

*City of Miami Beach Fire & Police
Mutual Fund Review*

DECEMBER 31, 2013

Miami Beach Police & Fire DROP Plan
December 31, 2013 and September 30, 2013 Review
ING DROP Mutual Funds

1. ING T. Rowe Price Capital Appreciation (ITCSX) [0.90%]

December 31, 2013

MorningStar Rating:  (out of 739 funds over 3 Years)

Comparative Index: MorningStar Moderate Target Risk

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	6.26%	22.20%	12.91%	16.94%
Policy	4.62%	14.31%	8.81%	12.00%
Differences	1.64%	7.89%	4.10%	4.94%
Universe	n/a	5	3	2

September 30, 2013

MorningStar Rating:  (out of 773 funds over 3 Years)

Comparative Index: MorningStar Moderate Target Risk

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	4.42%	17.05%	13.88%	10.73%
Policy	4.49%	10.71%	9.34%	8.30%
Differences	-0.07%	6.34%	4.54%	2.43%
Universe	n/a	6	2	3

Received an excellent rating from Morningstar. The investment seeks a high total investment return, consistent with the preservation of capital and with prudent investment risk. The fund normally pursues an active asset allocation strategy whereby investments are allocated among equities, debts, and money market instruments. It invests primarily in the common stocks of established U.S. companies the sub-adviser believes to have above-average potential for capital growth. Common stocks typically comprise at least half of the Portfolio. The remaining assets are invested in other securities, including convertibles, warrants, preferred stocks, corporate and government debt, bank loans futures and options.
No change recommended.

www.ingfunds.com

2. American Funds American Mutual (RMFEX) [0.66%]

December 31, 2013

MorningStar Rating:  (out of 617 funds over 10 Years)

Comparative Index: Large Cap. Value i.e. Russell 1000 Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	8.56%	27.86%	14.55%	16.16%
Policy	10.01%	32.53%	16.06%	16.67%
Differences	-1.45%	-4.67%	-1.51%	-0.51%
Universe	n/a	81	51	46

September 30, 2013

MorningStar Rating:  (out of 608 funds over 10 Years)

Comparative Index: Large Cap. Value i.e. Russell 1000 Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	4.68%	18.61%	14.22%	9.93%
Policy	5.25%	19.34%	16.27%	10.02%
Differences	-0.57%	-0.73%	-2.05%	-0.09%
Universe	n/a	75	62	22

Received a good rating from Morningstar. The investment seeks current income, growth of capital and conservation of principal. The fund invests primarily in common stocks of companies that are likely to participate in the growth of the American economy and whose dividends appear to be sustainable. It invests primarily in securities of issuers domiciled in the United States and Canada. The fund may also invest in bonds and other debt securities, including those issued by the U.S. government and by federal agencies and instrumentalities. **No change recommended.**

www.americanfunds.com

3. MFS Research A (MFRFX) [0.91%]

December 31, 2013

MorningStar Rating:  (out of 1486 funds over 3 Years)

Comparative Index: Large Cap. Core, i.e. S&P500

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	9.95%	32.11%	15.40%	18.27%
Policy	10.51%	32.39%	16.18%	17.94%
Differences	-0.56%	-0.28%	-0.78%	0.33%
Universe	n/a	66	41	58

September 30, 2013

MorningStar Rating:  (out of 1484 funds over 3 Years)

Comparative Index: Large Cap. Core, i.e. S&P500

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	5.50%	20.36%	16.13%	10.17%
Policy	5.25%	19.34%	16.27%	10.02%
Differences	0.25%	1.02%	-0.14%	0.15%
Universe	n/a	47	35	54

Average rating from Morningstar. The investment seeks capital appreciation. The fund normally invests its assets in equity securities including common stocks, preferred stocks, securities convertible into stocks, and depositary receipts for those securities. It generally invests its assets in companies of any size, and focuses on companies with large capitalization. The fund may invest its assets in the stocks of companies it believes to have above average earnings growth potential compared to other companies (growth companies), in the stocks of companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies.

No change recommended.

4. ING Partners T. Rowe Price Growth Equity (ITGIX) [0.74%]

December 31, 2013

MorningStar Rating:  (out of 1303 funds over 5 Years)

Comparative Index: Large Cap. Growth, i.e. R1000G

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	12.02%	39.26%	17.88%	22.30%
Policy	10.44%	33.49%	16.45%	20.39%
Differences	1.58%	5.77%	1.43%	1.91%
Universe	n/a	11	9	13

September 30, 2013

MorningStar Rating:  (out of 1484 funds over 3 Years)

Comparative Index: Large Cap. Growth, i.e. R1000G

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	11.78%	23.07%	17.64%	13.31%
Policy	8.11%	19.28%	16.94%	12.07%
Differences	3.67%	3.79%	0.70%	1.24%
Universe	n/a	25	13	15

Good rating from Morningstar. Rob Bartolo is a portfolio manager in the U.S. Equity Division of T. Rowe Price and has been managing assets for the firm since 2005. The investment seeks long-term capital growth, and secondarily, increasing dividend income. The fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in common stocks. It concentrates its investments in growth companies. The fund may also purchase, to a limited extent, foreign stocks, hybrid securities, futures, and forward foreign currency exchange contracts, in keeping with its objectives. Its investments in foreign securities are limited to 30% of the portfolio's assets. **No change recommended.**

www.ingfunds.com

5. ING VP Index Plus MidCap I (IPMIX) [0.50%]

December 31, 2013

MorningStar Rating:  (out of 298 funds over 5 Years)

Comparative Index: Broad MidCap i.e. S&P400

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	8.60%	34.56%	16.12%	20.25%
Policy	8.39%	34.76%	15.88%	22.36%
Differences	0.21%	-0.20%	0.24%	-2.11%
Universe	n/a	46	28	46

September 30, 2013

MorningStar Rating:  (out of 302 funds over 5 Years)

Comparative Index: Broad MidCap i.e. S&P400

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	8.10%	27.13%	17.40%	11.74%
Policy	7.70%	27.91%	17.53%	12.97%
Differences	0.40%	-0.78%	-0.13%	-1.23%
Universe	n/a	51	31	47

Average rating from Morningstar. This investment seeks to outperform the total return performance of the S&P400 while maintaining a market level of risk. Chris Corapi April, 2012 and Vincent Costa are the Portfolio Managers. This fund invests at least 80% of net assets in securities of mid-capitalization companies included in the index. It may invest in derivative instruments. In managing the portfolio, the Sub-Adviser attempts to achieve the Portfolio's objective by overweighting those stocks in the index that the Sub-Adviser believes will outperform the index, and underweighting (or avoiding altogether) those stocks in the index that the Sub-Adviser believes will underperform the index. **No change recommended.**

www.ingfunds.com

6. ING American Century Small-Mid Cap Value (IASSX) [1.42%]

December 31, 2013

MorningStar Rating:  (out of 364 funds over 5 Years)

Comparative Index: Small Blend i.e. Russell 2000 Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	8.75%	31.36%	13.96%	19.63%
Policy	8.56%	33.46%	15.97%	21.16%
Differences	0.19%	-2.10%	-2.01%	-1.53%
Universe	n/a	80	64	61

September 30, 2013

MorningStar Rating:  (out of 303 funds over 5 Years)

Comparative Index: Small Blend i.e. Russell 2000 Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	5.38%	25.27%	15.32%	12.42%
Policy	5.90%	27.77%	17.27%	11.86%
Differences	-0.52%	-2.50%	-1.95%	0.56%
Universe	n/a	78	63	34

Average rating from Morningstar, down from 4- to 3-stars. This fund seeks long-term capital growth, income is a secondary objective. This portfolio normally invests at least 80% of net assets in equity securities of small-mid-capitalization companies. The sub-adviser defines small-capitalization companies to include those with a market capitalization no larger than that of the largest company in the SP SmallCap 600 Index or the Russell 2000 Index and mid-capitalization companies to include those market capitalization at the time of purchase is within the capitalization range of the Russell 3000 Index, excluding the largest 100 such companies.
No change recommended.

www.ingfunds.com

7. Wanger Small Cap Growth (WUSAX) [0.94%]

December 31, 2013

MorningStar Rating:

Comparative Index: Small Growth i.e. Russell 2000 Growth

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	7.03%	33.75%	15.71%	22.14%
Policy	8.17%	43.30%	16.82%	22.58%
Differences	-1.14%	-9.55%	-1.11%	-0.44%
Universe	n/a	n/a	n/a	n/a

September 30, 2013

MorningStar Rating:  (out of 376 funds over 10 Years)

Comparative Index: Small Growth i.e. Russell 2000 Growth

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	11.36%	28.83%	19.01%	12.91%
Policy	12.80%	33.07%	19.96%	13.17%
Differences	-1.44%	-4.24%	-0.95%	-0.26%
Universe	n/a	n/a	n/a	n/a

Good rating from Morningstar. The investment seeks long-term capital appreciation. The fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in U.S. companies. It invests a majority of its net assets in the common stock of small- and mid-sized companies with market capitalizations under \$5 billion at the time of investment. The fund may invest in other companies with market capitalizations above \$5 billion, provided that immediately after that investment a majority of its net assets would be invested in companies with market capitalizations under \$5 billion.

No change recommended.

www.columbiafunds.com

8. ING International Value Portfolio I (IIVIX) [0.96%]

December 31, 2013

MorningStar Rating:  (out of 267 funds over 5 Years)

Comparative Index: International Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	6.01%	21.22%	7.12%	9.89%
Policy	4.87%	15.04%	5.31%	12.69%
Differences	1.14%	6.18%	1.81%	-2.80%
Universe	n/a	55	52	75

September 30, 2013

MorningStar Rating:  (out of 263 funds over 5 Years)

Comparative Index: International Value

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	12.09%	23.46%	6.67%	3.51%
Policy	12.63%	24.27%	7.99%	5.86%
Differences	-0.54%	-0.81%	-1.32%	-2.35%
Universe	n/a	38	62	82

Poor rating from Morningstar. The investment seeks long-term capital appreciation. The fund normally invests at least 65% of net assets in equity securities of issuers located in a number of different countries outside of the U.S. It invests primarily in companies with a large market capitalization, but may also invest in mid- and small-sized companies. The fund may invest up to 35% of assets in securities of U.S. issuers, including investment grade government and corporate debt securities. **Still on "Watch" but this quarter was very good.**

www.ingfunds.com

9. Fidelity Variable Insurance Product Investment Grade Bond (FBNDX) [0.45%]

December 31, 2013

MorningStar Rating:  (out of 805 funds over 5 Years)

Comparative Index: Intermediate Term Bond i.e. Barclays Capital Aggregate

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	-0.02%	-1.78%	3.74%	6.85%
Policy	-0.14%	-2.02%	3.26%	4.44%
Differences	0.12%	0.24%	0.48%	2.41%
Universe	n/a	52	33	30

September 30, 2013

MorningStar Rating:  (out of 876 funds over 5 Years)

Comparative Index: Intermediate Term Bond i.e. Barclays Capital Aggregate

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.79%	-1.34%	3.47%	6.59%
Policy	0.57%	-1.68%	2.86%	5.41%
Differences	0.22%	0.34%	0.61%	1.18%
Universe	n/a	66	32	48

Received an average rating from Morningstar. The investment seeks a high level of current income. The fund normally invests at least 80% of assets in investment-grade debt securities (those of medium and high quality) of all types and repurchase agreements for those securities. It allocates assets across different market sectors and maturities. The fund invests in domestic and foreign issuers. It invests in lower-quality debt securities. The fund invests in Fidelity's central funds.

No change recommended.

10. PIMCO VIT Real Return Portfolio - Administrative Class - 833 (PARRX) [0.73%]

December 31, 2013

MorningStar Rating:  (out of 185 funds over 3 Years)

Comparative Index: Barclays Capital U.S. Treasury TIPS

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	-2.17%	-9.22%	3.30%	7.12%
Policy	-2.00%	-8.61%	3.55%	5.63%
Differences	-0.17%	-0.61%	-0.25%	1.49%
Universe	n/a	74	20	3

September 30, 2013

MorningStar Rating:  (out of 182 funds over 3 Years)

Comparative Index: Barclays Capital U.S. Treasury TIPS

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	1.05%	-6.52%	3.65%	6.29%
Policy	0.70%	-6.10%	4.02%	5.31%
Differences	0.35%	-0.42%	-0.37%	0.98%
Universe	n/a	58	15	4

Good rating from Morningstar. The investment seeks maximum real return, consistent with preservation of capital and prudent investment management. The fund normally invests at least 80% of its net assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities, and corporations, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. It invests primarily in investment grade securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher. The fund is non-diversified.

No change recommended.

11. ING J.P. Morgan Emerging Markets (IJPIX) [1.51%]

December 31, 2013

MorningStar Rating:  (out of 399 funds over 3 Years)

Comparative Index: MSCI EM NR USD

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.80%	-5.74%	-2.82%	13.64%
Policy	1.83%	-2.60%	-2.07%	14.79%
Differences	-1.03%	-3.14%	-0.75%	-1.15%
Universe	n/a	83	65	59

September 30, 2013

MorningStar Rating:  (out of 382 funds over 3 Years)

Comparative Index: MSCI EM NR USD

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	2.53%	0.41%	-1.31%	6.60%
Policy	5.77%	0.98%	-0.27%	7.22%
Differences	-3.24%	-0.57%	-1.04%	-0.62%
Universe	n/a	67	68	42

Average rating from Morningstar. The investment seeks capital appreciation. The fund invests at least 80% of its assets in the equity securities of issuers located in at least three countries with emerging securities markets. It may also invest to a lesser extent in debt securities of issuers in countries with emerging markets. The fund may overweight or underweight countries relative to its benchmark, the MSCI Emerging Markets IndexSM. It emphasizes securities that are ranked as undervalued, while underweighting or avoiding securities that appear overvalued. The fund typically maintains full currency exposure to those markets in which it invests.

No change recommended.

www.ingfunds.com

12. ING Global Resources (IGRSX) [0.90%]

December 31, 2013

MorningStar Rating:  (out of 127 funds over 3 Years)

Comparative Index: S&P Natural Resources

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	4.46%	13.60%	0.09%	10.90%
Policy	5.27%	16.49%	3.32%	13.45%
Differences	-0.81%	-2.89%	-3.23%	-2.55%
Universe	n/a	33	46	81

September 30, 2013

MorningStar Rating:  (out of 125 funds over 3 Years)

Comparative Index: S&P Natural Resources

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	10.04%	5.21%	5.33%	3.66%
Policy	8.64%	7.25%	8.32%	4.85%
Differences	1.40%	-2.04%	-2.99%	-1.19%
Universe	n/a	48	40	48

Average rating from Morningstar. The investment seeks long-term capital appreciation. The fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in the equity securities of companies in the natural resources industries located in a number of different countries, one of which may be the United States. It also may invest in securities issued by companies that are not in natural resources industries, investment-grade corporate debt, and repurchase agreements. The fund may invest without limit in securities of foreign issuers, including emerging markets. It is non-diversified.

No change recommended.

www.ingfunds.com

13. ING Clarion Real Estate (IVRSX) [1.10%]

December 31, 2013

MorningStar Rating:  (out of 143 funds over 10 Years)

Comparative Index: DJ US Select REIT TR US

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.29%	2.06%	8.89%	17.56%
Policy	-0.68%	2.40%	9.43%	16.71%
Differences	0.97%	-0.34%	-0.54%	0.85%
Universe	n/a	37	35	14

September 30, 2013

MorningStar Rating:  (out of 131 funds over 10 Years)

Comparative Index: DJ US Select REIT TR US

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	-3.13%	3.79%	11.50%	6.82%
Policy	-3.15%	4.70%	12.09%	5.30%
Differences	0.02%	-0.91%	-0.59%	1.52%
Universe	n/a	62	37	17

Good rating from Morningstar. The investment seeks capital appreciation and current income. The fund invests at least 80% of net assets (plus borrowings for investment purposes) in common and preferred stocks of U.S. real estate investment trusts and real estate companies. This portion of the portfolio will have investments located in a number of different countries located throughout the world, including the United States. It may invest in companies of any market capitalization; however, it will generally not invest in companies with market capitalization of less than \$100 million at the time of purchase. The fund is non-diversified. **No change recommended.**

www.ingfunds.com

14. ING Fixed Account 457/401

December 31, 2013

MorningStar Rating: N/A

Comparative Index: Available Through an annuity contract or group funding agreement issued by ING Life Insurance and Annuity Company.

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.75%	3.00%	3.00%	3.00%

September 30, 2013

MorningStar Rating: N/A

Comparative Index: Available Through an annuity contract or group funding agreement issued by ING Life Insurance and Annuity Company.

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.75%	3.00%	3.00%	3.02%

Stability of principal is the primary objective of this investment option. This fixed account guarantees minimum rates of interest and may credit interest that exceeds the minimum guaranteed rate. The account guarantees principal and a minimum guaranteed interest rate for the life of the contract, as well as featuring two declared interest rates: a current rate, determined at least monthly, and a guaranteed minimum floor rate declared for a defined period- currently one calendar year. The guaranteed minimum floor rate may change after the defined period, but it will never be lower than the minimum guaranteed interest rate.

15. ING VP Money Market Portfolio

December 31, 2013

MorningStar Rating:

Comparative Index: Money Fund Report Averages

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.00%	0.02%	0.02%	0.13%

September 30, 2013

MorningStar Rating:

Comparative Index: Money Fund Report Averages

	<u>Quarter</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Fund	0.00%	0.02%	0.03%	0.22%

Invests in a diversified portfolio of high quality, US dollar denominated short-term debt securities that are determined to present minimal credit risks.

Fees (expense ratios) are below.

<u>Fund Name (Ticker Symbol)</u>	<u>Expense Ratio</u>
ING T. Rowe Price Capital Appreciation (ITCSX)	0.90%
American Funds American Mutual (RMFEX)	0.66%
MFS Research A (MFRFX)	0.91%
ING Partners T. Rowe Price Growth Equity (ITGIX)	0.74%
ING VP Index Plus Midcap I (IPMIX)	0.50%
ING American Century Small-Mid Cap (IASSX)	1.42%
Wanger Small Cap Growth (WUSAX)	0.94%
ING International Value Port I (IIVIX)	0.96%
Fidelity Variable Ins. Product Inv. Grade Bond	0.45%
PIMCO Real Return Administrative Class	0.73%
ING J.P. Morgan Emerging Markets (IJPIX)	1.51%
ING Global Resources (IGRSX)	0.90%
ING Clarion Real Estate (IVRSX)	1.10%
ING Fixed Account 457/401	
ING VP Money Market Portfolio	