STANISLAUS COUNTY

EMPLOYEES' RETIREMENT ASSOCIATION

INVESTMENT PERFORMANCE ANALYSIS

MARCH 31, 2006

STRATEGIC INVESTMENT SOLUTIONS, INC.

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ECONOMIC REVIEW

- The trade deficit registered a $65.1 billion increase at the end of December; this was slightly higher than the November deficit of $64.2 billion. The deficit increased further in January 2006 to $68.6 billion but narrowed in February to $65.7 billion. In the first quarter, the dollar weakened against the three major currencies: falling 2.5% against the Euro, 0.3% against the Yen, and a 1.2% decline against the British pound.

- First quarter GDP (advance report) increased by 4.8%. The fourth quarter GDP has been revised upward to 1.7% from 1.6%. With a monthly increase of 0.7%, January 2006 had the first monthly increase in the CPI (CPI-U) in two months. Energy costs increased in January and this accounted for 70% of January's rise. The January 2006 level of the CPI was 4.0% higher than January 2005. February's CPI number moderated to an increase of only 0.1%; the moderation was due to a tempering of energy costs. The CPI for February was 3.6% higher than February 2005. March's monthly figure of 0.4% saw an acceleration of inflation stemming from a large increase in the cost of apparel and shelter and a moderate increase in energy. The March level of the CPI was 3.4% higher than a year earlier. The first quarter opened with a decline in the unemployment rate to 4.7% from December's number of 4.9%.

- Housing starts lost momentum in the first quarter of 2006. January began with 2.31 million units, falling to 2.13 units in February and finally, 1.96 units in March. Conventional 30-year residential mortgage rates had a monthly average of 6.49% in March up from February's and January's rates of 6.19% and 6.20% respectively.

EQUITY MARKETS REVIEW

- The major U.S. equity indices posted positive returns for the fourth consecutive quarter. The broader market represented by the S&P 500 increased by 4.2%. Nine of the ten S&P 500 economic sectors had positive first quarter returns. The highest returning sectors for the first quarter were Communications, gaining 13.1%, and Energy, up 9.0%. This replaces last quarter's leaders, Materials and Financials, which also posted strong gains of 7.4% and 3.3% respectively. In addition to Utilities, the weakest quarterly performers were Health Care, 1.3%, and Consumer Staples, 1.6%. From a yearly perspective, Energy came in first place with a 21.8% return, followed by Financials with a 17.5% return. All sectors showed positive returns from a year-on-year perspective.

- Among large capitalization stocks, value outperformed growth during the quarter, with the Russell 1000 Value (R1000V) adding 5.9% versus the Russell 1000 Growth (R1000G) up 3.1%. Among smaller capitalization stocks, growth outperformed value, with the R2000G adding 14.4% vs. the R2000V, which gained 13.5%. Small stocks have outperformed large stocks for the trailing 12-month period, with the Russell 2000 returning 25.8% and Russell 1000 returning 13.2%.
- The MSCI EAFE returned 9.5% and 24.9% for the quarter and year, respectively (U.S. $ terms).

FIXED INCOME MARKETS REVIEW

- Continuing its behavior into 2006, the Federal Reserve raised short-term interest rates 25 basis points in both January and March. This marks the fifteenth time that the Fed has increased short-term interest rates since June 2004. The Federal Funds rate now stands at 4.75%, the highest level since March 2001. Whether the Fed is reaching the end of its rate-tightening cycle remains to be seen. The current yield curve has experienced a flattening since a year ago. In the first quarter, the spread between the 3-month bills and the benchmark 10- and 30-year bonds narrowed to 25 and 29 basis points, respectively. Comparing this to the fourth quarter, the spreads on the 10- and 30-year bonds were 32 and 47 bps, respectively.

- During the first quarter, most of the major bond indices showed negative returns. The Lehman Aggregate Bond Index (LAB) posted a loss of -0.6% in the first quarter, while the Citigroup World Government Bond (CWGB) Index decreased 0.4%. The Lehman Mortgage Backed (LBMB) Index ended the quarter 0.1% lower. High yield corporates, as measured by the Citigroup High Yield (CHY) Index, gained 2.8%. For the trailing 12 months, the LAB was up 2.3%, the CWGB down 4.8%, LBMB up 2.7% and the CHY up 6.5%.

- The composite fund returned 5.3% in the first quarter of 2006 and ranked in the 23rd percentile among other public funds greater than $100 million (4.7% median). The fund beat its policy index (4.3%) during this time period. Longer term, the three and five-year returns of 16.6% and 9.9%, respectively, were above median among total public plans (16.0% and 7.4%).

- First quarter results were enhanced by the following factors:

1. The Bank of NY S&P 500 Index Fund matched the S&P 500 Index and median large cap core manager return of 4.2%.

2. Mazama (12.4%) was ahead of its benchmark and ranked at the 47th percentile of the small and mid cap growth manager universe (12.2% median). The Russell 2500 Growth Index returned 11.8%. Contributors to performance came primarily from by its Financials (Lazard Limited, Affiliated Managers Group, E Trade) stocks and relative overweight to the Info Tech sector.

3. Charlotte Capital (16.3%) had an above par quarter and ranked second among small cap value managers (9.9% median). The Russell 2000 Value Index returned 13.5%. Charlotte was boosted by its strong performing Info Tech (C Cor Electronics, Innovex) and Materials (Hecla Mining, Stillwater Mining) stocks plus double-weight in the Info Tech sector.

3. LSV (12.1%) outperformed the MSCI ACWI -ex US (9.8%) and ranked 12th among international equity managers. LSV's overweight to materials and underweight to consumer staples helped results, in addition to good stock selection in the financials and consumer discretionary sectors.

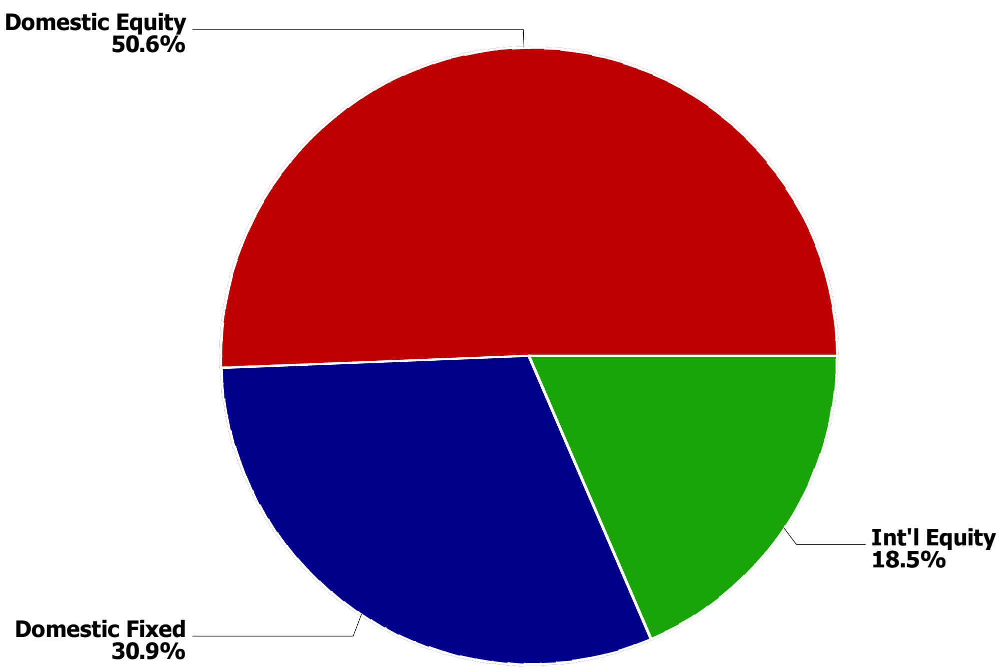
4. Putnam's quarterly return beat the MSCI ACWI -ex US (9.9% vs. 9.8%) and the international equity manager median of 9.4%. Good results from above par health care (Schering), energy (China Shenhua Energy, Norsk Hydro) and consumer staples (Japan Tobacco, zero exposure to Nestle) investments more than offset an overweight to the depreciating telecommunications sector and poor financials stock picks (Aiful, Swiss Re, Macquarie Bank).

5. The Dodge & Cox-Fixed Income 0.2% return was above its benchmark, the Lehman Aggregate Index return of -0.6%, and ranked in the top decile among core bond managers, with a median return of -0.4%. D&C's shorter effective duration (3.5 years vs. 4.6 years for the index), specific MBS and corporate (FMCC, GMAC) holdings, and overweight of the Corporate sector contributed to results.

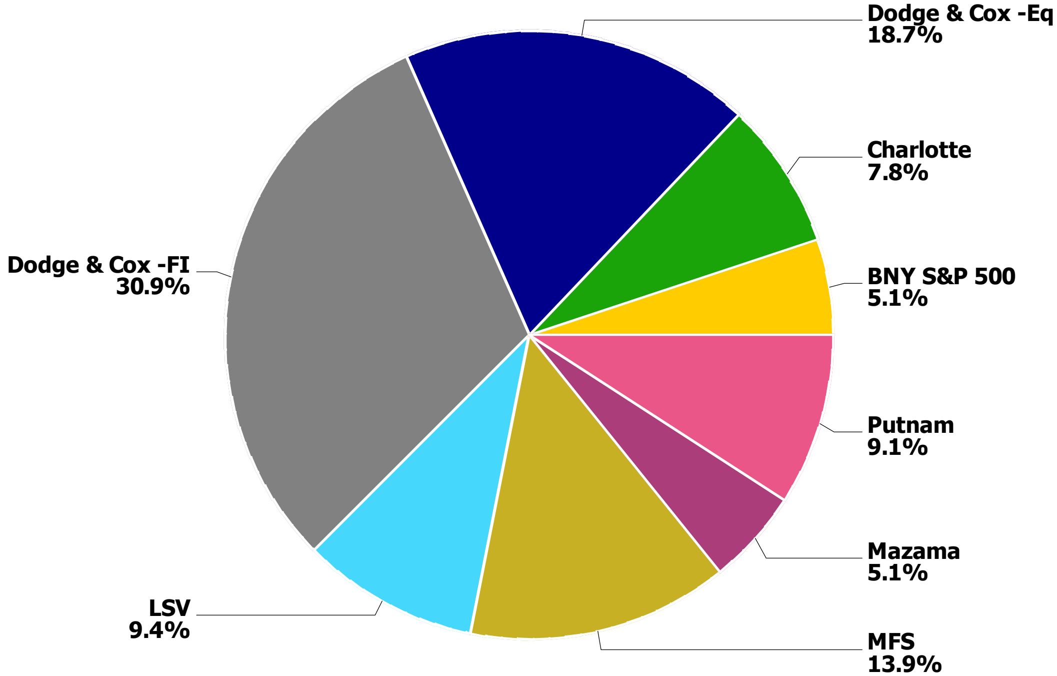
- First quarter results were hindered by the following factors:

1. MFS was beaten by its benchmark, the Russell 1000 Growth Index (2.4% vs. 3.1%), and ranked in the 68th percentile among large growth equity managers. MFS' negative performance alpha was a result of sub-par Consumer Discretionary investments (Getty Images, Carnival Corp) and a half-weight to the Industrials sector.

2. Behind its benchmark, the Russell 1000 Value Index (5.9%), Dodge & Cox-Equity (5.5%) still ranked in the second quartile among large cap value managers (median 5.4%). Underweight to the Telecom Services sector and holding below par Healthcare stocks (HCA, Schering Plough) were negative factors to performance.



Manager Type	Market Value	Current%
Domestic Equity	656,179,850	50.6
Domestic Fixed	400,984,240	30.9
Int'l Equity	239,306,146	18.5
Total	**1,296,470,236**	**100.0**



Manager	Market Value	Current%
BNY S&P 500	66,611,792	5.1
Charlotte	101,279,090	7.8
Dodge & Cox -Eq	242,179,707	18.7
Dodge & Cox -FI	400,984,240	30.9
LSV	121,361,730	9.4
MFS	179,648,459	13.9
Mazama	66,460,802	5.1
Putnam	117,944,416	9.1
Total	**1,296,470,236**	**100.0**

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR		Allocation Actual	Allocation Target
Total Fund *	**5.3%**	**23**	**12.0%**	**39**	**14.0%**	**47**	**10.2%**	**55**	**16.6%**	**43**	**9.9%**	**4**	**100.0%**	**100.0%**
*Policy Index ***	*4.3%*	*60*	*10.0%*	*66*	*12.6%*	*63*	*9.4%*	*72*	*15.8%*	*57*	*6.9%*	*69*		
Public Plan > $100 Million Median	*4.7%*		*11.4%*		*13.8%*		*10.4%*		*16.0%*		*7.4%*			
US EQUITY MANAGERS														
BNY - gross of fees	**4.2%**	**64**	**10.3%**	**65**	**11.8%**	**66**	**9.2%**	**56**					5.1%	4.9%
BNY - net of fees	4.2%		10.3%		11.8%		9.2%							
S&P 500 Index	*4.2%*	*67*	*10.2%*	*76*	*11.7%*	*74*	*9.2%*	*74*						
MFS - gross of fees	**2.4%**	**68**	**7.5%**	**95**	**10.3%**	**93**	**7.2%**	**75**	**13.6%**	**86**	**0.2%**	**96**	13.9%	14.8%
MFS - net of fees	2.4%		7.3%		10.1%		7.0%		13.3%		-0.1%			
Russell 1000 Growth Index	*3.1%*	*54*	*10.4%*	*71*	*13.2%*	*74*	*7.0%*	*76*	*14.8%*	*74*	*1.7%*	*81*		
Dodge & Cox - gross of fees	**5.5%**	**40**	**14.9%**	**18**	**15.8%**	**29**	**14.8%**	**34**	**25.6%**	**10**	**12.7%**	**9**	18.7%	17.5%
Dodge & Cox - net of fees	5.5%		14.8%		15.7%		14.7%		25.4%		12.5%			
Russell 1000 Value Index	*5.9%*	*29*	*11.4%*	*62*	*13.3%*	*67*	*13.2%*	*53*	*21.8%*	*49*	*7.8%*	55		
Mazama - gross of fees****	**12.4%**	**47**	**31.3%**	**7**	**37.1%**	**5**							5.1%	4.5%
Mazama - net of fees	12.2%		30.6%		36.0%									
Russell 2500 Growth Index	*11.8%*	*54*	*22.1%*	*40*	*26.4%*	*47*								
Charlotte - gross of fees	**16.3%**	**2**	**21.5%**	**11**	**23.4%**	**22**	**14.1%**	**74**					7.8%	6.9%
Charlotte - net of fees	16.1%		20.9%		22.5%		13.2%							
Russell 2000 Value Index	*13.5%*	*11*	*17.8%*	*22*	*23.8%*	*20*	*16.6%*	*55*						
US Equity Composite	**6.7%**	**41**	**14.7%**	**43**	**16.7%**	**47**	**12.0%**	**57**	**22.0%**	**51**			**50.6%**	**48.6%**
80% R1000/ 20% R2000	*6.4%*	*43*	*13.4%*	*50*	*16.1%*	*50*	*10.9%*	*65*	*20.3%*	*60*				
Russell 3000 Index	*5.3%*	*55*	*11.8%*	*63*	*14.3%*	*63*	*10.6%*	*67*	*19.1%*	*68*				
INTERNATIONAL EQUITY MANAGERS														
LSV - gross of fees***	**12.1%**	**12**	**28.5%**	**41**	**28.2%**	**42**							9.4%	
LSV - net of fees	11.9%		27.9%		27.4%									
Putnam - gross of fees	**9.9%**	**39**	**27.9%**	**45**	**28.9%**	**40**	**20.4%**	**51**	**28.8%**	**81**	**9.5%**	**86**	9.1%	
Putnam - net of fees	9.9%		27.7%		28.6%		20.2%		28.4%		9.0%			
International Equity Composite	**11.0%**	**19**	**28.2%**	**42**	**28.6%**	**41**	**21.1%**	**42**	**29.2%**	**78**			**18.5%**	**15.0%**
MSCI ACWI -ex US Index	*9.8%*	*42*	*28.1%*	*43*	*28.1%*	*42*	*21.9%*	*24*	*33.0%*	*44*	*10.7%*	*73*		
US FIXED INCOME MANAGER														
Dodge & Cox - gross of fees	**0.2%**	**6**	**0.6%**	**8**	**3.0%**	**26**	**2.4%**	**31**	**4.0%**	**25**	**6.1%**	**21**	**30.9%**	**36.4%**
Dodge & Cox - net of fees	0.2%		0.6%		2.9%		2.3%		3.9%		6.0%			
Lehman Aggregate Index	*-0.6%*	*82*	*-0.7%*	*87*	*2.3%*	*85*	*1.7%*	*78*	*2.9%*	*79*	*5.1%*	*76*		

Rankings: 1=highest, 100=lowest.

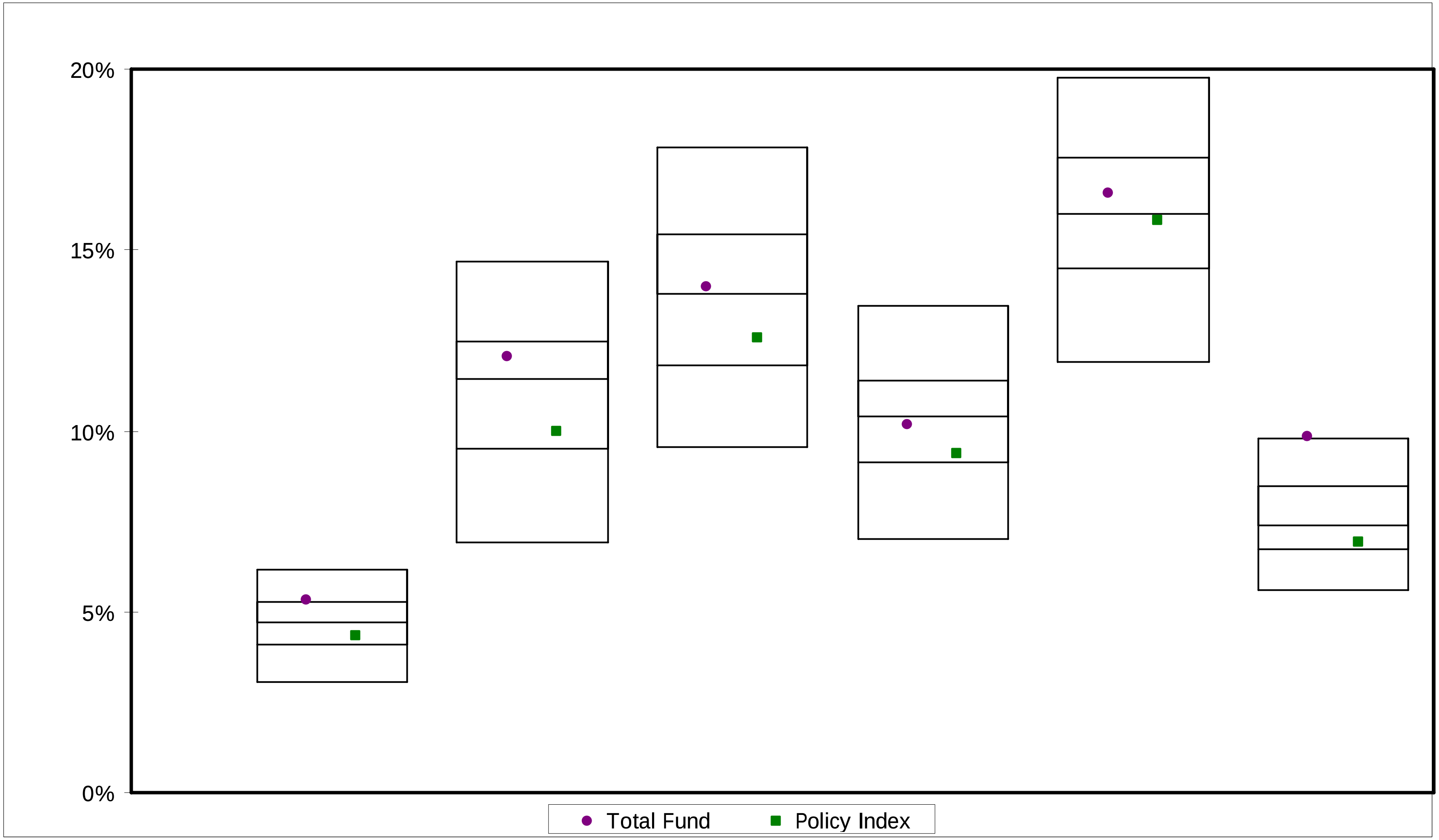
** Total Fund and US managers are ranked against appropriate peer universes. Other managers and asset class composites are ranked against asset class universes.*

*** Effective 1/1/05, policy Index is 39% Russell 1000, 10% Russell 2000, 15% MSCI ACWI -ex US and 36% Lehman Aggregate. MSCI ACWI-ex US return is linked with previous MSCI EAFE returns.*

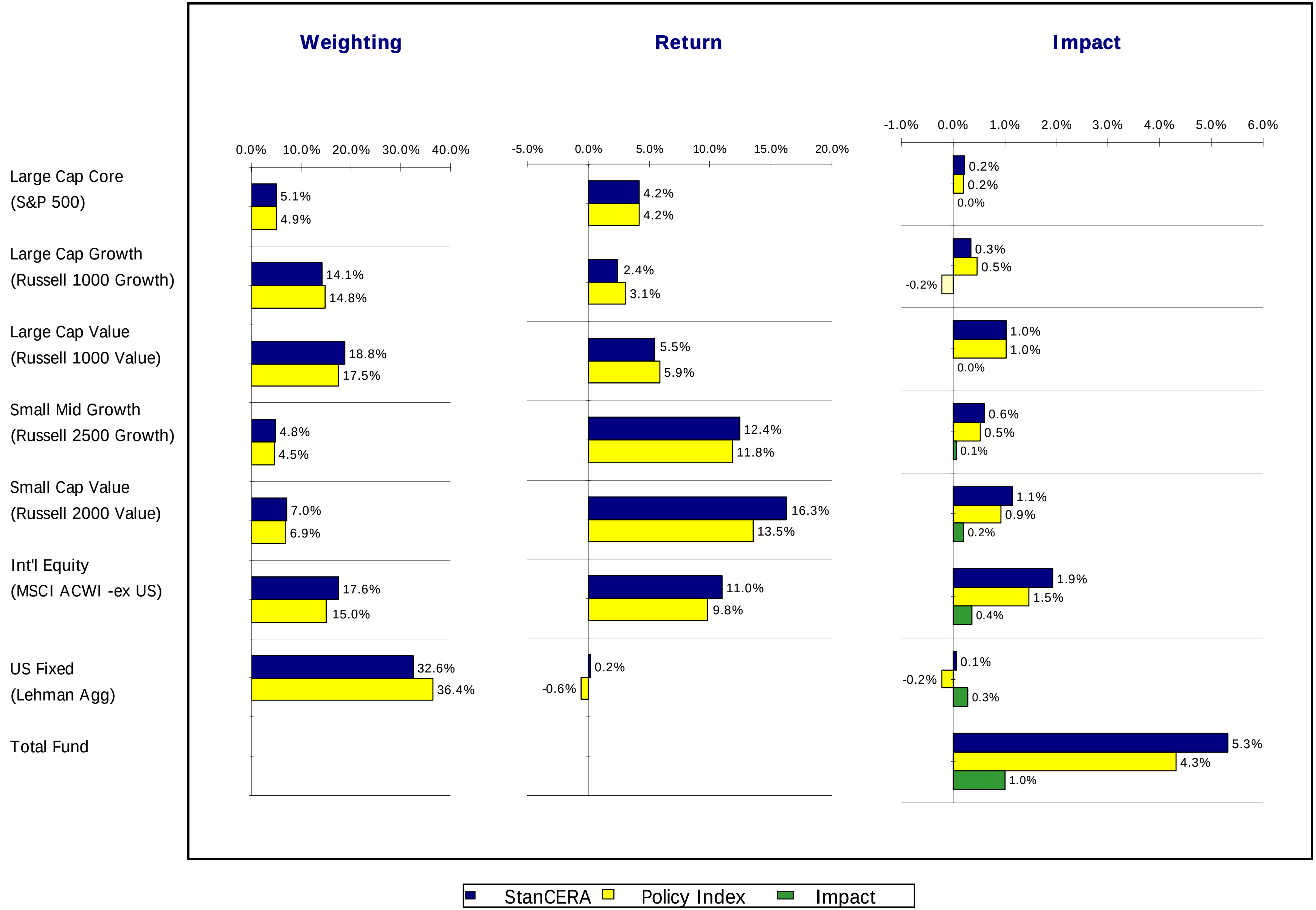
**** Funded 9/10/04.*

***** TCW was replaced by Mazama November 2004.*

Total Public Funds – (Above $100 Million)
Total Returns



	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total Fund	5.3%	23	12.0%	39	14.0%	47	10.2%	55	16.6%	43	9.9%	4
Policy Index	4.3%	60	10.0%	66	12.6%	63	9.4%	72	15.8%	57	6.9%	69
Median	4.7%		11.4%		13.8%		10.4%		16.0%		7.4%	


Weighting
Return
Impact
Large Cap Core
(S&P 500)
Large Cap Growth
(Russell 1000 Growth)
Large Cap Value
(Russell 1000 Value)
Small Mid Growth
(Russell 2500 Growth)
Small Cap Value
(Russell 2000 Value)
Int'l Equity
(MSCI ACWI -ex US)
US Fixed
(Lehman Agg)
Total Fund
0.0% 10.0% 20.0% 30.0% 40.0%
-5.0% 0.0% 5.0% 10.0% 15.0% 20.0%
-1.0% 0.0% 1.0% 2.0% 3.0% 4.0% 5.0% 6.0%
5.1%
4.9%
4.2%
4.2%
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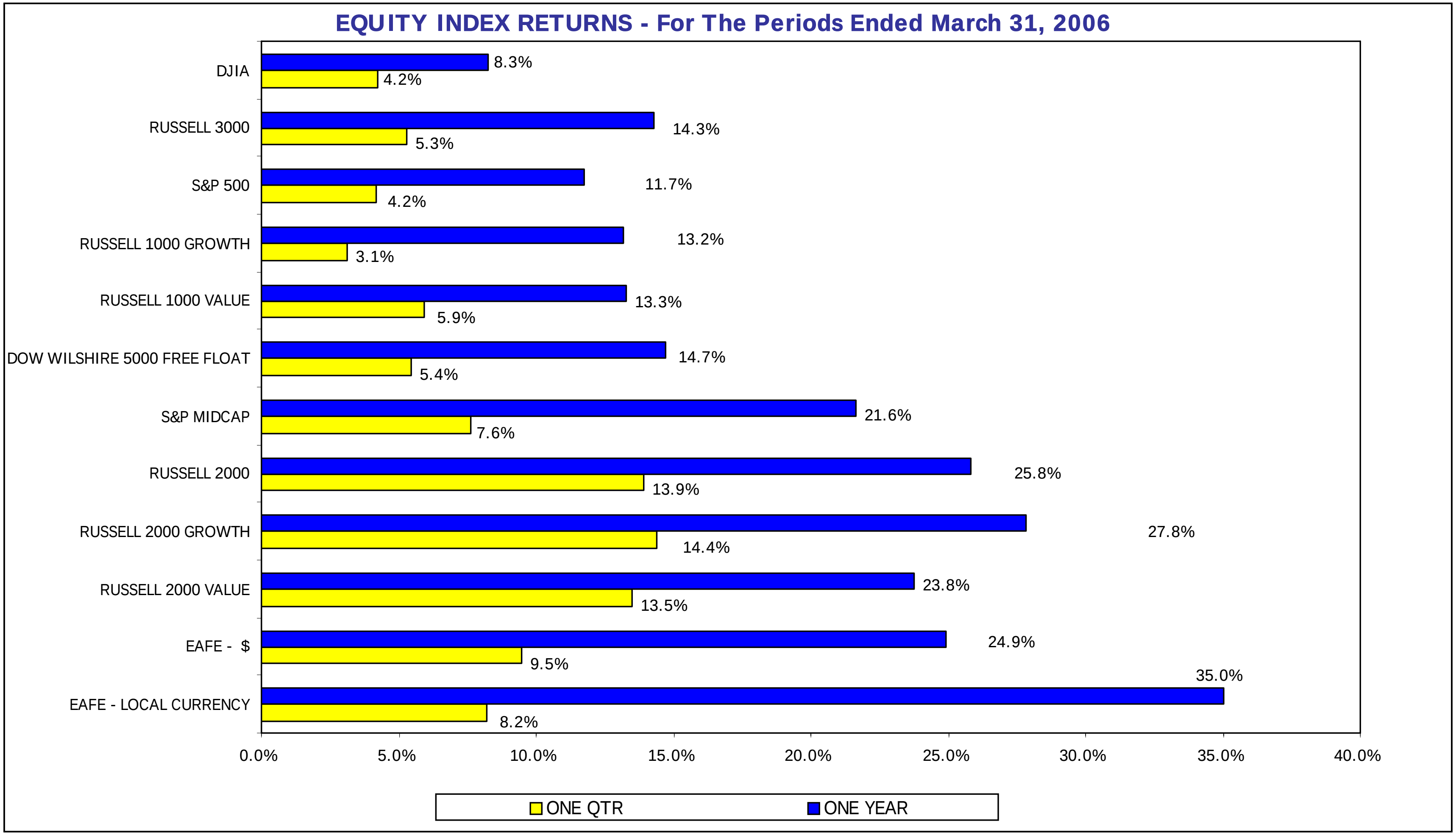
36.4%
0.2%
-0.6%
0.1%
-0.2%
0.3%
5.3%
4.3%
1.0%
StanCERA
Policy Index
Impact

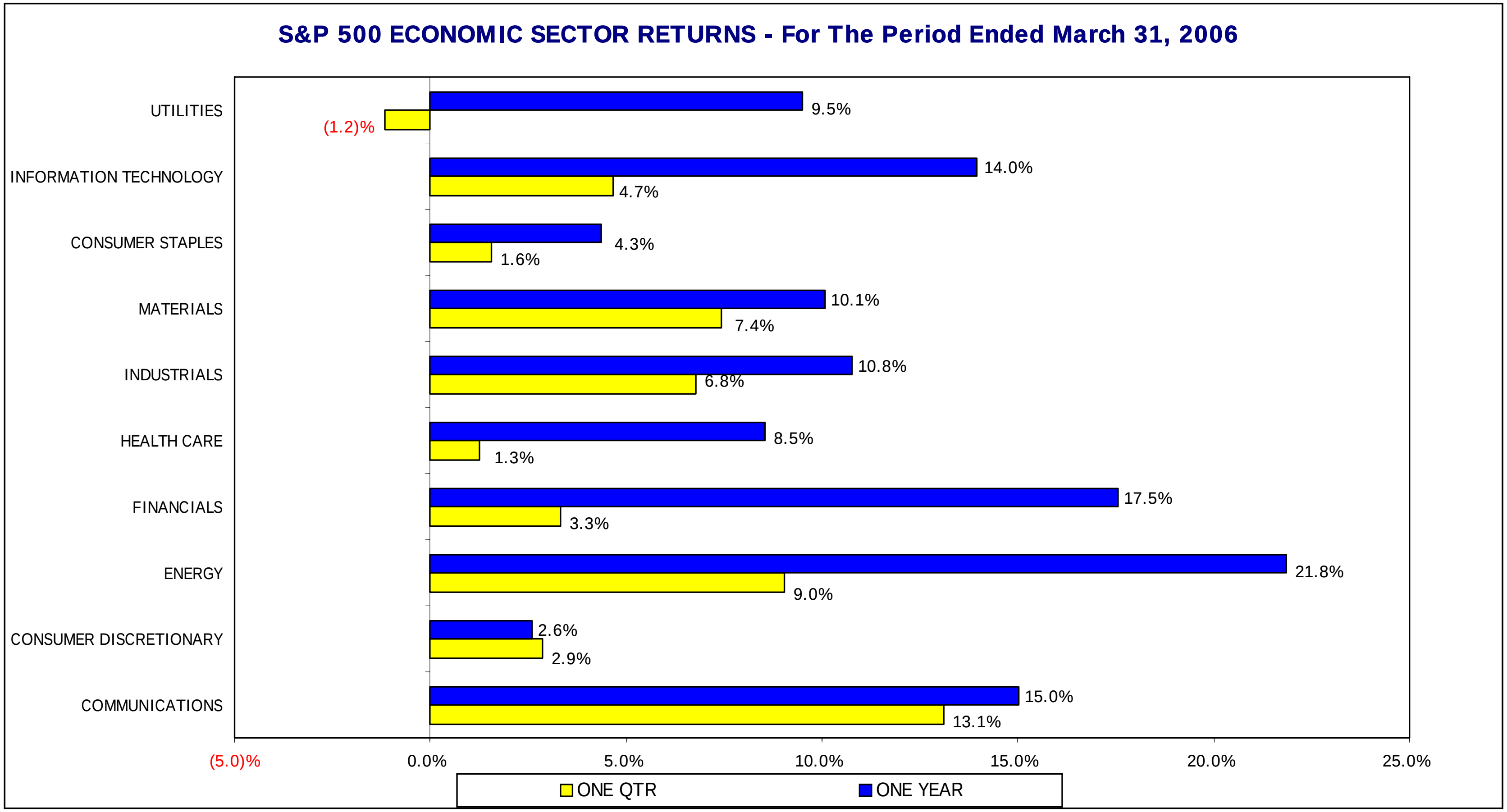
Equity Index Returns - Short Term

* All domestic indices posted positive returns for the first quarter of 2006. The S&P 500 Index returned 4.20%.
* From a style perspective, the Russell 1000 Value Index outperformed its counterpart, the Russell 1000 Growth Index by 282 basis points. For small cap stocks, the Russell 2000 Growth Index outperformed the Russell 2000 Value Index by 87 basis points.
* International equities had another strong quarter with the MSCI EAFE returning 9.47% in the first quarter of 2006.



Equity Sector Returns

* Nine of the ten economic sectors had positive returns: Utilities turned in the only negative quarterly return of -1.18%.
* The Comunications and Energy sectors were the strongest quarterly performers with a 13.09% and a 9.05% returns, respectively.
* After Utilities, the weakest quarterly performers were Health Care, 1.27%, and Consumer Staples, 1.56%.
* From a yearly perspective, Energy came in first place with a 21.84% return, followed by Financials, with a 17.55% return. All sectors showed positive retuns from a year-on-year perspective.

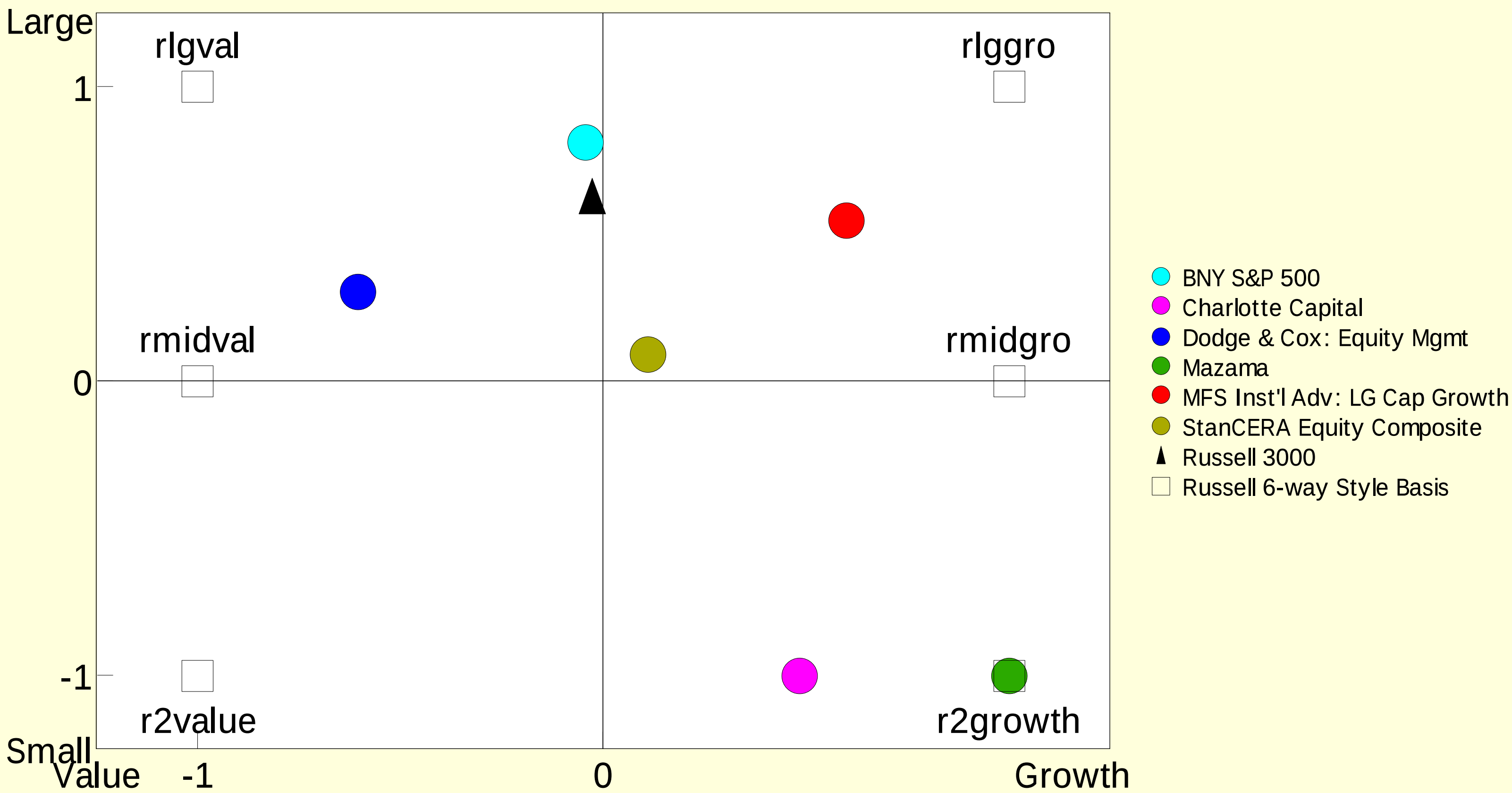


Zephyr StyleADVISOR: Strategic Investment Solutions, Inc.

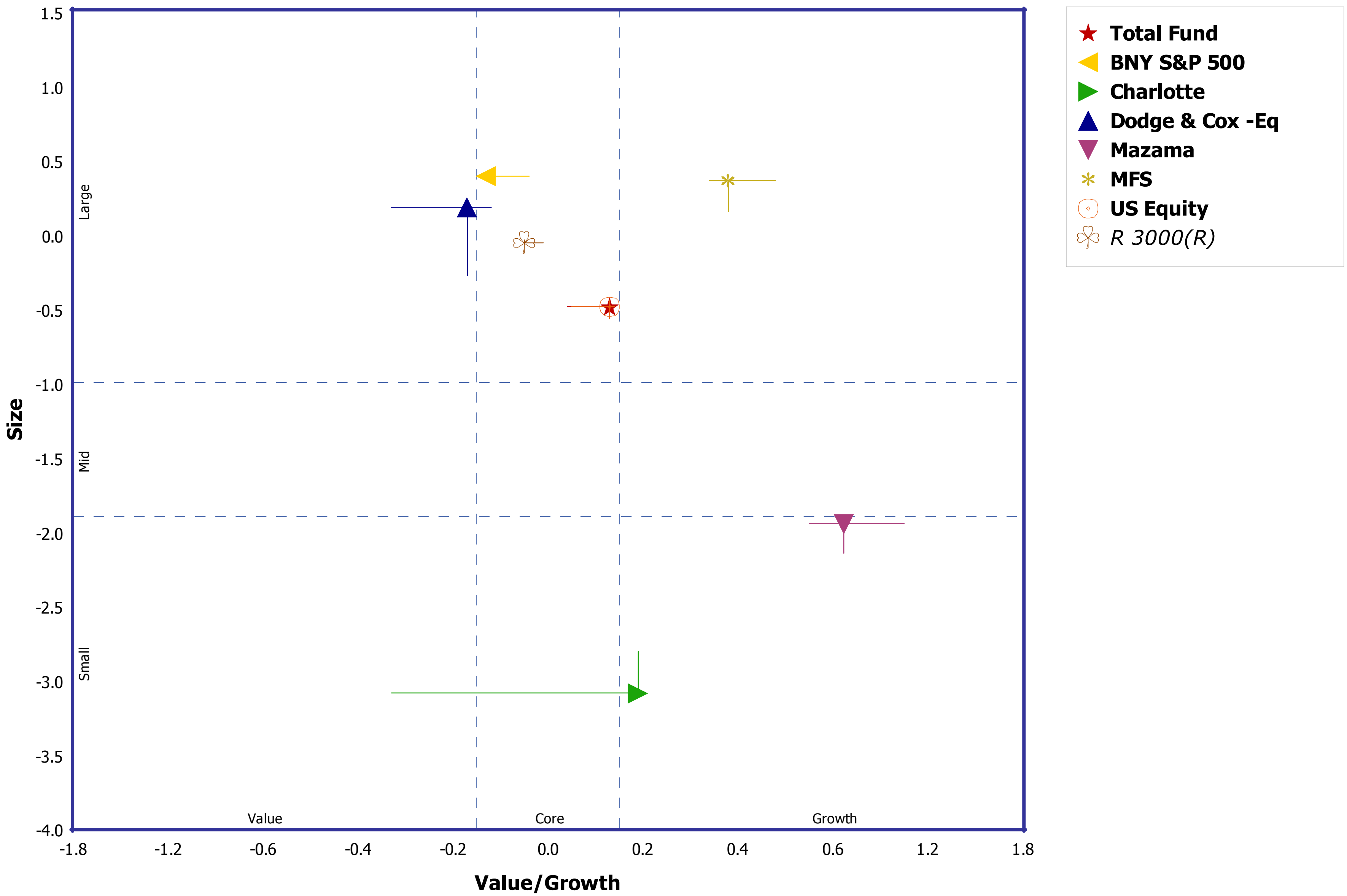
Manager Style

Single Computation

April 2001 - March 2006

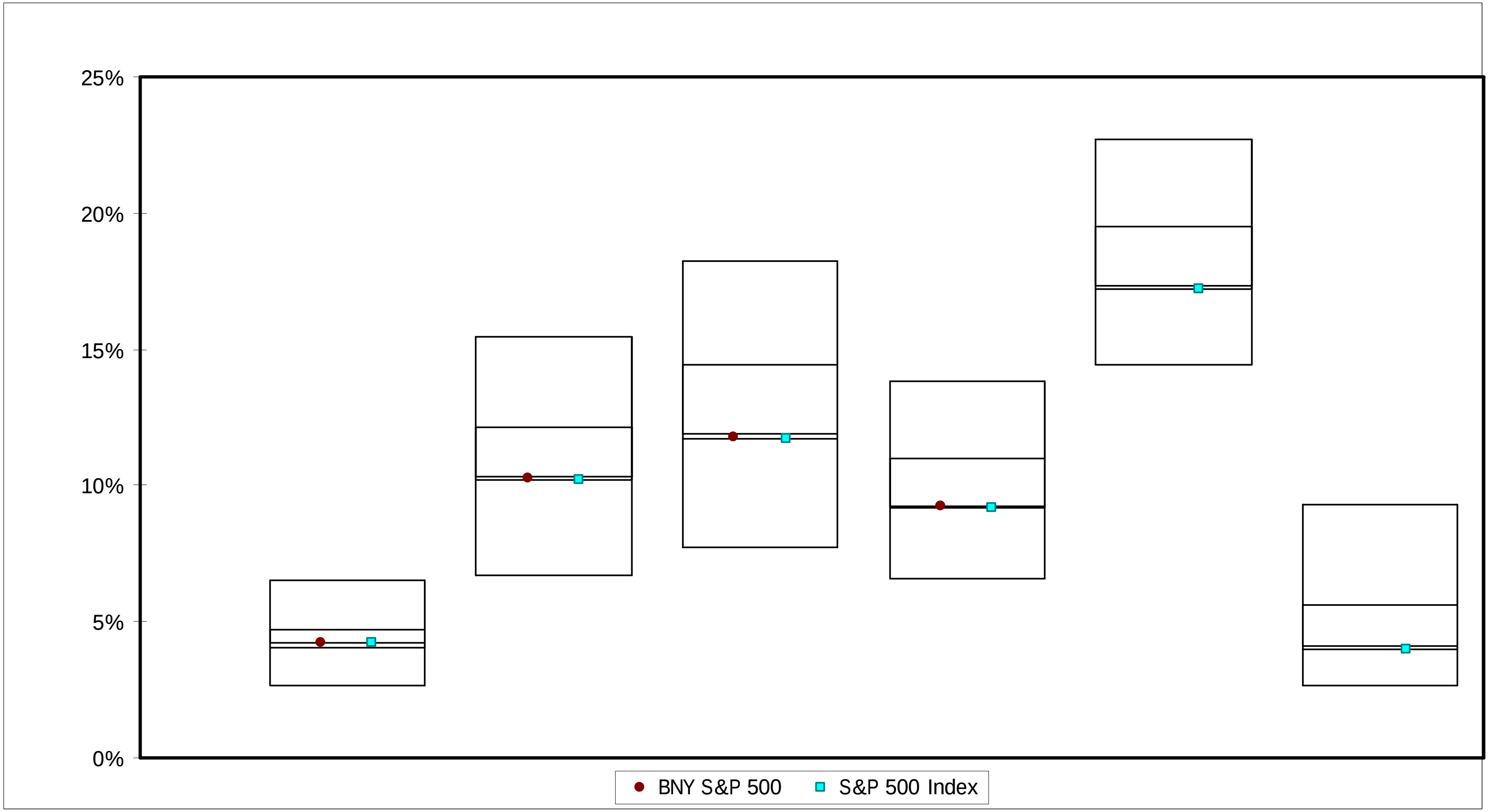


Equity Style Analysis
2 Year Style Drift



	DIVIDEND YIELD (%)				CAPITALIZATION ($B)				P/E RATIO			
	QTR ENDING		YR ENDING		QTR ENDING		YR ENDING		QTR ENDING		YR ENDING	
BNY S&P 500	1.84	20	1.81	26	88.41	16	90.81	12	17.16	61	17.66	53
Charlotte	1.11	51	1.62	36	0.70	98	0.82	97	15.63	81	15.75	79
Dodge & Cox	1.61	33	1.88	14	57.90	40	39.33	54	16.88	68	17.37	65
Mazama	0.18	95	0.19	95	3.11	73	2.42	75	22.18	26	13.59	94
MFS	0.93	59	0.82	69	78.92	22	64.19	34	22.78	23	23.65	9
Russell 3000	1.71	30	1.72	31	72.60	28	75.22	27	17.52	55	17.68	51
Median	1.13		1.21		44.69		42.90		18.25		17.78	

	5 YRS EPS GROWTH				RETURN ON EQUITY				PRICE/BOOK			
	QTR ENDING		YR ENDING		QTR ENDING		YR ENDING		QTR ENDING		YR ENDING	
BNY S&P 500	15.27	60	11.14	58	19.70	32	19.14	30	3.59	48	3.65	43
Charlotte	11.74	87	4.61	95	3.06	100	9.18	95	2.28	96	1.68	99
Dodge & Cox	14.35	69	6.78	87	15.17	67	14.32	71	2.65	83	2.62	79
Mazama	17.36	39	10.53	65	11.26	88	14.03	75	3.81	37	4.29	18
MFS	17.87	36	14.46	27	21.20	12	19.48	21	4.82	18	4.95	7
Russell 3000	15.31	54	11.40	50	18.47	44	18.18	39	3.62	43	3.57	47
Median	15.81		11.52		17.90		17.06		3.56		3.44	



	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
BNY S&P 500	4.2%	64	10.3%	65	11.8%	66	9.2%	56				
S&P 500 Index	4.2%	67	10.2%	76	11.7%	74	9.2%	74	17.2%	73	4.0%	79
Median	4.2%		10.3%		11.9%		9.3%		17.3%		4.1%	

Portfolio Characteristics

	Portfolio	S&P 500
Total Number of Securities	505	
Total Market Value $	66,496,043	
Average Market Capitalization (000's)	88,409,400	88,553,200
Median Market Capitalization (000's)	12,028,600	12,158,000
Equity Segment Yield	1.84	1.84
Equity Segment P/E	17.16	17.09
Equity Segment Beta	1.03	1.00
Price/Book Ratio	3.59	3.55
Five Year Earnings Growth	15.27	15.33
Return On Equity	19.70	19.69

Ten Largest Holdings

Name	$	Weight
EXXON MOBIL CORP	2,103,014	3.2
GENERAL ELEC CO	2,051,492	3.1
MICROSOFT	1,368,355	2.1
CITIGROUP INC	1,334,018	2.0
BANK OF AMERICA COR	1,196,976	1.8
PROCTER & GAMBLE CO	1,072,461	1.6
PFIZER INC	1,037,611	1.6
JOHNSON & JOHNSON	997,336	1.5
AMERICAN INTL GROUP	970,744	1.5
ALTRIA GROUP INC	836,842	1.3

Ten Best Performers

Name	Return
JDS UNIPHASE CORP	76.7
CIENA CORP	75.4
ALLEGHENY TECHNOLOG	69.9
PMC-SIERRA INC	59.4
APPLIED MICRO CIRCU	58.4
NUCOR CORP COM	58.1
NVIDIA CORP	56.6
TELLABS INC	45.9
LSI LOGIC CORP	44.5
ALLIED WASTE INDS I	40.0

Ten Worst Performers

Name	Return
AMAZON COM INC	-22.5
INTEL CORP	-21.7
TYSON FOODS INC	-19.4
ST JUDE MED INC COM	-18.3
YAHOOINC	-17.7
SYMBOL TECHNOLOGIES	-17.4
GOODYEAR TIRE & RUB	-16.7
CENTEX CORP	-13.2
APOLLO GROUP INC	-13.1
NOVELL INC	-13.0