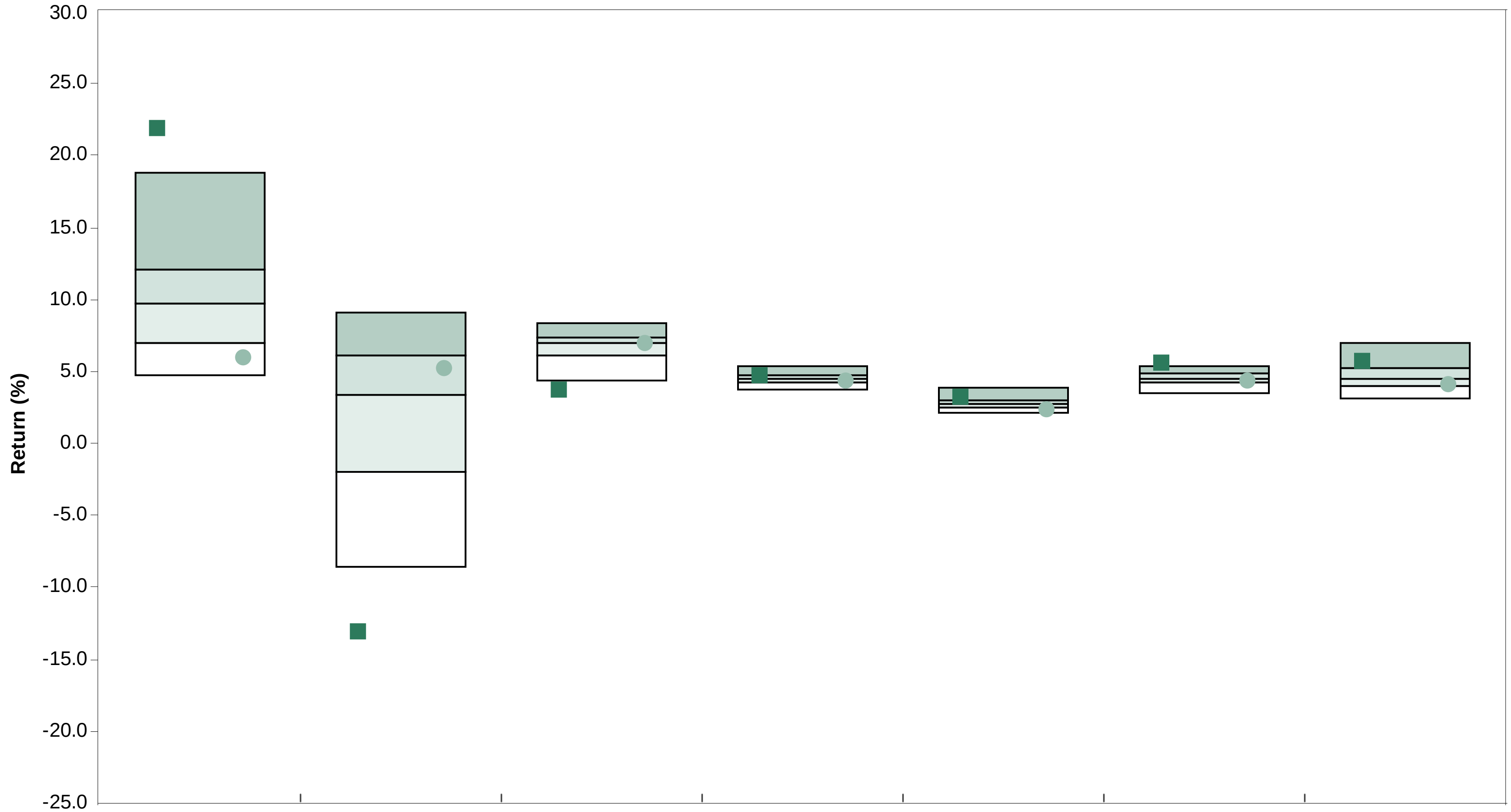


	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
■ Principal Bond and Mortgage	0.11 (2)	11.88 (1)	11.88 (1)	5.84 (79)	5.21 (88)	4.99 (82)	5.94 (73)
● Barclays Capital Aggregate	-1.30 (65)	6.54 (85)	6.54 (85)	5.90 (79)	5.80 (72)	5.10 (77)	5.84 (79)
5th Percentile	-0.30	10.23	10.23	8.20	7.33	6.31	6.86
1st Quartile	-0.80	8.23	8.23	7.27	6.61	5.81	6.42
Median	-1.13	7.36	7.36	6.68	6.26	5.47	6.16
3rd Quartile	-1.45	6.80	6.80	6.05	5.73	5.14	5.86
95th Percentile	-2.12	6.02	6.02	3.69	4.24	4.13	5.30

Monthly periodicity used in reports.

SEGAL ADVISORS

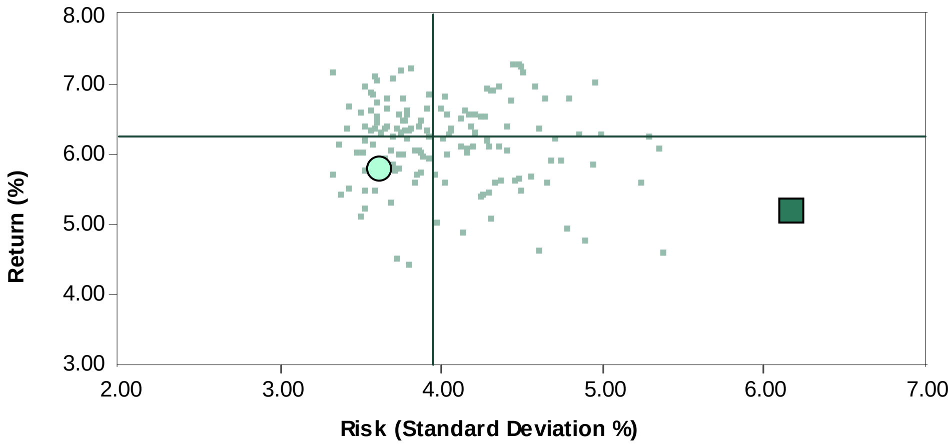
Peer Group Analysis - US Broad Market Core Fixed Income (SA+CF)



	2009	2008	2007	2006	2005	2004	2003
■ Principal Bond and Mortgage	21.89 (2)	-13.06 (98)	3.78 (97)	4.79 (18)	3.24 (12)	5.60 (4)	5.76 (15)
● Barclays Capital Aggregate	5.93 (86)	5.24 (35)	6.97 (50)	4.34 (67)	2.43 (84)	4.34 (69)	4.11 (69)
5th Percentile	18.77	9.12	8.30	5.30	3.83	5.42	7.03
1st Quartile	12.08	6.10	7.38	4.72	2.98	4.86	5.22
Median	9.68	3.35	6.96	4.48	2.73	4.51	4.55
3rd Quartile	7.04	-2.04	6.11	4.23	2.48	4.20	3.96
95th Percentile	4.78	-8.52	4.32	3.72	2.18	3.46	3.07

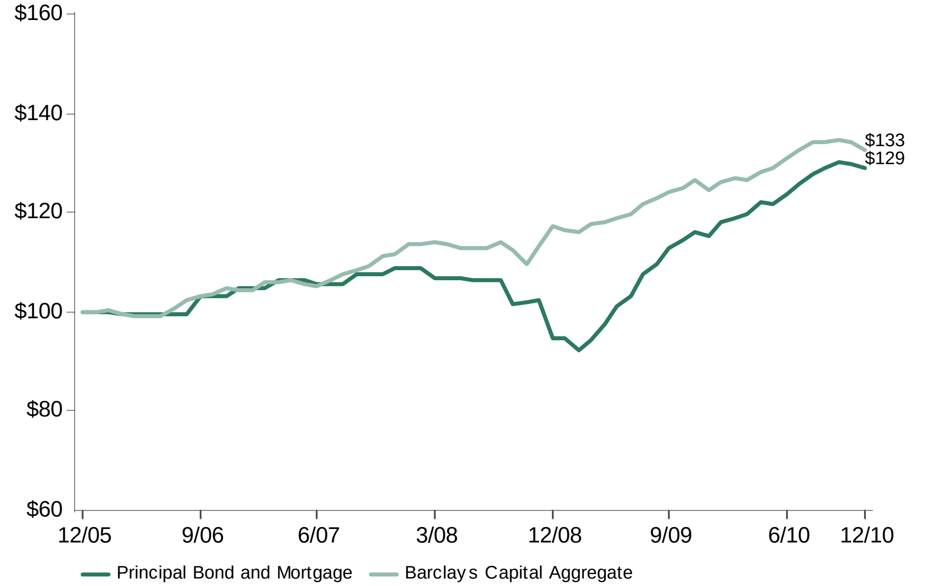
Monthly periodicity used in reports.

Peer Group Scattergram (01/01/06 to 12/31/10)

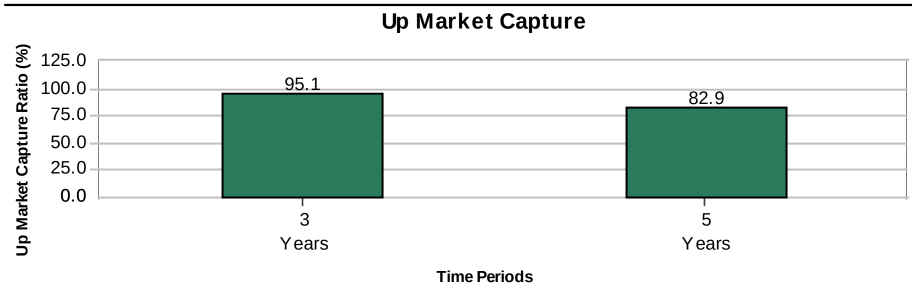


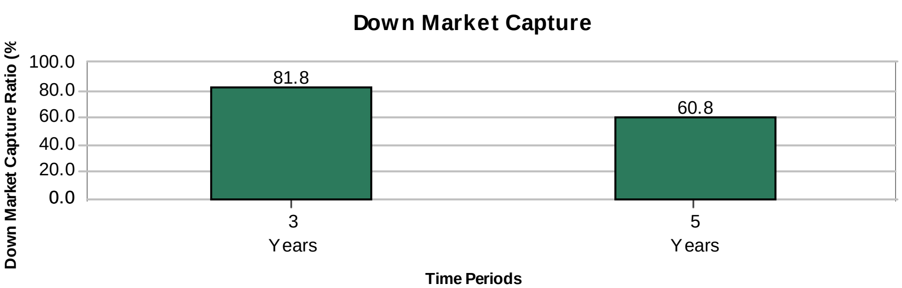
	Return	Standard Deviation
Principal Bond and Mortgage	5.21	6.17
Barclays Capital Aggregate	5.80	3.62
Median	6.26	3.94

Growth of a Dollar (01/01/06 to 12/31/10)

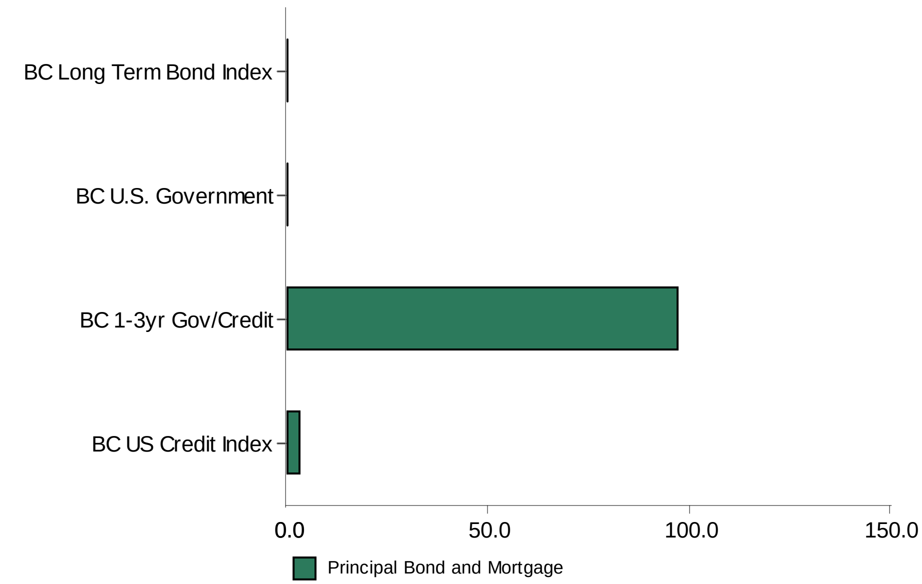


3 & 5 Year Up / Down Market Capture





Style Analysis



Monthly periodicity used in reports.

SEGAL ADVISORS

Calendar Years	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	%Return
2002	-	-	-	17,707,268	N/A
2003	17,707,268	-	-594,177	17,113,091	5.76
2004	17,113,091	-	1,950,931	19,064,022	5.60
2005	19,064,022	-1,353,584	549,534	18,259,972	3.24
2006	18,259,972	-1,602,868	818,188	17,475,292	4.79
2007	17,475,292	-1,011,042	636,624	17,100,874	3.78
2008	17,100,874	-1,304,056	-2,099,289	13,697,529	-13.06
2009	13,697,529	-4,071,254	2,952,338	12,578,613	21.89
2010	12,578,613	-282,578	1,538,141	13,834,176	11.88

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.

Manager Profile

Style: Real Estate

Benchmark: NCREIF ODCE Equal Weighted

Peer Group: N/A

Inception Date: April 1, 2008

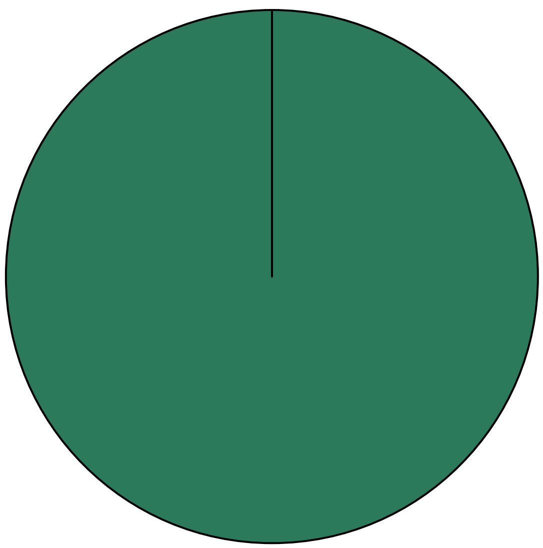
Gain / Loss Summary

	1 Quarter	Year To Date	1 Year
Prudential Real Estate Investors			
Beginning Market Value	5,886,968	5,358,761	5,358,761
Net Contributions	-	-	-
Fees/Expenses	-10,523	-69,847	-69,847
Income	90,973	392,815	392,815
Gain/Loss	301,753	587,441	587,441
Ending Market Value	6,269,171	6,269,171	6,269,171

Income includes income received and change in accrued income.

Asset Allocation by Segment

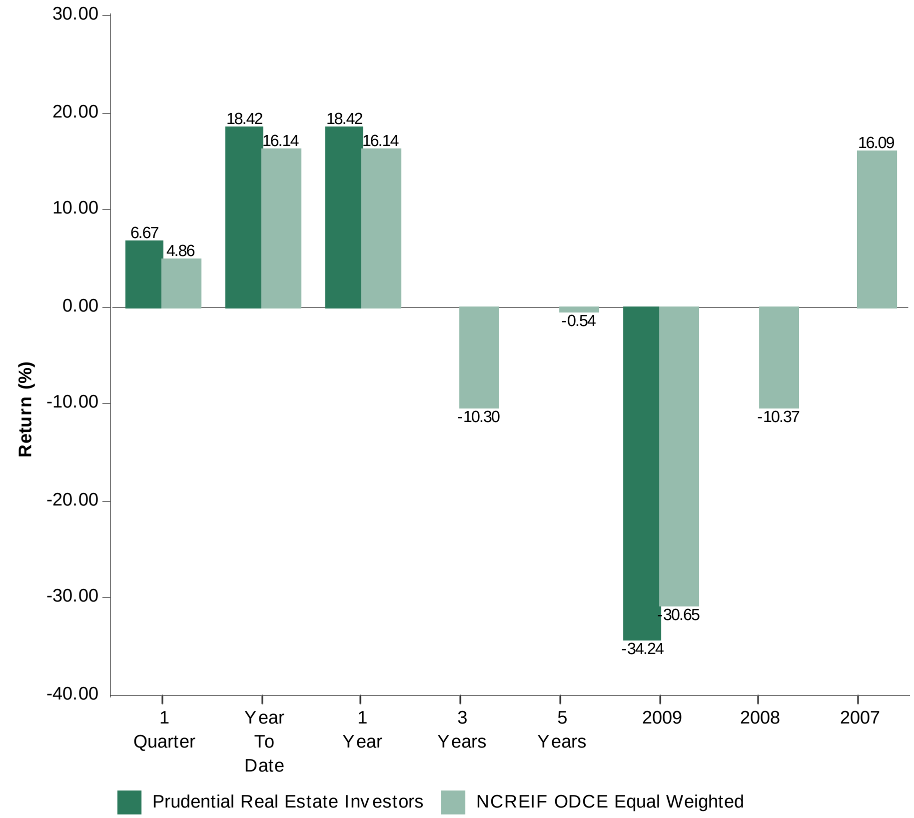
December 31, 2010 : $6,269,171



Segments	Market Value ($)	Allocation (%)
Real Estate	6,269,171	100.00

Cash allocation includes accrued income for the entire portfolio.

Performance Bar Chart



Monthly periodicity used in reports.

SEGAL ADVISORS

Calendar Years	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	%Return
From 03/2008	-	-	-	8,239,906	N/A
2009	8,239,906	-65,950	-2,815,194	5,358,761	-34.24
2010	5,358,761	-69,847	980,256	6,269,171	18.42

Gain/Loss includes income received and change in accrued income for the period.

Monthly periodicity used in reports.