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Room 315, State Capitol Building
Little Rock, AR 72201

David Ferguson
Executive Secretary

Tel: 501-682-1937
Fax: 501-682-1936

May 26, 2011

Mr. George Hopkins, Director
Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, Arkansas 72201

Dear Mr. Hopkins:

The Legislative Council met on May 20, 2011 and reviewed several partial equity ownership agreements submitted by the Arkansas Teacher Retirement System (ATRS) for the review of the Legislative Council.

During the meeting, members requested the following additional information:

- (1) the identity of the ATRS consultants and fund managers, including their names, racial or gender make-up of the company, whether or not any are an Arkansas company, and the value of the assets that they manage;
- (2) has the ATRS hired anyone under the emerging managers program; and
- (3) a description of the process for seeking new fund managers to manage or invest funds for the ATRS.

If you would please provide me with this information, I will send it to the members of the Legislative Council.

Please contact me if I may be of assistance with this request or with other matters.

Sincerely,

A handwritten signature in blue ink that reads "David Ferguson".

David Ferguson
Executive Secretary

DF:vjf



June 9, 2011

Mr. David Ferguson, Executive Director
Bureau of Legislative Research
State Capitol, Room 315
Little Rock, AR 72201

Dear Mr. Ferguson:

This letter is in response to your letter of May 26, 2011 concerning additional information requested of Arkansas Teacher Retirement System (ATRS) by members of the Arkansas Legislative Council (ALC). I have listed the specific requests made in your letter and ATRS's response to each below.

- (1) The identity of the ATRS consultants and fund managers, including their names, racial or gender make-up of the company, whether or not any are an Arkansas company, and the value of the assets that they manage;

Response: Enclosed is a schedule labeled "Exhibit A" which gives detailed information from each of ATRS's consultants and investment managers regarding the requested information.

- (2) Has ATRS hired anyone under the emerging managers program?

Response: In 2008, ATRS developed an "Emerging Strategy" program. The program was designed to allow investments in typically smaller managers that might not otherwise be considered due to their use of a new or unusual strategy or due to their brief track record. In 2008, two managers were hired under the program: New Boston, a real estate fund to which ATRS committed \$10 million and Lincoln Vale, a global equities manager which was funded for \$15 million. In 2011, ATRS committed \$75 million to Halderman Farm Management Services, Inc. to select and purchase farmland operations for the System.

- (3) A description of the process for seeking new fund managers to manage or invest funds for ATRS.

Response: The very in-depth process for hiring managers for all asset classes except private equity is documented in "Exhibit B". The process for hiring private equity

George Hopkins, Executive Director – 501-682-1820 – Email: georgeh@arts.gov

managers is explained in "Exhibit C". A detailed questionnaire used to review all potential private equity managers is shown in "Exhibit D".

In response to an earlier request made by some members of ALC, we have also provided a schedule of all investment management fees paid by ATRS in "Exhibit E".

In conclusion, I would like to state that the procedures used for screening and hiring investment managers for ATRS are very rigorous and only managers that meet the highest standards are hired to insure that quality investments are made on the behalf of all benefit participants. However, ATRS has an open-door policy and any manager of institutional quality will be given full consideration by both staff and consultants.

Respectfully,

George Hopkins
by: Gail Belden

George Hopkins
Executive Director

GH:lw
enclosures

Consultant results

Franklin Park

Current Ownership Structure					
Work Group	% Publicly Held	% Employee Owned	% Owned by a Parent Company	% Other (please specify)	Total # of full-time Employees
Ownership of Firm	0%	100%	0%	0%	22

% Minority Ownership of Firm							
Work Group	% African American owned	% Asian Owned	% Hispanic Owned	% Native American Owned	% Female Owned	% Veteran Owned	% Other (Specify)
Ownership of Firm	31%	3%	0%	0%	0%	0%	0%

% Full-Time Employees							
Work Group	% African American	% Asian	% Hispanic	% Native American	% Female	% Veteran	% Other (Specify)
% of Employees	18%	5%	0	0	46%	0	0

Hewitt EnnisKnupp

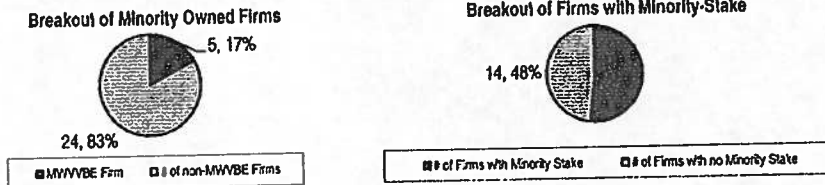
Wholly owned subsidiary of Aon Hewitt

% Full-Time Employees							
Work Group	% African American	% Asian	% Hispanic	% Native American	% Female	% Veteran	% Other (Specify)
% of Employees	13%	18%	7%	0	43%	0	0

**Arkansas Teacher Retirement System
Manager Survey Results**

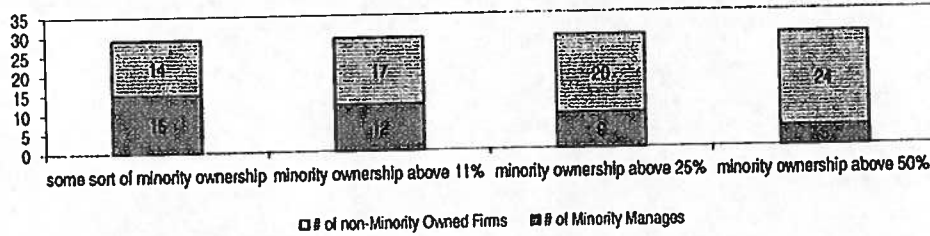
ATRS Current Assets:	\$ 9,752,892,746
Total # of Investment Managers/Service Providers	62
Total # of Employee-Owned Firms	29

Minority Ownership Stats	
# of Majority-owned Minority Firms	5
# of Firms with Minority-ownership Stakes	15
Total # of Employee Owned Firms (Minority and non-Minority)	29

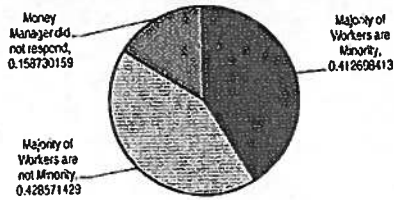


Minority Ownership Stats

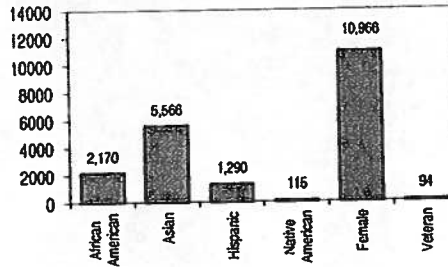
*Of the 29 managers that ATRS is invested in that are majority employee-owned, 15 have some sort of minority ownership
 *Of the 29 managers that ATRS is invested in that are majority employee-owned, 12 have a minority ownership above 11%
 *Of the 29 managers that ATRS is invested in that are majority employee-owned, 9 have a minority ownership above 25%
 *Of the 29 managers that ATRS is invested in that are majority employee-owned, 5 have a minority ownership above 50%



Employee Composition by Firm	
Majority of Workers are Minority	41%
Majority of Workers are not Minority	43%
Money Manager did not respond	16%



Employee Composition Count
 Total # of ATRS Investment Manager Employees = 39,962



ATRS

5 9,752,892,746

6/30/2010

Total Minority Ownership vs. Total Employee-Owned Firms	5 / 28	18%
# of Majority-owned Minority Firms	19 / 28	68%
# of Firms with Minority-ownership Stakes		

Minority Ownership Stats

*Of the 28 managers that ATRS is invested in that are majority employee-owned, 15 have some sort of minority ownership
 *Of the 28 managers that ATRS is invested in that are majority employee-owned, 12 have a minority ownership above 11%
 *Of the 28 managers that ATRS is invested in that are majority employee-owned, 9 have a minority ownership above 25%
 *Of the 28 managers that ATRS is invested in that are majority employee-owned, 5 have a minority ownership above 50%

Out of 63 Managers	41%	26	25
Majority of Workers are a Minority	43%	27	
Majority of Workers are not a Minority	16%	10	
Money Manager did not respond			

Allocations by Money weightings in portfolio

	44.84%	44.87%
Majority of Workers are a Minority	42.45%	42.45%
Majority of Workers are not a Minority	7.14%	7.11%
Money Manager did not respond		

MWVBE Firm	5			% of Minorit	9	
# of non-MWVBE Firms	24			No Minority	19	
Total # of Firms	29				28	
# of Firms with Minority Stake	15		% of Minorit	12	% of Minorit	19
# of Firms with no Minority Stake	14		No Minority	16	No Minority	9
Total # of Firms	29			28		28

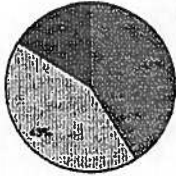
Manager	# of Minority Manages	# of non-Minority Owned Firms		
some sort of minority ownership	15	14	29	
minority ownership above 11%	12	17	29	
minority ownership above 25%	9	20	29	
minority ownership above 50%	5	24	29	

Majority of Workers are Minority	41%
Majority of Workers are not Minority	43%
Money Manager did not respond	16%

African American	2170
Asian	5566
Hispanic	1290
Native American	115
Female	10966
Veteran	94

Total # of Employees	57,077	1179
Exclude ING because they are not reporting		15972
SSgA was included twice	39,926	
Total to Report		

Worker Breakdown



- Majority of Workers are a Minority
- Majority of Workers are not a Minority
- Money Manager did not respond

Money Manager Allocation



- Majority of Workers are a Minority
- Majority of Workers are not a Minority
- Money Manager did not respond

Signifies MWBE majority-owned Firm
 Signifies some MWBE ownership of Firm

Manager	Asset Class	% Publicly Held	% Employee Owned	% Owned by a Parent Company	% Other (please specify)	Total # of Full Time Employees	Arkansas Company	MV	% of Total F Minority Ownership
ICC Capital Management, Inc.	U.S. Equity	0.00%	100.00%	0.00%	0.00%	27	No	598678830	6%
ING (Abs Return & Core)	U.S. Equity	0.00%	0.00%	100.00%	0.00%	1179	No	192248036	2%
Daruma	U.S. Equity	0.00%	100.00%	0.00%	0.00%	12	No	156290295	2%
Kennedy	U.S. Equity	0.00%	100.00%	0.00%	0.00%	49	No	377639241	4%
Allianz (NACM & Oppenheimer)	U.S. Equity	0.00%	0.00%	100.00%	0.00%	226	No	630291292	6%
Jacobs Levy (130/30 and SC)	U.S. Equity	0.00%	100.00%	0.00%	0.00%	61	No	245942553	3%
Stephens	U.S. Equity	0.00%	20.00%	80.00%	0.00%	15	Yes	117955869	1%
Relational	U.S. Equity	0.00%	100.00%	0.00%	0.00%	49	No	86876021	1%
Pershing Square	U.S. Equity	0.00%	0.00%	0.00%	100.00%	41	No	124244896	1%

Manager	Asset Class	% African American owned	% Asian Owned	% Hispanic Owned	% Native American Owned	% Female Owned	% Veteran Owned	% Other (please specify)
ICC Capital Management, Inc.	U.S. Equity	0.00%	0.00%	0.00%	0.00%	0.00%	54.62%	0.00%
ING	U.S. Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Daruma	U.S. Equity	0.00%	90.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Kennedy	U.S. Equity	0.00%	0.00%	0.00%	0.00%	1.60%	0.00%	0.00%
Allianz (NACM & Oppenheimer)	U.S. Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Jacobs Levy	U.S. Equity	0.00%	0.00%	0.00%	0.00%	4.00%	0.00%	0.00%
Stephens	U.S. Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Relational	U.S. Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Pershing Square	U.S. Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Manager	Asset Class	# African American	# Asian	# Hispanic	# Native American	# Female	# Veteran	# Other (Please Specify)	Total Employees
ICC Capital Management, Inc.	U.S. Equity	0	3	1	0	2	3	0	27
ING	U.S. Equity	n/a				6	0	0	1179
Daruma	U.S. Equity	1	2	0	0	11	0	0	49
Kennedy	U.S. Equity	1	0	1	0	85	0*	7	226
Allianz (NACM & Oppenheimer)	U.S. Equity	7	30	10	0	19	0	0	61
Jacobs Levy	U.S. Equity	0	22	1	0	7	0	0	15
Stephens	U.S. Equity	0	0	0	0	7	0	0	15
Relational	U.S. Equity	1	6	2	0	15	0	0	49
Pershing Square	U.S. Equity	1	2	4	0	18	3	0	41

Notes 11 65 19 0 163 6 7 1659

Manager	Asset Class	% Publicly Held	% Employee Owned	% Owned by a Parent Company	% Other (please specify)	Total # of Full Time Employees	Arkansas Company	MV	% of Total F MWEBE Ownership
Wellington	Global Equity	0.00%	100.00%	0.00%	0.00%	1511	No	536493178	6%
Capital Guardian	Global Equity	0.00%	100.00%	0.00%	0.00%	335	No	354457545	4%
Knight Vinke	Global Equity	0.00%	67.00%	0.00%	33.00%	23	No	32633304	0%
Bedlam	Global Equity	0.00%	53.00%	0.00%	47.00%	16	No	163576781	2%
UBS	Global Equity	100.00%	0.00%	0.00%	0.00%	721	No	399842686	4%
SSgA	Global Equity	0.00%	0.00%	100.00%	0.00%	15972	No	782540614	8%
T. Rowe Price	Global Equity	82.50%	17.50%	0.00%	0.00%	4695	No	276995995	3%
Lincoln Vale	Global Equity	0.00%	80.00%	20.00%	0.00%	10	No	15633570	0%
Lazard	Global Equity	0.00%	0.00%	100.00%	0.00%	581.9	No	234936174	2%
D.E. Shaw	Global Equity	0.00%	0.00%	100.00%	0.00%	60	No	243610955	2%

Manager	Asset Class	% African American owned	% Asian Owned	% Hispanic Owned	% Native American Owned	% Female Owned	% Veteran Owned	% Other (please specify)	
Wellington	Global Equity	0.00%	0.00%	0.00%	0.00%	16.00%	0.00%	0.00%	16.00%
Capital Guardian	Global Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Knight Vinke	Global Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.50%
Bedlam	Global Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
UBS	Global Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SSgA	Global Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
T. Rowe Price	Global Equity	n/a				25.00%	0.00%	0.00%	25.00%
Lincoln Vale	Global Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lazard	Global Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
D.E. Shaw	Global Equity	n/a							0.00%

Manager	Asset Class	# African American	# Asian	# Hispanic	# Native American	# Female	# Veteran	# Other (Please Specify)	
Wellington	Global Equity	31	198	42	3	473	0	0	1511
Capital Guardian	Global Equity	15	92	27	1	93	0	0	335
Knight Vinke	Global Equity	1	1	0	0	7	0	0	23
Bedlam	Global Equity	0	0	1	0	5	0	0	16
UBS	Global Equity	32	77	20	0	193	2	0	721
SSgA	Global Equity	1024	2667	475	35	4625	0	0	15972
T. Rowe Price	Global Equity	536	210	158	9	1700	0	85	4695
Lincoln Vale	Global Equity	0	0	0	0	3	0	0	10
Lazard	Global Equity	10	61	12	0	65	0	0	581.9
D.E. Shaw	Global Equity	0	21	0	0	3	0	0	60
		1649	3327	735	48	7167	2	85	23924.9

Manager	Asset Class	% Publicly Held	% Employee Owned	% Owned by a Parent Company	% Other (please specify)	Total # of Full Time Employees	Arkansas Company MV	% of Total F MWBE Ownership		
BlackRock (FIGO and Core)	Fixed Income	100.00%	0.00%	0.00%	0.00%	7850	No	646128544	7%	0.00%
PIMCO	Fixed Income	0.00%	0.00%	51.00%	49.00%	486	No	407681890	4%	0.00%
Western (Abs. and Core)	Fixed Income	0.00%	0.00%	100.00%	0.00%	905	No	637930261	7%	0.00%
Loomis Sayles	Fixed Income	0.00%	0.00%	100.00%	0.00%	525	No	263927686	3%	0.00%
Putnam	Fixed Income	0.00%	9.00%	91.00%	0.00%	1707	No	281550000	3%	0.00%
SSgA	Fixed Income	0.00%	0.00%	100.00%	0.00%	15972	No	261273527.2	3%	0.00%

Manager	Asset Class	% African American owned		% Native American Owned		% Female Owned	% Veteran Owned	% Other (please specify)	
BlackRock	Fixed Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PIMCO	Fixed Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Western	Fixed Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	0.00%
Loomis Sayles	Fixed Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Putnam	Fixed Income	0.06%	2.38%	0.31%	0.00%	4.85%	0.14%	0.00%	0.00%
SSgA	Fixed Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Manager	Asset Class	# African American	# Asian	# Hispanic	# Native American	# Female	# Veteran	# Other (Please Specify)	
BlackRock	Fixed Income	193	1035	217	4	1208	52	33	7850
PIMCO	Fixed Income	8	111	13	0	n/a	0	0	486
Western	Fixed Income	31	218	58	3	324	0	0	905
Loomis Sayles	Fixed Income	10	39	9	1	186	0	49	525
Putnam	Fixed Income	43	137	36	1	627	14	17	1707
SSgA	Fixed Income	1024	2667	475	35	4625	0	0	15972
		285	1540	333	9	2345	66	99	27445

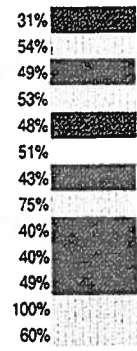
Manager	Asset Class	% Publicly Held	% Employee Owned	% Owned by a Parent Company	% Other (please specify)	Total # of Full Time Employees	Arkansas Company	MV	% of total Full MWBE Ownership
21st Century	Private Equity	0.00%	60.00%	0.00%	40.00%	5	No	10,621,911	0%
Advern	Private Equity	0.00%	85.00%	0.00%	15.00%	5	No		0%
Audax	Private Equity	0.00%	90.00%	0.00%	10.00%	138	No	6,151,735	0%
Blackstone	Private Equity	22.00%	68.00%	0.00%	10.00%	697	No	24,112,539	0%
Boston Ventures	Private Equity	0.00%	100.00%	0.00%	0.00%	22	No	5,164,864	0%
Cinven	Private Equity	0.00%	100.00%	0.00%	0.00%	108	No	310,387,730	3%
CSFB	Private Equity					7	No	9,320,671	0%
Cypress	Private Equity	0.00%	100.00%	0.00%	0.00%	3	Yes	3,759,974	0%
Diamond State	Private Equity	0.00%	100.00%	0.00%	0.00%	n/a	No	128,338,082	1%
DLJ	Private Equity	0.00%	0.00%	100.00%	0.00%	126	No	76,591,163	1%
Doughty Hanson	Private Equity	0.00%	100.00%	0.00%	0.00%	18	No	7,193,307	0%
Franklin Park	Private Equity	0.00%	100.00%	0.00%	0.00%	28	No	53,497,861	1%
HM Capital	Private Equity	0.00%	100.00%	0.00%	0.00%		No	1,330,227	0%
Insight	Private Equity					28	No	3,450,979	0%
KPS	Private Equity	0.00%	100.00%	0.00%	0.00%		No	7,079,233	0%
LLR	Private Equity						No		0%
Mason Wells	Private Equity						No		0%
NGP	Private Equity	0.00%	60.00%	0.00%	40.00%	50	No	13,206,485	0%
Oak Hill	Private Equity	0.00%	100.00%	0.00%	0.00%	98	No	22,347,470	0%
Riverside	Private Equity	0.00%	100.00%	0.00%	0.00%	24	No	2,574,080	0%
TA Associates	Private Equity	0.00%	100.00%	0.00%	0.00%	105	No		0%
Vista	Private Equity	0.00%	100.00%	0.00%	0.00%		No	50,354,947	1%
Wellspring	Private Equity						No		

Manager	Asset Class	% African American owned	% Asian Owned	% Hispanic Owned	% Native American Owned	% Female Owned	% Veteran Owned	% Other (please specify)	
21st Century	Private Equity	50.00%	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%	60.00%
Advent	Private Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Audax	Private Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Blackstone	Private Equity	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	16.00%
Boston Ventures	Private Equity	0.00%	23.00%	0.00%	0.00%	23.00%	8.00%	0.00%	54.00%
Cinven	Private Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CSFB	Private Equity								0.00%
Cypress	Private Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Diamond State	Private Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DLJ	Private Equity	n/a							0.00%
Doughty Hanson	Private Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Franklin Park	Private Equity	16.67%	16.67%	0.00%	0.00%	0.00%	0.00%	0.00%	33.33%
HM Capital	Private Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Insight	Private Equity								0.00%
KPS	Private Equity	0.00%	0.00%	25.00%	0.00%	0.00%	0.00%	0.00%	25.00%
LLR	Private Equity								0.00%
Mason Wells	Private Equity								0.00%
NGP	Private Equity	0.00%	0.00%	0.00%	0.00%	2.00%	0.00%	0.00%	2.00%
Opus	Private Equity	4.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.58%
Parsons	Private Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Perkins	Private Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rockwell	Private Equity	n/a							0.00%
Walden	Private Equity	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Wellspring	Private Equity								0.00%

Manager	Asset Class	# African American	# Asian	# Hispanic	# Native American	# Female	# Veteran	# Other (Please Specify)		
21st Century	Private Equity	2	0	1	0	1	0	0	5	80%
Advent	Private Equity	0	0	0	0	0	0	0	5	0%
Audax	Private Equity	5	27	4	0	30	0	0	138	48%
Blackstone	Private Equity	57	186	59	0	378	0	17	697	100%
Boston Ventures	Private Equity	1	2	0	0	9	1	0	22	59%
Cinven	Private Equity	1	11	1	57	38	0	0	108	100%
CSFB	Private Equity									
Cypress	Private Equity	1	0	0	0	0	0	0	7	14%
Diamond State	Private Equity	0	0	1	0	0	0	0	3	33%
DLJ	Private Equity	n/a								
Doughty Hanson	Private Equity	0	0	7	0	49	0	0	126	44%
Franklin Park	Private Equity	3	0	0	0	6	0	1	18	56%
HM Capital	Private Equity	0	0	2	0	11	1	2	28	57%
Insight	Private Equity									
KPS	Private Equity	2	4	1	0	4	1	2	28	50%
LLR	Private Equity									
Mason Wells	Private Equity									
NGP	Private Equity	0	0	2	0	23	0	2	50	54%

Manager	Asset Class	# African American	# Asian	# Hispanic	# Native American	# Female	# Veteran	# Other (Please Specify)		
Oak Hill	Private Equity	7	7	4	0	28	0	0	98	47%
Riverside	Private Equity	0	4	0	0	6	0	0	24	42%
TA Associates	Private Equity	3	17	2	0	35	0	0	105	54%
Vista	Private Equity	2	6	0	0	8	0	0		
Wellspring	Private Equity									
		84	264	84	57	626	3	24	1462	

Manager	Asset Class	# African American	# Asian	# Hispanic	# Native American	# Female	# Veteran	# Other (Please Specify)	
CB Richard Ellis Investors	Real Estate	15	47	11	0	47	0		387
DLJ	Real Estate	0	9	0	0	4	0	0	24
Heitman	Real Estate	13	10	12	0	56	0	0	187
JPM	Real Estate	77	248	63	1	304	13		1,323
Landmark	Real Estate	5	2	0	0	18	0	0	52
New Boston	Real Estate	2	3	5	0	36	0		90
O'Connor	Real Estate	2	1	3	0	11	0		40
Prudential	Real Estate	18	27	18	0	114	3	0	239
Rothschild	Real Estate	0	1	1	0	3	1	0	15
Torchlight	Real Estate	1	16	3	0	2	0	0	55
UBS	Real Estate	8	6	3	0	65	0	0	167
Westbrook	Real Estate	0	0	0	0	2	0	0	2
Olympus	Real Estate	0	0	0	0	3	0	0	5
Doughty Hanson	Real Estate								
Fidelity	Real Estate								
		141	370	119	1	665	17	0	2,586





Global Investment Management

June 2011

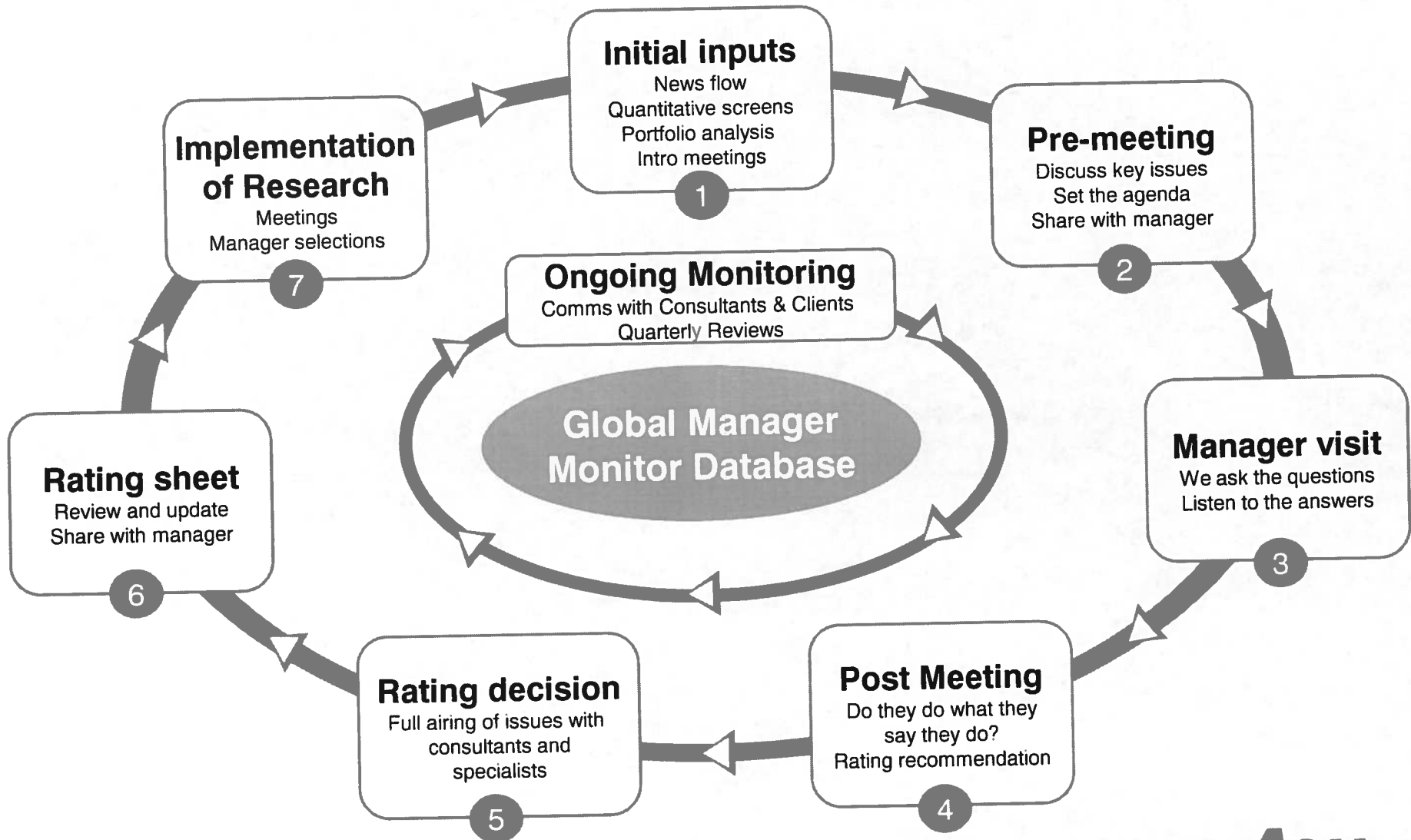
AON Hewitt

Investment Manager Research Process

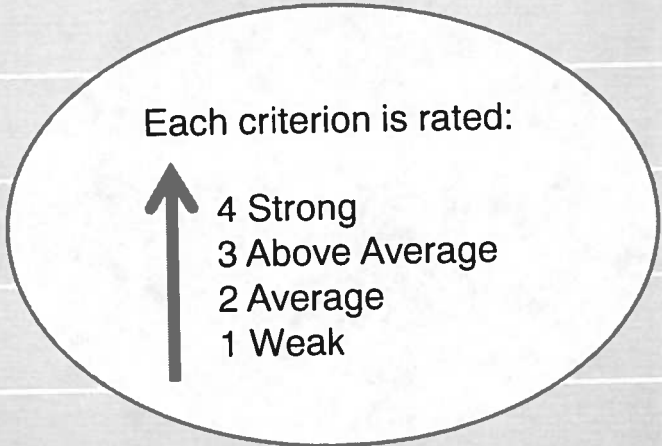
Research Process

- Hewitt EnnisKnupp's research process begins with manager sourcing and is the same for all research groups across the firm. Managers are sourced through a variety of channels including industry relationships, free databases where any manager can self-report their information (eVestment Alliance), client portfolio research, client recommendations, and day-to-day communication. In addition, we attend industry conferences and capital introduction forums.
- We set high standards for investment strategy, experience, organizational structure, resources, track record, basic operations, and overall institutional quality; based on our initial assessments, we decline requests for a second meeting with most managers.
- For those with whom we welcome further discussion, our research is extensive. We require the completion of our comprehensive due diligence questionnaire and the furnishing of all relevant documents including offering memorandums, audited financial statements, fund structures, and other disclosures for further review. We ensure that transparency is sufficient and test the performance history through quantitative analysis.
- Onsite meetings are attended by the lead researcher and one or more senior consultants. While onsite, we meet with key investment professionals and analysts to discuss all aspects of the investment process. We expect all questions to be answered. Meeting notes are shared within the team in a secure research database. We will have additional meetings, as needed, to fully understand the manager and its products.
- If our opinion remains favorable, we conduct a thorough operational due diligence review at the manager's office. The meeting must be attended by the manager's operations and compliance officers. It includes a discussion of trading policies and systems, service providers, custody arrangements, reconciliations, security and disaster recovery, compliance and regulatory matters, and a walk-through of an actual trade process. Operations are graded on a Pass/Fail basis as we have no tolerance for uncompensated risk. We provide feedback with managers to share any concerns that must be addressed before pursuing any further.
- Upon passing the operational review, the final stage of research includes reference checks and third-party background checks to corroborate the information obtained from the managers.

Investment Manager Research Process

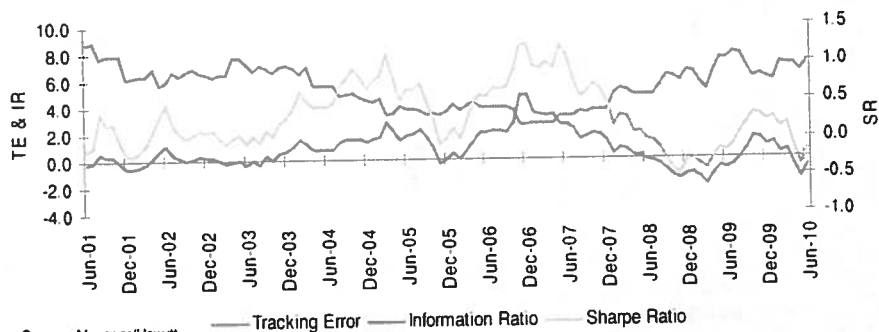


Our Rating Criterion and Rankings

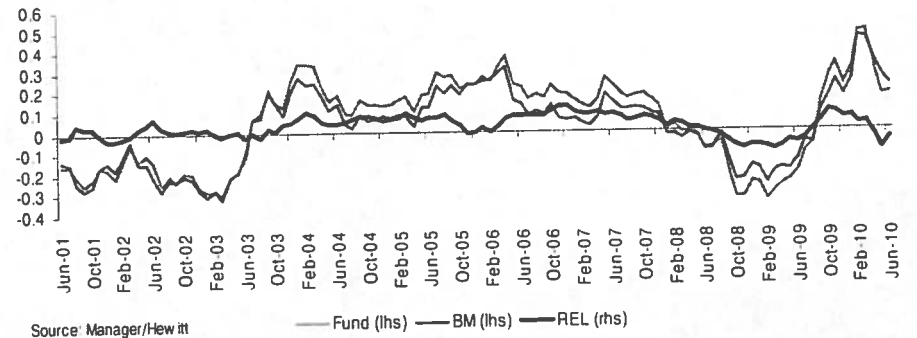
Factor	Rating	Comments
Business		 <p>Each criterion is rated:</p> <p>↑ 4 Strong 3 Above Average 2 Average 1 Weak</p>
Investment Staff		
Investment Process		
Investment Risk		
Operational Due Diligence	Pass/ Conditional Pass/ Fail	
Performance Analysis		
Terms & Conditions		
Overall	Buy / Hold / Sell	

Process – Quantitative Tools (Performance Measures)

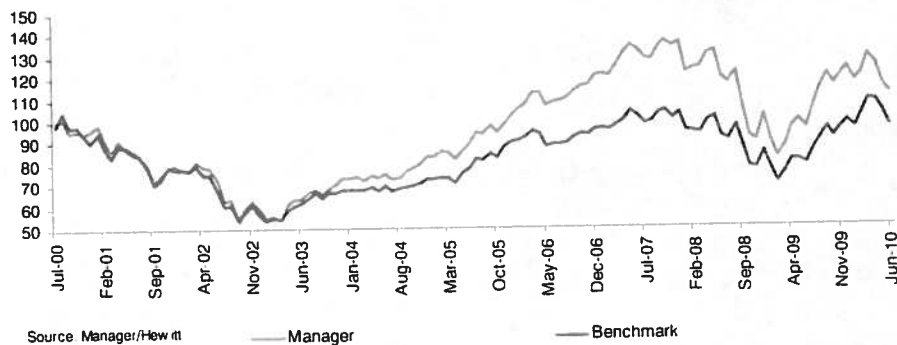
12m Rolling Tracking Error, Information and Sharpe Ratios



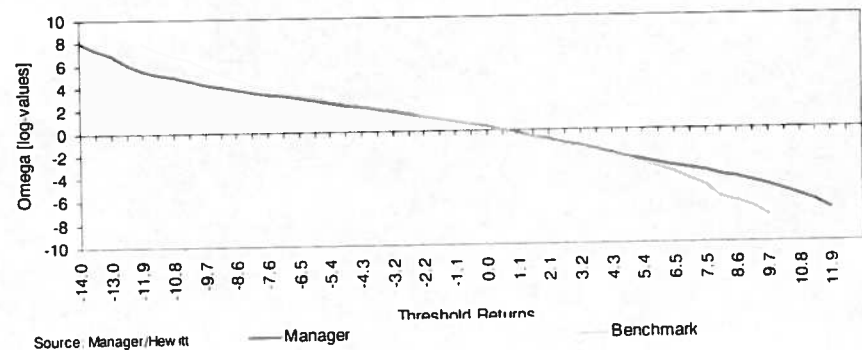
12 mths Rolling Returns



Manager and Benchmark Cumulative Performance



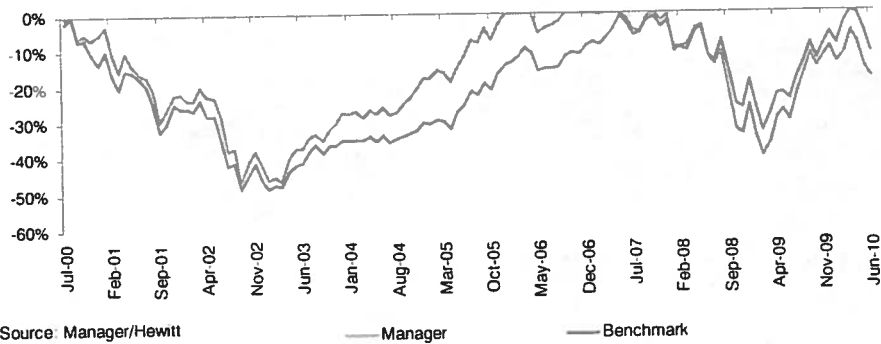
Omega Ratio



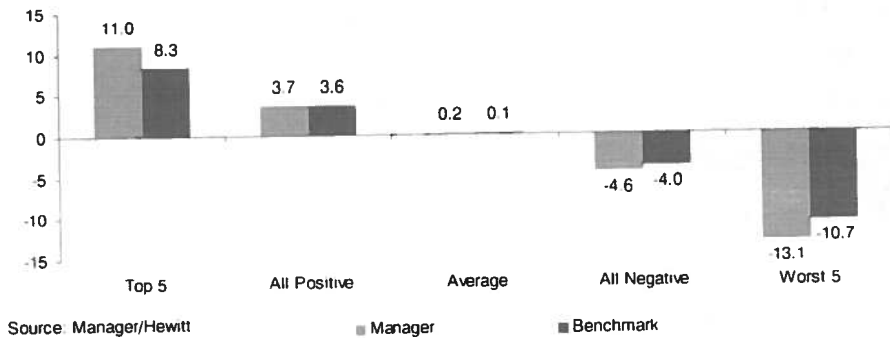
Process – Quantitative Tools (Risk Measures)

Ex-post Risk

Drawdown Analysis

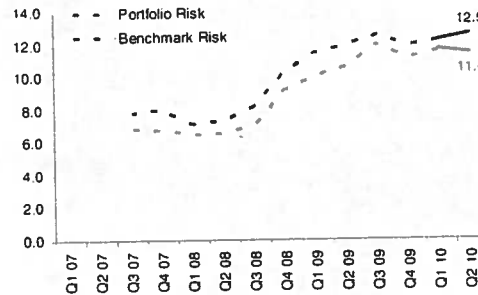


Stress Test

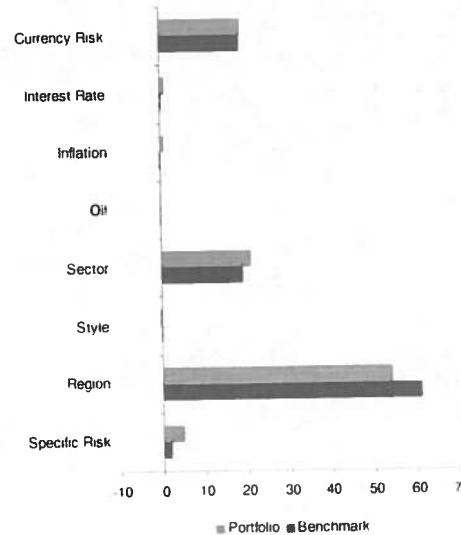


Ex-ante Risk

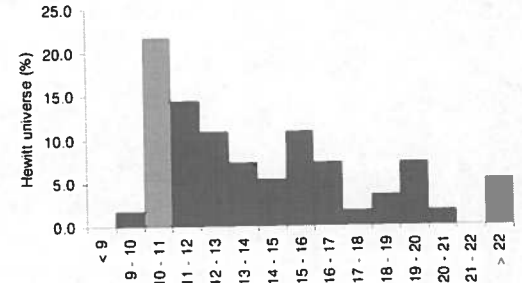
Total Risk Movement



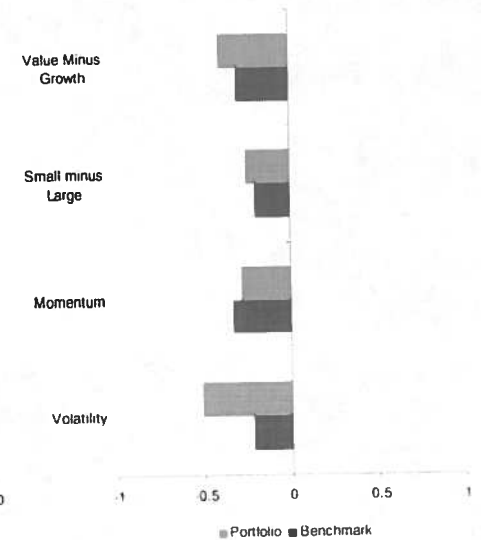
Percentage Contribution to Risk



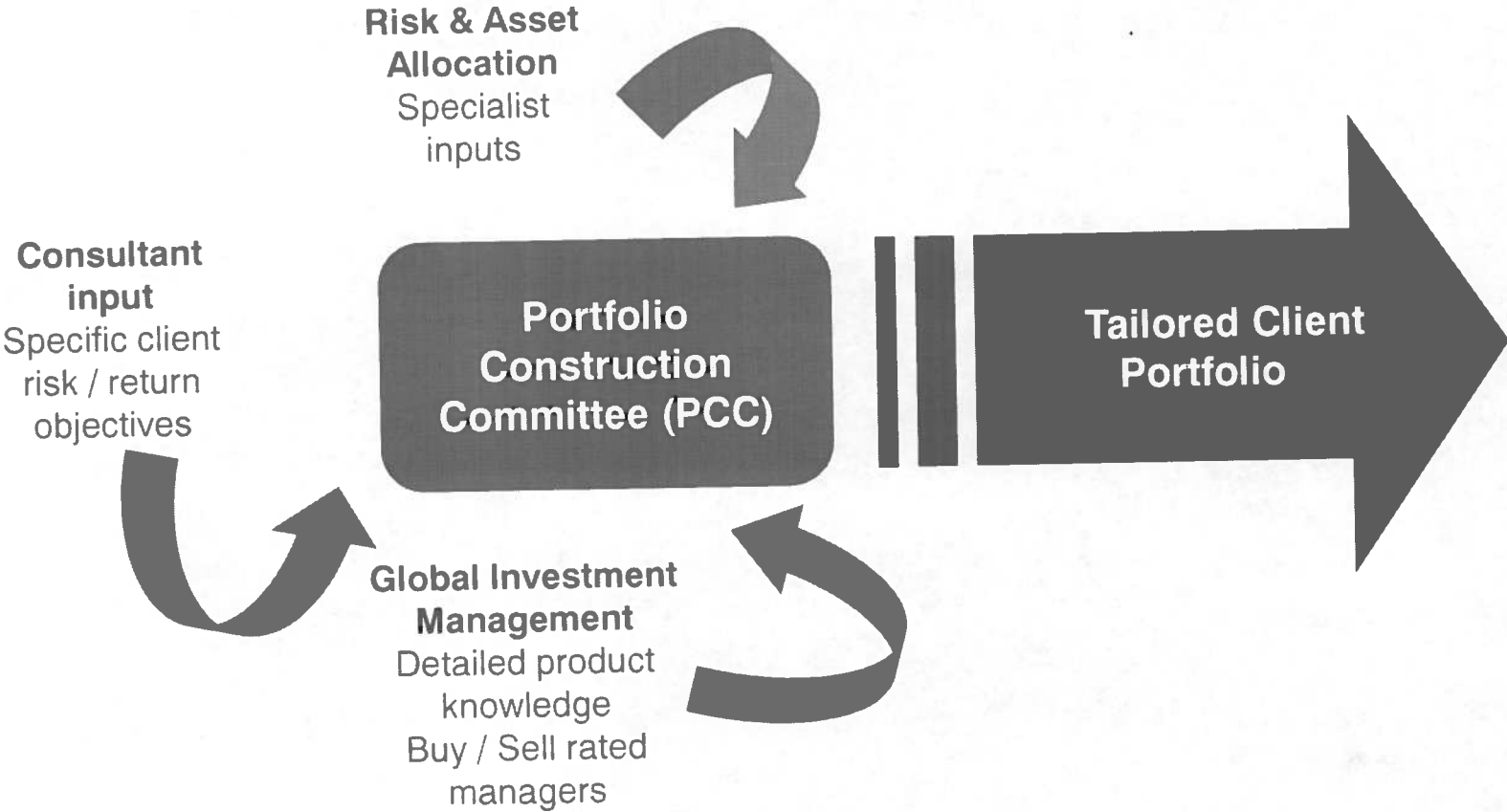
Total Risk Distribution



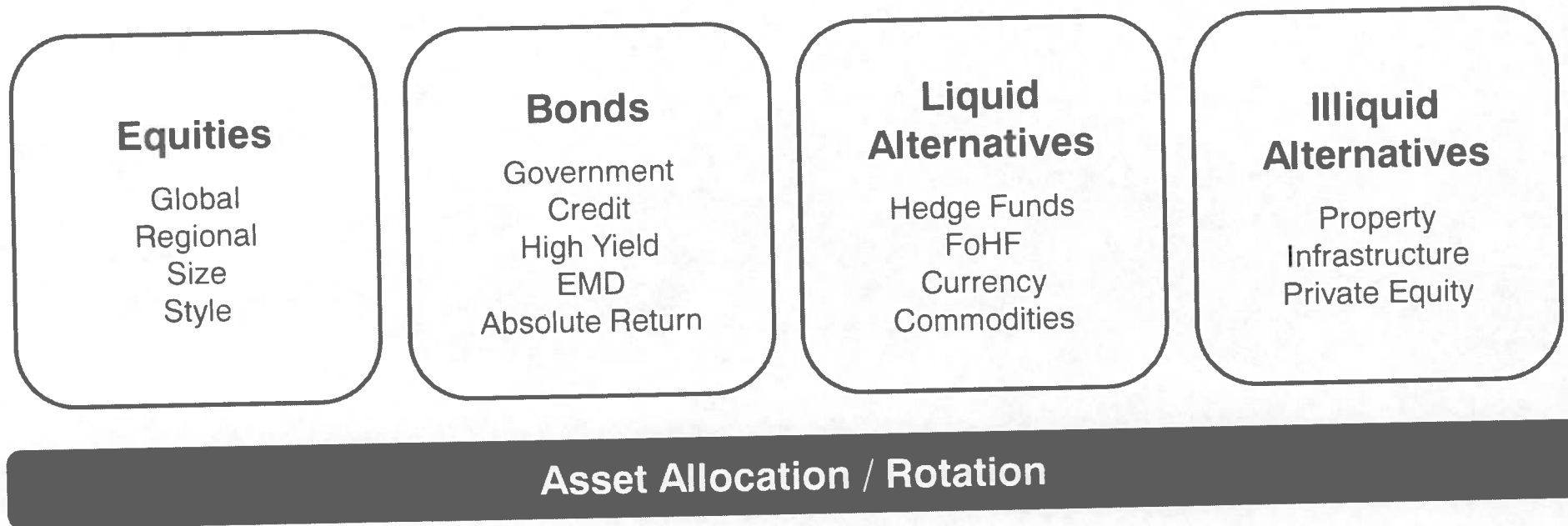
Style Breakdown



Client Portfolio Construction Methodology

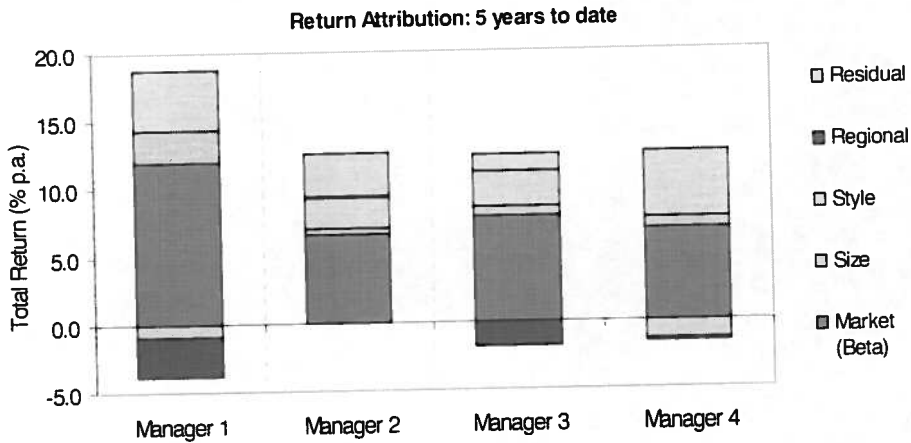


Process – Portfolio Construction

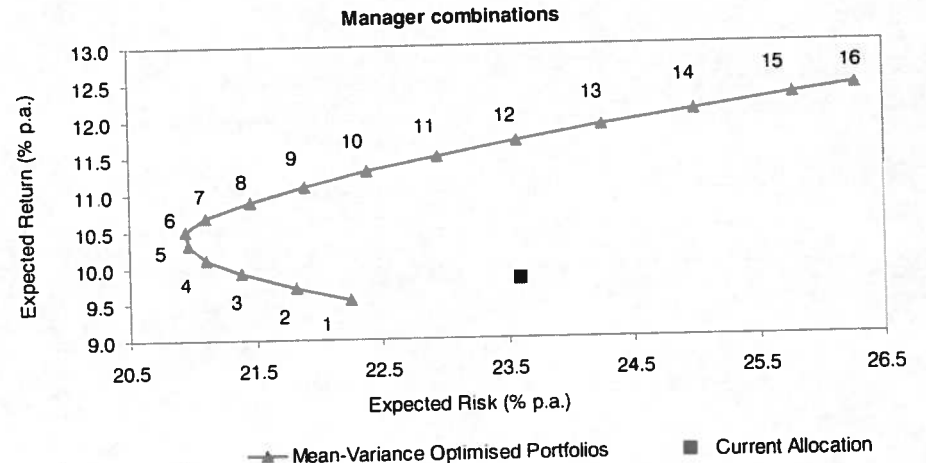


- Manager Research is responsible for selecting managers, styles and portfolio construction within each asset class

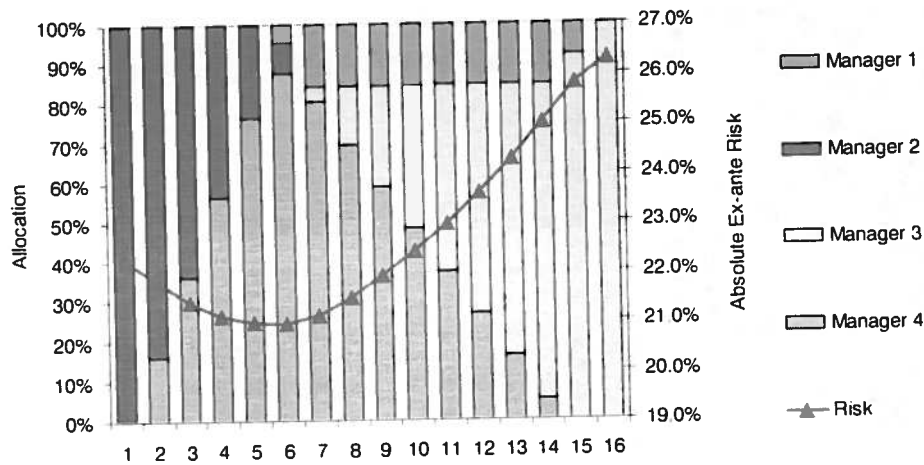
Process – Portfolio Construction (Complementarity Analysis)



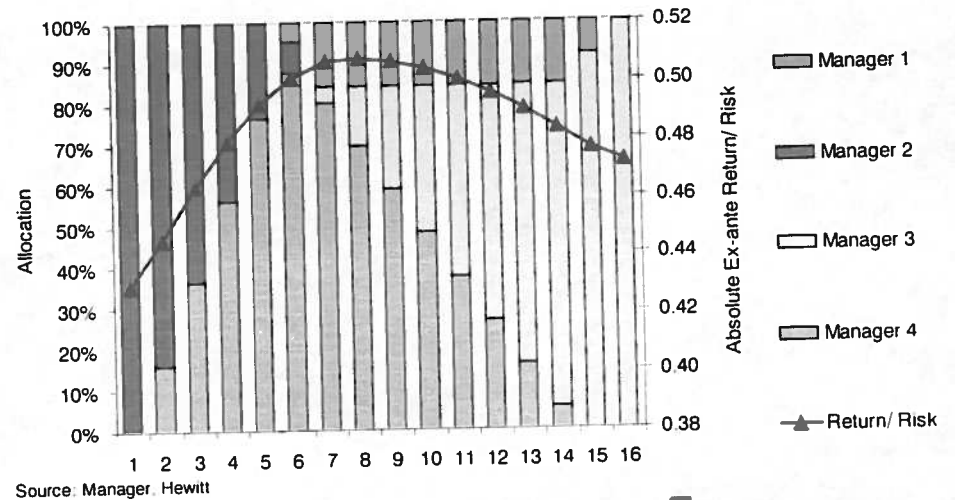
Source: Manager, Hewitt



Source: Manager, Hewitt



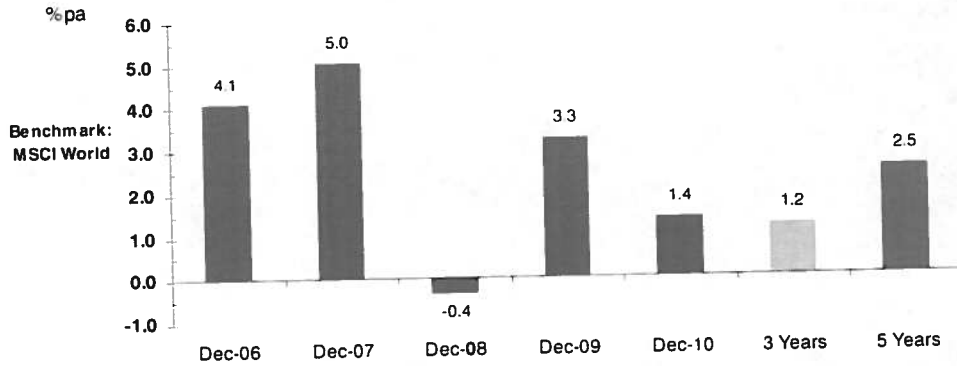
Source: Manager, Hewitt



Source: Manager, Hewitt

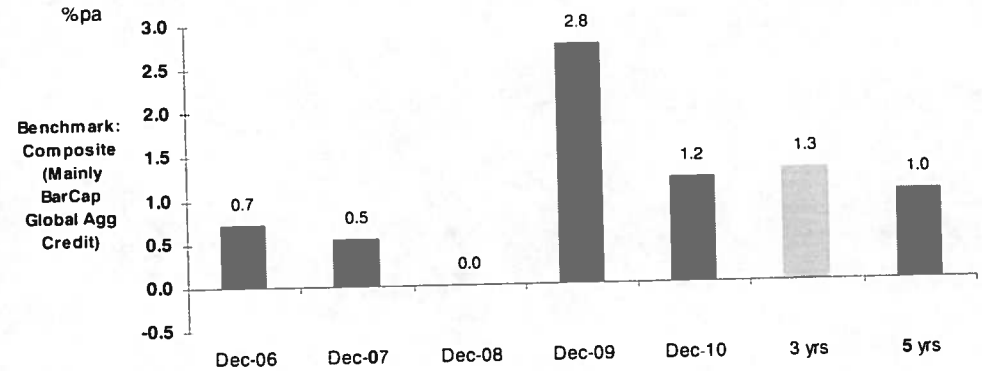
Performance

Global Unconstrained Equity recommendations relative to benchmark for 12 month periods ending 31 December 2010



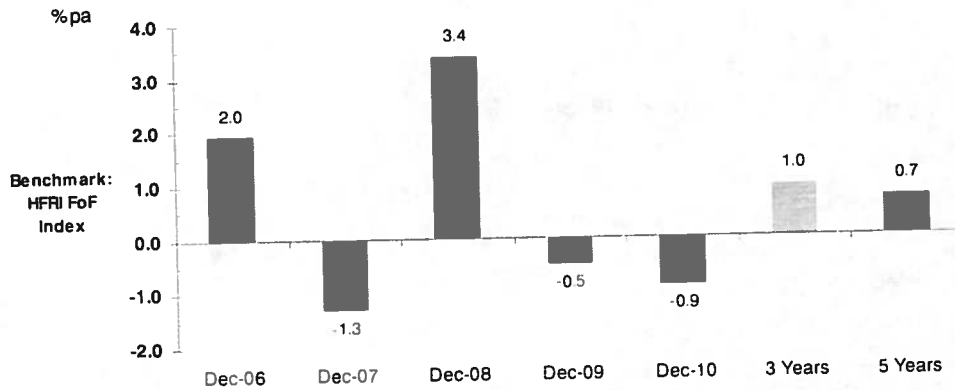
Source: Fund Manager, DataStream

Global Credit recommendations relative to benchmark for 12 months ending 31 December 2010



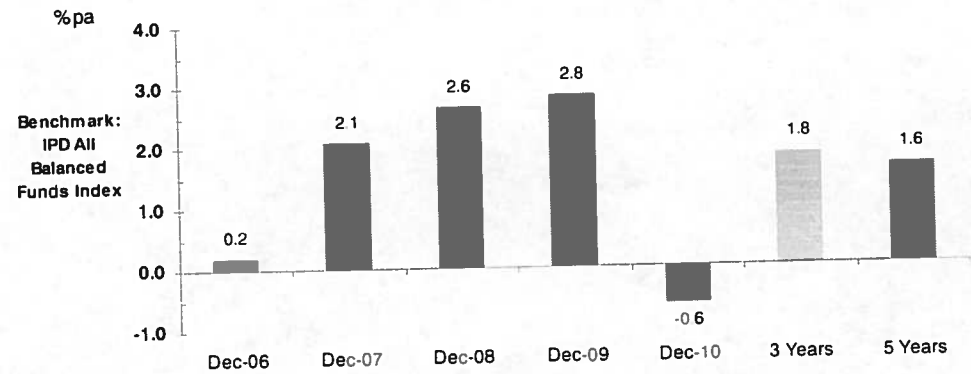
Source: Fund Manager

Fund of Hedge Fund recommendations relative to benchmark for 12 month periods ending 31 December 2010



Source: Fund Manager, HFR

UK Property Balanced Pooled Funds relative to benchmark for 12 month periods ending 31 December 2010



Source: IPD

In Conclusion

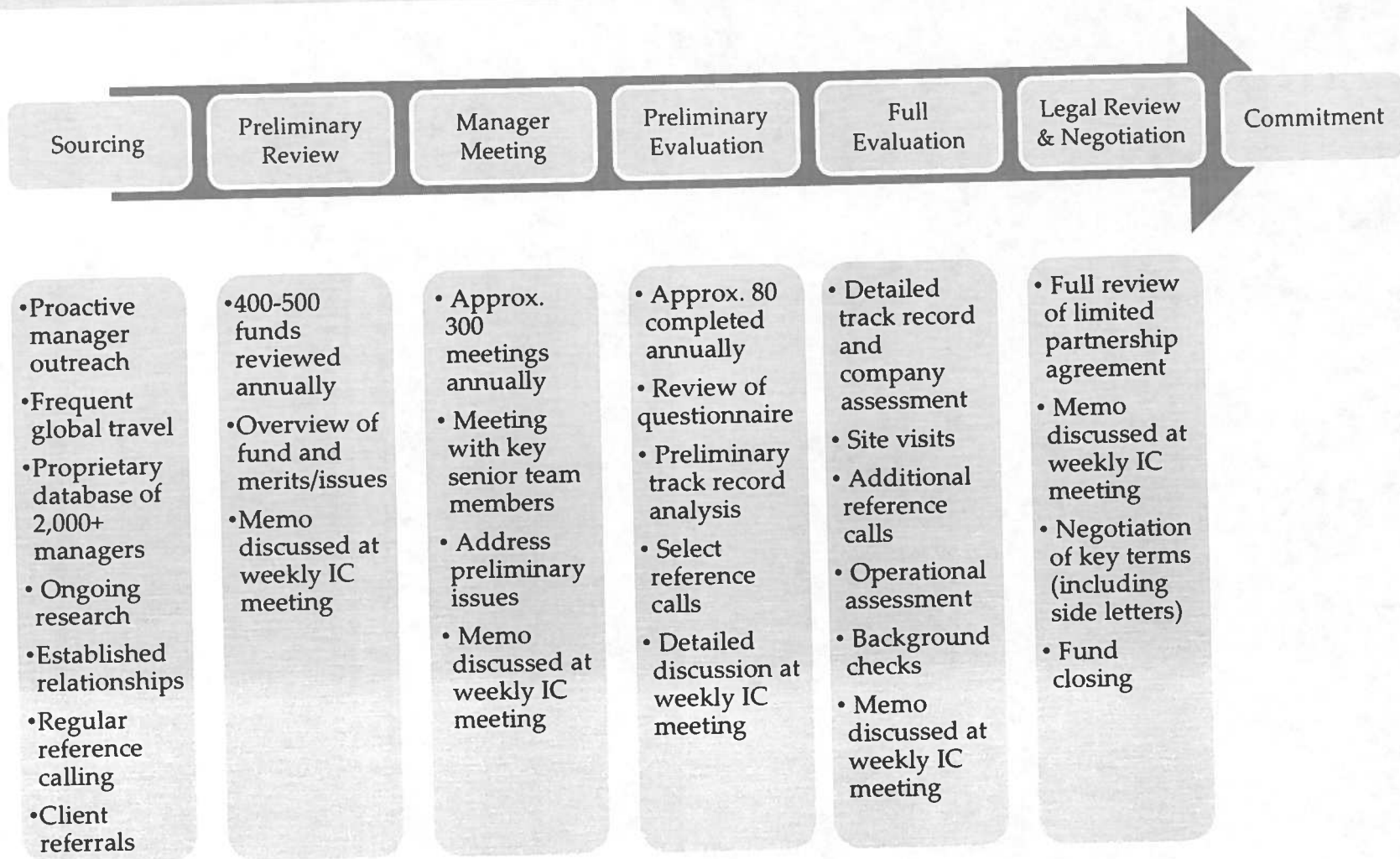
- **Clear philosophy and robust, repeatable process**
- **Well-resourced team and in-depth research across all asset classes**
- **Strong capabilities in portfolio construction**
- **Proven performance track record**

In Conclusion

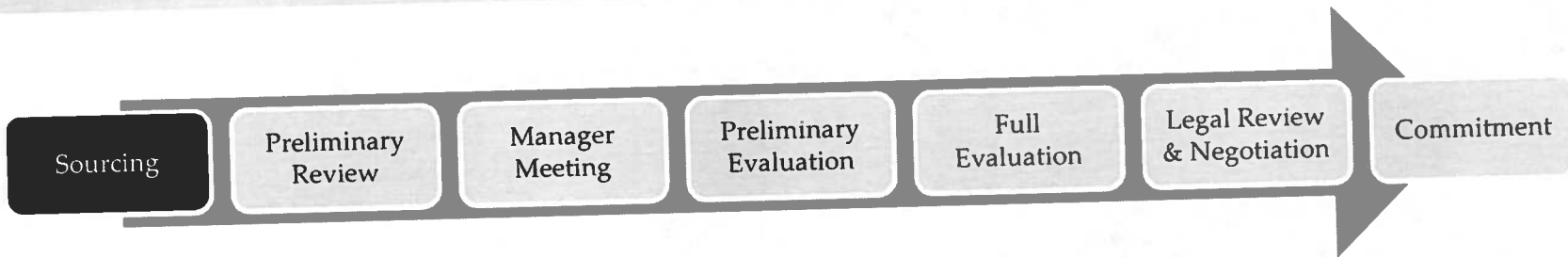
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Franklin Park Investment Process
May 2011

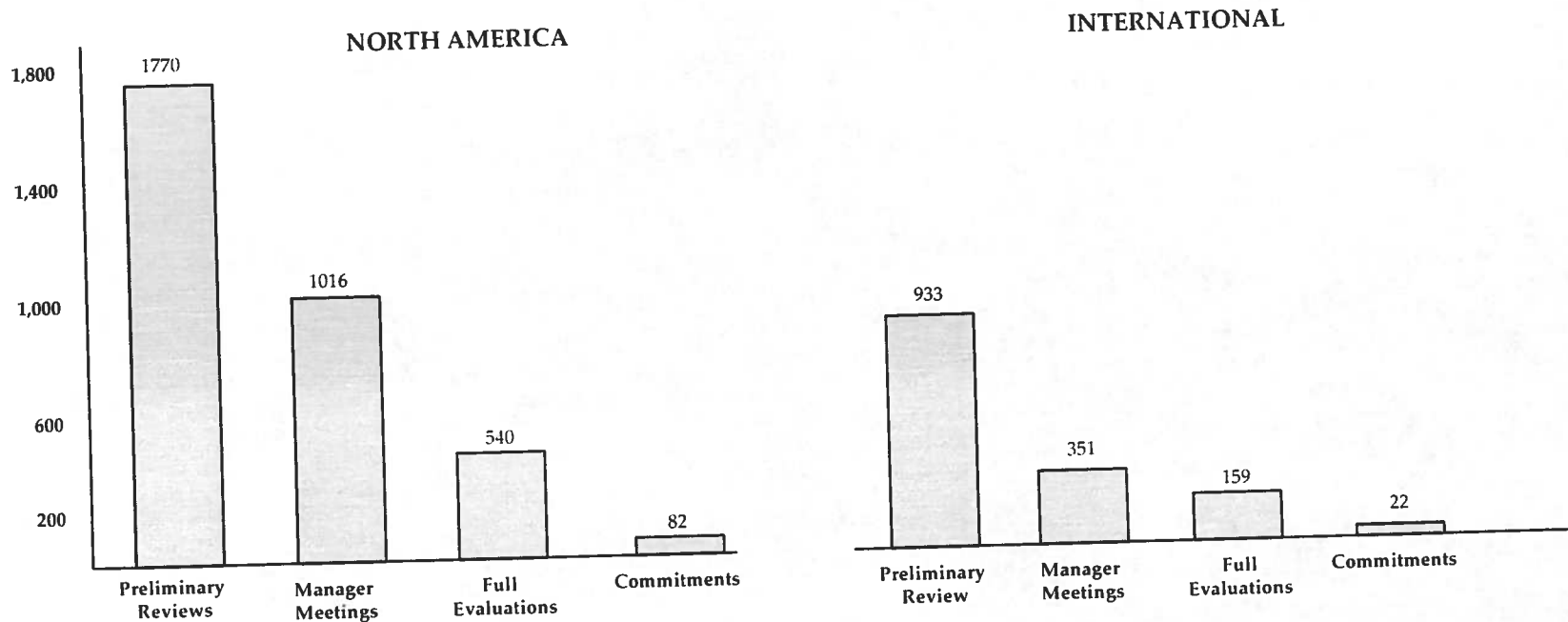
Investment Process



Sourcing: Broad Market Coverage

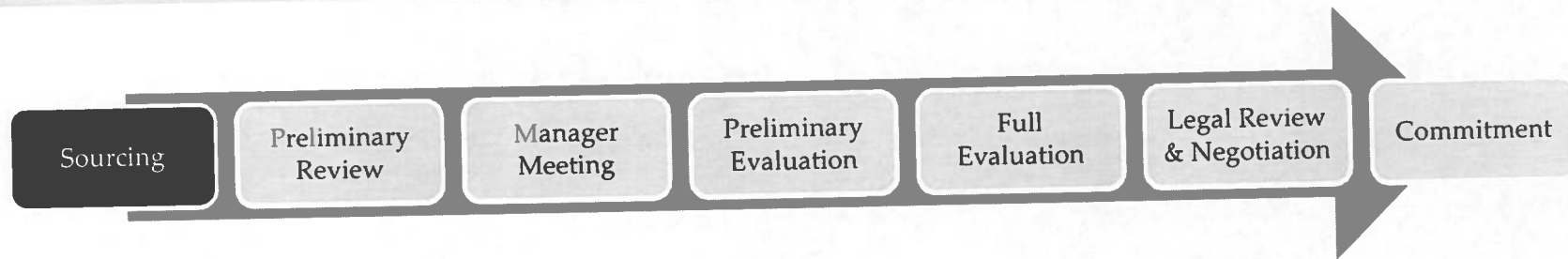


- Team has reviewed more than 2,700 funds since 2003
- Comprehensive coverage in the U.S. and international markets



Note: data above is presented since inception through 3/31/2011

Sourcing: Proactive & Continuous Approach



Proactive Market Coverage

- Regular outreach to and meetings with managers
- Frequent global travel (U.S., Europe, Latin America, Asia)
- Ongoing due diligence completed pre-fundraising

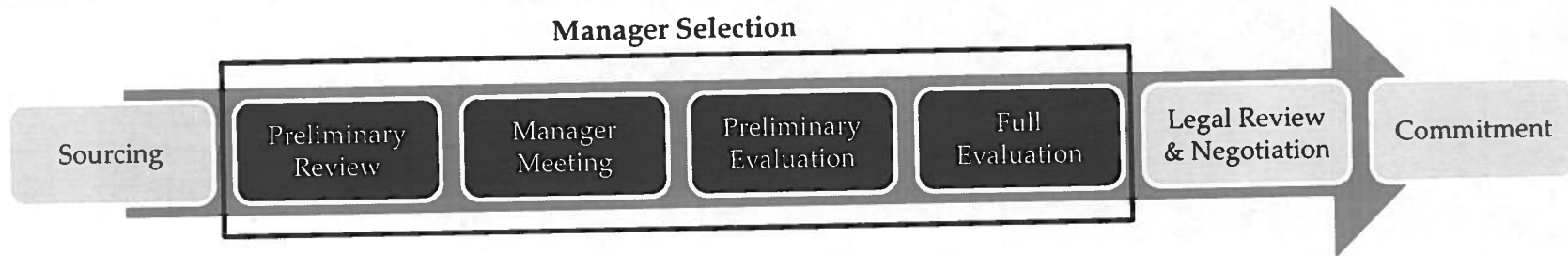
Research

- Proprietary database of more than 2,000 global managers
- Forward fundraising calendar
- Regular reference calling on managers
- Ongoing research on managers, regions and strategies

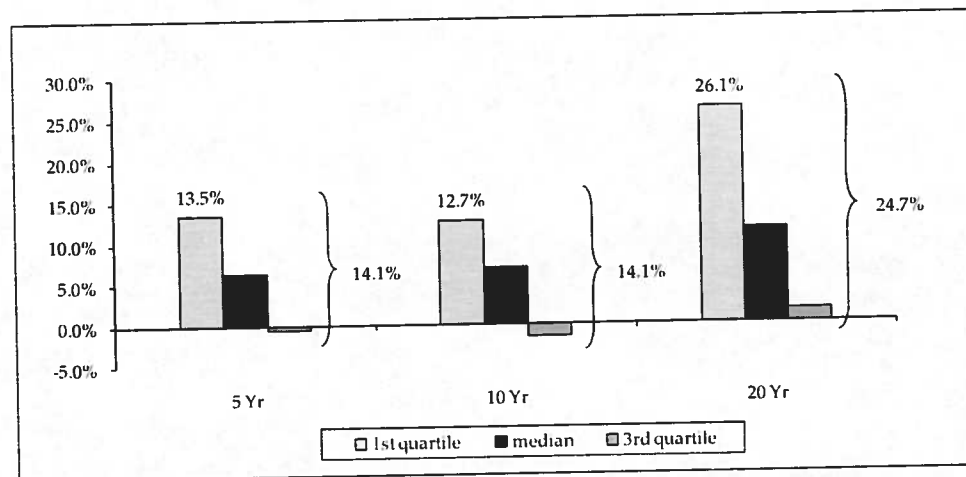
Relationships

- More than a decade of experience covering private equity managers
- Commitments to 55 corporate finance funds and 25 venture funds since 2003
- Monitor over 400 funds and 200 managers
- Leverage diverse client base (i.e. public plans, endowments, proprietary fund-of-funds) to access managers

Manager Selection: Focus on Top-Tier Managers

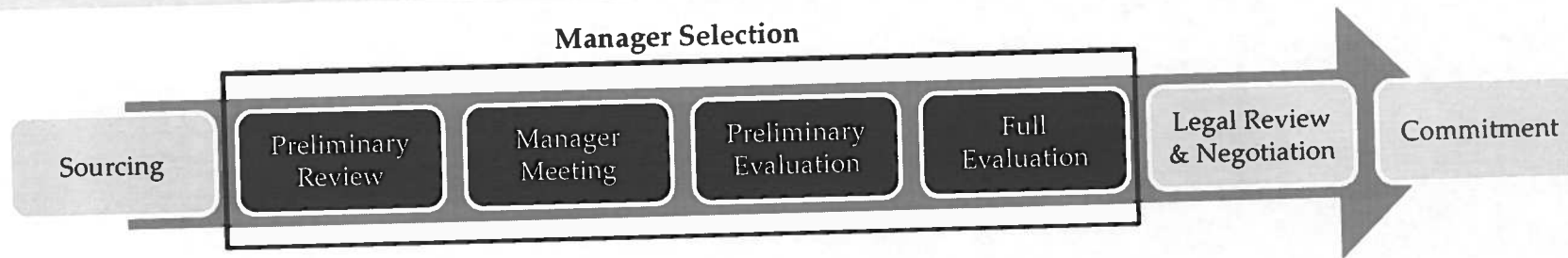


- There is a wide dispersion between top quartile and median private equity returns
- Top quartile returns are necessary to compensate investors for risk and illiquidity
- 'Skilled managers' can leverage competitive advantages such as proprietary deal flow, industry expertise or relationship networks
- Manager selection should take precedence over sub-asset class, sector and geographic region allocations



Note: Data includes All Private Equity as of December 31, 2010, per Thomson Reuters; downloaded on April 5, 2011

Manager Selection: Key Criteria



Compelling Strategy

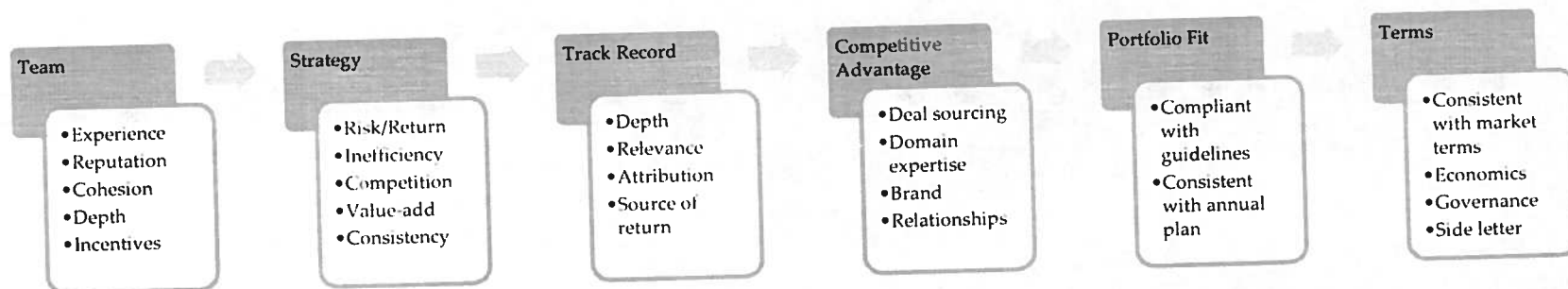
- Value proposition involves actively improving companies, as opposed to pure financial engineering
- Target relatively less competitive and inefficient markets

Sustainable Competitive Advantage

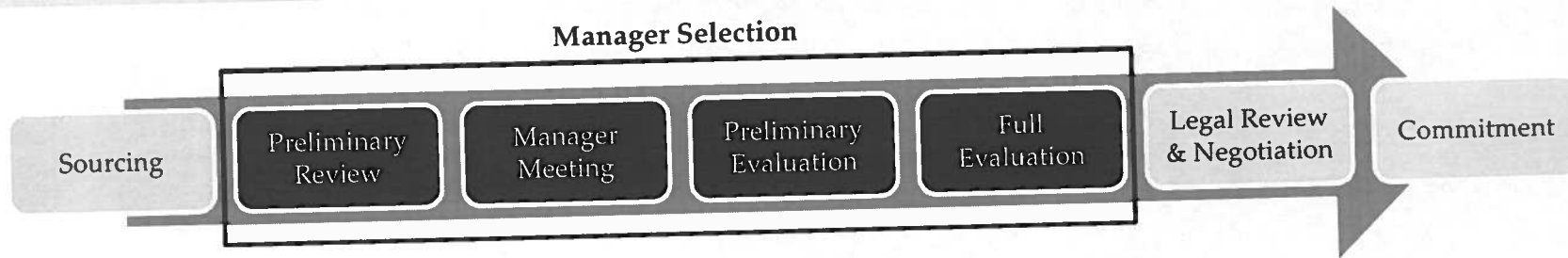
- Managers that leverage some unique factor that allows them to compete effectively with their peers
- Proprietary deal flow, operational expertise, domain expertise, etc.

Talented Investment Team

- Proven, highly skilled teams
- Cohesive professionals with aligned incentives



Manager Selection: Due Diligence Process



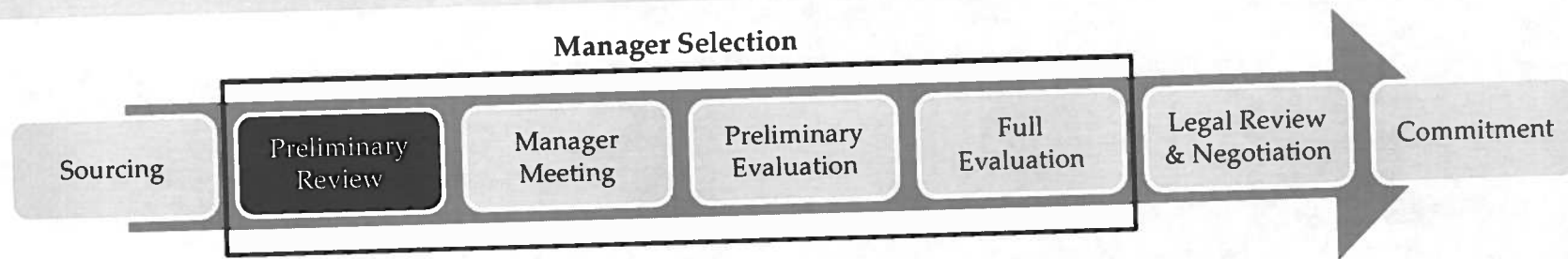
Highly Selective Process

- Investment, operation & legal due diligence
- Questionnaire process
- Comprehensive team & track record analysis
- Site visits & team interviews
- References, new searches & background checks

Objective Decision Making

- Weekly investment meetings
- All investment professionals participate
- Investment committee consensus

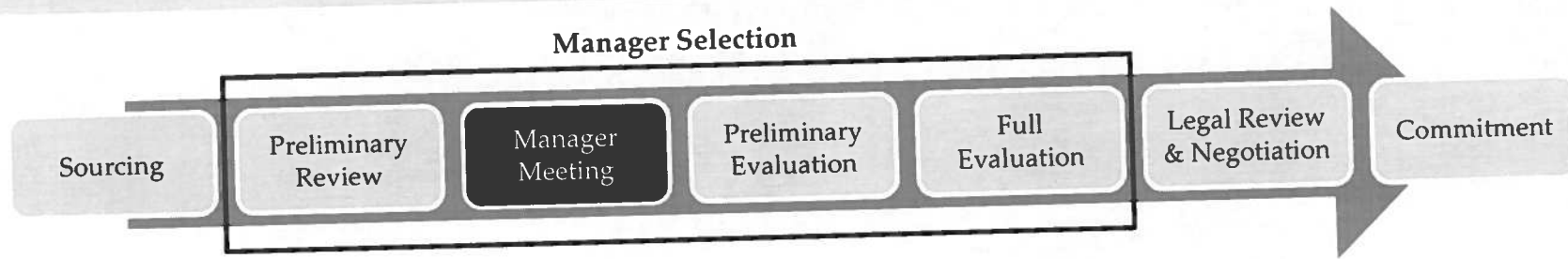
Manager Selection: Preliminary Review



400-500 funds reviewed annually

- Conducted on each investment opportunity
- 2-3 page memorandum that identifies the key merits and risks
- Recommendation to meet with group or decline the opportunity
- Discuss during weekly investment committee meeting
- Clients have access to all memos and analysis

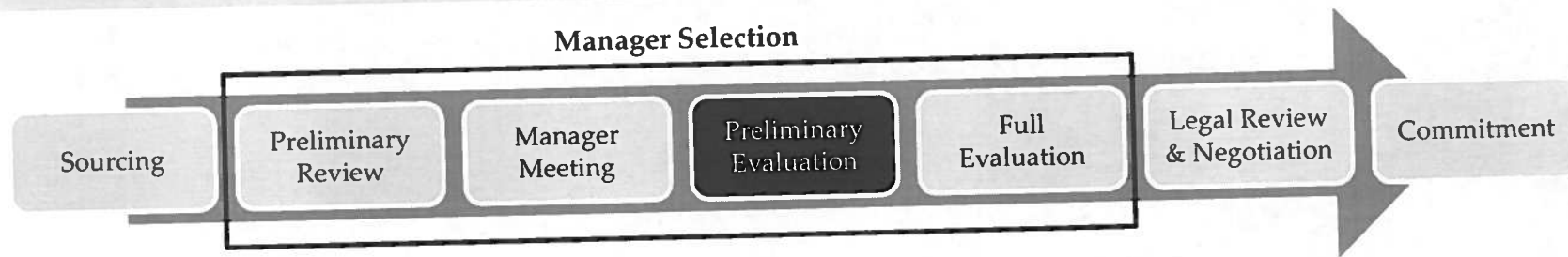
Manager Selection: Manager Meeting



Approximately 300 meetings annually

- Meeting with manager to gain deeper understanding of the GP's team, strategy and history
- Open door policy
- 3-4 page memorandum is written after meeting
- Recommendation to proceed with due diligence or decline the opportunity
- Discussed during weekly investment committee meeting
- Clients have access to all memos and analysis, and are invited to join for meetings

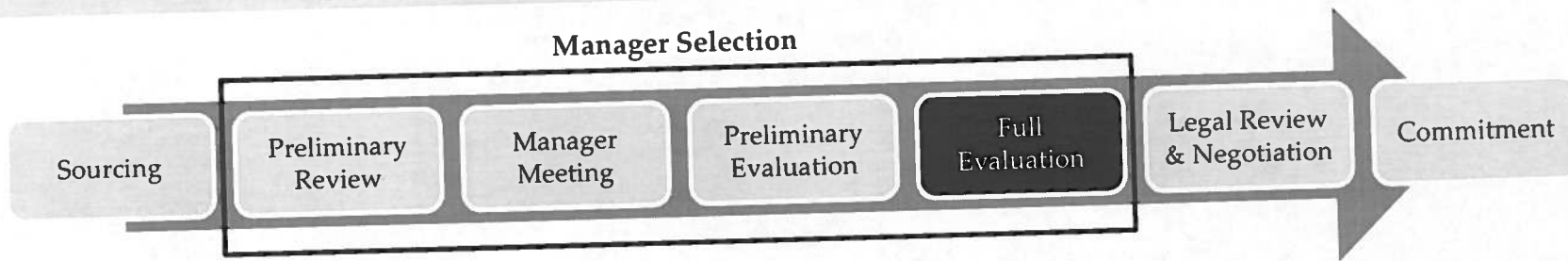
Manager Selection: Preliminary Evaluation



Approximately 80 completed annually

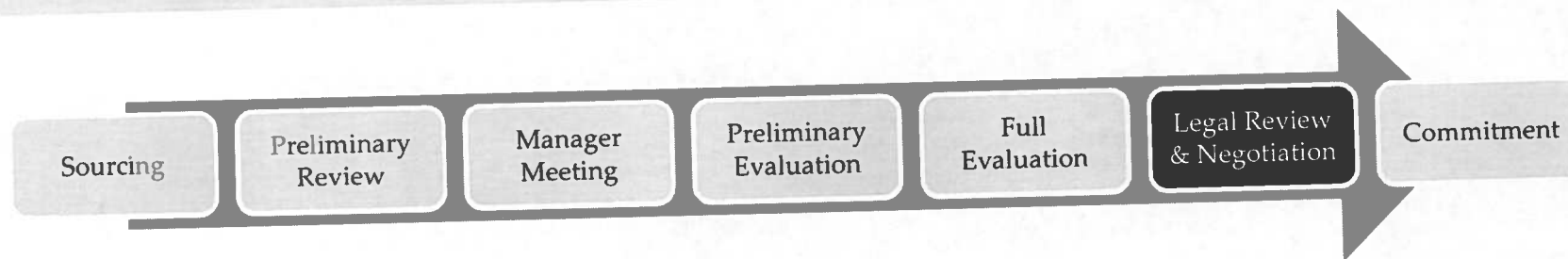
- Review of comprehensive questionnaire which includes information on GP's team, investment process, strategy, portfolio characteristics, back office and historical track record
- Analysis focused on strategy evaluation, track record assessment and reference calls
- 15-30 page due diligence analysis memo is written and discussed at weekly investment committee meeting
- A decision is made whether to proceed with a site visit or decline the opportunity
- Clients have access to all memos and analysis

Manager Selection: Full Evaluation



- Site visit in the GP's office covering the following topics:
 1. Organization: firm management, departures/additions of professionals, compensation, and areas of focus for each professional
 2. Strategy: investment focus, past strategy drift, and competitive advantages
 3. Track Record: sourcing, role in each transaction, progress of unrealized investments, and expected exit date and timing
 4. Back Office/Operations: accounting team, documentation, technology and controls
- 20-30 page memorandum is written providing an overview of the fund's strategy, team, track record, back office and terms, and includes a summary of our analysis
- Report formally presented and discussed during weekly investment committee meeting
- A decision is made whether to make a commitment to the fund
- Clients have access to all memos and analysis

Legal Review & Negotiation



Management of Fund Closing Process

- Detailed review of partnership agreement
- Memo summarizing terms
- Negotiation of side letter and terms
- Introduction of side letter (if appropriate) to fund managers during due diligence process

Through this questionnaire Franklin Park seeks to further evaluate your fund offering. This document does not serve as an expression of interest, but rather a step in our evaluation process. Review of the response, may lead us to further investigation. Please send the following information via email to info@franklinparkllc.com

Fundraising & Offering Materials

1. Private placement memorandum
2. Overview presentation
3. Limited Partnership Agreement
4. If any of the following key terms are not summarized in the PPM, provide: (1) target fund size, (2) maximum fund size, (3) investment period, (4) fund term, (5) single investment limitation, (6) geographic limitation, (7) public securities limitation, (8) management fees, (9) transaction fees offsets, (10) organizational expenses, (11) carried interest, (12) clawback provision, (13) GP commitment, (14) for cause divorce provision, (15) no fault divorce provision, (16) key man provision, (17) LP Advisory Board/Committee composition and roles
5. Current Fund limited partners with commitment amount, closing date, email and phone number.
6. Target closing dates
7. Current Fund Advisory Committee members
8. Any side letters or special agreements established with investors in the fund
9. Write-ups for any investments completed by the fund, including summary of business description, investment description, investment thesis and performance versus plan
10. Contact information of any placement agents, brokers, third party marketers, solicitors, finders or consultants used for raising the fund. Describe third party(s) compensation and note whether the compensation is paid by the fund, the general partner or other entity. Disclose whether the third parties are registered investment advisers, registered broker/dealers with the SEC and members of FINRA

Track Record Materials

11. In an excel spreadsheet, gross company-level cash flows for each prior fund with company attributes and operating and financial data, and deal fees (See Attached for Sample)
12. In an excel spreadsheet, net limited partner level cash flows for each prior fund
13. In an excel spreadsheet, valuation calculation of unrealized portfolio companies
14. Write-ups for prior deals summarizing business description, investment description, investment thesis and performance versus plan
15. Investment committee memo for most recent investment in prior fund

Investment Strategy Materials

16. For any of the following not provided in PPM: (1) target transaction types, (2) target equity ownership %, (3) target number of investments, (4) target company operating and financial characteristics, (5) target enterprise value and investment size, (6) target sectors, (7) target geographic regions and limitations, (8) target exit strategies
17. Discuss: (1) deal sourcing methods, (2) due diligence process and (3) role with companies post-investment
18. Discuss the effect a recessionary environment has on your investment criteria and strategy
19. If you have a sector focus, discuss opportunities and challenges in target sectors.

- 20. If you have a geographic focus, discuss opportunities and challenges in target regions.
- 21. Discuss how you are competitively positioned versus peers that target a similar strategy. Discuss any competitive advantages that you possess.

Team/Firm Materials

- 22. Disclose year founded, founders, activities since inception, predecessor entities, parent company, affiliates, related parties, joint ventures and office locations and year opened, total # of employees
- 23. Disclose all prior investment vehicles raised by the firm, including year raised, size, investment strategy and un-invested capital
- 24. If the firm manages other investment vehicles, disclose how investments will be allocated between the fund and these other vehicles
- 25. Complete the following table for all of the fund's investment professionals

Name	Title/Role	Date of Birth	Year Joined Firm	Years of Private Equity Experience	% Carry Split	Office

- 26. If not provided in the PPM, provide summary resumes, including: (1) prior employers with title, role, year joined and year departed, and (2) educational background
- 27. Complete the following table for all of the firm's operations and accounting staff

Name	Title/Role	Date of Birth	Year Joined Firm	Years of Private Equity Experience	Prior firm	Office

- 28. Disclose how the management company ownership is split between the partners
- 29. Discuss succession plans
- 30. Disclose whether any parent company, affiliates or third parties have a carried interest in the fund or an ownership interest in the management company
- 31. Disclose whether any of the investment professionals involved in the fund spend time on other investment activities or investment vehicles
- 32. Disclose members of investment committee members, how deals are staffed and how investment decisions are made

- 33. Disclose whether any parties other than investment professionals have a role in investment decisions
- 34. Complete the following table with: (1) senior investment professionals departed since firm inception, and (2) all investment professionals departed in last 10 years

Name	Title	Year Joined Firm	Year Departed	Departed to	Email	Phone #

Fund Administration Materials

- 35. CFO and COO contact information
- 36. Most recent quarter and year end audited financial statements for prior fund
- 37. Sample capital calls for investment and fees for prior fund
- 38. Sample distribution notices for prior fund
- 39. Valuation policy for unrealized investments
- 40. Minutes of LP Advisory Board/Committee meetings for the past two funds
- 41. Overview of the firm's technology systems and business continuation policy

Legal Diligence

- 42. Disclose whether your firm, affiliates or individual members have been, or anticipate being, the subject of any actions, inquiries or investigations by any federal, state or local government agencies or regulatory bodies in the last 10 years
- 43. Disclose any prior, pending or threatened litigation in which the firm, its individual members, affiliated entities or portfolio companies are named as parties to the litigation, including a summary of the litigation and claims made
- 44. Complete attached Litigation Disclosure and Background Check Forms for each Investment Committee member and Key Person, and mail hard copies in a sealed envelope to: Karl Hartman, Esq., Franklin Park Associates, 3 Bala Plaza West, Suite 500 West, Bala Cynwyd, PA 19004
- 45. Disclose levels of coverage and insurance carrier for errors and omissions insurance, D&O insurance and any other fiduciary or professional liability insurance the firm carries

Reference Information

- 46. Prior fund limited partners with commitment amounts, email and phone number
- 47. Fund legal counsel email and phone number
- 48. Fund bank custodian email and phone number
- 49. Prior fund and current fund auditors' email and phone number
- 50. Third party fund administrator, if applicable
- 51. Email and phone number for portfolio company executives of prior funds
- 52. Email and phone number for portfolio company senior debt and mezzanine lenders

Through this questionnaire Franklin Park seeks to further evaluate your fund offering. This document does not serve as an expression of interest, but rather a step in our evaluation process. Review of the response, may lead us to further investigation. Please send the following information via email to info@franklinparkllc.com

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4. Target closing dates
5. Current Fund Advisory Committee members
6. Any side letters or special agreements established with investors in the fund
7. Write-ups for any investments completed by the fund, including summary of business description, investment description, investment thesis and performance versus plan
8. Contact information of any placement agents, brokers, third party marketers, solicitors, finders or consultants used for raising the fund. Describe third party(s) compensation and note whether the compensation is paid by the fund, the general partner or other entity. Disclose whether the third parties are registered investment advisers, registered broker/dealers with the SEC and members of FINRA

Firm Materials

9. Disclose year founded, founders, activities since inception, predecessor entities, parent company, affiliates, related parties, joint ventures and office locations and year opened, total # of employees
10. Disclose all prior investment vehicles raised by the firm, including year raised, size, investment strategy and un-invested capital
11. If the firm manages other investment vehicles, disclose how investments will be allocated between the fund and these other vehicles
12. Provide carried interest split by fund by professional
13. Complete the following table for all of the firm's operations and accounting staff

Name	Title/Role	Date of Birth	Year Joined Firm	Years of Private Equity Experience	Prior firm	Office

14. Disclose how the management company ownership is split between the partners
15. Discuss succession plans
16. Disclose whether any parent company, affiliates or third parties have a carried interest in the fund or an ownership interest in the management company
17. Disclose whether any of the investment professionals involved in the fund spend time on other investment activities or investment vehicles

18. Disclose whether any parties other than investment professionals have a role in investment decisions

Fund Administration Materials

19. CFO and COO contact information
20. Most recent quarter and year end audited financial statements for prior fund
21. Sample capital calls for investment and fees for prior fund
22. Sample distribution notices for prior fund
23. Valuation policy for unrealized investments
24. Minutes of LP Advisory Board/Committee meetings for the past two funds
25. Explain the Fund's policy for the allocation of costs and expenses between the General Partner and the Limited Partners (where appropriate, please denote the basis of allocation across various funds managed by the General Partner), including:
 Start-up costs, including placement agent fees
 Due diligence costs (consummated and unconsummated deals)
 Broken deal fees
 Deal monitoring costs
 Legal fees
 Accounting and reporting expenses
 Annual meeting/advisory board costs
26. Please estimate the amount of annual operating expenses (excluding management fees) that will be charged to the Fund based upon experience from managing prior fund(s)
27. Please provide the amount of annual operating expenses (excluding management fees) that have been charged to the firm's prior fund(s) for the last three years
28. Overview of the firm's technology systems and business continuation policy

Legal Diligence

29. Disclose whether your firm, affiliates or individual members have been, or anticipate being, the subject of any actions, inquiries or investigations by any federal, state or local government agencies or regulatory bodies in the last 10 years
30. Disclose any prior, pending or threatened litigation in which the firm, its individual members, affiliated entities or portfolio companies are named as parties to the litigation, including a summary of the litigation and claims made
31. Complete attached Litigation Disclosure and Background Check Forms for each Investment Committee member and Key Person, and mail hard copies in a sealed envelope to: Karl Hartman, Esq., Franklin Park Associates, 3 Bala Plaza West, Suite 500 West, Bala Cynwyd, PA 19004
32. Disclose levels of coverage and insurance carrier for errors and omissions insurance, D&O insurance and any other fiduciary or professional liability insurance the firm carries

Reference Information

33. Fund legal counsel email and phone number
34. Fund bank custodian email and phone number
35. Prior fund and current fund auditors' email and phone number
36. Third party fund administrator, if applicable

LITIGATION DISCLOSURE FORM

The following Litigation Disclosure Form should be completed and signed by each of the fund's investment committee members and Key Persons.

Mail hard copies in a sealed envelope to: Karl Hartmann, Esq., Franklin Park Associates, 3 Bala Plaza, Suite 500 West, Bala Cynwyd, PA 19004

Firm: _____

Name: _____

Signature: _____

For "yes" answers to the following questions, please attach a schedule describing the circumstances of the action:

A. In the past ten years, have you:

- | | | |
|---|-----|----|
| (1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign or military court to any felony? | YES | NO |
| (2) been charged with any felony? | YES | NO |

B. In the past ten years have you:

- | | | |
|--|-----|----|
| (1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a misdemeanor involving: investments or an investment-related business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? | YES | NO |
| (2) been charged with a misdemeanor specified in B(1)? | YES | NO |

REGULATORY ACTION DISCLOSURE

For "yes" answers to the following questions, please attach a schedule describing the circumstances of the action:

FranklinPark

- C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever:
- | | | |
|---|-----|----|
| (1) found you to have made a false statement or omission? | YES | NO |
| (2) found you to have been involved in a violation of SEC or CFTC regulations or statutes? | YES | NO |
| (3) found you to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted? | YES | NO |
| (4) entered an order against you in connection with investment-related activity? | YES | NO |
| (5) imposed a civil money penalty on you, or ordered you to cease and desist from any activity? | YES | NO |
- D. Has any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority:
- | | | |
|--|-----|----|
| (1) ever found you to have made a false statement or omission, or been dishonest, unfair, or unethical? | YES | NO |
| (2) ever found you to have been involved in a violation of investment-related regulations or statutes? | YES | NO |
| (3) ever found you to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted? | YES | NO |
| (4) in the past ten years, entered an order against you in connection with investment-related activity? | YES | NO |
| (5) ever denied, suspended, or revoked your registration or license, or otherwise prevented you, by order, from associating with an investment-related business or restricted your activity? | YES | NO |
- E. Has any self-regulatory organization or commodities exchange ever:
- | | | |
|--|-----|----|
| (1) found you to have made a false statement or omission? | YES | NO |
| (2) found you to have been involved in a violation of its rules (other than a violation designated as a "minor rule violation" under a plan approved by the SEC)? | YES | NO |
| (3) found you to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted? | YES | NO |
| (4) disciplined you by expelling or suspending you from membership, barring or suspending you from association with other members, or otherwise restricting your activities? | YES | NO |
-

- F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you ever been revoked or suspended? YES NO
- G. Are you now the subject of any regulatory proceeding that could result in a "yes" answer to any part of C, D, or E? YES NO

CIVIL JUDICIAL ACTION DISCLOSURE

For "yes" answers to the following questions, please attach a schedule describing the circumstances of the action:

- H. (1) Has any domestic or foreign court:
- (a) in the past ten years, enjoined you in connection with any investment-related activity? YES NO
 - (b) ever found that you were involved in a violation of investment-related statutes or regulations? YES NO
 - (c) ever dismissed, pursuant to a settlement agreement, an investment-related civil action brought against you by a state or foreign financial regulatory authority? YES NO
- (2) Are you aware of any civil proceeding that could result in a "yes" answer to any part of Item H(1)? YES NO

INSURANCE CLAIM HISTORY

For "yes" answers to the following question, please attach a schedule describing the circumstances of the claim:

- A. (1) In the last five (5) years, have you, or any of your affiliates submitted a claim for errors & omissions, fiduciary liability and/or fidelity bond insurance coverage? YES NO

BACKGROUND INVESTIGATION FORM

The following Background Investigation Form should be completed and signed by each of the fund's investment committee members and Key Persons.

Mail hard copies in a sealed envelope to: Karl Hartmann, Esq., Franklin Park Associates, 3 Bala Plaza, Suite 500 West, Bala Cynwyd, PA 19004

Firm:

Name:

Signature:

Social Security No.:

Date of Birth:

Home Address:

Privacy Notice

We take the privacy of the personal information you provide very seriously. You are entitled to know how we protect your nonpublic personal information. We will contract with, CrimCheck, a private, commercial background check vendor. Except as required by law, we will not disclose the information on this form or any information ascertained through the background check. We limit the use of your information exclusively to completing our due diligence evaluation and your form will be destroyed upon completion of our evaluation. If you should have any concerns or questions about this policy, please contact Karl Hartmann at 610-822-0503.

Placement Agent Questionnaire

FranklinPark

Please email responses to the questions below to info@franklinparkllc.com

By my signature below, I certify that all information enclosed herein is true, correct and complete in all material respects.

_____	_____
Name of Authorized Representative	Title/Position of Authorized Representative
_____	_____
Signature	Date

1. Provide name of fund being placed.
2. Provide name and contact information for your firm¹.
3. Briefly describe your firm, including services, history and ownership structure.
4. Disclose any affiliates, joint venture relationships, parent company or subsidiaries related to your firm.
5. List all owners of your firm (individuals and business entities) and their ownership interests.
6. Is your firm registered as a broker-dealer with the SEC pursuant to the Securities Exchange Act of 1934? If so, please provide a list of your firm's self-regulatory organization (SRO) memberships.
7. Confirm that all of your firm's authorized representatives are appropriately licensed to engage in capital raising activities as required by FINRA and other regulatory bodies.
8. When was your firm most recently examined by the SEC and/or SRO? Describe the findings noted and corrective actions taken, if applicable.
9. Provide your firm's principals' most recent Form U-4 filed with an SRO.
10. Provide brief bios for each owner/partner/officer/principal of your firm, including education, professional designations and regulatory licenses held.

¹ "Firm" refers to the financial institution, or sub-division thereof, acting as a registered broker-dealer in the placement of securities interests on behalf of private investment funds.

11. Has your firm or any of its members been subject to any actions, inquiries or investigations by any federal, state or local government agencies or regulatory bodies other than routine examinations? If so, please explain.
12. Describe your firm's policy regarding political contributions made by the firm and its representatives.
13. Is your firm or any of its representatives registered as a lobbyist with any state or federal government? If so, please explain.
14. Have any of your firm's principals or representatives previously served or worked for a federal, state or local governmental entity? If so, in what capacity?
15. Disclose the name of each investor where the fee income generated from your placements to that investor was in excess of 10% of your firm's annual revenues in the last three calendar years.
16. Does your firm perform due diligence on the fund managers they represent? If so, what procedures are performed?
17. Describe the services you are engaged to provide to the fund and your date of hire. Is there a written agreement outlining the agreed upon services?
18. Detail the compensation terms of your arrangement with the fund.
19. Disclose any Franklin Park clients that are specifically excluded or included in your agreement.
20. Do you intend to use and/or compensate any third party brokers, consultants, finders or sub-agents to solicit business on behalf of the fund? If so, please describe the arrangement(s), including any compensation.
21. Does your firm provide all of your employees with annual training regarding ethical practices?

Public Markets	58,511,764.00 *
Private Equity	12,244,182.00 *
Real Estate	7,279,569.00 *
Alternatives	2,133,141.00 *
Total	80,168,656.00 *

* 2010 Fees do not include conditional incentive fees.

ATRS 2010 Manager Fees

Asset Class	Manager	Approx. 2010 Fee*	Fee Schedule	Fee in bps
U.S. Equity	ICC	1,107,599.00	0.20% of First \$250.0 Mil, 0.13% Thereafter	16
	ING Small Cap Growth	864,735.00	0.70% of First \$150.0 Mil, 0.50% Thereafter	70
	ING Absolute Alpha	549,416.00	0.60% of First \$250.0 Mil, 0.40% Thereafter Incentive Fee: 20% of returns that exceed the S&P 500 Index + 1.25%	60
	Daruma	1,203,128.00	0.70% of First \$150.0 Mil, 0.50% Thereafter	64
	Kennedy	2,159,182.00	0.60% of First \$100.0 Mil, 0.50% Thereafter	52
	Allianz (Nicholas Applegate)	1,179,387.00	0.40% of First \$100.0 Mil, 0.30% of Next \$100.0 Mil, 0.25% of Next \$100.0 Mil, 0.20% Thereafter	27
	Jacobs Levy Core	927,313.00	0.50% of First \$200.0 Mil, 0.30% of Next \$300.0 Mil, 0.25% Thereafter	49
	Jacobs Levy 130/30	529,826.00	0.60% of First \$200.0 Mil, 0.35% of Next \$300.0 Mil, 0.30% Thereafter	60
	Stephens	984,011.00	0.75% of First \$150.0 Mil, 0.70% of Next \$50.0 Mil, 0.65% Thereafter	75
	Relational investors	4,253,084.00	1.50% of First \$100.0 Mil, 1.25% Thereafter Incentive Fee: 20% of returns that exceed the S&P 500 Index	147
	Pershing Square	10,854,645.00	1.50% of Assets Incentive Fee: 20% of returns with a high water mark over the life of the investment	150
	Allianz Structured Alpha	5,099,125.00	Incentive Fee: 30% of returns that exceed the S&P 500 Index	120
	Wellington Global Perspectives	1,675,994.00	0.80% of Assets	80
Wellington Global Opportunistic	4,650,404.00	0.80% of Assets Incentive Fee: 15% of returns that exceed the MSCI ACWI Index	80	
Capital Guardian Global	1,647,167.00	0.70% of First \$25.0 Mil, 0.55% of Next \$25.0 Mil, 0.43% of Next \$200.0 Mil, 0.38% Thereafter	43	
UBS Global	1,683,533.00	0.50% of First \$100.0 Mil, 0.40% of Next \$200.0 Mil, 0.25% Thereafter	36	
SSgA Global IMI Index	344,557.00	0.04% of Assets	4	

Global Equity	T. Rowe Price Global	1,424,999.00	0.65% of First \$50.0 Mil, 0.55% of Next \$50.0 Mil, 0.50% of Next \$100.0 Mil, 0.45% Thereafter	51
	Knight Vinke	1,233,796.00	1.25% of Assets Incentive Fee: 20% of returns that exceed the Since Inception IRR	125
	Lincoln Vale	2,150,829.00	2.00% of Assets Incentive Fee: 20% of returns that exceed PAR	200
	Bedlam	1,093,811.00	0.80% of First \$50.0 Mil, 0.60% of Next \$50.0 Mil, 0.50% Thereafter	60
	Lazard	1,638,754.00	0.68% of First \$300.0 Mil, 0.65% Thereafter	68
	D.E. Shaw	1,928,860.00	0.84% of First \$100.0 Mil, 0.80% of Next \$100.0 Mil, 0.76% Thereafter	80
Fixed Income	BlackRock	693,097.00	0.25% of First \$100.0 Mil, 0.20% of Next \$100.0 Mil, 0.18% of Next \$100.0 Mil, 0.15% of Next \$200.0 Mil, 0.10% Thereafter	21
	PIMCO	925,665.00	0.50% of First \$25.0 Mil, 0.38% of Next \$25.0 Mil, 0.25% Thereafter	27
	PIMCO PARS	2,981,134.00	0.24% Incentive Fee: 20% of returns that exceed 1-Month LIBOR in excess of hurdle rate	
	Western	594,569.00	0.30% of First \$100.0 Mil, 0.15% Thereafter	19
	BlackRock FIGO***	431,675.00	0.25% of First \$50.0 Mil, 0.20% of Next \$50.0 Mil, 0.15% of Next \$100.0 Mil, 0.10% Thereafter Incentive Fee: 20% of returns that exceed 3-Month LIBOR + 2.25%	
	Western Abs. Return	1,349,325.00	0.40% of Assets	40
	Loomis Sayles	899,585.00	0.50% of First \$20.0 Mil, 0.40% of Next \$30.0 Mil, 0.30% Thereafter	32
	Putnam	1,414,097.00	0.50% of Assets	50
	SSgA US Aggregate Bond Index	38,462.00	0.04% of First \$100.0 Mil, 0.02% Thereafter	3
Total		58,511,764.00		

* 2010 Fees do not include conditional Incentive fees.

**The PIMCO PARS fund was liquidated in June 2010.

** *The BlackRock FIGO Fund was liquidated in April 2011.

Fund Name	Estimated Net Mgmt Fees ^{1,2}	Mgmt Fee Term Summary			Transaction Fee/Carried Interest Term Summary					
		Mgmt Fee Rate (Invest. Period/ Post Invest. Period)	Mgmt Fee Base (Invest. Period)	Mgmt Fee Base (Post Invest. Period)	Mgmt Fee Frequency	Transaction Fee Offset %	Transaction Fee Offset Notes	Mgmt Fee Reduces Unfunded Commit.	Preferred Return	GP Carried Interest %
21st Century Group I	\$119,149	2.5% / 1.5%	Capital Commitment	Remaining Value	Quarterly	100%		TRUE	8%	20%
Advent GPE VI-A	\$586,550	1.5% / 1.5%	Capital Commitment	Net Contributed Capital	Quarterly	80%		TRUE	8%	20%
Audax Mezzanine III ³	\$0	1.5% / 1.5%	Capital Commitment	Net Contributed Capital	Quarterly	100%		FALSE	10%	20%
Blackstone Mezzanine I	\$37,584	1.5% / 1.0%	Capital Commitment	Remaining Value	Quarterly	80%		TRUE	8%	20%
Boston Ventures VII	\$630,715	2.0% / 2.0%	Capital Commitment	Remaining Value	Quarterly	100%		FALSE	8%	5%
CSFB-ATRS 2005-1 Series	\$1,500,000	During IP 0.75% of Mgmt Fee Base (\$200 million)/ Lesser of 0.75% of Mgmt Fee Base or Not Contributed to Underlying Funds + Unfunded to underlying funds.	Capital Commitment	Net Contributed Capital	Quarterly	100%		FALSE	8%	5%
CSFB-ATRS 2006-1 Series	\$2,400,000	During IP 0.75% of Management Fee Base (\$320 million). Post IP - Lesser of 0.75% of Mgmt Fee Base or not contributed to underlying funds + unfunded to underlying funds	Capital Commitment	Net Contributed Capital	Quarterly	100%		FALSE	8%	20%
Cypress MBP II	\$93,327	1.5% / 0.75%	Capital Commitment	Not Contributed Capital	Semi-Annually	65%		FALSE	8%	20%
DH Tech I	\$480,571	2.0% / 2.0%	Capital Commitment	Remaining Value	Semi-Annually	50%		TRUE	8%	20%
Diamond State ⁴	\$0	First \$25 million and Leverage Base = 2.5%; Greater than \$25 million and Leverage Base up to \$40 million = 2.25%; Over \$40 million and Leverage Base = 2.0%	Capital Commitment	Remaining Value	Quarterly	0%	100% directors fees	TRUE	0%	20%
Diamond State II ⁴	\$237,139	\$60 million or less = 2.5%; Greater than \$60 million but less than \$120 million = 2.5% (see formula in LPA); Greater than or equal to \$120 million = 2.0%	Capital Commitment	Not Contributed Capital	Quarterly	0%	100% directors fees	TRUE	0%	20%
DLJ Investment II	\$78,007	1.75% / 1.25%	Capital Commitment	Remaining Value	Semi-Annually	100%	Any securities received will become Fund property.	FALSE	8%	20%
DLJ MBP III	\$519,080	1.5% / 1.0%	Capital Commitment	Net Contributed Capital	Semi-Annually	0%		FALSE	8%	20%
Doughty Hanson III	\$232,015	1.5% / 1.5%	Capital Commitment	Net Contributed Capital	Semi-Annually	100%		TRUE	10%	20%
EnCap VIII ⁵	\$0	1.5% / 1.5%	Capital Commitment	Net Contributed Capital	Quarterly	100%		TRUE	8%	20%
FP Intl 2011 ⁵	\$0	None	Not Applicable	Not Applicable	Not Applicable	0%		Not Applicable	0%	0%
FP Venture 2008	\$0	None	Not Applicable	Not Applicable	Not Applicable	0%		Not Applicable	0%	0%
FP Venture 2009	\$0	None	Not Applicable	Not Applicable	Not Applicable	0%		Not Applicable	0%	0%
FP Venture 2010	\$0	None	Not Applicable	Not Applicable	Not Applicable	0%		Not Applicable	0%	0%
FP Venture 2011 ⁵	\$0	None	Not Applicable	Not Applicable	Not Applicable	0%		Not Applicable	0%	0%
HMTF III	\$0	1.5% / 0.75%	Capital Commitment	Remaining Value	Quarterly	100%		TRUE	8%	20%
HMTF IV	\$0	1.5% / 0.75%	Capital Commitment	Remaining Value	Quarterly	100%		TRUE	8%	20%
HMTF V	\$0	1.5% / 0.75%	Capital Commitment	Remaining Value	Quarterly	100%		TRUE	8%	20%
Insight Equity II	\$589,350	2.0% / 2.0%	Capital Commitment	Remaining Value	Semi-Annually	50%	100% directors fees, 50% transaction fees	TRUE	9%	30%
Insight Mezzanine I	\$150,000	1.5% / 1.5%	Capital Commitment	Remaining Value	Semi-Annually	50%		TRUE	9%	30%
KPS III Supplemental	\$520,595	1.75% / 1.75%	Capital Commitment	Net Contributed Capital	Semi-Annually	50%	50% transaction fees, 100% monitoring fees	TRUE	8%	25%
LLR III	\$1,000,000	During IP - 2.0% if < \$100 million; 1.875% if > than \$100 million and <= \$150 million; 1.75% if > \$150 million. Post-IP - 1.75%.	Capital Commitment	Net Contributed Capital	Quarterly	100%		TRUE	8%	20%
Mason Wells III	\$252,525	2.0% / 2.0%	Capital Commitment	Not Contributed Capital	Quarterly	100%		TRUE	8%	20%
NGP IX	\$995,537	During IP - 2.0% on aggregate commitments up to \$2.5 billion less any returns of capital, then 1.75% for amounts in excess of \$2.5 billion less any returns of capital and investments written down. Post IP - 1.5% of actively invested capital.	Capital Commitment	Remaining Value	Quarterly	100%		TRUE	8%	20%
Oak Hill :	\$42,784	1.5% / 1.25%	Capital Commitment	Net Contributed Capital	Semi-Annually	50%		TRUE	8%	20%
Riverside IV	\$750,935	2.0% / 2.0%	Capital Commitment	Net Contributed Capital	Semi-Annually	50%		TRUE	8%	20%
Second Claven ⁶	\$302,331	1.5% / 1.5%	Capital Commitment	Net Contributed Capital	Annually	50%		TRUE	8%	20%

TA XI	\$180,148	Year 1 - 1.13%; Year 2 - 1.90%; Years 3-7 - 2.25%; Year 8 - 2.0%; Year 9 - 1.5%; Year 10 - 1.0%	Capital Commitment	Capital Commitment	Monthly	100%		TRUE	0%	20%
Tennenbaum VI ¹	\$0	Year 1-3 - 0.25% - 1.0%; Investment Period Post Year 3 - 1.5% / Post IP - 1.5%	Capital Commitment	Net Contributed Capital	Quarterly	100%		TRUE	8%	20%
Vista Equity III	\$545,840	2.0% / 2.0%	Capital Commitment	Remaining Value	Semi-Annually	80%		TRUE	8%	20%
Wellspring V ²	\$0	2.0% / 1.0%	Capital Commitment	Net Contributed Capital	Semi-Annually	100%		TRUE	8%	20%
Wicks IV ³	\$0	During IP - 2.0% on aggregate commitments up to \$1.0 billion, then 1.25% for amounts in excess of \$1.25 billion / Post IP - 1.0% of actively invested capital.	Capital Commitment	Net Contributed Capital	Quarterly	100%	80% transaction fees, 100% monitoring fees	TRUE	8%	20%
Total	\$12,244,182									

¹ Net Management Fees are estimates for the period January 1, 2010 through December 31, 2010. Fees are generally estimated based on (i) the management fee expense of the fund, as presented in the funds' quarterly financial statements for the periods presented and (ii) ARTRS' limited partnership percentage interest.

² Estimates have not been verified by the fund managers and may differ from cash called for fees.

³ ARTRS' 2010 fund commitment commenced operations in 2011.

⁴ Excludes other SBA fees.

⁵ ARTRS closed on its commitment to the Fund after December 31, 2010.

⁶ British Pounds were converted to U.S. Dollars as of December 31, 2010.

Real Estate Strategy Sort Order	Partnership Name	Approx. Management Fees Paid YTD as of 12/31/2010	Fee Schedule
Core	JPMorgan Strategic Property Fund	989,379	0.87%
Core	Prudential Property Investment Separate Account	1,097,043	0.61%
Core	UBS Trumbull Property Fund	876,047	0.91%
Core Subtotal		2,962,469	
Value Added	Fidelity Real Estate Growth Fund III	300,000	1.00%
Value Added	JPMorgan Special Situations Property Fund	506,911	1.25%
Value Added	New Boston Real Estate Investment Fund VII	141,430	1.50%
Value Added	Rothschild Five Arrows Realty Securities Fund V, L.P.	362,505	1.25%
Value Added	Torchlight Debt Opportunity Fund II	815,212	1.50%
Value Added	Torchlight Debt Opportunity Fund III	450,000	1.50%
Value Added Subtotal		2,576,058	
Opportunistic	CB Richard Ellis Strategic Partners U.S. Opportunity Fund V, L.P.	225,199	1.00%
Opportunistic	DLJ Real Estate Capital Partners II, L.P.	54,402	1.00%
Opportunistic	Doughty Hanson & Co European Real Estate Limited Partnership Number One	8,407	0.00%
Opportunistic	Heitman European Property Partners IV	8,661	0.75%
Opportunistic	Landmark Real Estate Partners VI, L.P.	400,000	1.25%
Opportunistic	O'Connor North American Property Partners II	739,642	1.50%
Opportunistic	Olympus Real Estate Fund III, L.P.	189,095	1.25%
Opportunistic	Westbrook Real Estate Fund II, L.P.	4,478	1.25%
Opportunistic	Westbrook Real Estate Fund III, L.P.	12,046	1.00%
Opportunistic	Westbrook Real Estate Fund IV, L.P.	99,112	1.50%
Opportunistic Subtotal		1,741,042	
Real Estate Total		7,779,569	
Alternatives	RMK Timberland I	1,357,581	0.69%
Alternatives	RMK Timberland II	775,560	0.69%
Alternatives Total		2,133,141	
Alternatives	Halderman	2010 NA	0.75% fixed cash rent 1.00% cash flex lease 1.25% custom farming operations
Alternatives	Anchorage	2010 NA	2.00%
Alternatives	Capula	2010 NA	2.00%
Alternatives	Graham	2010 NA	2.00%
Alternatives	York	2010 NA	1.50%