

Metropolitan Water Reclamation District Retirement Fund

Minutes Board of Trustees May 25, 2011

The regular meeting of the Board of Trustees of the Metropolitan Water Reclamation District Retirement Fund was held May 25, 2011. Joseph Kennedy, President called the meeting #1060 to order at 10:00 a.m. in the Metropolitan Water Reclamation District of Greater Chicago Board Room at 100 E. Erie Street, Chicago, Illinois.

Trustees present: Joseph F. Kennedy, Barbara McGowan, Cynthia M. Santos, Stephen J. Carmody, John P. Dalton, Robert T. Regan, and Joseph W. Rose.

Staff present: Susan Boutin (*Executive Director*), Mary Wilson (*Supervising Benefits Analyst*), George Kirie (*Financial Analyst*), Vrinda Kulkarni (*Accountant/Analyst*) and Vitaliy Bunimovich (*Programmer/Analyst*).

Investment Manager present: John Hauswirth (*Vontobel Asset Management*)

Also present: Ivory Day, Gray & Co. (*Investment Consultant*) and Mary Ann Boyle (*Assistant Treasurer MWRDGC*), and Members of the Public.

Regular Business:

Consent Agenda

Expenses

Administrative expenses to be paid in June 2011 in the amount of \$476,759.39 were presented for approval. The itemized report is on file.

A motion was made by Mr. Dalton, seconded by Mr. Rose, to approve the Administrative Expenses. The motion was unanimously approved.

Regular Business, continued:

Consent Agenda, continued:

Employee Annuitants

The applications for thirty-four new employee annuitants with a total monthly annuity benefit of \$156,002.01 was presented with the recommendation that it be approved and granted as follows:

<u>Employee Name</u>	<u>Position</u>	<u>Annuity Begins</u>	<u># Years @ MWRD</u>	<u># Years Reciprocal</u>
Ali, Mohammad M.	Senior Civil Engineer	5/1/2011	21.00	0.00
Anderson, Jerry W.	Truck Driver	5/1/2011	12.80	0.00
Ashley, Nathaniel	MLAS	5/1/2011	18.28	0.00
Breen, Elaine	MLA	5/1/2011	26.00	0.00
Darcy, Thomas J.	Operating Engineer I	5/1/2011	44.58	0.00
Davis, Willie J.	Operating Engineer I	5/1/2011	30.00	0.00
Durham, Ellice D.	Supervising Environmental Chemist	5/1/2011	31.46	0.00
Enda, Frank	Principal Storekeeper	5/1/2011	31.00	0.00
Floyd, Michael R.	MLAS	5/1/2011	32.52	0.00
Frigo, Anthony D.	Machinist	5/1/2011	26.00	0.00
Frigo, Thomas J.	Machinist Leadman	5/1/2011	27.55	0.00
Griswold, Dennis L.	Carpenter	5/1/2011	26.66	0.00
Harrington, Mitchell J.	Architectural Ironworker	5/1/2011	11.00	0.00
Hickey Sr., Gerald M.	Operating Engineer I	4/1/2011	23.63	0.00
Jura, Jerome F.	EI & TM	5/1/2011	21.93	0.00
Kovach, Joseph J.	Machinist	5/1/2011	22.00	0.00
Kraus, Jeffrey E.	Architectural Ironworker	5/1/2011	23.00	0.00
Langwinski, Michael J.	Safety Inspector	5/1/2011	19.00	0.00
Lewis, Carl	MLA	5/1/2011	21.00	0.00
McKinley, Edward	Fireman-Oiler	5/1/2011	31.83	0.00
Monteleone, John	Structural Ironworker	5/1/2011	10.00	0.00
Naegele III, Charles E.	Pipefitter	5/1/2011	18.86	0.00
Nieman, Philip W.	Powerhouse Mechanic Leadman	5/1/2011	11.00	0.00
Nolan, Maryann T.	MLA	5/1/2011	26.00	0.00
Pacyga, Glenn D.	Storekeeper	5/1/2011	28.00	0.00
Schafer, Joseph C.	Powerhouse Dispatcher	5/1/2011	15.00	0.00
Schorsch, Jeffrey L.	Stores & Inventory Manager	5/1/2011	30.00	0.00
Shalks, Michael	Machinist	5/1/2011	27.77	0.00
Sullivan, Patrick A.	Carpenter	5/1/2011	30.47	0.00
Turner, Robert E.	Systems Dispatcher	5/1/2011	30.00	0.00
Tyson, Jr., Merrill J.	Operating Engineer II	5/1/2011	31.94	0.00
Uher, Robert M.	Electrical Mechanic	5/1/2011	20.80	0.00
Vasquez, Janet L.	Laborer Foreman	5/1/2011	24.00	0.00
Wysocki, Paul T.	Chief Operating Engineer I	5/1/2011	30.00	0.00

A motion was made by Mr. Rose, seconded by Mr. Carmody to approve the Employee Annuitant applications. The motion was unanimously approved. The itemized report is on file.

Regular Business, continued:

Consent Agenda, continued:

Surviving Spouse Annuitants

The applications for four new surviving spouse/child annuitants with a total monthly annuity benefit of \$2,000.00 was presented with the recommendation that they be approved and granted as follows:

<u>Beneficiary/Annuitant Name</u>	<u>Deceased MWRD Employee</u>	<u>Annuity Begins</u>
Fergus, Aiden	Fergus, John J.	03/01/11
Fergus, Brendan	Fergus, John J.	03/01/11
Fergus, Matthew	Fergus, John J.	03/01/11
Fergus, Michael	Fergus, John J.	03/01/11

A motion was made by Mr. Carmody, seconded by Mr. Dalton, to approve the Surviving Spouse/Child Annuitant applications. The motion was unanimously approved. The itemized report is on file.

Refunds and Final Payments

The applications for seventeen refunds and final payments in the combined amount of \$357,628.54 were presented with the recommendation that they be approved and granted as listed on the following page:

<u>Employee/Annuitant Name</u>	<u>Retirement Date</u>	<u>Event</u>	<u>Payee</u>
Ali, Mohammad M.	04/30/11	No Spouse Refund	Ali, Mohammad M.
Aman, Ahmed A.	04/01/11	Resignation	Aman, Ahmed A.
Anderson, Jerry W.	04/30/11	No Spouse Refund	Anderson, Jerry W.
Banko, Jason J.	04/13/11	Resignation	Banko, Jason J.
Breen, Elaine	04/30/11	No Spouse Refund	Breen, Elaine
Darcy, Thomas J.	04/30/11	No Spouse Refund	Darcy, Thomas J.
Darcy, Thomas J.	04/30/11	Excess Optional	Darcy, Thomas J.
Durham, Ellice D.	04/30/11	No Spouse Refund	Durham, Ellice D.
Griswold, Dennis L.	04/30/11	No Spouse Refund	Griswold, Dennis L.
Langwinski, Michael J.	04/30/11	No Spouse Refund	Langwinski, Michael J.
Lewis, Carl	04/30/11	No Spouse Refund	Lewis, Carl
Nolan, Maryann T.	04/30/11	No Spouse Refund	Nolan, Maryann T.
Pacyga, Glenn D.	04/30/11	No Spouse Refund	Pacyga, Glenn D.
Schorsch, Jeffrey L.	04/30/11	Excess Optional	Schorsch, Jeffrey L.
Sullivan, Patrick A.	04/30/11	Excess Optional	Sullivan, Patrick A.
Vasquez, Janet L.	04/30/11	No Spouse Refund	Vasquez, Janet L.
Wysocki, Paul T.	04/30/11	Excess Optional	Wysocki, Paul T.

A motion was made by Mr. Dalton, seconded by Mr. Rose, to approve the Refunds and Final Payments applications. The motion was unanimously approved.

Regular Business, continued:

Consent Agenda, continued:

Duty Disability

The 34 applications for Duty Disability benefits were presented with the recommendation that they be approved and granted. The itemized report is on file.

A motion was made by Mr. Rose, seconded by Mr. Carmody, to approve the Duty Disability applications. The motion was unanimously approved.

Ordinary Disability

The 18 applications for Ordinary Disability benefits were presented with the recommendation that they be approved and granted. The itemized report is on file.

A motion was made by Mr. Carmody, seconded by Mr. Dalton, to approve the Ordinary Disability applications. The motion was unanimously approved.

Entire Consent Agenda

Mr. Kennedy conducted a roll call vote on the entire Consent Agenda, which was unanimously approved.

Ms. Boutin responded to Mr. Dalton's question regarding code "F" for Final Credit on the Ordinary Disability applications.

Administrative:

Cash Allocation – July 2011 Annuitant Payroll funding

Ms. Boutin made the recommendation to transfer a maximum of \$10.4 million from Lombardia's Large Cap Value Portfolio to supplement funds available to cover the July 2011 payroll and expenses estimated to be \$11.3 million.

Mr. Dalton made the motion to transfer a maximum of \$10.4 million from the Lombardia Capital Partners Large Cap Value Portfolio to supplement funds available to cover the July 2011 payroll and expenses estimated to be \$11.3 million. Mr. Carmody seconded the motion which was unanimously approved by roll call vote.

Investment Consultant RFP

Ms. Boutin reported that on April 20, 2011, following the Board meeting, the trustees heard presentations from three investment consulting firms who responded to the RFP which included NEPC, LLC, Callan Associates, Inc and Gray & Co. Our current contract with Gray & Company ends on June 30, 2011. According to PA 96-0006, a pension fund shall not enter into a contract with a consultant that exceeds 5 years in duration. The consultant services may not be renewed but the current consultant is eligible to compete for a new contract. A motion is required to hire one of the three consulting firms for a five year period beginning July 1, 2011.

Mr. Dalton made the motion to retain the Investment Consulting services of Gray & Co. for a period of five years commencing July 1, 2011. Mr. Rose seconded the motion which was unanimously approved by roll call vote. [8-9]

Mr. Rose commented that the results of the Fund over the last three years speak to the competency of Gray & Company.

2010 Financial Report

Mr. Paul M. Doetsch, Audit Partner, Legacy Professionals LLP thanked the Board and staff for the opportunity to conduct the 2010 audit. He reviewed the Financial Statements, the Management Letter and Audit adjustments. Mr. Rose inquired about the increase in the allowance for uncollectible taxes, and Ms. Boyle clarified that the increase simply reflects late timing of actual tax receipts, and the Districts accounting policy; collections have been constant. Ms Boyle also responded to Mr. Carmody's question, clarifying that the allowance does not affect the Fund receiving the full District contribution calculated with the 2.19 multiplier. Mr. Rose noted that the increase in investment expenses was related to the higher assets under management, and shift from passive to active management of investments during 2010. Ms. Kulkarni responded to Mr. Rose's question about increased custodial fees in 2010.

Administrative, continued:

2010 Financial Report, continued

Mr. Doetsch noted that there has been some discussion at the Government Accounting Standards Board and other organizations about an explanatory paragraph that would be inserted into the Auditor's Opinion Report to address any fiscal sustainability issues marked by sustained and irreversible downward trend in the funded ratio of a pension fund. In reference to the Management Letter comments, Ms. Kulkarni clarified for Mr. Dalton about the monthly process of the Annuity Payroll reconciliation to the general ledger. Mr. Doetsch responded to Mr. Rose's question, with a business continuance and disaster recovery plan has been begun in 2011, that the lack of such a plan at year-end was not found to be an audit issue. Mr. Rose commented that the possibility of an explanatory paragraph requirement is yet another reason the Board should be taking action to improve funding.

2010 Actuarial Report

Mr. Goldstein, Consulting Actuary, reviewed the 2010 Actuarial Valuation report in detail, including the calculation of the 2010 actuarial loss, vs. the actual 2010 investment gains. Based on the experience analysis performed in late 2010, the Board had approved changes in the actuarial assumptions, namely reducing the mortality, termination and retirement rates. Mr. Goldstein reviewed the current AVA, AAL, UAAL and funded ratio. In response to Ms. Boyle's question, he clarified that the cost of the automatic 3% COLA comes to about 25% of the total liability for the pensions, and concurred with her comment that this area could be one of substantial savings if the COLA was tied to the CPIU. Mr. Goldstein reviewed the calculation of the actuarially determined (employer) contribution, comparing it to the expected statutory contribution. In response to Mr. Roses and Mr. Dalton's questions, Mr. Goldstein clarified the difference between the 2010 actual investment returns which exceeded our target rate of 7.75%, and the actuarial return which was 3.39% due to the 5-yr smoothed method of calculation.

(Motion followed discussion on Funding)

Retirement Fund Funding

Kevin Fitzpatrick, Acting MWRD Executive Director, addressed the Board in light of legislation in Springfield concerning various state funds (i.e. SB 512), which at one point included MWRD RF but currently does not after the District request to be exempted, based on our tax cap. SB 512 outlines 3 plans to contain pension costs 1) EE could stay in current defined benefit plan, but pay more for those benefits in future years, 2) EE could opt into a new plan, the Tier II plan which is the plan in effect for new hires on or after 1/1/11, or 3) EE could go to a self-managed plan. Mr. Fitzpatrick said the MWRD is committed to coming up with their own remedy which will be part of the 2012 budget deliberations, and maybe presented at the 2011 legislative veto session, or at a minimum the 2012 legislative session. He worked with Ms. Boyle to come up with some options to consider to improve funding, and presented a handout listing a proposal that he would recommend to the MWRD Board possibly as early as the 2nd meeting in June. The 7 recommendations were:

1. Goal to be 90% funded in 40 years
2. EE contributions increase one percent a year over a 3-year period, from 9% to 12%
3. ER contribution multiplier be reduced from 2.19 to 2.0 to reduce taxpayer burden
4. Use of Pension Obligation Bonds (POB) for influx of cash into the Fund
5. After the Fund achieves 90% funding ratio, the current costs could be calculated and shared by EE and ER
6. If Fund earnings on the bond proceeds exceeded some threshold rate, the excess would be put into a fund to retire the bonds early.
7. Benefit package for new hires at the MWRD would change where the maximum benefit may be reduced from 80 to 75%, retirement age to be 67 for new hires and other changes

Administrative, continued:

Retirement Fund Funding, continued

Mr. Fitzpatrick addressed Ms. Santos' questions about the climate in Springfield towards POB, and commented on the likely income generation they would provide. He clarified for Ms. McGowan that the proposed retirement age of 67 for new hires is the same as the Tier II legislation. He clarified for Mr. Dalton that the total \$250M-\$300M of taxable POB's would be sold in smaller increments, of about \$50M a year for 5 years; term of bonds would be about 5 to 10 years. Discussion followed on recommendation number 6. Mr. Carmody and Mr. Roses's questions about the effect of the tax cap on funding the pension fund, and Springfield's attitude toward our fund, were addressed by Mr. Fitzpatrick, and commented on by Mr. Kennedy. Further discussion followed, and Mr. Goldstein was requested by Mr. Kennedy and Ms. Boyle to assist in computing the amount of POB's (principal contribution amount) necessary to achieve 90% funding in 5 years.

2010 Actuarial Report - motion

Mr. Regan made the motion to accept the actuarial valuation for the fiscal year ending December 31, 2010 actuarial valuation. Acceptance of the actuarial valuation implied acceptance of the actuarial assumptions: (1) the mortality assumptions for males was changed from the UP-1994 Mortality Table For Males rated down 1 year to the UP-1994 rated down 2 years and the mortality assumption for females was changed from the UP-1994 Mortality Table For Females, rated up 1 year, to the UP-1994 rated down 1 year (2) the assumed rates of termination were reduced by 30% and (3) the assumed rates of retirement were reduced by approximately 20%. The funded ratio at the actuarially smoothed value decreased from 60.7% to 56.5%. Mr. Dalton seconded the motion which was unanimously approved by roll call vote.

Oath of Office

Ms. Boutin reported that the Honorable Cynthia Santos executed the Oath of Office for the term commencing December 1, 2010. She was appointed to serve as a Retirement Fund Trustee by the District's Board of Commissioners on December 2, 2010 following the retirement of Honorable Gloria Alitto Majewski. The term of office ends on January 31, 2013.

Disaster Recovery and Business Continuity Plan

Ms. Wilson reported that following a discussion at the last Board meeting regarding disaster recovery and business continuity, trustees instructed staff to prepare an RFP to procure services for network analysis with a goal of creating a back up site at the Stickney Plant. With the assistance of Mr. Carmody, the Fund has procured office space at Stickney. The RFP was sent to ten vendors, with three responses received from Catalyst Consulting Group, Prevolution Consulting, and MK Business Solutions. Ms. Wilson presented summaries of the three proposals, recommending that staff interview Prevolution and MK Business Solutions; recommendation was deemed reasonable by Mr. Kennedy. Ms. Wilson and Mr. Bunimovich answered further questions about what services the chosen firm would provide.

Administrative, continued:

Report of Retirement Processing

Ms. Boutin reported as follows on historical volume of retirement processing handled by the Benefits staff.

Year	Total Retirements	Non-Reciprocal Retirements	Reciprocal Retirements	# Estimates Provided to Active Members
2007	100	84	16	498
2008	56	42	14	527
2009	53	40	13	553
2010	137	119	18	816
2011	49	46	3	305 (17 outstanding)

Health Insurance

Ms. Boutin reported that on May 6, 2011, our office mailed 1,959 letters to retirees and surviving spouses to inform them of the 5.38% (2010 10.35%) increase in PPO and HMO health insurance premiums. We're now fielding their phone calls and requests to change insurance coverage by May 31st. Mr. Rose noted that the premiums for families with children between the ages of 23 and 26 have actually gone down. Ms. Boutin also noted that the \$600 cap on wellness expenses was lifted.

Staff Training and Education

Ms. Boutin updated the Board about opportunities for training discussed at the last Board Meeting. The Northwestern Pension Fund Trustee Continuing Education Course was cancelled due to low enrollment. In lieu of this training, you might want to consider the IMN Conference at the Marriott on June 1st and 2nd or the P&I Pension Risk Management Conference on June 14th at the Gleacher Center. Ms. Boutin reviewed the Continuing Education requirements in response to inquiry by Ms. Santos.

Legal and Legislative

Authority for legal services provided by JBOSH

Ms. Boutin requested authority for legal services to be provided by Jacob, Burns, Orlove, and Hernandez attorneys at the hourly rate of \$225 for the period of July 2011 through June 2012 in an amount not to exceed \$29,500. She presented a handout summarizing the firm's bills over the last year and their annual charges since inception. This year they are proposing an increase of 2.27% to \$225 per hour effective July 1, 2011.

Mrs. Santos made the motion to retain legal services provided by JBOSH at the hourly rate of \$225 for the period of July 2011 through June 2012 in an amount not to exceed \$29,500. Mr. Carmody seconded the motion which was unanimously approved by roll call vote.

Legislative Report – SB 512

Ms. Boutin reported that on May 10, 2011, we were notified by, Speaker Madigan's staffer, Jeff Houch that they were drafting a bill to improve funding. At that time, we were informed that IMRF, Police, Fire and Judges were not included in this bill and that Mayor Elect Emanuel wanted us in this bill. Due to the time constraints for this bill a conference call was set up that day with the Reciprocal Funds to discuss this bill which reduced benefits for current employees. Following a conversation with Kevin Fitzpatrick and Commissioner O'Brien, Speaker Madigan notified us on May 13th that we were being taken out of the bill. At this point, Tom Walsh has informed us that the bill has not been called. Ms. Boutin answered questions about the bill. Mr. Carmody inquired if the Fund wants to consult Joseph Burns about the legal ramifications of any return to the District of investment earnings on Bond proceeds; Mr. Kennedy, Ms. Santos and Ms. Boutin commented at length.

Investment Reports:

Reports by Staff

Mr. Kirie gave summaries of the first quarter 2011 performance of the two investment managers scheduled to present today; Hexavest and Vontobel Asset Management. He was informed by email this morning that the flight from Canada for Hexavest was cancelled and their representatives would not be in attendance; they will come as scheduled in November. Mr. Kirie then reviewed the Bank of New York Mellon Custodian reports, which showed Fund assets at \$1.121B at 4/30/11. The asset allocation schedule showed assets at \$1.100B at 5/18/11. Mr. Kirie also presented the 1st quarter Commissions report, showing 21% directed to minority broker-dealers, noting that Ms. Boutin and himself have been in discussion with Wellington to use direct trades vs corresponding trades; Mr. Kennedy commented. Mr. Kirie presented the Securities Lending report for the 1st quarter, and he and Mr. Day responded to questions about revenues, realized losses, and risk posed by Mr. Dalton, Mr. Carmody and Mr. Kennedy.

Report by Investment Manager

Mr. John Hauswirth of Vontobel Asset Management presented the first quarter 2011 performance report. Ms. Boutin requested he comment about emerging markets within the International portfolio, including ETF's vs. direct allocation. He responded to Mr. Kennedy's inquiry about the benefits and drawbacks of registration in various countries for direct investment, noting the difficulty and time involved with registering in India. Report is on file.

Reports by Investment Consultant

Mr. Ivory Day thanked the Board for the new 5-year consultant contract. He stated that today he will present the 1st quarter performance report, rebalancing schedule, and discuss the Emerging Manager Program.

Emerging Manager Program

Mr. Day recounted the Board's decision to hire four emerging managers, 2 Large Cap Value (LCV) and 2 Large Cap Growth (LCG). He reported that the manager agreements have been signed, and noted that Mr. Kirie's efforts in fee negotiation resulted in a \$56,000 or 20% reduction in fees. To help simplify the transition manager hiring process, he and Larry Gray are going to put together a panel of transition managers from which to select for future transitions. Ms. Boutin reported on the meeting with Mr. Gray earlier this week, and asked Mr. Day to comment on some of the various decision factors. Mr. Dalton requested clarification that Credit Suisse was the consultant's recommendation for the transitions to fund the 4 new LC emerging managers, and that the panel will assist in future transitions.

Mrs. Santos made a motion to accept the recommendation made by Gray & Co. to hire the transition management services of Credit-Suisse for funding the newly hired emerging managers, NorthPointe Capital, Graham & Dodd Fund LLC, Holland Capital Management and Decatur Capital Management, Inc. Mr. Dalton seconded the motion which was unanimously approved by roll call vote.

1st Quarter Performance Report

Mr. Day reviewed Gray & Company's 1st quarter performance report. He responded to Mr. Rose's question about some expert's opinion that the Barclay's Aggregate Index is broken. He called attention to the superior returns of the Fund in all time periods reported on the Executive Summary, and responded to Mr. Dalton's question about construction of the benchmarks. Mr. Kirie inquired about the number of pension funds included in the Cumulative Performance Comparison showing total returns of Public Fund sponsors on page 5. Report is on file.

Investment Reports, continued:

Other Investment related discussion

Ms. Boutin requested signatures from Commissioner Santos and Joseph Kennedy on the Investment Management Agreements with the new emerging managers.

Ms. Boutin noted that at the request of Mr. Dalton, Trustee Training on infrastructure, in the form of a roundtable discussion, has been scheduled for Wednesday June 22, following the Board Meeting. Mr. Rose suggested a session on the Open Meetings Act, and Ms Boutin said that Larry Gray would come to talk about transitions.

Adjournment:

At 1:47 p.m. a motion to adjourn was made by Ms. Santos, whereupon Mr. Kennedy adjourned the meeting.

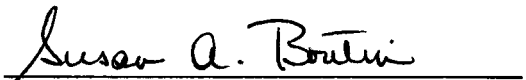
Next Meeting Notice:

The next Regular Board Meeting will be held on Wednesday June 22, 2011.

Respectfully submitted,



Robert T. Regan/Vice President

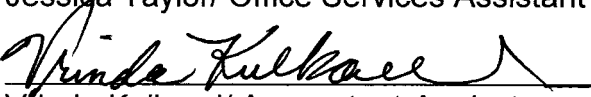


Susan A. Boutin / Executive Director

Prepared by:



Jessica Taylor/ Office Services Assistant



Vrinda Kulkarni/ Accountant-Analyst

MWRD RETIREMENT FUND SECURITY TRANSACTIONS FOR THE MONTH OF MAY 2011

<u>PURCHASES</u>	<u>SHARES</u>	<u>PURCHASES</u>	<u>SHARES</u>
ABERCROMBIE & FITCH CO	3,893	EMDEON INC	6,500
ADTRAN INC	4,100	ENDO PHARMACEUTICALS HOLDINGS	7,084
ADVANCE AUTO PARTS INC	5,100	ENDURANCE SPECIALTY HLDGS LTD	9,100
AEROPOSTALE INC	15,600	ENERGEN CORP	5,250
AGILENT TECHNOLOGIES INC	4,000	ENERGY PARTNERS LTD	10,300
ALCATEL-LUCENT/FRANCE	43,800	ENTROPIC COMMUNICATIONS INC	43,600
ALLSCRIPTS HEALTHCARE SOLUTION	2,100	EXACT SCIENCES CORP	6,900
ALPHA NATURAL RESOURCES INC	8,475	F5 NETWORKS INC	400
ANALOG DEVICES INC	1,075	FAMILYMART Y50	2,500
APACHE CORP	6,040	FIRST AMERICAN FINANCIAL CORP	9,900
APOLLO GLOBAL MANAGEMENT LLC	28,500	FIRSTENERGY CORP	23,250
APOLLO GROUP INC	5,300	FLOWERVE CORP	1,100
ARROW ELECTRONICS INC	1,300	FOSSIL INC	1,400
ASAHI BREWERIES NPV	6,100	FREEPORT-MCMORAN COPPER & GOLD	3,000
ASSURED GUARANTY LTD SHS	900	FRONTIER OIL CORP	19,202
ATWOOD OCEANICS INC	400	GENERAL DYNAMICS CORP	8,800
BABCOCK & WILCOX CO	8,458	GENERAL MOTORS CO	13,400
BAKER HUGHES INC	4,400	GENPACT LTD	6,125
BALL CORP	7,300	GILEAD SCIENCES INC	7,170
BELDEN INC	7,900	GLOBAL PAYMENTS INC	600
BIO-RAD LABORATORIES INC	5,800	GOLDMAN SACHS GROUP INC/THE	4,300
BNY MELLON CASH RESERVE	21,120	GRAND CANYON EDUCATION INC	1,900
BOEING CO/THE	3,735	GREEN MOUNTAIN COFFEE ROASTERS	3,600
BUCKLE INC/THE	3,800	GUESS? INC	1,100
CAMERON INTERNATIONAL CORP	3,000	HANNOVER RUECKVERSICHERUNG AG	1,349
CARDINAL HEALTH INC	3,750	HASBRO INC	3,700
CARPENTER TECHNOLOGY CORP	1,200	HEALTH MANAGEMENT ASSOCIATES I	26,672
CBL & ASSOCIATES PROPERTIES IN	8,375	HEALTH NET INC	5,675
CELANESE CORP	500	HERMES INTL FRF10 POST SPLIT	1,116
CENTRAL JAPAN RY Y5000	20	HERTZ GLOBAL HOLDINGS INC	14,400
CHART INDUSTRIES INC	3,000	HESS CORP	8,100
CHESAPEAKE ENERGY CORP	11,800	HONG KONG & CHINA GAS HKD0.25	39,000
CLOUD PEAK ENERGY INC	19,100	HUNTINGTON BANCSHARES INC/OH	38,025
COACH INC	400	IGATE CORP	3,000
COBALT INTERNATIONAL ENERGY IN	5,125	INTEL CORP	10,290
COCA-COLA AMATIL NPV	6,351	INTERLINE BRANDS INC	12,560
COCA-COLA ENTERPRISES INC	9,422	IPC THE HOSPITALIST CO INC	7,900
COLGATE-PALMOLIVE CO	9,695	JACOBS ENGINEERING GROUP INC	900
COMMERZBANK AG NPV	20,845	JIAYUAN.COM INTERNATIONAL LTD	6,100
COMMUNITY BANK SYSTEM INC	15,085	JOHNSON & JOHNSON	15,920
CONTANGO OIL & GAS CO	4,850	JOY GLOBAL INC	1,600
CON-WAY INC	2,475	JPMORGAN CHASE BK N A LONDON	3,600
COOPER INDUSTRIES PLC	700	KELLOGG CO	5,149
CORE LABORATORIES N V	2,879	KRAFT FOODS INC	20,610
CRACKER BARREL OLD COUNTRY STO	1,400	KROGER CO/THE	5,630
CREE INC	3,700	LAWSON INC NPV	1,400
CULLEN/FROST BANKERS INC	1,525	LINKEDIN CORP - A	500
CUMMINS INC	1,300	LLOYDS BANKING GROUP PLC	143,369
DAIICHI SANKYO COMPANY LIMITED	3,500	LPL INVT HLDGS INC	2,800
DAITO TRUST CONSTRUCTION Y50	5,500	MACY'S INC	24,430
DELL INC	7,000	MAIDENFORM BRANDS INC	2,385
DENBURY RESOURCES INC	31,175	MANPOWERGROUP	2,150
DIAMOND OFFSHORE DRILLING INC	3,824	MEDTRONIC INC	10,000
DIRECTV	5,336	MERCK & CO INC	14,800
DOVER CORP	300	METROPCS COMMUNICATIONS INC	6,725
EBIX INC	6,680	MICREL INC	10,320
EDISON INTERNATIONAL	9,500	MOLSON COORS BREWING CO	6,550
ELI LILLY & CO	14,559	MONRO MUFFLER BRAKE INC	1,550

PURCHASES

	<u>SHARES</u>
MORGAN STANLEY	10,500
MUENCHENER RUECKVERSICHERUNGS	1,102
NASDAQ OMX GROUP INC/THE	1,800
NATIONAL INSTRUMENTS CORP	8,085
NAVISTAR INTERNATIONAL CORP	500
NETAPP INC	700
NEXTERA ENERGY INC	5,400
NIPPON TEL & TEL CORP Y50000	4,400
NORDSTROM INC	500
NORTHERN OIL AND GAS INC	6,630
NVIDIA CORP	17,360
O2MICRO INTERNATIONAL LTD	6,140
OCCIDENTAL PETROLEUM CORP	1,455
ORACLE CORP	3,050
OSAKA GAS CO Y50	31,000
OWENS-ILLINOIS INC	8,992
PFIZER INC	27,655
PIER 1 IMPORTS INC	12,500
PIONEER NATURAL RESOURCES CO	3,250
POLARIS INDUSTRIES INC	5,920
QLIK TECHNOLOGIES INC	8,100
QUALCOMM INC	1,880
REGENERON PHARMACEUTICALS INC	900
RENREN INC	4,000
RESMED INC	500
RITCHIE BROS AUCTIONEERS INC	5,350
ROBERT HALF INTERNATIONAL INC	1,600
ROSS STORES INC	2,600
RPX CORP	4,000
RUE21 INC	1,300
SANTEN PHARMACEUTICAL CO	1,600
SKYWORKS SOLUTIONS INC	4,075
SLM CORP	8,275
SM ENERGY CO	3,800
STRAYER EDUCATION INC	2,255
SUNCORP GROUP LIMITED	10,970
SUPERIOR ENERGY SERVICES INC	2,500
SYSCO CORP	18,375
TELSTRA CORP NPV	34,926
TERADATA CORP	800
TIMBERLAND CO/THE	18,900
TIMKEN CO	6,425
TOKYO GAS CO NPV	43,000
UBS AG LONDON CALL WTS	5,600
ULTRA PETROLEUM CORP	675
UNITED PARCEL SERVICE INC	4,015
UNIVERSAL HEALTH SERVICES INC	14,900
VALUECLICK INC	6,900
VERISIGN INC	3,625
WALTER ENERGY INC	2,050
WATERS CORP	3,008
WEIGHT WATCHERS INTERNATIONAL	3,500
WESCO INTERNATIONAL INC	3,500
WESTERN REFINING INC	14,525
WHITING PETROLEUM CORP	12,860
WORLD FUEL SERVICES CORP	14,120
XILINX INC	1,225
ZURICH FINANCIAL SERVICES AG	219

SALES

	<u>SHARES</u>
ADOBE SYSTEMS INC	5,000
ADVANCE AMERICA CASH ADVANCE C	35,115
AEGON NV EUR0.12	7,607
AEROPOSTALE INC	16,250
AES CORP/THE	40,122
AFLAC INC	2,400
AGRIUM INC	1,200
AKAMAI TECHNOLOGIES INC	600
ALLIANCE DATA SYSTEMS CORP	600
ALLIANZ SE (SOCIETAS EUROPEAE)	1,451
ALMOST FAMILY INC	1,150
ALTERA CORP	400
AMAZON.COM INC	750
AMERICAN ELECTRIC POWER CO INC	3,700
AMERIGROUP CORP	6,400
AMERISOURCEBERGEN CORP	13,390
ANALOG DEVICES INC	200
APOLLO GROUP INC	1,700
ASCENA RETAIL GROUP INC	7,900
AT&T INC	8,100
ATHEROS COMMUNICATIONS INC	3,800
ATLAS AIR WORLDWIDE HOLDINGS I	5,600
AVON PRODUCTS INC	3,100
AXA EUR2.29	4,212
BANK OF NEW YORK MELLON CORP/T	4,000
BAXTER INTERNATIONAL INC	1,800
BE AEROSPACE INC	3,800
BHP BILLITON LIMITED	1,645
BIG LOTS INC	8,975
BIOMERIEUX NPV	569
BLUE COAT SYSTEMS INC	4,400
BNY MELLON CASH RESERVE	21,120
BOEING CO/THE	2,400
BORGWARNER INC	6,105
BOSTON SCIENTIFIC CORP	10,000
BRIDGEPOINT EDUCATION INC	4,900
BUCKLE INC/THE	500
CAPITA GROUP PLC	24,256
CARNIVAL CORP	3,100
CBS CORP	5,000
CELANESE CORP	3,800
CENTENE CORP	3,300
CENTURYLINK INC	12,571
CF INDUSTRIES HOLDINGS INC	200
CHECKPOINT SOFTWARE TECH	8,250
CHILDRENS PLACE RETAIL STORES	1,000
CHUBU ELECTRIC PWR Y500	5,600
CITIGROUP INC	5,800
CITRIX SYSTEMS INC	950
CLIFFS NATURAL RESOURCES INC	600
CNP ASSURANCES EUR1	1,822
COGNIZANT TECHNOLOGY SOLUTIONS	7,256
COLGATE-PALMOLIVE CO	1,900
COMCAST CORP	8,100
CONAGRA FOODS INC	12,243
CONCHO RESOURCES INC/MIDLAND T	2,281
CONSTELLATION BRANDS INC	11,975
CONTINENTAL RESOURCES INC/OK	3,421

<u>SALES</u>	<u>SHARES</u>	<u>SALES</u>	<u>SHARES</u>
CORNERSTONE ONDEMAND INC	4,200	LINKEDIN CORP - A	500
COTT CORP	8,200	LOWE'S COS INC	74,000
COVIDIEN PLC	17,300	MANTECH INTERNATIONAL CORP	1,400
CRACKER BARREL OLD COUNTRY STO	1,000	MCDERMOTT INTERNATIONAL INC	25,450
CUMMINS INC	1,400	MEDASSETS INC	7,400
DISCOVERY COMMUNICATIONS INC	2,725	MEDTRONIC INC	8,300
DREAMWORKS ANIMATION SKG INC	6,600	MERCK & CO INC	8,600
EDISON INTERNATIONAL	4,100	METLIFE INC	4,700
EDWARDS LIFESCIENCES CORP	2,675	MICRON TECHNOLOGY INC	25,684
EL PASO CORP	34,800	MICROS SYSTEMS INC	8,600
EMERGENCY MEDICAL SERVICES COR	4,100	MICROSOFT CORP	9,100
ENTERTAINMENT PROPERTIES TRUST	3,750	MORGAN STANLEY	7,500
EOG RESOURCES INC	1,300	MYLAN INC/PA	1,000
EXELON CORP	6,392	NASDAQ OMX GROUP INC/THE	15,000
EXXON MOBIL CORP	3,500	NAVIGATORS GROUP INC/THE	400
FEDEX CORP	1,200	NETAPP INC	700
FINISAR CORP	1,100	NETSPEND HOLDINGS INC	6,100
FIRSTENERGY CORP	4,400	NEXTERA ENERGY INC	2,200
FMC TECHNOLOGIES INC	25,800	NISSAN MOTOR CO Y50	14,800
FORTUNE BRANDS INC	16,200	NOBLE CORPORATION BAAR	5,700
FRONTLINE LTD SHS	11,130	NORDSTROM INC	1,500
GAMESTOP CORP	24,900	NORFOLK SOUTHERN CORP	2,800
GARMIN LTD	11,657	NUANCE COMMUNICATIONS INC	5,500
GARTNER INC	7,135	OCLARO INC	4,200
GENERAL DYNAMICS CORP	3,200	PEABODY ENERGY CORP	900
GENERAL MOTORS CO	4,500	PENSKE AUTOMOTIVE GROUP INC	3,225
GOLDMAN SACHS GROUP INC/THE	9,379	PEPSICO INC/NC	2,300
GREEN MOUNTAIN COFFEE ROASTERS	1,600	PETMED EXPRESS INC	3,900
HAIN CELESTIAL GROUP INC/THE	1,550	PHARMASSET INC	1,200
HARBIN ELECTRIC INC	2,365	PHILLIPS-VAN HEUSEN CORP	1,400
HARTE-HANKS INC	12,200	POLYCOM INC	6,650
HARTFORD FINANCIAL SERVICES GR	5,900	PRECISION CASTPARTS CORP	200
HEICO CORP	0	PROCTER & GAMBLE CO/THE	5,200
HERBALIFE LTD USD COM SHS	8,090	PROSEGUR COMPANIA SEGURIDAD	1,386
HERTZ GLOBAL HOLDINGS INC	8,700	QBE INS GROUP A\$1	3,955
HESS CORP	1,900	QUESTAR CORP	24,725
HEWLETT-PACKARD CO	18,010	RENREN INC	4,000
HNI CORP	4,925	ROSS STORES INC	600
HOLLY CORP	7,397	RPX CORP	1,200
HOME PROPERTIES INC	4,625	RUE21 INC	2,500
HONDA MOTOR CO NPV	4,600	SOUTHWEST AIRLINES CO	31,210
HUMANA INC	900	SPECTRA ENERGY CORP	32,375
ILLINOIS TOOL WORKS INC	3,000	ST JUDE MEDICAL INC	33,578
INTERSIL CORP	7,400	STANDARD MICROSYSTEMS CORP	2,385
INTUIT INC	2,800	STARBUCKS CORP	19,770
ISHARES MSCI JAPAN INDEX FUND	88,787	STARWOOD HOTELS & RESORTS WORL	11,140
JDA SOFTWARE GROUP INC	8,450	STEEL DYNAMICS INC	3,400
JOHNSON & JOHNSON	15,300	STRAYER EDUCATION INC	2,106
JOHNSON CONTROLS INC	40,700	SUZUKEN CO LTD Y50	2,300
JOY GLOBAL INC	2,550	SWEDBANK AB SEK'A' NPV	7,241
JPMORGAN CHASE & CO	6,500	SYMANTEC CORP	6,100
JPMORGAN CHASE BK N A LONDON	100	TAKEDA PHARMACEUTICAL CO LTD	4,700
KANSAI ELEC POWER NPV	5,700	TERADYNE INC	1,800
KIRBY CORP	6,900	TIFFANY & CO	3,000
KRAFT FOODS INC	6,700	TOWER GROUP INC	11,550
KROGER CO/THE	7,900	TRIUMPH GROUP INC	1,050
LAM RESEARCH CORP	13,800	TTM TECHNOLOGIES INC	4,505
LENDER PROCESSING SERVICES INC	5,400	UGI CORP	7,977

SALES

ULTRA PETROLEUM CORP	5,100
UNITED THERAPEUTICS CORP	3,946
UNITEDHEALTH GROUP INC	16,000
US BANCORP	7,800
VEECO INSTRUMENTS INC	6,100
VERTEX PHARMACEUTICALS INC	4,650
VIACOM INC	8,400
VOLCOM INC	21,289
VORNADO REALTY TRUST	2,425
WADDELL & REED FINANCIAL INC	2,200
WATERS CORP	400
WEIGHT WATCHERS INTERNATIONAL	6,775
WELLS FARGO & CO	10,800
WESTERN UNION CO/THE	2,200
WMS INDUSTRIES INC	3,000

SHARES