

WEST PALM BEACH POLICE

PENSION NEWS



A West Palm Beach Police Pension Fund Publication

Issue 11

Date of Issue:
Third Quarter 2011

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The Board of Trustees congratulates GW Capital for a stellar return of 46.24%, for the 12 month period ending June 30, 2011.

That return places GW Capital in the TOP 1 percentile

QUARTERLY PENSION FUND SUMMARY

On June 30, 2011 our fund had a total market value of \$203,755,000. For the quarter the fund gained \$868,000.

For the quarter the total fund return was 0.41% (net) and its benchmark return was 0.87%. In the previous quarter the fund return was 4.03%. For the quarter the stock return was -0.43% and the benchmark return was 0.18%. The bond return was 2.06% and the benchmark return was 2.16%.

For the quarter end, the allocation of our fund was 63.8% invested in stocks, 30.0% in bonds, 2.8% in Real Estate, and 3.4% in cash equivalents (i.e., short term liquid interest bearing investments similar to money market funds). Our ongoing target for investment in stocks is 65% of the total fund.

For the fiscal year-to-date, the total fund net return was 12.05% and its benchmark return was

12.27%. The stock return was 17.44% and the benchmark return was 18.32%. The bond return was 2.63% and the benchmark return was 1.27%.

For the fiscal year-to-date, the Earnest Partners large cap value stock return was 16.14%, the Garcia Hamilton & Associates large cap growth stock return was 17.58%, the Anchor mid-cap value stock return was 11.52%, the Wells small-cap growth stock return was 24.61%, the DFA international stock return was 12.12%, the GW Capital small cap value stock return was 32.34%, the Valley Forge large cap core stock return was 11.26%, the WHV international stock return was 17.35%, the Intercontinental Real Estate return was 15.65%, and the Garcia Hamilton & Associates aggregate fixed income return was 2.81%.

The S&P 500 index return was 17.43%. Last quarter, Munder was replaced by Oak Ridge to run the mid cap growth

portfolio.

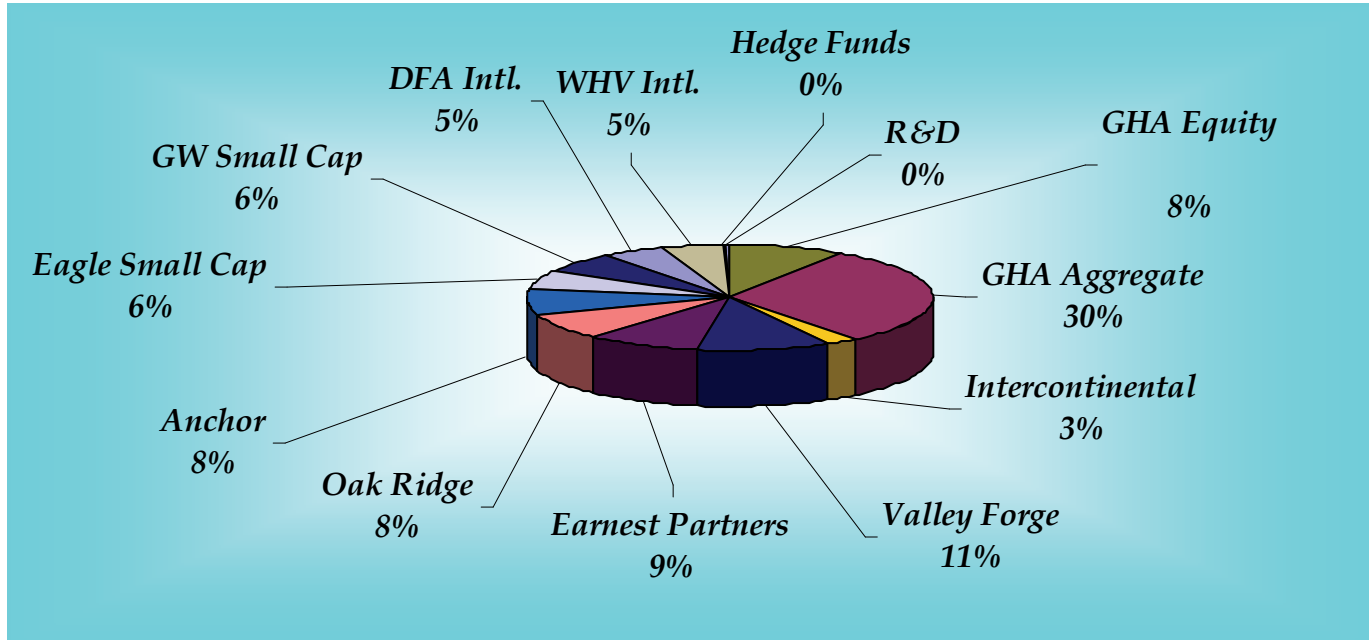
For the quarter the best performing sector among S&P 500 stocks was Health Care which increased 7.29% and the worst sector is Financials which decreased 6.27%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 3.6% for the twelve months ended in June. The Producer Price Index (PPI) for finished goods advanced 7.0% (unadjusted) for twelve-month period ended in June.

The seasonally adjusted unemployment rate was 9.2% in June compared to 8.8% in March. Real Gross Domestic Product (GDP) increased at an annual rate of 1.9% for the first quarter of 2011, compared with a increase of 3.1% in the fourth quarter of 2010.

During the first quarter of 2011 the Federal Reserve Open Market Committee kept the target range for the federal funds rate of 0.00% to 0.25%.

Track the Fund



Plan Asset Allocation & Diversification as of June 30, 2011

	Domestic Equities	Int'l Equities	Fixed Income	Real Estate	Cash	Total	% of Total
GHA Equity	\$17,513,000				\$322,000	\$17,835,000	
GHA Aggregate			\$61,080,000		\$973,000	\$62,053,000	
GHA Total						\$79,888,000	39.2%
Valley Forge	\$20,389,000				\$1,092,000	\$21,481,000	10.5%
Earnest Partners	\$17,371,000				\$1,182,000	\$18,553,000	9.1%
Oak Ridge	\$16,124,000				\$712,000	\$16,836,000	8.3%
Anchor	\$16,115,000				\$588,000	\$16,703,000	8.2%
Eagle Small Cap	\$12,037,000				\$25,000	\$12,062,000	5.9%
GW Small Cap	\$11,056,000				\$477,000	\$11,533,000	5.7%
DFA Intl.		\$9,983,000			\$273,000	\$10,256,000	5.0%
WHV Intl.		\$9,394,000			\$673,000	\$10,067,000	4.9%
Hedge Funds			\$0			\$0	0.0%
Intercontinental				\$5,665,000		\$5,665,000	2.8%
R&D					\$712,000	\$712,000	0.3%
Totals	\$110,605,000	\$19,377,000	\$61,080,000	\$5,665,000	\$7,029,000	\$203,756,000	100.0%

Anchor	GW	DFA	WHV
SPDR Gold Trust	Darling International	Vodafone Group ADR	Potash Corp.
Sun Communities	Brookdale Senior Living	Royal Dutch Shell	Nabors Industries LTD
Invesco Mortgage Cap.	A.O. Smith Corp.	Daimler AG	Noble Corp.
Cablevision Systems	Esterline Technologies	Vodafone Group	Weatherford Intl.
McKesson Corp	Albany International Corp	TransCanada Corp.	Rio Tinto PLC
Annaly Capital Mgmt.	Oneok Inc.	Xstrata PLC	Suncor Energy
Progress Energy	Brigham Exploration	GDF Suez	BHP Billition LTD
Xerox	Stewart Enterprises Inc.	Suncor Energy	Schlumberger LTD
McGraw Hill Cos	CNO Financial Group	Westfarmers LTD	Transocean LTD
American Capital Agency	SuperValue Inc,	Vivendi	Nestle S.A.

Top Ten Equity Holdings

GHA	Wells	Valley Forge	Earnest Partners	Oak Ridge
Apple	GSI Commerce	Barrick Gold Corp	Cummins Inc.	Verifone Holdings
Exxon Mobil	National Cinemedia	Newmont Mining	Freeport-McMoran	Citrix Systems
IBM	Scientific Games	Goldcorp Inc.	Occidental Petro.	Deckers Outdoor
Apache Corp.	PMC-Sierra	Coca Cola	IBM	Petsmart Inc.
Coca Cola	Dollar Financial Corp	Abbott Labs	Express Scripts Inc.	Wabco Holdings
Cognizant Tech.	Wright Express Corp	Phillip Morris	Intel	Catalyst Health
Schlumberger LTD	Gaylord Entmt.	Pfizer	Exxon Mobil	Netapp Inc.
Danaher Corp.	Bridgepoint Educ.	Pepsico Inc.	Darden	Alliance Data Sys.
Qualcomm	Microsemi Corp.	Johnson & Johnson	Wells Fargo	Gardner Denver.
Grainger W.W.	Synchronoss Tech.	AT&T	General Dynamics	Airgas

WEST PALM BEACH POLICE PENSION FUND

**2100 North Florida Mango Road
West Palm Beach, Florida 33409**

Phone: 561.471.0802

FAX: 561.471.5027

PUBLIC NOTICE

WEST PALM BEACH POLICE PENSION FUND BOARD OF TRUSTEES WILL BE MEETING

January 13, 2012	February 10, 2012
March 9, 2012	April 13, 2012
May 11, 2012	June 8, 2012
July 13, 2012	August 10, 2012
September 14, 2012	October 12, 2012
November 9, 2012	December 14, 2012

**LOCATION: PALM BEACH PBA
2100 N. FLORIDA MANGO ROAD
WEST PALM BEACH, FLORIDA 33409**

TIME: 8:15 A.M.

IF ANY PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE BOARD WITH RESPECT TO ANY MATTER CONSIDERED AT SUCH MEETING OR HEARING, THEY WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSE, THEY WILL NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE WHICH THE APPEAL IS TO BE BASED.

THIS MEETING MAY BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATION MEDIA TECHNOLOGY, THE TYPE BEING A SPEAKER TELEPHONE. THE ACCESS POINT IS THE CONFERENCE ROOM, WITHIN THE PALM BEACH COUNTY POLICE BENEVOLENT ASSOCIATION BUILDING.

PERSONS WITH DISABILITIES WHO REQUIRE REASONABLE ACCOMMODATIONS TO PARTICIPATE IN THE MEETINGS MAY CALL THE PLAN ADMINISTRATOR FIVE BUSINESS DAYS IN ADVANCE AT 561-471-0802 (VOICE) AND/OR 800-955-8771 (TYY).

Please visit us at: www.wpbppf.com

STOCK SPOTLIGHT

CF Industries Holdings, Inc. (Ticker = CF)

Sector: Materials

Industry: Fertilizers and Agricultural Chemicals

Market Capitalization: \$ 10.3 Billion

CF Industries Holdings, Inc. manufactures and distributes nitrogen and phosphate fertilizer products in North America. The merger of CF Industries and Terra Industries created the largest producer of nitrogen fertilizers in North America and the second largest producer globally. The combined entity is structurally advantaged in both production and distribution. Pricing and revenues are expected to benefit from robust grain demand around the world. Chinese export restrictions on phosphate and urea will serve to further tighten markets. Low natural gas prices offer attractive input costs.

Average Cost in West Palm Beach Police Portfolio: \$113.34 per share, currently trading at \$141.86.

Whole Foods Market Inc. (Ticker = WFM)

Sector: Consumer Staples

Industry: Food Retail

Market Capitalization: \$10.4 Billion

Whole Foods Market, Inc. owns and operates a chain of natural food supermarkets in the United States. The Company's stores provides full range of merchandise, featuring products that are free of artificial flavors, sweeteners, colors, preservatives, and added chemicals. WFM has experienced meaningful recovery in same store sales trends and margins over the past three quarters. Trends expected to continue given general improvement in economic conditions and loyalty of core "health/organic" customers. Integration of Wild Oats stores has gone very well to date with meaningful improvement in comps since the time of acquisition.

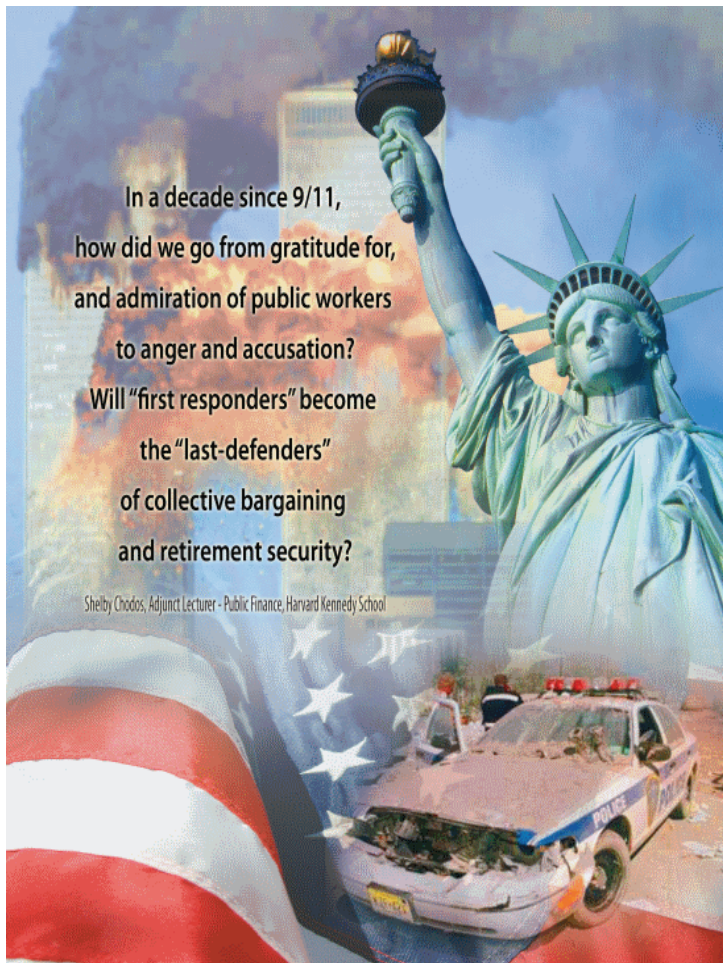
Average Cost in West Palm Beach Police Portfolio: \$40.41 per share, currently trading at \$58.74.

Please note that the Board of Trustees provide this data for informational purposes only. It is in no way to be interpreted as investment advice.

Hollywood seeks pension reform through public referendum

Got your attention? You don't have to look too far to see what efforts are being made to change public pensions. This is a nationwide issue and you should be monitoring this closely and stay ahead of the curve!

Rebuffing the myth! San Antonio Fire and Police Pension Fund, City of Austin Employees' Retirement System and Houston Municipal Employees Pension System retained Pension Trustee Advisors, Inc. to compare the costs and benefits of a defined benefit plan to the costs and benefits of a defined contribution plan, applying data relevant to the subject plans. (A research paper in 2008 entitled "A Better Bang for the Buck" compared the costs and benefits of a typical DB plan with the costs and benefits of a typical DC plan, based on a hypothetical group of employees. Worries about retirement security abound. Governments are concerned about delivering on the promises they have made to their citizens and to their employees, as tax revenues shrink amid a weakening economy. In this environment, some have proposed replacing traditional DB pensions with 401(k)-type DC retirement savings plans in an effort to save money. The value of traditional DB pensions to employees is generally recognized: they provide a secure, predictable retirement income that cannot be outlived. But less well known is the value of a DB pension to an employer. Due to their group nature, DB plans possess "built-in" savings, which make them highly efficient retirement income vehicles, capable of delivering retirement benefits at a low cost to the employer and employee.



These savings derive from three principal sources:

First, DB plans better manage longevity risk, or the chance of running out of money in retirement. By pooling longevity risks of large numbers of individuals, DB plans avoid the "over-saving" dilemma -- that is, saving more than people need on average to avoid running out of cash -- that is inherent in DC plans. Consequently, DB plans are able to do more with less.

Second, because DB plans, unlike the individuals in them, do not age, they are able to take advantage of the enhanced investment returns that come from a balanced portfolio throughout an individual's lifetime.

Third, DB plans, which are professionally managed, achieve greater investment returns as compared with DC plans that are made up of individual accounts. A retirement system that achieves higher investment returns can deliver any given level of benefit at a lower cost.

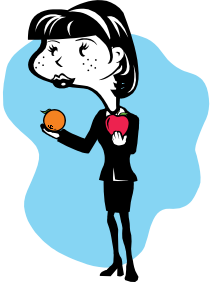
Because of these factors, the report found that a DB pension plan can offer the same retirement benefit at substantially less cost than the cost of a DC retirement savings plan. Specifically, the analysis indicated that for workers in the three Texas DB plans that were studied, the cost to deliver the same level of retirement income ranged from being 39% to 44% lower than the cost of a DC plan. The analysis clearly demonstrated that DB plans are far more cost-efficient than DC plans. To achieve target retirement benefit that will replace 46% to 86% of average salary, the three DB

plans will require contributions ranging from 7.3% to 20.1% of payroll, whereas the DC plan will require contributions almost twice as high, ranging from 12.0% to 35.7% of payroll. And due to effects of longevity risk pooling, maintenance of portfolio diversification and greater investment returns over the lifecycle, a DB plan can provide the same level of retirement benefits at 56% to 61% of the cost of a DC plan.

Source: cypen.com (*In Part*)

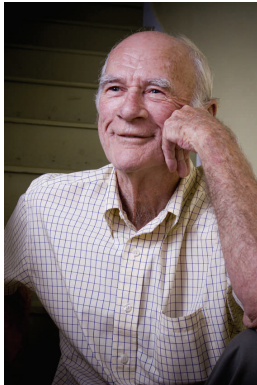
COMPARING COMPENSATION OF STATE-LOCAL VERSUS PRIVATE SECTOR WORKERS

Center for State & Local Government Excellence has issued a new brief that compares compensation of state-local versus private sector workers. Decline in the funded status of pensions in the wake of the financial crisis has put state and local governments under great pressure just as their budgets were decimated as a result of the ensuing recession. The response all over the country has been to increase employee contributions, cut benefits for future employees and in some cases cut cost-of-living adjustments. To justify these changes, the story is that public employees are overpaid and their pensions are a particularly egregious example of that overpayment. At this point, observers generally agree that wages of similarly situated workers are lower in the state-local sector than in the private sector (about 9.5%). The disagreement hinges on the extent to which benefits offset the wage penalty. The Center's re-estimation of the much-used wage equation plus adjustments for proper valuation of pensions and retiree health insurance indicates a difference of about 4 percent in favor of private sector workers. In short, for the nation as a whole the difference between public and private sector compensation appears modest. The relatively modest differential should make policymakers cautious about massive changes without carefully studying specifics of their particular situation

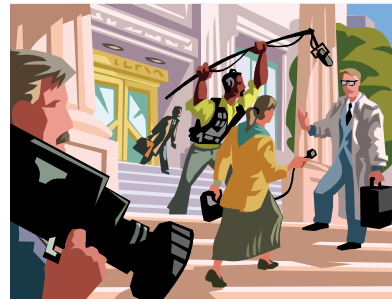


FEW BABY BOOMERS FINANCIALLY PREPARED FOR RETIREMENT

They may long to give up their daily commutes and have wide-open schedules, but far too many baby boomers are largely unprepared to leave their jobs, according to benefitnews.com. Only 54% have tried to calculate a financial goal for retirement, just 45% have consulted with a financial planner and 43% do not consider themselves knowledgeable about making financial investments. When asked to name the most important feature of a retirement investment product, the number one trait was “guaranteed monthly income,” selected by 18% of respondents, followed by rate of return (17%) and principal protection (15%). In terms of preparedness, the overall attitude of Boomers nearing retirement is pessimistic, with six out of 10 expressing concern about outliving their retirement savings. Seven out of 10 are afraid that their household is not saving enough to cover future needs, and more than one-third of pre-retirees indicate that they did not know the age at which they would retire.



DEFINE THE TERMS



This is not Jay Leno or Jimmy Kimmel..... The link below is a short video from Center for Retirement Research, at Boston College, in which people-on-the-street in Chicago are asked the meaning of everyday financial terms.

Watch the video at

<http://www.vimeo.com/27206398>

The Board Thanks Steve Cypen for the use of this information

THE BOARD OF TRUSTEES

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Application To Elect Earnings

Reminder... In the last issue we inserted an Application To Elect Earnings Form.



Vested members of the Fund have the opportunity each year to modify their earnings election for their DROP/SHARE Accounts prior to October 1st.

If you are vested (or will be vested prior to October 1st) & you wish to modify your earnings election as outlined on the form, please complete and return the form to the Office of Retirement. If you need another form let us know at once!

If you DO NOT wish to modify your earnings election, no action is required on your part.

Any questions should be directed to our Plan Administrator

Verification of Retirement

The Board of Trustees are gearing up for the annual independent audit for the *West Palm Beach Police Pension Fund*. Part of that procedure is ensuring the payments are being made in accordance with the Special Act that governs the Fund. As such a yearly confirmation for all retirees (or their beneficiary) was recently sent out for you to execute & return. These forms were approved by the Board of Trustees and will be transmitted to you on an annual basis.

The form enclosed contains four options based on your personal situation. You are being requested to complete the cited confirmation form that applies to your retirement status.

The packet enclosed has four forms attached to it, each is clearly titled. The form entitled "**Retiree Affidavit**" is for retired officers receiving normal retirement benefits. The form entitled "**Disability Retiree Medical Review**" is for officers who are retired on any type of disability. The form entitled "**Widow/Widower Unremarried Affidavit**" is for Widow/Widowers receiving a pension payment from a retired officer. Finally, the form entitled "**Beneficiary Affidavit**" is for any other person receiving a payment, such as a minor of a deceased officer, etc.

Once you select the appropriate form, kindly complete and have notarized. Please return the completed/notarized form to the pension office. A self-addressed stamped envelope was enclosed in the mailing, so not to inconvenience you further.

It is very important that we have this information back in the office as prescribed, to avoid possible interruption of your payment.