

# Public Employees' Retirement System of Mississippi Deferred Compensation Plan The Boston Company Inc. Pooled Employee Funds Midcap Opportunistic Value Fund

## FUND DESCRIPTION

The Boston Company Inc. Pooled Employee Funds Midcap Opportunistic Value Fund (Midcap Opp Value) seeks long-term growth by investing in the common stocks of small to medium size companies which we believe have strong prospects for capital appreciation. Primarily, these companies will have a market capitalization of between \$400 million to \$4 billion.

## PORTFOLIO INVESTMENTS

The most important consideration in selecting a company for inclusion in the Midcap Opp Value Fund is price, therefore both fundamental and quantitative research are the cornerstones of our investment process. We have identified a universe of approximately 1,200 companies with between \$1 billion and \$7 billion in capitalization. Quantitative analysis helps us to isolate companies within that universe that exhibit strong value characteristics (i.e. are inexpensive) with the potential for investment gain. To these identified companies we apply exhaustive fundamental analysis to take an in-depth look at valuation, business fundamentals, and business momentum. The final step is to construct the portfolio in a way to help reduce risk, by having a well diversified group of stocks and economic sectors.

## INVESTMENT STRATEGY

The Fund's main goal is capital growth. Although some current income is generated, it is not a goal.

## INVESTOR PROFILE

The Midcap Opp Value Fund may be appropriate for investors seeking long-term capital growth who are looking to supplement an overall investment program with a more aggressive equity investment.

As of December 31, 2009

## Fund Performance Results

	Quarter	One Year	Three Years	Five Years
<b>Total Portfolio (NET)</b>	<b>7.3%</b>	<b>63.0%</b>	<b>2.0%</b>	<b>5.0%</b>
Russell Midcap	5.9	40.5	-4.6	2.4
Russell Midcap Value	5.2	34.2	-6.6	2.0

Past performance is not a guarantee of future performance.

## Ten Largest Holdings\*

	Sector	Percent
CB Richard Ellis Group Inc.	Financials	3.1
Great Plains Energy Inc.	Utilities	2.7
Mohawk Industries Inc.	Consumer Discretionary	2.5
Leap Wireless International	Telecomm. Services	2.5
Apollo Group Inc. (Cl A)	Consumer Discretionary	2.3
Ameren Corp.	Utilities	2.2
Concho Resources Inc.	Energy	2.2
Tyco Electronics Ltd.	Information Technology	2.1
St. Jude Medical Inc.	Health Care	2.0
Southwestern Energy Co.	Energy	1.9
<b>Total</b>		<b>23.5%</b>

## Economic Sector Weights (%)\*

	US Mid Cap Opp Value	Russell Midcap
Consumer Discretionary	25	15
Consumer Staples	0	7
Energy	8	7
Financials	13	18
Health Care	9	9
Industrials	17	13
Information Technology	14	15
Materials	3	6
Telecommunication Services	3	2
Utilities	7	7

\*Representative Institutional Account – excludes cash and futures

Returns for periods greater than one year are annualized. Past performance is no guarantee of future returns. It should not be assumed that securities identified were or will be profitable or that decisions we make in the future will be profitable. Certain securities may not remain in the portfolio at the time that you receive this report. A full list of holdings is available upon request. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

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Past results are not necessarily indicative of future performance and are no guarantee that losses will not occur in the future. Future returns are not guaranteed and a loss of principal may occur. Please note that this information does not comply with all of the disclosure requirements for an ERISA "section 404(c) plan," as described in the Department of Labor regulations under section 404(c). Plan sponsors intending to comply with those regulations will need to provide the plan participants with additional information. The information provided does not constitute individual investment advice for a participant or investor, is only informational in nature and should not be used by a participant or investor as a primary basis for making an investment decision. Any commingled funds presented are not deposits of and are not insured or guaranteed by any bank, the FDIC or any other government agency.

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Performance is calculated gross of the client's negotiated investment management fee unless noted otherwise. Performance results reflect income and capital appreciation. Performance results for collective funds have been reduced by fund audit costs and any applicable custody fees. Performance is expressed in U.S. dollars unless noted otherwise.

## **Benchmark**

The Composite's benchmark is the Russell Midcap® Index. The Russell Midcap® Index is a benchmark of the mid cap segment of the U.S. equity market and includes the 800 smallest companies in the Russell 1000® Index.

The Russell Midcap Value Index is being shown for comparison purposes only and is not the benchmark for this strategy. The Russell Midcap Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.