

OCALA POLICE OFFICERS' PENSION FUND

ADDENDUM TO STATEMENT OF INVESTMENT POLICY

FOR

Sawgrass Asset Management, L.L.C.

Sawgrass Asset Management, L.L.C. (Sawgrass) has been retained by the Ocala Police Officers' Pension Fund to manage a well diversified portfolio of high quality equity, fixed income and money market securities. Sawgrass was retained for this assignment based on their qualifications and experience in managing balanced portfolios.

ADDENDUM

This Addendum is a part of the Ocala Police Officers' Pension Fund's Investment Policy and is intended only to complement the objectives and guidelines outlined therein. By signing this addendum the investment manager understands and agrees to adhere to the guidelines, investment manager responsibilities, and other conditions therein.

GUIDELINES

Within the guidelines contained in the Statement of Investment Policy established for the Ocala Police Officers' Pension Fund, Sawgrass may invest and reinvest the assets of the Plan in a diversified portfolio of:

- Equities (stocks)
- Fixed income securities (bonds)
- Cash equivalent securities

In order to comply with the asset allocation guidelines for the entire Ocala Police Officers' Pension Fund as outlined in the Statement of Investment Policy, the equity portion of the Sawgrass portfolio shall not exceed **60%** of their total investment portfolio.

The equity portion of the Sawgrass portfolio is to be invested in high quality, large capitalization equities. In order to maintain the diversification of the Total Fund, the equity portfolio is expected to demonstrate **Growth** style characteristics.

INVESTMENT OBJECTIVES

Sawgrass has been retained as a balanced portfolio manager and will be evaluated on that basis. The assets of the Plan managed by Sawgrass shall be invested with the following objectives:

Total Portfolio:

The primary objective of the Sawgrass portfolio shall be to achieve a return over the longer term (3 to 5 years) in excess of a Target Index. The Target Index for the Sawgrass portfolio is defined as a 55% investment in the Standard and Poor's 500 stock Index and a 45% investment in the Merrill Lynch Government/Corporate Bond Index.

The secondary objective of the Sawgrass portfolio shall be to achieve a rate of return over the longer term (3 to 5 years) which ranks above average (**TOP 50%**) when compared to a representative universe of other, similarly managed portfolios.

The volatility of the Fund's total returns is expected to be similar to that of this Target Index and will be evaluated accordingly.

Equity Portfolio

The primary goal of the equity portion of the portfolio is to achieve a return over the longer term (3 to 5 years) in excess of the return of the Standard & Poor's 500 Index. In addition, the equity portfolio returns should rank in the **TOP 50%** of a representative universe of similarly managed portfolios.

As Sawgrass is to manage a **Growth** style equity portfolio, consideration will also be given to performance relative to the Russell 1000 Growth Index.

Fixed Income Portfolio

The primary objective of the fixed income portion of the portfolio is to add stability, consistency, and safety to the total fund. The secondary objective is total return. As a result, it should be a goal to achieve a return in excess of the Merrill Lynch Government/Corporate Bond Index while maintaining a positive rate of return in any fiscal year period. It should be a secondary goal of the Investment Manager that the fixed income portfolio returns over the longer term (3 to 5 years) rank in the **TOP 50%** of a representative universe of similarly managed portfolios.

POLICY REVIEW

It is the intention of the Board of Trustees of the Ocala Police Officers' Pension Fund to review the Statement of Investment Policy and this Addendum from time to time and to amend them if necessary to reflect any changes in philosophy or objectives. However, if at any time the

investment manager believes that the specific objectives defined herein cannot be met, or that the guidelines unnecessarily constrict performance, the Trustees shall be so notified in writing.

X 

Chairman, Board of Trustees
Ocala Police Officers' Pension Fund

2-23-04
Date



Sawgrass Asset Management, L.L.C.
Partner

2/26/04
Date