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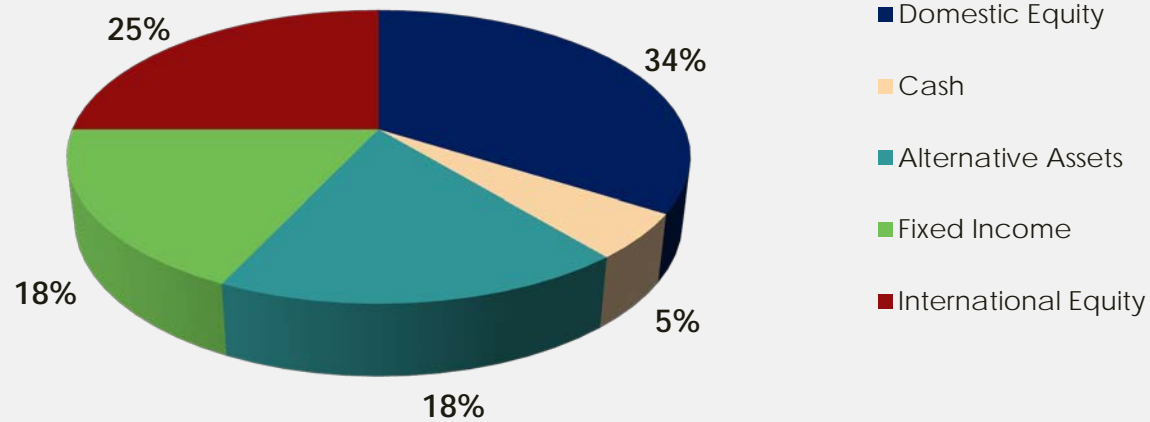
Jeff Slocum
President
Slocum

J. (Jay) Michael Stoffel
Executive Director
Duluth Teachers' Retirement Fund Association

PENSION COMMISSION HEARING

SEPTEMBER 11, 2013

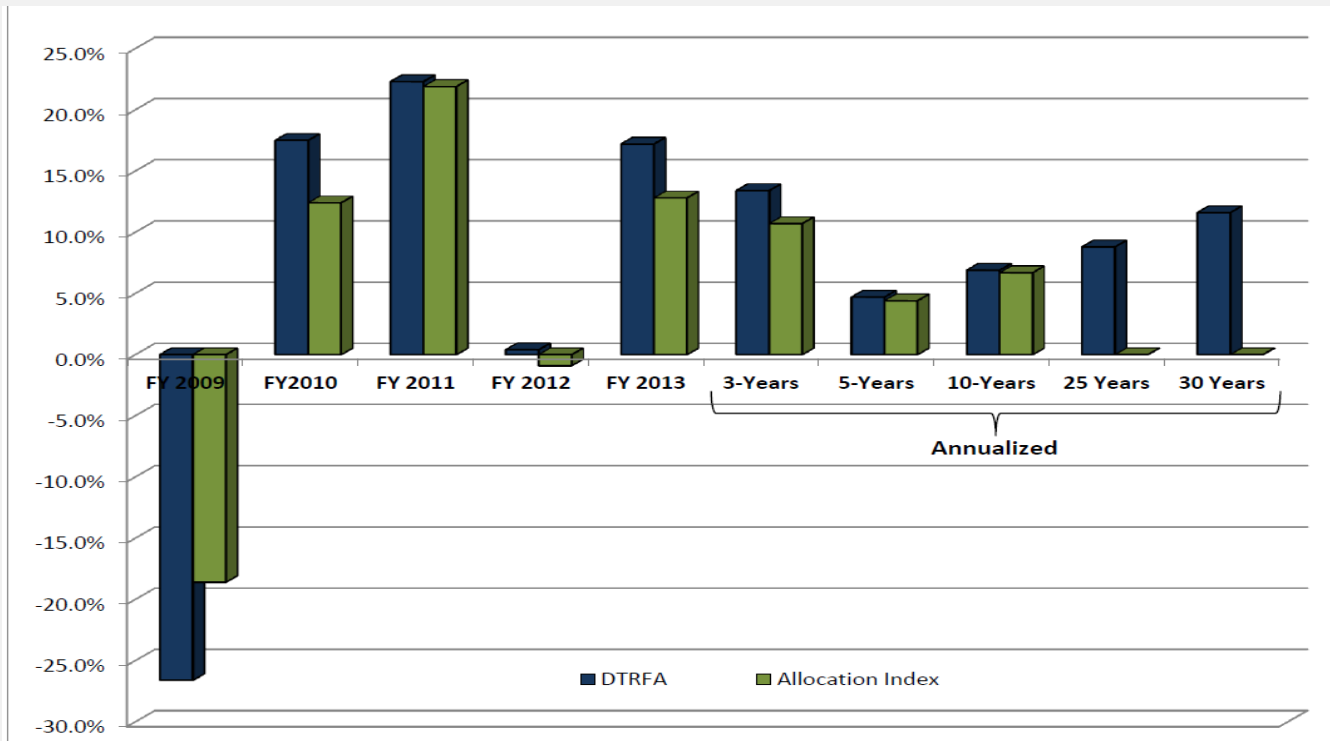
DULUTH TEACHERS' RETIREMENT FUND ASSET ALLOCATION



Domestic Equity	\$69,632,527	33.90%
International Equity	\$50,636,636	24.70%
Fixed Income	\$36,965,607	18.00%
Alternative Equity	\$37,800,177	18.40%
Cash	<u>\$10,193,292</u>	<u>5.00%</u>
Total	\$205,228,239	100.00%

* Data as of 6/30/2013

DULUTH TEACHERS' RETIREMENT FUND INVESTMENT PERFORMANCE



	FY2009	FY2010	FY2011	FY2012	FY2013	Annualized				
						3-Years	5-Years	10-Years	25-Years	30 Years
DTRFA	-26.6%	17.5%	22.3%	0.4%	17.2%	13.4%	4.7%	6.9%	8.8%	11.6%

BIOGRAPHY



Jeff Slocum
President

In 1986, Jeff started the institutional investment consulting firm, Jeffrey Slocum & Associates, Inc. An early proponent (1991) of the use of long/short strategies in investment structures, Jeff's efforts to build out the unique skill sets to perform rigorous and insightful manager research resulted in the firm's pioneering adoption of a heavily qualitative focus to all investment manager research.

Jeff is also a Managing Member of Northside Capital Management, LLC, a private wealth management firm he co-founded in 1996. Jeff helps direct investment strategy, policy setting, and client communications. Before starting Slocum and Northside, Jeff was a Senior Consultant in the Merrill Lynch Consulting Group, a part of Merrill Lynch Capital Markets, working in New York and Minneapolis. Coming out of college, Jeff held positions as the Director of Annual Giving for Carleton College and as a Strategic Planning Analyst for the Continental Illinois National Bank and Trust of Chicago.

Jeff earned an M.B.A. in finance and accounting from the Graduate School of Business at the University of Chicago, an M.I.M. from the American Graduate School of International Management (Thunderbird), and a B.A. in English Literature from Carleton College. Jeff is on the boards of Twin Cities Public Television and the Breck School.

SLOCUM FIRM OVERVIEW

▪ Experience

- ✓ Established in 1986, SEC-registered
- ✓ *Completely independent*
- ✓ 117 clients with approximately \$100 billion in assets

▪ Qualifications

- ✓ 24 Member Research Team led by Directors featuring significant recent high level experience in investment management, trading, capital markets, and securities analysis
- ✓ 20 Consulting Professionals with research & fund sponsor backgrounds
- ✓ Credentialed: 21 Chartered Financial Analyst Charterholders (CFA), 9 Chartered Alternative Investments Analyst Charterholders (CAIA), 2 Certified Public Accountant (CPA), 1 Fellow of the Society of Actuaries (FSA), 1 Certified Investment Performance Measurement (CIPM) certificate holder, 2 employees have law degrees (JD)

PREDOMINANT THEMES

- No Magic Number
 - Expected return is a function of risk

- Risk/Return Tradeoff
 - 8% - 8.5% is not unreasonable
 - ✓ Requires ability to absorb losses

- Long Term Time Horizon
 - 50+ years
 - Working & Retirement
 - ✓ Increased Life Expectancy

DEMONSTRATED ALPHA

DTRFA Portfolio

	Benchmark	Inception	Since Inception Return	Since Inception Benchmark Return	Excess Return
Return Enhancers	MSCI ACWI ¹	1Q2011	11.0%	5.4%	+5.6%
Portfolio Stabilizers	Barclays ² Aggregate	1Q2011	3.6%	3.8%	-0.2%
Economic Hedge	CPI + 5%	1Q2011	11.4%	7.7%	+3.7%
Opportunistic	10% Annually	2Q2011	12.4%	10.0%	+2.4%
Weighted Average			9.4%	5.3%	+4.1%

1. The MSCI ACWI Investable Market Index (IMI) captures large, mid and small cap representation across 24 Developed Markets (DM) and 21 Emerging Markets (EM) countries*. With 8,425 constituents, the index is comprehensive, covering approximately 99% of the global equity investment opportunity set.
2. Barclays U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for Treasury, government agencies, corporate securities, mortgage pass-through securities, commercial mortgage-backed securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. Prior to November 1st, 2008, this index was published by Lehman Brothers.

LONG TERM RETURNS

	20 Years	35 years
80% Equity/20% Fixed Income Portfolio	8.4%	11.1%
60% Equity/40% Fixed Income Portfolio	8.0%	10.5%
¹ Equity represented by the S & P 500 ² Fixed income represented by the Barclays Aggregate		

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