

SUNRISE POLICE PENSION FUND

PERFORMANCE REVIEW

JUNE 2003

INVESTMENT RETURN

On June 30th, the Sunrise Police Pension Fund's assets were valued at \$36,325,304, which was an increase of \$2,641,772 from the March quarter's ending valuation of \$33,683,532. The Fund recorded net withdrawals totaling \$224,098, which only partially offset the fund's net investment return of \$2,865,870. The portfolio's net investment return was the result of income receipts totaling \$309,788 plus realized and unrealized capital returns of \$2,556,082.

If the fund had earned a nominal 8.0% rate of return since March 1998, it would have been worth \$45.7 million, or \$9.1 million *more* than its actual quarter ending value.

ECONOMIC ENVIRONMENT

The world got back to normal (more or less) in the second quarter. The major phase of the war in Iraq was concluded quickly, SARS was contained to a couple of locations, and oil prices retreated to the high \$20/barrel range. The economy continued to grow for the seventh consecutive quarter at a modest 1.5% (estimated) pace, slightly less than the first quarter's rate of 1.6%.

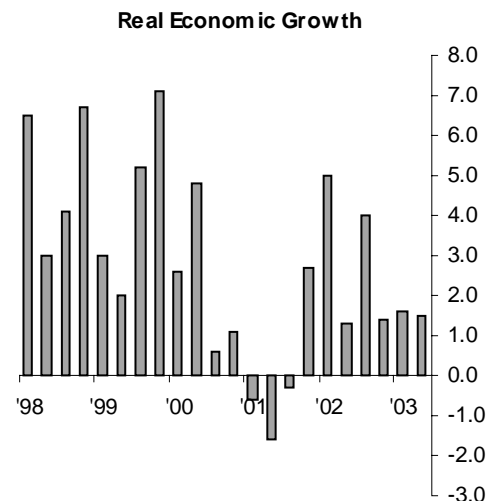
Record low rates for home financing and refinancing kept home sales and prices up. The fear that high prices for homes may evaporate if interest rates rise significantly is growing. Office vacancies are up once again this quarter to 16.5%. Commercial rents have begun to soften, declining 2% for the quarter. Here too, low interest rates have kept prices fairly high.

The Federal Reserve cut interest rates for the thirteenth time by ¼% in June to further stimulate the economy. Most economists believe that this cut along with tax cuts will spur economic growth to a 3.5% rate during the second half of 2003.

The Fed continues to express concerns about deflation. Once businesses and consumers begin to expect falling prices for goods and services it becomes very hard to get businesses to invest in new plants and equipment. A steady decline in the prices of goods and service undermines the ability of businesses to build inventories. That creates an every increasing spiral of cost cutting and price cutting that could lead to a depression. The Federal Reserve takes such a cycle as a very serious threat to the long-term economic stability of the country.

The dollar continued to slide during the second quarter. During the quarter, the exchange rate rose from \$1.08/euro to a peak of \$1.19/euro, before falling back to \$1.14/euro on June 30th.

Unemployment shot up to 6.4% from 6.0% during the quarter. Part of the increase was due to people losing their jobs, but a bigger part of the increase came from people resuming their search for work and new high school and college graduates seeking employment in a tough environment. During the quarter, new applications for unemployment insurance averaged well over 400,000 per week.



Oil inventories fell by 20% from a year earlier because of problems in Venezuela, Nigeria and the Middle East. The deficit coupled with fear of war pushed prices up over 50% to a peak of \$38 per barrel, before sliding back to the \$28 range by the end of March. The trade deficit remained high during the quarter because of high oil prices, and weak sales abroad.

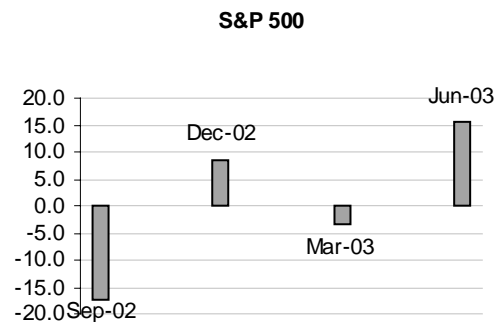
Inflation was actually negative during the quarter because of declining energy prices. The CPI-U fell 0.3% (CPI-U). For the trailing year, the figure was 2.1%. European inflation remains steady at about 2%. Their energy costs went down even faster than ours because of the appreciation of the euro against the dollar.

Industrial output declined by 0.3% in the June quarter. Capacity utilization is still very low at 74.3%, down from 74.8% in March. The long term average utilization rate is 81.3%. American businesses can therefore produce far more output without inflation or a strain on capabilities.

EQUITY MARKET

The stock market had its best performance in over four years. All of the major indices produced double digit gains. The markets rallied as the fears of a prolonged war and a major disruption in oil production subsided.

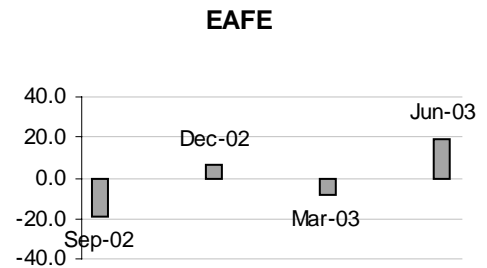
Equity indices moved back into lower territory when the brief market rally that coincided with the start of the conflict in Iraq petered out. The overall market as measured by the Russell 3000 index was up 16.2% for the quarter. Large cap value stocks outperformed growth stocks, while small cap growth stocks outperformed small cap value stocks. Large cap growth rose 14.3% for the quarter, while large cap value climbed 17.3%. Small cap growth shot up 24.2% and small cap value returned 22.7%. During the second quarter, the Dow Jones Industrials rose from 7992 to 8985, off from the quarter high of 9323.



The S&P 500 gained 15.4% for the quarter, and was up 0.3% for the trailing 12 months. Every sector was up for the quarter; four sectors, the Durable Consumer Goods, Technology, Utilities and Service sectors had returns at or above 20.0%. The Energy sector, with a return of 7.2%, was the weakest performer this past quarter. The best performing sector was the Durable Consumer Goods sector, returning 24.8%. At quarter end, the average yield of an S&P 500 issue was 1.9%, its average growth rate was 8.4%, and it sold at a price/earnings ratio of 23.1. The p/e ratio remains higher than its historical normal range of 14x to 16x.

INTERNATIONAL EQUITIES

Equity markets abroad also posted strong gains for the quarter. In terms of country returns, Greece (43.1%) and Germany (38.8%) led the developed markets. While as a region, Europe outperformed the Far East and Pacific as those regions worked off lingering concerns of SARS. Gains in international equities were magnified by the decline in the dollar relative to foreign



currencies. Japan was the only developed nation to buck the trend; their returns in local currency were higher than their returns in U.S. dollars. In an effort to stimulate the Japanese economy through an export led rally, the Bank of Japan continued their policy of restraining the yen's rise against the dollar.

The international equities markets (as represented by the capitalization-weighted EAFE index) rose 19.6% for the quarter and returned -6.0% for the trailing year. On an equal-weighted basis, the EAFE index gained 22.2% for the quarter and eked out 0.5% for the trailing year.

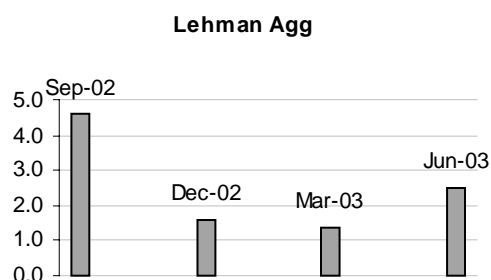
Emerging markets posted double-digit gains. The MSCI Emerging Markets Free Index rose 23.4% for the quarter. Regionally, Europe and the Middle East led the way returning 36.8%. Oil prices at \$28 per gallon, still about 20% higher than last year's value, helped bolster the Russian markets to a 48.9% return for the quarter. The end of the war in Iraq, combined with renewed hopes of peace in Israel, resulted in a 40.0% and 42.8% return for Israel and Turkey respectively.

BOND MARKET

During the second quarter of 2003, the yield curve dropped and flattened. Treasuries, for the most part, remained at low yields. Short treasury yields fell about 0.2%; intermediates declined 0.3% and long treasury yields lost nearly 0.3%. Quality spreads (the difference in yield between a corporate bond and a treasury bond of the same maturity) narrowed as confidence in the strength of American corporations grew. Like last quarter, corporates tended to do better than governments as credit sensitive bonds benefited from money moving out of lower yielding governments and money market funds.

The Lehman Brothers Aggregate Bond Index produced a 2.5% second quarter return and a trailing year return of 10.4%. Intermediate and long treasuries had solid returns for the quarter, returning 1.6% and 5.1% respectively. For the trailing year, intermediates returned 8.3% and long treasuries gained 19.4%. The US Government Index as a whole was up 2.5% for the quarter and up 11.3% for the trailing year. The Investment Grade Credit Index outperformed governments for the quarter (4.8%), and for the year (15.6%). High yield corporates (junk bonds) had a strong quarter, gaining 10.1%. For the last 12 months, high yield bonds rose 22.8%.

The average maturity of the Lehman Aggregate index slipped slightly from 6.8 years to 6.7 years during the quarter. The interest rate sensitivity (duration) rose 0.1 years from 3.9 years to 4.0 years (on an adjusted basis) and the average yield fell from 3.9% to 3.6%.



Emerging market bonds were up for the quarter, rising 10.7%, as well as for the year, up 32.5%. Uruguay bonds were the best performing emerging market bonds last quarter, returning 44.7%. For the trailing 12 months, the 126.4% return of Argentinean corporate bonds outperformed all other emerging market bonds.

CASH EQUIVALENTS

Short-term yields remained low during the quarter. The "risk-free" Treasury note return was 0.3%, producing a trailing 12-month total return on cash and equivalents of 1.5%.

RELATIVE PERFORMANCE

Total Fund

Last quarter, the total aggregate portfolio returned 8.5%. That performance ranked in the 66th percentile of the Independent Consultant's Cooperative's (ICC) universe of balanced funds, 2.0% below the 10.5% median balanced return. The return for the last 12 months was 5.0%, ranking the portfolio in the 45th percentile. Since March 1998, the fund gained 19.5%, returning 3.5% per annum, which ranked in the 53rd percentile.

Equities

Last quarter, the stocks in the aggregate portfolio returned 14.4%, ranking in the 81st percentile, 1.0% below the S&P 500's 15.4% return. The return for the trailing year was -1.6%, placing this component in the 67th percentile. Since March 1998, the aggregate stocks fell 6.9% (a -1.4% annualized return) and ranked in the 83rd percentile, 0.5% per year behind the S&P 500's -0.9% annualized return.

Bonds

The aggregate fixed income segment recorded a second quarter return of 2.7% and ranked in the 59th percentile of the fixed income universe. That performance was 0.2% better than the Lehman Aggregate bond index's return of 2.5%. The return for the trailing year was 11.6%, which ranked above the median in the 43rd percentile. Since March 1998, the bonds earned 48.9% (7.9% per annum) and ranked in the 39th percentile; the annualized return beat the annualized index return (7.6%) by 0.3%.

International Equities

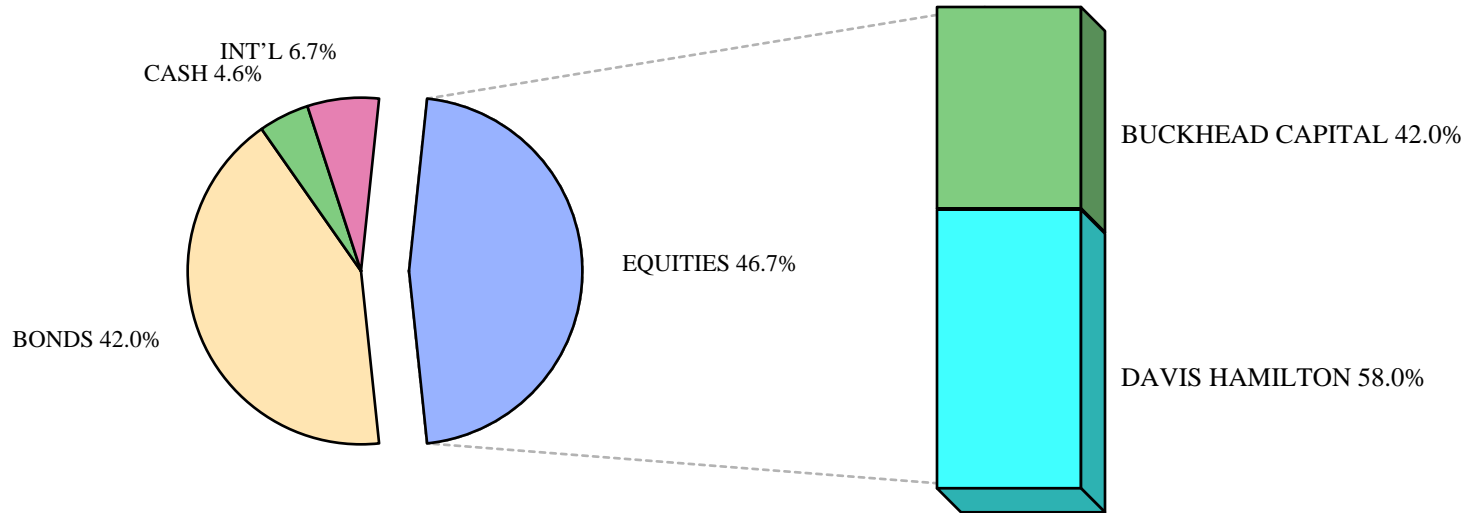
The American Euro Pacific and Putnam accounts together returned 17.2% for the June quarter, ranking in the 75th percentile of the ICC universe of international equity funds, but still trailed the EAFE index (19.6%) by 2.4%. Over the last twelve months, the international equities segment fell 7.1% ranking in the 58th percentile, again falling below the index (-6.1%).

INTERNATIONAL EQUITY RANKINGS		
% TILE	QUARTER	YEAR
5	26.88	2.18
25	20.85	-3.34
50	18.98	-6.48
75	17.09	-8.51
95	11.98	-13.48

Asset Allocation

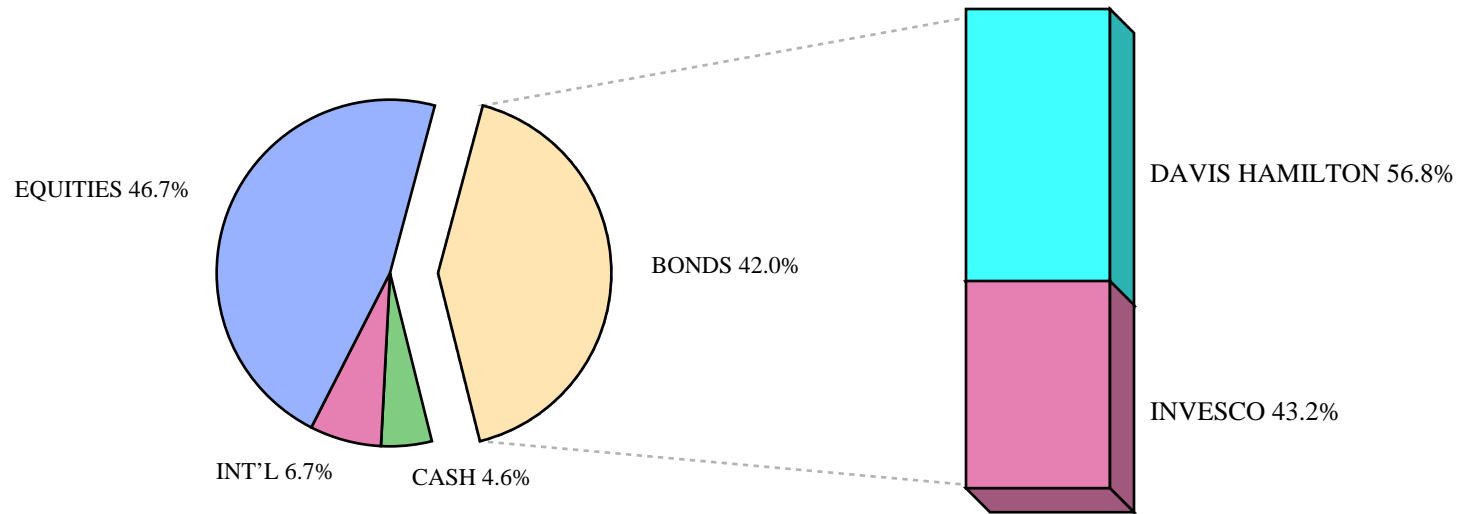
At the end of June 2003, 46.7% (\$17.0 million) of the aggregate portfolio was held in equities. The fixed income segment represented 42.0% (\$15.3 million), while cash and equivalents comprised 4.6% (\$1.7 million). The international segment represented the final 6.7% (\$2.4 million).

**SUNRISE POLICE
EQUITY MANAGER PERFORMANCES
JUNE 30TH, 2003**



MANAGER	RETURNS & RANKINGS FOR PERIOD ENDING 6/30/03							EQUITY
	QUARTER	YTD	3 QTRS	1 YEAR	3 YEAR	5 YEAR	MARKET VALUE	
BUCKHEAD CAPITAL	19.0 (37)	--- ---	--- ---	--- ---	--- ---	--- ---	\$ 7,121,208	
DAVIS HAMILTON	11.2 (95)	8.9 (93)	15.8 (85)	-1.8 (69)	-13.9 (78)	-0.5 (63)	\$ 9,851,104	
TOTAL EQUITY	14.4 (81)	11.1 (79)	20.0 (63)	-1.6 (67)	-11.0 (64)	-2.2 (85)	\$ 16,972,310	
S&P 500	15.4 (71)	11.8 (67)	21.2 (50)	0.3 (46)	-11.2 (68)	-1.6 (77)	---	
RUSSELL 1000	15.7 (65)	12.3 (59)	21.5 (44)	1.0 (35)	-11.0 (63)	-1.2 (70)	---	
RUSS 1000 GRO	14.3 (82)	13.1 (48)	21.2 (50)	2.9 (22)	-21.5 (93)	-5.0 (96)	---	
RUSS 1000 VAL	17.3 (49)	11.6 (73)	21.9 (39)	-1.0 (60)	-0.2 (32)	1.1 (48)	---	
RUSSELL 3000	16.2 (61)	12.7 (54)	21.7 (41)	0.8 (37)	-10.5 (61)	-1.1 (69)	---	

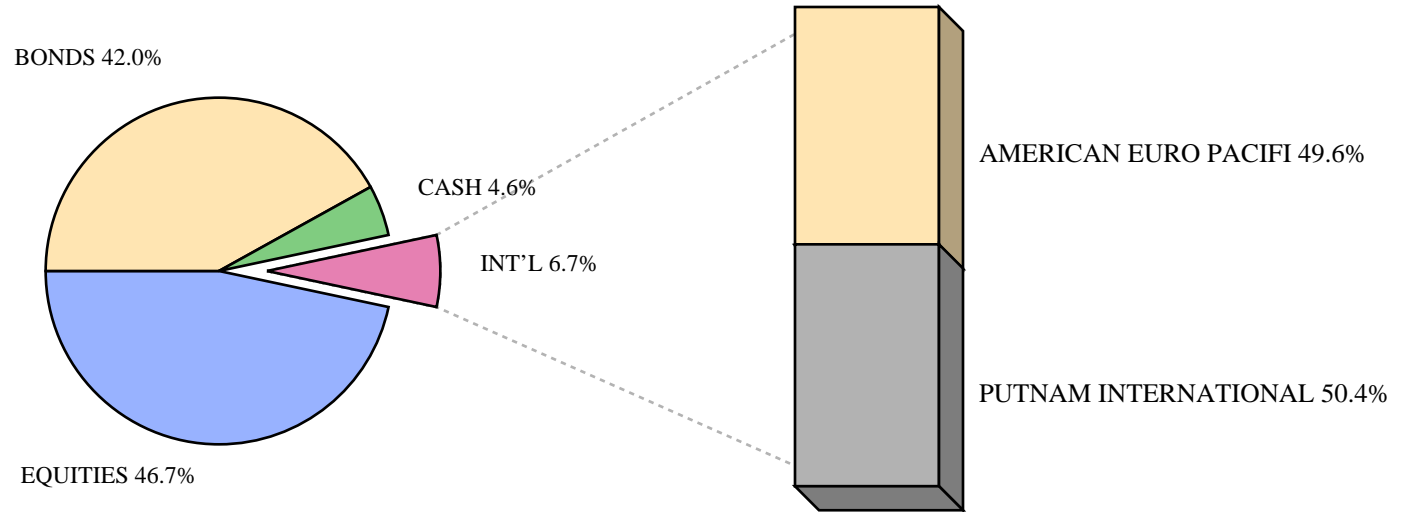
**SUNRISE POLICE
FIXED INCOME MANAGER PERFORMANCES
JUNE 30TH, 2003**



9

MANAGER	RETURNS & RANKINGS FOR PERIOD ENDING 6/30/03						FIXED INCOME
	QUARTER	YTD	3 QTRS	1 YEAR	3 YEAR	5 YEAR	MARKET VALUE
DAVIS HAMILTON	2.8 (53)	4.5 (54)	6.4 (50)	11.4 (46)	10.4 (41)	7.7 (40)	\$ 8,672,497
INVESCO	2.5 (65)	4.0 (68)	5.1 (75)	11.7 (39)	10.8 (30)	7.9 (34)	\$ 6,588,855
TOTAL FIXED INCOME	2.7 (59)	4.3 (60)	5.9 (60)	11.6 (43)	10.6 (35)	7.8 (37)	\$ 15,261,350
LEHMAN AGG	2.5 (68)	3.9 (70)	5.6 (66)	10.4 (66)	10.1 (51)	7.5 (54)	---
GOV/CREDIT	3.5 (30)	5.2 (37)	7.0 (43)	13.2 (24)	10.8 (31)	7.8 (37)	---
INT AGGREGATE	1.9 (81)	3.2 (81)	4.8 (78)	8.7 (80)	9.5 (65)	7.4 (58)	---
INT GOV/CREDIT	2.7 (59)	4.3 (59)	6.0 (57)	10.8 (58)	10.0 (53)	7.3 (62)	---

**SUNRISE POLICE
INT'L EQUITY MANAGER PERFORMANCES
JUNE 30TH, 2003**



MANAGER	RETURNS & RANKINGS FOR PERIOD ENDING 6/30/03						INT'L EQUITY
	QUARTER	YTD	3 QTRS	1 YEAR	3 YEAR	5 YEAR	MARKET VALUE
AMERICAN EURO PACIFI	18.0 (64)	6.6 (86)	15.0 (69)	-5.3 (41)	-12.0 (57)	--- ---	\$ 1,202,016
PUTNAM INTERNATIONAL	16.4 (86)	6.2 (89)	14.8 (71)	-8.9 (79)	-13.9 (77)	--- ---	\$ 1,221,389
TOTAL INT'L EQUITY	17.2 (75)	6.4 (88)	14.9 (70)	-7.1 (58)	-13.0 (68)	--- ---	\$ 2,423,405
EAFE	19.6 (41)	9.8 (37)	17.0 (43)	-6.1 (47)	-13.2 (70)	-3.7 (87)	---

SUNRISE POLICE

PERFORMANCE SUMMARY Quarter ended June 30, 2003

RATES OF RETURN	QUARTER	(rank)	Y-T-D	(rank)	12 MOS	(rank)	3/1998 Through 6/2003		
							CUMUL	ANNUAL	(rank)
Total Portfolio	8.5%	(66)	8.2%	(57)	5.0%	(45)	19.5%	3.5%	(53)
SHADOW INDEX	8.8		7.4		4.7		19.0	3.4	
Equities	14.4	(81)	11.1	(79)	-1.6	(67)	-6.9	-1.4	(83)
S&P 500	15.4		11.8		0.3		-4.7	-0.9	
RUSSELL 1000	15.7		12.3		1.0		-3.7	-0.7	
RUSS 1000 VAL	17.3		11.6		-1.0		5.9	1.1	
RUSS 1000 GRO	14.3		13.1		2.9		-19.2	-4.0	
RUSSELL 2000	23.4		17.9		-1.6		0.2	0.0	
RUSS 2000 GRO	24.2		19.3		0.7		-24.1	-5.1	
RUSS 2000 VAL	22.7		16.5		-3.8		22.9	4.0	
RUSSELL 3000	16.2		12.7		0.8		-3.8	-0.7	
Bonds	2.7	(59)	4.3	(60)	11.6	(43)	48.9	7.9	(39)
LEHMAN AGG	2.5		3.9		10.4		47.2	7.6	
GOV/CREDIT	3.5		5.2		13.2		49.6	8.0	
INT GOV/CREDIT	2.7		4.3		10.8		45.0	7.3	
Intl Equities	17.2	(75)	6.4	(88)	-7.1	(58)	*****	*****	
EAFE	19.6		9.8		-6.1		-16.2	-3.3	

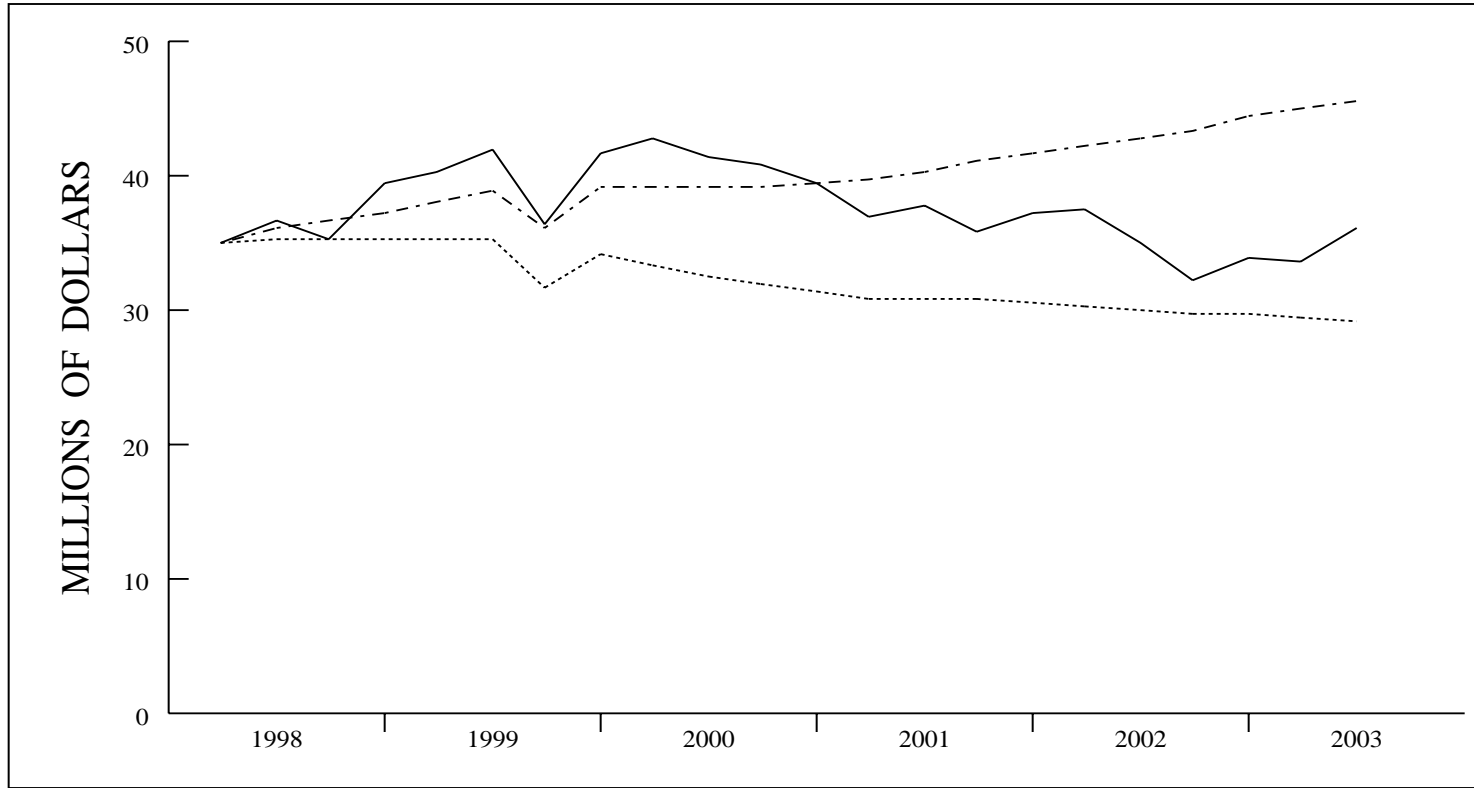
ASSET ALLOCATION

Equities	46.7%	\$ 16,972,311.
Bonds	42.0%	15,261,351.
Cash	4.6%	1,668,237.
Real Estate	0.0%	0.
Intl Equities	6.7%	2,423,404.
Small Cap	0.0%	0.
Other	0.0%	0.
Total Portfolio	100.0%	\$ 36,325,304.

INVESTMENT RETURN

Market Value 3/03	\$ 33,683,532.
Contribs / Withdrwls	-224,098.
Income	309,788.
Capital Gains / Losses	2,556,082.
Market Value 6/03	\$ 36,325,304.

INVESTMENT GROWTH



6

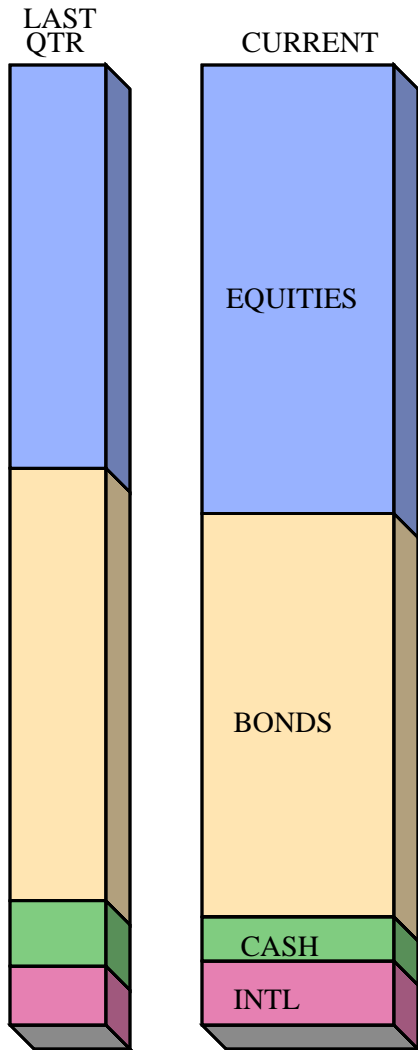
— ACTUAL RETURN
 - - - 8.0%
 0.0%

VALUE ASSUMING
 8.0% RETURN
 \$ 45,688,686

	<u>LAST QUARTER</u>	<u>PERIOD 3/98- 6/03</u>
BEGINNING VALUE	\$ 33,683,532	\$ 35,242,704
NET CONTRIBUTIONS	-224,098	- 5,808,569
<u>INVESTMENT RETURN</u>	<u>2,865,870</u>	<u>6,891,169</u>
ENDING VALUE	\$ 36,325,304	\$ 36,325,304
INCOME	309,788	6,418,239
<u>CAPITAL GAINS (LOSSES)</u>	<u>2,556,082</u>	<u>472,930</u>
INVESTMENT RETURN	2,865,870	6,891,169

ASSET ALLOCATION

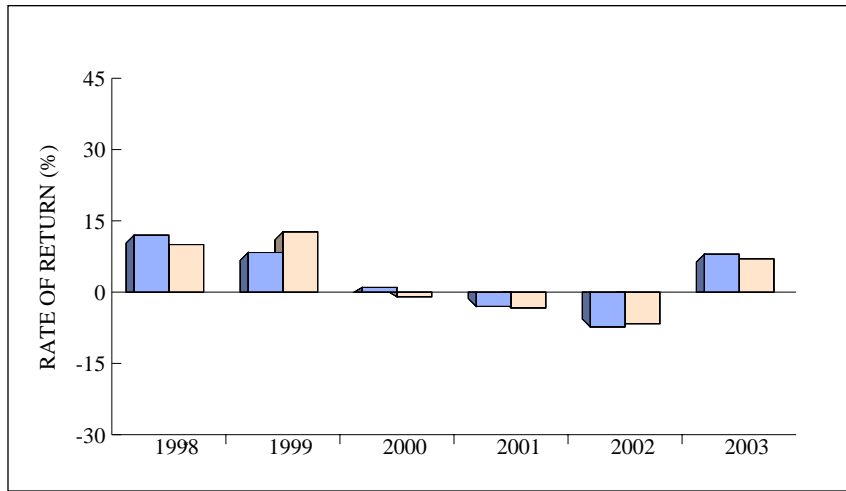
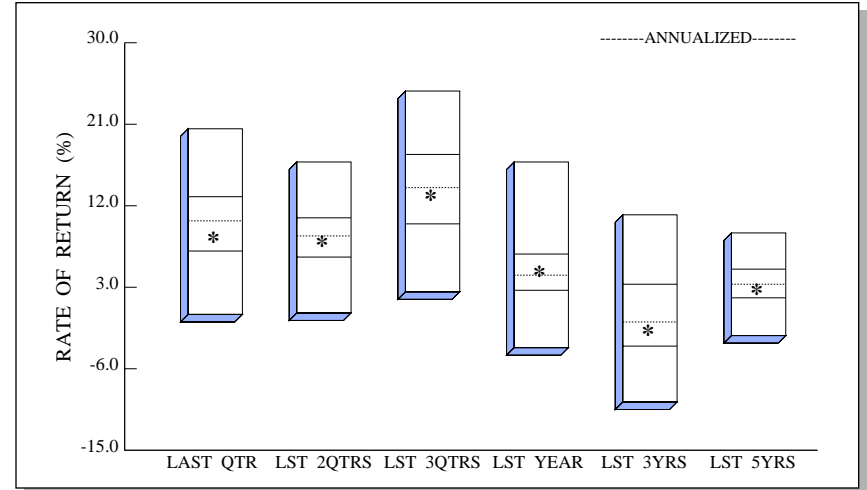
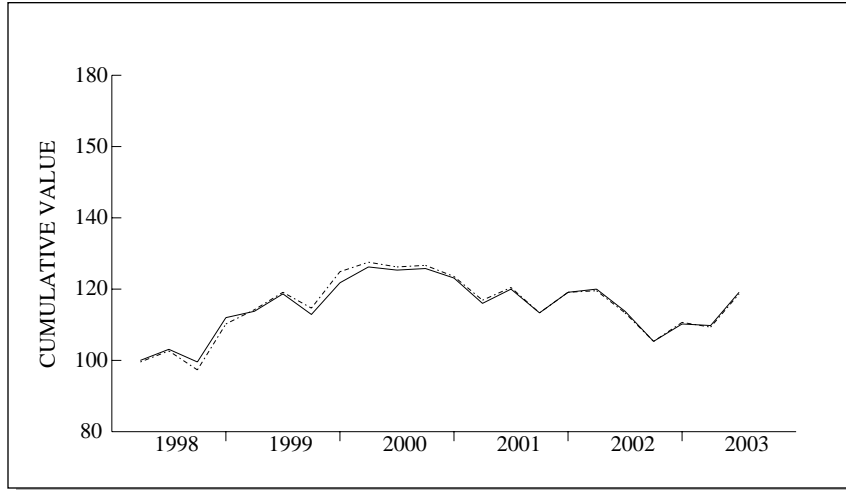
10



AS OF JUNE 2003				
	<u>VALUE</u>	<u>PERCENT</u>	<u>TARGET</u>	<u>DIFFERENCE</u> <u>+ / -</u>
EQUITIES	\$ 16, 972, 312.	46.7%	50.0%	-3.3%
BONDS	15, 261, 352.	42.0%	40.0%	2.0%
CASH & EQUIV	1, 668, 238.	4.6%	0.0%	4.6%
INTL EQUITIES	2, 423, 405.	6.7%	10.0%	-3.3%
<u>TOTAL FUND</u>	<u>\$ 36, 325, 304.</u>	<u>100.0%</u>		

TOTAL RATE OF RETURN

AS OF JUNE 30TH 2003



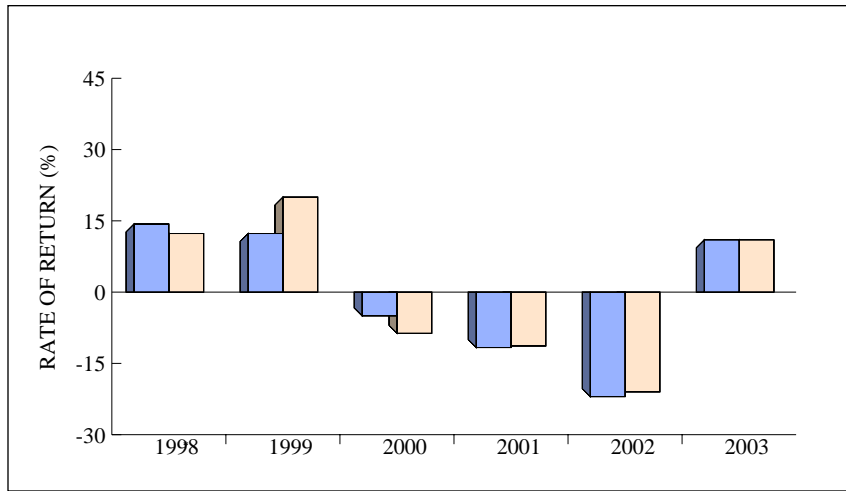
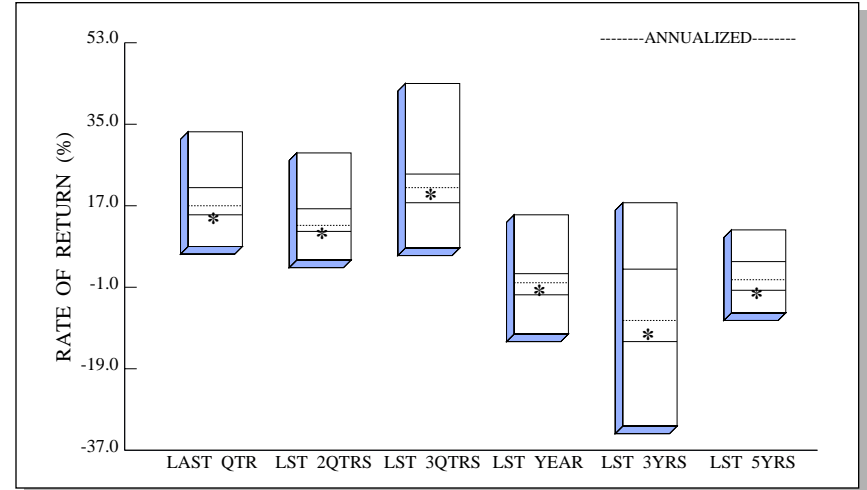
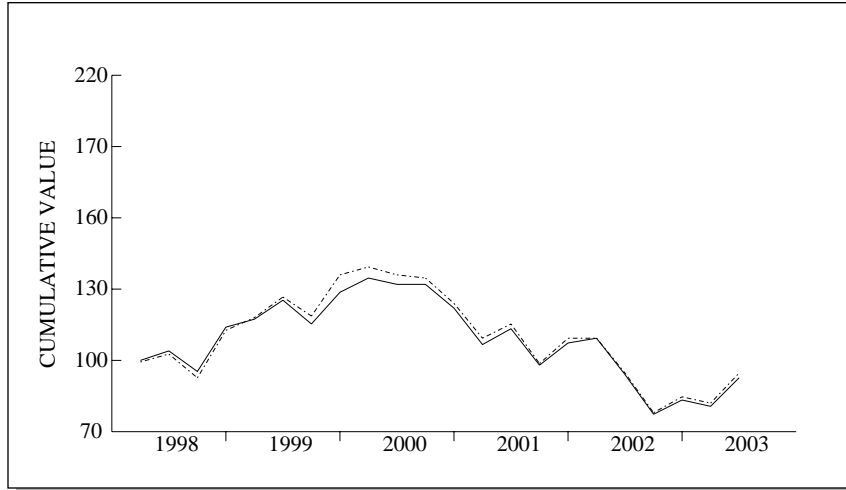
	LAST QTR	LST 2QTRS	LST 3QTRS	LST YEAR	-----ANNUALIZED-----	
					LST 3YRS	LST 5YRS
RETURN	8.5	8.2	13.3	5.0	-1.6	2.9
(RANK)	66	57	58	45	56	56
HIGHEST	20.5	16.9	24.7	16.8	11.1	9.1
25TH %ILE	13.1	10.8	17.7	6.7	3.5	5.1
MEDIAN	10.5	8.7	14.1	4.4	-0.7	3.4
75TH %ILE	7.1	6.4	10.1	2.7	-3.4	1.9
LOWEST	0.1	0.2	2.5	-3.6	-9.7	-2.2
SHADOW INDEX	8.8	7.4	12.6	4.7	-2.0	2.9

* PARTIAL PERIOD

** YEAR TO DATE

EQUITY RATE OF RETURN

AS OF JUNE 30TH 2003



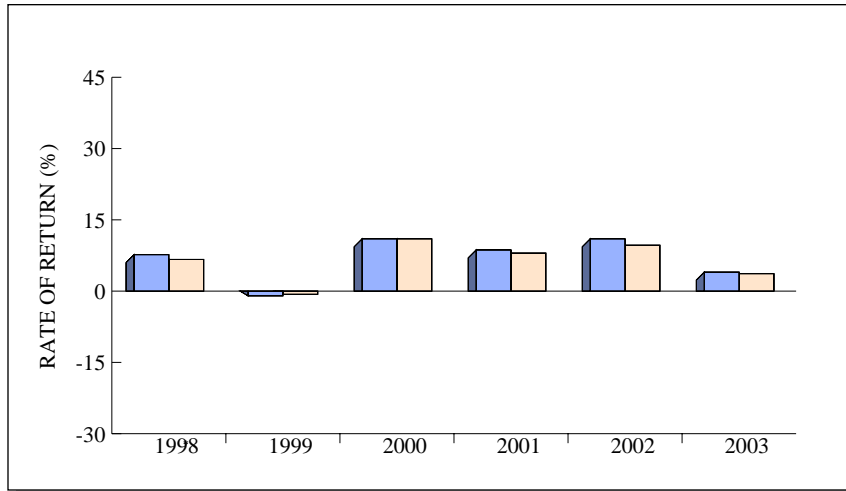
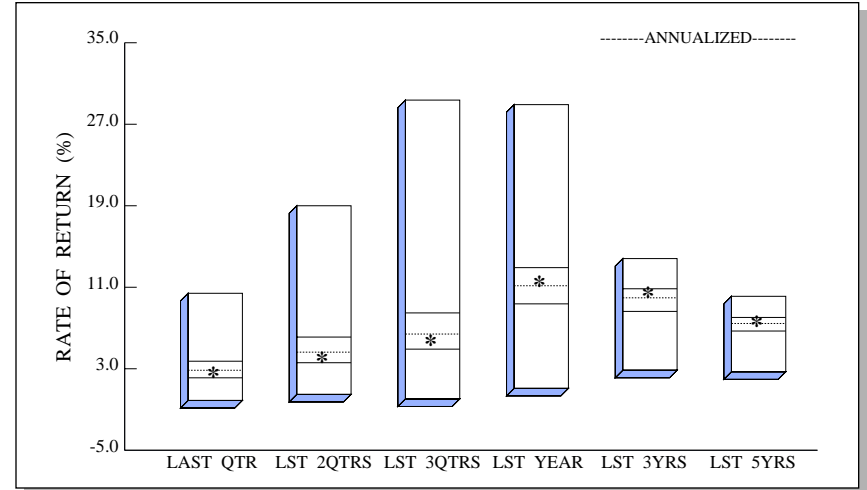
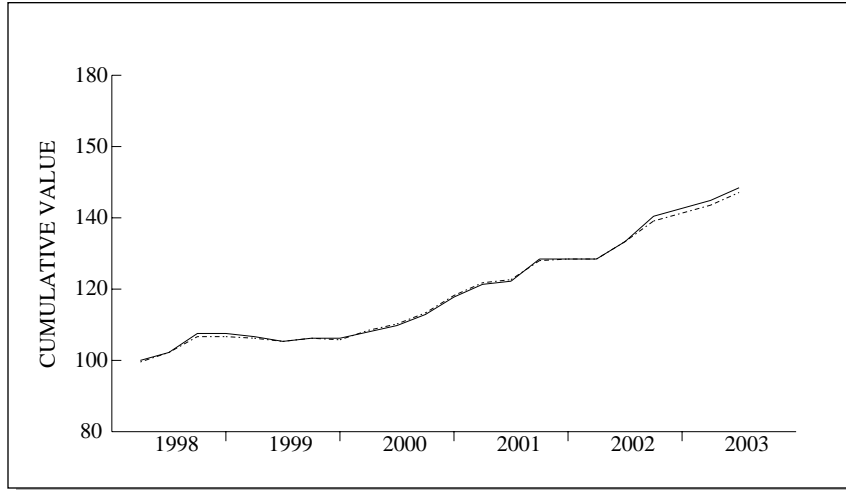
	LAST QTR	LST 2QTRS	LST 3QTRS	LST YEAR	-----ANNUALIZED----- LST 3YRS	LST 5YRS
RETURN	14.4	11.1	20.0	- 1.6	- 11.0	- 2.2
(RANK)	81	79	63	67	64	85
HIGHEST	33.5	28.7	44.0	15.0	17.9	11.7
25TH %ILE	21.2	16.5	24.3	2.2	3.1	4.7
MEDIAN	17.2	12.9	21.2	0.1	- 8.1	0.9
75TH %ILE	15.2	11.4	17.8	- 2.6	- 12.7	- 1.6
LOWEST	8.2	5.3	7.8	- 11.0	- 31.5	- 6.4
S&P 500	15.4	11.8	21.2	0.3	- 11.2	- 1.6

* PARTIAL PERIOD

** YEAR TO DATE

BOND RATE OF RETURN

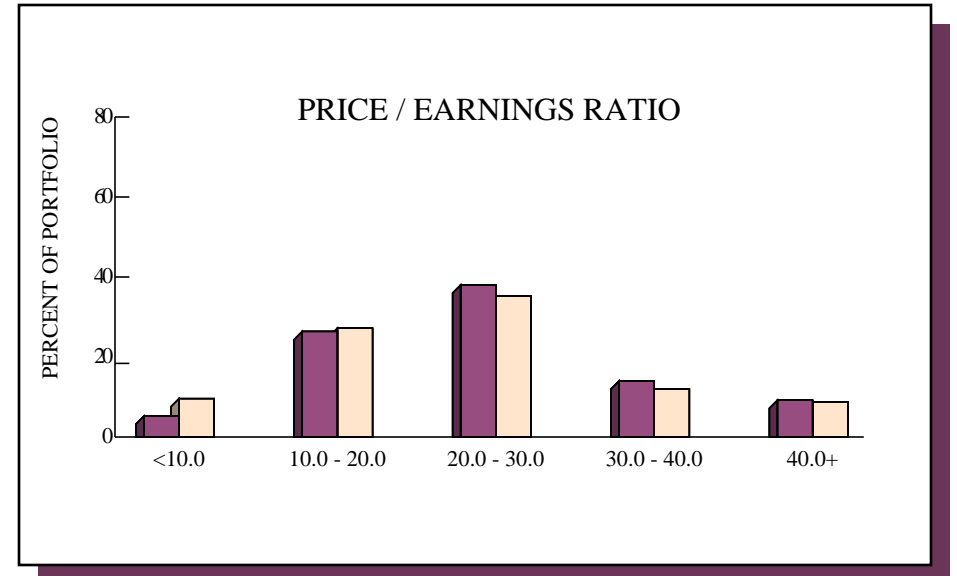
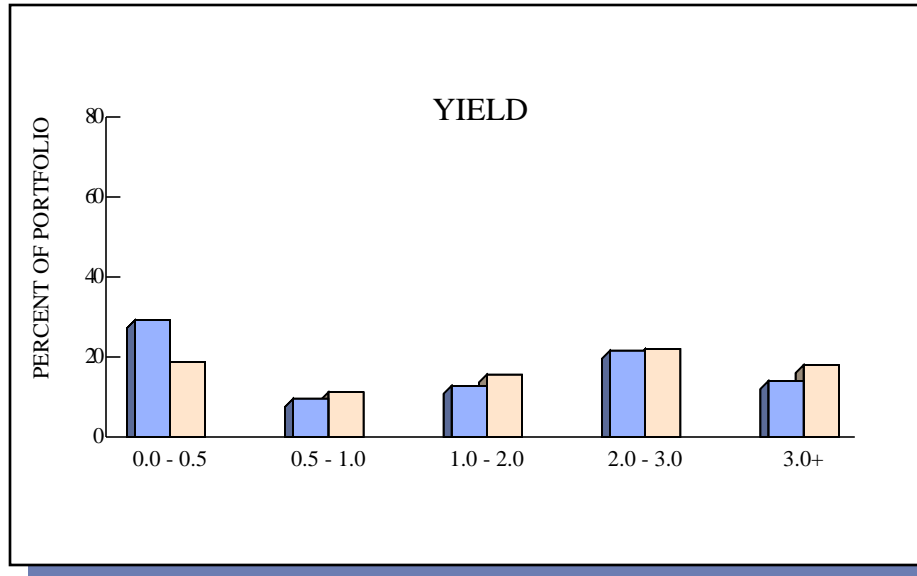
AS OF JUNE 30TH 2003



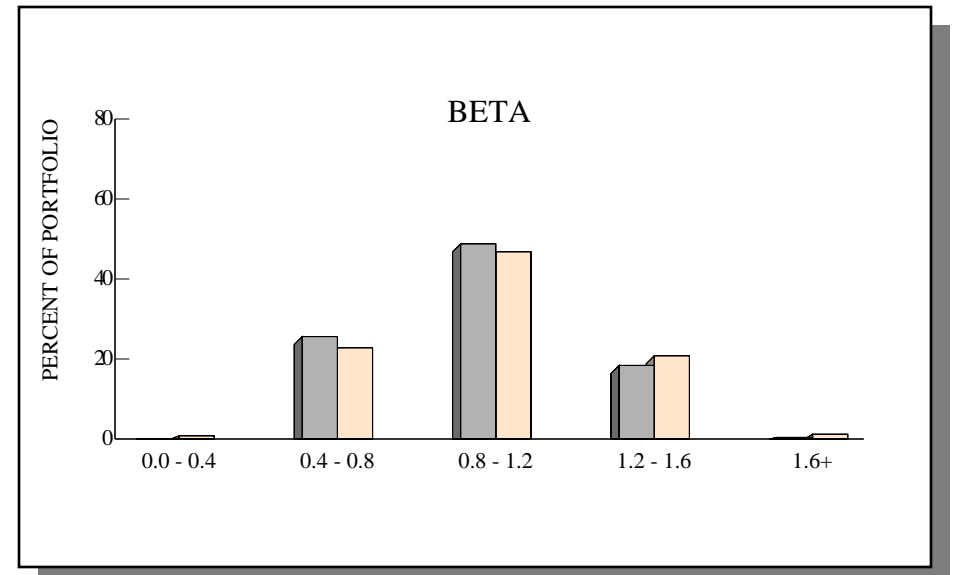
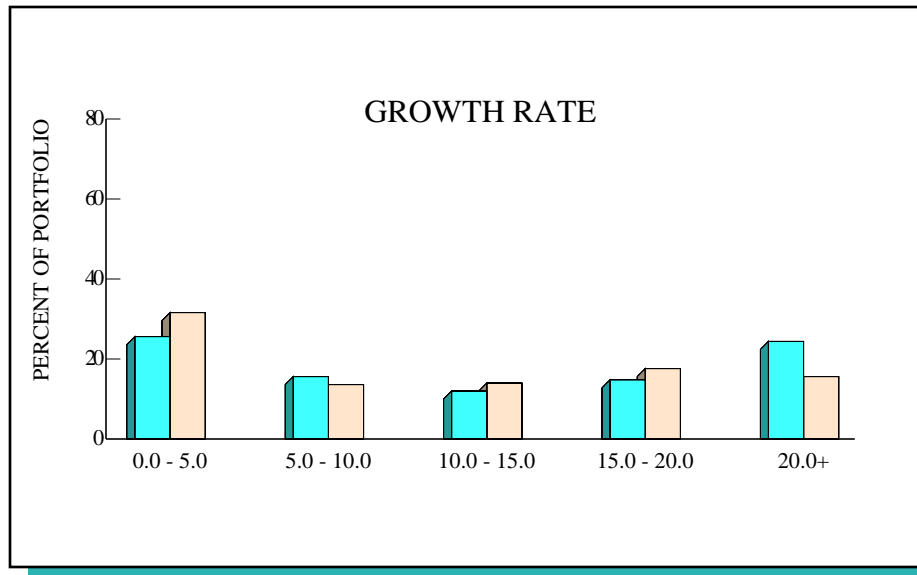
	LAST QTR	LST 2QTRS	LST 3QTRS	LST YEAR	-----ANNUALIZED-----	LST 3YRS	LST 5YRS
RETURN	2.7	4.3	5.9	11.6	10.6	10.6	7.8
(RANK)	59	60	60	43	35	35	37
HIGHEST	10.5	19.1	29.4	29.0	13.9	13.9	10.2
25TH %ILE	3.8	6.2	8.6	13.0	11.0	11.0	8.1
MEDIAN	2.9	4.7	6.4	11.2	10.1	10.1	7.6
75TH %ILE	2.2	3.7	5.1	9.5	8.6	8.6	6.7
LOWEST	0.0	0.6	0.2	1.1	2.9	2.9	2.8
LEHMAN AGG	2.5	3.9	5.6	10.4	10.1	10.1	7.5

* PARTIAL PERIOD

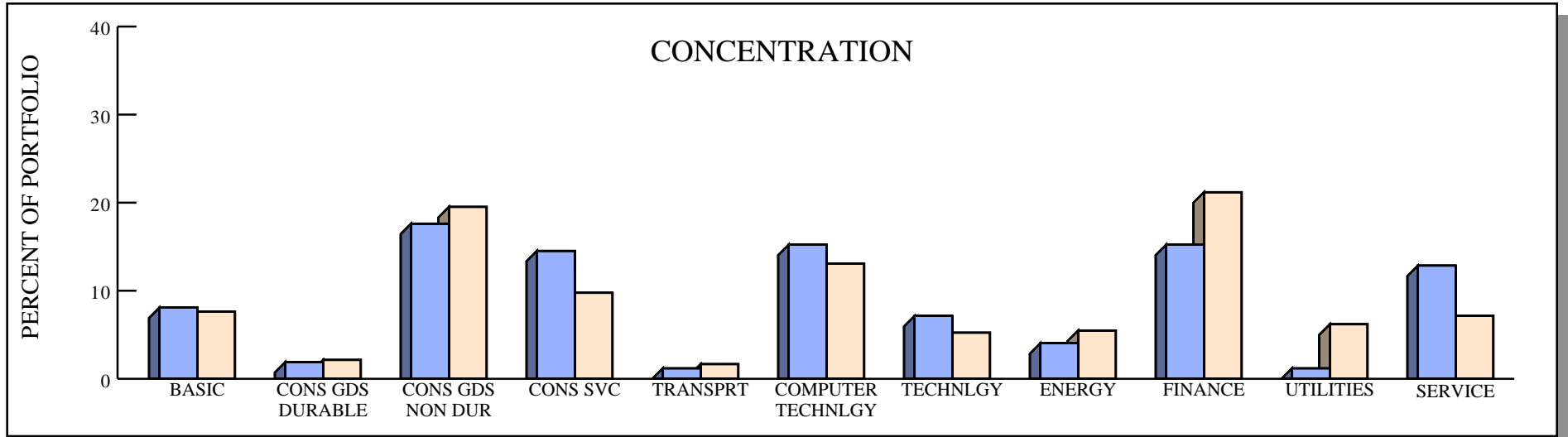
** YEAR TO DATE



	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.7%	11.7%	24.9	0.99
S&P 500	1.9%	8.4%	23.1	1.00

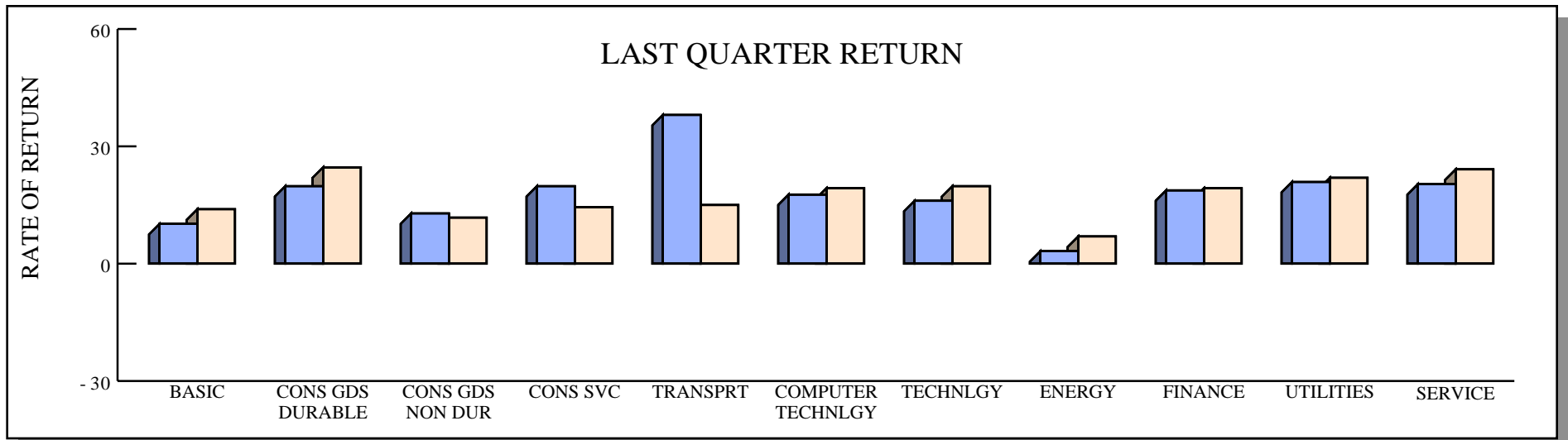


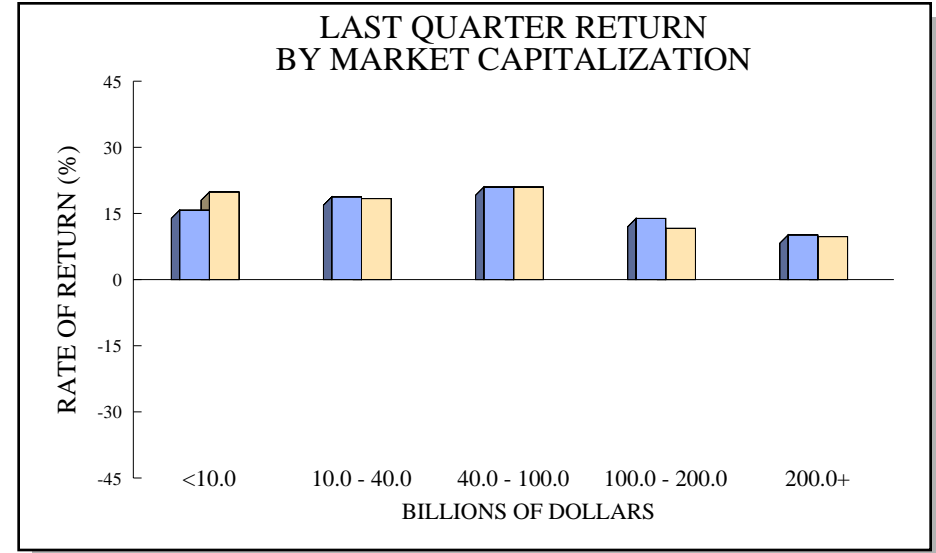
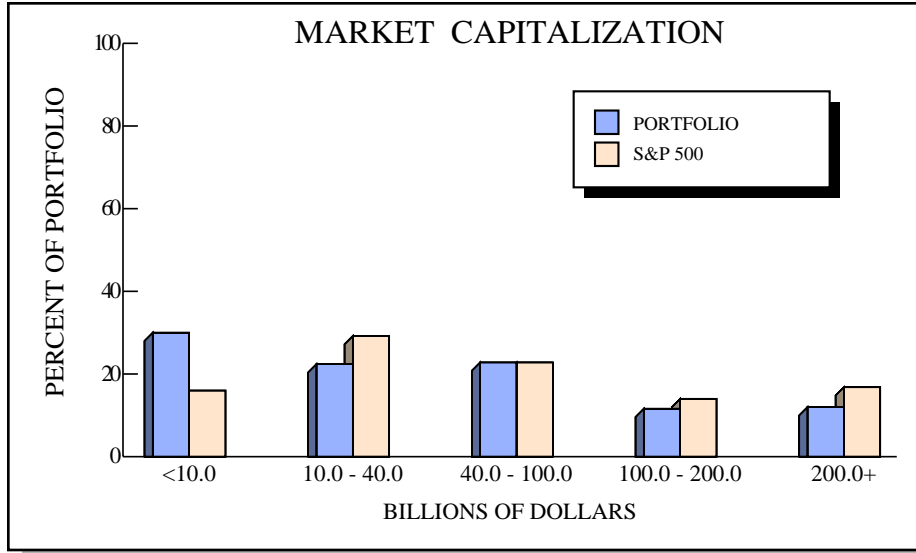
INDUSTRY ANALYSIS



■ PORTFOLIO
 ■ S&P 500

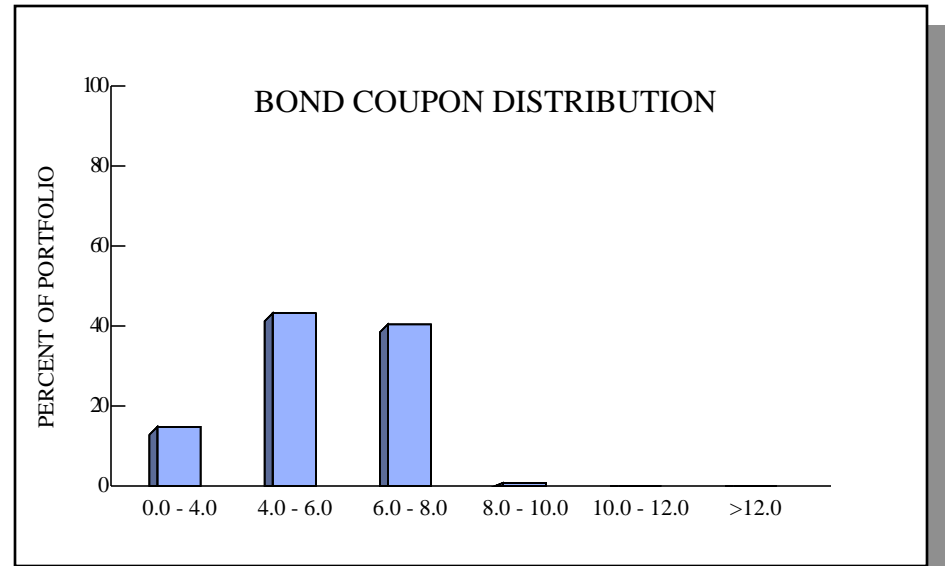
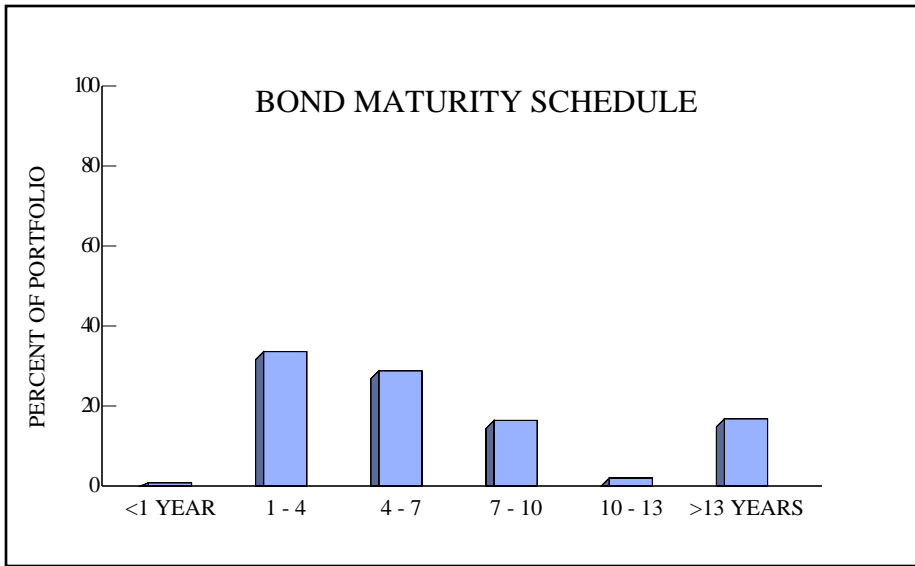
JUNE 30TH, 2003



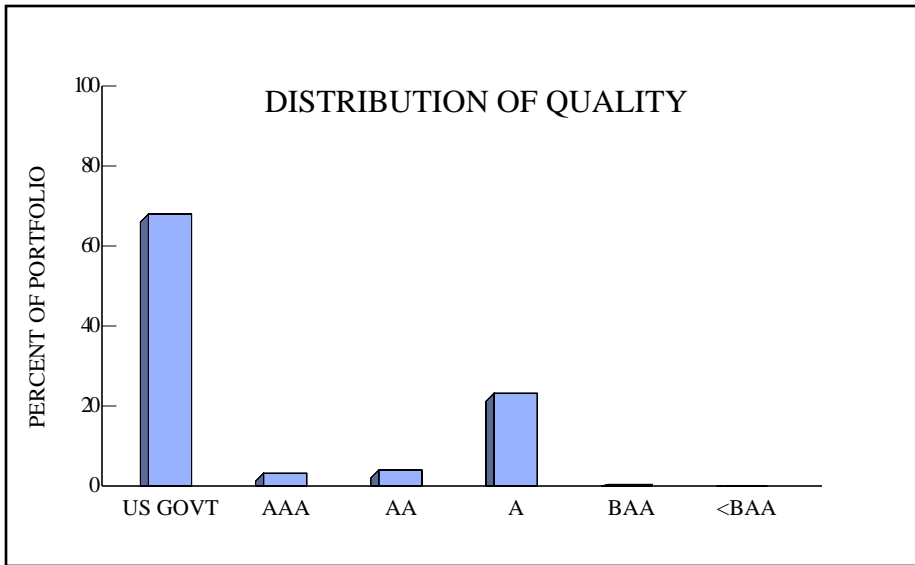


TOP TEN EQUITY HOLDINGS AS OF JUNE 30TH, 2003

RANK	TICKER	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MARKET CAP
1	INTC	Intel Corp	\$ 445,750	2.63%	27.9%	Computer Tech	\$ 136.0 B
2	GE	General Electric Co	398,652	2.35%	13.2%	Basic	286.6 B
3	PFE	Pfizer Inc	382,480	2.25%	10.0%	Cons Goods NonDur	269.6 B
4	XOM	Exxon Mobil Corp	355,509	2.09%	3.4%	Energy	239.9 B
5	MSFT	Microsoft Corp	348,704	2.05%	6.0%	Computer Tech	275.3 B
6	C	Citigroup Inc	322,412	1.90%	24.8%	Finance	220.3 B
7	USB	Us Bancorp	318,500	1.88%	30.1%	Finance	47.0 B
8	MRK	Merck & Co. Inc.	293,667	1.73%	11.2%	Cons Goods NonDur	135.8 B
9	CSCO	Cisco Systems Inc	285,430	1.68%	29.4%	Computer Tech	117.8 B
10	S	Sears Roebuck & Co	268,279	1.58%	40.3%	Consumer Service	10.3 B



17



JUNE 30TH, 2003

	PORTFOLIO	LEHMAN AGG
No. of Securities	133	7454
Effective Duration	5.36	3.95
YTM	3.79	3.56
Average Coupon	5.53	5.83
Average Maturity	10.46	6.74
Average Quality	AAA	USG-AAA
Percent Mortgages	51.71	N/A