



**STANISLAUS COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION**
832 12th Street, Suite 600
Modesto, CA 95354
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www.stancera.org
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AGENDA

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

**August 28, 2012
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 August 8, 2012, Administrative Meeting Minutes [View](#)
 - b. StanCERA Investment Managers Peer Rankings for Quarter Ending June 30, 2012 [View](#)

5. Consent Items (Cont.)
 - c. Revision to Effective Date to the Excess Earnings Policy [View](#)
6. Semi-Annual Performance Report by Dodge & Cox - Fixed Income and U.S. Large Cap Value Equity Securities [View](#)
7. Semi-Annual Performance Report by PIMCO – Fixed Income [View](#)
8. Strategic Investment Solutions (SIS), Inc.
 - a. Investment Performance Analysis for the Quarter Ending June 30, 2012 [View](#)
 - b. StanCERA Investment Managers Review List for Quarter Ending June 30, 2012 [View](#)
 - c. Monthly Performance Review for the Month Ending July 31, 2012 [View](#)
 - d. Report on “Top 10 Holdings” by StanCERA Investment Managers as of July 31, 2012 [View](#)
9. Executive Director
 - a. Discussion and Action on the Disposition of the Global Equity Real Estate Fund [View](#)
10. Committee Reports & Recommendations for Action

STANDING COMMITTEES

 - a. Due Diligence Committee – Darin Gharat, Chair
 - i. Update on Calendar Year 2012 Due Diligence Visits [View](#)

11. Closed Session

- a. 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(a)
- b. 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(b)

12. Members’ Forum (Information and Future Agenda Requests Only)

13. Adjournment



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PLEASE POST FOR EMPLOYEE VIEWING

BOARD OF RETIREMENT MINUTES

August 8, 2012

Members Present: Maria De Anda, Jim DeMartini, Gordon Ford, Darin Gharat, Mike Lynch, Ron Martin, Michael O'Neal, and Donna Riley

Members Absent: Jeff Grover

Alternate Member Present: Joan Clendenin, Alternate Retiree Representative

Staff Present: Rick Santos, Executive Director
Luiana Irizarry, Interim Executive Assistant
Dawn Lea, Benefits Manager
Kathy Johnson, Accountant

Others Present: Fred Silva, General Legal Counsel
Doris Foster & Stan Risen, County Chief Executive Office
Grahm Schmidt, EFI Actuaries
Terry Withrow, Board of Supervisor, District 3

1. Meeting called to order at 1:59 p.m. by Jim DeMartini, Chair.

M. De Anda and D. Riley arrived at 2:02 pm.

2. **Roll Call**

3. **Announcements**

Ms. Clendenin suggested that the Executive Director's report regarding the Cash Flow Management Plan be moved to a Special Meeting. No motion was made, and the meeting proceeded per the agenda.

4. **Public Comment**

None.

5. **Consent Items**

Motion was made by Maria De Anda and seconded by Michael O'Neal to approve the following items as listed.

Motion carried.

5. **Consent Items (Cont.)**

- a. Approval of the July 24, 2012 Administrative Meeting Minutes
- b. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**

- 1. Cindy Am, CSA, Effective 07-30-12
- 2. James Austin, HSA, Effective 08-01-12
- 3. Dennis Brighton, Planning, Effective 07-13-12
- 4. Judy Brown, HSA, Effective 08-04-12
- 5. Loveada Fresquez, Treasurer/Tax Collector, Effective 08-31-12
- 6. John Hallford III, Sheriff, Effective 05-31-12
- 7. Jennifer Hudson, Sheriff, Effective 08-02-12
- 8. Clara Juarez, CSA, Effective 08-08-12
- 9. Sharon Krediet, CSA, Effective 08-21-12
- 10. Patricia Lewman, DER, Effective 07-30-12
- 11. Barbara Peck, BHRS, Effective 08-25-12
- 12. Onan Rice, Sheriff, Effective 08-25-12
- 13. Neil Selover, DCSS, Effective 07-24-12
- 14. Philip Sugerman, CSA, Effective 08-02-12
- 15. Pamela Thompson-Blake, District Attorney, Effective 08-25-12
- 16. Karen Van Heiningen-Kess, CSA, Effective 08-11-12
- 17. Sal Yang, CSA, Effective 08-01-12

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

- 1. Jennifer Alves, Courts, Effective 04-12-12
- 2. Theresa Borrelli, Auditor Controller, Effective 07-14-12
- 3. Chad Fielden, BHRS, Effective 07-07-12
- 4. David Fiore, CSA, Effective 06-30-12
- 5. Luke Gustafson, Probation, Effective 05-17-12
- 6. Doniece Hill, CSA, Effective 05-19-12
- 7. Mary Miller, HSA, Effective 07-14-12

6. **Executive Director**

- a. Discussion and Action on the Implementation of a Cash Flow Management Plan
 - i. Cash Flow Management Presentation

Motion was made by Darin Gharat and seconded by Ron Martin to direct staff to provide more information on the potential implementation of a Cash Flow Management Plan.

Motion carried.

Recessed at 3:00 p.m.

Reconvened at 3:05 p.m.

- b. Update on Current Status of Retirement Plan by EFI Actuaries

7. **Closed Session**

- a. 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(a)

No Report.

- b. 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(b)

No Report.

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

Mr. Ford requested an agenda item for the August 28th Investment Board of Retirement meeting regarding the disposition of the Invesco Global REIT allocation within the portfolio.

9. **Adjournment**

Meeting adjourned at 4:17 p.m.

Respectfully submitted,

Rick Santos, Executive Director

APPROVED AS TO FORM:
FRED A. SILVA, GENERAL LEGAL COUNSEL

By: 
Fred A. Silva, General Legal Counsel

08-28-12

Item #5b

StanCERA Investment Managers

Total Fund

Taken From SIS Quarterly Investment Performance Analysis Reports

6/30/2009 through 6/30/2012

	6/30/2009	9/30/2009	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
1 Quarter	7	11	7	13	92	29	16	45	68	85	30	16	69
1 Year/Fiscal Year To Date	31	7	5	7	16	36	19	22	30	77	85	70	62
Over 3 years	74	51	35	31	47	41	38	13	16	8	14	10	23
Over 5 years	77	52	45	37	43	47	41	47	38	59	54	43	41

Note: Ranking 1 is highest & 100 lowest

Revised 8/22/2012

StanCERA Investment Managers

Peer Ranking For Returns Over 5 Years

Taken From SIS Quarterly Investment Performance Analysis Reports

6/30/2009 through 6/30/2012

6/30/2009 9/30/2009 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

S&P 500	75	83	73	73	69	67	68	66	64	60	61	58	54
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
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
Delaware	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	43	34	32	22
Dodge & Cox	55	40	57	58	59	70	71	75	69	72	73	73	65
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
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
LSV	n/a	35	36	41	34	40	31	35	40	48	42	39	56
Pyramis	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	34	34	24	27	26
Dodge & Cox FI	36	15	18	18	22	25	16	18	21	36	39	27	33
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
Invesco	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 8/22/2012

StanCERA Investment Managers

Peer Ranking For Returns Over 3 Years

Taken From SIS Quarterly Investment Performance Analysis Reports

6/30/2009 through 6/30/2012

6/30/2009 9/30/2009 12/31/2009 3/31/2010 6/30/2010 9/30/2010 12/31/2010 3/31/2011 6/30/2011 9/30/2011 12/30/2011 3/31/2012 6/30/2012

S&P 500	64	74	67	64	62	60	62	62	57	52	50	56	44
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
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
Delaware	n/a	65	51	59	49	54	68	60	26	15	6	11	12
Dodge & Cox	66	57	54	57	70	62	65	61	60	46	39	35	62
Legato	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	61	62	58
Capital Prospects	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	64	66	48
LSV	63	48	53	54	52	52	39	34	29	26	17	23	34
Pyramis	43	31	31	26	27	45	48	39	54	38	36	34	34
Dodge & Cox FI	44	25	29	18	33	27	16	11	15	17	32	20	38
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
Invesco	n/a	n/a	n/a	n/a	n/a	n/a	n/a	18	14	20	6	6	11

Note: Ranking 1 is highest & 100 lowest

Revised 8/22/2012

StanCERA Investment Managers

Peer Ranking For Returns Over 1 Year/Fiscal Year To Date

Taken From SIS Quarterly Investment Performance Analysis Reports

6/30/2009 through 6/30/2012

6/30/2009 9/30/2009 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

S&P 500	50	61	48	56	56	47	46	55	52	32	28	35	34
BlackRock 1,000 G	n/a	n/a	n/a	n/a	n/a	n/a	47	47	49	29	23	34	27
BlackRock 1,000 V	n/a	n/a	n/a	n/a	n/a	50	59	68	64	44	30	50	26
Delaware	23	19	20	54	39	13	55	52	35	16	2	8	4
Dodge & Cox	53	18	39	40	59	83	23	41	39	63	83	81	55
Legato	24	39	64	63	62	66	69	71	60	56	61	58	35
Capital Prospects	61	76	89	85	82	40	43	39	42	34	42	56	37
LSV	53	17	12	16	13	34	47	25	35	46	48	54	78
Pyramis	71	41	19	21	28	28	22	26	37	60	34	35	37
Dodge & Cox FI	23	7	22	18	29	45	21	22	27	70	89	72	77
Pimco	n/a	n/a	n/a	n/a	n/a	n/a	56	59	56	30	14	25	19
Invesco	62	17	5	6	8	11	8	11	15	94	95	76	76
Research Affiliates	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100	100
Loomis Sayles	97	84	30	26	35	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 8/22/2012

StanCERA Investment Managers
Peer Ranking For Returns Over One Quarter
 Taken From SIS Quarterly Investment Performance Analysis Reports
 6/30/2009 through 6/30/2012

6/30/2009 9/30/2009 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

S&P 500	51	67	47	56	46	51	53	60	53	30	50	65	29
BlackRock 1,000 G	n/a	n/a	n/a	n/a	n/a	50	53	36	52	30	25	67	24
BlackRock 1,000 V	n/a	n/a	73	42	25	65	44	59	57	35	42	76	19
Delaware	43	75	6	95	34	24	87	27	26	7	10	40	44
Dodge & Cox	21	31	63	42	78	44	21	73	38	73	65	34	22
Legato	25	69	54	60	42	69	52	63	27	56	65	41	13
Capital Prospects	70	87	71	52	34	31	67	43	50	37	73	71	21
LSV	5	8	36	45	26	71	28	12	71	61	51	66	83
Pyramis	30	33	19	38	40	36	22	56	71	61	42	41	44
Dodge & Cox FI	10	28	20	16	93	72	8	22	71	90	41	10	83
Pimco	n/a	n/a	n/a	n/a	n/a	25	91	63	23	13	54	79	12
Invesco	5	5	10	15	92		29	60	42	99	7	3	47
Loomis Sayles	92	69	10	23	67	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 8/22/2012



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Retirement Board Meeting
August 28, 2012

08-28-12
Item #5c

TO: Board of Retirement
FROM: Kathy Herman, Operations Manager

SUBJECT: EXCESS EARNINGS POLICY EFFECTIVE DATE

RECOMMENDATION: Set the effective date for the current Excess Earnings Policy to May 25, 2012

I. ANALYSIS: On July 11, 2012 the Board of Retirement approved a revised excess earnings policy effective July 1, 2012. This policy originally adopted in 2004 is to be reviewed biannually with any updates in place prior to that fiscal year-end.

Unfortunately, with the recommended effective date of July 1, 2012 the changes can not be implemented until next year. This does not appear to be the intention of any previous policy statements.

Amending the excess earnings policy to be effective 5/25/2012 will allow staff to correctly complete this year's fiscal year-end processes and maintain the biannual review process for the Excess Earnings Policy.

II. RISK: None.

III. STRATEGIC PLAN: Goal 3, Strategy C4; Revise the Excess Earnings Policy linking retiree ad hoc benefits to StanCERA's actuarial funded status.

IV. BUDGET IMPACT: None.

Kathy Herman, Operations Manager

Rick Santos, Executive Director

Investment Review

- I. Update on Dodge & Cox
- II. Fixed Income Portfolio Review
- III. Equity Portfolio Review
- IV. Supplemental Exhibits

Stanislaus County Employees' Retirement Association

August 28, 2012

Representing Dodge & Cox:

Steven H. Cassriel, Vice President

Robert B. Thompson, Vice President

This information was prepared at the above-named client's request in connection with a review of the client's account. Dodge & Cox does not guarantee the future performance of any account (including Dodge & Cox Funds) or any specific level of performance, the success of any investment decision or strategy that Dodge & Cox may use, or the success of Dodge & Cox's overall management of an account. Investment decisions made for a client's account by Dodge & Cox are subject to various market, currency, economic, political, and business risks (foreign investing, especially in developing countries, has special risks such as currency and market volatility and political and social instability), and those investment decisions will not always be profitable. While every effort is made to ensure accuracy, no representation is made that all information in this presentation is accurate or complete. Neither the information nor any opinion expressed in this presentation constitutes an offer to buy or sell the securities mentioned. This information is the confidential and proprietary product of Dodge & Cox. Any unauthorized use, reproduction, or disclosure is strictly prohibited. The following information may not be distributed to or shared with any third party that is not an existing Dodge & Cox client without Dodge & Cox's prior written consent.

Dodge & Cox Update

Key Characteristics of Our Organization

June 30, 2012

Over 80 Years of Investment Experience

Dodge & Cox was founded in 1930. We have a stable and well-qualified team of investment professionals, most of whom have spent their entire careers at Dodge & Cox.

Independent Organization

Ownership of Dodge & Cox is limited to active employees of the firm. Currently there are 79 shareholders and 213 total employees.

One Business

Dodge & Cox provides domestic, international and global equity, fixed income, and balanced account management.

Single Investment Office Location

We maintain close communication among our investment professionals by managing investments from one office in San Francisco.

Independent Research Staff

Thorough fundamental analysis of each investment allows us to make independent, long-term decisions for our clients' portfolios.

Dodge & Cox Assets Under Management (\$ in billions)

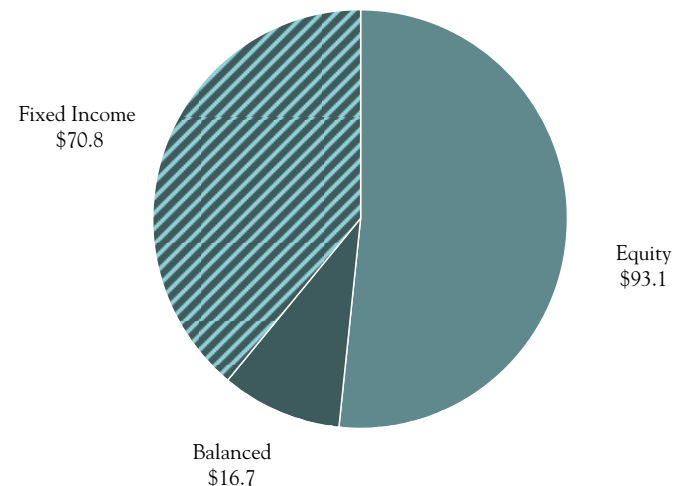
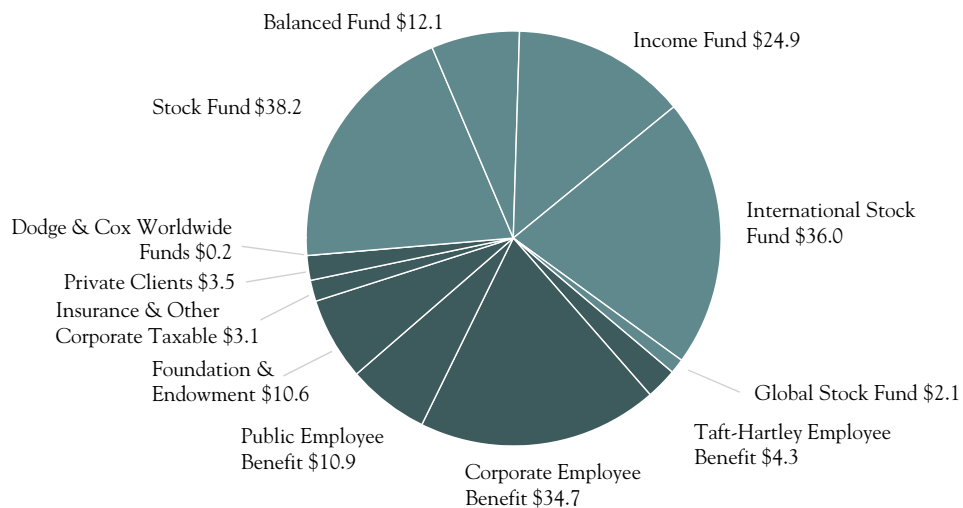
June 30, 2012

\$180.6 in Total Assets: \$105.6 in Equities / \$75.0 in Fixed Income

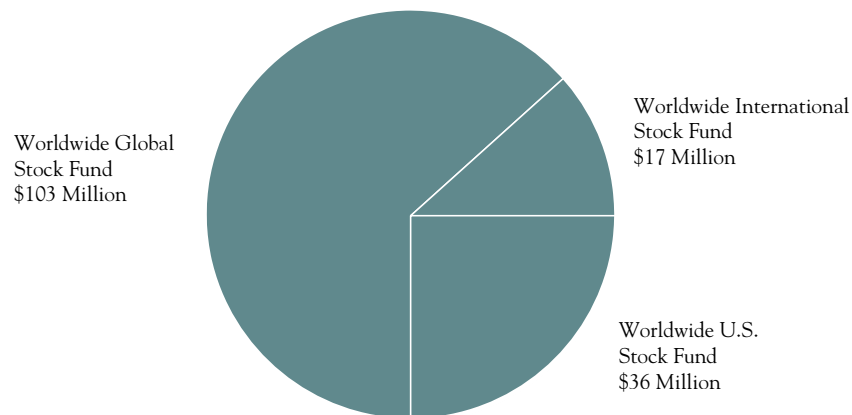
Client Type

Account Type

- Dodge & Cox Funds: \$113.3 billion
- Separate Accounts: \$67.1 billion
- Dodge & Cox Worldwide Funds (Ireland): \$156 million



Dodge & Cox Worldwide Funds (Irish UCITS): \$156 Million



Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Experienced & Stable Investment Team

June 30, 2012

Industry Analysts & Equity Managers / Years / Coverage

	Years	
John Gunn	40	Chairman Emeritus
Kenneth Olivier	33	Chairman and Chief Executive Officer
Bryan Cameron	29	Senior Vice President and Director of Research
Charles Pohl	28	Co-President and Chief Investment Officer
Gregory Serrurier	28	Senior Vice President and Portfolio Manager
Wendell Birkhofer	25	Portfolio Manager
Diana Strandberg	24	Senior Vice President and Director of International Equity
Kevin Johnson	23	Portfolio Manager/Energy, Integrated Oils
Steven Cassriel	20	Portfolio Manager / Railroads, Air Freight, Airlines
David Hoefl	19	Senior Vice President and Associate Director of Research, Computer Hardware & Software
Steven Voorhis	16	Pharmaceuticals, India
John Iannuccillo	15	Aerospace, Electrical Equipment, Paper, Analytical Instruments
Mario DiPrisco	14	Banks (EMEA, Latin America), Latin America
Roger Kuo	14	Media & Entertainment, Internet, EM, China, Hong Kong
Keiko Horkan	12	Banks (U.S. & Japan), Specialty / Consumer Finance, Japan
Karol Marcin	12	Insurance, Central Europe
Amanda Nelson	12	Telecom Equipment, Natural Gas Pipelines, Electric Utilities, Turkey, Greece
Lily Beischer	11	Telecom (Asia), Retail, Footwear & Apparel, Cosmetics, Philippines, Indonesia
Richard Callister	10	Machinery, Medical Devices, Scandinavia
Englebert Bangayan	10	Commercial Services, Transportation, Homebuilders, EM Asia Industrial, Oil Services
Raymond Mertens	9	REITs, Hotels, Commercial Printing, Healthcare Services, Consumer Products
Philippe Barret, Jr.	8	Banks (Regional U.S., Asia ex. Japan), Brokers, Investment Managers & Exchanges, Imaging
Karim Fakhr	6	Appliances, Building Products & Home Improvement (U.S.), Biotech & Pharma
Joel-Patrick Millsap	6	Telecom Services (South America, Africa & Europe), Autos
Kathleen McCarthy	5	Beverages, Restaurants, EMEA Consumer, Building Products (International)
Paritosh Somani	5	Metals & Mining, Computer Services, EM Asia Consumer
Tae Yamaura	4	Connectors, Logic Semiconductors, Japan
Arun Palakurthy	4	Consumer Electronics, Memory Semiconductors, Telecom Services (Americas), Video Games
Benjamin Garosi	3	Chemicals
Hallie Marshall	1	Special Projects

Fixed Income Analysts & Managers / Years / Coverage

Dana Emery	29	Co-President and Director of Fixed Income, Corporates
Robert Thompson	20	Agencies, Special Situations
Shirlee Neil	20	Corporates
Thomas Dugan	18	Senior Vice President and Associate Director of Fixed Income, Mortgage-Backed Securities
Stephanie Notowich	17	Mortgage-Backed Securities
Kent Radspinner	16	Asset-Backed Securities, TIPS
Nancy Kellerman	16	Municipals
Larissa Roesch	15	Corporates, Scandinavia, Thailand
James Dignan	13	Mortgage-Backed Securities
E. Saul Peña	12	Corporates
Thinh Le	11	Corporates
Jay Stock	10	Analytics Systems, Other Research
Adam Rubinson	10	Corporates, Auto Finance
Damon Blechen	10	Corporates-Global (transitioned from Equity Trading)
Anthony Brekke	9	Corporates
Nils Reuter	9	Mortgage-Backed Securities
Lucinda Johns	8	Corporates, South Africa
Linda Chong	7	Mortgage & Asset-Backed Securities, Korea, Malaysia
Nicholas Lockwood	5	Municipals, Treasury Trading
Michael Kiedel	4	Corporates
Matthew Schefer	4	Corporates
Gabriel Sod Hoffs	1	Macroeconomy, Currency

Investment Policy Committee

<i>Stock & Balanced Funds, Separately Managed Equity & Balanced Portfolios</i>			
	Years		Years
John Gunn	40	Wendell Birkhofer	25
Kenneth Olivier	33	Diana Strandberg	24
Bryan Cameron	29	David Hoefl	19
Charles Pohl	28	Steven Voorhis	16
Gregory Serrurier	28	<i>Average Tenure:</i>	27

International Investment Policy Committee

<i>International Stock Fund</i>			
John Gunn	40	Mario DiPrisco	14
Bryan Cameron	29	Roger Kuo	14
Charles Pohl	28	Keiko Horkan	12
Gregory Serrurier	28	Richard Callister	10
Diana Strandberg	24	<i>Average Tenure:</i>	22

Global Investment Policy Committee

<i>Global Stock Fund</i>			
John Gunn	40	Roger Kuo	14
Charles Pohl	28	Karol Marcin	12
Diana Strandberg	24	Lily Beischer	11
Steven Voorhis	16	<i>Average Tenure:</i>	21

Fixed Income Investment Policy Committee

<i>Income & Balanced Funds, Separately Managed Fixed Income & Balanced Portfolios</i>			
Dana Emery	29	Larissa Roesch	15
Charles Pohl	28	James Dignan	13
Robert Thompson	20	Adam Rubinson	10
Thomas Dugan	18	Anthony Brekke	9
Kent Radspinner	16	Lucinda Johns	8
		<i>Average Tenure:</i>	17

Years of experience at Dodge & Cox are updated annually in May.

Fixed Income Portfolio Review

Stanislaus County Employees Retirement Association-Bond Acct
June 30, 2012 Portfolio Summary

Account # 1607

	Market Value 6/30/12	%	Estimated Annual Income	Current Yield
Fixed Income Securities	\$389,247,203	93.0%	\$19,667,913	5.1%
Cash	25,192,757	6.0	2,519	-
Total Under Management	\$414,439,960	99.0%	\$19,670,432	4.7%
Accrued Income	4,158,805	1.0		
Total	\$418,598,765	100.0%	\$19,670,432	4.7%

Stanislaus County Employees Retirement Association-Bond Acct

Account # 1607

June 30, 2012 Time Weighted Total Rates of Return

<u>Account Summary</u>	3 Months	Year-to- Date	1 Year	3 Years	5 Years	10 Years	Since Inception 12/31/83
Fixed Income Securities	1.58%	4.68%	6.80%	8.82%	7.72%	6.53%	9.45%
Total Portfolio *	1.56	4.58	6.66	8.65	7.54	6.40	9.40
Total Portfolio (Net of Fees)	1.54	4.54	6.58	8.56	7.45	6.32	9.29
 <u>Comparative Indices</u>							
Barclays Capital US Aggregate Bond Index	2.06	2.37	7.48	6.95	6.80	5.64	8.18

NOTE: Performance returns do not reflect the deduction of investment management fees and are annualized for periods greater than one year, unless otherwise noted.

* Before 4/1/01, Account No. 1607 did not include cash equivalents.

Stanislaus County Employees Retirement Association-Bond Acct

Account # 1607

July 31, 2012 Time Weighted Total Rates of Return

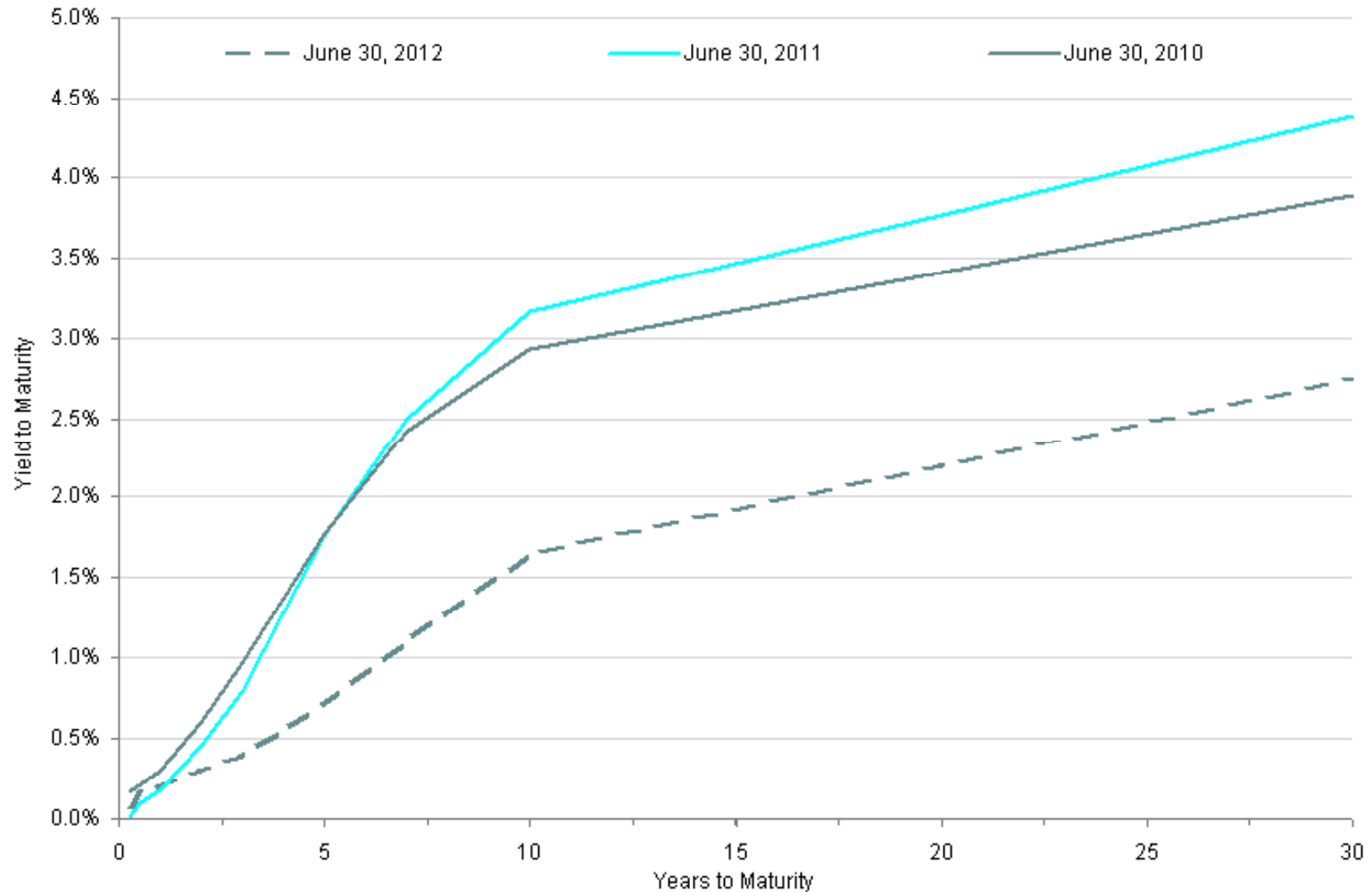
<u>Account Summary</u>	1 Month	3 Months	Year-to- Date	1 Year	3 Years	5 Years	10 Years	Since Inception 12/31/83
Fixed Income Securities	1.57%	2.25%	6.32%	7.10%	8.40%	8.02%	6.64%	9.48%
Total Portfolio *	1.51	2.18	6.16	6.90	8.22	7.83	6.51	9.43
Total Portfolio (Net of Fees)	1.50	2.16	6.11	6.82	8.13	7.74	6.42	9.32
<u>Comparative Indices</u>								
Barclays Capital US Aggregate Bond Index	1.38	2.33	3.78	7.26	6.86	6.92	5.65	8.20

NOTE: Performance returns do not reflect the deduction of investment management fees and are annualized for periods greater than one year, unless otherwise noted.

* Before 4/1/01, Account No. 1607 did not include cash equivalents.

U.S. Treasury Yield Curves

June 30, 2012



Source: Bloomberg LP. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

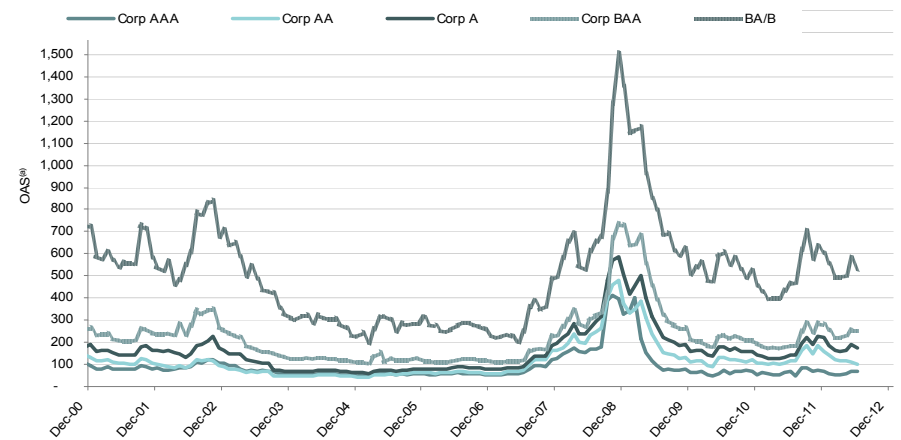
U.S. Bond Market Conditions

June 30, 2012

10-Year U.S. Treasury Yields



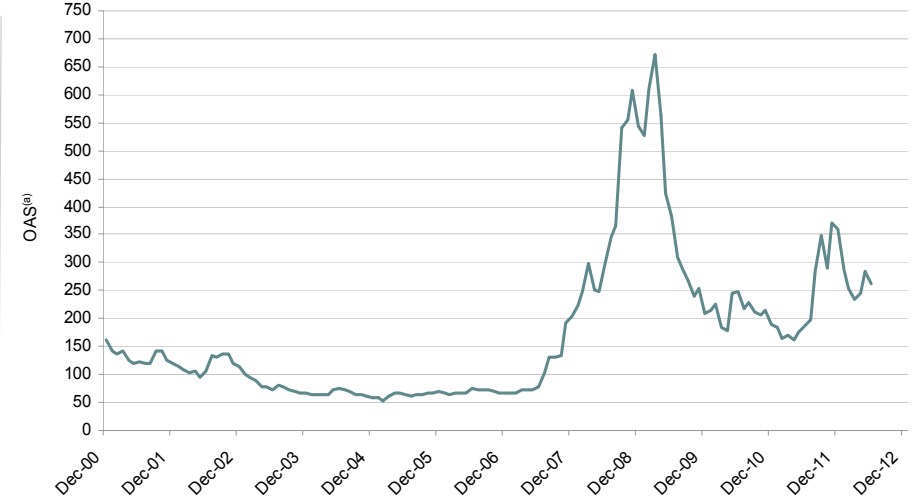
Barclays Capital Quality Rating Indices



Barclays Capital U.S. MBS Index



Barclays Capital Banking Index



^(a)OAS (option-adjusted spread) is the option-adjusted yield differential between stated index and comparable U.S. Treasuries. OAS does not translate into a return.

Source: Barclays Capital, Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Performance Attribution

Year to Date Through June 30, 2012

Stanislaus County Employees Retirement Association-Bond Acct

Portfolio (gross of fees): 4.58%

Barclays Capital Aggregate Bond Index: 2.37%

Market Changes

- Intermediate and long-term Treasury yields declined year-to-date: 2-year Treasury yields rose 6 bps to 0.30%, 5-year Treasuries declined by 11 bps to 0.72%, 10-year Treasuries fell 23 bps to 1.65%, and 30-year Treasuries fell 14 bps to 2.75%. For the period, the Treasury sector returned 1.5%.^(a)
- The market lost some of its momentum from earlier in the year as concerns re-emerged over contagion risk in Europe and uninspiring domestic economic data. The investment-grade corporate sector returned 4.7%, outperforming comparable-duration Treasuries by 2.6 percentage points. Financial Institutions (7.1% return) outperformed Industrials (3.5% return) and Utilities (3.6% return).
- Agency-guaranteed MBS returned 1.7%, outperforming similar-duration Treasuries by 0.4 percentage points.

Dodge & Cox – Relative Return Factors

- The portfolio's **corporate sector overweight** added to relative returns given the outperformance of this sector. The portfolio's **overweight to Financial Institutions** provided an additional benefit as this sector fared the best.
- **Corporate security selection** was positive. Many of the portfolio's financial holdings performed well, including AIG, Bank of America, HSBC, and Royal Bank of Scotland, as did the portfolio's holdings of Macy's and Sprint.
- The portfolio's **Agency-guaranteed MBS** outperformed comparable short-duration alternatives.
- The portfolio's **nominal yield advantage** benefited relative returns.
- The portfolio's **taxable municipal holdings** performed well relative to credit and MBS alternatives.
- The portfolio's **shorter relative duration position** detracted from returns as interest rates declined.

^(a)Source of sector returns: Barclays Capital indices.

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Portfolio Structure

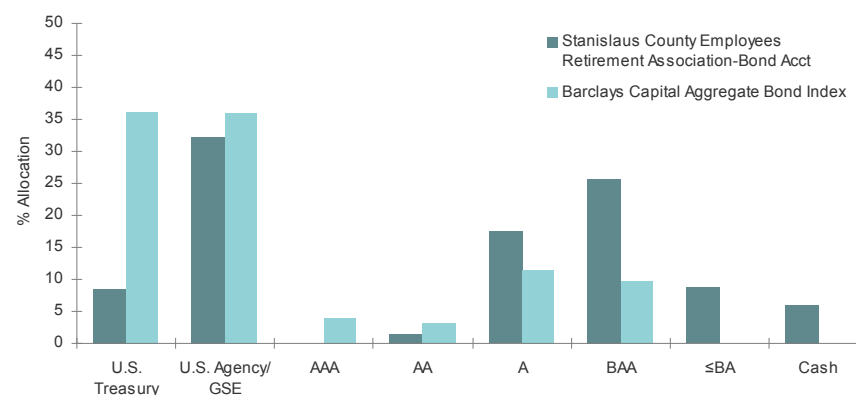
June 30, 2012

Stanislaus County Employees Retirement Association-Bond Acct

Sector Composition



Quality Composition



Weighted-Average Summary Characteristics

	Stanislaus County Employees Retirement Association-Bond Acct	Barclays Capital Aggregate Bond Index
Yield-to-Worst ^(a)	2.65%	1.98%
Quality ^(b)	A+	AA+
Effective Maturity	6.4 Years	7.1 Years
Effective Duration	3.9 Years	5.1 Years

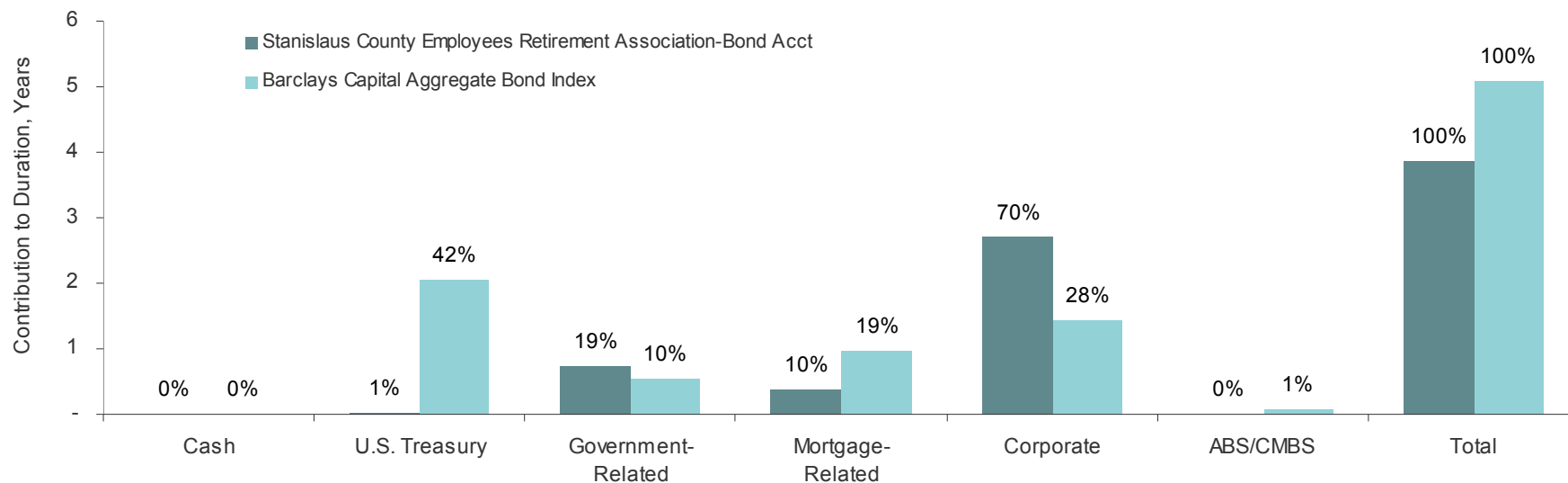
^(a)Yield and principal value fluctuate with market conditions. ^(b)In calculating a portfolio's weighted average quality, Dodge & Cox translates each security's rating from an alpha value to a numerical value (if a security is unrated, Dodge & Cox assigns a rating in accordance with our internal policy), calculates a weighted average numerical rating, and then translates the resulting number back into an alpha value based on the same scale. All cash and portfolio holdings are included in this calculation. Both Dodge & Cox and the Barclays Index apply a methodology using a linear numerical scoring system. Other methodologies could produce a lower weighted-average quality. The portfolio's weighted average quality is not a rating of the portfolio by an independent rating agency and should not be considered an assessment of the stability or safety of the portfolio.

Source: The YieldBook, Inc., Bloomberg LP, Interactive Data's BondEdge, Barclays Capital POINT. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice.

Contribution to Duration (by Sector)

June 30, 2012

Stanislaus County Employees Retirement Association-Bond Acct



Weight (%)	6.08	0.00	8.50	35.97	8.11	10.66	30.38	30.64	46.93	20.60	0.00	2.13	100.00	100.00
Duration (Years)	0.00	0.00	0.51	5.71	9.00	4.93	1.29	3.18	5.77	7.02	0.00	3.20	3.87	5.07
Contribution to Duration ^(a)	0.00	0.00	0.04	2.05	0.73	0.53	0.39	0.98	2.70	1.44	0.00	0.07	3.87	5.07

^(a)Contribution to Duration = Portfolio weightings (%) x Duration (Years).

Source: The YieldBook, Inc., Bloomberg LP, Interactive Data's BondEdge, Barclays Capital POINT. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Opinions expressed are subject to change without notice.

Equity Portfolio Review

Stanislaus County Employees Retirement Association - Equity
June 30, 2012 Portfolio Summary

Account # 827

	Market Value 6/30/12	%	Estimated Annual Income	Current Yield
Equity Securities	\$128,235,200	95.8%	\$2,847,847	2.2%
Cash	5,660,813	4.2	566	-
Total Under Management	\$133,896,013	100.0%	\$2,848,413	2.1%

Stanislaus County Employees Retirement Association - Equity

Account # 827

June 30, 2012 Time Weighted Total Rates of Return

<u>Account Summary *</u>	3 Months	Year-to- Date	1 Year	3 Years	5 Years	10 Years	Since Inception 12/31/72
Equity Securities	-2.6%	10.3%	0.1%	15.4%	-3.1%	6.0%	11.4%
Total Portfolio **	- 2.6	10.1	0.5	15.0	- 2.5	6.1	11.4
Total Portfolio (Net of Fees)	- 2.7	10.0	0.3	14.8	- 2.7	6.0	11.2
 <u>Comparative Indices</u>							
Standard & Poor's 500 Composite	- 2.8	9.5	5.4	16.4	0.2	5.3	9.7
Russell 1000 Value Index	- 2.2	8.7	3.0	15.8	- 2.2	5.3	N.A.

NOTE: Performance returns do not reflect the deduction of investment management fees and are annualized for periods greater than one year, unless otherwise noted.

* Account established 6/14/68; performance prior to 12/31/72 is not available.

** Before 4/1/01, Account No. 827 did not include cash equivalents.

Stanislaus County Employees Retirement Association - Equity

Account # 827

July 31, 2012 Time Weighted Total Rates of Return

<u>Account Summary *</u>	1 Month	3 Months	Year-to- Date	1 Year	3 Years	5 Years	10 Years	Since Inception 12/31/72
Equity Securities	2.2%	0.5%	12.7%	6.4%	12.8%	-2.0%	7.3%	11.4%
Total Portfolio **	2.1	0.4	12.5	6.7	12.5	-1.4	7.3	11.5
Total Portfolio (Net of Fees)	2.1	0.3	12.3	6.6	12.3	-1.6	7.2	11.3
<u>Comparative Indices</u>								
Standard & Poor's 500 Composite	1.4	- 0.8	11.0	9.1	14.1	1.1	6.3	9.7
Russell 1000 Value Index	1.0	- 0.2	9.8	7.6	13.2	- 1.1	6.4	N.A.

NOTE: Performance returns do not reflect the deduction of investment management fees and are annualized for periods greater than one year, unless otherwise noted.

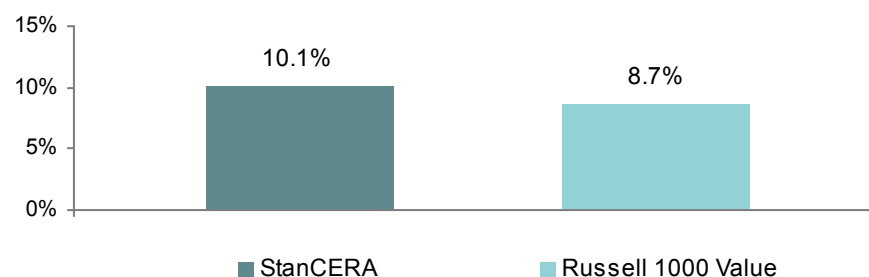
* Account established 6/14/68; performance prior to 12/31/72 is not available.

** Before 4/1/01, Account No. 827 did not include cash equivalents.

Comparative Investment Results

Year to Date Through June 30, 2012

Stanislaus County Employees' Retirement Association vs. Russell 1000 Value Six-Month Equity Total Return, Gross of Fees



Key Contributors to Relative Results	Average Weight		Performance	
	Account	Index	Account	Index
Consumer Discretionary	17%	9%	+18%	+15%
Financials	18%	26%	+20%	+13%
Consumer Staples	3%	8%	+14%	+4%

Strongest performing holdings: AOL (+86%), Equinix (+67%), Bank of America (+48%), Sprint Nextel (+39%), and eBay (+39%)

Key Detractors from Relative Results

Information Technology	20%	9%	+5%	+4%
Health Care	19%	12%	+8%	+9%
Materials	4%	3%	+3%	+4%

Weakest performing holdings: Nokia (-55%), J.C. Penney (-32%), Celanese (-22%), Hewlett-Packard (-21%), and Sony (-21%)

Source: FactSet. Holding period performance is shown for each security and may be shorter than the performance period shown for the account due to the timing of purchases and sales. Sectors are ranked by total relative effect from attribution analysis. Individual holdings are ranked by holding period total return. FactSet returns can vary from other sources due to methodology differences. Performance figures do not reflect the deduction of investment advisory fees and other expenses. Returns will be reduced by advisory fees and other expenses incurred in the management of your account. The securities identified do not represent the account's entire holdings; holdings are subject to change at any time without notice. Returns represent past performance and do not guarantee future results.

Performance Attribution: Sectors

Year to Date Through June 30, 2012

Stanislaus County Employees' Retirement Association (+10.1%) vs. Russell 1000 Value (+8.7%)
Six-Month Equity Total Return, Gross of Fees

	Account		Index		Total Impact on Return vs. Index
	Average Weight	Total Return	Average Weight	Total Return	
Consumer Discretionary	17.3%	+17.7%	9.2%	+15.0%	+0.9%
Financials	18.5%	+20.1%	26.0%	+13.3%	+0.7%
Consumer Staples	3.1%	+14.3%	7.8%	+4.4%	+0.5%
Utilities	-	-	7.2%	+4.6%	+0.3%
Industrials	7.7%	+13.1%	9.3%	+10.8%	+0.1%
Energy	8.1%	-6.3%	11.9%	-2.0%	-0.1%
Telecommunication Services	2.6%	+18.2%	4.6%	+17.4%	-0.1%
Materials	3.9%	+2.7%	2.7%	+3.7%	-0.1%
Health Care	19.0%	+8.0%	12.4%	+8.9%	-0.3%
Information Technology	19.8%	+5.3%	8.8%	+4.3%	-0.3%

Source: FactSet. Sectors are ranked by total relative effect from attribution analysis. FactSet returns can vary from other sources due to methodology differences. Performance figures do not reflect the deduction of investment advisory fees and other expenses. Returns will be reduced by advisory fees and other expenses incurred in the management of your account. The securities identified do not represent the account's entire holdings; holdings are subject to change at any time without notice. Returns represent past performance and do not guarantee future results.

Performance Attribution: Holdings

Year to Date Through June 30, 2012

Stanislaus County Employees' Retirement Association

Top Five Contributors

	Average Weight	Total Return	Contribution to Return
Comcast	4.4%	+36.3%	+1.40%
Capital One	3.7%	+29.5%	+0.93%
Wells Fargo	3.9%	+23.0%	+0.80%
eBay	2.0%	+38.5%	+0.64%
News Corp.	2.5%	+25.5%	+0.63%

Bottom Five Detractors

Hewlett-Packard	3.6%	-21.1%	-0.79%
Celanese	0.8%	-21.6%	-0.22%
Baker Hughes	1.5%	-15.0%	-0.19%
Credit Suisse	0.4%	-19.3%	-0.15%
Sony	0.7%	-20.5%	-0.14%

Ten Largest Holdings

	Average Weight	Total Return	Contribution to Return
Comcast	4.4%	+36.3%	+1.40%
Wells Fargo	3.9%	+23.0%	+0.80%
Capital One	3.7%	+29.5%	+0.93%
Merck	3.6%	+13.2%	+0.49%
Hewlett-Packard	3.6%	-21.1%	-0.79%
General Electric	3.4%	+18.4%	+0.62%
Pfizer	3.1%	+8.4%	+0.24%
Time Warner	2.8%	+8.1%	+0.25%
Sanofi	2.8%	+7.5%	+0.21%
GlaxoSmithKline	2.7%	+2.9%	+0.06%

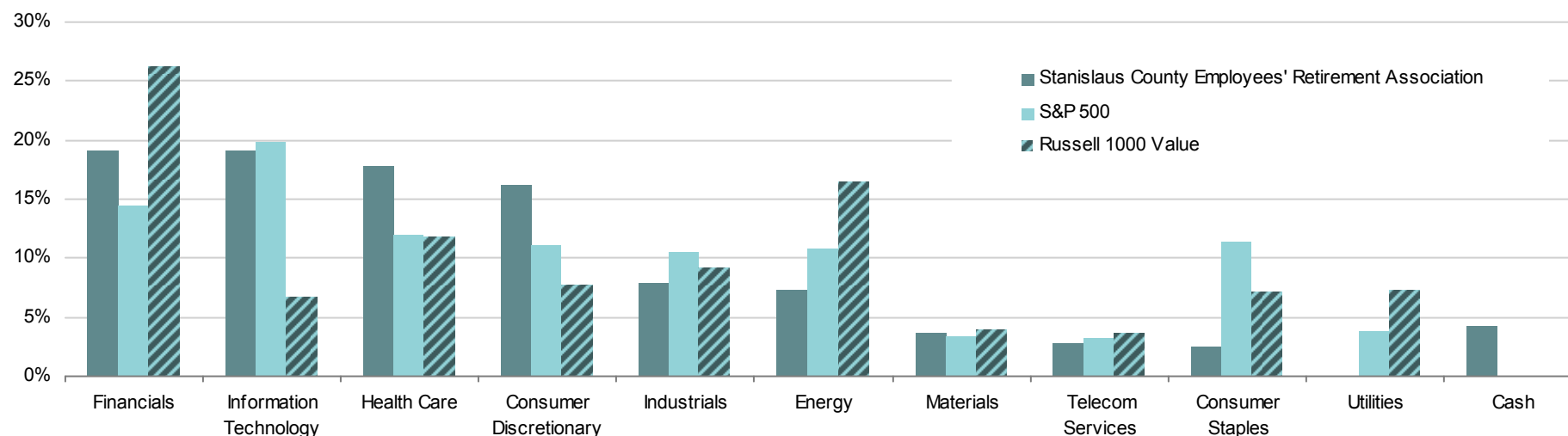
Source: FactSet. Holding period performance is shown for each security and may be shorter than the performance period shown for the account, due to the timing of purchases and sales. FactSet returns can vary from other sources due to methodology differences. Performance figures do not reflect the deduction of investment advisory fees and other expenses. Returns will be reduced by advisory fees and other expenses incurred in the management of your account. The securities identified do not represent the account's entire holdings; holdings are subject to change at any time without notice. Returns represent past performance and do not guarantee future results.

Portfolio Structure

June 30, 2012

Stanislaus County Employees' Retirement Association

Sector Analysis



Representative Portfolio Characteristics^(d)

	Dodge & Cox	S&P 500	Russell Value
Number of holdings	75	500	690
Price/earnings (forward) ^(a)	10.5x	12.9x	11.6x
Price/cash flow ^(b)	7.5x	9.9x	8.4x
Price/sales ^(b)	1.0x	1.4x	1.1x
Price/book value	1.4x	2.2x	1.4x
Weighted average market cap.	\$78B	\$110B	\$88B
Median market cap.	\$20B	\$12B	\$5B
Dividend yield (trailing) ^(c)	2.2%	2.2%	2.6%

StanCERA Ten Largest Equity Holdings^(e)

Comcast	4.4%
Wells Fargo	4.2%
Merck	4.0%
Capital One	3.9%
General Electric	3.7%
Hewlett-Packard	3.2%
Time Warner	3.0%
Sanofi	2.9%
GlaxoSmithKline	2.8%
Pfizer	2.7%
Total Weight	34.9%

^(a)Portfolio estimate excludes negative earners. S&P 500 estimate is top-down. ^(b)Portfolio calculation excludes Financials and Utilities. ^(c)Dodge & Cox portfolio indicated dividend yield is 2.2%. ^(d)The representative portfolio characteristics are based on one of the largest and oldest fully discretionary tax-exempt equity accounts that has not experienced recent material cash flow events or investment guideline changes, and do not reflect characteristics of the client account named above. ^(e)Weighting excludes cash and mutual funds.

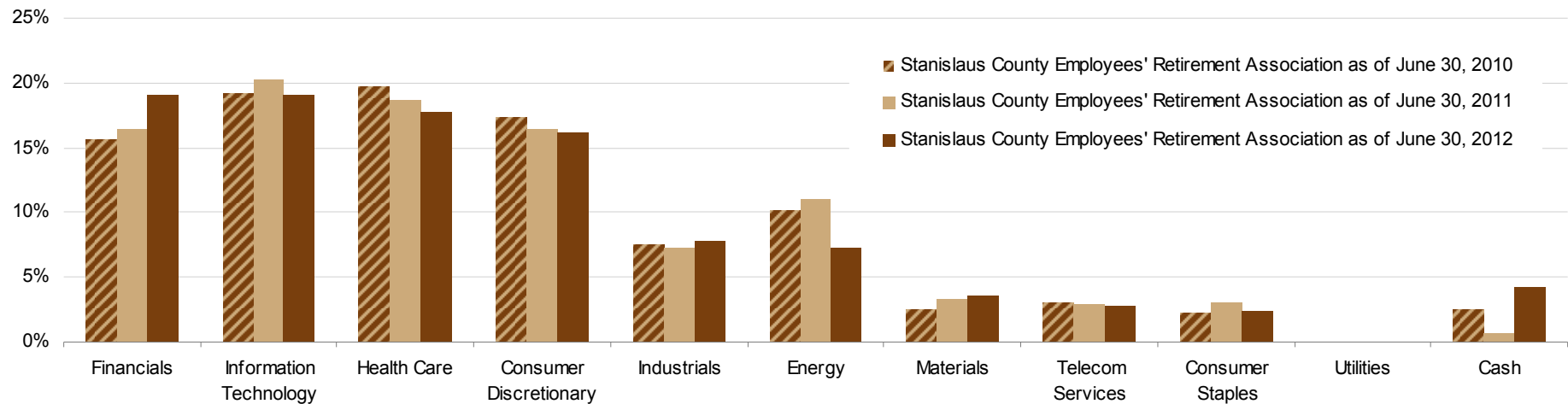
Source: Bank of New York Mellon, Bloomberg LP, FactSet, Standard & Poor's. This information was prepared at the client's request in connection with a review of the client's account.

Changes in the Portfolio

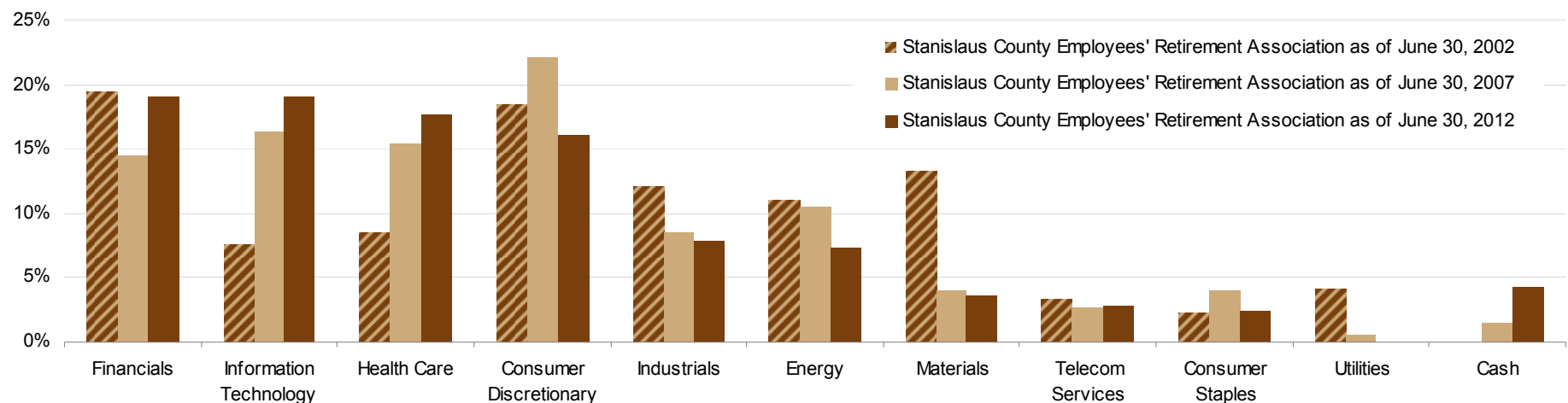
June 30, 2012

Stanislaus County Employees' Retirement Association

Medium-Term Changes



Long-Term Changes



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Portfolio Holdings

June 30, 2012

Stanislaus County Employees' Retirement Association

Technology, Media, and Telecommunications		Health Care		Finance		Industrials, Energy, and Utilities		Consumer	
CONSUMER ELECTRONICS	0.9%	MEDICAL DEVICES	1.6%	BANKS	6.7%	ENERGY	7.6%	CONSUMER DURABLES	0.3%
<ul style="list-style-type: none"> Panasonic Corp. ADS Sony Corp. ADS 		<ul style="list-style-type: none"> Boston Scientific Corp. Medtronic Inc. 		<ul style="list-style-type: none"> BB&T Corp. HSBC Holdings PLC ADS SunTrust Banks Inc. Wells Fargo & Co. 		<ul style="list-style-type: none"> Baker Hughes Inc. Chevron Corp. Occidental Petroleum Corp. Schlumberger Ltd. 		<ul style="list-style-type: none"> NVR Inc. 	
ELECTRONIC MEDIA	12.6%	PHARMACEUTICALS	16.9%	FINANCIAL SERVICES	12.2%	GENERAL INDUSTRIAL	5.6%	CONSUMER PRODUCTS	0.8%
<ul style="list-style-type: none"> Comcast Corp. Cl A DISH Network Corp. Cl A Liberty Global Class C Liberty Global Inc. Cl A News Corp. Cl A Time Warner Cable Inc. Time Warner Inc. 		<ul style="list-style-type: none"> Amgen Inc. GlaxoSmithKline PLC ADS Merck & Co Inc Novartis AG ADS Pfizer Inc. Sanofi ADS 		<ul style="list-style-type: none"> Bank of America Corp. Bank of New York Mellon Corp. Capital One Financial Corp. Credit Suisse Group AG ADS Goldman Sachs Group Inc. JPMorgan Chase & Co. Legg Mason Inc. Charles Schwab Corp. 		<ul style="list-style-type: none"> General Electric Co. Koninklijke Philips Electronics N.V. Tyco International Ltd. 		<ul style="list-style-type: none"> Unilever PLC ADS 	
TECHNOLOGY	19.9%			INSURANCE	0.9%	INDUSTRIAL COMMODITIES	3.7%	RETAIL & DISTRIBUTION	4.1%
<ul style="list-style-type: none"> Adobe Systems Inc. Amdocs Ltd. AOL Inc BMC Software Inc. Cadence Design Systems Inc. Computer Sciences Corp. Compuware Corp. Corning Inc. Dell Inc. eBay Inc. Hewlett-Packard Co. Maxim Integrated Products Inc. Microsoft Corp. Molex Inc. Cl A NetApp Inc. Nokia Corp. (ADR) Pitney Bowes Inc. Symantec Corp. Synopsys Inc. TE Connectivity Ltd. Xerox Corp. 				<ul style="list-style-type: none"> Aegon N.V. ADS Genworth Financial Inc. Cl A 		<ul style="list-style-type: none"> Celanese Corp. (Series A) Cemex S.A.B. de C.V. ADS Domtar Corp. Dow Chemical Co. Vulcan Materials Co. 		<ul style="list-style-type: none"> CarMax Inc. Home Depot Inc. Liberty Interactive Series A J.C. Penney Co. Inc. Wal-Mart Stores Inc. 	
TELECOM	2.9%					NON TECH BUSINESS SERVICES	0.7%		
<ul style="list-style-type: none"> Sprint Nextel Corp. Vodafone Group PLC ADS 						<ul style="list-style-type: none"> McGraw-Hill Cos. 			
Portfolio Total	36.4%		18.5%		19.9%		20.1%		5.1%
S&P 500 Index	26.2%		12.0%		14.4%		28.2%		19.1%
Russell 1000 Value	13.5%		11.8%		26.2%		36.6%		11.9%

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Summary of Transactions

Year to Date Through June 30, 2012

Stanislaus County Employees' Retirement Association

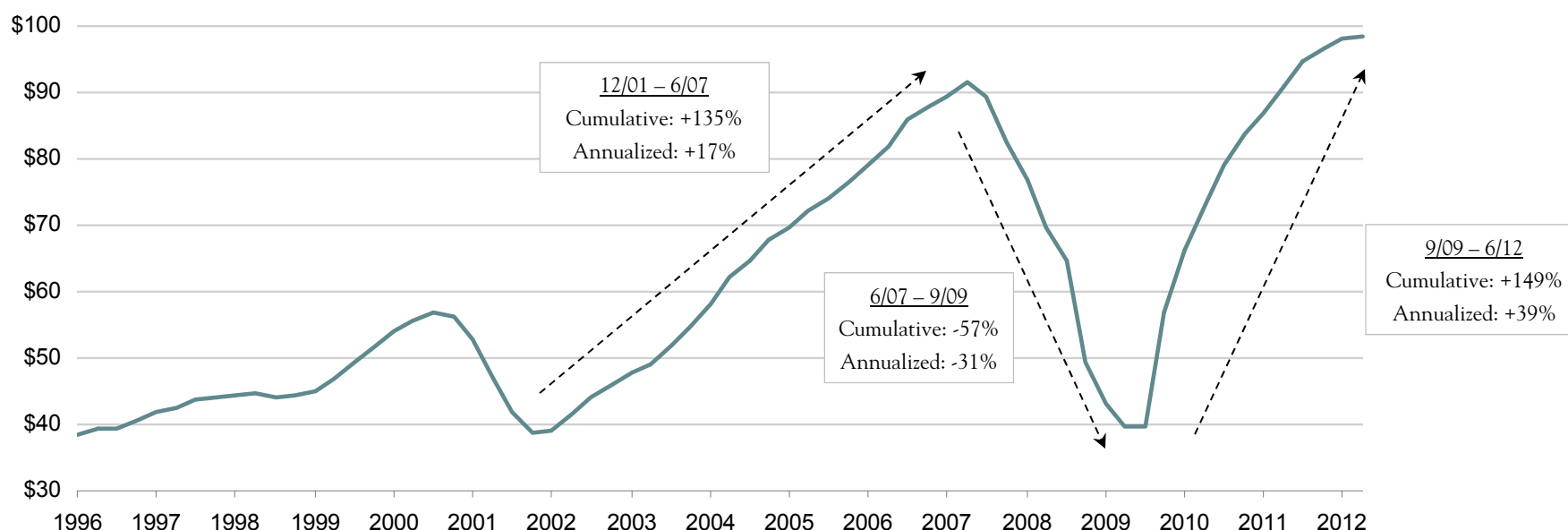
	New Purchases	Significant Additions	Sales	Significant Trims
Energy		BAKER HUGHES INC		CHEVRON CORP
Consumer Discretionary	J.C. PENNEY CO INC		LOWE'S COS INC	COMCAST CORP-CLASS A HOME DEPOT INC NEWS CORP-CL A
Consumer Staples				WAL-MART STORES INC
Health Care				AMGEN INC PFIZER INC
Finance	JPMORGAN CHASE & CO			
Information Technology	DELL INC AMDOCS LTD	HEWLETT-PACKARD CO NETAPP INC	EQUINIX INC	EBAY INC MAXIM INTEGRATED PRODUCTS
Telecommunication Services				VODAFONE GROUP PLC-SP ADR

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Corporate Earnings Continue to Grow

June 30, 2012

Q1 96 – Q2 12E: S&P 500 Operating Earnings per Share, Trailing 4 Quarters



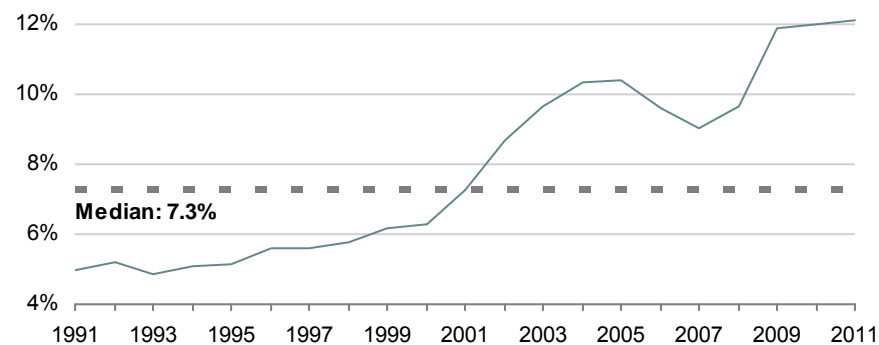
Source: Standard & Poor's. Operating earnings estimates are bottom-up, which include estimates of each firm in the index. The final quarter includes estimated earnings, which may be higher than actual earnings. 2012 operating earnings are estimated to be \$104. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Corporate Balance Sheets Are Strong

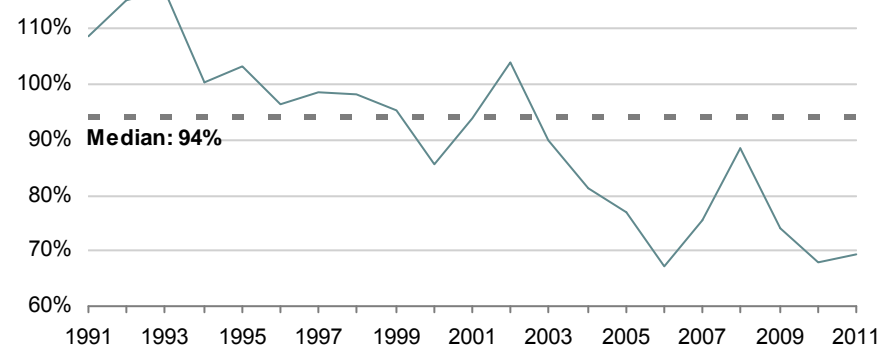
June 30, 2012

S&P Industrials: 1991 – 2011

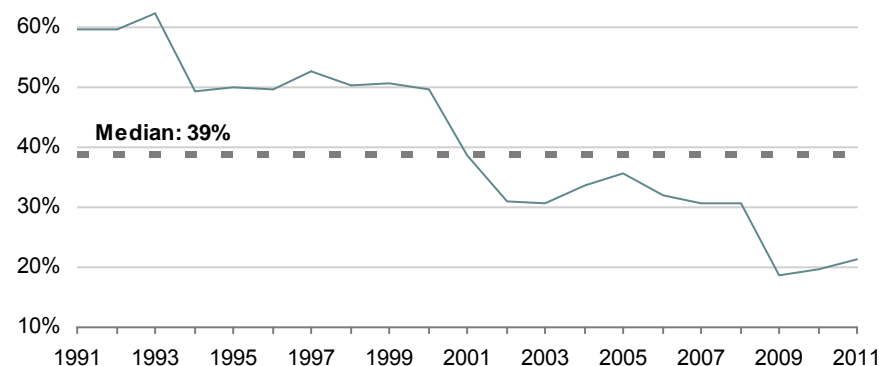
Cash / Assets



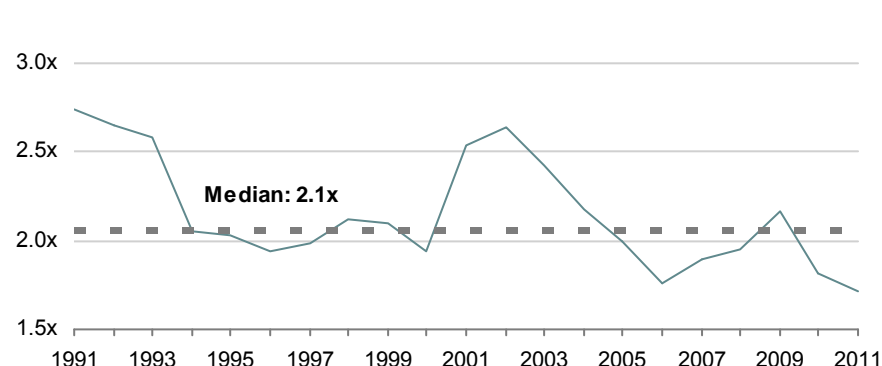
Total Debt / Total Equity



Short-Term Debt / Long-Term Debt



Total Debt / EBITDA



Source: Standard & Poor's. EBITDA is Earnings Before Interest, Taxes, Depreciation, and Amortization. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Current Market Environment

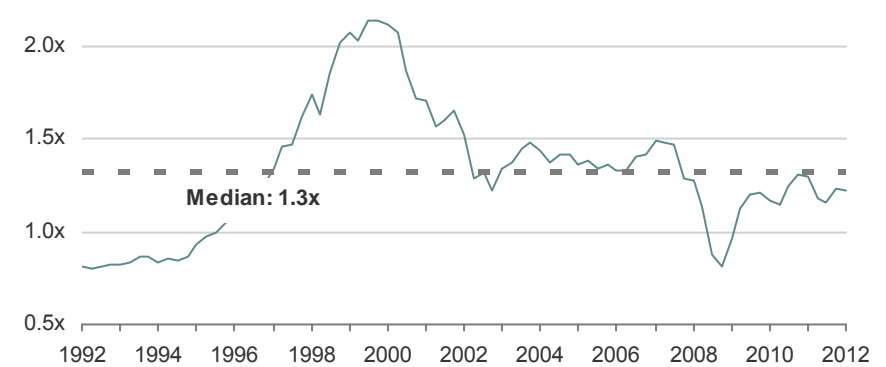
June 30, 2012

S&P 500 Forward Price-to-Earnings: Jan 92 – Jun 12



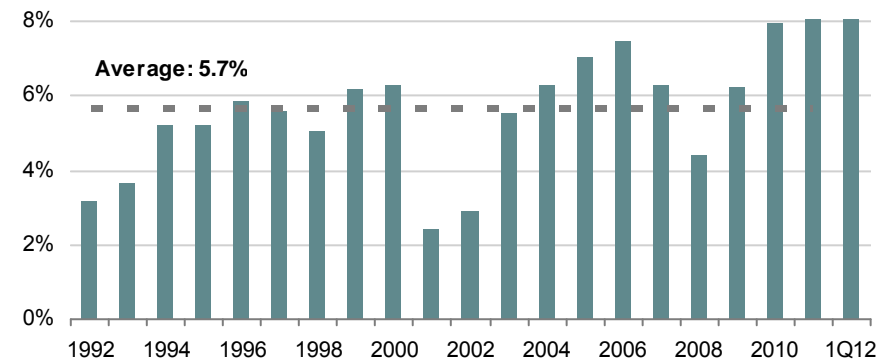
Source: Morgan Stanley.

S&P Industrials Price-to-Sales: Jul 92 – Jun 12



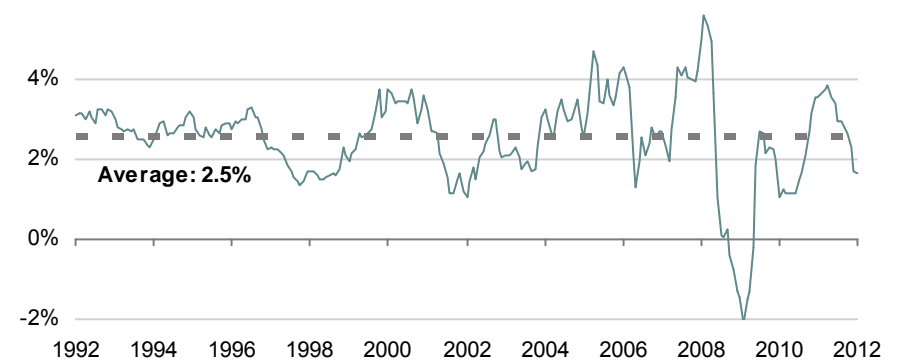
Source: The Leuthold Group.

S&P Industrials Net Profit Margin: Jan 92 – Mar 12



Source: Standard & Poor's.

Consumer Price Index: Jul 92 – Jun 12



Source: Department of Labor.

P/E uses 12-month, forward diluted estimates, including negatives. Net profit margin uses reported diluted EPS. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Eurozone Challenging

- The European sovereign debt crisis is heavily influencing the U.S. markets.
- U.S. investor optimism in the first quarter receded into pessimism in the second quarter.
- Greece's future role in the European Union is in question.
- The path to fiscal unification remains uncertain.

Health Care Legislation Upheld

- The U.S. Supreme Court upheld the health care reform bill (Affordable Care Act).
- The individual mandate stands, with the penalty for not carrying insurance deemed a tax within Congress's powers.
- Expansion of Medicaid at the state level cannot be compelled by withholding federal funding.
- Implications include greater access to health care for many, thus more purchases of health care services.

However, Private Sector Fundamentals Appear Good

- Corporate profits and earnings have continued positive growth.
- Corporate balance sheets are healthy: cash levels have risen, and debt and leverage have declined.
- U.S. home prices rose in April for the first time in eight months, per the Case-Shiller Index.

Optimism about the Long-Term Opportunities for Equities

- Investor pessimism creates opportunity, and valuations are reasonable: The S&P 500 traded at 12.9 times forward earnings at quarter end.
- Equity dividend yields are attractive: The S&P 500 dividend yield at quarter end was 2.2%, higher than the 10-year treasury yield.

Optimism about the Long-Term Opportunities for Dodge & Cox's portfolio

- The portfolio sells at a discount to the S&P 500 and has an emphasis on Financials, Information Technology, and Health Care.
- Emerging markets remain a source of growth for many companies—notably technology, telecommunications, pharmaceuticals, and financial services.

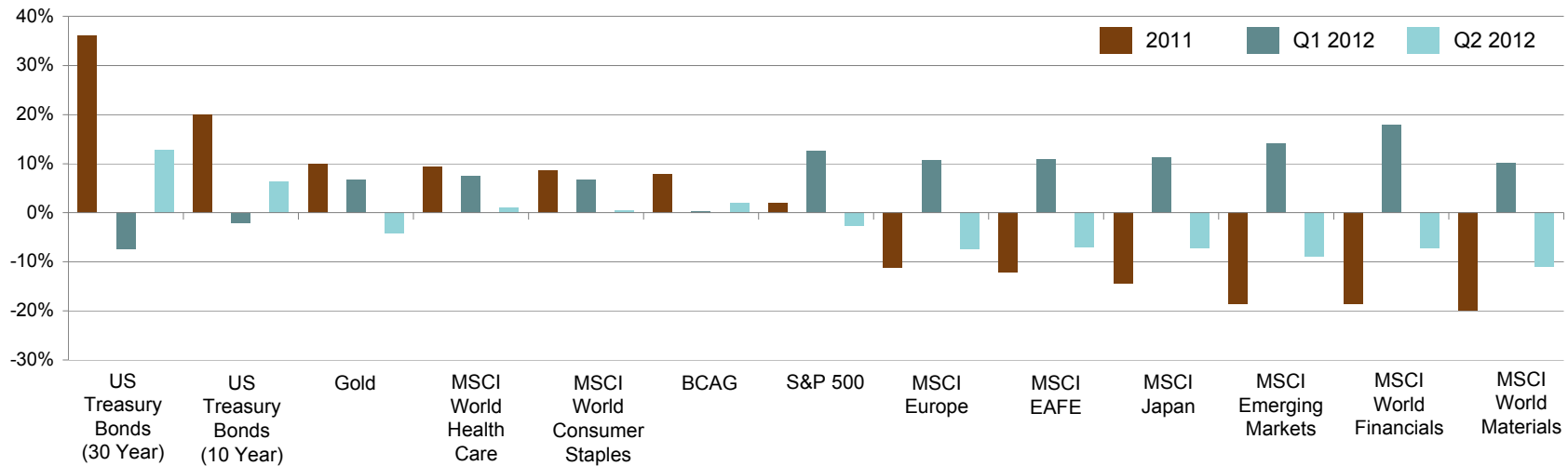
Source: Bank of New York Mellon, Bloomberg, L.P., FactSet. Forward earnings are estimated. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Supplemental Exhibits

The “Fear Trade”

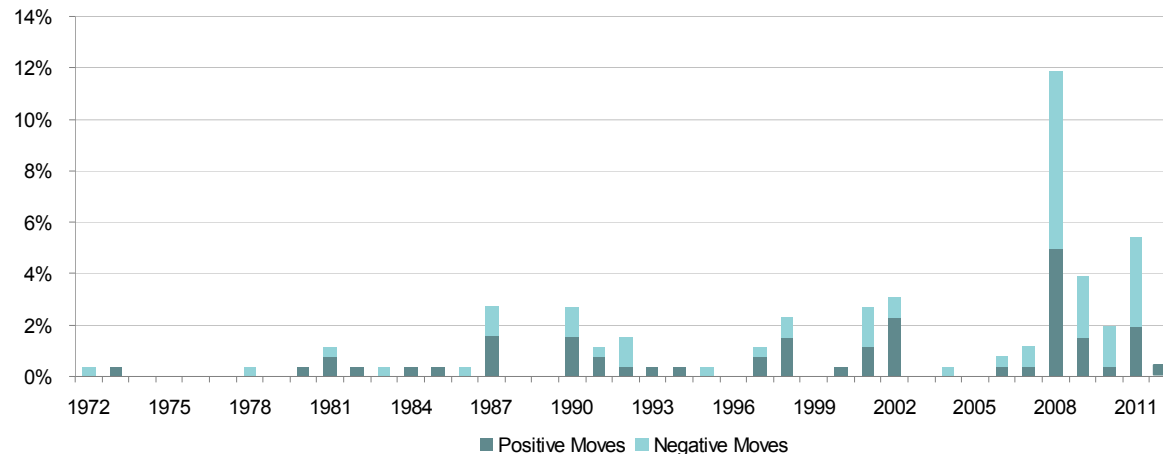
June 30, 2012

Performance (USD Net Total Return)



Market Volatility

Annual Occurrence of 3% or Greater Daily Moves in the MSCI EAFE Price Index



Source: Bloomberg, MSCI. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Portfolio Composition by Theme

June 30, 2012

Stanislaus County Employees Retirement Association-Bond Acct

U.S. Treasury Securities 8.5%

Various U.S. Treasury Notes	8.5 %	<ul style="list-style-type: none"> ■ Generally maintain a lower-than-market weighting ■ Used to control portfolio duration and yield curve exposure ■ Currently maintain lower-than-market duration ■ Increase portfolio yield through holding off-the-run issues
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Mortgage-Related Securities 30.4%

Seasoned Pass-Throughs	27.3 %	■ Predominantly GSE-guaranteed
Collateralized Mortgage Obligations	1.9 %	■ Yield advantage and total-return potential vs. similar duration alternatives
Fannie Mae D.U.S. Multifamily	0.2 %	■ Emphasize stable average-life investments to provide defensive feature
"Hybrid" ARMs	1.0 %	

Government-Related Securities 8.1%

Small Business Administration PC (504)	1.7 %	■ U.S. Agencies add incremental yield with little added credit risk
California Taxable G.O.	6.4 %	■ Taxable munis provide diversification and compelling risk/reward
Illinois Taxable G.O.		
Los Angeles School Dist Taxable G.O.		
New Jersey Turnpike Authority		

Corporate Securities 46.9%^(a)

Ally Financial, Inc.	HSBC Holdings PLC	<ul style="list-style-type: none"> ■ Seek stable-to-improving corporate credits to build portfolio yield and enhance relative total return potential ■ Emphasize non-callable and call-protected securities for durability of cash flows and to preserve appreciation potential
American International Group, Inc.	JPMorgan Chase & Co.	
AT&T, Inc.	Lafarge SA	
Bank of America Corp.	Legg Mason, Inc.	
Barclays PLC	Liberty Interactive Corp.	
Boston Properties, Inc.	Lloyds Banking Group PLC	
Boston Scientific Corp.	Macy's, Inc.	
Burlington Northern Santa Fe Corp. ^(b)	News Corp.	
Capital One Financial Corp.	Nordstrom, Inc.	
CIGNA Corp.	Norfolk Southern Corp.	
Citigroup, Inc.	Reed Elsevier PLC	
Comcast Corp.	Royal Bank of Scotland PLC	
Covidien PLC	SLM Corp.	
Cox Communications, Inc.	Sprint Nextel Corp.	
CSX Corp.	Telecom Italia SpA	
Dillard's, Inc.	Time Warner Cable, Inc.	
Dow Chemical Co.	Time Warner, Inc.	
FedEx Corp.	Union Pacific Corp.	
Ford Motor Credit Company ^(b)	Unum Group	
General Electric Co.	Vulcan Materials Company	
HCA, Inc.	WellPoint, Inc.	
Health Net, Inc.	Wells Fargo & Co.	
Hewlett-Packard Co.	Xerox Corp.	

Cash 6.1%

^(a)Except as noted, investments grouped by parent company. Actual securities maybe issued by the listed parent company or one of its subsidiaries. ^(b)Subsidiary.

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Ten-Year U.S. Treasury Yields

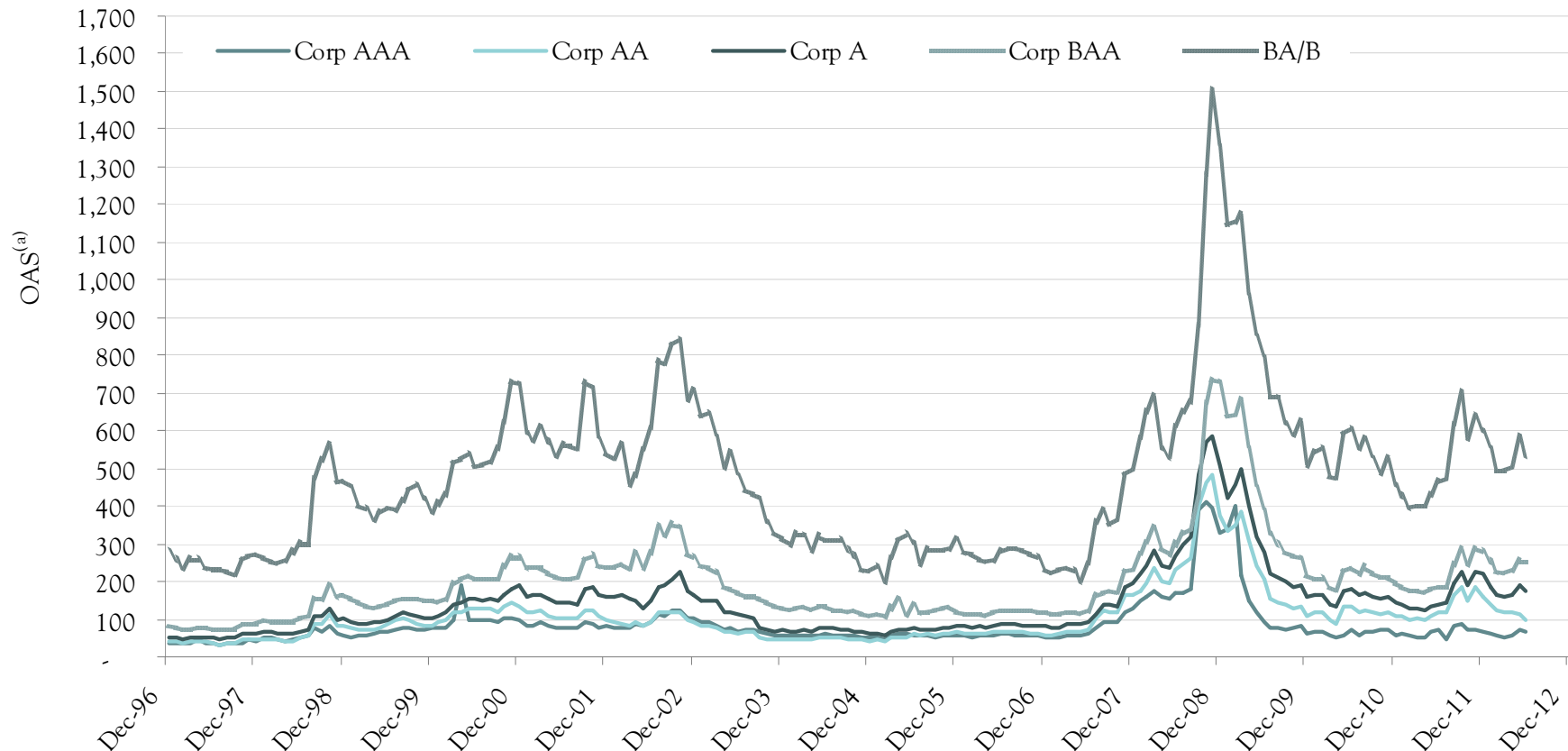
May 1967- June 30, 2012



Source: Bloomberg LP "GT 10-Year" or rolling "new issued" UST Ten-year note. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Corporate Spread Comparison By Quality Rating

June 30, 2012



^(a)The option-adjusted spread (OAS) is the instrument's current spread over the benchmark minus that component of the spread that is attributable to the cost of the embedded options. OAS does not translate into a return.

Source: POINT/Global Family of Indices. ©2011 Barclays Capital Inc. Used with permission. Barclays Capital and POINT are registered trademarks of Barclays Capital Inc. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Below Investment Grade Holdings^(a)

June 30, 2012

Stanislaus County Employees Retirement Association-Bond Acct

Issuer ^(b)	Ratings			% of Portfolio	Duration	Yield-to-Worst (%) ^(c)
	Moody's	S & P	Fitch			
Liberty Interactive Corp.	B3	BB	BB	0.28	9.0	8.08
Dillard's, Inc.	B1	BB	BB+	0.28	8.8	7.89
Sprint Nextel Corp.	B3	B+	B+	0.73	3.8	7.14
Bank of America capital securities	Ba2	BB+	BB	1.36	7.0	6.70
Health Net, Inc.	Ba3	BB	BB	0.31	4.2	5.84
Vulcan Materials Company	Ba2	BB	NR	0.56	5.9	5.81
SLM Corp.	Ba1	BBB-	BBB-	1.04	4.3	5.61
Citigroup capital securities	Ba2	BB	BB+	0.82	2.9	5.12
Lafarge SA	Ba1	BB+	BB+	1.29	3.0	4.18
Ford Motor Credit Company ^(d)	Baa3	BB+	BBB-	1.73	5.1	3.68
HCA, Inc.	B3	B-	B+	1.49	2.5	3.65
Ally Financial, Inc.	B1	B+	BB-	1.60	1.5	3.61
Total Weighted Average:					4.2	4.95

^(a)Weighted average statistics. ^(b)Except as noted, investments grouped by parent company. Actual securities may be issued by the listed parent company or one of its subsidiaries. ^(c)Yield and principal value fluctuate with market conditions. ^(d)Subsidiary.

Source: The YieldBook, Inc., Bloomberg LP, Interactive Data's BondEdge. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy or sell any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings.

Ten Largest Credit Holdings^(a)

June 30, 2012

Stanislaus County Employees Retirement Association-Bond Acct

Credit Securities ^(b)	% of Portfolio	Duration	Yield-to-Worst (%) ^(c)	Ratings		
				Moody's	S&P	Fitch
California Taxable G.O.	3.25	12.5	5.50	A1	A-	A-
Bank of America Corp.	2.93	5.8	5.51	Baa3	BBB	BBB-
Citigroup, Inc.	2.44	2.1	4.13	Baa3	BBB	BBB+
Illinois Taxable G.O.	1.78	4.2	3.16	A2	A+	A
Ford Motor Credit Company ^(d)	1.73	5.1	3.68	Baa3	BB+	BBB-
Time Warner, Inc.	1.64	11.3	5.20	Baa2	BBB	BBB
Ally Financial, Inc.	1.60	1.5	3.61	B1	B+	BB-
Time Warner Cable, Inc.	1.59	5.5	3.18	Baa2	BBB	BBB
General Electric Co.	1.57	6.6	3.30	A1	AA+	NR
Xerox Corp.	1.56	3.3	2.33	Baa2	BBB	BBB
<i>Portfolio Weight of Ten Largest Credit Holdings</i>	20.09					

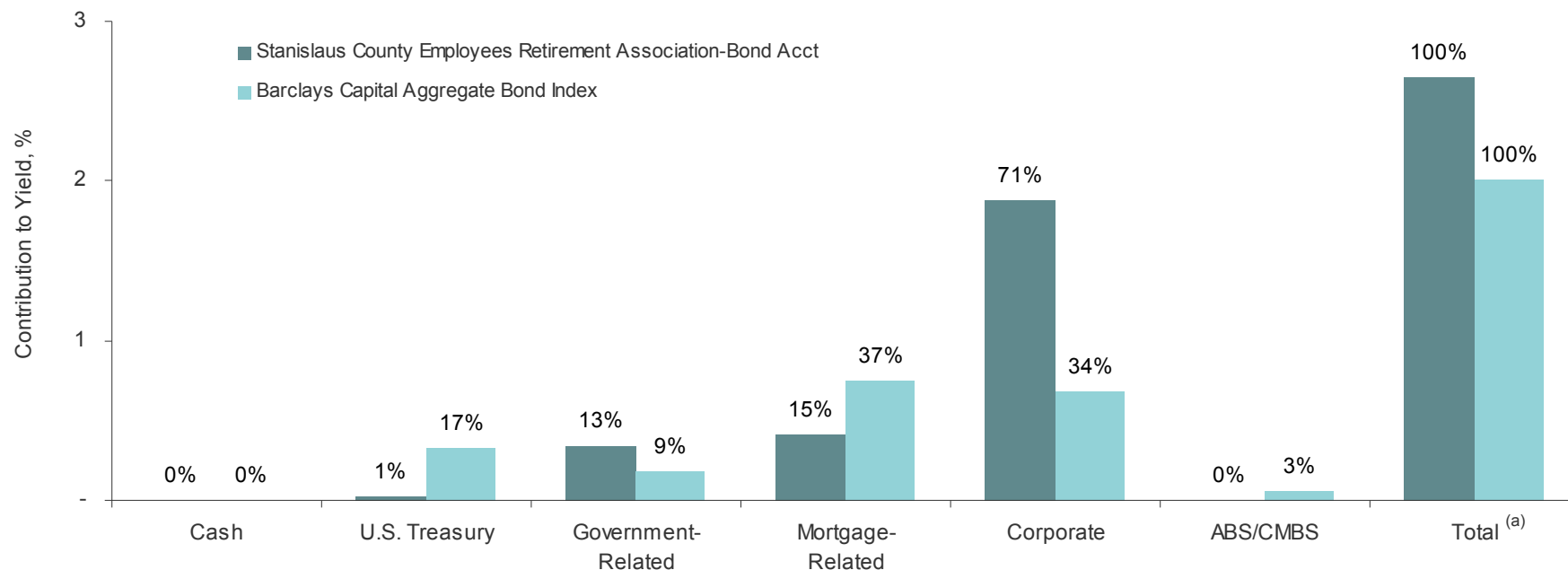
^(a)Weighted average statistics. ^(b)Except as noted, Corporate investments grouped by parent company. Actual securities maybe issued by the listed parent company or one of its subsidiaries. ^(c)Yield and principal value fluctuate with market conditions. ^(d)Subsidiary.

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Contribution to Yield (by Sector)

June 30, 2012

Stanislaus County Employees Retirement Association-Bond Acct



Weight (%)	6.08	0.00	8.50	35.97	8.11	10.66	30.38	30.64	46.93	20.60	0.00	2.13	100.00	100.00
Yield (%)	0.01	0.00	0.19	0.92	4.19	1.61	1.36	2.44	4.01	3.27	0.00	2.68	2.65	1.98
Contribution to Yield ^(b)	0.00	0.00	0.02	0.33	0.34	0.18	0.41	0.75	1.88	0.68	0.00	0.06	2.65	1.98

^(a)Yield and principal value fluctuate with market conditions. ^(b)Contribution to Yield = Portfolio weightings (%) x Yield to Worst (%).

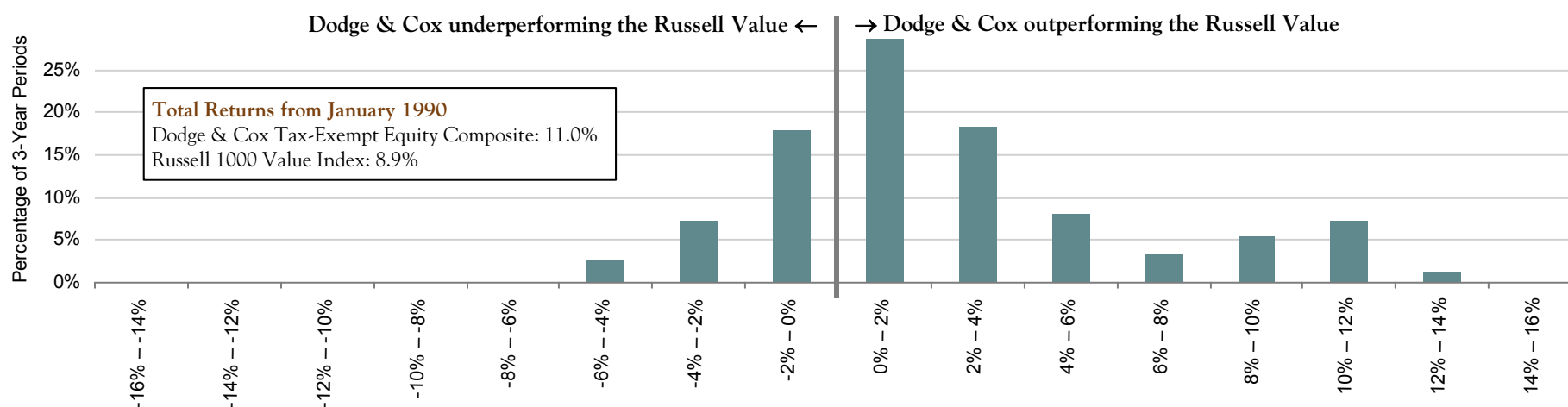
Source: The YieldBook, Inc., Bloomberg LP, Interactive Data's BondEdge, Barclays Capital POINT. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy or sell any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings.

Long-Term Record

June 30, 2012

Our investment philosophy has led to outperformance over several market cycles

Distribution of 3-Year Return Differences: Tax-Exempt Equity Composite Returns (Gross of Fees) Less Russell 1000 Value Index Returns



Frequency of Dodge & Cox Outperformance

	Since 1990	Last 10 Years	Last 5 Years
Number of 3-year periods:	235	120	60
Percentage of periods with Dodge & Cox outperformance:	72%	80%	60%
Mean return differential (annualized):	2.4%	2.7%	-0.1%
Number of 5-year periods:	211	120	60
Percentage of periods with Dodge & Cox outperformance:	73%	70%	40%
Mean return differential (annualized):	2.6%	3.3%	0.2%
Number of 10-year periods:	151	120	60
Percentage of periods with Dodge & Cox outperformance:	100%	100%	100%
Mean return differential (annualized):	3.4%	3.7%	3.2%

What followed underperformance?
 Of the 3-year periods of *underperformance* since January 1990, Dodge & Cox beat the index in the subsequent 3-year period 96% of the time.
 Returns represent past performance and do not guarantee future results.

Audited returns for the Dodge & Cox tax-exempt equity composite begin in January 1990. Periods are in rolling monthly increments, with the first 3-year period ending 12/92 and the last period ending 6/12. For analysis of subsequent returns, all periods with subsequent 3-year performance were reviewed, through the period ending 6/09. Dividends are reinvested. Returns represent past performance and do not guarantee future results. Performance figures do not reflect the deduction of investment advisory fees and other expenses. Returns will be reduced by advisory fees and other expenses incurred in the management of your account. For example, if an annual management fee of .60% were deducted quarterly from your account, a ten-year annualized cumulative composite return of 10.00% would be reduced by .64% to 9.36%. Information on Dodge & Cox investment advisory fees can be found in its Form ADV Part 2A. This exhibit supplements and must be accompanied or preceded by Dodge & Cox's Tax-Exempt Equity Composite.

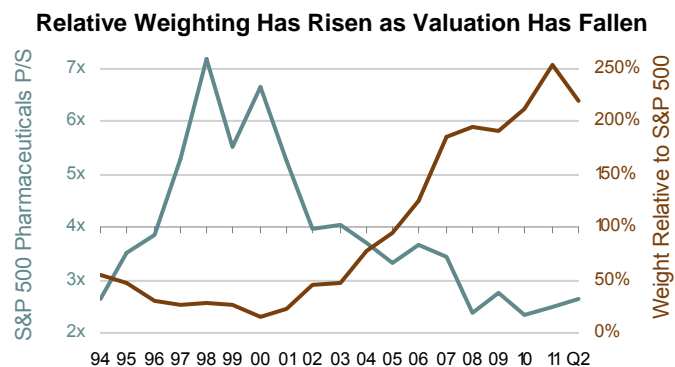
Pharmaceuticals: Finding Investment Value

June 30, 2012

Dodge & Cox Tax-Exempt Equity Composite

Investment Thesis:

- Extremely low valuations, along with strong balance sheets, high free cash flow, and cost-cutting opportunities help mitigate investment risk



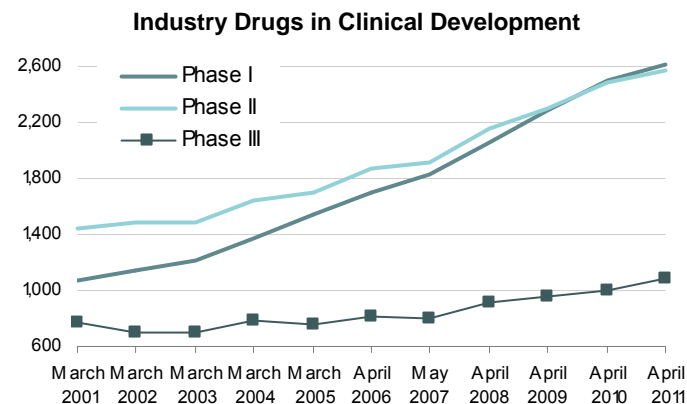
- Long-term growth opportunity in emerging markets

	<u>Percent of Sales from Emerging Markets</u>
Sanofi	30%
Roche	26%
Novartis	25%
GlaxoSmithKline & Pfizer	19%
Merck	18%
Amgen	0%

Risks:

- Drug reimbursement, especially from government buyers
- Innovation is not successful
- Expensive M&A

- Investment in innovation



- Big Pharma expertise essential to new product success

- Drug development
- Regulatory approval
- Sales and marketing

Understanding Risk:

- Due diligence trips to Washington, D.C.
- Downside scenarios incorporate severe price cuts
- Regular meetings with branded and generic competitors
- Regular meetings with physicians to explore product markets

Source: Bank of America Merrill Lynch and FactSet. Weightings are from a composite of Dodge & Cox tax-exempt equity accounts managed without restrictions, and exclude cash. Securities rounding to less than 0.1% have been excluded. Emerging market sales from company reports and Dodge & Cox estimates. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings. This exhibit supplements and must be accompanied or preceded by Dodge & Cox's Tax-Exempt Equity Composite.

Technology: Strong Franchises, Low Valuations

June 30, 2012

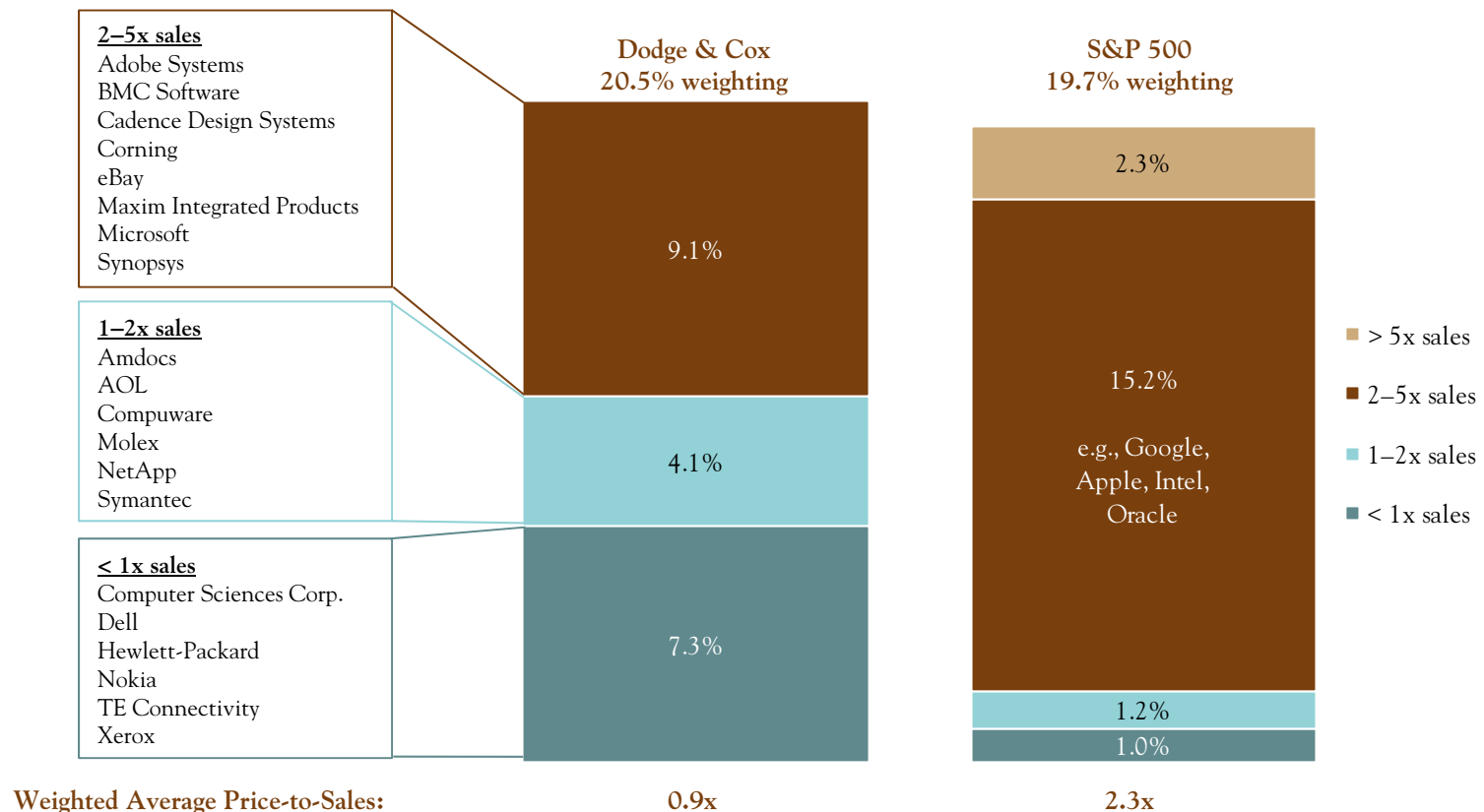
Dodge & Cox Tax-Exempt Equity Composite

In general, investors have limited visibility of future earnings:

- Growth generally driven by innovation and disruption
- Intense competition, short product cycles, and product obsolescence
- Significant investments in R&D with uncertain outcomes

As a result, we look for:

- Low valuation: not paying for current or future prosperity
- Industry leadership (brand, distribution, and market share) and focus
- Sustained R&D effort and strong intellectual property portfolio
- Financial stability



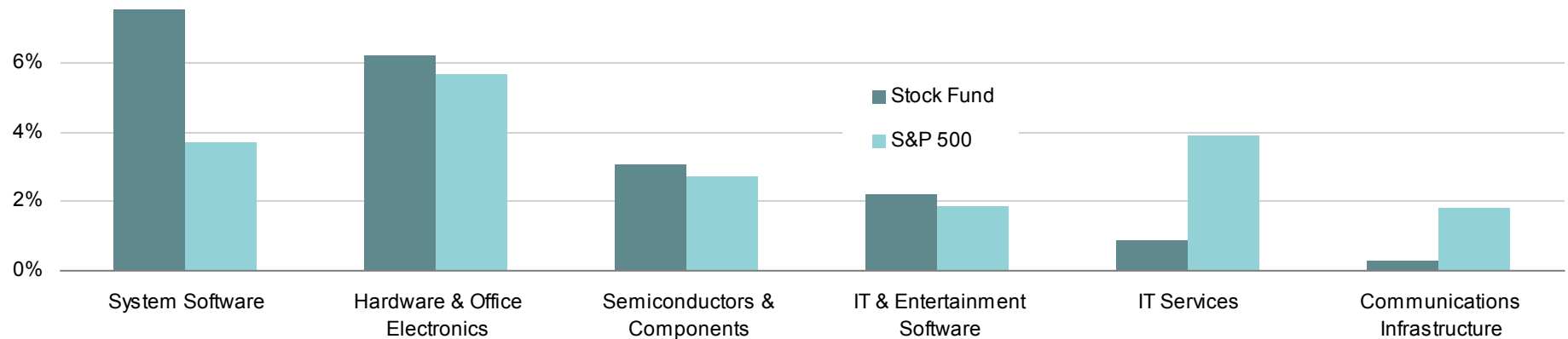
Source: FactSet. Weightings are from a composite of Dodge & Cox tax-exempt equity accounts managed without restrictions, and exclude cash. Securities rounding to less than a 0.1% weighting are omitted. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings. This exhibit supplements and must be accompanied or preceded by Dodge & Cox's Tax-Exempt Equity Composite.

Technology: Diversification Within the Sector

June 30, 2012

Dodge & Cox Stock Fund

Dodge & Cox Technology Holdings (20.3%) vs. the S&P 500 Index (19.7%)



- Adobe Systems
- BMC Software
- Cadence Design Sys.
- Compuware
- Microsoft
- Symantec
- Synopsys

- Dell
- Hewlett-Packard
- NetApp
- Xerox

- Corning
- Maxim Integrated Products
- Molex
- TE Connectivity

- AOL
- eBay

- Amdocs
- Computer Sciences Corp.

- Nokia

- Exposure: The Fund is modestly overweight in technology, and well diversified within the sector.
- The Fund also holds these technology-related companies (1.0% total weighting): Sony, Panasonic, and Pitney Bowes.

Source: FactSet. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Financial Services

June 30, 2012

Dodge & Cox Tax-Exempt Equity Composite

Opportunities

- Depressed valuations
- Solid core businesses
- Industry-leading technology platforms
- Increasing market share
- Leverage to improving economy (lower credit losses, better loan and revenue growth)

Industry Risks

- Impact of pending regulatory reform
- Potential rise in interest rates and/or inflation
- Sensitivity to slowing economy
- Liquidity
- Potential for additional equity dilution if more capital is needed

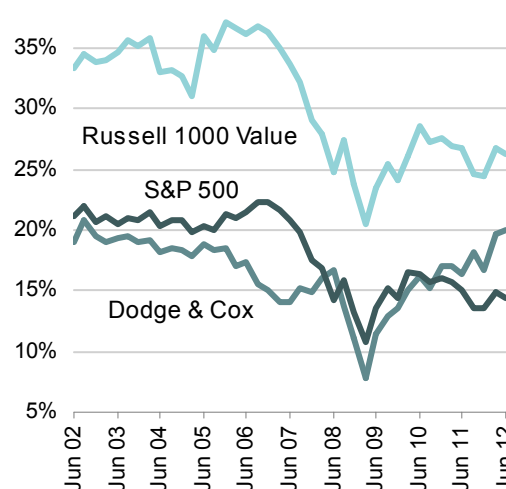
Holdings

- Diversified Financial Services: *Bank of America, Bank of New York Mellon, Capital One, JPMorgan Chase, Legg Mason*
- Banks: *BB&T, HSBC, SunTrust, Wells Fargo*
- Capital Markets / REITs: *Charles Schwab, Credit Suisse, Goldman Sachs*
- Insurance: *Aegon, Genworth Financial*

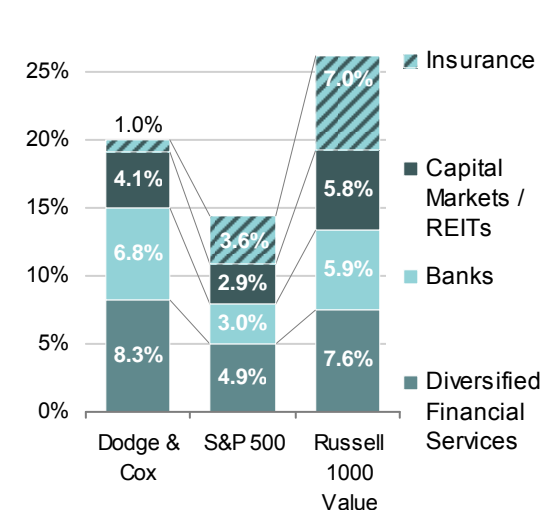
Declining Valuations: S&P 500 Financials Price-to-Book Ratio



Financials Weighting: Dodge & Cox vs. Indexes



Industries Within Financials: Comparative Weighting

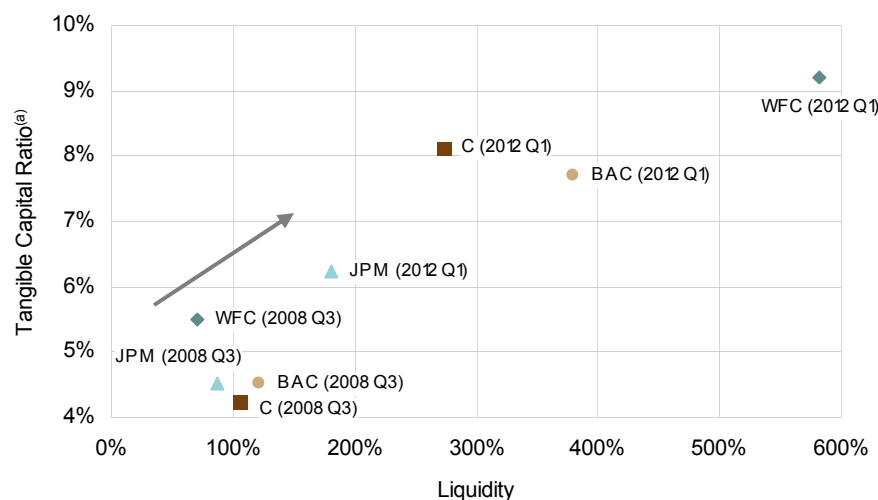


Source: FactSet. Weightings are from a composite of Dodge & Cox tax-exempt equity accounts managed without restrictions, and exclude cash. Securities rounding to less than 0.1% are excluded. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings. This exhibit supplements and must be accompanied or preceded by Dodge & Cox's Tax-Exempt Equity Composite.

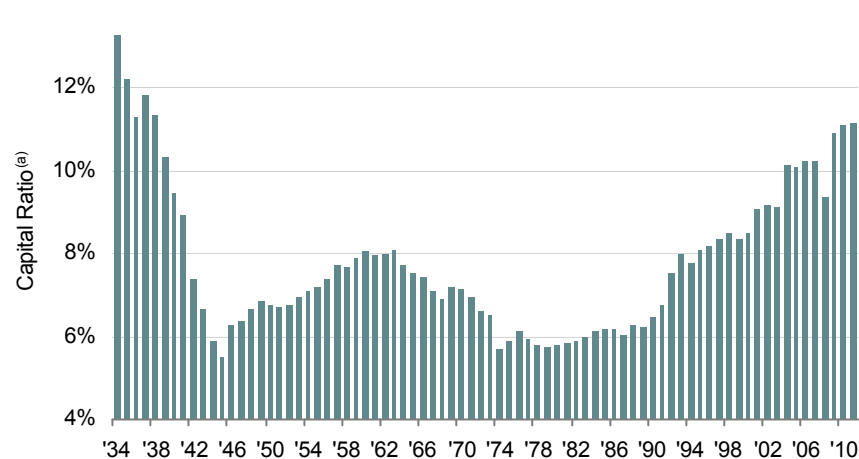
Financial Services: 2008 vs. 2012

March 31, 2012

Major Banks' Capital Ratios and Liquidity Have Improved



Capital Ratios for U.S. Commercial Banks Are Rebounding



Concerns during both periods included: a slowing economy, a fear of financial crisis in Europe, and the uncertain regulatory impact.

Differences:	Third Quarter 2008	First Quarter 2012
Credit Quality	Deteriorating loss rates; average-to-low reserves for losses	Improving; high reserves for losses
Capital Levels	Declining as credit losses rose	Highest since the 1940s, and improving
Liquidity	Low cash, limited government protection	Lots of cash, very liquid, increased government insurance on deposits
Valuation	Moderate: 0.7–1.8x price-to-book ratio	Attractive: 0.5–1.4x price-to-book ratio

Source: Capital IQ, FDIC. ^(a)For chart at left, tangible capital ratio is tangible equity divided by tangible assets. Liquidity is (cash, treasuries, and agency securities) divided by (commercial paper and short-term debt). For chart at right, capital ratio is equity divided by assets, which is the only annual capital ratio calculation available from 1934. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Consumer Discretionary: Significant Media Exposure

June 30, 2012

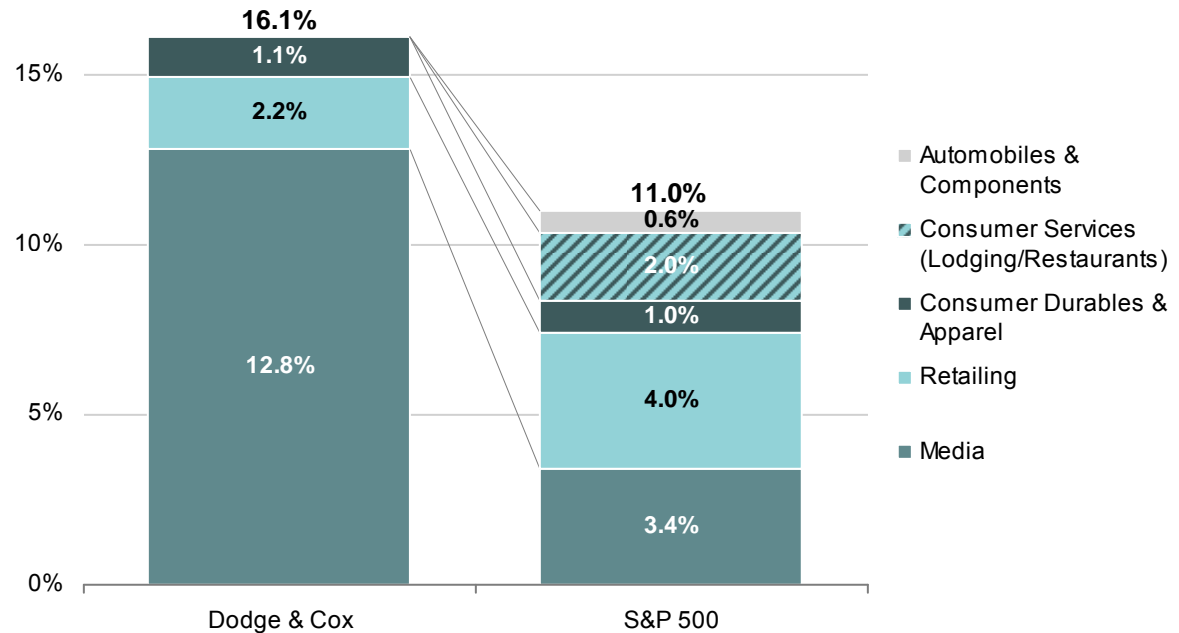
Dodge & Cox Representative Account

Consumer Durables: 1.1%
NVR, Panasonic, Sony

Retailing: 2.2%
CarMax, Home Depot, J.C. Penney,
Liberty Interactive

Media: 12.8%
Comcast, DISH Network, Liberty Global,
McGraw-Hill, News Corp., Time Warner
Cable, Time Warner

Additional "Media" Exposure: 0.3%
AOL (in Technology)



Sector exposure is well diversified

- Some companies are purely domestic, others have global franchises.
- Some are cyclical, others are less economically sensitive.
- Rapid technological change is impacting all companies: opportunity for some, and risk for others.
- The portfolio has exposure to diverse business models: some sell impulse purchase products, while others have recurring subscription revenues.

Source: FactSet. The representative portfolio characteristics are based on one of the largest and oldest fully discretionary tax-exempt equity accounts that has not experienced recent material cash flow events or investment guideline changes. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings.

Foreign Exposure in a Domestic Portfolio

June 30, 2012

Dodge & Cox Stock Fund

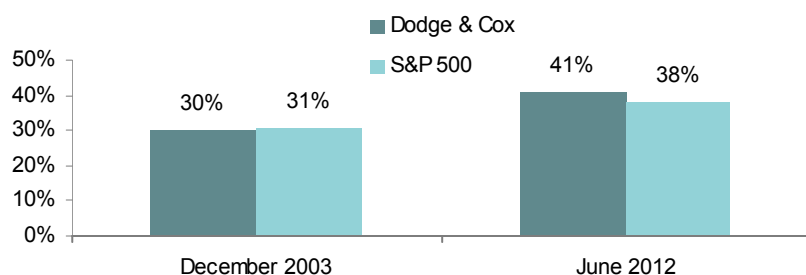
Foreign Holdings Not in the S&P 500 Index (16.0% of Fund)

	Non-U.S. Sales (%)	Fund Weight (%)
Europe		14.7%
GlaxoSmithKline (UK)	70%	2.7%
Vodafone (UK)	69%	1.2%
HSBC (UK)	79%	0.6%
Unilever (UK)	67%	0.6%
Novartis (Switzerland)	69%	2.4%
Roche (Switzerland)	71%	2.0%
Credit Suisse (Switzerland)	65%	0.6%
Sanofi (France)	70%	2.8%
Aegon (Netherlands)	58%	0.8%
Philips Electronics (Netherlands)	69%	0.7%
Nokia (Finland)	95%	0.3%
Asia		0.9%
Sony (Japan)	81%	0.6%
Panasonic (Japan)	90%	0.4%
Emerging Markets		0.4%
Cemex (Mexico)	81%	0.4%

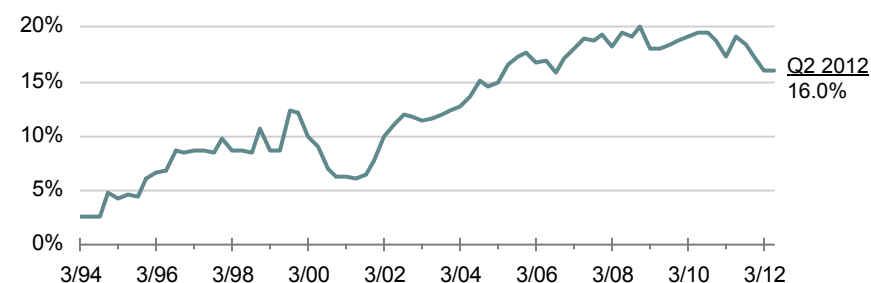
U.S. Holdings With Non-U.S. Sales > 50% (29.1% of Fund)

	Non-U.S. Sales (%)	Fund Weight (%)
Merck	57%	3.6%
Hewlett-Packard	66%	3.4%
General Electric	54%	3.3%
Pfizer	60%	2.6%
Schlumberger	67%	2.3%
eBay	52%	1.6%
Baker Hughes	54%	1.6%
Dow Chemical	67%	1.4%
Symantec	57%	1.3%
TE Connectivity	72%	1.2%
Chevron	57%	1.0%
Synopsys	54%	1.0%
Adobe	57%	0.9%
Maxim Integrated Products	85%	0.8%
Tyco International	52%	0.7%
Celanese	73%	0.7%
Corning	79%	0.5%
Dell	51%	0.5%
Cadence Design Systems	57%	0.4%
Liberty Global	99%	0.2%

Percentage of Company Sales from Outside the United States



Fund Assets in Foreign Holdings Not in the S&P 500 Index



Source: Bloomberg LP, FactSet. Foreign holdings are non-U.S. incorporated but U.S. dollar-denominated. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit www.dodgeandcox.com or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

Dodge & Cox Equity Tax-Exempt Composite

June 30, 2012

Total Rates of Return (%) (Gross of Fees)

	Annual Returns for Years Ended December 31,										6 Mo.† 2012
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Total Composite	-10.57	35.21	20.00	9.57	19.05	0.64	-41.99	31.39	14.17	-3.29	9.86
S & P 500 Index †	-22.10	28.67	10.86	4.90	15.79	5.51	-36.99	26.45	15.06	2.12	9.48
Russell 1000 Value Index †	-15.52	30.03	16.48	7.07	22.21	-0.18	-36.84	19.69	15.51	0.39	8.67

	Annualized Cumulative Returns for Periods Ended December 31, 2011									
	10 YRS	9 YRS	8 YRS	7 YRS	6 YRS	5 YRS	4 YRS	3 YRS	2 YRS	1 YR
Total Composite	4.83	6.70	3.59	1.43	0.14	-3.27	-4.22	13.20	5.08	-3.29
S & P 500 Index †	2.92	6.15	3.63	2.64	2.26	-0.25	-1.63	14.11	8.40	2.12
Russell 1000 Value Index †	3.89	6.31	3.66	1.95	1.12	-2.64	-3.24	11.55	7.68	0.39

	Statistics (\$ millions) at December 31,										6 Mo.† 2012
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Number of Accounts	158	176	178	184	192	185	165	160	146	137	134
Ending Market Value (\$)	11,768	17,154	20,985	22,823	26,075	23,520	12,554	14,928	14,993	13,094	13,764
Average Account Size (\$)	74	97	118	124	136	127	76	93	103	96	103
Median Account Size (\$)	36	47	52	58	55	56	33	41	45	45	45
Standard Deviation (%)	0.4	0.9	0.4	0.3	0.4	0.3	0.9	1.5	0.5	0.5	0.3
Total Firm Assets (\$)	70,112	107,993	142,904	166,407	212,314	235,754	143,179	172,461	189,356	174,948	180,584
% of Total Firm Assets (%)	16.8	15.9	14.7	13.7	12.3	10.0	8.8	8.7	7.9	7.5	7.6

† This information is not covered by the report of independent accountants.

Dodge & Cox claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Dodge & Cox has been independently verified for annual periods since 12/31/1991. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Page 1 of 2

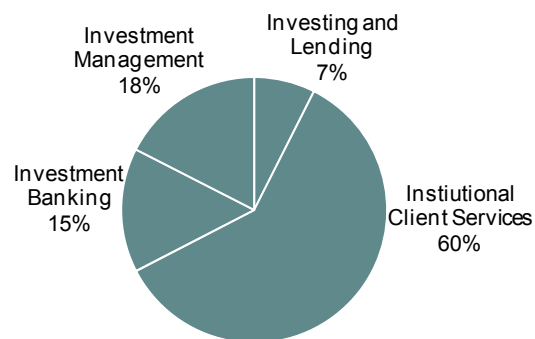
Notes to the Composite

1. The Equity Tax-Exempt Composite is comprised of equity accounts that are managed free of tax constraints. The accounts are invested in diversified portfolios of common and preferred stocks. The accounts' objectives are to seek long-term growth of principal and income.
2. This composite was created on January 1, 1993.
3. Dodge & Cox, an independent investment adviser registered under the Investment Advisers Act of 1940, is an autonomous investment firm for purposes of determining the Total Firm Assets under management and firmwide compliance.
4. Cash reserves and equivalents are included in the Total Composite returns. Segments of multiple-asset portfolios are not included in this composite.
5. Valuations and performance are computed in U.S. dollars.
6. Performance is generally reported gross of withholding tax on dividends, interest income and capital gains.
7. Performance figures do not reflect the deduction of investment advisory fees and other expenses. Returns will be reduced by the advisory fees and other expenses incurred in the management of the accounts.
For example, if an annual management fee of 0.60% were deducted quarterly from each account, a ten year annualized cumulative composite return of 10.00% would be reduced by 0.64% to 9.36%.
Information on Dodge & Cox investment advisory fees can be found in its Form ADV, Part 2A.
8. Unmanaged indices shown for comparative purposes do not reflect the deduction of any fees.
9. This report may only be presented to prospective clients on a one-on-one basis.
10. The performance data represents past performance; the results shown should not be considered as a representation of gain/loss which may be realized from an investment made today.
11. A complete list and description of all Dodge & Cox composites, as well as additional information regarding policies for calculating and reporting returns, is available upon request.
12. Cash Only Segment performance, presented as supplemental information, is calculated using the yield from a representative money market fund held by the accounts.
13. Accounts with asset size below \$4,000,000 prior to October 1, 2001 and \$5,000,000 thereafter are excluded from the composite.
14. The Annualized Cumulative Rate of Return is equivalent to the annual rate of return which, if earned in each year of the indicated multi-year period, would produce the actual cumulative rate of return over the entire period.
15. Total Firm Assets are calculated at a point in time.
16. Results are for accounts present for the entire measurement period, except for accounts subject to material client restrictions. The measurement period is defined as a full quarter prior to January 1, 2000 and as a full month thereafter.
17. Before January 1, 2005, trade date accounting was utilized except for a maximum of 10% or less of accounts which used settlement date accounting, at the client's request.
18. Current annual fees for Equity Accounts are:
 - 0.60% on the first \$25 million
 - 0.40% thereafter
19. 3 year annualized standard deviation at 6/30/2012
 - Total Composite: 18.6
 - S & P 500 Index: 16.1
 - Russell 1000 Value: 16.8

Company Profile

- Headquartered in New York, NY.
- Founded in 1869.
- CEO is Lloyd C. Blankfein.
- Leading global investment bank, securities broker, and investment manager that provides financial services to a substantial and diversified client base including corporations, financial institutions, governments, and high-net-worth individuals.
- On September 21, 2008, Goldman Sachs became a bank holding company.

2011 Revenues = \$28.8 Billion



Per Share Valuation

	<u>GS</u>	<u>S&P 500</u>
Price (6/30/2012)	\$95.86	\$1,362
2011 Trailing Price/Earnings	11.1x	14.9x
2011 Price/Book	0.8x	2.2x
2011 EPS ⁽¹⁾	\$8.61	
2012 est. EPS	\$12.86	

FY Ends December 31

Shares Outstanding = 541.6 million

S&P 500 data as of 6/30/2012

⁽¹⁾ Excludes goodwill impairment, litigation, and other non-recurring expenses

Investment Thesis

Best In Class Investment Bank

Goldman Sachs holds leadership positions across all key business segments. The company has boasted staying power at the top of its industry.

Superior Corporate Culture

Management has demonstrated an ability to manage risk well, through various business environments, under a tight span of control. Goldman Sachs has a more consistent corporate culture and focused business approach than many peers. Management owns over 10% of shares outstanding.

Growth Opportunities

The company generates 38% of its revenues abroad. Further overseas adoption of capital markets represents a long-term growth opportunity. Regulatory change could create opportunities for faster moving and more adaptive firms, such as Goldman Sachs.

Risks

Regulatory and Legal Uncertainty

New restrictions concerning derivatives and proprietary trading are expected to shrink the overall scope of Goldman Sachs' business. Key rules and regulations remain unwritten. Goldman Sachs faces litigation related to pre-crisis financial products and business practices.

Economic Sensitivity

Goldman Sachs' revenues are highly sensitive to market conditions and customer sentiment. An extension of the European sovereign debt crisis or the emergence of any other crisis could lead to a continuation of weak market volumes, low new issuances, and declining asset prices.

Funding Risk

Goldman Sachs is reliant on short-term wholesale funding. While capital levels and excess liquidity have never been higher, the company could face funding strains during a systemic crisis.

Conclusion

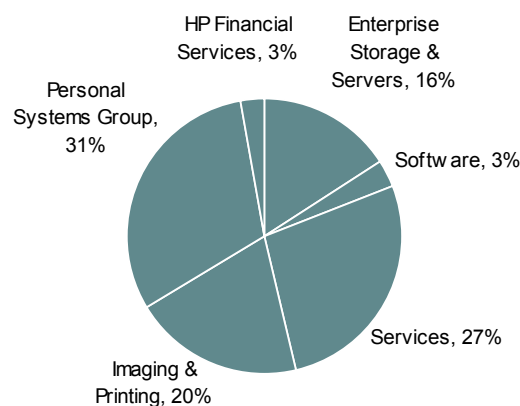
We believe that Goldman Sachs is an attractive investment at the current valuation.

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Company Profile

- Headquartered in Palo Alto, CA.
- Founded in 1939. Acquired Compaq in 2002. Acquired Electronic Data Systems in 2008.
- Meg Whitman was named CEO in September 2011, after Leo Apotheker replaced CEO Mark Hurd in August 2010.
- Approximately 55% of operating income is recurring.
- Largest printer, PC, and low-end server company globally.
- 65% of 2011 sales were international.
- 37% and 29% of 2011 operating profit came from HP Services and Imaging and Printing Systems, respectively.
- Gained the PC market share lead from Dell in 2006.

2011 Revenues = \$127 Billion



Per Share Valuation

	HPQ	S&P 500
Price (6/30/12)	\$20.11	\$1,362
2011 Price/Sales	0.3x	1.4x
2011 Trailing Price/Earnings	4.2x	14.9x
2011 Price/Book	1.0x	2.2x
2011 EPS*	\$4.81	
2012 est. EPS*	\$4.08	

* Excludes goodwill amortization

FY ends October 31
 Shares Outstanding = 1,980 million
 S&P 500 data as of 6/30/12

Investment Thesis

Inexpensive Valuation

Hewlett-Packard is valued at 4.2 times 2011 earnings and 4.9 times estimated 2012 earnings.

Earnings Growth Potential

High free cash flow funds opportunities for share repurchase and reasonable acquisitions, which could contribute to double-digit EPS growth.

Strong Business Franchises

Market share gains in printers, PCs, and servers over the last few years have demonstrated the strength of the company's business franchises.

Capably Managed Businesses

Stable and competent management of the company's operating businesses reduces the impact of senior management changes.

Risks

Acquisitions

Although financial constraints after its acquisition of Autonomy mitigate the likelihood of pursuing further large acquisitions in the near term, Hewlett-Packard could make further valuation-insensitive acquisitions.

Macroeconomic Weakness

Economic sensitivity has historically been greater than the overall market. PCs and services have also been weak recently.

Renewed Competitor Strength

Struggling competitors such as Sun Microsystems (as part of Oracle) and Dell may overcome short-term difficulties. Recent share losses in servers, printers, and PCs may reverse but the company concedes a structural need to shift the mix of its services business.

Conclusion

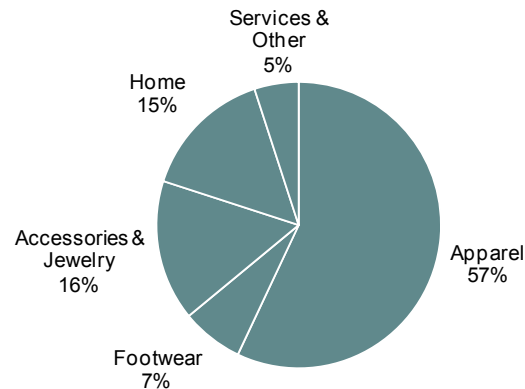
Due to its strong franchises and being priced at a meaningful discount to the overall market, we believe that Hewlett-Packard is an attractive investment.

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Company Profile

- Headquartered in Plano, TX.
- Founded in 1902.
- CEO is Ron Johnson.
- Second largest department store chain in the U.S. with 1,100 stores representing 110 million sq. ft. of retail space.
- JC Penney's stores consist of 49% of on-mall locations, 38% standalone, and 12% off-mall stores; also runs jcp.com (8.4% of sales).
- Activist funds own 18% of outstanding shares.

2011 Revenues = \$17.3 Billion



Per Share Valuation

	<u>JCP</u>	<u>S&P 500</u>
Price (5/8/2012)	\$33.22	\$1,397.91
2011 Price/Sales	0.4x	1.4x
2011 Trailing Price/Earnings	NM	15.4x
2011 Price/Book	1.8x	2.3x
2011 EPS	-\$0.70	
2012 est. EPS	\$1.21	

FY begins February 1
 Shares Outstanding = 218.6 million
 S&P 500 data as of 4/30/2012

Investment Thesis

Sales Should Recover

There is a significant top-line opportunity: sales/sq. ft. have fallen 27% since 2006's peak while square footage has expanded by 10%. Management is putting in place higher sales/sq. ft. strategies such as shops-within-a-shop featuring high-quality brands.

High Operating Leverage

JC Penney's stores should be able to translate its incremental gross profit into operating profit at very high rates (~100%).

Tech/Supply Chain

JC Penney is positioned to benefit from its rising online penetration rate and from investments that integrate its online and offline purchases.

Catalysts

Catalysts include activist shareholders, new management with compelling track records, and an overhauled strategy including pricing, merchandising, marketing, cost cuts, and new services.

Risks

Competition

JC Penney's strategy targets the demographic of strong competitors like Macy's and Kohl's.

Simplifying Pricing

Resetting initial prices lower and discounting less frequently could attract less volume.

Core Customer/Vendors

JC Penney's new marketing and merchandising plan to attract younger shoppers could alienate its core customers and vendors.

Conclusion

We believe JC Penney is an attractive investment opportunity and have established positions in the Stock Fund and Global Stock Fund.

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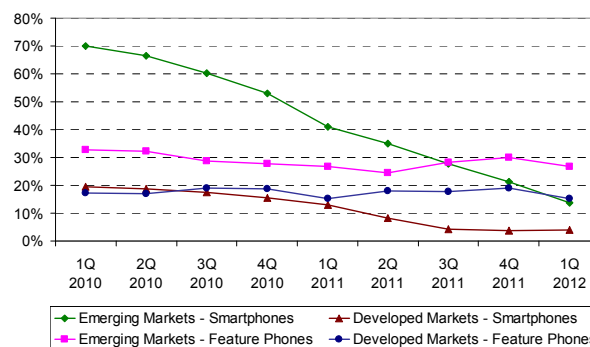
Nokia (NOK)

2nd Quarter 2012

Company Profile

- Headquartered in Finland and founded in 1865.
- CEO is Stephen Elop.
- A leading vendor of mobile phones (20% global share).
- Launched first Windows Mobile devices in Q4 2011.
- Feature Phone Units by Region (1Q 2012): Developed Markets (7%), Emerging Markets (93%).
- Smartphone Units by Region (1Q 2012): Developed Markets (19%), Emerging Markets (81%).

Unit Share by Region and Device Type



Per Share Valuation

	<u>NOK</u>	<u>S&P 500</u>
Price (6/30/2012)	\$2.07	\$1,362
2011 Price/Sales	0.1x	1.4x
2011 Price/Earnings	3.6x	14.9x
2011 Price/Book	0.5x	2.2x
2011 EPS	\$0.58	
2012 est. EPS	(\$0.26)	

Note: NOK consolidates 100% of NSN JV.
 FY ends December 31
 Shares Outstanding = 3.7 billion (ADR = 1:1)
 S&P 500 data as of 6/30/2012

Investment Thesis

Valuation

Nokia is trading at a low 2012e valuation (0.2x P/S, 0.1x EV/S, 1x P/R&D).

Low Expectations

Market expectations for Nokia do not reflect the innovation and R&D capabilities of Nokia and Microsoft. In a rapidly evolving handset market, Nokia may ultimately develop the next ground-breaking device.

Emerging Markets

Nokia still has significant market share in emerging markets as a result of its past first mover advantage and developed retail distribution channels.

Downside Protection

Nokia's intellectual property and strong liquidity (significant cash hoard, manageable debt levels, and access to credit facilities) provide the company with a short term margin of safety before it must become a competitive handset player. Microsoft has stated its commitment to the success of Nokia on Windows Mobile and is providing financial support to Nokia. In a dire case, Nokia may be able to sell assets to realize value for shareholders.

Risks

Competition

Nokia is facing stiff competition in smartphones from Apple and Android vendors such as Samsung and HTC. Chinese vendors are rapidly penetrating emerging markets where they are producing lower end Android handsets that are competing with Nokia devices on price.

Product Development

While Nokia and Microsoft have significant potential to develop leading edge devices, the partnership has yet to prove itself. The first round of jointly developed Lumia devices has had disappointing results, but Windows 8 devices could prove compelling.

Cash Burn

Nokia's rate of cash burn from high restructuring costs and negative earnings may exceed expectations.

Nokia / Microsoft Agreement

The economic terms of the Nokia / Microsoft agreement have not been publicly disclosed. As a result, it is unclear to what degree Microsoft has rights to Nokia's intellectual property and whether Nokia's intellectual property is encumbered by the agreement.

Conclusion

We believe Nokia is an attractive investment at the current valuation.

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Strategy Review

Stanislaus County Employees' Retirement

28 August 2012

Past performance is not a guarantee or a reliable indicator of future results. Shares distributed by **PIMCO Investments LLC**.

Client-specific update - not for public distribution



Biography

R. Matthew Clark, CFA

Mr. Clark is a senior vice president and account manager in the Newport Beach office with a focus on institutional client servicing. Prior to joining PIMCO in 2002, he served as an officer in the U.S. Army for eight years, achieving the rank of captain. He has nine years of investment experience and holds an MBA from Harvard Business School. He received an undergraduate degree from Trinity University, San Antonio. Mr. Clark can be reached at (949) 720-6287 or at matt.clark@pimco.com.

Todd A. Staley

Mr. Staley is an account manager in the Newport Beach office, focusing on institutional client servicing. Prior to joining PIMCO in 2011, he worked as a structured finance associate on the non-mortgage asset backed securitization team at Bank of America. He has four years of investment experience and holds an MBA from the Kenan-Flagler Business School at the University of North Carolina as well as an undergraduate degree from the University of Cincinnati. Mr. Staley can be reached at (949) 720-6660 or at todd.staley@pimco.com.

Agenda

1. Market review and performance
2. Outlook and strategy
3. PIMCO update
4. Appendix

H1 2012: Strong performance in the face of uneven markets

Markets: Erratic

- European uncertainty swirls, dominating market dynamics
- U.S. fundamentals have deteriorated
- Risk assets and volatility have fluctuated, with asset prices remaining fair-to-overvalued

Performance: Strong

- PIMCO portfolios benefited from an emphasis on high quality credit spread, and portfolios continue to actively reduce risk
- PIMCO's investment process continues to emphasize active management and deliver long-term outperformance

Outlook: Unusually uncertain

- Europe endeavors to reach compromise but agreements lack specifics
- China's slowdown may increasingly impact markets
- U.S. policymakers face difficult decisions both at the Fed (QE3) and in Congress (fiscal cliff)

First half outperformance driven by curve and tactical sector positioning

Stanislaus County Employees' Retirement Association

Initial market value as of 14 May '10	\$75,000,000
Contributions / Withdrawals	\$20,000,000
Net Investment Earnings	\$14,109,644
Market value as of Jun '12	\$109,109,644

Stanislaus County Employees' Retirement Association

	Since inception 14 May '10	1 Yr.	6 Mos.	3 Mos.	YTD 31 Jul '12
Before fees (%)	7.3	8.8	3.2	2.6	4.6
After fees (%)	7.0	8.4	3.0	2.5	4.4
Benchmark (%)	6.1	7.5	2.4	2.1	3.8

As of 30 Jun 2012

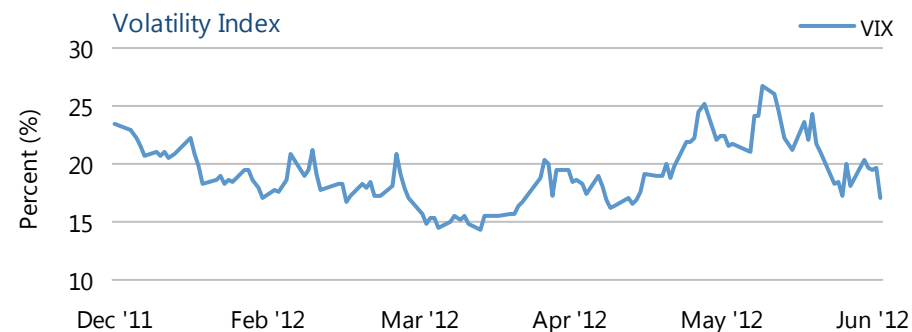
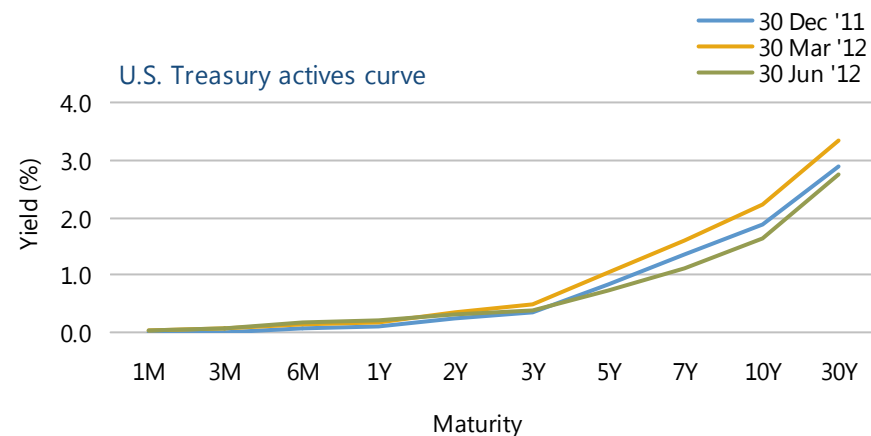
All periods longer than one year are annualized

Benchmark: Barclays U.S. Aggregate Bond Index

H1 2012: Flight-to-quality trade resumes, and U.S. rates drop in Q2

- Record low 10-year yield of 1.44% touched in June
 - Investors willing to accept yields below fair value
 - U.S. continues to be “cleanest dirty shirt”

- VIX touches YTD high in June before ending quarter relatively unchanged
 - U.S. trading volume down substantially
 - Investors lack confidence that rallies are sustainable

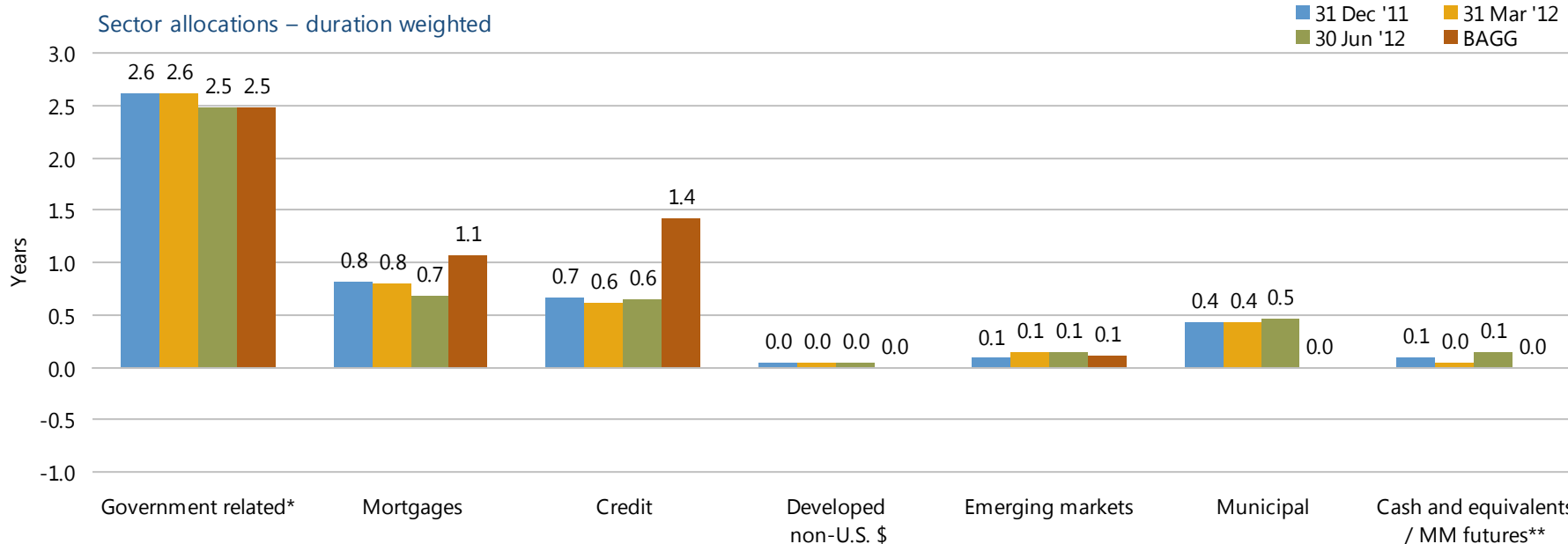


Portfolio positioning

Stanislaus County Employees' Retirement Association

CHARACTERISTICS		31 Dec '11	31 Mar '12	30 Jun '12
Effective duration (yrs.) ¹	Portfolio	4.8	4.7	4.6
	Index	4.9	5.0	5.1
Total curve duration ²		-0.1	-0.2	0.0
Yield to maturity (%)		2.3	2.3	2.1

ATTRIBUTION	H1 '12	Q2 '12
Interest rates:		
U.S.:	+	+
Non-U.S.:	0	0
Mortgages:	+	+
Credit:	-	+
Emerging markets:	0	0
Municipals:	+	-



BAGG is the Barclays U.S. Aggregate Bond Index, formerly known as the Barclays Capital U.S. Aggregate Bond Index

¹ In November 2011 PIMCO modified its duration calculation to account for the potential that holders of securities subject to credit risk may, in the event of default, recover a portion of their investment prior to maturity. The duration for the portfolio reflects the revised calculation.

² Measures a portfolio's price sensitivity relative to the benchmark to changes in the slope of the yield curve, measured between the 2–30 year Government yields, holding the 5 year yield constant. For every 1 basis point of steepening (flattening), a portfolio with curve duration of 1 year will rise (fall) in price by 1 basis point relative to the benchmark.

* Gov't-related may include nominal and inflation-protected Treasuries, agency debt, interest rate swaps, Treasury futures and options, and FDIC-guaranteed corporate securities.

** As of 31 Dec '11, 31 Mar '12 and 30 Jun '12; Non-U.S. MM Futures exposure is 0 yrs, 0 yrs, and 0 yrs; U.S. MM Futures exposure is 0 yrs, 0 yrs, and 0 yrs, respectively.

2012 Secular Outlook: Slowing real growth and risks of inflection points

UNITED STATES

(0% to 2% annual Real GDP growth)

- Likely to outperform Europe in terms of growth and financial stability
- Political scimmages will trump grand bargains and slow structural reform
- Unsustainable debt dynamics will persist, as will financial repression

EUROPE

(-1% to 1% annual Real GDP growth)

- Status quo is no longer an option
- Probable outcome: A bumpy journey to a smaller and less imperfect eurozone
- Risk of full-fledged collapse remains

EMERGING ECONOMIES

(4% to 5% annual Real GDP growth)

- Continue to outpace Europe and U.S.
- Path to continued growth laden with challenging transitions
 - China's shift from export to consumption economy
 - Political and social unrest
- Volatility to remain high

Continued
policy confusion

+

Overly incremental
public and private sector
responses

=

Heightened potential for
inflection points that
can derail progress and
abruptly send markets
"to the tails"

2012 Secular Outlook: Unusual uncertainty and its investment implications

KNOWN	KNOWN UNKNOWN
<ul style="list-style-type: none"> ▪ Low growth, unsustainable debt dynamics ▪ Monetary accommodation versus fiscal intransigence ▪ Growing inflationary pressures despite structural weaknesses ▪ A more volatile growth path for emerging economies 	<ul style="list-style-type: none"> ▪ Unpredictable and increasingly restless global populations ▪ Challenging economic transitions in the BRICs ▪ Geopolitical tensions and the inflationary/deflationary impact ▪ Impact of technology and social media



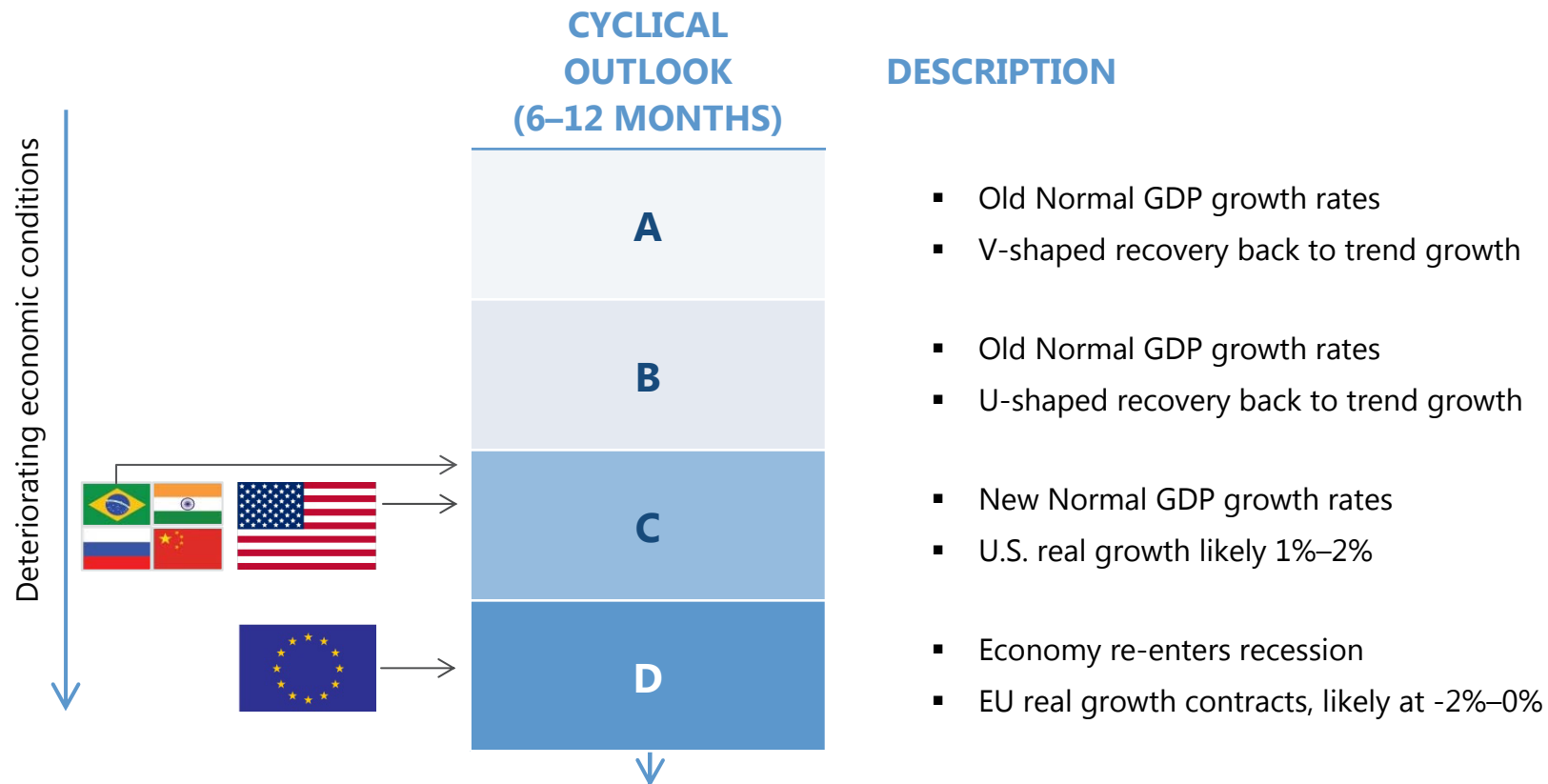
- Expect lower investment returns
- Monitor risk factors, not asset classes: Focus on how investments behave
- Utilize more sophisticated asset-liability management

- ### QUALITY BIAS
- Sovereigns
 - Credible central bankers
 - Favor parts of yield curves that offer meaningful rolldown
 - Companies: Credit and equity
 - High cash balances
 - Low financial leverage
 - High operating margins
 - Require dividends and income

- ### REAL ASSETS AND TAIL RISK PROTECTION
- Guard against financial confiscation
 - Remain vigilant of inflationary pressures
 - Risk of inflection points
 - Geopolitical events
 - Unintended consequences of central bank policies

As of 30 June 2012

PIMCO's cyclical framework for the global economic outlook



Overall, PIMCO sees below consensus global growth in 2012 of 1%-2%

- Deleveraging continues in Europe but pauses in U.S.
- Inflationary pressures continue to build
- Policy deadlocks delay structural reforms

As of 30 June 2012
SOURCE: PIMCO

The status quo is no longer an option for Europe

Banks	Need to focus not just on liquidity, but on capital adequacy , and on asset quality
Policy mix	Requires both austerity and growth measures
Better circuit-breakers	System-wide deposit insurance and more aggressive ECB intervention
External balance sheets	Europe should secure help from outside investors, such as China
Vision for the future	What does Europe want to look like?
The conundrum	Sovereignty ends when solvency ends

For more information visit: eurozoneddevelopments.pimco.com

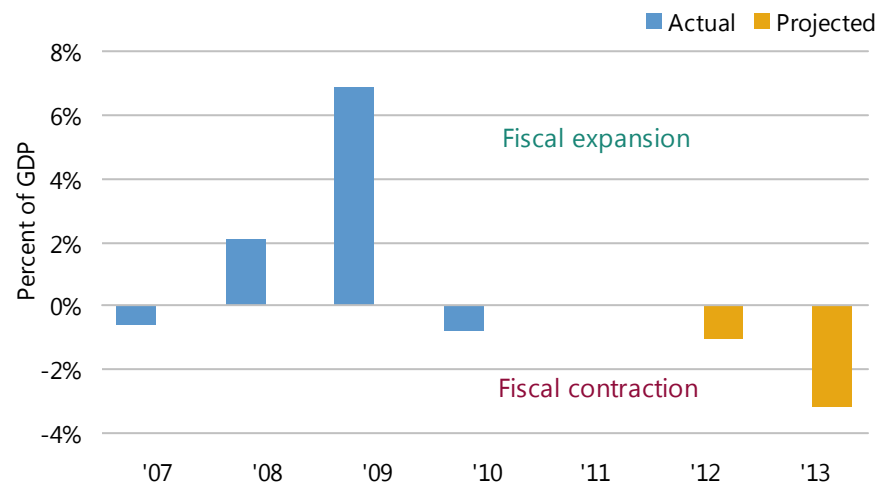
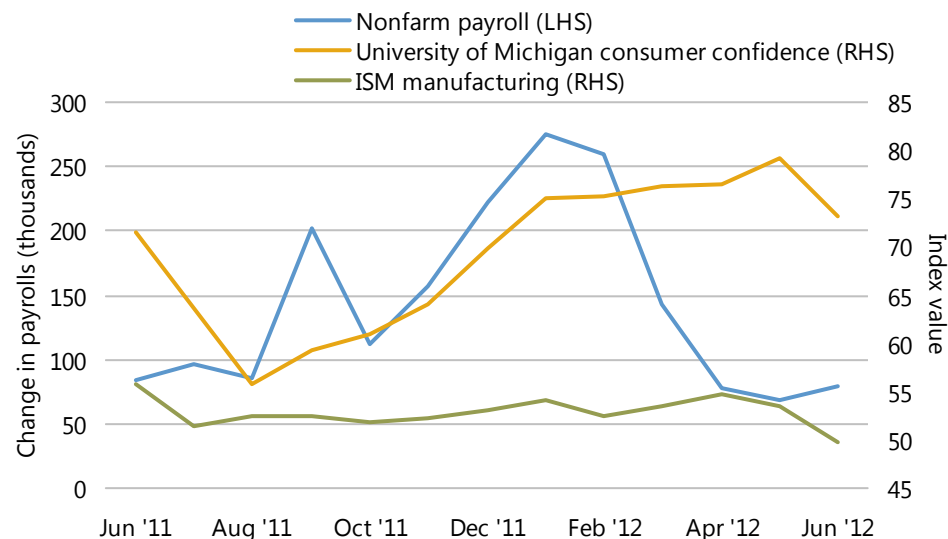
Weaker U.S. data point to slower growth as "fiscal cliff" approaches

U.S. cyclical downturn

- Job growth slowed in the second quarter despite a better-than-expected start to the year
- Manufacturing and consumer surveys also point to slower growth over the cyclical horizon

Future public sector austerity

- Meaningful potential fiscal contraction on the horizon in 2013
- Sources of potential contraction include:
 - Expiration of Bush-era tax cuts
 - Forced spending cuts (sequestration)
 - Payroll tax cut expiration



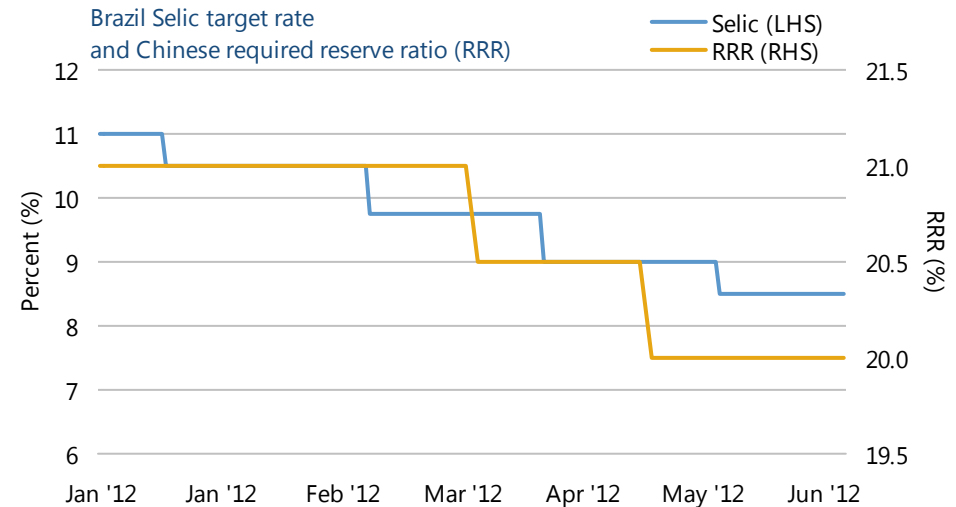
As of 30 June 2012
 SOURCE: Bloomberg, Federal Reserve, CBO

EM growth has slowed but policymakers maintain some flexibility

Brazilian and Chinese stimulus measures

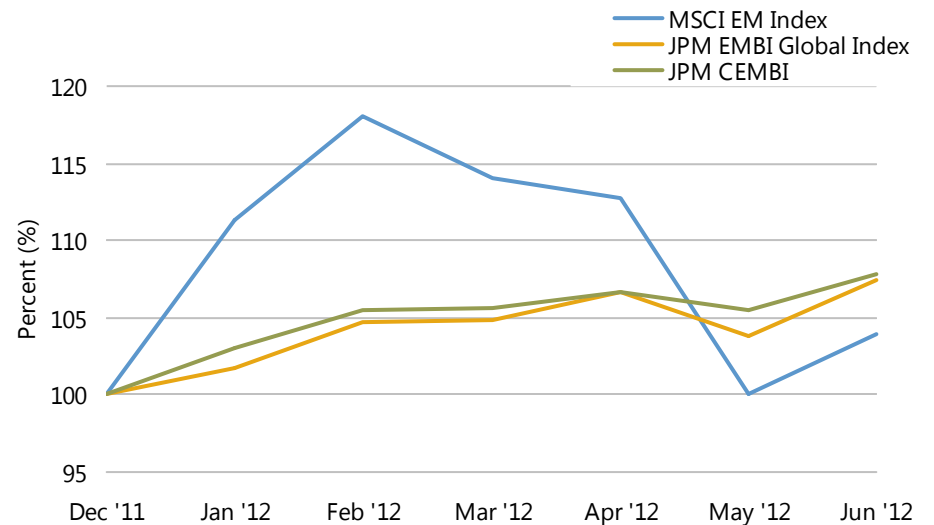
- Further rate cuts expected from Central Bank of Brazil
 - Stimuli struggling to turnaround slowest expansion since Q1 2009
 - 2012 GDP estimate cut to 2.5%

- China's slow-growth environment likely to continue on weakness in U.S. and Europe
 - Lower Q2 GDP forecast: Sixth quarterly slowdown
 - 2013 political transition will determine shift to consumption-based growth



Emerging market indices slump in Q2

- Eurozone debt crisis has sapped investor appetite in the EM region
- EM countries with stronger balance sheets prove more resilient



As of 30 June 2012
SOURCE: Bloomberg

Positioning for unusual uncertainty

INTEREST RATES

- Target neutral interest rate duration
- Underweight developed world duration
- Roll down from intermediate yield curve exposure

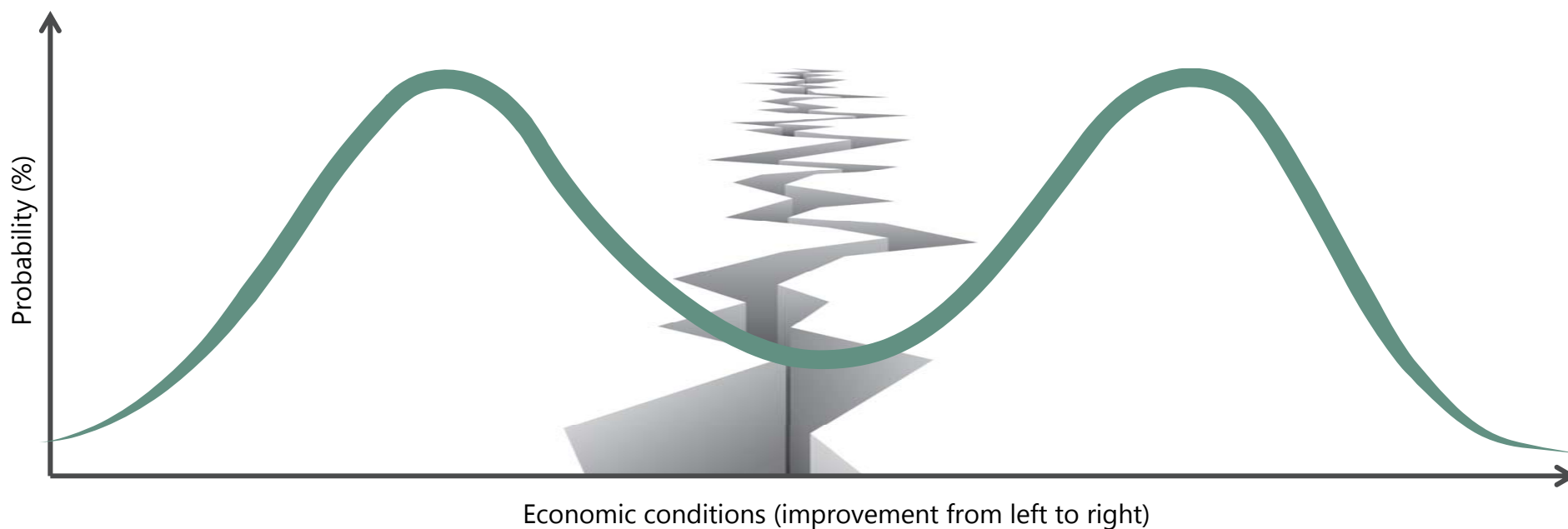
SPREAD EXPOSURES

- Limit investment grade, EM exposures
- Maintain U.S. financials, agency MBS overweights for safe spread
- Maintain select non-agency exposure

INFLATION AND FX

- Utilize TIPS given inflationary concerns
- Favor U.S. dollar

- Place a premium on liquidity
- Focus on reducing risk positions



As of 30 June 2012

PIMCO's broad market portfolio strategy

Themes

Deploy explicit downside protection

Explore alternative strategies that mitigate volatility

Utilize liquidity management as a return engine



DEVELOPED EQUITIES

- Maintain a bias towards value over growth
- Prefer multinationals and high dividend payers
- Remain cautious on EAFE equities



GLOBAL FIXED INCOME

- Focus on "cleanest dirty-shirt" sovereign debt
- Favor EM debt to increase portfolio yield
- Actively managing currency exposure; cyclically favor USD, avoid EUR



EM EQUITIES

- Cyclically cautious due to earnings headwinds
- Secularly bullish on EM equities
- Prefer dividend-paying over economically sensitive companies



REAL ASSETS

- Selectively adding to long maturity TIPS
- Prefer monetary and supply constrained commodities
 - Gold and crude oil
 - Used to hedge both inflation and geopolitical risk
- Continue to avoid REITs as valuations have richened

As of 30 June 2012

Portfolio strategy: Reduce risk, focus on relative value opportunities

INTEREST RATE STRATEGIES

Targeted exposure	Supporting details
Neutral interest rate duration	Underweight U.S. duration while targeting select non-U.S. countries
Target intermediate U.S. maturities	Overweight the 5–10 year portion of the curve; underweight long maturities
Maintain duration exposure to select non-U.S. countries	High quality duration includes Brazil, Canada and Mexico

STRATEGIC POSITIONING

Targeted exposure	Supporting details
Limit investment grade credit and EM exposures	<ol style="list-style-type: none"> 1) Maintain overweight to financials 2) Retain up-in-quality bias, focus on high quality EM, Build America Bonds 3) Avoid securities at risk of default in the left tail scenario
Overweight agency MBS; maintain select non-agencies	<ol style="list-style-type: none"> 1) Maintain agency MBS overweight as a source of higher-yielding hard duration 2) Maintain exposure to senior CMBS and non-agency RMBS

TACTICAL POSITIONING

Targeted exposure	Supporting details
Reduced exposure to high yield credit	High yield is vulnerable in a contraction given limited fiscal, monetary flexibility
Reduced exposure to currencies; favor U.S. dollar	Move close to neutral currency exposure
Maintain exposure to TIPS; favor long maturities	Expect real duration to cyclically outperform nominal duration

Clients continue to move towards increasingly dynamic asset allocations

Client trends: Mounting an active defense

- Focus on active risk management:
 - Address benchmark composition changes that may increase risk
 - Seek explicit tail risk protection that enables clients to pursue additional return engines
- Increased interest in unconstrained and absolute return strategies
- Evolving desire to complement core strategies with added sources of return (see below)

2006

Top five strategies of interest

- 1) U.S. core fixed income
- 2) Global
- 3) Investment grade credit
- 4) Mortgages
- 5) U.S. long duration

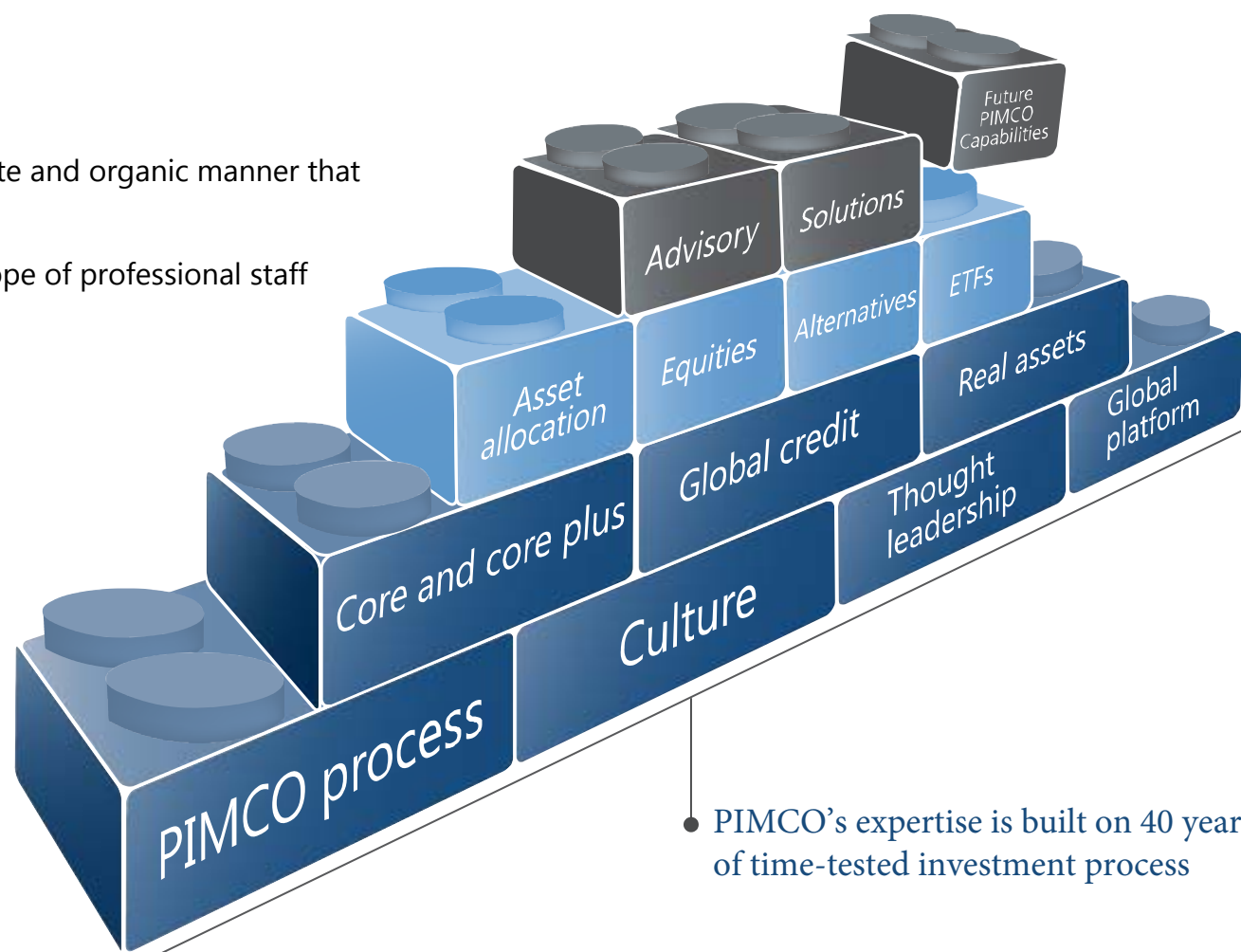
2012

Top five strategies of interest

- 1) Global
- 2) Real return
- 3) Emerging markets
- 4) Investment grade credit
- 5) Asset allocation

Helping clients benefit from global change

- Building our investment capabilities across the capital structure
 - Asset allocation
 - Alternatives
 - Equities
 - Global fixed income
- Growing in a measured, deliberate and organic manner that preserves our culture
- Offering clients access to our scope of professional staff and investment vehicles



Supported by a robust investment process, PIMCO continues to grow

Equities	ETFs	Alternatives
<ul style="list-style-type: none">▪ Continued to build out equity team<ul style="list-style-type: none">– Geoffrey Johnson – Global Long / Short Equity– Cliff Remily and Brad Kinkelaar – Equity Income Portfolio Managers– John Longhurst – Head of EM Equity Research	<ul style="list-style-type: none">▪ Innovation in active ETF offerings<ul style="list-style-type: none">– Core bonds– Short term▪ Targeted regional and credit market exposure<ul style="list-style-type: none">– Australia, Canada, Germany– High yield	<ul style="list-style-type: none">▪ PIMCO continues to develop strategies capitalizing on market dislocations:<ul style="list-style-type: none">– Provide liquidity to illiquid markets– Utilize informational edge– Broad expertise in global macro, credit, volatility, mortgage alts strategies

Eurozone contingency planning: A firm-wide effort

- Eurozone Working Group draws resources from portfolio management, risk management, legal/compliance, client servicing and operations
- PIMCO eurozone thought leadership available at eurozonedevolutions.pimco.com

Regulatory leadership: PIMCO is well-prepared for a new regulatory climate

- PIMCO is a founding buy-side member with both CME and ICE clearing platforms
- PIMCO has successfully cleared all of the current buy side clearing eligible products, and is actively engaged with an extensive set of counterparties and custodian banks

As of 30 June 2012
SOURCE: PIMCO

PIMCO snapshot

History

- Founded in 1971
- Investment solutions include fixed income, active equities, alternatives and asset allocation
- Assets under management: \$1.81 trillion
 - \$1.46 trillion in third-party client assets

People

Employees	2,111	
▪ Investment professionals	636	
▪ Technical and support	1,475	
Highly experienced	Avg Yrs Experience	Avg Yrs at PIMCO
▪ All investment professionals	13	5
▪ Senior professionals	19	8

Global presence

Offices	IPs
Amsterdam	1
Hong Kong	15
London	105
Milan	2
Munich	59
New York	92
Newport Beach	309
Singapore	10
Sydney	10
Tokyo	22
Toronto	8
Zurich	3



As of 30 June 2012

Effective 31 March 2012, PIMCO began reporting the assets managed on behalf of its parent's affiliated companies as part of its assets under management

As of 17 April 2012 the PIMCO Rio de Janeiro office is scheduled to open the 3rd quarter of 2012

Assets under management by strategy

ASSETS UNDER MANAGEMENT BY ASSET CLASS AND STRATEGY

Alternative Investments		Billions (\$)
Absolute Return Strategies	Long/short or unconstrained bond strategies, benchmarked to LIBOR indices	40.20
Commodities	Commodity-linked exposures enhanced with active bond portfolios	24.76
CBO / CLO	Collateralized bonds / loan obligations	4.85
Real Estate	Real Estate-linked exposure backed by inflation index bonds	0.91
Asset Allocation		
Asset Allocation Strategies	Global Multi Asset, All Asset complex, EM Multi Asset, RealRetirement	68.71
Equities		
StocksPLUS [®]	Combines derivatives-based equity exposure with active bond management	11.95
Active Equities	Pathfinder, Emerging Markets, Dividend, Global Long / Short	2.39
Fixed Income		
Intermediate*	Total Return, Moderate Duration	550.74
Credit	Investment Grade Corporates, High Yield, Credit Absolute Return	145.56
Cash Management*	Money Market, Short-Term, Low Duration	128.40
Global	Non-U.S. and global multiple currency formats	113.38
Long Duration	Focus on long-term bonds; asset liability management	115.56
Real Return	TIPS** and other inflation-hedging strategies	84.16
Emerging Markets	Emerging market debt, EM local currency, active EM currency	62.46
Mortgages	Emphasis on management of mortgage pass-throughs	47.88
Other		31.61
Diversified Income	Global credit combining corporate and emerging markets debt	20.86
Municipals	Tax-efficient total return management	13.86
Total assets under management:		\$ 1,468.32 B

As of 30 June 2012

Assets reflect those managed on behalf of third-party clients and exclude affiliated assets. Potential differences in asset totals are due to rounding.

* Stable value assets have not been netted from U.S. Total Return, U.S. Moderate Duration and U.S. Low Duration assets. Total stable value assets equal \$30.1 B.

** Treasury Inflation-Protected Securities (TIPS)

PIMCO cyclical forum economic forecasts

	REAL GDP		HEADLINE INFLATION	
	CURRENT ¹	PIMCO FORECAST Q1 '12 – Q1 '13	CURRENT ¹	PIMCO FORECAST Q1 '12 – Q1 '13
U.S.	1.9%	1.0% to 2.0%	2.8%	2.0% to 2.5%
Europe	0.0%	-1.5% to -0.5%	2.7%	1.0% to 1.5%
U.K.	-0.2%	-0.5% to 0.0%	3.5%	2.0% to 2.5%
Japan	2.7%	0.5% to 1.5%	0.3%	0.0% to -0.5%
China	8.1%	7.0% to 8.0%	3.8%	4.0% to 4.5%
BRIM²	3.5%	3.5% to 4.5%	5.2%	5.0% to 5.5%
World³	2.5%	1.0% to 2.0%	3.0%	2.0% to 2.5%

As of 30 June 2012

SOURCE: PIMCO, Bloomberg

¹ Current data for real GDP growth and inflation is actual and represents four quarters ending Q1 2012

² Brazil/Russia/India/Mexico

³ World is weighted average sum of PIMCO forecast countries

PIMCO's contingency planning efforts in response to a potential event in Europe

“ The only thing worse than being prepared for a crisis that does not happen, is not being prepared for a crisis that does. ”

– **Mohamed A. El-Erian, *Financial Times*, 1 June 2012**



- PIMCO has been carefully monitoring the economic and financial stress in the eurozone for some time with the primary focus on understanding the range of implications for portfolios. We see this as an integral part of PIMCO's objective of protecting client assets at times of market stress.
- Whilst there is no real certainty as to whether, how or when any changes to the eurozone will occur, we believe it only prudent to be prepared and seek to address potential issues that might arise in advance. Therefore, we assembled a global team from multiple departments who have been focusing on various aspects over the last several months, including:
 - Client communication
 - Portfolio and risk management
 - Operations, trading and settlement
 - Legal and compliance
 - Mutual funds
- The situation in Europe is obviously quite fluid. To that end PIMCO has created a website on developments in Europe that can be accessed to view PIMCO's most up-to-date thoughts on the situation. The link to the site is:
<http://eurozonedevolutions.pimco.com>

PIMCO's contingency planning efforts in response to a potential event in Europe

- PIMCO's focus has been to prepare for a range of scenarios including single and multiple country redenomination with potential capital controls
- We have created detailed action plans for each scenario and continue to refine these as information becomes available. The action plans cover a number of areas including:
 - Client communication
 - Redenomination and capital controls:
 - Effects on cash movement
 - Effects on bonds and equities
 - Effects on derivatives
 - Pricing
 - Benchmark construction and potential impacts
 - Liquidity buffers
 - Counterparty and central clearing considerations
 - Custodian considerations
 - Settlement and fail considerations
 - External vendor and service provider considerations

Regulatory update

- In response to the 2008 financial crisis, lawmakers around the globe passed comprehensive reform that will likely change the financial landscape. These laws delegated many of the implementation details to the relevant regulators through rulemakings; these rulemakings are on-going.
- PIMCO is watchfully monitoring the progress of these reforms, and where appropriate, engaging with regulators to ensure that our clients' interests are best protected. On the investment side, we are analyzing how these reforms may impact the markets within which we trade and how our clients' investments may be optimized in a heightened regulatory environment.

	REFORM EXAMPLES	WHAT IS IT?	TIMING
	Dodd-Frank Act	Sweeping legislation that passed Congress in 2010 touches on everything from central clearing to increased reporting and disclosure to systemic risk	U.S. regulators have finalized 25% of rulemakings with the majority of rules expected to be completed by end of 2012
	European Market Infrastructure Regulation (EMIR)	Similar to Dodd-Frank in the United States, EMIR addresses issues of derivatives trading, central clearing, fund structure and reporting and disclosure	European regulators are working on the implementation details of EMIR, which are expected to be finalized by fall of 2012
	Markets in Financial Instruments Directive II (MiFID II)	Similar to securities laws in the United States, MiFID II, an update to MiFID, addresses issues of high frequency trading, transparency and position limits	MiFID II recently passed Parliament and is waiting to be adopted by EU member states

Regulatory update (continued)

In the United States, PIMCO is focused on those Dodd-Frank rulemakings that may potentially impact client portfolios, which include:

ISSUE	POSSIBLE IMPACT	PIMCO ACTIVITIES	TIMING
<p>Central clearing/derivatives reform: The Dodd-Frank Act requires that a majority of derivatives are cleared through a clearinghouse and traded on a trading platform</p>	<ul style="list-style-type: none"> • Will be required to post initial and variation margin • May be required to complete additional paperwork • May have to pay more in initial margin for those derivatives that cannot be cleared 	<ul style="list-style-type: none"> • PIMCO has successfully cleared eligible derivatives • PIMCO is working closely with clearinghouses and regulators to ensure that new rules do not harm client portfolios 	<p>Dodd-Frank clearing rules are expected to be finalized in mid-2012 with compulsory clearing for most derivatives phased-in in late 2012/early 2013</p>
<p>Commodity position limits: Imposes position limits on 28 physical commodity futures and economically equivalent swaps</p>	<ul style="list-style-type: none"> • No direct PIMCO impact as limits do not apply to index swaps, the primary vehicle through which PIMCO gains exposure • May impact counterparties' capacity to trade commodity derivatives 	<ul style="list-style-type: none"> • Once rule goes into effect, PIMCO will monitor existing counterparty capacity and will consider whether it needs to transact with additional counterparties 	<p>Mid-2012; however, ISDA and SIFMA have challenged the rulemaking in court, so timing may change depending on court verdict</p>
<p>Volcker Rule: Restricts banking entities' ownership in hedge funds and private equity funds; prohibits proprietary trading</p>	<ul style="list-style-type: none"> • Not expected to impact PIMCO directly, since it is not a banking entity • May adversely impact market liquidity if final rule limits dealers' market making abilities 	<ul style="list-style-type: none"> • PIMCO has been working with industry groups to voice concerns over potential impact to market liquidity 	<p>Proposal was released, but received significant pushback; deadline for a final rule is July 2012, but the expectation is that regulators will not meet it</p>
<p>Money market reform (not part of Dodd-Frank): SEC is expected to propose additional changes to the way money market funds are structured. Possible changes include floating the fixed \$1 NAV and imposing bank-like capital charges</p>	<ul style="list-style-type: none"> • No proposal has been promulgated, so impact is difficult to assess • Industry is concerned that changes being considered could decrease already low yields and impact market liquidity 	<ul style="list-style-type: none"> • PIMCO is working actively with industry groups to educate regulators on potential consequences of reform 	<p>No proposal has been released</p>
<p>Systematically important non-bank financial institution ("SIFI"): The Financial Stability Oversight Council is assessing whether asset managers pose a systemic threat and should be subject to bank-like regulation</p>	<ul style="list-style-type: none"> • PIMCO has not been contacted by any regulators about a possible "SIFI" designation • Should asset managers, including PIMCO, be designated SIFIs, the cost of asset management could increase over time 	<ul style="list-style-type: none"> • PIMCO is working both with industry groups and directly to engage with regulators about how to think about systemic risk 	<p>No non-bank SIFI designations have been made, but expectation is that they begin in mid-to-late 2012; PIMCO is actively monitoring the designation process</p>

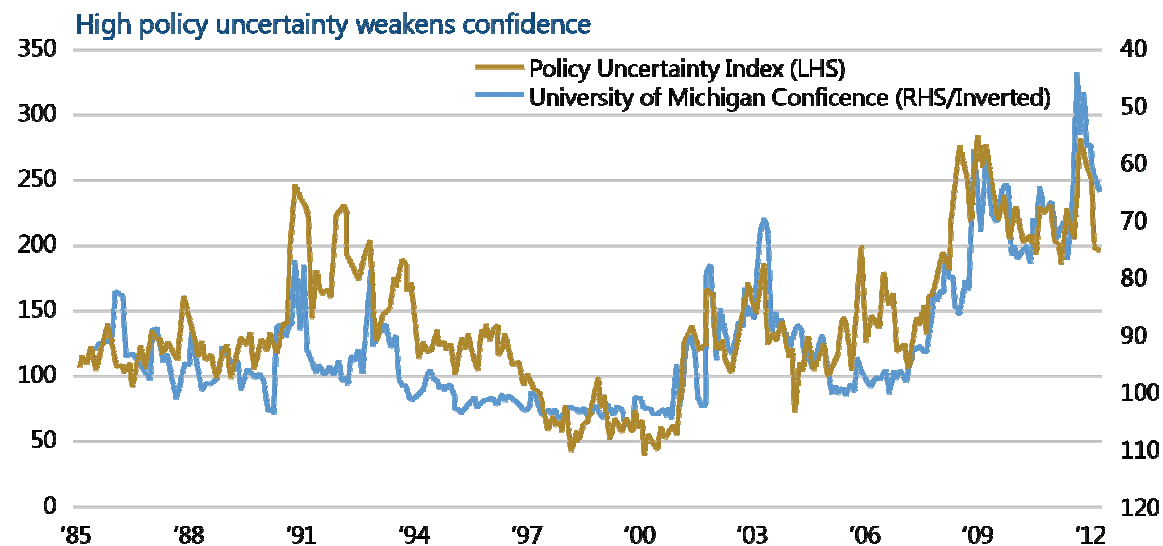
PIMCO's approach to regulatory risk

- PIMCO is actively monitoring regulatory and lawmaking activities across the globe and analyzing their potential impact from a business, legal and compliance, and investment perspective
- PIMCO manages regulatory risk through a variety of means, including:
 - **Industry group participation:** PIMCO has board seats on, and is actively involved with, the primary buy-side industry groups in Washington, D.C., including ISDA, SIFMA and ICI. Globally, we are active members in the IMA, BVI and EFAMA.
 - **PIMCO Policy Working Group:** Internal, cross-business unit group that works across the firm to identify and monitor germane public policy issues, to organize PIMCO's best thinking and to coordinate a response (where appropriate)
 - **PIMCO Portfolio Management Regulatory Working Group:** Dedicated group, comprised of senior PIMCO portfolio managers and risk manager charged to assess relevant regulatory issues. Works closely with the PIMCO Policy Working Group.
 - **Ongoing education and thought leadership with policymakers:** In its capacity as a thought leader, PIMCO frequently educates regulators and lawmakers directly on markets and potential impact of proposed regulations and legislation
 - **Clearinghouse participation:** PIMCO is a founding buy-side member of both the CME and ICE clearing platforms
 - **Research:** Consumes and analyzes research written by outside counsel, dealers and think-tanks

United States fiscal policy

2013 fiscal contraction could be extreme

	2013 Contraction (\$B) Current law
Expiration of Bush-era tax cuts	(210)
AMT and Doc fix	(145)
Sequestration from super committee failure	(109)
Affordable Care Act	(25)
Payroll tax cut expiration	(110)
Unemployment insurance extension expiration	(35)
Total	\$634 billion
Percent of GDP	4.1%



Policy Uncertainty Index – Stanford University time series, which averages the frequency of news media references to economic policy uncertainty, expiring tax code legislation, and forecaster disagreement over future inflation and federal government spending

SOURCE: Nick Bloom, Stanford University, Bloomberg, Bank of America, CBO, Goldman Sachs, Center on Budget and Policy Priorities, Congressional Research Services, PIMCO

Defining the “fiscal cliff”

Provision	Estimated CY 2013 impact (\$BN)	Average republican position	Average democrat position
Bush tax cuts for \$250,000+ (includes estate tax)	\$55	Extend	Do not extend
Bush tax cuts for <\$250,000	\$155	Extend	Extend
AMT	\$130	Extend	Extend
Payroll tax cut	\$110	No extension	No extension ¹
Unemployment insurance	\$35	No extension	No extension ¹
Affordable Care Act (3.8% on dividends/cap gains; 0.9% on wage income for \$250,000+)	\$25	Repeal	Implement on schedule
Sequester – defense	\$55	Repeal	Partly repeal
Sequester – non-defense discretionary	\$38	Implement	Repeal
Sequester – mandatory (Medicare + other)	\$16	Implement	Repeal
Doc fix	\$15	Extend	Extend
Estimated fiscal drag	\$634 billion		
% of GDP	4.1% of GDP		

Based on history, Congress is likely to wait until *after* the election to address these problems; such an environment is conducive to a temporary extension of current policies with a promise of broader reform down the road

SOURCE: CBO, Goldman Sachs, Center on Budget and Policy Priorities, Congressional Research Services, PIMCO, Joint Committee on Taxation

¹ While the President and Democrats have supported these provisions historically, they were not included in the President’s recent budget nor in the recent Senate tax legislation passed in July 2012

What about the debt ceiling?

- Under current projections, the debt ceiling may have to be raised directly following the election. However, the Treasury will have the same tools available as it did last year to extend the deadline. These include the below and will likely push a required increase to January or February 2013.
 - [Suspension period under the Civil Service Retirement and Disability Fund investments \(CSRDF\)](#). The CSRDF is a trust fund for federal retirement that invests in Treasury securities. This option is only available to Treasury when the debt limit has been reached.
 - [Suspension of daily reinvestment of Treasury securities held as investments](#). The Thrift Savings Plan invests a certain portion of its employee and employer contributions in Treasury securities. Treasury can suspend this investment when close to the debt limit.
 - [Suspension of issuance of State and Local Government Series securities](#). Since SLGS securities can be issued any day that a state or local government would like to purchase them, suspending their issuance temporarily halts Treasury borrowing in this particular program until after the debt limit is raised.
 - [Suspend ESF investments](#). The Exchange Stabilization Fund (ESF) holds several types of assets, one of which is U.S. dollars. ESF often invests its excess dollar assets in Treasury securities. By suspending ESF investments, Treasury prevents yet another program from increasing the debt subject to the limit.

08-28-12

Item #8a

STANISLAUS COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION

INVESTMENT PERFORMANCE SUMMARY
ANALYSIS

JUNE 30, 2012

STRATEGIC INVESTMENT SOLUTIONS, INC.

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

StanCERA

Periods Ending June 30, 2012

7 UdJHJ`A Uf_YhF Yj JYk

- As the European crisis entered a crucial phase and growth prospects diminished throughout the developed world and in China, risk aversion increased, pushing up risk premiums across the developed and emerging markets.
- Fears of a Greek exit and Eurozone collapse led to rising risk premiums. However, despite the relatively benign outcome in the Greek elections, heightened risk aversion persisted. Fears of a systemic bank collapse led to a €100Bn European Financial Stability Fund loan made to the Spanish government to assist in bank recapitalization. However, Spanish sovereign yields spiked in the aftermath of the bailout, given that the loan would boost the country's debt ratio.
- The hope for policy action came to the fore of investors' minds. European leaders at the EU Summit at the end of June agreed to allow the European Stability Mechanism to directly recapitalize failing banks and to create a single banking supervisor run by the ECB.
- The final trading days of the quarter saw rebounds across global equity markets as policy action led to hopes for a Eurozone banking union. As a result, the MSCI Europe ex UK total return index rose 8.5% percent in June.
- Safe-haven demand was on the rise, which led to Treasuries returning 2.8% in Q2. Meanwhile, in the currency markets, the flight to safety led to a quarterly increase in the yen of 3.8%.
- The State Street Investor Confidence Index® measures risk appetite by analyzing buying and selling patterns of institutional investors. The index reached its highest level this year, rising to 93.5 by the end of June from 91.6 at the close of the second quarter, but still remains firmly below neutral level of 100. The increase in confidence was most pronounced in Northern America, while European institutional investors' appetite for equities is the strongest, at 102.5, above the 100 threshold marking a neutral risk appetite.
- For the period ending 6/30/12, the one quarter returns for, respectively, the NAREIT Equity index and the NCREIF Property index (one quarter lag), were 3.71% and 2.59%; one year, 12.92% and 13.41%; three years, 32.41% and 5.96%; and five years, 2.60% and 2.88%.
- The global economic growth outlook has soften over the second quarter. However real estate as an asset class continues to attract capital as opportunities persist for those investors with the capacity for illiquidity. According to Prequin, 27 closed-end private real estate funds reached a final close having raised an aggregate \$7.5 billion from investors. While the number of funds reaching a final close in Q2 2012 was similar to the previous year, the aggregate capital raised decreased slightly from the \$10.8 billion raised during Q1 2012. The amount of capital raised in Q2 was also considerably lower than in the same period in 2011, when 34 private real estate funds closed on an aggregate \$13.9 billion.
- The desire for yield has continued to support demand for commercial real estate investments, as evidenced by the Federal Reserve Bank of New York's auction of its Maiden Lane III portfolio, announced in April.
- Commercial real estate valuations show that the market is stabilizing if not improving. The NCREIF National Property Index registered a 2.68% positive gain according to the latest release. While this is slightly less than the 3.0% to 4.0% increases that were achieved quarterly since the second quarter 2010, it was nonetheless the ninth consecutive quarterly increase.

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Periods Ending June 30, 2012

Executive Performance Summary

- The composite fund returned -2.2% in the second quarter of 2012 and ranked in the 69th percentile among other public funds greater than \$100 million (-1.9% median). The fund trailed its policy index (-1.8%) during this time period. Longer term, the three and five-year returns of 12.8% and 1.9%, ranked above the median among total public plans (11.7% and 1.8%, respectively).

- Second quarter results were enhanced by the following factors:
 1. The Mellon Capital S&P 500 Index Fund returned -2.7% for the quarter. The Fund edged out the S&P 500 Index (-2.8%) and ranked above the median large cap core manager (-3.1%).
 2. The BlackRock Russell 1000 Growth Index Fund returned -4.0% for the quarter, matched its benchmark return and led the peer median of -5.5%.
 3. The BlackRock Russell 1000 Value Index Fund (-2.2%) matched its benchmark and was ahead of its median large cap value manager return of -4.0%.
 4. Fund of funds manager Legato Capital surpassed its benchmark, the Russell 2000 Growth Index (-1.6% vs. -3.9%) and ranked in the 13th percentile among small cap growth managers. It was helped by its Consumer Discretionary and Info Tech stock picks. Riverbridge led during the quarter, at 2.7%. Over three years, Legato returned above its benchmark.
 5. Pyramis' return of -6.9% beat the MSCI ACWI-ex US Index return of -7.4%. It placed in the second quartile among ACWI ex US equity managers (-7.2% median). It fared well due to its Europe (Anheuser Busch Inbev, Bayer), Japan (Softbank) and Canada (Dollarama, Alimentation Couche-Tard) portfolios. Its three-year results led the benchmark (8.9% vs. 7.4%).
 6. PIMCO returned 2.6%, as the Barclays Aggregate Index gained 2.1%. The median core bond manager return was 2.1%. PIMCO's underweight to corporates, select high yield bonds and allocation to non-Agency and commercial MBS boosted performance.
 7. The Invesco Realty Fund added 2.2% during the quarter. Its benchmark, the FTSE EPRA/NAREIT Global Index returned 2.1%. Invesco ranked in the 47th percentile among global real estate portfolios.

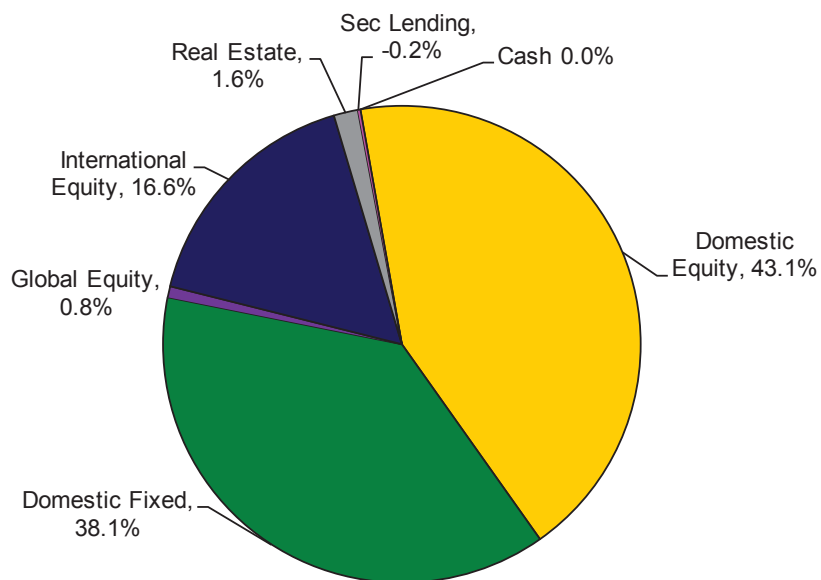
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Periods Ending June 30, 2012

Executive Performance Summary

- Second quarter results were hindered by the following factor:
 1. Delaware's return of -5.1% ranked in the second quartile among large cap growth managers (median -5.5%), and was behind its benchmark, the Russell 1000 Growth Index (-4.0%). Below par Consumer Discretionary (Nike, Staples) and a significant underweight to Consumer Staples investments hurt relative performance. Over three years, Delaware returned above its benchmark and peer group median.
 2. Dodge & Cox-Equity, -2.5%, returned above the median large cap value manager (-4.0%) but not the Russell 1000 Value Index (-2.2%), ranking its portfolio in the 22nd percentile among its peers. Poor stock selection in Telecommunication Services (Nokia) and zero exposure in the Utilities sectors hindered performance. Three year returns were behind its benchmark (15.1% vs. 15.8%).
 3. Fund of funds manager Capital Prospects depreciated 3.5% for the quarter, and ranked in the 21st percentile among its peers (-4.4% median). The Russell 2000 Value Index returned -3.0%. The portfolio was hampered by its relative underweight to the Financials sector. Channing lost the most, dropping 5.6% during the quarter.
 4. LSV (-8.6%) was below par with the MSCI ACWI -ex US (-7.4%) and ranked 83rd among ACWI -ex US equity managers (median of -7.2%). LSV carried relatively weak Australian and Hong Kong investments. Over three years, LSV (8.7%) surpassed its benchmark (7.4%).
 5. The Dodge & Cox-Fixed Income 1.5% return was beaten by its benchmark, the Barclays Aggregate Index return of 2.1% and ranked in the bottom quartile among core bond managers, with a median return of 2.1%. D&C's overweight to corporates, underweight to Treasuries and shorter relative duration position hindered relative returns. D&C was up 8.7% for three years while its benchmark was up 6.9%.
 6. Global long/short strategy RAFI trailed the 1 month US Government T-Bill (-19.4% vs. 0.0%). RAFI ranked in the bottom percentile among market neutral hedge fund managers. RAFI was terminated June-end.

Allocation by Manager Type

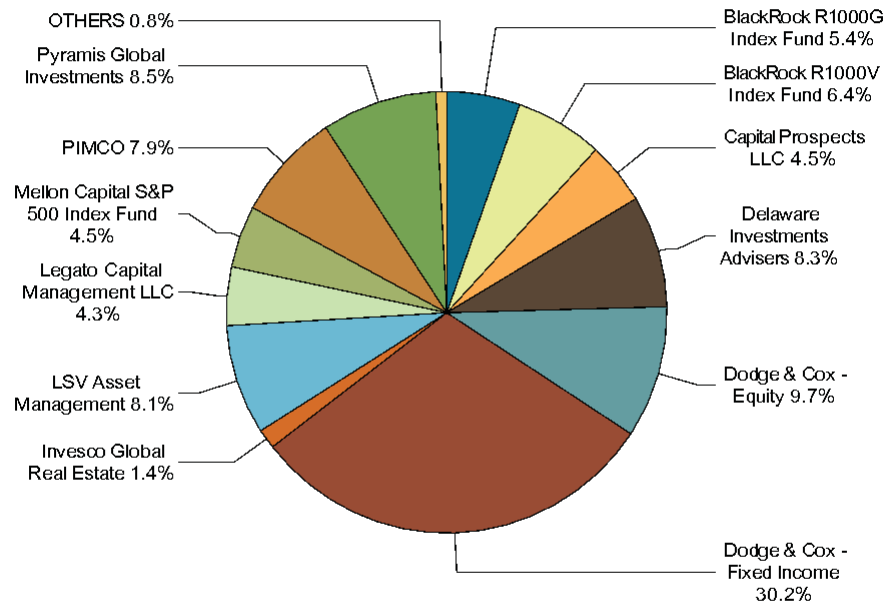


Manager	Market Value	Current%
Cash	6,244	0.0
Domestic Equity	597,487,087	43.1
Domestic Fixed	527,666,263	38.1
Global Equity	10,572,722	0.8
International Equity	229,497,647	16.6
Real Estate	22,507,697	1.6
Sec Lending	-2,533,570	-0.2
Total	1,385,204,089	100.0

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As of June 30, 2012

Manager Allocation Analysis - Total Plan



FUND	Ending Market Value	Current %
BlackRock R1000G Index Fund	74,700,350	5.4
BlackRock R1000V Index Fund	89,184,616	6.4
Capital Prospects LLC	62,889,483	4.5
Cash (BlackRock)	6,244	0.0
Delaware Investments Advisers	114,359,743	8.3
Dodge & Cox - Equity	134,257,000	9.7
Dodge & Cox - Fixed Income	418,633,626	30.2
Invesco Global Real Estate	19,736,261	1.4
LSV Asset Management	111,975,664	8.1
Legato Capital Management LLC	59,186,981	4.3
Mellon Capital S&P 500 Index Fund	62,908,914	4.5
PIMCO	109,032,637	7.9
Pyramis Global Investments	117,521,983	8.5
12th St Bldg	2,771,436	0.2
Security Lending Liability	-2,533,570	-0.2
Enhanced RAFI Global	10,572,722	0.8
TOTAL	1,385,204,089	100.0

OTHERS category includes managers with less than 1% of Total Ending Market Value.

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Periods Ending June 30, 2012

Performance Summary

	CALENDAR											
	1 QTR		YTD		FISCAL YTD		2 YEAR		3 YEAR		5 YEAR	
Total Fund *	-2.2	69	6.2	23	0.7	62	11.2	47	12.8	23	1.9	41
<i>Policy Index</i> ¹	-1.8	44	5.6	58	1.7	34	11.1	52	12.3	34	2.0	40
<i>Public Plan > \$100 Million Median</i>	-1.9		5.9		1.1		11.1		11.7		1.8	
US EQUITY MANAGERS												
LARGE CORE												
Mellon Capital - gross of fees	-2.7	29	9.5	45	5.5	34	17.4	36	16.4	44	0.3	54
<i>Mellon Capital - net of fees</i>	-2.8		9.5		5.4		17.3		16.3		0.2	
<i>S&P 500 Index</i>	-2.8	39	9.5	47	5.4	36	17.4	42	16.4	50	0.2	61
LARGE GROWTH												
BlackRock R1000G - gross of fees²	-4.0	24	10.1	42	5.9	27	19.6	23				
<i>BlackRock R1000G - net of fees</i>	-4.0		10.1		5.9		19.6					
Delaware	-5.1	44	10.4	36	11.0	4	23.0	9	19.8	12	4.3	22
<i>Delaware - net of fees</i>	-5.2		10.1		10.4		22.4		19.2		3.7	
<i>Russell 1000 Growth Index</i>	-4.0	25	10.1	44	5.8	30	19.5	26	17.5	38	2.9	48
LARGEVALUE												
BlackRock R1000V - gross of fees	-2.2	19	8.7	28	3.1	26	15.3	40				
<i>BlackRock R1000V - net of fees</i>	-2.2		8.7		3.1		15.3					
Dodge & Cox - gross of fees	-2.5	22	10.3	8	0.7	55	14.9	51	15.1	62	-2.5	65
<i>Dodge & Cox - net of fees</i>	-2.5		10.2		0.5		14.7		14.9		-2.7	
<i>Russell 1000 Value Index</i>	-2.2	19	8.7	31	3.0	29	15.2	44	15.8	44	-2.2	60
SMALL GROWTH												
Legato Capital - gross of fees	-1.6	13	11.7	15	-0.7	35	18.6	51	18.7	58		
<i>Legato Capital - net of fees</i>	-1.8		11.3		-1.6		17.6		17.7			
<i>Russell 2000 Growth Index</i>	-3.9	36	8.8	39	-2.7	49	18.2	54	18.1	65		
SMALL VALUE												
Capital Prospects - gross of fees	-3.5	21	8.0	45	-1.3	37	15.3	38	18.3	48		
<i>Capital Prospects - net of fees</i>	-3.7		7.6		-2.0		14.4		17.4			
<i>Russell 2000 Value Index</i>	-3.0	17	8.2	39	-1.4	38	13.8	58	17.4	62		
US Equity Composite	-3.2	37	9.9	23	3.3	36	17.5	32	16.9	49	-0.6	79
<i>80% R1000/20% R2000</i>	-3.3	39	9.3	40	3.0	38	17.6	31	17.0	48	0.8	54
<i>Russell 3000 Index</i>	-3.1	36	9.3	39	3.8	33	17.2	44	16.7	51	0.4	62

Rankings: 1=highest, 100=low est.

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

¹ Effective 7/1/2011, Policy Index is 32.4% Russell 1000, 8.5% Russell 2000, 19% MSCI ACWI -ex US, 37.1% Barclays Aggregate, 1.5% FTSE EPRA/NA REIT, 1.5% Citigroup 1-month T-Bill. MSCI ACWI-ex

US return is linked with previous MSCI EAFE returns. Effective 5/1/10, Policy Index is 32.9% Russell 1000, 8.5% Russell 2000, 20% MSCI ACWI -ex US, 37.1% Barclays Aggregate, 1.5% FTSE EPRA/NA REIT.

MSCI ACWI-ex US return is linked with previous MSCI EAFE returns.

² Funded 7/6/10.

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Periods Ending June 30, 2012

Performance Summary

	1 QTR		CALENDAR YTD		FISCAL YTD		2 YEAR		3 YEAR		5 YEAR	
INTERNATIONAL EQUITY MANAGERS												
LSV - gross of fees	-8.6	83	1.7	88	-15.7	78	5.3	69	8.7	34	-5.0	56
LSV - net of fees	-8.7		1.4		-16.2		4.7		8.1		-5.6	
Pyramis - gross of fees	-6.9	44	4.4	40	-13.0	37	6.9	54	8.9	34	-3.4	26
Pyramis - net of fees	-7.1		4.2		-13.4		6.4		8.4		-3.9	
International Equity Composite	-7.8	74	3.1	72	-14.3	57	6.0	60	8.8	34	-4.2	39
MSCI ACWI -ex US Index	-7.4	58	3.1	71	-14.1	52	5.8	61	7.4	49	-4.2	38
US FIXED INCOME MANAGER												
CORE												
Dodge & Cox - gross of fees	1.5	83	4.5	15	6.6	77	6.5	46	8.7	38	7.7	33
Dodge & Cox - net of fees	1.5		4.5		6.5		6.3		8.6		7.6	
PIMCO - gross of fees	2.6	12	3.2	55	8.7	19	6.7	36				
PIMCO - net of fees	2.5		3.0		8.4		6.3					
Barclays Aggregate Index	2.1	51	2.4	85	7.5	60	5.7	77	6.9	80	6.8	79
US Fixed Income Composite	1.7	57	4.3	47	6.9	58	6.4	57	8.8	51	7.7	42
Barclays Aggregate Index	2.1	48	2.4	77	7.5	45	5.7	71	6.9	73	6.8	68
SPECIAL SITUATIONS												
GLOBAL REAL ESTATE												
Invesco - gross of fees	2.2	47	15.4	7	2.7	76	16.8	36	18.2	11		
Invesco - net of fees	2.0		15.0		1.8		15.8		17.3			
FTSE EPRA/NAREIT	2.1	47	15.3	8	2.4	77	16.8	36	19.5	10		
GLOBAL LONG/SHORT EQUITY												
Enhanced RAFI - gross of fees³	-19.4	100	-25.4	100	-40.5	100						
Enhanced RAFI - net of fees	-21.5		-27.3		-42.0							
Citigroup 1 month T-Bill	0.0	62	0.0	87	0.0	72						
Special Situations Composite	-7.1	100	-4.2	99	-19.3	100						
REAL ESTATE												
12th Street	0.0											

Rankings: 1=highest, 100=low est.

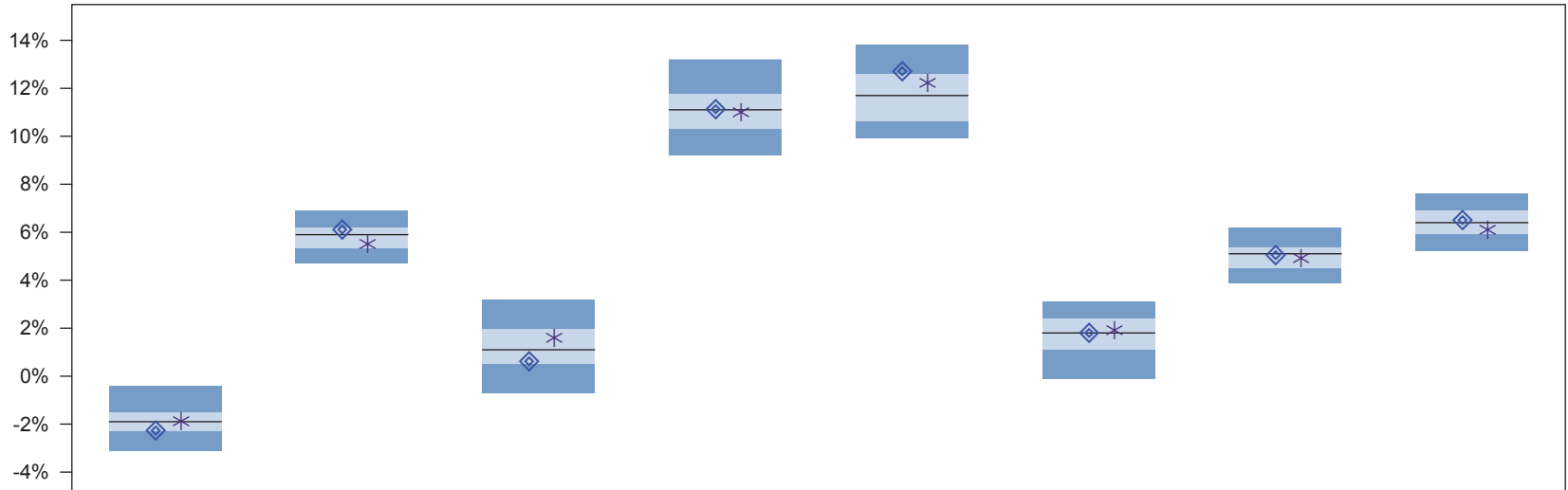
³ Funded on 6/23/2011.

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PUBLIC FUNDS > \$100 MILLION

Periods Ending June 30, 2012

Total Returns



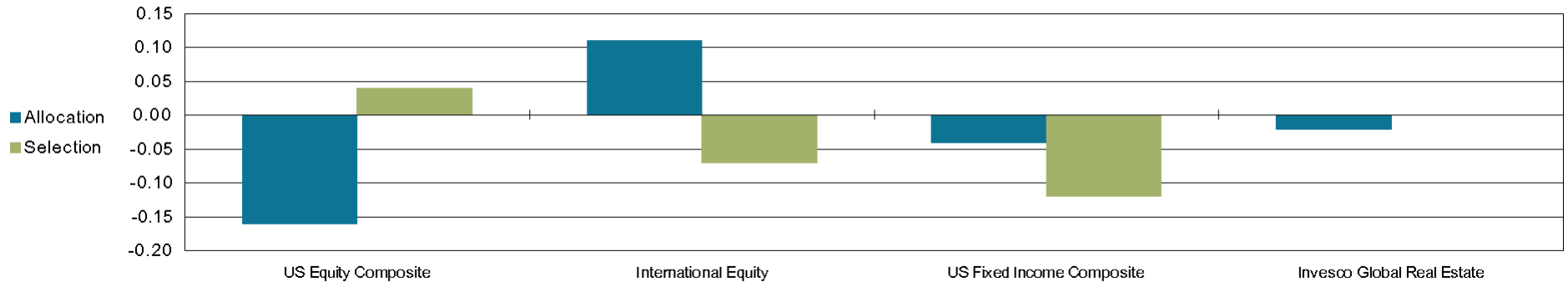
	1 QTR		CALENDAR YTD		FISCAL YTD		2 YEAR		3 YEAR		5 YEAR		7 YEAR		10 YEAR	
◆ StanCERA Plan	-2.2	69	6.2	23	0.7	62	11.2	47	12.8	23	1.9	41	5.1	45	6.6	42
* Investment Policy Index	-1.8	44	5.6	58	1.7	34	11.1	52	12.3	34	2.0	40	5.0	58	6.2	62
Median	-1.9		5.9		1.1		11.1		11.7		1.8		5.1		6.4	

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March 31, 2012 Through June 30, 2012

Total Plan Attribution

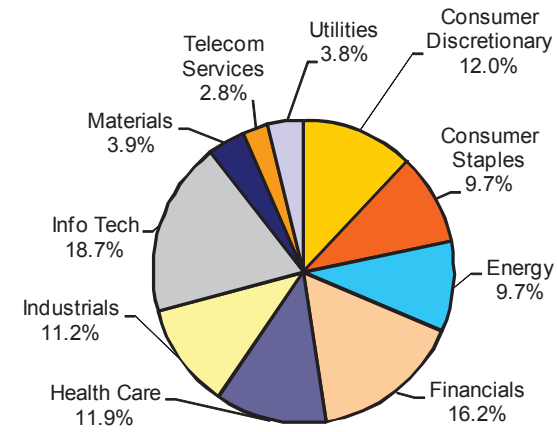
	BEGINNING WTS			BASE RETURNS			VALUE ADDED			
	Fund	Index	Difference	Fund	Index	Difference	Allocation	Selection	Total	Timing
StanCERA Plan										
US Equity Composite <i>80% R1/20% R2</i>	43.8	41.4	2.4	-3.18	-3.28	0.10	-0.16	0.04	-0.12	
International Equity <i>MSCI ACWI-ex US</i>	17.6	20.0	-2.4	-7.75	-7.38	-0.38	0.11	-0.07	0.04	
US Fixed Income Composite <i>Barclays Aggregate Bond</i>	37.2	37.1	0.1	1.75	2.06	-0.31	-0.04	-0.12	-0.16	
Invesco Global Real Estate <i>FTSE EPRA/NAREIT DEVELOPED INDEX</i>	1.4	1.5	-0.1	2.19	2.12	0.07	-0.02	0.00	-0.02	
StanCERA Plan <i>Investment Policy Index</i>	100.0	100.0	0.0	-2.19	-1.83	-0.36	-0.11	-0.15	-0.26	-0.12



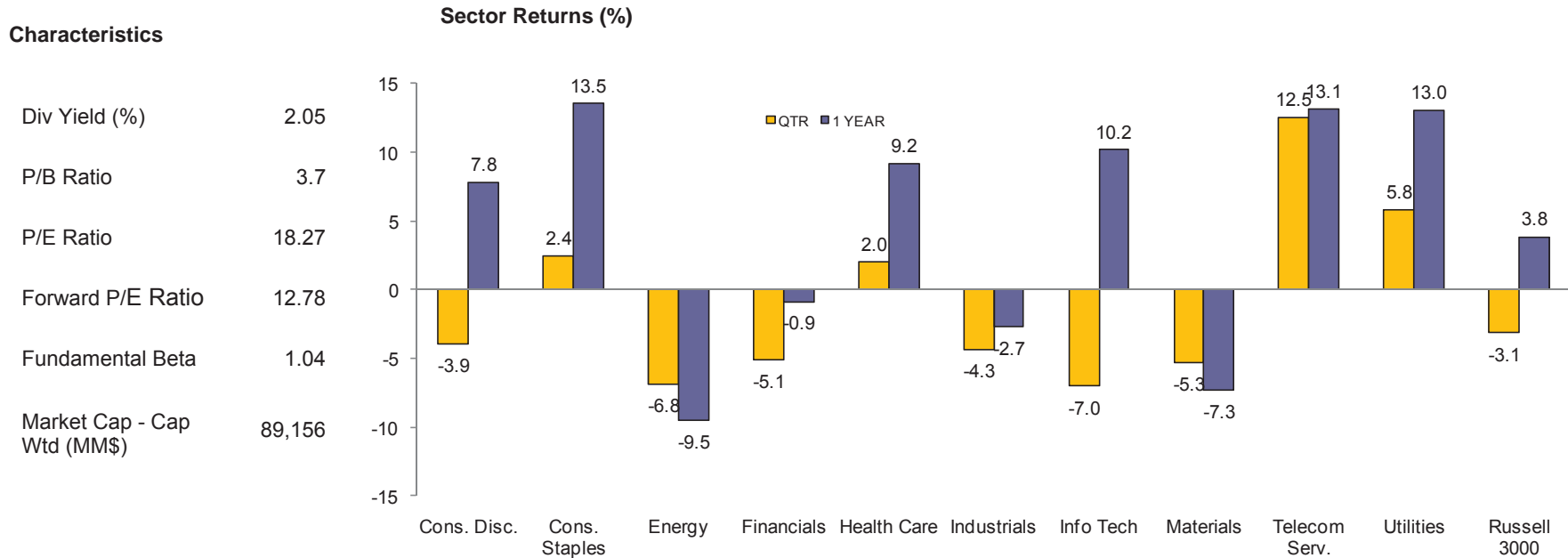
U.S. Equity – Russell 3000

- As a result of the flight to safety, the broad-based U.S. equity aggregate fell 3.1 percent in the second quarter. Investors revealed a defensive pattern, with outperformers including telecoms, utilities, consumer staples, and healthcare.
- Energy, information technology, and materials declined as growth prospects diminished. The sectors declined 6.8%, 7%, and 5.3%, respectively, on a quarterly basis.
- Equity valuations in the second quarter remained relatively robust, with the aggregate market price-to-earnings ratio at 18.27.

Ending Sector Weights



Characteristics

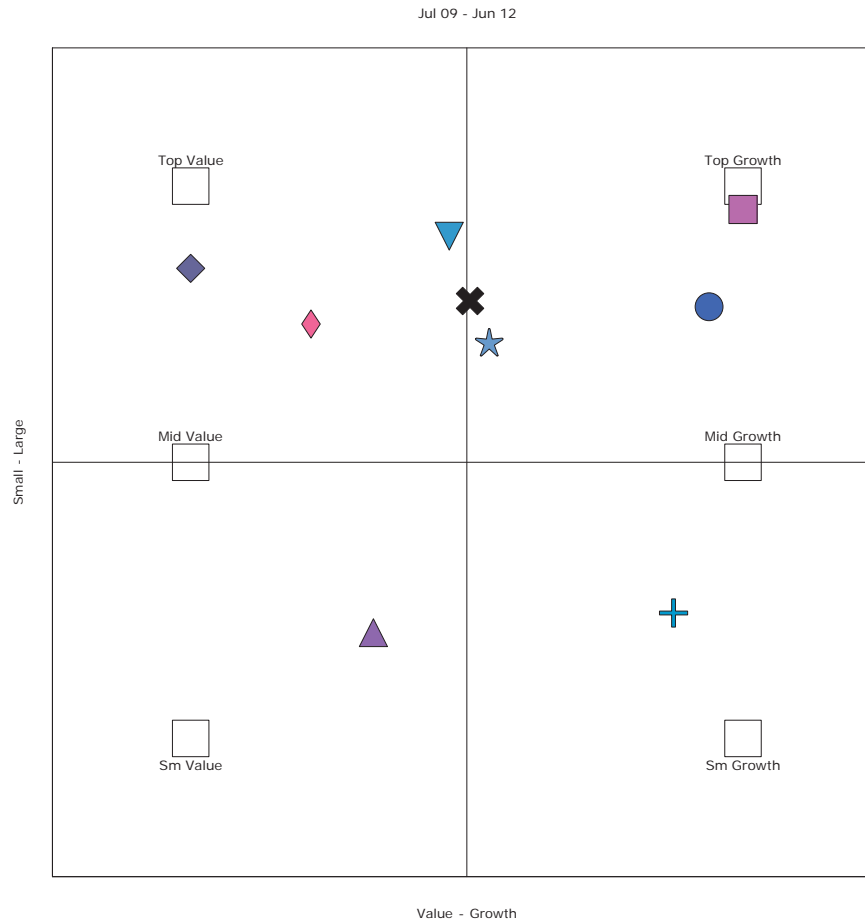


Contribution to Return:

	Cons. Disc.	Cons. Staples	Energy	Financials	Health Care	Industrials	Info Tech	Materials	Telecom Serv.	Utilities	Russell 3000
Qtr	-0.5	0.2	-0.7	-0.8	0.2	-0.5	-1.4	-0.2	0.3	0.2	-3.1
1 Year	0.9	1.2	-1.1	-0.1	1.1	-0.3	1.8	-0.3	0.4	0.5	3.8

Returns Based Style Analysis - US Equity Composite

US Equity Style Map



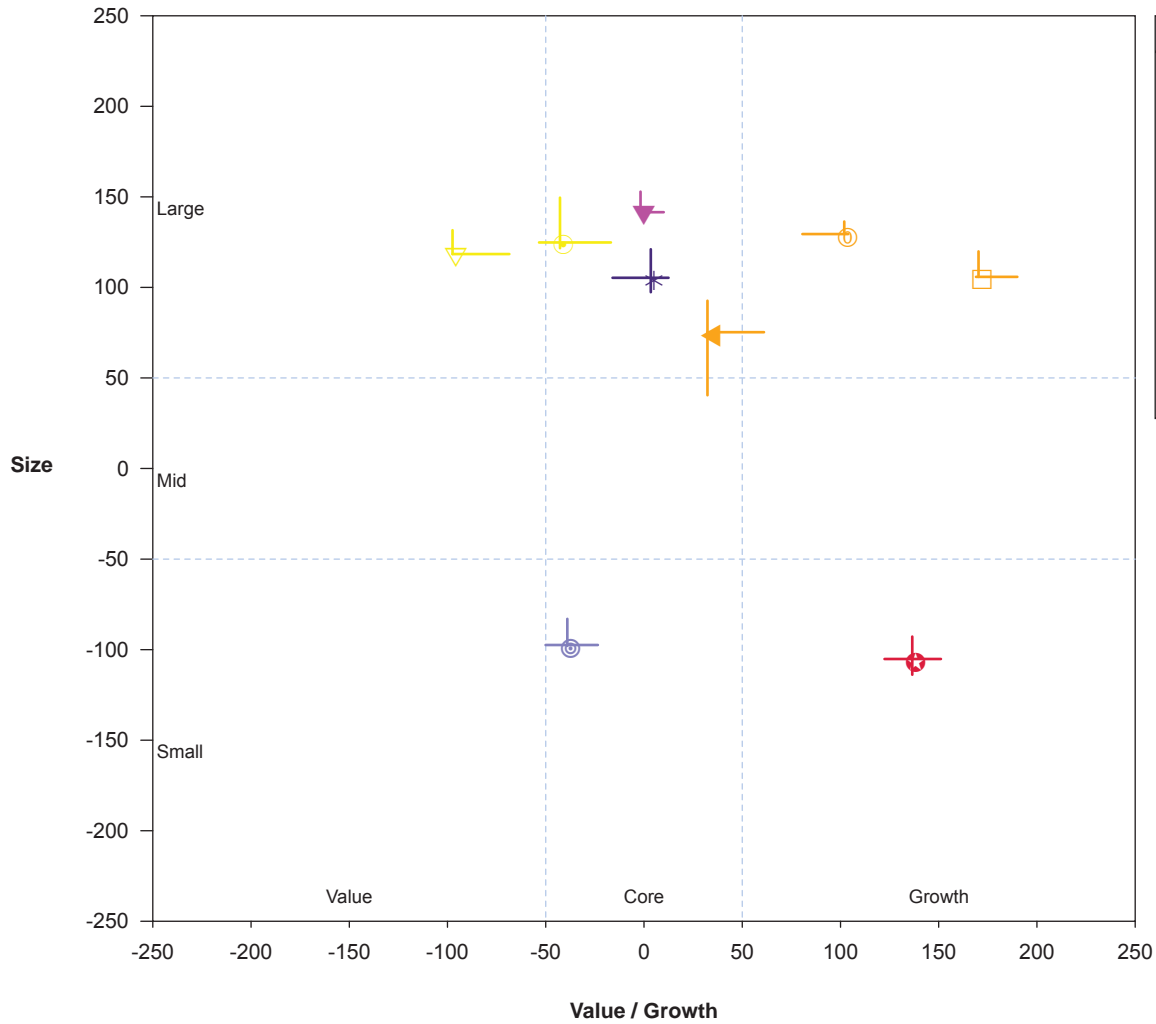
Legend

- BlackRock Russell 1000 Growth Index Fund
- ◆ BlackRock Russell 1000 Value Index Fund
- ▲ Capital Prospects
- Delaware Investments Advisers
- ◇ Dodge & Cox -Equity
- + Legato Capital
- ▼ Mellon S&P 500 Index Fund
- ★ StanCERA Equity Composite
- ✱ Russell 3000 Index

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Period Ending June 30, 2012

US Equity Style Analysis - Drift Over Time



FUND	Value / Growth	Size
BlackRock R1000G Index Fund	101.93	129.45
BlackRock R1000V Index Fund	-97.48	118.46
Capital Prospects LLC	-39.05	-97.48
Delaware Investments Advisers	170.24	105.82
Dodge & Cox - Equity	-42.72	124.82
Leqato Capital Management LLC	136.53	-105.17
Mellon Capital S&P 500 Index Fund	-1.78	141.52
US Equity Composite	32.28	75.28
* RUSSELL 3000	3.49	105.29

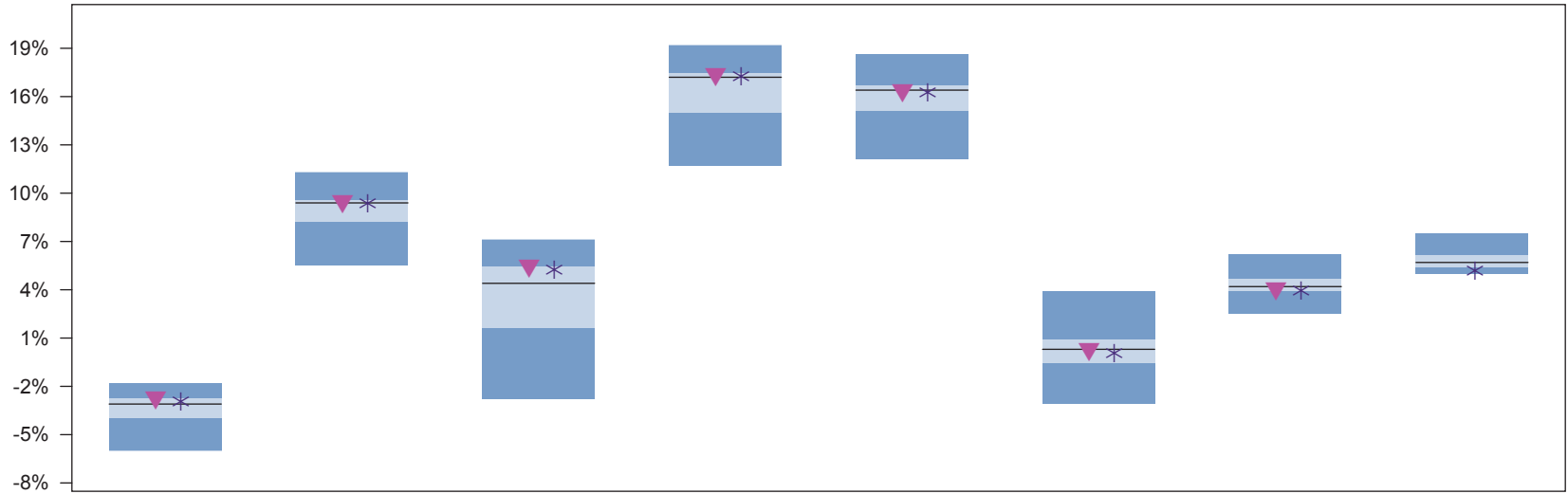
* Equity style analysis is based on Morningstar@ Size and VCG Scores and Morningstar Style Box(TM) methodology

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US Equity Funds - Large Core

Periods Ending June 30, 2012

Total Returns



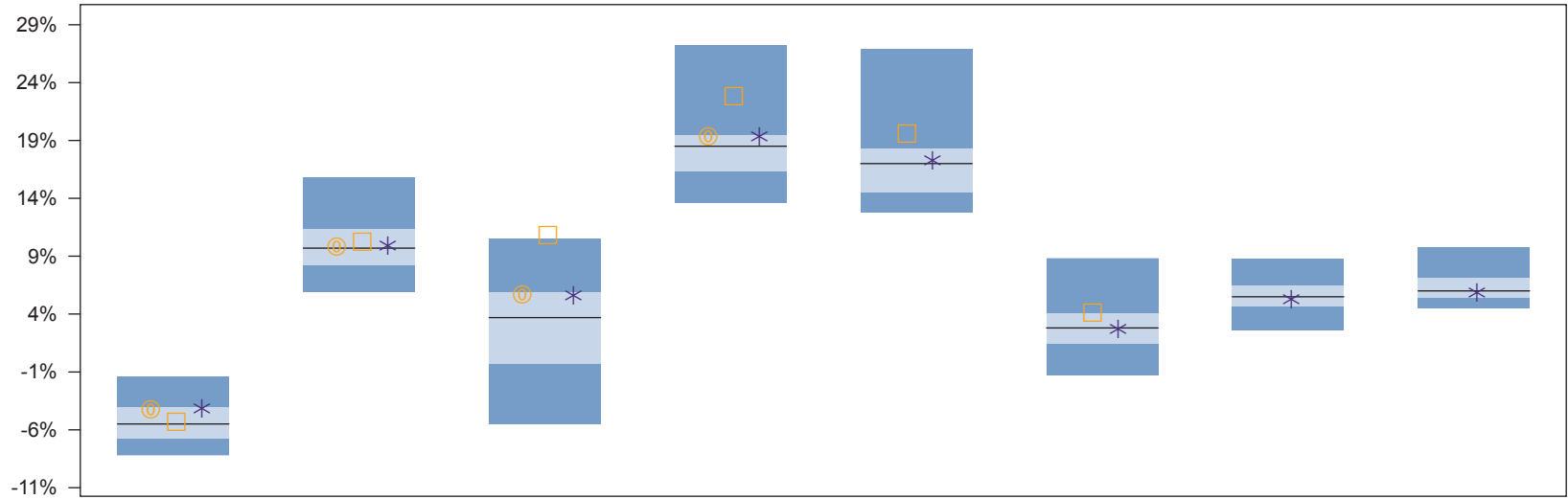
	1 QTR		CALENDAR YTD		FISCAL YTD		2 YEAR		3 YEAR		5 YEAR		7 YEAR		10 YEAR	
▼ Mellon Capital S&P 500 Ind	-2.7	29	9.5	45	5.5	34	17.4	36	16.4	44	0.3	54	4.1	64		
* S&P 500	-2.8	39	9.5	47	5.4	36	17.4	42	16.4	50	0.2	61	4.1	68	5.3	85
Median	-3.1		9.4		4.4		17.2		16.4		0.3		4.2		5.7	

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US Equity Funds - Large Growth

Periods Ending June 30, 2012

Total Returns



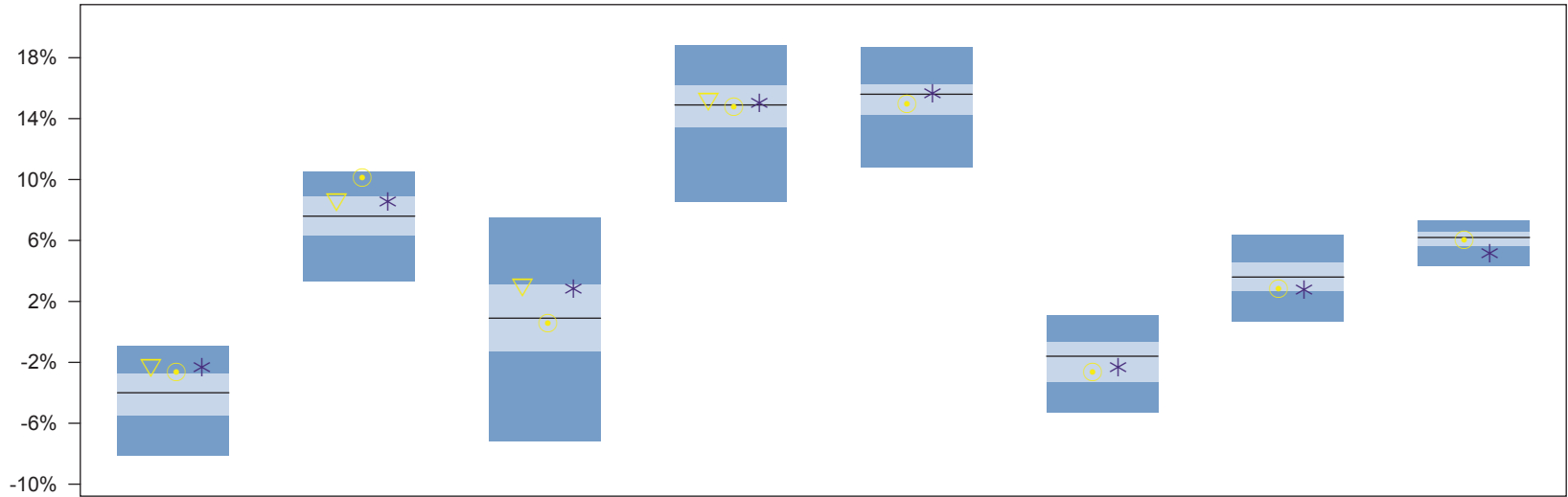
	1 QTR		CALENDAR YTD		FISCAL YTD		2 YEAR		3 YEAR		5 YEAR		7 YEAR		10 YEAR	
⊙ BlackRock R1000G Index Fu	-4.0	24	10.1	42	5.9	27	19.6	23								
□ Delaware Investments Advise	-5.1	44	10.4	36	11.0	4	23.0	9	19.8	12	4.3	22				
* Russell 1000 Growth Index	-4.0	25	10.1	44	5.8	30	19.5	26	17.5	38	2.9	48	5.5	51	6.0	51
Median	-5.5		9.7		3.7		18.5		17.0		2.8		5.5		6.0	

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US Equity Funds - Large Value

Periods Ending June 30, 2012

Total Returns



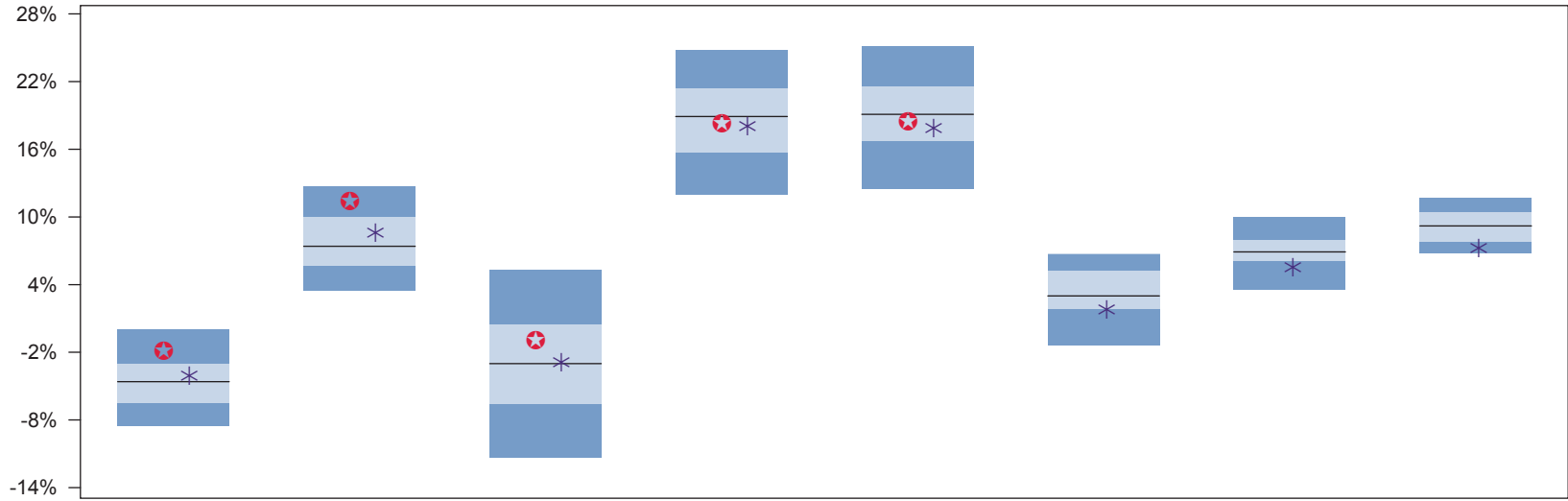
	1 QTR		CALENDAR YTD		FISCAL YTD		2 YEAR		3 YEAR		5 YEAR		7 YEAR		10 YEAR	
▽ BlackRock R1000V Index Fu	-2.2	19	8.7	28	3.1	26	15.3	40								
○ Dodge & Cox - Equity	-2.5	22	10.3	8	0.7	55	14.9	51	15.1	62	-2.5	65	3.0	70	6.2	51
* Russell 1000 Value Index	-2.2	19	8.7	31	3.0	29	15.2	44	15.8	44	-2.2	60	2.9	72	5.3	85
Median	-4.0		7.6		0.9		14.9		15.6		-1.6		3.6		6.2	

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US Equity Funds - Small Growth

Periods Ending June 30, 2012

Total Returns



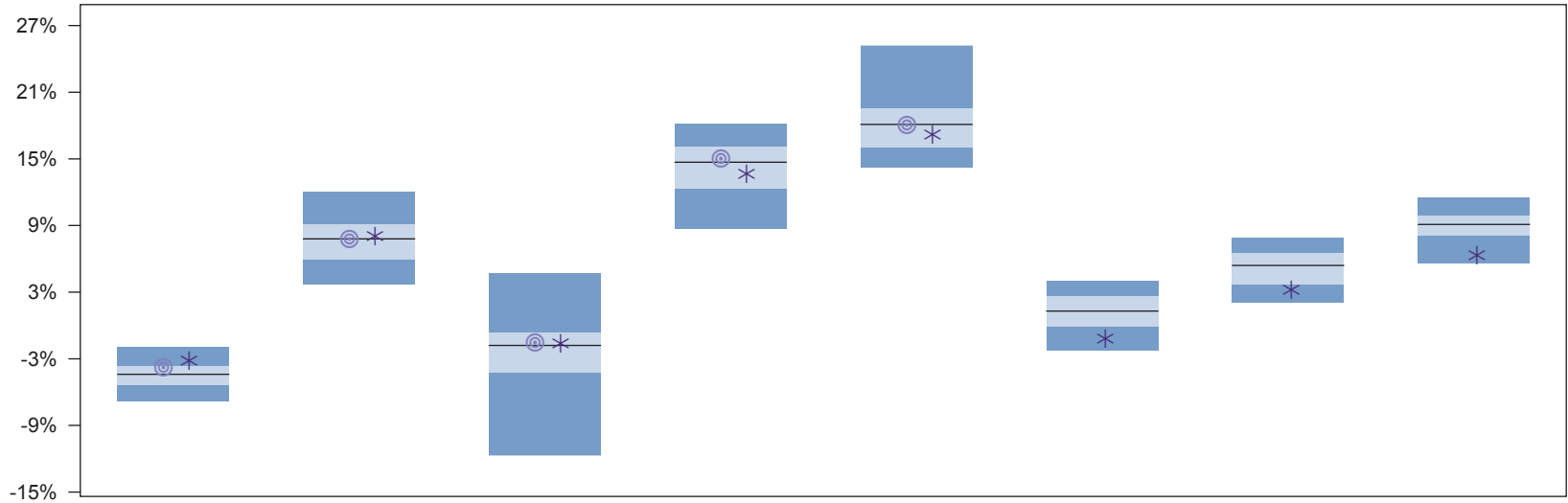
	1 QTR		CALENDAR YTD		FISCAL YTD		2 YEAR		3 YEAR		5 YEAR		7 YEAR		10 YEAR	
★ Legato Capital Management	-1.6	13	11.7	15	-0.7	35	18.6	51	18.7	58						
* RUSSELL 2000 GROWTH	-3.9	36	8.8	39	-2.7	49	18.2	54	18.1	65	2.0	69	5.7	82	7.4	89
Median	-4.6		7.4		-3.0		18.9		19.1		3.0		6.9		9.2	

StanCERA

US Equity Funds - Small Value

Periods Ending June 30, 2012

Total Returns



	1 QTR		CALENDAR YTD		FISCAL YTD		2 YEAR		3 YEAR		5 YEAR		7 YEAR		10 YEAR	
⊙ Capital Prospects LLC	-3.5	21	8.0	45	-1.3	37	15.3	38	18.3	48						
* RUSSELL 2000 VALUE	-3.0	17	8.2	39	-1.4	38	13.8	58	17.4	62	-1.0	85	3.4	81	6.5	91
Median	-4.4		7.8		-1.8		14.7		18.1		1.3		5.4		9.1	

StanCERA

BlackRock Russell 1000 Growth Index Fund
 Quarter Ending June 30, 2012

Equity Only Summary Statistics

Portfolio Characteristics		
	BlackRock R1000 Growth	RUSSELL 1000 GROWTH
Total Number of Securities	571	572
Average Market Cap (000's)	107,948,515	107,941,362
Median Market Cap (000's)	5,877,980	5,877,520
P/E Ratio	20.10	20.10
Dividend Yield	1.62	1.62
Beta	0.94	0.94
Price/Book Ratio	5.65	5.65
Return on Equity	28.94	28.94
Earnings Growth - 5 Years	18.06	18.04

Ten Largest Holdings		
Name	\$	Weight
APPLE INC NPV	5,877,481	7.9
MICROSOFT CORP	2,478,317	3.4
INTL BUSINESS MACHINES CORP	2,294,568	3.1
COCA COLA CO/THE	1,634,619	2.2
GOOGLE INC CL A	1,616,227	2.2
PHILIP MORRIS INTERNATIONAL	1,472,082	2.0
VERIZON COMMUNICATIONS INC	1,358,962	1.8
ORACLE CORP	1,221,462	1.7
PEPSICO INC	1,189,490	1.6
INTEL CORP	1,072,264	1.5

Ten Best Performers	
Name	Return
HUMAN GENOME SCIENCES INC	59.3
CATALYST HEALTH SOLUTIONS IN	46.6
EXPEDIA INC	44.0
EDWARDS LIFESCIENCES CORP	42.0
ARIBA INC	36.8
VERTEX PHARMACEUTICALS INC	36.4
LINCARE HOLDINGS INC	32.5
SXC HEALTH SOLUTIONS CORP	32.4
CABOT OIL + GAS CORP	26.5
TRIPADVISOR INC	25.3

Ten Worst Performers	
Name	Return
TEMPUR PEDIC INTERNATIONAL	-72.3
GREEN MOUNTAIN COFFEE ROASTED	-53.5
RIVERBED TECHNOLOGY INC	-42.5
GROUPON INC	-42.2
FOSSIL INC	-42.0
NETFLIX INC	-40.5
ROVI CORP	-39.7
MOLYCORP INC	-36.3
VERIFONE SYSTEMS INC	-36.2
FREESCALE SEMICONDUCTOR LTD	-33.4

StanCERA

BlackRock R1000G Index Fund

Benchmark: Russell 1000 Growth Index

Quarter Ending June 30, 2012

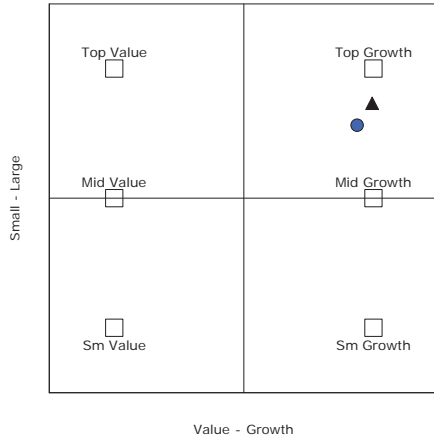
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
BlackRock R1000G Index Fund									
CONSUMER DISCRETIONARY	14.3	14.3	0.0	-5.1	-4.5	-0.6	-0.07	-0.14	-0.21
CONSUMER STAPLES	11.9	11.9	0.0	4.1	5.0	-0.8	0.00	-0.15	-0.15
ENERGY	10.0	10.0	0.0	-6.1	-11.2	5.1	-0.07	0.65	0.58
FINANCIALS	4.3	4.3	-0.0	-0.4	0.3	-0.7	-0.07	0.05	-0.02
HEALTH CARE	10.5	10.5	0.0	1.7	2.1	-0.3	0.00	-0.08	-0.08
INDUSTRIALS	12.6	12.6	0.0	-6.7	-6.3	-0.4	-0.07	-0.10	-0.16
INFORMATION TECHNOLOGY	30.3	30.3	0.0	-6.5	-6.0	-0.5	-0.07	-0.20	-0.27
MATERIALS	5.2	5.2	0.0	-3.5	-0.6	-2.9	0.00	-0.20	-0.20
TELECOMMUNICATION SERVICES	0.8	0.8	0.0	7.1	12.1	-5.0	0.00	-0.09	-0.09
UTILITIES	0.1	0.1	0.0	-6.0	-6.6	0.5	-0.07	0.13	0.07
TOTAL	100.0	100.0	0.0	-3.6	-3.1	-0.5	-0.40	-0.13	-0.53

Returns Based Style Analysis - BlackRock Russell 1000 Growth Index Fund

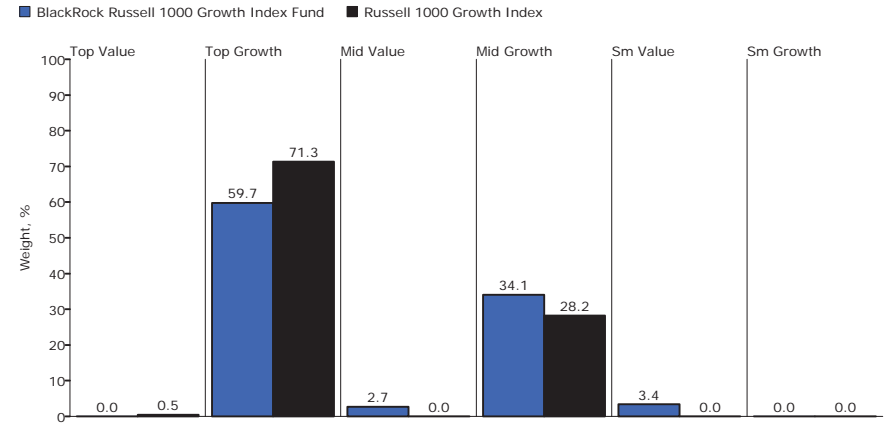
US Equity Style Map

Jul 09 - Jun 12



US Equity Style Exposures

Jul 09 - Jun 12

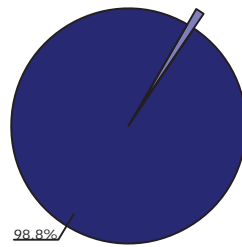
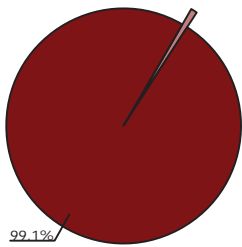


R-Squared (Style Analysis)

Jul 09 - Jun 12

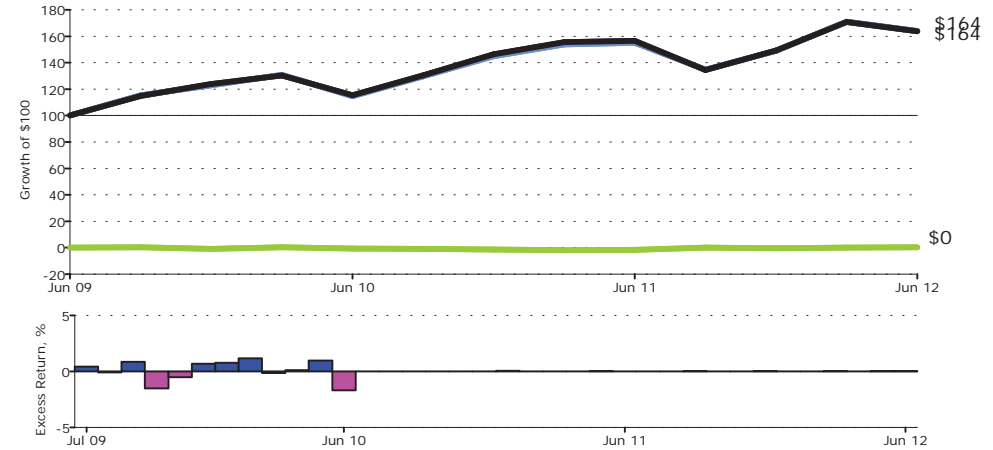
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jul 09 - Jun 12



Legend

▲ Russell 1000 Growth Index

● BlackRock Russell 1000 Growth Index Fund

■ Total

■ Style

■ Selection

StanCERA

BlackRock Russell 1000 Value Index Fund
Quarter Ending June 30, 2012

Equity Only Summary Statistics

Portfolio Characteristics		
	BlackRock R1000 Value	RUSSELL 1000 VALUE
Total Number of Securities	691	690
Average Market Cap (000's)	85,147,115	85,147,552
Median Market Cap (000's)	4,670,450	4,670,450
P/E Ratio	13.75	13.75
Dividend Yield	2.57	2.57
Beta	1.11	1.11
Price/Book Ratio	1.87	1.87
Return on Equity	13.86	13.86
Earnings Growth - 5 Years	1.30	1.30

Ten Largest Holdings		
Name	\$	Weight
EXXON MOBIL CORP NPV	4,945,197	5.6
GENERAL ELECTRIC CO	2,728,929	3.1
AT+T INC	2,583,938	2.9
CHEVRON CORP	2,572,099	2.9
MOEBT	2,196,338	2.5
PFIZER INC	2,128,544	2.4
WELLS FARGO + CO	2,024,846	2.3
PROCTER + GAMBLE CO/THE	1,922,802	2.2
BERKSHIRE HATHAWAY INC CL B	1,834,064	2.1
JOHNSON + JOHNSON	1,777,183	2.0

Ten Best Performers	
Name	Return
AOL INC	48.0
EXPEDIA INC	44.0
DEAN FOODS CO	40.6
COMMUNITY HEALTH SYSTEMS INC	26.0
SUNOCO INC	25.0
TOLL BROTHERS INC	23.9
HCA HOLDINGS INC	23.0
DR HORTON INC	21.4
PULTEGROUP INC	20.9
AMERICAN CAPITAL AGENCY CORP REIT	18.2

Ten Worst Performers	
Name	Return
CLEARWIRE CORP CLASS A	-50.9
NII HOLDINGS INC	-44.1
ALPHA NATURAL RESOURCES INC	-42.7
HEALTH NET INC	-38.9
ALLSCRIPTS HEALTHCARE SOLUTI	-34.2
J.C. PENNEY CO INC	-33.8
FREESCALE SEMICONDUCTOR LTD	-33.4
ATMEL CORP	-32.0
GENWORTH FINANCIAL INC CL A	-32.0
RYDER SYSTEM INC	-31.3

StanCERA

BlackRock R1000V Index Fund

Benchmark: Russell 1000 Value Index

Quarter Ending June 30, 2012

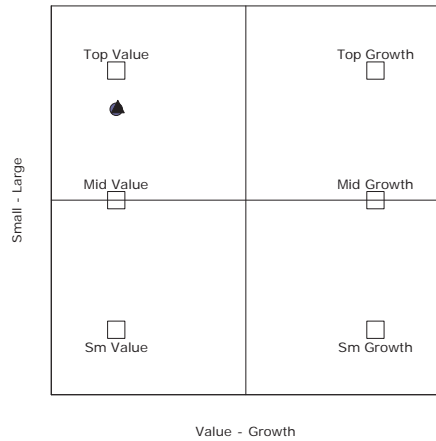
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
BlackRock R1000V Index Fund									
CONSUMER DISCRETIONARY	9.2	9.4	-0.2	-1.5	-1.9	0.3	-0.00	0.03	0.03
CONSUMER STAPLES	7.5	7.6	-0.1	-0.5	-0.6	0.1	-0.00	0.01	0.00
ENERGY	11.4	11.6	-0.2	-7.0	-6.7	-0.3	0.06	-0.03	0.03
FINANCIALS	28.1	26.9	1.2	-6.7	-6.8	0.1	-0.05	0.04	-0.01
HEALTH CARE	12.1	12.3	-0.2	1.6	1.2	0.5	-0.01	0.05	0.04
INDUSTRIALS	9.1	9.2	-0.2	-0.5	-1.3	0.9	-0.00	0.08	0.07
INFORMATION TECHNOLOGY	8.9	9.0	-0.1	-8.7	-10.7	1.9	0.06	0.17	0.23
MATERIALS	2.6	2.6	-0.0	-8.0	-8.3	0.3	0.05	0.01	0.06
TELECOMMUNICATION SERVICES	4.4	4.4	-0.1	14.2	12.9	1.3	-0.01	0.06	0.04
UTILITIES	6.8	6.9	-0.1	6.1	6.2	-0.1	-0.01	-0.01	-0.02
TOTAL	100.0	100.0	0.0	-2.6	-3.1	0.5	0.09	0.39	0.49

Returns Based Style Analysis - BlackRock Russell 1000 Value Index Fund

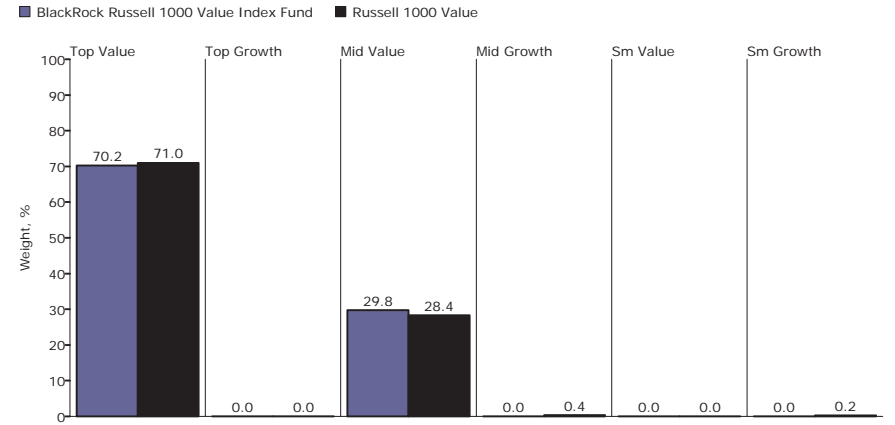
US Equity Style Map

Jul 09 - Jun 12



US Equity Style Exposures

Jul 09 - Jun 12

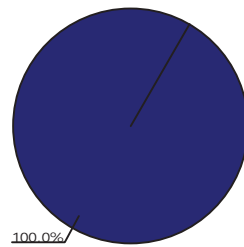
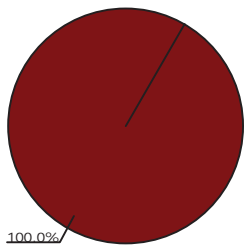


R-Squared (Style Analysis)

Jul 09 - Jun 12

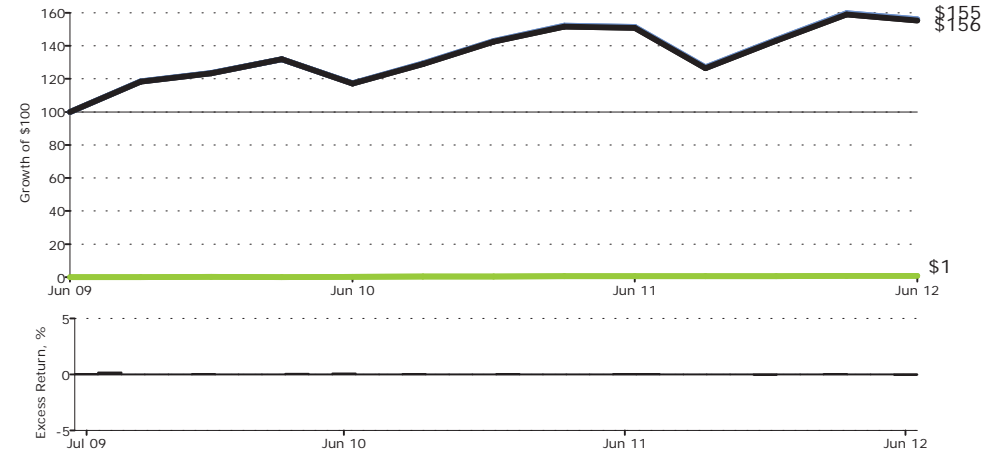
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jul 09 - Jun 12



Legend

▲ Russell 1000 Value ● BlackRock Russell 1000 Value Index Fund

■ Total ■ Style

■ Selection

StanCERA

Capital Prospects LLC
Quarter Ending June 30, 2012

Equity Only Summary Statistics

Portfolio Characteristics		
	Capital Prospects	RUSSELL 2000 VALUE
Total Number of Securities	344	1,419
Average Market Cap (000's)	1,870,388	1,033,815
Median Market Cap (000's)	1,088,200	420,105
P/E Ratio	13.74	14.10
Dividend Yield	1.59	2.15
Beta	1.27	1.32
Price/Book Ratio	1.96	1.36
Return on Equity	12.89	6.82
Earnings Growth - 5 Years	5.20	(1.05)

Ten Largest Holdings		
Name	\$	Weight
REGAL BELOIT CORP	866,535	1.4
BRINK S CO/THE	734,250	1.2
HANESBRANDS INC	689,701	1.1
BELDEN INC	679,340	1.1
MEREDITH CORP	668,472	1.1
LITTELFUSE INC	658,217	1.1
NEWELL RUBBERMAID INC	626,918	1.0
POLYONE CORPORATION	615,203	1.0
GULFPORT ENERGY CORP	575,247	0.9
SMITH (A.O.) CORP	561,893	0.9

Ten Best Performers	
Name	Return
DEAN FOODS CO	40.6
CARROLS RESTAURANT GROUP INC	39.8
CAMBREX CORP	34.6
LYDALL INC	32.7
LINCARE HOLDINGS INC	32.5
MULTIMEDIA GAMES HOLDING CO	27.7
PORTFOLIO RECOVERY ASSOCIATE	27.2
HAIN CELESTIAL GROUP INC	25.6
GETTY REALTY CORP REIT	23.8
MEDIDATA SOLUTIONS INC	22.6

Ten Worst Performers	
Name	Return
ENERGYSOLUTIONS INC	-65.5
LONE PINE RESOURCES INC	-57.7
TELECOMMUNICATION SYSTEMS A	-55.8
GENCO SHIPPING + TRADING LTD	-52.0
CHIKUITA BRANDS INTL	-43.1
FOREST OIL CORP	-39.5
GT ADVANCED TECHNOLOGIES INC	-36.2
KEMET CORP	-35.8
MOBILE MINI INC	-31.8
EMULEX CORP	-30.6

StanCERA

Capital Prospects LLC

Benchmark: RUSSELL 2000 VALUE

Quarter Ending June 30, 2012

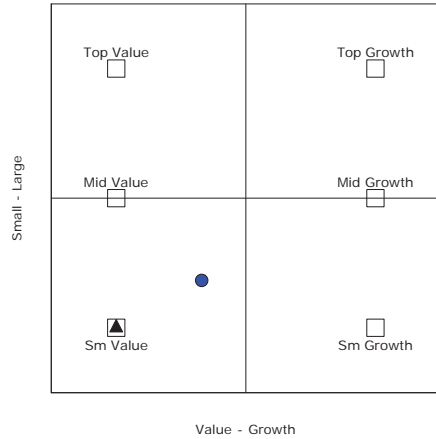
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
Capital Prospects LLC									
COMMINGLED FUND	0.2	0.0	0.2	-	-	-	0.01	0.00	0.01
CONSUMER DISCRETIONARY	17.6	13.1	4.5	-0.7	-4.4	3.7	-0.07	0.67	0.60
CONSUMER STAPLES	3.6	2.9	0.7	6.7	-4.0	10.7	-0.01	0.40	0.39
ENERGY	5.8	3.8	2.0	-15.4	-12.1	-3.3	-0.20	-0.20	-0.40
FINANCIALS	24.0	37.6	-13.6	-1.8	0.6	-2.4	-0.52	-0.57	-1.08
HEALTH CARE	5.8	4.9	0.9	-2.5	3.3	-5.8	0.06	-0.34	-0.28
INDUSTRIALS	20.5	15.6	4.9	-3.0	-7.4	4.4	-0.22	0.92	0.69
INFORMATION TECHNOLOGY	12.7	9.5	3.3	-9.8	-9.5	-0.3	-0.22	-0.04	-0.27
MATERIALS	6.5	5.4	1.2	-3.0	-8.7	5.7	-0.08	0.39	0.31
TELECOMMUNICATION SERVICES	0.0	0.8	-0.8	-7.7	-6.0	-1.7	0.02	0.00	0.03
UTILITIES	3.2	6.4	-3.2	3.6	3.2	0.4	-0.22	0.01	-0.20
TOTAL	100.0	100.0	0.0	-3.3	-3.1	-0.2	-1.43	1.24	-0.22

Returns Based Style Analysis - Capital Prospects

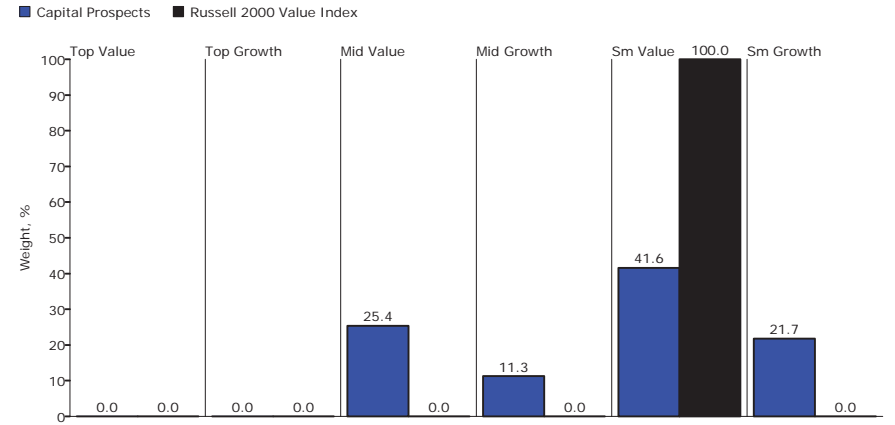
US Equity Style Map

Jul 09 - Jun 12



US Equity Style Exposures

Jul 09 - Jun 12

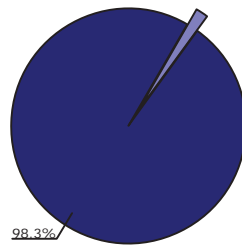
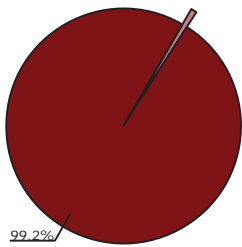


R-Squared (Style Analysis)

Jul 09 - Jun 12

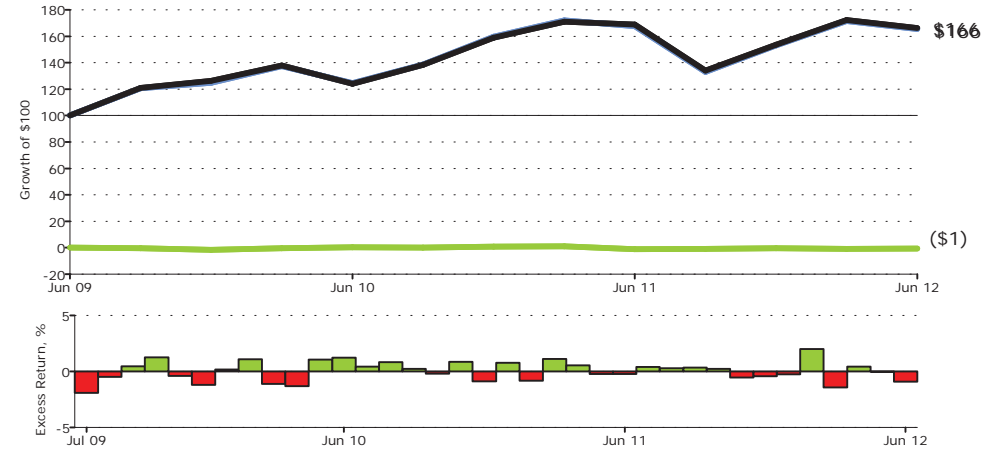
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jul 09 - Jun 12



Legend

▲ Russell 2000 Value Index ● Capital Prospects

■ Total
■ Selection

■ Style

StanCERA

Delaware Investments Advisers
Quarter Ending June 30, 2012

Equity Only Summary Statistics

Portfolio Characteristics		
	Delaware	RUSSELL 1000 GROWTH
Total Number of Securities	28	572
Average Market Cap (000's)	83,911,824	107,941,362
Median Market Cap (000's)	21,055,990	5,877,520
P/E Ratio	19.32	20.10
Dividend Yield	0.88	1.62
Beta	1.01	0.94
Price/Book Ratio	4.94	5.65
Return on Equity	20.59	28.94
Earnings Growth - 5 Years	19.47	18.04

Ten Largest Holdings		
Name	\$	Weight
APPLE INC NPV	9,869,600	8.8
CROWN CASTLE INTL CORP	6,206,228	5.5
COMMON STOCK USD	6,088,778	5.4
MASTERCARD INC CLASS A	5,903,260	5.2
QUALCOMM INC	5,406,528	4.8
ALLERGAN INC	5,313,518	4.7
PRICELINE.COM INC	5,183,256	4.6
EOG RESOURCES INC	4,951,545	4.4
INTUIT INC	4,611,495	4.1
GOOGLE INC CL A	4,466,539	4.0

Ten Best Performers	
Name	Return
PERRIGO CO NPV	14.2
VERISIGN INC	13.6
CROWN CASTLE INTL CORP	10.0
TERADATA CORP	5.7
VISA INC CLASS A SHARES	5.0
NOVO NORDISK A/S SPONS ADR	4.8
MASTERCARD INC CLASS A	2.3
SYNGENTA AG ADR	1.9
INTUIT INC .01	-1.0
INTERCONTINENTALEXCHANGE INC	-1.1

Ten Worst Performers	
Name	Return
POLYCOM INC	-44.8
CATERPILLAR INC	-19.9
NIKE INC CL B NPV	-18.8
EOG RESOURCES INC	-18.8
STAPLES INC	-18.7
QUALCOMM INC	-17.8
EXPEDITORS INTL WASH INC US	-16.1
KINDER MORGAN INC	-15.9
WALGREEN CO	-11.0
PROGRESSIVE CORP	-10.1

StanCERA

Delaware Investments Advisers

Benchmark: Russell 1000 Growth Index

Quarter Ending June 30, 2012

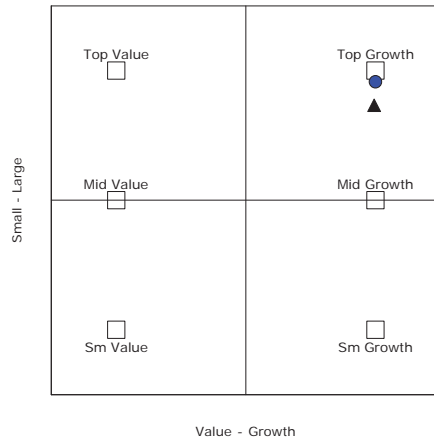
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
<i>Delaware Investments Advisers</i>									
CONSUMER DISCRETIONARY	11.1	14.3	-3.2	-14.3	-4.5	-9.8	0.05	-1.09	-1.05
CONSUMER STAPLES	1.7	11.9	-10.2	-11.0	5.0	-16.0	-0.94	-0.27	-1.21
ENERGY	8.9	10.0	-1.1	-14.1	-11.2	-2.9	0.09	-0.26	-0.17
FINANCIALS	10.2	4.3	5.9	-5.9	0.3	-6.2	0.21	-0.73	-0.53
HEALTH CARE	9.7	10.5	-0.8	3.0	2.1	0.9	-0.14	0.09	-0.05
INDUSTRIALS	6.5	12.6	-6.1	-13.3	-6.3	-7.0	0.20	-0.46	-0.26
INFORMATION TECHNOLOGY	44.3	30.3	14.1	-3.5	-6.0	2.4	-0.52	1.22	0.69
MATERIALS	2.8	5.2	-2.4	1.9	-0.6	2.5	-0.16	0.07	-0.09
TELECOMMUNICATION SERVICES	4.7	0.8	3.9	10.0	12.1	-2.1	0.61	-0.20	0.41
UTILITIES	0.0	0.1	-0.1	-	-6.6	-	0.00	0.00	0.00
TOTAL	100.0	100.0	0.0	-5.3	-3.1	-2.2	-0.60	-1.64	-2.23

Returns Based Style Analysis - Delaware Investment Advisers

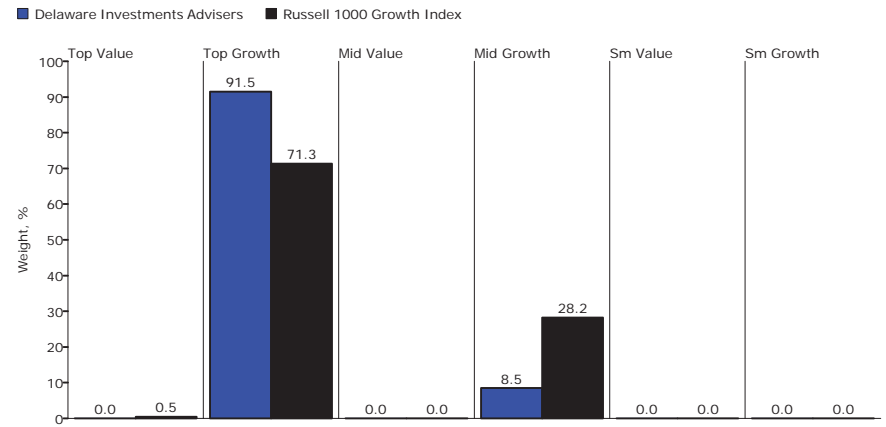
US Equity Style Map

Jul 09 - Jun 12



US Equity Style Exposures

Jul 09 - Jun 12

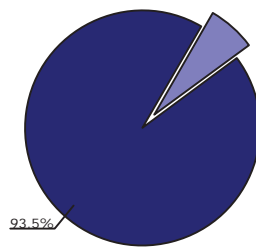
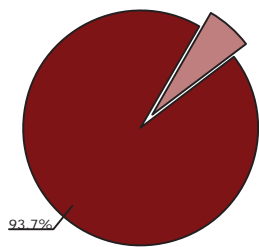


R-Squared (Style Analysis)

Jul 09 - Jun 12

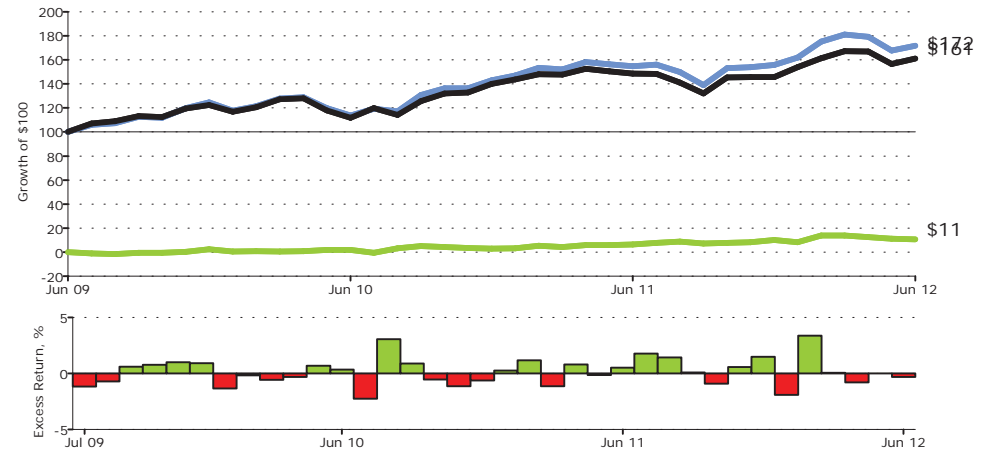
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jul 09 - Jun 12



Legend

▲ Russell 1000 Growth Index ● Delaware Investments Advisers

■ Total ■ Selection

■ Style

StanCERA

Dodge & Cox - Equity
Quarter Ending June 30, 2012

Equity Only Summary Statistics

Portfolio Characteristics		
	Dodge & Cox	RUSSELL 1000 VALUE
Total Number of Securities	75	690
Average Market Cap (000's)	74,122,435	85,147,552
Median Market Cap (000's)	18,021,490	4,670,450
P/E Ratio	14.92	13.75
Dividend Yield	2.25	2.57
Beta	1.14	1.11
Price/Book Ratio	2.02	1.87
Return on Equity	13.56	13.86
Earnings Growth - 5 Years	0.09	1.30

Ten Largest Holdings		
Name	\$	Weight
COMCAST CORP CLASS A	5,683,083	4.4
WELLS FARGO + CO	5,352,808	4.2
MERCK + CO. INC.	5,114,375	4.0
CAPITAL ONE FINANCIAL CORP	5,056,050	3.9
GENERAL ELECTRIC CO	4,793,200	3.8
HEWLETT PACKARD CO	4,122,651	3.2
TIME WARNER INC	3,851,232	3.0
SANOBI ADR ADR	3,712,074	2.9
GLAXOSMITHKLINE PLC SPON ADR	3,531,675	2.8
PFIZER INC	3,521,300	2.7

Ten Best Performers	
Name	Return
AOL INC	48.0
NVR INC	17.0
WAL MART STORES INC	14.7
SPRINT NEXTEL CORP	14.4
EBAY INC	13.9
NEWS CORP CL A	13.2
MERCK + CO. INC.	9.9
AMGEN INC	8.0
COMCAST CORP CLASS A	7.7
BMC SOFTWARE INC	6.3

Ten Worst Performers	
Name	Return
NOKIA CORP SPON ADR	-59.3
CREDIT SUISSE GROUP SPON ADR	-33.5
GENWORTH FINANCIAL INC CL A	-32.0
SONY CORP SPONSORED ADR	-31.4
NETAPP INC	-28.9
CARMAX INC	-25.1
CELANESE CORP SERIES A	-24.9
GOLDMAN SACHS GROUP INC	-22.6
SYMANTEC CORP	-21.9
DOMTAR CORP	-19.1

StanCERA

Dodge & Cox - Equity

Benchmark: Russell 1000 Value Index

Quarter Ending June 30, 2012

Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
Dodge & Cox - Equity									
CONSUMER DISCRETIONARY	17.8	9.4	8.4	1.6	-1.9	3.4	0.15	0.65	0.79
CONSUMER STAPLES	3.0	7.6	-4.6	11.9	-0.6	12.5	-0.12	0.37	0.25
ENERGY	7.6	11.6	-3.9	-5.6	-6.7	1.1	0.18	0.08	0.27
FINANCIALS	19.3	26.9	-7.6	-7.7	-6.8	-1.0	0.33	-0.19	0.14
HEALTH CARE	18.6	12.3	6.3	3.8	1.2	2.6	0.32	0.52	0.84
INDUSTRIALS	7.6	9.2	-1.7	0.3	-1.3	1.6	-0.03	0.12	0.09
INFORMATION TECHNOLOGY	19.5	9.0	10.5	-6.6	-10.7	4.0	-0.82	0.83	0.00
MATERIALS	4.0	2.6	1.3	-12.4	-8.3	-4.2	-0.07	-0.20	-0.27
TELECOMMUNICATION SERVICES	2.7	4.4	-1.8	3.6	12.9	-9.2	-0.29	-0.25	-0.53
UTILITIES	0.0	6.9	-6.9	-	6.2	-	-0.67	0.00	-0.67
TOTAL	100.0	100.0	0.0	-2.2	-3.1	0.9	-1.02	1.95	0.91

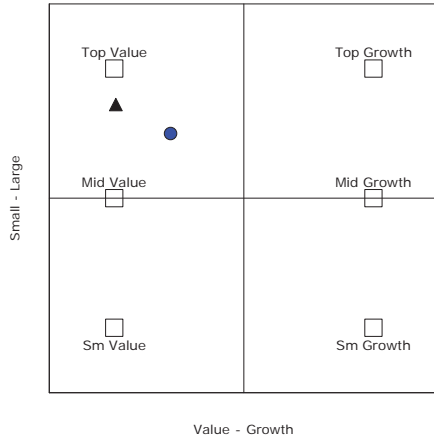
StanCERA

3 Years Ending June 30, 2012

Returns Based Style Analysis - Dodge & Cox

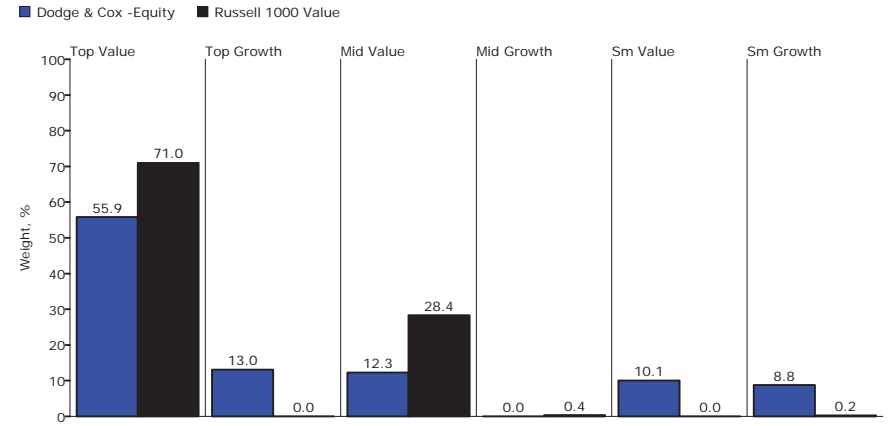
US Equity Style Map

Jul 09 - Jun 12



US Equity Style Exposures

Jul 09 - Jun 12

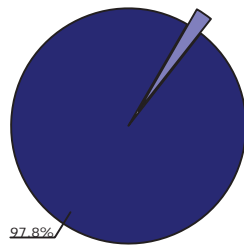
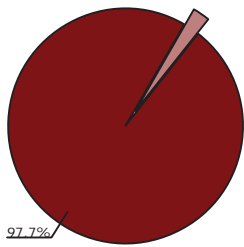


R-Squared (Style Analysis)

Jul 09 - Jun 12

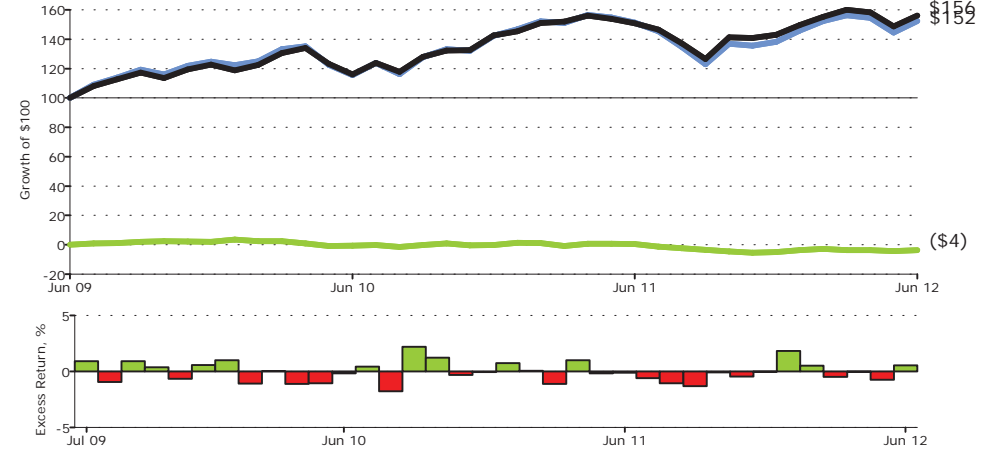
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jul 09 - Jun 12



Legend

▲ Russell 1000 Value ● Dodge & Cox -Equity

■ Total ■ Style
■ Selection

StanCERA

Legato Capital Management LLC
Quarter Ending June 30, 2012

Equity Only Summary Statistics

Portfolio Characteristics		
	Legato Capital	RUSSELL 2000 GROWTH
Total Number of Securities	431	1,135
Average Market Cap (000's)	1,624,102	1,359,858
Median Market Cap (000's)	993,540	593,265
P/E Ratio	24.27	21.19
Dividend Yield	0.29	0.71
Beta	1.09	1.12
Price/Book Ratio	4.47	4.78
Return on Equity	11.11	12.75
Earnings Growth - 5 Years	12.69	13.84

Ten Largest Holdings		
Name	\$	Weight
PORTFOLIO RECOVERY ASSOCIATE	988,255	1.7
ULTIMATE SOFTWARE GROUP INC	820,201	1.4
CEPHEID INC COMMON STOCK NPV	802,628	1.4
UNITED NATURAL FOODS INC	754,709	1.3
LKQ CORP	658,625	1.2
NEOGEN CORP	650,219	1.1
COSTAR GROUP INC	622,317	1.1
HEALTH MGMT ASSOCIATES INC A	609,325	1.1
ROLLINS INC	591,508	1.0
GEO GROUP INC/THE	586,744	1.0

Ten Best Performers	
Name	Return
PHARMACYCLICS INC	96.7
ONYX PHARMACEUTICALS INC	76.3
MELLANOX TECHNOLOGIES LTD	69.4
CRAY INC	65.0
ELLIE MAE INC	61.3
NUVASIVE INC	50.6
3D SYSTEMS CORP	45.0
SUSSER HOLDINGS CORP	44.8
SMART BALANCE INC	42.1
QUESTCOR PHARMACEUTICALS	41.5

Ten Worst Performers	
Name	Return
MAXWELL TECHNOLOGIES INC	-64.2
MERGE HEALTHCARE INC	-51.1
KEY ENERGY SERVICES INC	-50.8
CONSTANT CONTACT INC	-40.0
MAKO SURGICAL CORP	-39.2
QUALITY SYSTEMS INC	-36.7
MOLYCOP INC	-36.3
CALLIDUS SOFTWARE INC	-36.2
NETLIST INC	-36.2
MAGNUM HUNTER RESOURCES CORP	-34.8

StanCERA

Legato Capital Management LLC

Benchmark: RUSSELL 2000 GROWTH

Quarter Ending June 30, 2012

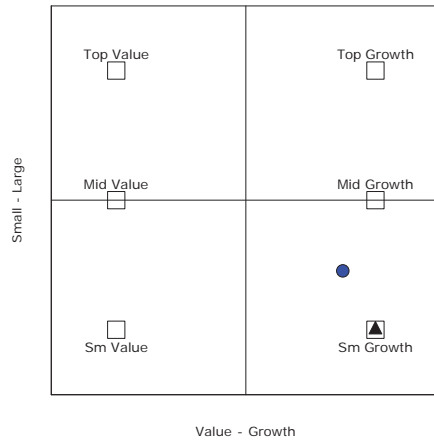
Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
Legato Capital Management LLC									
CONSUMER DISCRETIONARY	14.9	14.7	0.2	-3.7	-6.8	3.1	-0.01	0.47	0.47
CONSUMER STAPLES	4.2	4.1	0.1	6.4	6.8	-0.4	0.01	-0.02	-0.01
ENERGY	5.6	6.8	-1.2	-17.9	-17.4	-0.5	0.18	-0.03	0.15
FINANCIALS	7.7	9.9	-2.2	0.3	-1.9	2.2	-0.04	0.18	0.14
HEALTH CARE	18.5	19.1	-0.6	7.2	5.0	2.2	-0.05	0.41	0.36
INDUSTRIALS	16.6	18.5	-1.8	-4.1	-3.9	-0.2	0.01	-0.04	-0.03
INFORMATION TECHNOLOGY	30.7	21.3	9.4	-4.4	-7.3	2.9	-0.35	0.92	0.57
MATERIALS	1.2	4.5	-3.3	-6.5	-4.3	-2.2	0.03	-0.03	0.00
TELECOMMUNICATION SERVICES	0.5	0.8	-0.3	2.6	-4.8	7.3	0.01	0.05	0.05
UTILITIES	0.0	0.2	-0.2	-5.3	-2.9	-2.4	-0.00	-0.00	-0.00
TOTAL	100.0	100.0	-0.0	-2.1	-3.7	1.6	-0.22	1.93	1.70

Returns Based Style Analysis - Legato Capital

US Equity Style Map

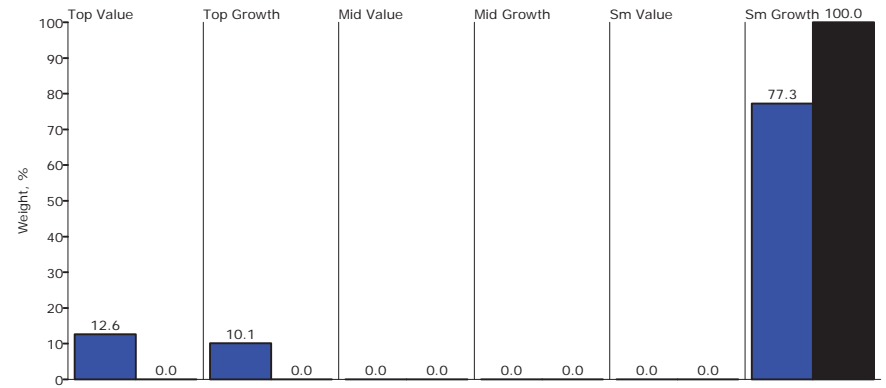
Jul 09 - Jun 12



US Equity Style Exposures

Jul 09 - Jun 12

■ Legato Capital ■ Russell 2000 Growth Index

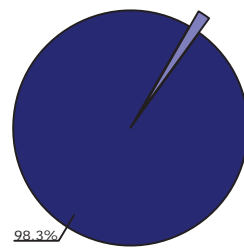
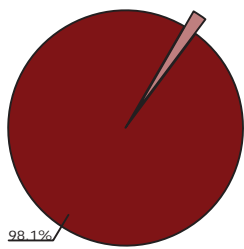


R-Squared (Style Analysis)

Jul 09 - Jun 12

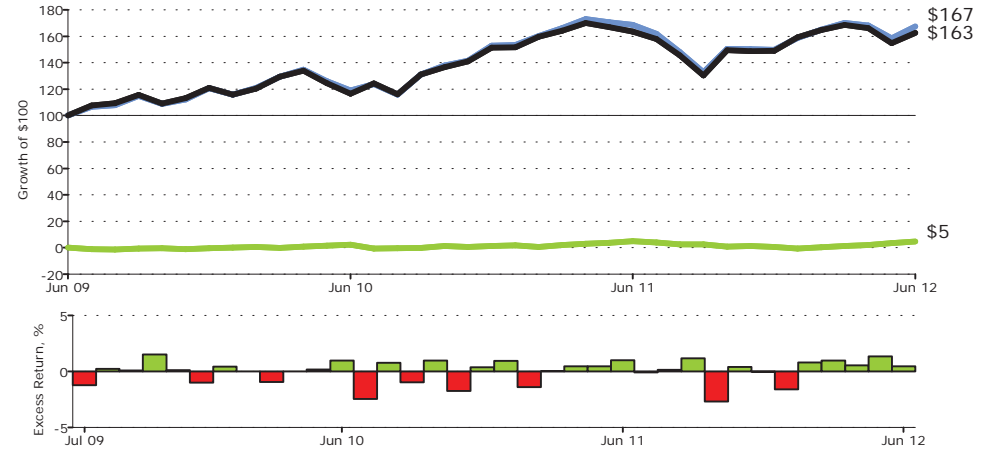
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jul 09 - Jun 12



Legend

▲ Russell 2000 Growth Index ● Legato Capital

■ Total ■ Selection

■ Style

StanCERA

Mellon S&P 500 Index Fund
Quarter Ending June 30, 2012

Equity Only Summary Statistics

Portfolio Characteristics		
	Mellon S&P 500	S&P 500
Total Number of Securities	489	500
Average Market Cap (000's)	109,943,242	108,835,978
Median Market Cap (000's)	11,975,200	11,975,200
P/E Ratio	16.14	16.17
Dividend Yield	2.24	2.19
Beta	1.00	1.00
Price/Book Ratio	3.81	3.82
Return on Equity	22.77	22.45
Earnings Growth - 5 Years	9.64	9.50

Ten Largest Holdings		
Name	\$	Weight
APPLE INC NPV	2,783,705	4.6
EXXON MOBIL CORP NPV	2,039,755	3.3
MICROSOFT CORP	1,165,758	1.9
INTL BUSINESS MACHINES CORP	1,149,955	1.9
GENERAL ELECTRIC CO	1,134,667	1.9
AT+T INC	1,065,624	1.7
CHEVRON CORP	1,061,044	1.7
JOHNSON + JOHNSON	945,722	1.6
WELLS FARGO + CO	906,911	1.5
COCA COLA CO/THE	904,932	1.5

Ten Best Performers	
Name	Return
EXPEDIA INC	44.0
EDWARDS LIFESCIENCES CORP	42.0
DEAN FOODS CO	40.6
CABOT OIL + GAS CORP	26.5
TRIPADVISOR INC	25.3
SUNOCO INC	25.0
SHERWIN WILLIAMS CO/THE	22.2
DR HORTON INC	21.4
PULTEGROUP INC	20.9
HERSHEY CO/THE	18.1

Ten Worst Performers	
Name	Return
ALPHA NATURAL RESOURCES INC	-42.7
NETFLIX INC	-40.5
FIRST SOLAR INC	-39.9
J.C. PENNEY CO INC	-33.8
METROPCS COMMUNICATIONS INC	-32.9
GENWORTH FINANCIAL INC CL A	-32.0
RYDER SYSTEM INC	-31.3
ABERCROMBIE + FITCH CO CL A	-30.8
UNITED STATES STEEL CORP	-29.7
NETAPP INC	-28.9

StanCERA

Mellon Capital S&P 500 Index Fund

Benchmark: S&P 500

Quarter Ending June 30, 2012

Equity Performance Attribution

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Buy / Hold	Index	Difference	Allocation	Selection	Total
Mellon Capital S&P 500 Index Fund									
CONSUMER DISCRETIONARY	11.1	11.0	0.1	-2.3	-2.5	0.1	0.00	0.02	0.02
CONSUMER STAPLES	11.0	10.8	0.2	2.9	3.0	-0.1	0.01	-0.01	0.00
ENERGY	11.4	11.2	0.2	-6.1	-6.0	-0.1	-0.01	-0.02	-0.02
FINANCIALS	13.9	15.0	-1.1	-7.7	-6.8	-0.9	0.05	-0.12	-0.08
HEALTH CARE	11.5	11.4	0.1	1.7	1.6	0.1	0.00	0.01	0.02
INDUSTRIALS	10.7	10.5	0.2	-3.5	-3.5	0.0	-0.00	0.00	0.00
INFORMATION TECHNOLOGY	20.8	20.5	0.3	-6.7	-6.7	-0.0	-0.01	-0.00	-0.01
MATERIALS	3.5	3.5	0.0	-4.2	-4.2	-0.0	-0.00	-0.00	-0.00
TELECOMMUNICATION SERVICES	2.8	2.8	0.0	14.1	14.2	-0.0	0.01	-0.00	0.01
UTILITIES	3.3	3.4	-0.1	6.6	6.6	0.1	-0.01	0.00	-0.00
TOTAL	100.0	100.0	0.0	-2.8	-2.7	-0.1	0.05	-0.12	-0.07

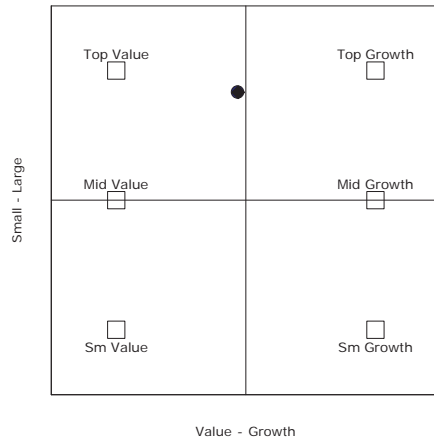
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3 Years Ending June 30, 2012

Returns Based Style Analysis - Mellon Capital S&P 500

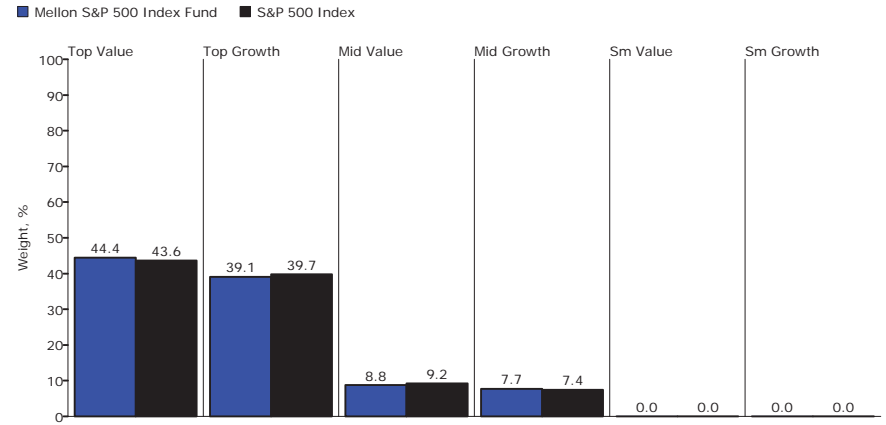
US Equity Style Map

Jul 09 - Jun 12



US Equity Style Exposures

Jul 09 - Jun 12

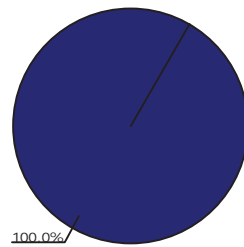
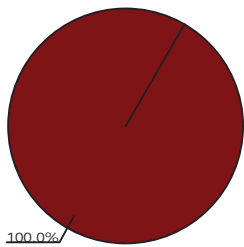


R-Squared (Style Analysis)

Jul 09 - Jun 12

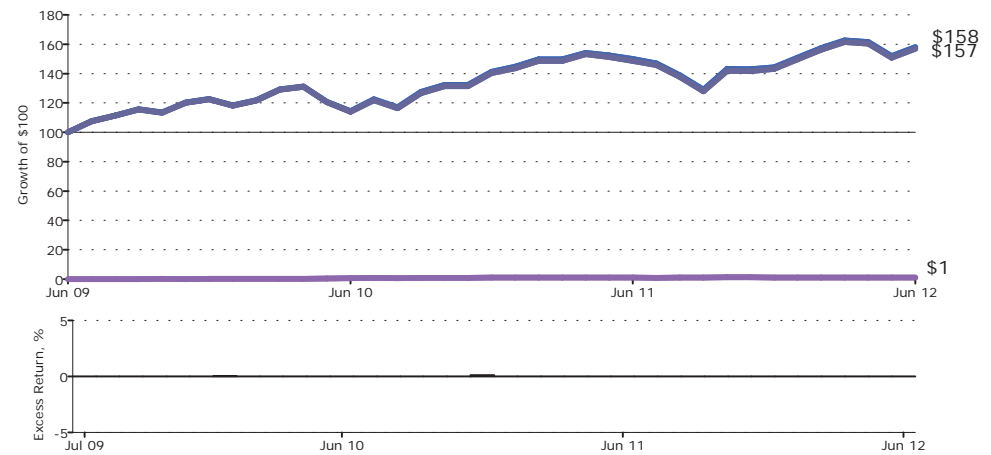
■ Style R-Squared

■ Benchmark R-Squared



Cumulative Total, Style & Selection Return

Jul 09 - Jun 12



Legend

▲ S&P 500 Index ● Mellon S&P 500 Index Fund

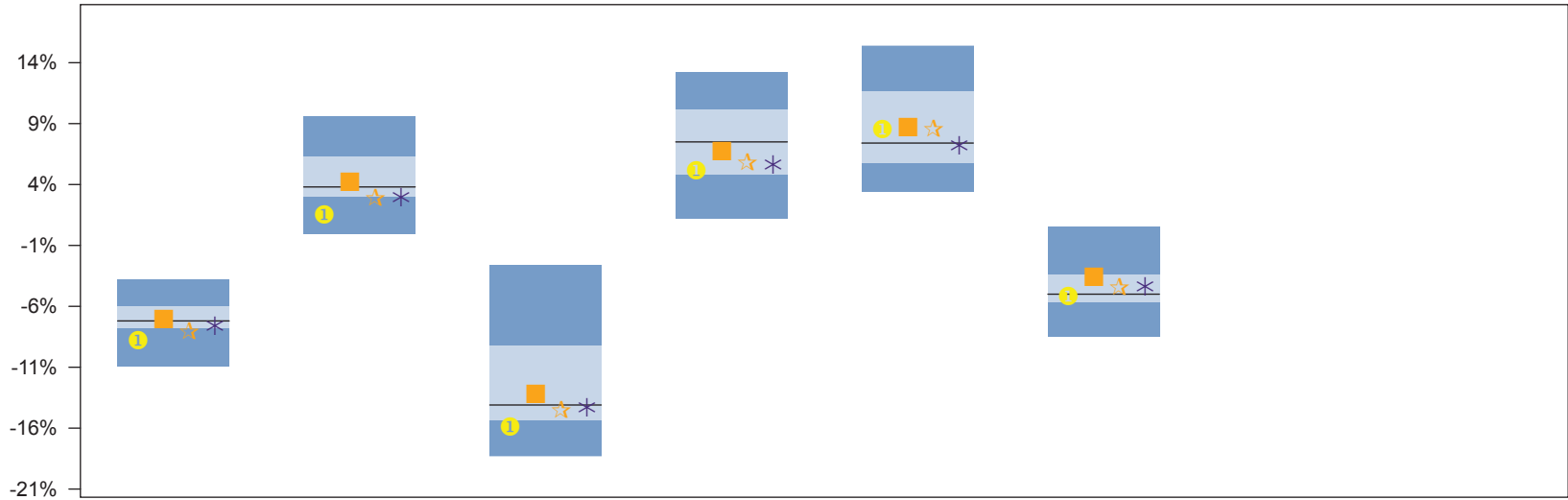
■ Total ■ Style ■ Selection

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Intl Equity All Country ex-US

Periods Ending June 30, 2012

Total Returns



	1 QTR		CALENDAR YTD		FISCAL YTD		2 YEAR		3 YEAR		5 YEAR		7 YEAR	10 YEAR
① LSV Asset Management	-8.6	83	1.7	88	-15.7	78	5.3	69	8.7	34	-5.0	56		
■ Pyramis Global Investments	-6.9	44	4.4	40	-13.0	37	6.9	54	8.9	34	-3.4	26		
☆ International Equity	-7.8	74	3.1	72	-14.3	57	6.0	60	8.8	34	-4.2	39		
* MSCI ACWI-ex US	-7.4	58	3.1	71	-14.1	52	5.8	61	7.4	49	-4.2	38		
Median	-7.2		3.8		-14.1		7.5		7.4		-5.0			

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LSV Asset Management
Quarter Ending June 30, 2012

Equity Only Summary Statistics

Portfolio Characteristics		
	LSV Asset Management	MSCI ACWI ex US
Total Number of Securities	63	1,838
Average Market Cap (000's)	7,577	48,278
Median Market Cap (000's)	1,848	5,642
P/E Ratio	8.74	11.75
Dividend Yield	3.69	3.60
Beta	1.07	0.99
Price/Book Ratio	1.48	2.37
Return on Equity	15.35	17.31
Earnings Growth - 5 Yrs	4.21	4.44

Ten Largest Holdings		
Name	\$	Weight
CIA SANEAMENTO BASICO DE ADR	1,744,780	4.8
CHINA PETROLEUM + CHEMICAL H	1,525,568	4.1
BASF AG NPV	1,325,865	3.6
BANK OF CHINA LTD H	1,271,612	3.6
IMPERIAL HOLDINGS LTD	1,192,444	3.2
ROYAL DUTCH SHELL	1,036,526	2.8
GRUMA S.A.B.	871,057	2.3
BOLIDEN AB NEW	851,182	2.3
KOREA EXCHANGE BANK	846,772	2.3
KONINKLIJKE KPN NV	846,704	2.3

Ten Best Performers	
Name	Return
RONA INC NPV	17.8
GIGABYTE TECHNOLOGY CO LTD	14.7
HUHTAMAKI OYJ	11.7
IMPERIAL HOLDINGS LTD	11.0
KYOWA EXEO CORP	8.7
TOFAS TURK OTOMOBIL FABRIKA	8.5
GREENE KING PLC	7.3
KYORIN HOLDINGS INC	7.1
DRAX GROUP PLC	5.2
FORD OTOMOTIV SANAYI AS	3.7

Ten Worst Performers	
Name	Return
PANORAMIC RESOURCES LTD NPV	-45.3
HERACLES GENERAL CEMENT COMP	-31.6
BANCO DO BRASIL SA SPON ADR	-30.3
YANZHOU COAL MINING CO H	-28.9
PAPERLINX LTD NPV	-28.7
PETROLEO BRASILEIRO SPON ADR	-28.3
WEIQIAO TEXTILE CO LTD H	-26.9
GLOBAL BIO CHEM TECHNOLOGY	-25.9
CHINA PETROLEUM + CHEMICAL H	-24.3
TIMAH TBK PT	-21.7

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LSV Asset Management

Index: MSCI ACWI EX US

Quarter Ending June 30, 2012

GLOBAL ATTRIBUTION - BASE RETURNS

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Fund	Index	Relative	Allocation	Selection	Total
LSV Asset Management									
EUROPE	43.6	43.9	-0.3	-3.3	-7.0	3.9	-0.00	1.61	1.61
AUSTRIA	1.3	0.2	1.1	-12.4	-12.8	0.4	-0.07	0.02	-0.05
BELGIUM	0.0	0.7	-0.7		1.2		-0.06	0.00	-0.06
DENMARK	0.0	0.8	-0.8		-2.4		-0.04	-0.01	-0.06
EURO	21.4	0.0	21.4				1.68	0.00	1.68
FINLAND	0.7	0.6	0.1	11.7	-20.6	40.6	-0.01	0.22	0.22
FRANCE	0.6	6.0	-5.4	-0.1	-7.7	8.3	0.03	0.03	0.06
GERMANY	0.0	5.8	-5.8		-11.8		0.28	-0.01	0.27
GREECE	0.0	0.1	-0.0	-31.6	-12.9	-21.5	0.00	-0.01	-0.01
IRELAND	0.0	0.2	-0.2	-8.4	-3.2	-5.4	-0.01	-0.00	-0.01
ITALY	0.0	1.5	-1.5		-11.5		0.07	-0.01	0.06
LUXEMBOURG	0.0	0.2	-0.2		-11.0		0.01	-0.01	-0.01
NETHERLANDS	0.8	1.8	-1.0	-13.0	-7.3	-6.1	0.00	-0.05	-0.05
NORWAY	0.7	0.7	0.0		-9.4		-0.00	0.08	0.08
PORTUGAL	0.0	0.1	-0.1		-16.0		0.01	-0.01	-0.00
SPAIN	0.0	2.0	-2.0		-11.8		0.10	-0.01	0.08
SWEDEN	0.7	2.2	-1.5	-5.1	-7.3	2.4	0.00	0.00	0.00
SWITZERLAND	4.0	5.9	-1.9		-5.9		-0.03	0.22	0.19
UNITED KINGDOM	13.4	15.2	-1.8	-2.2	-3.8	1.6	-0.07	0.20	0.13
PACIFIC	19.6	25.6	-6.0	-9.8	-6.0	-4.0	-0.08	-0.75	-0.83
AUSTRALIA	4.7	5.7	-1.1	-44.9	-5.1	-41.9	-0.03	-1.86	-1.88
HONG KONG	1.5	3.9	-2.5	-19.2	-3.4	-16.3	-0.10	-0.23	-0.33
JAPAN	13.0	14.7	-1.7	-3.3	-7.2	4.3	-0.00	0.51	0.50
NEW ZEALAND	0.0	0.1	-0.1		-8.0		0.00	-0.01	-0.01
SINGAPORE	0.6	1.2	-0.7		-3.8		-0.03	0.01	-0.02

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LSV Asset Management

Index: MSCI ACWI EX US

Quarter Ending June 30, 2012

GLOBAL ATTRIBUTION - BASE RETURNS

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Fund	Index	Relative	Allocation	Selection	Total
NORTH AMERICA	9.6	8.1	1.5	-3.4	-7.5	4.5	-0.00	0.42	0.41
CANADA	7.3	8.0	-0.7	-1.5	-7.6	6.6	0.00	0.43	0.43
UNITED STATES	2.3	0.0	2.3	-4.4	1.1	-5.4	0.21	-0.15	0.05
EMERGING MARKETS	18.7	22.0	-3.3	-9.8	-9.2	-0.6	0.07	-0.10	-0.03
BRAZIL	3.7	3.6	0.2	-16.1	-18.6	3.0	-0.02	0.11	0.08
CHILE	0.0	0.4	-0.4		-8.5		0.01	-0.01	-0.01
CHINA	2.0	2.2	-0.1	-25.3	-8.1	-18.7	0.00	-0.35	-0.35
COLOMBIA	0.0	0.3	-0.3		-2.3		-0.02	-0.01	-0.03
CZECH REPUBLIC	0.0	0.1	-0.1		-11.4		0.00	-0.01	-0.01
EGYPT	0.0	0.1	-0.1		-4.7		-0.00	-0.01	-0.02
HUNGARY	0.0	0.1	-0.1		-7.4		0.00	-0.01	-0.01
INDIA	0.8	1.6	-0.8	-2.5	-9.4	7.5	0.02	0.04	0.06
INDONESIA	0.5	0.7	-0.2	-21.7	-6.6	-16.2	-0.00	-0.07	-0.08
KOREA, REPUBLIC OF	1.9	3.6	-1.8	-9.0	-8.6	-0.5	0.02	-0.01	0.02
MALAYSIA	0.3	0.8	-0.5	0.0	-3.6	3.8	-0.02	-0.00	-0.03
MEXICO	0.0	1.1	-1.1		1.2		-0.11	0.00	-0.11
MOROCCO	0.0	0.0	-0.0		-12.8		0.00	-0.01	-0.01
PERU	0.0	0.1	-0.1		-4.5		-0.00	-0.01	-0.02
PHILIPPINES	0.0	0.2	-0.2		4.3		-0.02	0.00	-0.02
POLAND	0.0	0.3	-0.3		-5.1		-0.01	-0.01	-0.02
RUSSIA	2.9	1.6	1.3	-13.1	-14.0	1.1	-0.09	0.04	-0.05
SOUTH AFRICA	2.3	1.8	0.5	1.5	-5.8	7.7	0.01	0.18	0.19
TAIWAN	2.8	2.6	0.2	-4.5	-9.4	5.4	-0.01	0.15	0.15
THAILAND	0.0	0.5	-0.5		-5.3		-0.01	-0.01	-0.03
TURKEY	1.5	0.3	1.2	5.7	1.8	3.8	0.11	0.07	0.19

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LSV Asset Management

Index: MSCI ACWI EX US

Quarter Ending June 30, 2012

GLOBAL ATTRIBUTION - BASE RETURNS

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Fund	Index	Relative	Allocation	Selection	Total
NORTH AMERICA	9.6	8.1	1.5	-3.4	-7.5	4.5	-0.00	0.42	0.41
CANADA	7.3	8.0	-0.7	-1.5	-7.6	6.6	0.00	0.43	0.43
UNITED STATES	2.3	0.0	2.3	-4.4	1.1	-5.4	0.21	-0.15	0.05
EMERGING MARKETS	18.7	22.0	-3.3	-9.8	-9.2	-0.6	0.07	-0.10	-0.03
BRAZIL	3.7	3.6	0.2	-16.1	-18.6	3.0	-0.02	0.11	0.08
CHILE	0.0	0.4	-0.4		-8.5		0.01	-0.01	-0.01
CHINA	2.0	2.2	-0.1	-25.3	-8.1	-18.7	0.00	-0.35	-0.35
COLOMBIA	0.0	0.3	-0.3		-2.3		-0.02	-0.01	-0.03
CZECH REPUBLIC	0.0	0.1	-0.1		-11.4		0.00	-0.01	-0.01
EGYPT	0.0	0.1	-0.1		-4.7		-0.00	-0.01	-0.02
HUNGARY	0.0	0.1	-0.1		-7.4		0.00	-0.01	-0.01
INDIA	0.8	1.6	-0.8	-2.5	-9.4	7.5	0.02	0.04	0.06
INDONESIA	0.5	0.7	-0.2	-21.7	-6.6	-16.2	-0.00	-0.07	-0.08
KOREA, REPUBLIC OF	1.9	3.6	-1.8	-9.0	-8.6	-0.5	0.02	-0.01	0.02
MALAYSIA	0.3	0.8	-0.5	0.0	-3.6	3.8	-0.02	-0.00	-0.03
MEXICO	0.0	1.1	-1.1		1.2		-0.11	0.00	-0.11
MOROCCO	0.0	0.0	-0.0		-12.8		0.00	-0.01	-0.01
PERU	0.0	0.1	-0.1		-4.5		-0.00	-0.01	-0.02
PHILIPPINES	0.0	0.2	-0.2		4.3		-0.02	0.00	-0.02
POLAND	0.0	0.3	-0.3		-5.1		-0.01	-0.01	-0.02
RUSSIA	2.9	1.6	1.3	-13.1	-14.0	1.1	-0.09	0.04	-0.05
SOUTH AFRICA	2.3	1.8	0.5	1.5	-5.8	7.7	0.01	0.18	0.19
TAIWAN	2.8	2.6	0.2	-4.5	-9.4	5.4	-0.01	0.15	0.15
THAILAND	0.0	0.5	-0.5		-5.3		-0.01	-0.01	-0.03
TURKEY	1.5	0.3	1.2	5.7	1.8	3.8	0.11	0.07	0.19

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LSV Asset Management

Index: MSCI ACWI EX US

Quarter Ending June 30, 2012

GLOBAL ATTRIBUTION - BASE RETURNS

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Fund	Index	Relative	Allocation	Selection	Total
OTHER	0.5	0.4	0.1	-9.3	-12.9	4.1	-0.01	0.03	0.03
ISRAEL	0.5	0.4	0.1	-9.3	-12.9	4.1	-0.01	0.03	0.03
Unclassified	7.9	0.0	7.9	-13.6			0.62	-1.11	-0.49
Unclassified	7.9	0.0	7.9	-13.6			0.62	-1.11	-0.49
TOTAL	100.0	100.0	0.0	-8.0	-7.3	-0.8	0.60	0.08	0.67

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Pyramis Global Investments
Quarter Ending June 30, 2012

Equity Only Summary Statistics

Portfolio Characteristics		
	Pyramis Global Investments	MSCI ACWI ex US Value
Total Number of Securities	84	1,838
Average Market Cap (000's)	19,758	48,278
Median Market Cap (000's)	5,163	5,642
P/E Ratio	11.31	11.75
Dividend Yield	0.79	3.60
Beta	1.04	0.99
Price/Book Ratio	2.49	2.37
Return on Equity	14.09	17.31
Earnings Growth - 5 Yrs	4.68	4.44

Ten Largest Holdings		
Name	\$	Weight
ROYAL DUTCH SHELL	1,987,160	6.8
NESTLE SA CHF	1,837,561	6.3
BRITISH AMERICAN TOBACCO ORD	1,250,696	4.3
SAP AG NPV	962,571	3.3
UBS AG	945,689	3.2
ANHEUSER-BUSCH INBEV NV	916,632	3.1
SOFTBANK CORP	895,634	3.1
HSBC	893,478	3.0
NOVO-NORDISK AS	888,736	3.0
BHP BILLITON PLC	855,650	2.9

Ten Best Performers	
Name	Return
DOLLARAMA INC	31.7
SOFTBANK CORP	23.8
KOBAYASHI PHARMACEUTICAL CO	7.1
ONEX CORPORATION NPV	5.6
SEVEN + I HOLDINGS CO LTD	5.4
INTACT FINANCIAL CORP	3.0
PCCW LTD	2.9
OSAKA GAS CO LTD	2.6
RIOCAN REAL ESTATE INVST TR REIT NPV	1.2
BOARDWALK REAL ESTATE INVEST	0.6

Ten Worst Performers	
Name	Return
FOXCONN INTERNATIONAL HLDGS	-52.1
PINECREST ENERGY INC	-47.2
KINGSGATE CONSOLIDATED LTD	-29.9
PACIFIC RUBIALES ENERGY CORP	-27.6
GEA GROUP AG NPV	-26.5
HEIDELBERGCEMENT AG NPV	-24.2
PIONEER CORP	-21.3
SAP AG NPV	-19.3
TRANSOCEAN LTD	-18.2
BAYTEX ENERGY CORP NPV	-17.6

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Pyramis Global Investments

Index: MSCI ACWI EX US

Quarter Ending June 30, 2012

GLOBAL ATTRIBUTION - BASE RETURNS

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Fund	Index	Relative	Allocation	Selection	Total
Pyramis Global Investments									
EUROPE	32.7	43.9	-11.2	-4.2	-7.0	3.0	-0.04	0.96	0.92
AUSTRIA	0.0	0.2	-0.2		-12.8		0.01	0.03	0.04
BELGIUM	0.8	0.7	0.1	8.3	1.2	7.1	0.01	0.08	0.09
DENMARK	0.5	0.8	-0.2	9.8	-2.4	12.5	-0.01	0.09	0.08
FINLAND	0.0	0.6	-0.6		-20.6		0.09	0.03	0.11
FRANCE	5.4	6.0	-0.6	-4.4	-7.7	3.6	0.00	0.21	0.21
GERMANY	5.1	5.8	-0.8	-8.8	-11.8	3.5	0.04	0.18	0.22
GREECE	0.0	0.1	-0.1		-12.9		0.00	0.03	0.03
IRELAND	0.1	0.2	-0.2	-13.2	-3.2	-10.4	-0.01	-0.01	-0.01
ITALY	0.5	1.5	-1.1	-7.7	-11.5	4.3	0.05	0.04	0.09
LUXEMBOURG	0.0	0.2	-0.2		-11.0		0.01	0.03	0.03
NETHERLANDS	0.6	1.8	-1.3	-4.2	-7.3	3.4	0.00	0.04	0.04
NORWAY	0.7	0.7	0.0	-12.5	-9.4	-3.4	-0.00	-0.02	-0.03
PORTUGAL	0.0	0.1	-0.1		-16.0		0.01	0.03	0.04
SPAIN	0.4	2.0	-1.5	8.0	-11.8	22.5	0.08	0.11	0.19
SWEDEN	0.6	2.2	-1.6	0.5	-7.3	8.5	0.00	0.07	0.07
SWITZERLAND	4.3	5.9	-1.6	1.6	-5.9	8.0	-0.02	0.35	0.32
UNITED KINGDOM	13.9	15.2	-1.3	-5.1	-3.8	-1.4	-0.05	-0.19	-0.24
PACIFIC	21.4	25.6	-4.2	-7.3	-6.0	-1.4	-0.06	-0.28	-0.34
AUSTRALIA	4.3	5.7	-1.4	-6.1	-5.1	-1.1	-0.03	-0.04	-0.08
HONG KONG	5.8	3.9	1.9	-6.4	-3.4	-3.1	0.08	-0.18	-0.10
JAPAN	10.8	14.7	-3.8	-8.5	-7.2	-1.4	-0.00	-0.14	-0.14
NEW ZEALAND	0.1	0.1	0.0	-1.4	-8.0	7.1	-0.00	0.03	0.03
SINGAPORE	0.4	1.2	-0.8	-0.9	-3.8	3.0	-0.03	0.04	0.01

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Pyramis Global Investments

Index: MSCI ACWI EX US

Quarter Ending June 30, 2012

GLOBAL ATTRIBUTION - BASE RETURNS

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Fund	Index	Relative	Allocation	Selection	Total
NORTH AMERICA	2.7	8.1	-5.4	-1.4	-7.5	6.6	0.01	0.19	0.20
CANADA	0.2	8.0	-7.8	19.6	-7.6	29.4	0.02	0.08	0.10
UNITED STATES	2.4	0.0	2.4	-7.2	1.1	-8.2	0.22	-0.20	0.01
EMERGING MARKETS	43.0	22.0	21.0	-7.2	-9.2	2.3	-0.45	0.94	0.49
BRAZIL	6.5	3.6	2.9	-13.5	-18.6	6.3	-0.36	0.37	0.00
CHILE	0.3	0.4	-0.1	-8.1	-8.5	0.5	0.00	0.03	0.03
CHINA	4.6	2.2	2.5	-6.2	-8.1	2.1	-0.02	0.12	0.09
COLOMBIA	0.7	0.3	0.4	0.0	-2.3	2.3	0.02	0.04	0.07
CZECH REPUBLIC	0.7	0.1	0.6	-2.2	-11.4	10.4	-0.03	0.09	0.06
EGYPT	0.0	0.1	-0.1		-4.7		-0.00	0.03	0.02
HUNGARY	0.3	0.1	0.2	-15.4	-7.4	-8.6	-0.00	-0.02	-0.03
INDIA	2.2	1.6	0.6	-1.5	-9.4	8.7	-0.01	0.20	0.18
INDONESIA	3.4	0.7	2.7	-6.0	-6.6	0.6	0.02	0.05	0.07
KAZAKHSTAN	0.2	0.0	0.2				0.01	0.00	0.01
KOREA, REPUBLIC OF	10.0	3.6	6.4	-6.1	-8.6	2.8	-0.09	0.28	0.19
MALAYSIA	0.2	0.8	-0.7	-7.7	-3.6	-4.2	-0.03	-0.01	-0.03
MEXICO	0.5	1.1	-0.6	-7.4	1.2	-8.6	-0.06	-0.05	-0.10
MOROCCO	0.0	0.0	-0.0		-12.8		0.00	0.03	0.03
PERU	0.1	0.1	-0.0	-2.8	-4.5	1.8	-0.00	0.03	0.02
PHILIPPINES	0.5	0.2	0.3	-1.5	4.3	-5.5	0.04	-0.03	0.01
POLAND	0.2	0.3	-0.1	1.3	-5.1	6.8	-0.00	0.04	0.04
RUSSIA	3.1	1.6	1.6	-13.7	-14.0	0.3	-0.11	0.04	-0.08
SOUTH AFRICA	3.0	1.8	1.2	-0.8	-5.8	5.3	0.02	0.18	0.20
TAIWAN	4.1	2.6	1.4	-14.5	-9.4	-5.6	-0.03	-0.21	-0.24
THAILAND	1.9	0.5	1.4	1.0	-5.3	6.6	0.03	0.14	0.17
TURKEY	0.6	0.3	0.3	7.5	1.8	5.6	0.03	0.06	0.09

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Pyramis Global Investments

Index: MSCI ACWI EX US

Quarter Ending June 30, 2012

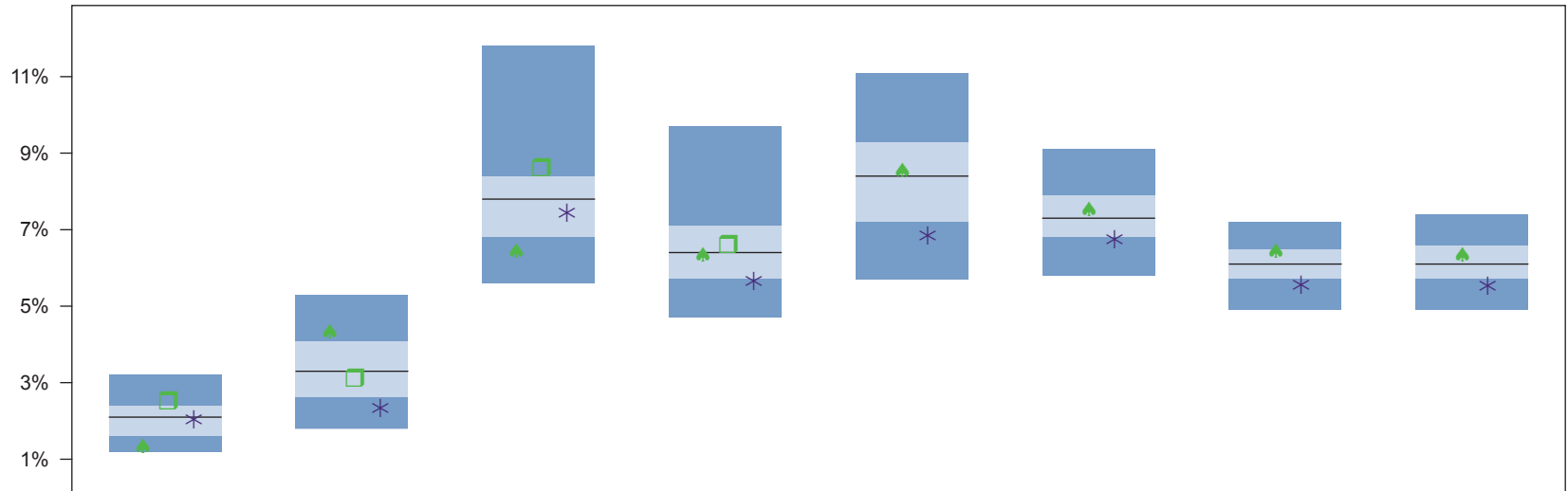
GLOBAL ATTRIBUTION - BASE RETURNS

	BEGINNING WTS			BASE RETURNS			VALUE ADDED		
	Fund	Index	Difference	Fund	Index	Relative	Allocation	Selection	Total
OTHER	0.2	0.4	-0.3	-26.4	-12.9	-15.5	0.02	-0.02	-0.01
ISRAEL	0.2	0.4	-0.3	-26.4	-12.9	-15.5	0.02	-0.02	-0.01
TOTAL	100.0	100.0	0.0	-6.2	-7.3	1.2	-0.51	1.79	1.27

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US Fixed Income Funds - Core
 Periods Ending June 30, 2012

Total Returns

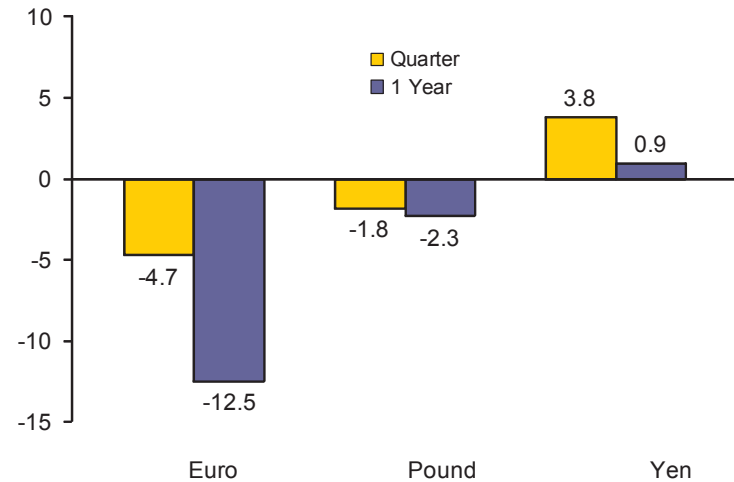


	1 QTR		CALENDAR YTD		FISCAL YTD		2 YEAR		3 YEAR		5 YEAR		7 YEAR		10 YEAR	
▲ Dodge & Cox - Fixed Income	1.5	83	4.5	15	6.6	77	6.5	46	8.7	38	7.7	33	6.6	23	6.5	28
□ PIMCO	2.6	12	3.2	55	8.7	19	6.7	36								
* Barclays Aggregate Bond	2.1	51	2.4	85	7.5	60	5.7	77	6.9	80	6.8	79	5.6	83	5.6	79
Median	2.1		3.3		7.8		6.4		8.4		7.3		6.1		6.1	

Currency Markets

- The euro weakened 4.7 percent in the second quarter as worries over a Greek exit from the Eurozone and a feedback loop between Spanish banks and the Spanish sovereign balance sheet exacerbated fears of a bank run across peripheral Europe.
- Decreased risk appetite led to a preference for safe-haven currencies. The flight to safety led to a quarterly increase in the yen of 3.8%.
- The US dollar trade-weighted index, which measures dollar's movement against basket of currencies, rose about 3.5% in Q2 as investors sought the safe haven of the world's reserve currency.

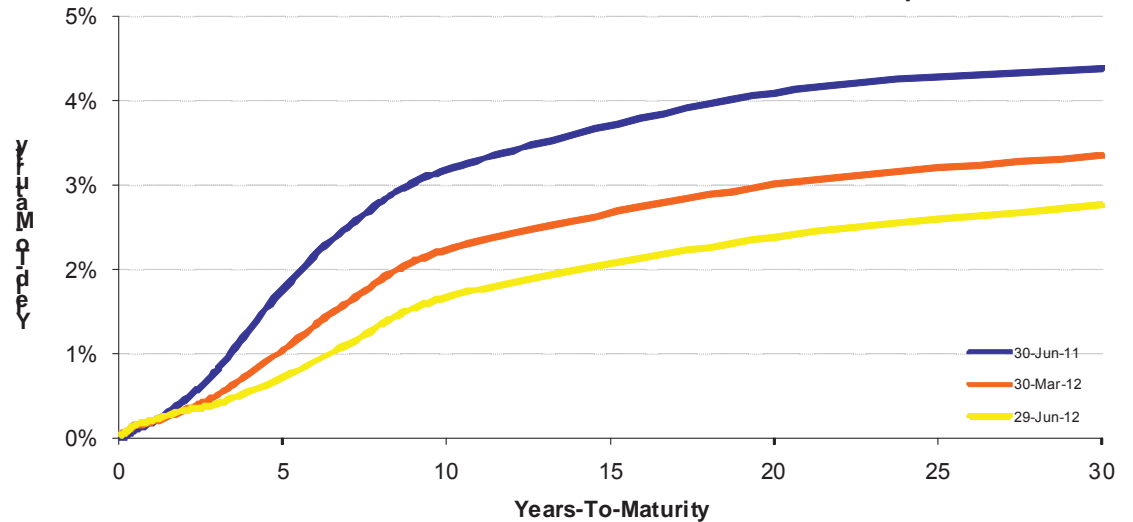
Currency Returns (%)



Yield Curve

- The second quarter in 2012 saw a flight to safety. As the situation in Europe deteriorated and growth slowed in the U.S., sentiment deteriorated and investors sought the safety of U.S. Treasuries, pushing yields to record lows.
- Consequently, the U.S. yield curve flattened in the second quarter, with yields on longer term notes falling close to 60bps relative to shorter maturities.

INTEREST RATE TERM STRUCTURE
Government Issues - 3 Months to 30 Years Maturity



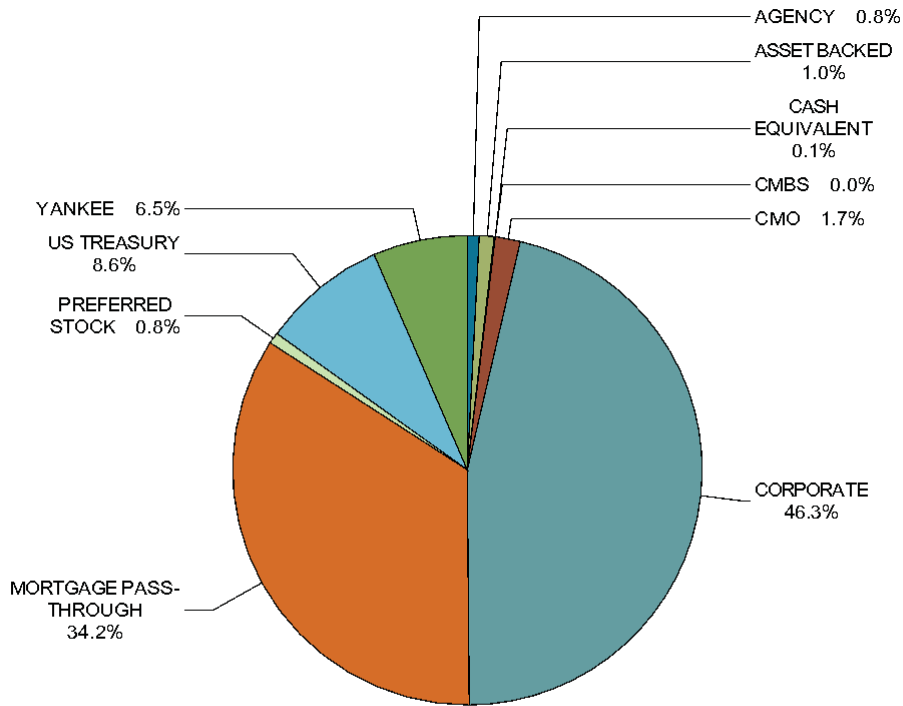
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Dodge & Cox - Fixed Income

INDEX: Barclays Aggregate Bond

AS OF: June 30, 2012

FIXED INCOME SECTOR ALLOCATION



SECTOR	PORTFOLIO WEIGHT %	INDEX WEIGHT %	DIFF %
AGENCY	0.8	5.2	-4.4
ASSET BACKED	1.0	0.3	0.7
CASH EQUIVALENT	0.1	0.0	0.1
CMBS	0.0	1.9	-1.9
CMO	1.7	0.0	1.7
CORPORATE	46.3	20.6	25.7
MORTGAGE PASS-THROUGH	34.2	30.5	3.7
PREFERRED STOCK	0.8	0.0	0.8
US TREASURY	8.6	36.2	-27.6
YANKEE	6.5	5.4	1.2
TOTAL	100.0	100.0	0.0

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Dodge & Cox – Fixed Income

As of June 30, 2012

Bond Summary Statistics

Portfolio Characteristics		
	Dodge & Cox	BC AGGREGATE
Total Number of Securities	198	7,664
Current Coupon	5.7	3.9
Yield To Maturity	3.1	1.8
Average Maturity	6.8	6.7
Duration	4.9	5.1
Quality	19.7	22.6

Duration (Years)	
Range	% Held
0 to 1	14.8
1 to 3	35.1
3 to 4	7.4
4 to 6	15.6
6 to 8	10.2
8 to 10	3.1
Over 10	12.8
Unclassified	1.0

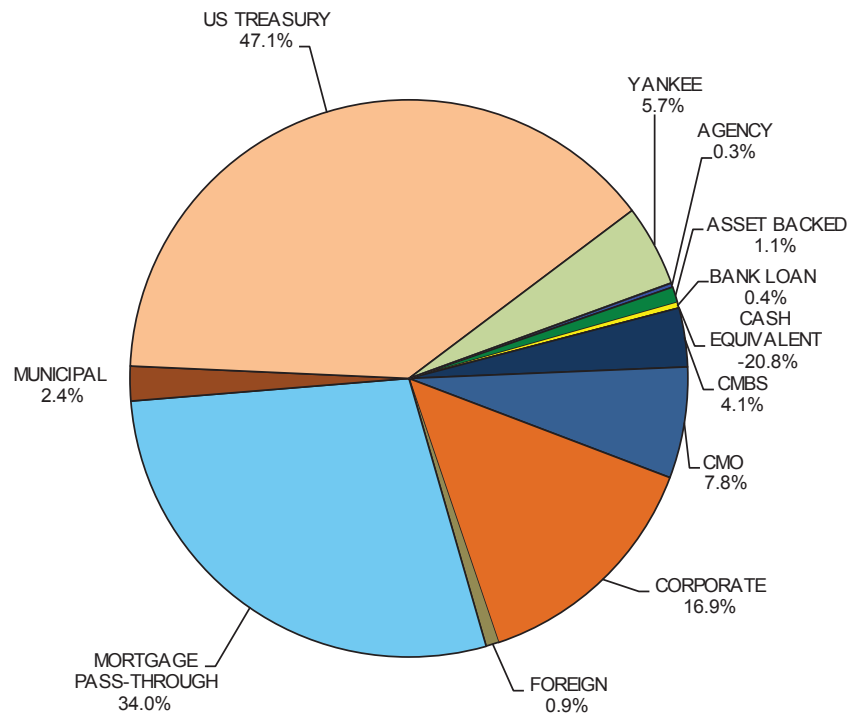
Quality	
Range	% Held
Treasury	0.1
Agency	0.0
AAA	41.8
AA	2.1
A	14.8
BAA	27.7
BA	5.5
Below BA	4.5
Other	3.4

Yield To Maturity (Years)	
Range	% Held
0 to 5	81.6
5 to 7	14.1
7 to 9	2.5
9 to 11	0.0
11 to 13	0.0
Over 13	0.0
Unclassified	1.8

Avg Maturity (Years)	
Range (Yrs)	% Held
0 to 1	9.4
1 to 3	16.7
3 to 5	32.5
5 to 10	23.7
10 to 20	9.6
Over 20	7.1
Unclassified	1.0

Coupon (%)	
Range	% Held
0 to 5	20.1
5 to 7	60.4
7 to 9	16.9
9 to 11	1.6
11 to 13	0.0
Over 13	0.0
Unclassified	1.0

FIXED INCOME SECTOR ALLOCATION



SECTOR	PORTFOLIO	INDEX	DIFF %
AGENCY	0.3	5.2	-4.9
ASSET BACKED	1.1	0.3	0.8
BANK LOAN	0.4	0.0	0.4
CASH EQUIVALENT	-20.8	0.0	-20.8
CMBS	4.1	1.9	2.2
CMO	7.8	0.0	7.8
CORPORATE	16.9	20.6	-3.7
FOREIGN	0.9	0.0	0.9
MORTGAGE PASS-THROUGH	34.0	30.5	3.5
MUNICIPAL	2.4	0.0	2.4
US TREASURY	47.1	36.2	10.9
YANKEE	5.7	5.4	0.3
TOTAL	100.0	100.0	0.0

Bond Summary Statistics

Portfolio Characteristics		
	PIMCO	BC AGGREGATE
Total Number of Securities	165	7,664
Current Coupon	3.4	3.9
Yield To Maturity	2.0	1.8
Average Maturity	6.2	6.7
Duration	5.2	5.1
Quality	22.5	22.6

Duration (Years)	
Range	% Held
0 to 1	-7.7
1 to 3	40.8
3 to 4	3.1
4 to 6	14.7
6 to 8	32.9
8 to 10	8.4
Over 10	5.2
Unclassified	2.5

Quality	
Range	% Held
Treasury	-20.8
Agency	0.0
AAA	85.5
AA	5.1
A	6.0
BAA	9.4
BA	1.2
Below BA	1.8
Other	11.8

Yield To Maturity (Years)	
Range	% Held
0 to 5	92.8
5 to 7	4.8
7 to 9	0.0
9 to 11	0.4
11 to 13	0.0
Over 13	0.3
Unclassified	1.8

Avg Maturity (Years)	
Range (Yrs)	% Held
0 to 1	-17.6
1 to 3	22.8
3 to 5	33.8
5 to 10	53.5
10 to 20	1.0
Over 20	4.0
Unclassified	2.5

Coupon (%)	
Range	% Held
0 to 5	67.5
5 to 7	24.2
7 to 9	4.9
9 to 11	0.9
11 to 13	0.0
Over 13	0.0
Unclassified	2.5

StanCERA Manager Review List
Performance Through June 30, 2012

Returns are Gross of Fees

Manager Name	Status	Expected Manager		6 Month Alpha > -1 St. Dev	12 Month Alpha > -1 St. Dev	Annualized Alpha 3 Years	Annualized Alpha 5 Years	Peer Ranking 3 Years	Peer Ranking 5 Years	Manager in Compliance with Guidelines	Organization Personnel Continuity	Adherence to Style
		Tracking Error (bps)	Benchmark									
<i>Domestic Equity</i>												
Dodge & Cox (Lg Cap Value)	Good Standing	600	R1000V	Yes	Yes	-70	-30	62	65	Yes	Yes	Yes
BlackRock (Passive Lg Cap Value)	Good Standing	0	R1000V	Yes	Yes	N/A	N/A	N/A	N/A	Yes	Yes	Yes
Delaware (Lg Cap Growth)	Good Standing	500	R1000G	Yes	Yes	230	140	12	22	Yes	Yes	Yes
BlackRock (Passive Lg Cap Growth)	Good Standing	0	R1000G	Yes	Yes	N/A	N/A	N/A	N/A	Yes	Yes	Yes
Mellon Capital (Passive SP 500)	Good Standing	0	S&P 500	Yes	Yes	0	10	44	54	Yes	Yes	Yes
Capital Prospects (Sm Cap Value)	Good Standing	400	R2000V	Yes	Yes	90	N/A	48	N/A	Yes	Yes	Yes
Legato (Small Cap Growth)	Good Standing	400	R2000G	Yes	Yes	60	N/A	58	N/A	Yes	Yes	Yes
<i>International Equity</i>												
LSV Asset	Good Standing	600	MSCI ACWI ex US	Yes	Yes	130	-80	34	56	Yes	Yes	Yes
Pyramis	Good Standing	400	MSCI ACWI ex US	Yes	Yes	150	80	34	26	Yes	Yes	Yes
<i>Global REITS</i>												
INVESCO	Good Standing	600	FTSE EPRA/NAREIT	Yes	Yes	-130	N/A	11	N/A	Yes	Yes	Yes
<i>Global Long/Short Equity</i>												
Research Affiliates	Terminated	1000	3-mos. T-bills	No	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes
<i>Fixed Income</i>												
Dodge & Cox	Good Standing	300	Barclays Aggregate	Yes	Yes	180	90	38	33	Yes	Yes	Yes
PIMCO	Good Standing	100	Barclays Aggregate	Yes	Yes	N/A	N/A	N/A	N/A	Yes	Yes	Yes

Note:

1.0 x reported negative tracking error equates to the bottom 15% of the expected return distribution, assuming an alpha of 0%

If a manager has an expected tracking error of 800 basis points, that manager would be Under Review if its return was 800 basis points below the benchmark for the 6 and or 12 months time periods

If the manager has a negative alpha for 3 and or 5 years or is ranked in the bottom quartile, that manager could be placed on Under Review Status

Dodge & Cox (Equity) 3-yr alpha of -70; 5-yr alpha of -30. **Recommend keeping in "Good Standing" as trend is improving.**

LSV has a 3-yr alpha of +130 bps with above-average peer group rankings (34). Recommend keep in "Good Standing".

INVESCO has a 3-yr alpha of -130 bps and improvement from -320 bps one quarter ago and above-average peer group ranking (11). Discussion on status.

Research Affiliates has been terminated and their portfolio has been almost fully liquidated.

PIMCO hired Q2-2010. Above benchmark short-term performance since hired (+120 bps alpha past 12 months and +100 bps past 2-years annualized).

MARKET UPDATE

FOR JULY 2012

U.S. EQUITY

Gross domestic product expanded at a +1.5% annual rate between April and June down from +2.0% in the first quarter. Consumer spending rose 1.5% and government purchases fell 1.4%. Year-over-year GDP rose a moderate 2.2% in Q2. Economic concerns in the European Union persist and have clearly affected sentiment in the U.S. economy and influenced growth trajectories in emerging market economies as well.

July was a mixed bag for equities as U.S. stocks and Non-US stocks were up about 1% for the month. Within the U.S. markets, Value performed in-line with growth and large caps outperformed small caps. The Russell 1000 Growth Index was up +1.3% for the month and the Russell 1000 Value Index was up +1.0%. The Russell 2000 Growth Index was down -1.7% and the Russell 2000 Value was down -1.0%. The S&P 500 Index ended the month up +1.4%.

The S&P 500 Index has a trailing 12-month P/E ratio of 15.6 (estimated P/E ratio of 13.3 on forward looking twelve-month operating earnings) and a dividend yield of 2.1%.

According to Thomson Reuters data, of the 294 companies in the S&P 500 that reported 2nd quarter earnings to date, 67% reported earnings above analyst expectations. However, on the revenue side, only 42% of companies beat revenue estimates so far, well below an average of 60% from the last four years. Exxon Mobil reported a quarterly profit of nearly \$16 billion, the highest ever for a U.S. corporation.

Corporate merger highlights for the month included: Anheuser-Busch InBev will buy the half of Corona it doesn't already own for \$20.1 billion; Centerbridge Partners extended its \$1.09 billion tender offer to buy all outstanding shares of P.F. Chang's; Dell will buy Quest Software for \$2.4 billion; Micron Technology will buy Elpida Memory of Japan for \$2.5 billion; German gas and engineering company Linde made a \$4.6 billion offer to acquire U.S.-based homecare health company Lincare; MModal, the largest provider of medical transcription services agreed to be acquired by a JPMorgan Chase unit for about \$1.1 billion; VW announced a deal to complete the takeover of Porsche buy the end of July; Campbell Soup will buy Bolthouse Farms for \$1.55 billion; Comcast's NBCUniversal will sell its stake in A&E Television Networks to Disney and Hearst for \$3.0

billion; China's aerospace manufacturer Superior Aviation Beijing will buy Hawker Beechcraft's business jet and general aviation operations for \$1.8 billion; Dentsu, a Japanese advertising company, will acquire Britain's Aegis Group for \$4.9 billion; Darden Restaurants will acquire casual dining chain Yard House USA for \$585 million; GlaxoSmithKline will buy Human Genome Sciences for about \$3 billion; TPG will acquire Par Pharmaceutical for \$1.9 billion; Thermo Fisher will buy transplant diagnostics test provider One Lambda for \$925 million; Ryanair submitted an \$854 million takeover bid for Air Lingus Group; State Street will purchase Goldman Sachs Administration Services for \$550 million; Cogeco Cable, a Montreal-based cable-television company, will buy Atlantic Broadband for \$1.36 billion; PPG Industries plans to merge its chemicals business with Georgia Gulf in a deal worth \$2.1 billion; Heineken made a \$4.06 billion offer to acquire Singapore beverage maker Fraser & Neave's entire stake in Asia Pacific Breweries; Nexen, a Canadian oil producer, agreed to be acquired by China's CNOOC for \$15.1 billion; Peet's Coffee & Tea is being taken private for approximately \$977 million; Genesee & Wyoming will buy Rail America for \$1.4 billion; NRG Energy and GenOn Energy announced a \$1.7 billion merger deal; Talisman will sell a 49% stake in the North Sea to Sinopec for \$1.5 billion; United Technologies closed its largest acquisition ever, buying aircraft equipment maker Goodrich for \$16.5 billion; Chicago Bridge & Iron, an energy infrastructure construction company, will acquire Shaw Group for \$3.04 billion; and, Roper Industries will buy Sunquest Information Systems for \$1.42 billion.

FIXED INCOME

The unemployment rate in the U.S. edged higher in May to 8.2% from 8.1%, the first increase in a year. U.S. employers added only 80,000 jobs in June, a third straight month of weak hiring that shows the economy is still struggling three years after the recession officially ended.

The IMF trimmed its world economic outlook by 0.1 % to 3.5% growth in 2012.

The FOMC minutes of its June 19-20 meeting reveal: "several (members) noted that additional policy action could be warranted if the economic recovery were to lose momentum, if the downside risks to the forecast became sufficiently pronounced, or if inflation seemed likely to run persistently below the Committee's (target)." These

minutes suggest QE3 sometime later this year is an option, however it is not a foregone conclusion or even the most likely based case.

Long-term interest rates fell in the month of July. The bellwether 10-year Treasury note ended the month yielding 1.47% down from 1.67% at the close of June. At month-end, the 30-year bond yield was 2.55% with the 3-month T-bill at 0.01%. The Barclays Capital US Aggregate Index was up by 1.4% in July with long credit the strongest sector up by a strong 5.4% for the month.

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

THE GOOD

*Personal income increased 0.2% in May and the personal savings rate rose to 3.9% from 3.7%.

*The Commerce Dept. reported that construction spending rose 0.9% in May, following a 0.6% rise in April.

*The Commerce Dept. reported that factory orders increased a better-than-expected 0.7% in May following 2 months of decline.

*Chrysler's U.S. auto sales rose 20% in June, GM's increased 16%, Ford's climbed 7%, Nissan's jumped 28% and Toyota's surged 60%.

*U.S. businesses and consumers filing for bankruptcy fell 14% in the first half of 2012 to 632,132, the lowest total since before the financial crisis in 2008.

*The Commerce Dept. reported that the U.S. trade deficit shrank 3.8% to \$48.7 billion in May.

*The Labor Dept. reported that its producer price index increased a slight 0.1% in June following a steep drop of 1.0% in May.

*The Federal Reserve reported that industrial production increased 0.4% in June boosted by output at factories, especially automakers.

*Housing starts rose 6.9% in June from May to a seasonally adjusted annual rate of 760,000 the highest October 2008.

*Median prices of existing homes jumped for the third month, rising 7.9% in June to \$189,400.

THE NOT SO GOOD

*Consumer spending was unchanged in May, failing to rise for the first time since November, after nudging up 0.1% the prior month.

*The U.S. Manufacturing Purchasing Managers Index stood at 52.5 in June, down from May's reading of 54.0 and the lowest reading since December.

*Nearly 3 in 10 U.S. homeowners with mortgages have no equity in their homes or less than 5%.

*June retail sales were slow as the Thomson Reuters index rose just 0.1%, less than the 0.5% analysts expected.

*The U.S. government ran a budget deficit of \$60 billion in June, pushing the deficit to \$904 billion for the first nine months of fiscal 2012.

*The Commerce Dept. reported that retail sales slipped 0.5% in June, the 3rd consecutive month of decline.

*The Philadelphia Federal Reserve Bank reported that its business activity index rose to minus 12.9 from minus 16.6 in June, missing economists' expectations for a stronger rebound to minus 8.0.

*The Conference Board reported that its Leading Economic Index fell 0.3% to 95.6 in June after rising 0.4% in May.

*Sales of existing homes dropped 5.4% in June to a seasonally adjusted annual rate of 4.37 million.

*The Markit Flash U.S. manufacturing purchasing managers' index dropped to 51.8 in July from 52.5 in June, marking the 4th straight month of slower growth and its weakest showing since December, 2010.

*The Commerce Dept. reported that new single-family home sales tumbled 8.4% to a seasonally adjusted 350,000-unit annual rate, the lowest rate in five months.

*The Commerce Dept. reported that durable goods orders excluding transportation dropped 1.1%, the biggest decline since January, after rising 0.8% in May.

*Consumer spending, which makes up about 70% of economic activity, fell 0.1% in June.

Consumer confidence was mixed in July. The Univ. of Michigan index fell in July to 72.3 from 73.2 in June, the lowest since December. However, the Conference Board's index of consumer attitudes climbed to 65.9 from an upwardly revised 62.7 in June.

NON-U.S. MARKETS

The European Central Bank (ECB) cut all three administered rates by 25 basis points, thereby leaving the key policy rate – the minimum bid rate – at a record low 75 basis points, the marginal lending rate at 1.50%, and the deposit rate at zero. Cutting the minimum bid rate will help the banks in the periphery because they are heavy borrowers from the ECB.

The news on the labor market conditions in the euro zone continues to be grim. The overall euro zone unemployment rate rose to 11.1% in May, leaving it at the highest ever recorded since Economic and Monetary Union in 1999.

Spain unveiled new austerity measures designed to slash 65 billion euros from the public deficit by 2014. Finance ministers from the 17 countries that use the euro unanimously approved the terms for a bailout loan for Spanish banks of up to \$122 billion. Spanish unemployment hit 24.6% in the 2nd quarter, the highest level since the Franco dictatorship ended in the mid-1970s.

U.K. GDP contracted a much greater than expected 0.7% in Q2, its third consecutive decline; by far the most sever so far. U.K. May industrial production was a positive surprise as output rose 1.0%, the strongest reading since March 2010. Retail sales came in weaker than expected in June, edging up just 0.1%.

The Bank of Japan eased its monetary stance in July. It left its policy rate target range unchanged at 0.00% to 0.10% and expanded its asset purchase program by 5 trillion yen to 45 trillion yen to maintain the downward pressure on yields. Retail sales were a disappointment in June, dropping 1.2%.

China's economic growth cooled to 7.6% in the 2nd quarter, this is roughly in line with market expectations and consistent with the consensus base view of a soft landing. The CPI inflation rate fell eight ticks in June to 2.2% year-over-year, its lowest level since January 2010. Inflation peaked at 6.5% last July.

Non-U.S. equities were up for the month of July. The MSCI ACWI Ex-U.S. was up +1.4% (US dollars) in July. Developed stocks (EAFE) were up +1.2% while Emerging Markets gained +2.0% for the month.

CONCLUSION

The record low in yields across developed countries has left investors continuing to search for higher yielding instruments. Investors continue to discuss allocating funds away from core fixed income, particularly Treasuries, into higher yielding strategies such as Corporates (including High Yield and Bank Loans), Emerging Markets Debt, and other more illiquid strategies such as Direct Lending, Credit Opportunistic (such as non-Agency RMBS), Distressed Debt and Rescue Finance, and Mezzanine Debt.

The actions of reaching for yield often have negative consequences and the potential movement of funds becomes a somewhat delicate balancing act of reaching for yield but not overreaching. Also, the type of spread products outside of sovereign debt are starting to see meaningful flows which has the effect of compressing spreads and making them less attractive.

Pension funds realize that having a meaningful allocation to core fixed income type of instruments will make it difficult to reach their actuary assumed rates unless equities perform above double-digit types of returns. The 10-year U.S. Treasury once again dipped below 1.40% in July and so far the allocation by pension plans within the Core Fixed Income space has not hurt them as returns for the past 1 and 5 years are +7.3% and +6.9% respectively. In addition, the majority of core fixed income managers are underweight treasuries and overweight credit and mortgages giving them a yield advantage over the benchmark.

Another issue is that when volatility spikes up, and risk is “off” in the markets, treasuries are one of the few assets that rise in value. Something for investors to consider as they analyzes their overall fixed income structure.

July 2012

Monthly Market Update

US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Jul-12	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	0.99	-1.54	10.40	7.33	13.93	14.22	1.29	3.84	6.80
Russell TOP 200 Index	1.58	-0.38	11.69	10.41	14.67	13.53	1.05	3.57	5.61
Russell TOP 200 Growth Index	1.91	-1.32	12.99	11.53	17.27	15.25	4.02	5.09	6.06
Russell TOP 200 Value index	1.25	0.63	10.39	9.30	12.11	11.82	-1.92	2.05	5.18
S&P 500 Index	1.39	-0.78	11.01	9.13	14.27	14.13	1.13	3.76	6.34
Russell 1000 Index	1.19	-1.40	10.68	7.96	14.14	14.26	1.26	3.87	6.66
Russell 1000 Growth Index	1.34	-2.58	11.55	8.26	16.22	15.35	3.46	4.99	6.77
Russell 1000 Value Index	1.03	-0.17	9.80	7.64	12.11	13.19	-1.06	2.65	6.42
Russell Mid-Cap Index	0.23	-3.86	8.22	2.28	12.85	16.20	1.87	4.69	9.60
Russell Mid-Cap Growth Index	-0.13	-5.72	7.96	0.67	13.95	15.99	2.34	4.96	9.57
Russell Mid-Cap Value Index	0.55	-2.08	8.38	3.81	11.89	16.45	1.13	4.16	9.35
Russell 2000 Index	-1.38	-3.31	7.03	0.19	11.43	13.71	1.69	3.48	8.62
Russell 2000 Growth Index	-1.74	-4.04	6.92	-0.51	13.43	14.51	2.72	4.45	9.01
Russell 2000 Value index	-1.02	-2.59	7.13	0.89	9.36	12.83	0.52	2.41	8.11
DJ US REIT Index	1.90	2.63	17.09	13.38	19.07	29.99	4.04	5.16	11.09
DJ-UBS US Commodity Index TR	6.47	2.06	2.53	-11.40	3.72	4.56	-2.84	0.40	5.68
DJ-UBS US Gold Index TR	0.36	-3.39	2.30	-1.86	15.98	18.27	18.03	19.57	17.20

Small caps weaker

G2V

Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Jul-12	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	1.44	-4.62	4.62	-11.73	2.00	4.63	-3.85	4.05	8.46
MSCI AC World Index	1.40	-2.99	7.49	-3.10	7.37	8.77	-1.60	3.90	7.35
MSCI EAFE Index	1.15	-4.02	4.56	-10.99	2.35	3.79	-5.14	2.52	6.84
MSCI Emerging Markets index	2.02	-5.83	6.22	-13.64	0.86	6.94	-0.43	9.63	15.56
ML Global Government Bond Ex. U.S. Index	1.85	1.40	1.11	1.10	7.03	7.41	8.94	6.90	7.46
Euro	-2.95	-6.95	-5.13	-14.30	-2.77	-4.58	-2.09	0.20	2.31
Japanese Yen	2.16	2.23	-1.49	-1.17	5.34	6.82	8.80	5.30	4.37
UK Pound Sterling	-0.10	-3.51	0.82	-4.55	0.02	-1.87	-5.07	-1.65	0.03

US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Jul-12	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	0.05	0.07	0.10	0.12	0.90	1.97	1.85
BarCap Aggregate Bond Index	1.38	2.34	3.78	7.25	5.84	6.85	6.91	5.92	5.65
ML U.S. Corp/Govt Master Index	1.65	2.92	4.49	8.47	6.53	7.45	7.00	5.94	5.81
ML U.S. Corporate Master Index	2.81	3.92	7.81	9.70	8.28	10.22	7.95	6.51	6.88
BarCap Mortgage Backed Securities Index	0.80	1.24	2.47	4.84	4.34	5.39	6.69	5.91	5.36
ML U.S. High Yield Master Index	1.93	2.79	9.09	7.37	10.06	14.51	9.18	8.13	10.42
JPM EMBI Global	4.00	4.73	11.75	13.13	11.26	13.81	10.50	9.70	12.70

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STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JULY 31, 2012
PRELIMINARY BASIS

SUMMARY OF INVESTMENTS

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
DOMESTIC EQUITIES	602,786,199	43.1%	41.9% ✓	36.9% - 46.9%
INTERNATIONAL EQUITIES	231,149,389	16.5%	19.0%	16.0% - 22.0%
FIXED INCOME	532,978,525	38.1%	37.6% ✓	33.9% - 41.3%
SPECIAL SITUATIONS	20,331,038	1.5%	<u>1.5%</u>	1.0% - 2.0%
SECURITY LENDING	(2,533,570)	-0.2%	0.0%	0.0% - 0.0%
CASH (equity managers only)	13,957,936	1.0%	0.0%	0.0% - 3.0%
TOTAL PORTFOLIO	1,398,669,517 ✓	100.0%	100.0%	

	CURRENT	TARGET
DODGE & COX - LARGE CAP VALUE	9.8%	9.8%
BGI - R1000 VALUE INDEX	6.4%	6.0%
DELAWARE - LARGE CAP GROWTH	8.3%	7.3%
BGI - R1000 GROWTH INDEX	5.4%	5.0%
CAPITAL PROSPECTS	4.5%	4.5%
LEGATO CAPITAL	4.1%	4.0%
BNY - S&P 500 INDEX	5.3%	5.3%
LSV ASSET MGMT - INTL EQ	8.2%	9.5%
PYRAMIS - INTL EQ	8.7%	9.5%
DODGE & COX FIXED INCOME	30.2%	30.1%
PIMCO	7.9%	7.5%
INVESCO - GLOBAL REIT	1.5%	1.5%
SECURITY LENDING	-0.2%	0.0%
TOTALS	100.0%	100.0%

*RAFI
out of
Spec Sit.
-1.5%*

*+1.0% Dom
Eq*

+0.5% FI

*• targets each
raised by 0.5%*

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JULY 31, 2012
PRELIMINARY BASIS

GROWTH OF ASSETS AND CHANGES IN ALLOCATION

ASSET CLASS MARKET VALUE	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
DOMESTIC EQUITIES	602,786,199	587,017,581	2.69%	566,393,700	6.43%
INTERNATIONAL EQUITIES	231,149,389	225,582,189	2.47%	262,401,875	-11.91%
FIXED INCOME	532,978,525	527,666,263	1.01%	524,391,357	1.64%
SPECIAL SITUATIONS	<u>20,331,038</u>	<u>30,308,983</u>	<u>-32.92%</u>	37,559,908	-45.87%
SECURITIES LENDING	(2,533,570)	(2,533,570)	0.00%	(2,581,389)	1.85%
CASH (equity managers only)	13,957,936	14,391,207	-3.01%	9,310,552	49.92%
TOTAL PORTFOLIO	1,398,669,517	1,382,432,653 <i>+5/6 MM</i>	1.17%	1,397,476,003 <i>+2/ MM</i>	0.09%
ASSET ALLOCATION (ACTUAL)					
DOMESTIC EQUITIES	43.10%	42.46%	0.6%	40.53%	2.6%
INTERNATIONAL EQUITIES	16.53%	16.32%	0.2%	18.78%	-2.3%
FIXED INCOME	38.11%	38.17%	-0.1%	37.52%	0.6%
SPECIAL SITUATIONS	1.45%	2.19%	-0.7%	2.69%	-1.2%
SECURITY LENDING	-0.18%	-0.18%	0.0%	-0.18%	0.0%
CASH (equity managers only)	1.00%	1.04%	0.0%	0.67%	0.3%
TOTAL PORTFOLIO	100.0%	100.0%	0.0%	100.0%	0.0%

*RAFI
liquidation*

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

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JULY 31, 2012
 PRELIMINARY BASIS

MANAGER ALLOCATION

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	136,941,441	9.8%	9.8%	7.8% - 11.8%
BLACKROCK - R1000 VALUE INDEX	90,149,754	6.4%	6.0%	5.0% - 7.0%
DELAWARE - LARGE CAP GROWTH	115,399,523	8.3%	7.3%	5.8% - 8.8%
BLACKROCK - R1000 GROWTH INDEX	75,725,777	5.4%	5.0%	4.0% - 6.0%
CAPITAL PROSPECTS - SMALL CAP VALUE	62,676,153	4.5%	4.5%	3.5% - 5.5%
LEGATO CAPITAL - SMALL CAP GROWTH	57,700,489	4.1%	4.0%	3.0% - 5.0%
BNY - S&P 500 INDEX	73,962,524	5.3%	5.3%	4.3% - 6.3%
TOTAL DOMESTIC EQUITIES	612,555,661	43.8%	41.9%	
FIXED INCOME				
DODGE & COX	422,454,075	30.2%	30.1%	27.6% - 32.6%
PIMCO	110,524,450	7.9%	7.5%	6.0% - 9.0%
TOTAL FIXED INCOME	532,978,525	38.1%	37.6%	
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	114,030,889	8.2%	9.5%	8.0% - 11.0%
PYRAMIS	121,306,974	8.7%	9.5%	8.0% - 11.0%
TOTAL INTERNATIONAL EQUITIES	235,337,864	16.8%	19.0%	
SPECIAL SITUATIONS				
INVESCO (Global REITs)	20,331,038	1.5%	1.5%	1.0% - 2.0%
TOTAL SPECIAL SITUATIONS	20,331,038	1.5%	1.5%	0.0% - 3.0%
SECURITIES LENDING				
	(2,533,570)	-0.2%	0.0%	0.0% - 0.0%
TOTAL STANCERA PORTFOLIO	1,398,669,517	100.0%	100.0%	

6.8 to 7.3%

4.8 to 5.3%

29.6 to 30.1%

RAFI -1.5%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JULY 31, 2012
PRELIMINARY

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	5,008,684		131,932,758	136,941,441
BLACKROCK - R1000 VALUE INDEX	6,244		90,143,510	90,149,754
DELAWARE - LARGE CAP GROWTH	1,179,951		114,219,572	115,399,523
BLACKROCK - R1000 GROWTH INDEX	0		75,725,777	75,725,777
CAPITAL PROSPECTS - SMALL CAP VALUE	1,725,879		60,950,274	62,676,153
LEGATO CAPITAL - SMALL CAP GROWTH	1,848,486		55,852,003	57,700,489
BNY - S&P 500 INDEX	219		73,962,306	73,962,524
TOTAL DOMESTIC EQUITIES	9,769,462		602,786,199	612,555,661
FIXED INCOME				
DODGE & COX	16,762,392	405,691,683		422,454,075
PIMCO	10,779,862	99,744,587		110,524,450
TOTAL FIXED INCOME	27,542,254	505,436,270		532,978,525
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT	2,329,860		111,701,029	114,030,889
PYRAMIS	1,858,614		119,448,360	121,306,974
TOTAL INTERNATIONAL EQUITIES	4,188,474		231,149,389	235,337,864
SPECIAL SITUATIONS				
INVESCO (Global REITs)	0		20,331,038	20,331,038
TOTAL SPECIAL SITUATIONS	0		20,331,038	20,331,038
SECURITIES LENDING				
	(2,533,570)			(2,533,570)
TOTAL STANCERA PORTFOLIO	38,966,621	505,436,270	854,266,626	1,398,669,517

2.8% 36.1% 61.1% 100.0%

4

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JULY 31, 2012

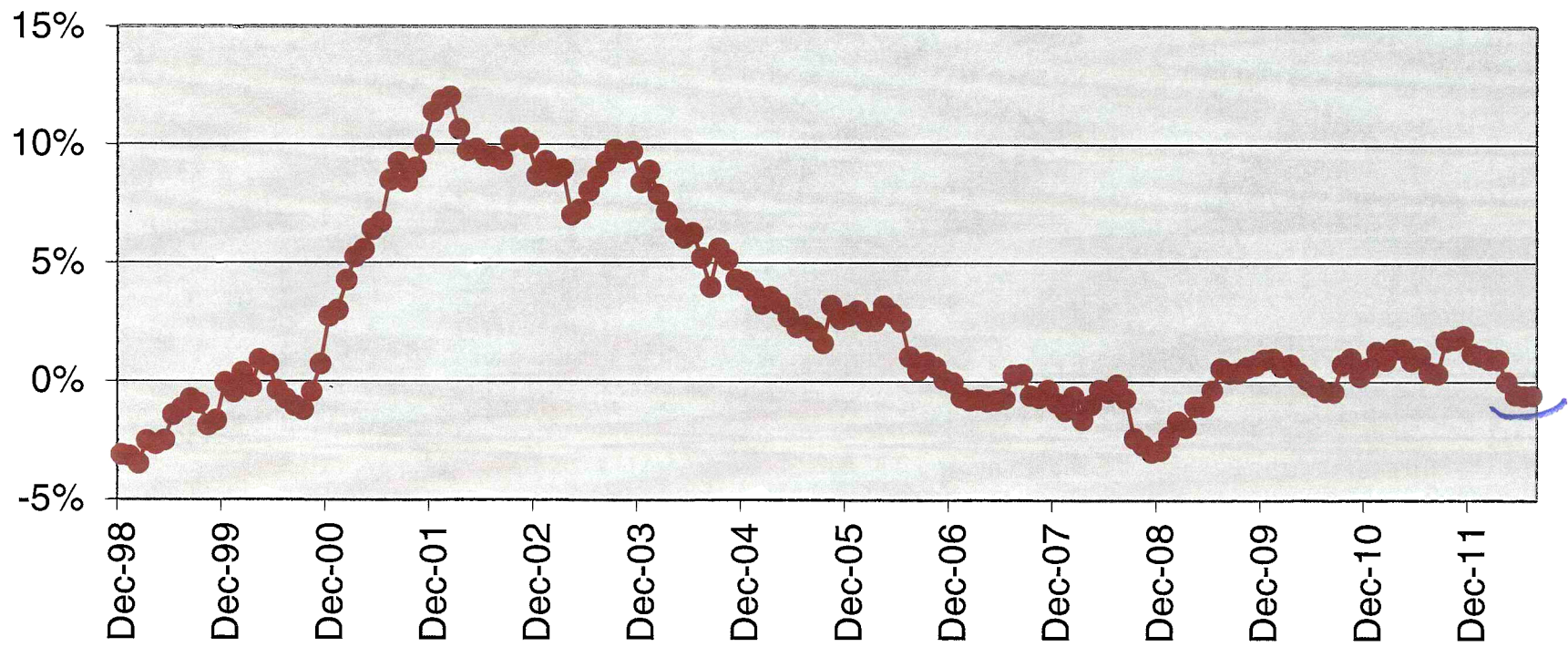
PRELIMINARY BASIS

CURRENT PERFORMANCE

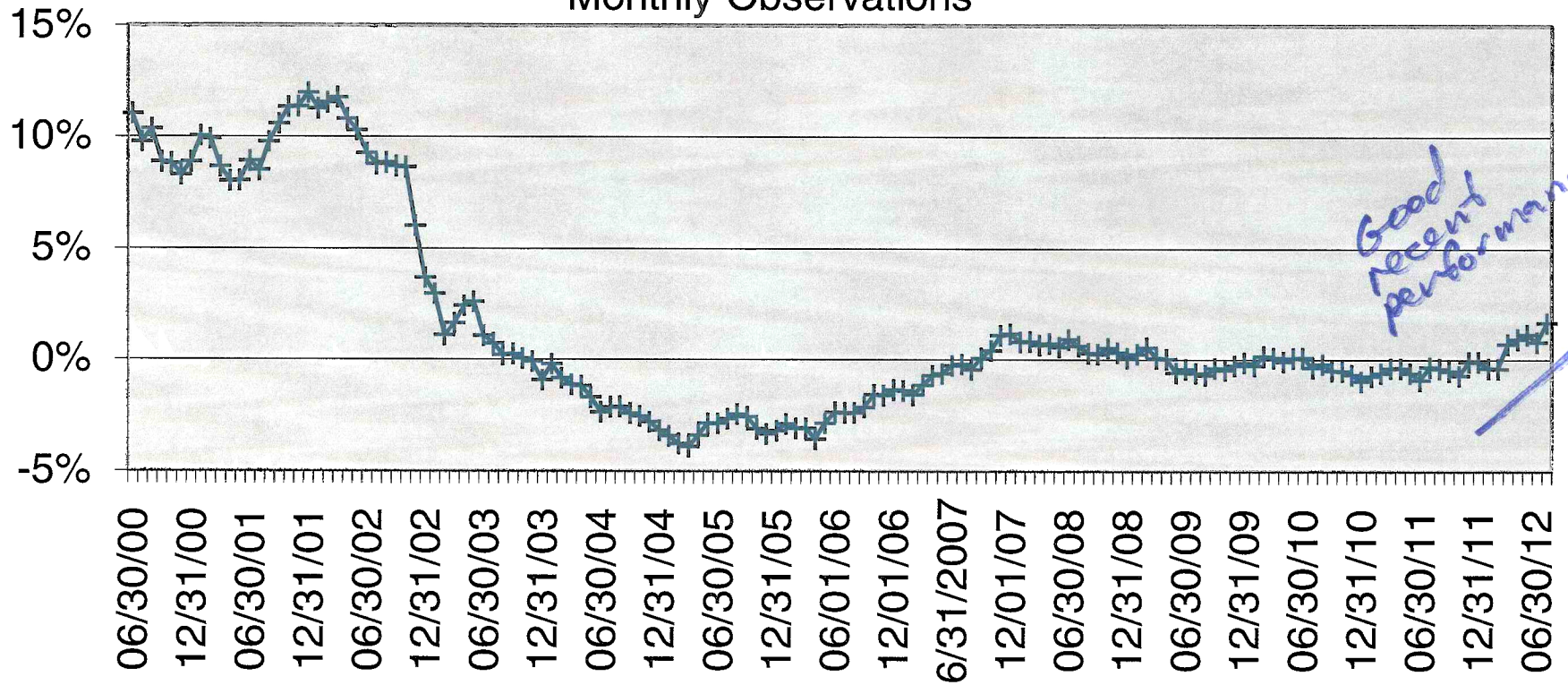
	MARKET VALUE	JULY	ALPHA	JUNE	ALPHA	FISCAL YTD	ALPHA
DOMESTIC EQUITIES							
DODGE & COX - LARGE CAP VALUE	131,932,758	2.00%	0.97%	5.51%	0.55%	2.00%	0.97%
RUSSELL 1000 VALUE		1.03%		4.96%		1.03%	
BLACKROCK - R1000 VALUE INDEX	90,143,510	1.08%	0.05%	4.95%	-0.01%	1.08%	0.05%
RUSSELL 1000 VALUE		1.03%		4.96%		1.03%	
DELAWARE - LARGE CAP GROWTH	114,219,572	0.91%	-0.43%	2.40%	-0.32%	0.91%	-0.43%
RUSSELL 1000 GROWTH		1.34%		2.72%		1.34%	
BLACKROCK - R1000 GROWTH INDEX	75,725,777	1.37%	0.03%	2.73%	0.01%	1.37%	0.03%
RUSSELL 1000 GROWTH		1.34%		2.72%		1.34%	
CAPITAL PROSPECTS	60,950,274	-0.34%	0.68%	3.92%	-0.90%	-0.34%	0.68%
RUSSELL 2000 VALUE		-1.02%		4.82%		-1.02%	
LEGATO CAPITAL	55,852,003	-2.51%	-0.77%	5.62%	0.46%	-2.51%	-0.77%
RUSSELL 2000 GROWTH		-1.74%		5.16%		-1.74%	
BNY - S&P 500 INDEX	73,962,306	1.39%	0.00%	4.15%	0.03%	1.39%	0.00%
S&P 500		1.39%		4.12%		1.39%	
TOTAL DOMESTIC EQUITY	602,786,199	0.82%	-0.17%	4.17%	0.25%	0.82%	-0.17%
Russell 3000 Index		0.99%		3.92%		0.99%	
FIXED INCOME							
DODGE & COX	422,454,075	1.52%	0.14%	0.45%	0.41%	1.52%	0.14%
BARCLAYS US AGGREGATE BOND		1.38%		0.04%		1.38%	
PIMCO	110,524,450	1.37%	-0.01%	0.13%	0.09%	1.37%	-0.01%
BARCLAYS US AGGREGATE BOND		1.38%		0.04%		1.38%	
TOTAL FIXED INCOME	532,978,525	1.49%	0.11%	0.36%	0.32%	1.49%	0.11%
BARCLAYS US AGGREGATE BOND		1.38%		0.04%		1.38%	
INTERNATIONAL INVESTMENTS							
LSV ASSET MGMT	111,701,029	1.84%	0.40%	5.33%	-0.61%	1.84%	0.40%
MSCI ACWI Free ex-US		1.44%		5.94%		1.44%	
PYRAMIS	119,448,360	3.22%	1.78%	5.25%	-0.69%	3.22%	1.78%
MSCI ACWI Free ex-US		1.44%		5.94%		1.44%	
TOTAL INTERNATIONAL EQUITY	231,149,389	2.55%	1.11%	5.29%	-0.65%	2.55%	1.11%
MSCI ACWI Free ex-US		1.44%		5.94%		1.44%	
SPECIAL SITUATIONS							
INVESCO	20,331,038	3.01%	-0.24%	6.59%	0.07%	3.01%	-0.24%
FTSE EPRA/NAREIT Global REIT		3.25%		6.52%		3.25%	
SECURITIES LENDING							
BNY MELLON	(2,533,570)						
CASH and SHORT-TERM INVESTMENTS							
CASH	13,957,936	0.01%	0.00%	0.01%	0.00%	0.01%	0.00%
90-day US Treasury Bill	0	0.01%		0.01%		0.01%	
Total StanCERA Fund	1,398,669,517	1.47%	0.35%	2.85%	-0.06%	1.47%	0.35%
Policy Index		1.12%		2.91%		1.12%	
Actuary Rate of Assumption (8.00%)		0.67%	0.80%	0.67%	2.18%	0.67%	0.80%
Actuary Rate of Inflation (3.50%)		0.29%	1.18%	0.29%	2.56%	0.29%	1.18%

✓✓✓

Dodge & Cox Equity Rolling 3-Years Annualized Alpha Monthly Observations

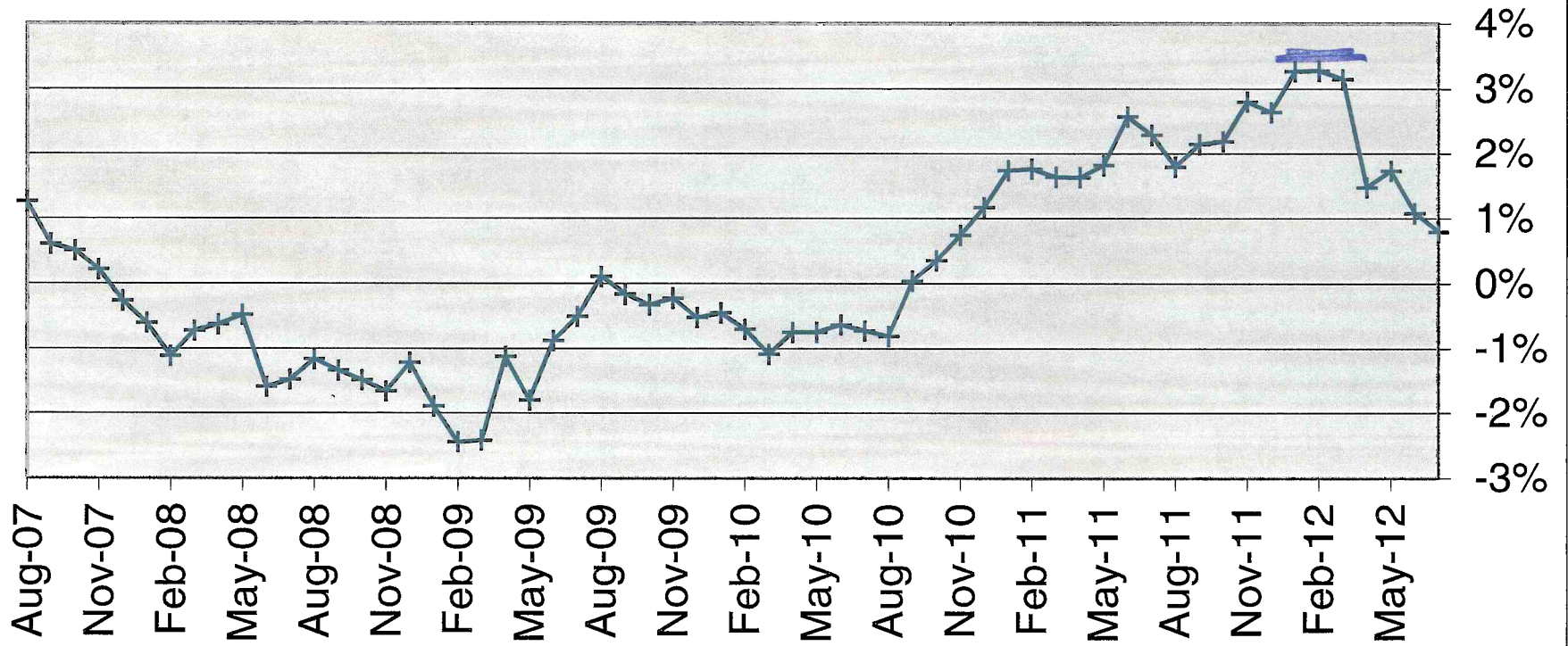


Pyramis (May 2006)
Rolling 3-Years Annualized Alpha
Monthly Observations

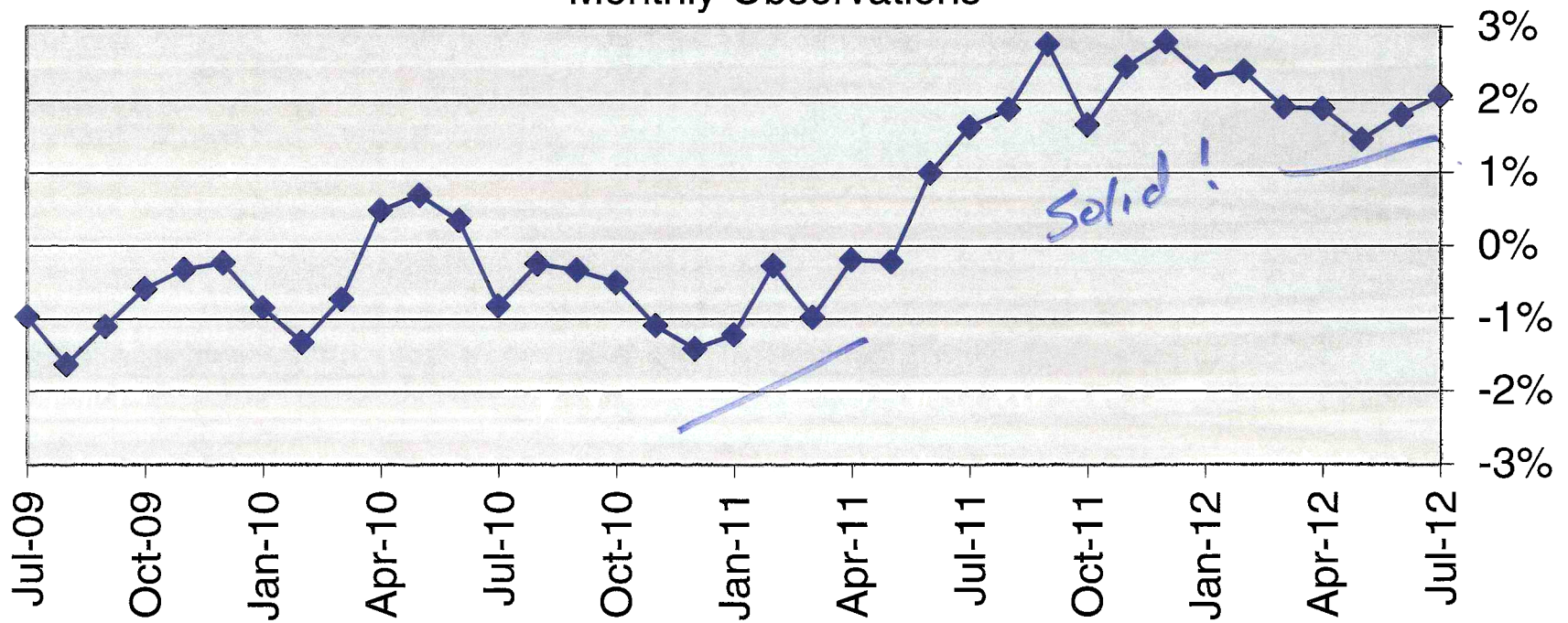


Good recent performance!

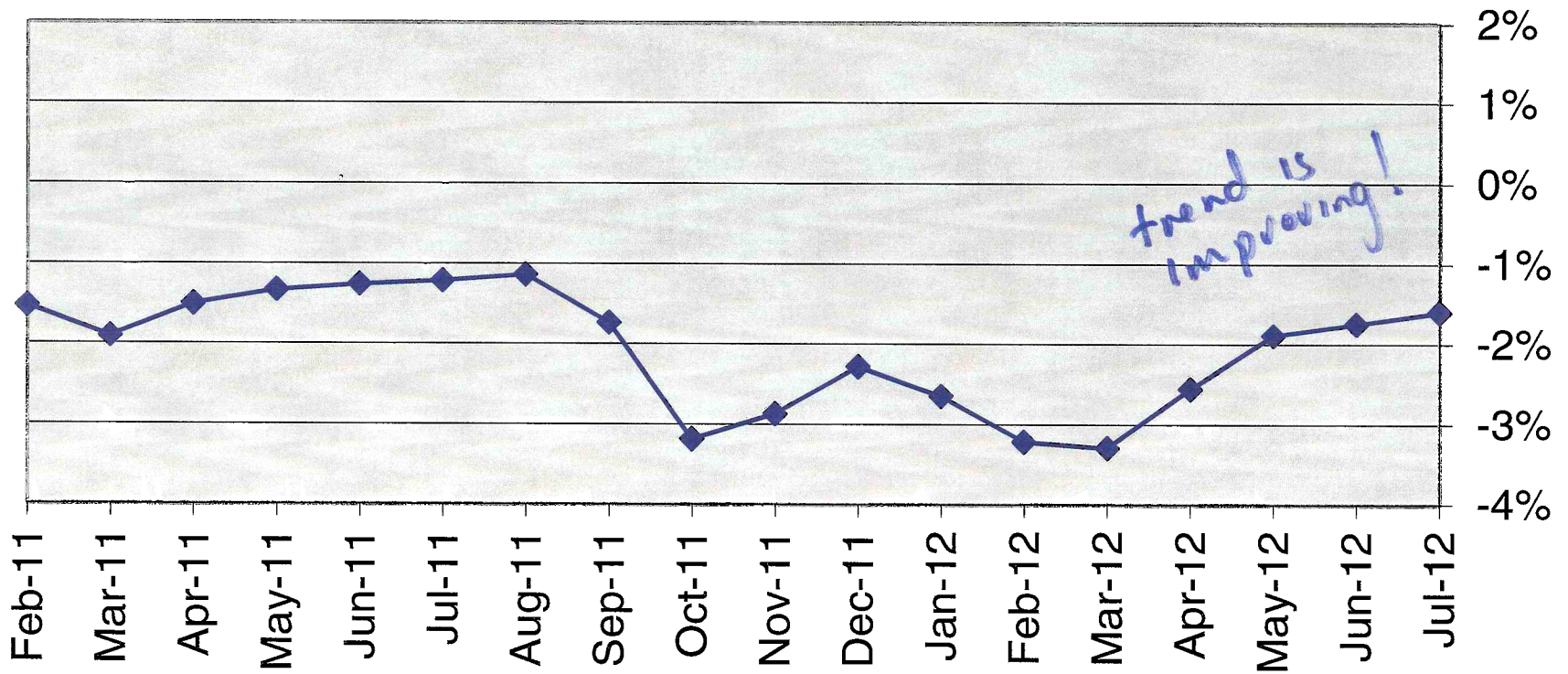
LSV
Rolling 3-Years Annualized Alpha
Monthly Observations



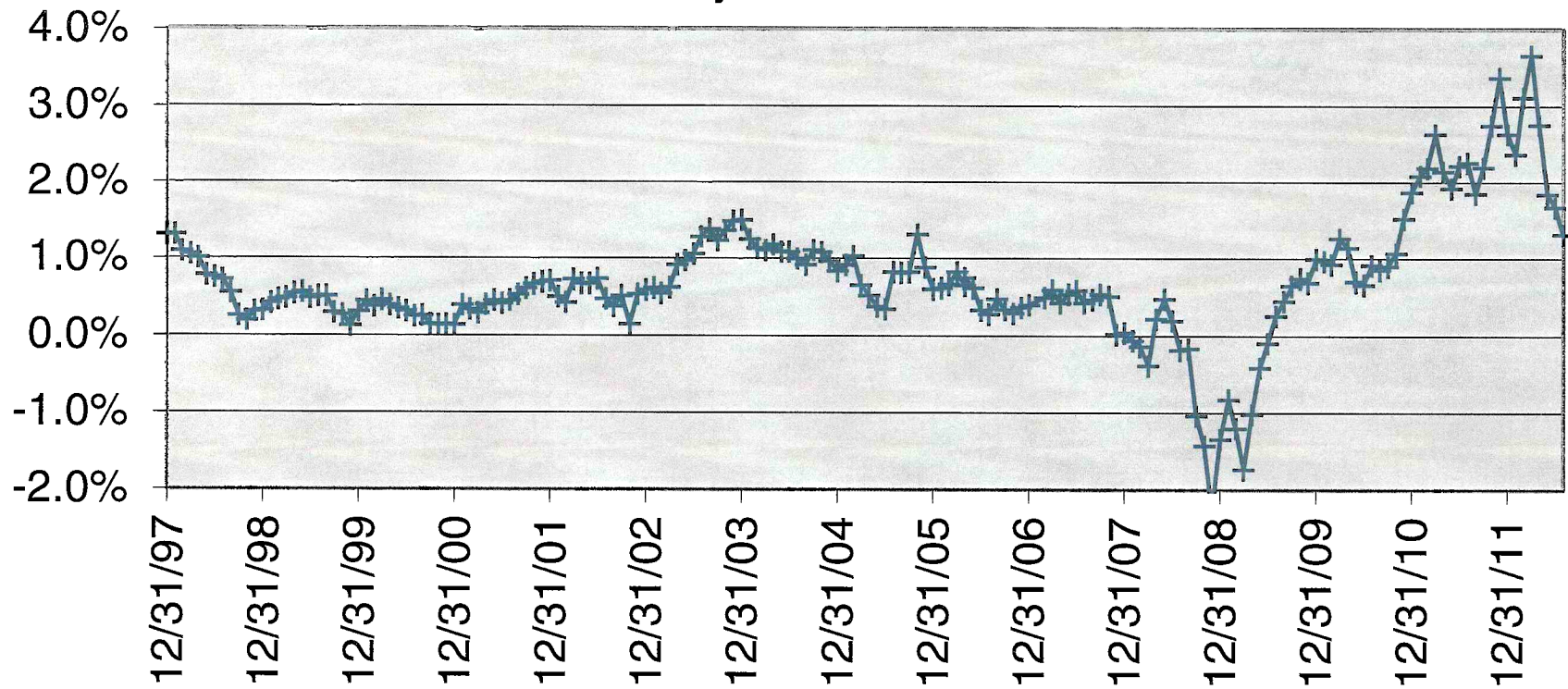
Delaware
Rolling 3-Years Annualized Alpha
Monthly Observations



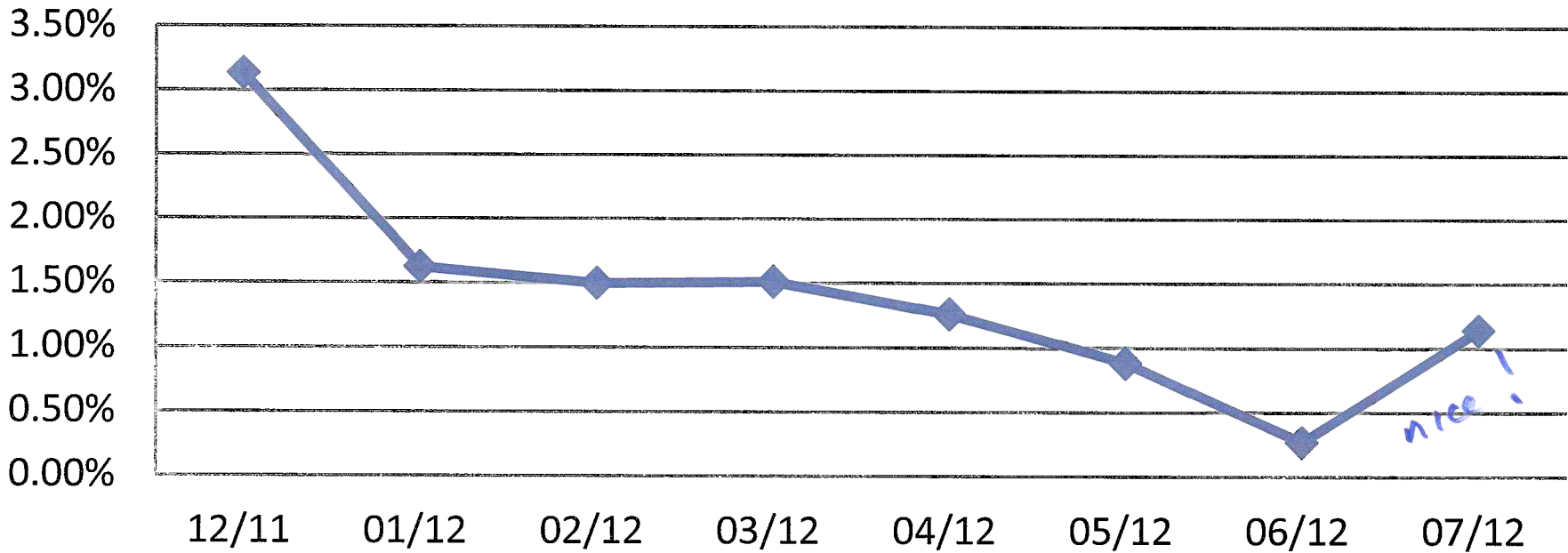
INVESCO
Rolling 3-Years Annualized Alpha
Monthly Observations



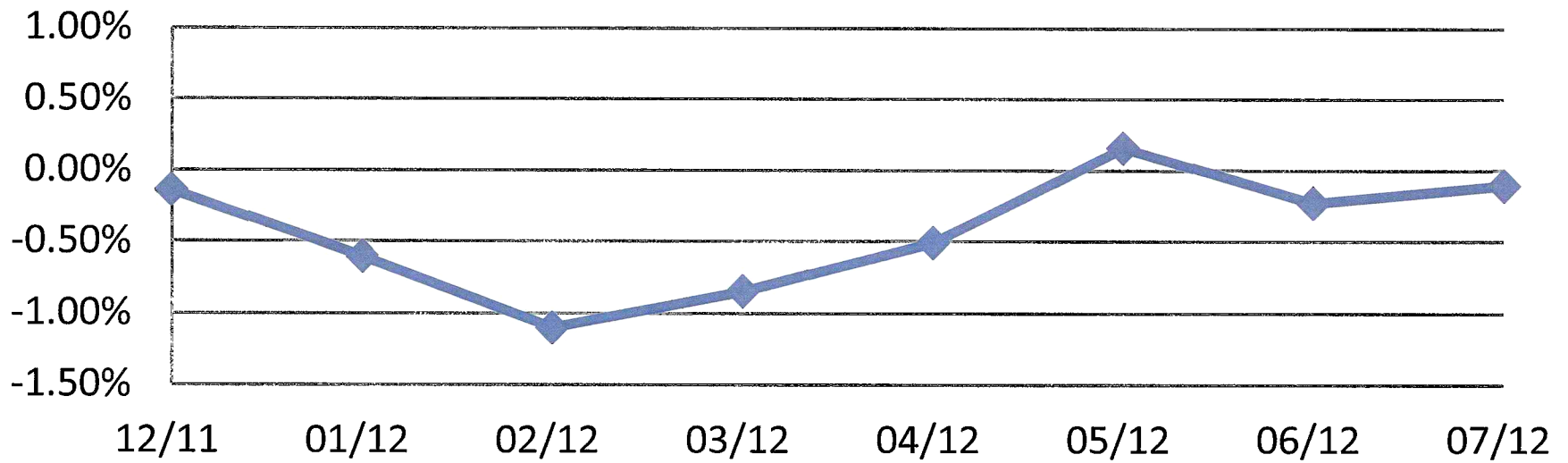
Dodge & Cox Fixed Income
Rolling 3-Year Alphas Annualized
Monthly Observations



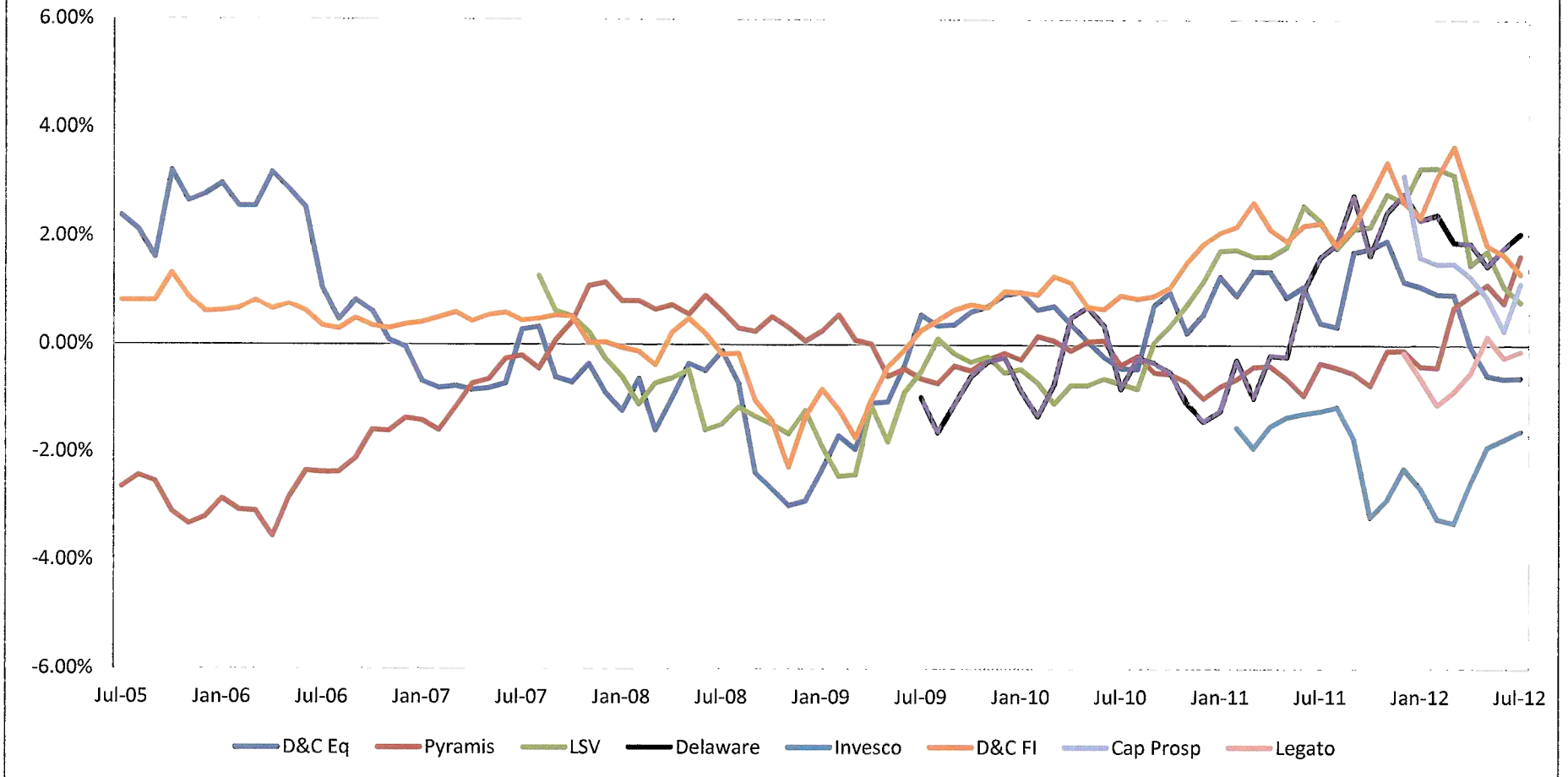
Capital Prospects
Rolling 3-Year
Alphas
Monthly Observations



Legato Rolling
3-Year Alphas
Annualized
Monthly Observations



Manager Excess Return Rolling 3-Yrs



19

08-28-12

Item #8d

STANCERA
Price Monitor Position Report

BlackRock
Passive Large Cap Growth Manager
Positions as of July 31, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	7/31/2012 \$ PX	8/20/2012 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	10,534	\$6,406,401	8.46%	0.46%	608.15	665.15	9.37%	5.98%
Microsoft Corp.	MSFT	84,054	\$2,461,088	3.25%	0.18%	29.28	30.74	4.99%	1.60%
INTL Business Machines	IBM	13,969	\$2,726,128	3.60%	0.19%	195.15	200.50	2.74%	-0.65%
Google Inc.	GOOG	2,931	\$1,855,282	2.45%	0.13%	632.97	675.54	6.73%	3.34%
Coca-Cola Co.	KO	40,112	\$1,620,532	2.14%	0.12%	40.40	39.47	-2.30%	-5.69%
Philip Morris Intl.	PM	16,894	\$1,544,806	2.04%	0.11%	91.44	93.17	1.89%	-1.50%
Verizon Communications	VZ	29,358	\$1,325,201	1.75%	0.09%	45.14	43.70	-3.19%	-6.58%
Oracle Corp	ORCL	43,129	\$1,302,483	1.72%	0.09%	30.20	32.04	6.09%	2.70%
Pepsico Inc.	PEP	16,659	\$1,211,612	1.60%	0.09%	72.73	73.33	0.82%	-2.57%
QUALCOMM INC	QCOM	19,160	\$1,143,459	1.51%	0.08%	59.68	62.80	5.23%	1.84%
TOP TEN HOLDINGS			\$21,596,992	28.52%	1.54%	Russell 1000 Growth:		3.39%	

Total Portfolio Value
Total StanCERA Value

\$75,725,777

\$1,398,669,517

STANCERA
Price Monitor Position Report

BlackRock
Passive Large Cap Value Manager
Positions as of July 31, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	7/31/2012 \$ PX	8/20/2012 \$ PX	Position % Change	Relative % Change
EXXON MOBIL CORP	XOM	59,236	\$5,111,491	5.67%	0.37%	86.29	87.95	1.92%	-1.20%
GENERAL ELECTRIC CO	GE	54,101	\$1,122,586	3.05%	0.08%	20.75	20.93	0.87%	-2.25%
CHEVRON CORP	CVX	10,363	\$1,126,567	3.05%	0.08%	108.71	112.52	3.50%	0.38%
AT&T INC	T	71,083	\$2,695,478	2.99%	0.19%	37.92	37.17	-1.98%	-5.10%
PFIZER INC	PFE	92,345	\$2,199,654	2.44%	0.16%	23.82	23.79	-0.13%	-3.25%
PROCTER & GAMBLE CO	PG	32,546	\$2,100,489	2.33%	0.15%	64.54	66.75	3.42%	0.30%
WELLS FARGO & CO	WFC	24,058	\$808,103	2.29%	0.06%	33.59	34.07	1.43%	-1.69%
BERKSHIRE HATHAWAY INC	BRK/B	9,478	\$804,122	2.10%	0.06%	84.84	85.87	1.21%	-1.91%
JOHNSON & JOHNSON	JNJ	12,019	\$831,988	1.98%	0.06%	69.22	67.80	-2.05%	-5.17%
JPMORGAN CHASE & CO	JPM	48,330	\$1,739,890	1.93%	0.12%	36.00	37.37	3.81%	0.69%
TOP TEN HOLDINGS			\$18,540,368	27.83%	1.34%	Russell 1000 Value		3.12%	

Total Portfolio Value
Total StanCERA Value

\$90,149,754

\$1,398,669,517

STANCERA

Price Monitor Position Report

Capital Prospects

Active US Small Cap Value Manager

Positions as of July 31, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000V	7/31/2012 \$ PX	8/20/2012 \$ PX	Position % Change	Relative % Change
Regal Beloit Corp	RBC	13,991	\$900,594	1.44%	0.06%	0.00%	64.37	69.88	8.56%	4.33%
The Brink's Co	BCO	32,640	\$757,253	1.21%	0.05%	0.00%	23.20	23.20	0.00%	-4.23%
Hanesbrands Inc	HBI	24,630	\$739,391	1.18%	0.05%	0.00%	30.02	32.15	7.10%	2.87%
Meredith	MDP	21,567	\$712,565	1.14%	0.05%	0.21%	33.04	33.43	1.18%	-3.05%
Littelfuse, Inc	LFUS	12,798	\$686,492	1.10%	0.05%	0.02%	53.64	54.85	2.26%	-1.97%
Polyone Corporation	POL	46,341	\$682,606	1.09%	0.05%	0.05%	14.73	16.19	9.91%	5.68%
Belden Inc	BDC	20,990	\$674,395	1.08%	0.05%	0.03%	32.13	35.50	10.49%	6.26%
NEWELL	NWL	35,614	\$628,579	1.00%	0.04%	0.00%	17.65	17.65	0.00%	-4.23%
Gulfport Energy Corp	GPOR	28,734	\$591,914	0.94%	0.04%	0.13%	20.60	25.38	23.20%	18.97%
First American F	FAF	32,026	\$586,711	0.94%	0.04%	0.31%	18.32	19.35	5.62%	1.39%
TOP TEN HOLDINGS			\$6,960,500	11.11%	0.50%	0.75%	Russell 2000 Value:		4.23%	

Total Portfolio Value
Total StanCERA Value

\$62,676,153

\$1,398,669,517

STANCERA

Price Monitor Position Report

Delaware Investments Advisers
 Active Large Cap Growth Portfolio
 Positions as of July 31, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	7/31/2012 \$ PX	8/20/2012 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	16,900	\$10,321,844	8.94%	0.74%	8.00%	610.76	665.15	8.91%	5.52%
Crown Castle International Corp.	CCI	101,200	\$6,262,256	5.43%	0.45%	0.00%	61.88	62.10	0.36%	-3.03%
Visa Inc.	V	46,900	\$6,053,383	5.25%	0.43%	1.00%	129.07	128.16	-0.71%	-4.10%
QUALCOMM Inc.	QCOM	97,100	\$5,794,928	5.02%	0.41%	1.00%	59.68	62.80	5.23%	1.84%
MasterCard Inc. CI A	MA	13,050	\$5,697,239	4.94%	0.41%	1.00%	436.57	427.20	-2.15%	-5.54%
EOG Resources Inc.	EOG	54,950	\$5,385,650	4.67%	0.39%	0.00%	98.01	109.57	11.79%	8.40%
priceline.com Inc.	PCLN	7,800	\$5,161,572	4.47%	0.37%	0.00%	661.74	586.61	-11.35%	-14.74%
Google Inc. CI A	GOOG	7,700	\$4,873,869	4.22%	0.35%	2.00%	632.97	675.54	6.73%	3.34%
Allergan Inc.	AGN	57,400	\$4,710,818	4.08%	0.34%	0.00%	82.07	85.65	4.36%	0.97%
Intuit Inc.	INTU	77,700	\$4,508,154	3.91%	0.32%	0.00%	58.02	59.35	2.29%	-1.10%
TOP TEN HOLDINGS			\$58,769,712	50.93%	4.20%	13.00%	Russell 1000 Growth:		3.39%	

Total Portfolio Value
 Total StanCERA Value

\$115,399,523
 \$1,398,669,517

STANCERA

Price Monitor Position Report

Dodge & Cox Equity

Active US Large Cap Value Manager

Positions as of July 31, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000V	7/31/2012 \$ PX	8/20/2012 \$ PX	Position % Change	Relative % Change
COMCAST CORP-CLASS A	CMCSA	177,763	\$5,786,185	4.23%	0.41%	0.65%	32.55	33.90	4.15%	1.03%
WELLS FARGO & CO	WFC	160,072	\$5,412,034	3.95%	0.39%	2.34%	33.81	34.07	0.77%	-2.35%
MERCK & CO. INC.	MRK	122,500	\$5,410,825	3.95%	0.39%	1.90%	44.17	43.75	-0.95%	-4.07%
CAPITAL ONE FINANCIAL CORP	COF	92,500	\$5,225,325	3.82%	0.37%	0.46%	56.49	56.49	0.00%	-3.12%
GENERAL ELECTRIC CO	GE	230,000	\$4,772,500	3.49%	0.34%	3.11%	20.75	20.93	0.87%	-2.25%
SANOFI-ADR	SNY	98,255	\$3,993,083	2.92%	0.29%	-	40.64	41.30	1.62%	-1.50%
TIME WARNER INC	TWX	100,032	\$3,913,251	2.86%	0.28%	0.53%	39.12	42.74	9.25%	6.13%
HEWLETT-PACKARD CO	HPQ	205,005	\$3,739,291	2.73%	0.27%	0.51%	18.24	20.09	10.14%	7.02%
PFIZER INC	PFE	153,100	\$3,680,524	2.69%	0.26%	2.55%	24.04	23.91	-0.54%	-3.66%
NOVARTIS AG-ADR	NVS	62,000	\$3,634,440	2.65%	0.26%	-	58.62	60.08	2.49%	-0.63%
TOP TEN HOLDINGS			\$45,567,458	33.28%	3.26%	12.05%	Russell 1000 Value:		3.12%	

Total Portfolio Value

\$136,941,441

Total StanCERA Value

\$1,398,669,517

STANCERA

Price Monitor Position Report

Legato Capital Management

Active US Small Cap Growth Manager

Positions as of July 31, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000G	7/31/2012 \$ PX	8/20/2012 \$ PX	Position % Change	Relative % Change
ULTIMATE SOFTWARE GROUP INC	ulti	9,223	825,181.81	1.43%	0.06%	0.43%	89.47	95.74	7.01%	3.26%
UNITED NATURAL FOODS INC	unfi	13,817	750,263.10	1.30%	0.05%	0.47%	54.30	55.86	2.87%	-0.88%
LKQ CORP	lkq	19,810	699,887.30	1.21%	0.05%	-	35.33	38.91	10.13%	6.38%
PORTFOLIO RECOVERY ASSOCIATES II	praa	7,677	650,088.36	1.13%	0.05%	0.26%	84.68	100.19	18.32%	14.57%
COSTAR GROUP INC	csgp	7,704	635,811.12	1.10%	0.05%	0.39%	82.53	83.39	1.04%	-2.71%
FRESH MKT INC	tfm	10,715	631,006.35	1.09%	0.05%	-	58.89	59.46	0.97%	-2.78%
ROLLINS INC COM	rol	26,442	623,502.36	1.08%	0.04%	-	23.58	23.79	0.89%	-2.86%
ATHENAHEALTH INC	athn	6,537	598,135.50	1.04%	0.04%	0.59%	91.50	88.23	-3.57%	-7.32%
GEO GROUP INC	geo	25,825	597,074.00	1.03%	0.04%	-	23.12	25.76	11.42%	7.67%
CEPHEID INC	cphd	18,026	577,553.04	1.00%	0.04%	0.38%	32.04	36.12	12.73%	8.98%
TOP TEN HOLDINGS			\$ 6,588,502.94	11.42%	0.47%	2.52%	Russell 2000 Growth:		3.75%	

Total Portfolio Value

\$ 57,700,489

Total StanCERA Value

\$1,398,669,517

STANCERA
Price Monitor Position Report

BNY - S&P 500 Index
Passive S&P 500 Index Fund
Positions as of July 31, 2012

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	7/31/2012 \$ PX	8/20/2012 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	5,655	\$3,439,257	4.65%	0.25%	608.15	665.15	9.37%	6.12%
Exxon Mobil Corp	XOM	27,771	\$2,396,386	3.24%	0.17%	86.29	87.95	1.92%	-1.33%
INTL Business Machines	IBM	6,860	\$1,338,722	1.81%	0.10%	195.15	200.50	2.74%	-0.51%
Microsoft Corp.	MSFT	45,469	\$1,331,325	1.80%	0.10%	29.28	30.74	4.99%	1.74%
General Electric Co	GE	62,378	\$1,294,344	1.75%	0.09%	20.75	20.93	0.87%	-2.38%
Chevron Corp	CVX	11,838	\$1,286,948	1.74%	0.09%	108.71	112.52	3.50%	0.25%
AT&T	T	33,353	\$1,264,759	1.71%	0.09%	37.92	37.17	-1.98%	-5.23%
Johnson & Johnson	JNJ	15,600	\$1,079,853	1.46%	0.08%	69.22	67.80	-2.05%	-5.30%
Procter & Gamble Co	PG	16,388	\$1,057,664	1.43%	0.08%	64.54	66.75	3.42%	0.17%
Wells Fargo	WFC	31,267	\$1,050,268	1.42%	0.08%	33.59	34.07	1.43%	-1.82%
TOP TEN HOLDINGS			\$15,539,526	21.01%	1.11%	S&P 500 Index:		3.25%	

Total Portfolio Value
Total StanCERA Value

\$73,962,524

\$1,398,669,517

STANCERA
Price Monitor Position Report

LSV Asset Management
International Large Cap Value
Positions as of July 31, 2012

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	7/31/2012 PX	8/20/2012 PX	Position % Change	Relative % Change
ROYAL DUTCH SHELL PLC	RDSA	London	49,586	\$3,341,105	2.93%	0.24%	1.55%	67.38	70.74	4.99%	1.13%
SANOFI S.A.	SNY	Paris	62,010	\$2,520,083	2.21%	0.18%	0.70%	40.64	41.30	1.62%	-2.24%
COMPANIA SANEAMENTO BASICO EST	SBS	Brazil	23,644	\$1,995,541	1.75%	0.14%	0.03%	84.40	90.70	7.46%	3.60%
ASTRAZENECA PLC	AZN	London	43,199	\$1,984,137	1.74%	0.14%	0.42%	45.93	47.09	2.53%	-1.33%
NOVARTIS AG	NVS	Switzerland	32,680	\$1,915,719	1.68%	0.14%	0.96%	58.62	60.08	2.49%	-1.37%
VODAFONE GROUP PUBLIC LIMITED CO	VOD	London	57,511	\$1,653,448	1.45%	0.12%	1.01%	28.75	29.44	2.40%	-1.46%
CHINA PETROLEUM & CHEMICAL CORP	SNP	Hong Kong	17,871	\$1,607,836	1.41%	0.11%	0.11%	89.97	96.77	7.56%	3.70%
ENI - ENTE NAZIONALE IDROCARBURI	ENI	Italy	95,083	\$1,573,626	1.38%	0.11%	0.35%	16.55	17.07	3.14%	-0.72%
OLD MUTUAL PLC	OML.L	London	9,400	\$1,482,402	1.30%	0.11%	0.09%	157.70	171.20	8.56%	4.70%
BT GROUP PLC	BT	London	44,664	\$1,482,402	1.30%	0.11%	0.19%	33.19	34.31	3.37%	-0.49%
TOP TEN HOLDINGS				\$19,556,297	17.15%	1.40%	5.41%	MSCI ACWI ex-U.S.		3.86%	

Total Portfolio Value
Total StanCERA Value

\$114,030,889
\$1,398,669,517

STANCERA

Price Monitor Position Report

Pyramis Global Advisors

Active Non-US Growth Manager

Positions as of July 31, 2012

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	7/31/2012 \$ PX	8/20/2012 \$ PX	Position % Change	Relative % Change
ROYAL DUTCH SHELL PLC CL A(NL)	B09CBL4	Amsterdam	56835	\$1,939,565	1.69%	0.14%	1.53%	67.38	70.74	4.99%	1.13%
NESTLE SA (REG)	7123870	Switzerland	30756	\$1,893,380	1.56%	0.14%	1.42%	60.05	60.10	0.08%	-3.78%
VODAFONE GROUP PLC	B16GWD5	London	544581	\$1,558,034	1.30%	0.11%	0.99%	182.60	186.75	2.27%	-1.59%
SANOFI	5671735	London	18625	\$1,524,664	1.27%	0.11%	0.69%	40.64	41.30	1.62%	-2.24%
BP PLC	798059	Paris	225629	\$1,502,618	1.20%	0.11%	0.88%	39.45	42.69	8.21%	4.35%
SAMSUNG ELECTRONICS CO LTD	6771720	So. Korea	1277	\$1,478,537	1.15%	0.11%	0.89%	1309.00	1283.00	-1.99%	-5.85%
BRITISH AMER TOBACCO PLC (UK)	287580	London	24600	\$1,309,508	1.06%	0.09%	0.73%	104.71	104.57	-0.13%	-3.99%
ROCHE HLDGS GENUSSSCHEINE	7110388	Switzerland	7223	\$1,283,250	1.06%	0.09%	0.87%	179.20	180.50	0.73%	-3.13%
BAYER AG	5069211	Paris	14192	\$1,082,073	0.87%	0.08%	0.44%	61.42	63.48	3.35%	-0.51%
SAP AG	4846288	Canada	16296	\$1,040,796	0.86%	0.07%	0.41%	63.36	64.84	2.34%	-1.52%
TOP TEN HOLDINGS				\$14,612,425	11.73%	1.04%	8.85%	MSCI ACWI ex-US:		3.86%	

Total Portfolio Value

\$121,306,974

Total StanCERA Value

\$1,398,669,517



For the Retirement Board meeting
Held on August 28, 2012

08-28-12
Item #9a

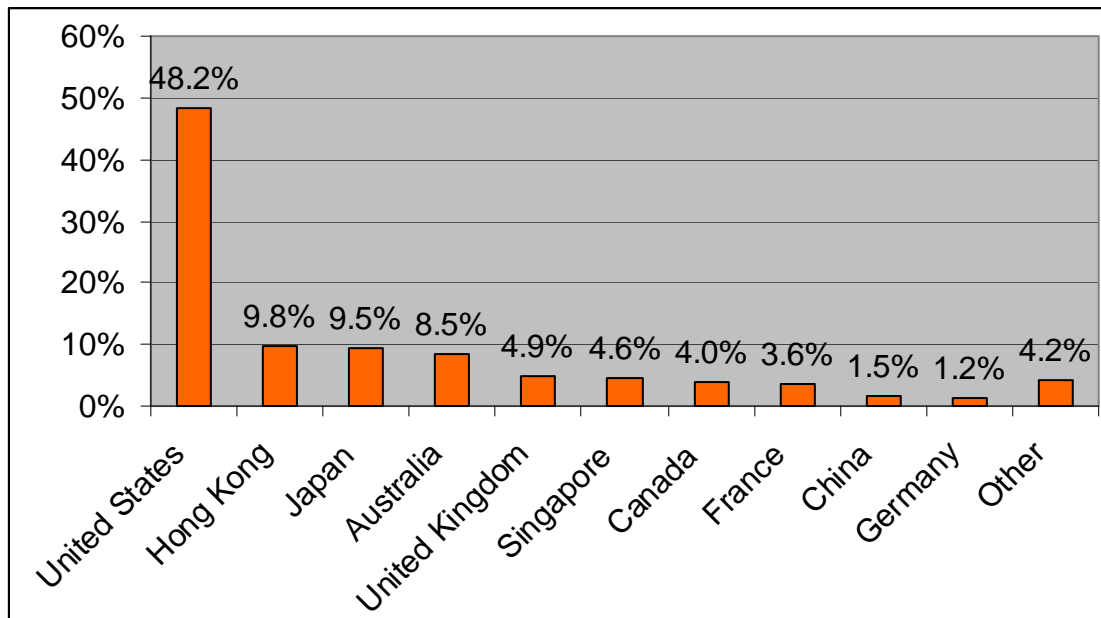
TO: Retirement Board

FROM: Rick Santos, Executive Director

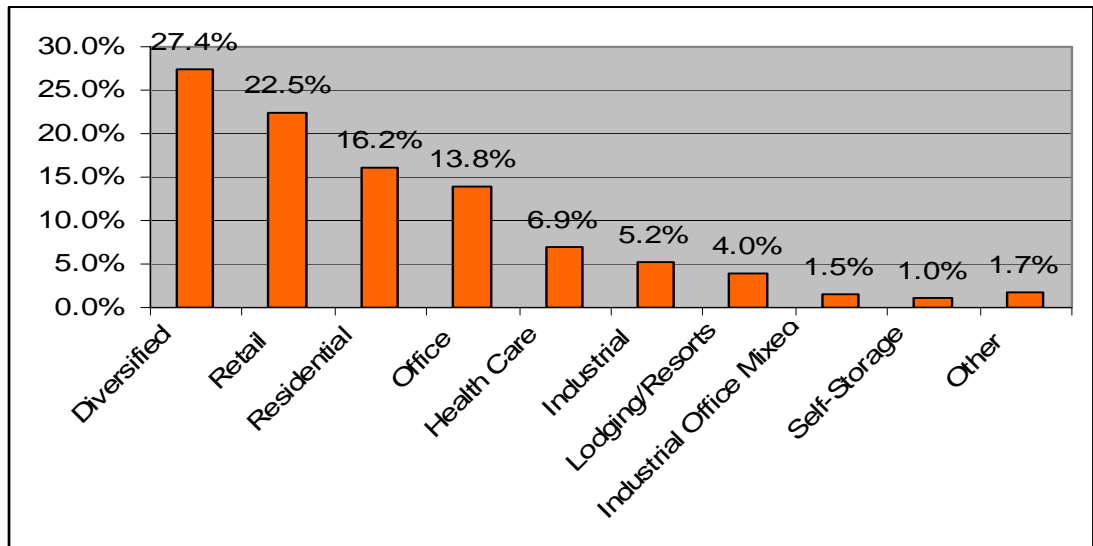
- I. SUBJECT: Discussion and action on the disposition of the Invesco Equity Global Real Estate Securities Trust
- II. RECOMMENDATION: No recommendation at this time, however should the Board decide to liquidate the trust, staff would need direction on where to invest the funds near-term.
- III. ANALYSIS: This item is being brought before the Board after a formal request by Trustee Ford on August 8, 2012. The Invesco Equity Global Real Estate Securities Trust seeks total return through growth of capital and income by investing in real estate securities around the world. The trust gains its exposure by investing in equity securities that have direct exposure to the global real estate market.

Country and Sector Allocations

The following graph shows how the trust is allocated by Country:

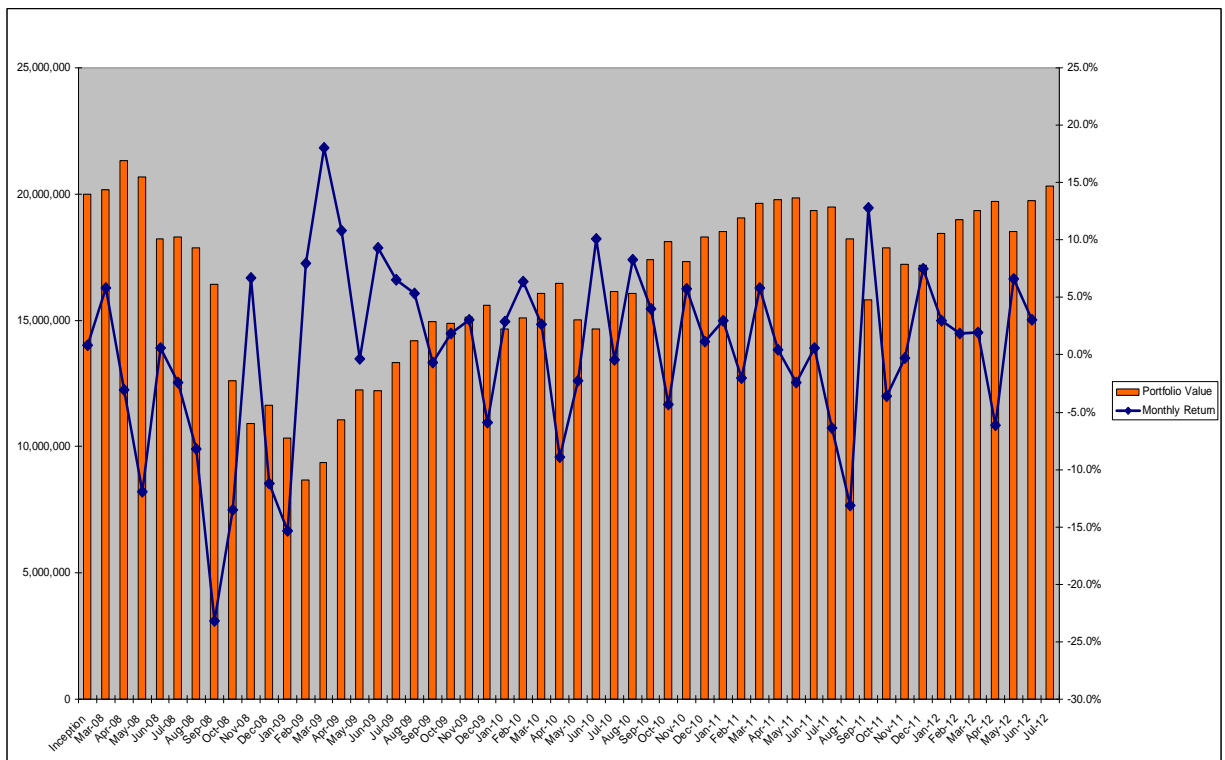


The trust is also diversified across a broad sector base. The following graph shows its allocation by sector:



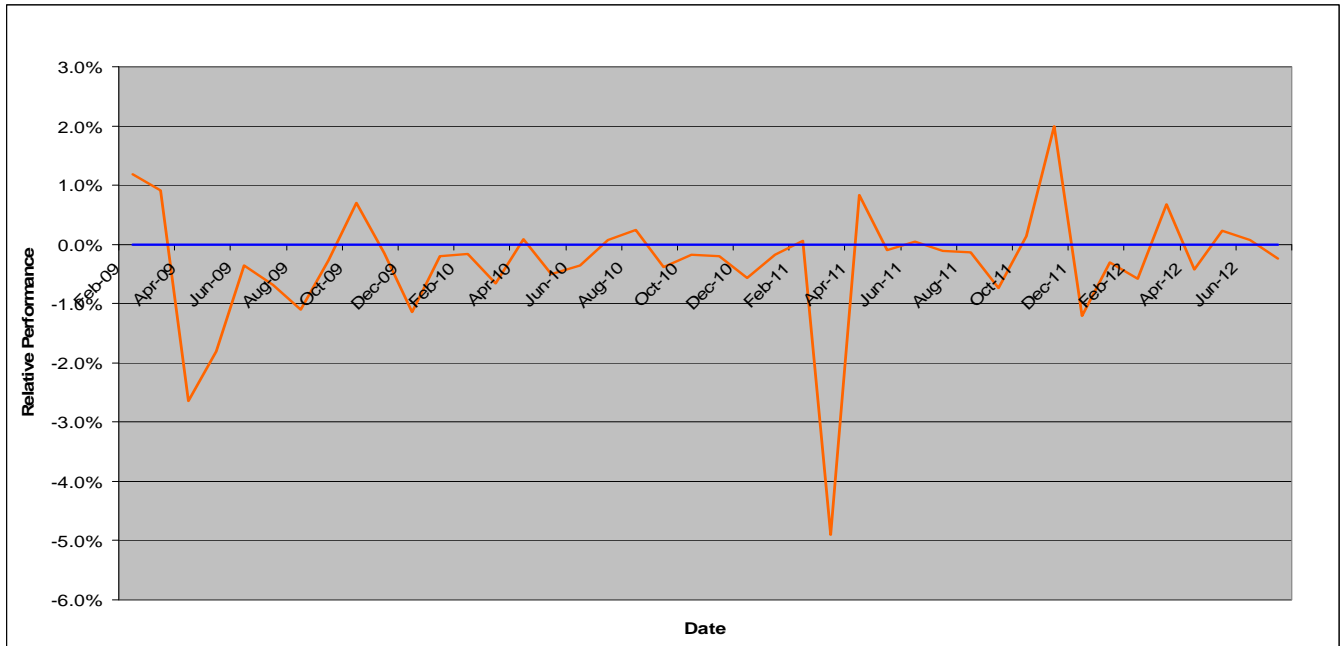
Absolute Performance

The trust was originally funded at \$20,000,000 in March of 2008 and quickly reached a low in February 2009 of around \$8.7 million. As of July 31, 2012, the trust stood at \$20,331,038. This represents a 1.7% return since inception or 0.37% annually. However, since the trust's low, the trust has been one of StanCERA's best performers, returning 135% or 27.6% gross/26.9% net annually. The following graph shows monthly return history and portfolio value since inception:

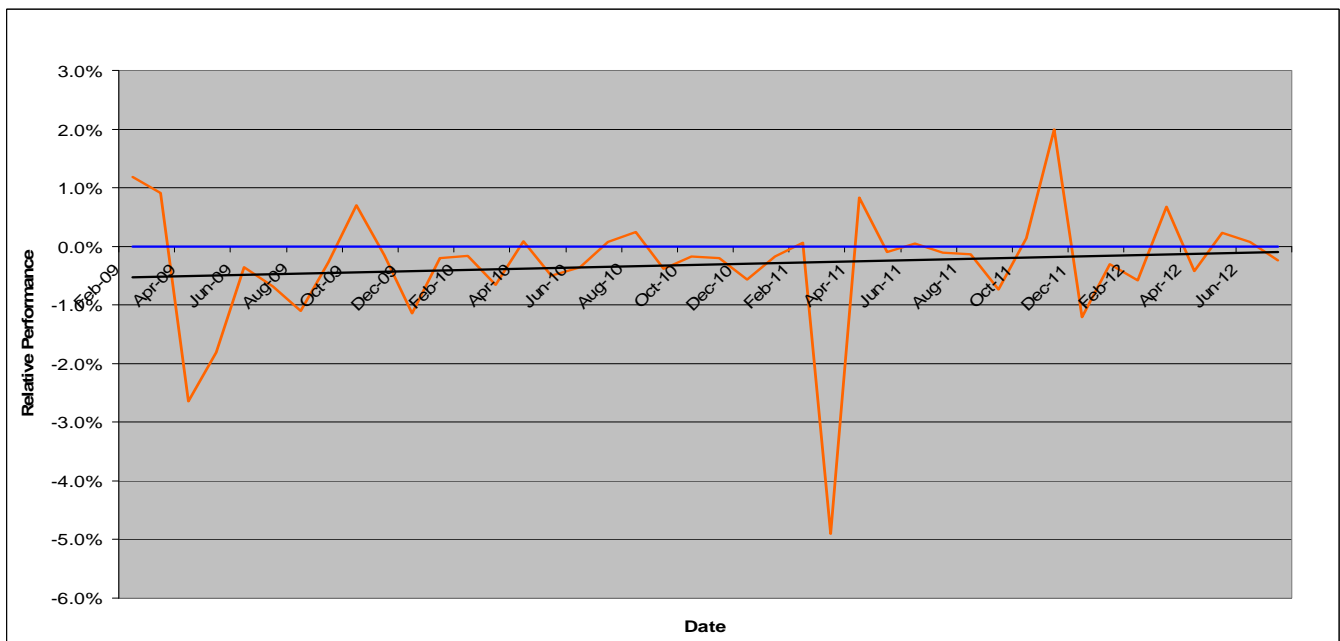


Benchmark Relative Performance

On a benchmark relative basis, the trust has underperformed compared to its benchmark, the FTSE EPRA/NAREIT Developed Index. The next graph shows monthly under/over performance (in orange). Any point above the blue line, represents performance greater than the benchmark (positive alpha).

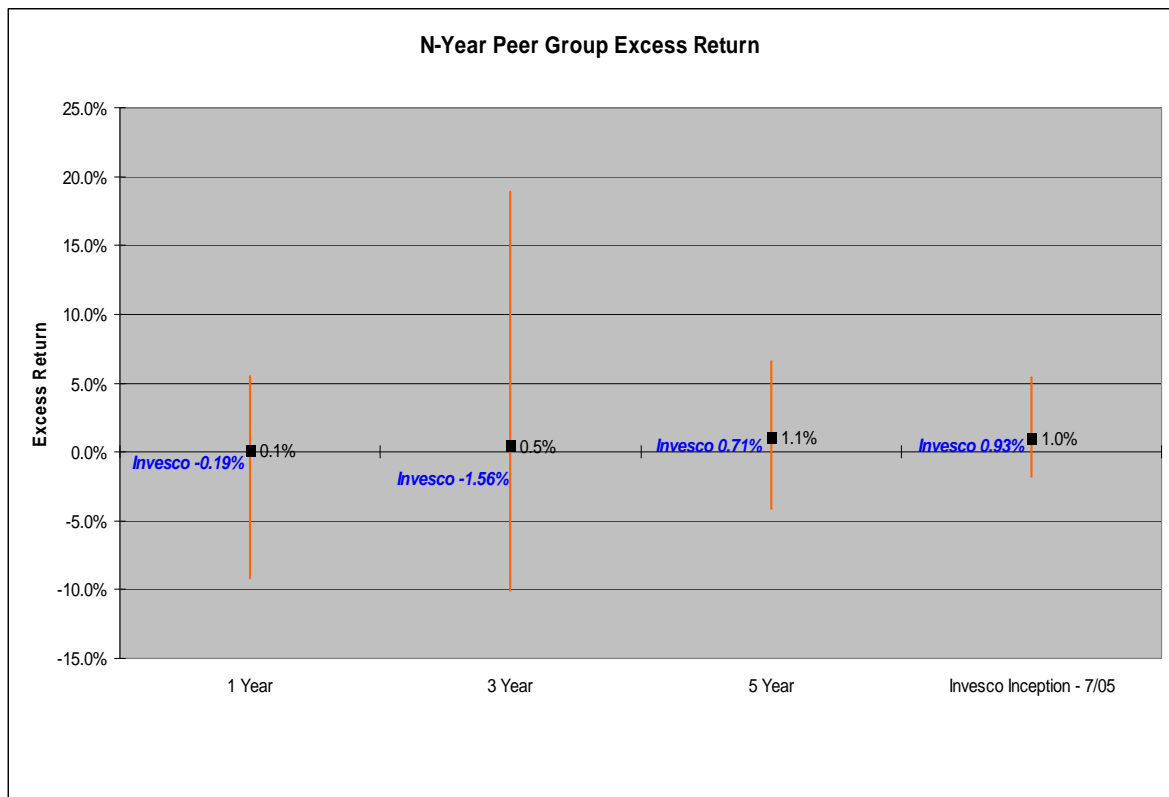


Since inception, the trust has been StanCERA's worst relative performer by an average of 35 basis points per month. However, the trust's relative performance has been trending upwards since its low in February 2009. The following graph shows the trend (in black) in relative monthly performance since the low:



Peer Group Relative Performance

Relative to their peers, the trust has consistently underperformed during each of the past 1, 3 and 5 year periods and since the trust was created. The graph below displays the range of the excess returns (alpha) for each of the periods mentioned above for the peer universe of managers that employ the same strategy as the Invesco trust. The graph also shows the median peer excess return in black and Invesco's excess return in blue. In each instance, the trust has performed below the median manager excess return.



Management Fees

On average, the trust is charging around 69 basis points annually (0.690%). This represents about \$119,000 annually. Since inception, StanCERA has paid Invesco approximately \$478,000 in management fees. This compares to other active StanCERA managers for fiscal year 2011-2012 in the following way:

<u>Active Manager</u>	<u>Average Annual Fee</u>
LSV International Large Cap Value	0.595%
Pyramis International Growth	0.514%
Delaware U.S. Large Cap Growth	0.503%
Dodge & Cox U.S. Large Cap Value	0.204%
Capital Prospects U.S. Small Cap Value	0.774%
Legato U.S. Small Cap Growth	0.914%
Dodge & Cox Fixed Income	0.108%
PIMCO Fixed Income	0.337%

The comparison between Invesco and our other active managers must be considered alongside its particular strategy. Currently, the Invesco trust is StanCERA's only allocation to the real estate asset class.

Market Timing Issue

Please refer to Attachment #1 for articles related to a market timing issue Invesco was involved in back in 2003.

Exiting the Trust

There are no issues/fees involved in exiting the trust, since the investment is in liquid, highly marketable securities. It appears that funds can be liquidated and transferred within 3 business days of the submission of the request to withdraw. Should the Board decide to liquidate the trust, staff would need direction on where to invest the funds near-term.

- IV. RISK: None
- V. STRATEGIC PLAN: 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



ILLINOIS STATE BOARD OF INVESTMENT

180 North LaSalle Street, Suite 2015

Chicago, Illinois 60601

(312) 793-5718

March 15, 2012

Mr. Mark Armour
Senior Managing Director and Head of
World Wide Institutional Invesco
1166 Avenue of the Americas, 27th Floor
New York, NY 10036

Re: Relationship between the Illinois State Board of Investment (ISBI) and Invesco

Dear Mr. Armour:

In 1999 ISBI allocated \$35,000,000 to Invesco US Venture Partnership II. Since that time the fund has generated an IRR of -3.86%, and the current value of ISBI's position is \$6,432,118. The investment management fee paid by ISBI to INVESCO for CY2010 was \$339,500. Although to the best of my current knowledge that fee was calculated in a manner consistent with the partnership agreement, such a fee level is unacceptable and unsustainable. I am writing to request that Invesco waive all current and future management fees related to this fund.

Besides the above referenced \$6,432,118 allocated to Invesco US Venture Partnership II, Invesco also manages another approximately \$950,000,000 on ISBI's behalf. Failure to resolve the issue described above will imperil the totality of Invesco's relationship with ISBI.

Please advise me of Invesco's waiver of the above referenced fees at your earliest convenience. The Board has its regularly scheduled meeting on Friday, March 23. If the issue is not resolved by that date, the Board will expect you to appear at that meeting and explain Invesco's position on these matters.

Sincerely,

ILLINOIS STATE BOARD OF INVESTMENT


William R. Atwood
Executive Director

WRA/ps

Invesco

1166 Avenue of the Americas
New York, NY 10036
Telephone 212 [REDACTED]
Facsimile 212 [REDACTED]
Email: mark.armour@invesco.com

www.invesco.com

G. Mark Armour
Senior Managing Director and
Head of Worldwide Institutional

March 30, 2012

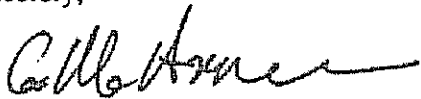
William R. Atwood
Executive Director
Illinois State Board of Investment
180 North LaSalle Street, Suite 2015
Chicago, Illinois 60601

Dear Mr. Atwood,

This letter serves as notice to you that as of December 31, 2011, your Management Fee (as defined in your Subscription Agreement) related to your investment in INVESCO Venture Partnership Fund II, L.P. (the "Fund") has been reduced from 97 basis points to 50 basis points of the value of your Capital Account (as such term is defined in the limited partnership agreement of the Fund). Such fees shall be due and payable quarterly in arrears.

Should you have any questions on this reduction please feel free to call Marquette Chester at 212 [REDACTED].

Sincerely,



G. Mark Armour

cc: Marquette Chester – Invesco



September 10, 2010 02:30 PM Eastern Daylight Time

Invesco Provides Statement on Demand Letters and Complaints for Certain Invesco Van Kampen Closed-End Funds

HOUSTON--(BUSINESS WIRE)--Invesco Advisers, Inc. announced that each of the Invesco Van Kampen closed-end funds listed below has received a demand letter from a law firm on behalf of such fund's common shareholders, and that each of the funds has had or may have a complaint filed against it related to the allegations in the demand letter.

The demand letters and the complaints received allege breaches of fiduciary duties owed to the fund's common shareholders related to the fund's redemption of auction rate preferred shares (ARPS). The demand letters and complaints are similar to other demand letters and complaints recently filed against investment advisers, officers and trustees of closed-end funds in other fund complexes.

The Boards of Trustees of the funds are evaluating the demand letters and the complaints and have established a special committee of independent trustees to conduct an inquiry regarding the allegations. At this time, the funds have agreed not to redeem any ARPS without first giving plaintiffs at least 30 days' notice prior to the proposed redemption date.

The Funds are as follows:

- Invesco Van Kampen Advantage Municipal Income Trust II (VKI)
- Invesco Van Kampen High Income Trust II (VLT)
- Invesco Van Kampen Municipal Opportunity Trust (VMO)
- Invesco Van Kampen Municipal Trust (VKQ)
- Invesco Van Kampen Senior Income Trust (VVR)
- Invesco Van Kampen Trust for Investment Grade Municipals (VGM)

Investing involves risk and it is possible to lose money on any investment in the funds.

About Invesco

Invesco is a leading independent global investment manager, dedicated to helping investors worldwide achieve their financial objectives. By delivering the combined power of our distinctive investment management capabilities, Invesco provides a wide range of investment strategies and vehicles to our retail, institutional and

high net worth clients around the world. Operating in 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ. Additional information is available at www.invesco.com.

Invesco Advisers, Inc. is an investment adviser; it provides investment advisory services to individual and institutional clients and does not sell securities. Invesco Distributors, Inc. is the U.S. distributor for Invesco Ltd.'s retail mutual funds, exchange-traded funds and institutional money market funds and the subdistributor for its STIC Global Funds. Both are wholly owned, indirect subsidiaries of Invesco Ltd.

—Invesco—

Contacts

Invesco
David Bachert, 713-214-1465
david.bachert@invesco.com



February 11, 2009 8:22 PM

Invesco Hit With Fraud Charges

Regulators charged **Invesco Funds Group Inc.** and its chief executive with civil fraud on Tuesday in the rapidly expanding mutual fund trading scandal.

In separate filings, New York State Attorney General Eliot Spitzer and the Securities and Exchange Commission accused Raymond Cunningham and his Denver-based company of defrauding shareholders by allowing certain big clients to engage in market timing — frequent, short-term trading that skimmed profits from long-term shareholders.

According to the complaints, Cunningham and other executives set up a system to attract big-money market timers in 2001. The system flourished, despite complaints from portfolio managers and other employees that shareholders were being harmed.

Authorities estimated that market timing of Invesco funds totaled approximately \$900 million in assets at the company in 2003.

"IFG and its CEO willingly sacrificed the interests of mutual fund shareholders when market timers dangled the prospect of higher management fees in front of them," said Stephen M. Cutler, director of the SEC's enforcement division. "By granting special trading privileges to selected customers, they readily violated the fiduciary duty they owed to all shareholders and rendered meaningless the funds' prospectus disclosures on market timing."

Invesco Funds denied any wrongdoing Tuesday and said it would "vigorously" contest any charges against the company or its employees.

Regulators are seeking the return of profits made from the market timing as well as civil penalties.

The investigation of the mutual fund industry has already resulted in complaints against other well-known fund companies, including Putnam Investments and the Pilgrim Baxter fund family. Others, including Strong Financial Corp. and Alliance Capital Management, have acknowledged that market timing occurred but have not been charged.

Market timing is not illegal, but is strictly limited by most fund companies because it can skim profits from longer-term shareholders and increase transaction fees. Authorities contend that funds that prohibited or restricted such trades but then made selective exceptions for big clients, such as hedge funds, committed fraud.

The prospectuses for Invesco funds officially limited trades to four a year, but authorities allege exceptions were made for big clients, including Canary Capital LLC, the hedge fund operator who agreed to pay \$40 million earlier this year to settle a complaint brought by Spitzer's office alleging improper fund trading.

"Invesco and its officers committed fraud and violated their fiduciary duties both by allowing Invesco funds to be timed and by concealing their timing arrangements from the investment public," the New York state complaint alleged. "The damages from this fraud are the fees that Invesco collected from the unwitting long-term investors in the funds Invesco turned

over to timers — approximately \$160.8 million, plus the dilution and other costs that the timing activity visited on these customers."

The filings allege that between June 2001 and June 2003, Canary made roughly \$50 million — or a 110 percent return — market timing the Invesco Dynamics fund, while long-term shareholders lost 34 percent.

The Invesco Dynamics fund was marketed to children and families, according to the complaint.

Invesco is owned by London-based Amvescap PLC, which also operates the AIM and Atlantic Trust brands. Amvescap had \$345.2 billion in funds under management as of Sept. 30.

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The New York Times

Business Day

Funds Scandal Hits Invesco And Founder Of Strong

By RIVA D. ATLAS and DAVID BARBOZA
Published: December 03, 2003

Richard S. Strong gave up control yesterday of the mutual fund company he founded, and regulators filed suits accusing the Invesco Funds Group and its chief executive of securities fraud in the rapidly expanding investigation of improper trading.

Mr. Strong is under tremendous pressure from the New York attorney general, Eliot Spitzer, who has said that he intends to file suit against Mr. Strong for trading in and out of funds for his own profit. Mr. Strong, 61, resigned yesterday as chairman and chief executive of Strong Financial, the fund management company, having stepped down last month as chairman of the board at Strong Mutual Funds.

Someone briefed on Mr. Strong's plans said that he planned to try to sell the company, of which he owns over 80 percent. A spokeswoman for Mr. Spitzer said the actions "would have no impact on our ongoing investigation."

Invesco, with \$18 billion in assets, joins a growing group of investment firms, brokers and intermediaries sued by regulators since allegations of improper trading erupted in September with a single hedge fund. Since then, numerous companies have dismissed employees, begun internal inquiries and responded to subpoenas. Mr. Spitzer, who brought the case against Invesco yesterday in tandem with the Securities and Exchange Commission, said he expected to file more cases before the end of the year.

Like Putnam and Pilgrim Baxter before it, Invesco has much at stake as it tries to resolve regulators' complaints. The company, which is based in Denver and is a division of Amvescap of London, said yesterday that it would vigorously contest the allegations, but a prolonged dispute could spur investor withdrawals.

Since regulators filed suit against Putnam in late October, its chief executive has been replaced, and its assets have shrunk by \$32 billion, or nearly 12 percent, as investors withdrew their money. The founders of the PBHG funds, Gary Pilgrim and Harold Baxter, have also been forced out. Strong Financial, which is based in Menomonee Falls, Wis., manages more than \$40 billion in mutual fund and institutional assets, including pension funds, and said more than \$500 million flowed out of the company in October.

Mr. Strong is among the nation's richest people, with virtually all of his wealth tied up in the fund company. He is said to be worth \$800 million, and according to regulators, he earned \$600,000 from the improper trading.

Invesco executives are not accused of any improper trading themselves, but they are said to have permitted it by many others. The complaints say management went to great lengths to lure dozens of market timers, an industry term for those who trade rapidly for short-term gain. As much as \$900 million of Invesco's \$18 billion in assets were controlled by market timers as of the middle of last year, according to the attorney general.

Though the practice is not illegal, regulators have said that it dilutes the returns of long-term investors and often violates the policies of many funds and their management companies, constituting fraud.

The attorney general is seeking the return of more than \$160 million in management fees earned by Invesco executives on funds traded by timers. The commission also wants Ray Cunningham, the chief executive, to disgorge his salary, bonus and other compensation during the period of illegal activity.

Extensive market timing was permitted at Invesco from 2001 until July 2003, when Mr. Spitzer sent a subpoena to the company, the attorney general said in his complaint. The trading occurred in at least 10 Invesco funds, the commission said.

Mr. Spitzer said in an interview that the Invesco suit was the first to focus on fund executives who permitted market timing. Some companies may have permitted timing, but the policy should have been uniform for all investors, big and small, he said. "If you are making exceptions it is an illegal activity," he said.

The prospectuses for Invesco funds state that the company will permit only four exchanges in and out of the funds over a 12-month period, although the company says it may "modify or terminate the exchange policy if it is in the best interest of the fund and its shareholders."

The S.E.C. and Mr. Spitzer said in their complaints yesterday that Invesco executives were repeatedly told that active trading by timers was hurting the performance of some funds, yet they continued to allow the activity without informing independent directors.

The company's chief compliance officer said in a January memorandum to Mr. Cunningham that funds heavily traded by market timers appear to have underperformed similar funds by as much as one percentage point. Amvescap said yesterday that the prospectus was written to give the company latitude over trading in its funds. Regulators' suits, Amvescap said, describe what was "always intended to be a flexible guideline, as if it were an inflexible policy."

The company also said that "no clear regulations or directions have been provided that bear specifically on which market timing activities should be permissible" and that it looked forward to new rules clarifying the point from the S.E.C. The company also said that the allegations "will be vigorously contested."

Randall Fons, regional director of the commission in Denver, said yesterday that "the standards we are holding them to are nothing new."

"This is a standard case of violation of fiduciary duty and fraud," he added.

A spokesman for AIM Distributors, which distributes Invesco funds, said that Mr. Cunningham would have no comment on the suits.

The Strong funds were cited in the attorney general's initial mutual fund case involving the activities of a single hedge fund run by Edward J. Stern. As the inquiry continued, Mr. Strong promised to reimburse the Strong funds for any losses that resulted from his trades along with stepping out of the fund oversight role as a director. David S. Ruder, a former chairman of the S.E.C., was brought in to help overhaul the company's policies and corporate governance structure.

"After weeks of intense reflection, I have come to realize that the best way for Strong Financial to pursue its promising future is for me to step down," Mr. Strong said in a statement yesterday. He surrendered day-to-day control of the company to Kenneth J. Wessels, a former Dain Rauscher executive, who becomes chairman and chief executive.

Mr. Strong plans to turn over voting control of his management company, the statement said. If the company cannot be sold at an acceptable price, Mr. Strong could take other steps to divest his stake, possibly putting his interest in a trust, according to the person briefed on his plans.

Paul Herbert, a mutual fund analyst at Morningstar, the funds tracking company, said that fund companies or asset management firms have been valued at about 2 percent of assets in recent deals. He said that Strong might be valued at 1.5 to 3 percent of assets, putting its value at \$630 million to \$1.3 billion. "There are a lot of things that could affect how much it would go for," he said.

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Investigating Invesco

Sightings from [The Catbird Seat](#)

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September 8, 2004

Invesco, AIM Settle Trading-Abuse Cases

By KATE KELLY and IAN MCDONALD
Staff Reporters of THE WALL STREET JOURNAL

Sister mutual-fund companies Invesco Funds Group Inc. and AIM Investments reached a tentative **\$450 million** settlement with federal and state regulators of allegations that they allowed favored investors to trade rapidly in their funds at the expense of long-term shareholders.

The firms, both units of **Amvescap PLC** of London, agreed to pay a combined **\$375 million** in penalties and restitution to settle with the Securities and Exchange Commission and New York Attorney General **Eliot Spitzer**. They also agreed to reduce mutual-fund fees charged to investors by \$75 million over the next five years. In a separate pact with **Colorado** regulators, Invesco will pay an additional \$1.5 million to cover attorneys fees and investor education. Neither firm admitted nor denied the civil fraud charges.

Former Invesco Chief Executive **Raymond Cunningham** is also close to settling civil-fraud charges filed by the SEC and regulators in New York, people familiar with the situation said.

The Amvescap deal is one of the largest settlements in the fund-trading scandal that has swept through the **\$7.5 trillion** mutual-fund industry over the past year. The pact brings the settlement total to more than **\$2.8 billion**, including \$1.9 billion in fines and restitution. Only **Bank of America Corp.** agreed to pay more in fines and restitution, though **Alliance Capital Management Holding LP** agreed to a larger settlement if fee cuts are included.

The pact also marks the first time regulators have linked AIM Investments to

allegations of improper trading. The Houston firm wasn't charged late last year, when regulators sued Denver-based Invesco and its former chief executive. But regulators have since discovered that AIM had at least 10 arrangements with select investors that allowed them to trade rapidly, or market time, AIM funds, according to a person familiar with the situation. This same person adds that it appears that AIM struck timing arrangements on its own, rather than being infected by Invesco's efforts to woo timers. Invesco and AIM, which merged to form Amvescap in 1997, merged their operations last year.

"The magnitude of the abuse here was staggering," Mr. Spitzer said in an interview. "The euphemism of 'special situations' that was used by the companies to mask what are agreements to violate fiduciary duty once again demonstrates how **commonplace** and **routine** these violations had become."

Mr. Spitzer's office alleges that a group of top Invesco executives, including Mr. Cunningham, approved and maintained agreements they called "special situations" to boost the firm's assets under management by allowing select investors to market time their funds. In the two years ended in June 2003, Invesco allowed New Jersey hedge fund **Canary Capital Partners LLC** to make exchanges in and out of its Dynamics fund totaling **\$10.4 billion**, Mr. Spitzer said in his complaint. The exchanges were more than double the fund's size.

Market-timing isn't illegal, but Invesco and other funds said in their prospectuses that they limited investors' transactions. Market timing is designed to take advantage of discrepancies between a fund's share price and the value of its underlying securities. The practice can raise expenses and sap the profits of long-term fund investors.

"We deeply regret the harm done to fund investors and have taken strong measures to prevent any recurrence," said **Charles W. Brady**, executive chairman of Amvescap in a statement....

Regulators stressed that the deal wasn't yet final. Among other things, the SEC's five commissioners must sign off on its terms.

When Invesco was sued in December, the parent issued a statement defending both the company and Mr. Cunningham. Neither the company nor Mr. Cunningham "engaged in wrongful conduct," Amvescap said, adding that "these charges will be vigorously contested." After a few weeks the firm changed its stance, seeking to settle regulators' charges....

Also last week, three former Invesco executives agreed to fines and one-year

bans from the mutual-fund industry to settle market-timing charges. Former chief investment officer and portfolio manager [Timothy J. Miller](#) and ex-colleagues [Thomas A. Kolbe](#) and [Michael D. Legoski](#) agreed to pay a total of **\$340,000** in fines.

The three neither admitted nor denied wrongdoing.

URL for this article:

<http://online.wsj.com/article/0,,SB109458046897411306,00.html>

December 2, 2003

Invesco Hit With Fraud Charges

New York (AP) - Regulators charged Invesco Funds Group Inc. and its chief executive with civil fraud on Tuesday in the rapidly expanding mutual fund trading scandal.

In separate filings, New York State Attorney General Eliot Spitzer and the [Securities and Exchange Commission](#) accused Raymond Cunningham and his Denver-based company of defrauding shareholders by allowing certain big clients to engage in market timing — frequent, short-term trading that skimmed profits from long-term shareholders.

According to the complaints, Cunningham and other executives set up a system to attract big-money market timers in 2001. The system flourished, **despite complaints** from portfolio managers and other employees that **shareholders were being harmed**.

Authorities estimated that market timing of Invesco funds totaled approximately **\$900 million** in assets at the company in 2003.

"IFG and its CEO willingly sacrificed the interests of mutual fund shareholders when market timers dangled the prospect of higher management fees in front of them," said Stephen M. Cutler, director of the SEC's enforcement division. "By granting special trading privileges to selected customers, they readily violated the fiduciary duty they owed to all shareholders and rendered meaningless the funds' prospectus disclosures on market timing."

Invesco Funds denied any wrongdoing Tuesday and said it would "vigorously" contest any charges against the company or its employees.

Regulators are seeking the return of profits made from the market timing as well as civil penalties.

The investigation of the mutual fund industry has already resulted in complaints against other well-known fund companies, including [Putnam Investments](#) and the [Pilgrim Baxter](#) fund family. Others, including [Strong Financial Corp.](#) and [Alliance Capital Management](#), have acknowledged that market timing occurred but have not been charged.

Market timing is not illegal, but is strictly limited by most fund companies because it can skim profits from longer-term shareholders and increase transaction fees. Authorities contend that funds that prohibited or restricted such trades but then made selective exceptions for big clients, such as hedge funds, committed fraud.

The prospectuses for Invesco funds officially limited trades to four a year, but authorities allege **exceptions were made for big clients**, including **Canary Capital LLC**, the hedge fund operator who agreed to pay **\$40 million** earlier this year to settle a complaint brought by Spitzer's office alleging improper fund trading.

"Invesco and its officers committed **fraud** and **violated their fiduciary duties** both by allowing Invesco funds to be timed and by concealing their timing arrangements from the investment public," the New York state complaint alleged. "The damages from this fraud are the fees that Invesco collected from the unwitting long-term investors in the funds Invesco turned over to timers — approximately **\$160.8 million**, plus the dilution and other costs that the timing activity visited on these customers."

The filings allege that between June 2001 and June 2003, Canary made roughly \$50 million — or **a 110 percent return** — market timing the **Invesco Dynamics fund**, while long-term shareholders **lost 34 percent**.

The Invesco Dynamics fund was marketed to children and families, according to the complaint.

Invesco is owned by London-based **Amvescap PLC**, which also operates the **AIM** and **Atlantic Trust** brands. Amvescap had **\$345.2 billion** in funds under management as of Sept. 30.

www.cbsnews.com/stories/2003/12/02/national/main586468.shtml

November 8, 2003

State pension board fires Putnam Investments

By Deborah Adamson, Honolulu Advertiser

The state Employees' Retirement System voted yesterday to fire Putnam Investments and pull back the **\$440 million** managed by the firm after it was charged with securities fraud.

Hawai'i joined a growing number of states whose public employee pension plans have fired Boston-based **Putnam**, the fifth-largest mutual fund firm in the country. In the past **two weeks**, states have taken away **\$6 billion** from Putnam as confidence eroded in the scandal-tainted company.

The ERS board said its action against Putnam, which managed 5.5 percent of ERS assets, was based on a lack of trust, not performance.

"We have to hold ourselves as board members to the highest standards and we have to hold the people who work for us to the highest standards," said Rick Humphreys, vice chairman of the state pension fund board of trustees.

The decision to fire Putnam will not result in any losses to **93,000** public employees and pensioners covered by the plan. The pension plan's costs will be limited to some trading expenses as it switches from one money management firm to another.

The money managed by Putnam will be put in an index fund that tracks the S&P 500 until the board chooses another manager, which could come as soon as Nov. 21.

Regulators have charged that two of Putnam's money managers engaged in **market timing**. In market timing, fund shares are rapidly traded. Such activity boosts trading costs and volatility in the fund to the detriment of long-term investors. While not illegal, market timing is prohibited by Putnam's policy.

Putnam fired the two managers. One of them, **Justin Scott**, had oversight over large-cap growth stock investments in which the state pension plan had money, said ERS consultant Callan Associates.

When the market timing activities were discovered, Putnam told the managers to "cut it out" but didn't go much further, **Ron Peyton**, president of San Francisco-based Callan, told the state pension board. The response later "created controversy and outcry over corporate governance issues in Putnam."

"The action and inaction of management has been a troubling point," added Kimo Blaisdell, the state ERS chief investment officer.

Putnam's firing is a warning to other managers, Humphreys said.

"We will do that to any manager that we find are unethical in their dealings," he said.

The ERS board also voted to send inquiry letters to two other investment firms, Invesco and Jennison, an indirect subsidiary of Prudential, which are under investigation for conducting trading activities that favored some investors to the detriment of others.

Invesco handles **\$260 million** in real-estate assets for the state pension plan while Jennison manages **\$207 million** in small-cap stocks. The board is seeking more information about any investigations.

The state pension plan also reported yesterday that its investments grew by 2.89 percent in the quarter ended Sept. 30, compared to the quarter before that. The median growth in the quarter for large public funds tracked by Callan Associates was 3.05 percent. Over the past 12 months, ERS has returned 16.95 percent vs. 17.65 percent for large public funds.

The board also took action on underperforming managers. It left Bank of Hawai'i, **Schroder Capital** and **Capital International** on its watch list and took off Pacific Income Advisors because of improved performance. The pension added Bank of Ireland and Bradford & Marzec to the watch list; it also decided to send warning letters to **T. Rowe Price** and **Independence Investment Associates** for underperformance.

<<< FLASHBACK <<<

October 20, 2000

Mr. Arthur Levitt, Jr., Chairman
Securities & Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0202

RE: Fraud/Conflicts of Interest - PricewaterhouseCoopers and Kamehameha Schools

Dear Mr. Levitt:

Relating to your reported probe of the operations of PricewaterhouseCoopers, I am bringing to your attention several serious conflict of interest situations that exist between PricewaterhouseCoopers and Hawaii's Kamehameha Schools....

In 1999 I filed a RICO lawsuit [Civil No. 99-00304 DAE](#): Harmon v. Federal Insurance Company, P&C Insurance Co., Inc., Marsh & McLennan, Inc., Trustees of Kamehameha Schools/Bishop Estate, PricewaterhouseCoopers, et al.

The following are excerpts from that lawsuit:

Defendant PricewaterhouseCoopers is one of the nation's largest accounting firms, and conducts business in Hawaii and throughout the United States.

Despite written opinions from Price Waterhouse that P&C should operate at "arms-length" from KSBE, all or some of the Trustees of KSBE, and all or some of the directors and officers of P&C, conspired to disregard these opinions and to conceal violations of I.R.S. "interim sanctions" regulations.

Plaintiff Harmon personally reported his concerns regarding the apparent "sweetheart deals" with [Marsh & McLennan](#) at the direction of Peters, Aipa and Kam, to representatives of Coopers & Lybrand in October, 1996, and followed this up in writing on [November 20, 1996](#). At this meeting and in his letter, Plaintiff explained that he would not sign P&C's annual financial statements due to the apparent conspiracy between certain trustees, managers, directors and officers at KSBE, P&C and M&M, to defraud KSBE, P&C, and the I.R.S.

Plaintiff also sent a copy of this letter to the Insurance Commissioner, State of Hawaii, along with all enclosures which provided documentary evidence of these wrongful activities. Neither entity responded to this report. Plaintiff later learned that [Nathan Aipa](#) had approved P&C's annual financial statements, and that Coopers & Lybrand had not disclosed in their review the information that M&M was charging excessive fees, and that certain claims were intentionally inadequately reserved.

Plaintiff alleges that Pricewaterhouse had knowledge of these improper activities and financial statements, had a professional duty to report improper and illegal conduct regarding the preparation of these financial statements, and knowingly and wrongfully colluded with some or all of trustees of KSBE, with officers and directors of P&C, in a conspiracy to defraud the beneficiaries of the Estate of Bernice Pauahi Bishop and P&C; racketeering; mail fraud; wire fraud; and

violations of the "interim sanctions" regulations of the I.R.S., as detailed in Plaintiff's complaint....

The following is from the *Honolulu Star-Bulletin*, 02/12/00, by Rick Daysog:

Dispute has cost estate millions... The state probes and IRS audit pushed related bills from law and accounting firms to \$5 million.... The three-year Kamehameha Schools controversy continues to take a heavy financial toll on the nonprofit charitable trust....

A Star-Bulletin review of the \$6 billion estate's voluminous expenditures for its 1999 fiscal year found that the trust paid about **\$5 million to law firms and accounting firms** that were involved in defending it from the Internal Revenue Services' massive audit and the state attorney general's criminal and civil investigations....

The financial records, which were filed in state probate court on Dec. 30, ALSO INDICATE FORMER TRUSTEES CONTINUED TO REWARD THEIR FRIENDS WITH LUCRATIVE OUTSIDE CONTRACTS....

In many ways, the records offer a snapshot of a boardroom under siege...

That point is underscored by the enormous amount of legal and tax work awarded to [PricewaterhouseCoopers LLP](#). The firm billed the Kamehameha Schools \$1.2 million last year, largely for legal and tax work involving the IRS audit. The firm, recently merged with Coopers & Lybrand, which also conducts work for the trust....

Much of the Pricewaterhouse work came after January 1999, when the IRS issued its scathing preliminary findings of the estate's operations. The IRS later threatened to revoke the trust's tax-exempt status, setting off a chain of events that resulted in the resignation of former board members [Henry Peters](#), [Oswald Stender](#), [Richard "Dickie" Wong](#), [Lokelani Lindsey](#) and [Gerard Jervis](#)....

From *The Honolulu Star-Bulletin*, 08/24/99, by Rick Daysog: ***Peters Blames Tax Guru for IRS Problems:...***

For more than a decade, the Bishop Estate and its trustees relied on tax guru [Mark McConaghy](#) to keep the Internal Revenue Service off their backs....

But these days, the estate's former board members blame the Washington, D.C., tax lawyer for much of their recent troubles with the IRS....

In court papers filed yesterday, ousted trustee Henry Peters asked [Probate](#)

[Judge Kevin Chang](#) to vacate his historic May 7 order temporarily removing the estate's board, saying [McConaghy](#), co-managing partner of PriceWaterhouseCoopers' Washington National Tax Service, and other key tax experts have **undeclared conflicts of interest** that have tainted the judge's removal order.

Former trustee [Gerard Jervis](#), who resigned permanently on Friday, also is considering legal action against McConaghy and several outside consultants, saying he relied on the experts' advice for decisions that the IRS is now questioning.... Other former trustees are exploring similar options....

"PriceWaterhouse and Mr. McConaghy have **conflicts of interests** with that of KSBE," said Peters, who also is asking [Judge Chang](#) to disqualify the estate's interim board of trustees. . . . **These conflicts of interest now extend to the interim trustees because they have retained and rely upon the advice and services of PriceWaterhouse.**"...

Peters' complaint -- which also alleges **conflicts of interests** on the part of the estate's acting chief operating officer [Nathan Aipa](#) and the trust's mainland law firm of [Miller & Chevalier](#) -- comes as the Bishop Estate's interim trustees filed a lawsuit today seeking Peters' permanent removal from the estate's board....

The removal suit -- which also will call for the permanent ouster of [Richard "Dickie" Wong](#) -- is in response to the IRS's threat in April to revoke the estate's valuable tax-exempt status if the former board members were not replaced....

Fellow trustees [Oswald Stender](#) and [Gerard Jervis](#) have already resigned. Circuit [Judge Bambi Weil](#) permanently removed [Lokelani Lindsey](#) on May 6 after a five-month trial.

In his 17-page petition, Peters said that [McConoghy](#) could be a target of **legal malpractice claims** since he played an integral part in past Bishop Estate transactions that are now being questioned by the IRS in its four-year audit of the \$6 billion dollar charitable trust. **McConaghy's continued role in negotiating with the IRS places his allegiance to the estate in conflict with his personal interest in fending off a potential malpractice claim,** Peters said....

"I believe that the current reliance on the recommendations of the firm of PricewaterhouseCoopers is highly improper due to the fact that this firm initially was instrumental in recommending the creation of the various entity structures that have caused the IRS to issue substantial proposed deficiencies and penalties

for negligence," said Robert Schrichman, Peters' California-based tax expert.

In many ways, McConaghy -- who was a finalist for the trustee post in 1994 when the state Supreme Court selected Jervis -- is one of a handful of outsider advisers including local attorney [Michael Hare](#) and [Stanley Mukai](#) who have held considerable influence over the affairs of the 115-year-old Bishop Estate.

He's also one of the trust's best paid consultants. Since 1989, McConaghy and the PriceWaterhouse firm has billed the estate more than **\$3.4 million** for tax and legal services. Since January, Price Waterhouse, which merged with the Coopers & Lybrand accounting firm last year, has wracked up more than **\$700,000**, estate sources said....

McConaghy and his staff at PriceWaterhouse also played a big role in the estate's successful investment in [Goldman Sachs Group](#) L.P. Back in 1992, when the Bishop Estate invested its initial \$250 million in Goldman Sachs, the PriceWaterhouse firm assembled due-diligence team screened the investment for tax and securities law implications. The value of the estate's Goldman Sachs investment, which included a second \$250 million infusion in 1994, has risen to about \$3 billion....

At PriceWaterhouse, McConaghy and longtime partner Bob Shapiro head a team of more than 650 employees, which include [lobbyists](#), economists, and former IRS officials who represent scores of Fortune 500 companies....

[McConaghy](#) -- an associate of former [Sen. Robert Dole](#) -- recently served on the **National Commission on Restructuring the IRS**, which recommended major reforms on the U.S. tax agency in 1997. He also served as a trustee of presidential candidate Elizabeth Hanford Dole's blind trust.... [Bishop Estate was also involved with [Elizabeth Hanford Dole](#) through the buyout of her company, Hanford's Creations, Inc.]

Before joining PriceWaterhouse in 1983, McConaghy worked for the [IRS](#) and later became chief of staff of the Joint Tax Committee, the powerful congressional panel which writes most of the tax laws....

To be sure, McConaghy is no stranger to controversy at the estate. Sources said that he played a significant role in the estate's much-maligned efforts **to lobby against federal legislation barring excessive compensation for directors of nonprofit trusts**.

He has also invested personal money in several Bishop Estate deals. Court records

show that McConaghy invested about \$25,000 in [McKenzie Methane Inc.](#), the troubled Houston-based natural gas producer that was taken over by the Bishop Estate....

McConaghy also had a personal stake in a Michigan venture in which the estate acquired about 292,000 acres of raw timberland for about **\$25 million** in 1991....

The timber venture, now known as Shelter Bay Forest, initially was a partnership with New Hampshire timber executive [Ben Benson](#), who is a friend of **McConaghy's**....

From *Harper's Magazine*, Feb, 2000: ***How George W. Bush Got Rich -- A heartwarming tale of influence, cronyism, and \$1.7 billion***, by Joe Conason:

... On December 6, 1994, one month after he defeated Ann Richards to become governor of Texas, George W. received a large but belated campaign contribution from an acquaintance named [Thomas O. Hicks](#)...

While the **University of Texas** invested hundreds of millions of dollars with Republican-linked partnerships under the guidance of Tom Hicks, it also placed **hundreds of millions of dollars** more with his friends and associates as well as with firms that did business with Hicks, Muse...

Two former classmates of Hicks' at the University of Texas also were awarded large investments by UTIMCO. One was his old fraternity brother Bruce Schnitzer, a New York insurance man who set up Wand Partners, which received more than \$60 million in at least three separate deals with UTIMCO between 1996 and 1998. Schnitzer's record of success was mixed at best; his companies' rates of return lagged behind the Dow average....

Nor was it reassuring that he had resigned in 1985 as the president of [Marsh & McLennan](#), then the world's biggest insurance brokerage . . . after the company lost **\$165 million** in **unauthorized trading** and was fined by the New York State insurance department....

Despite those problems, [Schnitzer](#) maintained close connections not only with Hicks, Muse but with [Richard Rainwater](#) and the Bass family. After quitting [Marsh & McLennan](#) he had done multimillion-dollar deals with all of them....

Texas University Investment Mgt Co is one of the largest institutional investors in **Bedford Property Management**.

Other large investors in Bedford are Barclays Bank and **Invesco Management & Research**.

Among the largest institutional investors in Marsh & McLennan are Barclays Bank and **Invesco**.

Bedford is one of the nation's largest real estate development and property management companies, doing millions of dollars a year in business with Bishop Estate....

These are only a few examples of fraud and conflicts of interests involving these entities. Kamehameha Schools continues to contract with [PricewaterhouseCoopers](#), [Marsh & McClennan](#), and [Federal Insurance Company](#) even though the five previous trustees have resigned and have been replaced with interim trustees. A majority of top management personnel remain employed by [Kamehameha Schools](#), and continue to control their legal and financial transactions and reports.

If you wish to read more, I recommend the following web-site:

www.the-catbird-seat.net

I appreciate and applaud your efforts to halt the abuses of all these powerful auditor-consultants who have betrayed the trust of stockholders and the public for too long.

I wish you success in your investigations.

Very truly yours,

< s > Bobby N. Harmon

cc: [Dr. Hamilton McCubbin](#), CEO, Kamehameha Schools

[Mr. Robert K.U. Kihune](#), Trustee, Kamehameha Schools

[Mr. Ronald D. Libkuman](#), Trustee, Kamehameha Schools

[Ms. Constance H. Lau](#), Trustee, Kamehameha Schools

Mr. David P. Coon, Trustee, Kamehameha Schools

[Mr. Francis A. Keala](#), Trustee, Kamehameha Schools

[Ms. Janet Hughes](#), Internal Revenue Service

[Ms. Dorothy Sellers](#), Esq., Office of the Attorney General

[Mr. Billy Beaver](#), U.S. Dept of Labor

[Mr. Tai K. Lee](#), Special Agent, U.S. Department of the Treasury

[Federal Bureau of Investigation](#)

Janet Reno, United States Attorney General

Trustee Screening Committee

[Dr. Randy Roth](#), President, Hawaii Bar Association

Read the complete letter at:

www.the-catbird-seat.net/AAA-SEC-10-20-0.htm

February 10, 2003

From www.stewwebb.com:

The Below Companies are Controlled by Leonard Millman's Fronts-Cutout Companies part of this ongoing Continuous Criminal Enterprise (RICO) Run by the following Goons....

These are assets stolen through Financial frauds, [HUD Fraud](#), Real Estate Loan Fraud, Government Contract Fraud, Oil and Gas Fraud, Securities Fraud, [Pension Plan Fraud](#), Illegal Political Campaign Money Laundering, Denver International Airport Fraud, Narcotics Money Laundering from Narcotics Importation into the USA, Illegal Bio-Chemical Weapon Sales, Other Illegal Weapon Sales from Weapons Stolen from US Arsenals, Murders, Intimidation of Witnesses and Informants of Crimes committed against the United States of America and The American People, and other crimes committed by the following group of criminals known as the...

"Bush Crime Family-Denver Connections to Iran Contra"

[Leonard Yale Millman](#)

King-Pin

Each of the below companies are interconnected to Leonard Millman...

INVESCO NORTH AMERICAN HOLDINGS INC
7800 E. UNION AVE #800
DENVER, CO 80237
(Headquarters location)

~ ~ ~

For more, GO TO >>> [OUST vs Harmon-Witness: Stew Webb](#)

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DIRTY MONEY, DIRTY POLITICS & BISHOP ESTATE

[Part I](#) - [Part II](#) - [Part III](#) - [Part IV](#) - [Part V](#) - [Part VI](#)

MORE TO COME

MEANWHILE, FOR MORE FLOCKING BIRDS, GO TO...

[ACE UP THE SLEEVE](#)

[ACT 221](#)

[ALLIED WORLD ASSURANCE](#)

[ALEXANDER & BALDWIN](#)

[APCOA: VULTURES IN THE PARKING LOT](#)

[APOLLO ADVISORS](#)

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[ALOHA, HARKEN ENERGY](#)

[THE CARLYLE GROUP: BIRDS THAT DRINK FROM CESSPOOLS](#)

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[BROKEN TRUSTS](#)

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Last updated June 11, 2007, by [The Catbird](#)



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

For the Retirement Board meeting
Held on August 28, 2012

08-28-12
Item #10a.i.

TO: Retirement Board

FROM: Due Diligence Committee

Chair: Darin Gharat, Trustee Jim De Martini; Trustee Ron Martin and Trustee Jeff Grover

- I. SUBJECT: Calendar Year 2012 Due Diligence Visits
- II. RECOMMENDATION: None
- III. ANALYSIS: The Due Diligence Committee met on Tuesday, May 22, 2012 at 1:00 p.m. Also in attendance were Paul Harte of Strategic Investment Solutions, Inc. (StanCERA's investment consultant) and Rick Santos, Executive Director for StanCERA.

The Committee had been given a listing of StanCERA service providers by staff that showed the approved Due Diligence visits for the next two years: 2012 and 2013 (Attachment #1). For calendar year 2012, the listed Due Diligence visits are as follows:

<u>StanCERA Service Providers</u>	<u>Location</u>	<u>Date of Visits</u>
BNY Mellon Capital Management/Custody	San Francisco, CA	September 6, 2012
Legato Capital	San Francisco, CA	September 6, 2012
Capital Prospects	Stamford, CT	August 30, 2012
Pyramis (formerly Fidelity)	Smithfield, RI	August 30, 2012

The investment consultant and the Committee members will report back with the completed Due Diligence questionnaires and other information to the Retirement Board at the Board.

- IV. RISK: None
- V. STRATEGIC PLAN: Goal 1, Strategy C: 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

ATTACHMENT #1

Approved Due Diligence Visits of Managers 2012 - 2013:

2012

<u>StanCERA Service Provider</u>	<u>Location</u>	<u>Date of Visits</u>
BNY Mellon Capital Management/Custody	San Francisco, CA	September 6, 2012
Legato Capital	San Francisco, CA	September 6, 2012
Capital Prospects	Stamford, CT	August 30, 2012
Pyramis (formerly Fidelity)	Smithfield, RI	August 30, 2012

2013

<u>StanCERA Service Provider</u>	<u>Location</u>	<u>Date of Visits</u>
LSV Asset Management	Chicago, IL	N/A
Invesco Real Estate	Dallas, TX	N/A
EFI Actuaries	San Francisco, CA	N/A
PIMCO	Newport Beach, CA	N/A