STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
832 12th Street, Suite 600
Modesto, CA 95354
MAIL: P.O. Box 3150 Modesto 95353-3150

Phone (209) 525-6393
Fax (209) 558-5976
www.stancera.org
e-mail: retirement@stancera.org

AGENDA

BOARD OF RETIREMENT
832 12th Street, Suite 600 – **Wesley W. Hall Board Room**
Modesto, CA 95354

May 28, 2013
2:00 p.m.

The Board of Retirement welcomes you to its meetings, which are regularly held on the second Wednesday and the fourth Tuesday of each month. Your interest is encouraged and appreciated.

CONSENT ITEMS: These matters include routine administrative actions and are identified under the Consent Items heading.

PUBLIC COMMENT: Matters under jurisdiction of the Board, may be addressed by the general public before or during the regular agenda. However, California law prohibits the Board from taking action on any matter which is not on the posted agenda unless it is determined an emergency by the Board of Retirement. Any member of the public wishing to address the Board during the "Public Comment," period shall be permitted to be heard once up to three minutes. Please complete a Public Comment Form and give it to the Chair of the Board. Any person wishing to make a presentation to the Board must submit the presentation in written form, with copies furnished to all Board members. Presentations are limited to three minutes.

BOARD AGENDAS & MINUTES: Board agendas, Minutes and copies of items to be considered by the Board of Retirement are customarily posted on the Internet by Friday afternoon preceding a meeting at the following website: www.stancera.org.

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection at StanCERA, 832 12th Street, Suite 600, Modesto, CA 95354, during normal business hours.

AUDIO: All Board of Retirement regular meetings are audio recorded. Audio recordings of the meetings are available after the meetings at http://www.stancera.org/sections/aboutus/agendas.

NOTICE REGARDING NON-ENGLISH SPEAKERS: Board of Retirement meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

REASONABLE ACCOMMODATIONS: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary at (209) 525-6393. Notification 72 hours prior to the meeting will enable StanCERA to make reasonable arrangements to ensure accessibility to this meeting.

1. Meeting Called to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
   a. Approval of the April 23, 2013 Administrative Meeting Minutes **View**
   b. StanCERA Investment Managers Peer Rankings for Quarter Ending March 31, 2013 **View**

5. Consent Items (Cont.)

c. Pension Software Update . View

d. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**

1. Christine Collier, Library, Effective 04-05-2013
2. Barbara Farr, BHRS, Effective 03-19-2013
3. Phyllis Garrett, Alliance Worknet, Effective 04-16-2013

e. Approval of Deferred Retirement(s) – **Section 31700**

1. William Carlson, Planning, Effective 03-07-2013
2. Maria Childers, CSA, Effective 05-14-2013
3. John Hack, CSA, Effective 04-13-2013
4. Tanya Mangum, BHRS, Effective 05-01-2013
5. Shannon Stewart, Animal Services, Effective 04-12-2013
6. Julie Van Sandt, CSA, Effective 04-06-2013

f. Approval of Death Benefit – **Section 31781**

1. Mark Lockwood, Deceased, May 4, 2013, Active Member,
2. Ruben Zuniga Jr., Deceased, April 11, 2013, Active Member,

g. Approval of Death Benefit – **Sections 31781, 31781.1, and 31781.3**

1. Bertha Garza, Deceased, May 5, 2013, Active Member
2. Charles Myer, Deceased, May 15, 2013, Active Member

h. Approval of Disability Retirement – **Section 31724**

1. Tammy Richards, Public Works, Service-Connected, Effective April 2, 2012
2. Irene Zapien, CSA, Non-Service-Connected, Effective October 24, 2012

6. Correspondence

Inquiry by Trustee Ford regarding a specific investment within the Medley Opportunity Fund portfolio View

7. Strategic Investment Solutions (SIS), Inc.

a. Monthly Performance Review for the Month Ending April 30, 2013 View

b. Report on "Top 10 Holdings" by StanCERA Investment Managers as of April 30, 2013 View

7. Strategic Investment Solutions (SIS), Inc.(Cont.)

   c. Investment Performance Analysis for First Quarter Ending March 31, 2013 View

   d. Update on Direct Lending

   e. Presentation on Fixed Income View

8. Executive Director

   a. Encryption of Closed Session Items – Secure Content-Sharing Methods and Tablet computing View

   b. 2013 Quarter 1 Value Added Report View

9. Closed Session

   a. Conference with Legal Counsel – Pending Litigation – One Case:
   Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
   Government Code Section 54956.9(d)(4)

   b. Conference with Legal Counsel – Pending Litigation – One Case:
   O'Neal et al v. Stanislaus County Employees' Retirement Association
   Stanislaus County Superior Court Case No. 648469
   Government Code Section 54956.9(d)(1)

   c. Conference with Legal Counsel – Pending Litigation – One Case:
   O'Neal et al v. Stanislaus County Employees' Retirement Association
   Stanislaus County Superior Court Case No. 683548
   Government Code Section 54956.9(d)(1)

   d. Conference with Legal Counsel – Pending Litigation – One Case:
   Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate District, Case No. H038894
   Government Code Section 54956.9(d)(1)

13. Members' Forum (Information and Future Agenda Requests Only)

14. Adjournment

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PLEASE POST FOR EMPLOYEE VIEWING

TOP

BOARD OF RETIREMENT MINUTES

April 23, 2013

Members Present:	Gordon Ford, Maria De Anda, Donna Riley, Ron Martin Mike Lynch, Jim DeMartini, Darin Gharat, Jeff Grover Michael O'Neal, Joan Clendenin
Members Absent:	Mike Lynch
Alternate Member	Joan Clendenin, Alternate Retiree Representative
Staff Present:	Rick Santos, Executive Director Kellie Gomes, Executive Board Secretary Kathy Herman, Operations Manager Dawn Lea, Benefits Manager
Others Present:	Fred Silva, General Legal Counsel Paul Harte and Nate Pratt, Strategic Investment Solutions (SIS), Inc. Doris Foster, County Chief Executive Office Stan Risen, County Chief Executive Office

1. Meeting Called to Order

   Meeting called to order at 2:00 p.m. by Darin Gharat, Chair.

2. Roll Call

3. Announcements

   None.

4. Public Comment

   None.

5. Consent Items

Motion was made by Jeff Grover and seconded by Michael O'Neal to approve the following Items:

Motion carried.

a. Approval of the April10, 2013 Administrative Meeting Minutes.

b. StanCERA Complaint Log of January 2013 through March 2013.

6. Semi-Annual Performance Report by LSV Asset Management.

Presenters:	Keith Bruch, CFA, Partner & Director, Client Portfolio Service
Investment Style:	Asset Management
Inception:	$81 million Funded on September, 2004
Portfolio Assets:	$134 million as of March 31, 2013
Total Return:	8.9% 1 yr. Net of fees as of March 31, 2013
Total Return:	8.74% - 1 yr Benchmark, MSCI ACWI EX US as of March 31, 2013

7. Semi-Annual Performance Report by Pyramis Global Advisors.

Presenters:	Michael Strong, Lead Portfolio Manager
Investment Style:	International Growth
Inception:	$99 million Funded on May, 2006
Portfolio Assets:	$138 million as of March 31, 2013
Total Return:	10.3% 1 yr.Net of fees as of March 31, 2013
Total Return:	8.4% - 1 yr Benchmark, MSCI ACWI EX US as of March 31, 2013

8. Correspondence

a. Discussion and Action regarding Correspondence from Dodge & Cox Regarding Their Ability to Invest in Over-the-Counter (OTC) Equity Securities Traded on Foreign Exchanges

Motion was made by Gordon Ford and seconded by Michael O'Neal to not authorize Dodge and Cox to Trade in International, Over The Counter Equity Securities.

Motion carried.

9. Strategic Investment Solutions (SIS), Inc.

   a. Monthly Performance Review for the Month Ending March 31, 2013.

      Monthly performance – 2.15%
      Fiscal YTD – 14.25%
      Fiscal YTD alpha – 2.47%
      Total fund value as of March 3, 2013: $1.547 billion

   b. Report on "Top 10 Holdings" by StanCERA Investment Managers as of March 31, 2013.

      A review of the Monthly Performance and the "Top 10 Holdings" was given by Paul Harte (SIS).

   c. Update on Direct Lending Fund Candidate Review.

      Paul Harte, SIS, Inc. reported the update on the allocation to Medley Capital..

10. Committee Reports and Recommendations for Action

    STANDING COMMITTEES

    a. Internal Governance Committee

       i. Discussion and Action to Accept the Recommendation of the Internal Governance Committee for Request for Proposal (RFP) for Actuarial Services.

       Motion was made by Ron Martin and seconded by Donna Riley to approve the recommendation of the Internal Governance Committee to hire Segal company on a temporary basis to complete the actuarial audit of the 2012 actuarial valuation and the 2009-2012 experience study with a cap for services at 5% greater than what was originally quoted by Milliman.

       Motion Carried.

11. Executive Director

    a. Presentation, Discussion and Action on StanCERA's Draft 2013-2014 Fiscal Year Administrative Budget

       Kathy Herman presented the draft budget for fiscal year 2013-2014. Staff will now work to finalize the budget for presentation in June.

11. Executive Director (Cont.)

b. Update on Implementation of Payroll System for StanCERA.

Kathy Herman gave the Board an update on the Board's request that staff research the feasibility of StanCERA implementing its own payroll system. Staff will continue to research the issue and report back to the Board.

c. Bonds and Pension Liability – Session 1
Director Rick Santos presented a study session on the relationship between bonds and pension liabilities.

12. Closed Session

a. Conference with Legal Counsel – Pending Litigation – One Case:
Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC,
Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152
Government Code Section 54956.9(d)(4)

b. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Stanislaus County Superior Court Case No. 648469
Government Code Section 54956.9(d)(1)

c. Conference with Legal Counsel – Pending Litigation – One Case:
O'Neal et al v. Stanislaus County Employees' Retirement Association
Stanislaus County Superior Court Case No. 683548
Government Code Section 54956.9(d)(1)

d. Conference with Legal Counsel – Pending Litigation – One Case:
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County
Superior Court Case No. 1-11-CV202224
Government Code Section 54956.9(d)(1)

Motion was made by Maria De Anda and seconded by Ron Martin to enter into closed session at 4:19 pm

Motion carried.

Motion was made by Maria De Anda and seconded by Ron Martin to return from closed session at 4:21 pm

Motion carried.

Nothing to report from closed session.

8. Members' Forum (Information and Future Agenda Requests Only)

Trustee De Anda asked staff to give a brief update on any Tyler issues regarding PEPRA Implementation.

9. Adjournment

Meeting adjourned at 4:22 p.m.

Respectfully submitted,

Rick Santos, Executive Director

APPROVED AS TO FORM:

General Legal Counsel

By: _____
Fred A. Silva

TOP

StanCERA Investment Managers Peer Ranking
Total Fund
Taken From SIS Quarterly Investment Performance Analysis Reports
01/01/2013 through 03/31/2013

	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013
1 Quarter	13	92	29	16	45	68	85	30	16	69	5	27	13
1 Year	7	16	36	19	22	30	77	85	70	62	12	5	6
Over 3 years	31	47	41	38	13	16	8	14	10	23	21	28	27
Over 5 years	37	43	47	41	47	38	59	54	43	41	62	61	12

Note: Ranking 1 is highest & 100 lowest

Revised 05/20/2013

StanCERA Investment Managers Peer Ranking
Peer Ranking For Returns Over 5 Years
Taken From SIS Quarterly Investment Performance Analysis Reports
01/01/2013 through 03/31/2013

	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013
S&P 500	73	73	69	67	68	66	64	60	61	58	54	33	38	29
BlackRock 1,000 G	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Delaware	n/a	n/a	n/a	n/a	n/a	n/a	n/a	43	34	32	22	21	23	16
BlackRock 1,000 V	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dodge & Cox	57	58	59	70	71	75	69	72	73	73	65	73	71	55
Legato	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital Prospects	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LSV	36	41	34	40	31	35	40	48	42	39	56	74	67	62
Pyramis	n/a	n/a	n/a	n/a	n/a	n/a	34	34	24	27	26	60	68	71
Dodge & Cox FI	18	18	22	25	16	18	21	36	39	27	33	25	15	8
Pimco	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
BlackRock US Real Estate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note: Ranking 1 is highest & 100 lowest

Revised 05/20/2013

StanCERA Investment Managers Peer Ranking
Peer Ranking For Returns Over 3 Years
Taken From SIS Quarterly Investment Performance Analysis Reports
01/01/2013 through 03/31/2013

	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/30/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013
S&P 500	64	62	60	62	62	57	52	50	56	44	20	11	18
BlackRock 1,000 G	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Delaware	59	49	54	68	60	26	15	6	11	12	4	7	4
BlackRock 1,000 V	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dodge & Cox	57	70	62	65	61	60	46	39	35	62	55	44	50
Legato	n/a	n/a	n/a	n/a	n/a	n/a	n/a	61	62	58	60	59	53
Capital Prospects	n/a	n/a	n/a	n/a	n/a	n/a	n/a	64	66	48	42	21	22
LSV	54	52	52	39	34	29	26	17	23	34	49	57	57
Pyramis	26	27	45	48	39	54	38	36	34	34	67	65	74
Dodge & Cox FI	18	33	27	16	11	15	17	32	20	38	31	40	39
Pimco	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
BlackRock US Real Estate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note: Ranking 1 is highest & 100 lowest

Revised 05/20/2013

StanCERA Investment Managers Peer Ranking
Peer Ranking For Returns Over 1 Year
Taken From SIS Quarterly Investment Performance Analysis Reports
01/01/2013 through 03/31/2013

	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013
S&P 500	56	56	47	46	55	52	32	28	35	34	24	16	18
BlackRock 1,000 G	n/a	n/a	n/a	47	47	49	29	23	34	27	37	53	37
Delaware	54	39	13	55	52	35	16	2	8	4	24	36	29
BlackRock 1,000 V	n/a	n/a	50	59	68	64	44	30	50	26	19	30	17
Dodge & Cox	40	59	83	23	41	39	63	83	81	55	4	3	7
Legato	63	62	66	69	71	60	56	61	58	35	34	24	16
Capital Prospects	85	82	40	43	39	42	34	42	56	37	35	9	9
LSV	16	13	34	47	25	35	46	48	54	78	64	75	69
Pyramis	21	28	28	22	26	37	60	34	35	37	80	52	35
Dodge & Cox FI	18	29	45	21	22	27	70	89	72	77	12	9	20
Pimco	n/a	n/a	n/a	56	59	56	30	14	25	19	55	54	28
BlackRock US Real Estate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Invesco	6	8	11	8	11	15	94	95	76	76	n/a	n/a	n/a
Research Affiliates	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100	100	n/a	n/a	n/a
Loomis Sayles	26	35	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Managers in red no longer managing funds

Note: Ranking 1 is highest & 100 lowest

Revised 05/20/2013

StanCERA Investment Managers Peer Ranking
Peer Ranking For Returns Over 1 Quarter
Taken From SIS Quarterly Investment Performance Analysis Reports
01/01/2013 through 03/31/2013

	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013
S&P 500	56	46	51	53	60	53	30	50	65	29	14	24	49
BlackRock 1,000 G	n/a	n/a	50	53	36	52	30	25	67	24	55	64	34
Delaware	95	34	24	87	27	26	7	10	40	44	40	40	16
BlackRock 1,000 V	42	25	65	44	59	57	35	42	76	19	33	45	30
Dodge & Cox	42	78	44	21	73	38	73	65	34	22	7	24	50
Legato	60	42	69	52	63	27	56	65	41	13	52	51	31
Capital Prospects	52	34	31	67	43	50	37	73	71	21	15	10	47
LSV	45	26	71	28	12	71	61	51	66	83	31	75	26
Pyramis	38	40	36	22	56	71	61	42	41	44	38	43	50
Dodge & Cox FI	16	93	72	8	22	71	90	41	10	83	21	9	7
Pimco	n/a	n/a	25	91	63	23	13	54	79	12	57	52	29
BlackRock US Real Estate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Invesco	15	92		29	60	42	99	7	3	47	n/a	n/a	n/a
Loomis Sayles	23	67	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Managers in red no longer managing funds

Note: Ranking 1 is highest & 100 lowest

Revised 05/20/2013

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For the Retirement Board meeting
Held on May 28, 2013

05/28/13
Item 5.c

TOP

TO: Retirement Board

FROM: Kathy Herman, Operations Manager

I. SUBJECT: Pension Software Update

II. RECOMMENDATION: Information Item Only

III. ANALYSIS: The contracts for the Tyler pension integrated software were finalized in June, 2003. After a few stumbling blocks, the custom built project was completed at a total cost of $1,256,564.56. The system was implemented in phases. The first modules went live in 2006. StanCERA is now in the third year of a five year maintenance contract. StanCERA also contracts with the Tyler Corporation for disaster recovery of the pension software and data.

The integrated system imports active member data through interfaces provided by the employers. Salary, service, and contribution data is stored and is available for statistical needs and calculating benefits. The system will calculate and process refunds, buybacks, semi-annual interest and the retiree cost of living adjustments. The system sets up new retirees and calculates the monthly payroll. Many processes that used to take multiple days and spreadsheets are now accomplished in minutes and hours. Staff continues to work with the vendor to refine the system. Each new delivery of software adds or updates reports and system features.

The new Public Employee Pension Reform Act (PEPRA) did require some changes which were all included in the maintenance agreement. Tyler is a table based system and is designed to accept new Tiers and contribution rates; however the interface and a few other modules needed modifications. The interface changes were completed by the 1st full payroll in January and were ready for new Tier 6 members. The changes to the benefits estimator and buyback module were delivered on May 20, 2013 and are in testing now. PEPRA requires more detail than employers have provided in the past. Consequently, while StanCERA is ready, not all employers have completed the necessary changes. Staff continues to work with those employers to complete the required PEPRA changes.

IV. RISK: None

V. STRATEGIC PLAN: Goal 4 Technology. StanCERA will maximize its efficiency and customer service through the implementation of current technology

VI. BUDGET IMPACT: None

Kathy Herman

Kathy Herman, Operations Manager

Rick Santos, Executive Director

From: Seth Taube
To: Paul Harte Brook Taube
CC: Rick Santos
Date: 5/9/2013 4:02 PM
Subject: Re: American Web Loan Holdings, LLC

Paul,

The loan is asset-based and secured by the borrower's loan portfolio and cash.

We are charging the borrower 15% cash interest with a 3% upfront fee and an OID of approximately 12%. As a result, the IRR is approximately 25%.

This is a first lien, asset-based loan at 1.25x collateral coverage. In addition, our loan amount is equivalent to 1x EBITDA.

Does this address the question?

If not, I am happy to further elaborate.

I hope all is well,

Seth

Seth Taube
Medley LLC
600 Montgomery Street, 39th Floor
San Francisco, CA 94111
415.568.2765 – o
415.601.6600 – m

From: Paul Harte
Date: Thursday, May 9, 2013 11:25 AM
To: Brook Taube, Seth Taube
Cc: Rick Santos
Subject: FW: American Web Loan Holdings, LLC

Brook and/or Seth.
Can you help me out and respond to a board member's request on StanCERA below and comment briefly on why the loan was made the credit quality of the borrower and the rate that we are charging.

Thanks,
Paul Harte
Strategic Investment Solutions

Email from: Gordon Ford
To: Rick Santos
May 7, 2013

I recommend you have Paul Harte explain the first loan on the MOF II Origination Summary & Pipeline to American Web Loan Holdings, LLC, American Web Loan which is a tribal lending entity wholly owned by the Otoe-Missouria Tribe of Indians, our rate of return and the rate charged to the customer. It appears we are giving a reasonable loan to a group which is charging an unreasonable rate.

MARKET UPDATE

FOR APRIL 2013

TOP

U.S. EQUITY

April 2013 was much the same as the previous five months in the equity markets. The majority of indices were higher with the exception of U.S. Small Cap as investors continued to look to equities as an alternative to low yielding fixed income instruments. For the month of April growth outperformed value and large caps outperformed small caps. The Russell 1000 Growth Index was up +2.1% for the month and the Russell 1000 Value Index was up +1.5%. The Russell 2000 Growth Index was down -0.7% and the Russell 2000 Value was also down -0.1%. The S&P 500 Index ended the month up +1.9. The Russell 3000 Index was up +12.9% for the first four months of 2013.

The S&P 500 Index has a trailing P/E ratio of 18.9 and a forward 12-month estimate P/E ratio of 14.7 and dividend yield of 2.1%.

U.S. companies paid out an additional $14.5 billion in dividends on common stock during the 1st quarter as more companies increased their payouts.

Investors' appetite for funds that invest in U.S. stocks hit a 9-year high in the 1st quarter with a net flow of $58 billion.

Corporate merger highlights for the month included: American Greetings will be taken private by its founding family in a deal valued at $878 million; General Electric will buy oilfield services provider Lufkin Industries for $3.3 billion to expand its oil and gas business; Dish Network made a $25 billion offer to buy Sprint Nextel, a move that could thwart the proposed acquisition of Sprint by Japan's SoftBank; Royalty Pharma raised its offer for Elan Corp. to $7.3 billion, a 23% increase over its initial proposal; Thermo Fisher Scientific will acquire Life Technologies for $13.6 billion; Buyout specialist Blackstone is dropping its efforts to buy Dell in the face of slumping sales in PCs: Ameriprise Financial is preparing a $1.2 billion bid for the asset management unit of Lloyds Banking Group; CP All, owner of Thailand's 7-Eleven chain, offered to pay about $6.6 billion for discount retailer Siam Makro; Swiss engineering company ABB will buy U.S. solar energy company Power-One for $1.0 billion; French insurer AXA will buy a 50% stake in Tian Ping Auto Insurance for $630 million; Goldman Sachs has arranged a $1.75 billion financing package for retailer J.C. Penney backed by real estate and other assets; and, Bayer will acquire Conceptus for $1.1 billion.

FIXED INCOME

Economic growth accelerated to a 2.5% annual rate in the first quarter that was up from an anemic +0.4% annual rate in the October-December quarter, but well below a forecast of 3.1%. Inventories bounced back contributing a full 1.0% to growth. Imports jumped 5.4% to subtract -0.9% from growth. Business fixed investment was a disappointment as it grew just 2.1% in the first quarter.

The U.S. unemployment rate dipped to 7.6% in March, the lowest in four years. U.S. employers added just 88,000 jobs in March, the fewest in 9 months and a sharp retreat after a period of strong hiring.

The World Trade Organization cut its forecast for global trade growth in 2013 to 3.3% from 4.5% and reported that trade grew by only 2.0% in 2012.

The Fed's Beige Book report showed that the nation's economy expanded in all 12 bank districts in March, but higher payroll taxes and gasoline prices, federal spending cuts and colder weather crimped activity in several regions. The FOMC projects that the mid-point of the central tendency for GDP growth to be 2.55% in 2013 and 3.15% in 2014.

Long-term interest rates were lower in the month of April. The bellwether 10-year Treasury note ended the month yielding 1.70% down from 1.85% at the close of March. At month-end, the 30-year bond yield was 2.88% with the 3-month T-bill at 0.05%. The Barclays Capital US Aggregate Index was up by +1.01% in March.

The Federal Reserve minutes in April showed a few policymakers expected to taper the pace of asset purchases by mid-year and end them later this year, while other expected to slow the pace a bit later.

On the economic front, the following key data was released in April:

THE GOOD

*Markit's U.S. Manufacturing Purchasing Managers Index averaged 54.9 in the first quarter, above the 52.6 average recorded in the fourth quarter of last year and the best quarterly showing since 2012.

*The Commerce Dept. reported that construction spending in February grew +1.2%.

*The Commerce Dept. reported that factory orders jumped 3.0% in February to make the largest gain in five months primarily because of an increase in aircraft orders.

*Chrysler's vehicle sales increased 5% in March; Toyota's grew 1%, GM's jumped 6.4% and Ford's rose 5.7%. Edmonds.com raised its full-year U.S. car sales forecast from 15 million to 15.5 million vehicles, a level the industry has not seen since 2007.

*CoreLogic reported that U.S. home prices rose 10.2% in February from the same period in the prior year, the fastest year-over-year pace since 2006.

*The U.S. trade deficit unexpectedly narrowed to $43 billion in February as exports rose close to an all-time high.

*The producer price index fell -0.6% in March compared with February, reflecting a -6.8% plunge in gas prices.

*The consumer price index fell by -0.2% in March from February and in the 12-months through March, consumer prices rose +1.5%, the smallest increase since last July.

*The Commerce Dept. reported that housing starts rose +7.0% last month to a 1.04 million-unit annual rate, the highest since 2008.

*The median price for an existing home rose +11.8% to $184,300 in March, the largest increase since November 2005.

*The Commerce Dept. reported that new single-family homes sales rose 1.5% in March.

THE NOT SO GOOD

*The Institute of Supply Management's index of non-manufacturing activity fell to 54.4 in March from 56.0 in February.

*Health care spending in the U.S. averaged $6,815 per person in 2009.

*U.S. retailers reported that revenues rose a modest 1.6% during March as shoppers held back on spending because of cold weather across the nation.

*Retail sales declined a seasonally adjusted -0.4% in March, the Commerce Dept. announced. That followed a 1.0% gain in February.

*Worldwide shipments of PCs fell by 14% in the 1st quarter versus a year ago.

*Markit's preliminary Manufacturing Purchasing Managers Index (PMI) fell to 52.0 in April from 54.6 in March, the slowest reading since last October.

*The Commerce Dept. reported that durable goods orders slumped -5.7% in March as demand fell almost across the board.

*The Conference Board's index of leading economic indicators fell by -0.1% in March, its first decline since last August.

*The Commerce Dept. reported that consumer spending rose by just +0.2% in March after a +0.7% increase in February.

*The Labor Dept. reported that wages and salaries, which account for 70% of employment costs, increased 0.5% in the first quarter, up from a 0.3% gain in the 4th quarter.

The Conference Board reported that its index of consumer attitudes rose to 68.1 in April.

NON-U.S. MARKETS

The preliminary GDP print for the UK was a modest positive surprise, showing a +0.3% gain for the quarter. The Bank of England made no change to monetary policy in April. The decision left the policy rate at 0.50% (where it has been since March 2009) and the asset purchase target at £375 billion (where it has been since last July).

As expected, the European Central Bank left administered interest rates unchanged in April, thereby keeping the minimum bid rate at 75 basis points and the deposit rate (which forms the floor of the overnight rate) at zero percent. Unemployment across the 17 European Union countries that use the euro reached 12% for the first time since the currency was launched in 1999.

France's finance minister is warning that the country will barely grow this year, predicting +0.1%. Spain slashed its economic forecasts and said it will take two years longer than promised to cut its swollen deficit.

The cost of bailing out Cyprus has risen to $30 billion, considerably more than originally projected. Cyprus officials agreed to sell around $500 million in excess gold reserves to contribute to the country's bailout.

Eurozone finance ministers agreed to give Ireland and Poland an additional seven years to repay loans from the European Union.

The Bank of Japan announced a substantial amount of monetary stimulus promising to inject $1.4 trillion into its economy in less than two years designed to achieve the 2.0% inflation target. Japan's consumer price index fell -0.9% in March from a year earlier, underlining the challenge of ending a long spell of deflation.

China's economy grew 7.7% in the 1st quarter over the same period a year ago and was down from the previous quarter's 7.9%. China swung to a trade deficit of $880 million in March as imports surged 14.1% from a year earlier. Fitch downgraded China's long-term local currency sovereign debt from AA- to A+ in April.

Non-U.S. equities were higher in April. The MSCI ACWI Ex-U.S. was up +3.68% (US dollars) in April. Developed stocks (EAFE) were up +5.21% while Emerging Markets gained +0.75% for the month.

CONCLUSION

The U.S. Federal Reserve has printed enough money to offset the contraction in the private sector credit. The continued easing by the Fed has contributed to normalization in real economic activity and a reversal of the initial decline following the crisis. Core inflation continues to run at a moderate pace of just under 2%, consistent with what it has averaged over the past fifteen years and close to the Fed's desired inflation rate. As the fiscal drag fades later this year, the Fed may be able to start gradually pulling back on stimulation.

Japan has been mired in an ugly deflationary environment for 20 years, but recent monetary and fiscal policy shifts may finally allow Japan to break its deflationary cycle.

Europe has been contracting for about 18 months. Levels of activity remain depressed and inflation is low and falling. Economic conditions probably remain weak enough to justify additional stimulation.

As a backdrop to the economic activity in developed markets, global interest rates continue to be at historical low levels. Investors with seemingly little choice or desire to invest in bonds at these low yield levels are increasingly investing in equities and higher yielding instruments.

Monthly Market Update

US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Apr-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	1.64	7.02	12.89	17.21	10.09	12.78	5.63	5.22	8.48
Russell TOP 200 Index	2.03	7.19	12.36	16.30	11.00	12.58	4.80	4.92	7.11
Russell TOP 200 Growth Index	2.39	7.55	11.36	11.91	11.05	13.44	6.69	6.64	7.27
Russell TOP 200 Value Index	1.69	6.84	13.34	20.89	10.95	11.69	2.84	3.18	6.97
S&P 500 Index	1.93	7.18	12.74	16.89	10.66	12.80	5.21	5.10	7.88
Russell 1000 Index	1.81	7.16	12.97	17.17	10.45	12.91	5.49	5.29	8.32
Russell 1000 Growth Index	2.12	7.27	11.87	12.60	9.90	13.44	6.66	6.42	8.08
Russell 1000 Value Index	1.51	7.05	14.01	21.80	10.93	12.35	4.17	4.04	8.42
Russell Mid-Cap Index	1.28	7.08	14.41	19.20	9.16	13.70	7.24	6.27	11.63
Russell Mid-Cap Growth Index	1.47	6.58	13.15	14.42	7.39	13.68	6.79	6.10	10.96
Russell Mid-Cap Value Index	1.12	7.51	15.49	23.66	10.75	13.70	7.49	6.14	11.88
Russell 2000 Index	-0.37	5.38	11.98	17.69	6.15	11.25	7.27	4.53	10.47
Russell 2000 Growth Index	-0.66	5.52	12.47	15.67	5.15	12.94	7.81	5.14	10.53
Russell 2000 Value Index	-0.10	5.25	11.52	19.71	7.17	9.58	6.60	3.81	10.28
DJ US REIT Index	3.34	6.98	10.62	13.56	11.97	15.57	5.50	5.20	12.04
DJ-UBS US Commodity Index TR	-4.27	-7.56	-5.34	-6.77	-13.33	-0.68	-8.56	-2.69	3.29
DJ-UBS US Gold Index TR	-12.73	-16.31	-17.10	-16.95	-6.07	4.91	9.07	10.35	14.19

Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Apr-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	3.77	2.96	7.16	14.69	0.19	6.47	-0.38	2.91	10.80
MSCI AC World Index	2.92	4.89	9.75	15.69	4.72	9.32	2.09	3.94	9.30
MSCI EAFE Index	5.33	5.27	10.84	19.96	2.53	7.96	-0.44	2.16	9.72
MSCI Emerging Markets index	0.79	-2.15	-0.79	4.34	-4.36	3.44	-0.02	5.81	16.50
ML Global Government Bond Ex. U.S. Index	-0.51	-2.23	-5.28	-7.24	-1.75	3.81	3.96	5.67	5.33
Euro	2.67	-2.87	0.00	-0.39	-5.73	-0.28	-3.27	0.65	1.68
Japanese Yen	-3.48	-6.31	-11.24	-18.03	-8.73	-1.18	1.42	2.30	2.04
UK Pound Sterling	2.50	-1.83	-4.25	-4.15	-3.40	0.56	-4.71	-2.19	-0.27

US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Apr-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
ML 3-month T-bill Total Return Index	0.01	0.03	0.03	0.12	0.09	0.11	0.33	1.56	1.75
BarCap Aggregate Bond Index	1.01	1.60	0.89	3.68	5.59	5.51	5.72	6.12	5.04
ML U.S. Corp/Govt Master Index	1.26	1.95	1.10	4.66	6.55	6.19	5.91	6.27	5.10
ML U.S. Corporate Master Index	1.70	2.49	1.75	8.24	8.43	8.14	7.99	7.28	6.03
BarCap Mortgage Backed Securities Index	0.53	0.99	0.48	1.85	3.78	4.15	5.24	5.86	4.99
ML U.S. High Yield Master Index	1.86	3.39	4.78	13.98	9.51	10.79	10.70	9.20	9.41
JPM EMBI Global	2.83	1.92	0.47	11.61	12.30	11.30	10.21	9.63	10.29

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING APRIL 30, 2013
PRELIMINARY BASIS

SUMMARY OF INVESTMENTS

ASSET CLASS	MARKET VALUE	PERCENT	POLICY TARGET	POLICY RANGE
DOMESTIC EQUITIES	706,611,065	45.0%	41.9%	36.9% - 46.9%
INTERNATIONAL EQUITIES	282,593,724	18.0%	19.0%	16.0% - 22.0%
FIXED INCOME	541,274,542	34.5%	37.6%	33.9% - 41.3%
REAL ESTATE SECURITIES	24,219,158	1.5%	1.5%	1.0% - 2.0%
SECURITY LENDING	(869,105)	-0.1%	0.0%	0.0% - 0.0%
CASH (equity managers only)	15,717,350	1.0%	0.0%	0.0% - 3.0%
TOTAL PORTFOLIO	1,569,546,735	100.0%	100.0%	

	CURRENT	TARGET
DODGE & COX - LARGE CAP VALUE	10.5%	9.8%
BlackRock - R1000 VALUE INDEX	6.6%	6.0%
DELAWARE - LARGE CAP GROWTH	8.6%	7.3%
BlackRock - R1000 GROWTH INDEX	5.2%	5.0%
CAPITAL PROSPECTS	5.2%	4.5%
LEGATO CAPITAL	4.5%	4.0%
BNY - S&P 500 INDEX	5.3%	5.3%
LSV ASSET MGMT - INTL EQ	8.9%	9.5%
PYRAMIS - INTL EQ	9.3%	9.5%
DODGE & COX FIXED INCOME	27.3%	30.1%
PIMCO	7.2%	7.5%
BlackRock - US REAL ESTATE SECURITIES INDEX	1.5%	1.5%
SECURITY LENDING	-0.1%	0.0%
TOTALS	100.0%	100.0%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING APRIL 30, 2013
PRELIMINARY BASIS

GROWTH OF ASSETS AND CHANGES IN ALLOCATION

ASSET CLASS	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
MARKET VALUE					
DOMESTIC EQUITIES	706,611,065	703,114,107	0.50%	606,488,179	16.51%
INTERNATIONAL EQUITIES	282,593,724	270,934,858	4.30%	241,230,243	17.15%
FIXED INCOME	541,274,542	537,705,652	0.66%	528,756,489	2.37%
SPECIAL SITUATIONS	24,219,158	22,669,753	6.83%	32,657,049	-25.84%
SECURITIES LENDING	(869,105)	(921,258)	5.66%	(2,651,393)	67.22%
CASH (equity managers only)	15,717,350	16,930,101	-7.16%	10,379,496	51.43%
TOTAL PORTFOLIO	1,569,546,735	1,550,433,213	1.23%	1,416,860,064	10.78%
ASSET ALLOCATION (ACTUAL)					
DOMESTIC EQUITIES	45.02%	45.35%	-0.3%	42.81%	2.2%
INTERNATIONAL EQUITIES	18.00%	17.47%	0.5%	17.03%	1.0%
FIXED INCOME	34.49%	34.68%	-0.2%	37.32%	-2.8%
REAL ESTATE SECURITIES	1.54%	1.46%	0.1%	2.30%	-0.8%
SECURITY LENDING	-0.06%	-0.06%	0.0%	-0.19%	0.0%
CASH (equity managers only)	1.00%	1.09%	-0.1%	0.73%	0.3%
TOTAL PORTFOLIO	100.0%	100.0%	0.0%	100.0%	0.0%

+$19MM +$153MM

* % Change represents changes in cash balances, including cash transfers, and does not represent investment returns

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING APRIL 30, 2013
PRELIMINARY BASIS

MANAGER ALLOCATION

ASSET CLASS	MARKET VALUE	PERCENT	POLICY TARGET	POLICY RANGE
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	164,332,918	10.5%	9.8%	7.8% - 11.8%
BLACKROCK - R1000 VALUE INDEX	103,901,052	6.6%	6.0%	5.0% - 7.0%
DELAWARE - LARGE CAP GROWTH	134,454,431	8.6%	7.3%	5.8% - 8.8%
BLACKROCK - R1000 GROWTH INDEX	81,662,852	5.2%	5.0%	4.0% - 6.0%
CAPITAL PROSPECTS - SMALL CAP VALUE	80,997,138	5.2%	4.5%	3.5% - 5.5%
LEGATO CAPITAL - SMALL CAP GROWTH	70,060,416	4.5%	4.0%	3.0% - 5.0%
BNY - S&P 500 INDEX	83,793,497	5.3%	5.3%	4.3% - 6.3%
TOTAL DOMESTIC EQUITIES	719,202,304	45.8%	41.9%	
FIXED INCOME				
DODGE & COX	427,880,636	27.3%	30.1%	27.6% - 32.6%
PIMCO	113,393,906	7.2%	7.5%	6.0% - 9.0%
TOTAL FIXED INCOME	541,274,542	34.5%	37.6%	
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	139,490,510	8.9%	9.5%	8.0% - 11.0%
PYRAMIS	146,229,326	9.3%	9.5%	8.0% - 11.0%
TOTAL INTERNATIONAL EQUITIES	285,719,836	18.2%	19.0%	
REAL ESTATE SECURITIES				
BlackRock - US RE SECURITIES INDEX	24,219,158	1.5%	1.5%	1.0% - 2.0%
TOTAL SPECIAL SITUATIONS	24,219,158	1.5%	1.5%	0.0% - 3.0%
SECURITIES LENDING	(869,105)	-0.1%	0.0%	0.0% - 0.0%
TOTAL StanCERA PORTFOLIO	1,569,546,735	100.0%	100.0%	

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING APR. 30, 2013
PRELIMINARY

TOTAL FUND

	CASH	BONDS	EQUITIES	TOTAL
DOMESTIC EQUITIES				
DODGE & COX · LARGE CAP VALUE	5,248,012		159,084,907	164,332,918
BLACKROCK · R1000 VALUE INDEX	0		103,901,052	103,901,052
DELAWARE · LARGE CAP GROWTH	2,566,713		131,887,717	134,454,431
BLACKROCK · R1000 GROWTH INDEX	0		81,662,852	81,662,852
CAPITAL PROSPECTS · SMALL CAP VALUE	2,658,753		78,338,385	80,997 138
LEGATO CAPITAL · SMALL CAP GROWTH	2,117,534		67,942,882	70,060,416
BNY · S&P 500 INDEX	226		83,793,271	83,793,497
TOTAL DOMESTIC EQUITIES	12,591,238		706,611,065	719,202,304
FIXED INCOME				
DODGE & COX fund Raven	19,297,363	408,583,273		427,880,636
PIMCO	12,420,548	100,973,357		113,393,906
TOTAL FIXED INCOME	31,717,911	509,556,631		541,274,542
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	1,791,150		137,699,360	139,490,510
PYRAMIS	1,334,962		144,894,364	146,229,326
TOTAL INTERNATIONAL EQUITIES	3,126,112		282,593,724	285,719,836
REAL ESTATE SECURITIES				
BLACKROCK · US REAL ESTATE SECURITIES INDEX	0		24,219,158	24,219,158
TOTAL SPECIAL SITUATIONS	0		24,219,158	24,219,158
SECURITIES LENDING	(869,105)			(869,105)
TOTAL STANCERA PORTFOLIO	46,566,156	509,556,631	1,013,423,948	1,569,546,735
	3.0%	32.5%	64.6%	100.0%

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STANCERA

MONTHLY PERFORMANCE REVIEW

PERIOD ENDING APRIL 30, 2013

PRELIMINARY BASIS

CURRENT PERFORMANCE

10 months

	MARKET VALUE	APRIL	ALPHA	MARCH	ALPHA	FISCAL YTD	ALPHA
DOMESTIC EQUITIES							
DODGE & COX - LARGE CAP VALUE	**159,084,907**	**1.85%**	0.34%	**4.47%**	0.51%	**25.94%**	2.65%
RUSSELL 1000 VALUE		*1.51%*		*3.96%*		*23.29%*	
BLACKROCK - R1000 VALUE INDEX	**103,901,052**	**1.52%**	**0.01%**	**3.96%**	**0.00%**	**23.33%**	**0.04%**
RUSSELL 1000 VALUE		*1.51%*		*3.96%*		*23.29%*	
DELAWARE - LARGE CAP GROWTH	**131,887,717**	**0.42%**	-1.70%	**3.21%**	-0.54%	**17.57%**	0.33%
RUSSELL 1000 GROWTH		*2.12%*		*3.75%*		*17.24%*	
BLACKROCK - R1000 GROWTH INDEX	**81,662,852**	**2.12%**	**0.00%**	**3.76%**	**0.01%**	**17.22%**	**-0.02%**
RUSSELL 1000 GROWTH		*2.12%*		*3.75%*		*17.24%*	
CAPITAL PROSPECTS	**78,338,385**	**-0.42%**	-0.32%	**4.96%**	0.80%	**28.79%**	7.15%
RUSSELL 2000 VALUE		*-0.10%*		*4.16%*		*21.64%*	
LEGATO CAPITAL	**67,942,882**	**-1.79%**	-1.13%	**5.54%**	0.44%	**18.37%**	**-0.05%**
RUSSELL 2000 GROWTH		*-0.66%*		*5.10%*		*18.42%*	
BNY - S&P 500 INDEX	**83,793,271**	**1.93%**	**0.00%**	**3.73%**	**-0.02%**	**19.46%**	**-0.02%**
S&P 500		*1.93%*		*3.75%*		*19.48%*	
TOTAL DOMESTIC EQUITY	**706,611,065**	**0.95%**	-0.69%	**4.15%**	0.23%	**21.70%**	1.47%
Russell 3000 Index		*1.64%*		*3.92%*		*20.23%*	
FIXED INCOME							
DODGE & COX	**427,880,636**	**0.91%**	-0.10%	**0.24%**	0.16%	**5.41%**	2.69%
BARCLAYS US AGGREGATE BOND		*1.01%*		*0.08%*		*2.72%*	
PIMCO	**113,393,906**	**1.09%**	0.08%	**0.28%**	0.20%	**2.88%**	0.16%
BARCLAYS US AGGREGATE BOND		*1.01%*		*0.08%*		*2.72%*	
TOTAL FIXED INCOME	**541,274,542**	**0.95%**	-0.06%	**0.25%**	**0.17%**	**5.17%**	2.45%
BARCLAYS US AGGREGATE BOND		*1.01%*		*0.08%*		*2.72%*	
INTERNATIONAL INVESTMENTS							
LSV ASSET MGMT	**137,699,360**	**4.07%**	0.39%	**0.73%**	0.48%	**24.57%**	2.76%
MSCI ACWI ex-US		*3.68%*		*0.25%*		*21.81%*	
PYRAMIS	**144,894,364**	**4.55%**	0.87%	**0.86%**	0.61%	**24.43%**	2.62%
MSCI ACWI ex-US		*3.68%*		*0.25%*		*21.81%*	
TOTAL INTERNATIONAL EQUITY	**282,593,724**	**4.32%**	0.64%	**0.80%**	0.55%	**24.55%**	2.74%
MSCI ACWI ex-US		*3.68%*		*0.25%*		*21.81%*	
REAL ESTATE SECURITIES							
BlackRock US RE Index	**24,219,158**	**6.83%**	**-0.04%**	**2.70%**	**-0.01%**	**17.04%**	**-0.03%**
DOW JONES US SELECT RE INDEX		*6.87%*		*2.71%*		*17.07%*	
SECURITIES LENDING							
BNY MELLON	**(869,105)**						
CASH and SHORT-TERM INVESTMENTS							
CASH	**15,717,350**	**0.01%**	**0.00%**	**0.01%**	**0.00%**	**0.10%**	**0.00%**
90-day US Treasury Bill		**0.01%**		**0.01%**		**0.10%**	
Total StanCERA Fund	**1,569,546,735**	*1.63%*	-0.13%	*2.15%*	0.35%	*16.11%*	2.36%
Policy Index		*1.76%*		*1.80%*		*13.75%*	
Actuary Rate of Assumption (8.00%)		*0.67%*	0.96%	*0.67%*	1.48%	*6.71%*	9.40%
Actuary Rate of Inflation (3.50%)		*0.29%*	1.34%	*0.29%*	1.86%	*2.93%*	13.18%

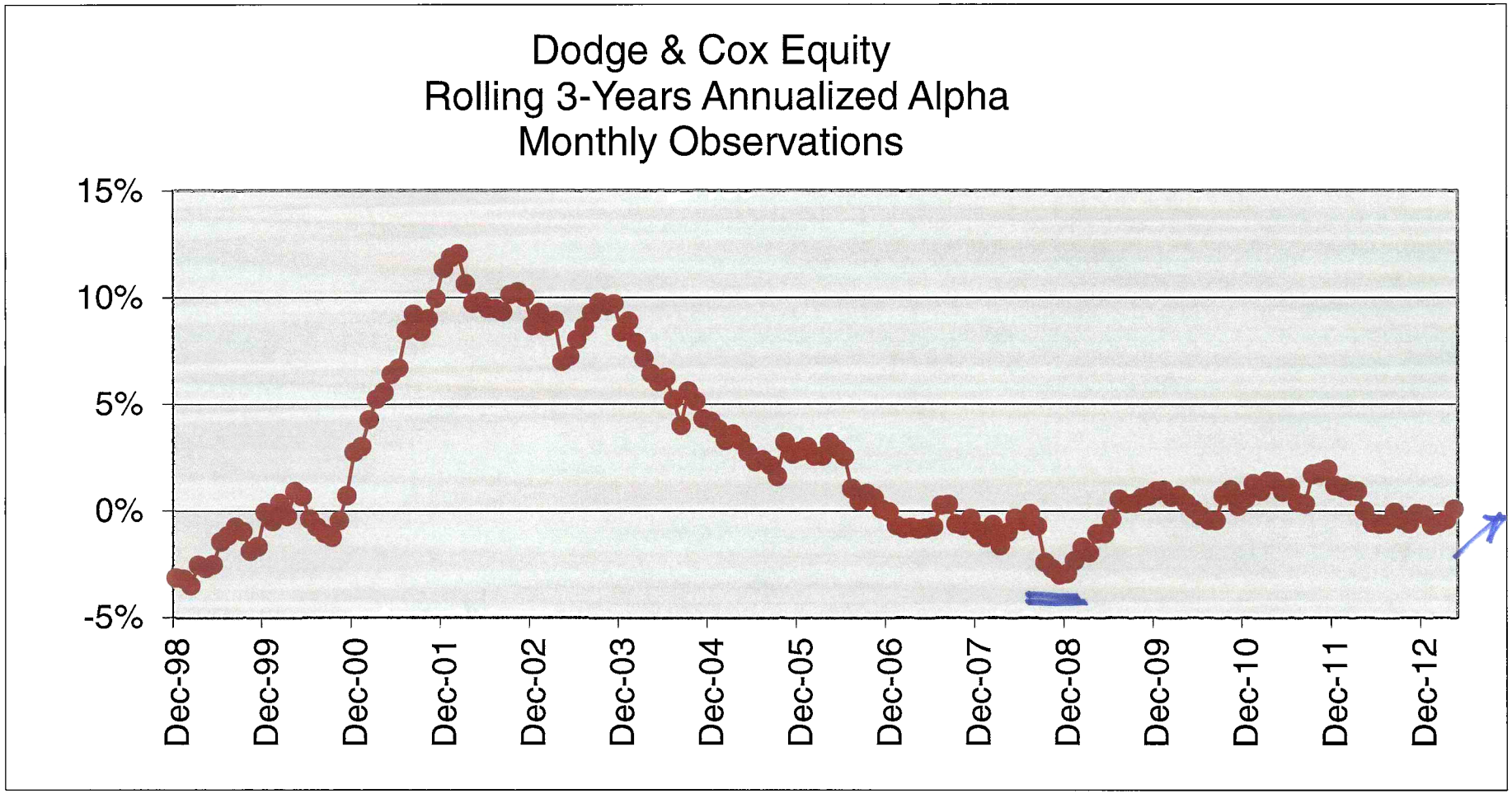
ok

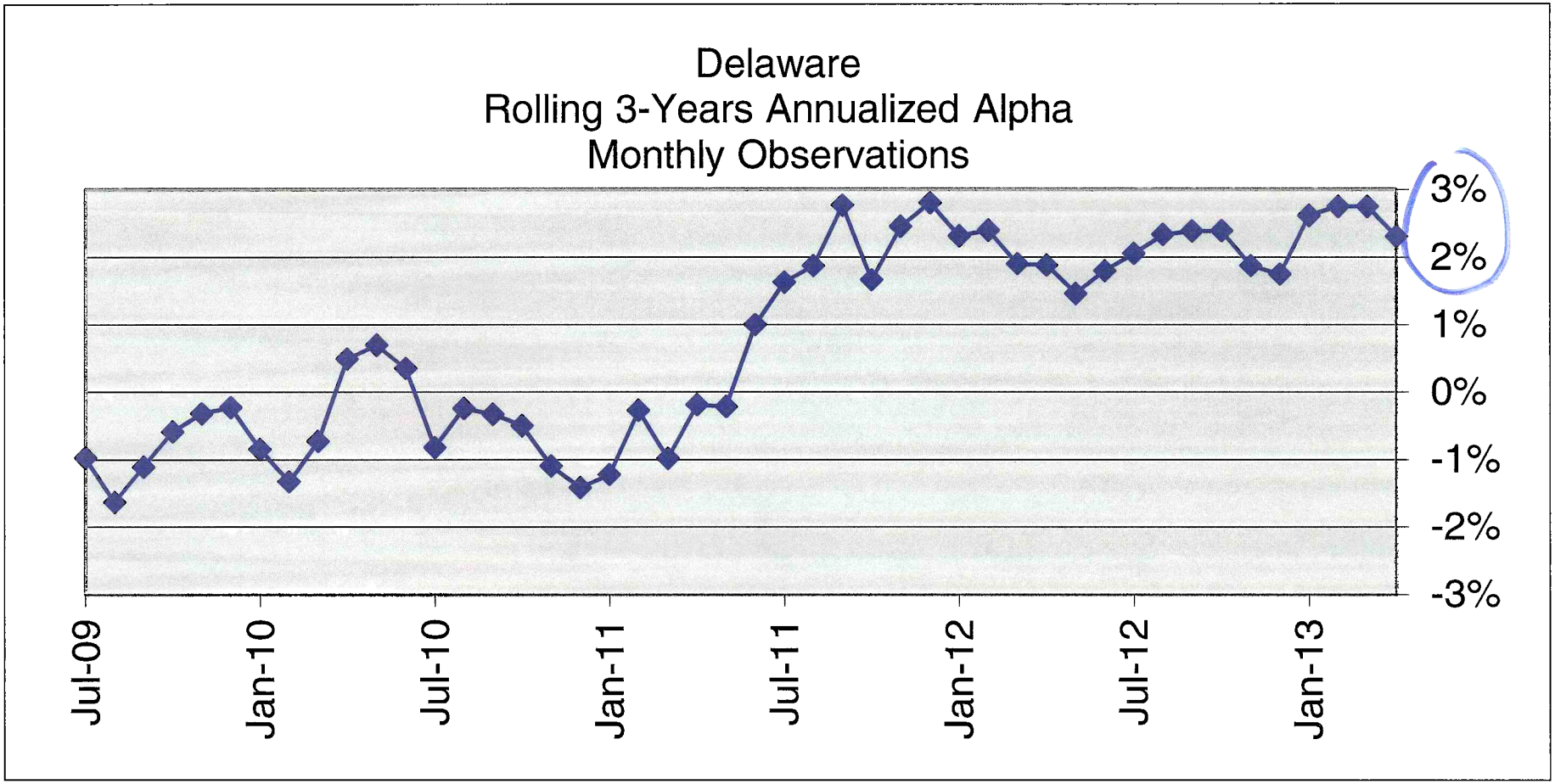
strong

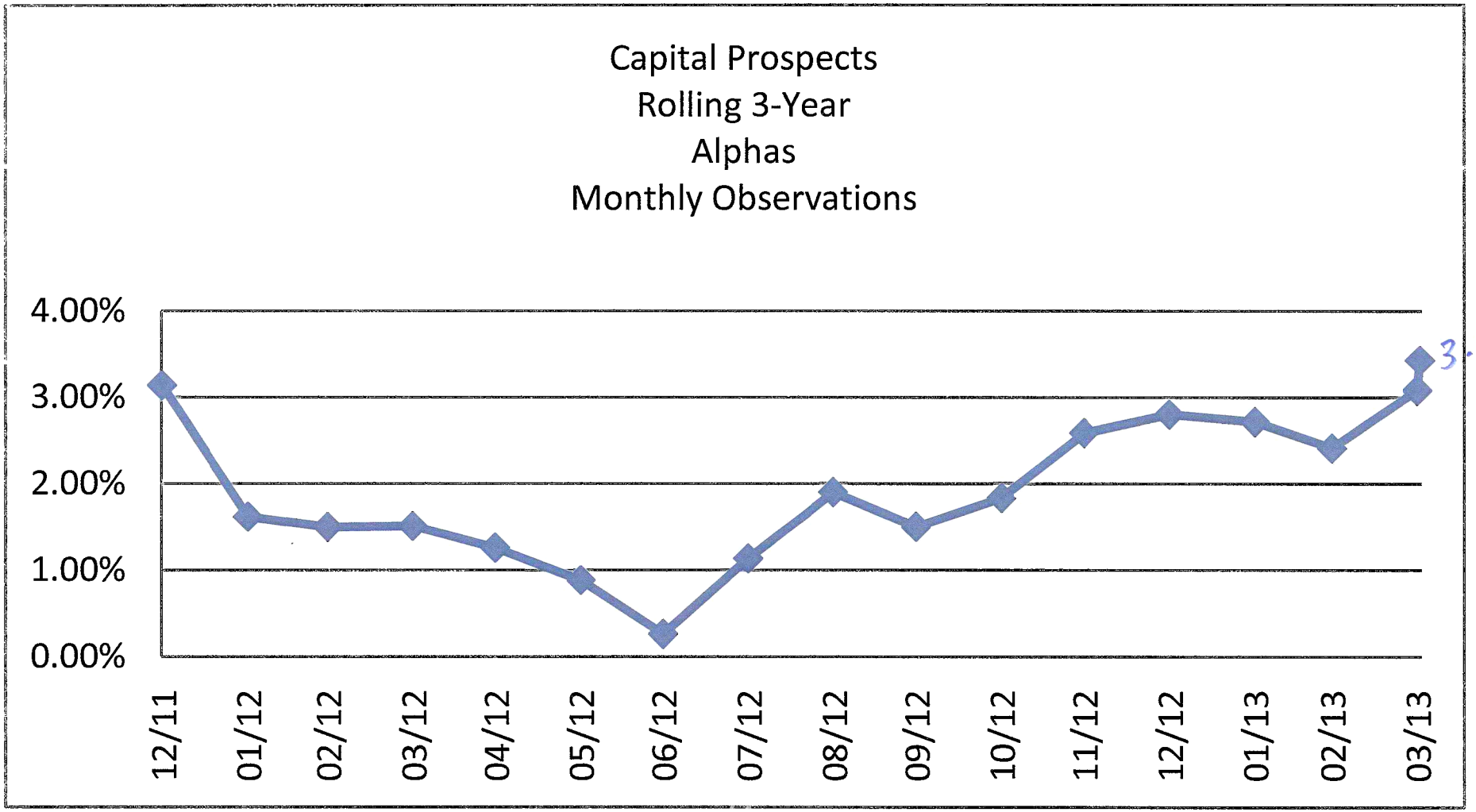
strong

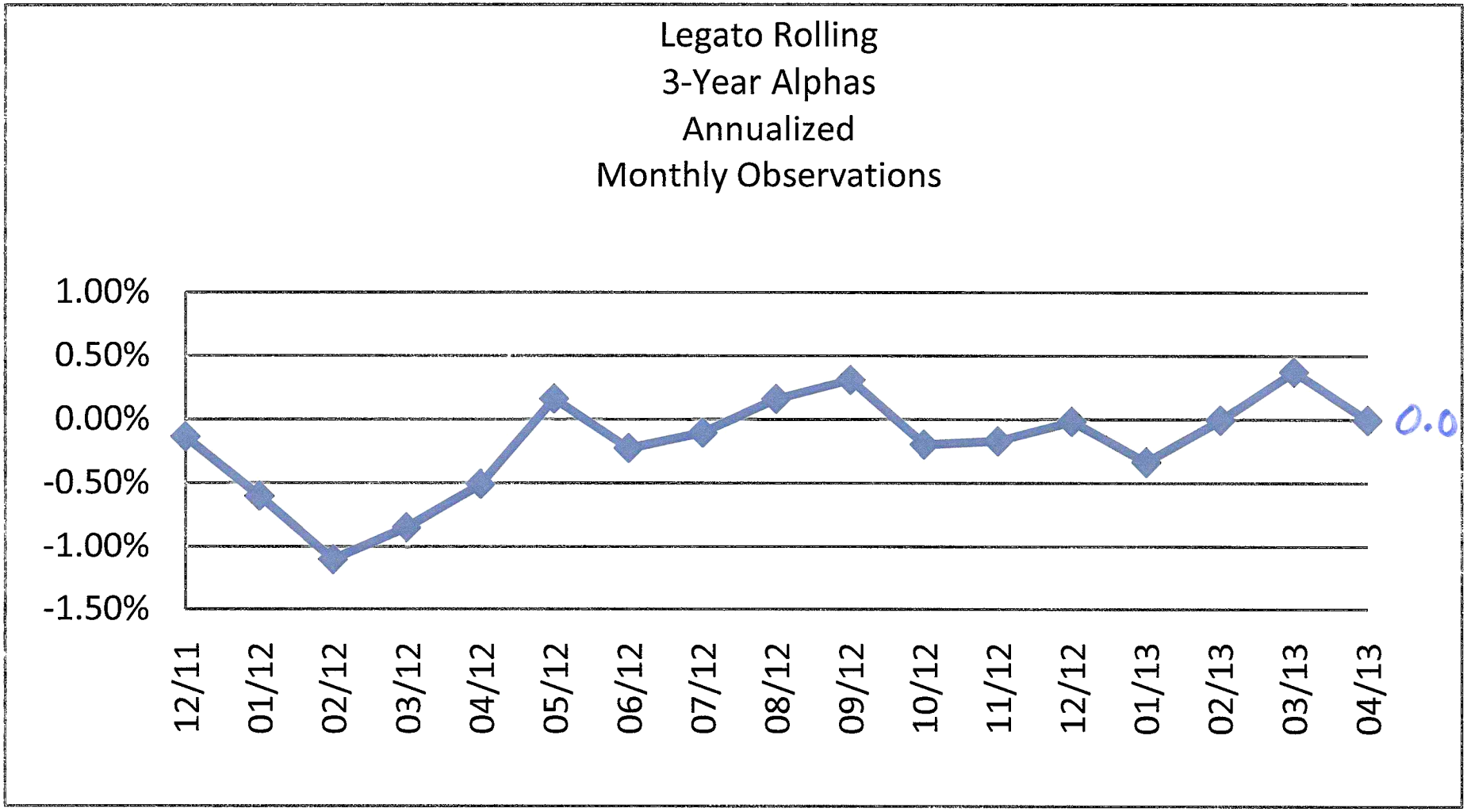
strong

5

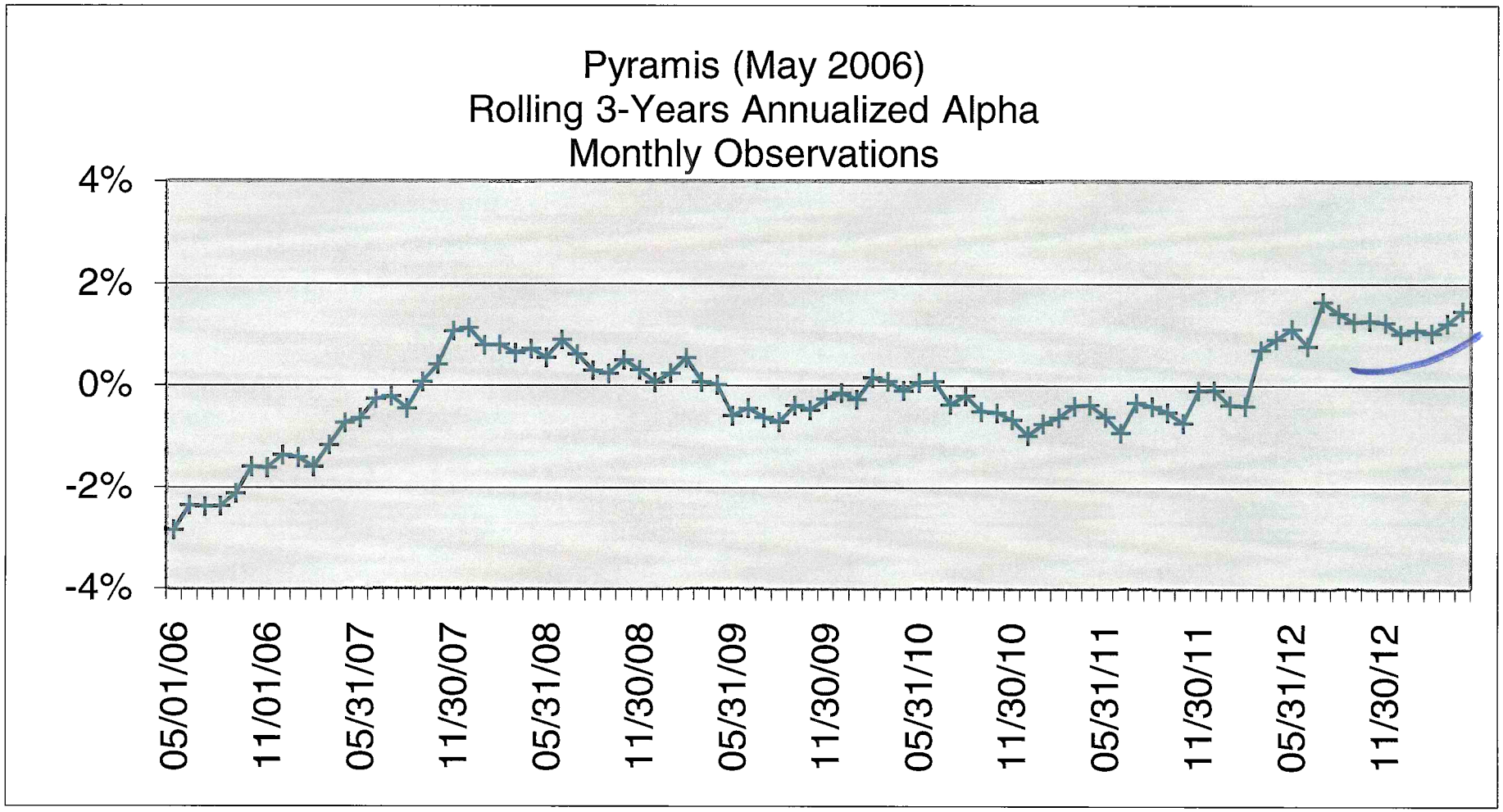

Dodge & Cox Equity
Rolling 3-Years Annualized Alpha
Monthly Observations
15%
10%
5%
0%
-5%
Dec-98
Dec-99
Dec-00
Dec-01
Dec-02
Dec-03
Dec-04
Dec-05
Dec-06
Dec-07
Dec-08
Dec-09
Dec-10
Dec-11
Dec-12

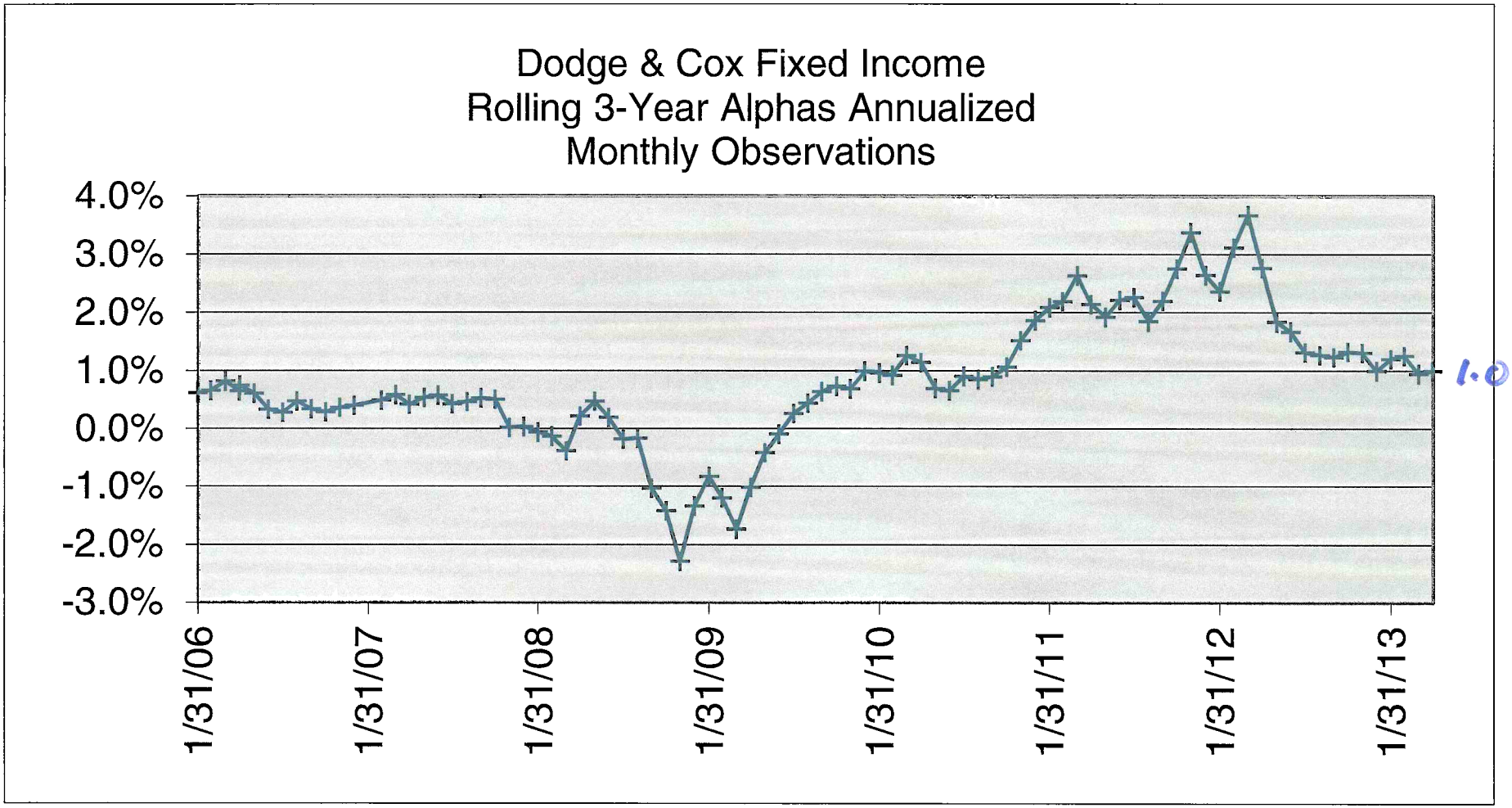

Delaware
Rolling 3-Years Annualized Alpha
Monthly Observations
3%
2%
1%
0%
-1%
-2%
-3%
Jul-09
Jan-10
Jul-10
Jan-11
Jul-11
Jan-12
Jul-12
Jan-13


Capital Prospects
Rolling 3-Year
Alphas
Monthly Observations
4.00%
3.00%
2.00%
1.00%
0.00%
12/11
01/12
02/12
03/12
04/12
05/12
06/12
07/12
08/12
09/12
10/12
11/12
12/12
01/13
02/13
03/13
3.5%!


Legato Rolling
3-Year Alphas
Annualized
Monthly Observations
1.00%
0.50%
0.00%
-0.50%
-1.00%
-1.50%
12/11
01/12
02/12
03/12
04/12
05/12
06/12
07/12
08/12
09/12
10/12
11/12
12/12
01/13
02/13
03/13
04/13
0.0 %

LSV
Rolling 3-Years Annualized Alpha
Monthly Observations
4%
3%
2%
1%
0%
-1%
-2%
-3%
Aug-07
Feb-08
Aug-08
Feb-09
Aug-09
Feb-10
Aug-10
Feb-11
Aug-11
Feb-12
Aug-12
Feb-13


Pyramis (May 2006)
Rolling 3-Years Annualized Alpha
Monthly Observations
4%
2%
0%
-2%
-4%
05/01/06
11/01/06
05/31/07
11/30/07
05/31/08
11/30/08
05/31/09
11/30/09
05/31/10
11/30/10
05/31/11
11/30/11
05/31/12
11/30/12


Dodge & Cox Fixed Income
Rolling 3-Year Alphas Annualized
Monthly Observations
4.0%
3.0%
2.0%
1.0%
0.0%
-1.0%
-2.0%
-3.0%
1/31/06
1/31/07
1/31/08
1/31/09
1/31/10
1/31/11
1/31/12
1/31/13
1.0%

TOP

STANCERA
Price Monitor Position Report

BlackRock
Passive Large Cap Growth Manager
Positions as of April 30, 2013

Company	Symbol	# Shares	$ Value Position	Weight Manager	Weight StanCERA	4/30/2013 $ PX	5/16/2013 $ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	9,283	$4,083,143	5.00%	0.26%	439.87	434.58	-1.20%	-4.73%
Microsoft Corp.	MSFT	78,508	$2,580,546	3.16%	0.16%	32.87	34.08	3.68%	0.15%
Google Inc.	GOOG	2,852	$2,351,890	2.88%	0.15%	824.57	903.87	9.62%	6.09%
INTL Business Machines	IBM	11,140	$2,245,728	2.75%	0.14%	201.60	204.69	1.53%	-1.99%
Coca-Cola Co.	KO	39,741	$1,682,255	2.06%	0.11%	42.33	43.09	1.80%	-1.73%
Verizon Communications	VZ	28,175	$1,518,929	1.86%	0.10%	53.91	53.20	-1.32%	-4.84%
Philip Morris Intl.	PM	15,719	$1,502,596	1.84%	0.10%	95.59	95.44	-0.16%	-3.68%
Pepsico Inc.	PEP	15,942	$1,314,772	1.61%	0.08%	82.47	83.74	1.54%	-1.99%
Oracle Corp	ORCL	38,116	$1,249,442	1.53%	0.08%	32.78	34.37	4.85%	1.32%
Home Depot	HD	16,143	$1,184,111	1.45%	0.08%	73.35	76.75	4.64%	1.11%
TOP TEN HOLDINGS			$19,713,412	24.14%	1.26%	Russell 1000 Growth:		**3.53%**	

Total Portfolio Value	**$81,662,852**
Total StanCERA Value	$1,569,546,735

STANCERA
Price Monitor Position Report

BlackRock
Passive Large Cap Value Manager
Positions as of April 30, 2013

Company	Symbol	# Shares	$ Value Position	Weight Manager	Weight StanCERA	4/30/2013 $ PX	5/16/2013 $ PX	Position % Change	Relative % Change
EXXON MOBIL CORP	XOM	57,605	$5,091,152	4.90%	0.32%	88.38	90.70	2.63%	-0.83%
CHEVRON CORP	CVX	24,295	$2,940,400	2.83%	0.08%	121.03	122.76	1.43%	-2.03%
GENERAL ELECTRIC CO	GE	131,450	$2,930,010	2.82%	0.08%	22.29	23.27	4.40%	0.94%
PFIZER INC	PFE	90,098	$2,597,526	2.50%	0.17%	28.83	29.25	1.46%	-2.00%
AT&T INC	T	66,013	$2,472,845	2.38%	0.16%	37.46	37.38	-0.21%	-3.67%
PROCTER & GAMBLE CO	PG	31,534	$2,420,895	2.33%	0.15%	76.77	80.20	4.47%	1.01%
BERKSHIRE HATHAWAY INC	BRK/B	22,574	$2,400,114	2.31%	0.06%	106.32	111.54	4.91%	1.45%
JPMORGAN CHASE & CO	JPM	46,004	$2,254,653	2.17%	0.06%	49.01	50.97	4.00%	0.54%
WELLS FARGO & CO	WFC	59,837	$2,254,653	2.17%	0.06%	37.68	39.26	4.19%	0.73%
JOHNSON & JOHNSON	JNJ	25,844	$2,202,702	2.12%	0.14%	85.23	87.45	2.60%	-0.85%
TOP TEN HOLDINGS			$27,564,949	26.53%	1.29%	Russell 1000 Value		**3.46%**	

Total Portfolio Value	**$103,901,052**
Total StanCERA Value	$1,569,546,735

STANCERA
Price Monitor Position Report

Capital Prospects
Active US Small Cap Value Manager
Positions as of April 30, 2013

Company	Symbol	# Shares	$ Value Position	Weight Manager	Weight StanCERA	Weight R2000V	4/30/2013 $ PX	5/16/2013 $ PX	Position % Change	Relative % Change
Hillenbrand, Inc	HI	50,071	$1,258,291	1.55%	0.08%	0.10%	25.13	25.14	0.04%	-3.50%
Regal Beloit Corp	RBC	14,677	$1,153,885	1.42%	0.07%	0.00%	78.62	67.29	-14.41%	-17.95%
Hanesbrands Inc	HBI	20,925	$1,045,430	1.29%	0.07%	0.00%	49.96	50.98	2.04%	-1.50%
Belden Inc	BDC	20,793	$1,027,611	1.27%	0.07%	0.17%	49.42	54.41	10.10%	6.55%
Gulfport Energy Corp	GPOR	19,316	$1,008,090	1.24%	0.06%	0.30%	52.19	48.21	-7.63%	-11.17%
Littelfuse, Inc	LFUS	12,939	$900,931	1.11%	0.06%	0.00%	69.63	73.18	5.10%	1.56%
Polyone Corporation	POL	39,096	$880,844	1.09%	0.06%	0.17%	22.53	24.91	10.56%	7.02%
PHH Corp	PHH	41,332	$871,286	1.08%	0.06%	0.09%	21.08	20.66	-1.99%	-5.53%
Meredith Corporation	MDP	20,500	$795,797	0.98%	0.05%	0.10%	38.82	42.49	9.45%	5.91%
Allete, Inc	ALE	15,348	$780,893	0.96%	0.05%	0.15%	50.88	50.58	-0.59%	-4.13%
TOP TEN HOLDINGS			$9,723,058	12.00%	0.62%	1.08%	Russell 2000 Value:		**3.54%**	

Total Portfolio Value	**$80,997,138**
Total StanCERA Value	$1,569,546,735

STANCERA
Price Monitor Position Report

Delaware Investments Advisers
Active Large Cap Growth Portfolio
Positions as of April 30, 2013

Company	Symbol	# Shares	$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	4/30/2013 $ PX	5/16/2013 $ PX	Position % Change	Relative % Change
Visa Inc.	V	45,975	$7,744,949	5.83%	0.49%	1.12%	168.46	179.80	6.73%	3.21%
Crown Castle International Corp.	CCI	94,600	$7,284,200	5.26%	0.46%	0.29%	77.00	77.77	1.00%	-2.53%
MasterCard Inc. Cl A	MA	12,100	$6,690,453	5.03%	0.43%	0.76%	552.93	570.14	3.11%	-0.41%
EOG Resources Inc.	EOG	54,950	$6,657,742	4.92%	0.42%	0.42%	121.16	133.22	9.95%	6.43%
Kinder Morgan Inc.	KMI	169,490	$6,627,059	4.90%	0.42%	0.24%	39.10	39.92	2.10%	-1.43%
Adobe Systems Inc.	ADBE	144,025	$6,492,647	4.89%	0.41%	0.16%	45.08	44.56	-1.15%	-4.68%
Allergan Inc.	AGN	55,600	$6,313,380	4.79%	0.40%	0.44%	113.55	100.42	-11.56%	-15.09%
Walgreen Co.	WAG	126,425	$6,259,302	4.68%	0.40%	0.00%	49.51	48.84	-1.35%	-4.88%
QUALCOMM Inc.	QCOM	100,700	$6,203,120	4.50%	0.40%	1.34%	61.60	65.64	6.56%	3.03%
Celgene Corp.	CELG	48,450	$5,720,492	4.19%	0.36%	0.66%	118.07	123.48	4.58%	1.06%
TOP TEN HOLDINGS			$65,993,343	48.99%	4.20%	5.44%	Russell 1000 Growth:		**3.53%**	

Total Portfolio Value	**$134,454,431**
Total StanCERA Value	$1,569,546,735

STANCERA
Price Monitor Position Report

Dodge & Cox Equity
Active US Large Cap Value Manager
Positions as of April 30, 2013

Company	Symbol	# Shares	$ Value Position	Weight Manager	Weight StanCERA	Weight R1000V	4/30/2013 $ PX	5/16/2013 $ PX	Position % Change	Relative % Change
WELLS FARGO & CO	WFC	160,072	$6,079,534	3.72%	0.39%	2.20%	37.98	39.26	3.37%	-0.09%
COMCAST CORP-CLASS A	CMCSA	140,063	$5,784,601	3.70%	0.37%	0.70%	41.30	42.87	3.80%	0.34%
MERCK & CO. INC.	MRK	122,500	$5,757,500	3.41%	0.37%	1.70%	47.00	46.37	-1.34%	-4.80%
TIME WARNER INC	TWX	93,532	$5,591,342	3.39%	0.36%	0.70%	59.78	60.72	1.57%	-1.89%
MICROSOFT CORP	MSFT	165,000	$5,461,500	3.37%	0.35%	-	33.10	34.08	2.96%	-0.50%
CAPITAL ONE FINANCIAL CORP	COF	92,500	$5,344,650	3.34%	0.34%	0.40%	57.78	59.15	2.37%	-1.09%
SANOFI-ADR	SNY	98,255	$5,241,904	3.20%	0.33%	-	53.35	54.21	1.61%	-1.85%
GENERAL ELECTRIC CO	GE	230,000	$5,126,700	3.16%	0.33%	2.80%	22.29	23.27	4.40%	0.94%
NOVARTIS AG-ADR	NVS	67,000	$4,941,920	3.00%	0.31%	-	73.76	75.01	1.69%	-1.76%
GLAXOSMITHKLINE PLC-SPON ADR	GSK	95,000	$4,905,800	2.97%	0.31%	-	51.64	52.11	0.91%	-2.55%
TOP TEN HOLDINGS			$54,235,451	33.26%	3.46%	8.50%	Russell 1000 Value:		**3.46%**	

Total Portfolio Value	**$164,332,918**
Total StanCERA Value	$1,569,546,735

STANCERA
Price Monitor Position Report

Legato Capital Management
Active US Small Cap Growth Manager
Positions as of April 30, 2013

Company	Symbol	# Shares	$ Value Position	Weight Manager	Weight StanCERA	Weight R2000G	4/30/2013 $ PX	5/16/2013 $ PX	Position % Change	Relative % Change
Ultimate Software Group Inc.	ULTI	9,000	$869,310.00	1.24%	0.06%	0.40%	96.59	115.60	19.68%	14.91%
Beacon Roofing Supply Inc.	BECN	21,940	$836,572.20	1.19%	0.05%	0.28%	38.13	40.52	6.27%	1.49%
Health Management Associates Inc. Cl A	HMA	68,268	$784,399.32	1.13%	0.05%	--	11.49	10.68	-7.05%	-11.83%
Portfolio Recovery Associates Inc.	PRAA	6,371	$782,040.25	1.12%	0.05%	0.32%	122.75	149.27	21.60%	16.83%
CoStar Group Inc.	CSGP	7,184	$778,817.44	1.10%	0.05%	0.47%	108.41	112.14	3.44%	-1.34%
Semtech Corp.	SMTC	22,011	$705,892.77	1.09%	0.04%	0.32%	32.07	36.28	13.13%	8.35%
Encore Capital Group Inc.	ECPG	24,092	$686,381.08	1.08%	0.04%	0.07%	28.49	33.01	15.87%	11.09%
Maximus Inc.	MMS	8,467	$674,735.23	1.07%	0.04%	0.42%	79.69	77.21	-3.11%	-7.89%
Cepheid	CPHD	17,503	$667,389.39	0.97%	0.04%	0.39%	38.13	38.52	1.02%	-3.75%
Fresh Market Inc.	TFM	16,106	$659,218.58	0.95%	0.04%	--	40.93	45.00	9.94%	5.17%
TOP TEN HOLDINGS			$ 7,444,756.26	10.94%	0.47%	2.67%	Russell 2000 Growth:		**4.78%**	

Total Portfolio Value	**$70,060,416**
Total StanCERA Value	$1,569,546,735

STANCERA
Price Monitor Position Report

BNY - S&P 500 Index
Passive S&P 500 Index Fund
Positions as of April 30, 2013

Company	Symbol	# Shares	$ Value Position	Weight Manager	Weight StanCERA	4/30/2013 $ PX	5/16/2013 $ PX	Position % Change	Relative % Change
Exxon Mobil Corp	XOM	26,168	$2,312,701	2.76%	0.15%	88.38	90.70	2.63%	-0.69%
Apple Inc.	AAPL	5,220	$2,295,942	2.74%	0.15%	439.87	434.58	-1.20%	-4.51%
Microsoft	MSFT	45,122	$1,483,145	1.77%	0.09%	32.87	34.08	3.68%	0.37%
Johnson & Johnson	JNJ	16,320	$1,390,972	1.66%	0.09%	85.23	87.45	2.60%	-0.71%
General Electric Co	GE	61,652	$1,374,213	1.64%	0.09%	22.29	23.27	4.40%	1.09%
Google Inc.	GOOG	1,656	$1,365,834	1.63%	0.09%	824.57	903.87	9.62%	6.31%
Chevron Corp	CVX	11,147	$1,349,075	1.61%	0.09%	121.03	122.76	1.43%	-1.88%
Intl Business Machines Corp	IBM	6,110	$1,231,764	1.47%	0.08%	201.60	204.69	1.53%	-1.78%
Procter & Gamble	PG	16,045	$1,231,764	1.47%	0.08%	76.77	80.20	4.47%	1.16%
Pfizer	PFE	40,691	$1,173,109	1.40%	0.07%	28.83	29.25	1.46%	-1.85%
TOP TEN HOLDINGS			$15,208,520	18.15%	0.97%	S&P 500 Index:		**3.31%**	

Total Portfolio Value	**$83,793,497**
Total StanCERA Value	$1,569,546,735

STANCERA
Price Monitor Position Report

LSV Asset Management
International Large Cap Value
Positions as of April 30, 2013

Company	Symbol	Market	# Shares	$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	4/30/2013 $ PX*	5/16/2013 $ PX*	Position % Change	Relative % Change
SANOFI S.A.	SNY	Paris	64,930	$3,347,772	2.40%	0.21%	0.78%	51.56	54.21	5.14%	4.37%
ROYAL DUTCH SHELL	RDS/A	London	49,276	$3,305,925	2.37%	0.21%	1.31%	67.09	67.32	0.34%	-0.42%
ASTRAZENECA PLC	AZN	London	47,822	$2,482,931	1.78%	0.16%	0.39%	51.92	51.83	-0.17%	-0.94%
ALLIANZ SE	ALV.DE	Germany	18,945	$2,064,460	1.48%	0.13%	0.40%	108.97	118.75	8.97%	8.21%
CHINA PETROLEUM&CHEMICAL CORP	SNP	Hong Kong	17,411	$1,924,969	1.38%	0.12%	0.13%	110.56	109.78	-0.71%	-1.47%
OLD MUTUAL PLC	OML.L	London	9,254	$1,897,071	1.36%	0.12%	0.09%	205.00	216.80	5.76%	4.99%
BT GROUP PLC	BT	London	43,135	$1,855,224	1.33%	0.12%	0.20%	43.01	48.21	12.09%	11.32%
BASF SE	BAS.DE	Germany	25,766	$1,827,326	1.31%	0.12%	0.51%	70.92	73.98	4.31%	3.55%
GRUMA S.A.B. DE C.V.	GMK	Mexico	91,817	$1,813,377	1.30%	0.12%	0.00%	19.75	20.61	4.35%	3.59%
ENI - ENTE NAZIONALE IDROCARBURI	ENI	Amsterdam	96,952	$1,799,428	1.29%	0.11%	0.36%	18.56	17.73	-4.47%	-5.24%
TOP TEN HOLDINGS				$22,318,482	16.00%	1.42%	4.17%	MSCI ACWI ex-U.S.		**0.77%**	

Total Portfolio Value	**$139,490,510**
Total StanCERA Value	$1,569,546,735

*Company quotes are provided directly in USD

STANCERA
Price Monitor Position Report

Pyramis Global Advisors
Active Non-US Growth Manager
Positions as of April 30, 2013

Company	Symbol	Market	# Shares	$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	4/30/2013 PX*	5/16/2013 PX*	Position % Change	Relative % Change
NESTLE SA (REG)	7123870	Switzerland	31129	$2,225,056	1.61%	0.14%	1.35%	54.00	53.90	-0.19%	-0.95%
SANOFI	5671735	Paris	19348	$2,122,809	1.41%	0.14%	0.77%	109.72	111.60	1.72%	0.95%
HSBC HOLDINGS PLC (UK REG)	540528	London	169274	$1,950,876	1.29%	0.12%	1.18%	10.95	11.66	6.47%	5.70%
ROYAL DUTCH SHELL PLC CL A(NL)	B09CBL4	Amsterdam	55239	$1,872,326	1.28%	0.12%	1.28%	34.06	35.06	2.95%	2.18%
ROCHE HLDGS GENUSSSCHEINE	7110388	Swiss	6689	$1,673,420	1.12%	0.11%	1.03%	250.17	265.16	5.99%	5.22%
VODAFONE GROUP PLC	B16GWD5	London	13792	$1,486,636	1.02%	0.09%	0.88%	3.05	3.06	0.43%	-0.33%
BAYER AG	5069211	Germany	486838	$1,440,487	0.99%	0.09%	0.51%	104.44	111.80	7.04%	6.28%
TOYOTA MOTOR CORP	6900643	Hong Kong	24200	$1,401,170	0.93%	0.09%	0.94%	57.90	63.39	9.48%	8.71%
UBS AG (REGD)	B18YFJ4	London	185066	$1,391,973	0.92%	0.09%	0.38%	17.87	18.51	3.60%	2.83%
GLAXOSMITHKLINE PLC	925288	London	16069	$1,346,680	0.92%	0.09%	0.75%	25.84	26.86	3.96%	3.20%
TOP TEN HOLDINGS				$16,911,433	11.73%	1.08%	9.07%	MSCI ACWI ex-US:		**0.77%**	

Total Portfolio Value	**$146,229,326**
Total StanCERA Value	$1,569,546,735

*Company quotes are provided in foreign currency and then converted to USD

05/28/13
Item 7.c

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

INVESTMENT PERFORMANCE SUMMARY ANALYSIS

FIRST QUARTER 2013

STRATEGIC INVESTMENT SOLUTIONS, INC.

333 Bush Street, Suite 2000
San Francisco, CA 94104
(415) 362-3484

Capital Market Review

First Quarter 2013

- Concerns over the U.S. sequestration and talk of a potential transition to a period of less Federal Reserve easing failed to halt U.S. equities, with the S&P 500 index rising 10.6% in the first quarter of 2013.

- Italian elections and the Cyprus "bail-in" led to a decline in sentiment for the euro and to higher spreads for Spanish sovereign debt, given the banking problems in Spain. The euro fell 2.6% against the dollar in the first quarter.

- The Bank of Japan (BoJ) increased its inflation target to 2% and expectations that new BoJ governor Haruhiko Kuroda would move to ease further were surpassed. These moves helped boost Japanese equities 11.7% in the first quarter, while the yen fell 7.9% against the dollar.

- With the uncertainty in Europe potentially spreading abroad, emerging market equities lagged returns in the developed markets. The MSCI EM Total Return Index declined 1.6% during the first quarter.

- Given improved investor confidence, safe-haven demand was subdued; Treasuries declined by about 0.2% in Q1. Meanwhile, in the currency markets, European political uncertainty and Bank of Japan easing led to a quarterly increase in the trade-weighted U.S. dollar index of 4.3%.

- The State Street Investor Confidence Index® (ICI) measures risk appetite by analyzing buying and selling patterns of institutional investors. As a result of declining confidence in the North American and European regions, the Global ICI fell 3.4 points to 88.0 in March, remaining well below the neutral level of 100. The decrease in confidence was most pronounced in North America, where institutional investors' appetite for equities fell 4.2 points to 95.5.

- For the period ending 3/31/13, the one quarter return for the NAREIT index was 8.19%, the one year return was 15.29%, and the three year return was 17.17%. For the NCREIF Property index (one quarter lag), the one quarter return was 2.54%; the one year return was 10.54%, and the three year return was 12.63%.

- Central banks have continued easy monetary policies and inflation remains low in developed economies. Investors are accepting of these conditions and policy makers appear to be determined to avoid systematic and/or catastrophic risk at all costs.

- Cap rates continue to be low for Tier I assets in gateway cities. Capital continues to flow into the market in search of yield; the CMBS market continues to recover, with issuance growing 45% from $33 billion in 2011 to $48 billion in 2012.

Executive Performance Summary

First Quarter 2013

- The composite fund returned 6.2% in the first quarter of 2013 and ranked in the 13th percentile among other public funds (5.0% median). The fund beat its policy index (5.3%) during this time period. Longer term, the three and five-year returns of 9.7% and 6.2%, ranked above and below the median among public plans (9.0% and 5.2%, respectively).

- First quarter results were enhanced by the following factors:

  1. The Mellon Capital S&P 500 Index Fund returned 10.6% for the quarter. The Fund matched the S&P 500 Index and ranked with the median passive S&P 500 manager (10.6%).

  2. The BlackRock Russell 1000 Growth Index Fund returned 9.6% for the quarter and slightly led its benchmark return of 9.5%. The large cap growth equity median return is 8.9%.

  3. Delaware's return of 10.4% ranked in the second quartile among large cap growth managers (median 8.9%), and was ahead of its benchmark, the Russell 1000 Growth Index (9.5%). Above par Consumer Staples (Walgreen) and Financials (Intercontinental Exchange, CME Group, Progressive Ohio) investments helped relative performance. Over three years, Delaware returned above its benchmark and peer group median.

  4. The BlackRock Russell 1000 Value Index Fund (12.3%) matched its benchmark return and was ahead of its median large cap value manager return of 11.5%.

  5. Fund of funds manager Legato Capital surpassed its benchmark, the Russell 2000 Growth Index (14.0% vs. 13.2%) and ranked in the 31st percentile among small cap growth managers. It was helped by its stock selection to the Info Tech sector and portfolio turnover. Eudaimonia led during the quarter, at 15.9%. Riverbridge had the weakest quarter, at 12.3%. Over three years, Legato returned above its benchmark (16.0% vs. 14.7%).

  6. Fund of funds manager Capital Prospects appreciated 12.9% for the quarter, and ranked in the 47th percentile among its small cap value peers (12.6% median). The Russell 2000 Value Index returned 11.6%. The portfolio was boosted by its Industrials investments. InView gained the most, up 14.2% during the quarter. Walthausen lagged, at 10.2%. For the three year period, Capital Prospects was in front of its benchmark (15.9% vs. 12.1%).

7. LSV (4.3%) was above par with the MSCI ACWI ex US (3.3%) and ranked 26th among ACWI -ex US value equity managers (median of 3.5%). LSV carried relatively strong British, Japanese and Thai investments. Its value tilt was a negative factor. Over three years, LSV (5.9%) surpassed its benchmark (4.9%).

8. Pyramis' return of 4.2% out-performed the MSCI ACWI ex US Index return of 3.3%. It placed at the median among ACWI ex US growth equity managers (4.2% median). Energy (Transocean), materials (no holdings of Rio Tinto and Vale) and financials (no holdings of Banco Santander) sectors contributed to performance. On a regional level, the Europe, Japan and Canada portfolios outperformed. Its three-year results led the benchmark (6.3% vs. 4.9%).

9. The Dodge & Cox-Fixed Income's 0.7% return beat its benchmark, the Barclays Aggregate Index return of 0.1% and ranked in the top quartile among core bond managers, with a median return of 0.1%. D&C's substantial overweight to and selection within corporates, shorter relative duration, nominal yield advantage, and taxable municipal exposure boosted relative returns. D&C was up 6.5% for three years while its benchmark was up 5.5%.

10. PIMCO returned 0.3%, as the Barclays Aggregate Index lost 0.1%. The median core bond manager return was -0.1%. PIMCO's underweight to US duration, exposure to high yield corporate bonds and allocation to non-Agency mortgages boosted performance.

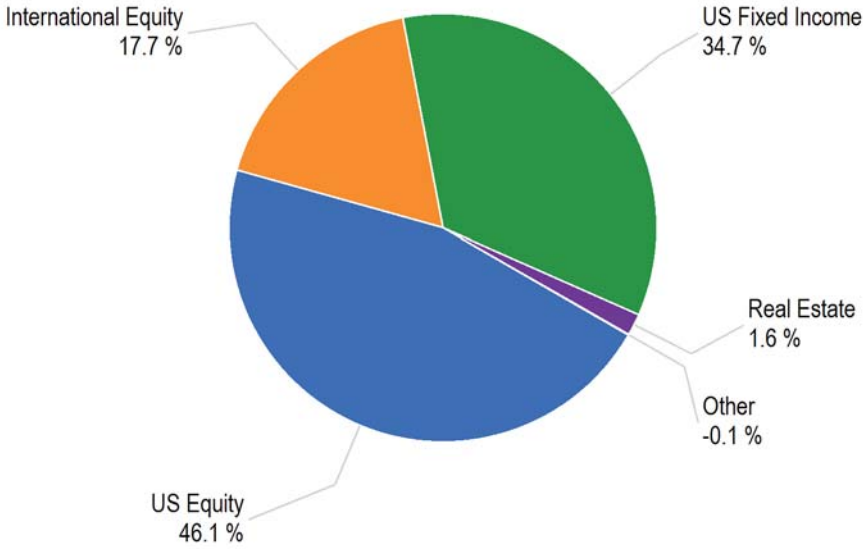
11. The BlackRock US Real Estate Index Fund edged out its benchmark, the DJ US Select RESI, 7.1% vs. 7.0%.

- First quarter results were hindered by the following factor:

1. Dodge & Cox-Equity, 11.5%, matched the median large cap value manager (11.5%) but not the Russell 1000 Value Index (12.3%). Subpar stock selection in the Financials (Aegon, Capital One, McGraw-Hill) and Consumer Staples (Unilver, Wal Mart Stores) sectors dampened performance. Three year returns were behind its benchmark (12.3% vs. 12.7%).

Asset Allocation Analysis

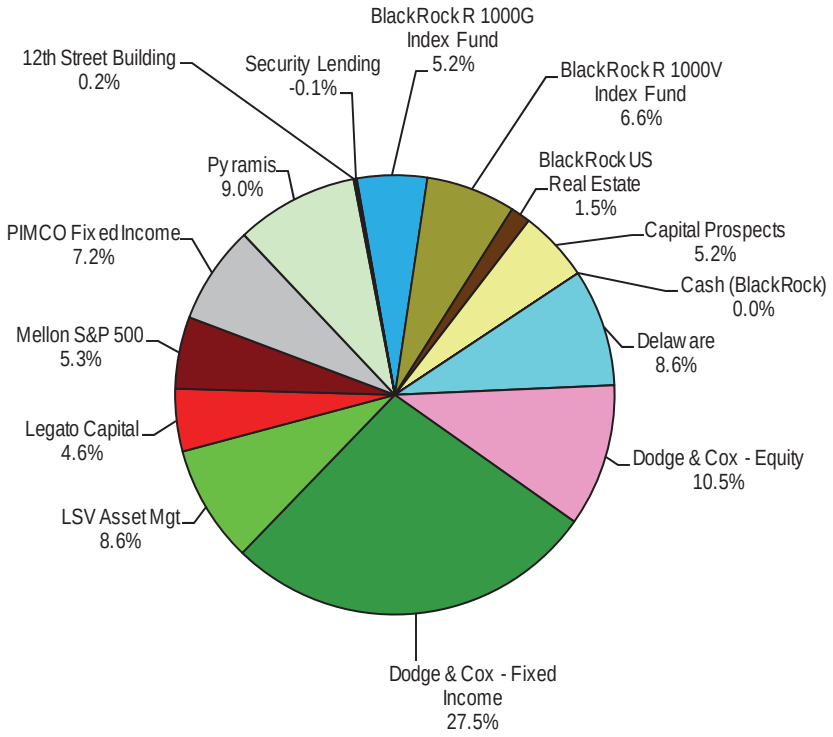
As of March 31, 2013



	Actual $	Actual %
US Equity	$713,948,285	46.1%
International Equity	$273,897,872	17.7%
US Fixed Income	$537,705,652	34.7%
Real Estate	$25,441,318	1.6%
Other	($921,258)	-0.1%
Total	$1,550,071,870	

Manager Allocation Analysis – Total Plan

As of March 31, 2013



Manager		Market Value	Current %
BlackRock R 1000G Index Fund	$	79,964,232	5.2%
BlackRock R 1000V Index Fund	$	102,347,352	6.6%
BlackRock US Real Estate	$	22,669,753	1.5%
Capital Prospects	$	81,342,812	5.2%
Cash (BlackRock)	$	-	0.0%
Delaware	$	133,895,700	8.6%
Dodge & Cox - Equity	$	162,851,058	10.5%
Dodge & Cox - Fixed Income	$	425,532,175	27.5%
LSV Asset Mgt	$	134,034,910	8.6%
Legato Capital	$	71,337,759	4.6%
Mellon S&P 500	$	82,209,372	5.3%
PIMCO Fixed Income	$	112,173,477	7.2%
Pyramis	$	139,862,961	9.0%
12th Street Building	$	2,771,436	0.2%
Security Lending	$	(921,258)	-0.1%
Total	$	1,550,071,739	100.0%

Performance Summary

Periods Ending March 31, 2013

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
Total Fund *	**6.2**	**13**	**14.2**	**7**	**11.7**	**6**	**7.8**	**22**	**9.7**	**27**	**6.2**	**12**
Policy Index [1]	*5.3*	*37*	*11.8*	*51*	*9.8*	*51*	*7.1*	*48*	*9.1*	*48*	*5.1*	*53*
IFx Public DB median	*5.0*		*11.9*		*9.8*		*7.0*		*9.0*		*5.2*	
US EQUITY MANAGERS												
LARGE CORE												
Mellon Capital - gross of fees	**10.6**	**49**	**17.2**	**19**	**14.0**	**18**	**11.2**	**33**	**12.7**	**18**	**5.9**	**29**
Mellon Capital - net of fees	10.6		17.2		14.0		11.2		12.6		5.8	
S&P 500 Index	*10.6*	*58*	*17.2*	*58*	*14.0*	*70*	*11.2*	*66*	*12.7*	*52*	*5.8*	*86*
LARGE GROWTH												
BlackRock R1000G - gross of fees	**9.6**	**34**	**14.8**	**52**	**10.2**	**37**	**10.7**	**27**				
BlackRock R1000G - net of fees	9.6		14.8		10.2		10.7					
Delaware	**10.4**	**16**	**17.1**	**24**	**11.1**	**29**	**15.1**	**4**	**16.3**	**4**	**8.4**	**16**
Delaware - net of fees	10.3		16.7		10.7		14.6		15.8		7.9	
Russell 1000 Growth Index	*9.5*	*36*	*14.7*	*54*	*10.1*	*39*	*10.6*	*29*	*13.1*	*30*	*7.3*	*37*
LARGEVALUE												
BlackRock R1000V - gross of fees	**12.3**	**30**	**21.5**	**33**	**18.8**	**17**	**11.6**	**35**				
BlackRock R1000V - net of fees	12.3		21.5		18.8		11.6					
Dodge & Cox - gross of fees	**11.5**	**50**	**23.6**	**16**	**20.5**	**7**	**11.6**	**35**	**12.3**	**50**	**5.6**	**55**
Dodge & Cox - net of fees	11.4		23.4		20.4		11.4		12.1		5.4	
Russell 1000 Value Index	*12.3*	*30*	*21.4*	*33*	*18.8*	*18*	*11.6*	*36*	*12.7*	*42*	*4.9*	*72*
SMALL GROWTH												
Legato Capital - gross of fees	**14.0**	**31**	**20.5**	**38**	**18.6**	**16**	**10.1**	**25**	**16.0**	**53**		
Legato Capital - net of fees	13.8		19.7		17.9		9.3		15.0			
Russell 2000 Growth Index	*13.2*	*45*	*19.2*	*48*	*14.5*	*45*	*7.4*	*58*	*14.7*	*64*		
SMALL VALUE												
Capital Prospects - gross of fees	**12.9**	**47**	**29.3**	**11**	**24.9**	**9**	**11.5**	**20**	**15.9**	**22**		
Capital Prospects - net of fees	12.7		28.7		24.2		10.8		15.1			
Russell 2000 Value Index	*11.6*	*68*	*21.8*	*66*	*18.1*	*51*	*8.1*	*67*	*12.1*	*81*		
US Equity Composite	**11.5**	**23**	**20.5**	**12**	**16.7**	**7**	**11.7**	**8**	**13.8**	**17**	**6.4**	**57**
80% R1000/ 20% R2000	*11.2*	*34*	*18.6*	*47*	*14.8*	*29*	*10.6*	*36*	*13.5*	*28*	*6.9*	*41*
Russell 3000 Index	*11.1*	*48*	*18.3*	*57*	*14.6*	*36*	*10.8*	*28*	*13.0*	*48*	*6.3*	*60*
IFx All DB US Eq Gross Median	*11.1*		*18.5*		*14.1*		*10.2*		*12.9*		*6.6*	

Rankings: 1=highest, 100=lowest.

* Managers are ranked against the eVestment Alliance (eA) style universes. Asset class composites are ranked against the InvestorForce (IFx) universes.

[1] *Effective 10/1/2012, Policy Index is 33.4% Russell 1000, 8.5% Russell 2000, 19% MSCI ACWI -ex US, 37.6% Barclays Aggregate, 1.5% DJ US Select REIT.*

Performance Summary

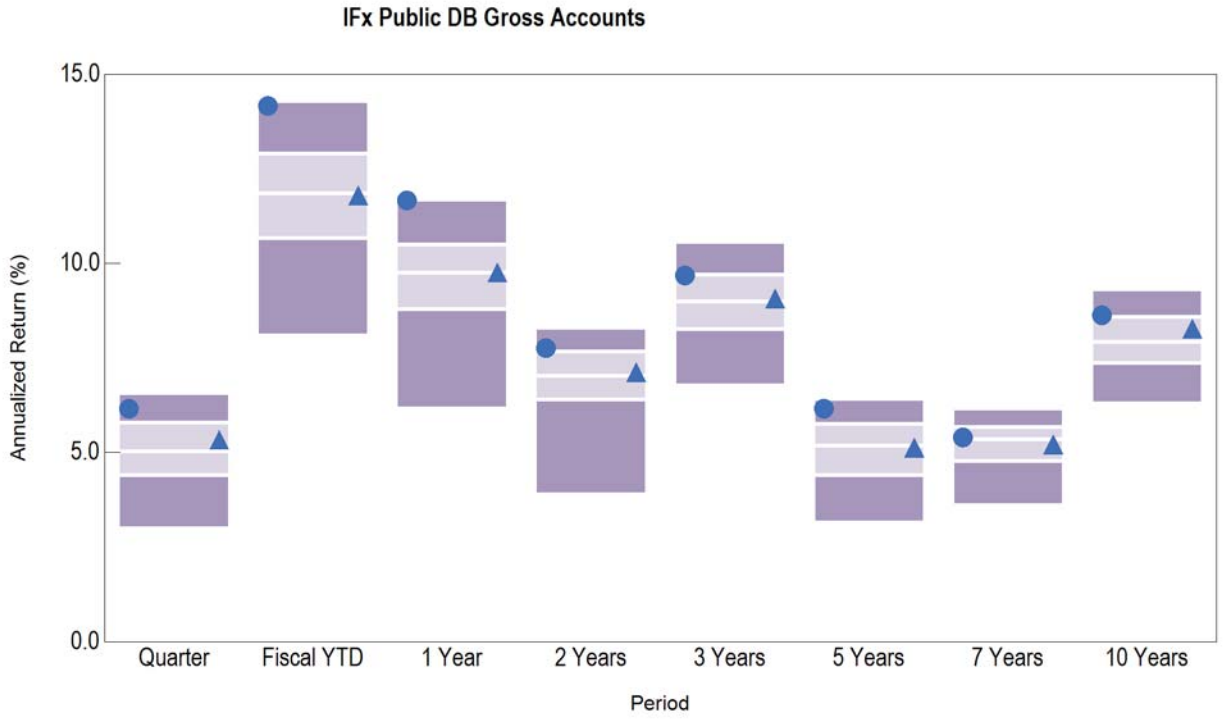
Periods Ending March 31, 2013

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
INTERNATIONAL EQUITY MANAGERS												
LSV - gross of fees	**4.3**	**26**	**19.7**	**38**	**9.4**	**69**	**0.8**	**66**	**5.9**	**57**	**0.7**	**62**
LSV - net of fees	4.2		19.2		8.9		0.3		5.3		0.1	
Pyramis - gross of fees	**4.2**	**50**	**19.0**	**42**	**10.8**	**35**	**2.1**	**60**	**6.3**	**74**	**0.8**	**71**
Pyramis - net of fees	4.1		18.6		10.4		1.7		5.8		0.3	
International Equity Composite	**4.3**	**28**	**19.3**	**28**	**10.1**	**43**	**1.4**	**54**	**6.0**	**28**	**0.7**	**33**
MSCI ACWI -ex US Index	*3.3*	*56*	*17.5*	*58*	*8.9*	*63*	*0.8*	*69*	*4.9*	*63*	*0.1*	*49*
IFx All DB ex-US Eq Gross Median	*3.5*		*17.9*		*9.6*		*1.5*		*5.3*		*0.0*	
US FIXED INCOME MANAGER												
CORE												
Dodge & Cox - gross of fees	**0.7**	**7**	**4.4**	**11**	**6.0**	**20**	**6.6**	**50**	**6.5**	**39**	**7.6**	**8**
Dodge & Cox - net of fees	0.7		4.4		6.0		6.5		6.4		7.5	
PIMCO - gross of fees	**0.3**	**29**	**2.9**	**45**	**5.6**	**28**	**7.0**	**29**				
PIMCO - net of fees	0.2		2.6		5.3		6.7					
Barclays Aggregate Index	*-0.1*	*91*	*1.7*	*89*	*3.8*	*90*	*5.7*	*86*	*5.5*	*85*	*5.5*	*88*
US Fixed Income Composite	**0.7**	**26**	**4.1**	**36**	**5.9**	**61**	**6.6**	**65**	**6.5**	**64**	**7.6**	**36**
Barclays Aggregate Index	*-0.1*	*71*	*1.7*	*89*	*3.8*	*91*	*5.7*	*84*	*5.5*	*85*	*5.5*	*80*
IFx All DB US Fix Inc Gross Median	*0.3*		*3.4*		*6.5*		*7.0*		*7.1*		*6.8*	
SPECIAL SITUATIONS												
DOMESTIC REAL ESTATE												
BlackRock US Real Estate - gross of fees[2]	**7.1**											
BlackRock US Real Estate - net of fees	7.1											
DJ US Select RESI TR USD	*7.0*											
Special Situations Composite	**7.1**		**18.0**		**9.7**		**-0.3**		**5.2**		**-1.2**	
Special Situation Custom Index	*7.0*		*15.5*		*16.9*		*10.1*		*13.1*		*2.9*	
REAL ESTATE												
12th Street	**0.0**											

[2] Funded on 9/26/2012.

Total Returns - Total Plan

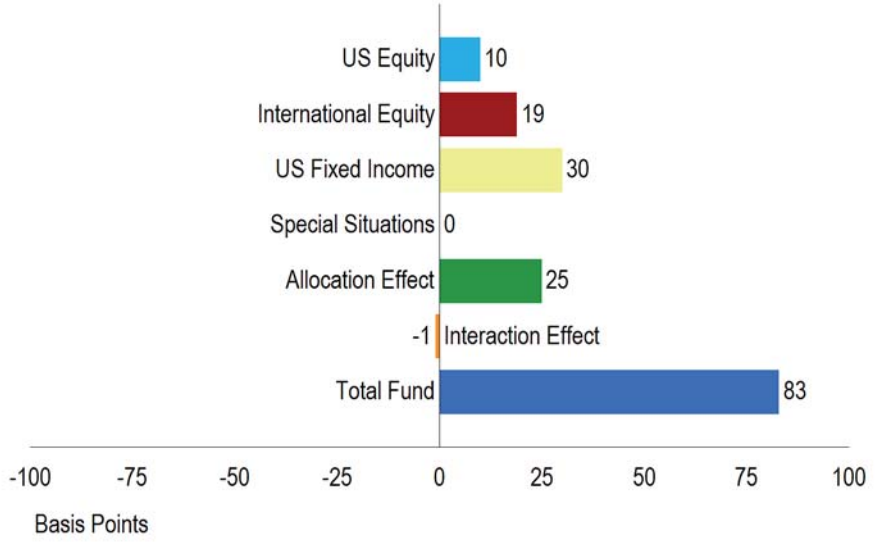
Periods Ending March 31, 2013



	Return (Rank)							
5th Percentile	6.6	14.3	11.7	8.3	10.6	6.4	6.2	9.3
25th Percentile	5.8	12.9	10.5	7.7	9.7	5.8	5.7	8.6
Median	5.0	11.9	9.8	7.0	9.0	5.2	5.4	7.9
75th Percentile	4.4	10.7	8.8	6.4	8.3	4.4	4.8	7.4
95th Percentile	3.0	8.1	6.2	3.9	6.8	3.1	3.6	6.3
# of Portfolios	203	202	200	182	173	164	152	131
● Total Fund	6.2 (13)	14.2 (7)	11.7 (6)	7.8 (22)	9.7 (27)	6.2 (12)	5.4 (47)	8.6 (24)
▲ Policy Index	5.3 (37)	11.8 (51)	9.8 (51)	7.1 (48)	9.1 (48)	5.1 (53)	5.2 (58)	8.3 (42)

Performance Attribution - Total Plan

Quarter Ending March 31, 2013



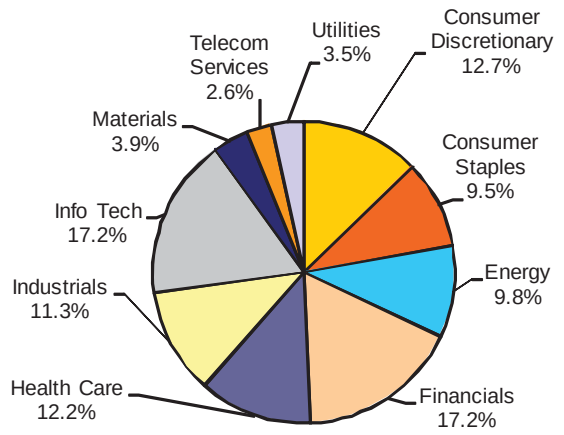
Attribution Summary

	Actual Return	Target Return	Relative Return	Selection Effect	Asset Allocation Effect	Interaction Effects	Total Effects
US Equity	11.48%	11.25%	0.23%	0.10%	0.16%	0.01%	0.26%
International Equity	4.27%	3.27%	1.00%	0.19%	0.02%	-0.01%	0.20%
US Fixed Income	0.66%	-0.12%	0.78%	0.30%	0.08%	-0.01%	0.37%
Special Situations	7.09%	7.04%	0.05%	0.00%	0.00%	0.00%	0.00%
Total	**6.16%**	**5.33%**	**0.83%**	**0.59%**	**0.25%**	**-0.01%**	**0.83%**

U.S. Equity – Russell 3000

- Continued quantitative easing throughout the developed world and improved U.S. growth prospects helped boost the performance of sectors across the board; the healthcare sector returned 15.8 percent in the first quarter, while industrial stocks rose 12.1%.
- Overall, the Russell 3000 index returned 11.1% during the quarter; the yearly return was 14.6%.

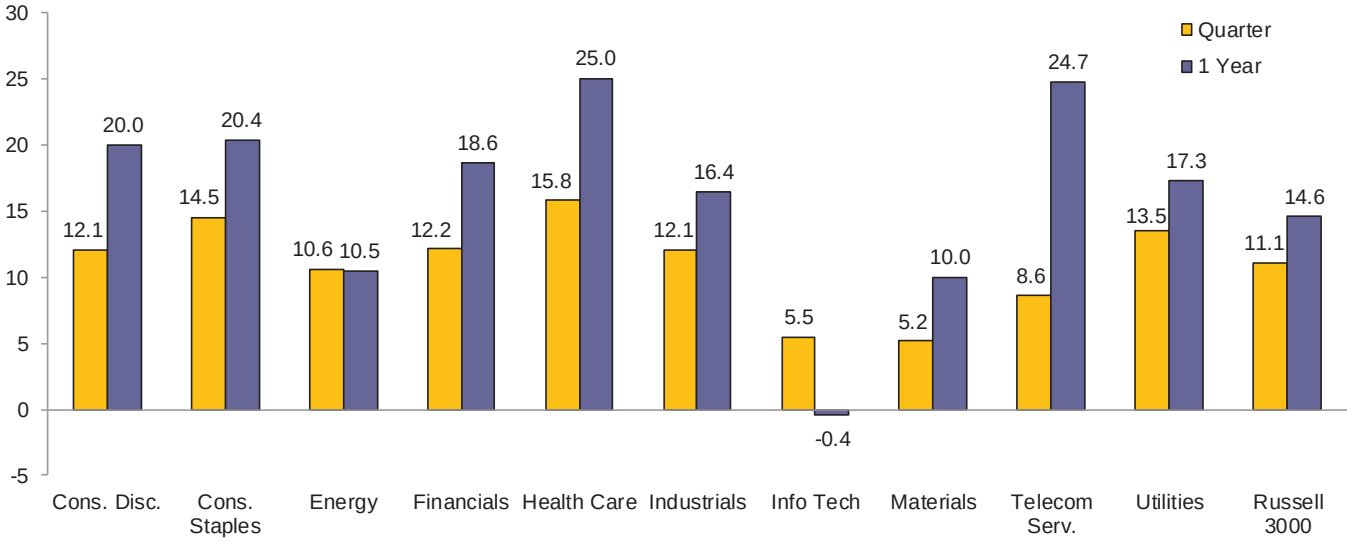
Ending Sector Weights



Characteristics

Div Yield (%)	2.01
P/B Ratio	3.62
P/E Ratio	18.95
Forward P/E Ratio	14.42
Fundamental Beta	1.03
Market Cap - Cap Wtd (MM$)	85,593

Sector Returns (%)

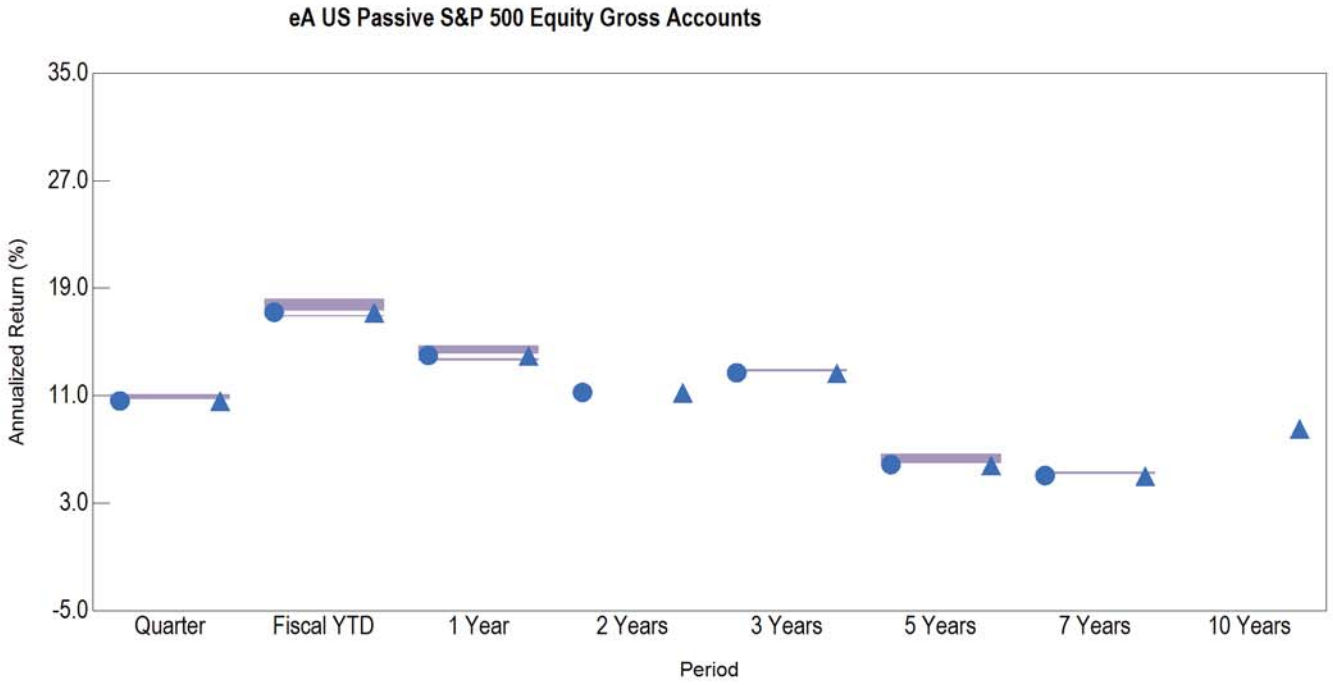


Contribution to Return:

Qtr	1.5	1.4	1.0	2.1	1.8	1.4	1.0	0.2	0.2	0.5	11.1
1 Year	2.4	1.9	1.1	3.0	2.9	1.9	-0.1	0.4	0.6	0.6	14.6

Total Returns - Passive S&P 500

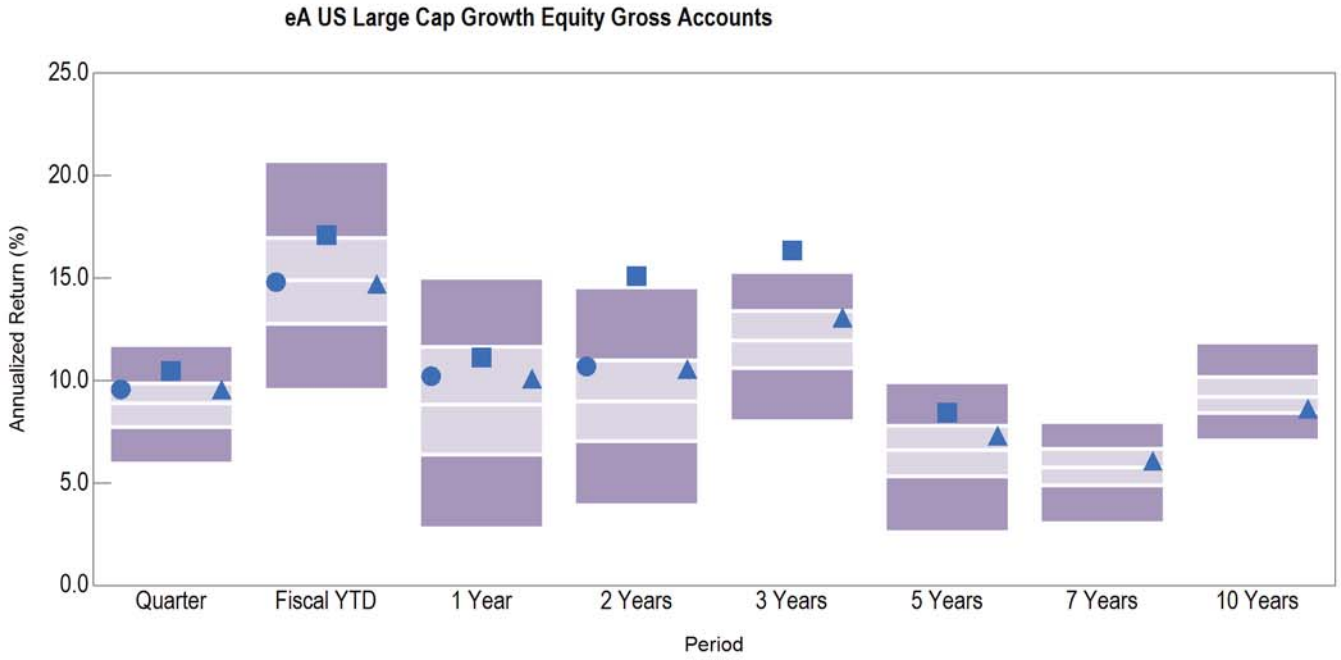
Periods Ending March 31, 2013



	Return (Rank)															
5th Percentile	11.2		18.4		14.9		11.3		13.1		6.8		5.5		8.7	
25th Percentile	10.6		17.2		14.0		11.2		12.7		5.9		5.1		8.6	
Median	10.6		17.2		14.0		11.2		12.7		5.9		5.1		8.6	
75th Percentile	10.6		17.2		14.0		11.2		12.7		5.8		5.0		8.5	
95th Percentile	10.4		16.8		13.5		10.9		12.5		5.7		4.9		8.3	
# of Portfolios	17		17		17		17		17		17		17		16	
● Mellon S&P 500	10.6	(49)	17.2	(19)	14.0	(18)	11.2	(33)	12.7	(18)	5.9	(29)	5.1	(52)	--	(--)
▲ S&P 500	10.6	(58)	17.2	(58)	14.0	(70)	11.2	(66)	12.7	(52)	5.8	(86)	5.0	(92)	8.5	(91)

Total Returns - Large Cap Growth

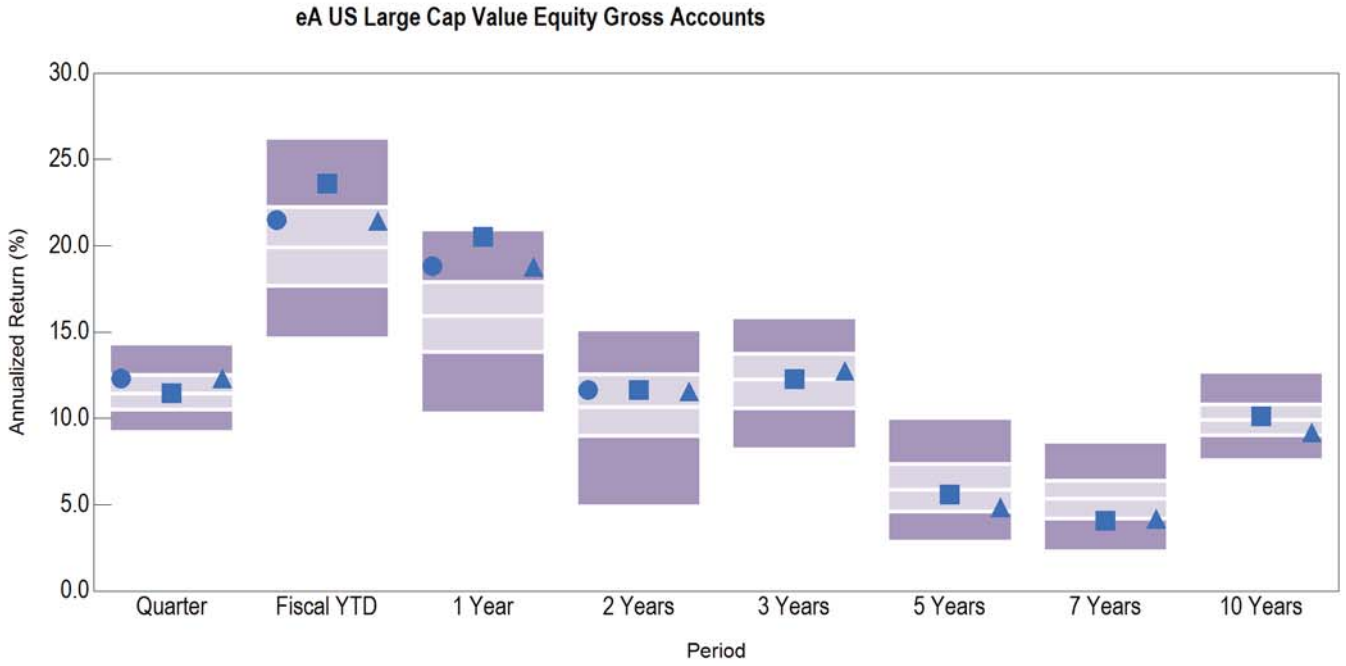
Periods Ending March 31, 2013



	Return (Rank)															
5th Percentile	11.7		20.7		15.0		14.5		15.3		9.9		8.0		11.8	
25th Percentile	9.9		16.9		11.6		11.0		13.4		7.8		6.7		10.2	
Median	8.9		14.9		8.8		9.0		12.0		6.6		5.8		9.2	
75th Percentile	7.7		12.8		6.4		7.1		10.6		5.3		4.9		8.4	
95th Percentile	5.9		9.6		2.8		3.9		8.0		2.6		3.0		7.1	
# of Portfolios	271		271		271		269		265		255		230		200	
● BlackRock Russell 1000 Growth	9.6	(34)	14.8	(52)	10.2	(37)	10.7	(27)	--	(--)	--	(--)	--	(--)	--	(--)
■ Delaware	10.4	(16)	17.1	(24)	11.1	(29)	15.1	(4)	16.3	(4)	8.4	(16)	--	(--)	--	(--)
▲ Russell 1000 Growth	9.5	(36)	14.7	(54)	10.1	(39)	10.6	(29)	13.1	(30)	7.3	(37)	6.1	(41)	8.6	(69)

Total Returns - Large Cap Value

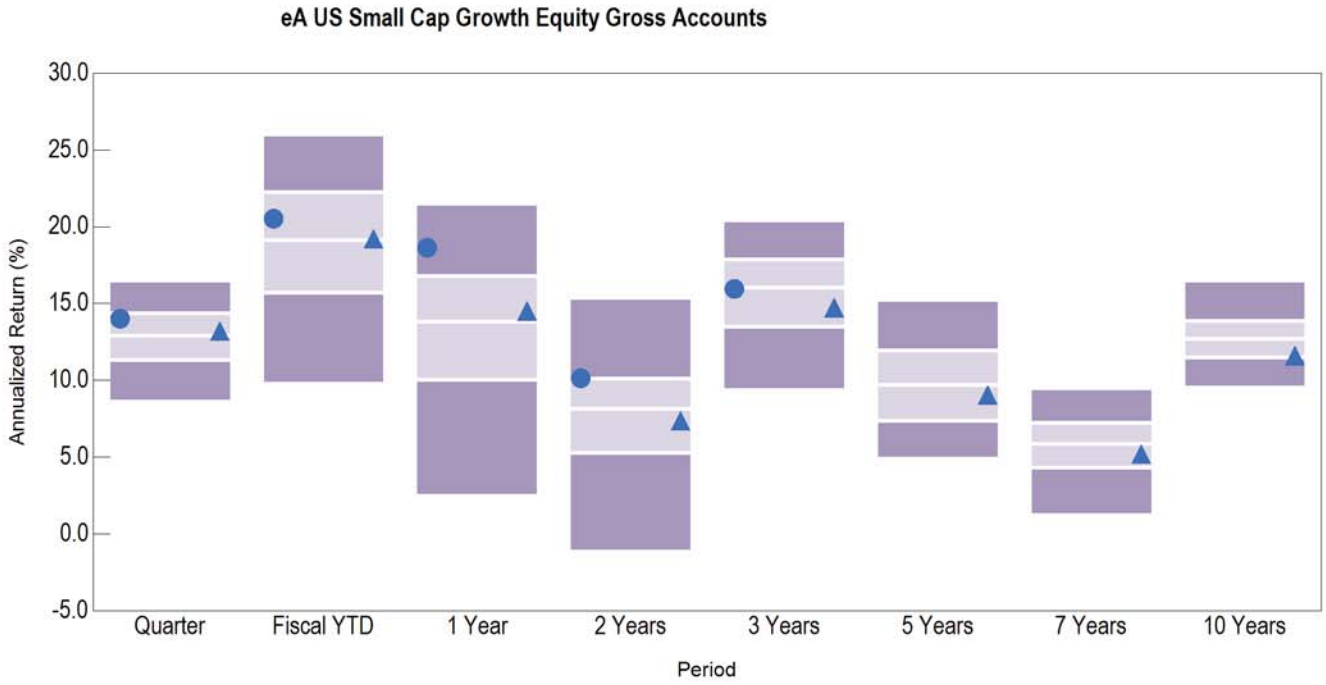
Periods Ending March 31, 2013



	Return (Rank)															
5th Percentile	14.3		26.2		20.9		15.1		15.9		10.0		8.6		12.7	
25th Percentile	12.5		22.3		17.9		12.6		13.8		7.4		6.4		10.8	
Median	11.5		19.9		16.0		10.7		12.3		5.9		5.4		9.9	
75th Percentile	10.5		17.7		13.9		9.0		10.6		4.6		4.2		9.0	
95th Percentile	9.2		14.6		10.3		4.9		8.2		2.9		2.3		7.6	
# of Portfolios	305		305		305		304		300		286		270		215	
● BlackRock Russell 1000 Value	12.3	(30)	21.5	(33)	18.8	(17)	11.6	(35)	--	(--)	--	(--)	--	(--)	--	(--)
■ Dodge & Cox-Equity	11.5	(50)	23.6	(16)	20.5	(7)	11.6	(35)	12.3	(50)	5.6	(55)	4.1	(78)	10.1	(45)
▲ Russell 1000 Value	12.3	(30)	21.4	(33)	18.8	(18)	11.6	(36)	12.7	(42)	4.8	(72)	4.2	(76)	9.2	(73)

Total Returns - Small Cap Growth

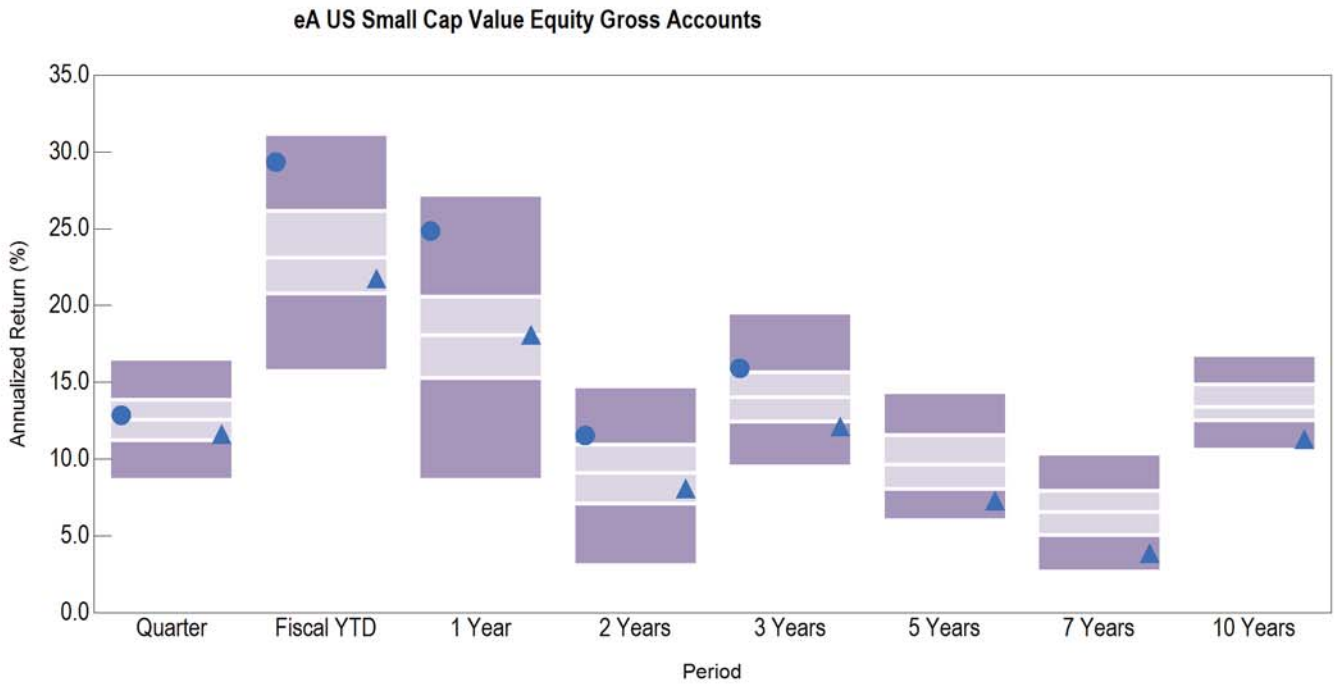
Periods Ending March 31, 2013



	Return (Rank)															
5th Percentile	16.5		26.0		21.5		15.4		20.4		15.2		9.5		16.5	
25th Percentile	14.4		22.3		16.8		10.1		17.9		12.0		7.2		13.9	
Median	12.9		19.2		13.9		8.2		16.1		9.7		5.9		12.7	
75th Percentile	11.4		15.7		10.0		5.3		13.5		7.4		4.3		11.5	
95th Percentile	8.6		9.8		2.5		-1.1		9.4		4.9		1.2		9.6	
# of Portfolios	165		165		165		163		159		145		132		114	
● Legato Capital	14.0	(31)	20.5	(38)	18.6	(16)	10.1	(25)	16.0	(53)	--	(--)	--	(--)	--	(--)
▲ Russell 2000 Growth	13.2	(45)	19.2	(48)	14.5	(45)	7.4	(58)	14.7	(64)	9.0	(57)	5.2	(64)	11.6	(74)

Total Returns - Small Cap Value

Periods Ending March 31, 2013



	Return (Rank)															
5th Percentile	16.5		31.1		27.2		14.7		19.5		14.3		10.3		16.8	
25th Percentile	13.9		26.2		20.6		11.0		15.7		11.6		8.0		14.9	
Median	12.6		23.1		18.1		9.1		14.0		9.7		6.6		13.4	
75th Percentile	11.3		20.8		15.3		7.1		12.5		8.1		5.1		12.5	
95th Percentile	8.7		15.8		8.7		3.1		9.6		6.0		2.7		10.6	
# of Portfolios	187		187		187		185		183		171		154		136	
● Capital Prospects	12.9	(47)	29.3	(11)	24.9	(9)	11.5	(20)	15.9	(22)	--	(--)	--	(--)	--	(--)
▲ Russell 2000 Value	11.6	(68)	21.8	(66)	18.1	(51)	8.1	(67)	12.1	(81)	7.3	(87)	3.9	(92)	11.3	(93)

Equity Only Summary Statistics - BlackRock Russell 1000 Growth Index Fund

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	575	574
Weighted Avg. Market Cap. ($B)	91.5	92.3
Median Market Cap. ($B)	7.1	7.1
Price To Earnings	21.8	21.0
Price To Book	5.5	5.2
Price To Sales	3.2	3.0
Return on Equity (%)	28.8	24.6
Yield (%)	1.7	1.7
Beta (holdings; domestic)	1.0	1.0

Top Holdings

APPLE	5.4%
INTERNATIONAL BUS.MCHS.	3.0%
MICROSOFT	2.8%
GOOGLE 'A'	2.7%
COCA COLA	2.0%
PHILIP MORRIS INTL.	1.9%
VERIZON COMMUNICATIONS	1.8%
PEPSICO	1.6%
ORACLE	1.6%
QUALCOMM	1.5%

Best Performers

	Return %
NETFLIX (NFLX)	104.4%
STARZ SR.'A' LIBERTY CAPITAL (STRZA)	66.8%
H&R BLOCK (HRB)	59.6%
TEMPUR PEDIC INTL. (TPX)	57.6%
PANDORA MEDIA (P)	54.2%
LINKEDIN CLASS A (LNKD)	53.3%
CHENIERE EN. (LNG)	49.1%
HOMEAWAY (AWAY)	47.7%
CELGENE (CELG)	47.7%
SAFEWAY (SWY)	46.7%

Worst Performers

	Return %
ALLIED NEVADA GOLD (ANV)	-45.4%
MOLYCORP (MCP)	-44.9%
RACKSPACE HOSTING (RAX)	-32.0%
VERIFONE SYSTEMS (PAY)	-30.3%
FUSION-IO (FIO)	-28.6%
RIVERBED TECHNOLOGY (RVBD)	-24.3%
ITT EDUCATIONAL SVS. (ESI)	-20.4%
WEIGHTWATCHERS INTL. (WTW)	-19.2%
GARMIN (GRMN)	-17.8%
ULTA SALON CO&FRA. (ULTA)	-17.3%

Equity Only Summary Statistics - BlackRock Russell 1000 Value Index Fund

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 1000 Value
Number of Holdings	697	695
Weighted Avg. Market Cap. ($B)	91.6	92.7
Median Market Cap. ($B)	5.7	5.7
Price To Earnings	17.4	17.1
Price To Book	2.0	2.0
Price To Sales	1.8	1.7
Return on Equity (%)	13.0	13.3
Yield (%)	2.4	2.4
Beta (holdings; domestic)	1.2	1.2

Top Holdings

EXXON MOBIL	5.1%
GENERAL ELECTRIC	2.9%
CHEVRON	2.8%
PFIZER	2.6%
AT&T	2.6%
PROCTER & GAMBLE	2.3%
BERKSHIRE HATHAWAY 'B'	2.2%
WELLS FARGO & CO	2.2%
JP MORGAN CHASE & CO.	2.2%
JOHNSON & JOHNSON	2.1%

Best Performers

	Return %
BEST BUY (BBY)	88.3%
HEWLETT-PACKARD (HPQ)	68.3%
STARZ SR.'A' LIBERTY CAPITAL (STRZA)	66.8%
CREE (CREE)	61.0%
H&R BLOCK (HRB)	59.6%
NAVISTAR INTL. (NAV)	58.8%
MICRON TECHNOLOGY (MU)	57.3%
COMMUNITY HEALTH SYSTEMS (CYH)	54.2%
CHENIERE EN. (LNG)	49.1%
HOMEAWAY (AWAY)	47.7%

Worst Performers

	Return %
CLIFFS NATURAL RESOURCES (CLF)	-50.4%
MOLYCORP (MCP)	-44.9%
NII HDG. (NIHD)	-39.3%
PENNEY JC (JCP)	-23.3%
WALTER ENERGY (WLT)	-20.3%
PEABODY ENERGY (BTU)	-20.2%
KRONOS WORLDWIDE (KRO)	-19.1%
GRAFTECH INTL. (GTI)	-18.2%
US.STEEL (X)	-18.1%
GARMIN (GRMN)	-17.8%

Equity Only Summary Statistics - Capital Prospects

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 2000 Value
Number of Holdings	349	1,403
Weighted Avg. Market Cap. ($B)	2.3	1.3
Median Market Cap. ($B)	1.4	0.5
Price To Earnings	18.7	14.0
Price To Book	2.6	1.7
Price To Sales	1.6	1.9
Return on Equity (%)	14.6	6.8
Yield (%)	1.5	1.7
Beta (holdings; domestic)	1.4	1.4

Top Holdings

HILLENBRAND	1.5%
REGAL BELOIT	1.5%
BELDEN	1.3%
GULFPORT EN.	1.2%
POLYONE	1.2%
HANESBRANDS	1.2%
LITTELFUSE	1.1%
PHH	1.1%
SMITH (AO)	0.9%
ALLETE	0.9%

Best Performers

	Return %
FIESTA RESTAURANT GROUP (FRGI)	73.4%
ALTISOURCE ASSET MAN. (AAMC)	64.6%
NAVISTAR INTL. (NAV)	58.8%
DELEK US HOLDINGS (DK)	57.3%
VALUECLICK (VCLK)	52.3%
AXIALL (AXLL)	50.8%
MEDIDATA SOLUTIONS (MDSO)	48.0%
PRIMORIS SERVICES (PRIM)	47.2%
LIN TV 'A' (TVL)	45.9%
GENCORP (GY)	45.4%

Worst Performers

	Return %
HECLA MINING (HL)	-32.0%
RIVERBED TECHNOLOGY (RVBD)	-24.3%
AURICO GOLD (NYS) (AUQ)	-23.1%
FOREST OIL (FST)	-21.4%
WALTER ENERGY (WLT)	-20.3%
ALTISOURCE PRTF.SLTN. (ASPS)	-19.5%
WEIGHTWATCHERS INTL. (WTW)	-19.2%
HOVNANIAN ENTS.'A' (HOV)	-17.6%
GENCO SHIP.& TRDG. (GNK)	-17.5%
BLOUNT INTL. (BLT)	-15.4%

Equity Sector Attribution - Capital Prospects

Quarter Ending March 31, 2013

Capital Prospects Performance Attribution vs. Russell 2000 Value

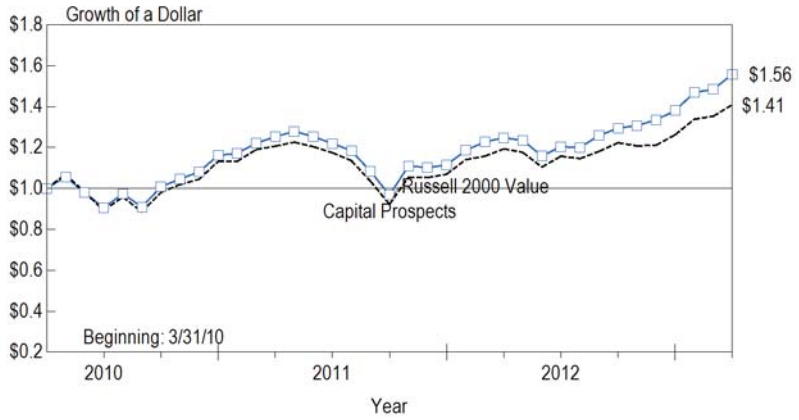
			Attribution Effects				Returns		Sector Weights	
	Total Effects		Selection Effect	Allocation Effect		Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.1%		0.2%	0.0%		0.0%	14.8%	12.4%	5.5%	6.4%
Materials	0.1%		0.2%	-0.1%		0.1%	9.7%	6.9%	7.6%	5.8%
Industrials	0.9%		0.5%	0.1%		0.3%	17.1%	13.0%	19.9%	12.7%
Cons. Disc.	-0.1%		-0.1%	0.1%		-0.1%	12.5%	13.7%	17.9%	12.0%
Cons. Staples	0.1%		0.1%	0.0%		0.0%	15.2%	11.3%	3.0%	2.7%
Health Care	0.3%		0.2%	0.0%		0.1%	16.2%	10.8%	5.7%	4.4%
Financials	-0.2%		-0.1%	-0.2%		0.0%	12.5%	12.8%	21.9%	37.1%
Info. Tech	0.2%		0.2%	0.0%		0.0%	9.8%	7.9%	11.1%	12.2%
Telecomm.	0.1%		--	0.1%		--	--	-3.3%	0.0%	0.6%
Utilities	0.2%		0.3%	0.0%		-0.1%	15.7%	10.8%	3.2%	6.2%
Cash	-0.5%		0.0%	-0.5%		0.0%	0.0%	--	4.0%	0.0%
Portfolio	**1.3%**	**=**	**1.5%**	**-0.4%**	**+**	**0.2%**	**12.9%**	**11.6%**	**100.0%**	**100.0%**

Return Based Style Analysis - Capital Prospects

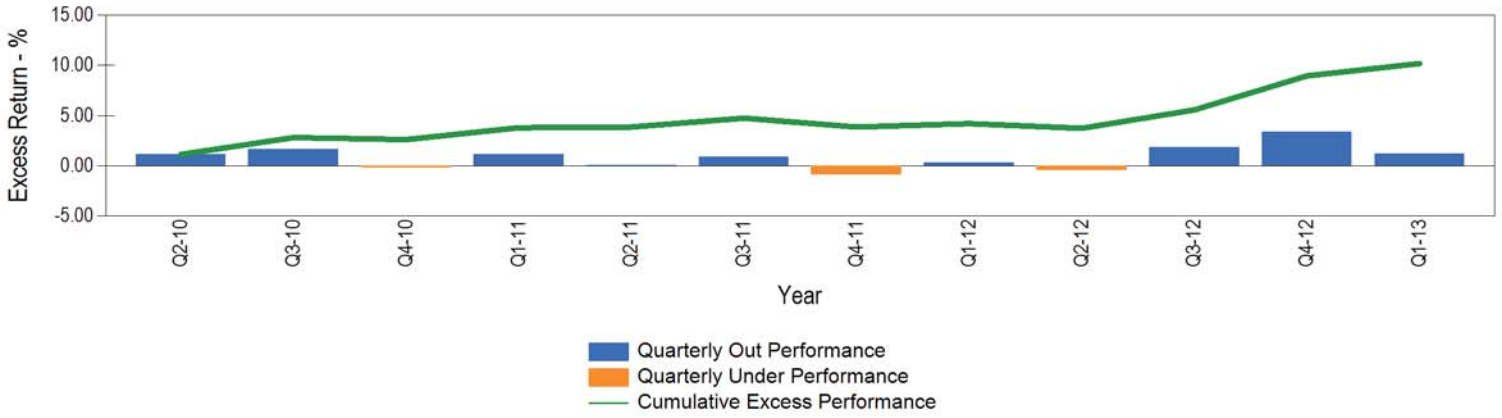
3 Years Ending March 31, 2013

U.S. Effective Style Map

GROWTH OF A DOLLAR



Quarterly and Cumulative Excess Performance



Equity Only Summary Statistics - Delaware

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	30	574
Weighted Avg. Market Cap. ($B)	61.1	92.3
Median Market Cap. ($B)	33.8	7.1
Price To Earnings	31.2	21.0
Price To Book	5.0	5.2
Price To Sales	4.7	3.0
Return on Equity (%)	22.6	24.6
Yield (%)	0.9	1.7
Beta (holdings; domestic)	1.0	1.0

Top Holdings

VISA 'A'	5.9%
EOG RES.	5.4%
QUALCOMM	5.1%
CROWN CASTLE INTL.	5.0%
KINDER MORGAN	5.0%
MASTERCARD	5.0%
ALLERGAN	4.9%
ADOBE SYSTEMS	4.8%
WALGREEN	4.6%
CELGENE	4.3%

Best Performers

	Return %
CELGENE (CELG)	47.7%
KINDER MORGAN WTS. (KMIW)	36.0%
INTERCONTINENTAL EX. (ICE)	31.7%
WALGREEN (WAG)	29.7%
SALLY BEAUTY HOLDINGS (SBH)	24.7%
CME GROUP (CME)	22.1%
VERISIGN (VRSN)	21.8%
ALLERGAN (AGN)	21.8%
PROGRESSIVE OHIO (PGR)	21.3%
STAPLES (SPLS)	18.8%

Worst Performers

	Return %
VERIFONE SYSTEMS (PAY)	-30.3%
APPLE (AAPL)	-16.3%
TERADATA (TDC)	-5.5%
CROWN CASTLE INTL. (CCI)	-3.5%
CATERPILLAR (CAT)	-2.9%
NOVO NORDISK 'B' ADR 1:1 (NVO)	0.9%
SYNGENTA SPN.ADR 5:1 (SYT)	3.7%
POLYCOM (PLCM)	5.9%
EOG RES. (EOG)	6.2%
LIBERTY INTACT.'A' (LINTA)	8.6%

Equity Sector Attribution - Delaware

Quarter Ending March 31, 2013

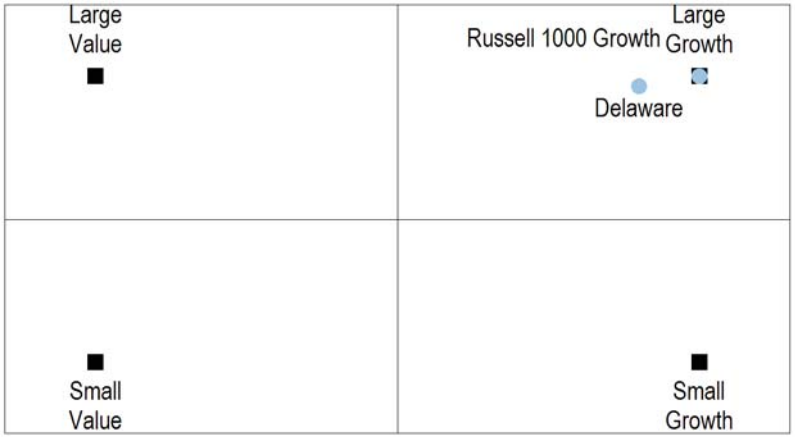
Delaware Performance Attribution vs. Russell 1000 Growth

	Attribution Effects				Returns		Sector Weights	
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	-0.3%	-0.2%	0.3%	-0.3%	8.7%	13.6%	10.2%	4.0%
Materials	0.0%	-0.1%	0.0%	0.1%	3.7%	6.7%	3.0%	4.0%
Industrials	-0.4%	-1.9%	-0.2%	1.7%	-2.9%	11.7%	1.5%	12.7%
Cons. Disc.	0.0%	0.2%	-0.1%	0.0%	13.1%	12.2%	12.1%	16.5%
Cons. Staples	0.2%	2.0%	-0.4%	-1.5%	29.7%	13.4%	3.3%	12.5%
Health Care	0.3%	0.4%	0.0%	-0.1%	20.4%	17.1%	11.5%	12.0%
Financials	1.1%	0.7%	0.0%	0.4%	25.0%	10.7%	7.7%	4.8%
Info. Tech	0.5%	1.0%	-0.9%	0.4%	5.6%	2.5%	44.2%	30.9%
Telecomm.	-0.7%	-0.3%	0.0%	-0.4%	-3.5%	10.8%	5.3%	2.3%
Utilities	0.0%	--	0.0%	--	--	14.6%	0.0%	0.2%
Cash	-0.2%	0.0%	-0.2%	0.0%	0.0%	--	1.1%	0.0%
Portfolio	**0.5%**	**= 1.6%**	**+ -1.4%**	**+ 0.3%**	**10.1%**	**9.6%**	**100.0%**	**100.0%**

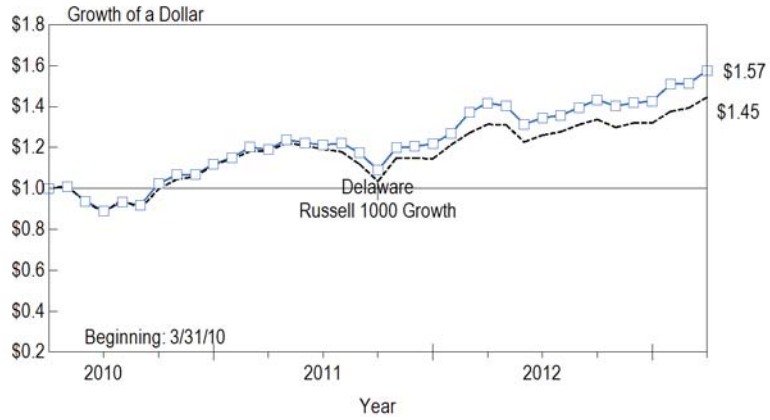
Return Based Style Analysis - Delaware

3 Years Ending March 31, 2013

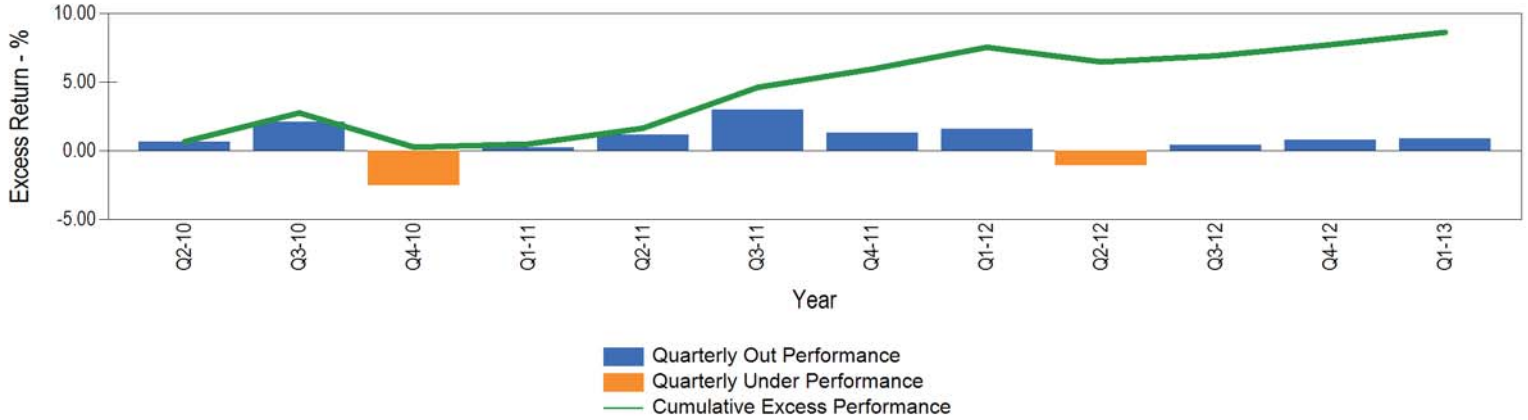
U.S. Effective Style Map



GROWTH OF A DOLLAR



Quarterly and Cumulative Excess Performance



Equity Only Summary Statistics - Dodge & Cox

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 1000 Value
Number of Holdings	72	695
Weighted Avg. Market Cap. ($B)	85.5	92.7
Median Market Cap. ($B)	21.8	5.7
Price To Earnings	16.7	17.1
Price To Book	2.3	2.0
Price To Sales	1.8	1.7
Return on Equity (%)	11.3	13.3
Yield (%)	2.1	2.4
Beta (holdings; domestic)	1.3	1.2

Top Holdings

WELLS FARGO & CO	3.7%
COMCAST 'A'	3.7%
MERCK & CO.	3.4%
HEWLETT-PACKARD	3.4%
TIME WARNER	3.4%
GENERAL ELECTRIC	3.4%
CAPITAL ONE FINL.	3.2%
SANOFI ADR 2:1	3.2%
NOVARTIS 'B' SPN.ADR 1:1	3.1%
MICROSOFT	3.0%

Best Performers

	Return %
HEWLETT-PACKARD (HPQ)	68.3%
SONY ADR 1:1 (SNE)	55.4%
PITNEY-BOWES (PBI)	43.5%
DELL (DELL)	42.1%
BOSTON SCIENTIFIC (BSX)	36.3%
GENWORTH FINANCIAL CL.A (GNW)	33.2%
SYMANTEC (SYMC)	31.1%
AOL (AOL)	30.0%
XEROX (XRX)	26.9%
LEGG MASON (LM)	25.4%

Worst Performers

	Return %
PENNEY JC (JCP)	-23.3%
NOKIA SPN.ADR 1:10 (NOK)	-17.0%
AEGON NV.ADR.1:1 (AEG)	-6.7%
DOMTAR (UFS)	-6.5%
CAPITAL ONE FINL. (COF)	-5.1%
MCGRAW HILL FINANCIAL (MHFI)	-4.2%
CELANESE 'A' (CE)	-0.9%
VULCAN MATERIALS (VMC)	-0.7%
DOW CHEMICAL (DOW)	-0.5%
TIME WARNER CABLE (TWC)	-0.4%

Equity Sector Attribution - Dodge & Cox

Quarter Ending March 31, 2013

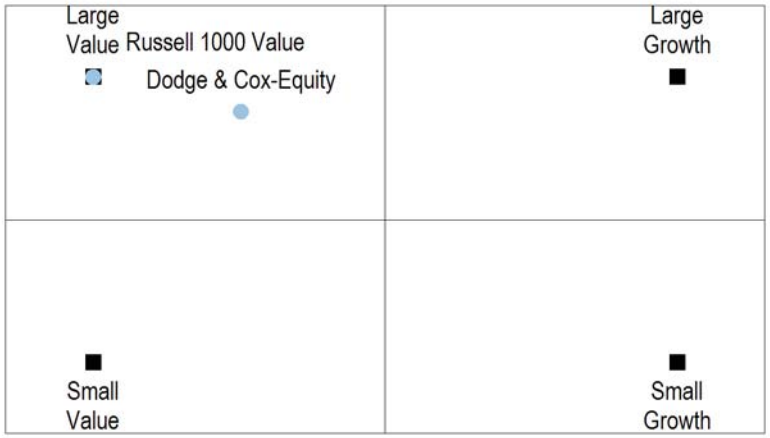
Dodge & Cox-Equity Performance Attribution vs. Russell 1000 Value

	Attribution Effects					Returns		Sector Weights
	Total Effects		Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.2%		-0.1%	0.2%	0.0%	8.8%	9.8%	6.5%	16.2%
Materials	-0.1%		-0.2%	0.0%	0.0%	-1.0%	3.0%	3.6%	3.9%
Industrials	-0.2%		-0.3%	0.0%	0.0%	9.6%	12.5%	7.2%	9.1%
Cons. Disc.	0.0%		0.0%	0.0%	0.0%	12.6%	12.7%	15.2%	8.3%
Cons. Staples	-0.4%		-0.5%	-0.2%	0.3%	10.2%	16.9%	2.2%	7.1%
Health Care	-0.1%		-0.2%	0.1%	-0.1%	13.0%	14.6%	16.3%	11.5%
Financials	-1.0%		-1.3%	0.0%	0.3%	7.4%	12.1%	21.5%	27.5%
Info. Tech	1.3%		0.2%	0.6%	0.5%	20.1%	16.9%	19.8%	6.4%
Telecomm.	0.1%		0.1%	0.0%	0.0%	10.4%	7.5%	3.7%	3.4%
Utilities	-0.1%		--	-0.1%	--	--	13.6%	0.0%	6.5%
Cash	-0.4%		0.0%	-0.4%	0.0%	0.0%	--	4.0%	0.0%
Portfolio	**-0.8%**	**=**	**-2.1%**	**+ 0.3%**	**+ 1.0%**	**11.5%**	**12.3%**	**100.0%**	**100.0%**

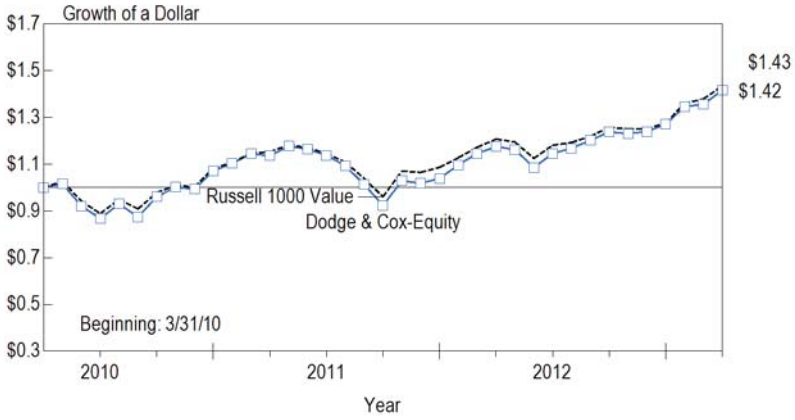
Return Based Style Analysis - Dodge & Cox

3 Years Ending March 31, 2013

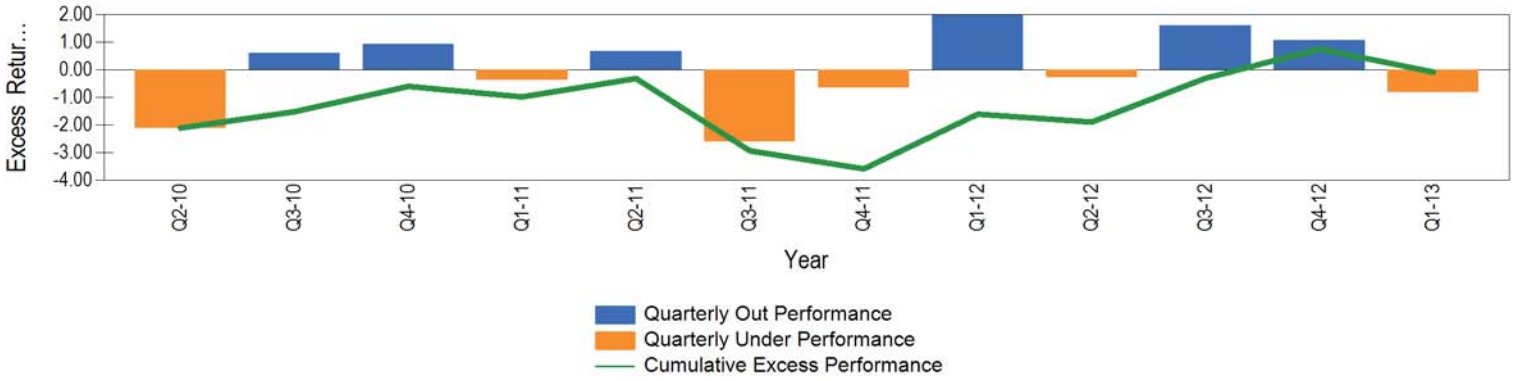
U.S. Effective Style Map



GROWTH OF A DOLLAR



Quarterly and Cumulative Excess Performance



Equity Only Summary Statistics - Legato Capital

Quarter Ending March 31, 2013

Characteristics

	Portfolio	Russell 2000 Growth
Number of Holdings	446	1,104
Weighted Avg. Market Cap. ($B)	1.9	1.8
Median Market Cap. ($B)	1.2	0.7
Price To Earnings	22.1	20.3
Price To Book	4.4	4.3
Price To Sales	3.0	2.7
Return on Equity (%)	10.3	14.8
Yield (%)	0.3	0.5
Beta (holdings; domestic)	1.4	1.4

Top Holdings

ULTIMATE SOFTWARE GP.	1.4%
BEACON ROOFING SUPPLY	1.2%
PRTF.REC.ASSOCS.	1.2%
TRIUMPH GROUP NEW	1.1%
COSTAR GP.	1.1%
SEMTECH	1.1%
HEALTH MAN.ASSOCS.	1.1%
ENCORE CAP.GP.	1.1%
FRESH MARKET	1.0%
MAXIMUS	1.0%

Best Performers

	Return %
KERYX BIOPH. (KERX)	168.9%
UNI-PIXEL (UNXL)	123.9%
REPUBLIC AIRWAYS HDG. (RJET)	103.2%
TRULIA (TRLA)	93.2%
PARKERVISION (PRKR)	79.8%
PUMA BIOTECHNOLOGY (PBYI)	78.1%
RADIAN GP. (RDN)	75.3%
MANITEX INTERNATIONAL (MNTX)	73.8%
FIESTA RESTAURANT GROUP (FRGI)	73.4%
CELLDEX THERAPEUTICS (CLDX)	72.6%

Worst Performers

	Return %
AFFYMAX (AFFY)	-92.8%
CELSION (CLSN)	-87.2%
MILLENNIAL MEDIA (MM)	-49.3%
CINCINNATI BELL (CBB)	-40.5%
PEREGRINE SEMICONDUCTOR (PSMI)	-36.2%
PROCERA NETWORKS (PKT)	-35.9%
MAXWELL TECHNOLOGIES (MXWL)	-35.1%
EHEALTH (EHTH)	-34.9%
ALLOT COMMUNICATIONS (ALLT)	-33.0%
BRIGHTCOVE (BCOV)	-31.3%

Equity Sector Attribution - Legato Capital

Quarter Ending March 31, 2013

Legato Capital Performance Attribution vs. Russell 2000 Growth

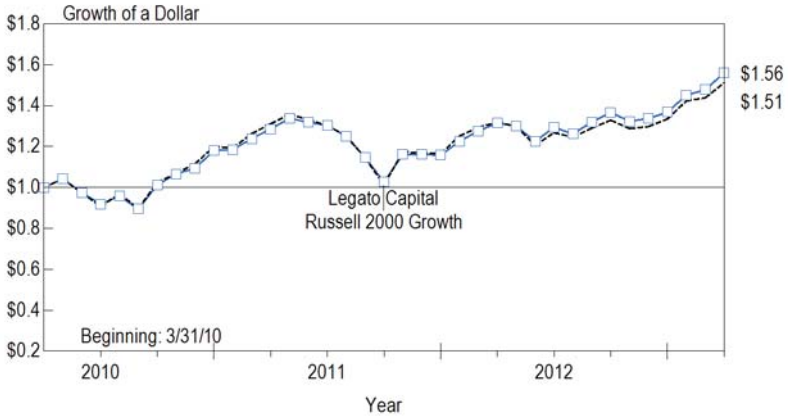
		Attribution Effects				Returns		Sector Weights	
	Total Effects		Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.3%		0.3%	0.0%	-0.1%	16.6%	11.3%	4.5%	5.7%
Materials	0.2%		0.4%	0.0%	-0.3%	20.6%	12.2%	1.2%	4.8%
Industrials	0.2%		0.3%	0.0%	0.0%	16.3%	14.8%	15.6%	18.0%
Cons. Disc.	0.9%		1.0%	0.1%	-0.2%	17.8%	11.3%	12.8%	16.2%
Cons. Staples	-0.5%		-0.7%	0.0%	0.2%	-3.0%	11.7%	3.5%	4.6%
Health Care	0.7%		0.6%	0.0%	0.1%	17.8%	14.8%	22.3%	20.2%
Financials	0.1%		0.0%	0.0%	0.0%	15.4%	14.9%	9.2%	7.9%
Info. Tech	-0.7%		-0.6%	0.0%	-0.1%	9.9%	12.5%	26.9%	21.5%
Telecomm.	-0.1%		0.0%	0.0%	0.0%	1.7%	4.5%	1.3%	0.8%
Utilities	0.0%		--	0.0%	--	--	2.8%	0.0%	0.3%
Cash	-0.4%		0.0%	-0.4%	0.0%	0.0%	--	2.8%	0.0%
Portfolio	**0.6%**	**=**	**1.4%**	**-0.3%**	**-0.5%**	**13.8%**	**13.1%**	**100.0%**	**100.0%**

Return Based Style Analysis - Legato Capital

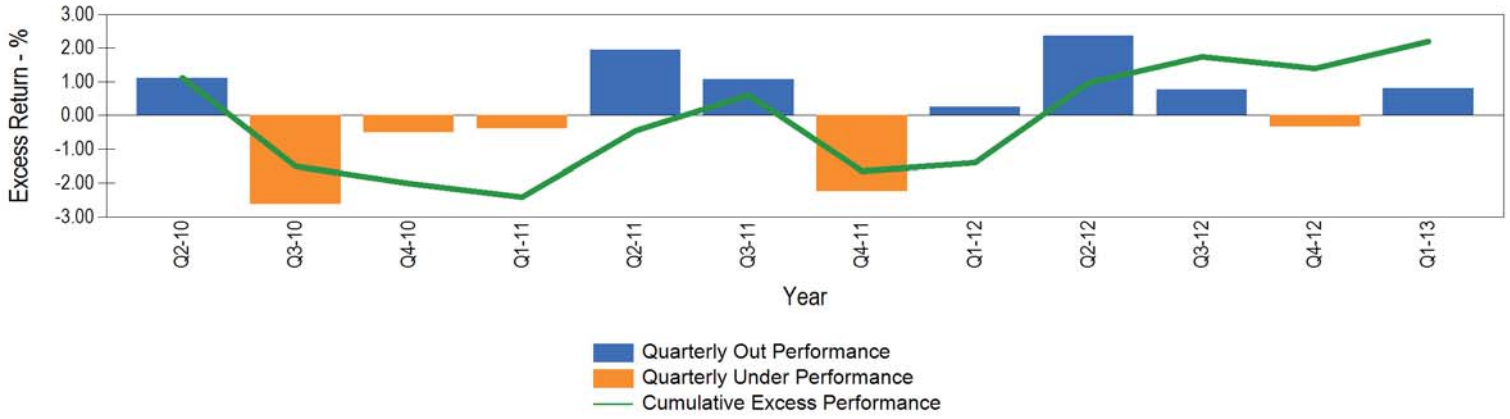
3 Years Ending March 31, 2013

U.S. Effective Style Map

GROWTH OF A DOLLAR



Quarterly and Cumulative Excess Performance



Equity Only Summary Statistics - Mellon S&P 500

Quarter Ending March 31, 2013

Characteristics

	Portfolio	S&P 500
Number of Holdings	488	500
Weighted Avg. Market Cap. ($B)	103.9	102.9
Median Market Cap. ($B)	13.8	14.0
Price To Earnings	19.5	18.6
Price To Book	3.6	3.4
Price To Sales	2.4	2.1
Return on Equity (%)	21.5	18.4
Yield (%)	2.2	2.1
Beta (holdings; domestic)	1.0	1.0

Top Holdings

APPLE	3.1%
EXXON MOBIL	3.0%
GENERAL ELECTRIC	1.8%
CHEVRON	1.7%
JOHNSON & JOHNSON	1.7%
INTERNATIONAL BUS.MCHS.	1.7%
MICROSOFT	1.6%
GOOGLE 'A'	1.6%
PROCTER & GAMBLE	1.6%
PFIZER	1.5%

Best Performers

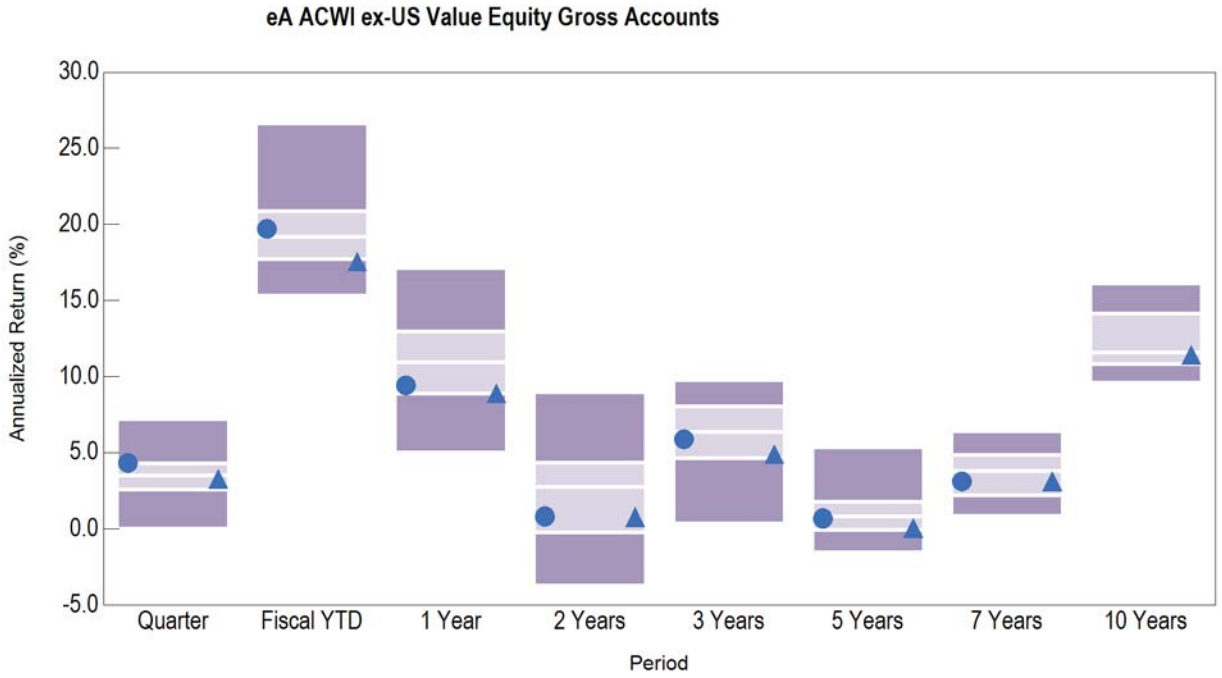
	Return %
NETFLIX (NFLX)	104.4%
BEST BUY (BBY)	88.3%
HEWLETT-PACKARD (HPQ)	68.3%
MICRON TECHNOLOGY (MU)	57.3%
CELGENE (CELG)	47.7%
SAFEWAY (SWY)	46.7%
TENET HEALTHCARE (THC)	46.5%
AVON PRODUCTS (AVP)	44.8%
PITNEY-BOWES (PBI)	43.5%
MARATHON PETROLEUM (MPC)	42.8%

Worst Performers

	Return %
CLIFFS NATURAL RESOURCES (CLF)	-50.4%
PENNEY JC (JCP)	-23.3%
PEABODY ENERGY (BTU)	-20.2%
US.STEEL (X)	-18.1%
GARMIN (GRMN)	-17.8%
APOLLO GP.'A' (APOL)	-16.9%
APPLE (AAPL)	-16.3%
NEWFIELD EXPLORATION (NFX)	-16.3%
AKAMAI TECHS. (AKAM)	-13.7%
FIRST SOLAR (FSLR)	-12.6%

Total Returns - ACWI ex-US Value

Periods Ending March 31, 2013



	Return (Rank)															
5th Percentile	7.2		26.6		17.1		8.9		9.7		5.3		6.4		16.1	
25th Percentile	4.3		20.9		13.0		4.3		8.1		1.8		4.8		14.2	
Median	3.5		19.2		11.0		2.8		6.3		0.9		3.8		11.6	
75th Percentile	2.6		17.7		8.9		-0.2		4.7		0.0		2.2		10.8	
95th Percentile	0.1		15.3		5.0		-3.7		0.4		-1.5		0.9		9.6	
# of Portfolios	30		30		30		30		28		25		22		15	
● LSV Asset Mgt	4.3	(26)	19.7	(38)	9.4	(69)	0.8	(66)	5.9	(57)	0.7	(62)	3.1	(61)	--	(--)
▲ MSCI ACWI ex USA Gross	3.3	(59)	17.5	(78)	8.9	(76)	0.8	(66)	4.9	(75)	0.1	(74)	3.1	(61)	11.4	(60)

Equity Only Summary Statistics - LSV Asset Mgt

Quarter Ending March 31, 2013

Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	188	1,827
Weighted Avg. Market Cap. ($B)	33.0	49.4
Median Market Cap. ($B)	5.5	6.4
Price To Earnings	11.5	16.9
Price To Book	1.5	2.3
Price To Sales	0.8	1.8
Return on Equity (%)	13.6	15.1
Yield (%)	3.8	3.0
Beta (holdings; global)	1.1	1.0

Top Holdings

SANOFI	2.3%
ASTRAZENECA	1.8%
ROYAL DUTCH SHELL B	1.6%
CHINA PTL.& CHM. 'H'	1.5%
ALLIANZ	1.4%
OLD MUTUAL	1.4%
BT GROUP	1.3%
SWISS RE	1.3%
LEGAL & GENERAL	1.3%
BASF	1.3%

Best Performers

	Return %
YOKOHAMA RUBBER (J:YORU)	60.5%
GRUMA 'B' (MX:GRM)	46.7%
WEIQIAO TEXTILE 'H' (K:WXT)	41.9%
SEINO HDG. (J:YK@N)	38.9%
DELHAIZE GROUP (B:DEH)	37.0%
VANGD.INTL.SEMICON. (TW:VGS)	34.5%
BANK OF QLND. (A:BOQX)	31.8%
KYORIN HOLDINGS (J:KYRN)	28.3%
OTSUKA HOLDINGS (J:OTHD)	25.8%
DOWNER EDI (A:DOWX)	25.3%

Worst Performers

	Return %
MOUNT GIBSON IRON (A:MGXX)	-35.1%
KPN KON (H:KPN)	-31.2%
BOART LONGYEAR (A:BLYX)	-31.0%
TATA STEEL GDR (REG S) (WI) (UKIR:TTST)	-27.7%
GLOBAL BIO-CHEM TECH.GP. (K:GBIO)	-24.0%
BANCO POPOLARE (I:BP)	-23.9%
AVIVA (UKIR:AV.)	-23.7%
ING GROEP (H:ING)	-23.6%
PANORAMIC RESOURCES (A:PANX)	-22.6%
ENEL (I:ENEL)	-21.0%

Equity Sector Attribution - LSV Asset Mgt

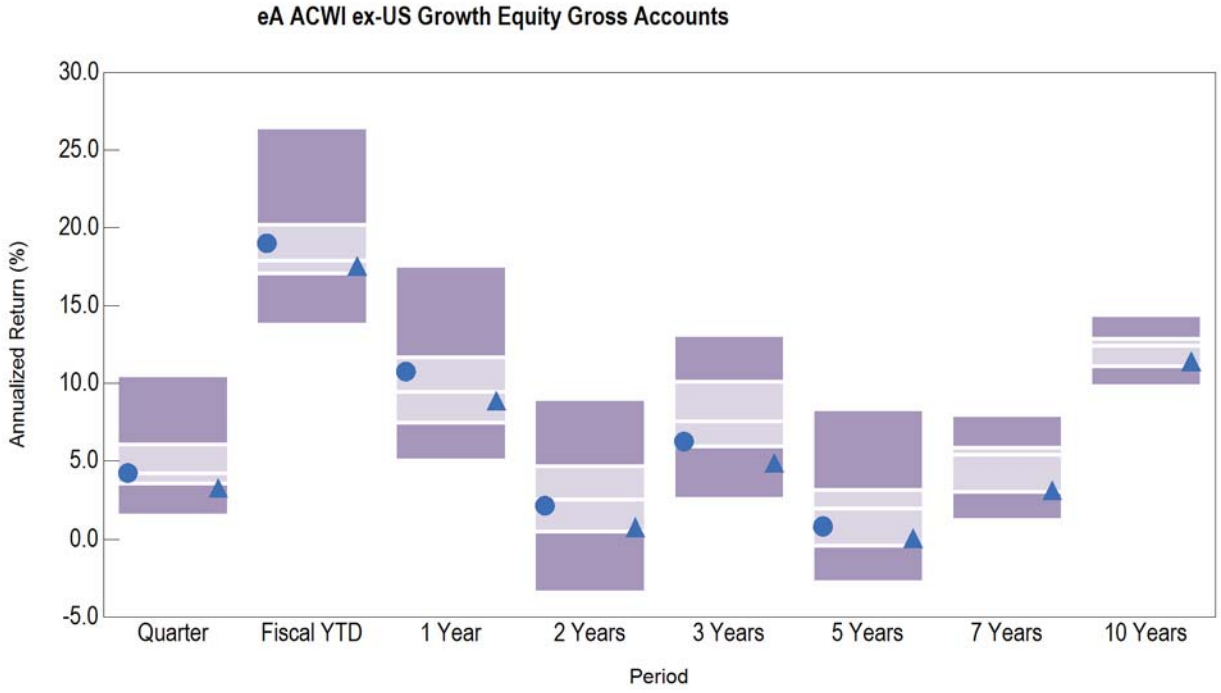
Quarter Ending March 31, 2013

LSV Asset Mgt Performance Attribution vs. MSCI ACWI ex USA Gross

	Attribution Effects				Returns		Sector Weights	
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	-0.1%	0.1%	-0.2%	-0.1%	-1.1%	-2.3%	12.9%	10.3%
Materials	0.3%	-0.2%	0.2%	0.2%	-7.6%	-7.2%	9.1%	11.0%
Industrials	0.1%	0.2%	0.0%	-0.1%	5.8%	5.1%	11.1%	10.6%
Cons. Disc.	0.4%	0.2%	-0.1%	0.2%	9.8%	5.6%	7.2%	9.5%
Cons. Staples	0.1%	0.1%	-0.2%	0.2%	11.5%	9.0%	6.6%	10.3%
Health Care	0.2%	0.2%	0.1%	-0.1%	13.6%	12.2%	8.4%	7.1%
Financials	0.0%	0.3%	0.0%	-0.2%	4.3%	4.1%	26.8%	25.9%
Info. Tech	0.1%	0.0%	0.0%	0.1%	3.4%	3.1%	4.2%	6.4%
Telecomm.	0.0%	0.2%	0.0%	-0.2%	4.5%	2.5%	9.3%	5.4%
Utilities	0.1%	0.0%	0.0%	0.1%	2.6%	-0.1%	3.0%	3.5%
Cash	-0.1%	0.0%	-0.1%	0.0%	0.0%	--	1.4%	0.0%
Portfolio	**1.1%**	**=** **1.2%**	**+** **-0.2%**	**+** **0.1%**	**4.3%**	**3.2%**	**100.0%**	**100.0%**

Total Returns - ACWI ex-US Growth

Periods Ending March 31, 2013



	Return (Rank)															
5th Percentile	10.5		26.4		17.5		9.0		13.1		8.3		7.9		14.4	
25th Percentile	6.1		20.2		11.7		4.7		10.1		3.2		5.9		12.9	
Median	4.2		17.9		9.5		2.6		7.6		2.0		5.4		12.4	
75th Percentile	3.6		17.1		7.5		0.5		6.0		-0.4		3.0		11.1	
95th Percentile	1.5		13.8		5.0		-3.4		2.6		-2.7		1.2		9.8	
# of Portfolios	49		49		49		48		47		40		37		25	
● Pyramis	4.2	(50)	19.0	(42)	10.8	(35)	2.1	(60)	6.3	(74)	0.8	(71)	--	(--)	--	(--)
▲ MSCI ACWI ex USA Gross	3.3	(83)	17.5	(64)	8.9	(58)	0.8	(73)	4.9	(79)	0.1	(74)	3.1	(73)	11.4	(70)

Equity Only Summary Statistics - Pyramis

Quarter Ending March 31, 2013

Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	279	1,827
Weighted Avg. Market Cap. ($B)	54.9	49.4
Median Market Cap. ($B)	12.0	6.4
Price To Earnings	15.3	16.9
Price To Book	3.2	2.3
Price To Sales	2.0	1.8
Return on Equity (%)	16.6	15.1
Yield (%)	2.6	3.0
Beta (holdings; global)	1.0	1.0

Top Holdings

NESTLE 'R'	2.1%
SANOFI	1.9%
HSBC HDG. (ORD $0.50)	1.7%
ROYAL DUTCH SHELL A	1.7%
ROCHE HOLDING	1.5%
BAYER	1.3%
BHP BILLITON	1.3%
VODAFONE GROUP	1.3%
BRITISH AMERICAN TOBACCO	1.3%
BP	1.2%

Best Performers

	Return %
TSUI WAH HOLDINGS (K:TWHL)	55.7%
KAKAKU.COM (J:KAKA)	50.3%
MELCO INTL.DEV. (K:MELO)	48.9%
AINSWORTH LUM. (C:ANS)	47.7%
YAHOO JAPAN (J:AHOO)	44.2%
SUMITOMO RUBBER INDS. (J:SURI)	42.4%
SYSMEX (J:TOAF)	34.7%
EASYJET (UKIR:EZJ)	34.7%
SURUGA BANK (J:SURB)	32.5%
SHIP HEALTHCARE HOLDINGS (J:GHSI)	32.5%

Worst Performers

	Return %
SURGE ENERGY (C:SGY)	-42.1%
ING GROEP (H:ING)	-23.6%
LI & FUNG (K:FUNG)	-21.9%
AGNICO EAGLE MINES (C:AEM)	-21.2%
SAIPEM (I:SPM)	-20.3%
CHIYODA (J:CY@N)	-20.2%
FRANCO-NEVADA (C:FNV)	-19.7%
LANXESS (D:LXS)	-18.1%
JGC (J:JGCC)	-16.8%
FANUC (J:DU@N)	-16.3%

Equity Sector Attribution - Pyramis

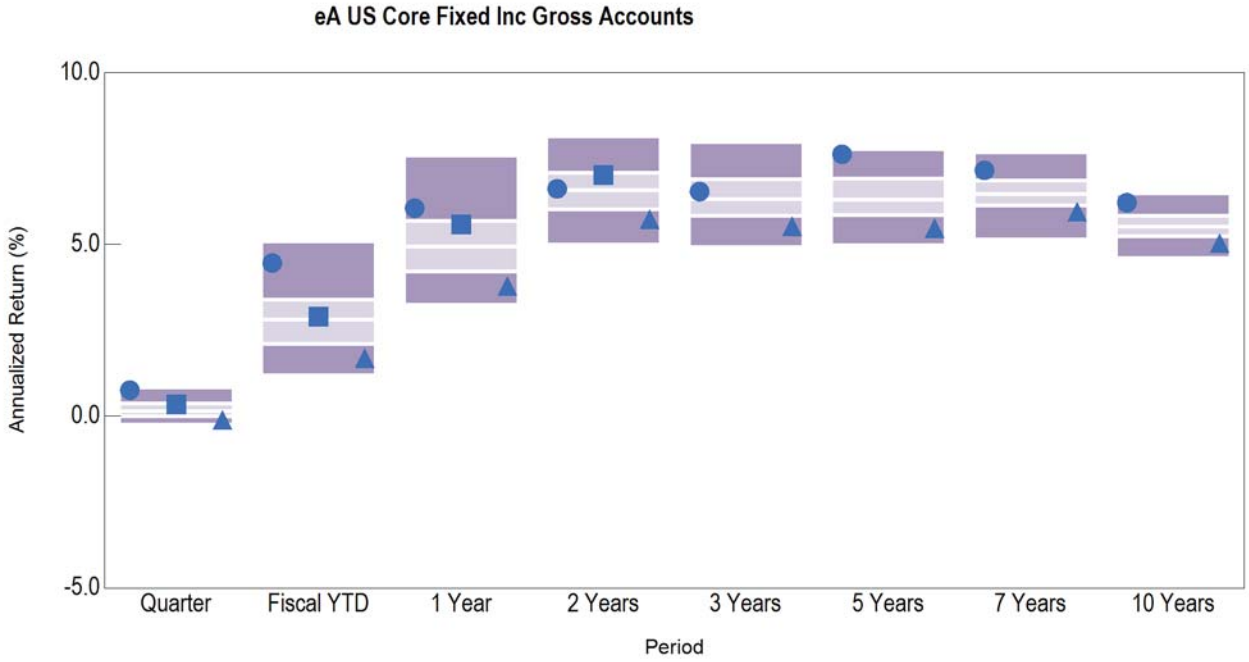
Quarter Ending March 31, 2013

Pyramis Performance Attribution vs. MSCI ACWI ex USA Gross

		Attribution Effects			Returns		Sector Weights	
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark
Energy	0.4%	0.3%	0.1%	0.0%	0.3%	-2.3%	8.8%	10.3%
Materials	0.3%	0.2%	0.1%	0.0%	-6.3%	-7.2%	10.2%	11.0%
Industrials	0.2%	0.3%	0.0%	-0.1%	7.1%	5.1%	11.6%	10.6%
Cons. Disc.	0.4%	0.4%	0.1%	-0.1%	9.1%	5.6%	13.1%	9.5%
Cons. Staples	0.2%	0.4%	0.0%	-0.1%	11.6%	9.0%	9.9%	10.3%
Health Care	0.1%	-0.1%	0.2%	-0.1%	11.8%	12.2%	9.0%	7.1%
Financials	0.2%	0.5%	0.0%	-0.3%	5.0%	4.1%	25.7%	25.9%
Info. Tech	0.4%	0.5%	0.0%	-0.1%	9.3%	3.1%	5.6%	6.4%
Telecomm.	0.5%	0.8%	0.0%	-0.4%	14.5%	2.5%	3.5%	5.4%
Utilities	0.2%	0.3%	0.1%	-0.2%	4.9%	-0.1%	1.2%	3.5%
Cash	-0.1%	0.0%	-0.1%	0.0%	0.0%	--	1.4%	0.0%
Portfolio	**2.7%**	**= 3.6%**	**+ 0.5%**	**+ -1.4%**	**6.0%**	**3.2%**	**100.0%**	**100.0%**

Total Returns - Core Fixed

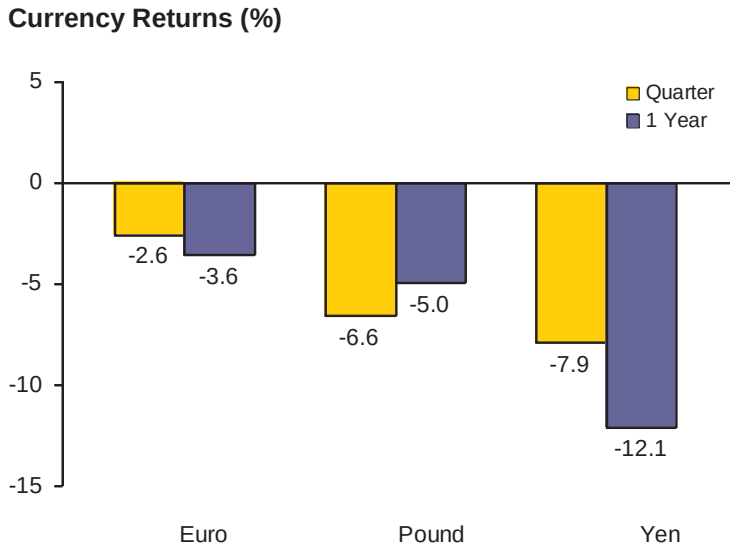
Periods Ending March 31, 2013



	Return (Rank)													
5th Percentile	0.8		5.1		7.6		8.1		8.0		7.8		7.7		6.5	
25th Percentile	0.4		3.4		5.7		7.1		6.9		6.9		6.9		5.8	
Median	0.1		2.8		4.9		6.6		6.3		6.3		6.5		5.5	
75th Percentile	0.0		2.1		4.2		6.0		5.8		5.9		6.1		5.2	
95th Percentile	-0.3		1.2		3.2		5.0		4.9		5.0		5.1		4.6	
# of Portfolios	215		215		215		214		212		207		196		179	
● Dodge & Cox-Fixed	0.7	(7)	4.4	(11)	6.0	(20)	6.6	(50)	6.5	(39)	7.6	(8)	7.2	(16)	6.2	(10)
■ PIMCO Fixed Income	0.3	(29)	2.9	(45)	5.6	(28)	7.0	(29)	--	(--)	--	(--)	--	(--)	--	(--)
▲ Barclays Aggregate	-0.1	(91)	1.7	(89)	3.8	(90)	5.7	(86)	5.5	(85)	5.5	(88)	5.9	(83)	5.0	(87)

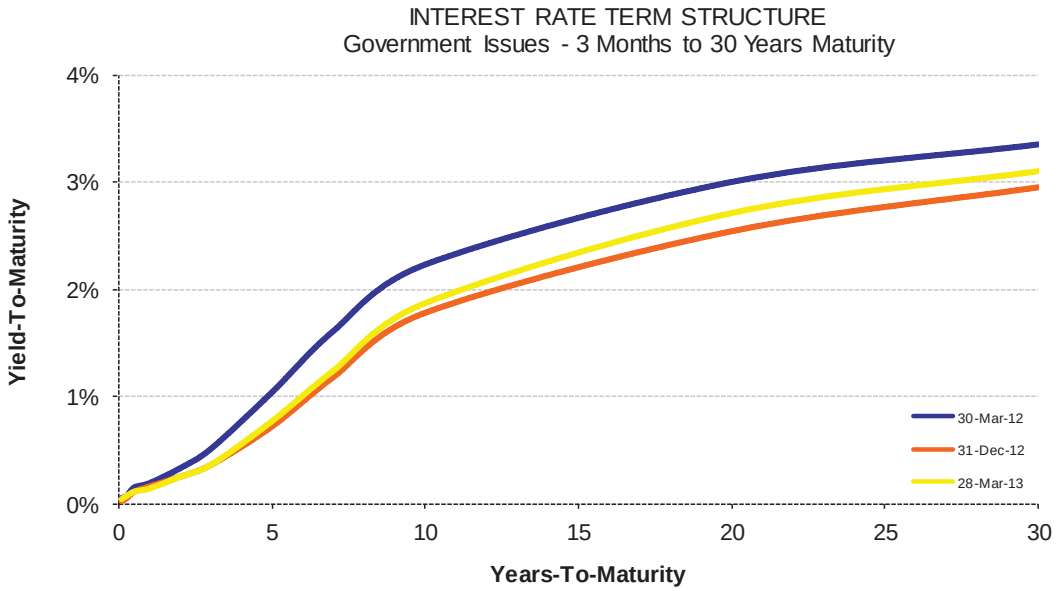
Currency Markets

- The euro fell 2.6% against the dollar in the first quarter as political uncertainty came to the fore of investors' minds.
- Dovish monetary policy in Japan led to continued declines in the yen, which fell 7.9% against the dollar in the first quarter.
- The U.S. dollar trade-weighted index, which measures the dollar's movement against a basket of currencies, rose 4.3% in the first quarter.



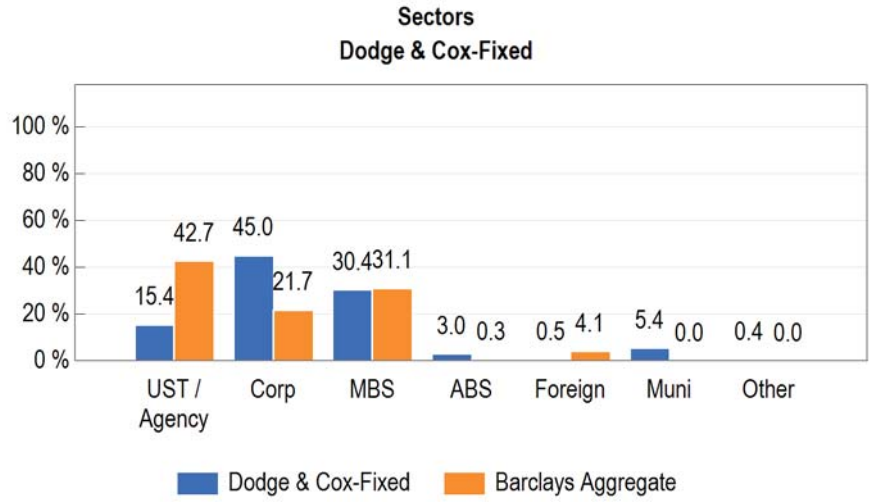
Yield Curve

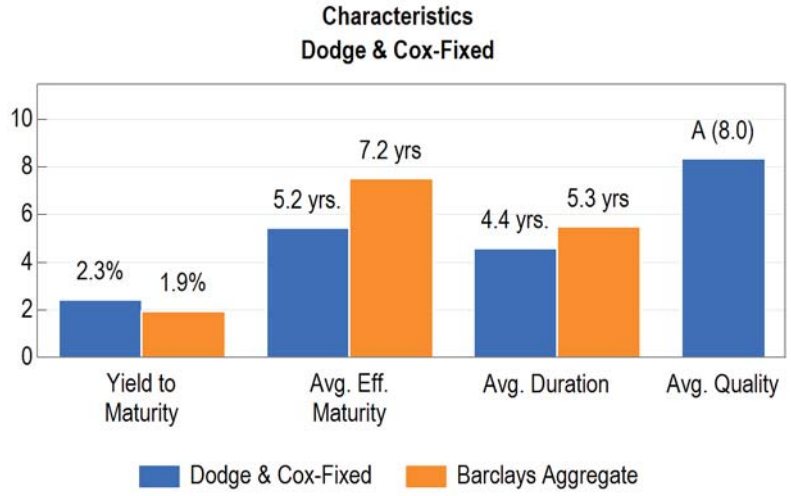
- The U.S. yield curve steepened on a quarterly basis as U.S. growth improved and market participants pondered when the Fed could begin tapering quantitative easing.
- Thirty-year yields rose fifteen basis points during the first quarter.

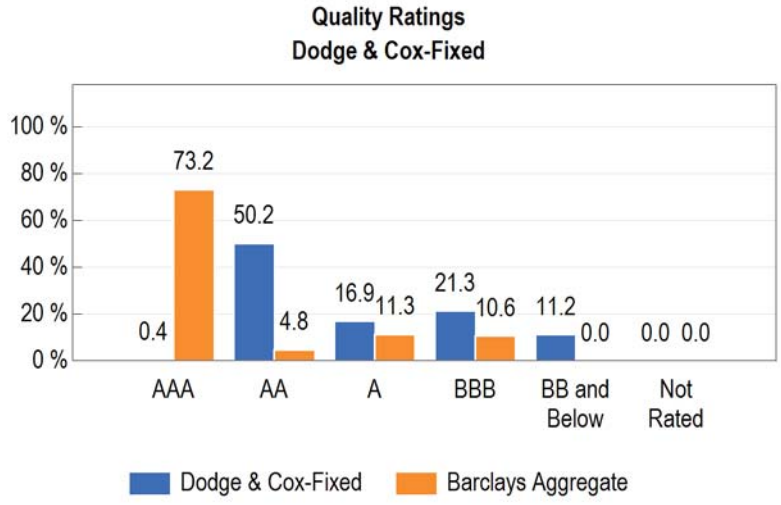


Bond Summary Statistics - Dodge & Cox

As of March 31, 2013



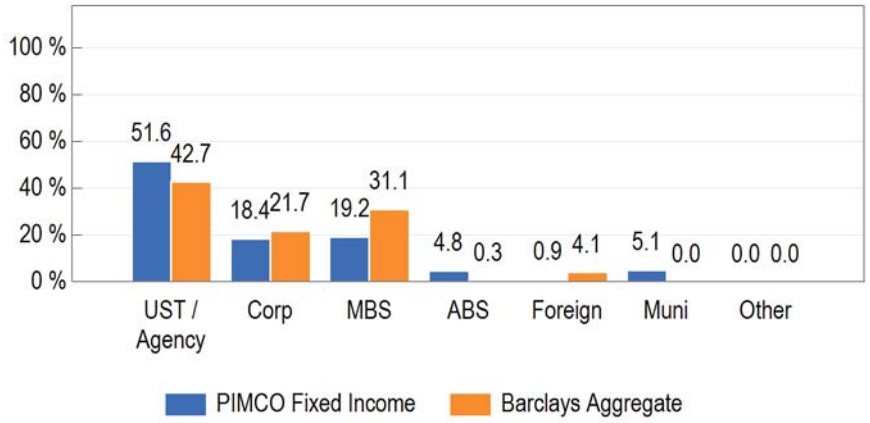




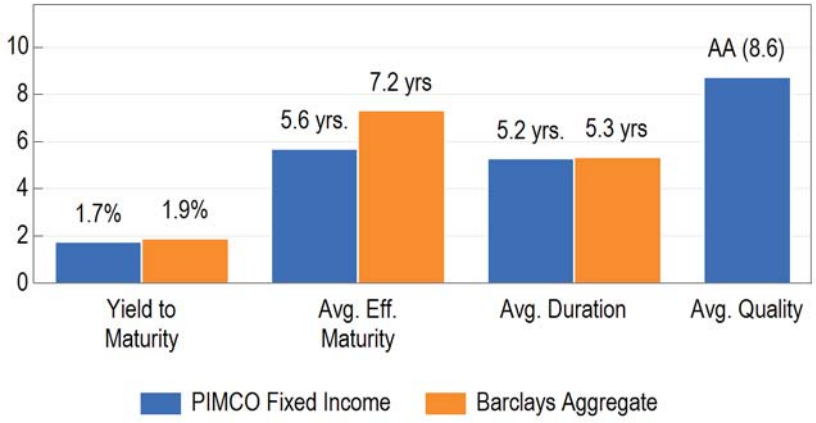
Bond Summary Statistics - PIMCO

As of March 31, 2013

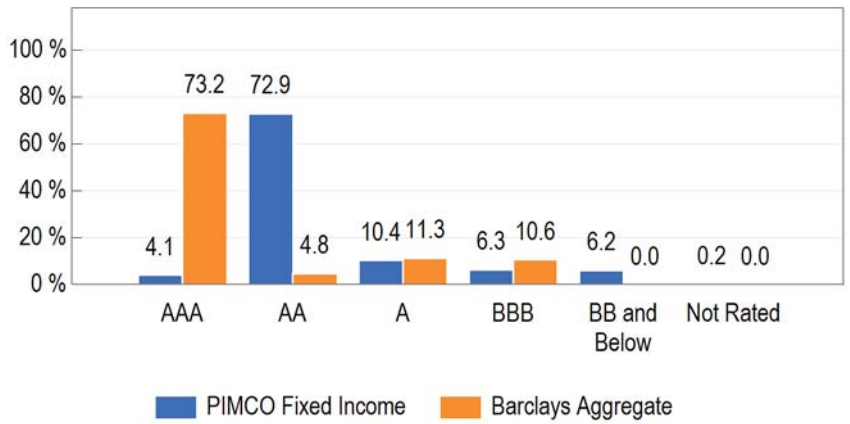
Sectors
PIMCO Fixed Income



Characteristics
PIMCO Fixed Income



Quality Ratings
PIMCO Fixed Income



TOP

STANISLAUS PUBLIC EMPLOYEES' RETIREMENT SYSTEM

FIXED INCOME DISCUSSION

MAY 2013

STRATEGIC INVESTMENT SOLUTIONS, INC.

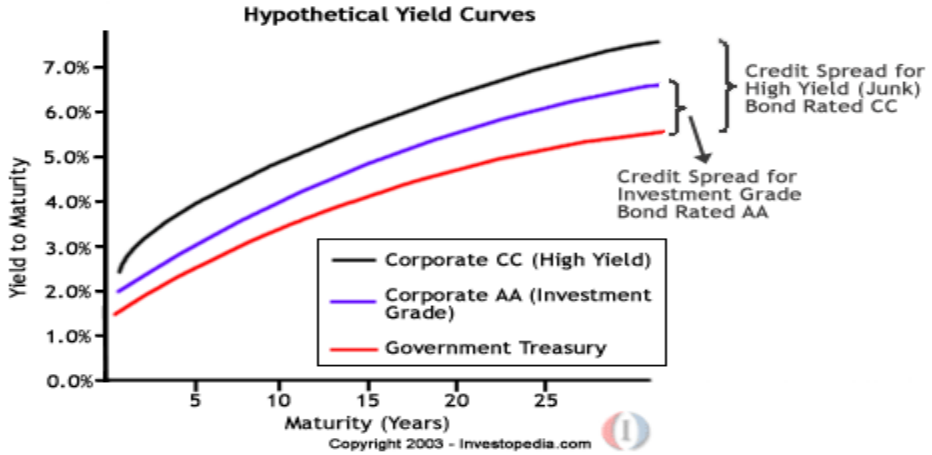
333 Bush Street, Suite 2000
San Francisco, CA 94104
(415) 362-3484

Discussion Topics

- Fixed Income 101
- What Are The Concerns re: Fixed Income?
- Fixed Income Historical Data
- Capital Markets Expectations
- StanCERA Fixed Income Allocation
- What Can We Do About It?
- Should We Be Concerned?

What Is a Bond?

- At simplest level, a loan between two parties that becomes securitized, or tradable in the open market
- Borrower pays interest to lender to compensate for risk of non-repayment (default) and for the time value of money
- These two factors are reflected in the coupon: higher coupon for greater risk and longer period to maturity



- Various ways for lenders to reduce or hedge this risk

What Affects Bond Prices?

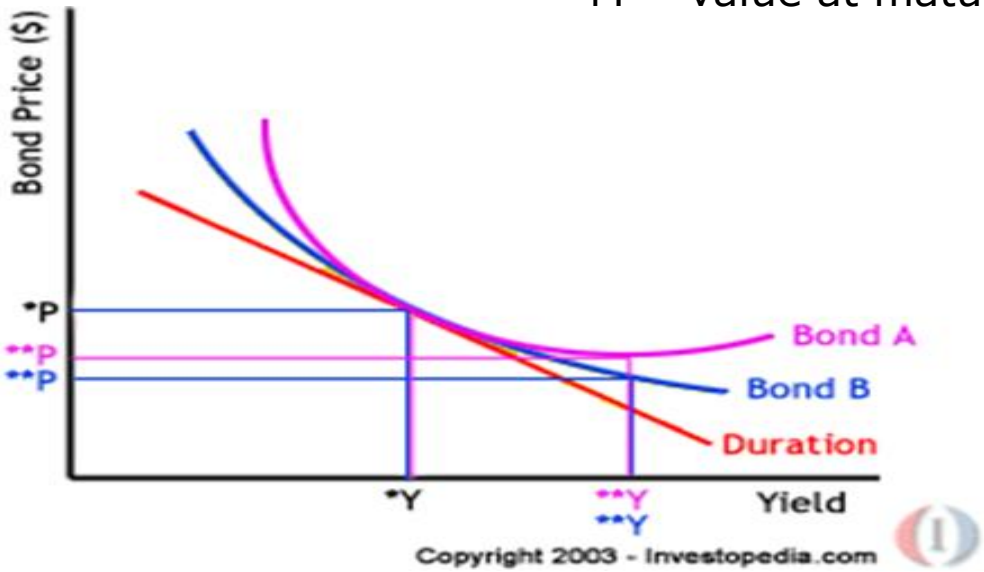
- Changes in the general level of interest rates
  - When rates rise, prices for most bonds decline
  - Duration is a measure of the magnitude of this change: the longer the duration, the greater the price drop
    - Each duration year = a 1% drop in price for a 1% increase in rates
    - StanCERA FI portfolios have about a 4 year duration:
      - If rates increase by 1% (100 bps), the price decline will be ~4%.
  - Positive convexity offsets this effect; negative convexity exaggerates this effect
- Changes in liquidity
  - Liquidity can dry up quickly for most sectors
  - "Flight to quality" causes risky bond prices to fall and "safe" (US Government) bond prices to rise: credit spreads widen

What Affects Bond Prices?

A bond's price is simply the net present value of future cash flows, including interest and principal, discounted at an appropriate interest rate.

$$\text{Bond Price} = \frac{C}{(1+i)} + \frac{C}{(1+i)^2} + \ldots + \frac{C}{(1+i)^n} + \frac{M}{(1+i)^n}$$

C = coupon payment
n = number of payments
i = interest rate, or required yield
M = value at maturity, or par value



Duration is the slope of the relationship between a change in rates and a bond's price. *Convexity* is the change in duration with a change in rates.

In this example Bond A has greater positive convexity than Bond B.

What Affects Bond Prices?

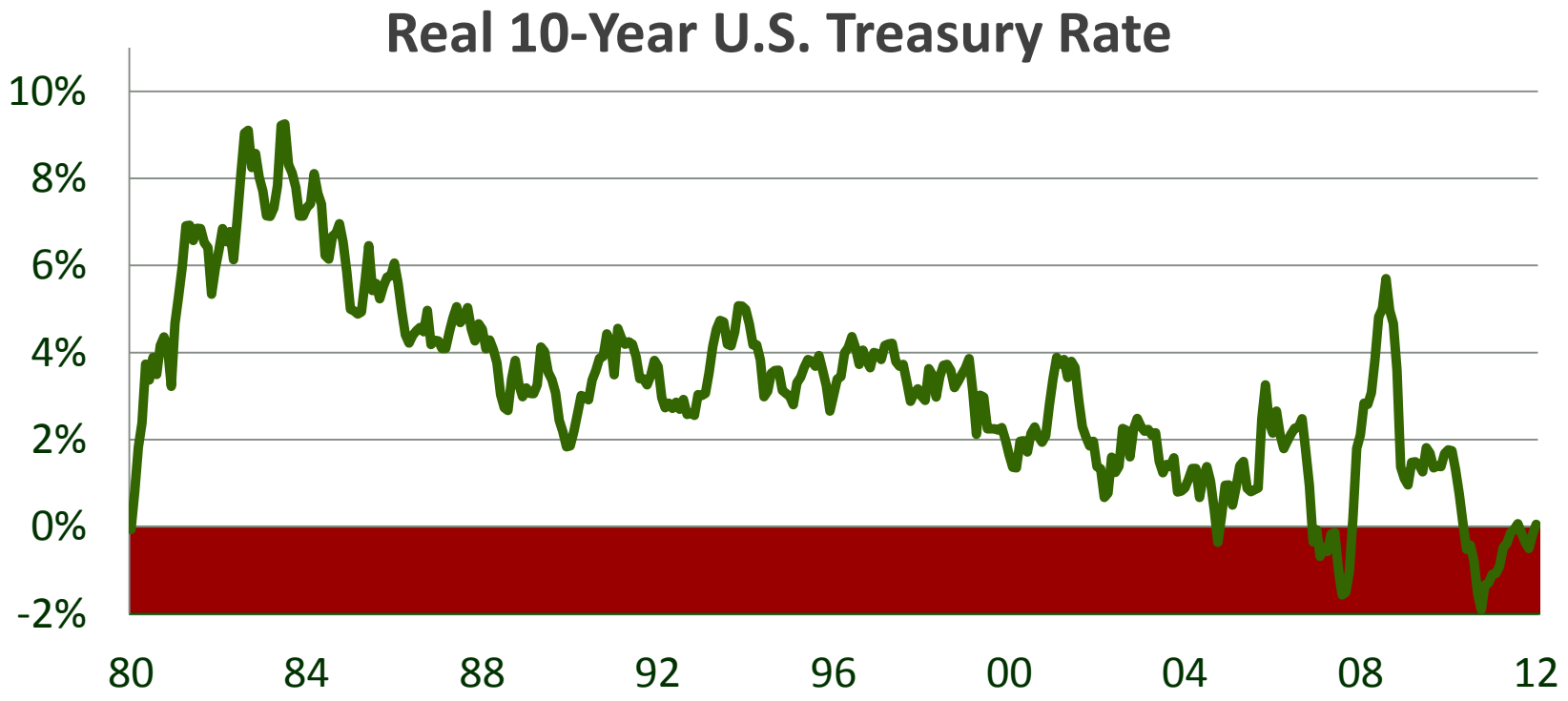
- Broad market interest rates are affected by:
  - Monetary Policy (Federal Reserve and Treasury Dept. actions)
  - Fiscal Policy (Government borrowing and spending)
  - Risk tolerance of investors
  - General credit conditions
- A single bond's price (and, conversely, yield) is affected by:
  - The issuer's creditworthiness
  - Security characteristics (seniority, callability, term, etc.)
  - Liquidity: Supply and demand of bonds with similar characteristics

What Are The Concerns re: Fixed Income?

- Roles of Fixed Income
  - Capital Preservation
  - Income Generation
- Fixed Income has become challenged in both areas
  - Yields are unlikely to fall significantly from current levels and could rise rapidly if growth or inflation were to pick up. Bonds lose value in rising rate environments.
  - Yields are so low in large developed markets that income generation is below what most Plans need for funding purposes.

What Are The Concerns re: Fixed Income?

- **Yields near all time lows. Average Nominal Yield 6.42% today at 1.87%. Average Real Yield 2.55% today at 0.09%.**
- Nearing an inflection point, interest rates are likely to rise, the question is when?
- **Rising yields will lead to decline in Treasury bond prices**



What Are The Concerns re: Fixed Income

Rising Rate	Corp. Bonds	S&P 500
1958-1981	3.0%	8.6%
Ann. Inflation	5.0%	5.0%
Ann. Real Return	-2.0%	3.6%

Falling Rate	Corp. Bonds	S&P 500
1982-2012	10.1%	11.0%
Ann. Inflation	3.1%	3.1%
Ann. Real Return	6.8%	7.7%

Fixed Income Yields and Returns

	# of	Correlation	Yield	Price Impact of a 1%	
U.S. Treasuries	issues	to 10-year	Mar. 2013	Fall	Rise
2-Year	73	0.69	0.25%	0.5%	-0.5%
5-Year	60	0.92	0.77%	3.7%	-3.7%
10-Year	21	1.00	1.87%	9.2%	-9.2%
30-Year	18	0.92	3.10%	20.4%	-20.3%
TIPS	34	0.62	-0.64%	9.2%	-9.2%
TOTALS	206				

Fixed Income Yields and Returns

Sector	# of issues	Correlation to 10-year	Avg. Maturity	Yield Mar. 2013	Price Impact of a 1% Fall	Rise
Broad Market	8223	0.87	7.2 years	1.86%	5.3%	-5.3%
MBS	784	0.81	5.9 years	2.52%	4.0%	-4.1%
Municipals	8988	0.53	9.9 years	2.06%	6.0%	-6.0%
Corporates	4527	0.52	10.4 years	2.78%	7.1%	-7.1%
High Yield	2056	-0.22	6.7 years	5.67%	4.1%	-4.1%
Floating Rate	314	-0.23	1.8 years	1.44%	0.1%	-0.1%
EMD ($)	623	0.23	9.6 years	4.30%	6.2%	-6.2%
EMD (Local)	430	-0.04	7.0 years	4.86%	5.0%	-5.0%

Historical Bond Return Data

Returns:											
	1926	1930	1940	1950	1960	1970	1980	1990	2000	2010	**1926**
	to	to	to	to	to	to	to	to	to	to	**to**
FI Asset	1929	1939	1949	1959	1969	1979	1989	1999	2009	2012	**2012**
1-month US Treasury Bill	3.6%	0.6%	0.4%	1.9%	3.9%	6.3%	8.9%	4.9%	2.1%	0.1%	**3.5%**
Long-term US Gov't Bond	5.0%	4.9%	3.2%	-0.1%	1.4%	5.5%	12.6%	8.9%	7.7%	13.4%	**5.7%**
Long-term US Corp. Bond	5.2%	6.9%	2.7%	1.0%	1.7%	6.2%	13.0%	8.1%	7.6%	13.6%	**6.1%**
CPI	-1.1%	-2.0%	5.4%	2.2%	2.5%	7.4%	5.1%	3.0%	2.5%	2.1%	**3.0%**
LT US Gov't Bond Inflation Adj.											**2.6%**
LT US Corp Bond Inflation Adj.											**0.5%**
							1980	1990	2000	2010	**1980**
							to	to	to	to	**to**
FI Asset							1989	1999	2009	2012	**2012**
BC US Aggregate Index							12.4%	7.7%	6.3%	6.2%	**8.2%**
BC US Municipal Index							9.4%	7.1%	5.8%	6.6%	**7.3%**
DFA US Intermediate Var. Credit							12.6%	7.9%	6.5%	7.5%	**8.8%**
DFA US Intermediate Var. Govt/Credit							12.0%	7.3%	6.2%	5.9%	**8.2%**

Data provided by:
Dimensional
Barclays Bank
Ibbotson Assoc.

SIS Fixed Income Capital Markets Expectations

FI Asset Class	Expected Return	Expected Risk	Sharpe Ratio
BC Aggregate	**2.4%**	**5.0%**	**0.18**
Int'l. Bond	2.4%	9.0%	0.10
High Yield	4.5%	11.0%	0.27
EM Debt	4.4%	10.0%	0.29
Bank Loans	4.1%	7.5%	0.35
TIPS	2.2%	4.5%	0.16
Int'l. ILBs	2.2%	4.0%	0.18
Cash	1.5%	1.0%	
CPI	2.4%	1.2%	

StanCERA FI allocation is at 29.8% within the US Core BC Aggregate asset class has low return expectations at 2.4%.

30% of the Portfolio with return expectations of 2.4%!

SIS Correlation Expectations

Correlation Matrix	R1000	R2000	INTL EQ	EM EQ	REAL EST	DIR LEND	**BC AGG**	INTL FI	HIGH YLD	EM DEBT	BK LOAN	TIPS	ILBs	CASH	CPI
R1000	**1.00**														
R2000	0.86	**1.00**													
Int'l Equity	0.77	0.72	**1.00**												
EM Equity	0.58	0.66	0.71	**1.00**											
Real Estate	0.64	0.65	0.56	0.50	**1.00**										
Direct Lending	0.63	0.62	0.60	0.57	0.65	**1.00**									
BC Aggregate	**0.17**	**0.09**	**0.07**	**-0.09**	**0.16**	**0.15**	**1.00**								
Int'l. Bond	0.11	0.02	0.36	0.13	0.00	0.15	0.46	**1.00**							
High Yield	0.70	0.73	0.60	0.59	0.69	0.76	0.35	0.30	**1.00**						
EM Debt	0.50	0.50	0.43	0.55	0.44	0.42	0.36	0.14	0.49	**1.00**					
Bank Loans	0.65	0.64	0.62	0.59	0.67	0.80	0.14	0.10	0.78	0.42	**1.00**				
TIPS	0.12	0.08	0.07	0.08	0.26	0.26	0.62	0.43	0.32	0.39	0.25	**1.00**			
Int'l. ILBs	0.45	0.28	0.43	0.15	0.26	0.26	0.59	0.47	0.41	0.32	0.33	0.52	**1.00**		
Cash	0.14	0.10	0.09	0.01	-0.16	0.00	0.33	0.07	-0.16	0.23	-0.08	0.05	0.11	**1.00**	
CPI	0.11	0.10	0.13	0.23	0.09	0.25	-0.04	0.03	-0.09	0.25	0.10	0.29	0.03	0.41	**1.00**

FI allocation within BC Aggregate does provide low correlations to Equities and Direct Lending

GMO Fixed Income Expectations

FI Asset Class	Expected Return	Expected Range
US Bonds	-0.9%	+/- 4.0%
Int'l. Bonds (Hedged)	-2.0%	+/- 4.0%
EM Debt	1.6%	+/- 8.5%
ILBs	-2.2%	+/- 1.5%
Cash	0.1%	+/- 1.5%

estimated range of 7-year annualized returns

Source: GMO

Not a pretty picture for FI returns

Building-Block Approach to Asset Class Expected Returns

ASSET CLASS	DERIVATION
Inflation	Consensus of Economists' Forecasts, TIPS
Cash	**Inflation + 1% to 2% Premium**
US Large Cap	**CAPM, 3% to 6% Equity Premium,** Macroeconomic Dividend Discount Model
US Fixed	**Yield to Worst on Aggregate** (Compare to Historic Bond Risk Premium, Adjust if Necessary)
US Small Cap	**CAPM, (Beta of ~1.2)**
Private Markets	**CAPM, (Beta of ~1.6)**
International Equity	Weighted Sum of Local Market Premium + Local Risk Free Rate
International Bond	US Fixed Return, Adjusted for Quality and Duration (Potential Currency Effects Based on Purchasing Power Parity)
Real Estate	Historical Behavior of Equity REITs; Current Appraisal Cap Rates; CAPM
High Yield	Historical Ratio: Spread of High Yield Over US Fixed Income Divided By Spread of Large Cap Over US Fixed Income

THE CONTINUATION OF LOW CASH LEVEL YIELDS ARE HAVING THE EFFECT OF LOWERING THE ASSUMED RETURN EXPECTATIONS FOR ALL ASSET CLASSES

StanCERA Target Portfolio Expectations

January 2013 Asset	Expected Gm Mean	Std Dev	Current Yield	Current Mix	**New Policy Mix**
US Lrg Cap	8.00%	18.00%	2.20%	33.10%	30.50%
US Sml Cap	8.30%	21.00%	1.20%	8.30%	7.60%
US Fixed	2.80%	4.50%	2.80%	37.10%	**29.80%**
Intl Stock	8.00%	18.50%	3.50%	15.00%	13.50%
EM Stock	8.50%	27.50%	2.70%	5.00%	4.50%
Real Est	6.60%	18.50%	2.50%	1.50%	3.50%
Dir Lend	8.30%	10.00%	8.30%	0.00%	7.50%
Infrast	7.10%	25.00%	4.00%	0.00%	3.00%
Totals				100.00%	100.00%
Median				6.61%	6.98%
Gm Mean				6.63%	**7.00%**
Std Dev				11.30%	11.65%
SIS Infl				2.30%	2.30%
SIS Real				4.33%	**4.70%**

Assumed optimization time period is 10 years.

Achieving Your Target Return

Portfolio Total Return		Risk Free Rate		Beta		Alpha
Since 1970*						
9.8%	=	5.7%	+	4.2%	+	?
Forecast**						
7.0%	=	1.5%	+	5.5%	+	?
Today						
?	=	**0.2%**	+	?	+	?

* Source: Bridgewater Associates. Period 1970 to January 2013.

** Estimated expected return on DB Retirement Plan Target Mix. Risk Free Rate or Inflation expectations currently at 2.3%. DB Retirement Total Return expectations of 7.0% is based upon a mix of passive investments (beta) representing asset classes.

StanCERA Current FI Allocation

- Dodge & Cox FI (US Core/Core+)
  - Benchmark BC US Aggregate Index
  - Portfolio Value 4/30/13: $427.9 Million
  - % of Fixed Income = 79.05%
  - % of Total Plan Assets = 27.3%
  - Current Yield = 4.4%
- PIMCO FI (US Core)
  - Benchmark BC US Aggregate Index
  - Portfolio Value 4/30/13: $113.4 Million
  - % of Fixed Income =20.95%
  - % of Total Plan Assets = 7.2%
  - Current Yield = 2.3%

Combined Current Yield = 3.96% or $21.3 Million annually

Dodge & Cox FI Portfolio Sectors

Dodge & Cox FI Sectors	% of Portfolio	Market Value	Est. Annual Income	Current Yield
U.S. Treasury	8.2%	$35,243,235	$113,250	0.3%
Government-Related	7.8%	$33,193,768	$1,638,817	**4.9%**
Mortgage-Related	32.2%	$137,577,371	$6,652,768	**4.8%**
Asset-Backed	1.7%	$7,372,156	$108,178	1.5%
Corporate	45.2%	$193,301,519	$10,189,401	**5.3%**
Cash	4.1%	$17,481,245	$1,748	0.0%
Accrued Income	0.9%	$3,748,415	$0	0.0%
TOTAL D&C VALUE	**100.0%**	**$427,917,709**	**$18,704,162**	**4.4%**

Dodge & Cox FI Portfolio Characteristics

BY QUALITY	%	BC AGG %	BY MATURITY	%
CASH	4.1%		0-1 Year	14.8%
US TREASURY	8.3%		1-5	49.1%
FEDERAL AGENCY	33.8%		5-10	21.2%
AAA	1.7%	72.2%	10-15	1.2%
AA	1.3%	4.8%	15-20	5.5%
A	14.0%	11.3%	20-25	5.3%
BAA	27.9%	10.6%	Over 25	2.9%
BA	4.9%		TOTAL D&C	100.0%
BELOW BA	3.8%			
TOTAL D&C	100.0%	100.0%		

Weighted-Average Summary Characteristics		BC AGG
MATURITY	6.2 Years	7.2 Years
EFFECTIVE DURATION	4.0 Years	5.3 Years
QUALITY	A+	AA+
COUPON	5.2%	
YTM	2.1%	1.9%
CURRENT YIELD	4.4%	

PIMCO FI Portfolio Sectors

Dodge & Cox FI Sectors	% of Portfolio	Market Value	Estimated Income	Current Yield
U.S. Treasury	30%	$34,180,182	$376,869	1.1%
Government-Related	6%	$7,110,064	$42,500	0.6%
Mortgage-Related	32%	$35,799,230	$1,058,664	**3.0%**
Asset-Backed	0%	$215,349	$853	0.4%
Investment Grade Credit	9%	$10,067,993	$394,364	**3.9%**
High Yield Credit	5%	$5,782,380	$198,590	**3.4%**
Non-US Developed	1%	$787,523	$0	0.0%
Emerging Markets Debt	2%	$2,361,980	$110,603	**4.7%**
Municipal/Other	8%	$7,972,296	$230,167	2.9%
Cash	7%	$8,010,194	$158,394	2.0%
TOTAL PIMCO VALUE	**100.0%**	**$112,287,191**	**$2,571,004**	**2.3%**

PIMCO FI Portfolio Characteristics

BY QUALITY	%	BC AGG %	BY MATURITY	%
CASH	7		0-1 Year	11
US TREASURY	30		1-5	37
FEDERAL AGENCY	26		5-10	45
AAA	4	72.2%	10-15	1
AA	72	4.8%	15-20	1
A	8	11.3%	20-25	0
BAA	8	10.6%	Over 25	5
BA	4		TOTAL PIMCO	100.0%
BELOW BA	4			
TOTAL PIMCO	100.0%			

Weighted-Average Summary Characteristics		BC AGG
MATURITY	6.8 Years	7.2 Years
EFFECTIVE DURATION	5.2 Years	5.3 Years
QUALITY	AA-	AA+
COUPON	2.4%	
YTM	2.0%	1.9%
CURRENT YIELD	2.3%	

What Can We Do About It? Reduce Duration

- Duration is a measure of interest rate sensitivity. The longer (higher) the duration, the greater the principal loss experienced due to a parallel rise in interest rates, all else being equal.

- The duration of StanCERA's bond portfolio is 4.25 years

- For example, a bond with a duration of 4.25 years will lose 4.25% of its value if interest rates increase by 1%.

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What Can We Do About It? Diversify

- **Diversify across sources of yield and risk**
  - Find the best risk adjusted returns across geographies, strategies and security types:
    - Bank loans: may benefit from rising rates, with downside protection due to their senior position in the capital structure
    - Credit opportunity strategies
    - Geographic diversification, particularly emerging markets and other commodity producing nations which can provide a hedge to dollar weakness
- Diversify across economic/business cycles

What Can We Do About It? Diversify

- Different bond sectors lead at varying points in the cycle
- Relative value opportunities across bond segments

Bond Sector Returns

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Corp. 10.3%	TIPS 16.7%	High Yield 29.0%	EMD 11.9%	EMD 12.3%	High Yield 11.8%	TIPS 11.6%	Treas. 13.7%	High Yield 58.2%	High Yield 15.1%	TIPS 13.6%
Barclays Agg 8.4%	EMD 12.2%	EMD 26.9%	High Yield 11.1%	Asset Alloc. 3.6%	EMD 10.0%	Treas. 9.0%	MBS 8.3%	EMD 34.2%	EMD 12.8%	Muni 10.7%
MBS 8.2%	Treas. 11.8%	TIPS 10.6%	TIPS 6.3%	Muni 3.5%	MBS 5.2%	Barclays Agg 7.0%	Barclays Agg 5.2%	Corp. 18.7%	Corp. 9.0%	Treas. 9.8%
TIPS 7.9%	Barclays Agg 10.3%	Asset Alloc. 10.0%	Asset Alloc. 6.0%	TIPS 2.8%	Asset Alloc. 5.1%	MBS 6.9%	Asset Alloc. -1.4%	Asset Alloc. 15.8%	Asset Alloc. 7.6%	Asset Alloc. 8.9%
Asset Alloc. 6.8%	Corp. 10.1%	Corp. 8.2%	Corp. 5.4%	Treas. 2.8%	Muni 4.8%	Asset Alloc. 6.2%	TIPS -2.4%	Muni 12.9%	Barclays Agg 6.5%	Corp. 8.2%
Treas. 6.7%	Asset Alloc. 10.0%	Muni 5.3%	MBS 4.7%	High Yield 2.7%	Barclays Agg 4.3%	EMD 5.2%	Muni -2.5%	TIPS 11.4%	TIPS 6.3%	Barclays Agg 7.8%
High Yield 5.3%	Muni 9.6%	Barclays Agg 4.1%	Muni 4.5%	MBS 2.6%	Corp. 4.3%	Corp. 4.6%	Corp. -4.9%	Barclays Agg 5.9%	Treas. 5.9%	EMD 7.0%
Muni 5.1%	MBS 8.7%	MBS 3.1%	Barclays Agg 4.3%	Barclays Agg 2.4%	Treas. 3.1%	Muni 3.4%	EMD -14.7%	MBS 5.9%	MBS 5.4%	MBS 6.2%
EMD 1.5%	High Yield -1.4%	Treas. 2.2%	Treas. 3.5%	Corp. 1.7%	TIPS 0.4%	High Yield 1.9%	High Yield -26.2%	Treas. -3.6%	Muni 2.4%	High Yield 5.0%

What Can We Do About It? Diversify

- Credit focused strategies diversify portfolio risk away from interest rates and towards spread and default risk.
- Higher-coupon bonds such as high yield will also reduce portfolio duration compared to lower-coupon investment grade or government bonds with the same maturity; this reduces interest rate sensitivity.
- Credit strategies require skill in security selection and credit analysis

Average Annualized Returns During Rising and Falling Rate Environments (1986-2012)

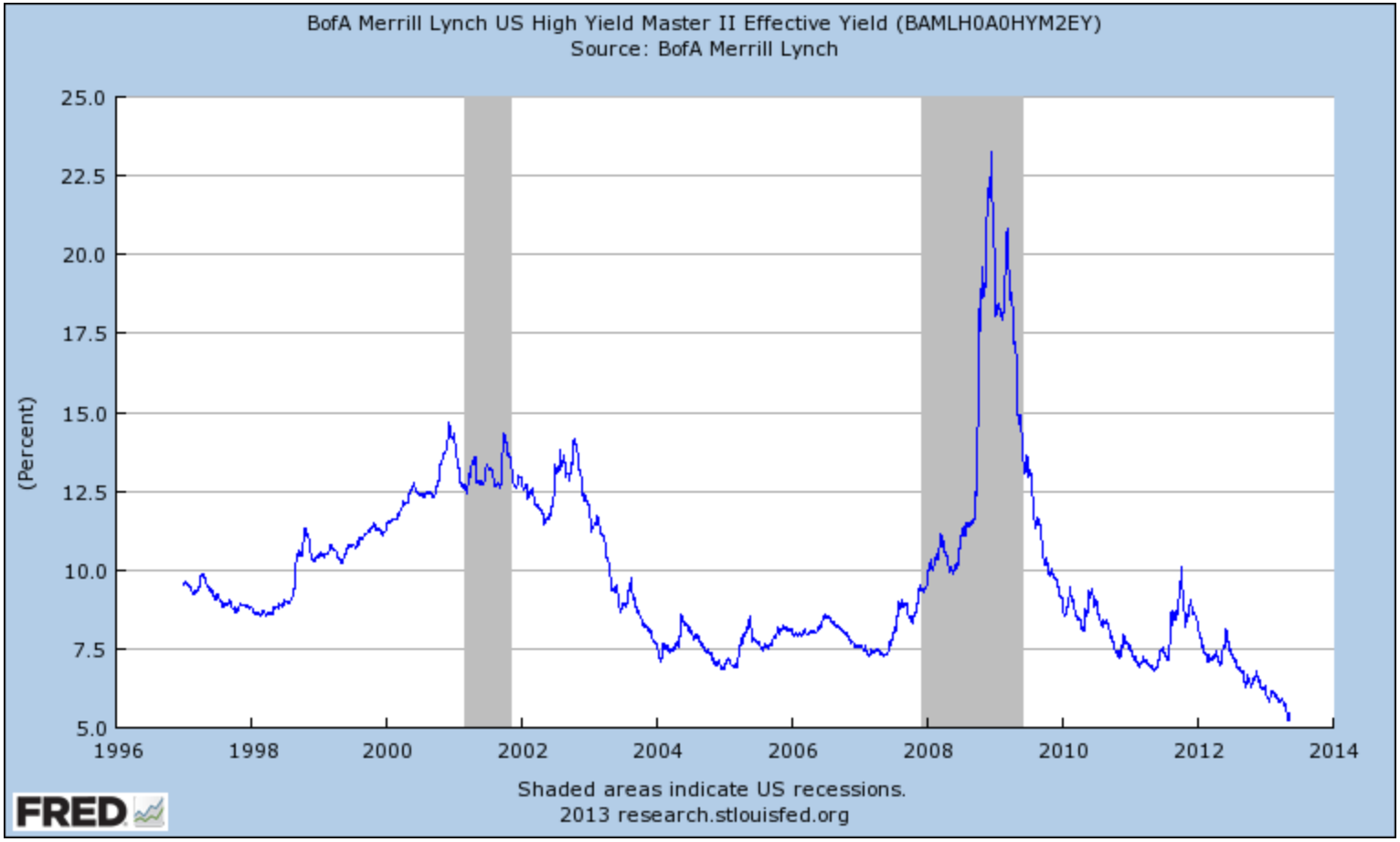
	High Yield	Core Bonds	10-Year Treasury
Rising Rates	12.8%	1.7%	-3.4%
Falling Rates	6.5%	9.8%	11.7%

Source: Hotchkis & Wiley

Credit Opportunities – High Yield

- High Yield – Bond that has a rating of BB or lower and that pays a higher yield to compensate for its greater risk. Public markets – high current income.
  - Moody's Seasoned Aaa Corporate Bond Yield = 3.85%
  - Moody's Seasoned Baa Corporate Bond Yield = 4.59%
  - B of A Merrill Lynch High Yield Master II Yield = 5.47%

Credit Opportunities – High Yield



Credit Opportunities – Bank Loans

- Bank Loans – A debt financing obligation issued by a bank or similar financial institution to a company or individual that holds legal claim to the borrower's assets above all other debt obligations. The loan is considered senior to all other claims against the borrower, which means that in the event of a bankruptcy the senior bank loan is the first to be repaid, before all other interested parties receive repayment.
- Bank loans: may benefit from rising rates, with downside protection due to their senior position in the capital structure
  - Moody's Seasoned Aaa Corporate Bond Yield = 3.85%
  - Moody's Seasoned Baa Corporate Bond Yield = 4.59%
  - B of A Merrill Lynch High Yield Master II Yield = 5.47%
  - S&P/LTSA Leveraged Loan Index = 4.80%

Mortgage Opportunities – CMBS

- Prima Capital Advisors (previously presented to StanCERA)
- Prima Mortgage Investment Trust, LLC
- Prima Q1 – 2013 Net Income =1.57% or approximately **6.25%** annually
- Prima's portfolio investment grade quality
- AAA rated CMBS yielding 2.75% to 3.00% in today's market
- A and BBB rated CMBS yielding 4.0% to 4.5% in today's market
- Conservative investment style – credit quality comes first

Mortgage - Credit Opportunities

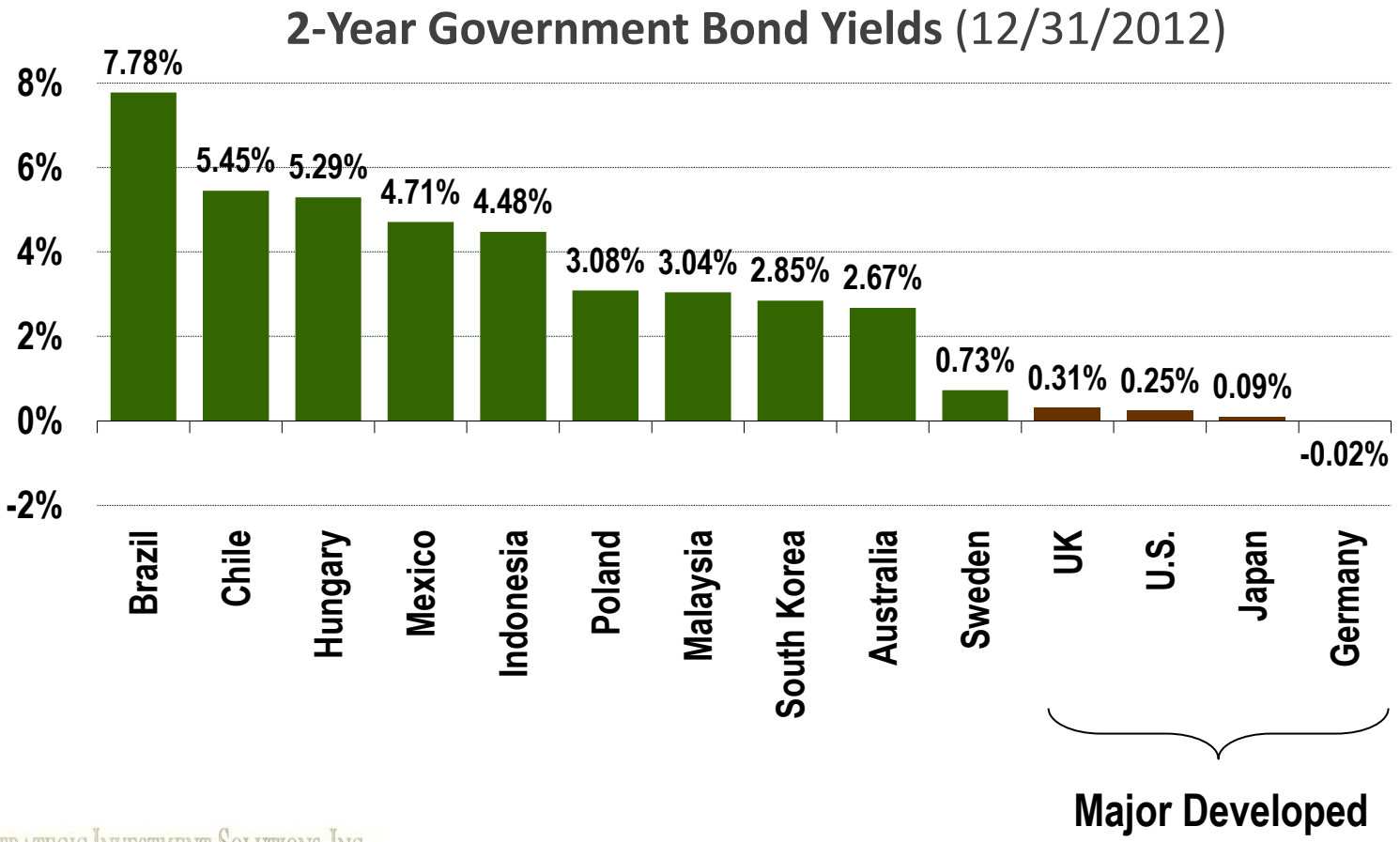
- Marinus Opportunities Fund
- Structured Credit Fund with low leverage and short duration holdings
- Fundamental credit research to build a portfolio of securitized mortgages and ABS holdings
- Strategy is focused on the preservation of invested capital, high monthly cash-on-cash and targeted low volatility
- Hedges are placed to reduce tail risks
- Hedge fund format with 2/20 fees
- Invests in Prime, Alt-A, Option Arms and Sub-prime types
- Fund targets 10% net returns with volatility of 3-5%

Mortgage - Credit Opportunities

- Manulife Asset Management Total Return Bond Strategy
- Invests in securitized assets
- Target Return of 6-10% net with yield of about 4%
- Duration range 0-5 years – current duration of 2.68 years
- Focus on senior classes with stable cash flows
- Sectors include: Agency MBS & US Treasury; Agency CMO, IO; CMBS; Corporate Bonds; RMBS & ABS
- Approximately 70% investment grade / 30% non-investment grade

What Can We Do About It? Diversify

- International and Emerging Market Debt offer more attractive yield opportunities
- Over time, this enhanced yield is offset by currency appreciation



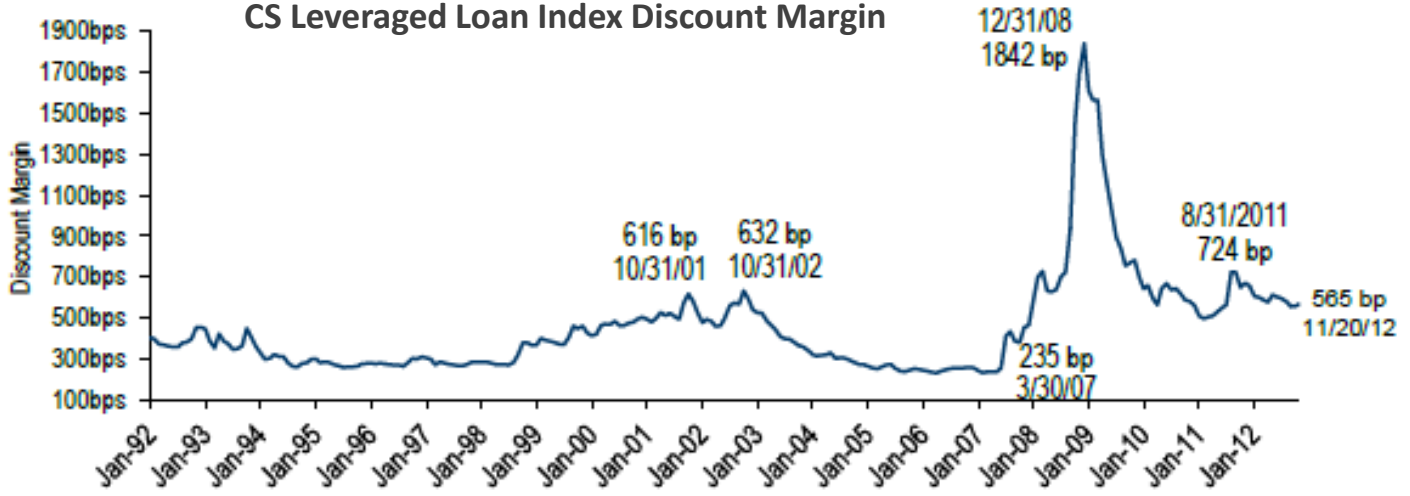
Global FI - Opportunistic

- Existing StanCERA FI Manager PIMCO – GLADI
- GLADI (Global Advantage Bond Index) provides:
  - A broader global opportunity set, with less dependence on over-indebted countries with low yields
  - Higher carry
  - Lower duration
  - Better return potential due to more exposure to higher growth regions
  - Broad, investment-grade index consists of developed and emerging markets, corporate and government securities, currencies and inflation-linked assets
  - Current yield of 2.5% and duration of 4.6 years with average quality A+

What Can We Do About It? Hedging Strategies

Add Floating-Rate Notes (FRNs)

- Floating Rate Notes (FRNs) are most often **Bank Loans** with adjustable coupons linked to either LIBOR or the Fed Funds Rate.
- The deleveraging crisis in 2008 saw spreads in bank loans widen substantially due to the dominance of CLOs in the bank loan market
- Floating Rate Notes are trading above longer term averages (450bp) but have narrowed substantially in the last year



*Discount margin (DM) assumes 3-year average life

Source: Credit Suisse

Should We Be Concerned?

- The environments of most concern are Stagflation and US Dollar Debasement
- The other environments are likely to lead to strong returns from equities and/or long-term fixed income

	Economic Environment				
Fixed Income Sub-Sector	Unexpected Inflation/ Rising Rates*	Unexpected Inflation/ Declining Rates*	Stagflation	"Goldilocks Economy**	US Dollar Debasement
US Treasuries/Cash (Short)	↑	↑	↑	↓	↓
US Treasuries (Long)	↓↓	↑↑	↓	--	↓
Investment Grade Corp	↑	↓	↓	↑	↓
Securitized (MBS/ABS)	↑	↓	--	↓	↓
Bank Loans	↑↑	↓↓	↓	↑	↓
High Yield Bonds	↑	↓	↓↓	↑↑	↓
Foreign Dev Mkt Bonds	↓	↑	↑	--	↑↑
Emerging Market Bonds	↑	↓	↑	--	↑↑

* Scenarios have been closely correlated in the past

** Strong economic growth coupled with low to moderate inflation (mid-1980s, mid-1990s, mid-2000s)

STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
832 12th Street, Suite 600
Modesto, CA 95354
P.O. Box 3150 Modesto, CA 95353-3150

Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

05/28/13
Item 8.a

For the Retirement Board meeting
Held on May 28, 2013

TO: Retirement Board

FROM: Reed Love, IT Coordinator

I. SUBJECT: Secure Content-Sharing Methods and Tablet Computing

II. RECOMMENDATION:

B. Utilize SBT's secure file transfer server for the transmission of confidential agenda content.

III. ANALYSIS:

On the 27th of March, we were commissioned by trustee Maria De Anda to research a solution that would allow us to "secure" or "protect" files, transmitted via e-mail, containing confidential or sensitive information related to agenda items. This initial inquiry then prompted a larger examination of the idea of electronic, secure content-sharing.

Several solutions were identified:

A. Secured E-Mail Attachments – By installing additional "free" software on each participating individual's laptop or desktop computer, e-mail attachments can be password protected from unauthorized access. This would not necessarily be the most elegant or "user-friendly" solution as preparing the content to be sent would require a number of additional actions to be performed by the sender.

B. Secure File Transfer - A viable option that is currently provided to StanCERA is the use of SBT's "secure file transfer" server. This would allow for StanCERA to make content available to "enrolled" individuals via a secure website which can only be accessed with a unique user name and password. The process of enrollment entails a signed agreement stating that the individual will adhere to the StanCERA IT security policy regarding the transmission and use of confidential information.

In our opinion, this would be the best immediate solution and would not pose any additional cost to StanCERA. It would not be a requirement to for all board members to immediately enroll in the service, and enrollment can be done on a case-by-case basis.

There are other third-party secure content-sharing services that provide comprehensive features, particularly in regard to the use of mobile devices, but these services would incur a somewhat substantial annual cost.

C. Secure Tablet Computing – Furthering the idea of securely managing and distributing content to individuals could be achieved through the use of StanCERA "managed" tablet computers. This would provide an extra layer of security by having finite control over the medium through which StanCERA's confidential information is accessed. The idea of

providing tablets to board members was initially discussed in 2011 during the October 12th meeting; however, the consensus reached at the time was that it would ultimately be cost prohibitive. Two years later, tablets have become increasingly inexpensive, ranging from $200 to $500 dollars, and provide a greater deal of functionality; however, our current IT security policy dictates that any equipment purchased by StanCERA will be for non-personal business-use only and must be remotely managed by StanCERA. That being understood, additional to the purchase price of each tablet would be the reoccurring subscription fees incurred by third-party services necessary to remotely manage said tablets. In this context, there still remains the question as to whether or not the investment would be worthwhile given our current, limited scope of usage.

IV. RISK: None at present

V. STRATEGIC PLAN: Research available product reviews and marketing materials pertaining to secure content-sharing platforms and present findings to the Board for review

VI. BUDGET IMPACT: Undetermined at this time

Reed Love, IT Coordinator

Kathy Herman, Operations Manager

STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
832 12th Street, Suite 600
Modesto, CA 95354
P.O. Box 3150 Modesto, CA 95353-3150

Phone (209) 525-6393
Fax (209) 558-4976
www.stancera.org
e-mail: retirement@stancera.org

05/28/13
Item 8.b

For the Retirement Board meeting
Held on May 28, 2013

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: 2013 Quarter 1 Value Added Report

II. RECOMMENDATION: None; Information item only

III. ANALYSIS: Recently, the Board has shown interest in knowing the specific fees StanCERA pays our investment managers, how this relates to total returns and whether the manager of interest is adding value to the investment process.

The Value Added Concept

One of the decisions the StanCERA Board makes when investing is whether to invest passively or attempt to add value by hiring investment managers to actively make decisions on their behalf about which stocks or bonds to hold and which not to hold.

In theory, an investor can choose to invest passively in an index by purchasing every security in that particular index. By doing so, the investor earns whatever the index earns at very little cost. The cost is small since the manager does not have to research and make decisions about each security represented in the index. In late 2012, StanCERA staff reported out and confirmed the following:

> *"Over the period June 30, 2008 to present, all passive StanCERA investment managers have earned returns after fees slightly above their respective index/benchmark"*

This assumption is very important, since it allows us to efficiently, objectively and comparatively evaluate whether an active manager is truly adding value to the portfolio. If an investment manager is not beating the benchmark return after fees, then StanCERA can do better by investing passively or finding another manager that can outperform.

The value added concept computes the dollar returns an active manager earns above the benchmark return and subtracts all direct costs associated with active management. The following terms are included in the value added report:

1. *Alpha* – Manager return minus benchmark return multiplied by the portfolio value midway through the measurement period. For example, (10% - 9%) X $100,000 = $1,000

2. *Managerial Fees* – Fees paid to the manager for his/her "expertise" during the measurement period

3. *Custodial Fees* – Fees charged by the custodial bank for processing, booking and holding securities during the measurement period. In most cases, this also includes the costs associated with trading. It is important to realize that custodial fees associated with trading are not under the control of the manager. While it is true that the more a manager trades, the higher are the custodial fees associated with those trades. However, the manager cannot control what the custodial bank charges for these transactions.

4. *Value Added* – Alpha minus managerial fees minus custodial fees. For example using alpha from the above example, if managerial fees are $100 and custodial fees are $10, then Value Added = $1,000 - $100 - $10 = $890. So in this example, the investor added an extra $890 by choosing to invest actively instead of passively.

When discussing value added, it is important to realize that value added is relative to the benchmark by which a manager is being measured. For example, a manager may earn 15% in any given quarter, but if the benchmark by which he/she is being measured earned 16%, then that manager took value away from StanCERA's portfolio since it could've earned 16% at little cost by investing passively.

Quarterly Value Added Report

Beginning with quarter 1 of 2013, the following information will be reported out by staff in the second month following the end of each quarter:

- *Value Added Summary* (Attachment 1) – This summary gives aggregate information since June 30, 2008 for our current investment managers. It also gives the same information by asset class and style. This report is only for our current managers, since the intent of the summary is to gauge the performance of those currently managing money for StanCERA. The analysis contains the following items:

  - Changes in portfolio value by cause
  - Total fees paid broken out by managerial and custodial
  - Total value added
  - Total value added as a % of portfolio value. This can be considered a relative measure of value added. The higher the statistic, the more efficient the manager (i.e. the more value he/she is adding for each dollar he/she is managing)
  - Average monthly value added
  - Probability of achieving positive value added in any given month. This can be considered a measure of consistency. The higher the probability, the more likely the manager is to add value in a given month

- *Total Fee Summary* (Attachment 2) - This summary shows fees in dollars and expressed in annualized basis points since June 30, 2008. The expression in annualized basis points allows one to weigh the reduction in the manager's total return due to the fees StanCERA pays to achieve those returns. The exhibit includes all fees paid to all active managers (including terminated) over the specified period.

- *Individual Manager Quarterly Value Added Summary* (Attachment 3) - This summary gives the value added by quarter since June 30, 2008 (or later for a few managers). It shows the quarterly components of value added; namely alpha, managerial and custodial fees. The exhibit also plots a graph of the value added each quarter and also a cumulative graph. If the cumulative graph tends to be rising in the most current quarters, the manager's recent performance can be considered to be improving and vice versa.

Performance Summary – June 30, 2008 to Present

Top

Consistency

1. PIMCO
2. Capital Prospects
3. Delaware
4. Dodge & Cox Fixed Income
5. LSV

Efficiency

1. Capital Prospects
2. Delaware
3. Dodge & Cox Fixed Income

Marginal

1. Legato
2. Pyramis

Below Average

1. Dodge & Cox Equity

IV. RISK: None

V. Strategy C: Investment Information. Review investment decisions regularly and ensure that the Board has a full range of information to make informed decisions regarding investment policy.

VI. BUDGET IMPACT: None

Rick Santos, Executive Director

Kathy Herman, Operations Manager

Value Added Summary

6/30/2008 Through 3/31/2013

By Current Active Managers

Current Active Managers	Beginning	Changes in Portfolio Value: Passive Return	Alpha	Net Cash Flows	Ending	Fees: Managerial	Fees: Custodial	Value Added: Total	Value Added: % of Portfolio	Monthly Average Value Added	Monthly Probability of Adding Value
DODGE & COX - LARGE CAP VALUE	200,945,261	61,143,834	(362,677)	(102,303,877)	159,422,540	(1,495,796)	(50,306)	($1,908,780)	-1.1%	(33,487)	49.3%
DELAWARE - LARGE CAP GROWTH	109,513,726	48,412,157	11,932,174	(38,583,724)	131,274,333	(2,421,725)	(35,508)	$9,474,941	7.9%	166,227	55.3%
CAPITAL PROSPECTS*	45,896,605	48,028,866	7,922,971	(22,839,653)	79,008,788	(2,010,035)	(91,378)	$5,821,558	9.3%	114,148	57.1%
Legato Capital*	27,545,658	45,708,334	2,194,033	(6,560,307)	68,887,718	(2,069,770)	(318,785)	($194,522)	-0.4%	(3,814)	49.7%
LSV ASSET MGMT	122,047,987	27,970,951	8,422,537	(25,777,418)	132,664,058	(3,382,156)	(473,219)	$4,567,162	3.6%	80,126	53.5%
Pyramis	135,901,315	22,511,384	4,187,224	(24,329,122)	138,270,800	(2,915,067)	(1,804,928)	($532,771)	-0.4%	(9,347)	49.6%
DODGE & COX FI	449,128,361	109,837,771	31,508,009	(164,941,966)	425,532,175	(2,023,142)	(52,034)	$29,432,833	6.7%	516,365	55.1%
PIMCO**	76,314,966	12,899,617	3,853,302	19,105,592	112,173,477	(957,536)	(54,699)	$2,841,067	3.0%	64,031	66.0%

* Funded December 2008

** Funded May 2010

By Asset Class

Value Added By Asset Class	Beginning	Changes in Portfolio Value: Passive Return	Alpha	Net Cash Flows	Ending	Fees: Managerial	Fees: Custodial	Value Added: Total	Value Added: % of Portfolio	Monthly Average Value Added	Monthly Probability of Adding Value
1. Equity											
a. Domestic	383,901,250	203,293,190	21,686,501	(170,287,562)	438,593,379	(7,997,326)	(495,978)	$13,193,197	3.2%	$43,264	52.0%
b. International	257,949,302	50,482,335	12,609,761	(50,106,540)	270,934,858	(6,297,223)	(2,278,147)	$4,034,391	1.5%	$32,987	51.4%
Equity Total	641,850,552	253,775,525	34,296,262	(220,394,102)	709,528,237	(14,294,549)	(2,774,125)	$17,227,588	2.5%	$39,134	51.7%
2. Fixed Income	525,443,327	122,737,388	35,361,311	(145,836,374)	537,705,652	(2,980,678)	(106,733)	$32,273,900	6.1%	$450,669	56.7%
3. Total Equity and Fixed Income	1,167,293,879	376,512,913	69,657,573	(366,230,476)	1,247,233,889	(17,275,227)	(2,880,858)	$49,501,488	4.1%	$224,381	54.0%

By Style

Value Added By Asset Class	Beginning	Changes in Portfolio Value: Passive Return	Alpha	Net Cash Flows	Ending	Fees: Managerial	Fees: Custodial	Value Added: Total	Value Added: % of Portfolio	Monthly Average Value Added	Monthly Probability of Adding Value
Large Cap	310,458,987	109,555,990	11,569,497	(140,887,602)	290,696,873	(3,917,521)	(85,815)	$7,566,161	2.5%	36,961	51.4%
Small Cap	73,442,263	93,737,199	10,117,004	(29,399,960)	147,896,506	(4,079,805)	(410,163)	$5,627,036	5.1%	69,905	54.3%
Value	368,889,853	137,143,650	15,982,831	(150,920,948)	371,095,386	(6,887,987)	(614,904)	$8,479,940	2.3%	22,470	51.7%
Growth	272,960,699	116,631,874	18,313,431	(69,473,154)	338,432,851	(7,406,561)	(2,159,222)	$8,747,648	2.9%	61,653	51.9%

Total Fee Summary

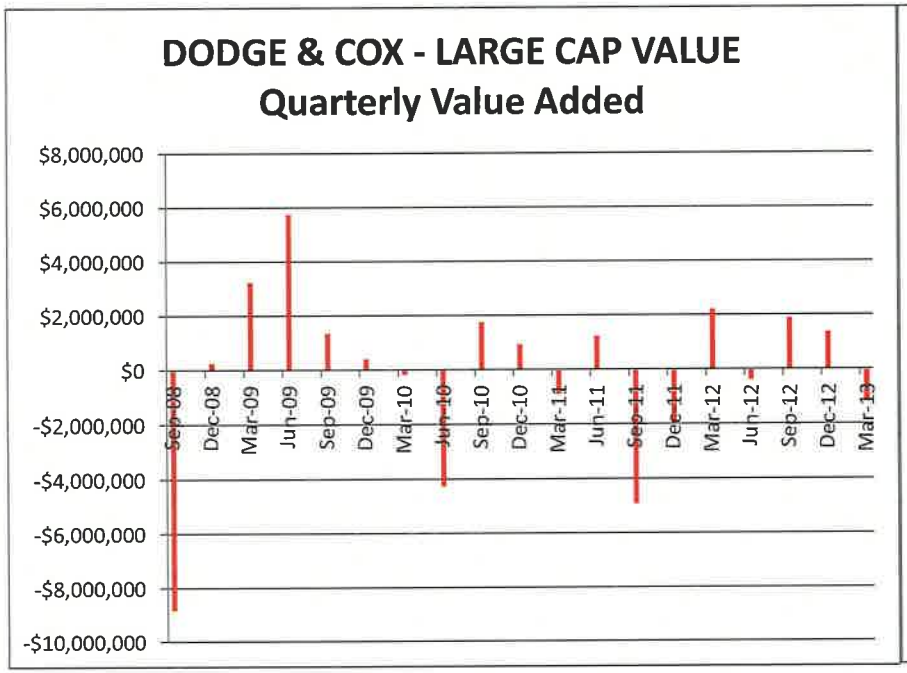
6/30/2008 Through 3/31/2013

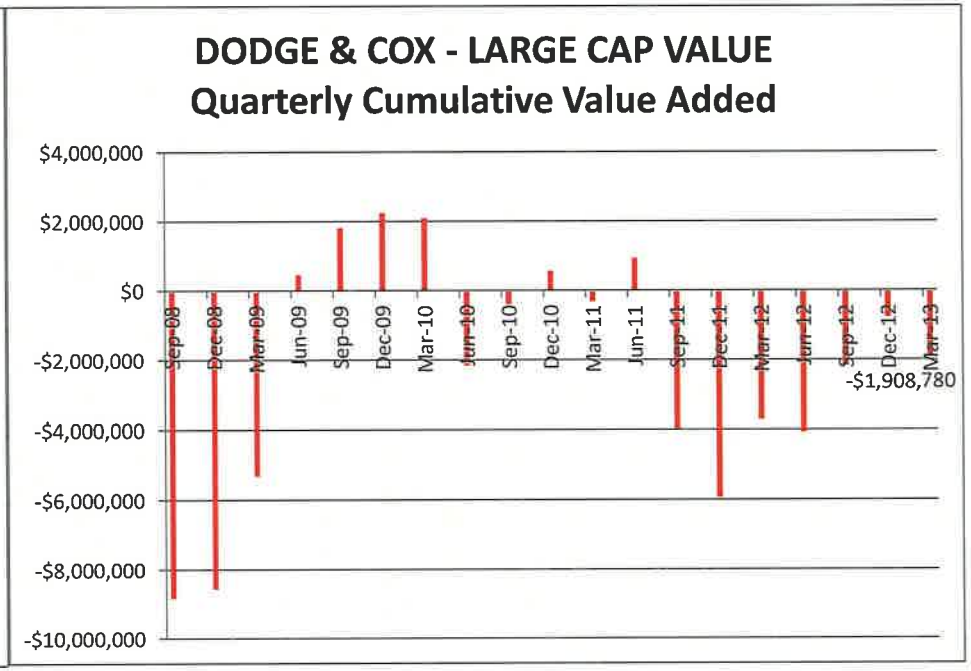
Manager	Average Dollars Managed	Managerial Fees Total	Managerial Fees Annualized Basis Points	Custodial Fees Total	Custodial Fees Annualized Basis Points	Total Fees Total	Total Fees Annualized Basis Points
DODGE & COX - LARGE CAP VALUE	156,935,648	1,495,796	20.1	50,306	0.7	1,546,103	20.7
MAZAMA - SMALL CAP GROWTH	40,030,714	142,341	7.5	1,500	0.1	143,841	7.6
* Terminated 12/2008							
DELAWARE - LARGE CAP GROWTH	101,258,008	2,421,725	50.4	35,508	0.7	2,457,233	51.1
LOOMIS SAYLES - LARGE CAP GROWTH	60,225,299	475,494	16.6	6,888	0.2	482,382	16.9
* Terminated 6/2010							
Capital Prospects - By Manager							
Bernzott	8,458,340	281,405		12,793		294,198	
Channing	14,016,677	466,328		21,200		487,528	
InView	13,170,843	438,188		19,920		458,108	
Keeley	7,793,756	259,295		11,788		271,082	
Ten	8,216,673	273,365		12,427		285,792	
Walthausen	8,760,423	291,455		13,250		304,705	
CAPITAL PROSPECTS	60,416,711	2,010,035	70.0	91,378	3.2	2,101,413	73.2
Legato - By Manager							
CastleArk	8,601,942	341,512		52,600		394,112	
Lee Munder/Crosswinds	11,208,591	445,732		68,539		513,539	
Eudaimonia	7,298,617	289,768		44,630		334,398	
Riverbridge	12,511,915	496,014		76,508		573,253	
Stephens	12,511,915	496,745		76,508		573,253	
LEGATO CAPITAL	52,132,981	2,069,770	83.6	318,785	12.9	2,388,555	96.5
LSV ASSET MGMT	118,094,038	3,382,156	60.3	473,219	8.4	3,855,375	68.7
PYRAMIS	120,549,953	2,915,067	50.9	1,804,928	31.5	4,719,995	82.4
DODGE & COX FI	397,211,552	2,023,142	10.7	52,034	0.3	2,075,175	11.0
PIMCO	93,938,161	957,536	21.5	54,699	1.2	1,012,235	22.7
* Inception Date 5/2010							
INVESCO	16,336,383	332,519	42.9	89	0.0	332,608	42.9
* Terminated 7/2012							
RAFI**	-	-	0.0	-	0.0	-	0.0
* Terminated 6/2012							
STRATEGIC INVESTMENT SOLUTIONS	1,272,255,774	674,631	1.1	N/A	N/A	674,631	1.1
TOTAL	1,272,255,774	18,900,212	31.3	2,889,335	4.8	21,789,547	36.1

** RAFI fees are taken from the actual portfolio

DODGE & COX - LARGE CAP VALUE Quarterly Value Added

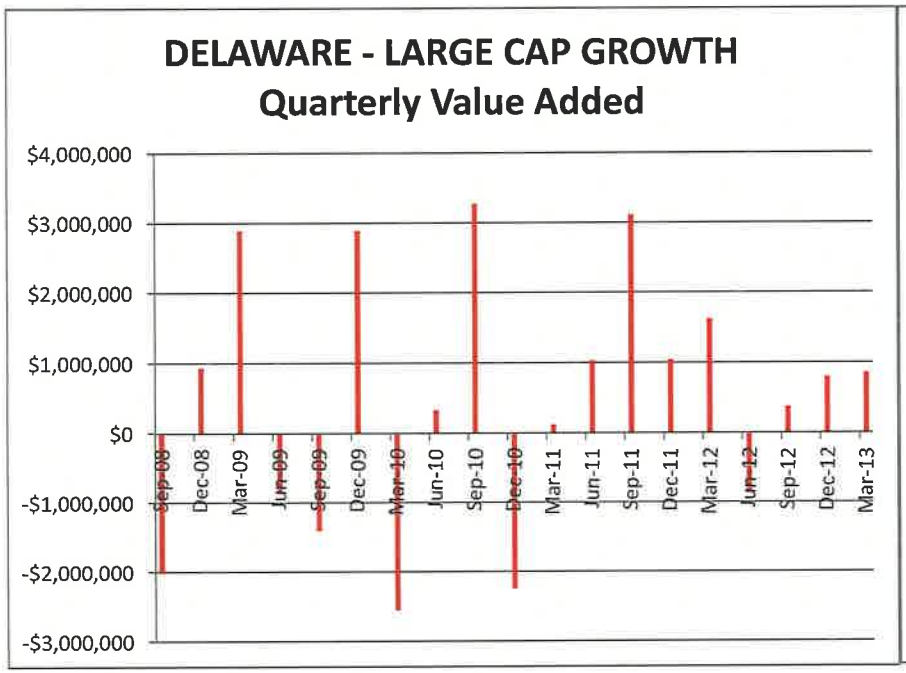
Quarter	Begin Date	End Date	Alpha	Fees: Managerial	Fees: Custodial	Value Added
1	6/30/2008	9/30/2008	-$8,718,692	$87,561	$3,265	**-$8,809,518**
2	9/30/2008	12/31/2008	$338,826	$72,229	$2,379	**$264,218**
3	12/31/2008	3/31/2009	$3,320,784	$64,395	$1,988	**$3,254,402**
4	3/31/2009	6/30/2009	$5,845,442	$74,654	$2,287	**$5,768,501**
5	6/30/2009	9/30/2009	$1,446,821	$85,652	$2,718	**$1,358,451**
6	9/30/2009	12/31/2009	$515,303	$88,756	$2,937	**$423,610**
7	12/31/2009	3/31/2010	-$57,048	$92,709	$3,072	**-$152,829**
8	3/31/2010	6/30/2010	-$4,161,579	$74,563	$2,857	**-$4,238,998**
9	6/30/2010	9/30/2010	$1,841,032	$79,904	$2,603	**$1,758,525**
10	9/30/2010	12/31/2010	$1,043,825	$86,729	$2,848	**$954,249**
11	12/31/2010	3/31/2011	-$785,178	$90,267	$3,127	**-$878,571**
12	3/31/2011	6/30/2011	$1,340,497	$88,927	$3,206	**$1,248,364**
13	6/30/2011	9/30/2011	-$4,824,229	$72,824	$3,136	**-$4,900,189**
14	9/30/2011	12/31/2011	-$1,888,926	$75,694	$2,344	**-$1,966,964**
15	12/31/2011	3/31/2012	$2,303,140	$68,984	$1,476	**$2,232,680**
16	3/31/2012	6/30/2012	-$301,101	$67,711	$2,236	**-$371,048**
17	6/30/2012	9/30/2012	$1,983,489	$71,825	$1,072	**$1,910,592**
18	9/30/2012	12/31/2012	$1,467,208	$73,225	$2,092	**$1,391,891**
19	12/31/2012	3/31/2013	-$1,072,291	$79,186	$4,665	**-$1,156,142**

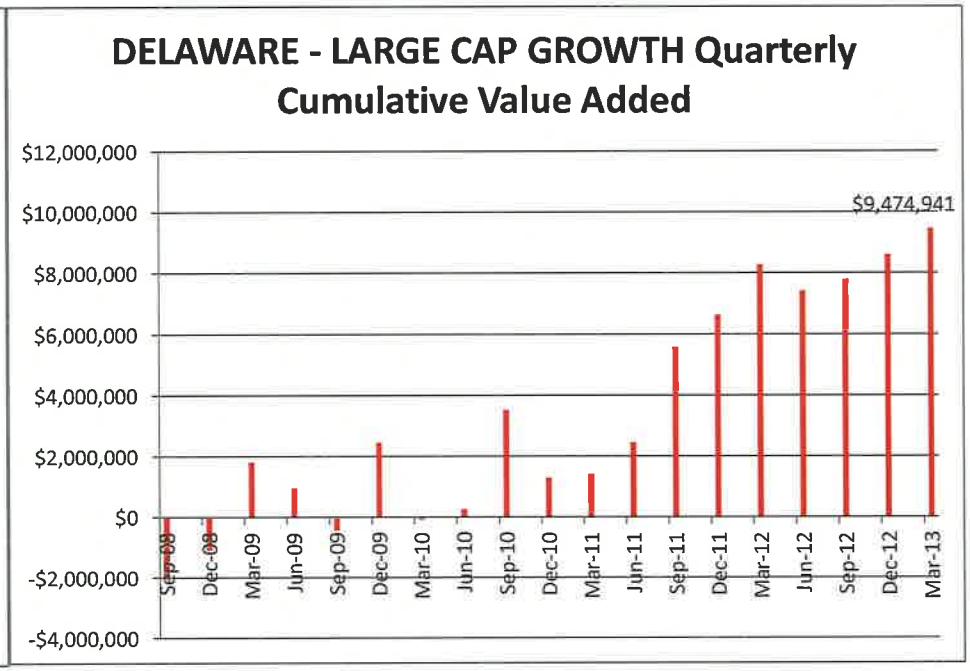




DELAWARE - LARGE CAP GROWTH Quarterly Value Added

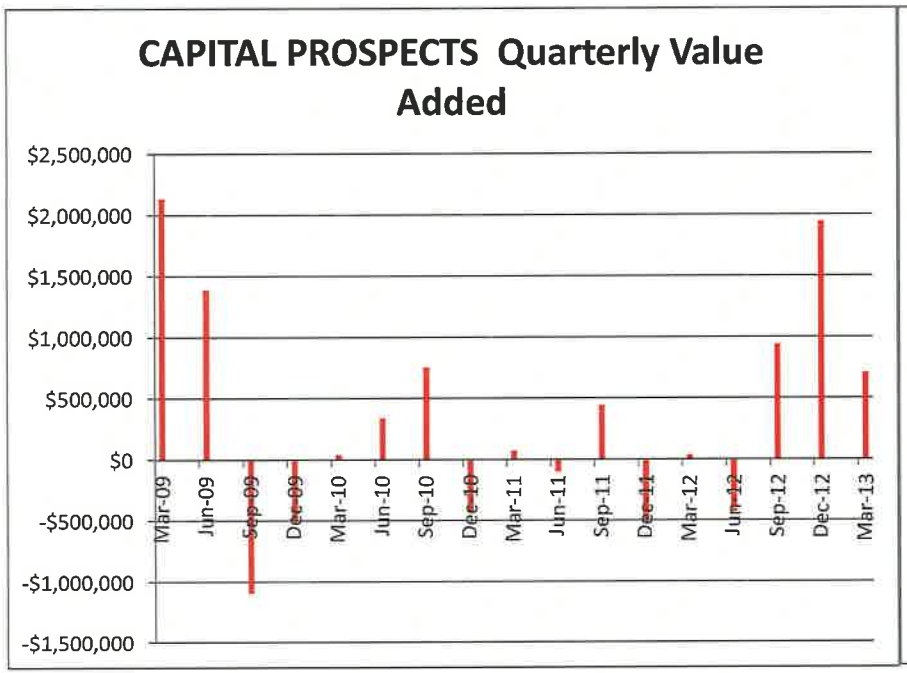
Quarter	Begin Date	End Date	Alpha	Fees: Managerial	Fees: Custodial	Value Added
1	6/30/2008	9/30/2008	-$1,874,082	$129,510	$1,936	**-$2,005,529**
2	9/30/2008	12/31/2008	$1,034,702	$94,158	$1,414	**$939,130**
3	12/31/2008	3/31/2009	$2,993,541	$95,708	$1,336	**$2,896,498**
4	3/31/2009	6/30/2009	-$731,767	$116,062	$1,598	**-$849,427**
5	6/30/2009	9/30/2009	-$1,263,475	$131,961	$1,870	**-$1,397,306**
6	9/30/2009	12/31/2009	$3,043,032	$143,212	$2,061	**$2,897,759**
7	12/31/2009	3/31/2010	-$2,395,031	$144,649	$2,119	**-$2,541,798**
8	3/31/2010	6/30/2010	$442,133	$106,047	$1,663	**$334,423**
9	6/30/2010	9/30/2010	$3,378,675	$101,839	$1,438	**$3,275,398**
10	9/30/2010	12/31/2010	-$2,113,459	$115,269	$1,646	**-$2,230,375**
11	12/31/2010	3/31/2011	$253,486	$125,411	$1,801	**$126,274**
12	3/31/2011	6/30/2011	$1,170,665	$129,638	$1,865	**$1,039,163**
13	6/30/2011	9/30/2011	$3,241,561	$123,443	$1,098	**$3,117,020**
14	9/30/2011	12/31/2011	$1,180,312	$127,986	$1,178	**$1,051,148**
15	12/31/2011	3/31/2012	$1,778,217	$141,840	$1,694	**$1,634,683**
16	3/31/2012	6/30/2012	-$723,810	$142,009	$1,954	**-$867,773**
17	6/30/2012	9/30/2012	$528,838	$145,968	$1,824	**$381,046**
18	9/30/2012	12/31/2012	$957,854	$147,904	$2,026	**$807,924**
19	12/31/2012	3/31/2013	$1,030,783	$159,111	$4,988	**$866,684**

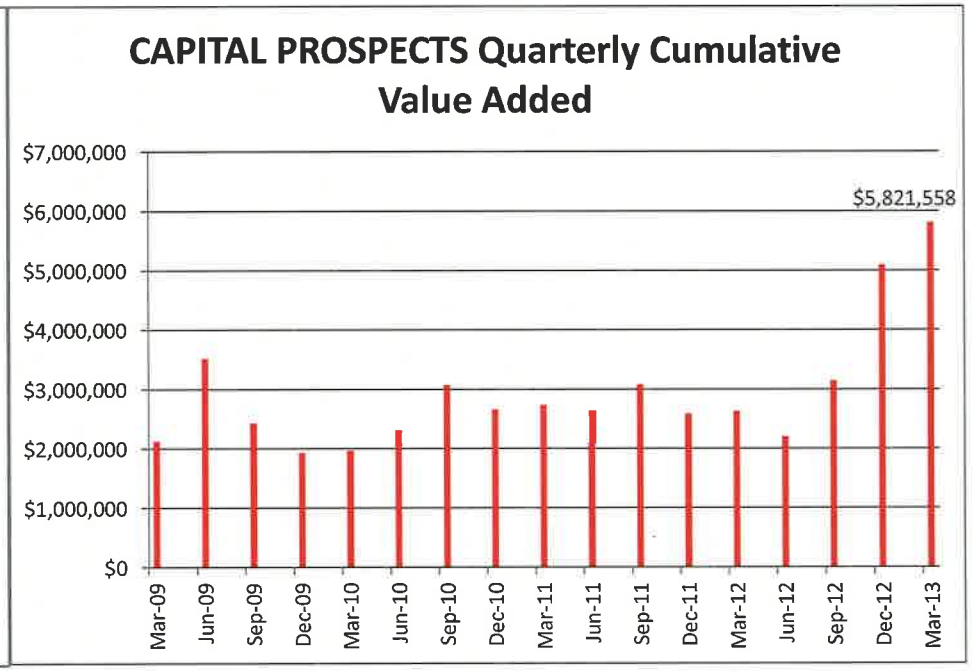




CAPITAL PROSPECTS Quarterly Value Added

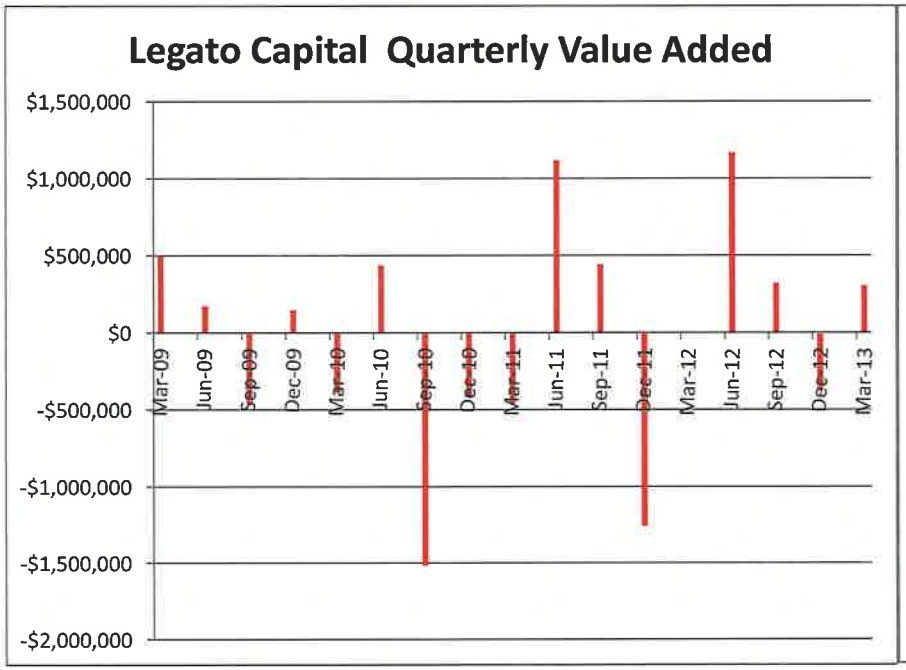
Quarter	Begin Date	End Date	Alpha	Fees: Managerial	Fees: Custodial	Value Added
1	12/31/2008	3/31/2009	$2,220,882	$78,443	$3,433	**$2,139,006**
2	3/31/2009	6/30/2009	$1,489,736	$94,328	$4,135	**$1,391,273**
3	6/30/2009	9/30/2009	-$975,854	$110,157	$4,884	**-$1,090,895**
4	9/30/2009	12/31/2009	-$380,938	$113,833	$5,199	**-$499,971**
5	12/31/2009	3/31/2010	$172,742	$123,719	$5,593	**$43,430**
6	3/31/2010	6/30/2010	$469,514	$120,854	$5,569	**$343,092**
7	6/30/2010	9/30/2010	$873,418	$113,604	$5,163	**$754,651**
8	9/30/2010	12/31/2010	-$279,802	$127,372	$5,742	**-$412,916**
9	12/31/2010	3/31/2011	$218,674	$139,484	$6,378	**$72,811**
10	3/31/2011	6/30/2011	$44,992	$136,107	$6,486	**-$97,601**
11	6/30/2011	9/30/2011	$557,229	$105,623	$5,628	**$445,978**
12	9/30/2011	12/31/2011	-$378,530	$108,585	$4,888	**-$492,003**
13	12/31/2011	3/31/2012	$163,761	$119,481	$5,222	**$39,057**
14	3/31/2012	6/30/2012	-$301,042	$117,427	$5,636	**-$424,106**
15	6/30/2012	9/30/2012	$1,072,679	$122,499	$5,054	**$945,126**
16	9/30/2012	12/31/2012	$2,086,673	$131,297	$5,086	**$1,950,290**
17	12/31/2012	3/31/2013	$868,837	$147,222	$7,282	**$714,334**

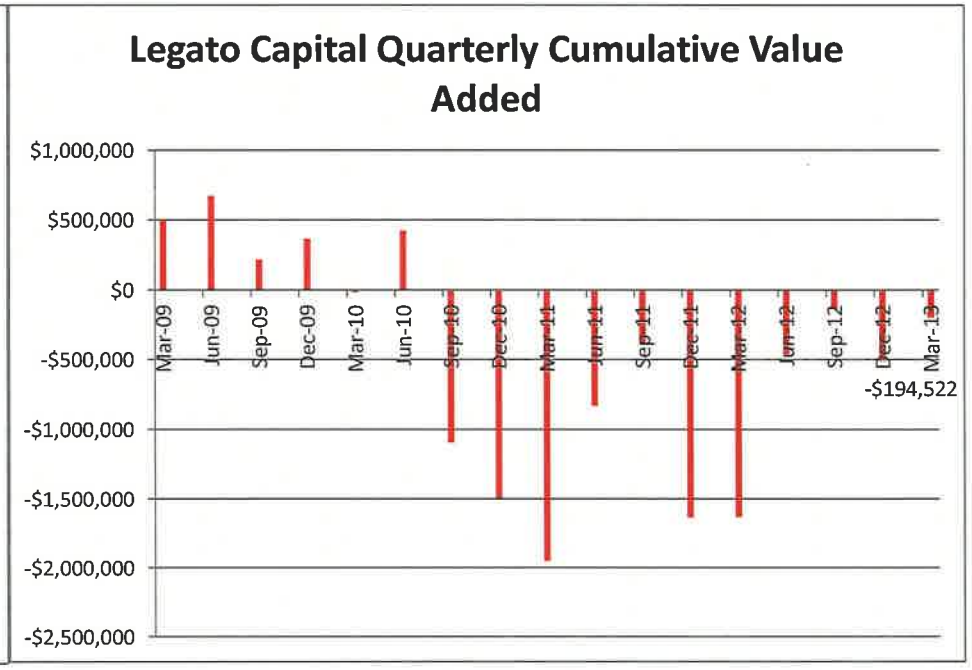




Legato Capital Quarterly Value Added

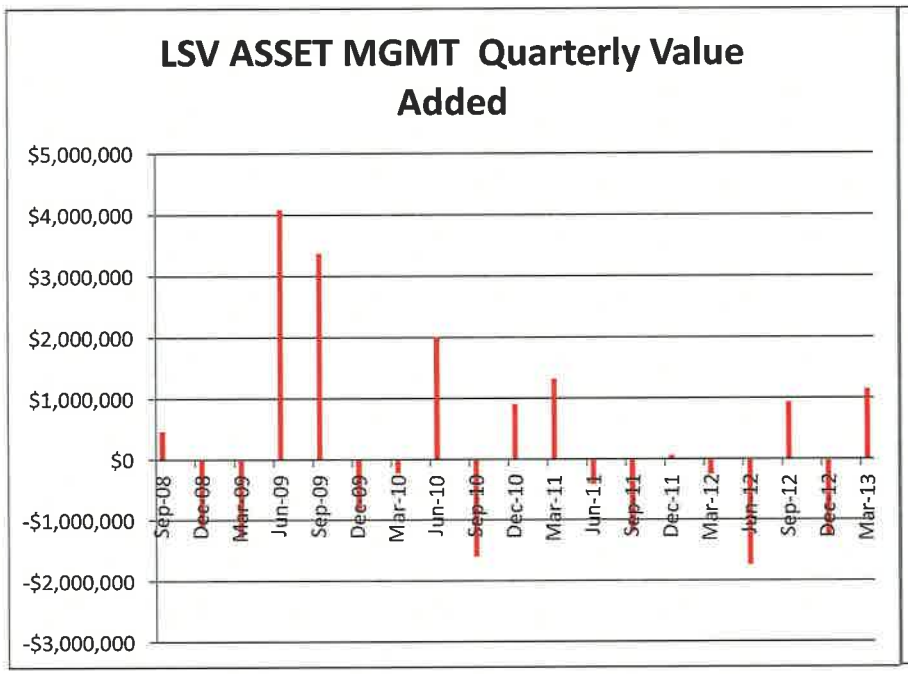
Quarter	Begin Date	End Date	Alpha	Fees: Managerial	Fees: Custodial	Value Added
1	12/31/2008	3/31/2009	$565,974	$57,874	$9,036	**$499,064**
2	3/31/2009	6/30/2009	$262,526	$73,140	$11,174	**$178,212**
3	6/30/2009	9/30/2009	-$337,613	$104,616	$16,027	**-$458,256**
4	9/30/2009	12/31/2009	$274,823	$108,982	$16,803	**$149,037**
5	12/31/2009	3/31/2010	-$246,517	$116,353	$17,955	**-$380,824**
6	3/31/2010	6/30/2010	$579,733	$120,704	$18,849	**$440,180**
7	6/30/2010	9/30/2010	-$1,377,562	$117,787	$17,926	**-$1,513,275**
8	9/30/2010	12/31/2010	-$246,064	$137,368	$20,560	**-$403,993**
9	12/31/2010	3/31/2011	-$280,084	$151,931	$23,177	**-$455,192**
10	3/31/2011	6/30/2011	$1,299,087	$154,501	$24,292	**$1,120,294**
11	6/30/2011	9/30/2011	$582,439	$117,446	$18,692	**$446,301**
12	9/30/2011	12/31/2011	-$1,117,167	$119,430	$16,508	**-$1,253,105**
13	12/31/2011	3/31/2012	$159,474	$130,946	$22,688	**$5,841**
14	3/31/2012	6/30/2012	$1,322,961	$131,021	$22,120	**$1,169,820**
15	6/30/2012	9/30/2012	$479,877	$135,442	$19,914	**$324,521**
16	9/30/2012	12/31/2012	-$213,207	$138,254	$21,088	**-$372,549**
17	12/31/2012	3/31/2013	$485,352	$153,975	$21,977	**$309,400**

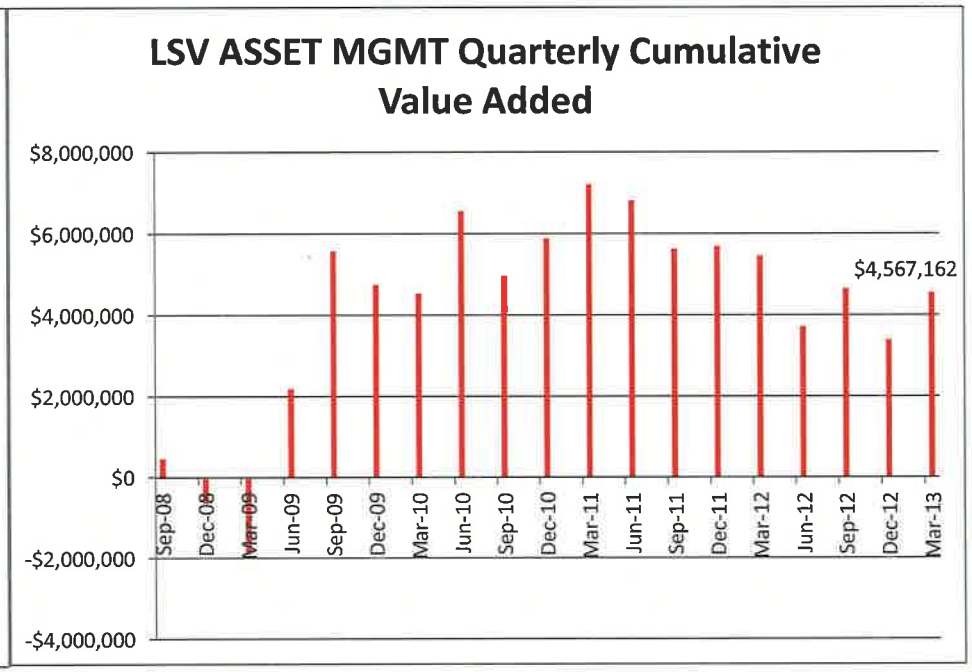




LSV ASSET MGMT Quarterly Value Added

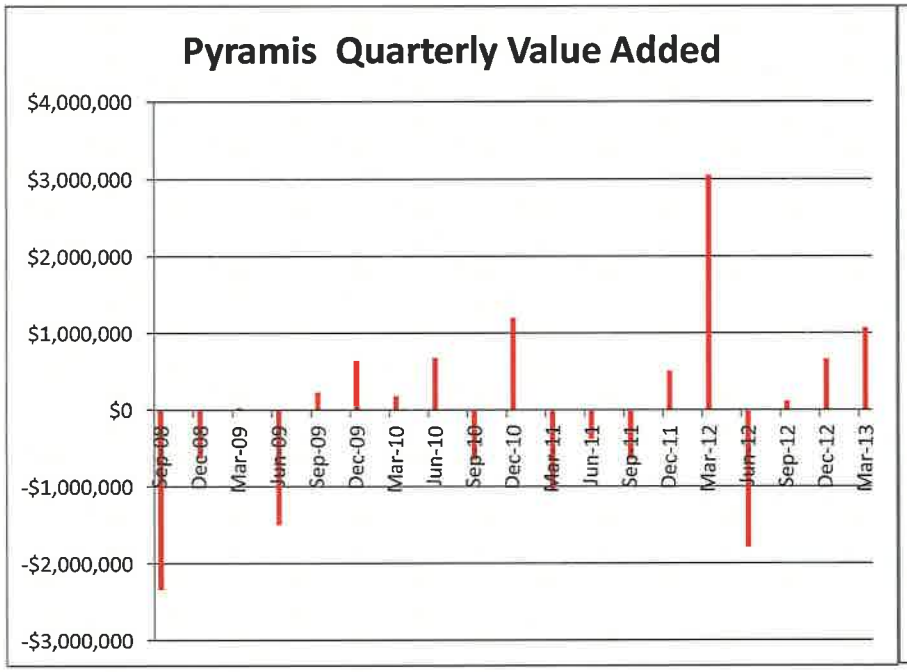
Quarter	Begin Date	End Date	Alpha	Fees: Managerial	Fees: Custodial	Value Added
1	6/30/2008	9/30/2008	$655,791	$153,691	$23,758	**$478,342**
2	9/30/2008	12/31/2008	-$961,364	$121,655	$15,625	**-$1,098,644**
3	12/31/2008	3/31/2009	-$1,129,287	$125,734	$16,152	**-$1,271,173**
4	3/31/2009	6/30/2009	$4,280,311	$163,383	$20,284	**$4,096,644**
5	6/30/2009	9/30/2009	$3,601,604	$193,494	$24,894	**$3,383,216**
6	9/30/2009	12/31/2009	-$594,243	$198,631	$27,402	**-$820,276**
7	12/31/2009	3/31/2010	$12,530	$197,281	$27,928	**-$212,678**
8	3/31/2010	6/30/2010	$2,217,667	$175,374	$25,912	**$2,016,381**
9	6/30/2010	9/30/2010	-$1,372,452	$193,603	$25,702	**-$1,591,757**
10	9/30/2010	12/31/2010	$1,147,771	$204,620	$28,224	**$914,927**
11	12/31/2010	3/31/2011	$1,566,189	$206,820	$30,503	**$1,328,866**
12	3/31/2011	6/30/2011	-$164,056	$205,220	$31,051	**-$400,326**
13	6/30/2011	9/30/2011	-$1,004,436	$163,726	$19,932	**-$1,188,094**
14	9/30/2011	12/31/2011	$251,061	$168,642	$15,576	**$66,843**
15	12/31/2011	3/31/2012	-$33,570	$180,121	$26,254	**-$239,945**
16	3/31/2012	6/30/2012	-$1,538,936	$168,468	$21,326	**-$1,728,730**
17	6/30/2012	9/30/2012	$1,147,740	$181,141	$26,629	**$939,969**
18	9/30/2012	12/31/2012	-$1,051,237	$189,009	$23,035	**-$1,263,282**
19	12/31/2012	3/31/2013	$1,391,454	$191,543	$43,031	**$1,156,880**

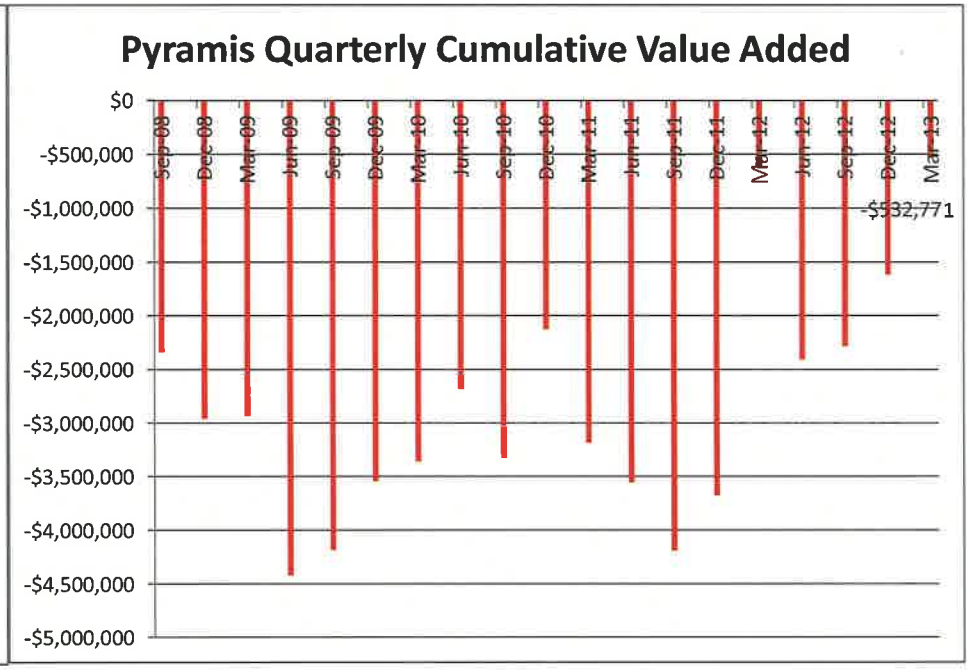




Pyramis Quarterly Value Added

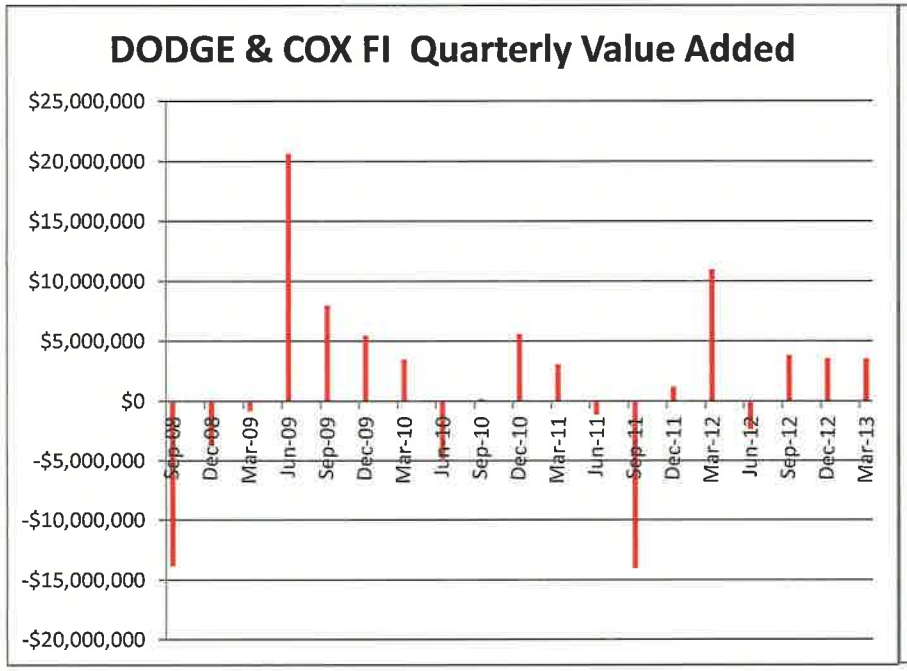
Quarter	Begin Date	End Date	Alpha	Fees: Managerial	Fees: Custodial	Value Added
1	6/30/2008	9/30/2008	-$2,082,765	$152,850	$97,568	**-$2,333,183**
2	9/30/2008	12/31/2008	-$437,372	$117,911	$64,926	**-$620,209**
3	12/31/2008	3/31/2009	$209,883	$118,436	$62,224	**$29,223**
4	3/31/2009	6/30/2009	-$1,281,976	$137,529	$74,689	**-$1,494,194**
5	6/30/2009	9/30/2009	$475,247	$151,346	$89,487	**$234,414**
6	9/30/2009	12/31/2009	$899,710	$157,601	$98,048	**$644,061**
7	12/31/2009	3/31/2010	$439,347	$157,772	$98,559	**$183,016**
8	3/31/2010	6/30/2010	$934,572	$154,446	$98,326	**$681,800**
9	6/30/2010	9/30/2010	-$387,602	$159,074	$98,903	**-$645,579**
10	9/30/2010	12/31/2010	$1,481,008	$168,380	$109,628	**$1,203,001**
11	12/31/2010	3/31/2011	-$772,440	$174,287	$115,941	**-$1,062,668**
12	3/31/2011	6/30/2011	-$81,072	$173,911	$117,971	**-$372,954**
13	6/30/2011	9/30/2011	-$383,265	$153,665	$98,953	**-$635,883**
14	9/30/2011	12/31/2011	$749,781	$148,898	$86,186	**$514,697**
15	12/31/2011	3/31/2012	$3,315,164	$155,807	$101,988	**$3,057,369**
16	3/31/2012	6/30/2012	-$1,542,684	$151,167	$89,339	**-$1,783,190**
17	6/30/2012	9/30/2012	$367,768	$154,539	$92,086	**$121,143**
18	9/30/2012	12/31/2012	$937,742	$160,345	$107,241	**$670,156**
19	12/31/2012	3/31/2013	$1,346,178	$167,103	$102,864	**$1,076,211**

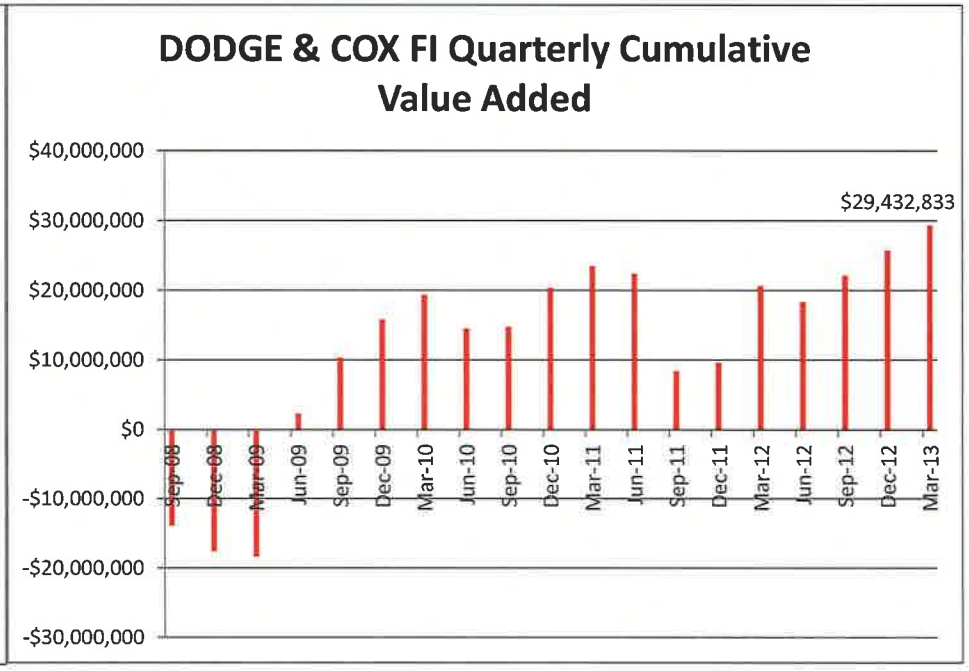


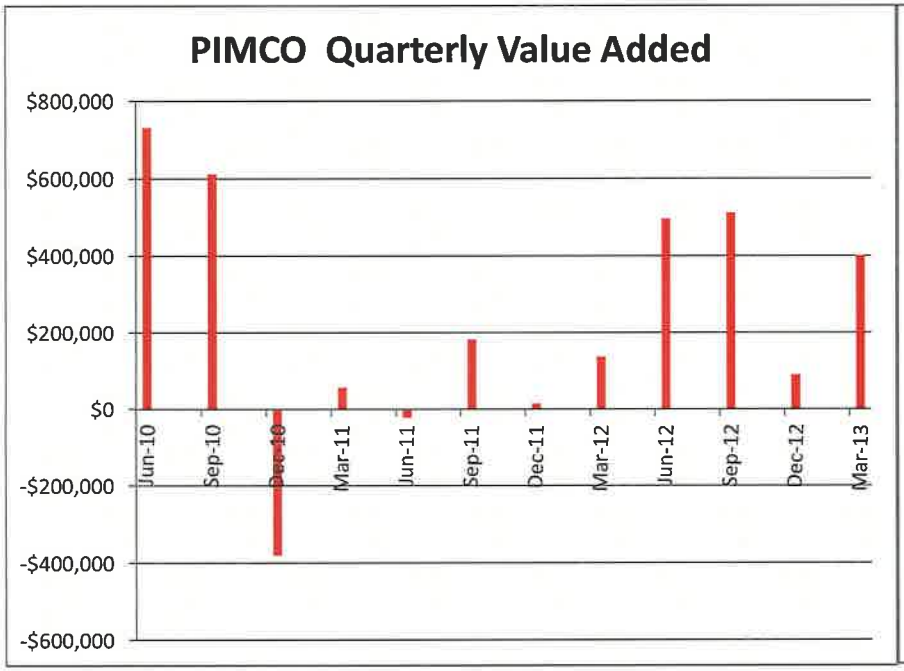
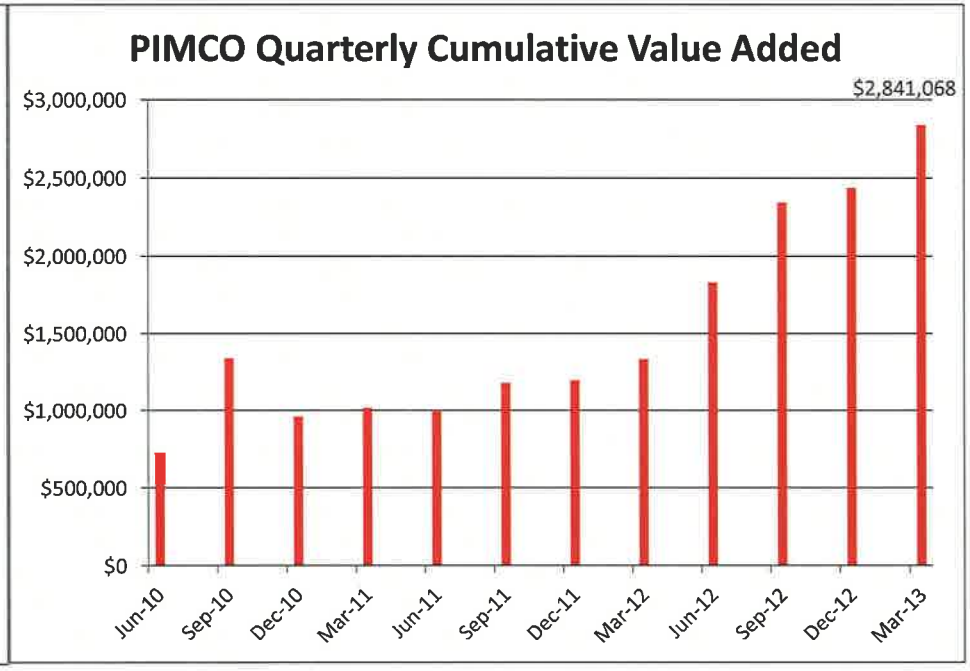


DODGE & COX FI Quarterly Value Added

Quarter	Begin Date	End Date	Alpha	Fees: Managerial	Fees: Custodial	Value Added
1	6/30/2008	9/30/2008	-$13,670,694	$114,102	$3,057	**-$13,787,854**
2	9/30/2008	12/31/2008	-$3,566,715	$115,403	$2,875	**-$3,684,993**
3	12/31/2008	3/31/2009	-$674,934	$101,942	$2,690	**-$779,567**
4	3/31/2009	6/30/2009	$20,762,262	$93,348	$2,667	**$20,666,247**
5	6/30/2009	9/30/2009	$8,095,535	$96,022	$2,450	**$7,997,063**
6	9/30/2009	12/31/2009	$5,598,814	$94,950	$2,432	**$5,501,432**
7	12/31/2009	3/31/2010	$3,610,418	$96,543	$2,427	**$3,511,448**
8	3/31/2010	6/30/2010	-$4,695,333	$98,358	$2,472	**-$4,796,163**
9	6/30/2010	9/30/2010	$304,813	$100,758	$2,541	**$201,514**
10	9/30/2010	12/31/2010	$5,724,549	$100,934	$2,578	**$5,621,037**
11	12/31/2010	3/31/2011	$3,197,808	$102,236	$2,590	**$3,092,982**
12	3/31/2011	6/30/2011	-$969,737	$107,254	$2,705	**-$1,079,696**
13	6/30/2011	9/30/2011	-$13,865,344	$116,701	$1,899	**-$13,983,943**
14	9/30/2011	12/31/2011	$1,326,142	$115,860	$1,433	**$1,208,849**
15	12/31/2011	3/31/2012	$11,121,304	$113,310	$1,364	**$11,006,630**
16	3/31/2012	6/30/2012	-$2,191,044	$113,009	$1,363	**-$2,305,417**
17	6/30/2012	9/30/2012	$3,967,160	$113,951	$1,395	**$3,851,813**
18	9/30/2012	12/31/2012	$3,730,794	$113,934	$1,355	**$3,615,505**
19	12/31/2012	3/31/2013	$3,702,213	$114,526	$11,741	**$3,575,946**





PIMCO Quarterly Value Added

Quarter	Begin Date	End Date	Alpha	Fees: Managerial	Fees: Custodial	Value Added
1	3/31/2010	6/30/2010	$780,844	$46,533	$2,492	**$731,819**
2	6/30/2010	9/30/2010	$689,748	$73,608	$3,985	**$612,155**
3	9/30/2010	12/31/2010	-$302,620	$72,769	$4,032	**-$379,422**
4	12/31/2010	3/31/2011	$134,401	$73,072	$3,987	**$57,343**
5	3/31/2011	6/30/2011	$56,698	$74,250	$4,064	**-$21,616**
6	6/30/2011	9/30/2011	$263,605	$76,362	$4,339	**$182,904**
7	9/30/2011	12/31/2011	$100,614	$79,352	$4,814	**$16,448**
8	12/31/2011	3/31/2012	$233,707	$89,913	$5,312	**$138,482**
9	3/31/2012	6/30/2012	$592,931	$91,631	$4,314	**$496,986**
10	6/30/2012	9/30/2012	$610,260	$93,044	$4,589	**$512,627**
11	9/30/2012	12/31/2012	$190,266	$93,384	$4,741	**$92,141**
12	12/31/2012	3/31/2013	$502,849	$93,617	$8,030	**$401,202**