Shenkman Capital

"Pioneers in Leveraged Finance"

Portfolio Review | August 4, 2011

city of CINCINNATI

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SECTION I

FIRM OVERVIEW

Firm Profile

The firm has a 26-year reputation as a pioneer and leader in the leveraged finance market.

History	■ Founded 1985 ~ Pioneer firm in the high yield market ■ Offices in New York, NY, Stamford, CT, and London, UK ■ Exclusive focus on leveraged companies ■ Specialist in credit analysis of high yield companies
Ownership	■ Independently owned by fifteen senior managers and one outside director ■ No competing businesses, broker-dealer affiliates, or major financial service company bureaucracy
Size	■ Approximately $16.7 billion of assets under management (224 separately managed accounts, eight mutual funds)
Team	■ Total 84 team members ■ 31 investment professionals and 53 support staff ■ Client-to-team member ratio of 2:1 ■ Collegial environment with low professional turnover
Style	■ Process driven, rules based credit decisions ■ Conservative, defensive, prudent (No Style Drift) ■ Culture of excellence
Goals	■ Superior risk-adjusted returns over full credit cycle ■ “Have the fewest credit mistakes” is our primary goal ■ Culture of compliance with tight risk controls
Philosophy	■ Bottom-up, fundamental credit analysis ■ Intensive credit research utilizing internally developed proprietary tools ■ Transparent and open communications

Section II

Profile of the High Yield Market

The U.S. Economy is Stuck in Second Gear

While we do not expect a double-dip recession, the U.S. economy is slowing.

While the Great Recession officially ended in June 2009, the residual effects continue to plague the U.S. economy.

1. The S&P/Case Shiller Home Price Index rose slightly in May but still remains near its lowest level since 2002. Home prices are currently 33% below their peak in 2006.

2. Consumer confidence fell to a 2-year low with a 63.8 in July, from 71.5 in June.

3. GDP has grown at an average year over year rate of 1.5% during the first eight quarters of this recovery, compared to the 6.8% growth rate in the months following the 1973-75 and 1981-1982 recessions.

4. The Institute for Supply Management's index of manufacturing activity was 50.9 in July, down from the recent high of 61.4 in February of this year.

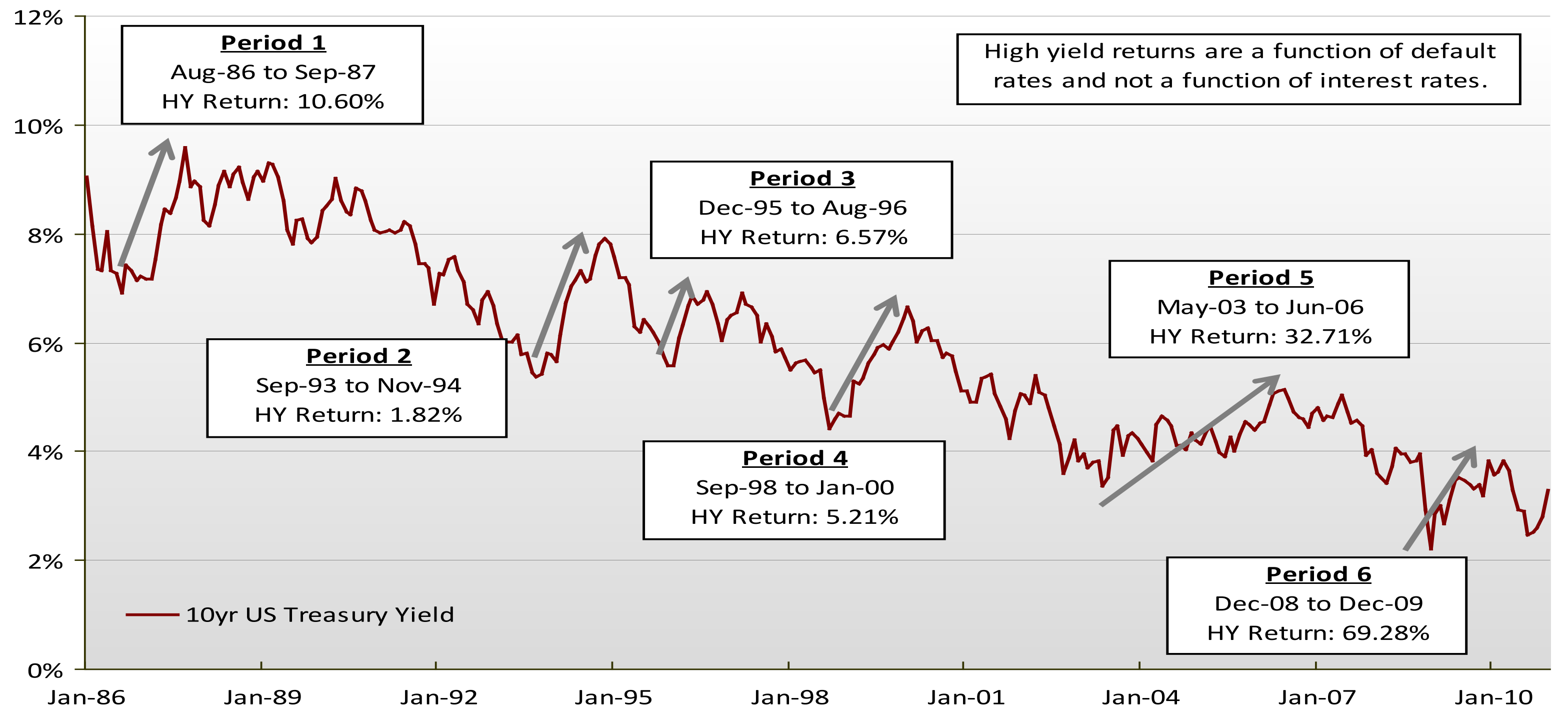
5. Unemployment remains elevated at 9.2% and a mere 18,000 jobs were created last month (Nonfarm payrolls).

Macro Concerns

1. Washington is gripped with political gridlock over the spending, entitlements, revenue enhancements, and the debt ceiling
2. Concerns over Greek, Portuguese, Irish, and Italian sovereign debt could cause a ripple effect throughout the global financial system
3. GDP growth remains feeble
4. Home prices should continue to fall despite low mortgage rates
5. Private sector job growth should remain anemic
6. Major deficits in federal and state budgets
7. A spike in oil prices could restrain discretionary spending
8. Quantitative easing (QE2) or "Magic Money" has not created prosperity
9. Stagflation may occur after 2013

High Yield Performance in a Rising Rate Environment

Over the last 25 years, there have been six periods when the 10-year Treasury yield has risen more than 100bp. During all periods, high yield bonds and bank loans had positive returns.



Cumulative Returns

Period	10-Yr Treasury Yield Move	High Yield Bonds	Leverage Loans	Convertible Bonds	Investment Grade Bonds	HY vs. IG	LL vs. IG
Aug-86 to Sep-87	+267bp	10.60%	NA	NA	1.96%	864bp	NA
Sep-93 to Nov-94	+253bp	1.82%	13.38%	-3.77%	-3.78%	560bp	1716bp
Dec-95 to Aug-96	+137bp	6.57%	6.11%	8.77%	-0.52%	709bp	663bp
Sep-98 to Jan-00	+225bp	5.21%	6.08%	65.05%	1.80%	341bp	428bp
May-03 to Jun-06	+177bp	32.71%	21.22%	30.90%	9.79%	2291bp	1143bp
Dec-08 to Dec-09	+163bp	69.28%	47.14%	54.74%	26.41%	4287bp	2073bp

Source: Shenkman Capital, Bloomberg, Credit Suisse

Asset Class Performance

The high yield market continues to be a top performing asset class.

As of June 30, 2011

Asset Class	2008	2009	2010	YTD 2011	2008 - 2010*
BofA Merrill Lynch U.S. High Yield Index (H0A0)	-26.39%	57.51%	15.19%	4.93%	10.12%
Lipper High Yield Index	-26.77%	45.52%	14.91%	4.64%	6.92%
S&P LSTA U.S. Leveraged Loan Index	-29.10%	51.62%	10.13%	2.61%	5.80%
BofA Merrill Lynch U.S. Corporate Index (C0A0)	-6.82%	19.76%	9.52%	3.29%	6.91%
BofA Merrill Lynch U.S. Treasuries Index (G0A0)	12.78%	-2.58%	5.61%	2.22%	5.08%
S&P 500	-36.99%	26.47%	15.09%	6.02%	-2.84%
Dow Industrials	-31.92%	22.70%	14.10%	8.58%	-1.59%
NASDAQ	-39.98%	45.36%	18.16%	5.01%	1.02%

- The high yield market is up 37% from its previous peak in 2007 while the S&P 500 is down 8% since its last peak.
- For the three-year period ended June 30, 2011, high yield bonds were the best performing asset class with a 12.4% annualized return.

Source: BofA Merrill Lynch, Bloomberg
*Returns greater than one year are annualized
Returns since the 2007 peak were calculated through 6/30/11.

Current State of the High Yield Market

In turbulent and uncertain markets, the high yield market has historically had less volatility than equities. High yield bonds accrue interest on weekends and holidays!

1. The supply of new issues has slowed in recent weeks however it remains at an elevated level.

2. There were two defaults in the high yield bond market during July, and only twelve total defaults year-to-date.

3. Most high yield companies are continuing to show improved fundamentals.

4. In a low interest rate environment, high yield still has a competitive income advantage compared to other asset classes.

5. After a few weeks of outflows, high yield mutual funds have recently seen inflows totaling $2.8 billion over the last four weeks.

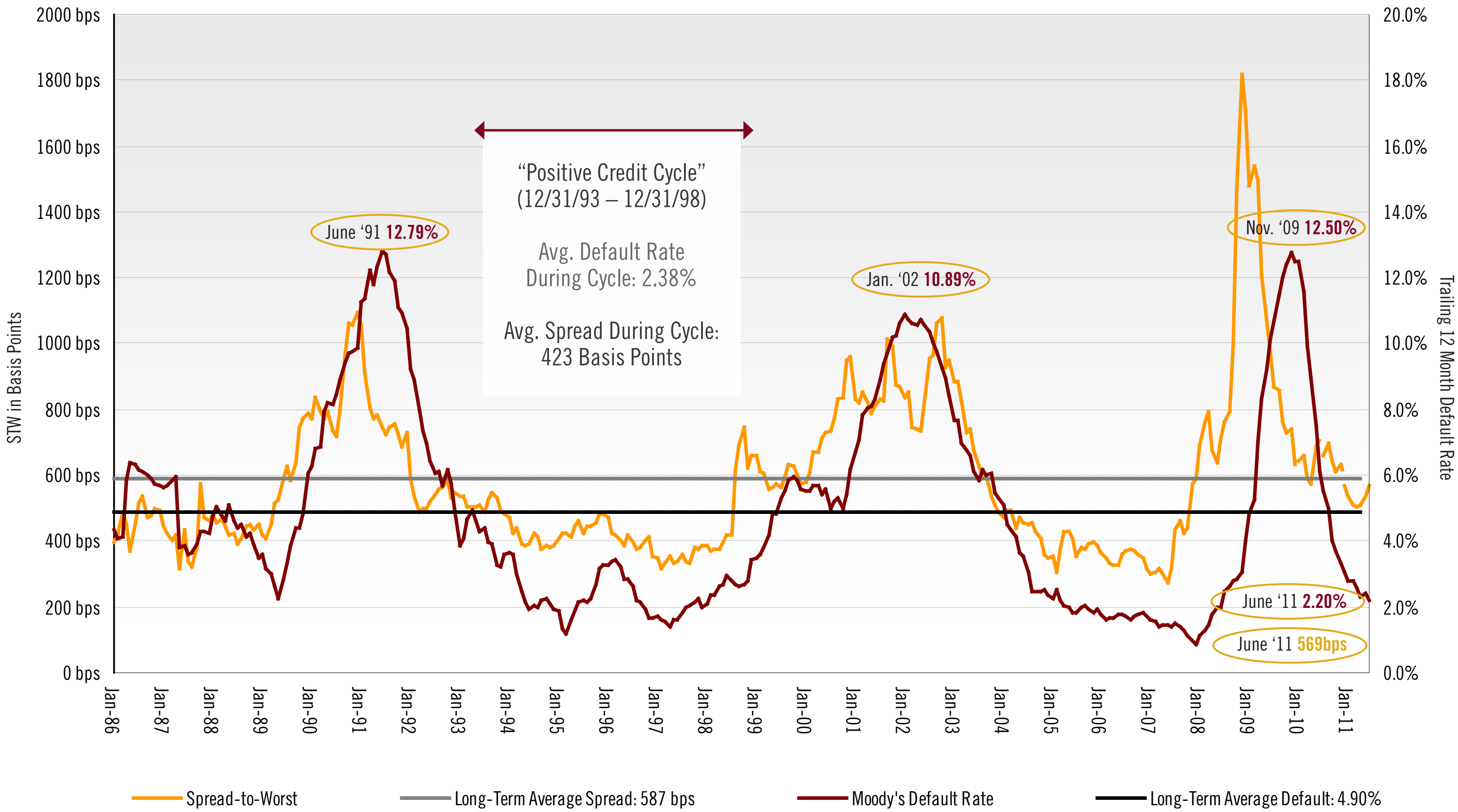
Triggers for a High Yield Correction

The biggest risk in the high yield market is the LOSS of PRINCIPAL!

1. Higher default rates
2. Negative GDP (Recession)
3. Outflow from mutual funds
4. Overheated new issue market
5. Sharply higher oil prices
6. A major correction in the equity market
7. Declining corporate profits and cash flows
8. Spike in inflation
9. Aggressive deal structures
10. Domino effect of European sovereign debt crisis

High Yield Spreads Versus Default Rates

As of June 30, 2011, the high yield market had a spread-to-worst of 569bps and a default rate of 2.20%.



Source: Moody's, Credit Suisse
As of June 30, 2011

Credit Suisse Yield Spread History

Despite a strong market in 2010, spreads remain near the historical average.

1990 – 2011 (in basis points over U.S. Treasuries)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Credit Suisse HY Index Return	Moody's Default Rate	Fed-Funds Rate
1990	774	837	794	773	793	736	718	798	970	1060	1058	1096	-6.38%	9.85%	7.00%
1991	1058	909	802	772	784	743	723	746	754	724	686	729	**43.75%**	10.43%	4.00%
1992	589	538	490	500	499	521	544	555	563	583	532	548	**16.66%**	4.94%	3.00%
1993	534	534	502	506	502	508	487	524	546	531	494	481	**18.91%**	3.59%	3.00%
1994	471	422	442	389	387	390	423	414	376	384	382	388	**-0.97%**	1.91%	5.50%
1995	402	426	424	414	447	461	426	430	450	457	465	484	**17.38%**	3.26%	5.50%
1996	473	426	418	402	393	417	411	375	389	404	412	355	**12.42%**	1.64%	5.25%
1997	338	315	335	352	334	339	345	341	339	329	373	386	**12.63%**	2.01%	5.50%
1998	384	371	378	377	395	417	416	619	691	743	624	657	0.58%	3.41%	4.75%
1999	659	613	605	559	564	574	564	594	632	628	601	573	3.28%	5.56%	5.50%
2000	581	608	668	665	714	728	727	773	829	837	949	959	-5.21%	6.05%	6.50%
2001	832	822	852	819	787	809	831	824	1012	993	877	868	**5.80%**	10.51%	1.75%
2002	834	854	744	739	736	823	954	968	1064	1080	929	947	**3.10%**	8.35%	1.25%
2003	887	884	825	727	742	676	625	593	599	536	509	486	**27.94%**	5.19%	1.00%
2004	469	494	495	440	474	456	448	456	430	408	357	346	**11.95%**	2.16%	2.25%
2005	354	307	373	431	430	406	353	379	377	393	398	388	**2.26%**	1.93%	4.25%
2006	364	350	334	325	329	359	370	377	371	357	350	318	**11.92%**	1.69%	5.25%
2007	300	305	316	302	271	316	435	462	423	438	575	589	**2.65%**	0.85%	4.25%
2008	690	760	794	674	636	711	764	794	1000	1471	1816	1706	-26.17%	4.01%	0.25%
2009	1480	1538	1495	1214	1069	978	867	858	764	731	738	634	**54.22%**	12.50%	0.25%
2010	643	657	591	572	688	708	660	698	642	613	634	571	14.42%	3.06%	0.25%
2011	534	508	505	511	536	569							**4.84%**	2.20%	0.25%

Average Spread	587

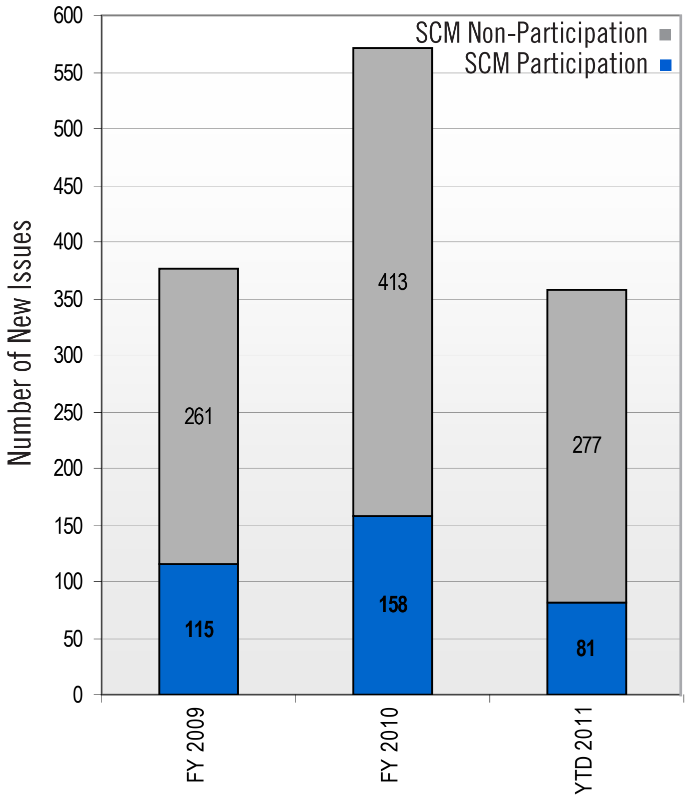
Source: Credit Suisse, Bloomberg

Average Spread is the average monthly STW during the period beginning in January 1986 and ending 6/30/2011

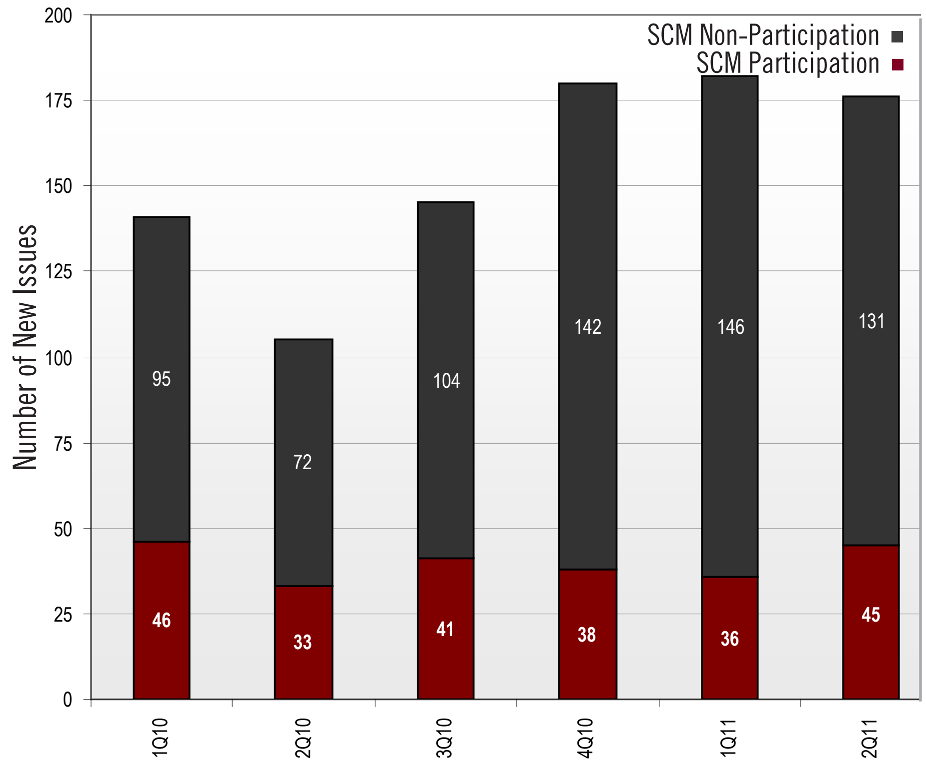
SCM New Issue Bond Participation

We have maintained our highly selective discipline.

Annual New Issuance



Quarterly New Issuance



	Annual	FY 2009	FY 2010	YTD
1	SCM Participation	115	158	81
2	SCM Non-Participation	261	413	277
3	% Participation	30.6%	27.7%	22.6%

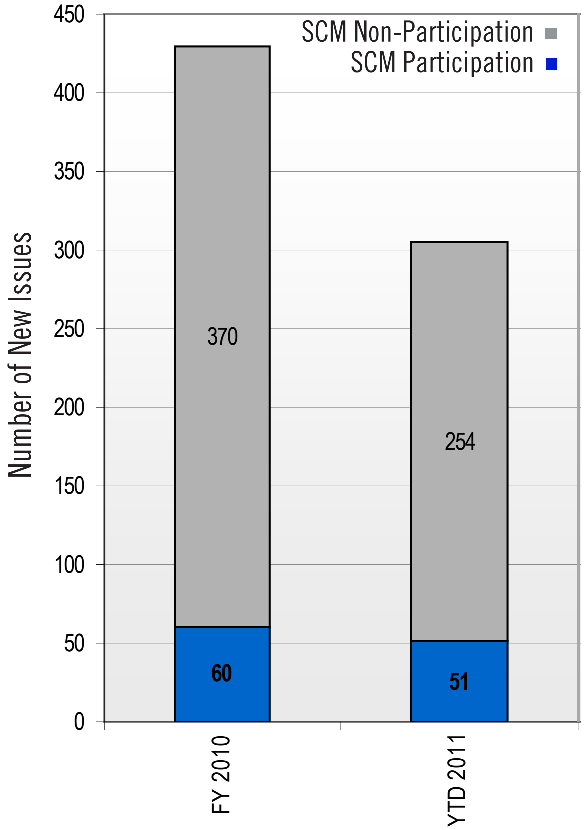
	Quarterly	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
1	SCM Participation	46	33	41	38	36	45
2	SCM Non-Participation	95	72	104	142	146	131
3	% Participation	32.6%	31.4%	28.3%	21.1%	19.8%	25.6%

As of 6/30/2011
Source: IFR Markets, Wells Fargo

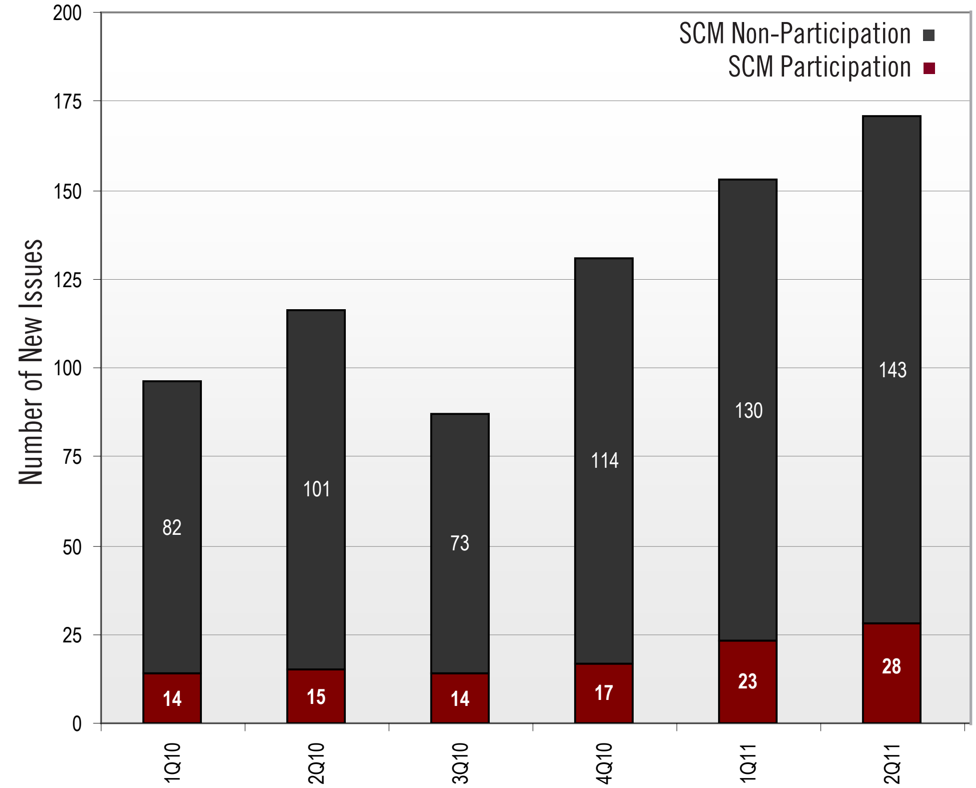
SCM New Issue Bank Loan Participation

We have maintained our highly selective discipline.

Annual New Issuance



Quarterly New Issuance



	Annual	FY 2010	YTD
1	SCM Participation	60	51
2	SCM Non-Participation	370	254
3	% Participation	14.0%	16.7%

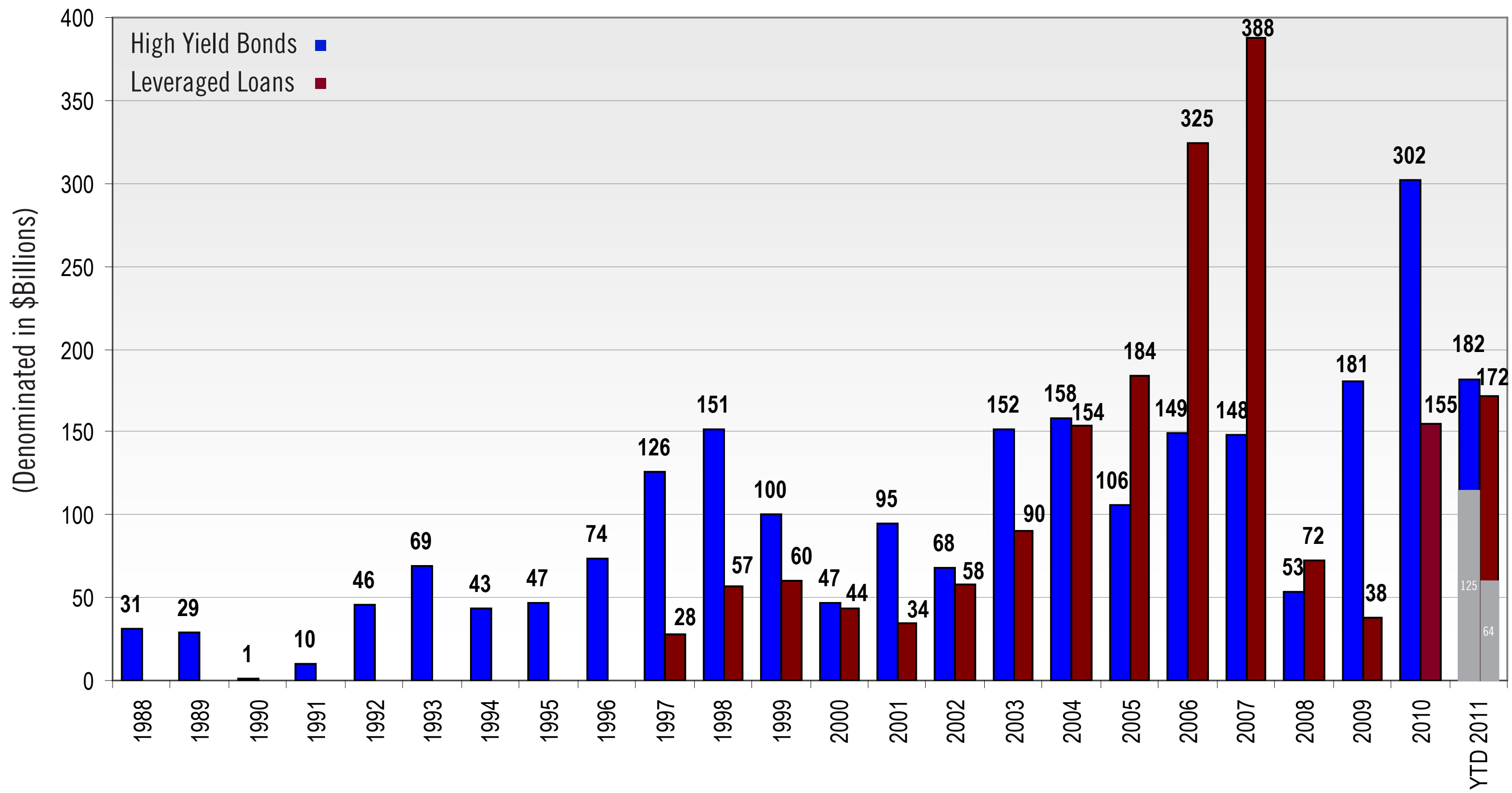
	Quarterly	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
1	SCM Participation	14	15	14	17	23	28
2	SCM Non-Participation	82	101	73	114	130	143
3	% Participation	14.6%	12.9%	16.1%	13.0%	15.0%	16.4%

As of 6/30/2011
Source: S&P LSTA

High Yield New Issuance ($ Billions)

While high yield bond issuance hit an all-time record in 2010, leveraged loan syndications remain well below the new issue highs in 2006-2007.

As of June 30, 2011



Source: J.P. Morgan
Note: The gray bars in the YTD period illustrate new issuance during the same period of 2010

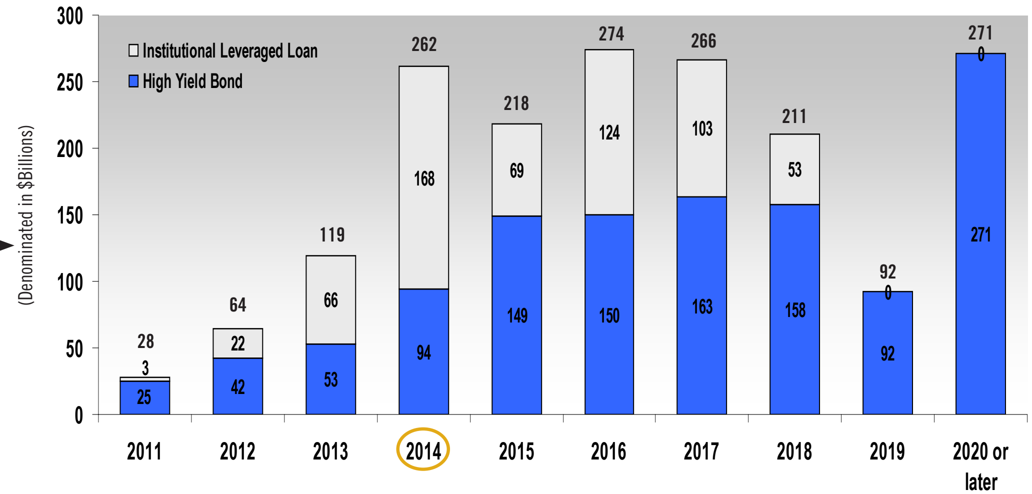
DEBT MATURITIES

The substantial issuance in the bank loan market from 2006 to 2008 has led to a refinancing bubble in 2014.

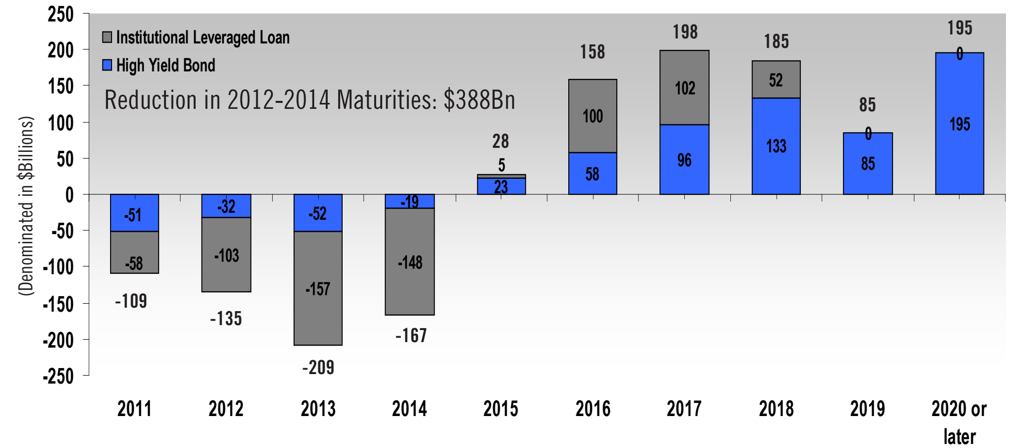
Over $600 billion of maturities come due prior to 2015.

As of May 31, 2011

- The graph at right displays the total volume of bond and loan debt maturities outstanding per year.



- The graph at right displays the change in outstanding maturities since year end 2008.



	CUMULATIVE	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 or Later
1	Bonds	25	67	120	214	363	513	676	834	926	1197
2	Bank Debt	3	25	91	259	328	452	555	608	608	608
3	Total	28	92	211	473	691	965	1231	1442	1534	1805
4	Percentage Bonds	89%	73%	57%	45%	53%	53%	55%	58%	60%	66%
5	Percentage Loans	11%	27%	43%	55%	47%	47%	45%	42%	40%	34%

Source: J.P. Morgan, Markit

Stocks for the Long Term?

Over the past 5, 10, 15, and 20 year time periods, both high yield bonds and convertibles have outperformed the S&P 500 index on both an absolute and risk adjusted basis.

As of June 30, 2011

	Average Annual Returns				Average Annual Volatility				Sharpe Ratio			
	5 Yr.	10 Yr.	15 Yr.	20 Yr.	5 Yr.	10 Yr.	15 Yr.	20 Yr.	5 Yr.	10 Yr.	15 Yr.	20 Yr.
BofA Merrill Lynch High Yield Master II Index (H0A0)	9.20%	8.76%	7.44%	8.95%	13.54%	11.07%	9.76%	8.71%	0.54	0.61	0.45	0.64
BofA Merrill Lynch U.S. Convertibles Index (V0A0)	6.27%	5.97%	7.68%	9.53%	14.63%	11.94%	13.67%	12.34%	0.30	0.33	0.34	0.50
S&P 500	2.94%	2.72%	6.50%	8.73%	17.88%	15.82%	16.40%	14.94%	0.06	0.04	0.21	0.36
Wilshire 5000	3.64%	3.85%	6.83%	9.07%	18.37%	16.18%	16.77%	15.23%	0.10	0.11	0.22	0.37
Russell 2000	4.08%	6.27%	7.37%	9.82%	22.76%	20.85%	21.11%	19.19%	0.120	0.0	0.20	0.33
MSCI World Index	1.96%	56.12%	5.13%	6.41%	21.50%	18.29%	17.44%	16.65%	0.00	0.22	0.12	0.18

Source: StyleAdvisor

Asset Class Correlation

Over the long term, high yield bonds are negatively correlated with 10-year Treasuries.

Correlation Matrix (January 1991 - June 2011)

	High Yield Bonds	Investment Grade Bonds	10-Year Treasury	Convertible Bonds	Large Cap. Equity	International Equity	Small Cap. Equity
High Yield Bonds	1.00						
Investment Grade Bonds	0.54	1.00					
10-Year Treasury	-0.06	0.70	1.00				
Convertible Bonds	0.71	0.37	-0.11	1.00			
Large Cap. Equity	0.58	0.28	-0.09	0.79	1.00		
International Equity	0.57	0.29	-0.12	0.71	0.77	1.00	
Small Cap. Equity	0.60	0.19	-0.18	0.86	0.79	0.69	1.00

Source StyleAdvisor, BofA Merrill Lynch, Citigroup, MSCI, S&P, Russell

Asset Class Correlation

Leveraged loans are the only fixed income asset class to benefit from rising interest rates.

Correlation Matrix (January 1997 - June 2011)

	Leveraged Loans	High Yield	Convertibles	Investment Grade	10-Treasury	Large Cap. Equity	International Equity	Small Cap. Equity
Leveraged Loans	1.00							
High Yield Bonds	0.76	1.00						
Convertibles	0.54	0.72	1.00					
Investment Grade Bonds	0.35	0.55	0.36	1.00				
10-Year Treasury	-0.37	-0.15	-0.20	0.62	1.00			
Large Cap. Equity	0.42	0.61	0.79	0.23	-0.22	1.00		
International Equity	0.47	0.64	0.77	0.30	-0.21	0.84	1.00	
Small Cap. Equity	0.43	0.62	0.86	0.19	-0.26	0.81	0.76	1.00

Source StyleAdvisor, BofA Merrill Lynch, Citigroup, MSCI, S&P, Russell

High Yield Should be a Strategic Allocation

High yield bonds could be considered as an equity with lower volatility due to coupon income.

1. In most cases, high yield meets the "actuarial assumption" of an 8% return which is generated predominantly by an annual income stream.

2. High yield securities have shown significantly higher risk-adjusted returns than most other fixed income sectors.

3. In down markets, a larger coupon for high yield securities helps to offset market declines, and in up markets high yield securities correlate to rising equities.

4. Over 5, 10, 15, and 20 year periods, the high yield index has outperformed the S&P 500 index and investment grade index.

5. High yield securities are unique in that investors can benefit from corporate developments as well as enjoy the characteristics of fixed income.

6. High yield bonds are generally not impacted by a modest rise in rates. Additionally, spreads are more a reflection of market expectations for future default rates rather than expectations for higher interest rates.

Market Outlook

The U.S. economy continues to grow, albeit at a slower pace. The environment for the credit markets in general, and high yield in particular, remain favorable due to easy credit, low interest rates, modest growth, and less speculation.

1. In a low interest rate environment, the quest for higher yield is enduring.
2. Default rates should remain low on a historical basis throughout 2011.
3. While volatility is likely to continue, we would expect yield spreads to tighten upon resolution of the overhang from the U.S. debt ceiling and Greek financial crisis.
4. The supply of new issues is expected to slow down as financing costs rise for issuers.
5. Issuers have refinanced a majority of near-term maturities, thereby reducing the concern about the "wall of maturities".
6. High yield market liquidity is likely to be thin as broker/dealers are unwilling to risk their capital.
7. The market has temporarily repriced risk from May levels, but bankers continue to push new issues.
8. Given the weak recovery, the Federal Reserve should maintain the Fed Funds rate at or near zero until early 2013. (If the economy falters, QE3 is a real possibility.)
9. GDP should grow at an anemic 1.7% to 1.9% in 2011 with only a slight improvement in GDP for 2012.
10. If a sizable and credible deficit spending deal is reached, the markets should respond very favorably to this bipartisan compromise.

Bank Loan Market Outlook for 2011

If the Fed's "Magic Money" policy turns out to be an illusion, the leveraged loan market may again become the most favored asset class.

1. LIBOR has retreated to 25 bps as of June 30, 2011. We anticipate very little change in LIBOR rates during 2011.
2. We expect the continued issuance of bonds to be used to refinance loans at par, thus continuing to provide upside to loans below par.
3. The new issue market has returned with LIBOR floors, some original issue discounts, and call protection provisions in most deals.
4. We expect amend-and-extend or "amend-and-pretend" will remain popular, particularly in previously overvalued LBO transactions.
5. Defaults peaked in the fourth quarter of 2009 at 11.6%, and we forecast bank loan defaults to be approximately 1.0% - 1.5% for 2011.
6. GDP should grow at an anemic 1.7% to 1.9% level for 2011 with the possibility of flat to slightly lower GDP in 2012, unless the housing market shows signs of stabilizing.
7. If QE2 fails, resulting in higher interest rates and inflation, floating rate assets should experience a significant new demand.
8. The outlook for the leveraged loan market appears favorable for 2011 due to an acceleration of pre-payments, reasonable spreads, LIBOR floors, low default rates, and the continued expansion of the credit cycle.

SECTION III

PORTFOLIO REVIEW HIGH YIELD BOND SEPARATE ACCOUNT

Our Five Core Beliefs

There are two schools of investing in high yield:

We adhere to Optimizing Risk & Return

versus

Maximizing Return

- Preserve capital by avoiding defaults and restructurings.
- Let the power of compounding interest income generate long term, consistent returns.
- Attempting to beat any benchmark generates significantly higher risks and volatility.
- The high yield market is, at best, semi-illiquid; hence liquidity risk can be greater than credit risk.
- Reliance on published ratings is misguided.

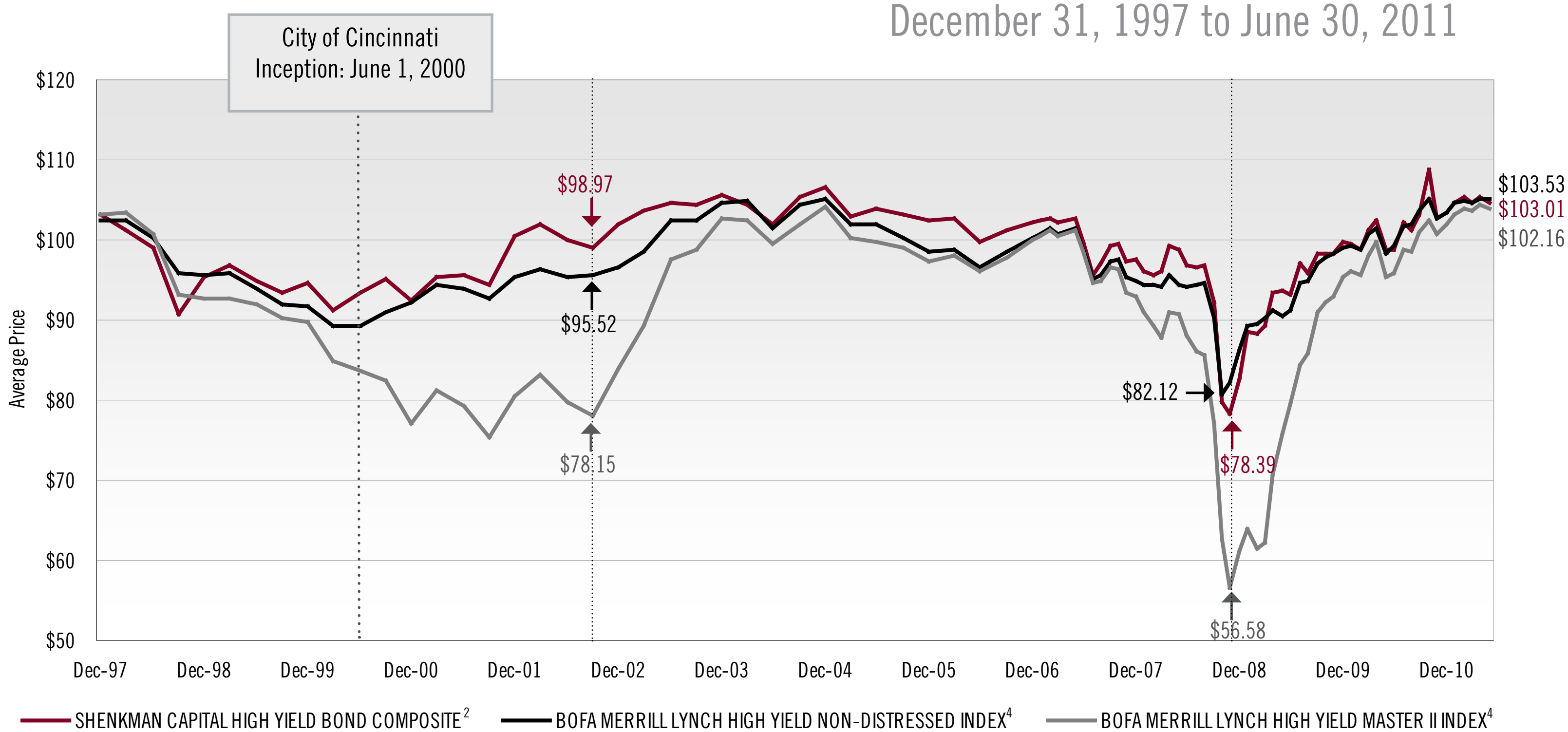
SHENKMAN CAPITAL HIGH YIELD BOND AVERAGE PRICE

Portfolio Characteristics:

Index: BofA Merrill Lynch (HOND)

	SCM	Index
Avg. Price:	$103.01	$103.53
Avg. Quality:	B	B
YTW*:	6.74%	6.90%
Avg. Coupon*:	7.73%	8.14%
Duration*:	3.82 yrs.	4.16 yrs.

December 31, 1997 to June 30, 2011

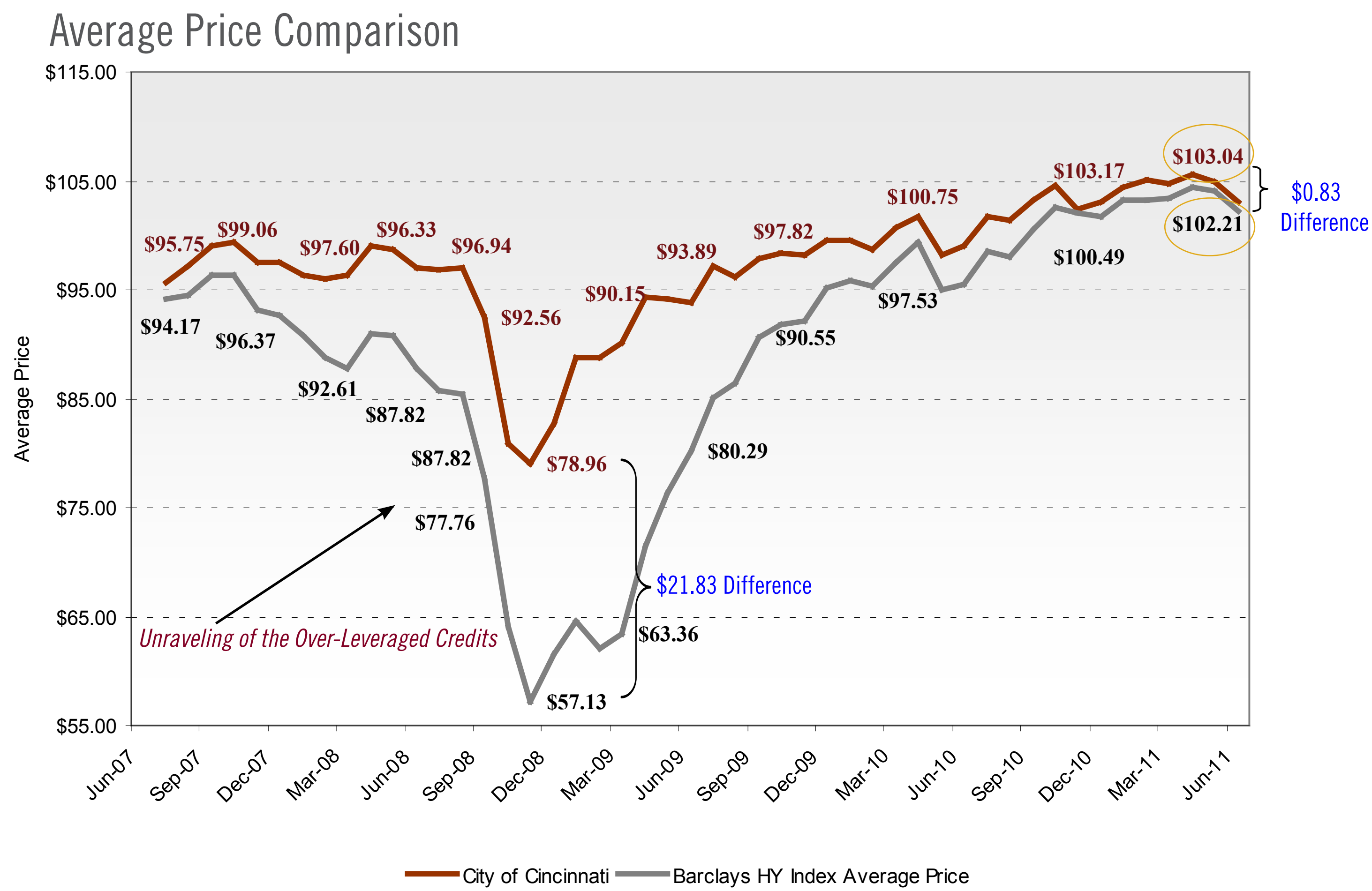


	December 31, 1997 to June 30, 2011		
	Cumulative Total Return	Standard Deviation	Sharpe Ratio
SHENKMAN CAPITAL High Yield Bond Composite (Gross)[2]	151.5%	6.8%	0.62
SHENKMAN CAPITAL High Yield Bond Composite (Net)[2]	125.4%	6.8%	0.50
BofA Merrill Lynch High Yield Non-Distressed Index (HOND)[4]	133.4%	7.5%	0.49
BofA Merrill Lynch High Yield Master II Index (HOAO)[4]	139.7%	10.2%	0.38

Note: Disclaimers to reference notes provided in Section V
*Statistics are exclusive of Bank Loans within the High Yield Bond Composite

Preservation of Capital is our Paramount Responsibility

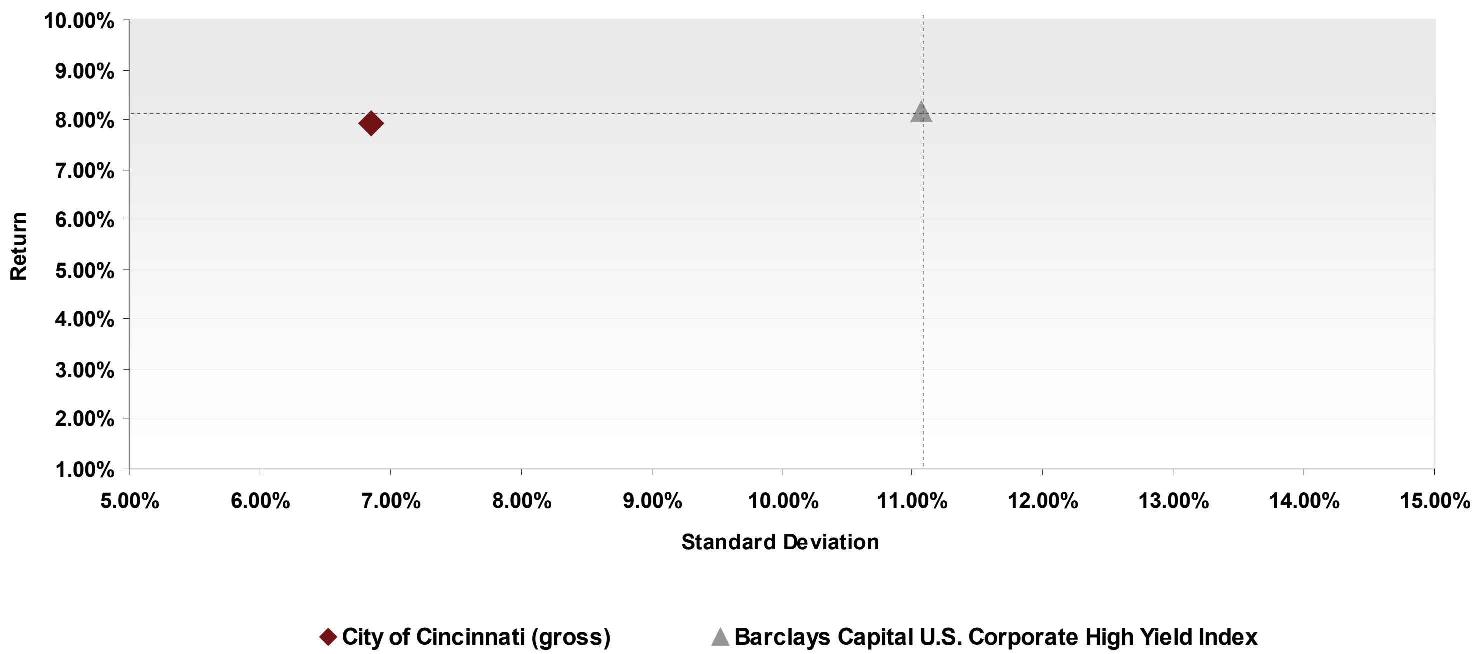
The average price of securities in the City of Cincinnati portfolio has exhibited significantly less volatility than the BofA Merrill Lynch High Yield Index during the 2008 credit crisis.



Risk Versus Return (June 1,2000 to June 30, 2011)

	Annualized Return	Standard Deviation	Sharpe Ratio	Alpha v. Benchmark*	Beta v. Benchmark
City of Cincinnati (gross)	7.91%	6.85%	0.81	3.21%	0.55
Barclays Capital U.S. Corporate High Yield Index	8.18%	11.07%	0.53	0.00%	1.00

Over the past 11 years we have underperformed the benchmark by 27 basis points on an annualized basis with 38% lower volatility than the benchmark!



*Alpha measure is Beta adjusted against the Barclays Capital U.S. Corporate High Yield Index
All returns are gross of fees. Past performance is no guarantee of future results
Source: Zephyr Style Advisor

Performance for City of Cincinnati Retirement System

Performance as of 6/30/2011

Separate Account Performance	2008	2009	2008-2009 Cumulative	2010
City of Cincinnati (gross)	-12.69%	30.07%	13.56%	12.57%
BofA Merrill Lynch High Yield Non-Distressed (HOND)	-19.14%	31.08%	5.99%	14.03%
Barclays Capital U.S. Corporate High Yield Index	-26.16%	58.21%	16.82%	15.12%
Performance Over/(Under) Index Barclays Capital U.S. Corporate High Yield Index	13.47%	-28.14%	-3.26%	-2.55%

Separate Account Performance	YTD	LTM	3 Year Annualized	5 Year Annualized	10 Year Annualized	Since Inception Annualized
City of Cincinnati (gross)	4.22%	12.95%	9.83%	8.22%	8.05%	7.91%
BofA Merrill Lynch High Yield Non-Distressed (HOND)	4.72%	14.62%	8.60%	7.07%	7.76%	7.61%
Barclays Capital U.S. Corporate High Yield Index	4.97%	15.63%	12.68%	9.30%	8.99%	8.18%
Performance Over/(Under) Barclays Capital U.S. Corporate High Yield Index	-0.75%	-2.68%	-2.86%	-1.14%	-0.96%	-0.27%

*Performance inception date of June 1, 2000.
All returns are gross of fees. Past performance is no guarantee of future results
Source: Zephyr Style Advisor, Bloomberg, BofA Merrill Lynch

PERFORMANCE ATTRIBUTION: YEAR-TO-DATE JUNE 30, 2011

The portfolio's out of index position in convertible holdings significantly contributed to performance (+7 bps).

Underperformance of the bond and bank loan holdings, and the cash position acted as a drag on the portfolio.

Positive selection in Gaming and Telecom contributed to performance (+10 bps).

Underweight in low-priced paper, Oil and Gas and Utilities detracted from performance (-45 bps)

	City of Cincinnati		BofA Merrill Lynch High Yield Index (H0A0)		
	Average Weighting	Return	Average Weighting	Return	Total Effect
High Yield Bonds	84.82%	4.46%	100.00%	4.97%	-38 bps
Bank Loans	8.23%	1.99%	------	-----	-34 bps
Convertibles	5.44%	6.40%	------	------	+7 bps
Cash	1.52%	0.04%	------	------	-10 bps
TOTAL	100.00%	4.22%	100.00%	4.97%	-75 bps

	Average Weighting	Return	Average Weighting	Return	Effect
Positive selection in Gaming	3.32%	5.51%	3.01%	4.18%	+5 bps
Positive selection in Telecom	6.17%	5.71%	7.97%	4.94%	+5 bps

Underweight in bonds priced below $90	0.10%	6.27%	4.39%	9.12%	-25 bps
Underweight & negative selection in Oil & Gas	5.78%	4.32%	7.79%	6.14%	-11 bps
Negative selection in Utilities	7.17%	4.77%	7.52%	6.24%	-9 bps

The attribution analysis presented above was compiled using FactSet® and attempts to explain the variance in performance between the account and its benchmark.
This analysis is for informational purposes only and may not necessarily represent the account's reported performance.
All returns are gross of fees. Past performance is no guarantee of future results
Source: Zephyr Style Advisor, Bloomberg, BofA Merrill Lynch

2011 Strategy

- Selectively purchase new issues with attractive yields and terms.
- Invest in credits with better liquidity.
- Since the interest rate environment is likely to be benign in the near-term, lower bank loan exposure and increase BB-rated exposure.
- Reduce holdings in convertible bonds due to increased volatility in the equity markets.
- Reduce weighting in Quadrant III credits due to the slowdown in the U.S. economy.

City of Cincinnati Retirement System

By several different measures, the portfolio has a lower risk profile than the overall market.

	City of Cincinnati	BofA Merrill Lynch High Yield Index (H0A0)
Portfolio Average Price (PAR)	$103.04	$102.15
Triple C (Both Sides)		
% of Assets	9.29%	10.17%
Average Price	$102.27	$92.25
% of Holdings <$70	0.20%	3.03%
STW >1,000 bps*	0.65%	3.82%

As of 6/30/2011
*Bonds only

CITY OF CINCINNATI RETIREMENT SYSTEM

Summary statistics as of 6/30/2011

Investment Characteristics	City of Cincinnati	Barclays Capital U.S. Corporate High Yield Index
Number of Issuers	125	1,929
Number of Industries (SCM)	28	38
Duration-to-Worst (Years)	4.01 yrs	4.06 yrs
Yield-To-Maturity	7.20%	7.67%
Yield-To-Worst	6.88%	7.32%
Current Yield	7.59%	8.09%
Average Coupon	7.84%	8.28%
Average Price	$103.04	$102.31
Average Rating (Moody's / S&P)	B2/B	BB/B+
Total Asset Value	$85,449,219	
Average C.Scope® Score	82	
Buys YTD ($ Volume / # of Trades)	$29,659,519 / 164	
Sells YTD ($ Volume / # of Trades)	$22,631,549 / 111	
Turnover YTD	26.48%	
Realized Gain / Loss (YTD)	$1,668,415	
Calls / Tenders YTD ($ Volume / # Volume)	$4,874,692 / 19	
Estimated Annual Interest Income*	$5,897,631	

*Excludes Interest on Cash

City of Cincinnati Retirement System

Since Inception Summary Statistics as of 6/30/2011

Statistics Since Inception (6/1/2000 to 6/30/2011)	
Total Asset Value as of 6/30/2011	$85,449,219
Initial Contribution	$30,000,000
Net Subscriptions and Redemptions	($24,240,754)
Income Earned	$92,007,666
Unrealized Gain / Loss	$3,900,797
Net Realized Gain / Loss	($13,462,046)
Number of Defaults Since Inception	0
Number of Defaults in the Market for the Same Time Period*	568
Number of Bonds Sold Below $50 Since Inception / $ Net Loss	9 / ($4,672,383)

*Source: JPMorgan

City of Cincinnati Retirement System

Industry Diversification

December 31, 2010 Industries	City of Cincinnati Percentage of Assets	June 30, 2011 Industries	City of Cincinnati Percentage of Assets	Benchmark Index* Percentage of Assets
1. HEALTHCARE	10.92%	1. HEALTHCARE	10.58%	7.70%
2. OIL AND GAS	9.82%	2. SUPPORT-SERVICES	7.77%	1.26%
3. SUPPORT-SERVICES	8.52%	3. TELECOM	7.32%	6.07%
4. UTILITIES	8.09%	4. TECHNOLOGY	7.20%	6.05%
5. TELECOM	7.03%	5. UTILITIES	6.63%	8.91%
6. MEDIA DIVERSIFIED & SERVICES	5.31%	6. OIL AND GAS	5.87%	8.63%
7. MEDIA - BROADCAST	5.10%	7. MEDIA DIVERSIFIED & SER-VICES	4.56%	0.00%
8. NON-FOOD & DRUG RETAILERS	4.76%	8. MEDIA - CABLE	4.46%	3.57%
9. AUTOMOTIVE	4.69%	9. MEDIA - BROADCASTING	4.38%	5.51%
10. TECHNOLOGY	4.09%	10. GAMING	4.02%	3.54%
Other (Including 1.06% Cash)	31.67%	Other (Including 0.45% Cash)	37.21%	48.76%
Total	100.00%	Total	100.00%	100.00%
Percentage in Top Ten Industries	68.33%	Percentage in Top Ten Industries	62.79%	51.24%

* The Benchmark Index referenced above is the Barclays U.S. Corporate High Yield Index

City of Cincinnati Retirement System

Portfolio Composition: Four categories of risk evaluation

Quadrant	City of Cincinnati 12/31/2010	City of Cincinnati 6/30/2011
I	20.91%	19.22%
II	55.20%	54.39%
III	23.89%	26.39%
IV	0.00%	0.00%
Total	100.00%	100.00%

Liquidity	City of Cincinnati 12/31/2010	City of Cincinnati 6/30/2011
1	32.14%	33.15%
2	53.75%	49.88%
3	14.11%	16.97%
Total	100.00%	100.00%

Price	City of Cincinnati 12/31/2010	City of Cincinnati 6/30/2011	Benchmark Index* 6/30/2011
Above $110	5.45%	5.31%	16.09%
$100 to $110	73.89%	77.25%	69.23%
$90 to $100	20.66%	17.24%	11.71%
$80 to $90	0.00%	0.00%	1.48%
Below $80	0.00%	0.20%	1.49%
Total	100.00%	100.00%	100.00%

S&P Rating	City of Cincinnati 12/31/2010	City of Cincinnati 6/30/2011	Benchmark Index* 6/30/2011
Investment Grade	0.00%	0.00%	0.00%
BB	25.27%	30.08%	40.26%
B	53.65%	54.80%	41.82%
CCC & Below	10.03%	13.42%	15.82%
NR	0.48%	1.25%	2.10%
Cash	10.57%	0.45%	0.00%
Total	100.00%	100.00%	100.00%

Moody's Rating	City of Cincinnati 12/31/2010	City of Cincinnati 6/30/2011	Benchmark Index* 6/30/2011
Investment Grade	0.00%	0.96%	0.00%
Ba	19.42%	22.33%	40.26%
B	52.37%	57.57%	41.82%
Caa & Below	15.82%	17.63%	15.82%
NR	11.33%	1.06%	2.10%
Cash	1.06%	0.45%	0.00%
Total	100.00%	100.00%	100.00%

* The Benchmark Index referenced above is the Barclays U.S. Corporate High Yield Index

City of Cincinnati Retirement System

Most Significant Credit Issuer Exposure as of 6/30/2011

	Issuer	Total Asset Value	Percentage of Portfolio	Industry	Moody's	S&P	C.Scope®	Unrealized Gain/Loss
1.	INTELSAT	$1,542,567	1.81%	MEDIA-DIV&SERV	Caa3	CCC+	86	$29,150
2.	WINDSTREAM	1,307,314	1.54%	TELECOM	Ba3	B+	92	12,000
3.	VANGUARD	1,058,063	1.24%	HEALTH	B3	B-	85	28,554
4.	NRG	1,044,211	1.23%	UTILITIES	B1	BB-	77	-188
5.	SPRINT	1,035,879	1.22%	TELECOM	Ba3	BB-	84	90,379
6.	CIT GROUP INC	1,003,549	1.18%	FINANCE	B2	NR	78	33,688
7.	REYNOLDS	968,874	1.14%	PACKAGE	Ba3	BB	83	-1,375
8.	BIOMET	962,235	1.13%	HEALTH	Caa1	B-	82	164,644
9.	ADVANCEDMICRO	942,889	1.11%	TECH	Ba3	B+	76	53,325
10.	CHARTCOM	925,554	1.09%	MEDIA - CABLE	B1	BB-	90	58,465
	TOTAL	$10,791,134	12.69%					$468,641

Section IV

PORTFOLIO REVIEW FOUR POINTS MULTI-STRATEGY FUND, L.P.

Product Capabilities

Customized solutions within leveraged finance.

Asset Type	Strategy	Separate Account	Commingled Fund	Mutual Fund
Leveraged Loans $2.6 Billion (15%)	High Quality Conservative	■	■	□
	Structured Product (TRS, CLO)	■	□	□
High Yield Bonds $12.7 Billion (75%)	High Quality Conservative	■	■	■ *
	Short Duration	■	■	□
	BBB-Crossover	■	□	□
	Non-U.S. (Euro Denominated)	■	□	□
Convertible Bonds $1.6 Billion (9%)	Core Strategy	■	■	■ **
	Hybrid Strategy	■	□	□
Absolute Return $42 Million (1%)	Stressed / Distressed	■	■	□
	Multi-Strategy Credit	■	■	□

Traditional Capital Structure: Leveraged Loans, High Yield Bonds, Convertible Bonds
Alternative: Absolute Return

* Shenkman Capital is the sole sub-advisor to the Harbor High Yield Bond Fund (HYFAX)
** Shenkman Capital is the sole sub-advisor to the Harbor Convertible Securities Fund (HACSX)
Asset information presented as of May 31, 2011

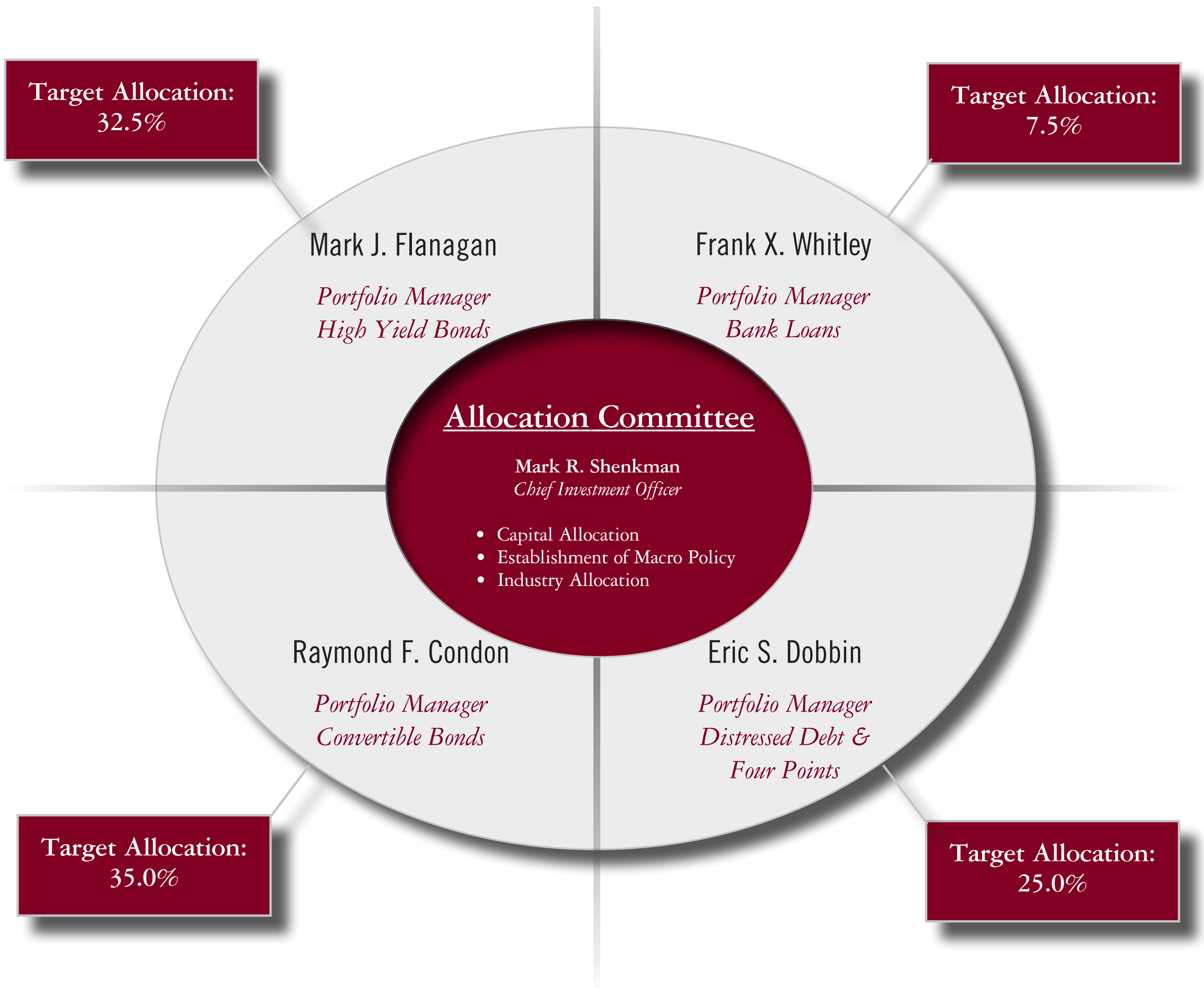
Four Points Multi-Strategy Investment Team

Access to senior portfolio managers with individual product specializations.

Senior Management	Title	Degree	Institution	Years with Firm	Years Investment Experience	Years High Yield Experience
Mark R. Shenkman	President/CIO	DHL MBA BA	University of Connecticut George Washington University University of Connecticut	25	42	34
Eric S. Dobbin	Senior Vice President; Portfolio Manager **Four Points PM** **Distressed**	MBA BA	Duke University	5	23	23
Frank X. Whitley	Executive Vice President: Senior Portfolio Manager **Bank Loans**	MBA BS	Fordham University Seton Hall University	23	26	26
Mark J. Flanagan CFA, CPA	Executive Vice President: Portfolio Manager **High Yield Bonds**	MS BS	State University of New York at Albany	18	20	19
Raymond F. Condon	Senior Vice President; Portfolio Manager **Convertible Bonds**	MBA BA	Fordham University St. John's University	8	34	11
Total Years of Experience				**79**	**145**	**113**

FOUR POINTS MULTI-STRATEGY PROCESS

Four Points marries the expertise to understand each component of the capital structure with the flexibility to make agile market decisions.



Fund positioning as of May 31, 2011

Investment Objectives and Strategy

The Four Points goal is to deliver superior risk adjusted returns by investing across the capital structure of high yield companies.

- Tactically allocate capital across the capital structure based on prevailing relative value.
- Allocation Committee determines relative value - Consists of CIO and Senior Product PM's.
- Mark R. Shenkman serves as CIO - Establishes macro policy:
  - Asset allocation across strategies
  - Industry distribution/weightings
  - Credit quality exposure
  - Quadrant allocation
  - Duration positioning
- Allocation Committee meets at least monthly to debate relative value and set allocation targets:
  - High yield bonds
  - Bank loans
  - Convertible bonds
  - Stressed/distressed situations
- Eric Dobbin serves as the point Portfolio Manager for the Four Points Multi-Strategy product - Oversees product positioning and risk management as well as reallocation of capital across asset categories.

Four Points Allocation History

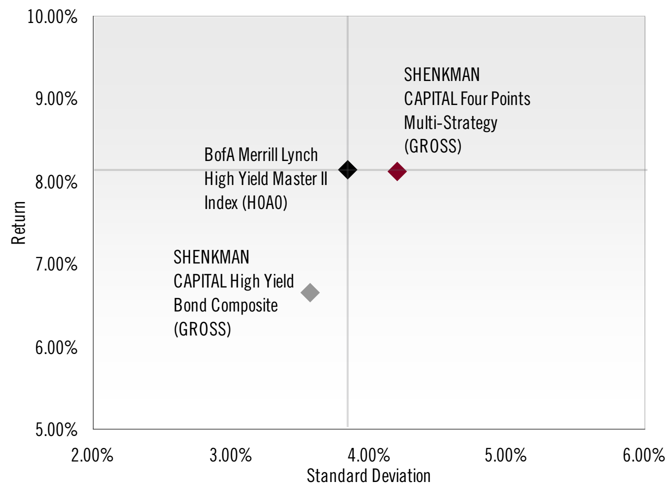
The dynamic nature of the portfolio's asset allocation process enables the portfolio manager to adjust to changing market conditions.

Date	High Yield Bonds	Leveraged Loans	Convertible Bonds	Stressed / Distressed	Cash
August 2009	35%	10%	20%	35%	-
September 2009	35%	10%	20%	35%	-
October 2009	35%	10%	20%	35%	-
November 2009	40%	12%	13%	35%	-
December 2009	40%	10%	15%	35%	-
January 2010	40%	10%	20%	30%	-
February 2010	35%	15%	20%	30%	-
March 2010	35%	15%	20%	30%	-
April 2010	40%	20%	20%	20%	-
May 2010	40%	20%	20%	20%	-
June 2010	40%	20%	20%	20%	-
July 2010	40%	20%	20%	20%	-
August 2010	40%	20%	20%	20%	-
September 2010	35%	35%	15%	15%	-
October 2010	40%	30%	20%	10%	-
November 2010	40%	30%	20%	10%	-
December 2010	28%	40%	20%	12%	-
January 2011	32%	30%	25%	13%	-
February 2011	30%	20%	30%	20%	-
March 2011	30%	15%	32.5%	22.5%	-
April 2011	30%	15%	32.5%	22.5%	-
May 2011	32.5%	7.5%	35.0%	25.0%	-
June 2011	30%	10%	30%	25%	5%
July 2011	33%	9%	33%	25%	-

Shenkman Capital Investment Strategy Risk/Return

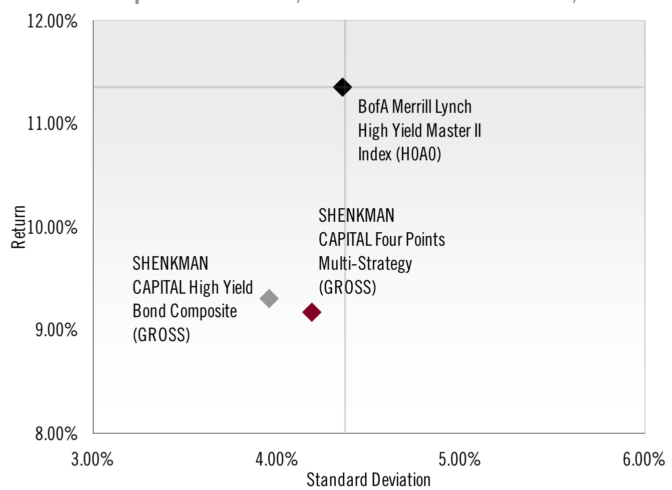
We strive for lower volatility than our peers.

October 1, 2010 to June 30, 2011 (Excluding Portfolio Ramp up)



	Cumulative Return	Standard Deviation	Sharpe Ratio
SHENKMAN CAPITAL Four Points Multi-Strategy (GROSS)	8.11%	4.21%	1.90
SHENKMAN CAPITAL High Yield Bond Composite (GROSS)	6.66%	3.57%	1.84
BofA Merrill Lynch High Yield Master II Index (H0A0)	8.15%	3.85%	2.09

September 1, 2010 to June 30, 2011 (Longest Common Period)



	Cumulative Return	Standard Deviation	Sharpe Ratio
SHENKMAN CAPITAL Four Points Multi-Strategy (GROSS)	9.18%	4.19%	2.16
SHENKMAN CAPITAL High Yield Bond Composite (GROSS)	9.30%	3.96%	2.32
BofA Merrill Lynch High Yield Master II Index (H0A0)	11.36%	4.36%	2.58

Source: Zephyr Style Advisor

PERFORMANCE FOR CITY OF CINCINNATI RETIREMENT SYSTEM

Performance as of 6/30/2011

Four Points Multi-Strategy Fund, L.P.	June 2011	May 2011	April 2011	Q2 2011	YTD 2011	Since Inception from 9/1/2010	Since Inception from 10/1/2010
Stressed / Distressed	-2.37%	-0.53%	0.23%	-2.66%	3.52%	15.90%	15.93%
High Yield Bonds	-0.90%	0.08%	1.90%	1.06%	5.16%	10.03%	8.16%
Convertibles	-1.40%	0.25%	1.10%	-0.07%	4.47%	11.15%	10.05%
Bank Loans	-0.26%	0.15%	0.66%	0.55%	2.90%	6.90%	6.15%
Total (Gross)	-1.37%	0.02%	1.09%	-0.27%	3.68%	9.18%	8.12%

BofA Merrill Lynch U.S. High Yield Master II Index (H0A0)	-1.00%	0.49%	1.52%	3.90%	4.93%	11.19%	7.95%
BofA Merrill Lynch All Convertibles Index (V0A0)	-1.92%	-0.33%	1.68%	5.66%	5.03%	17.25%	12.39%
S&P LSTA Leveraged Loan Index	-0.37%	-0.09%	0.64%	2.43%	2.61%	7.37%	5.89%

- The Four Points Multi-Strategy Fund, L.P. has outperformed the City of Cincinnati separate high yield bond account by +147 basis points since October 1, 2010.

*The performance inception date for the City of Cincinnati Retirement System in the Four Points Multi-Strategy Fund, L.P. is September 1, 2010.
All returns are gross of fees. Past performance is no guarantee of future results
Source: Zephyr Style Advisor, Bloomberg, BofA Merrill Lynch

Four Points Multi-Strategy Fund. L.P.

Summary statistics as of 6/30/2011

Investment Characteristics	Four Points Multi-Strategy Fund, L.P.
Number of Issuers	115
Number of Industries (SCM)	31
Duration-to-Worst (Years)	3.37 yrs
Average Price	$97.26
Average Rating (Moody's / S&P)	B2/B
City of Cincinnati Total Asset Value	$27,181,577
Average C.Scope® Score	78
Realized Gain / Loss (YTD)	$609,694
Unrealized Gain / Loss (YTD)	$359,572
Estimated Annual Interest Income*	$1,364,409

*Excludes Bank Loans

FOUR POINTS MULTI-STRATEGY FUND. L.P.

Portfolio Composition: Four categories of risk evaluation

Quadrant	12/31/2010	6/30/2011
I	26.05%	22.39%
II	39.11%	37.04%
III	34.24%	39.95%
IV	0.60%	0.62%
Total	100.00%	100.00%

Liquidity	12/31/2010	6/30/2011
1	37.47%	40.41%
2	49.46%	35.74%
3	13.07%	23.85%
Total	100.00%	100.00%

Price	12/31/2010	6/30/2011
Above $110	2.33%	3.71%
$100 to $110	54.96%	47.43%
$90 to $100	36.41%	38.16%
$80 to $90	2.01%	1.47%
Below $80	4.29%	9.23%
Total	100.00%	100.00%

S&P Rating	12/31/2010	6/30/2011
Investment Grade	1.36%	2.51%
BB	35.56%	21.45%
B	46.40%	38.81%
CCC & Below	5.08%	13.48%
NR	6.50%	14.17%
Cash	5.10%	9.58%
Total	100.00%	100.00%

Moody's Rating	12/31/2010	6/30/2011
Investment Grade	1.21%	0.98%
Ba	22.98%	11.14%
B	42.38%	38.45%
Caa & Below	12.02%	16.95%
NR	16.31%	22.90%
Cash	5.10%	9.58%
Total	100.00%	100.00%

FOUR POINTS MULTI-STRATEGY FUND. L.P.

Top Ten Industries and Holdings as of 6/30/2011

Industries		Percentage of Assets
1.	HEALTHCARE	11.27%
2.	UTILITIES	9.16%
3.	TECHNOLOGY	7.21%
4.	SUPPORT SERVICES	6.51%
5.	OIL & GAS	6.11%
6.	MEDIA - BROADCASTING	5.27%
7.	PACKAGE	4.69%
8.	TELECOM	4.68%
9.	ENVIRONMENTAL	3.55%
10.	REITS	2.79%
Percentage in Top Ten Industries		61.20%

Holdings		Percentage of Assets
1.	LEAP WIRELESS	1.98%
2.	CHESAPEAK	1.97%
3.	LUCENT	1.80%
4.	LIFEPOINT	1.75%
5.	CUMULUS MEDIA	1.73%
6.	CRESCENT RESOURCES LLC	1.71%
7.	USG	1.69%
8.	CASELLAW	1.68%
9.	MICHAEL STORES	1.66%
10.	TEKNIPLE	1.62%
Percentage in Top Ten Holdings		17.59%

The 8% Solution

"The most powerful force in the universe is compound interest"

~Albert Einstein

- Most state and corporate pension funds, endowments and insurance companies seek an 8% annualized return in order to meet their funding objectives.
- For the past 25 years, the Shenkman Capital High Yield Bond Composite (SCM Composite) has delivered an annualized net return of 8.4%.
- During this time period, the SCM Composite had only two down years.
- Since 1986, the SCM Composite's return was achieved with a 33% lower standard deviation than the BofA/Merrill Lynch High Yield Index.
- Through the power of compounding interest, an 8.4% net return will double the amount of capital in approximately 8.5 years.

Disclaimers

1. Shenkman Capital is the marketing name for Shenkman Capital Management, Inc. and Shenkman Capital Management Ltd. Shenkman Capital Management, Inc. is registered as an investment adviser with the U.S. Securities and Exchange Commission. Shenkman Capital Management Ltd, a wholly-owned subsidiary of Shenkman Capital Management, Inc., is an appointed representative of International Asset Management Ltd which is authorized and regulated by the U.K. Financial Services Authority. This material is provided to you because you have been classified as a professional client or eligible counterparty by Shenkman Capital Management Ltd as defined under the U.K. Financial Services Authority's rules. If you are unsure about your classification, or believe that you may be a retail client under these rules, please contact Shenkman Capital Management Ltd and disregard this information.
2. The Shenkman Capital High Yield Bond Composite consists of comparable high yield bond accounts that employ the quadrant investment style and represents a substantial portion of the total high yield bond assets under Shenkman Capital's management (95% to 97% for 1986 to 1989; 98% to 99% for 1990 to 1997; 78% for 1998; 66% for 1999; 77% for 2000; 87% for 2001; 83% for 2002; 90% for 2003; 87% for 2004; 81% for 2005; 88% for 2006; 91% for 2007; 85% for 2008; 83% for 2009; 89% for 2010; and 87% as of March 31, 2011), and excludes multi-sector and structured funds and accounts that are not fully discretionary. Gross performance results include reinvestment of interest and other income and reflect all investment expenses, but are before deduction of advisory fees, which vary depending on size and type of account and are described in Shenkman Capital's Form ADV, Part II. Prospective clients should consider the effect of advisory fees and any other expenses they may incur in connection with the account (i.e., custodian fee) on performance results. For example, a $10 million account that incurs a quarterly advisory fee of 0.21875% (i.e., 0.875% per annum) and has gross performance of 10% per year over a 5-year period would have net performance of 9.05% per year after deducting the advisory fee. Net performance results include reinvestment of interest and other income and reflect all investment expenses, and are net of 0.80% per annum, the highest advisory fee charged to an account within the Composite. Prospective clients should review Shenkman Capital's ADV, Part II for a description of its advisory fees, which vary depending on size and type of account. A copy of Shenkman Capital's ADV, Part II is available upon request. Performance information is for illustration purposes only and does not reflect the performance of any one account. Gross performance from 1993 through 2009 has been audited by Shenkman Capital's independent public accountants, a copy of which is available upon request. Past performance is not a guarantee of future results.
3. The Credit Suisse High Yield Index is designed to mirror the investable universe of the U.S. dollar denominated high yield debt market. It is not indicative of the investment strategies employed by Shenkman Capital and may contain different securities than the securities in the Shenkman Capital High Yield Bond Composite. The Credit Suisse High Yield Index is unmanaged, not available for direct investment and does not reflect deductions for fees or expenses.
4. The BofA Merrill Lynch High Yield Master II Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. It is not indicative of the investment strategies employed by Shenkman Capital and may contain different securities than the securities in the Shenkman Capital High Yield Bond Composite. The BofA Merrill Lynch High Yield Master II Index is unmanaged, not available for direct investment and does not reflect deductions for fees or expenses.
5. The BofA Merrill Lynch U.S. Corporate Index tracks the performance of U.S. dollar-denominated investment grade corporate public debt issued in the U.S. domestic bond market. It is not indicative of the investment strategies employed by Shenkman Capital and contains different securities than the securities in the Shenkman Capital High Yield Bond Composite. The BofA Merrill Lynch U.S. Corporate Index is unmanaged, not available for direct investment and does not reflect deductions for fees or expenses.
6. The S&P 500 Index is designed to reflect the U.S. equity markets and focuses on the large-cap sector of the market, which includes the 500 leading companies in leading industries of the U.S. economy. It is not indicative of the investment strategies employed by Shenkman Capital and contains different securities than the securities in the Shenkman Capital High Yield Bond Composite. The S&P 500 Index is unmanaged, not available for direct investment and does not reflect deductions for fees or expenses.
7. The BofA Merrill Lynch U.S Treasury/Agency Index tracks the performance of the combined U.S. Treasury and U.S. Agency bond markets. It is not indicative of the investment strategies employed by Shenkman Capital and contains different securities than the securities in the Shenkman Capital High Yield Bond Composite. The BofA Merrill Lynch U.S. Treasury/Agency Index is unmanaged, not available for direct investment and does not reflect deductions for fees or expenses.
8. The Dow Jones Industrial Average is a price-weighted average of thirty blue-chip stocks that are generally the leaders in their respective industries. It is not indicative of the investment strategies employed by Shenkman Capital and contains different securities than the securities in the Shenkman Capital High Yield Bond Composite. The Dow Jones Industrial Average is unmanaged, not available for direct investment and does not reflect deductions for fees or expenses.
9. The BofA Merrill Lynch U.S. High Yield Constrained Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market, where each issuer's allocation is limited to 2% of the index. It is not indicative of the investment strategies employed by Shenkman Capital and may contain different securities than the securities in the Shenkman Capital High Yield Bond Composite. The BofA Merrill Lynch U.S. High Yield Constrained Index is unmanaged, not available for direct investment and does not reflect deductions for fees or expenses.
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