

SUNRISE POLICE PENSION FUND

PERFORMANCE REVIEW
DECEMBER 2002

INVESTMENT RETURN

On December 31st, the Sunrise Police Pension Fund's assets were valued at \$34,116,776, which was an increase of \$1,729,304 from the September quarter's ending valuation of \$32,387,472. The Fund recorded net contributions totaling \$197,668, adding to the fund's net investment gains of \$1,531,636. Income receipts generated \$232,431 while realized and unrealized capital gains contributed \$1,299,205.

If the fund had earned a nominal 8.0% rate of return since June 2000, it would have been worth \$47.3 million, or \$13.1 million *more* than its actual quarter ending value.

ECONOMIC ENVIRONMENT

The economy slowed during the fourth quarter, growing at an estimated 0.5% rate. While that is still a positive figure, it represents a weakening recovery. For the past year, the force behind any growth was consumer spending. Zero percent financing and other incentives enticed consumers to buy automobiles boosting sales during the month of December by 14%. However, autos were the exception in industrial production. Most Corporate investment activity was still very weak, although there was a modest improvement in computer and technology spending from the very low levels of the past two years.

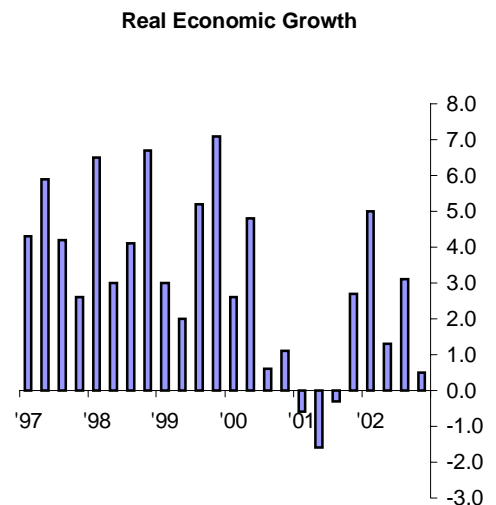
Record low rates for home financing and refinancing kept home sales up. It is estimated that consumers have taken \$135 billion out of the equity in their homes by refinancing in the past two years. Couple that with the reduction in monthly interest payments, and you at least partially compensate for the loss of wealth in the stock market. It is estimated that the effects of the refinancing have been to add roughly ½% to the GDP growth rate.

The estimated GDP growth rate of 0.5% was the weakest of the year. However, taken as a whole 2002 produced a growth rate of 2.8% which is quite respectable (The first quarter rate was 5.0 %, the second 1.3%, and the third 4.0%).

On November 6th, the Federal Reserve surprised the market by dropping interest rates ½%. While there was some speculation that rates might be cut that day by ¼%, the size of the cut was unusual. The logic behind such a large cut is that the Fed, for the first time in seventy years is worried about deflation. A steady decline in the prices of goods and service undermines the ability of businesses to invest in inventory and new plants and equipment. That creates an every increasing spiral of cost cutting and price cutting that could lead to a depression. The Federal Reserve takes such a cycle as a very serious threat to the long term economic stability of the country.

The dollar resumed its slide during the fourth quarter. It now takes \$1.04 to buy one euro compared to \$0.86 on January 1, 2002. That translates into a 20.9% drop in relative purchasing power.

Unemployment increased sharply from 5.6% in September to 6.0% in December. One hundred and one thousand non-farm related jobs were lost during the month of December.



The trade deficit set a new record of \$40.1 billion in November as a result of continued imports, high oil prices, and weak sales abroad.

Inflation remained in check during the quarter. The only areas with significant steady inflation were the health care and transportation areas. The CPI-U change for the quarter was 0.0%. For the calendar year year, inflation (CPI-U) rose only 1.5%. European inflation remains steady at about 2%.

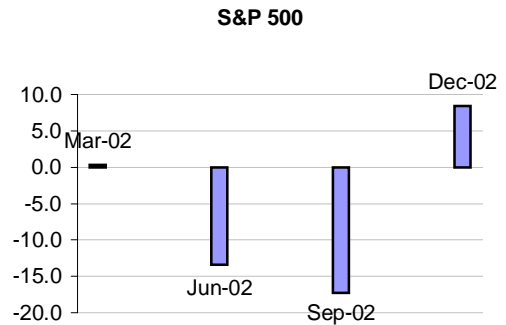
Industrial output declined by 0.2% in December. Interestingly, the decline was almost entirely attributable to a 4.7% drop in auto production. Auto sales were in fact up 14%, so it appears that the manufacturers were getting rid of inventory. Capacity utilization is still fairly low at 75.4% down from 76.1% in September, but still higher than the 75.2% level in March. American businesses can therefore produce far more output without inflation or a strain on capabilities.

Japan's weak deflationary economy appears to be slipping again. Without strong demand from the U.S. and a fairly strong yen hurting exports in general, economic growth in the world's second largest economy is nonexistent. Industrial production declined in September, October and November. The November decline was 2.2%.

EQUITY MARKET

The last quarter of 2002 marked the end of another down year. A bounce from the doldrums in October and November were brought to a halt in December by disappointing retail sales, continued uncertainty with Iraq and mixed economic signals. However, the quality of the October and November rally is suspect. For example, Corning was the S&P 500's best performer for the month of October yet it doesn't foresee profitability until 2004.

December was another troubling month for the market. McDonald's announced its first quarterly loss since its public debut. UAL Corp. earned the dubious honor of being the largest bankruptcy in airline history. On a brighter note, investors received some closure to the conflict of interest issue surrounding research produced by Wall St. firms. Ten of the largest Wall St. firms agreed to a \$1.4B settlement which will be used to pay fines, to provide independent research to investors and to educate investors.



The overall market as measured by the Russell 3000 index was up 8.0% for the quarter. All stocks, value and growth, large and small rebounded for the fourth quarter, but not nearly enough to overcome their losses for the first nine months. Large cap value stocks beat growth stocks, returning 9.2% versus 7.2%. The trend reversed for small caps, small cap value rose 4.9% while small cap growth returned 7.5%. During the fourth quarter, the Dow Jones Industrials rose from 7550 to 8519, still well off the all time high of 11722.98.

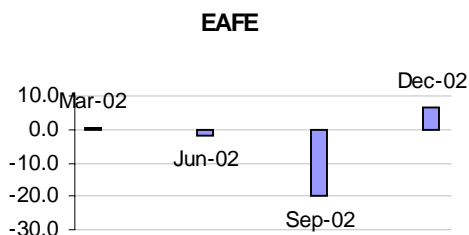
The S&P 500 gained 8.4% for the quarter, but was down 22.1% for the year. Every sector of the market was up. Consumer Services was the worst performing sector, gaining 1.7% for the quarter. The best performing sector was Utilities, returning 26.9%.

Albeit small, the S&P 500 suffered a negative five-year annualized return of -0.6%.

At quarter end, the average yield of an S&P 500 issue was 1.9%, its average growth rate was 8.0%, and it sold at a price/earnings ratio of 23.9. The p/e ratio has come down substantially from its peak of 32, but is still higher than the historical normal range of between 14x and 16x.

INTERNATIONAL EQUITIES

Abroad, equity markets were generally up in dollar terms. Except for Greece and Japan, down 1.8% and 5.7% respectively, all of the developed markets posted positive returns. Leading the way were Portugal, up 25.9%, and Spain, up 20.7%. The majority of emerging markets followed the lead of the developed markets. The Philippines and Sri Lanka were down while Pakistan and Brazil returned north of 40%.

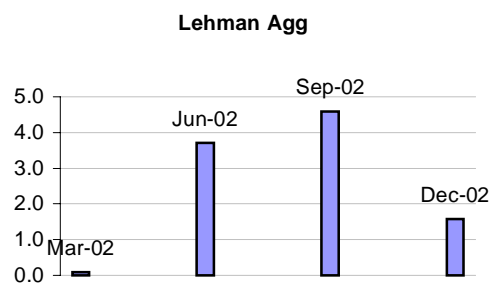


The international equities markets (as represented by the capitalization-weighted EAFE index) rose 6.5% during the quarter but fell 15.7% for the trailing year. On an equal weighted basis the EAFE index rose 10.6% for the quarter but fell 13.2% for the trailing year.

BOND MARKET

During the final quarter of 2002, the yield curve dropped and steepened. Most treasuries were selling at or near record low yields (high prices). Short treasury yields fell about 0.1%; intermediates were up slightly 0.2% and long treasury yields rose 0.1%. By and large, quality spreads (the difference in yield between a corporate bond and a treasury bond of the same maturity) narrowed, but any whiff of creative accounting resulted in a wider spread for that specific issue. That means, bond prices tended to decline and returns were negative for longer bonds. Corporates tended to do better than governments during the quarter as the absence of a stock blowup du jour stabilized investor confidence.

The Lehman Brothers Aggregate Bond Index produced a 1.57% fourth quarter return and a trailing year return of 10.26%. Intermediate and long treasuries both treaded water during the quarter returning 0.73% and -0.01% respectively. For the trailing year, intermediates returned 9.28% and long treasuries gained 16.79%. The US Government Index as a whole was up 0.72% for the quarter and up 11.50% for the trailing year. The Investment Grade Credit Index outperformed governments for the quarter (3.08%), but lagged for the year (10.52%). High yield corporates (junk bonds) had a strong quarter, gaining 6.74%. For the calendar year, however, high yield corporates lost 1.41%.



The average maturity of the Lehman Aggregate index decreased from 6.84 to 6.78 years during the quarter. The interest rate sensitivity (duration) remained flat at 3.8 years (on an adjusted basis) and the average yield slipped from 4.29% to 4.06%.

Emerging market bonds fared well, rising 13.18% for the quarter and 12.26% for the trailing year. Brazil and Uruguay (returning 37.97% and 28.44% respectively) lead the Latin American sector to a 15.39% return for the quarter. Highlighting the volatility of emerging market bonds, although the past quarter was strong for

Uruguay bonds, they are still down 40.84% for the trailing year. Russian bonds continued to perform very well, returning 35.50% for the trailing year (11.53% for the quarter).

CASH EQUIVALENTS

Short-term yields fell during the quarter as a result of the Fed funds rate cut in November. The "risk-free" Treasury note return was 0.42%, producing a trailing 12-month total return on cash and equivalents of 1.80%.

RELATIVE PERFORMANCE

Total Fund

Last quarter, the total aggregate portfolio gained 4.7%. That return ranked in the 56th percentile of the Independent Consultant's Cooperative's (ICC) universe of balanced funds, 0.2% below the 4.9% median balanced return. The return for the last 12 months was -7.4%, ranking the portfolio in the 41st percentile. Since June 2000, the fund lost 11.9% or -5.0% per annum, and ranked in the 52nd percentile.

Equities

Last quarter, the stocks in the aggregate portfolio were up 8.0%, ranking it in the 37th, 0.4% below the S&P 500's 8.4% return. The return for the trailing year was -22.2%, placing it in the 60th percentile. Since June 2000, the aggregate stocks fell 36.8% (-16.7% annualized) and ranked in the 59th percentile, 0.3% per year above the S&P 500's -17.0% annualized return.

Bonds

The aggregate fixed income segment recorded a fourth quarter return of 1.5% and ranked in the 61st percentile of the fixed income universe. That performance was 0.1% lower than the Lehman Aggregate bond index's return of 1.6%. The return for the trailing year was 11.0%, which ranked well above the median in the 12th percentile. Since June 2000, the bonds earned 29.8% (11.0% per annum) and ranked in the 25th percentile; the annualized return beat the annualized index return (10.5%) by 0.5%.

International

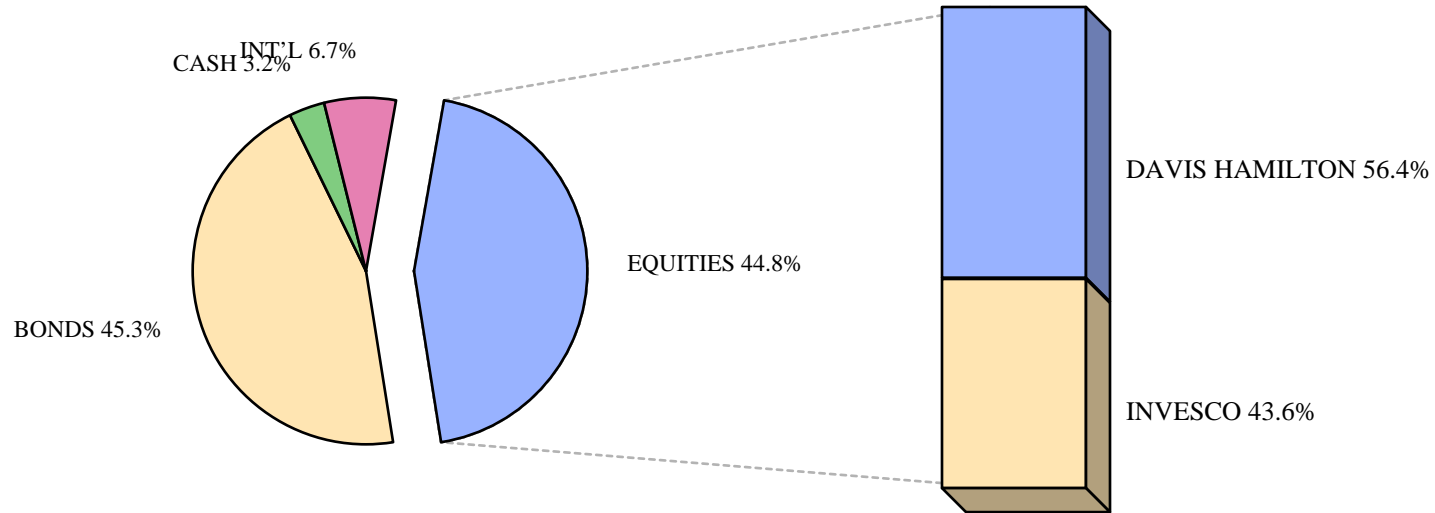
The American Euro Pacific and Putnam together gained 8.0% for the December quarter, ranking in the 29th percentile of the ICC universe of international equity funds, beating the EAFE index (6.5%) by 1.5%. Over the last twelve months, the international equities segment fell 15.4% ranking in the 56th percentile. Over the cumulative period, the international portfolio lost 38.1% or -17.5% per annum, ranking in the 62nd percentile.

INTERNATIONAL EQUITY RANKINGS		
% TILE	QUARTER	YEAR
5	9.85%	-1.06%
25	8.11%	-10.52%
50	6.61%	-14.89%
75	5.02%	-17.43%
95	1.00%	-23.42%

Asset Allocation

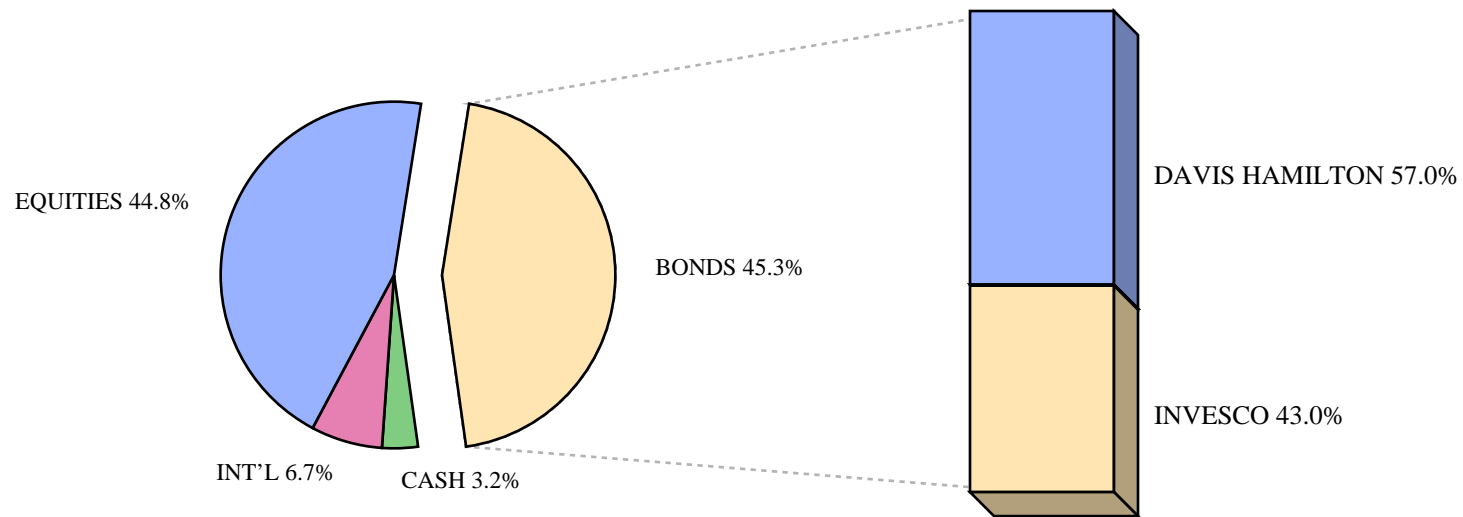
At the end of December 2002, 44.8% (\$15.3 million) of the aggregate portfolio was held in equities. The fixed income segment represented 45.3% (\$15.5 million), while cash and equivalents comprised 3.2% (\$1.1 million). The international segment represented 6.7% (\$2.3 million).

**SUNRISE POLICE
EQUITY MANAGER PERFORMANCES
DECEMBER 31ST, 2002**



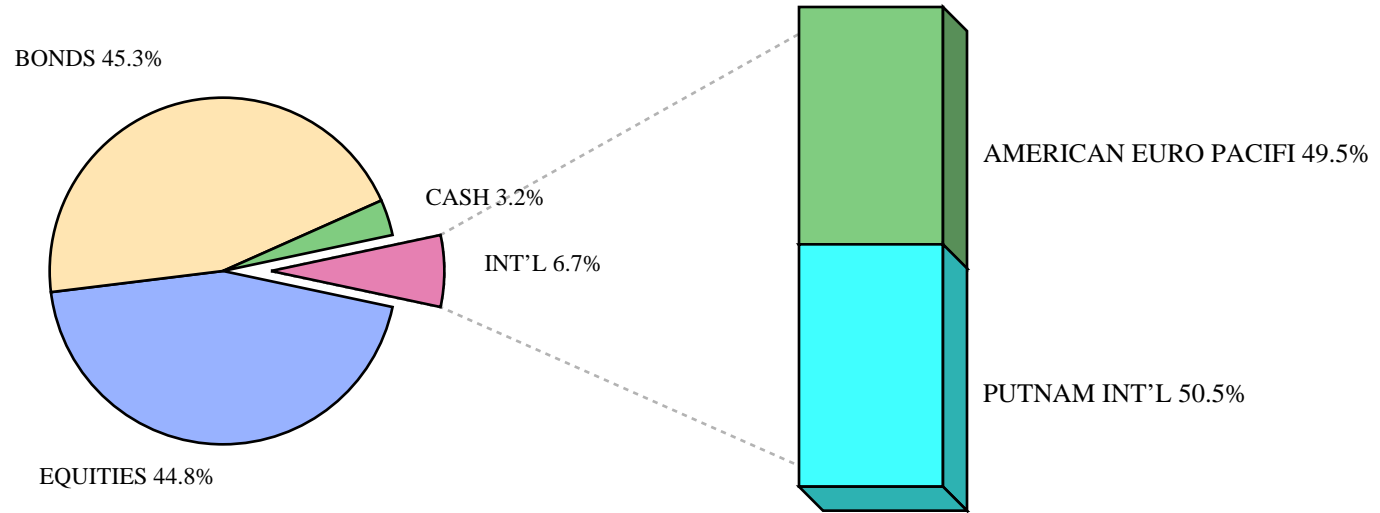
MANAGER	RETURNS & RANKINGS FOR PERIOD ENDING 12/31/02						EQUITY	
	QUARTER	2 QTRS	3 QTRS	1 YEAR	3 YEAR	5 YEAR	MARKET VALUE	
DAVIS HAMILTON	6.4 (55)	-9.8 (26)	-22.1 (49)	-20.5 (44)	-14.6 (73)	--- ---	\$ 8,625,320	
INVESCO	10.2 (10)	-13.4 (70)	-25.1 (74)	-24.3 (70)	-12.0 (54)	--- ---	\$ 6,657,449	
TOTAL EQUITY	8.0 (37)	-11.4 (53)	-23.5 (67)	-22.2 (60)	--- ---	--- ---	\$ 15,282,770	
S&P 500	8.4 (23)	-10.3 (16)	-22.3 (62)	-22.1 (62)	-14.5 (69)	-0.6 (71)	---	
RUSSELL 1000	8.2 (23)	-10.1 (16)	-22.2 (62)	-21.7 (49)	-14.2 (69)	-0.6 (71)	---	
RUSSELL 1000 GRO	7.1 (44)	-9.0 (11)	-26.0 (74)	-27.9 (80)	-23.6 (94)	-3.8 (94)	---	
RUSSELL 1000 VAL	9.2 (14)	-11.3 (18)	-18.8 (37)	-15.5 (27)	-5.1 (36)	1.2 (43)	---	
RUSSELL 3000	8.0 (23)	-10.6 (16)	-22.3 (62)	-21.5 (49)	-13.7 (59)	-0.7 (71)	---	

**SUNRISE POLICE
FIXED INCOME MANAGER PERFORMANCES
DECEMBER 31ST, 2002**



MANAGER	RETURNS & RANKINGS FOR PERIOD ENDING 12/31/02						FIXED INCOME
	QUARTER	2 QTRS	3 QTRS	1 YEAR	3 YEAR	5 YEAR	MARKET VALUE
DAVIS HAMILTON	1.8 (46)	6.6 (19)	10.3 (21)	10.4 (28)	9.9 (46)	--- ---	\$ 8,807,195
INVESCO	1.1 (76)	7.4 (8)	12.0 (5)	11.7 (6)	10.8 (15)	--- ---	\$ 6,645,524
TOTAL FIXED INCOME	1.5 (61)	7.1 (12)	11.1 (10)	11.0 (12)	--- ---	--- ---	\$ 15,452,720
LEHMAN AGG	1.6 (62)	6.2 (76)	10.1 (25)	10.2 (25)	10.1 (24)	7.5 (48)	---
GOV/CREDIT	1.7 (62)	7.5 (69)	11.6 (7)	11.0 (7)	10.5 (24)	7.6 (48)	---
INT AGG	1.5 (62)	5.4 (81)	9.1 (46)	9.5 (46)	9.6 (57)	7.5 (48)	---
INT GOV/CREDIT	1.7 (62)	6.3 (76)	10.1 (25)	9.8 (46)	9.6 (57)	7.2 (48)	---

**SUNRISE POLICE
INT'L EQUITY MANAGER PERFORMANCES
DECEMBER 31ST, 2002**



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MANAGER	RETURNS & RANKINGS FOR PERIOD ENDING 12/31/02							INT'L EQUITY
	QUARTER	2 QTRS	3 QTRS	1 YEAR	3 YEAR	5 YEAR	MARKET VALUE	
AMERICAN EURO PACIFI	7.9 (29)	-11.1 (23)	-14.9 (34)	-13.6 (39)	--- ---	--- ---	\$ 1,127,872	
PUTNAM INT'L	8.1 (26)	-14.3 (55)	-18.4 (73)	-17.0 (71)	--- ---	--- ---	\$ 1,149,914	
TOTAL INT'L EQUITY	8.0 (29)	-12.7 (29)	-16.7 (47)	-15.4 (56)	--- ---	--- ---	\$ 2,277,786	
EAFE	6.5 (53)	-14.5 (46)	-16.1 (66)	-15.7 (56)	-17.1 (82)	-2.7 (89)	---	
S&P 500	8.4 (15)	-10.3 (25)	-22.3 (94)	-22.1 (94)	-14.5 (58)	-0.6 (66)	---	
RUSSELL 1000	8.2 (15)	-10.1 (25)	-22.2 (94)	-21.7 (92)	-14.2 (58)	-0.6 (66)	---	
RUSSELL 1000 GRO	7.1 (37)	-9.0 (19)	-26.0 (99)	-27.9 (99)	-23.6 (98)	-3.8 (97)	---	
RUSSELL 1000 VAL	9.2 (8)	-11.3 (27)	-18.8 (84)	-15.5 (56)	-5.1 (13)	1.2 (46)	---	
RUSSELL 2000	6.2 (53)	-16.6 (66)	-23.5 (96)	-20.5 (91)	-7.5 (19)	-1.3 (76)	---	

SUNRISE POLICE

PERFORMANCE SUMMARY Quarter ended December 31, 2002

RATES OF RETURN	QUARTER	(rank)	Y-T-D	(rank)	12 MOS	(rank)	6/2000 Through 12/2002		
							CUMUL	ANNUAL	(rank)
Total Portfolio	4.7%	(56)	-7.4%	(41)	-7.4%	(41)	-11.9%	-5.0%	(52)
SHADOW INDEX	4.9		-7.2		-7.2		-12.5	-5.2	
Equities	8.0	(37)	-22.2	(60)	-22.2	(60)	-36.8	-16.7	(59)
S&P 500	8.4		-22.1		-22.1		-37.3	-17.0	
RUSSELL 1000	8.2		-21.7		-21.7		-37.2	-17.0	
RUSS 1000 VAL	9.2		-15.5		-15.5		-10.9	-4.5	
RUSS 1000 GRO	7.1		-27.9		-27.9		-57.3	-28.8	
RUSSELL 2000	6.2		-20.5		-20.5		-23.2	-10.0	
RUSS 2000 GRO	7.5		-30.3		-30.3		-51.4	-25.1	
RUSS 2000 VAL	4.9		-11.4		-11.4		17.3	6.6	
RUSSELL 3000	8.0		-21.5		-21.5		-36.3	-16.5	
Bonds	1.5	(61)	11.0	(12)	11.0	(12)	29.8	11.0	(25)
LEHMAN AGG	1.6		10.2		10.2		28.3	10.5	
GOV/CREDIT	1.7		11.0		11.0		29.3	10.8	
INT GOV/CREDIT	1.7		9.8		9.8		27.7	10.3	
Intl Equities	8.0	(29)	-15.4	(56)	-15.4	(56)	-38.1	-17.5	(62)
EAFE	6.5		-15.7		-15.7		-40.7	-18.9	

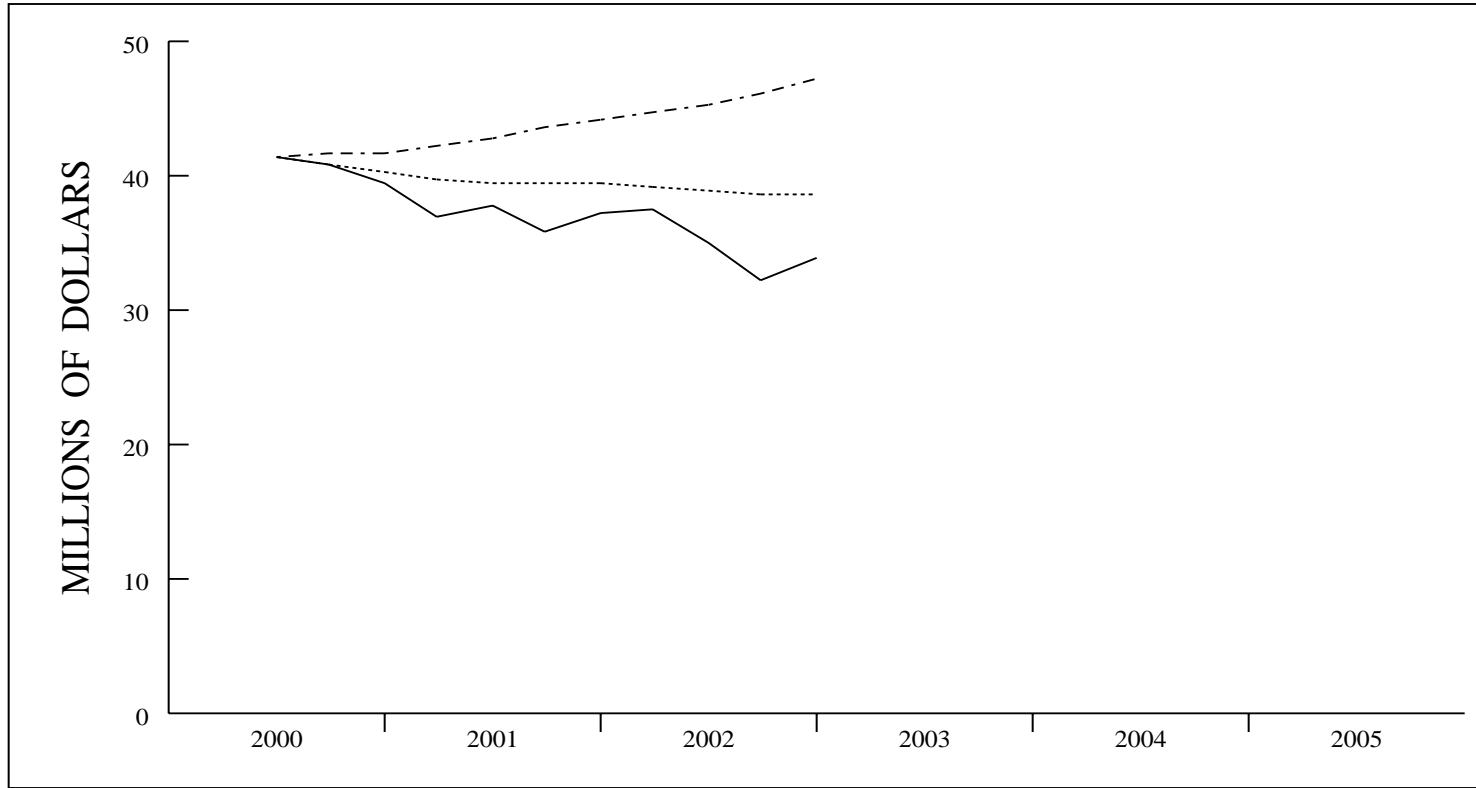
ASSET ALLOCATION

Equities	44.8%	\$ 15,282,769.
Bonds	45.3%	15,452,719.
Cash	3.2%	1,103,501.
Real Estate	0.0%	0.
Intl Equities	6.7%	2,277,785.
Small Cap	0.0%	0.
Other	0.0%	0.
Total Portfolio	100.0%	\$ 34,116,776.

INVESTMENT RETURN

Market Value 9/02	\$ 32,387,472.
Contribs / Withdrwls	197,668.
Income	232,431.
Capital Gains / Losses	1,299,205.
Market Value 12/02	\$ 34,116,776.

INVESTMENT GROWTH

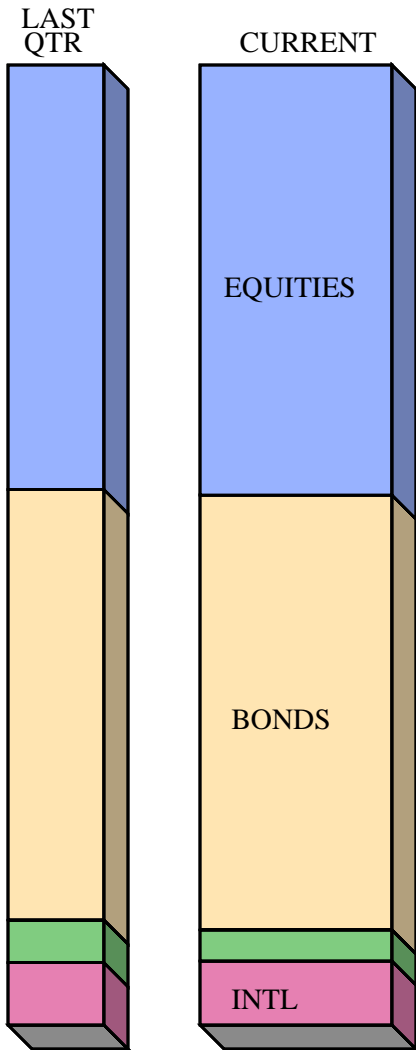


— ACTUAL RETURN
 - - - 8.0%
 . . . 0.0%

VALUE ASSUMING
 8.0% RETURN
 \$ 47,253,379

	<u>LAST QUARTER</u>	<u>PERIOD 6/00- 12/02</u>
BEGINNING VALUE	\$ 32,387,472	\$ 41,453,900
NET CONTRIBUTIONS	197,668	- 2,625,491
<u>INVESTMENT RETURN</u>	<u>1,531,636</u>	<u>- 4,711,633</u>
ENDING VALUE	\$ 34,116,776	\$ 34,116,776
INCOME	232,431	3,214,754
<u>CAPITAL GAINS (LOSSES)</u>	<u>1,299,205</u>	<u>- 7,926,387</u>
INVESTMENT RETURN	1,531,636	- 4,711,633

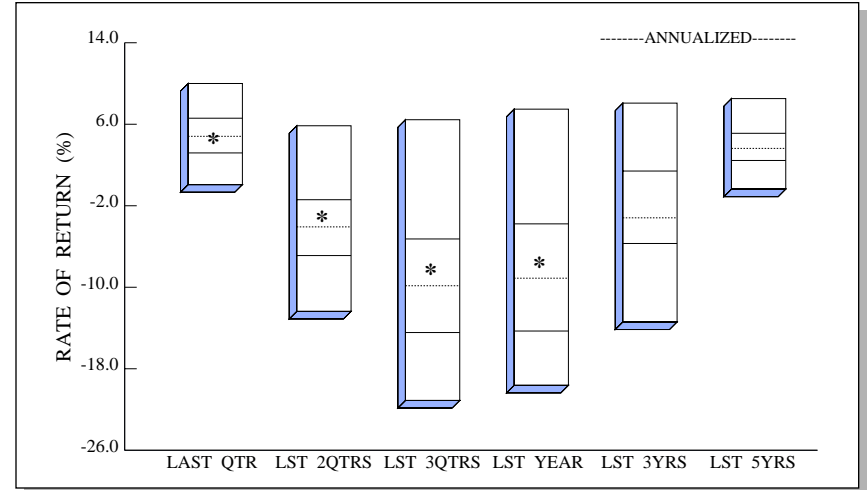
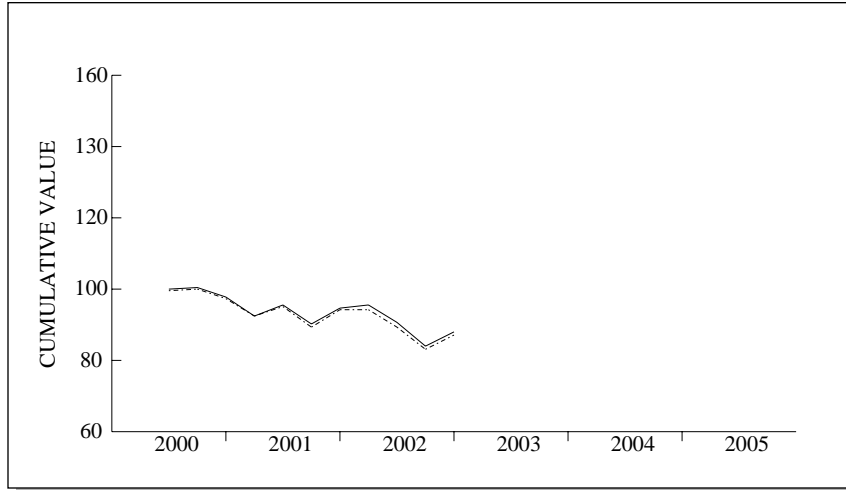
ASSET ALLOCATION



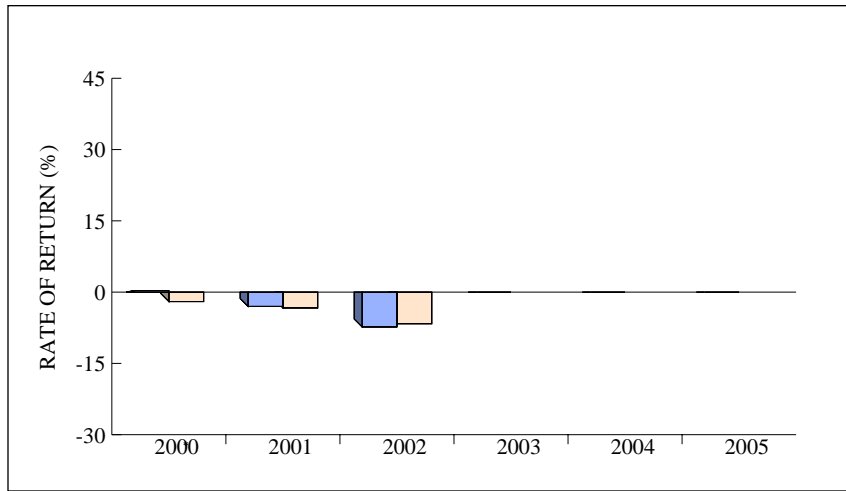
AS OF DECEMBER 2002				
	<u>VALUE</u>	<u>PERCENT</u>	<u>TARGET</u>	<u>DIFFERENCE</u> <u>+ / -</u>
EQUITIES	\$ 15, 282, 769.	44.8%	50.0%	-5.2%
BONDS	15, 452, 719.	45.3%	40.0%	5.3%
CASH & EQUIV	1, 103, 502.	3.2%	0.0%	3.2%
INTL EQUITIES	2, 277, 786.	6.7%	10.0%	-3.3%
<u>TOTAL FUND</u>	<u>\$ 34, 116, 776.</u>	<u>100.0%</u>		

TOTAL RATE OF RETURN

AS OF DECEMBER 31ST 2002



■ ——— PORTFOLIO
■ - - - - SHADOW INDEX

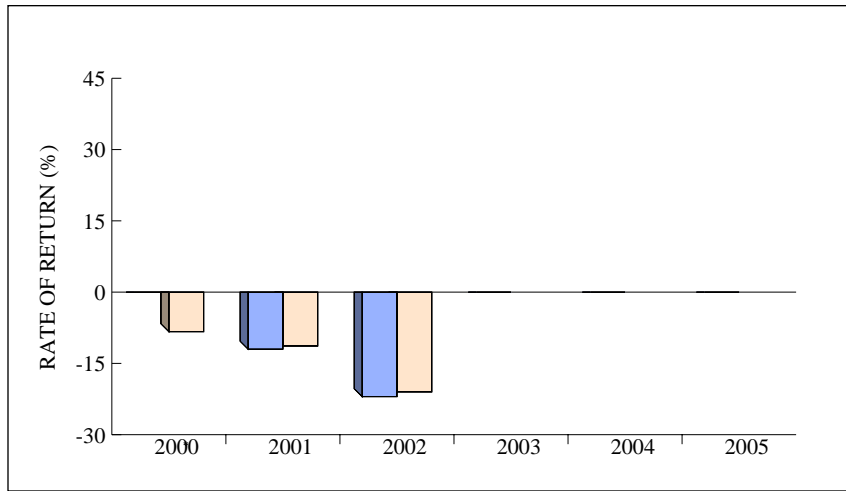
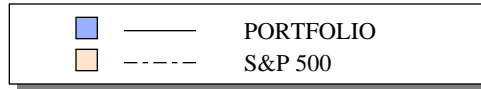
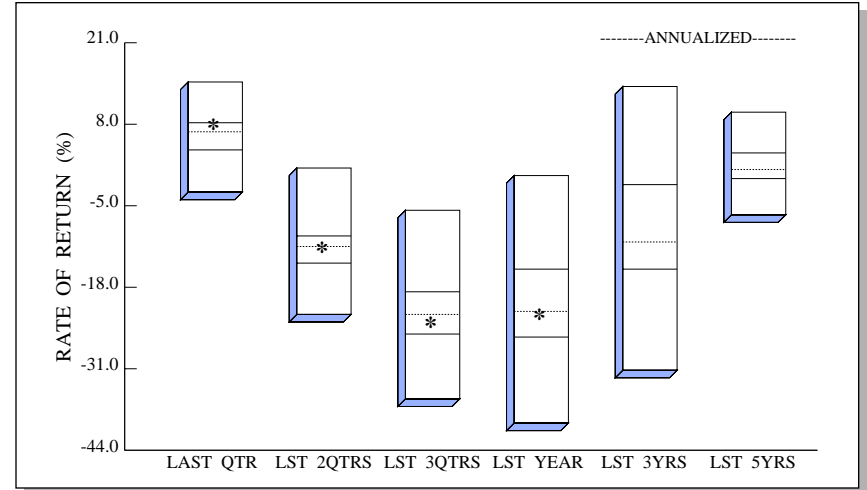
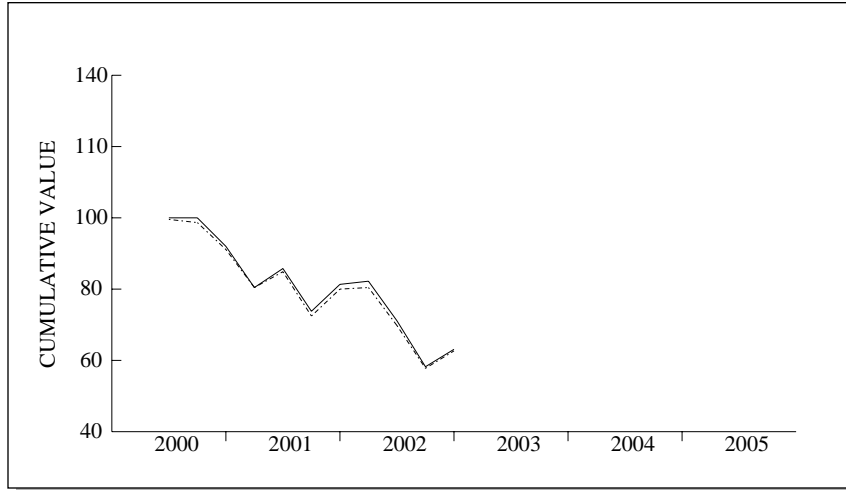


	LAST QTR	LST 2QTRS	LST 3QTRS	LST YEAR	-----ANNUALIZED----- LST 3YRS	LST 5YRS
RETURN	4.7	- 3.0	- 8.2	- 7.4	*****	*****
(RANK)	56	41	39	41	0	0
HIGHEST	10.0	5.9	6.5	7.6	8.2	8.6
25TH %ILE	6.7	- 1.4	- 5.2	- 3.7	1.4	5.2
MEDIAN	4.9	- 4.0	- 9.8	- 9.0	- 3.1	3.7
75TH %ILE	3.3	- 6.8	- 14.4	- 14.3	- 5.7	2.5
LOWEST	0.2	- 12.4	- 21.1	- 19.6	- 13.4	- 0.4
SHADOW INDEX	4.9	- 2.5	- 7.4	- 7.2	*****	*****

* PARTIAL PERIOD

EQUITY RATE OF RETURN

AS OF DECEMBER 31ST 2002

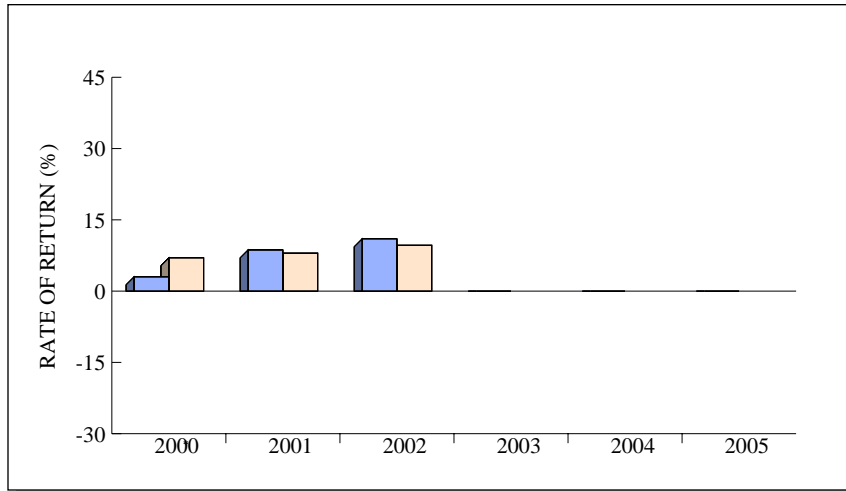
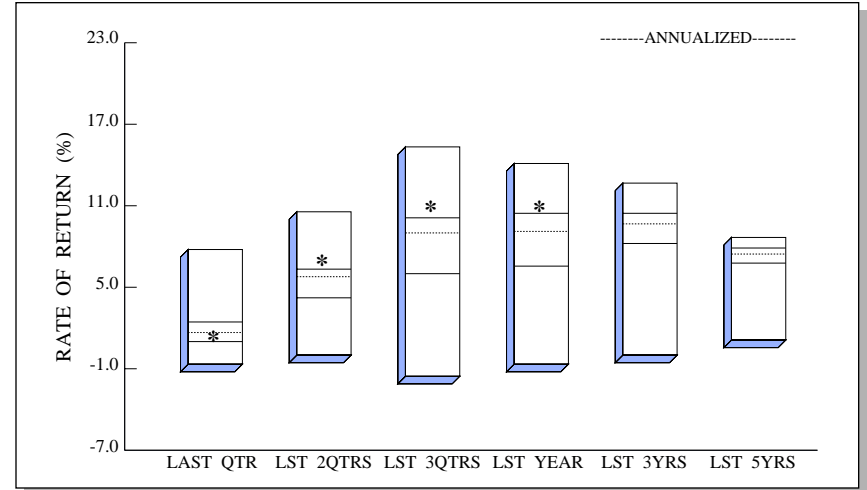
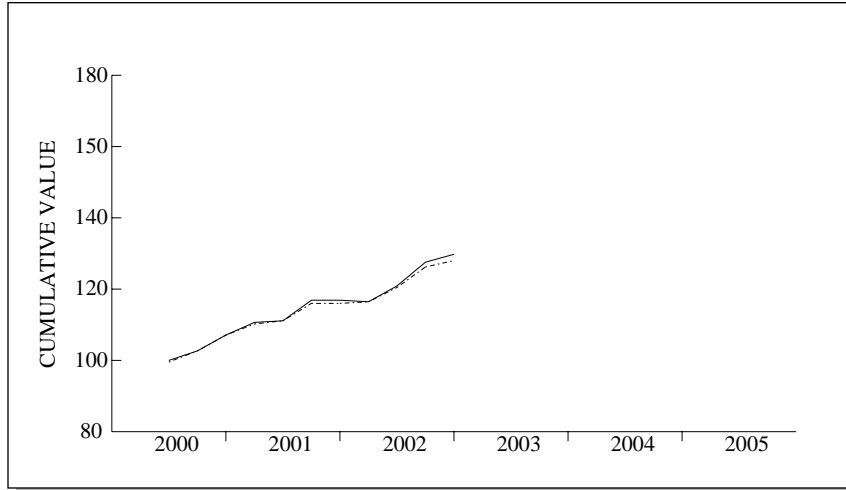


	LAST QTR	LST 2QTRS	LST 3QTRS	LST YEAR	-----ANNUALIZED-----	
					LST 3YRS	LST 5YRS
RETURN	8.0	- 11.4	- 23.5	- 22.2	*****	*****
(RANK)	37	53	67	60	0	0
HIGHEST	14.9	1.0	- 5.5	0.0	14.1	10.1
25TH %ILE	8.4	- 9.7	- 18.5	- 15.0	- 1.4	3.6
MEDIAN	6.8	- 11.3	- 22.1	- 21.8	- 10.7	0.9
75TH %ILE	4.1	- 14.1	- 25.5	- 25.9	- 14.9	- 0.6
LOWEST	- 2.6	- 22.1	- 35.6	- 39.4	- 31.1	- 6.3
S&P 500	8.4	- 10.3	- 22.3	- 22.1	- 14.5	- 0.6

* PARTIAL PERIOD

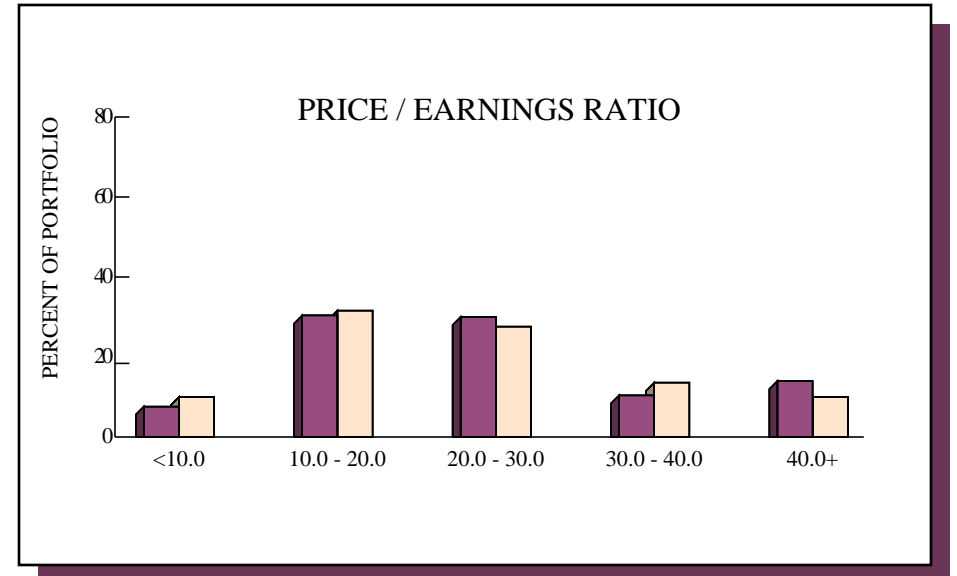
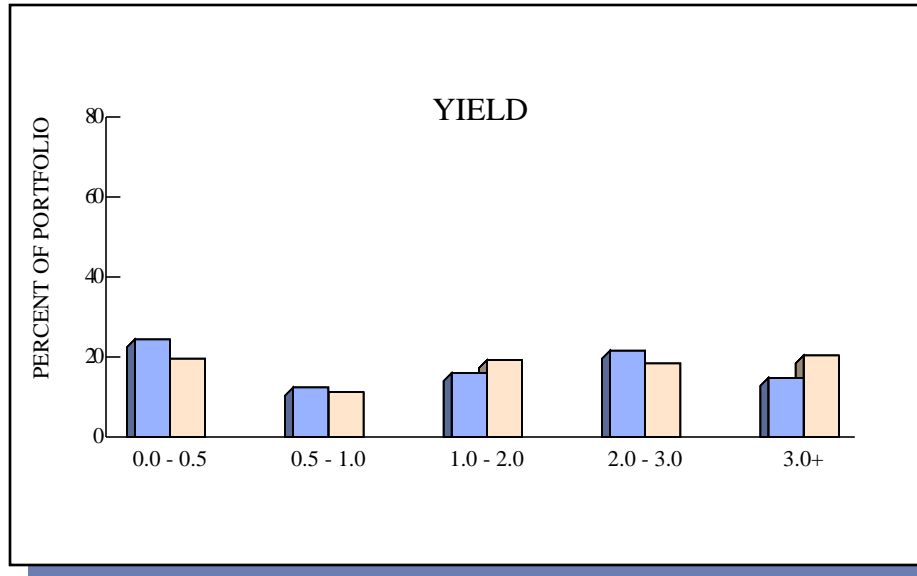
BOND RATE OF RETURN

AS OF DECEMBER 31ST 2002

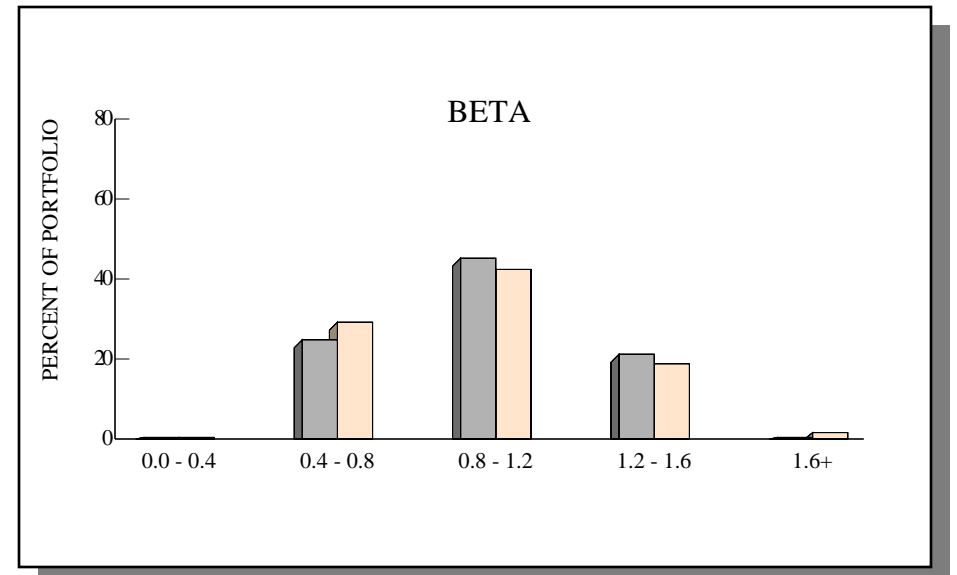
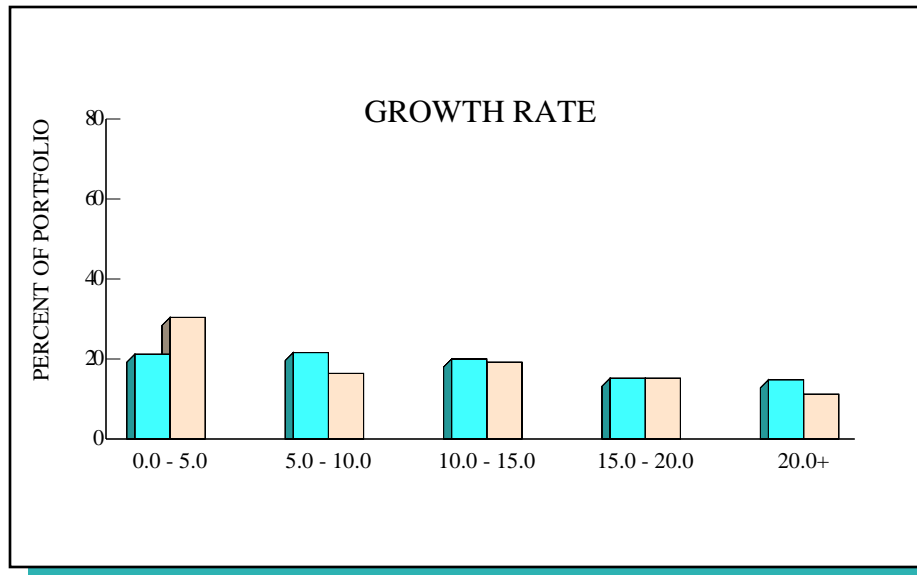


	LAST QTR	LST 2QTRS	LST 3QTRS	LST YEAR	-----ANNUALIZED----- LST 3YRS	LST 5YRS
RETURN	1.5	7.1	11.1	11.0	*****	*****
(RANK)	61	12	10	12	0	0
HIGHEST	7.8	10.6	15.4	14.1	12.7	8.8
25TH %ILE	2.5	6.4	10.1	10.5	10.5	7.9
MEDIAN	1.7	5.8	9.0	9.2	9.7	7.4
75TH %ILE	1.1	4.3	6.1	6.6	8.2	6.8
LOWEST	-0.6	0.0	-1.5	-0.6	0.0	1.2
LEHMAN AGG	1.6	6.2	10.1	10.2	10.1	7.5

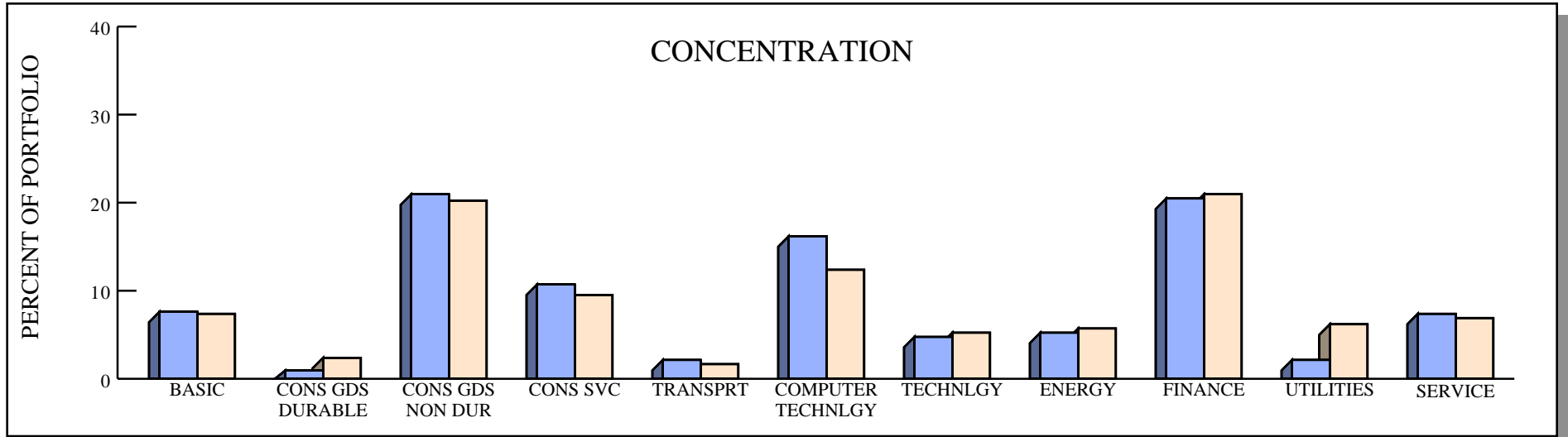
* PARTIAL PERIOD



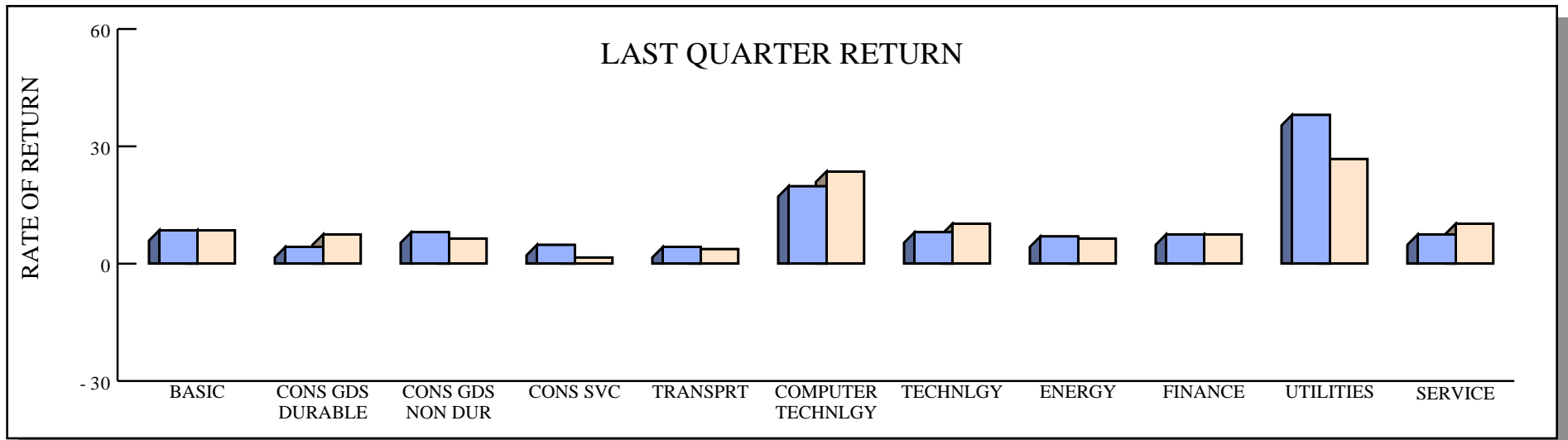
	YIELD	GROWTH	P/E	BETA
PORTFOLIO	1.7%	8.9%	26.0	0.99
S&P 500	1.9%	8.0%	23.9	1.00

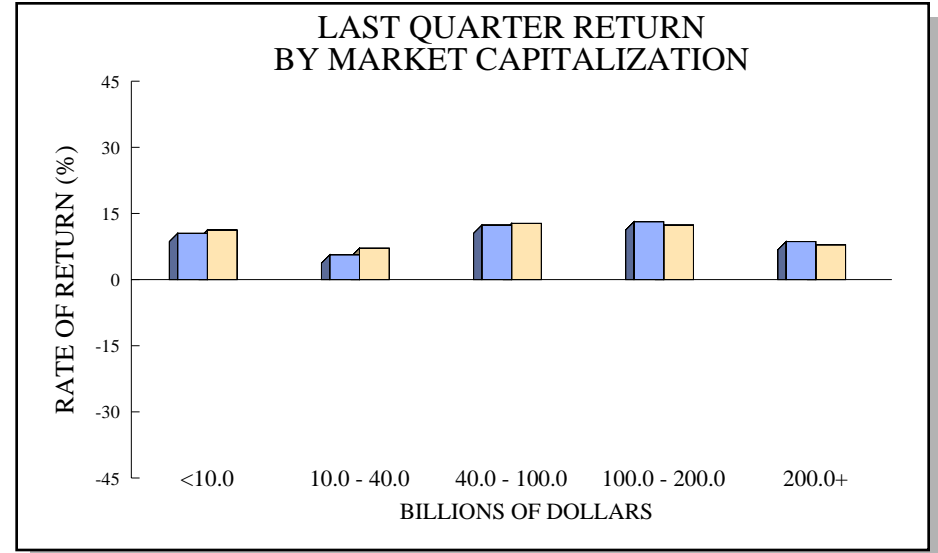
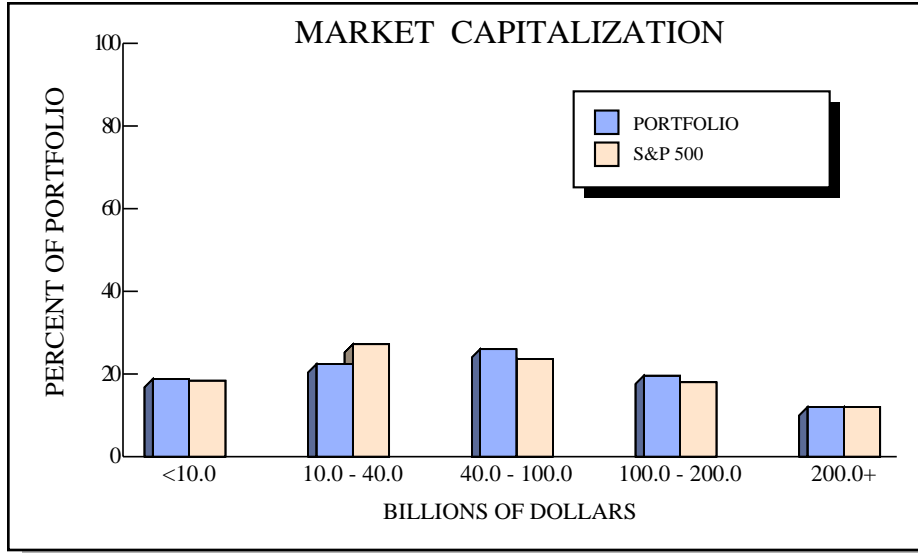


INDUSTRY ANALYSIS



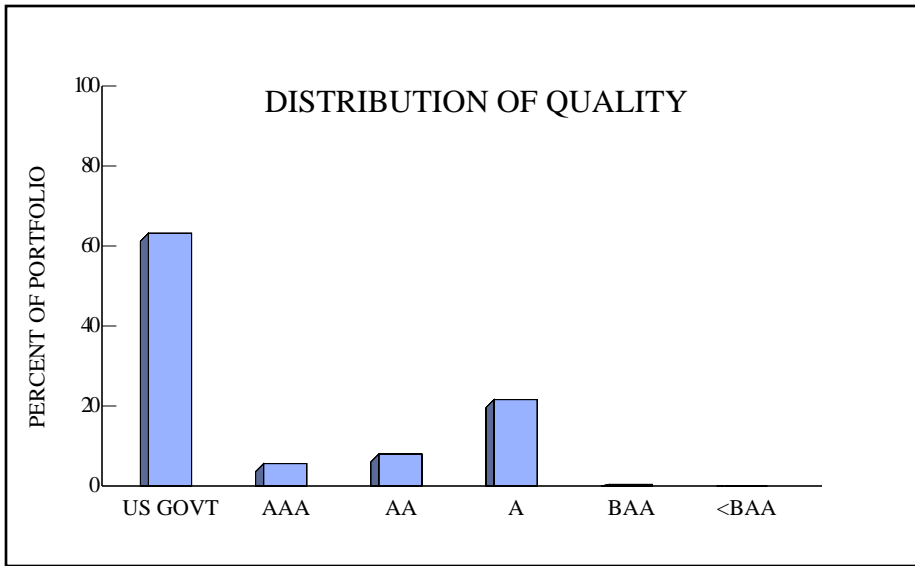
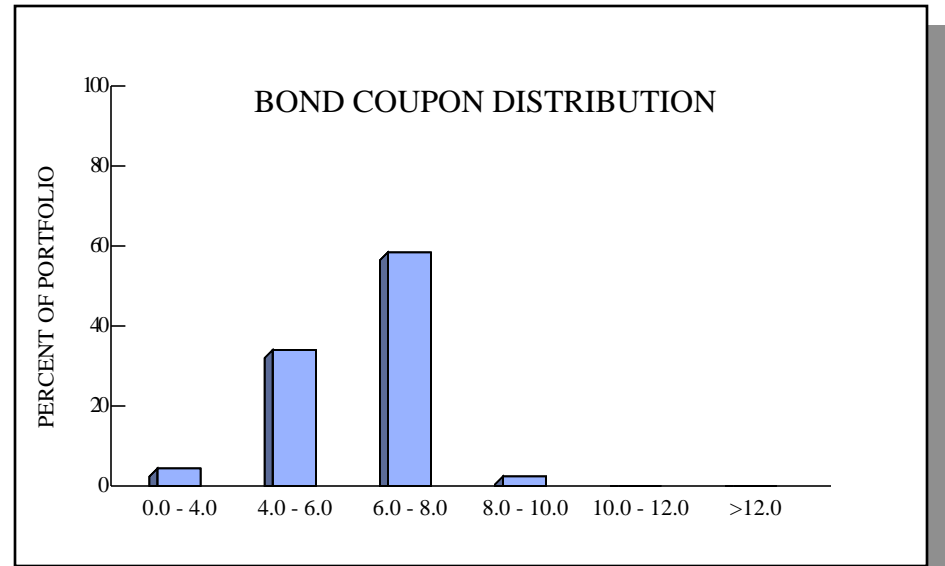
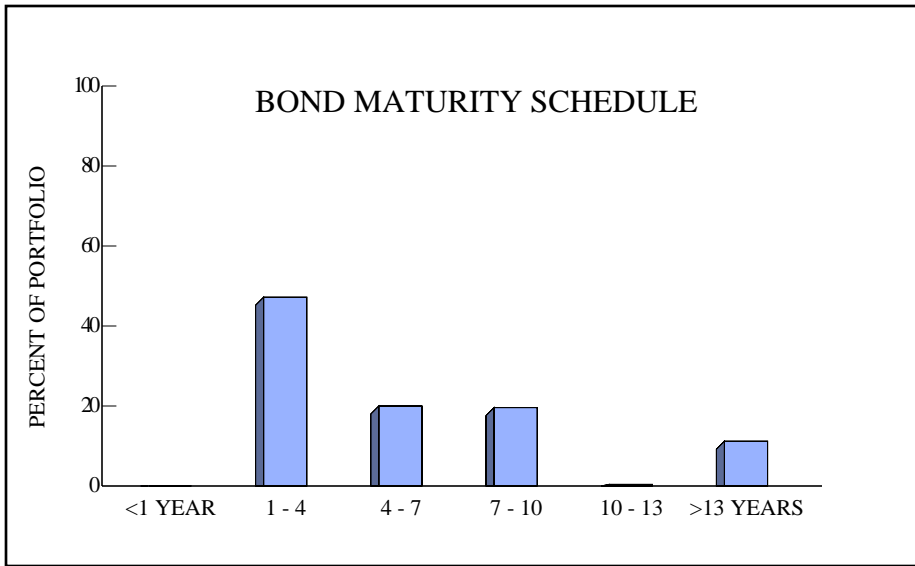
DECEMBER 2002





TOP TEN EQUITY HOLDINGS AS OF DECEMBER 2002

RANK	TICKER	NAME	VALUE	% EQUITY	RETURN	INDUSTRY SECTOR	MARKET CAP
1	MSFT	Microsoft Corp	\$ 584,986	3.83%	18.2%	Computer Tech	\$ 276.4 B
2	XOM	Exxon Mobil Corporation	539,788	3.53%	10.3%	Energy	235.1 B
3	C	Citigroup Inc	471,933	3.09%	19.3%	Finance	177.9 B
4	GE	General Electric Co	438,665	2.87%	-0.5%	Basic	242.6 B
5	PFE	Pfizer Inc	414,223	2.71%	5.8%	Cons Goods NonDur	188.4 B
6	MRK	Merck & Co. Inc.	377,589	2.47%	24.6%	Cons Goods NonDur	127.1 B
7	JNJ	Johnson & Johnson	370,062	2.42%	-0.3%	Cons Goods NonDur	159.6 B
8	AIG	American International Gr	337,439	2.21%	5.8%	Finance	150.9 B
9	PG	Procter & Gamble Co	317,978	2.08%	-3.4%	Cons Goods NonDur	111.7 B
10	INTC	Intel Corp	313,424	2.05%	12.2%	Computer Tech	103.2 B



DECEMBER 2002

	PORTFOLIO	LEHMAN AGG
No. of Securities	107	6978
Effective Duration	4.60	3.79
YTM	4.33	4.06
Average Coupon	6.17	6.15
Average Maturity	6.40	6.78
Average Quality	AAA	N/A
Percent Mortgages	36.64	N/A