WEST PALM BEACH POLICE
PENSION NEWS
A West Palm Beach Police Pension Fund Publication

Issue 20

Date of Issue:

Fourth Quarter 2013

Inside this issue….

The Board of Trustees wish you and your family a joyous & magical holiday season!

3rd QUARTER PENSION FUND SUMMARY

On September 30, 2013 our fund had a total market value of $237,718,000. For the quarter the fund had investment gains of $12,136,000.

For the quarter the total fund return was 5.37% (net) and its benchmark return was 5.18%.

For the quarter the stock return was 6.67% and the benchmark return was 7.58%. The bond return was 1.11% and the benchmark return was 0.76%.

For the quarter end, the allocation of our fund was 69.4% invested in stocks, 21.7% in bonds, 5.1% in Real Estate, and 3.8% in cash equivalents (i.e., short term liquid interest bearing investments similar to money market funds). Our ongoing target for investment in stocks is 65% of the total fund.

For the fiscal year, the total fund net return was 13.26% and its benchmark return was 14.61%. The stock return was 17.61% and the benchmark return was 22.51%. The bond return was 0.82% and the benchmark return was -0.71%. For the fiscal year-to-date, the Valley Forge large cap core stock return was 7.04%, the Garcia return was 7.04%, the Garcia Hamilton & Associates large cap growth stock return was 12.23%, the Anchor mid-cap value stock return was 16.27%, the Oak Ridge mid cap growth stock return was 25.22%, the GW Capital small cap value stock return was 28.54%, the Eagle small cap growth stock return was 32.03%, the WHV international stock return was 12.32%, the OFI emerging Markets International stock return was 8.82%. The Intercontinental Real Estate return was 13.98%, and the Garcia Hamilton & Associates aggregate fixed income return was 0.82%. The S&P 500 index return was 19.34%.

During the last quarter, Earnest Partners large cap value was replaced by BRC and DFA international value was replaced by the Vanguard Fund (VTRIX).

For the calendar year-to-date the best performing sector among S&P 500 stocks was Consumer Discretionary which increased 27.7% and the worst sector was Telecommunications which increased 2.2%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 1.2% before seasonal adjustment for the twelve months ended in September.

The Producer Price Index (PPI) for finished goods advanced 0.3% before seasonal adjustment for the twelve months ended in September.

The seasonally adjusted unemployment rate is 7.2% in September down from 7.6% in June. Real Gross Domestic Product (GDP) increased at an annual rate of 2.5% for the second quarter of 2013, compared with an increase of 1.1% in the first quarter of 2013.

RECENT ADDITION!

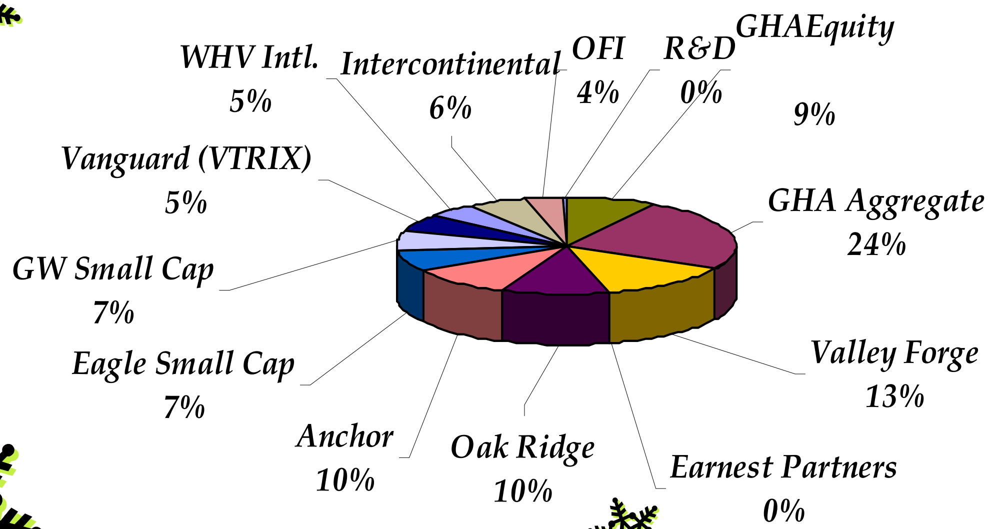
In the third quarter of 2013, the Board of Trustees retained the investment services of BRC Investment Management.

BRC will run our 23 million dollar large cap value initiative.

The Board welcomes BRC and wishes them many happy returns! Meet the BRC Team on Page 4 of this publication.

WELCOME

Track the Fund



Plan Asset Allocation & Diversification as of September 30, 2013

	Domestic Equities	Int'l Equities	Emerging Markets	Fixed Income	Real Estate	Cash	Total
GHA Equity	$18,382,000					$265,000	$18,647,000
GHA Aggregate				$51,692,000		$685,000	$52,377,000
GHA Total							$71,024,000
Valley Forge	$26,047,000					$826,000	$26,873,000
BRC	$23,181,000					$366,000	$23,547,000
Oak Ridge	$21,621,000					$749,000	$22,370,000
Anchor	$17,568,000					$3,826,000	$21,394,000
Eagle Small Cap	$15,499,000					$409,000	$15,908,000
GW Small Cap	$13,686,000					$901,000	$14,587,000
Vanguard (VTRIX)		$11,413,000				$0	$11,413,000
WHV Intl.		$9,946,000				$432,000	$10,378,000
Intercontinental					$12,030,000		$12,030,000
OFI			$7,688,000				$7,688,000
R&D						$507,000	$507,000
Totals	$135,984,000	$21,359,000	$7,688,000	$51,692,000	$12,030,000	$8,966,000	$237,719,000

GHA	Eagle	Valley Forge	BRC	Oak Ridge
Apple	Multimedia Games	Pfizer	Borg Warner Inc.	Port Recovery Assoc
Walt Disney	Genesco Inc.	AT&T	Yahoo	Gulfport Energy
Affiliated Mgrs. Grp.	Gentene Corp.	Intel	Mylan Inc.	Affiliated Mgr. Grp.
Coca Cola	Geospace Tech.	Waste Mgmt . Inc	Raytheon	Penske Auto Grp.
Qualcomm Inc.	Quaker Chemical	Coca Cola	Snap-On Inc.	Alliance Data Sys.
Roper Industries	Bally Technologies	Merck & Co.	CBS Corp.	GNC Holdings
WW Grainger	Texas Industries	Microsoft	Kroger Co.	NPS Pharma.
Cicso Systems	Huron Consulting	General Electric	Northrop Grumman	Akorn Inc.
Home Depot	MedAssets Inc.	Wells Fargo	ConocoPhillips	Robert Half Inc.
Goldman Sachs	Hanger Inc.	Johnson & Johnson	Limited Brands Inc.	Ross Stores

Top Ten Equity Holdings

Anchor	GW	OFI	Vanguard	WHV
Sun Communities	Prestige Brands	Baidu Inc.	Sumitomo Mitsui	Canadian Pacific Rail
McKesson Cp.	Darling Intl.	Tencent Hlds.	Seven & I Hlds.	Rio Tinto PLC
Old Rep. Intl.	Brookdale Senior Liv.	Novatek OAO	SAP	Noble Corp.
National Fuel Gas	Chemtura Corp.	Naver Corp.	Japan Tobacco	Schlumberger LTD
NY Cmnty. Ban-corp	Ocwen Financial	Yandex NV	HSBC Holdings	Diageo PLC
St. Jude Med. Inc.	Rex Energy	Magnit	Anheuser-Busch	Suncor Energy
RPM Intl. Inc.	Unifirst Corp.	Housing Dev. Fin.	Royal Bk. Scotland	BHP Billiton LTD
Teco Energy	Owens Illinois	Carlsberg Ag.	Novartis AG	Canadian Nat. Rail.
Waddell & Reed	Albany Intl. Corp.	Infosys Limited	Unilever PLC	Tenaris SA
Sempra Energy	Casey's Gen. Stores	Tenaris SA	Weatherford Intl.	Weatherford Intl.

MEET THE BRC TEAM!

Introduction

BRC Investment Management LLC was established April 1, 2005 as a Delaware Limited Liability Company and registered with the Securities and Exchange Commission on April 15, 2005 as an investment adviser under the Investment Advisers Act of 1940.

BRC Investment Management LLC was formed as a result of an amicable separation of the U.S. equity investment team from Duff & Phelps Investment Management Co. As part of the separation agreement effective May 23, 2005, BRC continues the same U.S. equity investment philosophy, process, products and performance track record that dates back to January 1, 1996

John R. Riddle, CFA

Managing Principal / Chief Investment Officer
Investment Experience: 31 years
Equity Owner

John is the Chief Investment Officer responsible for the design and strategic implementation of the BRC investment approach.

John is the author of the foundational academic research that supports the BRC investment philosophy and process; he is a core member of the investment team overseeing quantitative research and portfolio risk management.

John has previously held the positions of President/Chief Investment Officer of Duff & Phelps Investment Management; CIO/Chief Investment Officer of Capital West Asset Management, LLC; Director of Research and Portfolio Management at U S WEST, Inc.; Portfolio Manager at GTE Investment Management, Inc. and Senior Financial Analyst at GTE, Inc.

University of Connecticut, MBA
University of Hawaii, Bachelor of Arts, Finance

PROFESSIONAL AFFILIATIONS
CFA Institute
Denver Society of Security Analysts

Mark F. Jaeger, CFA, CPA

Principal / Portfolio Manager & Head of Quantitative Analysis
Investment Experience: 25 years
Equity Owner

Mark has been a member of the core investment team since 2003 and responsible for quantitative risk analysis and portfolio management.

Mark also oversees the equity trading and the portfolio administration process.

Previously Mark held the position of Managing Director of Equity at Duff & Phelps Investment Management; Controller of Mountain Division at Comcast; Executive Director at AT&T Broadband; CFO/CIO at Colorado Intergovernmental Risk Sharing Agency and Auditor at Arthur Anderson & Co.

University of Denver, Bachelor of Science, Accounting

PROFESSIONAL AFFILIATIONS
CFA Institute
American Institute of Certified Public Accountants
Colorado Society of Certified Public Accountants

Please continue………..

Sharon L. Ward, CFA

Principal / Portfolio Manager & Head of Fundamental Analysis
Investment Experience: 16 years
Equity Owner

Sharon has been a member of the core investment team since 2003 and is responsible for fundamental research and portfolio management.

Sharon also oversees the fundamental analyst team.

Previously, Sharon held the position of Managing Director of Equity at Duff & Phelps Investment Management and Sell-side Research Analyst at William Blair & Company, LLC.

Kellogg School of Management, Northwestern University, MBA
University of Illinois, Bachelor of Science, Engineering

PROFESSIONAL AFFILIATIONS
CFA Institute
Investment Analysts Society of Chicago

J. David DuRie

Principal / Head of Business Development & Client Service
Institutional Sales and Marketing Experience: 28 years
Equity Owner

David has been responsible for the development and implementation of the sales and marketing strategy including new product development since the firm's inception.

David is also responsible for client relationship management and servicing including the firm's public relations.

Previously David held the position of Managing Director of Institutional Sales and Marketing at Duff & Phelps Investment Management; Senior management positions at Columbia Management Group, Lend Lease Capital Partners and Chase Asset Management; and Relationship Management at Bankers Trust Company, the Boston Safe Deposit and Trust Company and The Boston Company.

University of New Hampshire, BA

LARGE CAP CONCENTRATED EQUITY

A sector diversified portfolio of BRC's best picks of U.S. companies with market values generally in excess of $5 billion.

INVESTMENT OBJECTIVE
Achieve greater than 300 bps over the appropriate benchmark while effectively managing risk through a diversified portfolio of alpha producing stocks.

INVESTMENT PROCESS
BRC identifies those securities that through quantitative, fundamental and behavioral valuation techniques that are very likely to provide attractive risk adjusted returns. Unique to BRC is their ability to predict and capture alpha based upon favorable earnings announcements or upward earnings revisions.

WEST PALM BEACH POLICE PENSION FUND
2100 North Florida Mango Road
West Palm Beach, Florida 33409

Phone: 561.471.0802 FAX: 561.471.5027

PUBLIC NOTICE

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

January 10, 2014	July 11, 2014
February 14, 2014	August 08, 2014
March 14, 2014	September 12, 2014
April 11, 2014	October 10, 2014
May 09, 2014	November 14, 2014
June 13, 2014	December 12, 2014

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

TIME: 8:30 A.M.

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

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

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

Note: In compliance of state law, the Board of Trustees finds that a proper and legitimate purpose is served when members of the public have been given a reasonable opportunity to be heard on a matter before the Board. Therefore, the Board of Trustees have determined and declared that they will allot 15 minutes in total for this purpose; however each person is limited to no more than (2) two minutes to comment at each meeting.

Please visit us at: www.wpbppf.com

http://wpbppf.com/docs/announcements/WPBPolicePensionPPCCAward_2013.pdf#zoom=100

Follow the link above to see the latest pension award the Fund has received!

EQUITY MARKET

A Strong Advance

Price volatility was substantial on a month-to-month basis; however, all major stock indices posted single to double-digit gains for the full quarter. The bellwether S&P 500 rose 5.2% and hit a record high on September 18th, in sync with the Fed's latest announcement. The tech-oriented NASDAQ Composite charged ahead 11.2%.

Among investment styles, small caps beat large caps and growth left value behind. The best performing investment space was small-cap growth, which returned 12.8%. By comparison, large-cap value stocks rose a relatively meager 3.9%. The largest return spread among similar-sized companies was between small-cap growth and small-cap value, which returned 12.8% and 7.6%, respectively. The Russell 3000, representing the broad stock market, earned 6.4%, with its growth component posting 8.5% and the value segment rising a much lower 4.2%. Year-to-date stock returns looked more like a two-year or even a three-year bull market advance. Small-cap growth was once again the best of the bunch, vaulting 32.5% in nine-months. However, there is lingering concern that Congressional gridlock early in the fourth quarter could lead to a performance give-back.

Technology stocks (+10.6%) fared best among the eleven S&P market sectors, buoyed by Apple's 21% rebound. The consumer discretionary sector was close behind with a 9.7% gain, driven by auto replacement demand. The basic industry and energy sectors earned 8.9% and 6.1%, respectively, due to a rebound in Chinese and European demand. Utility stocks were the only group that lost ground (-0.5%). Overall, cyclical industries shined and interest-sensitive names underperformed.

INTERNATIONAL EQUITIES

Many Developed Markets Soared, Leaving EM in their Wake

The benchmark MSCI EAFE Index turned from red ink to black, adding 11.6% for the quarter. Every country component of the index advanced, with most rising by double digits. Europe was the best-performing region, as the Eurozone economy officially climbed out of recession. Within Europe, there were some surprisingly high flyers: Greece (33.6%); Spain (25.8%); Italy (19.8%); and Ireland (17.0%). These are four of the five so-called PIIGS countries that have been mired in sovereign debt crises since 2008. Investor sentiment turned positive in southern Europe mainly because those economies appeared to be bottoming out and the ECB announced it would maintain low borrowing rates as long as necessary. Heavy hitters' Germany (12.7%) and France (15.5%) also advanced, as re-election activities by Angela Merkel's political party took center stage. The UK officially ended its recession, thereby gaining 12.1%.

Australia saw a strong 12.0% return, reflecting China's renewed appetite for raw materials. Stock prices of Australian-based BHP Billiton and Rio Tinto led the market upward.

Far East stocks turned in mixed results, but were generally lower than those of Europe and Australia. The Japan market rose a respectable 6.7%, helped by the continuing government stimulus and an upwardly-revised second quarter GDP. A strengthening Yen did not hamper results. Hong Kong delivered a higher 8.9% return, as its gambling enterprises saw a spike in business due to an upturn in Chinese tourism; a peaceful legislative election also helped. Singapore was a bit of a laggard, gaining 4.7% amid a weakening economy. Israeli stocks brought up the rear, advancing just 2.5%; this was largely attributable to investor uncertainty in the face of its aggressive military posture toward Syria and Iran.

Emerging market stocks collectively earned 5.9%, but with a wide range among country bourses. Gains were concentrated in countries with large Eurozone exposure, a large raw materials export market, or a heavy manufacturing component.

Markets in several Asian countries weakened. India (-5.3%) suffered from slow economic growth, rising inflation and a weakening rupee. Indonesia was the biggest loser (-23.9%) due to a record current account deficit and a collapsing rupiah. Korea's market was the notable exception, up 14.9%, bolstered by that country's solid economic growth. Korean-based Samsung participated with the introduction of a highly-touted "smart" watch.

Source: Dahab Associates

WALL STREET LOOTING AMERICA'S PENSION FUNDS

Matt Taibbi, in a long piece published in the October 10, 2013, issue of *Rolling Stone*, recounts how the state of Rhode Island took bold action to avert what it called a looming pension crisis. Led by its newly elected treasurer, Gina Raimondo, a former venture capitalist, the state declared war on public pensions, ramming through an ingenious new law slashing benefits of state employees with a speed and ferocity seldom before seen by any local government. Called the Rhode Island Retirement Security Act of 2011, her plan would later be hailed as the most comprehensive pension reform ever implemented. The rap was so convincing at first that overwhelmed local legislatures did not even know how to react. Nobody wanted to be the first to raise his hand and admit he did not know what she was talking about. What few people knew at the time was that Raimondo's tool kit was not just meant for local consumption. The dynamic young Rhodes Scholar was allowing her state to be used as a test case for the rest of the country, at the behest of powerful out-of-state financiers with dreams of pushing pension reform down the throats of taxpayers and public workers from coast to coast. One of her key supporters was billionaire former Enron executive John Arnold, a young right-wing kingmaker with clear designs on becoming the next generation's Koch brothers, and who for years had been funding a nationwide campaign to slash benefits for public workers. Further, no one knew that part of Raimondo's strategy for saving money involved handing more than $1 billion â€“ 14% of the state fund -- to hedge funds, including a trio of well-known New York-based funds: Third Point Capital, Mason Capital and Elliott Management. The funds now stood collectively to be paid tens of millions in fees every single year by the already overburdened taxpayers of her ostensibly flat-broke state. The state's workers, in other words, were being forced to subsidize their own political disenfranchisement, coughing up at least $200 million to members of a group that had supported anti-labor laws. Backing up a bit, readers should remember that when the federal government was so worried about the sanctity of private contracts that it doled out $182 billion in public money to AIG, which guaranteed that firms like Goldman Sachs and Deutsche Bank could be paid off on their bets against a subprime market they themselves helped overheat (and enabling AIG executives to be paid the huge bonuses they naturally deserved for having run one of the world's largest corporations into the ground). When asked why the state was paying those bonuses, Obama economic adviser Larry Summers said, ""We are a country of law.…The government cannot just abrogate contracts." Now, though, states all over the country are claiming they not only need to abrogate legally binding contracts with state workers but also should seize retirement money from widows to finance years of illegal loans, giant fees to billionaires and give tax breaks to multi-millionaires It ain't right. If someone has to tighten a belt or two, let us start there. If we still have a problem, then we can discuss it later. But asking cops, firefighters and teachers to take the first hit for a crisis caused by reckless pols and thieves on Wall Street is low, even by American standards. One factoid about the Pew Charitable Trusts, what most people think as a centrist, nonpartisan organization committed to sanguine policy analysis and agnostic number crunching organization, was the legacy of J. Howard Pew, president of Sun Oil (later Sunoco) during its early 20th-century petro-powerhouse days and a kind of australopithecine precursor to a Tea Party leader. Pew had all the symptoms -- an obsession with the new deal as a threat to free society, a keen appreciation for unreadable Austrian economist F.A. Hayek and a hoggish overuse of the word "freedom." Pew left nearly $1 billion to a series of trusts, one of which was naturally called the "Freedom Trust," whose mission was, in part, to combat the false promises of socialism and a planned economy.

The entire piece merits reading at http://www.rollingstone.com/politics/news/looting-the-pension-funds-20130926

SIX REASONS WHY YOU SHOULD SAVE FOR RETIREMENT NOW

- Because you do not want to work forever. No matter how much you love your job, you might want the flexibility to make a change on your terms.
- Because living in retirement is not free, and it might cost more than you think. Many people assume that expenses will go down in retirement, and for some, they may. On the other hand, retirement often brings with it changes in how we spend, and on what, which is not necessarily less.
- Because you may not be able to work as long as you think. Surveys consistently find that a large percentage of retirees leave the work force earlier than planned â€" 47% in the 2013. Many retirees who retired earlier than planned cite negative reasons for doing so, including health problems/ disabilities (55%); changes at their companies, such as downsizing or closure (20%); having to care for spouses or other family members (23%).
- Because working longer may not be enough. One of the more recent alternatives proposed is that of continuing to work longer which, if possible, would both serve to postpone depletion of retirement income resources, and to provide additional time to save. However, this assumption might not prove to be a viable option for all, and even for those who can and do, working until 70 by itself may not be sufficient for some individuals.
- Because you do not know how long you will live. People are living longer, and the longer your life, the longer your retirement could last, particularly if it begins sooner than you planned.
- Because the sooner you start, the easier it will be. What are you waiting for? Sooner or later you know you need to start to save. And the later you start, the harder it can be.

CBO Updates Estimate of the Budgetary Effects of Increasing the Medicare Eligibility Age to 67

On October 24, 2013, the Congressional Budget Office (CBO) released its report, Raising the Age of Eligibility for Medicare to 67: An Updated Estimate of the Budgetary Effects. The report updates the CBO's earlier estimate of the potential impact of changing Medicare's eligibility age from 65 to 67. In the report, the CBO analyzes the policy option of raising the Medicare eligibility age by two months every year, starting with individuals born in 1951 (who turn 65 in 2016) and continuing until the eligibility age reaches 67 for individuals born in 1962 (who turn 67 in 2029). The new estimate of the net budgetary savings related to increasing Medicare's eligibility age is significantly lower than its earlier estimates.

According to the report, implementing this option would reduce federal budget deficits by $19 billion between 2016 and 2023, reflecting a $23 billion decrease in outlays and a $4 billion decrease in revenues over the period. The decrease includes a reduction in federal spending for Medicare and a slight reduction in outlays for Social Security retirement benefits. However, nearly two-thirds of the long-term savings would be offset by increases in federal spending for Medicaid and health insurance exchange subsidies. Overall, the CBO estimates that Medicare spending would be about 3% less under the proposed option than under current law by 2038.

Previous CBO reports estimated the potential savings to be much higher for the proposed option. The January 2012 report estimated that a policy change would produce savings of about $113 billion over 10 years. The current estimate reflects a new perspective related to the cost of Medicare for beneficiaries who are ages 65 and 66. Enrollees at age 65 tend to be in better health and, in turn, are less costly than those previously enrolled before age 65. In addition, enrollees at ages 65 and 66 are also more likely to have employment-based health insurance, which reduces Medicare's costs.

In future decades, Medicare expenditures are projected to increase rapidly due to: 1) the retirement of the baby-boom generation; and 2) long-term growth in per capita health care spending that exceeds the growth in gross domestic product (GDP). Moreover, life expectancies have continued to increase and, as a result, lead to considerably longer periods for individuals to be covered by Medicare, on average. This trend is expected to continue and will likely increase the program's costs.

The report is available at: http://www.cbo.gov/sites/default/files/cbofiles/attachments/44661-EligibilityAgeforMedicare.pdf

The Board Thanks Steve Cypen for his contribution to this newsletter

STOCK SPOTLIGHT

Gilead Sciences (Ticker = GILD)

Sector: Healthcare

Industry: Biotech

Market Capitalization: $115 Billion

Gilead Sciences Engages in the discovery, development, and commercialization of therapeutics for the treatment of life threatening diseases worldwide. Core areas of focus include HIV, Hepatitis B/C, Cardiovascular and Oncology. The company is entering a period of accelerating growth driven by new HCV products & continued leadership in HIV. It trades below 1x on a PEG basis with 2014/15 EPS growth rates expected to reach > 40%.

Chico's FAS (CHS)

Sector: Consumer Discretionary

Industry: Apparel Retail

Market Capitalization: $2.9B Billion

Chico's FAS, is a specialty retailer of privately labeled women's casual-to-dressy clothing, intimates, complementary accessories, and other gift items. The company sells through several different branded stores, catalogs, and websites. All of its brands focus on women over the age of thirty-five from upper middle-income households. Its stores include 600 Chico's boutiques, 402 White House | Black Market boutiques, and 206 Soma Intimates boutiques, along with associated outlets, located throughout the United States and its territories. It also sells clothes and accessories through catalogs and online under the Boston Proper brand. Due to poor second quarter results and a lackluster overall retail environment we were able to acquire Chico's shares at a significant discount to intrinsic value. However, as the economy slowly improves, we believe that Chico's core customer characteristics and attractive growth prospects will become better appreciated by investors.

Google (Ticker = GOOG)

Sector: Technology

Industry: Internet Media

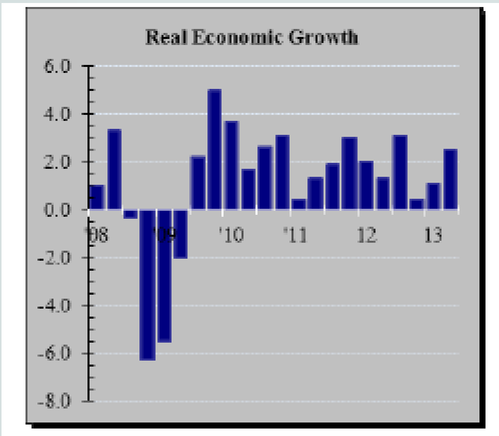
Market Capitalization: $360 Billion

Google has revenues from online advertising businesses with search and display; mobile business with Motorola Mobility and Android operating system; other platforms such as Google Chrome, Google+, Google Play, Google Drive, Google TV; Enterprise business with Google Apps. We like GOOG for its leading market share in online advertising and expect it to benefit from a continued shift from offline to online. The core search business is growing close to 20% with further potential growth driven by increased monetization of YouTube and its display advertising market.

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

ECONOMIC ENVIRONMENT

Bernanke Surprises Everyone While Investors Gird for a Shutdown



The furlough of key Federal Government workers began at midnight on September 30th. This action shut down the collection of statistics relating to employment and economic growth. While those numbers are unavailable, other credible sources strongly suggest that the US economy continued to grow, albeit slowly. Housing and manufacturing were the quarter's bright spots, while consumer confidence ebbed slightly.

On September 18th, Fed Chairman Bernanke also had economic growth in mind when he made an announcement that took politicians, investors and economists by surprise. As recently as June, he was giving serious consideration to trimming the Fed's $85 Billion monthly bond buying program, known as QE3. But, just one quarter later, he announced that the Fed would defer any exit from the program (tapering). This action was taken to stimulate more growth and reduce the still high unemployment level. Financial markets reacted favorably, but there were other storms on the horizon. These included the military show-down with Syria, an October 1st Government shutdown and a looming debt ceiling to be reached on or about October 17th.

The quarter's economic highlights:

- 2nd quarter GNP was a healthy 2.5%, after rising only 1.1% during the first quarter; this meaningful improvement was achieved despite the ongoing sequester. The Fed expects 2% growth for the full year and 3% in 2014 (revised downward from 3.3%). Nonetheless, the shutdown and debt ceiling issues could dampen the outcome for this year.
- Job growth remained positive, albeit sluggish, as reported by ADP; non-farm private employment gains averaged over 160,000 throughout the quarter. Small business hiring represented almost half of September's gains. Assuming that public sector employment was flat, the overall gains managed to keep pace with the growing labor pool.
- CoreLogic reported that housing prices advanced 12.4% on a year-over-year basis through August. Housing prices have gained traction for 18 consecutive months, contributing to the consumer's sense of economic well-being. Importantly, no state experienced price depreciation in the month of August.
- The pace of manufacturing rose to its highest level in 12-months, as reported by ISM; those gains have now occurred for 52 consecutive months! The service sector also continued to grow, but at a slower rate, and growth in that sector has been positive for 45 straight months.
- The Conference Board's Consumer Confidence Index fell slightly from its August peak of 81.8, but was still high at 79.7 as of September. However, the Expectations Index fell sharply in September amid government shutdown and debt ceiling worries.
- Inflation remained low through August, influenced by stubbornly high unemployment, restrained consumer spending and especially by the ongoing QE3.

Given all of the political, military and economic volatility during the quarter, domestic and international markets successfully climbed many walls of worry.

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2100 North Florida Mango Road
West Palm Beach, Florida 33409

Phone: 561.471.0802
Fax: 561.471.5027

E-mail Comments and Suggestions to:

Email: info@wpbppf.com

In Memoriam

Our thoughts and prayers go out to ELLEN L ENGELHARDT and family for the loss of RICHARD ENGELHARDT on September 27, 2013.

Cost of Living (COLA)

The 2014 COLA's were approved by the Board of Trustees on December 13, 2013. Notices of the adjustment effective January 1, 2014 were sent to all affected members age 65 or older.

Minimum Required Distributions (MDR)

The annual review of the DROP and Share Accounts were recently completed. The review looks at members who are 70.5 years of age or older, to ensure the required distribution is being received. Letters were sent to all the affected members.

Topic Eating During the Holidays

I found there was only one way to look thin: hang out with fat people.

RodneyDangerfield

DROP & Share Fees

Section13(4)(e) of the Ordinance concerning interest that should be credited to DROP accounts states that the" costs, fees, and expenses of administration shall be debited from the individual member account". The same language exists pertaining to the Share Plan Accounts.

Each fiscal year the fee is reviewed for the up coming fiscal year. The fee for the FYE September 30, 2013 was 0.175% per quarter. The Board of Trustees is pleased to announce that the fee for the FYE September 30, 2014 will be reduced to 0.1675%.

You will notice that adjustment when the rate of return is applied for the quarter ending December 31, 2013.